MORNINGSTAR Indexes

Morningstar® Euro Target Allocation Indexes™

Learn more
Explore Morningstar Indexes' full range of solutions

Contact us
indexes@morningstar.com

The Morningstar Target Allocation Indexes are a market-based tool designed for creating and benchmarking multi-asset investment portfolios according to region-specific asset class preferences and risk tolerances. By leveraging Morningstar's database of multi-asset funds to determine weights across key asset classes, the indexes provide investors with a market-based, regionally relevant asset allocation framework that is aligned with the Morningstar Categories for Allocation Funds.

Nine region-specific sets of Target Allocation Indexes are available, including Australia, Canada, Europe, Japan, Korea, New Zealand, United Kingdom, and United States as well as a multi-region set for Europe, Asia, and South Africa domiciled USD funds. Key features of the Morningstar Target Allocation Indexes include:

- Seamless asset class representation Each regional set of Morningstar Target Allocation Indexes is comprised of underlying Morningstar Indexes that closely represent the most commonly used asset allocation building blocks for multi-asset portfolios according to the region's Category data.
- Regionally relevant risk-based asset allocation Morningstar's database of multi-asset funds is used to determine the asset class allocations and weights for each regional set of Target Allocation Indexes, thereby reflecting local asset class preferences and risk tolerances.
- Globally consistent, rules-based methodology The Morningstar Target Allocation Indexes offer a premier market-based tool for multi-asset benchmarking and portfolio construction, built on an entirely rules-based and globally consistent methodology that reflects the asset allocation wisdom of the market.
- Alignment with Morningstar Category classifications The Morningstar Category classification system is a widely used tool by investors to identify funds and evaluate fund performance relative to other funds in the category.

Available Indexes

The Morningstar Euro Target Allocation Index series is comprised of the following indexes:

- Morningstar® Euro Aggressive Global Target Allocation Index™
- Morningstar® Euro Moderate Global Target Allocation Index™
- Morningstar® Euro Cautious Global Target Allocation Index™
- Morningstar® Euro Aggressive Target Allocation Index™
- Morningstar® Euro Moderate Target Allocation Index™
- Morningstar® Euro Cautious Target Allocation Index™

Starting universe

All open-end funds within the Morningstar Categories for Euro Allocation Funds are included in the initial universe from which average asset allocation will be calculated for each risk-based index. Data for these categories is based on portfolio holdings data.

Average asset allocation

Asset allocation is determined according to the following process:

- A simple average asset allocation is calculated across all funds within each Allocation Fund Category (only one share class of a fund is considered).
- Removal of outliers: funds with average allocation below the 5th and above the 95th percentile of the respective Morningstar Category are excluded.
- The remaining funds are used to determine the asset allocation mix of equity, bond, and cash which serve as the primary asset classes. Weight from other asset classes is rescaled proportionally to the primary asset classes.
- Total equity allocation is recentered to the midpoint of equity range for each Allocation Fund Category and asset class level allocations are rescaled to maintain appropriate weights.

Portfolio construction

Morningstar Indexes are selected as constituents to correspond with the average asset class allocations. International fixed income is fully hedged.

Index weighting and maintenance

The index weights are reconstituted annually in June, according to the average asset class calculation. Index rebalancing occurs monthly to maintain the target weights designated at the annual reconstitution.

Construction process

Starting universe

- All allocation open-ends funds within a Morningstar Category for EUR Allocation Funds are included in the initial universe from which average asset allocation will be calculated for each risk-based index.

Average asset class allocation

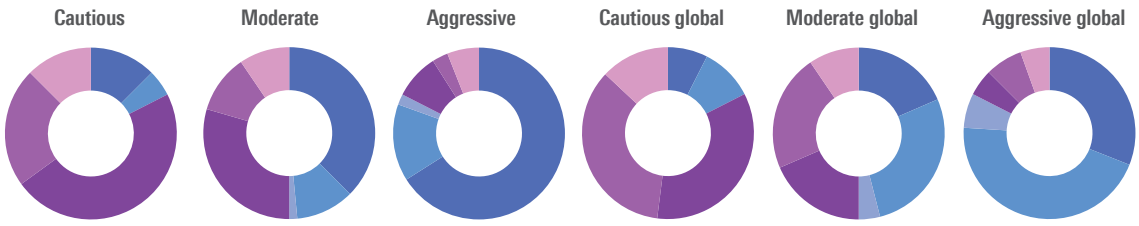
- The average exposure to broad asset classes in each applicable Morningstar Category is calculated.
- Outliers with average allocations below the 5th and above the 95th percentile for the category are removed.
- Total equity allocation is recentered for each Allocation Category and asset class level allocations are rescaled.

Portfolio construction

- Select Morningstar Indexes which correspond to the average asset class exposure as constituent indexes.
- Weight constituents according to asset class allocation.

Morningstar Euro Target Allocation Indexes

Asset allocation



	Cautious	Moderate	Aggressive	Cautious global	Moderate global	Aggressive global
Equity % / Fixed income mix %	17.5 / 82.5	50 / 50	82.5 / 17.5	17.5 / 82.5	50 / 50	82.5 / 17.5

Regional equity
Emerging markets equity
International fixed income (hedged)
International ex-Europe equity
Regional fixed income
Cash

©2023 Morningstar, Inc. All rights reserved. The Morningstar name and logo are registered marks of Morningstar, Inc. Marks used in conjunction with Morningstar products or services are the property of Morningstar or its subsidiaries.

Constituent indexes

Asset class	Morningstar index
Regional equity	Morningstar® Developed Markets Europe GR EUR Index™
International ex-Europe equity	Morningstar® Developed Markets ex-Europe NR EUR Index™
Emerging markets equity	Morningstar® Emerging Markets NR EUR Index™
Regional fixed income	Morningstar® Eurozone Core Bond GR EUR Index™
International ex-Europe fixed income (hedged)	Morningstar® Global ex-Eurozone Core Bond GR Hdg EUR Index™
Cash	Morningstar® Euro Dollar 1-Month Cash GR EUR Index™

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 for more information.

©2023 Morningstar, Inc. All rights reserved. The Morningstar name and logo are registered marks of Morningstar, Inc.
Marks used in conjunction with Morningstar products or services are the property of Morningstar or its subsidiaries.