

# Morningstar Quarterly Style Monitor: Q2 2025

## Growth outpaces value amid global market rebound.

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### Morningstar Inc.

July 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 second quarter of 2025 saw a resurgence of the growth style over value, with growth stocks outperforming their value counterparts in all regions and size segments (US, developed markets outside the US, and emerging markets).
- The Morningstar US Large Cap Broad Growth Index posted a strong return in the second quarter of 2025, gaining 21.77%, driven largely by a sharp rally in mega-cap technology stocks. It also recorded the highest level of outperformance (18.93%) relative to its value counterpart across all regions and size segments.
- The outperformance of growth over value was a bit modest in developed markets outside the US (2.08%) and emerging markets (2.85%) region.
- Higher returns<sup>1</sup> were accompanied by higher volatility. Within the US market, large-cap growth stocks exhibited significantly greater volatility than their value counterpart, whereas in developed markets outside the US and emerging markets, both styles showed comparable levels of volatility.
- The Morningstar US Large Cap Broad Growth Index continued to be highly concentrated, with the top 10 assets constituting 67% of the portfolio. Nvidia, Microsoft, Meta Platforms, Apple, Broadcom, Amazon.com, and Tesla alone constituted a staggering 59% of the Morningstar US Large Cap Broad Growth Index.
- Valuation spreads between growth and value stocks, measured by the P/E ratio (trailing 12 months), increased significantly over the past quarter, thanks to the rally in share prices of the growth stocks. The developed markets outside the US and emerging markets saw a relatively small increase in spreads as compared with the US markets. The most notable decrease in the valuation spreads has been in the US large-cap segment, where the spreads increased to 19.03 in the current quarter from 12.10 in the previous quarter.

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

## Performance Highlights

### Returns

The second quarter of 2025 started with a selloff across markets, triggered by President Donald Trump's announcement of sweeping global tariffs. The move initially rattled both equity and bond markets. However, sentiment improved after the US administration announced a temporary suspension of most tariffs to make way for trade talks and negotiations.

Following the initial shock, US equity markets rebounded strongly, with the Morningstar US Market Extended Index returning 11.07%, a sharp recovery from the negative 4.77% decline in the previous quarter. This rebound was mainly driven by a rally in technology stocks like Nvidia (45.78%), Microsoft (32.75%), Broadcom (65.02%), and Meta (28.16%), to name a few.

The Morningstar Developed Markets ex-US Target Market Exposure Index delivered 12% returns, supported by strong performance in sectors like financial services and industrials. Within the region, Japan, UK, and Germany were key contributors to the overall performance. Meanwhile, the Morningstar Emerging Markets Target Market Exposure Index delivered 12.02% return, driven by strength in the technology and financial-services sectors, with Taiwan, South Korea, and India leading regional gains.

Globally, our style family is built by applying Morningstar Indexes Broad Style 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 growth stocks outperforming value stocks and even the corresponding broad market benchmarks.

Within the US, the outperformance (18.93%) of the large-cap growth index (21.77%) relative to the large-cap value index (2.84%) was particularly pronounced. However, this performance gap diminishes as we move down the market-cap spectrum into mid- and small-cap segments. The outperformance of growth also moderates when viewed over longer time horizons within the large-cap segment. Over the full index history, growth maintains a slight edge over value in the large-cap segment, while value outperforms growth in both mid- and small-cap segments.

In other regions like the developed markets outside the US and emerging markets, the outperformance (2.08% and 2.85%, respectively) of growth stocks over value stocks was not as pronounced as observed in the US. However, on a year-to-date basis and even over longer time horizons, value stocks have outperformed growth stocks in both the regions. In the emerging-market region, Taiwan Semiconductor Manufacturing alone contributed to approximately 40% of the growth index's return. In contrast, returns in developed markets ex-US were more broadly distributed, with no single stock dominating performance.

Across all segments, styles, and regions in second-quarter 2025, the Morningstar US Large Cap Broad Growth Index delivered the highest returns (21.77%), whereas the Morningstar US Large Cap Broad Value Index performed the worst (2.84%).

### Exhibit 1 Performance Characteristics up to June 2025

	1Qr			YTD			1 Yr			5 Yr			10 Yr			Since Inception*		
US	Return	Risk	Sharpe	Return	Risk	Sharpe	Return	Risk	Sharpe	Return	Risk	Sharpe	Return	Risk	Sharpe	Return	Risk	Sharpe
Morningstar US Market Extended	11.07	15.22	0.69	5.76	17.32	0.28	15.17	13.27	0.78	15.93	16.75	0.79	12.98	16.02	0.72	9.21	15.88	0.50
Morningstar US Market Broad Growth Extended	19.05	17.75	1.01	7.83	21.21	0.36	18.94	17.27	0.82	16.31	20.04	0.71	14.97	17.98	0.76	9.22	18.35	0.45
Morningstar US Market Broad Value Extended	3.00	12.97	0.21	3.45	14.37	0.16	11.26	11.86	0.57	14.95	15.47	0.79	10.58	15.50	0.60	8.75	15.07	0.49
Value Relative to Growth																		
Morningstar US Large Cap	12.37	15.51	0.76	6.67	17.79	0.33	15.83	12.76	0.85	17.06	16.67	0.86	14.30	15.57	0.81	9.07	15.49	0.50
Morningstar US Large Broad Growth	21.77	18.71	1.08	8.85	22.72	0.39	19.72	18.14	0.83	18.34	21.05	0.77	16.82	18.36	0.83	9.36	18.29	0.46
Morningstar US Large Broad Value	2.84	12.66	0.20	4.14	14.04	0.20	11.73	10.78	0.66	14.92	14.69	0.82	11.26	14.51	0.67	8.26	14.46	0.47
Value Relative to Growth																		
Morningstar US Mid Cap	7.92	14.36	0.53	5.21	16.19	0.26	15.25	15.31	0.70	13.48	17.83	0.63	10.50	17.51	0.54	9.68	17.50	0.49
Morningstar US Mid Cap Broad Growth	12.63	15.51	0.77	6.78	18.01	0.33	19.44	17.85	0.82	11.76	19.55	0.52	11.25	18.31	0.56	8.99	19.77	0.43
Morningstar US Mid Cap Broad Value	3.12	13.36	0.21	3.54	14.91	0.16	11.01	14.06	0.48	14.78	17.65	0.70	9.37	17.89	0.48	9.90	17.24	0.51
Value Relative to Growth																		
Morningstar US Small Cap Extended	7.36	16.19	0.45	0.54	18.53	0.06	9.36	19.42	0.31	11.31	21.06	0.47	7.41	20.86	0.35	8.49	20.28	0.40
Morningstar US Small Broad Growth Extended	10.63	16.49	0.63	0.93	19.36	0.03	10.34	19.73	0.36	8.52	21.11	0.35	7.69	20.43	0.36	7.26	22.34	0.33
Morningstar US Small Broad Value Extended	4.16	16.05	0.26	2.02	18.08	0.14	8.27	19.75	0.26	14.79	22.09	0.60	7.23	22.19	0.33	9.55	19.89	0.45
Value Relative to Growth																		
Global																		
Morningstar Global Target Market Exposure	11.57	10.65	0.98	10.18	12.38	0.67	16.24	10.34	1.07	14.15	15.28	0.75	10.53	14.84	0.61	8.44	16.37	0.50
Morningstar Global Growth Target Market Exposure	17.61	12.25	1.29	10.85	15.13	0.61	17.39	13.66	0.90	13.34	17.49	0.63	11.63	15.91	0.65	9.33	16.72	0.54
Morningstar Global Value Target Market Exposure	5.68	9.46	0.52	9.40	10.66	0.69	15.06	9.22	1.07	14.77	14.82	0.80	9.08	15.03	0.52	7.47	16.63	0.44
Value Relative to Growth																		
Morningstar Developed Markets ex US Target Market Exposure	12.00	11.52	0.95	19.17	13.14	1.23	19.00	10.66	1.26	12.14	15.95	0.61	7.29	15.19	0.41	5.24	17.39	0.31
Morningstar Developed Markets ex US Growth Target Market Exposure	13.06	11.86	1.00	16.86	13.69	1.05	14.43	12.11	0.79	8.84	16.86	0.41	7.15	15.19	0.40	5.14	16.74	0.31
Morningstar Developed Markets ex US Value Target Market Exposure	10.98	11.28	0.88	21.55	12.83	1.41	23.86	9.93	1.75	15.41	16.35	0.78	7.20	16.28	0.38	5.32	18.59	0.30
Value Relative to Growth																		
Morningstar Emerging Markets Target Market Exposure	12.02	10.90	0.99	14.53	12.92	0.94	14.38	11.39	0.83	7.69	15.67	0.36	5.67	16.67	0.29	4.09	20.26	0.24
Morningstar Emerging Markets Growth Target Market Exposure	13.46	10.68	1.13	12.40	12.99	0.79	11.32	11.05	0.61	3.43	16.30	0.11	4.44	16.69	0.22	3.83	19.96	0.23
Morningstar Emerging Markets Value Target Market Exposure	10.60	11.39	0.84	16.84	13.35	1.06	17.95	12.68	1.00	11.95	16.36	0.59	6.83	17.69	0.35	4.71	20.75	0.27
Value Relative to Growth																		

Source: Morningstar Direct.

