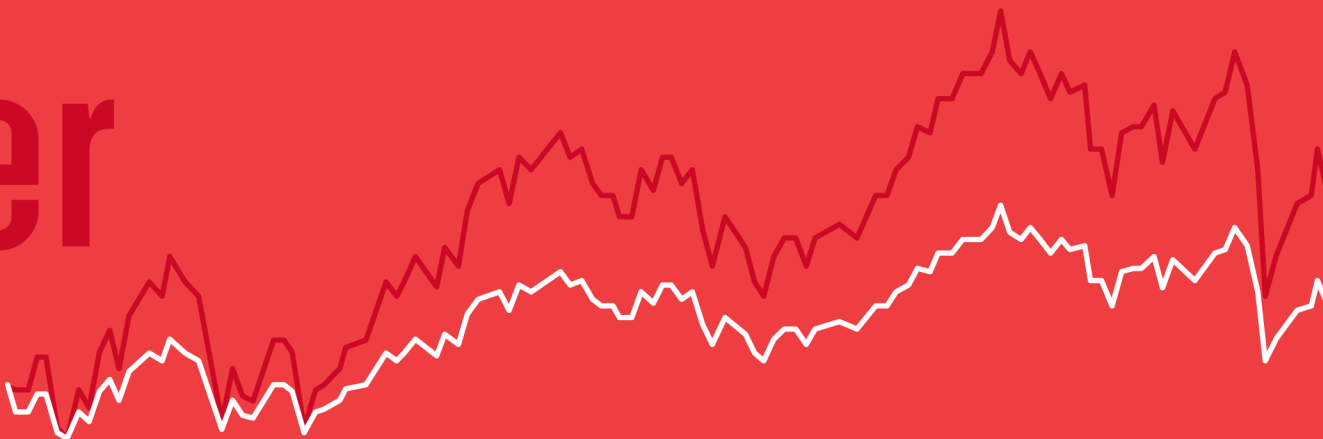




Silver



2025 US Model Portfolio Landscape

The evolution of model portfolios continues.



Gold



Bronze



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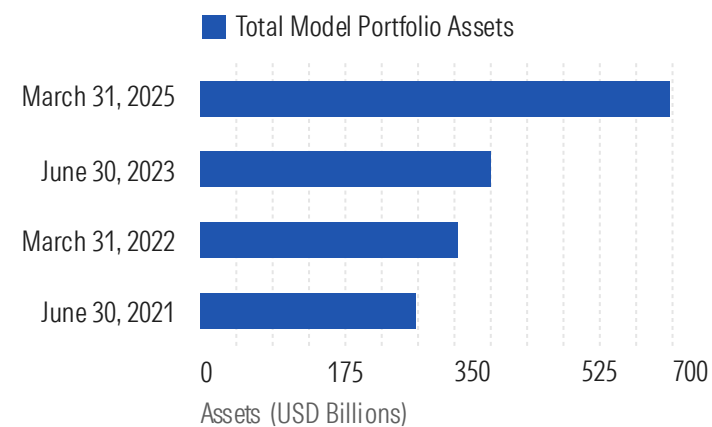
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Important Disclosure
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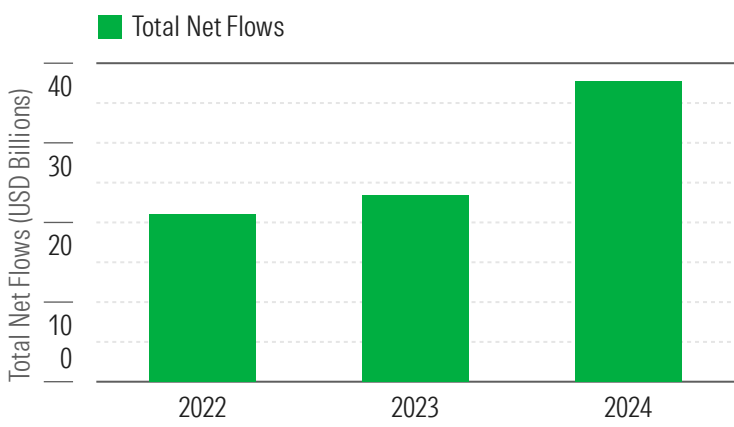
Key Takeaways

- Financial advisor demand for model portfolios shows no sign of slowing down.
- Assets in third-party model portfolios totaled more than USD 645 billion at the end of March 2025, a 62% increase since Morningstar's last survey of model portfolio assets in June 2023.
- Model portfolios allow advisors to outsource some, or all, of their portfolio management responsibilities to focus on more holistic financial planning.
- BlackRock continues to be the clear leader in gathering model portfolio assets.
- Model portfolios accumulated USD 37.8 billion of net inflows in 2024, a 62% rise over 2023's net flows.
- Most of the net inflows went to BlackRock's model portfolios, which raked in USD 30.2 billion of net inflows in 2024, or more than 80% of total net inflows.
- More than 500 active exchange-traded funds were launched in 2024; model portfolios are using them.
- Active bond and equity ETFs are the top products that leading model providers expect to include in their models over the next 36 months.
- One-third of firms surveyed expect to add interval funds that can own private assets to their models, so model portfolios are also participating in the trend toward mixing public and private assets.

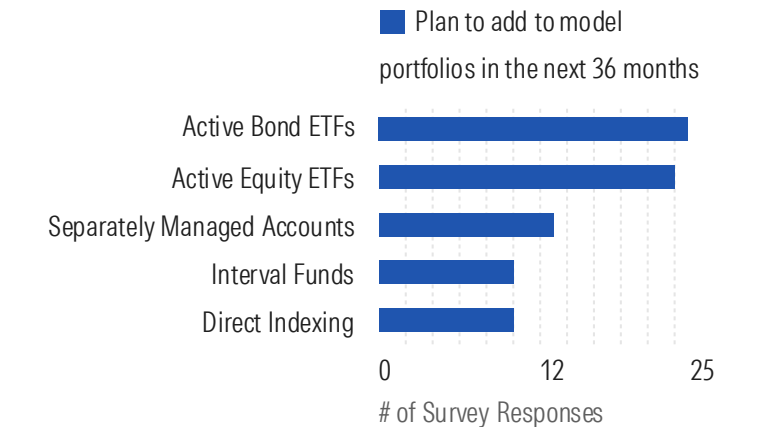
Total Model Portfolio Assets Through Time*



Yearly Model Portfolio Total Net Flows**



Top Model Providers Plan to Evolve in the Next 36 Months



Source: Morningstar Direct, survey data, author's calculations. Data as of March 31, 2025.
*Includes data from Russell, Columbia Threadneedle, and Morgan Stanley as of Dec. 31, 2024.
**18 firms provided flows data for 2024, 17 firms for 2023, and 13 for 2022.

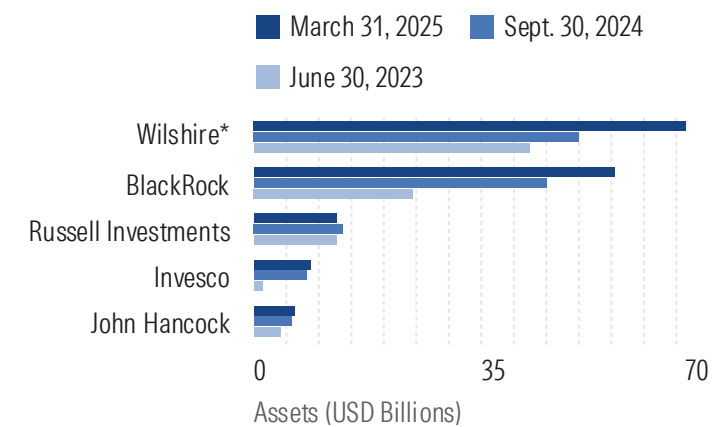
Key Takeaways (continued)

- More advisors are working with asset managers to use their off-the-shelf models as a starting point for customization. It allows them to still reap the benefits of model portfolios while offering solutions that better align with clients' unique needs and preferences.
- Over USD 184 billion resided in custom models as of March 31, 2025, according to our survey of custom model providers.
- Model portfolios maintain their fee advantage over mutual funds. As of December 2024, the average model's asset-weighted fee of 38 basis points was lower than the average unbundled mutual fund's 53 basis points.
- Allocation models, which constitute much of the model portfolio universe, provided cost savings versus mutual funds in all five allocation Morningstar Categories. They were cheaper than the lowest-cost mutual funds by 20 basis points on average.

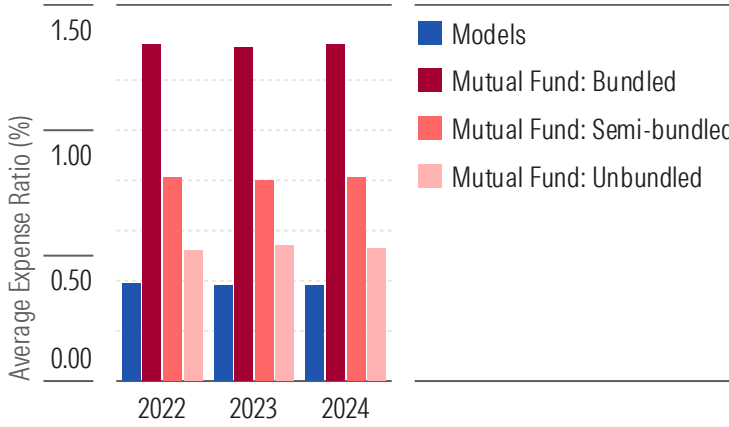
Morningstar analysts update their fundamental views of model portfolios under coverage at least annually. Some notable changes over the past year include:

- American Funds Growth and Income series received a Process Pillar upgrade to High from Above Average.
- BlackRock Long Horizon Mutual Fund series received a Process Pillar upgrade to Above Average from Average.
- Dimensional's model portfolio series received Process Pillar upgrades to Above Average from Average.

Asset Growth of Top Custom Model Providers



Model Portfolio vs. Mutual Fund Fees



Gold-Rated Allocation Model Portfolio Series*

Series Name	Morningstar Medalist Rating
American Funds Growth and Income	Gold
BlackRock Target Allocation ETF	Gold
American Funds Tax Aware Growth and Income	Gold
BlackRock Target Allocation ESG**	Gold
BlackRock Target Allocation Tax Aware	Gold
BlackRock Long-Horizon Allocation ETF**	Gold

Source: Morningstar Direct, survey data, author's calculations. Data as of March 31, 2025.
*Three American Funds model series contain portfolios that receive split Morningstar Medalist Ratings between Gold and Silver.
**Morningstar analysts rate the separate account offering only.

What Are Model Portfolios?

Models provide efficiency and scale for financial advisors.

Model Portfolios 101

This report focuses on model portfolios offered by asset managers or investment strategists for use as investment blueprints for financial advisors. This report does not include home office models offered by wirehouses or broker/dealers since they are limited to those firms' advisors.

- Advisors can utilize third-party platforms for implementation or follow a paper version of the model and do their own trading.
- The table to the right shows a sampling of platforms where model portfolios are available. It is meant to provide a broad overview, but services and offerings may differ between providers in each channel. Providers of paper portfolios may have their models offered on platforms in the other four channels.
- Most model portfolios focus on providing the asset allocation, fund selection, and trading advice for target-risk portfolios. They can also focus on a single asset class such as equity, fixed income, or alternatives.
- Advisors can completely outsource or build model portfolios themselves, with customization a middle ground between the two. The model portfolio spectrum on Slide 23 breaks this down further.
- Different channels offer varying degrees of automation. Advisors following paper portfolios likely handle trading themselves and have more freedom to customize. On the flip side, advisors affiliated with wirehouses and broker/dealers can automate those actions and may have fewer customization options.

Model Portfolio Availability by Channel

Wirehouses	Broker/Dealers	Independent Technology Platforms	Model Marketplaces	Paper Portfolios
Merrill Lynch	Ameriprise	AssetMark	Charles Schwab	BlackRock
Morgan Stanley	LPL	Envestnet	Nitrogen Wealth	Capital Group
UBS	Raymond James	GeoWealth	Orion Advisor Services	Vanguard

