ETF & Mutual Fund Rankings: All Cap Growth Style

The All Cap Growth style ranks seventh out of the twelve fund styles as detailed in our 2Q17 Style Ratings for ETFs and Mutual Funds report. Last quarter, the All Cap Growth style ranked seventh as well. It gets our Neutral rating, which is based on an aggregation of ratings of 13 ETFs and 499 mutual funds in the All Cap Growth style as of April 20, 2017. See a recap of our 1Q17 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 Growth style ETFs and mutual funds are created the same. The number of holdings varies widely (from 18 to 2179). This variation creates drastically different investment implications and, therefore, ratings.

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

Our robo-analyst technology empowers our unique 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				
RPG	26%	47%	27%	Very Attractive
QQXT	27%	27%	43%	Neutral
FTC	25%	51%	23%	Neutral
QQEW	31%	33%	35%	Neutral
QQQE	31%	33%	35%	Neutral
Worst ETFs				
FTC	25%	51%	23%	Neutral
FAD	23%	44%	27%	Neutral
QQXT	27%	27%	43%	Neutral
GURU	16%	36%	43%	Dangerous
FPX	10%	37%	36%	Dangerous

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

Sources: New Constructs, LLC and company filings

WBI Tactical LCG Shares (WBIE) and Arrow QVM Equity Factor ETF (QVM) 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				
DUSLX	42%	49%	8%	Very Attractive
ADRRX	44%	43%	13%	Very Attractive
JCICX	45%	40%	13%	Very Attractive
FGSIX	63%	23%	12%	Very Attractive
FGSKX	63%	23%	12%	Very Attractive
Worst Mutual Funds				
SENAX	18%	32%	42%	Very Dangerous
JTCDX	11%	24%	43%	Very Dangerous
SGFFX	23%	50%	25%	Very Dangerous
JTCAX	11%	24%	43%	Very Dangerous
SAGAX	8%	20%	65%	Very Dangerous

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

Sources: New Constructs, LLC and company filings

Guggenheim S&P 500 Pure Growth ETF (RPG) is the top-rated All Cap Growth ETF and DFA Investments U.S. Large Cap Growth Portfolio (DUSLX) is the top-rated All Cap Growth mutual fund. Both earn a Very Attractive rating.

First Trust Equity Opportunities (FPX) is the worst rated All Cap Growth ETF and RidgeWorth Innovative Growth Stock Fund (SAGAX) is the worst rated All Cap Growth mutual fund. Both earn a Very Dangerous rating.

The Danger Within

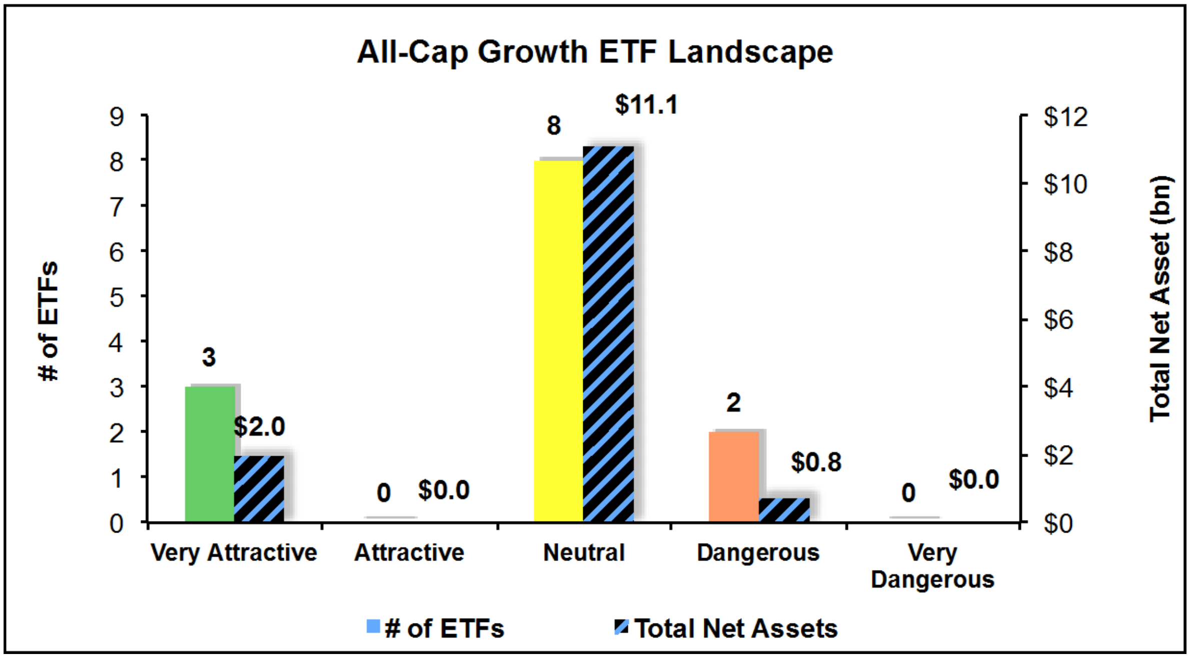
Buying a fund without analyzing its holdings is like buying a stock without analyzing its business and finances. Put another way, research on fund holdings is necessary due diligence because a fund's performance is only as good as its holdings' performance. Don't just take our word for it, see what Barron's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

