

# Morningstar® Lifetime Allocation Indexes<sup>SM</sup>

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Increases in life expectancy and rises in the cost of retirement necessities like healthcare are raising the cost of retirement. Meanwhile, historic sources of retirement income such as Social Security are often inadequate, shifting the retirement funding responsibility to the individual.

The Morningstar® Lifetime Allocation Indexes<sup>SM</sup> are broadly diversified indexes that help US investors mitigate the challenges related to saving for retirement, managing evolving risk appetites, and navigating postretirement income investing. The indexes utilize asset allocation methodologies developed and maintained by Ibbotson Associates, a leader in asset allocation research for over 30 years and a Morningstar company (Morningstar Investment Management) since 2006. The Lifetime Allocation strategies, global asset exposures, and risk profiles are products of Morningstar's real-world-tested research. Morningstar's capital markets research and annual government survey reviews on human capital (consumer income and net worth) are incorporated each summer into the asset allocations used by the index series.

The index series consists of fifteen target date vintages that are designed to enable US investors to build and maintain purchasing power through retirement over different time horizons.

- Morningstar® Lifetime Allocation Moderate Income Index<sup>SM</sup>
- Morningstar® Lifetime Allocation Moderate 2000 Index<sup>SM</sup>
- Morningstar® Lifetime Allocation Moderate 2005 Index<sup>SM</sup>
- Morningstar® Lifetime Allocation Moderate 2010 Index<sup>SM</sup>
- Morningstar® Lifetime Allocation Moderate 2015 Index<sup>SM</sup>
- Morningstar® Lifetime Allocation Moderate 2020 Index<sup>SM</sup>
- Morningstar® Lifetime Allocation Moderate 2025 Index<sup>SM</sup>
- Morningstar® Lifetime Allocation Moderate 2030 Index<sup>SM</sup>
- Morningstar® Lifetime Allocation Moderate 2035 Index<sup>SM</sup>
- Morningstar® Lifetime Allocation Moderate 2040 Index<sup>SM</sup>

- Morningstar® Lifetime Allocation Moderate 2045 Index<sup>SM</sup>
- Morningstar® Lifetime Allocation Moderate 2050 Index<sup>SM</sup>
- Morningstar® Lifetime Allocation Moderate 2055 Index<sup>SM</sup>
- Morningstar® Lifetime Allocation Moderate 2060 Index<sup>SM</sup>
- Morningstar® Lifetime Allocation Moderate 2065 Index<sup>SM</sup>

In addition to the indexes calculated for the moderate risk tolerance level listed above, the indexes are also available in asset allocations that reflect conservative or aggressive risk tolerance levels, respectively.

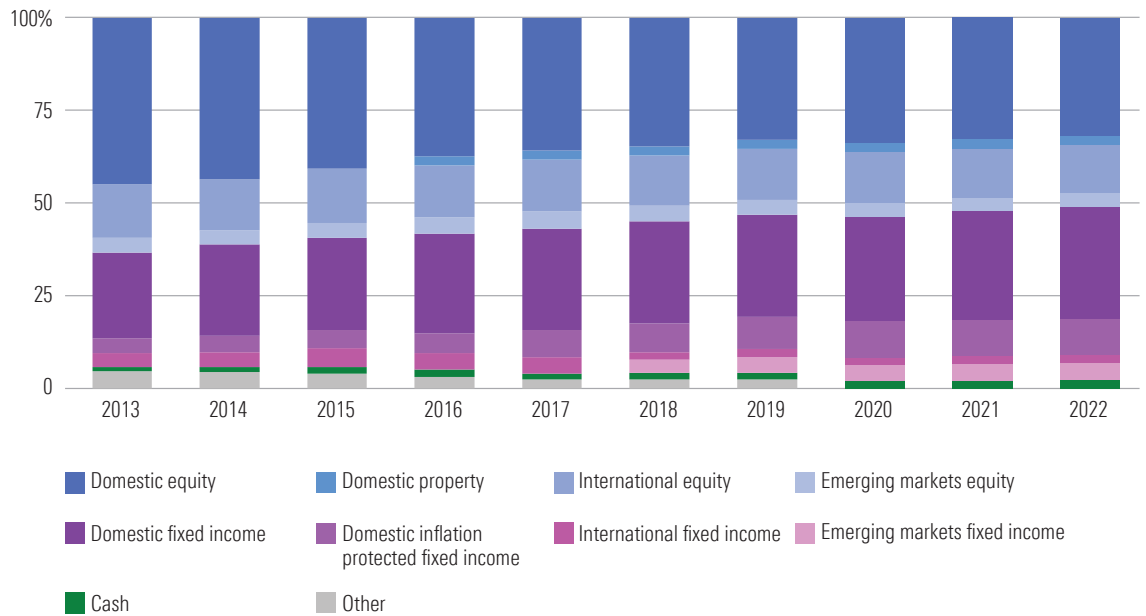
**Index construction**

Morningstar Indexes' comprehensive family of equity and bond indexes, which are specifically designed to be seamless building blocks that deliver targeted asset class exposure, serve as constituent indexes for the Morningstar Lifetime Allocation Indexes. The constituent indexes are listed on the following page:

**Asset class allocation**

Morningstar Indexes takes a glidepath approach to building asset allocations for target-date indexes. During the accumulation phase, the majority of assets are allocated to equities, with the remainder represented by various interest-bearing assets such as bonds. The percentage allocated to equities reduces over time and shifts toward lower-risk asset classes as the investor nears retirement. US government household statistics related to income and net assets, known as human capital assumptions, and expected market returns and risks by asset class, known as capital markets assumptions, are incorporated into the asset allocation glidepath. This is further tailored according to overall risk level and investor risk capacity.

