



## Best & Worst ETFs & Mutual Funds: Industrials Sector

The Industrials sector ranks second out of the 10 sectors as detailed in my [Sector Rankings for ETFs and Mutual Funds](#) report. It gets my Attractive rating, which is based on aggregation of ratings of 19 ETFs and 24 mutual funds in the Industrials sector as of October 13, 2014. Prior reports on the best & worst ETFs and mutual funds in every sector are [here](#).

Figures 1 and 2 show the five best and worst-rated ETFs and mutual funds in the sector. Not all Industrials sector ETFs and mutual funds are created the same. The number of holdings varies widely (from 19 to 353). 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 Industrials 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 Industrials sector should buy one of the Attractive-or-better rated ETFs or mutual funds from Figures 1 and 2. My report on the number of good stocks in this sector is [here](#).

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**

Ticker	Allocation of ETF Holdings			Predictive Rating
	Attractive-or-better Stocks	Neutral Stocks	Dangerous-or-worse Stocks	
<b>Best ETFs</b>				
XLI	28%	43%	29%	Very Attractive
RGI	20%	45%	34%	Very Attractive
IYJ	21%	44%	35%	Very Attractive
FIDU	21%	41%	38%	Attractive
VIS	22%	40%	37%	Attractive
<b>Worst ETFs</b>				
PHO	21%	25%	50%	Neutral
AIRR	3%	30%	63%	Neutral
XTN	7%	30%	59%	Dangerous
FIW	2%	33%	59%	Dangerous
PKB	8%	27%	57%	Dangerous

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

Sources: New Constructs, LLC and company filings

ProShares Ultra Industrials ETF (UXI) is excluded from Figure 1 because its total net assets (TNA) are below \$100 million and do not meet our liquidity minimums.



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

Ticker	Allocation of Mutual Fund Holdings			Predictive Rating
	Attractive-or-better Stocks	Neutral Stocks	Dangerous-or-worse Stocks	
<b>Best Mutual Funds</b>				
VINAX	21%	38%	37%	Attractive
FSDAX	20%	52%	18%	Attractive
FCYIX	24%	46%	26%	Attractive
FCLIX	24%	46%	26%	Attractive
FSCGX	24%	47%	25%	Attractive
<b>Worst Mutual Funds</b>				
RYCNX	21%	34%	33%	Neutral
FSLEX	4%	30%	47%	Dangerous
PGIAX	18%	28%	18%	Dangerous
ICIAX	11%	53%	35%	Dangerous
RYTSX	21%	34%	33%	Dangerous

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

Sources: New Constructs, LLC and company filings

State Street SPDR Industrial Select Sector Fund (XLI) is my top-rated Industrials ETF and Vanguard Industrials Index Fund (VINAX) is my top-rated Industrials mutual fund. XLI earns my Very Attractive rating and VINAX earns my Attractive rating.

PowerShares Dynamic Build & Construction ETF (PKB) is my worst-rated Industrials ETF and Rydex Transportation Fund (RYTSX) is my worst-rated Industrials mutual fund. Both earn 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](#).

