ETF & Mutual Fund Rankings: All Cap Growth Style

The All Cap Growth style ranks sixth out of the twelve fund styles as detailed in our 3Q18 Style Ratings for ETFs and Mutual Funds report. Last quarter, the All Cap Growth style ranked seventh. It gets our Neutral rating, which is based on an aggregation of ratings of 21 ETFs and 503 mutual funds in the All Cap Growth style as of July 18, 2018. See a recap of our 2Q18 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 Growth style ETFs and mutual funds are created the same. The number of holdings varies widely (from 16 to 2021). This variation creates drastically different investment implications and, therefore, ratings.

Investors seeking exposure to the All Cap Growth 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

	Allocation of ETF Holdings			
Ticker	**Attractive-or-better Stocks**	**Neutral Stocks**	**Unattractive-or-worse Stocks**	**Predictive Rating**
Best ETFs				
QQQE	29%	34%	36%	**Attractive**
QQEW	29%	35%	36%	**Attractive**
ONEQ	21%	41%	29%	**Attractive**
PDP	15%	47%	36%	**Neutral**
DWLD	23%	19%	31%	**Neutral**
Worst ETFs				
HUSE	17%	26%	30%	**Neutral**
FAD	12%	37%	44%	**Neutral**
BEMO	15%	34%	47%	**Neutral**
ALFA	18%	27%	32%	**Neutral**
FPX	14%	29%	44%	**Unattractive**

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

Sources: New Constructs, LLC and company filings

Four ETFs (FQAL, PSET, MILN, QQXT) 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

	Allocation of Mutual Fund Holdings			
Ticker	**Attractive-or-better Stocks**	**Neutral Stocks**	**Unattractive-or-worse Stocks**	**Predictive Rating**
Best Mutual Funds				
GTILX	39%	49%	10%	Very Attractive
GTLLX	39%	49%	10%	Very Attractive
FICIX	29%	51%	17%	Very Attractive
FICHX	29%	51%	17%	Very Attractive
AGFIX	24%	53%	12%	Very Attractive
Worst Mutual Funds				
CPOAX	0%	26%	59%	Very Unattractive
JTCAX	4%	31%	44%	Very Unattractive
INSAX	2%	48%	41%	Very Unattractive
SGFFX	5%	24%	50%	Very Unattractive
SAGAX	3%	25%	62%	Very Unattractive

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

Sources: New Constructs, LLC and company filings

Summit Global Investments Global Low Volatility Fund (SGLIX) and American Beacon Alpha Quant Quality Fund (AQQIX, AQQYX) are excluded from Figure 2 because their total net assets (TNA) are below $100 million and do not meet our liquidity minimums.

Direxion NASDAQ-100 Equal Weighted Index Shares (QQQE) is the top-rated All Cap Growth ETF and Glenmede Quantitative U.S. Large Cap Growth Equity Portfolio (GTILX) is the top-rated All Cap Growth mutual fund. QQQE earns an Attractive rating and GTILX earns a Very Attractive rating.

First Trust U.S. Equity Opportunities ETF (FPX) is the worst rated All Cap Growth ETF and Virtus Zevenbergen Innovative Growth Stock Fund (SAGAX) is the worst rated All Cap Growth mutual fund. FPX earns an Unattractive rating and SAGAX earns a Very Unattractive rating.

