



Featured Stock from the Bloomberg New Constructs 500 Index for July 2025

We have gone to great effort to build technology that gathers proven-superior data from financial filings, especially the footnotes, to train and power our AI-Agent, the Robo-Analyst.

We have unrivaled experience and success in endowing machines with the subject matter expertise needed to perform like human experts. Don't just take our word for it. [This paper](#) from the Harvard Business School and MIT Sloan professors empirically proves the idiosyncratic alpha in our proprietary measure of [Core Earnings](#).

Want real-time proof? Look no further than the [Bloomberg New Constructs 500 Total Return Index \(B500NCT:IND\)](#). This index, managed by Bloomberg, holds the largest 500 companies in the US. However, instead of weighting each stock by market cap, B500NCT:IND weights stocks based on Earnings Capture¹, which equals Core Earnings minus GAAP earnings. So, the companies whose Core Earnings exceed GAAP earnings by the most get the largest weightings. Think of this index as an enhanced version of the S&P 500, because it allocates capital based on a proven-superior fundamental metric instead of market cap.

We think companies with the highest profits deserve larger allocations, and the results of this strategy speak for themselves.

Below, we share one of the stocks in our enhanced S&P 500 Index along with a brief overview of why it deserves a larger weighting (by Core Earnings) than it earns through market cap alone. Enjoy this free stock pick. Feel free to share it with friends and family. We are proud of our work and want more people to see it.

Featured Stock from Bloomberg New Constructs 500 Total Return Index: Apple Inc. (AAPL)

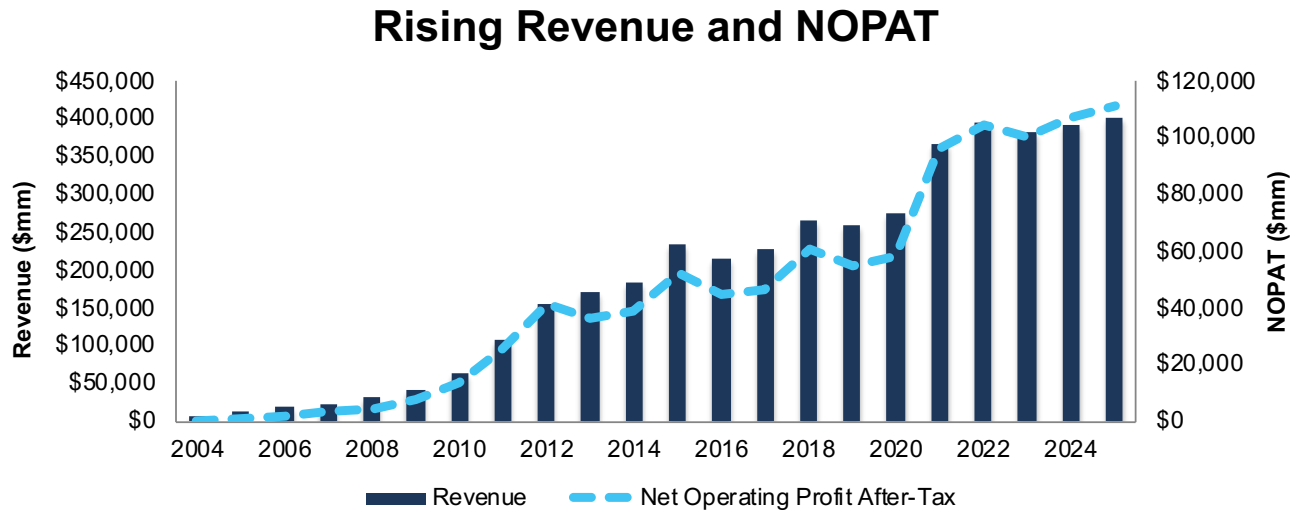
Apple (AAPL: \$211/share) is currently ~5% of the legacy S&P 500, but it is 7.6% of the Bloomberg New Constructs 500 Total Return Index. Why the discrepancy? Core Earnings power.

