New Constructs®

ROBO-ANALYST ETF RATING

10/14/2020
Closing ETF Price as of 10/13/2020: $85.26
Dividend Yield: 2.0%

IWS

Neutral Rating

iShares Trust: iShares Russell Mid-Cap Value ETF

Predictive Rating		Neutral
Quality of Earnings Components: Ratings & Values		
Attractive	Economic vs Reported EPS	Positive EE
Unattractive	Return on Invested Capital (ROIC)	7%
Valuation Components: Ratings & Values		
Neutral	Free Cash Flow Yield	2%
Unattractive	Price to Economic Book Value Ratio	3.3
Unattractive	Growth Appreciation Period	21 year(s)
Fund Expenses: Rating & Value		
Very Attractive	Total Annual Costs	0.26%

- **We do not recommend investors buy IWS.**
- IWS ranks in the 27th percentile of the 650+ ETFs we cover.
- Positive EE means that economic earnings are positive because the ETF's ROIC is greater than its WACC.
- The Price to Economic Book Value Ratio compares market expectations for future cash flows to existing cash flows. When the ratio is greater than one, the market predicts cash flows will increase, and vice versa.
- Growth Appreciation Period measures the number of years of future profit growth implied by the stock price.
- **Get the HBS & MIT Sloan paper that shows our research measures and predicts earnings more accurately.**

ETF Details

Net Asset Value ($MM)	**$9,754.70**
Issuer	**iShares**
Category	**Mid Cap Value**
Index	**Russell MidcapValue**
Management Style	**Passive**
Exposure	**Long**
Inception Date	**07/17/2001**
Number of Holdings	**698**
Avg. Daily Volume (3 Mo.)	**475,162**
Geography	**U.S.**

Predictive Rating Methodology

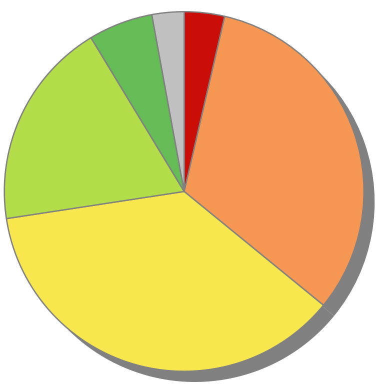
Our predictive rating is based on the aggregation of our financial models for the ETF's holdings, the fund's expenses, and the fund's overall rank.

Our ETF models enable us to asses the profitability and valuation of an ETF just like a stock.

Total Annual Costs

Expense Ratio	**0.24%**
Total Annual Costs	**0.26%**
Rank (percentile)	**73%**

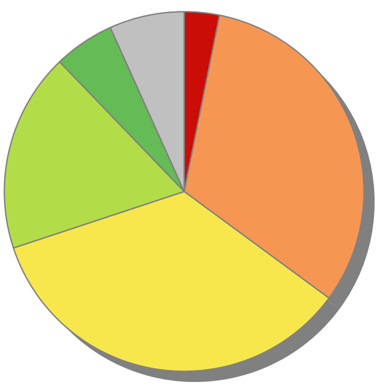
IWS's Accumulated Total Costs are $615.82 over 10 years assuming a $10,000 investment and 10% returns.



Allocations

Holdings

Allocations		Holdings
4%	Very Unattractive	22
32%	Unattractive	223
37%	Neutral	243
19%	Attractive	125
6%	Very Attractive	38
3%	Unrated	47



Top 5 Holdings

Xcel Energy, Inc. (XEL)	**0.7%**
Twitter, Inc. (TWTR)	**0.7%**
Cummins Inc. (CMI)	**0.6%**
Johnson Controls International (JCI)	**0.6%**
WEC Energy Group,Inc. (WEC)	**0.6%**

Capitalization Exposure

Large Cap	**66%**
Mid Cap	**31%**
Small Cap	**0%**

Our Predictive ETF Rating includes an analysis of the total cost of owning an ETF. Please contact us for more information.

Explanation of Predictive ETF Rating System

Predictive ETF Ratings enable smarter investing by assessing the key drivers of future fund performance. We start by analyzing every fund holding based on New Constructs' stock ratings, which are regularly featured as among the best by Barron's.

Predictive Rating	Portfolio Rating					Total Annual Costs Rating
	Quality of Earnings		Valuation			
	Economic vs Reported EPS	Return on Invested Capital (ROIC)	FCF Yield	Price-to-EBV Ratio	Growth Appreciation Period (yrs)	
Very Unattractive	Misleading Trend	Bottom Quintile	< -5%	> 3.5 or -1 < 0	> 50	> 4%
Unattractive	False Positive	4th Quintile	-5% < -1%	2.4 < 3.5 or < -1	20 < 50	2% < 4%
Neutral	Neutral EE	3rd Quintile	-1% < 3%	1.6 < 2.4	10 < 20	1% < 2%
Attractive	Positive EE	2nd Quintile	3% < 10%	1.1 < 1.6	3 < 10	0.5% < 1%
Very Attractive	Rising EE	Top Quintile	> 10%	0 < 1.1	0 < 3	< 0.5%

Footnotes adjustments matter. We are the ONLY source.

We provide ratings, models, reports & screeners on U.S. 3,000 stocks, 700 ETFs and 7000 mutual funds.

HBS & MIT Sloan research reveals that:

- **Markets are inefficiently assessing earnings because no one reads the footnotes.**
- **Corporate managers hide gains/losses in footnotes to manage earnings.**
- **Our technology brings the material footnotes data to market for the first time ever.**

Combining human expertise with NLP/ML/AI technologies (featured by Harvard Business School), we shine a light in the dark corners (e.g. footnotes) of hundreds of thousands of financial filings to unearth critical details.

The HBS & MIT Sloan paper, Core Earnings: New Data and Evidence, shows how our superior data drives uniquely comprehensive and independent debt and equity research.

This paper compares our analytics on a mega cap company to other major providers. The Appendix details exactly how we stack up.

Learn more.

Quotes from HBS & MIT Sloan professors on our research:

Get better research:

"...the NC dataset provides a novel opportunity to study the properties of non-operating items disclosed in 10-Ks, and to examine the extent to which the market impounds their implications." - page 20

Pick better stocks:

"Trading strategies that exploit cross-sectional differences in firms' transitory earnings produce abnormal returns of 7-to-10% per year." - abstract

Avoid losses from using other firms' data:

"...many of the income-statement-relevant quantitative disclosures collected by NC do not appear to be easily identifiable in Compustat..." - page 14

Build better models:

"Core Earnings [calculated using New Constructs' novel dataset] provides predictive power for various measures of one-year-ahead performance...that is incremental to their current-period counterparts." - page 4

Exploit market inefficiencies:

"These results ... suggest that the adjustments made by analysts and Compustat to better capture core earnings are incomplete. Moreover, the non-core items identified by NC produce a measure of core earnings that is incremental to alternative measures of operating performance in predicting an array of future income measures." - page 26

Fulfill fiduciary duties:

"An appropriate measure of accounting performance for purposes of forecasting future performance requires detailed analysis of all quantitative performance disclosures detailed in the annual report, including those reported only in the footnotes and in the MD&A." - page 33-34

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