



ETF & Mutual Fund Rankings: All Cap Value Style

The All Cap Value style ranks fourth out of the twelve fund styles as detailed in our [1Q17 Style Ratings for ETFs and Mutual Funds](#) report. [Last quarter](#), the All Cap Value style ranked fifth. It gets our Neutral rating, which is based on an aggregation of ratings of 12 ETFs and 309 mutual funds in the All Cap Value style as of January 30, 2017. See a recap of our [4Q16 Style Ratings here](#).

Figures 1 and 2 show the five best and worst rated ETFs and mutual funds in the style. Not all, All Cap Value style ETFs and mutual funds are created the same. The number of holdings varies widely (from 16 to 2,064). This variation creates drastically different investment implications and, therefore, ratings.

Investors seeking exposure to the All Cap Value style should buy one of the Attractive-or-better rated ETFs or mutual funds from Figures 1 and 2.

Here is our [ETF and mutual fund rating methodology](#), which leverages our rigorous analysis of each fund's holdings. We think advisors and investors focused on prudent investment decisions should include analysis of fund holdings in their research process for ETFs and mutual funds.

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				
PRF	29%	32%	35%	Very Attractive
CDC	38%	42%	18%	Very Attractive
FNDB	33%	33%	31%	Very Attractive
IWD	28%	32%	34%	Attractive
VONV	28%	32%	34%	Attractive
Worst ETFs				
IUSV	27%	32%	34%	Attractive
FTA	34%	38%	25%	Attractive
FLAG	45%	30%	25%	Attractive
FVD	33%	47%	15%	Attractive
RPV	25%	40%	30%	Neutral

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

Sources: New Constructs, LLC and company filings

State Street SPDR S&P 1500 Value TILT ETF (VLU) and ETF Series Solutions Deep Value (DVP) are excluded from Figure 1 because their 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**

	Allocation of Mutual Fund Holdings			
Ticker	Attractive-or-better Stocks	Neutral Stocks	Dangerous-or-worse Stocks	Predictive Rating
Best Mutual Funds				
FAVCX	38%	25%	19%	Very Attractive
CFJYX	30%	41%	26%	Very Attractive
FAIVX	38%	25%	19%	Very Attractive
FVDFX	39%	26%	19%	Very Attractive
FVDKX	39%	26%	19%	Very Attractive
Worst Mutual Funds				
PMVBX	15%	30%	42%	Very Dangerous
RFVFX	14%	27%	39%	Very Dangerous
RFVIX	14%	27%	39%	Very Dangerous
CFJIX	30%	41%	26%	Very Dangerous
ABMAX	23%	35%	27%	Very Dangerous

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

Sources: New Constructs, LLC and company filings

Knights of Columbus Large Cap Value Funds' (KCVVX, KCVSX, KCVIX) are excluded from Figure 2 because their total net assets (TNA) are below \$100 million and do not meet our liquidity minimums.

PowerShares FTSE RAFI US 1000 Portfolio (PRF) is the top-rated All Cap Value ETF and Fidelity Advisor Equity Value Fund (FAVCX) is the top-rated All Cap Value mutual fund. Both earn a Very Attractive rating.

Guggenheim S&P 500 Pure Value ETF (RPV) is the worst rated All Cap Value ETF and American Beacon Mid-Cap Value Fund (ABMAX) is the worst rated All Cap Value mutual fund. RPV earns a Neutral rating and ABMAX earns a Very Dangerous rating.

The Danger Within

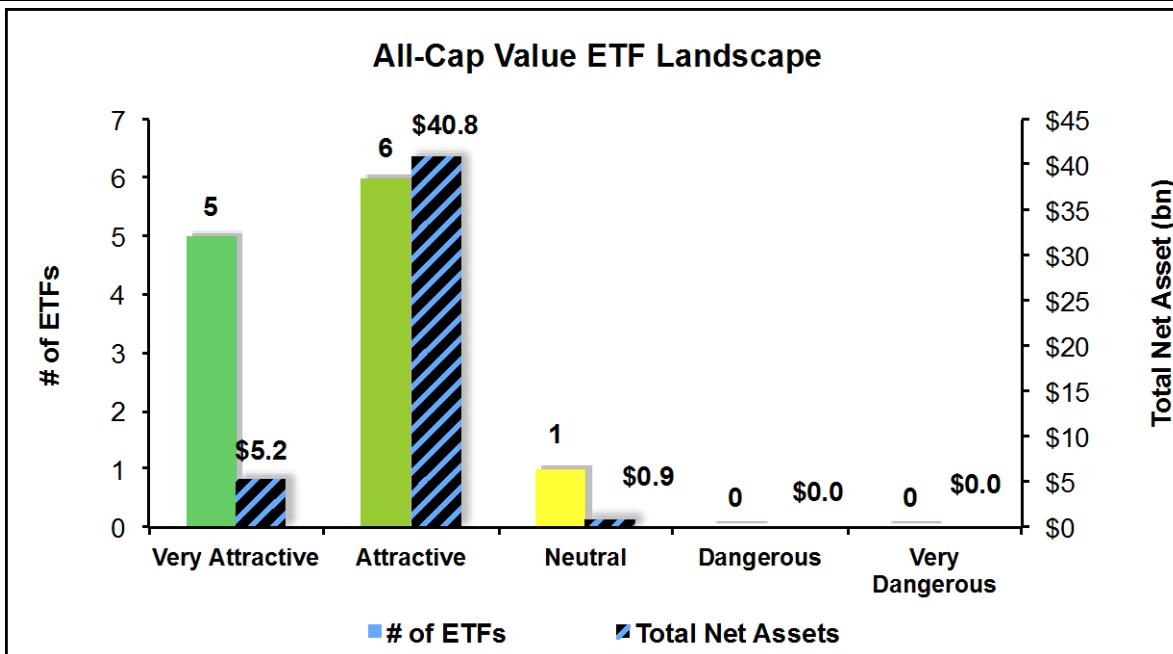
Buying a fund without analyzing its holdings is like buying a stock without analyzing its business and finances. Put another way, research on fund holdings is necessary due diligence because a fund's performance is only as good as its holdings' performance. Don't just take our word for it, [see what Barron's says](#) on this matter.

