



ETF & Mutual Fund Rankings: Small Cap Blend Style

The Small Cap Blend style ranks tenth out of the twelve fund styles as detailed in our [3Q19 Style Ratings for ETFs and Mutual Funds](#) report. [Last quarter](#), the Small Cap Blend style ranked tenth as well. It gets our Unattractive rating, which is based on an aggregation of ratings of 48 ETFs and 835 mutual funds in the Small Cap Blend style as of July 15, 2019. See a recap of our [2Q19 Style Ratings here](#).

Figures 1 and 2 show the five best and worst rated ETFs and mutual funds in the style. Not all Small Cap Blend style ETFs and mutual funds are created the same. The number of holdings varies widely (from 23 to 3241). This variation creates drastically different investment implications and, therefore, ratings.

Get the best fundamental research

Investors seeking exposure to the Small Cap Blend 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	Allocation of ETF Holdings			Predictive Rating
	Attractive-or-better Stocks	Neutral Stocks	Unattractive-or-worse Stocks	
Best ETFs				
EES	16%	41%	25%	Very Attractive
EZM	24%	43%	29%	Attractive
PSC	17%	36%	33%	Attractive
SMMV	11%	32%	47%	Attractive
JKJ	17%	32%	45%	Attractive
Worst ETFs				
SMDV	9%	40%	51%	Neutral
NUSC	10%	28%	48%	Neutral
PTMC	14%	35%	45%	Neutral
FYX	11%	34%	38%	Neutral
EWSC	9%	32%	48%	Unattractive

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

Sources: New Constructs, LLC and company filings

Eight ETFs (CALF, WBIA, SQLV, VALX, XSHQ, CSA, CSF, WBIB) 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 This [paper](#) compares our analytics on a mega cap company to other major providers. The Appendix details exactly how we stack up.



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				
RVVHX	41%	26%	10%	Very Attractive
RYVFX	41%	26%	10%	Very Attractive
RVVRX	41%	26%	10%	Very Attractive
RVFCX	41%	26%	10%	Very Attractive
ARZMX	12%	30%	25%	Very Attractive
Worst Mutual Funds				
IYSBX	12%	20%	53%	Very Unattractive
IYSAX	12%	20%	53%	Very Unattractive
IYVIX	12%	20%	53%	Very Unattractive
SLPSX	5%	14%	24%	Very Unattractive
LVSMX	13%	28%	34%	Very Unattractive

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

Sources: New Constructs, LLC and company filings

WisdomTree U.S. Small Cap Fund (EES) is the top-rated Small Cap Blend ETF and Royce Small Cap Value Fund (RVVHX) is the top-rated Small Cap Blend mutual fund. Both earn a Very Attractive rating.

Invesco S&P Small cap 600 Equal Weight ETF (EWSC) is the worst rated Small Cap Blend ETF and RBB Fund SGI U.S. Small Cap Equity Fund (LVSMX) is the worst rated Small Cap Blend mutual fund. EWSC earns an Unattractive rating and LVSMX 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.

