

Most Dangerous Stocks for September 2014

20 Large/Mid Cap and 20 Small Cap Stocks

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- **Figure 1 shows 11 new stocks that make our September lists.**
- **FREE Company Valuation Reports for 2 of the new stocks are in the Free Archive on our website.**
- **The Dangerous Stocks (+3.1%) rose less than the S&P 500 (+3.3%) and outperformed as a short portfolio last month.**
- **Figure 4 shows the 22 stocks from August's report that outperformed as shorts.**
- **See Appendix C for data on returns, volatility and portfolio turnover for our Most Dangerous Stocks Portfolio.**
- **Most Dangerous Stocks have misleading earnings, which means reported earnings are rising while true economic earnings are declining.**
- **Barron's recently highlighted our stock-picking as amongst the best of all Wall Street firms. See our website for details.**

Figure 1: Additions for September

| Large Cap Additions | | Small Cap Additions | |
|---------------------|--------------------------------|---------------------|------------------------------|
| Ticker | Company Name | Ticker | Company Name |
| BMR | Biomed Realty Trust, Inc. | ABCO | The Advisory Board Company |
| HAIN | The Hain Celestial Group, Inc. | ALCO | Alico Inc. |
| ICON | Iconix Brand Group, Inc. | ANGO | AngioDynamics, Inc. |
| | | BOBE | Bob Evans Farms, Inc. |
| | | CMRE | Costamare Inc. |
| | | FCZA | First Citizens Banc Corp. |
| | | GPI | Group 1 Automotive, Inc. |
| | | GSM | Globe Specialty Metals, Inc. |

Sources: New Constructs, LLC

Please see Appendix B for explanations of additions and deletions to the large and small cap lists.

The 20 Most Dangerous Large/Mid Cap Stocks for September

We recommend that investors equal-weight holdings in all 20 Large/Mid Cap Most Dangerous Stocks.

Figure 2: 20 Most Dangerous Large/Mid Cap Stocks for September

| Ticker | Company Name | Misleading Earnings | | | Expensive Valuation | | | Market Value (\$mm) |
|----------|------------------------------------|-----------------------------|--------------------------------------|--------------------------------|--------------------------------------|---|---------------------------------|---------------------|
| | | As of Last Fiscal Year | | | as of 09/02/14 | | | |
| | | Rising GAAP Earnings (\$mm) | Declining Economic Cash Flows (\$mm) | Low-Ranking ROIC (by Quintile) | Low or Negative Free Cash Flow Yield | High or Negative Price-to-Economic Book Value | Long Market-Implied GAP (years) | |
| 1 DLR | Digital Realty Trust, Inc. | \$99.92 | (\$101) | Bottom Quintile | -3% | 79.2 | Greater than 100 | \$8,879 |
| 2 AMZN | Amazon.com Inc. | \$313.00 | (\$414) | Bottom Quintile | -2% | 32.3 | Greater than 100 | \$158,192 |
| 3 ACC | American Campus Communities | \$47.93 | (\$42) | Bottom Quintile | -4% | 26.3 | Greater than 100 | \$4,131 |
| 4 POL | PolyOne Corporation | \$171.90 | (\$52) | 4th | -9% | 11.5 | Greater than 100 | \$3,615 |
| 5 BXP | Boston Properties, Inc. | \$452.10 | (\$59) | 4th | -6% | 10.9 | Greater than 100 | \$18,560 |
| 6 EXR | Extra Space Storage, Inc. | \$54.20 | (\$14) | 4th | -5% | 10.8 | Greater than 100 | \$6,192 |
| 7 PDM | Piedmont Office Realty Trust, Inc. | \$5.52 | (\$26) | Bottom Quintile | -4% | 8.1 | 73 | \$3,006 |
| 8 O | Realty Income Corp | \$89.10 | (\$137) | 4th | -27% | 6.6 | 86 | \$9,936 |
| 9 HIW | Highwoods Properties, Inc. | \$45.86 | (\$5) | 4th | -3% | 6.5 | Greater than 100 | \$3,860 |
| 10 ACIW | ACI Worldwide, Inc. | \$15.02 | (\$3) | 3rd | -9% | 5.8 | Greater than 100 | \$2,280 |
| 11 RLJ | RLJ Lodging Trust | \$71.43 | (\$6) | 4th | -2% | 4.9 | Greater than 100 | \$3,984 |
| 12 STZ | Constellation Brands, Inc. | \$1,555.30 | (\$65) | 4th | -22% | 4.7 | 31 | \$16,724 |
| 13 ABG | Asbury Automotive Group, Inc. | \$26.90 | (\$7) | 4th | -2% | 4.4 | Greater than 100 | \$2,159 |
| 14 WYN | Wyndham Worldwide Corp | \$32.00 | (\$114) | 4th | -8% | 4.4 | 46 | \$10,117 |
| 15 ICON* | Iconix Brand Group, Inc. | \$18.64 | (\$20) | 4th | -4% | 4.1 | 68 | \$2,011 |
| 16 HAIN* | The Hain Celestial Group, Inc. | \$25.20 | (\$14) | 4th | -6% | 4.0 | Greater than 100 | \$4,951 |
| 17 USM | United States Cellular Corp | \$29.03 | (\$356) | Bottom Quintile | 1% | -0.9 | Greater than 100 | \$3,193 |
| 18 TDS | Telephone & Data Systems, Inc. | \$60.53 | (\$239) | Bottom Quintile | -3% | -1.3 | Greater than 100 | \$2,862 |
| 19 DDR | DDR Corp | \$16.88 | (\$34) | Bottom Quintile | -10% | -1.8 | Greater than 100 | \$6,508 |
| 20 BMR* | Biomed Realty Trust, Inc. | \$40.45 | (\$25) | Bottom Quintile | -11% | -8.4 | Greater than 100 | \$4,397 |

