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# Morningstar Category definitions – for use in the Morningstar® Target Allocation Index Family

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Morningstar Indexes  
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## Overview

The following document is for reference purposes only in support of The Morningstar® Target Allocation Index Family. Morningstar Indexes do not influence the creation or maintenance of the Morningstar Category definitions.

## Definitions

### Australia

#### Multisector Conservative

Multisector Conservative funds have portfolios that are invested in a number of sectors and have 20% or less of their investments in growth sectors. These are typically defined as equity and property asset classes.

#### Multisector Moderate

The Multisector Moderate Category consists of funds that invest in a number of sectors and have between 21% and 40% of their investments exposed to the growth sectors. These are typically defined as equity and property asset classes.

#### Multisector Balanced

Multisector Balanced funds invest in a number of sectors and have 41% to 60% of their assets in growth sectors. These are typically defined as equity and property asset classes.

#### Multisector Growth

Multisector Growth funds invest in a number of sectors and have between 61% and 80% of their assets in growth sectors. These are typically defined as equity and property asset classes.

#### Multisector Aggressive

Multisector Aggressive funds invest in a number of sectors and have over 80% of their assets in growth sectors. These are typically defined as equity and property asset classes.

### Canada

#### Canadian Equity Balanced

Funds in the Canadian Equity Balanced category must invest at least 70% of total assets in a combination of equity securities domiciled in Canada and Canadian dollar-denominated fixed

income securities\*. In addition, they must invest greater than 60% but less than 90% of their total assets in equity securities.

### **Canadian Fixed Income Balanced**

Funds in the Canadian Fixed Income Balanced category must invest at least 70% of total assets in a combination of equity securities domiciled in Canada and Canadian dollar-denominated fixed income securities\*. In addition, they must invest greater than 5% but less than 40% of their total assets in equity securities.

### **Canadian Neutral Balanced**

Funds in the Canadian Neutral Balanced category must invest at least 70% of total assets in a combination of equity securities domiciled in Canada and Canadian dollar-denominated fixed income securities\*. In addition, they must invest greater than or equal to 40% but less than or equal to 60% of their total assets in equity securities.

### **Global Fixed Income Balanced**

Funds in the Global Fixed Income Balanced category must invest less than 70% of total assets in a combination of equity securities domiciled in Canada and Canadian dollar-denominated fixed income securities\*. In addition, they must invest greater than 5% but less than 40% of their total assets in equity securities.

### **Global Neutral Balanced**

Funds in the Global Neutral Balanced category must invest less than 70% of total assets in a combination of equity securities domiciled in Canada and Canadian dollar-denominated fixed income securities\*. In addition, they must invest greater than or equal to 40% but less than or equal to 60% of their total assets in equity securities.

### **Global Equity Balanced**

Funds in the Global Equity Balanced category must invest less than 70% of total assets in a combination of equity securities domiciled in Canada and Canadian dollar-denominated fixed income securities\*. In addition, they must invest greater than 60% but less than 90% of their total assets in equity securities.

## **EUR**

### **EUR Aggressive Allocation**

EUR Aggressive Allocation funds have a mandate to invest in a range of asset types for an EUR-based investor. The equity component will usually exceed 65% in the normal running of the fund.

### **EUR Aggressive Allocation – Global**

EUR Aggressive Allocation – Global funds have a mandate to invest globally in a range of asset types for an EUR-based investor. The equity component will usually exceed 65% in the normal running of the fund.

**EUR Cautious Allocation**

EUR Cautious Allocation funds have a mandate to invest in a range of asset types for an EUR-based investor. The equity component does not exceed 35% in the normal running of the fund.

**EUR Cautious Allocation – Global**

EUR Cautious Allocation – Global funds have a mandate to invest globally in a range of asset types for an EUR-based investor. The equity component does not exceed 35% in the normal running of the fund.

**EUR Moderate Allocation**

EUR Moderate Allocation funds have a mandate to invest in a range of asset types for an EUR-based investor. The equity component will usually be between 35% & 65% in the normal running of the fund.

