

# Morningstar Quarterly Style Monitor: Q1 2025

## Value Triumphs as Growth Falters in a Volatile Environment

### Morningstar Inc.

April 2025

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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

- ▶ The first quarter of 2025 saw a resurgence of the value style over growth, with value stocks outperforming their growth counterparts in all regions and size segments (US, developed markets outside the US, and emerging markets).
- ▶ The Morningstar Developed Markets ex-US Growth Target Market Exposure Index was the only growth index across the board that delivered positive returns<sup>1</sup> (3.3%) in the first quarter of 2025. This can be attributed to a sharp rally in European aerospace and defense stocks.
- ▶ The magnitude of outperformance (11.8%) of value over growth was most pronounced in the US large-cap segment. The Morningstar US Large Broad Value Index outperformed primarily by avoiding some large-cap technology stocks like Nvidia, Microsoft and Salesforce, all of which experienced a fall in their stock prices.  
In emerging markets, value outperformed growth, supported by an overweight in China, which experienced a strong quarter-end rally, and an underweight in Indian and Taiwanese markets, both of which delivered negative returns for the quarter.
- ▶ Volatility was significantly higher in growth relative to value within the US stock market, while growth and value exhibited similar levels of volatility within the developed markets outside the US and emerging markets.
- ▶ The Morningstar US Large Broad Growth Index continued to be highly concentrated, with the top 10 assets constituting 66% of the portfolio. Microsoft, Nvidia, Amazon.com, Apple, and Meta Platforms alone constituted a staggering 50% of the Morningstar US Large Broad Growth Index.
- ▶ Valuation spreads between growth and value stocks, measured by the P/E ratio (trailing 12 months) decreased over the past quarter, thanks to falling share prices of the growth stocks. The spreads fell across the board, except for the emerging markets and the US small-cap segment. The most notable decrease in the valuation spreads has been in the US large-cap segment where the spreads fell from 17.7 in the previous quarter to 12.1 in the current quarter.

<sup>1</sup> Performance statistics measured for all the indexes in this report are for the GR (TR for US indexes) USD return and currency variant unless stated otherwise.

## Performance Highlights

### Returns

The first quarter of 2025 saw Donald Trump take charge of the Oval Office following his election victory. With a new administration in power, uncertainty around policy direction, economic growth, global trade and geopolitics resurfaced.

The US stock market reached record heights in the early weeks of the first quarter of 2025, but the gains were short-lived as many mega-cap technology stocks, particularly those involved in semiconductor manufacturing and artificial intelligence, saw share price volatility stemming from the launch of DeepSeek AI in China. This, along with uncertainty around tariffs and concerns of slowing economic growth caused a sustained decline in the overall US market resulting in -4.7% returns for the first quarter.

Amidst the global uncertainty, the Morningstar Developed Markets ex-US Target Market Exposure Index delivered a solid gain of 6.4%, supported by strong performance in key markets like the UK, Germany and France. Whereas the Morningstar Emerging Markets Target Market Exposure Index delivered a more modest return of 2.2%, weighed down by weakness in the Indian and Taiwanese markets primarily. An uptick in Chinese stocks did help offset some of the underperformance overall.

Globally, our style family is built by applying Morningstar Indexes Broad Style methodology to our suite of Target Market Exposure, or TME, indexes (targeting large- and mid-cap stocks representing 85% of the investable market), the dynamics closely mirrored those in the US overall, with value stocks outperforming the broad market benchmark and growth stocks failing to keep up with their corresponding broad market benchmarks. Value stocks significantly outperformed growth stocks across all regions.

Within the US, the outperformance (11.8%) of the large-cap value index (1.2%) relative to the large-cap growth index (-10.6%) was particularly pronounced. However, as we move down the market-cap spectrum into the mid- and small-cap segments the magnitude of value's outperformance lessens. Notably, the growth style has performed approximately twice as badly as its benchmark, except for the small-cap segment. Nevertheless, over the past 10 years, the trend reverses with growth outperforming value and extends to inception-to-date where both styles have similar performance.

In other regions like the developed markets outside the US and emerging markets, not only did value stocks perform better than growth in Q1 2025 but also across longer time horizons, which contrasts with the US. It is noteworthy that the Morningstar Developed Markets ex-US Growth Target Market Exposure Index was the only growth index across regions which delivered positive returns (3.3%). This was mainly driven by a sharp rally in aerospace and defense stocks in Europe, as the region looks to become more militarily self-reliant.

Across all segments, styles, and regions in Q1 2025, the Morningstar Developed Markets ex-US Value Target Market Exposure Index delivered the highest returns (9.5%), whereas the Morningstar US Large Broad Growth Target Market Exposure Index performed the worst (-10.6%).

### Exhibit 1 Performance Characteristics up to March 2025

	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
Morningstar US Market Extended	-4.77	8.21	-0.70	7.13	13.20	0.21	18.15	17.43	0.89	11.82	15.90	0.66	8.89	15.89	0.48
Morningstar US Market Broad Growth Extended	-9.42	11.49	-0.91	6.98	16.36	0.19	17.87	20.61	0.77	13.02	17.72	0.67	8.62	18.33	0.43
Morningstar US Market Broad Value Extended	0.44	6.24	-0.08	7.36	12.08	0.24	17.77	16.00	0.93	10.25	15.44	0.58	8.72	15.10	0.49
Value Relative to Growth															
Morningstar US Large Cap	-5.08	8.65	-0.70	9.34	12.88	0.38	18.79	17.24	0.93	13.04	15.43	0.75	8.70	15.50	0.48
Morningstar US Large Broad Growth	-10.61	12.73	-0.92	9.47	17.42	0.32	19.25	21.43	0.80	14.60	18.04	0.74	8.68	18.23	0.43
Morningstar US Large Broad Value	1.27	6.09	0.06	9.21	11.02	0.41	17.45	15.19	0.95	11.02	14.47	0.66	8.23	14.50	0.47
Value Relative to Growth															
Morningstar US Mid Cap	-2.51	7.47	-0.46	3.23	15.43	-0.04	16.90	18.75	0.78	9.53	17.44	0.50	9.47	17.55	0.48
Morningstar US Mid Cap Broad Growth	-5.19	9.12	-0.67	1.88	17.72	-0.09	15.01	20.66	0.65	9.84	18.19	0.50	8.61	19.81	0.41
Morningstar US Mid Cap Broad Value	0.40	6.65	-0.07	4.80	14.16	0.05	18.26	18.23	0.86	8.87	17.84	0.46	9.87	17.28	0.51
Value Relative to Growth															
Morningstar US Small Cap Extended	-7.36	8.99	-0.94	-1.83	19.97	-0.25	14.99	21.90	0.62	6.65	20.77	0.32	8.29	20.33	0.39
Morningstar US Small Broad Growth Extended	-8.77	10.09	-0.98	-2.61	20.07	-0.28	11.84	22.06	0.49	6.76	20.35	0.33	6.94	22.40	0.32
Morningstar US Small Broad Value Extended	-5.93	8.32	-0.83	-1.07	20.34	-0.20	18.78	22.77	0.75	6.63	22.09	0.31	9.48	19.94	0.45
Value Relative to Growth															
<b>Global</b>															
Morningstar Global Target Market Exposure	-1.25	6.28	-0.34	7.38	10.00	0.27	15.68	15.75	0.83	9.37	14.77	0.55	7.87	16.42	0.47
Morningstar Global Growth	-5.75	8.77	-0.76	5.46	12.44	0.09	14.19	17.90	0.68	9.87	15.69	0.56	8.42	16.70	0.50
Morningstar Global Value	3.52	4.94	0.51	9.10	9.58	0.45	16.67	15.19	0.91	8.53	15.05	0.49	7.23	16.72	0.43
Value Relative to Growth															
Morningstar Developed Markets ex-US	6.40	6.35	0.82	5.76	10.63	0.12	12.85	16.11	0.66	6.14	15.17	0.34	4.61	17.45	0.28
Morningstar Developed Markets ex-US Growth	3.36	6.84	0.35	0.73	11.60	-0.31	9.77	17.13	0.47	5.91	15.13	0.33	4.45	16.79	0.27
Morningstar Developed Markets ex-US Value	9.53	6.16	1.30	10.96	10.75	0.57	15.79	16.40	0.81	6.15	16.29	0.33	4.75	18.68	0.28
Value Relative to Growth															
Morningstar Emerging Markets	2.24	6.93	0.19	7.26	9.96	0.26	8.97	16.15	0.44	4.55	16.77	0.23	3.45	20.34	0.21
Morningstar Emerging Markets Growth	-0.93	7.35	-0.24	2.75	9.28	-0.19	5.18	17.04	0.22	3.15	16.63	0.15	3.11	20.04	0.19
Morningstar Emerging Markets Value	5.64	6.99	0.65	12.34	11.37	0.65	12.66	16.61	0.63	5.89	17.98	0.30	4.16	20.84	0.24
Value Relative to Growth															

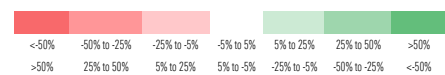
Source: Morningstar Direct.

