



New Constructs®

# How AI Is Changing the Advisors' World

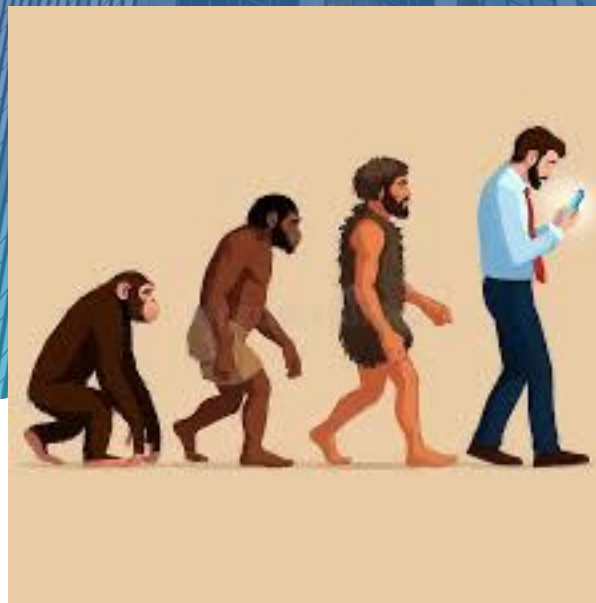
Good News and Bad News

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# Popular Narratives: Advisors Are In Trouble

- Robo Advisors will replace all human advisors.
- AI will replace human advisors.

# Popular Narratives: Advisors Are In Trouble

- The Supply: Many financial advisors are hitting retirement age.
- The Demand: Huge wealth transfer to a younger generation that needs a lot of advice.
- The Demand is too big for The Supply
  - Not enough human hours to meet the market need.
- The traditional model (75 households per advisor) will not work.

# The Good and the Bad

## Good

- streamline ops
- improve customer service
- enhance scale

## Bad

- Replace or take your job

# Businesses at Risk

- Relationships
- Planning services
- Asset Allocation
- Security Selection

# Relationships

- CRM
- Use the tools to be more efficient.
- Try using different agents.
- They might surprise you.

# Planning Services

- AI is good at navigating legal and regulatory issues
- Use AI to
  - Make processes more efficient
  - Improve delivery
  - Dig deeper

# Asset Allocation

- AI and tech affect rare earth metals, commodities
  - These are new to the equation
  - The equation is changing
  - Be ahead of the curve
- Robo-Advisors are real, but proved not to be a threat.

