Introduction

Morningstar's Strategy Database identifies investment undertakings managed by a single team following the same investment process. The database enables investors to view the complete range of offerings for a given strategy rather than be limited to a particular investment type. The database aids in standardization of analysis for products that are offered in different countries or legal structures. Morningstar believes that identifying all products that adhere to a single strategy will aid investors' ability to analyze and choose investments.
Definition

Investment management companies often use the same investment process to manage more than one portfolio. Firms may subadvise multiple funds and offer equivalent investment pools in separate accounts, collective investment trusts, or other vehicles. Morningstar groups these substantively identical pools into a data point entitled Strategy.

Morningstar defines strategy as the overall manner in which a pool of money is managed by applying an investment philosophy, either by a single person or by a single management team. The strategy is executed by interrelated activities that are meant to be inimitable. Those activities are typically described by the investment process, the parent company's attributes, and the managers who determine the investment policy and make the investing decisions.

The portfolio holdings of the underlying vehicles should be extremely similar in composition and number.

Morningstar identifies strategies through survey, as well as by quantitative and qualitative analysis. Generally, the following characteristics of funds are expected to be equivalent for pools following the same strategy:

- Investment decision-making process
- Manager, management firm, parent company, or investment team
- Investment objective
- Portfolio risk exposures
- Primary benchmark (if provided)
- Management approach (for example, enhanced index, active)
- Investment analysis process (for example, fundamental, technical, quantitative)
- Security allocation (for example, top-down, bottom-up)
- Secondary focus (for example, socially conscious, Shariah-compliant)

Currency is immaterial. Currency hedges and/or pricing shares in a different currency do not make for a new strategy. The only exception is if management adds currency trading as an active driver of returns to a given strategy; in such a case, funds using the currency trading would be grouped into a new, second strategy.