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# Introducing the Morningstar Analyst Rating for Exchange-Traded Funds

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**Morningstar Manager Research**  
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Ben Johnson  
Director of Global ETF Research  
+1 312 384-4077  
ben.johnson@morningstar.com

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On Nov. 1, 2016, we unveiled Morningstar Analyst Ratings for more than 250 exchange-traded funds listed around the world. While this first batch of rated ETFs already accounts for a big portion of the global ETF market—over \$1.75 trillion in assets worldwide as of the end of September—we expect to assign Analyst Ratings to dozens more ETFs in the months ahead.

## Background

The Analyst Rating—which follows a Gold, Silver, Bronze, Neutral, and Negative scale—is forward-looking. It expresses our analysts' conviction in a fund's ability to beat its peers after accounting for fees and risk over a market cycle.

We've been assigning Analyst Ratings to mutual funds for about five years but with this launch we're extending the ratings to ETFs as well. (Note: We have also conducted qualitative, forward-looking analysis of ETFs for around eight years, but we had not assigned Analyst Ratings to ETFs until now.) Using the Analyst Rating, we believe investors can make sounder decisions about which ETFs to choose or avoid.

Because the Analyst Rating we assign to ETFs follows the same methodology that we use to assign ratings to traditional mutual funds, it should also make it easier for investors to compare ETFs against relevant mutual funds. That practice has grown more commonplace in recent years as ETFs have become more widely available and the popularity of low-cost, passive investing has taken hold.

## A Rating with Purpose

The purpose of Morningstar's qualitative, analyst-driven research on funds is to identify those funds that we believe should be able to outperform a relevant peer group, within the context of the level of risk taken, over a market cycle.

The pillars of our analysis are the same regardless of whether we are rating a passive ETF or an actively managed fund—those pillars being People, Process, Performance, Parent, and Price. However, their relative impact on our overall assessment of a fund differs somewhat when it comes to analyzing and rating ETFs.

Obviously, keeping costs—both explicit (the ETF's expense ratio) and implicit (that is, the cost of portfolio turnover)—at a minimum is paramount in the context of running an index-tracking fund. As such, it should come as no surprise that the top-rated ETFs that we analyze are not only among the

lowest-cost options in their Morningstar Categories when compared with their actively managed peers, but also versus other passive funds.

Although costs are critical, they are just one component of our holistic assessment of ETFs. We also closely scrutinize an ETF's performance relative to peers in its Morningstar Category. And, as part of our Process Pillar assessment, we carefully analyze an ETF's underlying benchmark to understand how the portfolio is built and maintained as well as the techniques that the ETF's managers employ to track the index with precision.

Stewardship also plays a vital role in our analysis. We tend to favor parent firms that put investors' interests ahead of commercial goals and that align fund managers' incentives accordingly. Of course, the skills and experience of the people managing the ETF are an important factor in our analysis. In the management of ETFs, every 0.01% of performance counts, so it is vital to have a seasoned team in place. Thus, we evaluate these matters as part of the People Pillar assessment we conduct. In sum, we reserve our Morningstar Medalist ratings for those low-cost ETFs that we believe will tightly track a sensibly constructed index over a long time frame. We favor those ETFs backed by experienced managers and sponsored by firms that are good stewards of investors' capital. And we do so because we believe these attributes are likeliest to translate to outperformance when compared with a relevant peer group over a market cycle.




### The Tally

Of the 250-plus ETFs that we've rated across the globe, nearly three fourths are Morningstar Medalists. We have a positive view of these funds' prospects relative to their Morningstar Category peers. The positive skew largely reflects what we've chosen to cover. In deciding which funds to cover, we take into consideration funds' investment merit and investor interest. Thus, our first wave of rated funds represents some of the largest, most broadly diversified, and lowest-cost funds—many of which are backed by top-rated stewards of fund shareholders' capital.

But indexing is not always a prudent strategy. This is particularly the case when ETFs and index funds fail to deliver on the key principles that have driven much of their success: low costs and broad diversification. Many of the funds in our initial rated universe fall short on one or both measures. This is reflected in the fact that just over one fourth of the funds in our initial rated universe have received a Neutral rating, while two funds have been rated Negative.

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#### Exhibit 1 Distribution of Morningstar Analyst Ratings for Global ETFs

Rating	Number of Funds	%
 Gold	37	14
 Silver	80	31
 Bronze	74	28
Neutral	68	26
Negative	2	1
<b>Total</b>	<b>261</b>	

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Source: Morningstar Direct. Data as of 10/31/2016.

## Conclusion

Most investors do not have a black or white, active or passive view of the world. In fact, many are becoming increasingly strategy- and vehicle-agnostic, looking to select best-of-breed approaches to portfolio construction irrespective of where they are located on the active-to-passive continuum or whether they're a fund or ETF. They are simply looking to select the type of vehicle that best meets their needs. This is evidenced by the continued growth of assets under management in ETFs around the world.

