New Constructs®

RELIABLE RESEARCH

Closing Price as of 01/23/2025: $223.66
Dividend Yield: 0.4%
Latest Filing: 10-K for period ending 09/28/2024

Apple Inc. (AAPL)

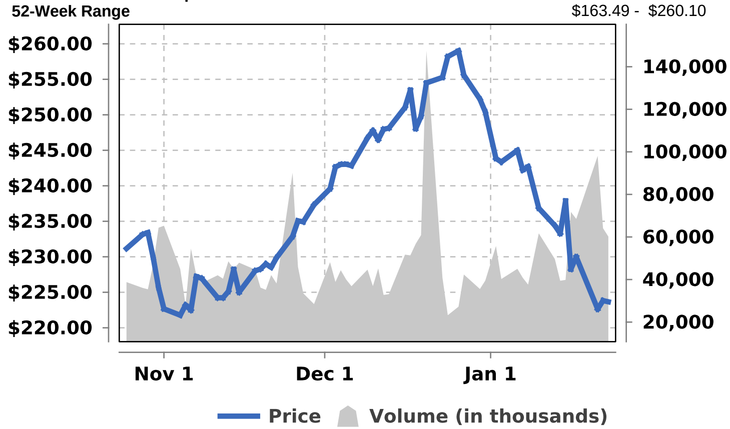
NASDAQ - Technology

Neutral

Investment Recommendation

- We do not recommend investors buy AAPL.
- AAPL earns our Neutral rating. See Investment Rating Details below.
- A Neutral rating means this stock's upside potential is about equal to its downside risk.
- AAPL ranks in the 74th percentile of the 3300+ stocks we cover.
- Ranks 87th out of 591 Technology Sector stocks.

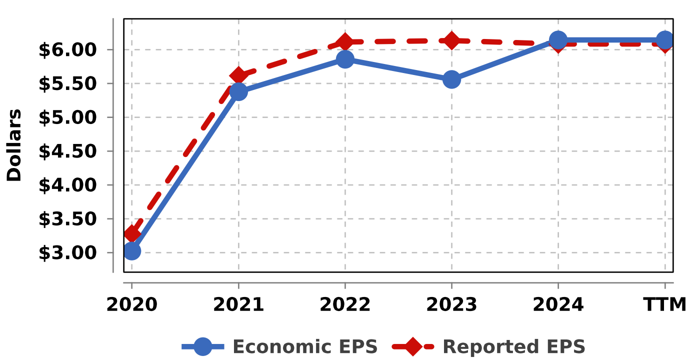
Price 01/23/2025:	$223.66
Economic Book Value per share	$72.73
52-Week Range	$163.49 - $260.10



Investment Rating Details

Risk/Reward Rating	Quality of Earnings		Valuation		
	Economic vs Reported EPS	Return on Invested Capital (ROIC)	2yr Avg FCF (excl cash) Yield	Price-to-EBV Ratio	Growth Appreciation Period (yrs)
Very Unattractive	Misleading Trend	Bottom Quintile	<-5%	> 3.5 or -1 < 0	> 50
Unattractive	False Positive	4th Quintile	-5%<-1%	2.4 < 3.5 or < -1	20 < 50
Neutral	Neutral EE	3rd Quintile	-1%<3%	1.6 < 2.4	10 < 20
Attractive	Positive EE	2nd Quintile	3%<10%	1.1 < 1.6	3 < 10
Very Attractive	Rising EE	Top Quintile	>10%	0 < 1.1	0 < 3
Actual Values	$6.14 vs. $6.08	79%	3%	3.1	> 100
Sector ETF (QQQ)	Positive EE	43%	1%	6.1	87
S&P 500 ETF (SPY)	Positive EE	34%	2%	4.3	73

Economic EPS vs Reported EPS



Earnings & Valuation Diligence Summary

- AAPL's accounting earnings understate its economic earnings, which equal (ROIC - WACC) * Average Invested Capital.
- For AAPL, we made a total of $295,771 million in income statement and balance sheet adjustments to convert accounting earnings to economic earnings in FY24.
- We made $334,985 million in adjustments in our DCF valuation of the stock.
- See Appendix 1 for details on our calculations of key metrics and Appendices 2 and 3 for details on our adjustments.

Stock Performance

Year to Date	(10.7%)
Last 30 Days	(13.4%)
Last 60 Days	(2.7%)
Last 90 Days	(3.2%)
Last Year	15.2%

Key Market Statistics

Enterprise Value (MM)	$3,418,131
Market Value (MM)	$3,380,805
EV/EBITDA	25.38
EBV per Share	$72.73
Shares Outstanding (Thousands)	15,115,823
P/E (TTM)	36.76

