



## Most Dangerous Stocks for December 2022

### 20 Large/Mid Cap and 20 Small Cap Stocks

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- **Figure 1** shows 22 new stocks that make our December lists.
- **The Most Dangerous Stocks (+6.0%)** rose less than the S&P 500 (+7.5%) and outperformed as a short portfolio last month.
- **Figure 4** shows the 26 stocks from November’s report that outperformed as shorts.
- See **Appendix C** for data on returns, volatility and portfolio turnover for our Most Dangerous Stocks Portfolio.
- **Most Dangerous Stocks** have misleading earnings, which means reported earnings are rising while true economic earnings are declining.
- This [paper](#) compares our analytics on a mega cap company to other major providers. The Appendix details exactly how we stack up.
- Our Robo-Analyst technology, [featured by Harvard Business School](#), enables analysis of financial footnotes at unprecedented scale.
- Our research utilizes more reliable & [proprietary](#) fundamental data, proven in [The Journal of Financial Economics](#) and [studies](#) from the public & private sectors.

**Figure 1: Additions for December**

Large Cap Additions		Small Cap Additions	
Ticker	Company Name	Ticker	Company Name
CHGG	Chegg Inc.	ALTO	Alto Ingredients Inc.
DLR	Digital Realty Trust, Inc.	APPS	Digital Turbine Inc
DOC	Physicians Realty Trust	ASYS	Amtech Systems, Inc.
IR	Ingersoll Rand Inc.	CIA	Citizens Inc.
LNW	Light & Wonder Inc	CNSL	Consolidated Communications Holdings
PODD	Insulet Corporation	CPSI	Computer Programs And Systems Inc
SYK	Stryker Corporation	DNN	Denison Mine Corp
ZI	ZoomInfo Technologies Inc.	GTN	Gray Television, Inc.
		GVA	Granite Construction, Inc.
		KAMN	Kaman Corporation
		KTCC	Key Tronic Corp
		MTW	Manitowoc Co, Inc.
		SSTI	ShotSpotter Inc
		TK	Teekay Corporation

Sources: New Constructs, LLC

Please see Appendix B for explanations of additions and deletions to the large and small cap lists.

## The 20 Most Dangerous Large/Mid Cap Stocks for December

We recommend that investors avoid or equal-weight short positions in all 20 Large/Mid Cap Most Dangerous Stocks.

**Figure 2: 20 Most Dangerous Large/Mid Cap Stocks for December**

Ticker	Company Name	Sector	Misleading Earnings			Expensive Valuation			Market Value (\$mm)
			As of Last Twelve Months			as of 12/05/22			
			Rising GAAP Earnings (\$mm)	Declining Economic Cash Flows (\$mm)	Low-Ranking ROIC (by Quintile)	Free Cash Flow Yield	Price-to-Economic Book Value	Market-Implied GAP (years)	
O	Realty Income Corp	Real Estate	\$172.84	(\$1,475)	Bottom Quintile	-39%	272.1	Greater than 100	\$39,034
TRU	Transunion	Industrials	\$769.20	(\$406)	Bottom Quintile	-21%	8.7	16	\$11,664
FCFS	Firstcash Inc.	Financials	\$74.54	(\$89)	Bottom Quintile	-17%	4.8	30	\$4,242
CHGG*	Chegg Inc.	Industrials	\$288.81	(\$68)	Bottom Quintile	-11%	9.0	Greater than 100	\$3,587
DOC*	Physicians Realty Trust	Real Estate	\$45.88	(\$110)	Bottom Quintile	-10%	-16.4	Greater than 100	\$3,435
JBT	John Bean Technologies	Industrials	\$7.90	(\$43)	4th	-7%	4.7	21	\$2,907
DLR*	Digital Realty Trust, Inc.	Real Estate	\$732.82	(\$822)	Bottom Quintile	-7%	-4.0	67	\$31,386
AMT	American Tower Corp	Real Estate	\$423.60	(\$2,302)	Bottom Quintile	-4%	-1458.3	30	\$100,389
SYK*	Stryker Corporation	Healthcare	\$557.00	(\$928)	4th	-1%	6.5	Greater than 100	\$90,028
PODD*	Insulet Corporation	Healthcare	\$46.30	(\$40)	Bottom Quintile	-1%	-142.7	Greater than 100	\$21,003
TRN	Trinity Industries, Inc.	Industrials	\$161.90	(\$153)	Bottom Quintile	0%	-0.5	28	\$2,481
COLD	Americold Realty Trust	Real Estate	\$36.15	(\$220)	Bottom Quintile	0%	-2.2	Greater than 100	\$7,907
TYL	Tyler Technologies, Inc.	Technology	\$27.18	(\$89)	4th	1%	8.0	Greater than 100	\$13,471
ZI*	ZoomInfo Technologies Inc.	Technology	\$174.50	(\$53)	4th	1%	26.6	Greater than 100	\$11,585
RTX	Raytheon Technologies Corp	Industrials	\$1,148.00	(\$5,487)	Bottom Quintile	1%	-10.9	Greater than 100	\$148,006
AVAV	AeroVironment Inc.	Industrials	\$2.13	(\$35)	Bottom Quintile	1%	151.4	Greater than 100	\$2,217
IR*	Ingersoll Rand Inc.	Industrials	\$259.20	(\$312)	Bottom Quintile	1%	5.3	Greater than 100	\$21,591
MGRC	McGrath Rentcorp	Industrials	\$11.51	(\$41)	4th	2%	4.0	Greater than 100	\$2,368
TDY	Teledyne Technologies, Inc.	Technology	\$308.40	(\$362)	4th	2%	2.8	Greater than 100	\$19,851
LNW*	Light & Wonder Inc	Consumer Cyclical	\$3,554.00	(\$218)	Bottom Quintile	2%	-3.9	Greater than 100	\$5,960