We expect that these trends will only continue, and potentially accelerate over time, driven by a combination of investors' growing familiarity with the ETF wrapper, continued expansion of the menu of ETFs, as well as regulations such as the Department of Labor's fiduciary rule in the United States, the Retail Distribution Review in the United Kingdom, and the Future of Financial Advice in Australia. By incorporating ETFs into our Analyst Rating framework, we are leveling the field to help investors to pick the best funds from an ever-expanding list of choices. ■■■

## Additional Resources

Morningstar Analyst Rating for Funds Methodology Document:

<http://corporate1.morningstar.com/ResearchArticle.aspx?documentId=678227>

Morningstar Analyst Rating for ETFs and Index Mutual Funds Methodology Document:

[http://corporate.morningstar.com/US/documents/PR/Methodology\\_Morningstar\\_Analyst\\_Rating\\_for ETFs\\_and\\_Index\\_Mutual\\_Funds.pdf](http://corporate.morningstar.com/US/documents/PR/Methodology_Morningstar_Analyst_Rating_for ETFs_and_Index_Mutual_Funds.pdf)

Morningstar Analyst Ratings for ETFs FAQ:

[http://corporate.morningstar.com/US/documents/PR/ETF\\_Analyst\\_Rating\\_Launch\\_QA\\_090216\\_external.pdf](http://corporate.morningstar.com/US/documents/PR/ETF_Analyst_Rating_Launch_QA_090216_external.pdf)

Explainer Video: Morningstar Analyst Rating for Funds:




<http://news.morningstar.com/Cover/videoCenter.aspx?id=747175>

Explainer Video: Morningstar Rating for Funds:

<http://news.morningstar.com/Cover/videoCenter.aspx?id=747188>




## Overview of Universe of Rated ETFs by Region and Morningstar Categories

### Exhibit 2 Distribution of Morningstar Analyst Ratings for U.S.-Listed ETFs

Rating	Number of Funds	%
 <b>Gold</b>	18	18
 <b>Silver</b>	38	37
 <b>Bronze</b>	35	34
<b>Neutral</b>	11	11
<b>Negative</b>	0	0
<b>Total</b>	<b>102</b>	







































Source: Morningstar Direct. Data as of 10/31/2016.

### Exhibit 3 Distribution of Morningstar Analyst Ratings for U.S.-Listed ETFs by Morningstar Category

































Morningstar Category	Morningstar Analyst Rating					Total
	 <b>Gold</b>	 <b>Silver</b>	 <b>Bronze</b>	<b>Neutral</b>	<b>Negative</b>	
Large Value	—	6	8	2	—	<b>16</b>
Large Blend	9	4	2	—	—	<b>15</b>
Foreign Large Blend	—	7	2	—	—	<b>9</b>
Large Growth	—	5	2	—	—	<b>7</b>
Mid-Cap Blend	3	2	1	—	—	<b>6</b>
Diversified Emerging Markets	—	1	3	1	—	<b>5</b>
Europe Stock	2	—	1	2	—	<b>5</b>
Mid-Cap Value	—	1	3	1	—	<b>5</b>
Intermediate-Term Bond	—	4	—	—	—	<b>4</b>
Small Blend	2	1	1	—	—	<b>4</b>
Small Value	—	1	2	1	—	<b>4</b>
Mid-Cap Growth	—	1	2	—	—	<b>3</b>
Short-Term Bond	1	1	1	—	—	<b>3</b>
Small Growth	—	1	1	1	—	<b>3</b>
World Stock	—	2	1	—	—	<b>3</b>
Corporate Bond	—	—	2	—	—	<b>2</b>
Foreign Large Value	—	—	1	1	—	<b>2</b>
Foreign Small/Mid Blend	—	1	1	—	—	<b>2</b>
High Yield Bond	—	—	—	2	—	<b>2</b>
Real Estate	1	—	—	—	—	<b>1</b>
World Bond	—	—	1	—	—	<b>1</b>
<b>Total</b>	<b>18</b>	<b>38</b>	<b>35</b>	<b>11</b>	<b>0</b>	<b>102</b>

Source: Morningstar Direct. Data as of 10/31/2016.

