



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

The Mid Cap Growth style ranks tenth out of the twelve fund styles as detailed in our [3Q18 Style Ratings for ETFs and Mutual Funds](#) report. [Last quarter](#), the Mid Cap Growth style ranked eighth. It gets our Unattractive rating, which is based on an aggregation of ratings of 13 ETFs and 348 mutual funds in the Mid Cap Growth style as of July 23, 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 Mid Cap Growth style ETFs and mutual funds are created the same. The number of holdings varies widely (from 13 to 1653). This variation creates drastically different investment implications and, therefore, ratings.

Investors seeking exposure to the Mid 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](#)<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 – Top 5**

Ticker	Allocation of ETF Holdings			Predictive Rating
	Attractive-or-better Stocks	Neutral Stocks	Unattractive-or-worse Stocks	
<b>Best ETFs</b>				
BFOR	19%	45%	18%	Very Attractive
IWP	17%	42%	40%	Attractive
MDYG	18%	41%	37%	Neutral
IVOG	18%	41%	35%	Neutral
IJK	18%	40%	37%	Neutral
<b>Worst ETFs</b>				
DWAQ	13%	41%	43%	Neutral
QMOM	12%	38%	42%	Neutral
VOT	9%	34%	56%	Neutral
JKH	8%	29%	61%	Neutral
BOSS	14%	21%	59%	Unattractive

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

Sources: New Constructs, LLC and company filings

Franklin LibertyQ U.S. Mid Cap Equity (FLQM) is excluded from Figure 1 because its total net assets (TNA) are below \$100 million and do not meet our liquidity minimums.

<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 & 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>				
VRMCX	9%	67%	15%	Very Attractive
MCMFX	32%	52%	14%	Very Attractive
VIMCX	9%	67%	15%	Very Attractive
MCMYX	32%	52%	14%	Very Attractive
MCMAX	32%	52%	14%	Very Attractive
<b>Worst Mutual Funds</b>				
CHCLX	6%	30%	49%	Very Unattractive
DBMAX	1%	29%	53%	Very Unattractive
HSOAX	9%	35%	50%	Very Unattractive
OCSGX	9%	25%	45%	Very Unattractive
OASGX	9%	25%	45%	Very Unattractive

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

Sources: New Constructs, LLC and company filings

ALPS Barron’s 400 ETF (BFOR) is the top-rated Mid Cap Growth ETF and Virtus KAR Mid-Cap Core Fund (VRMCX) is the top-rated Mid Cap Growth mutual fund. Both earn a Very Attractive rating.

Global X Founder-Run Companies (BOSS) is the worst rated Mid Cap Growth ETF and Optimum Small Mid Cap Growth Fund (OASGX) is the worst rated Mid Cap Growth mutual fund. BOSS earns an Unattractive rating and OASGX 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.

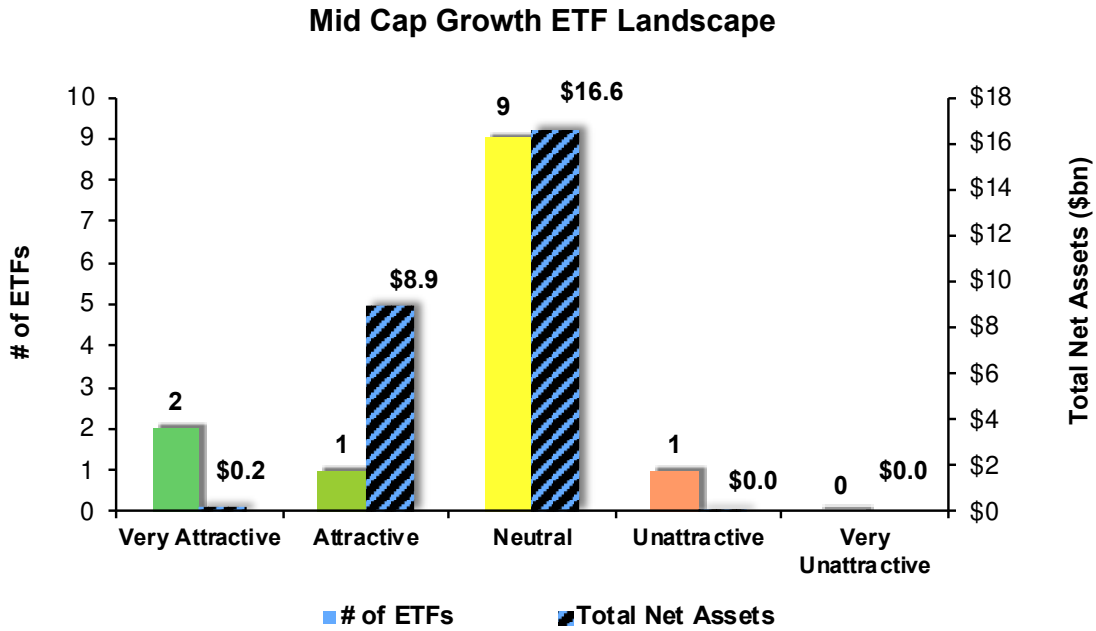
$$\text{PERFORMANCE OF HOLDINGS} = \text{PERFORMANCE OF FUND}$$

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.



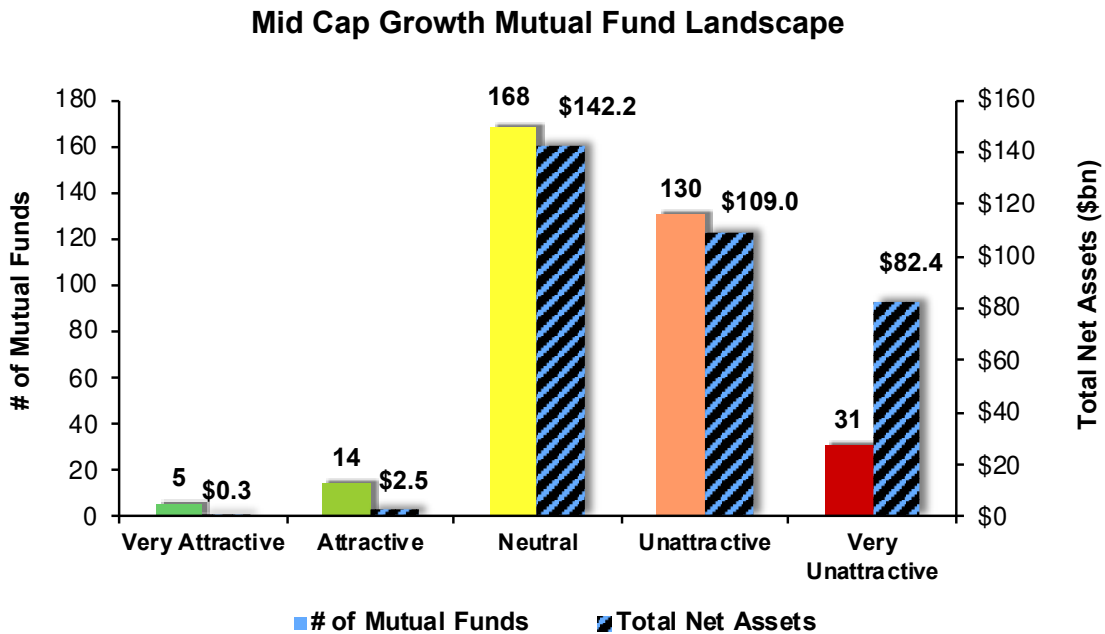
Figures 3 and 4 show the rating landscape of all Mid Cap Growth ETFs and mutual funds.

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 24, 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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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.

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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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