



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

The Large Cap Blend style ranks first out of the twelve fund styles as detailed in our [3Q19 Style Ratings for ETFs and Mutual Funds](#) report. [Last quarter](#), the Large Cap Blend style ranked first as well. It gets our Very Attractive rating, which is based on an aggregation of ratings of 78 ETFs and 711 mutual funds in the Large Cap Blend style as of July 15, 2019. See a recap of our [2Q19 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 20 to 1509). 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>				
QUAL	27%	56%	17%	Very Attractive
DIA	25%	49%	24%	Very Attractive
OMFL	17%	59%	24%	Very Attractive
FDLO	16%	50%	32%	Very Attractive
FTCS	22%	62%	17%	Very Attractive
<b>Worst ETFs</b>				
FCTR	10%	34%	55%	Neutral
ACSI	14%	43%	38%	Neutral
OSIZ	13%	35%	48%	Neutral
SLT	13%	39%	45%	Neutral
ENTR	8%	31%	61%	Neutral

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

Sources: New Constructs, LLC and company filings

Five ETFs (EDOW, SYE, ADRD, ESGG, LEAD) 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> This [paper](#) compares our analytics on a mega cap company to other major providers. The Appendix details exactly how we stack up.



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>				
GQLOX	27%	62%	7%	Very Attractive
GQEFX	27%	62%	7%	Very Attractive
GQETX	27%	62%	7%	Very Attractive
QGIAX	26%	62%	7%	Very Attractive
USBOX	26%	62%	7%	Very Attractive
<b>Worst Mutual Funds</b>				
BLPIX	8%	21%	15%	Unattractive
PGCCX	11%	72%	18%	Very Unattractive
PAGTX	11%	72%	18%	Very Unattractive
BLPSX	8%	21%	15%	Very Unattractive
PWBAX	11%	44%	43%	Very Unattractive

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

Sources: New Constructs, LLC and company filings

Four mutual funds (IESGX, JAMEX, SESGX, AVEWX) are excluded from Figure 2 because their total net assets (TNA) are below \$100 million and do not meet our liquidity minimums.

iShares Edge MSCI USA Quality Factor ETF (QUAL) is the top-rated Large Cap Blend ETF and GMO Quality Fund (GQLOX) is the top-rated Large Cap Blend mutual fund. Both earn a Very Attractive rating.

ERShares Entrepreneur 30 ETF (ENTR) is the worst rated Large Cap Blend ETF and Virtus Rampart Sector Trend Fund (PWBAX) is the worst rated Large Cap Blend mutual fund. ENTR earns a Neutral rating and PWBAX 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.

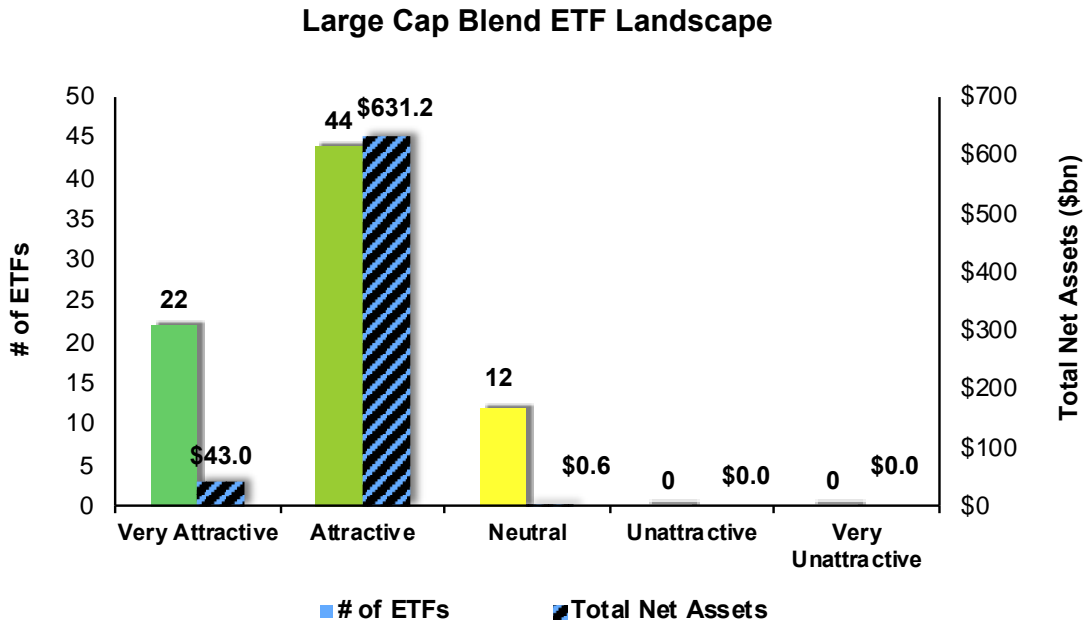
PERFORMANCE OF HOLDINGS = PERFORMANCE OF FUND

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.



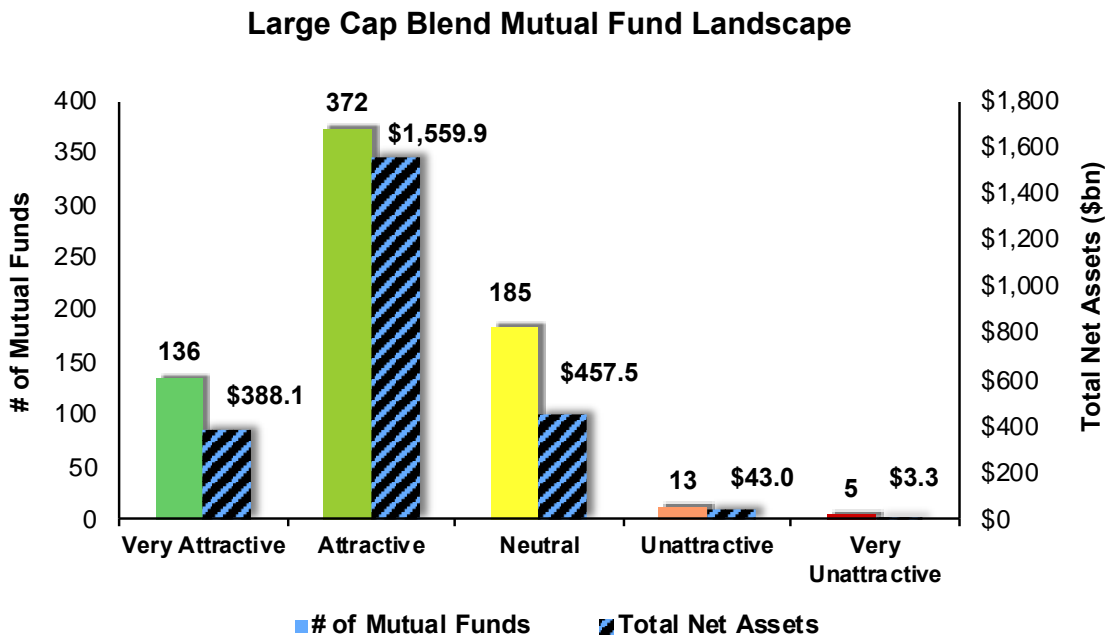
Figures 3 and 4 show the rating landscape of all Large Cap Blend ETFs and mutual funds.

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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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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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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