

# Morningstar Quarterly Style Monitor: Q1 2026

Value extends its lead as growth style weakens across regions.

## Morningstar

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### Contents

2	Performance Highlights
8	Portfolio Highlights
12	Performance Attribution
16	Concentration
18	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. This publication tracks several members of the Morningstar Broad Style Index family, providing insights into their performance drivers and portfolio composition.

## Key Takeaways

- ▶ In the first quarter of 2026, the Morningstar Developed Markets ex-US Target Market Exposure Index returned **negative 0.68%**, the Morningstar Emerging Markets Target Market Exposure Index returned **negative 0.49%**, and the Morningstar US Market Extended Index returned **negative 4.05%**. The marginal decline in developed markets ex-US arose largely from Germany, France, Switzerland, and Denmark (the largest detractors from index return), while emerging-markets returns were highly concentrated in South Korea, Taiwan, and Brazil (together >50%). Underperformance in the US was driven by the technology and financial-services sectors.
- ▶ Returns of most regionwise benchmarks and their value/growth carve-outs were in negative territory in the first quarter of 2026. But like the past quarter, value stocks continued to outperform their growth counterparts and broad-market benchmarks across all considered regions and size segments. Returns of value indexes exceeded those of their growth counterparts by **6.79**, **8.15**, and **3.42** percentage points in the US, developed markets outside of the US, and emerging markets, respectively.
- ▶ While the technology sector continues to dominate growth indexes in the US and emerging markets, the industrials sector leads growth in developed markets ex-US, whereas the financial-services sector remains the consistent anchor for value portfolios globally.
- ▶ Although headline volatility remained moderate, the risk profile in the US large-growth segment is becoming more concentrated within a handful of mega-cap stocks, thereby increasing tail risk in this segment of the market.
- ▶ Wide valuation spreads in the US continue to historically signal lower expected returns for growth stocks over the next five years; however, this predictive relationship appears to be weaker in developed markets ex-US, where valuation gaps no longer correlate clearly with future return spreads. Relatively cheaper valuation multiples for names in value indexes provide an additional fundamentals-based rationale for value's outperformance relative to growth in this quarter.

## Performance Highlights

### Returns

In the first quarter of 2026, global equity markets, as represented by the Morningstar Global Target Market Exposure Index, delivered a return of negative 3.21%. This negative return performance came in the backdrop of a supply-side energy shock due to escalating tensions in the Middle East, a selloff in the US technology sector, and China's persistent housing market downturn, in addition to weak domestic consumption. In contrast, the said index returned 3.44% in the previous quarter. However, like the first quarter of 2026, returns for the Morningstar Global Target Market Exposure Index were in negative territory at negative 1.25% in the first quarter of 2025 as well. Regionwise, emerging markets registered the least negative returns, followed by developed markets outside the US and the US.

The Morningstar US Market Extended Index declined by 4.05% in the first quarter of 2026. The energy sector was the largest positive contributor (1.11%) to the index's total return, followed by the industrials (0.57%) and consumer defensive (0.34%) sectors. Technology was the largest detractor, contributing negative 2.96% to index return followed by financial services at negative 1.21%.

The Morningstar Developed Markets ex-US Target Market Exposure Index delivered a negative 0.68% in total return, in sharp contrast to 5.54% registered in the previous quarter and 6.40% delivered in the first quarter of 2025. While this regional segment has underperformed the US over five- and 10-year horizons, it is closing this performance gap by outperforming the US more recently in the first quarter of 2026 and over the past one year. Within this group, Japan, the UK, Australia, Norway, and Canada together were the largest positive contributors (a total of 1.01%) to the index return, whereas Germany, France, Switzerland, and Denmark were the largest negative contributors (at negative 1.62%) to the index's return.

Meanwhile, the Morningstar Emerging Markets Target Market Exposure Index lost 0.49%. This underperformance was driven by India (negative 3.05%) and China (negative 2.32%), which were the largest negative contributors to the index's return. South Korea, Taiwan, and Brazil were the biggest positive contributors, with their contribution totaling 4.85%

Globally, our style family is built by applying the Morningstar Broad Style Indexes methodology to our suite of Target Market Exposure indexes (targeting large- and mid-cap stocks representing 85% of the investable market). The style dynamics remained consistent throughout all the regions, with value stocks outperforming growth stocks and even the corresponding broad-market benchmarks.

Within the US, value stocks significantly outperformed growth. In the large-cap segment, value outperformed growth by 7.76 percentage points in the first quarter of 2026. In the mid-cap segment, value returned 3.54%, whereas growth returned negative 1.26%. However, this outperformance weakens or even reverses over the longer five- and 10-year horizons. Looking at the size segment cross-section over the longer 10-year horizon, growth outperformed value, most notably in large caps, with the differential narrowing across mid- and small-cap segments. Across the full index history, growth maintains a slight edge in large caps, while value leads in mid- and small-cap segments.

In developed markets outside the US and emerging markets as well, an outperformance of value stocks over growth (8.15% and 3.42%, respectively) was noted. This trend has also persisted over longer periods and is the most notable over the one-year horizon, wherein the outperformance of value over growth was 18.89 and 8.41 percentage points in the developed markets outside the US and emerging-markets regions, respectively. The energy sector was the largest contributor to value's active return versus the growth index in developed markets outside the US, as well as in emerging markets.

Across all segments, styles, and regions in first-quarter 2026, the Morningstar US Mid Cap Value Index delivered the highest returns (3.54%), whereas the Morningstar US Large Cap Broad Growth Index performed the worst (negative 10%).

**Exhibit 1** Performance Characteristics up to March 2026

	1 Qr			1 Yr			5 Yr			10 Yr			Since Inception*		
	Return	Risk	Sharpe	Return	Risk	Sharpe	Return	Risk	Sharpe	Return	Risk	Sharpe	Return	Risk	Sharpe
<b>US</b>															
Morningstar US Market Extended	-4.05	7.31	-0.67	18.12	10.28	1.29	10.83	15.60	0.51	13.72	15.53	0.76	9.20	15.72	0.50
Morningstar US Market Broad Growth Extended	-7.50	9.94	-0.84	18.87	14.55	0.99	10.55	19.18	0.44	15.17	17.55	0.76	8.96	18.20	0.44
Morningstar US Market Broad Value Extended	-0.71	5.66	-0.27	16.73	9.52	1.26	10.68	14.19	0.54	11.87	15.12	0.66	8.99	14.94	0.50
Value Relative to Growth															
Morningstar US Large Cap	-6.08	7.48	-0.95	18.53	11.26	1.22	12.53	15.57	0.61	14.77	15.12	0.84	9.03	15.36	0.50
Morningstar US Large Broad Growth	-10.00	10.57	-1.05	20.04	16.81	0.93	12.79	20.27	0.52	16.61	18.05	0.82	9.06	18.17	0.45
Morningstar US Large Broad Value	-2.24	5.45	-0.58	16.25	9.74	1.19	11.57	13.44	0.62	12.41	14.16	0.73	8.50	14.35	0.49
Value Relative to Growth															
Morningstar US Mid Cap	1.22	7.60	0.08	14.35	10.05	0.99	7.50	16.74	0.30	11.43	17.06	0.58	9.64	17.33	0.49
Morningstar US Mid Cap Broad Growth	-1.26	9.80	-0.18	11.22	11.78	0.62	5.47	18.71	0.19	11.72	17.86	0.58	8.70	19.57	0.41
Morningstar US Mid Cap Broad Value	3.54	6.42	0.44	16.94	10.16	1.20	9.21	16.27	0.41	10.72	17.51	0.54	10.11	17.07	0.52
Value Relative to Growth															
Morningstar US Small Cap Extended	0.44	8.98	-0.01	21.31	11.10	1.44	4.37	19.24	0.13	9.69	20.33	0.44	8.72	20.08	0.41
Morningstar US Small Broad Growth Extended	-0.97	10.23	-0.14	22.81	11.11	1.56	2.65	19.63	0.05	10.11	19.82	0.47	7.46	22.11	0.34
Morningstar US Small Broad Value Extended	1.83	8.33	0.15	19.61	12.23	1.20	6.59	19.77	0.24	9.35	21.77	0.41	9.81	19.71	0.46
Value Relative to Growth															
<b>Global</b>															
Morningstar Global Target Market Exposure	-3.21	6.09	-0.67	20.31	11.11	1.37	9.92	14.31	0.49	11.85	14.33	0.69	8.53	16.16	0.50
Morningstar Global Growth Target Market Exposure	-7.09	8.15	-0.99	18.06	14.18	0.96	8.17	16.91	0.34	12.06	15.52	0.66	8.94	16.55	0.52
Morningstar Global Value Target Market Exposure	0.49	4.89	-0.07	22.33	10.26	1.64	11.33	13.36	0.61	11.28	14.53	0.65	8.03	16.43	0.47
Value Relative to Growth															
Morningstar Developed Markets ex-US Target Market Exposure	-6.68	7.59	-0.18	23.87	14.30	1.30	9.02	15.15	0.42	9.34	14.91	0.52	5.61	17.30	0.32
Morningstar Developed Markets ex-US Growth Target Market Exposure	-4.95	8.57	-0.67	14.45	16.21	0.67	4.80	16.76	0.15	7.97	15.13	0.43	4.99	16.73	0.29
Morningstar Developed Markets ex-US Value Target Market Exposure	3.20	7.19	0.35	33.34	13.11	1.97	13.19	14.63	0.69	10.44	15.89	0.56	6.18	18.45	0.34
Value Relative to Growth															
Morningstar Emerging Markets Target Market Exposure	-0.49	11.82	-0.06	28.56	19.45	1.19	4.33	16.47	0.12	8.52	16.35	0.44	4.72	20.30	0.26
Morningstar Emerging Markets Growth Target Market Exposure	-2.20	12.17	-0.20	24.46	19.09	1.04	-0.09	16.77	-0.13	6.59	16.57	0.33	4.20	19.98	0.24
Morningstar Emerging Markets Value Target Market Exposure	1.22	11.79	0.08	32.87	20.12	1.32	8.74	16.70	0.38	10.41	17.17	0.53	5.59	20.82	0.30
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 back-tested to the end of June 1997 for US indexes and June 2008 for global indexes.

