



All Cap Index & Sectors: Free Cash Flow Yield Near Record Highs Through 5/16/22

This report analyzes^{1,2} free cash flow ([FCF](#)), [enterprise value](#), and the trailing FCF yield for the NC 2000³, our All Cap Index, and each of its sectors.

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

This report leverages our cutting-edge [Robo-Analyst technology](#) to deliver [proven-superior](#)⁴ fundamental research and support more cost-effective fulfillment of the [fiduciary duty of care](#).

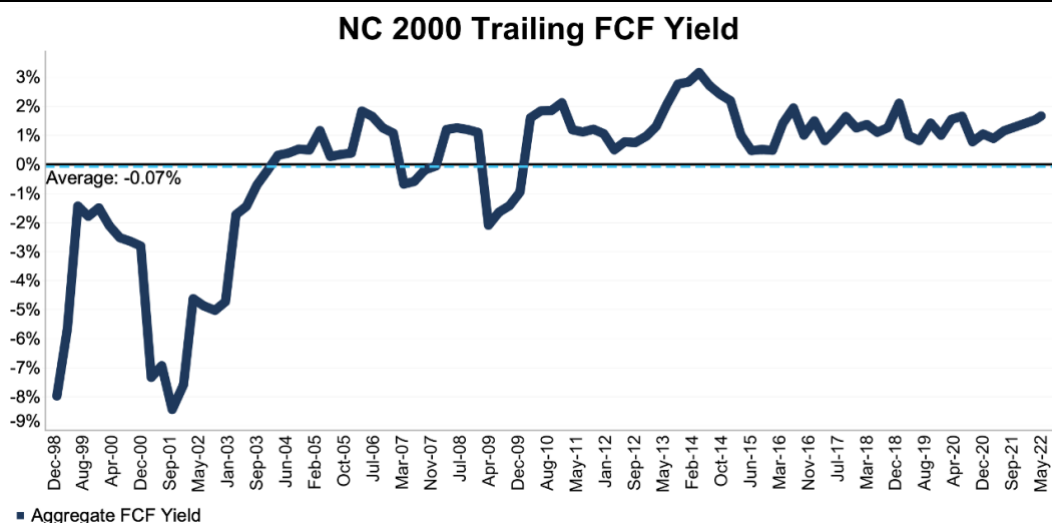
Learn more about the best fundamental research

NC 2000 Trailing FCF Yield Rises Over the Last Year

The trailing FCF yield for the NC 2000 rose from 1.2% as of 6/30/21 to 1.7% as of 5/16/22. The FCF yield for the NC 2000 has been this high only two other times since 2015: 6/30/16 and 12/31/18. See Figure 1.

The NC 2000's trailing FCF remains high, 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 investors have reached some consensus on the likely magnitude of the ongoing economic slowdown.

Figure 1: Trailing FCF Yield for the NC 2000 From Dec 1998 – 5/16/22⁵



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 NC 2000 constituents were available.

¹ Calculated using [S&P Global's](#) (SPGI) methodology, which sums the individual NC 2000 constituent values for free cash flow and enterprise value before using them to calculate the metrics. See Appendix II for more details on this "Aggregate" method and Appendix I for details on how we calculate Free Cash Flow and Enterprise Value for the NC 2000 and each of its sectors.

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 The NC 2000 consists of the largest 2000 U.S. companies by market cap in our coverage. Constituents are updated on a quarterly basis (March 31, June 30, September 30, and December 31). We exclude companies that report under IFRS and non-U.S. ADR companies.

⁴ 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](#).

⁵ We use stock prices from 5/16/22 because that is the date when all the 1Q22 10-Qs for the NC 2000 constituents were available.

**Ranking the NC 2000 Sectors by Trailing FCF Yield**

Figure 2 ranks all eleven NC 2000 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). Eight NC 2000 sectors saw an increase in trailing FCF yield from 6/30/21 to 5/16/22,

Figure 2: Trailing FCF Yield for All NC 2000 Sectors: 6/30/21 to 5/16/22

Sector	Trailing FCF Yield	YoY Change (% points)
Telecom Services	2.3%	7.3%
Energy	4.0%	3.3%
Utilities	1.4%	3.0%
Financials	3.7%	2.5%
Real Estate	-0.5%	2.3%
Healthcare	1.7%	1.4%
Consumer Non-cyclicals	3.8%	0.6%
Basic Materials	4.2%	0.1%
Consumer Cyclicals	0.6%	-0.5%
Technology	1.2%	-0.6%
Industrials	-0.9%	-3.4%
NC 2000	1.7%	0.5%

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

With a 4.2% FCF Yield, investors are getting more FCF for their investment dollar in the Basic Materials sector than any other sector as of 5/16/22. On the flip side, the Industrials sector, at -0.9%, currently has the lowest trailing FCF yield of all NC 2000 sectors.

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

Details on Each of the NC 2000 Sectors

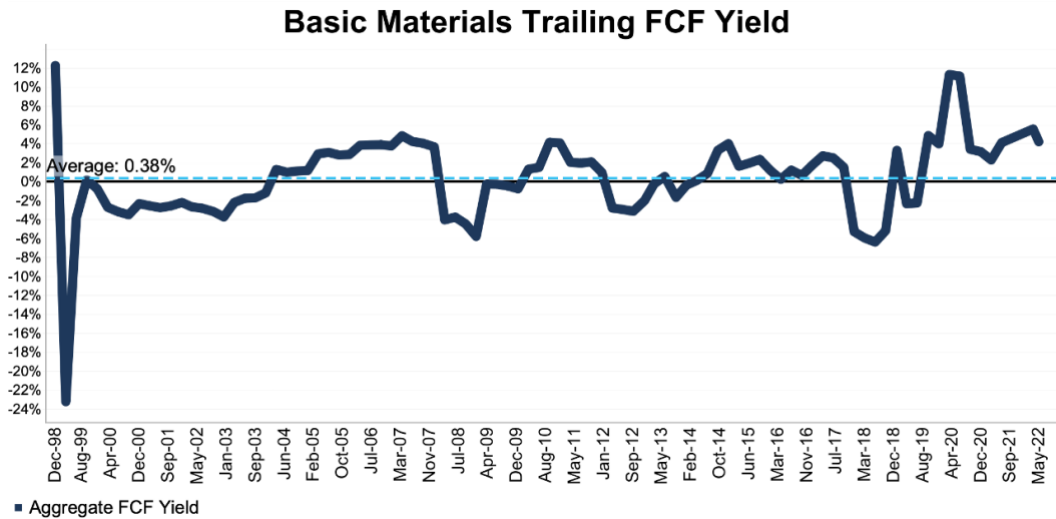
Figures 3 through 13 show the trailing FCF yield trends for every sector since December 1998. Note that the current FCF yields are based on prices as of May 16, 2022 and the latest financial data, mostly 1Q22 10-Qs.

Appendix I presents the components of trailing FCF yield: FCF and enterprise value for the NC 2000 and each sector.

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

**Basic Materials**

Figure 3 shows trailing FCF yield for the Basic Materials sector rose from 4.1% as of 6/30/21 to 4.2% as of 5/16/22. The Basic Materials sector FCF fell from \$74.7 billion in 1Q21 to \$66.3 billion in 1Q22, while enterprise value fell from \$1.8 trillion as of 6/30/21 to \$1.6 trillion as of 5/16/22.

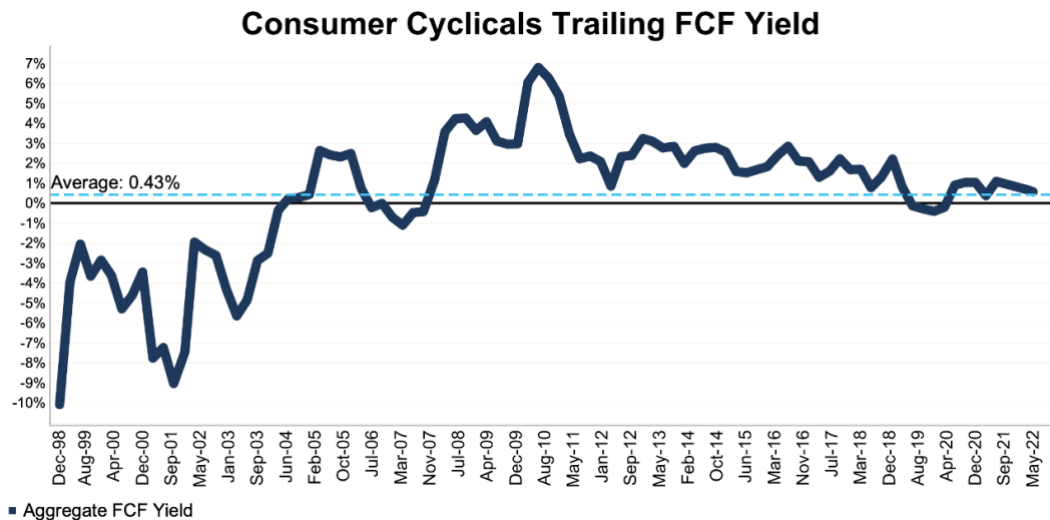
Figure 3: Basic Materials Trailing FCF Yield: Dec 1998 – 5/16/22

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 NC 2000 constituents were available.

Consumer Cyclical

Figure 4 shows trailing FCF yield for the Consumer Cyclical sector fell from 1.1% as of 6/30/21 to 0.6% as of 5/16/22. The Consumer Cyclical sector FCF fell from \$95.6 billion in 1Q21 to \$41.6 billion in 1Q22, while enterprise value fell from \$8.7 trillion as of 6/30/21 to \$7.2 trillion as of 5/16/22.

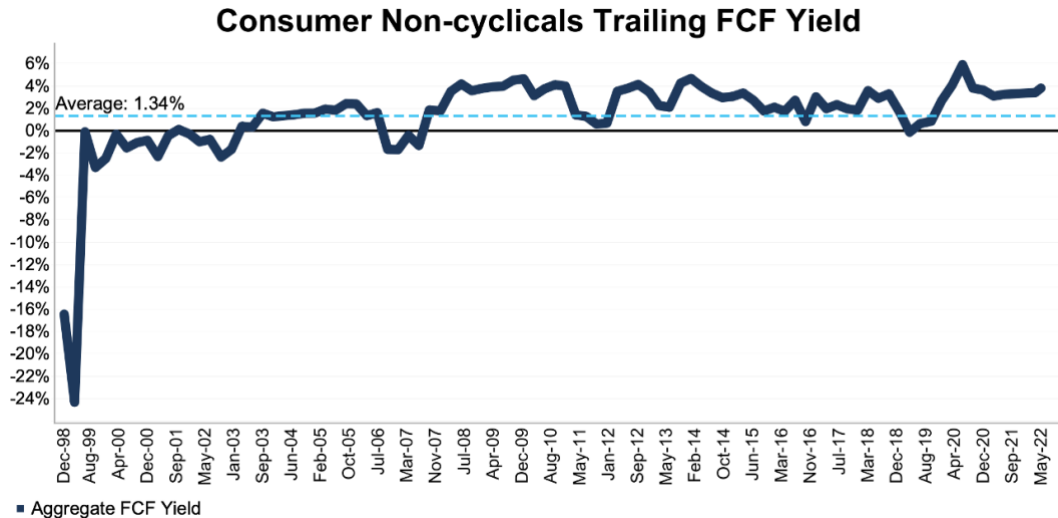
Figure 4: Consumer Cyclical Trailing FCF Yield: Dec 1998 – 5/16/22

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 NC 2000 constituents were available.

