



All Cap Index & Sectors: Free Cash Flow Yield Through 4Q20

This report analyzes¹ free cash flow (FCF), [enterprise value](#), and the trailing FCF yield for our All Cap Index and each of its sectors. This research is based on the latest audited financial data, which is the 2020 10-K for most companies. Price data is as of 3/23/21.

The NC 2000 consists of the largest 2000 U.S. companies by market cap in our coverage. Constituents are updated on a quarterly basis (March 31, June 30, September 30, and December 31). We exclude companies that report under IFRS and non-U.S. ADR companies.

For reference, we analyze the [Core Earnings](#) for the NC 2000 and each sector in [All Cap Index & Sectors: Core Earnings Vs. GAAP Net Income Through 4Q20](#). We analyze return on invested capital ([ROIC](#)) and its drivers in [All Cap Index & Sectors: ROIC Vs. WACC Through 4Q20](#).

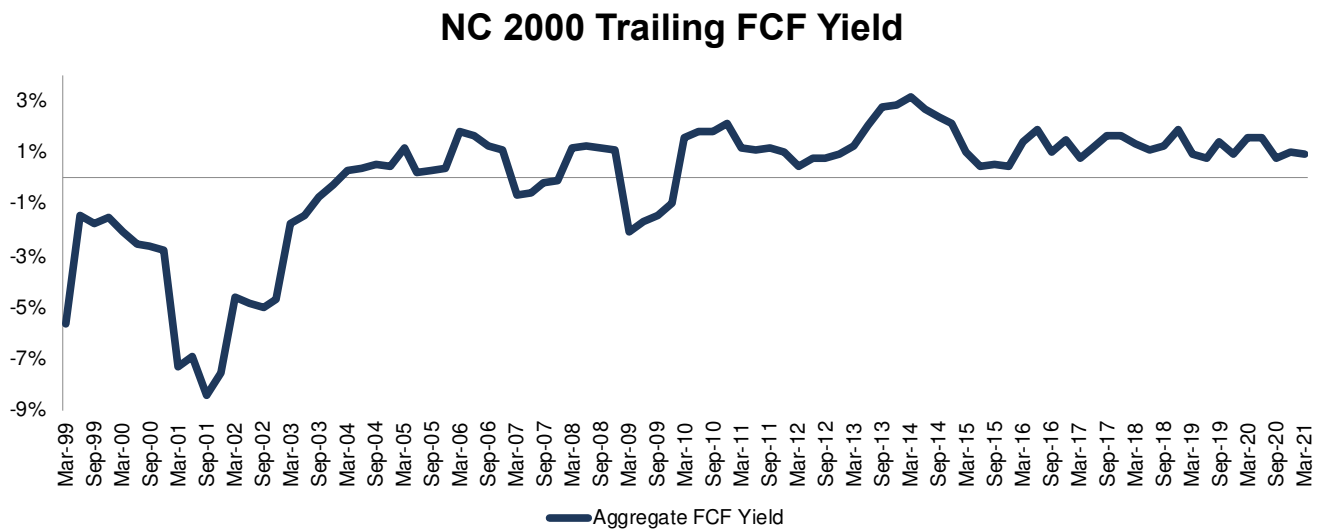
These reports leverage [more reliable fundamental data](#)² that enables investors to overcome [flaws with legacy fundamental datasets](#). Investors armed with our research enjoy a differentiated and more informed view of the fundamentals and valuations of companies and sectors.

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NC 2000 Trailing FCF Yield Falls in 2020

The trailing FCF yield for the NC 2000 fell from 1.6% at the end of 2019 to 1.0% as of 3/23/21, the earliest date all NC 2000 companies provided 2020 annual data. See Figure 1. Only three NC 2000 sectors saw an increase in trailing FCF yield YoY based on 2020 financial data, as we'll show below.

Figure 1: Trailing FCF Yield for the NC 2000 From March 1999 – 3/23/21³



Sources: New Constructs, LLC and company filings.

The March 23, 2021 measurement period uses price data as of that date and incorporates the financial data from 2020 10-Ks, as this is the earliest date for which all the 2020 10-Ks for the NC 2000 constituents were available.

¹ We calculate these metrics based on [S&P Global's](#) (SPGI) methodology, which sums the individual NC 2000 constituent values for free cash flow and enterprise value before using them to calculate the metrics. We call this the "Aggregate" methodology. Get more details in Appendices I and II.

² For 3rd-party reviews, including [The Journal of Financial Economics](#), on our more reliable fundamental data, historically and prospectively, across all stocks, click [here](#) and [here](#).

³ We use stock prices from 3/23/21 because that is the date when all the 2020 10-Ks for the NC 2000 constituents were available.



Ranking the NC 2000 Sectors by Trailing FCF Yield

Figure 2 ranks all 11 NC 2000 sectors by change in trailing FCF yield from the end of 2019 to 2020 based on prices as of 3/23/21 and financial data from 2020 10-Ks.

Figure 2: Trailing FCF Yield for All NC 2000 Sectors

Sector	Trailing FCF Yield	Change in 2020 (% points)
Utilities	-1.1%	3.9%
Energy	1.9%	1.6%
Consumer Cyclical	0.7%	0.8%
Technology	2.0%	-0.1%
Healthcare	-0.3%	-0.5%
Consumer Non-Cyclical	3.0%	-1.0%
Financials	1.1%	-1.0%
Real Estate	-1.2%	-1.3%
Industrials	0.5%	-1.8%
Telecom Services	-1.6%	-6.2%
Basic Materials	2.4%	-9.0%
NC 2000	1.0%	-0.6%

Sources: New Constructs, LLC and company filings.
Price as of 3/23/21, financial data from 2020 10-Ks.

Investors are getting more FCF for their investment dollar in the Consumer Non-cyclical sector than any other sector. On the flip side, the Telecom Services sector has the lowest trailing FCF yield of all NC 2000 sectors.

The Utilities, Energy, and Consumer Cyclical sectors have each seen an increase in trailing FCF yield YoY in 2020. We will publish new reports as soon as companies report 1Q21 results, and we expect these results will be meaningfully different with that data.

Details on Each of the NC 2000 Sectors

Figures 3-13 show the trailing FCF yield trends for every sector since March 1999.

Appendix I presents the components of trailing FCF yield: FCF and enterprise value for the NC 2000 and each sector.

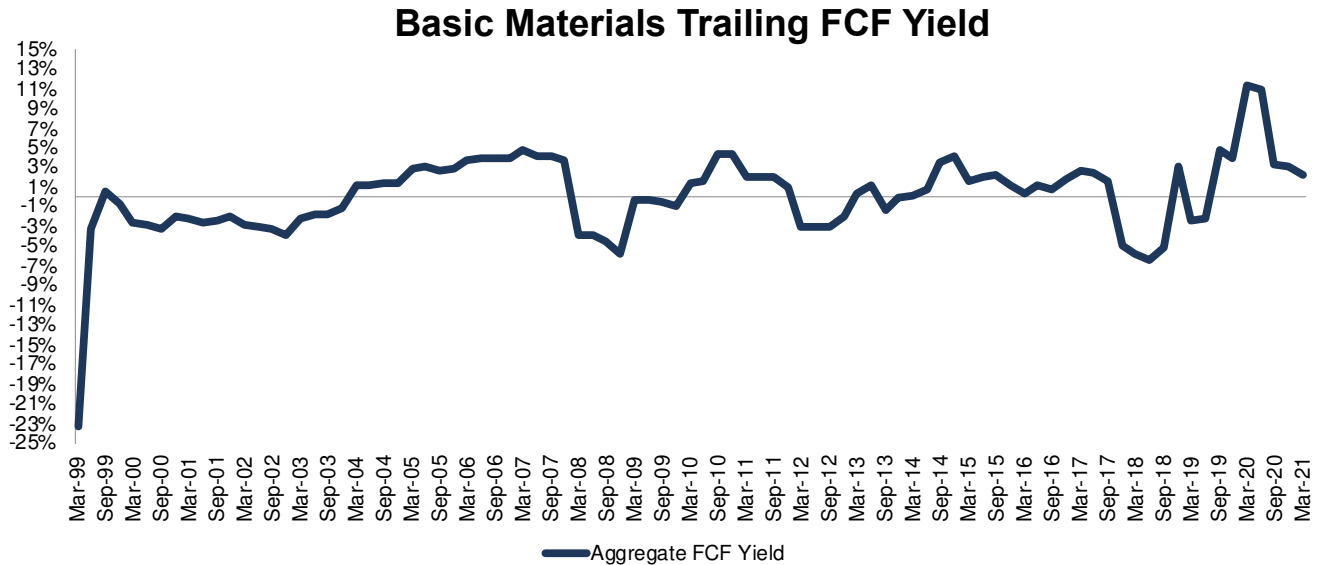
Appendix II provides additional aggregated trailing FCF yield analyses that adjust for company size/market cap.



Basic Materials

Figure 3 shows trailing FCF yield for the Basic Materials sector increased significantly since mid-2018 even after the COVID-19-induced downturn in 2020. The Basic Materials sector FCF fell from \$119 billion at the end of 2019 to \$37 billion in 2020 while enterprise value increased from \$1.1 trillion to \$1.6 trillion as of 3/23/21.

Figure 3: Basic Materials Trailing FCF Yield: March 1999 – 3/23/21



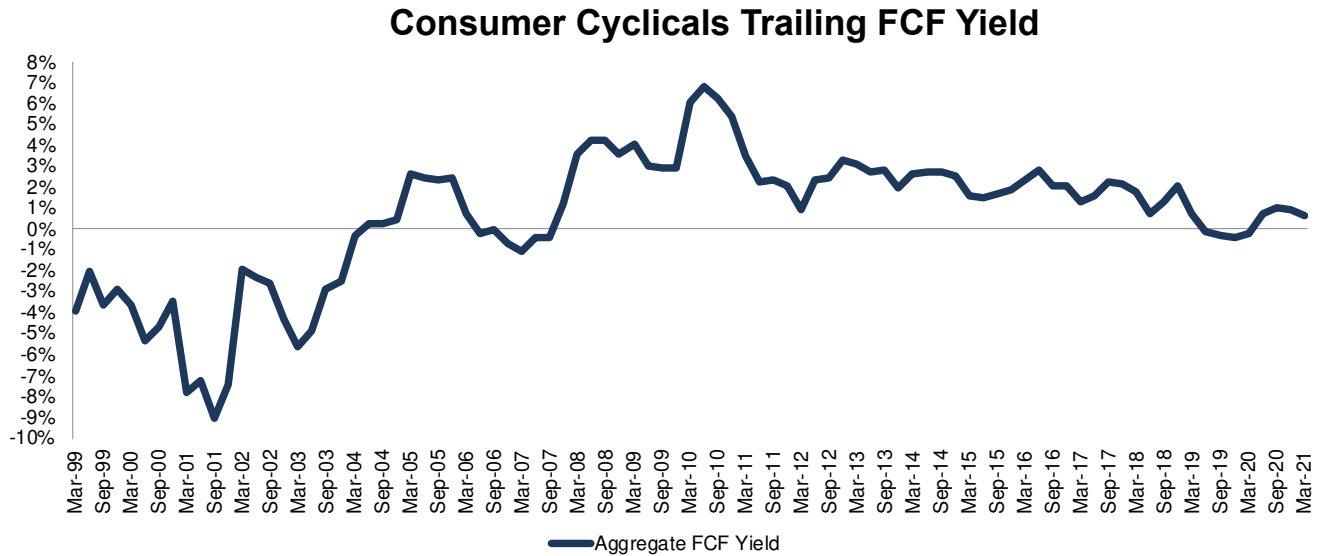
Sources: New Constructs, LLC and company filings.
The March 23, 2021 measurement period uses price data as of that date and incorporates the financial data from 2020 10-Ks, as this is the earliest date for which all the 2020 10-Ks for the NC 2000 constituents were available.

Consumer Cyclical

Figure 4 shows trailing FCF yield for the Consumer Cyclical sector has been in a long-term decline since 2010. The Consumer Cyclical sector FCF improved from -\$8 billion at the end of 2019 to \$56 billion in 2020 while enterprise value increased from \$4.8 trillion to \$8.2 trillion through 3/23/21.



