
Category Definitions

India

Morningstar Research
October 2022

Equity

Large-Cap

Large-Cap funds primarily consist of stocks which are the Top 100 stocks by full market capitalization of the equity market. These funds invest at least 80% of total assets in Indian equities and the balance can be invested in other asset classes such as fixed income and overseas equities, among others. Funds in this category would invest at least 80% of their total assets in large-cap stocks.

Morningstar Category Index: S&P BSE 100 TR

Mid-Cap

Mid-Cap funds primarily consist of stocks ranked 101st to 250th by full market capitalization of the equity market. These funds invest at least 65% of total assets in Indian equities, and the balance can be invested in other asset classes such as fixed income and overseas equities, among others. Funds in this category would invest at least 65% of their total assets in mid-cap stocks.

Morningstar Category Index: S&P BSE Mid Cap TR

Small-Cap

Small-Cap funds primarily consist of stocks ranked 251st onwards by full market capitalization of the equity market. These funds invest at least 65% of total assets in Indian equities, and the balance can be invested in other asset classes such as fixed income and overseas equities, among others. Funds in this category would invest at least 65% of their total assets in small-cap stocks.

Morningstar Category Index: S&P BSE Small Cap TR

Flexi Cap

Flexi Cap funds invest at least 65% of their total assets in Indian equities, and the balance can be invested in other asset classes such as fixed income and overseas equities, among others. These funds will invest into a mix of Large, Mid and small-cap stocks.

Morningstar Category Index: S&P BSE 500 TR

Multi- Cap

Multi-Cap funds invest at least 75% of their total assets in Indian equities, and the balance can be invested in other asset classes such as fixed income and overseas equities, among others. These funds will invest a minimum of 25% each in Large Cap, Mid Cap and Small Cap stocks.

Morningstar Category Index: S&P BSE 500 TR

Large & Mid- Cap

Large & Mid-Cap funds primarily consist of stocks which are the Top 250 stocks by full market capitalization of the equity market. These funds invest at least 70% of total assets in Indian equities and the balance can be invested in other asset classes such as fixed income and overseas equities, among others. Funds in this category would invest at least 35% of their total assets in large-cap stocks and 35% of their total assets in mid-cap stocks.

Morningstar Category Index: S&P BSE 200 TR

Global – Other

Global – Other funds include those funds that invest at least 65% of total assets in instruments issued by overseas i.e. non-Indian companies. In addition, funds that invest at least 65% of total assets in exchange traded funds, fund of funds domiciled outside India are also included in this category.

[Funds in this category do not receive a Morningstar Rating™ due to the diverse nature of the constituents.]

ELSS (Equity Linked Saving Schemes)

These funds are notified as ELSS by SEBI under Section 10 (23D). Investments of up to Rs 150,000 in a financial year in these funds are exempt from Income Tax under Section 80C of the Income Tax Act, 1961. Investments in ELSS are subject to a lock-in of three years from the date of investment.

Morningstar Category Index: S&P BSE 200 TR

Value Funds

Value funds invest at least 65% of their total assets in Indian equities, and the balance can be invested in other asset classes such as fixed income and overseas equities, among others. These funds will predominantly invest in value stocks.

Morningstar Category Index: S&P BSE 500 TR

Contra Funds

Contra funds invest at least 65% of their total assets in Indian equities, and the balance can be invested in other asset classes such as fixed income and overseas equities, among others. These funds will predominantly invest using a contrarian investment theme.

Morningstar Category Index: S&P BSE 500 TR

Dividend Yield Funds

Dividend Yield funds invest at least 65% of their total assets in Indian equities, and the balance can be invested in other asset classes such as fixed income and overseas equities, among others. These funds will predominantly invest in high dividend yielding stocks.

Morningstar Category Index: S&P BSE 500 TR

Focused Funds

Focused funds invest at least 65% of their total assets in Indian equities, and the balance can be invested in other asset classes such as fixed income and overseas equities, among others. These funds will invest in a mix of stocks across market capitalizations. Their portfolio will remain concentrated with a maximum of 30 stocks being held in the portfolio.

Morningstar Category Index: S&P BSE 500 TR

Sector – Energy

Sector – Energy funds invest in companies from the oil and gas, and power sectors. These include companies that produce or refine oil and gas, oil field service and equipment companies, pipeline operators, companies engaged in the mining of coal, companies engaged in generation, transmission, distribution of electricity, companies providing power infrastructure, and manufacturers of equipment required for power generation. These funds invest at least 80% of total assets in Indian equities and at least 80% of total assets in equities from the aforementioned industries.