**Consumer Non-cyclicals**

Figure 5 shows trailing FCF yield for the Consumer Non-cyclicals sector rose from 3.2% as of 6/30/21 to 3.8% as of 5/16/22. The Consumer Non-cyclicals sector FCF rose from \$114.7 billion in 1Q21 to \$139.5 billion in 1Q22, while enterprise value rose from \$3.5 trillion as of 6/30/21 to \$3.7 trillion as of 5/16/22.

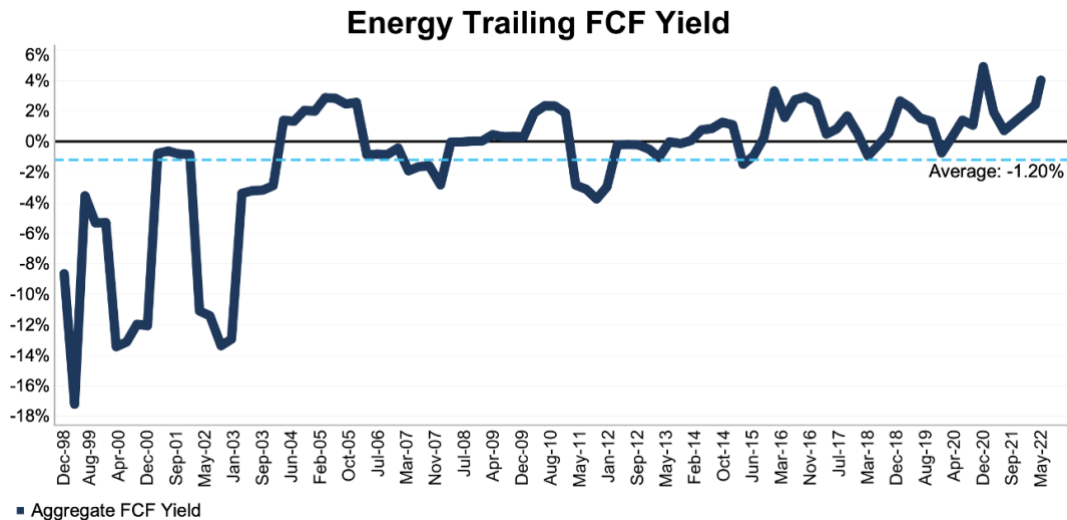
Figure 5: Consumer Non-cyclicals Trailing FCF Yield: Dec 1998 – 5/16/22

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 NC 2000 constituents were available.

Energy

Figure 6 shows trailing FCF yield for the Energy sector rose from 0.7% as of 6/30/21 to 4.0% as of 5/16/22. The Energy sector FCF rose from \$16.8 billion in 1Q21 to \$123.3 billion in 1Q22, while enterprise value increased from \$2.3 trillion as of 6/30/21 to \$3.1 trillion as of 5/16/22.

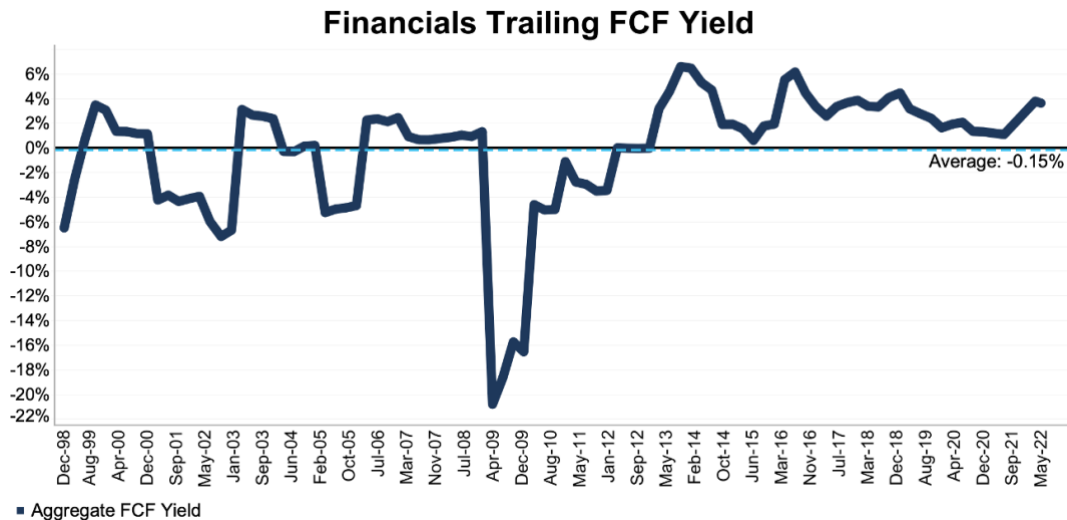
Figure 6: Energy Trailing FCF Yield: Dec 1998 – 5/16/22

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 NC 2000 constituents were available.

**Financials**

Figure 7 shows trailing FCF yield for the Financials sector rose from 1.1% as of 6/30/21 to 3.7% as of 5/16/22. The Financials sector FCF rose from \$70.9 billion in 1Q21 to \$212.9 billion in 1Q22, while enterprise value fell from \$6.4 trillion as of 6/30/21 to \$5.8 trillion as of 5/16/22.

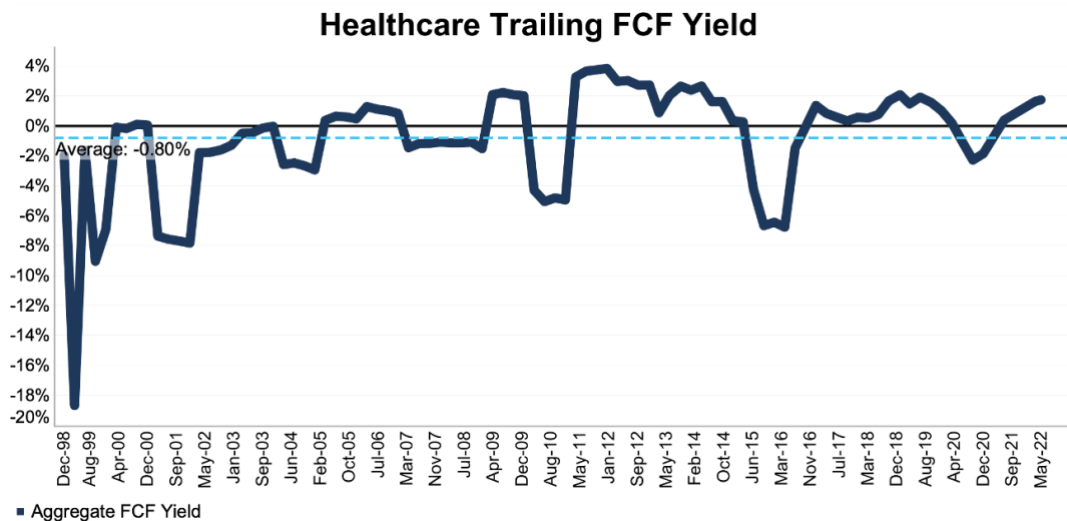
Figure 7: Financials Trailing FCF Yield: Dec 1998 – 5/16/22

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 NC 2000 constituents were available.

Healthcare

Figure 8 shows trailing FCF yield for the Healthcare sector rose from 0.4% as of 6/30/21 to 1.7% as of 5/16/22. The Healthcare sector FCF rose from \$25.3 billion in 1Q21 to \$111.0 billion in 1Q22, while enterprise value fell from \$6.7 trillion as of 6/30/21 to \$6.4 trillion as of 5/16/22.

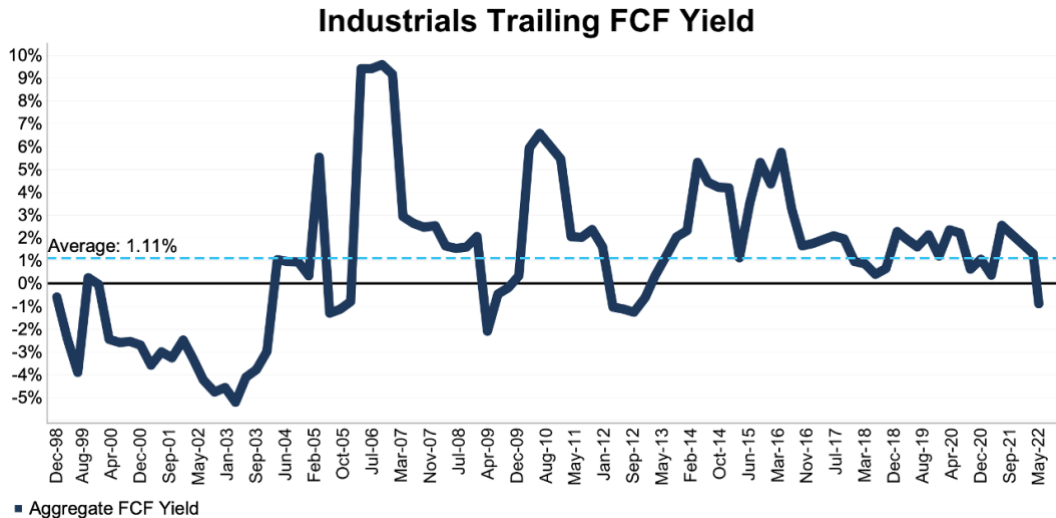
Figure 8: Healthcare Trailing FCF Yield: Dec 1998 – 5/16/22

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 NC 2000 constituents were available.

**Industrials**

Figure 9 shows trailing FCF yield for the Industrials sector fell from 2.6% as of 6/30/21 to -0.9% as of 5/16/22. The Industrials sector FCF fell from \$146.7 billion in 1Q21 to -\$45.3 billion in 1Q22, while enterprise value fell from \$5.8 trillion as of 6/30/21 to \$5.1 trillion as of 5/16/22.

