

Morningstar Target Value and Momentum Indexes

Bold factor tilts and quality portfolio construction make these indexes effective tools for value and momentum investors.

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Executive Summary

The Morningstar Target Value and Morningstar Target Momentum indexes were built to deliver potent exposure to their targeted factors, while ensuring investability, with screens for quality and controls to diversify firm- and sector-specific risk. Outside the US, these indexes have delivered strong performance over the past decade, but they carry significant active risk relative to the market. The Morningstar Target Value and Target Momentum indexes are highly complementary. Pairing them in a portfolio can help investors diversify risk and participate in the upside.

Key Takeaways

- ▶ Value and momentum are well-documented factors that have historically been associated with market-beating returns. However, there are often significant differences among indexes that target the same factors. Portfolio construction choices matter.
- ▶ The Morningstar Target Value and Morningstar Target Momentum indexes offer potent exposure to their targeted factors, while considering investability and quality.
- ▶ These indexes have established strong long-term records, particularly outside the US, and have effectively captured their targeted factors.
- ▶ Equal weighting and constraints on sector weightings help diversify risk, though these indexes deviate significantly from the market to deliver bold factor tilts.
- ▶ Pairing the Morningstar Target Value and Morningstar Target Momentum indexes together in a portfolio may help reduce the risk of underperformance.

Strong Underpinnings

Value and momentum are among the most well-documented return-enhancing factors in the financial literature.^{1,2,3,4} Researchers have known about these bedrock factors since the early 1990s, and they have paid off out-of-sample (not just in the original studies) and in practice, which breeds confidence that they are likely to persist and are not just the product of data-mining.

Value investing targets stocks trading at low valuations, which have often fallen out of favor. This buy-low, sell-high strategy has intuitive appeal. More important, strong economic rationale and empirical evidence back this strategy. Lower valuations should reflect higher expected returns, either as compensation for risk or because investors may be overly pessimistic about these stocks' prospective performance.

Short-term performance persistence drives momentum. As such, momentum strategies aggressively chase hot areas of the market with strong recent performance. There's substance to this strategy. Prices may adjust more slowly than they should to new information, as investors may initially underreact. This characteristic can cause performance to persist. Once a trend is established, more investors may jump on the bandwagon, further fueling price momentum.

On the surface, value and momentum may seem like contradictory strategies. However, these concepts do not conflict at all. Rather, they work over different time horizons—value is a long-term effect, while momentum is short-term. Herding behavior associated with momentum can cause prices to overshoot fair value. This behavior may lead to the long-term performance reversals associated with the value effect.

Portfolio Construction

The value and momentum factors defined in the academic literature are not directly investable. There are many strategies that attempt to harness these factors, but differences in portfolio construction can lead to very different portfolios and performance. Morningstar Target Value and Morningstar Target Momentum indexes are designed to provide strong exposure to their respective factors, while ensuring investability and considering stock quality. Morningstar offers indexes in both these families covering Canada, the United States, developed markets ex-North America, and emerging markets.

Morningstar Target Value Indexes

The Morningstar Target Value Indexes target a fixed count of stocks with strong value characteristics. Each eligible stock is assigned a weighted average fundamental factor rank based on five metrics:

¹ ssrn.com/abstract=2174501

² <https://onlinelibrary.wiley.com/doi/full/10.1111/j.1540-6261.1997.tb03808.x>

³ https://faculty.fuqua.duke.edu/~charvey/Teaching/BA453_2006/FF_Common_risk.pdf

⁴ <https://www.jstor.org/stable/2328882>

- ▶ Price/earnings (trailing 12 months)
- ▶ Price/cash flow
- ▶ Price/book
- ▶ Price/sales
- ▶ Three-month earnings per share estimate revision

Together, these metrics paint a complete picture of each stock, mitigating the biases any single metric might introduce. For example, price/book is one of the most widely used valuation metrics in the academic literature, but it does not account for profits or intangible assets.

Stocks are screened for liquidity and ranked on their WAFFR each quarter. The Morningstar Target Value Indexes select the top-ranking stocks until they reach the fixed counts shown in Exhibit 1. To improve diversification, these indexes limit their exposure to each sector and equally weigh their constituents. This approach tends to yield deeper value portfolios and often less sector concentration than traditional market-cap-weighted value benchmarks. It also leads to more differentiated exposure relative to the market.

Exhibit 1 Target Stock Count

	Target Value	Target Momentum
Canada	30	30
Developed Markets ex-North America	200	200
Emerging Markets	150	150
US	100	100

Source: Morningstar Indexes: Data as of December 2025.

Morningstar Target Momentum Indexes

Like their value counterparts, the Morningstar Target Momentum Indexes are designed to deliver potent exposure to their targeted factor, following a similar fixed-count approach to portfolio construction. These indexes do not look at recent performance in isolation; they also consider profitability. Doing so better targets stocks with price momentum as well as solid and improving fundamentals.

Each eligible stock is assigned a WAFFR based on six metrics that capture both price momentum and profitability:

- ▶ Percentage change in price from 12-month high
- ▶ Price change from month-end nine months ago
- ▶ Price change from month-end three months ago
- ▶ Three-month fiscal EPS estimate revision
- ▶ Latest fiscal period earnings surprise
- ▶ Trailing return on equity

Similar to the WAFFR the Morningstar Target Value Indexes use, this composite approach paints a more complete picture of each stock than any single metric in isolation. The inclusion of three price metrics in

particular favors stocks with more consistent momentum, which may be more likely to persist. The earnings per share, revision, and earnings surprise metrics favor stocks with improving profitability, while return on equity emphasizes strong past profitability. The inclusion of these fundamental factors reduces the risk of loading up on stocks that are climbing on nothing but speculation.