Tracking the return differentials between value and growth paints an interesting picture for style investing. Value indexes outpaced growth for most of the 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 over value stocks for three out of the four quarters for most segments.

The past 10 quarters have seen the leadership between value and growth indexes oscillate, with value stocks making a strong comeback starting from the third quarter of 2025 and maintaining that lead to date. In the first quarter of 2026, value indexes outperformed their growth counterparts consistently across all regions and segments shown in Exhibit 2.

**Exhibit 2** Quarterly Value Minus Growth Performance Differential (%)

US Broad	-6.04	-1.81	0.62	8.46	10.82	-2.23	11.06	-11.90	-7.59	2.17	-3.67	-2.26	-7.69	4.72	-7.16	9.87	-16.05	0.60	5.16	6.79
US Large	-7.51	-2.26	-0.26	6.88	12.72	-2.18	13.48	-13.97	-9.43	2.18	-5.07	-2.26	-10.83	5.80	-8.27	11.87	-18.93	0.19	5.42	7.76
US Mid	-4.65	-1.05	1.69	13.71	5.61	-2.02	4.37	-6.67	-2.92	1.99	-0.69	-2.12	1.28	1.92	-6.04	5.60	-9.51	3.00	6.22	4.80
US Small	1.26	1.92	4.25	10.15	5.95	-3.33	5.99	-7.47	-2.60	3.14	1.15	-2.31	-2.47	2.20	-0.96	2.84	-6.47	-0.38	0.98	2.80
Global	-4.97	-0.07	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	1.52	5.17	7.58
Developed Ex US	-2.74	-0.63	-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
Emerging	-1.02	8.73	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	1.83	3.42
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
	2021			2022				2023				2024				2025				2026

Source: Morningstar Direct

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

## Risk

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

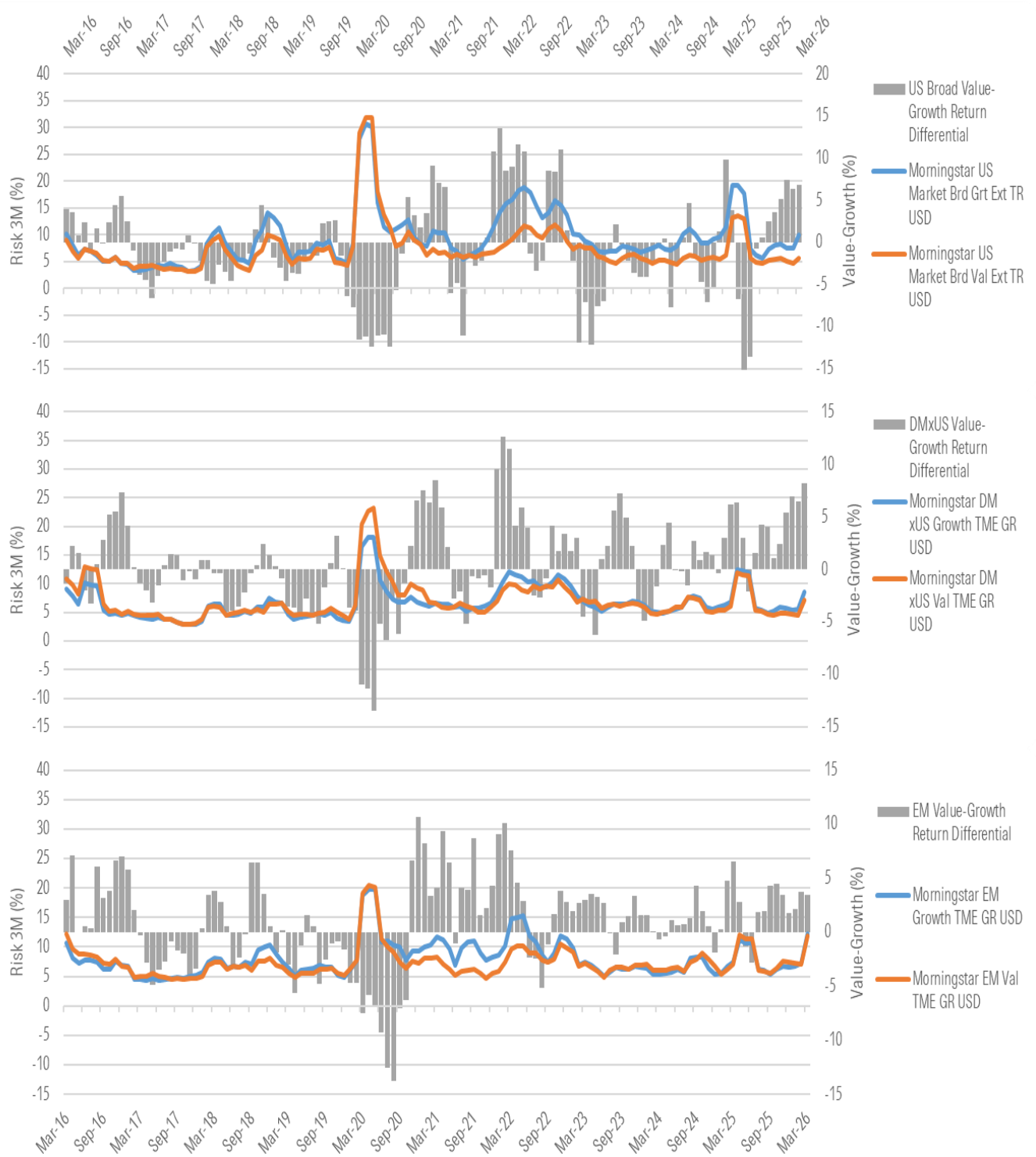
In the first quarter of 2026, the Morningstar US Market Broad Growth Extended and US Large Cap Broad Growth Indexes exhibited higher (almost double) volatility than their value counterparts. The same trend is noted for the Morningstar US Mid Cap Broad Growth and Morningstar US Small Cap Broad Growth Indexes, although the value-growth volatility gap narrows in these size segments. In regions such as developed markets ex-US and emerging markets, volatility levels were largely comparable across the two styles. The Morningstar Global Growth Target Market Exposure Index also exhibited higher volatility than the value index, primarily because of the US market's heavy weight (approximately 63%) in the global index.

As we move toward longer investment horizons, value strategies consistently maintained lower volatility relative to growth strategies for most segments. A few exceptions must be noted. Over the five-year horizon, volatility in the value space of the US small-cap and emerging-markets segments was comparable with that in the growth space. In the past 10 years, volatility of value indexes superseded that of growth indexes within the US small-cap, developed markets outside the US and emerging-markets segments.

In the first quarter of 2026, value outperformed growth on a risk-adjusted basis, as measured by the Sharpe ratio, across all regions and segments. The difference was the most pronounced within the global and developed markets outside the US segments.

Within the US, value has dominated growth in terms of the Sharpe ratio across most size segments and periods, except for the 10-year horizon. Across both developed markets outside the US and emerging markets, value has consistently maintained higher Sharpe ratios over all observed periods.

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



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

**Exhibit 3.2** Rolling Three-Month Risk Versus Value-Growth Differential for US Size Segments



Source: Morningstar Direct. Data from March 2016 to March 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, the sector leadership differs among regions. The technology sector dominates the US and emerging-markets regions, given the high market capitalization of many internet, AI, and semiconductor manufacturing companies. In contrast, in developed markets outside the US region, the industrials sector is the leader, which is consistent with the region's structural tilt toward heavy engineering, automation, and specialty manufacturing business. In the first quarter of 2026, technology, financial-services, and consumer cyclical sectors accounted for almost 55% of the weight in the Morningstar US Market Extended Index. In contrast, financial services and industrials led the pack in terms of sector weight allocation in developed markets outside the US. Lastly, financial-services and technology sectors constituted about 50% of the weight in the global emerging-markets space in the most recent quarter.

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-markets region showed more concentration toward financial-services and technology sectors.