* Addition to the Large/Mid Cap Most Dangerous list in September

Most Dangerous Stocks are Ranked by Price-to-Economic Book Value in Descending Order

Sources: New Constructs, LLC

The 20 Most Dangerous Small Cap Stocks for September

We recommend that investors equal-weight holdings in all 20 Small Cap Most Dangerous Stocks.

Figure 3: 20 Most Dangerous Small Cap Stocks for September

| Ticker | Company Name | Misleading Earnings | | | Expensive Valuation | | | Market Value (\$mm) |
|----------|--------------------------------------|-----------------------------|--------------------------------------|--------------------------------|--------------------------------------|---|---------------------------------|---------------------|
| | | As of Last Fiscal Year | | | as of 09/02/14 | | | |
| | | Rising GAAP Earnings (\$mm) | Declining Economic Cash Flows (\$mm) | Low-Ranking ROIC (by Quintile) | Low or Negative Free Cash Flow Yield | High or Negative Price-to-Economic Book Value | Long Market-Implied GAP (years) | |
| 1 FCZA* | First Citizens Banc Corp. | \$0.63 | (\$3) | Bottom Quintile | -17% | 586.2 | 29 | \$70 |
| 2 BOBE* | Bob Evans Farms, Inc. | \$36.55 | (\$23) | Bottom Quintile | -1% | 371.0 | Greater than 100 | \$1,003 |
| 3 CMRE* | Costamare, Inc. | \$20.42 | (\$36) | 4th | -9% | 296.4 | Greater than 100 | \$1,691 |
| 4 QDEL | Quidel Corporation | \$2.41 | (\$5) | Bottom Quintile | -4% | 44.2 | Greater than 100 | \$816 |
| 5 GSM* | Globe Specialty Metals, Inc. | \$35.44 | (\$11) | Bottom Quintile | 0% | 26.5 | Greater than 100 | \$1,517 |
| 6 TNGO | Tangoe, Inc. | \$1.92 | (\$2) | Bottom Quintile | 1% | 16.3 | Greater than 100 | \$543 |
| 7 PATR | Patriot Transportation Holding, Inc. | \$7.58 | (\$1) | Bottom Quintile | 0% | 10.7 | Greater than 100 | \$348 |
| 8 ANGO* | AngioDynamics, Inc. | \$3.70 | (\$14) | Bottom Quintile | 2% | 10.1 | Greater than 100 | \$491 |
| 9 LOJN | LoJack Corporation | \$11.55 | (\$1) | Bottom Quintile | -13% | 8.3 | 55 | \$76 |
| 10 NUVA | NuVasive, Inc. | \$4.76 | (\$25) | Bottom Quintile | 2% | 8.2 | Greater than 100 | \$1,651 |
| 11 RP | Real Page, Inc. | \$15.51 | (\$2) | 4th | -3% | 6.6 | Greater than 100 | \$1,272 |
| 12 GPI* | Group 1 Automotive, Inc. | \$14.09 | (\$18) | 4th | -14% | 5.2 | 21 | \$1,899 |
| 13 ABCO* | The Advisory Board Company | \$2.59 | (\$14) | 4th | -5% | 4.9 | Greater than 100 | \$1,806 |
| 14 KVHI | KVH Industries, Inc. | \$0.95 | (\$1) | Bottom Quintile | -5% | 4.4 | Greater than 100 | \$196 |
| 15 POWR | PowerSecure International, Inc. | \$1.33 | (\$1) | Bottom Quintile | -19% | 4.3 | Greater than 100 | \$256 |
| 16 ALCO* | Alico, Inc. | \$1.16 | (\$8) | Bottom Quintile | -1% | 4.2 | Greater than 100 | \$290 |
| 17 DWA | DreamWorks Animation | \$91.51 | (\$51) | Bottom Quintile | -6% | 4.2 | 14 | \$1,915 |
| 18 NGS | Natural Gas Services Group, Inc. | \$1.71 | (\$2) | 4th | -3% | 4.0 | Greater than 100 | \$369 |
| 19 NFBK | Northfield Bancorp, Inc. | \$3.12 | (\$15) | Bottom Quintile | -37% | 3.6 | Greater than 100 | \$682 |
| 20 AF | Astoria Financial Corp | \$6.03 | (\$2) | Bottom Quintile | -10% | 2.9 | Greater than 100 | \$1,322 |