Exhibit 2 Performance Summary

Name	Live Inception Date	Return								
		1 Yr	3 Yr	5 Yr	10 Yr	Since 12/22/2001	Std Dev 10 Yr	Beta 10 Yr	Down Capture Ratio 10 Yr	Up Capture Ratio 10 Yr
Morningstar Canada Tgt Val	2/6/2012	46.41	24.28	17.19	9.74	14.49	21.38	1.12	109.59	109.14
Morningstar Canada Tgt Mtum	2/6/2012	45.90	24.58	15.38	10.21	15.00	18.85	1.00	96.63	101.77
Morningstar Canada		38.77	21.76	13.63	9.08	10.14	17.52	1.00	100.00	100.00
Morningstar DM xNA Tgt Val	11/3/2014	55.24	28.50	12.69	10.20	13.10	17.01	1.06	101.66	111.21
Morningstar DM xNA Tgt Mtum	11/3/2014	48.59	24.10	12.73	11.49	13.81	17.15	1.06	106.09	114.11
Morningstar DM xNA		32.38	17.63	9.03	7.86	7.68	14.83	1.00	100.00	100.00
Morningstar EM Tgt Val	10/1/2014	33.08	20.25	11.89	9.02	17.13	17.59	1.02	90.85	101.74
Morningstar EM Tgt Mtum	10/1/2014	30.96	21.39	15.39	11.07	17.09	15.71	0.86	81.89	100.45
Morningstar EM		30.22	16.10	7.29	6.80	10.13	15.95	1.00	100.00	100.00
Morningstar US Tgt Value	9/16/2013	7.61	13.83	9.82	5.34	11.67	24.17	1.28	132.32	90.95
Morningstar US Tgt Mtum	9/16/2013	19.12	25.69	17.45	12.72	12.71	19.48	1.14	113.65	104.44
Morningstar US Market		17.35	22.56	14.52	13.08	9.93	15.54	1.00	100.00	100.00

Source: Morningstar Direct. Performance based on GR USD Variants. Data as of Dec. 31, 2025.

Each quarter, liquidity-screened stocks are ranked on their WAFFR, and the highest-ranking securities are selected until the indexes reach the fixed target count shown in Exhibit 1. Like the Morningstar Target Value Indexes, the Morningstar Target Momentum Indexes are equally weighted and constrain their sector (and country) exposure to limit concentration.

Performance

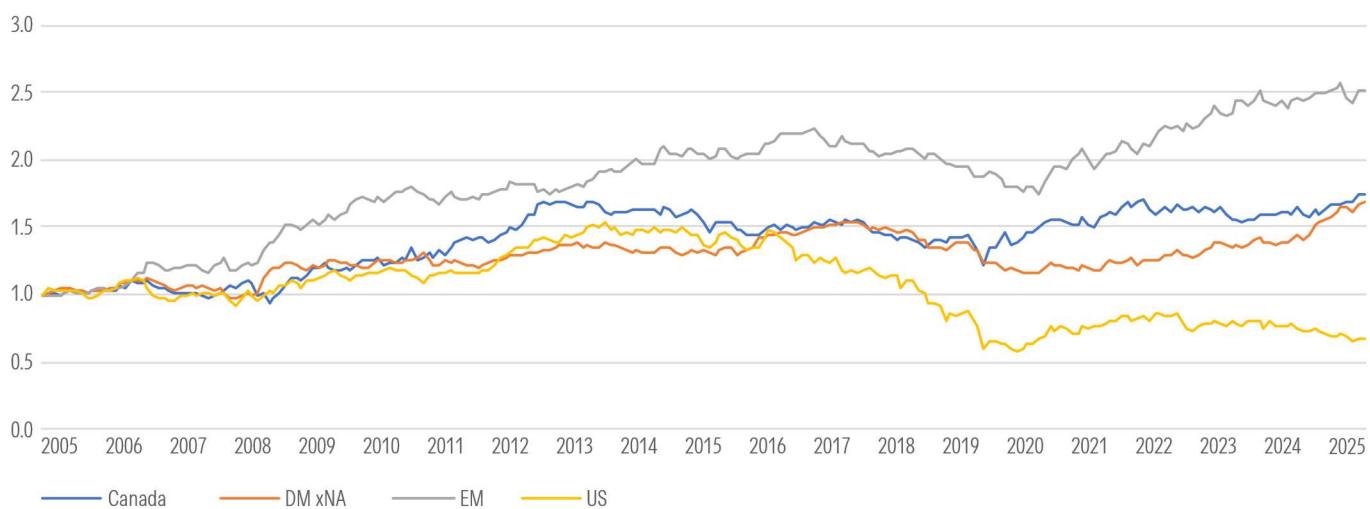
The Morningstar Target Value and Morningstar Target Momentum Indexes have established a strong long-term record. From the longest common backdated performance start date through December 2025, the Canada, US, developed-markets ex-North America, and emerging-markets variants of these indexes all outperformed their respective market benchmarks, as shown in Exhibit 2. Most have also outperformed over the most recent one-, three-, and 10-year periods, including the Canada indexes, which were the first in these families, launched in February 2012.

That said, this outperformance was not uniform across all periods or indexes, as shown in the relative wealth charts in Exhibits 3 and 4.⁵ The Morningstar US Target Value Indexes notably underperformed for much of the past decade. It is no secret that value stocks were out of favor in this market during that time, which hurt these indexes' performance. Such risk comes with the deep-value orientation these

⁵ Relative wealth charts show the growth of a dollar in one investment relative to a benchmark, providing a gauge of the timing and magnitude of outperformance.