Analyst Notes

None

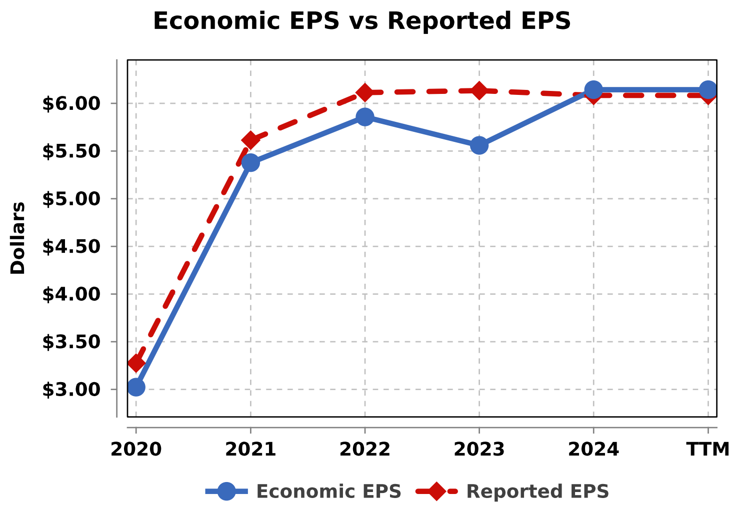
Economic EPS vs Reported EPS

Economic Earnings are Very Attractive

Economic Earnings are almost always meaningfully different than reported earnings. We believe Economic Earnings provide a truer measure of profitability and shareholder value creation than reported earnings because they have been adjusted to remove over twenty accounting distortions.

The majority of data required to reverse accounting distortions is available only in the Footnotes and MD&A, which we analyze rigorously. Our core competency is gathering and analyzing all relevant financial data from filings so that we can deliver earnings analysis that best represents the true profitability of businesses.

Economic Earnings per share (EEPS) for AAPL for the trailing twelve months are $6.14 compared to reported earnings per share of $6.08 and earn a Very Attractive rating. See Appendix 1 for a detailed reconciliation.



Return on Invested Capital (ROIC)

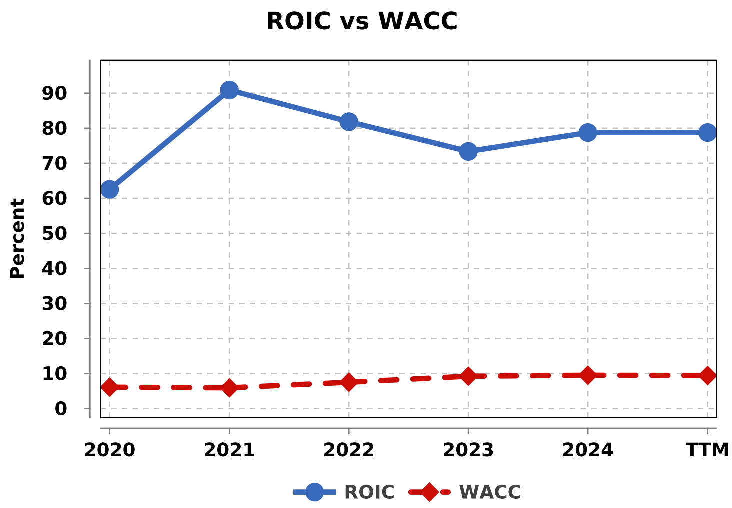
ROIC is Very Attractive

ROIC measures a company's return on all cash invested in the business. It is the truest measure of profitability. Stock valuations are more highly correlated to ROIC than any other metric.

Weighted-Average Cost of Capital (WACC) is the average of debt and equity capital costs that all publicly traded companies with debt and equity stakeholders incur as a cost of operating.

Companies must earn an ROIC greater than WACC to generate positive economic earnings and create value for shareholders.

AAPL's ROIC of 78.8% for the trailing twelve months earns a Very Attractive rating. ROIC is calculated as NOPAT of $107,237 million divided by Average Invested Capital of $136,149 million. See Appendix 1 for a detailed reconciliation.



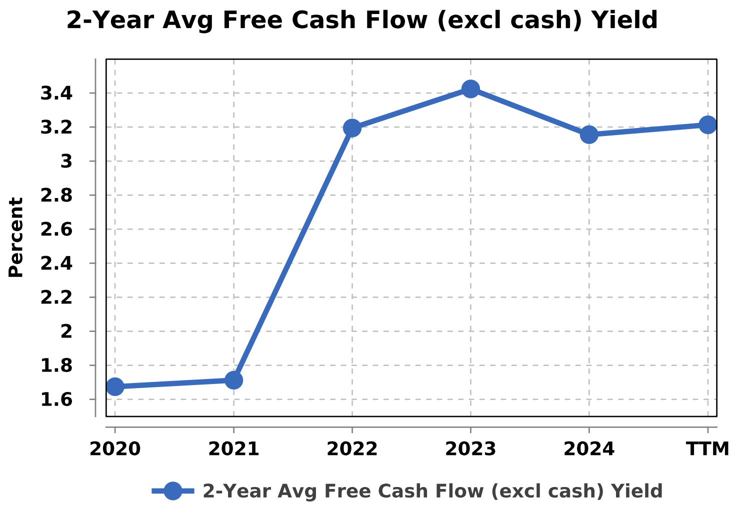
2yr Avg Free Cash Flow (excl cash) Yield

2yr Avg FCF (excl cash)Yield is Attractive

Free Cash Flow reflects the amount of cash free for distribution to all stakeholders (including debt & equity). FCF Yield divides free cash flow by enterprise value.

