Proof of the Superiority of Our Data, Models, & Ratings

Many firms claim their research is superior, but none of them can prove it with independent studies from highly-respected institutions as we can. Below, three different papers from both the public and private sectors reveal bias, inaccuracies and omissions in legacy datasets while proving the superiority of our proprietary fundamental data, earnings models, investment ratings, and research for stocks, bonds, ETFs, and mutual funds.

Best Fundamental Data in the World

Forthcoming in The Journal of Financial Economics, a top peer-reviewed journal, Core Earnings: New Data & Evidence proves how our Robo-Analyst technology overcomes material shortcomings in legacy data firms processes and data to provide superior fundamental data, earnings models, and research. More details.

Key quotes from the paper:

- “[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 S&P Global’s (SPGI) Adjustments individually.” – pp. 14, 1st para.
- “A final source of differences [between New Constructs’ and S&P Global’s data] is due to data collection oversights...we identified cases where Compustat did not collect information relating to firms’ income that is useful in assessing core earnings.” – pp. 16, 2nd para.

Superior Models

A top accounting firm features the superiority of our ROIC, NOPAT and Invested Capital research to Capital IQ & Bloomberg’s in Getting ROIC Right. See the Appendix for direct comparison details.

Key quotes from the paper:

- “…an accurate calculation of ROIC requires more diligence than often occurs in some of the common, off-the-shelf ROIC calculations. Only by scouring the footnotes and the MD&A [the New Constructs method] can investors get an accurate calculation of ROIC.” – pp. 8, 5th para.
- “The majority of the difference...comes from New Constructs’ machine learning approach, which leverages technology to calculate ROIC by applying accounting adjustments that may be buried deeply in the footnotes across thousands of companies.” – pp. 4, 2nd para.

Superior Stock Ratings

Robo-Analysts’ stock ratings outperform those from human analysts as shown in this paper from Indiana’s Kelley School of Business. Bloomberg features the paper here.

Key quotes from the paper:

- “the portfolios formed following the buy recommendations of Robo-Analysts earn abnormal returns that are statistically and economically significant.” – pp. 6, 3rd para.
- “Our results ultimately suggest that Robo-Analysts are a valuable, alternative information intermediary to traditional sell-side analysts.” – pp. 20, 3rd para.

Our mission is to provide the best fundamental analysis of public and private businesses in the world and make it affordable for all investors, not just Wall Street insiders.

We believe every investor deserves to know the whole truth about the profitability and valuation of any company they consider for investment. More details on our cutting-edge technology and how we use it are here.

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

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It’s Official: We Offer the Best Fundamental Data in the World

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Best Fundamental Data in the World


Key quotes from the paper:

- “[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 IBSP Adjustments, OIADP Adjustments, or OPE Adjustments individually.” – pp. 14, 1st para.

- “A final source of differences [between New Constructs’ and S&P Global’s data] is due to data collection oversights… we identified cases where Compustat did not collect information relating to firms’ income that is useful in assessing core earnings.” – pp. 16, 2nd para.

Superior Models

A top accounting firm features the superiority of our NOPAT, Invested Capital, and ROIC research on four mega-cap companies in “Getting ROIC right: how an accurate view of ROIC can drive improved shareholder value”.

Key quotes from the paper:

- “…an accurate calculation of ROIC requires more diligence than often occurs in some of the common, off-the-shelf ROIC calculations. Only by scouring the footnotes and the MD&A [the New Constructs method] can investors get an accurate calculation of ROIC.” – pp. 8, 5th para.

- “The majority of the difference… comes from New Constructs’ machine learning approach, which leverages technology to calculate ROIC by applying accounting adjustments that may be buried deeply in the footnotes across thousands of companies.” – pp. 4, 2nd para.

See the Appendix for direct comparison of our analysis of DOW’s 2015 results to Capital IQ and Bloomberg.

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