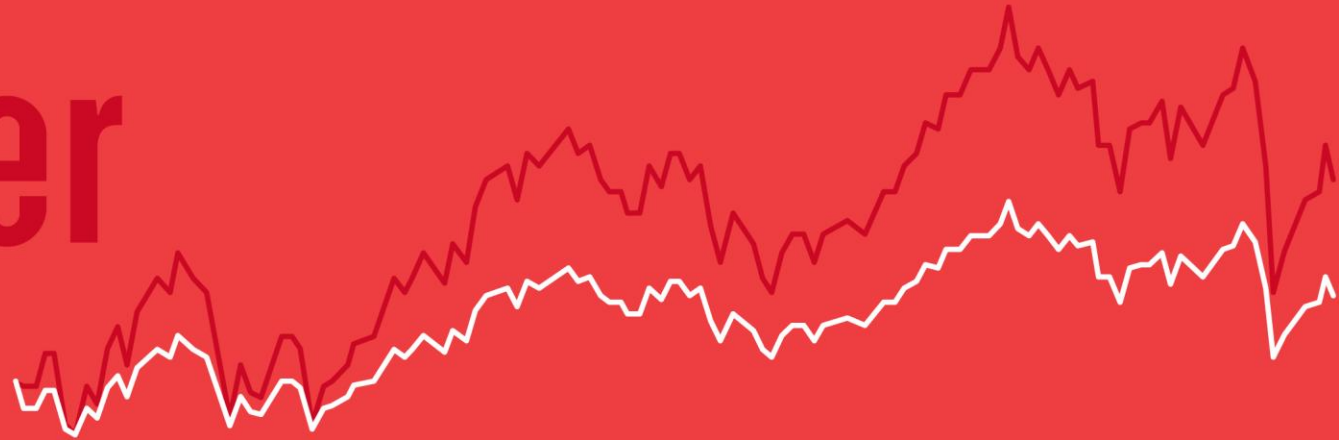




Silver



2026 US Fund Fee Study

Notable fee trends through 2025.



Gold



Bronze



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Important Disclosure

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Executive Summary

US Fund Fee Trends

The average expense ratio paid by fund investors in 2025 was less than half of what it was two decades ago. Between 2006 and 2025, the asset-weighted average fee fell to 0.32% from 0.80%. Investors have saved billions in fund fees as a result.

Three factors played a role in lowering fees:

- Investors are increasingly aware of the importance of minimizing investment costs, which has led them to heavily favor low-cost funds.
- Competition among asset managers has led many to cut fees.
- Evolution in the economics of advice has also played a central role. The move toward fee-based models for financial advice has been a key driver of the shift toward low-cost funds, share classes, and fund types—most notably exchange-traded funds.

Fund fees do not follow a straight line down, though. Two factors are behind a shifting competitive landscape:

- Fees of prominent index mutual funds and ETFs are approaching a floor, with many already charging less than 0.05%.
- The emergence of active ETFs and alternative strategies contributes to higher-priced fund launches than previously observed.

Key Takeaways

- We estimate that investors saved nearly USD 6.8 billion in fund expenses last year as the asset-weighted average expense ratio for all US mutual funds and ETFs ticked down to 0.32% in 2025 from 0.34% in 2024.
- The asset-weighted average fee for passive funds fell by 5.4% in 2024 to 0.10%.
- The equal-weighted average fee—which indicates what funds charge irrespective of where assets are held—fell again in 2025. The equal-weighted average fee for all funds declined to 0.92% in 2025 from 0.94% in 2024.
- ETFs are substantially cheaper than mutual funds. Both the equal-weighted and asset-weighted average ETF fee measured at around half of the fee charged by mutual funds, respectively.
- The fee gap between new mutual funds and new ETFs has narrowed for years, but it widened in 2025. A few high-cost mutual fund launches brought the average cost of new mutual funds back above 1% for the first time since 2015. Newly launched ETFs are also more expensive than they used to be, reflecting the proliferation of complex high-cost strategies making their way into the ETF wrapper.
- Vanguard and Schwab are now tied as the lowest-cost provider. Their 0.07% asset-weighted average fee was the lowest among all providers in 2025.
- The gap in flows for cheap and expensive funds remained wide in 2025. The cheapest quintile of funds saw net inflows of USD 694 billion, while the remaining 80% shed USD 244 billion in outflows. This USD 939 trillion difference is less than the past year's mammoth USD 1.2 trillion, but it still ranks among the largest gaps in history.
- The economics of advice businesses have evolved, and they are shaping flows and fees. Looking through the lens of Morningstar's service-fee arrangement attribute, bundled share classes have been in outflows for 16 straight years. Fee-based advisors prefer unbundled or semibundled funds as they make room for the price of advice. Unbundled funds have experienced net inflows for the past 20 years.
- Strategic-beta funds are an alternative to more expensive actively managed funds. In 2025, the asset-weighted average fee for strategic-beta funds was 0.16%, higher than the figure for broad index funds (0.09%) but significantly lower than that for actively managed funds (0.57%).

Trends in Fund Fees Paid by Investors

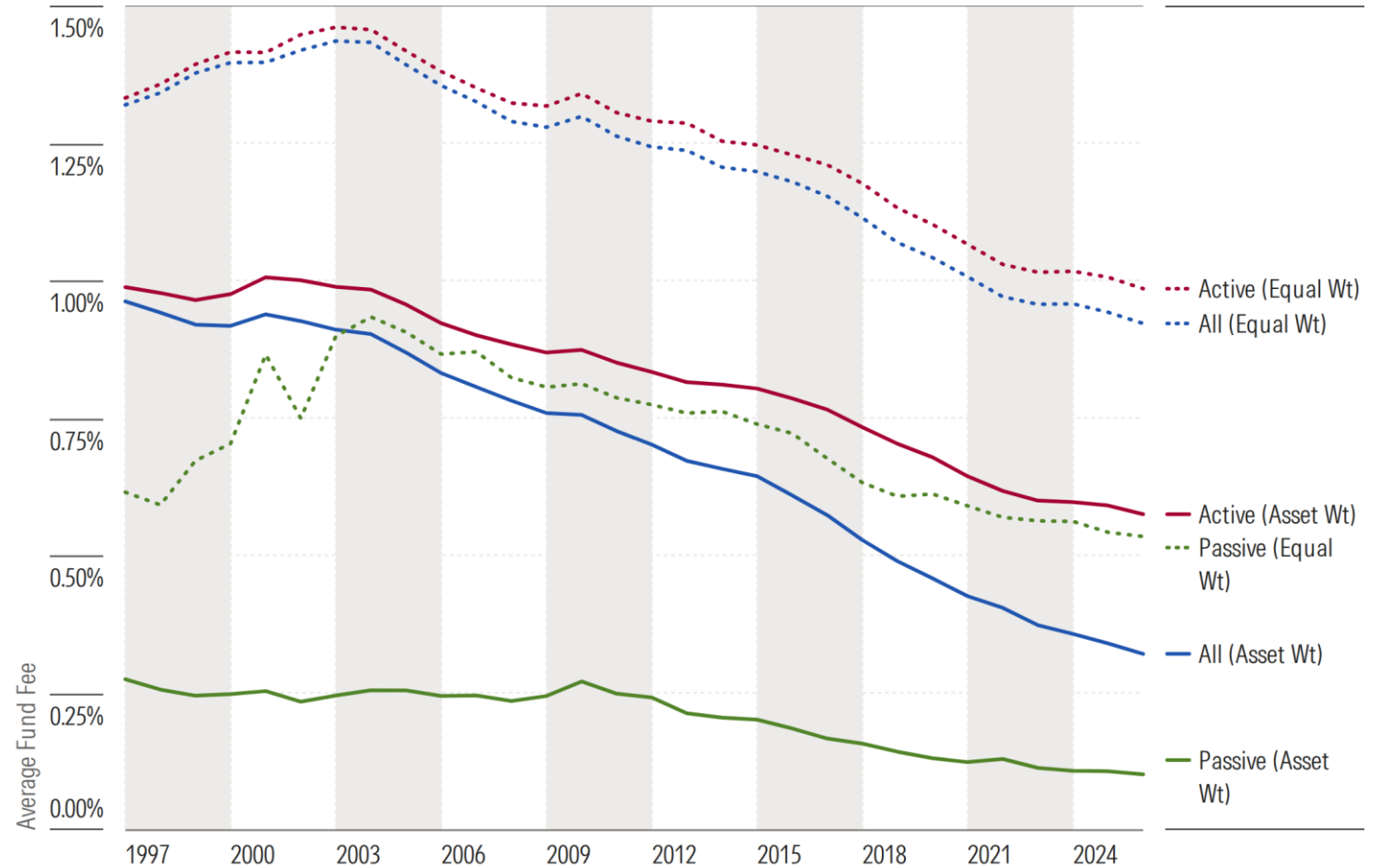
A look at asset-weighted average fund fees.

Fund Fees Decline Again

Investors paid lower fund expenses in 2025 than ever before. Morningstar's database of US open-end mutual funds and ETFs reported the asset-weighted average expense ratio was 0.32% in 2025, a 5.6% decline from 2024.

Investors saved nearly USD 6.8 billion in estimated fund expenses last year. Any fee decline is a big win for investors because fees compound over time and diminish returns.

Exhibit 1 Fund Fees Edge Lower



The Fee Squeeze Continues

Trends in fund expenses paid by investors were examined using the asset-weighted average expense ratio. The asset-weighted average better represents the average costs borne by fund investors than an equal-weighted average because it approximates what investors paid in fees, on average, for the funds they invested in rather than what funds charged, on average. For example, the asset-weighted average expense ratio for active US equity funds was 0.58% in 2025, versus 1.00% when calculating an equal-weighted average for this group. Funds with expense ratios above 1% accounted for a small portion of assets invested in active US equity funds at the end of 2025. The equal-weighted average does not reflect most investors' experience.

Declines in asset-weighted average fees accelerated in 2025. Lower asset-weighted fees are possible, thanks to a combination of inflows into low-cost funds, outflows from more costly ones, fee cuts, and relative underperformance by more-expensive funds. In aggregate, last year's asset-weighted expense ratios for actively managed and passive funds declined 2.7% and 5.4%, respectively, from 2024.

On the passive side, gold's outstanding run in 2025 saw investors rushing to buy relatively inexpensive funds that track the price of gold or the gold industry. This pushed the asset-weighted average fee of the commodities super sector down by over a third from the year before. On the active side, alternative strategies bucked the broader trend of fee declines and saw asset-weighted fee increases in each of the past three years. This reflects both the proliferation of relatively higher-cost alternative funds and instances where investors are willing to pay up for complex products.

Exhibit 2 Investors' Average Fund Costs by Asset-Weighted Average Fees

	Asset-Weighted Average Fees (%)									
	Active					Passive				
	2021	2022	2023	2024	2025	2021	2022	2023	2024	2025
U.S. Equity	0.65	0.63	0.61	0.59	0.58	0.09	0.08	0.08	0.08	0.08
Sector Equity	0.81	0.80	0.81	0.82	0.80	0.27	0.25	0.24	0.23	0.24
International Equity	0.73	0.72	0.70	0.68	0.65	0.18	0.18	0.17	0.16	0.15
Taxable Bond	0.47	0.46	0.47	0.48	0.45	0.09	0.08	0.08	0.08	0.07
Muni Bond	0.46	0.44	0.46	0.48	0.45	0.14	0.13	0.11	0.11	0.09
Allocation	0.61	0.60	0.60	0.59	0.58	0.12	0.11	0.09	0.10	0.11
Alternative	1.35	1.33	1.42	1.49	1.58	0.78	0.78	0.80	0.82	0.79
Commodities	0.75	0.74	0.78	0.74	0.69	0.38	0.41	0.38	0.37	0.25
All Funds	0.62	0.60	0.60	0.59	0.57	0.13	0.11	0.11	0.11	0.10

Exhibit 3 Passive Funds' Average Fees Fell Further Than Active Ones

	Year-Over-Year % Change in Asset-Weighted Average Fees									
	Active					Passive				
	2021	2022	2023	2024	2025	2021	2022	2023	2024	2025
U.S. Equity	-2.9	-3.7	-2.5	-2.8	-1.7	0.0	-5.5	-1.7	-2.8	-1.5
Sector Equity	-1.9	-1.4	1.2	1.8	-3.4	0.1	-6.7	-4.0	-1.6	1.0
International Equity	-3.6	-2.6	-2.6	-3.0	-3.3	0.3	-2.8	-4.0	-4.9	-7.1
Taxable Bond	-11.0	-2.6	2.1	2.0	-5.8	-7.7	-9.3	-3.7	-0.8	-5.5
Muni Bond	-3.1	-3.1	3.2	4.7	-6.2	-6.4	-10.5	-12.4	0.3	-16.2
Allocation	-3.0	-1.5	-0.2	-2.0	-2.3	2.0	-7.9	-21.8	21.1	3.1
Alternative	-9.6	-1.0	6.6	5.0	5.9	-0.5	0.3	3.0	2.1	-3.8
Commodities	-14.5	-0.9	5.1	-5.0	-6.4	0.2	8.3	-7.7	-1.6	-33.8
All Funds	-4.1	-2.9	-0.4	-1.1	-2.7	4.6	-12.6	-4.7	-0.7	-5.4

Trends in Fund Fees Charged by the Industry

A look at equal-weighted average fund fees.

