

# Morningstar® Multi-Sector Market Indices

## Key Benefits

- Enable more accurate and appropriate comparisons and contrasts between the funds in each multi-sector Morningstar Category. These indices are available in Morningstar Direct™, and on Morningstar's proprietary fund profiles.

## Multi-Sector Fund Performance Benchmarks

Morningstar calculates and publishes proxy market benchmarks for multi-sector funds. These Morningstar Multi-Sector Market Indices incorporate weighted averages of existing market indices.

These indices enable investors and their advisers to make accurate and appropriate comparisons between multi-sector funds and provide a meaningful performance benchmark for the five Morningstar multi-sector fund categories.

These five Multi-Sector Market Indices are:

- Morningstar Aus Msec Conservative TR AUD (XIUSA04GIY) (ticker 95244)
- Morningstar Aus Msec Moderate TR AUD (XIUSA04GIZ) (ticker 95245)
- Morningstar Aus Msec Balanced TR AUD (XIUSA04GJO) (ticker 95246)
- Morningstar Aus Msec Growth TR AUD (XIUSA04GJ1) (ticker 95247)
- Morningstar Aus Msec Aggressive TR AUD (XIUSA04GJ2) (ticker 95248)

These indices are available in Morningstar Direct™, and on Morningstar's proprietary fund profiles.

## How They're Calculated

We use identical calculations to determine daily returns for the five indices. We begin the calculation process by breaking each index into nine broad asset classes. We then assign a weighting to these asset classes on the basis of the category's average asset allocation, and then apply a widely-used market index to each broad asset class. Finally, we add these asset classes together to construct the daily return for each Multi-Sector Market Index. Each category's average asset allocation is updated twice-yearly (on 1 March and 1 September) and the market indices for each asset class are updated daily.

## More Information

Please note the 30/06/2021 levels have been restated. Further information and explanation on the restatement can be found on page 2.

Please note the 31/12/2016 asset allocation weights have been restated. Further information and explanation on the amendment can be found on page 3.

## Contact Us

Contact Morningstar Client Services on +61 2 9276 4446 or email [helpdesk.au@morningstar.com](mailto:helpdesk.au@morningstar.com)

## Asset Class Components and Market Indices

Asset Class	Market Index
● Australian Shares	S&P/ASX 300 TR
● International Shares	MSCI World Ex Australia NR AUD
● Australian Listed Property	S&P/ASX 300 A-REIT TR
● International Listed Property	FTSE EPRA/NAREIT Developed NR Hdg Aud
● Unlisted Property	S&P/ASX 300 A-REIT TR
● Australian Fixed Interest	Bloomberg AusBond Composite 0+Y TR AUD
● International Fixed Interest	BarCap Global Aggregate TR Hdg AUD
● Australian Cash	RBA Bank accepted Bills 90 Days

## Multi-Sector Index

### Asset Allocation

as at 30 June 2021



Asset Class %	Conservative	Moderate	Balanced	Growth	Aggressive
● Australia Shares	9.42	12.59	23.40	29.73	37.12
● International Shares	9.00	15.44	26.00	35.12	47.57
● Australian Listed Property	1.26	1.64	2.29	3.08	2.07
● International Listed Property	0.45	1.71	2.20	2.62	2.70
● Unlisted Property	0.08	0.85	1.06	2.46	0.72
● Australian Fixed Interest	29.77	26.86	19.59	10.59	2.82
● International Fixed Interest	30.18	16.62	12.50	8.98	2.84
● Australian Cash	19.83	24.29	12.97	7.43	4.15

## Morningstar Multi-Sector Market Indices

### Product Notification March 2022 Morningstar Australian Multi-Sector Market Indices (“the – Indices”).

During an internal review of the Indices, it was determined there was an anomaly in the weights for all asset classes effective 30/06/2021 and published in September 2021. It was identified that the weights for each asset class were not updated in our data calculation until 7<sup>th</sup> January 2022. As such, the index levels for the Indices from 1 September 2021 to 6 January 2022 have been restated.

The changes to amended monthly performance are detailed below. All changes are now represented in the Morningstar Australia Multi-Sector Market Indices across all Morningstar products.

Morningstar is dedicated to the quality of the products that we produce, and this change was made in the context of that commitment. We apologise for the delay in this notification and moving forward this should not be an issue as this index family is considered retired as of 31<sup>st</sup> December 2021 and has been replaced with the Morningstar Australia Target Allocation Index Family. This new index family is managed and operated by our Index team and has measures in place around [Recalculation Guidelines](#) to ensure that index recalculations are put through consistent internal procedures.

We remain at your disposal for any further questions you may have.

