

Construction Rules for the Morningstar Lifetime Allocation Indexes



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Overview

The Morningstar Lifetime Allocation Indexes are broadly diversified indexes that help US investors mitigate the challenges related to saving for retirement, managing evolving risk appetites, and navigating post-retirement income needs of target date investors. The glidepath approach for the indexes is underpinned by research and methodologies developed and maintained by Morningstar Investment Management. The series utilizes Morningstar Indexes as asset allocation building blocks through a portfolio diversified across equities, fixed income, and cash.

The indexes do not incorporate environmental, social, or governance criteria.

The following indexes are covered in this rulebook:

- Morningstar Lifetime Allocation Conservative 2000
- Morningstar Lifetime Allocation Moderate 2000
- Morningstar Lifetime Allocation Aggressive 2000
- Morningstar Lifetime Allocation Conservative 2005
- Morningstar Lifetime Allocation Moderate 2005
- Morningstar Lifetime Allocation Aggressive 2005
- Morningstar Lifetime Allocation Conservative 2010
- Morningstar Lifetime Allocation Moderate 2010
- Morningstar Lifetime Allocation Aggressive 2010
- Morningstar Lifetime Allocation Conservative 2015
- Morningstar Lifetime Allocation Moderate 2015
- Morningstar Lifetime Allocation Aggressive 2015
- Morningstar Lifetime Allocation Conservative 2020
- Morningstar Lifetime Allocation Moderate 2020
- Morningstar Lifetime Allocation Aggressive 2020
- Morningstar Lifetime Allocation Conservative 2025
- Morningstar Lifetime Allocation Moderate 2025
- Morningstar Lifetime Allocation Aggressive 2025
- Morningstar Lifetime Allocation Conservative 2030
- Morningstar Lifetime Allocation Moderate 2030
- Morningstar Lifetime Allocation Aggressive 2030
- Morningstar Lifetime Allocation Conservative 2035
- Morningstar Lifetime Allocation Moderate 2035
- Morningstar Lifetime Allocation Aggressive 2035
- Morningstar Lifetime Allocation Conservative 2040
- Morningstar Lifetime Allocation Moderate 2040
- Morningstar Lifetime Allocation Aggressive 2040
- Morningstar Lifetime Allocation Conservative 2045
- Morningstar Lifetime Allocation Moderate 2045
- Morningstar Lifetime Allocation Aggressive 2045
- Morningstar Lifetime Allocation Conservative 2050
- Morningstar Lifetime Allocation Moderate 2050
- Morningstar Lifetime Allocation Aggressive 2050
- Morningstar Lifetime Allocation Conservative 2055
- Morningstar Lifetime Allocation Moderate 2055
- Morningstar Lifetime Allocation Aggressive 2055

