



Proof Is in Performance Through 1Q21

Model Portfolios

Trust

Only our “novel database” enables investors to overcome flaws with legacy fundamental datasets and apply reliable fundamental data in their research.

Performance

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- This report updates the performance of our Model Portfolios:
 - [Exec Comp Aligned With ROIC](#)
 - [Safest Dividend Yields](#)
 - [Dividend Growth Stocks](#)
 - [Most Attractive & Most Dangerous](#)
- The Most Attractive and Most Dangerous Stocks reports offer multiple strategies to outperform in good and bad markets.
 - Our large cap long/short strategy beat the Risk-Free Rate by 8% YTD.
 - Our large cap long strategy beat the S&P 500 by 6%.
 - Our large and small cap long strategy beat the S&P 500 and Russell 2000 by 4%.
 - These strategies (and others) beat their benchmarks by much more since inception in January 2005.
- The Exec Comp Aligned with ROIC Model Portfolio outperformed the S&P 500 through 1Q21 (+10.6% vs. S&P +9.9%).
- The Safest Dividend Yields Model Portfolio outperformed the S&P 500 on a price (+14.9% vs. S&P +7.3%) and total return (+16.0% vs. S&P +7.6%) basis through 1Q21.
- The Dividend Growth Stocks Model Portfolio underperformed the S&P 500 on a price (+10.1% vs. S&P +11.2%) and total return (+10.7% vs. S&P +11.6%) basis through 1Q21.¹

Keys to Our Success:

- More reliable & [proprietary](#) fundamental data, proven in [The Journal of Financial Economics](#) and [studies](#) from the public & private sectors.
- Our [Robo-Analyst technology](#), featured by [Harvard Business School](#), which enables analysis of financial footnotes at unprecedented scale.
- Our [reverse DCF](#) models, which identify where market expectations are too high and too low.

¹ S&P 500 performance varies for each portfolio due to different publish dates and measurement periods. See the individual portfolio sections below for more details.



Exec Comp Aligned with ROIC Model Portfolio

Figure 1 shows the performance through 1Q21 of the Exec Comp Aligned with ROIC Stocks versus its benchmark, the S&P 500. This performance is measured from January 14, 2021 to April 15, 2021, which represents the performance period of 1Q21. The stocks in this Model Portfolio must earn an Attractive-or-better rating and align executive compensation with ROIC. For more on the methodology behind the Exec Comp Aligned with ROIC Model Portfolio, [click here](#).

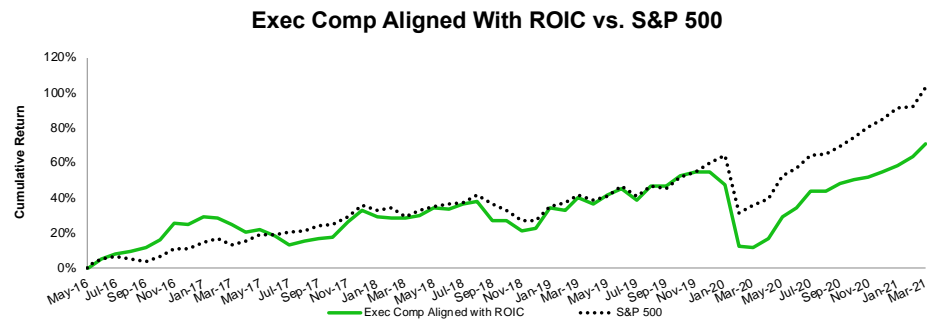
Figure 1: Returns for Exec Comp Aligned with ROIC Portfolio For 2021

Portfolio	1Q	2Q	3Q	4Q	2021
Exec Comp Aligned With ROIC	10.6%	-	-	-	10.6%
S&P 500	9.9%	-	-	-	9.9%
Difference	0.7%	-	-	-	0.7%

Source: New Constructs, LLC

Note: Gain/Decline performance analysis excludes transaction costs, dividends and rebates.

Figure 2: Exec Comp Aligned with ROIC Portfolio: Cumulative Performance Since Inception



Source: New Constructs, LLC

Note: Gain/Decline performance analysis excludes transaction costs, dividends and rebates. Exec Comp Aligned with ROIC performance measured since inception date, May 2016.



Safest Dividend Yields Model Portfolio

Figures 3 and 4 show the price performance through 1Q21 of the Safest Dividend Yields Model Portfolio versus its benchmark, the S&P 500. Figures 5 and 6 show the total return performance through 1Q21 versus its benchmark. This performance is measured from January 21, 2021 to April 22, 2021, which represents the performance period of 1Q21. This model portfolio offers a well-screened group of stocks that also delivers yields greater than the market (S&P 500 yields ~1.5%), dividend sustainability because of strong free cash flow, and the potential for capital appreciation as each stock is currently undervalued. For more on the methodology behind the Safest Dividend Yields Model Portfolio, [click here](#).

