
Category Definitions

Japan

Morningstar Research

April 2025
Version 2.0

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Introduction

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

The categories are based on the following principles:

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

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

Independence: A fund's classification is based on Morningstar's independent analysis of its holdings, objective and performance.

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

In Japan, Morningstar supports 85 categories. The category indices assigned to each category are used in Morningstar's tools and reports to show performance relative to a benchmark.

Equity Style

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

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

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

Allocation Classification

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

The fund is placed into its Allocation Category as follows:

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

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

Equity

Asia Emerging Equity

Asia Emerging Equity funds invest in companies in Asia under development with high potential for future economic growth. These funds invest at least 75% of total assets in Asia Emerging equities. Funds in this category must exhibit regional diversification. Funds investing in single countries or sub-regions will be assigned to the Country/Region Specific Equity category.

Morningstar MPT Category Index: Morningstar EM Asia TME GR JPY

Asia Pacific Equity

Asia Pacific Equity funds invest throughout Asia, including Japan, Australia, and New Zealand. As a result, country weightings for these funds can vary greatly, though most retain some exposure to Japan and Hong Kong. These funds invest at least 75% of total assets in Asia Pacific equities. Funds investing in single countries or sub-regions will be assigned to the Country/Region Specific Equity category.

Morningstar MPT Category Index: Morningstar APAC TME GR JPY

Australia & New Zealand Equity

Australia & New Zealand Equity funds invest at least 75% of total assets in Australia & New Zealand equities.

Morningstar MPT Category Index: Morningstar Australia TME GR JPY

Brazil Equity

Brazil Equity funds invest at least 75% of total assets Brazilian equities.

Morningstar MPT Category Index: Morningstar Brazil TME GR JPY

Europe Equity

Europe Equity funds invest in companies headquartered in Europe and primarily being traded on European stock exchanges. These funds should invest across the spectrum of European countries & industries. These funds invest at least 75% of total assets in European equities. Funds investing in single country or sub-region will be assigned to the Country/Region Specific Equity category.

Morningstar MPT Category Index: Morningstar DM Eur TME GR JPY

Europe Equity - JPY Hedged

Europe Equity - JPY Hedged funds invest in companies headquartered in Europe and primarily being traded on European stock exchanges. These funds should invest across the spectrum of European countries & industries. These funds invest at least 75% of total assets in European equities. Funds investing in single country or sub-region will be assigned to the Country/Region Specific Equity category. In principle, non-Japanese currency is fully hedged to Japanese Yen.

Morningstar MPT Category Index: Morningstar DM Eur TME GR Hdg JPY

Global Emerging Markets Equity

Global Emerging Markets Equity funds tend to divide their assets among several emerging markets in Asia, Latin America, Emerging Europe, Middle East and/or Africa. These funds invest at least 75% of their total assets in global emerging market equities. These must also exhibit regional diversification. Funds investing in single countries or sub-regions will be assigned to the Country/Region Specific Equity category.

Morningstar MPT Category Index: Morningstar EM TME GR JPY

Greater China Equity

Greater China Equity funds invest in companies from the mainland of China, Hong Kong and Taiwan. To a lesser extent, these funds may also invest in companies that derive significant revenues from or have substantial business ties with the three markets. These funds invest at least 75% of total assets in Chinese or China-related equities.

Morningstar MPT Category Index: Morningstar China TME GR JPY

India Equity

India Equity funds invest at least 75% of total assets in Indian equities.

Morningstar MPT Category Index: Morningstar India TME GR JPY

Japan Large-Cap Blend Equity

Japan Large-Cap Blend Equity funds are representative of the overall Japanese stock market in size, growth rates, and price. Stocks in the top 70% of the capitalization of the Japanese equity market are defined as large-cap. The blend style is assigned to portfolios where neither growth nor value characteristics predominate. These portfolios tend to invest across the spectrum of Japanese industries, and owing to their broad exposure, the portfolios' returns are often similar to those of TOPIX. These funds invest at least 75% of total assets in Japanese equities.

Morningstar MPT Category Index: Morningstar Japan TME GR JPY

Japan Large-Cap Growth Equity

Japan Large-Cap Growth Equity funds invest primarily in large Japanese companies that are projected to grow faster than other large-cap stocks. Stocks in the top 70% of the capitalization of the Japanese equity market are defined as large-cap. Growth is defined based on fast growth (high growth rates for earnings, sales, book value, and cash flow) and high valuations (high price ratios and low dividend yields). Most of these portfolios focus on companies in rapidly expanding industries. These funds invest at least 75% of total assets in Japanese equities.