Morningstar Category Index: S&P BSE Oil & Gas

Sector – Financial Services

Sector – Financial Services funds invest in industries such as banking, non-banking financial services, broking, exchanges, rating agencies, asset management and insurance. These funds invest at least 80% of total assets in Indian equities and at least 80% of total assets in equities from the aforementioned industries.

Morningstar Category Index: S&P BSE BANKEX TR

Sector – FMCG

Sector – FMCG funds invest in industries such as food and beverages, household and personal products, packaging and tobacco. These funds invest at least 80% of total assets in Indian equities and at least 80% of total assets in equities from the aforementioned industries.

Morningstar Category Index: S&P BSE FMCG TR

Sector – Healthcare

Sector – Healthcare funds invest in industries such as biotechnology, pharmaceuticals, research services, home healthcare, hospitals, long-term care facilities, medical equipment and supplies. These funds invest at least 80% of total assets in Indian equities and at least 80% of total assets in equities from the aforementioned industries.

Morningstar Category Index: S&P BSE Healthcare TR

Sector – Precious Metals

Sector – Precious Metals funds invest in companies engaged in the areas of mining of precious metals such as gold, silver, platinum, among others. These funds invest at least 65% of total assets in Indian

equities and at least 80% of total assets in equities from the aforementioned industries. In addition, funds that invest more than 80% of assets in precious metal-exchange traded funds domiciled in India are also included in this category.

Sector – Technology

Sector – Technology funds invest in industries such as software, communication equipment, computer hardware, online media, semiconductors and outsourcing service providers such as BPO and KPO. These funds invest at least 80% of total assets in Indian equities and at least 80% of total assets in equities from the aforementioned industries.

Morningstar Category Index: S&P BSE IT TR

Equity – Infrastructure

Equity – Infrastructure funds invest primarily in infrastructure and infrastructure related industries such as power, oil and gas, telecom, water, housing, real estate, construction, roads, ports, airports, shipping & ship building, logistics. These funds invest at least 80% of total assets in Indian equities and at least 80% of total assets in equities from the aforementioned industries.

Morningstar Category Index: S&P BSE 500 India TR

Equity – Consumption

Equity – Consumption funds invest primarily in stocks related to the consumption theme. These funds invest at least 80% of total assets in Indian equities and at least 80% of total assets in equities from the consumption theme.

Morningstar Category Index: S&P BSE 500 India TR

Equity – ESG

Equity – ESG funds invest primarily in companies demonstrating sustainable practices across Environment, Social and Governance (ESG) parameters. These funds invest at least 80% of total assets in Indian equities.

Morningstar Category Index: Morningstar India Sustain NR

Equity – Other

Equity – Other funds include those funds that invest at least 80% of total assets in Indian equities and at least 80% of equity assets in a specific sector or theme such as automobile, media, among others that cannot be classified in the other sector categories.

[Funds in this category do not receive a Morningstar Rating™ due to the diverse nature of the constituents.]

Index

Index Funds invest at least 95% in Indian equities. These funds will mirror an index and will invest at least 95% of total assets in the Index constituents.

Fixed Income

Ultra Short Duration

Ultra Short Duration funds primarily invest in fixed-income securities with portfolio Macaulay duration between 3 to 6 months. Given their focus on instruments with a short duration, they offer low interest-rate sensitivity. They typically invest in treasury bills, call money, commercial papers, certificate of deposits & corporate bonds, among others.

Morningstar Category Index: CRISIL Liquid Fund Index

Low Duration

Low Duration funds primarily invest in fixed-income securities with portfolio Macaulay duration between 6 to 12 months. Given their focus on instruments with a short duration, they offer low interest-rate sensitivity. They typically invest in treasury bills, call money, commercial papers, certificate of deposits & corporate bonds, among others.

Morningstar Category Index: CRISIL Liquid Fund Index

Money Market

Money Market funds primarily invest in money market instruments with maturities upto 1 year. Given their focus on instruments with a short duration, they offer low interest-rate sensitivity. They typically invest in treasury bills, call money, commercial papers & certificate of deposits.

Morningstar Category Index: CRISIL Liquid Fund Index

Short Duration

Short Duration funds primarily invest in fixed-income securities with portfolio Macaulay duration ranging from one to three years. Given their focus on instruments with a short duration, they offer lower interest-rate sensitivity as compared to funds with longer durations. They typically invest in debentures, government securities, call money, corporate bonds, commercial papers and certificate of deposits, among others.