**EUR Moderate Allocation – Global**

EUR Moderate Allocation – Global funds have a mandate to invest globally in a range of asset types for an EUR-based investor. The equity component will usually be between 35% & 65% in the normal running of the fund.

**GBP****GBP Adventurous Allocation**

GBP Adventurous Allocation funds have a mandate to invest in a range of asset types including equities, bonds, property, commodities, cash and liquid alternatives for a GBP-based investor. These portfolios tend to exhibit a 'home bias' and maintain a relatively stable mix of equity and non-equity exposure. Non-equity exposure with an equivalent risk to equities will also be assigned to the equity portion of the portfolio for the purposes of category assessment. The equity or equity equivalent risk component will usually exceed 80% in the normal running of the fund.

**GBP Cautious Allocation**

GBP Cautious Allocation funds have a mandate to invest in a range of asset types including equities, bonds, property, commodities, cash and liquid alternatives for a GBP-based investor. These portfolios tend to exhibit a 'home bias' and maintain a relatively stable mix of equity and

non-equity exposure. Non-equity exposure with an equivalent risk to equities will also be assigned to the equity portion of the portfolio for the purposes of category assessment. The equity or equity equivalent risk component will usually not exceed 20% in the normal running of the fund.

**GBP Flexible Allocation**

GBP Flexible Allocation funds have a mandate to invest in a range of asset types including equities, bonds, property, commodities, cash and liquid alternatives for a GBP-based investor. These portfolios tend to exhibit a 'home bias' but have a largely unconstrained mandate to invest in a mix of equity and non-equity securities.

**GBP Moderate Allocation**

GBP Moderate Allocation funds have a mandate to invest in a range of asset types including equities, bonds, property, commodities, cash and liquid alternatives for a GBP-based investor. These portfolios tend to exhibit a 'home bias' and maintain a relatively stable mix of equity and non-equity exposure. Non-equity exposure with an equivalent risk to equities will also be assigned to the equity portion of the portfolio for the purposes of category assessment. The equity or equity equivalent risk component will usually be between 40% & 60% in the normal running of the fund.

**GBP Moderately Adventurous Allocation**

GBP Moderately Adventurous Allocation funds have a mandate to invest in a range of asset types including equities, bonds, property, commodities, cash and liquid alternatives for a GBP-based investor. These portfolios tend to exhibit a 'home bias' and maintain a relatively stable mix of equity and non-equity exposure. Non-equity exposure with an equivalent risk to equities will also be assigned to the equity portion of the portfolio for the purposes of category assessment. The equity or equity equivalent risk component will usually be between 60% & 80% in the normal running of the fund.

**GBP Moderately Cautious Allocation**

GBP Moderately Cautious Allocation funds have a mandate to invest in a range of asset types including equities, bonds, property, commodities, cash and liquid alternatives for a GBP-based investor. These portfolios tend to exhibit a 'home bias' and maintain a relatively stable mix of equity and non-equity exposure. Non-equity exposure with an equivalent risk to equities will also be assigned to the equity portion of the portfolio for the purposes of category assessment. The equity or equity equivalent risk component will usually be between 20% & 40% in the normal running of the fund.

## **New Zealand**

### **Multisector - Conservative**

Multisector - Conservative funds are funds that have portfolios that are invested in a number of sectors and have 20% or less of their investments in growth sectors (typically defined as equity and property asset classes).

### **Multisector - Moderate**

The Multisector - Moderate Category funds are funds that invest in a number of sectors and have between 21% and 40% of their investments exposed to the growth sectors (typically defined as equity and property asset classes).

### **Multisector - Balanced**

Multisector - Balanced funds are funds that invest in a number of sectors and have 41% to 60% of their assets in growth sectors (typically defined as equity and property asset classes).

### **Multisector - Growth**

Multisector - Growth funds are funds that invest in a number of sectors and have between 61% and 80% of their assets in growth sectors (typically defined as equity and property asset classes).