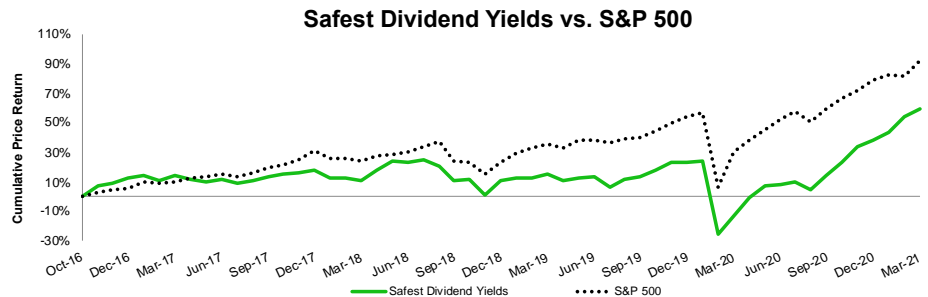
Figure 3: Price Returns for Safest Dividend Yields Portfolio For 2021

Portfolio	1Q	2Q	3Q	4Q	2021
Safest Dividend Yields	14.9%				14.9%
S&P 500	7.3%				7.3%
Difference	7.6%				7.6%

Source: New Constructs, LLC

Note: Gain/Decline performance analysis excludes transaction costs, dividends and rebates.

Figure 4: Safest Dividend Yields Portfolio: Cumulative Price Performance Since Inception



Source: New Constructs, LLC

Note: Gain/Decline performance analysis excludes transaction costs, dividends and rebates. Safest Dividend Yields Portfolio performance measured since inception date, October 2016



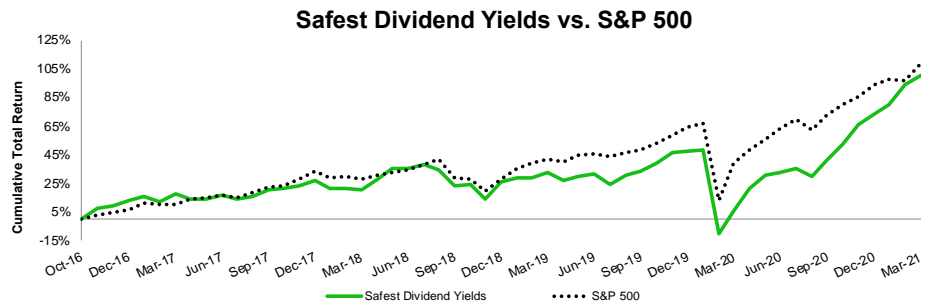
Figure 5: Total Returns for Safest Dividend Yields Portfolio For 2021

Portfolio	1Q	2Q	3Q	4Q	2021
Safest Dividend Yields	16.0%				16.0%
S&P 500	7.6%				7.6%
Difference	8.4%				8.4%

Source: New Constructs, LLC

Note: Gain/Decline performance analysis excludes transaction costs.

Figure 6: Safest Dividend Yields Portfolio: Cumulative Total Return Performance Since Inception



Source: New Constructs, LLC

Note: Gain/Decline performance analysis excludes transaction costs. Safest Dividend Yields Portfolio performance measured since inception date, October 2016



Dividend Growth Stocks Model Portfolio

Figures 7 and 8 show the price performance through 1Q21 of the Dividend Growth Stocks Model Portfolio versus its benchmark, the S&P 500. Figures 9 and 10 show the total return performance through 1Q21 versus its benchmark. This performance is measured from January 28, 2021 to April 29, 2021, which represents the performance period of 1Q21. This model portfolio mimics an All-Cap Blend portfolio with a focus on dividend growth. For more on the methodology behind the Dividend Growth Stocks Model Portfolio, [click here](#).

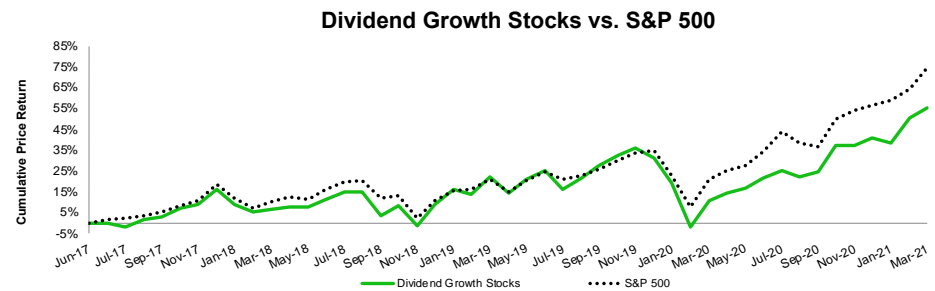
Figure 7: Price Returns for Dividend Growth Stocks Portfolio For 2021

Portfolio	1Q	2Q	3Q	4Q	2021
Dividend Growth Stocks	10.1%				10.1%
S&P 500	11.2%				11.2%
Difference	-1.1%				-1.1%

Source: New Constructs, LLC

Note: Gain/Decline performance analysis excludes transaction costs, dividends and rebates. Dividend Growth Stocks Portfolio performance measured since inception date, June 2017

Figure 8: Dividend Growth Stocks Portfolio: Cumulative Price Performance Since Inception



