



## ETF & Mutual Fund Rankings: Mid Cap Growth Style

The Mid Cap Growth style ranks eleventh out of the twelve fund styles as detailed in our [3Q21 Style Ratings for ETFs and Mutual Funds](#) report. [Last quarter](#), the Mid Cap Growth style ranked tenth. It gets our Unattractive rating, which is based on an aggregation of ratings of 15 ETFs and 336 mutual funds in the Mid Cap Growth style as of July 14, 2021. See a recap of our [2Q21 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 Growth style ETFs and mutual funds are created the same. The number of holdings varies widely (from 21 to 675). This variation creates drastically different investment implications and, therefore, ratings.

[Learn more about the best fundamental research](#)

Investors seeking exposure to the Mid Cap Growth style should buy one of the Attractive-or-better-rated ETFs or mutual funds from Figures 1 and 2.

The best fundamental data in the world, proven in [The Journal of Financial Economics](#), drives our research. 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>  |                             |                |                              |                          |
| BFOR              | 44%                         | 40%            | 10%                          | <b>Attractive</b>        |
| XMMO              | 26%                         | 37%            | 37%                          | <b>Neutral</b>           |
| NUMG              | 10%                         | 47%            | 41%                          | <b>Neutral</b>           |
| IMCG              | 10%                         | 45%            | 41%                          | <b>Neutral</b>           |
| VOT               | 9%                          | 44%            | 45%                          | <b>Neutral</b>           |
| <b>Worst ETFs</b> |                             |                |                              |                          |
| FAD               | 19%                         | 32%            | 41%                          | <b>Unattractive</b>      |
| QQQJ              | 19%                         | 35%            | 40%                          | <b>Unattractive</b>      |
| MID               | 7%                          | 36%            | 45%                          | <b>Unattractive</b>      |
| BOSS              | 16%                         | 23%            | 55%                          | <b>Unattractive</b>      |
| QMOM              | 2%                          | 24%            | 56%                          | <b>Very Unattractive</b> |

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

Sources: New Constructs, LLC and company filings

Three ETFs (FLQM, BOUT, IVDG) are excluded from Figure 1 because their total net assets (TNA) are below \$100 million and do not meet our liquidity minimums or they operates a levered strategy that increases risk.

<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> See how our models and financial ratios are superior to Bloomberg and Capital IQ's (SPGI) analytics in the [detailed appendix of this paper](#).



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>  |                                    |                |                              |                   |
| VSCRX                     | 44%                                | 36%            | 4%                           | Very Attractive   |
| PKSFX                     | 44%                                | 36%            | 4%                           | Very Attractive   |
| PKSCX                     | 44%                                | 36%            | 4%                           | Very Attractive   |
| VKSRX                     | 30%                                | 39%            | 22%                          | Very Attractive   |
| VKSIX                     | 30%                                | 39%            | 22%                          | Very Attractive   |
| <b>Worst Mutual Funds</b> |                                    |                |                              |                   |
| MSMFX                     | 0%                                 | 13%            | 57%                          | Very Unattractive |
| FRSGX                     | 5%                                 | 28%            | 51%                          | Very Unattractive |
| DFCIX                     | 9%                                 | 26%            | 55%                          | Very Unattractive |
| MACGX                     | 0%                                 | 13%            | 57%                          | Very Unattractive |
| DBMAX                     | 5%                                 | 22%            | 56%                          | Very Unattractive |

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

Sources: New Constructs, LLC and company filings

Barron's 400 ETF (BFOR) is the top-rated Mid Cap Growth ETF and Virtus KAR Small Cap Core Fund (VSCRX) is the top-rated Mid Cap Growth mutual fund. BFOR earns an Attractive rating and VSCRX earns a Very Attractive rating.

Alpha Architect U.S. Quantitative Momentum ETF (QMOM) is the worst rated Mid Cap Growth ETF and BNY Mellon Small/Mid Cap Growth Fund (DBMAX) is the worst rated Mid Cap Growth mutual fund. Both earn 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.