\* Addition to the Large/Mid Cap Most Dangerous list in December  
Most Dangerous Stocks are Sorted by Overall Risk/Reward Rating

Sources: New Constructs, LLC

## The 20 Most Dangerous Small Cap Stocks for December

We recommend that investors avoid or equal-weight short positions in all 20 Small Cap Most Dangerous Stocks.

**Figure 3: 20 Most Dangerous Small Cap Stocks for December**

Ticker	Company Name	Sector	Misleading Earnings			Expensive Valuation			Market Value (\$mm)
			As of Last Twelve Month			as of 12/05/22			
			Rising GAAP Earnings (\$mm)	Declining Economic Cash Flows (\$mm)	Low-Ranking ROIC (by Quintile)	Free Cash Flow Yield	Price-to-Economic Book Value	Market-Implied GAP (years)	
KOSS	Koss Corp	Technology	\$11.05	(\$20)	Bottom Quintile	-50%	-0.1	Greater than 100	\$57
KAMN*	Kaman Corporation	Industrials	\$14.80	(\$19)	Bottom Quintile	-39%	-1.5	61	\$572
CIA*	Citizens Inc.	Financials	\$27.94	(\$7)	Bottom Quintile	-24%	-2.7	Greater than 100	\$154
CODI	Compass Diversified Holdings	Technology	\$122.19	(\$65)	Bottom Quintile	-19%	-4.6	15	\$1,336
APPS*	Digital Turbine Inc	Technology	\$0.70	(\$61)	3rd	-11%	5.2	Greater than 100	\$1,727
SSTI*	ShotSpotter Inc	Technology	\$5.46	(\$6)	Bottom Quintile	-9%	-4.7	Greater than 100	\$404
MTW*	Manitowoc Co, Inc.	Industrials	\$0.50	(\$87)	Bottom Quintile	-8%	-0.4	Greater than 100	\$336
DCO	Ducommun Inc.	Industrials	\$97.19	(\$26)	Bottom Quintile	-5%	2.6	11	\$583
CNSL*	Consolidated Communications	Telecom Services	\$279.80	(\$98)	Bottom Quintile	-3%	-0.6	6	\$497
KTCC*	Key Tronic Corp	Technology	\$0.28	(\$37)	Bottom Quintile	-1%	-0.1	18	\$52
DNN*	Denison Mine Corp	Energy	\$1.28	(\$25)	Bottom Quintile	0%	-3.1	Greater than 100	\$921
HSTM	HealthStream Inc.	Technology	\$2.10	(\$8)	Bottom Quintile	1%	5.7	Greater than 100	\$767
GVA*	Granite Construction, Inc.	Industrials	\$33.07	(\$28)	4th	3%	2.2	Greater than 100	\$1,566
ASYS*	Amtech Systems, Inc.	Technology	\$15.86	(\$6)	Bottom Quintile	5%	5.3	17	\$125
IVAC	Intevac Inc.	Industrials	\$45.32	(\$1)	Bottom Quintile	86%	-1.6	Greater than 100	\$153
TK*	Teekay Corporation	Energy	\$16.17	(\$558)	Bottom Quintile	338%	-0.1	Greater than 100	\$453
GTN*	Gray Television, Inc.	Consumer Cyclical	\$13.00	(\$226)	4th	-32%	0.9	20	\$1,072
CPSI*	Computer Programs And Systems	Healthcare	\$2.60	(\$9)	4th	-5%	2.1	9	\$422
MWA	Mueller Water Products, Inc.	Industrials	\$6.20	(\$44)	4th	-1%	1.8	10	\$1,807
ALTO*	Alto Ingredients Inc.	Energy	\$37.00	(\$24)	Bottom Quintile	2%	24.0	Less than 1	\$246

