Morningstar Category for Funds Definitions

For funds available for sale in the United States.

Morningstar Methodology
October 2024

Contents

1 Category List
5 Introduction
6 Category Review Process
7 Changes
11 U.S. Equity
15 Sector Equity
19 Allocation
26 International Equity
32 Nontraditional Equity
33 Alternative
36 Miscellaneous
39 Commodities
40 Taxable Bond
48 Municipal Bond
53 Money Market

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Category List

Category Group	Category Name	Page
U.S. Equity	Large Value	11
	Large Blend	11
	Large Growth	11
	Mid-Cap Value	12
	Mid-Cap Blend	12
	Mid-Cap Growth	12
	Small Value	13
	Small Blend	13
	Small Growth	13
	Leveraged Net Long	14
Sector Equity	Communications	15
	Consumer Cyclical	15
	Consumer Defensive	15
	Energy Limited Partnership	15
	Equity Energy	15
	Equity Precious Metals	16
	Financial	16
	Global Real Estate	16
	Health	16
	Industrials	17
	Infrastructure	17
	Natural Resources	17
	Real Estate	17
	Technology	18
	Utilities	18
	Miscellaneous Sector	18
Allocation	Conservative Allocation	19
	Moderately Conservative Allocation	19
	Moderate Allocation	19
	Moderately Aggressive Allocation	19
	Aggressive Allocation	20
	Convertibles	20
	Global Allocation	20

Category Group	Category Name	Page
	Tactical Allocation	21
	Target-Date 2000-2010	21
	Target-Date 2015	21
	Target-Date 2020	22
	Target-Date 2025	22
	Target-Date 2030	22
	Target-Date 2035	23
	Target-Date 2040	23
	Target-Date 2045	23
	Target-Date 2050	24
	Target-Date 2055	24
	Target-Date 2060	24
	Target-Date 2065+	25
	Target-Date Retirement	25
International Equity	Foreign Large Value	26
	Foreign Large Blend	26
	Foreign Large Growth	26
	Foreign Small/Mid-Value	27
	Foreign Small/Mid-Blend	27
	Foreign Small/Mid-Growth	27
	Global Large-Stock Growth	28
	Global Large-Stock Blend	28
	Global Large-Stock Value	28
	Global Small/Mid Stock	29
	Diversified Emerging Markets	29
	Diversified Pacific/Asia	29
	Miscellaneous Region	29
	Europe Stock	30
	Latin America Stock	30
	Pacific/Asia ex-Japan Stock	30
	China Region	30
	India Equity	31
	Japan Stock	31
Nontraditional Equity	Long-Short Equity	32
	Derivative Income	32
	Defined Outcome	32
	Equity Hedged	32
Alternative	Macro Trading	33
	Event Driven	33
	Relative Value Arbitrage	33
	Multistrategy	34

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Category Group	Category Name	Page
	Equity Market Neutral	34
	Systematic Trend	34
	Digital Assets	35
Miscellaneous	Trading—Leveraged Commodities	36
	Trading—Inverse Commodities	36
	Trading—Leveraged Debt	36
	Trading—Inverse Debt	37
	Trading—Leveraged Equity	37
	Trading—Inverse Equity	37
	Trading—Miscellaneous	38
Commodities	Commodities Broad Basket	39
	Commodities Focused	39
Taxable Bond	Long Government	40
	Intermediate Government	40
	Short Government	40
	Inflation-Protected Bond	41
	Long-Term Bond	41
	Intermediate Core Bond	41
	Intermediate Core-Plus Bond	41
	Short-Term Bond	42
	Ultrashort Bond	42
	Bank Loan	42
	Stable Value	43
	Corporate Bond	43
	Preferred Stock	43
	High-Yield Bond	44
	Multisector Bond	44
	Global Bond	44
	Global Bond-USD Hedged	45
	Target Maturity	45
	Emerging-Markets Bond	45
	Emerging-Markets Local-Currency Bond	45
	Nontraditional Bond	46
	Single Currency	46
	Miscellaneous Fixed Income	46
	Short-Term Inflation-Protected Bond	47
Municipal Bond	Muni National Long	48
	Muni National Intermediate	48
	Muni National Short	48
	High-Yield Muni	48

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Category Group	Category Name	Page
	Muni Single State Long	49
	Muni Single State Intermediate	49
	Muni Single State Short	49
	Muni California Long	49
	Muni California Intermediate	50
	Muni Massachusetts	50
	Muni Minnesota	50
	Muni New Jersey	50
	Muni New York Long	51
	Muni New York Intermediate	51
	Muni Ohio	51
	Muni Pennsylvania	51
	Muni Target Maturity	52
Money Market	Money Market—Taxable	53
	Money Market—Tax-Free	53
	Money Market—Non-40 Act	53
	Prime Money Market	53

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Introduction

The Morningstar Category classifications were introduced in 1996 to help investors make meaningful comparisons between mutual funds. Morningstar found that the investment objective listed in a fund's prospectus often did not adequately explain how the fund actually invested. For example, many funds claimed to be seeking "growth," but some of those were investing in established blue-chip companies while others were investing in small-cap companies.

The Morningstar Category classifications solved this problem by breaking portfolios into peer groups based on their holdings. The categories help investors identify the top-performing funds, assess potential risk, and build well-diversified portfolios. Morningstar regularly reviews the category structure and the portfolios within each category to ensure that the system meets the needs of investors.

Morningstar assigns categories to all types of portfolios, such as mutual funds, variable annuities, and separate accounts. Portfolios are placed in a given category based on their average holdings statistics over the past three years. Morningstar's editorial team also reviews and approves all category assignments. If the portfolio is new and has no history, Morningstar estimates where it will fall before giving it a more permanent category assignment. When necessary, Morningstar may change a category assignment based on recent changes to the portfolio.

The driving principles behind the classification system are as follows:

- Individual portfolios within a category invest in similar types of securities and therefore share the same risk factors (for example, style risk or prepayment risk).
- Individual portfolios within a category can, in general, be expected to behave more similarly to one another than to portfolios outside the category.
- 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 the United States, Morningstar supports 127 categories, which map into nine category groups (U.S. equity, sector equity, allocation, international equity, alternative, commodities, taxable bond, municipal bond, and money market). The category group indexes and category indexes listed with each category are used in Morningstar's tools and reports to show performance relative to a benchmark.

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Category Review Process

Morningstar engages in a formal category review process organized by Category Group. Each Category Group is reviewed twice each year: U.S. Equity, Sector Equity, International Equity are reviewed in April and September; Alternative, Allocation, and Commodities are reviewed in April and October; Taxable Bond and Municipal Bond are reviewed in July and November. The month listed corresponds to when fund companies are notified of proposed category changes and are given the opportunity to appeal the proposals.

The process begins with a quantitative filter that proposes category recommendations based upon the three-year trailing portfolio statistics, which are calculated from an investment's reported holdings. There is a wealth of data used in this process, but the statistics examined coincide with the major portfolio components we use to define categories, such as asset allocation, market capitalization, value-growth score, and duration. The recommendations for changes to existing category assignments are then reviewed by Morningstar Manager Research analysts, who accept or reject the system's proposals. Our research team uses a mosaic approach when performing our qualitative assignment. Their decision is based on many factors, including, but not limited to: familiarity with the strategy of the portfolio managers and fund family, their understanding of current market forces, an appreciation for alternative strategies which may not be borne out adequately in our statistical calculations, and a desire to portray the most accurate picture of economic exposure possible.

After we propose a change to a fund's category, we notify fund representatives for each investment. Category changes are sent to the fund's advisor with ample time to challenge our opinion and provide contravening information in a category appeal. Once an appeal is received, the change is escalated and reviewed again by a second group of analysts.

In addition to the formal review processes, we accept category appeals throughout the year. Morningstar reviews all appeals, but generally rejects those that are based only upon a philosophical difference in the category definition. Successful appeals typically provide information demonstrating that our analysis is incomplete or inaccurate. These off-quarter reviews are reserved for miscategorizations that are attributable to the incorrect initial assignment for new funds, data errors, strategy changes, or missing or incomplete data. Regardless of when these requests are received, all category changes are made on the last business day of the month in which they are reviewed. Changes to the category assignment as a result of this process are typically available in products by the third business day of the month following the review period. Appeals can be submitted only by fund representatives, and not by third parties. In the case that a category change was initiated by a Morningstar analyst, we will notify fund representatives and offer an appeal period.

Fund representatives may request an appeal form by emailing category@morningstar.com.

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Changes

October 30, 2024

- Added Defined Outcome
- Renamed Options Trading to Equity Hedged
- Revised text definitions of Real Estate, Macro Trading, and Long-Short Equity

April 30, 2024

- Added Short-Term Inflation-Protected Bond

April 28, 2023

- Added Miscellaneous Fixed Income
- Renamed Allocation—15% to 30% Equity to Conservative Allocation, Allocation—30% to 50% Equity to Moderately Conservative Allocation, Allocation—50% to 70% Equity to Moderate Allocation, Allocation—70% to 85% Equity to Moderately Aggressive Allocation, and Allocation—85%+ Equity to Aggressive Allocation

April 29, 2022

- Added Digital Assets
- Revised text definition of Allocation—15% to 30% Equity, Allocation—30% to 50% Equity, Allocation—50% to 70% Equity, Allocation—70% to 85% Equity, and Allocation—85%+ Equity

April 30, 2021

- Added Macro Trading, Event Driven, Relative Value Arbitrage, Derivative Income, Options Trading, Multistrategy, Equity Market Neutral, World Large-Stock Growth, World Large-Stock Blend, World Large-Stock Value, and Target-Date 2065+
- Added U.S Category Groups Nontraditional Equity and Miscellaneous
- Retired Long-Short Credit, Bear Market, Volatility, Multicurrency, Options-based, Multialternative, Market Neutral, and World Large Stock
- Renamed Target-Date 2060+ to Target-Date 2060 and Managed Futures to Systematic Trend
- Revised text definition of World Small/Mid Stock, Bank Loan, and Nontraditional Bond

April 30, 2020

- Added Commodities Focused
- Retired Commodities Agriculture, Commodities Energy, Commodities Industrial Metals, and Commodities Precious Metals
- Revised text definition of Mid-Cap Value, Mid-Cap Blend, and Mid-Cap Growth
- Removed Star Ratings and Rankings calculations for Stable Value

April 30, 2019

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- Added Intermediate Core-Plus Bond, Target Maturity, Muni Target Maturity, and World Bond-USD Hedged
- Renamed Intermediate-Term Bond to Intermediate Core Bond
- Revised text definition of World Bond, Corporate Bond, Long-Term Bond, and Intermediate Core Bond

April 30, 2018

- Added Money Market—Non-40 Act
- Revised text definition of Muni National Long, Muni National Intermediate, Muni National Short, Muni Single State Long, Muni Single State Intermediate, Muni Single State Short, Muni California Long, Muni California Intermediate, Muni New York Long, Muni New York Intermediate, and Bank Loan
- Revised Category Review Process section

Oct. 31, 2017

- Renamed Option Writing to Options-based
- Revised text definition of Options-based, World Bond, Target-Date 2055, and Target-Date 2060+

April 28, 2017

- Added World Small/Mid Stock
- Renamed World Stock to World Large Stock
- Retired Commodities Miscellaneous
- Revised text definition of Nontraditional Bond

June 30, 2016

- Revised text definition of Long-Short Equity, Option Writing, Prime Money Market, Taxable Money Market, and Tax-Free Money Market.