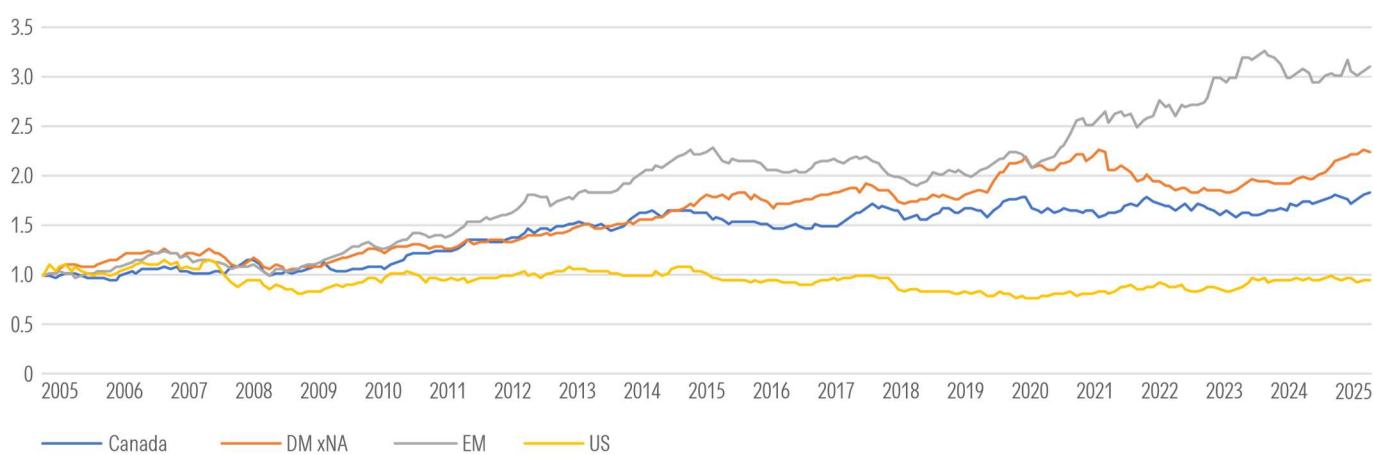
indexes provide. While that is a strong headwind when value stocks are out of favor, it should allow these indexes to benefit more than most when the wind is at their backs.

Exhibit 3 Relative Wealth: Morningstar Target Value Indexes vs. Market Benchmarks



Source: Morningstar Direct. Data as of Dec. 31, 2025.

Exhibit 4 Relative Wealth: Morningstar Target Momentum Indexes vs. Market Benchmarks



Source: Morningstar Direct. Data as of Dec. 31, 2025.

As shown in the returns-based regression analysis in Exhibit 5, each of these indexes effectively captures the standard style factors defined in the academic literature. The regression highlights how much each of the standard style factors explains each index's performance.

Exhibit 5 Factor Regression Results (10 Year)

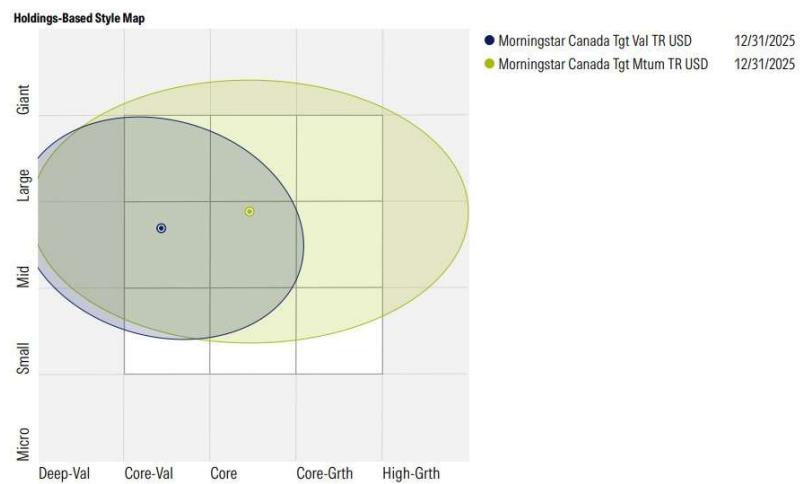
	Target Value				Target Momentum			
	Canada	DM xNA	EM	US	Canada	DM xNA	EM	US
Alpha	0.11	0.15	0.36	-0.16	0.11	-0.01	0.11	-0.07
Beta	1.13	1.00	1.08	1.07	1.04	1.09	1.10	1.15
Small Size	0.65	0.60	0.32	0.64	0.43	0.66	0.39	0.47
Value	0.65	0.62	0.41	0.37	0.52	0.11	-0.08	0.05
Profitability	0.47	0.32	0.07	0.37	0.39	0.50	0.08	0.01
Momentum	0.07	-0.17	-0.21	-0.02	0.29	0.32	0.45	0.30

Source: Morningstar Indexes. Bolded figures are significant at the 5% level. Data as of Nov. 30, 2025.

Value and momentum did not always pay off, but when they did, the indexes tended to benefit. There were some off-target factor contributors as well. For example, because these are equally weighted indexes that select stocks from an all-cap universe, they have tended to tilt toward smaller-cap stocks. Consequently, their performance is influenced by having a smaller-cap orientation relative to the market.

It is also worth noting the target value indexes have tended to capture the profitability factor beyond their value factor focus. This profitability lean is likely due to the inclusion of EPS revision as a selection criterion. Firms with significantly deteriorating EPS estimates are not eligible for inclusion, while stocks that score well on this metric tend to receive higher WAFFR, all else equal.

Despite their inclusion of profitability metrics like return on equity, EPS estimate revision, and the latest quarterly earnings surprise, the emerging-markets and US target momentum indexes did not significantly capture the traditional profitability factor. That may be because turnover is higher here, and stocks with lower profitability may have scored better on the price-return metrics, offsetting the profitability focus.

Exhibit 6.1 Style Orientation: Canada

Source: Morningstar Direct. Data as of Dec. 31, 2025.

