



Fortune Highlights Our Prescient Carvana Call

After featuring the success of our Zombie Stocks List in his June 2022 article, Fortune’s Will Daniel revisited our Carvana (CVNA: \$5/share) call in [this tweet](#) from November 4, 2022:

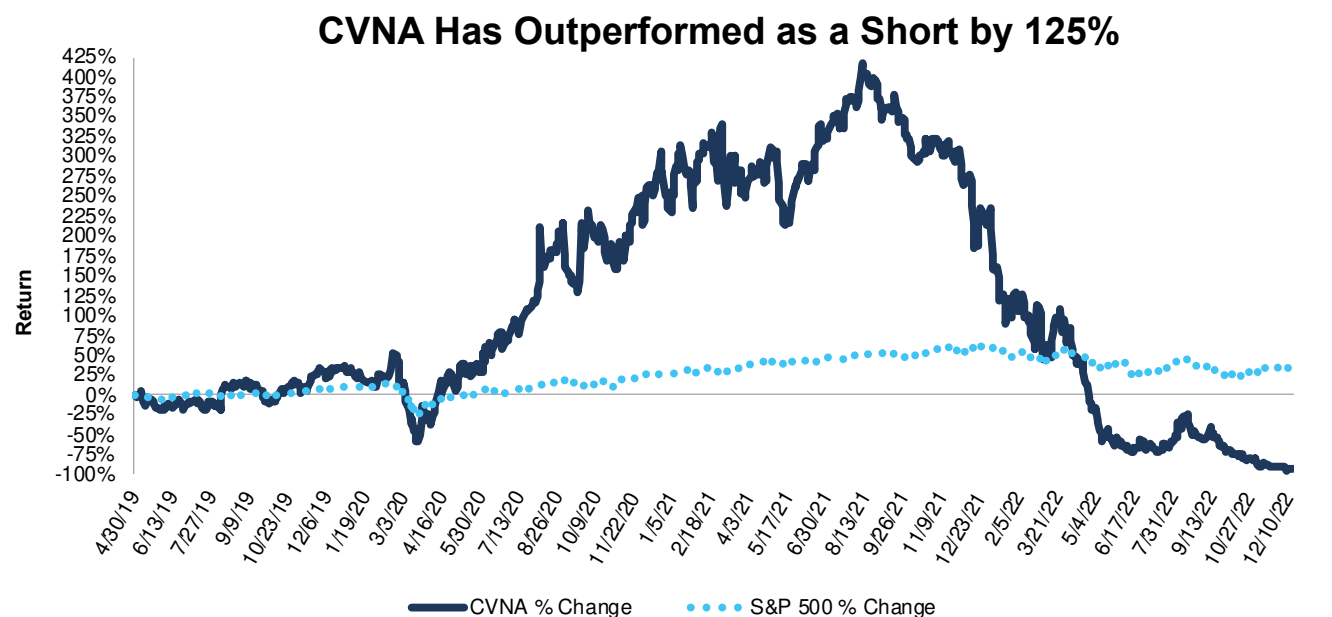
“Watching Carvana today...and thinking about New Constructs’ David Trainer.

He did warn you. Since publication of [this article](#) in late June, CVNA is down more than 70%.”

Carvana has fallen even further since then. In fact, since our original Danger Zone report in [April 2019](#), Carvana’s stock is down 92% and has outperformed the S&P 500 as a short by 125%. See Figure 1. See all our research on Carvana [here](#).

Since we named Carvana a Zombie Stock in [June 2022](#), the stock is down 83% and has outperformed the S&P 500 as a short by 85%. See the complete list of all the Zombie Stocks [here](#).

Figure 1: Danger Zone Performance: From Date of Publication Through 12/15/22



Sources: New Constructs, LLC

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

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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.

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