Figure 4: Consumer Cyclicals Trailing FCF Yield: March 1999 – 3/23/21

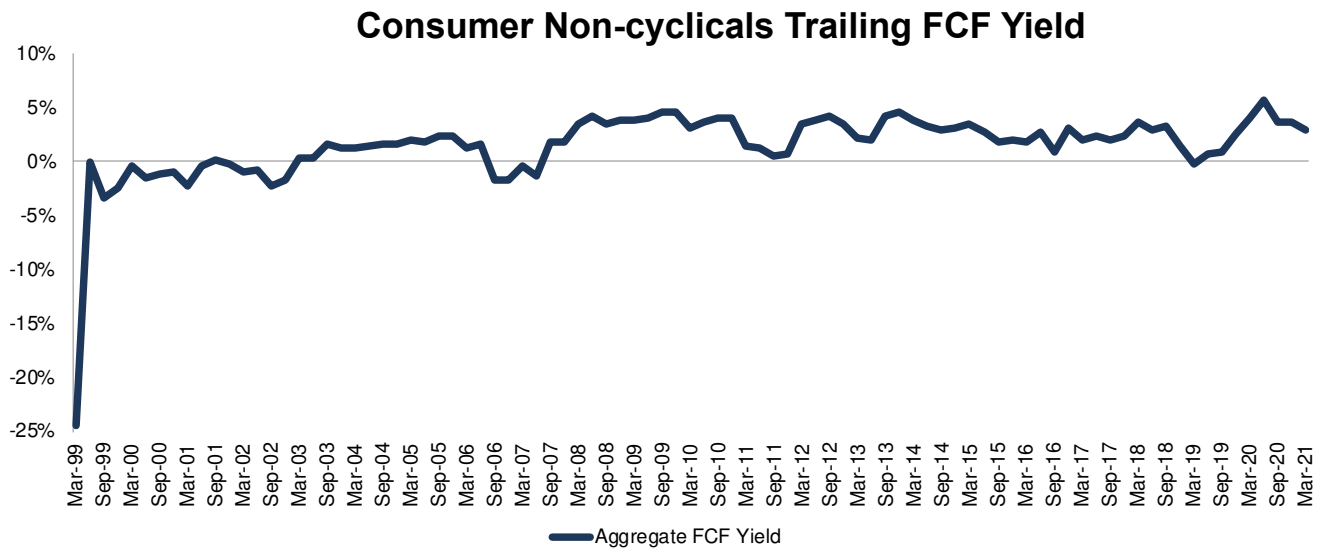


Sources: New Constructs, LLC and company filings.
 The March 23, 2021 measurement period uses price data as of that date and incorporates the financial data from 2020 10-Ks, as this is the earliest date for which all the 2020 10-Ks for the NC 2000 constituents were available.

Consumer Non-cyclicals

Figure 5 shows trailing FCF yield for the Consumer Non-cyclicals sector soared in 2019 before falling to 3.0% in 2020. The Consumer Non-cyclicals sector FCF declined from \$112 billion at the end of 2019 to \$102 billion in 2020 while enterprise value increased from \$2.8 trillion to \$3.4 trillion through 3/23/21.

Figure 5: Consumer Non-cyclicals Trailing FCF Yield: March 1999 – 3/23/21



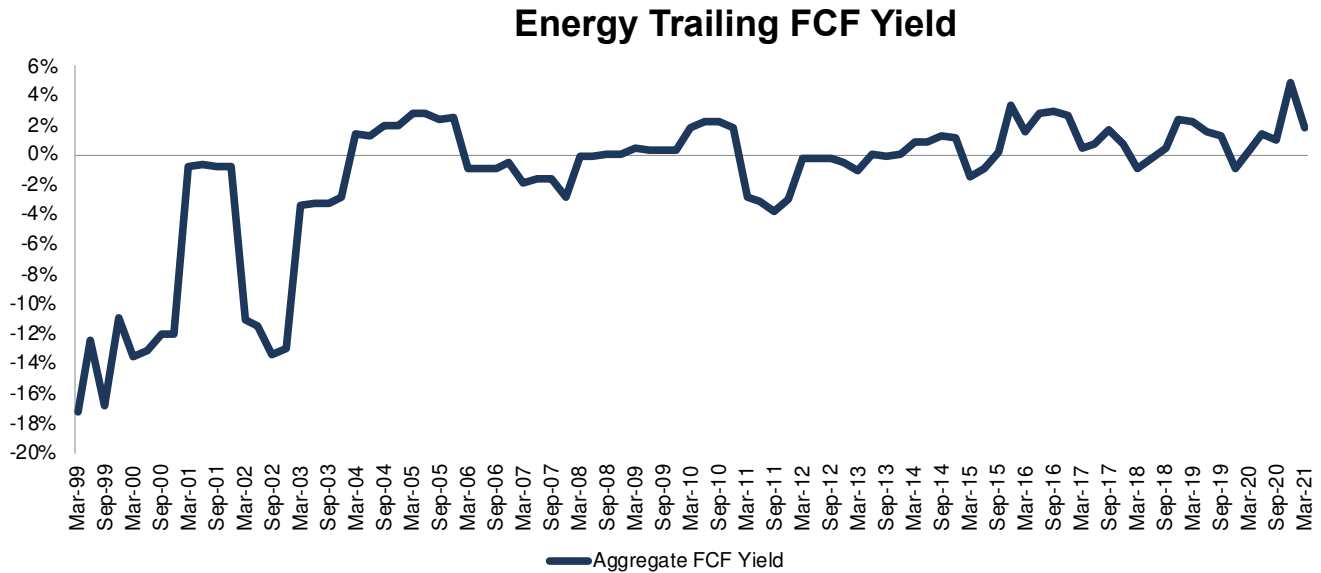
Sources: New Constructs, LLC and company filings.
 The March 23, 2021 measurement period uses price data as of that date and incorporates the financial data from 2020 10-Ks, as this is the earliest date for which all the 2020 10-Ks for the NC 2000 constituents were available.



Energy

Figure 6 shows the volatile nature of trailing FCF yield for the Energy sector. The Energy sector's trailing FCF yield sharply rose from 0.3% at the end of 2019 to 4.9% in 3Q20 before falling to 1.9% at the end of 2020. The Energy sector FCF increased from \$5 billion at the end of 2019 to \$40 billion in 2020 and enterprise value increased from \$1.5 trillion to \$2.1 trillion through 3/23/21.

Figure 6: Energy Trailing FCF Yield: March 1999 – 3/23/21



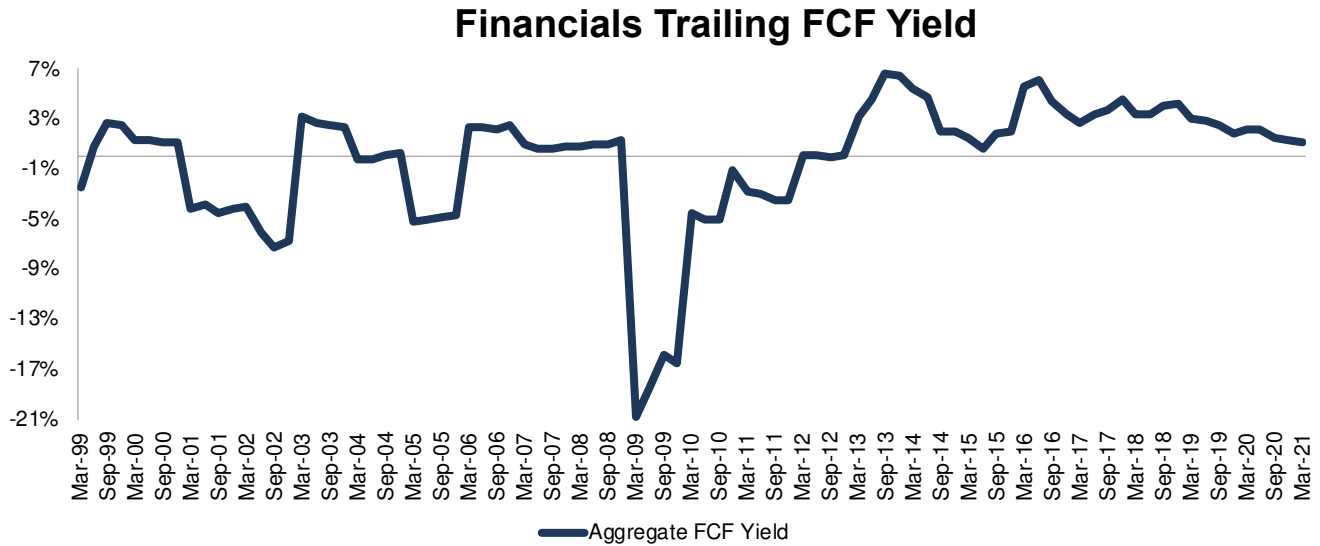
Sources: New Constructs, LLC and company filings.
The March 23, 2021 measurement period uses price data as of that date and incorporates the financial data from 2020 10-Ks, as this is the earliest date for which all the 2020 10-Ks for the NC 2000 constituents were available.

Financials

Figure 7 shows trailing FCF yield for the Financials sector has been relatively post the Financial Crisis. The Financials sector trailing FCF yield decreased from 2.1% in 2019 to 1.1% in 2020. The Financials sector FCF decreased from \$86 billion in 2019 to \$64 billion in 2020 while enterprise value increased from \$4.1 trillion to \$5.9 trillion through 3/23/21.



Figure 7: Financials Trailing FCF Yield: March 1999 – 3/23/21

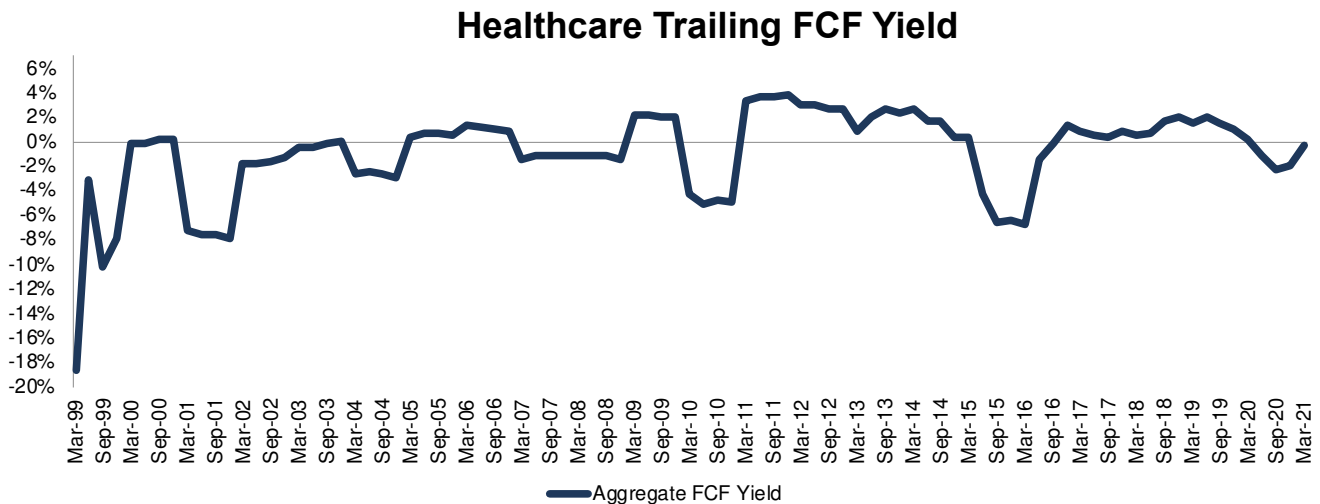


Sources: New Constructs, LLC and company filings.
 The March 23, 2021 measurement period uses price data as of that date and incorporates the financial data from 2020 10-Ks, as this is the earliest date for which all the 2020 10-Ks for the NC 2000 constituents were available.

Healthcare

Figure 8 shows trailing FCF yield for the Healthcare sector, despite volatility during the year, fell from 0.2% in 2019 to -0.3% in 2020. FCF fell from \$8 billion at the end of 2019 to -\$21 billion in 2020. Meanwhile, enterprise value increased from \$4.6 trillion to \$6.0 trillion through 3/23/21.

Figure 8: Healthcare Trailing FCF Yield: March 1999 – 3/23/21



Sources: New Constructs, LLC and company filings.
 The March 23, 2021 measurement period uses price data as of that date and incorporates the financial data from 2020 10-Ks, as this is the earliest date for which all the 2020 10-Ks for the NC 2000 constituents were available.

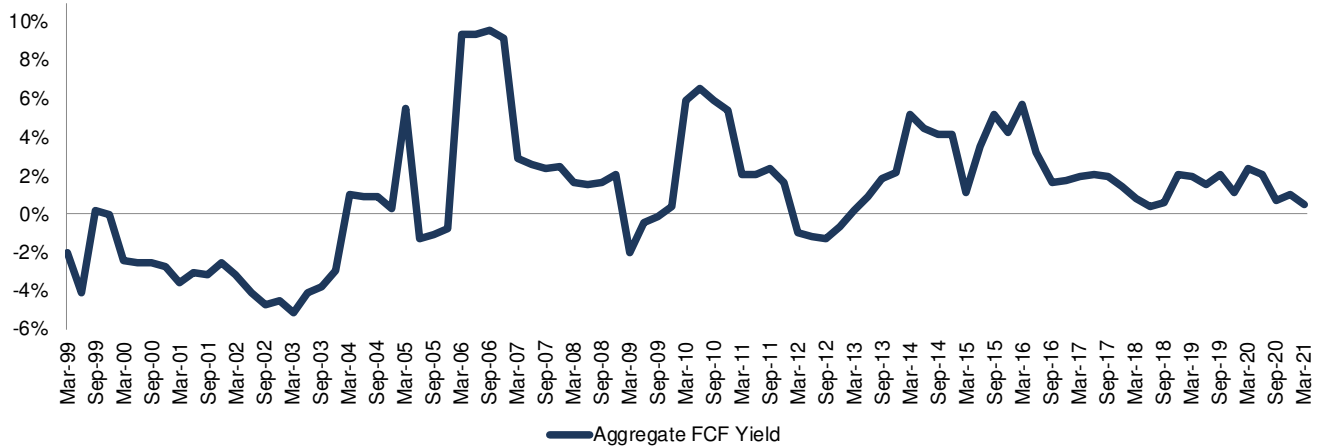


Industrials

Figure 9 shows trailing FCF yield for the Industrials sector sits at 0.5% in 2020, which is down from 2.4% in 2019. The Industrials sector FCF fell significantly due to the COVID-19 pandemic from \$87 billion at the end of 2019 to \$28 billion in 2020 while enterprise value increased from \$3.7 trillion to \$5.4 trillion through 3/23/21.

