



ETF & Mutual Fund Rankings: Large Cap Growth Style

The Large Cap Growth style ranks fifth out of the twelve fund styles as detailed in our [3Q18 Style Ratings for ETFs and Mutual Funds](#) report. [Last quarter](#), the Large Cap Growth style ranked fifth as well. It gets our Neutral rating, which is based on an aggregation of ratings of 23 ETFs and 673 mutual funds in the Large 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 Large Cap Growth style ETFs and mutual funds are created the same. The number of holdings varies widely (from 20 to 594). This variation creates drastically different investment implications and, therefore, ratings.

Investors seeking exposure to the Large 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

Ticker	Allocation of ETF Holdings			Predictive Rating
	Attractive-or-better Stocks	Neutral Stocks	Unattractive-or-worse Stocks	
Best ETFs				
CDL	24%	48%	25%	Attractive
SPYG	24%	50%	25%	Attractive
IUSG	23%	50%	26%	Attractive
SCHG	17%	47%	35%	Attractive
VUG	20%	46%	32%	Attractive
Worst ETFs				
LRGE	18%	50%	27%	Neutral
MTUM	26%	46%	27%	Neutral
JKE	15%	45%	39%	Neutral
BERN	23%	39%	34%	Neutral
PWB	18%	55%	26%	Neutral

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

Sources: New Constructs, LLC and company filings

JPMorgan U.S. Quality Factor ETF (JQUA), VictoryShares Dividend Accelerator ETF (VSDA), and NuShares ESG Large Cap Growth ETF (NULG) 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				
GINNX	36%	23%	13%	Very Attractive
IWIRX	36%	23%	13%	Very Attractive
FUQIX	30%	61%	8%	Very Attractive
MIGNX	17%	48%	24%	Very Attractive
MGTIX	17%	48%	24%	Very Attractive
Worst Mutual Funds				
PLACX	7%	29%	21%	Very Unattractive
IACBX	4%	31%	51%	Very Unattractive
IALAX	4%	31%	51%	Very Unattractive
PLAAX	7%	29%	21%	Very Unattractive
QUAGX	19%	37%	30%	Very Unattractive

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

Sources: New Constructs, LLC and company filings

AB Flex Fee Large Cap Growth Portfolio (FFLYX) is excluded from Figure 2 because its total net assets (TNA) are below \$100 million and do not meet our liquidity minimums.

VictoryShares U.S. Large Cap High Dividend Volatility Weighted Index ETF (CDL) is the top-rated Large Cap Growth ETF and Guinness Atkinson Global Innovators Fund (GINNX) is the top-rated Large Cap Growth mutual fund. CDL earns an Attractive rating and GINNX earns a Very Attractive rating.

Invesco Dynamic Large Cap Growth ETF (PWB) is the worst rated Large Cap Growth ETF and Quaker Strategic Growth Fund (QUAGX) is the worst rated Large Cap Growth mutual fund. PWB earns a Neutral rating and QUAGX 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.

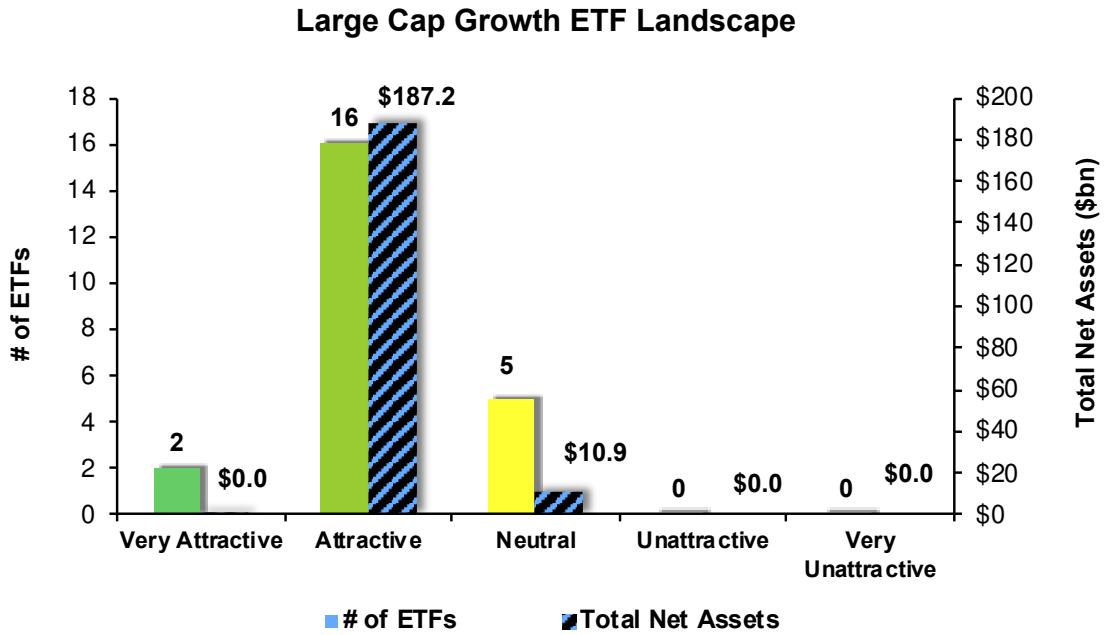
PERFORMANCE OF HOLDINGS = PERFORMANCE OF FUND