Model Portfolio Degree of Automation

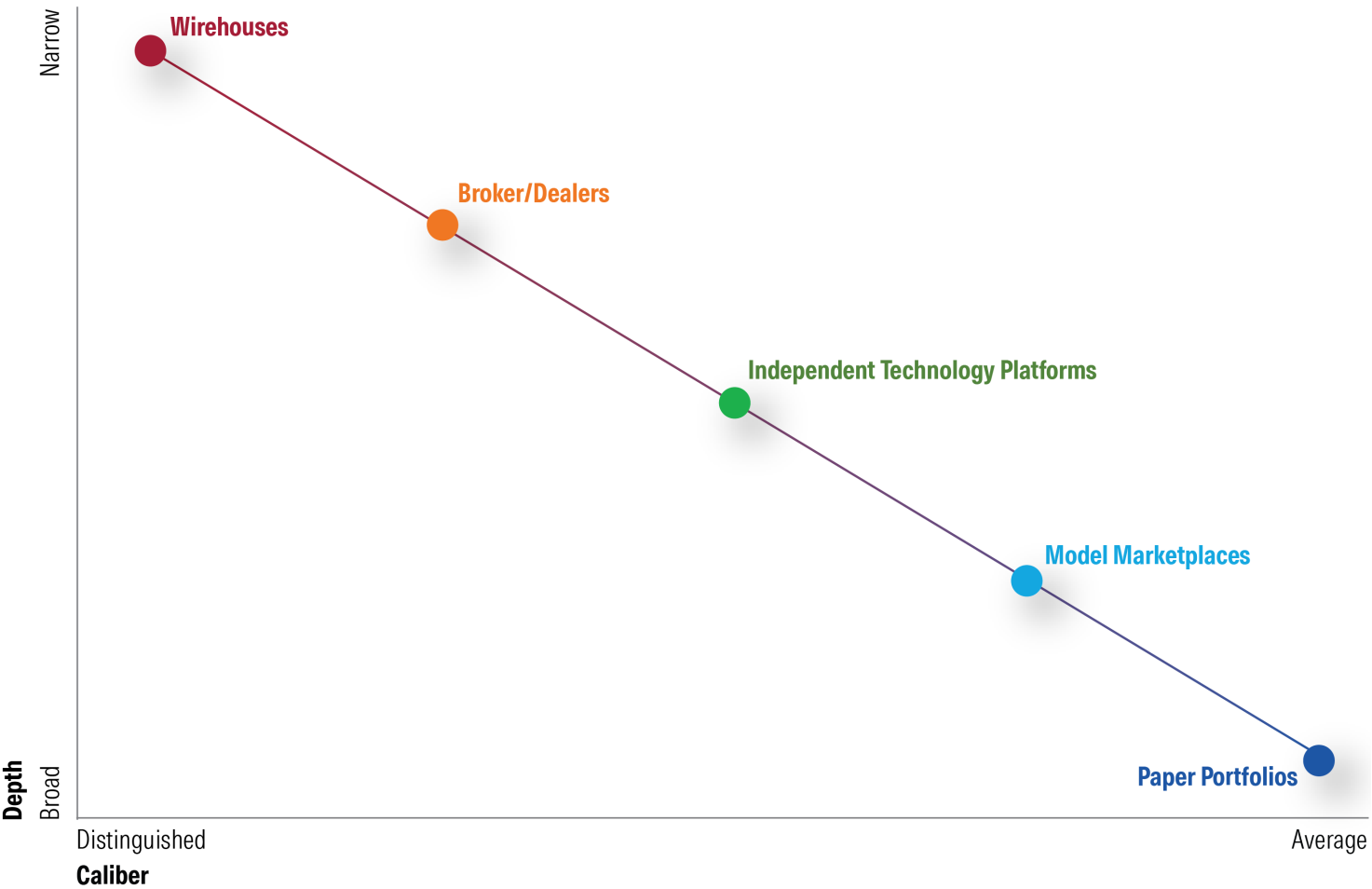


Model Portfolio Lineup Quality and Depth Can Vary by Channel

Based on conversations with model providers, the exhibit to the right scales the five distribution channels based on the model portfolio lineup quality offered, showing the trade-offs.

- Wirehouses and broker/dealers tend to have more compact menus curated by dedicated due diligence teams. Those teams also typically have rigorous processes to assess third-party models for inclusion on their platforms.
- Independent technology platforms sit in the middle, allowing advisors to do their own due diligence through risk tolerance questionnaires and screening tools, but they also have their own due diligence capabilities.
- Model marketplaces are an extension of independent technology platforms but may not have the breadth of tools available or the same due diligence standards.
- Paper portfolios represent the broadest category since the barriers to entry for posting a model portfolio online are low, and quality ranges widely.

Model Portfolio Lineup Depth vs. Caliber



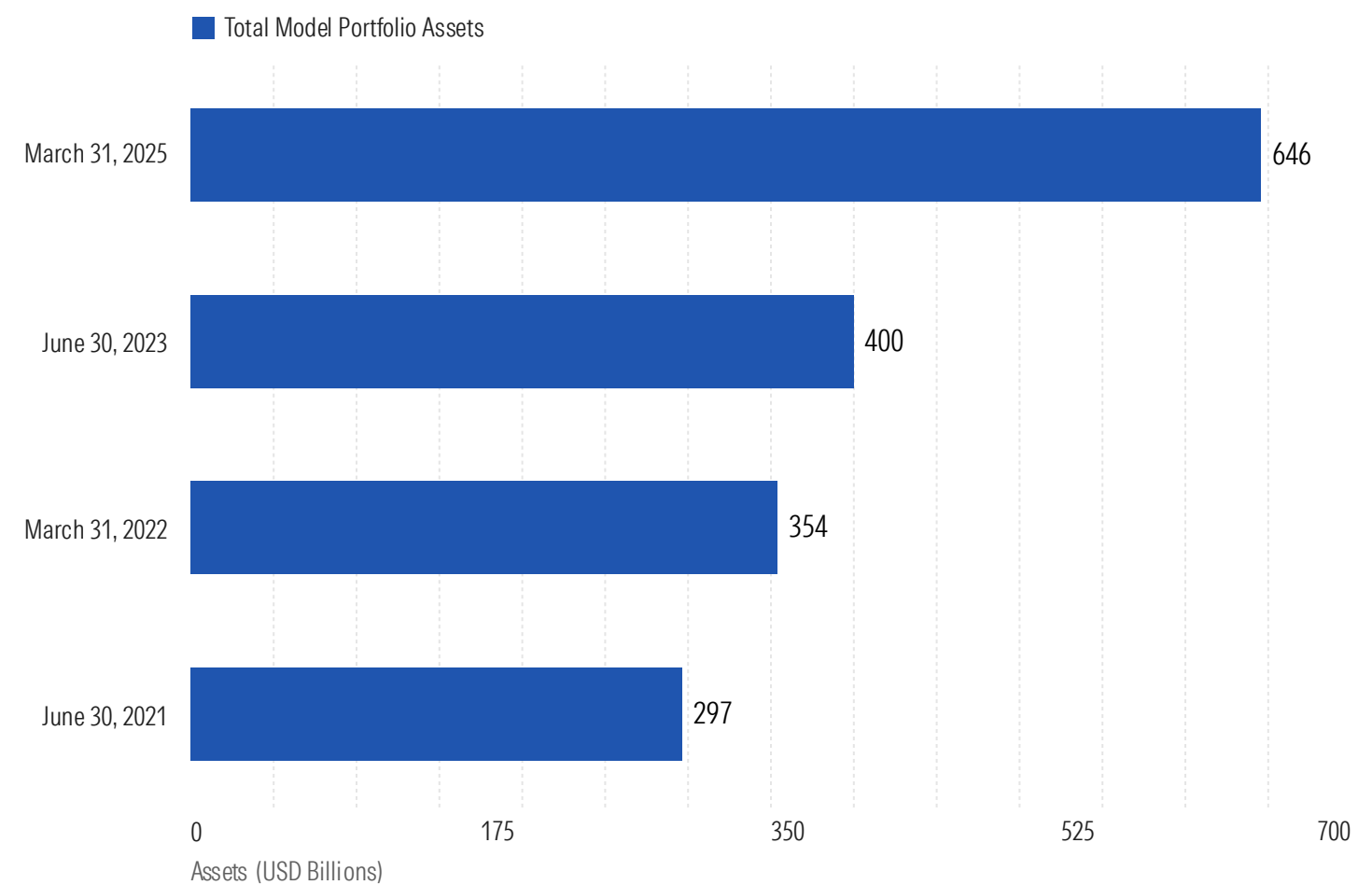
Assets and Flows

Model portfolio assets continue growing.

Model Portfolio Assets Keep Growing

- Third-party model portfolios had more than USD 645 billion of assets under advisement at the end of June 30, 2025, a 62% increase since Morningstar’s last survey in June 2023.
- The net assets are a combination of surveyed results from 33 model portfolio providers and assets under advisement reported to Morningstar from more than 70 other model portfolio providers.
- This report doesn’t include home office model portfolio assets from wirehouses and broker/dealers, since they are not distributed outside of those firms.
- Tools like J.P. Morgan’s 55ip that help advisors refashion client portfolios to follow models while minimizing taxable capital gains have lowered barriers to model adoption.

Total Model Portfolio Assets Through Time



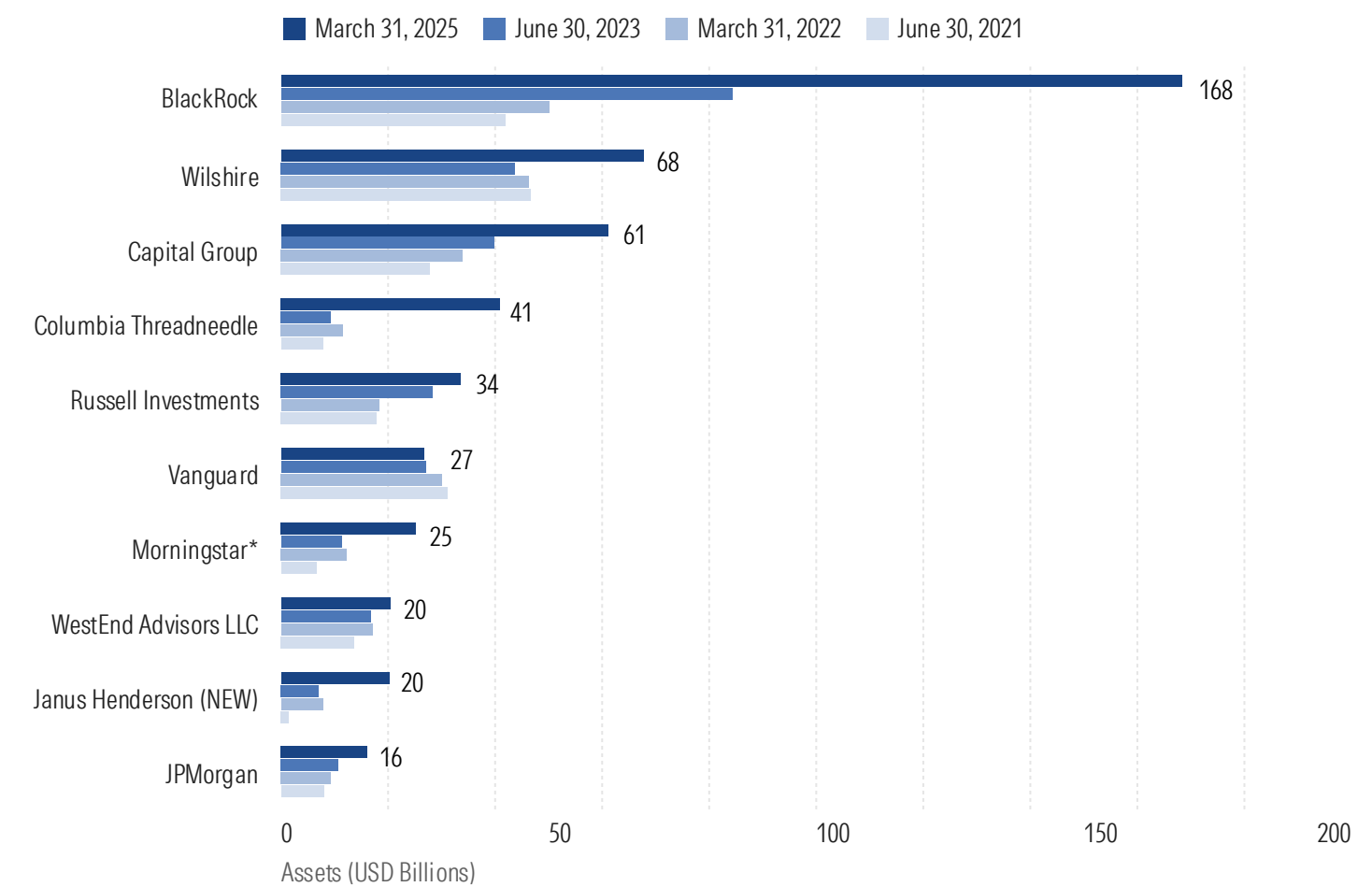
Source: Survey data, Morningstar Direct. Data as of March 31, 2025. Includes data from Columbia Threadneedle, Morgan Stanley, and Russell Investments as of Dec. 31, 2024.

See Important Disclosures at the end of this report.

BlackRock Retains Top Spot, and It Isn't Close

Top 10 Model Portfolio Assets by Firm Over Time

Numbers to the right of the bars indicate total assets as of March 31, 2025.



BlackRock is still the king of the model portfolios kingdom, guiding a staggering USD 168 billion.

- The firm's assets doubled since we last surveyed in June 2023.
- Its hold on the model landscape comes down to strong offerings led by portfolio manager Michael Gates and a vast network of relationships with financial advisors across wirehouses, broker/dealers, and independent registered investment advisors.

Janus Henderson broke into the top 10 since our last report, entering at ninth. Richard Bernstein Advisors dropped out of the top 10.