* Addition to the Small Cap Most Dangerous list in September
 Most Dangerous Stocks are Ranked by Price-to-Economic Book Value in Descending Order

Sources: New Constructs, LLC

Most Dangerous Stocks: Monthly Updates

The Dangerous Stocks (+3.1%) rose less than the S&P 500 (+3.3%) and outperformed as a short portfolio last month. 22 stocks from our August Most Dangerous Large Cap and Small Cap lists outperformed the S&P 500 as shorts, and 7 stocks had negative returns. See Figure 4 for details. For updates on the performance of all of last month's Most Dangerous stocks, see Appendix A. We measure our August performance based on closing prices from August 04, 2014 to September 02, 2014. We published last month's report to subscribers on August 04, 2014 and to the general public, for purchase, on August 11, 2014.

Figure 4: 22 Stocks that Outperformed as Shorts From August's Report

| Large Cap | | | Small Cap | | |
|--------------------|------------------------------|----------------------|--------------------|----------------------------|----------------------|
| Ticker | Company Name | Change From 08/04/14 | Ticker | Company Name | Change From 08/04/14 |
| AXLL | Axiall Corporation | -2.7% | LOJN | LoJack Corporation | -20.8% |
| PDM | Piedmont Office Realty Trust | 0.7% | NUVA | NuVasive, Inc. | -6.5% |
| BXP | Boston Properties, Inc. | 1.2% | NGS | Natural Gas Services Group | -5.8% |
| POL | PolyOne Corporation | 1.2% | KVHI | KVH Industries, Inc. | -4.0% |
| HIW | Highwoods Properties, Inc. | 1.6% | TNGO | Tangoe, Inc. | -1.1% |
| DLR | Digital Realty Trust, Inc. | 1.8% | ICON | Iconix Brand Group, Inc. | -0.5% |
| ACC | American Campus Communities | 2.2% | QDEL | Quidel Corporation | 0.0% |
| EXR | Extra Space Storage, Inc. | 2.5% | HOS | Hornbeck Offshore Services | 0.3% |
| O | Realty Income Corp | 3.0% | CHSP | Chesapeake Lodging Trust | 0.8% |
| DDR | DDR Corp | 3.2% | RP | Realpage Inc. | 0.9% |
| S&P 500 | S&P 500 | 3.3% | KFRC | Kforce Inc. | 1.5% |
| | | | CHFN | Charter Financial Corp | 1.7% |
| | | | S&P 500 | S&P 500 | 3.3% |

Sources: New Constructs, LLC,

Note: Gain/Decline performance analysis excludes transaction costs, dividends and rebates.