Using Free Cash Flow Yield to pick stocks is not a new strategy. However, our strategy yields superior results because we use a better measure of Free Cash Flow. In the same way our Economic EPS are better measures of profitability than reported EPS, our measure of Free Cash Flow is better than traditional accounting-based Free Cash Flow.

AAPL's 2yr Avg FCF (excl cash) is $109,833 million for the trailing twelve months and its current Enterprise Value is $3,418,131 million. 2yr Avg FCF (excl cash) Yield is 3.2% and earns an Attractive rating. See Appendix 1 for a detailed reconciliation.



Price-to-EBV Ratio

Price-to-EBV Ratio is Unattractive

Price-to-Economic Book Value (EBV) measures the difference between the market's expectations for future profits and the no-growth value of the stock.

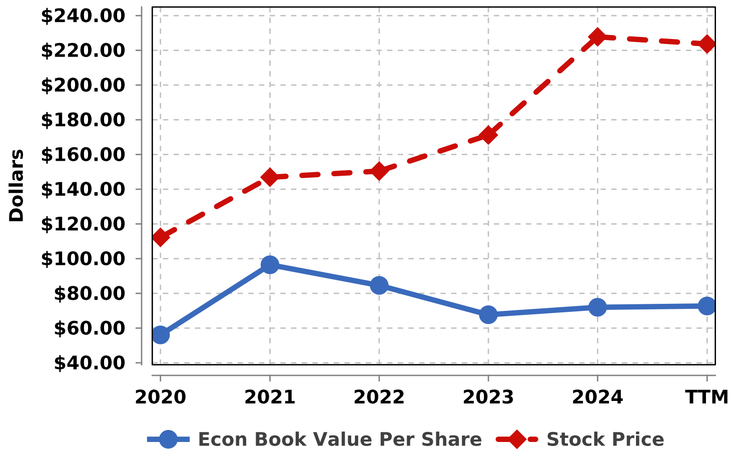
EBV measures the no-growth value of the company based on the company's current Net Operating Profit After Tax (NOPAT).

When prices are higher than EBV, the market predicts the NOPAT of the company will increase and expectations for profit growth are reflected in the stock. If the stock price equals EBV, the market predicts NOPAT will remain the same and there are no expectations for profit growth reflected in the stock. When stock prices are lower than EBV, the market predicts NOPAT will decrease and expectations for permanent profit decline are reflected in the stock.

In general, we like to buy stocks with low expectations for profit growth and sell/short stocks with high expectations for profit growth.

AAPL's current Price-to-EBV per share is 3.1 and earns an Unattractive rating. AAPL's stock price is $223.66 and its EBV per share for the trailing twelve months is $72.73. See Appendix 1 for a detailed reconciliation.

Stock Price vs Economic Book Value (EBV) Per Share



Growth Appreciation Period

The Growth Appreciation Period is Very Unattractive

The market-implied duration of profit growth or GAP measures the number of years the company must maintain an edge over its competitors by earning ROIC greater than the weighted-average cost of capital on new investments.

We believe AAPL embeds a Very Unattractive level of market expectations because there is a very large difference between the expected financial performance implied by its market price and the company's historical performance.

At AAPL's current stock price of $223.66, the market is expecting revenue to grow at 4.0% for more than 100 years. Over this period, AAPL is also expected to generate an average Economic Earnings Margin of 162.3%.

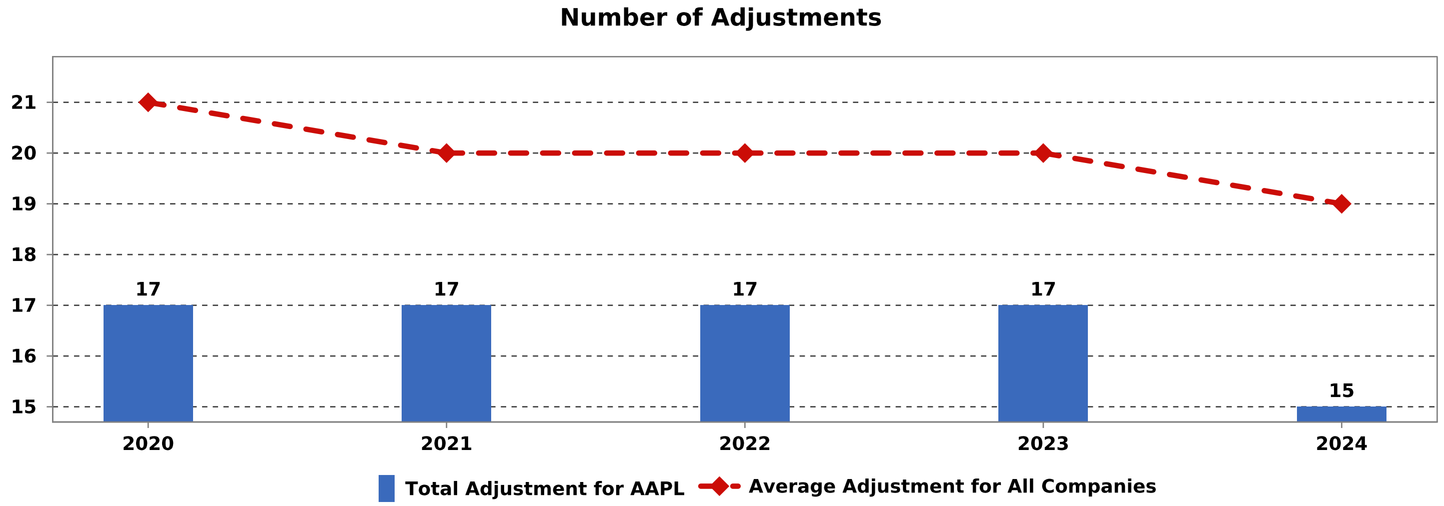
These results are derived using our dynamic discounted cash flow model.