Source: New Constructs, LLC

Note: Gain/Decline performance analysis excludes transaction costs, dividends and rebates. Dividend Growth Stocks Portfolio performance measured since inception date, June 2017



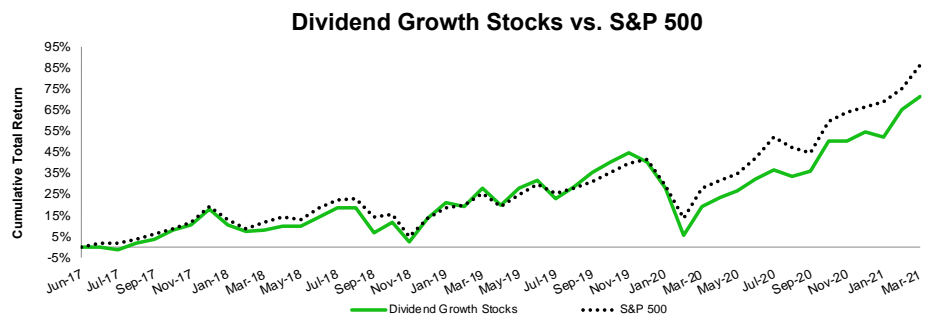
Figure 9: Total Returns for Dividend Growth Stocks Portfolio For 2021

Portfolio	1Q	2Q	3Q	4Q	2021
Dividend Growth Stocks	10.7%				10.7%
S&P 500	11.6%				11.6%
Difference	-0.9%				-0.9%

Source: New Constructs, LLC

Note: Gain/Decline performance analysis excludes transaction costs. Dividend Growth Stocks Portfolio performance measured since inception date, June 2017

Figure 10: Dividend Growth Stocks Portfolio: Cumulative Total Return Performance Since Inception



Source: New Constructs, LLC

Note: Gain/Decline performance analysis excludes transaction costs. Dividend Growth Stocks Portfolio performance measured since inception date, June 2017



Long/Short Strategies: Most Attractive/Most Dangerous Stocks (MA/MD)

The Most Attractive and Most Dangerous Stocks reports offer multiple strategies to outperform in good and bad markets. This performance is measured from January 6, 2021 to April 7, 2021, which represents the performance period of 1Q21.

Figure 11: Top 3 Strategies for 2020

Strategy	Portfolio	2021				YTD
		1Q	2Q	3Q	4Q	
Long/Short <i>benchmark</i>	Large Cap Stocks	7.9%	-	-	-	7.9%
	<i>Risk-Free Rate</i>	0.1%	-	-	-	0.1%
	Difference	7.7%	-	-	-	7.7%
Long <i>benchmark</i>	Large Cap Stocks	15.0%	-	-	-	15.0%
	S&P 500	8.9%	-	-	-	8.9%
	Difference	6.1%	-	-	-	6.1%
Long <i>benchmark</i>	Large and Small Cap Stocks	12.8%	-	-	-	12.8%
	S&P 500 and Russell 2000	8.5%	-	-	-	8.5%
	Difference	4.4%	-	-	-	4.4%

Source: New Constructs, LLC.

Note: Gain/Decline performance analysis excludes transaction costs, dividends and rebates.

Figure 12 shows the performance through 1Q21 of the long/short strategies offered by our Most Attractive and Most Dangerous Stocks versus benchmarks.

Figure 12: Returns for Long/Short Strategies for 2020

Strategy	Portfolio	2021				YTD
		1Q	2Q	3Q	4Q	
Long/Short <i>benchmark</i>	Large and Small Cap Stocks	-2.8%	-	-	-	-2.8%
	<i>Risk-Free Rate</i>	0.1%	-	-	-	0.1%
	Difference	-2.9%	-	-	-	-2.9%
Long/Short <i>benchmark</i>	Large Cap Stocks	7.9%	-	-	-	7.9%
	<i>Risk-Free Rate</i>	0.1%	-	-	-	0.1%
	Difference	7.7%	-	-	-	7.7%
Long/Short <i>benchmark</i>	Small Cap Stocks	-13.0%	-	-	-	-13.0%
	<i>Risk-Free Rate</i>	0.1%	-	-	-	0.1%
	Difference	-13.1%	-	-	-	-13.1%

Source: New Constructs, LLC

Note: Gain/Decline performance analysis excludes transaction costs, dividends and rebates.



Figure 13 shows the annualized returns of the long/short strategies offered by our Most Attractive and Most Dangerous Stocks versus benchmarks.

