



## Focus List Stocks: Short Model Portfolio Outperforms in 1Q24

Our [Focus List Stocks: Short Model Portfolio](#)<sup>1</sup>, the best of our [Danger Zone](#) picks, has beaten shorting the S&P 500 by 40% since the start of 2021. See Figure 1. This outperformance underscores how important reliable fundamental research can be.

In 1Q24, the Model Portfolio outperformed shorting the S&P 500 by 9% (down 1% vs. -10% shorting the S&P 500). See Figure 2.

Buy the Focus List Stocks: Short Model Portfolio

**Figure 1: Focus List Stocks: Short Performance Since Beginning of 2021**

### Focus List Stocks: Short Outperforms by 40% Since Start of 2021



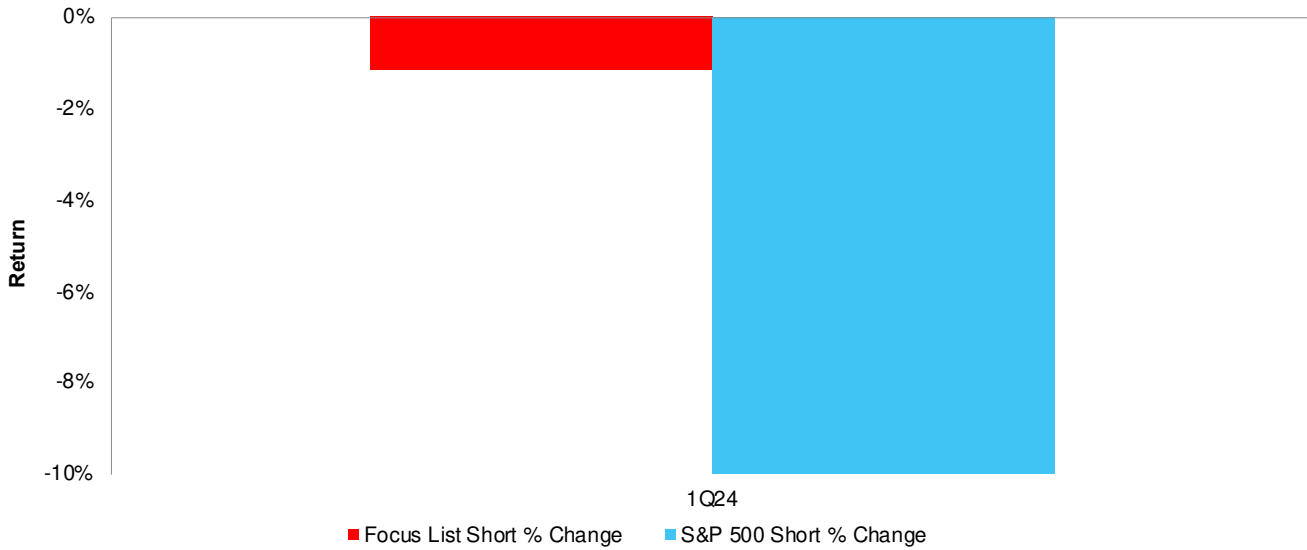
Sources: New Constructs, LLC

As a short portfolio, the Model Portfolio’s return increases when the underlying stocks go down. For real-time tracking of this Model Portfolio, see the [index](#) Thematic created for it.

<sup>1</sup> 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.



**Figure 2: Focus List Stocks: Short vs. S&P 500 in 1Q24**



Sources: New Constructs, LLC

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

Figure 3 details the Model Portfolio's performance, which includes all stocks present in the Model Portfolio at any point in 1Q24.

**Figure 3: 1Q24 Performance of the Focus List Stocks: Short Model Portfolio**

Number of Stocks	Number of Outperforming Shorts	Number of Underperforming Shorts	Short Return	S&P 500 Short Return	Outperformance as Shorts
51	33	18	-1%	-10%	9%

Sources: New Constructs, LLC

Performance includes stocks in the Model Portfolio in 1Q24 as well as those removed during the same time (none).

[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, and Hakan Salt, 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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