**Exhibit 4** Morningstar Analyst Ratings for U.S.-Listed ETFs by Morningstar Category

Morningstar Category	Ticker	Morningstar Analyst Rating
<b>Large Value</b>		
Schwab US Large-Cap Value ETF™	SCHV	 Silver
Vanguard High Dividend Yield ETF	VYM	 Silver
Vanguard Mega Cap Value ETF	MGV	 Silver
Vanguard Value ETF	VTV	 Silver
Schwab US Dividend Equity ETF™	SCHD	 Silver
SPDR® S&P Dividend ETF	SDY	 Silver
WisdomTree LargeCap Dividend ETF	DLN	 Bronze
iShares Edge MSCI USA Value Factor	VLUU	 Bronze
iShares Russell 1000 Value	IWD	 Bronze
iShares S&P 500 Value	IVE	 Bronze
PowerShares FTSE RAFI US 1000 ETF	PRF	 Bronze
PowerShares S&P 500 Low Volatility ETF	SPLV	 Bronze
PowerShares S&P 500® High Div Low VolETF	SPHD	 Bronze
Schwab Fundamental US Large Company ETF	FNDX	 Bronze
WisdomTree High Dividend ETF	DHS	Neutral
SPDR® Dow Jones Industrial Average ETF	DIA	Neutral
<b>Large Blend</b>		
Schwab US Broad Market ETF™	SCHB	 Gold
Schwab US Large-Cap ETF™	SCHX	 Gold
SPDR® S&P 500 ETF	SPY	 Gold
Vanguard 500 ETF	VOO	 Gold
Vanguard Large-Cap ETF	VV	 Gold
Vanguard Total Stock Market ETF	VTI	 Gold
Vanguard Dividend Appreciation ETF	VIG	 Gold
iShares Core S&P 500	IVV	 Gold
iShares Core S&P Total US Stock Mkt	ITOT	 Gold
iShares Edge MSCI Min Vol USA	USMV	 Silver
iShares Russell 1000	IWB	 Silver
iShares Russell 3000	IWV	 Silver
Vanguard Mega Cap ETF	MGC	 Silver
Emeran Sachs ActiveBeta® US LgCp Eq ETF	GSLC	 Bronze
PowerShares S&P 500® Quality ETF	SPHQ	 Bronze
<b>Foreign Large Blend</b>		
iShares Core MSCI EAFE	IEFA	 Silver
iShares Core MSCI Total Intl Stk	IXUS	 Silver
iShares Edge MSCI Min Vol EAFE	EFAV	 Silver
Schwab International Equity ETF™	SCHF	 Silver
Vanguard FTSE All-World ex-US ETF	VEU	 Silver
Vanguard Total International Stock ETF	VXUS	 Silver
Vanguard FTSE Developed Markets ETF	VEA	 Silver
iShares MSCI ACWI ex US	ACWX	 Bronze
iShares MSCI EAFE	EFA	 Bronze

**Exhibit 4** Morningstar Analyst Ratings for U.S.-Listed ETFs by Morningstar Category (Continued)




Morningstar Category	Ticker	Morningstar Analyst Rating
<b>Large Growth</b>		
iShares Edge MSCI USA Momentum Factor	MTUM	 Silver
iShares Edge MSCI USA Quality Factor	QUAL	 Silver
Schwab US Large-Cap Growth ETF™	SCHG	 Silver
Vanguard Growth ETF	VUG	 Silver
Vanguard Mega Cap Growth ETF	MGK	 Silver
iShares Russell 1000 Growth	IWF	 Bronze
iShares S&P 500 Growth	IWW	 Bronze
<b>Mid-Cap Blend</b>		
Vanguard Extended Market ETF	VXF	 Gold
iShares Core S&P Mid-Cap	IJH	 Gold
Vanguard Mid-Cap ETF	VO	 Gold
iShares Russell Mid-Cap	IWR	 Silver
Schwab US Mid-Cap ETF™	SCHM	 Silver
SPDR® S&P MidCap 400 ETF	MDY	 Bronze
<b>Diversified Emerging Markets</b>		
iShares Edge MSCI Min Vol Emerging Mkts	EEMV	 Silver
iShares Core MSCI Emerging Markets	IEMG	 Bronze
Schwab Emerging Markets Equity ETF™	SCHE	 Bronze
Vanguard FTSE Emerging Markets ETF	VWO	 Bronze
iShares MSCI Emerging Markets	EEM	Neutral
<b>Europe Stock</b>		
iShares Core MSCI Europe	IEUR	 Gold
Vanguard FTSE Europe ETF	VGK	 Gold
iShares MSCI Eurozone	EZU	 Bronze
iShares Europe	IEV	Neutral
SPDR® EURO STOXX 50 ETF	FEZ	Neutral
<b>Mid-Cap Value</b>		
Vanguard Mid-Cap Value ETF	VOE	 Silver
WisdomTree MidCap Dividend ETF	DON	 Bronze
iShares Russell Mid-Cap Value	IWS	 Bronze
iShares S&P Mid-Cap 400 Value	IJJ	 Bronze
iShares Select Dividend	DVY	Neutral
<b>Intermediate-Term Bond</b>		
Vanguard Total Bond Market ETF	BND	 Silver
Vanguard Intermediate-Term Bond ETF	BIV	 Silver
iShares Core US Aggregate Bond	AGG	 Silver
Schwab US Aggregate Bond ETF™	SCHZ	 Silver
<b>Small Blend</b>		
iShares Core S&P Small-Cap	IJR	 Gold
Vanguard Small-Cap ETF	VB	 Gold
Schwab US Small-Cap ETF™	SCHA	 Silver
iShares Russell 2000	IWM	 Bronze

