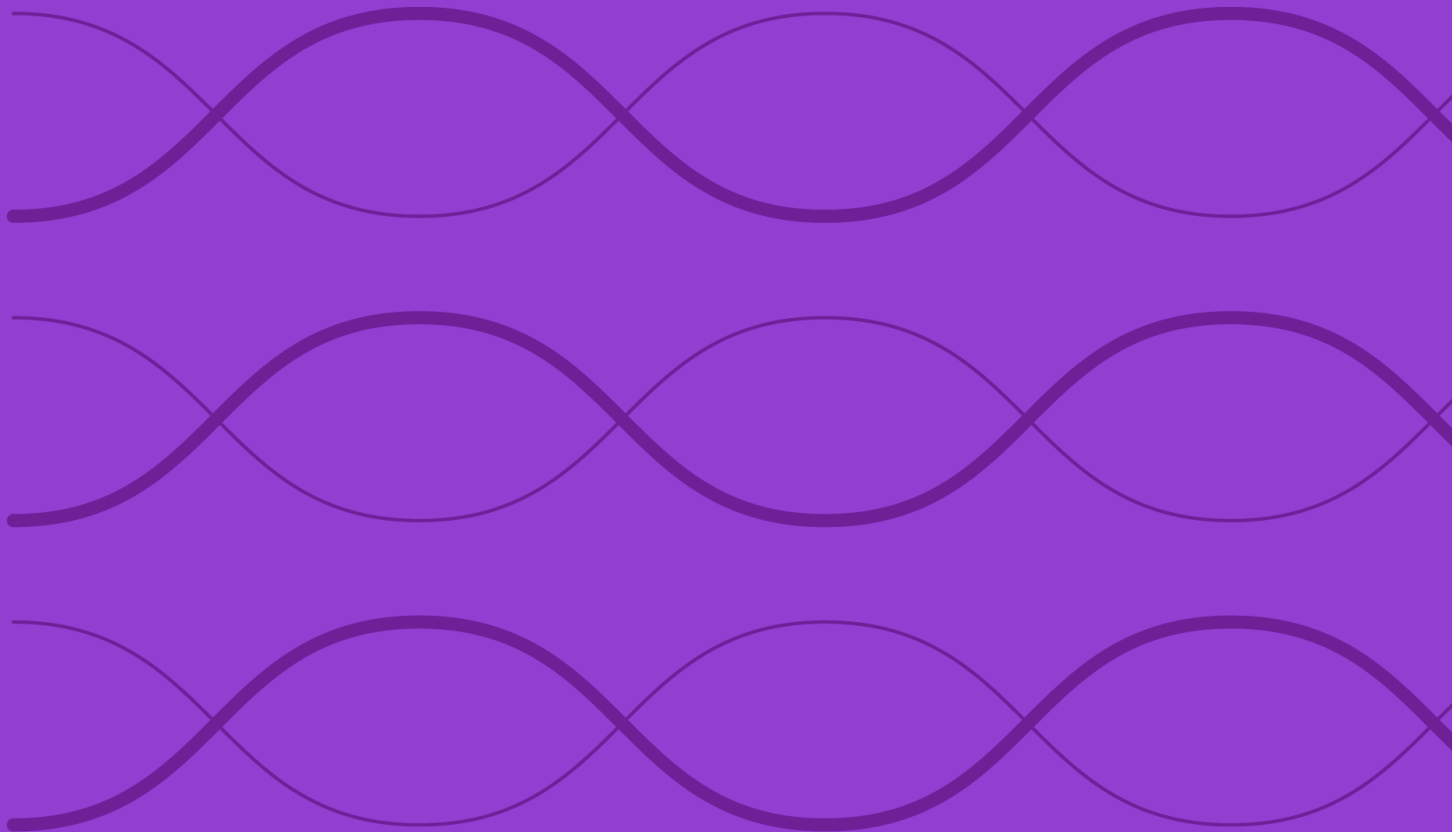


Construction Rules for the Morningstar Singapore Yield Focus Index



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Overview

The Morningstar Singapore Yield Focus Index is designed to provide exposure to quality dividend stocks using the proprietary factors that underpin the Morningstar Global Dividend Yield Focus Index family. The constituents of the index are a subset of stocks in the Morningstar Global Markets Index whose primary listing is on the Singapore Stock Exchange.

