



## Industry Leader with Strong Cash Flows Trading at a Big Discount

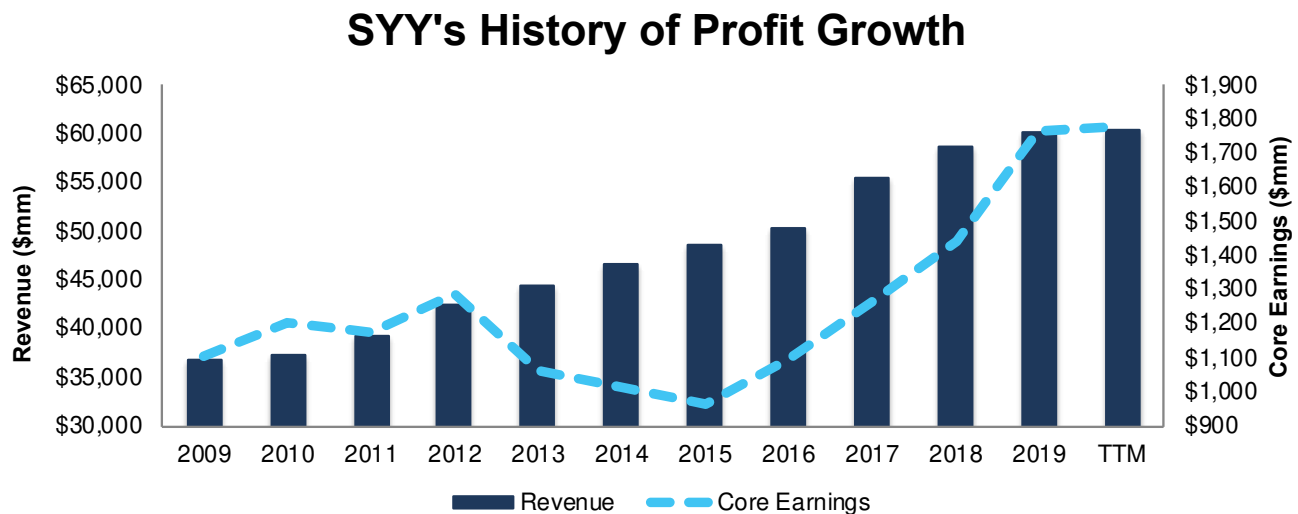
The COVID-19 pandemic has created significant upheaval in the restaurant and food service industries. But, the selloff in some restaurant-related stocks is too severe. Now is an excellent time for investors to buy quality businesses, with the cash flows to survive the downturn, at significant discounts. SYSCO Corporation (SYY: \$48/share) is this week's [Long Idea](#).

### SYY's History of Consistent Profit Growth

We first made SYSCO a Long Idea in [December 2017](#) and highlighted its high ROIC again in [March 2020](#). Since our March report, SYY is up 55% while the S&P 500 is up 19%. However, the stock is still down 44% year-to-date (YTD) and trades at a cheaper valuation than it did in the previous economic crisis in 2008-2009.

Prior to the COVID-19 outbreak, SYY had a strong history of consistent profit growth. Over the past decade, SYY grew revenue and [core earnings](#)<sup>1</sup> by 5% compounded annually, per Figure 1. The firm increased its core earnings margin year-over-year (YoY) in each of the last four years and its core earnings margin of 3% over the trailing-twelve-months (TTM) is up from 2% in 2015.

Figure 1: SYY Core Earnings & Revenue Growth Since 2009



Sources: New Constructs, LLC and company filings

SYY leverages its industry leading position and rising profitability to generate significant free cash flow (FCF). The company generated positive FCF in eight of the past 10 years and a cumulative \$3.5 billion (14% of market cap) over the past five years. SYY's \$1.6 billion in FCF over the TTM period equates to a 5% [FCF yield](#), which is greater than the Consumer Non-cyclicals sector average of 4%.

### Executive Compensation Plan Ensures Prudent Capital Stewardship During Difficult Times

In an economic downturn, when resources are more thinly stretched, investors should look for companies with executive compensation plans that properly align executives' interests with shareholders' interests. Quality corporate governance ensures executives are incentivized to create shareholder value and are held accountable for capital stewardship. SYY's compensation plan does just that.

<sup>1</sup> Our core earnings are a superior measure of profits, as demonstrated in [In Core Earnings: New Data & Evidence](#) a paper by professors at Harvard Business School (HBS) & MIT Sloan. The paper empirically shows that our data is superior to IBES "Street Earnings", owned by Blackstone (BX) and Thomson Reuters (TRI), and "Income Before Special Items" from Compustat, owned by S&P Global (SPGI).