The Fee Battlefield Is Shifting

Trends in equal-weighted average expense ratios represent the changes in fees charged by asset managers, which reflect what the asset-management industry is charging for its funds, regardless of their size. Equal-weighted average expense ratios were calculated for active and passive funds by the Morningstar Category group. The calculations include all share classes of all funds, averaged first to the fund level and then across the US fund universe. Funds of funds and money market funds are excluded.

In recent years, index mutual funds and ETFs have experienced significant fee pressure. Most notably, providers of broad market index funds have been engaged in what has been dubbed a "fee war." In September 2018, fee fighting reached what seemed at the time to be its inevitable conclusion when Fidelity launched its lineup of zero-fee index mutual funds. More recently, other asset managers have followed suit. As fees for these funds sit either at or near-zero, it is inevitable that the pace of fee reductions will slow, prompting asset managers to look elsewhere for profits.

Fee competition has not slowed down despite many of the largest funds charging near-zero. Asset managers have looked to relatively more complex products like active ETFs and alternative strategies to supplement revenue. So, while cheap index funds may not be able to get much cheaper, higher-cost funds may have more room to cut expenses. For example, several asset managers launched active ETFs that significantly undercut existing offerings in 2025. The fee battlefield has shifted, though, away from commoditized asset classes and toward relatively newer and more complex investment strategies and funds.

Exhibit 4 Fund Fees Charged by Asset Managers by Equal-Weighted Fees

	Equal-Weighted Average Fees (%)									
	Active					Passive				
	2021	2022	2023	2024	2025	2021	2022	2023	2024	2025
U.S. Equity	1.04	1.03	1.04	1.02	1.00	0.46	0.45	0.44	0.42	0.40
Sector Equity	1.26	1.23	1.26	1.30	1.23	0.46	0.47	0.47	0.46	0.47
International Equity	1.16	1.14	1.12	1.11	1.09	0.46	0.48	0.46	0.44	0.43
Taxable Bond	0.83	0.82	0.83	0.82	0.80	0.22	0.20	0.20	0.18	0.18
Muni Bond	0.78	0.77	0.78	0.77	0.75	0.21	0.21	0.20	0.19	0.18
Allocation	1.06	1.07	1.07	1.06	1.03	0.90	1.01	1.07	1.07	1.04
Alternative	1.72	1.68	1.68	1.77	1.93	0.85	0.78	0.79	0.80	0.78
Commodities	1.15	1.11	1.16	1.10	1.03	0.84	0.74	0.73	0.66	0.83
All Funds	1.03	1.01	1.02	1.01	0.98	0.57	0.56	0.56	0.54	0.53

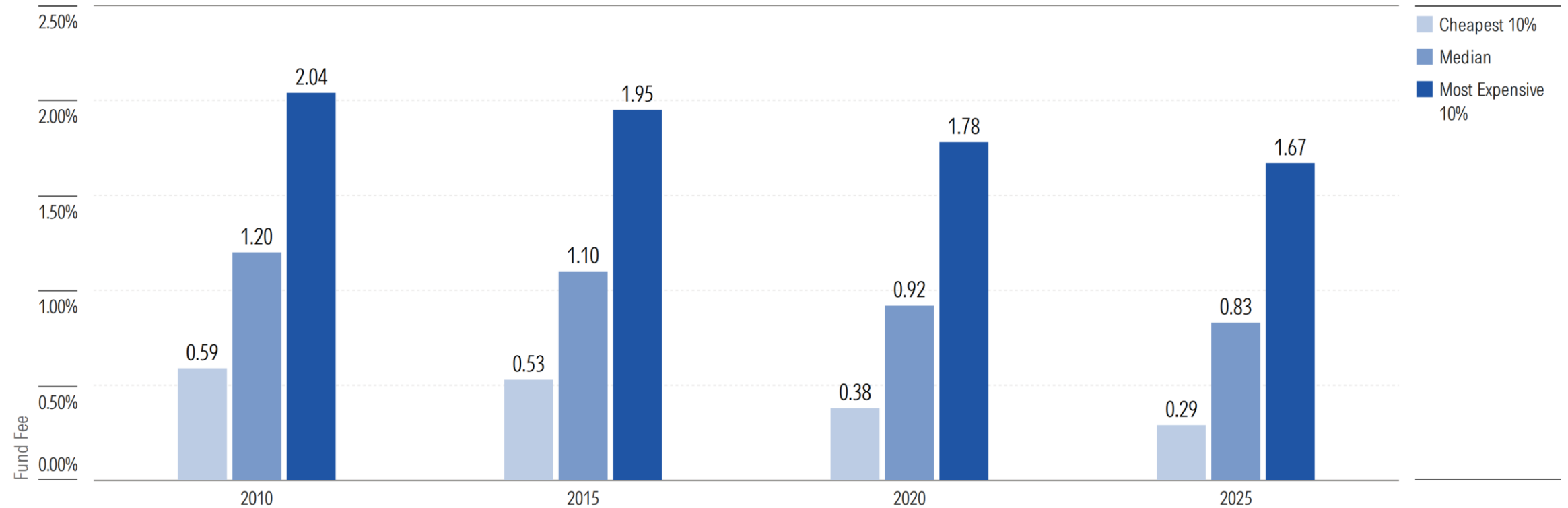
Exhibit 5 Pace of Fee Decreases Slows Across Most Category Groups

	Year-Over-Year % Change in Equal-Weighted Average Fees									
	Active					Passive				
	2021	2022	2023	2024	2025	2021	2022	2023	2024	2025
U.S. Equity	-3.0	-0.8	0.3	-2.0	-1.8	-2.6	-1.9	-2.5	-3.4	-4.3
Sector Equity	-2.8	-2.2	2.5	3.0	-5.0	-3.1	1.6	0.4	-1.4	0.3
International Equity	-2.8	-1.3	-1.7	-0.9	-1.9	-6.3	4.2	-3.8	-3.5	-2.3
Taxable Bond	-4.3	-1.7	1.6	-1.5	-2.4	-6.0	-8.7	-2.3	-5.7	-2.3
Muni Bond	-2.7	-2.0	1.7	-1.4	-2.1	0.4	-1.6	-2.2	-4.7	-9.2
Allocation	-1.5	0.3	-0.1	-0.6	-3.2	2.1	11.9	6.5	-0.4	-2.4
Alternative	-2.9	-2.1	-0.2	5.2	9.2	-27.9	-7.7	0.3	1.5	-1.8
Commodities	-7.7	-3.4	3.9	-4.8	-6.1	9.4	-12.2	-1.4	-9.7	26.8
All Funds	-3.4	-1.4	0.2	-1.1	-2.1	-3.5	-1.1	-0.2	-3.5	-1.4

Cheap Funds Are Getting Cheaper. Expensive Ones Are Too, But at a Slower Pace

Cheap funds have gotten significantly cheaper. The cheapest 10% of all funds cut their fees in half over the past 15 years, while the rest struggled to keep pace. The median fund's fee came down 31% during that time, and the priciest decile declined by just 18%. As the rate of decline slows for the cheapest of the cheap, the gap between the most expensive and least expensive funds could eventually converge.

Exhibit 6 Fees Continue to Fall Across the Fund Landscape



Blend is Cheaper Than Value and Growth

Among US stock funds, the border separating the cheapest from the rest has fallen the furthest among large-, mid-, and small-blend funds. These categories have seen the greatest impact from low-cost index funds and ETFs. Growth and value funds remain relatively expensive on average, as pricier active funds hold a larger proportion of assets in these areas.

Exhibit 7 The Lines Between Cheap and Expensive Across the US Equity Morningstar Style Box

2010				2015				2020				2025			
	Value	Blend	Growth	Value	Blend	Growth	Value	Blend	Growth	Value	Blend	Growth	Value	Blend	Growth
Large	0.68	0.45	0.75	0.57	0.35	0.67	0.37	0.18	0.49	0.33	0.14	0.43	0.33	0.14	0.43
	1.18	1.14	1.25	1.03	1.00	1.11	0.86	0.76	0.92	0.76	0.68	0.82	0.76	0.68	0.82
	1.94	1.97	2.05	1.81	1.82	1.90	1.67	1.61	1.75	1.58	1.40	1.64	1.58	1.40	1.64
Mid	0.80	0.51	0.85	0.69	0.27	0.76	0.49	0.19	0.64	0.35	0.16	0.62	0.35	0.16	0.62
	1.25	1.25	1.33	1.16	1.14	1.21	0.98	0.95	1.04	0.87	0.83	0.96	0.87	0.83	0.96
	2.02	2.09	2.12	1.92	1.93	1.97	1.78	1.75	1.79	1.70	1.58	1.77	1.70	1.58	1.77
Small	0.90	0.73	0.98	0.73	0.63	0.85	0.65	0.35	0.76	0.45	0.25	0.75	0.45	0.25	0.75
	1.37	1.34	1.42	1.25	1.23	1.27	1.10	1.01	1.13	1.01	0.95	1.06	1.01	0.95	1.06
	2.12	2.15	2.21	2.00	1.94	2.02	1.93	1.79	1.93	1.84	1.74	1.83	1.84	1.74	1.83

Legend	
Cheapest 10%	
Median	
Most Expensive 10%	

Fee Cuts Accelerate Again

The fact that fees have been reduced to either nothing or next to nothing among broad-market index funds is only natural. Given these funds' commoditylike nature, it seems inevitable that their prices would be pushed down to the marginal cost of managing them, and that assets would consolidate in the hands of a few large-scale manufacturers. Still, the persistence of fee cuts suggests there's still room for fees to come down elsewhere.

The percentage of actively managed funds that reported lower annual expenses increased to 37% in 2025 from 35% in 2024. Only 24% of passive funds cut their fee in 2025, also up slightly from 21% in 2024.

Meanwhile, fee increases were reported by 21% of active funds and 11% of passive funds, both at a similar rate from the year before. The year 2023 was the first time increases outpaced decreases since 2019. Fees were higher that year for several possible reasons, such as fee hikes, expired waivers, assets under management declines below fee breakpoints stemming from outflows or underperformance, and fund accounting anomalies. Since then, the balance has shifted to asset managers again favoring fee cuts to fee hikes.

Exhibit 8 Active Funds Have Been More Likely to Cut Fees in Recent Years

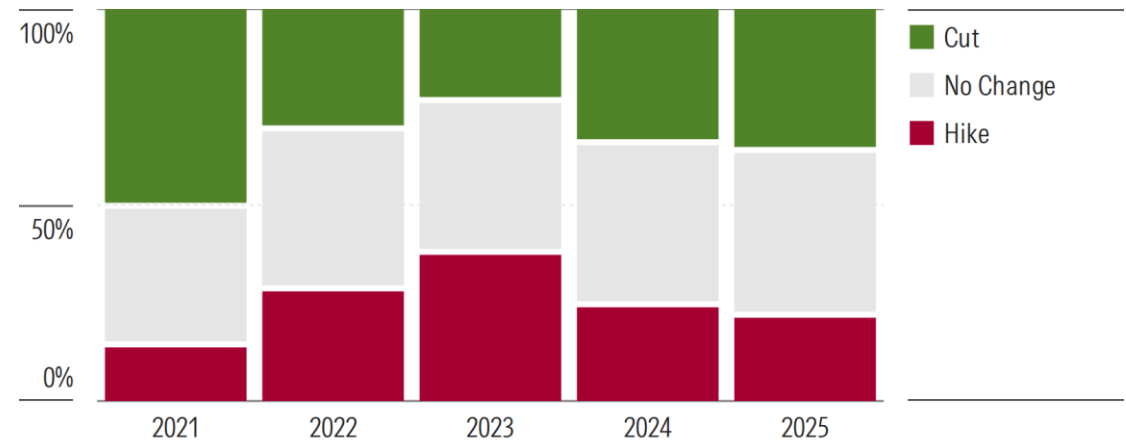
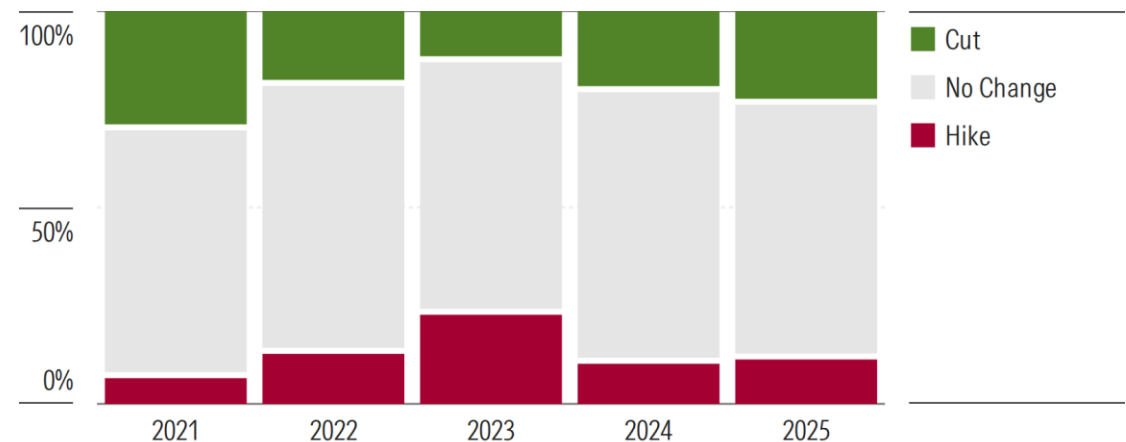


Exhibit 9 Passive Funds Have Been Less Likely to Cut Fees in Recent Years



Fund Fees by Investment Vehicle

How fees differ between mutual funds and ETFs.