April 29, 2016

- Added Infrastructure; Emerging-Markets Local-Currency Bond; Target-Date 2060+; Option Writing; Long-Short Credit; Prime Money Market; Allocation—15% to 30% Equity; Allocation—85%+ Equity
- Renamed: Target Date 2051+ to Target-Date 2055; Retirement Income to Target-Date Retirement; Conservative Allocation to Allocation—30% to 50% Equity; Moderate Allocation to Allocation—50% to 70% Equity; Aggressive Allocation to Allocation—70% to 85% Equity;
- Added Morningstar Index assignments to categories
- Added Category Review Process section

April 30, 2014

- Added Energy Limited Partnership

Oct. 31, 2013

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- Added Corporate Bond, Preferred Stock, and Tactical Allocation

April 30, 2013

- Renamed Currency to Multicurrency
- Added Single Currency
- Added Miscellaneous Region
- Renamed U.S. Broad Asset Class to U.S. Category Group and Global Broad Asset Class to Global Broad Category Group
- Renamed U.S. Category Groups (Balanced to Allocation, U.S. Stock to U.S. Equity, International Stock to International Equity, and Sector Stock to Sector Equity)

April 30, 2012

- Created the Sector Stock U.S. Broad Asset Class, and moved 14 categories from U.S. Stock, International Stock, and Alternative asset classes into this new asset class
- Relaunched Muni Single State Short
- Replaced Target-Date 2050+ with Target-Date 2051+
- Added India Equity, Foreign Small/Mid-Blend, Target-Date 2046-2050
- Renamed Muni-Short to Muni National Short

Oct. 31, 2011

- Added Nontraditional Bond
- Replaced Consumer Staples with Consumer Defensive and Consumer Discretionary with Consumer Cyclical

April 30, 2011

- Replaced Long/Short with Long/Short Equity
- Added Multialternative, Volatility, Trading—Leveraged Commodities, Trading—Inverse Commodities, Trading—Leveraged Debt, Trading—Inverse Debt, Trading—Leveraged Equity, Trading—Inverse Equity, Trading—Miscellaneous

Sept. 30, 2010

- Added Aggressive Allocation and China Region, and made the Market Neutral category available to all universes
- Removed Muni Single State Short

June 30, 2009

- Added the Commodities broad asset class and six commodities categories: Broad Basket, Energy, Precious Metals, Agriculture, Industrial Metals, and Miscellaneous
- Added Consumer Discretionary, Consumer Staples, Equity Energy, and Industrials

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Jan. 30, 2009

- Introduced Target-Date categories in five-year increments for years 2011-2050
- Added Retirement Income
- Added Miscellaneous Sector

July 31, 2008

- Added Global Real Estate and Currency
- Added the Alternative broad asset class
- Removed Muni Florida

Sept. 30, 2007

- Added Leveraged Net Long and Market Neutral to the separate accounts and custom funds databases

Feb. 28, 2006

- Added Inflation-Protected Bond, Long-Short, Target-Date 2000-2014, Target-Date 2015-2029, and Target-Date 2030+
- Added the Balanced broad asset class

May 31, 2004

- Replaced the Muni Single State Intermediate/Short category with two new categories: Muni Single State Intermediate and Muni Single State Short
- Added Stable Value category (currently used for custom funds and separate accounts only)

Sept. 30, 2003

- Replaced the Foreign Stock category with five new categories: Foreign Large Value, Foreign Large Blend, Foreign Large Growth, Foreign Small/Mid-Value, and Foreign Small/Mid-Growth

March 30, 2003

- Discontinued Domestic Hybrid and split into Conservative Allocation and Moderate Allocation
- Created Bear Market, Bank Loan, High Yield Muni, Muni Florida, Muni Pennsylvania, Muni Massachusetts, Muni New Jersey, Muni Ohio, and Muni Minnesota
- Name changes: International Hybrid to World Allocation, International Bond to World Bond

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U.S. Equity

Large Value

Large-value portfolios invest primarily in big U.S. companies that are less expensive or growing more slowly than other large-cap stocks. Stocks in the top 70% of the capitalization of the U.S. 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).

Category Group Index: S&P 500 TR

Category Index: Russell 1000 Value TR USD

Morningstar Index: Morningstar US LM Brd Val TR USD

Large Blend

Large-blend portfolios are fairly representative of the overall U.S. stock market in size, growth rates, and price. Stocks in the top 70% of the capitalization of the U.S. 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 U.S. industries, and owing to their broad exposure, the portfolios' returns are often similar to those of the S&P 500 Index.

Category Group Index: S&P 500 TR

Category Index: Morningstar US Large-Mid TR USD

Morningstar Index: Morningstar US Large-Mid TR USD

Large Growth

Large-growth portfolios invest primarily in big U.S. companies that are projected to grow faster than other large-cap stocks. Stocks in the top 70% of the capitalization of the U.S. 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.

Category Group Index: S&P 500 TR

Category Index: Russell 1000 Growth TR USD

Morningstar Index: Morningstar US LM Brd Growth TR USD

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Mid-Cap Value

Some mid-cap value portfolios focus on medium-size companies while others land here because they own a mix of small-, mid-, and large-cap stocks. All look for U.S. stocks that are less expensive or growing more slowly than the market. Stocks in the middle 20% of the capitalization of the U.S. equity market are defined as 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).

Category Group Index: S&P 500 TR

Category Index: Russell Midcap Value TR USD

Morningstar Index: Morningstar US Mid Brd Val TR USD

Mid-Cap Blend

The typical mid-cap blend portfolio invests in U.S. stocks of various sizes and styles, giving it a middle-of the-road profile. Most shy away from high-priced growth stocks but aren't so price-conscious that they land in value territory. Stocks in the middle 20% of the capitalization of the U.S. equity market are defined as mid-cap. The blend style is assigned to portfolios where neither growth nor value characteristics predominate.

Category Group Index: S&P 500 TR

Category Index: Morningstar US Mid TR USD

Morningstar Index: Morningstar US Mid TR USD

Mid-Cap Growth

Some mid-cap growth portfolios invest in stocks of all sizes, thus leading to a mid-cap profile, but others focus on midsize companies. Mid-cap growth portfolios target U.S. firms that are projected to grow faster than other mid-cap stocks, therefore commanding relatively higher prices. Stocks in the middle 20% of the capitalization of the U.S. equity market are defined as 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).

Category Group Index: S&P 500 TR

Category Index: Russell Mid Cap Growth TR USD

Morningstar Index: Morningstar US Mid Brd Grt TR USD

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Small Value

Small-value portfolios invest in small U.S. companies with valuations and growth rates below other small-cap peers. Stocks in the bottom 10% of the capitalization of the U.S. equity market are defined as small 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).

Category Group Index: S&P 500 TR

Category Index: Russell 2000 Value TR USD

Morningstar Index: Morningstar US Sml Brd Val Ext TR USD

Small Blend

Small-blend portfolios favor U.S. firms at the smaller end of the market-capitalization range. Some aim to own an array of value and growth stocks while others employ a discipline that leads to holdings with valuations and growth rates close to the small-cap averages. Stocks in the bottom 10% of the capitalization of the U.S. equity market are defined as small cap. The blend style is assigned to portfolios where neither growth nor value characteristics predominate.

Category Group Index: S&P 500 TR

Category Index: Morningstar US Small TR USD

Morningstar Index: Morningstar US Small TR USD

Small Growth

Small-growth portfolios focus on faster-growing companies whose shares are at the lower end of the market-capitalization range. These portfolios tend to favor companies in up-and-coming industries or young firms in their early growth stages. Because these businesses are fast-growing and often richly valued, their stocks tend to be volatile. Stocks in the bottom 10% of the capitalization of the U.S. equity market are defined as small 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).

Category Group Index: S&P 500 TR

Category Index: Russell 2000 Growth TR USD

Morningstar Index: Morningstar US Sml Brd Grt Ext TR USD

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Leveraged Net Long

Leveraged net long portfolios seek income by establishing long and short positions in securities. The most common strategy for leveraged net long portfolios is to take long positions in securities that have been identified as attractive and short positions in securities that have been identified as overvalued. These portfolios typically hold long positions in securities with an aggregate value of up to 130% of its net assets. In addition, these portfolios will establish short positions in securities with a market value of up to 30% of its net assets. The net long exposure therefore remains 100%, but it is a leveraged exposure. This category is used only in Morningstar's custom fund and separate account databases.

Category Group Index: S&P 500 TR

Category Index: Morningstar US Market TR USD

Morningstar Index: Morningstar US Market TR USD

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Sector Equity

Communications

Communications portfolios concentrate on telecommunications and media companies of various kinds. Most buy some combination of cable television, wireless-communications, and communications-equipment firms as well as traditional phone companies. A few favor entertainment firms, mainly broadcasters, film studios, publishers, and online service providers.

Category Group Index: MSCI ACWI NR USD

Category Index: Morningstar US Com Svc Capped TR USD

Morningstar Index: Morningstar US Com SVC TR USD

Consumer Cyclical

Consumer cyclical portfolios seek capital appreciation by investing in equity securities of U.S. or non-U.S. companies in the consumer cyclical sector.

Category Group Index: MSCI ACWI NR USD

Category Index: Morningstar US Cons Cyc TR USD

Morningstar Index: Morningstar US Cons Cyc TR USD

Consumer Defensive

Consumer defensive portfolios seek capital appreciation by investing in equity securities of U.S. or non-U.S. companies that are engaged in the manufacturing, sales, or distribution of consumer staples.

Category Group Index: MSCI ACWI NR USD

Category Index: Morningstar US Cons Def TR USD

Morningstar Index: Morningstar US Cons Def TR USD

Energy Limited Partnership

Energy Limited Partnership funds invest a significant amount of their portfolio in energy master limited partnerships. These include but are not limited to limited partnerships specializing in midstream operations in the energy industry.