Returns longer than 1 year annualized.

All index performance data displayed are for Total Return USD variants.

\*This includes performance back-tested to the end of June 1997 for U.S. indexes and June 2008 for Global indexes.

Return and Sharpe Ratio  
Risk



Tracking the return differentials between value and growth paints an interesting picture for style investing. The year 2020 saw growth indexes dominating across the board, with substantial differentials over value indexes. However, 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 AI across businesses as well as expectations of a soft landing and Federal Reserve rate cuts. Emerging markets, on the other hand, have bucked this trend, with the value style outperforming growth for 13 out of 18 quarters since the start of Q4 2020.

The past four quarters have seen the leadership between value and growth indexes oscillate sharply, with value making a strong resurgence in the first quarter of 2025.

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

US Broad	-1.61	-11.57	-11.02	-5.68	3.22	9.16	-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
US Large	-1.77	-11.09	-11.82	-6.82	4.00	7.43	-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
US Mid	-1.57	-12.72	-10.25	-3.04	0.57	13.04	-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
US Small	-0.57	-12.27	-5.13	-2.67	3.69	14.10	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
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
	2019	2020				2021				2022				2023				2024				2025
Global	-0.90	-11.21	-8.44	-6.44	6.02	8.14	-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
Developed Ex US	0.12	-10.96	-5.14	-6.12	6.53	8.46	-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
Emerging	-1.64	-7.47	-9.28	-7.00	10.63	4.09	-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

Source: Morningstar Direct. Data from Sep-2019 to Mar-2025

We shed more light on the drivers of the first quarter 2025 returns in the Performance Attribution section.

## Risk

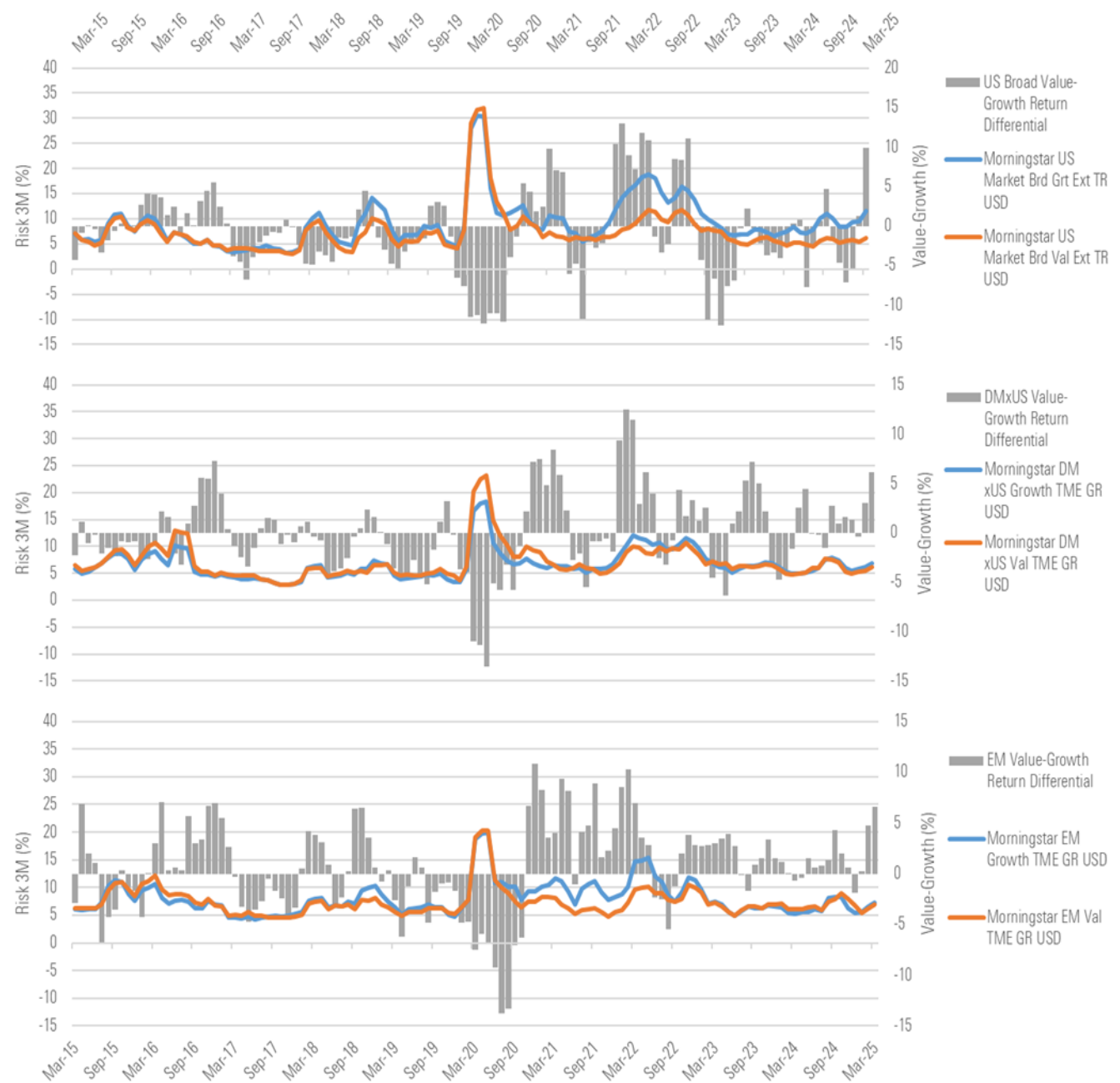
Exhibit 1 illustrates that over longer-term periods, U.S. small-cap equities have consistently demonstrated greater volatility and sensitivity to market cycles relative to their large-cap counterparts. This dynamic stems from more exposure to niche market risks, less predictable earnings profiles, and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

In the first quarter of 2025, the US Market Broad Value Extended and US Large Broad Value Indexes exhibited substantially lesser risk compared with their growth equivalents. Whereas other regions like the developed markets ex-US and emerging markets saw similar volatility in both growth and value indexes. The Global Value Target Market Exposure Index also exhibited lower volatility relative to its growth counterpart. This could be primarily attributed to US market's heavy weighting (approximately 65%) in the global region. Heightened levels of volatility in the US Market Broad Growth Extended and US Large Broad Growth Indexes rose from fluctuations in mega-cap and technology stocks in general.

Over the longer investment horizon, the volatility differentials between value and growth indexes diminish for all, except the US small cap segment, developed markets ex-US and emerging markets region. This phenomenon can be observed over the past one-, five-, and 10-year periods. However, when considering the full index history, value strategies have consistently maintained lower volatility relative to growth strategies for all segments, except the developed markets ex-US and emerging markets region.

