

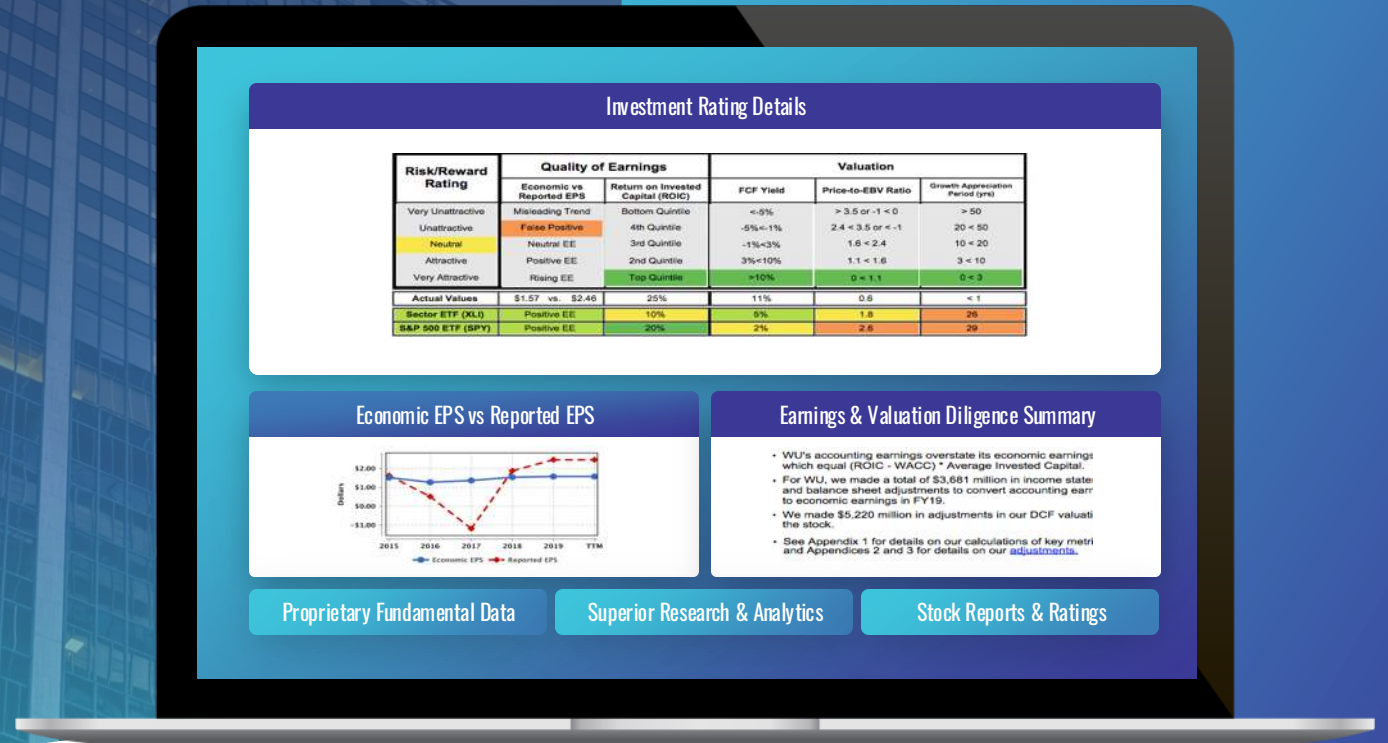


New Constructs®

For Harvard Business School: Business Analysis and Valuation Class

The Market Is Missing Footnotes*

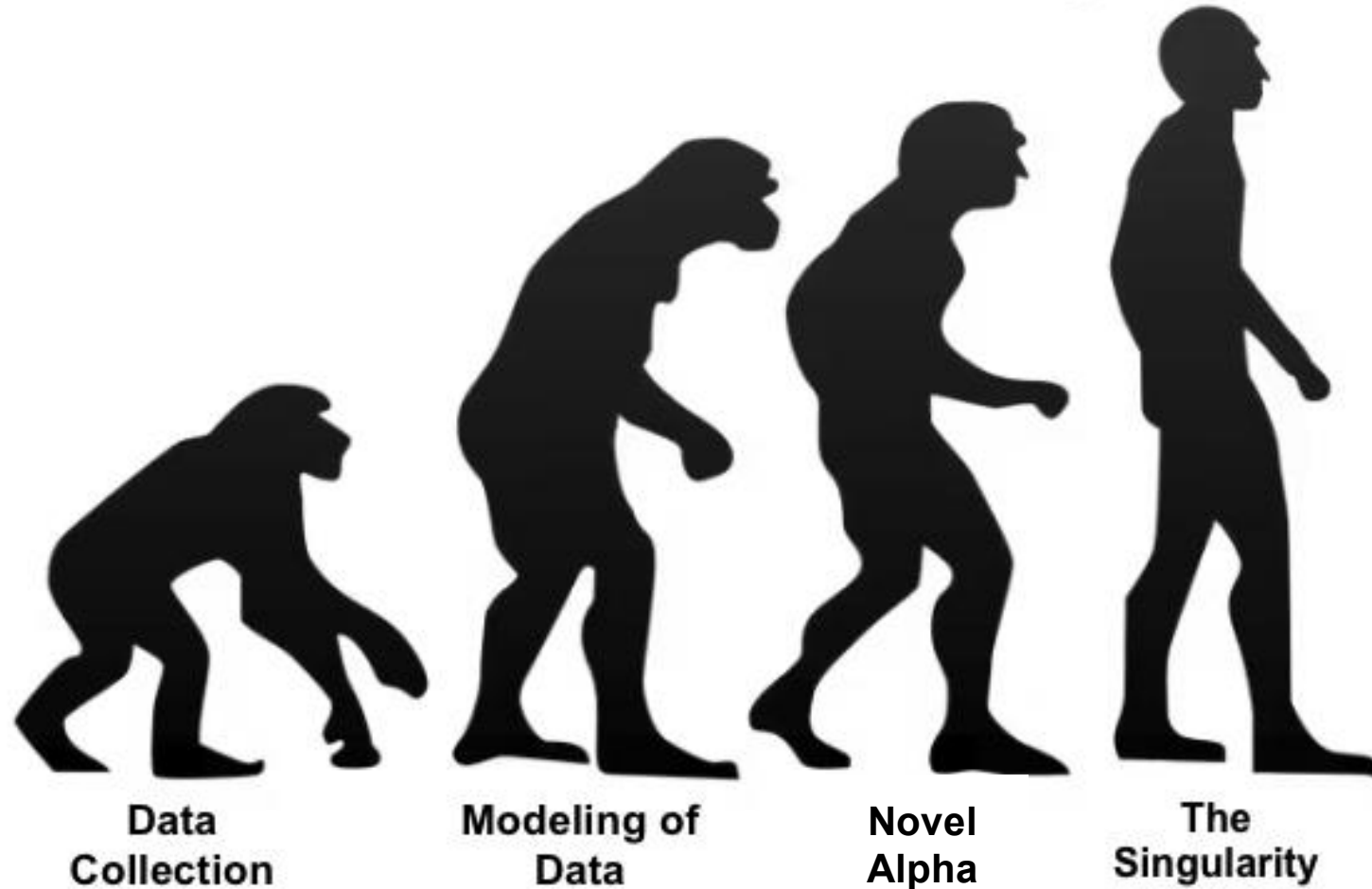
How AI is evolving and will affect
how your career.



