



Don't Fret 2Q20 Earnings – Bloomberg TV

We joined Bloomberg TV's [Bloomberg Markets China Open](#) on Monday, June 22 to discuss earnings across the S&P 500, overview of the Hong Kong Stock Exchange, and how to pick the right stocks in the current market. Our interview starts at the 4:19 mark.

[Watch the Bloomberg TV Interview](#)

Now is the best time in many, many years for investors, especially those armed with differentiated insight into earnings, to pick individual stocks. Our [core earnings](#) provide [truer insights](#) into profitability and valuation than consensus estimates and similar measures from traditional data providers.

Table 1 from our recent report "[The Market Is Right & Consensus Earnings Are Wrong](#)" lists the stocks highlighted by the show and more of our recent [Long Ideas](#):

Table 1: Stock Picks in Today's Market

Company	Ticker	Publish Date	Performance vs S&P 500
SYSCO Corporation	SY Y	4/15/20	9%
Simon Property Group	SPG	4/20/20	30%
Darden Restaurants	DRI	4/22/20	2%
D.R. Horton	DHI	4/27/20	26%
Southwest Airlines	LUV	5/4/20	24%
Omnicom Group	OMC	5/6/20	-4%
Hyatt Hotels	H	5/14/20	11%
Allstate Corp	ALL	5/18/20	-5%
JPMorgan Chase & Company	JPM	5/21/20	8%
Caterpillar	CAT	5/27/20	0%

Sources: New Constructs, LLC

This article originally published on [June 23, 2020](#).

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

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



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