

Morningstar Broad Style Indexes

Learn more

Explore Morningstar Indexes' [full range of solutions](#)

Contact us

indexes@morningstar.com

Since its creation in 1992, the Morningstar Style Box has served as a reference point for investors. The style box characterizes investments by their fundamental attributes, dividing the equity market along dimensions of size and valuation. Investors use the style box for diversification, asset allocation, and performance evaluation.

The Morningstar Broad Style Indexes align with the value/growth assignments of the equity style box, underpinned by a 10-factor model that paints a holistic picture of style. The indexes reflect that companies can display both growth and value characteristics. Size index assignments are determined by targeting a fixed percentage of market capitalization, which maintains consistency over time.

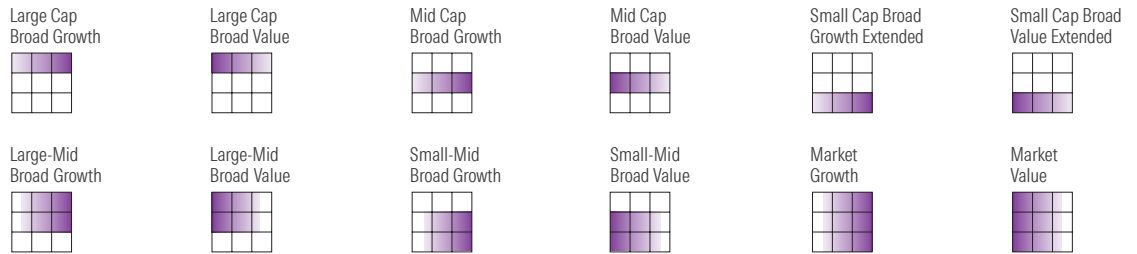
The indexes provide an accurate and consistent representation of the opportunity set available to style investors, facilitating accurate performance benchmarking.

Index constituents are drawn from the Morningstar US Market Extended Index, which targets representation of 99.5% of the investable US equity market. Each style index is derived from a parent index focused on a specific size segment. The value and growth indexes both target stocks representing half of the parent index, and together provide full coverage of the parent index.

Size Indexes



Broad Style Indexes



Style scores

All eligible stocks are assigned a composite value/growth style score, based on 10 distinct historical and forward-looking variables (five for value and five for growth). Value and growth scores are combined so that each accounts for one half of a stock's final style score. Stocks are then assigned to pure growth, pure value, or a blend

based on the relative strength of their style score. Each group comprises roughly one third of the market capitalization within its respective size segment. Pure value and pure growth stocks are fully allocated to their respective style indexes. Stocks that fall in the middle of the value-growth spectrum are partially allocated to both the value and growth indexes.

Style scores

1. Determine a Value Score

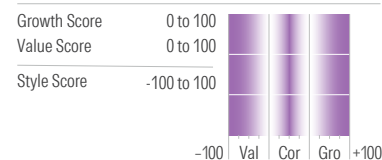
Factors		Weight %
Forward-Looking	Price-to-Projected Earnings	50.00
Historical	Price-to-Book	12.5
	Price-to-Sales	12.5
	Price-to-Cash-Flow	12.5
	Dividend Yield	12.5

2. Determine a Growth Score

Factors		Weight %
Forward-Looking	Long-Term Projected Earnings Growth	50.00
Historical	Earnings Growth	12.5
	Sales Growth	12.5
	Cash Flow Growth	12.5
	Book Value Growth	12.5

3. Determine a Style Score

Subtract the Value Score from the Growth Score.



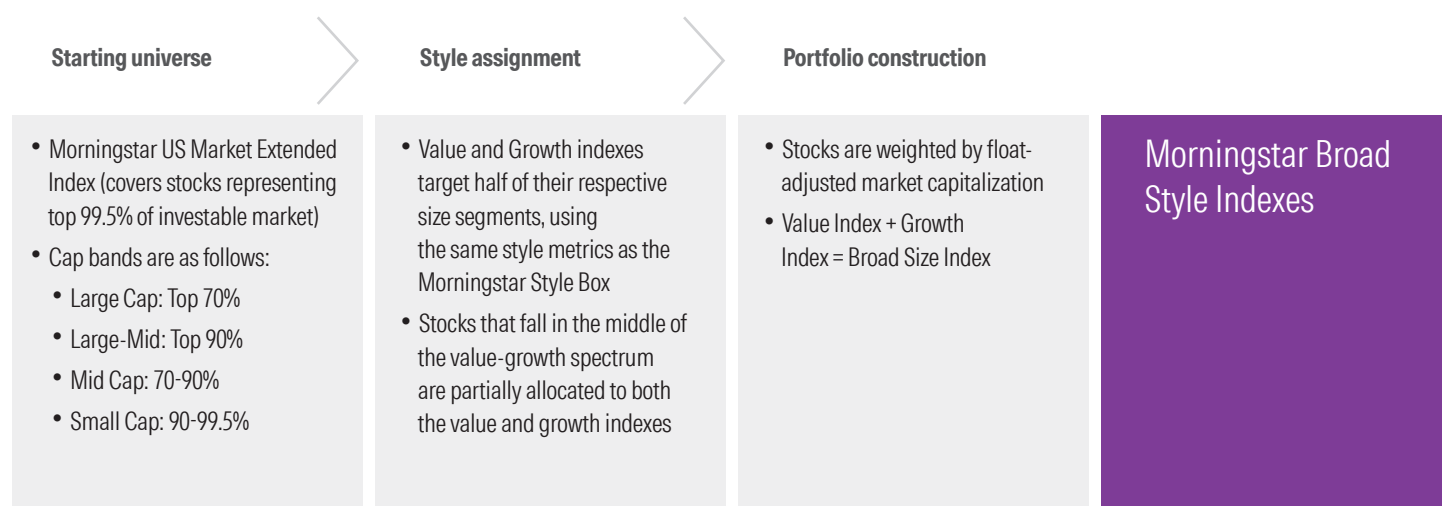
Portfolio construction

Pure value and pure growth stocks are weighted in proportion to their float adjusted market cap. Stocks that fall in the middle of the value-growth spectrum are weighted based on a combination of their float-adjusted market cap and style tilt inclusion factor.

Reconstitution

The Morningstar Broad Style Indexes are reconstituted semi-annually in June and December and are rebalanced quarterly.

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.

Please visit indexes.morningstar.com for more information.