Figure 9: Industrials Trailing FCF Yield: March 1999 – 3/23/21

Industrials Trailing FCF Yield



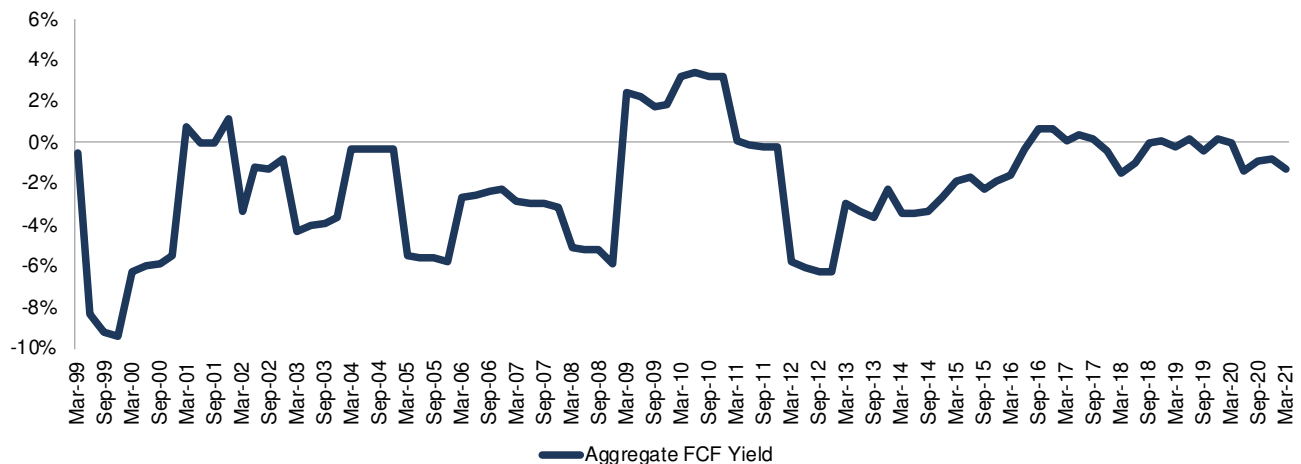
Sources: New Constructs, LLC and company filings. The March 23, 2021 measurement period uses price data as of that date and incorporates the financial data from 2020 10-Ks, as this is the earliest date for which all the 2020 10-Ks for the NC 2000 constituents were available.

Real Estate

Figure 10 shows trailing FCF yield for the Real Estate sector steadily improved from 2012-2019 before falling in 2020. The Real Estate trailing FCF yield fell from 0.0% in 2019 to -1.2% in 2020. The Real Estate sector FCF fell from \$651 million at the end of 2019 to -\$24 billion in 2020 and enterprise value increased from \$1.5 trillion to \$1.9 trillion through 3/23/21.

Figure 10: Real Estate Trailing FCF Yield: March 1999 – 3/23/21

Real Estate Trailing FCF Yield



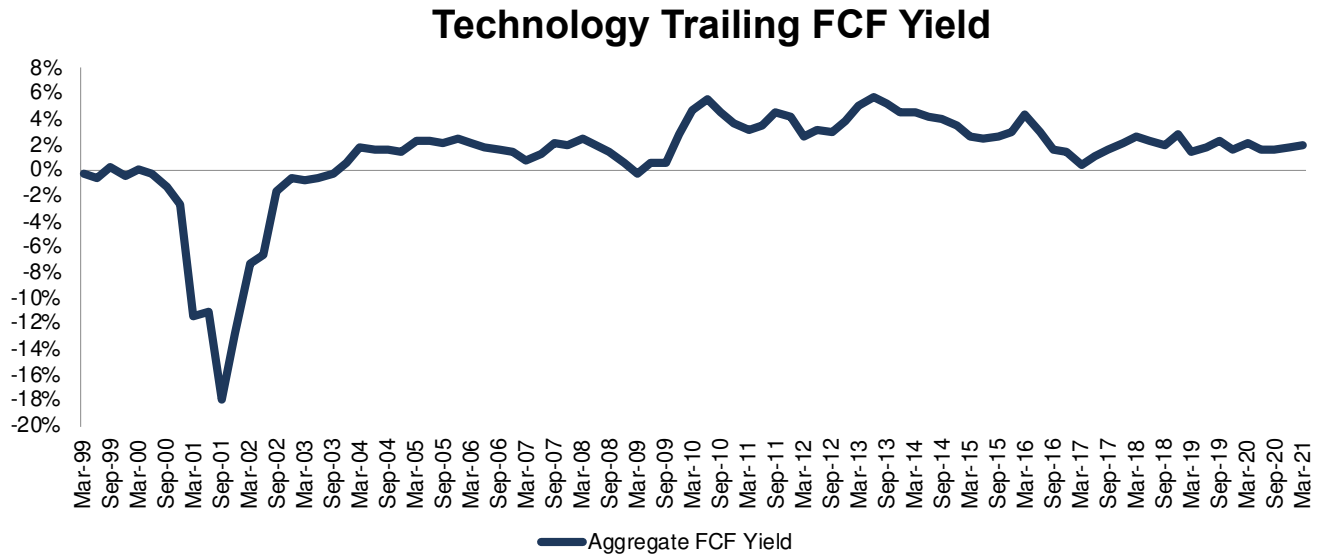
Sources: New Constructs, LLC and company filings. The March 23, 2021 measurement period uses price data as of that date and incorporates the financial data from 2020 10-Ks, as this is the earliest date for which all the 2020 10-Ks for the NC 2000 constituents were available.



Technology

Figure 11 shows trailing FCF yield for the Technology sector remains well below prior highs in 2010, 2013, and 2016. The sector's trailing FCF yield fell slightly from 2.1% in 2019 to 2.0% in 2020. The Technology sector FCF increased from \$175 billion at the end of 2019 to \$280 billion in 2020 and enterprise value improved from \$8.2 trillion to \$14 trillion through 3/23/21.

Figure 11: Technology Trailing FCF Yield: March 1999 – 3/23/21



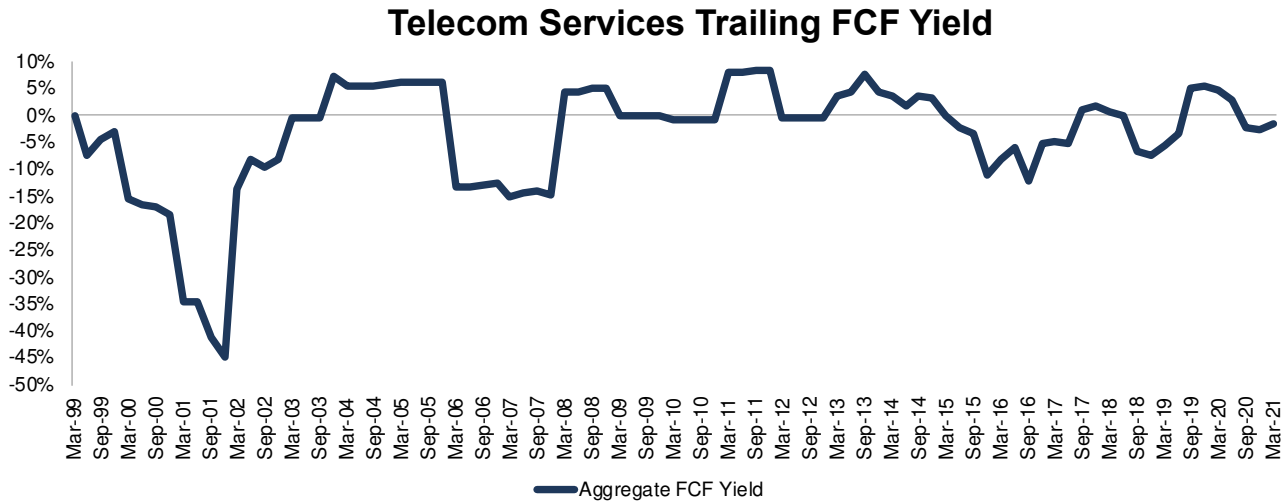
Sources: New Constructs, LLC and company filings. The March 23, 2021 measurement period uses price data as of that date and incorporates the financial data from 2020 10-Ks, as this is the earliest date for which all the 2020 10-Ks for the NC 2000 constituents were available.

Telecom Services

Figure 12 shows trailing FCF yield for the Telecom Services sector fell from 4.7% in 2019 to -1.6% in 2020. The Telecom Services sector FCF fell from \$66 billion at the end of 2019 to -\$26 billion in 2020 and enterprise value increased from \$1.4 trillion to \$1.7 trillion through 3/23/21.



Figure 12: Telecom Services Trailing FCF Yield: March 1999 – 3/23/21

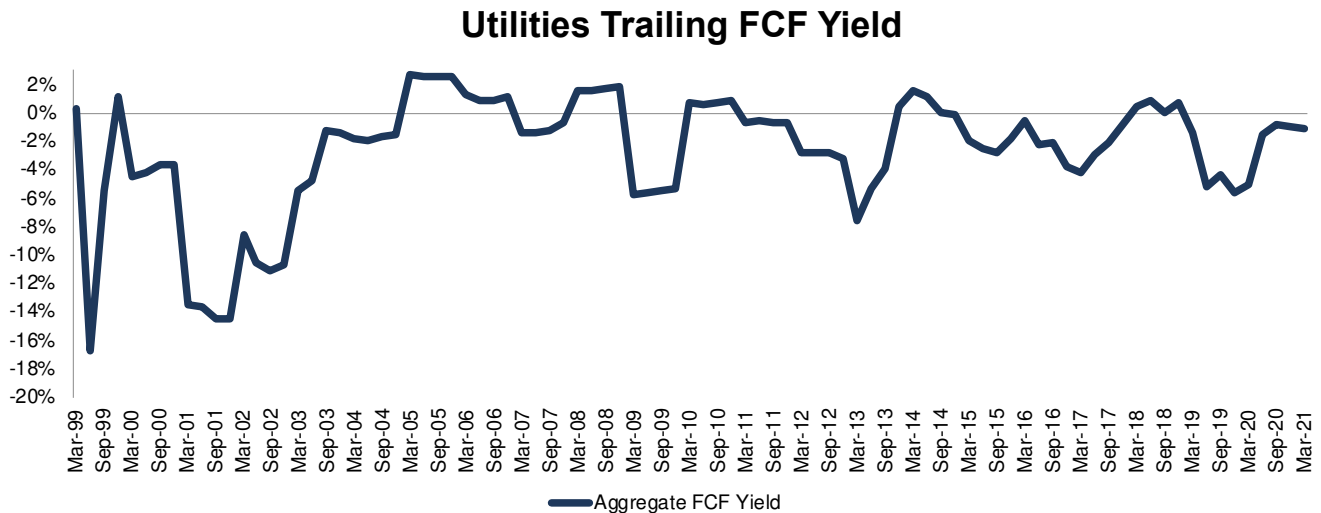


Sources: New Constructs, LLC and company filings.
 The March 23, 2021 measurement period uses price data as of that date and incorporates the financial data from 2020 10-Ks, as this is the earliest date for which all the 2020 10-Ks for the NC 2000 constituents were available.

Utilities

Figure 13 shows the trailing FCF yield for the Utilities sector is rather consistently negative and, despite improving since its 2019 lows, remains negative at -1.1% in 2020. The Utilities sector FCF improved from -\$92 billion at the end of 2019 to -\$23 billion in 2020 while enterprise value increased from \$1.8 trillion to \$2.1 trillion through 3/23/21.

Figure 13: Utilities Trailing FCF Yield: March 1999 – 3/23/21



Sources: New Constructs, LLC and company filings.
 The March 23, 2021 measurement period uses price data as of that date and incorporates the financial data from 2020 10-Ks, as this is the earliest date for which all the 2020 10-Ks for the NC 2000 constituents were available.

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Disclosure: David Trainer, Kyle Guske II, Alex Sword, and Matt Shuler receive no compensation to write about any specific stock, style, or theme.

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Appendix I: Free Cash Flow and Enterprise Value Since 2004

This appendix shows the two drivers used to calculate trailing FCF yield – [free cash flow](#) and [enterprise value](#) – for the NC 2000 and each NC 2000 sector going back to March 1999. We sum the individual NC 2000/sector constituent values for free cash flow and enterprise value. We call this approach the “Aggregate” methodology, and it matches S&P Global’s (SPGI) methodology for these calculations. More methodology details in Appendix II.

