



## ETF & Mutual Fund Rankings: All Cap Value Style

The All Cap Value style ranks fourth out of the twelve fund styles as detailed in our [3Q17 Style Ratings for ETFs and Mutual Funds](#) report. [Last quarter](#), the All Cap Value style ranked fifth. It gets our Neutral rating, which is based on an aggregation of ratings of 13 ETFs and 331 mutual funds in the All Cap Value style as of July 25, 2017. See a recap of our [2Q17 Style Ratings here](#).

Figures 1 and 2 show the five best and worst rated ETFs and mutual funds in the style. Not all All Cap Value style ETFs and mutual funds are created the same. The number of holdings varies widely (from 20 to 1399). This variation creates drastically different investment implications and, therefore, ratings.

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

Our [Robo-Analyst technology](#) empowers our unique [ETF and mutual fund rating methodology](#), which leverages our rigorous analysis of each fund's holdings. 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>				
FVD	36%	48%	12%	Very Attractive
FTA	39%	42%	16%	Very Attractive
PRF	34%	41%	24%	Very Attractive
FNDB	33%	41%	24%	Very Attractive
DVP	33%	42%	24%	Attractive
<b>Worst ETFs</b>				
RPV	36%	40%	24%	Attractive
IWD	35%	36%	27%	Attractive
VONV	33%	37%	29%	Attractive
CDC	35%	51%	12%	Attractive
FLAG	47%	33%	17%	Attractive

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

Sources: New Constructs, LLC and company filings

Hartford Multifactor U.S. Equity ETF (ROUS) and State Street SPDR S&P 1500 Value TILT ETF (VLU) are excluded from Figure 1 because their total net assets (TNA) are below \$100 million and do not meet our liquidity minimums.

**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>				
FBLEX	39%	27%	24%	<b>Very Attractive</b>
MABAX	37%	34%	25%	<b>Very Attractive</b>
FRGEX	39%	27%	24%	<b>Very Attractive</b>
MBVKX	37%	34%	25%	<b>Very Attractive</b>
FFILX	32%	47%	8%	<b>Very Attractive</b>
<b>Worst Mutual Funds</b>				
SAMVX	13%	43%	36%	<b>Very Unattractive</b>
MLUAX	17%	37%	33%	<b>Very Unattractive</b>
VFCAX	20%	35%	34%	<b>Very Unattractive</b>
VFCBX	20%	35%	34%	<b>Very Unattractive</b>
SSHFX	16%	38%	37%	<b>Very Unattractive</b>

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

Sources: New Constructs, LLC and company filings

First Trust Value Line Dividend Index Fund (FVD) is the top-rated All Cap Value ETF and Fidelity Series Stock Selector Large Cap Value Fund (FBLEX) is the top-rated All Cap Value mutual fund. Both earn a Very Attractive rating.

WeatherStorm Forensic Accounting Long-Short ETF (FLAG) is the worst rated All Cap Value ETF and Sound Shore Fund (SSHFX) is the worst rated All Cap Value mutual fund. FLAG earns an Attractive rating and SSHFX earns a Very Unattractive rating.

