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# Morningstar Category definitions – for use in the Morningstar® Target Allocation Index Family

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## Morningstar Indexes

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### Overview

The following document is for reference purposes only in support of The Morningstar® Target Allocation Index Family. Morningstar Indexes has no influence over the creation or maintenance of the Morningstar Category definitions.

### Definitions

#### EUR

##### EUR Aggressive Allocation

EUR Aggressive Allocation funds have a mandate to invest in a range of asset types for an EUR-based investor. The equity component will usually exceed 65% in the normal running of the fund.

##### EUR Aggressive Allocation – Global

EUR Aggressive Allocation – Global funds have a mandate to invest globally in a range of asset types for an EUR-based investor. The equity component will usually exceed 65% in the normal running of the fund.

##### EUR Cautious Allocation

EUR Cautious Allocation funds have a mandate to invest in a range of asset types for an EUR-based investor. The equity component does not exceed 35% in the normal running of the fund.

##### EUR Cautious Allocation – Global

EUR Cautious Allocation – Global funds have a mandate to invest globally in a range of asset types for an EUR-based investor. The equity component does not exceed 35% in the normal running of the fund.

##### EUR Moderate Allocation

EUR Moderate Allocation funds have a mandate to invest in a range of asset types for an EUR-based investor. The equity component will usually be between 35% & 65% in the normal running of the fund.

##### EUR Moderate Allocation – Global

EUR Moderate Allocation – Global funds have a mandate to invest globally in a range of asset types for an EUR-based investor. The equity component will usually be between 35% & 65% in the normal running of the fund.

## **GBP**

### **GBP Adventurous Allocation**

GBP Adventurous Allocation funds have a mandate to invest in a range of asset types including equities, bonds, property, commodities, cash and liquid alternatives for a GBP-based investor. These portfolios tend to exhibit a 'home bias' and maintain a relatively stable mix of equity and non-equity exposure. Non-equity exposure with an equivalent risk to equities will also be assigned to the equity portion of the portfolio for the purposes of category assessment. The equity or equity equivalent risk component will usually exceed 80% in the normal running of the fund.

### **GBP Cautious Allocation**

GBP Cautious Allocation funds have a mandate to invest in a range of asset types including equities, bonds, property, commodities, cash and liquid alternatives for a GBP-based investor. These portfolios tend to exhibit a 'home bias' and maintain a relatively stable mix of equity and non-equity exposure. Non-equity exposure with an equivalent risk to equities will also be assigned to the equity portion of the portfolio for the purposes of category assessment. The equity or equity equivalent risk component will usually not exceed 20% in the normal running of the fund.

### **GBP Flexible Allocation**

GBP Flexible Allocation funds have a mandate to invest in a range of asset types including equities, bonds, property, commodities, cash and liquid alternatives for a GBP-based investor. These portfolios tend to exhibit a 'home bias' but have a largely unconstrained mandate to invest in a mix of equity and non-equity securities.

### **GBP Moderate Allocation**

GBP Moderate Allocation funds have a mandate to invest in a range of asset types including equities, bonds, property, commodities, cash and liquid alternatives for a GBP-based investor. These portfolios tend to exhibit a 'home bias' and maintain a relatively stable mix of equity and non-equity exposure. Non-equity exposure with an equivalent risk to equities will also be assigned to the equity portion of the portfolio for the purposes of category assessment. The equity or equity equivalent risk component will usually be between 40% & 60% in the normal running of the fund.

### **GBP Moderately Adventurous Allocation**

GBP Moderately Adventurous Allocation funds have a mandate to invest in a range of asset types including equities, bonds, property, commodities, cash and liquid alternatives for a GBP-based investor. These portfolios tend to exhibit a 'home bias' and maintain a relatively stable mix of equity and non-equity exposure. Non-equity exposure with an equivalent risk to equities will also be assigned to the equity portion of the portfolio for the purposes of category assessment. The equity or equity equivalent risk component will usually be between 60% & 80% in the normal running of the fund.

**GBP Moderately Cautious Allocation**

GBP Moderately Cautious Allocation funds have a mandate to invest in a range of asset types including equities, bonds, property, commodities, cash and liquid alternatives for a GBP-based investor. These portfolios tend to exhibit a 'home bias' and maintain a relatively stable mix of equity and non-equity exposure. Non-equity exposure with an equivalent risk to equities will also be assigned to the equity portion of the portfolio for the purposes of category assessment. The equity or equity equivalent risk component will usually be between 20% & 40% in the normal running of the fund.