\* Addition to the Small Cap Most Dangerous list in December

Most Dangerous Stocks are Sorted by Overall Risk/Reward Rating

Sources: New Constructs, LLC



***Most Dangerous Stocks: Monthly Updates***

The Dangerous Stocks (+6.0%) rose less than the S&P 500 (+7.5%) and outperformed as a short portfolio last month. 26 stocks from our November Most Dangerous Large Cap and Small Cap lists outperformed the S&P 500 as shorts, and 8 stocks had negative returns. See Figure 4 for details. For updates on the performance of all of last month's Most Dangerous stocks, see Appendix A. The performance is based on closing prices from November 03, 2022 to December 05, 2022.

See our quarterly [Model Portfolio Performance reports](#) for updates on performance since inception and other longer periods of time.

**Figure 4: 13 Stocks that Outperformed as Shorts From November's Report**

Large Cap			Small Cap		
Ticker	Company Name	Change From 11/03/22	Ticker	Company Name	Change From 11/03/22
OMCL	Omniceil Inc.	-8.2%	CLAR	Clarus Corp	-28.8%
ARES	Ares Management Corp	-5.9%	CODI	Compass Diversified Holdings	-10.2%
FCFS	Firstcash Inc.	-3.1%	MATV	Mativ Holdings Inc	-7.0%
MGRC	McGrath Rentcorp	0.9%	MLKN	Miller Knoll Inc	-4.3%
O	Realty Income Corp	1.0%	KOSS	Koss Corp	-0.2%
PSN	Parsons Corp	2.5%	FRGI	Fiesta Restaurant Group	0.0%
AVAV	AeroVironment Inc.	2.9%	HAIN	The Hain Celestial Group,	0.0%
JBT	John Bean Technologies	3.0%	MWA	Mueller Water Products,	2.2%
VRT	Vertiv Holdings Co	3.1%	DHX	DHI Group Inc	2.6%
SPXC	SPX Corporation	5.8%	DCO	Ducommun Inc.	3.3%
RTX	Raytheon Technologies	6.2%	CARS	Cars.Com Inc	4.1%
AMT	American Tower Corp	7.1%	HSTM	HealthStream Inc.	5.7%
TRN	Trinity Industries, Inc.	7.1%	CASH	Pathward Financial Inc	5.9%
<b>S&amp;P 500</b>	<b>S&amp;P 500</b>	<b>7.5%</b>	<b>S&amp;P 500</b>	<b>S&amp;P 500</b>	<b>7.5%</b>

Sources: New Constructs, LLC,

Note: Gain/Decline performance analysis excludes transaction costs, dividends and rebates.

## Most Dangerous Stocks: Methodology

Stocks make our Most Dangerous list because they have:

1. **Poor-Quality Earnings** based on:

- a. Misleading earnings: rising and positive GAAP earnings while economic earnings are negative and falling; and
- b. Low Returns on Invested Capital (ROIC).

AND

2. **Expensive Valuations** based on:

- a. *Free-Cash Flow Yields*<sup>1</sup> that are very low or negative;
- b. *Price-to-Economic Book Value* (EBV)<sup>2</sup> ratios that are relatively high; and/or
- c. *Growth Appreciation Periods*<sup>3</sup> (GAP) that are relatively high.