Figure 14 ranks all 11 sectors by free cash flow based on financial data from 2020 10-Ks.

Figure 14: Free Cash Flow by Sector – Financial Data from 2020 10-Ks

Sector	Free Cash Flow (\$mm)
Technology	\$280,327
Consumer Non-cyclicals	\$102,184
Financials	\$63,672
Consumer Cyclicals	\$56,180
Energy	\$40,156
Basic Materials	\$37,412
Industrials	\$27,570
Healthcare	-\$20,889
Utilities	-\$22,872
Real Estate	-\$23,902
Telecom Services	-\$26,445
NC 2000	\$513,394

Sources: New Constructs, LLC and company filings.
Financial data from 2020 10-Ks.

Figure 15 ranks all 11 sectors by enterprise value as of 3/23/21.

Figure 15: Enterprise Value by Sector – as of 3/23/21

Sector	Enterprise Value (\$mm)
Technology	\$13,988,901
Consumer Cyclicals	\$8,213,461
Healthcare	\$6,026,956
Financials	\$5,946,894
Industrials	\$5,376,474
Consumer Non-cyclicals	\$3,434,813
Utilities	\$2,115,106
Energy	\$2,106,487
Real Estate	\$1,935,845
Telecom Services	\$1,668,663
Basic Materials	\$1,591,693
NC 2000	\$52,405,294

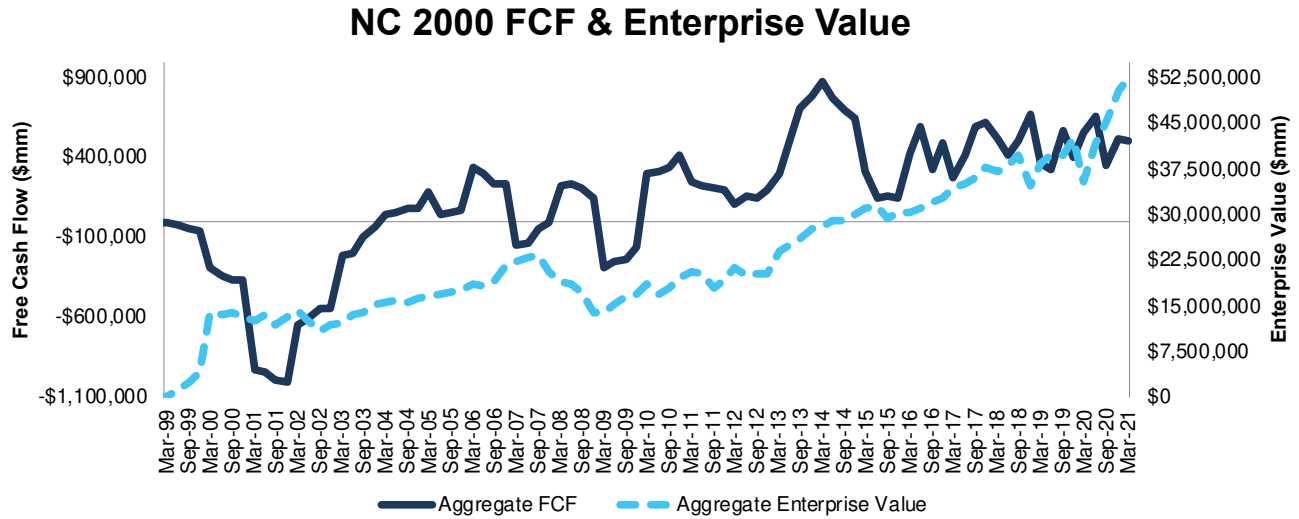
Sources: New Constructs, LLC and company filings.
Prices as of 3/23/21.

These two tables show the Technology sector not only generates the most free cash flow, but it also has the highest enterprise value of all sectors.

Figures 16-27 compare the FCF and enterprise value trends for the NC 2000 and every sector since 2004.

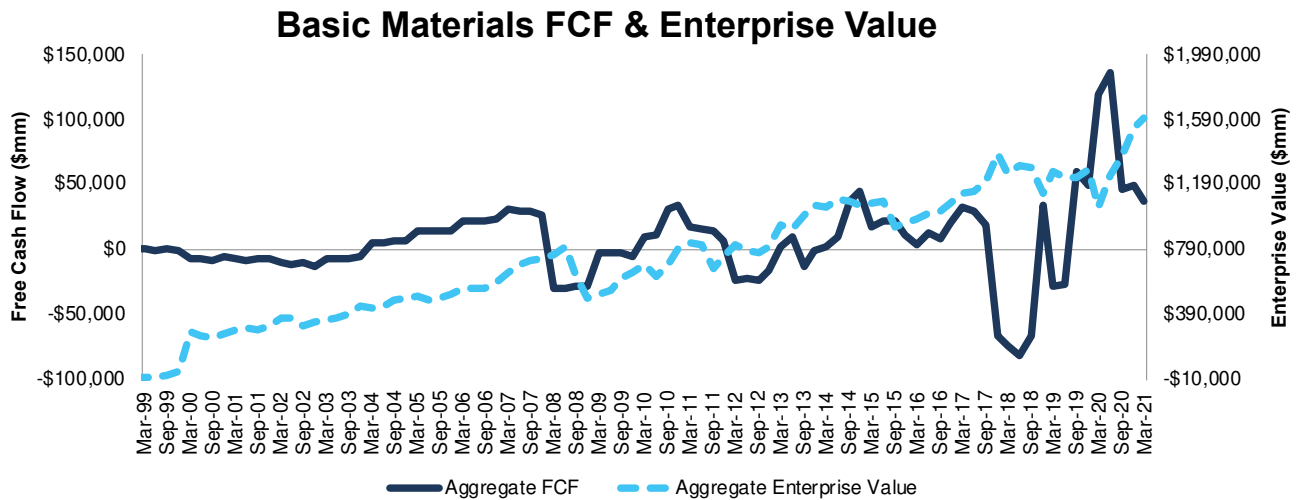


Figure 16: NC 2000 FCF & Enterprise Value: March 1999 – 3/23/21



Sources: New Constructs, LLC and company filings.
 The March 23, 2021 measurement period uses price data as of that date and incorporates the financial data from 2020 10-Ks, as this is the earliest date for which all the 2020 10-Ks for the NC 2000 constituents were available.

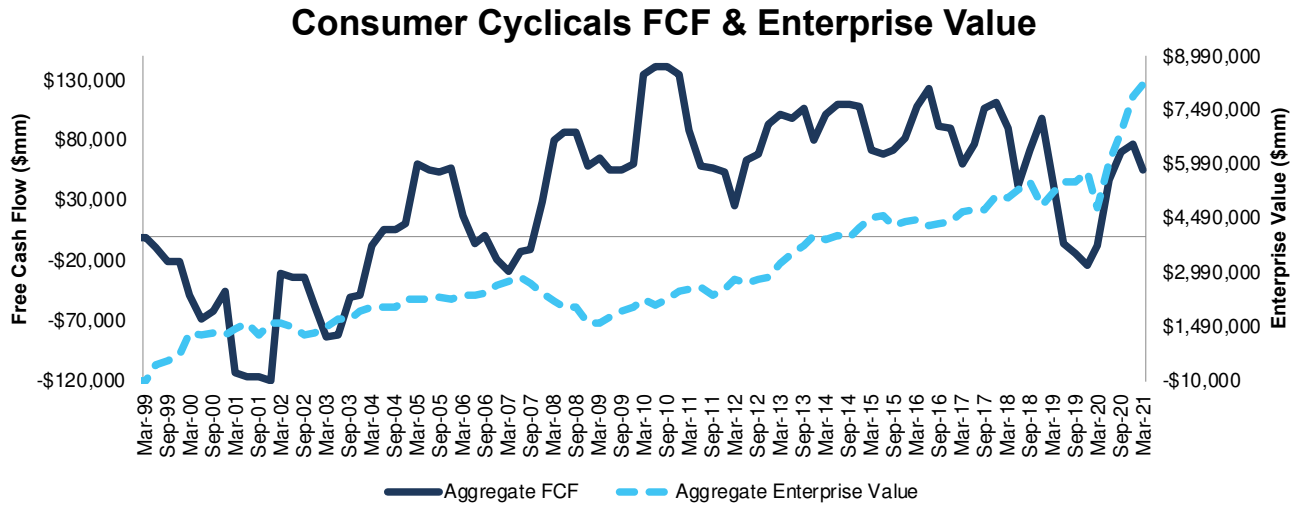
Figure 17: Basic Materials FCF & Enterprise Value: March 1999 – 3/23/21



Sources: New Constructs, LLC and company filings.
 The March 23, 2021 measurement period uses price data as of that date and incorporates the financial data from 2020 10-Ks, as this is the earliest date for which all the 2020 10-Ks for the NC 2000 constituents were available.

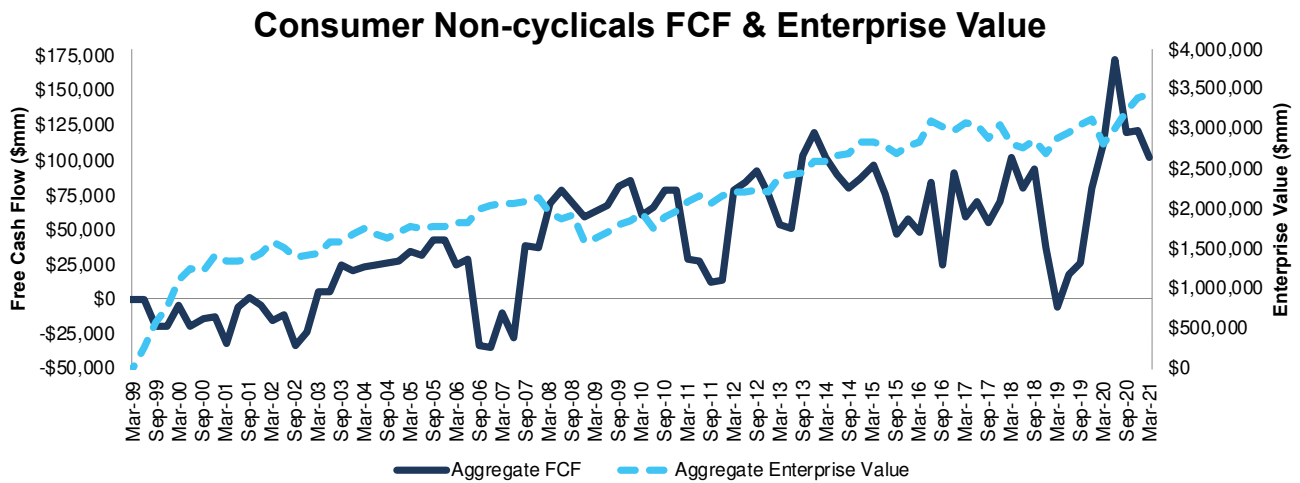


Figure 18: Consumer Cyclical FCF & Enterprise Value: March 1999 – 3/23/21



Sources: New Constructs, LLC and company filings.
 The March 23, 2021 measurement period uses price data as of that date and incorporates the financial data from 2020 10-Ks, as this is the earliest date for which all the 2020 10-Ks for the NC 2000 constituents were available.

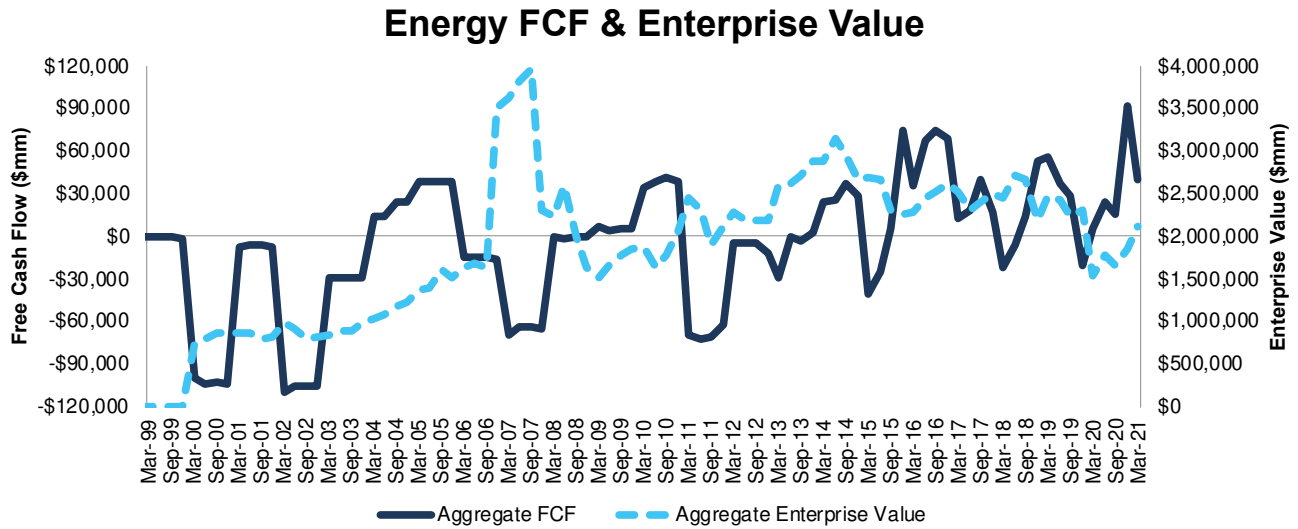
Figure 19: Consumer Non-Cyclicals FCF & Enterprise Value: March 1999 – 3/23/21



Sources: New Constructs, LLC and company filings.
 The March 23, 2021 measurement period uses price data as of that date and incorporates the financial data from 2020 10-Ks, as this is the earliest date for which all the 2020 10-Ks for the NC 2000 constituents were available.