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.



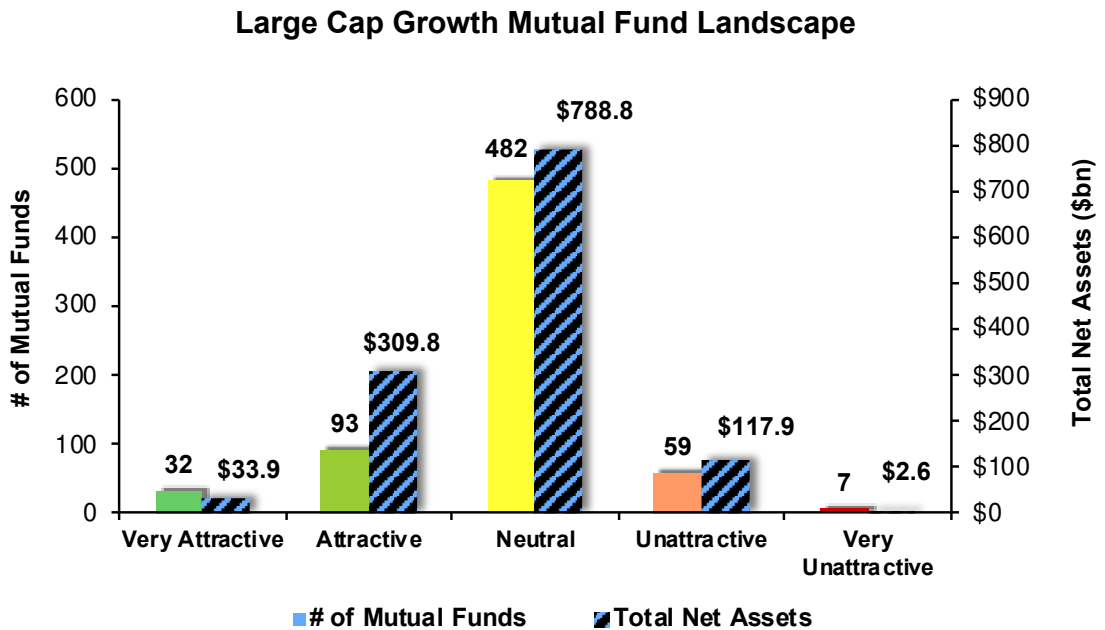
Figures 3 and 4 show the rating landscape of all Large Cap Growth ETFs and mutual funds.

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

This article originally published on [July 19, 2018](#).

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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New Constructs leverages the latest in machine learning to analyze structured and unstructured financial data with unrivaled speed and accuracy. The firm's forensic accounting experts work alongside engineers to develop proprietary NLP libraries and financial models. Our investment ratings are based on the best fundamental data in the business for stocks, ETFs and mutual funds. Clients include many of the top hedge funds, mutual funds and wealth management firms. David Trainer, the firm's CEO, is regularly featured in the media as a thought leader on the fiduciary duty of care, earnings quality, valuation and investment strategy.

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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