# Security Selection

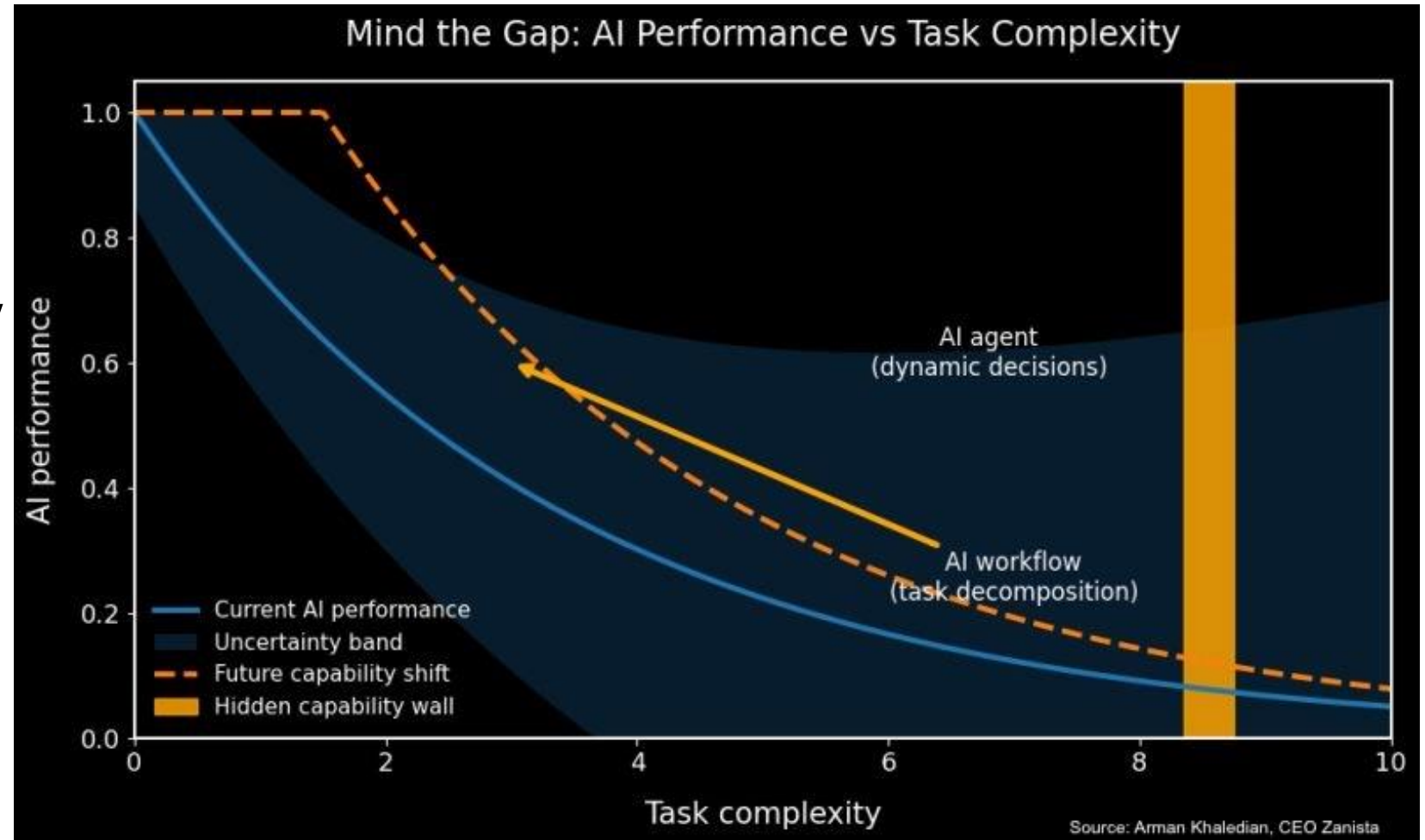
- Machines can do more quantitative analysis like:
  - Technicals
  - Sentiment
  - Insider trading
  - Basic fundamentals

# Security Selection

- But can they do advanced analysis of:
  - Technicals?
  - Sentiment?
  - Insider trading?
  - Fundamentals?

