# ETF & Mutual Fund Rankings: All Cap Value Style

The All Cap Value style ranks fifth out of the twelve fund styles as detailed in our 4Q17 Style Ratings for ETFs and Mutual Funds report. Last quarter, the All Cap Value style ranked fourth. It gets our Neutral rating, which is based on an aggregation of ratings of 13 ETFs and 372 mutual funds in the All Cap Value style as of October 17, 2017. See a recap of our 3Q17 Style Ratings here.

Figure 1 shows the eight best and worst rated ETFs that meet our liquidity minimums and Figure 2 shows the five best and worst rated 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 20 to 1399). 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.

Our Robo-Analyst technology empowers our unique ETF and mutual fund rating methodology, which leverages our rigorous analysis of each fund's holdings.[1] 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**

| | Allocation of ETF Holdings | | | |
|---|---|---|---|---|
| Ticker | Attractive-or-better Stocks | Neutral Stocks | Unattractive-or-worse Stocks | Predictive Rating |
| **Best ETFs** | | | | |
| DVP | 19% | 43% | 18% | Very Attractive |
| CDC | 33% | 4% | 19% | Very Attractive |
| FTA | 32% | 42% | 22% | Very Attractive |
| FNDB | 31% | 36% | 30% | Attractive |
| RPV | 28% | 41% | 28% | Attractive |
| **Worst ETFs (only 3)** | | | | |
| FVD | 36% | 40% | 22% | Neutral |
| IWD | 37% | 36% | 34% | Neutral |
| VONV | 24% | 38% | 35% | Neutral |

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

Sources: New Constructs, LLC and company filings

Four ETFs (FLAG, VLU, ROUS, EZY) are excluded from Figure 1 because their total net assets (TNA) are below $100 million and do not meet our liquidity minimums.

[1] Ernst & Young's recent white paper "Getting ROIC Right" proves the superiority of our holdings research and analytics.

**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** | | | | |
| JGEMX | 30% | 32% | 9% | Very Attractive |
| JGEFX | 30% | 32% | 9% | Very Attractive |
| JGETX | 30% | 32% | 9% | Very Attractive |
| JGERX | 30% | 32% | 9% | Very Attractive |
| JGECX | 30% | 32% | 9% | Very Attractive |
| **Worst Mutual Funds** | | | | |
| VFCAX | 22% | 27% | 40% | Very Unattractive |
| MLUAX | 14% | 35% | 41% | Very Unattractive |
| SAMVX | 15% | 30% | 49% | Very Unattractive |
| CAXAX | 15% | 18% | 36% | Very Unattractive |
| COPLX | 21% | 36% | 40% | Very Unattractive |

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

Sources: New Constructs, LLC and company filings

ETF Series Deep Value ETF (DVP) is the top-rated All Cap Value ETF and John Hancock Global Equity Fund (JGEMX) is the top-rated All Cap Value mutual fund. Both earn a Very Attractive rating.

Vanguard Russell 1000 Value Index Fund (VONV) is the worst rated All Cap Value ETF and Copley Fund, Inc. (COPLX) is the worst rated All Cap Value mutual fund. VONV earns a Neutral rating and COPLX earns a Very Unattractive rating.

