

---

# Category Definitions

## Japan

---

Morningstar Research  
October 2021

The Morningstar Category™ classifications were introduced to help investors make meaningful comparisons between mutual funds. Morningstar regularly reviews the category structure and the portfolios within each category to ensure that the system meets the needs of investors.

The categories are based on the following principles:

### **Proper Evaluation**

Every rated category should form a benchmark against which a manager's ability to add value relative to peers with similar investment exposures can be meaningfully measured.

### **Transparency**

The rules defining each category should be clearly stated such that asset managers and investors can easily determine the rationale for a fund's classification.

### **Independence**

A fund's classification is based on Morningstar's independent analysis of its asset class weight, objective and risk return profile etc.

The aggregate performance of different categories differs materially over time. Categories have enough constituents to form the basis for reasonable peer group comparisons. The distinctions between categories are meaningful to investors and assist in their pursuit of investing goals.

In Japan, Morningstar supports 94 categories. The category indexes listed with each category are used in Morningstar's tools and reports to show performance relative to a benchmark.

## Equity Style

Equity investment styles are assigned primarily based on the Morningstar Style Box™ Methodology. The Morningstar Style Box™ was introduced in 1992 to help investors and advisors determine the investment style of a fund. The Morningstar Style Box™ is a nine-square grid that classifies securities by size along the vertical axis and by value and growth characteristics along the horizontal axis. Different investment styles often have different levels of risk and lead to differences in returns. Therefore, it is crucial that investors understand style and have a tool to measure their style exposure.

Morningstar's equity style methodology uses a "building block", holdings-based approach that is consistent with Morningstar's fundamental approach to investing. Style is first determined at the stock level and then those attributes are "rolled up" to determine the overall investment style of a fund or portfolio. This unified framework can link what are often treated as separate processes — stock research, fund research, portfolio assembly, and market monitoring — in the belief that a shared analytical framework will lead to better portfolio construction and fund usage.

The Morningstar Style Box™ captures three of the major considerations in equity investing: size, security valuation and security growth. Value and growth are measured separately because they are distinct concepts. A stock's value orientation reflects the price that investors are willing to pay for the stock's anticipated per-share earnings, book value, revenues, cash flow, and dividends. A high price relative to these measures indicates that a stock's value orientation is weak, but it does not necessarily mean that the stock is growth-oriented. Instead, a stock's growth orientation is independent of its price and reflects the growth rates of fundamental variables such as earnings, book value, revenues, and cash flow.

### Allocation Classification

The Asset Allocation fund is assigned to either of the Asset Allocation Categories (Conservative, Moderately Conservative, Moderate, Moderately Aggressive, and Aggressive) based on the Risk Score of the fund. The Risk Score of the fund is calculated by multiplying each asset weight of the fund's policy asset allocation by each risk score of those assets set by the Ibbotson Associates Japan.

The fund is placed into its Allocation Category as follows:

Conservative:	Risk Score $\leq$ 40
Moderately Conservative:	$40 <$ Risk Score $\leq$ 60
Moderate:	$60 <$ Risk Score $\leq$ 75
Moderately Aggressive:	$75 <$ Risk Score $\leq$ 90
Aggressive:	$90 <$ Risk Score

A risk score of 50 indicates a risk level with a standard deviation of approximately 10% (annualized), and a risk score of 100 indicates a risk level with a standard deviation of approximately 20% (annualized).

