



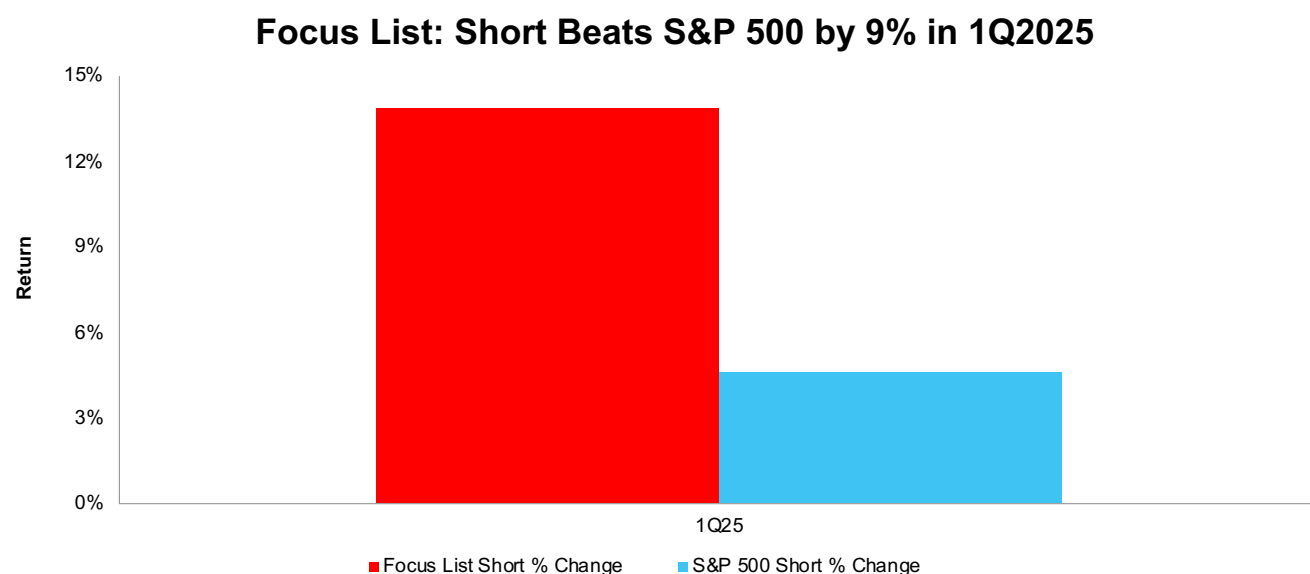
Focus List Stocks: Short Model Portfolio Outperforms in 1Q25

Our [Focus List Stocks: Short Model Portfolio](#)¹, the best of our [Danger Zone](#) picks, fell 14% compared to 5% for the S&P 500 and outperformed by 9% as a short portfolio in 1Q25.

Note that short portfolios outperform when they fall more than the index.

