



Free Stock Pick from the Bloomberg New Constructs Core Earnings Leaders Index in 1Q26

The [Bloomberg New Constructs Core Earnings Leaders Index \(BCORET:IND\)](#), which picks stocks based on Core Earnings, beat the S&P 500 by 9% (27% vs 18%) in 2025.

Curious as to what drives our novel alpha?

In short, our index allocates capital to the 100 companies out of the Bloomberg 1000 whose Core Earnings exceed GAAP earnings by the most relative to the size of the company.

Core Earnings is a superior¹ earnings metric that adjusts reported earnings to remove unusual gains and losses found in the footnotes and MD&A in company filings. The outperformance of the Core Earnings Leaders Index is real-time proof of the alpha you can get from our proprietary footnotes research and Core Earnings.

Below, we share one of the stocks in the Core Earnings Leaders Index along with an overview of its Core Earnings history and how much they exceed reported earnings.

Enjoy this free stock pick. Feel free to share it with friends and family.

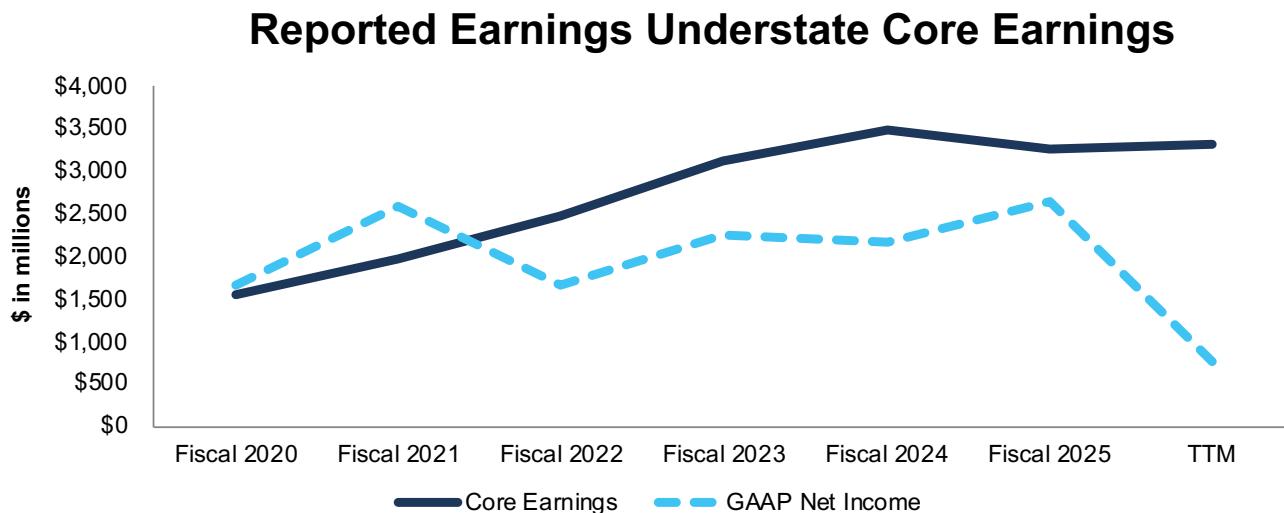
Featured Stock from Bloomberg New Constructs Core Earnings Leaders Index: Kroger Company (KR)

Over the trailing-twelve months (TTM), Kroger's (KR: \$64/share) Core Earnings equal \$3.3 billion while its GAAP earnings are lower, at \$769 million. The -\$2.6 billion in GAAP Earnings Distortion, which is 5% of total assets, earns the company its place in the Core Earnings Leaders Index.

Kroger's Core Earnings increased 14% compounded annually since fiscal 2020 while GAAP Net Income fell 13% compounded annually over the same time. In other words, the company is much more profitable than investors relying on GAAP net income can see.

Figure 1 shows how Kroger's Core Earnings rose from \$1.6 billion in fiscal 2020 to \$3.3 billion in the TTM ending fiscal 3Q26 while GAAP Net Income fell from \$1.7 billion to \$769 million over the same time. Figure 1 also shows the clear disconnect between Core Earnings and GAAP Net Income in the TTM period.

