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**FACT SHEET**

September 14, 2025

# Classification Definitions: Estimated Long-Term Mutual Fund Flows

## Mutual Fund Classification Definitions for the Weekly Estimated Long-Term Flow Report

Classifications are made by reviewing prospectuses for language included in these definitions. A more detailed hierarchy of mutual fund investment objectives is available [here](#).

### Equity

#### Domestic Equity

**Large-cap** funds invest primarily in companies with large market capitalizations, which are generally more than \$5 billion or in companies with both medium and large market capitalizations.

**Mid-cap** funds invest primarily in companies with medium market capitalizations, generally ranging from \$1 billion to \$7 billion or in companies with both small and medium market capitalizations.

**Small-cap** funds invest primarily in companies with small market capitalizations of up to \$2 to 2.5 billion.

**Multi-cap** funds invest in companies of all market capitalizations or are not limited to companies within specific market capitalizations.

**Other** domestic equity funds seek capital appreciation by investing in companies in related fields or by employing alternative strategies, such as long/short, market neutral, leveraged, or inverse strategies.

#### World Equity

**Developed market** funds invest primarily in equity securities traded worldwide, including funds with a global, international, or regional focus. Also included in this category are funds investing in companies traded worldwide, including emerging markets, while employing a long/short, market neutral, leveraged, or inverse strategy.

**Emerging market** funds invest primarily in companies based in less-developed countries

of the world.

## **Hybrid**

**Hybrid** funds invest in a mix of equity and debt securities.

## **Bond**

### **Taxable Bond**

**Investment grade** funds seek current income by investing primarily (80 percent) in investment grade debt securities.

**High-yield** funds seek current income by investing two-thirds or more of their portfolios in lower-rated corporate bonds (Baa or lower by Moody's and BBB or lower by Standard and Poor's rating services) and floating rate securities.

**Government bond** funds pursue an objective of high current income by investing in taxable bonds issued, or backed, by the U.S. government, and include mortgage-backed securities.

**Multisector bond** funds seek to provide high current income for their shareholders by investing predominantly in a combination of domestic fixed-income securities, including mortgage-backed securities and high-yield bonds, may invest up to 25 percent in bonds issued by foreign companies and governments, and funds pursuing long/short, market neutral, leveraged, and inverse strategies.

**World bond** funds seek current income by investing in debt securities worldwide.

### **Municipal Bond**

**Municipal bond** funds invest in municipal bonds of a single state or a national mix of municipal bonds.