



ETF & Mutual Fund Rankings: Large Cap Value Style

The Large Cap Value style ranks third out of the twelve fund styles as detailed in our [2Q18 Style Ratings for ETFs and Mutual Funds](#) report. [Last quarter](#), the Large Cap Value style ranked third as well. It gets our Attractive rating, which is based on an aggregation of ratings of 68 ETFs and 958 mutual funds in the Large Cap Value style as of April 18, 2018. See a recap of our [1Q18 Style Ratings here](#).

Figures 1 and 2 show the five best and worst rated ETFs and mutual funds in the style. Not all Large Cap Value style ETFs and mutual funds are created the same. The number of holdings varies widely (from 18 to 895). This variation creates drastically different investment implications and, therefore, ratings.

Investors seeking exposure to the Large 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](#)¹ empowers our unique [ETF and mutual fund rating methodology](#), which leverages our rigorous analysis of each fund's holdings.² 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	
Best ETFs				
RDVY	42%	51%	7%	Very Attractive
FDRR	29%	47%	16%	Very Attractive
PWV	46%	45%	9%	Very Attractive
SYLD	36%	45%	18%	Very Attractive
DGRO	30%	54%	16%	Very Attractive
Worst ETFs				
VAMO	31%	35%	39%	Neutral
RDIV	15%	57%	27%	Neutral
SPYD	23%	40%	37%	Unattractive
PEY	28%	44%	27%	Unattractive
XSHD	16%	32%	39%	Unattractive

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

Sources: New Constructs, LLC and company filings

First Trust RBA Quality Income ETF (QINC) and Aptus Fortified Value ETF (FTVA) are excluded from Figure 1 because their total net assets (TNA) are below \$100 million and do not meet our liquidity minimums.

¹ Harvard Business School features the powerful impact of our research automation technology in the case [New Constructs: Disrupting Fundamental Analysis with Robo-Analysts](#).

² Ernst & Young's recent white paper "[Getting ROIC Right](#)" proves the superiority of our holdings research and analytics.

**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	
Best Mutual Funds				
DCURX	38%	56%	5%	Very Attractive
LMBGX	35%	53%	10%	Very Attractive
DCUIX	38%	56%	5%	Very Attractive
DCUSX	38%	56%	5%	Very Attractive
LMBEX	35%	53%	10%	Very Attractive
Worst Mutual Funds				
IEQAX	12%	36%	27%	Very Unattractive
NRGUX	1%	16%	65%	Very Unattractive
HCMNX	30%	46%	22%	Very Unattractive
HCMWX	30%	46%	22%	Very Unattractive
NRGDX	1%	16%	65%	Very Unattractive

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

Sources: New Constructs, LLC and company filings

American Beacon Alpha Quant Value Fund (AQVVX, AQVYX) is excluded from Figure 2 because its total net assets (TNA) are below \$100 million and do not meet our liquidity minimums.

First Trust Rising Dividend Achievers ETF (RDVY) is the top-rated Large Cap Value ETF and Deutsche CROCI U.S. Fund (DCURX) is the top-rated Large Cap Value mutual fund. Both earn a Very Attractive rating.

PowerShares S&P High Dividend Low Volatility Portfolio (XSHD) is the worst rated Large Cap Value ETF and Integrity Energized Dividend Fund (NRGDX) is the worst rated Large Cap Value mutual fund. XSHD earns an Unattractive rating and NRGDX 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.