**Asset Allocation Glidepath – Morningstar Lifetime Allocation Moderate 2025 Index**



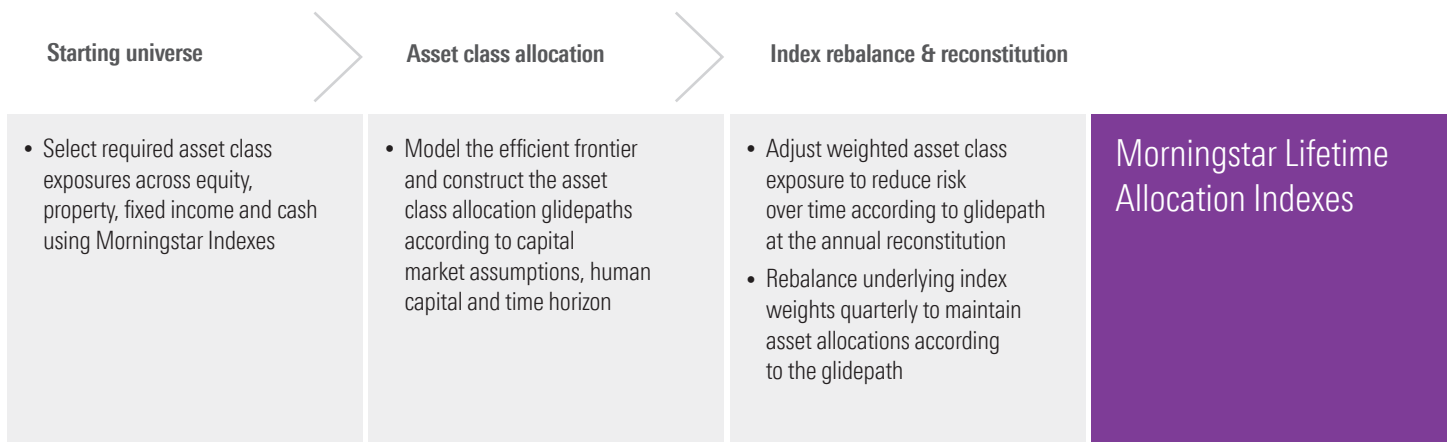
**Index maintenance**

Each index in the series is reconstituted annually, where weighted asset class adjustments received from Morningstar Investment Management are applied to all indexes in the Morningstar Lifetime Allocation Index series. The reconstitution is implemented after the close of business on the third Friday of June and effective the following business day.

Each index in the series is rebalanced quarterly, implemented after the close of business on the last working day of the month and effective the following business day to maintain asset allocations according to the annually adjusted glidepath.

Every five years, a new index will be added in a five-year increment after the highest-year index present in the series.

**Construction process**



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**Constituent indexes**

<b>Asset class</b>	<b>Morningstar index</b>
Domestic equity	Morningstar® US Large Value TR USD Index <sup>SM</sup>
	Morningstar® US Large Core TR USD Index <sup>SM</sup>
	Morningstar® US Large Growth TR USD Index <sup>SM</sup>
	Morningstar® US Mid Value TR USD Index <sup>SM</sup>
	Morningstar® US Mid Core TR USD Index <sup>SM</sup>
	Morningstar® US Mid Growth TR USD Index <sup>SM</sup>
	Morningstar® US Small Value TR USD Index <sup>SM</sup>
	Morningstar® US Small Core TR USD Index <sup>SM</sup>
	Morningstar® US Small Growth TR USD Index <sup>SM</sup>
Domestic property	Morningstar® US REIT TR USD Index <sup>SM</sup>
International equity	Morningstar® Developed Markets ex-US GR USD Index <sup>SM</sup>
Emerging markets equity	Morningstar® Emerging Markets GR USD Index <sup>SM</sup>
Domestic fixed income	Morningstar® US 1-5 Yr Core Bond TR USD Index <sup>SM</sup>
	Morningstar® US 5-10 Yr Core Bond TR USD Index <sup>SM</sup>
	Morningstar® US 10+ Yr Core Bond TR USD Index <sup>SM</sup>
Domestic inflation protected fixed income	Morningstar® US 1-5 Yr TIPS TR USD Index <sup>SM</sup>
	Morningstar® US 10+ Yr TIPS TR USD Index <sup>SM</sup>
International fixed income	Morningstar® Global ex-US Treasury Bond GR USD Index <sup>SM</sup>
Emerging markets fixed income	Morningstar® Emerging Markets Sovereign Bond GR USD Index <sup>SM</sup>
Cash	Morningstar® US Dollar 1-Month Cash Index <sup>SM</sup>

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**About Morningstar Indexes**

Morningstar Indexes was built to keep up with the evolving needs of investors—and to be a leading-edge advocate for them. Our rich heritage as a transparent, investor-focused leader in data and research uniquely equips us to support individuals, institutions, wealth managers and advisors in navigating investment opportunities across major asset classes, styles and strategies. From traditional benchmarks and unique IP-driven indexes, to index design, calculation and distribution services, our solutions span an investment landscape as diverse as investors themselves.

Please visit [indexes.morningstar.com](https://indexes.morningstar.com) for more information.