**The Danger Within**

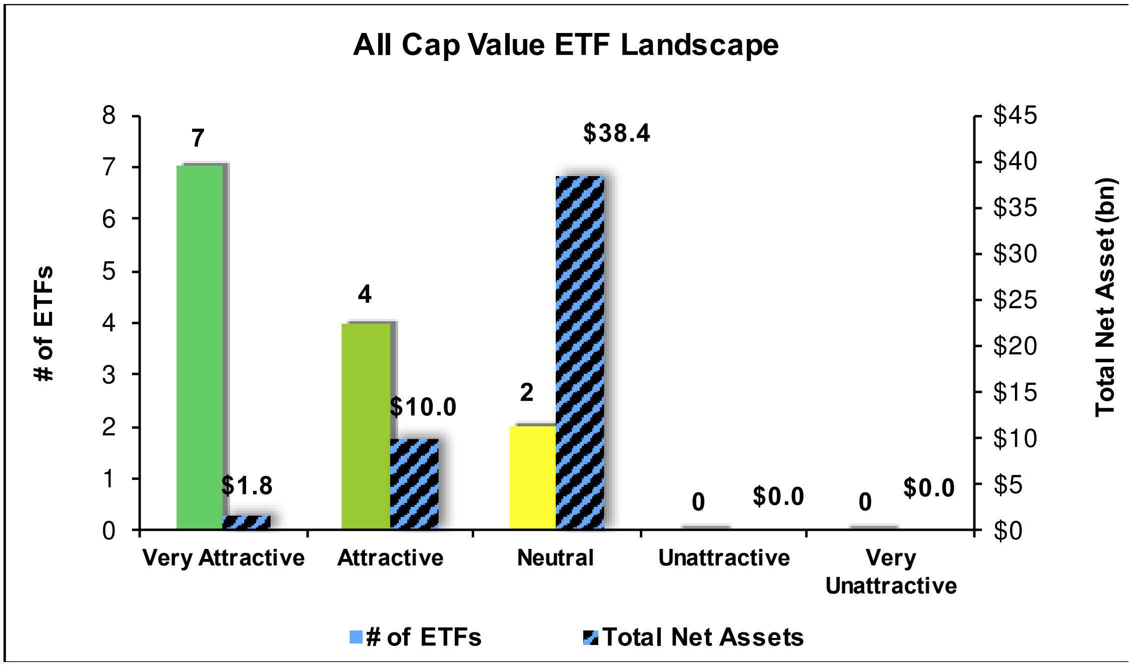
Buying a fund without analyzing its holdings is like buying a stock without analyzing its business and finances. Put another way, research on fund holdings is necessary due diligence because a fund's performance is only as good as its holdings' performance. Don't just take our word for it, see what Barron's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

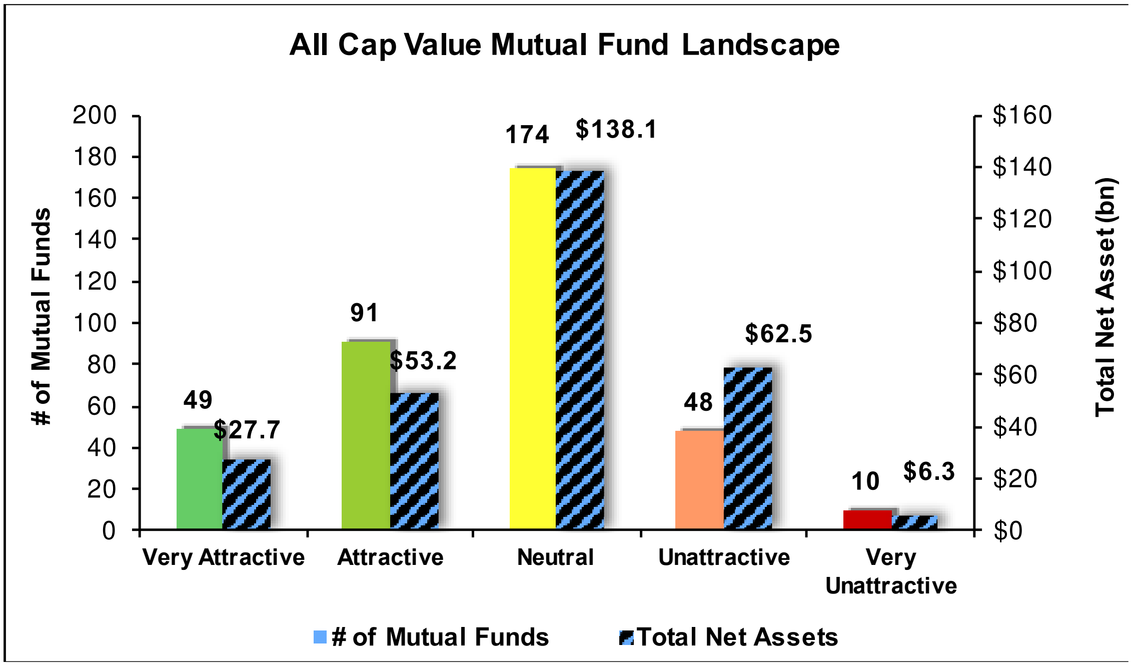
Figures 3 and 4 show the rating landscape of all All Cap Value ETFs and mutual funds.

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

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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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