

# Morningstar's Two Ratings for Assessing a Fund

The Morningstar Analyst Rating™ (represented as a shield) uses our analysts' expertise to evaluate factors they believe are crucial to predicting the future success of a fund. The Morningstar Rating™ for funds (commonly known as the star rating) is a quantitative assessment of

a fund's past performance. Morningstar fund analysts assign the Analyst Rating to a focused list of funds that have garnered the most investor interest and assets, while the star rating is calculated for funds with a record of more than three years.

## Using the Two Ratings Together

Morningstar developed the Analyst Rating because a fund's risk-adjusted return history tells only part of the story. The Analyst Rating is a qualitative, forward-looking measure based on analyst research and can be used in conjunction with the quantitative Morningstar Rating. We think of the Morningstar Rating as an achievement test and the Analyst Rating as more of an aptitude test. Both ratings, together with the fund reports, provide investors with a powerful tool to assess funds.

We may award a Morningstar Analyst Rating of Gold to a fund with one star or assign a Negative rating to a 5-star fund. For example, a 1-star fund could receive a Gold rating if analysts believe a fund could outperform its peers, despite underperforming over the trailing three-five-and 10-year periods. In contrast, if a fund outperformed its peers over these periods, but our analysts don't think it will be able to sustain that performance, a 5-star fund could receive a Negative rating.

## Morningstar Analyst Rating™

The Morningstar Analyst Rating provides a forward-looking assessment built on the analyst's conviction in the fund's ability to outperform its peer group or a relevant benchmark on a risk-adjusted basis over the long term. Analysts evaluate funds based on five key pillars—people, parent, process, performance, and price. Each analyst evaluation comes from face-to-face

interviews with the fund management team, along with our analysis of proprietary Morningstar® Data and fund documents. Morningstar Medalists—whether they've received a Gold, Silver, or Bronze rating—are funds that our analysts believe will perform better over time compared to similar investments.

### Morningstar Analyst Rating for Funds

<b>Gold</b> Best-of-breed fund that distinguishes itself across the five pillars and has garnered the analysts' highest level of conviction.	<b>Silver</b> Fund with notable advantages across several, but perhaps not all, of the five pillars—strengths that give the analysts a high level of conviction.	<b>Bronze</b> Fund with advantages that outweigh the disadvantages across the five pillars and with sufficient level of analyst conviction to warrant a positive rating.	<b>Neutral</b> Fund that isn't likely to deliver standout returns but also isn't likely to significantly underperform, according to the analysts.	<b>Negative</b> Fund that has at least one flaw likely to significantly hamper future performance and that is considered by analysts an inferior offering to its peers.
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## Morningstar Rating™

The Morningstar Rating, most commonly referred to as the "star rating," is a purely quantitative, backward-looking measure of past performance. It is based on a fund's risk- and cost-adjusted performance over

three-, five-, and 10-year periods and helps investors to quickly and easily assess a fund's track record relative to its peers.

