



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

The Mid Cap Value style ranks ninth out of the twelve fund styles as detailed in our [2Q18 Style Ratings for ETFs and Mutual Funds](#) report. [Last quarter](#), the Mid Cap Value style ranked eighth. It gets our Neutral rating, which is based on an aggregation of ratings of nine ETFs and 171 mutual funds in the Mid Cap Value style as of April 23, 2018. See a recap of our [1Q18 Style Ratings here](#).

Figures 1 and 2 show the best and worst rated ETFs and mutual funds in the style. Not all Mid Cap Value style ETFs and mutual funds are created the same. The number of holdings varies widely (from 19 to 2076). This variation creates drastically different investment implications and, therefore, ratings.

Investors seeking exposure to the Mid 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](#)<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**

Ticker	Allocation of ETF Holdings			Predictive Rating
	Attractive-or-better Stocks	Neutral Stocks	Unattractive-or-worse Stocks	
<b>Best ETFs (only 4)</b>				
ONEY	34%	42%	22%	Attractive
VOE	20%	45%	29%	Attractive
DON	24%	42%	28%	Attractive
VUSE	31%	38%	25%	Neutral
<b>Worst ETFs</b>				
FAB	24%	45%	26%	Neutral
JKI	24%	44%	29%	Neutral
NUMV	18%	43%	37%	Neutral
IWS	15%	40%	41%	Unattractive
PXMV	10%	39%	45%	Unattractive

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

Sources: New Constructs, LLC and company filings

<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> 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 &amp; 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>				
PMVQX	30%	47%	19%	<b>Attractive</b>
SPVZX	30%	47%	19%	<b>Attractive</b>
PMVFX	30%	47%	19%	<b>Attractive</b>
PMVEX	30%	47%	19%	<b>Attractive</b>
SDVRX	30%	47%	19%	<b>Attractive</b>
<b>Worst Mutual Funds</b>				
HWMCX	19%	10%	52%	<b>Very Unattractive</b>
LAVLX	13%	27%	53%	<b>Very Unattractive</b>
LVMAX	16%	43%	38%	<b>Very Unattractive</b>
SEVAX	13%	40%	39%	<b>Very Unattractive</b>
HWMAX	19%	10%	52%	<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

Fidelity Mid Cap Value K6 Fund (FCMVX) is excluded from Figure 2 because its total net assets (TNA) are below \$100 million and do not meet our liquidity minimums.

State Street SPDR Russell 1000 Yield Focus ETF (ONEY) is the top-rated Mid Cap Value ETF and Prudential QMA Mid Cap Value Fund (PMVQX) is the top-rated Mid Cap Value mutual fund. Both earn an Attractive rating.

PowerShares Russell Mid Cap Pure Value Portfolio (PXMV) is the worst rated Mid Cap Value ETF and Hotchkis & Wiley Mid Cap Value Fund (HWMAX) is the worst rated Mid Cap Value mutual fund. PXMV earns an Unattractive rating and HWMAX 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.

