Investment Style Ratings for ETFs, Mutual Funds & Stocks

At the beginning of 4Q25, the Large Cap Value, Large Cap Blend, and Large Cap Growth styles earn an Attractive-or-better rating. Our style ratings are based on a normalized aggregation of our fund ratings for every ETF and mutual fund in a given style. Our fund ratings are based on aggregations of the ratings of the stocks they hold. See last quarter's Style Ratings here.

Investors looking for style funds that hold quality stocks should focus on the Large Cap Value, Large Cap Blend, and Large Cap Growth styles. Figures 4 through 7 provide more details on the ratings of overall styles, underlying assets, and individual funds. The primary driver behind an Attractive fund rating is good portfolio management, or good stock-picking, with low total annual costs.

Attractive-or-better ratings do not always correlate with Attractive-or-better total annual costs. This fact underscores that (1) cheap funds can dupe investors and (2) investors should invest only in funds with good stocks and low fees.

More reliable and proprietary fundamental data, proven in The Journal of Financial Economics, drives our research. Our Robo-Analyst technology[1] empowers our unique ETF and mutual fund rating methodology, which leverages our rigorous analysis of each fund's holdings.[2] Our Core Earnings[3] and Earnings Distortion factor general novel alpha.

See Figures 4 through 13 for a detailed breakdown of ratings distributions by investment style. See our ETF & mutual fund screener for rankings, ratings, and reports on 6,100+ mutual funds and 1,000+ ETFs. Our fund rating methodology is detailed here.

All of our reports on the best & worst ETFs and mutual funds in every investment style are available here.

Figure 1: Ratings for All Investment Styles

Style	Overall Rating
Large Cap Value	Very Attractive
Large Cap Blend	Attractive
Large Cap Growth	Attractive
Mid Cap Growth	Neutral
Mid Cap Value	Neutral
All Cap Blend	Neutral
Mid Cap Blend	Neutral
Small Cap Value	Unattractive
Small Cap Blend	Unattractive
Small Cap Growth	Very Unattractive

Source: New Constructs, LLC and company filings

Note: beginning in 4Q25, All Cap Growth and All Cap Value ETFs and mutual funds were reclassified into the Large, Mid, and Small Cap styles that most closely match their holdings.

To earn an Attractive-or-better Predictive Rating, an ETF or mutual fund must have high-quality holdings and

[1] Harvard Business School features our research automation technology in the case Disrupting Fundamental Analysis with Robo-Analysts.

[2] See how our models overcome flaws in Bloomberg and Capital IQ's (SPGI) analytics in the detailed appendix of this paper.

[3] The Journal of Financial Economics proves that only Core Earnings enable investors to overcome the flaws in legacy fundamental data.

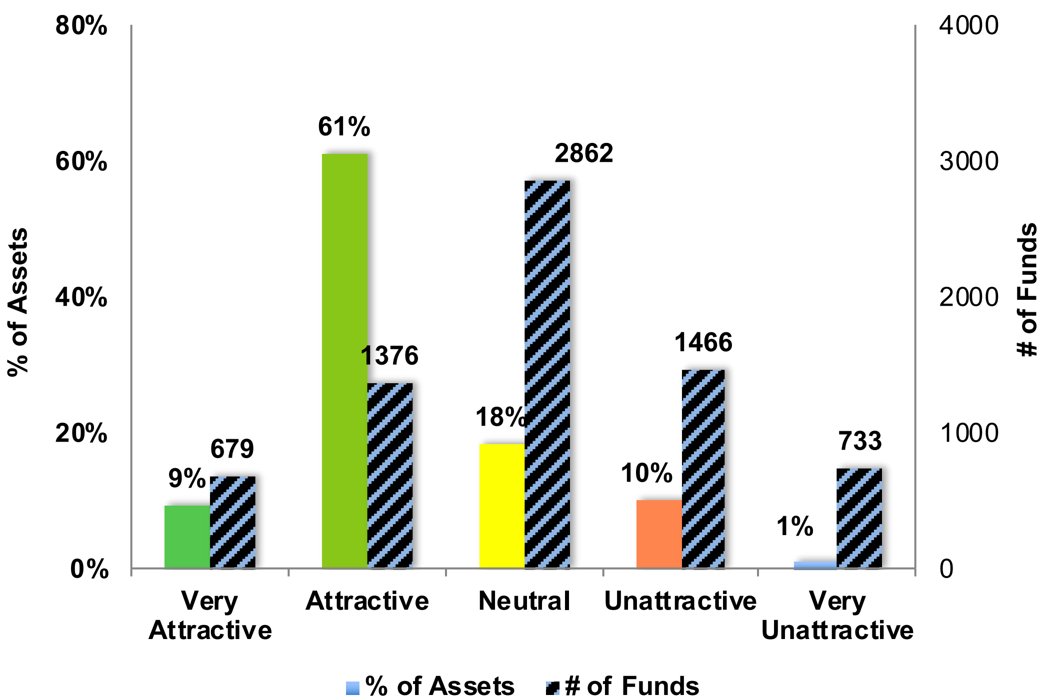
low costs. Only the top 30% of all ETFs and mutual funds earn our Attractive-or-better rating.