## Category List

Category Group	Category Name	Page	Category Group	Category Name	Page	
<b>Equity</b>	Japan Large-Cap Value Equity	5		World Hybrid Security	12	
	Japan Large-Cap Blend Equity	5		World Hybrid Security - JPY Hedged	12	
	Japan Large-Cap Growth Equity	5		World Hybrid Security - Other	12	
	Japan Small/Mid-Cap Value Equity	5		World ST Bond/Money	12	
	Japan Small/Mid-Cap Blend Equity	5		World ST Bond/Money - JPY Hedged	12	
	Japan Small/Mid-Cap Growth Equity	6		World Bond Inflation / Floating	13	
	Japan Specialty Equity	6		World Other Bond	13	
	Japan Cash Balanced Equity	6		Emerging Global Bond	13	
	Japan Other Equity	6		Emerging Asia Bond	13	
	World Equity	6		Emerging Europe/Other Bond	13	
	World Equity - JPY Hedged	6		Emerging Latin America Bond	13	
	World ex-Japan Equity	6		Emerging Bond - JPY Hedged	13	
	World ex-Japan Equity - JPY Hedged	7		Emerging High Yield Bond	13	
	North America Equity	7		Emerging High Yield Bond - JPY Hedged	14	
	North America Equity - JPY Hedged	7		Emerging Other Bond	14	
	Europe Equity	7				
	Europe Equity - JPY Hedged	7		<b>Convertibles</b>	World Convertible Bond	15
	Asia/Pacific Equity	7			World Convertible Bond - JPY Hedged	15
	Australia & New Zealand Equity	7				
	Emerging Specific Country/Area Equity	7		<b>REIT</b>	Japan REIT	16
	Emerging Multiple Country/Area Equity	8			Japan Other REIT	16
	Emerging Asia Equity	8			World REIT	16
	Greater China Equity	8			World REIT - JPY Hedged	16
	India Equity	8			World REIT - Specific Region / Country	16
	Brazil Equity	8			US REIT	16
	World Other Equity	8			US REIT - JPY Hedged	16
				World Other REIT	17	
<b>Fixed-Income</b>	Japan Bond - Long/Intermediate	9				
	Japan Bond - Short Term	9	<b>Allocation</b>	Conservative Allocation	18	
	Japan Other Bond	9		Moderately Conservative Allocation	18	
	Japan Bond - Short Term - Bond IT	9		Moderate Allocation	18	
	Japan Other Bond - Bond IT	9		Moderately Aggressive Allocation	18	
	World Bond	9		Aggressive Allocation	18	
	World Bond - JPY Hedged	9		Risk Control Allocation	18	
	World ex-Japan Bond	10		Tactical Allocation	19	
	World ex-Japan Bond - JPY Hedged	10		Other Allocation	19	
	US Bond	10		Target Date 2030 and earlier	19	
	US Bond - JPY Hedged	10		Target Date 2031-2040	19	
	Europe Bond	10		Target Date 2041 and later	19	
	Europe Bond - JPY Hedged	10				
	Australia & New Zealand Bond	10	<b>Commodities</b>	Commodity	20	
	Australia & New Zealand Bond - JPY Hedged	10				
	World High Yield Bond Global	11	<b>Alternative</b>	Alt - Long/Short	21	
	World High Yield Bond US	11		Alt - Market Neutral	21	
	World High Yield Bond Europe	11		Alt - Multistrategy	21	
	World High Yield Bond Global - JPY Hedged	11		Trading - Leveraged/Inverse Currency	21	
	World High Yield Bond US - JPY Hedged	11		Trading - Leveraged/Inverse Equity	21	
	World High Yield Bond Europe - JPY Hedged	11		Trading - Leveraged/Inverse Bond	22	
	World Bank Loan	12				
	World Bank Loan - JPY Hedged	12	<b>Money Market</b>	Japan Money Market	23	
			<b>Miscellaneous</b>	General Miscellaneous	24	

## Equity

### Japan Large-Cap Value Equity

Japan large-cap value equity portfolios invest primarily in big Japanese companies that are less expensive or growing more slowly than other large-cap stocks. Stocks in the top 70% of the capitalization of the Japanese equity market are defined as large-cap. Value is defined based on low valuations (low price ratios and high dividend yields) and slow growth (low growth rates for earnings, sales, book value, and cash flow).

Morningstar MPT Category Index: Russell/Nomura Large Cap Value TR JPY

### Japan Large-Cap Blend Equity

Japan large-cap blend equity portfolios are fairly representative of the overall Japanese stock market in size, growth rates, and price. Stocks in the top 70% of the capitalization of the Japanese equity market are defined as large-cap. The blend style is assigned to portfolios where neither growth nor value characteristics predominate. These portfolios tend to invest across the spectrum of Japanese industries, and owing to their broad exposure, the portfolios' returns are often similar to those of TOPIX.

Morningstar MPT Category Index: Russell/Nomura Large Cap TR JPY

### Japan Large-Cap Growth Equity

Japan large-cap growth equity portfolios invest primarily in big Japanese companies that are projected to grow faster than other large-cap stocks. Stocks in the top 70% of the capitalization of the Japanese equity market are defined as large-cap. Growth is defined based on fast growth (high growth rates for earnings, sales, book value, and cash flow) and high valuations (high price ratios and low dividend yields). Most of these portfolios focus on companies in rapidly expanding industries.

Morningstar MPT Category Index: Russell/Nomura Large Cap Growth TR JPY

### Japan Small/Mid-Cap Value Equity

Japan small/mid-cap equity portfolios invest primarily in small/mid size Japanese companies that are less expensive or growing more slowly than other small/mid-cap stocks. Stocks in the bottom 30% of the capitalization of the Japanese equity market are defined as small/mid-cap. Value is defined based on low valuations (low price ratios and high dividend yields) and slow growth (low growth rates for earnings, sales, book value, and cash flow).

Morningstar MPT Category Index: Russell/Nomura Mid Small Value TR JPY

### Japan Small/Mid-Cap Blend Equity

Japan small/mid-cap blend equity portfolios are fairly representative of the overall Japanese stock market in size, growth rates, and price. Stocks in the bottom 30% of the capitalization of the Japanese equity market are defined as small/mid-cap. The blend style is assigned to portfolios where neither growth nor value characteristics predominate.

