

Morningstar International Category Changes – Oct. 31, 2023

Frequently Asked Questions

Why has Morningstar decided to update 149 Europe, Asia, and Africa (EAA) category indexes?

We have changed indexes to obtain better alignment between category indexes and classification methodologies and improved transparency for our users.

Will Morningstar plan to change more category indexes?

We are always reviewing our categories to ensure they have the best index representation therefore we do anticipate further category index changes in our upcoming semi-annual reviews. We will notify clients of these changes within the appropriate timeframe.

When are the category index changes being applied?

Clients will see the new EAA category indexes on Oct. 31, 2023 within all Morningstar products and data. These changes will be automatically applied, but if clients have any saved items or processing that contain these category indexes, they should be aware of these updates.

What benefits do these indexes have over the current category indexes?

Morningstar indexes are based on transparent, rules-based methodologies that are thoroughly back-tested and supported by original research. They also align well with core Morningstar methodologies such as the Equity Style Box. As an internal resource, the Morningstar Indexes team is also able to act on our requests for new indexes that better match our categories than existing third party indexes might and provide indexes in some cases where we have no third-party options available.

How can I learn more about Morningstar Indexes?

Go to <https://indexes.morningstar.com/>. Specifically, to review the calculation and methodology of Morningstar indexes go to <https://indexes.morningstar.com/page/resources>.

What are the details for the two new EAA Categories?

Below are the definitions Morningstar will be utilizing for the new categories (subject to change):

- **USD Government Bond - Short Term** category for funds that invest principally in short-dated government bonds denominated in or hedged into USD. The aggregate maturity for each fund does not typically exceed three years.
- **USD Ultra Short - Term Bond** category for funds that invest principally in short-term bonds denominated in or hedged into USD. These funds typically keep their aggregate maturity below 12 months, but may carry more risk, including among others, credit, interest-rate, and liquidity risk, than a money-market fund.