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**FOR IMMEDIATE RELEASE****Morningstar's Sixth Global Investor Experience Study Finds Investors are Paying Less to Own Funds Worldwide But Disparity Among Markets Persists**

*For "Fees and Expenses," Australia, the Netherlands, and the United States earn Top grades while Italy and Taiwan receive Bottom grades*

SINGAPORE, Sept. 18, 2019 -- [Morningstar, Inc.](http://Morningstar.Inc) (Nasdaq: MORN), a leading provider of independent investment research, today published the first chapter of its biennial Global Investor Experience (GIE) report, which grades the experiences of mutual fund investors in 26 markets across North America, Europe, Asia, and Africa. For this sixth edition of GIE, Morningstar is publishing each of the evaluation categories—Fees and Expenses, Regulation and Taxation, Disclosures, and Sales—as independent chapters. The first chapter, Fees and Expenses, evaluates the costs that mutual-fund investors in global markets incur.

Using a grading scale of Top, Above Average, Average, Below Average, and Bottom, Morningstar gave Top grades to Australia, the Netherlands, and the U.S., denoting these as the most investor-friendly markets in terms of fees and expenses. Conversely, Morningstar assigned Bottom grades to Italy and Taiwan, fund markets which are characterized by high fees and expenses.

"The Global Investor Experience study aims to empower investors worldwide by promoting dialogue and transparency around global best practices for mutual funds from the perspective of fund shareholders," said Grant Kennaway, Morningstar's global practice leader of manager research and co-author of the study. "Since the last study in 2017, we've seen fund fees continue to decline across global markets. This reflects a number of key trends including orderly competition, regulatory intervention, and changing practices that have led to the unbundling of advice and sales fees from fund expense ratios in some markets."

Top	Above Average	Average	Below Average	Bottom
= Australia	↓ New Zealand	↑ China	↑ Belgium	↓ Italy
= Netherlands	↓ Sweden	= Denmark	↑ Canada	= Taiwan
= United States	↑ Switzerland	↑ Finland	= France	
	= Thailand	↑ India	= Germany	
	= United Kingdom	= Japan	= Hong Kong	
		= Korea	* Mexico	
		= Norway	= Singapore	
		↓ South Africa	= Spain	

Source: Morningstar, Inc. Grade change indicators: ↑ Improved since last survey ↓ Declined since last survey = No change since last survey

The first chapter on fees and expenses is available [here](#). Highlights include:

- Asset-weighted median expense ratios for domestic and available-for-sale funds fell in a majority of the 26 markets surveyed since the 2017 study. The Netherlands saw the largest decline, followed by India and Canada.
- Top grades went to the U.S., Australia, and the Netherlands. The positive effects of economies of scale and competition have underpinned the Top grade of the U.S. in all six editions of the GIE. Australia and the Netherlands have received a Top grade for the third consecutive study, as effective regulation has led to high fee transparency in both markets while competition and economies of scale have conferred savings in the Australian market.
- Taiwan and Italy both received Bottom grades in the latest study. Taiwan is a perennial poor performer in regards to fees and expenses, with some of the costliest funds among markets covered in the study. Italy also fell from a Below Average to a Bottom grade for subjecting individual investors to front loads and retrocessions. Italian funds also suffer from high asset-weighted median expenses across the board.
- Half of the markets surveyed in the study received an Average or Above Average grade. Based on our analysis, we conclude that the investor experience is improving across multiple markets given lower fees and ease of entry for investors to buy funds without loads or trailing commissions.
- Across many markets, regulators are stepping up to promote fee transparency, as government policies in these markets have facilitated increased savings through tax incentives, compulsion, or both. Considerable investment industry growth, helped by rising markets and increased savings, has also put a spotlight on the need to share the benefits of economies of scale with investors. For example, India improved to an Average grade for fees and expenses, up from Below Average in 2017. India had been among the most expensive geographies when it comes to expense ratios,

but investor-friendly regulations banning front loads and up-front commissions, and more recently, capping investment charges have contributed to the market's improved grade.

## **Methodology**

This study primarily considers publicly available open-end funds, or retail registered investment pools that are not listed on an exchange. The study uses asset-weighted expense ratios as the best objective measure to compare fund costs across global markets. The study included a limited number of questions on exchange-traded funds (ETFs) to assess the breadth and level of ETF use in each market.

Changes to this year's study include the use of Representative Cost, which serves as a master expense ratio for cross-regional and cross-country comparisons. Fee calculations for the 2019 study are based on the [Representative Cost methodology](#). Also new to this year's study is the inclusion of Mexico, whose fund market received a Below Average grade for fees and expenses.

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