Other developments:

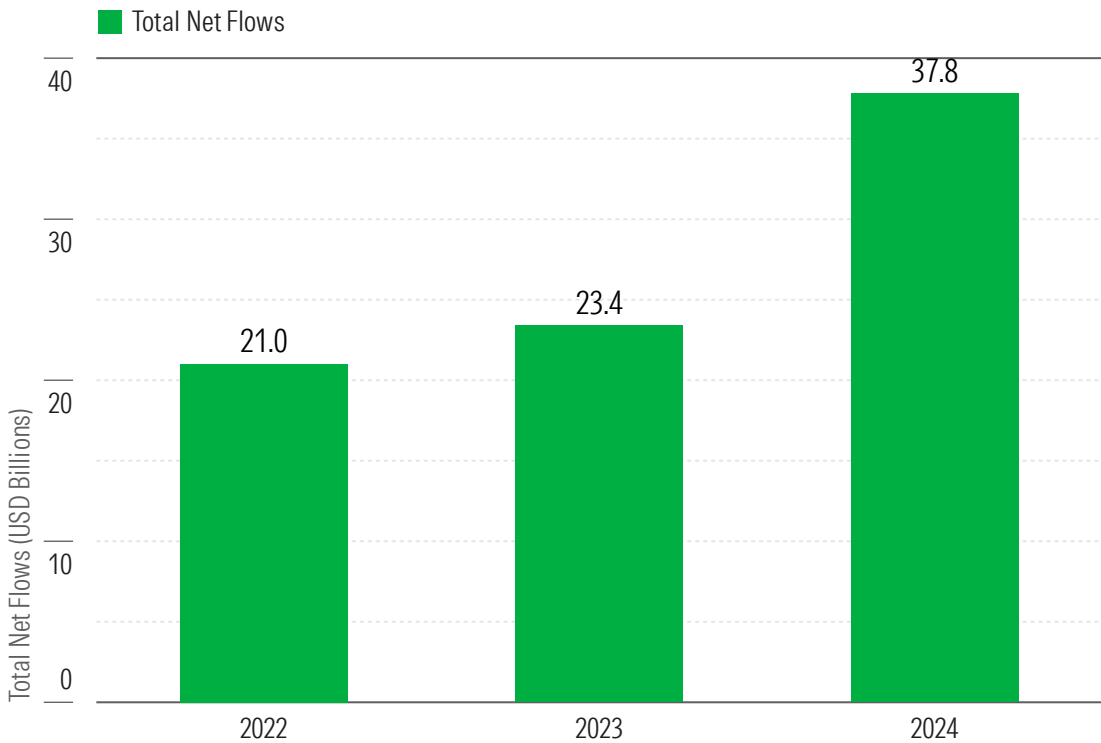
- Columbia Threadneedle reported model-delivered portfolios that were not reported in the past, accounting for the big increase in assets.
- Vanguard's assets have decreased since we started surveying in June 2021 and stagnated year over year.
- Wilshire's model assets jumped 55% since the June 2023 survey, following a few years of standing still.

Source: Survey data, Morningstar Direct. Data as of March 31, 2025. Columbia Threadneedle and Russell Investments data as of Dec. 31, 2024. Totals include custom model portfolios.
*Morningstar Investment Management LLC and Morningstar Investment Services LLC. [Morningstar Investment Services LLC entered into a strategic alliance with AssetMark Financial Holdings, Inc. in 2024](#) that resulted in approximately USD 12 billion in assets moving from Morningstar Investment Services' assets under management to Morningstar Investment Management's assets under advisement.
See Important Disclosures at the end of this report.

Assets Are Flowing

➤ Asset flows into model portfolios are notoriously hard to track, but 18 firms* from our survey provided data. So, while not exhaustive, USD 37.8 billion flowed into models in 2024, a sharp increase from the prior year.

Yearly Model Portfolio Total Net Flows

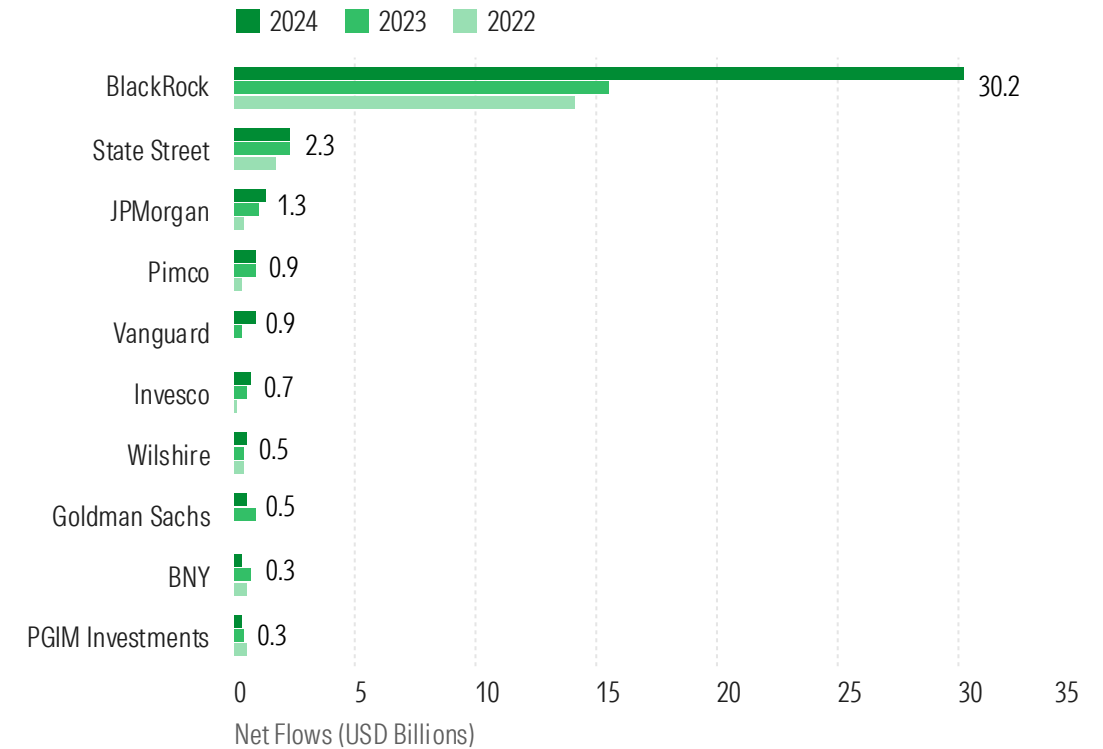


➤ BlackRock was a big driver of the increase in total net flows for 2024, nearly doubling its 2023 total.

➤ Some notable model portfolio providers like Capital Group and Fidelity declined to provide net flows for this report.

Yearly Model Portfolio Net Flows By Firm

Number to the right of bars indicates 2024 net flows.



Source: Survey data, author's calculations. Data as of Dec. 31, 2024.
*Seventeen firms provided flows data for 2023, and 13 for 2022.

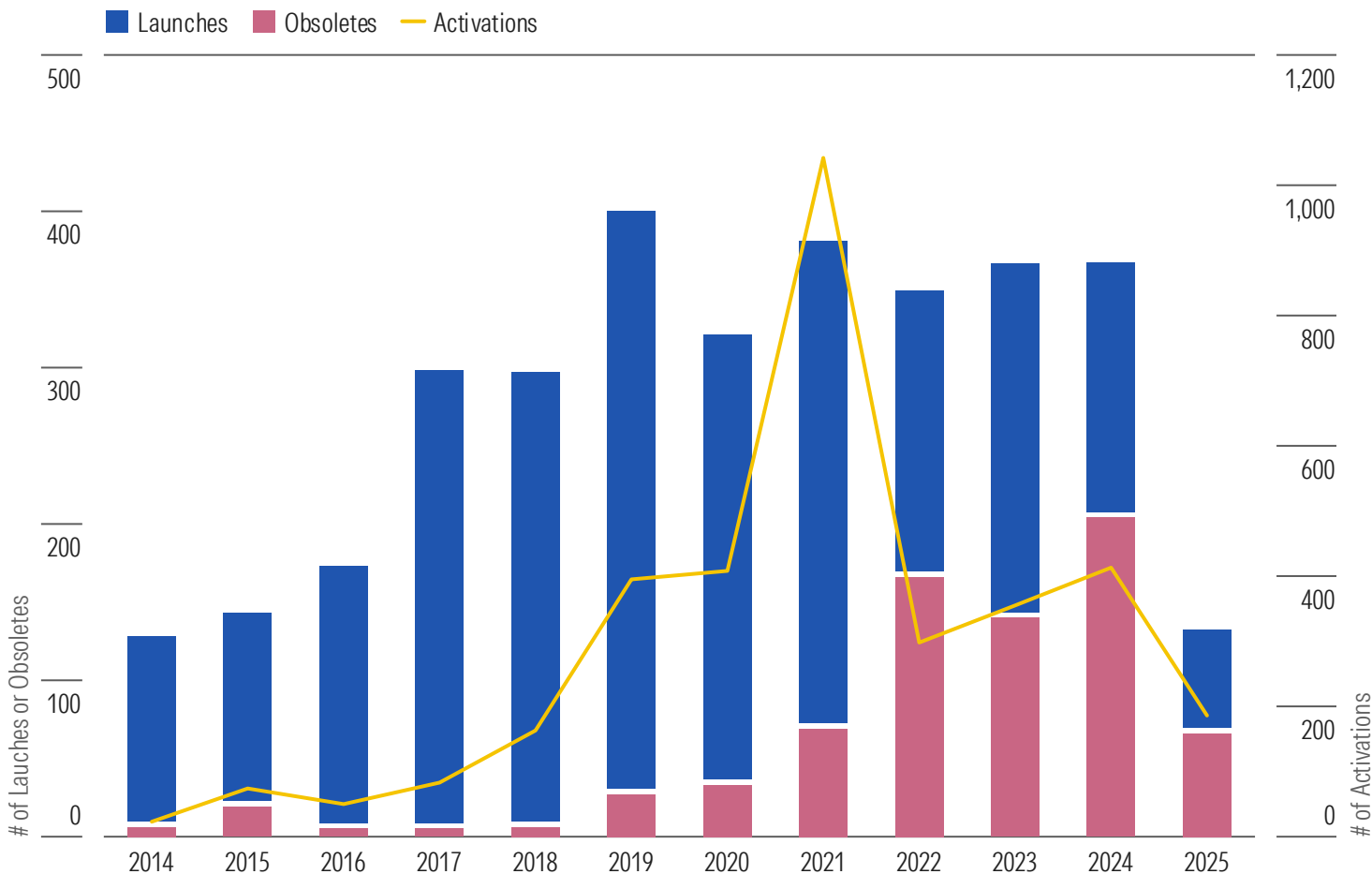
See Important Disclosures at the end of this report.

Launches and Closures

Signs of a maturing model portfolio market.

More model portfolio closures point to a more mature market.

Model Portfolio Launches, Activations, and Obsoletes



- Model portfolio launches have slowed down since their peak in 2019.
- From 2017 through 2021, model portfolio launches averaged over 300 year over year, compared with roughly half that from 2022 through May 2025.
- In 2024, the number of model portfolios that were no longer reported to Morningstar exceeded the number of model portfolios launched that year.*
- There are few barriers to launching, maintaining, or shutting down a model portfolio. They aren't required to be registered with the SEC like open-end mutual funds and exchange-traded funds.
- The decline in the number of model portfolios reflects a healthy pruning of less viable offerings, as asset managers and strategists shut down strategies that failed to gain traction or stand out.

Source: Morningstar Direct, author's calculations. Data as of May 31, 2025.
*There can be a lag between when a model launches and is reported to Morningstar, which means the annual launches can change after publication.

Notable Launches and Closures Since the Beginning of 2024

Launches

- The **State Street Asset Allocation With Direct Indexing** model portfolio series was launched in September 2024. This is the first series reported to Morningstar to include a direct-indexing sleeve. The direct-indexing sleeve constitutes a third of the Moderate portfolio, while SPDR ETFs make up most of the remaining assets. Managing a direct index may add complexity as well as higher investment minimums and/or costs. On the other hand, its primary draw is to provide greater tax efficiency through tax-loss harvesting and a higher degree of flexibility than an index-tracking fund.
- **Vanguard** launched its first fixed-income model portfolios in 2025, introducing the Risk Diversification and Total Return models in January and the Active Total Return model in April. This move builds on the 2023 launch of two actively managed bond ETFs: Vanguard Core Bond ETF VCRB and the Vanguard Core-Plus Bond ETF VPLS. The first ETF is the anchor holding in the Risk Diversification and Total Return models, while the latter is the core position in the Active Total Return model. Vanguard joins firms such as Pimco, Fidelity, and PGIM, which already offer stand-alone fixed-income models designed to highlight their best thinking for building bond portfolios. For some advisors, building fixed-income allocations can be more complex than constructing equity portfolios, so these portfolios may gain traction.

Closures

- Wilshire closed its two target-date model series in June 2024. **Wilshire Global Allocation** and **Wilshire Total Allocation Target-Date** were launched in 2015. No other provider has reported a target-date model series to Morningstar. Many financial advisor clients are already in, or near, retirement, reducing the need for a glide-path-based approach. For younger clients, advisors may prefer a more flexible and event-driven (like a marriage or a birth) approach to revisiting the asset allocation instead of automatic age-based changes.

