MORNINGSTAR Indexes

Morningstar Quarterly Style Monitor: Q3 2026

A tale of two styles: US mega-cap growth rallied while value swept international markets.

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Contents

3 Performance Highlights
8 Portfolio Highlights
13 Performance Attribution
17 Concentration
19 Valuations
24 Forever in Style
25 Appendix

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Executive Summary

This is the latest installment of the Morningstar Quarterly Style Monitor, which is designed to help investors stay on top of style trends. Beginning with this edition, the US analysis references style indexes from the Morningstar Market Indexes in place of the Morningstar US Broad Style Indexes. The international analysis continues to reference the Morningstar Global Style Indexes. Together, these indexes provide insight into style performance drivers and portfolio composition.

Key Takeaways

- **Growth led only among US mega-caps, while value led almost everywhere else.** Large technology names helped US mega-cap growth stocks outpace value by about 6 percentage points, but value led in most other segments. The Morningstar Global Value Target Market Exposure Index was the best-performing style index, and the Morningstar Emerging Markets Growth Target Market Exposure Index was the weakest.
- **Growth indexes remained far more top-heavy than value indexes.** The 10 largest holdings made up nearly two-thirds of the Morningstar US Mega Cap Growth Index and more than half of the Morningstar Emerging Markets Growth Target Market Exposure Index, at least double their value counterparts. Developed markets outside the US stayed the most diversified, and concentration changed little over the quarter.
- **Growth's valuation premium eased in several markets but remained stretched in US mid-caps.** The growth-value P/E spread narrowed sharply in emerging markets, moving close to its historical norm, and narrowed in US small caps and developed markets outside the US. In the US mid-cap segment, where spreads have historically been the strongest signal of future growth-versus-value returns, growth is trading at a high premium to value.
- **Growth was more volatile than value in every region and US size segment.** Among US mega caps, growth was nearly twice as volatile as value, while the gap was narrowest in developed markets outside the US. Together with growth's weaker returns in most markets, this left value ahead on a risk-adjusted basis almost everywhere. Growth kept the edge only in the broad US market and US mega-caps, where its strong returns outweighed the extra volatility.

About the Market Indexes

The Morningstar Market Indexes, formerly the CRSP Market Indexes, joined the Morningstar Indexes family when Morningstar acquired the Center for Research in Security Prices in February 2026. They were rebranded in July 2026 and serve as benchmarks for more than USD 3 trillion in assets. The family

is designed to represent the investable US stock market comprehensively, and its rules aim to mitigate turnover and trading costs.

Every index in the family is built from the Morningstar US Total Market Index. Companies are ranked by size and grouped by their share of total market value:

- Mega-cap: the largest companies, making up the first 70% of the market.
- Mid-cap: the next 15%.
- Small cap: the next 13%.
- Micro-cap: the smallest 2%.

The Morningstar US Core Cap Index, which this report uses to represent the broad US market, combines the mega-, mid-, and small-cap segments and excludes micro caps. The mega-cap segment takes the place of the large-cap segment used in previous editions. Within this family, "large cap" refers to mega- and mid-caps combined. Each segment except micro-cap is divided into value and growth indexes using a multifactor style model, as described in Appendix 3.

Performance Highlights

Returns

Style leadership in the third quarter of 2026 depended on where investors looked. Growth beat value only among the largest US companies, where a rally in big technology stocks put the Morningstar US Mega Cap Growth Index 6.44 percentage points ahead of its value counterpart. Because mega-caps dominate the US market, that was enough to tilt the broad US market toward growth. Everywhere else, value led: n US mid- and small caps, and by even wider margins outside the US; by 5.59 percentage points in developed markets ex-US and 7.75 points in emerging markets. Size also mattered, as mega-caps were the only US size segment to post a positive return.

Global equities, as represented by the Morningstar Global Target Market Exposure Index, returned 1.70% in the third quarter. Developed markets outside the US gained 1.10%, while emerging markets lagged, declining 0.62%.

Global sentiment was supported by resilient large-cap earnings, initial central bank easing across developed economies, and heavy ongoing investment in artificial intelligence hardware and data center infrastructure. Emerging markets, by contrast, lost momentum amid lingering growth headwinds in China and currency pressure from a firm US dollar.

The Morningstar US Core Cap Index, which represents the broader US market across all size segments, gained 1.51% in this quarter, bringing its year-to-date return to 12.55%. The index also delivered a 15.27% return over the trailing one-year period. Technology and utilities sectors contributed 2.59% and 1.51% to returns, whereas industrials hurt the index's performance, detracting 1.18% from the return over the quarter.

The Morningstar Developed Markets ex-US Target Market Exposure Index delivered a total return of 1.10% in the past quarter, with Japan being a leading contributor, adding 1.42% to return. Its year-to-date return stood at 10.39% while its trailing one-year return reached 16.52%. However, the index trailed the US in the third quarter as well as the year to date.

Meanwhile, the Morningstar Emerging Markets Target Market Exposure Index lost 0.62% in the third quarter of 2026, dragging down the year-to-date return slightly to 22.46%. Emerging markets returned 28.11% over the trailing year. Emerging markets in the third quarter of 2026 saw major activity from the semiconductor and hardware industries. South Korean silicon giant SK Hynix as well as Samsung Electronics were major detractors in performance. Whereas Taiwan Semiconductor Manufacturing and MediaTek, Taiwanese semiconductor giants, added 0.47% and 0.28% to the overall return of emerging markets, making Taiwan the largest contributor to performance, adding 1.53%. South Korea and India stood as the largest detractors, with 2.36% and 0.69% negative contributions to return.

Growth sharply outperformed value in the US Core Cap and Mega Cap segments, whereas value led in the mid- and small cap segments, as shown in Exhibit 1.

Exhibit 2 shows how that pattern changed from the previous quarter. In the second quarter, growth led value across all US size segments. In the third quarter, US mid and small caps swung back to value, while growth's lead in the Morningstar US Core Cap and Morningstar US Mega Cap indexes was little changed from the second quarter.

Exhibit 1 Performance Characteristics up to September 2026

	1 Qr			YTD			1 Yr			5 Yr			10 Yr			Since Inception*		
US	**Return**	**Risk**	**Sharpe**	**Return**	**Risk**	**Sharpe**	**Return**	**Risk**	**Sharpe**	**Return**	**Risk**	**Sharpe**	**Return**	**Risk**	**Sharpe**	**Return**	**Risk**	**Sharpe**
Morningstar US Core	1.51	5.50	0.12	12.55	11.47	0.84	15.27	12.99	0.86	12.67	15.92	0.59	14.77	15.79	0.80	13.54	14.56	0.84
Morningstar US Core Growth	3.87	7.92	0.39	11.02	15.75	0.56	13.28	18.73	0.55	12.92	20.09	0.51	17.20	18.39	0.82	15.92	16.67	0.87
Morningstar US Core Value	-1.61	4.24	-0.57	14.56	9.45	1.18	17.83	11.35	1.17	12.20	14.46	0.60	12.14	15.29	0.66	12.49	14.01	0.78
Value Relative to Growth																		
Morningstar US Mega	3.40	5.95	0.42	13.33	11.95	0.87	16.89	14.26	0.90	14.63	15.90	0.70	16.22	15.47	0.89	14.57	14.22	0.92
Morningstar US Mega Growth	5.37	8.37	0.54	12.52	16.32	0.63	15.56	20.09	0.62	15.18	20.79	0.60	19.07	18.75	0.90	17.23	16.98	0.92
Morningstar US Mega Value	-1.08	4.33	-0.44	15.77	9.11	1.34	19.37	10.99	1.32	13.14	13.70	0.69	12.72	14.40	0.73	12.77	13.26	0.84
Value Relative to Growth																		
Morningstar US Mid	-2.32	4.64	-0.67	9.28	10.90	0.61	8.39	12.02	0.41	7.46	17.01	0.28	10.97	17.16	0.55	10.93	15.84	0.63
Morningstar US Mid Growth	-4.55	7.57	-0.69	5.18	15.79	0.22	0.18	16.09	-0.15	5.09	19.81	0.15	11.47	18.57	0.54	11.94	16.89	0.65
Morningstar US Mid Value	-0.52	4.46	-0.30	12.04	9.51	0.94	14.40	12.01	0.86	9.42	16.28	0.40	10.13	17.36	0.50	11.54	15.77	0.66
Value Relative to Growth																		
Morningstar US Small	-5.83	6.02	-1.10	11.35	13.63	0.65	13.39	13.60	0.71	6.94	19.05	0.24	10.39	19.44	0.48	10.30	17.93	0.55
Morningstar US Small Growth	-7.63	8.57	-0.98	12.18	17.96	0.57	13.89	17.12	0.62	4.35	20.93	0.12	10.54	20.25	0.47	10.82	18.45	0.55
Morningstar US Small Value	-4.51	5.46	-0.97	10.63	12.01	0.66	12.91	12.89	0.71	8.71	18.62	0.33	9.87	19.88	0.45	11.27	18.09	0.58
Value Relative to Growth																		
Global																		
Morningstar Global Target Market Exposure	1.70	5.22	0.16	13.13	10.57	0.96	17.04	14.21	0.91	12.01	14.83	0.58	12.89	14.66	0.73	9.22	16.14	0.54
Morningstar Global Growth Target Market Exposure	-0.57	8.25	-0.15	12.02	15.24	0.64	13.12	19.50	0.53	10.38	17.96	0.42	13.53	16.24	0.71	9.80	16.74	0.56
Morningstar Global Value Target Market Exposure	4.11	3.78	0.80	14.38	7.85	1.39	21.43	12.05	1.36	13.36	13.63	0.71	11.92	14.70	0.67	8.57	16.32	0.50
Value Relative to Growth																		
Morningstar Developed Markets ex-US Target Market Exposure	1.10	5.10	0.05	10.39	12.27	0.64	16.52	15.32	0.83	10.21	15.40	0.46	9.91	15.00	0.54	6.06	17.17	0.35
Morningstar Developed Markets ex-US Growth Target Market Exposure	-1.62	6.78	-0.35	6.33	15.08	0.29	9.40	17.62	0.38	5.74	17.14	0.18	8.63	15.36	0.45	5.49	16.67	0.32
Morningstar Developed Markets ex-US Value Target Market Exposure	3.96	4.73	0.63	14.59	10.84	1.05	24.04	15.09	1.26	14.77	14.95	0.74	10.96	15.94	0.58	6.61	18.32	0.36
Value Relative to Growth																		
Morningstar Emerging Markets Target Market Exposure	-0.62	12.00	-0.08	22.46	21.74	0.91	28.11	24.68	0.97	9.38	17.72	0.37	9.69	17.05	0.48	5.79	20.42	0.31
Morningstar Emerging Markets Growth Target Market Exposure	-3.97	16.76	-0.22	21.81	25.58	0.79	26.33	28.18	0.83	5.92	18.82	0.19	8.05	17.87	0.38	5.35	20.36	0.29
Morningstar Emerging Markets Value Target Market Exposure	3.78	7.29	0.41	23.78	19.21	1.06	30.63	22.86	1.12	12.93	17.52	0.56	11.33	17.45	0.56	6.60	20.80	0.34
Value Relative to Growth																		

Source: Morningstar Direct.
Returns longer than one year annualized.
All index performance data displayed is for Total Return USD variants.
*This includes performance backtested to the end of March 2011 and September 2012 for US indexes and June 2008 for global indexes.

Value outperformed growth in developed markets outside the US and emerging markets during the third quarter of 2026. The Morningstar Developed Markets ex-US Growth Target Market Exposure Index returned negative 1.62%, compared with 3.96% for its value counterpart, resulting in growth underperformance of 5.59 percentage points. In emerging markets, the growth index returned negative 3.97% compared with 3.78% for the value index, resulting in a value outperformance over growth by 7.75 percentage points. Longer-term outcomes were less uniform. Over the trailing one-year period, value retained a substantial advantage in developed markets outside the US, returning 24.04% compared with 9.40% for growth. In emerging markets, the one-year returns of the two styles were much closer, with growth returning 26.33% and value returning 30.63%.

In the third quarter of 2026, among both styles across global, developed markets ex-US, and emerging markets, the Morningstar Global Value Target Market Exposure Index delivered the highest return at 4.11%, while the Morningstar Emerging Markets Growth Target Market Exposure Index recorded the lowest return, at negative3.97%. This marked a big change from the previous quarter, when returns were strong across all three markets.

Tracking the return differentials between value and growth paints an interesting picture. Value indexes outpaced growth for most quarters between 2021 and 2022. The year 2023 moved the needle back in favor of growth stocks, primarily fueled by investors' enthusiasm for the applications of artificial intelligence across businesses, as well as expectations of a soft landing and Federal Reserve rate cuts. Even the year 2024 saw growth stocks dominating value stocks for three out of the four quarters for most segments.