Figure 13: Annualized Returns for Long/Short Strategies

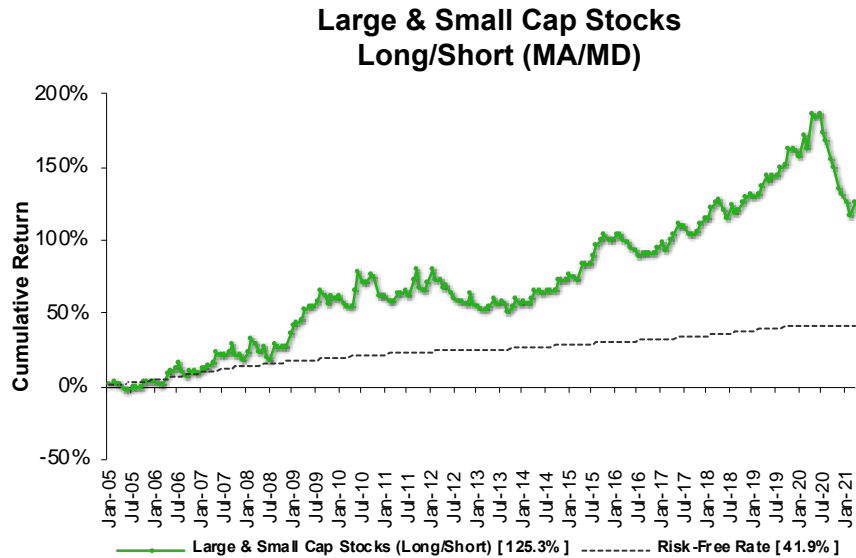
Strategy	Portfolio	Annualized return as of 3/31/2021			
		1 Year	3 Year	5 Year	Since Inception
Long/Short benchmark	Large and Small Cap Stocks	-14.1%	-0.1%	2.5%	5.1%
	Risk-Free Rate	0.4%	1.6%	1.7%	2.2%
	Difference	-14.5%	-1.7%	0.8%	2.9%
Long/Short benchmark	Large Cap Stocks	-7.5%	-1.3%	1.5%	3.1%
	Risk-Free Rate	0.4%	1.6%	1.7%	2.2%
	Difference	-7.9%	-2.9%	-0.2%	0.9%
Long/Short benchmark	Small Cap Stocks	-21.9%	0.1%	2.7%	6.4%
	Risk-Free Rate	0.4%	1.6%	1.7%	2.2%
	Difference	-22.3%	-1.5%	1.0%	4.2%

Source: New Constructs, LLC

Note: Gain/Decline performance analysis excludes transaction costs, dividends and rebates. Inception date is January 2005.



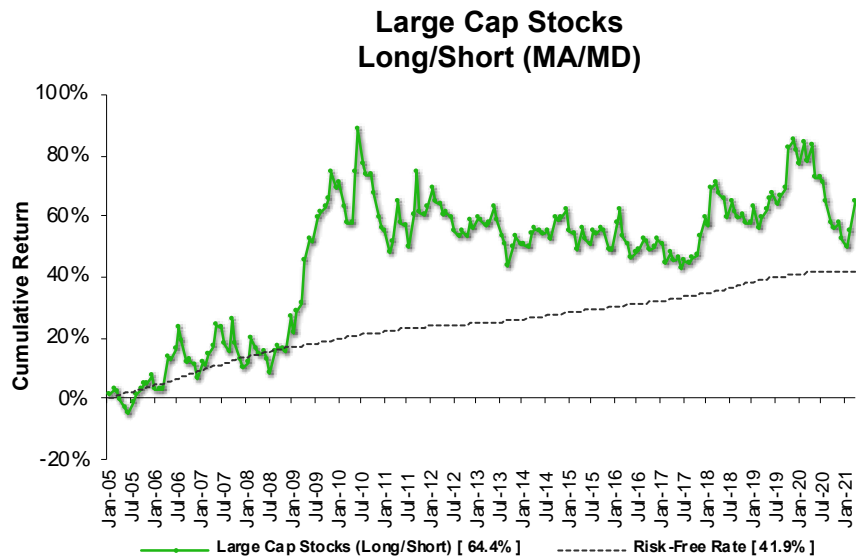
Figure 14: Large and Small Cap Strategy: Most Attractive/Most Dangerous (MA/MD) Stocks: Cumulative Performance Since Inception



Source: New Constructs, LLC

Note: Gain/Decline performance analysis excludes transaction costs, dividends and rebates. The Risk-Free Rate is based on the 3-month T-bill.

Figure 15: Large Cap Strategy: Most Attractive/Most Dangerous (MA/MD) Stocks: Cumulative Performance Since Inception

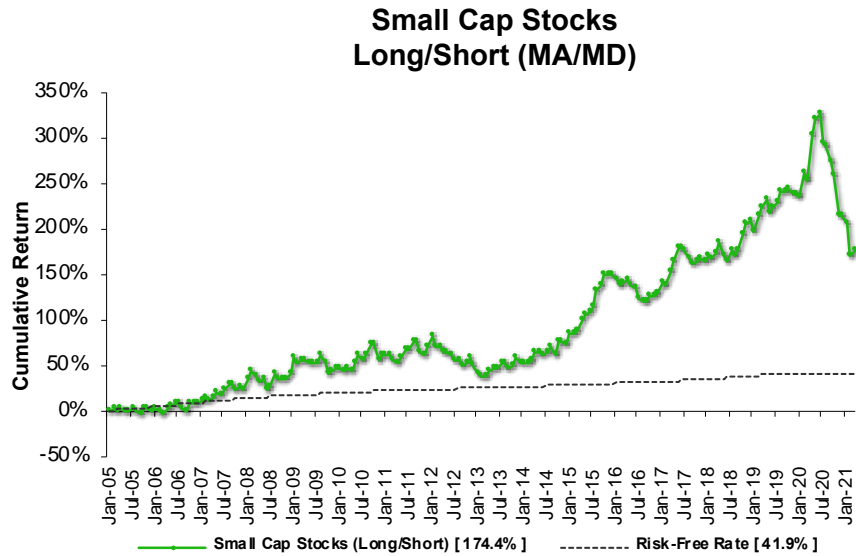


Source: New Constructs, LLC

Note: Gain/Decline performance analysis excludes transaction costs, dividends and rebates. The Risk-Free Rate is based on the 3-month T-bill.