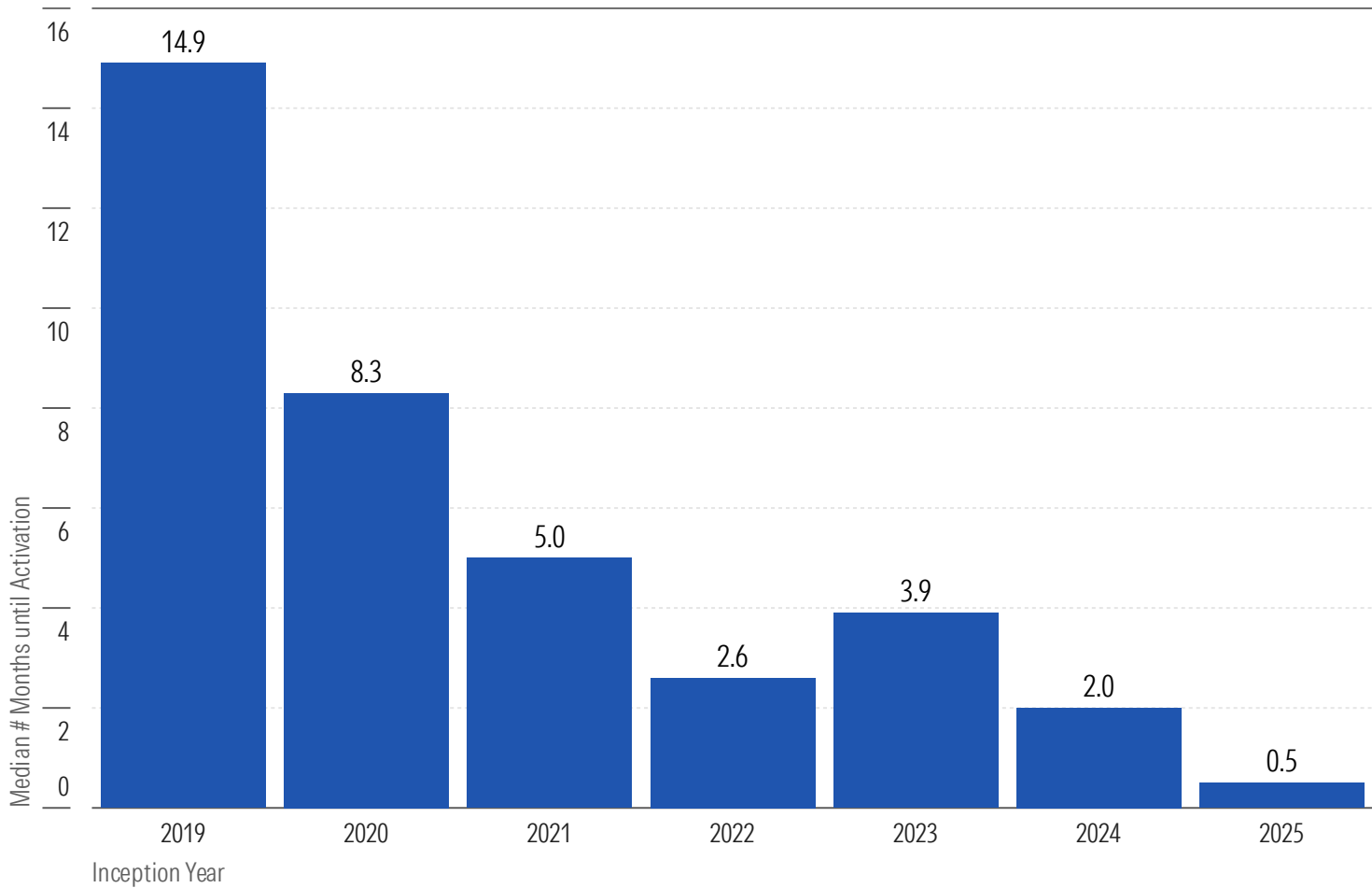
Recycled

- Vanguard closed a tax-efficient series and launched a new one. **Vanguard Tax-Efficient** was transformed into **Vanguard Tax-Efficient ETF** in February 2025. The new series features five model portfolios that range across the classic risk-tolerance spectrum of conservative to aggressive; the previous series had 10 models that scaled from 0% to 100% equity in 10-percentage-point increments. The new series also features Vanguard Intermediate-Term Tax-Exempt Bond ETF VTEI, which launched in 2024.

Investors' Access to Models Data Has Improved Significantly

- Model portfolio activation promptness has improved significantly since 2019, when Morningstar launched its model portfolio database,* meaning investors have better transparency and quicker access to new models and relevant model data.
- In 2024, the median time between providers launching their model portfolios and reporting them to Morningstar was two months. Five years ago, the median lag was as long as 15 months.**

Inception to Activation Lag



Source: Morningstar Direct, author's calculations. Data as of May 31, 2025.

*Before 2019, models were part of the separately managed account database.

** Morningstar led an outreach effort in 2021 to gather more models data from providers, which can explain the longer lag for models inception in 2019.

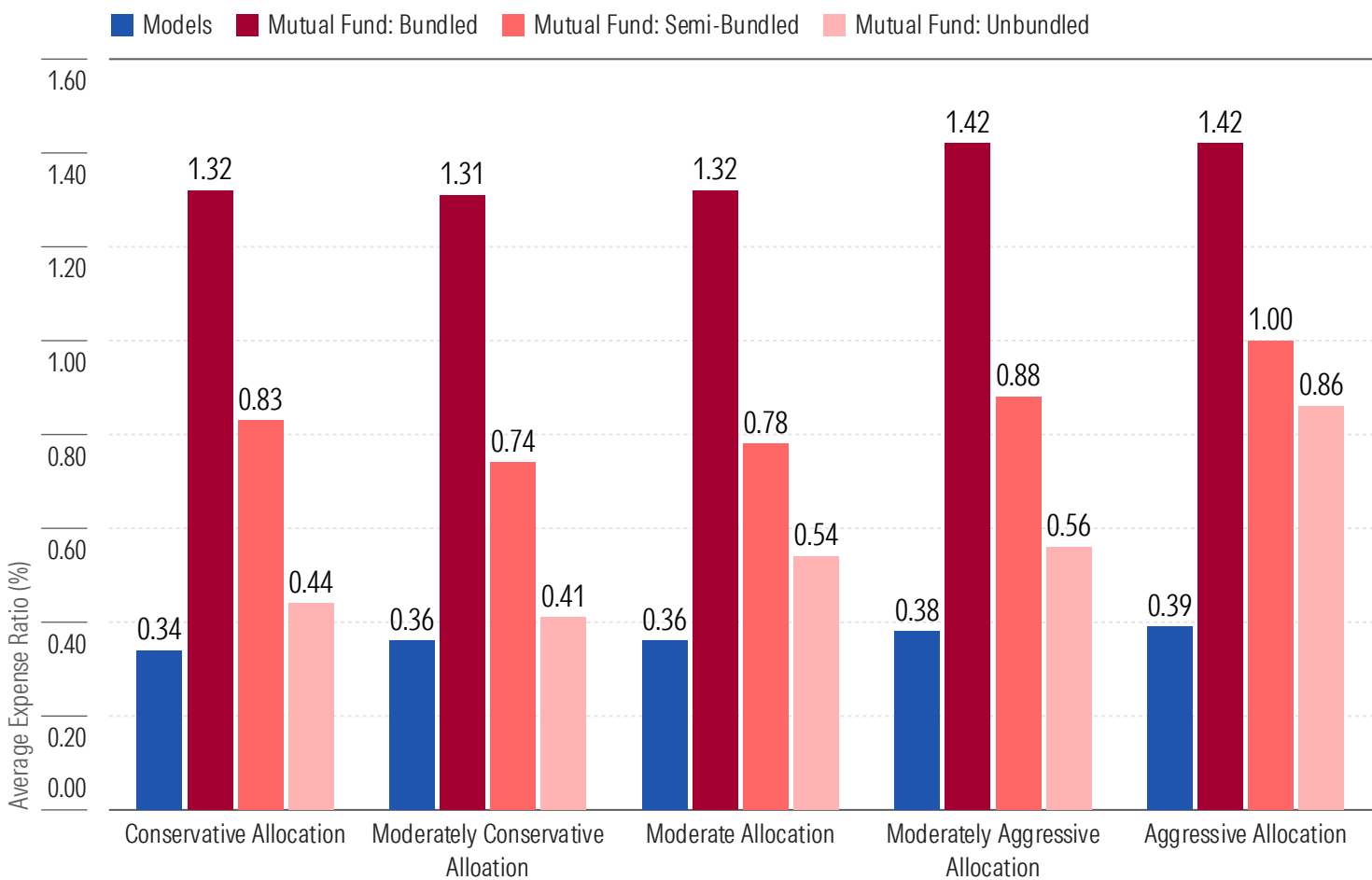
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Fees

Model portfolios hold their fee advantage over mutual funds.

Fees Within Morningstar Allocation Categories

Average Fees by Morningstar Allocation Category



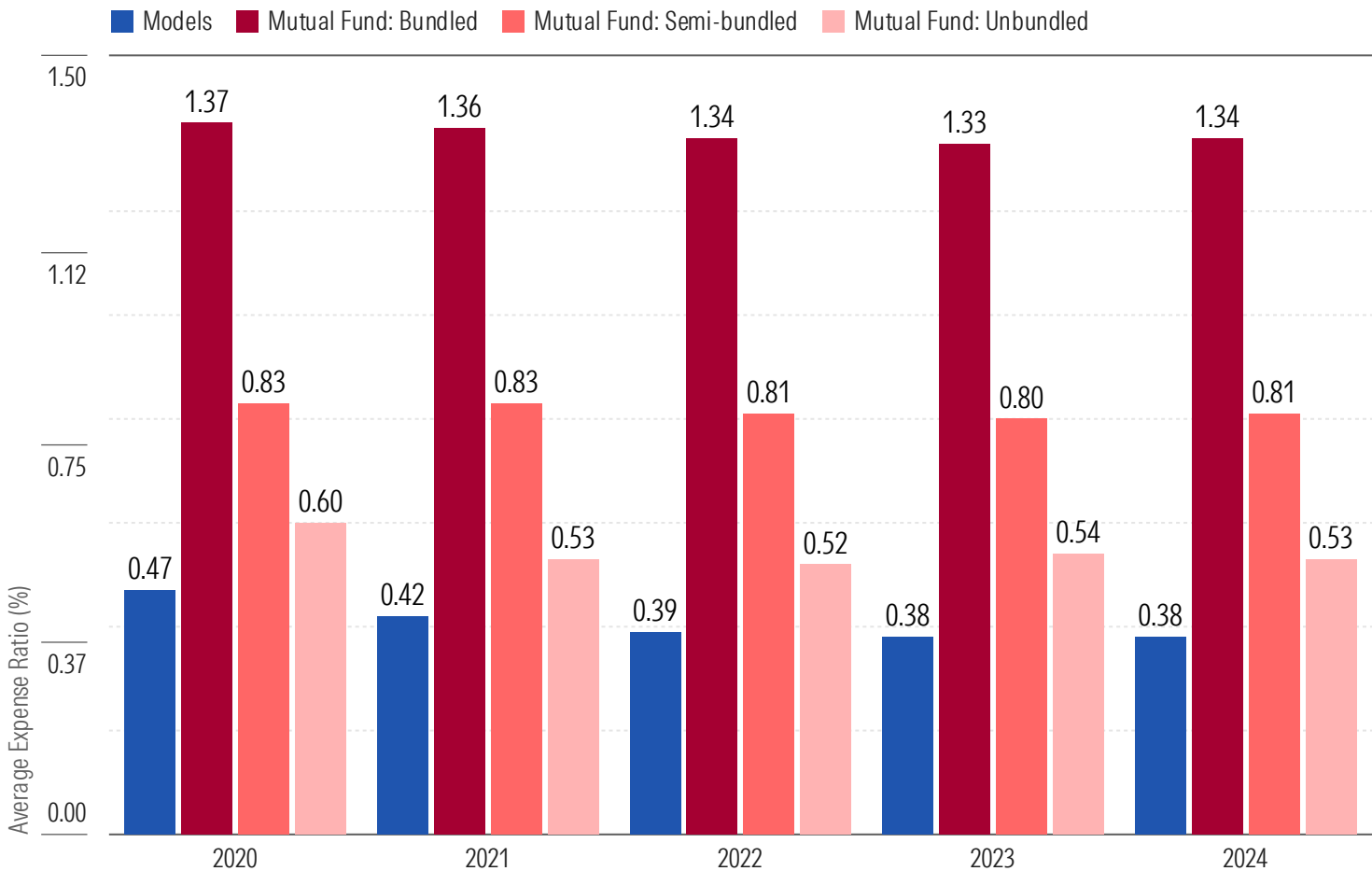
- Multi-asset model portfolios make up much of the models universe, and they compete aggressively with mutual funds when it comes to price.
- The graph compares the Morningstar prospective acquired fund expense* data point for models with the prospectus-adjusted expense ratio shown across Morningstar’s “Clean Share–Service Fee Arrangement” data point, which sorts each fund share class into one of the following groups:
 - **Bundled:** Mutual fund share classes that include load sharing or payments to third parties for distribution fees.
 - **Semi-bundled:** Mutual fund share classes that do not pay third-party distribution fees or engage in load sharing. However, the semi-bundled share class may pay third parties for subtransfer agent services or engage in revenue sharing.
 - **Unbundled:** Mutual fund share classes that do not pay third parties, either through share class expenses or revenue-sharing arrangements

Source: Morningstar Direct, author’s calculations. Data as of Dec. 31, 2024.
*Prospective acquired fund expense reflects the asset-weighted average of the underlying holdings’ net expense ratios. It does not account for the strategist or advisory fees.

See Important Disclosures at the end of this report.

Competitive Fees Persist

Models Are Still Cheaper Than Mutual Funds, on Average



Models' fee advantage has been consistent over time.

- The average model portfolio's fee was 47 basis points as of December 2020, 13 basis points cheaper than the lowest-cost mutual fund.
- The average fees for models and mutual funds have generally decreased over time, but the gap has widened. As of December 2024, the average model cost 38 basis points, 15 basis points cheaper than the average unbundled mutual fund.
- While the average model portfolio fee has decreased since 2020, it plateaued at 38 basis points in 2023 and 2024.
- Advisors and strategists may charge their own fees on top of the expense ratios associated with models, ETFs, and unbundled funds. The two charts do not consider these potential added fees.