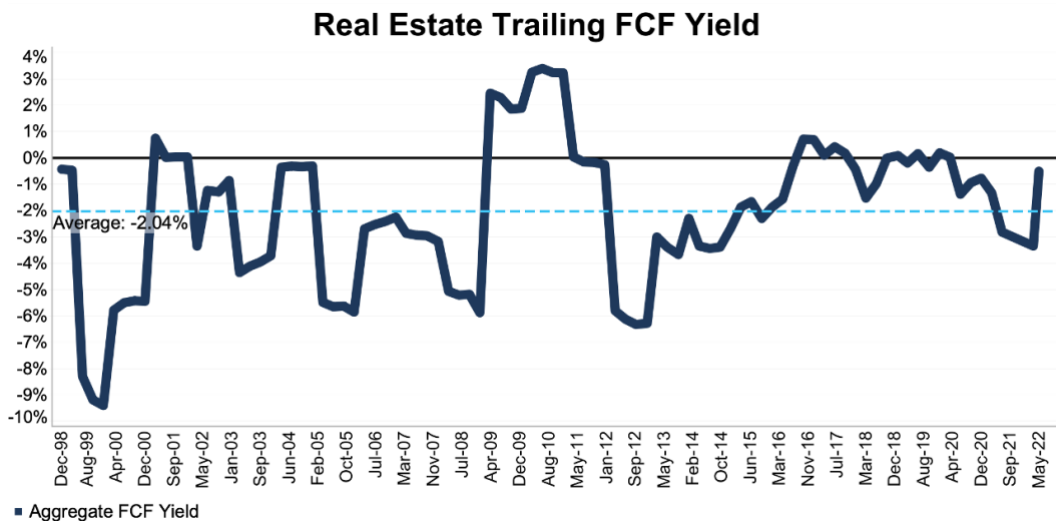
Figure 9: Industrials Trailing FCF Yield: Dec 1998 – 5/16/22

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 NC 2000 constituents were available.

Real Estate

Figure 10 shows trailing FCF yield for the Real Estate sector rose from -2.8% as of 6/30/21 to -0.5% as of 5/16/22. The Real Estate sector FCF rose from -\$58.2 billion in 1Q21 to -\$10.3 billion in 1Q22, while enterprise value fell from \$2.1 trillion as of 6/30/21 to \$2.0 trillion as of 5/16/22.

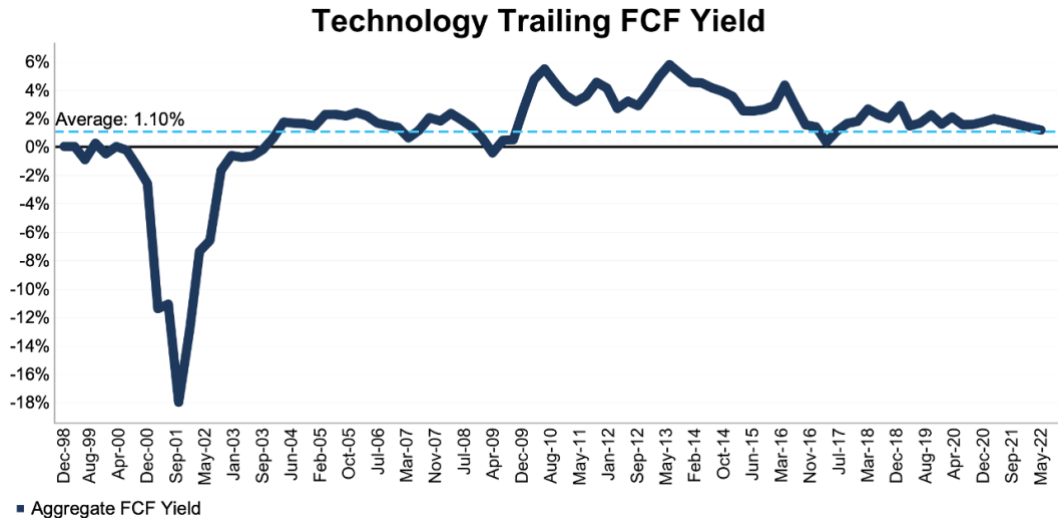
Figure 10: Real Estate Trailing FCF Yield: Dec 1998 – 5/16/22

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 NC 2000 constituents were available.

**Technology**

Figure 11 shows trailing FCF yield for the Technology sector fell from 1.8% as of 6/30/21 to 1.2% as of 5/16/22. The Technology sector FCF fell from \$292.5 billion in 1Q21 to \$161.7 billion in 1Q22, while enterprise value fell from \$15.9 trillion as of 6/30/21 to \$13.4 trillion as of 5/16/22.

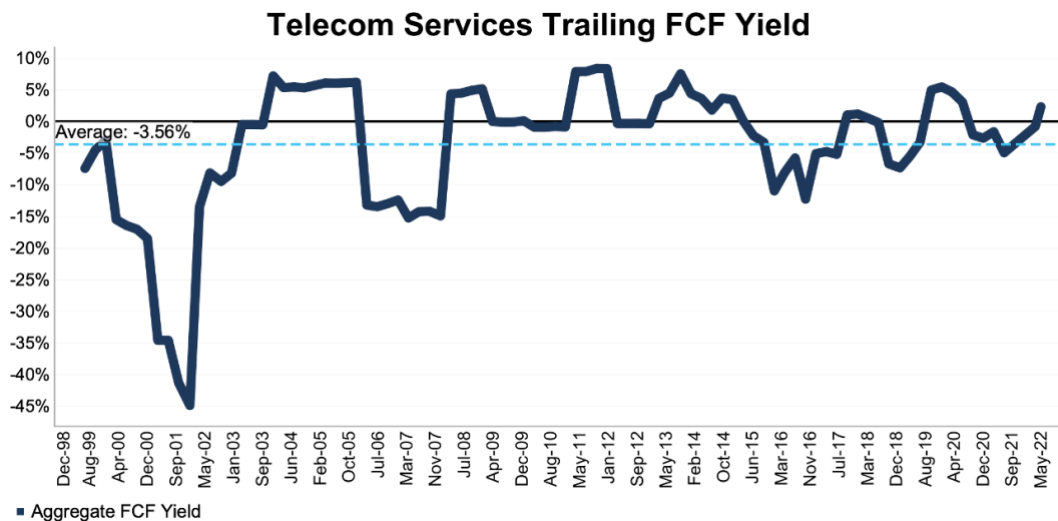
Figure 11: Technology Trailing FCF Yield: Dec 1998 – 5/16/22

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 NC 2000 constituents were available.

Telecom Services

Figure 12 shows trailing FCF yield for the Telecom Services sector rose from -4.9% as of 6/30/21 to 2.3% as of 5/16/22. The Telecom Services sector FCF rose from -\$86.0 billion in 1Q21 to \$35.6 billion in 1Q22, while enterprise value fell from \$1.7 trillion as of 6/30/21 to \$1.5 trillion as of 5/16/22.

Figure 12: Telecom Services Trailing FCF Yield: Dec 1998 – 5/16/22

Sources: New Constructs, LLC and company filings.

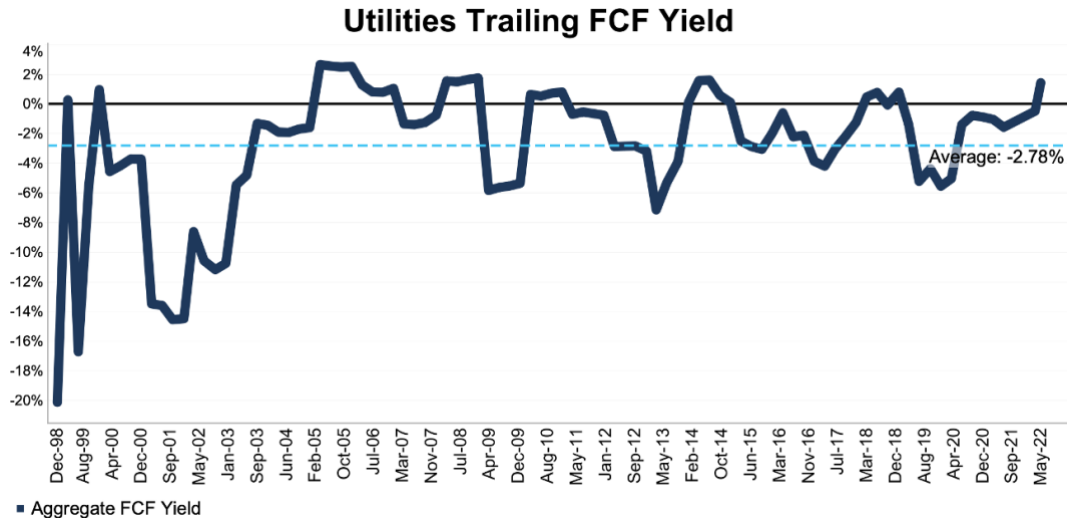
The May 16, 2022 measurement period uses price data as of that date and incorporates the financial data from 1Q22 10-Qs, as this is the earliest date for which all the 1Q22 10-Qs for the NC 2000 constituents were available.



Utilities

Figure 13 shows trailing FCF yield for the Utilities sector rose from -1.6% as of 6/30/21 to 1.4% as of 5/16/22. The Utilities sector FCF rose from -\$33.2 billion in 1Q21 to \$32.1 billion in 1Q22, while enterprise value increased from \$2.1 trillion as of 6/30/21 to \$2.2 trillion as of 5/16/22.

Figure 13: Utilities Trailing FCF Yield: Dec 1998 – 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 NC 2000 constituents were available.

This article originally published on [June 2, 2022](#).

Disclosure: 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.

