



S&P 500 & Sectors: Free Cash Flow Is Up But Prices Are Down

This report analyzes^{1,2} free cash flow ([FCF](#)), [enterprise value](#), and the trailing FCF yield for the S&P 500 and each of its sectors through the trailing-twelve-months (TTM) ended 1Q22.

Last quarter's version of this report is [here](#). You can find the same analysis on other key metrics [here](#).

This report leverages our cutting-edge [Robo-Analyst technology](#) to deliver [proven-superior](#)³ fundamental research and support more cost-effective fulfillment of the [fiduciary duty of care](#).

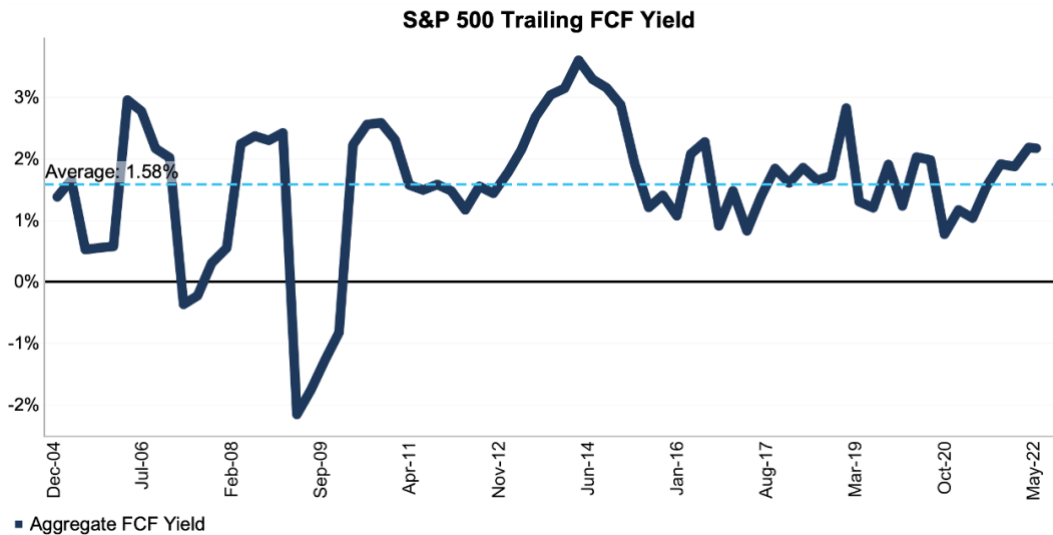
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Trailing FCF Yield Rises Over the Last Year

The trailing FCF yield for the S&P 500 rose from 1.6% on 6/30/21 to 2.2% as of 5/16/22. The FCF yield for the S&P 500 has been this high only three other times since the beginning of 2015: 6/30/16, 12/31/18, and 3/31/22. See Figure 1.

The S&P 500's FCF remains high, as can be seen in Appendix I, but it is declining. The trailing FCF yield remains high as well, relative to recent quarters, because stock prices are declining more than FCF. We think the market is signaling expectations for further declines in FCF, and we expect prices will continue to fall until the end of FCF declines is in sight.

Figure 1: Trailing FCF Yield for the S&P 500 From Dec 2004 – 5/16/22⁴



Sources: New Constructs, LLC and company filings.

The May 16, 2022 measurement period uses price data as of that date and incorporates the financial data from 1Q22 10-Qs, as this is the earliest date for which all the 1Q22 10-Qs for the S&P 500 constituents were available.

¹ We calculate these metrics based on [S&P Global](#)'s (SPGI) methodology, which sums the individual S&P 500 constituent values for free cash flow and enterprise value before using them to calculate the metrics. We call this the "Aggregate" methodology. Get more details in Appendices I and II.

² This report is based on the latest audited financial data available, which is the 1Q22 10-Q in most cases. Price data is as of 5/16/22.

³ Our research utilizes our [Core Earnings](#), a more reliable measure of profits, as proven in [Core Earnings: New Data & Evidence](#), written by professors at Harvard Business School (HBS) & MIT Sloan and published in [The Journal of Financial Economics](#).

⁴ We use stock prices from 5/16/22 because that is the date when all 1Q22 10-Qs for the S&P 500 constituents were available.



Ranking the S&P 500 Sectors by Trailing FCF Yield

Figure 2 ranks all 11 S&P 500 sectors by change in trailing FCF yield from 6/30/21 to 5/16/22 (based on financial data from 1Q21 and 1Q22 10-Qs). Seven S&P 500 sectors saw an increase in trailing FCF yield from 6/30/21 to 5/16/22.

Figure 2: Trailing FCF Yield for All S&P 500 Sectors: 6/30/21 to 5/16/22

| Sector | Trailing FCF Yield | YoY Change (% points) |
|------------------------|--------------------|-----------------------|
| Telecom Services | 2.6% | 7.9% |
| Energy | 5.0% | 3.9% |
| Utilities | 2.3% | 3.2% |
| Financials | 4.5% | 3.0% |
| Healthcare | 2.5% | 1.2% |
| Consumer Non-cyclicals | 4.1% | 0.9% |
| Consumer Cyclical | 0.7% | 0.0% |
| Technology | 1.8% | -0.5% |
| Basic Materials | 4.5% | -0.8% |
| Industrials | 0.5% | -2.3% |
| Real Estate | -4.4% | -4.9% |
| S&P 500 | 2.2% | 0.6% |

Sources: New Constructs, LLC and company filings.
Prices as of 5/16/22, financial data from 1Q22 10-Qs.

With a 5.0% FCF Yield, investors are getting more FCF for their investment dollar in the Energy sector than any other sector as of 5/16/22. On the flip side, the Real Estate sector, at -4.4%, currently has the lowest trailing FCF yield of all S&P 500 sectors.

The Telecom Services, Energy, Utilities, Financials, Healthcare, Consumer Non-cyclicals, and Consumer Cyclical sectors each saw an increase in trailing FCF yield from 6/30/21 to 5/16/22.

Details on Each of the S&P 500 Sectors

Figures 3 through 13 show the FCF yield trends for every sector since 2004. Note that the current FCF yields are based on prices as of May 16, 2022 and the latest financial data, mostly 1Q22 10-Qs.

Appendix I presents the components of trailing FCF yield: FCF and enterprise value for the S&P 500 and each S&P 500 sector.

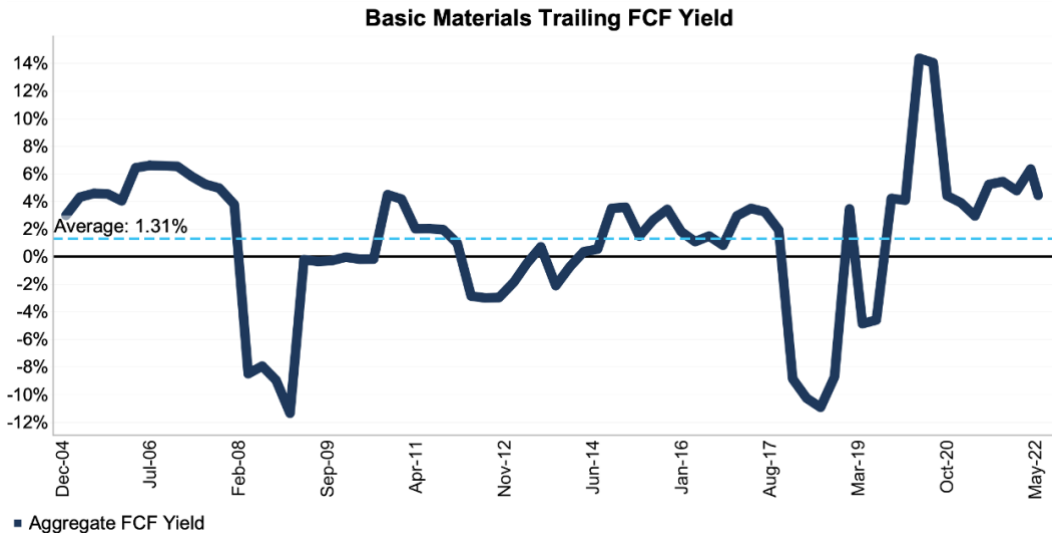
Appendix II provides additional aggregated trailing FCF yield analyses that adjust for company size/market cap.



Basic Materials

Figure 3 shows the trailing FCF yield for the Basic Materials sector fell from 5.2% as of 6/30/21 to 4.5% as of 5/16/22. The Basic Materials sector FCF fell from \$67.6 billion in 1Q21 to \$48.8 billion in 1Q22, while enterprise value fell from \$1.3 trillion as of 6/30/21 to \$1.1 trillion as of 5/16/22.

Figure 3: Basic Materials Trailing FCF Yield: Dec 2004 – 5/16/22



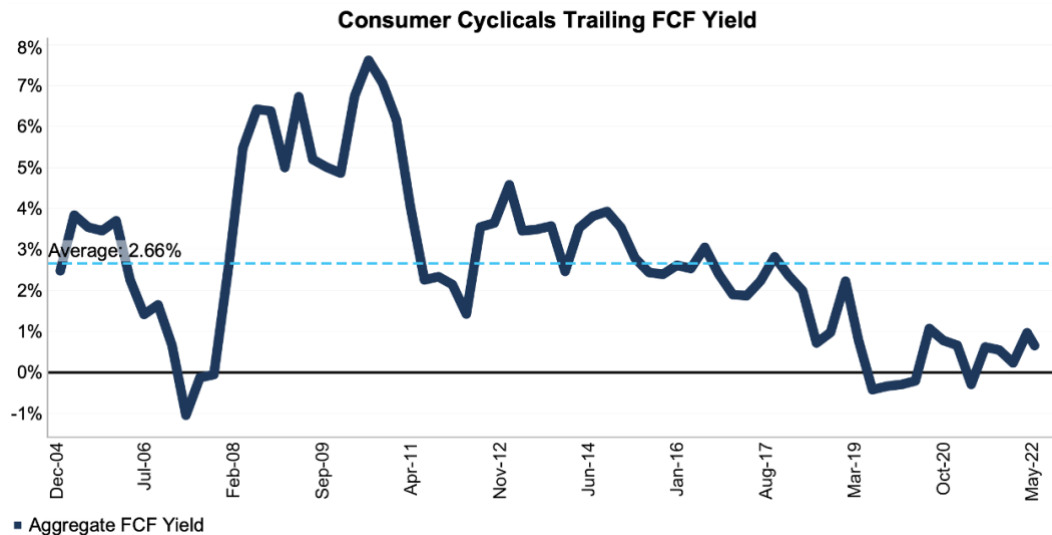
Sources: New Constructs, LLC and company filings.

The May 16, 2022 measurement period uses price data as of that date and incorporates the financial data from 1Q22 10-Qs, as this is the earliest date for which all the 1Q22 10-Qs for the S&P 500 constituents were available.

Consumer Cyclicals

Figure 4 shows the trailing FCF yield for the Consumer Cyclicals sector rose from 0.6% as of 6/30/21 to 0.7% as of 5/16/22. The Consumer Cyclicals sector FCF fell from \$43.4 billion in 1Q21 to \$38.5 billion in 1Q22, while enterprise value fell from \$7.0 trillion as of 6/30/21 to \$5.8 trillion as of 5/16/22.

Figure 4: Consumer Cyclicals Trailing FCF Yield: Dec 2004 – 5/16/22



Sources: New Constructs, LLC and company filings.

