



## More Sector- & Industry-Level Research For Clients

Platinum and higher members get access to our sector & industry research, which leverages our [more reliable fundamental data](#). Access includes:

- overall and component ratings for each sector and industry
- sector- and industry-level fundamental analysis of [economic earnings](#), return on invested capital ([ROIC](#)), [free cash flow](#), economic book value, and price-to-economic book value ([PEBV](#)), and more
- the best and worst stocks, ETFs, and mutual funds in each sector and industry

Access these ratings by clicking the Ratings tab and, then, clicking on “Sectors”. Use the sector and industry dropdown menus to get more details. See Figure 1.

**Figure 1: Access Sector Level Research from the Ratings Page**

Number of Stocks: 60  
Number of Sector ETFs: 11; Mutual Funds: 8  
Total Market Value: \$676 Billion (Aug 10, 2020)

Risk/Reward Rating ⓘ	Quality of Earnings		Valuation		
	Economic vs Reported EPS ⓘ	ROIC ⓘ	FCF Yield ⓘ	Price to EBV ⓘ	Market-Implied GAP ⓘ
Very Unattractive	Misleading Trend	Bottom Quintile	< -5%	> 3.5 or -1 < 0	> 50
Unattractive	False Positive	4th Quintile	-5% < -1%	2.4 < 3.5 or < -1	20 < 50
<b>Neutral</b>	Neutral EE	<b>3rd Quintile</b>	-1% < 3%	1.6 < 2.4	10 < 20
Attractive	<b>Positive EE</b>	2nd Quintile	<b>3% &lt; 10%</b>	1.1 < 1.6	3 < 10
Very Attractive	Rising EE	Top Quintile	> 10%	0 < 1.1	0 < 3

**Add to Portfolio**

Sources: New Constructs, LLC

We also provide Analyst Commentary, which includes sector and industry outlook/investment recommendations, and related research, per Figure 2.



Figure 2: Analyst Commentary on Sectors

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New Constructs® Upgrade Education Research Portfolios Ratings Screeners Data

Stocks, ETFs, & Mutual Funds Sectors

Sector: Consumer Cyclical Industry: Market-Weighted Sector Rating Methodology

**Consumer Cyclical Sector** Number of Stocks: 449  
Number of Sector ETFs: 18; Mutual Funds: 15  
Total Market Value: \$6,060 Billion (Aug 10, 2020)

**Analyst Notes** : Upgraded from Unattractive 7/31/20

Risk/Reward Rating	Quality of Earnings			Valuation	
	Economic vs Reported EPS	ROIC	FCF Yield	Price to EBV	Market-Implied GAP
Very Unattractive	Misleading Trend	Bottom Quintile	< -5%	> 3.5 or < -1	> 50
Unattractive	False Positive	4th Quintile	-5% < -1%	2.4 < 3.5 or < -1	20 < 50
<b>Neutral</b>	Neutral EE	3rd Quintile	-1% < 3%	1.6 < 2.4	10 < 20
Attractive	<b>Positive EE</b>	<b>2nd Quintile</b>	3% < 10%	1.1 < 1.6	3 < 10
Very Attractive	Rising EE	Top Quintile	> 10%	0 < 1.1	0 < 3

**Analyst Commentary**

**- Outlook**  
Overall, we expect the Consumer Cyclical sector to perform in line with the market over the next 12 months. It earns a Neutral rating based on the aggregation of our research on all 449 stocks in the Consumer Cyclical sector. It ranks 7th out of 11 sectors.

**- Investment Recommendation**  
Investors should not assume that all stocks in the sector are good investments. 89 of the 449 stocks (17% of the sector's market cap) in the sector earn an Attractive or better rating. There are 5 ETFs (out of 18) and no mutual funds (out of 15) in the Consumer Cyclical sector that rate Attractive or better. Investors have ample options for quality exposure, but we still recommend they choose wisely.

**- Here are our top picks**

- Stocks: **BUY the BEST** and **AVOID the WORST**
- ETFs: **BUY the BEST** and **AVOID the WORST**
- Mutual Funds: **BUY the BEST** and **AVOID the WORST**

**- Performance**  
The Consumer Cyclical Sector (as measured by the State Street SPDR Consumer Discretionary Select Sector Fund ETF (XLY)) performance over a range of timeframes can be seen below.