The past several quarters have seen leadership between value and growth oscillate. Value made a strong comeback in the third quarter of 2025 and maintained its lead through the first quarter of 2026. That trend reversed decisively in the second quarter, when growth led across all US size segments. In the third quarter of 2026, US mid- and small caps swung back to value, as shown in Exhibit 2, while growth continued to lead in the Morningstar US Core Cap and Morningstar US Mega Cap indexes by margins similar to the previous quarter. Over longer horizons, style results remain mixed. Over the past 10 years, growth has outperformed value in every US size segment, with the widest margin among mega-caps.

We shed more light on the drivers of third-quarter 2026 returns in the Performance Attribution section.

Exhibit 2 Quarterly Value Minus Growth Performance Differential (%)

	2021	2022				2023				2024				2025				2026		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
US Core	-0.86	11.11	11.37	-1.96	14.11	-17.13	-9.22	1.51	-4.62	-1.42	-8.94	6.40	-8.14	10.19	-13.01	-3.01	0.82	12.94	-5.57	-5.48
US Mega	-1.31	10.80	12.71	-1.96	16.29	-20.12	-11.85	1.78	-6.02	-0.69	-9.88	6.30	-9.04	13.78	-16.32	-4.55	0.41	14.20	-6.55	-6.44
US Mid	0.48	12.39	8.14	-2.97	6.41	-9.12	-1.88	0.42	-1.61	0.53	-0.43	5.75	-7.47	3.37	-13.45	3.29	6.86	12.13	-11.52	4.03
US Small	5.79	10.75	6.01	-3.03	8.61	-7.53	-1.56	3.54	0.51	-0.84	-0.46	3.48	-5.58	4.49	-4.94	-0.19	0.52	2.86	-8.76	3.11
Global	0.00	9.59	7.83	-1.56	7.97	-8.54	-4.27	3.49	-3.29	-1.67	-5.47	4.19	-4.57	9.27	-11.93	1.53	5.17	7.58	-11.92	4.68
Developed Ex US	-1.75	11.43	3.94	-0.85	3.35	-4.52	0.99	7.20	-3.09	-1.58	-0.11	2.71	1.35	6.16	-2.08	4.03	5.35	8.15	-6.91	5.59
Emerging	4.27	7.60	-2.37	-1.10	2.82	3.01	2.74	0.92	1.55	-0.69	0.62	4.27	-1.86	6.57	-2.85	4.31	1.81	3.41	-11.86	7.75

Source: Morningstar Direct.

Risk

Exhibit 1 illustrates that, over longer-term periods, US small-cap equities have generally demonstrated greater volatility and sensitivity to market cycles than their mega-cap counterparts. This dynamic stems from their greater exposure to niche market risks, less predictable earnings profiles, and lower propensity to exhibit long-term, durable competitive advantages.

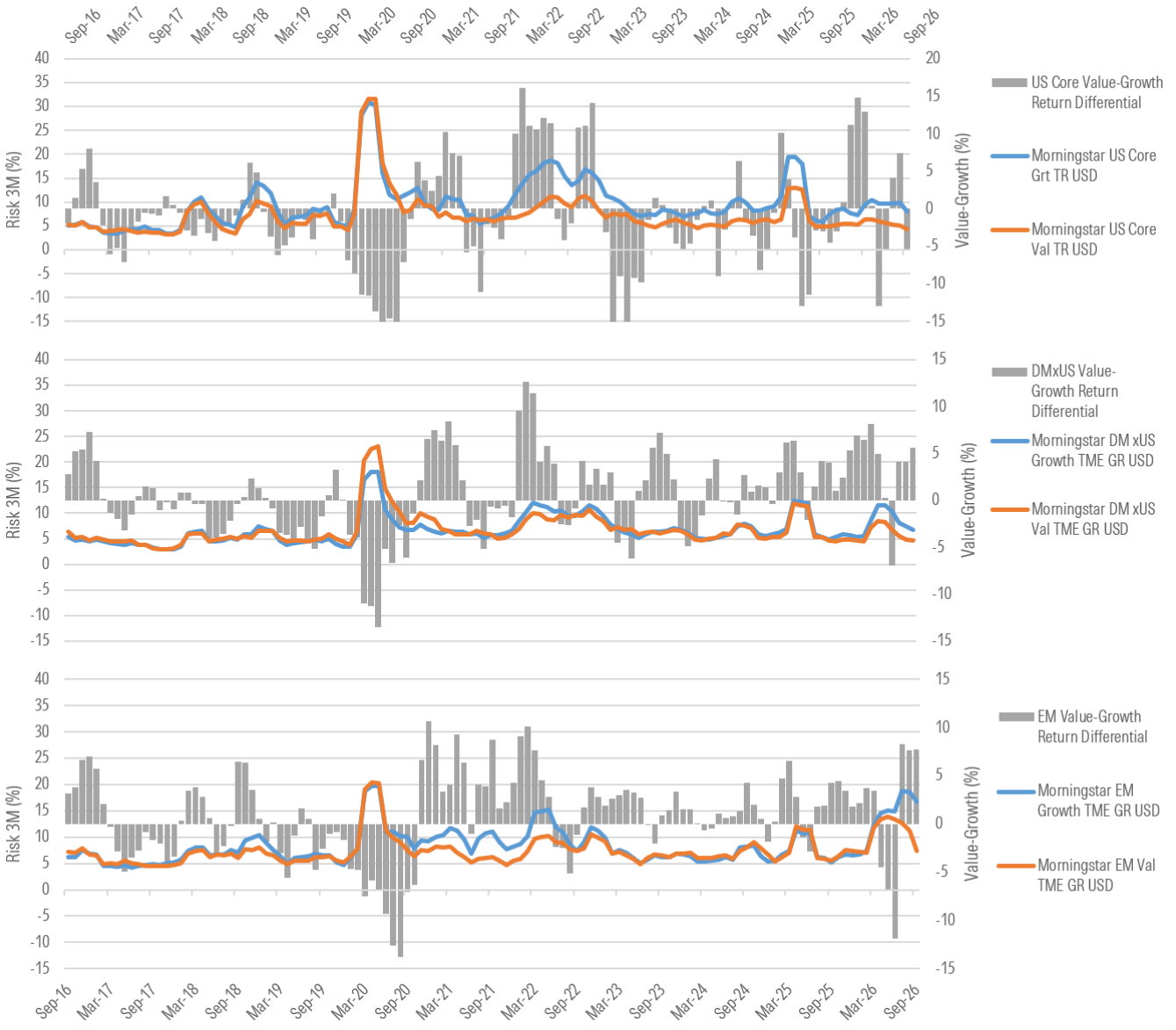
In this quarter, growth indexes exhibited higher volatility than their value counterparts across all regions and US size segments. The difference was similar across the US size segments: Risk for the Morningstar US Mega Cap Growth Index was 8.37%, compared with 4.33% for its value counterpart, while the Morningstar US Core Cap Growth and Value indexes registered volatility of 7.92% and 4.24%, respectively. Outside the US, the Morningstar Global Growth, Emerging Markets Growth and Developed Markets ex-US Growth Target Market Exposure indexes were also notably more volatile than their value counterparts. The gap was much narrower in Developed Markets ex-US.

As the investment horizon lengthens, value strategies have generally maintained lower volatility than growth strategies across most segments. Over the five-year period, each value index shown in Exhibit 1 was less volatile than its corresponding growth index, although the difference was more pronounced in mega caps. Over the 10-year period, growth remained more volatile across the US market, mega-cap, and mid-cap segments. The principal exception is developed markets outside the US, where the value indexes exhibited a marginally higher volatility than their growth counterparts. In US small caps and emerging markets, 10-year volatility was broadly comparable across the two styles.

In the third quarter 2026, value outperformed growth on a risk-adjusted basis, as measured by the Sharpe ratio, across all regions and US size segments, except US Core Cap and Mega Cap indexes. Within the US, the difference was most pronounced in the mega-cap and core segments, where the growth and value indexes recorded Sharpe ratios of 0.54 and negative0.44, respectively, for mega-caps. The Morningstar US Core Cap Growth and Value indexes reported Sharpe ratios of 0.39 and negative0.57, respectively. Value's risk-adjusted advantage was notable globally, and in non-US developed markets, where the value indexes posted Sharpe ratios of 0.80 and 0.63, compared with negative 0.15 and negative0.35 for their respective growth counterparts, due to the declined performance of growth style in these regions.

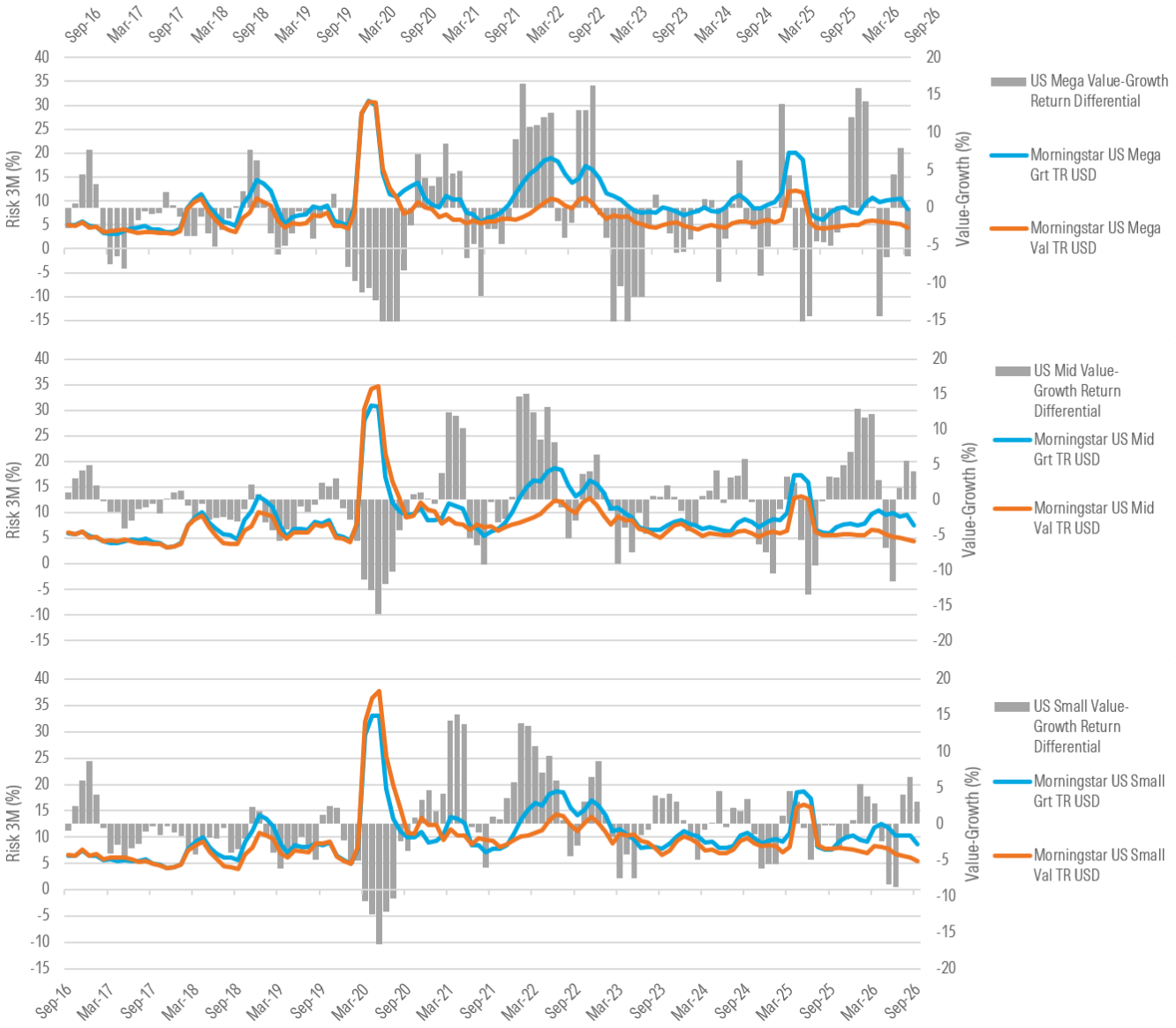
Over longer horizons, the risk-adjusted comparison between value and growth was more nuanced. Value recorded a higher Sharpe ratio across every region and US size segment over the five-year period, with the greatest differences occurring in developed markets outside the US and emerging markets. Over the 10-year period, however, growth held the advantage across the US core cap, mega-cap, mid-cap, and small-cap segments, as well as globally. Value retained higher 10-year Sharpe ratios in developed markets outside the US and emerging markets. Across the full index history, results were mixed: Growth led in all US size segments but small caps. Globally, growth seems to outperform value, whereas in the non-US developed markets, and emerging markets, value takes the lead in risk-adjusted performance since inception.