Morningstar MPT Category Index: Russell/Nomura Mid Small TR JPY

**Japan Small/Mid-Cap Growth Equity**

Japan small/mid-cap growth equity portfolios invest primarily in small/mid size Japanese companies that are projected to grow faster than other small/mid stocks. Stocks in the bottom 30% of the capitalization of the Japanese equity market are defined as small/mid-cap. Growth is defined based on fast growth (high growth rates for earnings, sales, book value, and cash flow) and high valuations (high price ratios and low dividend yields). Most of these portfolios focus on companies in rapidly expanding industries.

Morningstar MPT Category Index: Russell/Nomura Mid Small Growth TR JPY

**Japan Specialty Equity**

Japan specialty equity portfolios focus on companies in particular economic sectors or industries and regions etc. Those portfolios tend to be less diversified and have higher sensitivity than the broad market index to certain macroeconomic factors such as changes in interest rates, exchange rates, and business cycles.

Morningstar MPT Category Index: TOPIX TR JPY

[Funds in this category do not receive a Morningstar Rating™.]

**Japan Cash Balanced Equity**

Japan equity cash balanced portfolios invest mainly in the equities of companies in Japan, but flexibly change the cash position based on the market condition. If the market is in its favor the cash position would be reduced, and if the market is not in its favor the cash position would be increased.

Morningstar MPT Category Index: TOPIX TR JPY

**Japan Other Equity**

Japan other equity portfolios invest in the equities of companies in Japan and are not included in other Morningstar categories. Examples are funds that apply various investment strategies at the same time such as multi-currency overlay and covered call strategy etc.

Morningstar MPT Category Index: TOPIX TR JPY

[Funds in this category do not receive a Morningstar Rating™.]

**World Equity**

World equity portfolios invest in companies across many countries in the world. They primarily invest in foreign companies, but may include Japanese companies.

Morningstar MPT Category Index: MSCI World GR USD

**World Equity - JPY Hedged**

World equity - JPY hedged portfolios invest in companies across many countries in the world. They primarily invest in foreign companies, but may include Japanese companies. In principle non-Japanese currency is fully hedged to Japanese Yen.

Morningstar MPT Category Index: MSCI World Hdg PR JPY

**World ex-Japan Equity**

World ex-Japan equity portfolios invest in companies across many countries, excluding Japan.

Morningstar MPT Category Index: MSCI Kokusai (World Ex Japan) GR JPY

**World ex-Japan Equity - JPY Hedged**

World ex-Japan equity - JPY hedged portfolios invest in companies across many countries, excluding Japan. In principle non-Japanese currency is fully hedged to Japanese Yen.

Morningstar MPT Category Index: MSCI Kokusai (World Ex Japan) Hdg PR JPY

**North America Equity**

North America equity portfolios invest primarily in companies in U.S., but may invest in some companies in Canada.

Morningstar MPT Category Index: S&P 500 TR YEN

**North America Equity - JPY Hedged**

North America equity - JPY hedged portfolios invest primarily in companies in U.S., but may invest in some companies in Canada. In principle, non-Japanese currency is fully hedged to Japanese Yen.

Morningstar MPT Category Index: S&P 500 TR Hdg JPY

**Europe Equity**

Europe equity portfolios invest in companies headquartered in Europe and primarily being traded on European stock exchanges.

Morningstar MPT Category Index: MSCI Europe GR JPY

**Europe Equity - JPY Hedged**

Europe equity - JPY Hedged portfolios invest in companies headquartered in Europe and primarily being traded on European stock exchanges. In principle, non-Japanese currency is fully hedged to Japanese Yen.

Morningstar MPT Category Index: MSCI Europe Hdg PR JPY

**Asia/Pacific Equity**

Asia/Pacific equity portfolios invest primarily invest in companies in Asia, Australia, New Zealand and other countries in Pacific region including Japan.

Morningstar MPT Category Index: MSCI Pacific Free GR USD

**Australia & New Zealand Equity**

Australia & New Zealand equity portfolios primarily invest in companies in Australia and New Zealand.

Morningstar MPT Category Index: MSCI Australia GR USD

**Emerging Specific Country/Area Equity**

Emerging specific country/Area equity portfolios invest in companies in specific country and region under development with high potential for future economic growth. Such markets include Latin America, Eastern Europe, Africa, the Middle East and part of Asia.

Morningstar MPT Category Index: MSCI EM GR USD

[Funds in this category do not receive a Morningstar Rating™.]

**Emerging Multiple Country/Area Equity**

Emerging multiple country/area equity portfolios invest in companies in various countries and region under development with high potential for future economic growth. Such markets include Latin America, Eastern Europe, Africa, the Middle East and part of Asia.

Morningstar MPT Category Index: MSCI EM GR USD

**Emerging Asia Equity**

Emerging Asia equity portfolios invest in companies in Asia under development with high potential for future economic growth.

Morningstar MPT Category Index: MSCI EM Asia GR USD

**Greater China Equity**

Greater China equity portfolios invest in companies in mainland China, but may invest in companies in Hong Kong and Taiwan.

Morningstar MPT Category Index: MSCI Golden Dragon GR USD

**India Equity**

India equity portfolios invest primarily in companies in India.