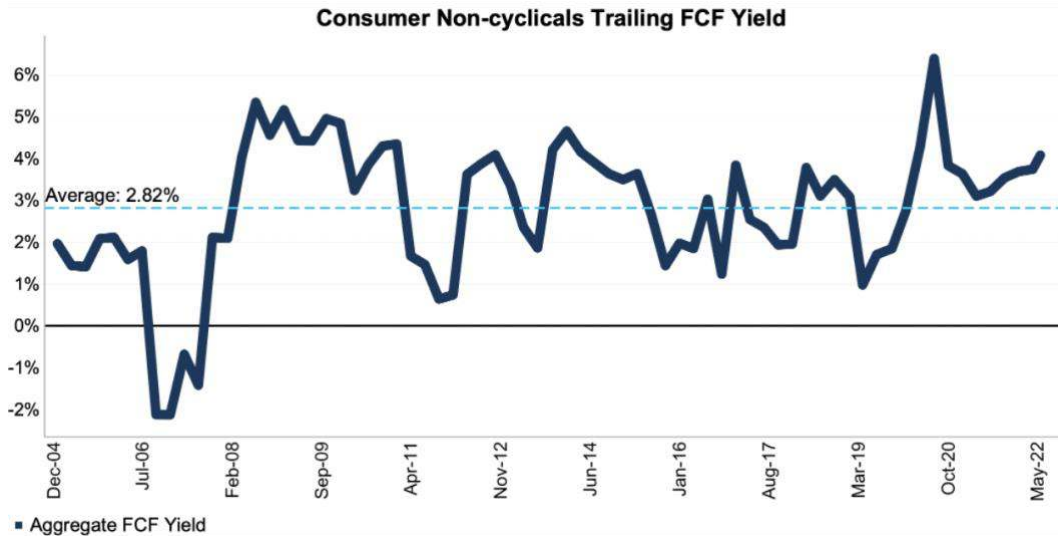
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Consumer Non-cyclicals

Figure 5 shows the trailing FCF yield for the Consumer Non-cyclicals sector rose from 3.2% as of 6/30/21 to 4.1% as of 5/16/22. The Consumer Non-cyclicals sector FCF rose from \$99.0 billion in 1Q21 to \$132.0 billion in 1Q22, while enterprise value rose from \$3.1 trillion as of 6/30/21 to \$3.2 trillion as of 5/16/22.

Figure 5: Consumer Non-cyclicals Trailing FCF Yield: Dec 2004 – 5/16/22



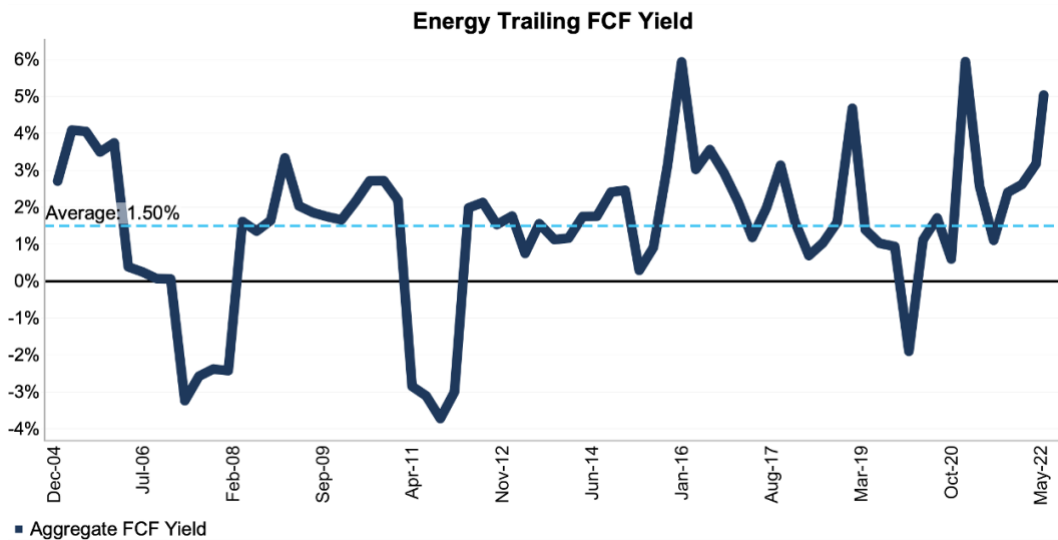
Sources: New Constructs, LLC and company filings.

The May 16, 2022 measurement period uses price data as of that date and incorporates the financial data from 1Q22 10-Qs, as this is the earliest date for which all the 1Q22 10-Qs for the S&P 500 constituents were available.

Energy

Figure 6 shows the trailing FCF yield for the Energy sector rose from 1.1% as of 6/30/21 to 5.0% as of 5/16/22. The Energy sector FCF rose from \$18.0 billion in 1Q21 to \$106.4 billion in 1Q22, while enterprise value increased from \$1.6 trillion as of 6/30/21 to \$2.1 trillion as of 5/16/22.

Figure 6: Energy Trailing FCF Yield: Dec 2004 – 5/16/22



Sources: New Constructs, LLC and company filings.

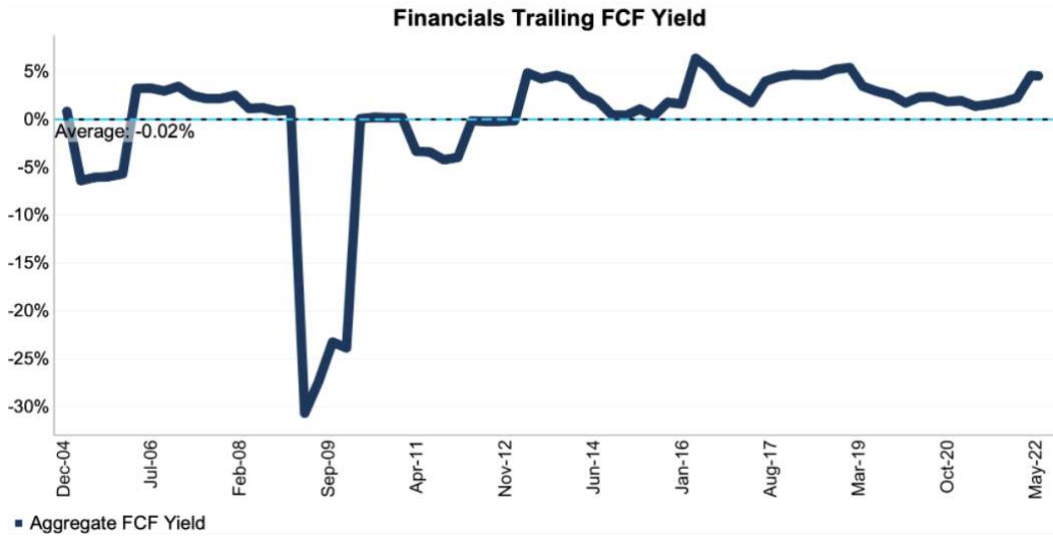
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Financials

Figure 7 shows the trailing FCF yield for the Financials sector rose from 1.5% as of 6/30/21 to 4.5% as of 5/16/22. The Financials sector FCF rose from \$77.9 billion in 1Q21 to \$204.1 billion in 1Q22, while enterprise value fell from \$5.0 trillion as of 6/30/21 to \$4.5 trillion as of 5/16/22.

Figure 7: Financials Trailing FCF Yield: Dec 2004 – 5/16/22



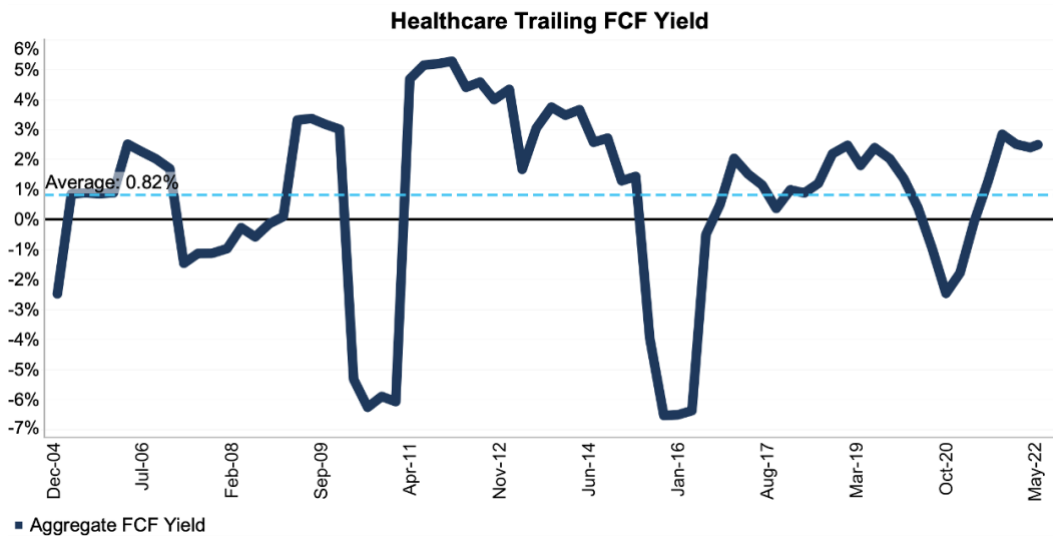
Sources: New Constructs, LLC and company filings.

The May 16, 2022 measurement period uses price data as of that date and incorporates the financial data from 1Q22 10-Qs, as this is the earliest date for which all the 1Q22 10-Qs for the S&P 500 constituents were available.

Healthcare

Figure 8 shows the trailing FCF yield for the Healthcare sector rose from 1.3% as of 6/30/21 to 2.5% as of 5/16/22. The Healthcare sector FCF rose from \$70.4 billion in 1Q21 to \$139.8 billion in 1Q22, while enterprise value increased from \$5.5 trillion as of 6/30/21 to \$5.6 trillion as of 5/16/22.

Figure 8: Healthcare Trailing FCF Yield: Dec 2004 – 5/16/22



Sources: New Constructs, LLC and company filings.

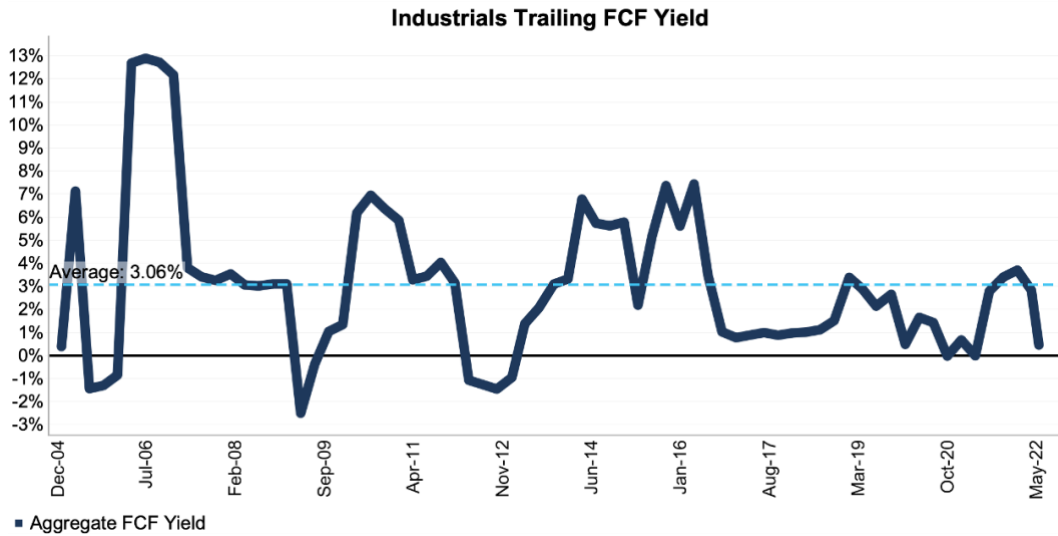
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Industrials

Figure 9 shows the trailing FCF yield for the Industrials sector fell from 2.8% as of 6/30/21 to 0.5% as of 5/16/22. The Industrials sector FCF fell from \$123.2 billion in 1Q21 to \$18.3 billion in 1Q22, while enterprise value fell from \$4.4 trillion as of 6/30/21 to \$4.0 trillion as of 5/16/22.