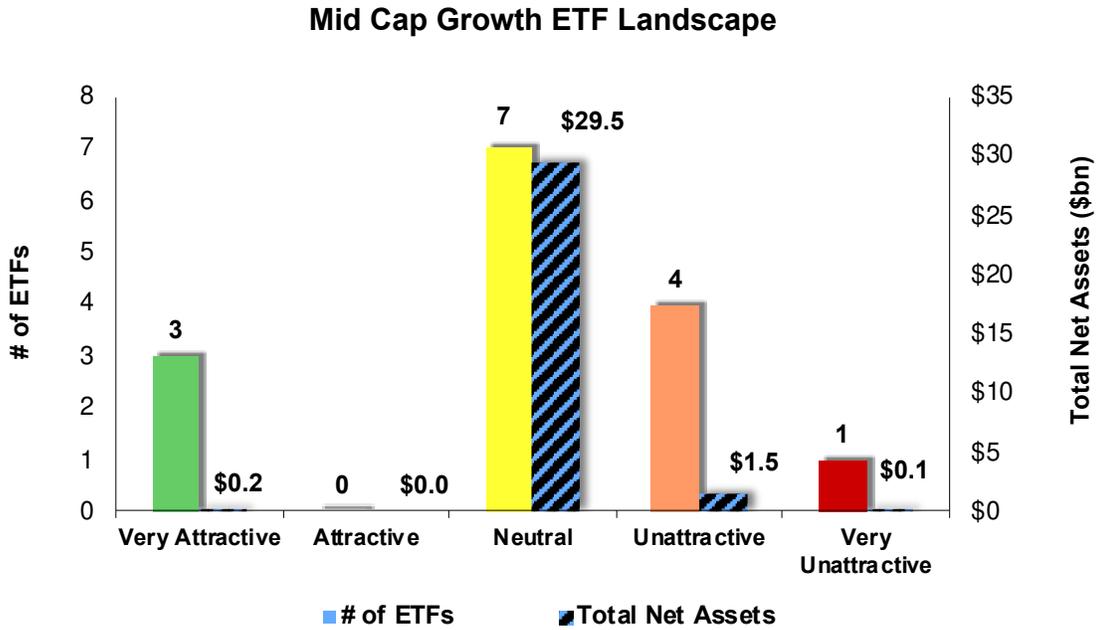
$$\text{PERFORMANCE OF HOLDINGS} = \text{PERFORMANCE OF FUND}$$

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.



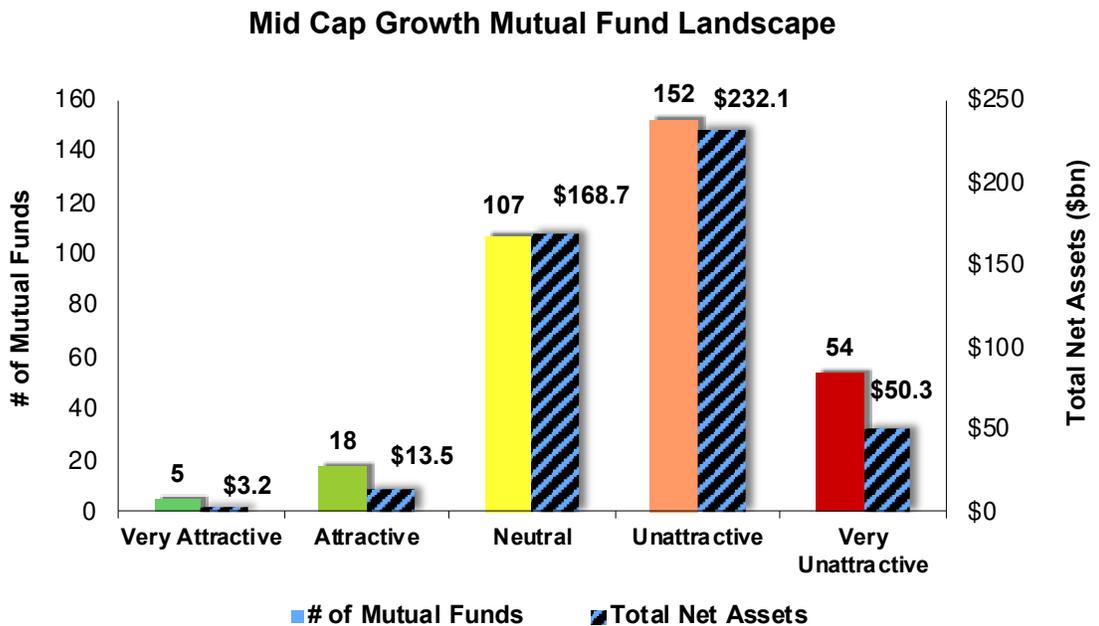
Figures 3 and 4 show the rating landscape of all Mid Cap Growth ETFs and mutual funds.

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

This article originally published on [July 16, 2021](#).

Disclosure: David Trainer, Kyle Guske II, and Matt Shuler receive no compensation to write about any specific stock, style, or theme.

Follow us on [Twitter](#), [Facebook](#), [LinkedIn](#), and [StockTwits](#) for real-time alerts on all our research.



## *It's Official: We Offer the Best Fundamental Data in the World*

Many firms claim their research is superior, but none of them can prove it with independent studies from highly-respected institutions as we can. Three different papers from both the public and private sectors show:

1. Legacy fundamental datasets suffer from significant inaccuracies, omissions and biases.
2. Only our “novel database” enables investors to overcome these flaws and apply [reliable](#) fundamental data in their research.
3. Our proprietary measures of [Core Earnings](#) and [Earnings Distortion](#) materially improve stock picking and forecasting of profits.

### **Best Fundamental Data in the World**

Forthcoming in [The Journal of Financial Economics](#), a top peer-reviewed journal, [Core Earnings: New Data & Evidence](#) proves our Robo-Analyst technology overcomes material shortcomings in legacy firms’ data collection processes to provide superior [fundamental data](#), [earnings](#) models, and [research](#). More [details](#).