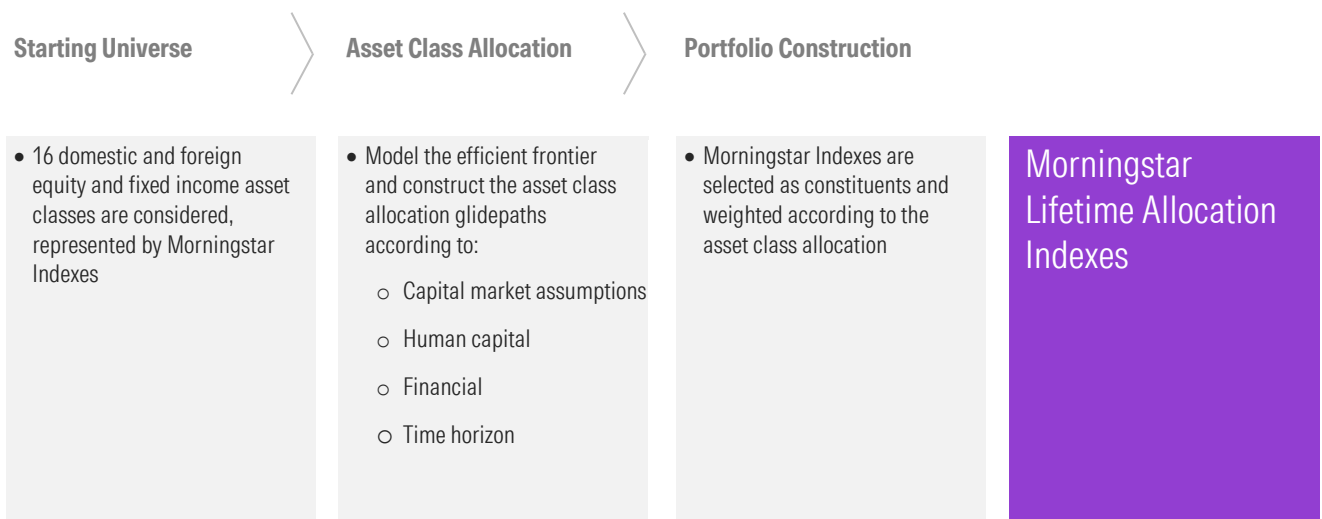
- Morningstar Lifetime Allocation Conservative 2060
- Morningstar Lifetime Allocation Moderate 2060
- Morningstar Lifetime Allocation Aggressive 2060
- Morningstar Lifetime Allocation Conservative 2065
- Morningstar Lifetime Allocation Moderate 2065
- Morningstar Lifetime Allocation Aggressive 2065
- Morningstar Lifetime Allocation Conservative 2070
- Morningstar Lifetime Allocation Moderate 2070
- Morningstar Lifetime Allocation Aggressive 2070
- Morningstar Lifetime Allocation Conservative Income
- Morningstar Lifetime Allocation Moderate Income
- Morningstar Lifetime Allocation Aggressive Income

Index Inception and Performance Start Date

The index inception date and performance start dates for all indexes in the series can be found in [Appendix 2](#). The performance start date represents when the first back-tested index value was created.

Index Construction

Methodology Summary



Construction Rules

Starting Universe

The starting universe consists of commonly used domestic and foreign asset classes across equity, fixed income, and cash. There are 16 distinct asset classes and sub segments within the starting universe, represented by Morningstar Indexes. The following indexes serve as precise, nonoverlapping building blocks in the construction process:

Asset Class	Morningstar Index
Domestic equity	Morningstar US Large Cap Broad Value Index
	Morningstar US Large Cap Broad Growth Index
	Morningstar US Mid Cap Broad Value Index
	Morningstar US Mid Cap Broad Growth Index
	Morningstar US Small Cap Broad Growth Extended Index
	Morningstar US Small Cap Broad Value Extended Index
Domestic property	Morningstar US REIT Index
International equity	Morningstar Developed Markets ex-US Index
Emerging markets equity	Morningstar Emerging Markets Index
Domestic fixed income	Morningstar US 1-5 Year Core Bond Index
	Morningstar US 5-10 Year Core Bond Index
	Morningstar US 10+ Year Core Bond Index
Domestic inflation protected fixed income	Morningstar US 1-5 Year Treasury Inflation-Protected Securities Index
	Morningstar US 10+ Year Treasury Inflation-Protected Securities Index
International fixed income	Morningstar Global ex-US Treasury Bond Index
Cash	Morningstar US Dollar 1-Month Cash Index

Rules governing security inclusion into the above listed indexes, are detailed in the rulebooks that govern each index. These rules are available on the Morningstar Indexes [website](#).

Asset Class Allocation

Morningstar Investment Management takes a glidepath approach to building asset allocations for target date investors. 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.

The Morningstar Lifetime Allocation Index series provides each vintage across three risk-based categories—aggressive, moderate, and conservative—to provide appropriate target-date risk tracks based on an individual's risk capacity and risk preference. Within each risk category there are indexes ranging from 2070 target retirements to an income allocation covering 2015 and earlier retirements, spaced in five-year increments.

Portfolio Construction and Index Weighting

Morningstar Indexes are selected as constituents and weighted according to the asset class allocations determined by Morningstar Investment Management's asset allocation methodology for each index in the series.

Index Maintenance and Calculation

Scheduled Maintenance

Annual Reconstitution

The indexes are reconstituted annually, where the underlying asset allocation is reset according to Morningstar Investment Management's updated capital market assumptions. The reconstitution is implemented after the close of business on the third Friday of June and is effective the following business day.