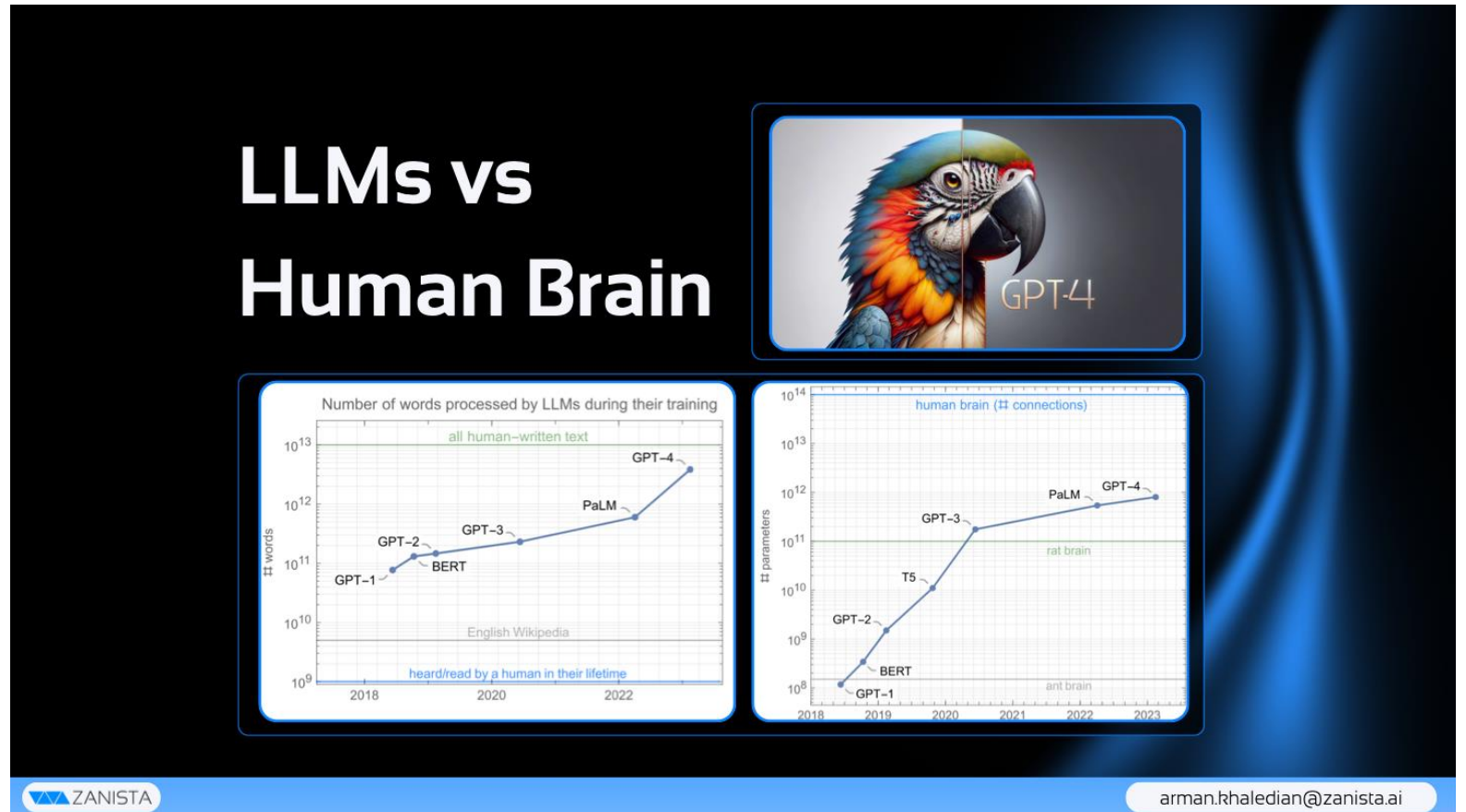
# AI Struggles with Complex Tasks

- AI performance drops precipitously as task complexity increases.
- AI fills growing uncertainty gaps with hallucinations.
- Hallucinations are a feature not a bug.