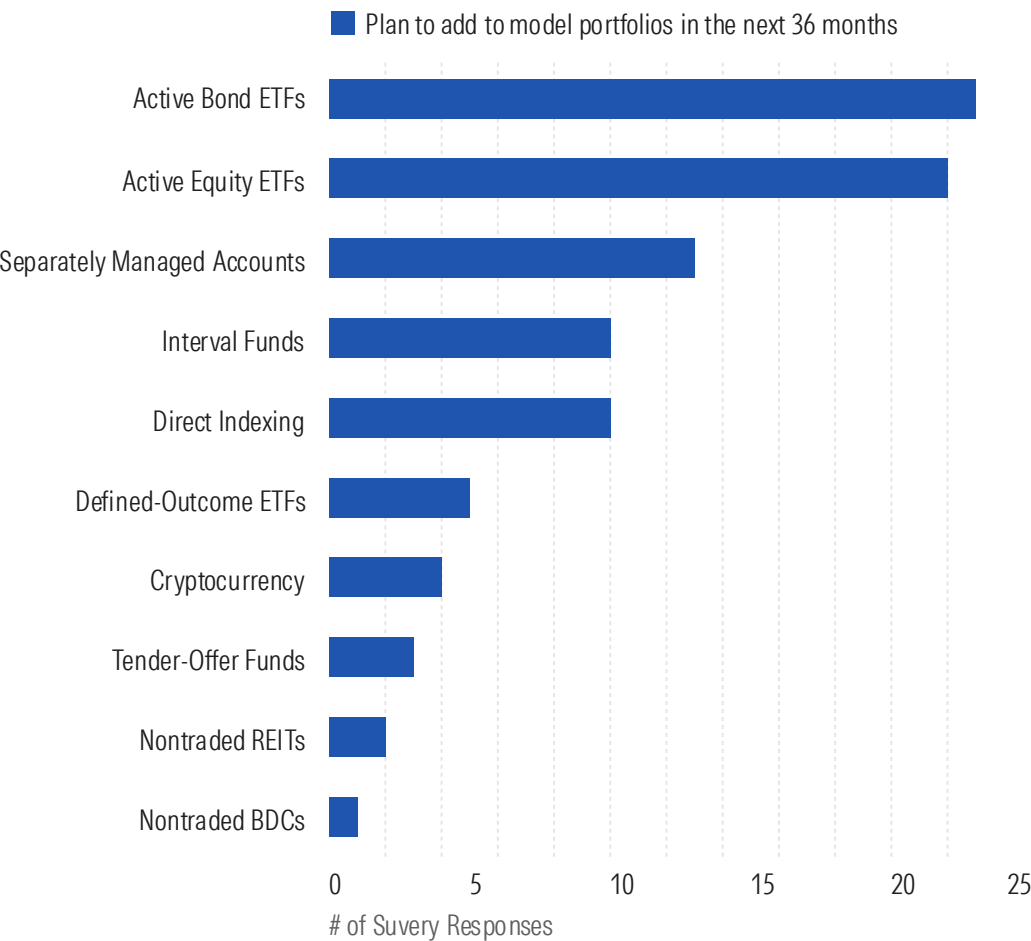
Portfolio Composition Trends

Active ETFs are taking off in models.

Where do Model Portfolios Go from Here?

How Top Model Providers Plan to Evolve in the Next 36 Months

We asked 30 model portfolio providers what’s coming.



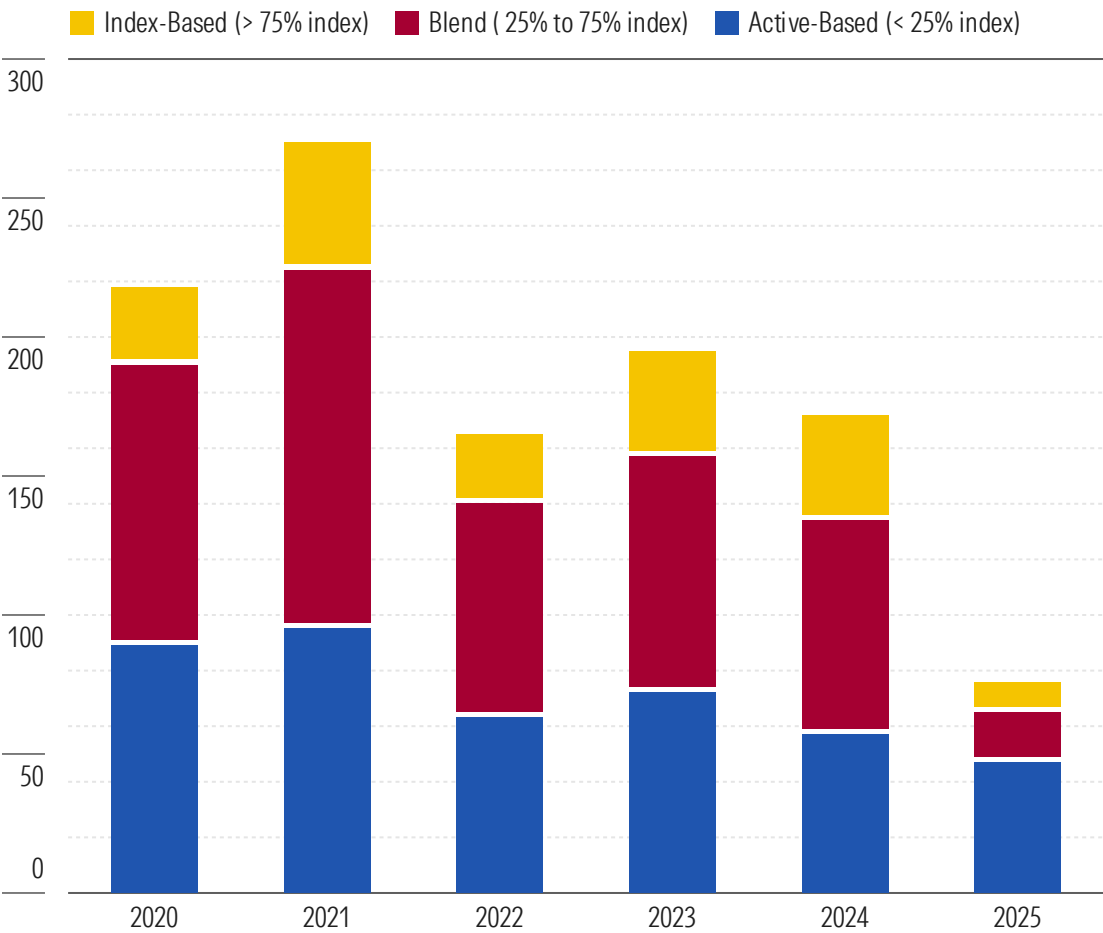
- Active ETFs are at the top of model portfolio provider shopping lists, based on a survey of 30 leading asset managers offering models. Nearly half of the models reported to Morningstar owned at least one active ETF on March 31, 2025.
- Separately managed accounts and direct indexing are expected to help make model portfolios more tax-efficient and offer more customization.
- Model providers also showed an interest in adding more private market exposure through semiliquid funds, like interval funds. Interval and tender-offer funds, along with nontraded real estate investment trusts and business-development companies, offer access to private markets, like private equity, private credit, and real estate. These semiliquid funds are often available to investors who don’t meet the high income requirements of traditional private drawdown vehicles.
- Despite the surge in demand for bitcoin ETFs since they launched in January 2024, few model portfolio providers expect to add them over the next three years. BlackRock’s model portfolio team did add the firm’s popular iShares Bitcoin Trust IBIT to its model portfolios in early 2025, but only the model portfolios that include strategic allocations to alternative strategies, which suggests the firm doesn’t yet see the ETF having a role in the average portfolio.

A Blast From the Past ... Active Underlying Strategies Are Making a Comeback

- Active ETFs offer differentiation, helping model portfolio managers stand out from the largely index-based offerings that dominated the early model portfolio boom.
- Asset managers launched more than 500 active ETFs in 2024, up from 350 in 2023. These ETFs are finding their way into model portfolios. Through May 2025, active ETFs had USD 165 billion of net inflows.
- Active ETFs are typically cheaper than actively managed mutual funds, helping model portfolios keep costs in check but allowing for more security selection insights. The fees aren't low enough to catch up to all passive ETF models, but they can help them stay competitive.
- Adoption is growing: As of March 31, 2025, 44% of model portfolios include at least one active ETF. The average allocation to active ETFs in those models is 33%.
- Is 2025 a turning point? Most new model portfolios that have been launched so far this year have primarily featured active funds, reversing the recent trend of blended active/passive allocations.

Model Portfolios Get Active

Portfolios that allocate mostly to active strategies are outpacing others in 2025.



Source: Morningstar Direct, author's calculations. Data as of March 31, 2025.

See Important Disclosures at the end of this report.

The Public/Private Convergence in Model Portfolios

Is 50/30/20 the New 60/40 Portfolio?

Expect more private market options in model portfolios in the future.

● Stocks ● Bonds ● Alternatives



- Private markets are becoming more accessible via semiliquid vehicles like interval and tender-offer funds.
- Semiliquid funds provide periodic liquidity (typically quarterly), enabling greater exposure to less liquid assets like private credit. They are not subject to mutual funds' 15% cap on illiquid securities.
- Interval funds were the most popular semiliquid vehicle in our survey (see Slide 20), with assets growing to more than USD 100 billion from USD 80 billion in the year ended May 2025. They mostly focus on private credit and other fixed income.
- Financial technology platforms are paving the way. ICapital launched model portfolios with private markets in May 2024; BlackRock's models with private equity and private credit semiliquid funds debuted on GeoWealth in March 2025.
- Interval funds aren't cheap. The average prospectus-adjusted expense ratio for interval funds' cheapest share class was 2.30% at the end of May 2025, and they may also include incentive fees on income.
- Getting guidance on how to use these less liquid and more complex vehicles through professionally managed model portfolios may be appealing to some financial advisors, but the rapid expansion of options may suggest that patience is warranted.

Custom Model Portfolios

A middle ground for financial advisors.

What Are Custom Model Portfolios?

Setting the Scene

- For this research, Morningstar defines “custom” as models managed outside a provider’s off-the-shelf offerings.
- Models can be great solutions, but there is no one-size-fits-all portfolio, and some advisors may want to tweak off-the-shelf models to better fit their clients’ unique needs or preferences.
- Model providers are now working with advisors and advisor firms to create custom model portfolios at the individual and practice levels, typically using their off-the-shelf models as a starting point.
- As the spectrum on the next page shows, custom models provide a middle ground for advisors where they can still benefit from the expertise of professional management and efficiency of model portfolios while having a say in investment decisions.

How Models Are Being Customized

- By definition, “custom” could mean many things, and custom models can be a gray area. That said, our research identified some common customizations across providers:
 - ❖ Fund/vehicle substitutions
 - ❖ Additional asset classes
 - ❖ Fund lineup consolidation
 - ❖ Strategic asset-allocation adjustments
 - ❖ Trading frequency

Fees and Minimums for Customization

- As part of our broader survey for this report, we asked model providers for fees and asset/account minimums associated with their custom models.
- Many providers said they do not charge any extra fees for customization or that fees vary based on the mandate.
- Some providers, like Franklin Templeton and Janus Henderson, will charge a fee if proprietary products don’t account for at least 50% of assets.
- While some providers indicated that the minimum account size is typically set by individual firms or platforms, others do require a minimum level to customize:
 - ❖ **T. Rowe Price:** Varies based on the degree of customization.
 - ❖ **American Century:** USD 25 million to USD 50 million over 12-18 months.
 - ❖ **BlackRock:** USD 100 million.
 - ❖ **J.P. Morgan:** USD 100 million over 12-18 months.
 - ❖ **BNY:** USD 100 million to USD 200 million based on portfolio composition.
 - ❖ **Franklin Templeton:** USD 150 million over 12 months. USD 450 million if less than half of the portfolio’s assets are proprietary funds.

The Model Portfolio Spectrum

	Outsource	Customize	Build
	Advisors can outsource portfolio management by opting for models from third parties or their own home offices.	More advisors are partnering with asset managers to design custom versions of their off-the-shelf models to match client preferences.	Building model portfolios from scratch gives advisors complete control over investment decisions but also is time-consuming and resource-intensive.
Strategic Asset Allocation	The model provider controls the stock/bond split, which may not match a client's unique situation.	Advisors may adjust stock/bond splits, fiddle with underlying exposures, like international equity, or add new asset classes, like private investments.	Advisors set strategic allocations based on client needs or preferences and their market views. No asset classes are off-limits.
Fund Selection	This is overseen by the model provider and could include all proprietary or active funds, whose characteristics may be less appealing to some advisors, but they save time on fund research.	Advisors will often swap out the asset manager's preferred funds for their own choices.	The advisor researches, selects, and monitors the underlying investments.
Trading	Some platforms will execute trades on behalf of advisors and their clients for an additional fee. Advisors can also sign up for trade alerts and do their own trading.	Advisors can allow platforms to trade on their behalf or conduct their own trades.	The advisor trades on their own.
Fees	Asset managers' models don't usually charge additional portfolio management fees but tend to use proprietary funds.	There may be an additional portfolio management fee if the asset managers' proprietary funds fall below certain asset thresholds in the models.	Advisors' fees include portfolio management, and they can control the underlying funds' costs via strategy and vehicle selection.

Some Tips for Customizing Models

Do's

- Define the investors' objectives and risk tolerance before making any changes.
- Ensure strategic asset-allocation tweaks are within reasonable bands—5 or 10 percentage points—around the original portfolio.
- Ask how allocation changes and fund swaps will affect the portfolio's exposures, risks, liquidity, and total costs before implementing, especially when considering:
 - Substituting active funds for passive ones.
 - Tilting toward higher-octane areas, like growth stocks or high-yield bonds.
 - Including exposure to cryptocurrencies.