Quarterly Rebalance

The indexes are rebalanced quarterly to maintain the asset allocations according to the annually adjusted glidepath. The rebalances are implemented after the close of business on the third Friday of March, June, September, and December and are effective the following business day.

Every five years, a new index will be added in a five-year increment after the highest-year index present in the Morningstar series. The lowest-year vintage will always follow its natural glide path to merge with the income index.

Index files are published according to the Global calendar schedule. For more information, please refer to the [Morningstar Indexes Holiday Calendar](#).

Index Calculation and Price Data

Price data is the end-of-day total-return index level of constituents calculated by Morningstar for index level calculation.

Multi-Asset indexes follow the general global equity index calculation approach described in the [Morningstar Indexes Calculation Methodology](#).

The Total Return (TR) Index series reflects the changes in both prices and reinvestment of income paid by the index constituents. It is the weighted average of its constituent security total returns, based on the constituent weightings at the beginning of the period.

The Net Return (NR) Index series reflects the changes in both prices and reinvestment of income paid by the index constituents, where net cash distributions are adjusted for the highest withholding tax rate applicable to nondomestic investors who do not benefit from double taxation treaties. It is applied for indexes where constituents are comprised of foreign equities. It is the weighted average of its constituent security net returns, based on the constituent weightings at the beginning of the period.

4PM: For US indexes with the 4PM designation, bond constituent valuations are taken at 4:00 PM Eastern Time.

Methodology Review and Index Decommissioning Policy

The index methodology is continually reviewed to ensure it achieves all stated objectives. These reviews consider corporate action treatment, eligibility requirements, and maintenance procedures. Subscribers to the index will be notified before any methodology changes are made. For more details, refer to the [Morningstar Index Methodology Change Policy](#).

Morningstar Indexes notifies all subscribers and stakeholders of the index that circumstances might arise that require a material change to, or a possible cessation of, the index. These circumstances are generally not within Morningstar's control and may include significant changes to the underlying market structure, inadequate access to necessary data, geo-political events, and regulatory changes. In addition, factors such as low usage or methodology convergence may result in the cessation of an index.

Because the cessation of the index or benchmark index could disrupt subscriber products that reference these indexes, all subscribers are encouraged to have robust fallback procedures if an index is terminated. For more details, refer to the [Morningstar Index Decommissioning Policy](#).

Data Correction and Precision

Intraday Index Data Corrections

Commercially reasonable efforts are made to ensure the accuracy of data used in real-time index calculations. If incorrect price or corporate action data affects index calculations, corrections are applied prospectively.

Index-Related Data and Divisor Corrections

Incorrect pricing and corporate action data for individual issues in the database will be corrected upon detection. In addition, an incorrect divisor of an index, if discovered within two days of its occurrence, will always be fixed retroactively on the day it is discovered to prevent an error from being carried forward. Commercially reasonable efforts are made to correct an older error subject to its significance and feasibility.

For more details, refer to the [Recalculation Guidelines](#).

Exceptions

While Morningstar will seek to apply the methodology as described within this document, the market environment, supervisory, legal, financial, or tax reasons may require an alternative approach to be adopted. A decision to take an alternative approach will be made by the Morningstar Index Methodology Committee, and in all instances, the application of a nonstandard process will be reported to the Morningstar Index Oversight Committee.

Appendixes

Appendix 1: Morningstar Investment Management Background and Methodology

Background

Morningstar, Inc.'s roots are in research and Morningstar Investment Management offers practical applications of that research to help individuals achieve their financial goals. In 2006, Morningstar, Inc. acquired the former Ibbotson Associates, Inc., a firm also known for its core research capabilities and bridging the gap between academic knowledge and industry practice on asset allocation.

The Morningstar Investment Management team is built on these same tenets—research and in-depth asset allocation methodology. Much of this research stems from the work of Roger G. Ibbotson, Ph.D., who founded Ibbotson Associates, Inc.

