



Free Stock Pick from the Very Attractive Stocks Index for October 2025

ChatGPT and other large language models (LLMs) win lots of media attention and headlines, but can they pick good stocks? Evidence [shows](#) the answer is no.

Why?

LLMs are largely trained on the open internet and function too broadly to perform tasks that require deep subject matter expertise, like intelligent stock picking.

When you [narrow the scope](#) of an AI, as we're doing with our [partnership with Google Cloud](#), you tackle a much more manageable challenge across a smaller domain that the AI Agent needs to fully understand. This approach enables human experts to ensure the data is accurate enough to support rules that produce reliable results.

For example, our small language model (SLM) powers market-beating stock picking. We're able to empirically prove the accuracy and reliability of our SLM because it is based on:

- [Publicly available data](#) in financial filings,
- Systematically gathering data into a clear ontology that supports sophisticated research, and
- [Metrics](#) and [signals](#) whose accuracy can be measured objectively by [stock market performance](#).

There is no better proof that our AI Agent works than the novel alpha delivered via the outperformance of the Very Attractive Stocks Index, officially known as the [Bloomberg New Constructs Ratings VA-1 Index](#) (ticker: [BNCVA1T:IND](#)). This index holds the stocks in the Bloomberg US 1000 that get our Very Attractive rating. Thus, we refer to it as the Very Attractive Stocks Index.

Below, we share one of the stocks in the Index along with a brief overview of why we think Very Attractive stocks provide quality risk/reward. 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 Ratings VA-1 Index: Allison Transmission (ALSN)

Allison Transmission (ALSN: \$82/share) earns an overall Very Attractive rating, with Very Attractive ratings in four of the five criteria that drive our overall [Stock Rating](#). See Figure 1.

Figure 1: Allison Transmission's Stock Rating

Risk/Reward Rating ?	Quality of Earnings ?		Valuation ?		
	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

Sources: New Constructs, LLC and company filings

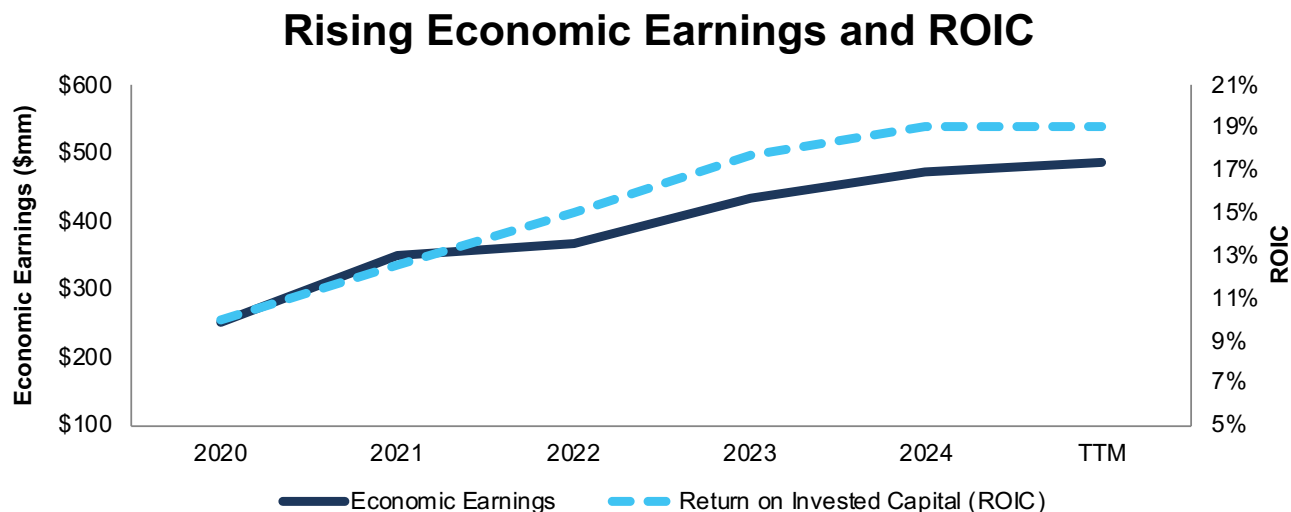
Quality of Earnings Analysis

Allison Transmission earns a Very Attractive Economic vs. Reported Earnings rating and a Very Attractive top-quintile return on invested capital ([ROIC](#)) rating.



We like to see companies grow their [economic earnings](#), the true cash flows of a business. Allison Transmission grew its economic earnings from \$250 million in 2020 to \$486 million in the TTM, or 16% compounded annually. The company improved its ROIC from 10% to 19% over the same time. See Figure 2.

Figure 2: Allison Transmission's Economic Earnings and ROIC: 2020 – TTM



Sources: New Constructs, LLC and company filings

ALSN Is Undervalued

Allison Transmission has a 2-year average FCF (excl. cash) yield between 3% and 10%, which earns an Attractive rating. Additionally, the stock has a price-to-economic book value ([PEBV](#)) ratio lower than 1.1, and a market-implied growth appreciation period (GAP) of less than 3 years, both of which earn Very Attractive ratings.

More specifically, at its current price of \$82/share, ALSN has a PEBV ratio of 0.8. This ratio means the market expects Allison Transmission's NOPAT to permanently decline by 20% from TTM levels. This expectation seems overly pessimistic for a company that has grown NOPAT by 4% compounded annually over the last five years and 9% compounded annually over the last ten years.

The low expectations baked into Allison Transmission's stock price, along with strong quality of earnings, drive its Very Attractive Overall Stock Rating.

Background on our Stock Ratings

Five criteria drive our stock ratings. We divide those criteria into two categories: quality of earnings and valuation.

Quality of earnings criteria:

1. Economic vs. Reported EPS: compares both the level and trend of [Economic Earnings](#), the true cash flows of the business, vs. reported earnings.
2. Return on Invested Capital ([ROIC](#)): measures how much profit a company generates for every dollar invested in the company.

Valuation criteria:

1. [2-year Average Free Cash Flow \(excluding cash\) Yield](#): measures the true cash yield of a company.
2. [Price to Economic Book Value](#): measures the growth expectations implied by the company's stock price.
3. [Market-Implied Growth Appreciation Period \(GAP\)](#): measures the number of years of future profit growth required to justify the current valuation of the stock.

Stocks that get an overall Very Attractive rating are poised to outperform in any market.

**Real-Time Proof of Superior Stock Ratings**

The strong outperformance of the Very Attractive Stocks Index proves the superiority of our Stock Ratings. BNCVA1T outperformed the S&P 500 by 54% over the last 5 years, rising 162% compared to the S&P 500 rising 108%. See Figure 3.

Figure 3: Very Attractive-Rated Stocks Strongly Outperform the S&P 500 Over the Last Five Years

Sources: [Bloomberg](#) as of October 24, 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.

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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