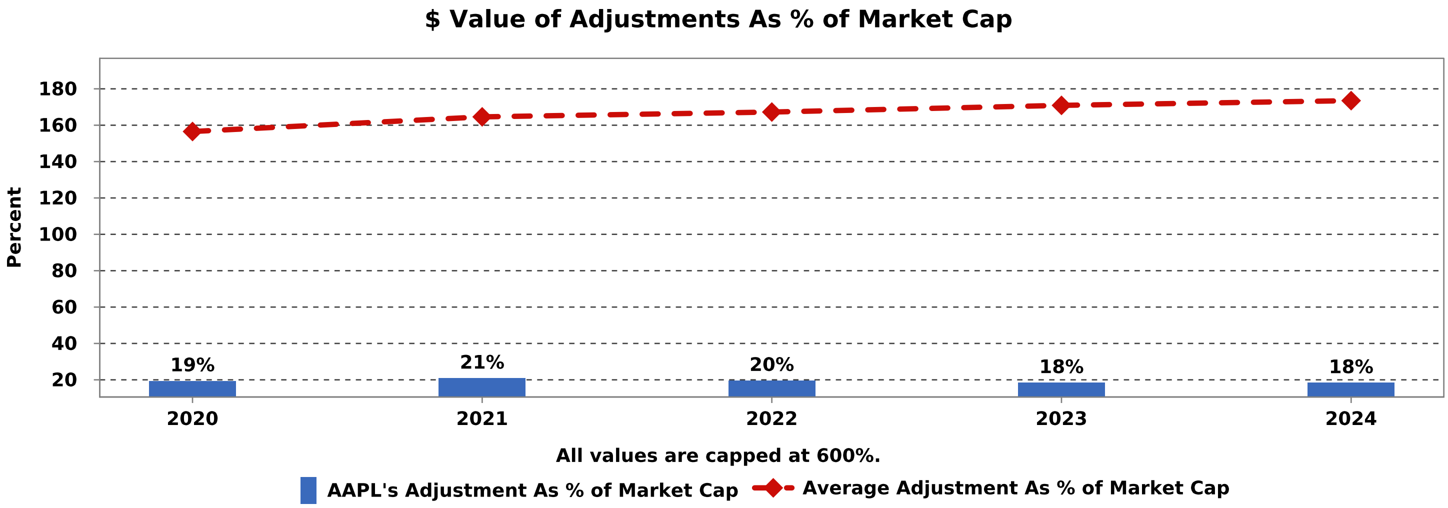
Performance Hurdles	Historical Performance			Market Expectations
	5 Yr	3Yr	Last FY	Default based on current price
Stock Price	$112.28	$150.43	$227.79	**$223.66**
Revenue CAGR	9.2%	(0.4%)	2.0%	**4.0%**
ROIC - WACC	69.8%	69.2%	69.2%	**162.3%**
Growth Appreciation Period	-	-	-	**> 100 years**

Protecting You From Misleading Accounting Loopholes

Our experts know where the (accounting) bodies are buried. Since 1996, we have combed through 120,000+ corporate filings. We know how to find what companies may try to hide. We protect clients from the constantly changing landscape of accounting loopholes and hidden items buried deep in footnotes, the Management Discussion & Analysis ("MD&A") and other disclosures. Our experts review thousands of pages of corporate disclosures and filings to ensure that you have the best possible research on earnings quality and valuation.