### **Multisector - Aggressive**

Multisector - Aggressive funds are funds that invest in a number of sectors and have over 80% of their assets in growth sectors (typically defined as equity and property asset classes).

## **US**

### **Allocation — 15% to 30%**

Equity Funds in allocation categories seek to provide both income and capital appreciation by investing in multiple asset classes, including stocks, bonds, and cash. These portfolios are dominated by domestic holdings and have equity exposures between 15% and 30%.

### **Allocation — 30% to 50%**

Equity Funds in allocation categories seek to provide both income and capital appreciation by investing in multiple asset classes, including stocks, bonds, and cash. These portfolios are dominated by domestic holdings and have equity exposures between 30% and 50%.

### **Allocation — 50% to 70%**

Equity Funds in allocation categories seek to provide both income and capital appreciation by investing in multiple asset classes, including stocks, bonds, and cash. These portfolios are dominated by domestic holdings and have equity exposures between 50% and 70%.

### **Allocation — 70% to 85%**

Equity Funds in allocation categories seek to provide both income and capital appreciation by investing in multiple asset classes, including stocks, bonds, and cash. These portfolios are dominated by domestic holdings and have equity exposures between 70% and 85%.

### **Allocation—85%+**

Equity Funds in allocation categories seek to provide both income and capital appreciation by investing in multiple asset classes, including stocks, bonds, and cash. These portfolios are dominated by domestic holdings and have equity exposures of more than 85%. These funds typically allocate at least 10% to equities of foreign companies and do not exclusively allocate between cash and equities.

### **Japan**

The Asset Allocation fund is assigned to either of the Asset Allocation Categories (Conservative, Moderately Conservative, Moderate, Moderately Aggressive, and Aggressive) based on the Risk Score of the fund. The Risk Score of the fund is calculated by multiplying each asset weight of the fund's policy asset allocation by each risk score of those assets set by the Ibbotson Associates Japan

The fund is placed into its Allocation Category as follows:

Conservative:	Risk Score $\leq 40$
Moderately Conservative:	$40 < \text{Risk Score} \leq 60$
Moderate:	$60 < \text{Risk Score} \leq 75$
Moderately Aggressive:	$75 < \text{Risk Score} \leq 90$
Aggressive:	$90 < \text{Risk Score}$

A risk score of 50 indicates a risk level with a standard deviation of approximately 10% (annualized), and a risk score of 100 indicates a risk level with a standard deviation of approximately 20% (annualized).

### **Conservative Allocation**

Conservative allocation portfolios seek to provide both capital appreciation and income by investing three major asset areas: stocks, bonds, and cash. These portfolios tend to hold smaller positions in stocks than moderately conservative portfolios. These portfolios have less than 40% of the \*Risk Score which is defined by Japan team.

### **Moderately Conservative Allocation**

Moderately conservative allocation portfolios seek to provide both capital appreciation and income by investing three major asset areas: stocks, bonds, and cash. These portfolios tend to hold smaller positions in stocks than moderate portfolios. These portfolios have 40% to 60% of the \*Risk Score which is defined by Japan team.

### **Moderate Allocation**

Moderate allocation portfolios seek to provide both capital appreciation and income by investing three major asset areas: stocks, bonds, and cash. These portfolios tend to hold larger positions in stocks than moderately conservative portfolios. These portfolios have 60% to 75% of the \*Risk Score which is defined by Japan team.

**Moderately Aggressive Allocation**

Moderately aggressive allocation portfolios seek to provide both capital appreciation and income by investing three major asset areas: stocks, bonds, and cash. These portfolios tend to hold larger positions in stocks than moderate portfolios. These portfolios have 75% to 90% of the \*Risk Score which is defined by Japan team.

**Aggressive Allocation**

Aggressive allocation portfolios seek to provide both capital appreciation and income by investing three major asset areas: stocks, bonds, and cash. These portfolios tend to hold larger positions in stocks than moderately aggressive portfolios. These portfolios have more than 90% of the \*Risk Score which is defined by Japan team.

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### **For More Information**

For any queries, reach out to us via our [communication page](#).

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