ETFs Are Cheaper, But Higher-Cost Launches Are Universal

Both the equal-weighted and asset-weighted average ETF fee measured around half the fee charged by mutual funds, respectively. Though, the gap has narrowed over time as mutual funds continue cutting and relatively expensive ETFs proliferate.

The average fee of new ETFs and new mutual funds both rose significantly in 2025, with the average cost of each new fund measuring higher than at any point in the past 10 years. More complicated and expensive strategies are behind this step up.

Exhibit 10 Average ETF and Mutual Fund Fees

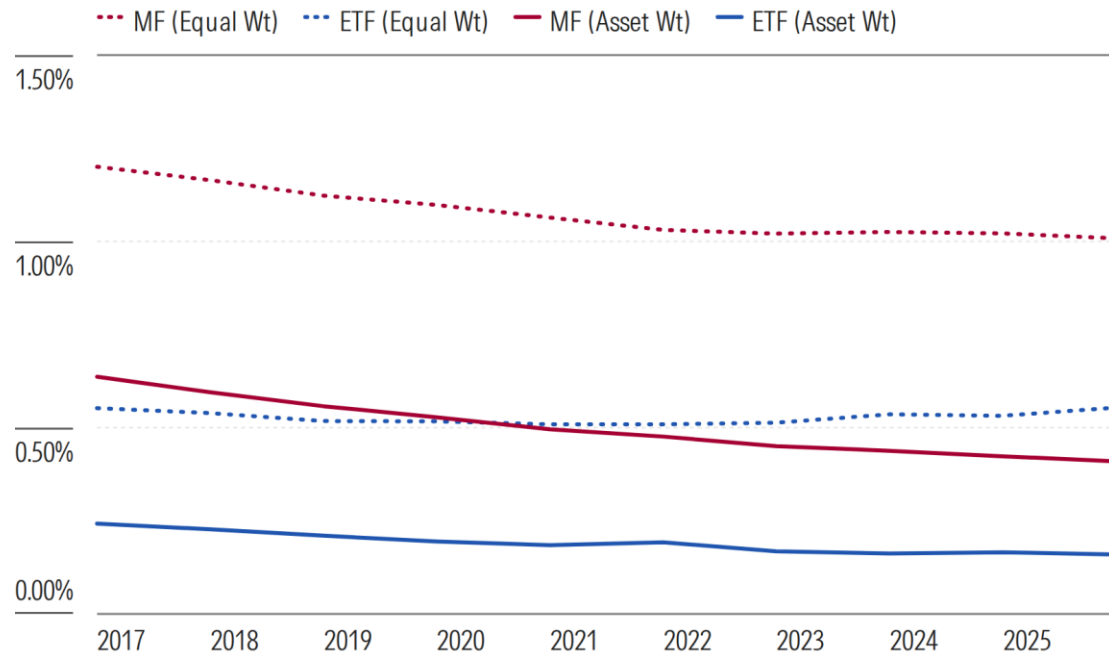
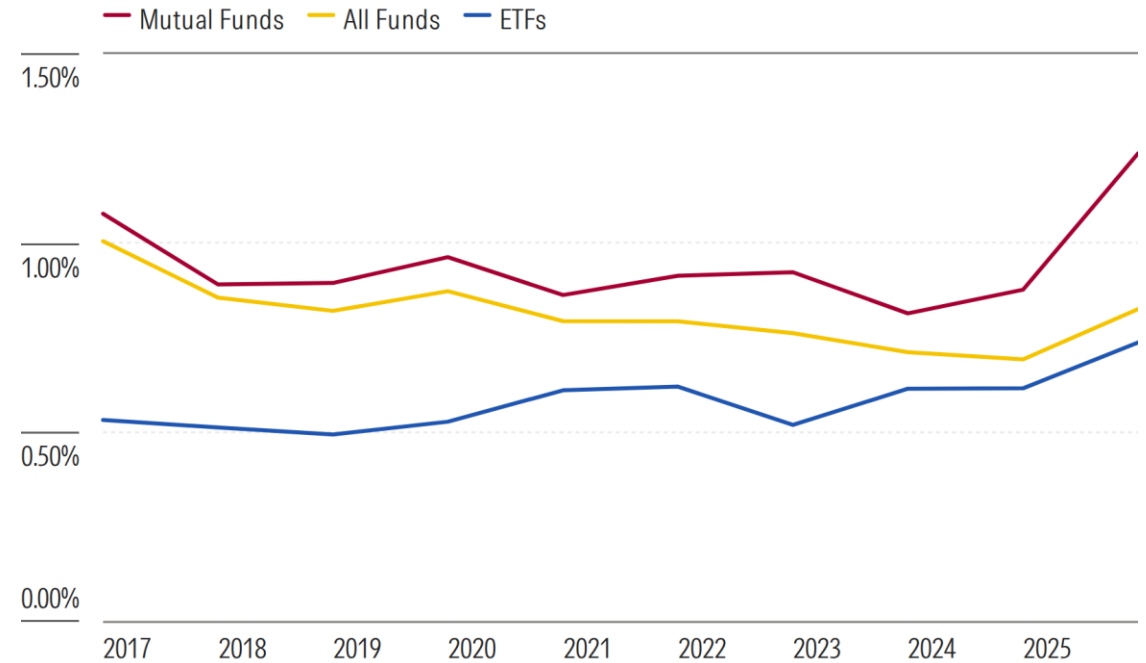


Exhibit 11 Equal-Weighted Average Fee of New Funds



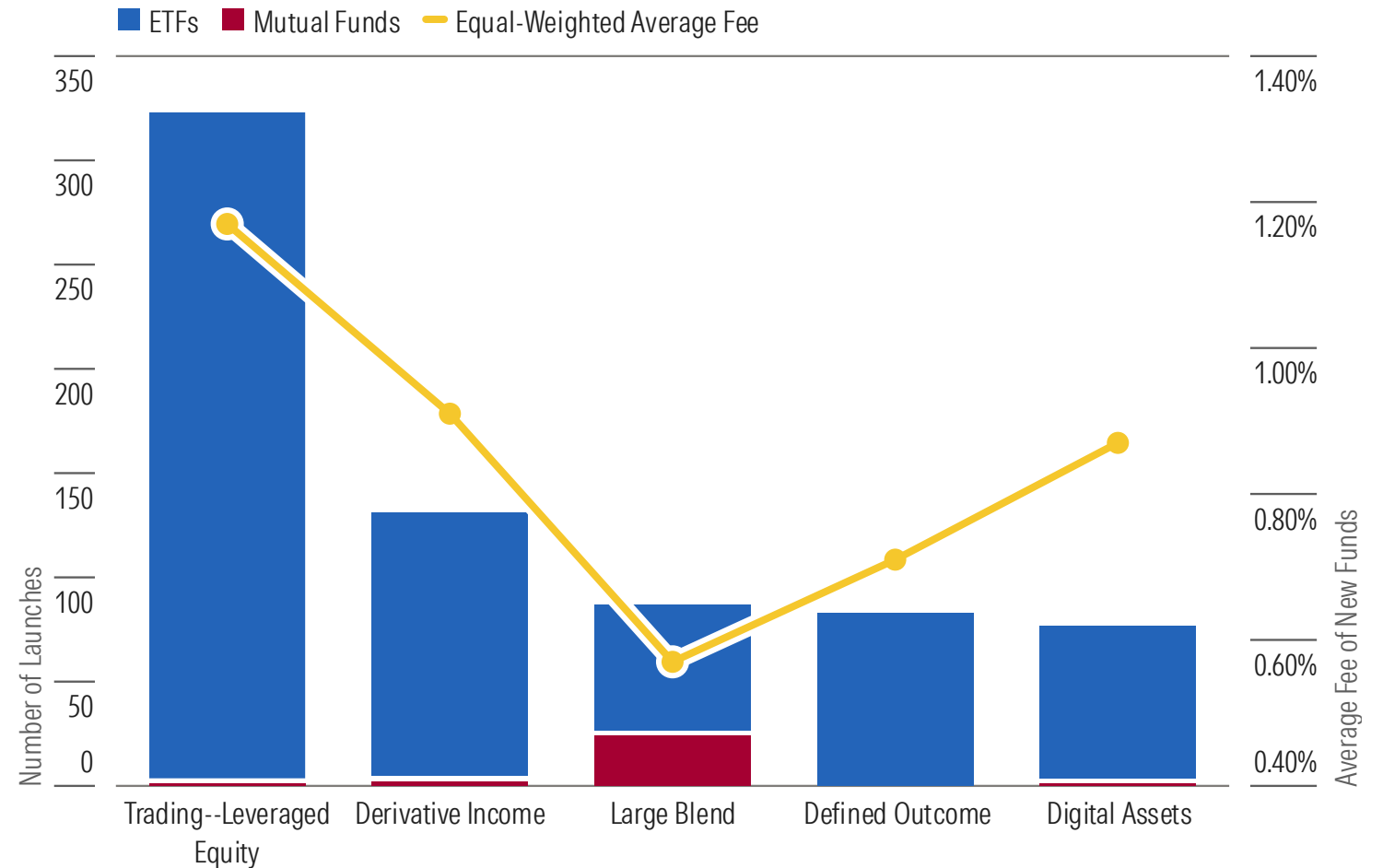
Expensive Funds Dominated Launches in 2025

The trading—leveraged equity category saw the most fund launches in 2025 by a long shot. Of the 1,538 fund launches, one in five occurred in this category. All but one of those were ETFs. These funds tend to charge higher fees than more traditional, diversified stock or bond funds, and they are generally not meant for long-term investors.

Trading—leveraged equity fund launches in 2025 charged an average fee of 1.17%. That's roughly double of what new funds in more traditional categories, like large blend, charged.

As fees and profits get squeezed, the proliferation of higher cost offerings is only natural. Categories like trading—leveraged equity, derivative income, defined outcome, and digital assets have not seen major fee compression yet, enabling greater profits for the companies that launch them. While the strategies may be useful to some investors in specific circumstances, the cost of ownership should be weighed against the outcome delivered.

Exhibit 12 Top Five Morningstar Categories by 2025 Fund Launches



Asset Manager Fee Wars

How firms compete.

Fees Stagnate Among the Cheapest Providers, Fall Among the Priciest

Equal-weighted average fees show the general price level of the funds offered by each firm. Predominantly active shops tend to charge the most, passive the least. However, Dimensional's systematic active offerings rank comfortably among the cheapest predominantly passive asset managers.

An asset manager's asset-weighted average fee provides an accurate representation of the typical investor experience in its funds. Vanguard and Charles Schwab investors paid the lowest fee in 2025, with index fund champions State Street and iShares close behind.