Returns longer than one year annualized.

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

\*This includes performance backtested 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. 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 artificial intelligence across businesses as well as expectations of a soft landing and Federal Reserve rate cuts. Even the year 2024 saw value stocks dominating over growth stocks for three out of the four quarters.

The past five quarters have seen the leadership between value and growth indexes oscillate sharply, with growth stocks making a strong comeback in the second quarter of 2025. It is noteworthy that US large-cap growth stocks posted their highest single-quarter outperformance over value stocks in the past five years during second-quarter 2025.

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

US Broad	-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	-16.05
US Large	-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	-18.93
US Mid	-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	-9.51
US Small	-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	-6.47
2020				2021				2022				2023				2024				2025		
Global	-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	-11.93
Developed Ex US	-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	-2.08
Emerging	-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	-2.85
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2

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

## Risk

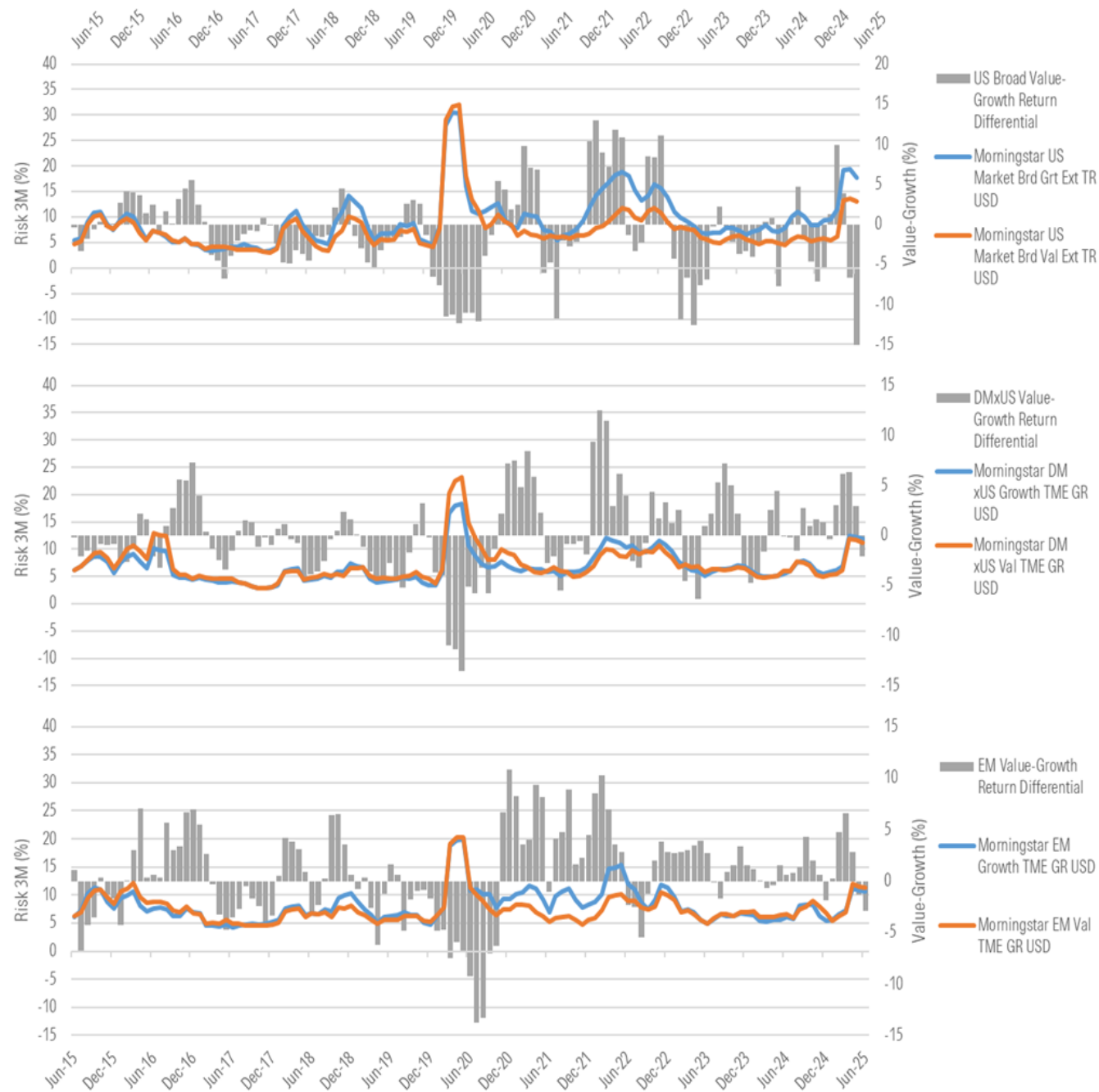
Exhibit 1 illustrates that over longer-term periods, US small-cap equities have consistently demonstrated greater volatility and sensitivity to market cycles relative to their large-cap counterparts. This dynamic stems from more exposure to niche market risks, less predictable earnings profiles, and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

In the second quarter of 2025, the Morningstar US Market Broad Growth Extended and US Large Cap Broad Growth Indexes exhibited higher volatility than their value counterparts. However, the volatility differential between growth and value stocks was lesser for mid and small cap stocks. 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 64%) in the global index. Much of this volatility stemmed from fluctuations in mega-cap and technology stocks within the US growth indexes.

As we move towards longer investment horizon, the higher volatility differentials between growth and value indexes diminish for the US large-cap segment and Global TME but remain largely the same or even increase for all other segments. 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-market region.

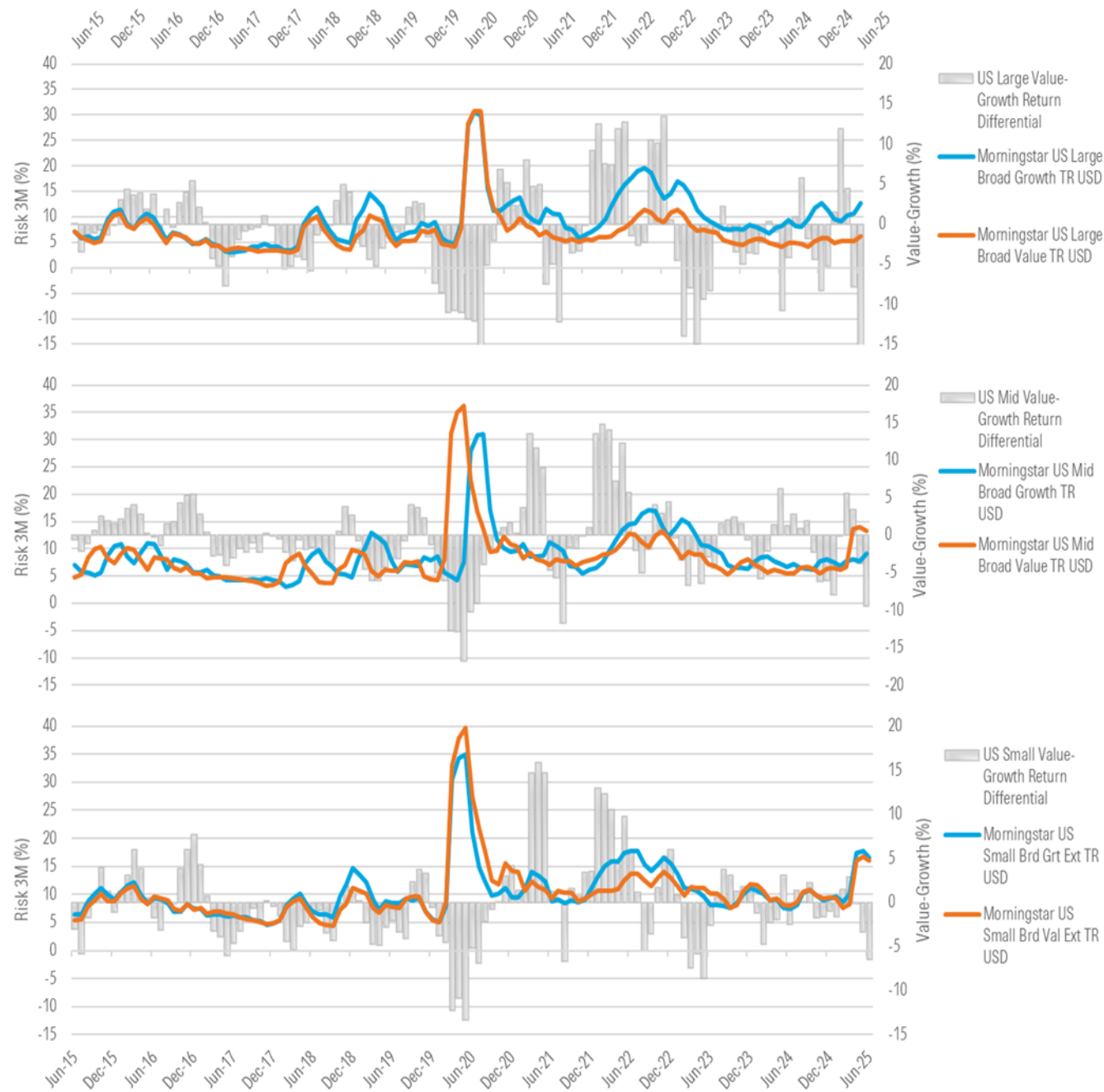
In the second quarter of 2025, the growth style outperformed on a risk-adjusted basis across all regions, as indicated by the Sharpe ratio. Notably, the difference was most pronounced in the US market. In the US, the Sharpe ratio for growth was higher over short-term horizons—quarter-to-date, year-to-date, and one-year—but lower over the five-year and full index history periods. It rebounded slightly over the 10-year period, again surpassing value. This cyclical pattern underscores how leadership between growth and value rotates across different time horizons. In contrast, for both developed-markets ex-US and emerging markets, growth had a higher Sharpe ratio in the most recent quarter, but value maintained stronger risk-adjusted performance across all other time periods.