Morningstar MPT Category Index: MSCI India GR USD

**Brazil Equity**

Brazil equity portfolios invest primarily in companies in Brazil.

Morningstar MPT Category Index: MSCI Brazil GR USD

**World Other Equity**

World other equity portfolios invest in the equities of companies in the world and are not included in other Morningstar equity categories. Examples are funds that apply various investment strategies at the same time such as multi-currency overlay and covered call strategy etc.

Morningstar MPT Category Index: MSCI ACWI GR USD

[Funds in this category do not receive a Morningstar Rating™.]



## Fixed Income

### Japan Bond - Long/Intermediate

Japan bond - long/intermediate portfolios invest primarily in bonds issued by Japanese government, corporations and asset backed securities and have average effective maturities greater than 3 years. These portfolios are exposed to greater interest rate risk than portfolios with shorter durations.

Morningstar MPT Category Index: Nomura Bond Performance TR JPY

### Japan Bond - Short Term

Japan bond - short term portfolios invest primarily in bonds issued by Japanese government, corporations and asset backed securities and have average effective maturities less than 3 years. These portfolios are less sensitive to interest rate risk than portfolios with longer durations.

Morningstar MPT Category Index: NOMURA-BPI ST 1-3 TR JPY

### Japan Other Bond

Japan other bond portfolios invest in bonds issued by companies in Japan and are not included in other Morningstar categories. Examples are funds that mainly invest in inflation linked and floating rate bonds etc.

Morningstar MPT Category Index: Nomura Bond Performance TR JPY

[Funds in this category do not receive a Morningstar Rating™.]

### Japan Bond - Short Term - Bond IT

Japan bond - short term - bond IT portfolios invest primarily in bonds issued by Japanese government, corporations and have average effective maturities less than 3 years. These portfolios are less sensitive to interest rate risk than portfolios with longer durations. This category is only for Bond Investment Trust which cannot invest in any stocks under the terms and conditions based on the Japanese investment trust law.

Morningstar MPT Category Index: NOMURA-BPI ST 1-3 TR JPY

### Japan Other Bond - Bond IT

Japan other bond - bond IT portfolios invest primarily in bonds issued by companies in Japan and are not included in Morningstar Japan bond -short term - bond IT category. The portfolio classified as Bond Investment Trusts which cannot invest in any stocks under the terms and conditions based on the Japanese investment trust law.

Morningstar MPT Category Index: Nomura Bond Performance TR JPY

[Funds in this category do not receive a Morningstar Rating™.]

### World Bond

World bond portfolios invest in bonds across many countries in the world including Japan.

Morningstar MPT Category Index: FTSE WGBI JPY

### World Bond - JPY Hedged

World bond - JPY hedged portfolios invest in bonds across many countries in the world including Japan. In principle, non-Japanese currency is fully hedged to Japanese Yen.

Morningstar MPT Category Index: FTSE WGBI Hdg JPY

**World ex-Japan Bond**

World ex-Japan bond portfolios invest bonds across many countries in the world excluding Japan.

Morningstar MPT Category Index: FTSE WGBI NonJPY JPY

**World ex-Japan Bond - JPY Hedged**

World ex-Japan bond - JPY hedged portfolios invest bonds across many countries in the world excluding Japan. In principle non-Japanese currency is fully hedged to Japanese Yen.

Morningstar MPT Category Index: FTSE WGBI NonJPY Hdg JPY

**US Bond**

US bond portfolios invest primarily in U.S. government, corporate, mortgage backed or any debt instruments denominated in U.S. dollars.

Morningstar MPT Category Index: Bloomberg US Agg Bond TR JPY

**US Bond - JPY Hedged**

US bond - JPY hedged portfolios invest primarily in U.S. government, corporate, mortgage backed or any debt instruments denominated in U.S. dollars. In principle non-Japanese currency is fully hedged to Japanese Yen.

Morningstar MPT Category Index: Bloomberg US Agg Bond TR Hdg JPY

**Europe Bond**

Europe bond portfolios invest primarily in European government, corporate, mortgage backed or any debt instruments denominated in Euro or any European currencies.

Morningstar MPT Category Index: Bloomberg Euro Agg Bond TR EUR

**Europe Bond - JPY Hedged**

Europe bond - JPY hedged portfolios invest primarily in European government, corporate, mortgage backed or any debt instruments denominated in Euro or any European currencies. In principle non-Japanese currency is fully hedged to Japanese Yen.

Morningstar MPT Category Index: Bloomberg Euro Aggregate TR Hdg JPY

**Australia & New Zealand Bond**

Australia & New Zealand bond portfolios invest primarily in government and corporate debt instrument issued by entities domiciled in countries in Australia & New Zealand.

Morningstar MPT Category Index: Bloomberg Asian Pac Australia TR JPY

**Australia & New Zealand Bond - JPY Hedged**

Australia & New Zealand bond - JPY hedged portfolios invest primarily in government and corporate debt instrument issued by entities domiciled in countries in Australia & New Zealand. In principle, non-Japanese currency is fully hedged to Japanese Yen.