Figure 9: Industrials Trailing FCF Yield: Dec 2004 – 5/16/22



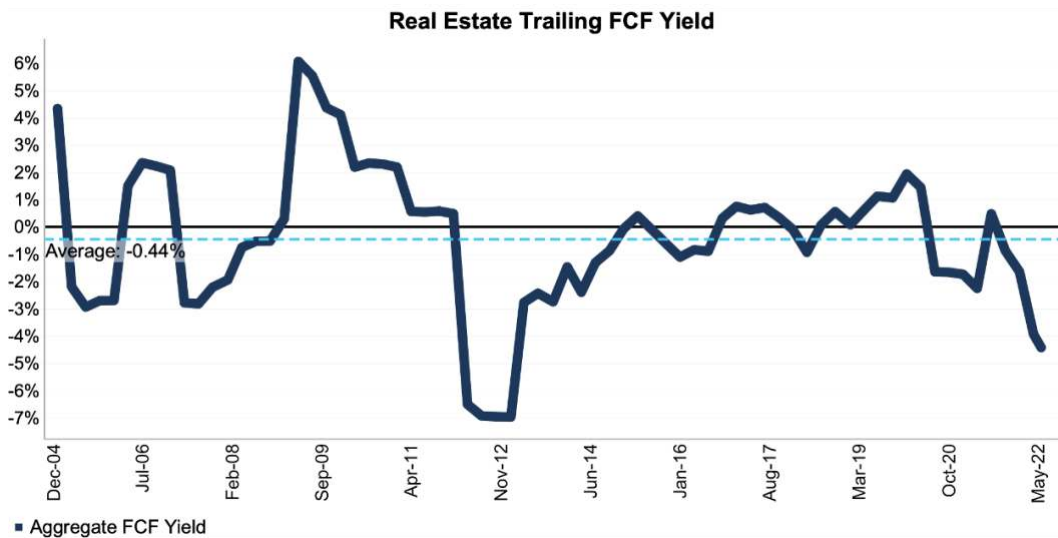
Sources: New Constructs, LLC and company filings.

The May 16, 2022 measurement period uses price data as of that date and incorporates the financial data from 1Q22 10-Qs, as this is the earliest date for which all the 1Q22 10-Qs for the S&P 500 constituents were available.

Real Estate

Figure 10 shows the trailing FCF yield for the Real Estate sector fell from 0.5% as of 6/30/21 to -4.4% as of 5/16/22. The Real Estate sector FCF fell from \$5.8 billion in 1Q21 to -\$53.7 billion in 1Q22, while enterprise value increased from \$1.17 trillion as of 6/30/21 to \$1.22 trillion as of 5/16/22.

Figure 10: Real Estate Trailing FCF Yield: Dec 2004 – 5/16/22



Sources: New Constructs, LLC and company filings.

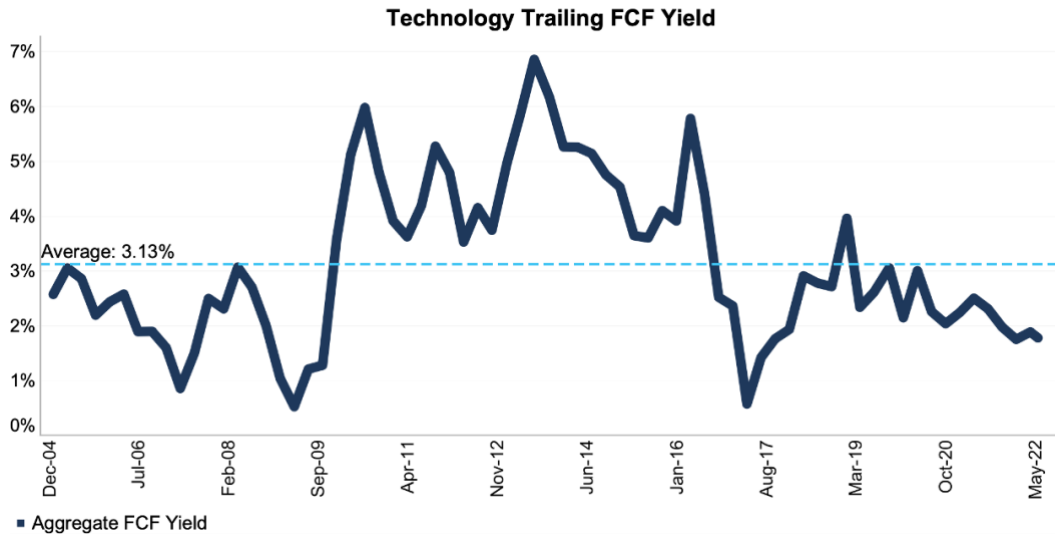
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Technology

Figure 11 shows the trailing FCF yield for the Technology sector fell from 2.3% as of 6/30/21 to 1.8% as of 5/16/22. The Technology sector FCF fell from \$307.4 billion in 1Q21 to \$206.2 billion in 1Q22, while enterprise value fell from \$13.3 trillion as of 6/30/21 to \$11.6 trillion as of 5/16/22.

Figure 11: Technology Trailing FCF Yield: Dec 2004 – 5/16/22



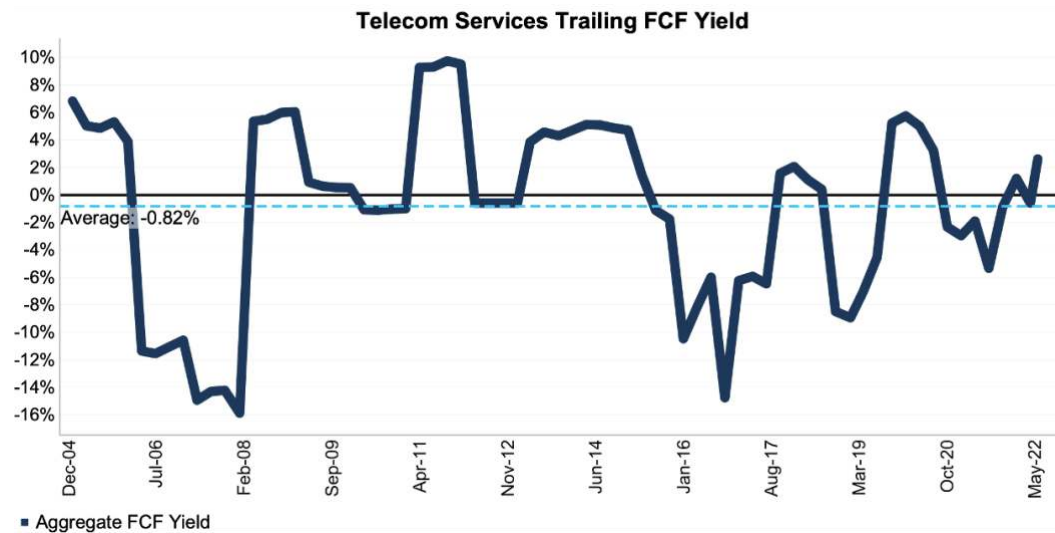
Sources: New Constructs, LLC and company filings.

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Telecom Services

Figure 12 shows the trailing FCF yield for the Telecom Services sector rose from -5.3% as of 6/30/21 to 2.6% as of 5/16/22. The Telecom Services sector FCF rose from -\$86.9 billion in 1Q21 to \$37.3 billion in 1Q22, while enterprise value fell from \$1.6 trillion as of 6/30/21 to \$1.4 trillion as of 5/16/22.

Figure 12: Telecom Services Trailing FCF Yield: Dec 2004 – 5/16/22



Sources: New Constructs, LLC and company filings.

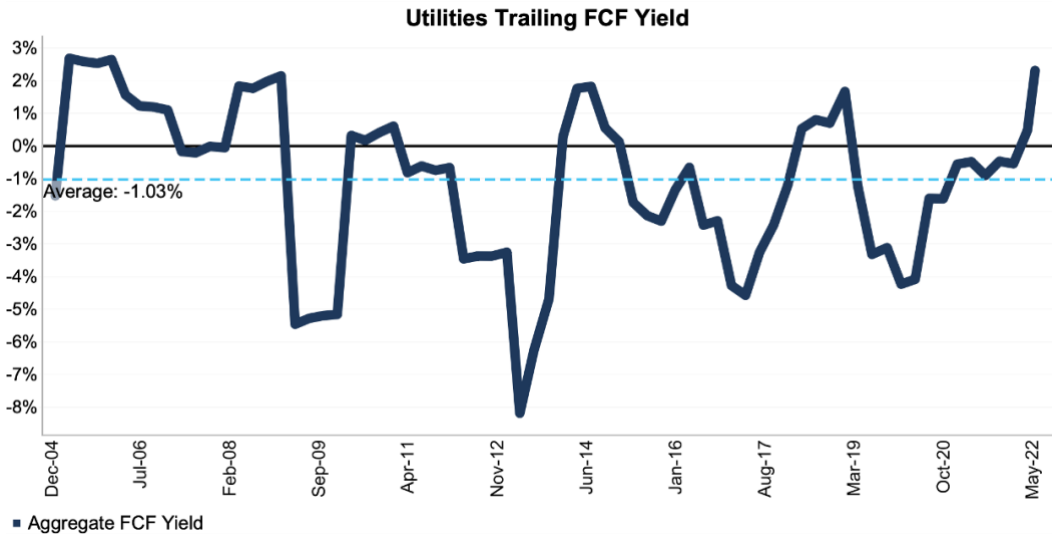
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Utilities

Figure 13 shows the trailing FCF yield for the Utilities sector rose from -0.9% as of 6/30/21 to 2.3% as of 5/16/22. The Utilities sector FCF rose from -\$16.2 billion in 1Q21 to \$43.3 billion in 1Q22, while enterprise value increased from \$1.8 trillion as of 6/30/21 to \$1.9 trillion as of 5/16/22.

Figure 13: Utilities Trailing FCF Yield: Dec 2004 – 5/16/22



Sources: New Constructs, LLC and company filings.

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Appendix I: Free Cash Flow and Enterprise Value Since 2004

This appendix shows the two drivers used to calculate trailing FCF yield – [free cash flow](#) and [enterprise value](#) – for the S&P 500 and each S&P 500 sector going back to December 2004. We sum the individual S&P 500/sector constituent values for free cash flow and enterprise value. We call this approach the “Aggregate” methodology, and it matches S&P Global’s (SPGI) methodology for these calculations. More methodology details in Appendix II.

Figure 14 ranks all 11 sectors by free cash flow based on financial data from 1Q22 10-Qs.

