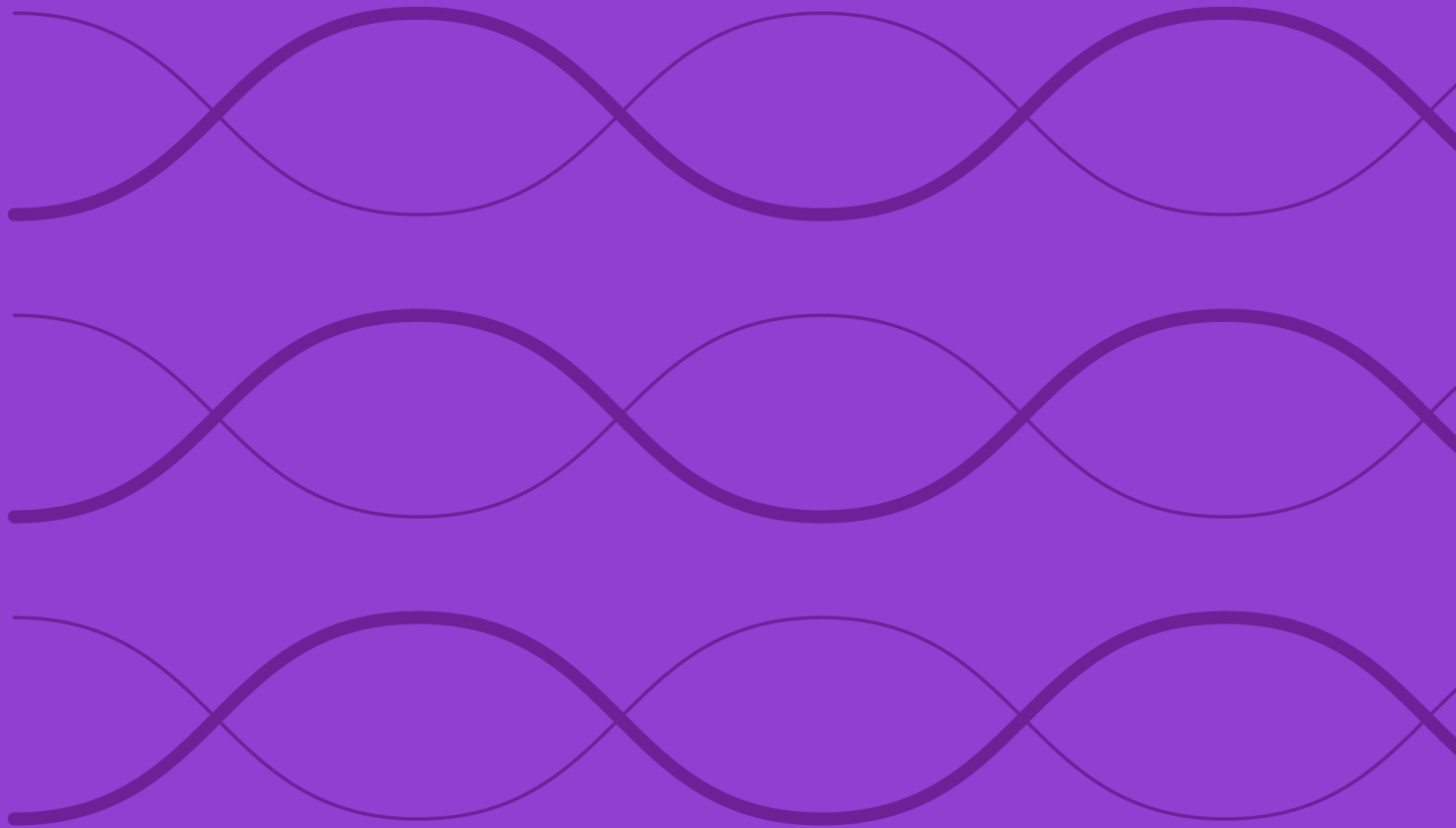


Construction Rules for the Morningstar PitchBook US Daily Evergreen Funds Indexes



Overview3

Index Construction4

Methodology Summary.....4

Starting Universe.....4

Portfolio Construction.....5

Index Maintenance and Calculation5

Reconstitution and Rebalancing5

Index Calculation and Price Data.....5

Disruption Events6

Methodology Review and Index Cessation Policy7

Data Correction and Precision7

Intraday Index Data Corrections.....7

Index-Related Data and Divisor Corrections7

Exceptions.....7

Appendixes8

Appendix 1: Glossary8

Appendix 2: Calculation Threshold and Restatement Period8

Appendix 3: List of Indexes9

About Morningstar Indexes10

Overview

The Morningstar PitchBook US Daily Evergreen Funds Indexes are rules-based indexes of funds designed to measure the performance of all U.S.-registered, unlisted evergreen funds¹ that report daily, including interval funds and tender offer funds. The indexes are available in total net asset-weighted and equal-weighted variants.

