



ETF & Mutual Fund Rankings: Small Cap Blend Style

The Small Cap Blend style ranks tenth out of the twelve fund styles as detailed in our [2Q18 Style Ratings for ETFs and Mutual Funds](#) report. [Last quarter](#), the Small Cap Blend style ranked ninth. It gets our Unattractive rating, which is based on an aggregation of ratings of 42 ETFs and 853 mutual funds in the Small Cap Blend style as of April 23, 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 Small Cap Blend style ETFs and mutual funds are created the same. The number of holdings varies widely (from 20 to 3149). This variation creates drastically different investment implications and, therefore, ratings.

Investors seeking exposure to the Small Cap Blend 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				
EZM	22%	43%	26%	Attractive
EES	19%	41%	24%	Attractive
SPMD	15%	41%	40%	Neutral
VB	14%	34%	41%	Neutral
IJR	10%	39%	43%	Neutral
Worst ETFs				
XSLV	9%	45%	37%	Unattractive
EWSC	11%	34%	45%	Unattractive
SMDV	13%	45%	40%	Unattractive
ISMD	10%	33%	44%	Unattractive
EQWS	8%	24%	40%	Unattractive

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

Sources: New Constructs, LLC and company filings

Six ETFs 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				
FSSFY	22%	45%	11%	Very Attractive
FZAOX	22%	45%	11%	Very Attractive
BOSOX	23%	57%	18%	Very Attractive
FSCIX	22%	45%	11%	Very Attractive
FSCEX	22%	45%	11%	Attractive
Worst Mutual Funds				
NSSAX	7%	25%	51%	Very Unattractive
GWSAX	7%	13%	56%	Very Unattractive
PEVAX	10%	17%	25%	Very Unattractive
SLPIX	2%	4%	6%	Very Unattractive
SLPSX	2%	4%	6%	Very Unattractive

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

Sources: New Constructs, LLC and company filings

Boston Trust Walden Small Cap Fund (BOSOX), Fidelity Small Cap Stock K6 Fund (FKICX) and Summit Global Investments Small Cap Low Volatility Fund (SCLVX) are excluded from Figure 2 because their total net assets (TNA) are below \$100 million and do not meet our liquidity minimums.

WisdomTree U.S. Mid Cap Earnings Fund (EZM) is the top-rated Small Cap Blend ETF and Fidelity Advisor Series Small Cap Fund (FSSFY) is the top-rated Small Cap Blend mutual fund. EZM earns an Attractive rating and FSSFY earns a Very Attractive rating.

PowerShares Russell 2000 Equal Weight Portfolio (EQWS) is the worst rated Small Cap Blend ETF and ProFunds Small Cap ProFund (SLPSX) is the worst rated Small Cap Blend mutual fund. EQWS earns an Unattractive rating and SLPSX 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.

