



Focus List Stocks Continues to Outperform as a Long/Short Portfolio Despite 2023 Underperformance

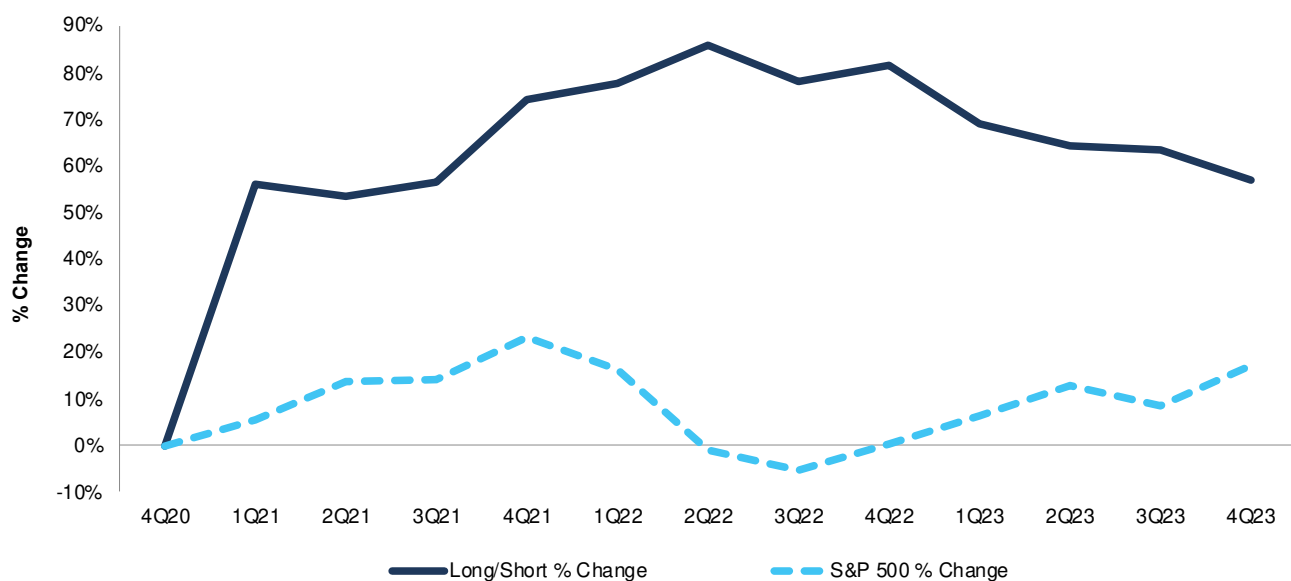
Our [Focus List Stocks: Long Model Portfolio](#), the best of our Long Ideas, and our [Focus List Stocks: Short Model Portfolio](#), the best of our Danger Zone picks, have beaten the S&P 500 by 59% as a long/short portfolio since the start of 2021 through 2023. This outperformance underscores just how important reliable fundamental research is in turbulent markets. See Figure 1.

Click to buy the most recent version of these Model Portfolios below.

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

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Figure 1: Focus List Stocks: Long/Short Performance Since Beginning of 2021 Through 2023



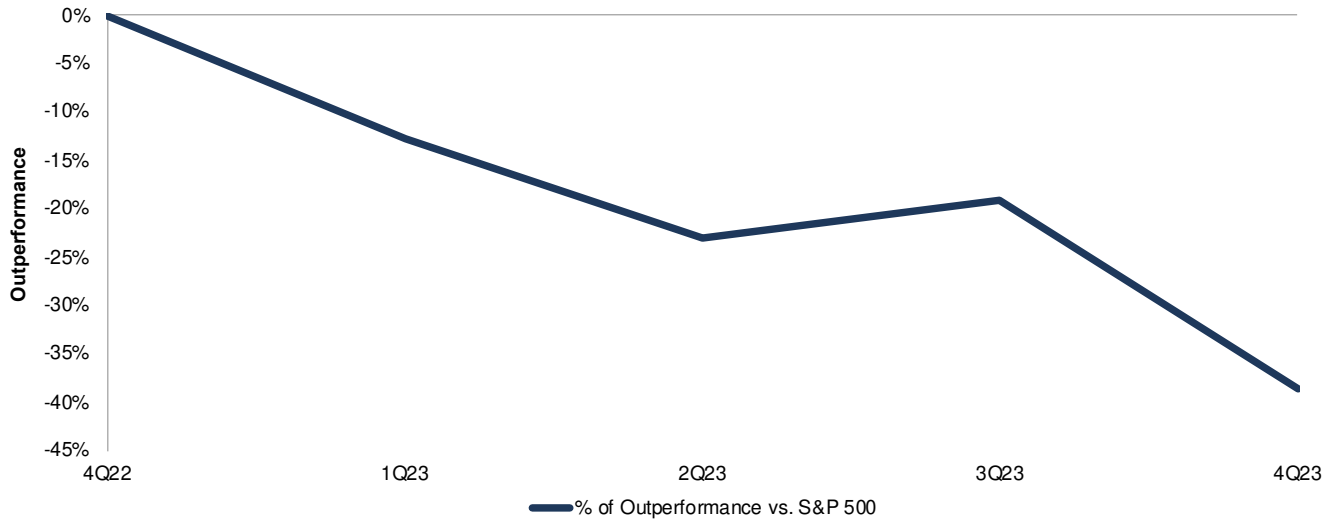
Sources: New Constructs, LLC

In 2023, the combined portfolio underperformed the S&P 500¹ by 38%. The [long portfolio contributed -4%](#) while the [short portfolio contributed -34%](#) of the underperformance vs. the S&P 500. For real-time tracking of these portfolios, see the index created for the Focus List: Short Portfolio [here](#) and the Focus List: Long Portfolio [here](#).

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 an apples-to-apples comparison of how each stock performed vs. the S&P 500.



Figure 2: Focus List Stocks: Long/Short Performance Through 2023



Sources: New Constructs, LLC

Figure 3 shows a detailed breakdown of the Model Portfolios' performance, which includes all stocks present in the Model Portfolios at any point in 2023.

Figure 3: 2023 Long/Short Performance of Stocks in the Focus List Model Portfolios

Number of Stocks	Number of Outperformers	Number of Underperformers
119	45	74

Sources: New Constructs, LLC

[Professional](#) and [Institutional](#) members get real-time updates and can track all Model Portfolios on our site. The Focus List: Long and the Focus List: Short Model Portfolios leverage 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 Mendonca receive no compensation to write about any specific stock, sector, style, or theme.

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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.
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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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