Category Group Index: MSCI ACWI NR USD

Category Index: Morningstar MLP Composite TR USD

Morningstar Index: Morningstar MLP Composite TR USD

Equity Energy

Equity energy portfolios invest primarily in equity securities of U.S. or non-U.S. companies who conduct business primarily in energy-related industries. This includes and is not limited to companies in alternative energy, coal, exploration, oil and gas services, pipelines, natural gas services, and refineries.

Category Group Index: MSCI ACWI NR USD

Category Index: Morningstar US Enrg Capped TR USD

Morningstar Index: Morningstar US Enrg TR USD

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Equity Precious Metals

Precious-metals portfolios focus on mining stocks, though some do own small amounts of gold bullion. Most portfolios concentrate on gold-mining stocks, but some have significant exposure to silver-, platinum-, and base-metal-mining stocks as well. Precious-metals companies are typically based in North America, Australia, or South Africa.

Category Group Index: MSCI ACWI NR USD

Category Index: MSCI World/Metals & Mining NR USD

Morningstar Index: Morningstar Gbl Othr Prcius Metal NR USD

Financial

Financial portfolios seek capital appreciation by investing primarily in equity securities of U.S. or non-U.S. financial-services companies, including banks, brokerage firms, insurance companies, and consumer credit providers.

Category Group Index: MSCI ACWI NR USD

Category Index: Morningstar US Fin Svc TR USD

Morningstar Index: Morningstar US Fin Svc TR USD

Global Real Estate

Global real estate portfolios invest primarily in non-U.S. real estate securities but may also invest in U.S. real estate securities. Securities that these portfolios purchase include: debt securities, equity securities, convertible securities, and securities issued by real estate investment trusts and REIT-like entities. Portfolios in this category also invest in real estate operating companies.

Category Group Index: MSCI ACWI NR USD

Category Index: S&P Global REIT TR USD

Morningstar Index: Morningstar Gbl Real Est NR USD

Health

Health portfolios focus on the medical and health-care industries. Most invest in a range of companies, buying everything from pharmaceutical and medical-device makers to HMOs, hospitals, and nursing homes. A few portfolios concentrate on just one industry segment, such as service providers or biotechnology firms.

Category Group Index: MSCI ACWI NR USD

Category Index: Morningstar US Health TR USD

Morningstar Index: Morningstar US Health TR USD

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Industrials

Industrial portfolios seek capital appreciation by investing in equity securities of U.S. or non-U.S. companies that are engaged in services related to cyclical industries. This includes and is not limited to companies in aerospace and defense, automotive, chemicals, construction, environmental services, machinery, paper, and transportation.

Category Group Index: MSCI ACWI NR USD

Category Index: Morningstar US Indus TR USD

Morningstar Index: Morningstar US Indus TR USD

Infrastructure

Infrastructure equity funds invest more than 60% of their assets in stocks of companies engaged in infrastructure activities. Industries considered to be part of the infrastructure sector include: oil & gas midstream; waste management; airports; integrated shipping; railroads; shipping & ports; trucking; engineering & construction; infrastructure operations; and the utilities sector.

Category Group Index: MSCI ACWI NR USD

Category Index: Morningstar Gbl Eq Infra NR USD

Morningstar Index: Morningstar Gbl Eq Infra NR USD

Natural Resources

Natural-resources portfolios focus on commodity-based industries such as energy, chemicals, minerals, and forest products in the United States or outside of the United States. Some portfolios invest across this spectrum to offer broad natural-resources exposure. Others concentrate heavily or even exclusively in specific industries. Portfolios that concentrate primarily in energy-related industries are part of the equity energy category.

Category Group Index: MSCI ACWI NR USD

Category Index: S&P Global Natural Resources TR USD

Morningstar Index: Morningstar Gbl Upstm Nat Res TR USD

Real Estate

Real estate portfolios invest primarily in US real estate investment trusts of various types. Securities that these portfolios purchase include: debt securities, equity securities, convertible securities, and securities issued by real estate investment trusts and REIT-like entities. Some portfolios in this category also invest in real estate operating companies.

Category Group Index: MSCI ACWI NR USD

Category Index: Morningstar US Real Est TR USD

Morningstar Index: Morningstar US Real Est TR USD

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Technology

Technology portfolios buy high-tech businesses in the U.S. or outside of the U.S. Most concentrate on computer, semiconductor, software, networking, and Internet stocks. A few also buy medical-device and biotechnology stocks, and some concentrate on a single technology industry.

Category Group Index: MSCI ACWI NR USD

Category Index: Morningstar US Tech TR USD

Morningstar Index: Morningstar US Tech TR USD

Utilities

Utilities portfolios seek capital appreciation by investing primarily in equity securities of U.S. or non-U.S. public utilities including electric, gas, and telephone-service providers.

Category Group Index: MSCI ACWI NR USD

Category Index: Morningstar US Util TR USD

Morningstar Index: Morningstar US Util TR USD

Miscellaneous Sector

Miscellaneous-sector portfolios invest in specific sectors that do not fit into any of Morningstar's existing sector categories and for which not enough funds exist to merit the creation of a separate category.

Category Group Index: MSCI ACWI NR USD

Category Index: Morningstar US Market TR USD

Morningstar Index: Morningstar US Market TR USD

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Allocation

Conservative Allocation

Funds in allocation categories seek to provide both income and capital appreciation by primarily investing in multiple asset classes, including stocks, bonds, and cash. These conservative strategies prioritize preservation of capital over appreciation. They typically expect volatility similar to a strategic equity exposure between 15% and 30%.

Category Group Index: Morningstar Mod Tgt Risk TR USD
Category Index: Morningstar Con Tgt Risk TR USD
Morningstar Index: Morningstar US Con Tgt Alloc NR USD

Moderately Conservative Allocation

Funds in allocation categories seek to provide both income and capital appreciation by primarily investing in multiple asset classes, including stocks, bonds, and cash. These moderately conservative strategies prioritize preservation of capital over appreciation. They typically expect volatility similar to a strategic equity exposure between 30% and 50%.

Category Group Index: Morningstar Mod Tgt Risk TR USD
Category Index: Morningstar Mod Con Tgt Risk TR USD
Morningstar Index: Morningstar US Mod Con Tgt Alloc NR USD

Moderate Allocation

Funds in allocation categories seek to provide both income and capital appreciation by primarily investing in multiple asset classes, including stocks, bonds, and cash. These moderate strategies seek to balance preservation of capital with appreciation. They typically expect volatility similar to a strategic equity exposure between 50% and 70%.

Category Group Index: Morningstar Mod Tgt Risk TR USD
Category Index: Morningstar Mod Tgt Risk TR USD
Morningstar Index: Morningstar US Mod Tgt Alloc NR USD

Moderately Aggressive Allocation

Funds in allocation categories seek to provide both income and capital appreciation by primarily investing in multiple asset classes, including stocks, bonds, and cash. These moderately aggressive strategies prioritize capital appreciation over preservation. They typically expect volatility similar to a strategic equity exposure between 70% and 85%.

Category Group Index: Morningstar Mod Tgt Risk TR USD
Category Index: Morningstar Mod Agg Tgt Risk TR USD
Morningstar Index: Morningstar US Mod Agg Tgt Alloc NR USD

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Aggressive Allocation

Funds in allocation categories seek to provide both income and capital appreciation by primarily investing in multiple asset classes, including stocks, bonds, and cash. These aggressive strategies typically allocate at least 10% to equities of foreign companies and prioritize capital appreciation over preservation. They typically expect volatility similar to a strategic equity exposure of more than 85%.

Category Group Index: Morningstar Mod Tgt Risk TR USD

Category Index: Morningstar Agg Tgt Risk TR USD

Morningstar Index: Morningstar US Agg Tgt Alloc NR USD

Convertibles

Convertible-bond portfolios are designed to offer some of the capital-appreciation potential of stock portfolios while also supplying some of the safety and yield of bond portfolios. To do so, they focus on convertible bonds and convertible preferred stocks. Convertible bonds allow investors to convert the bonds into shares of stock, usually at a preset price. These securities thus act a bit like stocks and a bit like bonds.

Category Group Index: Morningstar Mod Tgt Risk TR USD

Category Index: ICE BofA US Convt Bonds TR USD

Morningstar Index: None

Global Allocation

Global-allocation portfolios seek to provide both capital appreciation and income by investing in three major areas: stocks, bonds, and cash. While these portfolios do explore the whole world, most of them focus on the U.S., Canada, Japan, and the larger markets in Europe. It is rare for such portfolios to invest more than 10% of their assets in emerging markets. These portfolios typically have at least 10% of assets in bonds, less than 70% of assets in stocks, and at least 40% of assets in non-U.S. stocks or bonds.

Category Group Index: Morningstar Mod Tgt Risk TR USD

Category Index: Morningstar Gbl Allocation TR USD

Morningstar Index: Morningstar Gbl Allocation TR USD

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Tactical Allocation

Tactical Allocation portfolios seek to provide capital appreciation and income by actively shifting allocations across investments. These portfolios have material shifts across equity regions, and bond sectors on a frequent basis. To qualify for the tactical allocation category, the fund must have minimum exposures of 10% in bonds and 20% in equity. Next, the fund must historically demonstrate material shifts in sector or regional allocations either through a gradual shift during three years or through a series of material shifts on a quarterly basis. Within a three-year period, typically the average quarterly changes between equity regions and bond sectors exceeds 15% or the difference between the maximum and minimum exposure to a single equity region or bond sector exceeds 50%.

Category Group Index: Morningstar Mod Tgt Risk TR USD

Category Index: Morningstar Mod Tgt Risk TR USD

Morningstar Index: Morningstar Mod Tgt Risk TR USD

Target-Date 2000-2010

Target-date portfolios provide diversified exposure to stocks, bonds, and cash for those investors who have a specific date in mind (in this case, the years 2000-2010) for retirement. These portfolios aim to provide investors with an optimal level of return and risk, based solely on the target date. Management adjusts the allocation among asset classes to more-conservative mixes as the target date approaches, following a preset glide path. A target-date portfolio is part of a series of funds offering multiple retirement dates to investors.

Category Group Index: Morningstar Mod Tgt Risk TR USD

Category Index: Morningstar Lifetime Mod 2010 TR USD

Morningstar Index: Morningstar Lifetime Mod 2010 TR USD

Target-Date 2015

Target-date portfolios provide diversified exposure to stocks, bonds, and cash for those investors who have a specific date in mind (in this case, the years 2011-2015) for retirement. These portfolios aim to provide investors with an optimal level of return and risk, based solely on the target date. Management adjusts the allocation among asset classes to more-conservative mixes as the target date approaches, following a preset glide path. A target-date portfolio is part of a series of funds offering multiple retirement dates to investors.