In fiscal 2019, one-third of SYY executive’s performance shares were awarded based on the firm’s three-year average adjusted return on invested capital (ROIC). SYY has included ROIC as a performance metric in its executive compensation plan since 2012. The focus on improving ROIC aligns the interests of executives and shareholders and helps to ensure quality capital allocation. Despite only including ROIC since 2012, SYY has a long history of generating a quality ROIC. The firm has maintained an ROIC above 10% in every year going back to 1998. The firm’s current ROIC of 14% is above the firm’s five-year average ROIC of 12%.

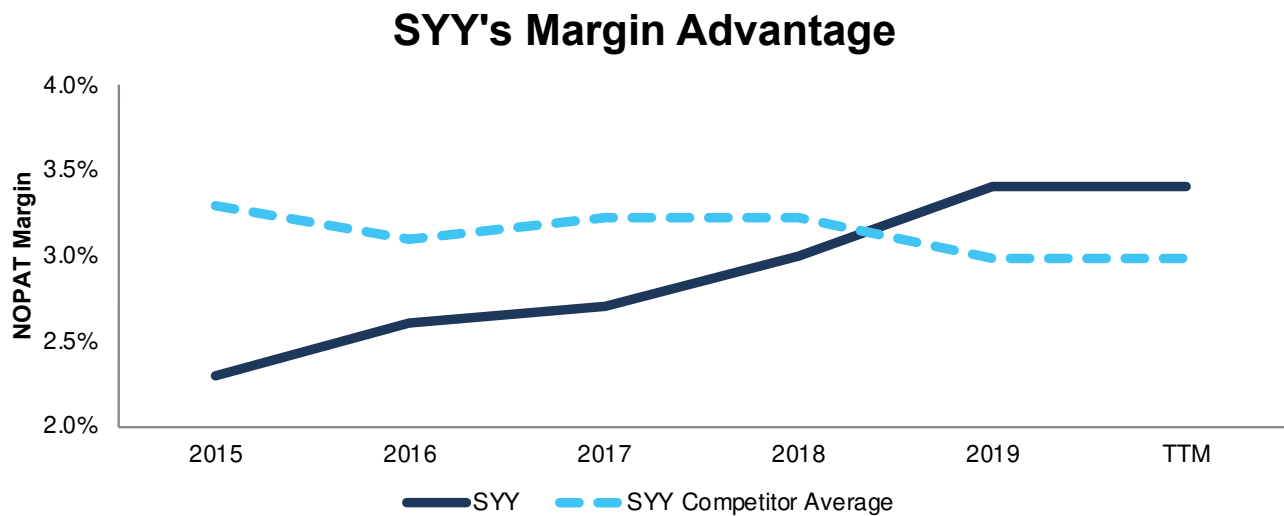
**SYY’s Profitability Ranks Top Amongst Competition**

Before the stay-at-home and lockdown orders were issued across the globe, SYSCO’s profitability was trending higher while peers’ was stagnant or even falling. This superior profitability provides SYY greater resources to survive the current downturn, while also benefiting from the economic bounce back once we’re clear of the COVID-19 constraints on economic activity.

Based on data from Technomic, SYY estimates it holds 16% of the foodservice market in the U.S. The closest competitor, U.S. Foods (USFD), holds an estimated 9% of the market. SYSCO has leveraged its vast distribution network (169 distribution facilities in the U.S. and 325 worldwide) to drive competitive advantages and maintain its industry leading position. For comparisons, USFD has 72 distribution centers in the U.S.

Per Figure 2, SYY’s net operating profit after-tax (NOPAT) margin has improved from 2.3% in 2015 to 3.4% TTM. Meanwhile, the market-cap weighted average of the 14 Food Retail & Distribution firms, plus Performance Food Group (PFGC), has fallen from 3.3% to 3.0% over the same time. Peers in the group include USFD, PFGC, United Natural Foods (UNFI), SpartanNash Co. (SPTN), Core-Mark Holding Co. (CORE), and more.