Morningstar MPT Category Index: Morningstar Japan Grt TME GR JPY

Japan Large-Cap Value Equity

Japan Large-Cap Value Equity funds invest primarily in large Japanese companies that are less expensive or growing more slowly than other large-cap stocks. Stocks in the top 70% of the capitalization of the Japanese equity market are defined as large-cap. Value is defined based on low valuations (low price ratios and high dividend yields) and slow growth (low growth rates for earnings, sales, book value, and cash flow). These funds invest at least 75% of total assets in Japanese equities.

Morningstar MPT Category Index: Morningstar Japan Val TME GR JPY

Japan Small/Mid-Cap Blend Equity

Japan Small/Mid-Cap Blend Equity funds are representative of the overall Japanese stock market in size, growth rates, and price. Stocks in the bottom 30% of the capitalization of the Japanese equity market are defined as small/mid-cap. The blend style is assigned to portfolios where neither growth nor value characteristics predominate. These funds invest at least 75% of total assets in Japanese equities.

Morningstar MPT Category Index: Morningstar Japan SMID Cap TME GR JPY

Japan Small/Mid-Cap Growth Equity

Japan Small/Mid-Cap Growth Equity funds invest primarily in small/mid-size Japanese companies that are projected to grow faster than other small/mid stocks. Stocks in the bottom 30% of the capitalization of the Japanese equity market are defined as small/mid-cap. Growth is defined based on fast growth (high growth rates for earnings, sales, book value, and cash flow) and high valuations (high price ratios and low dividend yields). Most of these portfolios focus on companies in rapidly expanding industries. These funds invest at least 75% of total assets in Japanese equities.

Morningstar MPT Category Index: Morningstar Japan SMID Grt TME GR JPY

Japan Small/Mid-Cap Value Equity

Japan Small/Mid-Cap Value Equity funds invest primarily in small/mid-size Japanese companies that are less expensive or growing more slowly than other small/mid-cap stocks. Stocks in the bottom 30% of the capitalization of the Japanese equity market are defined as small/mid-cap. Value is defined based on low valuations (low price ratios and high dividend yields) and slow growth (low growth rates for earnings, sales, book value, and cash flow). These funds invest at least 75% of total assets in Japanese equities.

Morningstar MPT Category Index: Morningstar Japan SMID Val TME GR JPY

Japan Specialty Equity

Japan Specialty Equity funds invest primarily in companies with focus in particular economic sectors, industries and themes. Those portfolios tend to be less diversified and have higher sensitivity than the broad market index to certain macroeconomic factors such as changes in interest rates, exchange rates, and business cycles. These funds invest at least 75% of total assets in Japanese equities.

Morningstar MPT Category Index: Morningstar Japan TME GR JPY

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

US Equity

US Equity funds invest primarily in the equities of companies in the US but may also exhibit exposure to companies in Canada. These funds invest at least 75% of their total assets in US equities.

Morningstar MPT Category Index: Morningstar US TME TR JPY

US Equity - JPY Hedged

US Equity - JPY Hedged funds invest primarily in the equities of companies in the US but may also exhibit exposure to companies in Canada. These funds invest at least 75% of their total assets in US equities. In principle, non-Japanese currency is fully hedged to Japanese Yen.

Morningstar MPT Category Index: Morningstar US TME TR Hdg JPY

World Equity

World Equity funds invest primarily in the equities of companies from around the Globe. Most of these funds divide their assets among many developed markets and should generally exhibit exposure across three broad regions, including Asia, Europe & North America. These funds invest at least 75% of total assets in global equities.

Morningstar MPT Category Index: Morningstar Global TME GR JPY

World Equity - JPY Hedged

World Equity - JPY Hedged funds invest primarily in the equities of companies from around the Globe. Most of these funds divide their assets among many developed markets and should generally exhibit exposure across three broad regions, including Asia, Europe & North America. These funds invest at least 75% of total assets in global equities. These funds invest at least 75% of total assets in global equities. In principle, non-Japanese currency is fully hedged to Japanese Yen.

Morningstar MPT Category Index: Morningstar Global TME GR Hdg JPY

World ex-Japan Equity

World ex-Japan Equity funds invest primarily in the equities of companies from around the Globe excluding Japan. These funds divide their assets among many developed markets and should generally exhibit exposure across three broad regions, including Asia, Europe & North America. These funds invest at least 75% of total assets in global equities excluding Japan.