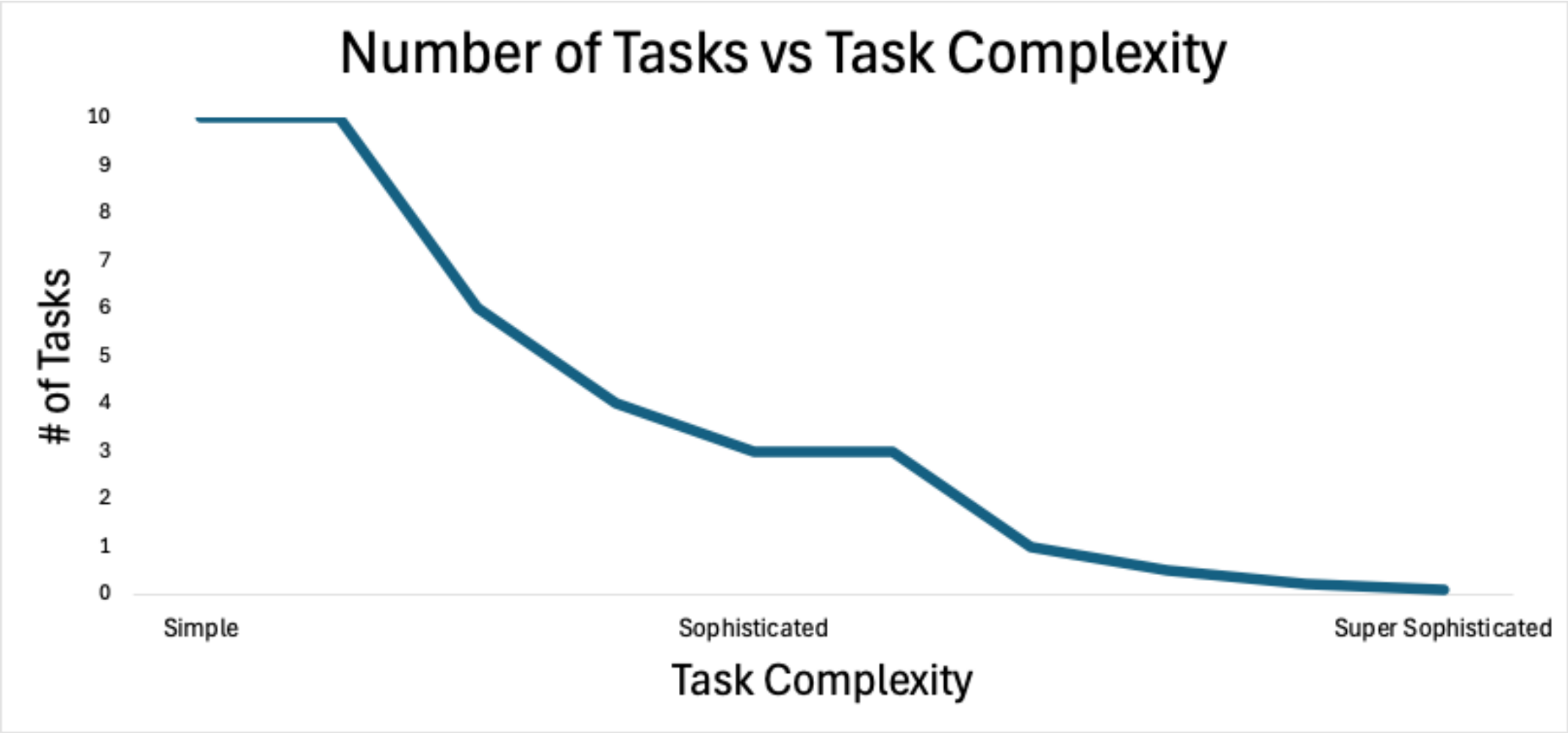


# We're In The Parrot Phase for AI

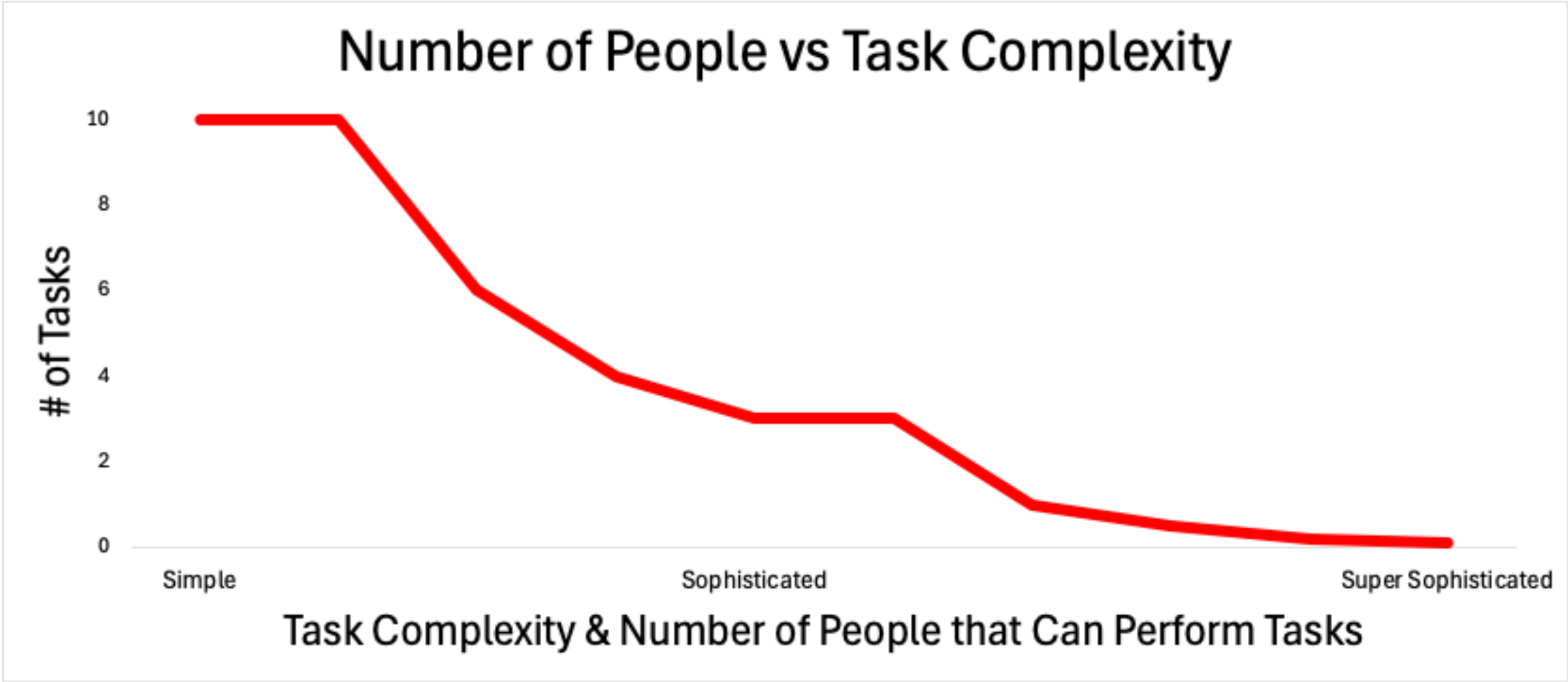
- AI is very good at repeating back what we tell it.
- Machines learn differently than humans.
- Do we know how to teach machines how to perform like human experts?



