



## Proof Is in Performance Thru 2Q20

### Model Portfolios

#### Trust

Our research utilizes our superior "novel dataset" of earnings adjustments featured by the HBS & MIT Sloan paper, "Core Earnings: New Data and Evidence."

#### Performance

The value and success of our ratings are noteworthy. See media features and accolades.

#### More Reports

Click here to access our research and become a member.



- This report updates the performance of our Model Portfolios:
  - [Exec Comp Aligned With ROIC](#)
  - [Safest Dividend Yields](#)
  - [Dividend Growth Stocks](#)
  - [Most Attractive & Most Dangerous](#)
- The Most Attractive and Most Dangerous Stocks reports offer multiple strategies to outperform in good and bad markets.
  - Our small cap long/short strategy beat the Risk-Free Rate by 26% YTD.
  - Our small cap short strategy beat the short Russell 2000 by 16%.
  - Our large and small cap long/short strategy beat the Risk-Free Rate by 10%.
  - These strategies (and others) beat their benchmarks by much more since inception in January 2005.
- The Exec Comp Aligned with ROIC Model Portfolio outperformed the S&P 500 in 2Q20 (+20.4% vs. S&P +15.9%).
- The Safest Dividend Yields Model Portfolio outperformed the S&P 500 on a price (+23.8% vs. S&P +17.1%) and total return (+25.2% vs. S&P +17.6%) basis in 2Q20.
- The Dividend Growth Stocks Model Portfolio underperformed the S&P 500 on a price (+9.9% vs. S&P +10.9%) and total return basis (+10.6% vs. S&P +11.4%) in 2Q20.<sup>1</sup>

#### Keys to Our Success:

- We leverage our best-in-class data, which utilizes the superior data and earnings adjustments featured by this [Harvard Business School and MIT Sloan paper](#). This [paper](#) compares our analytics on a mega cap company to Bloomberg and Capital IQ (SPGI) in a detailed appendix.
- Our [Robo-Analyst technology](#), featured by [Harvard Business School](#), allows us to rigorously review the financial footnotes to extract critical data that impacts valuation and true core earnings of 3000+ stocks.
- Our reverse DCF models leverage insights into true core earnings to identify where market expectations are too high and too low.

<sup>1</sup> S&P 500 performance varies for each portfolio due to different publish dates and measurement periods. See the individual portfolio sections below for more details.



### Exec Comp Aligned with ROIC Model Portfolio

Figure 1 shows the performance through 2Q20 of the Exec Comp Aligned with ROIC Stocks versus its benchmark, the S&P 500. This performance is measured from January 15, 2020 to July 15, 2020, which represents the performance period of 1Q20 and 2Q20. The stocks in this Model Portfolio must earn an Attractive-or-better rating and align executive compensation with ROIC. For more on the methodology behind the Exec Comp Aligned with ROIC Model Portfolio, [click here](#).

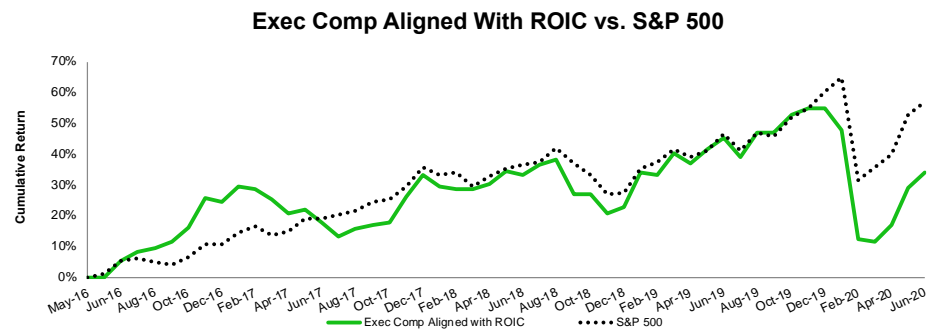
**Figure 1: Returns for Exec Comp Aligned with ROIC Portfolio For 2020**

Portfolio	1Q	2Q	3Q	4Q	2020
Exec Comp Aligned With ROIC	-28.1%	20.4%	-	-	-13.4%
S&P 500	-15.4%	15.9%	-	-	-1.9%
Difference	-12.7%	4.6%	-	-	-11.5%

Source: New Constructs, LLC

Note: Gain/Decline performance analysis excludes transaction costs, dividends and rebates.

**Figure 2: Exec Comp Aligned with ROIC Portfolio: Cumulative Performance Since Inception**



Source: New Constructs, LLC

Note: Gain/Decline performance analysis excludes transaction costs, dividends and rebates. Exec Comp Aligned with ROIC performance measured since inception date, May 2016.



### Safest Dividend Yields Model Portfolio

Figures 3 and 4 show the price performance through 2Q20 of the Safest Dividend Yields Model Portfolio versus its benchmark, the S&P 500. Figures 5 and 6 show the total return performance through 2Q20 versus its benchmark. This performance is measured from January 22, 2020 to July 22, 2020, which represents the performance period of 1Q20 and 2Q20. This model portfolio offers a well-screened group of stocks that also delivers yields greater than the market (S&P 500 yields ~2%), dividend sustainability because of strong free cash flow, and the potential for capital appreciation as each stock is currently undervalued. For more on the methodology behind the Safest Dividend Yields Model Portfolio, [click here](#).

