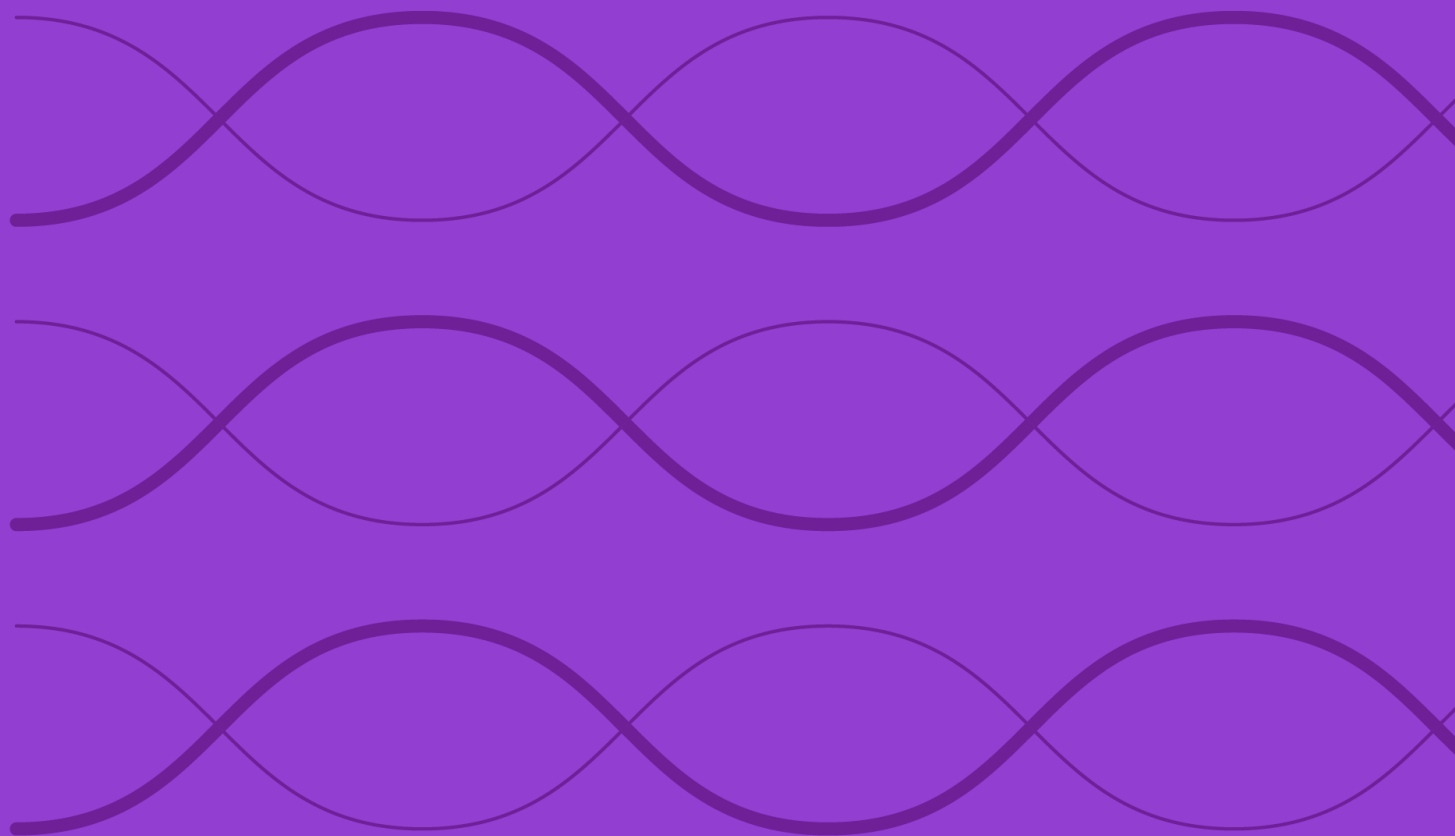


# Construction Rules for the Morningstar<sup>®</sup> Eurozone Banks Static Select 10 Equal Weight Index<sup>SM</sup>



**Overview ..... 3**

**Index Construction ..... 4**

Methodology Summary ..... 4

Starting Universe ..... 4

Eligibility ..... 4

Portfolio Construction ..... 4

**Index Maintenance and Calculation ..... 5**

Reconstitution and Rebalancing ..... 5

Corporate Actions ..... 5

Index Calculation and Price Data ..... 5

**Methodology Review and Index Cessation Policy ..... 6**

**Data Correction and Precision ..... 7**

Intraday Index Data Corrections ..... 7

Index-Related Data and Divisor Corrections ..... 7

**Exceptions ..... 7**

**Appendixes ..... 8**

Appendix 1: Glossary ..... 8

Appendix 2: Morningstar® Eurozone Banks Static Select 10 Equal Weight Index Decrement Indexes ..... 8

Appendix 3: Decrement Levels ..... 8

Appendix 4: Constituent List as of June 24, 2024 ..... 9

Appendix 5: Modifications to the Rulebook ..... 9

**About Morningstar Indexes ..... 10**

## Overview

The Morningstar Eurozone Banks Static Select 10 Equal Weight index seeks exposure to the largest 10 stocks by free-float market capitalization in the Morningstar Eurozone Large-Mid Banks Index as of June 24, 2024. The Index constituents do not change, outside of changes derived from corporate actions.