Morningstar MPT Category Index: Morningstar Global xJpn TME GR JPY

World ex-Japan Equity - JPY Hedged

World ex-Japan Equity - JPY Hedged funds invest primarily in the equities of companies from around the Globe excluding Japan. These funds divide their assets among many developed markets and should generally exhibit exposure across three broad regions, including Asia, Europe & North America. These funds invest at least 75% of total assets in global equities excluding Japan. In principle, non-Japanese currency is fully hedged to Japanese Yen.

Morningstar MPT Category Index: Morningstar Global xJpn TME GR Hdg JPY

World Specialty Equity

World Specialty Equity funds focus on companies in particular economic sectors, industries and themes. Those portfolios tend to be less diversified and have higher sensitivity than the broad market index to certain macroeconomic factors such as changes in interest rates, exchange rates, and business cycles. These funds invest at least 75% of their total assets in global equities.

Morningstar MPT Category Index: Morningstar Global TME GR JPY

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

Country/Region Specific Equity

Country/Region Specific Equity funds invest in companies of a specific country/region that do not qualify them for inclusion in any given Morningstar Equity category. These funds invest at least 75% of their total assets in equities.

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

Other Equity

Other Equity funds invest in equities that do not qualify them for inclusion in any given Morningstar Equity category. This may include investment strategies such as multi-currency overlay and covered call strategies, etc. These funds invest at least 75% of their total assets in equities.

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

REIT

Japan REIT

Japan REIT funds invest primarily in Japanese real estate investment trusts that are investing in certain types of real estate such as office buildings and commercial properties. These funds invest at least 75% of total assets in Japanese REITs.

Morningstar MPT Category Index: Morningstar Japan REIT GR JPY

US REIT

US REIT funds invest primarily in US real estate investment trusts. These funds invest at least 75% of total assets in US REITs.

Morningstar MPT Category Index: Morningstar US REIT TME GR JPY

US REIT - JPY Hedged

US REIT - JPY Hedged funds invest primarily in US real estate investment trusts. These funds invest at least 75% of total assets in US REITs. In principle, non- Japanese currency is fully hedged to Japanese Yen.

Morningstar MPT Category Index: Morningstar US REIT TME GR Hdg JPY

World REIT

World REIT funds invest globally including Japan in real estate investment trusts. These funds divide their assets among many developed markets and should generally exhibit exposure across three broad regions, including Asia, Europe & North America. These funds invest at least 75% of total assets in global REITs.

Morningstar MPT Category Index: Morningstar Gbl REIT GR JPY

World REIT - JPY Hedged

World REIT - JPY Hedged funds invest globally including Japan in real estate investment trusts. These funds divide their assets among many developed markets and should generally exhibit exposure across three broad regions, including Asia, Europe & North America. These funds invest at least 75% of total assets in global REITs. In principle, non-Japanese currency is fully hedged to Japanese Yen.

Morningstar MPT Category Index: Morningstar Gbl REIT GR Hdg JPY

Country/Region Specific REIT

Country/Region Specific REIT funds invest in companies of a specific country/region in real estate investment trusts that do not qualify them for inclusion in any given Morningstar REIT category.

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

Other REIT

Other REIT funds invest broadly across countries including Japan in real estate investment trusts, but the portfolios do not qualify them for inclusion in any given Morningstar REIT category. This may include investment strategies such as multi-currency overlay and covered call strategy etc.

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

Allocation

Aggressive Allocation

Aggressive Allocation funds seek to provide both capital appreciation and income by investing in three major asset classes: equities, bonds, reits and cash. These portfolios tend to hold larger positions in stocks than moderately aggressive portfolios. These portfolios have a *Risk Score greater than 90 as defined by Japan team.

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

Conservative Allocation

Conservative Allocation funds seek to provide both capital appreciation and income by investing in three major asset classes: equities, bonds, reits and cash. These portfolios tend to hold smaller positions in stocks than moderately conservative portfolios. These portfolios have a *Risk Score less than 40 as defined by Japan team.

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

Moderate Allocation

Moderate Allocation funds seek to provide both capital appreciation and income by investing in three major asset classes: equities, bonds, reits and cash. These portfolios tend to hold larger positions in stocks than moderately conservative portfolios. These portfolios have a *Risk Score between 60-75 as defined by Japan team.