*Page 1, abstract, [Core Earnings: New Data and Evidence](#), The Journal of Financial Economics.

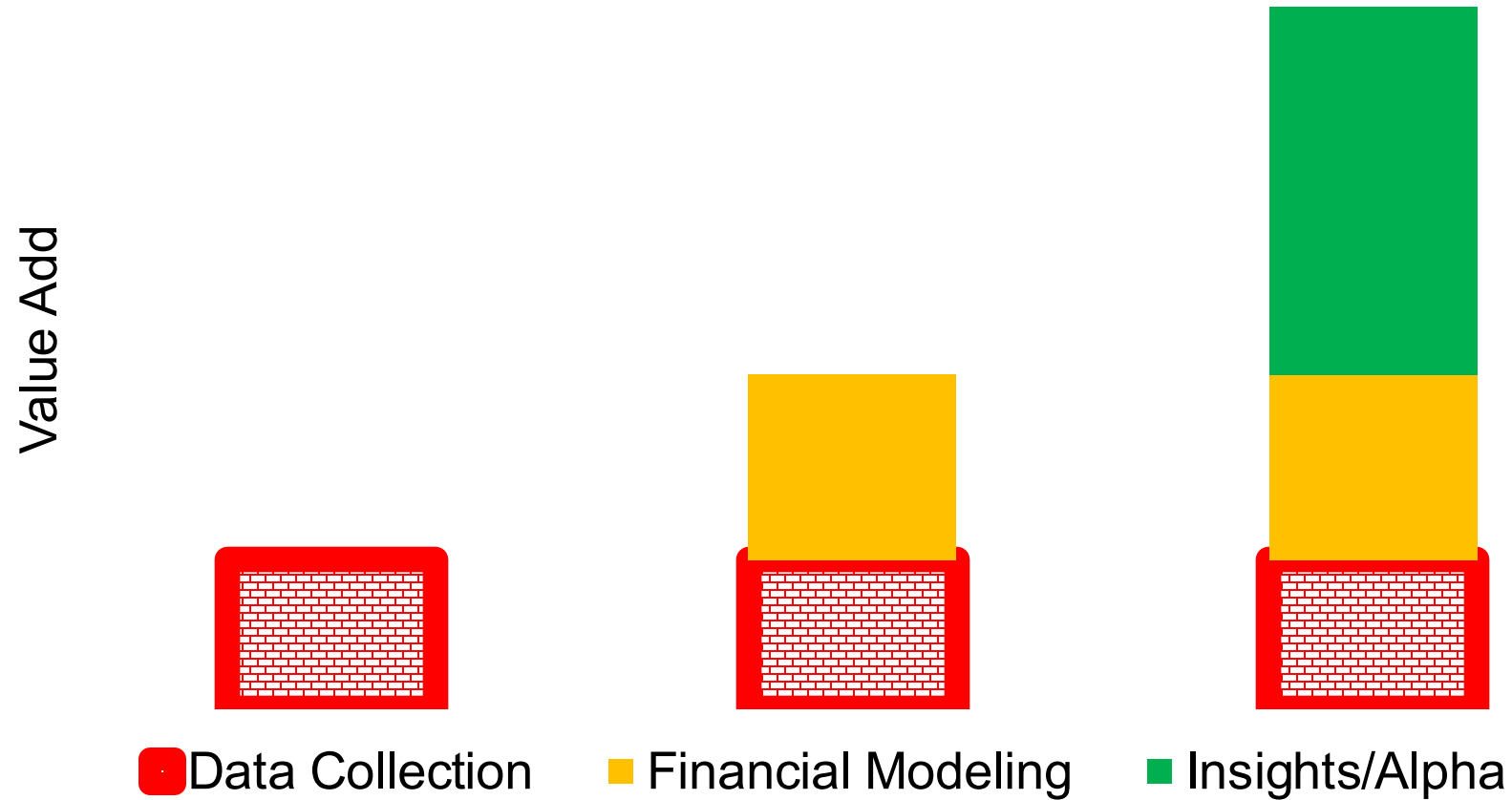
How AI Affects You

Evolution of AI for Investing



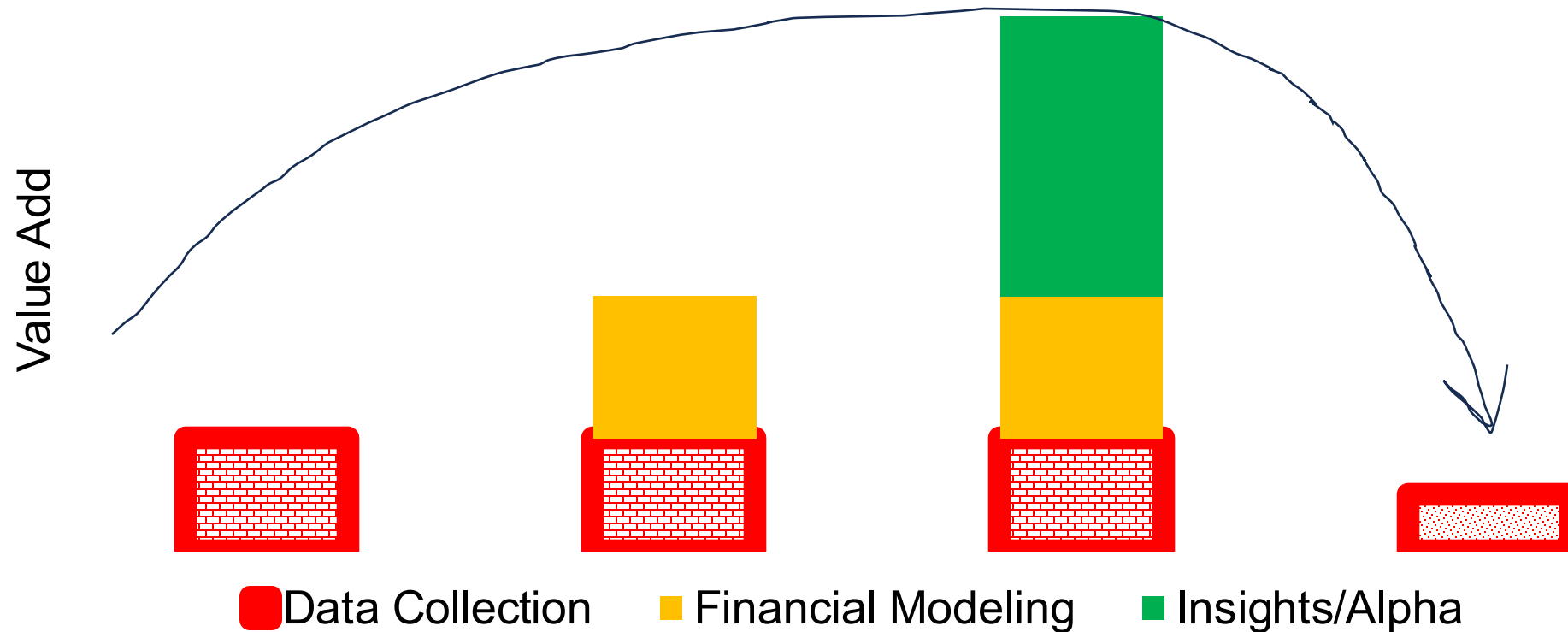
How AI Affects You

Evolution of Fundamental Research



If the underlying data is not good, nothing built on it is reliable.

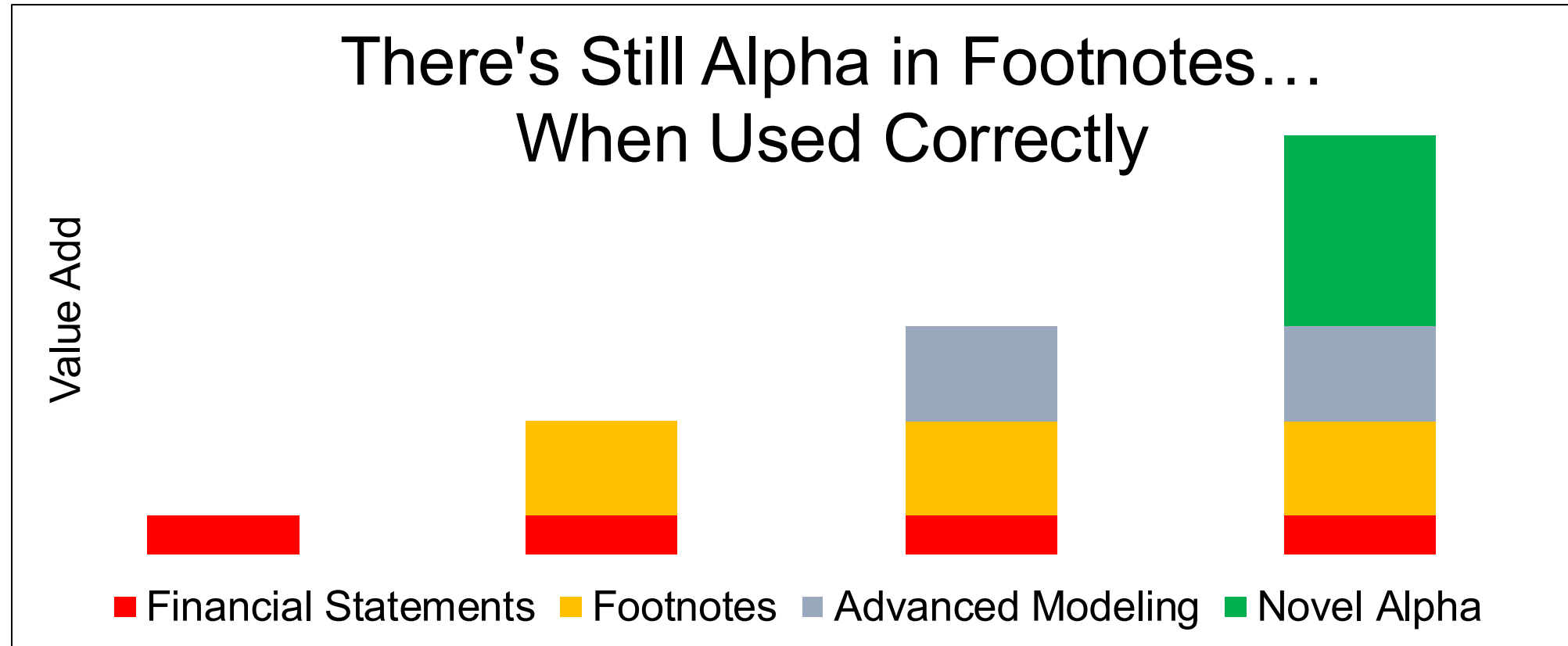
Devolution of Fundamental Research



Practical Application to Your Career: AI Needs Better Input



Practical Application to Your Career



Core Earnings Leaders Index:

Superior Research Drives
Novel Alpha

Bloomberg New Constructs Core Earnings Leaders Total Return Index



BCORET:IND
(USD) · Market open

Superior research drives real alpha - beats S&P 500 by 900+ basis points YTD

5,277.78 ▼33.74 -0.64%

As of 10:11 AM EST 11/04/25.

