ETF & Mutual Fund Rankings: Mid Cap Blend Style

The Mid Cap Blend style ranks seventh out of the twelve fund styles as detailed in our 3Q17 Style Ratings for ETFs and Mutual Funds report. Last quarter, the Mid Cap Blend style ranked sixth. It gets our Neutral rating, which is based on an aggregation of ratings of 18 ETFs and 361 mutual funds in the Mid Cap Blend style as of July 26, 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 Mid Cap Blend style ETFs and mutual funds are created the same. The number of holdings varies widely (from 22 to 3202). This variation creates drastically different investment implications and, therefore, ratings.

Investors seeking exposure to the Mid Cap Blend 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				
XMLV	32%	44%	24%	Attractive
REGL	23%	63%	9%	Attractive
MDY	22%	42%	30%	Neutral
JKG	25%	40%	32%	Neutral
IWR	22%	39%	35%	Neutral
Worst ETFs				
SCHM	21%	39%	33%	Neutral
NFO	18%	47%	31%	Neutral
CZA	23%	41%	24%	Neutral
RYJ	11%	21%	43%	Unattractive
VXF	18%	31%	35%	Unattractive

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

Sources: New Constructs, LLC and company filings

Five ETFs are excluded from Figure 1 because their total net assets (TNA) are below $100 million and do not meet our liquidity minimums. See our ETF screener for more details.

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				
DNLRX	38%	44%	18%	Very Attractive
DNLYX	38%	44%	18%	Very Attractive
FMEIX	41%	41%	13%	Very Attractive
LSIRX	32%	32%	23%	Attractive
FZAMX	24%	39%	27%	Attractive
Worst Mutual Funds				
RMCRX	9%	35%	39%	Very Unattractive
CMOZX	9%	35%	39%	Very Unattractive
RSCMX	9%	35%	39%	Very Unattractive
CPHPX	9%	35%	39%	Very Unattractive
CCACX	25%	39%	27%	Very Unattractive

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

Sources: New Constructs, LLC and company filings

Boston Trust Midcap Fund (BTMFX), Boston Trust Walden Mid Cap Fund (WAMFX), and Ultimus Managers Barrow Value Opportunity Fund (BALIX) are excluded from Figure 2 because their total net assets (TNA) are below $100 million and do not meet our liquidity minimums.

PowerShares S&P Mid Cap Low Volatility Portfolio (XMLV) is the top-rated Mid Cap Blend ETF and Dreyfus Active Mid Cap Fund (DNLRX) is the top-rated Mid Cap Blend mutual fund. XMLV earns an Attractive rating and DNLRX earns a Very Attractive rating.

Vanguard Extended Market Index Fund (VXF) is the worst rated Mid Cap Blend ETF and Calvert Capital Accumulation Fund (CCACX) is the worst rated Mid Cap Blend mutual fund. VXF earns an Unattractive rating and CCACX earns a Very Unattractive rating.

The Danger Within

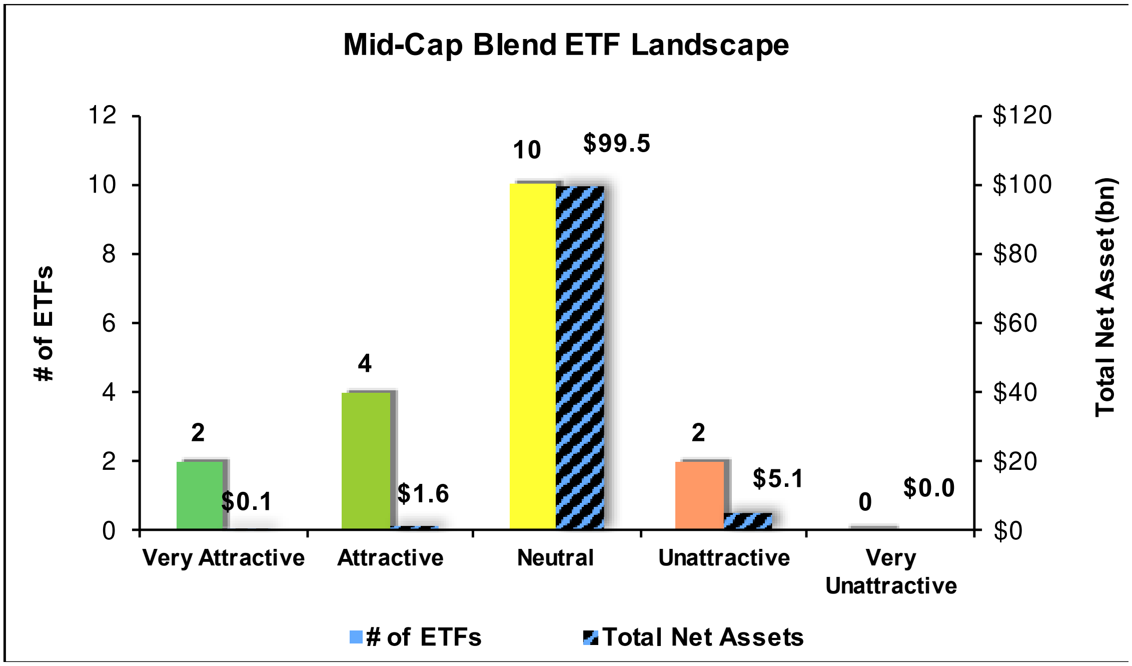
Buying a fund without analyzing its holdings is like buying a stock without analyzing its business and finances. Put another way, research on fund holdings is necessary due diligence because a fund's performance is only as good as its holdings' performance. Don't just take our word for it, see what Barron's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