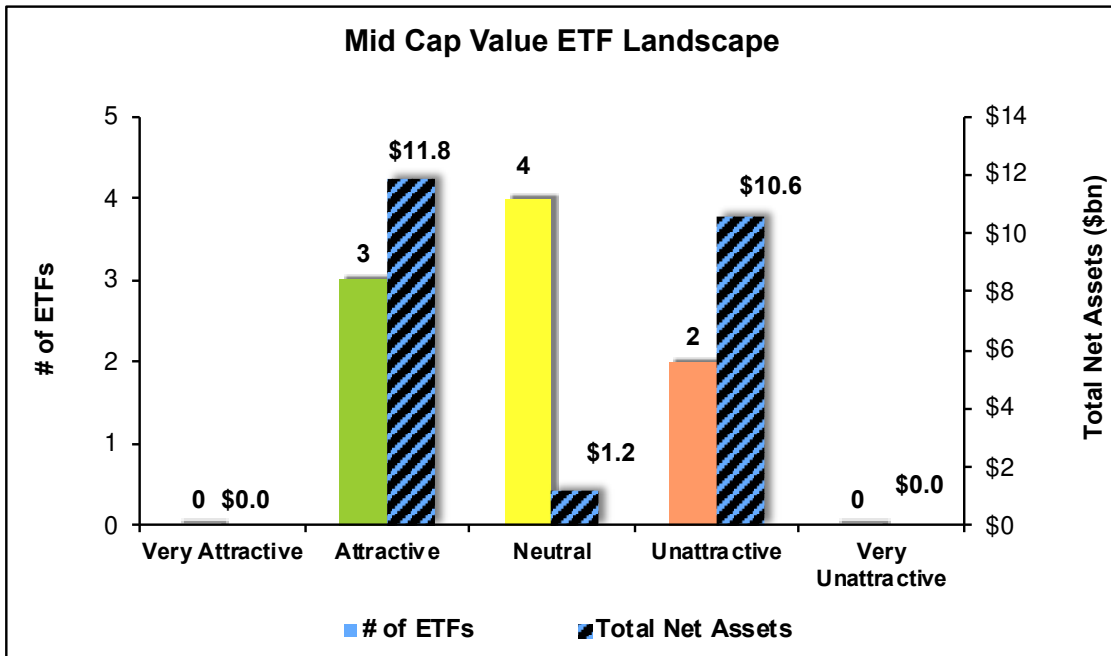
PERFORMANCE OF HOLDINGS = PERFORMANCE OF FUND

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.



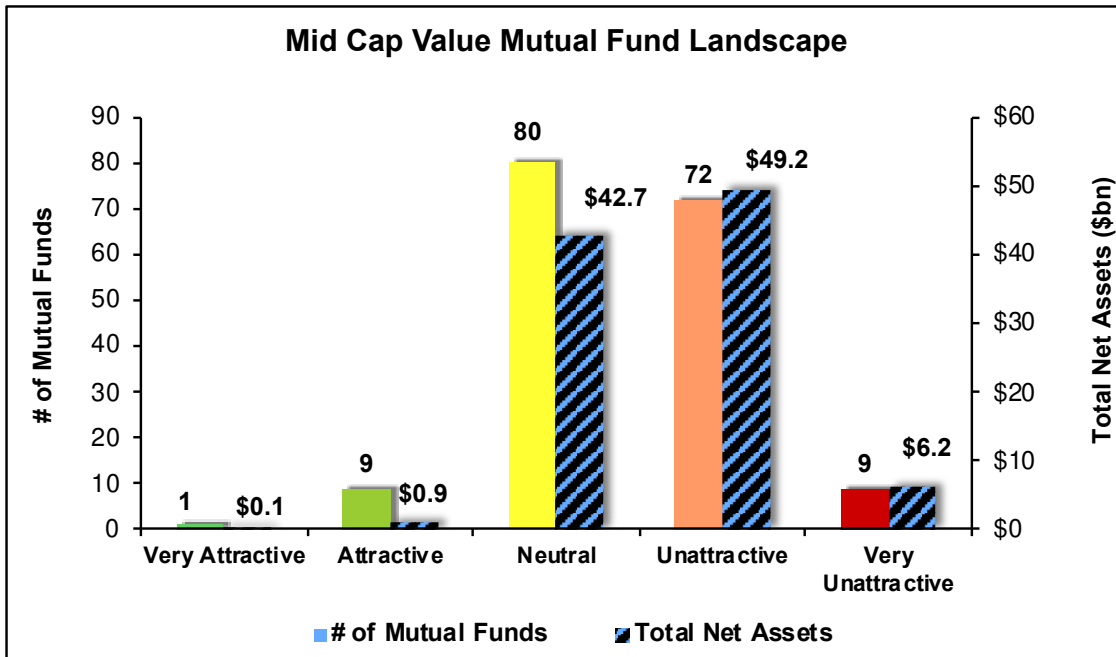
Figures 3 and 4 show the rating landscape of all Mid Cap Value ETFs and mutual funds.

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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4. **Relevant** - Empirical evidence must provide [tangible, quantifiable correlation](#) to stock, ETF or mutual fund performance.

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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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