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

Index Inception and Performance Start Date

The index inception date and the performance start date, when the first back-tested index value was calculated, are mentioned in the Appendix 3.

¹ Evergreen funds are also known as semiliquid funds.

Index Construction

Methodology Summary

Starting Universe

- Morningstar Global Closed End Funds Universe

Eligibility

- All US-registered, unlisted evergreen funds that report daily are eligible
- The inception date for the fund should be at least 3 months prior to a reconstitution date
- Funds with total net assets of at least \$25mn are eligible

Portfolio Construction

- Institutional share classes are selected
- Weighted by total net assets or equally weighted
- Quarterly reconstitution

Construction Rules
for the Morningstar
PitchBook US Daily
Evergreen Funds
Indexes

Starting Universe

At each reconstitution, constituents of the Morningstar PitchBook US Daily Evergreen Funds Index are derived from the universe of all Morningstar global closed end funds.

Eligibility

To be eligible for index inclusion, all constituents must be US registered, unlisted evergreen funds, that report daily. Unlisted evergreen funds are classified as tender offer funds, interval funds, business development companies (BDCs), and real estate investment trusts (REITs)², however BDCs and REITs do not report daily, and are therefore ineligible for inclusion.

To be eligible for the index, all constituent funds must meet the following criteria:

- Each eligible share class must have an inception date of at least 3 months prior to the reconstitution date.
- Each fund must have a minimum of \$25 million in total net assets³ as of the reconstitution date, which is relaxed to \$12.5 million for existing constituents³. The net asset data for each fund is forward-filled for 91 calendar days to account for

² Please refer to [Appendix 1](#) for more information.

³ The total net asset for a fund is calculated as the aggregate net asset of the fund across all the available share classes.

³ A buffer reset was carried out for the June-2025 reconstitution, wherein no buffer is applied.

reporting lags. The check for existing constituent membership is performed at the fund level and not the specific share class of the fund.

Portfolio Construction

Each fund is represented via a single share class. The following rules, applied sequentially, govern the selection of share class for inclusion in the index.

- If only one share class is available for a fund, that share class is included, regardless of type.
- If multiple share classes are available for a fund, the institutional share class is selected, and all others are excluded.
- If more than one institutional/non-institutional share class is available for a fund, the share class with the highest total net assets is selected as a tie-breaker.

Number of Funds

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

Index Weighting

Two variants of the index are created: one weighted by fund total net assets and the other equally weighted.

Index Maintenance and Calculation

Reconstitution and Rebalancing

The index is reconstituted, where the membership is reset, and 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 reconstitution is as of the last trading day of February, May, August, and November.

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

Index Calculation and Price Data

Index Calculation

The index level on date t is:

$$DRI_t = DRI_{t-1} \times (1 + R_t) = DRI_B \prod_{t=1}^t (1 + R_t)$$

Where:

DRI_B	=	The base value of portfolio daily return index (DRI) at the DRI series state date t_0
R_t	=	The return of the portfolio at time interval t

Only funds with an available return data on the calculation date will be included in that day's index calculation. The index will automatically recalculate returns if updated data is reported within a 15-day lag window.

Portfolio Return Calculation

We assume buy and hold between portfolio rebalance dates. On a portfolio date, the holding weights are known.

With these rules in place, the weights of constituents and the returns of the portfolio are calculated based on the following

formulas.

$$w_t^i = \frac{w_{t-1}^i \cdot RC_t^i}{\sum_{i=1}^N (w_{t-1}^i \cdot RC_t^i)}$$

$$RC_t^i = 1 + r_t^i$$

$$R_t = \sum_{i=1}^N (w_{t-1}^i \cdot r_t^i)$$

Where:

N	=	Number of holdings in a portfolio on a given date
w_{t-1}^i	=	Weight of security i at end of time interval t-1
r_t^i	=	Return of security i at time interval t in portfolio's base currency
R_t	=	Return of the portfolio at time interval t
w_t^i	=	Weight of security i at end of time interval t
t	=	Time period the return is calculated for

Returns of individual securities are calculated according to Morningstar's [Total Return Index](#) methodology. A key assumption at the portfolio level calculation is that dividends are reinvested into only the security declaring the dividend and not the portfolio on a pro-rated basis.

Disruption Events

The following disruption events would require special handling in the indexes:

Liquidation

If a constituent is liquidated by the fund house, the fund is removed from the index on the date of liquidation, and its weight is pro-rated among surviving funds based on the latter's dynamic weights.

Initial Public Offering

If a constituent is listed on an exchange, the fund is removed from the index on the date of the listing, and its weight is pro-rated among surviving funds based on the latter's dynamic weights.

Mergers

If a constituent merges with another fund that is not part of the portfolio, the index will hold the combined entity at the original constituent's weight. If a constituent merges with another constituent, the index portfolio will hold the combined entity at a weight equal to the sum of the merging funds weights.