PERFORMANCE OF HOLDINGS = PERFORMANCE OF FUND



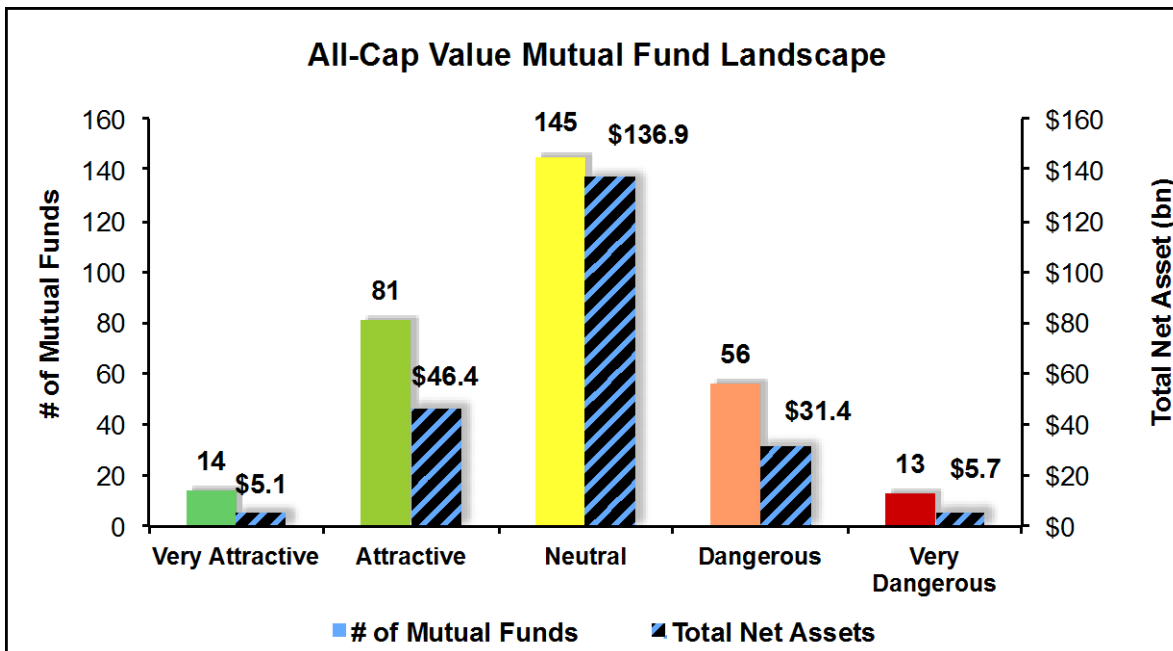
Figures 3 and 4 show the rating landscape of all, All Cap Value ETFs and mutual funds.

Figure 3: Separating the Best ETFs From the Worst Funds



Sources: New Constructs, LLC and company filings

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



Sources: New Constructs, LLC and company filings

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



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How New Constructs Creates Value for Clients

We find it. You benefit. Cutting-edge technology enables us to scale our [forensic accounting expertise](#) across 3000+ stocks. We shine a light in the dark corners of SEC filings so our clients can make safer, more informed decisions.

Our [stock rating methodology](#) instantly informs you of the quality of the business and the fairness of the stock's valuation. We do the diligence on earnings quality and valuation so you don't have to.

In-depth risk/reward analysis underpins our ratings. Our rating methodology grades every stock, ETF, and mutual fund according to what we believe are the 5 most important criteria for assessing the quality of an equity. Each grade reflects the balance of potential risk and reward of buying that equity. Our analysis results in the 5 ratings described below. Very Attractive and Attractive correspond to a "Buy" rating, Very Dangerous and Dangerous correspond to a "Sell" rating, while Neutral corresponds to a "Hold" rating.

QUESTION: Why shouldn't fund research be as good as stock research? Why should fund investors rely on backward-looking price trends?

ANSWER: They should not.

Don't judge a fund by its cover. Take a look inside at its holdings and understand the quality of earnings and valuation of the stocks it holds. We enable you to choose the best fund based on its stock-picking merits so you do not have to rely solely on backward-looking technical metrics.

The drivers of our [forward-looking fund ratings](#) are Portfolio Management (i.e. the aggregated ratings of its holdings) and Total Annual Costs. The Total Annual Costs Rating ([details here](#)) captures the all-in cost of being in a fund over a 3-year holding period, the average period for all fund investors.

Our Philosophy About Research

Accounting data is not designed for equity investors, but for debt investors. [Accounting data must be translated into economic earnings](#) to understand the profitability and valuation relevant to equity investors. Respected investors (e.g. Adam Smith, Warren Buffett and Ben Graham) have repeatedly emphasized that accounting results should not be used to value stocks. [Economic earnings](#) are what matter because they are:

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

Additional Information

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