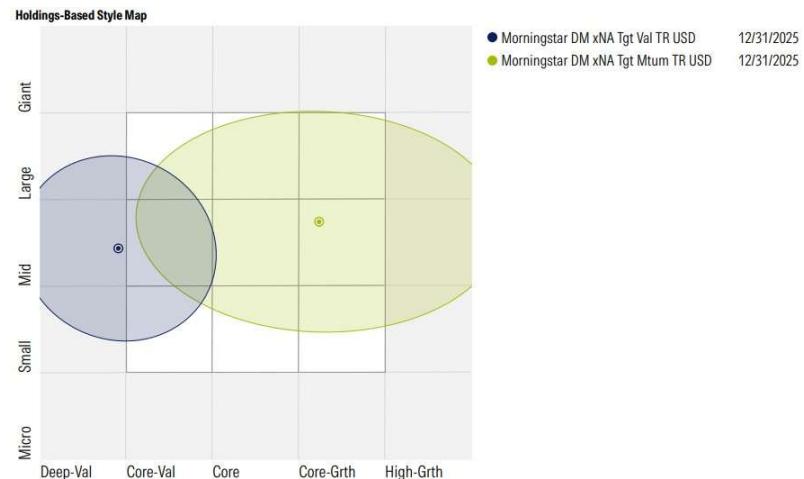
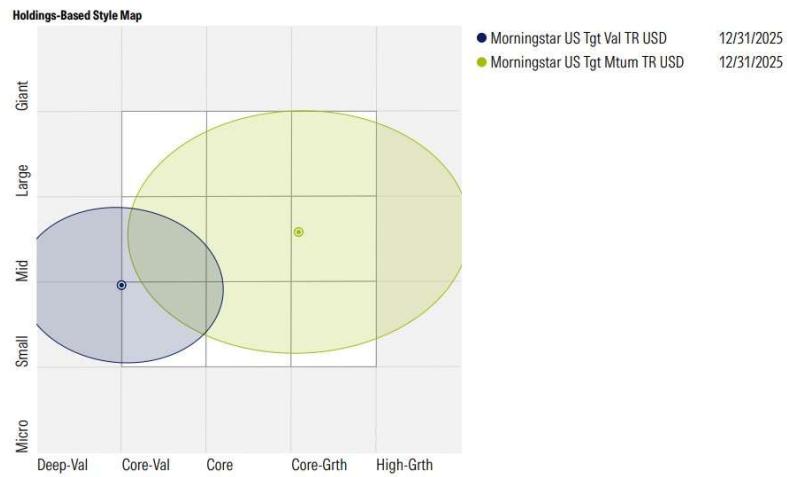
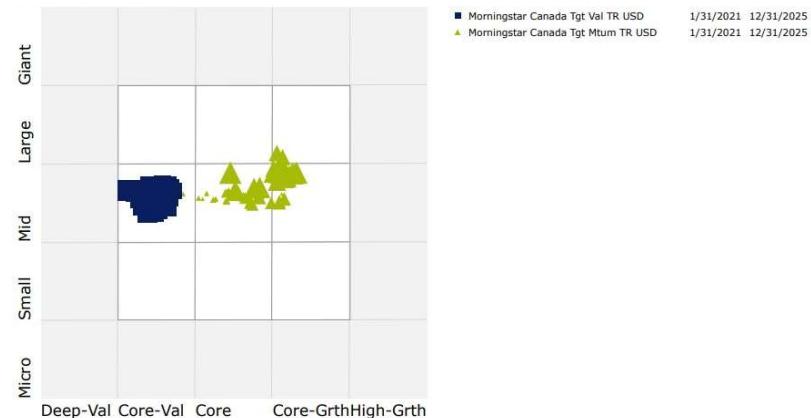
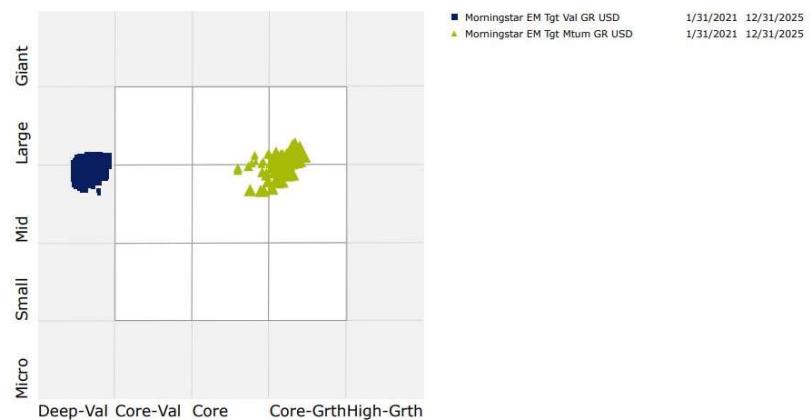
Exhibit 6.2 Style Orientation: Developed Markets ex-North America**Exhibit 6.3** Style Orientation: Emerging Markets

Exhibit 6.4 Style Orientation: US

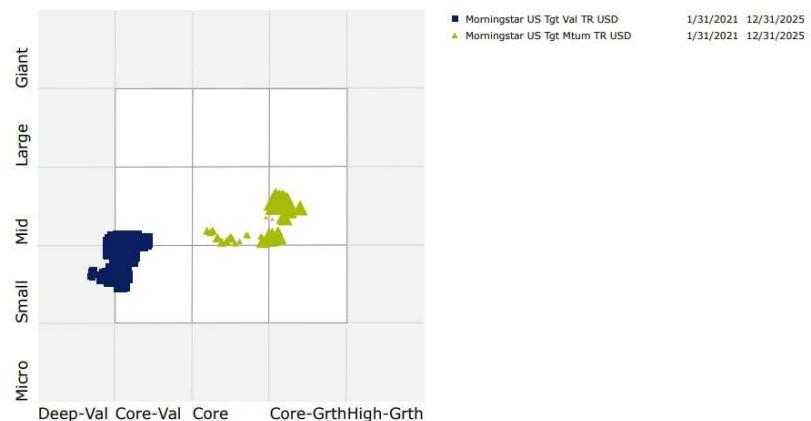
Source: Morningstar Direct. Data as of Dec. 31, 2025.