The Danger Within

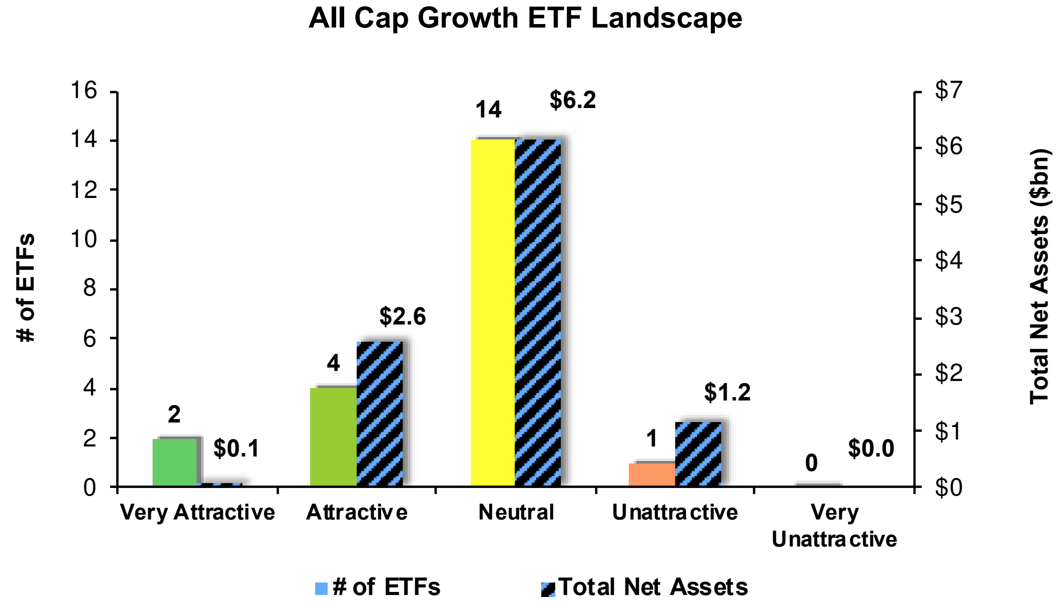
Buying a fund without analyzing its holdings is like buying a stock without analyzing its business and finances. Put another way, research on fund holdings is necessary due diligence because a fund's performance is only as good as its holdings' performance. Don't just take our word for it, see what Barron's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

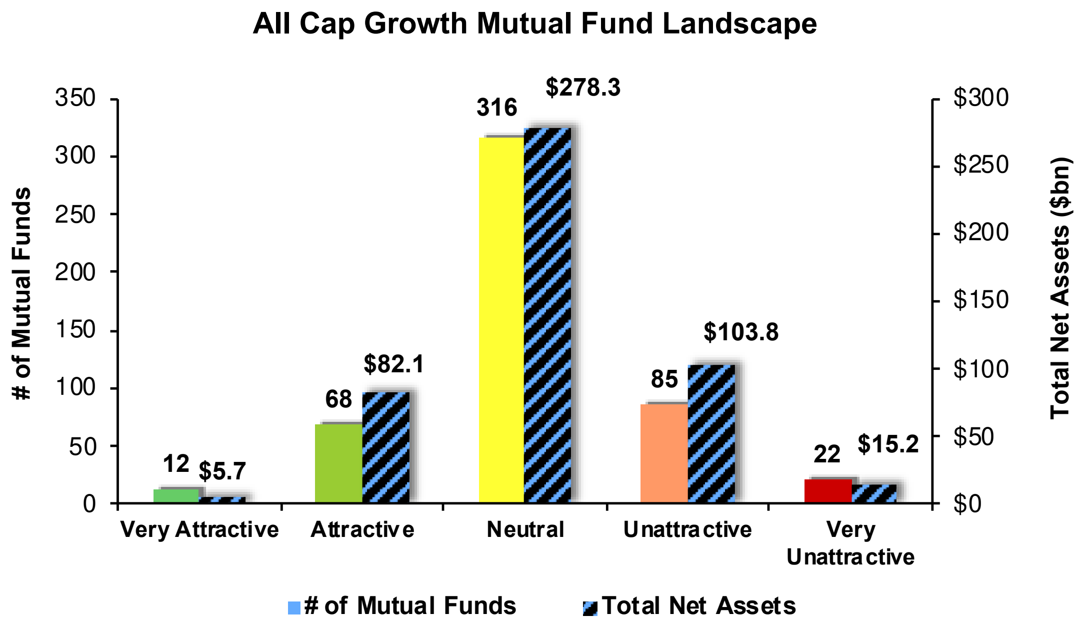
Figures 3 and 4 show the rating landscape of all All Cap Growth ETFs and mutual funds.

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 Sam McBride receive no compensation to write about any specific stock, style, or theme.

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To fulfill the Duty of Care, research should be:

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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