Exhibit 13 Equal-Weighted Average Fee by Asset Manager

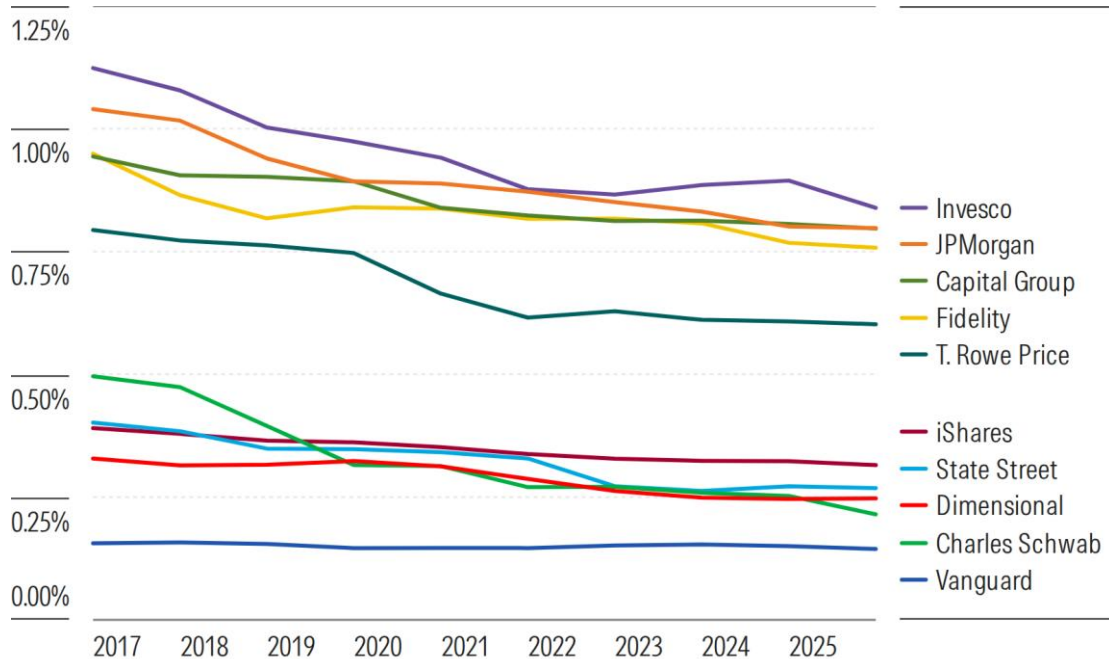
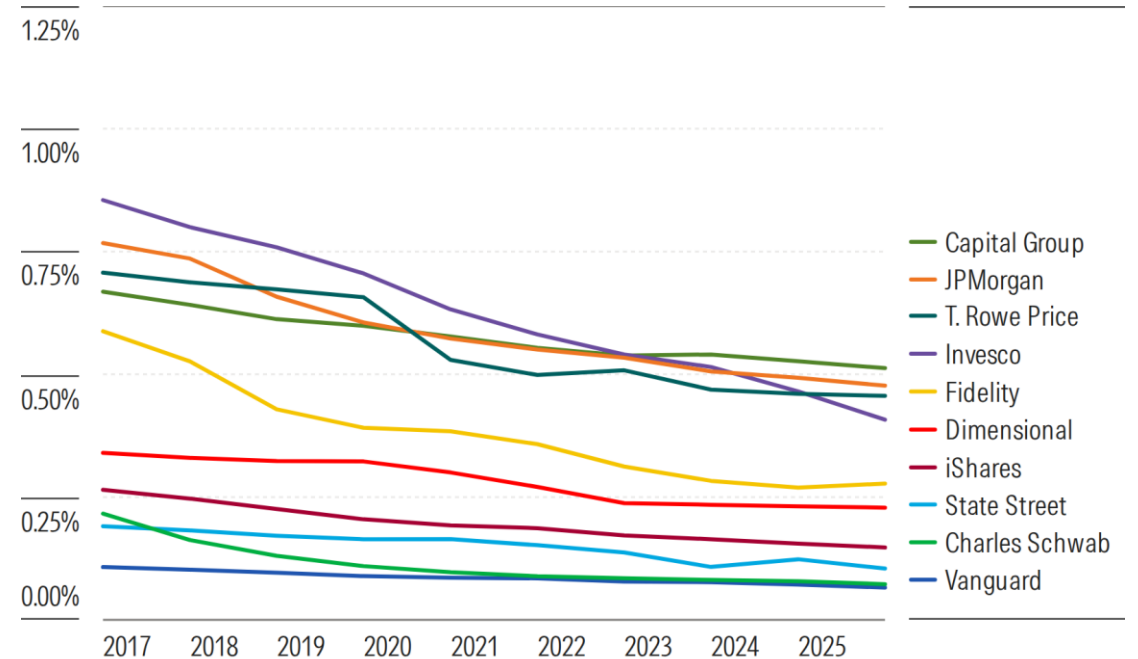


Exhibit 14 Asset-Weighted Average Fee by Asset Manager



Vanguard Has Met Its Match

Vanguard has met its match, at least in terms of fees. The longtime low-cost leader is now tied with Charles Schwab for having the lowest asset-weighted average fee in the US. That fee was just 0.07% in 2025, 3 basis points cheaper than State Street in third place. iShares ranked fourth, reflecting its expansive lineup that includes pricier active and niche strategies alongside its flagship low-cost index funds. As firms compete on cost, investors come out in front, benefiting from an ever-wider menu of cheap funds offering wide market exposure.

Exhibit 15 Fee Competition Among the Largest Asset Managers Is Intense

	Asset-Weighted Average Fees (%)			2025			
	2020	2025	Percent Change	Year End AUM (USD Bil)	Market Share (%)	Asset Growth (%)	Organic Growth Rate (%)
Vanguard	0.09	0.07	-23.46%	9,216	28.6	72.0	13.6
iShares	0.19	0.15	-23.39%	3,418	10.6	100.1	63.9
Fidelity	0.38	0.28	-27.70%	3,188	9.9	81.6	15.0
Capital Group	0.58	0.51	-11.18%	2,592	8.0	46.9	-13.0
State Street	0.16	0.10	-36.43%	1,581	4.9	109.6	46.5
Invesco	0.63	0.41	-35.54%	963	3.0	82.2	27.6
JPMorgan	0.57	0.48	-16.74%	747	2.3	104.2	61.9
T. Rowe Price	0.53	0.46	-13.84%	742	2.3	7.2	-34.4
Charles Schwab	0.10	0.07	-25.11%	673	2.1	152.4	81.2
Dimensional	0.30	0.23	-23.84%	554	1.7	69.5	16.3

Asset Flows by Fees

Do fees drive flows?

Investors Favor Low-Cost Funds and Reject More Costly Ones

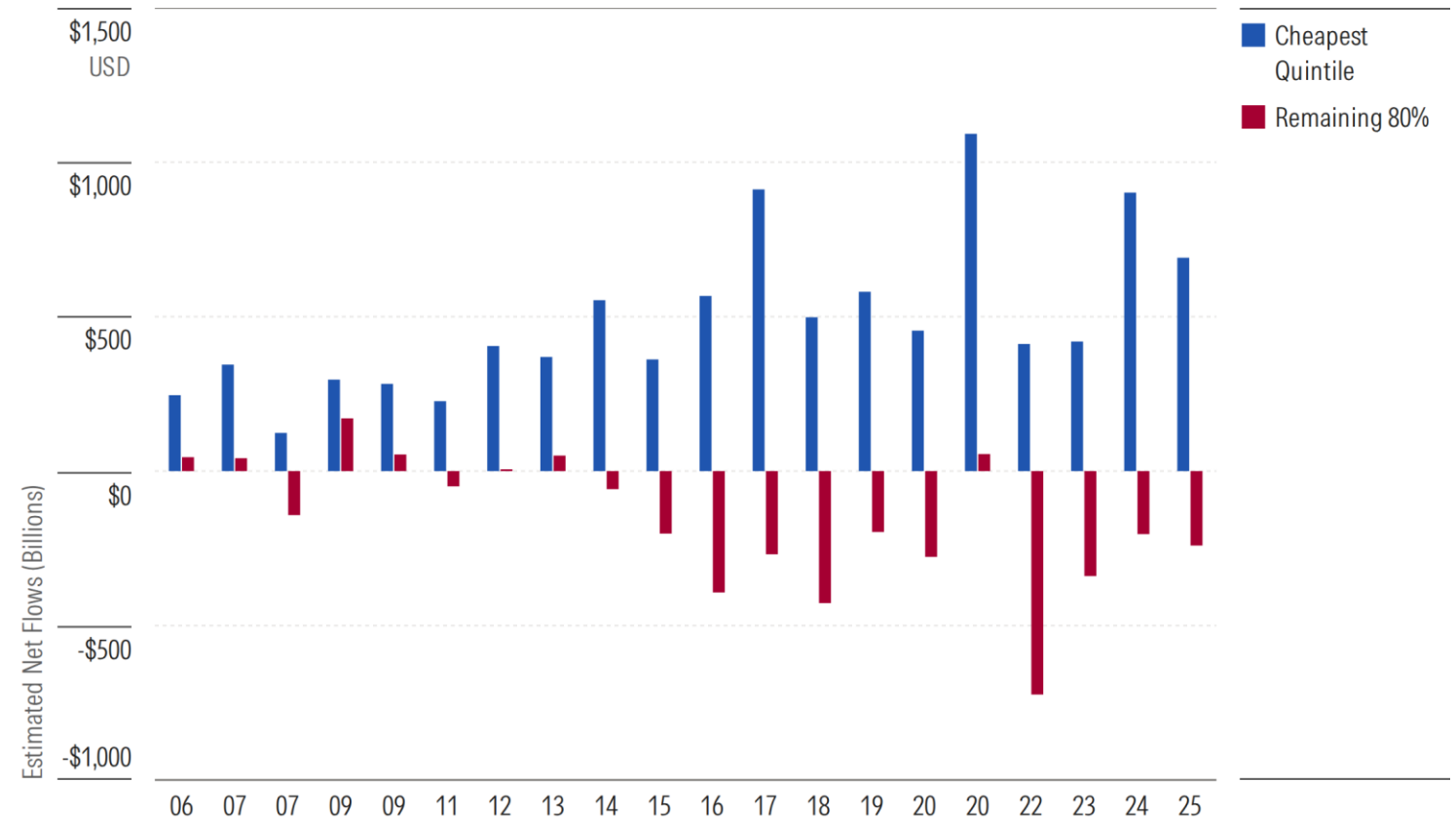
Fund fees drive flows. Since 2000, net flows have trended higher for funds and share classes charging fees that rank within the cheapest 20% of their category group. In 2025, these funds saw net inflows of USD 694 billion.

Flows for the remaining 80% of funds have been negative in 10 of the past 11 years. In 2025, these funds collectively lost USD 244 billion to net outflows.

This USD 939.0 billion difference in flows is quite large, but it's a step below 2024's historic USD 1.2 trillion gap.

Morningstar research has demonstrated that fees are a reliable predictor of future returns. Low-cost funds generally have greater odds of surviving and outperforming their more-expensive peers. It's encouraging to see investors favor such funds.

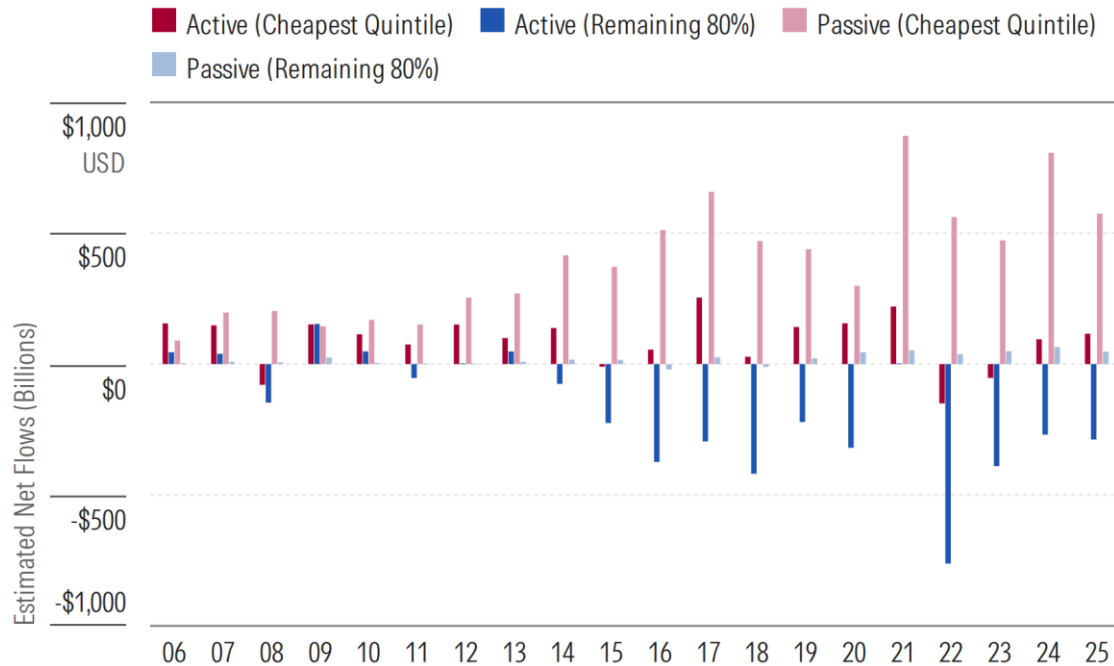
Exhibit 16 Investors Overwhelmingly Prefer Cheap Funds



Money Gravitates Toward Cheap and Passive Funds

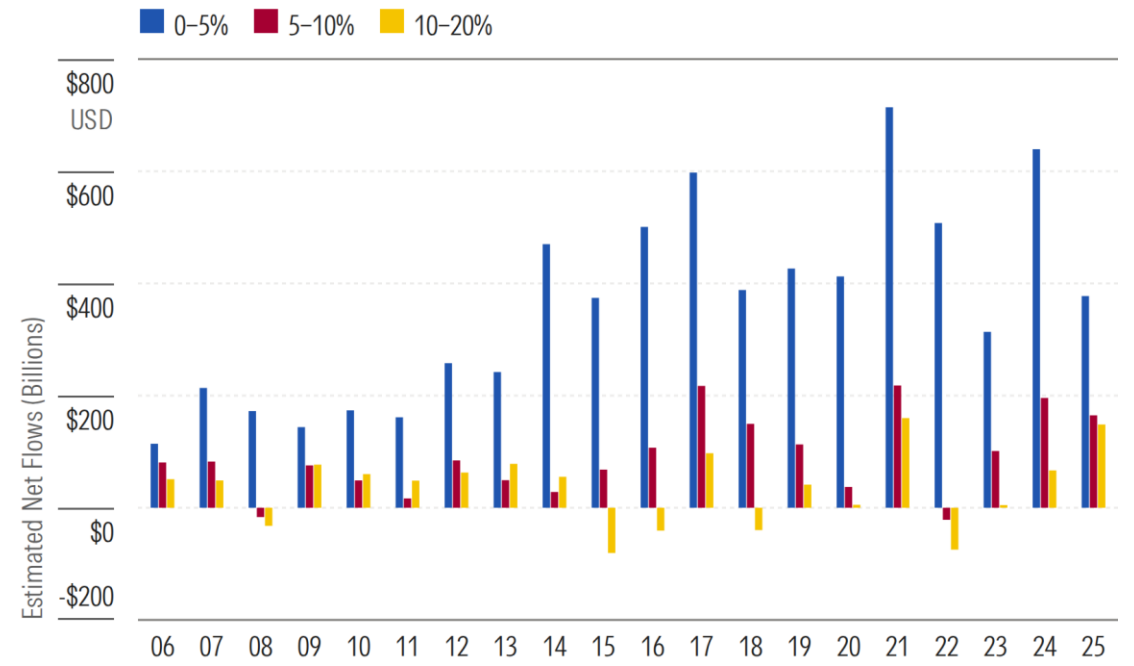
It's not just a price story. Cheap passive funds have garnered most inflows over the past 20 years. Since the start of 2021, the cheapest 20% of passive funds collected roughly USD 3.3 trillion while active funds lost a collective USD 1.5 trillion.