Buy the Focus List Stocks: Short Model Portfolio

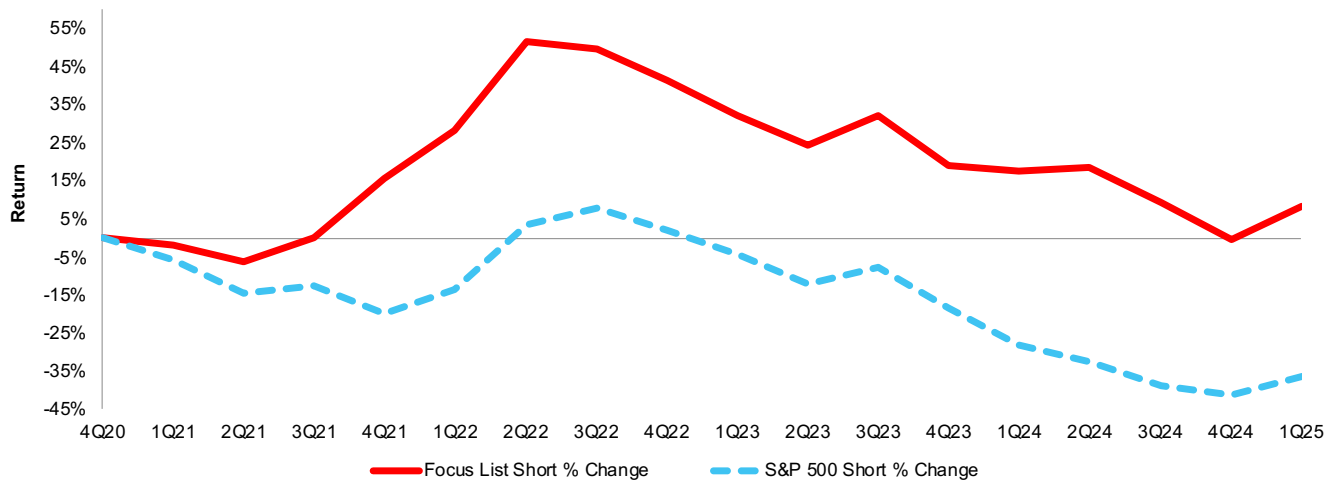
Figure 1: Focus List Stocks: Short (down 14%) vs. S&P 500 (down 5%) in 1Q25



Sources: New Constructs, LLC

The Focus List Stocks: Short Model Portfolio outperformed shorting the S&P 500 by 45% from the start of 2021 through 1Q25. See Figure 2. This outperformance underscores how important trustworthy research is.

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 45% 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 1Q25.

Figure 3: 1Q25 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
44	32	12	14%	5%	9%

Sources: New Constructs, LLC

Performance includes stocks in the Model Portfolio in 1Q25 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.

Check Out the Indices Based on New Constructs Research

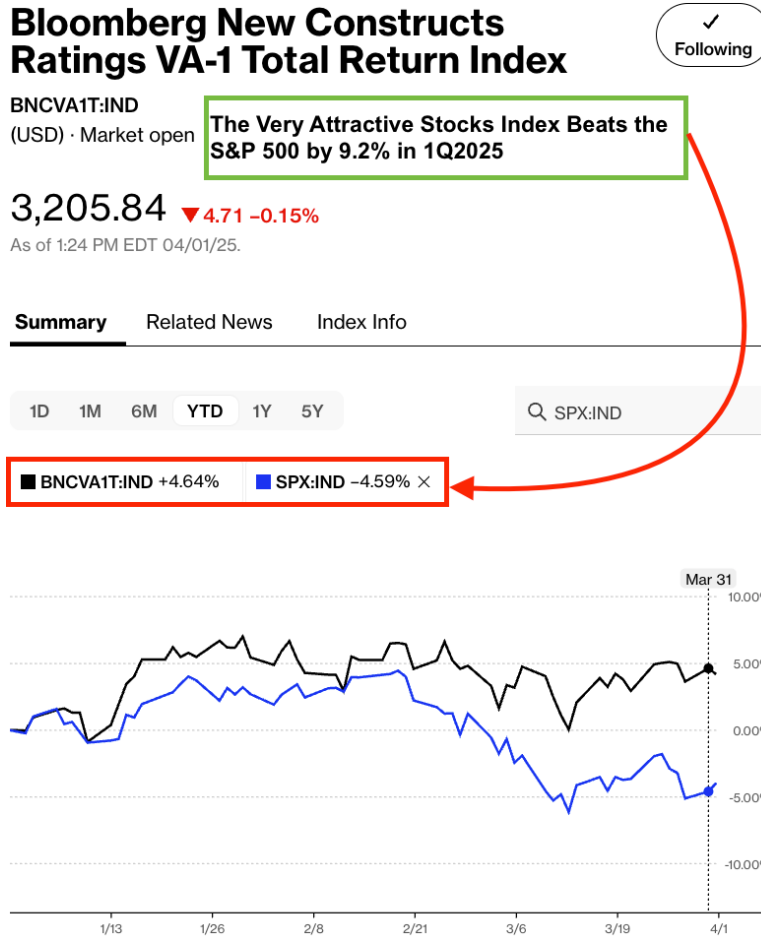
While we're writing about how our Focus List Stocks: Short Model Portfolio finds overvalued stocks, we should highlight the indices we've developed with Bloomberg's Index Licensing Group. Both outperformed the S&P 500 in 1Q25. See Figures 4 and 5.