**Exhibit 4** Morningstar Analyst Ratings for U.S.-Listed ETFs by Morningstar Category (Continued)

Morningstar Category	Ticker	Morningstar Analyst Rating
<b>Small Value</b>		
Vanguard Small-Cap Value ETF	VBR	 Silver
WisdomTree SmallCap Dividend ETF	DES	 Bronze
iShares S&P Small-Cap 600 Value	IJS	 Bronze
iShares Russell 2000 Value	IWN	 Neutral
<b>Mid-Cap Growth</b>		
Vanguard Mid-Cap Growth ETF	VOT	 Silver
iShares Russell Mid-Cap Growth	IWP	 Bronze
iShares S&P Mid-Cap 400 Growth	IJK	 Bronze
<b>Short-Term Bond</b>		
Vanguard Short-Term Corporate Bond ETF	VCSH	 Gold
Vanguard Short-Term Bond ETF	BSV	 Silver
SPDR® Barclays Short Term Corp Bd ETF	SCPB	 Bronze
<b>Small Growth</b>		
Vanguard Small-Cap Growth ETF	VBK	 Silver
iShares S&P Small-Cap 600 Growth	IJT	 Bronze
iShares Russell 2000 Growth	IWO	 Neutral
<b>World Stock</b>		
iShares Edge MSCI Min Vol Global	ACWV	 Silver
Vanguard Total World Stock ETF	VT	 Silver
iShares MSCI ACWI	ACWI	 Bronze
<b>Corporate Bond</b>		
iShares iBoxx \$ Invst Grade Crp Bond	LQD	 Bronze
iShares Intermediate Credit Bond	CIU	 Bronze
<b>Foreign Large Value</b>		
Schwab Fundamental Intl Lg Co ETF	FNDF	 Bronze
iShares International Select Dividend	IDV	 Neutral
<b>Foreign Small/Mid Blend</b>		
Vanguard FTSE All-World ex-US Sm-Cp ETF	VSS	 Silver
iShares MSCI EAFE Small-Cap	SCZ	 Bronze
<b>High Yield Bond</b>		
iShares iBoxx \$ High Yield Corporate Bd	HYG	 Neutral
SPDR® Barclays High Yield Bond ETF	JNK	 Neutral
<b>Real Estate</b>		
Vanguard REIT ETF	VNQ	 Gold
<b>World Bond</b>		
Vanguard Total International Bond ETF	BNDX	 Bronze




Source: Morningstar Direct. Data as of 10/31/2016.

**Exhibit 5** Distribution of Morningstar Analyst Ratings for Canada-Listed ETFs

Rating	Number of Funds	%
 <b>Gold</b>	7	19
 <b>Silver</b>	9	24
 <b>Bronze</b>	12	32
<b>Neutral</b>	8	22
<b>Negative</b>	1	3
<b>Total</b>	<b>37</b>	











Source: Morningstar Direct. Data as of 10/31/2016.

**Exhibit 6** Distribution of Morningstar Analyst Ratings for Canada-Listed ETFs by Morningstar Category

Morningstar Category	Morningstar Analyst Rating					Total
	 <b>Gold</b>	 <b>Silver</b>	 <b>Bronze</b>	<b>Neutral</b>	<b>Negative</b>	
Canadian Equity	3	1	2	1	—	<b>7</b>
International Equity	—	2	2	1	—	<b>5</b>
US Equity	3	—	1	1	—	<b>5</b>
Emerging Markets Equity	—	—	3	1	—	<b>4</b>
Global Equity	—	3	1	—	—	<b>4</b>
Canadian Dividend & Income Equity	—	—	1	2	—	<b>3</b>
Canadian Fixed Income	—	2	1	—	—	<b>3</b>
Canadian Short Term Fixed Income	1	1	—	—	—	<b>2</b>
Canadian Small/Mid Cap Equity	—	—	—	1	1	<b>2</b>
Real Estate Equity	—	—	1	1	—	<b>2</b>
<b>Total</b>	<b>7</b>	<b>9</b>	<b>12</b>	<b>8</b>	<b>1</b>	<b>37</b>


























Source: Morningstar Direct. Data as of 10/31/2016.

**Exhibit 7** Canada-Listed Rated ETFs by Morningstar Category

Morningstar Category	Ticker	Morningstar Analyst Rating
<b>Canadian Equity</b>		
iShares Core S&P/TSX Capped Composite	XIC	 <b>Gold</b>
Vanguard FTSE Canada All Cap ETF	VCN	 <b>Gold</b>
Vanguard FTSE Canada ETF	VCE	 <b>Gold</b>
iShares S&P/TSX 60	XIU	 <b>Silver</b>
PowerShares FTSE RAFI Canadian Fdmt ETF	PXC	 <b>Bronze</b>
iShares Edge MSCI Min Vol Canada	XMV	 <b>Bronze</b>
iShares Canadian Fundamental Comm	CRQ	<b>Neutral</b>
<b>International Equity</b>		
iShares Core MSCI EAFE IMI	XEF	 <b>Silver</b>
Vanguard FTSE Dev AC ex Nrth Amer ETF	VIU	 <b>Silver</b>
iShares Edge MSCI Min Vol EAFE	XMI	 <b>Bronze</b>
iShares MSCI EAFE CAD-Hedged	XIN	 <b>Bronze</b>
BMO MSCI EAFE ETF	ZEA	<b>Neutral</b>