Exhibit 17 Pricey Active Funds Are the Epicenter of Outflows



Regardless of strategy, investors overwhelmingly prefer the cheapest of the cheap. In 2025, USD 545 billion flowed into cheapest 10% of funds, while the next cheapest decile (10%-20%) gathered USD 150 billion.

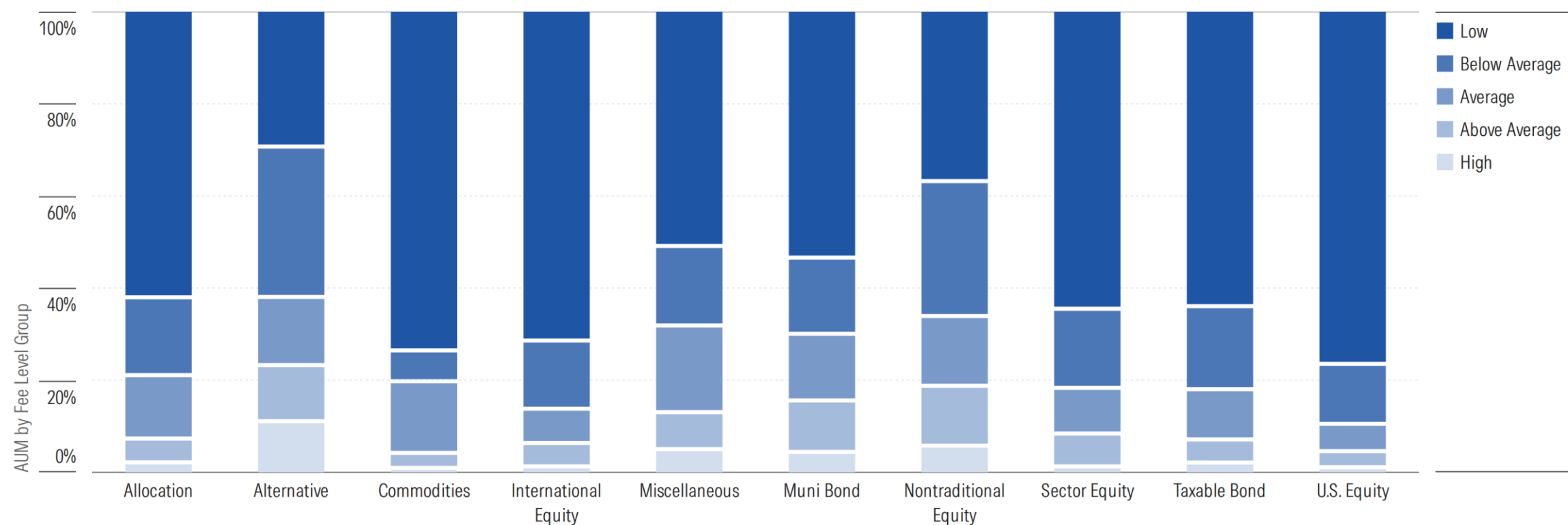
Exhibit 18 Investors Pour Money Into the Cheapest of the Cheap



Investor Dollars Concentrate in the Least-Expensive Funds

Most of investors' money sits in relatively low-cost funds. At the end of 2025, more than half the assets in each category group ranked among the cheapest two quintiles by fee. US equity and commodities showed the strongest concentration in cheap funds, with roughly 77% and 74% of assets, respectively, stowed in the cheapest quintile. Alternative and nontraditional equity were not quite as lopsided. Investors in these categories spread assets more evenly across the cost spectrum—and showed a greater tolerance for higher fees. This reflects the complexity and often short-term nature of those strategies.

Exhibit 19 Most of Investors' Money Is in the Least-Expensive Funds



Source: Morningstar. Data as of Dec. 31, 2025.

See Important Disclosures at the end of this report.

How Fund Fees Are Shaped by the Economics of Advice

Classifying Service-Fee Arrangements

The economics of the advice business have evolved, and that is shaping flows and, by extension, fees. As advisors move away from transaction-driven compensation models and toward fee-based ones, less costly funds and share classes, those that have fewer—if any—embedded advice and/or distribution costs, are experiencing more inflows.

The service-fee arrangement attribute in Morningstar's US funds database classifies funds based on their service-fee arrangements between asset managers, distributors, advisors, and investors. It aims to help investors discern how they might be paying for advice—either directly to an advisor in the form of a fee or indirectly via the fees they pay for the funds they invest in. In practice, investors might be paying for advice via some combination of the two, but this classification of funds into unbundled, semibundled, and bundled buckets is a useful means of beginning to understand what investors are getting in return for the fund fees.

The definitions of these groups are as follows:

- **Unbundled:** An investor simply pays for investment management and fund operating expenses, and the fund and its advisor do not pay third parties who sell their funds to the public. Unbundled share classes reduce conflicts of interest, but investors still need to ask if they are paying a reasonable amount for advice and for the services that their intermediary charges them for directly.
- **Semibundled:** The fund charges no traditional distribution fees (or 12b-1 fees) or load-sharing but can have revenue-sharing or subtransfer agency fees. Semibundled share classes could create some potential conflicts of interests that investors need to ask about.
- **Bundled:** These are traditional share classes, where the investor pays a load and a 12b-1 fee to the mutual fund, which in turn pays the intermediary. Bundled share classes are purely transactional, which can work well for investors who have done their homework and wish to pay upfront commissions. Advice associated with these share classes may ultimately cost less.

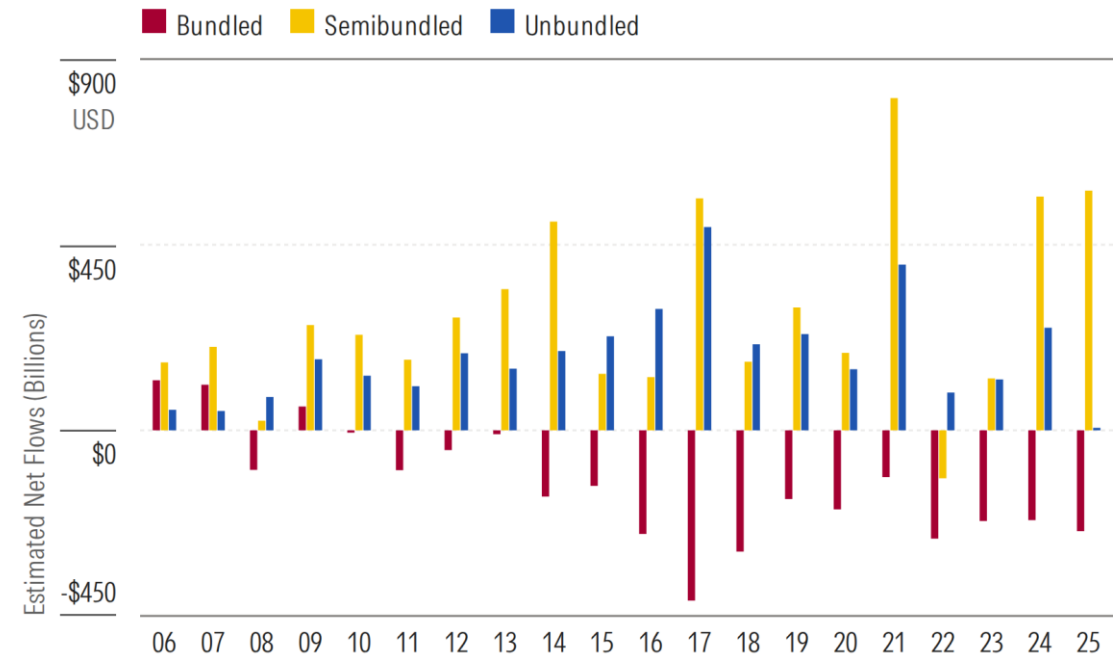
Flows Follow the Transition to Fee-Based Advice Models

Looking through the lens of Morningstar's service-fee arrangement attribute, bundled share classes have been in steady outflows, while semibundled and unbundled share classes have seen mostly steady inflows. This corresponds to the shift away from transaction-driven advice models, which favor load shares, and toward fee-based models. The result is that investment product costs are being displaced by advisor fees.

Exhibit 20 Service-Fee Arrangements

Fee Type	Unbundled	Semibundled	Bundled
Management Fee	✓	✓	✓
Fund Operating Expenses	✓	✓	✓
Subtransfer Agency Fees	✗	✓	✓
Revenue Sharing, Platform, or Other Access Fees	✗	✓	✓
Distribution Fees (12b-1)	✗	✗	✓
Loads and Commissions	✗	✗	✓
Transactions and other Operational Fees	✗	✗	✓
Fees for Advice and Planning	✗	✗	✗

Exhibit 21 Bundled Funds Have Seen Steady Outflows



Fees Fell Across Service-Fee Arrangements, But Not Everywhere

Bundled funds and share classes have been a casualty of the move toward fee-based advice. While they used to account for the most assets of any service-fee arrangement, their market share has dwindled from 42% in 2005 to just 11% at the end of 2025. This highlights a shift in investor’s preferences from transaction-driven advice models to fee-based models. What investors used to pay in fund fees they may now pay in advice fees. Still, this optionality to select how they pay for advice is a benefit and investors are likely still paying less for advice than they used to pay.

All three service-fee arrangements have seen significant asset-weighted average fee declines over the past 20 years. Bundled funds are still the most expensive, as their expense ratio covers much more than just a fund’s management fee and operating expense, but its asset-weighted average total expense still dropped by 26%. Meanwhile, the asset-weighted average fees for semibundled and unbundled funds were more roughly cut in half since 2006. This again highlights greater investor interest in low-cost products.

The trend in equal-weighted fees across these three service-fee arrangements paints a different picture. Equal-weighted average fees for unbundled funds and share classes were higher at the end of 2025 than they were in 2006, while the average fee charged by bundled and semibundled funds ticked gradually lower. This highlights the variety of line items present in the bundled and semibundled cohorts’ expense ratios and how, in the case of many funds and share classes belonging to the semibundled group, they have been gradually stripped out or reduced.