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

Moderately Aggressive Allocation

Moderately Aggressive Allocation funds seek to provide both capital appreciation and income by investing in three major asset classes: equities, bonds, reits and cash. These portfolios tend to hold larger positions in stocks than moderate portfolios. These portfolios have a *Risk Score between 75-90 as defined by Japan team.

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

Moderately Conservative Allocation

Moderately Conservative Allocation funds seek to provide both capital appreciation and income by investing in three major asset classes: equities, bonds, reits and cash. These portfolios tend to hold smaller positions in stocks than moderate portfolios. These portfolios have a *Risk Score between 40-60 as defined by Japan team.

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

Tactical Allocation

Tactical Allocation funds seek to provide both capital appreciation and income by investing in three major asset classes: equities, bonds, reits and cash with flexible/tactical asset allocation changes to capture higher returns by forecasting market trends. Risk profile of the portfolios might be more volatile than portfolios in the risk control allocation category.

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

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

Other Allocation

Other Allocation funds seek to provide both capital appreciation and income by investing in three major asset classes: equities, bonds, reits and cash. These portfolios do not qualify them for inclusion in any given Morningstar Allocation category. This may include investment strategies such as multi-currency overlay and covered call strategies, etc.

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

Target Date

Target Date 2030 & Earlier

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

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

Target Date 2031-2040

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

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

Target Date 2041-2050

Target date 2041-2050 funds provide a diversified exposure to equities, bonds, reits and cash for those investors who have a specific data in mind (in this case, the years 2041 - 2050) for retirement or another goal. These portfolios aim to provide investors with an optimal level of return and risk, based solely on the target date. Over time, management adjusts the allocation among asset classes to more conservative mixes as the target date approaches.

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

Target Date 2051-2060

Target date 2051-2060 funds provide a diversified exposure to equities, bonds, reits and cash for those investors who have a specific data in mind (in this case, the years 2051 - 2060) for retirement or another goal. These portfolios aim to provide investors with an optimal level of return and risk, based solely on the target date. Over time, management adjusts the allocation among asset classes to more conservative mixes as the target date approaches.

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

Target Date 2061 & Later

Target Date 2061 & Later funds provide a diversified exposure to equities, bonds, reits and cash for those investors who have a specific data in mind (in this case, the years 2061 and later) for retirement or another goal. These portfolios aim to provide investors with an optimal level of return and risk, based solely on the target date. Over time, management adjusts the allocation among asset classes to more conservative mixes as the target date approaches.

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

Fixed Income

Asia Emerging Bond

Asia Emerging Bond funds are dedicated to fixed income securities of issuers who have their main business activities in Asia. Funds in this category will generally have a hard currency bias but may exhibit a degree of local currency exposure. Funds investing in single countries or sub-regions will be assigned to the Country/Region Specific Bond category.

Morningstar MPT Category Index: Morningstar Asia USD Brd Mkt GR JPY

Australia & New Zealand Bond

Australia & New Zealand Bond funds invest primarily in investment-grade corporate and government issued bonds by entities domiciled in Australia & New Zealand.

Morningstar MPT Category Index: Morningstar AU Core Bd GR JPY

Europe Bond

Europe Bond funds invest primarily in investment-grade corporate and government issued bonds denominated in European currencies.

Morningstar MPT Category Index: Morningstar EZN Core Bd GR JPY

Europe Bond - JPY Hedged

Europe Bond - JPY Hedged funds invest primarily in investment-grade corporate and government issued bonds denominated in European currencies. In principle, non-Japanese currency is fully hedged to Japanese Yen.

Morningstar MPT Category Index: Morningstar EZN Core Bd GR Hdg JPY

Europe High Yield Bond

Europe High Yield Bond funds invest primarily in sub-investment grade bonds in Europe, where price volatility risk is higher than those of investment grade bonds. Those portfolios generally offer higher yield than other types of portfolios, but they are also more volatile to economic and credit risk.

Morningstar MPT Category Index: Morningstar EZN HY Bd GR JPY

Europe High Yield Bond - JPY Hedged

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

Morningstar MPT Category Index: Morningstar EZN HY Bd GR Hdg JPY

Global Emerging Markets Bond

Global Emerging Markets Bond funds are dedicated to fixed income securities of issuers in emerging market countries. They should invest across the global emerging markets universe without a country or regional focus. Funds in this category will generally have an underlying hard currency bias but may exhibit a degree of local currency exposure.

