



# Morningstar Global Electric & Autonomous Vehicles Select Index

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Electric and autonomous vehicle technology is transforming the transportation industry. Adoption of electric vehicles is in early stages but accelerating as costs decline, range improves, and governments provide incentives. Autonomous driving technology is also nascent, but it has the potential to disrupt commercial transportation, improve safety, and become a standard feature in future vehicles. Companies that produce the best technology to enable electric and autonomous vehicles will likely command premium pricing power.

The Morningstar Global Electric & Autonomous Vehicles Select Index is designed to deliver unparalleled, thematically pure exposure to companies well positioned to benefit from electric vehicles and autonomous driving technologies by drawing on the in-depth expertise and forward-looking insights of Morningstar's equity research team.

### Thematic exposure scores

Through a thorough standardized scoring process conducted by Morningstar's equity research analysts, companies are assigned thematic exposure scores for each sub-theme. This unique, forward-looking framework incorporates expert insights to assign the scores, which range from 0 through 4, with higher scores representing a higher degree of thematic purity. During the scoring process, subject matter experts consider each company's role in the supply chain, expected revenue exposure to the sub-theme five years into the future, and whether the company is expected to experience a net profit increase from its exposure to the sub-theme over the next five years.

### Index eligibility and portfolio construction

The Morningstar Global Electric & Autonomous Vehicles Select Index derives its constituents from the Morningstar Global Markets ex-India Index, which represents 97% of the investable market capitalization of developed and emerging markets globally, excluding India. Companies

assigned to emerging market countries must also have a listing on the NYSE, NASDAQ, London Stock Exchange, or Hong Kong Stock Exchange. Companies must be covered by Morningstar's equity research analysts and have a score of 1 or higher in at least one of the sub-themes to be eligible for index inclusion. Stocks must also pass minimum liquidity requirements.

Those that pass the initial eligibility screens are assigned a Tier 1 or Tier 2 status. Stocks with a score of 4 or 3 in either of the sub-themes are classified as Tier 1, and stocks with a score of 2 or 1 in either of the sub-themes are classified as Tier 2. If the number of Tier 1 stocks is less than 50, the Tier 2 stocks are ranked based on the following criteria in descending order of preference, and the highest ranking Tier 2 stocks are selected for inclusion until the index reaches its target constituent count of 50:

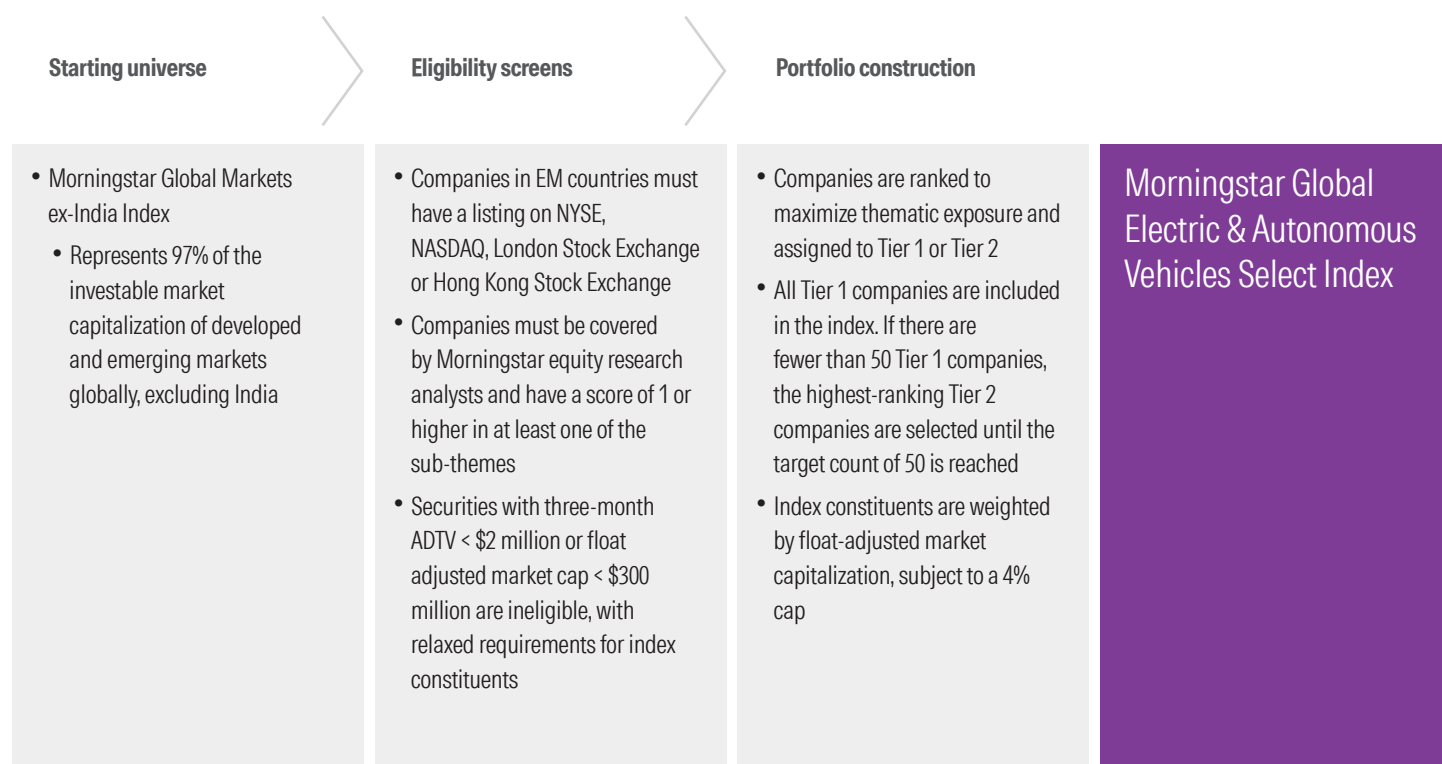
- Higher aggregate score
- Number of subthemes in which a constituent scores 2
- Number of subthemes in which a constituent scores 1
- Current index constituents are given preference
- Security total market capitalization, preferring smaller over larger

The index is weighted by float-adjusted market capitalization, subject to a 4% cap to limit concentration.

### Reconstitution

The index is reconstituted and rebalanced annually in December.

## Construction process



## 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.

Please visit [indexes.morningstar.com](https://indexes.morningstar.com) for more information.