Exhibit 22 Semibundled and Unbundled Hold Most Assets

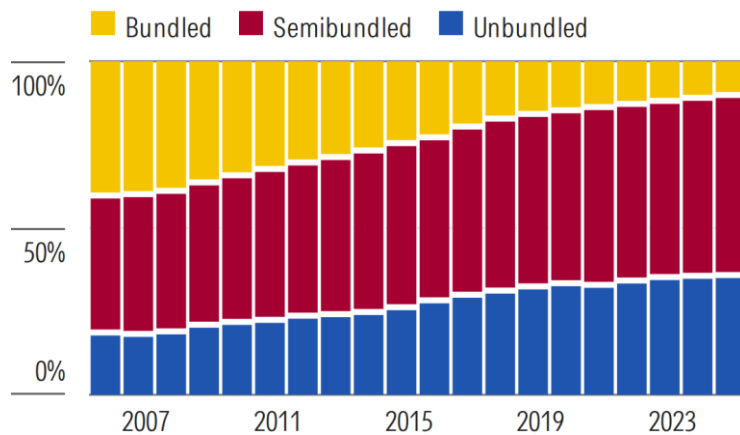


Exhibit 23 Asset-Weighted Fee by Service Arrangement

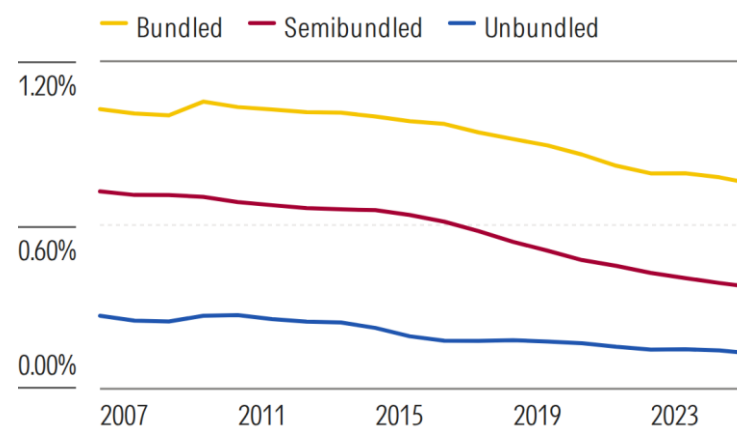
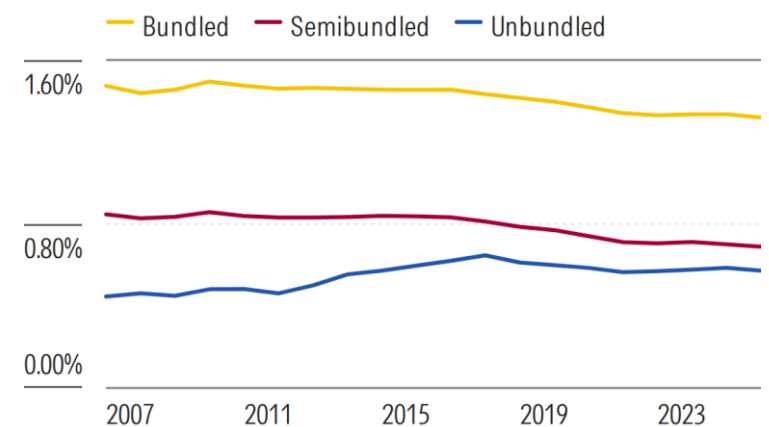


Exhibit 24 Equal-Weighted Fee by Service Arrangement



The Sustainable Fund 'Greenium'

Fund Fees Are Falling, But ESG Investors Still Pay More

Investors in sustainable funds are paying a “greenium” relative to investors in conventional funds. Despite firms on average charging less for their environmental, social, and governance funds than for conventional active or passive funds, an overwhelming preference for cheap conventional funds brings the fee investors actually pay for ESG funds, the asset-weighted average fee, noticeably above their non-ESG peers.

Exhibit 25 Equal-Weighted Average Fee

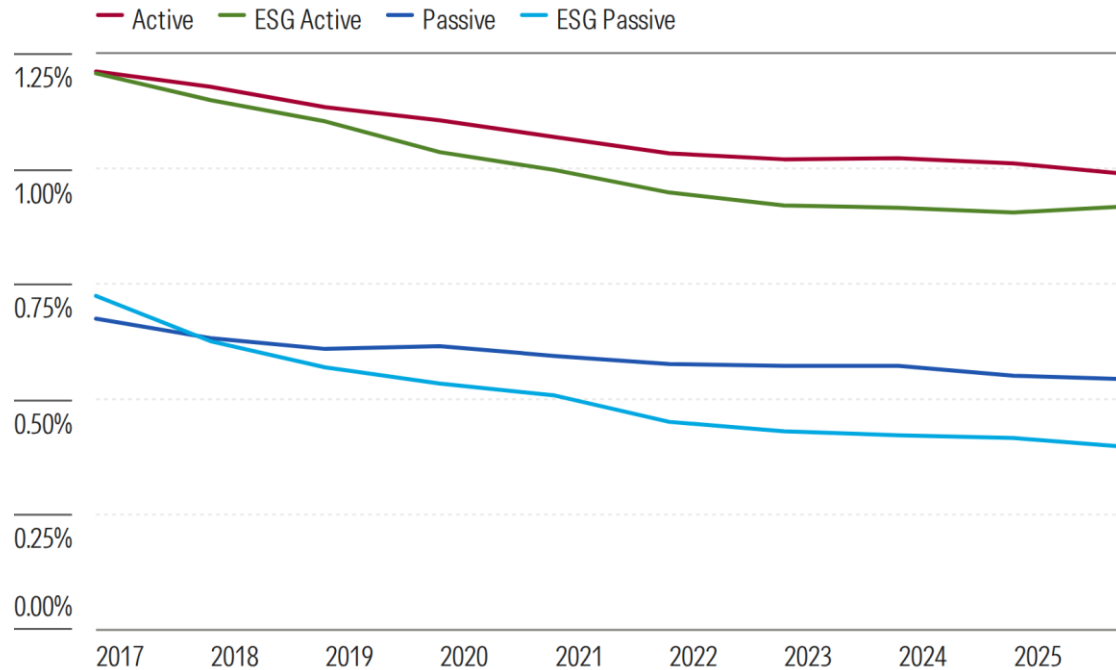
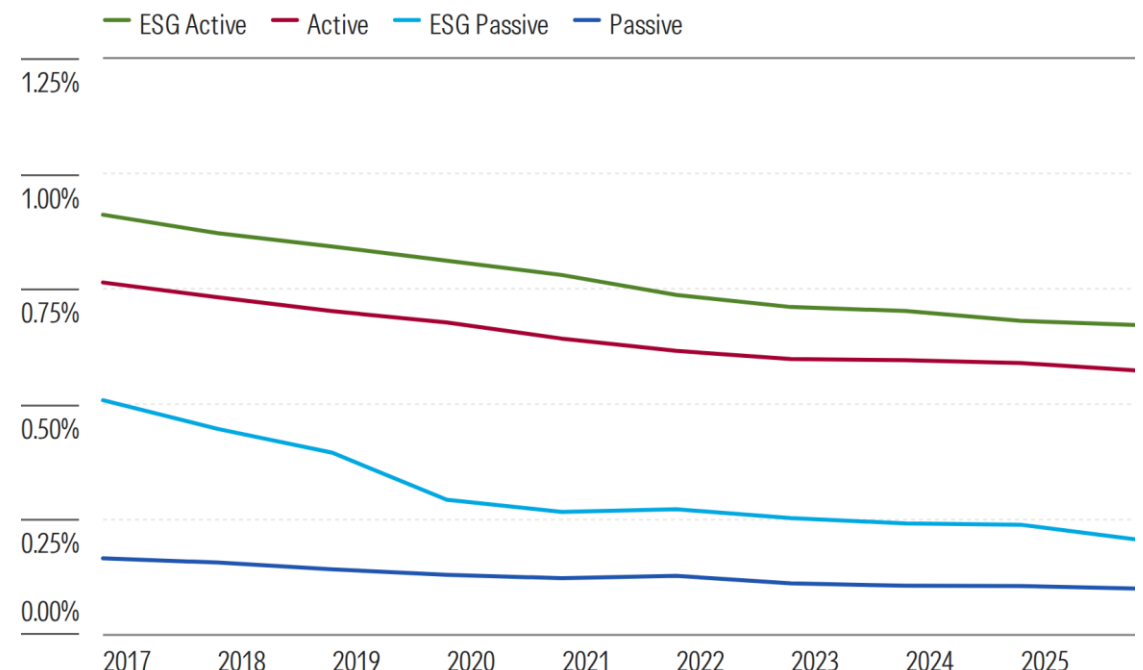


Exhibit 26 Asset-Weighted Average Fee



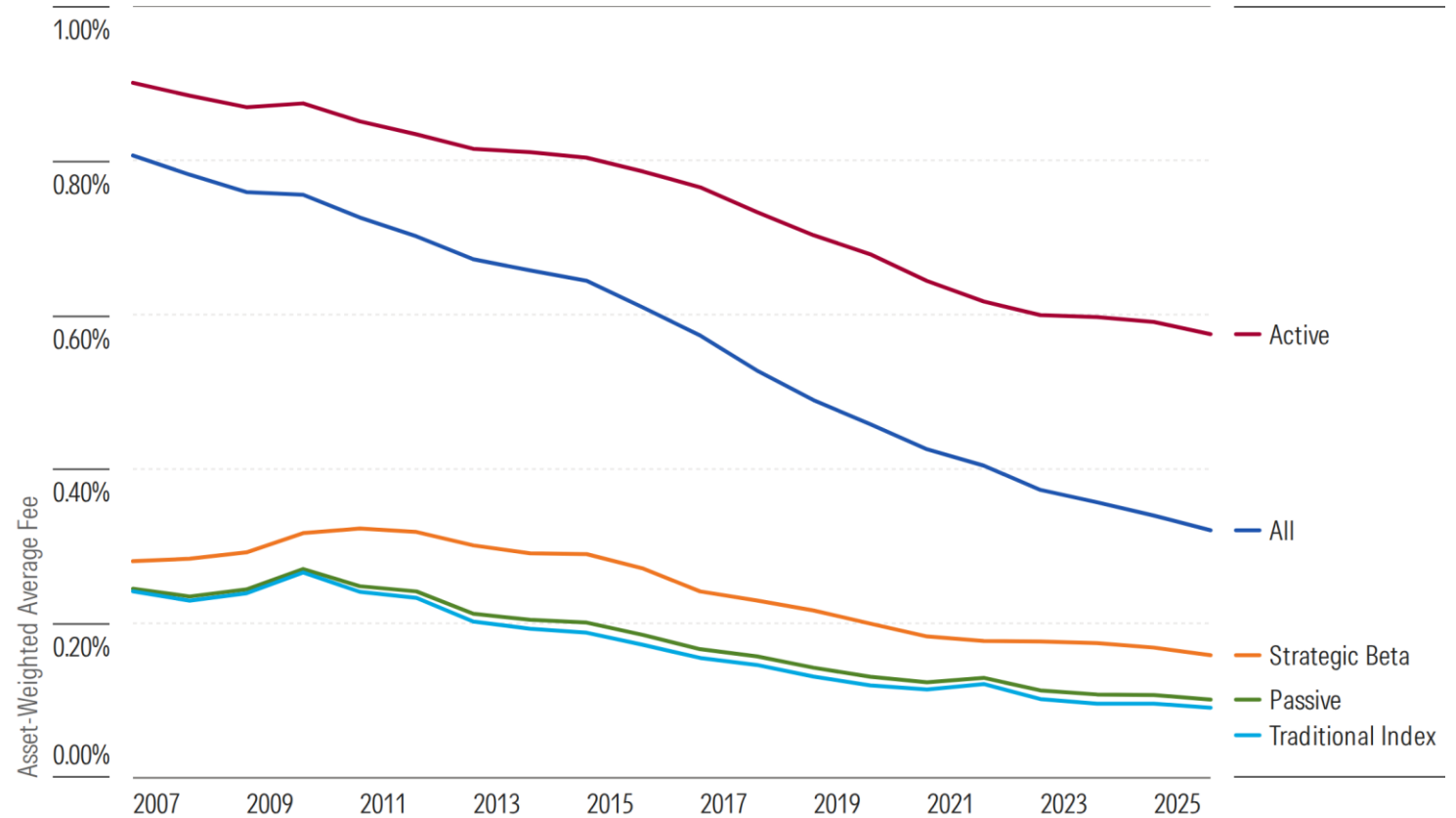
Strategic-Beta Fees

An Attempt to Marry the Best of Both Worlds

Strategic-beta funds attempt to marry the best attributes of active and passive approaches to portfolio construction. The indexes that underpin these funds attempt to codify strategies similar to those plied by active managers and deliver them in a format that is more transparent and less costly relative to most traditional actively managed funds.

At 0.16%, strategic-beta funds' asset-weighted average fee is significantly lower relative to active funds (0.57%) but reflects a premium versus their peers tracking more traditional indexes (0.09%). That said, this premium has narrowed in recent years as fee competition has spilled over from the realm of traditional index funds into strategic-beta funds.

