



## ETF & Mutual Fund Rankings: Large Cap Blend Style

The Large Cap Blend style ranks second out of the twelve fund styles as detailed in our [4Q18 Style Ratings for ETFs and Mutual Funds](#) report. [Last quarter](#), the Large Cap Blend style ranked second as well. It gets our Attractive rating, which is based on an aggregation of ratings of 86 ETFs and 748 mutual funds in the Large Cap Blend style as of October 24, 2018. See a recap of our [3Q18 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 Blend style ETFs and mutual funds are created the same. The number of holdings varies widely (from 7 to 1641). This variation creates drastically different investment implications and, therefore, ratings.

Get the best fundamental research

Investors seeking exposure to the Large 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](#)<sup>1</sup> empowers our unique [ETF and mutual fund rating methodology](#), which leverages our rigorous analysis of each fund's holdings.<sup>2</sup> 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**

Ticker	Allocation of ETF Holdings			Predictive Rating
	Attractive-or-better Stocks	Neutral Stocks	Unattractive-or-worse Stocks	
<b>Best ETFs</b>				
CLRG	34%	39%	25%	Very Attractive
SPHQ	29%	53%	18%	Very Attractive
QUAL	33%	54%	13%	Very Attractive
FLQL	37%	50%	12%	Very Attractive
EPS	34%	45%	21%	Very Attractive
<b>Worst ETFs</b>				
FMK	19%	32%	44%	Neutral
OSIZ	16%	38%	42%	Neutral
RVRS	22%	39%	38%	Neutral
DUSA	25%	25%	42%	Neutral
FCTR	15%	39%	46%	Unattractive

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

Sources: New Constructs, LLC and company filings

SPMV and QARP are excluded from Figure 1 because their total net assets (TNA) are below \$100 million and do not meet our liquidity minimums.

<sup>1</sup> Harvard Business School features the powerful impact of our research automation technology in the case [New Constructs: Disrupting Fundamental Analysis with Robo-Analysts](#).

<sup>2</sup> 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

Ticker	Allocation of Mutual Fund Holdings			Predictive Rating
	Attractive-or-better Stocks	Neutral Stocks	Unattractive-or-worse Stocks	
<b>Best Mutual Funds</b>				
CLTIX	38%	36%	0%	Very Attractive
SNAEX	37%	40%	17%	Very Attractive
CLTCX	38%	36%	0%	Very Attractive
MNDFX	39%	45%	13%	Very Attractive
MDFSX	39%	45%	13%	Very Attractive
<b>Worst Mutual Funds</b>				
EPAIX	18%	26%	28%	Very Unattractive
PVSBX	0%	29%	50%	Very Unattractive
PVSMX	0%	29%	50%	Very Unattractive
PVSAX	0%	29%	50%	Very Unattractive
DVALX	0%	0%	23%	Very Unattractive

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

Sources: New Constructs, LLC and company filings

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

CLRG is the top-rated Large Cap Blend ETF and CLTIX is the top-rated Large Cap Blend mutual fund. Both earn a Very Attractive rating.

FCTR is the worst rated Large Cap Blend ETF and DVALX is the worst rated Large Cap Blend mutual fund. FCTR earns an Unattractive rating and DVALX 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.