Figure 14: Free Cash Flow by Sector – Based on 1Q22 10-Qs

| Sector | Free Cash Flow (\$mm) |
|------------------------|-----------------------|
| Technology | \$206,196 |
| Financials | \$204,085 |
| Healthcare | \$139,774 |
| Consumer Non-cyclicals | \$132,045 |
| Energy | \$106,437 |
| Basic Materials | \$48,792 |
| Utilities | \$43,265 |
| Consumer Cyclical | \$38,500 |
| Telecom Services | \$37,291 |
| Industrials | \$18,303 |
| Real Estate | (\$53,722) |
| S&P 500 | \$920,964 |

Sources: New Constructs, LLC and company filings.
Financial data from 1Q22 10-Qs.

Figure 15 ranks all 11 sectors by enterprise value as of 5/16/22.

Figure 15: Enterprise Value by Sector – as of 5/16/22

| Sector | Enterprise Value (\$mm) |
|------------------------|-------------------------|
| Technology | \$11,560,442 |
| Consumer Cyclical | \$5,837,203 |
| Healthcare | \$5,600,728 |
| Financials | \$4,508,299 |
| Industrials | \$3,984,362 |
| Consumer Non-cyclicals | \$3,236,114 |
| Energy | \$2,114,507 |
| Utilities | \$1,873,419 |
| Telecom Services | \$1,427,657 |
| Real Estate | \$1,218,073 |
| Basic Materials | \$1,095,994 |
| S&P 500 | \$42,456,798 |

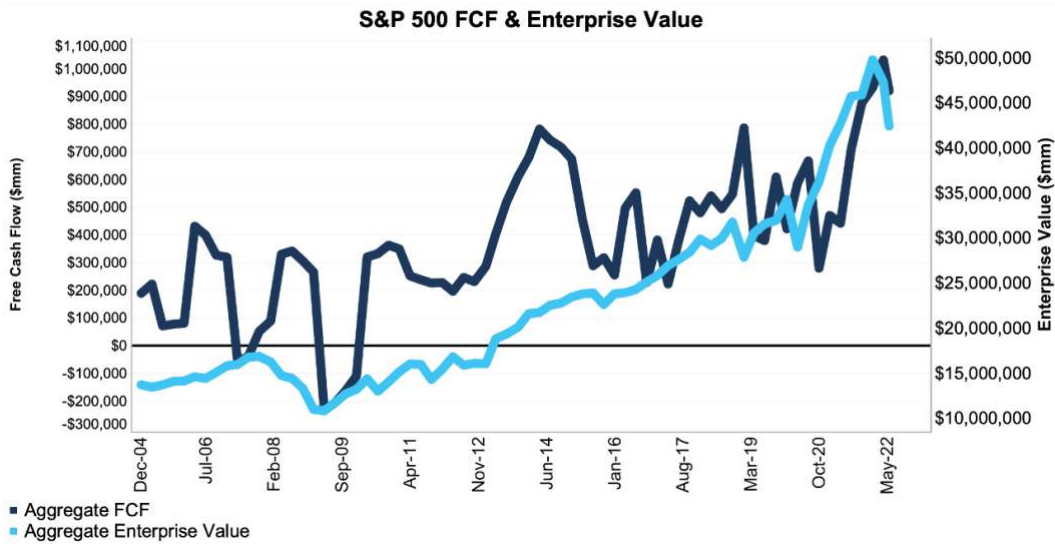
Sources: New Constructs, LLC and company filings.
Prices as of 5/16/22.

These two tables show the Technology sector not only generates the most free cash flow, but it also has the highest enterprise value of all sectors.



Figures 16-27 compare the FCF and enterprise value trends for the S&P 500 and every sector since 2004.

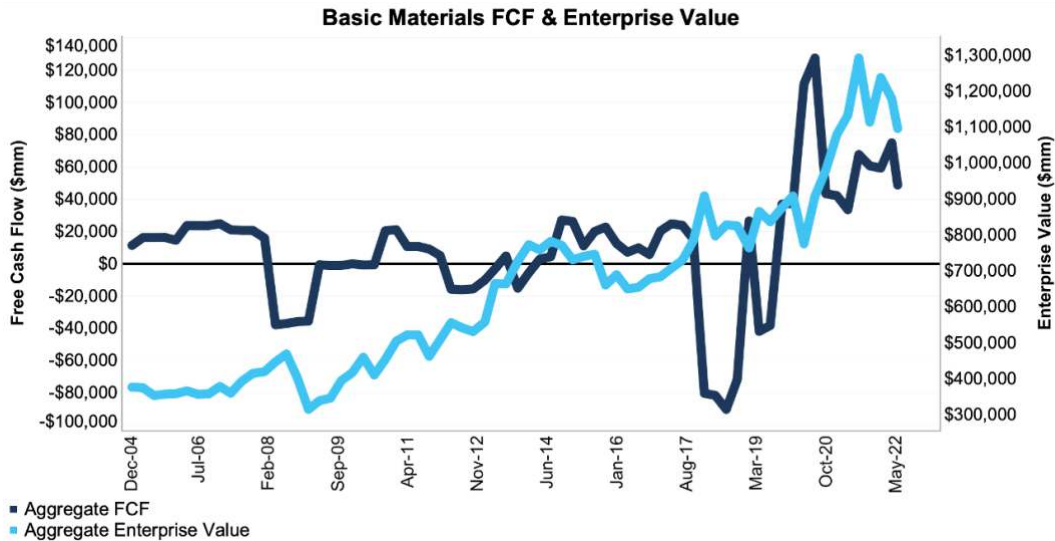
Figure 16: S&P 500 FCF & Enterprise Value: Dec 2004 – 5/16/22



Sources: New Constructs, LLC and company filings.

The May 16, 2022 measurement period uses price data as of that date and incorporates the financial data from 1Q22 10-Qs, as this is the earliest date for which all the 1Q22 10-Qs for the S&P 500 constituents were available.

Figure 17: Basic Materials FCF & Enterprise Value: Dec 2004 – 5/16/22

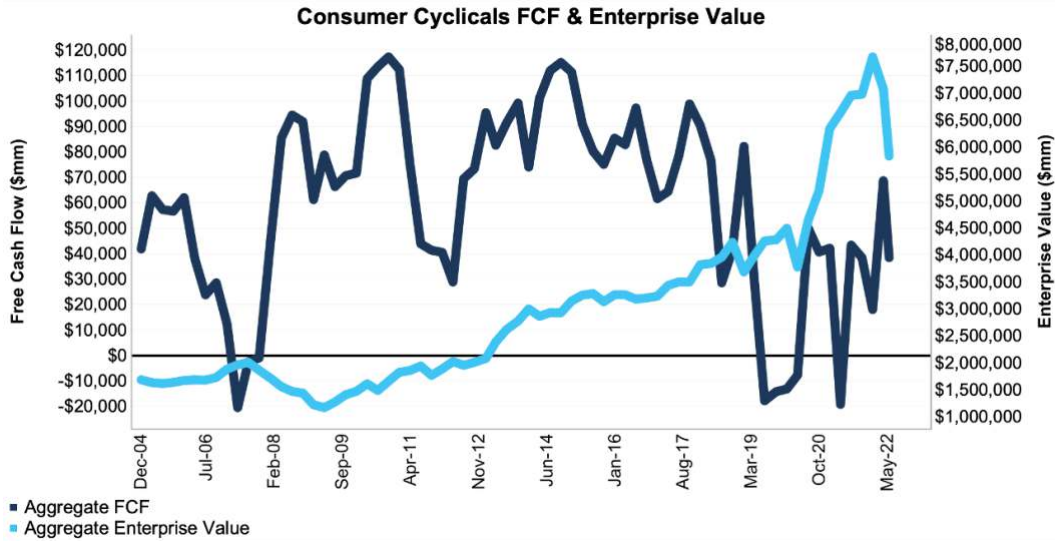


Sources: New Constructs, LLC and company filings.

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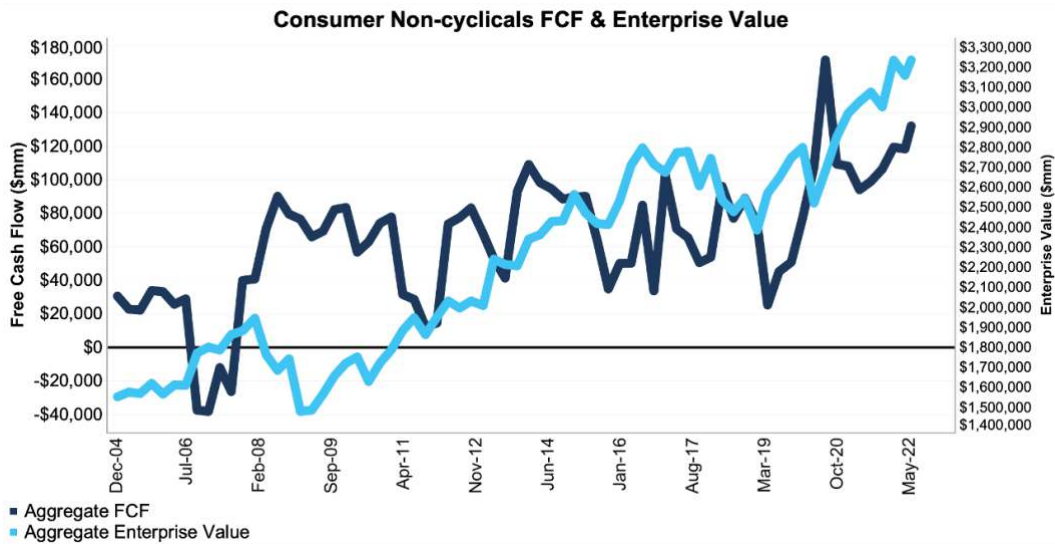


Figure 18: Consumer Cyclical FCF & Enterprise Value: Dec 2004 – 5/16/22



Sources: New Constructs, LLC and company filings.
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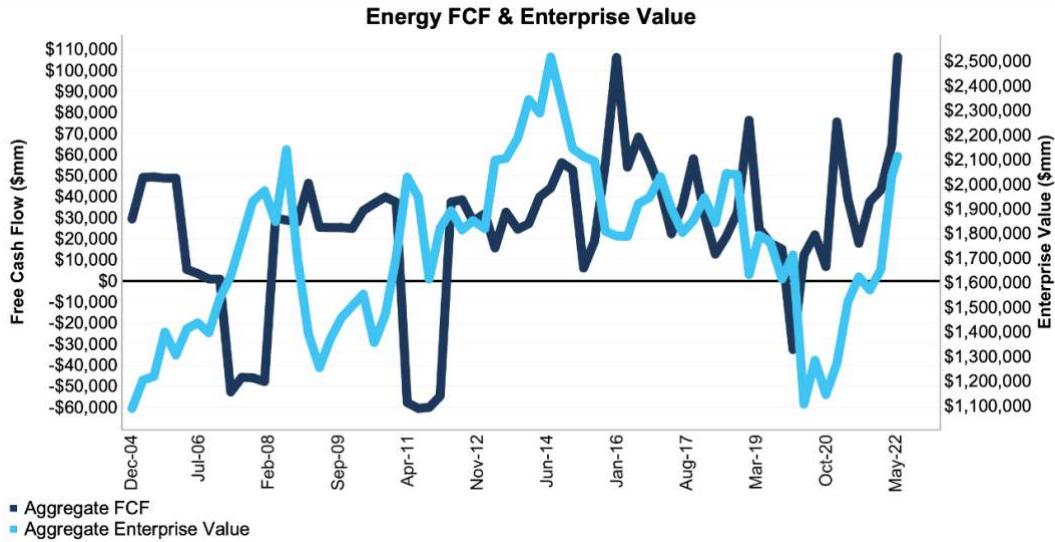
Figure 19: Consumer Non-Cyclicals FCF & Enterprise Value: Dec 2004 – 5/16/22



Sources: New Constructs, LLC and company filings.
 The May 16, 2022 measurement period uses price data as of that date and incorporates the financial data from 1Q22 10-Qs, as this is the earliest date for which all the 1Q22 10-Qs for the S&P 500 constituents were available.

