



ETF & Mutual Fund Rankings: Large Cap Value Style

The Large Cap Value style ranks first out of the twelve fund styles as detailed in our [1Q21 Style Ratings for ETFs and Mutual Funds](#) report. [Last quarter](#), the Large Cap Value style ranked first as well. It gets our Very Attractive rating, which is based on an aggregation of ratings of 64 ETFs and 760 mutual funds in the Large Cap Value style as of January 21, 2020. See a recap of our [4Q20 Style Ratings here](#).

Figures 1 and 2 show the 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 20 to 919). This variation creates drastically different investment implications and, therefore, ratings.

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Investors seeking exposure to the Large Cap Value style should buy one of the Very Attractive rated ETFs or mutual funds from Figures 1 and 2.

The best fundamental data in the world, proven in [The Journal of Financial Economics](#), drives our research. 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 | | | | |
| QDF | 51% | 38% | 8% | Very Attractive |
| OUSA | 51% | 45% | 4% | Very Attractive |
| PWV | 54% | 38% | 8% | Very Attractive |
| SCHD | 42% | 47% | 10% | Very Attractive |
| DJD | 49% | 33% | 17% | Very Attractive |
| Worst ETFs | | | | |
| RDIV | 16% | 53% | 30% | Neutral |
| DDIV | 30% | 39% | 29% | Neutral |
| SPYD | 24% | 34% | 42% | Neutral |
| JDIV | 23% | 36% | 39% | Neutral |
| DTN | 31% | 37% | 32% | Neutral |

* 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 See how our models and financial ratios are superior to Bloomberg and Capital IQ's (SPGI) analytics in the [detailed appendix of this paper](#).



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 | | | | |
| AGLYX | 33% | 30% | 8% | Very Attractive |
| SLESX | 63% | 23% | 7% | Very Attractive |
| SCIUX | 63% | 23% | 7% | Very Attractive |
| SCAYX | 63% | 23% | 7% | Very Attractive |
| AGLOX | 33% | 30% | 8% | Very Attractive |
| Worst Mutual Funds | | | | |
| NWGHX | 27% | 31% | 39% | Unattractive |
| TDFAX | 31% | 32% | 32% | Unattractive |
| NRGDY | 0% | 14% | 79% | Very Unattractive |
| MDRFY | 25% | 23% | 37% | Very Unattractive |
| UPDDX | 13% | 13% | 32% | Very Unattractive |

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

Sources: New Constructs, LLC and company filings

FlexShares Quality Dividend Index Fund (QDF) is the top-rated Large Cap Value ETF and Ariel Global Fund (AGLYX) is the top-rated Large Cap Value mutual fund. Both earn a Very Attractive rating.

WisdomTree U.S. Dividend ex-Financials Fund (DTN) is the worst rated Large Cap Value ETF and Upright Growth & Income Fund (UPDDX) is the worst rated Large Cap Value mutual fund. DTN earns a Neutral rating and UPDDX 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.

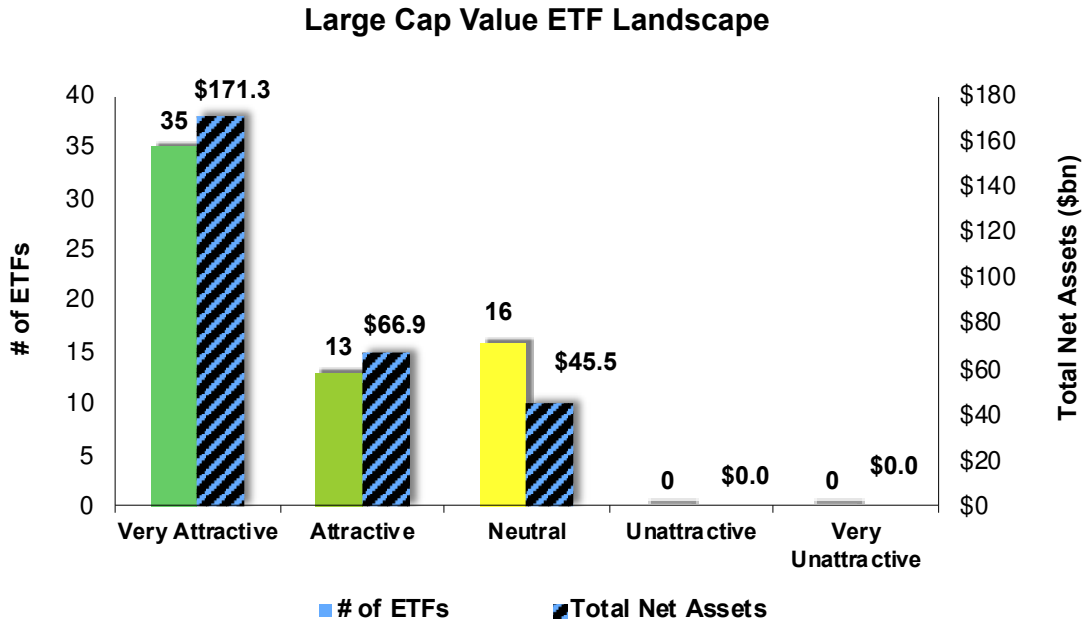
PERFORMANCE OF HOLDINGS = PERFORMANCE OF FUND

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.