Exhibit 3.1 Rolling Three-Month Risk vs. Value-Growth Differential for US, Developed Markets ex-US, and Emerging Markets



Source: Morningstar Direct. Data from September 2016 to September 2026.

Exhibit 3.2 Rolling Three-Month Risk vs. Value-Growth Differential for US Size Segments



Source: Morningstar Direct. Data from September 2016 to September 2026.

Portfolio Highlights

Sectors

Persistent differences in growth prospects and valuations across sectors lead to varying sector exposures between value and growth indexes, often driving divergence in performance outcomes.

Within growth indexes, sector leadership continued to differ across regions in the third quarter. Technology remained the dominant sector in US and emerging-market growth indexes, reflecting their exposure to large internet, artificial intelligence, semiconductors, and electronics companies.

In developed markets outside the US, industrials remained the largest sector in the growth index, consistent with the region's greater representation of engineering, automation, aerospace, and specialty-manufacturing companies.

In the Morningstar US Core Cap Index, technology, financial services, and healthcare remained the three largest sectors and together represented approximately 59.64% of the index at the end of September 2026.

Financial services and industrials were the two largest sectors in the Morningstar Developed Markets ex-US Target Market Exposure Index, while technology alone accounted for roughly 62% of the Morningstar Emerging Markets Target Market Exposure Index.

Exhibit 4.1 Historical Sector Weights Distribution for the US, Developed Markets ex-US, and Emerging Markets



Source: Morningstar Direct. Data from September 2021 to September 2026. (Each bar displays the quarterly sector weight for the respective sectors from September 2021 to September 2026, subject to data availability. Sector weight data for Morningstar US Core Cap Growth TR USD and Morningstar US Core Cap Value TR USD indexes is shown from December 2023 onward.)

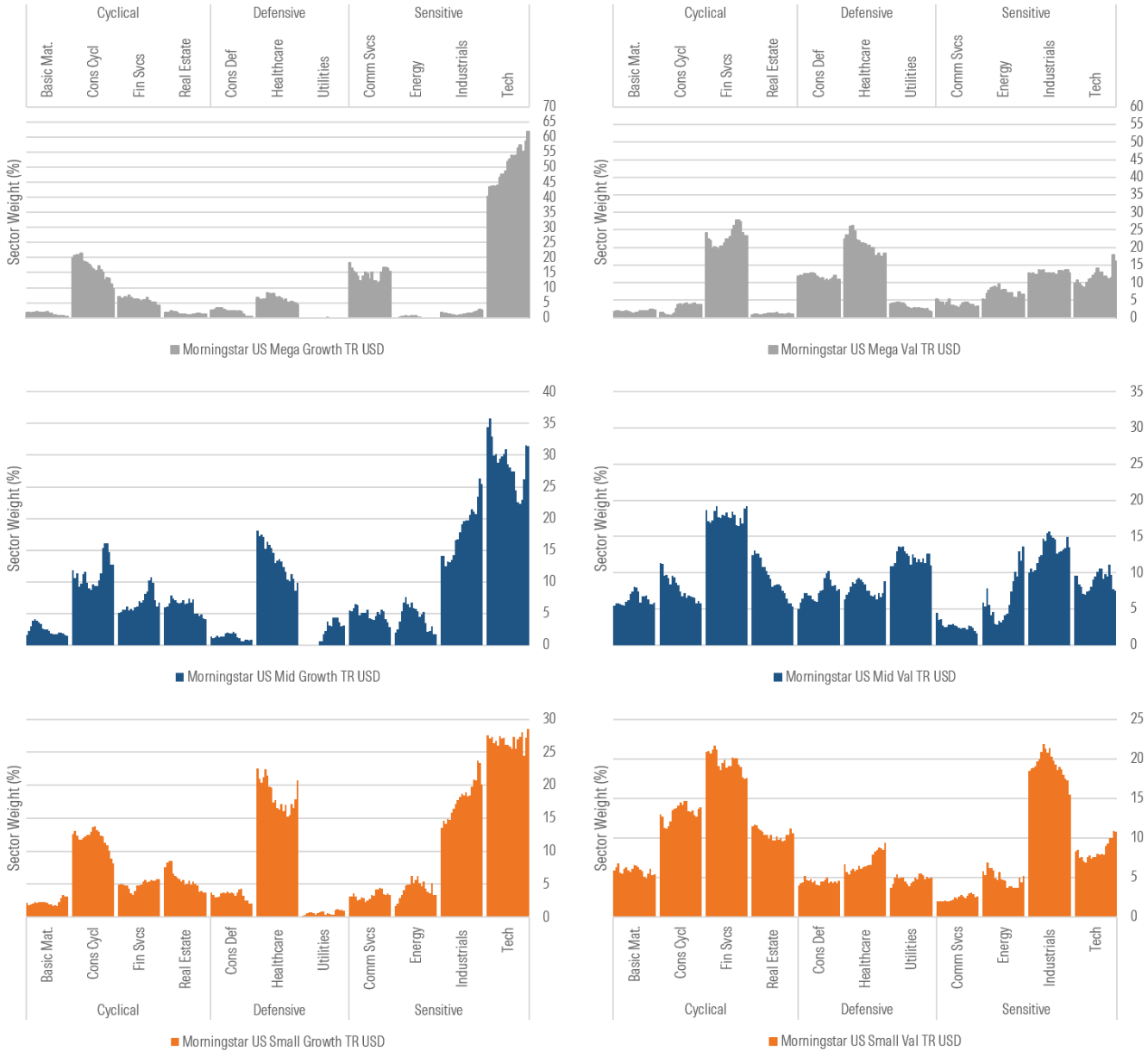
On the value side, financial services is the leading sector across all three regions. The US has more balanced exposure in all the sectors, whereas the Morningstar Developed Markets ex-US Value Target Market Exposure Index exhibits balanced sector weights outside of an outsize allocation to the financial-services sector. The emerging-market region showed more concentration toward financial-services and technology sectors.

Interestingly, sector tilts sometimes move in opposite directions across regions. For example, in developed markets outside the US, healthcare, financial-services, and industrials sectors have higher weights in growth indexes than those of the same sectors in the US growth index, suggesting differences in sectors driving growth within the US and developed markets outside of the US.

The Morningstar Emerging Markets Value Target Market Exposure Index has high exposure to the technology sector similar to what we observe in the US, but contrary to developed markets ex-US. However, it should be noted that the technology sector's weight in the Morningstar US Core Cap Value Index has been higher than its long-term average for the past few quarters. The case for the emerging-market region is similar, as technology concentrates at the top from the surge in semiconductor demand, fueling South Korean and Taiwanese chip rallies.

In the US, there are also notable sector differences along the market-cap spectrum. In the Morningstar US Mega Cap Value Index, stocks are found predominantly in financial services, healthcare, technology, and industrials, while the Morningstar US Mid Cap Value Index has a balanced exposure across multiple cyclical and defensive industries. The Morningstar US Small Cap Value Index follows the mid-cap suite, with a high concentration in financial services, industrials, and consumer cyclicals. Mega-cap growth stocks are found primarily in technology, followed by consumer cyclicals. Mid- and small-cap growth stocks are found in technology, industrials, and healthcare.

Exhibit 4.2 Historical Sector Weights Distribution for US Size Segments



Source: Morningstar Direct. Data from September 2021 to September 2026. (Each bar displays the quarterly sector weight for the respective sector from September 2021 to September 2026.)

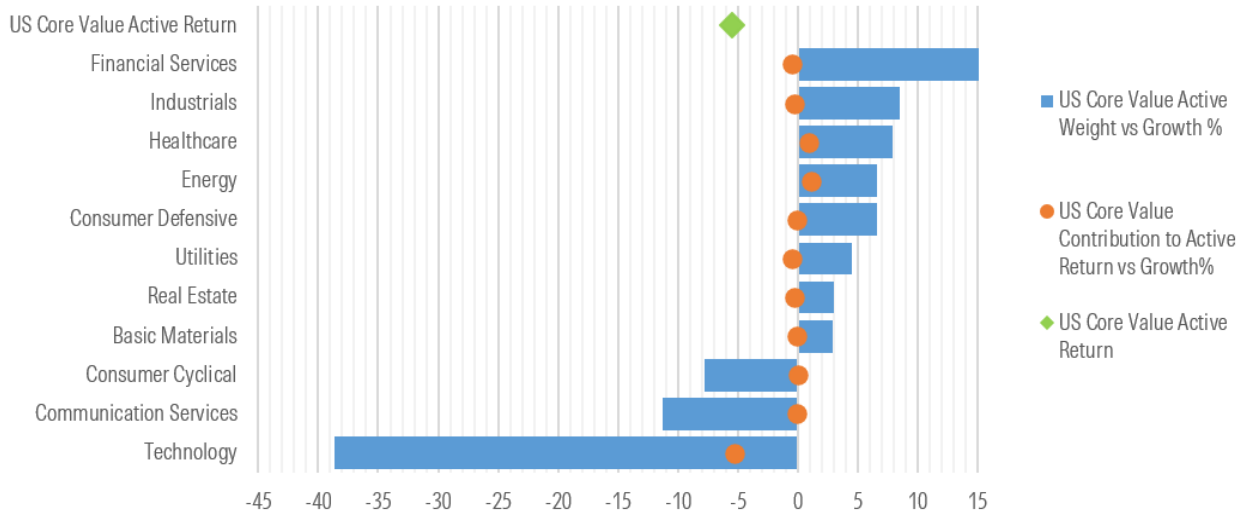
Performance Attribution

US

The Morningstar US Core Cap Value Index underperformed the Morningstar US Core Cap Growth Index by 5.48 percentage points in the third quarter of 2026. The value index returned negative 1.61%, while its growth counterpart gained 3.87%, as growth stocks once again outpaced value stocks during the quarter.

At the sector level, technology was by far the largest detractor from value's relative performance, reducing active return by 5.34 percentage points, reflecting the value index's substantial underweight exposure to the sector. Financial services was the next-largest detractor, subtracting 0.47 percentage points, while utilities, industrials, real estate, communication services, consumer defensive, and basic materials also weighed on relative returns. These negative effects were partly offset by positive contributions from energy, which added 1.14 percentage points to active return, and healthcare, which contributed a further 0.87 percentage points. Consumer cyclical had a negligible positive impact.

Exhibit 5.1 Active Sector Weights and Their Respective Contribution to Active Returns for the US Core Cap Value Versus Growth Index



Source: Morningstar Direct. Data as of Sept. 30, 2026.

Exhibit 5.2 shows the top and bottom contributors to the active return of the Morningstar US Core Cap Value Index relative to the Morningstar US Core Cap Growth Index. At the stock level, several underweight positions in technology-oriented mega-cap companies accounted for the largest detractors from relative performance. Underweight positions in Microsoft, Nvidia, Apple, Meta Platforms, and Palantir Technologies reduced active return by 2.57, 1.64, 1.60, 0.89, and 0.40 percentage points, respectively. Underweight positions in Amazon.com also weighed on performance. On the positive side, value benefited from underweight positions in a number of weak-performing stocks. Underweight positions in Tesla, Applied Materials, KLA, Lam Research, and Broadcom contributed 0.47, 0.43, 0.36,

0.34, and 0.29 percentage points, respectively. Overweight positions in ExxonMobil, Chevron, and Thermo Fisher Scientific also made positive contributions to relative performance.

Exhibit 5.2 Top and Bottom Contributors to the Active Return for the US Core Cap Value vs. Growth Index

Name	Active Weight	3M Return	Contr. to Active Return
Tesla Inc	-2.63	-15.64	0.47
Applied Materials Inc	-1.14	-29.19	0.43
KLA Corp	-0.73	-35.31	0.36
Exxon Mobil Corp	1.93	19.80	0.35
Lam Research Corp	-1.09	-24.11	0.34
Broadcom Inc	-4.28	-6.86	0.29
Chevron Corp	1.11	24.26	0.24
Corning Inc	-0.36	-39.69	0.20
Thermo Fisher Scientific Inc	0.65	34.74	0.20
Alphabet Inc Class A	-5.08	-3.66	0.19
US Value Active Return			**-5.48**

Name	Active Weight	3M Return	Contr. to Active Return
Microsoft Corp	-8.13	37.75	-2.57
NVIDIA Corp	-11.82	14.26	-1.64
Apple Inc	-11.10	15.19	-1.60
Meta Platforms Inc Class A	-3.15	28.83	-0.89
Palantir Technologies Inc Ordinary S	-0.79	60.32	-0.40
Caterpillar Inc	1.27	-23.71	-0.36
Micron Technology Inc	3.41	-7.71	-0.32
Amazon.com Inc	-6.02	4.54	-0.26
SanDisk Corp Ordinary Shares	0.77	-23.48	-0.25
The Home Depot Inc	1.04	-18.67	-0.20

Overweight and +ve 3M return
Underweight and +ve 3M return

Source: Morningstar Direct. Data as of Sept. 30, 2026.