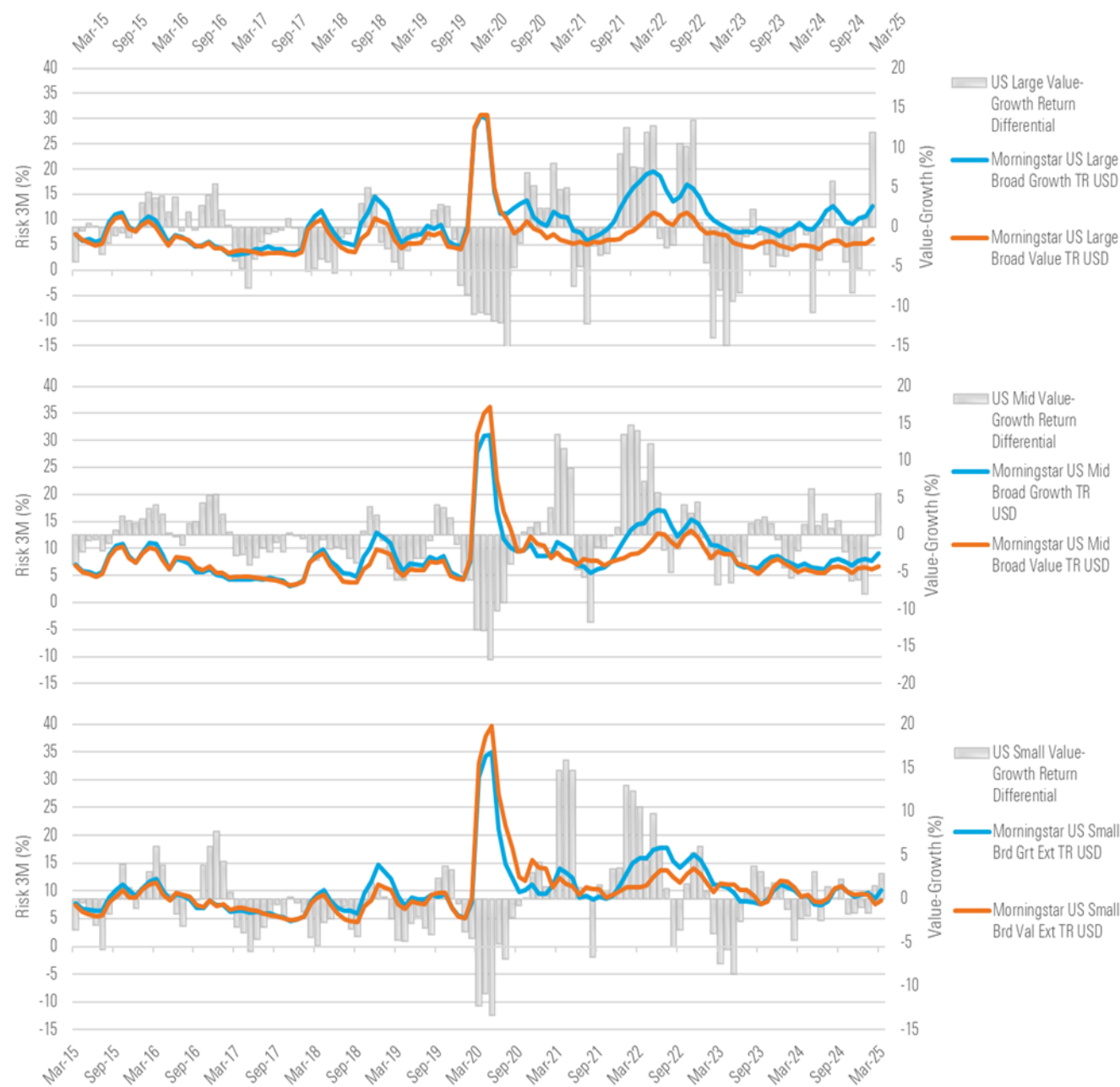
The risk-adjusted performance indicator — Sharpe ratio —, is higher for the value strategy throughout different lookback periods like year to date, one-year, five-year, and inception except for the 10-year period. It is notable that during the 10-year period where growth dominates, the Emerging Markets Value Target Market Exposure index showed resilience and delivered twice the risk-adjusted performance as compared with the growth counterpart.

**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 March 2015 to March 2025.

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



Source: Morningstar Direct. Data from March 2015 to March 2025.

## **Portfolio Highlights**

### **March Rebalance**

With no reconstitutions taking place across the Morningstar Broad Style Index family during the March quarter (the next reconstitution will be in June), price fluctuations explain most of the changes to the composition of the indexes relative to the fourth quarter of 2024.

### **Sectors**

There are persistent differences in growth rates and valuations across sectors, leading to diverging sector weightings across the value and growth indexes, which can affect performance.

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 the developed markets ex-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. A key observation is that the industrials sector contributed approximately 50% of the Developed Markets ex-US Growth Index's total return during the first quarter of 2025.

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 Developed Markets ex-US Value Index exhibits balanced sector weights outside of an outsized 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 March 2020 to March 2025. (Each bar further displays the quarterly sector weight for the respective sector from March 2020 to March 2025.)

Interestingly, these sector tilts become less nuanced globally. For example, in developed markets outside the US, healthcare, consumer defensive, and industrials are overweight in growth indexes, while the same are underweight in the US growth index.

The Morningstar Emerging Markets Value 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 technology sector's weight in the US Market Broad Value Index has been on an upward trend for the past few quarters.

In the US, there are also notable sector differences along the market-cap spectrum. In the Morningstar US Large Broad Value Index, stocks are found predominantly in financial services, healthcare, technology, and industrials, while the Mid Cap Value Index has a balanced exposure across multiple cyclical and defensive industries. The Small Cap Value 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



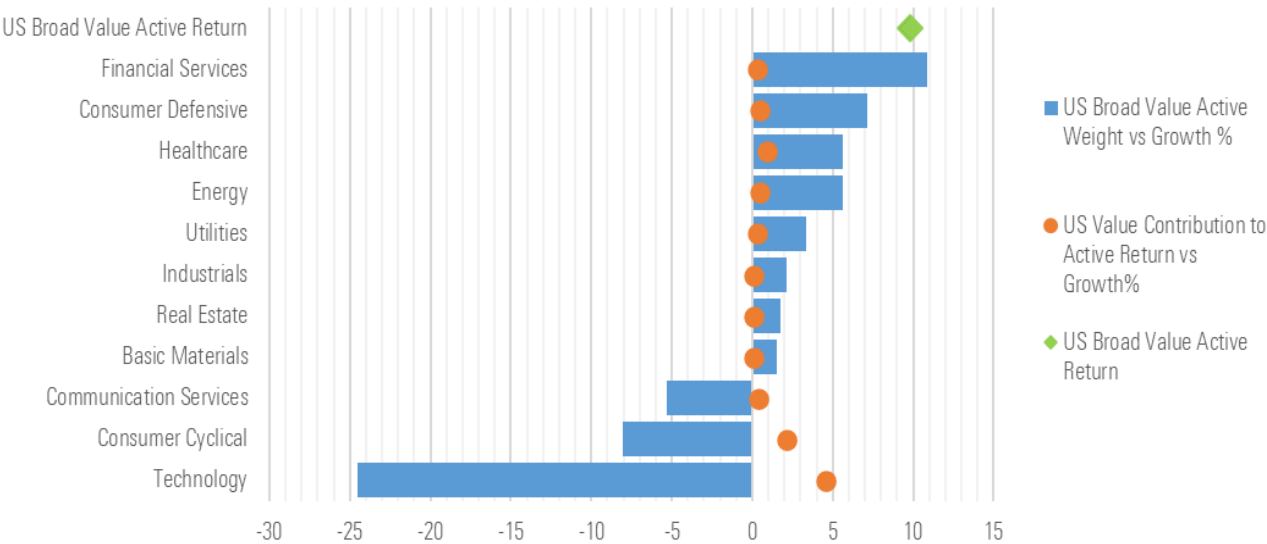
Source: Morningstar Direct. Data March 2020 to March 2025. (Each bar displays the quarterly sector weight for the respective sector from March 2020 to March 2025.)

Performance Attribution

US

The Morningstar US Market Broad Value Index outperformed the Broad Growth Index by 9.8%. Underweighting technology and consumer cyclical sectors contributed to approximately 68% of the outperformance.

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



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

From the perspective of the value index, completely avoiding four big technology stocks like Nvidia (-19.2%), Tesla (-35.8%), Microsoft (-10.7%) and Amazon (-13.2%) contributed 5.4% cumulatively to the positive 9.8% active returns. Underexposure to Visa (11.0%) and Eli Lilly (7.1%) relative to growth worked against the value index. On the positive active exposure side, overweighting Berkshire Hathaway (17.4%), Philip Morris International (33.0%), AbbVie (19.0%) and Exxon Mobil (11.5%) helped the value index outperform the growth index.

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

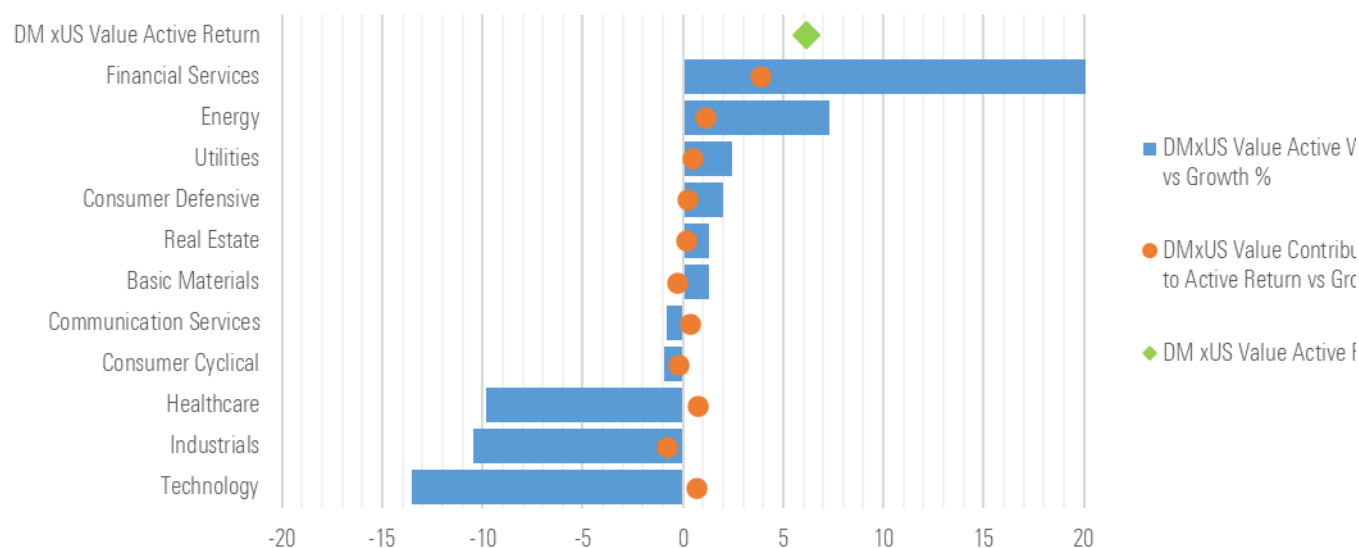
**Exhibit 5.2** Top and Bottom Contributors to the Active Return for the US Broad Value vs. Growth Index