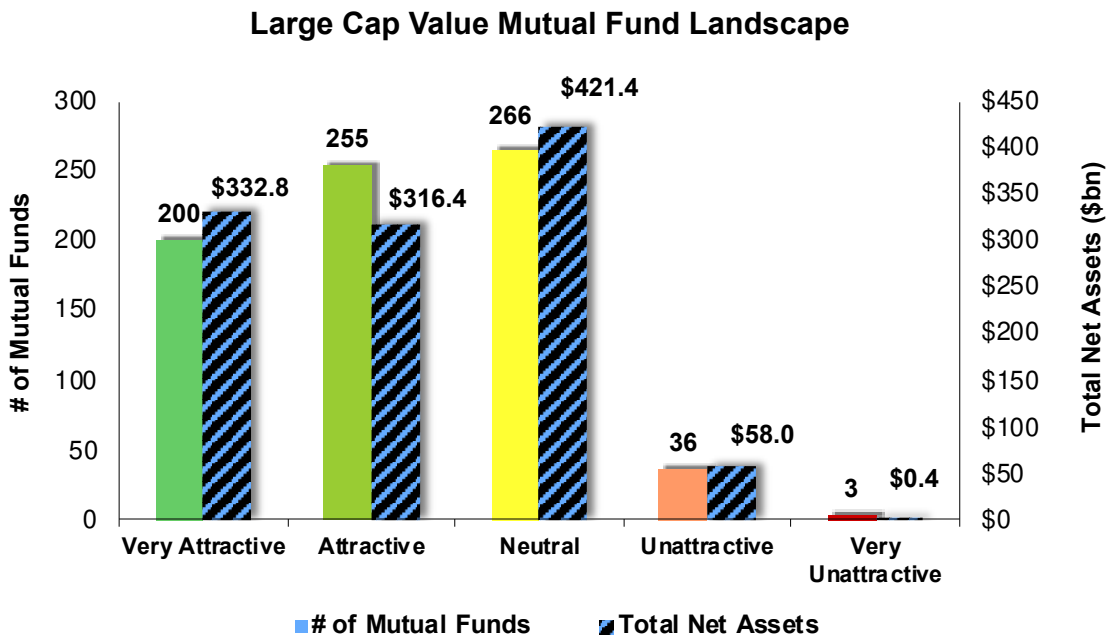
Figures 3 and 4 show the rating landscape of all Large Cap Value ETFs and mutual funds.

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, Kyle Guske II, Alex Sword, and Matt Shuler receive no compensation to write about any specific stock, style, or theme.

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It's Official: We Offer the Best Fundamental Data in the World

Many firms claim their research is superior, but none of them can prove it with independent studies from highly-respected institutions as we can. Below, we present three different papers from both the public and private sectors that prove the superiority of our proprietary fundamental data, earnings models, investment ratings, and research for stocks, bonds, ETFs, and mutual funds.

Best Fundamental Data in the World

Forthcoming in [The Journal of Financial Economics](#), a top peer-reviewed journal, [Core Earnings: New Data & Evidence](#) proves the superiority of our [fundamental data](#), [earnings](#) models, and [research](#). More [details](#).

Key quotes from the paper:

- “[New Constructs’] *Total Adjustments* differs significantly from the items identified and excluded from Compustat’s adjusted earnings measures. For example... 50% to 70% of the variation in *Total Adjustments* is not explained by *IBSPI Adjustments*, *OIADP Adjustments*, or *OPE Adjustments* individually.” – pp. 14, 1st para.
- “A final source of differences [between New Constructs’ and S&P Global’s data] is due to data collection oversights...we identified cases where Compustat did not collect information relating to firms’ income that is useful in assessing core earnings.” – pp. 16, 2nd para.

Superior Models

A top accounting firm features the superiority of our [NOPAT](#), [Invested Capital](#), and [ROIC](#) research on four mega-cap companies in “[Getting ROIC right: how an accurate view of ROIC can drive improved shareholder value](#)”.

Key quotes from the paper:

- “...an accurate calculation of ROIC requires more diligence than often occurs in some of the common, off-the-shelf ROIC calculations. Only by scouring the footnotes and the MD&A [the New Constructs method] can investors get an accurate calculation of ROIC.” – pp. 8, 5th para.
- “The majority of the difference...comes from New Constructs’ machine learning approach, which leverages technology to calculate ROIC by applying accounting adjustments that may be buried deeply in the footnotes across thousands of companies.” – pp. 4, 2nd para.

See the [Appendix](#) for direct comparison of our analysis of DOW’s 2015 results to Capital IQ and Bloomberg.

Superior Stock Ratings

Robo-Analysts’ stock ratings outperform those from human analysts as shown in this [paper](#) from Indiana’s Kelley School of Business. Bloomberg features the paper [here](#).

Key quotes from the paper:

- “the portfolios formed following the buy recommendations of Robo-Analysts earn abnormal returns that are statistically and economically significant.” – pp. 6, 3rd para.
- “Our results ultimately suggest that Robo-Analysts are a valuable, alternative information intermediary to traditional sell-side analysts.” – pp. 20, 3rd para.

Our mission is to provide the best fundamental analysis of public and private businesses in the world and make it affordable for all investors, not just Wall Street insiders.

We believe every investor deserves to know the whole truth about the profitability and valuation of any company they consider for investment. More details on our cutting-edge technology and how we use it are [here](#).



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