



Sector & Industry Fundamentals 1Q24 Update

We recently updated the following metrics on our [Sector & Industry Fundamentals](#) page. This update is available to [Institutional](#) members.

- [Core Earnings](#)
- Net operating profit after tax ([NOPAT](#))
- [Invested capital](#)
- [Economic Earnings](#)
- Free cash flow ([FCF](#))
- Return on invested capital ([ROIC](#))
- Weighted average cost of capital ([WACC](#))
- GAAP net income

Get 1Q24 sector & industry data

We update this research quarterly and keep a log of each report in the "[Sector & Industry Fundamentals](#)" category on the Research page of our site.

Sign up for an [Institutional membership](#) to get this data in real time, as well as:

- [Long Ideas](#), [Danger Zone](#) picks, and [IPO research](#)
- [Sector and industry ratings](#), including details on rating components
- Sector- and index-level analysis of Economic Earnings, ROIC, FCF, price-to-economic book value ([PEBV](#)), and more
- Real-time access to our best-in-class Model Portfolios
 - Focus List Stocks: [Long](#) & [Short](#)
 - [Executive Compensation Aligned With ROIC](#)
 - [Safest Dividend Yield Stocks](#)
 - [Dividend Growth Stocks](#)
 - Best & Worst ETFs and Mutual Funds by [Sector](#) and [Style](#)
 - [Most Attractive](#) & [Most Dangerous](#) Stocks
- [Proven-superior](#) research, alerts, ratings, and reports on unlimited tickers of your choice
- Advanced screeners for stocks, ETFs, and mutual funds
- Members-only access to advanced training and stock discussions/Q&A with the New Constructs team.

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

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, 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

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, 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 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, 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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