

Lipper Leaders

an investor-centered rating system

Lipper recognizes that a successful investment strategy means identifying funds which match individual investment goals and risk tolerance.

The Lipper Leader Rating System is a suite of tools that helps guide investors and their advisers in selecting funds that suit individual investment styles and goals.

Unlike many competing quantitative measures, the strength of the Lipper Leader Rating System is it uses investor-centered criteria and not asset or style/strategy based criteria. These investor-centered criteria deliver clear, straightforward descriptions of a fund's success in meeting certain goals, such as preserving capital or building wealth through consistent, strong returns.

Investor-centered measures of fund performance and suitability

The Lipper Leader Rating System consists of five metrics which provide clear, straightforward descriptions of a fund's success in meeting certain goals and constructing individualized portfolios.

- Total Return
- Consistent Return
- Preservation
- Expense
- Tax Efficiency

Determine whether you are investing in funds that fit your investment goals

Lipper Leaders provide context and perspective for making informed investment decisions but do not predict future performance.

Funds are ranked against their Lipper peer group classifications each month for 3-, 5-, 10-year, and overall periods. These ratings are based on an equal-weighted average of percentile ranks of the five Lipper Leaders metrics.

For each metric:

- the top 20% of funds receive a rating of '5' and are named Lipper Leaders.
- the next 20% of funds receive a rating of '4'
- the middle 20% of funds receive a rating of '3'
- the next 20% of funds receive a rating of '2'
- the lowest 20% of funds receive a rating of '1'



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Lipper Leader Ratings

Total Return

The Lipper Rating for Total Return denotes a fund that has provided superior total returns (income from dividends and interest as well as capital appreciation) when compared to a group of similar funds.

The Lipper Rating for Total Return may be the best fit for investors who want the best historical return, without looking at risk. This measure alone may not be suitable for investors who want to avoid downside risk. For more risk-averse investors, the Total Return ratings can be used with Preservation and/or Consistent Return ratings to make an appropriate selection that balances the risk and return.

Expense

The Lipper Rating for Expense identifies a fund that has successfully managed to keep its expenses low relative to its peers and within its load structure.

The Lipper Rating for Expense may be the best fit for investors who want to minimize their total costs. It can be used in conjunction with Total Return or Consistent Return to identify funds with above-average performance and lower-than-average cost.

Consistent Return

The Lipper Rating for Consistent Return identifies a fund that has provided relatively superior consistency and risk-adjusted returns when compared to a group of similar funds. Funds which achieve high ratings for Consistent Return may be the best fit for investors who value a fund's year-to-year consistency relative to other funds in a particular peer group.

Investors are cautioned that some peer groups are inherently more volatile than others, and even Lipper Leaders for Consistent Return in the most volatile groups may not be well suited to shorter-term goals or less risk-tolerant investors.

Preservation

The Lipper Rating for Preservation is a fund that has demonstrates a superior ability to preserve capital in a variety of markets when compared with other funds in its asset class.

Choosing a Lipper Rating for Preservation may help to minimize downside risk relative to other fund choices in the same asset class. Investors are cautioned that equity funds have historically been more volatile than mixed-equity or fixed-income funds, and that even the Lipper Rating for Preservation in more volatile asset classes may not be well suited to shorter-term goals or less risk-tolerant investors.

Tax Efficiency

The Lipper Ratings for Tax Efficiency identifies a fund that has been successful at deferring taxes over the measurement period relative to similar funds.

The Lipper Ratings for Tax Efficiency may be the best fit for tax-conscious investors who hold investments that are not in a defined-benefit or retirement plan account. Investors in high federal tax brackets are more likely than those in lower tax brackets to see more benefit from tax-efficient funds.

The Lipper Ratings Tax Efficiency on its own does not take relative or absolute performance into account. Investors can pair Tax Efficiency with Consistent Return and/or Total Return to find funds that have delivered solid relative performance and have been better than their peers in postponing taxable distributions.

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