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



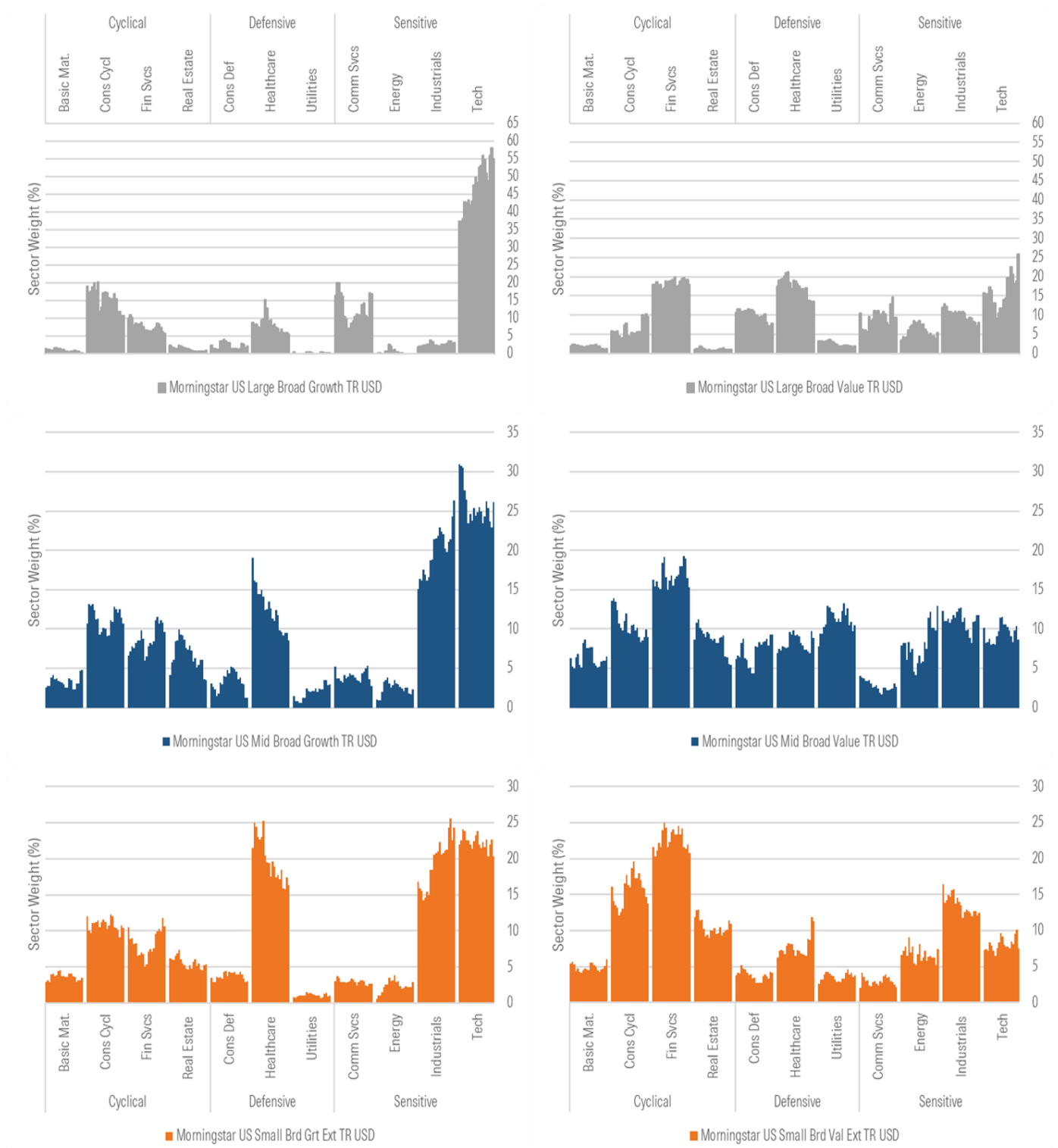
Source: Morningstar Direct. Data from March 2021 to March 2026. (Each bar displays the quarterly sector weight for the respective sector from March 2021 to March 2026.)

Interestingly, sector tilts sometimes move in opposite directions across regions. For example, in developed markets outside the US, healthcare, consumer defensive, and industrials sectors have higher weights in growth indexes than those of the same sectors in the US growth index.

The Morningstar Emerging Markets Value Target Market Exposure Index has high exposure to the technology sector, which is contrary to what we observe in the US and developed markets ex-US. However, it should be noted that the technology sector's weight in the Morningstar US Market Broad Value Extended Index has been higher than its long-term average for the past few quarters, whereas for the emerging-markets region, it is lower.

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

**Exhibit 4.2** Historical Sector Weights Distribution for US Size Segments



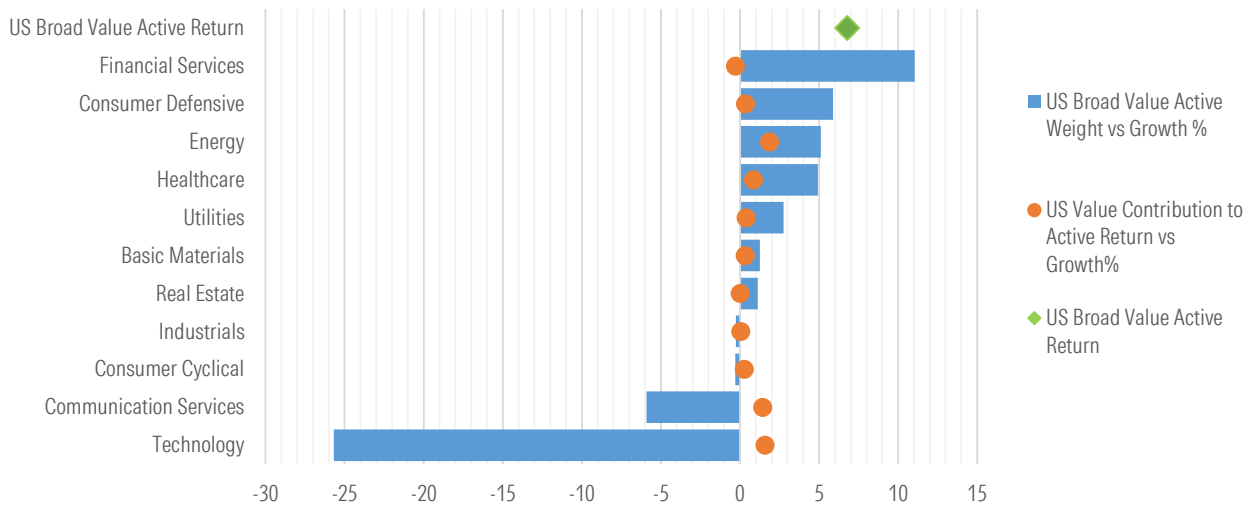
Source: Morningstar Direct. Data from March 2021 to March 2026. (Each bar displays the quarterly sector weight for the respective sector from March 2021 to March 2026.)

### Performance Attribution

#### US

The Morningstar US Market Broad Value Extended Index outperformed the Morningstar US Market Broad Growth Extended Index by 6.79 percentage points. Overweighting energy and underweighting technology and communication services helped the value index to significantly outperform its growth counterpart.

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



Source: Morningstar Direct. Data as of March 31, 2026.

At the stock level, underweighting technology and communication-services stocks like Nvidia (negative 6.48%) and Meta Platforms (negative 13.25%) and overweighting energy stocks like ExxonMobil (41.95%) and Chevron (37.09%) contributed to its higher return relative to its growth counterpart. In contrast, overweighting JPMorgan Chase (negative 8.30%) and underweighting GE Vernova (33.74%) and SanDisk Corp (167.65%) detracted from the value index's return relative to the growth index.

Exhibit 5.2 shows the top and bottom contributors to the active return of the Morningstar US Market Broad Value Extended Index over the Morningstar US Market Broad Growth Extended Index.

**Exhibit 5.2** Top and Bottom Contributors to the Active Return for the US Broad Value Versus Growth Index

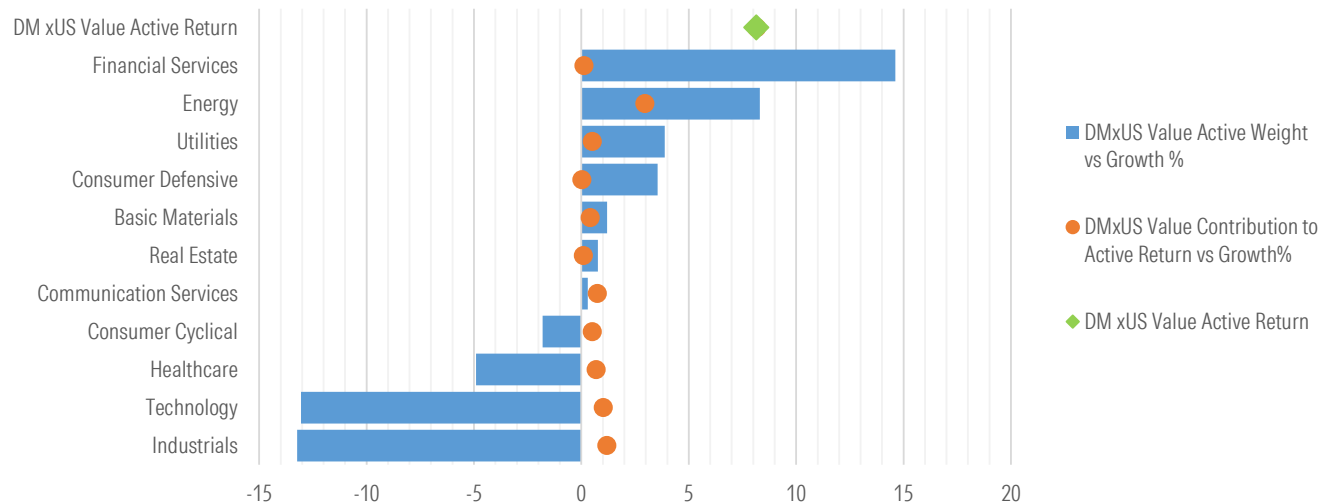
Name	Active Weight	3M Return	Contr. to Active Return	Name	Active Weight	3M Return	Contr. to Active Return
NVIDIA Corp	-13.62	-6.48	0.89	JPMorgan Chase & Co	2.52	-8.30	-0.22
Exxon Mobil Corp	1.72	41.95	0.64	GE Vernova Inc	-0.64	33.74	-0.19
Meta Platforms Inc Class A	-4.59	-13.25	0.59	Lam Research Corp	-0.84	24.96	-0.17
Broadcom Inc	-4.81	-10.39	0.52	Microsoft Corp	0.53	-23.28	-0.17
Eli Lilly and Co	-2.65	-14.27	0.38	UnitedHealth Group Inc	0.82	-17.40	-0.16
Chevron Corp	0.95	37.09	0.32	International Business Machines Co	0.77	-17.70	-0.15
Johnson & Johnson	1.62	18.74	0.28	SanDisk Corp Ordinary Shares	-0.18	167.65	-0.14
Amazon.com Inc	-2.60	-9.77	0.25	Qualcomm Inc	0.50	-24.22	-0.14
Oracle Corp	-0.89	-24.33	0.25	Berkshire Hathaway Inc Class B	2.70	-4.67	-0.13
Palantir Technologies Inc Ordinary Share	-1.05	-17.70	0.21	Accenture PLC Class A	0.45	-25.66	-0.13
<b>US Value Active Return</b>			<b>6.79</b>				
						Overweight and +ve 3M return	
						Underweight and +ve 3M return	

Source: Morningstar Direct. Data as of March 31, 2026.