Category Group Index: Morningstar Mod Tgt Risk TR USD

Category Index: Morningstar Lifetime Mod 2015 TR USD

Morningstar Index: Morningstar Lifetime Mod 2015 TR USD

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Target-Date 2020

Target-date portfolios provide diversified exposure to stocks, bonds, and cash for those investors who have a specific date in mind (in this case, the years 2016-2020) for retirement. These portfolios aim to provide investors with an optimal level of return and risk, based solely on the target date. Management adjusts the allocation among asset classes to more-conservative mixes as the target date approaches, following a preset glide path. A target-date portfolio is part of a series of funds offering multiple retirement dates to investors.

Category Group Index: Morningstar Mod Tgt Risk TR USD
Category Index: Morningstar Lifetime Mod 2020 TR USD
Morningstar Index: Morningstar Lifetime Mod 2020 TR USD

Target-Date 2025

Target-date portfolios provide diversified exposure to stocks, bonds, and cash for those investors who have a specific date in mind (in this case, the years 2021-2025) for retirement. These portfolios aim to provide investors with an optimal level of return and risk, based solely on the target date. Management adjusts the allocation among asset classes to more-conservative mixes as the target date approaches, following a preset glide path. A target-date portfolio is part of a series of funds offering multiple retirement dates to investors.

Category Group Index: Morningstar Mod Tgt Risk TR USD
Category Index: Morningstar Lifetime Mod 2025 TR USD
Morningstar Index: Morningstar Lifetime Mod 2025 TR USD

Target-Date 2030

Target-date portfolios provide diversified exposure to stocks, bonds, and cash for those investors who have a specific date in mind (in this case, the years 2026-2030) for retirement. These portfolios aim to provide investors with an optimal level of return and risk, based solely on the target date. Management adjusts the allocation among asset classes to more-conservative mixes as the target date approaches, following a preset glide path. A target-date portfolio is part of a series of funds offering multiple retirement dates to investors.

Category Group Index: Morningstar Mod Tgt Risk TR USD
Category Index: Morningstar Lifetime Mod 2030 TR USD
Morningstar Index: Morningstar Lifetime Mod 2030 TR USD

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Target-Date 2035

Target-date portfolios provide diversified exposure to stocks, bonds, and cash for those investors who have a specific date in mind (in this case, the years 2031-2035) for retirement. These portfolios aim to provide investors with an optimal level of return and risk, based solely on the target date. Management adjusts the allocation among asset classes to more-conservative mixes as the target date approaches, following a preset glide path. A target-date portfolio is part of a series of funds offering multiple retirement dates to investors.

Category Group Index: Morningstar Mod Tgt Risk TR USD
Category Index: Morningstar Lifetime Mod 2035 TR USD
Morningstar Index: Morningstar Lifetime Mod 2035 TR USD

Target-Date 2040

Target-date portfolios provide diversified exposure to stocks, bonds, and cash for those investors who have a specific date in mind (in this case, the years 2036-2040) for retirement. These portfolios aim to provide investors with an optimal level of return and risk, based solely on the target date. Management adjusts the allocation among asset classes to more-conservative mixes as the target date approaches, following a preset glide path. A target-date portfolio is part of a series of funds offering multiple retirement dates to investors.

Category Group Index: Morningstar Mod Tgt Risk TR USD
Category Index: Morningstar Lifetime Mod 2040 TR USD
Morningstar Index: Morningstar Lifetime Mod 2040 TR USD

Target-Date 2045

Target-date portfolios provide diversified exposure to stocks, bonds, and cash for those investors who have a specific date in mind (in this case, the years 2041-2045) for retirement. These portfolios aim to provide investors with an optimal level of return and risk, based solely on the target date. Management adjusts the allocation among asset classes to more-conservative mixes as the target date approaches, following a preset glide path. A target-date portfolio is part of a series of funds offering multiple retirement dates to investors.

Category Group Index: Morningstar Mod Tgt Risk TR USD
Category Index: Morningstar Lifetime Mod 2045 TR USD
Morningstar Index: Morningstar Lifetime Mod 2045 TR USD

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Target-Date 2050

Target-date portfolios provide diversified exposure to stocks, bonds, and cash for those investors who have a specific date in mind (in this case, the years 2046-2050) for retirement. These portfolios aim to provide investors with an optimal level of return and risk, based solely on the target date. Management adjusts the allocation among asset classes to more-conservative mixes as the target date approaches, following a preset glide path. A target-date portfolio is part of a series of funds offering multiple retirement dates to investors.

Category Group Index: Morningstar Mod Tgt Risk TR USD
Category Index: Morningstar Lifetime Mod 2050 TR USD
Morningstar Index: Morningstar Lifetime Mod 2050 TR USD

Target-Date 2055

Target-date portfolios provide a diversified exposure to stocks, bonds, and cash for those investors who have a specific date in mind (in this case, the years 2051-2055) for retirement. These portfolios aim to provide investors with an optimal level of return and risk, based solely on the target date. Management adjusts the allocation among asset classes to more-conservative mixes as the target date approaches, following a preset glide path. A target-date portfolio is part of a series of funds offering multiple retirement dates to investors.

Category Group Index: Morningstar Mod Tgt Risk TR USD
Category Index: Morningstar Lifetime Mod 2055 TR USD
Morningstar Index: Morningstar Lifetime Mod 2055 TR USD

Target-Date 2060

Target-date portfolios provide a diversified exposure to stocks, bonds, and cash for those investors who have a specific date in mind (in this case, the years 2056-2060) for retirement. These portfolios aim to provide investors with an optimal level of return and risk, based solely on the target date. Management adjusts the allocation among asset classes to more-conservative mixes as the target date approaches, following a preset glide path. A target-date portfolio is part of a series of funds offering multiple retirement dates to investors.

Category Group Index: Morningstar Mod Tgt Risk TR USD
Category Index: Morningstar Lifetime Mod 2060 TR USD
Morningstar Index: Morningstar Lifetime Mod 2060 TR USD

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Target-Date 2065+

Target-date portfolios provide a diversified exposure to stocks, bonds, and cash for those investors who have a specific date in mind (in this case, the years 2061-2065 and beyond) for retirement. These portfolios aim to provide investors with an optimal level of return and risk, based solely on the target date. Management adjusts the allocation among asset classes to more-conservative mixes as the target date approaches, following a preset glide path. A target-date portfolio is part of a series of funds offering multiple retirement dates to investors.

Category Group Index: Morningstar Mod Tgt Risk TR USD
Category Index: Morningstar Lifetime Mod 2060 TR USD
Morningstar Index: Morningstar Lifetime Mod 2065 TR USD

Target-Date Retirement

Target-Date Retirement portfolios provide a mix of stocks, bonds, and cash for those investors already in or entering retirement. These portfolios tend to be managed to more of a conservative asset-allocation strategy. These portfolios aim to provide investors with steady income throughout retirement.

Category Group Index: Morningstar Mod Tgt Risk TR USD
Category Index: Morningstar Lifetime Mod Incm TR USD
Morningstar Index: Morningstar Lifetime Mod Incm TR USD

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International Equity

Foreign Large-Value

Foreign large-value portfolios invest mainly in big international stocks that are less expensive or growing more slowly than other large-cap stocks. Most of these portfolios divide their assets among a dozen or more developed markets, including Japan, Britain, France, and Germany. These portfolios primarily invest in stocks that have market caps in the top 70% of each economically integrated market (such as Europe or Asia ex-Japan). 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). These portfolios typically will have less than 20% of assets invested in U.S. stocks.

Category Group Index: MSCI ACWI Ex USA NR USD

Category Index: MSCI ACWI Ex USA Value NR USD

Morningstar Index: Morningstar Gbl xUS Value TME NR USD

Foreign Large-Blend

Foreign large-blend portfolios invest in a variety of big international stocks. Most of these portfolios divide their assets among a dozen or more developed markets, including Japan, Britain, France, and Germany. These portfolios primarily invest in stocks that have market caps in the top 70% of each economically integrated market (such as Europe or Asia ex-Japan). The blend style is assigned to portfolios where neither growth nor value characteristics predominate. These portfolios typically will have less than 20% of assets invested in U.S. stocks.

Category Group Index: MSCI ACWI Ex USA NR USD

Category Index: MSCI ACWI Ex USA NR USD

Morningstar Index: Morningstar Gbl xUS TME NR USD

Foreign Large-Growth

Foreign large-growth portfolios focus on high-priced growth stocks, mainly outside of the United States. Most of these portfolios divide their assets among a dozen or more developed markets, including Japan, Britain, France, and Germany. These portfolios primarily invest in stocks that have market caps in the top 70% of each economically integrated market (such as Europe or Asia ex-Japan). 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). These portfolios typically will have less than 20% of assets invested in U.S. stocks.

Category Group Index: MSCI ACWI Ex USA NR USD

Category Index: MSCI ACWI Ex USA Growth NR USD

Morningstar Index: Morningstar Gbl xUS Growth TME NR USD

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Foreign Small/Mid-Value

Foreign small/mid-value portfolios invest in international stocks that are smaller and less expensive than other stocks. These portfolios primarily invest in stocks that fall in the bottom 30% of each economically integrated market (such as Europe or Asia ex-Japan). 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). These portfolios typically will have less than 20% of assets invested in U.S. stocks.

Category Group Index: MSCI ACWI Ex USA NR USD

Category Index: MSCI ACWI ex USA SMID Value NR USD

Morningstar Index: Morningstar Gbl xUS SMID NR USD

Foreign Small/Mid-Blend

Foreign small/mid-blend portfolios invest in a variety of international stocks that are smaller. These portfolios primarily invest in stocks that fall in the bottom 30% of each economically integrated market (such as Europe or Asia ex-Japan). The blend style is assigned to portfolios where neither growth nor value characteristics predominate. These portfolios typically will have less than 20% of assets invested in U.S. stocks.

Category Group Index: MSCI ACWI Ex USA NR USD

Category Index: MSCI ACWI Ex USA SMID NR USD

Morningstar Index: Morningstar Gbl xUS SMID NR USD

Foreign Small/Mid-Growth

Foreign small/mid-growth portfolios invest in international stocks that are smaller, growing faster, and higher-priced than other stocks. These portfolios primarily invest in stocks that fall in the bottom 30% of each economically integrated market (such as Europe or Asia ex-Japan). 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). These portfolios typically will have less than 20% of assets invested in U.S. stocks.