The above characteristics also qualify stocks for a 'Very Unattractive' or 'Unattractive' Rating, according to our Risk/Reward Rating system. Figure 5 shows our Risk/Reward Rating analysis, which we apply to the 3000+ companies that we cover. Stocks get a grade of 1 to 5 for each criterion, 5 being the worst and 1 being the best score. The overall score is based on the average score of all five criteria. Stocks must get an average score of 4.25 or above to be rated Very Unattractive. For the most part, only Very Unattractive stocks qualify for our Most Dangerous Stocks lists.

**Figure 5: New Constructs Risk/Reward Rating for Stocks**

Risk/Reward Rating ⑦	Quality of Earnings		Valuation		
	Econ vs Reported EPS ⑦	ROIC ⑦	FCF Yield ⑦	Price to EBV ⑦	GAP ⑦
Very Unattractive	Misleading Trend	Bottom Quintile	< -5%	> 3.5 or < -1	> 50
Unattractive	False Positive	4th Quintile	-5% < -1%	2.4 < 3.5 or < -1	20 < 50
Neutral	Neutral EE	3rd Quintile	-1% < 3%	1.6 < 2.4	10 < 20
Attractive	Positive EE	2nd Quintile	3% < 10%	1.1 < 1.6	3 < 10
Very Attractive	Rising EE	Top Quintile	> 10%	0 < 1.1	0 < 3

Sources: New Constructs, LLC

<sup>1</sup> Free-Cash Flow Yields measure the % of the total value of the firm for which the Free Cash Flows of the firm account. The formula is FCF/Current Enterprise Value.

<sup>2</sup> Economic Book Value (EBV) measures the no-growth value of the business based on its annual after-tax cash flow. The Formula for EBV is: (NOPAT / WACC) + Excess Cash + Non-operating assets – Debt (incl. Operating Leases) - Value of Outstanding Stock Options – Minority Interests.

<sup>3</sup> Growth Appreciation Period measures the number of years, implied by the market-price, that a company will grow its economic earnings. This measure assigns a numerical value to the width of the moat around a firm's business.



## Appendix A – Performance of Stocks in November’s Report

**Figure 6: Performance of All Stocks Since November’s Report**

Large Cap			Small Cap		
Ticker	Company Name	Change From 11/03/22	Ticker	Company Name	Change From 11/03/22
OMCL	Omnicell Inc.	-8.2%	CLAR	Clarus Corp	-28.8%
ARES	Ares Management Corp	-5.9%	CODI	Compass Diversified Holdings	-10.2%
FCFS	Firstcash Inc.	-3.1%	MATV	Mativ Holdings Inc	-7.0%
MGRC	McGrath Rentcorp	0.9%	MLKN	Miller Knoll Inc	-4.3%
O	Realty Income Corp	1.0%	KOSS	Koss Corp	-0.2%
PSN	Parsons Corp	2.5%	FRGI	Fiesta Restaurant Group Inc	0.0%
AVAV	AeroVironment Inc.	2.9%	HAIN	The Hain Celestial Group, Inc.	0.0%
JBT	John Bean Technologies	3.0%	MWA	Mueller Water Products, Inc.	2.2%
VRT	Vertiv Holdings Co	3.1%	DHX	DHI Group Inc	2.6%
SPXC	SPX Corporation	5.8%	DCO	Ducommun Inc.	3.3%
RTX	Raytheon Technologies	6.2%	CARS	Cars.Com Inc	4.1%
AMT	American Tower Corp	7.1%	HSTM	HealthStream Inc.	5.7%
TRN	Trinity Industries, Inc.	7.1%	CASH	Pathward Financial Inc	5.9%
<b>SPX</b>	<b>S&amp;P 500</b>	<b>7.5%</b>	<b>SPX</b>	<b>S&amp;P 500</b>	<b>7.5%</b>
TDY	Teledyne Technologies, Inc.	8.3%	PFSW	PFSweb Inc.	11.2%
TYL	Tyler Technologies, Inc.	10.6%	UHT	Universal Health Realty Income Trust	12.6%
AQUA	Evoqua Water Technologies	16.4%	NETI	Eneti Inc	14.0%
TRU	Transunion	18.7%	IVAC	Intevac Inc.	17.2%
COLD	Americold Realty Trust	22.3%	DDD	3d Systems Corp	17.6%
LVS	Las Vegas Sands Corp	26.0%	ASPS	Altisource Portfolio Solutions S.A.	23.0%
AZTA	Azenta Inc	39.3%			
<b>Large Cap Portfolio Return</b>		<b>8.2%</b>	<b>Small Cap Portfolio Return</b>		<b>3.6%</b>
<b>Combo (Large and Small Cap) Return</b>		<b>6.0%</b>			

Sources: New Constructs, LLC,

Note: Gain/Decline performance analysis excludes transaction costs, dividends and rebates.