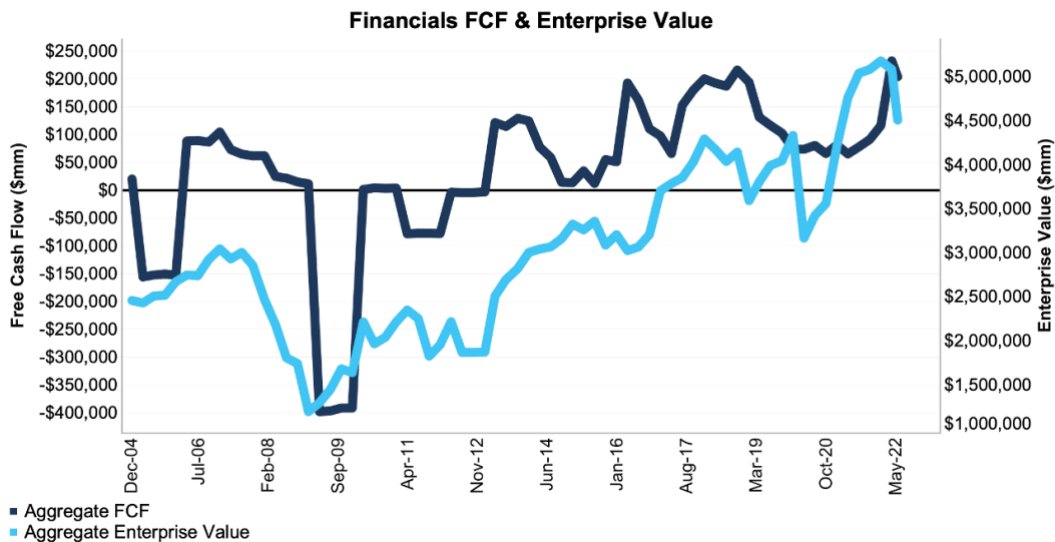


Figure 20: Energy FCF & Enterprise Value: Dec 2004 – 5/16/22



Sources: New Constructs, LLC and company filings.
 The May 16, 2022 measurement period uses price data as of that date and incorporates the financial data from 1Q22 10-Qs, as this is the earliest date for which all the 1Q22 10-Qs for the S&P 500 constituents were available.

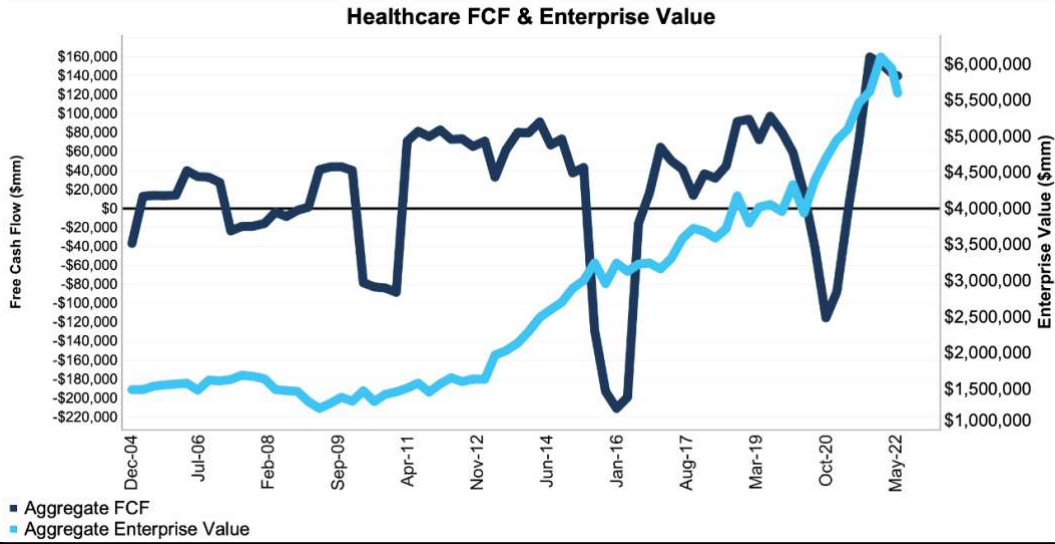
Figure 21: Financials FCF & Enterprise Value: Dec 2004 – 5/16/22



Sources: New Constructs, LLC and company filings.
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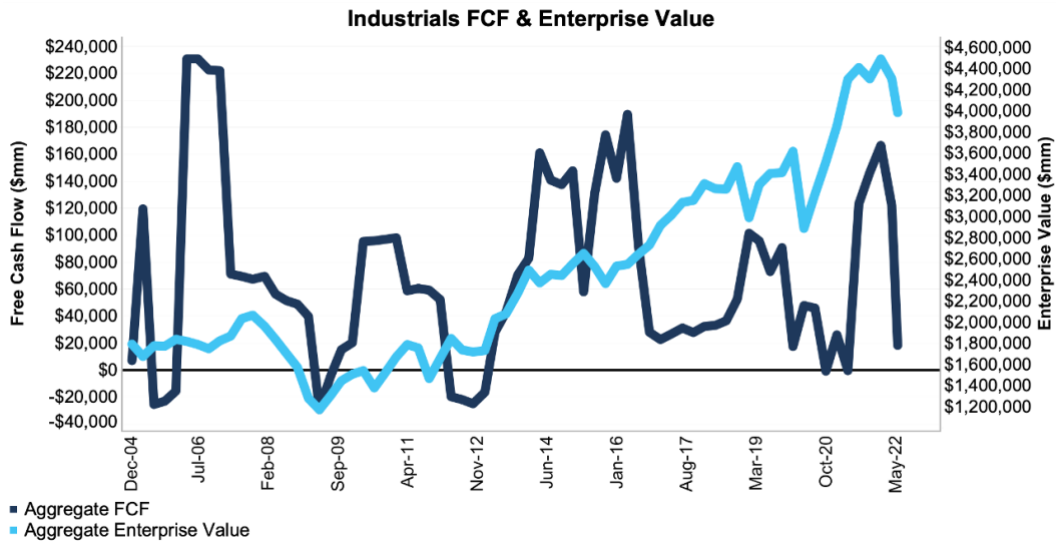
Figure 22: Healthcare FCF & Enterprise Value: Dec 2004 – 5/16/22



Sources: New Constructs, LLC and company filings.

The May 16, 2022 measurement period uses price data as of that date and incorporates the financial data from 1Q22 10-Qs, as this is the earliest date for which all the 1Q22 10-Qs for the S&P 500 constituents were available.

Figure 23: Industrials FCF & Enterprise Value: Dec 2004 – 5/16/22

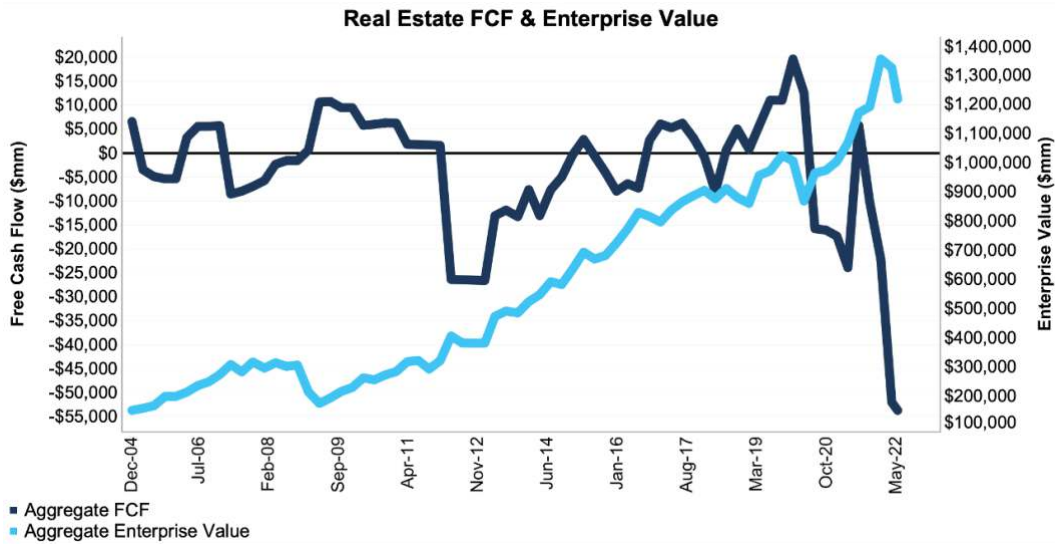


Sources: New Constructs, LLC and company filings.

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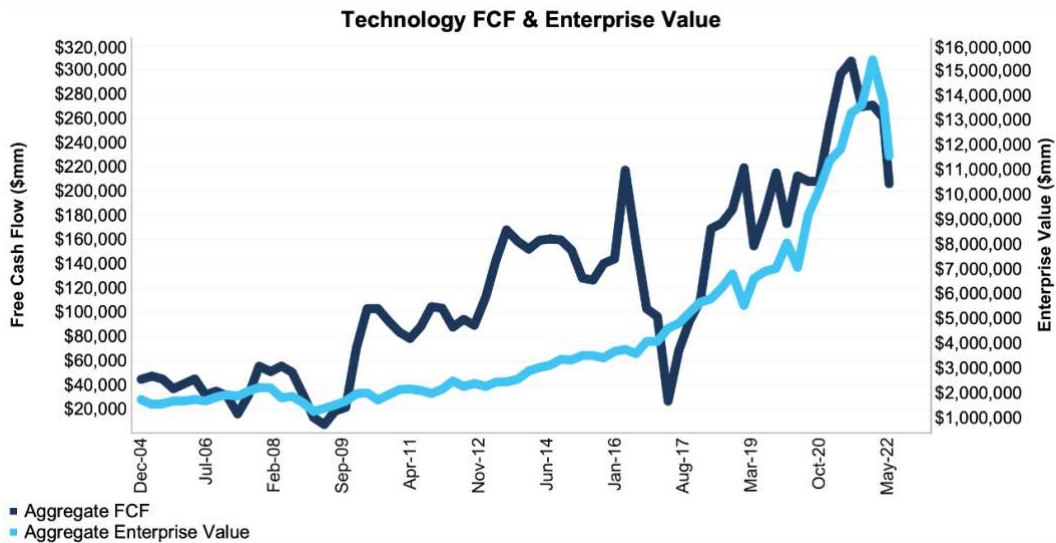


Figure 24: Real Estate FCF & Enterprise Value: Dec 2004 – 5/16/22



Sources: New Constructs, LLC and company filings.
 The May 16, 2022 measurement period uses price data as of that date and incorporates the financial data from 1Q22 10-Qs, as this is the earliest date for which all the 1Q22 10-Qs for the S&P 500 constituents were available.