Euclidean Fundamental Value ETF (ECML) is the top rated Large Cap Value fund. It gets our Very Attractive rating by allocating over 73% of its value to Attractive-or-better-rated stocks.

MFS New Discovery Fund (MNDBX) is one of the worst rated Small Cap Growth funds. It gets our Very Unattractive rating by allocating over 56% of its value to Unattractive-or-worse-rated stocks. Making matters worse, it charges investors total annual costs of 4.50%.

Figure 2 shows the distribution of our Predictive Ratings for all investment style ETFs and mutual funds.

Figure 2: Distribution of ETFs & Mutual Funds (Assets and Count) by Predictive Rating



Source: New Constructs, LLC and company filings

Figure 3 offers additional details on the quality of the investment style funds. Note that the average total annual cost of Very Unattractive funds is over five times that of Very Attractive funds.

Figure 3: Predictive Rating Distribution Stats

	Very Attractive	Attractive	Neutral	Unattractive	Very Unattractive
# of ETFs & Funds	679	1376	2862	1466	733
% of ETFs & Funds	10%	19%	40%	21%	10%
% of TNA	9%	61%	18%	10%	1%
Avg TAC	0.33%	0.14%	0.69%	2.08%	1.82%

* Avg TAC = Weighted Average Total Annual Costs

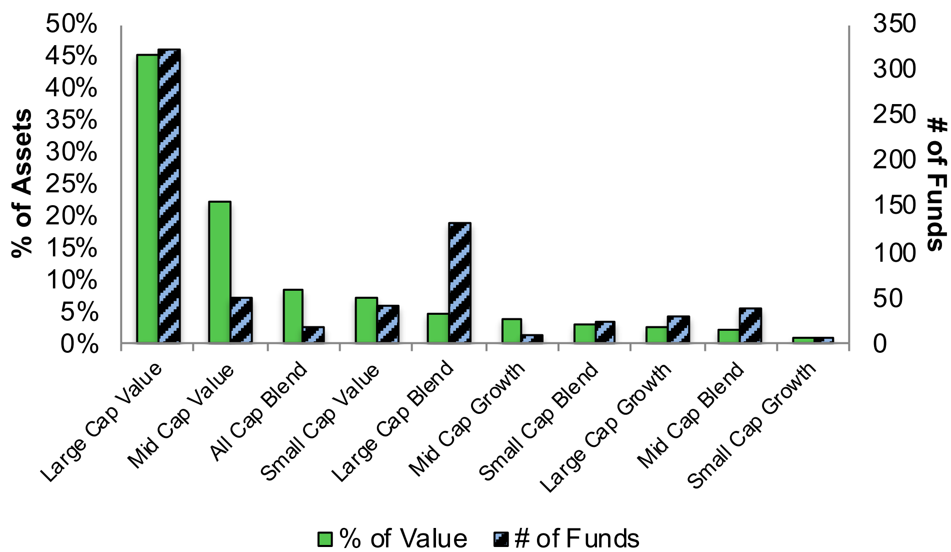
Source: New Constructs, LLC and company filings

This table shows that only the best of the best funds get our Very Attractive Rating: they must hold good stocks AND have low costs.

Ratings by Investment Style

Figure 4 presents a mapping of Very Attractive funds by investment style. The chart shows the number of Very Attractive funds in each style and the percentage of assets allocated to Very Attractive-rated funds.

Figure 4: Very Attractive ETFs & Mutual Funds by Investment Style



Source: New Constructs, LLC and company filings

Figure 5 presents the data charted in Figure 4.