**Developed Markets Ex-US**

Value stocks in developed markets outside the US outperformed their growth counterparts by 8.15 percentage points in the first quarter of this year. This magnitude of outperformance was higher even than that observed in the US.

Overweighting the energy sector and underweighting the industrials sector explained most of the outperformance. At the stock level, underweighting SAP (negative 30.83%) and Shopify (negative 26.31%), and overweighting Shell (29.42%), Total Energies (44.29%), and bp (39.13%) contributed to value's outperformance relative to growth. But underweighting BAE Systems (25.84%) and Agnico Eagle Mines (19.37%) detracted from value's growth-relative return.

**Exhibit 6.1** Active Sector Weights and Their Respective Contribution to Active Returns for the Developed Markets Ex-US Value Versus Growth Index

Source: Morningstar Direct. Data as of March 31, 2026.

**Exhibit 6.2** Top and Bottom Contributors to the Active Return of Developed Markets Ex-US broad Value Versus Growth Index

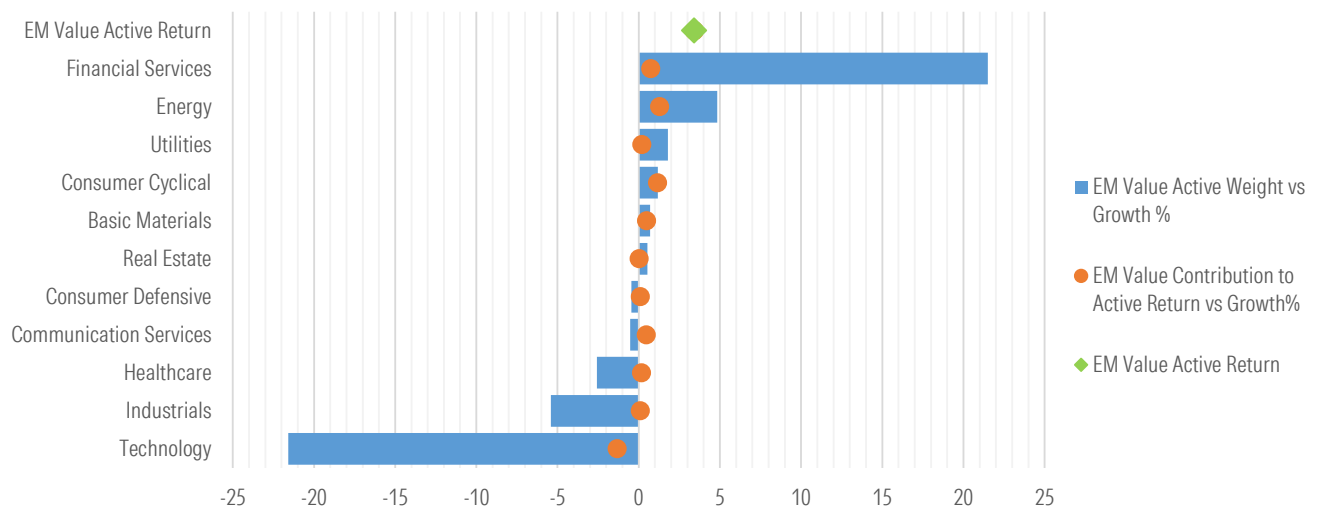
Name	Active Weight	3M Return	Contr. to Active Return	Name	Active Weight	3M Return	Contr. to Active Return
SAP SE	-2.00	-30.83	0.72	ASML Holding NV	-4.58	19.32	-0.75
Shell PLC	1.78	29.42	0.52	BAE Systems PLC	-0.68	25.84	-0.16
TotalEnergies SE	1.15	44.29	0.49	Agnico Eagle Mines Ltd	-0.91	19.37	-0.15
Shopify Inc Registered Shs -A- Subord Vt	-1.50	-26.31	0.48	AstraZeneca PLC	-2.69	5.53	-0.15
Mitsubishi Corp	0.83	47.50	0.34	Allianz SE	1.39	-9.73	-0.15
BP PLC	0.76	39.13	0.29	Intesa Sanpaolo	0.86	-14.49	-0.13
Canadian Natural Resources Ltd	0.62	44.70	0.26	Banco Bilbao Vizcaya Argentaria SA	1.11	-10.70	-0.12
Airbus SE	-1.19	-20.48	0.26	Toyota Motor Corp	2.09	-5.73	-0.12
Essilorluxottica	-0.83	-27.88	0.26	Fujikura Ltd	-0.31	39.25	-0.10
UBS Group AG Registered Shares	-1.26	-18.03	0.24	Compagnie de Saint-Gobain SA	0.37	-20.96	-0.08
<b>DMxUS Value Active Return</b>			<b>8.15</b>				
						Overweight and +ve 3M return	
						Underweight and +ve 3M return	

Source: Morningstar Direct. Data as of March 31, 2026.

### Emerging Markets

In emerging markets, the value index returned 1.22%, while the growth index posted a negative 2.20%, resulting in a value outperformance of 3.42%. The primary drivers of value's outperformance were its overweight exposure to the energy and consumer cyclical sectors. Underweight exposure to technology detracted significantly from the value's performance relative to growth.

**Exhibit 7.1** Active Sector Weights and Their Respective Contribution to Active Returns for the Emerging Value Versus Growth Index



Source: Morningstar Direct. Data as of March 31, 2026.

Notably, the underweighting of Taiwan Semiconductor Manufacturing (11.95%), SK Hynix (16.79%), and Delta Electronics (40.84%) in the value index weighed on value's relative performance. On the positive side, overweight positions in some stocks like Samsung (31.16%) and Petrobras (73.69%) and underweight position in Tencent Holdings (negative 19.78%) contributed positively to the value index.

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

Name	Active		Contr. to Active Return	Name	Active		Contr. to Active Return
	Weight	3M Return			Weight	3M Return	
Samsung Electronics Co Ltd	9.99	31.16	2.46	Taiwan Semiconductor Manufacturing Co Ltd	-23.89	11.95	-2.67
Tencent Holdings Ltd	-1.72	-19.78	0.37	SK Hynix Inc	-5.71	16.79	-0.77
Petroleo Brasileiro SA Petrobras Participating Preferred	0.56	65.71	0.33	Delta Electronics Inc	-1.29	40.84	-0.45
Petroleo Brasileiro SA Petrobras	0.48	73.69	0.31	Alibaba Group Holding Ltd Ordinary Shares	1.54	-17.27	-0.28
Xiaomi Corp Class B	-1.39	-19.57	0.31	Delta Electronics (Thailand) PCL	-0.55	43.33	-0.20
Bharti Airtel Ltd	-1.10	-19.78	0.25	Unimicron Technology Corp	-0.27	98.57	-0.17
Hyundai Motor Co	0.87	41.90	0.24	Elite Material Co Ltd	-0.34	55.34	-0.17
Naspers Ltd Class N	-0.85	-24.46	0.24	Baidu Inc	0.67	-20.14	-0.14
Samsung Electronics Co Ltd Participating Preferred	1.16	20.20	0.19	Hanwha Aerospace Co Ltd	-0.48	24.84	-0.11
Vale SA	1.00	20.28	0.19	Ping An Insurance (Group) Co. of China Ltd Class f	0.97	-9.62	-0.10
<b>EM Value Active Return</b>			<b>3.42</b>				
						Overweight and +ve 3M return	
						Underweight and +ve 3M return	

Source: Morningstar Direct. Data as of March 31, 2026.

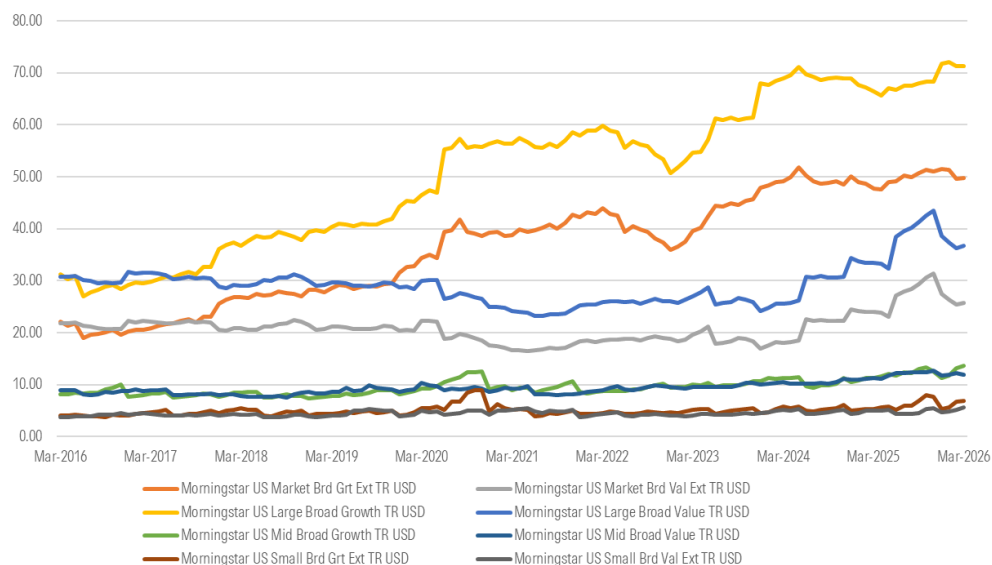
**Concentration**

The broad style indexes skew toward the larger names within their respective segments, owing to market-cap weighting. This weighting approach reflects the composition of the opportunity set and allows companies to become a bigger part of the portfolios as they grow within each market-cap segment.

