Primary Share in Market
Methodology

Introduction
Morningstar identifies a ‘Primary Share in Market’ for open end funds and ETFs. This is a proprietary datapoint and the ‘primary’ share class is identified by the application of a set of hierarchal criteria.

The ‘primary’ share class identified by Morningstar is the one considered the most representative proxy for a fund for a specified ‘available for sale’ region and Morningstar category. In most cases the share class chosen will be the most retail version (based upon annual management charge, minimum investment, currency and other factors) but this may not be the case where a fund has a share class that is less retail focused but has a much longer performance track record.

The 'primary share in market' differs from 'oldest share class' in that it is applied at an 'available for sale' level. This ensures each fund has a primary share class for each market it is sold in as the oldest share class may not be available for sale in all markets. Also, the 'primary share in market' considers the Morningstar Category, so fund may have more than one 'primary' if it has currency hedged share classes that are in a different category to the unhedged share classes. As such, each available for sale/category combination for the fund will have its own 'primary share in market'.

The criteria include some measures that will have a material difference on the suitability of an individual share class to be designated as the 'primary' share, whereas as other later criteria progress, they become less influential - for example, selecting Accumulation share classes rather than Income class. As such, a fund manager may ask for a fund's primary share class to be changed from that defined by the criteria. In these instances, the request will be reviewed and assessed and may be approved. No request will be approved where the change relates to a significant measure, such as fund fees.
**Primary Share in Market criteria**

The methodology for determining a primary share class uses a set of criteria, applied in order, to filter all a fund's share classes until only one remains. If, for any one of the criteria, none of a fund's share classes meet the criterion, then that criterion will be passed over. These criteria are the original from inception of the designation and are applied globally.

**Criteria**

- Performance and Operations 'ready'
- AMC (actual management fee) is highest
- Inception date is oldest
- Distribution status is accumulation
- Minimum initial investment is lowest
- Currency, local currency of the specified Registered Class is preferred
- Name, comes first alphabetically

NB: for UK registered funds, if the fund has an IA (Investment Association) Primary, this will be taken as the Morningstar 'Primary Share in Market'
Criteria review at 1 July 2021

Since the original launch of this designation, the datapoints available to best identify a fund’s ‘primary share in market’ have evolved and new datapoints are also available. We are updating and refining the criteria to make use of these enhanced options.

The principal inclusion is the use of two datapoints available with version three the European MiFID Template (EMT3.0): Q00110, Fund share class without retrocession and Q08030, Financial instrument ongoing cost ex post. Where these are unavailable for a fund for any reason, similar, equivalent or additional criteria are used to allow the criteria to be applicable globally.

At this time, the revised criteria will be applied only to the Offshore Territories (as defined in Morningstar Direct) and UK available for sale universes. There will be no other changes and the current criteria will continue to apply to all other universes. The application of the revised criteria to other universes will be periodically reviewed.

Revised criteria

Datapoints, as named in Morningstar Direct

> Active share class(es) that are not dormant, not 'virtual', not restricted by investor type and do not offer a negotiable fee
> Performance and Operations 'ready'
> Fund share class without retrocession
> Ongoing cost actual, highest charging share class
> KIID ongoing charge, highest charging share class
> Annual report net expense ratio, highest charging share class
> Semi annual report net expense ratio, highest charging share class
> Maximum management fee, highest charging share class
> Performance start date is oldest
> Inception date is oldest
> Distribution status is accumulation
> Minimum initial investment is lowest
> Currency, local currency of the specified Registered Class is preferred
> Name, comes first alphabetically

NB: for UK registered funds, if the fund has an IA (Investment Association) Primary, this will be taken as the Morningstar ‘Primary Share in Market’

Markets covered by these revised criteria will be refreshed on a calendar month basis.
## Methodology history

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<tr>
<th>Version</th>
<th>Effective date</th>
<th>Change</th>
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<td>1.0</td>
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<td>Codification of criteria</td>
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<tr>
<td>2.0</td>
<td>1 July 2021</td>
<td>Inclusion of EMT3.0 datapoints</td>
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## History of changes

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<tbody>
<tr>
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<td>All universes</td>
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<tr>
<td>Version 2.0</td>
<td>1 July 2021</td>
<td>Offshore Territories &amp; UK</td>
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