



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 [2Q19 Style Ratings for ETFs and Mutual Funds](#) report. [Last quarter](#), the Mid Cap Value style ranked eighth as well. It gets our Neutral rating, which is based on an aggregation of ratings of 10 ETFs and 184 mutual funds in the Mid Cap Value style as of April 23, 2019. See a recap of our [1Q19 Style Ratings here](#).

Figure 1 ranks from best to worst the eight Mid Cap Value ETFs that meet our liquidity standards and Figure 2 shows the five best and worst rated Mid Cap Value mutual funds. Not all Mid Cap Value style ETFs and mutual funds are created the same. The number of holdings varies widely (from 23 to 2076). This variation creates drastically different investment implications and, therefore, ratings.

Get the best fundamental research

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

Ticker	Allocation of ETF Holdings			Predictive Rating
	Attractive-or-better Stocks	Neutral Stocks	Dangerous-or-worse Stocks	
Best ETFs (only 3)				
ONEY	29%	42%	28%	Attractive
DON	21%	39%	34%	Neutral
VUSE	31%	38%	27%	Neutral
Worst ETFs				
VOE	21%	35%	40%	Neutral
JKI	25%	38%	33%	Neutral
PXMV	7%	30%	58%	Neutral
NUMV	17%	40%	40%	Neutral
IWS	17%	31%	49%	Unattractive

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

Sources: New Constructs, LLC and company filings

Principal Contrarian Value Index ETF (PVAL) and First Trust Multi Cap Value AlphaDEX Fund (FAB) 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				
FIDFX	45%	43%	11%	Very Attractive
FMPOX	45%	43%	11%	Very Attractive
FSMVX	45%	43%	11%	Very Attractive
FMPEX	45%	43%	11%	Very Attractive
FMPTX	45%	43%	11%	Very Attractive
Worst Mutual Funds				
HUMEX	3%	28%	48%	Very Unattractive
HUMDX	3%	28%	48%	Very Unattractive
GWSCX	0%	24%	60%	Very Unattractive
CMUAX	15%	38%	43%	Very Unattractive
GWSAX	0%	24%	60%	Very Unattractive

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

Sources: New Constructs, LLC and company filings

Fidelity Mid Cap Value K6 Fund (FCMVX) is excluded from Figure 2 because its total net assets (TNA) are below \$100 million and do not meet our liquidity minimums.

State Street SPDR Russell 1000 Yield Focus ETF (ONEY) is the top-rated Mid Cap Value ETF and Fidelity Advisor Mid Cap Value Fund (FIDFX) is the top-rated Mid Cap Value mutual fund. ONEY earns an Attractive rating and FIDFX earns a Very Attractive rating.

iShares Russell Mid Cap Value ETF (IWS) is the worst rated Mid Cap Value ETF and Gabelli Focus Five Fund (GWSAX) is the worst rated Mid Cap Value mutual fund. IWS earns an Unattractive rating and GWSAX 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.

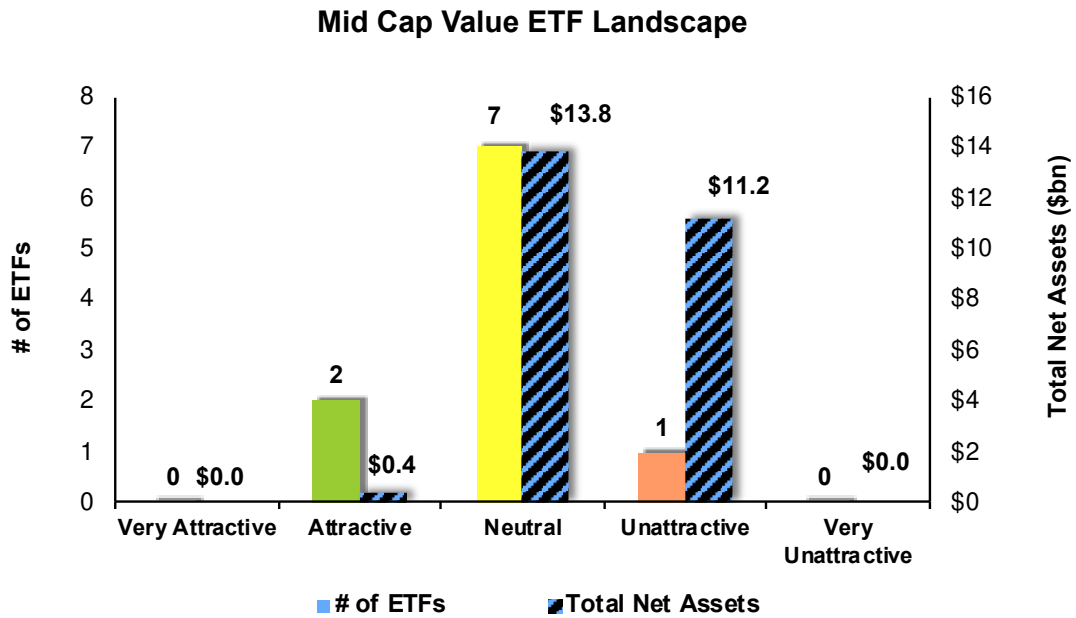
PERFORMANCE OF HOLDINGS = PERFORMANCE OF FUND

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.



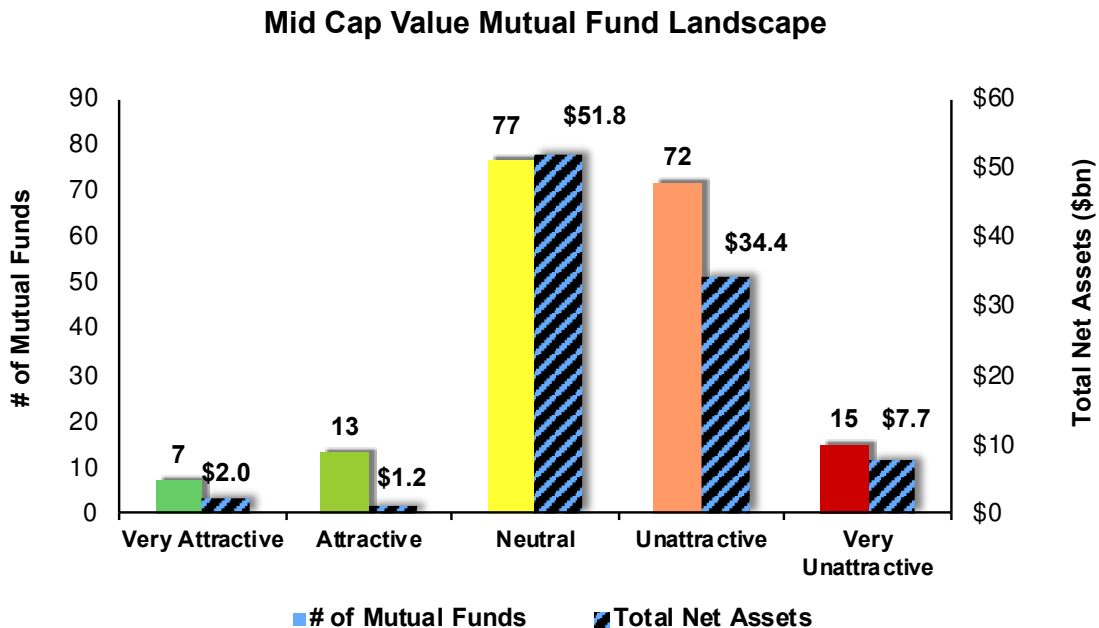
Figures 3 and 4 show the rating landscape of all Mid Cap Value ETFs and mutual funds.

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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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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