

Fund Rating

The Fund Rating Report and the data factors included in the report provide clients with the ability to evaluate the environmental, social, and governance performance of over 45,000 funds. The reports highlight fund and peer performance across major sustainability themes and are supported by over 3,500 data factors used for research, screening, and analytics. Report pages are organized thematically and are aligned with core research offerings to allow users to utilize the full report or focus on specific sections that align with a user's specific priorities or requirements.

ISS STOXX solutions included in the Fund Rating reports include the Corporate Rating, Sovereign Rating, Governance QualityScore, Norm-Based Research, Controversial Weapons, Sector-Based Screening, Energy & Extractives, SDG Impact Rating and SDG Solutions Assessment, Carbon Emissions Data and Climate Scenario Analysis, and Voting Analytics.

Outputs

The Fund Rating report highlights three primary signals – the relative “Stars” rating, the absolute ESG Performance Score, and the fund's status as Prime (or not) and disqualifiers.

Every fund in Fund Rating coverage receives an overall relative 1- to 5-star rating (with 5 stars being the top and 1 star being the bottom). The fund's performance is compared against its peers, with the peer set as defined by the Lipper Global Benchmark class.

The relative Stars rating is based on an absolute value – a weighted average of the ESG Performance Score values for the fund's holdings. The ESG Performance Score is a numeric signal (0 - 100) from the Corporate and Sovereign Ratings, which look holistically at an issuer's or country's sustainability performance across a wide set of metrics and themes.

The third major signal is the fund's Prime status (or not), which requires a fund to have an ESG Performance Score of at least 50 and to pass a set of disqualifier tests based on signals from Norm-Based Research, SDG Impact Rating, Climate performance, and Controversial Weapons.

Beyond the primary ratings signals, the Fund Rating report and associated data factors explore fund exposure to and performance against major sustainability themes. For each theme there are output factors signaling overall performance at the thematic level, performance aligned with the primary pillars or subtopics within each theme, and performance against key risks or individual exposure metrics for that topic. The core Fund Rating product contains over 1,900 data factors, and the wider Fund Screening universe raises that total to over 3,500 factors.

Research Process

The Fund Rating report aggregates data and information from existing ISS STOXX products and summarizes fund performance based on the performance of the underlying holdings. In addition, data on fund holdings is sourced from LSEG (Refinitiv Lipper).

The Fund Rating reports and data factors are updated monthly and represent a snapshot of the current ISS STOXX and Refinitiv Lipper data at the time of data generation. The update cycles for underlying data inputs each have their own schedule (for more details, please refer to the respective descriptions).

Qualitative and quantitative data are used in the underlying research products that support the Fund Rating solution.

Use of Estimated Data

The Fund Rating product, including the rating signals, fund report, and data factors, is entirely derived from the following underlying thematic products:

- A. The Sovereign Rating, Governance QualityScore, Norm-Based Research, Controversial Weapons, and Voting Analytics products which do not incorporate any estimated data.
- B. The Corporate Rating, Sector-Based Screening, Energy & Extractives, SDG Impact Rating and SDG Solutions Assessment, Biodiversity, Regulatory Solutions and Carbon Emissions Data and Climate Scenario Analysis, which may contain some estimated data if disclosed data is deemed insufficient or inadequate. Where used, estimated figures are based on clear estimation rules to ensure that results are based on reasonable assumptions with medium to high certainty.

For more details regarding the use of estimated data within the above solutions, please refer to the respective descriptions of those solutions.

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ISS STOXX delivers world-class research, data, and technology solutions that empower capital market participants to pursue their visions with confidence. Our expertise spans indices, corporate governance, sustainability, cyber risk, and fund intelligence, giving clients the tools they need to uncover opportunities, manage risks, and navigate evolving regulations. We are made up of 4,000 professionals operating across 20 countries and serving approximately 5,000 clients, including many of the world's leading institutional investors. Our scale and reach give us deep market knowledge, while our innovative methodologies allow us to offer our clients tailored insights that drive impact and success.

ISS STOXX Sustainability enables investors to develop and integrate responsible investing policies and practices, engage on responsible investment issues, and monitor portfolio company practices through screening solutions. It also provides climate data, analytics, and advisory services to help financial market participants understand, measure, and act on climate-related risks across all asset classes. In addition, our Sustainability solutions cover corporate and country research and ratings enabling its clients to identify material social and environmental risks and opportunities. Sustainability solutions are provided by Institutional Shareholder Services Inc., an investment adviser registered under the U.S. Investment Advisers Act of 1940.

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