- Year-to-date – up 13.3%, S&P 500 up 4.3%
- One year – up 20.1%, S&P 500 up 15.1%
- Five years – up 80.0%, S&P 500 up 59.4%

**Related Research**

- 08/04/20 - Tesla: The Most Dangerous Stock for 2020
- 07/15/20 - Making a Turn for the Better
- 07/14/20 - Consumer Cyclical Sector 3Q20: Best and Worst
- 06/29/20 - Build a Stronger Portfolio with This Growing Homebuilder
- 06/24/20 - This Restaurant Offers More Than Just Sizzle
- 06/17/20 - Give Your Portfolio a Tune-Up with This Parts Manufacturer
- 06/10/20 - This Stock Will Come Back in Style
- 05/14/20 - Welcome This Hospitality Leader to Your Portfolio

Screen All Sector Securities

Sector Stocks  
Sector ETFs  
Sector Mutual Funds

Sources: New Constructs, LLC

Below the Analyst Commentary, we provide research on a sector/industry's rating distribution, the best stocks, ETFs, and mutual funds in the sector/industry, five-year trend in key metrics, and average & median values for common metrics over the TTM period and last two years. See images below for more details.

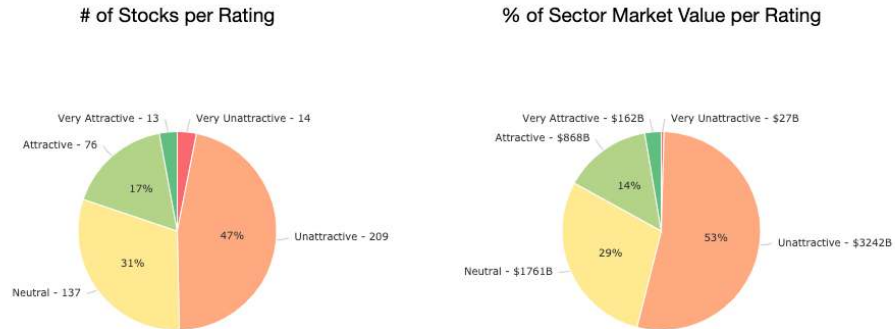
**Sector Rating Distribution**

Get details on the distribution of ratings in a specific sector or industry, broken out by number of stocks and percent of market value. See Figure 3.



**Figure 3: Ratings Distribution by Sector**

▼ Sector Rating Distribution



Sources: New Constructs, LLC

**Best & Worst Industry Stocks, ETFs, and Mutual Funds**

Get the best and worst stocks, ETFs, and mutual funds in a sector or industry. Pro and higher members also get details on the ROIC, FCF Yield, PEBV ratio, and market implied growth appreciation period (GAP) for each ticker, per Figure 4.



**Figure 4: The Best & Worst Stocks, ETFs, and Mutual Funds in a Sector**

▶ **Best Sector Stocks** [Screen All Sector Stocks](#)

▼ **Worst Sector Stocks** [Screen All Sector Stocks](#)

Rank	Ticker	Name	Price	Market Value (MM)	Div Yield	Risk/Reward Rating	ROIC	FCF Yield	Price to EBV	Market-Implied GAP	Add to Portfolio
1	BBQ	BBQ Holdings Inc.	\$3.16	\$29	-	Very Unattractive	-1%	-67%	-0.5	9 yrs	+
2	SBGI	Sinclair Broadcast Group, Inc.	\$21.87	\$1,626	3.7%	Very Unattractive	4%	-64%	-0.2	> 100 yrs	+
3	YCBD	cbdMD Inc	\$3.56	\$183	-	Very Unattractive	-21%	-19%	-0.5	> 100 yrs	+
4	VERI	Veritone Inc	\$12.06	\$327	-	Very Unattractive Suspended	-96%	-11%	-0.4	> 100 yrs	+
5	LIVX	LiveXLive Media, Inc.	\$2.84	\$169	-	Very Unattractive Suspended	-140%	-9%	-0.2	> 100 yrs	+

▼ **Best Sector ETFs** [Screen All Sector ETFs](#)

Rank	Ticker	Name	Price	Div Yield	Risk/Reward Rating	ROIC	FCF Yield	Price to EBV	Market-Implied GAP	Add to Portfolio
1	ITB	iShares Trust: iShares US Home Construction ETF	\$53.05	0.4%	Very Attractive	12%	4%	1.6	20 yrs	+
2	XHB	State Street SPDR Series Trust: SPDR S&P Homebuilders ETF	\$51.59	0.8%	Very Attractive	12%	4%	2.0	22 yrs	+
3	XLY	State Street Select Sector SPDR Trust: Consumer Discretionary Select Sector SPDR Fund	\$141.78	0.8%	Attractive	15%	2%	4.0	27 yrs	+
4	IEDI	iShares US ETF Trust: iShares Evolved US Discretionary Spending ETF	\$35.19	0.8%	Attractive	19%	1%	3.9	30 yrs	+
5	RCD	Invesco Exchange-Traded Fund Trust: Invesco S&P 500 Equal Weight Consumer Discretionary ETF	\$100.38	0.8%	Attractive	11%	2%	4.4	14 yrs	+