Most Dangerous Stocks: Methodology

Stocks make our Most Dangerous list because they have:

1. **Poor-Quality Earnings** based on:
 - a. Misleading earnings: rising and positive GAAP earnings while economic earnings are negative and falling; and
 - b. Low Returns on Invested Capital (ROIC).

AND

2. **Expensive Valuations** based on:
 - a. *Free-Cash Flow Yields*¹ that are very low or negative;
 - b. *Price-to-Economic Book Value (EBV)*² ratios that are relatively high; and
 - c. *Growth Appreciation Periods*³ (GAP) that are relatively high.

Only stocks that earn an Overall Rating of Very Dangerous are allowed on our Most Dangerous Stocks lists.

The above characteristics also qualify stocks for a ‘Very Dangerous’ or ‘Dangerous’ Rating, according to our Risk/Reward Rating system. Figure 4 shows our Risk/Reward Rating analysis, which we apply to the 3000+ companies that we cover. Stocks get a grade of 1 to 5 for each criterion, 5 being the worst and 1 being the best score. The Overall score is based on the average score of all five criteria. Stocks must get an average score of 4.25 or above to be rated Very Dangerous. For the most part, only Very Dangerous stocks qualify for our Most Dangerous Stocks lists.

Figure 5: New Constructs Risk/Reward Rating for Stocks

| Overall Risk/Reward Rating | Quality of Earnings | | Valuation | | |
|----------------------------|--------------------------|-----------------------------------|-----------|--------------------|----------------------------------|
| | Economic vs Reported EPS | Return on Invested Capital (ROIC) | FCF Yield | Price-to-EBV Ratio | Growth Appreciation Period (yrs) |
| Very Dangerous | Misleading Trend | Bottom Quintile | <-5% | > 3.5 or <-1 > 0 | > 50 |
| Dangerous | False Positive | 4th Quintile | -5%<-1% | 2.4 > 3.5 or <-1 | 20 > 50 |
| Neutral | Neutral EP | 3rd Quintile | -1%<3% | 1.6 > 2.4 | 10 > 20 |
| Attractive | Positive EP | 2nd Quintile | 3%<10% | 1.1 > 1.6 | 3 > 10 |
| Very Attractive | Rising EP | Top Quintile | >10% | 0 > 1.1 | 0 > 3 |

Sources: New Constructs, LLC

¹ Free-Cash Flow Yields measure the % of the total value of the firm for which the Free Cash Flows of the firm account. The formula is FCF/Current Enterprise Value.

² Economic Book Value (EBV) measures the no-growth value of the business based on its annual after-tax cash flow. The Formula for EBV is: (NOPAT / WACC) + Excess Cash + Non-operating assets – Debt (incl. Operating Leases) - Value of Outstanding Stock Options – Minority Interests.

³ Growth Appreciation Period measures the number of years, implied by the market-price, that a company will grow its economic earnings. This measure assigns a numerical value to the width of the moat around a firm's business.

Explanation of Risk/Reward Rating System

Our Risk/Reward Rating System assigns a rating to every stock under our coverage according to what we believe are the 5 most important criteria for assessing the risk versus reward of stocks. See table that follows for details.

| | |
|------------------------------------|--|
| Overall Risk/Reward Ranking | The Overall Risk/Reward Ranking provides a final rating based on the equal-weighted average rating of each criterion. |
| Very Dangerous | FCF Yield is not included in the average. |
| Dangerous | FCF Yield is not included in the average. |
| Neutral | All criteria are equal-weighted in the average calculation. |
| Attractive | All criteria are equal-weighted in the average calculation. |
| Very Attractive | All criteria are equal-weighted in the average calculation. |

| | |
|---------------------------------|--|
| Economic vs Reported EPS | Rates stocks based on how their Economic Earnings compare to their Reported Earnings. Values based on Latest Fiscal Year. |
| Very Dangerous | Negative and declining Economic Earnings despite positive and rising Reported Earnings |
| Dangerous | Same as above except Reported Earnings are not rising or Reported Earnings are not positive |
| Neutral | Negative Economic and Reported Earnings |
| Attractive | Economic Earnings are positive |
| Very Attractive | Economic Earnings are positive and rising |

