



## Focus List Stocks: Long – Update 6/3/22

Our ‘Focus List Stocks: Long’ Model Portfolio outperformed the S&P 500 by 2% [in 1Q22](#) and by 35% [in 2021](#). Details on the historical performance of the Focus List Stocks: Long Model Portfolio, and all our Model Portfolios, can be found [here](#).

This Model Portfolio contains the “best of the best” of our [Long Ideas](#), and leverages superior fundamental data<sup>1</sup>, which provides a [new source of alpha](#). This Model Portfolio is designed for investors who are focused on long-term capital appreciation.

As of June 3, 2022, we added:

1. Redacted  $\frac{1}{\text{share}}$  – [Vive la Hydrocarbons](#), [Vive la Petrochemicals](#)

Figure 1: Current Focus List Stocks – Long Model Portfolio

Company Name	Ticker	Sector	Trade Start
Redacting the company names and tickers.		Healthcare	11/3/17
		Consumer Non-cyclicals	11/3/17
		Industrials	11/3/17
		Consumer Non-cyclicals	11/3/17
		Consumer Cyclicals	11/3/17
		Consumer Cyclicals	11/3/17
		Industrials	11/3/17
		Consumer Cyclicals	11/3/17
		Technology	2/15/18
		Financials	4/11/18
		Consumer Cyclicals	4/25/18
		Consumer Non-cyclicals	5/2/18
		Consumer Cyclicals	5/16/18
		Consumer Cyclicals	6/5/18
		Consumer Cyclicals	11/14/18
		Consumer Cyclicals	6/7/19
		Telecom Services	9/11/19
		Financials	10/15/19
		Consumer Cyclicals	11/12/19
		Consumer Non-cyclicals	4/22/20
		Consumer Cyclicals	4/30/20
		Consumer Cyclicals	5/14/20
		Financials	5/28/20
		Financials	5/28/20
		Industrials	6/17/20
		Healthcare	7/8/20
		Energy	7/15/20
		Energy	8/7/20
		Healthcare	8/12/20
		Technology	8/12/20
		Consumer Non-cyclicals	8/26/20
		Consumer Cyclicals	11/19/20
		Consumer Cyclicals	1/6/21
	Consumer Cyclicals	2/12/21	
	Basic Materials	5/12/21	
	Consumer Cyclicals	6/13/21	
	Industrials	11/24/21	
	Energy	12/15/21	
	Consumer Cyclicals	2/3/22	
	Consumer Cyclicals	2/24/22	
	Industrials	3/23/22	
	Consumer Cyclicals	3/23/22	
	Consumer Cyclicals	3/23/22	
	Consumer Cyclicals	4/20/22	
	Technology	4/27/22	
	Healthcare	5/4/22	
	Energy	6/3/22	

Sources: New Constructs, LLC

<sup>1</sup> 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](#).



We choose the stocks for this Model Portfolio based on our [Robo-Analyst's](#)<sup>2</sup> assessment of a firm's true return on invested capital ([ROIC](#))<sup>3</sup>, [Core Earnings](#), and [economic earnings](#) combined with qualitative insights from our analyst team. More reliable & [proprietary](#) fundamental data, proven in [The Journal of Financial Economics](#), drives our research.

Figure 2 shows the performance of each stock currently in the Model Portfolio since its addition as well as the equal-weighted return of the portfolio, including stocks in Figure 3. Figure 3 shows the performance of each stock that has been removed from the Focus List. Our performance-tracking method assumes each stock on the list gets \$1 of investment when added to the Focus List. This "investment" will be tracked to the return on the stock over the course of its time in the Focus List. When a stock is removed from the Focus List, its return (or loss) will be fixed in terms of its contribution to the overall return of the portfolio. [See more on our performance methodology here.](#)

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<sup>2</sup> Harvard Business School features the powerful impact of our research automation technology in the case [New Constructs: Disrupting Fundamental Analysis with Robo-Analysts](#).

<sup>3</sup> See how our models and financial ratios are superior to Bloomberg and Capital IQ's (SPGI) analytics in the [detailed appendix of this paper](#).