Apple has the highest trailing-twelve months (TTM) Core Earnings of all S&P 500 companies. In fact, Apple's Core Earnings of \$108 billion is the highest in our entire [coverage universe](#). The company also has the second highest Earnings Capture (\$10.6 billion) among the S&P 500. In other words, Apple's reported GAAP earnings understate its Core Earnings by nearly \$11 billion.

Not only does Apple generate the most Core Earnings, the company's revenue, net operating profit after tax ([NOPAT](#)), and return on invested capital ([ROIC](#)) rank fourth, first, and sixth among the S&P 500 companies, respectively.

Apple has grown revenue and NOPAT by 21% and 36% compounded annually over the last two decades, respectively. Apple's NOPAT margin increased from 2% in fiscal 2004 to 28% in the TTM while its [invested capital turns](#) fell from 9.0 to 2.9 over the same time. Rising NOPAT margins are more than enough to offset falling invested capital turns and drive Apple's ROIC from 22% in fiscal 2004 to 81% in the TTM.

¹ Earnings Distortion equals GAAP earnings minus Core Earnings, or the opposite of Earnings Capture.

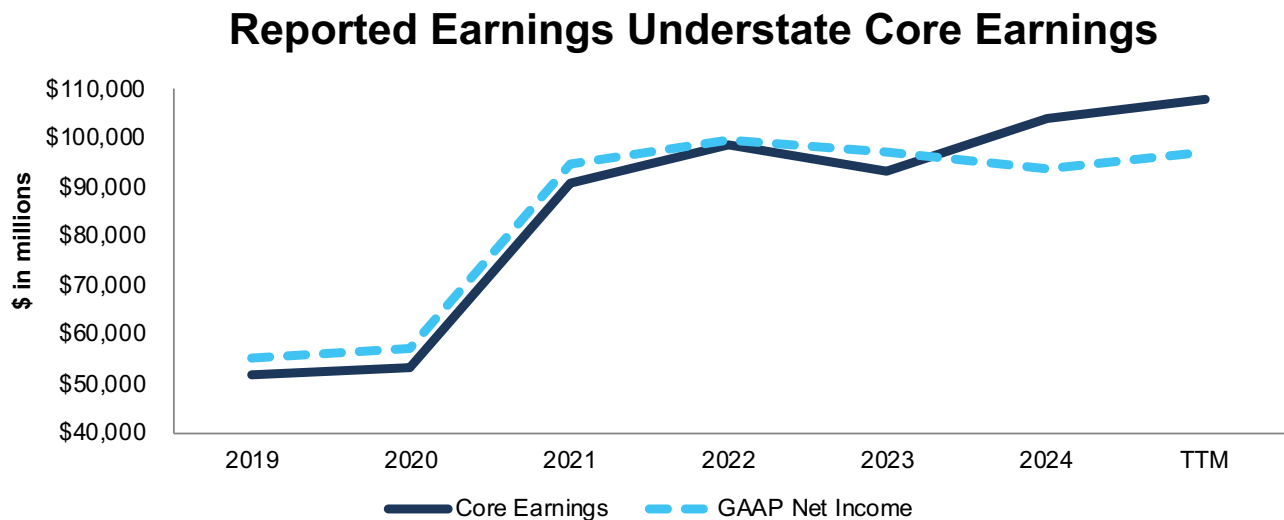
**Figure 1: Apple's Revenue and NOPAT Since Fiscal 2004**

Sources: New Constructs, LLC and company filings

Apple has grown Core Earnings significantly faster than reported earnings (GAAP Net Income) in recent years. Per Figure 2, Apple's Core Earnings grew from \$51.6 billion in fiscal 2019 to \$107.9 billion in the TTM ending fiscal 2Q25, or 14% compounded annually. The company's GAAP Net Income increased from \$55.3 billion to \$97.3 billion over the same time, or 11% compounded annually.

