



Best & Worst ETFs & Mutual Funds: Consumer Staples Sector

The Consumer Staples sector ranks first out of the 10 sectors as detailed in my [Sector Rankings for ETFs and Mutual Funds](#) report. It gets my Very Attractive rating, which is based on the aggregation of ratings of 10 ETFs and 15 mutual funds in the Consumer Staples sector as of October 8, 2014. Prior reports on the best & worst ETFs and mutual funds in every sector are [here](#).

Figure 1 ranks from best to worst all 10 Consumer Staples ETFs and Figure 2 shows the five best and worst-rated Consumer Staples mutual funds. Not all Consumer Staples sector ETFs and mutual funds are created the same. The number of holdings varies widely (from 20 to 114). This variation creates drastically different investment implications and, therefore, ratings. The best ETFs and mutual funds allocate more value to Attractive-or-better-rated stocks than the worst ETFs and mutual funds, which allocate too much value to Neutral-or-worse-rated stocks.

To [identify the best](#) and [avoid the worst](#) ETFs and mutual funds within the Consumer Staples sector, investors need a [predictive rating](#) based on (1) the [stocks ratings](#) of the holdings, (2) the [all-in expenses](#) of each ETF and mutual fund, and (3) the fund's rank compared to all other ETFs and mutual funds. As a result, only the cheapest funds with the best holdings receive Attractive or better ratings. Investors need not rely on backward-looking ratings. My fund rating methodology is detailed [here](#).

Investors seeking exposure to the Consumer Staples sector should buy one of the Attractive-or-better rated ETFs or mutual funds from Figures 1 and 2.

Get my ratings on all ETFs and mutual funds in this sector on my [mutual fund and ETF screener](#).

Figure 1: ETFs with the Best & Worst Ratings – Top 5

	Allocation of ETF Holdings			
Ticker	Attractive-or-better Stocks	Neutral Stocks	Dangerous-or-worse Stocks	Predictive Rating
Best ETFs				
FSTA	29%	58%	13%	Very Attractive
XLP	30%	58%	12%	Very Attractive
VDC	29%	57%	13%	Very Attractive
RHS	25%	60%	15%	Very Attractive
IYK	27%	58%	15%	Very Attractive
Worst ETFs				
UGE	27%	58%	15%	Very Attractive
FXG	12%	54%	33%	Attractive
PSCC	7%	32%	57%	Neutral
PBJ	8%	60%	32%	Neutral
PSL	10%	43%	47%	Neutral

* Best ETFs exclude ETFs with TNAs less than \$100 million for inadequate liquidity.

Sources: New Constructs, LLC and company filings

**Figure 2: Mutual Funds with the Best & Worst Ratings – Top 5**

	Allocation of Mutual Fund Holdings			
Ticker	Attractive-or-better Stocks	Neutral Stocks	Dangerous-or-worse Stocks	Predictive Rating
Best Mutual Funds				
VCSAX	28%	56%	13%	Very Attractive
RYCIX	22%	52%	17%	Very Attractive
RYCAX	22%	52%	17%	Very Attractive
RYCPX	22%	52%	17%	Very Attractive
FDFAX	14%	39%	17%	Attractive
Worst Mutual Funds				
FDAGX	14%	39%	17%	Neutral
ICLEX	12%	35%	11%	Neutral
FSHOX	2%	48%	42%	Neutral
ICLCX	12%	35%	11%	Dangerous
ICRAX	12%	35%	11%	Dangerous

* Best mutual funds exclude funds with TNAs less than \$100 million for inadequate liquidity.

Sources: New Constructs, LLC and company filings

Fidelity MSCI Consumer Staples Index ETF (FSTA) is my top-rated Consumer Staples ETF and Vanguard Consumer Staples Index Fund (VCSAX) is my top-rated Consumer Staples mutual fund. Both earn my Very Attractive rating.

PowerShares DWA Consumer Staples Momentum Portfolio ETF (PSL) is my worst-rated Consumer Staples ETF and ICON Consumer Staples Fund (ICRAX) is my worst-rated Consumer Staples mutual fund. PSL earns my Neutral rating and ICRAX earns my Dangerous rating.

As detailed in "[Cheap Funds Dupe Investors](#)", the fund industry offers many cheap funds but very few funds with high-quality stocks, or with what I call good [portfolio management](#).

Investors have plenty of choices when considering Consumer Staples ETFs and mutual funds, as 7 out of 10 ETFs and 10 out of 15 mutual funds in the Consumer Staples sector allocate enough value to Attractive-or-better-rated stocks to earn an Attractive rating.