Figure 16: Small Cap Strategy: Most Attractive/Most Dangerous (MA/MD) Stocks: Cumulative Performance Since Inception



Source: New Constructs, LLC

Note: Gain/Decline performance analysis excludes transaction costs, dividends and rebates. The Risk-Free Rate is based on the 3-month T-bill.



Long Strategies: Most Attractive Stocks (MA)

Figure 17 shows the performance through 1Q21 of the long strategies offered by our Most Attractive Stocks versus benchmarks.

Figure 17: Returns for Long Strategies for 2021

Strategy	Portfolio	2021				YTD
		1Q	2Q	3Q	4Q	
Long benchmark	Large and Small Cap Stocks	12.8%	-	-	-	12.8%
	S&P 500 and Russell 2000	8.5%	-	-	-	8.5%
	Difference	4.4%	-	-	-	4.4%
Long benchmark	Large Cap Stocks	15.0%	-	-	-	15.0%
	S&P 500	8.9%	-	-	-	8.9%
	Difference	6.1%	-	-	-	6.1%
Long benchmark	Small Cap Stocks	10.7%	-	-	-	10.7%
	Russell 2000	8.0%	-	-	-	8.0%
	Difference	2.6%	-	-	-	2.6%

Source: New Constructs, LLC

Note: Gain/Decline performance analysis excludes transaction costs, dividends and rebates.

Figure 18 shows the annualized returns of the long strategies offered by our Most Attractive Stocks versus benchmarks.

Figure 18: Annualized Returns for Long Strategies

Strategy	Portfolio	Annualized return as of 3/31/2021			
		1 Year	3 Year	5 Year	Since Inception
Long benchmark	Large and Small Cap Stocks	92.6%	12.5%	13.5%	10.3%
	S&P 500 and Russell 2000	82.3%	14.6%	14.9%	8.2%
	Difference	10.3%	-2.1%	-1.5%	2.1%
Long benchmark	Large Cap Stocks	78.5%	7.8%	11.7%	9.1%
	S&P 500	61.5%	15.5%	14.6%	7.9%
	Difference	17.0%	-7.7%	-2.9%	1.1%
Long benchmark	Small Cap Stocks	106.9%	16.8%	14.8%	11.1%
	Russell 2000	104.7%	13.2%	14.9%	8.3%
	Difference	2.2%	3.6%	-0.1%	2.8%

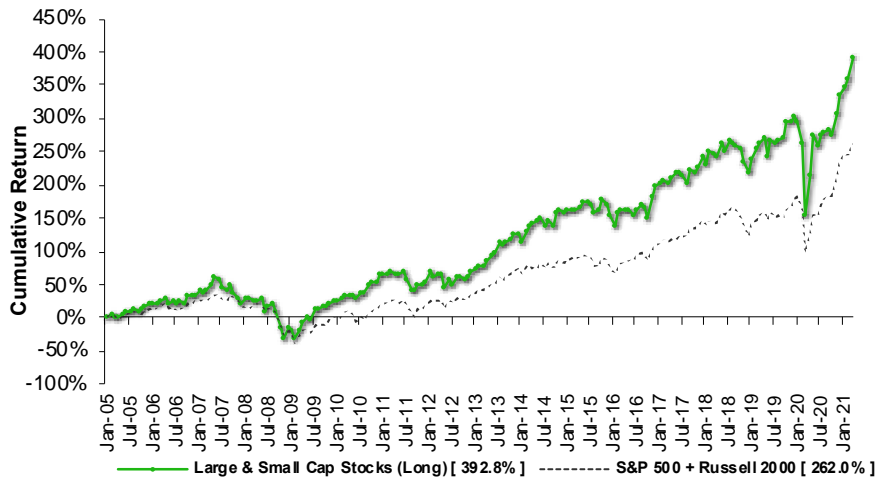
Source: New Constructs, LLC

Note: Gain/Decline performance analysis excludes transaction costs, dividends and rebates. Inception date is January 2005.