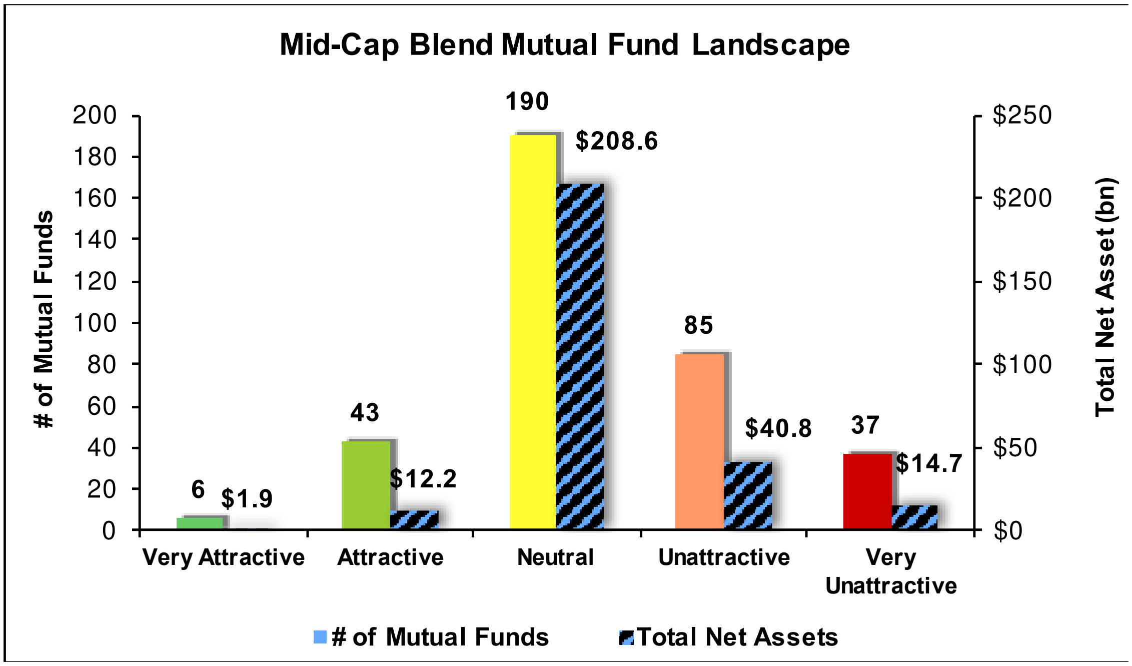
Figures 3 and 4 show the rating landscape of all Mid Cap Blend ETFs and mutual funds.

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 Kenneth James receive no compensation to write about any specific stock, style, or theme.

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New Constructs leverages the latest in machine learning to analyze structured and unstructured financial data with unrivaled speed and accuracy. The firm's forensic accounting experts work alongside engineers to develop proprietary NLP libraries and financial models. Our investment ratings are based on the best fundamental data in the business for stocks, ETFs and mutual funds. Clients include many of the top hedge funds, mutual funds and wealth management firms. David Trainer, the firm's CEO, is regularly featured in the media as a thought leader on the fiduciary duty of care, earnings quality, valuation and investment strategy.

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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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