Category Group Index: MSCI ACWI Ex USA NR USD

Category Index: MSCI ACWI Ex USA SMID Growth NR USD

Morningstar Index: Morningstar Gbl xUS SMID NR USD

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Global Large-Stock Growth

Global large-stock growth portfolios invest in a variety of international stocks and typically skew towards large caps that are more expensive or projected to grow faster than other global large-cap stocks. Global large stock growth portfolios have few geographical limitations. It is common for these portfolios to invest the majority of their assets in developed markets, with the remainder divided among the globe's emerging markets. These portfolios are not significantly overweight U.S. equity exposure relative to the Morningstar Global Market Index and maintain at least a 20% absolute U.S. exposure.

Category Group Index: MSCI ACWI NR USD

Category Index: MSCI ACWI Growth NR USD

Morningstar Index: Morningstar Gbl Growth TME NR USD

Global Large-Stock Blend

Global large-stock blend portfolios invest in a variety of international stocks and typically skew towards large caps that are fairly representative of the global stock market in size, growth rates, and price. Global large stock blend portfolios have few geographical limitations. It is common for these portfolios to invest the majority of their assets in developed markets, with the remainder divided among the globe's emerging markets. These portfolios are not significantly overweight U.S. equity exposure relative to the Morningstar Global Market Index and maintain at least a 20% absolute U.S. exposure.

Category Group Index: MSCI ACWI NR USD

Category Index: MSCI ACWI NR USD

Morningstar Index: Morningstar Gbl TME NR USD

Global Large-Stock Value

Global large-stock value portfolios invest in a variety of international stocks and typically skew towards large caps that are less expensive or growing more slowly than other global large-cap stocks. Global large stock value portfolios have few geographical limitations. It is common for these portfolios to invest the majority of their assets in developed markets, with the remainder divided among the globe's emerging markets. These portfolios are not significantly overweight U.S. equity exposure relative to the Morningstar Global Market Index and maintain at least a 20% absolute U.S. exposure.

Category Group Index: MSCI ACWI NR USD

Category Index: MSCI ACWI Value NR USD

Morningstar Index: Morningstar Gbl Val TME NR USD

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Global Small/Mid Stock

Global small/mid stock portfolios invest in a variety of international stocks that are smaller. Global-stock portfolios have few geographical limitations. It is common for these portfolios to invest the majority of their assets in developed markets, with the remainder divided among the globe's smaller markets. These portfolios are not significantly overweight U.S. equity exposure relative to the Morningstar Global Market Index and maintain at least a 20% absolute U.S. exposure.

Category Group Index: MSCI ACWI NR USD

Category Index: MSCI ACWI SMID NR USD

Morningstar Index: Morningstar Gbl SMID NR USD

Diversified Emerging Markets

Diversified emerging-markets portfolios tend to divide their assets among 20 or more nations, although they tend to focus on the emerging markets of Asia and Latin America rather than on those of the Middle East, Africa, or Europe. These portfolios invest predominantly in emerging market equities, but some funds also invest in both equities and fixed income investments from emerging markets.

Category Group Index: MSCI ACWI Ex USA NR USD

Category Index: MSCI EM NR USD

Morningstar Index: Morningstar EM TME NR USD

Diversified Pacific/Asia

Diversified Pacific/Asia stock portfolios have a wider investment range than other Asia-oriented portfolios. These portfolios can invest throughout the Pacific Rim, including Australia and New Zealand. As a result, country weightings for these portfolios vary tremendously, though most retain some exposure to Japan and Hong Kong. These portfolios invest at least 70% of total assets in equities and invest at least 75% of stock assets in Pacific countries, including at least 10% in Japan.

Category Group Index: MSCI ACWI Ex USA NR USD

Category Index: MSCI Pacific NR USD

Morningstar Index: Morningstar DM APAC TME NR USD

Miscellaneous Region

Miscellaneous Region stock portfolios invest in countries or smaller regions that do not have their own category. They typically have a narrow geographical range.

Category Group Index: MSCI ACWI Ex USA NR USD

Category Index: MSCI ACWI Ex USA NR USD

Morningstar Index: Morningstar Gbl xUS TME NR USD

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Europe Stock

Europe-stock portfolios invest at least 70% of total assets in equities and invest at least 75% of stock assets in Europe. Most of these portfolios emphasize the region's larger and more developed markets, including Britain, the Netherlands, Germany, France, and Switzerland. Many also invest in the region's smaller markets, including the emerging markets of eastern Europe.

Category Group Index: MSCI ACWI Ex USA NR USD

Category Index: MSCI Europe NR USD

Morningstar Index: Morningstar DM Eur TME NR USD

Latin America Stock

Latin America stock portfolios invest almost exclusively in stocks from Latin America. Most of these portfolios strongly favor the area's large markets, specifically Brazil, Mexico, and Argentina. Smaller markets such as Peru or Colombia aren't generally as well-represented in these portfolios. These portfolios invest at least 70% of total assets in equities and invest at least 75% of stock assets in Latin America.

Category Group Index: MSCI ACWI Ex USA NR USD

Category Index: MSCI EM Latin America NR USD

Morningstar Index: Morningstar EM Americas NR USD

Pacific/Asia ex-Japan Stock

Pacific/Asia ex-Japan stock portfolios cover a wide geographic range. Most of these portfolios focus on export-oriented nations such as Hong Kong, Singapore, Taiwan, and Korea. These portfolios invest at least 70% of total assets in equities and invest at least 75% of stock assets in Pacific countries, with less than 10% in Japan.

Category Group Index: MSCI ACWI Ex USA NR USD

Category Index: MSCI AC Asia ex Japan NR USD

Morningstar Index: Morningstar APAC xJpn TME NR USD

China Region

China-region stock portfolios invest almost exclusively in stocks from China, Taiwan, and Hong Kong. These portfolios invest at least 70% of total assets in equities and invest at least 75% of stock assets in one specific region or a combination of China, Taiwan, and/or Hong Kong.

Category Group Index: MSCI ACWI Ex USA NR USD

Category Index: MSCI China NR USD

Morningstar Index: Morningstar China NR USD

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India Equity

India-stock portfolios emphasize companies based in India. These portfolios invest at least 70% of total assets in equities and invest at least 75% of stock assets in India.

Category Group Index: MSCI ACWI Ex USA NR USD

Category Index: MSCI India NR USD

Morningstar Index: Morningstar India NR USD

Japan Stock

Japan-stock portfolios emphasize companies based in Japan. The Japanese stock market is one of the largest in the world, so these portfolios' holdings vary significantly. Some portfolios concentrate on Japan's larger companies, while others concentrate on the nation's smaller firms. These portfolios invest at least 70% of total assets in equities and invest at least 75% of stock assets in Japan.

Category Group Index: MSCI ACWI Ex USA NR USD

Category Index: MSCI Japan NR USD

Morningstar Index: Morningstar Japan NR USD

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Nontraditional Equity

Long-Short Equity

Long-short equity portfolios hold sizeable stakes in both long and short positions in equities, exchange traded funds, and related derivatives. Funds shift their exposure to long and short positions depending on the opportunities they uncover through bottom-up research. Funds in the category tend to have beta values to relevant benchmarks of between 0.3 and 0.8.

Category Group Index: S&P 500 TR USD

Category Index: Morningstar US Market TR USD

Morningstar Index: Morningstar US Market TR USD

Derivative Income

Derivative income strategies primarily use an options overlay to generate income while maintaining significant exposure to equity market risk. Income is typically generated through covered call writing strategies, for example, while traditional equity risk factors dictate a substantial portion of the return. Funds in the category will typically have beta values to relevant benchmarks of between 0.6 and 0.9.

Category Group Index: S&P 500 TR USD

Category Index: CBOE S&P 500 BuyWrite BXM PR USD

Morningstar Index: Morningstar US Market TR USD

Equity Hedged

Equity Hedged strategies use a variety of means to protect the value of their equity exposure during times of market weakness. These funds may exchange equity risk for some other risk premium, such as volatility. They may also make opportunistic trades, like employing market-timing moves to exit the market altogether. These funds use a variety of options trades to hedge their equity risk, including put writing, options spreads, collar strategies, and others. Funds in the category will typically have beta values to relevant benchmarks of less than 0.6.

Category Group Index: S&P 500 TR USD

Category Index: Morningstar Mod Con Tgt Risk TR USD

Morningstar Index: Morningstar Mod Con Tgt Risk TR USD

Defined Outcome

Defined Outcome funds deliver investors a predefined range of outcomes over a set period. This range is determined by equity market performance and the derivative contracts that underlie each fund. The funds' features primarily include upside caps and downside buffers. Underlying asset classes tend to be equity-based but may be derived from other asset classes. The products predominantly use options to deliver these outcomes, but may also utilize swaps, or other derivatives.

Category Group Index: S&P 500 TR USD

Category Index: Morningstar Mod Agg Tgt Risk TR USD

Morningstar Index: Morningstar Mod Agg Tgt Risk TR USD

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Alternative

Macro Trading

Macro trading strategies, using either systematic or discretionary methods, look for investment opportunities by studying such factors as the global economy, government policies, interest rates, inflation, and market trends. As opportunists, these funds are not restricted by asset class and may invest across such disparate assets as global equities, bonds, currencies, and commodities, and make extensive use of derivatives. These strategies often take significant non-price momentum directional long or short positions as well as inter- and intra-asset class relative value trades. Market beta is typically kept under 0.25.

Category Group Index: MSCI ACWI NR USD
Category Index: Morningstar Con Tgt Risk TR USD
Morningstar Index: Morningstar Con Tgt Risk TR USD

Event Driven

Event driven strategies attempt to profit when security prices change in response to certain corporate actions, such as bankruptcies, mergers and acquisitions, emergence from bankruptcy, shifts in corporate strategy, and other atypical events. Activist shareholder and distressed investment strategies also fall into this category. These portfolios typically focus on equity securities but can invest across the capital structure. They typically have low to moderate equity market sensitivity since company-specific developments tend to drive security prices.

Category Group Index: MSCI ACWI NR USD
Category Index: Morningstar Con Tgt Risk TR USD
Morningstar Index: Morningstar Con Tgt Risk TR USD

Relative Value Arbitrage

Relative value strategies seek out pricing discrepancies between pairs or combinations of securities regardless of asset class. They often employ one or a combination of debt, equity, and convertible arbitrage strategies, among others. They can use significant leverage and typically seek to profit from the convergence of values between securities. Funds in this category typically have low beta exposures to major market indexes due to their offsetting long and short exposures.