Name	Active Weight	3M Return	Contr. to Active Return	Name	Active Weight	3M Return	Contr. to Active Return
NVIDIA Corp	-9.98	-19.29	2.05	Apple Inc	2.06	-11.20	-0.26
Tesla Inc	-3.40	-35.83	1.35	Visa Inc Class A	-1.97	11.08	-0.20
Microsoft Corp	-10.18	-10.76	1.13	Eli Lilly and Co	-2.23	7.17	-0.15
Amazon.com Inc	-7.04	-13.28	0.93	Uber Technologies Inc	-0.47	20.79	-0.09
Berkshire Hathaway Inc Class B	3.14	17.49	0.53	PayPal Holdings Inc	0.30	-23.55	-0.08
Broadcom Inc	-0.92	-27.56	0.26	The Home Depot Inc	1.44	-5.16	-0.07
Philip Morris International Inc	0.77	33.06	0.23	Vertex Pharmaceuticals Inc	-0.38	20.39	-0.07
AbbVie Inc	1.23	19.04	0.22	Mastercard Inc Class A	-1.50	4.25	-0.06
Salesforce Inc	-1.00	-19.73	0.20	Netflix Inc	-1.35	4.62	-0.06
Exxon Mobil Corp	1.74	11.58	0.20	Palantir Technologies Inc Ordinary	-0.54	11.60	-0.06
<b>US Value Active Return</b>			<b>9.87</b>				
						Overweight and +ve 3M return	
						Underweight and +ve 3M return	

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

**Developed Markets ex-US**

The value and growth style segments for the Morningstar Developed Markets ex-US Market Index ended the quarter on a positive note, returning 9.5% and 3.3%, respectively. For value versus growth, overallocation to financial services and energy worked in favor of the value index, with some of the notable positive contributors including Shell PLC (18.8%), HSBC Holdings PLC (18.3%), and Banco Santander (44.7%). Under allocation to industrials contributed the most to the underperformance. Specifically, underweighting Rheinmetall AG (123.8%), AstraZeneca (12.4%) and overweighting Toyota Motor Corporation (-10.9%) proved to be the leading detractors for the value index.

**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 March 31, 2025.

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

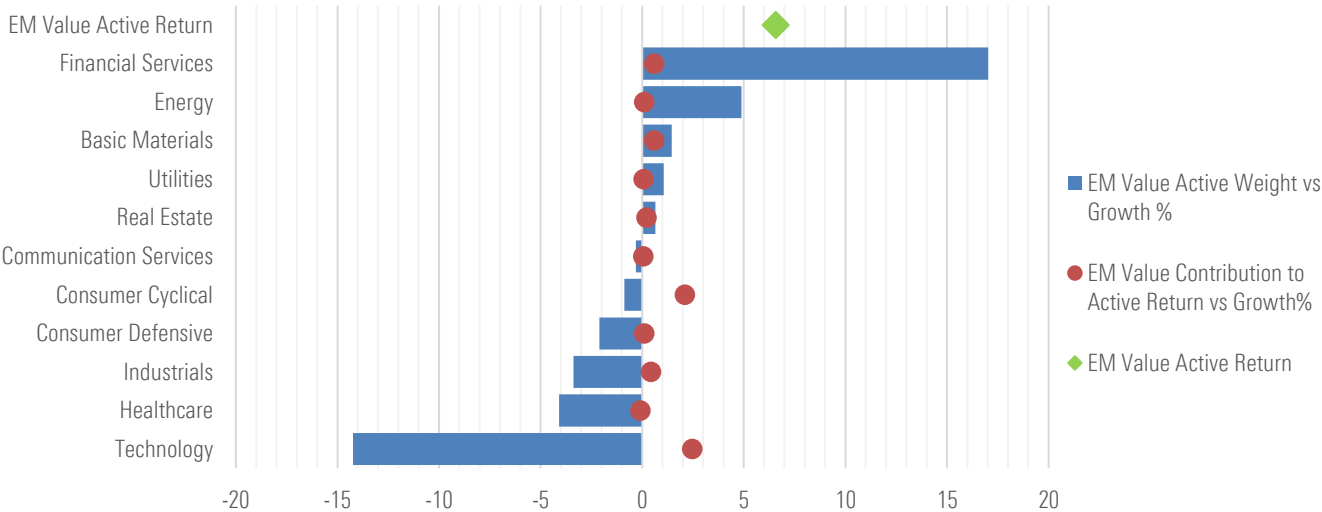
Name	Active Weight	3M Return	Contr. to Active Return	Name	Active Weight	3M Return	Contr. to Active Return
Novo Nordisk AS Class B	-3.00	-20.21	0.63	Rheinmetall AG	-0.38	123.88	-0.38
Shell PLC	2.18	18.82	0.41	Toyota Motor Corp	2.40	-10.99	-0.29
HSBC Holdings PLC	2.12	18.33	0.37	AstraZeneca PLC	-2.36	12.41	-0.28
Banco Santander SA	0.90	44.78	0.36	Rolls-Royce Holdings PLC	-0.74	35.76	-0.24
Recruit Holdings Co Ltd	-1.07	-27.69	0.33	SAP SE	-2.95	7.89	-0.22
TotalEnergies SE	1.33	19.87	0.26	Agnico Eagle Mines Ltd	-0.48	39.11	-0.17
BNP Paribas Act. Cat.A	0.77	35.48	0.26	Safran SA	-0.91	19.02	-0.16
Banco Bilbao Vizcaya Argentaria SA	0.72	38.45	0.25	Essilorluxottica	-0.85	17.51	-0.14
ASML Holding NV	-3.06	-6.66	0.21	Diageo PLC	0.72	-16.95	-0.14
Intesa Sanpaolo	0.76	27.84	0.20	Wheaton Precious Metals Corp	-0.31	37.92	-0.11
<b>DMxUS Value Active Return</b>			<b>6.16</b>				
						Overweight and +ve 3M return	
						Underweight and +ve 3M return	

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

Emerging Markets

In emerging markets, the value index delivered 5.6% returns whereas the growth index delivered -0.9% returns, leading to value significantly outperforming growth by 6.5%. Underweighting technology and consumer cyclicals sectors explain most of the outperformance of value, which is similar to the findings of the US markets.

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



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

Predominantly, excluding Taiwan Semiconductor Manufacturing (-16.0%) from the value index explains approximately 47% of the total outperformance by value index.

On the other hand, underweighting a few companies like Xiaomi (41.7%) and BYD (47.1%) leads to missing some of the potential gains in the value index.

An underweight allocation to India and Taiwan accounted for nearly half of the value index’s outperformance.

**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	Name	Active Weight	3M Return	Contr. to Active Return
Taiwan Semiconductor Manufacturing Co Ltd	-19.33	-16.03	3.08	Xiaomi Corp Class B	-2.16	41.77	-0.75
Alibaba Group Holding Ltd Ordinary Shares	5.55	54.25	2.56	BYD Co Ltd Class H	-0.96	47.10	-0.39
Delta Electronics (Thailand) PCL	-0.38	-56.42	0.28	Hon Hai Precision Industry Co Ltd	1.69	-21.65	-0.38
Bank Of China Ltd Class H	1.08	21.74	0.22	PDD Holdings Inc ADR	-1.74	22.02	-0.34
Gold Fields Ltd	0.36	71.61	0.22	Bajaj Finance Ltd	-0.61	31.40	-0.17
JD.com Inc Ordinary Shares - Class A	1.20	18.13	0.20	Hanwha Aerospace Co Ltd	-0.22	91.99	-0.15
China Construction Bank Corp Class H	2.08	9.58	0.20	Pop Mart International Group Ltd Ordinary Share	-0.19	73.61	-0.13
Samsung Electronics Co Ltd	2.04	8.62	0.18	BeiGene Ltd Ordinary Shares	-0.30	51.26	-0.12
SK Hynix Inc	1.78	10.35	0.17	Kotak Mahindra Bank Ltd	-0.57	21.77	-0.12
Vale SA	0.85	16.56	0.14	Bharti Airtel Ltd	-1.18	9.35	-0.11
<b>EM Value Active Return</b>			<b>6.57</b>				
						Overweight and +ve 3M return	
						Underweight and +ve 3M return	

