



All Treats and No Tricks: This Fund Deserves Your Attention

We recently kicked off our quarterly ETF and mutual fund sector and style rankings update with a warning: [All Trick, No Treat: This Fund's Holdings Don't Deserve Its Fees](#). This week, we present the opposite: a mutual fund that offers attractive Risk/Reward.

We think it's best to evaluate a fund based on research on each of its holdings. This bottom-up approach is more forward-looking than legacy fund ratings, like Morningstar. Given the outperformance of stock picks (more below) we think our bottom-up fund research merits your attention.

After all, the stocks in a fund drive its performance.

After our ratings on the 7,100+ ETFs and mutual funds we cover, we found a mutual fund that picks stocks with strong fundamentals and cheap valuations while charging below-average fees.

Beutel Goodman Large-Cap Value Fund (BVALX) is this week's [Long Idea](#).

Backwards Looking Research Underrates This Fund

While legacy fund research is backward-looking, our fund research is forward-looking and based on proven-superior fundamental analysis on each individual holding.

When viewed through our [Predictive Risk/Reward Fund Rating](#) methodology, BVALX earns a Very Attractive rating. Meanwhile, Morningstar gives the fund a 2 Star rating.

BIAVX, the other share class of the mutual fund also earns a Very Attractive rating while Morningstar rates it 3 Stars. See Figure 1.

Figure 1: Beutel Goodman Large-Cap Value Fund Ratings

Ticker	Morningstar Rating	New Constructs Rating
BVALX	2 Star	Very Attractive
BIAVX	3 Star	Very Attractive

Sources: New Constructs, LLC, company filings, mutual fund filings, and [Morningstar](#)

Higher quality holdings and lower average costs mean Beutel Goodman Large-Cap Value Fund is more likely to outperform in the future, which is something traditional fund research can't tell you.

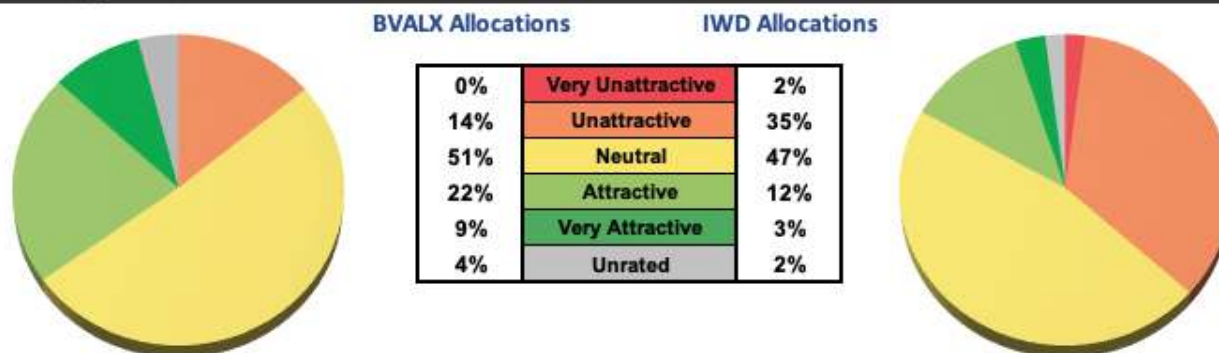
How Our Forward-Looking Research Reveals a Very Attractive Fund

Our analysis of Beutel Goodman Large Cap Value Fund's holdings reveals the fund allocates more to high-quality stocks, i.e. profitable companies with undervalued stock prices, than its benchmark, iShares Russell 1000 Value ETF (IWD). See Figure 2.

We leverage our [Robo-Analyst AI Agent](#)¹ to assess a mutual fund's portfolio quality by analyzing the fund's individual stock holdings.