Morningstar MPT Category Index: Bloomberg Asian Pac Australia TR Hdg JPY

**World High Yield Bond Global**

World high yield bond global portfolios invest primarily in non-investment grade bonds in the world, which of price volatility risk is higher than those of investment grade bonds. Those portfolios generally offer higher yield than other types of portfolios, but they are also more volatile to economic and credit risk.

Morningstar MPT Category Index: ICE BofA Gbl HY TR JPY

**World High Yield Bond US**

World high yield bond US portfolios invest primarily in non-investment grade bonds in U.S., which of price volatility risk is higher than those of investment grade bonds. Those portfolios generally offer higher yield than other types of portfolios, but they are also more volatile to economic and credit risk.

Morningstar MPT Category Index: ICE BofA US High Yield TR JPY

**World High Yield Bond Europe**

World high yield bond Europe portfolios invest primarily in non-investment grade bonds in Europe, which of price volatility risk is higher than those of investment grade bonds. Those portfolios generally offer higher yield than other types of portfolios, but they are also more volatile to economic and credit risk.

Morningstar MPT Category Index: ICE BofA Euran Ccy HY TR JPY

**World High Yield Bond Global - JPY Hedged**

World high yield bond global - JPY hedged portfolios invest primarily in non-investment grade bonds in the world, which of price volatility risk is higher than those of investment grade bonds. Those portfolios generally offer higher yield than other types of portfolios, but they are also more volatile to economic and credit risk. In principle, non-Japanese currency is fully hedged to Japanese Yen.

Morningstar MPT Category Index: ICE BofA Gbl HY TR HJPY

**World High Yield Bond US - JPY Hedged**

World high yield bond US - JPY hedged portfolios invest primarily in non-investment grade bonds in U.S., which of price volatility risk is higher than those of investment grade bonds. Those portfolios generally offer higher yield than other types of portfolios, but they are also more volatile to economic and credit risk. In principle, non-Japanese currency is fully hedged to Japanese Yen.

Morningstar MPT Category Index: ICE BofA US High Yield TR HJPY

**World High Yield Bond Europe - JPY Hedged**

World high yield bond Europe - JPY hedged portfolios invest primarily in non-investment grade bonds in Europe, which of price volatility risk is higher than those of investment grade bonds. Those portfolios generally offer higher yield than other types of portfolios, but they are also more volatile to economic and credit risk. In principle, non-Japanese currency is fully hedged to Japanese Yen.

Morningstar MPT Category Index: ICE BofA Euro High Yield TR HJPY

**World Bank Loan**

World bank loan portfolios invest primarily in bank loans in the world. In exchange for their credit risk, these loans offer high interest payments that typically float above a common investable bond.

Morningstar MPT Category Index: S&P/LSTA Leveraged Loan TR JPY

**World Bank Loan - JPY Hedged**

World bank loan - JPY hedged portfolios invest primarily in bank loans in the world. In exchange for their credit risk, these loans offer high interest payments that typically float above a common investable bond. In principle non-Japanese currency is fully hedged to Japanese Yen.

Morningstar MPT Category Index: S&P/LSTA Leveraged Loan TR JPY H

**World Hybrid Security**

World hybrid security portfolios invest primarily in subordinated / perpetual bonds and preferred stocks issued by company worldwide. These portfolios tend to have more credit risk than government or agency backed bonds, and effective duration longer than other bond portfolios.

Morningstar MPT Category Index: Bloomberg Global Aggregate TR JPY

**World Hybrid Security - JPY Hedged**

World hybrid security - JPY hedged portfolios invest primarily in subordinated / perpetual bonds and preferred stocks issued by company worldwide. These portfolios tend to have more credit risk than government or agency backed bonds, and effective duration longer than other bond portfolios. In principle, non-Japanese currency is fully hedged to Japanese Yen.

Morningstar MPT Category Index: Bloomberg Global Aggregate TR Hdg JPY

**World Hybrid Security - Other**

World hybrid security - other portfolios invest primarily in subordinated / perpetual bonds and preferred stocks issued by company in specific region or country and are not included in other Morningstar world hybrid security categories.

Morningstar MPT Category Index: Bloomberg Global Aggregate TR JPY

[Funds in this category do not receive a Morningstar Rating™.]

**World ST Bond/Money**

World ST bond/money portfolios invest globally in short-term debt such as treasury bills, commercial papers and other types of money market instruments. They are less sensitive to interest rate risk than other types of bond portfolios, but are exposed to currency risk.

Morningstar MPT Category Index: FTSE WGBI 1-3 Yr JPY

**World ST Bond/Money - JPY Hedged**

World ST bond/money - JPY hedged portfolios invest globally in short-term debt such as treasury bills, commercial papers and other types of money market instruments. They are less sensitive to interest rate risk than other types of bond portfolios, but are exposed to currency risk. In principle, non-Japanese currency is fully hedged to Japanese Yen.