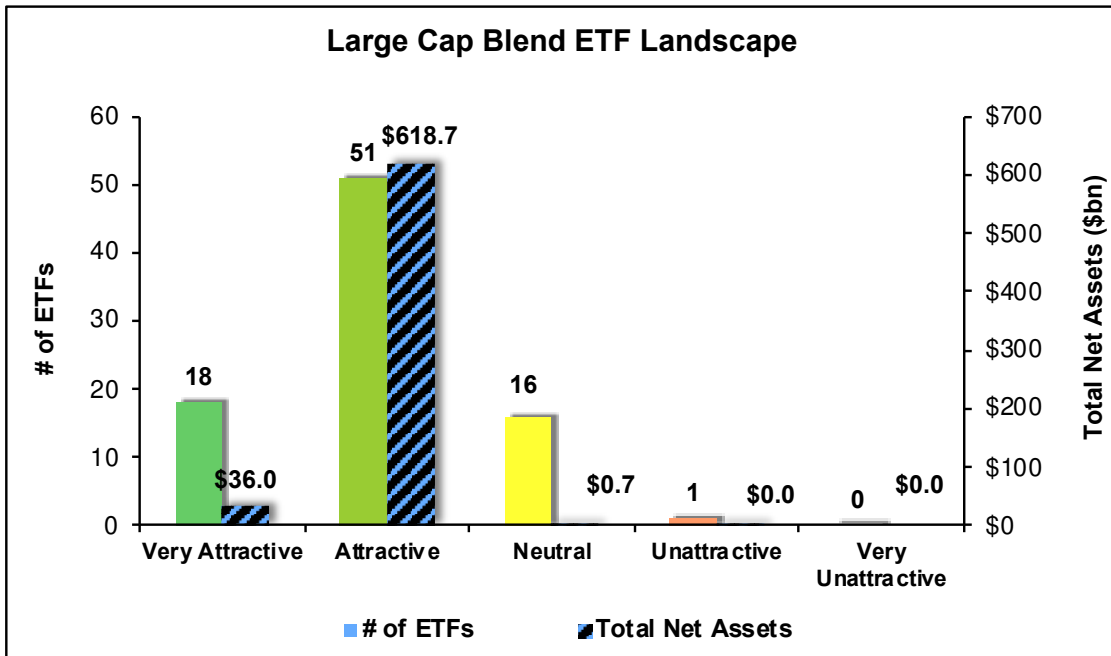
PERFORMANCE OF HOLDINGS = PERFORMANCE OF FUND

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.



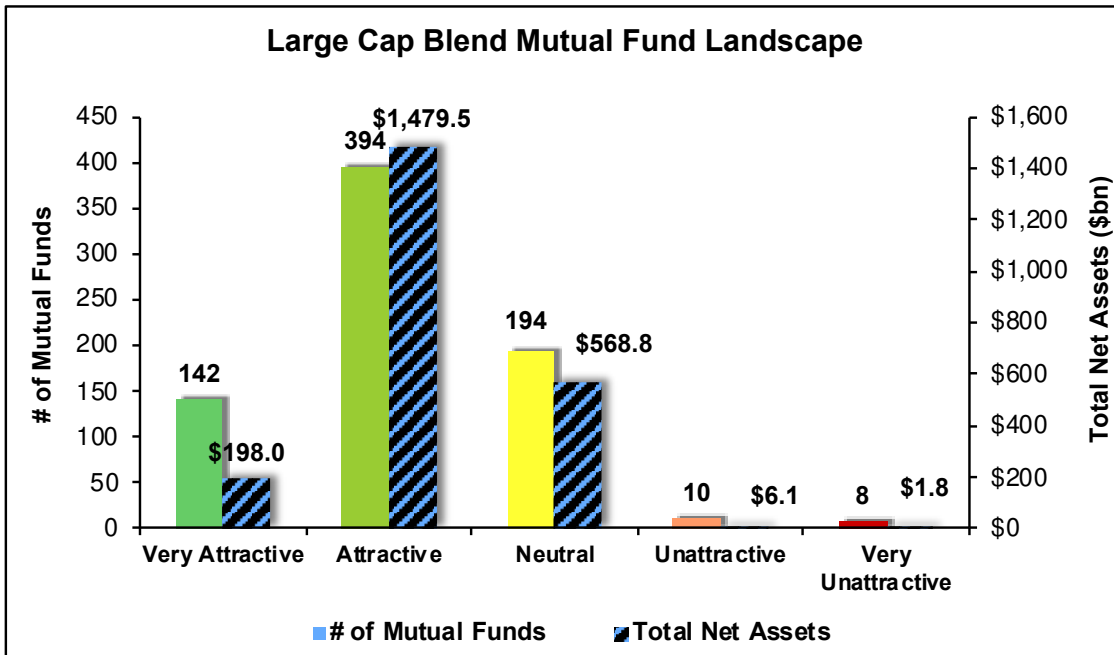
Figures 3 and 4 show the rating landscape of all Large Cap Blend ETFs and mutual funds.

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 and Kyle Guske II receive no compensation to write about any specific stock, style, or theme.

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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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