

VNQ - Very Dangerous Rating

Vanguard REIT ETF



★☆☆☆☆	Predictive Rating	Very Dangerous
Business Strength		
★★☆☆☆	Quality of Earnings	False Positive
★★☆☆☆	Return on Invested Capital (ROIC)	5.74%
Valuation		
★☆☆☆☆	Free Cash Flow Yield	-5.51%
★☆☆☆☆	Price to Economic Book Value	7.77
★☆☆☆☆	Market-Implied Duration of Growth	97 year(s)

- We strongly recommend investors avoid VNQ.
- VNQ ranks in the 3rd percentile of the 400+ ETFs we cover.
- False Positive means that reported earnings are positive or improving while economic earnings are negative and falling.
- The Price to Economic Book Value ratio compares market expectations for future cash flows to existing cash flows. When the ratio is greater than one, the market predicts cash flows will increase, and vice versa.
- Market-Implied Duration of Moat measures the number of years of future profit growth implied by the stock price.

ETF Details

Net Asset Value (\$MM)	\$11,332.68
Issuer	Vanguard Group Inc
Category	Financials / REIT
Index	MSCI US REIT
Management Style	Passive
Exposure	Long
Inception Date	09/23/04
Number of Holdings	111
Premium (Discount)	0.08%
Avg. Daily Volume (3 Mo.)	2,024,919
Geography	U.S.

Predictive Rating Methodology

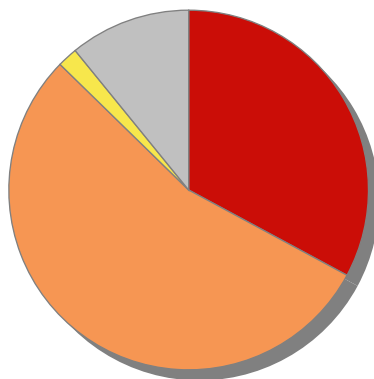
Our rating is based on the aggregation of our financial models for the ETF's holdings, which enables us to assess the profitability and valuation of the ETF just like a stock.

Our predictive ETF rating system is the same as our stock rating system, consistently [top-ranked](#) by Barron's.

Expense Analysis

Expense Ratio	0.12%
Rank (percentile)	98.12%
10-Year Cost	\$309.57

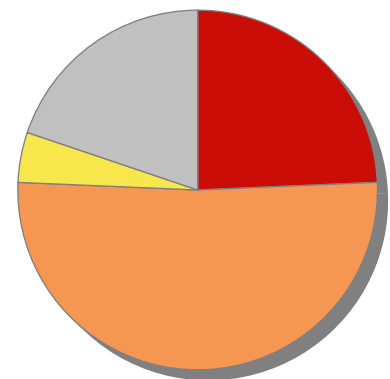
VNQ's fees will cost an investor \$309.57 over 10 years assuming a \$10,000 investment and 10% returns.



Allocations

32.86%	Very Dangerous ★☆☆☆☆	27
54.45%	Dangerous ★★☆☆☆	57
1.82%	Neutral ★★★☆☆	5
0.00%	Attractive ★★★★☆	0
0.00%	Very Attractive ★★★★★	0
10.87%	Unrated	22

Holdings



Top 5 Holdings

Simon Property Group, Inc. (SPG)	10.63%
Public Storage (PSA)	5.00%
Equity Residential (EQR)	4.55%
Ventas Inc. (VTR)	4.10%
Prologis Inc. (PLD)	4.05%

Capitalization Exposure

Large Cap	51.37%
Mid Cap	37.63%
Small Cap	11.00%

Our Predictive ETF Rating includes an analysis of the total cost of owning an ETF. Please contact us for more information.

Explanation of Predictive ETF Rating System

Our ETF research aggregates results from our Company Valuation models for each of the companies held by an ETF. Our rating system grades ETFs according to the 5 most important criteria for assessing the risk versus reward of an ETF. Our analysis results in the 5 ratings: Very Attractive corresponds to a "Strong Buy" rating, Attractive to "Buy", Very Dangerous to a "Sell or Short", and everything in-between to a "Hold" rating.

Predictive Risk/Reward Rating	Business Strength		Valuation		
	Quality of Earnings	Return on Invested Capital	FCF Yield	Price to Economic Book Value	Market-Implied Duration of Growth
Very Dangerous ☆☆☆☆	Misleading Trend	Bottom Quintile	< -5%	> 3.5 or -1 < 0	> 50
Dangerous ☆☆☆☆	False Positive	4th Quintile	-5% < -1%	2.4 < 3.5 or < -1	20 < 50
Neutral ☆☆☆☆	Neutral EE	3rd Quintile	-1% < 3%	1.6 < 2.4	10 < 20
Attractive ☆☆☆☆	Positive EE	2nd Quintile	3% < 10%	1.1 < 1.6	3 < 10
Very Attractive ☆☆☆☆	Rising EE	Top Quintile	> 10%	0 < 1.1	0 < 3

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Incorporated in July 2002, [New Constructs](#) is an independent publisher of investment research that provides clients with consulting, advisory and research services. We specialize in quality-of-earnings, forensic accounting and discounted cash flow valuation analyses for all U.S. public companies.

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- Based on the complete set of financial information available.
- Standard for all companies.
- A more accurate representation of the true underlying cash flows of the business.

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