

Morningstar® Global Food Innovation IndexSM

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indexes@morningstar.com

Food production methods and consumption patterns continue to change thanks to technological advances and shifting consumer preferences towards greater sustainability and healthier options. Companies whose products and services catalyze these trends are likely to enjoy financial benefits and may offer attractive investment opportunities.

The Morningstar Global Food Innovation Index is designed to deliver unparalleled, thematically pure exposure to the Food Innovation theme by drawing on the in-depth knowledge and forward-looking insights of Morningstar's equity research team. The index targets the stocks of companies well positioned to benefit from the growth of innovations that aim to improve nutrition, food production practices, food safety measures, and the sustainability of related packaging.

Food Innovation sub-themes

The Morningstar Equity Research Team's Food Innovation steering committee has identified four key sub-themes. Sub-themes are reviewed annually and can evolve as new sub-themes emerge.

- **Alternative Proteins:** Food, beverages, or ingredients offering protein sourced from non-animal origins.
- **Agriculture Technology:** Agriculture technology solutions that enhance crop yield, improve efficiency, or optimize land use.
- **Nutritional Innovation & Safety:** Technologies that reduce preventable nutrition-related death and disease via innovation or food safety practices.
- **Sustainable Food Production & Packaging:** Technologies that pave the way for sustainable food production practices or sustainable food and beverage packaging solutions

Thematic exposure scores

Through a thorough, standardized scoring process conducted by Morningstar equity analysts, companies are assigned thematic exposure scores for each sub-theme. This unique, forward-looking framework incorporates insights to assign the scores, which range from 0 through 4, with higher scores representing a higher degree of thematic purity. The scoring process considers each company's role in the supply chain, expected revenue exposure to the sub-theme five years into the future, and whether the company is expected to experience a net profit increase from its exposure to the sub-theme over the next five years.

Index eligibility and portfolio construction

The Morningstar Global Food Innovation Index derives its constituents from the Morningstar Global Markets ex-India Index. Companies must be assigned a thematic exposure score of 1 or higher in at least one of the four sub-themes and pass minimum liquidity screens to be eligible for index membership.¹ Those that pass the initial eligibility screens are then assigned a Tier 1 or Tier 2 status. Tier 1 companies are categorized as those that meet at least one of the following criteria, and Tier 2 companies are categorized as those that do not:

- Assigned a thematic exposure score of 3 or 4 in any of the four sub-themes
- Has an aggregate thematic exposure score (sum of all four sub-themes) of 5 or more
- Has a thematic exposure score of 2 in at least two of the four sub-themes

¹ For more information, please refer to the Morningstar Global Food Innovation Index [rulebook](#)

Companies are then ranked to maximize exposure to the Food Innovation theme. The ranking criteria are as follows in descending order of absolute preference:

- Tier 1 over Tier 2
- Higher aggregate thematic exposure score (sum of all four sub-themes)
- Number of subthemes in which a company is assigned a thematic exposure score of 4
- Number of subthemes in which a company is assigned a thematic exposure score of 3
- Number of subthemes in which a company is assigned a thematic exposure score of 2
- Number of subthemes in which a company is assigned a thematic exposure score of 1

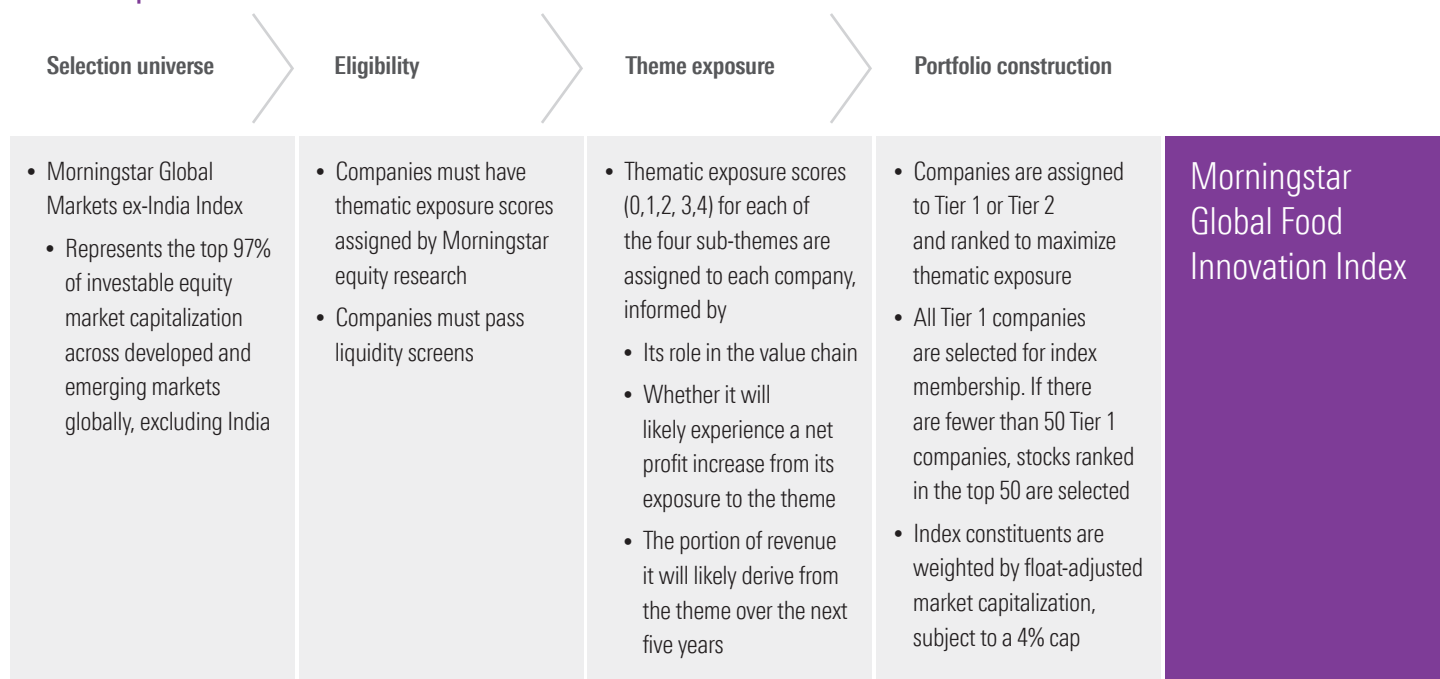
- Current index membership (existing constituents are given preference)
- Total market capitalization (smaller companies are given preference over ones)

All Tier 1 companies are eligible for inclusion. If there are fewer than 50 Tier 1 companies, stocks ranked in the top 50 are selected for index membership. The index is weighted by float-adjusted market capitalization, subject to a 4% cap.

Reconstitution

The index is reconstituted annually in December.

Construction process



About Morningstar Indexes

Morningstar Indexes was built to keep up with the evolving needs of investors—and to be a leading-edge advocate for them. Our rich heritage as a transparent, investor-focused leader in data and research uniquely equips us to support individuals, institutions, wealth managers and advisors in navigating investment opportunities across major asset classes, styles and strategies. From traditional benchmarks and unique IP-driven indexes, to index design, calculation and distribution services, our solutions span an investment landscape as diverse as investors themselves.

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