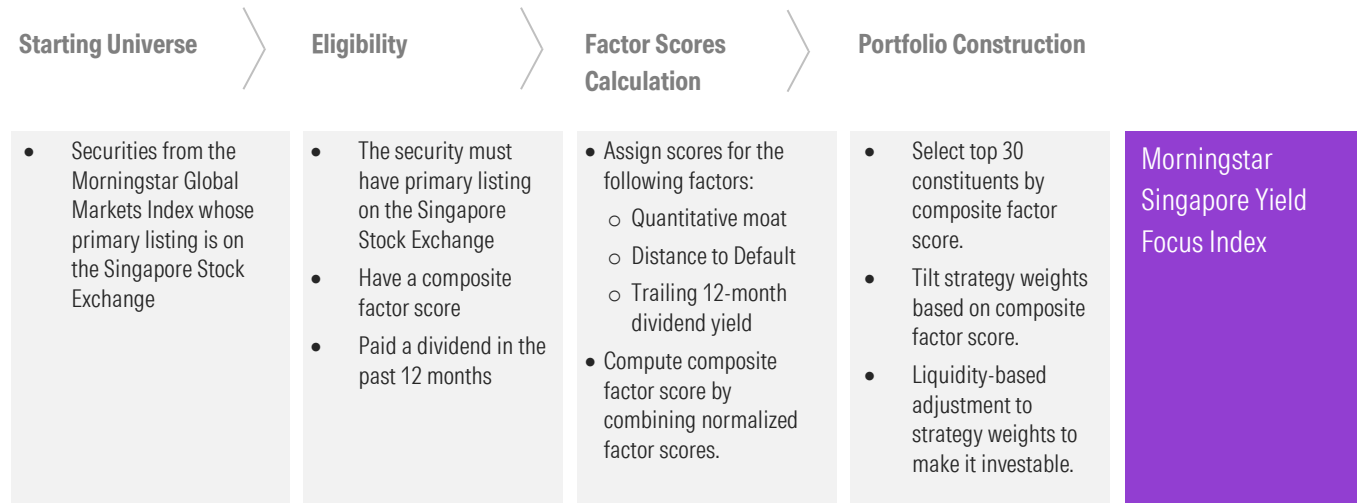
This index does not incorporate environmental, social, or governance criteria.

Index Inception and Performance Start Date

The index inception date is September 10, 2018, and the performance start date, when the first back-tested index value was calculated, is June 17, 2005.

Index Construction

Methodology Summary



Starting Universe

At each reconstitution, securities for the Morningstar Singapore Yield Focus Index are derived from securities in the Morningstar Global Markets Index whose primary listing is on the Singapore Stock Exchange. For more details on benchmark construction, refer to the [Construction Rules for the Morningstar Global Markets Indexes](#).

Eligibility

To be eligible for inclusion in the index, all securities must meet the following criteria:

- Have a primary listing on the Singapore Stock Exchange
- Paid a dividend in the past 12 months.
- Be assigned a composite factor score.

Portfolio Construction

Factor Construction

The following metrics are used to assign factor scores:

- Quantitative moat:** The quantitative moat factor (Z_{mi}) is a normalized value of the quantitative moat score within the global universe. A score of zero can be interpreted as average, and a positive (negative) value implies high (low) quality.
- Financial health:** The financial health factor (Z_{dtid}) is the normalized value of the Distance to Default (DtD) score of the given company within its sector and regional classification (For more information refer Appendix 3). Higher scores imply stronger financial health and therefore a lower risk of bankruptcy.
- Dividend yield:** The dividend yield factor (Z_{yldi}) is the normalized value of the trailing 12-month (TTM) dividend yield of the companies within the global universe. Higher scores imply attractive dividend yield.

Each factor considered below for composite score calculation is normalized within the defined universe according to the following formula:

$$Z_{ji} = \frac{X_{ji} - \mu_j}{\sigma_j}$$

where :

Z_{ji}	= Normalized Factor value of the i^{th} security and j^{th} factor
X_{ji}	= Factor Value of the i^{th} security and j^{th} factor
μ_j	= Cross-sectional mean of the j^{th} factor
σ_j	= Cross-sectional standard deviation of the j^{th} factor

The factor values (X_{ji}) are winsorized at the 5th and 95th percentiles; that is, all values below the 5th percentile are set to the 5th percentile, and values above 95% percentile are set to the 95th percentile.

The normalized factor values (Z_{ji}) are then transformed as below:

$$\text{Transformed Factor } (TF_{ji}) = \begin{cases} (1 - Z_{ji})^{-1}, & \forall Z_{ji} < 0 \\ (1 + Z_{ji}), & \forall Z_{ji} \geq 0 \end{cases}$$

Where TF_{ji} represents the transformed factor of the i^{th} security and j^{th} factor.

Finally, a composite factor score is computed by combining the transformed factor scores as under:

$$\text{Composite factor score}_i = TF_{mi} * TF_{atdi} * TF_{yldi}$$

A broad overview of the Morningstar Quantitative Moat Rating and the Morningstar Distance to Default is provided in Appendix 2.

Ranking and Liquidity

Eligible stocks are ranked on their composite factor score and the top 30 are targeted for inclusion, subject to the following constraint:

- Assuming a hypothetical fund with assets under management of SGD 50 million that trades less than or equal to 40% of any security's three-month average daily traded volume, or ADTV. To be added to the index a new constituent must have less than 10 days to trade given its weight in the index.

Number of Stocks

The index targets 30 stocks based on a transparent ranking system subject to selection and eligibility criteria at reconstitution. However, if securities fall short of the selection and eligibility criteria or if securities are added or deleted because of corporate action after reconstitution, the index can have more or fewer than 30 securities. During reconstitution, if the number of securities is less than the target, the weights of the constituents will be determined based on the index weighting scheme. The schedule for reconstitution and corporate actions is available in the "Index Maintenance and Calculation" section.