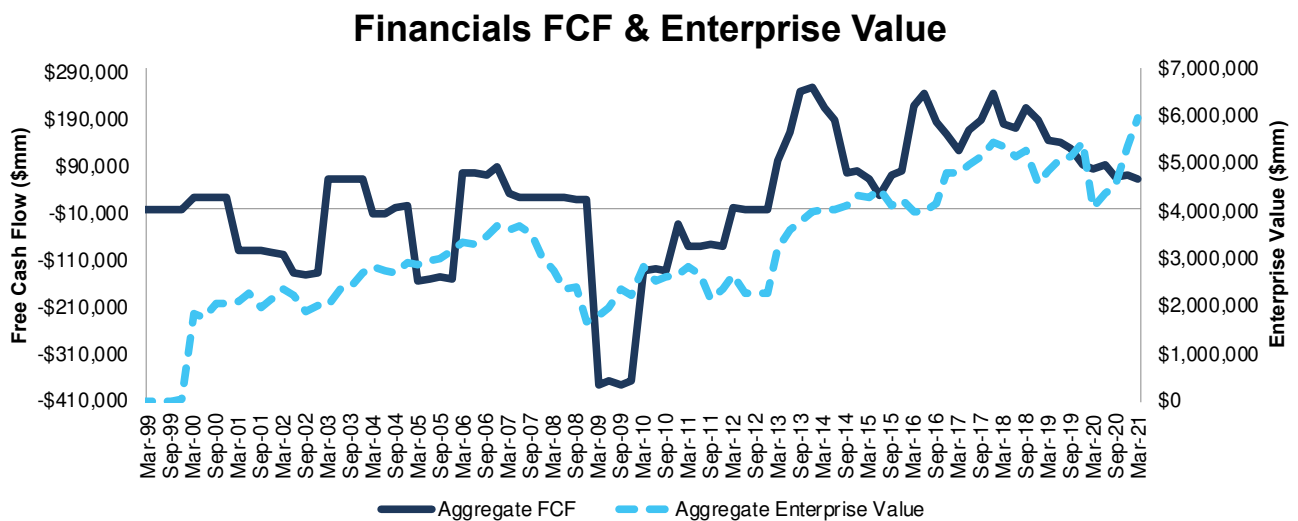


Figure 20: Energy FCF & Enterprise Value: March 1999 – 3/23/21



Sources: New Constructs, LLC and company filings.
 The March 23, 2021 measurement period uses price data as of that date and incorporates the financial data from 2020 10-Ks, as this is the earliest date for which all the 2020 10-Ks for the NC 2000 constituents were available.

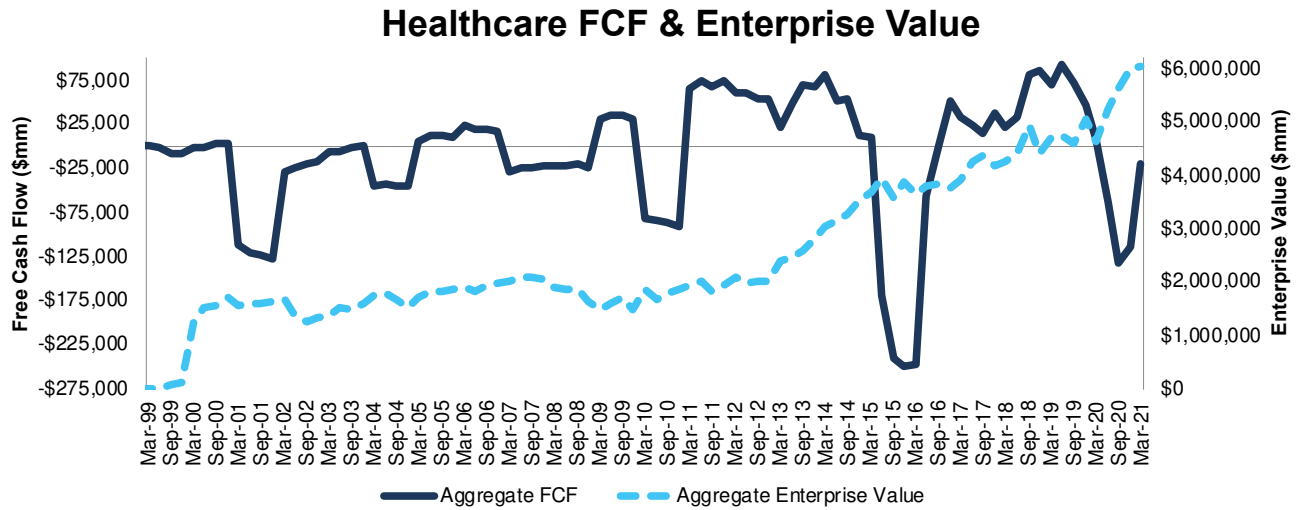
Figure 21: Financials FCF & Enterprise Value: March 1999 – 3/23/21



Sources: New Constructs, LLC and company filings.
 The March 23, 2021 measurement period uses price data as of that date and incorporates the financial data from 2020 10-Ks, as this is the earliest date for which all the 2020 10-Ks for the NC 2000 constituents were available.

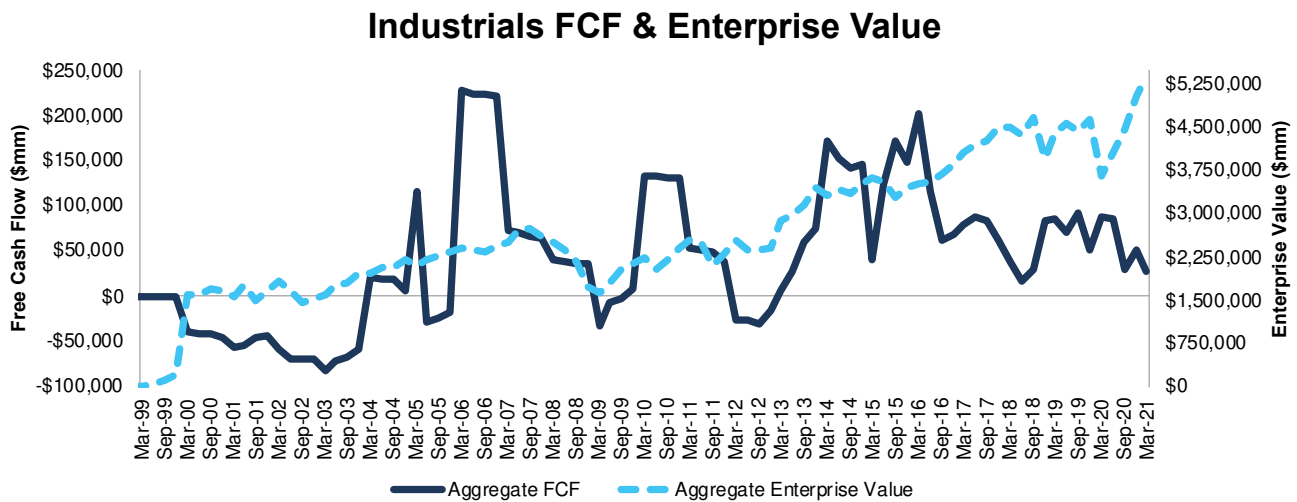


Figure 22: Healthcare FCF & Enterprise Value: March 1999 – 3/23/21



Sources: New Constructs, LLC and company filings.
 The March 23, 2021 measurement period uses price data as of that date and incorporates the financial data from 2020 10-Ks, as this is the earliest date for which all the 2020 10-Ks for the NC 2000 constituents were available.

Figure 23: Industrials FCF & Enterprise Value: March 1999 – 3/23/21⁴

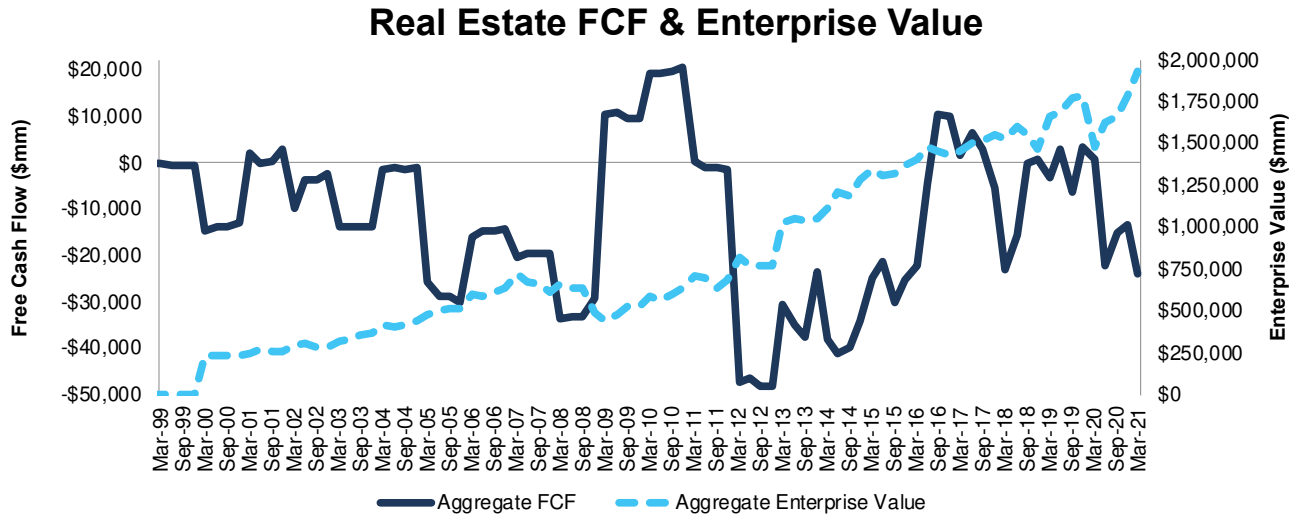


Sources: New Constructs, LLC and company filings.
 The March 23, 2021 measurement period uses price data as of that date and incorporates the financial data from 2020 10-Ks, as this is the earliest date for which all the 2020 10-Ks for the NC 2000 constituents were available.

⁴ The Industrials sector free cash flow is heavily influenced by General Electric (GE) in 2005. In 2005 GE restated ~\$135 billion of Investment Securities to Assets of Discontinued Operations. This reclassification caused a large year-over-year change in invested capital from 2004-2005, and therefore a large increase in FCF. However, due to poor disclosures in the filings, we're unable to specifically track the changes beyond reclassifying an operating asset as a non-operating asset.

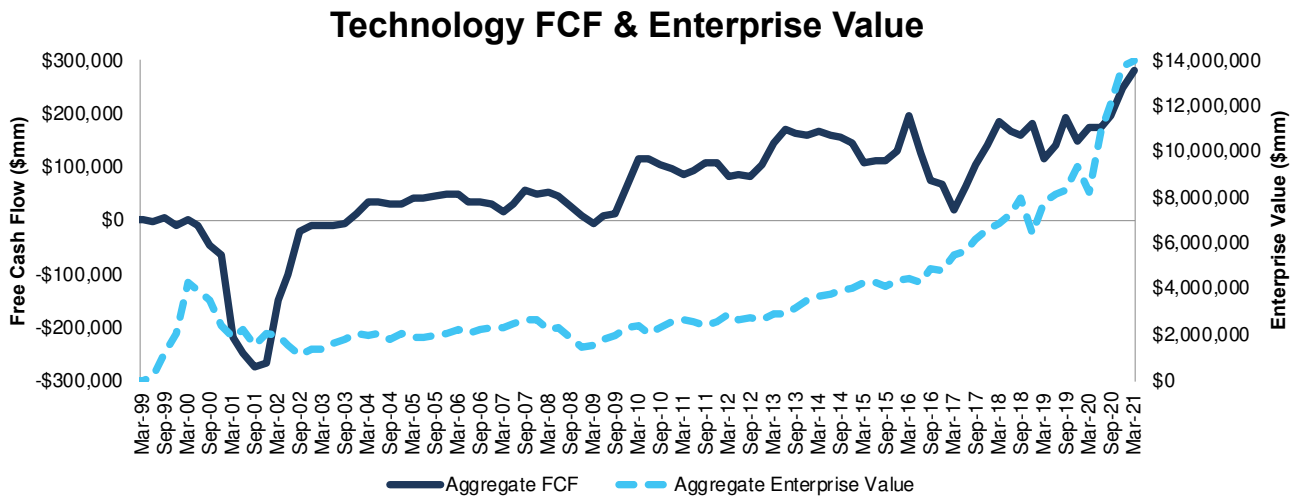


Figure 24: Real Estate FCF & Enterprise Value: March 1999 – 3/23/21



Sources: New Constructs, LLC and company filings.
 The March 23, 2021 measurement period uses price data as of that date and incorporates the financial data from 2020 10-Ks, as this is the earliest date for which all the 2020 10-Ks for the NC 2000 constituents were available.