Values in millions	2020	2021	2022	2023	2024
Total Adjustments Summary for Apple Inc.					
Number of Adjustments	17	17	17	17	15
Average for all companies	21	20	20	20	19
Total Value of Adjustments	$665,982	$716,368	$673,039	$631,977	$630,756
Total Value of Adjustments as % of market cap	19%	21%	20%	18%	18%
Average for all companies	157%	165%	167%	171%	173%





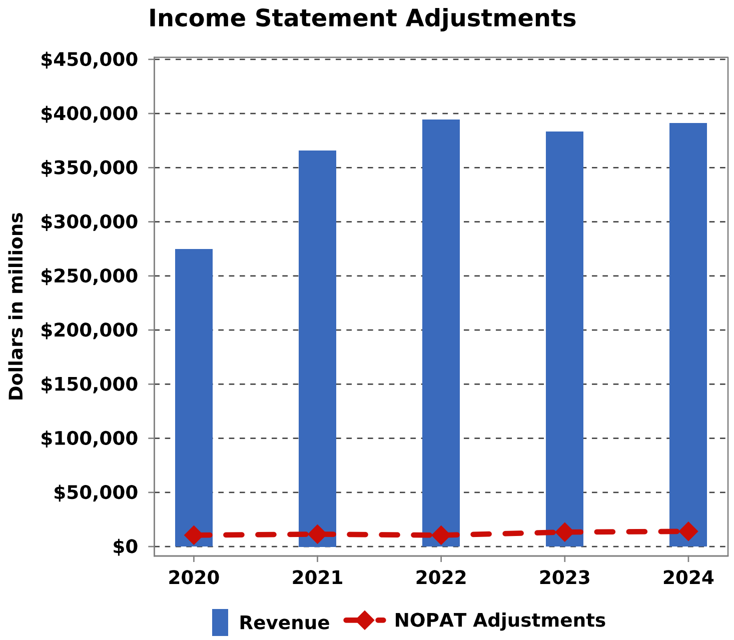
Income Statement Adjustments

We made 3 adjustments to convert Apple Inc.'s reported 2024 earnings to NOPAT, for a net impact of $13,501 million. We net 1 income adjustment of $269 million against 2 expense adjustments of $13,770 million.

75% of companies require more adjustments to reported earnings as a percent of revenue than AAPL to calculate NOPAT.

Reported earnings don't tell the whole story of a company's profits. They are based on accounting rules originally designed for debt investors, not equity investors, and are often manipulated by companies to manage earnings. Only economic earnings that incorporate due diligence in the financial footnotes provide a complete and unadulterated measure of profitability.

Our adjustments to reported earnings enable us to calculate an accurate NOPAT, a key component of our ROIC and economics earnings calculations. There are, in general, 10 types of adjustments that we make to convert reported net income to NOPAT. NOPAT is the after-tax operating cash generated by the business, excluding unusual items, financing costs and other non-cash items.



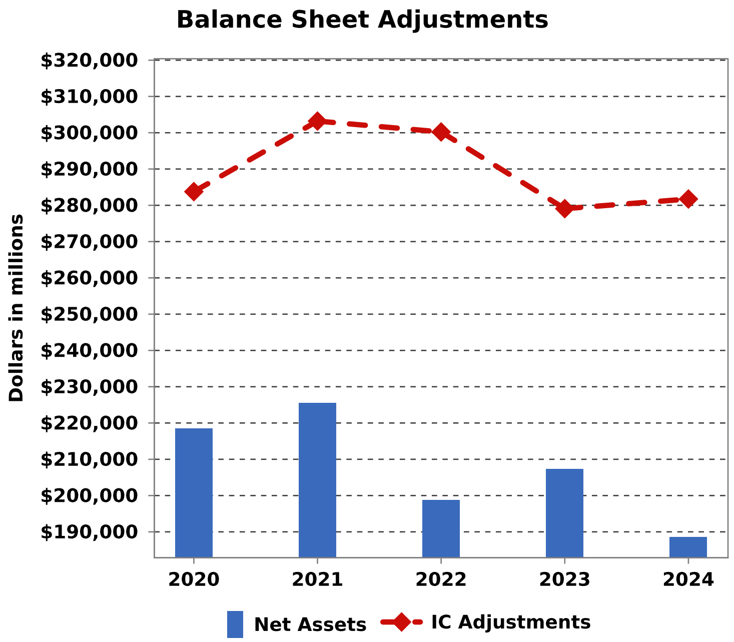
Balance Sheet Adjustments

We made 10 adjustments to convert Apple Inc.'s reported 2024 net assets to Invested Capital, for a net impact of $54,924 million. We net 2 asset decrease adjustments of $168,328 million against 8 increase adjustments of $113,404 million.

5% of companies require more adjustments than AAPL to calculate Invested Capital.

The most notable accounting distortion to reported net assets for AAPL in 2024 is $76,037 million in adjustments for operating leases, which is 40% of reported net assets. Reported operating leases do not always capture the company's true liability. We calculate the net present value of the future operating lease payments from the footnotes to determine the company's true liability. We replace the reported value with our own calculation to ensure comparability between companies.

Our adjustments to reported net assets enable us to calculate an accurate Invested Capital, a key component of our ROIC and economics earnings calculations. There are, in general, 12 types of adjustment that we make to convert reported net assets to Invested Capital. Invested Capital is the sum of all cash that has been invested in a company over its life without regard to financing form or accounting name.



