



Free Stock Pick from our Most Attractive Stocks Model Portfolio for April 2025

The incredibly long run of stability in capital markets has come to an end. No longer, as Ray Dalio points out, can investors make easy money betting on the stock market going up.

Change can be scary, but it can also create opportunity, especially as the market gets more efficient.

Now is the time when diligence matters most. And, there's no better proof that our diligence makes money for investors than the performance of the Bloomberg New Constructs Very Attractive Stocks Index, which has strongly out-performed the S&P 500 all year. It beat the S&P 500 by over 9% in 1Q2025.

CEO David Trainer shared how to get our Very Attractive stocks and other picks that have outperformed our [Game Plan for 2025](#) webinar. The bottom line is luck and momentum are not real strategies anymore.

Real alpha comes from going the extra mile and getting critical data that no one else has.

Our [Most Attractive Stocks](#) Model Portfolio is proof that our research creates real alpha. We scour the entire market to find the gems in this Model Portfolio. We leverage our [proven-superior](#) research to deliver you those companies with truly strong fundamentals and undervalued stock prices.

To show you exactly how good our research is, we're sharing a free stock pick from our Most Attractive Stocks Model Portfolio.

This pick comes with a concise summary, not a full Long Idea report. The summary gives you insight into the rigor of our research and approach to picking stocks. Whether you're a subscriber or not, we think it is important, especially in today's tough market environment, that you're able to see our research on stocks. We're proud to share our work, and we want to help investors when they need it most.

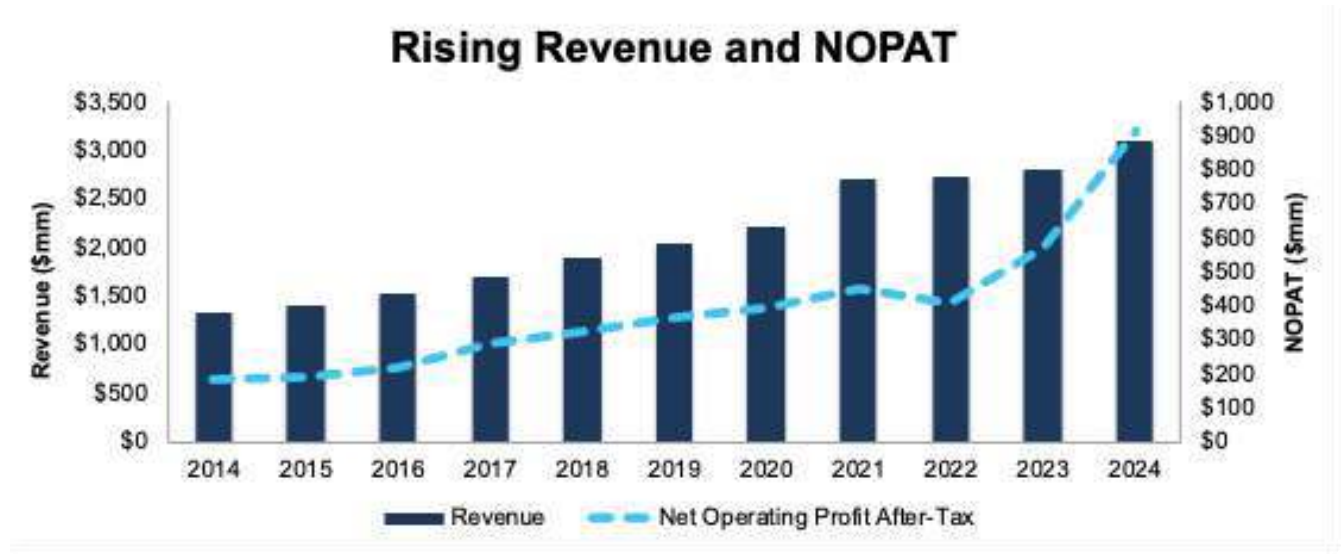
Keep an eye out for the [free pick](#) from our Most Dangerous Stocks Model Portfolio, which will be published this week as well! Stock picking success, like golf, is as much about how well you hit your bad shots as how well you hit your good shots!

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

We update this Model Portfolio monthly. The latest [Most Attractive](#) and [Most Dangerous](#) stocks Model Portfolios were updated and published for clients on April 3, 2025.

Free Most Attractive Stocks Pick: Primerica Inc (PRI)

Primerica Inc (PRI: \$249/share) has grown revenue and net operating profit after tax ([NOPAT](#)) by 9% and 18% compounded annually since 2014, respectively. Primerica's NOPAT margin increased from 14% in 2014 to 30% in 2024 while its [invested capital turns](#) rose from 0.9 to 1.0 over the same time. Rising NOPAT margins and invested capital turns drive Primerica's return on invested capital ([ROIC](#)) from 11% in 2014 to 30% in 2024.

**Figure 1: Primerica's Revenue and NOPAT Since 2014**

Sources: New Constructs, LLC and company filings

PRI Is Undervalued

At its current price of \$249/share, PRI has a price-to-economic book value ([PEBV](#)) ratio of 0.7. This ratio means the market expects Primerica's NOPAT to permanently decline by 30% from 2024 levels. This expectation seems overly pessimistic for a company that has grown NOPAT by 18% compounded annually over the last decade and 20% compounded annually over the past five years.

Even if Primerica's NOPAT margin falls to 20% (below 2024 NOPAT margin of 30% and equal to five-year average margin) and the company grows revenue by just 5% (below ten-year compound annual growth rate of 9%) compounded annually through 2034, the stock would be worth \$309/share today – a 24% upside. In this scenario, Primerica's NOPAT would grow just 1% compounded annually through 2034. [Contact us for the math behind this reverse DCF scenario.](#)

Should Primerica grow profits more in line with historical levels, the stock has even more upside.

Critical Details Found in Financial Filings by Our [Robo-Analyst Technology](#)

Below are specifics on the adjustments we made based on Robo-Analyst findings in Primerica's 10-K:

Income Statement: we made under \$600 million in adjustments, with a net effect of removing over \$400 million in [non-operating expense](#). Professional members can see all adjustments made to Primerica's income statement on the GAAP Reconciliation tab on the Ratings page on our website.

Balance Sheet: we made just under \$1 billion in adjustments to calculate invested capital with a net increase of under \$200 million. One of the most notable adjustments was for [other comprehensive income](#). Professional members can see all adjustments made to Primerica's balance sheet on the GAAP Reconciliation tab on the Ratings page on our website.

Valuation: we made just under \$100 million in adjustments, all of which decreased shareholder value. The most notable adjustment was for [total debt](#). Professional members can see all adjustments to Primerica's valuation on the GAAP Reconciliation tab on the Ratings page on our website.

This article was originally published on [April 11, 2025](#).

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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