**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 June 2015 to June 2025.

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



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

## Portfolio Highlights

### June Reconstitution

Morningstar's broad style index family was reconstituted in June (the next reconstitution will be in December 2025) according to its reconstitution schedule. As a result, the compositions of the indexes changed more noticeably between the first and second quarters than they did between the previous two quarters. Changes can be driven by corporate actions, style and size migration, or price fluctuations of existing constituents. Exhibit 4 shows the top five new constituents added to each index during the June reconstitution.

**Exhibit 4** Top Five Additions to Each Index in June 2025

Index	Additions
Morningstar US Market Broad Growth Extended Index	Walmart (0.64%), Abbott Laboratories (0.40%), Philip Morris International (0.40%), Charles Schwab (0.27%), Emerson Electric (0.12%)
Morningstar US Market Broad Value Extended Index	Amazon.com (3.82%), Salesforce (0.40%), Vertex Pharmaceuticals (0.11%), Arthur J. Gallagher & Co (0.08%), Airbnb (0.07%)
Morningstar US Large Cap Broad Growth Index	Walmart (0.86%), Abbott Laboratories (0.54%), Philip Morris International (0.54%), DoorDash (0.38%), Charles Schwab (0.36%)
Morningstar US Large Cap Broad Value Index	Amazon.com (5.39%), Salesforce (0.56%), Strategy (0.53%), Williams Companies (0.39%), Vertex Pharmaceuticals (0.16%)
Morningstar US Mid Cap Broad Growth Index	Marvell Technology (1.14%), Freeport-McMoRan (0.72%), Emerson Electric (0.68%), Crown Castle (0.52%), Carrier Global Corp (0.51%)
Morningstar US Mid Cap Broad Value Index	US Bancorp (1.24%), EOG Resources (1.16%), Air Products and Chemicals (1.11%), CSX (1.08%), FedEx (0.91%)
Morningstar US Small Cap Broad Growth Extended Index	Coherent (0.55%), Texas Roadhouse (0.50%), Neurocrine Biosciences (0.50%), Manhattan Associates (0.48%), Astera Labs (0.47%)
Morningstar US Small Cap Broad Value Extended Index	Skyworks Solutions (0.47%), Toll Brothers (0.46%), Host Hotels & Resorts (0.43%), Bunge Global SA (0.43%), Viatris (0.43%)
Morningstar Global Growth Target Market Exposure Index	Walmart (0.45%), Abbott Laboratories (0.27%), Philip Morris International (0.27%), Robinhood Markets (0.16%), AIA Group (0.11%)
Morningstar Global Value Target Market Exposure Index	Amazon.com (2.68%), Salesforce (0.27%), Strategy (0.26%), Meituan (0.10%), KKR & Co (0.10%)
Morningstar Developed Markets ex-US Growth Target Market Exposure Index	AIA Group (0.45%), Lloyds Banking Group PLC (0.39%), Bank of Montreal (0.38%), Swiss Re AG (0.27%), Danone SA (0.27%)
Morningstar Developed Markets ex-US Value Target Market Exposure Index	Anglo American PLC (0.31%), SoftBank Group (0.30%), Macquarie Group (0.27%), Compass Group PLC (0.19%), Astellas Pharma (0.17%)
Morningstar Emerging Markets Growth Target Market Exposure Index	Fubon Financial Holdings Co (0.36%), Trent (0.28%), Gold Fields (0.25%), Cathay Financial Holding Co (0.24%), National Bank of Kuwait SAK (0.23%)
Morningstar Emerging Markets Value Target Market Exposure Index	Meituan (0.88%), PDD Holdings (0.78%), BYD Co (0.63%), Larsen & Toubro (0.27%), Grupo Mexico SAB de CV (0.21%)

Source: Morningstar Direct. Data as of June 30, 2025.



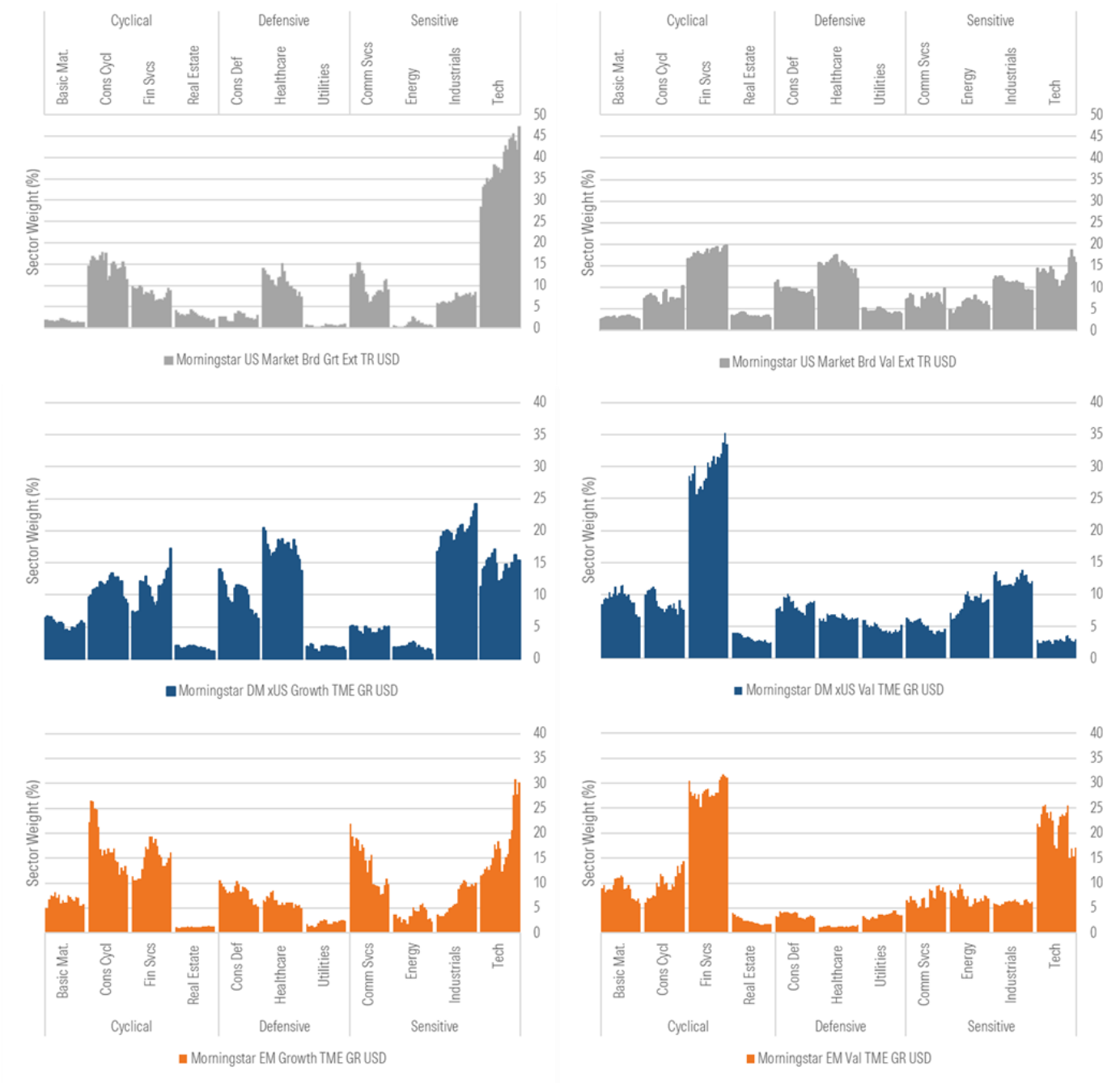
**Sectors**

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-market regions, given the high market capitalization of many internet, AI, and semiconductor manufacturing companies. In contrast, in the 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. A key observation is that the industrials sector contributed approximately 34% of the Developed Markets ex-US Growth Target Market Exposure 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 Target Market Exposure Index exhibits balanced sector weights outside of an outsize allocation to the financial-services sector. The emerging-market region showed more concentration toward financial-services and technology sectors.

