



Finding Safe Investments In A Dangerous Market Webinar

Tough markets like the one we're in now test your investment strategy. Many of the strategies that have worked for many years are [breaking down](#).

While trading fads come and go, good fundamental research is required to fulfill your fiduciary duties to your clients and yourself. Without it, realize it or not, you take significant risk that the numbers you use to make a decision are not correct.

We think the recent decline in liquidity is going to lead the market to recognize the true, long-term fundamentals of lots of stocks, a trend that began in 2015 and [led to significant outperformance by our Most Dangerous Stocks newsletter](#) as well as many of our Danger Zone picks in 2015. Less liquidity means more natural price discovery, something many experts have warned has been missing for too long. Those same experts have noted that when natural price discovery came back, it could do so with a vengeance. Markets could be volatile for a while. The bull market had to end sometime, right?

As markets have gotten off to an ominous start in 2016, many investors have watched as their portfolios shrink and wonder, "what could I have done to avoid this?"

The purpose of good fundamental research is to provide insight into [which stocks to avoid during market storms and which stocks will shine when markets become dangerous](#). Our track record for doing both is worth noting. Our research led us to put [35 stocks](#) into the [Danger Zone](#) last year, including Men's Wearhouse (MW), Groupon (GRPN), El Pollo Loco (LOCO), Twitter (TWTR) and Box (BOX). All of those picks underperformed the S&P by more than 30% in 2015. Through the first week and a half of 2016, several recent Danger Zone stocks are underperforming the market again (see Figure 1).

Figure 1: Danger Zone Stocks Underperform Year To Date

Company	Ticker	YTD Performance
Demandware	DWRE	-14%
Proofpoint	PFPT	-13%
Qlik Technologies	QLIK	-11%
ServiceNow	NOW	-11%
Square	SQ	-11%
Marketo	MKTO	-11%
S&P 500	SPY	-7%

Sources: New Constructs, LLC and company filings

Now, we will be the first to tell you that good fundamental research is rare, extremely time-consuming and very expensive. As a result, by the time many investors realize they need fundamental research, it's too late. Their portfolios have been crushed.

So where can investors find good fundamental research? We can help you figure that out.

At New Constructs, we have a [long history of providing market-beating strategies to our clients](#). The forensic accounting work we do to close 30+ accounting loopholes is the bedrock of our fundamental research and, to our knowledge, is unmatched by any of our competitors.

To learn more, join us for our webinar "Finding Safe Investments In A Dangerous Market." The webinar will be held live on Thursday, January 14th at 4pm EST. In this webinar, CEO David Trainer, a Wall Street veteran, will discuss the state of the market, how New Constructs provides insight into safe investments, and how a portfolio could be strengthened in today's market.

[Click here to reserve your seat for this week's webinar "Finding Safe Investments In A Dangerous Market."](#)

New Constructs® – Profile

How New Constructs Creates Value for Clients

We find it. You benefit. Cutting-edge technology enables us to scale our [forensic accounting expertise](#) across 3000+ stocks. We shine a light in the dark corners of SEC filings so our clients can make safer, more informed decisions.

Our [stock rating methodology](#) instantly informs you of the quality of the business and the fairness of the stock's valuation. We do the diligence on earnings quality and valuation so you don't have to.

In-depth risk/reward analysis underpins our ratings. Our rating methodology grades every stock, ETF, and mutual fund according to what we believe are the 5 most important criteria for assessing the quality of an equity. Each grade reflects the balance of potential risk and reward of buying that equity. Our analysis results in the 5 ratings described below. Very Attractive and Attractive correspond to a "Buy" rating, Very Dangerous and Dangerous correspond to a "Sell" rating, while Neutral corresponds to a "Hold" rating.

QUESTION: Why shouldn't fund research be as good as stock research? Why should fund investors rely on backward-looking price trends?

ANSWER: They should not.

Don't judge a fund by its cover. Take a look inside at its holdings and understand the quality of earnings and valuation of the stocks it holds. We enable you to choose the best fund based on its stock-picking merits so you do not have to rely solely on backward-looking technical metrics.

The drivers of our [forward-looking fund ratings](#) are Portfolio Management (i.e. the aggregated ratings of its holdings) and Total Annual Costs. The Total Annual Costs Rating ([details here](#)) captures the all-in cost of being in a fund over a 3-year holding period, the average period for all fund investors.

Our Philosophy About Research

Accounting data is not designed for equity investors, but for debt investors. [Accounting data must be translated into economic earnings](#) to understand the profitability and valuation relevant to equity investors. Respected investors (e.g. Adam Smith, Warren Buffett and Ben Graham) have repeatedly emphasized that accounting results should not be used to value stocks. [Economic earnings](#) are what matter because they are:

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.

Additional Information

Incorporated in July 2002, [New Constructs](#) is an independent publisher of investment research that provides clients with consulting and research services. We specialize in quality-of-earnings, forensic accounting and discounted cash flow valuation analyses for all U.S. public companies. We translate accounting data from 10Ks into economic financial statements, i.e. [NOPAT](#), [Invested Capital](#), and [WACC](#), to create [economic earnings models](#), which are necessary to understand the true profitability and valuation of companies. Visit the [Free Archive](#) to download samples of our research. New Constructs is a [BBB accredited](#) business and a member of the [Investorside Research Association](#).

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