**Figure 2: SYY’s NOPAT Margin Vs. Competitors**

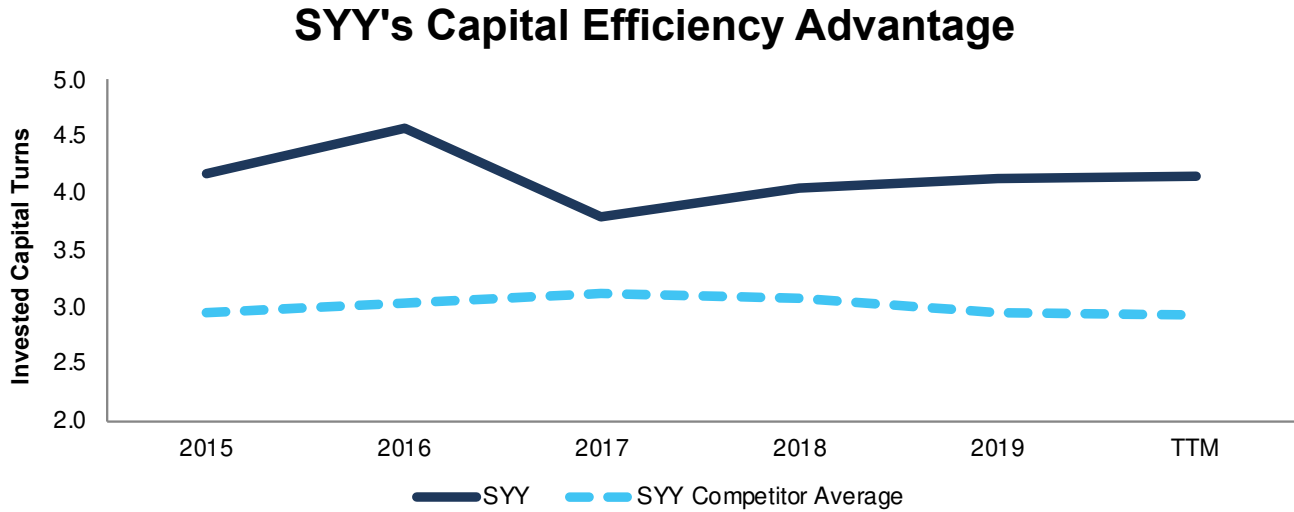


Sources: New Constructs, LLC and company filings.

SYY’s capital efficiency is also well above peers’. Per Figure 3, SYY improved its invested capital turns from 3.8 in 2017 to 4.2 TTM. Meanwhile, the market-cap weighted average of peers fell from 3.1 to 2.9 over the same time.



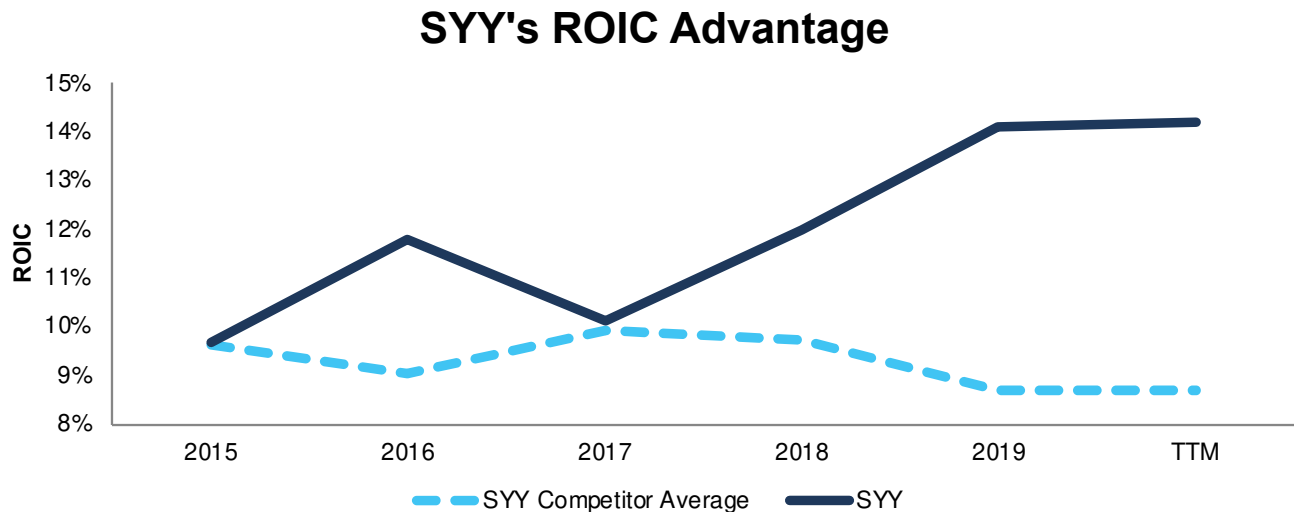
Figure 3: SYY's Invested Capital Turns Vs. Competitors



Sources: New Constructs, LLC and company filings.

The combination of rising margins and invested capital turns drives SYY's ROIC higher. SYY has improved its ROIC from 10% in 2015 to 14% TTM. Per Figure 4, the market-cap weighted average of peers actually fell from 10% to 9% over the same time.

Figure 4: SYY's ROIC vs. Competitors



Sources: New Constructs, LLC and company filings.

SYY's superior profitability shows that its investment in distribution facilities, along with effective cost controls, give it a competitive advantage. Moving forward, SYY's higher profitability allows the firm to better adapt to decreased demand in the restaurant sector while also expanding its services to other customers such as healthcare facilities and grocery stores.