| | |
|--|--|
| Return on Invested Capital (ROIC) | Rates stocks based on their ROIC. Values based on Latest Fiscal Year. |
| Bottom Quintile | Very Dangerous = the bottom 20% of Russell 1000 companies |
| 4th Quintile | Dangerous = the bottom 40% of Russell 1000 companies |
| 3rd Quintile | Neutral = the middle 20% of Russell 1000 companies |
| 2nd Quintile | Attractive = the top 40% of Russell 1000 companies |
| Top Quintile | Very Attractive = the top 20% of Russell 1000 companies |

| | |
|-------------------|---|
| FCF Yield | Rates stocks based on their Free Cash Flow Yield. Values based on Latest Closing Stock price and Latest Fiscal Year. |
| <-5% | Very Dangerous = less than or equal to -5% |
| -5%<-1% | Dangerous = more than -5% but less than or equal to -1% |
| -1%<3% | Neutral = more than -1% but less than or equal to +3% |
| 3%<10% | Attractive = more than +3% but less than or equal to +10% |
| >10% | Very Attractive = more than +10% |

| Price-to-EBV Ratio | Rates stocks based on their Price-to-Economic Book Value Ratio. Values based on Latest Closing Stock price and Latest Fiscal Year. |
|---------------------------|---|
| >3.5 or -1>0 | Very Dangerous = greater than or equal to 3.5 or less than 0 but greater than -1 |
| 2.4>3.5 or <-1 | Dangerous = greater than or equal to 2.4 but less than 3.5 and less than or equal to -1 |
| 1.6>2.4 | Neutral = greater than or equal to 1.6 but less than 2.4 |
| 1.1>1.6 | Attractive = greater than or equal to 1.1 but less than 1.6 |
| 0>1.1 | Very Attractive = greater than or equal to 0 but less than 1.1 |

| Growth Appreciation Period (yrs) | Rates stocks based on their Market-Implied Growth Appreciation Period. Values based on Latest Closing Stock price and Default Forecast Scenario. |
|---|---|
| >50 | Very Dangerous = greater than or equal to 50 years |
| 20>50 | Dangerous = at least 20 years but less than 50 |
| 10>20 | Neutral = at least 10 years but less than 20 |
| 3>10 | Attractive = at least 3 years but less than 10 |
| 0>3 | Very Attractive = at least 0 years but less than 3 |

Appendix A – Performance of Stocks on August’s Report

Figure 6: Performance of All Stocks from August’s Report

| Large Cap | | | Small Cap | | |
|---|--------------------------------|----------------------|-----------------------------------|----------------------------------|----------------------|
| Ticker | Company Name | Change From 08/04/14 | Ticker | Company Name | Change From 08/04/14 |
| AXLL | Axiall Corporation | -2.7% | LOJN | LoJack Corporation | -20.8% |
| PDM | Piedmont Office Realty Trust | 0.7% | NUVA | NuVasive, Inc. | -6.5% |
| BXP | Boston Properties, Inc. | 1.2% | NGS | Natural Gas Services Group, Inc. | -5.8% |
| POL | PolyOne Corporation | 1.2% | KVHI | KVH Industries, Inc. | -4.0% |
| HIW | Highwoods Properties, Inc. | 1.6% | TNGO | Tangoe Inc. | -1.1% |
| DLR | Digital Realty Trust, Inc. | 1.8% | ICON | Iconix Brand Group, Inc. | -0.5% |
| ACC | American Campus Communities | 2.2% | QDEL | Quidel Corporation | 0.0% |
| EXR | Extra Space Storage, Inc. | 2.5% | HOS | Hornbeck Offshore Services, Inc. | 0.3% |
| O | Realty Income Corp | 3.0% | CHSP | Chesapeake Lodging Trust | 0.8% |
| DDR | DDR Corp | 3.2% | RP | Real Page Inc. | 0.9% |
| SPX | S&P 500 | 3.3% | KFRC | Kforce, Inc. | 1.5% |
| ABG | Asbury Automotive Group, Inc. | 3.6% | CHFN | Charter Financial Corp | 1.7% |
| STZ | Constellation Brands, Inc. | 4.7% | SPX | S&P 500 | 3.3% |
| WYN | Wyndham Worldwide Corp | 4.9% | PATR | Patriot Transportation Holdings | 3.5% |
| BG | Bunge, Ltd. | 6.2% | EXAR | Exar Corporation | 3.5% |
| RLJ | RLJ Lodging Trust | 6.4% | NFBK | Northfield Bancorp, Inc. | 3.6% |
| ACIW | ACI Worldwide, Inc. | 8.3% | AF | Astoria Financial Corp | 4.4% |
| AMZN | Amazon.Com Inc. | 9.2% | OKSB | Southwest Bancorp, Inc. | 9.6% |
| LNKD | LinkedIn Corporation | 11.1% | ASGN | On Assignment, Inc. | 9.9% |
| USM | United States Cellular Corp | 12.7% | DWA | DreamWorks Animation | 12.0% |
| TDS | Telephone & Data Systems, Inc. | 12.7% | POWR | PowerSecure International, Inc. | 18.4% |
| Large Cap Portfolio Return | | 4.7% | Small Cap Portfolio Return | | 1.6% |
| Combo (Large and Small Cap) Return | | | 3.1% | | |