## Appendix B – Additions and Deletions

### **Most Dangerous Large/Mid Cap Stocks**

#### **Deletions:**

- OMCL - Stock price decreased 8.2% since November report.
- ARES - Stock price decreased 5.9% since November report.
- LVS - Displaced by decrease in rank of other stocks.
- PSN - Displaced by decrease in rank of other stocks.
- SPXC - Displaced by decrease in rank of other stocks.
- VRT - Displaced by decrease in rank of other stocks.
- AQUA - New filing data on 11/16/22.
- AZTA - New filing data on 11/25/22.

#### **Additions:**

- PODD - Stock price increased 18.4% since November report.
- LNW - Stock price increased 17.4% since November report.
- SYK - Stock price increased 15.8% since November report.
- DLR - Stock price increased 15.0% since November report.
- CHGG - Stock price increased 11.9% since November report.
- DOC - Stock price increased 5.4% since November report.
- IR - Stock price increased 3.8% since November report.
- ZI - Addition by improved rank of other stocks.

### **Most Dangerous Small Cap Stocks**

#### **Deletions:**

- CLAR - Stock price decreased 28.8% since November report.
- MATV - Stock price decreased 7.0% since November report.
- MLKN - Stock price decreased 4.3% since November report.
- ASPS - Displaced by decrease in rank of other stocks.
- CARS - Displaced by decrease in rank of other stocks.
- DDD - Displaced by decrease in rank of other stocks.
- DHX - Displaced by decrease in rank of other stocks.
- FRGI - Displaced by decrease in rank of other stocks.
- HAIN - Displaced by decrease in rank of other stocks.
- NETI - Displaced by decrease in rank of other stocks.
- PFSW - Displaced by decrease in rank of other stocks.
- UHT - Displaced by decrease in rank of other stocks.
- CASH - New filing data on 11/22/22.

#### **Additions:**

- APPS - Stock price increased 38.1% since November report.
- CIA - Stock price increased 26.9% since November report.
- CPSI - Stock price increased 7.5% since November report.
- GVA - Stock price increased 5.6% since November report.
- TK - Stock price increased 5.3% since November report.
- MTW - Stock price increased 3.0% since November report.
- KAMN - Stock price increased 1.5% since November report.
- ALTO - Addition by improved rank of other stocks.
- CNSL - Addition by improved rank of other stocks.
- DNN - Addition by improved rank of other stocks.
- GTN - Addition by improved rank of other stocks.
- KTCC - Addition by improved rank of other stocks.
- SSTI - Addition by improved rank of other stocks.
- ASYS - New filing data on 11/30/22.



### Explanation of Risk/Reward Rating System

Our Risk/Reward Rating System assigns a rating to every stock under our coverage according to what we believe are the 5 most important criteria for assessing the risk versus reward of stocks. See table that follows for details.

<b>Risk/Reward Rating</b>	<b>The Risk/Reward Rating provides a final rating based on the equal-weighted average rating of each criterion.</b>
<b>Very Unattractive</b>	FCF Yield is not included in the average.
<b>Unattractive</b>	FCF Yield is not included in the average.
<b>Neutral</b>	All criteria are equal-weighted in the average calculation.
<b>Attractive</b>	All criteria are equal-weighted in the average calculation.
<b>Very Attractive</b>	All criteria are equal-weighted in the average calculation.