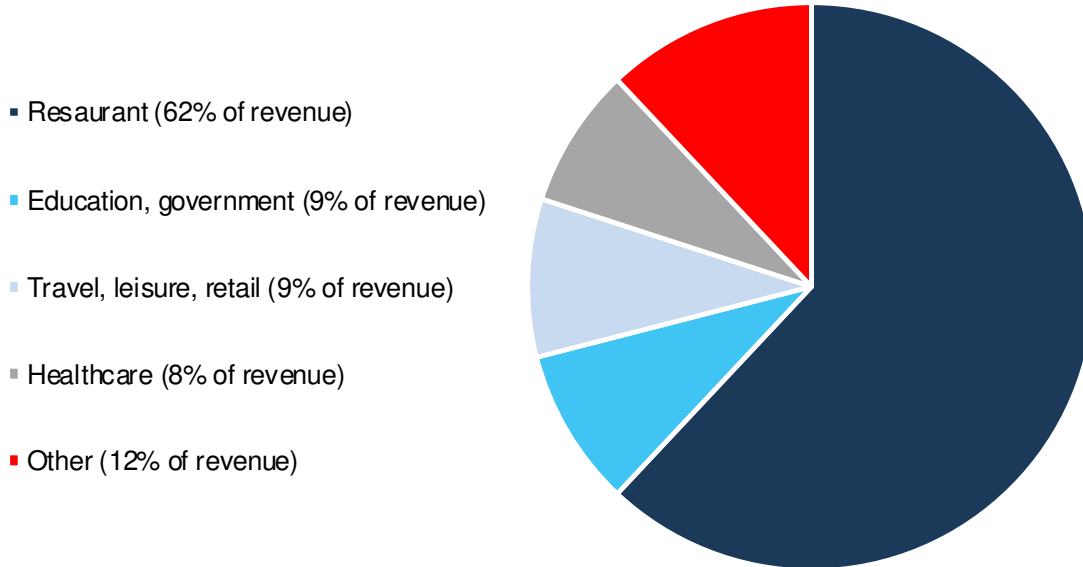
**Bear Case Assumes Restaurant Sales Never Recover**

There's no refuting that the COVID-19 pandemic, has, and will, permanently alter the overall restaurant industry. With 62% of fiscal 2019 sales from restaurant customers (per Figure 5), the impact of the virus will alter SYSCO's business as well.



**Figure 5: SYSCO Customer Type Revenue Breakdown – Fiscal 2019**

### SYY Customer Type as % of Revenue



Sources: New Constructs, LLC and company filings

However, to believe SYY is fairly valued, one must believe that (1) the company has no ability to generate revenue during the pandemic and (2) the restaurant sector never recovers.

SYSCO has the unique benefit of being a key supplier to many restaurants still open for takeout and delivery, as these dining options see increased demand. Furthermore, SYSCO relies on a highly diversified group of suppliers, with no supplier accounting for more than 10% of purchases in fiscal 2019. This diversification provides SYY significant flexibility to shift purchases and continue providing products in a timely manner for restaurants and other customers.

To best mitigate the impacts of decreased foot traffic in restaurants, SYSCO is increasing its sales force’s focus on providing restaurant cleaning and takeout products, such as to-go containers and utensils. Furthermore, the firm is working with customers that don’t normally provide takeout or delivery to help enable these alternate methods of service.

Beyond restaurants, SYSCO’s sales force is focusing on expanding services in the grocery store business, as grocery stores struggle to meet consumer demand. The firm believes its scale and network of distribution centers offer key advantages in supplying the grocery industry in the current times. Specifically, SYY is aiming to provide logistics services to retail grocery stores and supplying grocery stores with products. These new services, which further integrate SYSCO into the grocery industry supply chain, could also provide additional growth opportunities post the COVID-19 pandemic.

#### **SYSCO’s Financial Position Provides Liquidity**

SYSCO recently announced, as of March 20, 2020, the firm had ~\$2 billion in cash on hand, including the recent \$1.5 billion withdrawal under its revolving credit facility. The firm also has no debt maturities within the next six months. Additionally, SYY is working with its bank partners to explore other opportunities to “raise additional funds and further strengthen its liquidity.”

#### **Government Assistance Provides Restaurant Industry Relief**

The U.S. government has [provided](#) significant relief to individuals and restaurants to help weather the downturn and remain operational until the stay-at-home orders are lifted. On March 27, 2020, President Trump signed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which is the single largest economic relief package in U.S. history.



As part of the CARES Act, the paycheck protection program provides \$349 billion in funding for small businesses, such as restaurants, adversely impacted by the coronavirus pandemic. This cash flow assistance will enable small businesses to maintain payroll, pay interest on rent/lease obligations, and cover utility payments.

This much needed assistance not only provides a stop-gap measure to keep restaurants from permanently closing during the downturn, but it also ensures restaurants are able to better serve customers once the pandemic is more under control and consumers can once again eat out. Such measures are aimed at ensuring the long-term health of the industry, and SYSCO is best positioned to aid restaurants along their path to recovery.

**Executive Turnover Creates Risk, but Comes with Experience**

On February 1, 2020, Kevin Hourican assumed the role of SYSCO's president and chief executive officer, as former CEO Tom Bene stepped down. While executive turnover always creates a level of uncertainty, Mr. Hourican brings with him many years of retail and supply chain experience. Prior to SYSCO, he was executive vice president of CVS Health Corp (CVS) and president of CVS Pharmacy.

