ETF & Mutual Fund Rankings: All Cap Growth Style

The All Cap Growth style ranks seventh out of the twelve fund styles as detailed in our 4Q18 Style Ratings for ETFs and Mutual Funds report. Last quarter, the All Cap Growth style ranked sixth. It gets our Neutral rating, which is based on an aggregation of ratings of 21 ETFs and 535 mutual funds in the All Cap Growth style as of October 22, 2018. See a recap of our 3Q18 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 19 to 2006). 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

Ticker	Attractive-or-better Stocks	Neutral Stocks	Unattractive-or-worse Stocks	Predictive Rating
Best ETFs				
TTAC	33%	43%	21%	**Attractive**
DWLD	24%	23%	30%	**Attractive**
ONEQ	23%	37%	26%	**Attractive**
QQQE	29%	39%	31%	**Attractive**
QQEW	29%	39%	31%	**Neutral**
Worst ETFs				
BEMO	19%	29%	49%	**Neutral**
FAD	11%	37%	44%	**Neutral**
GVIP	13%	36%	45%	**Unattractive**
FPX	10%	28%	50%	**Unattractive**
ALFA	14%	40%	45%	**Unattractive**

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

Sources: New Constructs, LLC and company filings

Six ETFs (QVM, PSET, FMDG, MILN, CACG, and, 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	45%	38%	13%	**Very Attractive**
AGFIX	32%	44%	14%	**Very Attractive**
GTLLX	45%	38%	13%	**Very Attractive**
AGRYX	32%	44%	14%	**Very Attractive**
AGFKX	32%	44%	14%	**Very Attractive**
Worst Mutual Funds				
ZVNBX	4%	20%	69%	**Very Unattractive**
JTCAX	9%	35%	36%	**Very Unattractive**
SGFCX	5%	16%	51%	**Very Unattractive**
SAGAX	6%	19%	65%	**Very Unattractive**
SGFFX	5%	16%	51%	**Very Unattractive**

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

Sources: New Constructs, LLC and company filings

Four mutual funds (AQQIX, AQQYX, AQQPX, and SGLIX) are excluded from Figure 2 because their total net assets (TNA) are below $100 million and do not meet our liquidity minimums.

TTAC is the top-rated All Cap Growth ETF and GTILX is the top-rated All Cap Growth mutual fund. TTAC earns an Attractive rating and GTILX earns a Very Attractive rating.

ALFA is the worst rated All Cap Growth ETF and SGFFX is the worst rated All Cap Growth mutual fund. ALFA earns an Unattractive rating and SGFFX earns a Very Unattractive rating.

The Danger Within

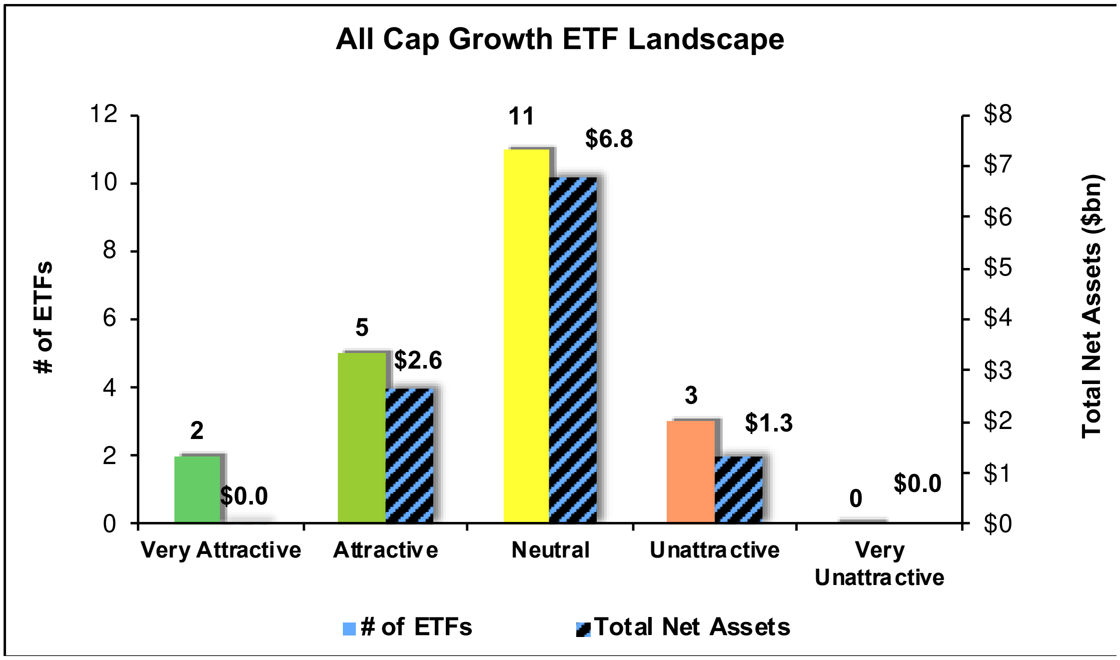
Buying a fund without analyzing its holdings is like buying a stock without analyzing its business and finances. Put another way, research on fund holdings is necessary due diligence because a fund's performance is only as good as its holdings' performance. Don't just take our word for it, see what Barron's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

