

# Morningstar US Category Changes FAQs – October 31, 2025

## Frequently Asked Questions

### **What are semiliquid funds, and why is Morningstar launching categories focused on them?**

Semiliquid funds are managed investment vehicles that offer liquidity less frequently than open-end investments. In the US, closed-end funds can invest in private assets to a larger extent than open-end funds can. Interval funds, tender-offer funds, nontraded business-development companies, and nontraded REITs are closed-end structures that offer restricted liquidity in exchange for exposure to private markets. In Europe, while some rules differ, ELTIFs and LTAFs also offer less frequent liquidity along with exposure to private markets.

With the growing convergence of public and private markets, semiliquid funds are emerging as a prominent gateway to new investment opportunities. To support better due diligence and research for investors, we are introducing seven new categories in the US and three in Europe. The categories are specifically designed to classify these semiliquid vehicles into suitable peer groups to bring the same insight to these emerging products that Morningstar currently provides for more traditional investments.

### **Which new categories are being launched?**

We are introducing seven new categories in the US that are focused on classifying semiliquid investments:

- Private Equity
- Venture Capital
- Private Debt - General
- Private Debt - Direct Lending
- Private Multi-Asset
- Direct Infrastructure
- Direct Real Estate

We are introducing three new categories in our EAA (Europe, Asia, and Africa) markets:

- Private Equity
- Private Debt
- Private Multi-Asset

### **Which Morningstar products will include the category updates?**

All products currently displaying Morningstar Categories, including Morningstar Direct, Advisor Workstation, Direct Advisory Suite, Licensed Data feeds, Morningstar Investor, and morningstar.com, will feature the category updates mentioned in this announcement, including the seven new semiliquid categories.

### **How can users identify semiliquid funds and categories in Morningstar Direct?**

In the new Morningstar Direct experience, users will be able to easily find semiliquid funds and categories by using the main search bar at the top. Typing and selecting any of the forms of semiliquid funds or a semiliquid category name will display the corresponding funds along with relevant data for research. Users can then refine their search criteria or customize the displayed data as needed.

Alternatively, users can explore the new Investment Discovery feature, which showcases available investment products for analysis in Direct. By setting the view to "Type" and selecting their desired region, users will find a dedicated section for semiliquid funds. Similarly, by setting the view to "Category" and selecting the desired regional category system, users can see all Morningstar Categories, including semiliquid categories. As with the search bar, selecting a type or category in Investment Discovery will display the corresponding investment products and relevant data, which can be customized to the user's preferences.

### **Will these new categories receive Morningstar Ratings (Star Ratings) or category rankings?**

We will not issue star ratings, category performance ranks, or category averages for these semiliquid categories.

### **Will all US semiliquid funds be classified in one of these seven new US categories?**

While most US semiliquid funds will be classified in one of these seven new categories, there will be exceptions. For instance, some semiliquid alternative strategy funds and municipal bond funds are already well-classified by existing categories and will remain in those categories.

The reverse is also true. Some closed-end funds that trade on exchanges may qualify for these categories even though they are not semiliquid funds.

### **Are there any differences between this classification framework and the one that was created for Private Capital funds that invest in these seven areas?**

The semiliquid categories are designed to work alongside those in the Private Capital universe, using consistent terminology and analytical logic. There are fewer semiliquid funds than private capital funds, so the semiliquid categories are broader. For instance, one of the new semiliquid categories is Venture Capital. In our Private Capital category framework, we have four venture capital categories: Venture Capital - Angel Fund, Venture Capital - Early State, Venture Capital - Later Stage, and Venture Capital - General.

### **Why did Morningstar select category benchmarks for the semiliquid categories that are made up of listed securities?**

Owing to regulatory rules, Morningstar requires 10 years of live history for any index to be selected as a category benchmark in the US. Therefore, even though other benchmarks that have shorter histories may have otherwise been selected for some of these categories, we have opted to represent the categories with broad listed asset-class benchmarks at this time.

### **What will the Equity Digital Asset category represent?**

We are splitting the existing Digital Assets category into two categories to help investors differentiate between funds with direct digital asset exposure and those with equity-based exposure. The Equity Digital Assets category will consist of funds that primarily invest in equity securities of companies that are involved in the digital asset ecosystem, such as those focused on blockchain technology, cryptocurrency infrastructure, or crypto mining. The existing Digital Assets category will remain in place, albeit with fewer funds as a result of this change; funds in that category primarily invest in digital assets such as cryptocurrencies (either directly or through derivatives), not equities.

### **Why is Morningstar launching the Multi-Asset Leveraged Category? Which strategies will be included in this category?**

We are launching this category to classify funds that typically invest in two or more investment strategies, using gross investment exposure of greater than 100% to amplify returns. These funds often seek to generate alpha from one investment sleeve while simultaneously gaining market exposure through positions in traditional assets like equities or fixed income. They often achieve higher exposures by using futures contracts, which require a minimal cash outlay. While these funds can share traits with funds in the Multistrategy category, funds in the Multi-Asset Leveraged category will have significant exposure to at least one long-only strategy.

Currently, most of these strategies land in our Miscellaneous Allocation category. Owing to the growing number of similar strategies, we are establishing a separate peer group to house them. This change will help investors identify and compare the funds more efficiently. Because the underlying investments among the funds in this category can vary greatly, we are not currently planning to calculate Morningstar Ratings or performance percentile ranks for these funds.

### **Why are new fixed-income categories being introduced?**

We're introducing three new fixed-income categories to create more efficient peer groups in this space. The goal is to provide more clarity and consistency in fund classification.

1. **Government Mortgage-Backed Bond:** For funds that invest primarily in mortgage-backed securities issued and backed by government agencies.
2. **Securitized Bond – Diversified:** For investment-grade focused securitized bond funds that allocate assets across sectors rather than concentrate on a single type of securitized bond.
3. **Securitized Bond – Focused:** For investment-grade focused securitized bond funds that concentrate on a single sector. Collateralized loan obligation and commercial MBS funds will likely make up most of the funds in this category.

### **Why is Morningstar turning off ratings and rankings calculations for the Diversified Pacific/Asia category?**

The number of strategies in the Diversified Pacific/Asia category has dwindled to six distinct funds. Given such a small peer group, some of which are managed by the same fund company, we have decided that calculating ratings and rankings for this category is no longer beneficial to our clients.

### **What are the other changes occurring on Oct. 31 that will accompany these new categories?**

In addition to the launch of semiliquid categories, several other key updates will be implemented across our category systems on Oct. 31:

#### 1) Updates to Global Broad Category Grouping

We are renaming the Global Broad Category Group field to Morningstar Category Broad Group. We are also renaming and consolidating some of the options available in that field. Please see the attached [FAQs for more information](#).

#### 2) Retirement of Institutional Categories (US Only)

Institutional categories will be retired at the end of October. Please see the attached [FAQs for more information](#).

Details related to all other US-specific category updates will be appended to this document at the end of July.

### **Who should I contact if I have further questions about these updates?**

Clients can direct questions to their customer support representatives. As always, Morningstar remains committed to providing the highest level of support.

### **When will further details on these updates be available?**

Definitions for the new categories will be available on Aug. 31, 2025, with the release of our category classification document. Affected fund companies will be notified of the specific funds that are proposed to move to these new categories at the end of September. All changes are scheduled for Oct. 31, 2025, and will be reflected in Morningstar systems by the fifth business day of November.