Summary

Related News

Index Info

1D

1M

6M

YTD

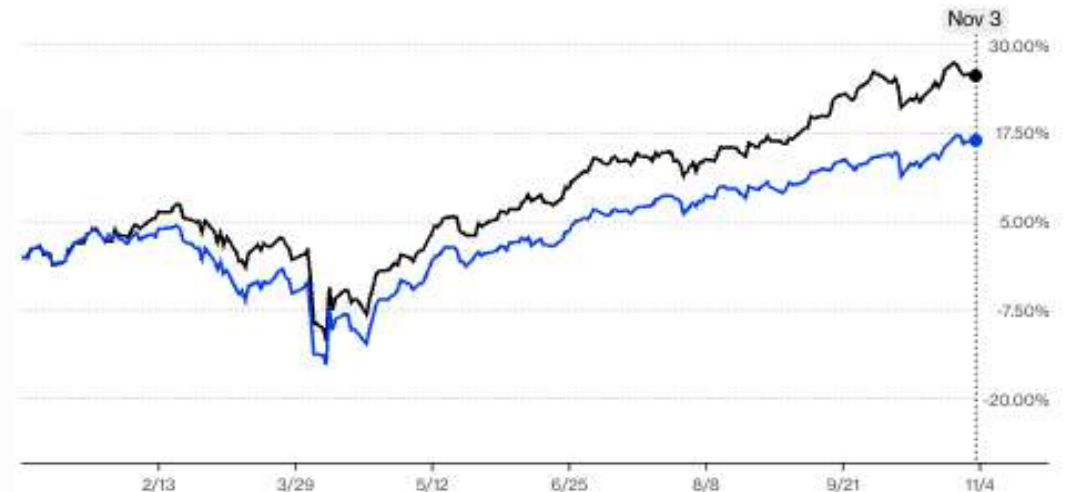
1Y

5Y

Q SPX:IND

■ BCORET:IND +25.64%

■ SPX:IND +16.50% ×



Core Earnings Leaders Index:

Superior Research Drives
Novel Alpha

Bloomberg New Constructs Core Earnings Leaders Total Return Index

✓
Following

BCORET:IND
(USD) · Market open

The index is beating the S&P 500 by over 40% over the last 5 yrs.

4,978.09 ▼3.96 -0.08%

As of 11:53 AM EDT 09/09/25.

