

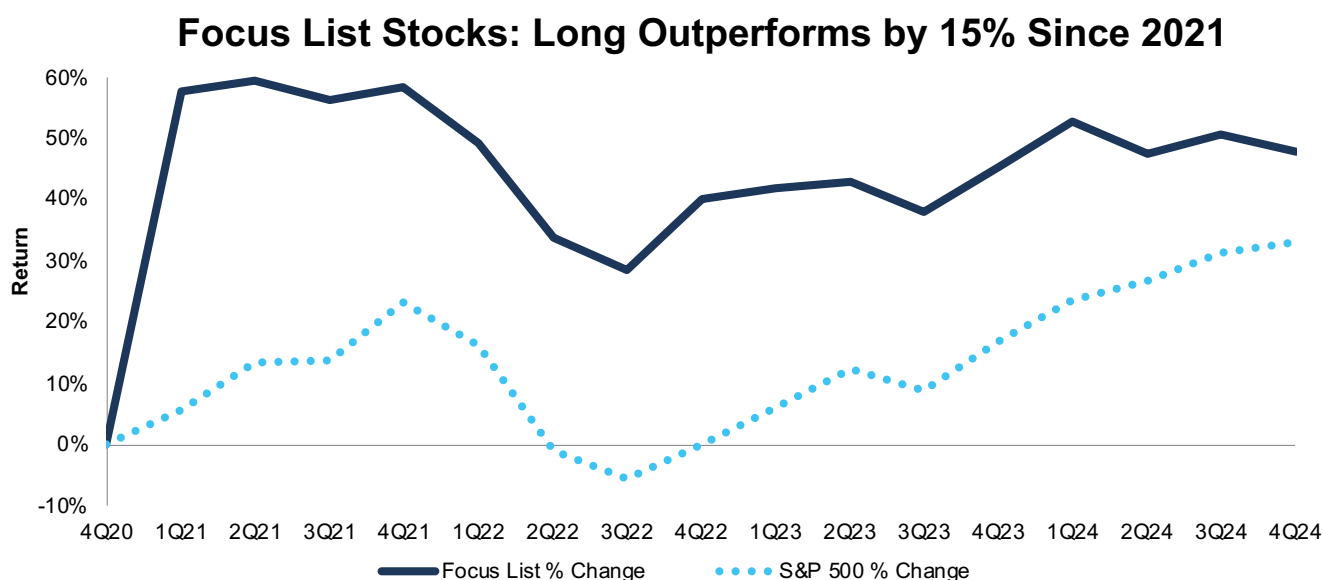


## Focus List Stocks: Long Model Portfolio Outperforms Over Time Despite 2024 Performance

Our [Focus List Stocks: Long Model Portfolio](#)<sup>1</sup>, the best of our [Long Ideas](#), has beaten the S&P 500 by 15% from the start of 2021 through 2024. See Figure 1. This outperformance underscores how important trustworthy research is.

Buy the Focus List Stocks: Long Model Portfolio

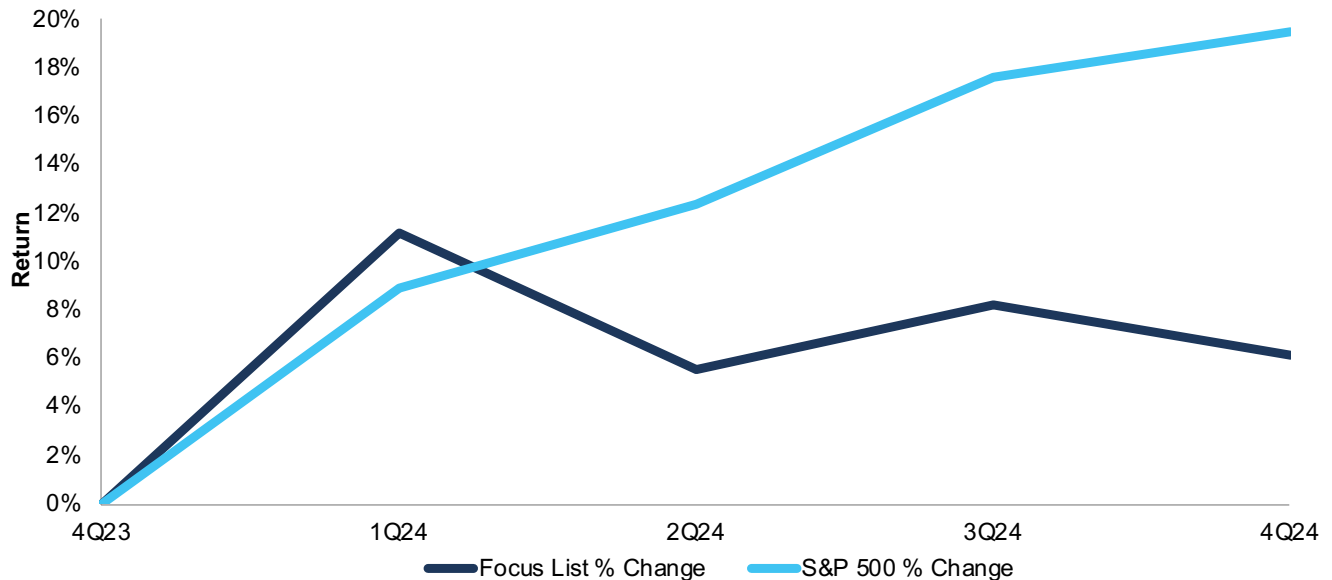
Figure 1: Focus List Stocks: Long Performance Since Beginning of 2021



Sources: New Constructs, LLC

In 2024, the Model Portfolio rose 6% compared to 20% for the S&P 500 and underperformed by 13.4%. See Figure 2.

<sup>1</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 an apples-to-apples comparison of how each stock performed vs. the S&P 500.

**Figure 2: Focus List Stocks: Long vs. S&P 500 in 2024**

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 2024.

**Figure 3: 2024 Performance of the Focus List Stocks: Long Model Portfolio**

Number of Stocks	Number of Outperformers	Number of Underperformers	Return	S&P 500 Return	Outperformance
60	18	42	6.1%	19.5%	-13.4%

Sources: New Constructs, LLC

Performance includes stocks in the Model Portfolio in 2024 as well as those removed during the same time (13 stocks).

[Professional](#) and [Institutional](#) members get real-time updates and can track all Model Portfolios on our site. The Focus List Stocks: Long 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.

*This article was originally published on [January 9, 2025](#).*

*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***

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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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