Don'ts

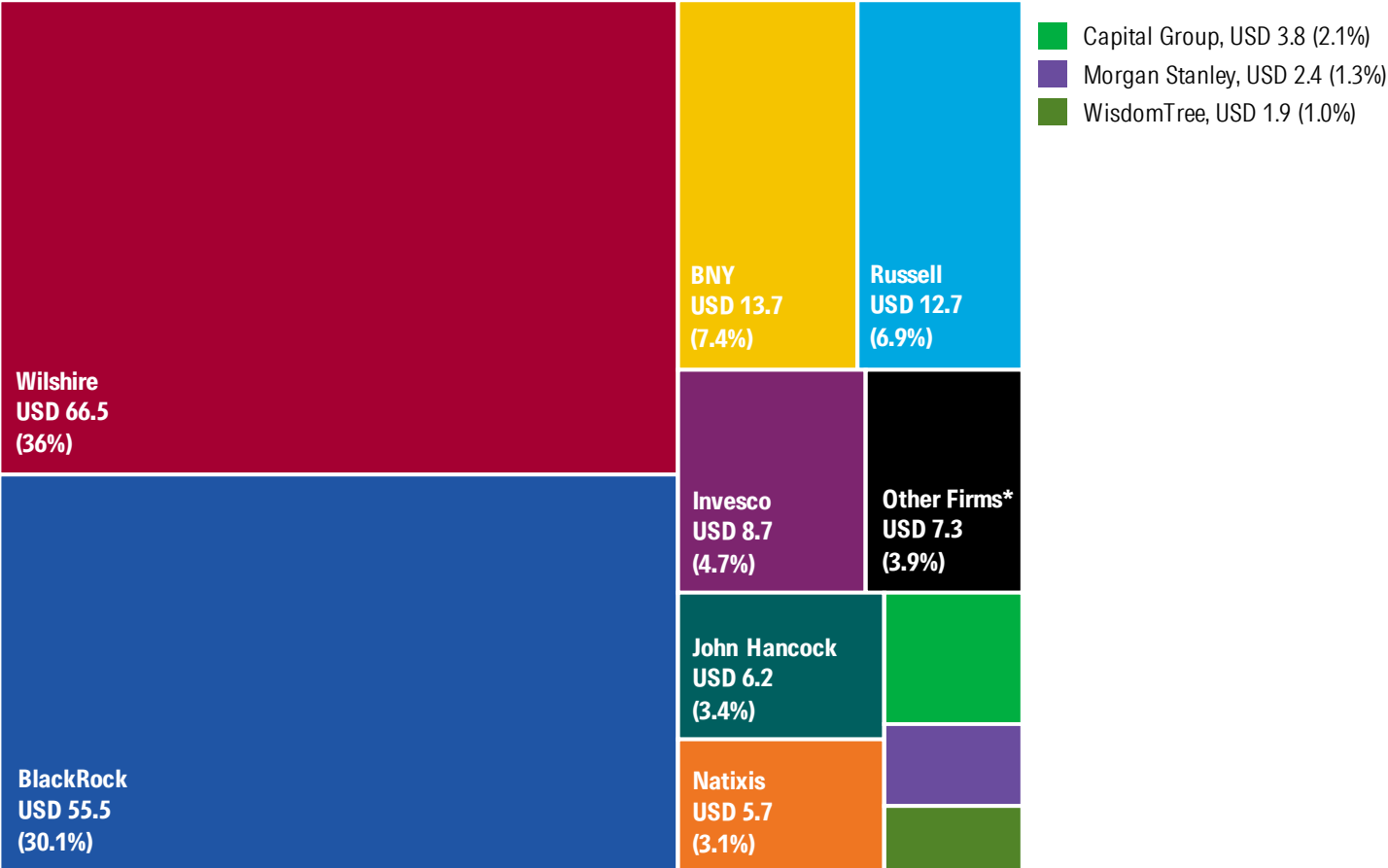
- Customize for the sake of customizing (that is, just to feel in control of investment decisions).
- Shift allocations so far from the original model that the portfolio's risk profile no longer fits the investor's objectives and risk tolerance.
- Substitute a drastically different fund from a model's recommended strategy; it could dramatically change exposures.
- Add volatile assets like cryptocurrencies because of their outstanding performance. Just a touch of such investments can significantly alter a portfolio's risk profile.
- Make so many changes to the model that it negates the point of choosing a model in the first place.

Wilshire and BlackRock Dominate

We collected custom model assets from 21 providers. While not exhaustive, it shows the breadth and popularity of custom models.

- Custom model assets from our survey totaled just over USD 184 billion as of March 31, 2025.
- Wilshire and BlackRock tower over the others, combining for 66% of surveyed assets, with Wilshire pipping the ladder to top spot.
- Wilshire specializes in the custom market. The firm's custom models account for 98% of its total models' business compared with the group median of 38%, which is driven by its relationships with large broker/dealers.
- The custom model business of some large model providers like Capital Group, J.P. Morgan, and Janus Henderson is still growing.

Custom Models Market Share (Billions)

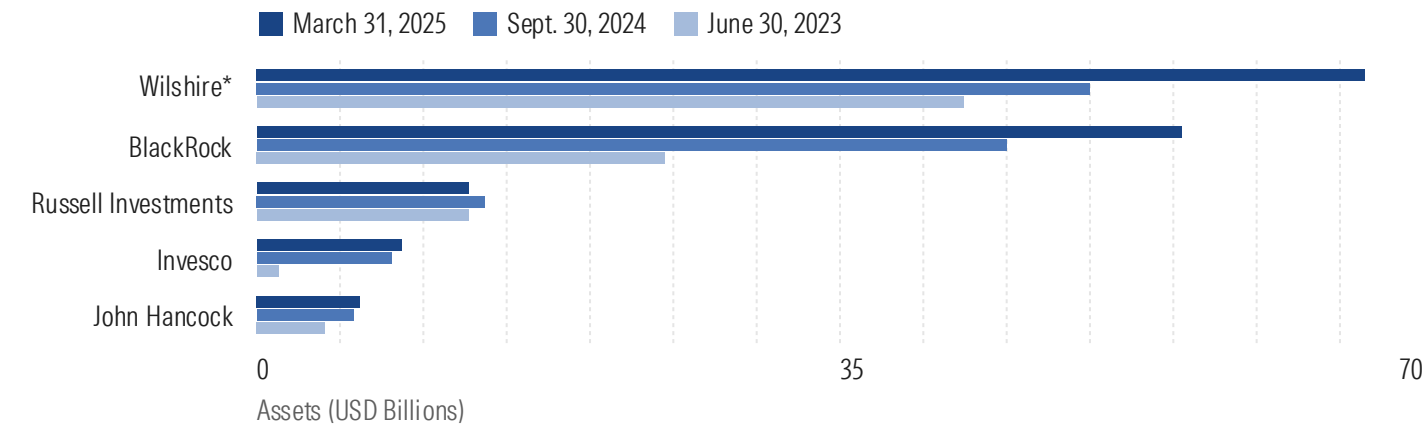


Source: Survey data, author's calculations. Data as of March 31, 2025.
*Other firms' assets include, from largest to smallest: J.P. Morgan, Franklin Templeton, Pimco, T. Rowe Price, Janus Henderson, Dimensional, Charles Schwab, PGIM Investments, American Century, Madison Investments, and Neuberger Berman.

See Important Disclosures at the end of this report.

Custom Model Assets Continue to Increase

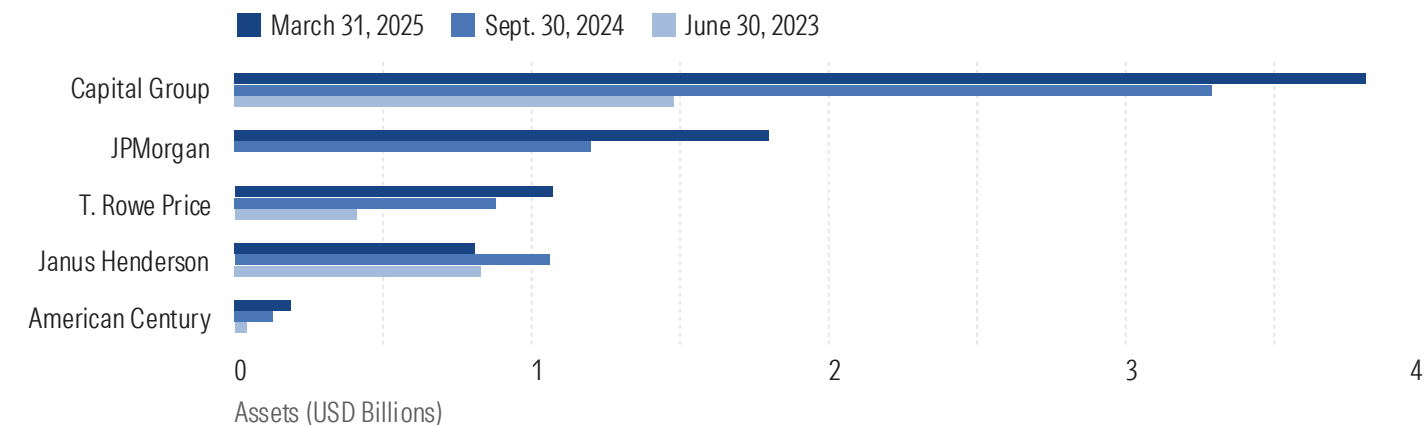
Growth of Custom Model Assets – Top Providers



Custom model assets are quickly growing. The firms to the left, excluding J.P. Morgan, reported custom model assets for the 2023 US Model Portfolio Landscape, and many grew their custom assets from June 30, 2023, through March 31, 2025.

- This group's combined assets of USD 87.8 billion increased to USD 157.4 billion over the period, a massive 79% jump.
- Invesco's custom model assets grew the most—584%.
- BlackRock, already the largest model provider, more than doubled its assets.
- While still small players, T. Rowe Price and American Century saw impressive 158% and 429% rises, respectively.
- Since surveying September 2024 custom assets for [Morningstar's Guide To Customizing a Model Portfolio](#), assets jumped 22% in just six months.**
- We expect to see more growth as firms expand their capabilities and services.

Growth of Custom Model Assets—Others



Source: Survey data. Data as of March 31, 2025. Russell Investments' data as of Dec. 31, 2024.

*Wilshire reported Sept. 31, 2024, data as >USD 50 billion.

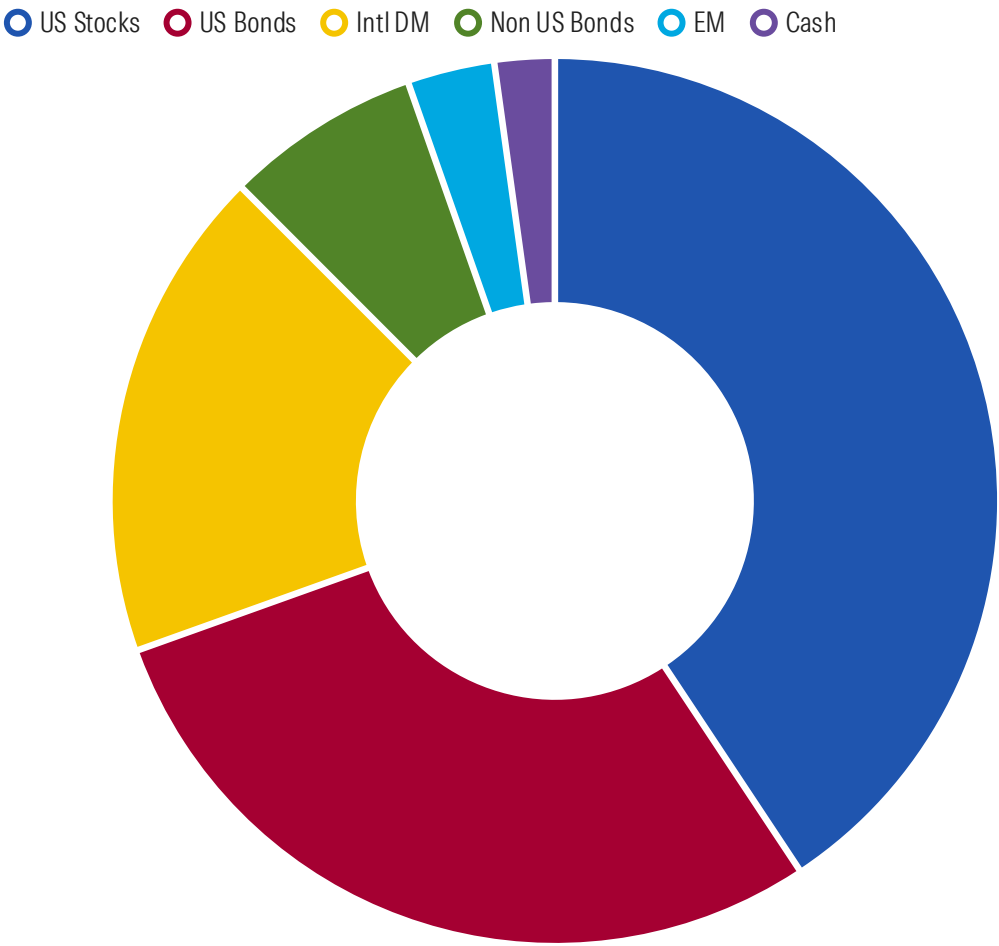
**Capital Group reported assets later and was not included in this report.

The 60/40 Model Portfolio

How the top firms' strategic asset allocation stacks up.

The Strategic Asset Allocation of Top Model Portfolio Managers

The Average 60/40 Portfolio of Top Model Providers



- The classic portfolio of 60% stocks and 40% bonds is the starting point for most investors' strategic asset allocation. There is a lot of room for variation, though.
- We looked at the strategic asset allocation models of 10 of the most prominent teams to see how different the basic 60/40 portfolio can be. Model portfolios that make trades more frequently than once a year were excluded.
- The 60/40 portfolio based on the average allocation to US stocks, non-US stocks, bonds, and cash is displayed in the exhibit to the left.
- Although US stocks have been the best place to invest over the past decade, all the strategic allocations we observed held significant weights in stocks outside the US. Indeed, US-only 60/40 model portfolios are rare, although there are dozens available in mutual funds.
- The following slides show a more granular breakdown by model and asset class. Advisors can use these to inform their own strategic asset allocation views and as portfolio construction benchmarks.

How Model Portfolio Managers Are Building Stock Portfolios

The Stock Portfolio Attributes of Select Strategic Asset Allocation Model Portfolios

The average strategic asset allocation has about one-third of stocks invested outside the US.

