



Updating our Pension Expense Estimates

We are improving our [Company Models](#) for pension expense estimates in periods where we receive incomplete disclosures in quarterly periods. These updates will apply to our Forward-Looking Estimates and our Backward-Looking Estimates.

Note: we must estimate the value of multiple data points in our models because companies often omit footnote disclosures from one filing to the next. More information on how we use estimates in our models is [here](#).

We expect this update to affect our data and models as follows:

- [Stock Ratings](#):
 - improved one level for 24 companies.
 - worse by one level for 29 companies.
 - worse by two levels for 2 companies.
- [Credit Ratings](#):
 - improved one level for 20 companies.
 - worse by one level for 5 companies.
- [Core Earnings](#):
 - improved for 65 companies by 0.03% on average. The largest % increase was 5.41%, for ticker SPR in fiscal 2Q23, the smallest was 0.00%.
 - declined for 20 companies by 0.56% on average. The largest % decrease was 15.51%, for ticker CVNA in fiscal 1Q23, the smallest was 0.01%.

We expect these changes to be live in our Company Models and data feeds beginning on 7/21/23. For data feed clients, data impacted by these updates will have the text "SYSTEMATIC_MODEL_CHANGE" in the Event Type column of your data feed.

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Disclosure: David Trainer, Kyle Guske II, Hakan Salt, and Italo Mendonça receive no compensation to write about any specific stock, sector, 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.
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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.

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