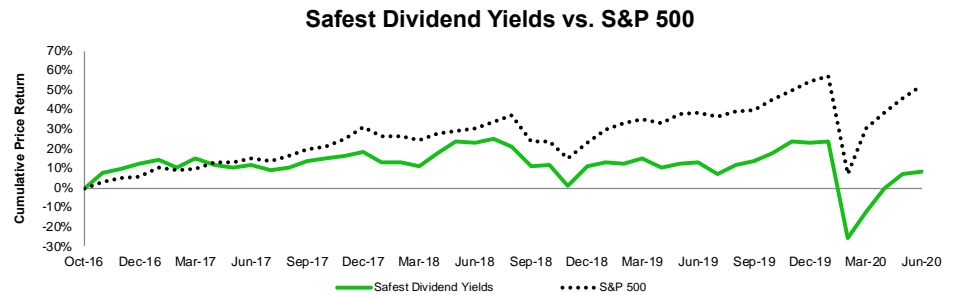
**Figure 3: Price Returns for Safest Dividend Yields Portfolio For 2020**

Portfolio	1Q	2Q	3Q	4Q	2020
Safest Dividend Yields	-29.0%	23.8%	-	-	-12.1%
S&P 500	-15.8%	17.1%	-	-	-1.4%
Difference	-13.2%	6.7%	-	-	-10.7%

Source: New Constructs, LLC

Note: Gain/Decline performance analysis excludes transaction costs, dividends and rebates.

**Figure 4: Safest Dividend Yields Portfolio: Cumulative Price Performance Since Inception**



Source: New Constructs, LLC

Note: Gain/Decline performance analysis excludes transaction costs, dividends and rebates. Safest Dividend Yields Portfolio performance measured since inception date, October 2016



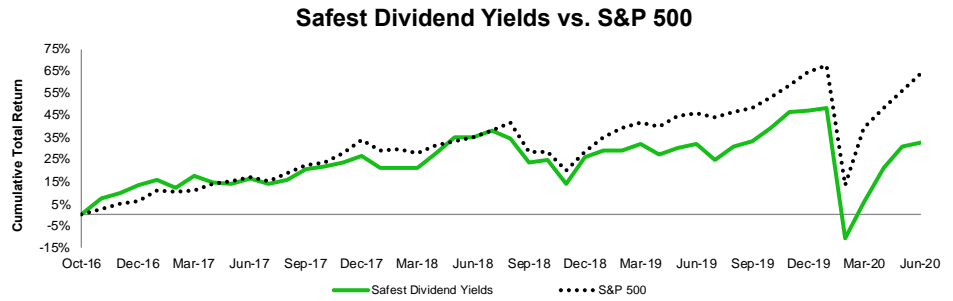
Figure 5: Total Returns for Safest Dividend Yields Portfolio For 2020

Portfolio	1Q	2Q	3Q	4Q	2020
Safest Dividend Yields	-28.1%	25.2%	-	-	-10.0%
S&P 500	-15.3%	17.6%	-	-	-0.4%
Difference	-12.8%	7.6%	-	-	-9.6%

Source: New Constructs, LLC

Note: Gain/Decline performance analysis excludes transaction costs.

Figure 6: Safest Dividend Yields Portfolio: Cumulative Total Return Performance Since Inception



Source: New Constructs, LLC

Note: Gain/Decline performance analysis excludes transaction costs. Safest Dividend Yields Portfolio performance measured since inception date, October 2016



### Dividend Growth Stocks Model Portfolio

Figures 7 and 8 show the performance through 2Q20 of the Dividend Growth Stocks Model Portfolio versus its benchmark, the S&P 500. Figures 9 and 10 show the total return performance through 2Q20 versus its benchmark. This performance is measured from January 29, 2020 to July 29, 2020, which represents the performance period of 1Q20 and 2Q20. This model portfolio mimics an All-Cap Blend portfolio with a focus on dividend growth. For more on the methodology behind the Dividend Growth Stocks Model Portfolio, [click here](#).