Model Portfolio	Equity	US	Intl DM	EM	Large	Small	P/E Ratio (TTM)	Wide Moat
Model Portfolio Average (%)	61	41	18	3	44	4	21	29
BlackRock 60/40 Long-Horizon Allc ETF	62	39	18	5	48	2	20	31
Capital Group ETF Mod Growth & Income Model	65	47	16	2	50	3	23	35
Dimensional Core Market ETF 60/40	60	43	13	3	41	5	20	28
Fidelity Target Alloc Index Focus 60/40	60	42	18	4	46	4	21	30
GS 60/40 ETF Model Portfolio	63	44	19	2	47	2	21	31
JPMorgan Strategic 60/40 ETF Model	59	43	17	1	49	1	21	32
Schwab Core ETF 64 EQ/36 FI	64	43	21	3	43	7	20	27
State Street Strategic AA: Moderate	55	34	22	5	37	7	19	22
T. Rowe Price 60/40 Blend	60	42	19	3	39	5	21	25
Vanguard CRSP 60%Equity/40%Fixed Income	58	35	23	5	43	4	20	26
Morningstar Global Markets(Rescaled to 60% Equity)	60	37	18	5	45	3	20	28

How Model Portfolio Managers Are Building Stock Portfolios

The Bond Portfolio Attributes of Select Strategic Asset Allocation Model Portfolios

Strategic allocations to high-yield bonds vary from 0% to 10% in these asset managers' 60/40 portfolios.

Model	Avg Effective Duration	US Bonds	Non US Bonds	IG Credit	Below IG Credit	Cash
Model Portfolio Average (%)	2.2	29	7	96	6	2
BlackRock 60/40 Long-Horizon Allc ETF	2.3	35	1	100	0	1
Capital Group ETF Mod Growth & Income Model	1.8	23	7	92	8	0
Dimensional Core Market ETF 60/40	1.6	25	13	100	0	0
Fidelity Target Alloc Index Focus 60/40	2.1	34	2	100	0	2
GS 60/40 ETF Model Portfolio	2.7	30	4	92	8	2
JPMorgan Strategic 60/40 ETF Model	2.3	32	3	90	10	2
Schwab Core ETF 64 EQ/36 FI	1.7	30	2	100	0	4
State Street Strategic AA: Moderate	2.4	33	8	90	10	2
T. Rowe Price 60/40 Blend	2.4	21	14	93	7	0
Vanguard CRSP 60%Equity/40%Fixed Income	2.4	25	13	99	1	2
Morningstar US Core Bond (rescaled to 40%)	2.3	36	4	100	0	0

Source: Morningstar Direct. Data as of March 31, 2025.

See Important Disclosures at the end of this report.

US Allocation Model Portfolios: Morningstar Medalist Ratings

Morningstar's top analyst-covered allocation model portfolio series.

Morningstar Medalist Ratings

Morningstar's Manager Research analysts assign forward-looking, qualitative Morningstar Medalist Ratings based on their assessments of strategies' investment merits. The ratings range across Gold, Silver, Bronze, Neutral, and Negative and indicate the analyst's confidence in a strategy's ability to outperform its benchmark on a risk-adjusted basis net of fees.

- As of May 31, 2025, Morningstar Manager Research analysts assigned Medalist Ratings to 36 allocation model portfolio series and 13 equity portfolios.
- In March 2019, Morningstar began assigning Medalist Ratings to separate accounts that represented models. In 2021, we expanded the eligible universe to include hypothetical models to better reflect advisors' opportunity sets and to help them assess their options.
































































In October 2024, Morningstar enhanced the way we assess the opportunity for risk-adjusted outperformance for investment strategies, which is a key component in the Medalist Rating calculation, to improve the rating's predictiveness. As a result, we downgraded the Medalist Ratings of four model series, even though their Pillar ratings or fees had not changed.

The following slides highlight Morningstar's top allocation model portfolios under 100% analyst coverage. The Pillar ratings of a few series changed:

- The **American Funds Growth and Income** series received an upgrade of its Process Pillar to High from Above Average in August 2024, giving it High ratings for each pillar—a rarity. Its Medalist Rating remained Gold. We have a lot of confidence in the breadth and depth of Capital Group's multi-asset research and objectives-based approach.
- The **BlackRock Long Horizon Mutual Fund** series received an upgrade of its Process Pillar to Above Average from Average, contributing to a Medalist Rating upgrade to Silver from Bronze in August 2024. The change brings its Pillar ratings in line with its sibling Long Horizon ETF series. Persistent efforts to improve the team's disciplined process and a sound fund selection approach bolstered our confidence in the series' process.
- **Dimensional's Core Wealth, Core Plus Wealth, and Tax-Sensitive Wealth** series all received Process Pillar upgrades to Above Average from Average in March 2025, which boosted their Medalist Ratings to Silver from Bronze. The smart implementation of a research-driven, systematic approach drove the upgrade.
- **State Street Active Asset Allocation** received a People Pillar upgrade to Above Average from Average, which also increased its Medalist Rating to Bronze from Neutral. The tenure, experience, and vast analyst support of the firm's investment solutions group give the strategy an edge.

Morningstar Medalist Ratings: Top Analyst-Covered Allocation Model Portfolio Series













































Morningstar's Top Analyst-Covered Allocation Model Portfolio Series

Model Portfolio Series	Morningstar Medalist Rating	Pillar Rating ↑ Upgrades ↓ Downgrades		
		People	Process	Parent
American Funds Growth and Income	 Gold	 High	 High ↑	 High
BlackRock Target Allocation ETF	 Gold	 High	 High	 Above Average
American Funds Tax Aware Growth and Income	 Gold	 High	 Above Average	 High
BlackRock Target Allocation ESG *	 Gold	 High	 Above Average	 Above Average
BlackRock Target Allocation Tax Aware	 Gold	 High	 Above Average	 Above Average
BlackRock Long-Horizon Allocation ETF *	 Gold	 High	 Above Average	 Above Average
American Funds Growth **	 Gold /  Silver ↓	 High	 Above Average	 High
American Funds Retirement Income **	 Gold /  Silver ↓	 High	 Above Average	 High
American Funds Tax Aware Preservation and Income **	 Gold /  Silver	 High	 Above Average	 High
BlackRock Long Horizon Mutual Fund	 Silver ↑	 High	 Above Average ↑	 Above Average
Dimensional Core Wealth	 Silver ↑	 Above Average	 Above Average ↑	 High
Dimensional Core Plus Wealth	 Silver ↑	 Above Average	 Above Average ↑	 High
Dimensional Tax-Sensitive Wealth	 Silver ↑	 Above Average	 Above Average ↑	 High
State Street Strategic Asset Allocation	 Silver	 Above Average	 Above Average	 Above Average
Vanguard Core	 Silver	 Above Average	 Above Average	 High

Source: Morningstar Direct. Data as of March 31, 2025.
*Morningstar analysts rate the separate account offering only.
**Model portfolio series holds a split rating across the portfolios.

Morningstar Medalist Ratings: Top Analyst-Covered Allocation Model Portfolio Series (Continued)

Morningstar's Top Analyst-Covered Allocation Model Portfolio Series (Continued)

Model Portfolio Series	Morningstar Medalist Rating	Pillar Rating ↑ Upgrades ↓ Downgrades		
		People	Process	Parent
Vanguard CRSP	 Silver	 Above Average	 Above Average	 High
Vanguard Russell	 Silver	 Above Average	 Above Average	 High
Vanguard S&P	 Silver	 Above Average	 Above Average	 High
American Funds Preservation and Income **	 Silver / Neutral ↓	 High / Above Average	 Above Average / Average	 High
Pimco Retirement Income	 Bronze	 Above Average	 Above Average	 Above Average
Goldman Sachs Multi-Manager ETF	 Bronze	 Above Average	 Average	 Average
Schwab Core Enhanced ETF	 Bronze	 Above Average	 Average	 Above Average
Schwab Core ETF	 Bronze	 Above Average	 Average	 Above Average
State Street Active Asset Allocation	 Bronze ↑	 Above Average ↑	 Average	 Above Average
T. Rowe Price Active	 Bronze ↓	 Above Average	 Above Average	 High
Fidelity Target Allocation Index-Focused **	 Bronze / Neutral ↓	 Above Average	 Average	 Above Average

Source: Morningstar Direct. Data as of March 31, 2025.
**Model portfolio series holds a split rating across the portfolios.

See Important Disclosures at the end of this report.

Appendix: Model Portfolio Scorecards

Dividing the landscape by portfolio goals.

Model Portfolio Attributes

Portfolio Goals

- **Target-Risk:** These portfolios seek to deliver a consistent level of risk by sticking close to long-term strategic equity and bond allocations. They are usually offered in series that span conservative, moderate, and aggressive investor risk levels. The equity allocation typically stays within 10 percentage points of its strategic allocation.
- **Tax-Aware:** These portfolios are similar to target-risk portfolios, but their investment strategies prioritize aftertax returns. They typically substitute tax-advantaged municipal bonds for taxable bonds in the fixed-income sleeve and favor companies with qualified dividends on the equity side.
- **Income-Oriented:** These portfolios prioritize asset classes with higher levels of income than target-risk or tax-aware portfolios. This typically leads to larger allocations to dividend-paying equities, high-yield bonds, and more-niche markets like REITs, emerging-markets debt, master limited partnerships, and preferred securities.
- **Equity:** These portfolios are model-delivered equity strategies. Unlike diversified model portfolios, which mostly comprise ETFs and mutual funds, active equity models recommend individual stocks selected by the managers. As such, they are most comparable to single-strategy separately managed accounts.
- **Fixed Income:** These portfolios deliver fixed-income exposure via a mix of actively managed mutual funds and passive ETFs.
- **ESG-Oriented:** These portfolios utilize funds that invest in securities with positive environmental, social, and/or governance characteristics.
- **Target-Risk With Liquid Alternatives:** These portfolios add liquid alternatives, such as managed futures, equity-market neutral, or commodities strategies, to the traditional stock and bond mix.

Model Portfolio Attributes (Continued)

Portfolio

- **Passive:** More than 75% of the portfolio's assets reside in passively managed, index-based underlying funds.
- **Active:** More than 75% of the portfolio's assets reside in actively managed underlying funds.
- **Blend:** The portfolio holds a more balanced mix of active and passive underlying funds.

Additional Tags












- **# of Portfolios:** The total number of individual portfolios included in the series. Multiple share class offerings for a single portfolio are counted as one.
- **Average # of Underlying Funds:** The average number of underlying holdings within each portfolio across the series, based on the most recent portfolio data.
- **Average Star Rating:** The average Morningstar Rating of each portfolio in the series as of March 31, 2025. Model portfolio eligibility for a star rating can be found in Appendix 3 of Morningstar's methodology document titled The Morningstar Rating for Funds.

Additional Tags (Continued)

- **Average % Medalist Exposure:** This indicates the percentage of underlying strategies that receive a Morningstar Medalist Rating of Gold, Silver, or Bronze. These ratings indicate the conviction level in the fund's ability to outperform its category benchmark over the long term. For passive funds, they indicate the conviction level in the fund to outperform the average peer in the category.
- **Average Asset-Weighted Fee:** This shows the average asset-weighted fee across each portfolio in the series. The calculation uses the most recent underlying holdings, weights, and corresponding prospectus-adjusted expense ratios.
- **Average 12 Mo. Yield (for Income-Oriented and Fixed Income):** The average aggregated 12-month yield of each portfolio in the series.
- **Morningstar ESG Risk Rating (for ESG-Oriented):** A combination of Morningstar's Portfolio Corporate ESG Risk Rating and Portfolio Sovereign ESG Risk Rating, ranging from Low to High, where a higher score indicates lower overall ESG risk. Some series may have split ratings.
- **Average % Liquid Alts Exposure (for Target-Risk with Liquid Alts):** The average exposure of each portfolio in the series to funds that fall in the multistrategy, macro-trading, equity market-neutral, commodities broad basket, and commodities-focused Morningstar Categories.

Morningstar Model Portfolio Series Scorecard: Target-Risk

Morningstar Analyst-Covered Target-Risk Model Portfolio Series








Model Portfolio Series	Morningstar Medalist Rating	Portfolio	# of Portfolios	Average			Star Rating
				# of Underlying Funds	% Medalist Exposure	Asset-Weighted Fee	
American Funds Growth	 Gold	Active	3	8	91.7	0.50	2.7
American Funds Growth and Income	 Gold	Active	3	10	96.7	0.43	4.0
BlackRock Long-Horizon Allocation ETF	 Gold	Passive	8	7	100.0	0.06	—
BlackRock Long Horizon Mutual Fund	 Gold	Active	5	14	85.7	0.54	2.6
BlackRock Target Allocation ETF	 Gold	Passive	11	17	94.6	0.15	2.7
Dimensional Core Plus Wealth	 Silver	Active	6	11	87.7	0.21	3.7
Dimensional Core Wealth	 Silver	Active	6	7	94.9	0.19	3.5
State Street Strategic Active Allocation	 Silver	Passive	6	13	80.3	0.08	2.4
Vanguard CORE	 Silver	Passive	11	5	78.4	0.04	2.6
Vanguard CRSP	 Silver	Passive	11	10	90.1	0.04	2.6
Vanguard Russell	 Silver	Passive	11	10	90.1	0.05	2.6

Source: Morningstar Direct, author's calculations. Data as of March 31, 2025.

See Important Disclosures at the end of this report.