Figure 19: Large and Small Cap Strategy: Most Attractive Stocks: Cumulative Performance Since Inception

Large & Small Cap Stocks (Long)

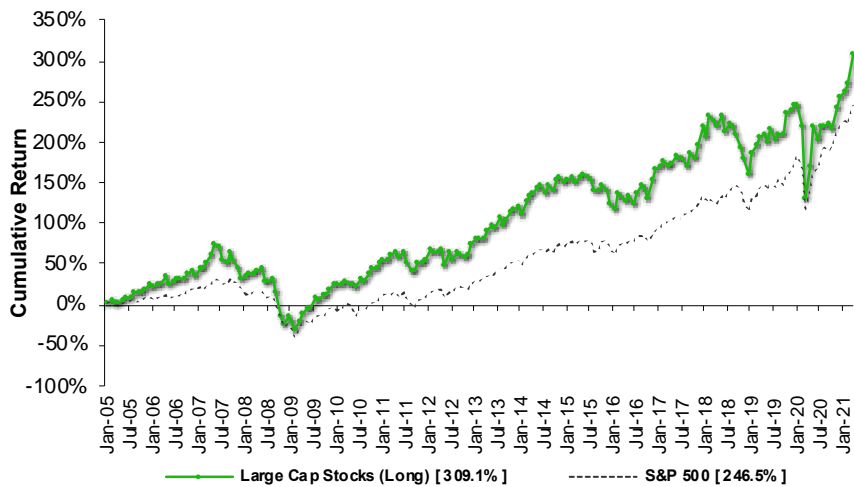


Source: New Constructs, LLC

Note: Gain/Decline performance analysis excludes transaction costs, dividends and rebates.

Figure 20: Large Cap Strategy: Most Attractive Stocks: Cumulative Performance Since Inception

Large Cap Stocks (Long)



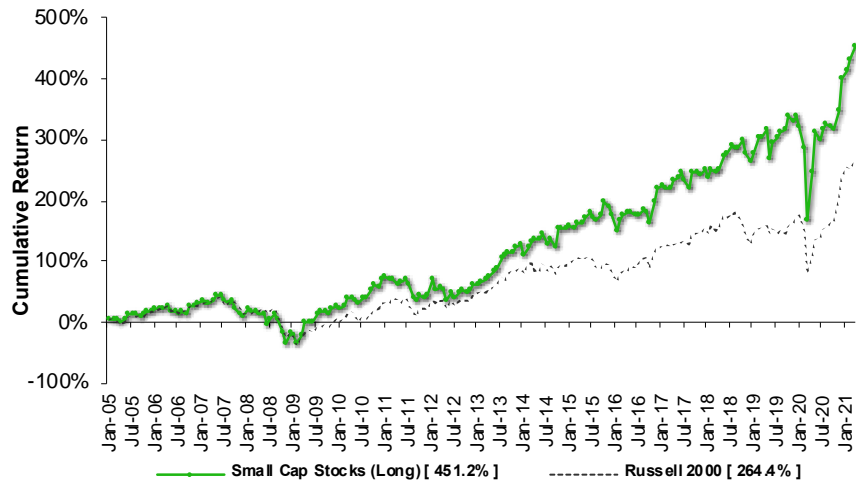
Source: New Constructs, LLC

Note: Gain/Decline performance analysis excludes transaction costs, dividends and rebates.



Figure 21: Small Cap Strategy: Most Attractive Stocks: Cumulative Performance Since Inception

Small Cap Stocks (Long)



Source: New Constructs, LLC

Note: Gain/Decline performance analysis excludes transaction costs, dividends and rebates.



Short Strategies: Most Dangerous Stocks (MD)

Figure 22 shows the performance through 1Q21 of the short strategies offered by our Most Dangerous Stocks versus benchmarks.

Figure 22: Returns for Short Strategies For 2021

Strategy	Portfolio	2021				YTD
		1Q	2Q	3Q	4Q	
Short benchmark	Large and Small Cap Stocks	-14.3%	-	-	-	-14.3%
	Short S&P 500 and Russell 2000	-8.2%	-	-	-	-8.2%
	Difference	-6.1%	-	-	-	-6.1%
Short benchmark	Large Cap Stocks	-6.6%	-	-	-	-6.6%
	Short S&P 500	-8.6%	-	-	-	-8.6%
	Difference	2.0%	-	-	-	2.0%
Short benchmark	Small Cap Stocks	-22.0%	-	-	-	-22.0%
	Short Russell 2000	-7.8%	-	-	-	-7.8%
	Difference	-14.2%	-	-	-	-14.2%

Source: New Constructs, LLC

Note: Gain/Decline performance analysis excludes transaction costs, dividends and rebates.

Figure 23 shows the annualized returns of the short strategies offered by our Most Dangerous Stocks versus benchmarks.