Developed Markets Ex-US

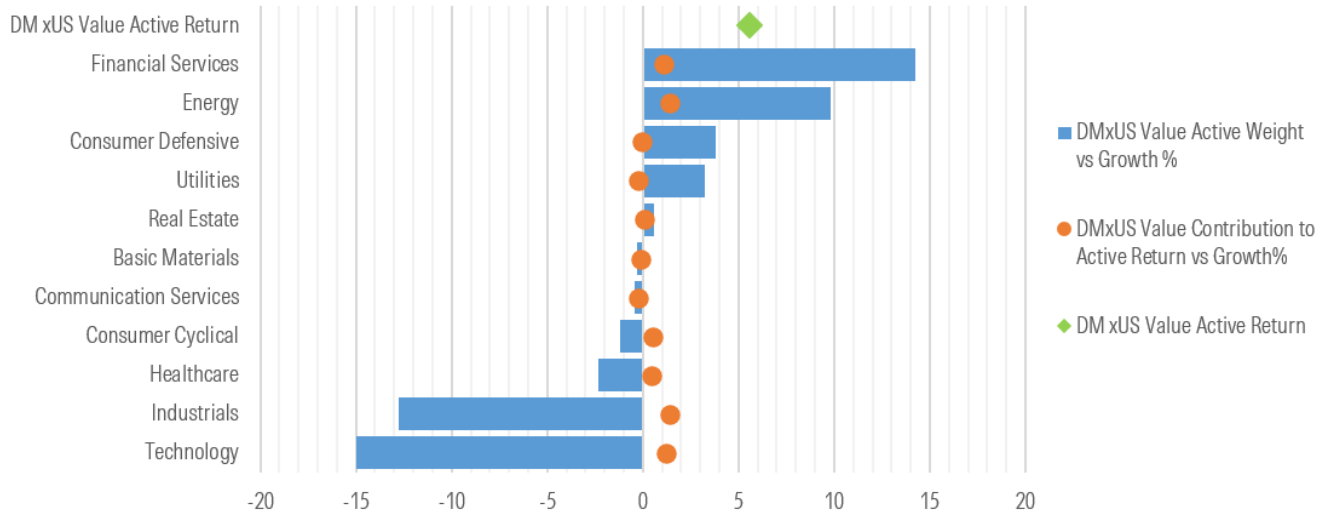
The Morningstar Developed Markets ex-US Value Target Market Exposure Index outperformed its growth counterpart by 5.58 percentage points in the third quarter of 2026. The value index returned 3.96%, compared with negative 1.62% for the growth index, as value stocks regained leadership following the previous quarter's growth-driven environment.

At the sector level, energy and industrials were the largest contributors to value's outperformance relative to growth, each adding 1.41 percentage points to active return. Technology also contributed positively, adding 1.24 percentage points, while financial services contributed a further 1.10 percentage points. Positive contributions also came from consumer cyclical, healthcare, and real estate. These gains were partly offset by negative contributions from communication services, which reduced active return by 0.26 percentage points, as well as utilities, basic materials, and consumer defensive, which made smaller negative contributions.

At the stock level, underweight positions in several weak-performing technology stocks provided the largest boosts to value's relative performance. Underweight positions in Kioxia Holdings, ASML Holding, Tokyo Electron, Infineon Technologies, and Siemens Energy contributed 0.58, 0.43, 0.35, 0.27, and 0.17 percentage points, respectively, as these stocks declined during the quarter. Underweight positions in AstraZeneca also supported relative performance. On the positive side, overweight positions in Shell, Tokio Marine Holdings, CSL, and TotalEnergies made meaningful contributions, benefiting from strong share-price gains. Conversely, underweight positions in several strongly performing growth-oriented companies detracted from value's active return. Underweight positions in SAP, Recruit Holdings, Shopify, Mizuho Financial Group, and SoftBank Group reduced relative performance, while the value

index's overweight positions in Enbridge, British American Tobacco, and Vinci also weighed on returns as those stocks declined during the quarter.

Exhibit 6.1 Active Sector Weights and Their Respective Contribution to Active Returns for the Developed Markets ex-US Value vs. Growth Index



Source: Morningstar Direct. Data as of Sept. 30, 2026.

Exhibit 6.2 Top and Bottom Contributors to the Active Return of Developed Markets ex-US Value vs. Growth Index

Name	Active Weight	3M Return	Contr. to Active Return
Kioxia Holdings Corp Ordinary Shares	-1.04	-39.47	0.58
ASML Holding NV	-5.53	-7.12	0.43
Shell PLC	1.95	22.75	0.41
Tokyo Electron Ltd	-1.40	-20.94	0.35
AstraZeneca PLC	-2.16	-12.33	0.29
Infineon Technologies AG	-0.81	-27.15	0.27
Tokio Marine Holdings Inc	0.74	37.46	0.26
CSL Ltd	0.38	62.51	0.20
TotalEnergies SE	1.44	12.60	0.17
Siemens Energy AG Ordinary Shares	-1.14	-13.99	0.17
DMxUS Value Active Return			**5.58**

Name	Active Weight	3M Return	Contr. to Active Return
SAP SE	-1.54	38.55	-0.50
Recruit Holdings Co Ltd	-0.98	48.35	-0.39
Shopify Inc Registered Shs -A- Subord Vtg	-1.24	29.88	-0.34
Mizuho Financial Group Inc	-1.01	15.33	-0.15
Agnico Eagle Mines Ltd	-0.69	18.54	-0.12
Enbridge Inc	0.94	-12.80	-0.12
British American Tobacco PLC	1.05	-10.53	-0.11
Vinci SA	0.55	-16.31	-0.09
SoftBank Group Corp	-1.00	7.92	-0.09
Wheaton Precious Metals Corp	-0.45	19.28	-0.08

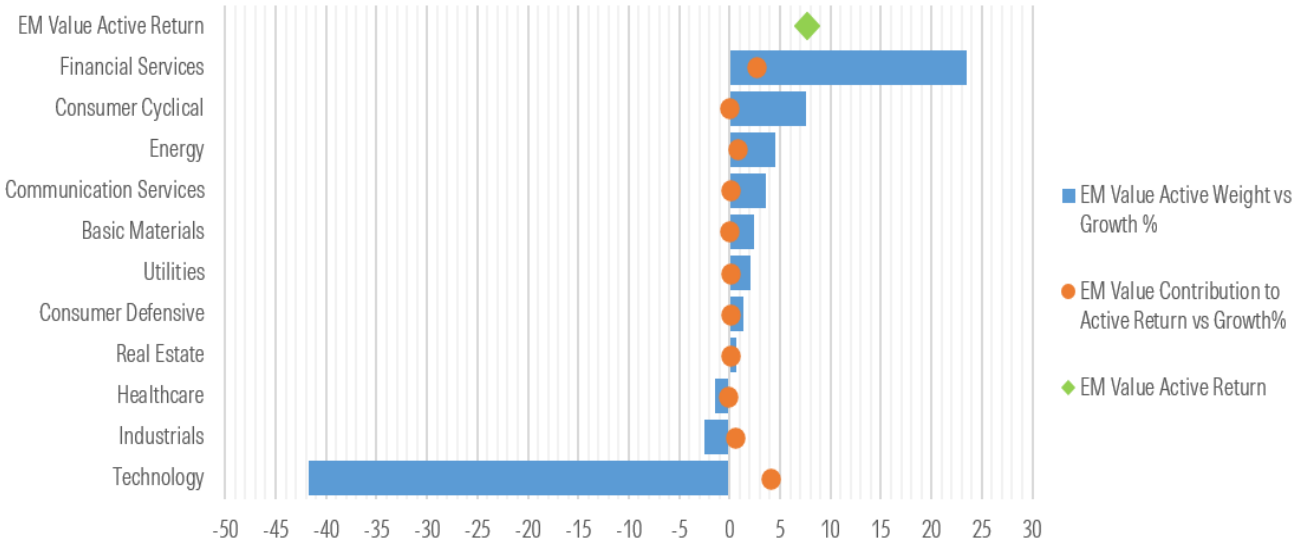
Overweight and +ve 3M return
Underweight and +ve 3M return

Source: Morningstar Direct. Data as of Sept. 30, 2026.

Emerging Markets

In emerging markets, the Morningstar Emerging Markets Value Target Market Exposure Index returned 3.78% in the third quarter of 2026, compared with negative 3.97% for its growth counterpart. Consequently, value outperformed growth by 7.75 percentage points, reversing the growth-led environment observed in the previous quarter and marking a sharp recovery in value-oriented stocks.

Exhibit 7.1 Active Sector Weights and Their Respective Contribution to Active Returns for the Emerging Markets Value vs. Growth Index



Source: Morningstar Direct. Data as of Sept. 30, 2026.

Technology remained the most important sector-level driver of relative performance, and unlike the previous quarter, it was the largest contributor to value's outperformance, adding 4.09 percentage points to active return. This reflected the value index's substantial underweight exposure to several technology stocks that declined during the quarter. Financial services provided the next-largest positive contribution, adding 2.60 percentage points, while energy and industrials contributed 0.75 and 0.54 percentage points, respectively. Consumer defensive, utilities, communication services, and real estate also made modest positive contributions. These gains were partially offset by small negative contributions from healthcare, basic materials, and consumer cyclical, each of which detracted only modestly from active return.

At the stock level, underweight positions in several declining technology companies accounted for the largest positive contributors to value's active return. Underweight positions in SK Hynix and Accton Technology contributed 4.38 and 0.16 percentage points, respectively, while value also benefited from underweight positions in Delta Electronics (Thailand). Overweight positions in Chinese financial and energy companies further supported relative performance; Alibaba Group Holding, China Construction Bank, Bank of China, Industrial and Commercial Bank of China, and Petroleo Brasileiro (Petrobras) contributed meaningfully to active return, while Fubon Financial Holdings also added positively.

Conversely, underweight positions in several strong-performing technology stocks detracted from relative performance. Underweight positions in Taiwan Semiconductor Manufacturing, King Slide Works, Asia Vital Components, Jentech Precision Industrial, Global Unichip, and MediaTek weighed on active return as those stocks advanced during the quarter. The value index's overweight positions in

Hyundai Motor, Samsung Life Insurance, Samsung C&T, and Baidu also detracted as these stocks declined.

Exhibit 7.2 Top and Bottom Contributors to the Active Return of Emerging Markets Value vs. Growth Index

Name	Active Weight	3M Return	Contr. to Active Return
SK Hynix Inc	-11.28	-32.97	4.38
Alibaba Group Holding Ltd Ordinary Shares	4.28	14.81	0.58
China Construction Bank Corp Class H	1.90	24.78	0.43
Bank Of China Ltd Class H	0.95	24.93	0.22
Industrial And Commercial Bank Of China Ltd Class H	1.18	19.91	0.21
Petroleo Brasileiro SA Petrobras Participating Preferred	0.64	33.84	0.19
Accton Technology Corp	-0.52	-28.36	0.16
Petroleo Brasileiro SA Petrobras	0.54	32.39	0.16
Delta Electronics (Thailand) PCL	-0.59	-20.62	0.14
Fubon Financial Holdings Co Ltd	0.71	20.41	0.14
EM Value Active Return			**7.75**

Name	Active Weight	3M Return	Contr. to Active Return
Taiwan Semiconductor Manufacturing Co Ltd	-26.86	3.20	-0.85
Hyundai Motor Co	0.74	-29.87	-0.25
King Slide Works Co Ltd	-0.33	64.38	-0.16
Asia Vital Components Co Ltd	-0.43	36.75	-0.15
Jentech Precision Industrial Co Ltd	-0.18	99.50	-0.14
Samsung Life Insurance Co Ltd	0.40	-29.68	-0.14
Global Unichip Corp	-0.20	65.94	-0.13
Samsung C&T Corp	0.39	-27.11	-0.12
MediaTek Inc	-0.48	16.70	-0.12
Baidu Inc	0.48	-21.72	-0.11

Overweight and +ve 3M return
Underweight and +ve 3M return

Source: Morningstar Direct. Data as of Sept. 30, 2026.