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



Source: Morningstar Direct. Data June 2020 to June 2025. (Each bar further displays the quarterly sector weight for the respective sector from June 2020 to June 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 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 US Market Broad Value Extended Index has been higher than its long-term average for the past few quarters, whereas for the emerging-market 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



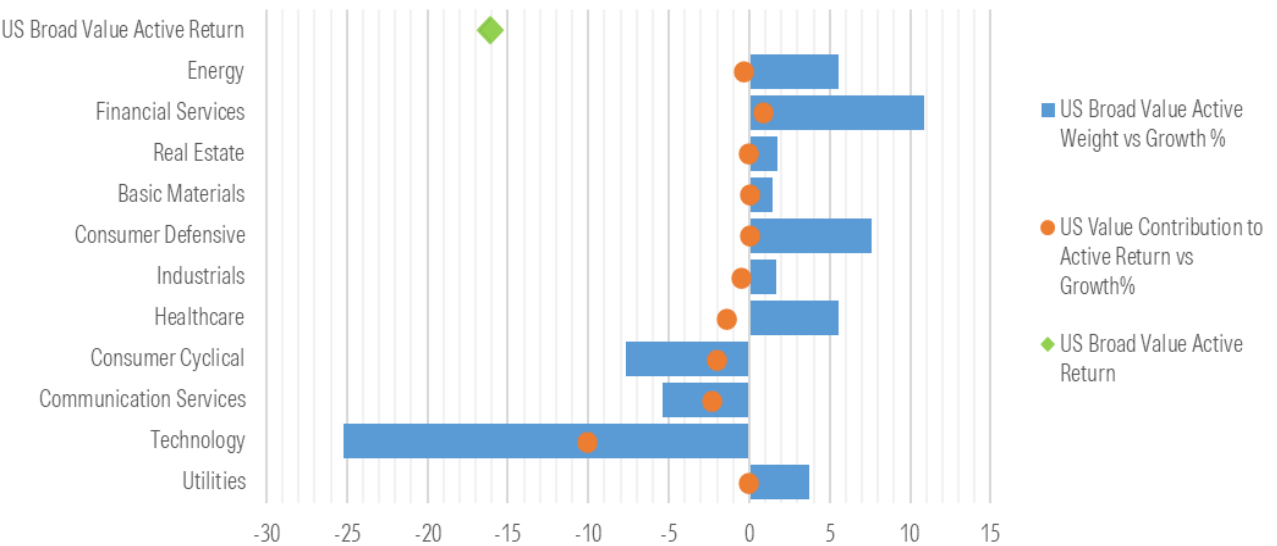
Source: Morningstar Direct. Data June 2020 to June 2025. (Each bar displays the quarterly sector weight for the respective sector from June 2020 to June 2025.)

Performance Attribution

US

The Morningstar US Market Broad Value Extended Index underperformed the Morningstar US Market Broad Growth Extended Index by 16.05%. Underweighting technology and communication services sectors contributed to approximately 78% of the underperformance.

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 June 30, 2025.

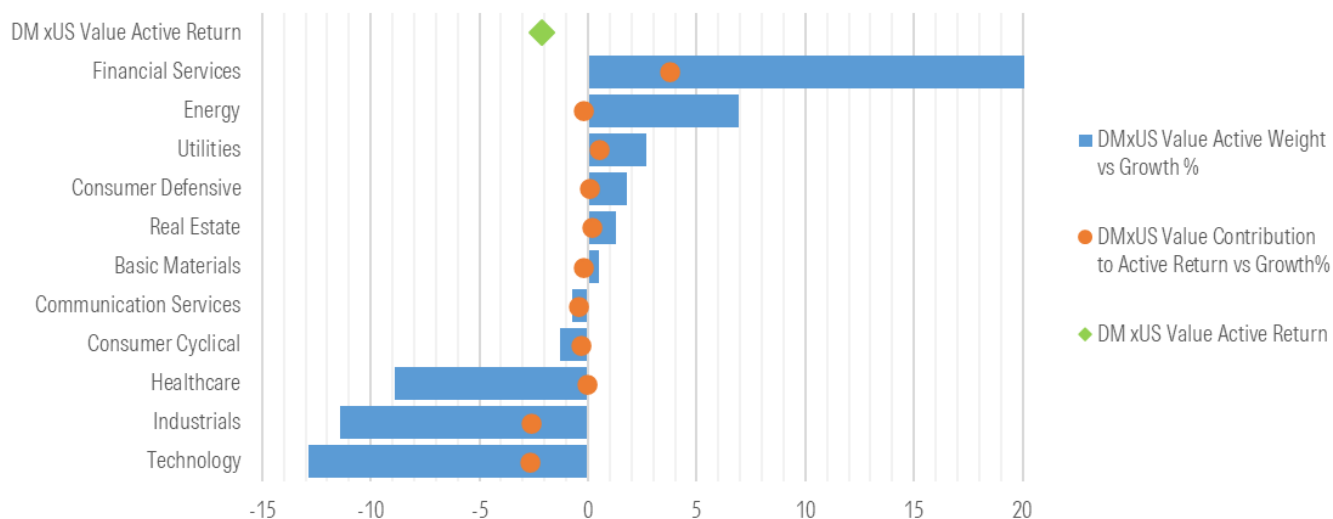
From the perspective of the value index, completely missing big technology stocks like Nvidia (45.78%) and Microsoft (32.75%) contributed 7.71% cumulatively to the negative 16.05% active returns. On the positive active exposure side, overweighting JP Morgan Chase & Co (18.97%) and Goldman Sachs (30.20%) helped the value index in some positive performance.

Exhibit 5.2 shows the top and bottom contributors to the active return of the Morningstar US Market Broad Value Extended Index over Morningstar US Market Broad Growth Extended 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
JPMorgan Chase & Co	2.67	18.97	0.51
The Goldman Sachs Group Inc	0.67	30.20	0.20
International Business Machines Corp	0.88	19.35	0.17
Walmart Inc	1.56	11.65	0.18
Micron Technology Inc	0.36	41.85	0.15
Bank of America Corp	1.09	14.05	0.15
Philip Morris International Inc	1.00	15.60	0.16
Eli Lilly and Co	-2.34	-5.43	0.13
Cisco Systems Inc	0.92	13.23	0.12
Morgan Stanley	0.57	21.70	0.12
US Value Active Return			-16.05

Name	Active Weight	3M Return	Contr. to Active Return
NVIDIA Corp	-9.77	45.78	-4.47
Microsoft Corp	-10.76	32.75	-3.53
Meta Platforms Inc Class A	-4.57	28.16	-1.29
Amazon.com Inc	-6.54	15.31	-1.00
UnitedHealth Group Inc	1.44	-40.01	-0.58
Netflix Inc	-1.65	43.60	-0.72
Tesla Inc	-2.92	22.57	-0.66
Broadcom Inc	-0.91	65.02	-0.59
Palantir Technologies Inc Ordinary	-0.85	61.52	-0.52
Berkshire Hathaway Inc Class B	3.58	-8.79	-0.31
		Overweight and +ve 3M return	
		Underweight and +ve 3M return	

**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 June 30, 2025.

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

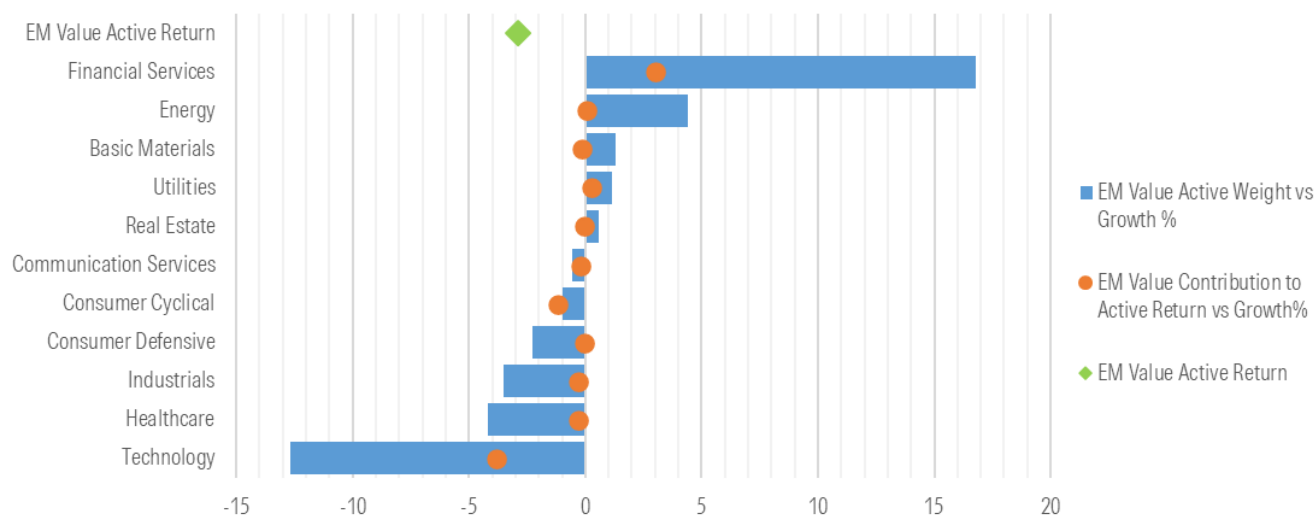
Name	Active Weight	3M Return	Contr. to Active Return	Name	Active Weight	3M Return	Contr. to Active Return
Banco Santander SA	1.10	25.35	0.28	ASML Holding NV	-2.81	21.89	-0.61
The Toronto-Dominion Bank	1.14	24.14	0.27	SAP SE	-3.05	15.83	-0.48
AIA Group Ltd	0.84	21.53	0.18	Rolls-Royce Holdings PLC	-0.92	38.30	-0.35
HSBC Holdings PLC	2.06	8.06	0.17	Rheinmetall AG	-0.79	48.80	-0.38
AXA SA	0.80	20.94	0.17	Hitachi Ltd	-1.20	25.89	-0.31
Canadian Imperial Bank of Commerce	0.60	27.23	0.16	Mitsubishi Heavy Industries Ltd	-0.69	47.95	-0.33
British American Tobacco PLC	0.87	17.56	0.15	Tokyo Electron Ltd	-0.68	42.50	-0.29
Banco Bilbao Vizcaya Argentaria SA	0.82	17.37	0.14	Shopify Inc Registered Shs -A- Subord Vtg	-1.24	21.01	-0.26
Barclays PLC	0.59	24.43	0.14	Safran SA	-0.98	25.28	-0.25
Intesa Sanpaolo	0.85	16.23	0.14	Schneider Electric SE	-1.33	18.49	-0.25
<b>DMxUS Value Active Return</b>			<b>-2.08</b>				
						Overweight and +ve 3M return	
						Underweight and +ve 3M return	