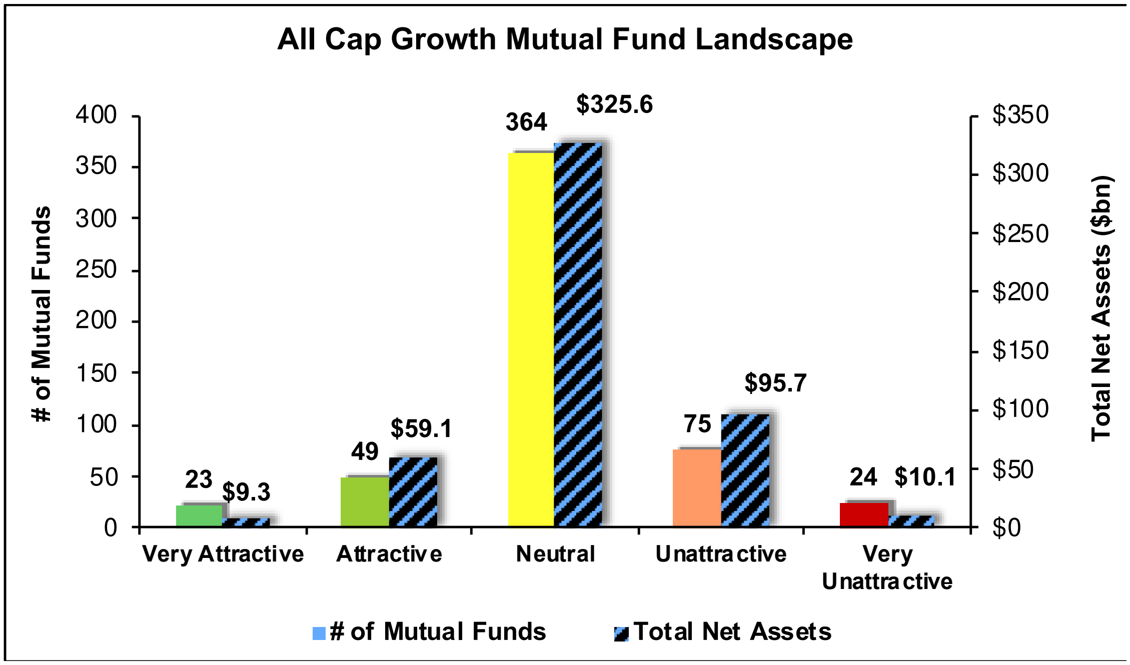
Figures 3 and 4 show the rating landscape of all All Cap Growth ETFs and mutual funds.

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 and Kyle Guske II 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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