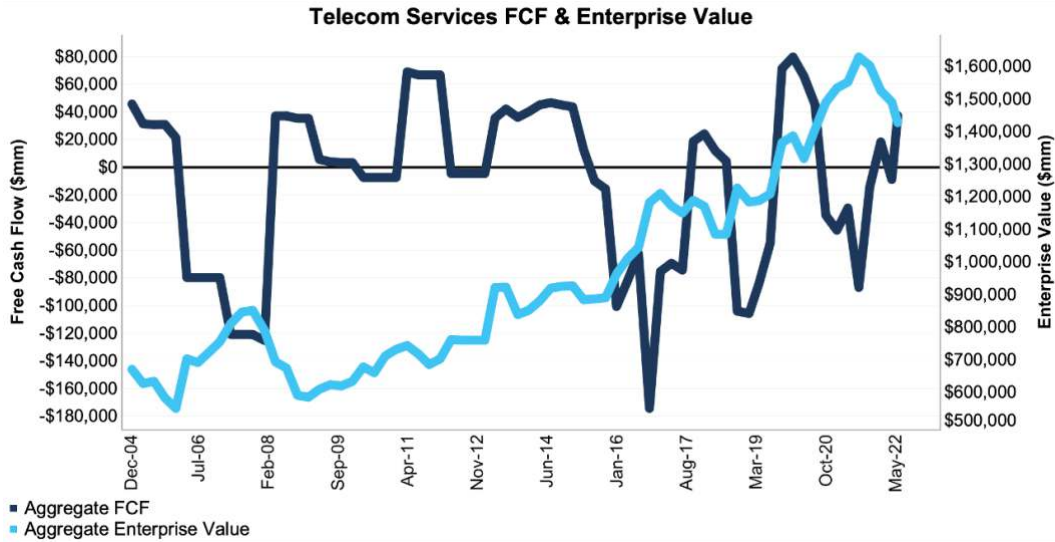
Figure 25: Technology FCF & Enterprise Value: Dec 2004 – 5/16/22



Sources: New Constructs, LLC and company filings.
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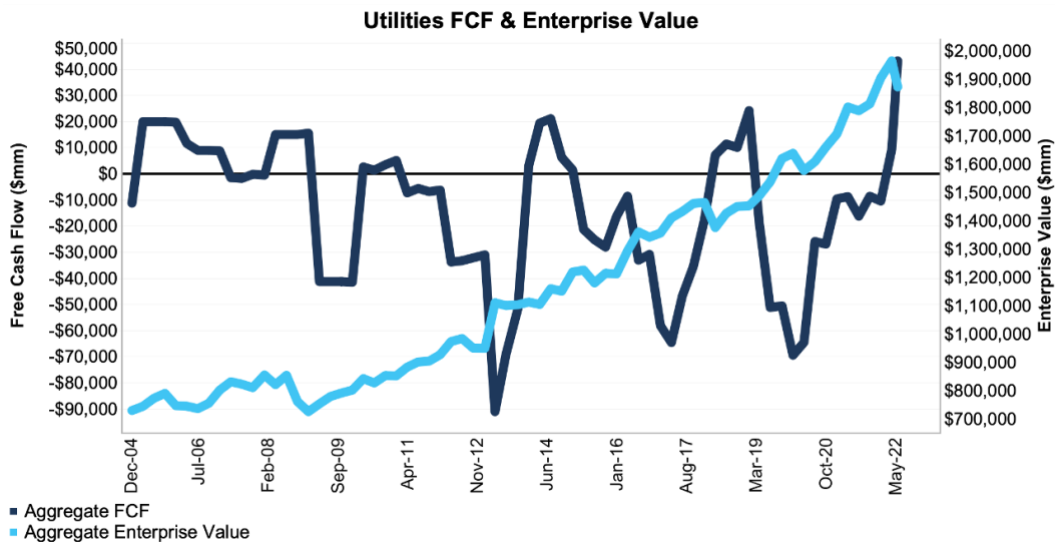


Figure 26: Telecom Services FCF & Enterprise Value: Dec 2004 – 5/16/22



Sources: New Constructs, LLC and company filings.
 The May 16, 2022 measurement period uses price data as of that date and incorporates the financial data from 1Q22 10-Qs, as this is the earliest date for which all the 1Q22 10-Qs for the S&P 500 constituents were available.

Figure 27: Utilities FCF & Enterprise Value: Dec 2004 – 5/16/22



Sources: New Constructs, LLC and company filings.
 The May 16, 2022 measurement period uses price data as of that date and incorporates the financial data from 1Q22 10-Qs, as this is the earliest date for which all the 1Q22 10-Qs for the S&P 500 constituents were available.



Appendix II: Analyzing Trailing FCF Yield with Different Weighting Methodologies

We derive the metrics above by summing the individual S&P 500/sector constituent values for free cash flow and enterprise value to calculate trailing FCF yield. We call this approach the “Aggregate” methodology.

The Aggregate methodology provides a straightforward look at the entire S&P 500/sector, regardless of market cap or index weighting, and matches how S&P Global (SPGI) calculates metrics for the S&P 500.

For additional perspective, we compare the Aggregate method for free cash flow with two other market-weighted methodologies. These market-weighted methodologies add more value for ratios that do not include market values, e.g. ROIC and its drivers, but we include them here, nonetheless, for comparison:

1. **Market-weighted metrics** – calculated by market-cap-weighting the trailing FCF yield for the individual companies relative to their sector or the overall S&P 500 in each period. Details:
 - a. Company weight equals the company’s market cap divided by the market cap of the S&P 500/its sector
 - b. We multiply each company’s trailing FCF yield by its weight
 - c. S&P 500/Sector trailing FCF yield equals the sum of the weighted trailing FCF yields for all the companies in the S&P 500/sector
2. **Market-weighted drivers** – calculated by market-cap-weighting the FCF and enterprise value for the individual companies in each sector in each period. Details:
 - a. Company weight equals the company’s market cap divided by the market cap of the S&P 500/its sector
 - b. We multiply each company’s free cash flow and enterprise value by its weight
 - c. We sum the weighted FCF and weighted enterprise value for each company in the S&P 500/each sector to determine each sector’s weighted FCF and weighted enterprise value
 - d. S&P 500/Sector trailing FCF yield equals weighted S&P 500/sector FCF divided by weighted S&P 500/sector enterprise value

Each methodology has its pros and cons, as outlined below:

Aggregate method

Pros:

- A straightforward look at the entire S&P 500/sector, regardless of company size or weighting in any indices.
- Matches how S&P Global calculates metrics for the S&P 500.

Cons:

- Vulnerable to impact of companies entering/exiting the group of companies, which could unduly affect aggregate values. Also susceptible to outliers in any one period.

Market-weighted metrics method

Pros:

- Accounts for a firm’s market cap relative to the S&P 500/sector and weights its metrics accordingly.

Cons:

- Vulnerable to outlier results from a single company disproportionately impacting the overall trailing FCF yield.

Market-weighted drivers method

Pros:

- Accounts for a firm’s market cap relative to the S&P 500/sector and weights its free cash flow and enterprise value accordingly.
- Mitigates the disproportionate impact of outlier results from one company on the overall results.

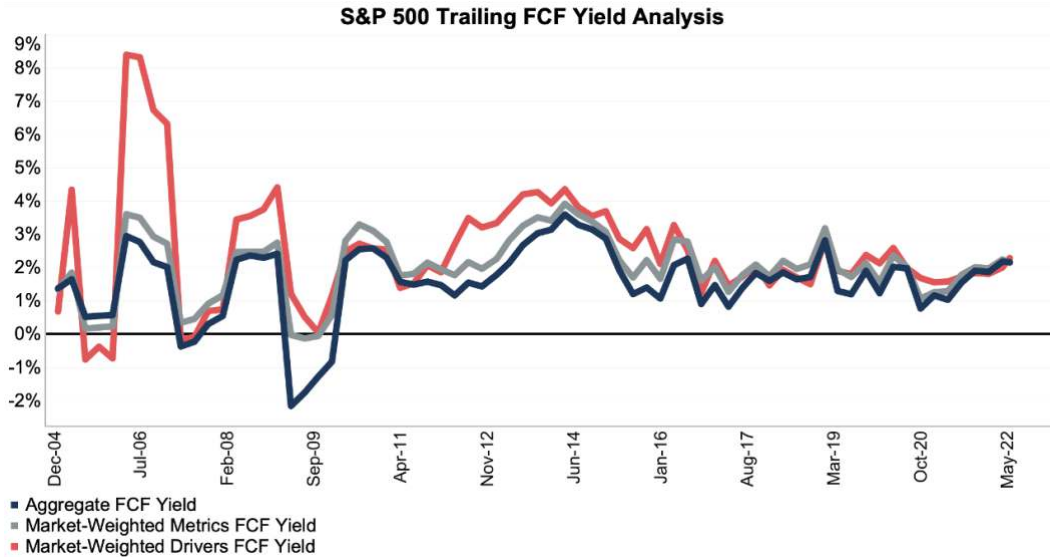
Cons:



- More volatile as it adds emphasis to large changes in FCF and enterprise value for heavily weighted companies.

Figures 28-39 compare these three methods for calculating S&P 500 and sector trailing FCF yields.

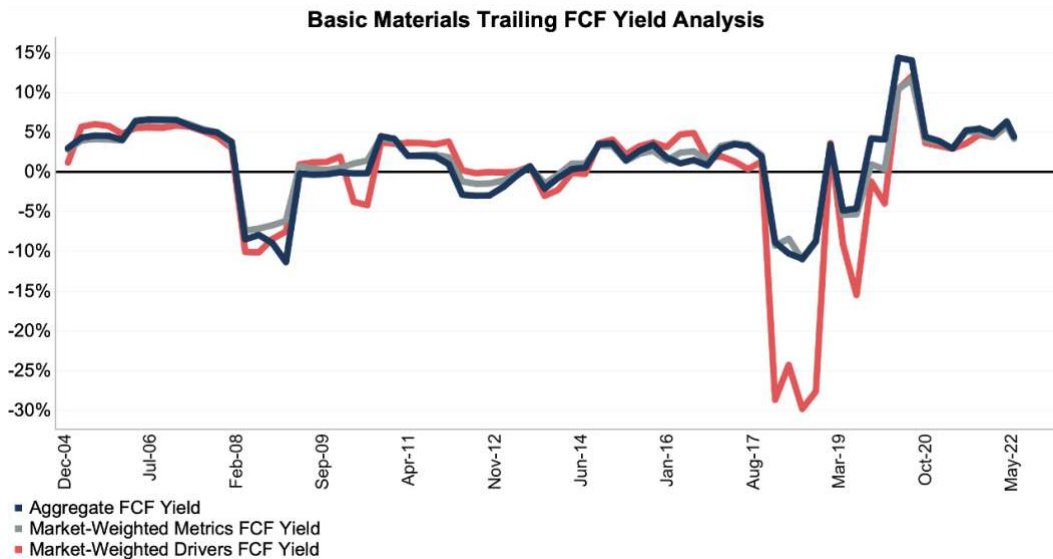
Figure 28: S&P 500 Trailing FCF Yield Methodologies Compared: Dec 2004 – 5/16/22



Sources: New Constructs, LLC and company filings.

The May 16, 2022 measurement period uses price data as of that date and incorporates the financial data from 1Q22 10-Qs, as this is the earliest date for which all the 1Q22 10-Qs for the S&P 500 constituents were available.