This index does not incorporate environmental, social, or governance criteria.

## Index Inception and Performance Start Date

The index inception date is July 17, 2024, and the performance start date, when the first back-tested index value was calculated, is June 20, 2008.

## Index Construction

### Methodology Summary



### Starting Universe

Constituents of the Morningstar® Eurozone Banks Static Select 10 Equal Weight Index are derived from the Morningstar Eurozone Large-Mid Banks (benchmark). For more details on benchmark construction, refer to the construction rules for the [Morningstar Global Sector Decrement Indexes Rulebook | Morningstar Indexes](#).

### Eligibility

To be eligible for index inclusion, all constituents must meet the following criteria:

- Rank in the 10 largest stocks in the starting universe by free-float market capitalization as of June 24, 2024.

### Portfolio Construction

Apply an equal weighting scheme.

#### *Number of Stocks*

The indexes target a fixed number of stocks based on a transparent ranking system subject to the application of eligibility criteria at inception. However, if fewer than the targeted number of securities from the starting universe meet eligibility criteria, or if securities are added or deleted as a result of corporate actions after inception, the constituent count may deviate from the targeted number. At inception, if the number of eligible securities is less than the targeted constituent count, all eligible securities are selected. The target count for this index is 10.

#### *Index Weighting*

The index is equal weighted. For more details, refer to the [Morningstar Indexes Calculation Methodology rulebook](#).

## Index Maintenance and Calculation

### Reconstitution and Rebalancing

The index is rebalanced quarterly on the third Friday of March, June, September, and December. Adjustments are implemented after Friday's market close and reflected the following Monday. The market data used for rebalancing is as of the last trading day of February, May, August, and November.

Because this is a static index, constituents are chosen as of June 24, 2024, and from this point forward do not change outside of corporate actions. Therefore, this index does not reconstitute.

Index files are published according to the Global calendar schedule. For more information, please refer to the [Morningstar Indexes Holiday Calendar](#).

### Corporate Actions

The treatment of corporate actions will be as per the alternatively weighted indexes corporate action methodology. For more details, please refer to the [Morningstar Indexes Corporate Actions Methodology rulebook](#)

### Index Calculation and Price Data

Details about index calculations and price data can be found in their respective rulebooks: [Morningstar Indexes Calculation Methodology](#) and [Equity Closing Prices Used for Index Calculation](#).

## Methodology Review and Index Cessation Policy

The index methodology is continually reviewed to ensure it achieves all stated objectives. These reviews consider corporate action treatment, eligibility requirements, and maintenance procedures. Subscribers to the index will be notified before any methodology changes are made. For more details, refer to the [Morningstar Index Methodology Change Policy](#).

Morningstar Indexes notifies all subscribers and stakeholders of the index that circumstances might arise that require a material change to, or a possible cessation of, the index. These circumstances are generally not within Morningstar's control and may include significant changes to the underlying market structure, inadequate access to necessary data, geo-political events, and regulatory changes. In addition, factors such as low usage or methodology convergence may result in the cessation of an index.

Because the cessation of the index or benchmark index could disrupt subscriber products that reference this index, all subscribers are encouraged to have robust fallback procedures if an index is terminated. For more details, refer to the [Morningstar Index Cessation Process](#).

## Data Correction and Precision

### Intraday Index Data Corrections

Commercially reasonable efforts are made to ensure the accuracy of data used in real-time index calculations. If incorrect price or corporate action data affects index calculations, corrections are applied prospectively.

### Index-Related Data and Divisor Corrections

Incorrect pricing and corporate action data for individual issues in the database will generally be corrected upon detection. In addition, an incorrect divisor of an index, if discovered within two days of its occurrence, will be fixed retroactively on the day it is discovered to prevent an error from being carried forward. Commercially reasonable efforts are made to correct an older error subject to its significance and feasibility.

For more details, refer to the [Recalculation Guidelines](#).

### Exceptions

While Morningstar will seek to apply the method described above, the market environment, supervisory, legal, financial, or tax reasons may require an alternative approach to be adopted. A decision to take an alternative approach will be made by the relevant Morningstar Indexes Methodology Committee, and in all instances, the application of a nonstandard process will be reported to the Morningstar Indexes Oversight Committee.