Exhibit 27 Strategic-Beta Funds Offer a Cheaper Alternative to Active Management



Appendix

Exhibit 28 Asset-Weighted Average Fee by Morningstar Category

	Asset-Weighted Average Fees (%)				
	2021	2022	2023	2024	2025
Large Blend	0.16	0.15	0.14	0.13	0.12
Large Value	0.43	0.41	0.40	0.38	0.37
Large Growth	0.56	0.51	0.47	0.45	0.44
Mid-Cap Blend	0.24	0.24	0.21	0.19	0.18
Mid-Cap Value	0.58	0.59	0.60	0.58	0.52
Mid-Cap Growth	0.59	0.57	0.72	0.70	0.67
Small Blend	0.30	0.29	0.28	0.28	0.26
Small Value	0.55	0.52	0.50	0.49	0.46
Small Growth	0.74	0.73	0.70	0.67	0.65
Foreign Large Blend	0.25	0.24	0.23	0.23	0.21
Foreign Large Growth	0.66	0.65	0.62	0.59	0.59
Diversified Emerging Mkts	0.58	0.53	0.50	0.47	0.44
Global Large-Stock Blend	0.54	0.54	0.53	0.51	0.48
Intermediate Core Bond	0.13	0.13	0.13	0.13	0.12
Intermediate Core-Plus Bond	0.46	0.44	0.44	0.43	0.41
Short-Term Bond	0.28	0.28	0.27	0.26	0.26
Ultrashort Bond	0.27	0.25	0.21	0.21	0.20
Corporate Bond	0.22	0.20	0.22	0.18	0.19
High Yield Bond	0.56	0.56	0.56	0.52	0.52

Exhibit 29 Annual Percentage Change in Asset-Weighted Average Fee by Category

	Change in Asset-Weighted Average Fees (%)				
	2021	2022	2023	2024	2025
Large Blend	-4.2	-10.1	-2.7	-8.3	-12.3
Large Value	-4.6	-4.3	-2.6	-3.3	-4.0
Large Growth	-3.0	-8.1	-7.4	-4.3	-2.4
Mid-Cap Blend	12.8	-0.9	-12.9	-9.9	-2.8
Mid-Cap Value	-4.0	0.8	3.0	-4.1	-9.7
Mid-Cap Growth	-24.0	-2.6	25.7	-3.5	-3.7
Small Blend	-9.6	-2.4	-3.0	-1.9	-4.8
Small Value	-6.1	-4.0	-4.0	-3.2	-5.6
Small Growth	-2.2	-1.6	-3.7	-3.6	-3.5
Foreign Large Blend	-6.9	-1.9	-3.4	-1.0	-6.8
Foreign Large Growth	-1.6	-1.6	-4.7	-3.7	-0.2
Diversified Emerging Mkts	-5.6	-8.1	-5.4	-5.9	-6.2
Global Large-Stock Blend	-8.4	0.3	-1.4	-5.1	-6.1
Intermediate Core Bond	-3.8	-0.6	0.0	-2.0	-4.7
Intermediate Core-Plus Bond	-7.8	-3.9	0.8	-3.3	-3.6
Short-Term Bond	-14.9	-1.8	-2.7	-1.5	-2.4
Ultrashort Bond	-3.7	-9.9	-15.1	0.0	-4.3
Corporate Bond	-16.2	-5.5	9.8	-20.4	6.2
High Yield Bond	-4.9	0.4	-0.5	-6.9	0.1

Exhibit 30 Asset-Weighted Average Fee by Morningstar Category

	Asset-Weighted Average Fees (%)									
	Active					Passive				
	2021	2022	2023	2024	2025	2021	2022	2023	2024	2025
Large Blend	0.51	0.49	0.49	0.47	0.45	0.06	0.05	0.05	0.05	0.05
Large Value	0.57	0.56	0.56	0.55	0.52	0.16	0.15	0.14	0.14	0.12
Large Growth	0.68	0.65	0.62	0.61	0.63	0.15	0.15	0.15	0.14	0.14
Mid-Cap Blend	0.85	0.84	0.85	0.79	0.74	0.09	0.09	0.08	0.08	0.08
Mid-Cap Value	0.68	0.73	0.76	0.73	0.70	0.18	0.24	0.26	0.27	0.30
Mid-Cap Growth	0.82	0.83	0.81	0.80	0.80	0.09	0.08	0.16	0.16	0.16
Small Blend	0.72	0.73	0.72	0.71	0.68	0.10	0.10	0.10	0.10	0.10
Small Value	0.78	0.76	0.72	0.69	0.64	0.15	0.15	0.16	0.20	0.20
Small Growth	0.87	0.88	0.86	0.84	0.83	0.14	0.13	0.14	0.13	0.13
Foreign Large Blend	0.62	0.62	0.61	0.62	0.59	0.12	0.11	0.11	0.10	0.10
Foreign Large Growth	0.67	0.66	0.63	0.61	0.61	0.35	0.33	0.32	0.32	0.30
Diversified Emerging Mkts	0.84	0.80	0.77	0.74	0.72	0.21	0.20	0.19	0.18	0.16
Global Large-Stock Blend	0.66	0.68	0.67	0.65	0.63	0.19	0.19	0.18	0.17	0.16
Intermediate Core Bond	0.32	0.33	0.33	0.32	0.31	0.05	0.04	0.04	0.04	0.04
Intermediate Core-Plus Bond	0.46	0.45	0.45	0.44	0.43	0.08	0.05	0.07	0.06	0.07
Short-Term Bond	0.37	0.36	0.36	0.35	0.35	0.05	0.05	0.05	0.05	0.04
Ultrashort Bond	0.29	0.28	0.25	0.26	0.26	0.14	0.14	0.13	0.13	0.12
Corporate Bond	0.37	0.36	0.44	0.34	0.39	0.09	0.08	0.08	0.07	0.07
High Yield Bond	0.61	0.61	0.60	0.58	0.60	0.36	0.34	0.34	0.29	0.25

Exhibit 31 Annual Percentage Change in Asset-Weighted Average Fee by Category

	Change in Asset-Weighted Average Fees (%)									
	Active					Passive				
	2021	2022	2023	2024	2025	2021	2022	2023	2024	2025
Large Blend	-8.1	-2.5	-0.1	-5.0	-4.1	-3.5	-9.0	-2.1	-2.8	-0.1
Large Value	-1.2	-1.5	-0.4	-2.0	-6.0	-2.3	-6.4	-3.4	-5.0	-11.3
Large Growth	-0.8	-5.2	-5.0	-0.5	3.0	3.6	-3.1	-1.6	-3.5	-3.3
Mid-Cap Blend	-4.1	-0.9	0.7	-7.2	-5.5	8.5	-3.3	-11.9	-2.4	0.5
Mid-Cap Value	-3.1	6.2	4.6	-3.4	-5.0	-3.3	34.9	9.2	4.3	11.3
Mid-Cap Growth	-3.1	0.3	-1.5	-1.3	-0.4	-58.1	-3.9	99.2	-1.9	0.0
Small Blend	-5.1	1.1	-1.9	-0.9	-4.2	-4.4	-4.1	-1.2	-0.2	-1.4
Small Value	-5.4	-2.9	-5.4	-4.0	-6.3	1.0	0.4	9.6	22.5	-2.0
Small Growth	-2.0	0.1	-1.9	-1.7	-1.5	-1.4	-5.3	7.8	-7.6	-0.1
Foreign Large Blend	-7.1	0.7	-1.6	1.1	-4.4	1.0	-4.2	0.1	-6.9	-6.6
Foreign Large Growth	-1.1	-1.3	-4.3	-3.3	0.0	-6.2	-4.9	-2.7	0.4	-8.5
Diversified Emerging Mkts	-3.5	-4.3	-3.4	-4.6	-2.8	-11.5	-4.4	-4.6	-3.5	-11.1
Global Large-Stock Blend	-6.7	3.8	-1.0	-3.3	-3.8	-11.8	2.2	-3.4	-5.4	-5.2
Intermediate Core Bond	2.2	1.1	-0.1	-1.9	-3.4	-10.2	-3.7	-0.6	-3.5	-7.2
Intermediate Core-Plus Bond	-6.9	-3.0	1.1	-2.8	-3.5	-37.2	-32.6	34.7	-5.6	2.7
Short-Term Bond	-14.9	-1.6	-1.5	-1.1	-1.1	-6.0	-2.2	-2.3	-1.4	-13.7
Ultrashort Bond	-7.1	-5.8	-9.1	3.1	-1.6	-3.5	-2.6	-5.1	-2.0	-3.5
Corporate Bond	-17.9	-2.7	20.1	-21.0	14.0	-11.7	-5.4	-2.6	-8.1	-8.7
High Yield Bond	-4.4	0.2	-1.3	-3.4	3.4	-7.4	-3.8	-1.7	-12.8	-13.7

Exhibit 32 Equal-Weighted Average Fee by Morningstar Category

	Equal-Weighted Average Fees (%)				
	2021	2022	2023	2024	2025
Large Blend	0.81	0.79	0.80	0.76	0.73
Large Value	0.92	0.90	0.90	0.89	0.86
Large Growth	0.97	0.96	0.96	0.94	0.92
Mid-Cap Blend	0.94	0.96	0.93	0.87	0.86
Mid-Cap Value	0.98	0.97	0.98	0.96	0.94
Mid-Cap Growth	1.05	1.05	1.11	1.05	1.04
Small Blend	1.01	1.00	1.00	0.99	0.98
Small Value	1.14	1.14	1.12	1.10	1.09
Small Growth	1.18	1.17	1.16	1.15	1.14
Foreign Large Blend	0.92	0.93	0.90	0.89	0.84
Foreign Large Growth	1.05	1.05	1.02	1.00	0.97
Diversified Emerging Mkts	1.20	1.17	1.16	1.15	1.14
Global Large-Stock Blend	0.95	0.96	0.94	0.93	0.88
Intermediate Core Bond	0.59	0.59	0.59	0.56	0.55
Intermediate Core-Plus Bond	0.74	0.73	0.75	0.75	0.74
Short-Term Bond	0.67	0.66	0.65	0.63	0.62
Ultrashort Bond	0.43	0.42	0.40	0.40	0.38
Corporate Bond	0.70	0.66	0.68	0.62	0.61
High Yield Bond	0.91	0.89	0.90	0.88	0.87

Exhibit 33 Annual Percentage Change in Equal-Weighted Average Fee by Category

	Change in Equal-Weighted Average Fees (%)				
	2021	2022	2023	2024	2025
Large Blend	-3.4	-2.8	1.5	-4.5	-3.9
Large Value	-1.4	-2.1	0.0	-1.3	-3.6
Large Growth	-4.6	-1.1	-0.1	-1.9	-1.4
Mid-Cap Blend	-2.4	1.9	-2.9	-6.3	-1.5
Mid-Cap Value	-5.4	-0.9	0.6	-1.8	-2.3
Mid-Cap Growth	-4.7	-0.2	5.5	-5.2	-0.6
Small Blend	-4.8	-0.8	0.4	-1.3	-1.3
Small Value	-1.9	-0.1	-1.9	-1.7	-1.2
Small Growth	-1.2	-0.9	-0.5	-1.5	-0.9
Foreign Large Blend	-0.1	0.7	-2.8	-2.1	-4.7
Foreign Large Growth	-2.5	0.1	-2.3	-2.5	-2.6
Diversified Emerging Mkts	-3.0	-2.4	-0.7	-1.5	-0.8
Global Large-Stock Blend	-4.9	1.0	-1.9	-1.1	-5.4
Intermediate Core Bond	-4.2	-0.2	-0.8	-4.0	-2.6
Intermediate Core-Plus Bond	-3.5	-0.9	2.8	0.5	-1.2
Short-Term Bond	-2.9	-1.5	-0.6	-4.0	-1.3
Ultrashort Bond	-2.0	-2.2	-4.1	-0.9	-3.5
Corporate Bond	-4.8	-4.9	2.0	-8.3	-1.1
High Yield Bond	-2.7	-2.9	1.6	-2.5	-1.1

Exhibit 34 Equal-Weighted Average Fee by Morningstar Category

	Equal-Weighted Average Fees (%)									
	Active					Passive				
	2021	2022	2023	2024	2025	2021	2022	2023	2024	2025
Large Blend	0.93	0.90	0.92	0.88	0.86	0.39	0.38	0.35	0.35	0.32
Large Value	0.98	0.95	0.96	0.95	0.91	0.46	0.45	0.44	0.44	0.38
Large Growth	1.00	0.99	1.00	0.98	0.97	0.61	0.60	0.58	0.54	0.54
Mid-Cap Blend	1.14	1.13	1.12	1.08	1.04	0.39	0.42	0.38	0.36	0.35
Mid-Cap Value	1.03	1.03	1.03	1.03	1.01	0.45	0.45	0.45	0.37	0.37
Mid-Cap Growth	1.10	1.10	1.14	1.09	1.08	0.50	0.47	0.57	0.56	0.57
Small Blend	1.13	1.13	1.12	1.11	1.09	0.44	0.41	0.41	0.43	0.43
Small Value	1.18	1.19	1.16	1.16	1.15	0.66	0.60	0.64	0.63	0.63
Small Growth	1.20	1.19	1.18	1.17	1.16	0.62	0.68	0.65	0.48	0.48
Foreign Large Blend	1.05	1.04	1.02	1.01	0.97	0.37	0.35	0.34	0.30	0.28
Foreign Large Growth	1.07	1.07	1.05	1.02	1.00	0.44	0.46	0.42	0.46	0.47
Diversified Emerging Mkts	1.29	1.26	1.25	1.23	1.23	0.41	0.41	0.41	0.44	0.38
Global Large-Stock Blend	1.02	1.03	1.01	1.01	0.96	0.38	0.34	0.32	0.32	0.35
Intermediate Core Bond	0.65	0.65	0.64	0.62	0.60	0.24	0.23	0.24	0.21	0.19
Intermediate Core-Plus Bond	0.74	0.73	0.75	0.76	0.75	0.16	0.27	0.29	0.33	0.32
Short-Term Bond	0.70	0.69	0.68	0.66	0.65	0.12	0.12	0.12	0.12	0.12
Ultrashort Bond	0.44	0.44	0.42	0.42	0.41	0.12	0.11	0.11	0.11	0.11
Corporate Bond	0.78	0.76	0.76	0.71	0.71	0.21	0.14	0.16	0.16	0.17
High Yield Bond	0.95	0.94	0.95	0.92	0.91	0.40	0.35	0.33	0.30	0.30