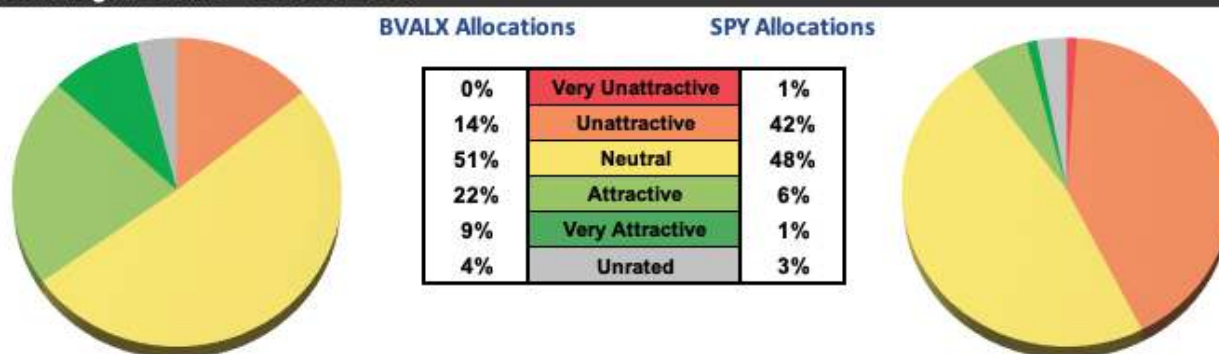
Through this rigorous analysis, we find that BVALX allocates 31% of its assets to Attractive-or-better rated stocks compared to just 15% for IWD. On the flip side, BVALX allocates just 14% of its assets to Unattractive-or-worse rated stocks compared to 37% for IWD.

¹ Our Robo-Analyst AI Agent provides [superior fundamental data](#), as proven in [The Journal of Financial Economics](#), and a [novel source of alpha](#).

**Figure 2: BVALX Holdings Vs. IWD Holdings****Stock Rating Allocations - BVALX vs. IWD**

Sources: New Constructs, LLC, company, ETF, and mutual fund filings

Per Figure 3, our holdings analysis also reveals BVALX's portfolio is of much higher quality than the S&P 500, as represented by State Street SPDR S&P 500 ETF Trust (SPY). SPY earns our Attractive rating, but only 7% of its portfolio is allocated to stocks rated Attractive-or-better while 43% is allocated to stocks rated Unattractive-or-worse.

Figure 3: BVALX Holdings Vs. SPY Holdings**Stock Rating Allocations - BVALX vs. SPY**

Sources: New Constructs, LLC, company, ETF, and mutual fund filings

Fund Managers Focus on Cash Flows

BVALX's [investment strategy](#) invests in “companies at discounts to their business value, which the Fund considers to be the present value of sustainable free cash flow.”

The fund managers use “a bottom-up, fundamental approach” to identify companies that “create shareholder value through sustainable free cash flow generation.” The managers combine this analysis with a focus on “quality, growing companies with strong balance sheets...”

We applaud the focus on fundamentals, and particularly free cash flow, in BVALX's stock picking. [2-year average free cash flow yield](#) is one of the five metrics that make up our Stock Ratings, so we appreciate a focus on cash flows.

We would love more details or calculations behind these metrics and what the fund refers to as “internally-generated fundamental research”, but as it stands, we can only judge the methodology by its results, or the stocks the fund allocates too.

Given the fund's superior asset allocation (compared to its benchmark and the SPY), it's clear the investment strategy successfully finds stocks that provide quality risk/reward, as we'll detail below.

**Quality Stocks Drive Very Attractive Risk/Reward Rating**

Figure 4 shows our detailed rating for BVALX, which includes each of the criteria we use to rate all mutual funds under coverage. These criteria are the same for our [Stock Rating Methodology](#), because the performance of a mutual fund's holdings drives the performance of the mutual fund after fees. Figure 4 also compares BVALX's rating with those of IWD, SPY and IWM.