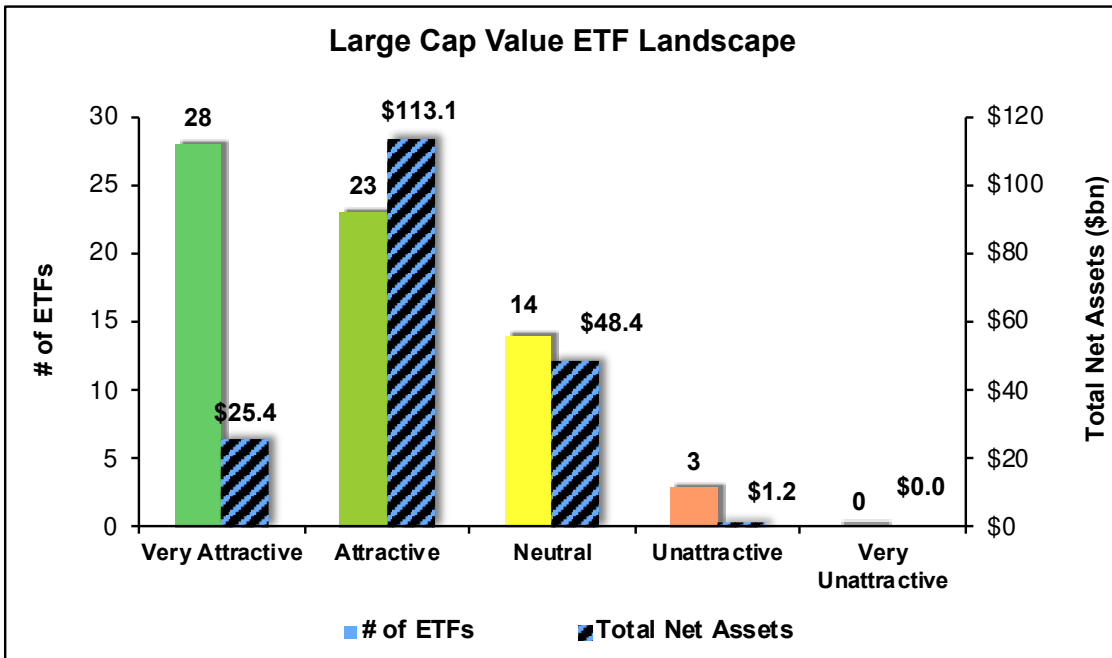
PERFORMANCE OF HOLDINGS = PERFORMANCE OF FUND

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.



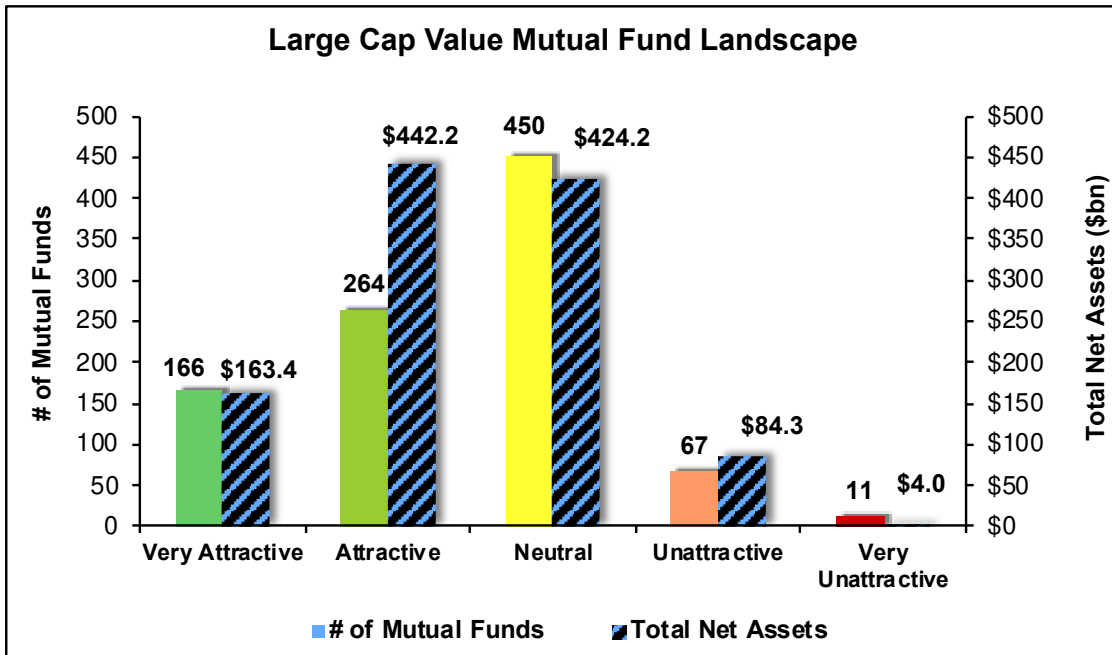
Figures 3 and 4 show the rating landscape of all Large Cap Value ETFs and mutual funds.

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

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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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