



## FOR IMMEDIATE RELEASE

### Morningstar and iShares Join Forces to Lead the Industry in Style Investing

New Morningstar Broad Style Indexes to be tracked by iShares ETFs

Enhanced iShares ETFs will reflect iconic Morningstar Style Box™, and are designed to deliver innovation, quality, and value

**CHICAGO and NEW YORK, Dec. 15, 2020** – In a commitment to reinvent the \$3.0 trillion style investing market for U.S. equities, Morningstar and iShares are joining forces. [Morningstar, Inc.](#) (Nasdaq: MORN) is a leading provider of independent investment research and has been a leader in style analysis and investing since the creation of the Morningstar Style Box™ in 1992. iShares is the leading global issuer of ETFs, with more than \$2.5 trillion in assets under management.

In January 2021, Morningstar will formally launch a new index family – the Morningstar Broad Style Indexes<sup>SM</sup>—designed to more accurately represent the size and style dimensions of the U.S. equity market. The underlying data and methodology of the Morningstar Broad Style Indexes are designed to be consistent with the Morningstar Style Box, making the Morningstar Broad Style Indexes a natural complement for informing style-related investment decisions. As part of this initiative, the nine funds in the iShares Morningstar U.S. Equity Style Box ETF suite will begin tracking the new Morningstar Broad Style Indexes.<sup>1</sup> The Morningstar Style Box will not experience changes as part of the launch of the Morningstar Broad Style Index family.

“Style investing is the bedrock of many investors’ portfolios. Inspired by more than 30 years of independent research and analysis, the new Morningstar Broad Style Indexes aim to empower investors through a more flexible and intuitive framework for building U.S. equity portfolios,” said **Ron Bundy, president, Morningstar Indexes**. “As we look to expand our set of style indexes in the new year, we are proud of our enhanced relationship with iShares.”

As of November 2020, \$753 billion in assets are invested in U.S. value or growth index funds, with another \$284 billion globally.<sup>2</sup> In addition, active managers continue to search for alpha in styles, with \$2.2 trillion of actively managed assets benchmarked against value or growth indexes<sup>3</sup> in the United States. Style investing is a well-established discipline for investing in U.S. equities. Decades of academic research and investor experience have confirmed the distinct performance characteristics of stocks based on their size and valuation.<sup>4</sup>

iShares leads the ETF industry through our commitment to deliver a combination of innovation, quality, and value. Our continued relationship with Morningstar reinforces our value proposition and our

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<sup>1</sup> No earlier than March 19, 2021

<sup>2</sup> Source: Morningstar Direct, as of Nov. 30, 2020

<sup>3</sup> Source: Morningstar Direct, as of Nov. 30, 2020

<sup>4</sup> Source: “Common risk factors in the returns on stocks and bonds.” Journal of Financial Economics 33 (1993) 3-56. [https://rady.ucsd.edu/faculty/directory/valkanov/pub/classes/mfe/docs/fama\\_french\\_ife\\_1993.pdf](https://rady.ucsd.edu/faculty/directory/valkanov/pub/classes/mfe/docs/fama_french_ife_1993.pdf)  
Banz, Rolf, “The relationship between return and market value of common stocks”, Journal of Financial Economics, 1981.

Fama, Eugene F., and French, Kenneth R., “The cross-section of expected stock returns”, The Journal of Finance, 1992.

willingness to use the scale of our platform to provide better solutions and outcomes for our clients,” said **Armando Senra, managing director and head of iShares Americas at BlackRock**. “At the heart of this collaboration is our mission to deliver simplicity, diversification, and flexibility, enabling investors to efficiently build portfolios tailored to their risk and return targets.”

### **About the Morningstar Style Box™**

The Morningstar Style Box has become the industry standard for categorizing and tracking managed investment portfolios. It describes securities in terms of their relative size and value-growth orientation in an intuitive, visual tool. It is based on a robust methodology that includes forward-looking and historical components and 10 different factors to measure value-growth orientation. Because different investment styles often offer different risk/reward patterns, it is important for individuals to understand the investment style of a stock, fund, or portfolio. This understanding can help investors and advisors construct portfolios that are consistent with the investor’s return expectations and risk tolerances. The style box lays the groundwork for better portfolio assembly and monitoring and is a useful tool for individual and professional investors.

### **About the Morningstar Broad Style Index Family**

The Morningstar Broad Style Index family will provide investors with a more accurate reflection of their opportunity set, enabling intelligent benchmarking and asset allocation decisions. This new approach will give investors more flexibility to access the broad market while maintaining their desired style exposure. The Morningstar Broad Style Indexes complement Morningstar’s existing style indexes and will be formally launched in January 2021. Learn more about Morningstar’s robust suite of indexes across all asset classes [here](#).

### **About the iShares Morningstar U.S. Equity Style Box ETFs**

Launched in 2004, the iShares Morningstar U.S. Equity Style Box ETFs (the “Funds”) include nine funds with \$7B of AUM.<sup>5</sup> The Funds will track Morningstar’s new set of style indexes, the Morningstar Broad Style Indexes, within the existing suite of nine Funds. Each of the ETFs will undergo additional enhancements including forward share splits and new tickers. Details on this product update can be found [here](#). The changes are expected to be implemented no earlier than March 19, 2021.

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### **About Morningstar, Inc.**

Morningstar, Inc. is a leading provider of independent investment research in North America, Europe, Australia, and Asia. The Company offers an extensive line of products and services for individual investors, financial advisors, asset managers, retirement plan providers and sponsors, and institutional investors in the debt and private capital markets. Morningstar provides data and research insights on a wide range of investment offerings, including managed investment products, publicly listed companies, private capital markets, debt securities, and real-time global market data. Morningstar also offers investment management services through its investment advisory subsidiaries, with approximately \$215 billion in assets under advisement and management as of Sept. 30, 2020. The Company has operations in 29 countries. For more information, visit [www.morningstar.com/company](http://www.morningstar.com/company). Follow Morningstar on Twitter @MorningstarInc.

### **About BlackRock**

BlackRock’s purpose is to help more and more people experience financial well-being. As a fiduciary to investors and a leading provider of financial technology, our clients turn to us for the solutions they need when planning for their most important goals. As of September 30, 2020, the firm managed approximately

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<sup>5</sup> Source: BlackRock, as of December 9, 2020

\$7.81 trillion in assets on behalf of investors worldwide. For additional information on BlackRock, please visit [www.blackrock.com/corporate](http://www.blackrock.com/corporate)

Twitter: [@blackrock](https://twitter.com/blackrock) | LinkedIn: [www.linkedin.com/company/blackrock](http://www.linkedin.com/company/blackrock).

### **About iShares**

iShares unlocks opportunity across markets to meet the evolving needs of investors. With more than twenty years of experience, a global line-up of 900+ exchange traded funds (ETFs) and \$2.32 trillion in assets under management as of September 30, 2020, iShares continues to drive progress for the financial industry. iShares funds are powered by the expert portfolio and risk management of BlackRock, trusted to manage more money than any other investment firm<sup>6</sup>.

**Carefully consider the Funds' investment objectives, risk factors, and charges and expenses before investing. This and other information can be found in the Funds' prospectuses or, if available, the summary prospectuses which may be obtained by visiting [www.iShares.com](http://www.iShares.com) or [www.blackrock.com](http://www.blackrock.com). Read the prospectus carefully before investing.**

### **Investing involves risk, including possible loss of principal.**

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<sup>6</sup> Based on \$7.81 trillion in AUM as of 9/30/20