Morningstar MPT Category Index: FTSE WGBI 1-3 Yr Hdg JPY

**World Bond Inflation / Floating**

World bond inflation / floating portfolios invest globally in debt securities that adjust their principal values in line with the rate of inflation and / or debt instrument with floating interest rate.

Morningstar MPT Category Index: FTSE WGBI JPY

**World Other Bond**

World other bond portfolios invest in bonds issued by companies in the world and are not included in other Morningstar bond categories. Examples are funds that apply various investment strategies at the same time such as currency overlay and covered call strategy etc.

Morningstar MPT Category Index: FTSE WGBI JPY

[Funds in this category do not receive a Morningstar Rating™.]

**Emerging Global Bond**

Emerging global bond portfolios invest primarily in bonds issued in developing countries with higher potential for future economic growth. Such markets include Latin America, Eastern Europe, Africa, the Middle East and part of Asia.

Morningstar MPT Category Index: JPM EMBI Global Diversified TR USD

**Emerging Asia Bond**

Emerging Asia bond portfolios invest primarily in bonds issued in emerging Asia countries with higher potential for future economic growth.

Morningstar MPT Category Index: JPM EMBI Global Asia TR USD

**Emerging Europe/Other Bond**

Emerging Europe/Other bond portfolios invest primarily in bonds issued in emerging countries in Europe and other regions such as Middle East and Africa with higher potential for future economic growth.

Morningstar MPT Category Index: JPM EMBI Global Europe TR USD

**Emerging Latin America Bond**

Emerging Latin America bond portfolios invest primarily in bonds issued in emerging Latin America countries with higher potential for future economic growth.

Morningstar MPT Category Index: JPM EMBI Global Latin TR USD

**Emerging Bond - JPY Hedged**

Emerging bond - JPY hedged portfolios invest primarily in bonds issued in developing countries in the world with higher potential for future economic growth. In principle, non-Japanese currency is fully hedged to Japanese Yen.

Morningstar MPT Category Index: JPM EMBI Global Diversified Hedge TR JPY

**Emerging High Yield Bond**

Emerging high yield bond portfolios invest primarily in non-investment grade bonds of emerging markets (i.e. Latin America, Eastern Europe, Africa, the Middle East and a part of Asia), which of price volatility risk is higher than those of investment grade bonds.

Morningstar MPT Category Index: Bloomberg EM USD Agg HY TR USD

**Emerging High Yield Bond - JPY Hedged**

Emerging high yield bond - JPY hedged portfolios invest primarily in non-investment grade bonds of emerging markets (i.e. Latin America, Eastern Europe, Africa, the Middle East and a part of Asia), which of price volatility risk is higher than those of investment grade bonds. In principle, non-Japanese currency is fully hedged to Japanese Yen.

Morningstar MPT Category Index: Bloomberg EM USD Agg HY TR Hdg JPY

**Emerging Other Bond**

Emerging other bond portfolios invest in bonds mainly issued in emerging countries and are not included in other Morningstar emerging bond categories. Examples are funds that apply various investment strategies at the same time such as multi-currency overlay and covered call strategy etc.

Morningstar MPT Category Index: JPM EMBI Global Diversified TR USD

[Funds in this category do not receive a Morningstar Rating™.]

## Convertibles

### World Convertible Bond

World convertible bond portfolios invest globally in convertible bonds that are issued by corporate debt, but may be convertible into equity by investors' option to exercise such conversion right.

Morningstar MPT Category Index: ICE BofA Global 300 Convrt TR USD

### World Convertible Bond - JPY Hedged

World convertible bond - JPY hedged portfolios invest globally in convertible bonds that are issued by corporate debt, but may be convertible into equity by investors' option to exercise such conversion right. In principle, non-Japanese currency is fully hedged to Japanese Yen.

Morningstar MPT Category Index: ICE BofA Global 300 Convrt TR USD

## REIT

### Japan REIT

Japan REIT portfolios invest in Japanese real estate investment trusts that are investing in certain types of real estate such as office buildings and commercial properties.

Morningstar MPT Category Index: TSE REIT TR JPY

### Japan Other REIT

Japan other REIT portfolios invest in Japanese real estate investment trusts that are investing in certain types of real estate such as office buildings and commercial properties, but the portfolios are not included in Japan REIT category. Examples are funds that apply various investment strategies at the same time such as multi-currency overlay and covered call strategy etc.

Morningstar MPT Category Index: TSE REIT TR JPY

[Funds in this category do not receive a Morningstar Rating™.]

### World REIT

World REIT portfolios invest broadly across countries including Japan in real estate investment trusts.

Morningstar MPT Category Index: S&P Developed REIT TR JPY

### World REIT - JPY Hedged

World REIT - JPY hedged portfolios invest broadly across countries including Japan in real estate investment trusts. In principle non-Japanese currency is fully hedged to Japanese Yen.