**Exhibit 7** Canada-Listed Rated ETFs by Morningstar Category (Continued)

Morningstar Category	Ticker	Morningstar Analyst Rating
<b>US Equity</b>		
iShares Core S&P 500	XUS	 Gold
Vanguard S&P 500 ETF	VFV	 Gold
Vanguard US Total Market ETF	VUN	 Gold
PowerShares FTSE RAFI US Fdmt ETF	PXS	 Bronze
BMO Low Volatility US Equity ETF (CAD)	ZLU	 Neutral
<b>Emerging Markets Equity</b>		
iShares Core MSCI Emerging Markets IMI	XEC	 Bronze
iShares Edge MSCI Min Vol Emerging Mkts	XMM	 Bronze
Vanguard FTSE Emerging Mkts All Cap ETF	VEE	 Bronze
iShares MSCI Emerging Markets	XEM	 Neutral
<b>Global Equity</b>		
iShares Core MSCI All Country Wld ex Can	XAW	 Silver
iShares MSCI World	XWD	 Silver
Vanguard FTSE Global All Cap ex Can ETF	VXC	 Silver
iShares Edge MSCI Min Vol Global	XMW	 Bronze
<b>Canadian Dividend &amp; Income Equity</b>		
Vanguard FTSE Canadian High Div Yld ETF	VDY	 Bronze
iShares Canadian Select Dividend	XDV	 Neutral
iShares S&P/TSX Cdn Div Aristocrats Comm	CDZ	 Neutral
<b>Canadian Fixed Income</b>		
BMO Aggregate Bond ETF	ZAG	 Silver
Vanguard Canadian Aggregate Bond ETF	VAB	 Silver
iShares Canadian Universe Bond	XBB	 Bronze
<b>Canadian Short Term Fixed Income</b>		
Vanguard Canadian Short-Term Bond ETF	VSB	 Gold
iShares Canadian Short Term Bond	XSB	 Silver
<b>Canadian Small/Mid Cap Equity</b>		
iShares S&P/TSX Completion	XMD	 Neutral
iShares S&P/TSX Small Cap	XCS	 Negative
<b>Real Estate Equity</b>		
BMO Equal Weight REITs ETF	ZRE	 Bronze
iShares S&P/TSX Capped REIT	XRE	 Neutral




Source: Morningstar Direct. Data as of 10/31/2016.

**Exhibit 8** Distribution of Morningstar Analyst Ratings for Europe-Listed ETFs

Rating	Number of Funds	%
 <b>Gold</b>	12	11
 <b>Silver</b>	33	31
 <b>Bronze</b>	25	22
<b>Neutral</b>	37	34
<b>Negative</b>	1	1
<b>Total</b>	<b>108</b>	

































Source: Morningstar Direct. Data as of 10/31/2016.

**Exhibit 9** Distribution of Morningstar Analyst Ratings for Europe-Listed ETFs by Morningstar Category























Morningstar Category	Morningstar Analyst Rating					Total
	 Gold	 Silver	 Bronze	Neutral	Negative	
Eurozone Large-Cap Equity	2	3	1	8	—	14
US Large-Cap Blend Equity	5	6	3	—	—	14
Europe Large-Cap Blend Equity	1	4	2	1	—	8
Global Large-Cap Blend Equity	—	5	3	—	—	8
Japan Large-Cap Equity	2	2	4	—	—	8
Global Emerging Markets Equity	—	1	3	3	—	7
UK Large-Cap Blend Equity	—	—	1	4	—	5
Asia ex Japan Equity	—	—	1	3	—	4
Germany Large-Cap Equity	—	—	—	4	—	4
EUR Corporate Bond	—	2	—	1	—	3
EUR Government Bond	2	1	—	—	—	3
Global Equity Income	—	—	—	3	—	3
EUR Inflation-Linked Bond	—	2	—	—	—	2
Eurozone Small-Cap Equity	—	—	1	1	—	2
Global Emerging Markets Bond—Local Currency	—	1	1	—	—	2
EUR Diversified Bond	—	1	—	—	—	1
EUR High Yield Bond	—	—	—	1	—	1
Europe ex-UK Large-Cap Equity	—	—	—	1	—	1
Eurozone Mid-Cap Equity	—	—	—	1	—	1
GBP Corporate Bond	—	1	—	—	—	1
GBP Government Bond	—	1	—	—	—	1
GBP Inflation-Linked Bond	—	—	—	1	—	1
Germany Small/Mid-Cap Equity	—	—	—	1	—	1
Global Bond	—	—	1	—	—	1
Global Emerging Markets Bond	—	1	—	—	—	1
Global Inflation-Linked Bond	—	1	—	—	—	1
Global Inflation-Linked Bond—EUR Hedged	—	1	—	—	—	1
Global Large-Cap Value Equity	—	—	—	1	—	1
Property—Indirect Global	—	—	1	—	—	1
Property—Indirect North America	—	—	1	—	—	1
UK Equity Income	—	—	—	—	1	1
UK Mid-Cap Equity	—	—	—	1	—	1
US Large-Cap Growth Equity	—	—	—	1	—	1
US Large-Cap Value Equity	—	1	—	—	—	1
USD Corporate Bond	—	—	1	—	—	1
USD High Yield Bond	—	—	—	1	—	1
<b>Total</b>	<b>12</b>	<b>35</b>	<b>23</b>	<b>37</b>	<b>1</b>	<b>108</b>