Additionally, SYSCO has weathered executive turnover in the past (Tom Bene was only in the position for two years), while continuing to grow profits and create shareholder value.

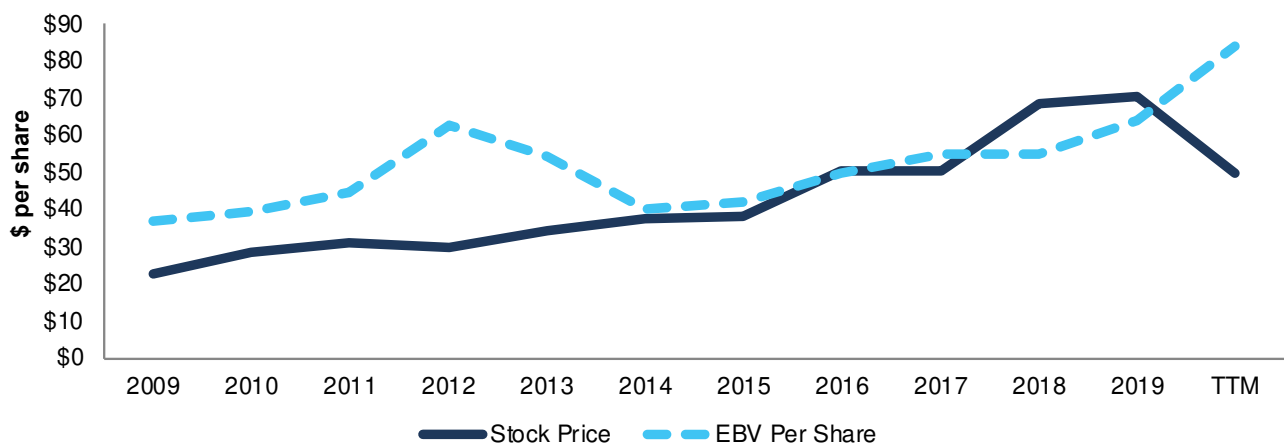
**SY Y Trades at Cheapest Level in Years**

For long-term investors, SY Y's current price presents an opportunity to get a high-quality business at historically cheap levels. At its current price of \$48/share, SY Y has a price-to-economic book value (PEBV) ratio of 0.6. This ratio means the market expects SY Y's NOPAT to permanently decline by 40%. This expectation seems overly pessimistic over the long-term. For reference, SY Y actually grew NOPAT YoY in 2007, 2008, and 2009 (the last prolonged economic downturn).

After falling 44% YTD, SY Y now trades well below its economic book value, or no-growth value, per Figure 6. SY Y hasn't been this cheap, as measured by its PEBV ratio, since 2012.

**Figure 6: SY Y's Stock Price vs. Economic Book Value (EBV)**

**SY Y Trades At A Discount to Economic Book Value**



Sources: New Constructs, LLC and company filings.

SY Y's current economic book value is \$84/share – a 75% upside to the current price. Even in a conservative growth scenario, SY Y has more upside potential.

**SY Y's Price Already Implies Worst-Case Scenario**

Below, we use our [reverse DCF model](#) to quantify the cash flow expectations baked into SY Y's current stock price. Then, we analyze the implied value of the stock based on different assumptions about COVID-19's impact on the restaurant industry and SY Y's future growth in cash flows.



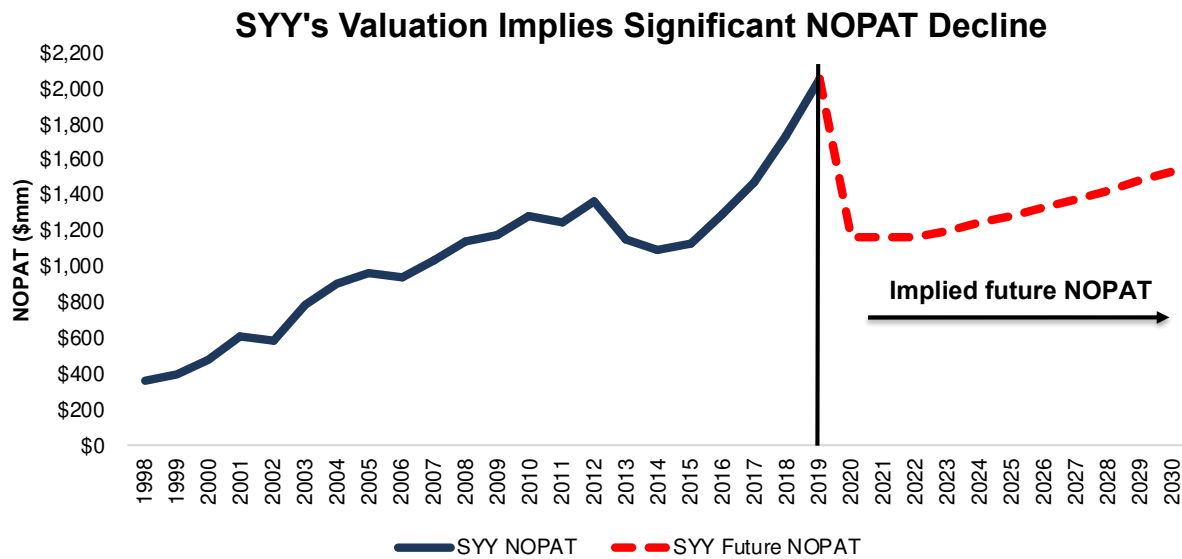
**Scenario 1:** Using industry projections, SY Y’s revenue breakdown, and its historical margins, we can model the worst-case scenario already implied by SY Y’s current stock price. In this scenario, we assume the following:

