



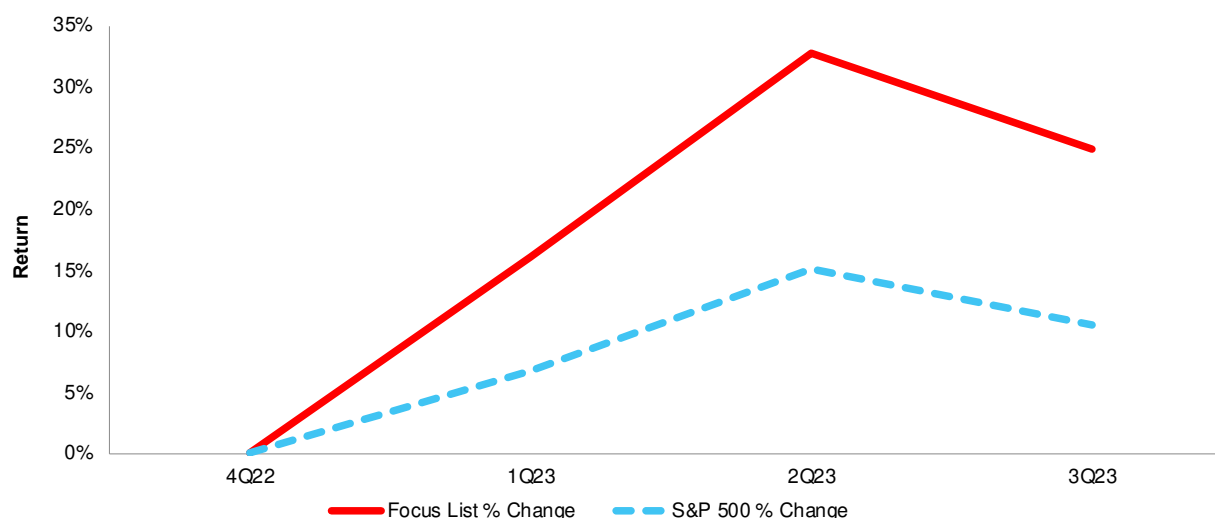
Focus List Stocks: Short Model Portfolio Outperforms Over Time Despite First Nine Months 2023

[Our Focus List Stocks: Short Model Portfolio](#), the best of our [Danger Zone](#) picks, has beaten the S&P 500 by 33% since the start of 2021.

Through the first nine months of 2023, the Model Portfolio returned -25% as a short compared to -11% for the S&P 500 as a short and underperformed shorting the S&P 500¹ by 14%.

For real-time tracking of this Model Portfolio, see the [index](#) Thematic created for it.

Figure 1: Focus List Stocks: Short vs. S&P 500 in First Nine Months 2023



Sources: New Constructs, LLC

Rising returns indicates poor performance for a Short portfolio, which outperforms as stocks fall.

Figure 2 shows a detailed breakdown of the Model Portfolio's performance, which includes all stocks present in the Model Portfolio at any point through the first nine months of 2023.

Figure 2: Through Nine Months: 2023 Performance of the Focus List Stocks: Short Model Portfolio

| Number of Stocks | Number of Outperforming Shorts | Number of Underperforming Shorts | Return | S&P 500 Return | Outperformance as Shorts |
|------------------|--------------------------------|----------------------------------|--------|----------------|--------------------------|
| 55 | 27 | 28 | 25% | 11% | -14% |

Sources: New Constructs, LLC

Performance includes stocks in the Model Portfolio through the first nine months of 2023 as well as those removed during the same time (one stock).

Click to buy the most recent version of this Model Portfolio below.

[Buy the Focus List Stocks: Short Model Portfolio](#)

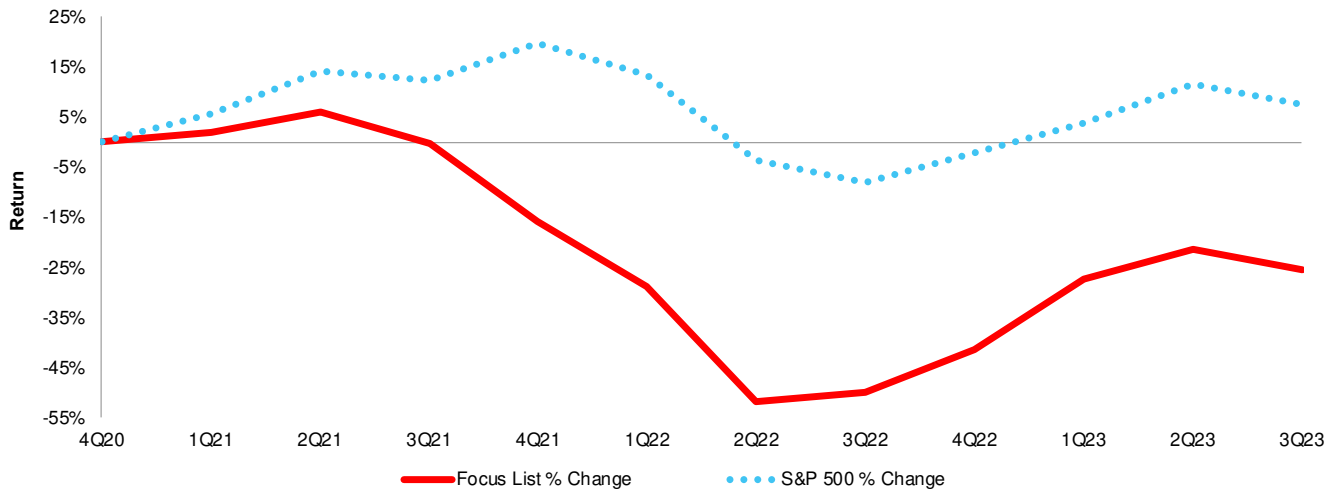
¹ Stocks are in the Focus List Model Portfolios for different periods of time as we open and close positions during the year. When measuring outperformance of the Focus List Model Portfolios, we compare each stock's return to the S&P 500's return for the time each is in the Focus List Model Portfolios. This approach provides more of an apples-to-apples comparison of how each stock performed vs. the S&P 500.



Underscoring just how important reliable fundamental research is in turbulent markets, this Model Portfolio has beaten shorting the S&P 500 by 33% since the start of 2021.

Figure 3: Focus List Stocks: Short Performance Since Beginning of 2021

Focus List Stocks: Short Outperforms by 33% Since Start of 2021



Sources: New Constructs, LLC

[Professional](#) and [Institutional](#) members get real-time updates and can track all Model Portfolios on our site. The Focus List Stocks: Short Model Portfolio leverages superior fundamental data, which provides a [new source of alpha](#).

We're here to help you navigate these turbulent times. Our [uniquely rigorous fundamental research](#) consistently earns SumZero's [#1 All-Time ranking](#), along with #1 rankings in several other categories.

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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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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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