**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 NC 2000 and each NC 2000 sector going back to December 1998. We sum the individual NC 2000/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 – Financial Data from 1Q22 10-Qs

Sector	Free Cash Flow (\$mm)
Financials	\$212,893
Technology	\$161,659
Consumer Non-cyclicals	\$139,509
Energy	\$123,255
Healthcare	\$111,044
Basic Materials	\$66,285
Consumer Cyclicals	\$41,559
Telecom Services	\$35,553
Utilities	\$32,072
Real Estate	-\$10,279
Industrials	-\$45,289
NC 2000	\$868,260

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	\$13,447,912
Consumer Cyclicals	\$7,157,761
Healthcare	\$6,407,391
Financials	\$5,829,917
Industrials	\$5,138,290
Consumer Non-cyclicals	\$3,670,051
Energy	\$3,066,367
Utilities	\$2,223,578
Real Estate	\$2,022,131
Basic Materials	\$1,566,547
Telecom Services	\$1,516,203
NC 2000	\$52,046,149

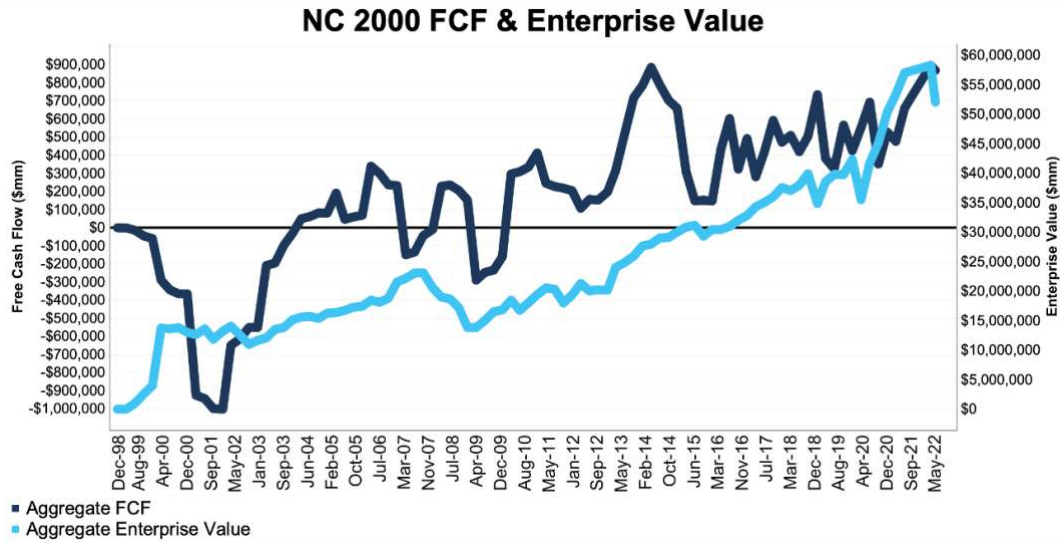
Sources: New Constructs, LLC and company filings.
Prices as of 5/16/22.

These two tables show that while the Financials sector generates the most free cash flow, the Technology sector has the highest enterprise value of all sectors, and by a wide margin.

Figures 16 through 27 compare the FCF and enterprise value trends for the NC 2000 and every sector since 1998.



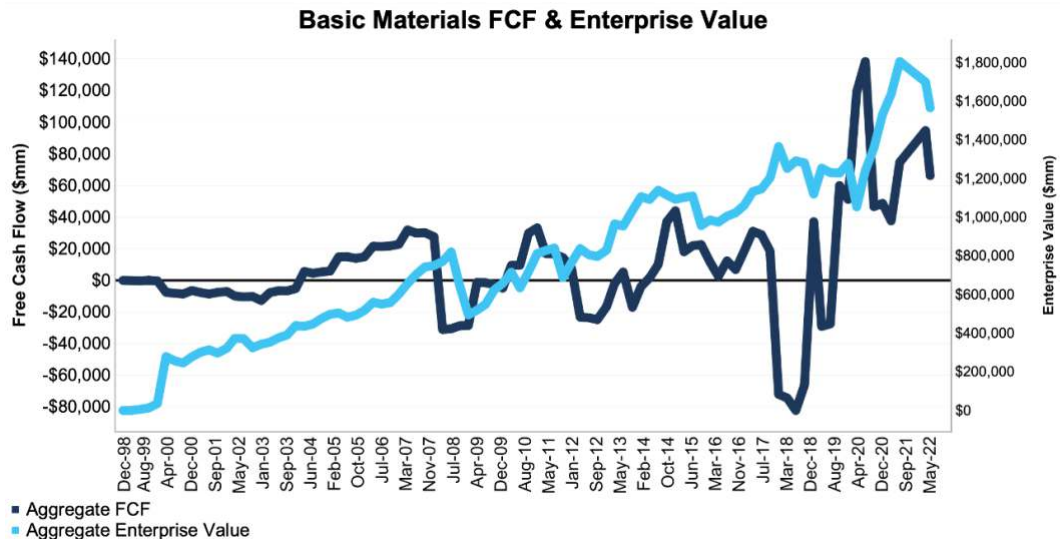
Figure 16: NC 2000 FCF & Enterprise Value: Dec 1998 – 5/16/22



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 NC 2000 constituents were available.

Figure 17: Basic Materials FCF & Enterprise Value: Dec 1998 – 5/16/22

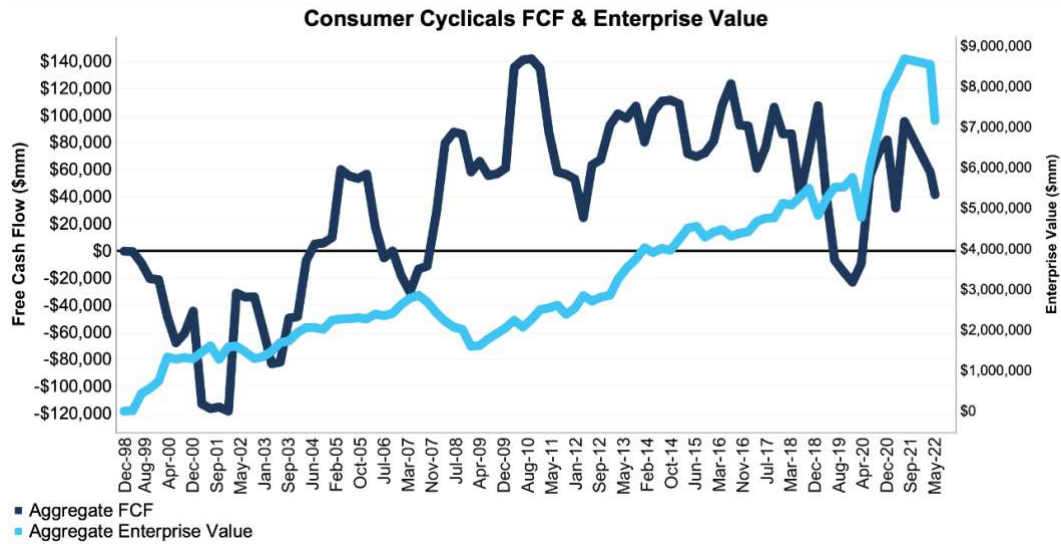


Sources: New Constructs, LLC and company filings.

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 NC 2000 constituents were available.



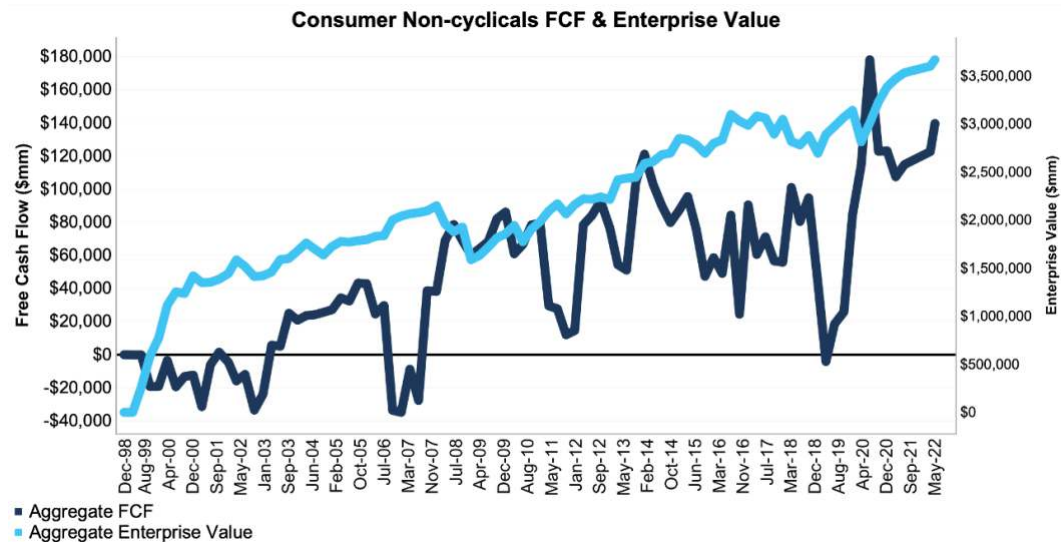
Figure 18: Consumer Cyclical FCF & Enterprise Value: Dec 1998 – 5/16/22



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 NC 2000 constituents were available.

Figure 19: Consumer Non-Cyclicals FCF & Enterprise Value: Dec 1998 – 5/16/22

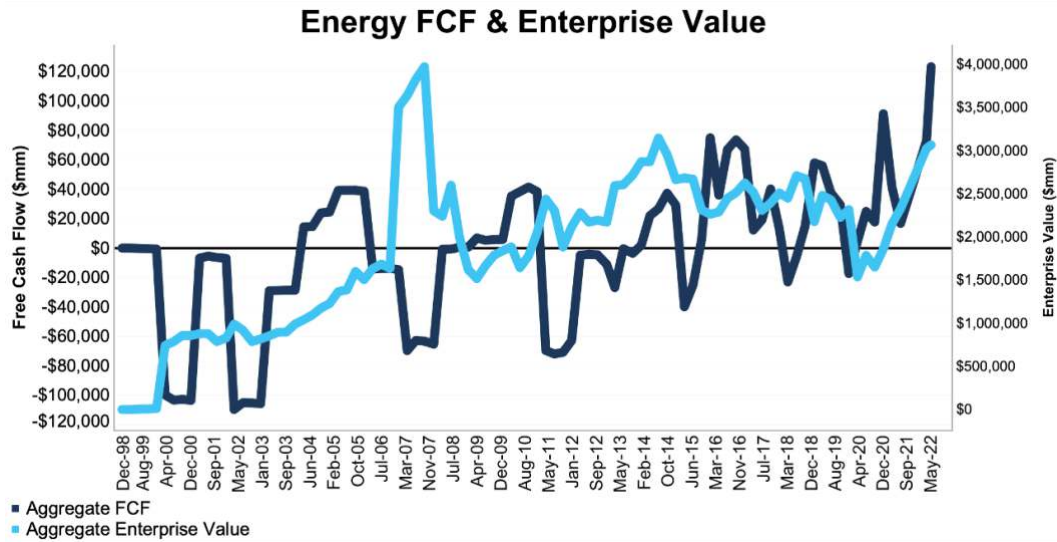


Sources: New Constructs, LLC and company filings.

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 NC 2000 constituents were available.