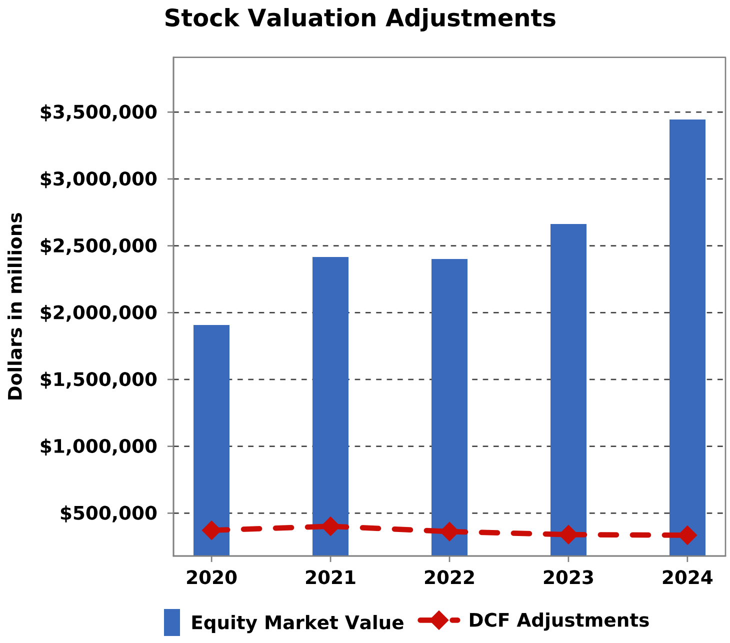
Stock Valuation Adjustments

We made 2 adjustments for a net impact of $37,326 million to our DCF model for Apple Inc. in the trailing twelve months. 1 adjustment decreases value by $186,155 million and 1 adjustment increases value by $148,829 million.

76% of companies require more adjustments as a percent of market value to calculate valuation metrics.

The most notable accounting distortion to these valuation metrics for AAPL in the trailing twelve months was operating leases. We adjusted shareholder value by $76,037 million, which is 2% of the firm's market value. The fair value of operating leases is subtracted from shareholder value because this is the value of cash that will be paid on these obligations and not available to shareholders.

Our valuation adjustments protect clients from unknowns that could blow stocks up. These adjustments enable us to derive more accurate calculations for Economic Book Value, Enterprise Value and our Discounted Cash Flow Model. There are, in general, 10 types of adjustments that we apply to our valuation metrics.



Appendix 1: Key Metrics & Calculations

This appendix provides reconciliations of the calculations we use in our stock ratings. The Education section of our website offers full details on all our calculations and ratings methodolgies.

Values in millions	2020	2021	2022	2023	2024	Current/TTM
Economic Earnings ((ROIC - WACC) * Invested Capital)						
Return on Invested Capital (ROIC)	62.6%	90.9%	81.9%	73.4%	78.8%	78.8%
WACC (Period End Date)	6.1%	5.9%	7.5%	9.2%	9.5%	9.5%
Economic Earnings Margin (ROIC - WACC)	56.4%	85.0%	74.3%	64.1%	69.2%	69.2%
Average Invested Capital	$92,953.39	$105,718.56	$127,803.32	$136,482.95	$136,149.20	$136,149.20
Economic Earnings	**$52,461.17**	**$89,820.48**	**$94,987.14**	**$87,528.00**	**$94,264.84**	**$94,264.84**
Change in Economic Earnings	$1,258.68	$37,359.31	$5,166.67	($7,459.15)	$6,736.85	$6,736.85
Economic Earnings per Share	**$3.02**	**$5.38**	**$5.86**	**$5.56**	**$6.14**	**$6.14**
Economic Earnings per Share Growth	9.1%	77.9%	8.9%	(5.1%)	10.5%	10.5%
GAAP Net Income / FFO	**$57,411.00**	**$94,680.00**	**$99,803.00**	**$96,995.00**	**$93,736.00**	**$93,736.00**
Change in GAAP Net Income / FFO	$2,155.00	$37,269.00	$5,123.00	($2,808.00)	($3,259.00)	($3,259.00)
Diluted GAAP EPS	**$3.28**	**$5.61**	**$6.11**	**$6.13**	**$6.08**	**$6.08**
Diluted GAAP EPS Growth	10.2%	71.4%	8.9%	0.3%	(0.8%)	(0.8%)
Return on Invested Capital (ROIC) (ROIC = NOPAT / Average Invested Capital)						
Total Operating Revenue	$274,515.00	$365,817.00	$394,328.00	$383,285.00	$391,035.00	$391,035.00
NOPAT	$58,144.66	$96,090.67	$104,614.95	$100,141.65	$107,236.68	$107,236.68
Average Invested Capital	$92,953.39	$105,718.56	$127,803.32	$136,482.95	$136,149.20	$136,149.20
Return on Invested Capital (ROIC)	**62.6%**	**90.9%**	**81.9%**	**73.4%**	**78.8%**	**78.8%**
Change in ROIC	(43.4%)	28.3%	(9.0%)	(8.5%)	5.4%	5.4%
NOPAT Margin	21.2%	26.3%	26.5%	26.1%	27.4%	27.4%
Average Invested Capital Turns	2.95	3.46	3.09	2.81	2.87	2.87
Incremental Return on Invested Capital	46.9%	88.4%	28.8%	(25.2%)	243.3%	243.3%
2-Year Average FCF (exlc cash) Analysis (used in FCF Yield rating)						
2yr Avg Free Cash Flow (excl cash)	**$31,896.43**	**$41,933.26**	**$77,889.96**	**$92,209.92**	**$109,832.87**	**$109,832.87**
Change in 2yr Avg FCF (excl cash)	($19,850.59)	$10,036.84	$35,956.70	$14,319.95	$17,622.95	$17,622.95
2yr Avg FCF (exlc cash) Growth	(38.4%)	31.5%	85.7%	18.4%	19.1%	19.1%
Enterprise Value	**$1,905,177.44**	**$2,448,752.25**	**$2,438,287.86**	**$2,693,018.92**	**$3,480,778.86**	**$3,418,131.15**
2yr Avg FCF (excl cash) Yield	**1.7%**	**1.7%**	**3.2%**	**3.4%**	**3.2%**	**3.2%**
2yr Avg FCF (excl cash) as % of Revenue	11.6%	11.5%	19.8%	24.1%	28.1%	28.1%
Price to Economic Book Value per Share (NOPAT / WACC + Adjustments - see our website for full details)						
NOPAT	$58,144.66	$96,090.67	$104,614.95	$100,141.65	$107,236.68	$107,236.68
/ WACC	6.1%	5.9%	7.5%	9.2%	9.5%	9.4%
+ Excess Cash	$186,339.70	$183,199.66	$161,222.44	$154,433.30	$148,829.30	$148,829.30
+ Net Assets from Discontinued Operations	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
+ Net Deferred Tax Liability	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
+ Net Deferred Compensation Assets	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
+ Fair Value of Unconsolidated Subsidiary Assets (non-op)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
- Fair Value of Total Debt	$185,366.19	$218,528.51	$201,140.88	$185,126.28	$186,155.48	$186,155.48
- Fair Value of Preferred Capital	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
- Fair Value of Minority Interests	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
- Value of Outstanding ESO After-Tax	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
+ Pensions Net Funded Status	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Economic Book Value (EBV)	**$951,928.55**	**$1,584,807.99**	**$1,348,781.98**	**$1,052,864.86**	**$1,088,203.15**	**$1,099,420.50**
Split Adjusted Shares Outstanding (thousands)	16,976,763	16,426,786	15,943,425	15,550,061	15,116,786	15,115,823
EBV per Share	$56.07	$96.48	$84.60	$67.71	$71.99	$72.73
Stock Price (closing)	$112.28	$146.92	$150.43	$171.21	$227.79	$223.66
PEBV (Price to Economic Book Value per Share)	**2.00**	**1.52**	**1.78**	**2.53**	**3.16**	**3.08**