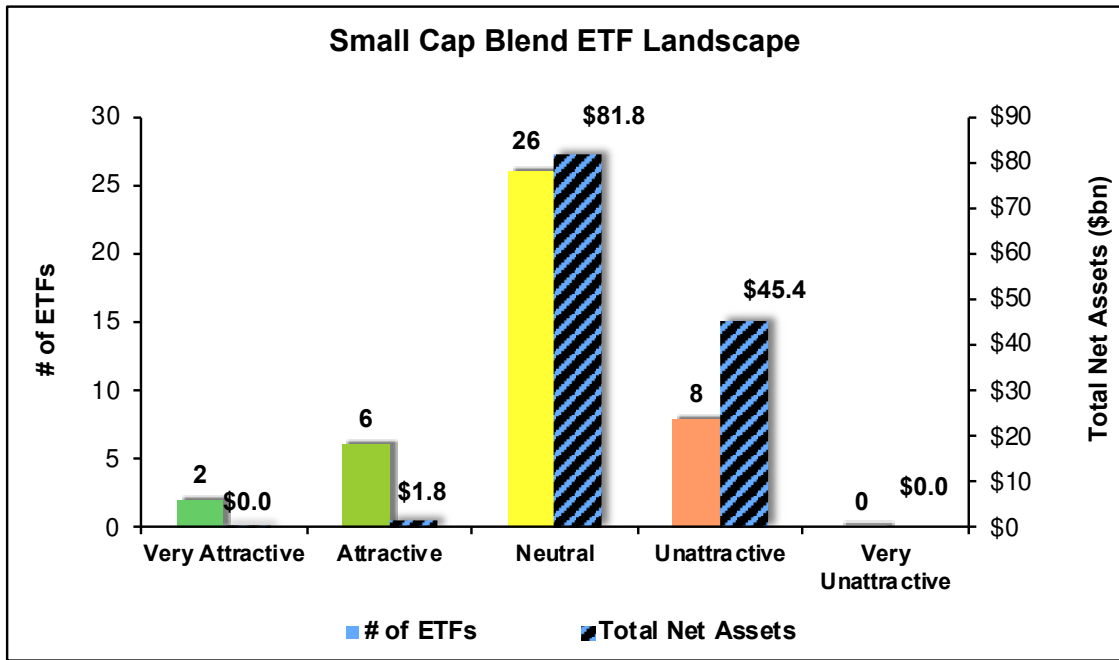
PERFORMANCE OF HOLDINGS = PERFORMANCE OF FUND

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.



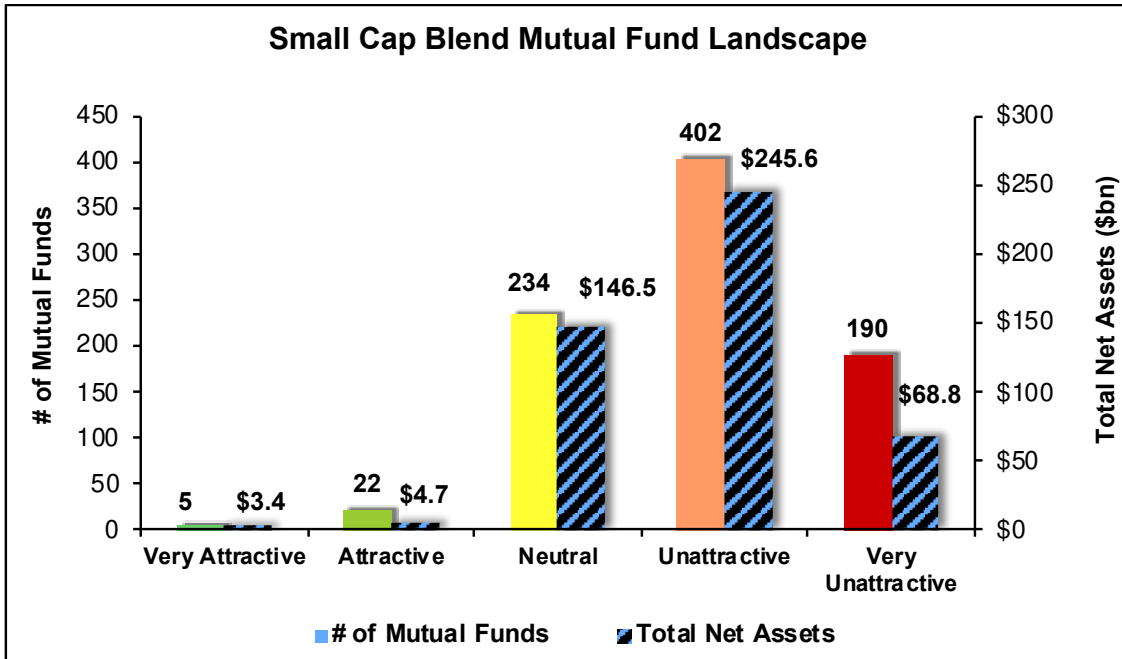
Figures 3 and 4 show the rating landscape of all Small Cap Blend ETFs and mutual funds.

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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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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