

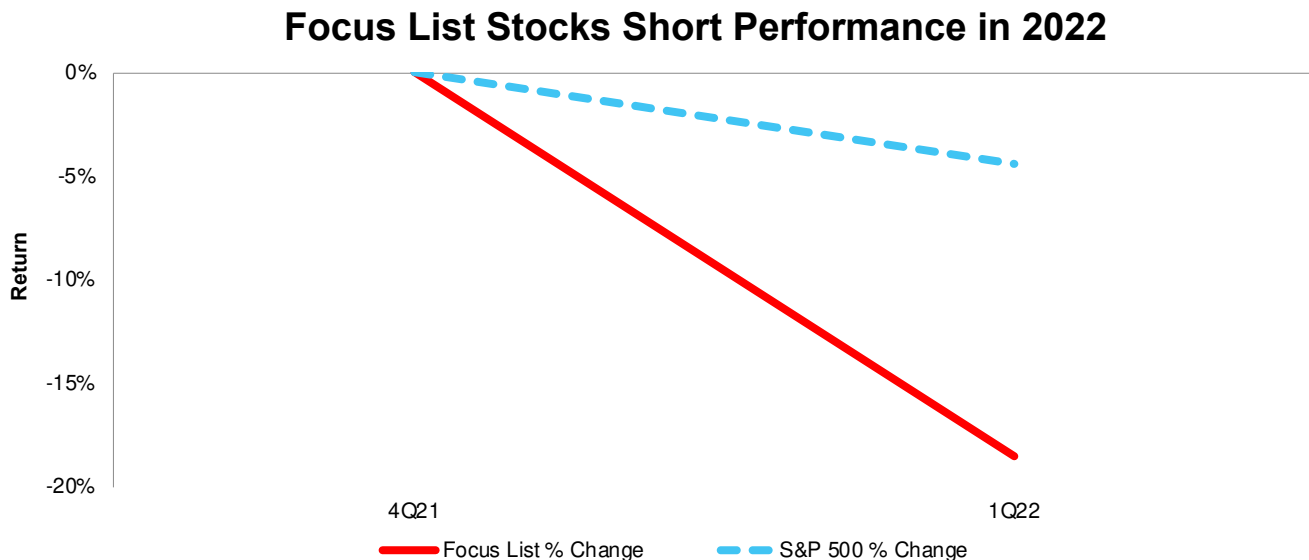


Focus List Stocks: Short Model Portfolio Outperforms by 14% in 1Q22

Our honest approach to research paid off [again](#) for clients in 1Q22.

[Our Focus List Stocks: Short Model Portfolio](#), the best-of-the-best of our [Danger Zone](#) picks, outperformed shorting the S&P 500¹ by 14% in 1Q22, falling 18% in 1Q22 compared to an average decline of 4% for the S&P 500.

Figure 1: Focus List Stocks: Short Performance in 1Q22



Sources: New Constructs, LLC

Figure 2 shows a more detailed breakdown of the Model Portfolio's performance, which encompasses all the stocks that were in the Model Portfolio at any time in 1Q22.

Figure 2: Performance of Stocks in the Focus List Stocks: Short Model Portfolio in 1Q22

Number of Stocks	Number of Outperforming Shorts	Number of Underperforming Shorts	Avg Return	Avg S&P 500 Return	Avg Outperformance as Short
30	22	8	-18%	-4%	14%

Sources: New Constructs, LLC

Performance includes the performance of stocks currently in the Focus List Stocks: Short Model Portfolio, as well as those removed during the quarter, of which there were none in 1Q22.

Click to buy the most recent version of this Model Portfolio below.

[Buy the Focus List Stocks: Short Model Portfolio](#)

¹ Stocks are in the Focus List Model Portfolios for different periods of time as we open and close positions during the year. When measuring outperformance of the Focus List Model Portfolios, we compare each stock's return to the S&P 500's return for the time each is in the Focus List Model Portfolios. This approach provides more of an apples-to-apples comparison of how each stock performed vs. the S&P 500.



[Pro](#)-and-higher members get real-time updates and can track all our Model Portfolios on our site. The Focus List Stocks: Short Model Portfolio contains the “best of the best” of our [Danger Zone](#) picks, and leverages superior fundamental data, which provides a [new source of alpha](#).

We’re here to help navigate these turbulent times. Our [uniquely rigorous fundamental research](#) consistently earns SumZero’s [#1 All-Time ranking](#), along with #1 rankings in several other categories.

Investors deserve reliable fundamental research, more than ever, to protect their portfolios from overvalued stocks and falling knives.

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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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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.

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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