Concentration is the most pronounced in the large-cap indexes (as shown in Exhibit 8), particularly in the Morningstar US Large Cap Broad Growth Index, where the percentage of assets in the top 10 constituents grew from approximately 56% at the end of March 2021 to roughly 71% five years later. The market became more concentrated as the largest growth stocks outperformed. This not only increased their market-cap weightings but also reduced the number of large-growth stocks required to reach 50% coverage of the large-cap market, reducing the effective number of stocks in the portfolio. Today, the Morningstar US Large Cap Broad Growth Index holds 61 stocks, down from 137 five years ago. Moreover, the largest constituent in the index as of March 2026 (Nvidia) comprises over 19.0% of the portfolio, followed by Apple at 8.99%, whereas five years ago, the equivalent weight for Nvidia was just over 3.0%. The Morningstar US Large Value Index is relatively diversified, with the top 10 holdings constituting 37% of the total portfolio and the medium-term trend holding around an average of 29% since 2020.

The small- and mid-cap indexes have far less concentration in their top 10 constituents, as there is a natural cap on how large constituents can grow before they advance to the next market-cap segment.

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

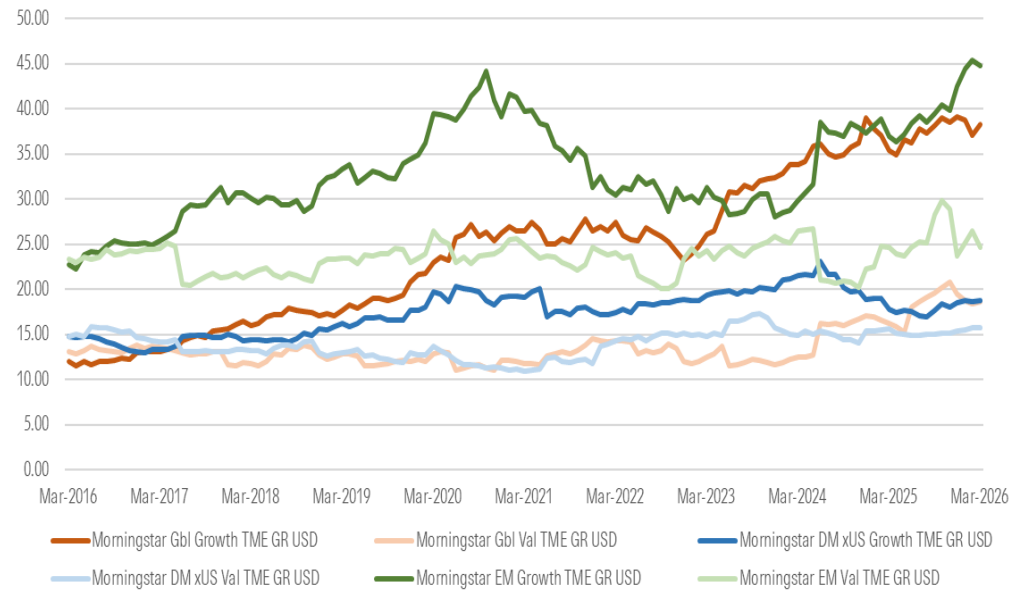


Source: Morningstar Direct. Data as of March 31, 2026.

Exhibit 9 shows concentration trends for the style indexes across emerging markets and ex-US developed markets, along with the corresponding parent indexes. Concentration has been perennially higher in emerging markets, particularly in the growth index, which implies that there are factors endemic to these markets that facilitate a greater concentration of capital. Additionally, while the portfolios largely seem to be getting more concentrated over time, the recent trend in the Morningstar Emerging Markets Growth Target Market Exposure Index is interesting, with concentration falling precipitously from October 2020 until the end of 2023. This is partially due to the underperformance of Chinese mega-caps like Alibaba and Tencent, which have been beleaguered by regulatory crackdowns on gaming, digital commerce, and the like.

The Morningstar Developed Markets ex-US Growth Target Market Exposure Index has also consistently decreased its concentration in the top 10 holdings in the past 1.5 years, although a turnaround can be noticed in August 2025.

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



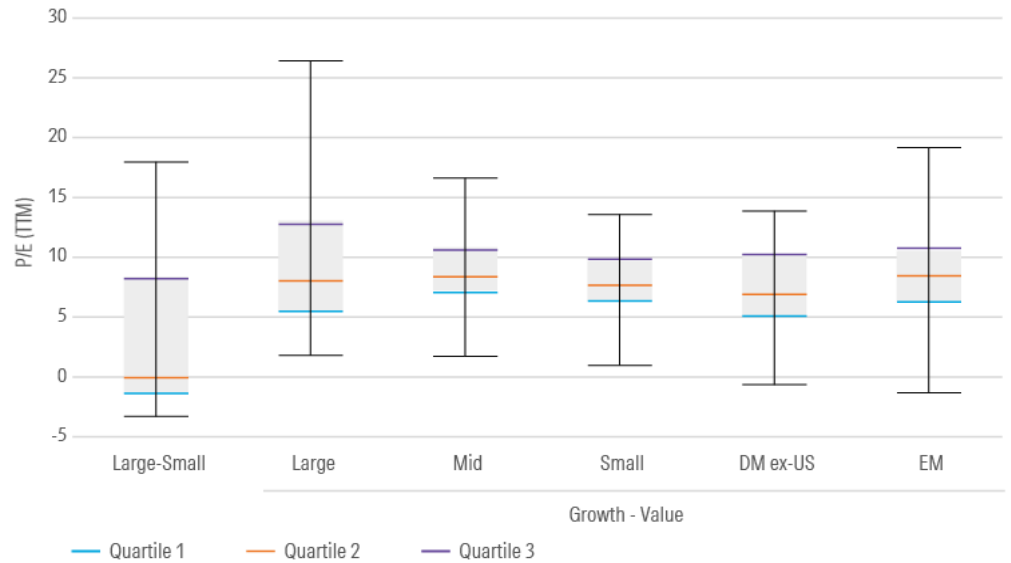
Source: Morningstar Direct. Data as of March 31, 2026.

**Valuations**

By definition, growth stocks trade at higher valuations than value stocks. After years of stronger performance, growth stocks have become more expensive relative to value stocks. This trend holds true both in the US and globally, as illustrated in Exhibits 10 through 16. These figures show the spread between the trailing 12-month P/E ratios of the growth and value indexes in the Morningstar Broad Style family for each of the three market-cap segments, as well as for the ex-US developed-markets and emerging-markets regions of the Global Style family. It also includes this spread data for the Morningstar US Large Cap Index and the Morningstar US Small Cap Extended Index, along with historical distributions for all the spreads.

Compared with the fourth quarter of 2025, significant declines in the price/earnings spread between growth and value was noted the first quarter of 2026 for all universes shown in Exhibit 10, except for the US Small universe where the percent rank of this spread increased to 68% in the most recent quarter.

**Exhibit 10** P/E (TTM) Valuation Spread



Growth-Value						
	US Large-Small	US Large	US Mid	US Small	DM ex-US	EM
Current P/E Valuation Spread	9.01	9.55	12.17	8.94	7.14	9.79
Percent Rank (%) March 2026	80.30%	57.50%	84.80%	68.00%	50.20%	64.70%
Percent Rank (%) December 2025	96.94%	84.35%	92.97%	63.52%	63.33%	80.00%

Source: Morningstar Direct. Data as of March 31, 2026.

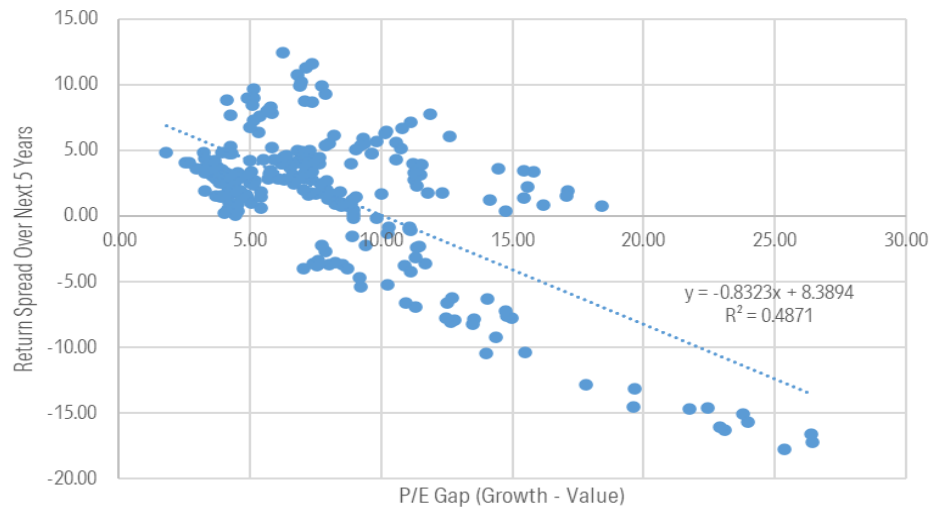
Unusually wide valuation spreads may portend lower expected returns for the pricier index. Historically, in the US, wider valuation spreads have been associated with lower returns over the next five years for the large- and mid-cap growth indexes relative to their value counterparts, as Exhibits 11 and 12 show. The same is true of the large-cap index relative to the small-cap extended index, as shown in Exhibit 14. Even emerging markets displayed this phenomenon, as shown in Exhibit 16.

There wasn't a strong relationship between valuation spreads and future returns for the US small-cap growth and value indexes, shown in Exhibit 13. The same is true of the large-mid universe in developed markets outside the US, displayed in Exhibit 15.