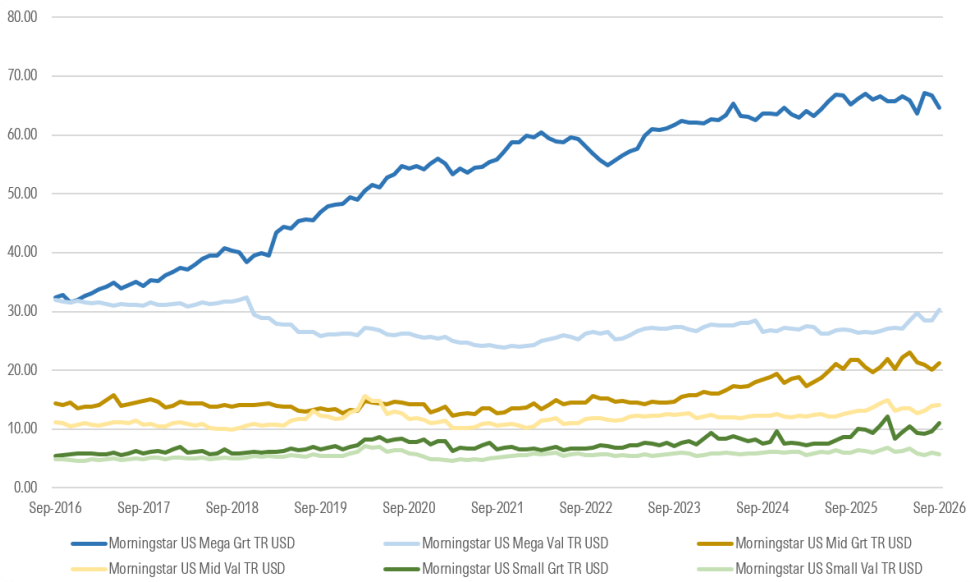
Performance Concentration

Growth indexes remained more concentrated than their value counterparts at the end of the third quarter of 2026, reflecting the greater influence of a relatively small number of companies within growth-oriented market segments. The difference remained especially pronounced among US mega-caps. Value indexes continued to be more diversified across their constituent holdings, although concentration increased during the quarter in the mega- and mid-cap value segments.

Within the US, concentration generally increased with market capitalization. The 10 largest constituents represented 64.58% of the Morningstar US Mega Cap Growth Index at the end of September, compared with 21.23% for the Morningstar US Mid Cap Growth Index and 11.08% for the Morningstar US Small Cap Growth Index. The corresponding value-index figures were 30.25%, 14.05%, and 5.63%, respectively. Thus, the concentration differential between growth and value remained especially substantial among mega-caps at 34.33 percentage points but was also evident in the mid- and small-cap segments, at 7.18 and 5.45 percentage points, respectively.

Concentration trends were mixed during the quarter. The share represented by the 10 largest holdings in the mega-cap growth index increased to 64.58% in September from 63.67% in June, while concentration in the mid-cap growth index edged down to 21.23% from 21.32%. Small-cap growth concentration rose more noticeably, to 11.08% from 9.29%. Among value indexes, concentration increased to 30.25% from 29.80% for mega-caps, and to 14.05% from 12.64% for mid-caps. By contrast, small-cap value concentration declined modestly to 5.63% from 5.89%.

Exhibit 8 Percentage of Portfolio in the Top 10 Holdings—US



Source: Morningstar Direct. Data as of Sept. 30, 2026.

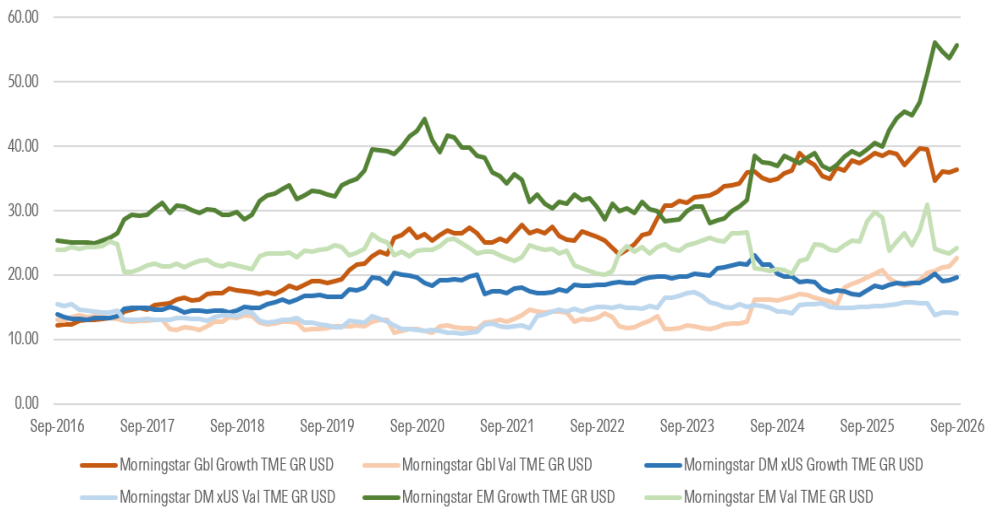
Exhibit 9 shows concentration trends for the style indexes across global, emerging-markets, and developed-markets ex-US equity markets, along with the corresponding parent indexes.

At the global level, the growth index remained more concentrated than the value index. The 10 largest holdings represented 36.44% of the Morningstar Global Growth Target Market Exposure Index at the end of September, compared with 22.63% of the Morningstar Global Value Target Market Exposure Index. The concentration gap between the two styles therefore stood at 13.81 percentage points, narrowing slightly from 13.94 percentage points at the end of June.

Concentration was lower in developed markets outside the US than in the corresponding global growth index. At the end of September, the 10 largest constituents accounted for 19.63% of the Morningstar Developed Markets ex-US Growth Target Market Exposure Index and 14.06% of the corresponding value index. The concentration of the growth index declined from 20.20% at the end of June, while that of the value index increased modestly from 13.82%. As a result, the concentration gap between the two styles narrowed to 5.57 percentage points from 6.38 percentage points during the quarter.

Emerging markets continued to display the widest concentration difference between the two styles. The 10 largest holdings accounted for 55.71% of the Morningstar Emerging Markets Growth Target Market Exposure Index at the end of September, compared with 24.18% of the Morningstar Emerging Markets Value Target Market Exposure Index. The resulting 31.53-percentage-point gap was slightly narrower than the 32.05-percentage-point difference recorded at the end of June. The emerging-market result highlights that concentration can vary substantially across regional opportunity sets, even among indexes sharing the same style orientation.

Exhibit 9 Percentage of Portfolio in the Top 10 Holdings—Global



Source: Morningstar Direct. Data as of Sept. 30, 2026.

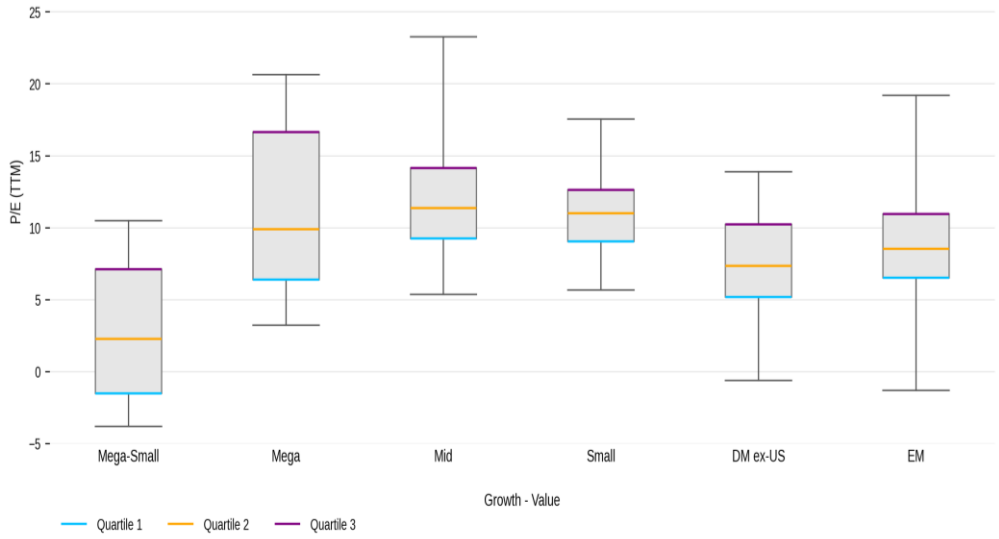
Valuations

Growth-value valuation spreads narrowed sharply in emerging markets in the third quarter of 2026, bringing them much closer to historical norms, but they remain stretched in US mid-caps, where growth still trades at an unusually large premium to value.

By definition, growth stocks trade at higher valuations than value stocks. Following several years of generally stronger performance, growth stocks continue to trade at valuation premiums relative to value stocks. This pattern remains evident across both the US and global markets, as illustrated in Exhibits 10 through 16. These exhibits show the spread between the trailing 12-month P/E ratios of the growth and value indexes in the Morningstar Market Indexes (US) and Morningstar Global Style Indexes (non-US) for each US market-cap segment, as well as for developed markets outside the US and emerging markets. The analysis also includes the valuation spread between the Morningstar US Mega Cap Index and the Morningstar US Small Cap Index, together with the historical distributions of all spreads.

Valuation spreads were mixed during the third quarter of 2026. The growth-value P/E spread narrowed substantially in emerging markets, where the current spread of 6.58 fell to the 26th percentile of its historical distribution from roughly the 95th percentile at the end of June. Spreads also narrowed in US small caps and developed markets ex-US. In contrast, valuation spreads widened modestly in the US mid-cap segment and remained elevated, with the current spread of 17.11 ranking in the 92nd percentile of its historical distribution. Among the universes shown in Exhibit 10, US mid-caps continue to exhibit the most extreme relative valuation premium for growth stocks, while emerging markets now appear much closer to historical norms.

Exhibit 10 P/E (TTM) Valuation Spread



	Growth-Value					
	US Mega-Small	US Mega	US Mid	US Small	DM ex-US	EM
Current P/E Valuation Spread	6.03	11.23	17.11	12.79	9.18	6.58
Percent Rank (%) September 2026	66.67%	54.44%	92.31%	77.51%	66.36%	26.36%
Percent Rank (%) June 2026	67.00%	55.30%	91.00%	88.00%	68.90%	94.90%

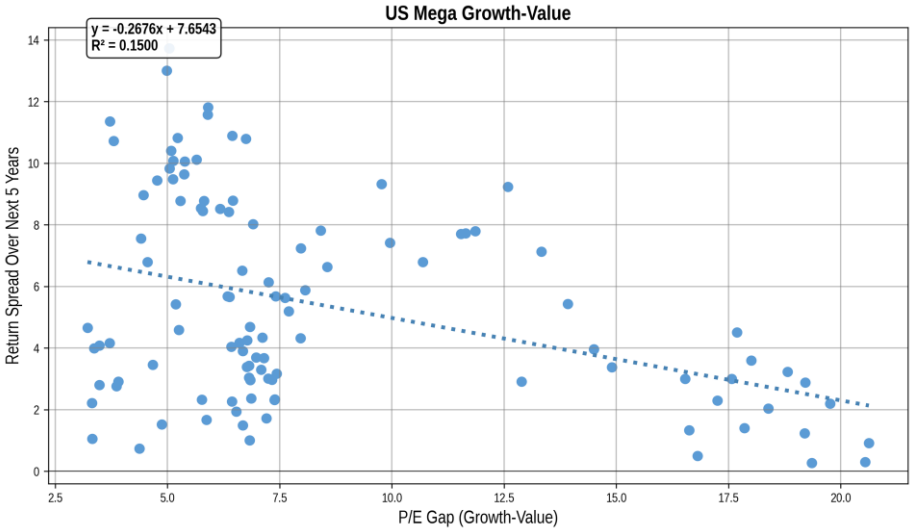
Source: Morningstar Direct. Data as of Sept. 30, 2026.

Unusually wide valuation spreads may signal lower expected relative returns for the more expensive index. The strength of the growth-value relationship varies considerably across US market-cap segments. It is strongest among US mid-cap stocks, where the valuation spread explains approximately 68% of the variation in subsequent five-year relative returns. The relationship is also meaningful among US small-cap stocks, with an R-squared of approximately 37%. Among US mega-cap stocks, however, the relationship is considerably weaker, with the valuation spread explaining only about 15% of the variation in subsequent relative returns. Meanwhile, the relationship between the mega-cap versus small-cap P/E spread and subsequent five-year relative returns is positive and moderately strong, with an R-squared of approximately 43%.

Outside the US, wider growth-value valuation spreads have also generally been followed by weaker subsequent five-year returns for growth relative to value. This relationship is particularly pronounced in emerging markets, where the starting valuation spread explains approximately 54% of the variation in subsequent relative returns. The relationship is weaker, though still evident, in developed markets ex-US, where the corresponding R-squared is approximately 29%. Overall, the exhibits suggest that valuation spreads have historically provided a more meaningful signal in US mid-caps and emerging markets than in US mega-caps or developed markets outside the US.