### The Danger Within

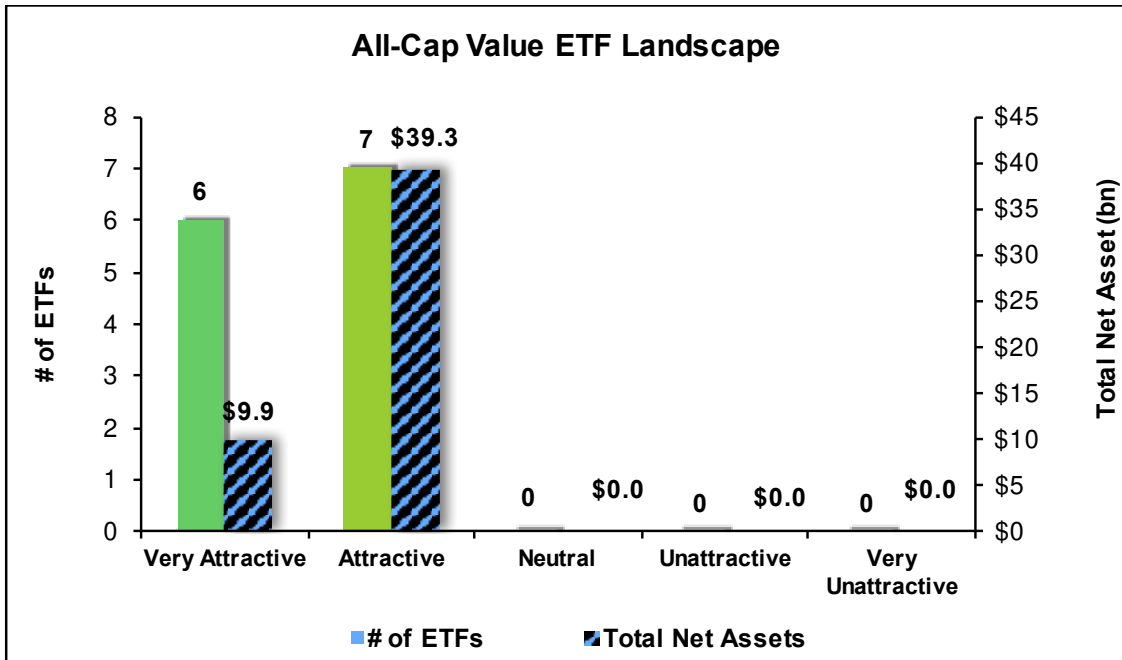
Buying a fund without analyzing its holdings is like buying a stock without analyzing its business and finances. Put another way, research on fund holdings is necessary due diligence because a fund's performance is only as good as its holdings' performance. Don't just take our word for it, [see what 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.

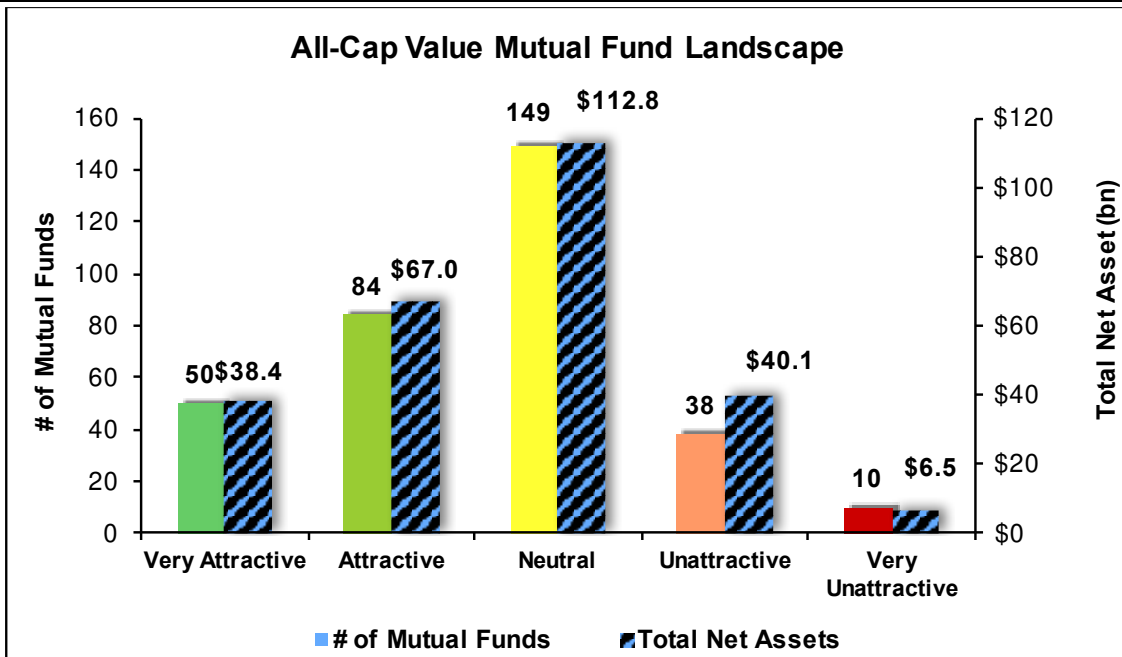
Figures 3 and 4 show the rating landscape of all All Cap Value ETFs and mutual funds.

**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, Kyle Guske II, and Kenneth James receive no compensation to write about any specific stock, style, or theme.

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1. **Comprehensive** - All relevant publicly-available (e.g. 10-Ks and 10-Qs) information has been diligently reviewed, including footnotes and the management discussion & analysis (MD&A).
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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