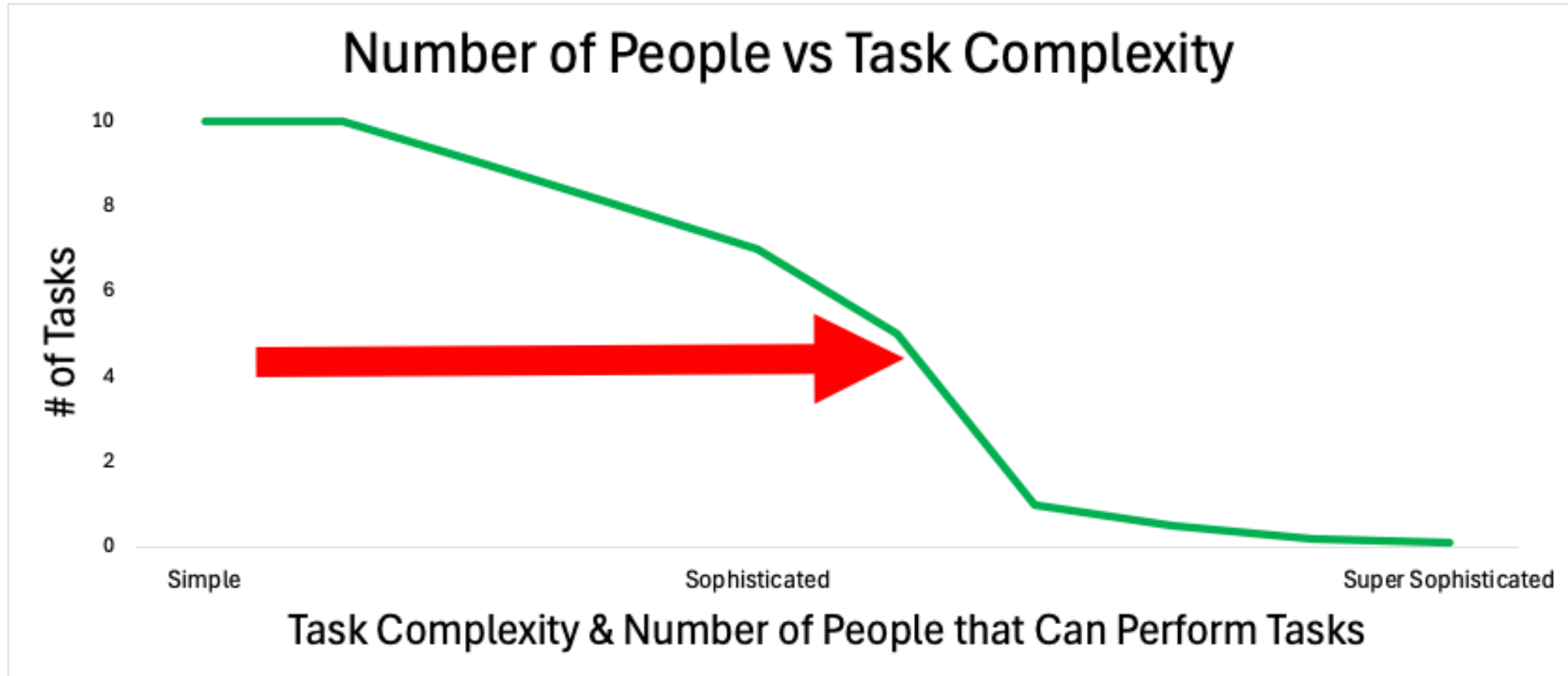
# Focus On What Other People Cannot Do



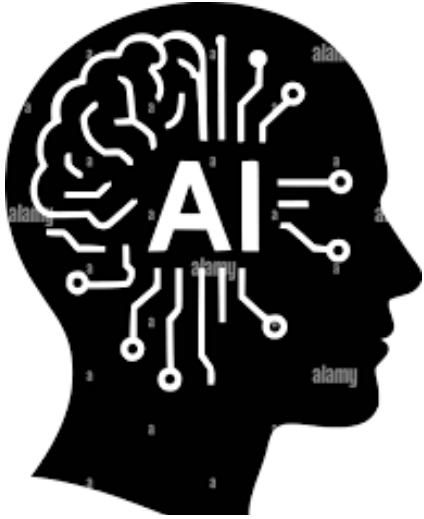
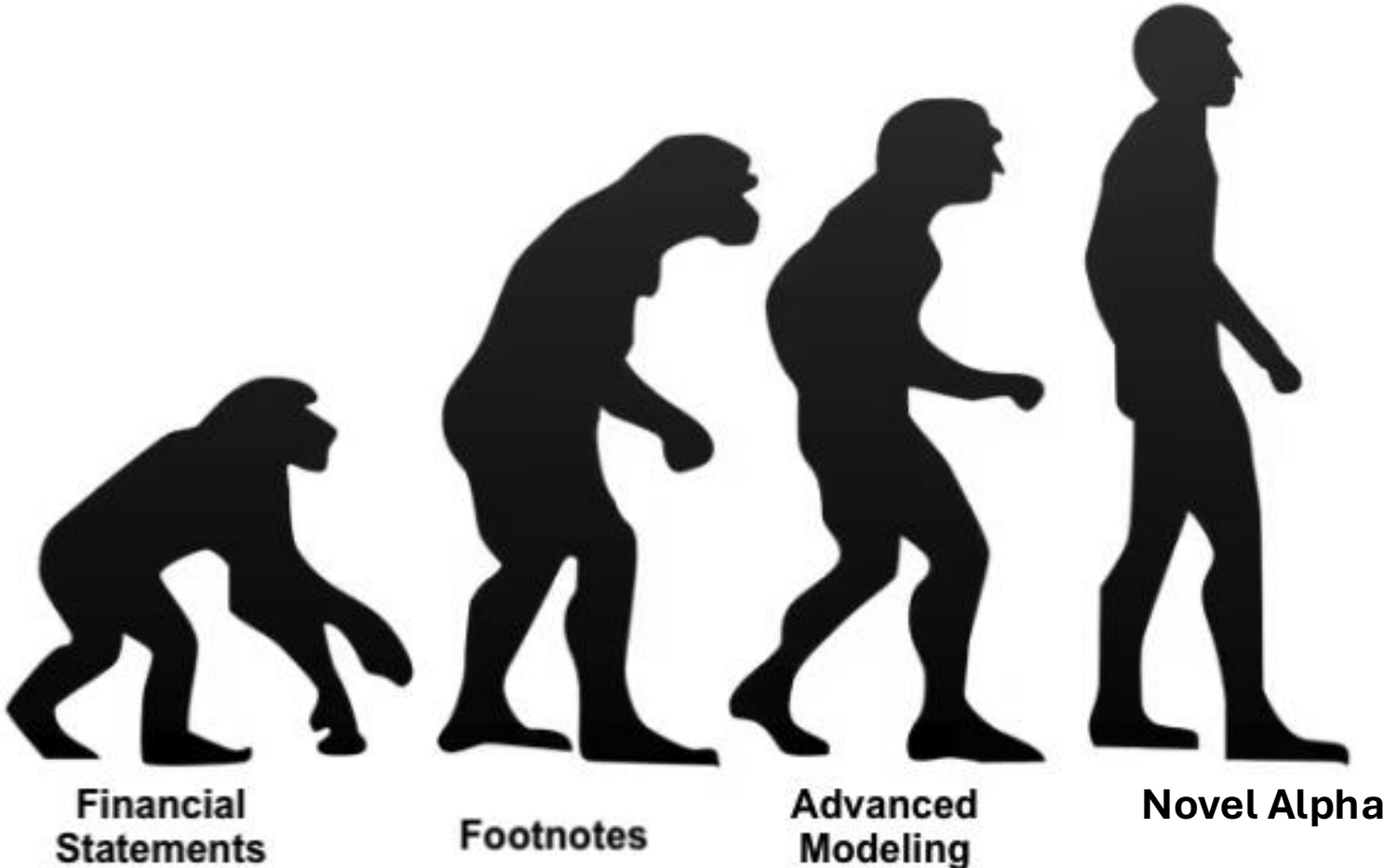
# Focus On What Other People Cannot Do



# AI Is Coming



# The Evolution of AI for (Fundamental) Investing



# Key Takeaways

- AI is not magic and anyone claiming such should be avoided. Red flag.
- AI models are only as good as the data that drive them. Bad inputs = bad outputs.
- To trust an AI, you must be able to audit the data on which it is based. There is no other way to be sure. If the provider of the AI will not let you see the underlying data driving the AI, see point #1 above. Turn and run.
- No reliable AI is based on the internet, e.g. Chat GPT, because there is no way to audit the entire internet.
- Reliable AI must be based on a very specific dataset that is properly curated for a machine to be able to properly digest and understand it.

# Key Takeaways

- Hallucinations are a feature not a bug.
- The Virtuoso Effect – humans will always have an edge over machines

# Keeping Your Edge

- Do things other people can't or won't do.
- Specialize in data that no one else has.
- Be better at using new tools

# The Good and the Bad

## Good

- streamline ops
- improve customer service
- enhance scale
- **Give you an edge.**

## ~~Bad~~

- ~~• Replace or take your job~~

# Appendix

# The Market Is Missing Footnotes



# Proven Reliable Data to Drive AI



## 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](#)

# Google Cloud Sponsored the Creation of our Agent



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## 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.

# 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 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:

- opermitting 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

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