Appendix 2: Adjustments for our Discounted Cash Flow Model, Economic Book Value, and Enterprise Value Calculations

We use a [dynamic discounted cash flow (DCF) model](#) to quantify the market expectations for future cash flows in stock prices. This approach, also known as "expectations investing" or "reverse DCF", is the most transparent and objective approach to valuing stocks.

Values in millions	**2020**	**2021**	**2022**	**2023**	**2024**	**Current/TTM**
+ Excess Cash	$186,339.70	$183,199.66	$161,222.44	$154,433.30	$148,829.30	$148,829.30
+ Net Assets from Discontinued Operations	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
+ Net Deferred Tax Liability	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
+ Net Deferred Compensation Assets	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
+ Fair Value of Unconsolidated Subsidiary Assets (non-op)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
- Fair Value of Total Debt	$185,366.19	$218,528.51	$201,140.88	$185,126.28	$186,155.48	$186,155.48
- Fair Value of Preferred Capital	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
- Fair Value of Minority Interests	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
- Value of Outstanding ESO After-Tax	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
+ Pensions Net Funded Status	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Total Valuation Adjustments	**$973.51**	**($35,328.85)**	**($39,918.44)**	**($30,692.98)**	**($37,326.18)**	**($37,326.18)**

Appendix 3: Adjustments for Economic Earnings

Reported earnings don't tell the whole truth of a company's profits. We scour the footnotes and fine print so clients have the whole truth. Full details on our adjustment methodologies are available [on our website](#). Our [Company Models](#) allow you to modify adjustments and see where we find them in SEC filings.