Source: Morningstar Direct. Data as of June 30, 2025.

### Emerging Markets

In emerging markets, the growth index returned 13.46% while the value index posted 10.60%, resulting in a growth outperformance of 2.85%. The primary drivers of value's underperformance were its underweight exposure to the technology and consumer cyclicals sectors.

**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 June 30, 2025.

Notably, the exclusion of Taiwan Semiconductor Manufacturing (32.97%) from the value index, combined with exposure to underperforming stocks such as Alibaba (negative 13.57%) and JD.com (negative 18.74%), significantly weighed on value's relative performance.

On the positive side, overweight positions in financial-services names such as China Construction Bank (18.06%) and KB Financial Group (54.68%) contributed positively to the value index.



**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
SK Hynix Inc	1.77	67.36	1.19	Taiwan Semiconductor Manufacturing Co Ltd	-16.76	32.97	-5.52
Meituan Class B	-2.30	-20.29	0.47	Alibaba Group Holding Ltd Ordinary Shares	6.11	-13.57	-0.83
China Construction Bank Corp Class H	2.07	18.06	0.37	Xiaomi Corp Class B	-2.52	20.77	-0.52
Hon Hai Precision Industry Co Ltd	1.38	25.34	0.35	Naspers Ltd Class N	-1.03	26.34	-0.27
KB Financial Group Inc	0.60	54.68	0.33	JD.com Inc Ordinary Shares - Class A	1.06	-18.74	-0.20
Samsung Electronics Co Ltd	1.98	12.88	0.25	Pop Mart International Group Ltd Ordinary Share	-0.37	69.51	-0.26
PDD Holdings Inc ADR	-1.69	-11.57	0.20	Bharti Airtel Ltd	-1.33	15.55	-0.21
Hana Financial Group Inc	0.32	60.23	0.20	Hanwha Aerospace Co Ltd	-0.38	49.53	-0.19
Shinhan Financial Group Co Ltd	0.43	43.96	0.19	Mahindra & Mahindra Ltd	-0.78	19.01	-0.15
SK Square	0.15	113.77	0.17	ICI Cl Bank Ltd	-2.05	6.87	-0.14
<b>EM Value Active Return</b>			<b>-2.85</b>				
						Overweight and +ve 3M return	
						Underweight and +ve 3M return	

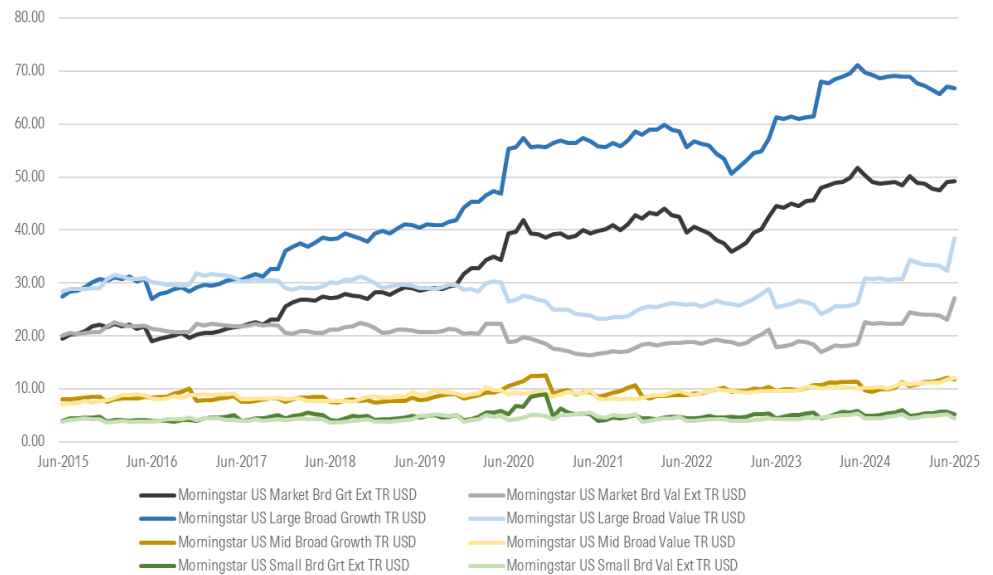
Source: Morningstar Direct. Data as of June 30, 2025.

**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 Cap Broad Growth Index, where the percentage of assets in the top 10 constituents grew from 55% at the end of June 2020 to roughly 67% 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 Cap Broad Growth Index holds 83 stocks, down from 142 five years ago. Moreover, the largest constituent in the index today (Nvidia) comprises over 15.95% of the portfolio, with Microsoft following closely at 15.82%, whereas five years ago, the equivalent weight for Nvidia was just over 1.6%. The Morningstar US Large Value Index is relatively diversified, with the top 10 holdings constituting 38% of the total portfolio and the medium-term trend holding around 27% since 2020.

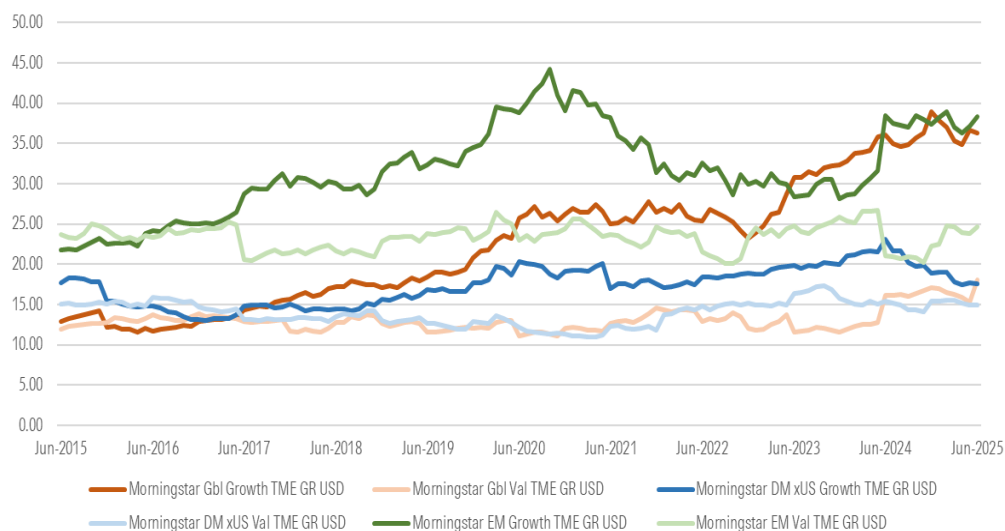
The small- and mid-cap indexes have far less concentration in their top 10 constituents, as there is a natural cap on how large constituents can grow before they advance to the next market-cap segment.

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

Source: Morningstar Direct. Data as of June 30, 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 TME 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 one year.