## Appendixes

### Appendix 1: Glossary

| Term      | Description   |
|-----------|---|
| Rebalance | During each rebalance, the weights are adjusted for updated free-float and shares outstanding data. |

### Appendix 2: Morningstar® Eurozone Banks Static Select 10 Equal Weight Index Decrement Indexes

| Index Name  | Underlying Index   | Base value | Base Date      | Performance Inception Date | Inception Date |
|---|--|------------|----------------|----------------------------|----------------|
| Morningstar® Eurozone Banks Static Select 10 Equal Weight Index Decrement 50 Point GR | Morningstar® Eurozone Banks Static Select 10 Equal Weight Index GR | 1000       | Nov. 26, 2024  | Jun. 20, 2008              | Jul. 17, 2024  |
| Morningstar® Eurozone Banks Static Select 10 Equal Weight Index Decrement 5% NR       | Morningstar® Eurozone Banks Static Select 10 Equal Weight Index NR | 1000       | June. 20, 2008 | Jun. 20, 2008              | Jul. 17, 2024  |

### Appendix 3: Decrement Levels

The index levels are adjusted by deducting a predetermined value of index points from the gross return, or GR, or fixed percentage point from the net return, or NR, levels of the base index. These constant markdowns are applied to the base index daily.

| Return Variant of the Base Index       | Base Currency | Decrement Type  | Decrement Frequency | Decrement Application                           | Decrement Value  | Day Count Convention |
|--|---------------|---|---------------------|---|--|----------------------|
| Net Total Return<br>Gross Total Return | EUR           | Fixed Percentage Decrement or Fixed Point Decrement based on the index version. | Daily               | Geometric application for both decrement types. | 5% decrement based on the Net Total Return<br>50-point decrement based on Gross Total Return | *ACT/365             |

\*ACT is the number of calendar days between two calculation days.

#### Formula for Fixed Point Decrement Geometric Decrement Calculation

$$IV_t = (IV_{t-1} \times (U_t \div U_{t-1})) - (D \times (Act(t-1, t) \div DayCount))$$

Where:

$IV_t$  = The value of the Fixed Point Decrement Index for calculation day  $t$

$IV_{t-1}$  = The value of the Fixed Point Decrement Index for day  $t-1$

$U_t$  = The value of the base Index for calculation day  $t$



$U_{t-1}$  = The value of the base Index for calculation day t-1  
 $Act(t-1,t)$  = Number of calendar days between calculation day t-1 and calculation day t  
 $D$  = The Decrement value expressed in Index points  
 $DayCount$  = Set to 365

### Formula for Fixed Percentage Decrement Geometric Decrement Calculation

$$IV_t = IV_{t-1} \times ((U_t \div U_{t-1}) - (c \times (Act(t-1,t) \div DayCount))$$

Where:

$IV_t$  = The value of the Fixed Percentage Decrement Index for calculation day t

$IV_{t-1}$  = The value of the Fixed Percentage Decrement Index for day t-1

$U_t$  = The value of the base Index for calculation day t

$U_{t-1}$  = The value of the base Index for calculation day t-1

$Act(t-1,t)$  = Number of calendar days between calculation day t-1 and calculation day t

$c$  = The Decrement value expressed in Fixed Percentage

$DayCount$  = Set to 365

### Appendix 4: Constituent List as of June 24, 2024

|  |
|--|
| Deutsche Bank AG                                   |
| Societe Generale SA Shs                            |
| Intesa Sanpaolo SpA Az                             |
| ING Groep N.V. Cert of Shs                         |
| BNP Paribas Common Stock                           |
| Banco Santander SA Reg Shs                         |
| Crédit Agricole Common Share                       |
| CaixaBank SA Common Stock                          |
| Banco Bilbao Vizcaya Argentaria SA Ordinary Shares |
| Unicredit Group                                    |

### Appendix 5: Modifications to the Rulebook

| Section                     | Description of Change                                 | Update Date    |
|-----------------------------|---|----------------|
| Data Correction & Precision | Computational and Reporting Precision section removed | September 2024 |

## 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.

## Morningstar Indexes Methodology Committee

The Morningstar Indexes Methodology Committee oversees all new index development, index methodology changes, and cessation of indexes for any indexes where Morningstar owns the intellectual property. This committee is also charged with ensuring that indexes align with Morningstar Research principles and values. The group comprises members of the index team with index research, product development, product management, client service, index implementation, and operation expertise who provide the first layer of governance over index design and methodology.

## Morningstar Indexes Operations Committee

The Morningstar Indexes Operations Committee governs the processes, systems, and exception handling of the day-to-day management of all live indexes, including index rebalancing and reconstitution, restatements, market classification, and contingency management. The committee oversees the annual review of index methodology (as required by U.K. and EU benchmark regulations, or BMR), ensuring that methodologies remain fit for purpose and continue to achieve their stated investment objectives. The group comprises members of the index team with data, operations, corporate actions, product development, index launch, client service, and index management experience who provide the first layer of governance over index operations.

## Morningstar Indexes Oversight Committee

The Morningstar Indexes Oversight Committee is responsible for the index oversight function as per the requirements of the U.K. and European BMR, providing independent oversight of all aspects of the governance of benchmark administration as required by the relevant BMR. Its remit extends to all calculation and administration-related business activities of Morningstar Indexes, including administration of Morningstar-owned benchmarks as well as client-owned benchmarks and index calculation. The oversight function is part of the organizational structure of Morningstar but is separate and independent from the index business, index management, and the other index committees.

[www.indexes.morningstar.com](http://www.indexes.morningstar.com)

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