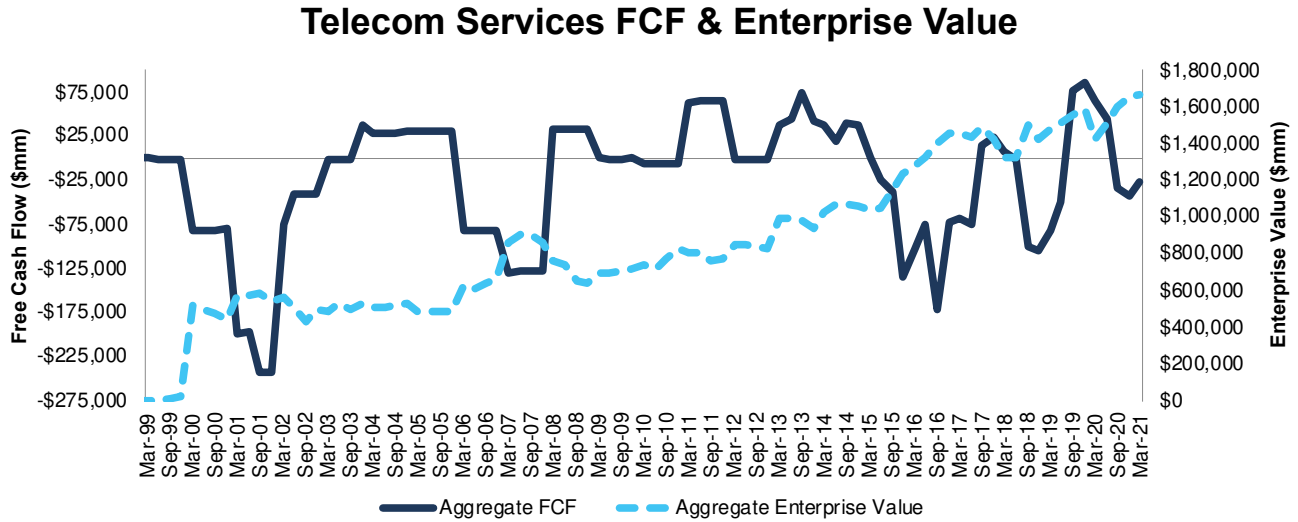
Figure 25: Technology FCF & Enterprise Value: March 1999 – 3/23/21



Sources: New Constructs, LLC and company filings.
 The March 23, 2021 measurement period uses price data as of that date and incorporates the financial data from 2020 10-Ks, as this is the earliest date for which all the 2020 10-Ks for the NC 2000 constituents were available.

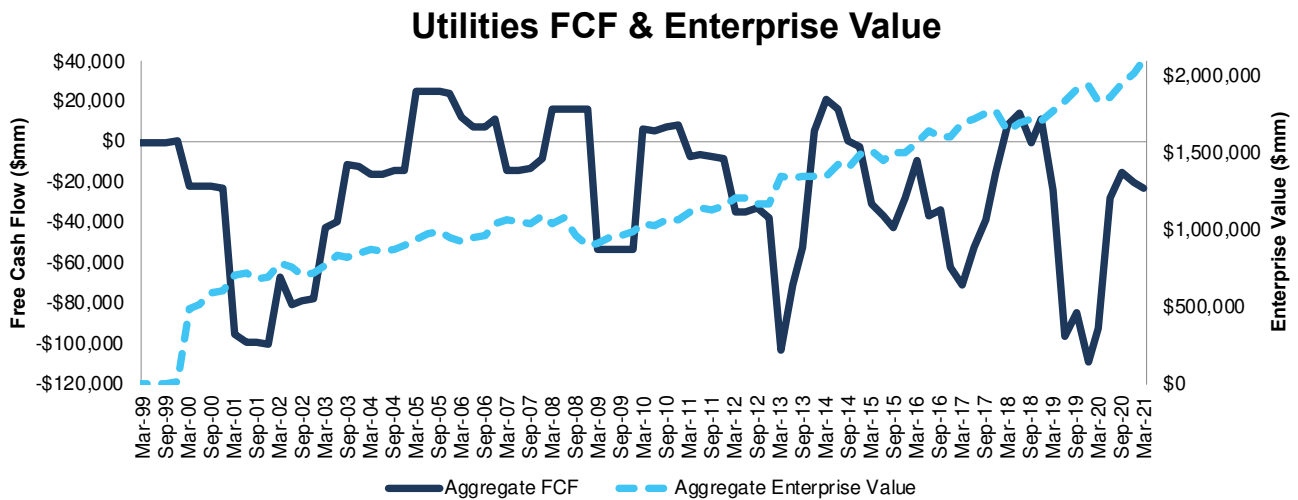


Figure 26: Telecom Services FCF & Enterprise Value: March 1999 – 3/23/21



Sources: New Constructs, LLC and company filings.
 The March 23, 2021 measurement period uses price data as of that date and incorporates the financial data from 2020 10-Ks, as this is the earliest date for which all the 2020 10-Ks for the NC 2000 constituents were available.

Figure 27: Utilities FCF & Enterprise Value: March 1999 – 3/23/21



Sources: New Constructs, LLC and company filings.
 The March 23, 2021 measurement period uses price data as of that date and incorporates the financial data from 2020 10-Ks, as this is the earliest date for which all the 2020 10-Ks for the NC 2000 constituents were available.



Appendix II: Analyzing Trailing FCF Yield with Different Weighting Methodologies

We derive the metrics above by summing the individual NC 2000/sector constituent values for free cash flow and enterprise value to calculate trailing FCF yield. We call this approach the “Aggregate” methodology.

The Aggregate methodology provides a straightforward look at the entire NC 2000/sector, regardless of market cap or index weighting, and matches how S&P Global (SPGI) calculates metrics for the S&P 500.

For additional perspective, we compare the Aggregate method for free cash flow with two other market-weighted methodologies. These market-weighted methodologies add more value for ratios that do not include market values, e.g. ROIC and its drivers, but we include them here, nonetheless, for comparison:

1. **Market-weighted metrics** – calculated by market-cap-weighting the trailing FCF yield for the individual companies relative to their sector or the overall NC 2000 in each period. Details:
 - a. Company weight equals the company’s market cap divided by the market cap of the NC 2000/ its sector
 - b. We multiply each company’s trailing FCF yield by its weight
 - c. NC 2000/Sector trailing FCF yield equals the sum of the weighted trailing FCF yields for all the companies in NC 2000/sector
2. **Market-weighted drivers** – calculated by market-cap-weighting the FCF and enterprise value for the individual companies in each sector in each period. Details:
 - a. Company weight equals the company’s market cap divided by the market cap of the NC 2000/ its sector
 - b. We multiply each company’s free cash flow and enterprise value by its weight
 - c. We sum the weighted FCF and weighted enterprise value for each company in the NC 2000/each sector to determine each sector’s weighted FCF and weighted enterprise value
 - d. NC 2000/Sector trailing FCF yield equals weighted NC 2000/sector FCF divided by weighted NC 2000/sector enterprise value

Each methodology has its pros and cons, as outlined below:

Aggregate method

Pros:

- A straightforward look at the entire NC 2000/sector, regardless of company size or weighting in any indices.
- Matches how S&P Global calculates metrics for the NC 2000.

Cons:

- Vulnerable to impact of companies entering/exiting the group of companies, which could unduly affect aggregate values. Also susceptible to outliers in any one period.

Market-weighted metrics method

Pros:

- Accounts for a firm’s market cap relative to the NC 2000/sector and weights its metrics accordingly.

Cons:

- Vulnerable to outlier results from a single company disproportionately impacting the overall trailing FCF yield.

Market-weighted drivers method

Pros:

- Accounts for a firm’s market cap relative to the NC 2000/sector and weights its free cash flow and enterprise value accordingly.
- Mitigates the disproportionate impact of outlier results from one company on the overall results.

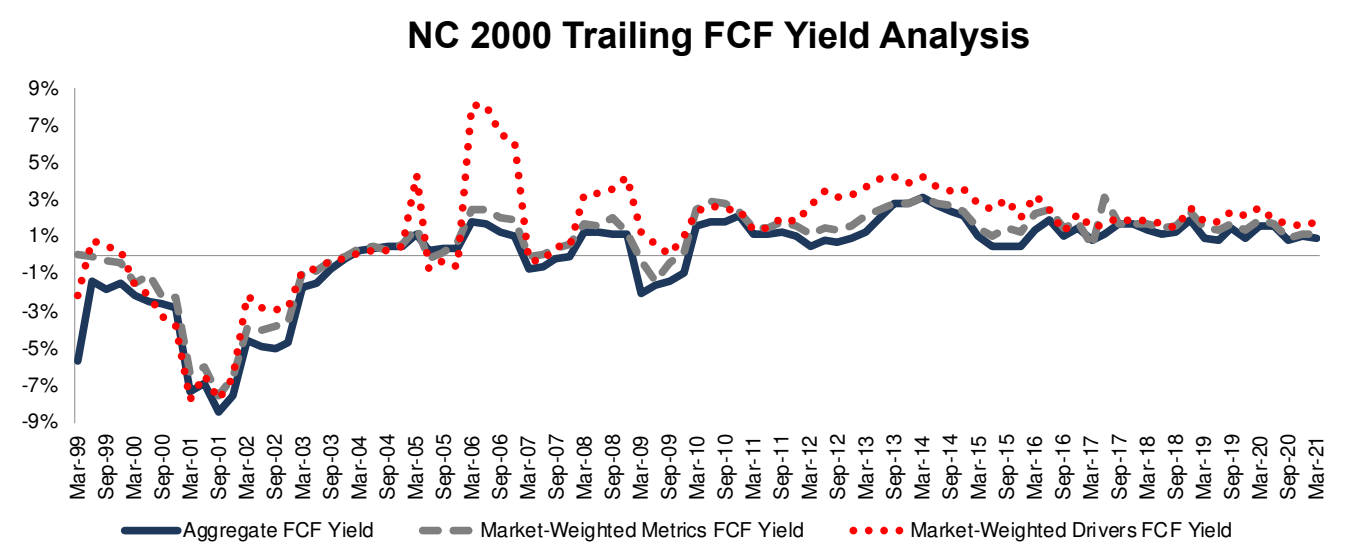
Cons:



- More volatile as it adds emphasis to large changes in FCF and enterprise value for heavily weighted companies.

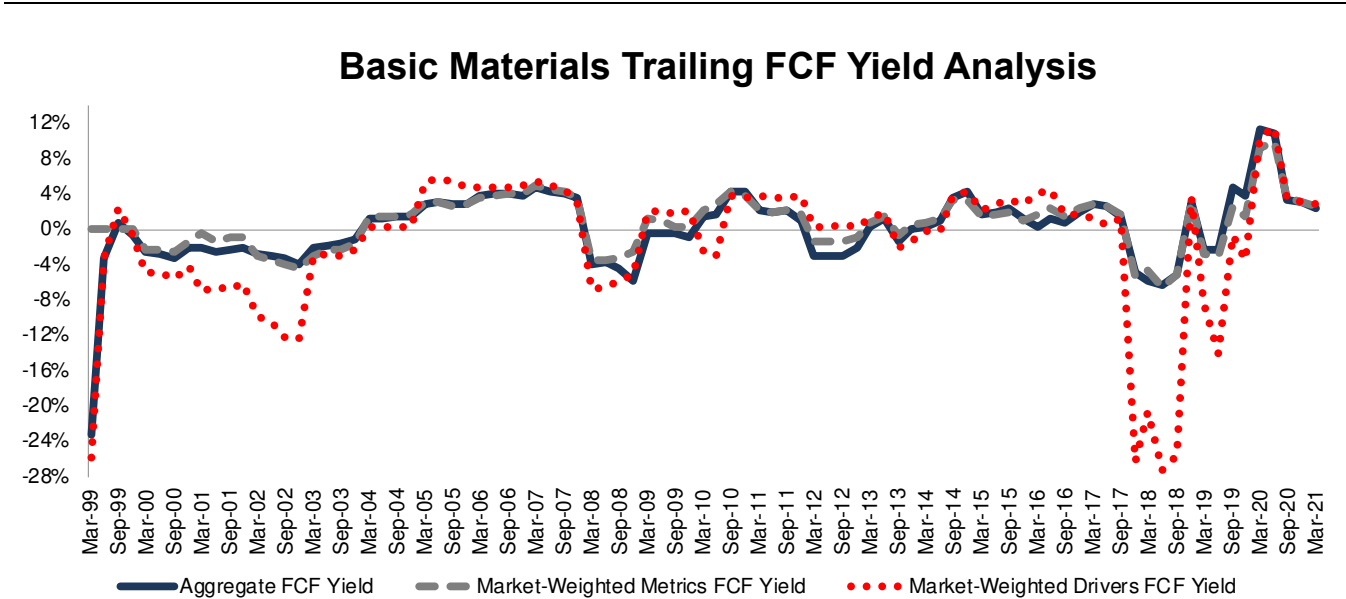
Figures 28-39 compare these three methods for calculating NC 2000 and sector trailing FCF yields.

