



ETF & Mutual Fund Rankings: Large Cap Value Style

The Large Cap Value style ranks third out of the twelve fund styles as detailed in our [3Q17 Style Ratings for ETFs and Mutual Funds](#) report. [Last quarter](#), the Large Cap Value style ranked third as well. It gets our Neutral rating, which is based on an aggregation of ratings of 46 ETFs and 934 mutual funds in the Large Cap Value style as of July 25, 2017. See a recap of our [2Q17 Style Ratings here](#).

Figures 1 and 2 show the five best and worst rated ETFs and mutual funds in the style. Not all Large Cap Value style ETFs and mutual funds are created the same. The number of holdings varies widely (from 14 to 874). This variation creates drastically different investment implications and, therefore, ratings.

Investors seeking exposure to the Large Cap Value 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	Unattractive-or-worse Stocks	Predictive Rating
Best ETFs				
SYLD	49%	30%	19%	Very Attractive
PFM	39%	42%	18%	Very Attractive
RDIV	43%	39%	15%	Very Attractive
DTD	34%	45%	19%	Very Attractive
JKF	50%	35%	15%	Very Attractive
Worst ETFs				
FDL	31%	61%	8%	Attractive
PXLV	31%	38%	32%	Neutral
SPHD	26%	45%	29%	Neutral
WBIG	31%	44%	23%	Neutral
VAMO	30%	36%	34%	Unattractive

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

Sources: New Constructs, LLC and company filings

First Trust High Income ETF (FTHI), Absolute Shares WBIC Tactical SMY Shares (WBIC), and First Trust Low Beta Income ETF (FTLB) 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	Unattractive-or-worse Stocks	Predictive Rating
Best Mutual Funds				
EQNTX	43%	37%	13%	Very Attractive
BHBFX	43%	41%	14%	Very Attractive
TADVX	38%	42%	17%	Very Attractive
WILCX	35%	32%	26%	Very Attractive
JFLRX	30%	40%	21%	Very Attractive
Worst Mutual Funds				
WDVCX	21%	34%	36%	Very Unattractive
IVDCX	20%	34%	36%	Very Unattractive
KMDVX	25%	34%	36%	Very Unattractive
IYDVX	20%	34%	36%	Very Unattractive
IVDYX	20%	34%	36%	Very Unattractive

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

Sources: New Constructs, LLC and company filings

Buffalo Dividend Focus Fund (BUFDX) is excluded from Figure 2 because its total net assets (TNA) are below \$100 million and do not meet our liquidity minimums.

Cambria Shareholder Yield ETF (SYLD) is the top-rated Large Cap Value ETF and MFS Equity Income Fund (EQNTX) is the top-rated Large Cap Value mutual fund. Both earn a Very Attractive rating.

Cambria Value and Momentum ETF (VAMO) is the worst rated Large Cap Value ETF and Ivy Dividend Opportunities Fund (IVDYX) is the worst rated Large Cap Value mutual fund. VAMO earns an Unattractive rating and IVDYX earns a Very Unattractive 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.

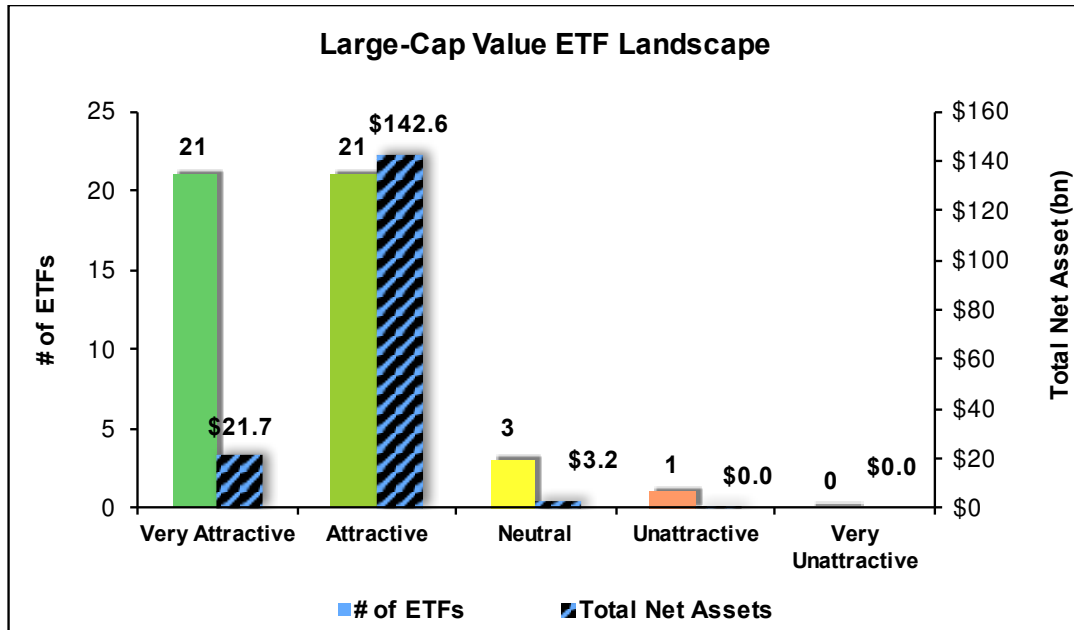
PERFORMANCE OF HOLDINGS = PERFORMANCE OF FUND