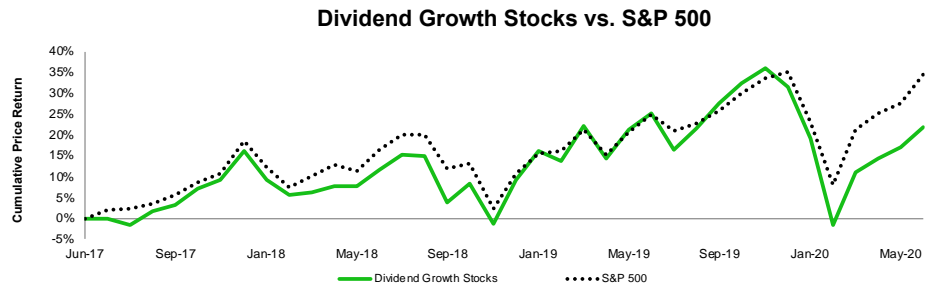
**Figure 7: Price Returns for Dividend Growth Stocks Portfolio For 2020**

Portfolio	1Q	2Q	3Q	4Q	2020
Dividend Growth Stocks	-15.7%	9.9%	-	-	-7.3%
S&P 500	-10.2%	10.9%	-	-	-0.5%
Difference	-5.4%	-1.0%	-	-	-6.9%

Source: New Constructs, LLC

Note: Gain/Decline performance analysis excludes transaction costs, dividends and rebates. Dividend Growth Stocks Portfolio performance measured since inception date, June 2017

**Figure 8: Dividend Growth Stocks Portfolio: Cumulative Price Performance Since Inception**



Source: New Constructs, LLC

Note: Gain/Decline performance analysis excludes transaction costs, dividends and rebates. Dividend Growth Stocks Portfolio performance measured since inception date, June 2017



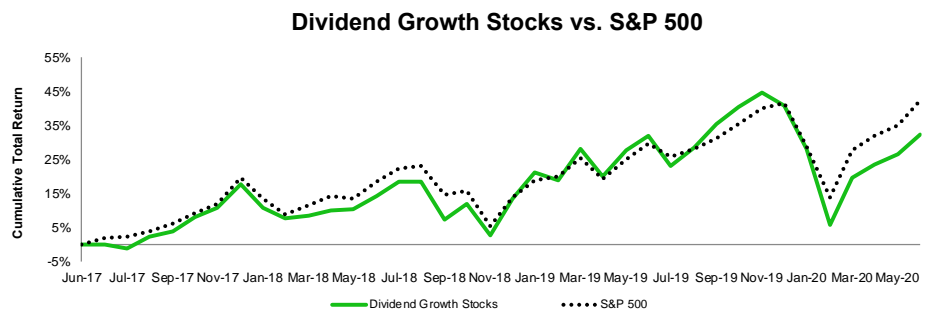
Figure 9: Total Returns for Dividend Growth Stocks Portfolio For 2020

Portfolio	1Q	2Q	3Q	4Q	2020
Dividend Growth Stocks	-15.1%	10.6%	-	-	-6.1%
S&P 500	-9.7%	11.4%	-	-	0.5%
Difference	-5.3%	-0.8%	-	-	-6.6%

Source: New Constructs, LLC

Note: Gain/Decline performance analysis excludes transaction costs. Dividend Growth Stocks Portfolio performance measured since inception date, June 2017

Figure 10: Dividend Growth Stocks Portfolio: Cumulative Total Return Performance Since Inception



Source: New Constructs, LLC

Note: Gain/Decline performance analysis excludes transaction costs. Dividend Growth Stocks Portfolio performance measured since inception date, June 2017



## Long/Short Strategies: Most Attractive/Most Dangerous Stocks (MA/MD)

The Most Attractive and Most Dangerous Stocks reports offer multiple strategies to outperform in good and bad markets. This performance is measured from January 7, 2020 to July 2, 2020, which represents the performance period of 1Q20 and 2Q20.

**Figure 11: Top 3 Strategies For 2020**

Strategy	Portfolio	2020				YTD
		1Q	2Q	3Q	4Q	
Long/Short <i>benchmark</i>	Small Cap Stocks	4.0%	21.5%	-	-	26.3%
	<i>Risk-Free Rate</i>	0.3%	0.0%	-	-	0.3%
	Difference	3.7%	21.5%	-	-	26.0%
Short <i>benchmark</i>	Small Cap Stocks	54.4%	-24.5%	-	-	16.6%
	<i>Short Russell 2000</i>	38.7%	-27.9%	-	-	0.1%
	Difference	15.7%	3.3%	-	-	16.5%
Long/Short <i>benchmark</i>	Large and Small Cap Stocks	1.1%	8.8%	-	-	10.0%
	<i>Risk-Free Rate</i>	0.3%	0.0%	-	-	0.3%
	Difference	0.8%	8.8%	-	-	9.7%

Source: New Constructs, LLC.

Note: Gain/Decline performance analysis excludes transaction costs, dividends and rebates.

Figure 12 shows the performance through 2Q20 of the long/short strategies offered by our Most Attractive and Most Dangerous Stocks versus benchmarks.

**Figure 12: Returns for Long/Short Strategies For 2020**

Strategy	Portfolio	2020				YTD
		1Q	2Q	3Q	4Q	
Long/Short <i>benchmark</i>	Large and Small Cap Stocks	1.1%	8.8%	-	-	10.0%
	<i>Risk-Free Rate</i>	0.3%	0.0%	-	-	0.3%
	Difference	0.8%	8.8%	-	-	9.7%
Long/Short <i>benchmark</i>	Large Cap Stocks	-1.7%	-3.0%	-	-	-4.7%
	<i>Risk-Free Rate</i>	0.3%	0.0%	-	-	0.3%
	Difference	-2.0%	-3.1%	-	-	-5.0%
Long/Short <i>benchmark</i>	Small Cap Stocks	4.0%	21.5%	-	-	26.3%
	<i>Risk-Free Rate</i>	0.3%	0.0%	-	-	0.3%
	Difference	3.7%	21.5%	-	-	26.0%

Source: New Constructs, LLC

Note: Gain/Decline performance analysis excludes transaction costs, dividends and rebates.



