New Constructs®
Diligence | Independence | Performance

**DILIGENCE PAYS**
**11/26/25**

# The Impact of AI On Investing: David Trainer's Presentation at Harvard Business School

Joseph Pacelli, Associate Professor at Harvard Business School hosted CEO David Trainer along with Braden Dennis (Fiscal.ai) and Ken Sena (Aiera) for a panel discussion on the impact of AI on the investing business. Key topics:

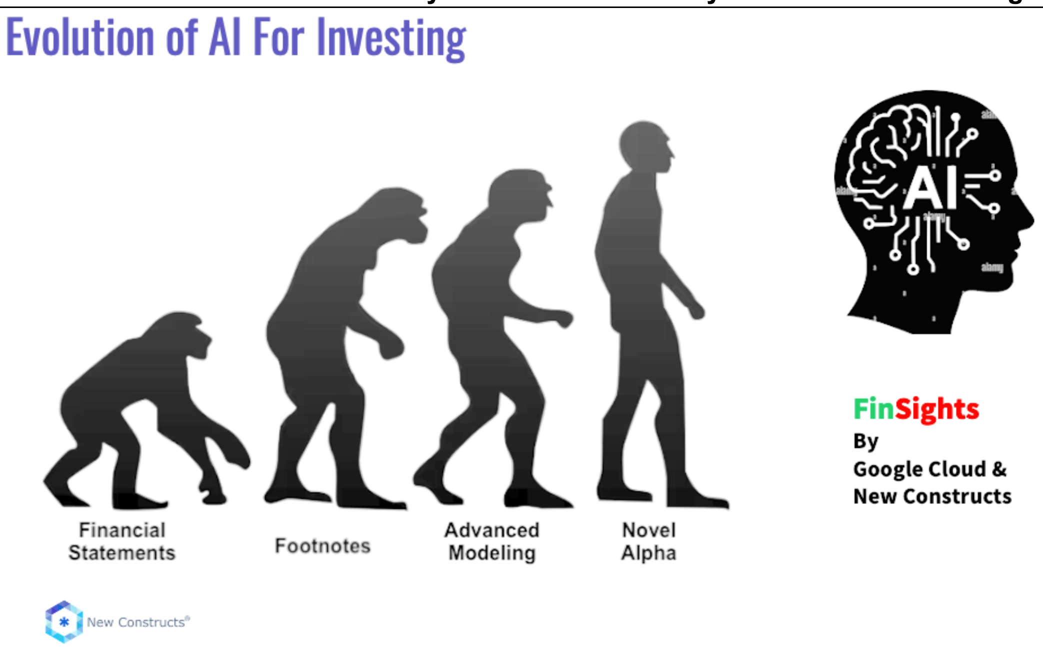
- AI will replace many analysts and portfolio managers,
- How much the market is understating how fast AI is coming,
- High quality data is absolutely essential to building reliable AI,
- and more.

David shared detailed perspectives on what it takes to build an AI platform that delivers truly actionable investment insights based on his experience building FinSights, our AI agent built on and by Google Cloud.

**See the Presentation from the HBS AI Investing Panel**

"Having worked closely with Google for several months to create FinSights, I can tell you the AI wave is moving fast and will hit the investing business like a tsunami," said David Trainer. "AI is learning the same way as a human analyst, but doing so at a much faster pace." See Figure 1, below, from David's slide deck.