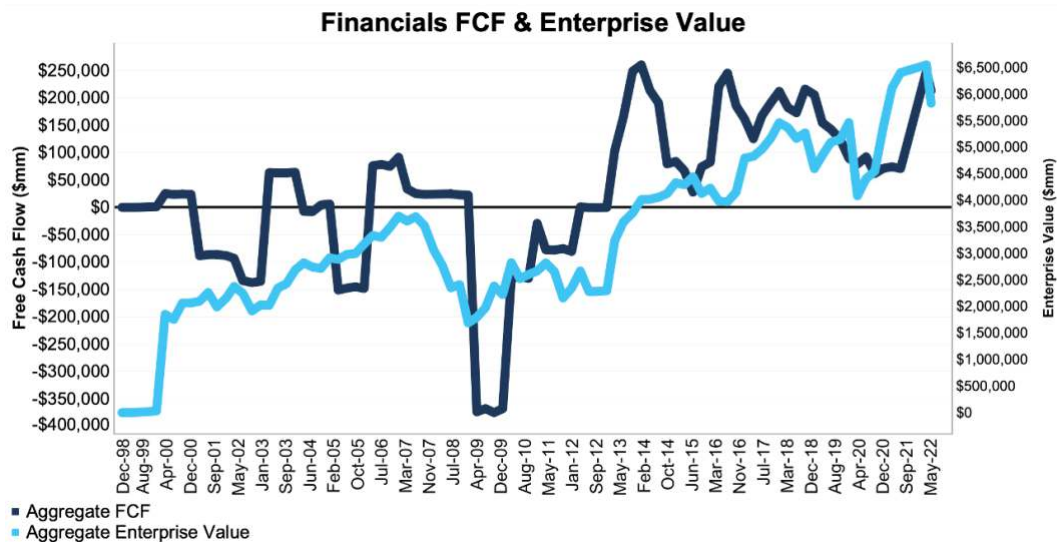
Figure 20: Energy FCF & Enterprise Value: Dec 1998 – 5/16/22



Sources: New Constructs, LLC and company filings.

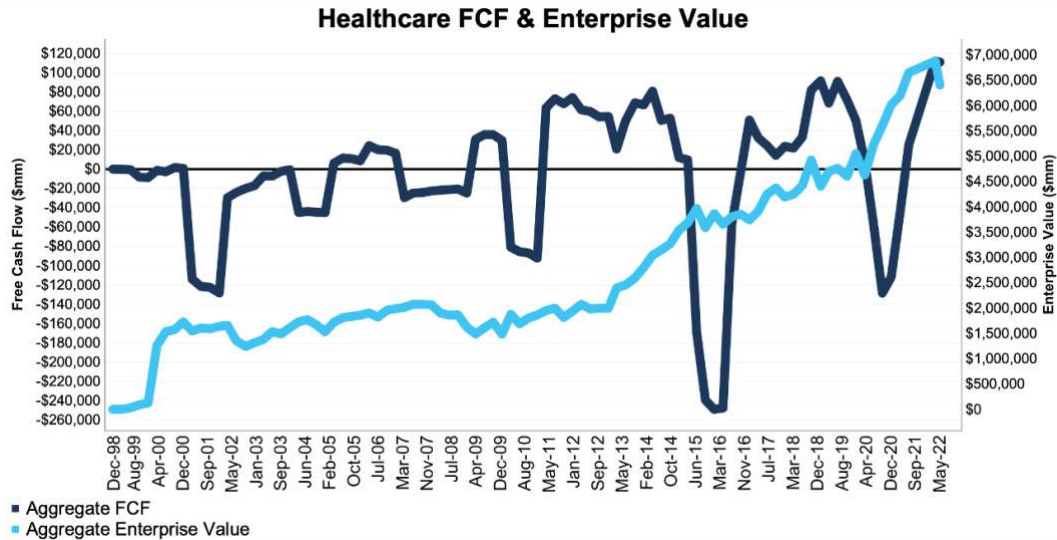
The May 16, 2022 measurement period uses price data as of that date and incorporates the financial data from 1Q22 10-Qs, as this is the earliest date for which all the 1Q22 10-Qs for the NC 2000 constituents were available.

Figure 21: Financials FCF & Enterprise Value: Dec 1998 – 5/16/22



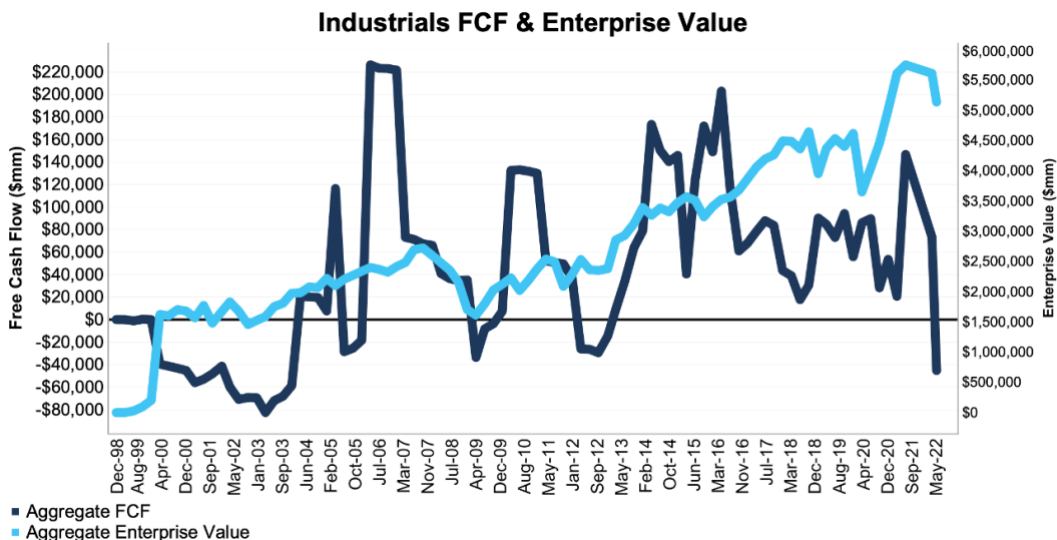
Sources: New Constructs, LLC and company filings.

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 NC 2000 constituents were available.

**Figure 22: Healthcare FCF & Enterprise Value: Dec 1998 – 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 NC 2000 constituents were available.

Figure 23: Industrials FCF & Enterprise Value: Dec 1998 – 5/16/22⁶

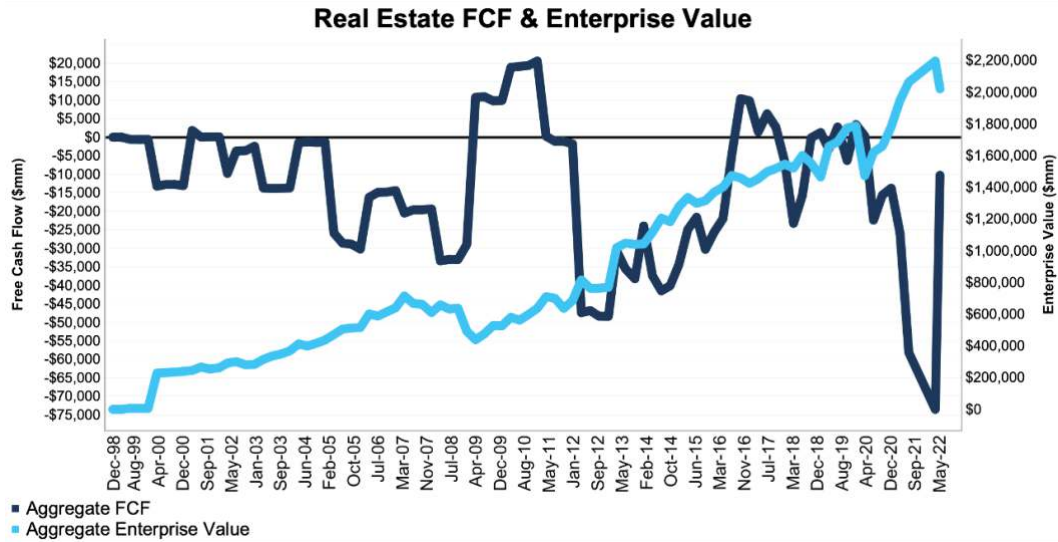
Sources: New Constructs, LLC and company filings.

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 NC 2000 constituents were available.

⁶ The Industrials sector free cash flow is heavily influenced by General Electric (GE) in 2005. In 2005 GE restated ~\$135 billion of Investment Securities to Assets of Discontinued Operations. This reclassification caused a large year-over-year change in invested capital from 2004-2005, and therefore a large increase in FCF. However, due to poor disclosures in the filings, we're unable to specifically track the changes beyond reclassifying an operating asset as a non-operating asset.



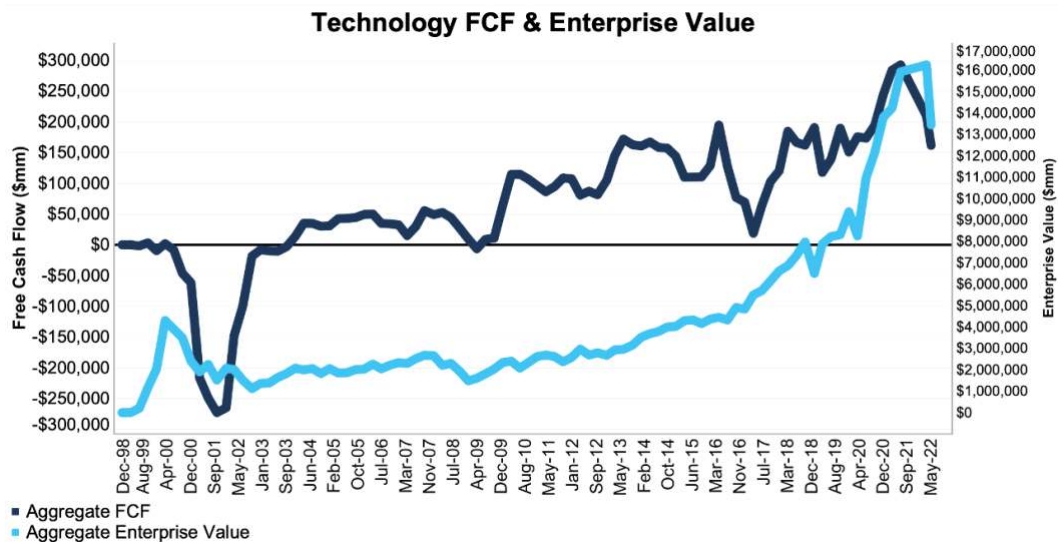
Figure 24: Real Estate FCF & Enterprise Value: Dec 1998 – 5/16/22



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 NC 2000 constituents were available.