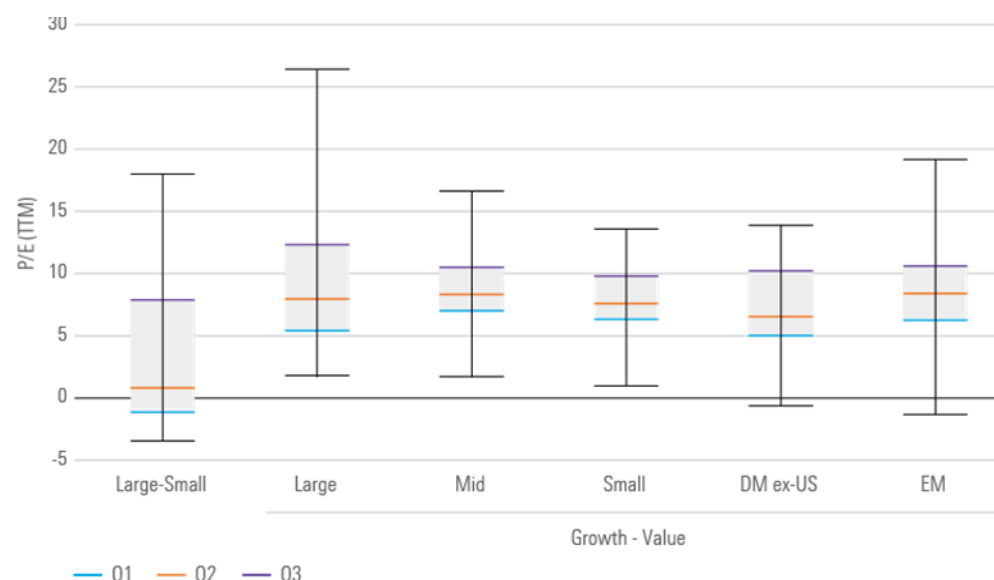
**Exhibit 9** Percentage of Portfolio in Top 10 Holdings—Global

Source: Morningstar Direct. Data as of June 30, 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 surge in the US markets, the growth-value P/E spread increased significantly across all market-cap spectrums in the US. Whereas the developed markets outside the US and emerging-market region saw a small increase.

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

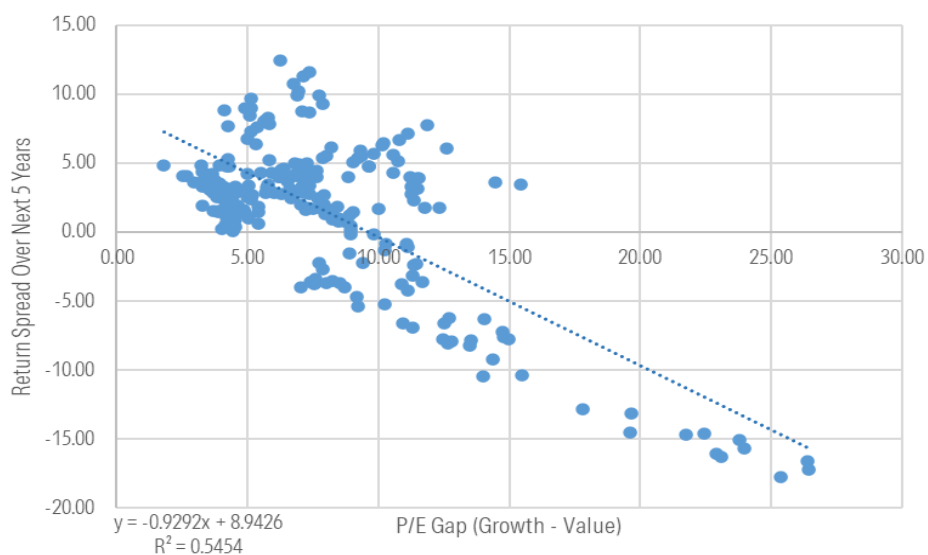
	Growth - Value					
	US Large-Small	US Large	US Mid	US Small	DM ex-US	EM
Current P/E Valuation Spread	9.48	19.03	14.08	11.39	11.31	11.59
Percent Rank (%) June 2025	87.70%	95.70%	96.70%	94.30%	82.80%	89.20%
Percent Rank (%) March 2025	82.80%	74.60%	70.00%	74.80%	81.50%	86.00%

Source: Morningstar Direct. Data as of June 30, 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.

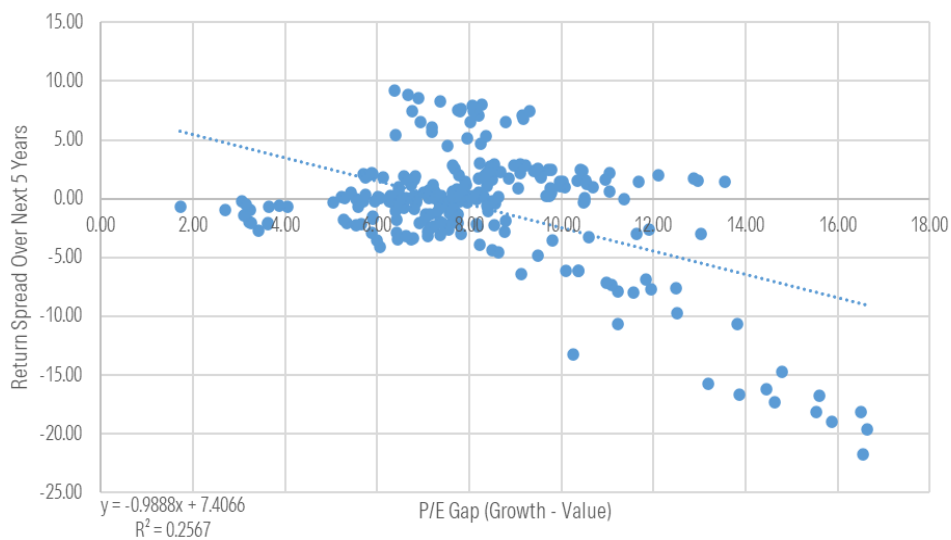
A previously notable and counterintuitive phenomenon in developed markets outside the US (Exhibit 15) appears to have faded. Historically, there was a mildly positive relationship between valuation spreads and subsequent five-year return spreads—suggesting that wider valuation gaps favored growth outperformance. However, as of the second quarter of 2025, this relationship has flattened out, with the regression line now showing a slightly negative slope and an R-squared near zero. 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. It is 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 - June 2025 (Morningstar US Large Broad Growth Index - Morningstar US Large Broad Value Index)



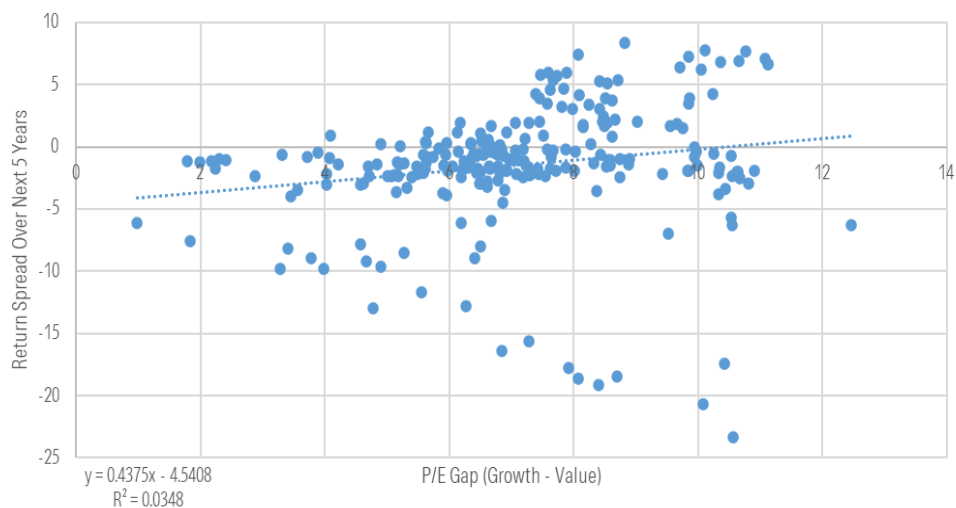
Source: Morningstar Direct. Data as of June 30, 2025.

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



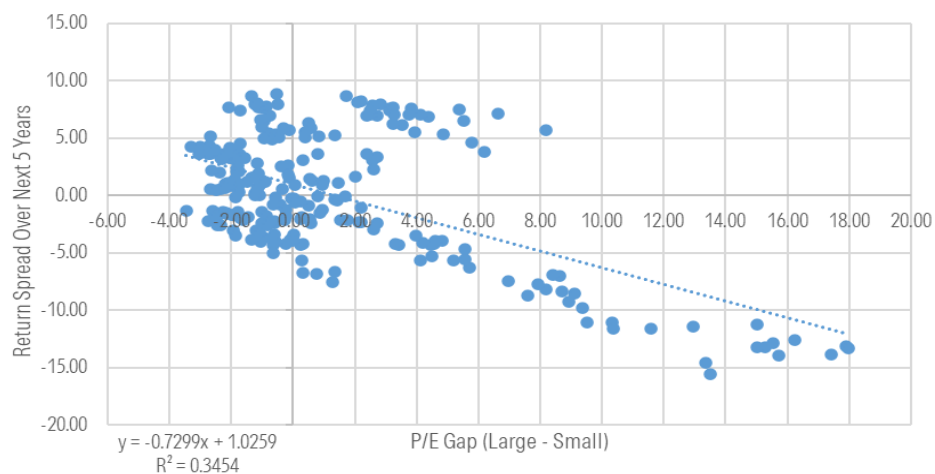
Source: Morningstar Direct. Data as of June 30, 2025.

