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New Constructs Unwraps ETF, Fund Screeners, Eyes Partners

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David Trainer, chief executive, New Constructs

New Constructs, a Nashville, Tenn.-based provider of independent research and stock recommendations based on data from footnotes to financial reports, will this week move its free screener for more than 7,500 mutual funds and exchange-traded funds from beta testing phase into full availability, while the vendor seeks partners to distribute its content to a broader audience as part of premium data services.

The vendor launched its ETF screener around a year ago, and added mutual funds to the screener around the start of this year, both based on its core equities coverage, says David Trainer, chief executive of New Constructs. In each case, the vendor applies its equities analysis—which calculates a true economic value of a company based on information in footnotes to its financial statements that might impact stated figures—to stocks that comprise the funds.

“Our rating of a mutual fund is driven by two main factors—the quality of portfolio management and its cost—as well as things like whether the fund holds more than a certain amount in cash, because why would you pay someone to hold your money in cash?” Trainer says. “We look at expense ratios, front-end and back-end costs, transaction fees, etc.—the total cost of being invested in a mutual fund or ETF.”

Since then, New Constructs has tweaked its requirements to maximize coverage, Trainer says. For example, the vendor initially insisted that a fund’s holdings added up to precisely 100 percent, but Trainer says this did not account for rounding errors, and resulted in some funds being excluded. So by relaxing its requirements by plus/minus 0.2 percent, the vendor has been able to include coverage of a lot more funds. Likewise, the vendor initially insisted that it needed to provide coverage of 90 percent of a fund’s assets, but has since relaxed this to 70 percent, to account for funds that hold large amounts of cash or stocks outside New Constructs’ coverage.

The vendor’s screening tools and detailed reports are available free of charge on its website, though Trainer says he is currently in talks with third-party content distributors such as Benzinga to carry its data as a premium add-on to their services.

Currently, New Constructs’ equity, mutual funds and ETF recommendations only cover US stocks and funds, though Trainer says he expects to begin expanding the service to cover international securities and other asset classes, such as bonds, before the end of this year, depending on interest from potential partners. “Once you have the underlying accounting, you can value any security... and I look forward to scaling across the globe, and providing consistent insight into equities, ETFs, mutual funds and bonds worldwide,” he says.

Free ETF and Fund Screener

Here is the link to our free mutual fund and ETF screener: <http://www.newconstructs.llc/nc/fundscreener/fund-screener.htm> Here is our free stock screener: <http://www.newconstructs.llc/nc/stockscreeener/stock-screener.htm>

Enjoy for a limited time only.

Posted by: Davd Trainer May 21 2012

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