



Free Stock Pick from our Exec Comp Aligned with ROIC Model Portfolio for October 2025

On the surface, they were stars, but behind the scenes, they were basketball players and coaches illegally gambling. After a lengthy investigation by the FBI, Chauncey Billups, Terry Rozier, and many others were arrested and charged on allegations of wire fraud, money laundering, extortion, robbery and illegal gambling.

This latest FBI investigation is a perfect example of how important it is to look beyond the headlines and attempt to get the truth.

The same goes for fundamental research. It's important to understand how companies incentivize their executives. If they reward their executives based on surface-level revenue growth and/or flawed metrics like adjusted EBITDA, they will likely lead executives to take actions that destroy shareholder value.

By contrast, compensation structures based on metrics proven to create shareholder value, particularly return on invested capital (ROIC), will likely lead executives make decisions in the best interest of all stakeholders.

Our Exec Comp Aligned with ROIC Model Portfolio includes only those stocks that (1) receive an Attractive-or-better rating and (2) directly link executive compensation to ROIC (or similar variations). We believe this combination signals disciplined capital allocation and strong upside potential.

We are proud to offer the Exec Comp Aligned with ROIC Model Portfolio, and we are excited to give you a free stock pick from this Model Portfolio.

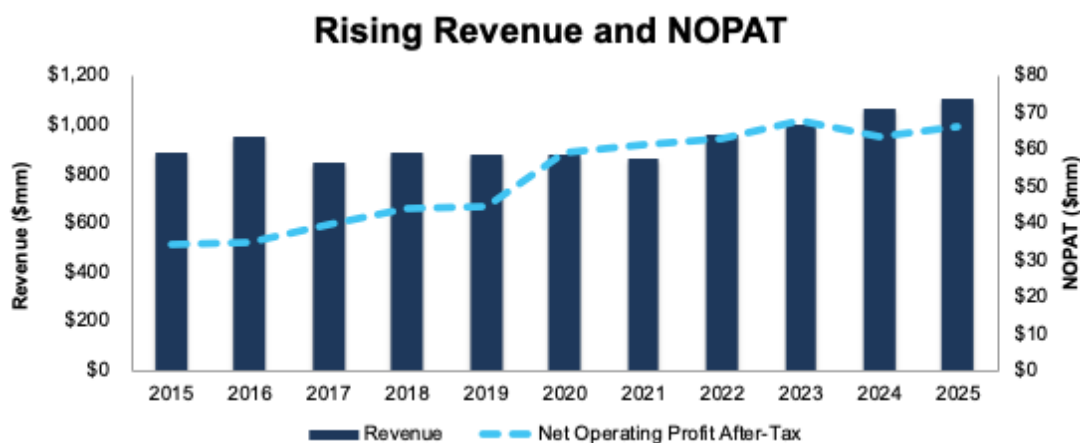
The goal behind sharing these free stock picks with you is to provide insights into the uniquely high value-add of our research that leverages the most reliable AI Agent for investing in the world. Learn more about our AI Agent, which combines our proven superior data and research with Google Cloud's technology [here](#).

We update this Model Portfolio monthly, and [October's](#) Exec Comp Aligned with ROIC Model Portfolio was updated and published for clients on October 15, 2025.

Free Stock Pick for September: John B. Sanfilippo & Son Inc. (JBSS: \$61/share)

John B. Sanfilippo has grown revenue and net operating profit after-tax (NOPAT) by 2% and 7% compounded annually, respectively, since fiscal 2015. The company's NOPAT margin improved from 4% in fiscal 2015 to 6% in fiscal 2025, while [invested capital turns](#) fell from 2.6 to 2.3 over the same time. Rising NOPAT margin is enough to offset falling invested capital turns and drive return on invested capital (ROIC) from 10% in fiscal 2015 to 14% in fiscal 2025.

Figure 1: John B. Sanfilippo's Revenue & NOPAT: Fiscal 2015 – Fiscal 2025



Sources: New Constructs, LLC and company filings

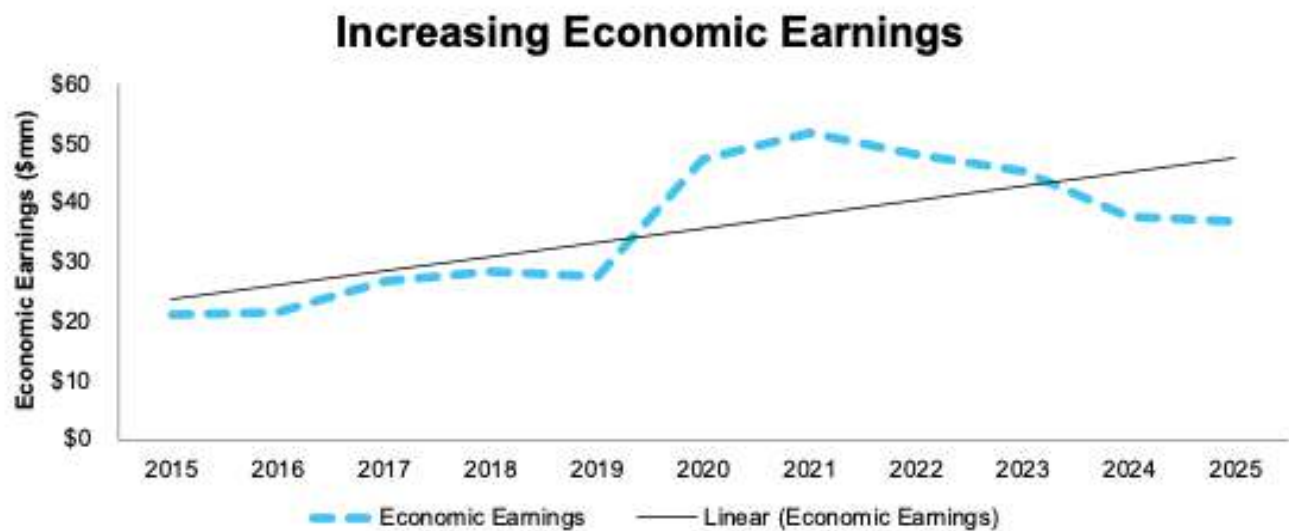
**Executive Compensation Properly Aligns Incentives**

John B. Sanfilippo's executive compensation plan aligns the interests of executives and shareholders by tying its annual bonus awards to a "Return on Capital/economic value added" model. According to the company's [proxy](#) statement, the company calls this structure the Sanfilippo Value Added plan. Under the plan, executives are rewarded for year-over-year improvement in economic profit.

The company's inclusion of economic profit targets, which are similar to our [economic earnings](#), has helped create shareholder value by driving higher ROIC and economic earnings. When we calculate ROIC using our [superior fundamental data](#), we find that John B. Sanfilippo's ROIC has improved from 10% in fiscal 2015 to 14% in fiscal 2025.

Economic earnings rose from \$21 million to \$37 million over the same time. See Figure 2.

Figure 2: John B. Sanfilippo's Economic Earnings: Fiscal 2015 – Fiscal 2025



Sources: New Constructs, LLC and company filings

JBSS Has Further Upside

At its current price of \$61/share, JBSS has a price-to-economic book value ([PEBV](#)) ratio of 0.8. This ratio means the market expects John B. Sanfilippo's NOPAT to permanently fall 20% from fiscal 2025 levels. This expectation seems overly pessimistic for a company that has grown NOPAT 2% and 7% compounded annually over the last five and ten years, respectively.

Even if John B. Sanfilippo's:

- NOPAT margin falls to 5% (below fiscal 2025 NOPAT margin of 6% and five-year average of 7%) through fiscal 2035 and
- revenue grows at 3% (below 5-year CAGR of 5%) compounded annually through fiscal 2035, then,

the stock would be worth \$86/share today – a 40% upside. In this scenario, John B. Sanfilippo's NOPAT would grow just 1% compounded annually through fiscal 2035. [Contact us for the math behind this reverse DCF scenario.](#)

Critical Details Found in Financial Filings by Our [Robo-Analyst Technology](#)

Below are specifics on the adjustments we made based on Robo-Analyst findings in John B. Sanfilippo's 10-K and 10-Qs:

Income Statement: we made over \$10 million in adjustments with a net effect of removing over \$5 million in [non-operating expense](#). Professional members can see all adjustments made to the company's income statement on the GAAP Reconciliation tab on the Ratings page on our website.



Balance Sheet: we made over \$130 million in adjustments to calculate invested capital with a net increase of over \$20 million. The most notable adjustment was for [asset write downs](#). Professional members can see all adjustments made to the company's balance sheet on the GAAP Reconciliation tab on the Ratings page on our website.

Valuation: we made over \$130 million in adjustments, all of which decreased shareholder value. The most notable adjustment to shareholder value was [total debt](#). Professional members can see all adjustments to the company's valuation on the GAAP Reconciliation tab on the Ratings page on our website.

This article was originally published on [October 24, 2025](#).

Disclosure: Kyle Guske II owns JBSS. 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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