



Free Stock Pick from our Most Dangerous Stocks Model Portfolio for November 2025

The U.S. recently ended production of the penny after more than two centuries in circulation. The cost of producing each coin had simply become more expensive than the penny itself was worth.

The same imbalance plays out in the stock market every day. Overvalued companies generate fewer profits than their stock prices imply, which leaves investors paying too much and eventually losing money.

For investors who want to avoid this risk, we created the Most Dangerous Stocks Model Portfolio. This Model Portfolio highlights the worst of the worst, the stocks with poor fundamentals and excessive valuations, so you can avoid them with confidence. To illustrate the level of risk these stocks present, we are featuring a stock from this Model Portfolio.

This free stock feature provides a summary of how we pick stocks for this Model Portfolio. It is not a full Danger Zone report, but it provides insight into the rigor of our research and approach to picking stocks. Whether you're a subscriber or not, we think it is important that you're able to see our research on stocks on a regular basis.

We're proud to share our work. Please feel free to share it with your friends and family.

Keep an eye out for the [free pick](#) from our Most Attractive Stocks Model Portfolio, which will be published this week as well! The work that goes into that report is just as valuable.

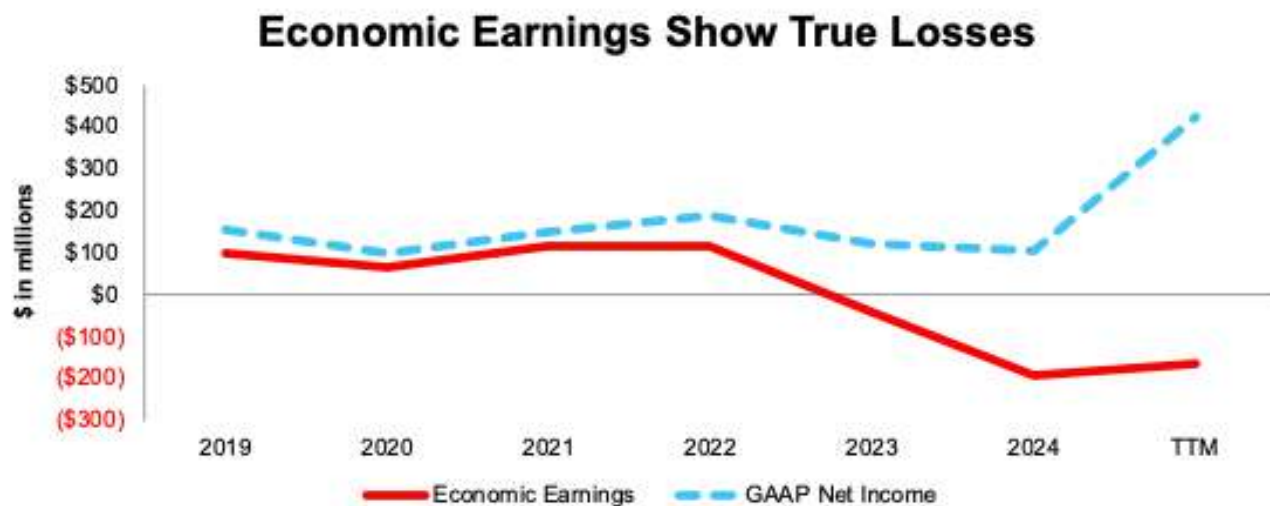
We update this Model Portfolio monthly. The latest [Most Attractive](#) and [Most Dangerous](#) stocks Model Portfolios were updated and published for clients on November 5, 2025.

Free Most Dangerous Stock Pick: Globus Medical, Inc. (GMED)

Globus Medical's (GMED: \$84/share) net operating profit after tax ([NOPAT](#)) margin fell from 19% in 2019 to 8% over the trailing-twelve-months (TTM), while the company's [invested capital turns](#) fell from 1.1 to 0.6 over the same time. Falling NOPAT margins and invested capital turns drive Globus Medical's return on invested capital ([ROIC](#)) from 20% in 2019 to 5% in the TTM.

Globus Medical's [economic earnings](#), the true cash flows of the business, fell from \$97 million in 2019 to -\$163 million over the TTM. Meanwhile, the company's GAAP net income improved from \$155 million to \$424 million over the same time. Whenever GAAP earnings rise while economic earnings decline, investors should beware.

Figure 1: Globus Medical's Economic vs GAAP Earnings Since 2019



Sources: New Constructs, LLC and company filings

**GMED Provides Poor Risk/Reward**

Despite its poor and declining fundamentals, Globus Medical's stock is priced for significant profit growth, and we believe the stock is overvalued.

To justify its current price of \$84/share, Globus Medical must:

- immediately improve its NOPAT margin to 21% (just below its best-ever margin of 23% in 2015, compared to its TTM margin of 8%),
- grow revenue by consensus rates in 2025 (15%), and 2026 (8%), and
- grow revenue 8% each year thereafter through 2034.

In this scenario, Globus Medical's NOPAT would grow 21% compounded annually through 2034. For reference, Globus Medical's NOPAT has grown by 7% and 8% compounded annually over the last five and ten years, respectively. [Contact us for the math behind this reverse DCF scenario](#). We think these expectations look overly optimistic.

Even if Globus Medical:

- immediately improves its NOPAT margin to 14%,
- grows revenue by consensus rates in 2025 (15%) and 2026 (8%), and
- grows revenue 8% each year thereafter through 2034, then

the stock would be worth no more than \$53/share today – a 37% downside to the current stock price. [Contact us for the math behind this reverse DCF scenario](#).

Each of these scenarios also assumes Globus Medical can grow revenue, NOPAT, and FCF without increasing working capital or fixed assets. This assumption is unlikely but allows us to create best case scenarios that demonstrate the high expectations embedded in the current valuation.

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 Globus Medical's 10-K and 10-Q:

Income Statement: we made just under \$150 million in adjustments, with a net effect of removing just under \$100 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 \$1.6 billion in adjustments to calculate invested capital with a net decrease of over \$250 million. One of the most notable adjustments 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 \$1.2 billion in adjustments to shareholder value, with a net decrease of over \$700 million. The most notable adjustment to shareholder value was for [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 [November 14, 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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