Summary

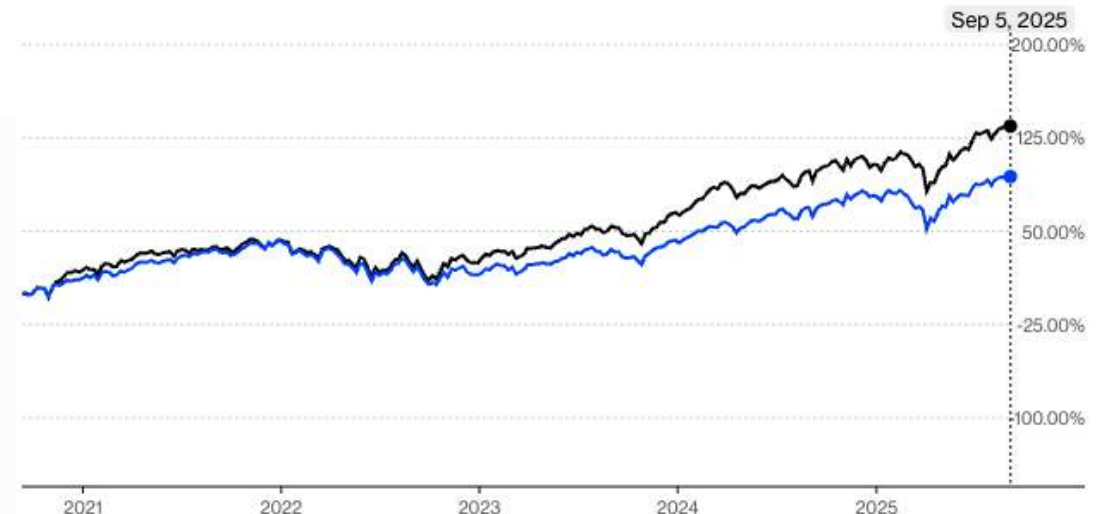
Related News

Index Info

1D 1M 6M YTD 1Y 5Y

SPX:IND

■ BCORET:IND +134.55% ■ SPX:IND +94.00% ×

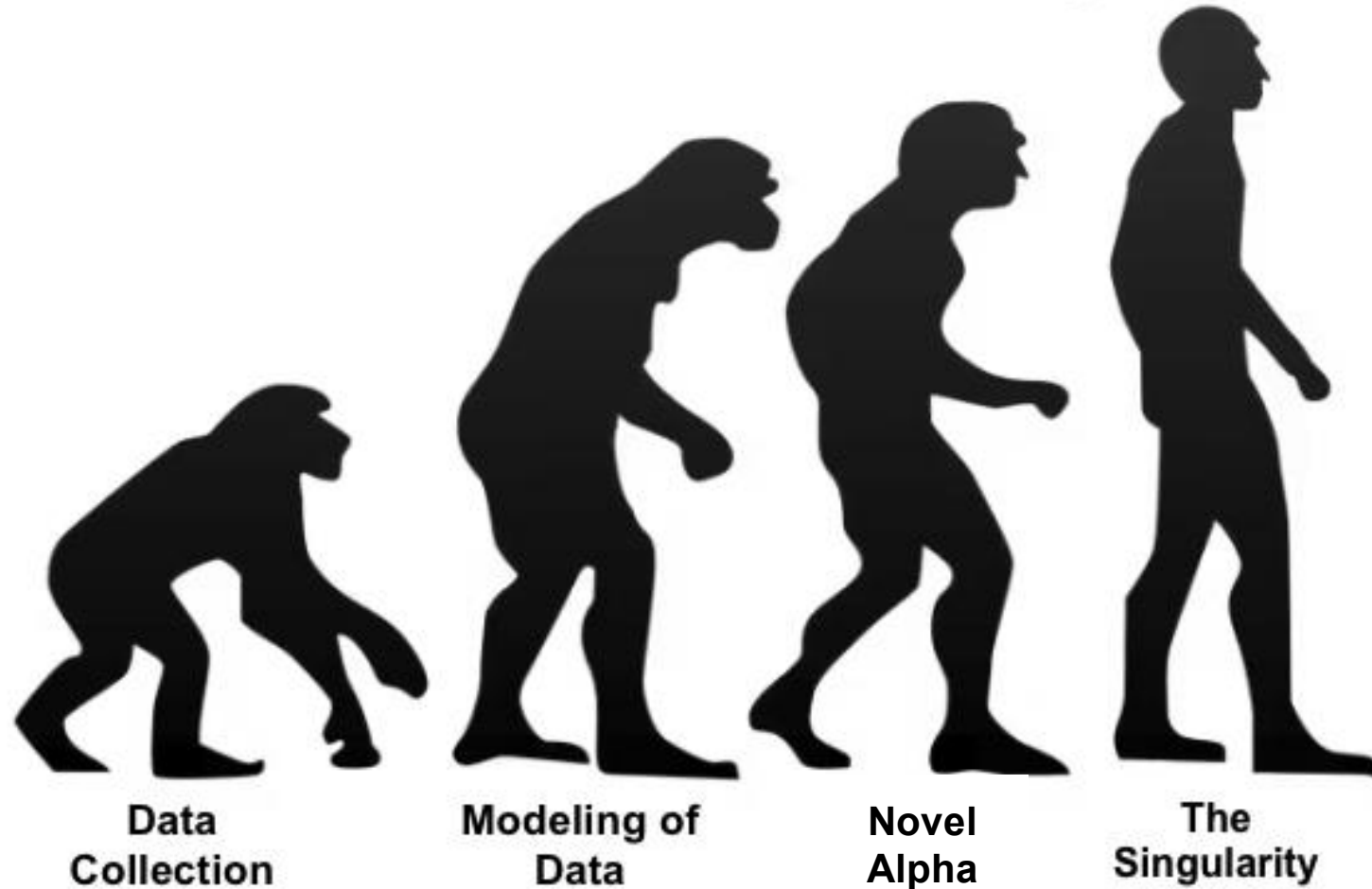


More **Live-Traded** Indices Leverage our Ontology

1. Bloomberg New Constructs Ratings VA-1 Index ("**The Very Attractive Stocks Index**")
 - Ticker: [BNCVA1T:IND](#)
2. Bloomberg New Constructs 500 Index ("**Core Earnings-Weighted S&P 500 Index**")
 - Ticker: [B500NCT:IND](#)

How Long Does Alpha Persist.... for Anything?

Evolution of AI for Investing



There is an AI Agent Based on our Ontology and Data

[Products](#)[Pricing](#)[Customer Stories](#)[Resources](#)[Newsroom](#)

New Constructs Partners with Google Cloud to Launch FinSights

PRESS RELEASE • NOV 6, 2025

FinSights is an AI Agent for investing built on proprietary and proven superior fundamental data and research



NASHVILLE, Tenn., November 6, 2025 (NewsWire.com) - New Constructs, a leader in forensic financial data and research, announced a partnership with Google Cloud to introduce **FinSights**, an AI-powered financial research agent built on Google Cloud. FinSights uniquely combines **Google's Gemini models and Google Cloud's Vertex AI platform** with New Constructs' industry-leading, proprietary fundamental data, ontology and stock rankings.

FinSights is engineered to solve a critical problem in the AI-in-finance space: the over-reliance on flawed, accounting-based data. By training models on New Constructs' forensically adjusted financials and **Core Earnings** metrics, FinSights enables institutional and sophisticated investors to uncover true corporate performance, valuation, and risk, delivering insights that outperform conventional analyst frameworks.

Appendix

This AI Evolution Is Inevitable...

FEBRUARY 2018 (REVISED JUNE 2021) **CASE** HBS CASE COLLECTION

New Constructs: Disrupting Fundamental Analysis with Robo-Analysts

By: [Charles C.Y. Wang](#) and Kyle Thomas

ABOUT THE AUTHOR



Charles C.Y. Wang
Accounting and Management

→ [More Publications](#)



Top Institutions **Published Proof** of Need for Footnotes



Superior Data & Novel Alpha

“[Core Earnings] is empirically distinct from commonly used alternatives and is less likely to be susceptible to compositional and selection biases found in analysts’ and managerial estimates.”
“Trading strategies that exploit non-core earnings produce **abnormal returns** of 8% per year.”



Harvard
Business
School

MIT
MANAGEMENT
SLOAN SCHOOL

Source: [Journal of Financial Economics, 2021](#)



Superior Modeling & Analysis

“New Constructs’ machine learning approach leverages technology to calculate ROIC by **applying accounting adjustments that may be buried deeply in the footnotes** across thousands of companies...The other advantage of New Constructs is the **transparency** in disclosing calculations and all the data behind them”



Source: [Ernst & Young, 2019](#)



Superior Ratings

“The portfolios formed following the buy recommendations of [New Constructs’] Robo-Analysts earn **abnormal returns** that are statistically and economically significant.”



Harvard
Business
School

Source: [Harvard Business School, 2020](#)

We spent 20 years **optimizing** the data collection and analysis process.

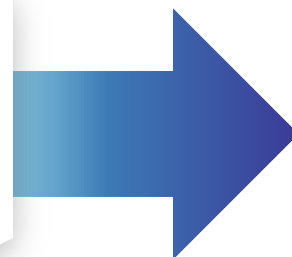
To develop a proprietary method for generating superior investment data at scale.