Figure 23: Annualized Returns for Short Strategies

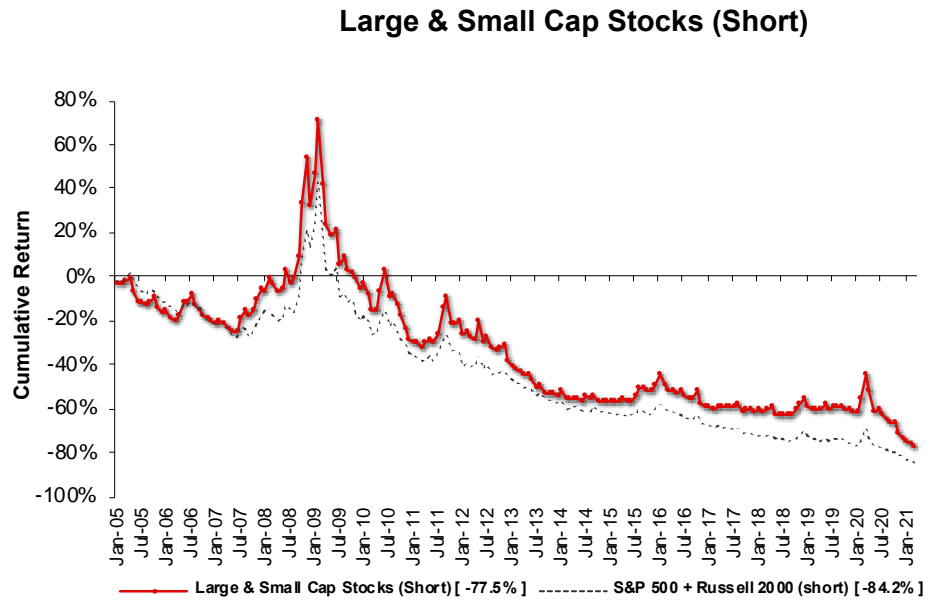
Strategy	Portfolio	Annualized return as of 3/31/2021			
		1 Year	3 Year	5 Year	Since Inception
Short benchmark	Large and Small Cap Stocks	-59.7%	-17.5%	-14.3%	-8.8%
	Short S&P 500 and Russell 2000	-48.4%	-17.3%	-16.2%	-10.7%
	Difference	-11.2%	-0.2%	1.9%	2.0%
Short benchmark	Large Cap Stocks	-52.7%	-14.5%	-13.4%	-8.8%
	Short S&P 500	-40.6%	-16.7%	-14.9%	-9.7%
	Difference	-12.1%	2.2%	1.5%	0.9%
Short benchmark	Small Cap Stocks	-66.2%	-21.2%	-15.7%	-9.4%
	Short Russell 2000	-55.6%	-18.2%	-17.7%	-12.0%
	Difference	-10.6%	-2.9%	2.0%	2.6%

Source: New Constructs, LLC

Note: Gain/Decline performance analysis excludes transaction costs, dividends and rebates. Inception date is January 2005.

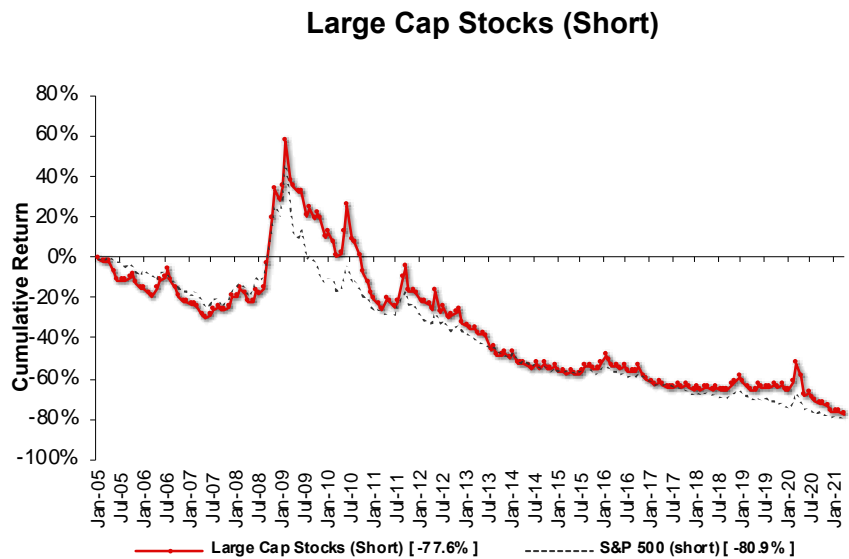


Figure 24: Large and Small Cap Strategy: Most Dangerous Stocks: Cumulative Performance Since Inception



Source: New Constructs, LLC
Note: Gain/Decline performance analysis excludes transaction costs, dividends and rebates.

Figure 25: Large Cap Strategy: Most Dangerous Stocks: Cumulative Performance Since Inception

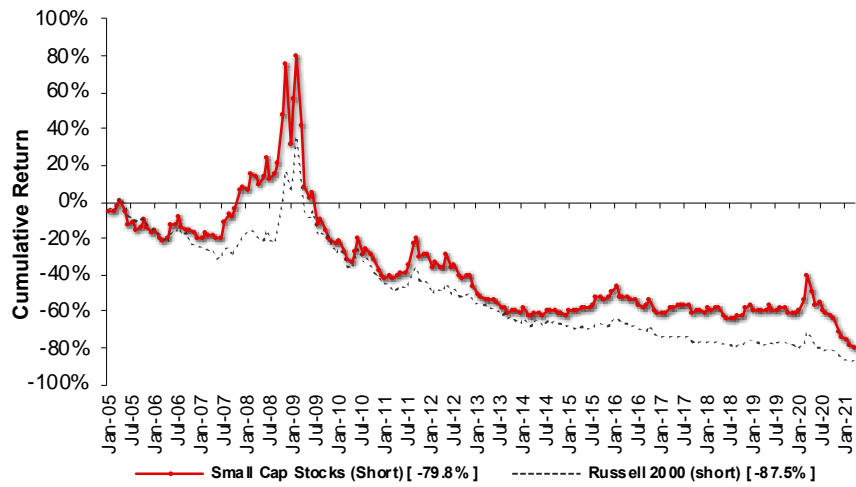


Source: New Constructs, LLC
Note: Gain/Decline performance analysis excludes transaction costs, dividends and rebates.