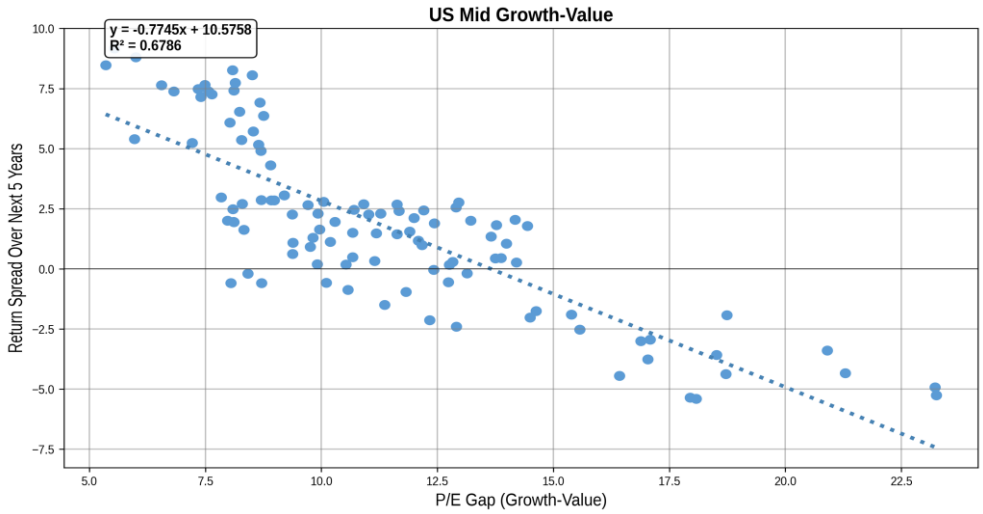
Accordingly, valuation spreads may be a useful contextual indicator in developed markets outside the US, but they should be considered alongside other fundamental, macroeconomic, and market-specific factors rather than used as a stand-alone signal.

Exhibit 11 Relationship Between Valuations and Future Returns: October 2012 to September 2026 (Morningstar US Mega Cap Growth Index—Morningstar US Mega Cap Value Index)



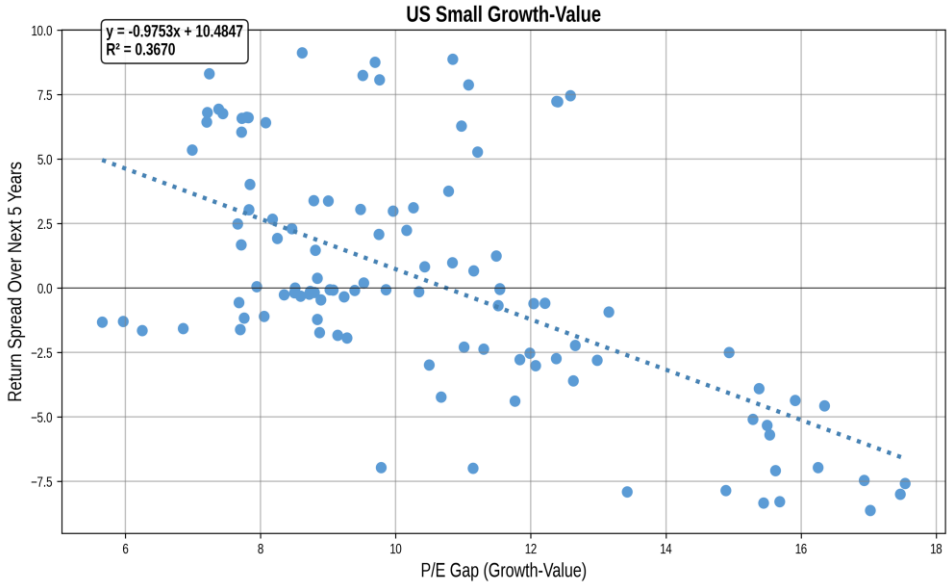
Source: Morningstar Direct. Data as of Sept. 30, 2026.

Exhibit 12 Relationship Between Valuations and Future Returns: October 2012 to September 2026 (Morningstar US Mid Cap Growth Index—Morningstar US Mid Cap Value Index)



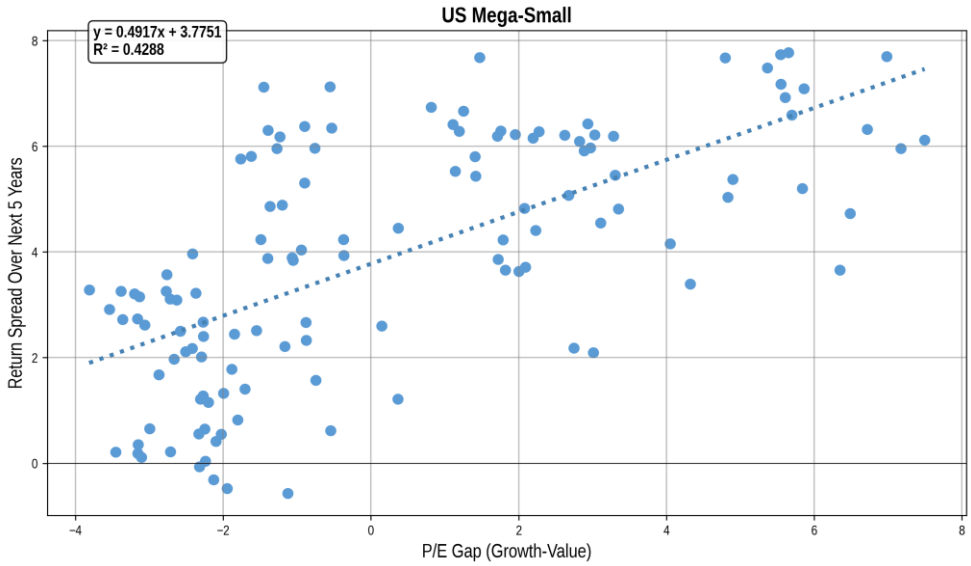
Source: Morningstar Direct. Data as of Sept. 30, 2026.

Exhibit 13 Relationship Between Valuations and Future Returns: October 2012 to September 2026 (Morningstar US Small Cap Growth Index—Morningstar US Small Cap Value Index)



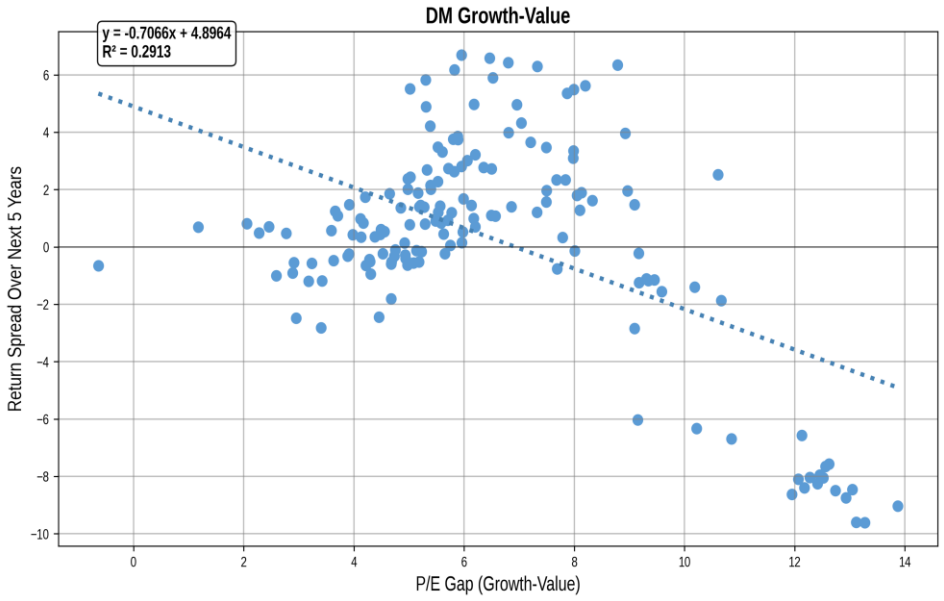
Source: Morningstar Direct. Data as of Sept. 30, 2026.

Exhibit 14 Relationship Between Valuations and Future Returns: April 2011 to September 2026 (Morningstar US Mega Cap Index—Morningstar US Small Cap Index)



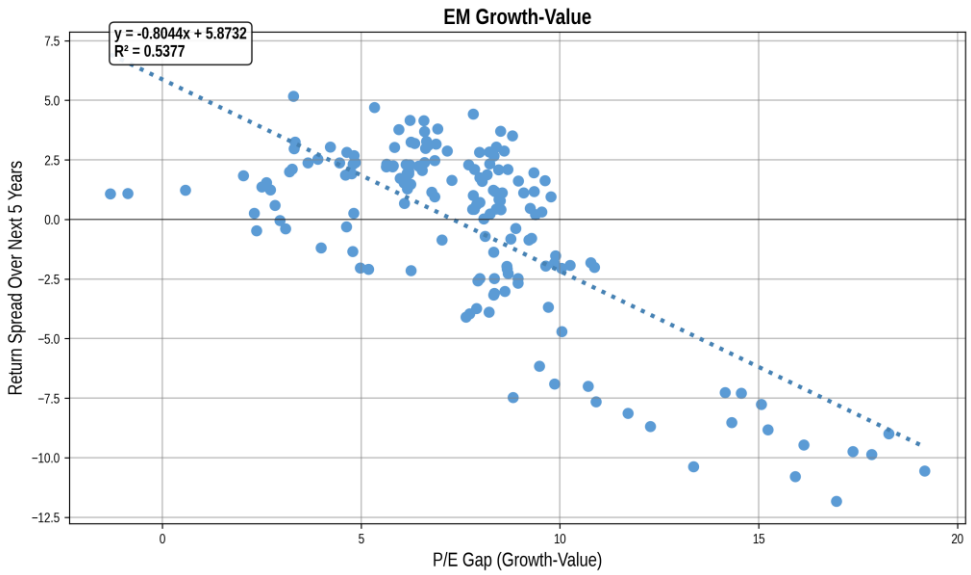
Source: Morningstar Direct. Data as of Sept. 30, 2026.

Exhibit 15 Relationship Between Valuations and Future Returns: June 2008 to September 2026 (Morningstar Developed Markets ex-US Growth Target Market Exposure Index—Morningstar Developed Markets ex-US Value Target Market Exposure Index)



Source: Morningstar Direct. Data as of Sept. 30, 2026.

Exhibit 16 Relationship Between Valuations and Future Returns: June 2008 to September 2026 (Morningstar Emerging Markets Growth Target Market Exposure Index—Morningstar Emerging Markets Value Target Market Exposure Index)



Source: Morningstar Direct. Data as of Sept. 30, 2026.

Forever in Style

Regardless of the market conditions, the Morningstar style index families provide a robust toolkit for style investors. The indexes accurately represent the opportunity set available to style investors across different regions and can facilitate precise performance benchmarking and efficient asset allocation. For more information, visit https://www.morningstar.com/products/indexes-style.

Appendix

Appendix 1: Style Investing

Style investing focuses on two of the most important drivers of stock returns: size and valuations. In their 1992 seminal paper, "The Cross-Section of Expected Stock Returns," Nobel laureates Eugene Fama and Kenneth French demonstrated that the differences in these two variables can explain much of the variation of stock returns. That was the same year the Morningstar Style Box was launched. This tool divides the equity market into nine sections along two dimensions: size and value/growth orientation, which has become a widely adopted frame of reference for classifying managed portfolios and assessing performance.

This style framework is also useful for framing asset-allocation decisions. The large-value segment of the market is a fertile hunting ground for mature dividend-payers, while the large-growth segment is home to many highly profitable companies with strong prospects. Small-growth stocks tend to have the greatest potential for capital appreciation, but they also carry considerable risk. Finally, the small-value segment may be where the best bargains are. Historically, this market segment has had the highest returns, though it has experienced long stretches of underperformance.

The Morningstar style indexes used in this report provide an effective toolkit for gauging style trends, both in the US and globally. Unlike the nine segments of the style box, they divide each market segment into only value and growth, with no separate blend category.

In the US, the Morningstar Market Indexes give each company a value score and a growth score and combine them into a single ranking. Each company is then assigned entirely to whichever style its ranking indicates. To limit turnover, a company near the boundary is reassigned only after its ranking moves decisively to the other side, and it moves across in two equal steps over consecutive quarters. A company can therefore be held partly in both indexes while it transitions. The value and growth indexes are also not designed to split their parent index evenly, so one style may represent more than half of a segment's market value. Appendix 3 describes this methodology in more detail.