<b>Economic vs Reported EPS</b>	<b>Rates stocks based on how their Economic Earnings compare to their Reported Earnings. Values based on Latest Fiscal Year.</b>
<b>Very Unattractive</b>	Negative and declining Economic Earnings despite positive and rising Reported Earnings
<b>Unattractive</b>	Same as above except Reported Earnings are not rising or Reported Earnings are not positive
<b>Neutral</b>	Negative Economic and Reported Earnings
<b>Attractive</b>	Economic Earnings are positive
<b>Very Attractive</b>	Economic Earnings are positive and rising

<b>Return on Invested Capital (ROIC)</b>	<b>Rates stocks based on their ROIC. Values based on Latest Fiscal Year.</b>
<b>Bottom Quintile</b>	Very Unattractive = < 4.8%
<b>4th Quintile</b>	Unattractive = 4.8% < 7.5%
<b>3rd Quintile</b>	Neutral = 7.5% < 10.5%
<b>2nd Quintile</b>	Attractive = 10.5% < 14.5%
<b>Top Quintile</b>	Very Attractive = > 14.5%

<b>FCF Yield</b>	<b>Rates stocks based on their Free Cash Flow Yield. Values based on Latest Closing Stock price and Latest Fiscal Year.</b>
<b>&lt;-5%</b>	Very Unattractive = less than or equal to -5%
<b>-5%&lt;-1%</b>	Unattractive = more than -5% but less than or equal to -1%
<b>-1%&lt;3%</b>	Neutral = more than -1% but less than or equal to +3%
<b>3%&lt;10%</b>	Attractive = more than +3% but less than or equal to +10%
<b>&gt;10%</b>	Very Attractive = more than +10%





<b>Price-to-EBV Ratio</b>	<b>Rates stocks based on their Price-to-Economic Book Value Ratio. Values based on Latest Closing Stock price and Latest Fiscal Year.</b>
>3.5 or -1>0	Very Unattractive = greater than or equal to 3.5 or less than 0 but greater than -1
2.4>3.5 or <-1	Unattractive = greater than or equal to 2.4 but less than 3.5 and less than or equal to -1
1.6>2.4	Neutral = greater than or equal to 1.6 but less than 2.4
1.1>1.6	Attractive = greater than or equal to 1.1 but less than 1.6
0>1.1	Very Attractive = greater than or equal to 0 but less than 1.1

<b>Growth Appreciation Period (yrs)</b>	<b>Rates stocks based on their Market-Implied Growth Appreciation Period. Values based on Latest Closing Stock price and Default Forecast Scenario.</b>
>50	Very Unattractive = greater than or equal to 50 years
20>50	Unattractive = at least 20 years but less than 50
10>20	Neutral = at least 10 years but less than 20
3>10	Attractive = at least 3 years but less than 10
0>3	Very Attractive = at least 0 years but less than 3

## Appendix C – Portfolio Metrics

**Figure 7: Performance and Risk Metrics**

Portfolio	Portfolio Returns			Volatility (Annualized)			Sharpe Ratio			Beta		
	1 year annualized	3 year annualized	Since Inception	1 year annualized	3 year annualized	Since Inception	1 Year	3 Year	Since Inception	1 Year Average	3 Year Average	Average Since Inception
<b>Most Dangerous Large</b>	-17%	1%	3%	17%	28%	20%	-1.0	0.0	0.1	1.1	1.2	1.1
<b>Most Dangerous Small</b>	-21%	2%	1%	21%	33%	25%	-1.0	0.1	0.0	1.04	0.98	1.09
<b>Most Dangerous Small and Large</b>	-20%	1%	2%	19%	30%	22%	-1.1	0.0	0.1	1.09	1.06	1.12
<b>S&amp;P 500</b>	-19%	6%	7%	14%	20%	16%	-1.3	0.3	0.4			
<b>Russell 2000</b>	-19%	3%	6%	16%	29%	21%	-1.2	0.1	0.3			

Source: New Constructs, LLC



Figure 8: Portfolio Turnover

Portfolio	Monthly Turnover		
	1 Year Average	3 Year Average	Average Since Inception
Most Dangerous Large	49%	54%	36%
Most Dangerous Small	48%	46%	36%
Most Dangerous Small and Large	48%	50%	36%

Source: New Constructs, LLC



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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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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, 1<sup>st</sup> 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, 2<sup>nd</sup> 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, 5<sup>th</sup> 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, 2<sup>nd</sup> 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, 3<sup>rd</sup> para.
- “Our results ultimately suggest that Robo-Analysts are a valuable, alternative information intermediary to traditional sell-side analysts.” – pp. 20, 3<sup>rd</sup> para.

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