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

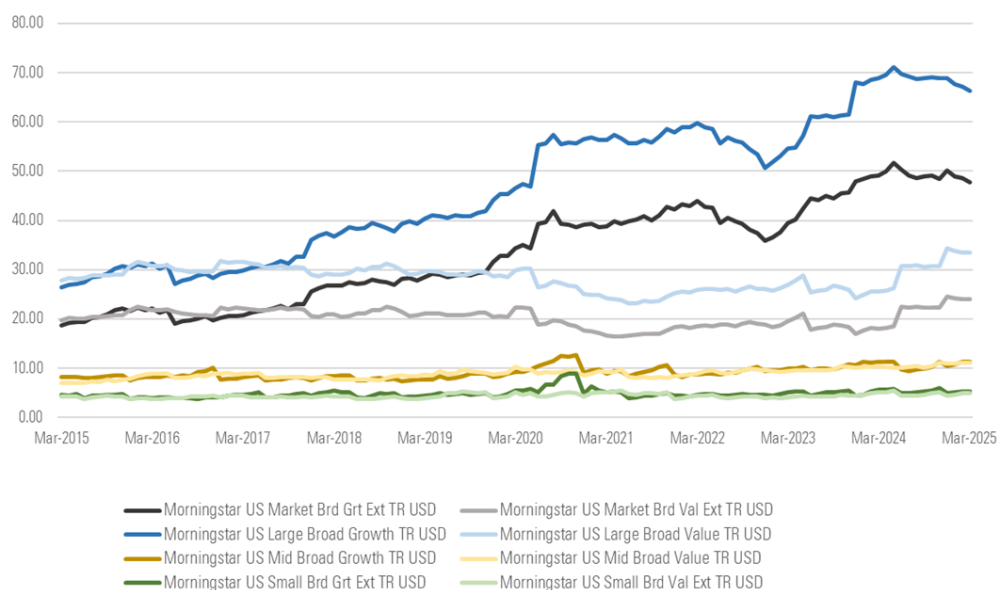
**Concentration**

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 most pronounced in the large-cap indexes (as shown in Exhibit 8), particularly in the Morningstar US Large Broad Growth Index, where the percentage of assets in the top 10 constituents grew from 46% at the end of March 2020 to roughly 66% 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 number of stocks in the portfolio. Today, the Morningstar US Large Broad Growth Index holds 82 stocks, down from 142 five years ago. Moreover, the largest constituent in the index today (Microsoft) comprises over 14% of the portfolio, with Nvidia following closely at a little under 13%, whereas five years ago, the equivalent weight for Nvidia was just over 1.6%. The Morningstar US Large Value Index is relatively diversified, with top 10 holdings constituting 33% of the total portfolio and the medium-term trend holding around 27% since 2020.

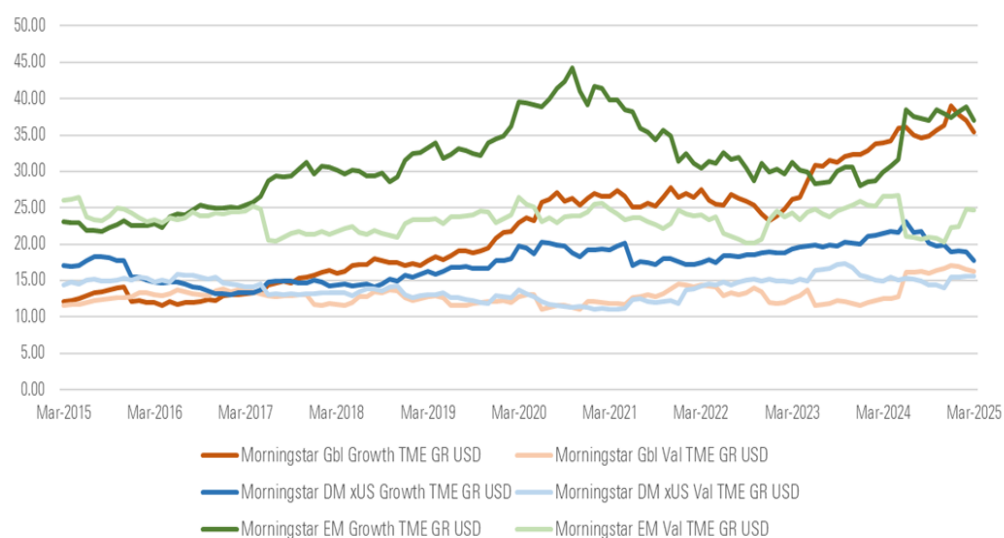
The small- and mid-cap indexes have far less concentration in their top 10 constituents, as there is a natural cap on how large constituents can grow before they advance to the next market-cap segment.



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

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

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 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.

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

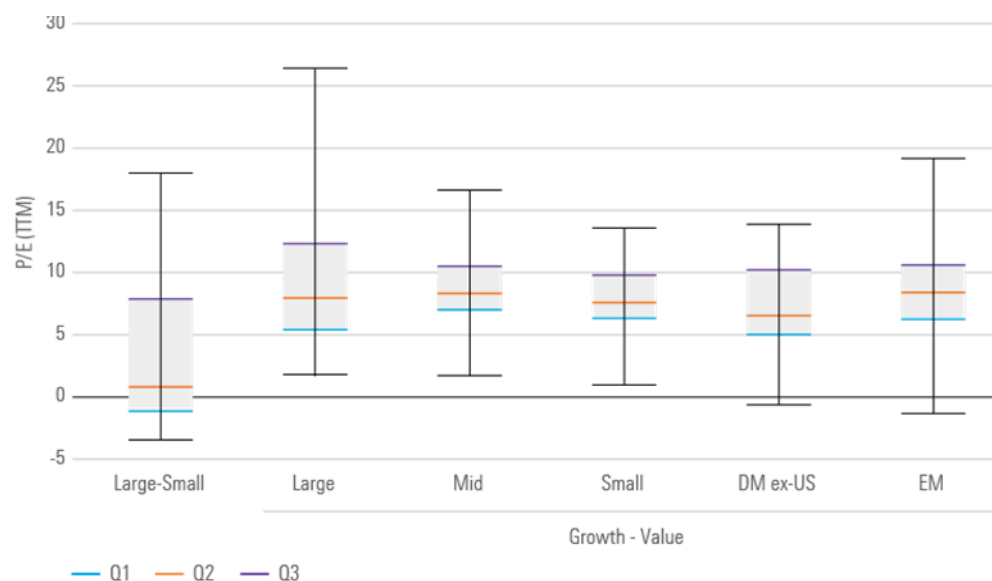
Source: Morningstar Direct. Data as of March 31, 2025.

## 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.

Following the recent decline in the US markets, the growth-value P/E spread reduced materially for the large and mid-cap segments as reflected in their percentile rankings over the previous quarter. In contrast, the spread within the small-cap segment remained stable.

Outside the US, the spreads narrowed modestly in the developed markets ex-US region while the emerging markets region witnessed a slight widening compared with the previous 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	9.05	12.10	10.16	9.78	11.06	11.23
Percent Rank (%) March 2025	82.80%	74.60%	70.00%	74.80%	81.50%	86.00%
Percent Rank (%) December 2024	94.90%	93.30%	89.70%	74.20%	87.80%	84.30%

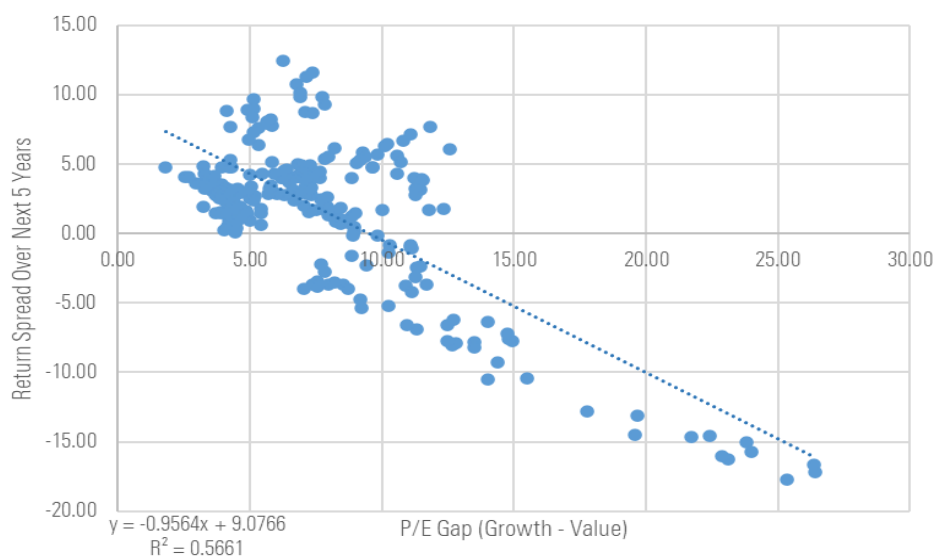
Source: Morningstar Direct. Data as of March 31, 2025.