Figure 28: NC 2000 Trailing FCF Yield Methodologies Compared: March 1999 – 3/23/21



Sources: New Constructs, LLC and company filings.
 The March 23, 2021 measurement period uses price data as of that date and incorporates the financial data from 2020 10-Ks, as this is the earliest date for which all the 2020 10-Ks for the NC 2000 constituents were available.

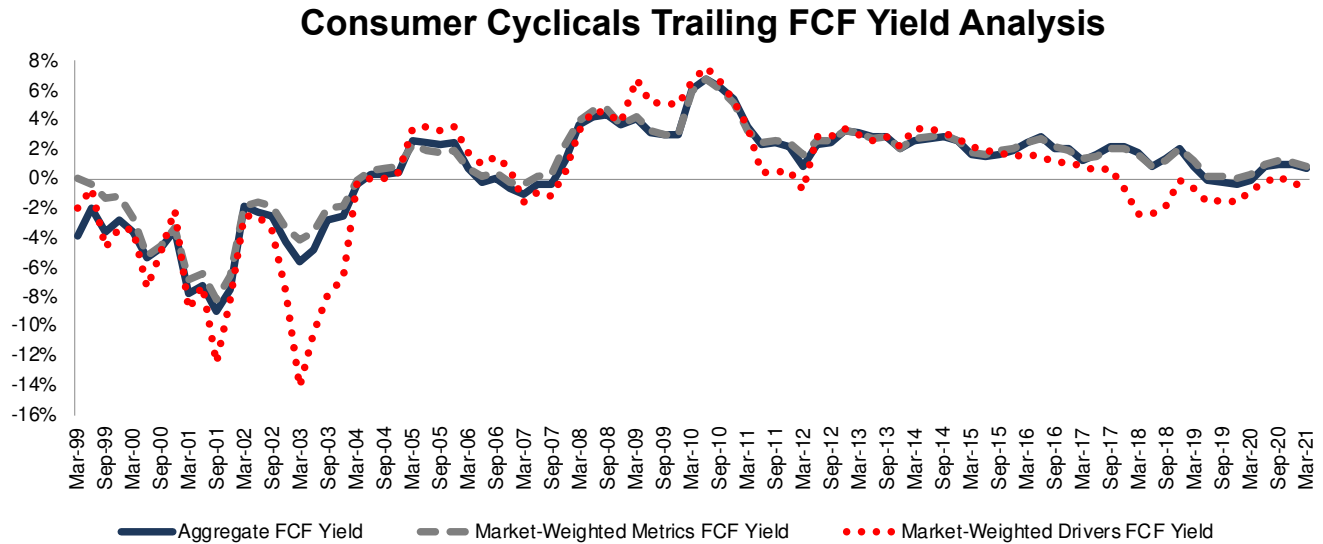
Figure 29: Basic Materials Trailing FCF Yield Methodologies Compared: March 1999 – 3/23/21



Sources: New Constructs, LLC and company filings.
 The March 23, 2021 measurement period uses price data as of that date and incorporates the financial data from 2020 10-Ks, as this is the earliest date for which all the 2020 10-Ks for the NC 2000 constituents were available.

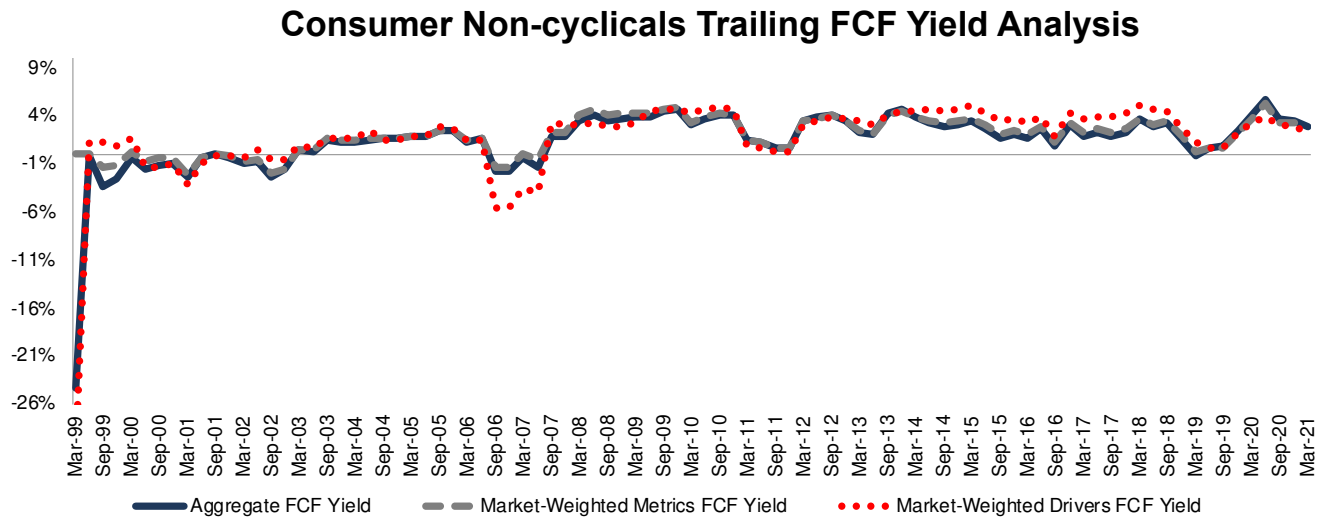


Figure 30: Consumer Cyclical Trailing FCF Yield Methodologies Compared: March 1999 – 3/23/21



Sources: New Constructs, LLC and company filings.
 The March 23, 2021 measurement period uses price data as of that date and incorporates the financial data from 2020 10-Ks, as this is the earliest date for which all the 2020 10-Ks for the NC 2000 constituents were available.

Figure 31: Consumer Non-cyclicals Trailing FCF Yield Methodologies Compared: March 1999 – 3/23/21

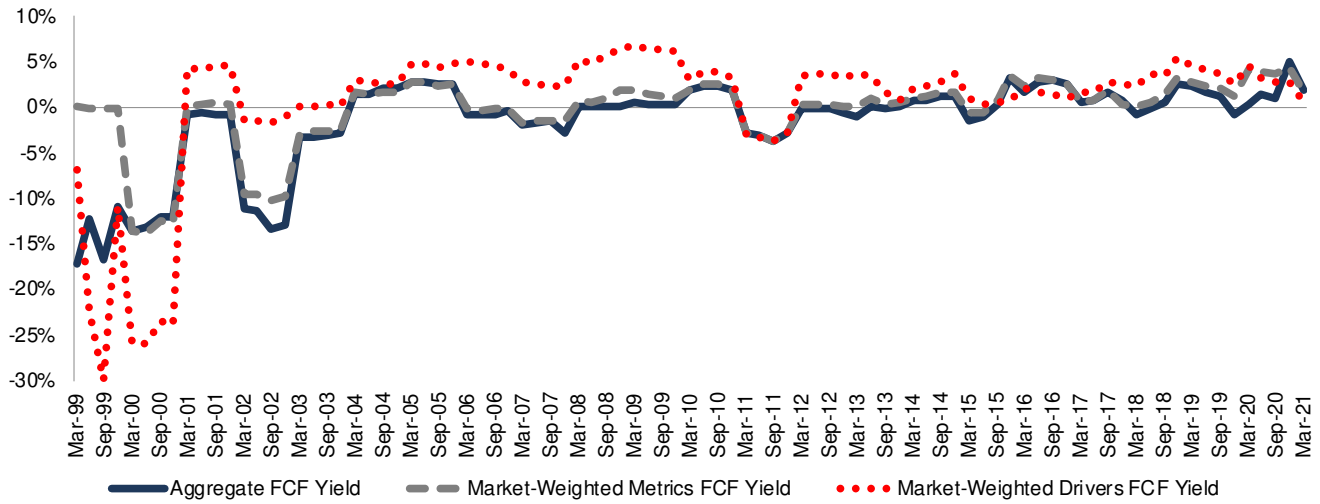


Sources: New Constructs, LLC and company filings.
 The March 23, 2021 measurement period uses price data as of that date and incorporates the financial data from 2020 10-Ks, as this is the earliest date for which all the 2020 10-Ks for the NC 2000 constituents were available.

Figure 32: Energy Trailing FCF Yield Methodologies Compared: March 1999 – 3/23/21



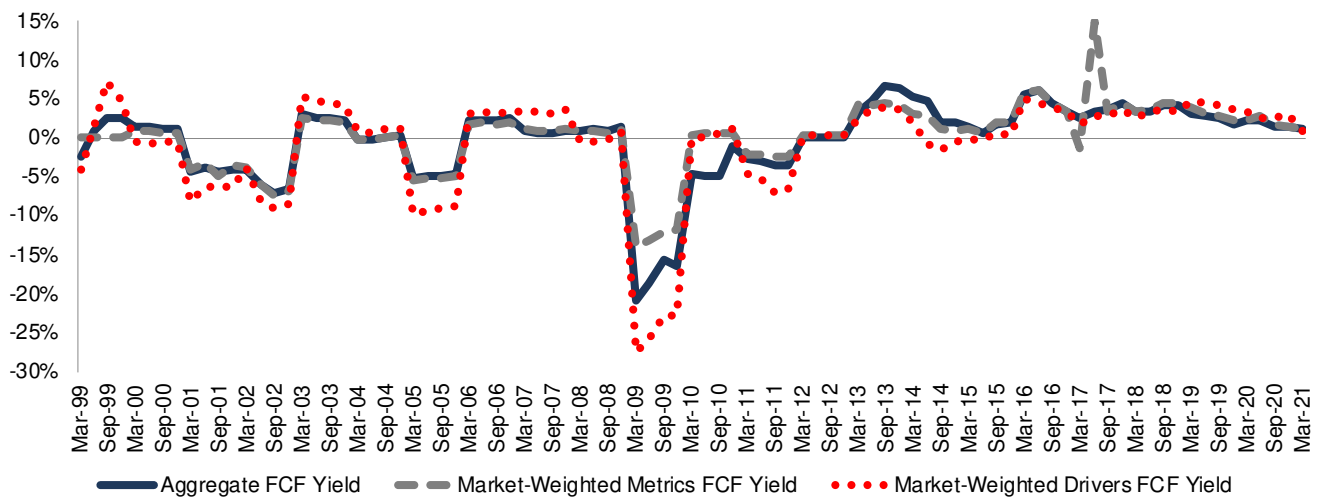
Energy Trailing FCF Yield Analysis



Sources: New Constructs, LLC and company filings.
 The March 23, 2021 measurement period uses price data as of that date and incorporates the financial data from 2020 10-Ks, as this is the earliest date for which all the 2020 10-Ks for the NC 2000 constituents were available.

Figure 33: Financials Trailing FCF Yield Methodologies Compared: March 1999 – 3/23/21

Financials Trailing FCF Yield Analysis

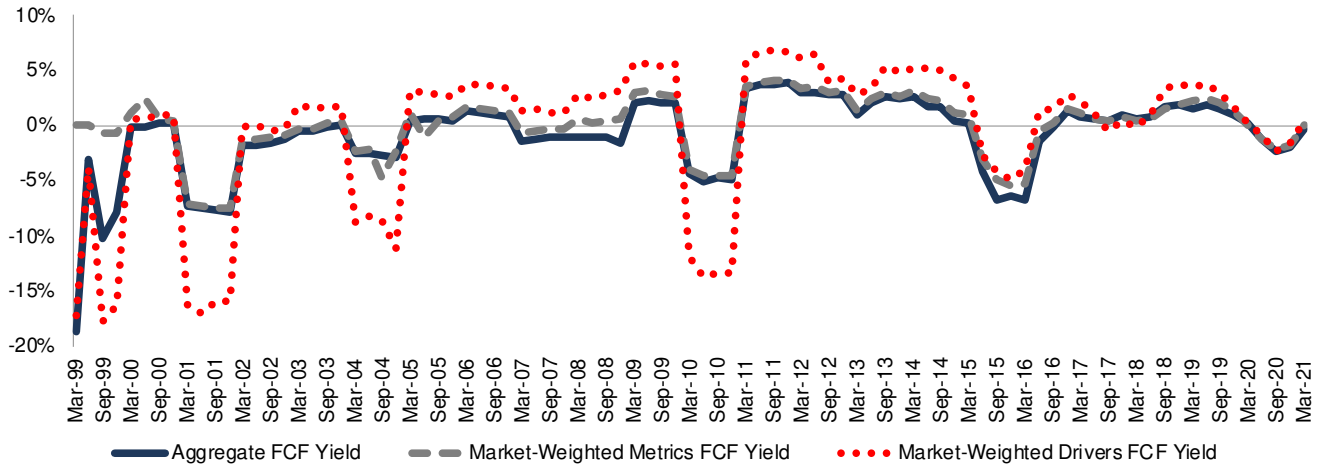


Sources: New Constructs, LLC and company filings.
 The March 23, 2021 measurement period uses price data as of that date and incorporates the financial data from 2020 10-Ks, as this is the earliest date for which all the 2020 10-Ks for the NC 2000 constituents were available.

