Measure the Potential Impacts of Tariffs On Your Stocks

In a December's monthly meeting with Pro members, one of our clients ("Bob") asked a very important question:

"How do I model potential impacts on increased tariff on my holdings."

Bob explained that he'd been working with many other firms to get an answer, including Bloomberg. By the way, Bob is a very important client of Bloomberg, and they've done many special projects for him.

Bob reiterated to me today that he's still had no luck getting anyone else to help him answer his question.

I showed how to measure the impacts of tariffs on stock valuations. I want to share my answer with you, because I suspect that many people are asking the same questions.

See How to Model the Impact of Tariffs on Stocks

I used our best-in-class discounted cash flow (DCF) modeling tools to create scenarios that captured the valuation impact of tariffs that help or hurt margins and revenues. In other words, I showed exactly how much the stock price might go up or down based on tariffs.

With our DCF model, it's easy and only takes a few seconds to quantify the impact of anything that affects future revenues, margins, and cash flows.

If you're interested in seeing more examples of how our DCF model works, I recommend checking out the Reverse DCF Case Studies here in our Online Community. To sign up to our Online Community, complete this form.

Our community is free to join as is access to the Reverse DCF case studies.

If you're interested in learning more about how to get to the truth about stock valuation, watch our latest training: Unveiling a Trust-Based Rating System for Smarter Investing.

We hope you enjoy this research. Feel free to share with friends and colleagues!

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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 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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