Exhibit 35 Annual Percentage Change in Equal-Weighted Average Fee by Category

	Change in Equal-Weighted Average Fees (%)									
	Active					Passive				
	2021	2022	2023	2024	2025	2021	2022	2023	2024	2025
Large Blend	-3.9	-2.4	1.5	-3.9	-2.4	-1.8	-2.9	-6.6	-1.7	-8.6
Large Value	-1.6	-2.3	0.4	-1.2	-3.4	0.8	-2.7	-2.7	0.5	-13.7
Large Growth	-4.0	-0.8	0.2	-1.8	-1.1	-8.9	-0.7	-3.3	-6.4	-1.0
Mid-Cap Blend	-1.9	-1.0	-0.5	-3.3	-3.9	-0.2	8.9	-9.7	-5.1	-2.7
Mid-Cap Value	-3.6	-0.5	0.5	-0.4	-1.5	-29.0	-1.5	0.1	-18.0	1.0
Mid-Cap Growth	-2.9	0.2	3.8	-5.1	-0.8	-18.8	-5.1	20.0	-1.2	1.9
Small Blend	-3.7	-0.3	-0.5	-1.4	-1.1	-5.5	-7.3	1.6	5.1	-0.4
Small Value	-1.7	0.5	-2.2	-0.6	-0.9	-8.0	-9.4	6.7	-1.4	0.4
Small Growth	-1.0	-1.4	-0.2	-1.2	-0.8	-4.0	9.1	-4.1	-25.7	-0.9
Foreign Large Blend	-1.0	-0.3	-2.2	-0.6	-3.8	-0.9	-4.2	-2.6	-13.2	-4.9
Foreign Large Growth	-2.2	0.0	-2.3	-2.5	-2.4	2.4	4.9	-8.8	10.1	1.0
Diversified Emerging Mkts	-2.9	-2.3	-0.8	-1.3	0.1	-5.9	-1.0	1.7	5.9	-12.4
Global Large-Stock Blend	-4.0	1.1	-2.0	-0.7	-4.4	-11.4	-8.5	-7.6	-0.5	9.9
Intermediate Core Bond	-4.3	-0.3	-2.1	-3.3	-2.3	-12.0	-2.9	6.2	-15.4	-9.2
Intermediate Core-Plus Bond	-3.4	-0.9	2.8	0.2	-1.1	-12.3	66.1	9.1	14.5	-3.6
Short-Term Bond	-3.1	-1.6	-0.6	-3.3	-1.2	4.7	0.6	-3.1	0.7	-1.3
Ultrashort Bond	-1.5	-1.7	-3.3	-0.4	-2.5	-3.8	-8.3	-1.0	0.3	1.0
Corporate Bond	-3.5	-3.1	0.5	-7.0	-0.7	-3.2	-33.3	12.2	0.8	8.2
High Yield Bond	-2.5	-1.9	1.3	-3.0	-1.2	-2.2	-13.1	-3.7	-8.7	-0.1

Exhibit 36 Asset-Weighted Average Fee by Service-Fee Arrangement

	Asset-Weighted Average Fees (%)														
	Bundled					Semibundled					Unbundled				
	2021	2022	2023	2024	2025	2021	2022	2023	2024	2025	2021	2022	2023	2024	2025
U.S. Equity	0.87	0.85	0.84	0.82	0.80	0.40	0.36	0.34	0.32	0.30	0.12	0.11	0.11	0.10	0.10
Sector Equity	0.45	0.40	0.37	0.34	0.33	0.61	0.60	0.60	0.59	0.56	0.18	0.17	0.18	0.18	0.16
International Equity	0.95	0.94	0.93	0.90	0.87	0.55	0.52	0.49	0.47	0.44	0.22	0.22	0.21	0.20	0.18
Nontraditional Equity	1.34	1.28	1.30	1.27	1.39	0.95	0.86	0.76	0.76	0.79	0.78	0.61	0.39	0.33	0.33
Taxable Bond	0.79	0.79	0.79	0.79	0.76	0.36	0.34	0.33	0.33	0.31	0.17	0.16	0.17	0.19	0.17
Muni Bond	0.77	0.75	0.80	0.87	0.84	0.44	0.42	0.42	0.45	0.42	0.14	0.13	0.13	0.13	0.12
Allocation	0.80	0.78	0.78	0.76	0.75	0.57	0.57	0.57	0.55	0.54	0.19	0.19	0.20	0.21	0.21
Alternative	1.65	1.64	1.65	1.78	1.93	1.33	1.31	1.38	1.45	1.56	0.93	1.17	1.55	1.81	1.61
Commodities	1.16	1.15	1.25	1.22	1.14	0.56	0.66	0.67	0.65	0.64	0.67	0.63	0.80	0.76	0.61
Miscellaneous	1.02	1.02	1.35	1.39	1.37	0.96	0.94	0.94	0.99	0.99	0.72	0.64	0.72	0.78	0.79
All Funds	0.82	0.79	0.79	0.77	0.75	0.45	0.42	0.41	0.39	0.37	0.15	0.14	0.14	0.14	0.13

Exhibit 37 Annual Percentage Change in Asset-Weighted Average Fee

	Change in Asset-Weighted Average Fees (%)														
	Bundled					Semibundled					Unbundled				
	2021	2022	2023	2024	2025	2021	2022	2023	2024	2025	2021	2022	2023	2024	2025
U.S. Equity	-3.0	-2.6	-0.7	-2.5	-2.8	-5.4	-8.6	-6.6	-6.9	-5.4	1.2	-9.5	-1.2	-5.5	-5.9
Sector Equity	-14.8	-11.2	-6.5	-7.8	-3.8	-3.5	-1.8	0.9	-2.7	-4.9	-8.8	-3.8	5.3	-0.3	-9.9
International Equity	-3.7	-2.0	-0.4	-3.3	-3.4	-4.5	-5.9	-5.4	-4.5	-5.4	1.9	0.6	-4.8	-6.0	-10.1
Nontraditional Equity	-7.6	-4.4	1.1	-2.2	9.5	-14.8	-9.7	-11.0	-1.2	4.5	-19.1	-22.2	-35.9	-14.1	-1.1
Taxable Bond	-8.0	-0.4	0.0	0.8	-3.9	-5.5	-5.4	-3.8	-0.8	-3.5	-21.6	-5.8	6.7	9.4	-11.3
Muni Bond	-2.6	-2.4	6.7	8.5	-3.0	-1.6	-4.1	1.4	5.4	-5.5	-1.6	-0.9	0.0	-3.2	-4.8
Allocation	-3.0	-2.3	-0.2	-2.4	-2.0	-3.5	-0.9	-0.3	-2.6	-2.9	0.1	3.0	2.9	3.0	0.8
Alternative	-2.1	-0.4	0.4	7.7	8.6	-10.8	-1.8	5.5	4.8	7.7	-11.6	26.3	31.8	16.6	-11.0
Commodities	-19.4	-1.0	8.8	-1.9	-7.0	6.7	17.3	2.4	-4.0	-1.6	-30.0	-6.3	26.2	-4.6	-19.5
Miscellaneous	-11.2	0.6	31.9	3.2	-1.3	-2.6	-2.0	0.9	4.5	0.8	-33.9	-11.1	12.5	8.2	1.5
All Funds	-4.8	-3.4	0.1	-1.9	-3.2	-4.5	-5.8	-4.4	-4.5	-4.0	-8.0	-6.5	0.5	-2.8	-8.4

Exhibit 38 Equal-Weighted Average Fee by Service Fee Arrangement

	Equal-Weighted Average Fees (%)														
	Bundled					Semibundled					Unbundled				
	2021	2022	2023	2024	2025	2021	2022	2023	2024	2025	2021	2022	2023	2024	2025
U.S. Equity	1.33	1.32	1.33	1.32	1.31	0.71	0.71	0.71	0.69	0.68	0.56	0.56	0.56	0.57	0.57
Sector Equity	1.55	1.53	1.56	1.59	1.54	0.75	0.74	0.75	0.76	0.73	0.63	0.63	0.66	0.72	0.64
International Equity	1.46	1.45	1.41	1.42	1.39	0.81	0.81	0.81	0.79	0.78	0.73	0.75	0.72	0.72	0.69
Nontraditional Equity	1.88	1.84	1.83	1.89	1.81	1.09	1.06	1.00	0.95	0.95	0.99	0.98	0.96	0.98	0.95
Taxable Bond	1.15	1.13	1.15	1.14	1.14	0.53	0.52	0.53	0.52	0.51	0.42	0.43	0.46	0.48	0.47
Muni Bond	1.06	1.05	1.07	1.06	1.05	0.50	0.50	0.51	0.50	0.50	0.43	0.41	0.44	0.40	0.40
Allocation	1.36	1.37	1.37	1.36	1.34	0.79	0.79	0.80	0.80	0.78	0.58	0.59	0.60	0.59	0.60
Alternative	2.05	1.98	1.98	2.10	2.13	1.43	1.43	1.41	1.50	1.53	1.17	1.18	1.28	1.40	1.49
Commodities	1.47	1.46	1.46	1.49	1.40	0.80	0.79	0.79	0.75	0.71	0.65	0.64	0.70	0.70	0.68
Miscellaneous	1.83	1.82	1.93	1.91	1.92	1.11	1.04	1.12	1.11	1.11	0.72	0.64	0.72	0.86	0.84
All Funds	1.34	1.33	1.33	1.34	1.32	0.71	0.71	0.71	0.70	0.69	0.56	0.57	0.58	0.59	0.57

Exhibit 39 Annual Percent Change in Equal-Weighted Average Fee

	Change in Equal-Weighted Average Fees (%)														
	Bundled					Semibundled					Unbundled				
	2021	2022	2023	2024	2025	2021	2022	2023	2024	2025	2021	2022	2023	2024	2025
U.S. Equity	-1.9	-0.3	0.5	-1.1	-0.8	-3.5	-0.6	0.4	-3.0	-1.7	-0.3	0.8	0.0	1.3	-0.4
Sector Equity	-2.0	-1.2	1.9	2.2	-3.4	-3.0	-1.6	2.1	1.2	-4.6	-2.4	1.2	3.3	9.4	-10.8
International Equity	-2.1	-0.8	-2.5	0.4	-1.7	-3.0	0.2	0.1	-3.0	-0.7	-2.2	2.4	-3.9	-0.2	-3.7
Nontraditional Equity	-3.7	-2.4	-0.1	2.9	-4.0	-10.9	-2.8	-6.0	-5.0	-0.1	-6.9	-0.5	-2.5	2.4	-3.0
Taxable Bond	-2.1	-1.1	1.2	-0.4	-0.7	-5.9	-1.9	1.9	-2.7	-1.6	-9.3	2.5	6.9	5.0	-1.7
Muni Bond	-1.8	-1.1	1.6	-0.4	-1.0	-3.6	-0.7	2.8	-1.1	-1.5	-0.8	-3.5	6.1	-7.3	-0.9
Allocation	-0.4	1.0	-0.1	-0.4	-1.9	-1.8	0.1	1.1	1.0	-2.5	-4.1	1.3	1.2	-0.8	1.8
Alternative	-1.5	-2.9	-0.1	5.9	1.4	-5.6	-0.4	-1.3	6.3	2.3	-3.2	0.6	8.3	9.6	6.7
Commodities	-5.7	-1.0	0.4	2.1	-6.3	-7.3	-1.8	1.0	-5.1	-6.5	-11.5	-2.0	9.7	0.6	-2.4
Miscellaneous	-5.5	-0.6	5.7	-1.1	1.0	-0.1	-6.3	7.7	-0.9	0.2	-33.9	-11.1	12.5	18.8	-1.8
All Funds	-2.1	-0.7	0.3	0.0	-1.2	-4.0	-0.7	0.9	-1.6	-1.7	-3.6	1.0	1.3	1.5	-2.3

Methodology

Methodology for US Fund Fee Study

- Most of the data for this report is compiled using the US Fund Fee Trends Interactive Research available via the Research + Analytics module in Morningstar Direct.
- Data for report exhibits not replicable via the notebook is sourced from the US Funds Database in Morningstar Direct. Fund of funds, feeder funds, and money market funds are excluded.
- Fee data for the report and the notebook is collected using a share class' annual report net expense ratio. A share class' annual report net expense ratio is defined as the percentage of fund assets used to pay for operating expenses and management fees, including 12b-1 fees, administrative fees, and all other asset-based costs incurred by the fund, except brokerage costs. Fund expenses are reflected in the fund's net asset value. Sales charges are not included in the expense ratio. It is collected on the publish date of each fund's annual report and is applied to the prior year.
- Asset-weighted average fees are a weighted average of the annual report net expense ratio for all share classes in the US Funds Database each year. The calculated weighted average is based on share class assets under management for a given year.
- Equal-weighted average fees are a simple average of the annual report net expense ratio for all share classes in the US funds database each year.
- Additional data definitions can be found in Morningstar Direct.

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