



January 2021 Stock Picking Accolades: #4 in Healthcare

We are January's [#4 ranked stock picker in Healthcare](#) per *SumZero Rankings*. SumZero is a highly exclusive buy-side only community with over 16,000 pre-screened professional portfolio managers.

Below are some of our best picks, which utilize the best fundamental data¹ in the world, proven in [Core Earnings: New Data and Evidence](#), forthcoming in [The Journal of Financial Economics](#).

We give members of New Constructs access to these ideas, as we do all research, before we post them to SumZero.

Long Calls

1. Williams-Sonoma (WSM) – up 124% [since publishing](#) in September 2016
2. Mastec Inc. (MTZ) – up 85% [since publishing](#) in June 2020
3. HCA Healthcare (HCA) – up 77% [since publishing](#) in June 2020
4. NVR Inc. (NVR) – up 86% [since publishing](#) in April 2017
5. Alphabet, Inc. (GOOGL) – up 64% [since publishing](#) in February 2018

Short Calls

1. Hertz Global Holdings (HTZ) – down 75% when [position closed in April 2020](#)
2. TrueCar Inc. (TRUE) – down 67% when [position closed in June 2019](#)

[Learn more about the best fundamental research](#)

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Disclosure: David Trainer owns HCA. 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.

¹ Our reports utilize our [Core Earnings](#), a superior measure of profits, as demonstrated in [Core Earnings: New Data & Evidence](#), a paper by professors at Harvard Business School (HBS) & MIT Sloan. Recently accepted by the Journal of Financial Economics, the paper proves that our data is superior to all the metrics offered elsewhere.



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.

The Journal of Financial Economics 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.

Forthcoming in The Journal of Financial Economics, the HBS & MIT Sloan paper, [Core Earnings: New Data and Evidence](#), proves 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 against Bloomberg & Capital IQ.

Learn [more](#).

Quotes from HBS & MIT Sloan professors on our research:

Superior data:

"[New Constructs'] Total Adjustments differs significantly from the items identified and excluded from Compustat's adjusted earnings measures. For example... 50% to 70% of the variation in Total Adjustments is not explained by IBSPI Adjustments, OIADP Adjustments, or OPE Adjustments individually." – pp. 14, 1st para.

Pick better stocks:

"Trading strategies that exploit non-core earnings produce abnormal returns of 8% per year." – Abstract, 5th sentence

Risks of using legacy data providers:

"we identified cases where Compustat did not collect information relating to firms' income that is useful in assessing core earnings." – pp. 16, 2nd para.

Build better models:

"... the machine [NC's Robo-Analyst technology] learned and replicated human analysts' judgements based on their prior decisions. It did so with greater speed and scale to produce a database covering a broad cross-section of firms." – pp. 9, 2nd para.

Exploit market inefficiencies:

"...analysts and other market participants are slow to impound the implications of the distinction between core and non-core earnings, especially those disclosed from the footnotes section of the 10-K" – pp. 35, 1st para.

Fulfill fiduciary duties:

"These costs [of analyzing footnotes] point to the potential for increasing inequities in the usefulness of financial statements for sophisticated versus unsophisticated investors who differ in their technological capabilities for processing 10-K information" – pp. 35, 2nd para.



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