Morningstar Direct Indexing: U.S. Target Market Exposure Portfolio

The Morningstar U.S. Target Market Exposure Direct Indexing Portfolio is designed for investors who:

- Seek exposure to large- and mid-cap U.S. companies representing the top 85% of equity market capitalization
- Are looking for an index-based investment option that supports choice, flexibility, personalization, and helps with tax efficiencies
Key Facts of This Portfolio

Seeks to track the Morningstar® U.S. Target Market Exposure (TME) Index SM, which targets large- and mid-cap U.S. stocks.

<table>
<thead>
<tr>
<th>Equity Style</th>
<th>Large Growth</th>
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<tbody>
<tr>
<td>Minimum Investment</td>
<td>$150,000</td>
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<td>Benchmark</td>
<td>Morningstar U.S. Target Market Exposure (TME) Index</td>
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<td>Number of Holdings</td>
<td>300–550</td>
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<td>Inception Date</td>
<td>09/30/2021</td>
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Why Invest in This Portfolio?

**Strong Liquidity Rating**
By focusing on a larger, more liquid area of the U.S. equity market, the index emphasizes low turnover and ease of tracking.

**Personalized and Innovative**
Access Morningstar’s technology, which seeks to track the underlying benchmark index through portfolio rebalancing software.

**Objective and Informed**
By seeking to track a Morningstar Index, you gain exposure to a product informed by unbiased research and data.

U.S. Target Market Exposure Portfolio Design

The Morningstar U.S. Target Market Exposure portfolio seeks to track the Morningstar U.S. Target Market Exposure (TME) Index, which is designed to accurately represent the large- and mid-cap segment of the U.S. equity market.

**Eligibility**

**Selection Universe**
Eligible share classes of companies with a country classification of U.S. that trade on the New York Stock Exchange, Nasdaq, or NYSE Market LLC.

**Liquidity and Capacity Screens**
Securities must pass minimum liquidity screens, and the index is free float adjusted to ensure only shares readily available to investors are included in the benchmark index.

**Construction**

**Size Segmentation**
Eligible companies are ranked in descending order by float-adjusted market cap, and the benchmark index includes companies that rank in the top 85%.

**Maintenance**
The benchmark index is reconstituted semiannually in June and December and rebalanced quarterly. To mitigate turnover, a buffer around the 85% breakpoint is applied.

**Personalization**

**Investor Personalization**
With direct indexing, you can further customize the portfolio based on your specific goals and values.
To Learn More, Talk to Your Financial Advisor

mp.morningstar.com

The Morningstar U.S. Target Market Exposure Portfolio is part of Morningstar Direct Indexing, a series of portfolios thoughtfully designed to help today’s investors achieve their long-term goals.