- Margins permanently fall to 2.3% (lowest in company history), as the firm is stuck with excess inventory and too many distribution centers in an industry with reduced demand
- Restaurant industry sales fall 27% in 2020 – which is the worst-case scenario proposed by Technomic, a foodservice industry research provider – and don’t grow again for two more years
- Sales begin growing again in 2023, but only at 3.5% a year, which equals the average global GDP growth rate since 1961.

In this scenario, SY Y’s NOPAT declines 44% in 2020, and 3% compounded annually over the next 11 years, and the stock is worth \$48/share today – equal to the current stock price. [See the math behind this reverse DCF scenario.](#)

Figure 7 compares the stock’s implied future NOPAT decline to the firm’s historical NOPAT growth in this scenario. This worst-case scenario implies SY Y’s NOPAT 11 years from now will be 25% below its 2019 NOPAT. In other words, this scenario implies that over a decade after the COVID-19 pandemic, SYSCO’s profits will have only recovered to the same level achieved in 2017. In any scenario better than this one, SY Y holds significant upside potential, as we’ll show below.

**Figure 7: SY Y’s Implied NOPAT Decline is Severe and Long-Term**



Sources: New Constructs, LLC and company filings.

**Scenario 2: Cheap Valuation Provides Significant Upside**

If we assume, as does the International Monetary Fund (IMF) in its [base case for GDP growth](#), that the pandemic threat is lessened in the second half of the year and through 2021, SY Y looks even more undervalued.

In this scenario, we assume:

- Margins fall to 2.8% in 2020 (average of past five years) before returning to TTM levels (3.4%) in the following years
- Restaurant industry sales fall 17% in 2020, which is the mid-case scenario outlined by Technomic
- Sales growth returns in 2021 at the IMF’s global base-case GDP growth rate of 5.8%
- Sales continue to grow at 3.5% a year, or the average global GDP growth rate since 1961, each year thereafter

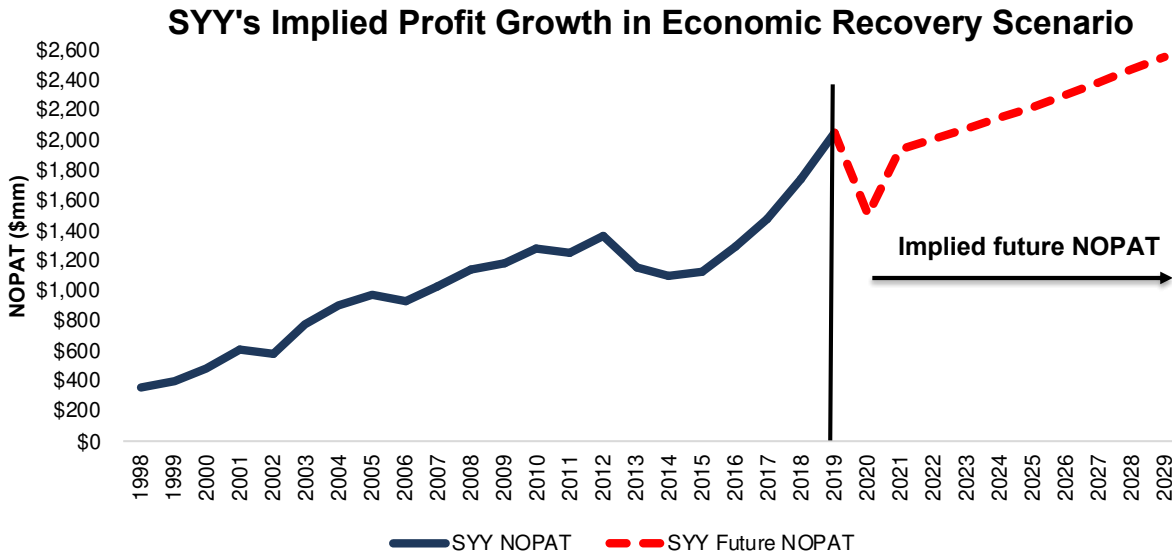
In this scenario, SY Y’s NOPAT falls 26% in 2020 and grows by just 2% compounded annually over the next decade, and the stock is worth \$95/share today – a 98% upside to the current price. [See the math behind this reverse DCF scenario.](#)



It's not often investors get the opportunity to buy an industry leader at such a discounted price.