Figure 29: Basic Materials Trailing FCF Yield Methodologies Compared: Dec 2004 – 5/16/22

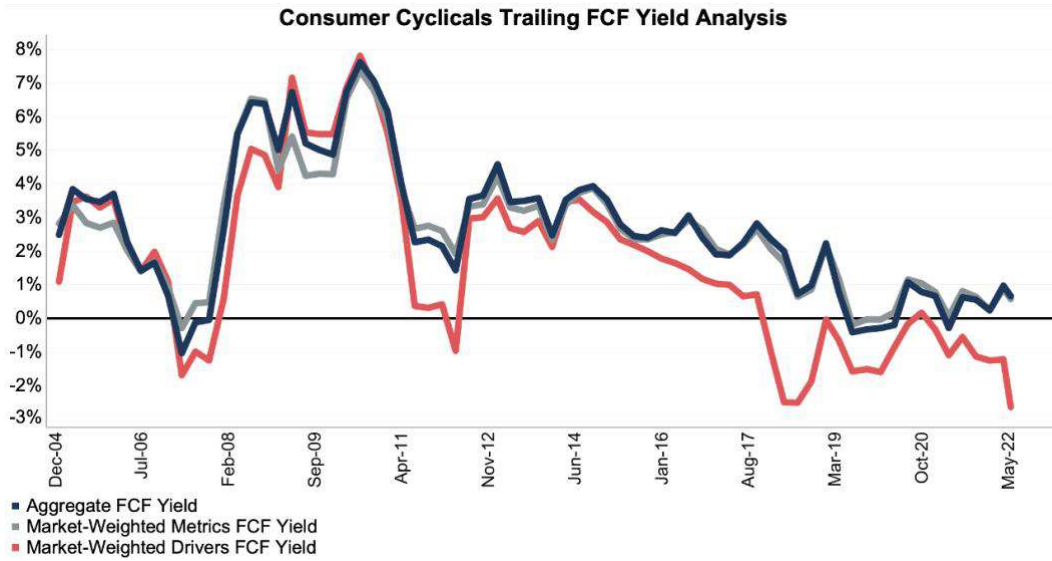


Sources: New Constructs, LLC and company filings.

The May 16, 2022 measurement period uses price data as of that date and incorporates the financial data from 1Q22 10-Qs, as this is the earliest date for which all the 1Q22 10-Qs for the S&P 500 constituents were available.



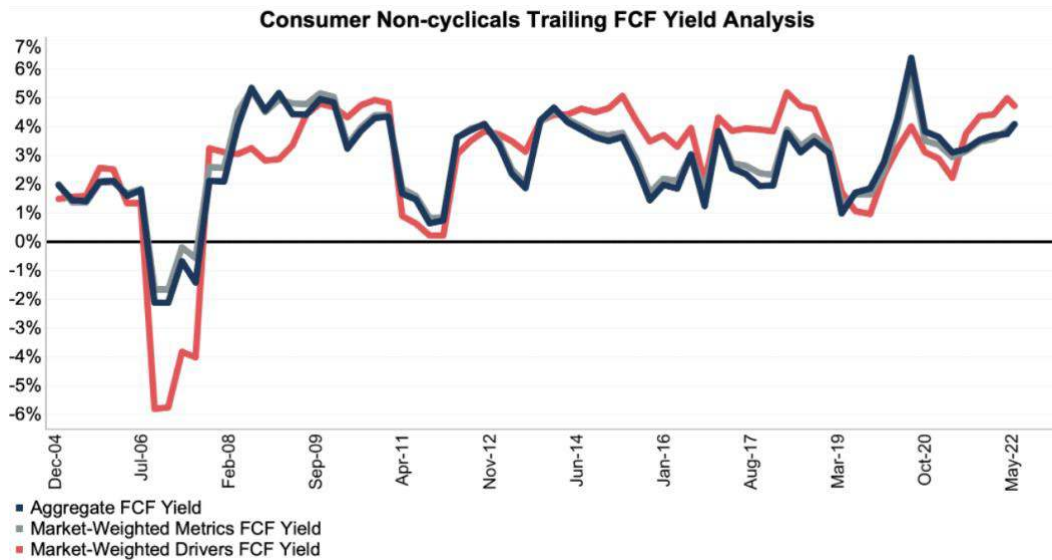
Figure 30: Consumer Cyclical Trailing FCF Yield Methodologies Compared: Dec 2004 – 5/16/22



Sources: New Constructs, LLC and company filings.

The May 16, 2022 measurement period uses price data as of that date and incorporates the financial data from 1Q22 10-Qs, as this is the earliest date for which all the 1Q22 10-Qs for the S&P 500 constituents were available.

Figure 31: Consumer Non-cyclical Trailing FCF Yield Methodologies Compared: Dec 2004 – 5/16/22

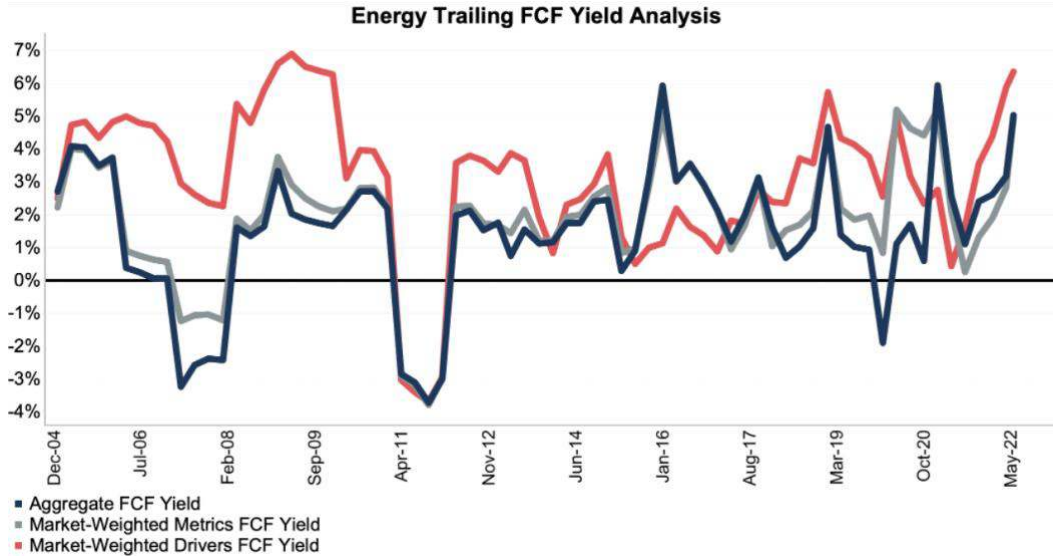


Sources: New Constructs, LLC and company filings.

The May 16, 2022 measurement period uses price data as of that date and incorporates the financial data from 1Q22 10-Qs, as this is the earliest date for which all the 1Q22 10-Qs for the S&P 500 constituents were available.



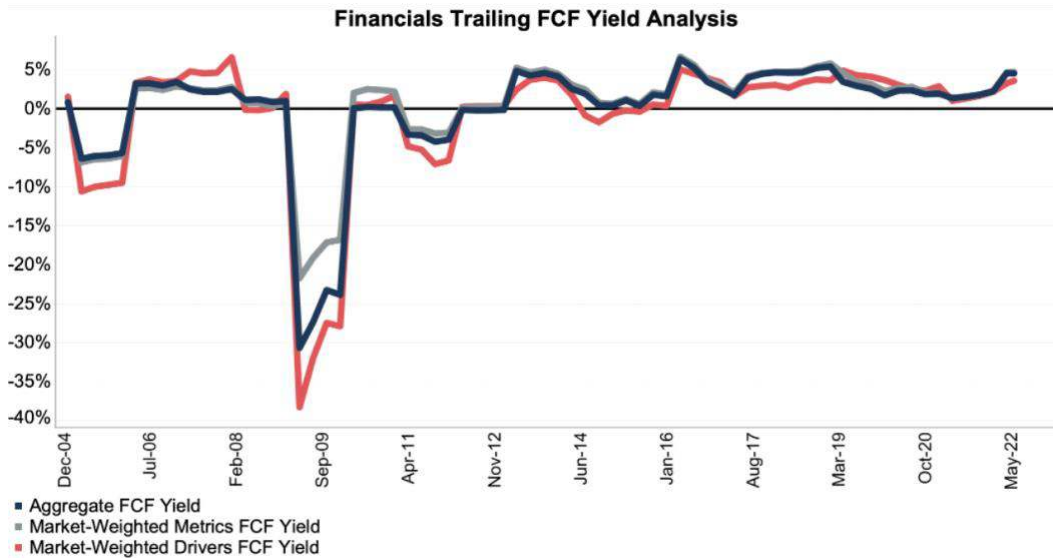
Figure 32: Energy Trailing FCF Yield Methodologies Compared: Dec 2004 – 5/16/22



Sources: New Constructs, LLC and company filings.

The May 16, 2022 measurement period uses price data as of that date and incorporates the financial data from 1Q22 10-Qs, as this is the earliest date for which all the 1Q22 10-Qs for the S&P 500 constituents were available.

Figure 33: Financials Trailing FCF Yield Methodologies Compared: Dec 2004 – 5/16/22

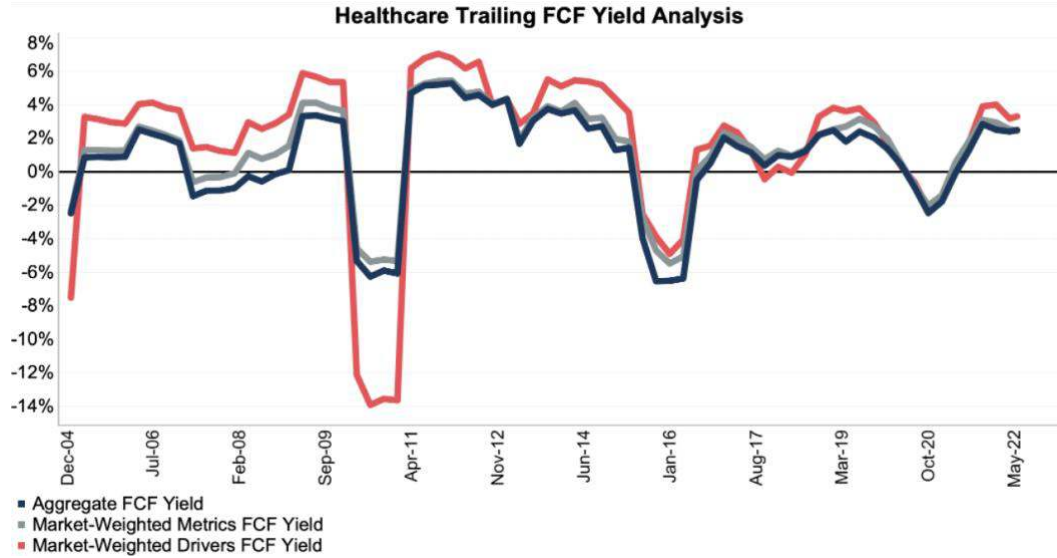


Sources: New Constructs, LLC and company filings.

The May 16, 2022 measurement period uses price data as of that date and incorporates the financial data from 1Q22 10-Qs, as this is the earliest date for which all the 1Q22 10-Qs for the S&P 500 constituents were available.