Sources: New Constructs, LLC,

Note: Gain/Decline performance analysis excludes transaction costs, dividends and rebates.

Appendix B – Additions and Deletions

Most Dangerous Large/Mid Cap Stocks

Deletions:

- AXLL - Stock price decreased 2.7% since August report.
- BG - Displaced by decrease in rank of other stocks.
- LNKD - Displaced by decrease in rank of other stocks.

Additions:

- BMR - Stock price increased 4.4% since August report.
- ICON - Moved from Small Cap to Large/Mid Cap
- HAIN - New filing data on 08/27/14.

Most Dangerous Small Cap Stocks

Deletions:

- ASGN - Displaced by decrease in rank of other stocks.
- CHFN - Displaced by decrease in rank of other stocks.
- CHSP - Displaced by decrease in rank of other stocks.
- HOS - Displaced by decrease in rank of other stocks.
- KFRC - Displaced by decrease in rank of other stocks.
- OKSB - Displaced by decrease in rank of other stocks.
- EXAR - Displaced by decrease in rank of other stocks.
- ICON - Moved from Small Cap to Large/Mid Cap

Additions:

- ALCO - Stock price increased 7.1% since August report.
- GPI - Stock price increased 5.3% since August report.
- ABCO - Stock price increased 5.2% since August report.
- BOBE - Addition by improved rank of other stocks.
- CMRE - Addition by improved rank of other stocks.
- FCZA - Addition by improved rank of other stocks.
- ANGO - New filing data on 08/14/14.
- GSM - New filing data on 08/29/14.

Appendix C – Portfolio Metrics

Figure 7: Performance and Risk Metrics

| Portfolio | Portfolio Returns | | | Volatility (Annualized) | | | Sharpe Ratio | | | Beta | | |
|---------------------------------------|-------------------|-------------------|-----------------|-------------------------|-------------------|-----------------|--------------|--------|-----------------|----------------|----------------|-------------------------|
| | 1 year annualized | 3 year annualized | Since Inception | 1 year annualized | 3 year annualized | Since Inception | 1 Year | 3 Year | Since Inception | 1 Year Average | 3 Year Average | Average Since Inception |
| Most Dangerous Large | 13% | 14% | 3% | 14% | 20% | 21% | 0.9 | 0.7 | 0.1 | 1.2 | 1.2 | 1.2 |
| Most Dangerous Small | 1% | 12% | 2% | 16% | 22% | 26% | 0.1 | 0.5 | 0.1 | 1.24 | 1.20 | 1.14 |
| Most Dangerous Small and Large | 7% | 13% | 3% | 15% | 20% | 22% | 0.5 | 0.6 | 0.1 | 1.24 | 1.22 | 1.15 |
| S&P 500 | 13% | 15% | 5% | 11% | 13% | 16% | 1.2 | 1.2 | 0.3 | | | |
| Russell 2000 | 6% | 13% | 7% | 18% | 20% | 22% | 0.3 | 0.7 | 0.3 | | | |

Source: New Constructs, LLC

Figure 8: Portfolio Turnover

| Portfolio | Monthly Turnover | | |
|--------------------------------|------------------|----------------|-------------------------|
| | 1 Year Average | 3 Year Average | Average Since Inception |
| Most Dangerous Large | 40% | 30% | 27% |
| Most Dangerous Small | 39% | 28% | 28% |
| Most Dangerous Small and Large | 40% | 29% | 28% |

Source: New Constructs, LLC

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1. Based on the complete set of financial information available.
2. Standard for all companies.
3. A more accurate representation of the true underlying cash flows of the business.

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