1. [Bloomberg New Constructs Ratings VA-1 Index](#) (ticker: [BNCVA1T:IND](#))
2. [Bloomberg New Constructs 500 Index](#) (ticker: [B500NCT:IND](#))

Figure 4 compares the performance of the Very Attractive Stocks Index, managed by Bloomberg, to the S&P 500. In 1Q25, the Bloomberg New Constructs Ratings VA-1 Index (ticker: [BNCVAT1T:IND](#)) was up 4.6% while the S&P 500 was down 4.6%.



Figure 4: Very Attractive-Rated Stocks Strongly Outperform the S&P 500 in 1Q25



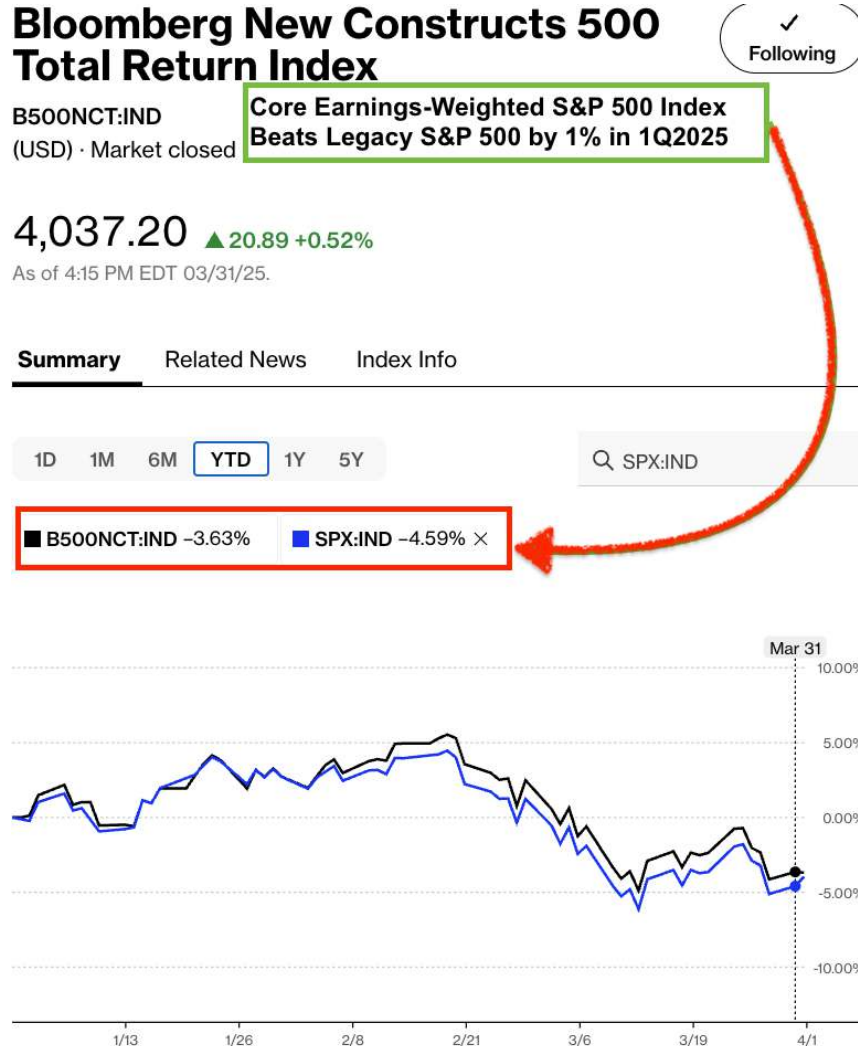
Sources: [Bloomberg](#)

Note: Past performance is no guarantee of future results.