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



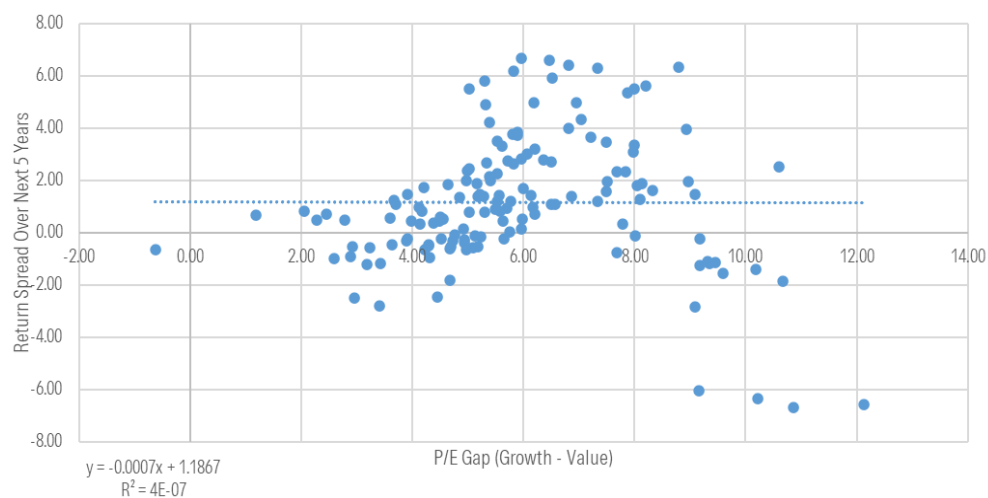
Source: Morningstar Direct. Data as of June 30, 2025.

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



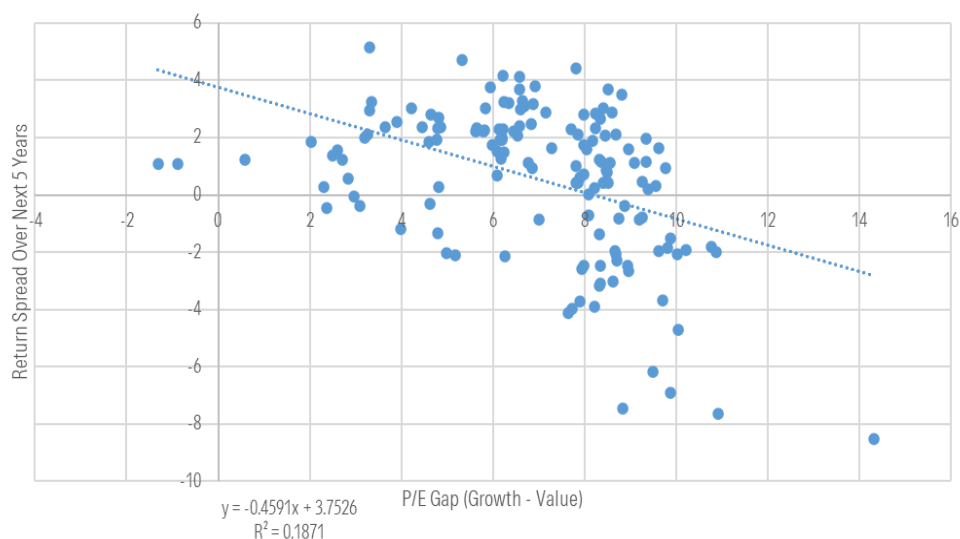
Source: Morningstar Direct. Data as of June 30, 2025.

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



Source: Morningstar Direct. Data as of June 30, 2025.

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



Source: Morningstar Direct. Data as of June 30, 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>. **K**



## 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 cyclicality (which detracts from our equity analysts' confidence in the durability of their profits).

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

US	Wide Moat	Narrow Moat	None
Morningstar US Market Extended	60.24	23.73	6.23
Morningstar US Market Broad Growth Extended	67.08	19.19	3.82
Morningstar US Market Broad Value Extended	52.50	28.92	8.99
Morningstar US Large Cap	77.45	20.33	1.57
Morningstar US Large Broad Growth	83.75	15.48	0.43
Morningstar US Large Broad Value	69.98	26.08	2.93
Morningstar US Mid Cap	21.13	42.03	21.01
Morningstar US Mid Cap Broad Growth	28.00	37.70	15.88
Morningstar US Mid Cap Broad Value	14.03	46.49	26.31
Morningstar US Small Cap Extended	1.91	10.94	12.42
Morningstar US Small Broad Growth Extended	2.46	10.53	7.33
Morningstar US Small Broad Value Extended	1.36	11.43	17.62
<b>Global</b>			
Morningstar Global Target Market Exposure	53.25	23.29	11.47
Morningstar Global Growth	63.39	19.79	5.95
Morningstar Global Value	41.97	27.20	17.61
Morningstar Developed Markets ex-US	34.49	22.09	25.52
Morningstar Developed Markets ex-US Growth	49.29	23.66	12.02
Morningstar Developed Markets ex-US Value	19.03	20.44	39.62
Morningstar Emerging Markets	18.83	15.62	14.22
Morningstar Emerging Markets Growth	25.17	12.96	9.27
Morningstar Emerging Markets Value	12.27	18.40	19.39

Source: Morningstar Direct. Data as of June 30, 2025.

**Exhibit 18** Revenue Generated in the US

<b>US</b>	<b>% of Revenue from the US</b>
Morningstar US Market Extended	60.87
Morningstar US Market Broad Growth Extended	55.50
Morningstar US Market Broad Value Extended	67.02
Morningstar US Large Cap	55.98
Morningstar US Large Broad Growth	49.69
Morningstar US Large Broad Value	63.44
Morningstar US Mid Cap	72.75
Morningstar US Mid Cap Broad Growth	70.36
Morningstar US Mid Cap Broad Value	75.21
Morningstar US Small Cap Extended	75.74
Morningstar US Small Broad Growth Extended	75.16
Morningstar US Small Broad Value Extended	76.81
<b>Global</b>	
Morningstar Global Target Market Exposure	45.34
Morningstar Global Growth	42.87
Morningstar Global Value	48.09
Morningstar Developed Markets ex-US	22.75
Morningstar Developed Markets ex-US Growth	25.86
Morningstar Developed Markets ex-US Value	19.50
Morningstar Emerging Markets	14.00
Morningstar Emerging Markets Growth	19.20
Morningstar Emerging Markets Value	8.89

Source: Morningstar Direct. Data as of June 30, 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 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, Snowflake and Autodesk—leaders in cloud data and design software, respectively—are leveraging structural trends such as cloud computing, digital transformation, and automation. Both featured among the top holdings in the Morningstar US Mid Cap Broad Growth Index as of June 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. Woodward Inc., a top holding in the Morningstar US Small Cap Broad Growth Extended Index, exemplifies this profile. As a manufacturer of control systems for aerospace and industrial markets, the company is positioned to benefit from long-term growth trends in aviation and energy efficiency. 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. The Mosaic Company, a fertilizer producer facing cyclical headwinds and volatile commodity prices, is a good example of the former, while Ally Financial, a digital-focused lender navigating rising credit risk and funding pressures, 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 19-33 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 (%)
NVIDIA Corp	NVDA	Technology	8.65
Microsoft Corp	MSFT	Technology	8.58
Apple Inc	AAPL	Technology	7.15
Amazon.com Inc	AMZN	Consumer Cyclical	4.93
Meta Platforms Inc Class A	META	Communication Services	3.75
Broadcom Inc	AVGO	Technology	2.94
Alphabet Inc Class A	GOOGL	Communication Services	2.39
Alphabet Inc Class C	GOOG	Communication Services	2.11
Berkshire Hathaway Inc Class B	BRK.B	Financial Services	2.07
Tesla Inc	TSLA	Consumer Cyclical	2.06

Source: Morningstar Direct. Data as of June 30, 2025.

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

Constituent	Ticker	Sector	Weighting (%)
NVIDIA Corp	NVDA	Technology	15.95
Microsoft Corp	MSFT	Technology	15.82
Meta Platforms Inc Class A	META	Communication Services	6.91
Apple Inc	AAPL	Technology	6.56
Broadcom Inc	AVGO	Technology	5.42
Amazon.com Inc	AMZN	Consumer Cyclical	4.55
Tesla Inc	TSLA	Consumer Cyclical	3.8
Eli Lilly and Co	LLY	Healthcare	2.67
Visa Inc Class A	V	Financial Services	2.62
Netflix Inc	NFLX	Communication Services	2.45

Source: Morningstar Direct. Data as of June 30, 2025.

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

Constituent	Ticker	Sector	Weighting (%)
Apple Inc	AAPL	Technology	7.84
Amazon.com Inc	AMZN	Consumer Cyclical	5.39
Alphabet Inc Class A	GOOGL	Communication Services	5.22
Berkshire Hathaway Inc Class B	BRK.B	Financial Services	4.54
JPMorgan Chase & Co	JPM	Financial Services	4.11
Alphabet Inc Class C	GOOG	Communication Services	3.36
Exxon Mobil Corp	XOM	Energy	2.37
Procter & Gamble Co	PG	Consumer Defensive	1.9
Johnson & Johnson	JNJ	Healthcare	1.87
The Home Depot Inc	HD	Consumer Cyclical	1.85

Source: Morningstar Direct. Data as of June 30, 2025.