Exhibit 7.1 Style Movement (Trailing Five Years Through December 2025): Canada

Source: Morningstar Direct. Data as of Dec. 31, 2025.

Exhibit 7.2 Style Movement (Trailing Five Years Through December 2025): Developed Markets ex-North America**Exhibit 7.3** Style Movement (Trailing Five Years Through December 2025): Emerging Markets

Source: Morningstar Direct. Data as of Dec. 31, 2025.

Exhibit 7.4 Style Movement (Trailing Five Years Through December 2025): US

Source: Morningstar Direct. Data as of Dec. 31, 2025.

Sector Attribution

Favorable sector tilts were the main source of outperformance for the Morningstar Canada Target Value and Morningstar Canada Target Momentum indexes over the past decade. The Morningstar Canada Target Value Index benefited from underweighting within the energy sector. Strong intrasector stock exposure further contributed to the index's outperformance. This was particularly true in the basic materials sector, where Kinross Gold's performance significantly boosted returns.

The Morningstar Canada Target Momentum Index benefited from slightly overweighting the basic materials sector and underweighting real estate. Stock selection also helped, including overweighting Celestica, TFI International, and Enerplus.

In the developed-markets ex-North America region, intrasector stock exposure was the primary driver of outperformance for both the Target Value and Target Momentum indexes. The Morningstar Developed Markets ex-North America Target Value Index especially benefited from strong stock exposure within the financial-services sector, including overweighting names such as Banco de Sabadell and BPER Banca SpA. The Morningstar Developed Markets ex-North America Target Momentum Index benefited from strong exposure within the consumer cyclical sector, including Evolution and Games Workshop Group.

Favorable sector tilts also helped. The Morningstar Developed Markets ex-North America Target Value Index benefited from overweighting the basic materials and industrials sectors. Similarly, the Morningstar Developed Markets ex-North America Target Momentum Index benefited from overweighting the technology sector.

In the United States, poor intrasector stock selection drove the underperformance of the Morningstar US Target Value and Morningstar US Target Momentum indexes, especially within the consumer cyclical sector. For the Morningstar US Target Value Index, this underperformance was not just attributed to the stocks it held that performed poorly, such as Macy's, but also to the names it omitted, including expensive but strong-performing stocks such as Tesla.

Unfavorable stock exposure within the consumer cyclical sector also hurt the Morningstar US Target Momentum Index's performance, where the index omitted major climbers such as Tesla and Amazon. The index underweighted these firms and was thus not able to capture the companies' stratospheric returns. Like its value counterpart, this index underweighted key industry leaders with strong performances such as Amazon, Tesla, Microsoft, and Apple, which detracted from its own performance.

While performance was not strong across all time periods, as it rarely is for any investment strategy, these indexes have performed as expected and have tended to pay off over the long term.

Portfolio Highlights

The Morningstar Target Value and Morningstar Target Momentum indexes effectively diversify firm-specific risk with equal weighting, but they do carry bold factor tilts.

These indexes tend to have a smaller market-cap orientation than most broad market benchmarks. While that is partially due to equal weighting, which gives small stocks the same weight as larger stocks, smaller-cap stocks have tended to exhibit stronger value and momentum characteristics than their larger counterparts. On the value side, low prices tend to depress both market capitalization and valuations. Smaller stocks are also more likely to be overlooked, which could also give them stronger value or momentum characteristics.

As expected, the target value indexes have consistently plotted firmly within the value side of the Morningstar Style Box, as shown in Exhibits 6 and 7. In contrast, the target momentum indexes have tended to exhibit more of a growth tilt, though they have also moved around the style box as momentum shifts.

While these indexes limit their sector weightings to improve diversification, some of those weightings deviate from their respective market benchmarks, as Exhibit 8 shows. The tables in Appendix 1 show the distribution of these sector tilts over time.

Exhibit 8 Sector Tilts (%) Relative to Market Benchmark

	Canada		US		DM xNA		EM	
	Value	Momentum	Value	Momentum	Value	Momentum	Value	Momentum
Basic Materials	17.76	17.53	6.40	7.79	7.07	10.33	9.54	8.44
Communication Services	13.13	6.71	7.17	3.98	4.60	2.89	4.75	6.56
Consumer Cyclical	10.31	13.11	15.62	15.09	19.21	9.35	15.19	7.73
Consumer Defensive	3.03	13.44	11.18	3.11	5.92	4.04	5.97	5.80
Energy	15.67	12.64	9.55	4.65	6.81	1.79	8.19	3.98
Financial Services	16.97	17.33	16.93	16.25	15.50	27.13	20.89	16.10
Healthcare	0.00	0.00	3.98	15.81	1.01	3.90	1.30	5.94
Industrials	6.41	9.82	11.17	15.78	26.00	26.27	18.53	17.25
Real Estate	0.00	0.00	2.92	1.02	0.98	2.51	4.60	4.54
Technology	3.13	2.83	4.85	14.54	2.48	5.77	1.25	20.47
Utilities	13.58	6.59	10.23	1.98	10.42	6.03	9.80	3.20

Source: Morningstar Direct. Data as of Dec. 31, 2025.

These are fluid portfolios with high turnover, as Exhibit 9 illustrates. Exhibit 10 shows the active share of each index portfolio against itself over time. Even over a one-year holding period, the composition of each index changed considerably, and these changes tend to be more pronounced over longer periods. While turnover was higher among the momentum indexes, the value indexes also tended to have high turnover. This flexibility to follow the shifting factor signals strengthens style purity.