Index Weighting

This index applies tilt weighting from float market capitalization based on each stock's factor score. The weight of each security in the index is calculated as:

$$w_i = \frac{(TF_{mi} * TF_{dti} * TF_{yldi}) * FMC_i}{\sum_i^n ((TF_{mi} * TF_{dti} * TF_{yldi}) * FMC_i)}$$

where :

TF_{mi}	= Transformed Moat Factor Score of the i^{th} security
TF_{dti}	= Transformed Distance to Default Factor Score of the i^{th} security
TF_{yldi}	= Transformed TTM Dividend Yield Tilt Factor Score of the i^{th} security
FMC_i	= Float Market Cap of the i^{th} security

- Company weights are capped at 10%.¹
- The security weights are adjusted based on their liquidity such that:

$$|w_i - cw_i| \leq \frac{\text{Days to trade} * ADTV_i * \% ADTV \text{ being traded in 1 day}}{AUM}$$

Where:

cw_i	= current weight of the i^{th} security in the index
$ADTV_i$	= Average Daily Trading Volume of the i^{th} security
Days to trade	= 2
AUM	= SGD 50 million
%ADTV being traded in one day	= 40%

For additions, the current weight in the portfolio cw_i is 0. Note that if a security is deleted from the benchmark, the same would be deleted from the index, irrespective of its liquidity.

- The residual weights are redistributed to remaining liquid securities.
- Company weights are capped again in case the maximum weight is more than 10%. For more details, refer to the [Morningstar Indexes Calculation Methodology rulebook](#).

¹ Prior to December 22, 2025, this cap was applied at the security level, from this date on, capping is applied at the company level.

Index Maintenance and Calculation

Reconstitution and Rebalancing

The index is reconstituted, where the membership is reset, and rebalanced 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 May and November.

Refer to Appendix 1 for details on reconstitution and rebalancing.

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 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 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

Index calculation data input defects—such as price, dividends, other mandatory corporate actions or foreign-exchange rates, that do not affect the index shares—if discovered within two trading days, are generally corrected, and the index is recalculated regardless of the performance impact.

Where such index calculation data inputs are discovered after two trading days, an index restatement will typically only occur if the impact on performance is material; otherwise, the correction is applied prospectively.

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: Modifications to the Rulebook

Section	Description of Change	Update Date
Entire Rulebook	Moved to new template	April 2024
Data Correction and Precision	Computational and Reporting Precision Section removed	June 2025
Index Weighting	Capping rules updated to apply at the company level, rather than the security level, from December 22, 2025, on.	November 2025

Appendix 2: Glossary

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

Appendix 3: Morningstar Proprietary Data

Morningstar Economic Moat Rating

In a free market economy, capital seeks the areas of highest return. Whenever a company develops a profitable product or service, it doesn't take long before competitive forces drive down its economic profits. Only companies with an economic moat—a structural competitive advantage that allows a firm to earn above-average returns on capital over a long period of time—are able to hold competitors at bay.

To help investors identify companies that possess a moat, Morningstar's Equity Research analysts assign one of three economic moat ratings: none, narrow, or wide. There are two major requirements for firms to earn either a narrow or wide rating: 1) The prospect of earning above-average returns on capital and 2) some competitive edge that prevents these returns from quickly deteriorating.

For more information on the moat rating process performed by Morningstar Equity Research, refer to the [Morningstar Equity Research Methodology](#).

Distance to Default

Distance to Default is a structural or contingent claim model that takes advantage of both market information and accounting financial information. The firm's liabilities are viewed as a call option on the value of the firm's assets. If the value of the assets is not sufficient to cover the firm's liabilities (the strike price), default is expected to occur.

For more information on the Distance to Default, please refer to the [Morningstar Indexes Distance to Default Methodology Paper](#).

Morningstar Quantitative Moat Rating

The Quantitative Economic Moat Rating is analogous to Morningstar's Economic Moat Rating in that both are meant to describe the strength of a firm's competitive position. It is calculated using an algorithm designed to predict the economic moat rating a Morningstar analyst would assign to the stock. The quantitative rating is expressed as none, narrow, or wide. If the input data required for the algorithm is not available, a quantitative rating will not be assigned.

For further details on the Morningstar quantitative moat, please refer to [Morningstar's Quantitative Equity & Credit Ratings methodology](#).

Appendix 4: Sector and Region Definitions

Morningstar Sectors

Each benchmark constituent is considered for one of the 11 industry sectors, which are then consolidated into three Super Sectors that are a broader representation of Morningstar sectors.

- Cyclical Super Sector
 - Basic materials
 - Consumer cyclical
 - Financial services
 - Real estate

- Defensive Super Sector
 - Consumer defensive
 - Healthcare
 - Utilities

- Sensitive Super Sector
 - Communication services
 - Energy
 - Industrials
 - Technology

Morningstar Regions

Each benchmark constituent is considered for one of the following eight regions.

- Developed Markets
 - Developed Asia Pacific
 - Developed Europe
 - Developed Middle East and Africa
 - Developed North America

- Emerging Markets
 - Emerging Asia
 - Emerging Europe
 - Emerging Latin America
 - Emerging Middle East and Africa

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 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 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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