



## ETF & Mutual Fund Rankings: Large Cap Value Style

The Large Cap Value style ranks second out of the twelve fund styles as detailed in our [2Q19 Style Ratings for ETFs and Mutual Funds](#) report. [Last quarter](#), the Large Cap Value style ranked third. It gets our Attractive rating, which is based on an aggregation of ratings of 68 ETFs and 934 mutual funds in the Large Cap Value style as of April 23, 2019. See a recap of our [1Q19 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 Value style ETFs and mutual funds are created the same. The number of holdings varies widely (from 13 to 1124). This variation creates drastically different investment implications and, therefore, ratings.

Get the best fundamental research

Investors seeking exposure to the Large 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](#)<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>				
RDVY	52%	46%	2%	Very Attractive
QDF	40%	43%	13%	Very Attractive
SYLD	38%	45%	14%	Very Attractive
WBIG	34%	39%	26%	Very Attractive
SCHD	38%	53%	8%	Very Attractive
<b>Worst ETFs</b>				
DDIV	12%	34%	48%	Neutral
JDIV	21%	36%	41%	Neutral
XSHD	7%	27%	54%	Neutral
LVHB	15%	30%	55%	Neutral
SPHD	24%	29%	48%	Unattractive

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

Sources: New Constructs, LLC and company filings

Aptus Fortified Value ETF (FTVA) and Columbia Sustainable Global Equity Income (ESGW) are excluded from Figure 1 because their 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>				
DCURX	59%	30%	7%	Very Attractive
DCUSX	59%	30%	7%	Very Attractive
DCUIX	59%	30%	7%	Very Attractive
DCUTX	59%	30%	7%	Very Attractive
DCUCX	59%	30%	7%	Very Attractive
<b>Worst Mutual Funds</b>				
NRGDX	11%	16%	53%	Very Unattractive
TDFAX	35%	19%	44%	Very Unattractive
HCMNX	27%	29%	13%	Very Unattractive
HCMWX	27%	29%	13%	Very Unattractive
LEXCX	2%	46%	50%	Very Unattractive

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

Sources: New Constructs, LLC and company filings

First Trust Rising Dividend Achievers ETF (RDVY) is the top-rated Large Cap Value ETF and Deutsche DWS CROCI U.S. Fund (DCURX) is the top-rated Large Cap Value mutual fund. Both earn a Very Attractive rating.

Invesco S&P 500 High Dividend Low Volatility ETF (SPHD) is the worst rated Large Cap Value ETF and Voya Corporate Leaders Trust Fund (LEXCX) is the worst rated Large Cap Value mutual fund. SPHD earns an Unattractive rating and LEXCX 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.

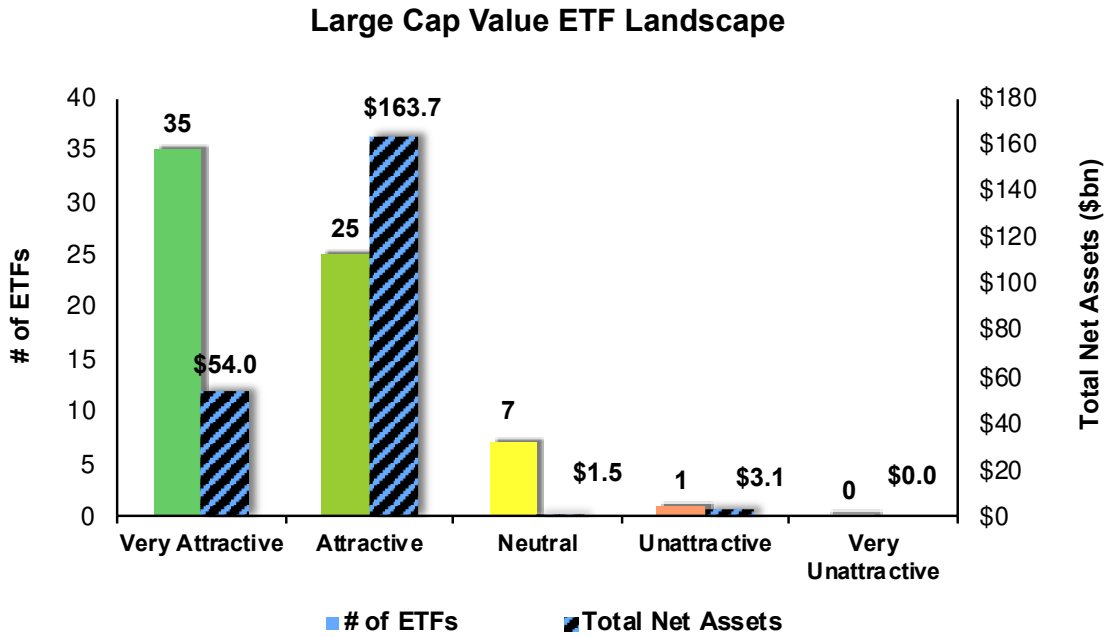
PERFORMANCE OF HOLDINGS = PERFORMANCE OF FUND

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.



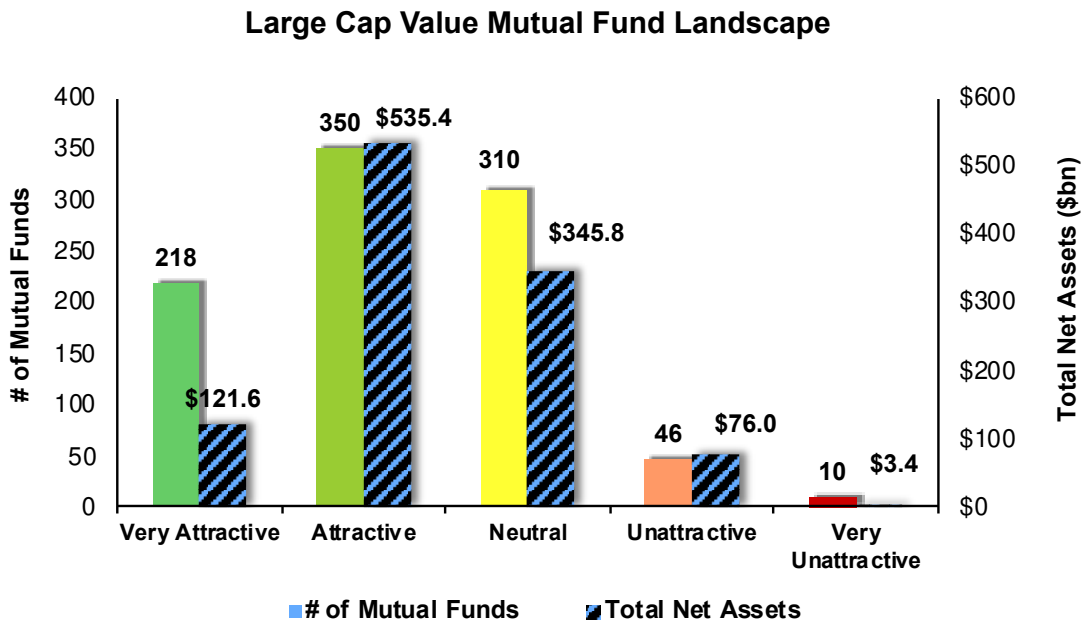
Figures 3 and 4 show the rating landscape of all Large Cap Value ETFs and mutual funds.

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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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.

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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.

### ***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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