



Whose Numbers Can You Trust?

What should you do if you can't be confident that your research on a stock in your portfolio is 100% reliable? What happens when YOLO and MOMO are no longer driving markets to new highs?

With both the S&P 500 and Nasdaq down over 1% on Tuesday, the last few weeks have not been kind to equity markets. I think the consensus amongst the "smart money" folks is that 2025 will not be a great year for the stock market. If so, investors need to buckle down to be sure their portfolios are in good shape.

So...how, exactly, do investors buckle down and get confident that their stocks are in good shape?

That's a tough question, especially since nearly every Wall Street report tells you to buy every stock and claims their research is the best even though there are [countless studies](#) showing the flaws and conflicts in Wall Street research.

Your choices are to (1) do the work yourself or (2) find someone you can trust to do it for you.

If you don't have the time to check all the numbers and build the models, you must rely on respected third parties to find someone trustworthy to do it for you, i.e. vet research providers.

We're very grateful at New Constructs that Harvard Business School, MIT Sloan, and Ernst & Young have vetted our research, stock ratings, and data over the years. But, today, I want to share a new third-party vetting of our research from MarketWatch: [10 stocks making best use of investors' money. Here's who beats Nvidia.](#)

This article lists the companies with the best 5yr average returns on invested capital (ROIC) in the S&P 500, and you might be very surprised who is at the bottom of or not even on the list, such as Nvidia (NVDA), Amazon (AMZN), Netflix (NFLX), Google (GOOGL), Meta (META), and Apple (AAPL).

Get the 10 Stocks with the best ROICs in the S&P 500 over the last 5 years

Just a few short years ago, the FAANG stocks would've dominated the list of stocks with the best ROICs. But, the times they are a changing. That's what happens in a free market where companies are allowed to compete with one another.

Now, do not be surprised if the ROIC numbers in this article differ wildly from the numbers you get from other sources or from your own models. The article specifically states:

"Making the best use of ROIC means taking into account all the ways the data can be distorted under standard accounting practices, which is where New Constructs comes in."

In other words, if you're not doing the work to scrub the numbers before you calculate ROIC, then you can't trust the results.

What do we mean by "scrubbing the numbers"? The answer from the article: New Constructs makes [30+ adjustments](#) "as part of its investment analysis and ratings service."

As I like to say, don't take my word that our research is [proven-superior](#) when you can easily see how respected institutions use our research. If it is good enough for Harvard Business School, Ernst & Young, MIT Sloan School of Management, and MarketWatch, it's probably good enough for anyone, to say the least.

P.S. If you're interested in getting ROIC right, [sign up](#) for our next training on January 21st at 1pmET. And, be on the lookout for a special offer for access to our site in the next couple of weeks.

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Disclosure: David Trainer, Kyle Guske II, and Hakan Salt receive no compensation to write about any specific stock, style, or theme.

Questions on this report or others? Join our [online community](#) and connect with us directly.



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 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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