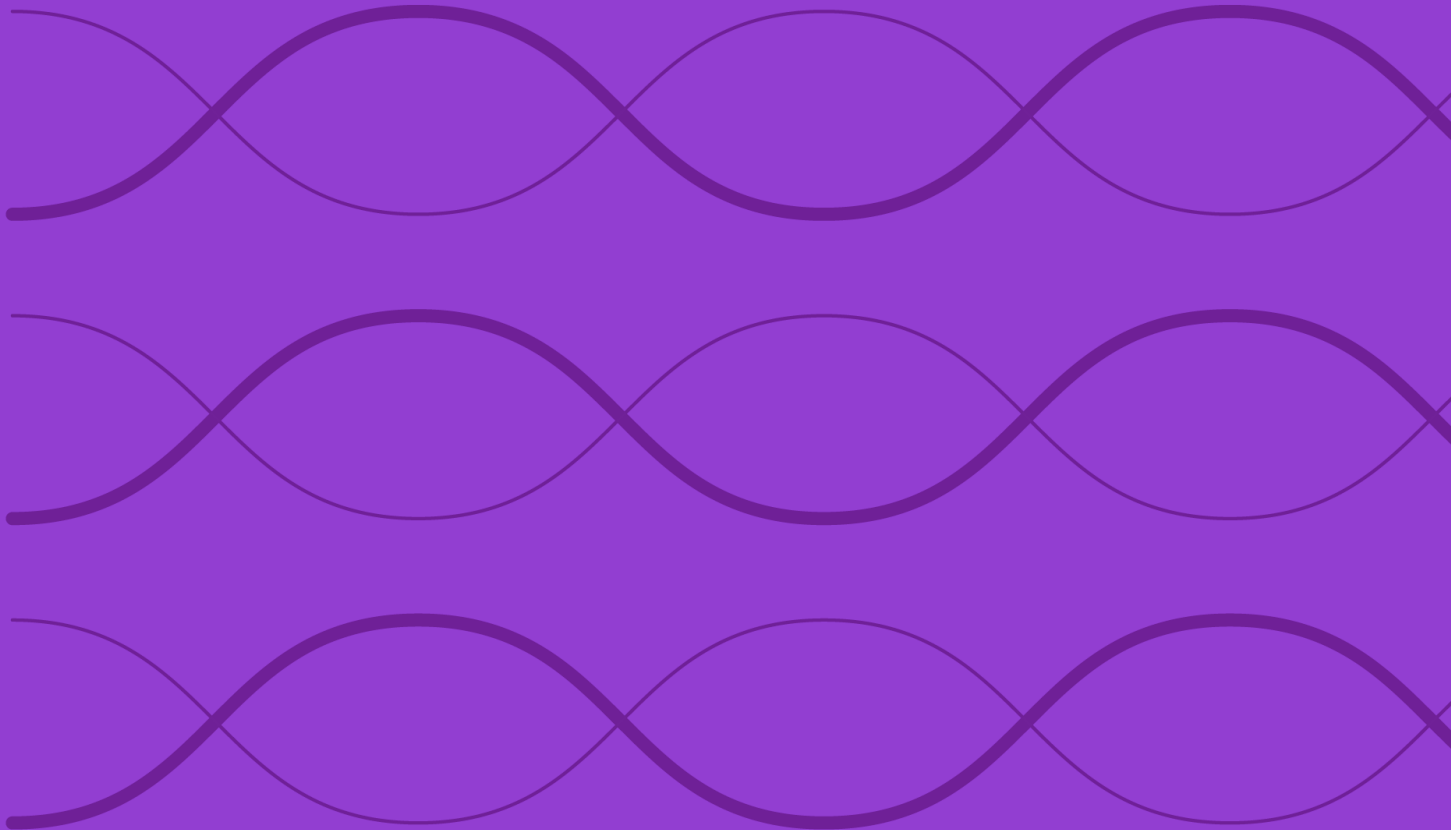


Construction Rules for the Morningstar Geographic Revenue Exposure Indexes



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Overview

The Morningstar Geographic Revenue Exposure indexes are designed to provide economic exposure to a particular country/region. They accomplish this by targeting companies within their respective parent index that have a specific proportion of revenue derived from the country/region in question.

For more details on how Morningstar tracks and/or estimates geographical revenue at the company level, please see the [Morningstar Global Geographic Segment](#) methodology document. For a full list of the indexes in this family, as well as their respective parent indexes and targeted geographic revenue thresholds, please refer to Appendix 1.

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

Index Inception and Performance Start Date

The index inception and performance start dates are listed in Appendix 1.

Index Construction

Methodology Summary

Starting Universe	Eligibility	Portfolio Selection	Weighting Scheme
<ul style="list-style-type: none"> Select constituents from the parent index. 	<ul style="list-style-type: none"> Companies for which regional revenue exposure data is unavailable will not be eligible. Only for the Morningstar Developed Markets: China and Emerging Markets Revenue Exposure index, exclude companies with COC¹ as Hong Kong 	<ul style="list-style-type: none"> Select securities for which revenue exposure to all the targeted countries and/or regions is greater than equal to the targeted threshold percentages. For each targeted region, a buffer² around the critical revenue threshold is applied to current constituents³. 	<ul style="list-style-type: none"> Selected securities weighted based on float-adjust market capitalization. Individual Sectors are capped at 25%, and individual security capping of 5-10-40 is applied iteratively.