Figure 4: Beutel Goodman Large-Cap Value Fund Breakdown

Risk/Reward Rating ?	Portfolio Management ?						Total Annual Costs ?
	Quality of Earnings ?		Valuation ?			Asset Allocation	
	Economic vs Reported EPS ?	ROIC ?	2 yr Avg FCF (excl cash) Yield ?	Price to EBV ?	Market-Implied GAP ?	Cash % ?	
Very Unattractive	Misleading Trend	Bottom Quintile	< -5%	> 3.5 or -1 < 0	> 50	> 20%	> 4%
Unattractive	False Positive	4th Quintile	-5% < -1%	2.4 < 3.5 or < -1	20 < 50	8% < 20%	2% < 4%
Neutral	Neutral EE	3rd Quintile	-1% < 3%	1.6 < 2.4	10 < 20	2.5% < 8%	1% < 2%
Attractive	Positive EE	2nd Quintile	3% < 10%	1.1 < 1.6	3 < 10	1% < 2.5%	0.5% < 1%
Very Attractive	Rising EE	Top Quintile	> 10%	0 < 1.1	0 < 3	< 1%	< 0.5%
Actual Values							
BVALX	Positive EE	15%	4%	1.5	45 yrs	< 1%	0.6%
Benchmarks ?							
Style ETF (IWD)	Positive EE	12%	2%	2.9	56 yrs	-	0.2%
S&P 500 ETF (SPY)	Positive EE	35%	1%	4.1	76 yrs	-	0.1%
Small Cap ETF (IWM)	Positive EE	6%	0%	3.9	53 yrs	-	0.2%

Sources: New Constructs, LLC and company filings

BVALX's holdings are superior or equal to IWD in all five of the criteria (and four out of five vs. SPY) that make up our [Portfolio Management](#) rating. Specifically:

- BVALX's holdings generate positive economic earnings, same as IWD and SPY.
- BVALX ROIC is 15%, which is higher than IWD's at 12%.
- BVALX's free cash flow ([FCF](#)) yield of 4% is higher than IWD's at 2% and SPY's at 1%.
- The price-to-economic book value ([PEBV](#)) ratio for BVALX's holdings is 1.5, which is much lower (better) than IWD's at 2.9 and SPY's at 4.1.
- Our [discounted cash flow analysis](#) reveals an average market-implied growth appreciation period ([GAP](#)) of 45 years for BVALX's holdings compared to 56 years for IWD and 76 years for SPY.

The takeaway?

BVALX allocates to profitable businesses, as measured by the 15% ROIC of its holdings, which trade at prices that are much cheaper than the stocks held in the benchmark, as measured by its lower PEBV ratio and market-implied GAP.

A Closer Look at Holdings Reveals More Positives

Of the 28 BVALX holdings in our [coverage universe](#), 4 are also open [Long Ideas](#) of ours. These 4 stocks make up nearly 15% of BVALX's portfolio.

Also, of the 28 holdings under coverage:

- 100% have a positive ROIC,
- 89% have a positive 2-year average free cash flow yield,
- 96% have a positive PEBV ratio of 2.9 (equal to benchmark) or less, and
- 64% have a GAP of 56 years (equal to benchmark) or less.



Quality Stock Selection at Below Average Cost

BVALX's 0.61% total annual costs ([TAC](#)) are below the 1.77% simple average and 0.91% asset-weighted average of the Large Cap Value mutual funds for which we have assets data under coverage. Figure 5 shows our breakdown of BVALX's total annual costs, which is available for all 7,100+ mutual funds and ETFs under coverage.

Figure 5: BVALX's Total Annual Costs Breakdown

Total Annual Costs Breakdown		
All Cost Types	BVALX	IWD
Front-End Load	0.00%	--
Expense Ratio	0.61%	0.21%
Back-End Load	0.00%	--
Redemption Fee	0.00%	--
Transaction Costs	0.00%	--
Total Annual Costs	0.61%	0.21%

Sources: New Constructs, LLC and company filings

The Importance of Holdings Based Fund Analysis

We offer clients in-depth reports for all the 7,100+ ETFs and mutual funds under coverage. Click below for a free copy of our standard mutual fund report on BVALX.

Free Copy of our BVALX report

Smart fund (or ETF) investing means analyzing each of the holdings of a fund. Simply buying an ETF or mutual fund based on past performance [does not necessarily lead](#) to outperformance. Only thorough holdings-based research can help determine if a fund's methodology leads managers to pick high-quality or low-quality stocks.

Most investors don't realize they can access superior fundamental research that enables them to [overcome](#) inaccuracies, omissions, and biases in legacy fundamental research and data. Our Robo-Analyst technology analyzes the holdings of all 1,141 ETFs and mutual funds in the Large Cap Value style and ~7,100+ ETFs and mutual funds under coverage to avoid "[the danger within](#)".

Build A Better Fund: Use our DIY ETF Tool

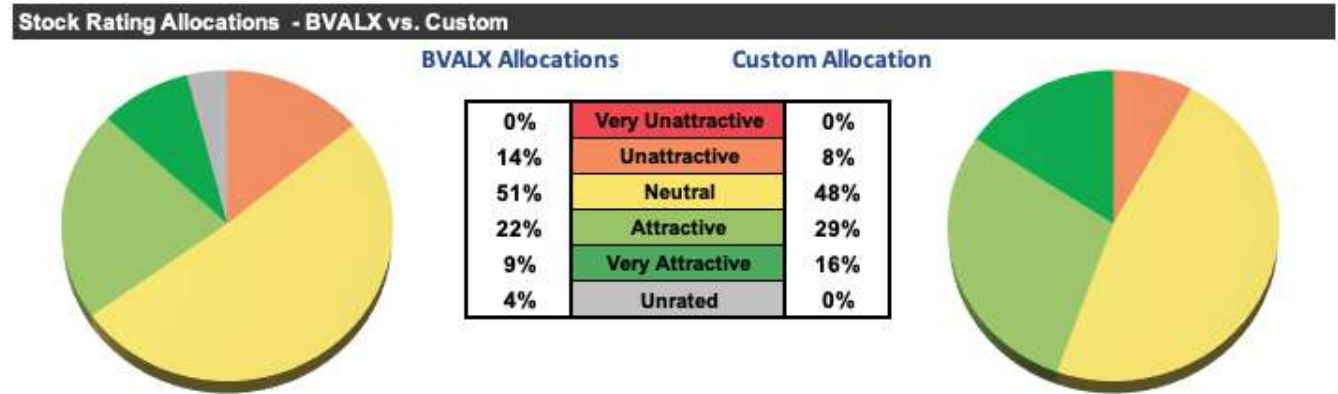
As we show in [The Paradigm Shift to DIY ETFs](#), new technologies enable investors to create their own fund without any fees while also enabling better, more sophisticated weighting methodologies. For example, if we reallocate the fund's capital to the companies with the best [Core Earnings](#), our [customized fund](#) allocates:

- 45% of assets to Attractive-or-better rated stocks (compared to 31% for BVALX)
- 8% of assets to Unattractive-or-worse rated stocks (compared to 14% for BVALX)

Compare the quality of stock allocation in as-is BVALX vs. our custom version of BVALX in Figure 6.



Figure 6: BVALX Vs. Custom Fund Allocations



Sources: New Constructs, LLC and company filings

Note that our DIY ETF tool allows clients to pick and weight portfolio holdings based on multiple proprietary metrics, such as, [ROIC](#), [Economic Earnings](#), [Free Cash Flow](#), [Net Operating Profit After Tax](#) and more.

Check Out the Indices Based on New Constructs Research

While we're writing about creating your own fund, we should highlight the indices we've developed with Bloomberg's Index Licensing Group. All three outperformed the S&P 500 over the past five years. See Figures 7-9.