Source: Morningstar Direct. Data as of 10/31/2016.













**Exhibit 10** Europe-Listed Rated ETFs by Morningstar Category

Morningstar Category	Ticker	Morningstar Analyst Rating
<b>US Large-Cap Blend Equity</b>		
SPDR® S&P 500 ETF	SPY5	 Gold
Vanguard S&P 500 ETF	VUSD	 Gold
Lyxor S&P 500 ETF C EUR	SP5C	 Gold
UBS ETF MSCI USA USD A dis	USAUSA	 Gold
iShares Core S&P 500	CSSPX	 Gold
Amundi ETF MSCI USA EUR A/I	CU2	 Silver
Amundi ETF S&P 500 EUR C	500	 Silver
iShares Edge S&P 500 Minimum Volatility	SPMV	 Silver
Lyxor ETF MSCI USA D-EUR A/I	USA	 Silver
db x-trackers MSCI USA (DR) 1C	XD9U	 Silver
db x-trackers S&P 500 1C	K6K	 Silver
iShares MSCI North America	INAA	 Bronze
iShares S&P 500 Dist	IDUS	 Bronze
db x-trackers MSCI USA 1C	XMUS	 Bronze
<b>Eurozone Large-Cap Equity</b>		
iShares EURO STOXX (DE)	EXSI	 Gold
UBS ETF MSCI EMU EUR A dis	UIM4	 Gold
Amundi ETF MSCI EMU A/I	CMU	 Silver
iShares MSCI EMU	CSEMU	 Silver
db x-trackers MSCI EMU (DR) 1D	XD5E	 Silver
SPDR S&P Euro Dividend Aristocrats ETF	SPYW	 Bronze
Amundi ETF Euro Stoxx 50 EUR C	C50	Neutral
Lyxor Euro Stoxx 50 DR ETF D-EUR A/I	MSE	Neutral
iShares EURO Dividend	IDVY	Neutral
iShares EURO STOXX 50 (DE)	EXW1	Neutral
iShares Core EURO STOXX 50	CSSX5E	Neutral
iShares EURO STOXX 50 Dist	EUEA	Neutral
db x-trackers Euro Stoxx 50 (DR) 1C	XESC	Neutral
UBS ETF EURO STOXX 50 EUR A dis	UIM1	Neutral
<b>Europe Large-Cap Blend Equity</b>		
iShares STOXX Europe 600 (DE)	EXSA	 Gold
Lyxor ETF MSCI Europe D-EUR A/I	MEU	 Silver
iShares Edge MSCI Europe Minimum Volatil	MVEU	 Silver
SPDR® MSCI Europe ETF	ERO	 Silver
db x-trackers Stoxx Eurp600 (DR) 1C	DX2X	 Silver
db x-trackers MSCI Europe (DR) 1C	XMEU	 Bronze
iShares MSCI Europe Dist	IMEU	 Bronze
iShares STOXX Europe 50	EUNA	Neutral
<b>Global Large-Cap Blend Equity</b>		
Lyxor ETF MSCI World D-EUR A/I	WLD	 Silver
db x-trackers MSCI World (DR)1C	XDWD	 Silver
iShares Core MSCI World	IWDA	 Silver
iShares Edge MSCI World Minimum Volatil	MVOL	 Silver
Vanguard FTSE All-World ETF	VWRD	 Silver





