Morningstar PIMFA Equity Risk Index Series

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The Morningstar PIMFA Equity Risk Index Series is designed to reflect the investment strategies commonly used by UK based wealth managers and private client portfolios. The composition of the indexes is determined by the Personal Investment Management and Financial Advice Association (PIMFA) and reflects the strategic asset allocations of PIMFA member firms, grouped by the percentage of equities held in the strategies.

These five multi-asset indexes support benchmarking and analysis across five risk profiles, ranging from lower to higher equity allocations. Key features of the indexes include:

- Multi-asset expertise Morningstar Indexes are used to represent all asset classes – including domestic and foreign equity, fixed income, cash, real estate, and alternatives – resulting in seamless asset class representation.

- Flexible asset allocation blends Five multi-asset indexes support benchmarking and analysis across a variety of investment objectives and risk tolerances.

- Comprehensive & replicable Liquidity inclusion thresholds ensure the underlying indexes strike a balance between comprehensive market coverage and investability.

- Transparent weighting Index weightings are determined by the strategic asset allocation of PIMFA member firms to represent asset allocations typically utilized by UK wealth managers.

Available indexes
The Morningstar PIMFA Equity Risk Index Series is comprised of the following indexes:

- Morningstar PIMFA Equity Risk 1 Index (Equity 10–25%)

- Morningstar PIMFA Equity Risk 2 Index (Equity 26–46%)

- Morningstar PIMFA Equity Risk 3 Index (Equity 47–66%)

- Morningstar PIMFA Equity Risk 4 Index (Equity 67–85%)

- Morningstar PIMFA Equity Risk 5 Index (Equity 86–100%)

Component indexes
Morningstar Indexes representing commonly used domestic and foreign asset classes across equity, fixed income, cash, real estate and alternatives, serve as precise, non-overlapping building blocks in the construction process.

Equities	Morningstar UK All Cap Target Market Exposure Index
	Morningstar Global ex-UK Target Market Exposure Index
Fixed income	Morningstar UK Gilt Bond Index
	Morningstar UK Corporate Bond Index
	Morningstar UK Treasury Inflation-Linked Securities Index
Real estate	Morningstar UK Real Estate All Cap Target Market Exposure
Alternatives	Morningstar Long Developed Markets Multifactor Short Developed Markets Index
Cash	Morningstar Pound Sterling Overnight Cash Index

Portfolio construction and index weighting
The component indexes are weighted according to the asset class allocations determined by the PIMFA for each index in the series.

Index maintenance
The indexes are reconstituted up to four times a year where the underlying asset allocations are reset according to updated target asset allocations provided by PIMFA. Index rebalancing occurs monthly to maintain the target asset allocations implemented at the previous reconstitution.

Construction process

Component indexes ⟩ **Index weighting and maintenance**

- PIMFA selects from eight Morningstar Indexes representing commonly used domestic and foreign asset classes across equity, fixed income, cash, real estate and alternatives to serve as component indexes

- For each index in the series, component indexes are weighted according to the asset class allocations determined by PIMFA
- Indexes are reconstituted up to four times per year and rebalanced monthly

Morningstar PIMFA Equity Risk Index Series

Indexes definitions

Morningstar PIMFA Equity Risk 1 Index (Equity 10–25%)	Designed to represent the performance of a multi asset class strategy with 10–25% exposure to equities.
Morningstar PIMFA Equity Risk 2 Index (Equity 26–46%)	Designed to represent the performance of a multi asset class strategy with 26–46% exposure to equities.
Morningstar PIMFA Equity Risk 3 Index (Equity 47–66%)	Designed to represent the performance of a multi asset class strategy with 47–66% exposure to equities.
Morningstar PIMFA Equity Risk 4 Index (Equity 67–85%)	Designed to represent the performance of a multi asset class strategy with 67–85% exposure to equities.
Morningstar PIMFA Equity Risk 5 Index (Equity 86–100%)	Designed to represent the performance of a multi asset class strategy with 86–100% exposure to equities.

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.

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