



Focus List Stocks: Short – Update 5/27/22

Our Focus List Stocks: Short Model Portfolio outperformed the S&P 500 by 14% in [1Q22](#) and 36% in [2021](#). Details on the historical performance of the Focus List Stocks: Short Model Portfolio, and all our Model Portfolios, can be found [here](#).

This Model Portfolio contains the “best of the best” of our [Danger Zone picks](#), and leverages superior fundamental data¹, which provides a [new source of alpha](#). This Model Portfolio is designed for fiduciaries looking to better [fulfill their duty of care](#) and protect client assets and investors looking to short stocks.

As of May 27, 2022, we added:

1. Redacted : \$687/share) – [Data Centers Are Dinosaurs](#)
2. Redacted \$138/share) – [Data Centers Are Dinosaurs](#)

Figure 1: Current Focus List Stocks – Short Model Portfolio

Company Name	Ticker	Sector	Trade Start
Redacting the company names and tickers.		Consumer Cyclical	11/3/17
		Consumer Cyclical	11/3/17
		Technology	4/17/18
		Technology	7/31/18
		Technology	2/1/19
		Technology	8/27/19
		Technology	8/27/19
		Technology	8/27/19
		Technology	8/27/19
		Consumer Cyclical	9/2/20
		Consumer Non-cyclical	9/10/20
		Technology	9/21/20
		Technology	10/1/20
		Consumer Cyclical	10/7/20
		Technology	10/7/20
		Technology	11/18/20
		Technology	12/15/20
		Financial	4/21/21
		Consumer Cyclical	6/16/21
		Consumer Cyclical	6/16/21
		Consumer Cyclical	6/16/21
		Technology	6/16/21
		Financial	8/17/21
		Consumer Cyclical	10/6/21
		Technology	10/20/21
		Consumer Cyclical	11/10/21
		Consumer Cyclical	11/16/21
		Consumer Cyclical	11/24/21
		Consumer Non-cyclical	2/17/22
		Technology	3/23/22
		Real Estate	5/27/22
		Real Estate	5/27/22

Sources: New Constructs, LLC

We choose the stocks for this Model Portfolio based on our [Robo-Analyst's](#)² assessment of a firm's true return on invested capital ([ROIC](#))³, [Core Earnings](#), and [economic earnings](#), as well as qualitative insights from our

¹ 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](#).

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

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



analyst team. More reliable & [proprietary](#) fundamental data, proven in [The Journal of Financial Economics](#), drives all of our research and supports more cost-effective fulfillment of the [fiduciary duty of care](#).

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. 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 tracking methodology here](#).

Figure 2: Open Focus List Stocks – Short 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
As of 5/25/22				
Redacting the company names and tickers.		36%	-88.8%	-105.2%
		60%	-66.4%	-105.1%
		37%	-81.8%	-101.0%
		38%	-86.1%	-97.2%
		73%	-44.7%	-91.7%
		37%	-64.1%	-85.4%
		90%	-33.2%	-80.2%
		100%	-25.5%	-79.2%
		24%	-78.5%	-73.8%
		36%	-56.7%	-73.1%
		21%	-78.5%	-72.7%
		60%	-33.4%	-72.1%
		60%	-32.5%	-71.2%
		17%	-80.2%	-69.7%
		11%	-84.2%	-68.8%
		21%	-72.1%	-66.3%
		36%	-47.1%	-64.8%
		32%	-56.9%	-64.6%
		12%	-77.0%	-62.6%
		14%	-67.9%	-59.0%
		13%	-64.9%	-52.6%
		21%	-48.6%	-42.8%
		21%	-48.3%	-42.5%
		11%	-52.0%	-36.7%
		6%	-31.0%	-21.8%
		4%	-23.0%	-12.3%
		84%	78.9%	37.7%
		33%	50.9%	39.4%
		60%	86.2%	47.5%
		100%	976.1%	922.4%
New Addition			n/a	n/a
New Addition			n/a	n/a
Equal-Weighted Portfolio Return (includes closed positions in Figure 3)				-9.1%
S&P 500				53.7%
Outperformance Vs. S&P 500 Since Inception				62.9%

Sources: New Constructs, LLC

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

**Figure 3: Closed Focus List Stocks – Short 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.		75%	11/12/20	-83.3%	-120.0%
		23%	10/15/18	-92.3%	-98.6%
		72%	10/1/20	-55.2%	-85.8%
		39%	6/6/19	-67.3%	-77.2%
		59%	3/31/20	-81.0%	-76.5%
		49%	3/31/20	-71.1%	-63.9%
		31%	2/1/19	-54.7%	-59.3%
		88%	11/10/21	14.5%	-59.1%
		45%	8/27/19	-31.1%	-42.0%
		26%	11/20/18	-29.8%	-31.9%
		13%	5/15/18	-26.0%	-30.8%
		30%	1/17/19	-21.4%	-23.2%
		25%	11/7/18	-12.3%	-21.1%
		36%	5/7/19	-6.5%	-18.4%
		20%	8/22/18	23.1%	12.5%
		14%	9/11/18	27.7%	20.8%
		10%	4/5/18	35.1%	32.2%
		93%	8/11/21	140.7%	69.3%
		14%	5/23/18	77.8%	72.4%
		93%	8/11/21	187.1%	115.6%
Equal-Weighted Portfolio Return (includes open positions in Figure 2)				-9.1%	
S&P 500				53.7%	
Outperformance Vs. S&P 500 Since Inception				62.9%	

Sources: New Constructs, LLC

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

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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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