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.

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 emerging markets, displayed in Exhibit 16.

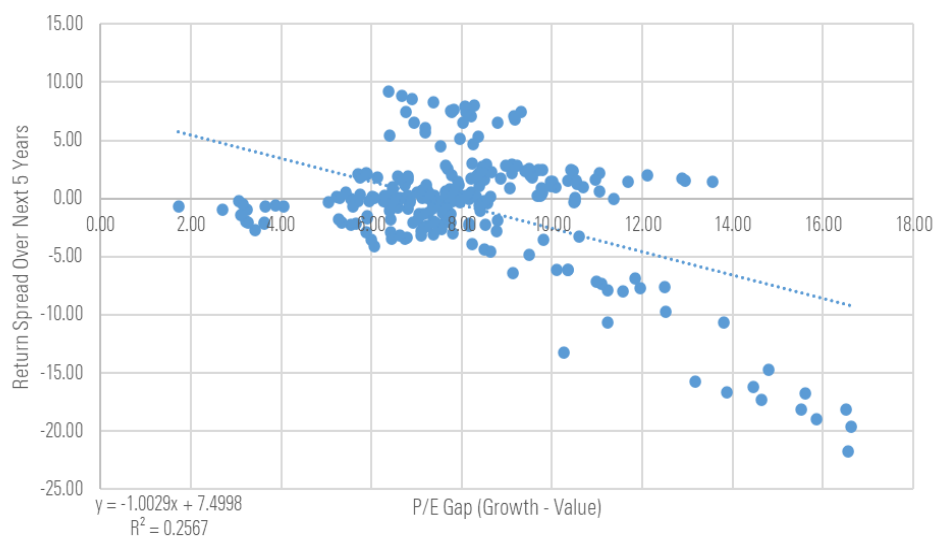
A startling and counterintuitive phenomenon can be observed in developed markets outside the US (Exhibit 15), where there seems to have been a significantly positive relationship between valuation spreads and subsequent five-year returns. We view this as an anomaly, likely attributable to exogenous economic factors that have disproportionately benefited growth stocks over this period. It's also worth noting that the historical distribution of valuation spreads has been the tightest in these ex-US developed markets.

**Exhibit 11** Relationship Between Valuations and Future Returns: November 1999 - March 2025 (Morningstar US Large Broad Growth Index - Morningstar US Large Broad Value Index)



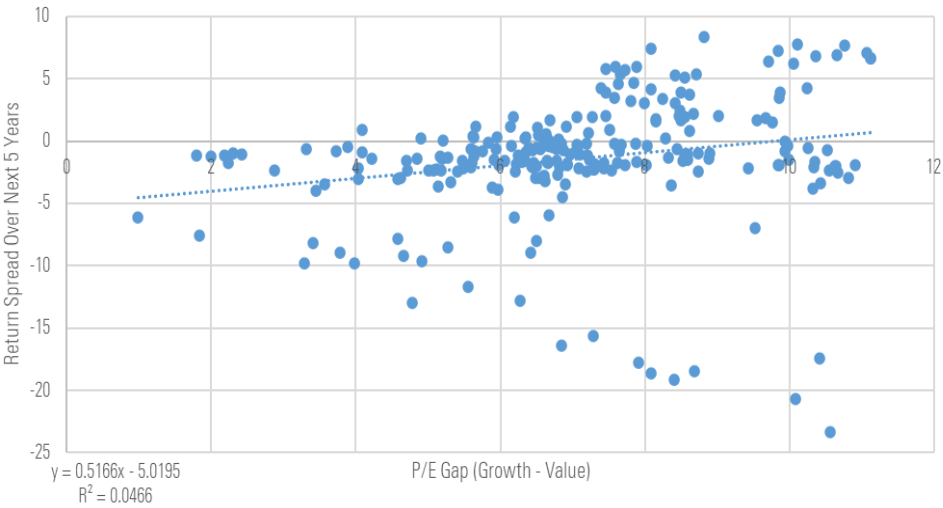
Source: Morningstar Direct. Data as of March 31, 2025.

**Exhibit 12** Relationship Between Valuations and Future Returns: November 1999 - March 2025 (Morningstar US Mid Broad Growth Index - Morningstar US Mid Broad Value Index)



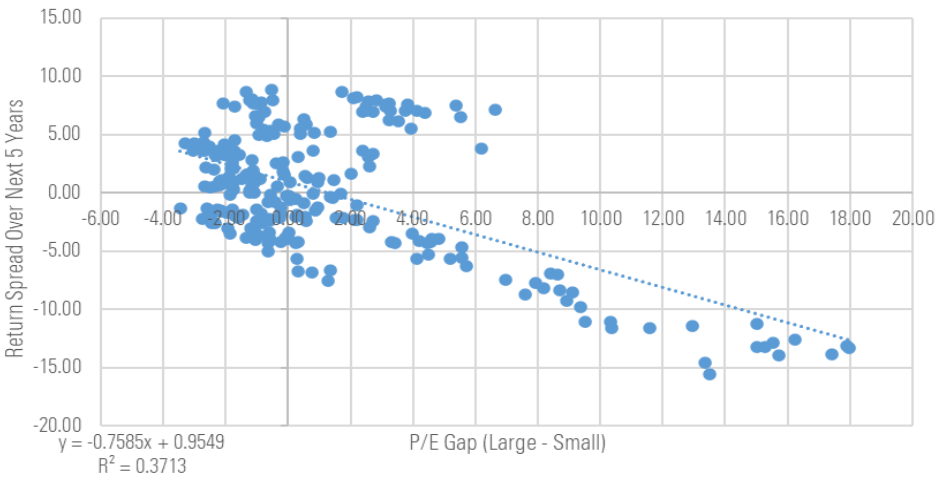
Source: Morningstar Direct. Data as of March 31, 2025.

**Exhibit 13** Relationship Between Valuations and Future Returns: November 1999 - March 2025 (Morningstar US Small Cap Broad Growth Extended Index - Morningstar US Small Cap Broad Value Extended Index)



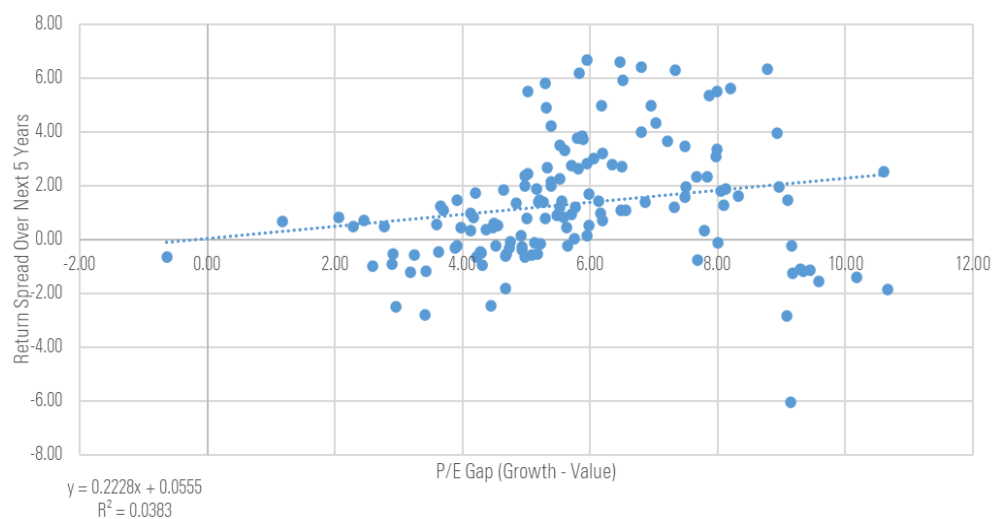
Source: Morningstar Direct. Data as of March 31, 2025.

