



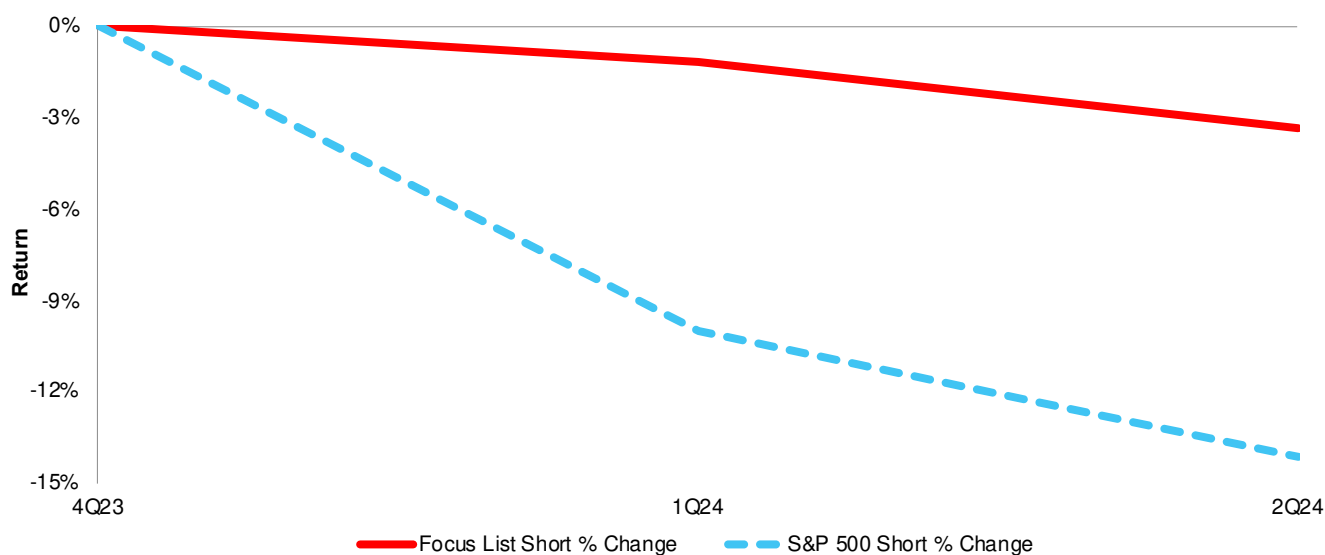
Focus List Stocks: Short Model Portfolio Outperforms in 1H24

In the first half of 2024 our [Focus List Stocks: Short Model Portfolio](#)¹, the best of our [Danger Zone](#) picks, outperformed shorting the S&P 500 by 11% (down 3% vs. down 14% shorting the S&P 500). See Figure 1.

The Model Portfolio has beaten shorting the S&P 500 by 51% since the start of 2021. See Figure 2. This outperformance underscores how important reliable fundamental research can be.

Buy the Focus List Stocks: Short Model Portfolio

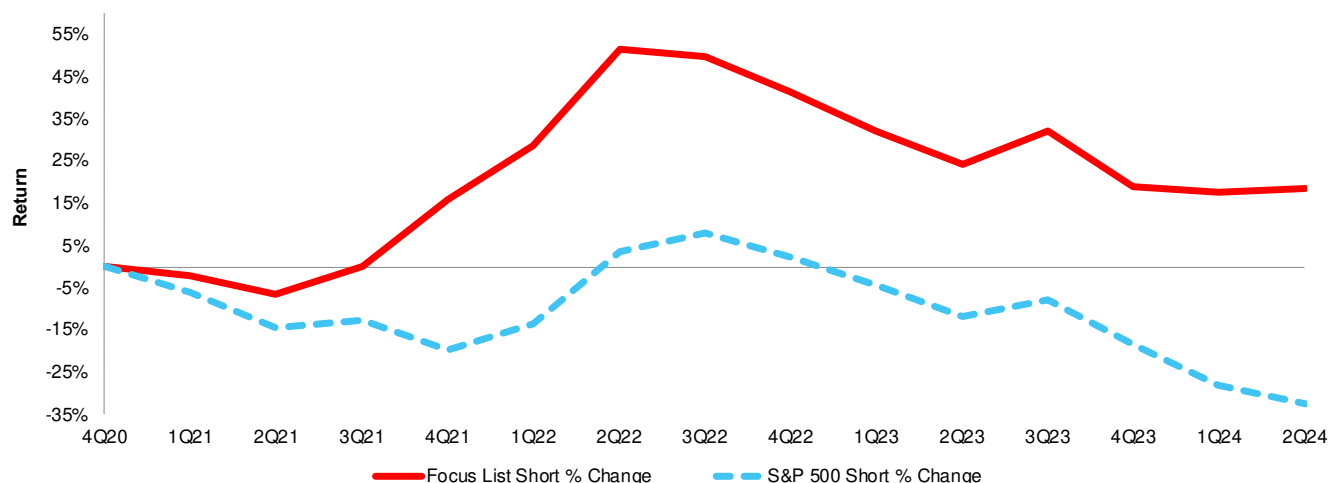
Figure 1: Focus List Stocks: Short vs. S&P 500 in 1H24



Sources: New Constructs, LLC

As a short portfolio, the Model Portfolio's return increases when the underlying stocks go down.

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.

**Figure 2: Focus List Stocks: Short Performance Since Beginning of 2021****Focus List Stocks: Short Outperforms by 51% Since Start of 2021**

Sources: New Constructs, LLC

Figure 3 details the Model Portfolio's performance, which includes all stocks present in the Model Portfolio at any point in 1H24.

Figure 3: 1H24 Performance of the Focus List Stocks: Short Model Portfolio

| Number of Stocks | Number of Outperforming Shorts | Number of Underperforming Shorts | Short Return | S&P 500 Short Return | Outperformance as Shorts |
|------------------|--------------------------------|----------------------------------|--------------|----------------------|--------------------------|
| 51 | 35 | 16 | -3% | -14% | 11% |

Sources: New Constructs, LLC

Performance includes stocks in the Model Portfolio in 1H24 as well as those removed during the same time (1).

[Professional](#) and [Institutional](#) members get real-time updates and can track all Model Portfolios on our site. The Focus List Stocks: Short Model Portfolio leverages superior fundamental data, which provides a [new source of alpha](#).

We're here to help you navigate these turbulent times. Our [uniquely rigorous fundamental research](#) consistently earns [#1 rankings](#) in several categories on SumZero.

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

Questions on this report or others? Join our [online community](#) 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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