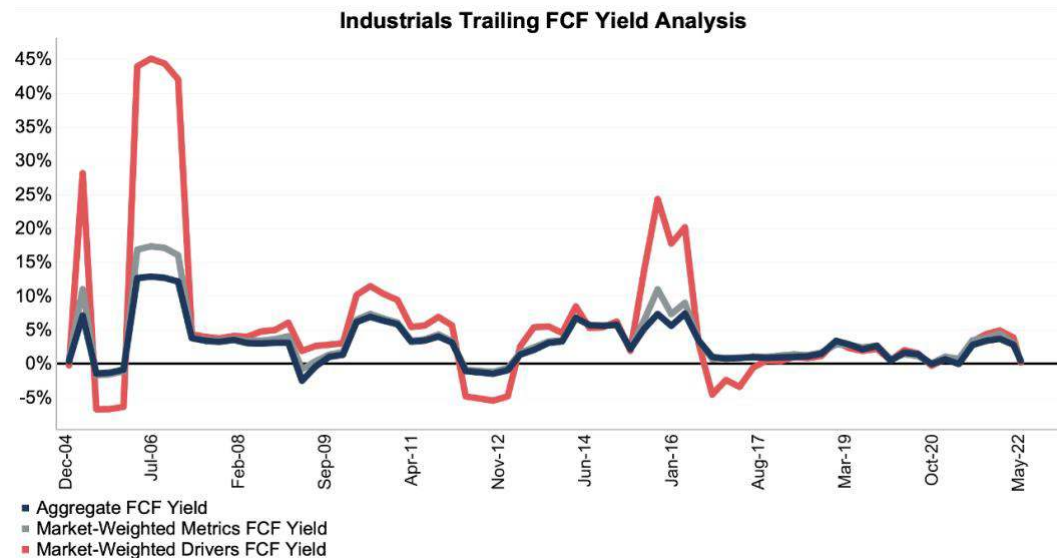
Figure 34: Healthcare Trailing FCF Yield Methodologies Compared: Dec 2004 – 5/16/22



Sources: New Constructs, LLC and company filings.

The May 16, 2022 measurement period uses price data as of that date and incorporates the financial data from 1Q22 10-Qs, as this is the earliest date for which all the 1Q22 10-Qs for the S&P 500 constituents were available.

Figure 35: Industrials Trailing FCF Yield Methodologies Compared: Dec 2004 – 5/16/22

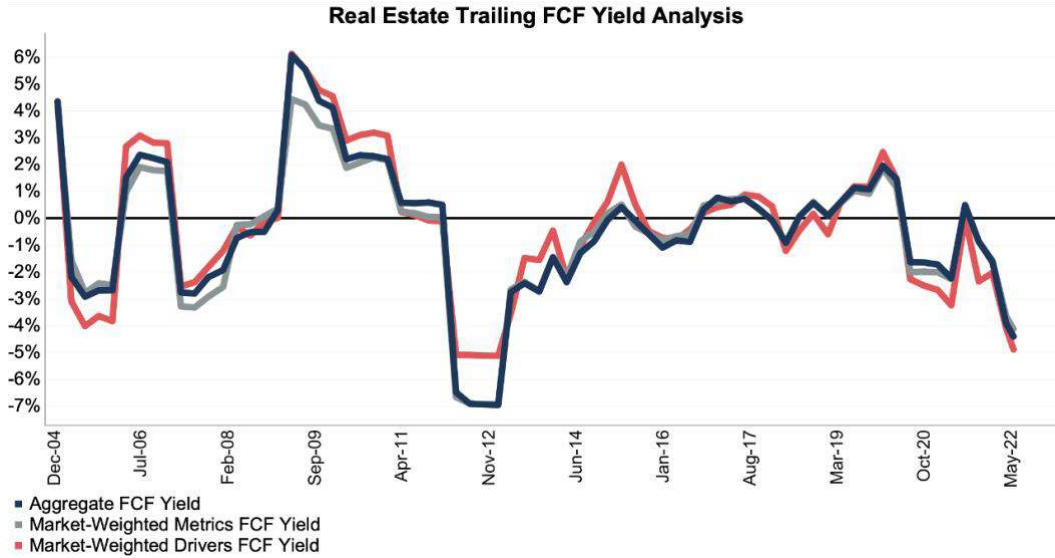


Sources: New Constructs, LLC and company filings.

The May 16, 2022 measurement period uses price data as of that date and incorporates the financial data from 1Q22 10-Qs, as this is the earliest date for which all the 1Q22 10-Qs for the S&P 500 constituents were available.



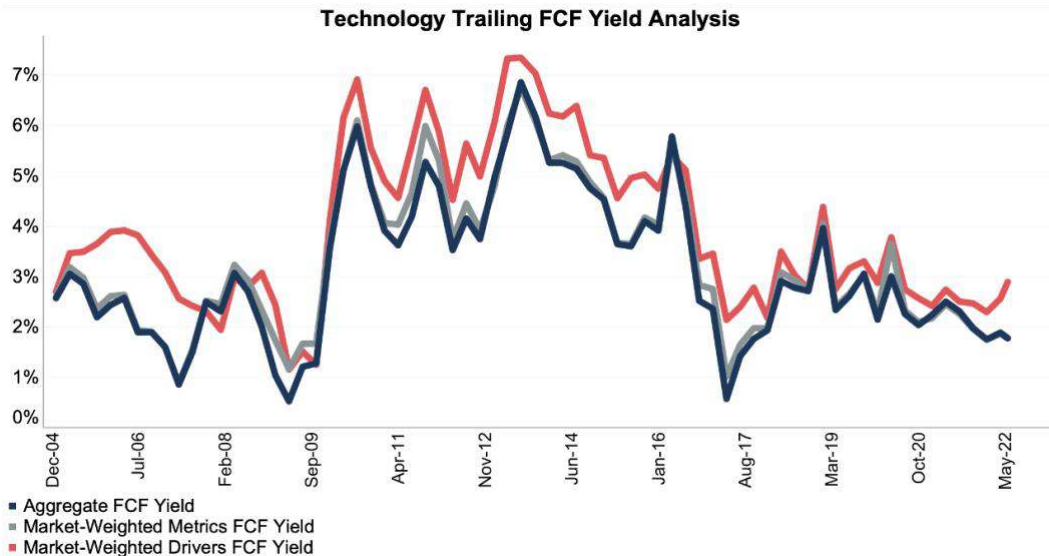
Figure 36: Real Estate Trailing FCF Yield Methodologies Compared: Dec 2004 – 5/16/22



Sources: New Constructs, LLC and company filings.

The May 16, 2022 measurement period uses price data as of that date and incorporates the financial data from 1Q22 10-Qs, as this is the earliest date for which all the 1Q22 10-Qs for the S&P 500 constituents were available.

Figure 37: Technology Trailing FCF Yield Methodologies Compared: Dec 2004 – 5/16/22

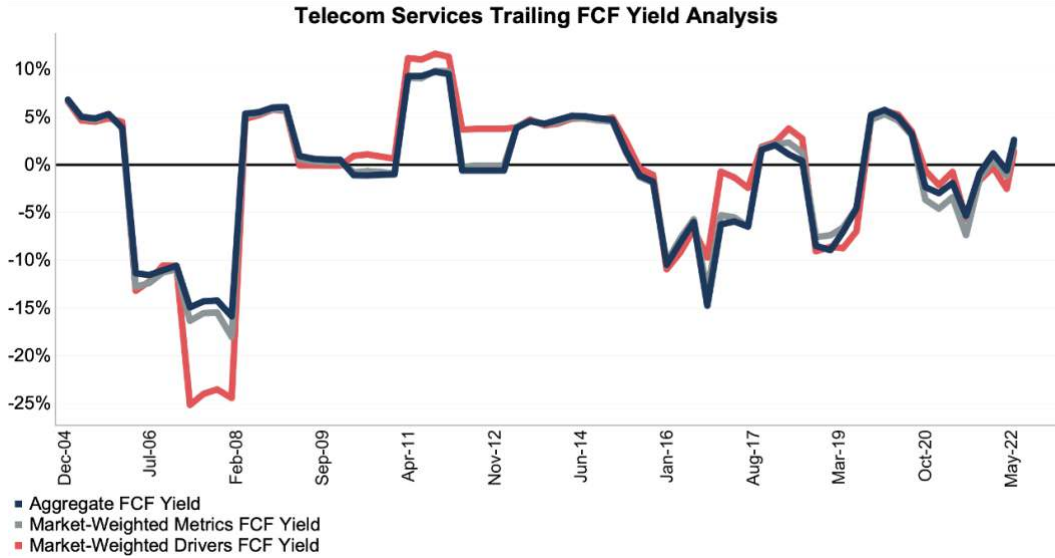


Sources: New Constructs, LLC and company filings.

The May 16, 2022 measurement period uses price data as of that date and incorporates the financial data from 1Q22 10-Qs, as this is the earliest date for which all the 1Q22 10-Qs for the S&P 500 constituents were available.



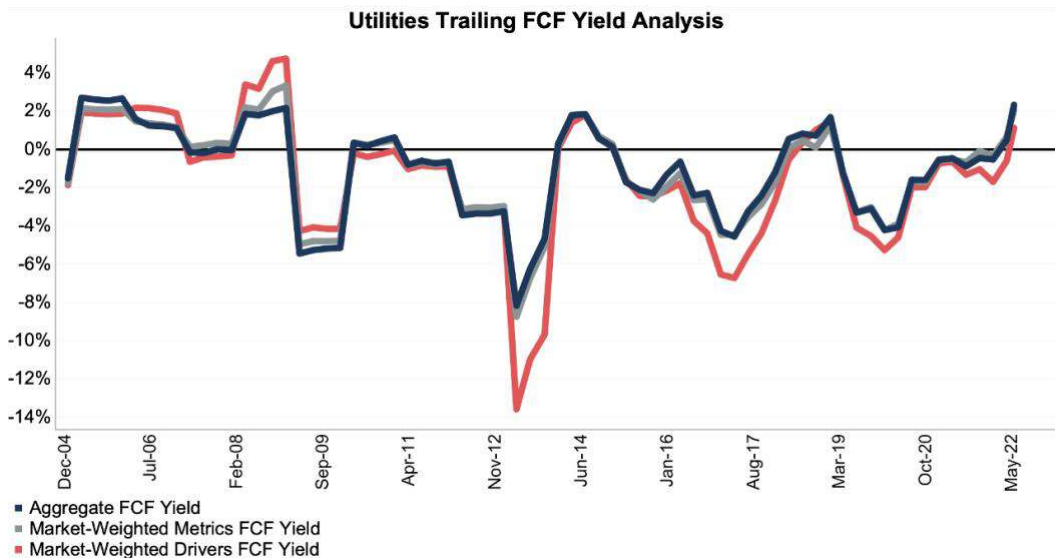
Figure 38: Telecom Services Trailing FCF Yield Methodologies Compared: Dec 2004 – 5/16/22



Sources: New Constructs, LLC and company filings.

The May 16, 2022 measurement period uses price data as of that date and incorporates the financial data from 1Q22 10-Qs, as this is the earliest date for which all the 1Q22 10-Qs for the S&P 500 constituents were available.

Figure 39: Utilities Trailing FCF Yield Methodologies Compared: Dec 2004 – 5/16/22



Sources: New Constructs, LLC and company filings.

The May 16, 2022 measurement period uses price data as of that date and incorporates the financial data from 1Q22 10-Qs, as this is the earliest date for which all the 1Q22 10-Qs for the S&P 500 constituents were available.



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

Many firms claim their research is superior, but none of them can prove it with independent studies from highly-respected institutions as we can. Three different papers from both the public and private sectors show:

1. Legacy fundamental datasets suffer from significant inaccuracies, omissions and biases.
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Best Fundamental Data in the World

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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 [as New Constructs does] 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.

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