Figure 25: Technology FCF & Enterprise Value: Dec 1998 – 5/16/22

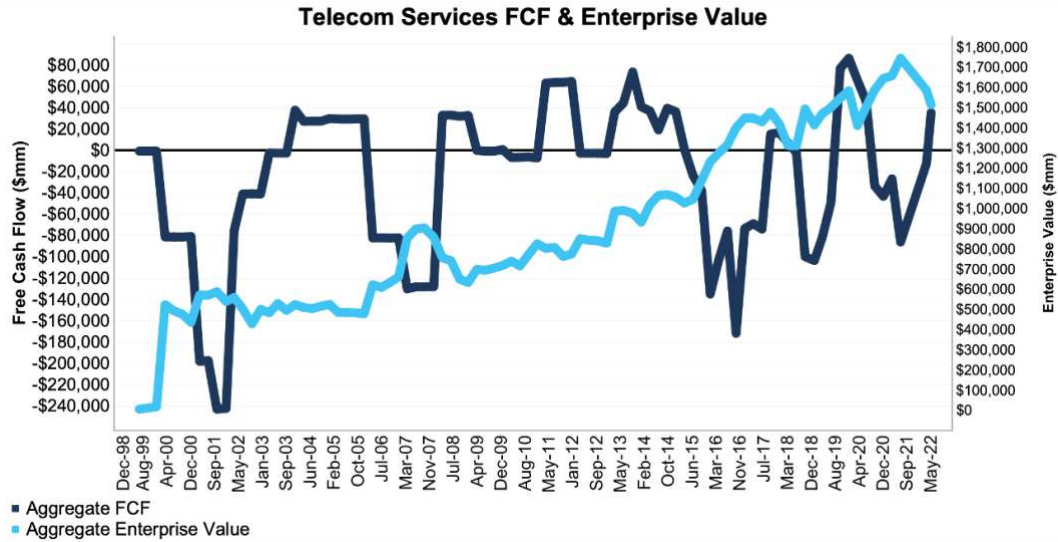


Sources: New Constructs, LLC and company filings.

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 NC 2000 constituents were available.



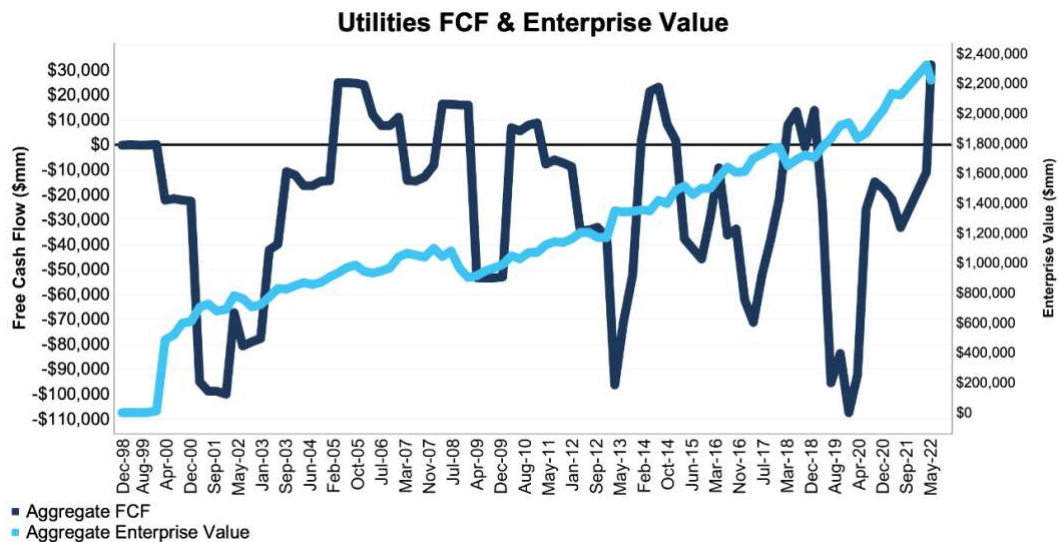
Figure 26: Telecom Services FCF & Enterprise Value: Dec 1998 – 5/16/22



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 NC 2000 constituents were available.

Figure 27: Utilities FCF & Enterprise Value: Dec 1998 – 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 NC 2000 constituents were available.



Appendix II: Analyzing Trailing FCF Yield with Different Weighting Methodologies

We derive the metrics above by summing the individual NC 2000/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 NC 2000/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 NC 2000 in each period. Details:
 - a. Company weight equals the company’s market cap divided by the market cap of the NC 2000/its sector
 - b. We multiply each company’s trailing FCF yield by its weight
 - c. NC 2000/Sector trailing FCF yield equals the sum of the weighted trailing FCF yields for all the companies in NC 2000/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 NC 2000/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 NC 2000/each sector to determine each sector’s weighted FCF and weighted enterprise value
 - d. NC 2000/Sector trailing FCF yield equals weighted NC 2000/sector FCF divided by weighted NC 2000/sector enterprise value

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

Aggregate method

Pros:

- A straightforward look at the entire NC 2000/sector, regardless of company size or weighting
- Matches how S&P Global calculates metrics for the NC 2000.

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 NC 2000/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 NC 2000/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.

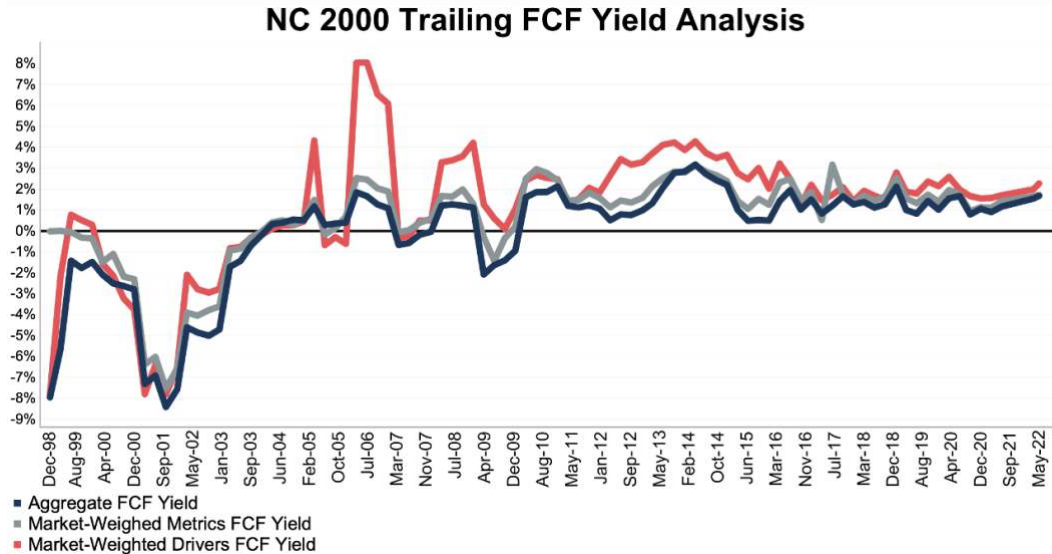
Cons:



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

Figures 28 through 39 compare these three methods for calculating NC 2000 and sector trailing FCF yields.

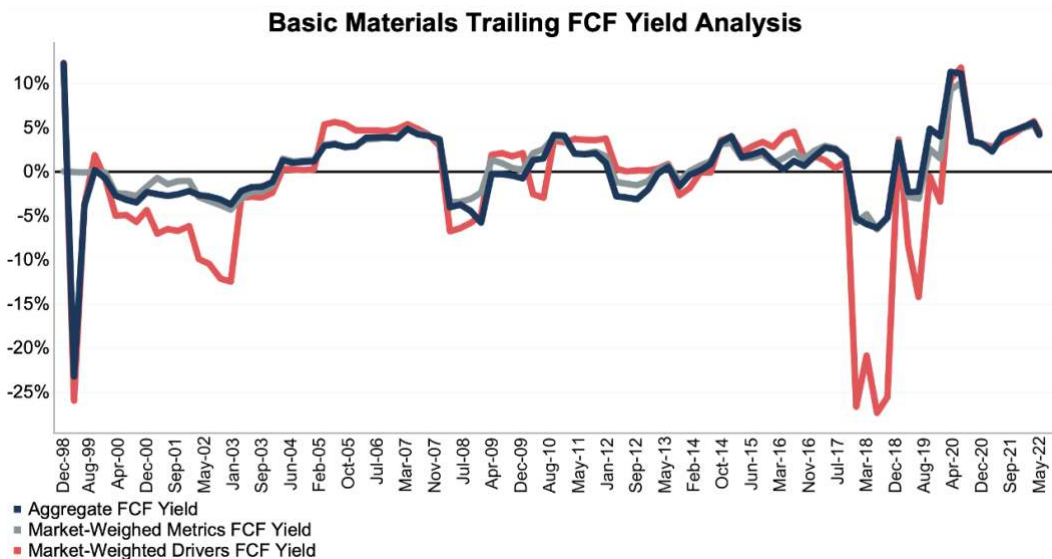
Figure 28: NC 2000 Trailing FCF Yield Methodologies Compared: Dec 1998 – 5/16/22



Sources: New Constructs, LLC and company filings.

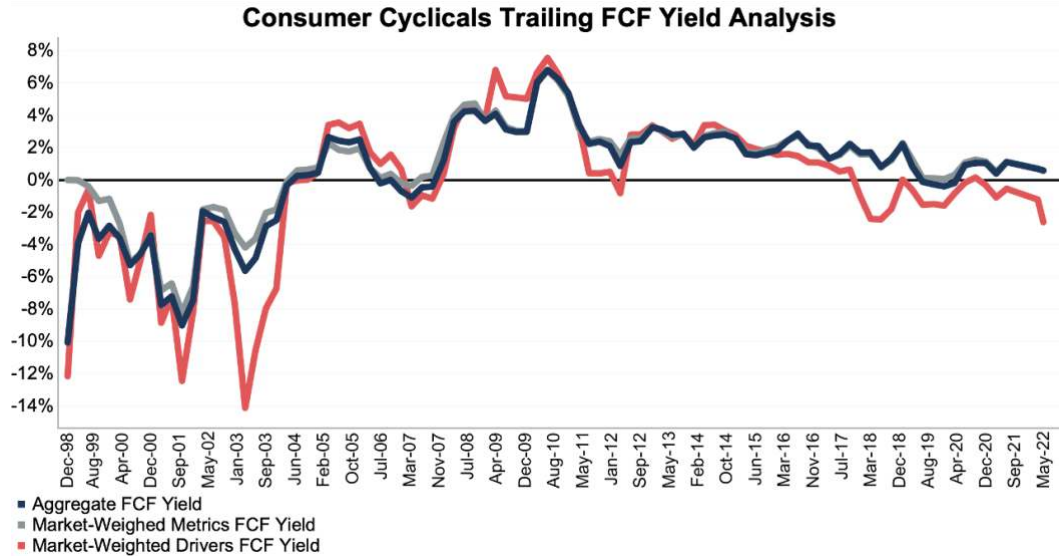
The May 16, 2022 measurement period uses price data as of that date and incorporates the financial data from 1Q22 10-Qs, as this is the earliest date for which all the 1Q22 10-Qs for the NC 2000 constituents were available.

