

Morningstar Korea Lifetime Allocation Indexes

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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 corporate pensions and government entitlements are fading, shifting the retirement funding responsibility to the individual.

The Morningstar Korea Lifetime Allocation Indexes are broadly diversified indexes that help Korean investors mitigate the challenges related to rising life expectancies, evolving risk appetites, and 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 four target date index vintages available in the moderate risk tolerance that are designed to enable Korean investors to build and maintain purchasing power through retirement. The indexes are available in two currency variants, Korean Won and US Dollar.

- Morningstar Korea Lifetime Allocation Moderate 2030 Index
- Morningstar Korea Lifetime Allocation Moderate 2040 Index
- Morningstar Korea Lifetime Allocation Moderate 2050 Index
- Morningstar Korea Lifetime Allocation Moderate 2060 Index

Index construction

Morningstar Indexes' comprehensive family of equity and bond indexes, which are specifically designed to be seamless building blocks that deliver target asset class exposure, underpin the Morningstar Korea Lifetime Allocation indexes. The constituent indexes are as follows:

- Morningstar Korea Treasury Bond Index
- Morningstar Global Treasury Bond Index

- Morningstar Emerging Markets Sovereign Bond Index
- Morningstar Developed Markets Index
- Morningstar Emerging Markets Index

Morningstar Indexes takes a glidepath approach to building target-date benchmarks. 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. Korea government household statistics related to income and net assets, known as human capital assumptions, and expected market returns and risks by asset class (on a Korean Won basis), 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.

Index maintenance

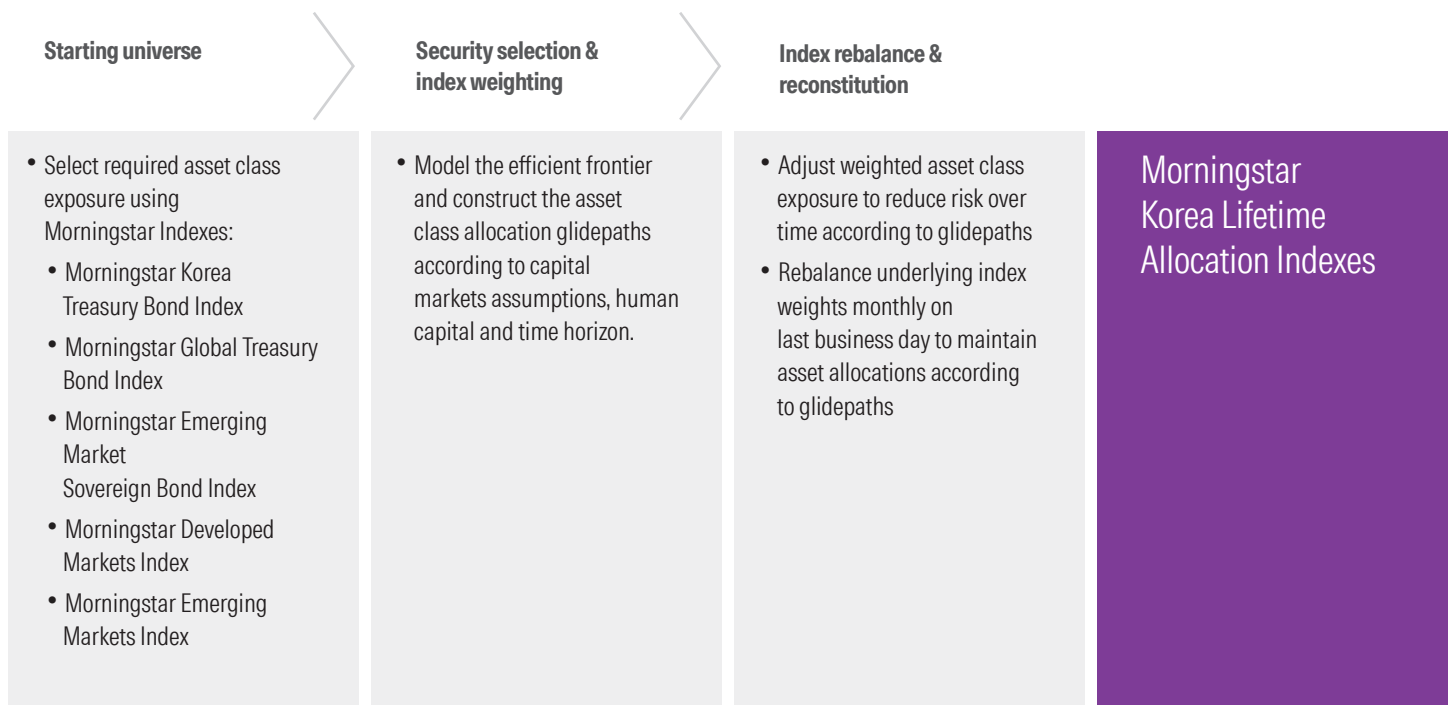
Each index in the series is reconstituted annually, implemented after the close of business on the last working day of June and effective the following business day. Each index in the series is rebalanced monthly, implemented after the close of business on the last working day of the month and effective the following business day.

Every ten years, a new index will be added in a ten-year increment after the highest-year index present in the series. The lowest-year vintage will always follow its natural glide path. The lifetime indexes will maintain a static asset allocation, subject to the annual reconstitution adjustments received from Morningstar Investment Management that are applied to all indexes in the Korea Lifetime Allocation Index family.

Rules governing security inclusion, index reconstitution/rebalancing, security splits/dividends/contract expirations, and other index mechanics are detailed in the rulebooks for each constituent index.¹

¹Please visit our website to access constituent index rulebooks

Construction process



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.