Exhibit 9 Turnover (%)

Canada		DM xNA		EM		US		
Value	Momentum	Value	Momentum	Value	Momentum	Value	Momentum	
2021	53.9	86.9	50.0	118.3	58.5	124.6	51.3	111.4
2022	55.4	77.3	61.0	123.0	100.9	117.2	71.0	98.0
2023	120.7	141.3	63.9	125.1	98.4	105.8	134.1	143.4
2024	150.0	157.4	70.2	106.4	84.8	106.5	76.4	99.4
2025	95.4	144.3	72.0	74.6	64.2	102.1	74.2	113.0

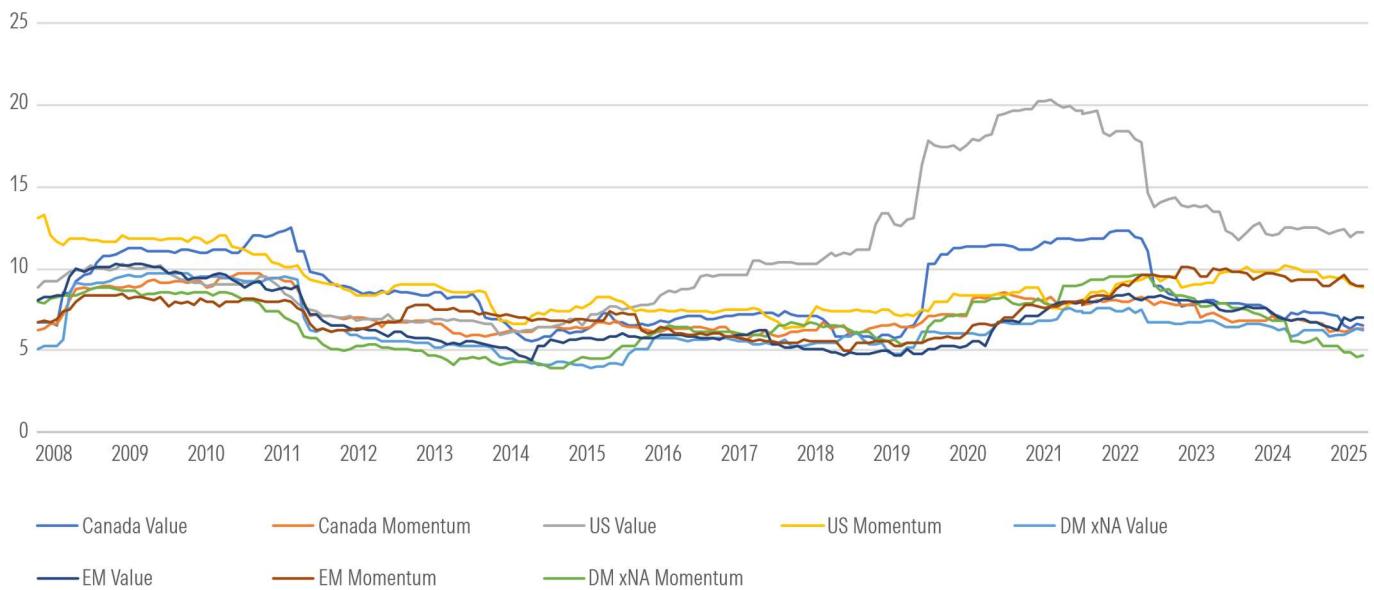
Source: Morningstar Direct. Data as of Dec. 31, 2025.

Exhibit 10 Active Share Relative to Self Over Time (%)

	1 Qr	1 Yr	3 Yr	5 Yr	10 Yr
Canada Target Value	16.55	48.18	81.22	73.57	74.40
Canada Target Momentum	37.80	74.10	80.58	90.40	90.12
US Target Value	17.31	43.74	93.10	92.83	91.84
US Target Momentum	26.17	62.72	95.28	97.06	96.96
DM xNA Target Value	16.27	38.48	66.31	70.11	84.13
DM xNA Target Momentum	30.34	62.74	92.36	89.58	92.74
EM Target Value	13.21	40.08	76.11	80.57	88.09
EM Target Momentum	22.85	61.73	90.71	90.44	91.61

Source: Morningstar Direct. Data as of Dec. 31, 2025.

Since these are compact portfolios with strong factor tilts, they do carry high active risk relative to the market, as shown in Exhibit 11. While this risk may not always pay off, it gives these indexes more room to run when their targeted factors are in favor.

Exhibit 11 Tracking Error Against Market Benchmark (Rolling Three Years)

Source: Morningstar Direct. Data as of Dec. 31, 2025.

Better Together

Combining the Morningstar Target Value and Morningstar Target Momentum indexes in a portfolio can improve diversification, reducing the risk of underperformance. Individually, these indexes have strong long-term records, though each goes through stretches of underperformance. That said, the market-relative performance of the target value and target momentum indexes has been lowly correlated. Consequently, they tend to complement each other well in a portfolio.

Consider four portfolios focused on Canada, the US, Developed Markets ex-North America, and Emerging Markets, each with a 50/50 allocation (rebalanced annually) to the target value and target momentum indexes for their respective regions. In Canada and Developed Markets ex-North America, the combined portfolios outperformed their respective market benchmarks more consistently over rolling three-year horizons than the individual target value and momentum indexes, as shown in Exhibit 12. And they still helped diversify risk in the US and Emerging Markets.

Exhibit 12 Percentage of Rolling Three-Year Periods the Strategy Outperformed (January 2006 - December 2025)

Heading	Canada	DM xNA	EM	US
Value	53.43	77.94	81.86	53.92
Momentum	32.35	75.00	89.22	45.59
Portfolio (50/50)	54.90	89.71	82.84	47.55

Source: Morningstar Direct. Data as of Dec. 31, 2025.

A 50/50 allocation to the target value and momentum index is still bolder than investors may be comfortable with. However, investors can pair these indexes with a core allocation to a market benchmark to moderate active risk.

Exhibit 13 shows the performance of portfolios for each region with a 50% allocation to the market benchmark, with the remaining 50% split evenly between the target value and target momentum indexes. These diversified portfolios had lower active risk (measured by tracking error) than the target value and momentum indexes. Also, in all regions but the US, they had better performance than the market. They also tended to have lower volatility than individual factor indexes. This demonstrates the benefits of using these factor indexes as satellite allocations in a broadly diversified portfolio.