**Figure 1: AI Will Follow the Same Evolutionary Path as Human Analysts and Portfolio Managers**

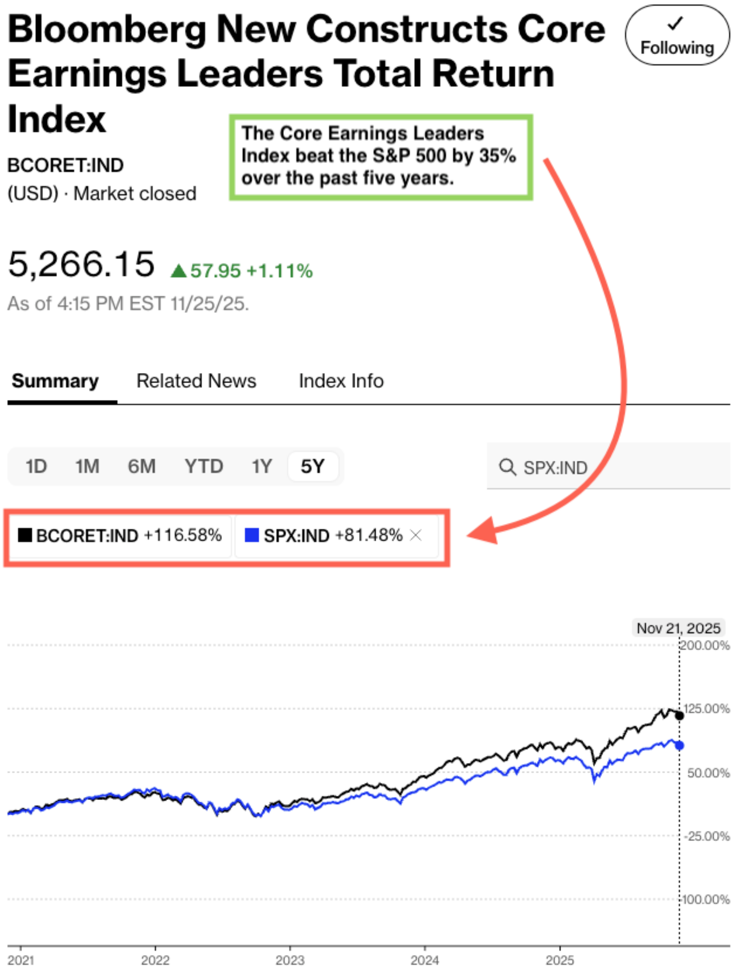



Sources: New Constructs, LLC

For real-time evidence of the importance of superior fundamental data and how it can teach machines to generate novel alpha, see the strong outperformance of the Bloomberg indices powered by our superior data.

The Bloomberg New Constructs Core Earnings Leaders Index, which allocates based on Earnings Capture and Core Earnings, beat the S&P 500 by over 35% over the past five years. The Index (ticker: BCORET:IND) was up 117% while the S&P 500 was up 81%.

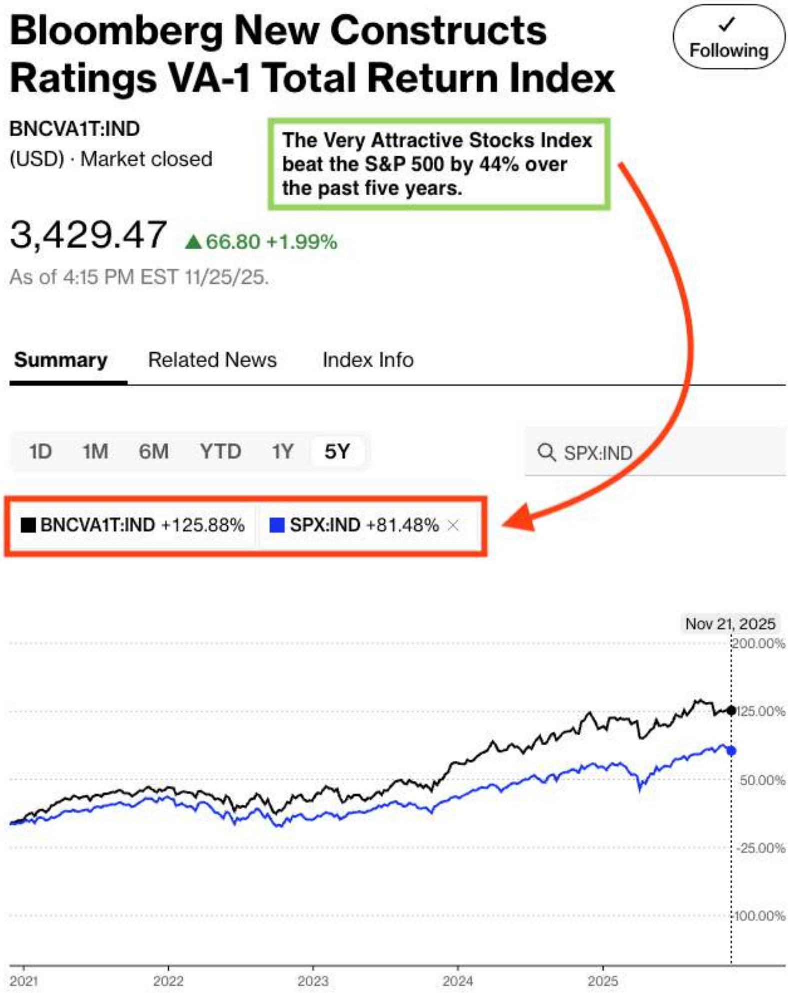
**Figure 2: Bloomberg New Constructs Core Earnings Leaders Index Outperforms S&P 500: Last 5 Years**