PERFORMANCE OF HOLDINGs = PERFORMANCE OF FUND

Analyzing each holding within funds is no small task. Our robo-analyst technology enables us to perform this diligence with scale and provide the research needed to fulfill the fiduciary duty of care. More of the biggest names in the financial industry (see At BlackRock, Machines Are Rising Over Managers to Pick Stocks) are now embracing technology to leverage machines in the investment research process. Technology may be the only solution to the dual mandate for research: cut costs and fulfill the fiduciary duty of care. Investors, clients, advisors and analysts deserve the latest in technology to get the diligence required to make prudent investment decisions.

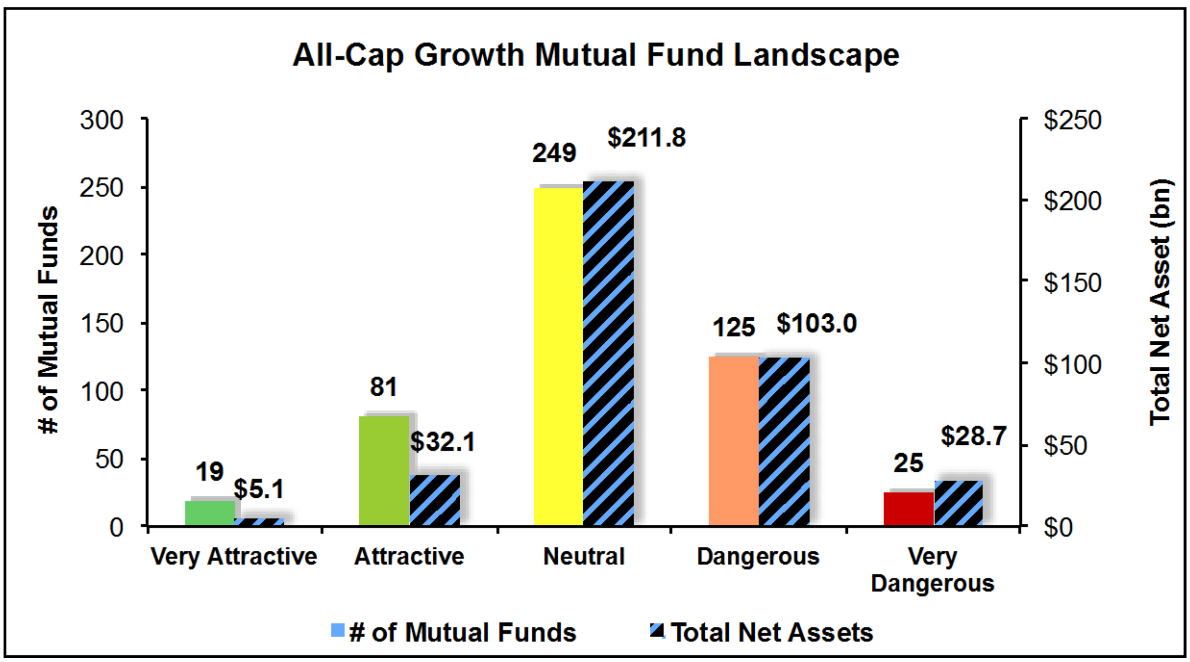
Figures 3 and 4 show the rating landscape of all All Cap Growth ETFs and mutual funds.

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 and Kyle Guske II 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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