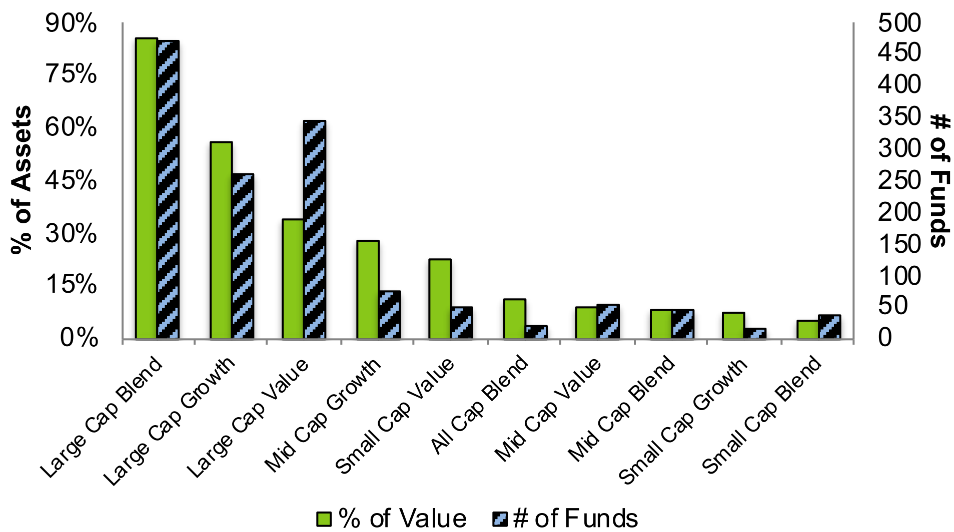
Figure 5: Very Attractive ETFs & Mutual Funds by Investment Style

Style	% of Style Assets	# of Very Attractive Funds	% of Very Attractive Funds in Style
Large Cap Value	45%	324	28%
Mid Cap Value	22%	52	10%
All Cap Blend	8%	19	10%
Small Cap Value	7%	41	9%
Large Cap Blend	5%	132	10%
Mid Cap Growth	4%	11	2%
Small Cap Blend	3%	23	5%
Large Cap Growth	3%	30	2%
Mid Cap Blend	2%	40	9%
Small Cap Growth	1%	7	1%

Source: New Constructs, LLC and company filings

Figure 6 presents a mapping of Attractive funds by investment style. The chart shows the number of Attractive funds in each style and the percentage of assets allocated to Attractive-rated funds.

Figure 6: Attractive ETFs & Mutual Funds by Investment Style



Source: New Constructs, LLC and company filings

Figure 7 presents the data charted in Figure 6.

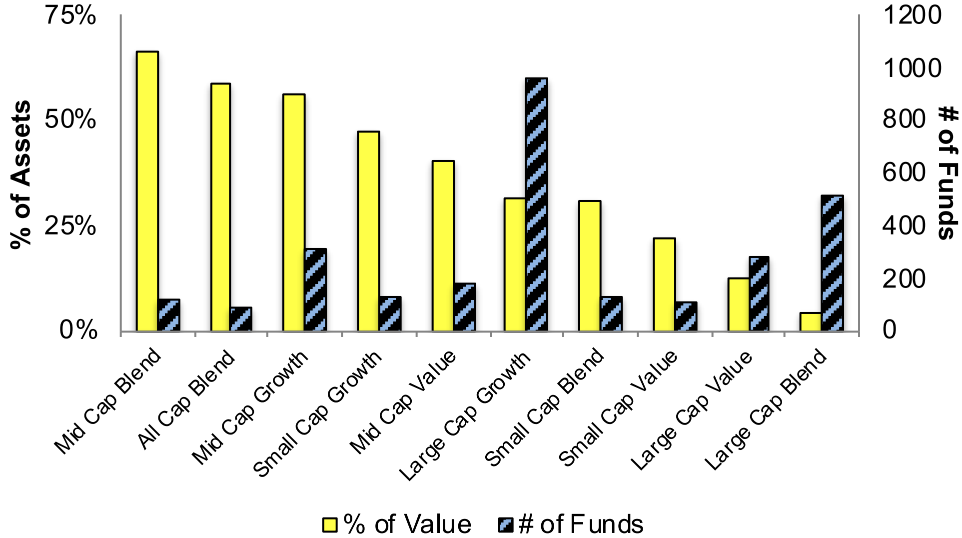
Figure 7: Attractive ETFs & Mutual Funds by Investment Style