**Exhibit 14** Relationship Between Valuations and Future Returns: November 1999 - March 2025 (Morningstar US Large Index - Morningstar US Small Cap Extended Index)



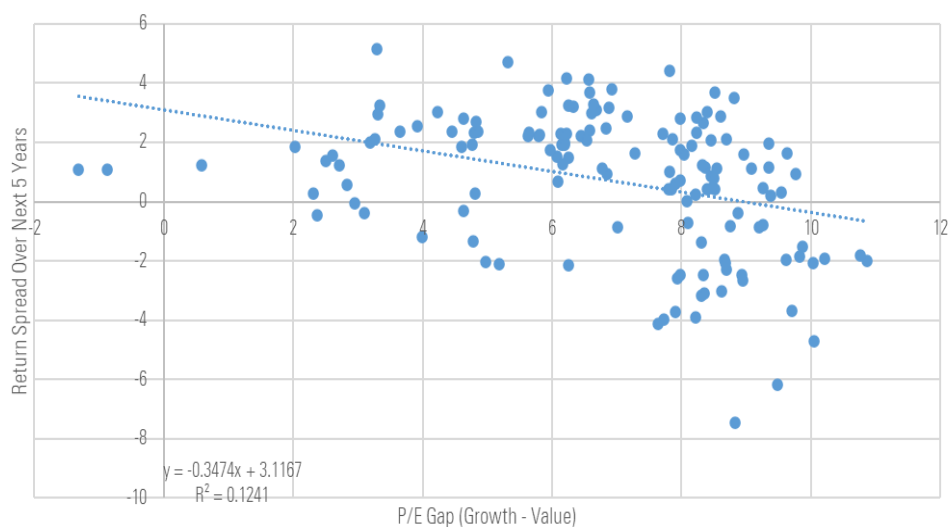
Source: Morningstar Direct. Data as of March 31, 2025.

**Exhibit 15** Relationship Between Valuations and Future Returns: June 2008 - March 2025 (Morningstar DM ex-US Growth TME Index - Morningstar DM ex-US Value TME Index)



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

**Exhibit 16** Relationship Between Valuations and Future Returns: June 2008 - March 2025 (Morningstar EM Growth TME Index - Morningstar EM Value TME Index)



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

**Forever in Style**

Regardless of 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 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 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 outside 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).

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

<b>US</b>	<b>Wide Moat</b>	<b>Narrow Moat</b>	<b>None</b>
Morningstar US Market Extended	58.23	25.70	6.18
Morningstar US Market Broad Growth Extended	67.38	18.71	3.72
Morningstar US Market Broad Value Extended	49.00	32.80	8.68
Morningstar US Large Cap	75.62	22.42	1.63
Morningstar US Large Broad Growth	85.79	13.45	0.48
Morningstar US Large Broad Value	65.30	31.53	2.80
Morningstar US Mid Cap	19.03	43.83	20.52
Morningstar US Mid Cap Broad Growth	27.56	40.81	13.61
Morningstar US Mid Cap Broad Value	10.21	46.96	27.65
Morningstar US Small Cap Extended	1.45	10.61	11.20
Morningstar US Small Broad Growth Extended	1.73	10.59	8.00
Morningstar US Small Broad Value Extended	1.21	10.72	14.35
<b>Global</b>			
Morningstar Global Target Market Exposure	51.71	24.73	11.69
Morningstar Global Growth	63.08	19.45	6.10
Morningstar Global Value	40.80	29.87	17.01
Morningstar Developed Markets ex-US	33.98	21.96	26.31
Morningstar Developed Markets ex-US Growth	48.84	23.71	11.89
Morningstar Developed Markets ex-US Value	19.87	20.33	39.83
Morningstar Emerging Markets	18.96	16.03	13.77
Morningstar Emerging Markets Growth	23.12	16.84	9.10
Morningstar Emerging Markets Value	14.84	15.29	18.56

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

**Exhibit 18** Revenue Generated in the US

<b>US</b>	<b>% of Revenue from the US</b>
Morningstar US Market Extended	62.09
Morningstar US Market Broad Growth Extended	57.11
Morningstar US Market Broad Value Extended	67.16
Morningstar US Large Cap	57.17
Morningstar US Large Broad Growth	51.38
Morningstar US Large Broad Value	63.05
Morningstar US Mid Cap	73.49
Morningstar US Mid Cap Broad Growth	70.22
Morningstar US Mid Cap Broad Value	76.87
Morningstar US Small Cap Extended	77.44
Morningstar US Small Broad Growth Extended	75.73
Morningstar US Small Broad Value Extended	79.41
<b>Global</b>	
Morningstar Global Target Market Exposure	46.04
Morningstar Global Growth	43.60
Morningstar Global Value	48.47
Morningstar Developed Markets ex-US	23.08
Morningstar Developed Markets ex-US Growth	27.00
Morningstar Developed Markets ex-US Value	19.39
Morningstar Emerging Markets	12.45
Morningstar Emerging Markets Growth	17.08
Morningstar Emerging Markets Value	7.82

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

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 Apple, 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 ladder tends to increase both risk and upside potential. Mid-cap growth stocks have a bit more growth runway than their larger counterparts. These companies are often at an earlier stage in their lifecycle yet have been successful or trying to unlock growth avenues via digital transformation, like W.W. Grainger, or could be relatively mature firms like Fortinet enjoying long-term structural tailwinds of technological themes like cybersecurity. Both companies were among the top holdings of the Morningstar US Mid Cap Broad Growth Index at the end of March 2025.

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. SoFi Technologies, one of the top holdings in the Morningstar US Small Cap Broad Growth Extended Index, exemplifies this promise and risk as the company might pursue aggressive strategies to grow their user base for offering their digital banking services. Being a fintech startup, the company faces a tradeoff between prioritizing growth and innovation over profits in the short term to gain a wider market share. However, the company is also prone to facing slowdown due to macroeconomic factors like higher interest rates, loan defaults, etc., and can also face regulatory headwinds since the industry is highly regulated.

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. Luxury goods firm Tapestry is a good example of the former, while insurance and financial services firm American International Group embodies 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 19-33 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

Constituent	Ticker	Sector	Weighting (%)
Apple Inc	AAPL	Technology	8.62
Microsoft Corp	MSFT	Technology	7.22
Nvidia Corp	NVDA	Technology	6.61
Amazon.com Inc	AMZN	Consumer Cyclical	4.71
Meta Platforms Inc Class A	META	Communication Services	3.26
Berkshire Hathaway Inc Class B	BRK.B	Financial Services	2.48
Alphabet Inc Class A	GOOGL	Communication Services	2.33
Alphabet Inc Class C	GOOG	Communication Services	2.07
Broadcom Inc	AVGO	Technology	1.99
Tesla Inc	TSLA	Consumer Cyclical	1.88

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

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

Constituent	Ticker	Sector	Weighting (%)
Microsoft Corp	MSFT	Technology	14.32
Nvidia Corp	NVDA	Technology	13.13
Amazon.com Inc	AMZN	Consumer Cyclical	9.35
Apple Inc	AAPL	Technology	7.56
Meta Platforms Inc Class A	META	Communication Services	6.48
Tesla Inc	TSLA	Consumer Cyclical	3.72
Eli Lilly and Co	LLY	Healthcare	3.39
Visa Inc Class A	V	Financial Services	3.1
Alphabet Inc Class A	GOOGL	Communication Services	2.75
Broadcom Inc	AVGO	Technology	2.59

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

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

Constituent	Ticker	Sector	Weighting (%)
Apple Inc	AAPL	Technology	9.69
Berkshire Hathaway Inc Class B	BRK.B	Financial Services	5.00
JPMorgan Chase & Co	JPM	Financial Services	3.57
Exxon Mobil Corp	XOM	Energy	2.69
UnitedHealth Group Inc	UNH	Healthcare	2.51
Procter & Gamble Co	PG	Consumer Defensive	2.08
Johnson & Johnson	JNJ	Healthcare	2.08
Walmart Inc	WMT	Consumer Defensive	1.98
AbbVie Inc	ABBV	Healthcare	1.93
Alphabet Inc Class A	GOOGL	Communication Services	1.91

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

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

Constituent	Ticker	Sector	Weighting (%)
Arthur J. Gallagher & Co	AJG	Financial Services	0.80
Williams Companies Inc	WMB	Energy	0.68
Strategy Class A	MSTR	Technology	0.65
Capital One Financial Corp	COF	Financial Services	0.64
DoorDash Inc Ordinary Shares - Class A	DASH	Communication Services	0.61
AutoZone Inc	AZO	Consumer Cyclical	0.60
Roper Technologies Inc	ROP	Technology	0.59
Fortinet Inc	FTNT	Technology	0.59
AppLovin Corp Ordinary Shares - Class A	APP	Technology	0.58
ONEOK Inc	OKE	Energy	0.57

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

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

Constituent	Ticker	Sector	Weighting (%)
Arthur J. Gallagher & Co	AJG	Financial Services	1.57
DoorDash Inc Ordinary Shares - Class A	DASH	Communication Services	1.20
AutoZone Inc	AZO	Consumer Cyclical	1.18
Roper Technologies Inc	ROP	Technology	1.15
Fortinet Inc	FTNT	Technology	1.15
AppLovin Corp Ordinary Shares - Class A	APP	Technology	1.14
Autodesk Inc	ADSK	Technology	1.04
Hilton Worldwide Holdings Inc	HLT	Consumer Cyclical	1.00
Howmet Aerospace Inc	HWM	Industrials	0.95
Royal Caribbean Group	RCL	Consumer Cyclical	0.93