Morningstar Model Portfolio Series Scorecard: Target-Risk (Continued)

Morningstar Analyst-Covered Target-Risk Model Portfolio Series (Continued)






Model Portfolio Series	Morningstar Medalist Rating	Portfolio	# of Portfolios	Average		Asset-Weighted Fee	Star Rating
				# of Underlying Funds	% Medalist Exposure		
Vanguard S&P	 Silver	Passive	11	9	89.1	0.04	2.5
Fidelity Target Allocation Index-Focused	 Bronze	Passive	9	6	83.6	0.05	2.4
Goldman Sachs Multi-Manager ETF	 Bronze	Passive	8	11	93.1	0.10	2.9
Schwab Core	 Bronze	Passive	12	7	100.0	0.04	2.0
Schwab Core Enhanced	 Bronze	Passive	12	13	94.1	0.07	2.8
State Street Active Asset Allocation	 Bronze	Blend	6	17	60.8	0.27	3.0
T. Rowe Price Active	 Bronze	Active	8	9	82.2	0.47	3.4
Columbia Active Risk Allocation	Neutral	Blend	3	10	61.3	0.50	2.0
Fidelity Target Allocation	Neutral	Blend	9	15	85.6	0.29	3.5
Fidelity Target Allocation Blend	Neutral	Blend	9	15	85.6	0.33	4.3
Goldman Sachs ETF	Neutral	Passive	8	11	78.7	0.12	1.9
Wilshire Premier	Neutral	Blend	6	14	43.9	0.75	—

Source: Morningstar Direct, author's calculations. Data as of March 31, 2025.

See Important Disclosures at the end of this report.

Morningstar Model Portfolio Series Scorecard: Tax-Aware

Morningstar Analyst-Covered Tax-Aware Model Portfolio Series





Model Portfolio Series	Morningstar Medalist Rating	Portfolio	# of Portfolios	Average		Asset-Weighted Fee	Star Rating
				# of Underlying Funds	% Medalist Exposure		
American Funds Tax Aware Growth and Income	 Gold	Active	3	8	91.3	0.37	4.3
BlackRock Target Allocation Tax Aware ETF	 Gold	Passive	10	16	100.0	0.13	2.8
American Funds Tax Aware Preservation and Income*	 Gold /  Silver	Active	3	6	83.2	0.30	4.0
Dimensional Tax-Sensitive Wealth	 Silver	Active	6	4	75.0	0.22	4.0
Fidelity Target Allocation Tax-Aware	Neutral	Blend	9	14	83.7	0.35	4.6

Source: Morningstar Direct, author’s calculations. Data as of March 31, 2025..
*Model series holds a split ratings across the portfolios.

See Important Disclosures at the end of this report.


Morningstar Model Portfolio Series Scorecard: Income-Oriented

Morningstar Analyst-Covered Income-Oriented Model Portfolio Series

Model Portfolio Series	Morningstar Medalist Rating	Portfolio	# of Portfolios	Average		% Medalist Exposure	Asset-Weighted Fee	Star Rating	12-Month Yield (%)
				# of Underlying Funds					
American Funds Retirement Income*	 Gold /  Silver	Active	3	10		100.0	0.40	2.3	3.4
American Funds Preservation and Income*	 Silver / Neutral	Active	2	5		80.0	0.38	2.5	4.0
Pimco Retirement Income	 Bronze	Blend	3	10		100.0	0.66	4.0	5.1
PGIM Strategist Models - Income	Neutral	Blend	1	17		70.6	0.45	3.0	9.2

Morningstar Model Portfolio Series Scorecard: ESG-Oriented

Morningstar Analyst-Covered ESG-Oriented Model Portfolio Series



Model Portfolio Series	Morningstar Medalist Rating	Morningstar ESG Risk Rating	Portfolio	# of Portfolios	Average				Star Rating
					# of Underlying Funds	% Medalist Exposure	Asset-Weighted Fee		
BlackRock Target Allocation ESG	 Gold	High / Above Average	Passive	4	10	92.0	0.15	—	
Calvert Responsible	Neutral	High / Above Average	Blend	5	13	49.0	0.47	2.2	
Dimensional Sustainable Wealth	Neutral	Above Average	Active	6	3	100.0	0.21	3.5	

Source: Morningstar Direct, author's calculations. Data as of March 31, 2025.

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Morningstar Model Portfolio Series Scorecard: Target-Risk With Liquid Alternatives

Morningstar Medalist-Rated Model Portfolio Series With Liquid Alternatives

Model Portfolio Series	Morningstar Medalist Rating	Portfolio	# of Portfolios	Average		% Medalist Exposure	Asset-Weighted Fee	Star Rating	% Liquid Alts. Exposure
				# of Underlying Funds					
BlackRock Core Allocation w/ Liquid Alternatives*	 Bronze / Neutral	Blend	5	23		94.9	0.42	—	16.4
BlackRock Core Allocation w/ Liquid Alternatives Tax Aware*	 Bronze / Neutral	Blend	5	26		82.3	0.38	—	11.3
Franklin Templeton Dynamic Credit w/ Liquid Alternatives	Neutral	Blend	5	19		62.9	0.51	1.8	17.9
Franklin Templeton Tax Advantaged Dynamic Credit w/ Liquid Alternatives	Neutral	Blend	5	18		55.6	0.53	2.3	12.3



Morningstar Model Portfolio Series Scorecard: Equity

Morningstar Analyst-Covered Model-Delivered Equity Strategies

Model Portfolio Series	Morningstar Medalist Rating	# of Portfolios	Star Rating
DF Dent Mid Cap Growth	 Silver	40	★★★★
Hotchkis & Wiley Value Opportunities	 Silver	58	★★★★
Alger Capital Appreciation	 Bronze	51	★★★★
Harris Assoc. Oakmark Large Value	 Bronze	54	
Hotchkis & Wiley Large Value	 Bronze	61	★★
Hotchkis & Wiley Mid-Cap Value	 Bronze	70	★
Janus Henderson US Small Cap Growth	 Bronze	90	
Alger Focus Equity	Neutral	43	★★★★
Alger Mid Cap Focus	Neutral	46	★★★★
Alger Small Cap Focus	Neutral	48	★
Columbia Large Cap Growth	Neutral	39	
Columbia Select Large Cap Equity	Neutral	50	
Glenmede Disciplined U.S. Growth Equity	Neutral	65	

Morningstar Model Portfolio Series Scorecard: Fixed Income

Morningstar Analyst-Covered Model-Delivered Fixed-Income Strategies

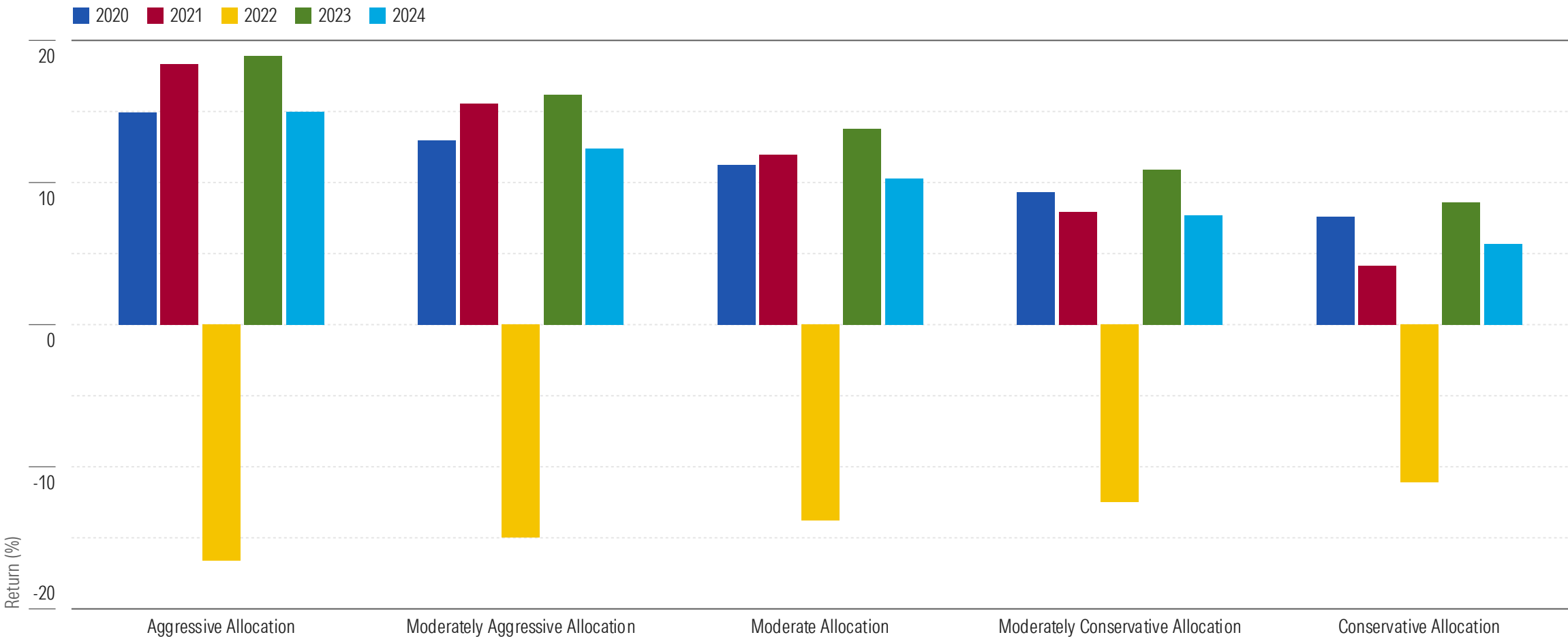
Model Portfolio Series	Morningstar Medalist Rating	# of Portfolios	Average				Star Rating	12-Month Yield (%)
			# of Underlying Funds	% Medalist Exposure	Asset-Weighted Fee			
RiverFront ETF Dynamic Fixed Income	 Silver	1	10	90.0	0.12		3.0	4.8
Fidelity Core Plus Bond	 Bronze	1	6	83.3	0.36		3.0	4.3
Fidelity Core Bond	Neutral	1	6	66.7	0.34		3.0	4.0
First Trust T High Income ETF	Neutral	1	9	0.0	0.71		1.0	4.8
Horizon Tactical Fixed Income	Neutral	1	7	57.1	0.33		2.0	5.3
Invesco BulletShares Corp. Bond Series	Neutral	4	6	0.0	0.10		3.5	4.3
Pimco Taxable Fixed Income Series	Neutral	3	6	100.0	0.88		3.7	5.6
Pimco Tax-Aware Fixed Income Series*	Neutral / Negative	3	5	66.7	0.68		5.0	4.8

Appendix: Performance

Checking in on model portfolio category performance.

Model Portfolios Have Done Well Despite a Tough 2022

Model Portfolio Morningstar Category Average Annual Returns

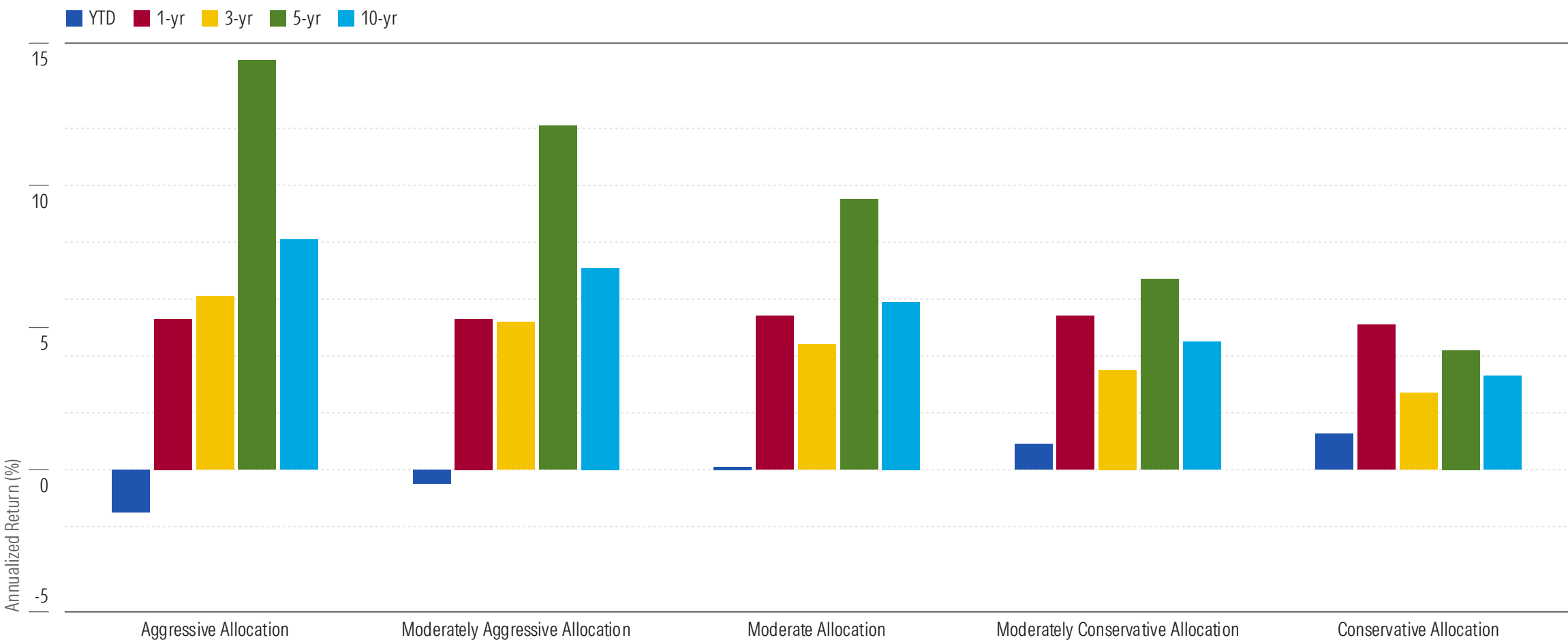


Source: Morningstar Direct. Data as of March 31, 2025.

See Important Disclosures at the end of this report.

Longer-Term Performance Has Been Positive

Model Portfolio Morningstar Category Average Trailing Returns, Annualized



Source: Morningstar Direct. Data as of March 31, 2025.

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