**Fund Scoring Model — What Is It?**

This scoring model calculates a single 0–100 score that ranks funds based on **returns (short & long)**, **risk-adjusted performance**, **cost**, and **manager experience**. It provides a flexible and comprehensive view across all fund types, regardless of asset class (equity, fixed income, or allocation), allowing for comparison within peer groups.

**Key Metrics & Weights**

|  |  |  |
| --- | --- | --- |
| Metric | Weight | Why It Matters |
| YTD Return | 2.5% | Captures recent momentum (useful for trend-aware evaluation) |
| 1-Year Return | 5% | Gauges short-term performance |
| 3-Year Return | 10% | Reflects medium-term consistency |
| 5-Year Return | 20% | Highlights long-term track record |
| 10-Year Return | 10% | Measures deep, full-cycle success |
| 3Y Sharpe Ratio | 15% | Measures return per unit of risk (higher is better) |
| 3Y Std Dev | -10% | Penalizes volatility (lower is better) |
| 5Y Std Dev | -15% | Penalizes long-term volatility |
| Up Capture Ratio - 3Y | 7.5% | Indicates participation in market gains |
| Down Capture Ratio - 3Y | -10% | Penalizes losses in down markets (lower is better) |
| Alpha - 5Y | 5% | Measures skill-based outperformance over benchmark |
| Expense Ratio | -2.5% | Penalizes high fees |
| Manager Tenure | 2.5% | Rewards leadership stability and experience |

**How Is the Score Calculated?**

1. **Standardize Each Metric**
   * Convert all data points into **Z-scores** within the fund's peer group (e.g., US Large Blend, Intermediate Bond).
2. **Apply Weights**
   * Multiply each standardized metric by its respective weight.
   * Add together for a raw score.
3. **Transform to 0–100 Scale**
   * Rescale the raw score so 50 = peer group average, >50 = outperformance, <50 = underperformance.

**Interpreting the Final Score**

* **70–100**: Strong risk-adjusted returns, consistent performance, reasonable fees, and experienced management.
* **50–70**: Average peer-relative performance. Monitor for trends or potential improvement.
* **Below 50**: May be underperforming or expensive. Consider further analysis or replacement.