Key quotes from the paper:

- “[New Constructs’] *Total Adjustments* differs significantly from the items identified and excluded from Compustat’s adjusted earnings measures. For example... 50% to 70% of the variation in *Total Adjustments* is not explained by *S&P Global’s (SPGI) Adjustments* individually.” – pp. 14, 1<sup>st</sup> para.
- “A final source of differences [between New Constructs’ and S&P Global’s data] is due to data collection oversights...we identified cases where Compustat did not collect information relating to firms’ income that is useful in assessing core earnings.” – pp. 16, 2<sup>nd</sup> para.

### **Superior Models**

A top accounting firm features the superiority of our ROIC, NOPAT and Invested Capital research to Capital IQ & Bloomberg’s in [Getting ROIC Right](#). See the [Appendix](#) for direct comparison details.

Key quotes from the paper:

- “...an accurate calculation of ROIC requires more diligence than often occurs in some of the common, off-the-shelf ROIC calculations. Only by scouring the footnotes and the MD&A [ as New Constructs does] can investors get an accurate calculation of ROIC.” – pp. 8, 5<sup>th</sup> para.
- “The majority of the difference...comes from New Constructs’ machine learning approach, which leverages technology to calculate ROIC by applying accounting adjustments that may be buried deeply in the footnotes across thousands of companies.” – pp. 4, 2<sup>nd</sup> para.

### **Superior Stock Ratings**

Robo-Analysts’ stock ratings outperform those from human analysts as shown in this [paper](#) from Indiana’s Kelley School of Business. Bloomberg features the paper [here](#).

Key quotes from the paper:

- “the portfolios formed following the buy recommendations of Robo-Analysts earn abnormal returns that are statistically and economically significant.” – pp. 6, 3<sup>rd</sup> para.
- “Our results ultimately suggest that Robo-Analysts are a valuable, alternative information intermediary to traditional sell-side analysts.” – pp. 20, 3<sup>rd</sup> para.

Our mission is to provide the best fundamental analysis of public and private businesses in the world and make it affordable for all investors, not just Wall Street insiders.

We believe every investor deserves to know the whole truth about the profitability and valuation of any company they consider for investment. More details on our cutting-edge technology and how we use it are [here](#).



## ***DISCLOSURES***

New Constructs®, LLC (together with any subsidiaries and/or affiliates, "New Constructs") is an independent organization with no management ties to the companies it covers. None of the members of New Constructs' management team or the management team of any New Constructs' affiliate holds a seat on the Board of Directors of any of the companies New Constructs covers. New Constructs does not perform any investment or merchant banking functions and does not operate a trading desk.

New Constructs' Stock Ownership Policy prevents any of its employees or managers from engaging in Insider Trading and restricts any trading whereby an employee may exploit inside information regarding our stock research. In addition, employees and managers of the company are bound by a code of ethics that restricts them from purchasing or selling a security that they know or should have known was under consideration for inclusion in a New Constructs report nor may they purchase or sell a security for the first two days after New Constructs issues a report on that security.

## ***DISCLAIMERS***

The information and opinions presented in this report are provided to you for information purposes only and are not to be used or considered as an offer or solicitation of an offer to buy or sell securities or other financial instruments. New Constructs has not taken any steps to ensure that the securities referred to in this report are suitable for any particular investor and nothing in this report constitutes investment, legal, accounting or tax advice. This report includes general information that does not take into account your individual circumstance, financial situation or needs, nor does it represent a personal recommendation to you. The investments or services contained or referred to in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about any such investments or investment services.

Information and opinions presented in this report have been obtained or derived from sources believed by New Constructs to be reliable, but New Constructs makes no representation as to their accuracy, authority, usefulness, reliability, timeliness or completeness. New Constructs accepts no liability for loss arising from the use of the information presented in this report, and New Constructs makes no warranty as to results that may be obtained from the information presented in this report. Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information and opinions contained in this report reflect a judgment at its original date of publication by New Constructs and are subject to change without notice. New Constructs may have issued, and may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. Those reports reflect the different assumptions, views and analytical methods of the analysts who prepared them and New Constructs is under no obligation to insure that such other reports are brought to the attention of any recipient of this report.

New Constructs' reports are intended for distribution to its professional and institutional investor customers. Recipients who are not professionals or institutional investor customers of New Constructs should seek the advice of their independent financial advisor prior to making any investment decision or for any necessary explanation of its contents.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would be subject New Constructs to any registration or licensing requirement within such jurisdiction.

This report may provide the addresses of websites. Except to the extent to which the report refers to New Constructs own website material, New Constructs has not reviewed the linked site and takes no responsibility for the content therein. Such address or hyperlink (including addresses or hyperlinks to New Constructs own website material) is provided solely for your convenience and the information and content of the linked site do not in any way form part of this report. Accessing such websites or following such hyperlink through this report shall be at your own risk.

All material in this report is the property of, and under copyright, of New Constructs. None of the contents, nor any copy of it, may be altered in any way, copied, or distributed or transmitted to any other party without the prior express written consent of New Constructs. All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of New Constructs.

Copyright New Constructs, LLC 2003 through the present date. All rights reserved.