Previous Returns					
Index Name	Sep-21	Oct-21	Nov-21	Dec-21	Q4 2021
Morningstar Aus Msec Conservative TR AUD	-1.19	-0.93	1.10	0.35	0.51
Morningstar Aus Msec Moderate TR AUD	-1.41	-0.68	1.25	0.75	1.31
Morningstar Aus Msec Balanced TR AUD	-1.81	-0.14	1.42	1.31	2.60
Morningstar Aus Msec Growth TR AUD	-2.12	0.34	1.57	1.77	3.72
Morningstar Aus Msec Aggressive TR AUD	-2.40	0.89	1.68	2.06	4.70
Restated Returns					
Index Name	Sep-21	Oct-21	Nov-21	Dec-21	Q4 2021
Morningstar Aus Msec Conservative TR AUD	-1.25	-0.95	1.17	0.39	0.61
Morningstar Aus Msec Moderate TR AUD	-1.42	-0.62	1.26	0.78	1.42
Morningstar Aus Msec Balanced TR AUD	-1.83	-0.13	1.44	1.32	2.65
Morningstar Aus Msec Growth TR AUD	-2.12	0.39	1.61	1.79	3.84
Morningstar Aus Msec Aggressive TR AUD	-2.42	0.88	1.71	2.08	4.75
Difference					
Index Name	Sep-21	Oct-21	Nov-21	Dec-21	Q4 2021
Morningstar Aus Msec Conservative TR AUD	-0.06	-0.02	0.07	0.05	0.10
Morningstar Aus Msec Moderate TR AUD	-0.01	0.06	0.01	0.02	0.10
Morningstar Aus Msec Balanced TR AUD	-0.03	0.01	0.02	0.02	0.05
Morningstar Aus Msec Growth TR AUD	0.00	0.05	0.04	0.02	0.12
Morningstar Aus Msec Aggressive TR AUD	-0.02	0.00	0.03	0.01	0.04

**Product Notification – Morningstar Australian Multi-Sector Market Indices (“the Indices”)**

The Indices act as benchmarks for funds within each of the five multi-sector categories. Each of the five Indices is calculated referencing the average asset allocation of Australian funds in the respective category. These asset allocations are recalculated on a bi-annual basis based on the asset allocation of funds on Morningstar’s database.

During an internal review of the Indices it was determined there was an anomaly in the weights for asset allocations effective 31/12/2016 and published in March 2017. The main differences related to International Listed Property and Unlisted Property allocations. Following our review, we decided to republish the weights at this date to better reflect the allocations in any future time series analysis. There are two potential impacts that clients should be aware of:

1. If the previously published allocations have been recorded outside of your Morningstar product please amend with the republished indices for 31/12/2016. As mentioned the major changes related to property allocations. Other allocations also had small changes as newly reported asset allocation data from managers was incorporated into the calculation;

2. The returns for the Indices from 1 February to 31 July 2017 have been recalculated with the new weights. This has already been incorporated into the returns for all Morningstar products.

While we determined that the change was necessary in the context of historical analysis of the asset allocations, the impact on underlying Index performance over the six month period was not material. The changes to amended performance and weight differences are detailed below. All changes are now represented in the Morningstar Australia Multi-Sector Market Indices.

Morningstar is dedicated to the quality of the products that we produce, and this change was made in the context of that commitment. We continue to review and enhance our solutions to ensure we meet your expectations and have introduced additional checks within our rebalancing process to minimise any future need for the restatement of these indices.

We remain at your disposal for any further questions you may have.

**Returns to 31-07-2017**

	Morningstar Aus Msec Conservative TR	Morningstar Aus Msec Moderate TR	Morningstar Aus Msec Balanced TR	Morningstar Aus Msec Growth TR	Morningstar Aus Msec Aggressive TR
Previous 6 Month	2.08	2.37	3.08	3.48	4.15
Amended 6 Month	2.08	2.42	3.1	3.52	4.21
Difference 6 Month	0	0.05	0.02	0.04	0.06

**Amended - 31/12/2016**

**Differences** Asset Class %

	Morningstar Aus MsecConservative	Morningstar Aus MsecModerate	Morningstar Aus MsecBalanced	Morningstar Aus MsecGrowth	Morningstar Aus MsecAggressive
Australian Shares	-0.5	-0.26	0.1	-0.05	-0.1
International Shares	-0.5	-0.39	-0.77	-1.05	-0.54
Australian Listed Property	0.17	0.18	0.35	0.34	0.44
International Listed Property	0.49	1.37	1.41	2.18	2.03
Unlisted Property	-0.17	-1.36	-1.26	-1.94	-2.1
Australian Fixed Interest	3.63	1.37	1.48	0.61	0.27
International Fixed Interest	-2.22	-0.24	-0.89	-0.12	0.23
Australian Cash	-0.89	-0.66	-0.42	0.02	-0.22