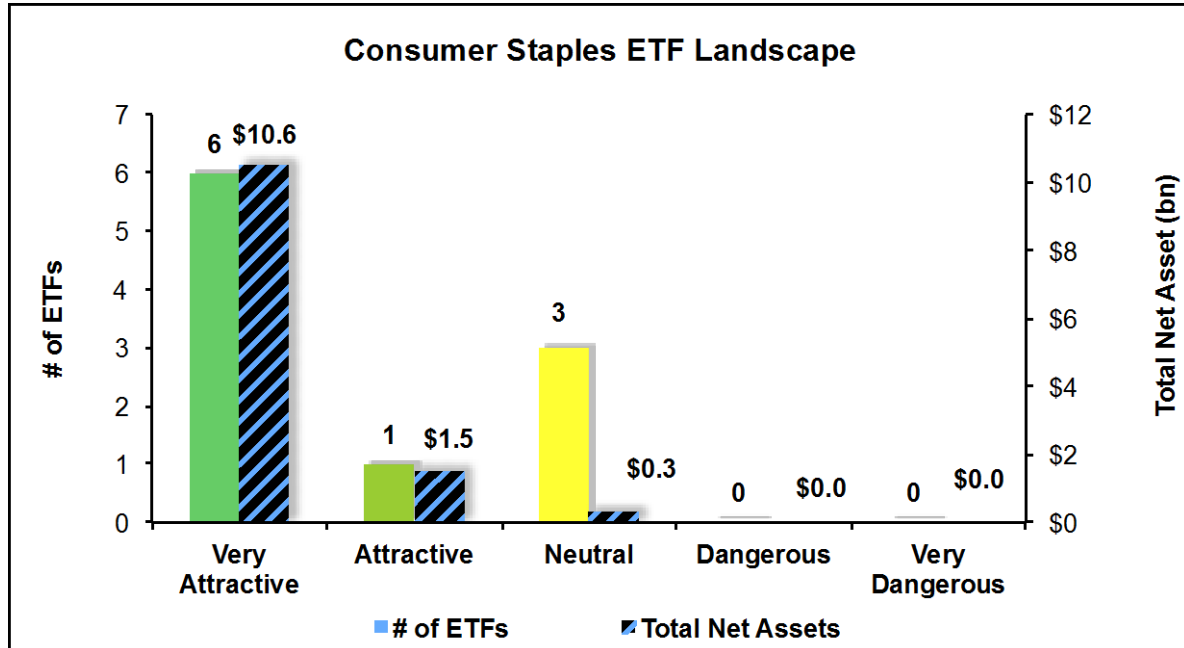
124 stocks of the 3000+ I cover are classified as Consumer Staples stocks.

Figures 3 and 4 show the rating landscape of all Consumer Staples ETFs and mutual funds.

My [Sector Rankings for ETFs and Mutual Funds](#) report ranks all sectors and highlights those that offer the best investments.

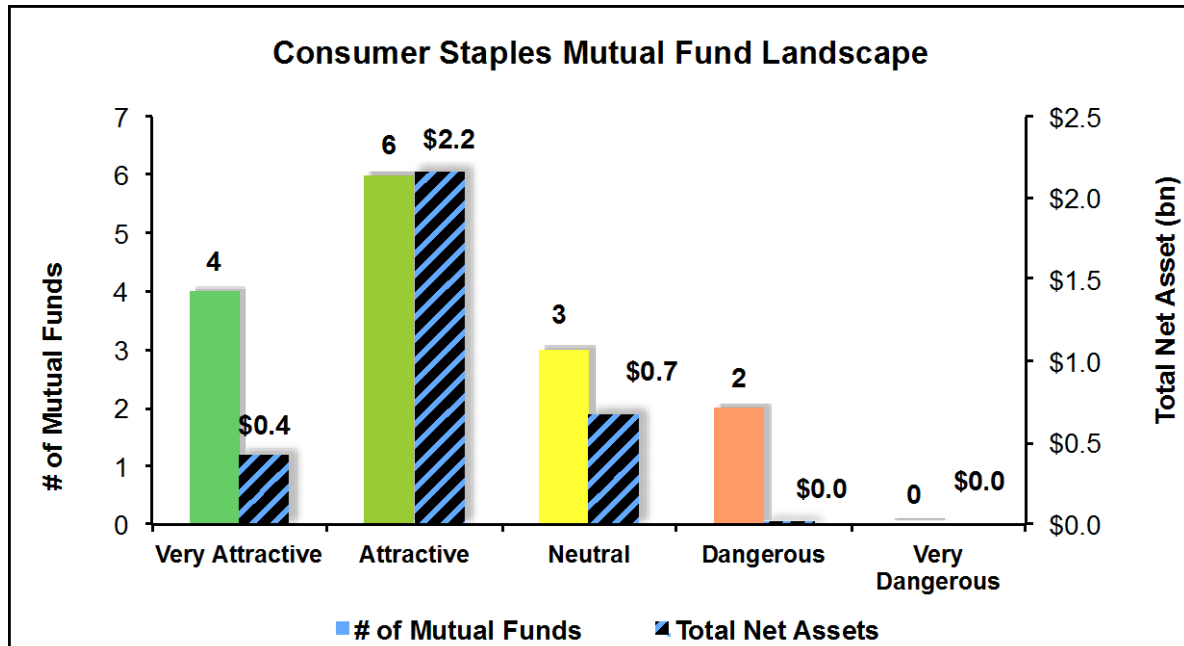


Figure 3: Separating the Best ETFs From the Worst ETFs



Sources: New Constructs, LLC and company filings

Figure 4: Separating the Best Mutual Funds From the Worst Mutual Funds



Sources: New Constructs, LLC and company filings

Review my [full list](#) of ratings and rankings along with reports on all 10 ETFs and 15 mutual funds in the Consumer Staples sector.

Kyle Guske II contributed to this report.

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



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