▼ **Worst Sector ETFs** [Screen All Sector ETFs](#)

Sources: New Constructs, LLC

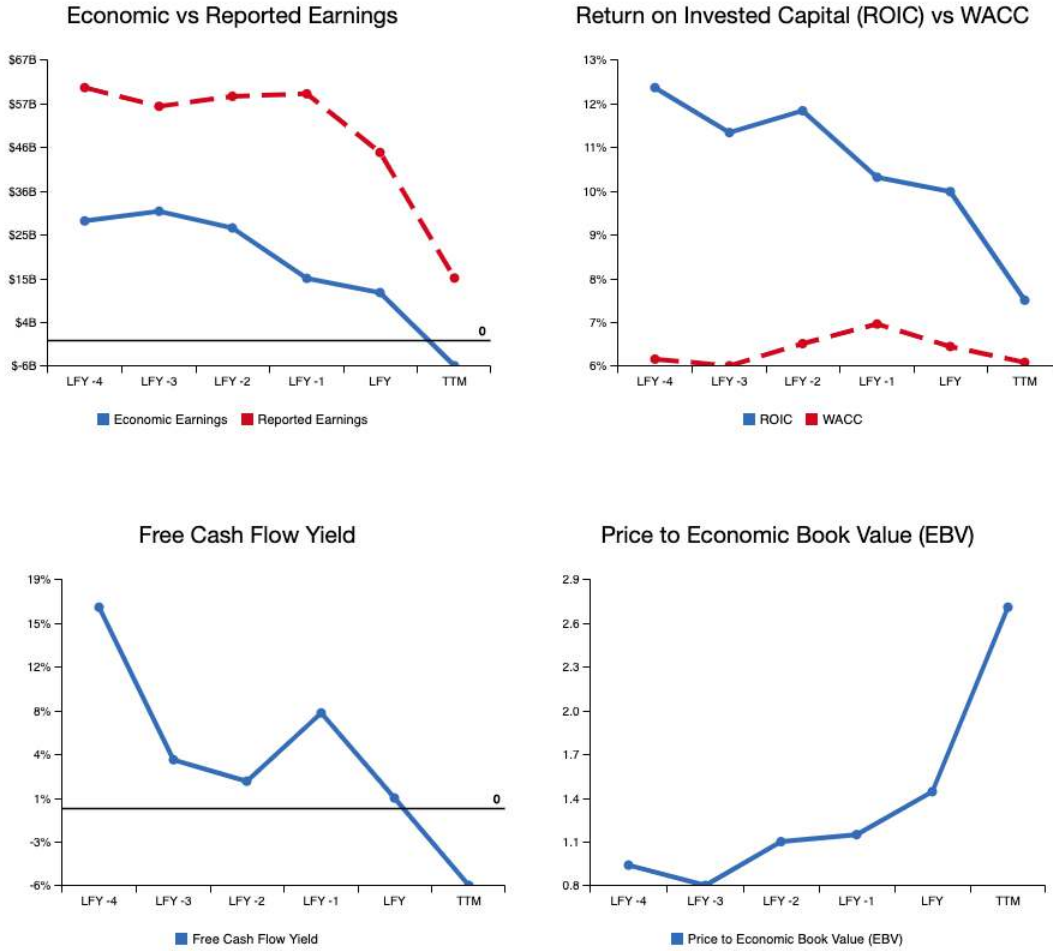
**Sector & Industry Fundamentals in Charts**

Get a five-year history of a sector or industry’s key metrics, which include economic vs. reported earnings, ROIC vs. WACC, FCF yield, PEBV ratio, and more. See Figure 5.



**Figure 5: Key Metric Trends by Sector & Industry**

▼ **Automobiles & Auto Parts Industry Charts**



Sources: New Constructs, LLC

**Key Data & Metrics for each Sector & Industry**

Get the median, market weighted average, and simple average of several metrics, such as revenue growth, EPS growth, NOPAT margin, ROIC, WACC, and more. Also, get aggregated sector or industry data for revenue, GAAP net income, NOPAT, and more. See Figure 6.