Figure 13 shows the annualized returns of the long/short strategies offered by our Most Attractive and Most Dangerous Stocks versus benchmarks.

**Figure 13: Annualized Returns for Long/Short Strategies**

Strategy	Portfolio	Annualized return as of 6/30/2020			
		1 Year	3 Year	5 Year	Since Inception
Long/Short benchmark	Large and Small Cap Stocks	17.3%	11.1%	9.2%	7.0%
	Risk-Free Rate	1.2%	1.7%	1.1%	1.3%
	Difference	16.0%	9.5%	8.1%	5.7%
Long/Short benchmark	Large Cap Stocks	2.8%	6.6%	2.8%	3.6%
	Risk-Free Rate	1.2%	1.7%	1.1%	1.3%
	Difference	1.6%	4.9%	1.7%	2.3%
Long/Short benchmark	Small Cap Stocks	32.7%	15.1%	15.3%	9.8%
	Risk-Free Rate	1.2%	1.7%	1.1%	1.3%
	Difference	31.4%	13.4%	14.2%	8.5%

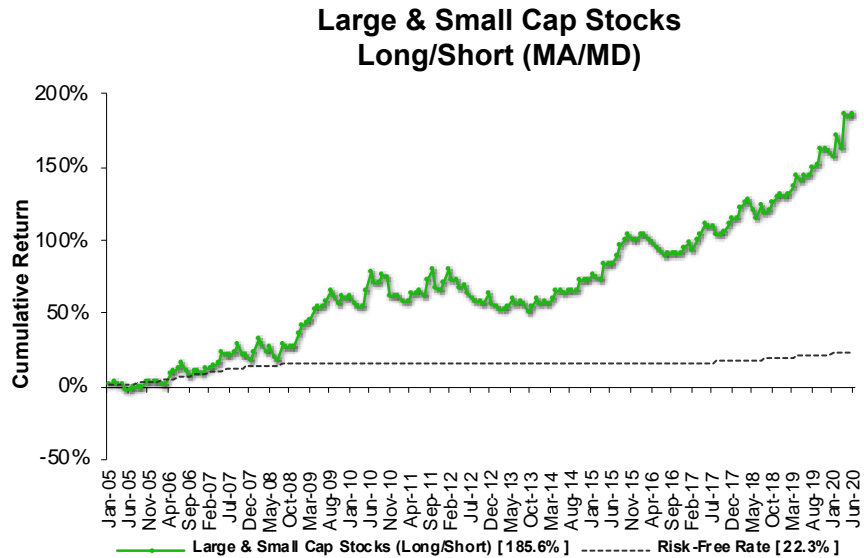
Source: New Constructs, LLC

Note: Gain/Decline performance analysis excludes transaction costs, dividends and rebates. Inception date is January 2005.





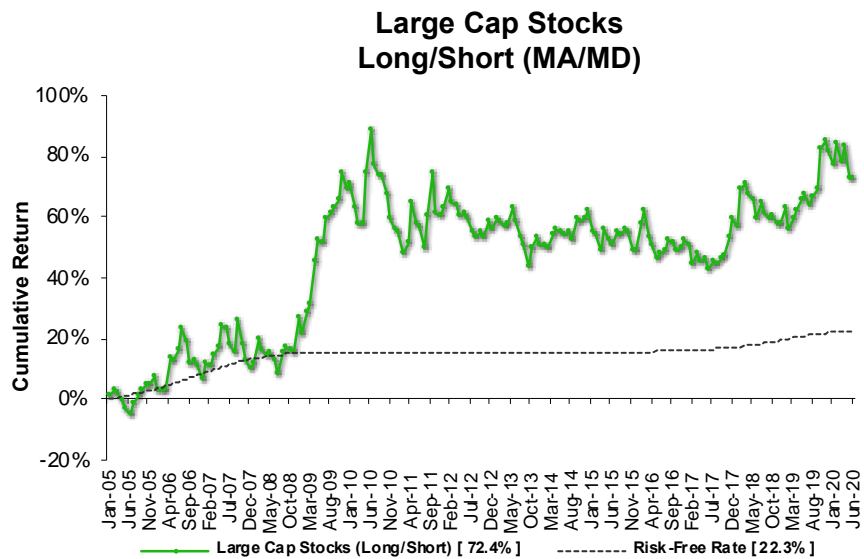
Figure 14: Large and Small Cap Strategy: Most Attractive/Most Dangerous (MA/MD) Stocks: Cumulative Performance Since Inception



Source: New Constructs, LLC

Note: Gain/Decline performance analysis excludes transaction costs, dividends and rebates. The Risk-Free Rate is based on the 3-Month T-Bill.