Figure 34: Healthcare Trailing FCF Yield Methodologies Compared: March 1999 – 3/23/21



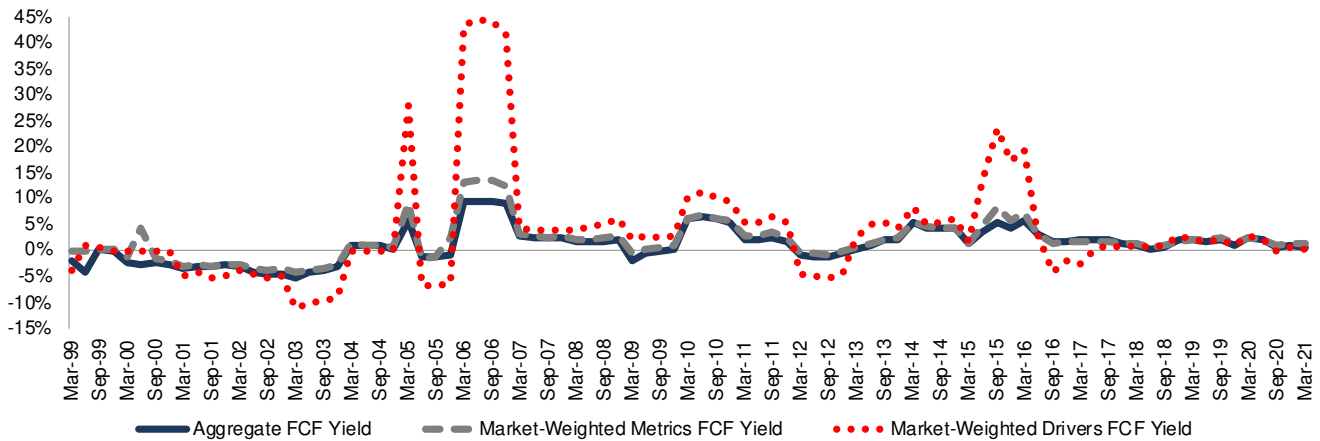
Healthcare Trailing FCF Yield Analysis



Sources: New Constructs, LLC and company filings.
 The March 23, 2021 measurement period uses price data as of that date and incorporates the financial data from 2020 10-Ks, as this is the earliest date for which all the 2020 10-Ks for the NC 2000 constituents were available.

Figure 35: Industrials Trailing FCF Yield Methodologies Compared: March 1999 – 3/23/21

Industrials Trailing FCF Yield Analysis

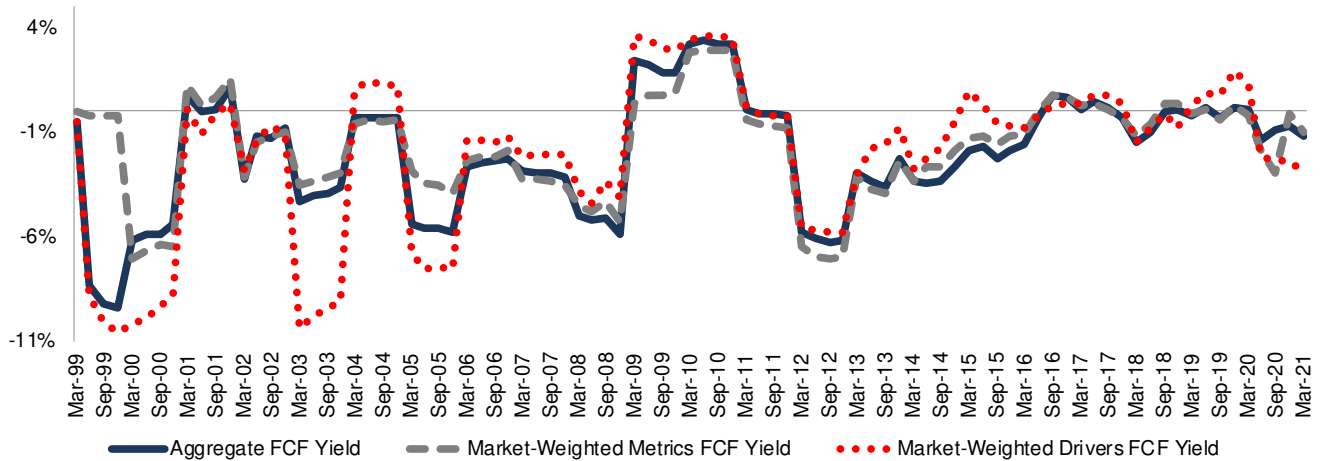


Sources: New Constructs, LLC and company filings.
 The March 23, 2021 measurement period uses price data as of that date and incorporates the financial data from 2020 10-Ks, as this is the earliest date for which all the 2020 10-Ks for the NC 2000 constituents were available.

Figure 36: Real Estate Trailing FCF Yield Methodologies Compared: March 1999 – 3/23/21



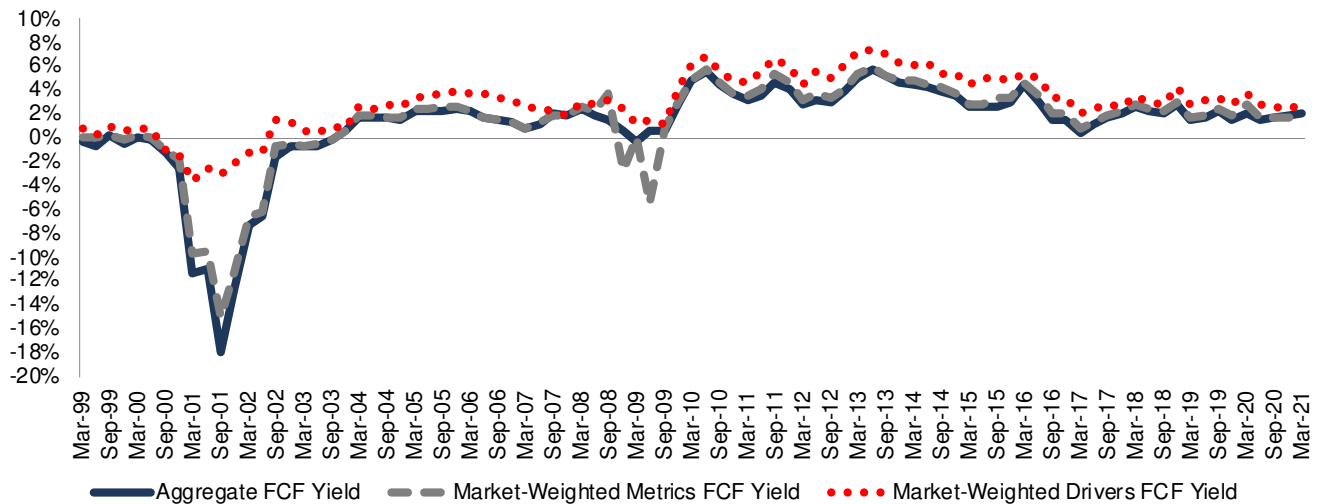
Real Estate Trailing FCF Yield Analysis



Sources: New Constructs, LLC and company filings.
 The March 23, 2021 measurement period uses price data as of that date and incorporates the financial data from 2020 10-Ks, as this is the earliest date for which all the 2020 10-Ks for the NC 2000 constituents were available.

Figure 37: Technology Trailing FCF Yield Methodologies Compared: March 1999 – 3/23/21

Technology Trailing FCF Yield Analysis

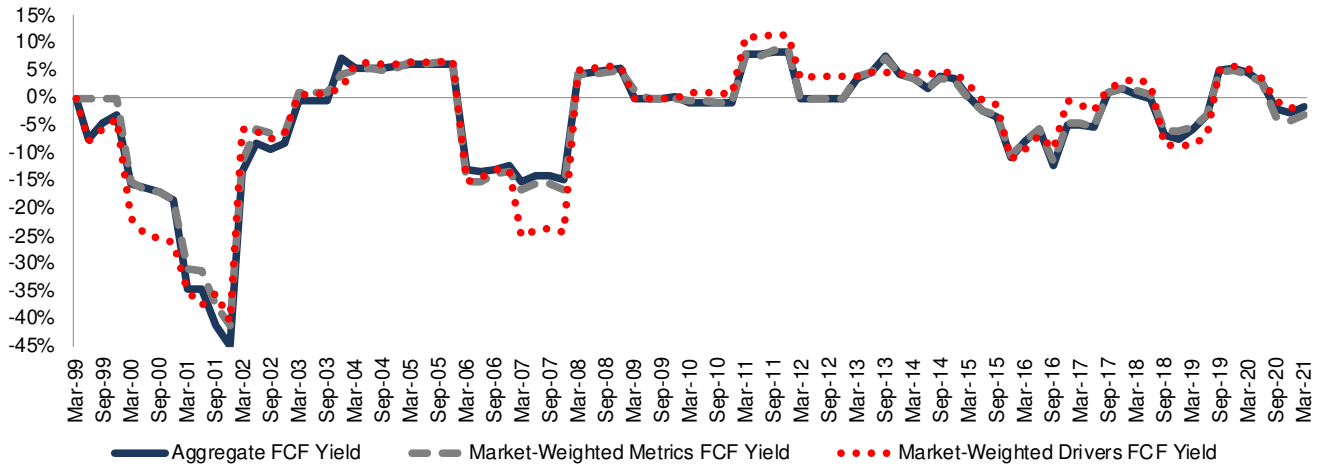


Sources: New Constructs, LLC and company filings.
 The March 23, 2021 measurement period uses price data as of that date and incorporates the financial data from 2020 10-Ks, as this is the earliest date for which all the 2020 10-Ks for the NC 2000 constituents were available.

Figure 38: Telecom Services Trailing FCF Yield Methodologies Compared: March 1999 – 3/23/21



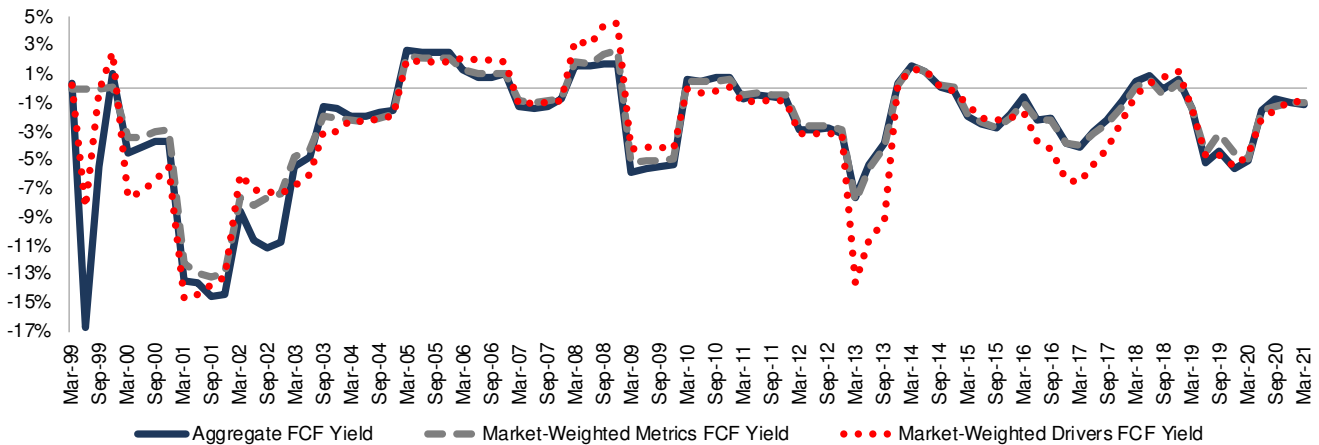
Telecom Services Trailing FCF Yield Analysis



Sources: New Constructs, LLC and company filings.
 The March 23, 2021 measurement period uses price data as of that date and incorporates the financial data from 2020 10-Ks, as this is the earliest date for which all the 2020 10-Ks for the NC 2000 constituents were available.

Figure 39: Utilities Trailing FCF Yield Methodologies Compared: March 1999 – 3/23/21

Utilities Trailing FCF Yield Analysis



Sources: New Constructs, LLC and company filings.
 The March 23, 2021 measurement period uses price data as of that date and incorporates the financial data from 2020 10-Ks, as this is the earliest date for which all the 2020 10-Ks for the NC 2000 constituents were available.

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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, 1st 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, 2nd 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, 5th 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, 2nd para.

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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, 3rd para.
- “Our results ultimately suggest that Robo-Analysts are a valuable, alternative information intermediary to traditional sell-side analysts.” – pp. 20, 3rd para.

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