**Exhibit 10** Europe-Listed Rated ETFs by Morningstar Category (Continued)

Morningstar Category	Ticker	Morningstar Analyst Rating
iShares MSCI World Dist	IDWR	 Bronze
db x-trackers MSCI World 1C	XMWO	 Bronze
UBS ETF MSCI World USD A dis	WRDUSA	 Bronze
<b>Japan Large-Cap Equity</b>		
iShares Core MSCI Japan IMI	IJPA	 Gold
Vanguard FTSE Japan ETF	VDJP	 Gold
Lyxor Japan TOPIX DR ETF D-EUR A/I	JPN	 Silver
UBS ETF MSCI Japan JPY A dis	JPNJPA	 Silver
Amundi ETF Jpx-Nikkei 400 EUR A/I	JPNK	 Bronze
Lyxor JPX-Nikkei 400 ETF DR C-EUR	JPX4	 Bronze
iShares MSCI Japan Dist	IJPU	 Bronze
db x-trackers MSCI Japan (DR) 1C	XMJD	 Bronze
<b>Global Emerging Markets Equity</b>		
iShares Edge MSCI EM Minimum Volatility	EMMV	 Silver
Amundi ETF MSCI Emerging Markets EUR A/I	AEEM	 Bronze
iShares Core MSCI Emerging Markets IMI	EIMI	 Bronze
UBS ETF MSCI Emerging Mkts SF USD A acc	EGUSAS	 Bronze
Lyxor MSCI Emerging Markets ETF C-EUR	LEM	Neutral
iShares MSCI Emerging Markets Dist	IEEM	Neutral
db x-trackers MSCI Emerging Markets 1C	XMEM	Neutral
<b>UK Large-Cap Blend Equity</b>		
SPDR® FTSE UK All Share ETF	FTAL	 Bronze
Lyxor ETF FTSE 100 C-GBP	L100	Neutral
iShares Core FTSE 100 Dist	ISF	Neutral
UBS ETF MSCI United Kingdom GBP A acc	UC64	Neutral
Vanguard FTSE 100 ETF	VUKE	Neutral
<b>Asia ex Japan Equity</b>		
Amundi ETF MSCI EM Asia EUR A/I	AASI	 Bronze
iShares MSCI AC Far East ex-Japan	IFFF	Neutral
db x-trackers MSCI AC Asia ex Japan 1C	XAXD	Neutral
db x-trackers MSCI EM Asia 1C	XMAI	Neutral
<b>Germany Large-Cap Equity</b>		
iShares Core DAX® (DE)	EXS1	Neutral
iShares DivDAX® (DE)	EXSB	Neutral
db x-trackers DAX (DR) 1C	DBXD	Neutral
Lyxor DAX (DR) ETF	LYY7	Neutral
<b>EUR Corporate Bond</b>		
iShares Core Euro Corporate Bond	IEAC	 Silver
iShares Euro Corporate Bond Large Cap	IBXLQ	 Silver
Lyxor Euro Corporate Bond ETF C-EUR	CRP	Neutral
<b>EUR Government Bond</b>		
Lyxor ETF EuroMTS AM InvstGrd DR A/I	MTX	 Gold
iShares Core Euro Government Bond	IEGA	 Gold
db x-trackers II iBoxx Sov Euroz 1C	DBXN	 Silver

**Exhibit 10** Europe-Listed Rated ETFs by Morningstar Category (Continued)




Morningstar Category	Ticker	Morningstar Analyst Rating
<b>Global Equity Income</b>		
iShares STOXX Global Sel Div 100 (DE)	ISPA	<b>Neutral</b>
db x-trackers Stoxx Gbl Sel Div 100 1D	DXSB	<b>Neutral</b>
Lyxor SG Global Qual Inc NTR ETF D EUR	SGQI	<b>Neutral</b>
<b>EUR Inflation-Linked Bond</b>		
Lyxor ETF EuroMTS InfLnk InvstGrd DR A/I	MTI	 <b>Silver</b>
iShares Euro Inflation Linked Govt Bd	IBCI	 <b>Silver</b>
<b>Eurozone Small-Cap Equity</b>		
iShares MSCI EMU Small Cap	CSEMUS	 <b>Bronze</b>
iShares EURO STOXX Small	DJSC	<b>Neutral</b>
<b>Global Emerging Markets Bond—Local Currency</b>		
SPDR® Barclays Emerging Mkts Lcl Bd ETF	EMDD	 <b>Silver</b>
iShares Emerging Markets Local Govt Bd	IEML	 <b>Bronze</b>
<b>EUR Diversified Bond</b>		
iShares Euro Aggregate Bond	IEAG	 <b>Silver</b>
<b>EUR High Yield Bond</b>		
iShares Euro High Yield Corporate Bond	IHYG	<b>Neutral</b>
<b>Europe ex-UK Large-Cap Equity</b>		
iShares MSCI Europe ex-UK	IEUX	<b>Neutral</b>
<b>Eurozone Mid-Cap Equity</b>		
iShares EURO STOXX Mid	DJMC	<b>Neutral</b>
<b>GBP Corporate Bond</b>		
iShares Core £ Corporate Bond	SLXX	 <b>Silver</b>
<b>GBP Government Bond</b>		
iShares Core UK Gilts	IGLT	 <b>Silver</b>
<b>GBP Inflation-Linked Bond</b>		
iShares £ Index-Linked Gilts	INXG	<b>Neutral</b>
<b>Germany Small/Mid-Cap Equity</b>		
iShares MDAX® (DE)	EXS3	<b>Neutral</b>
<b>Global Bond</b>		
iShares Global Government Bond	IGLO	 <b>Bronze</b>
<b>Global Emerging Markets Bond</b>		
iShares JP Morgan \$ Emerging Mkts Bd	IEMB	 <b>Silver</b>
<b>Global Inflation-Linked Bond</b>		
iShares Global Inflation Linked Govt Bd	IGIL	 <b>Silver</b>
<b>Global Inflation-Linked Bond—EUR Hedged</b>		
db x-trackers II iBoxx Gbl Inf-LnkD 1C	DBXH	 <b>Silver</b>