A previously notable and counterintuitive phenomenon in developed markets outside the US (Exhibit 15) appears to have faded. Historically, there was a mildly positive relationship between valuation spreads and subsequent five-year return spreads—suggesting that wider valuation gaps favored growth outperformance. However, since the third quarter of 2025, this relationship has reversed, with the regression line now showing a negative slope with a lower R-squared value.

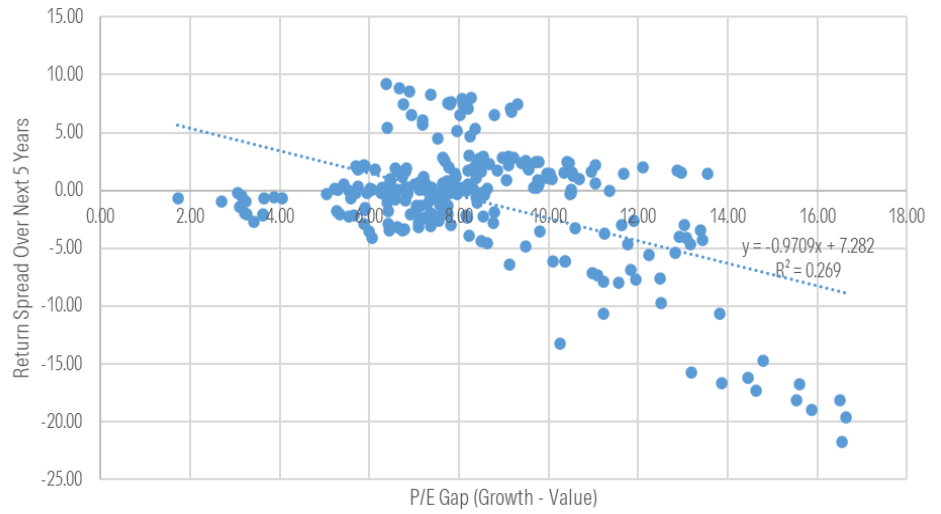
This shift reinforces the idea that any past relationship may have been more circumstantial than structural—likely influenced by exogenous economic factors disproportionately benefiting growth stocks over certain periods.

**Exhibit 11** Relationship Between Valuations and Future Returns: November 1999 to March 2026 (Morningstar US Large Broad Growth Index—Morningstar US Large Broad Value Index)



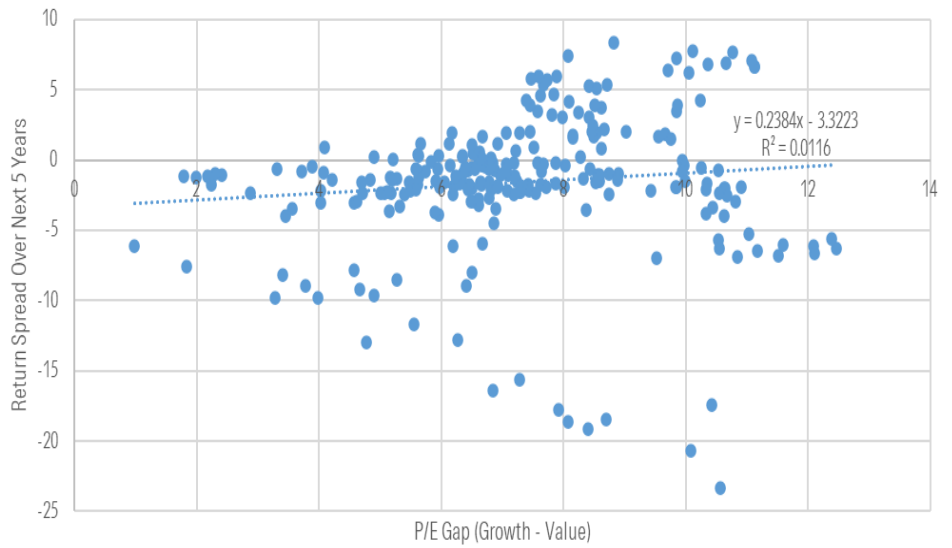
Source: Morningstar Direct. Data as of March 31, 2026.

**Exhibit 12** Relationship Between Valuations and Future Returns: November 1999 to March 2026 (Morningstar US Mid Broad Growth Index—Morningstar US Mid Broad Value Index)



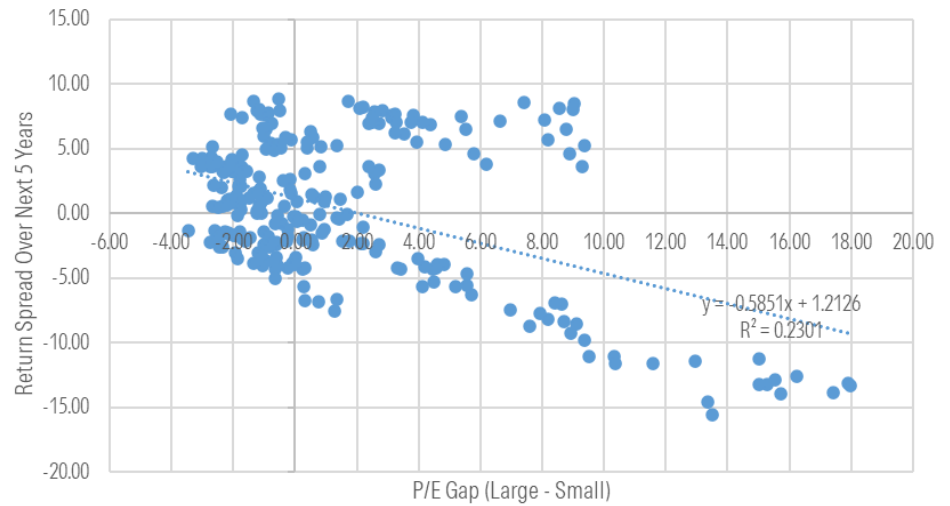
Source: Morningstar Direct. Data as of March 31, 2026.

**Exhibit 13** Relationship Between Valuations and Future Returns: November 1999 to March 2026 (Morningstar US Small Cap Broad Growth Extended Index—Morningstar US Small Cap Broad Value Extended Index)



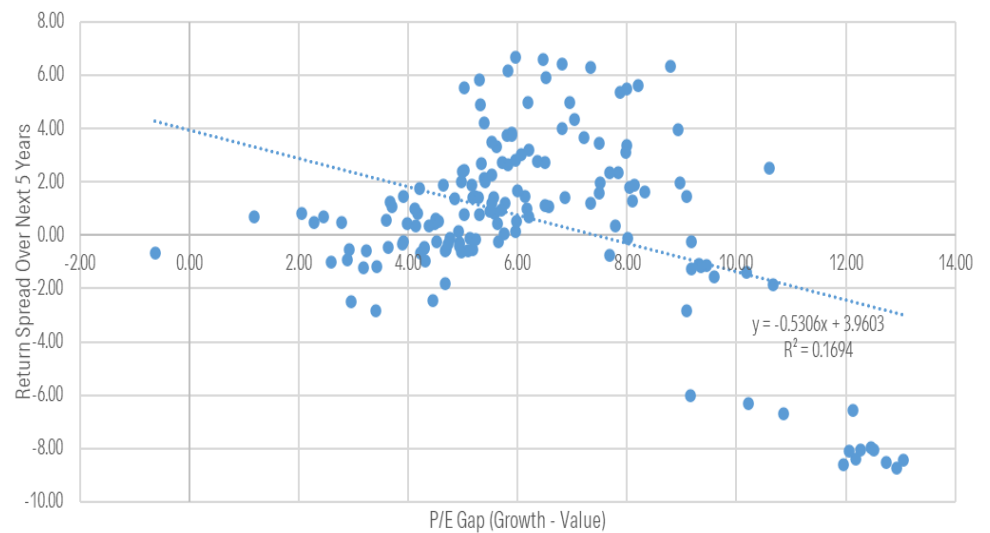
Source: Morningstar Direct. Data as of March 31, 2026.

**Exhibit 14** Relationship Between Valuations and Future Returns: November 1999 to March 2026 (Morningstar US Large Index—Morningstar US Small Cap Extended Index)



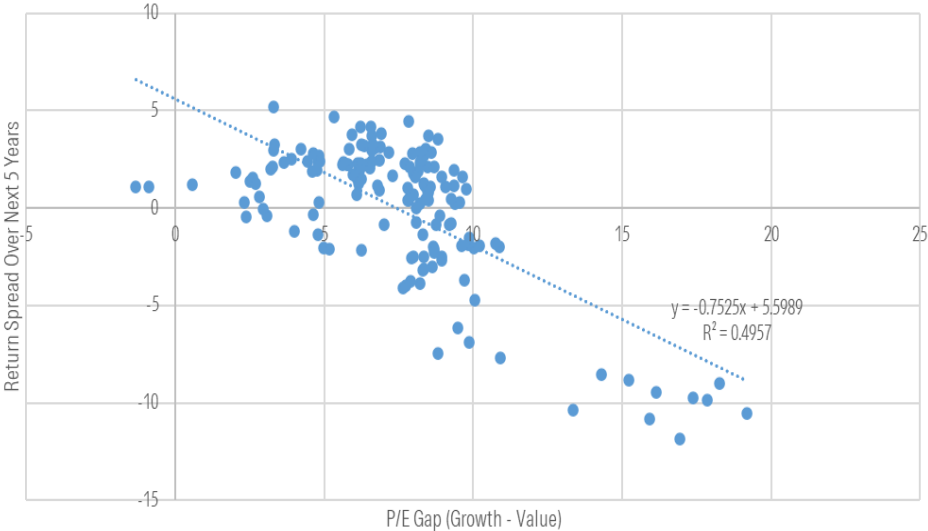
Source: Morningstar Direct. Data as of March 31, 2026.

