



## September 2024 Stock-Picking Accolades: #1 in North America, #1 in Value, #1 in Industrials, #1 in Consumer Discretionary & More

Our [proven-superior research](#)<sup>1</sup> earned us [#2 All-Time](#) and five #1 rankings – [again](#) – on *SumZero* for September 2024. #2 All-Time means our stock picks beat nearly all other competitors on all measures.

For 40 consecutive months since [May 2021](#), our stock picks have ranked #1 in multiple categories. 40 consecutive months of superior stock picking is no small feat, especially across so many categories:

- [#1 in Value](#)
- [#1 in North America](#)
- [#1 in Consumer Discretionary](#)
- [#1 in Industrials](#)
- [#1 in Consumer Staples](#)
- [#2 in Large Cap](#)
- [#2 in Small Cap](#)
- [#2 in Micro Cap](#)
- [#2 in Long](#)
- [#7 in Energy](#)
- [#8 in Healthcare](#)

Our *SumZero* stock picks come from our [Focus List Stocks: Long](#) and [Focus List Stocks: Short](#) Model Portfolios, which feature our best stock picks.

From January 2021 through 2Q24, the Focus List Stocks: Long Model Portfolio has outperformed the S&P 500<sup>2</sup> by [21%](#), and the Focus List Stocks: Short Model Portfolio has outperformed shorting the S&P 500 by [51%](#).

Get the latest Focus List Stocks: Long [here](#) and Focus List Stocks: Short [here](#).

Professional members get updates to the Focus Lists in real time and get our research before syndication to *SumZero* and other platforms.

**Get Our Focus List Picks Before SumZero**

*SumZero* is an exclusive buy-side community with over 16,000 pre-screened professional portfolio managers that compete for these rankings.

<sup>1</sup> [The Journal of Financial Economics](#) features the superiority of our Core Earnings in [Core Earnings: New Data & Evidence](#).

<sup>2</sup> 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 1: Performance of Select Long Ideas on SumZero – Through 9/5/24\***

Company	Ticker	Publish Date	Outperformance Vs. S&P 500
HCA Healthcare	HCA	<a href="#">6/22/20</a>	228%
D.R. Horton	DHI	<a href="#">4/27/20</a>	200%
NVR Inc.	NVR	<a href="#">4/17/17</a>	189%
AutoZone Inc.	AZO	<a href="#">11/4/20</a>	115%
Allison Transmission	ALSN	<a href="#">6/15/20</a>	54%

Sources: New Constructs, LLC

\*Performance on a price return basis, exclusive of dividends.

**Figure 2: Performance of Select Danger Zone Picks on SumZero – Through 9/5/24\***

Company	Ticker	Publish Date	Outperformance as a Short Vs. S&P 500
Lyft Inc.	LYFT	<a href="#">3/12/19</a>	182%
Eventbrite	EB	<a href="#">9/24/18</a>	180%
Peloton Interactive	PTON	<a href="#">9/21/20</a>	161%
Beyond Meat	BYND	<a href="#">9/2/20</a>	155%
AMC Entertainment	AMC	<a href="#">4/12/21</a>	128%

Sources: New Constructs, LLC

\*Performance on a price return basis, exclusive of dividends.

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*Disclosure: David Trainer owns DHI. 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 [online community](#) and connect with us directly.*



## ***It's Official: We Deliver the Best Fundamental Data in the World***

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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. 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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