



## ETF & Mutual Fund Rankings: Telecom Services Sector

The Telecom Services sector ranks fifth out of the ten sectors as detailed in my [Sector Rankings for ETFs and Mutual Funds](#) report. It gets my Neutral rating, which is based on aggregation of ratings of six ETFs and thirteen mutual funds in the Telecom Services as of October 16, 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 Telecom Services sector. Not all Telecom Services sector ETFs and mutual funds are created the same. The number of holdings varies widely (from 22 to 62). 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 Telecom Services 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 should not buy any Telecom Services ETFs or mutual funds because none get an Attractive-or-better rating. If you must have exposure to this sector, you should buy a basket of Attractive-or-better rated stocks and avoid paying undeserved fund fees. Active management has a [long history](#) of not paying off. 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 (only 3)</b>				
PBS	13%	32%	49%	Neutral
VOX	25%	27%	41%	Neutral
FCOM	26%	27%	41%	Neutral
<b>Worst ETFs (only 3)</b>				
XTL	18%	13%	64%	Neutral
IYZ	18%	21%	52%	Neutral
LTL	18%	21%	52%	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**

Ticker	Allocation of Mutual Fund Holdings			Predictive Rating
	Attractive-or-better Stocks	Neutral Stocks	Dangerous-or-worse Stocks	
<b>Best Mutual Funds</b>				
PRMTX	11%	28%	37%	Neutral
VTCAX	24%	27%	42%	Neutral
FSTCX	29%	14%	40%	Dangerous
FTUIX	29%	14%	40%	Dangerous
FTUCX	29%	14%	40%	Dangerous
<b>Worst Mutual Funds</b>				
FTUAX	29%	14%	40%	Dangerous
RYMIX	27%	13%	37%	Very Dangerous
RYMAX	27%	13%	37%	Very Dangerous
RYCSX	27%	13%	37%	Very Dangerous
RYTLX	27%	13%	37%	Very Dangerous

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

Sources: New Constructs, LLC and company filings

PFS FUNDS: Wireless Fund (WIREX) is excluded from Figure 2 because its total net assets (TNA) are below \$100 million and do not meet our liquidity minimums.

PowerShares Dynamic Media ETF (PBS) is my top-rated Telecom Services ETF and T. Rowe Price Media & Telecommunications Fund (PRMTX) is my top-rated Telecom Services mutual fund. Both earn my Neutral rating.

ProShares Ultra Telecommunications ETF (LTL) is my worst-rated Telecom Services ETF and Rydex Telecommunications Fund (RYTLX) is my worst-rated Telecom Services mutual fund. LTL earns my Neutral rating, and RYTLX earns my Very 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](#).

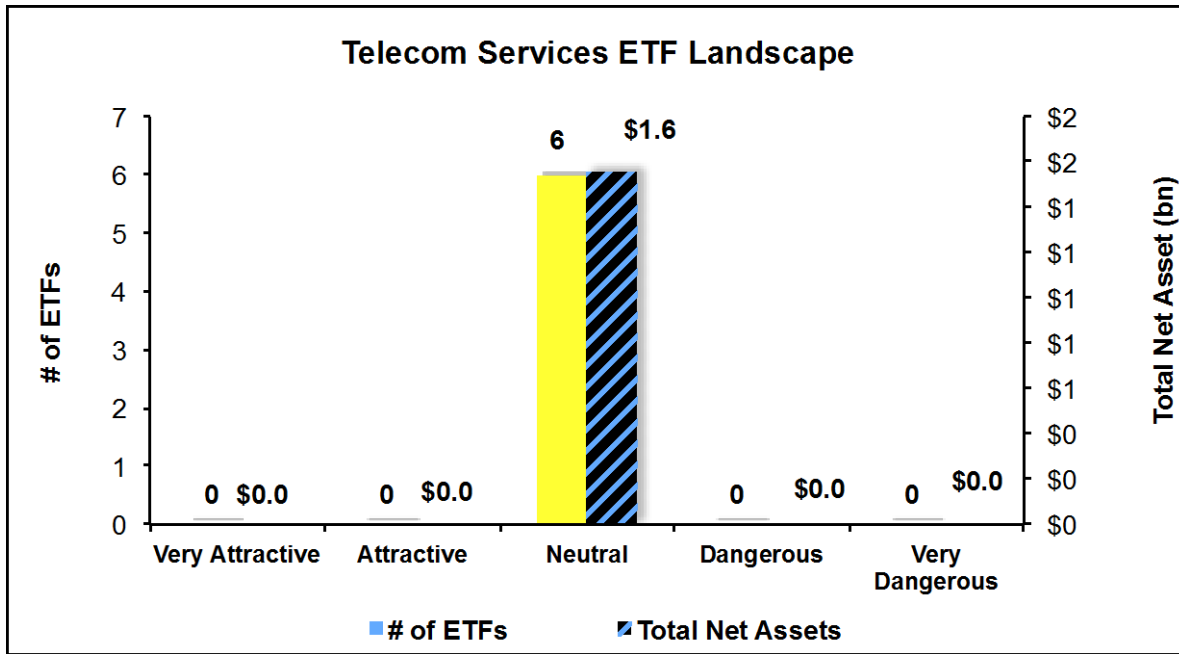
138 stocks of the 3000+ I cover are classified as Telecom Services stocks.