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



Source: Morningstar Direct. Data as of March 31, 2026.

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



Source: Morningstar Direct. Data as of March 31, 2026.

**Forever in Style**

Regardless of the market conditions, the Morningstar Broad Style and Global 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 aligned with the Morningstar Style Box. 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 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 Broad Style and Global Style Indexes provide an effective toolkit to gauge style trends, both in the US and globally. These indexes cast a wider net than the nine segments of the style box, carving the value-growth spectrum into halves, rather than thirds. This better reflects the opportunity set available to style investors, as managers often color outside their designated section in the style box. Stocks in the blend segment of the market are partially allocated to both the value and growth indexes, as they often appear in both value and growth managers' portfolios.

## **Appendix 2: Company Characteristics by Style**

Morningstar's Broad Style and Global 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 Broad Style Index family, the Morningstar US Large Broad 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 broad style indexes that cover the US, as shown in Exhibit 18.

Similar to 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 cyclicalities (which detracts from our equity analysts' confidence in the durability of their profits).

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**Exhibit 17** Economic Moat Exposure (%)

<b>US</b>	<b>Wide Moat</b>	<b>Narrow Moat</b>	<b>None</b>
Morningstar US Market Extended	58.43	24.42	7.47
Morningstar US Market Broad Growth Extended	66.27	17.08	5.84
Morningstar US Market Broad Value Extended	51.36	31.09	8.95
Morningstar US Large Cap	75.97	21.09	2.69
Morningstar US Large Broad Growth	85.01	12.76	1.98
Morningstar US Large Broad Value	67.78	28.63	3.34
Morningstar US Mid Cap	24.33	40.71	21.04
Morningstar US Mid Cap Broad Growth	31.46	34.17	17.68
Morningstar US Mid Cap Broad Value	18.05	46.42	24.11
Morningstar US Small Cap Extended	2.61	12.08	12.50
Morningstar US Small Broad Growth Extended	3.51	10.78	8.07
Morningstar US Small Broad Value Extended	1.76	13.37	16.76
<b>Global</b>			
Morningstar Global Target Market Exposure	51.42	23.81	13.58
Morningstar Global Growth	62.63	18.22	8.19
Morningstar Global Value	41.51	28.76	18.38
Morningstar Developed Markets ex-US	32.17	24.64	27.97
Morningstar Developed Markets ex-US Growth	48.21	22.54	14.41
Morningstar Developed Markets ex-US Value	18.72	26.41	39.35
Morningstar Emerging Markets	19.70	11.31	19.77
Morningstar Emerging Markets Growth	32.65	10.59	12.39
Morningstar Emerging Markets Value	8.31	12.49	27.75

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Source: Morningstar Direct. Data as of March 31, 2026.

**Exhibit 18** Revenue Generated in the US

<b>US</b>	<b>% of Revenue From the US</b>
Morningstar US Market Extended	61.23
Morningstar US Market Broad Growth Extended	57.39
Morningstar US Market Broad Value Extended	64.74
Morningstar US Large Cap	56.94
Morningstar US Large Broad Growth	52.82
Morningstar US Large Broad Value	60.43
Morningstar US Mid Cap	70.1
Morningstar US Mid Cap Broad Growth	66
Morningstar US Mid Cap Broad Value	74.03
Morningstar US Small Cap Extended	74.3
Morningstar US Small Broad Growth Extended	72.28
Morningstar US Small Broad Value Extended	76.53
<b>Global</b>	
Morningstar Global Target Market Exposure	45.35
Morningstar Global Growth	43.4
Morningstar Global Value	46.54
Morningstar Developed Markets ex-US	21.87
Morningstar Developed Markets ex-US Growth	23.96
Morningstar Developed Markets ex-US Value	20.05
Morningstar Emerging Markets	17.53
Morningstar Emerging Markets Growth	26.28
Morningstar Emerging Markets Value	9.65

Source: Morningstar Direct. Data as of March 31, 2026.

Large-value stocks tend to be more mature. These include slow-growth giants like Berkshire Hathaway and Procter & Gamble in the US and Shell outside the US. Because they often have strong cash flows and limited need of it to fund growth, these stocks tend to make larger cash distributions to shareholders than their faster-growing and smaller counterparts.

Stocks in the middle of the value-growth spectrum, like Alphabet and Amazon.com, are found in both the Morningstar US Large Broad Value and Growth indexes. This reflects that they are also found in both value and growth managers' portfolios, as they don't have a strong bias toward one style over the other.

Moving down the market-cap spectrum tends to increase both risk and return potential. Mid-cap growth stocks generally have more runway for expansion than their larger peers, often operating at earlier stages of their lifecycle while actively pursuing new growth avenues. For instance, SanDisk and Vertiv—leaders in flash memory storage and AI data center cooling, respectively—are leveraging structural trends such as the generative AI hardware cycle, data infrastructure densification, and advanced thermal management. Both featured among the top holdings in the Morningstar US Mid Cap Broad Growth Index as of March 2026.

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. Lumentum Holdings, a top holding in the Morningstar US Small Broad Growth Extended Index, exemplifies this profile. As a provider of advanced optical and photonic technologies serving the data center and AI infrastructure markets, the company is positioned to benefit from long-term structural trends such as the shift from copper to high-speed optical networking to support massive AI workloads. However, like many small-cap growth firms, it also faces 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. This includes a mix of stocks lacking sales growth, as well as names that have fallen out of favor, often for good reason. EOG Resources, an energy producer navigating cyclical headwinds and fluctuating commodity prices, is a good example of the former, while Moderna, a biotechnology firm contending with a steep postpandemic revenue cliff and uncertainty around its broader mRNA pipeline, exemplifies the latter.

Smaller stocks tend to generate more of their revenue in the US, particularly on the value side. The constituents of the Morningstar US Small Cap Broad Value Extended Index generated a larger share of their revenue in the US than any of the other broad style indexes, as shown in Exhibit 18.

Exhibits 19 to 33 show the top 10 constituents in the large-, mid-, and small-cap extended 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 Large Cap Index

<b>Constituent</b>	<b>Ticker</b>	<b>Sector</b>	<b>Weighting (%)</b>
Nvidia	NVDA	Technology	9.38
Apple	AAPL	Technology	8.55
Microsoft	MSFT	Technology	6.31
Amazon.com	AMZN	Consumer Cyclical	4.69
Alphabet Inc Class A	GOOGL	Communication Services	3.84
Alphabet Inc Class C	GOOG	Communication Services	3.33
Broadcom	AVGO	Technology	3.31
Meta Platforms Inc Class A	META	Communication Services	2.87
Tesla	TSLA	Consumer Cyclical	2.41
Berkshire Hathaway Inc Class B	BRK.B	Financial Services	2.02

Source: Morningstar Direct. Data as of March 31, 2026.

**Exhibit 20** Top Holdings: Morningstar US Large Broad Growth Index

Constituent	Ticker	Sector	Weighting (%)
Nvidia	NVDA	Technology	19.74
Apple	AAPL	Technology	8.99
Broadcom	AVGO	Technology	6.95
Amazon.com	AMZN	Consumer Cyclical	6.7
Microsoft	MSFT	Technology	6.09
Meta Platforms Inc Class A	META	Communication Services	6.05
Alphabet Inc Class A	GOOGL	Communication Services	5.58
Alphabet Inc Class C	GOOG	Communication Services	4.84
Eli Lilly	LLY	Healthcare	3.54
Tesla	TSLA	Consumer Cyclical	2.84

Source: Morningstar Direct. Data as of March 31, 2026.

**Exhibit 21** Top Holdings: Morningstar US Large Broad Value Index

Constituent	Ticker	Sector	Weighting (%)
Apple	AAPL	Technology	8.15
Microsoft	MSFT	Technology	6.51
Berkshire Hathaway Inc Class B	BRK.B	Financial Services	3.86
JPMorgan Chase	JPM	Financial Services	3.47
ExxonMobil	XOM	Energy	3.09
Amazon.com	AMZN	Consumer Cyclical	2.87
Johnson & Johnson	JNJ	Healthcare	2.58
Alphabet Inc Class A	GOOGL	Communication Services	2.27
Tesla	TSLA	Consumer Cyclical	2.01
Alphabet Inc Class C	GOOG	Communication Services	1.97

Source: Morningstar Direct. Data as of March 31, 2026.

**Exhibit 22** Top Holdings: Morningstar US Mid Cap Index

Constituent	Ticker	Sector	Weighting (%)
Newmont	NEM	Basic Materials	0.89
Corning	GLW	Technology	0.77
Vertiv Holdings Co Class A	VRT	Industrials	0.71
Western Digital	WDC	Technology	0.69
Howmet Aerospace	HWM	Industrials	0.68
SanDisk Corp Ordinary Shares	SNDK	Technology	0.67
Williams Companies	WMB	Energy	0.67
Seagate Technology Holdings	STX	Technology	0.66
Marvell Technology	MRVL	Technology	0.65
Freeport-McMoRan	FCX	Basic Materials	0.64

Source: Morningstar Direct. Data as of March 31, 2026.

**Exhibit 23** Top Holdings: Morningstar US Mid Cap Broad Growth Index

Constituent	Ticker	Sector	Weighting (%)
Corning	GLW	Technology	1.64
Vertiv Holdings Co Class A	VRT	Industrials	1.51
Howmet Aerospace	HWM	Industrials	1.43
SanDisk Corp Ordinary Shares	SNDK	Technology	1.42
Seagate Technology Holdings	STX	Technology	1.40
Marvell Technology	MRVL	Technology	1.38
Quanta Services	PWR	Industrials	1.30
Johnson Controls International PLC Registered Shares	JCI	Industrials	1.28
Motorola Solutions	MSI	Technology	1.16
Royal Caribbean Group	RCL	Consumer Cyclical	1.11

Source: Morningstar Direct. Data as of March 31, 2026.