Sources: [Bloomberg](#) as of November 21, 2025
Note: Past performance is no guarantee of future results.

The "Very Attractive Stocks" Index, which allocates to stocks that get a Very Attractive rating, beat the S&P 500 by 44% over the last five years. Bloomberg's official name for the index is Bloomberg New Constructs Ratings VA-1Index (ticker: [BNCVAT1T:IND](#)). Figure 3 shows it was up 126% while the S&P 500 was up 81%.

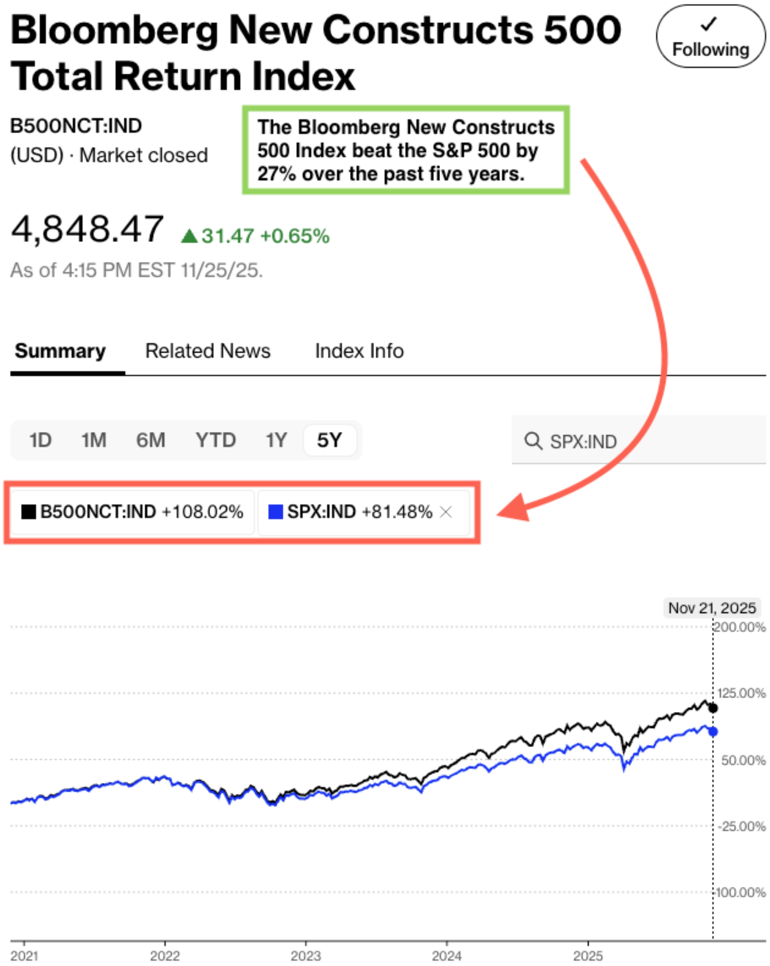
**Figure 3: Very Attractive-Rated Stocks Strongly Outperform the S&P 500: Last Five Years**




Sources: [Bloomberg](Bloomberg) as of November 21, 2025
Note: Past performance is no guarantee of future results.

Our "Core-Earnings Weighted S&P 500" Index, which weights the largest 500 U.S. companies by Core Earnings instead of market cap, beat the S&P 500 by 27% over the past five years. Bloomberg's official name for the index is Bloomberg New Constructs 500 Total Return Index (ticker: B500NCT:IND). Figure 4 shows it was up 108% while the S&P 500 was up 81%.

**Figure 4: Bloomberg New Constructs 500 Index Strongly Outperforms the S&P 500: Last Five Years**




Sources: [Bloomberg](#) as of November 21, 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, sector, 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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