Figure 29: Basic Materials Trailing FCF Yield Methodologies Compared: Dec 1998 – 5/16/22



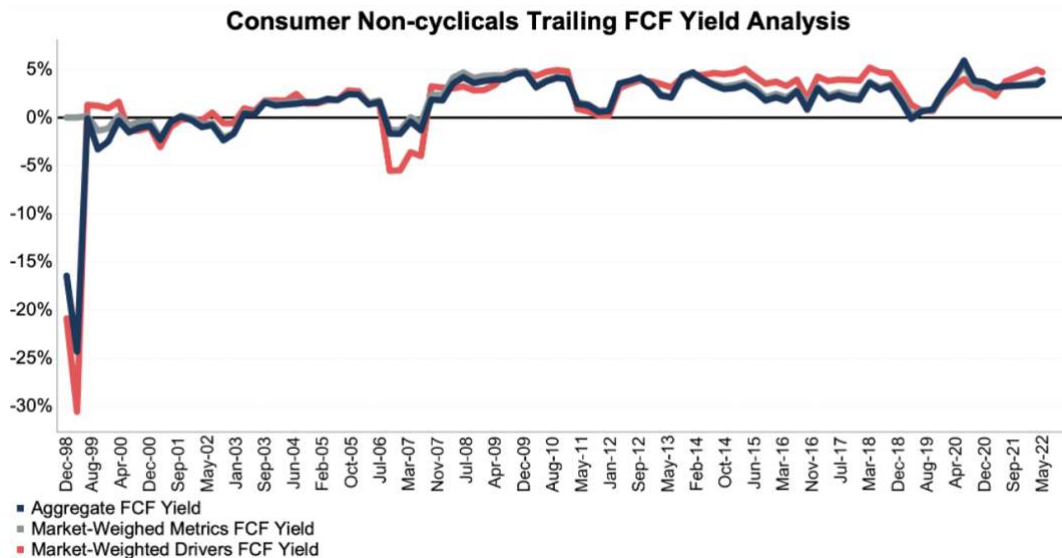
Sources: New Constructs, LLC and company filings.

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 NC 2000 constituents were available.

**Figure 30: Consumer Cyclical Trailing FCF Yield Methodologies Compared: Dec 1998 – 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 NC 2000 constituents were available.

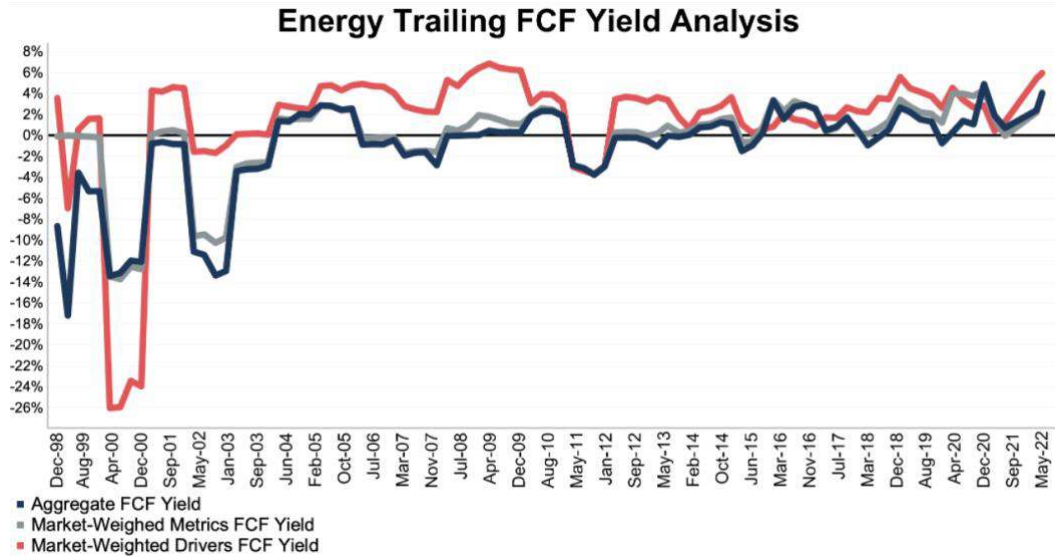
Figure 31: Consumer Non-cyclicals Trailing FCF Yield Methodologies Compared: Dec 1998 – 5/16/22

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 NC 2000 constituents were available.



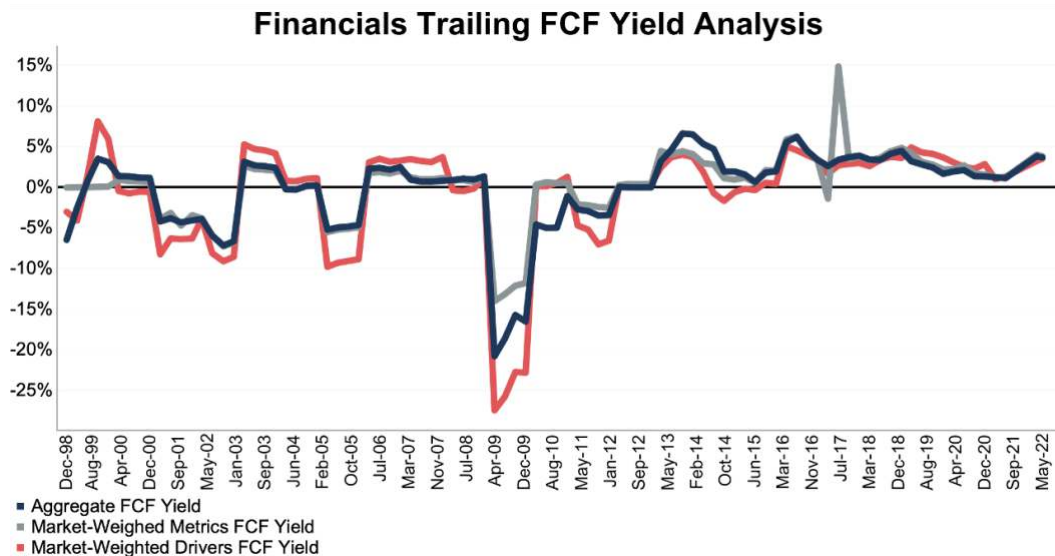
Figure 32: Energy Trailing FCF Yield Methodologies Compared: Dec 1998 – 5/16/22



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 NC 2000 constituents were available.

Figure 33: Financials Trailing FCF Yield Methodologies Compared: Dec 1998 – 5/16/22

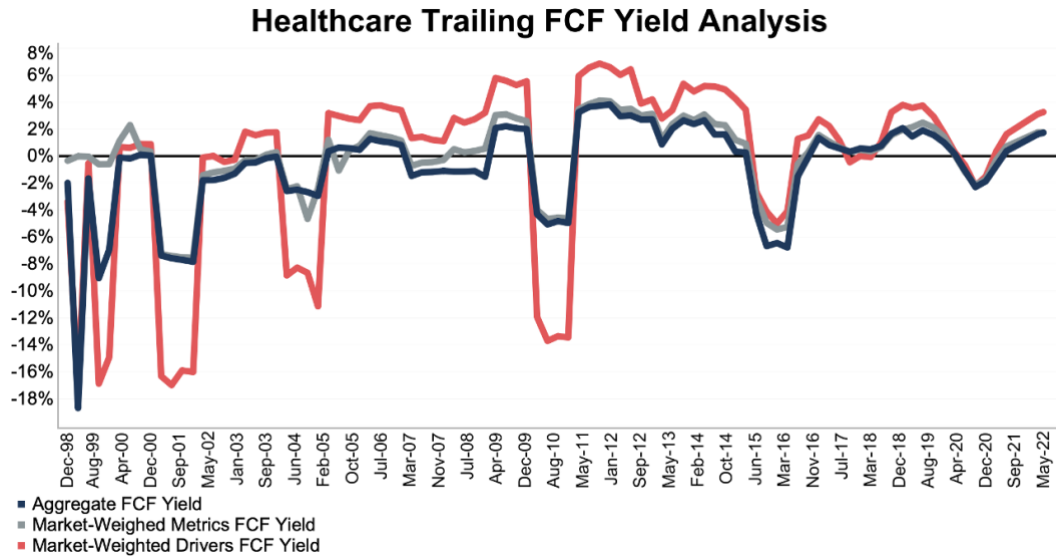


Sources: New Constructs, LLC and company filings.

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 NC 2000 constituents were available.



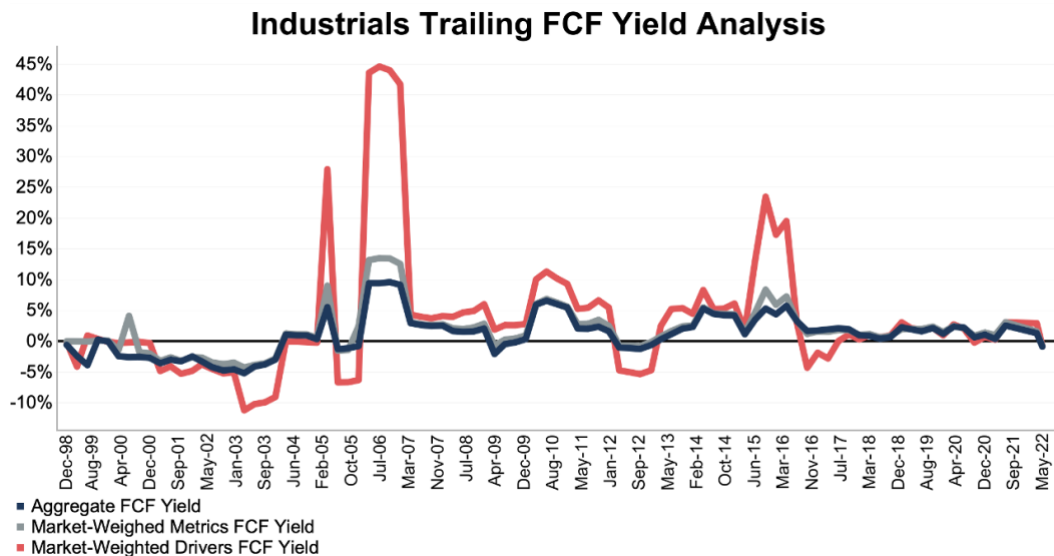
Figure 34: Healthcare Trailing FCF Yield Methodologies Compared: Dec 1998 – 5/16/22



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 NC 2000 constituents were available.