Morningstar MPT Category Index: S&P Devlp REIT TR JPY Hedged

### World REIT - Specific Region / Country

World REIT - Specific Region / Country portfolios invest specific region/countries in real estate investment trusts.

Morningstar MPT Category Index: S&P Developed REIT TR JPY

[Funds in this category do not receive a Morningstar Rating™.]

### US REIT

US REIT portfolios invest primarily in US real estate investment trusts.

Morningstar MPT Category Index: S&P United States REIT TR JPY

### US REIT - JPY Hedged

US REIT - JPY hedged portfolios invest primarily in US real estate investment trusts. In principle non-Japanese currency is fully hedged to Japanese Yen.

Morningstar MPT Category Index: S&P United States REIT TR JPY Hedged



**World Other REIT**

World other REIT portfolios invest broadly across countries including Japan in real estate investment trusts, but the portfolios are not included in other Morningstar world REIT categories. Examples are funds that apply various investment strategies at the same time such as multi-currency overlay and covered call strategy etc.

Morningstar MPT Category Index: S&P Developed REIT TR JPY

[Funds in this category do not receive a Morningstar Rating™.]

## Allocation

### Conservative Allocation

Conservative allocation portfolios seek to provide both capital appreciation and income by investing three major asset areas: stocks, bonds, and cash. These portfolios tend to hold smaller positions in stocks than moderately conservative portfolios. These portfolios have less than 40% of the \*Risk Score which is defined by Japan team.

Morningstar MPT Category Index: Morningstar JPN Con Tgt Alloc NR JPY

### Moderately Conservative Allocation

Moderately conservative allocation portfolios seek to provide both capital appreciation and income by investing three major asset areas: stocks, bonds, and cash. These portfolios tend to hold smaller positions in stocks than moderate portfolios. These portfolios have 40% to 60% of the \*Risk Score which is defined by Japan team.

Morningstar MPT Category Index: Morningstar JPN Mod Con Tgt Alloc NR JPY

### Moderate Allocation

Moderate allocation portfolios seek to provide both capital appreciation and income by investing three major asset areas: stocks, bonds, and cash. These portfolios tend to hold larger positions in stocks than moderately conservative portfolios. These portfolios have 60% to 75% of the \*Risk Score which is defined by Japan team.

Morningstar MPT Category Index: Morningstar JPN Mod Tgt Alloc NR JPY

### Moderately Aggressive Allocation

Moderately aggressive allocation portfolios seek to provide both capital appreciation and income by investing three major asset areas: stocks, bonds, and cash. These portfolios tend to hold larger positions in stocks than moderate portfolios. These portfolios have 75% to 90% of the \*Risk Score which is defined by Japan team.

Morningstar MPT Category Index: Morningstar JPN Mod Agg Tgt Alloc NR JPY

### Aggressive Allocation

Aggressive allocation portfolios seek to provide both capital appreciation and income by investing three major asset areas: stocks, bonds, and cash. These portfolios tend to hold larger positions in stocks than moderately aggressive portfolios. These portfolios have more than 90% of the \*Risk Score which is defined by Japan team.

Morningstar MPT Category Index: Morningstar JPN Agg Tgt Alloc NR JPY

### Risk Control Allocation

Risk control allocation portfolios seek to provide both capital appreciation and income by investing three major asset areas: stocks, bonds, and cash. These portfolios don't tend to hold static policy asset mix but have target risk level based on historical volatility of each underlying asset.

Morningstar MPT Category Index: Morningstar Balanced 50/50 GR USD

[Funds in this category do not receive a Morningstar Rating™.]

**Tactical Allocation**

Tactical asset allocation portfolios seek to provide both capital appreciation and income by investing in asset classes such as stocks, bonds, and cash with flexible allocation changes to capture higher returns by forecasting market trends. Risk profile of the portfolios might be more volatile than portfolios in the risk control allocation category.

Morningstar MPT Category Index: Morningstar Balanced 50/50 GR USD  
[Funds in this category do not receive a Morningstar Rating™.]

**Other Allocation**

Other allocation portfolios seek to provide both capital appreciation and income by investing three major asset areas: stocks, bonds, and cash. These portfolios are not included in other Morningstar allocation categories.

Morningstar MPT Category Index: Morningstar Balanced 50/50 GR USD  
[Funds in this category do not receive a Morningstar Rating™.]

**Target Date 2030 and earlier**

Target date 2030 and earlier portfolios provide a diversified exposure to stocks, bonds, and cash for those investors who have a specific data in mind (in this case, the years 2030 and earlier) for retirement or another goal. These portfolios aim to provide investors with an optimal level of return and risk, based solely on the target date. Over time, management adjusts the allocation among asset classes to more conservative mixes as the target date approaches.

Morningstar MPT Category Index: Morningstar Balanced 30/70 GR USD

**Target Date 2031-2040**

Target date 2031-2040 portfolios provide a diversified exposure to stocks, bonds, and cash for those investors who have a specific data in mind (in this case, the years 2031 - 2040) for retirement or another goal. These portfolios aim to provide investors with an optimal level of return and risk, based solely on the target date. Over time, management adjusts the allocation among asset classes to more conservative mixes as the target date approaches.

