Free Stock Pick from our Most Attractive Stocks Model Portfolio for October 2025

Finding good stocks in today's inflated market is even more difficult during earnings season, when noise and narratives fuel heightened speculation.

We help clients see through the noise and speculative hype. Instead of trying to guess the future, why not use research that is grounded in fundamentals and quantifying market expectations embedded in stock prices?

We do just that with our Stock Ratings, Fund Ratings, and AI Agent built with Google Cloud. The result?

Undeniable alpha – built from superior training data and an ontology that produces reliable research and stock picks.

You can get this alpha with our Most Attractive Stocks Model Portfolio, which presents the best stocks in any kind of market. The stocks in this Model Portfolio are not only undervalued (low expectations for future growth) but also possess strong fundamentals.

Below we feature one of the stocks from this Model Portfolio. This pick comes with a concise summary, which provides insight into the rigor of our research and approach to picking stocks. Whether you're a member or not, we think it is important, especially in today's volatile and overvalued market environment, that you're able to see our research on stocks.

Keep an eye out for the free pick from our Most Dangerous Stocks Model Portfolio, which will be published this week as well!

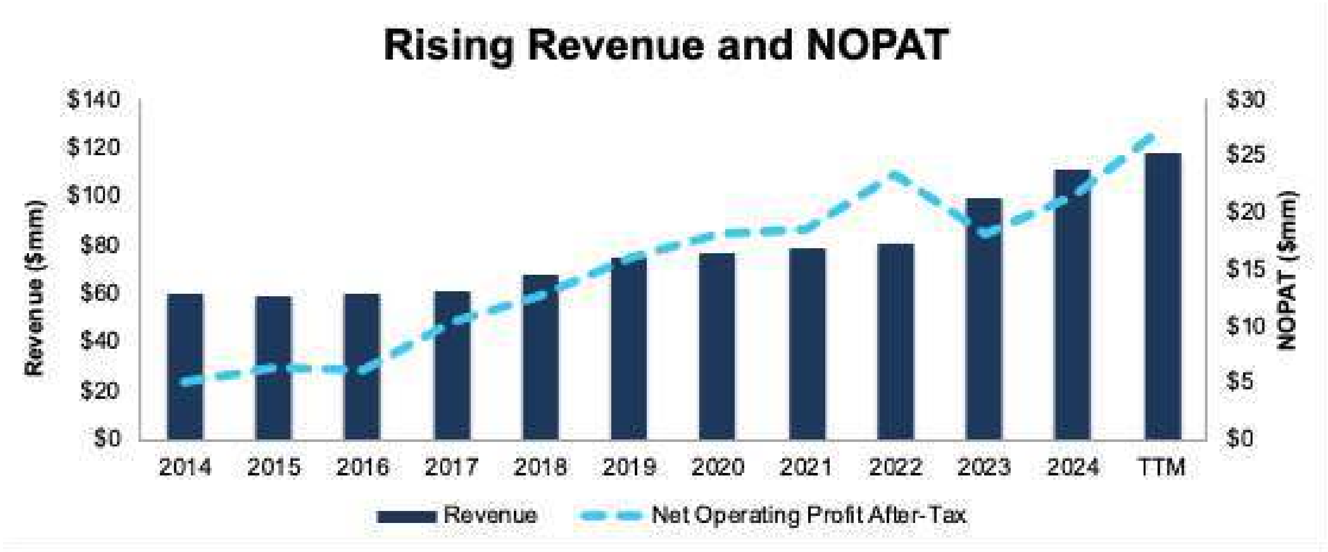
We hope you enjoy this research. Feel free to share with friends and colleagues!

We update this Model Portfolio monthly. The latest Most Attractive and Most Dangerous stocks Model Portfolios were updated and published for clients on October 3, 2025.

Free Most Attractive Stocks Pick: First United Corp (FUNC)

First United Corp (FUNC: $36/share) has grown revenue and net operating profit after tax (NOPAT) by 7% and 18% compounded annually since 2014, respectively. First United's NOPAT margin increased from 8% in 2014 to 23% in the trailing-twelve months (TTM), while its invested capital turns rose from 0.4 to 0.5 over the same time. Rising NOPAT margins and invested capital turns drive First United's return on invested capital (ROIC) from 4% in 2014 to 12% in the TTM.

Figure 1: First United's Revenue and NOPAT Since 2014



Sources: New Constructs, LLC and company filings

FUNC Is Undervalued

At its current price of $36/share, FUNC has a price-to-economic book value (PEBV) ratio of 0.6. This ratio means the market expects First United's NOPAT to permanently decline by 40% from TTM levels. This expectation seems overly pessimistic for a company that has grown NOPAT by 10% compounded annually over the last five years and 18% compounded annually over the last ten years.

Even if First United's NOPAT margin falls to 14% (compared to 23% in the TTM) and the company grows revenue by 3% (below ten-year CAGR of 7%) compounded annually through 2034, the stock would be worth $47/share today – a 31% upside. In this scenario, First United's NOPAT would fall <1% compounded annually through 2034. Contact us for the math behind this reverse DCF scenario.

Should First United grow profits more in line with historical levels, the stock has even more upside.

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 First United's 10-K and 10-Q:

Income Statement: we made nearly $10 million in adjustments, with a net effect of removing under $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 just under $90 million in adjustments to calculate invested capital with a net increase of over $40 million. One of the most notable adjustments was for other comprehensive income. 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 just under $20 million in adjustments to shareholder value, with a net increase of under $5 million. The most notable adjustment was for overfunded pensions. 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 17, 2025.

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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