ETF & Mutual Fund Rankings: Mid Cap Value Style

The Mid Cap Value style ranks eighth out of the twelve fund styles as detailed in our 4Q18 Style Ratings for ETFs and Mutual Funds report. Last quarter, the Mid Cap Value style ranked eighth as well. It gets our Unattractive rating, which is based on an aggregation of ratings of 10 ETFs and 175 mutual funds in the Mid Cap Value style as of October 24, 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 Mid Cap Value style ETFs and mutual funds are created the same. The number of holdings varies widely (from 28 to 2055). This variation creates drastically different investment implications and, therefore, ratings.

Investors seeking exposure to the Mid Cap Value 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				
ONEY	36%	41%	22%	Very Attractive
VUSE	31%	37%	28%	Attractive
JKI	31%	35%	30%	Attractive
VOE	25%	40%	31%	Neutral
DON	21%	44%	31%	Neutral
Worst ETFs				
FAB	24%	39%	32%	Neutral
PXMV	15%	36%	44%	Neutral
NUMV	22%	41%	35%	Neutral
IWS	17%	33%	46%	Unattractive
PVAL	19%	32%	47%	Unattractive

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

Sources: New Constructs, LLC and company filings

[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				
PMVQX	34%	41%	21%	Very Attractive
HNMVX	42%	32%	21%	Very Attractive
HAMVX	42%	32%	21%	Very Attractive
HRMVX	42%	32%	21%	Very Attractive
SPVZX	34%	41%	21%	Attractive
Worst Mutual Funds				
IIVAX	18%	40%	31%	Very Unattractive
HUMEX	9%	12%	62%	Very Unattractive
HUMDX	9%	12%	62%	Very Unattractive
LHVIX	11%	15%	40%	Very Unattractive
LHVAX	11%	15%	40%	Very Unattractive

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

Sources: New Constructs, LLC and company filings

ONEY is the top-rated Mid Cap Value ETF and PMVQX is the top-rated Mid Cap Value mutual fund. Both earn a Very Attractive rating.

PVAL is the worst rated Mid Cap Value ETF and LHVAX is the worst rated Mid Cap Value mutual fund. PVAL earns an Unattractive rating and LHVAX earns a Very Unattractive rating.

The Danger Within

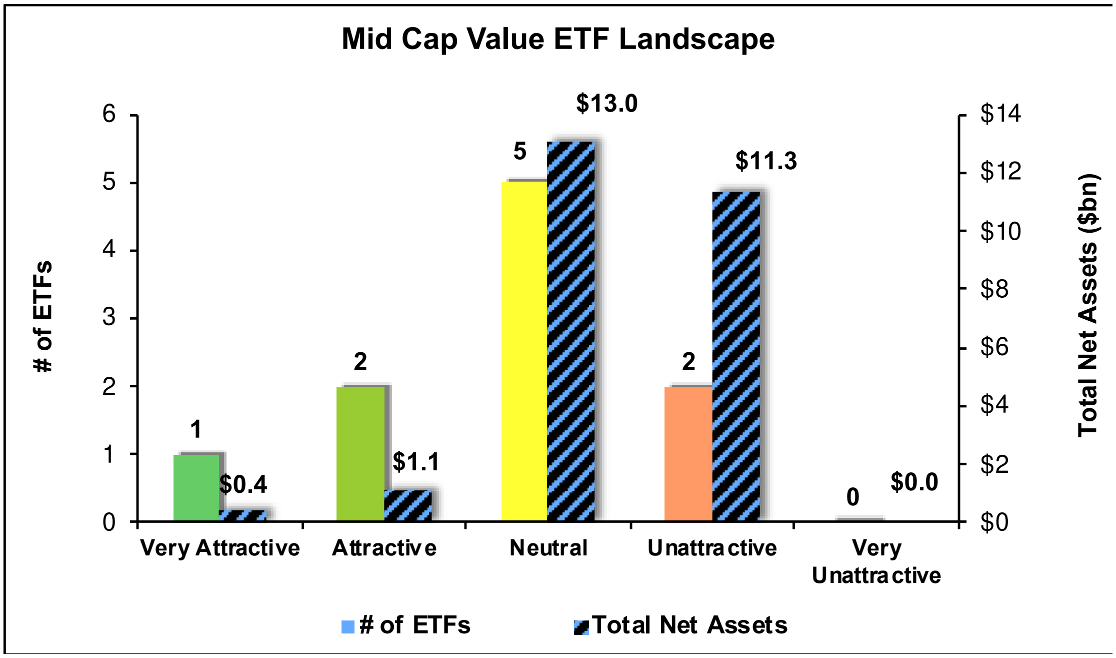
Buying a fund without analyzing its holdings is like buying a stock without analyzing its business and finances. Put another way, research on fund holdings is necessary due diligence because a fund's performance is only as good as its holdings' performance. Don't just take our word for it, see what Barron's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

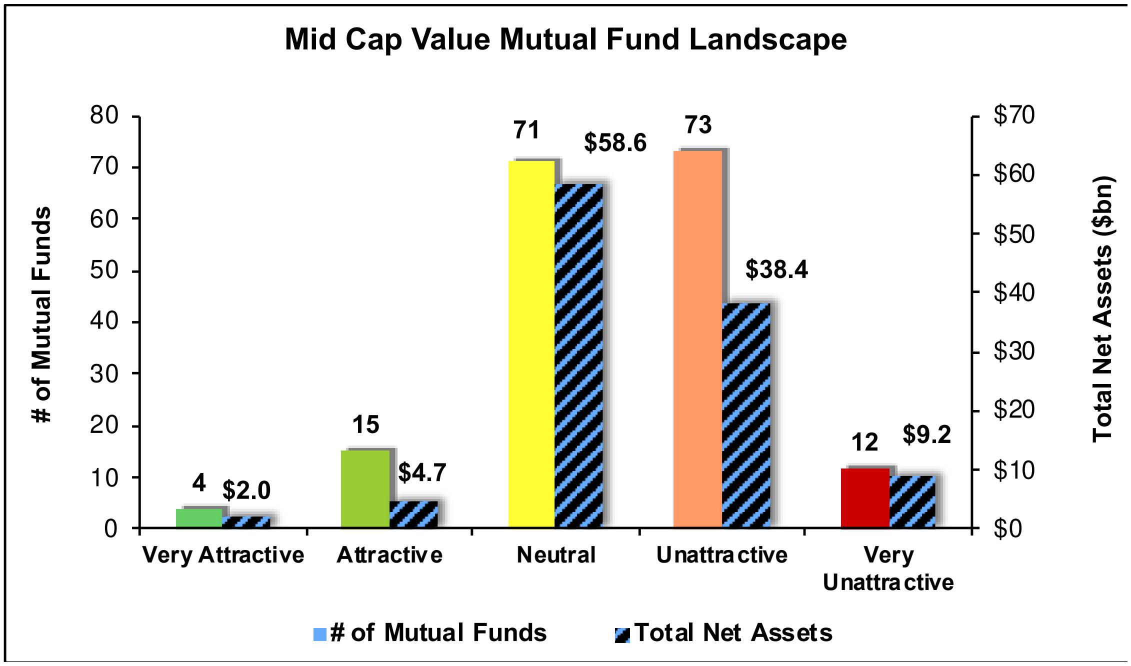
Figures 3 and 4 show the rating landscape of all Mid Cap Value ETFs and mutual funds.

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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Ratings & screeners on 3000 stocks, 450 ETFs and 7000 mutual funds help you make prudent investment decisions.

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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