Morningstar MPT Category Index: Morningstar Balanced 50/50 GR USD

**Target Date 2041 and later**

Target year 2041 and later portfolios provide a diversified exposure to stocks, bonds, and cash for those investors who have a specific data in mind (in this case, the years 2041 and later) for retirement or another goal. These portfolios aim to provide investors with an optimal level of return and risk, based solely on the target date. Over time, management adjusts the allocation among asset classes to more conservative mixes as the target date approaches.

Morningstar MPT Category Index: Morningstar Balanced 70/30 GR USD

## Commodity

### Commodity

Commodity portfolios are funds investing primarily in commodity futures such as agricultural products and natural resources such as precious metals and oil.

Morningstar MPT Category Index: Bloomberg Commodity TR USD

[Funds in this category do not receive a Morningstar Rating™.]

## Alternative

### Alt-Long/Short

Alt-long/short portfolios hold sizable stakes in both long and short positions in any assets. Some funds that fall into this category will shift their exposure to long and short positions depending on their macro outlook or the opportunities they uncover through bottom-up research. Some funds may simply hedge long positions through exchange traded funds or derivatives.

Morningstar MPT Category Index: Credit Suisse Long/Short Equity TR USD

[Funds in this category do not receive a Morningstar Rating™.]

### Alt-Market Neutral

Alt-market neutral portfolios attempt to reduce systematic risk created by factors such as exposures to sectors, market-cap ranges, investment style, currencies, and/or countries. They try to achieve this by matching short positions within each area against long positions. These strategies are often managed as beta neutral, dollar neutral, or a sector neutral. In attempting to reduce systematic risk, these funds put the emphasis on issue selection, with profits dependent on their ability to sell short and buy long the correct securities.

Morningstar MPT Category Index: Credit Suisse Equity Market Neutral USD

[Funds in this category do not receive a Morningstar Rating™.]

### Alt-Multistrategy

Alt-multistrategy portfolios offer investors exposure to several different alternative-fund investment tactics. In most of these cases, all of the assets are managed in-house at the fund, but the assets may be divided between multiple portfolio managers, each of whom focuses on a different strategy. An investor's exposure to different tactics may change slightly over time in response to market movements.

Morningstar MPT Category Index: Credit Suisse Multi-Strategy USD

[Funds in this category do not receive a Morningstar Rating™.]

### Trading - Leveraged/Inverse Currency

Trading - leveraged/inverse currency portfolios are funds whose performance is linked either positively (bull) or negatively (bear) to the performance of currency exchange rate of Japanese yen against a foreign currency (typically US dollars). A fund's performance linkage is contractually determined as a certain multiple of underlying currency rate.

Morningstar MPT Category Index: None

[Funds in this category do not receive a Morningstar Rating™.]

### Trading - Leveraged/Inverse Equity

Trading - leveraged/inverse equity portfolios are funds whose performance is linked either positively (bull) or negatively (bear) to the performance of certain equity market index. A fund's performance linkage is contractually determined as a certain multiple of underlying market index.

Morningstar MPT Category Index: None

[Funds in this category do not receive a Morningstar Rating™.]

**Trading - Leveraged/Inverse Bond**

Trading - leveraged/inverse bond portfolios are funds whose performance is linked either positively (bull) or negatively (bear) to the performance of certain bond market index. A fund's performance linkage is contractually determined as a certain multiple of underlying market index.

Morningstar MPT Category Index: None

[Funds in this category do not receive a Morningstar Rating™.]

## Money Market

### Japan Money Market

Japan money market portfolios invest in short-term money market instruments settled in Japan such as commercial papers and overnight call rate market. Primary objective is to keep reserve for other investments and provide immediate liquidity to investors.

Morningstar MPT Category Index: ICE BofA JPY 1M Dep OR CM TR LOC

[Funds in this category do not receive a Morningstar Rating™.]

## Miscellaneous

### General Miscellaneous

The general miscellaneous category contains portfolios that are not suited to and/or do not meet the criteria set for any of the other Morningstar categories. The portfolios in this category are reassessed regularly and when there are sufficient like portfolios to create a meaningful peer group, a new category is created.

Morningstar MPT Category Index: None

[Funds in this category do not receive a Morningstar Rating™.]





22 West Washington Street  
Chicago, IL 60602 USA

©2021 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions contained herein (1) include the confidential and proprietary information of Morningstar, (2) may include, or be derived from, account information provided by your financial advisor which cannot be verified by Morningstar, (3) may not be copied or redistributed, (4) do not constitute investment advice offered by Morningstar, (5) are provided solely for informational purposes and therefore are not an offer to buy or sell a security, and (6) are not warranted to be correct, complete or accurate. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, this information, data, analyses or opinions or their use. Opinions expressed are as of the date written and are subject to change without notice. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission.