

Construction Rules for the Morningstar Global All Cap Target Market Exposure Screened Select Index

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: Modifications to the Rulebook.....8

About Morningstar Indexes.....9

Overview

Designed to facilitate performance benchmarking and efficient portfolio construction, the Morningstar Target Market Exposure, or TME, Indexes represent the top 99% of the investable global equity market and provide extensive building blocks across geographical regions, developed and emerging markets, individual countries, sectors, and currencies. The indexes are built and maintained according to a transparent set of rules, and only liquid stocks that are readily available to institutional investors are included, ensuring accurate and objective representation of the investment opportunity set for active managers and mitigating transaction costs for passive investors.

The index also excludes companies identified by Nykredit based on their rules-based [Sustainable Investments Policy](#).

Index Inception and Performance Start Date

The index inception date is Nov. 10, 2023, and the performance start date, when the first backtested index value was calculated, is June 20, 2008.

Index Construction

Methodology Summary

Starting Universe

- Morningstar Global All Cap Target Market Exposure Index

Eligibility

- Companies on the Nykredit exclusion list are removed.

Portfolio Construction

- Float market cap weighting
- Semiannual reconstitution in June and December; Quarterly rebalancing in March, June, September, and December

Morningstar Global
All Cap Target
Market Exposure
Screened Select
Index

Starting Universe

At each reconstitution, securities for the Morningstar Global All Cap Target Market Exposure Screened Select Index are derived from the Morningstar Global All Cap Target Market Exposure Index (benchmark). For more details on benchmark construction, refer to the construction rules for the [Morningstar Target Market Exposure Indexes](#).

Eligibility

Certain companies are excluded at each rebalance and reconstitution based on a list of securities provided by Nykredit. The custom exclusion list is determined by Nykredit's Sustainable Investment Policy and is available at [this location](#) (section 7). The latest list is provided to Morningstar prior to each index rebalance.

Portfolio Construction

Number of Stocks

The number of stocks in the index is variable, subject to the size of the starting universe and the application of eligibility criteria at the time of reconstitution.

Index Weighting

The index is float adjusted and market capitalization weighted. For more details, refer to the [Morningstar Indexes Calculation Methodology rulebook](#).

Index Maintenance and Calculation

Reconstitution and Rebalancing

The index is reconstituted, where the membership is reset, semi-annually on the third Friday of June and December. Custom exclusions are also applied at the March and September rebalance. The cutoff date for receiving exclusions is the last day of the month preceding the rebalance or reconstitution. 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 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. See details listed in Appendix 1.

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 float-adjusted market-capitalization-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

Terms	Description
Reconstitution	<p>Each reconstitution involves the following:</p> <ul style="list-style-type: none"> • Updating the global market's investable equity securities. • Reviewing the economic segment- and country-level size segment breakpoints. • Assigning companies to capitalization bands considering the buffer zones. • Removing securities on custom exclusion determined by Nykredit's Sustainable Investment Policy • Changes in index shares (free float, total shares outstanding, index-specific adjustment factor) of each constituent.
Rebalance	<ul style="list-style-type: none"> • During each rebalance, the weights are adjusted for updated free-float and shares outstanding data. Securities added to custom exclusion determined by Nykredit's Sustainable Investment Policy are also removed.

Appendix 2: Modifications to the Rulebook

Section	Description of Change	Update Date
Data Correction and Precision	Computational and Reporting Precision Section Removed	May 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.

www.indexes.morningstar.com

Contact Us

indexes@morningstar.com

The information in this document is the property of Morningstar, Inc. Reproduction or transcription by any means, in whole or part, without the prior written consent of Morningstar, Inc., is prohibited. While data contained in this report are gathered from reliable sources, accuracy and completeness cannot be guaranteed. All data, information, and opinions are subject to change without notice. This document may contain back-tested or simulated performances, and the subsequent results achieved by the investment strategy may be materially different.