



CNBC Features our Unique IPO Research & Contrarian Calls

This [December 12, 2021](#) CNBC article focuses on the [common-sense approach](#) we take to investment research and the [objective math](#) we use to show the absurdity of many recent IPO valuations.

Figure 1 shows that the IPO warnings featured by CNBC have outperformed as shorts and underperformed the S&P 500 by an average of 16%. Get all of our IPO research [here](#).

Given that it is [unbelievably rare](#) in the history of the world for companies to achieve the high profit growth expectations embedded in the current valuations of these IPOs and our [Focus List: Short stocks](#), we continue to believe that investors should not own them.

Figure 1: Performance of IPOs Mentioned in CNBC Article: Through 12/13/21¹

Ticker	Company	Publish Date	Performance	S&P 500 Performance	Vs. S&P 500
TRVG	Trivago	12/15/16	-88%	58%	-146%*
EB	Eventbrite Inc.	9/24/18	-55%	60%	-115%
BOX	Box, Inc.	1/27/15	21%	130%	-109%
WE	WeWork	8/19/19	-100%	n/a	-100%**
SNAP	Snap Inc.	2/6/17	-65%	14%	-79%*
UBER	Uber Technologies Inc.	4/22/19	-15%	61%	-75%
BMBL	Bumble Inc.	2/10/21	-54%	19%	-73%
DBX	Dropbox Inc.	3/19/18	15%	72%	-57%
HOOD	Robinhood Markets Inc.	7/19/21	-48%	6%	-54%
DIDI	Didi Global Inc.	6/21/21	-49%	4%	-53%*
SQSP	Squarespace Inc.	5/17/21	-38%	14%	-52%
COIN	Coinbase Global Inc.	3/5/21	-34%	13%	-47%
BIRD	Allbirds Inc.	9/27/21	-39%	5%	-44%
SG	Sweetgreen Inc.	11/15/21	-43%	-1%	-43%
DASH	DoorDash, Inc.	11/23/20	-15%	26%	-41%
GTLB	Gitlab Inc.	10/8/21	-23%	6%	-29%
WRBY	Warby Parker	9/13/21	-16%	4%	-20%
RIVN	Rivian Automotive	10/25/21	11%	0%	11%
DOMO	Domo Inc.	6/25/18	104%	64%	40%
BJ	BJ's Wholesale Club	6/26/18	213%	71%	142%
AVLR	Avalara Inc.	6/14/18	309%	68%	241%
YETI	Yeti Holdings	10/24/18	422%	75%	347%
Average			19%	37%	-16%

Sources: New Constructs, LLC and company filings.

*Performance measured through date position was closed. TRVG closed [11/16/20](#). We closed our SNAP position on [2/8/19](#). We closed DIDI on [8/18/21](#).

**WeWork cancelled its IPO in late 2018.

All of our research leverages [more reliable fundamental data](#)² that overcomes [flaws with legacy fundamental datasets](#) to provide a more informed view of the fundamentals of companies and a [new source of alpha](#).

¹ Performance of IPOs for which we published a report prior to the company's IPO is tracked from the opening price for each IPO's first trading day.

² Three independent studies prove the superiority of our data, models, and ratings. Learn more [here](#).



Our stock picks, including those on IPOs, regularly rank #1, most recently in SumZero's [December 2021 rankings](#). See [other stock picking accolades](#).

[Learn more about the best fundamental research](#)

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

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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.

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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