Morningstar
Geographic
Revenue
Exposure
Indexes

Starting Universe

At each reconstitution, constituents of the index are derived from the respective parent benchmarks. Please see Appendix 1 for list of indexes and their respective parent benchmarks. For more details on parent benchmark construction, refer to the [Construction Rules for the Morningstar Global Market Index](#) and [Construction Rules for the Morningstar Global All Cap Target Market Exposure Index](#).

Eligibility

To be eligible for inclusion in the Morningstar Developed Markets: China and Emerging Markets Revenue Exposure Index:

- Company's country of classification should not be Hong Kong
- All constituents must have at least 30% revenue exposure to China and at least 50% aggregate revenue exposure to emerging market countries.

To be eligible for inclusion in the Morningstar US Broad China Revenue Exposure Select Index:

- All constituents must have at least 5% revenue exposure to China.

Portfolio Construction

Buffer Rules for the Morningstar Developed Markets: China and Emerging Markets Revenue Exposure Index:

¹ Country of classification, which determines where a company falls within our market classification system.

² See Appendix 1 for which buffers are applied to each index in the family.

³ For example, for the Morningstar Developed Markets: China and Emerging Markets Revenue Exposure index, current constituents remain in the index as long as the China revenue remains above 20% and their Emerging Markets revenue remains above 40%.

- Current index constituents are deleted only if the revenue exposure to China falls below 20% or the aggregate revenue exposure to emerging countries falls below 40%. Buffers are applied during reconstitution.

Buffer Rules for the Morningstar US Broad China Revenue Exposure Select Index:

- Current index constituents are deleted only if the revenue exposure to China falls below 4.5%. Buffers are applied during reconstitution.

Number of Stocks

The number of stocks in the index is variable, subject to the selection and eligibility criteria at the time of reconstitution.

Index Weighting

The index is float market capitalization weighted. B-A-C capping of 5-10-40 and sector capping of 25% are applied iteratively, starting with B-A-C capping and until both the conditions are satisfied. This means no single constituent can have a weight greater than 10% and the sum of those with weights greater than 5% cannot exceed 40%. For more details, refer to the [Morningstar Indexes Calculation Methodology rulebook](#).

Index Maintenance and Calculation

Scheduled Maintenance

The index is reconstituted, where the membership is reset, semi-annually on the third Friday of June and December. Adjustments are implemented after Friday's market close and reflected the following Monday. If Monday is an index holiday, reconstitution is reflected the next business day. The market data used for reconstitution is as of the last trading day of April and October. The Sustainalytics and market data used for reconstitution is as of the last trading day of May and November.

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. If Monday is an index holiday, the rebalance is reflected the next business day. The market data used for rebalancing is as of the last trading day of February, May, August, and November. During quarterly reviews, sector capping and 5-10-40 security cappings are re-applied. Parent index eligibility is maintained during the quarterly reviews.

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

Note: Buffers mentioned in the Security Selection section are not applied at the Dec.19,2022 reconstitution to simulate an initial construction for the index.

Corporate Actions

The treatment of corporate actions will be as per the float market capitalization weighted indexes.

For the Morningstar Developed Markets: China and Emerging Markets Revenue Exposure index, please refer to the "Treatment for float market capitalization indexes" section in the [Morningstar Indexes Corporate Actions Methodology rulebook](#).

For the Morningstar Broad US China Revenue Exposure Select index, please refer to the "Treatment for float market capitalization indexes" section in 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 Decommissioning Policy

The index methodology is continually reviewed to ensure it achieves all stated objectives. These reviews consider corporate action treatment, selection, 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 Decommissioning Policy](#).

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 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 methodology as described within this document, 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 Morningstar Index Methodology Committee, and in all instances, the application of a nonstandard process will be reported to the Morningstar Index Oversight Committee.

Appendix

Appendix 1: List of Indexes

Index Name	Parent Index	Targeted Country / Region	Targeted Threshold	Buffer	Inception Date	Performance Inception Date
Morningstar Developed Markets: China and Emerging Markets Revenue Exposure Index	Morningstar Developed Markets	China	30%	10 percentage points relative to target threshold.	Mar 15, 2023	Jun 16, 2017
		EM	50%	10 percentage points relative to target threshold.		
Morningstar US Broad China Revenue Exposure Select Index	Morningstar US Target Market Exposure	China	5%	10% of target threshold (current constituents remain if revenue exposure is at least 4.5%)	Mar 07, 2023	Jun 16, 2017

Appendix 2: Modifications to the Rulebook

Section	Description of Change	Update Date
Corporate Action	Updated link to Morningstar Standard Methodology	July 2024
Data Correction and Precision Computational and Reporting Precision Section	removed	June 2025

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 Index Methodology Committee

The Morningstar Index 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 Index Operations Committee

The Morningstar Index 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 Index Oversight Committee

The Morningstar Index 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.

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