Category Group Index: MSCI ACWI NR USD
Category Index: Morningstar Con Tgt Risk TR USD
Morningstar Index: Morningstar Con Tgt Risk TR USD

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Multistrategy

Multistrategy portfolios offer investors exposure to two or more alternative investment strategies, as defined by Morningstar's alternative category classifications, through either a single-manager or multi-manager approach. Funds in this category typically have a majority of their assets exposed to alternative strategies, but at a minimum, alternatives must comprise greater than 30% of the strategy's gross exposure. The category includes funds with static allocations to alternative strategies as well as those that tactically adjust their exposure to different alternative strategies and asset classes. Multistrategy funds typically aim to have low to modest sensitivity to traditional market indexes, although that may not be the case for strategies with lower alternatives allocations.

Category Group Index: MSCI ACWI NR USD
Category Index: Morningstar Con Tgt Risk TR USD
Morningstar Index: Morningstar Con Tgt Risk TR USD

Equity Market Neutral

Equity market neutral strategies attempt to profit from long and short stock selection decisions while minimizing systematic risk created by exposure to factors such as overall equity market beta, sectors, market-cap ranges, investment styles, or countries. They try to achieve this by matching long positions within each area against offsetting short positions, though they may vary their exposure to market risk factors modestly. These funds' investment strategies may be discretionary or systematic, and they keep at least 75% of their gross assets in equities or equity-related instruments such as derivatives. They typically have beta values to a relevant benchmark of less than 0.3.

Category Group Index: MSCI ACWI NR USD
Category Index: Morningstar Con Tgt Risk TR USD
Morningstar Index: Morningstar Con Tgt Risk TR USD

Systematic Trend

Systematic trend strategies primarily implement trend-following, price-momentum strategies by trading long and short liquid global futures, options, swaps, and foreign exchange contracts. The remaining exposure may be invested in a mix of other complementary nontraditional risk premia. These portfolios typically obtain exposure referencing a mix of diversified global markets, including commodities, currencies, government bonds, interest rates and equity indexes.

Category Group Index: MSCI ACWI NR USD
Category Index: Morningstar Con Tgt Risk TR USD
Morningstar Index: Morningstar Con Tgt Risk TR USD

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Digital Assets

Digital assets that utilize blockchain technology can be described as an immutable, permissionless and often decentralized digital database. Digital asset portfolios will invest the majority of their assets into one or more broadly classified areas including; Decentralized Finance (DeFi) assets, stable coins, currency assets, smart contracts platforms, exchange assets, privacy assets, yield farming, and nonfungible tokens (NFTs) among others. Digital assets are often characterized by two risk style factors momentum and volatility. Portfolios may gain access to digital assets through physical or derivative exposures and incorporate both long only investments and other hedging techniques. To qualify for inclusion, funds in this category must have a material portion of risk coming from digital assets.

Category Group Index: USTREAS T-Bill Auction Ave 3 Mon

Category Index: USTREAS T-Bill Auction Ave 3 Mon

Morningstar Index: None

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Miscellaneous

Trading—Leveraged Commodities

These funds seek to generate returns equal to a fixed multiple of short-term returns of a commodity index. The compounding of short-term returns results in performance that does not correspond to those of investing in the index with external leverage. For example, a fund attempting to achieve 2 times the returns of a given index on a daily basis is unlikely to deliver anything like 2 times the index's returns over periods longer than one day. Many of these funds seek to generate a multiple of the daily or weekly return of the reference index. Trading funds are not considered suitable for a long-term investor and are designed to be used by traders.

Category Group Index: Bloomberg Commodity TR USD

Category Index: Bloomberg Commodity TR USD

Morningstar Index: None

Trading—Inverse Commodities

These funds seek to generate returns equal to an inverse multiple of short-term returns of a commodity index. The compounding of short-term returns results in performance that does not correspond to those of investing in the index with external leverage. For example, a fund attempting to achieve negative 2 times the returns of a given index on a daily basis is unlikely to deliver anything like negative 2 times the index's returns over periods longer than one day. Many of these funds seek to generate a multiple typically negative 1 to negative 3 times of the daily or weekly return of the reference index. Trading funds are not considered suitable for a long-term investor and are designed to be used by active traders.

Category Group Index: Bloomberg Commodity TR USD

Category Index: Bloomberg Commodity TR USD

Morningstar Index: None

Trading—Leveraged Debt

These funds seek to generate returns equal to a fixed multiple of the short-term returns of a fixed-income index. The compounding of short-term returns results in performance that does not correspond to those of investing in the index with external leverage. For example, a fund attempting to achieve 2 times the returns of a given index on a daily basis is unlikely to deliver anything like 2 times the index's returns over periods longer than one day. Many of these funds seek to generate a multiple of the daily or weekly return of the reference index. Trading funds are not considered suitable for a long-term investor and are designed to be used by active traders.

Category Group Index: Bloomberg US Agg Bond TR USD

Category Index: Bloomberg US Agg Bond TR USD

Morningstar Index: Morningstar US Core Bd TR USD

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Trading—Inverse Debt

These funds seek to generate returns equal to an inverse fixed multiple of short-term returns of a fixed-income index. The compounding of short-term returns results in performance that does not correspond to those of investing in the index with external leverage. For example, a fund attempting to achieve negative 2 times the returns of a given index on a daily basis is unlikely to deliver anything like negative 2 times the index's returns over periods longer than one day. Many of these funds seek to generate a multiple typically negative 1 to negative 3 times of the daily or weekly return of the reference index. Trading funds are not considered suitable for a long-term investor and are designed to be used by active traders.

Category Group Index: Bloomberg US Agg Bond TR USD
Category Index: Bloomberg US Agg Bond TR USD
Morningstar Index: Morningstar US Core Bd TR USD

Trading—Leveraged Equity

These funds seek to generate returns equal to a fixed multiple of the short-term returns of an equity index. The compounding of short-term returns results in performance that does not correspond to those of investing in the index with external leverage. For example, a fund attempting to achieve 2 times the returns of a given index on a daily basis is unlikely to deliver anything like 2 times the index's returns over periods longer than one day. Many of these funds seek to generate a multiple of the daily or weekly return of the reference index. Trading funds are not considered suitable for a long-term investor and are designed to be used by active traders.

Category Group Index: S&P 500 TR USD
Category Index: S&P 500 TR USD
Morningstar Index: Morningstar US Market TR USD

Trading—Inverse Equity

These funds seek to generate returns equal to an inverse fixed multiple of short-term returns of an equity index. The compounding of short-term returns results in performance that does not correspond to those of investing in the index with external leverage. For example, a fund attempting to achieve negative 2 times the returns of a given index on a daily basis is unlikely to deliver anything like negative 2 times the index's returns over periods longer than one day. Many of these funds seek to generate a multiple typically negative 1 to negative 3 times the daily or weekly return of the reference index. Trading funds are not considered suitable for a long-term investor and are designed to be used by active traders.

Category Group Index: S&P 500 TR USD
Category Index: S&P 500 TR USD
Morningstar Index: Morningstar US Market TR USD

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Trading—Miscellaneous

These funds seek to generate returns equal to a fixed multiple (positive or negative) of short-term returns of an index. The reference index for this category is not equity, fixed-income, or commodity linked. The compounding of short-term returns results in performance that does not correspond to those of investing in the index with external leverage. For example, a fund attempting to achieve 2 times the returns of a given index on a daily basis is unlikely to deliver anything like 2 times the index's returns over periods longer than one day. Many of these funds seek to generate a multiple of the daily or weekly return of the reference index. Trading funds are not considered suitable for a long-term investor and are designed to be used by active traders.

Category Group Index: ICE BofA USD 3M Dep OR CM TR USD
Category Index: ICE BofA USD 3M Dep OR CM TR USD
Morningstar Index: Morningstar USD 1M Cash TR USD

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Commodities

Commodities Broad Basket

Broad-basket portfolios can invest in a diversified basket of commodity goods including but not limited to grains, minerals, metals, livestock, cotton, oils, sugar, coffee, and cocoa. Investment can be made directly in physical assets or commodity-linked derivative instruments, such as commodity swap agreements.

Category Group Index: Bloomberg Commodity TR USD
Category Index: Bloomberg Commodity TR USD
Morningstar Index: None

Commodities Focused

Focused portfolios invest in concentrated sectors of commodities including but not limited to agriculture, energy, industrial metals, and precious metals.

Category Group Index: Bloomberg Commodity TR USD
Category Index: Bloomberg Commodity TR USD
Morningstar Index: None

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Taxable Bond

Long Government

Long-government portfolios have at least 90% of their bond holdings invested in bonds backed by the U.S. government or by government-linked agencies. This backing minimizes the credit risk of these portfolios, as the U.S. government is unlikely to default on its debt. They are not risk-free, though. Because these portfolios have durations of typically more than 6.0 years, they are more sensitive to interest rates, and thus riskier, than portfolios that have shorter durations.

Morningstar calculates monthly breakpoints using the effective duration of the Morningstar Core Bond Index in determining duration assignment. Long term is defined as 125% of the three-year average effective duration of the MCBI.

Category Group Index: Bloomberg US Agg Bond TR USD

Category Index: Bloomberg US Government Long TR USD

Morningstar Index: Morningstar US 10+ Yr Trsy Bd TR USD

Intermediate Government

Intermediate-government portfolios have at least 90% of their bond holdings in bonds backed by the U.S. government or by government-linked agencies. This backing minimizes the credit risk of these portfolios, as the U.S. government is unlikely to default on its debt. These portfolios have durations typically between 3.5 and 6.0 years. Consequently, the group's performance—and its level of volatility—tends to fall between that of the short government and long government bond categories. Morningstar calculates monthly breakpoints using the effective duration of the Morningstar Core Bond Index in determining duration assignment. Intermediate is defined as 75% to 125% of the three-year average effective duration of the MCBI.

Category Group Index: Bloomberg US Agg Bond TR USD

Category Index: Bloomberg US Government TR USD

Morningstar Index: Morningstar US Trsy Bd TR USD

Short Government

Short-government portfolios have at least 90% of their bond holdings in bonds backed by the U.S. government or by government-linked agencies. This backing minimizes the credit risk of these portfolios, as the U.S. government is unlikely to default on its debt. These portfolios have durations typically between 1.0 and 3.5 years, so they have relatively less sensitivity to interest rates and, thus, low risk potential. Morningstar calculates monthly breakpoints using the effective duration of the Morningstar Core Bond Index in determining duration assignment. Short is defined as 25% to 75% of the three-year average effective duration of the MCBI.

Category Group Index: Bloomberg US Agg Bond TR USD

Category Index: Bloomberg US Govt 1-3 Yr TR USD

Morningstar Index: Morningstar US 1-5 Yr Trsy Bd TR USD

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Inflation-Protected Bond

Inflation-protected bond portfolios invest primarily in debt securities that adjust their principal values in line with the rate of inflation. These bonds can be issued by any organization, but the U.S. Treasury is currently the largest issuer for these types of securities.