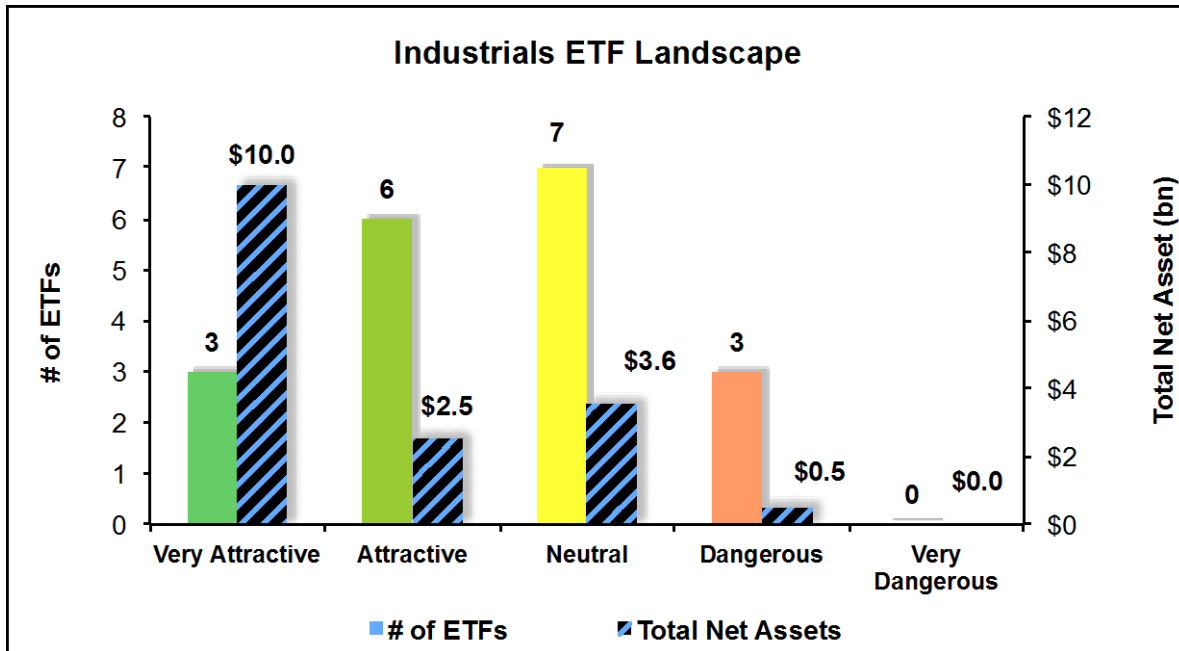
425 stocks of the 3000+ I cover are classified as Industrials stocks.

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

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

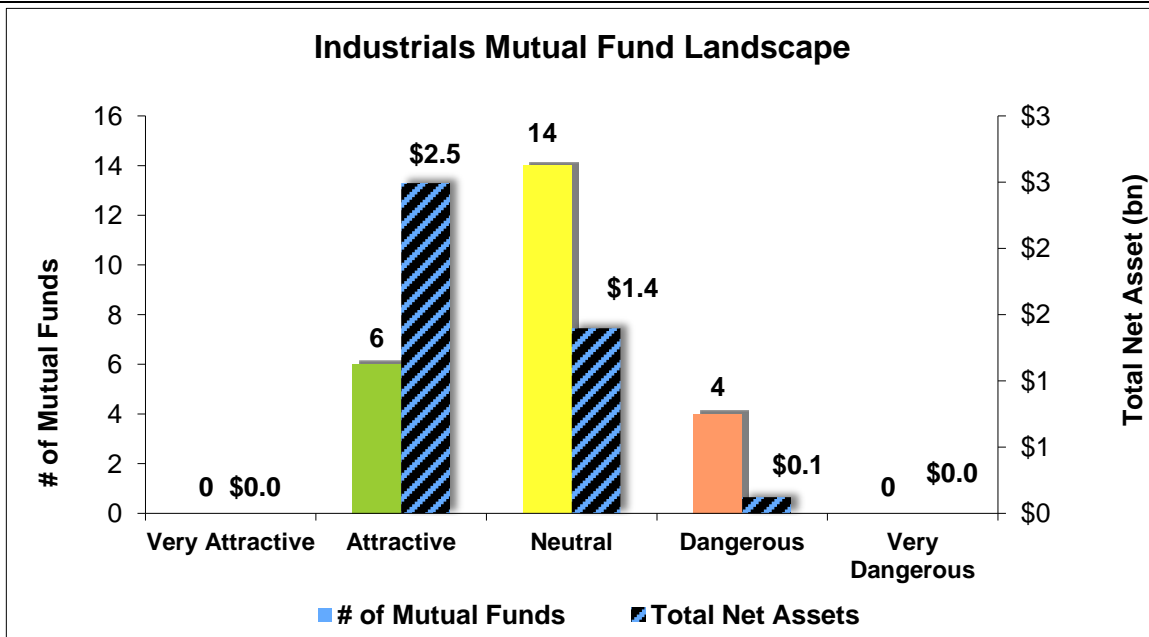


Figure 3: Separating the Best ETFs From the Worst ETFs



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 19 ETFs and 24 mutual funds in the Industrials 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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1. Based on the complete set of financial information available.
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