



## Free Stock Pick from the Bloomberg New Constructs 500 Index in 1Q26

We seek the truth in company filings, footnotes, and MD&A, and we deliver it to our clients at scale via our alpha-generating [Core Earnings](#) research.

The [Bloomberg New Constructs 500 Total Return Index \(B500NCT:IND\)](#) offers real-time proof of the alpha that Core Earnings delivers. The index beat the S&P 500 by over 23% over the last five years. Provided by Bloomberg, this index takes the top 500 stocks by market cap and weights them based on Core Earnings Capture<sup>1</sup> instead of by market cap.

So, the companies whose Core Earnings exceed GAAP earnings by the most get the largest weightings. The companies with the highest true profits deserve larger allocations, and the results of this strategy speak for themselves. We like to call this index the “Enhanced S&P 500.”

Below, we share one of the stocks in this index along with a brief overview of why it deserves a larger weighting than it earns through market cap alone.

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 500 Total Return Index: Qualcomm (QCOM)

Qualcomm (QCOM: \$138/share) is currently 0.2% of the S&P 500, but it is 1.0% of the Bloomberg New Constructs 500 Total Return Index. Why the discrepancy? Core Earnings power.

Qualcomm has the 9th highest Core Earnings Capture (10.0%) among the S&P 500 companies. A higher Core Earnings Capture means a larger weighting in this index. In the TTM ended fiscal 1Q26, Qualcomm’s Core Earnings exceed GAAP by \$5.3 billion. In other words, Qualcomm is more profitable than investors relying on GAAP net income realize.

Qualcomm has grown Core Earnings much faster than reported earnings (GAAP Net Income) since fiscal 2024 after the two were relatively similar from fiscal 2020-2024.

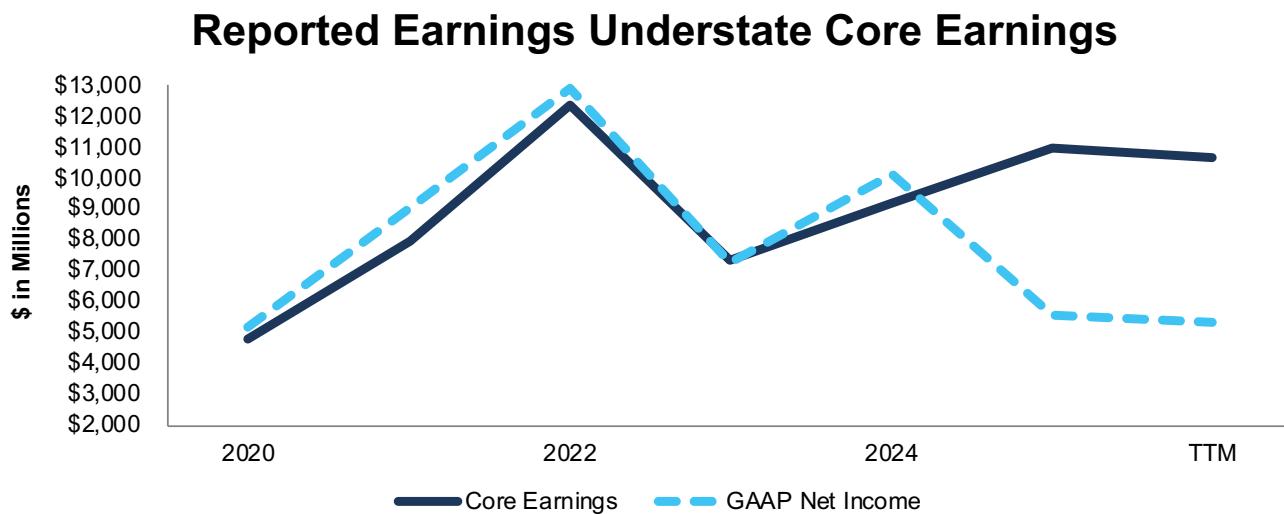
Per Figure 1, Qualcomm’s Core Earnings grew from \$9.2 billion in fiscal 2024 to \$10.6 billion in the TTM, or an increase of 16%. Meanwhile, the company’s GAAP Net Income declined 47% from \$10.1 billion to \$5.4 billion.

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<sup>1</sup> Earnings Capture equals Core Earnings minus GAAP earnings, divided by the company’s total assets. Note that GAAP Earnings Distortion equals GAAP Earnings minus Core Earnings, so high Earnings Distortion is bad.