Outside the US, the Morningstar Global Style Indexes partially allocate blend stocks to both the value and growth indexes, as these stocks often appear in both value and growth managers' portfolios.

Appendix 2: Company Characteristics by Style

Morningstar's style indexes each focus on a different type of stock, reflecting how many active managers define their opportunity set.

Large-growth stocks are often among the market's most enviable businesses. These firms not only tend to enjoy robust growth prospects but also typically benefit from dominant market positions and deploy extremely profitable business models. Within the Morningstar Market Indexes family, the Morningstar US Mega Cap Growth Index has the greatest exposure to stocks with Morningstar Economic Moat Ratings of wide, reflecting durable competitive advantages that Morningstar equity analysts expect to last for at least 20 years, as Exhibit 17 illustrates. However, the constituents of this index tend to generate a smaller share of their revenue in the US compared with any of the other market style indexes that cover the US, as shown in Exhibit 18.

Like the US, global growth indexes have the greatest bent toward wide moat ratings, reflecting the structurally more favorable business models of these constituents. These durable competitive advantages are also more prevalent in developed markets relative to emerging markets. Companies listed in emerging markets are more likely to have to navigate headwinds like tenuous regulatory landscapes (which invite competition) and more acute economic cyclicality (which detracts from our equity analysts' confidence in the durability of their profits).

Exhibit 17 Economic Moat Exposure (%)

US	Wide Moat	Narrow Moat	None
Morningstar US Core Cap	59.73	22.33	9.31
Morningstar US Core Cap Growth	74.88	13.45	4.79
Morningstar US Core Cap Value	38.29	34.13	15.36
Morningstar US Mega Cap	74.31	19.52	6.17
Morningstar US Mega Cap Growth	79.12	15.37	5.51
Morningstar US Mega Cap Value	58.66	31.68	9.65
Morningstar US Mid Cap	23.88	42.64	20.78
Morningstar US Mid Cap Growth	41.42	27.68	12.85
Morningstar US Mid Cap Value	11.28	53.39	26.48
Morningstar US Small Cap	4.64	15.63	16.32
Morningstar US Small Cap Growth	5.51	12.72	11.24
Morningstar US Small Cap Value	3.96	17.91	20.31
Global			
Morningstar Global Target Market Exposure	52.01	22.45	15.05
Morningstar Global Growth	59.74	17.58	12.93
Morningstar Global Value	44.64	26.85	17.29
Morningstar Developed Markets ex-US	32.39	25.74	28.04
Morningstar Developed Markets ex-US Growth	46.46	24.56	18.28
Morningstar Developed Markets ex-US Value	18.33	26.95	37.75
Morningstar Emerging Markets	20.27	11.66	23.67
Morningstar Emerging Markets Growth	30.44	8.38	22.57
Morningstar Emerging Markets Value	8.89	14.70	25.30

Source: Morningstar Direct. Data as of Sept. 30, 2026.

Exhibit 18 Revenue Generated in the US

US	% of Revenue From the US
Morningstar US Core Cap	59.54
Morningstar US Core Cap Growth	52.00
Morningstar US Core Cap Value	69.28
Morningstar US Mega Cap	55.57
Morningstar US Mega Cap Growth	48.32
Morningstar US Mega Cap Value	66.73
Morningstar US Mid Cap	70.40
Morningstar US Mid Cap Growth	66.05
Morningstar US Mid Cap Value	73.53
Morningstar US Small Cap	73.11
Morningstar US Small Cap Growth	69.13
Morningstar US Small Cap Value	76.24
Global	
Morningstar Global Target Market Exposure	44.92
Morningstar Global Growth	43.60
Morningstar Global Value	46.24
Morningstar Developed Markets ex-US	21.24
Morningstar Developed Markets ex-US Growth	22.36
Morningstar Developed Markets ex-US Value	20.09
Morningstar Emerging Markets	22.27
Morningstar Emerging Markets Growth	33.80
Morningstar Emerging Markets Value	9.29

Source: Morningstar Direct. Data as of Sept. 30, 2026.

Mega-value stocks tend to be more mature. These include slow-growth giants like Berkshire Hathaway and JPMorgan Chase in the US and Shell outside the US. Micron joins the top of mega-value among growing demand for AI infrastructure. Because they often have strong cash flows and limited need for fund growth, these stocks tend to make larger cash distributions to shareholders than their faster-growing and smaller counterparts.

Moving down the market-cap spectrum tends to increase both risk and return potential. Mid-cap growth companies generally have more runway for expansion than their larger peers and often operate at earlier stages of their corporate lifecycles. The Morningstar US Mid Cap Growth Index's leading holdings as of September 2026 included companies such as Cloudflare, Quanta Services, and Vertiv Holdings, among others. These holdings illustrate the segment's exposure to a rapidly evolving yet diverse set of areas, including cybersecurity, cloud data platforms, energy, and electronic infrastructure. A surge in hyperscale data center demand can be felt in many of the mid-cap growth winners this quarter.

Small-growth stocks are riskier still. These firms tend to be less profitable and face greater uncertainty than better-established growth stocks, yet with this broader distribution of potential outcomes comes the juiciest growth potential. Natera, Twilio, and Revolution Medicines were among the leading holdings of the Morningstar US Small Cap Growth Index as of September 2026, illustrating the segment's

exposure to companies participating in the development of cutting-edge healthcare solutions, digital communication infrastructure, and next-generation targeted therapeutics. However, like many small-cap growth firms, they also face challenges related to scale, profitability, and sensitivity to economic cycles.

Mid- and small-cap value stocks also carry greater risk and upside potential than their larger counterparts. These segments can include cyclical companies, mature businesses with limited expected growth, and firms whose valuations reflect company-specific challenges. Valero Energy, Marathon Petroleum, Phillips 66, the leaders in the Morningstar US Mid Cap Value Index, provides an example of exposure to more traditional energy segments, as well as high business cycle dependency. In small-cap value, holdings such as Moderna, Jabil and Williams-Sonoma illustrate the segment's sensitivity to supply chain cycles and interest-rate-sensitive consumer discretionary demand.

Smaller US companies continued to generate a larger share of their revenue domestically, particularly on the value side. As of September 2026, constituents of the Morningstar US Small Cap Value Index generated 76.24% of their revenue in the US, the highest proportion among the US indexes shown in Exhibit 18. This is compared with 73.53% for US mid-cap value and 66.73% for US mega-cap value.

Exhibits 19 to 33 show the top 10 constituents in the mega-, mid-, and small-cap indexes, the value and growth indexes in those segments, as well as the value and growth indexes for ex-US developed markets and emerging markets.

Exhibit 19 Top Holdings: Morningstar US Mega Cap Index

Constituent	Ticker	Sector	Weighting (%)
Nvidia Corp	NVDA	Technology	9.62
Apple Inc	AAPL	Technology	8.94
Microsoft Corp	MSFT	Technology	7.01
Amazon.com Inc	AMZN	Consumer Cyclical	4.45
Alphabet Inc Class A	GOOGL	Communication Services	3.72
Broadcom Inc	AVGO	Technology	3.07
Alphabet Inc Class C	GOOG	Communication Services	2.95
Meta Platforms Inc Class A	META	Communication Services	2.94
Micron Technology Inc	MU	Technology	2.21
Tesla Inc	TSLA	Consumer Cyclical	1.84

Source: Morningstar Direct. Data as of Sept. 30, 2026.

Exhibit 20 Top Holdings: Morningstar US Mega Cap Growth Index

Constituent	Ticker	Sector	Weighting (%)
Nvidia Corp	NVDA	Technology	13.72
Apple Inc	AAPL	Technology	12.55
Microsoft Corp	MSFT	Technology	9.48
Alphabet Inc Class A	GOOGL	Communication Services	4.99
Meta Platforms Inc Class A	META	Communication Services	4.97
Broadcom Inc	AVGO	Technology	4.31
Amazon.com Inc	AMZN	Consumer Cyclical	4.23
Alphabet Inc Class C	GOOG	Communication Services	3.95
Advanced Micro Devices Inc	AMD	Technology	3.23
Tesla Inc	TSLA	Consumer Cyclical	3.15

Source: Morningstar Direct. Data as of Sept. 30, 2026.

Exhibit 21 Top Holdings: Morningstar US Mega Cap Value Index

Constituent	Ticker	Sector	Weighting (%)
Micron Technology Inc	MU	Technology	5.89
JPMorgan Chase & Co	JPM	Financial Services	4.31
Berkshire Hathaway Inc Class B	BRK.B	Financial Services	3.41
ExxonMobil Holdings Corp	XOM	Energy	3.30
Johnson & Johnson	JNJ	Healthcare	3.12
AbbVie Inc	ABBV	Healthcare	2.26
Walmart Inc	WMT	Consumer Defensive	2.23
Costco Wholesale Corp	COST	Consumer Defensive	1.98
Chevron Corp	CVX	Energy	1.88
Cisco Systems Inc	CSCO	Technology	1.87

Source: Morningstar Direct. Data as of Sept. 30, 2026.

Exhibit 22 Top Holdings: Morningstar US Mid Cap Index

Constituent	Ticker	Sector	Weighting (%)
Cloudflare Inc	NET	Technology	1.11
Valero Energy Corp	VLO	Energy	1.10
Marathon Petroleum Corp	MPC	Energy	1.10
Phillips 66	PSX	Energy	1.01
Quanta Services Inc	PWR	Industrials	0.96
Vertiv Holdings Co Class A	VRT	Industrials	0.92
Datadog Inc Class A	DDOG	Technology	0.91
Howmet Aerospace Inc	HWM	Industrials	0.89
Robinhood Markets Inc Class A	HOOD	Financial Services	0.88
Lumentum Holdings Inc	LITE	Technology	0.86

Source: Morningstar Direct. Data as of Sept. 30, 2026.

Exhibit 23 Top Holdings: Morningstar US Mid Cap Growth Index

Constituent	Ticker	Sector	Weighting (%)
Cloudflare Inc	NET	Technology	2.65
Quanta Services Inc	PWR	Industrials	2.29
Vertiv Holdings Co Class A	VRT	Industrials	2.20
Datadog Inc Class A	DDOG	Technology	2.17
Howmet Aerospace Inc	HWM	Industrials	2.13
Robinhood Markets Inc Class A	HOOD	Financial Services	2.11
Lumentum Holdings Inc	LITE	Technology	2.06
Constellation Energy Corp	CEG	Utilities	2.02
Bloom Energy Corp Class A	BE	Industrials	1.83
Ross Stores Inc	ROST	Consumer Cyclical	1.77

Source: Morningstar Direct. Data as of Sept. 30, 2026.

Exhibit 24 Top Holdings: Morningstar US Mid Cap Value Index

Constituent	Ticker	Sector	Weighting (%)
Valero Energy Corp	VLO	Energy	1.90
Marathon Petroleum Corp	MPC	Energy	1.89
Phillips 66	PSX	Energy	1.73
Hewlett Packard Enterprise Co	HPE	Technology	1.37
Warner Bros. Discovery Inc Ordinary Shares - Class A	WBD	Communication Services	1.26
SLB Ltd	SLB	Energy	1.23
Target Corp	TGT	Consumer Defensive	1.21
Cummins Inc	CMI	Industrials	1.21
General Motors Co	GM	Consumer Cyclical	1.15
Digital Realty Trust Inc	DLR	Real Estate	1.10

Source: Morningstar Direct. Data as of Sept. 30, 2026.

Exhibit 25 Top Holdings: Morningstar US Small Cap Index

Constituent	Ticker	Sector	Weighting (%)
Natera Inc	NTRA	Healthcare	0.73
Twilio Inc Class A	TWLO	Technology	0.58
Revolution Medicines Inc Ordinary Shares	RVMD	Healthcare	0.54
Illumina Inc	ILMN	Healthcare	0.53
Everpure Inc Class A	P	Technology	0.53
Okta Inc Class A	OKTA	Technology	0.45
Moderna Inc	MRNA	Healthcare	0.44
EMCOR Group Inc	EME	Industrials	0.43
Credo Technology Group Holding Ltd	CRDO	Technology	0.42
Jabil Inc	JBL	Technology	0.39

Source: Morningstar Direct. Data as of Sept. 30, 2026.