Figure 15: Large Cap Strategy: Most Attractive/Most Dangerous (MA/MD) Stocks: Cumulative Performance Since Inception



Source: New Constructs, LLC

Note: Gain/Decline performance analysis excludes transaction costs, dividends and rebates. The Risk-Free Rate is based on the 3-Month T-Bill.



Figure 16: Small Cap Strategy: Most Attractive/Most Dangerous (MA/MD) Stocks: Cumulative Performance Since Inception



Source: New Constructs, LLC

Note: Gain/Decline performance analysis excludes transaction costs, dividends and rebates. The Risk-Free Rate is based on the 3-Month T-Bill.



### Long Strategies: Most Attractive Stocks (MA)

Figure 17 shows the performance through 2Q20 of the long strategies offered by our Most Attractive Stocks versus benchmarks.

**Figure 17: Returns for Long Strategies For 2020**

Strategy	Portfolio	2020				YTD
		1Q	2Q	3Q	4Q	
Long <i>benchmark</i>	Large and Small Cap Stocks	-36.7%	41.0%	-	-	-10.8%
	S&P 500 and Russell 2000	-28.3%	27.9%	-	-	-8.4%
	Difference	-8.4%	13.1%	-	-	-2.4%
Long <i>benchmark</i>	Large Cap Stocks	-33.8%	31.8%	-	-	-12.7%
	S&P 500	-21.9%	23.9%	-	-	-3.3%
	Difference	-11.9%	8.0%	-	-	-9.4%
Long <i>benchmark</i>	Small Cap Stocks	-39.5%	50.4%	-	-	-9.0%
	Russell 2000	-34.5%	31.9%	-	-	-13.7%
	Difference	-5.0%	18.6%	-	-	4.6%

Source: New Constructs, LLC

Note: Gain/Decline performance analysis excludes transaction costs, dividends and rebates.

Figure 18 shows the annualized returns of the long strategies offered by our Most Attractive Stocks versus benchmarks.

**Figure 18: Annualized Returns for Long Strategies**

Strategy	Portfolio	Annualized return as of 6/30/2020			
		1 Year	3 Year	5 Year	Since Inception
Long <i>benchmark</i>	Large and Small Cap Stocks	-1.3%	4.1%	5.6%	8.6%
	S&P 500 and Russell 2000	-1.4%	4.7%	5.8%	6.2%
	Difference	0.1%	-0.6%	-0.1%	2.4%
Long <i>benchmark</i>	Large Cap Stocks	-4.1%	2.7%	3.4%	7.4%
	S&P 500	5.3%	8.9%	8.5%	6.5%
	Difference	-9.3%	-6.2%	-5.1%	0.9%
Long <i>benchmark</i>	Small Cap Stocks	1.0%	5.0%	7.4%	9.4%
	Russell 2000	-8.2%	0.4%	2.8%	5.7%
	Difference	9.3%	4.6%	4.6%	3.7%

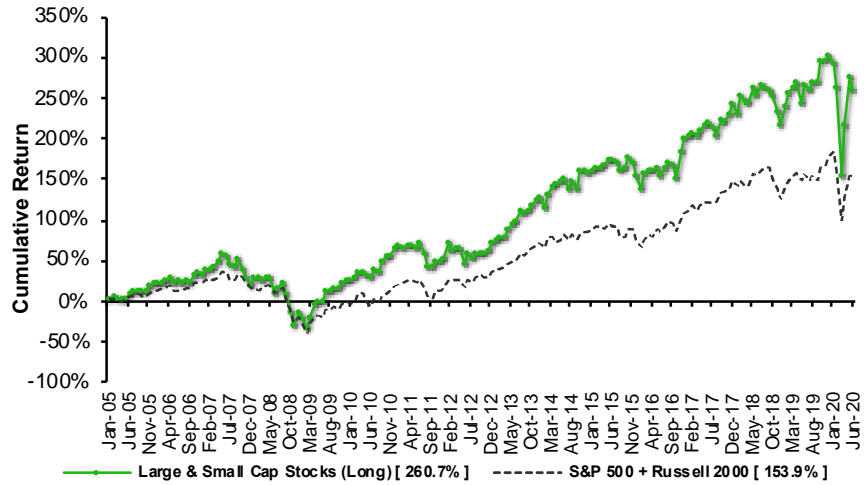
Source: New Constructs, LLC

Note: Gain/Decline performance analysis excludes transaction costs, dividends and rebates. Inception date is January 2005.



Figure 19: Large and Small Cap Strategy: Most Attractive Stocks: Cumulative Performance Since Inception

Large & Small Cap Stocks (Long)

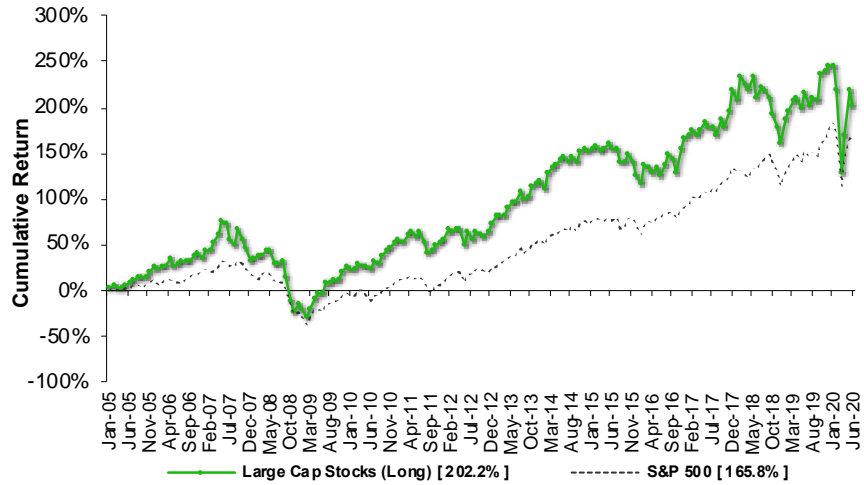


Source: New Constructs, LLC

Note: Gain/Decline performance analysis excludes transaction costs, dividends and rebates.

Figure 20: Large Cap Strategy: Most Attractive Stocks: Cumulative Performance Since Inception

Large Cap Stocks (Long)



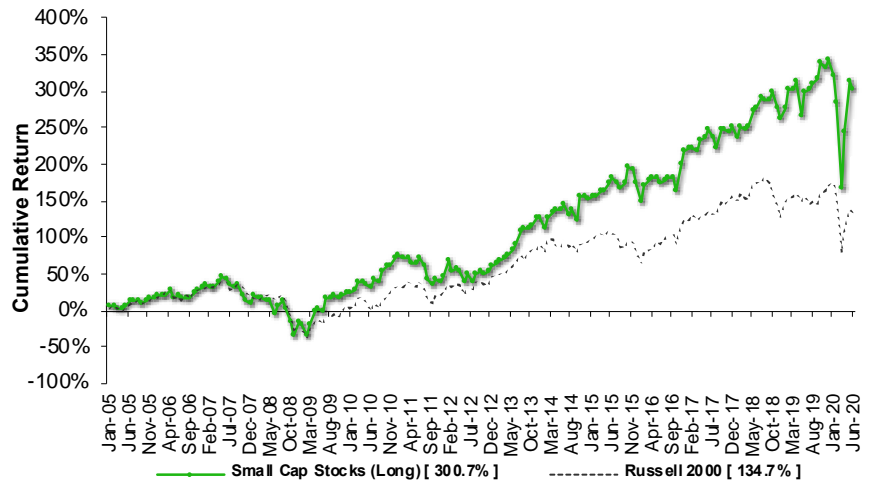
Source: New Constructs, LLC

Note: Gain/Decline performance analysis excludes transaction costs, dividends and rebates.



Figure 21: Small Cap Strategy: Most Attractive Stocks: Cumulative Performance Since Inception

Small Cap Stocks (Long)



Source: New Constructs, LLC

Note: Gain/Decline performance analysis excludes transaction costs, dividends and rebates.



### Short Strategies: Most Dangerous Stocks (MD)

Figure 22 shows the performance through 2Q20 of the short strategies offered by our Most Dangerous Stocks versus benchmarks.

**Figure 22: Returns for Short Strategies For 2020**

Strategy	Portfolio	2020				YTD
		1Q	2Q	3Q	4Q	
Short <i>benchmark</i>	Large and Small Cap Stocks	45.3%	-28.1%	-	-	4.5%
	<i>Short S&amp;P 500 and Russell 2000</i>	30.6%	-24.6%	-	-	-1.5%
	Difference	14.8%	-3.5%	-	-	6.1%
Short <i>benchmark</i>	Large Cap Stocks	36.6%	-31.7%	-	-	-6.7%
	<i>Short S&amp;P 500</i>	22.7%	-21.3%	-	-	-3.5%
	Difference	13.9%	-10.4%	-	-	-3.2%
Short <i>benchmark</i>	Small Cap Stocks	54.4%	-24.5%	-	-	16.6%
	<i>Short Russell 2000</i>	38.7%	-27.9%	-	-	0.1%
	Difference	15.7%	3.3%	-	-	16.5%

Source: New Constructs, LLC

Note: Gain/Decline performance analysis excludes transaction costs, dividends and rebates.

Figure 23 shows the annualized returns of the short strategies offered by our Most Dangerous Stocks versus benchmarks.