Morningstar Category Index: CRISIL Short Term Bond Fund Index

Medium Duration

Medium Duration funds primarily invest in fixed-income securities with portfolio Macaulay duration ranging from three to four years. Given their focus on instruments with a medium duration, they offer lower interest-rate sensitivity as compared to funds with longer durations, but are more sensitive to interest rate risk than Short Duration funds. They typically invest in debentures, government securities, call money, corporate bonds, commercial papers and certificate of deposits, among others.

Morningstar Category Index: CRISIL Short Term Bond Fund Index

Medium to Long Duration

Medium to Long Duration funds primarily invest in fixed-income securities with portfolio Macaulay duration ranging from four to seven years. Given their focus on instruments with a medium to long duration, they offer lower interest-rate sensitivity as compared to funds with longer durations, but are more sensitive to interest rate risk than Short Duration & Medium Duration funds. They typically invest in debentures, government securities, call money, corporate bonds, commercial papers and certificate of deposits, among others.

Morningstar Category Index: CRISIL Composite Bond Fund Index

Long Duration

Long Duration funds primarily invest in fixed-income securities with portfolio Macaulay duration greater than seven years. Given their focus on instruments with longer durations, they are exposed to the highest interest rate risk. They typically invest in longer-dated debentures and government securities, call money, corporate bonds, commercial papers and certificate of deposits, among others.

Morningstar Category Index: CRISIL Composite Bond Fund Index

Dynamic Bond

Dynamic Bond Funds would primarily invest in Indian fixed-income securities. These funds don't have a fixed average maturity band as they have the flexibility to change their maturity profile in line with the changing interest rate scenario in the country. Comparatively, these funds stand to navigate the interest rate cycle better than Short Duration, Medium to Long Duration Bond and Long Duration funds. The risk in these funds is high given their management entails taking active duration calls. They typically invest in debentures, government securities, corporate bonds, call money, corporate bonds, commercial papers and certificate of deposits, among others.

Morningstar Category Index: CRISIL Composite Bond Fund Index

Corporate Bond Funds

Corporate Bond Funds primarily invest into corporate bonds that are rated AA+ and above. These funds will have at least 80% of the portfolio invested in securities rated AA+ and above.

Morningstar Category Index: CRISIL Short Term Bond Fund Index

Credit Risk

Credit Risk Funds primarily invest into corporate bonds that are rated AA and below. These funds will have at least 65% of the portfolio invested in securities rated AA and below. These funds display a higher credit risk as compared to traditional fixed income funds.

Banking & PSU

Banking & PSU Funds primarily invest into fixed income securities. These funds will have at least 80% of the portfolio invested in debt instruments of Banks, Public Sector Undertakings (PSUs) & Public Financial Institutions (PFIs).

Morningstar Category Index: CRISIL Short Term Bond Fund Index

Government Bond

Government Bond funds primarily invest in securities issued by the central government, state governments and government-backed entities. These funds don't have a fixed average maturity band as they have the flexibility to change their maturity profile in line with the changing interest rate scenario in the country

Morningstar Category Index: ICICI Securities Libex

10 yr Government Bond

10 yr Government Bond funds primarily invest in securities issued by the central government, state governments and government-backed entities. These funds have average portfolio Macaulay duration greater than ten years. Given their focus on instruments with longer durations, they are exposed to the highest interest rate risk.

Morningstar Category Index: ICICI Securities Libex

Floating Rate

Floating Rate funds primarily invest into floating rate instruments. These funds will invest Minimum 65% into floating rate instrument. They can also invest into fixed rate instruments coupled with a swap to convert the exposure to floating rate.

Morningstar Category Index: CRISIL Liquid Fund Index

Index Funds - Fixed Income

Index Funds- Fixed Income invest in fixed income securities, in order to mirror a specific fixed income index.

Other Bond

These are funds that invest in fixed income instruments like debentures, government securities, call money, commercial papers and certificate of deposits and do not fall into a particular fixed income category.

[Funds in this category do not receive a Morningstar Rating™ due to the diverse nature of the constituents.]

Fixed Maturity Intermediate-Term Bond

Fixed Maturity Intermediate-Term Bond funds have a fixed horizon of existence ranging from four to seven years. They primarily invest in investment-grade fixed-income securities whose average effective maturities coincide with the investment horizon. Given their focus on instruments with a medium duration, they offer lower interest-rate sensitivity as compared to funds with longer durations, but are more sensitive to interest rate risk than Short-Term Bond funds. They typically invest in debentures, government securities, call money, commercial papers and certificate of deposits, among others.