Style	% of Style Assets	# of Attractive Funds	% of Attractive Funds in Style
Large Cap Blend	85%	473	36%
Large Cap Growth	56%	261	17%
Large Cap Value	34%	346	30%
Mid Cap Growth	28%	74	12%
Small Cap Value	23%	50	11%
All Cap Blend	11%	19	10%
Mid Cap Value	9%	54	10%
Mid Cap Blend	8%	47	10%
Small Cap Growth	7%	14	3%
Small Cap Blend	5%	38	9%

Source: New Constructs, LLC and company filings

Figure 8 presents a mapping of Neutral funds by investment style. The chart shows the number of Neutral funds in each style and the percentage of assets allocated to Neutral-rated funds.

Figure 8: Neutral ETFs & Mutual Funds by Investment Style



Source: New Constructs, LLC and company filings

Figure 9 presents the data charted in Figure 8.

Figure 9: Neutral ETFs & Mutual Funds by Investment Style

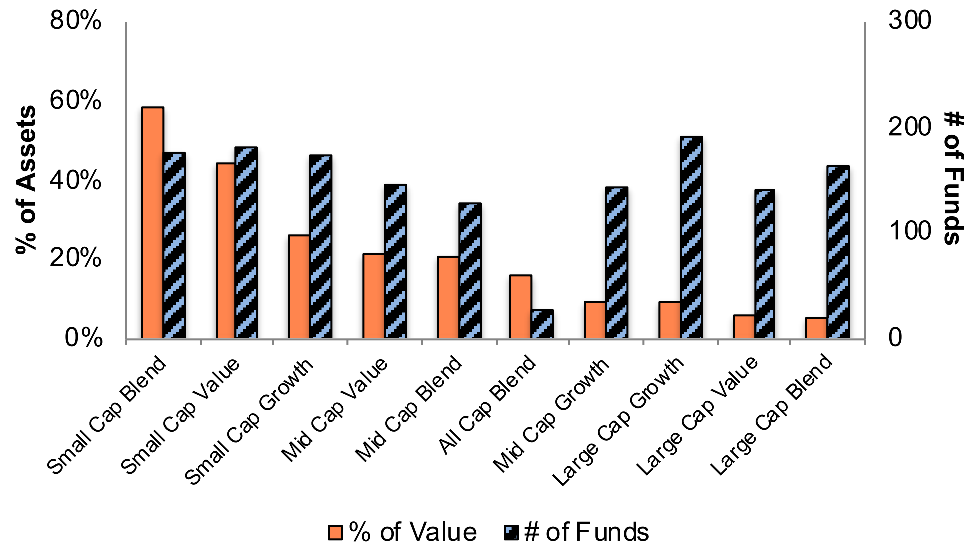
Style	% of Style Assets	# of Neutral Funds	% of Neutral Funds in Style
Mid Cap Blend	67%	118	26%
All Cap Blend	59%	91	48%
Mid Cap Growth	56%	318	51%
Small Cap Growth	47%	132	28%
Mid Cap Value	40%	184	36%
Large Cap Growth	32%	965	63%
Small Cap Blend	31%	136	31%
Small Cap Value	22%	116	26%
Large Cap Value	12%	282	25%
Large Cap Blend	5%	520	39%

Source: New Constructs, LLC and company filings

Figure 10 presents a mapping of Unattractive funds by investment style. The chart shows the number of Unattractive funds in each style and the percentage of assets allocated to Unattractive-rated funds.

The landscape of style ETFs and mutual funds is littered with Unattractive funds. Investors in Small Cap Blend have put over 58% of their assets in Unattractive-rated funds.

Figure 10: Unattractive ETFs & Mutual Funds by Investment Style



Source: New Constructs, LLC and company filings

Figure 11 presents the data charted in Figure 10.

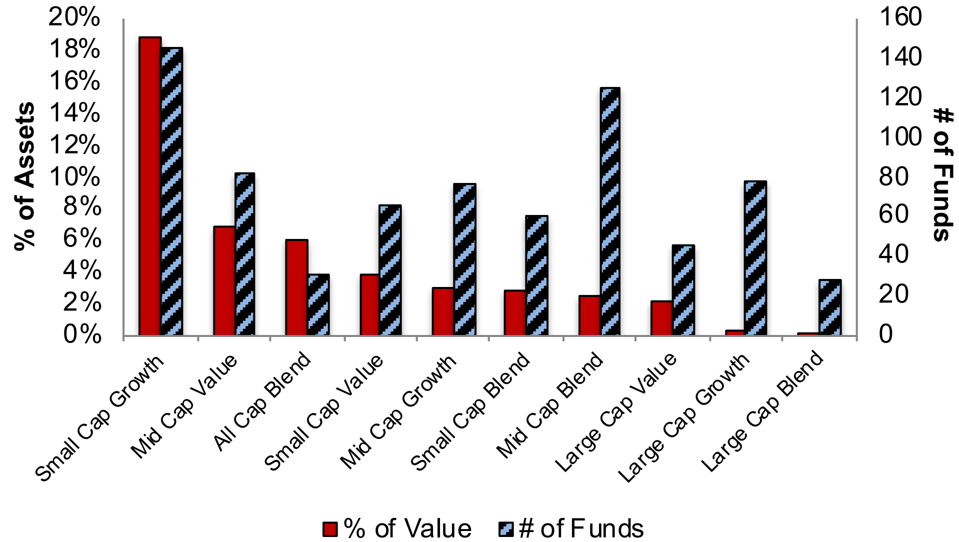
Figure 11: Unattractive ETFs & Mutual Funds by Investment Style

Style	% of Style Assets	# of Unattractive Funds	% of Unattractive Funds in Style
Small Cap Blend	58%	175	41%
Small Cap Value	44%	181	40%
Small Cap Growth	26%	172	37%
Mid Cap Value	21%	146	28%
Mid Cap Blend	20%	128	28%
All Cap Blend	16%	28	15%
Mid Cap Growth	9%	142	23%
Large Cap Growth	9%	190	12%
Large Cap Value	6%	140	12%
Large Cap Blend	5%	164	12%

Source: New Constructs, LLC and company filings

Figure 12 presents a mapping of Very Unattractive funds by investment style. The chart shows the number of Very Unattractive funds in each style and the percentage of assets allocated to Very Unattractive-rated funds.

Figure 12: Very Unattractive ETFs & Mutual Funds by Investment Style



Source: New Constructs, LLC and company filings

Figure 13 presents the data charted in Figure 12.

Figure 13: Very Unattractive ETFs & Mutual Funds by Investment Style

Style	% of Style Assets	# of Very Unattractive Funds	% of Very Unattractive Funds in Style
Small Cap Growth	19%	145	31%
Mid Cap Value	7%	81	16%
All Cap Blend	6%	31	16%
Small Cap Value	4%	65	14%
Mid Cap Growth	3%	76	12%
Small Cap Blend	3%	60	14%
Mid Cap Blend	3%	124	27%
Large Cap Value	2%	45	4%
Large Cap Growth	0%	78	5%
Large Cap Blend	0%	28	2%

Source: New Constructs, LLC and company filings

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

Questions on this report or others? Join our online community and connect with us directly.

Appendix: Predictive Fund Rating System

New Constructs' Predictive fund Ratings enable smarter investing by assessing the key drivers of future fund performance. We start by analyzing every funds' holdings based on New Constructs' stock ratings, which are regularly featured as among the best by Barron's. Next, we measure and rank the all-in fund expenses. Finally, we rank the fund compared to all other funds to identify the best and worst funds in the market.

Intuitively, there are two drivers for future fund performance.
1. Stock-picking (Portfolio Management Rating) and
2. Fund expenses (Total Annual Costs Rating)

Our Predictive Fund Rating is based on these drivers and the fund's ranking:
1. Top 10% = Very Attractive Rating
2. Next 20% = Attractive Rating
3. Next 40% = Neutral Rating
4. Next 20% = Unattractive Rating
5. Bottom 10% = Very Unattractive Rating

The figure below details the criteria that drive our Predictive Rating system for funds. The two drivers of our predictive ratings system are Portfolio Management and Total Annual Costs. The Portfolio Management ratings (detail here) is the same as our Stock Rating (detail here) except that we incorporate Asset Allocation (details here). The Total Annual Costs Ratings (details here) captures the all-in costs of being in a fund over a 3-year holding period, the average period for all mutual funds.

Predictive Rating	Portfolio Management Rating						Total Annual Costs
	Business Strength		Valuation			Cash Allocation	
	Quality of Earnings	Return on Invested Capital	FCF Yield	Price to Economic Book Value	Market-Implied Duration of Growth		
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%

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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