Figure 5 compares the performance of the Bloomberg New Constructs 500 Total Return Index, managed by Bloomberg, to the S&P 500. In 1Q25, the Bloomberg New Constructs 500 Total Return Index (ticker: BNCVAT1T:IND) was down 3.6% while the S&P 500 was down 4.6%.



Figure 5: Bloomberg New Constructs 500 Index Strongly Outperforms the S&P 500 in 1Q25



Sources: [Bloomberg](#)

Note: Past performance is no guarantee of future results.

This article was originally published on [April 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

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](#).



DISCLOSURES

New Constructs®, LLC (together with any subsidiaries and/or affiliates, "New Constructs") is an independent organization with no management ties to the companies it covers. None of the members of New Constructs' management team or the management team of any New Constructs' affiliate holds a seat on the Board of Directors of any of the companies New Constructs covers. New Constructs does not perform any investment or merchant banking functions and does not operate a trading desk.

New Constructs' Stock Ownership Policy prevents any of its employees or managers from engaging in Insider Trading and restricts any trading whereby an employee may exploit inside information regarding our stock research. In addition, employees and managers of the company are bound by a code of ethics that restricts them from purchasing or selling a security that they know or should have known was under consideration for inclusion in a New Constructs report nor may they purchase or sell a security for the first two days after New Constructs issues a report on that security.

DISCLAIMERS

The information and opinions presented in this report are provided to you for information purposes only and are not to be used or considered as an offer or solicitation of an offer to buy or sell securities or other financial instruments. New Constructs has not taken any steps to ensure that the securities referred to in this report are suitable for any particular investor and nothing in this report constitutes investment, legal, accounting or tax advice. This report includes general information that does not take into account your individual circumstance, financial situation or needs, nor does it represent a personal recommendation to you. The investments or services contained or referred to in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about any such investments or investment services.

Information and opinions presented in this report have been obtained or derived from sources believed by New Constructs to be reliable, but New Constructs makes no representation as to their accuracy, authority, usefulness, reliability, timeliness or completeness. New Constructs accepts no liability for loss arising from the use of the information presented in this report, and New Constructs makes no warranty as to results that may be obtained from the information presented in this report. Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information and opinions contained in this report reflect a judgment at its original date of publication by New Constructs and are subject to change without notice. New Constructs may have issued, and may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. Those reports reflect the different assumptions, views and analytical methods of the analysts who prepared them and New Constructs is under no obligation to insure that such other reports are brought to the attention of any recipient of this report.

New Constructs' reports are intended for distribution to its professional and institutional investor customers. Recipients who are not professionals or institutional investor customers of New Constructs should seek the advice of their independent financial advisor prior to making any investment decision or for any necessary explanation of its contents.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would be subject New Constructs to any registration or licensing requirement within such jurisdiction.

This report may provide the addresses of websites. Except to the extent to which the report refers to New Constructs own website material, New Constructs has not reviewed the linked site and takes no responsibility for the content therein. Such address or hyperlink (including addresses or hyperlinks to New Constructs own website material) is provided solely for your convenience and the information and content of the linked site do not in any way form part of this report. Accessing such websites or following such hyperlink through this report shall be at your own risk.

All material in this report is the property of, and under copyright, of New Constructs. None of the contents, nor any copy of it, may be altered in any way, copied, or distributed or transmitted to any other party without the prior express written consent of New Constructs. All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of New Constructs.

Copyright New Constructs, LLC 2003 through the present date. All rights reserved.