Oldest Share Class
Methodology

Introduction

Morningstar calculates an "Oldest Share Class" tag for open-end funds and exchange-traded funds. This tag denotes the share class in the fund that has the longest history. In some cases, funds may have launched several share classes on the inception date of the fund. When that happens, Morningstar has developed a methodology for use in all markets, except for India, to determine the most appropriate share class to use for performance-comparison purposes. This is outlined below.

A "virtual currency" share class (that is, a share class that does not have a separate accounting profile but rather is merely a currency translation of another share class) may not be set as an oldest share class.

The oldest share class should not be a liquidated share class unless all the share classes of the fund are liquidated.

Oldest Share Class Criteria

The methodology for determining the oldest share class of a fund uses a series of criteria, applied in order, to filter all of the fund's share classes to a single share class. All share classes meeting a criterion will be evaluated by the next criterion until only one share class remains. If, for any of the criteria, none of a fund's share classes met the criteria, then that criteria will be skipped.

Where a fund has fee-negotiable share classes, then a fee-negotiable share class should only be chosen if there are no other active share classes that are not fee-negotiable.

Criteria 1

Choose the active share class(es) that are nondormant, nonprivate client, and nonrestricted (to qualified/professional investors), that are performance- and operations-ready, with the earliest inception date or performance start date. If a share class has any dormancy periods, then use the dormancy end date as the inception/performance start date.

In the case where a fund has several active share classes but each one is either dormant, not performance- or operations-ready, or a private/restricted share class, then take (in order):
A. The private/restricted class(es);
B. The not performance-/operations-ready share class(es);
C. The dormant share class(es)

If the fund has no active share class(es), choose the liquidated share class(es).

Criteria 2
Choose the share class(es) that are not currency-hedged.

Criteria 3
Choose the share class(es) with the lowest historical fee structure. Find the earliest year on or after the inception date when at least two of the (tied) share classes have fee data reported from an annual report (or Key Investor Information Document for Europe). If one or both of the annual report fees are not available, use prospectus fees or KIIDs from the same year.

Fee Types: For European markets, net expense ratio will be used, but, if unavailable, ongoing charge will be used. In Canada, management expense ratio will be used. In Australia, indirect cost ratio will be used. In all other markets, annual report net expense ratio will be used.

Criteria 4
Choose the share class(es) with the lowest maximum annual management fee percentage.

Criteria 5
For U.S.-domiciled funds only, look at the share-class type for the fund. Select share class(es) according to the following order: Inst, I, No Load, Adv, A, B, C, D, Retirement, S, T, M, N, Other, and [None].

Criteria 6
For Australia-domiciled funds, use the share class(es) where the wholesale flag = Y.

Criteria 7
Choose the share class(es) with the same base currency as the category of the fund.

Criteria 8
If there is still a tie, choose the first alphabetically from the remaining share classes. ◪

Methodology History
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