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

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

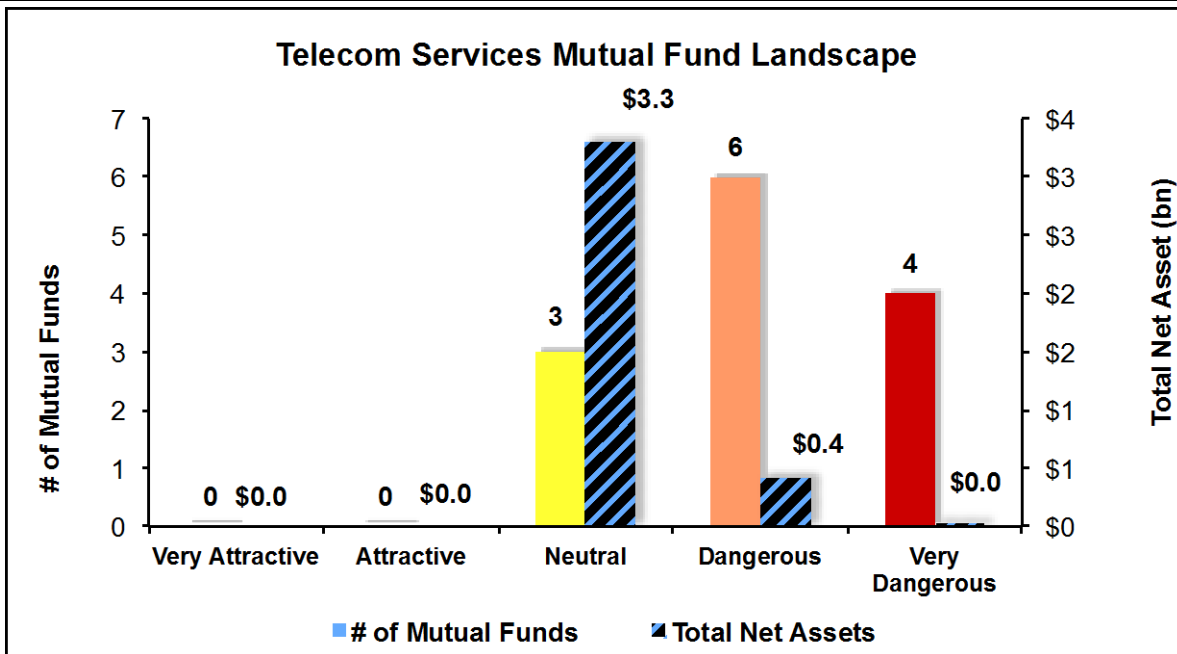


**Figure 3: Separating the Best ETFs From the Worst ETFs**



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 six ETFs and thirteen mutual funds in the Telecom Services sector.

*Sam Andrews contributed to this report.*

*David Trainer and Sam Andrews received no compensation to write about any specific stock, sector or theme.*



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