Morningstar MPT Category Index: Morningstar EM Sov Bd GR JPY

Global Emerging Markets Bond - JPY Hedged

Global Emerging Markets Bond - JPY Hedged funds are dedicated to fixed income securities of issuers in emerging market countries. They should invest across the global emerging markets universe without a country or regional focus. Funds in this category will generally have an underlying hard currency bias but may exhibit a degree of local currency exposure. In principle, non-Japanese currency is fully hedged to Japanese Yen.

Morningstar MPT Category Index: Morningstar EM Sov Bd GR Hdg JPY

Global Emerging Markets Bond - Local Currency

Global Emerging Markets Bond - Local Currency funds are dedicated to fixed income securities of issuers in emerging market countries, denominated in local currencies. They should invest across the global emerging markets universe without a single country or regional focus and they do not hedge their currency exposure.

Morningstar MPT Category Index: Morningstar EM Govt Bd LCCY GR JPY

Global High Yield Bond

Global High Yield Bond funds invest primarily in sub-investment grade securities globally across the currency spectrum, where price volatility risk is higher than those of investment grade bonds. Those portfolios generally offer higher yield than other types of portfolios, but they are also more volatile to economic and credit risk.

Morningstar MPT Category Index: Morningstar Gbl HY Bd GR JPY

Global High Yield Bond - JPY Hedged

Global High Yield Bond - JPY Hedged funds invest primarily in sub-investment grade securities globally across the currency spectrum, where price volatility risk is higher than those of investment grade bonds. Those portfolios generally offer higher yield than other types of portfolios, but they are also more volatile to economic and credit risk. In principle, non-Japanese currency is fully hedged to Japanese Yen.

Morningstar MPT Category Index: Morningstar Gbl HY Bd GR Hdg JPY

Japan Bond - Bond IT

Japan Bond - Bond IT funds invest primarily in bonds issued by Japanese government and corporations. This category is designed for Bond Investment Trusts which cannot invest in any stocks under the terms and conditions based on the Japanese investment trust law.

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

Japan Bond - Long/Intermediate

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

Morningstar MPT Category Index: Morningstar Jpn Core Bd GR JPY

Japan Bond - Short Term

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

Morningstar MPT Category Index: Morningstar Jpn 1-5Y Core Bd GR JPY

Japan Other Bond

Japan Other Bond funds invest in bonds issued by companies in Japan that do qualify for any other Morningstar Bond category. This can include funds that mainly invest in inflation linked and floating rate bonds, etc.

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

US Bond

US Bond funds invest primarily in investment-grade US corporate, government and mortgage-backed issued bonds denominated in US Dollars.

Morningstar MPT Category Index: Morningstar US Core Bd TR JPY

US Bond - JPY Hedged

US Bond - JPY Hedged funds invest primarily in investment-grade US corporate, government and mortgage-backed issued bonds denominated in US Dollars. In principle non-Japanese currency is fully hedged to Japanese Yen.

Morningstar MPT Category Index: Morningstar US Core Bd TR Hdg JPY

US High Yield Bond

US High Yield Bond funds invest primarily in sub-investment grade bonds in the US, which of price volatility risk is higher than those of investment grade bonds. Those portfolios generally offer higher yield than other types of portfolios, but they are also more volatile to economic and credit risk.

Morningstar MPT Category Index: Morningstar US HY Bd TR JPY

US High Yield Bond - JPY Hedged

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

Morningstar MPT Category Index: Morningstar US HY Bd TR Hdg JPY

World Bank Loan

World Bank Loan funds invest primarily in senior secured loans issued by global companies. In exchange for their credit risk, these loans offer high interest payments that typically float above a common short-term benchmark.

Morningstar MPT Category Index: Morningstar LSTA US LL TR JPY

World Bank Loan - JPY Hedged

World Bank Loan - JPY Hedged funds invest primarily in senior secured loans issued by global companies. In exchange for their credit risk, these loans offer high interest payments that typically float above a common short-term benchmark. In principle, non-Japanese currency is fully hedged to Japanese Yen.

Morningstar MPT Category Index: Morningstar LSTA US LL TR Hdg JPY

World Bond

World Bond funds invest in a diversified portfolio of primarily global investment grade bonds denominated in a diverse range of currencies and do not systematically hedge currency risk or display a notable currency bias.