Category Group Index: Bloomberg US Agg Bond TR USD

Category Index: Bloomberg US Treasury US TIPS TR USD

Morningstar Index: Morningstar US TIPS TR USD

Long-Term Bond

Long-term bond portfolios invest primarily in investment-grade U.S. fixed-income issues including government, corporate, and securitized debt. Their durations (a measure of interest-rate sensitivity) typically range above 125% of the three-year average of the effective duration of the Morningstar Core Bond Index.

Category Group Index: Bloomberg US Agg Bond TR USD

Category Index: Bloomberg US Govt/Credit Long TR USD

Morningstar Index: None

Intermediate Core Bond

Intermediate-term core bond portfolios invest primarily in investment-grade U.S. fixed-income issues including government, corporate, and securitized debt, and hold less than 5% in below-investment-grade exposures. Their durations (a measure of interest-rate sensitivity) typically range between 75% and 125% of the three-year average of the effective duration of the Morningstar Core Bond Index.

Category Group Index: Bloomberg US Agg Bond TR USD

Category Index: Bloomberg US Agg Bond TR USD

Morningstar Index: Morningstar US Core Bond TR USD

Intermediate Core-Plus Bond

Intermediate-term core-plus bond portfolios invest primarily in investment-grade U.S. fixed-income issues including government, corporate, and securitized debt, but generally have greater flexibility than core offerings to hold non-core sectors such as corporate high yield, bank loan, emerging-markets debt, and non-U.S. currency exposures. Their durations (a measure of interest-rate sensitivity) typically range between 75% and 125% of the three-year average of the effective duration of the Morningstar Core Bond Index.

Category Group Index: Bloomberg US Agg Bond TR USD

Category Index: Bloomberg US Universal TR USD

Morningstar Index: Morningstar US Core Plus Bd TR USD

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Short-Term Bond

Short-term bond portfolios invest primarily in corporate and other investment-grade U.S. fixed-income issues and typically have durations of 1.0 to 3.5 years. These portfolios are attractive to fairly conservative investors, because they are less sensitive to interest rates than portfolios with longer durations. Morningstar calculates monthly breakpoints using the effective duration of the Morningstar Core Bond Index in determining duration assignment. Short-term is defined as 25% to 75% of the three-year average effective duration of the MCBI.

Category Group Index: Bloomberg US Agg Bond TR USD
Category Index: Bloomberg US Govt/Credit 1-3 Yr TR USD
Morningstar Index: Morningstar US 1-3Y Gov&Corp TR USD

Ultrashort Bond

Ultrashort-bond portfolios invest primarily in investment-grade U.S. fixed-income issues and have durations typically of less than one year. This category can include corporate or government ultrashort bond portfolios, but it excludes international, convertible, multisector, and high-yield bond portfolios. Because of their focus on bonds with very short durations, these portfolios offer minimal interest-rate sensitivity and therefore low risk and total return potential. Morningstar calculates monthly breakpoints using the effective duration of the Morningstar Core Bond Index in determining duration assignment. Ultrashort is defined as 25% of the three-year average effective duration of the MCBI.

Category Group Index: Bloomberg US Agg Bond TR USD
Category Index: Bloomberg Govt/Corp 1 Yr Duration TR USD
Morningstar Index: None

Bank Loan

Bank-loan portfolios primarily invest in floating-rate bank loans and floating-rate below investment-grade securities instead of bonds. In exchange for their credit risk, these loans offer high interest payments that typically float above a common short-term benchmarks such as Libor or SOFR.

Category Group Index: Bloomberg US Agg Bond TR USD
Category Index: Morningstar LSTA US LL TR USD
Morningstar Index: Morningstar LSTA US LL TR USD

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Stable Value

Stable-value portfolios seek to provide income while preventing price fluctuations. The most common stable-value portfolios invest in a diversified portfolio of bonds and enter into wrapper agreements with financial companies to guarantee against fluctuations in their share prices. These wrapper agreements typically provide price stability on a day-to-day basis, thereby insulating each portfolio's net asset value from interest-rate volatility. Therefore, the duration for each of these funds is essentially zero. This category is used only in Morningstar's custom fund, separate account, and collective investment trust databases.

Category Group Index: Bloomberg US Agg Bond TR USD
Category Index: USTREAS T-Bill Cnst Mat Rate 3 Yr
Morningstar Index: Morningstar US CIT Stable Value GR USD

Corporate Bond

Corporate bond portfolios concentrate on investment-grade bonds issued by corporations in U.S. dollars, which tend to have more credit risk than government or agency-backed bonds. These portfolios hold more than 65% of their assets in corporate debt, less than 40% of their assets in non-U.S. debt, less than 35% in below-investment-grade debt, and durations that typically range between 75% and 150% of the three-year average of the effective duration of the Morningstar Core Bond Index.

Category Group Index: Bloomberg US Agg Bond TR USD
Category Index: Bloomberg US Corp Bond TR USD
Morningstar Index: Morningstar US Corp Bd TR USD

Preferred Stock

Preferred stock portfolios concentrate on preferred stocks and perpetual bonds. These portfolios tend to have more credit risk than government or agency backed bonds, and effective duration longer than other bond portfolios. These portfolios hold more than 65% of assets in preferred stocks and perpetual bonds.

Category Group Index: Bloomberg US Agg Bond TR USD
Category Index: ICE BofA Fxd Rate Pref TR USD
Morningstar Index: None

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High-Yield Bond

High-yield bond portfolios concentrate on lower-quality bonds, which are riskier than those of higher-quality companies. These portfolios generally offer higher yields than other types of portfolios, but they are also more vulnerable to economic and credit risk. These portfolios primarily invest in U.S. high-income debt securities where at least 65% or more of bond assets are not rated or are rated by a major agency such as Standard & Poor's or Moody's at the level of BB (considered speculative for taxable bonds) and below.

Category Group Index: Bloomberg US Agg Bond TR USD
Category Index: ICE BofA US High Yield TR USD
Morningstar Index: Morningstar US HY Bd TR USD

Multisector Bond

Multisector-bond portfolios seek income by diversifying their assets among several fixed-income sectors, usually U.S. government obligations, U.S. corporate bonds, foreign bonds, and high-yield U.S. debt securities. These portfolios typically hold 35% to 65% of bond assets in securities that are not rated or are rated by a major agency such as Standard & Poor's or Moody's at the level of BB (considered speculative for taxable bonds) and below.

Category Group Index: Bloomberg US Agg Bond TR USD
Category Index: Bloomberg US Universal TR USD
Morningstar Index: Morningstar US Core Plus Bond TR USD

Global Bond

Global bond portfolios typically invest 40% or more of their assets in fixed-income instruments issued outside of the U.S. These portfolios invest primarily in investment-grade rated issues, but their strategies can vary. Some follow a conservative approach, sticking with high-quality bonds from developed markets. Others are more adventurous, owning some lower-quality bonds from developed or emerging markets. Some portfolios invest exclusively outside the U.S., while others invest in both U.S. and non-U.S. bonds. Many consistently maintain significant allocations to non-U.S. dollar currencies, while others have the flexibility to make sizeable adjustments between their U.S. dollar and non-U.S. currency exposures.

Category Group Index: Bloomberg US Agg Bond TR USD
Category Index: Bloomberg Global Aggregate TR USD
Morningstar Index: Morningstar Gbl Core Bd GR USD

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Global Bond-USD Hedged

USD hedged portfolios typically invest 40% or more of their assets in fixed-income instruments issued outside of the U.S. These portfolios invest primarily in investment-grade rated issues, but their strategies can vary. Some follow a conservative approach, sticking with high-quality bonds from developed markets. Others are more adventurous, owning some lower-quality bonds from developed or emerging markets. Some portfolios invest exclusively outside the U.S., while others invest in both U.S. and non-U.S. bonds. Funds in this category hedge most of their non-U.S.-dollar currency exposure back to the U.S. dollar.

Category Group Index: Bloomberg US Agg Bond TR USD
Category Index: Bloomberg Global Aggregate TR Hdg USD
Morningstar Index: Morningstar Gbl Core Bd GR Hdg USD

Target Maturity

Taxable target maturity portfolios typically invest in corporate and other taxable U.S. investment-grade fixed-income instruments that are all expected to mature in the same year.

Category Group Index: Bloomberg US Agg Bond TR USD
Category Index: Bloomberg US Agg Bond TR USD
Morningstar Index: Morningstar US Core Bd TR USD

Emerging-Markets Bond

Emerging-markets bond portfolios invest more than 65% of their assets in foreign bonds from developing countries. The largest portion of the emerging-markets bond market comes from Latin America, followed by Eastern Europe. Africa, the Middle East, and Asia make up the rest.

Category Group Index: Bloomberg US Agg Bond TR USD
Category Index: Bloomberg EM USD Aggregate TR USD
Morningstar Index: Morningstar EM Bd GR USD

Emerging-Markets Local-Currency Bond

Emerging-markets local-currency bond portfolios invest more than 65% of their assets in foreign bonds from developing countries in the local currency. Funds in this category have a mandate to maintain exposure to currencies of emerging markets. The largest portion of the emerging-markets bond market comes from Latin America, followed by Eastern Europe, Africa, the Middle East, and Asia.

Category Group Index: Bloomberg US Agg Bond TR USD
Category Index: Bloomberg EM Lcl Currency Lqd Gov TR USD
Morningstar Index: None

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Nontraditional Bond

Inclusion in nontraditional bond is informed by a balance of factors determined by Morningstar analysts. Those typically include a mix of: absolute return mandates; goals of producing returns not correlated with the overall bond market; performance benchmarks based on ultrashort-term interest rates such as T-bills; the ability to take long and short market and security-level positions using a broad range of derivatives; and few or very limited portfolio constraints on exposure to credit, sectors, currency, or interest-rate sensitivity. Funds in this group typically have the flexibility to manage duration exposure over a wide range of years and to take it to zero or a negative value.

Category Group Index: Bloomberg US Agg Bond TR USD
Category Index: ICE BofA USD 3M Dep OR CM TR USD
Morningstar Index: Morningstar USD 1M Cash TR USD

Single Currency

Currency portfolios invest in a single currency through the use of short-term money market instruments; derivative instruments including and not limited to forward currency contracts, index swaps, and options; and cash deposits.

Category Group Index: ICE BofA USD 3M Dep OR CM TR USD
Category Index: ICE BofA USD 3M Dep OR CM TR USD
Morningstar Index: Morningstar USD 1M Cash TR USD

Miscellaneous Fixed Income

Miscellaneous Fixed Income portfolios have structures or mandates that make them unsuitable for inclusion in other fixed-income categories. They do not receive Morningstar Ratings, should not be compared against other peer groups, and are not included in calculations for ranking statistics. Among others, constituents include so-called separate-account completion funds that are not designed for use as stand-alone portfolios, and only in combination with other investments.

Category Group Index: Bloomberg US Agg Bond TR USD
Category Index: Bloomberg US Agg Bond TR USD
Morningstar Index: Morningstar US Core Bd TR USD

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Short-Term Inflation-Protected Bond

Short-term Inflation-protected bond portfolios invest primarily in debt securities designed to provide returns with a component explicitly tied to inflation. US Treasury Inflation Protected Securities include an adjustment to their principal values in line with the rate of inflation, as measured by the US Consumer Price Index. These bonds can be issued by any organization or government, but the U.S. Treasury is currently the largest issuer for these securities. Inclusion in the category may be informed by a balance of factors but their durations (a measure of interest rate sensitivity) are typically shorter than 4.0 years, their average weighted maturities are typically less than 7.0 years, and they typically employ benchmarks limited to bonds with maturities of 10 or fewer years.

Category Group Index: Bloomberg US Agg Bond TR USD

Category Index: Bloomberg U.S. Treasury TIPS 1-5Y TR USD

Morningstar Index: Morningstar US 1-5Y TIPS TR USD

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Municipal Bond

Muni National Long

Muni national long portfolios invest in bonds issued by various state and local governments to fund public projects. The income from these bonds is generally free from federal taxes. To lower risk, these portfolios spread their assets across many states and sectors. These portfolios have durations of more than 6.0 years (or average maturities of more than 12 years).

Category Group Index: Bloomberg Municipal TR USD

Category Index: Bloomberg Municipal TR USD

Morningstar Index: Morningstar US Municipal Bond GR USD

Muni National Intermediate

Muni national intermediate portfolios invest in bonds issued by various state and local governments to fund public projects. The income from these bonds is generally free from federal taxes. To lower risk, these portfolios spread their assets across many states and sectors. These portfolios have durations of 4.0 to 6.0 years (or average maturities of five to 12 years).

Category Group Index: Bloomberg Municipal TR USD

Category Index: Bloomberg Municipal 1-15 Yr TR USD

Morningstar Index: None

Muni National Short

Muni national short portfolios invest in bonds issued by state and local governments to fund public projects. The income from these bonds is generally free from federal taxes and/or from state taxes in the issuing state. To lower risk, some of these portfolios spread their assets across many states and sectors. Other portfolios buy bonds from only one state in order to get the state-tax benefit. These portfolios have durations of less than 4.0 years (or average maturities of less than five years).

Category Group Index: Bloomberg Municipal TR USD

Category Index: Bloomberg Municipal 3 Yr 2-4 TR USD

Morningstar Index: None

High-Yield Muni

High-Yield Muni portfolios typically invest a substantial portion of assets in high-income municipal securities that are not rated or that are rated at the level of or below BBB (considered high-yield within the municipal-bond industry) by a major ratings agency such as Standard & Poor's or Moody's.

Category Group Index: Bloomberg Municipal TR USD

Category Index: Bloomberg 65% High Grade/35% HY TR USD

Morningstar Index: None

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Muni Single State Long

Muni single-state long portfolios invest in bonds issued by state and local governments to fund public projects. The income from such bonds is generally free from federal taxes and from state taxes in the issuing state. To get the state-tax benefit, these portfolios buy bonds from only one state. These portfolios have durations of more than 6.0 years (or average maturities of more than 12 years).

Category Group Index: Bloomberg Municipal TR USD

Category Index: Bloomberg Municipal TR USD

Morningstar Index: None

Muni Single State Intermediate

Muni single-state intermediate portfolios invest in bonds issued by state and local governments to fund public projects. The income from such bonds is generally free from federal taxes and from state taxes in the issuing state. To get the state-tax benefit, these portfolios buy bonds from only one state. These portfolios have durations of 4.0 to 6.0 years (or average maturities of five to 12 years).

Category Group Index: Bloomberg Municipal TR USD

Category Index: Bloomberg Municipal 1-15 Yr TR USD

Morningstar Index: None

Muni Single State Short

Muni single-state short portfolios invest in bonds issued by state and local governments to fund public projects. The income from such bonds is generally free from federal taxes and from state taxes in the issuing state. To get the state-tax benefit, these portfolios buy bonds from only one state. These portfolios have durations of less than 4.0 years (or average maturities of less than five years).

Category Group Index: Bloomberg Municipal TR USD

Category Index: Bloomberg Municipal 3 Yr 2-4 TR USD

Morningstar Index: None

Muni California Long

Muni California long portfolios invest at least 80% of assets in California municipal debt. Because the income from these bonds is generally free from federal taxes and California state taxes, these portfolios are most appealing to residents of California. These portfolios have durations of more than 6.0 years (or maturities of more than 12 years).

Category Group Index: Bloomberg Municipal TR USD

Category Index: Bloomberg Municipal California Exempt TR

Morningstar Index: None

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Muni California Intermediate

Muni California intermediate portfolios invest at least 80% of assets in California municipal debt. Because the income from these bonds is generally free from federal taxes and California state taxes, these portfolios are most appealing to residents of California. These portfolios have durations of 4.0 to 6.0 years (or average maturities of five to 12 years).

Category Group Index: Bloomberg Municipal TR USD

Category Index: Bloomberg Municipal MF CA Interm TR USD

Morningstar Index: None

Muni Massachusetts

Muni Massachusetts portfolios invest at least 80% of assets in Massachusetts municipal debt and can include long-, intermediate-, and short-duration portfolios. Because the income from these bonds is generally free from federal taxes and Massachusetts state taxes, these portfolios are most appealing to residents of Massachusetts.

Category Group Index: Bloomberg Municipal TR USD

Category Index: Bloomberg Municipal 10 Yr 8-12 TR USD

Morningstar Index: None

Muni Minnesota

Muni Minnesota portfolios invest at least 80% of assets in Minnesota municipal debt and can include long-, intermediate-, and short-duration portfolios. Because the income from these bonds is generally free from federal taxes and Minnesota state taxes, these portfolios are most appealing to residents of Minnesota.

Category Group Index: Bloomberg Municipal TR USD

Category Index: Bloomberg Municipal 10 Yr 8-12 TR USD

Morningstar Index: None

Muni New Jersey

Muni New Jersey portfolios invest at least 80% of assets in New Jersey municipal debt and can include long-, intermediate-, and short-duration portfolios. Because the income from these bonds is generally free from federal taxes and New Jersey state taxes, these portfolios are most appealing to residents of New Jersey.

Category Group Index: Bloomberg Municipal TR USD

Category Index: Bloomberg Municipal 10 Yr 8-12 TR USD

Morningstar Index: None

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Muni New York Long

Muni New York long portfolios invest at least 80% of assets in New York municipal debt. Because the income from these bonds is generally free from federal taxes and New York state taxes, these portfolios are most appealing to residents of New York. These portfolios have durations of more than 6.0 years (or average maturities of more than 12 years).

Category Group Index: Bloomberg Municipal TR USD

Category Index: Bloomberg Municipal New York Exempt TR

Morningstar Index: None

Muni New York Intermediate

Muni New York intermediate portfolios invest at least 80% of assets in New York municipal debt. Because the income from these bonds is generally free from federal taxes and New York state taxes, these portfolios are most appealing to residents of New York. These portfolios have durations of 4.0 to 6.0 years (or average maturities of five to 12 years).

Category Group Index: Bloomberg Municipal TR USD

Category Index: Bloomberg Municipal New York Exempt TR

Morningstar Index: None

Muni Ohio

Muni Ohio portfolios invest at least 80% of assets in Ohio municipal debt and can include long-, intermediate-, and short-duration portfolios. Because the income from these bonds is generally free from federal taxes and Ohio state taxes, these portfolios are most appealing to residents of Ohio.

Category Group Index: Bloomberg Municipal TR USD

Category Index: Bloomberg Municipal 10 Yr 8-12 TR USD

Morningstar Index: None

Muni Pennsylvania

Muni Pennsylvania portfolios invest at least 80% of assets in Pennsylvania municipal debt and can include long-, intermediate-, and short-duration portfolios. Because the income from these bonds is generally free from federal taxes and Pennsylvania state taxes, these portfolios are most appealing to residents of Pennsylvania.

Category Group Index: Bloomberg Municipal TR USD

Category Index: Bloomberg Municipal 10 Yr 8-12 TR USD

Morningstar Index: None

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Muni Target Maturity

Muni target maturity portfolios typically invest in bonds issued by various U.S. state and local governments to fund public projects, all of which are expected to mature in the same year. The income from these bonds is generally free from federal taxes.

Category Group Index: Bloomberg Municipal TR USD

Category Index: Bloomberg Municipal TR USD

Morningstar Index: None

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Money Market

Money Market—Taxable

These portfolios invest in short-term money market securities in order to provide a level of current income that is consistent with the preservation of capital. These funds do not designate themselves as Prime in Form N-MFP.

Category Group Index: USTREAS T-Bill Auction Ave 3 Mon
Category Index: ICE BofA USD 3M Dep OR CM TR USD
Morningstar Index: Morningstar USD 1M Cash TR USD

Money Market—Tax-Free

These portfolios invest in short-term municipal money market securities that are often exempt from some federal and state taxes. These funds provide current income and aim to preserve capital. These funds do not designate themselves as Prime in Form N-MFP.

Category Group Index: USTREAS T-Bill Auction Ave 3 Mon
Category Index: ICE BofA USD 3M Dep OR CM TR USD
Morningstar Index: Morningstar USD 1M Cash TR USD

Money Market—Non-40 Act

These portfolios invest in short-term money market securities in order to provide a level of current income that is consistent with the preservation of capital. These funds are not subject to 2a-7 regulations under the Investment Company Act of 1940. This category is used only in Morningstar's custom fund, separate account, and collective investment trust databases.

Category Group Index: USTREAS T-Bill Auction Ave 3 Mon
Category Index: ICE BofA USD 3M Dep OR CM TR USD
Morningstar Index: Morningstar USD 1M Cash TR USD

Prime Money Market

These portfolios invest in short-term money market securities in order to provide a level of current income that is consistent with the preservation of capital. These funds designate themselves as Prime in Form N-MFP.

Category Group Index: USTREAS T-Bill Auction Ave 3 Mon
Category Index: ICE BofA USD 3M Dep OR CM TR USD
Morningstar Index: Morningstar USD 1M Cash TR USD

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