

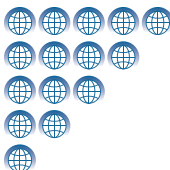


# Understanding Morningstar’s Fund Ratings

Morningstar’s ratings work together to provide investors with a powerful tool to assess funds.

	Morningstar Rating™ for funds	Morningstar Medalist Rating™ for funds	Morningstar Sustainability Rating™ for funds
Scale			
What is it?	<p>The Morningstar Rating, or “star rating,” is a purely quantitative, backward-looking measure of a fund’s past performance, measured from one to five stars. Star ratings are calculated at the end of every month.</p>	<p>The Medalist Rating is Morningstar’s forward-looking, analyst- and quantitatively-driven ratings system that is expressed with Gold, Silver, Bronze, Neutral and Negative indicators. The Medalist Rating unifies Morningstar analyst insights and processes with scalable machine learning models. Medalist Ratings that are directly assigned by an Analyst are typically re-evaluated on an annual basis, while ratings that are indirectly assigned by an Analyst, or assigned algorithmically, are produced monthly.</p>	<p>The Morningstar Sustainability Rating helps investors understand the vulnerability of their investment portfolios to environmental, social, and governance (ESG) factors. The Sustainability Rating is depicted by globe icons where a low ESG risk score equals 5 globes and a high ESG risk score equals 1 globe. Sustainability Ratings are updated monthly</p>
How does it work?	<p>The Morningstar Rating methodology rates funds within the same Morningstar Category based on an enhanced Morningstar Risk-Adjusted Return measure. To receive a Morningstar Rating, a fund must have a record of more than three years.</p>	<p>Morningstar assigns the Medalist Rating to funds that are qualitatively and quantitatively assessed through manager research and algorithmic processes. The assessment turns on three key “pillars” – People, Process, and Parent – that yield an estimate of how well a fund will perform before fees but after adjusting for risk.</p>	<p>The Morningstar Sustainability Rating uses an ESG Risk Rating, which is an absolute assessment of a company’s exposure to material ESG risk factors and can be used to compare across industries. The Sustainability Rating is a straightforward roll-up of the underlying ESG Risk Ratings of companies in the portfolio.</p>
How is it used?	<p>The Morningstar Rating helps investors assess a fund’s track record relative to its peers. It’s intended for use as the first step in the fund evaluation process.</p>	<p>Investors can use the Medalist Rating to form expectations of how a fund will perform over a full market cycle when compared to a relevant benchmark index or similar funds.</p>	<p>Investors can use the Sustainability Rating to understand and manage the ESG implications on their investments and compare ESG risk across industries.</p>

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