




How Morningstar’s Fund Ratings Work Together

Since 1985, we’ve introduced ratings to help people easily compare and choose investments. Before investing in a fund, we encourage everyone to explore in-depth assessments of that fund—which we offer in our analyst reports.

Here’s an overview of our best-known ratings for mutual funds, what they can tell you, and how to use them.

	The Morningstar Rating™ for Funds	The Morningstar Analyst Rating™ for Funds	The Morningstar Sustainability Rating™ for Funds
			
Scale	1 to 5 stars 5= the top of the scale	Gold, Silver, Bronze, Neutral, Negative	1 to 5 globes 5= the top of the scale
Characteristics	<ul style="list-style-type: none">▶ Performance-based▶ Backward-looking▶ Quantitative	<ul style="list-style-type: none">▶ Based on analyst research▶ Forward-looking▶ Qualitative	<ul style="list-style-type: none">▶ Portfolio-based▶ Analyzes the environmental, social, and governance (ESG)* scores and controversies of companies held in the portfolio▶ Quantitative
How to Use it	It’s an achievement test. Use it to quickly assess a fund’s track record relative to its peers.	It’s an aptitude test. Use it to identify the funds we cover that we think are the most likely to outperform their peers over time.	It’s an indication of how sustainable the companies are in a fund’s portfolio. Use it to assess how well the companies in a fund’s portfolio are performing at handling the ESG risks and opportunities they face in their industries, relative to other funds in the same category.
How it Works	Also known as the star rating, the Morningstar Rating measures a fund’s risk-adjusted performance over three-, five-, and 10-year periods.	Morningstar analysts evaluate funds based on five pillars (Process, Performance, People, Parent, and Price) and then assign a rating of Gold, Silver, Bronze, Neutral, or Negative. All Morningstar Medalists (Gold-, Silver-, and Bronze-rated funds) are funds our analysts believe will outperform their peer groups and/or relevant benchmarks on a risk-adjusted basis over a market cycle of at least five years.	We calculate the Sustainability Rating based on the relative sustainability practices of the companies in a fund and taking into account major controversies they’ve faced. Our calculations are underpinned with research on these companies from Sustainalytics, a leading provider of ESG research. The score is compared to the fund’s peers and then distributed into five groups.

* Examples of environmental factors may include energy use, carbon emissions, or deforestation. Some social factors may include a company’s labor standards or employee engagement. Governance covers how a company pays its executives or what kinds of political contributions it makes.