500K+

Number of financial filings manually labeled by our team of experts

To successfully develop...



Secret Sauce



Auto-Parsing Technology

Long, complex financial reports analyzed in minutes.



Proprietary Ontology

System for translating quantitative disclosures into standardized, accurate measures of Core Earnings.



Footnotes & MD&A Analysis

First company to successfully incorporate material items from footnotes and MD&As to generate superior earnings data.

Our AI-powered software crawls through thousands of 10-K and 10-Q filings

Analyst Notes : Focus List (Long) Model Portfolio Oct 2024

Select Document:

2022 | 10-K

Balance Sheet

Income Statement

Cash Flow Statement

Balance Sheet Adjustments

Reported Deferred Tax Assets

- Deferred income taxes : \$7.57

Over Funded Pensions

Parsed Net Funded Status

- black lung liabilities : (\$30.30)

Valuation Adjustments

Earnings Distortion from Reported Items Pre-Tax, Net

Pension Data

Fair Value Hierarchy

Acquisitions

Other Disclosures

The values in the Index Menu above appear exactly as disclosed in this filing. Note that values often appear in different denominations (millions, billions, etc) within a filing. You can verify the denomination of values in their original context by clicking on them.

*For the Employee Stock Option Data Points menu, "No Location Information for Line Item" may appear because the most recently available Black-Scholes assumptions are collected from a previous filing or data had to be entered by an analyst because of disclosure.

December 31st. The calculation is performed using assumptions regarding rates of successful claims, discount factors, benefit increases and mortality rates, among others. If the number of or severity of successful claims increases, or we are required to accrue or pay additional amounts because the successful claims prove to be more severe than our original assessment, our operating results and cash flows could be negatively impacted. Our self-insurance program for these legacy liabilities is unique to the industry and was specifically negotiated with the DOL. As of December 31, 2022, we have posted \$18.6 million in surety bonds and \$8.6 million of collateral recognized as short term investments in addition to maintaining a black lung trust of \$2.1 million that was acquired in the acquisition of certain assets of Walter Energy. We received a letter from the DOL on February 21, 2020 under its new process for self-insurance renewals that would require us to increase the amount of collateral posted to \$39.8 million, but we have appealed such increase. We received another letter from the DOL on December 8, 2021 requesting additional information to support our appeal of the collateral requested by the DOL. On February 9, 2022, the DOL held a conference with representatives from the Company related to our appeal. On July 12, 2022, we received a decision on our appeal from the DOL lowering the amount of collateral required to be posted from \$39.8 million to \$28 million. We appealed this decision. In addition, on January 19, 2023, the DOL proposed revisions to regulations under the Black Lung Benefits Act governing authorization of self-insurers. The proposed rules requires, among other requirements, all self-insured operators to post security of at least 120 percent of their projected black lung liabilities. For additional information see "Part I, Item 1. Business-Environmental and Regulatory Matters-Workers' Compensation and Black Lung." Our estimated total black lung liabilities as of December 31, 2022 were \$30.3 million (net of the black lung trust). In future years, the DOL could require us to increase the amount of the collateral which could negatively impact our cash flows. Our failure to obtain and renew permits necessary for our mining operations could negatively affect our business. Mining companies must obtain numerous permits that impose strict regulations on various environmental and operational matters in connection with met coal mining. These include permits issued by various federal, state and local agencies and regulatory bodies. The permitting rules, and the interpretations of these rules, are complex, change frequently and are often subject to discretionary interpretations by the regulators, all of which may make compliance more difficult or impractical, and may possibly preclude the continuance of ongoing operations or the development of future mining operations. The public, including non-governmental organizations, anti-mining groups and individuals, have certain statutory rights to comment upon and submit objections to requested permits and environmental impact statements prepared in connection with applicable regulatory processes, and otherwise engage in the permitting process, including bringing citizens' lawsuits to challenge the issuance of permits, the validity of environmental impact statements or performance of mining activities. In addition, due to the COVID-19 pandemic, there may be delays in obtaining permits from governmental agencies and regulatory bodies. Accordingly, required permits may not be issued or renewed in a timely fashion or at all, or permits issued or renewed may be conditioned in a manner that may restrict our ability to efficiently and economically conduct our mining activities, any of which would materially reduce our production, cash flow and profitability.

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Extensive environmental, health and safety laws and regulations impose significant costs on our operations and future regulations could increase those costs, limit our ability to produce or adversely affect the demand for our products. Our businesses are subject to numerous federal, state and local laws and regulations with respect to matters such as:

- permitting and licensing requirements;
- employee health and safety, including occupational and mine health and safety;
- workers' compensation;
- black lung disease;
- reclamation and restoration of property; and
- environmental laws and regulations, including those related to GHGs and climate change, air quality, water quality, stream and surface water quality and protection, management of materials generated by mining operations, the storage, treatment and disposal of wastes, protection of plant and wildlife such as endangered species, protection of wetlands and remediation of contaminated soil and groundwater.

In addition, the coal industry in the U.S. is affected by significant legislation mandating certain benefits for current and retired coal miners. Compliance with these requirements imposes significant costs on us and

Examples of Footnotes Adjustments

Marked-Up Filings

Meta Platforms Inc (META)

Analyst Notes : None

Select Document:

2022 | 10-K

Balance Sheet

Income Statement

Cash Flow Statement

Income Statement Adjustments*

Balance Sheet Adjustments

Valuation Adjustments

Earnings Distortion from Hidden Items, Net*

Net Non-Operating Expense Hidden in Operating Earnings Pre-Tax Net Non-Operating Expense/(Income) Hidden in Operating Earnings

- Impairment charges for leases and leasehold improvements : (2,218.0)
- Abandonment charges for data center assets : (1,341.0)
- restructuring charges : 4,611.0

Asset Write-Downs Hidden in Operating Earnings Reported Cumulative Value for Write Down Pre-Tax in Operating (Cash Flow)

- Impairment charges for leases and leasehold improvements : \$2,218.00
- Abandonment charges for data center assets : \$1,341.00

our total deferred revenue was \$526 million and \$596 million as of December 31, 2022 and 2021, respectively. As of December 31, 2022, we expect \$482 million of our deferred revenue to be realized in less than a year.