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

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

Constituent	Ticker	Sector	Weighting (%)
Williams Companies Inc	WMB	Energy	1.38
Capital One Financial Corp	COF	Financial Services	1.3
ONEOK Inc	OKE	Energy	1.16
Schlumberger Ltd	SLB	Energy	1.12
American Electric Power Co Inc	AEP	Utilities	1.11
Kinder Morgan Inc Class P	KMI	Energy	1.07
Aflac Inc	AFL	Financial Services	1.05
Newmont Corp	NEM	Basic Materials	1.04
Truist Financial Corp	TFC	Financial Services	1.02
American International Group Inc	AIG	Financial Services	1

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

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

Constituent	Ticker	Sector	Weighting (%)
Tapestry Inc	TPR	Consumer Cyclical	0.33
BJ's Wholesale Club Holdings Inc	BJ	Consumer Defensive	0.31
Insmed Inc	INSM	Healthcare	0.30
Intra-Cellular Therapies Inc	ITCI	Healthcare	0.29
SoFi Technologies Inc Ordinary Shares	SOFI	Financial Services	0.28
C.H. Robinson Worldwide Inc	CHRW	Industrials	0.27
Antero Resources Corp	AR	Energy	0.27
Ovintiv Inc	OVV	Energy	0.25
Duolingo Inc	DUOL	Technology	0.25
Annaly Capital Management Inc	NLY	Real Estate	0.25

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

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

Constituent	Ticker	Sector	Weighting (%)
Insmad Inc	INSM	Healthcare	0.62
Intra-Cellular Therapies Inc	ITCI	Healthcare	0.59
SoFi Technologies Inc Ordinary Shares	SOFI	Financial Services	0.58
Duolingo Inc	DUOL	Technology	0.53
Corcept Therapeutics Inc	CORT	Healthcare	0.52
Lincoln Electric Holdings Inc	LECO	Industrials	0.5
TKO Group Holdings Inc	TKO	Communication Services	0.5
Kinsale Capital Group Inc	KNSL	Financial Services	0.5
Royal Gold Inc	RGLD	Basic Materials	0.5
Exelixis Inc	EXEL	Healthcare	0.49

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

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

Constituent	Ticker	Sector	Weighting (%)
Tapestry Inc	TPR	Consumer Cyclical	0.64
Ovintiv Inc	OVV	Energy	0.5
Annaly Capital Management Inc	NLY	Real Estate	0.5
LKQ Corp	LKQ	Consumer Cyclical	0.5
Globe Life Inc	GL	Financial Services	0.48
Assurant Inc	AIZ	Financial Services	0.48
Pinnacle West Capital Corp	PNW	Utilities	0.47
Molson Coors Beverage Co Shs -B- Non-Voting	TAP	Consumer Defensive	0.47
Rivian Automotive Inc Class A	RIVN	Consumer Cyclical	0.47
The Interpublic Group of Companies Inc	IPG	Communication Services	0.45

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

**Exhibit 28** Top Holdings: Morningstar Developed Markets ex-US TME Index

Constituent	Ticker	Sector	Weighting (%)
SAP SE	SAP	Technology	1.45
Nestle SA	NESN	Consumer Defensive	1.38
ASML Holding NV	ASML	Technology	1.37
Roche Holding AG	ROG	Healthcare	1.21
AstraZeneca PLC	AZN	Healthcare	1.2
Shell PLC	SHEL	Energy	1.17
Novo Nordisk AS Class B	NOVO B	Healthcare	1.15
Novartis AG Registered Shares	NOVN	Healthcare	1.11
HSBC Holdings PLC	HSBA	Financial Services	1.07
Toyota Motor Corp	7203	Consumer Cyclical	1.07

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

**Exhibit 29** Top Holdings: Morningstar Developed Markets ex-US Growth TME Index

Constituent	Ticker	Sector	Weighting (%)
SAP SE	SAP	Technology	2.96
ASML Holding NV	ASML	Technology	2.81
AstraZeneca PLC	AZN	Healthcare	2.45
Novo Nordisk AS Class B	NOVO B	Healthcare	2.35
Schneider Electric SE	SU	Industrials	1.34
Shopify Inc Registered Shs -A- Subord Vtg	SHOP	Technology	1.25
Nestle SA	NESN	Consumer Defensive	1.2
Siemens AG	SIE	Industrials	1.17
Hitachi Ltd	6501	Industrials	1.16
Airbus SE	AIR	Industrials	1.12

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

**Exhibit 30** Top Holdings: Morningstar Developed Markets ex-US Value TME Index

Constituent	Ticker	Sector	Weighting (%)
Shell PLC	SHEL	Energy	2.31
HSBC Holdings PLC	HSBA	Financial Services	2.11
Toyota Motor Corp	7203	Consumer Cyclical	2.11
Nestle SA	NESN	Consumer Defensive	1.57
Roche Holding AG	ROG	Healthcare	1.41
TotalEnergies SE	TTE	Energy	1.4
Novartis AG Registered Shares	NOVN	Healthcare	1.28
BHP Group Ltd	BHP	Basic Materials	1.27
The Toronto-Dominion Bank	TD	Financial Services	1.1
Banco Santander SA	SAN	Financial Services	1.06

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

**Exhibit 31** Top Holdings: Morningstar Emerging Markets TME Index

Constituent	Ticker	Sector	Weighting (%)
Taiwan Semiconductor Manufacturing Co Ltd	2330	Technology	8.1
Tencent Holdings Ltd	700	Communication Services	4.74
Alibaba Group Holding Ltd Ordinary Shares	9988	Consumer Cyclical	3.27
Samsung Electronics Co Ltd	5930	Technology	2.31
Reliance Industries Ltd	RELIANCE	Energy	1.49
HDFC Bank Ltd	HDFCBANK	Financial Services	1.48
Meituan Class B	3690	Consumer Cyclical	1.31
Xiaomi Corp Class B	1810	Technology	1.28
China Construction Bank Corp Class H	939	Financial Services	1.06
ICICI Bank Ltd	ICICIBANK	Financial Services	1.01

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

**Exhibit 32** Top Holdings: Morningstar Emerging Markets Growth TME Index

Constituent	Ticker	Sector	Weighting (%)
Taiwan Semiconductor Manufacturing Co Ltd	2330	Technology	16.15
Tencent Holdings Ltd	700	Communication Services	5.05
Meituan Class B	3690	Consumer Cyclical	2.61
Xiaomi Corp Class B	1810	Technology	2.56
ICICI Bank Ltd	ICICIBANK	Financial Services	2.02
International Holdings Co PJSC	IHC	Industrials	1.96
PDD Holdings Inc ADR	PDD	Consumer Cyclical	1.92
HDFC Bank Ltd	HDFCBANK	Financial Services	1.84
Reliance Industries Ltd	RELIANCE	Energy	1.52
Samsung Electronics Co Ltd	5930	Technology	1.35

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

**Exhibit 33** Top Holdings: Morningstar Emerging Markets Value TME Index

Constituent	Ticker	Sector	Weighting (%)
Alibaba Group Holding Ltd Ordinary Shares	9988	Consumer Cyclical	6.59
Tencent Holdings Ltd	700	Communication Services	4.45
Samsung Electronics Co Ltd	5930	Technology	3.3
China Construction Bank Corp Class H	939	Financial Services	2.13
SK Hynix Inc	660	Technology	1.73
Reliance Industries Ltd	RELIANCE	Energy	1.47
Hon Hai Precision Industry Co Ltd	2317	Technology	1.31
Industrial And Commercial Bank Of China Ltd Class H	1398	Financial Services	1.28
JD.com Inc Ordinary Shares - Class A	9618	Consumer Cyclical	1.23
Bank Of China Ltd Class H	3988	Financial Services	1.18

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

**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	United States	Morningstar US Large Cap TR USD
iShares Morningstar Growth ETF	FEUSA04ACO	ILCG	United States	Morningstar US Large Mid Brd Grt TR USD
iShares Morningstar Value ETF	FEUSA04ACP	ILCV	United States	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	United States	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	United States	Morningstar US Mid Cap Brd Grt TR USD
iShares Morningstar Mid-Cap Value ETF	FEUSA04ACS	IMCV	United States	Morningstar US Mid Cap Brd Val TR USD
BNY Mellon US Mid Cap Core Equity ETF	F0000149CP	BKMC	United States	Morningstar US Mid Cap TR USD
iShares Morningstar Mid-Cap ETF	FEUSA04ACQ	IMCB	United States	Morningstar US Mid Cap TR USD
iShares Morningstar Small-Cap Growth ETF	FEUSA04ACU	ISCG	United States	Morningstar US Small Brd Grt Ext TR USD
iShares Morningstar Small-Cap Value ETF	FEUSA04ACV	ISCV	United States	Morningstar US Small Brd Val Ext TR USD
iShares Morningstar Small-Cap ETF	FEUSA04ACT	ISCB	United States	Morningstar US Small Cap Ext TR USD

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



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