Asset Allocation Methodology

Morningstar Investment Management's capital market assumptions (CMAs) serve as the foundation for our asset allocation methodology. These assumptions are reviewed and updated annually to reflect our latest expectations for capital markets. As part of the portfolio construction process, we continuously refine our inputs, enhance our understanding of market behavior, and improve forecasting methodologies to deliver optimal portfolios for clients.

Since 2015, Morningstar Investment Management has employed a valuation-based approach to develop return assumptions. This approach is grounded in research demonstrating that valuation ratios can effectively predict future returns over intermediate time horizons. It supports a dynamic forecasting model that incorporates current market valuations while continuing to rely on return building blocks—one of the core principles of our original methodology.

We also maintain a strong belief in the power of diversification. A broader set of investable asset classes generally enhances the efficiency of the opportunity set, leading to portfolios with better long-term risk and return characteristics. By leveraging the Morningstar Lifetime Allocation Indexes and their underlying components, we aim to build asset allocation models that exemplify best-in-class portfolio design.

Appendix 2: Performance Start Date and Inception Date

Index	Performance Start Date	Inception Date
Morningstar Lifetime Allocation Conservative 2000	December 31, 1998	February 18, 2009
Morningstar Lifetime Allocation Moderate 2000	December 31, 1998	February 18, 2009
Morningstar Lifetime Allocation Aggressive 2000	December 31, 1998	February 18, 2009
Morningstar Lifetime Allocation Conservative 2005	December 31, 1998	February 18, 2009
Morningstar Lifetime Allocation Moderate 2005	December 31, 1998	February 18, 2009
Morningstar Lifetime Allocation Aggressive 2005	December 31, 1998	February 18, 2009
Morningstar Lifetime Allocation Conservative 2010	December 31, 1998	February 18, 2009
Morningstar Lifetime Allocation Moderate 2010	December 31, 1998	February 18, 2009
Morningstar Lifetime Allocation Aggressive 2010	December 31, 1998	February 18, 2009
Morningstar Lifetime Allocation Conservative 2015	December 31, 1998	February 18, 2009
Morningstar Lifetime Allocation Moderate 2015	December 31, 1998	February 18, 2009
Morningstar Lifetime Allocation Aggressive 2015	December 31, 1998	February 18, 2009
Morningstar Lifetime Allocation Conservative 2020	December 31, 1998	February 18, 2009
Morningstar Lifetime Allocation Moderate 2020	December 31, 1998	February 18, 2009
Morningstar Lifetime Allocation Aggressive 2020	December 31, 1998	February 18, 2009
Morningstar Lifetime Allocation Conservative 2025	December 31, 1998	February 18, 2009
Morningstar Lifetime Allocation Moderate 2025	December 31, 1998	February 18, 2009
Morningstar Lifetime Allocation Aggressive 2025	December 31, 1998	February 18, 2009
Morningstar Lifetime Allocation Conservative 2030	December 31, 1998	February 18, 2009
Morningstar Lifetime Allocation Moderate 2030	December 31, 1998	February 18, 2009
Morningstar Lifetime Allocation Aggressive 2030	December 31, 1998	February 18, 2009
Morningstar Lifetime Allocation Conservative 2035	December 31, 1998	February 18, 2009

