MORNINGSTAR Indexes

August 13, 2026

Consultation on Indicated Dividends

Indicated dividends are intended to provide a forward-looking estimate of the dividends expected to be paid over the next 12 months. For Morningstar Indexes, indicated dividends are generally calculated as the most recent ordinary dividend distribution annualized based on the company's stated payment frequency.

Several Morningstar dividend-focused indexes use indicated dividends to determine constituent eligibility and/or constituent weights. However, a small number of companies, including CME Group and Progressive Corporation, have historically paid variable annual dividends that are classified as ordinary dividends (as shown here). Because these distributions can be substantially larger than the company's recurring dividend payments, they may temporarily inflate the company's indicated dividend yield. In turn, this can result in constituents entering an index or receiving higher weights at one reconstitution, only to reverse at the subsequent reconstitution when the variable annual dividend is no longer included in the indicated dividend calculation.

To address this issue, Morningstar Indexes is proposing to exclude variable annual dividends from the calculation of indicated dividends. The objective of this change is to ensure that indicated dividends more accurately reflect recurring dividend expectations and to reduce turnover resulting from non-recurring variable annual distributions.

Impacted Indexes

PortfolioId	Index Name
P000000087	Morningstar Dividend Composite
P000000058	Morningstar MLP Composite
3250942	Morningstar Developed Markets Dividend Growth
3250945	Morningstar Global Dividend Growth
P000001026	Morningstar US Dividend Growth
P000130658	Morningstar Dividend Leaders
3251848	Morningstar US Small-Mid Cap Dividend Leaders
3386121	Morningstar US Dividend Opportunity
P000000086	Morningstar Dividend Yield Focus
1294689	Morningstar US Dividend Yield Focus 50 Equal Weighted
1499376	Morningstar US Dividend Yield Focus UCITS

An impact analysis for the Morningstar Dividend Yield Focus Indexes and Morningstar US Dividend Growth Index is available here. This proposal would not have affected the performance of the Morningstar Dividend Leaders Index over the three years through the June 2026 reconstitution, though it would have resulted in minor portfolio changes at the June 2026 reconstitution. It also would not have affected the membership or performance of the Morningstar MLP Composite Index during that period.

Morningstar Indexes welcomes client feedback on this proposal.

Submit your responses and questions

Responses to this consultation can be submitted here.

General questions about the consultation may also be sent to indexes@morningstar.com.

Key dates

- **Consultation**: The consultation will be open for response from August 13, 2026, to August 28, 2026.
- **Decision announcement**: Final decisions will be announced by September 11, 2026.
- **Proposed implementation**: December 18, 2026.

Questions

1. Should Morningstar Indexes exclude variable annual dividends from the measurement of indicated dividends?
    a. Yes
    b. No
    c. Other, please explain.

2. If you do not support the proposed treatment, which alternative do you prefer?
    a. Continue the current methodology (include annual variable dividends and treat them as single distributions).
    b. Include variable annual dividends but cap their impact.
    c. Use trailing 12-month yield in place of indicated yield for stocks with variable annual dividends.
    d. Use a multi-year average of variable annual dividends for stocks with such distributions.
    e. Other, please explain.

3. Should Morningstar Indexes classify variable annual dividends as special dividends, even if the company classifies them as ordinary?
    a. Yes
    b. No
    c. Other, please explain.

4. What other factors should Morningstar Indexes consider in making these decisions?

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. In February 2026, the acquisition of CRSP brought the CRSP Market Indexes—benchmarks for over $3 trillion in US equities—into the Morningstar Indexes family. Additionally, CRSP's Research Data Products, renowned for their academic rigor, historical depth and accuracy, will further enhance Morningstar's equity research and data capabilities. This integration unites two trusted sources of market insight, reinforcing a shared commitment to transparency, quality, and investor-focused solutions.

Please visit indexes.morningstar.com for more information.

Contact Us

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