**Figure 6: In Depth Sector & Industry Data**

▼ Key Data and Metrics for the Industry

	LFY -1			Last Fiscal Year (LFY)			TTM		
	Median	Mkt. Weighted Average	Simple Average	Median	Mkt. Weighted Average	Simple Average	Median	Mkt. Weighted Average	Simple Average
Total Operating Revenue Growth	7%	10%	9%	-2%	1%	1%	-14%	-6%	-10%
Basic GAAP EPS Growth	22%	26%	123%	-21%	-14%	-124%	-43%	17%	-425%
Diluted GAAP EPS Growth	21%	27%	122%	-21%	-14%	-124%	-43%	16%	-427%
Economic Earnings per Share Growth	1%	-352%	-187%	-22%	3%	63%	-43%	-4%	-20%
Economic Earnings Margin (ROIC - WACC)	2%	4%	9%	1%	4%	3%	-1%	2%	1%
NOPAT Growth	2%	5%	20%	-14%	70%	0%	-48%	13%	-40%
NOPAT Margin	5%	6%	6%	5%	6%	5%	3%	5%	4%
ROIC	9%	10%	13%	7%	10%	10%	4%	7%	7%
Change in ROIC	-1%	-1%	-0%	-1%	-1%	-7%	-4%	-2%	-3%
WACC	7%	7%	7%	6%	6%	7%	6%	6%	6%
FCF Yield	5%	8%	4%	3%	1%	3%	4%	-6%	3%
FCF as a % of Total Operating Revenue	4%	3%	1%	3%	3%	3%	3%	-2%	3%

Aggregate Industry Data (Billions)	LFY -4	LFY -3	LFY -2	LFY -1	Last Fiscal Year (LFY)	TTM
Total Operating Revenue	\$1166	\$1216	\$1281	\$1317	\$1290	\$1170
GAAP Net Income	\$61	\$56	\$58	\$59	\$45	\$15
NOPAT	\$64	\$67	\$71	\$67	\$59	\$36

Sources: New Constructs, LLC

Contact us at [support@newconstructs.com](mailto:support@newconstructs.com) if you have any questions.

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## *It's Official: We Offer the Best Fundamental Data in the World*

Many firms claim their research is superior, but none of them can prove it with independent studies from highly-respected institutions as we can. Three different papers from both the public and private sectors show:

1. Legacy fundamental datasets suffer from significant inaccuracies, omissions and biases.
2. Only our “novel database” enables investors to overcome these flaws and apply [reliable](#) fundamental data in their research.
3. Our proprietary measures of [Core Earnings](#) and [Earnings Distortion](#) materially improve stock picking and forecasting of profits.

### **Best Fundamental Data in the World**

Forthcoming in [The Journal of Financial Economics](#), a top peer-reviewed journal, [Core Earnings: New Data & Evidence](#) proves our Robo-Analyst technology overcomes material shortcomings in legacy firms' data collection processes to provide superior [fundamental data](#), [earnings](#) models, and [research](#). More [details](#).

Key quotes from the paper:

- “[New Constructs’] *Total Adjustments* differs significantly from the items identified and excluded from Compustat’s adjusted earnings measures. For example... 50% to 70% of the variation in *Total Adjustments* is not explained by S&P Global’s (*SPGI*) *Adjustments* individually.” – pp. 14, 1<sup>st</sup> para.
- “A final source of differences [between New Constructs’ and S&P Global’s data] is due to data collection oversights...we identified cases where Compustat did not collect information relating to firms’ income that is useful in assessing core earnings.” – pp. 16, 2<sup>nd</sup> para.

### **Superior Models**

A top accounting firm features the superiority of our ROIC, NOPAT and Invested Capital research to Capital IQ & Bloomberg’s in [Getting ROIC Right](#). See the [Appendix](#) for direct comparison details.

Key quotes from the paper:

- “...an accurate calculation of ROIC requires more diligence than often occurs in some of the common, off-the-shelf ROIC calculations. Only by scouring the footnotes and the MD&A [ as New Constructs does] can investors get an accurate calculation of ROIC.” – pp. 8, 5<sup>th</sup> para.
- “The majority of the difference...comes from New Constructs’ machine learning approach, which leverages technology to calculate ROIC by applying accounting adjustments that may be buried deeply in the footnotes across thousands of companies.” – pp. 4, 2<sup>nd</sup> para.

### **Superior Stock Ratings**

Robo-Analysts’ stock ratings outperform those from human analysts as shown in this [paper](#) from Indiana’s Kelley School of Business. Bloomberg features the paper [here](#).

Key quotes from the paper:

- “the portfolios formed following the buy recommendations of Robo-Analysts earn abnormal returns that are statistically and economically significant.” – pp. 6, 3<sup>rd</sup> para.
- “Our results ultimately suggest that Robo-Analysts are a valuable, alternative information intermediary to traditional sell-side analysts.” – pp. 20, 3<sup>rd</sup> para.

Our mission is to provide the best fundamental analysis of public and private businesses in the world and make it affordable for all investors, not just Wall Street insiders.

We believe every investor deserves to know the whole truth about the profitability and valuation of any company they consider for investment. More details on our cutting-edge technology and how we use it are [here](#).



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