

DILIGENCE PAYS 1/16/2019

See Us on CNBC Talking Netflix

Netflix's (NFLX) recently announced price increase has many wondering how subscriber growth will be impacted. Snap (SNAP) on the other hand, recently saw its stock fall as the company announced its CFO of just eight months will be joining a growing list of executives to abruptly leave the company.

Could these two stocks, hailing from vastly different positions of power, actually have one thing in common – a terribly overvalued stock price?

On Wednesday, January 16, New Constructs CEO, David Trainer, joined CNBC to discuss Netflix and its valuation in today's market.

See the CNBC Interview

As noted in the interview, you can see the DCF and subsequent math that shows Netflix's valuation implies over 500 million subscribers here.

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Disclosure: David Trainer and Kyle Guske II receive no compensation to write about any specific stock, sector, style, or theme.

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Ratings & screeners on 3000 stocks, 450 ETFs and 7000 mutual funds help you make prudent investment decisions.

New Constructs leverages the latest in machine learning to analyze structured and unstructured financial data with unrivaled speed and accuracy. The firm's forensic accounting experts work alongside engineers to develop proprietary NLP libraries and financial models. Our investment ratings are based on the best fundamental data in the business for stocks, ETFs and mutual funds. Clients include many of the top hedge funds, mutual funds and wealth management firms. David Trainer, the firm's CEO, is regularly featured in the media as a thought leader on the fiduciary duty of care, earnings quality, valuation and investment strategy.

To fulfill the Duty of Care, research should be:

- 1. **Comprehensive** All relevant publicly-available (e.g. 10-Ks and 10-Qs) information has been diligently reviewed, including footnotes and the management discussion & analysis (MD&A).
- 2. **Un-conflicted** Clients deserve unbiased research.
- 3. **Transparent** Advisors should be able to show how the analysis was performed and the data behind it.
- 4. **Relevant** Empirical evidence must provide <u>tangible</u>, <u>quantifiable correlation</u> to stock, ETF or mutual fund performance.

Value Investing 2.0: Diligence Matters: Technology is Key to Value Investing With Scale

Accounting data is only the beginning of fundamental research. It must be translated into economic earnings to truly understand profitability and valuation. This translation requires deep analysis of footnotes and the MD&A, a process that our <u>robo-analyst technology</u> empowers us to perform for thousands of stocks, ETFs and mutual funds.



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