Values in millions	**2020**	**2021**	**2022**	**2023**	**2024**	**Current/TTM**
Income Statement Adjustments						
GAAP Net Income	$57,411.00	$94,680.00	$99,803.00	$96,995.00	$93,736.00	$93,736.00
+ Total Net Non-Op. Expense Hidden in Op. Earnings	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
+ Reported Net Non-Operating Items	($803.00)	($258.00)	$334.00	$565.00	($269.00)	($269.00)
+ Change in Total Reserves	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
+ Impl. Interest for Standardized of Op. & Variable Leases	$2,663.50	$3,775.07	$4,101.84	$3,931.55	$3,866.19	$3,866.19
+ Non-Operating Tax Adjustment	($1,126.85)	($2,106.40)	$376.11	($1,349.90)	$9,903.49	$9,903.49
+ Net After-Tax Non-Operating Expense/(Income)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
NOPAT	**$58,144.66**	**$96,090.67**	**$104,614.95**	**$100,141.65**	**$107,236.68**	**$107,236.68**
Balance Sheet Adjustments						
Total Assets (unadjusted)	$323,888.00	$351,002.00	$352,755.00	$352,583.00	$364,980.00	$364,980.00
- Excess Cash	($186,339.70)	($183,199.66)	($161,222.44)	($154,433.30)	($148,829.30)	($148,829.30)
- NIBCL (Non-Interest-Bearing Current Liabilities)	($91,623.00)	($109,868.00)	($132,872.00)	($129,501.00)	($155,513.00)	($155,513.00)
+ Hidden Short-Term Debt	$24.00	$79.00	$129.00	$165.00	$144.00	$144.00
+ Total Reserves	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
+ Total Adjustment for Operating Leases	$54,113.19	$77,086.51	$84,271.88	$79,535.28	$78,825.48	$78,825.48
- Unconsolidated Subsidiary Assets (non-operating)	($0.00)	($0.00)	($0.00)	($0.00)	($0.00)	($0.00)
- Total Discontinued Operations Assets	($0.00)	($0.00)	($0.00)	($0.00)	($0.00)	($0.00)
+ Accumulated Asset Write-Downs After-Tax	$1,481.58	$1,481.58	$1,481.58	$1,481.58	$1,481.58	$1,481.58
+ Accum. Goodwill Amortization & Unrecorded Goodwill	$55.00	$55.00	$55.00	$55.00	$55.00	$55.00
- Reported & Hidden Deferred Taxes & Compensation	($8,157.00)	($13,073.00)	($14,537.00)	($17,251.00)	($19,499.00)	($19,499.00)
- Over Funded Pensions	($0.00)	($0.00)	($0.00)	($0.00)	($0.00)	($0.00)
- Accumulated OCI (Other Comprehensive Income)	$495.00	($74.00)	$11,198.00	$11,541.00	$7,261.00	$7,261.00
Invested Capital	**$93,937.07**	**$123,489.44**	**$141,259.02**	**$144,175.56**	**$128,905.76**	**$128,905.76**
Average Invested Capital	**$92,953.39**	**$105,718.56**	**$127,803.32**	**$136,482.95**	**$136,149.20**	**$136,149.20**

Appendix 4: Explanation of New Constructs' Stock Ratings

Ratings

In-depth risk/reward analysis underpins our stock rating. Our stock rating methodology grades every stock according to what we believe are the 5 most important criteria for assessing the quality of a stock. Each grade reflects the balance of potential risk and reward of buying that stock. Our analysis results in the 5 ratings described below. Very Attractive and Attractive correspond to a "Buy" rating, Very Unattractive and Unattractive correspond to a "Sell" rating, while Neutral corresponds to a "Hold" rating.

Risk/Reward Rating	Quality of Earnings		Valuation		
	Economic vs Reported EPS	Return on Invested Capital (ROIC)	FCF Yield	Price-to-EBV Ratio	Growth Appreciation Period
Very Unattractive	Misleading Trend	Bottom Quintile	< -5%	> 3.5 or -1 < 0	> 50
Unattractive	False Positive	4th Quintile	-5% < -1%	2.4 < 3.5 or < -1	20 < 50
Neutral	Neutral EE	3rd Quintile	-1% < 3%	1.6 < 2.4	10 < 20
Attractive	Positive EE	2nd Quintile	3% < 10%	1.1 < 1.6	3 < 10
Very Attractive	Rising EE	Top Quintile	> 10%	0 < 1.1	0 < 3

Ratings

Economic earnings and return on capital metrics are significantly more accurate when as-reported financial statements have been adjusted to reverse accounting distortions and Red Flags. The majority of the data required to reverse accounting distortions is available only in the Notes to the Financial Statements, which we analyze rigorously. Our core competency is gathering and analyzing all relevant financial data (from the Financial Statements and Notes) so that we can deliver earnings analysis that best represents the true profitability of businesses. See the figure below for a list of the Red Flag adjustments we make to a company's reported GAAP profits in order to reverse accounting distortions and arrive at a better measure of a firm's profits.

Accounting Issues and Red Flags that Distort GAAP

- Employee Stock Options
- Pension Over/Under Funding
- Excess Cash
- Restructuring Charges
- Pooling Goodwill
- Minority Interests
- Discontinued Operations
- Preferred Stock
- Mid-Year Acquisitions
- Off-Balance-Sheet Financing
- LIFO Reserve
- Unrealized Gains/Losses
- Goodwill Amortization
- Unconsolidated Subsidiaries
- Capitalized Expenses
- Deferred Compensation
- Net Deferred tax Assets and Liabilities

It's Official: We Deliver 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. The stock market is missing footnotes - and only we have that critical data.
2. Legacy fundamental datasets suffer from significant inaccuracies, omissions, and biases.
3. Our proprietary data drives novel alpha. Our measures of Core Earnings and Earnings Distortion materially improve stock picking and forecasting of profits.

Best Fundamental Data in the World

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

Ernst & Young 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 Harvard Business School. 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.

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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