Exhibit 26 Top Holdings: Morningstar US Small Cap Growth Index

Constituent	Ticker	Sector	Weighting (%)
Natera Inc	NTRA	Healthcare	1.65
Twilio Inc Class A	TWLO	Technology	1.31
Revolution Medicines Inc Ordinary Shares	RVMD	Healthcare	1.22
Illumina Inc	ILMN	Healthcare	1.21
Everpure Inc Class A	P	Technology	1.20
Okta Inc Class A	OKTA	Technology	1.02
EMCOR Group Inc	EME	Industrials	0.97
Credo Technology Group Holding Ltd	CRDO	Technology	0.96
TechnipFMC PLC	FTI	Energy	0.78
nVent Electric PLC	NVT	Industrials	0.76

Source: Morningstar Direct. Data as of Sept. 30, 2026.

Exhibit 27 Top Holdings: Morningstar US Small Cap Value Index

Constituent	Ticker	Sector	Weighting (%)
Moderna Inc	MRNA	Healthcare	0.79
Jabil Inc	JBL	Technology	0.69
Williams-Sonoma Inc	WSM	Consumer Cyclical	0.61
Atmos Energy Corp	ATO	Utilities	0.60
F5 Inc	FFIV	Technology	0.58
Smurfit WestRock PLC	SW	Consumer Cyclical	0.53
Tapestry Inc	TPR	Consumer Cyclical	0.52
Tenet Healthcare Corp	THC	Healthcare	0.47
Viatris Inc	VTRS	Healthcare	0.47
Omnicom Group Inc	OMC	Communication Services	0.46

Source: Morningstar Direct. Data as of Sept. 30, 2026.

Exhibit 28 Top Holdings: Morningstar Developed Markets ex-US Target Market Exposure Index

Constituent	Ticker	Sector	Weighting (%)
ASML Holding NV	ASML	Technology	2.87
HSBC Holdings PLC	HSBA	Financial Services	1.41
Roche Holding AG Ordinary Shares new	ROP	Healthcare	1.19
Shell PLC	SHEL	Energy	1.13
Royal Bank of Canada	RY	Financial Services	1.13
Novartis AG Registered Shares	NOVN	Healthcare	1.12
Mitsubishi UFJ Financial Group Inc	8306	Financial Services	1.09
AstraZeneca PLC	AZN	Healthcare	1.04
Nestle SA	NESN	Consumer Defensive	0.93
Siemens AG	SIE	Industrials	0.92

Source: Morningstar Direct. Data as of Sept. 30, 2026.

Exhibit 29 Top Holdings: Morningstar Developed Markets ex-US Growth Target Market Exposure Index

Constituent	Ticker	Sector	Weighting (%)
ASML Holding NV	ASML	Technology	5.74
AstraZeneca PLC	AZN	Healthcare	2.08
Siemens AG	SIE	Industrials	1.85
SAP SE	SAP	Technology	1.66
Schneider Electric SE	SU	Industrials	1.48
Shopify Inc Registered Shs -A- Subord Vtg	SHOP	Technology	1.47
Tokyo Electron Ltd	8035	Technology	1.36
HSBC Holdings PLC	HSBA	Financial Services	1.36
Rolls-Royce Holdings PLC	RR.	Industrials	1.33
Advantest Corp	6857	Technology	1.30

Source: Morningstar Direct. Data as of Sept. 30, 2026.

Exhibit 30 Top Holdings: Morningstar Developed Markets ex-US Value Target Market Exposure Index

Constituent	Ticker	Sector	Weighting (%)
Shell PLC	SHEL	Energy	2.27
Toyota Motor Corp	7203	Consumer Cyclical	1.56
Allianz SE	ALV	Financial Services	1.48
HSBC Holdings PLC	HSBA	Financial Services	1.46
TotalEnergies SE	TTE	Energy	1.43
Banco Bilbao Vizcaya Argentaria SA	BBVA	Financial Services	1.28
Roche Holding AG Ordinary Shares new	ROP	Healthcare	1.19
Sony Group Corp	6758	Technology	1.16
Nestle SA	NESN	Consumer Defensive	1.14
Unilever PLC	ULVR	Consumer Defensive	1.09

Source: Morningstar Direct. Data as of Sept. 30, 2026.

Exhibit 31 Top Holdings: Morningstar Emerging Markets Target Market Exposure Index

Constituent	Ticker	Sector	Weighting (%)
Taiwan Semiconductor Manufacturing Co Ltd	2330	Technology	14.75
Samsung Electronics Co Ltd	5930	Technology	7.15
SK Hynix Inc	660	Technology	5.74
Tencent Holdings Ltd	700	Communication Services	2.62
Alibaba Group Holding Ltd Ordinary Shares	9988	Consumer Cyclical	2.00
MediaTek Inc	2454	Technology	1.87
China Construction Bank Corp Class H	939	Financial Services	0.96
Samsung Electronics Co Ltd Participating Preferred	5935	Technology	0.90
Delta Electronics Inc	2308	Technology	0.89
Hon Hai Precision Industry Co Ltd	2317	Technology	0.75

Source: Morningstar Direct. Data as of Sept. 30, 2026.

Exhibit 32 Top Holdings: Morningstar Emerging Markets Growth Target Market Exposure Index

Constituent	Ticker	Sector	Weighting (%)
Taiwan Semiconductor Manufacturing Co Ltd	2330	Technology	27.74
SK Hynix Inc	660	Technology	10.79
Samsung Electronics Co Ltd	5930	Technology	7.65
MediaTek Inc	2454	Technology	2.18
Tencent Holdings Ltd	700	Communication Services	1.93
Delta Electronics Inc	2308	Technology	1.68
International Holdings Co PJSC	IHC	Industrials	1.06
Samsung Electronics Co Ltd Participating Preferred	5935	Technology	0.97
Bharti Airtel Ltd	BHARTIARTL	Communication Services	0.88
ASE Technology Holding Co Ltd	3711	Technology	0.83

Source: Morningstar Direct. Data as of Sept. 30, 2026.

Exhibit 33 Top Holdings: Morningstar Emerging Markets Value Target Market Exposure Index

Constituent	Ticker	Sector	Weighting (%)
Samsung Electronics Co Ltd	5930	Technology	6.72
Alibaba Group Holding Ltd Ordinary Shares	9988	Consumer Cyclical	4.36
Tencent Holdings Ltd	700	Communication Services	3.48
China Construction Bank Corp Class H	939	Financial Services	2.09
Hon Hai Precision Industry Co Ltd	2317	Technology	1.64
MediaTek Inc	2454	Technology	1.56
Industrial And Commercial Bank Of China Ltd Class H	1398	Financial Services	1.26
Bank Of China Ltd Class H	3988	Financial Services	1.05
Reliance Industries Ltd	RELIANCE	Energy	1.02
United Microelectronics Corp	2303	Technology	1.00

Source: Morningstar Direct. Data as of Sept. 30, 2026.

Appendix 3: Transition of US Style Coverage to the Morningstar Market Indexes

Methodology Overview

The family is built from the Morningstar US Total Market Index (see Rulebook). This index covers US common stocks and REITs listed on the major US exchanges, after screens for minimum size, free float, and trading activity. Constituents are weighted by float-adjusted market capitalization, and there is no fixed limit on the number of constituents.

Companies are ranked by total market capitalization and assigned to size segments using cumulative market-cap breakpoints. Within each size segment (except for the micro-cap segment), companies are classified using a multifactor style model.

- **Value score**: combines five factors, which are book/price, forward and historical earnings/price, dividend/price, and sales/price.
- **Growth score**: combines six factors, which are forecast long- and short-term EPS growth, three-year historical EPS and sales growth, investment/assets, and return on assets.
- **Classification**: each company's value and growth scores are converted into market-cap-weighted ranks and averaged into a single score. Companies above the midpoint are classified as value, and those at or below it as growth.

Every company in a size index is fully allocated across its value and growth indexes, so together they make up the full parent index. However, the methodology does not target an equal split, and the value and growth indexes need not each hold 50% of the parent index's capitalization.

To limit turnover, the methodology uses buffer bands around the size breakpoints and the style midpoint. Companies that cross a boundary migrate in two 50% "packets" over successive quarters, so a stock near a boundary can be held partly in two adjacent indexes. The indexes are reconstituted quarterly, and changes are phased in over a five-day transition window. Where needed, constituent weights are also capped so that funds tracking the indexes can meet US regulated investment company (RIC) diversification rules.

Exhibit 34 shows the legacy indexes used in previous editions and their replacements.

Exhibit 34 Legacy US Indexes and Their Morningstar Market Index Replacements

Segment	Legacy Index (Previous Editions)	Legacy Ticker	Replacement Index	New Ticker
Broad	Morningstar US Market Extended	MUMEXTGU	Morningstar US Core Cap	CRSPXMT
Broad Growth	Morningstar US Market Broad Growth Extended	MSUMBGTU	Morningstar US Core Cap Growth	CRSPXMGT
Broad Value	Morningstar US Market Broad Value Extended	MSUMBVXT	Morningstar US Core Cap Value	CRSPXMVT
Large/ Mega	Morningstar US Large Cap Market	MLCPT	Morningstar US Mega Cap	CRSPMET
Large/ Mega Growth	Morningstar US Large Broad Growth	MSULBGTU	Morningstar US Mega Cap Growth	CRSPMEGT
Large/ Mega Value	Morningstar US Large Broad Value	MSULBVTU	Morningstar US Mega Cap Value	CRSPMEVT
Mid	Morningstar US Mid Cap	MMCPT	Morningstar US Mid Cap	CRSPMIT
Mid Growth	Morningstar US Mid Cap Broad Growth	MUMCBGGU	Morningstar US Mid Cap Growth	CRSPMIGT
Mid Value	Morningstar US Mid Cap Broad Value	MUMCBVGU	Morningstar US Mid Cap Value	CRSPMIVT
Small	Morningstar US Small Cap Extended Market	MUSSCEGU	Morningstar US Small Cap	CRSPSCT
Small Growth	Morningstar US Small Broad Growth Extended	MUSBGEGU	Morningstar US Small Cap Growth	CRSPSCGT
Small Value	Morningstar US Small Broad Value Extended	MSSBVEGU	Morningstar US Small Cap Value	CRSPSCVT

Source: Morningstar Direct. Data as of Sept. 30, 2026.

Appendix 4: Funds That Track Investment Styles in the Morningstar Market Indexes

Exhibit 35 Funds That Track Morningstar Style Indexes

Name	SecId	Ticker	Domicile	Primary Prospectus Benchmark
Vanguard MStar Growth ETF	FEUSA04AC5	VUG	United States	DJ US Total Stock Market TR USD
Vanguard MStar Large-Cap ETF	FEUSA04AC1	VV	United States	Morningstar US Large TR USD
Vanguard MStar Mega Cap ETF	FOUSA06NWL	MGC	United States	Morningstar US Mega TR USD
Vanguard MStar Mega Cap Growth ETF	FOUSA06NWK	MGK	United States	DJ US Total Stock Market TR USD
Vanguard MStar Mega Cap Value ETF	FOUSA06NWM	MGV	United States	DJ US Total Stock Market TR USD
Vanguard MStar Mid-Cap ETF	FEUSA04AC2	VO	United States	DJ US Total Stock Market TR USD
Vanguard MStar Mid-Cap Growth ETF	FEUSA04AHL	VOT	United States	DJ US Total Stock Market TR USD
Vanguard MStar Mid-Cap Value ETF	FEUSA04AHK	VOE	United States	DJ US Total Stock Market TR USD
Vanguard MStar Small-Cap ETF	FEUSA04AC3	VB	United States	DJ US Total Stock Market TR USD
Vanguard MStar Small-Cap Growth ETF	FEUSA04AC6	VBK	United States	DJ US Total Stock Market TR USD
Vanguard MStar Small-Cap Value ETF	FEUSA04ACH	VBR	United States	DJ US Total Stock Market TR USD
Vanguard MStar Total Stk Mkt ETF	FEUSA0002P	VTI	United States	Morningstar US Total Market TR USD
Vanguard MStar Value ETF	FEUSA04AC4	VTV	United States	DJ US Total Stock Market TR USD

Source: Morningstar Direct. Data as of Sept. 30, 2026.

About Morningstar Indexes

Morningstar Indexes was built to keep up with the evolving needs of investors—and to be a leading-edge advocate for them. Our rich heritage as a transparent, investor-focused leader in data and research uniquely equips us to support individuals, institutions, wealth managers, and advisors in navigating investment opportunities across major asset classes, styles, and strategies. In February 2026, the acquisition of CRSP brought the CRSP Market Indexes—benchmarks for over $3 trillion in AUM—into the Morningstar Indexes family. Rebranded to the Morningstar Market Indexes in July 2026, these indexes are recognized globally for their high-quality methodology and focus on investability. Additionally, CRSP's Research Data Products, renowned for their academic rigor, historical depth, and accuracy, will further enhance Morningstar's equity research and data capabilities. This integration unites two trusted sources of market insight, reinforcing a shared commitment to transparency, quality, and investor-focused solutions.

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