Calculation and/or Publication Disruption

Morningstar calculates the index levels using a dynamic calculator. Fund NAVs are continuously collected and the index performance calculated using the available information. In this manner, publication disruptions do not prevent or affect index level calculations. The index level is first published when the number of funds reporting NAVs exceeds a client specified

threshold, for example 80%. A threshold of 60% is used for Morningstar PitchBook US Daily Evergreen Funds Index. Beyond this threshold, index levels are restated and republished as and when more information is received, while keeping a restatement period limit of 15 days. The index levels are frozen after 15 days. Refer to Appendix 2 for more details.

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 Indexes 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 [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 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 Index Methodology Committee, and in all instances, the application of a nonstandard process will be reported to the Morningstar Index Oversight Committee.

Appendixes

Appendix 1: Glossary

Unlisted: A fund, or any of its feeder vehicles, that is not listed on a public exchange.

Evergreen Fund: Also known as a semiliquid fund, this type of investment vehicle raises capital continuously and invests it over an indefinite period. Unlike traditional funds that have a fixed lifespan, evergreen funds operate on a perpetual basis, allowing them to accept new investments and make distributions to investors without a predetermined end date. This structure provides flexibility in capital deployment and investment strategy, enabling the fund to adapt to changing market conditions and investment opportunities.

The language around these structures is somewhat fluid. Morningstar and PitchBook generally use “evergreen,” “perpetual capital,” and “semi-liquid” interchangeably. Unlike SEC-defined structures such as interval funds, business development companies (BDCs), or real estate investment trusts (REITs), no overarching term appears to be industry standard.

Tender Offer Fund: A tender offer fund is a '40 Act, closed-end investment vehicle that provides investors with access to less liquid assets while still offering some degree of liquidity. Unlike interval funds with required liquidity schedules, tender offer funds allow for share repurchases at the discretion of the fund's board of trustees. These funds operate under specific SEC regulations, including Rule 13e-4 and Section 14 of the Exchange Act, which govern the repurchase process. When initiating a tender, the fund must notify shareholders, complete a Schedule TO, and file with the SEC.

Interval Fund: Interval funds are a type of closed-end investment vehicle regulated under the '40 Act. Unlike traditional closed-end funds, interval funds offer shares continuously at NAV and provide periodic liquidity through mandatory repurchase offers at predetermined intervals, typically quarterly or monthly. These funds operate under Rule 23c-3 of the '40 Act, which requires them make repurchase offers of between 5% and 25% of outstanding shares during each interval. Interval funds are an SEC structure as defined [here](#).

Unlisted Business Development Company (BDC): Unlisted BDCs are registered with the SEC and are subject to certain provisions of the '40 Act, but they are not publicly traded like their exchange-listed counterparts. They are investment vehicles that provide financing to small and medium-sized businesses while offering investors the opportunity to invest in private companies. They typically invest in the debt and equity of private companies, with at least 70% of their assets invested in qualifying assets. Additional information for publicly traded BDCs [here](#).

Unlisted Real Estate Investment Trust (REIT): Private REITs are investment vehicles that allow investors to pool their capital for real estate investments without being listed on public stock exchanges. Private, non-traded REITs are usually exempt from registration with the SEC under Regulation D of the Securities Act of 1933. In contrast, publicly registered, non-traded REITs must adhere to SEC reporting requirements under the '40 Act, providing greater transparency and easily accessible performance data. A REIT is required to invest at least 75% of its assets in real estate. Further, 75% or more of its gross income must be come from rent payments, mortgage interest, or selling properties.

Appendix 2: Calculation Threshold and Restatement Period

Given the funds generally report NAVs with a lag, we use a Calculation Threshold and Restatement Period mechanism to avoid disruptions in the index calculation and to incorporate latest price information available. The below table highlights the calculation threshold and restatement periods used on an ongoing basis. For the backtest period, a 95% calculation threshold was applied.

Start Date	End Date	Calculation Threshold	Restatement Period (Business Days)
09/04/2025	Ongoing	60%	15

The impact of the Ongoing Calculation Threshold and Restatement Period are detailed below:

1) Calculation Threshold - The index will not be calculated for a date if fewer than 60% of funds report prices. If at least 60% report, the index will be calculated. For any funds not reporting a price, their index weight will be set to zero and redistributed pro rata to the remaining funds for that calculation date.

2) Restatement Period – If fund price becomes available for a fund during the Restatement Period, the index will be restated to incorporate the price for that calculation date. If the price for a fund is missing throughout the Restatement Period since the calculation date, then the fund with missing price will be dropped and the weight will be redistributed to the remaining funds and the index levels will be frozen for that calculation date.

Appendix 3: List of Indexes

Index Name	Weighting	Performance Inception Date	Index Inception Date
Morningstar PitchBook US Daily Evergreen Funds Equal Weighted TR USD	Equally Weighted	06/20/2014	09/05/25
Morningstar PitchBook US Daily Evergreen Funds TR USD	Total Net Asset- Weighted	06/20/2014	09/05/25

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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