



Dark Pools Have Taken Over The Market

As if Wall Street needed another way to hide the truth from investors. As if payment for order flow was not unfair enough to Mainstreet investors... Now, we have dark pools taking over.

This week, Bloomberg [reported](#):

“For the first time on record, the majority of all trading in US stocks is now consistently occurring outside the country’s exchanges,” and ...

“...it will be the fifth monthly record in a row, and the third month running that hidden trades make up more than half of all volume.”

This shift means that we can no longer trust the pricing on the public exchanges. In other words, the price of the stock that we regular folk see might not be the true price of the stock.

If you’re new to New Constructs, you’re going to learn quickly that we stand for the opposite of dark pools and misinformation. We’re here to help investors in this crazy time, and I show you exactly what you can and cannot trust in our latest training: [Unveiling a Trust-Based Rating System for Smarter Investing](#). There’s also a special offer in there for new clients.

One of the sad truths about Wall Street is that they are out to make money for themselves not you.

“Using those [dark pool] venues helps institutional investors limit information leaking to the market and adversely affecting prices.” Source: Bloomberg.

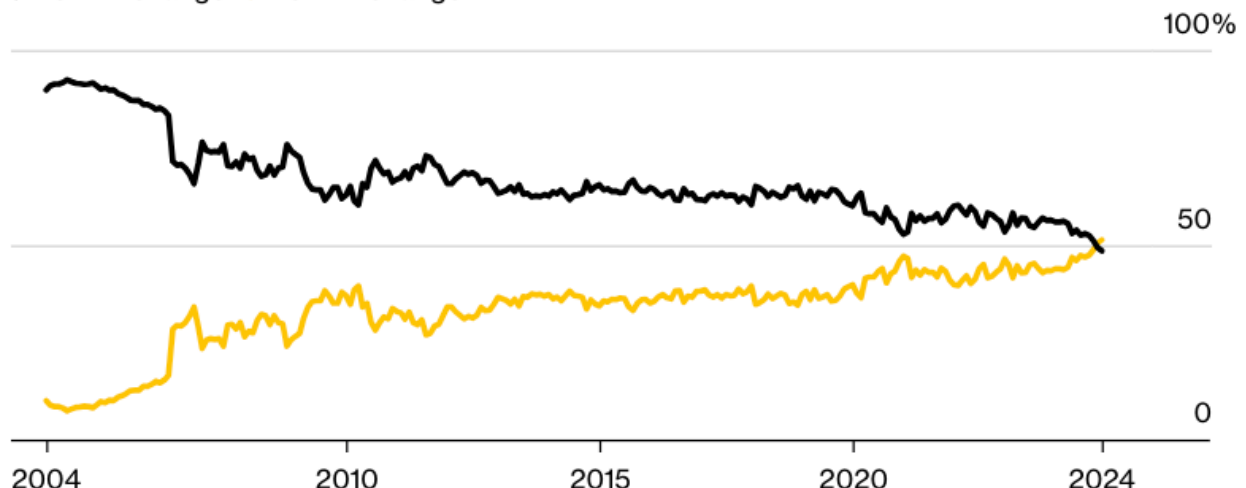
That’s another way of saying that institutional investors want to hide the truth about the value of stocks so they can make more money.

Figure 1: On Vs. Off-Exchange Volume U.S. Equity Market: 2004-2024

Stock Trading Goes Dark

Off-exchange volumes in US equity market surpass 50% for first time

／ On-Exchange ／ Off-Exchange



Source: Bloomberg Intelligence

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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.

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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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