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Note 3. Restructuring

During the year ended December 31, 2022, we initiated several measures to pursue greater cost efficiency and to realign our business and strategic priorities.

Beginning in the third quarter of 2022, as a part of our facilities consolidation strategy, we made a decision to sublease, early terminate, or abandon several office buildings under operating leases to align our real property lease arrangements with our anticipated operating needs. As a result, we recorded impairment charges for the related operating lease right-of-use (ROU) assets and leasehold improvements.

In November 2022, we announced a layoff of approximately 11,000 of our employees across the FoA and RL segments. As a result, we recorded severance and other personnel related expenses for the impacted employees. In December 2022, we reevaluated our data center investment strategy to improve efficiency and further advance our efforts around artificial intelligence. As a result, we decided to pivot several of our data center building projects to a next generation design while also canceling multiple existing data center projects. This strategy led to abandonment charges of the related data center assets.

A summary of our restructuring charges for the year ended December 31, 2022 by major activity type is as follows (in millions):

	Facilities Consolidation (1)	Severance and Other Personnel Costs	Data Center Assets	Total
Cost of revenue	\$ 154	\$ -	\$ 1,341	\$ 1,495
Research and development	1,311	408	-	1,719
Marketing and sales	404	234	-	638
General and administrative	426	333	-	759
Total	\$ 2,295	\$ 975	\$ 1,341	\$ 4,611

(1)Facilities consolidation includes impairment charges and accelerated expenses related to certain operating lease ROU assets and leasehold improvements. Total restructuring charges recorded under our FoA segment were \$4.10 billion and RL segment were \$515 million.

The following table is a summary of the changes in the severance and other personnel liabilities included

Examples of Footnotes Adjustments

Marked-Up Filings

Meta Platforms Inc (META)

Analyst Notes : None

Select Document:

2023 | 10-K

Balance Sheet

Income Statement

Cash Flow Statement

Income Statement Adjustments*

Balance Sheet Adjustments

Valuation Adjustments

Earnings Distortion from Hidden Items, Net*

Net Non-Operating Expense Hidden in Operating Earnings
Pre-Tax Net Non-Operating Expense/(Income) Hidden in Operating Earnings

• 2023 Restructuring : 1,197.0

• Severance : (27.0)

• Data : (224.0)

Asset Write-Downs Hidden in Operating Earnings

Pre-Tax Write-Down Hidden in Operating Earnings

• Facilities : 2,506.0

Earnings Distortion from Reported Items Pre-Tax, Net

Future Minimum Operating Lease Payments

Lease Costs

Not Yet Commenced Lease Data

Fair Value Hierarchy

Other Disclosures

(2) China revenue was \$13.69 billion, \$7.40 billion, and \$7.59 billion for the years ended December 31, 2023, 2022, and 2021, respectively.
(3) Europe includes Russia and Turkey, and Rest of World includes Africa, Latin America, and the Middle East. Our total deferred revenue was \$675 million and \$526 million as of December 31, 2023 and 2022, respectively. As of December 31, 2023, we expect \$626 million of our deferred revenue to be realized in less than a year.

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Table of Contents
Note 3. Restructuring
2023 Restructuring

In March 2023, we announced three rounds of planned layoffs to further reduce our company size by approximately 10,000 employees across the Family of Apps (FoA) and Reality Labs (RL) segments (the 2023 Restructuring). Impacted employees in our recruiting, technology, and business groups were notified during March 2023 to May 2023. As of December 31, 2023, we have completed these employee layoffs. In certain regions, a small portion of the impacted employees continue to be included in our reported headcount through 2024. We recognized \$1.20 billion pre-tax severance and related personnel costs across the FoA and RL segments during the year ended December 31, 2023 in accordance with ASC Topic 420, Exit or Disposal Cost Obligations, where applicable.

A summary of our 2023 Restructuring pre-tax charges, including subsequent adjustments, recorded for severance and related personnel costs during the year ended December 31, 2023 is as follows (in millions):

	Year Ended December 31, 2023
Research and development	\$ 422
Marketing and sales	308
General and administrative	467
Total (1)	\$ 1,197

(1) Includes \$101 million of share-based compensation expense recognized for the 2023 layoffs during the year ended December 31, 2023.

The 2023 Restructuring charges recorded under our FoA segment were \$1.10 billion and RL segment were \$96 million during the year ended December 31, 2023.

The following is a summary of changes in the accrued severance and other personnel liabilities related to the 2023 layoff activities, included within accrued expenses and other current liabilities on our consolidated balance sheets (in millions):

	Severance Liabilities
Balance as of January 1, 2023	\$ -
Severance and other personnel costs	1,097
Cash payments	(1,021)
Balance as of December 31, 2023	\$ 76

2022 Restructuring

In 2022, we initiated several measures to pursue greater efficiency and to realign our business and strategic priorities. These measures included a facilities consolidation strategy to sublease, early terminate, or abandon several office buildings under operating leases, a layoff of approximately 11,000 employees across the FoA and RL segments, and a pivot towards a next generation data center design, including cancellation of multiple data center projects (the 2022 Restructuring). As of December 31, 2023, we have completed the data

Examples of Footnotes Adjustments

Marked-Up Filings

Meta Platforms Inc (META)

Analyst Notes : None

Select Document:

2023 | 10-K

Balance Sheet

Income Statement

Cash Flow Statement

Income Statement Adjustments*

Balance Sheet Adjustments

Valuation Adjustments

Earnings Distortion from Hidden Items, Net*

Net Non-Operating Expense Hidden in Operating Earnings
Pre-Tax Net Non-Operating Expense/(Income) Hidden in Operating Earnings

- 2023 Restructuring : 1,197.0
- Severance : (27.0)
- Data : (224.0)

Asset Write-Downs Hidden in Operating Earnings
Pre-Tax Write-Down Hidden in Operating Earnings

- Facilities : 2,506.0

2022 Restructuring

In 2022, we initiated several measures to pursue greater efficiency and to realign our business and strategic priorities. These measures included a facilities consolidation strategy to sublease, early terminate, or abandon several office buildings under operating leases, a layoff of approximately 11,000 employees across the FoA and RL segments, and a pivot towards a next generation data center design, including cancellation of multiple data center projects (the 2022 Restructuring). As of December 31, 2023, we have completed the data center initiatives and the 2022 employee layoffs, and substantially completed the facilities consolidation initiatives.

