



## 1Q24 Filing Season Update: Creating \$1.8 Million in Value So Far

Through less than three weeks of 1Q24 filing season, we've parsed 2,015 filings and created \$1,813,500<sup>1</sup> of value for clients. See Figure 1.

These filings tend to come in large bunches, which we call [Filing Season](#). The 1Q24 Filing Season is when companies with 12/31 fiscal year ends file 10-Qs for their first quarter earnings.

Filing Seasons give our [Robo-Analyst technology](#)<sup>2</sup> an opportunity to shine as it enables us to produce [proven-superior research](#) with unrivaled speed and scale.

**Figure 1: Putting a \$ Value on Our Parsing Work for Clients: 1Q24 Filing Season So Far**

| Date    | Day       | # of FTEs* to Match our Work | Filings Parsed & Models Updated | FTEs Cost per day | Cumulative \$ Savings |
|---------|-----------|------------------------------|---------------------------------|-------------------|-----------------------|
| 4/22/24 | Monday    | 20                           | 18                              | \$16,200          | \$16,200              |
| 4/23/24 | Tuesday   | 14                           | 12                              | \$10,800          | \$27,000              |
| 4/24/24 | Wednesday | 39                           | 35                              | \$31,500          | \$58,500              |
| 4/25/24 | Thursday  | 87                           | 77                              | \$69,300          | \$127,800             |
| 4/26/24 | Friday    | 133                          | 118                             | \$106,200         | \$234,000             |
| 4/27/24 | Saturday  | 124                          | 110                             | \$99,000          | \$333,000             |
| 4/28/24 | Sunday    | 0                            | 0                               | \$0               | \$333,000             |
| 4/29/24 | Monday    | 0                            | 0                               | \$0               | \$333,000             |
| 4/30/24 | Tuesday   | 55                           | 49                              | \$44,100          | \$377,100             |
| 5/1/24  | Wednesday | 150                          | 133                             | \$119,700         | \$496,800             |
| 5/2/24  | Thursday  | 218                          | 194                             | \$174,600         | \$671,400             |
| 5/3/24  | Friday    | 362                          | 322                             | \$289,800         | \$961,200             |
| 5/4/24  | Saturday  | 232                          | 206                             | \$185,400         | \$1,146,600           |
| 5/5/24  | Sunday    | 0                            | 0                               | \$0               | \$1,146,600           |
| 5/6/24  | Monday    | 0                            | 0                               | \$0               | \$1,146,600           |
| 5/7/24  | Tuesday   | 129                          | 115                             | \$103,500         | \$1,250,100           |
| 5/8/24  | Wednesday | 327                          | 291                             | \$261,900         | \$1,512,000           |
| 5/9/24  | Thursday  | 377                          | 335                             | \$301,500         | \$1,813,500           |

Sources: New Constructs, LLC

\* FTEs = Full Time Employees at \$100/hour for 8 hours a day.

Indeed, the work we do during filing would cost our clients multiples more time and money than what we charge to replicate what we deliver.

The savings in Figure 1 are likely very conservative estimates because they do not account for the cost of any management or training of analysts. Nor, do they count the cost of building the financial models to house the data or tracking accounting rule changes to make sure those models remain accurate.

Even with these conservative assumptions, it is clear that we create tremendous value for all of our clients, from [Stock Tracker 50](#) to [Professional](#) and [Institutional members](#).

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*This article was originally published on [May 10, 2024](#).*

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

<sup>1</sup> Cumulative savings is calculated assuming it takes nine hours per filing and a full-time employee making \$100/hour to parse each.

<sup>2</sup> Harvard Business School features the powerful impact of our research automation technology in [New Constructs: Disrupting Fundamental Analysis with Robo-Analysts](#).



Questions on this report or others? Join our [Society of Intelligent Investors](#) and connect with us directly.



## *It's Official: We Deliver 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. The stock market is missing footnotes – and only we have that critical data.
2. Legacy fundamental datasets suffer from significant inaccuracies, omissions, and biases.
3. Our proprietary drives novel alpha. Our measures of [Core Earnings](#) and [Earnings Distortion](#) materially improve stock picking and forecasting of profits.

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

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**

Ernst & Young 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 Harvard Business School. 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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