**Exhibit 24** Top Holdings: Morningstar US Mid Cap Broad Value Index

Constituent	Ticker	Sector	Weighting (%)
Newmont	NEM	Basic Materials	1.69
Williams Companies	WMB	Energy	1.27
PNC Financial Services Group	PNC	Financial Services	1.2
U.S. Bancorp	USB	Financial Services	1.16
EOG Resources	EOG	Energy	1.13
FedEx	FDX	Industrials	1.13
Regeneron Pharmaceuticals Inc	REGN	Healthcare	1.11
CSX Corp	CSX	Industrials	1.1
SLB	SLB	Energy	1.09
Illinois Tool Works	ITW	Industrials	1.08

Source: Morningstar Direct. Data as of March 31, 2026.

**Exhibit 25** Top Holdings: Morningstar US Small Cap Extended Index

Constituent	Ticker	Sector	Weighting (%)
Lumentum Holdings	LITE	Technology	0.89
Albemarle	ALB	Basic Materials	0.37
CF Industries Holdings	CF	Basic Materials	0.36
ATI	ATI	Industrials	0.35
Coeur Mining	CDE	Basic Materials	0.34
Nextpower Inc Class A	NXT	Technology	0.31
Moderna	MRNA	Healthcare	0.31
Alcoa	AA	Basic Materials	0.31
Ovintiv	OVV	Energy	0.30
Revolution Medicines Inc Ordinary Shares	RVMD	Healthcare	0.30

Source: Morningstar Direct. Data as of March 31, 2026.

**Exhibit 26** Top Holdings: Morningstar US Small Broad Growth Extended Index

Constituent	Ticker	Sector	Weighting (%)
Lumentum Holdings	LITE	Technology	1.84
ATI	ATI	Industrials	0.72
RBC Bearings	RBC	Industrials	0.62
ITT	ITT	Industrials	0.61
APi Group	APG	Industrials	0.56
Clean Harbors	CLH	Industrials	0.54
Macom Technology Solutions Holdings	MTSI	Technology	0.52
Lincoln Electric Holdings	LECO	Industrials	0.51
Nordson	NDSN	Industrials	0.51
Tradeweb Markets	TW	Financial Services	0.5

Source: Morningstar Direct. Data as of March 31, 2026.

**Exhibit 27** Top Holdings: Morningstar US Small Broad Value Extended Index

Constituent	Ticker	Sector	Weighting (%)
CF Industries Holdings	CF	Basic Materials	0.71
Moderna	MRNA	Healthcare	0.61
Alcoa	AA	Basic Materials	0.6
Ovintiv	OVV	Energy	0.59
Akamai Technologies	AKAM	Technology	0.56
Viatris	VTRS	Healthcare	0.54
APA	APA	Energy	0.53
Annaly Capital Management	NLY	Real Estate	0.53
Permian Resources Corp Class A	PR	Energy	0.49
Everest Group	EG	Financial Services	0.48

Source: Morningstar Direct. Data as of March 31, 2026.

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

Constituent	Ticker	Sector	Weighting (%)
ASML	ASML	Technology	2.25
AstraZeneca	AZN	Healthcare	1.35
Novartis AG Registered Shares	NOVN	Healthcare	1.29
HSBC Holdings	HSBA	Financial Services	1.25
Roche Holding AG Ordinary Shares new	ROP	Healthcare	1.22
Shell	SHEL	Energy	1.2
Nestle	NESN	Consumer Defensive	1.13
Toyota Motor Corp	7203	Consumer Cyclical	1.02
Royal Bank of Canada	RY	Financial Services	1.02
Commonwealth Bank of Australia	CBA	Financial Services	0.87

Source: Morningstar Direct. Data as of March 31, 2026.

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

Constituent	Ticker	Sector	Weighting (%)
ASML	ASML	Technology	4.94
AstraZeneca	AZN	Healthcare	2.96
SAP	SAP	Technology	1.72
Novartis AG Registered Shares	NOVN	Healthcare	1.45
Shopify Inc Registered Shs-A-Subord Vtg	SHOP	Technology	1.43
Schneider Electric	SU	Industrials	1.41
Hitachi	6501	Industrials	1.25
Rolls-Royce Holdings	RR.	Industrials	1.22
ABB	ABBN	Industrials	1.22
Royal Bank of Canada	RY	Financial Services	1.2

Source: Morningstar Direct. Data as of March 31, 2026.

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

Constituent	Ticker	Sector	Weighting (%)
HSBC Holdings	HSBA	Financial Services	2.29
Shell	SHEL	Energy	2.21
Toyota Motor Corp	7203	Consumer Cyclical	1.88
TotalEnergies	TTE	Energy	1.51
Roche Holding AG Ordinary Shares new	ROP	Healthcare	1.41
BHP Group	BHP	Basic Materials	1.38
Nestle	NESN	Consumer Defensive	1.37
Allianz	ALV	Financial Services	1.3
The Toronto-Dominion Bank	TD	Financial Services	1.29
Novartis AG Registered Shares	NOVN	Healthcare	1.16

Source: Morningstar Direct. Data as of March 31, 2026.

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

Constituent	Ticker	Sector	Weighting (%)
Taiwan Semiconductor Manufacturing	2330	Technology	12.24
Samsung Electronics	005930	Technology	4.93
Tencent Holdings	00700	Communication Services	3.47
SK Hynix	000660	Technology	2.63
Alibaba Group Holding Ltd Ordinary Shares	09988	Consumer Cyclical	2.53
China Construction Bank Corp Class H	00939	Financial Services	0.96
Reliance Industries	RELIANCE	Energy	0.95
HDFC Bank	HDFCBANK	Financial Services	0.81
Delta Electronics	2308	Technology	0.76
International Holding Company PJSC	IHC	Industrials	0.72

Source: Morningstar Direct. Data as of March 31, 2026.

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

<b>Constituent</b>	<b>Ticker</b>	<b>Sector</b>	<b>Weighting (%)</b>
Taiwan Semiconductor Manufacturing	2330	Technology	25.48
SK Hynix	000660	Technology	5.48
Tencent Holdings	00700	Communication Services	4.42
Alibaba Group Holding Ltd Ordinary Shares	09988	Consumer Cyclical	2.01
Delta Electronics	2308	Technology	1.59
International Holdings Co PJSC	IHC	Industrials	1.5
Xiaomi Corp Class B	01810	Technology	1.3
Bharti Airtel	BHARTIARTL	Communication Services	1.17
Reliance Industries	RELIANCE	Energy	0.98
HDFC Bank	HDFCBANK	Financial Services	0.92

Source: Morningstar Direct. Data as of March 31, 2026.

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

<b>Constituent</b>	<b>Ticker</b>	<b>Sector</b>	<b>Weighting (%)</b>
Samsung Electronics	005930	Technology	10.28
Alibaba Group Holding Ltd Ordinary Shares	09988	Consumer Cyclical	3.26
Tencent Holdings	00700	Communication Services	2.8
China Construction Bank Corp Class H	00939	Financial Services	2
Industrial And Commercial Bank Of China Ltd Class H	01398	Financial Services	1.26
Samsung Electronics Co Ltd Participating Preferred	005935	Technology	1.15
Vale	VALE3	Basic Materials	1.09
Reliance Industries	RELIANCE	Energy	0.99
Bank Of China Ltd Class H	03988	Financial Services	0.96
Ping An Insurance (Group) Co. of China Ltd Class H	02318	Financial Services	0.9

Source: Morningstar Direct. Data as of March 31, 2026.

### Appendix 3: Funds That Track Morningstar Broad Style Indexes

#### Exhibit 34 Funds That Track Morningstar Broad Style Indexes

Name	SecId	Ticker	Domicile	Primary Prospectus Benchmark
BNY Mellon US Large Cap Core Equity ETF	F0000149CO	BKLC	US	Morningstar US Large Cap TR USD
iShares Morningstar Growth ETF	FEUSA04ACO	ILCG	US	Morningstar US Large Mid Brd Grt TR USD
iShares Morningstar Value ETF	FEUSA04ACP	ILCV	US	Morningstar US Large Mid Brd Val TR USD
Lyxor Core Morningstar US (DR) ETF-Dist	F0000109UX	LCUD	Luxembourg	Morningstar US Large-Mid NR USD
iShares Morningstar U.S. Equity ETF	FEUSA04ACN	ILCB	US	Morningstar US Large-Mid TR USD
NBI U.S. Equity Index O	F000013VX6		Canada	Morningstar US Large-Mid TR USD
NBI U.S. Equity Index INV-2	F000016TJI		Canada	Morningstar US Large-Mid TR USD
iShares Morningstar Mid-Cap Growth ETF	FEUSA04ACR	IMCG	US	Morningstar US Mid Cap Brd Grt TR USD
iShares Morningstar Mid-Cap Value ETF	FEUSA04ACS	IMCV	US	Morningstar US Mid Cap Brd Val TR USD
BNY Mellon US Mid Cap Core Equity ETF	F0000149CP	BKMC	US	Morningstar US Mid Cap TR USD
iShares Morningstar Mid-Cap ETF	FEUSA04ACQ	IMCB	US	Morningstar US Mid Cap TR USD
iShares Morningstar Small-Cap Growth ETF	FEUSA04ACU	ISCG	US	Morningstar US Small Brd Grt Ext TR USD
iShares Morningstar Small-Cap Value ETF	FEUSA04ACV	ISCV	US	Morningstar US Small Brd Val Ext TR USD
iShares Morningstar Small-Cap ETF	FEUSA04ACT	ISCB	US	Morningstar US Small Cap Ext TR USD

Source: Morningstar Direct. Data as of March 31, 2026.

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