

April 30, 2024

Morningstar Target Market Exposure Indexes Methodology Enhancement

Morningstar Indexes is updating the [Morningstar Target Market Exposure \(TME\) Indexes methodology](#) to align the treatment of significant initial public offerings (IPOs) with that of the Morningstar Global Markets Indexes and incorporate significant IPOs more frequently. Currently, IPOs are only added to the Morningstar TME Indexes at the semiannual reconstitution in June and December.

Under the new rule, significant IPOs will be eligible for inclusion at each quarterly rebalance. Significant IPOs are broadly defined as those that meet the general liquidity and investability criteria and have full market value (in USD) greater than or equal to twice the mid-small segment cutoff of the respective market segment (developed markets and emerging markets) at the previous reconstitution.

This change will be effective from the September 2024 rebalance for all Morningstar Target Market Exposure indexes. The updated rulebook will be available on the Morningstar Indexes website before the September rebalance.

About Morningstar Indexes

Morningstar Indexes has been designing modern solutions for 20 years, but what makes us truly unique has been more than three decades in development. Our rich history began in 1984, when Morningstar was founded on a promise to empower investors with data and research that is independent and objective. Over time, our collection of data has expanded considerably—and so has its application. Today, Morningstar Indexes draws on unique IP to unlock an extensive range of emerging opportunities for investors of every kind, while providing a robust institutional beta platform for core investing.

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