Figure 35: Industrials Trailing FCF Yield Methodologies Compared: Dec 1998 – 5/16/22

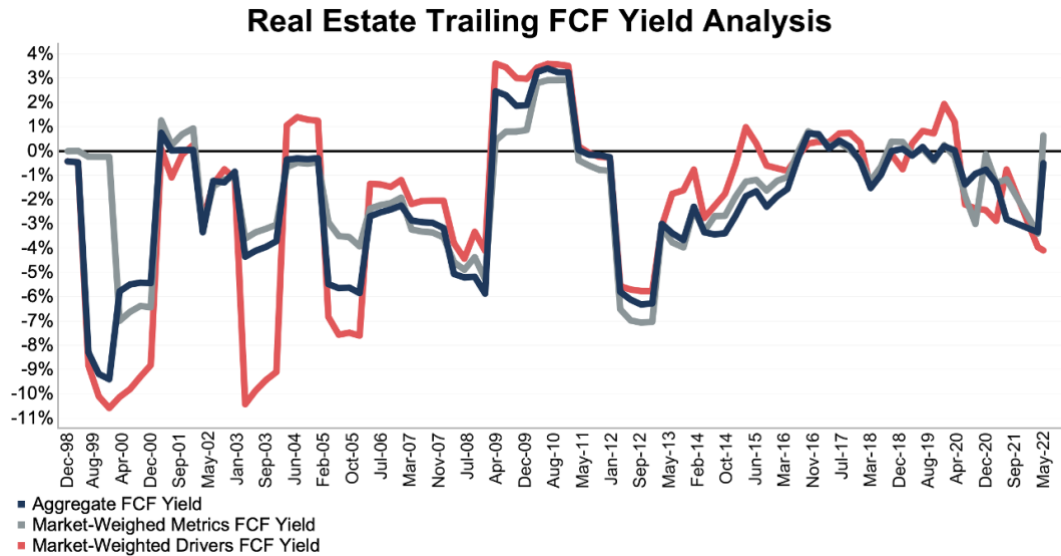


Sources: New Constructs, LLC and company filings.

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 NC 2000 constituents were available.



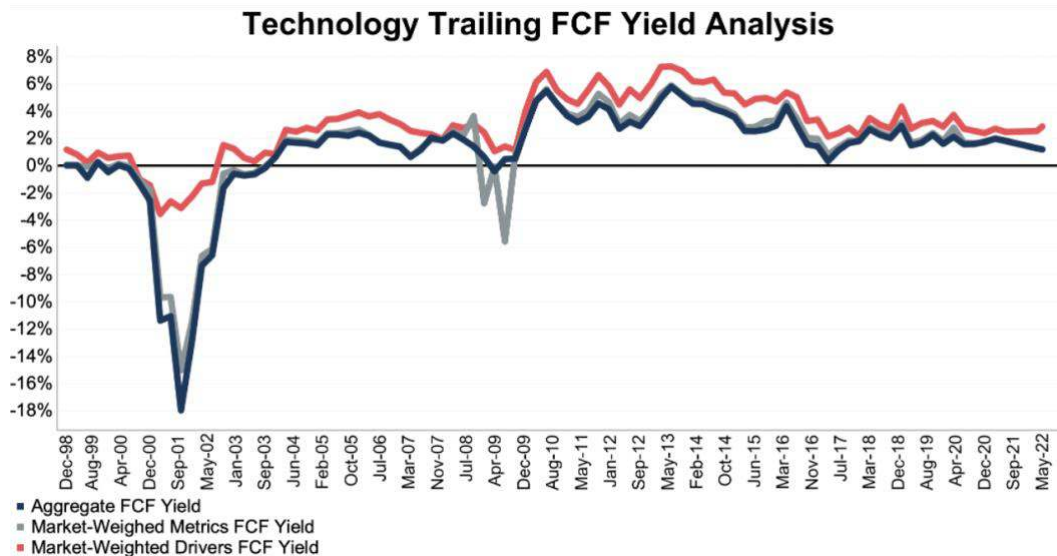
Figure 36: Real Estate Trailing FCF Yield Methodologies Compared: Dec 1998 – 5/16/22



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 NC 2000 constituents were available.

Figure 37: Technology Trailing FCF Yield Methodologies Compared: Dec 1998 – 5/16/22

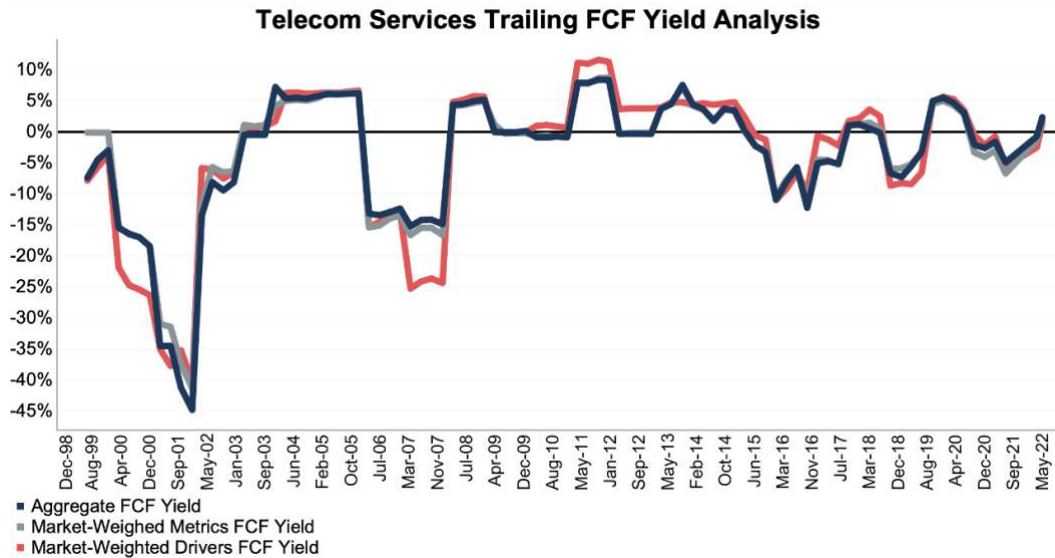


Sources: New Constructs, LLC and company filings.

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 NC 2000 constituents were available.



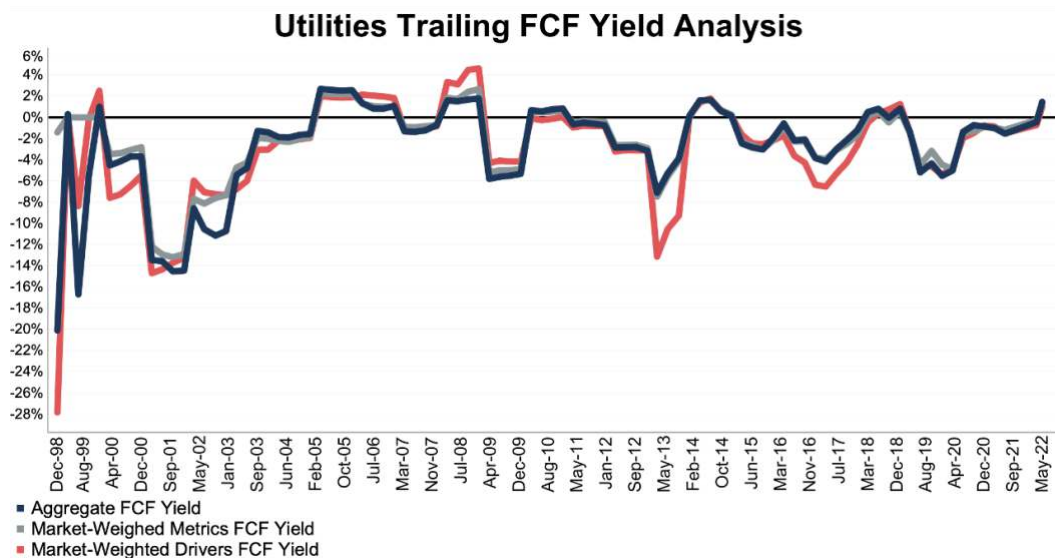
Figure 38: Telecom Services Trailing FCF Yield Methodologies Compared: Dec 1998 – 5/16/22



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 NC 2000 constituents were available.

Figure 39: Utilities Trailing FCF Yield Methodologies Compared: Dec 1998 – 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 NC 2000 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.
2. Only our “novel database” enables investors to overcome these flaws and apply [reliable](#) fundamental data in their research.
3. Our proprietary measures of [Core Earnings](#) and [Earnings Distortion](#) materially improve stock picking and forecasting of profits.

Best Fundamental Data in the World

Forthcoming in [The Journal of Financial Economics](#), a top peer-reviewed journal, [Core Earnings: New Data & Evidence](#) proves our Robo-Analyst technology overcomes material shortcomings in legacy firms' data collection processes 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 [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.

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](#).



DISCLOSURES

New Constructs®, LLC (together with any subsidiaries and/or affiliates, "New Constructs") is an independent organization with no management ties to the companies it covers. None of the members of New Constructs' management team or the management team of any New Constructs' affiliate holds a seat on the Board of Directors of any of the companies New Constructs covers. New Constructs does not perform any investment or merchant banking functions and does not operate a trading desk.

New Constructs' Stock Ownership Policy prevents any of its employees or managers from engaging in Insider Trading and restricts any trading whereby an employee may exploit inside information regarding our stock research. In addition, employees and managers of the company are bound by a code of ethics that restricts them from purchasing or selling a security that they know or should have known was under consideration for inclusion in a New Constructs report nor may they purchase or sell a security for the first two days after New Constructs issues a report on that security.

DISCLAIMERS

The information and opinions presented in this report are provided to you for information purposes only and are not to be used or considered as an offer or solicitation of an offer to buy or sell securities or other financial instruments. New Constructs has not taken any steps to ensure that the securities referred to in this report are suitable for any particular investor and nothing in this report constitutes investment, legal, accounting or tax advice. This report includes general information that does not take into account your individual circumstance, financial situation or needs, nor does it represent a personal recommendation to you. The investments or services contained or referred to in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about any such investments or investment services.

Information and opinions presented in this report have been obtained or derived from sources believed by New Constructs to be reliable, but New Constructs makes no representation as to their accuracy, authority, usefulness, reliability, timeliness or completeness. New Constructs accepts no liability for loss arising from the use of the information presented in this report, and New Constructs makes no warranty as to results that may be obtained from the information presented in this report. Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information and opinions contained in this report reflect a judgment at its original date of publication by New Constructs and are subject to change without notice. New Constructs may have issued, and may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. Those reports reflect the different assumptions, views and analytical methods of the analysts who prepared them and New Constructs is under no obligation to insure that such other reports are brought to the attention of any recipient of this report.

New Constructs' reports are intended for distribution to its professional and institutional investor customers. Recipients who are not professionals or institutional investor customers of New Constructs should seek the advice of their independent financial advisor prior to making any investment decision or for any necessary explanation of its contents.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would be subject New Constructs to any registration or licensing requirement within such jurisdiction.

This report may provide the addresses of websites. Except to the extent to which the report refers to New Constructs own website material, New Constructs has not reviewed the linked site and takes no responsibility for the content therein. Such address or hyperlink (including addresses or hyperlinks to New Constructs own website material) is provided solely for your convenience and the information and content of the linked site do not in any way form part of this report. Accessing such websites or following such hyperlink through this report shall be at your own risk.

All material in this report is the property of, and under copyright, of New Constructs. None of the contents, nor any copy of it, may be altered in any way, copied, or distributed or transmitted to any other party without the prior express written consent of New Constructs. All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of New Constructs. Copyright New Constructs, LLC 2003 through the present date. All rights reserved.