Figure 1: Qualcomm's Core Earnings vs. GAAP Net Income Since 2020

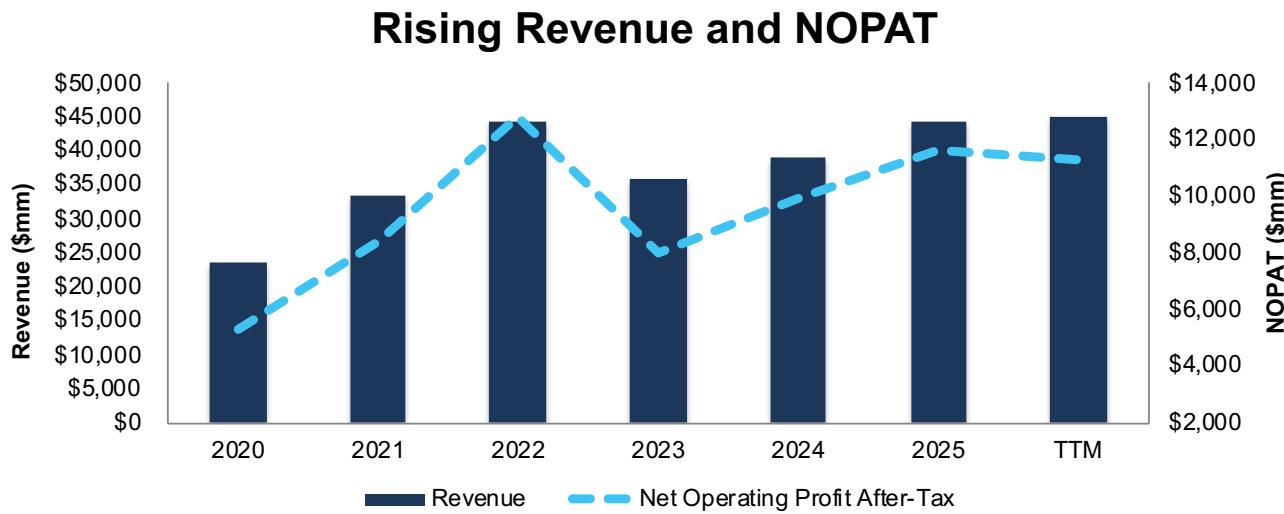


Sources: New Constructs, LLC and company filings

Not only does Qualcomm generate top-tier Core Earnings, the company has consistently grown its revenue, net operating profit after-tax ([NOPAT](#)), and return on invested capital ([ROIC](#)), too.

Qualcomm has grown revenue and NOPAT by 13% and 15% compounded annually since fiscal 2020, respectively. Qualcomm's NOPAT margin increased from 23% in fiscal 2020 to 25% in the TTM while its [invested capital turns](#) remained at 1.2 over the same time. Rising NOPAT margins and steady invested capital turns drive Qualcomm's ROIC from 27% in fiscal 2020 to 31% in the TTM.

Figure 2: Qualcomm's Revenue and NOPAT Since 2020



Sources: New Constructs, LLC and company filings

### Real-Time Proof of the Alpha in Core Earnings

As noted above, you don't have to take our word that Core Earnings, and allocating to stocks based on Core Earnings, drives novel alpha. The outperformance of the Bloomberg New Constructs 500 Index demonstrates real-time alpha.

Per Figure 3, the Bloomberg New Constructs 500 Total Return Index (ticker: B500NCT:IND) beat the S&P 500 by over 23% over the last five years, rising 98% while the S&P 500 was up 75%.



Figure 3: Bloomberg New Constructs 500 Index Strongly Outperforms the S&P 500 Over the Last 5 Years

## Bloomberg New Constructs 500 Total Return Index

✓  
Following

B500NCT:IND  
(USD) · Market open

Core-Earnings Weighted S&P  
500 beats the S&P 500 by 23%  
over the last five years.

4,872.65 ▼29.57 -0.60%

As of 10:08 AM EST 02/17/26.

[Summary](#) [Related News](#) [Index Info](#)

1D 1M 6M YTD 1Y 5Y

SPX:IND

■ B500NCT:IND +98.06% ■ SPX:IND +74.99% ×



Sources: [Bloomberg](#) as of February 13, 2026

Note: Past performance is no guarantee of future results.

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*Disclosure: David Trainer and Kyle Guske II receive no compensation to write about any specific stock, style, or theme.*

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## 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, 1<sup>st</sup> 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, 2<sup>nd</sup> 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, 5<sup>th</sup> 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, 2<sup>nd</sup> 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, 3<sup>rd</sup> para.
- “Our results ultimately suggest that Robo-Analysts are a valuable, alternative information intermediary to traditional sell-side analysts.” – pp. 20, 3<sup>rd</sup> 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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