Exhibit 13 Diversification Moderates Risk (Performance Over Trailing 10 Years Through December 2025)

Region	Strategy	Return	Std Dev	Sharpe	Beta	Tracking Error
Canada	Value	9.74	21.32	0.45	1.11	8.51
	Momentum	10.21	18.81	0.51	0.99	6.84
	Benchmark	9.08	17.70	0.47	1.00	0.00
	Portfolio (25/25/50)	9.58	18.37	0.48	1.02	3.15
DM xNA	Value	10.20	16.94	0.54	1.06	6.41
	Momentum	11.49	16.73	0.61	1.03	6.87
	Benchmark	7.86	14.84	0.45	1.00	0.00
	Portfolio (25/25/50)	9.53	15.25	0.54	1.02	2.11
EM	Value	9.02	18.02	0.46	1.03	6.81
	Momentum	11.07	15.64	0.62	0.85	7.73
	Benchmark	6.80	16.15	0.36	1.00	0.00
	Portfolio (25/25/50)	8.52	15.91	0.47	0.97	2.73
US	Value	5.34	23.39	0.26	1.25	13.91
	Momentum	12.72	18.95	0.62	1.11	8.45
	Benchmark	13.08	15.37	0.75	1.00	0.00
	Portfolio (25/25/50)	11.27	17.24	0.59	1.08	4.69

Source: Morningstar Direct. Data as of Dec. 31, 2025.

The Morningstar Target Value and Morningstar Target Momentum Indexes deliver potent factor exposure, providing effective tools for investors to express their views on these factors. While these factors have historically rewarded investors over the long term, it can be difficult to predict when they will pay off. Diversification is always a good idea. Pairing these indexes with each other and traditional core equity allocations should help reduce portfolio volatility and smooth the investor's ride.

Appendix

Exhibit 14.1 Distribution of Sector Tilts (%) Relative to Market Benchmark: Morningstar Canada Target Value

	Min	Q1	Median	Q3	Max	Current
Basic Materials	-16.87	-3.29	1.63	4.51	10.90	-0.34
Communication Services	-1.95	0.23	1.45	4.14	12.72	12.05
Consumer Cyclical	-3.58	5.15	7.92	11.06	16.60	6.51
Consumer Defensive	-1.49	2.57	6.34	9.18	16.02	-0.45
Energy	-21.02	-11.69	-6.21	-1.33	9.13	0.49
Financial Services	-30.32	-18.44	-16.86	-15.29	-10.66	-16.94
Healthcare	-6.37	-1.29	-0.24	1.34	3.47	-0.13
Industrials	-10.22	-3.79	0.15	4.37	11.79	-3.99
Real Estate	-4.06	-1.91	-1.53	1.32	6.45	-1.12
Technology	-12.60	-6.47	-0.97	3.26	5.80	-6.82
Utilities	1.18	7.80	10.11	12.90	18.19	10.73

Source: Morningstar Direct. Distribution from Jan. 1, 2006 - Dec. 31, 2025. Data as of Dec. 31, 2025.

Exhibit 14.2 Distribution of Sector Tilts (%) Relative to Market Benchmark: Morningstar DM xNA Target Value

	Min	Q1	Median	Q3	Max	Current
Basic Materials	-2.44	1.46	4.16	6.42	9.59	0.8
Communication Services	-4.79	-3.27	-2.30	0.26	3.71	0.39
Consumer Cyclical	-1.04	3.47	5.81	7.60	12.28	9.50
Consumer Defensive	-8.15	-5.65	-3.07	-1.54	0.88	-0.98
Energy	-6.02	-2.41	-0.78	0.49	5.07	3.71
Financial Services	-11.42	-2.86	0.36	5.22	13.65	-8.07
Healthcare	-13.16	-10.50	-9.41	-7.90	-5.35	-9.67
Industrials	-0.55	4.21	6.38	8.82	13.69	6.22
Real Estate	-3.78	-2.10	-1.35	-0.52	5.05	-2.23
Technology	-8.35	-6.11	-3.48	-1.03	6.01	-6.42
Utilities	-6.21	-0.34	2.94	5.40	8.56	7.02

Source: Morningstar Direct. Distribution from Jan. 1, 2006 - Dec. 31, 2025. Data as of Dec. 31, 2025.

Exhibit 14.3 Distribution of Sector Tilts (%) Relative to Market Benchmark: Morningstar EM Target Value

	Min	Q1	Median	Q3	Max	Current
Basic Materials	-9.16	1.02	4.55	6.92	10.18	2.27
Communication Services	-11.09	-6.23	-4.58	-3.34	2.07	-3.33
Consumer Cyclical	-12.91	-2.85	0.00	2.38	7.56	3.41
Consumer Defensive	-7.61	-4.95	-2.08	-0.67	3.13	2.15
Energy	-11.67	-3.8	-0.17	3.62	10.49	4.27
Financial Services	-10.63	-3.12	0.07	3.08	11.32	0.74
Healthcare	-4.61	-3.39	-2.47	-0.79	1.08	-2.82
Industrials	0.72	5.56	7.35	8.55	11.26	9.07
Real Estate	-1.74	-0.76	1.20	3.94	9.38	2.65
Technology	-25.57	-12.49	-7.36	-3.64	4.05	-25.57
Utilities	-1.38	4.37	6.43	7.57	11.28	7.19

Source: Morningstar Direct. Distribution from Jan. 1, 2006 - Dec. 31, 2025. Data as of Dec. 31, 2025.