**Exhibit 10** Europe-Listed Rated ETFs by Morningstar Category (Continued)

Morningstar Category	Ticker	Morningstar Analyst Rating
<b>Global Large-Cap Value Equity</b>		
Vanguard FTSE All-World High Div Yld ETF	VHYD	<b>Neutral</b>
<b>Property-Indirect Global</b>		
iShares Developed Markets Property Yld	IWDP	 <b>Bronze</b>
<b>Property-Indirect North America</b>		
iShares US Property Yield	IDUP	 <b>Bronze</b>
<b>UK Equity Income</b>		
iShares UK Dividend	IUKD	<b>Negative</b>
<b>UK Mid-Cap Equity</b>		
iShares FTSE 250	MIDD	<b>Neutral</b>
<b>US Large-Cap Growth Equity</b>		
iShares NASDAQ 100	CSNDX	<b>Neutral</b>
<b>US Large-Cap Value Equity</b>		
SPDR® S&P US Dividend Aristocrats ETF	UDVD	 <b>Silver</b>
<b>USD Corporate Bond</b>		
iShares \$ Corporate Bond	LQDE	 <b>Bronze</b>
<b>USD High Yield Bond</b>		
iShares \$ High Yield Corporate Bond	IHYU	<b>Neutral</b>




Source: Morningstar Direct. Data as of 10/31/2016.

**Exhibit 11** Distribution of Morningstar Analyst Ratings for Asia-Listed ETFs

Rating	Number of Funds	%
 <b>Gold</b>	0	0
 <b>Silver</b>	0	0
 <b>Bronze</b>	2	14
<b>Neutral</b>	12	86
<b>Negative</b>	0	0
<b>Total</b>	<b>14</b>	

Source: Morningstar Direct. Data as of 10/31/2016.

**Exhibit 12** Distribution of Morningstar Analyst Ratings for Asia-Listed ETFs by Morningstar Category



Morningstar Category	Morningstar Analyst Rating					Total
	 <b>Gold</b>	 <b>Silver</b>	 <b>Bronze</b>	<b>Neutral</b>	<b>Negative</b>	
China Equity	—	—	—	5	—	<b>5</b>
Korea Equity	—	—	—	3	—	<b>3</b>
China Equity—A Shares	—	—	—	3	—	<b>3</b>
Hong Kong Equity	—	—	1	—	—	<b>1</b>
Asia Bond—Local Currency	—	—	1	—	—	<b>1</b>
Asia ex-Japan Equity	—	—	—	1	—	<b>1</b>
<b>Total</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>12</b>	<b>0</b>	<b>14</b>

Source: Morningstar Direct. Data as of 10/31/2016.

**Exhibit 13** Asia-Listed Rated ETFs by Morningstar Category

Morningstar Category	Ticker	Morningstar Analyst Rating
<b>China Equity</b>		
iShares MSCI China	2801	<b>Neutral</b>
db x-trackers FTSE China 50 (DR) 1C	3007	<b>Neutral</b>
db x-trackers FTSE China 50 (DR) 1C	HD8	<b>Neutral</b>
db x-trackers MSCI China (DR) 1C	LG9	<b>Neutral</b>
db x-trackers MSCI China (DR) 2C	3055	<b>Neutral</b>
<b>Korea Equity</b>		
Lyxor ETF MSCI Korea USD A/I	A09	<b>Neutral</b>
db x-trackers MSCI Korea (DR) 1C	2848	<b>Neutral</b>
db x-trackers MSCI Korea (DR) 1C	IH2	<b>Neutral</b>
<b>China Equity—A Shares</b>		
iShares FTSE A50 China	2823	<b>Neutral</b>
db x-trackers CSI300 1D	KT4	<b>Neutral</b>
db x-trackers CSI300 2D	3049	<b>Neutral</b>

**Exhibit 13** Asia-Listed Rated ETFs by Morningstar Category (Continued)

Morningstar Category	Ticker	Morningstar Analyst Rating
<b>Hong Kong Equity</b>		
Tracker Fund of Hong Kong ETF	2800	 <b>Bronze</b>
<b>Asia Bond–Local Currency</b>		
ABF Pan Asia Bond Index	2821	 <b>Bronze</b>
<b>Asia ex-Japan Equity</b>		
iShares MSCI AC Asia ex Japan	3010	<b>Neutral</b>

Source: Morningstar Direct. Data as of 10/31/2016.



22 West Washington Street  
Chicago, IL 60602 USA

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