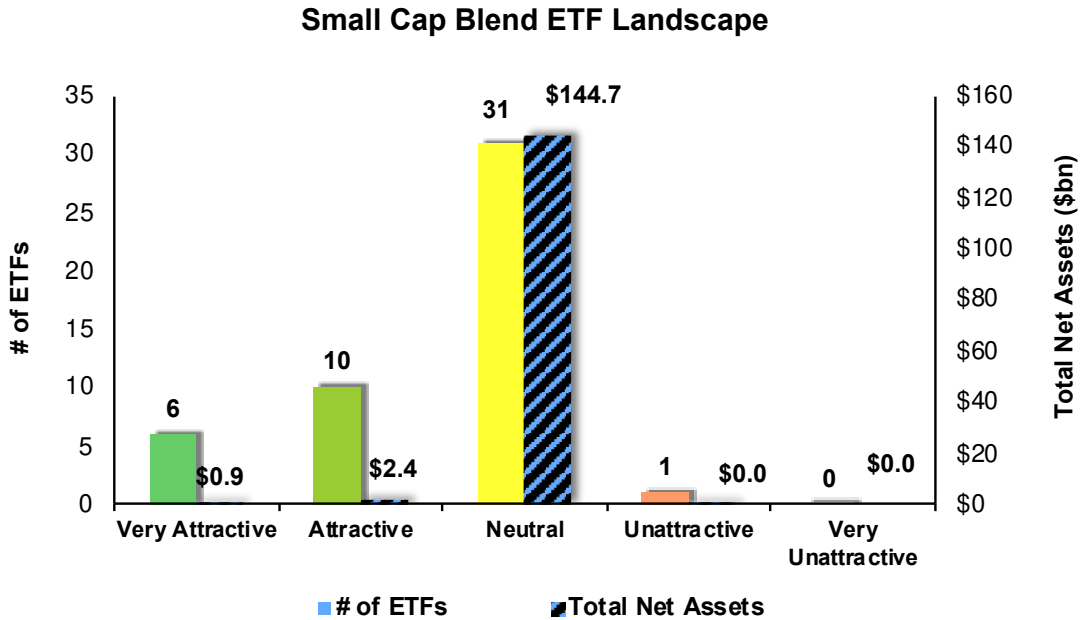
$$\text{PERFORMANCE OF HOLDINGS} = \text{PERFORMANCE OF FUND}$$

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.



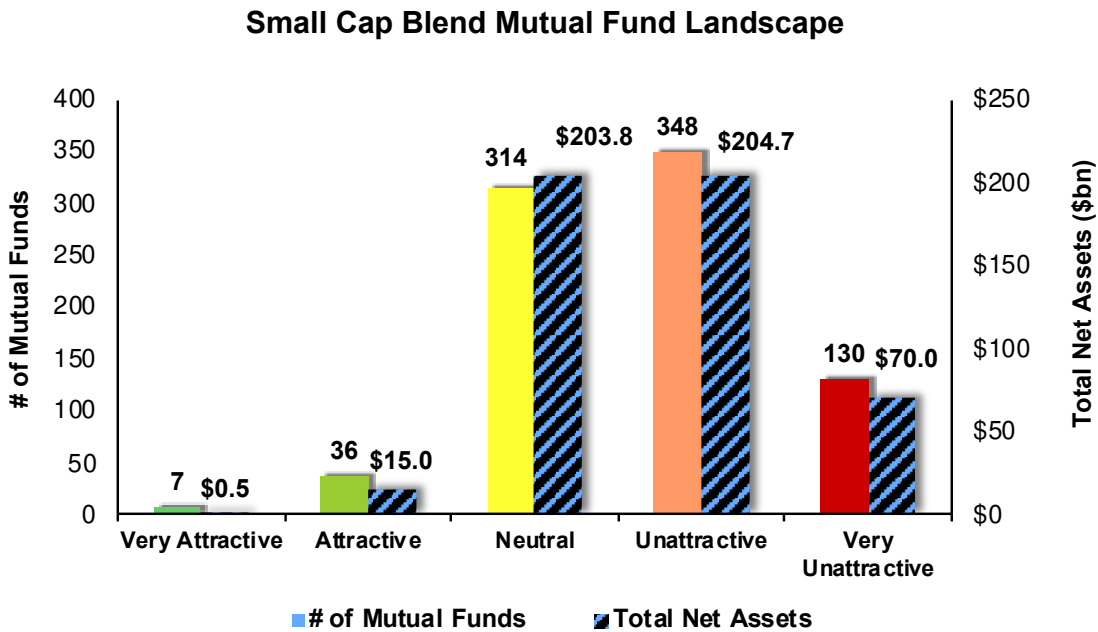
Figures 3 and 4 show the rating landscape of all Small Cap Blend ETFs and mutual funds.

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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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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