1. [Bloomberg New Constructs Core Earnings Leaders Index](#) (ticker: [BCORET:IND](#))
2. [Bloomberg New Constructs Ratings VA-1 Index](#) (ticker: [BNCVA1T:IND](#))
3. [Bloomberg New Constructs 500 Index](#) (ticker: [B500NCT:IND](#))

The Bloomberg New Constructs Core Earnings Leaders Index beat the S&P 500 by 44% over the past five years. The Index (ticker: [BCORET:IND](#)) was up 137% while the S&P 500 was up 92%. See Figure 7 for details.



Figure 7: Bloomberg New Constructs Core Earnings Leaders Index Outperforms the S&P 500

Bloomberg New Constructs Core Earnings Leaders Total Return Index



BCORET:IND
(USD) · Market open

Core Earnings Leaders Index beat the S&P 500 by 44% over the past five years.

5,226.71 ▲46.72 +0.90%

As of 11:30 AM EDT 10/20/25.

Summary

Related News

Index Info

1D 1M 6M YTD 1Y 5Y

Q SPX:IND

■ BCORET:IND +136.58% ■ SPX:IND +92.30% ×



Sources: [Bloomberg](#) as of October 17, 2025

Note: Past performance is no guarantee of future results.

The "Very Attractive Stocks" Index beat the S&P 500 by 52% over the past five years. Bloomberg's official name for the index is Bloomberg New Constructs Ratings VA-1Index (ticker: BNCVAT1T:IND). Figure 8 shows it was up 145% while the S&P 500 was up 92%.



Figure 8: Very Attractive-Rated Stocks Strongly Outperform the S&P 500

Bloomberg New Constructs Ratings VA-1 Total Return Index

BNCVA1T:IND
(USD) · Market open

3,323.74 ▲3.53 +0.11%
As of 11:28 AM EDT 10/20/25.

The Very Attractive Stocks Index beat the S&P 500 by 52% over the past five years.

✓
Following

Summary Related News Index Info

1D 1M 6M YTD 1Y 5Y

Q SPX:IND

■ BNCVA1T:IND +144.75% ■ SPX:IND +92.30% ×



Sources: [Bloomberg](#) as of October 17, 2025

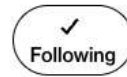
Note: Past performance is no guarantee of future results.

Our “Core-Earnings Weighted S&P 500” Index beat the S&P 500 by 30% over the past five years. Bloomberg’s official name for the index is Bloomberg New Constructs 500 Total Return Index (ticker: BNCVAT1T:IND). Figure 9 shows it was up 122% while the S&P 500 was up 92%.



Figure 9: Bloomberg New Constructs 500 Index Strongly Outperforms the S&P 500

Bloomberg New Constructs 500 Total Return Index



B500NCT:IND
(USD) · Market open

The Bloomberg New Constructs 500 Index beat the S&P 500 by 30% over the past five years.

4,828.13 ▲47.99 +1.00%

As of 11:15 AM EDT 10/20/25.

Summary

Related News

Index Info

1D 1M 6M YTD 1Y 5Y

SPX:IND

■ B500NCT:IND +122.45% ■ SPX:IND +92.30% ×



Sources: [Bloomberg](#) as of October 17, 2025

Note: Past performance is no guarantee of future results.

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

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It's Official: We Deliver 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. The stock market is missing footnotes – and only we have that critical data.
2. Legacy fundamental datasets suffer from significant inaccuracies, omissions, and biases.
3. Our proprietary drives novel alpha. Our measures of [Core Earnings](#) and [Earnings Distortion](#) materially improve stock picking and forecasting of profits.

Best Fundamental Data in the World

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, 1st 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, 2nd para.

Superior Models

Ernst & Young 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, 5th 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, 2nd para.

Superior Stock Ratings

Robo-Analysts’ stock ratings outperform those from human analysts as shown in this [paper](#) from Harvard Business School. 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, 3rd para.
- “Our results ultimately suggest that Robo-Analysts are a valuable, alternative information intermediary to traditional sell-side analysts.” – pp. 20, 3rd 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](#).



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