**Figure 2: Open Focus List Stocks – Long Model Portfolio – Overall Performance Since Inception**

Company Name	Ticker	% Time in Portfolio Since Inception	Return Since Trade Start	Return Vs. S&P 500 Since Trade Start
<i>As of 6/1/22</i>				
Redacting the company names and tickers.		41%	116.4%	87.0%
		33%	79.5%	65.0%
		43%	92.1%	60.4%
		94%	108.7%	58.6%
		10%	39.5%	52.4%
		41%	76.0%	48.9%
		40%	64.1%	41.7%
		65%	80.2%	37.5%
		39%	40.6%	22.7%
		46%	59.0%	18.2%
		46%	62.1%	15.6%
		7%	5.8%	14.2%
		11%	-0.2%	12.6%
		14%	4.5%	10.5%
		4%	2.3%	10.3%
		23%	7.9%	6.9%
		6%	1.3%	5.6%
		57%	40.8%	3.9%
		2%	-1.4%	3.2%
		44%	37.1%	1.7%
		45%	45.1%	1.4%
		4%	-8.4%	-0.4%
		4%	-9.2%	-1.3%
		56%	29.0%	-3.7%
		44%	30.1%	-5.3%
		28%	-1.2%	-5.5%
		2%	-8.3%	-6.3%
		100%	51.1%	-7.4%
		3%	-15.6%	-7.5%
		31%	0.5%	-8.9%
		77%	42.5%	-9.3%
		100%	46.1%	-12.4%
		39%	6.4%	-14.9%
	100%	39.9%	-18.6%	
	90%	35.9%	-19.3%	
	88%	30.3%	-20.3%	
	100%	36.7%	-21.8%	
	39%	-10.3%	-31.7%	
	89%	23.9%	-31.8%	
	90%	7.7%	-47.7%	
	100%	10.7%	-47.8%	
	59%	-14.5%	-51.2%	
	87%	-11.8%	-61.0%	
	100%	-18.5%	-76.9%	
	100%	-20.7%	-79.2%	
	100%	-61.1%	-119.6%	
		New Addition	n/a	n/a
<b>Equal-Weighted Portfolio Return (includes closed positions in Figure 3)</b>			60.9%	
<b>S&amp;P 500</b>			58.5%	
<b>Portfolio Return Vs. S&amp;P 500 Since Inception</b>			2.4%	

Sources: New Constructs, LLC

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



**Figure 3: Closed Focus List Stocks – Long Model Portfolio – Overall Performance Since Inception**

Company Name	Ticker	% Time in Portfolio Since Inception	Date Removed	Return Since Trade Start	Return Vs. S&P 500 Since Trade Start
<i>As of Date Removed</i>					
Redacting the company names and tickers.		61%	1/27/21	2112.0%	2076.5%
		37%	11/12/21	214.1%	146.9%
		72%	11/19/20	129.3%	90.9%
		52%	8/7/20	87.9%	64.1%
		36%	8/7/20	86.8%	62.8%
		20%	3/10/21	92.6%	58.7%
		5%	4/5/18	41.0%	45.8%
		18%	8/15/18	42.2%	33.3%
		25%	7/15/21	64.9%	24.8%
		9%	3/22/18	26.3%	24.1%
		38%	1/5/22	76.9%	17.7%
		7%	2/22/18	20.2%	15.7%
		16%	8/22/18	21.8%	14.3%
		41%	8/7/19	25.4%	14.0%
		17%	7/19/18	19.9%	11.5%
		35%	5/2/19	16.1%	3.4%
		24%	11/20/18	4.4%	2.0%
14%	6/5/18	-1.1%	-7.3%		
12%	5/7/18	-6.9%	-10.2%		
82%	4/28/21	46.1%	-15.5%		
34%	8/7/19	-13.7%	-20.4%		
34%	5/2/19	-22.0%	-35.1%		
69%	9/1/21	15.5%	-38.9%		
72%	11/19/20	-8.7%	-47.1%		
<b>Equal-Weighted Portfolio Return (includes open positions in Figure 2)</b>				60.9%	
<b>S&amp;P 500</b>				58.5%	
<b>Portfolio Return Vs. S&amp;P 500 Since Inception</b>				2.4%	

Sources: New Constructs, LLC

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

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*Disclosure: David Trainer owns SYY, SPG, DHI, LUV, and JPM. David Trainer, Kyle Guske II, and Matt Shuler receive no compensation to write about any specific stock, style, or theme.*

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

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, 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.

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

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



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