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A summary of our 2022 Restructuring pre-tax charges for the years ended December 31, 2023 and 2022, including subsequent adjustments, is as follows (in millions):

	Year Ended December 31, 2023				Year Ended December 31, 2022			
	Facilities Consolidation	Severance and Other Personnel Costs	Data Center Assets (1)	Total	Facilities Consolidation	Severance and Other Personnel Costs	Data Center Assets	Total
Cost of revenue	\$ 177	\$ -	\$ (224)	\$ (47)	\$ 154	\$ -	\$ 1,341	\$ 1,495
Research and development	1,581	(9)	-	1,572	1,311	408	-	1,719
Marketing and sales	396	(1)	-	395	404	234	-	638
General and administrative	352	(17)	-	335	426	333	-	759
Total	\$ 2,506	\$ (27)	\$ (224)	\$ 2,255	\$ 2,295	\$ 975	\$ 1,341	\$ 4,611

(1) Related to charges in estimates in our data center restructuring charges recorded during 2022

Earnings Distortion Scores

▼ Earnings Distortion Summary

Earnings Distortion Score : **Beat**

This score means **A** is likely to beat expectations next quarter.

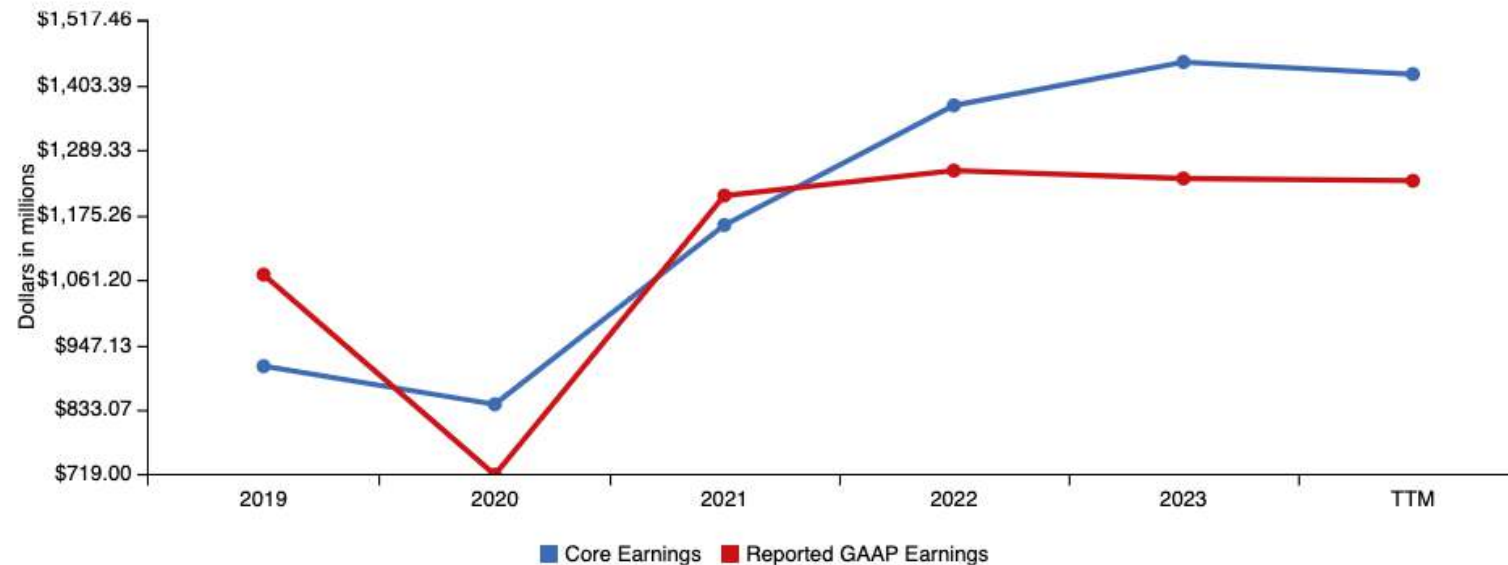
Earnings Distortion is $-\$0.64$ per share, which is -15.18% of Reported Earnings and -1.71356% of Total Assets.

This means **A**'s reported earnings are understated because they include $\$0.64$ of net unusual losses. Investors can find these net unusual losses only by analyzing footnotes. They do not appear on the income statement.

Compared to last year, Earnings Distortion fell by $\$0.42$ per share, -195.0% .

Compared to last quarter, Earnings Distortion rose by $\$0.06$ per share, 8.2% .

▼ Core Earnings vs. Reported GAAP Earnings



Stock Ratings

“Robo-Analysts Beat Human Analysts on Investment Picks.”

– Vildana Hajric, Bloomberg News

Q

Coverage Stock Ratings Methodology

Agilent Technologies, Inc. (A)

Closing Price: \$148.21 (May 28, 2024)
Market Value: \$43.4 Billion
Dividend Yield: 0.6%
Sector: [Healthcare](#)
Latest Filing: 10-Q for period ending Jan 31, 2024
Next Expected Filing: 10-Q on May 30, 2024

Related Articles

Risk/Reward Rating ?	Quality of Earnings ?		Valuation ?		
	Economic vs Reported EPS ?	ROIC ?	FCF Yield ?	Price to EBV ?	Market-Implied GAP ?
Very Unattractive	Very Unattractive	Very Unattractive	Very Unattractive	Very Unattractive	Very Unattractive
Unattractive	Unattractive	Unattractive	Unattractive	Unattractive	Unattractive
Neutral	Neutral	Neutral	Neutral	Neutral	Neutral
Attractive	Attractive	Attractive	Attractive	Attractive	Attractive
Very Attractive	Very Attractive	Very Attractive	Very Attractive	Very Attractive	Very Attractive

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