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.



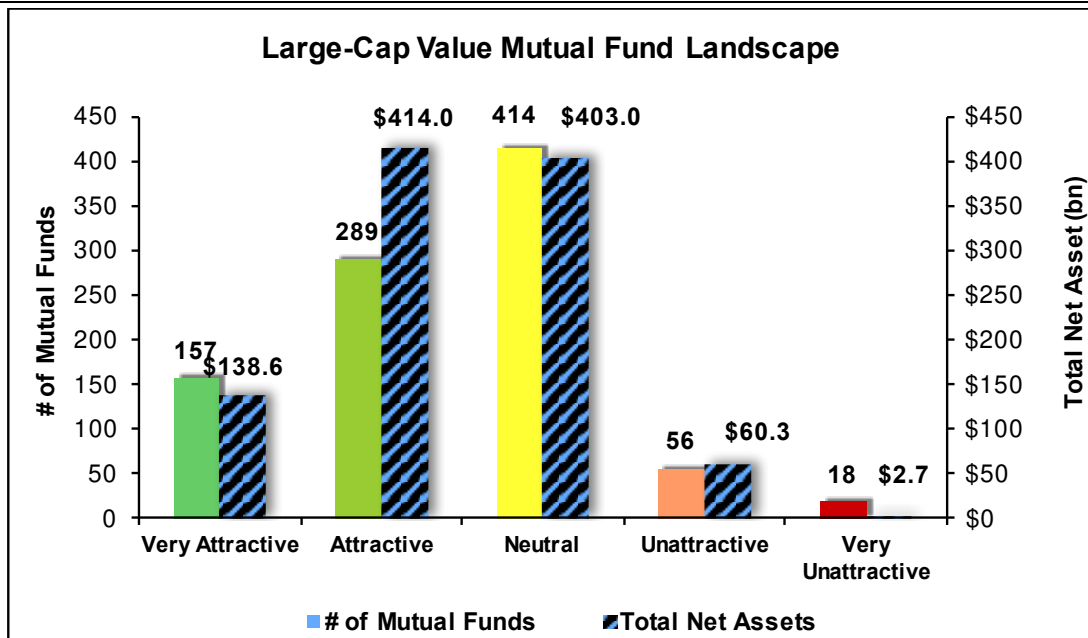
Figures 3 and 4 show the rating landscape of all Large Cap Value ETFs and mutual funds.

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

This article originally published on [July 26, 2017](#).

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

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To fulfill the Duty of Care, research should be:

1. **Comprehensive** - All relevant publicly-available (e.g. 10-Ks and 10-Qs) information has been diligently reviewed, including footnotes and the management discussion & analysis (MD&A).
2. **Un-conflicted** - Clients deserve unbiased research.
3. **Transparent** - Advisors should be able to show how the analysis was performed and the data behind it.
4. **Relevant** - Empirical evidence must provide [tangible, quantifiable correlation](#) to stock, ETF or mutual fund performance.

Value Investing 2.0: Diligence Matters: Technology is Key to Value Investing With Scale

Accounting data is only the beginning of fundamental research. It must be translated into economic earnings to truly understand profitability and valuation. This translation requires deep analysis of footnotes and the MD&A, a process that our [robo-analyst technology](#) empowers us to perform for thousands of stocks, ETFs and mutual funds.



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