



### 3Q23 Filing Season – Parsing Stats and Value Created

We update our databases and models as soon as companies file new 10-Qs or 10-Ks with the SEC. Companies tend to file their 10-Qs and 10-Ks around the same time, which creates a deluge of filings over a 2-3 week span, which we call [Filing Season](#). During Filing Season, we leverage our [Robo-Analyst technology](#) and human experts to parse the filings for all the financial data needed to produce [proven-superior research](#).

This work saves our clients enormous amounts of time and money.

During the three weeks of 3Q23 filing season we parsed 2,931 filings and saved our clients a total of \$903,390<sup>1</sup>. See Figure 1 for more details.

**Figure 1: Putting a \$ Value on Our Parsing Work for Clients: 3Q23 Filing Season**

Date	Day	# of FTEs* to Match our Work	Filings Parsed & Models Updated	FTEs Cost per day	Cumulative \$ Savings
10/25/23	Wednesday	43	38	\$11,712	\$11,712
10/26/23	Thursday	99	88	\$27,123	\$38,836
10/27/23	Friday	170	151	\$46,541	\$85,377
10/28/23	Saturday	125	111	\$34,212	\$119,589
10/29/23	Sunday	-	-	-	\$119,589
10/30/23	Monday	3	3	\$925	\$120,514
10/31/23	Tuesday	59	52	\$16,027	\$136,541
11/1/23	Wednesday	136	121	\$37,295	\$173,836
11/2/23	Thursday	228	203	\$62,568	\$236,404
11/3/23	Friday	456	405	\$124,829	\$361,233
11/4/23	Saturday	288	256	\$78,904	\$440,137
11/5/23	Sunday	-	-	-	\$440,137
11/6/23	Monday	1	1	\$308	\$440,445
11/7/23	Tuesday	161	143	\$44,075	\$484,521
11/8/23	Wednesday	349	310	\$95,548	\$580,068
11/9/23	Thursday	411	365	\$112,500	\$692,568
11/10/23	Friday	450	400	123,288	\$815,856
11/11/23	Saturday	-	-	-	\$815,856
11/12/23	Sunday	-	-	-	\$815,856
11/13/23	Monday	-	-	-	\$815,856
11/14/23	Tuesday	155	138	42,534	\$858,390
11/15/23	Wednesday	164	146	45,000	<b>\$903,390</b>

Sources: New Constructs, LLC

\* FTEs = Full Time Employees

<sup>1</sup> Cumulative savings is calculated assuming it takes nine hours per filing and a full time employee making \$100/hour to parse each.



The savings in Figure 1 are likely very conservative estimates because they do not account for the cost of any management or training of analysts. Nor, do they count the cost of building the financial models to house the data or tracking accounting rule changes to make sure those models remain accurate.

Even with these conservative assumptions, it is clear that we create tremendous value for all of our clients, from [Stock Tracker 50](#) to [Professional](#) and [Institutional members](#).

Want access to our superior fundamental research? [Start your membership today](#).

*This article was originally published on [January 4, 2024](#).*

*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***

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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.
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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