Fixed Maturity Short-Term Bond

Fixed Maturity Short-Term Bond funds have a fixed horizon of existence ranging from one to four years. They primarily invest in investment-grade fixed-income securities whose average effective maturities coincide with the investment horizon. Given their focus on instruments with a short duration, they offer low interest-rate sensitivity. They typically invest in debentures, government securities, call money, commercial papers and certificate of deposits, among others.

Fixed Maturity Ultrashort Bond

Fixed Maturity Ultrashort Bond funds have a fixed horizon of existence of up to one year. They primarily invest in investment-grade fixed-income securities whose average effective maturities coincide with the

investment horizon. Given their focus on instruments with a short duration, they offer minimal interest-rate sensitivity. They typically invest in treasury bills, call money, commercial papers and certificate of deposits, among others.

Allocation

Conservative Allocation

Conservative Allocation funds invest across asset classes such as equity, fixed income and cash. These funds tend to make smaller allocations to equities than Balanced Allocation funds. The allocation to Indian equities ranges between 10-25% of total assets in the normal running of the fund.

Morningstar Category Index: CRISIL Hybrid 85+15 - Conservative Index

Balanced Allocation

Balanced Allocation funds invest across asset classes such as equity, fixed income and cash. These funds tend to make larger allocations to equities than Conservative Allocation funds. The allocation to Indian equities usually ranges from 40%–60% of total assets in the normal running of the fund.

Aggressive Allocation

Aggressive Allocation funds invest across asset classes such as equity, fixed income and cash. These funds tend to make larger allocations to equities than Balanced Allocation funds. The allocation to Indian equities usually ranges from 65%–80% of total assets in the normal running of the fund.

Morningstar Category Index: CRISIL Hybrid 35+65 - Aggressive Index

Dynamic Asset Allocation

Dynamic Allocation funds invest into equity and debt in varying proportions. These funds have the flexibility to dynamically shift their allocation between equity and debt depending on the asset class's attractiveness and manager's view.

Multi Asset Allocation

Multi Asset Allocation funds invest across multiple asset classes such as equity, fixed income, foreign securities, cash and precious metal exchange traded funds, among others. These funds will invest at least 10% each in three asset classes and have the flexibility to shift the remaining allocation from one asset class to another depending on the asset class's attractiveness and manager's view.

Equity Savings

Equity Savings funds typically invest at least 65% of the assets into equities, with a portion of this being hedged. These funds will also invest at least 10% of the assets into fixed income securities. These funds have an unhedged equity exposure which makes them more volatile than Arbitrage Funds.

Retirement

Retirement funds invest across multiple assets equity, fixed income, foreign securities, cash and precious metal exchange traded funds, among others. These funds come with a lock-in of at least 5 years or till retirement whichever is earlier.

Children's

Children's funds invest across multiple assets equity, fixed income, foreign securities, cash and precious metal exchange traded funds, among others. These funds come with a lock-in of at least 5 years or till the child attains age of majority, whichever is earlier.

Fund of Funds

Fund of Funds typically invest into a mix of underlying funds across asset classes. These funds will hold at least 95% of total assets in underlying funds.

Alternative

Arbitrage Fund

Arbitrage Funds pursue market-neutral strategies, whereby returns are not significantly impacted by market volatility. Typically, they buy equities in the cash market and simultaneously sell in the futures market, thus ensuring market neutrality.

Commodities

Sector – Precious Metals

Sector – Precious Metals funds invest more than 95% of assets in underlying precious metals or in precious metal-exchange traded funds.

Money Market

Liquid

Liquid funds primarily invest in investment-grade fixed-income securities with maturities of up to 91 days. Given their focus on instruments with a short duration, they offer minimal interest-rate sensitivity. They typically invest in treasury bills, call money, commercial papers and certificate of deposits, among others.

Morningstar Category Index: CRISIL Liquid Fund Index

Overnight

Overnight funds primarily invest in overnight securities with maturities of 1 day. Given their focus on instruments with a short duration, they offer minimal interest-rate sensitivity.

Morningstar Category Index: CRISIL Liquid Fund Index. 



22 West Washington Street
Chicago, IL 60602 USA

©2022 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions contained herein (1) include the confidential and proprietary information of Morningstar, (2) may include, or be derived from, account information provided by your financial advisor which cannot be verified by Morningstar, (3) may not be copied or redistributed, (4) do not constitute investment advice offered by Morningstar, (5) are provided solely for informational purposes and therefore are not an offer to buy or sell a security, and (6) are not warranted to be correct, complete or accurate. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, this information, data, analyses or opinions or their use. Opinions expressed are as of the date written and are subject to change without notice. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission.