

May 2, 2025

Announcement: Morningstar US Target Allocation Indexes – Reconstitution Exception

Background: The Morningstar US Target Allocation Indexes align to the Morningstar Categories for Allocation Funds and leverage fund data within each Category to determine weights across key asset classes. Effective April 30, 2025, the Morningstar Category Team added five new Categories, measuring allocation funds with significant global exposure to the US Morningstar Categories for Allocation Funds, resulting in a recategorization of approximately 40% funds.

Impact: Due to the recategorization of a large number of funds within the Allocation Funds Categories, Morningstar Indexes will need to apply methodology exception treatments at the June 2025 reconstitution to the Morningstar US Target Allocation Indexes.

Exception handling: Morningstar Indexes will make two methodology exceptions to the Morningstar US Target Allocation Indexes in order to perform the 2025 annual reconstitution. These exceptions are outlined below and will be effective as of the June 30, 2025 reconstitution:

- **Relaxation of the minimum fund count:** The current [methodology](#) requires that a minimum of 20 funds must be present in the applicable Morningstar category. This rule will be relaxed to 15 funds to ensure there are enough funds in each category to perform the index asset allocation at the annual reconstitution.
- **Calculation of average asset allocation:** The current methodology states that the fund level historical average asset allocation is computed for each fund over the past 36 months, which is used as an input to the average asset class allocation for the indexes. To ensure the indexes are the best representation of the current Morningstar categories, Morningstar Indexes will not consider any funds that have moved to the new global categories in the calculation of the 36 month rolling average.

Please note, the other regional indexes in the Morningstar Target Allocation series will not be impacted by this change.

About Morningstar Indexes

Morningstar Indexes has been designing modern solutions for 20 years, but what makes us truly unique has been more than three decades in development. Our rich history began in 1984, when Morningstar was founded on a promise to empower investors with data and research that is independent and objective. Over time, our collection of data has expanded considerably—and so has its application. Today, Morningstar Indexes draws on unique IP to unlock an extensive range of emerging opportunities for investors of every kind, while providing a robust institutional beta platform for core investing.

Contact Us

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