Morningstar MPT Category Index: Morningstar Gbl Core Bd GR JPY

World Bond - JPY Hedged

World Bond - JPY Hedged funds invest in a diversified portfolio of primarily global investment grade bonds denominated in a diverse range of currencies and in principle, non-Japanese currency is fully hedged to Japanese Yen.

Morningstar MPT Category Index: Morningstar Gbl Core Bd GR Hdg JPY

World Bond Inflation/Floating

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

Morningstar MPT Category Index: Morningstar Gbl Trsy Inf-Lnkd GR JPY

World ex-Japan Bond

World ex-Japan Bond funds invest in a diversified portfolio of primarily global ex-Japan investment grade bonds denominated in a diverse range of currencies and do not systematically hedge currency risk or display a notable currency bias.

Morningstar MPT Category Index: Morningstar Gbl xJpn Core Bd GR JPY

World ex-Japan Bond - JPY Hedged

World ex-Japan Bond - JPY Hedged funds invest in a diversified portfolio of primarily global ex-Japan investment grade bonds denominated in a diverse range of currencies and in principle, non-Japanese currency is fully hedged to Japanese Yen.

Morningstar MPT Category Index: Morningstar Gbl xJpn Core Bd GR Hdg JPY

World ST Bond/Money

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

Morningstar MPT Category Index: Morningstar Gbl 1-3Y Trsy Bd GR JPY

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

Country/Region Specific Bond

Country/Region Specific Bond funds invest primarily in bonds of a specific country/region that do not qualify them for inclusion in any given Morningstar Bond category.

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

Other Bond

Other Bond funds invest in bonds issued by companies in the world and are not included in other Morningstar Bond categories. This may include investment strategies such as multi-currency overlay and covered call strategy etc.

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

Hybrid Securities

Convertibles

World Convertible Bond

World Convertible Bond funds invest primarily in convertible securities of issuers from around the world. Many will have a USD bias given the structure of the global convertibles market.

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

World Convertible Bond - JPY Hedged

World Convertible Bond - JPY Hedged funds invest primarily in convertible securities of issuers from around the world. Many will have a USD bias given the structure of the global convertibles market. In principle, non-Japanese currency is fully hedged to Japanese Yen.

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

Preferred Stock

World Hybrid Security

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

Morningstar MPT Category Index: Bloomberg Global Aggregate TR JPY

World Hybrid Security - JPY Hedged

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

Morningstar MPT Category Index: Bloomberg Global Aggregate TR Hdg JPY

Money Market

Japan Money Market

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

Morningstar MPT Category Index: Morningstar JPY 1M Cash GR JPY

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

Alternative Strategies

Alt-Long/Short

Alt-Long/Short Equity funds hold sizeable stakes in both long and short positions in global equities, exchange traded funds, and related derivatives. Some funds that fall into this category will shift their exposure depending on their macro-outlook or the opportunities they uncover through bottom-up research. At least 75% of the assets are in equity securities or derivatives and will typically have beta exposure to relevant global equity benchmarks of between 0.3 and 0.8 during a three-year period.

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

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

Alt-Market Neutral

Alt-Market Neutral funds 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 exposure in equities or equity-related derivatives. They typically have beta values to a relevant benchmark of less than 0.3 over a three-year period.

Morningstar MPT Category Index: Credit Suisse Equity Market Neutral USD

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

Alt-Multistrategy

Alt-Multistrategy funds offer investors diversified 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 also includes so-called alternative risk premia funds. Multi-strategy funds typically aim to have low to modest sensitivity to traditional market indexes.

Morningstar MPT Category Index: Credit Suisse Multi-Strategy USD

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

Commodity

Commodity

Commodity funds invest in derivative financial instruments that give them exposure to a broad range of commodities, which may include energy, agriculture, industrial metals, natural resources and precious metals. Some funds in the category may have leveraged or inverse exposure to the asset class or include a degree of commodity-related equity exposure. Funds that invest primarily in broad commodity-related equities are placed in the relevant Morningstar Specialty Equity category.

Morningstar MPT Category Index: Bloomberg Commodity TR USD

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

Miscellaneous

Trading – Leveraged/Inverse

Trading – Leveraged/Inverse funds are ones whose performance is linked either positively (bull) or negatively (bear) to the performance of a certain market index. A fund's performance linkage is contractually determined as a certain multiple of the underlying market index.

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

General Miscellaneous

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

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



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