**Figure 23: Annualized Returns for Short Strategies**

Strategy	Portfolio	Annualized return as of 6/30/2020			
		1 Year	3 Year	5 Year	Since Inception
Short <i>benchmark</i>	Large and Small Cap Stocks	0.5%	-0.3%	-1.7%	-5.7%
	<i>Short S&amp;P 500 and Russell 2000</i>	-9.1%	-8.9%	-8.8%	-9.0%
	Difference	9.6%	8.6%	7.1%	3.3%
Short <i>benchmark</i>	Large Cap Stocks	-8.6%	-2.8%	-5.2%	-7.0%
	<i>Short S&amp;P 500</i>	-12.0%	-11.3%	-10.2%	-8.5%
	Difference	3.4%	8.5%	5.0%	1.5%
Short <i>benchmark</i>	Small Cap Stocks	10.0%	1.8%	1.6%	-5.0%
	<i>Short Russell 2000</i>	-6.5%	-6.7%	-7.6%	-9.7%
	Difference	16.5%	8.5%	9.1%	4.8%

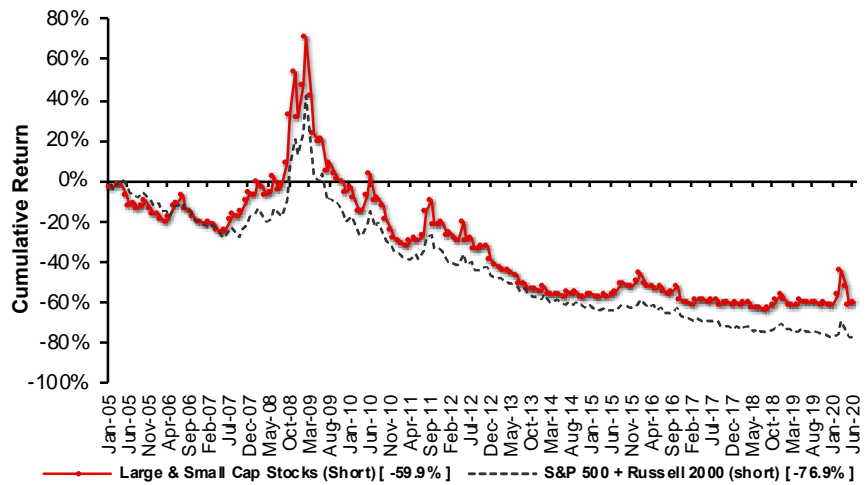
Source: New Constructs, LLC

Note: Gain/Decline performance analysis excludes transaction costs, dividends and rebates. Inception date is January 2005.



Figure 24: Large and Small Cap Strategy: Most Dangerous Stocks: Cumulative Performance Since Inception

Large & Small Cap Stocks (Short)

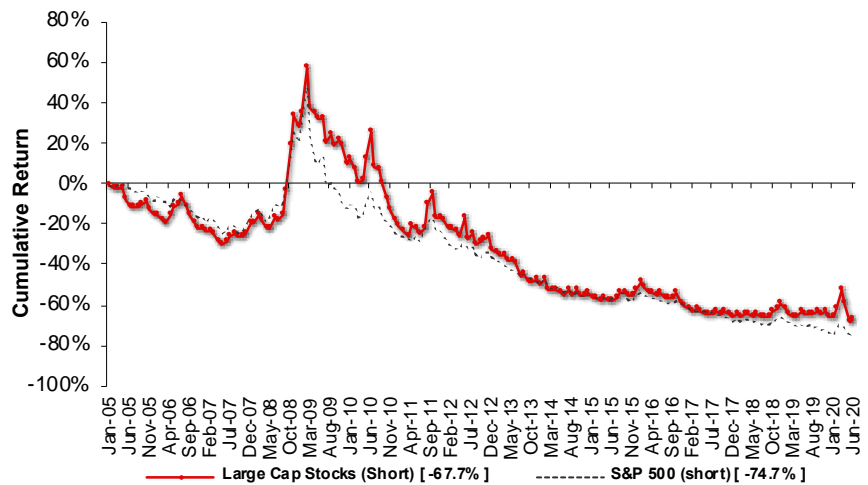


Source: New Constructs, LLC

Note: Gain/Decline performance analysis excludes transaction costs, dividends and rebates.

Figure 25: Large Cap Strategy: Most Dangerous Stocks: Cumulative Performance Since Inception

Large Cap Stocks (Short)



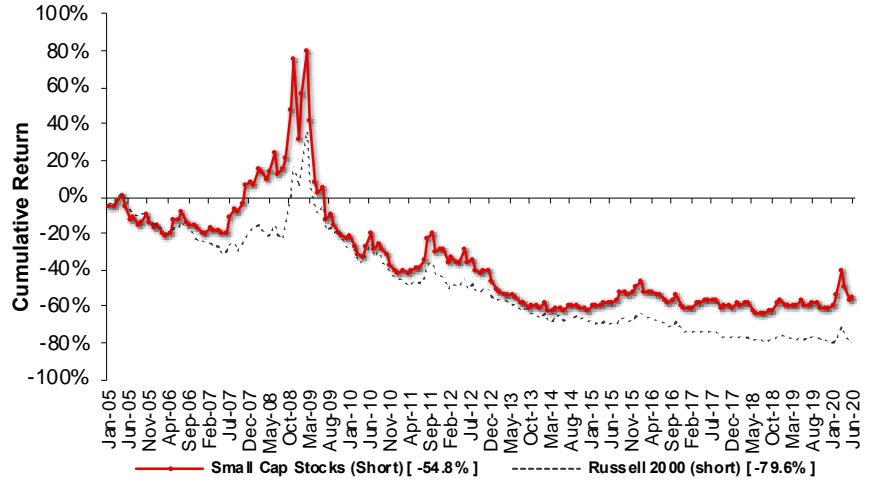
Source: New Constructs, LLC

Note: Gain/Decline performance analysis excludes transaction costs, dividends and rebates.