**Canada****Canadian Equity Balanced**

Funds in the Canadian Equity Balanced category must invest at least 70% of total assets in a combination of equity securities domiciled in Canada and Canadian dollar-denominated fixed income securities\*. In addition, they must invest greater than 60% but less than 90% of their total assets in equity securities.

**Canadian Fixed Income Balanced**

Funds in the Canadian Fixed Income Balanced category must invest at least 70% of total assets in a combination of equity securities domiciled in Canada and Canadian dollar-denominated fixed income securities\*. In addition, they must invest greater than 5% but less than 40% of their total assets in equity securities.

**Canadian Neutral Balanced**

Funds in the Canadian Neutral Balanced category must invest at least 70% of total assets in a combination of equity securities domiciled in Canada and Canadian dollar-denominated fixed income securities\*. In addition, they must invest greater than or equal to 40% but less than or equal to 60% of their total assets in equity securities.

**Global Fixed Income Balanced**

Funds in the Global Fixed Income Balanced category must invest less than 70% of total assets in a combination of equity securities domiciled in Canada and Canadian dollar-denominated fixed income securities\*. In addition, they must invest greater than 5% but less than 40% of their total assets in equity securities.

**Global Neutral Balanced**

Funds in the Global Neutral Balanced category must invest less than 70% of total assets in a combination of equity securities domiciled in Canada and Canadian dollar-denominated fixed income securities\*. In addition, they must invest greater than or equal to 40% but less than or equal to 60% of their total assets in equity securities.

**Global Equity Balanced**

Funds in the Global Equity Balanced category must invest less than 70% of total assets in a combination of equity securities domiciled in Canada and Canadian dollar-denominated fixed income securities\*. In addition, they must invest greater than 60% but less than 90% of their total assets in equity securities.

**US****Allocation — 15% to 30%**

Equity Funds in allocation categories seek to provide both income and capital appreciation by investing in multiple asset classes, including stocks, bonds, and cash. These portfolios are dominated by domestic holdings and have equity exposures between 15% and 30%.

**Allocation — 30% to 50%**

Equity Funds in allocation categories seek to provide both income and capital appreciation by investing in multiple asset classes, including stocks, bonds, and cash. These portfolios are dominated by domestic holdings and have equity exposures between 30% and 50%.

**Allocation — 50% to 70%**

Equity Funds in allocation categories seek to provide both income and capital appreciation by investing in multiple asset classes, including stocks, bonds, and cash. These portfolios are dominated by domestic holdings and have equity exposures between 50% and 70%.

**Allocation — 70% to 85%**

Equity Funds in allocation categories seek to provide both income and capital appreciation by investing in multiple asset classes, including stocks, bonds, and cash. These portfolios are dominated by domestic holdings and have equity exposures between 70% and 85%.

**Allocation — 85%+**

Equity Funds in allocation categories seek to provide both income and capital appreciation by investing in multiple asset classes, including stocks, bonds, and cash. These portfolios are dominated by domestic holdings and have equity exposures of more than 85%. These funds typically allocate at least 10% to equities of foreign companies and do not exclusively allocate between cash and equities.

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Morningstar® Indexes combine the science and art of indexing to give investors a clearer view into the world's financial markets. Our indexes are based on transparent, rules-based methodologies that are thoroughly back-tested and supported by original research. Covering all major asset classes, our indexes originate from the Morningstar Investment Research Ecosystem—our network of accomplished analysts and researchers working to interpret and improve the investment landscape. Clients such as exchange-traded fund providers and other asset management firms work with our team of experts to create distinct, investor-focused products based on our indexes. Morningstar Indexes also serve as a precise benchmarking resource.

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The Morningstar Index Product Committee is comprised of members who possess a wide array of knowledge in relation to Indexes. The Product Committee is responsible for the governance over the creation and maintenance of all Morningstar branded Indexes, ensuring the highest standards are continuously met. Any matters arising from exceptional or undocumented events will be resolved at the discretion of the Morningstar Index Product Committee.

**Morningstar Index Oversight Committee**

The Morningstar Index Oversight Committee is comprised of informed and qualified professionals who are responsible for the process governance of Morningstar branded Indexes. The Oversight Committee assesses and where appropriate challenges the decisions of Morningstar Indexes with regards to benchmark decisions.

**For More Information**

For any queries, reach out to us via our [communication page](#).



22 West Washington Street  
Chicago, IL 60602 USA

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