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

Constituent	Ticker	Sector	Weighting (%)
Capital One Financial Corp	COF	Financial Services	1.17
Royal Caribbean Group	RCL	Consumer Cyclical	0.68
Emerson Electric Co	EMR	Industrials	0.65
Snowflake Inc Ordinary Shares - Class A	SNOW	Technology	0.63
Howmet Aerospace Inc	HWM	Industrials	0.63
Coinbase Global Inc Ordinary Shares - Class A	COIN	Financial Services	0.61
U.S. Bancorp	USB	Financial Services	0.61
Johnson Controls International PLC Registered Shares	JCI	Industrials	0.61
Robinhood Markets Inc Class A	HOOD	Financial Services	0.6
Marvell Technology Inc	MRVL	Technology	0.58

Source: Morningstar Direct. Data as of June 30, 2025..

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

Constituent	Ticker	Sector	Weighting (%)
Royal Caribbean Group	RCL	Consumer Cyclical	1.34
Snowflake Inc Ordinary Shares - Class A	SNOW	Technology	1.25
Howmet Aerospace Inc	HWM	Industrials	1.24
Coinbase Global Inc Ordinary Shares - Class A	COIN	Financial Services	1.2
Robinhood Markets Inc Class A	HOOD	Financial Services	1.17
Marvell Technology Inc	MRVL	Technology	1.14
Autodesk Inc	ADSK	Technology	1.13
Vistra Corp	VST	Utilities	1.12
Roblox Corp Ordinary Shares - Class A	RBLX	Communication Services	1.08
Hilton Worldwide Holdings Inc	HLT	Consumer Cyclical	1.06

Source: Morningstar Direct. Data as of June 30, 2025.

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

Constituent	Ticker	Sector	Weighting (%)
Capital One Financial Corp	COF	Financial Services	2.39
U.S. Bancorp	USB	Financial Services	1.24
EOG Resources Inc	EOG	Energy	1.16
Newmont Corp	NEM	Basic Materials	1.15
Air Products and Chemicals Inc	APD	Basic Materials	1.11
CSX Corp	CSX	Industrials	1.08
The Travelers Companies Inc	TRV	Financial Services	1.08
Kinder Morgan Inc Class P	KMI	Energy	1.02
Truist Financial Corp	TFC	Financial Services	0.99
Cheniere Energy Inc	LNG	Energy	0.96

Source: Morningstar Direct. Data as of June 30, 2025..

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

Constituent	Ticker	Sector	Weighting (%)
Woodward Inc	WWD	Industrials	0.29
TechnipFMC PLC	FTI	Energy	0.28
Coherent Corp	COHR	Technology	0.27
Credo Technology Group Holding Ltd	CRDO	Technology	0.27
BWX Technologies Inc	BWXT	Industrials	0.26
Carpenter Technology Corp	CRS	Industrials	0.26
ITT Inc	ITT	Industrials	0.26
Rocket Lab USA Inc	RKLB	Industrials	0.25
Texas Roadhouse Inc	TXRH	Consumer Cyclical	0.25
Neurocrine Biosciences Inc	NBIX	Healthcare	0.25

Source: Morningstar Direct. Data as of June 30, 2025..

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

Constituent	Ticker	Sector	Weighting (%)
Woodward Inc	WWD	Industrials	0.58
Coherent Corp	COHR	Technology	0.55
Credo Technology Group Holding Ltd	CRDO	Technology	0.54
BWX Technologies Inc	BWXT	Industrials	0.53
Carpenter Technology Corp	CRS	Industrials	0.53
ITT Inc	ITT	Industrials	0.51
Rocket Lab USA Inc	RKLB	Industrials	0.5
Texas Roadhouse Inc	TXRH	Consumer Cyclical	0.5
Neurocrine Biosciences Inc	NBIX	Healthcare	0.5
ATI Inc	ATI	Industrials	0.48

Source: Morningstar Direct. Data as of June 30, 2025..

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

Constituent	Ticker	Sector	Weighting (%)
Skyworks Solutions Inc	SWKS	Technology	0.47
Toll Brothers Inc	TOL	Consumer Cyclical	0.46
Annaly Capital Management Inc	NLY	Real Estate	0.45
The Mosaic Co	MOS	Basic Materials	0.45
Host Hotels & Resorts Inc	HST	Real Estate	0.43
Ally Financial Inc	ALLY	Financial Services	0.43
Bunge Global SA	BG	Consumer Defensive	0.43
Viatis Inc	VTRS	Healthcare	0.43
Pinnacle West Capital Corp	PNW	Utilities	0.43
First Horizon Corp	FHN	Financial Services	0.42

Source: Morningstar Direct. Data as of June 30, 2025..

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

Constituent	Ticker	Sector	Weighting (%)
ASML Holding NV	ASML	Technology	1.52
SAP SE	SAP	Technology	1.51
Nestle SA	NESN	Consumer Defensive	1.23
Novartis AG Registered Shares	NOVN	Healthcare	1.11
Roche Holding AG	ROG	Healthcare	1.09
Novo Nordisk AS Class B	NOVO B	Healthcare	1.06
AstraZeneca PLC	AZN	Healthcare	1.04
HSBC Holdings PLC	HSBA	Financial Services	1.03
Shell PLC	SHEL	Energy	1.01
Commonwealth Bank of Australia	CBA	Financial Services	0.98

Source: Morningstar Direct. Data as of June 30, 2025..

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

Constituent	Ticker	Sector	Weighting (%)
ASML Holding NV	ASML	Technology	2.97
SAP SE	SAP	Technology	2.95
Novo Nordisk AS Class B	NOVO B	Healthcare	2.08
AstraZeneca PLC	AZN	Healthcare	2.04
Schneider Electric SE	SU	Industrials	1.36
Shopify Inc Registered Shs -A- Subord Vtg	SHOP	Technology	1.32
Hitachi Ltd	6501	Industrials	1.27
Commonwealth Bank of Australia	CBA	Financial Services	1.21
Siemens AG	SIE	Industrials	1.19
Airbus SE	AIR	Industrials	1.16

Source: Morningstar Direct. Data as of June 30, 2025..

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

Constituent	Ticker	Sector	Weighting (%)
HSBC Holdings PLC	HSBA	Financial Services	2.11
Shell PLC	SHEL	Energy	2.06
Toyota Motor Corp	7203	Consumer Cyclical	1.97
Nestle SA	NESN	Consumer Defensive	1.38
Roche Holding AG	ROG	Healthcare	1.28
Novartis AG Registered Shares	NOVN	Healthcare	1.27
The Toronto-Dominion Bank	TD	Financial Services	1.25
TotalEnergies SE	TTE	Energy	1.24
Banco Santander SA	SAN	Financial Services	1.21
BHP Group Ltd	BHP	Basic Materials	1.15

Source: Morningstar Direct. Data as of June 30, 2025..

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

Constituent	Ticker	Sector	Weighting (%)
Taiwan Semiconductor Manufacturing Co Ltd	2330	Technology	9.58
Tencent Holdings Ltd	700	Communication Services	4.24
Alibaba Group Holding Ltd Ordinary Shares	9988	Consumer Cyclical	2.72
Samsung Electronics Co Ltd	5930	Technology	2.33
HDFC Bank Ltd	HDFCBANK	Financial Services	1.44
Xiaomi Corp Class B	1810	Technology	1.42
Reliance Industries Ltd	RELIANCE	Energy	1.39
SK Hynix Inc	660	Technology	1.28
China Construction Bank Corp Class H	939	Financial Services	1.08
ICICI Bank Ltd	ICICIBANK	Financial Services	0.97

Source: Morningstar Direct. Data as of June 30, 2025..



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

Constituent	Ticker	Sector	Weighting (%)
Taiwan Semiconductor Manufacturing Co Ltd	2330	Technology	18.79
Tencent Holdings Ltd	700	Communication Services	4.94
HDFC Bank Ltd	HDFCBANK	Financial Services	2.82
Xiaomi Corp Class B	1810	Technology	2.79
ICICI Bank Ltd	ICICIBANK	Financial Services	1.9
International Holdings Co PJSC	IHC	Industrials	1.73
Reliance Industries Ltd	RELIANCE	Energy	1.5
Bharti Airtel Ltd	BHARTIARTL	Communication Services	1.42
MediaTek Inc	2454	Technology	1.42
Naspers Ltd Class N	NPN	Consumer Cyclical	1.08

Source: Morningstar Direct. Data as of June 30, 2025..

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

Constituent	Ticker	Sector	Weighting (%)
Alibaba Group Holding Ltd Ordinary Shares	9988	Consumer Cyclical	5.55
Samsung Electronics Co Ltd	5930	Technology	4.75
Tencent Holdings Ltd	700	Communication Services	3.53
SK Hynix Inc	660	Technology	2.61
China Construction Bank Corp Class H	939	Financial Services	2.2
Hon Hai Precision Industry Co Ltd	2317	Technology	1.48
Industrial And Commercial Bank Of China Ltd Class H	1398	Financial Services	1.33
Reliance Industries Ltd	RELIANCE	Energy	1.27
Bank Of China Ltd Class H	3988	Financial Services	1.03
JD.com Inc Ordinary Shares - Class A	9618	Consumer Cyclical	0.93

Source: Morningstar Direct. Data as of June 30, 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 June 30, 2025..

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