**Figure 26: Small Cap Strategy: Most Dangerous Stocks: Cumulative Performance Since Inception**

**Small Cap Stocks (Short)**



Source: New Constructs, LLC

Note: Gain/Decline performance analysis excludes transaction costs, dividends and rebates.





**Appendix 1 – Risk Metrics**

Strategy	Volatility				Sharpe Ratio				Beta				Monthly Turnover			
	1 year	3 year	5 year	Since Inception	1 Year	3 Year	5 Year	Since Inception	1 Year	3 Year	5 Year	Since Inception	1 Year	3 Year	5 Year	Since Inception
<b>Long/Short</b>	12%	9%	8%	10%	1.6	1.3	1.2	0.7	1.0	1.0	1.0	1.0	47%	43%	44%	34%
<b>Long Large</b>	44%	28%	23%	21%	0.0	0.1	0.1	0.3	1.0	1.1	1.0	1.0	43%	44%	43%	33%
<b>Long Small</b>	53%	32%	27%	26%	0.0	0.2	0.3	0.4	0.86	0.89	0.89	0.92	46%	42%	44%	35%
<b>Long Large and Small</b>	48%	29%	24%	22%	0.0	0.2	0.2	0.4	0.94	0.98	0.97	0.96	45%	43%	44%	34%
<b>Short Large</b>	43%	26%	23%	21%	-0.2	-0.1	-0.3	-0.3	1.1	1.1	1.1	1.1	55%	45%	44%	34%
<b>Short Small</b>	43%	28%	24%	25%	0.2	0.0	0.0	-0.2	0.97	1.00	1.02	1.11	44%	42%	44%	34%
<b>Short Large and Small</b>	43%	26%	23%	22%	0.0	0.0	-0.1	-0.3	1.03	1.06	1.07	1.13	49%	43%	45%	35%
<b>S&amp;P 500</b>	30%	19%	16%	16%	0.3	0.4	0.5	0.4								
<b>Russell 2000</b>	42%	26%	23%	22%	-0.1	0.0	0.1	0.3								



## ***Appendix 2 – Assumptions Behind Simulated Performance Analysis***

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The basic assumptions behind our simulated performance analysis are:

1. Positions are equally dollar-weighted in all portfolios and strategies: going long with the Most Attractive, Exec Comp Aligned with ROIC, Safest Dividend Yields, and Dividend Growth Stocks and shorting the Most Dangerous.
2. Holdings are updated on the publish date of the monthly reports.
3. Closing prices are used to open positions on the day each report was published. If a report is published on a non-trading day, then the closing price of the next trading day is used.
4. Positions are closed at the same time new positions are opened.
5. If a stock stops trading before the subsequent monthly report is published, we assume that the position was exited at the last available price.
6. Performance analysis excludes transaction costs, dividends, and the rebates associated with the short portfolios.

The Most Attractive and Most Dangerous portfolios are matched to the following benchmarks:

1. Long/Short (Most Attractive as Long and Most Dangerous as Short): Benchmark is the 3-Month T-Bill, the Risk-Free Rate.
2. Large Cap Stocks: Long benchmark is the S&P 500. Short benchmark is based on shorting the S&P 500.
3. Small Cap Stocks: Long benchmark is the Russell 2000. Short benchmark is based on shorting the Russell 2000.
4. Combo Large and Small Cap Stocks: Long benchmark is the average of the S&P 500 and Russell 2000. Short benchmark is based on the average of shorting the S&P 500 and shorting the Russell 2000.



## Appendix 3 – Keys to Our Success

### **Key to Our Success: Better Data and Better Models**

Our proprietary earnings and valuation models leverage large amounts of data from the Notes to the Financial Statements to produce better measures of profitability and valuation. Our report [“Why the Notes Matter”](#) provides insights into why our analysis of the Notes to the Financial Statements is critical to understanding the financial performance of companies.

### **Investment Philosophy: Cash is King**

Our investment philosophy relies on leveraging a better understanding of (1) cash earnings, in place of reported GAAP<sup>2</sup> accounting earnings, and (2) the market’s expectations for future cash flows for every company we cover.

Having a better model for assessing these core value drivers enables us to exercise greater discipline and enjoy greater success when implementing our [“Cash Is King”](#) investment philosophy.

We believe the performance of our Most Attractive and Most Dangerous Stocks portfolios underscores the merits of our [investment philosophy](#).

<sup>2</sup> GAAP stands for Generally Accepted Accounting Principles, the rules that govern how companies report financial performance and present financial statements.



### 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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