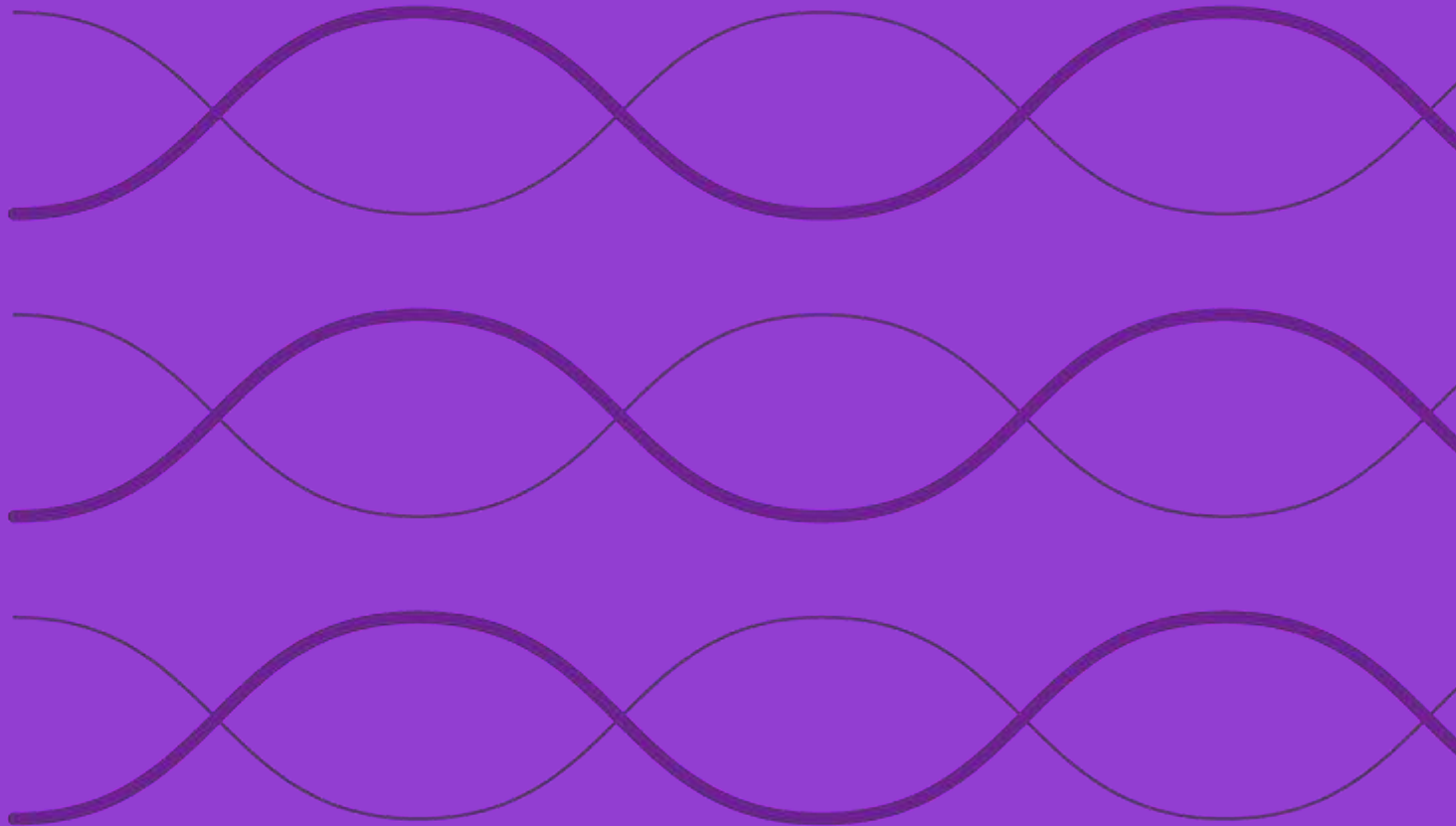


Construction Rules for Morningstar Long Developed Markets Multifactor Short Developed Markets Index



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Overview

The Morningstar Long Developed Markets Multifactor Short Developed Markets Index is designed to represent the performance of a long-short equity strategy in developed markets. The index seeks to capture multifactor excess returns by taking a 100% long position in the Morningstar Developed Markets Multifactor Index, offset by a 70% short position in the Morningstar Developed Markets Target Market Exposure Index, while allocating 70% to the Morningstar Pound Sterling Overnight Cash Index to maintain capital neutrality.

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

Index Inception and Performance Start Date

The index inception date is November 04, 2025, and the performance start date, when the first back-tested index value was calculated, is June 30, 2008.

Index Construction

Methodology Summary

Eligible Indexes

- Component indexes:
 - Morningstar Developed Markets Multifactor
 - Morningstar Developed Markets Target Market Exposure
 - Morningstar Pound Sterling Overnight Cash



Index Weighting

- The three component indexes are weighted as defined below:
 - Morningstar Developed Markets Multifactor: +100
 - Morningstar Developed Markets Target Market Exposure: -70
 - Morningstar Pound Sterling Overnight Cash: +70
- Monthly rebalance

Morningstar Long
Developed Markets
Multifactor Short
Developed Markets

Starting Universe

The starting universe comprises equity and cash exposures within developed markets, represented by Morningstar Indexes that serve as distinct, non-overlapping building blocks in the construction process. These indexes capture multifactor, broad market, and cash return characteristics. The component indexes and their respective target weights used for the construction of the index are provided in [Appendix 2](#).

Portfolio Construction and Index Weighting

Morningstar Indexes are selected as constituents and weighted according to the long, short, and cash allocations defined in the methodology. The target exposures are reviewed and reset at each monthly rebalance.

The index is calculated in Gross Return (GR), Net Return (NR) and Price Return (PR) variants.

Index Maintenance and Calculation

Scheduled Maintenance

Monthly Rebalancing

The indexes are rebalanced monthly to maintain the asset allocations according to the preset allocation. The rebalances are implemented after the close on the last business day of the month and are effective the following business day.

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

The index return is determined by calculating the weighted average return of its underlying component indexes. The weights of these components drift between the rebalance and are reset to the predetermined allocation during each monthly rebalance.

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, 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

Term	Description
Reconstitution	During each reconstitution, the steps mentioned in the index construction process are performed, resulting in membership reset.
Rebalance	During each rebalance, the weights are adjusted for updated free-float and shares outstanding data.

Appendix 2: Morningstar Long Developed Markets Multifactor Short Developed Markets Indexes

The constituent indexes of the Morningstar Long Developed Markets Multifactor Short Developed Markets Index are listed below. The rules governing security inclusion for the listed indexes are detailed in their respective rulebooks, which are available on the Morningstar Indexes [website](#).

Morningstar Index	Position	Weight
Morningstar Developed Markets Multifactor Index	Long	+ 100 %
Morningstar Developed Markets Target Market Exposure Index	Short	- 70 %
Morningstar Pound Sterling Overnight Cash Index	Cash	+ 70 %

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 the European Benchmarks Regulation (“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 European Benchmarks Regulation (“BMR”), providing independent oversight of all aspects of the governance of benchmark administration as required by the 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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