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



Sources: New Constructs, LLC and company filings

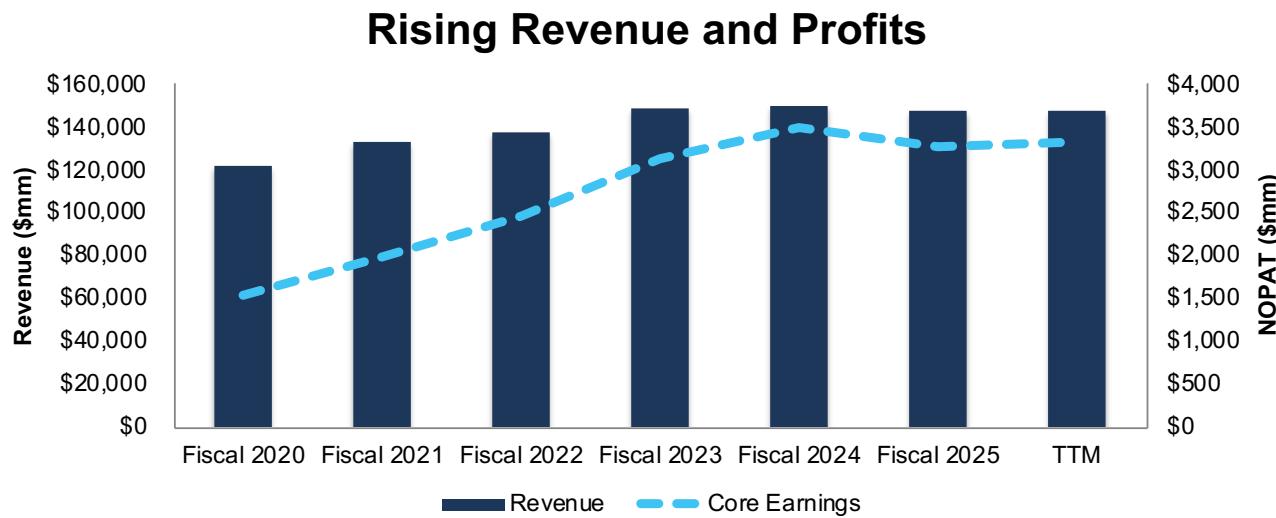
¹ [This paper](#) from Harvard Business School and MIT Sloan professors empirically proves the idiosyncratic alpha in Core Earnings.



The company has grown revenue and Core Earnings by 3% and 6% compounded annually, respectively, over the last decade.

More recently, Kroger's net operating profit after-tax ([NOPAT](#)) margin improved from 1.8% in fiscal 2020 to 2.9% in the TTM while its [invested capital turns](#) rose from 2.7 to 2.8 over the same time. Rising NOPAT margin and invested capital turns drive the company's return on invested capital ([ROIC](#)) from 5% in fiscal 2020 to 8% in the TTM.

Figure 2: Kroger's Revenue and Core Earnings Since Fiscal 2020



Sources: New Constructs, LLC and company filings

Real-Time Proof of Alpha Using a Superior Earnings Metric

As noted above, you don't have to take our word for it when we say allocating capital based on Core Earnings drives novel alpha. The outperformance of the [Bloomberg New Constructs Core Earnings Leaders Index](#) demonstrates real-time alpha.

Per Figure 3, The Bloomberg New Constructs Core Earnings Leaders Index beat the S&P 500 by 9% in 2025. The Index (ticker: [BCORET:IND](#)) was up 27% while the S&P 500 was up 18%.



Figure 3: Bloomberg New Constructs Core Earnings Leaders Index Outperforms S&P 500 in 2025



Sources: [Bloomberg](#) as of December 31, 2025

Note: Past performance is no guarantee of future results.

Per Figure 4, the Bloomberg New Constructs Core Earnings Leaders Index beat the S&P 500 by 36% over the past five years. The Index was up 114% while the S&P 500 was up 79%.



Figure 4: Bloomberg New Constructs Core Earnings Leaders Index Outperforms the S&P 500

Bloomberg New Constructs Core Earnings Leaders Total Return Index

✓
Following

BCORET:IND
(USD) · Market open

The Core Earnings Leaders
Index beat the S&P 500 by
36% over the past five years.

5,330.62 ▼72.86 -1.35%

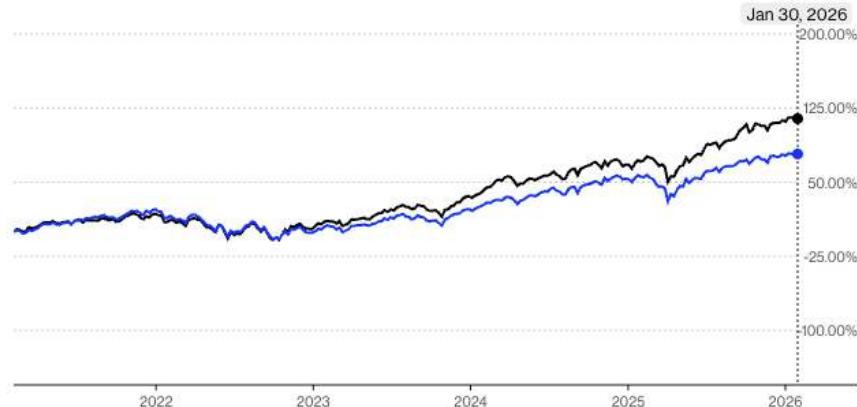
As of 10:18 AM EST 02/05/26.

Summary Related News Index Info

1D 1M 6M YTD 1Y 5Y

Q SPX:IND

■ BCORET:IND +114.37% ■ SPX:IND +78.53% ×



Sources: [Bloomberg](#) as of January 30, 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, 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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