

Model Enhancement: Improved Override Capabilities

We're always working to give clients the best fundamental research and models in the business. We're excited to announce enhancements to the Override capability in our Company Valuation Models:

- Simplified overrides for net operating profit after-tax (NOPAT), invested capital, weighted average cost of capital (WACC) and DCF valuation adjustments.
- 2. Added overrides for the trailing-twelve-month period.

The primary simplification is that clients only need to make one override for each metric, rather than override each adjustment. Per Figure 1, which shows the updated NOPAT override, clients can see all adjustments we make to NOPAT, and, should they choose, enter their own override value for NOPAT. Your override value for NOPAT will replace NOPAT throughout our model.

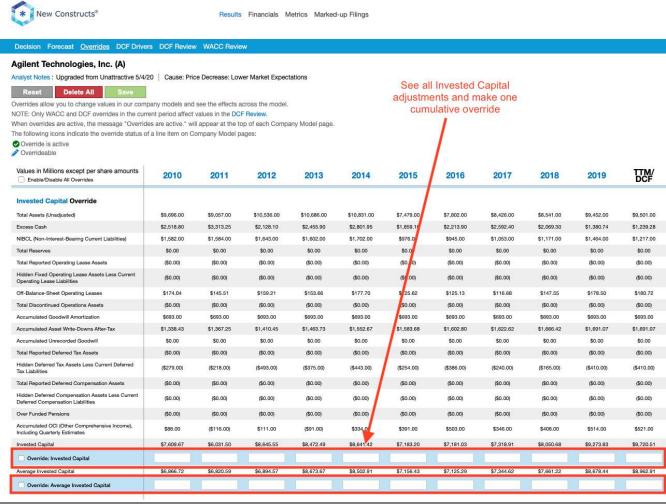


Sources: New Constructs, LLC and company filings.



Figure 2 shows the updated invested capital override. You can override Invested Capital and Average Invested Capital, the denominator in our return on invested capital (ROIC) calculation.

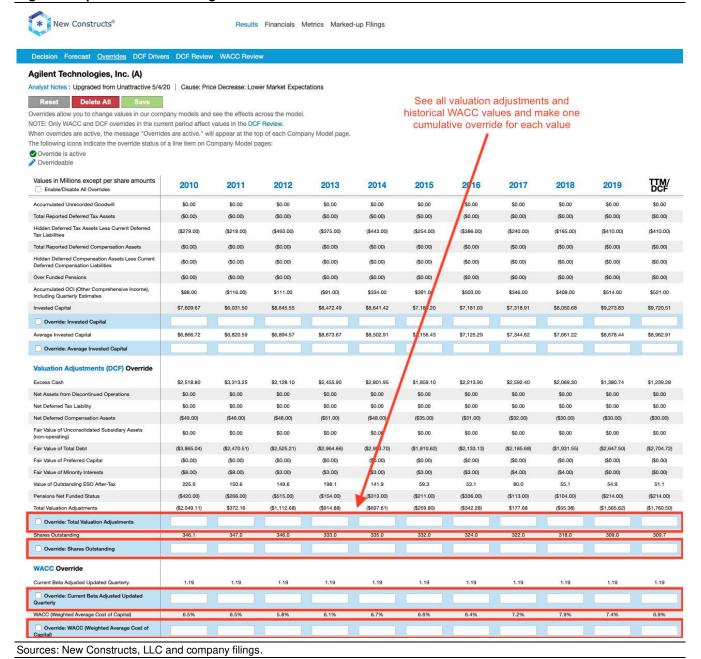
Figure 2: Updated Override Page - Invested Capital Override



Sources: New Constructs, LLC and company filings

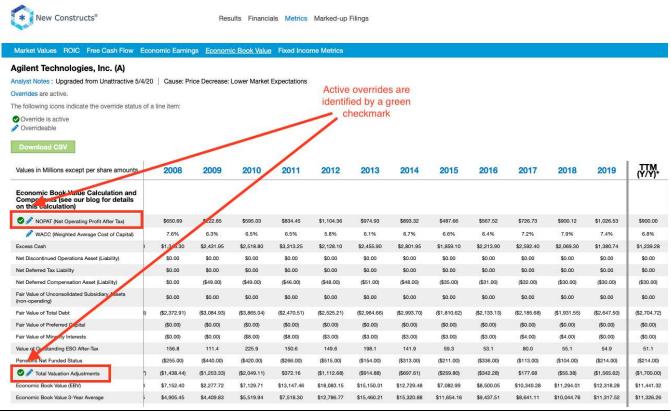
Figure 3 shows the updated valuation adjustments and WACC overrides. Use the valuation adjustments override to change the value of economic book value (EBV), enterprise value (EV), or shareholder value in the discounted cash flow (DCF) model.

Figure 3: Updated Override Page - Valuation and WACC Override



These overrides are automatically applied throughout our model, including on Financials and Metrics pages such as NOPAT, Invested Capital, Free Cash Flow and Economic Book Value, as well as the DCF page. Active overrides are identified by a green checkmark and can be edited by clicking the blue pencil icon.

Figure 4: Active Overrides in a Model



Sources: New Constructs, LLC and company filings.

Please contact us at support@newconstructs.com if you have any questions.

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

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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.

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- Markets are inefficiently assessing earnings because no one reads the footnotes.
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- Our technology brings the material footnotes data to market for the first time ever.

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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



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