Figure 8 compares the stock's implied future NOPAT to the firm's historical NOPAT in scenario 2.

Figure 8: SY Y's Implied NOPAT Assuming Global Recovery in 2021



Sources: New Constructs, LLC and company filings.

### Sustainable Competitive Advantages Will Drive Shareholder Value Creation

Here's a summary of why we think the moat around SY Y's business will enable it to continue to generate higher NOPAT than the current market valuation implies. The following competitive advantages help SY Y source and provide more products at competitive prices and prevent competition from taking market share:

- Higher capital and operational efficiency than industry peers and competitors
- Industry leading distribution network achieves economies of scale
- Long-standing relationships with existing customers and ability to help new customers during time of crisis

### What Noise Traders Miss with SY Y

These days, fewer investors focus on finding quality capital allocators with shareholder friendly corporate governance. Instead, due to the [proliferation of noise traders](#), the focus is on short-term technical trading trends while high-quality fundamental research is overlooked. Here's a quick summary of what noise traders are missing:

- Consistent core earnings growth and free cash flow generation over the past decade
- Long-term industry leader best positioned to excel after the global pandemic subsides
- Valuation implies the economy never fully recovers from COVID-19

### Dividend Offers Nearly 4% Yield

SY Y has paid a dividend in every quarter since its founding as a public company in 1970. From fiscal 2015-2019, SY Y increased its dividend by 6% compounded annually. SY Y's current quarterly dividend of \$0.45/share equates to an annualized payout of \$1.80/share, which gives SY Y a current dividend yield of 3.8%.

In addition to dividends, SY Y has returned capital to shareholders through share repurchases. However, to maintain flexibility during the current pandemic, SY Y suspended its share buyback program on March 30, 2020.

Investors buying SY Y at this discounted price are rewarded with a long-history of dividend growth and a current 3.8% dividend yield. Should SY Y return to repurchasing shares, it could provide investors even greater yield.



### **An Earnings Beat of Depressed Expectations Could Send Shares Higher**

The COVID-19 pandemic has sent stock prices falling, and it's had a similar effect on consensus estimates. According to Zacks, consensus estimates at the end of February pegged SYY's 2020 earnings at \$3.79/share. Jump forward to April 13, and consensus estimates for SYY's 2020 earnings have fallen to just \$2.56/share.

While the short-term impact of the COVID-19 pandemic is yet to be seen, these lowered expectations provide a great opportunity for a high-quality business, such as SYY, to beat consensus estimates. Though our current [Earnings Distortion Score](#) for SYY is "In-Line", SYY beat earnings estimates in 10 of the past 12 quarters, and doing so again, in the midst of such market turmoil, could send shares higher.

### **New Growth Opportunities From COVID-19**

While eat-in demand is in decline, food delivery is growing like never before and is offsetting declines in other parts of SYSCO's business. According to [FoodBoss](#), an online food ordering search engine, demand for food delivery was up 23% in March over February. In Europe, [delivery companies note](#) demand is picking up and consumers are ordering much more frequently than before the outbreak.

Food delivery has long been the "[future of the industry](#)", with billions invested into delivery platforms. The COVID-19 pandemic could push this method of business even further into the mainstream, which represents opportunity for food service providers. SYSCO's ability to support food-delivery services, by providing takeout supplies and technological support<sup>2</sup>, during turbulent times could build long-term relationships that capitalize on the expected growth of food delivery post the COVID-19 pandemic.

### **Cheap Acquisition Targets Could Drive Future Growth**

Historically, SYSCO has expanded its business through the acquisition of smaller competitors and firms that complement SYSCO's existing services. To date, SYSCO has been a smart acquirer as evidenced by its steadily rising ROIC.

A recent case in point - in 2016 SYSCO acquired Brakes Group, a leading foodservice provider in portions of Europe, for \$3.1 billion. Despite the price tag, SYSCO's ROIC improved from 12% in 2016 to 14% TTM. Furthermore, its [economic earnings](#) increased from \$901 million in 2016 to \$1.4 billion TTM, a clear sign of shareholder value creation.

SYSCO could benefit from the impact of COVID-19 by buying smaller players in the industry that are also trading at depressed levels. In doing so, SYSCO could grow its market share, expand its presence and/or services offered, and take advantage of lower valuations. Such prudent capital allocation could allow SYSCO to drive revenue growth even faster during any economic recovery post the current pandemic.

### **Insider Trading and Short Interest Trends**

Over the past 12 months, insiders have purchased a total of 256 thousand shares and sold 760 thousand shares for a net effect of 504 thousand shares sold. These sales represent less than 1% of shares outstanding.