Figure 26: Small Cap Strategy: Most Dangerous Stocks: Cumulative Performance Since Inception

Small Cap Stocks (Short)



Source: New Constructs, LLC

Note: Gain/Decline performance analysis excludes transaction costs, dividends and rebates.



Appendix 1 – Risk Metrics

Strategy	Volatility				Sharpe Ratio				Beta				Monthly Turnover			
	1 year	3 year	5 year	Since Inception	1 Year	3 Year	5 Year	Since Inception	1 Year	3 Year	5 Year	Since Inception	1 Year	3 Year	5 Year	Since Inception
Long/Short	15%	11%	10%	10%	-1.0	0.0	0.3	0.5	1.0	1.0	1.0	1.0	50%	44%	44%	35%
Long Large	25%	27%	23%	21%	3.1	0.3	0.5	0.4	1.0	1.1	1.0	1.0	47%	43%	44%	34%
Long Small	32%	31%	26%	25%	3.3	0.5	0.6	0.4	0.89	0.89	0.88	0.92	43%	42%	42%	35%
Long Large and Small	28%	28%	24%	22%	3.3	0.4	0.6	0.5	0.95	0.98	0.96	0.96	45%	42%	43%	34%
Short Large	26%	26%	22%	21%	-2.0	-0.6	-0.6	-0.4	1.1	1.1	1.1	1.1	60%	47%	46%	35%
Short Small	25%	31%	27%	26%	-2.7	-0.7	-0.6	-0.4	0.94	0.98	1.01	1.10	50%	44%	43%	35%
Short Large and Small	22%	28%	23%	22%	-2.7	-0.6	-0.6	-0.4	1.01	1.05	1.06	1.12	55%	45%	45%	35%
S&P 500	15%	19%	16%	16%	4.1	0.8	0.9	0.5								
Russell 2000	23%	28%	23%	22%	4.6	0.5	0.6	0.4								



Appendix 2 – Assumptions Behind Simulated Performance Analysis

The basic assumptions behind our simulated performance analysis are:

1. Positions are equally dollar-weighted in all portfolios and strategies: going long with the Most Attractive, Exec Comp Aligned with ROIC, Safest Dividend Yields, and Dividend Growth Stocks and shorting the Most Dangerous.
2. Holdings are updated on the publish date of the monthly reports.
3. Closing prices are used to open positions on the day each report was published. If a report is published on a non-trading day, then the closing price of the next trading day is used.
4. Positions are closed at the same time new positions are opened.
5. If a stock stops trading before the subsequent monthly report is published, we assume that the position was exited at the last available price.
6. Performance analysis excludes transaction costs, dividends, and the rebates associated with the short portfolios.

The Most Attractive and Most Dangerous portfolios are matched to the following benchmarks:

1. Long/Short (Most Attractive as Long and Most Dangerous as Short): Benchmark is the 3-Month T-bill, the Risk-Free Rate.
2. Large Cap Stocks: Long benchmark is the S&P 500. Short benchmark is based on shorting the S&P 500.
3. Small Cap Stocks: Long benchmark is the Russell 2000. Short benchmark is based on shorting the Russell 2000.
4. Combo Large and Small Cap Stocks: Long benchmark is the average of the S&P 500 and Russell 2000. Short benchmark is based on the average of shorting the S&P 500 and shorting the Russell 2000.



Appendix 3 – Keys to Our Success

Key to Our Success: Better Data and Better Models

Our proprietary earnings and valuation models leverage large amounts of data from the Notes to the Financial Statements to produce better measures of profitability and valuation. Our report [“Why the Footnotes Matter”](#) provides insights into why our analysis of the Notes to the Financial Statements is critical to understanding the financial performance of companies.

Investment Philosophy: Cash is King

Our investment philosophy relies on leveraging a better understanding of (1) cash earnings, in place of reported GAAP² accounting earnings, and (2) the market’s expectations for future cash flows for every company we cover.

Having a better model for assessing these core value drivers enables us to exercise greater discipline and enjoy greater success when implementing our [“Cash Is King”](#) investment philosophy.

We believe the performance of our Most Attractive and Most Dangerous Stocks portfolios underscores the merits of our [investment philosophy](#).

² GAAP stands for Generally Accepted Accounting Principles, the rules that govern how companies report financial performance and present financial statements.



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, 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.

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, 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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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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