Very Attractive Stocks Index Trumps the S&P 500

Is the down market getting on your nerves?

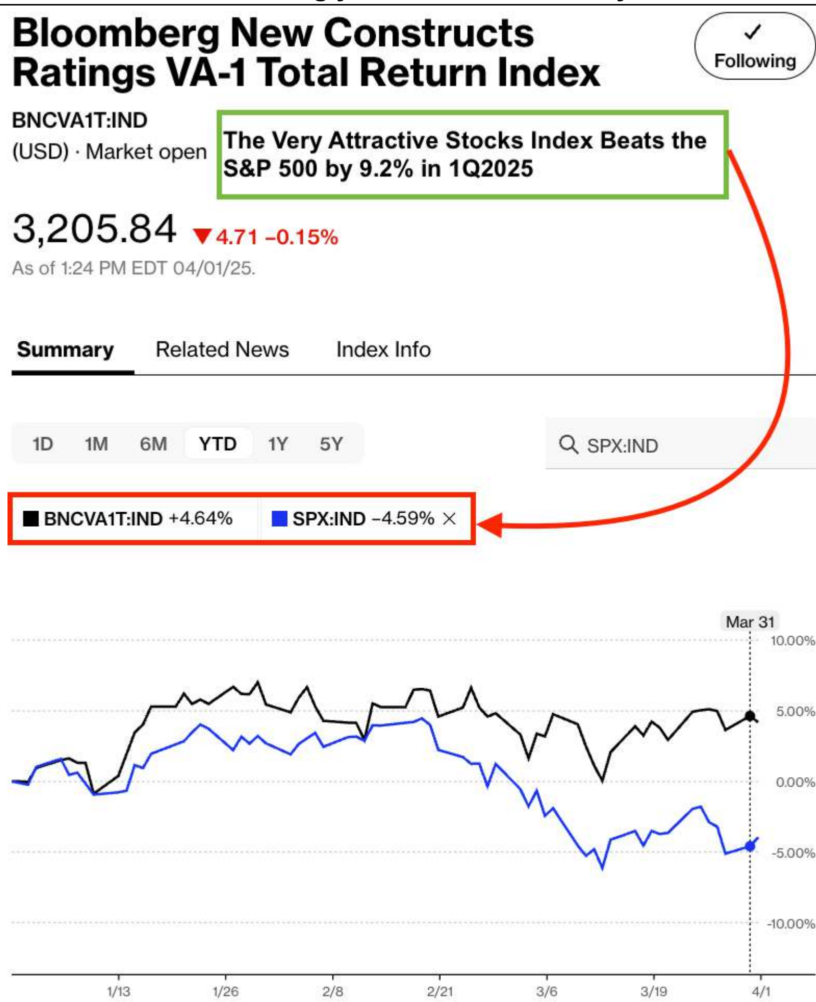
There's a better way to invest. A way that leverages superior data and analytics to drive proven-superior stock ratings.

Want proof?

See Figure 1. It compares the performance of the Very Attractive Stocks Index, managed by Bloomberg, to the S&P 500. In 1Q25, the Bloomberg New Constructs Ratings VA-1Index (ticker: BNCVAT1T:IND) was up 4.6% while the S&P 500 was down 4.6%. As explained in more detail here, this index only holds the stocks that get our Very Attractive Rating.

I would say this performance is a very strong endorsement of the value of our Stock Ratings.

Figure 1: Very Attractive-Rated Stocks Strongly Beats the S&P 500 by over 9% in 1Q25



Sources: Bloomberg as of March 31, 2025.
Note: Past performance is no guarantee of future results.

Performance is not just super strong in the short term either. Figure 2 shows that the Very Attractive Stocks index (up 217%) outperforms the S&P 500 (up 123%) by 94% over the last 5 years.

Good Stocks Are Hard to Find

My father-in-law likes to say "it takes a lot of hammering to make good steel" anytime his grandchildren complain. We value hard work in our family, and hard work is a big part of how New Constructs finds good stocks.

Wall Street wants you to believe picking stocks is easy, but it's clear by the performance of their stock picks that they are faking it. As my regular readers know, Fake News Is Cheap for A Reason, and so are Wall Street stock ratings.

Unlike Wall Street, where 95% of the stocks get a Buy or Hold Rating, less than 5% of our coverage universe of stocks get a Very Attractive Rating. In other words, stocks that get a Very Attractive Rating are hard to find.

Good stocks are not supposed to be as easy to find as CNBC and Wall Street would have you believe.

Why do Very Attractive Stocks outperform the market? They outperform because they offer outstanding risk/reward by having cheap valuations on businesses that have excellent quality of earnings.

Figure 2: Very Attractive-Rated Stocks Strongly Outperform the S&P 500 Over the Last 5 Years

Sources: Bloomberg as of 5:00pmCT on March 26, 2025.

Note: Past performance is no guarantee of future results.

Where to Find Good Stocks

We work hard to provide the best fundamental research in the world. No other research firm can match our proven-superior fundamental data, analytics and stock ratings.

We're constantly providing free training and stock picks to help investors make more money and invest with peace of mind.

We also offer a variety of Model Portfolios for clients, such as the Most Attractive Stocks, Safest Dividend Yield Stocks, and more. We offer memberships like Stock Tracker 50 that empowers individual investors with access to our proven-superior ratings on 3,300 U.S. stocks and over 7,000 ETFs and mutual funds.

Our Professional Membership offers more in-depth detail, access to all Model Portfolios, access to our API, and the most powerful stock and fund screeners in the business.

See Figure 3 for a peek at what our Stock Ratings look like. We blocked out the ticker here, but trust that we have plenty of Attractive and Very Attractive stocks, ETFs and mutual funds in our coverage universe of 10,000+ securities.

Figure 3: How To Find The Right Stocks: The Robo-Analyst Rating System

	Quality of Earnings		Valuation		
Risk/Reward Rating	Economic vs Reported EPS	ROIC	2 yr Avg FCF (excl cash) Yield	Price to EBV	Market-Implied GAP
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					
	$1.81 vs. $4.79	**13%**	**-3%**	**0.8**	**< 1 yr**

Sources: New Constructs, LLC and company filings.

Given how poor the rest of the market has performed this year, don't you think it is time to up your game and invest smarter based on research with a proven advantage.

The days of making easy money by jumping into crowded trades are over. Put MOMO and YOLO behind you and invest in truly attractive stocks BEFORE the rest of the market catches on. That's how the top investors make the big bucks.

Bloomberg Special Event To Learn More About our Indices

Register here for “Footnote Season: Uncovering Hidden Value In Company Financials” on April 11 at 11amEDT.

Join Bloomberg and New Constructs for an exclusive webinar exploring how AI-driven financial analysis enhances accounting transparency to reveal underestimated earnings. Discover how Bloomberg Indices integrates New Constructs’ proprietary data to develop systematic strategies that identify companies whose true financial strength is often overlooked—creating a unique opportunity for accounting alpha.

We work hard to provide the best fundamental research in the world. No other research firm can match our proven-superior fundamental data, analytics, stock ratings and indices.

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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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