Exhibit 14.4 Distribution of Sector Tilts (%) Relative to Market Benchmark: Morningstar US Target Value

	Min	Q1	Median	Q3	Max	Current
Basic Materials	-3.70	-1.72	0.52	4.66	12.11	4.59
Communication Services	-7.53	-3.68	-3.15	-1.57	3.70	-3.31
Consumer Cyclical	-8.66	3.28	5.19	8.11	12.65	4.90
Consumer Defensive	-7.20	-0.31	1.37	3.60	10.55	-1.39
Energy	-8.38	-4.47	-1.43	3.13	16.80	1.80
Financial Services	-15.86	-9.74	-5.92	-2.19	4.91	2.99
Healthcare	-12.90	-8.20	-5.34	-0.56	4.16	-5.84
Industrials	-8.75	3.74	5.88	8.72	14.15	7.28
Real Estate	-4.70	-2.51	-1.54	0.09	3.39	-1.13
Technology	-21.14	-10.59	-4.07	-0.85	26.60	-19.17
Utilities	-4.20	-3.31	-2.93	-1.25	2.19	-0.23

Source: Morningstar Direct. Distribution from Jan. 1, 2006 - Dec. 31, 2025. Data as of Dec. 31, 2025.

Exhibit 14.5 Distribution of Sector Tilts (%) Relative to Market Benchmark: Morningstar Canada Target Momentum

	Min	Q1	Median	Q3	Max	Current
Basic Materials	-13.80	-4.90	-0.85	1.74	6.36	-0.57
Communication Services	-4.56	1.39	3.78	6.70	10.46	5.63
Consumer Cyclical	-3.96	3.05	5.78	9.54	13.30	9.31
Consumer Defensive	-2.00	3.54	6.75	9.95	14.41	9.96
Energy	-19.96	-13.82	-8.16	-2.23	7.74	-2.55
Financial Services	-33.62	-24.18	-19.71	-15.90	-1.89	-16.58
Healthcare	-3.17	-0.69	-0.21	1.81	6.95	-0.13
Industrials	-7.32	0.91	3.3	4.95	11.00	-0.58
Real Estate	-4.06	0.03	1.76	6.04	16.46	-1.12
Technology	-8.74	1.76	7.05	9.61	17.77	-7.11
Utilities	-4.28	-0.15	3.13	4.93	12.86	3.74

Source: Morningstar Direct. Distribution from Jan. 1, 2006 - Dec. 31, 2025. Data as of Dec. 31, 2025.

Exhibit 14.6 Distribution of Sector Tilts (%) Relative to Market Benchmark: Morningstar DM XNA Target Momentum

	Min	Q1	Median	Q3	Max	Current
Basic Materials	-5.00	-2.18	0.06	2.79	8.02	4.06
Communication Services	-4.48	-1.46	-0.55	0.20	3.87	-1.32
Consumer Cyclical	-3.53	1.16	4.38	7.53	12.70	-0.36
Consumer Defensive	-6.77	-3.73	-2.54	-0.91	4.59	-2.86
Energy	-6.71	-4.51	-3.13	-1.45	7.06	-1.31
Financial Services	-17.19	-11.25	-8.31	-4.99	10.66	3.56
Healthcare	-10.64	-4.94	-3.34	-1.71	3.58	-6.78
Industrials	-2.00	2.78	6.26	9.13	16.34	6.48
Real Estate	-3.66	0.07	1.35	3.79	10.19	-0.70
Technology	-3.38	2.16	4.60	6.54	9.25	-3.14
Utilities	-4.16	-2.18	-1.35	-0.42	2.63	2.63

Source: Morningstar Direct. Distribution from Jan. 1, 2006 - Dec. 31, 2025. Data as of Dec. 31, 2025.

Exhibit 14.7 Distribution of Sector Tilts (%) Relative to Market Benchmark: Morningstar EM Target Momentum

	Min	Q1	Median	Q3	Max	Current
.Basic Materials	-8.11	-2.49	1.41	5.85	11.88	1.17
.Communication Services	-9.28	-5.39	-4.06	-2.41	2.23	-1.52
.Consumer Cyclical	-8.94	-0.11	3.61	6.40	9.41	-4.05
.Consumer Defensive	-1.77	1.83	3.70	5.43	9.75	1.98
.Energy	-12.37	-8.22	-4.25	-0.81	10.80	0.06
.Financial Services	-16.30	-11.51	-8.90	-6.17	0.38	-4.05
.Healthcare	-2.15	1.33	2.91	4.75	12.25	1.81
.Industrials	-1.87	2.06	4.46	7.14	13.80	7.78
.Real Estate	-2.65	-0.25	1.74	2.55	7.84	2.60
.Technology	-9.17	-4.12	-0.68	2.77	13.25	-6.35
.Utilities	-1.90	-0.67	0.13	1.49	5.08	0.58

Source: Morningstar Direct. Distribution from Jan. 1, 2006 - Dec. 31, 2025. Data as of Dec. 31, 2025.

Exhibit 14.8 Distribution of Sector Tilts (%) Relative to Market Benchmark: Morningstar EM Target Momentum

	Min	Q1	Median	Q3	Max	Current
Basic Materials	-2.06	2.68	5.50	8.82	14.81	5.97
Communication Services	-7.78	-3.59	-1.20	1.61	6.89	-6.50
Consumer Cyclical	-1.29	2.56	4.90	6.61	19.87	4.37
Consumer Defensive	-5.66	-0.89	1.78	4.26	14.38	6.68
Energy	-7.67	-0.97	4.22	7.13	14.87	6.70
Financial Services	-7.56	-0.56	1.14	2.55	4.92	3.68
Healthcare	-14.88	-2.18	-0.66	1.48	6.00	6.00
Industrials	-3.47	2.74	4.93	7.29	13.14	2.67
Real Estate	-4.70	-3.63	-2.51	-0.55	3.36	0.77
Technology	30.05	-18.45	-9.84	-6.43	2.97	-28.86
Utilities	-1.17	4.33	5.71	7.73	12.40	8.01

Source: Morningstar Direct. Distribution from Jan. 1, 2006 - Dec. 31, 2025. Data as of Dec. 31, 2025.

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