Morningstar Lifetime Allocation Moderate 2035	December 31, 1998	February 18, 2009
Morningstar Lifetime Allocation Aggressive 2035	December 31, 1998	February 18, 2009
Morningstar Lifetime Allocation Conservative 2040	December 31, 1998	February 18, 2009
Morningstar Lifetime Allocation Moderate 2040	December 31, 1998	February 18, 2009
Morningstar Lifetime Allocation Aggressive 2040	December 31, 1998	February 18, 2009
Morningstar Lifetime Allocation Conservative 2045	December 31, 1998	February 18, 2009
Morningstar Lifetime Allocation Moderate 2045	December 31, 1998	February 18, 2009
Morningstar Lifetime Allocation Aggressive 2045	December 31, 1998	February 18, 2009
Morningstar Lifetime Allocation Conservative 2050	December 31, 1998	February 18, 2009
Morningstar Lifetime Allocation Moderate 2050	December 31, 1998	February 18, 2009
Morningstar Lifetime Allocation Aggressive 2050	December 31, 1998	February 18, 2009
Morningstar Lifetime Allocation Conservative 2055	December 31, 1998	February 18, 2009
Morningstar Lifetime Allocation Moderate 2055	December 31, 1998	February 18, 2009
Morningstar Lifetime Allocation Aggressive 2055	December 31, 1998	February 18, 2009
Morningstar Lifetime Allocation Conservative 2060	December 31, 1998	June 23, 2014
Morningstar Lifetime Allocation Moderate 2060	December 31, 1998	June 23, 2014
Morningstar Lifetime Allocation Aggressive 2060	December 31, 1998	June 23, 2014
Morningstar Lifetime Allocation Conservative 2065	March 15, 2002	August 19, 2019
Morningstar Lifetime Allocation Moderate 2065	March 15, 2002	August 19, 2019
Morningstar Lifetime Allocation Aggressive 2065	March 15, 2002	August 19, 2019
Morningstar Lifetime Allocation Conservative 2070	December 31, 1999	July 7, 2025
Morningstar Lifetime Allocation Moderate 2070	December 31, 1999	July 7, 2025
Morningstar Lifetime Allocation Aggressive 2070	December 31, 1999	July 7, 2025
Morningstar Lifetime Allocation Conservative Income	December 31, 1998	February 18, 2009
Morningstar Lifetime Allocation Moderate Income	December 31, 1998	February 18, 2009
Morningstar Lifetime Allocation Aggressive Income	December 31, 1998	February 18, 2009

Appendix 3: Modifications to the Rulebook

Section	Description of Change	Update Date
Index Construction	Included Morningstar US REIT Index as a constituent index	June 2016
Index Construction	Replaced Morningstar US TIPS Index with the Morningstar US Long-Term TIPS and Morningstar US Short-Term TIPS Indexes	June 2017
Price Data	Included description for Net Return series	July 2017
Index Construction	Included the Morningstar Emerging Markets Sovereign Bond Index as a constituent	June 2018
Index Construction	Switched to a new vendor for the fixed income indexes	September 2019
Index Construction	Removed the Morningstar Cash Index and Morningstar Commodity and Future Index series as constituent indexes	April 30, 2021
Index Construction	Removed the Morningstar Emerging Markets Sovereign Bond Index as a constituent index and replaced the	June 2023

	original Morningstar US Style Indexes with the Morningstar Broad Style indexes as of the June 2023 reconstitution	
Entire Rulebook	Moved rulebook to a new brand template and made minor formatting changes Removed Computational and Reporting Precision section Added Exceptions section Added index rules for the Morningstar Lifetime Allocation 2070 Indexes	July 2025

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.

Morningstar Index Methodology Committee

The Morningstar Index Methodology Committee oversees all new index development, index methodology changes, and cessation of indexes for any indexes where Morningstar owns the intellectual property. This committee is also charged with ensuring that indexes align with Morningstar Research principles and values. The group comprises members of the index team with index research, product development, product management, client service, index implementation, and operation expertise who provide the first layer of governance over index design and methodology.

Morningstar Index Operations Committee

The Morningstar Index Operations Committee governs the processes, systems, and exception handling of the day-to-day management of all live indexes, including index rebalancing and reconstitution, restatements, market classification, and contingency management. The committee oversees the annual review of index methodology (as required by U.K. and EU benchmark regulations, or BMR), ensuring that methodologies remain fit for purpose and continue to achieve their stated investment objectives. The group comprises members of the index team with data, operations, corporate actions, product development, index launch, client service, and index management experience who provide the first layer of governance over index operations.

Morningstar Index Oversight Committee

The Morningstar Index Oversight Committee is responsible for the index oversight function as per the requirements of the U.K. and European BMR, providing independent oversight of all aspects of the governance of benchmark administration as required by the relevant BMR. Its remit extends to all calculation and administration-related business activities of Morningstar Indexes, including administration of Morningstar-owned benchmarks as well as client-owned benchmarks and index calculation. The oversight function is part of the organizational structure of Morningstar but is separate and independent from the index business, index management, and the other index committees.

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