Fiscal 2023 is a clear inflection point in Earnings Capture, as shown in Figure 2. In fiscal 2023, Apple's Earnings Capture totaled -\$3.5 billion, which means GAAP net income overstated Core Earnings by \$3.5 billion.

In the TTM ended fiscal 2Q25, Apple's Earnings Capture is \$10.6 billion, which means GAAP net income understates Core Earnings by that amount. In other words, Apple is more profitable than investors relying on GAAP net income realize.

Figure 2: Apple's Core Earnings vs. GAAP Net Income Since Fiscal 2019

Sources: New Constructs, LLC and company filings

**Real-Time Proof of Superior Earnings Metric**

As noted above, you don't have to take our word that Core Earnings, and allocating to stocks based on Core Earnings, drives novel alpha. The outperformance of the Bloomberg New Constructs 500 Index, or what we call the "Core-Earnings Weighted S&P 500", demonstrates real-time alpha.

Per Figure 3, the Bloomberg New Constructs 500 Total Return Index (ticker: B500NCT:IND) beat the S&P 500 by over 31% over the last five years, rising 128% while the S&P 500 was up 96%.

Figure 3: Bloomberg New Constructs 500 Index Strongly Outperforms the S&P 500 Over the Last 5 Years



Sources: [Bloomberg](#) as of July 18, 2025

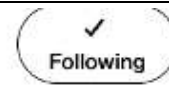
Note: Past performance is no guarantee of future results.

Wondering how the index has done more recently? See Figure 4 for details on the outperformance of the Bloomberg New Constructs 500 Total Return Index in the first half of 2025. B500NCT:IND was up 7.1% while the S&P 500 was up 6.8%.



Figure 4: Bloomberg New Constructs 500 Index Strongly Outperforms the S&P 500 in 1H25

Bloomberg New Constructs 500 Total Return Index



B500NCT:IND
(USD) · Market closed

Core Earnings-Weighted S&P 500 beats Legacy S&P 500 by 0.3% in 1H2025

4,485.49 ▲ 36.52 +0.82%

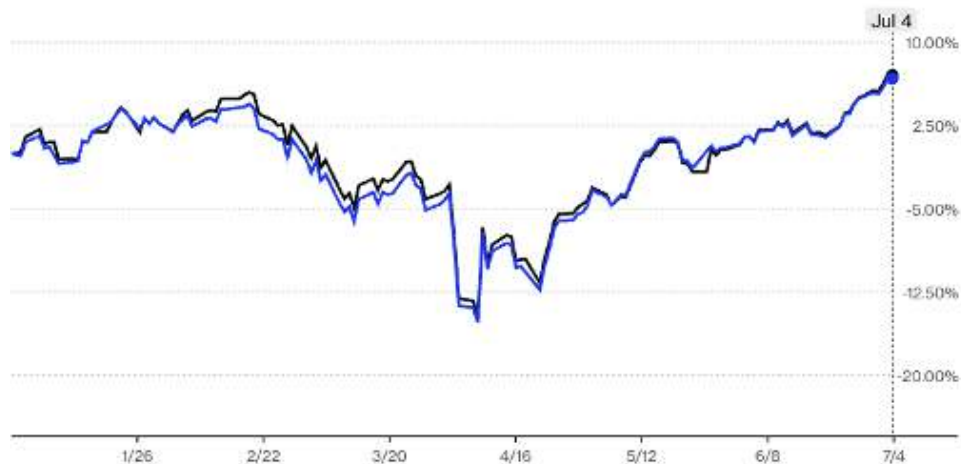
As of 4:15 PM EDT 07/02/25.

Summary Related News Index Info

1D 1M 6M YTD 1Y 5Y

SPX:IND

■ B500NCT:IND +7.07% ■ SPX:IND +6.76% ×



Sources: [Bloomberg](#) as of July 4, 2025

Note: Past performance is no guarantee of future results.

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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.

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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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