There are currently 10.4 million shares sold short, which equates to 2% of shares outstanding and 2 days to cover. Short interest is down 7% from the prior month and indicates investors are largely unwilling to bet against this industry leader.

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

As investors [focus more](#) on fundamental research, research automation technology is needed to analyze all the critical financial [details in financial filings](#) as shown in the Harvard Business School and MIT Sloan paper, "[Core Earnings: New Data and Evidence](#)".

Below are specifics on the adjustments we make based on Robo-Analyst findings in SYSCO Corporation's 2019 10-K:

Income Statement: we made \$1.1 billion of adjustments with a net effect of removing \$382 million in [non-operating expenses](#) (1% of revenue). See all adjustments made to SYY's income statement [here](#).

<sup>2</sup> SYSCO's restaurant management system, [Cake](#), enables restaurants to streamline payments, waitlists, and even accept online and third-party delivery orders.





Balance Sheet: we made \$2.7 billion of adjustments to calculate invested capital with a net increase of \$2.6 billion. One of the most notable adjustments was \$1.6 billion (14% of reported net assets) related to [accumulated other comprehensive income](#). See all adjustments to SY Y's balance sheet [here](#).

Valuation: we made \$10.7 billion of adjustments with a net effect of decreasing shareholder value by \$10.7 billion. There were no adjustments that increased shareholder value. Apart from \$9.8 billion in [total debt](#), the most notable adjustment to shareholder value was \$695 million in [underfunded pensions](#). This adjustment represents 3% of SY Y's market cap. See all adjustments to SY Y's valuation [here](#).

### **Attractive Funds That Hold SY Y**

The following funds receive our Attractive-or-better rating and allocate significantly to SYSCO Corporation.

1. First Trust Consumer Staples AlphaDex Fund (FXG) – 4.3% allocation and Very Attractive rating.
2. Invesco DWA Consumer Staples Momentum ETF (PSL) – 2.8% allocation and Very Attractive rating.
3. Carillon Eagle Growth & Income Fund (HIGJX) – 2.7% allocation and Attractive rating.
4. Invesco S&P 500 Equal Weight Consumer Staples ETF (RHS) – 2.6% allocation and Very Attractive rating.
5. Parnassus Core Equity Fund (PRBLX) – 2.5% allocation and Attractive rating.

*This article originally published on [April 15, 2020](#).*

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

*Follow us on [Twitter](#), [Facebook](#), [LinkedIn](#), and [StockTwits](#) for real-time alerts on all our research.*



## ***Footnotes adjustments matter. We are the ONLY source.***

---

We provide ratings, models, reports & screeners on U.S. 3,000 stocks, 700 ETFs and 7,000 mutual funds.

**HBS & MIT Sloan research** reveals that:

- **Markets are inefficiently assessing earnings because no one reads the footnotes.**
- **Corporate managers hide gains/losses in footnotes to manage earnings.**
- **Our technology brings the material footnotes data to market for the first time ever.**

Combining human expertise with NLP/ML/AI technologies ([featured by Harvard Business School](#)), we shine a light in the dark corners (e.g. footnotes) of hundreds of thousands of financial filings to unearth critical details.

The HBS & MIT Sloan paper, [Core Earnings: New Data and Evidence](#), shows how our superior data drives uniquely comprehensive and independent debt and equity research.

This [paper](#) compares our analytics on a mega cap company to other major providers. The Appendix details exactly how we stack up.

**Learn [more](#).**

Quotes from HBS & MIT Sloan professors on our research:

### **Get better research:**

*“...the NC dataset provides a novel opportunity to study the properties of non-operating items disclosed in 10-Ks, and to examine the extent to which the market impounds their implications.” – page 20*

### **Pick better stocks:**

*“Trading strategies that exploit cross-sectional differences in firms’ transitory earnings produce abnormal returns of 7-to-10% per year.” – Abstract*

### **Avoid losses from using other firms’ data:**

*“...many of the income-statement-relevant quantitative disclosures collected by NC do not appear to be easily identifiable in Compustat...” – page 14*

### **Build better models:**

*“Core Earnings [calculated using New Constructs’ novel dataset] provides predictive power for various measures of one-year-ahead performance...that is incremental to their current-period counterparts.” – page 4*

### **Exploit market inefficiencies:**

*“These results ... suggest that the adjustments made by analysts and Compustat to better capture core earnings are incomplete. Moreover, the non-core items identified by NC produce a measure of core earnings that is incremental to alternative measures of operating performance in predicting an array of future income measures.” – page 26*

### **Fulfill fiduciary duties:**

*“An appropriate measure of accounting performance for purposes of forecasting future performance requires detailed analysis of all quantitative performance disclosures detailed in the annual report, including those reported only in the footnotes and in the MD&A.” – page 33-34*



## ***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 15 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.