

Construction Rules for the Morningstar US and Eurozone Catholic Principles Indexes

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Overview

The Morningstar® US and Eurozone Catholic Principles Indexes methodology is designed to provide exposure to the largest 50 securities by free float market capitalization in accordance with the client's investment guidelines aligned with the Social Doctrine of the Catholic Church. The index also seeks to maintain sector diversification relative to the parent benchmark.

The index incorporates ESG Risk Rating and Product Involvement data to exclude issuers that offer products or services not permitted under the client's investment guidelines consistent with the Social Doctrine of the Catholic Church. Exposure to specific products and services is assessed using data provided by Sustainalytics, a Morningstar company specializing in sustainability research.

For further information on ESG data used in the index, please see the [Morningstar ESG Index Glossary](#).

Index Inception and Performance History Start Date

The performance history start date, when the first back-tested index value was calculated, is March 20, 2015. The index inception date is November 13, 2025. For more details, refer to Appendix 2. This document may contain back-tested or simulated performances, and the subsequent results achieved by the investment strategy may be materially different.

Index Construction

Methodology Summary

Starting Universe

- Parent benchmark is the Morningstar Large-Mid Index family (represents top 90% of the investable market)
- The respective parent indexes are as below:
 - Morningstar US Large-Mid Index
 - Morningstar Eurozone Large-Mid Index

Eligibility

- Securities which do not meet the criteria defined in client's custom ESG exclusions framework are excluded.
- Securities part of custom exclusion list are excluded
- Securities that have 3-month Average Median Daily Traded Value (AMDTV) of less than USD 5mn would be excluded

Portfolio Construction

- Select the top 50 securities based on the largest security float market capitalization from the eligible universe ensuring minimum sector representation
- The company weights are subject to a company level capping of maximum 5%, minimum 0.5% and sector relative capping of +/-5% compared to parent index.
- The index is reconstituted quarterly.

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US and
Eurozone
Catholic
Principles
Indexes

For additional details, refer to the following section.

Starting Universe

At each reconstitution, securities for Morningstar® US and Eurozone Catholic Principles Indexes are derived from the respective Morningstar US Large-Mid Index and Morningstar Eurozone Large-Mid Index. For more details on benchmark construction, refer to the [Construction rules for the Morningstar Global Markets Indexes](#).

Security Selection

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

- Securities must have a 3-month average median daily traded value (AMDTV) greater than or equal to USD 5 million.
- Securities contained within the client's custom exclusions* framework wherein if a security does not meet the client's screening criteria are additionally excluded. The list of excluded securities is provided to the Morningstar Indexes Operations team in advance of each quarterly reconstitution before the first business day of March, June, September, and December.

*If the Morningstar Indexes Operations Team does not receive the custom exclusions list by the above specified date, then the most recent exclusions lists would be applied for the reconstitution.

The remaining securities, after applying the above screens, would be considered the eligible universe.

Portfolio Construction

At every reconstitution, the Morningstar® US and Eurozone Catholic Principles Indexes portfolios are created from the eligible universe as follows:

Selection:

1. Select at least 2 securities by highest float market capitalization within individual Morningstar Global Equity Classification (GECS) sector.

2. The additional stocks are then added based on a predefined target count for each sector. The target count for each sector is defined as follows:

$$\text{Target count per sector} = \text{Aggregate sector weight in parent benchmark} * 50$$

The target count is rounded up to the next whole number.

3. If the total number of securities exceeds the target count of 50 after step 2, the excess securities with the lowest float market capitalization would be excluded while ensuring the minimum sector representation of 2 securities in step 1 is maintained.

Weighting:

1. Securities within the selected universe are initially float market capitalization weighted.
2. A simple company level capping of 5% and company minimum weight of 0.5% is applied iteratively. In the event of a breach of this cap, securities above the cap or below the minimum weight are assigned a weight equal to the cap or the minimum weight respectively. The excess weight from these capped stocks is redistributed to the remaining constituents in proportion to their pre-capped weights.
3. If the aggregate sector weights after step 2 are not within the bounds of the aggregated parent benchmark sector weight of +/-5%, the sector maximum or minimum would be set to the respective bounds, and the excess weight would be redistributed proportionally within the remaining sectors based on the aggregate sector weight calculated after step 2. This would be done in an iterative manner till all the eligible sectors are within their respective bounds.
4. If the company level maximum or minimum capping is breached after step 3, the company would be set at the respective maximum or minimum limit, and the excess weight would be redistributed within the other securities belonging to the respective sector iteratively.

If a company has multiple share classes in the selection universe, the company level weights would be redistributed within the share classes proportionally in the ratio of their parent benchmark weights.

Handling of Infeasible Solutions

In cases wherein the above weighting is infeasible the following relaxations would be enabled in a stepwise manner:

1. The minimum company level threshold would be reduced to 0%
2. The active sector capping of +/-5% would be relaxed to +/-10%.

Number of Stocks

The indexes target a fixed number of stocks based on a transparent ranking system subject to the application of eligibility criteria at reconstitution. However, if fewer than the targeted number of securities from the starting universe meet eligibility criteria, or if securities are added or deleted as a result of corporate actions after reconstitution, the constituent count may deviate from the targeted number. During reconstitution, if the number of eligible securities is less than the targeted constituent count, all eligible securities are selected. The reconstitution schedule is provided in the "Index Maintenance and Calculation" section. The target count for the indexes is 50.

Index Weighting

The index is float-adjusted market capitalization-weighted along with the simple company level and sector relative capping mentioned above. For more details, refer to the [Morningstar Indexes Calculation Methodology](#).

Index Maintenance and Calculation

Scheduled Maintenance

The index is rebalanced and reconstituted quarterly and implemented after the close of business on the third Friday of March, June, September, and December and is effective the following Monday. If Monday is a holiday, rebalance is effective on the next business day. The market and ESG data used for rebalancing 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](#).

Corporate Actions

The treatment of corporate actions will be as per the float-adjusted market capitalization-weighted indexes. 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 decommissioning of the index or benchmark index could disrupt subscriber products that reference this index, all subscribers are encouraged to have robust fallback procedures in the event an index is decommissioned. 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 daily highs or lows, it is corrected retroactively as soon as is feasible.

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](#).

Computational and Reporting Precision

For reporting purposes, index values are rounded to two decimal places and divisors are rounded to appropriate decimal places.

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.

If a feasible solution is not found after the above constraint relaxations, the index will not be reconstituted for that quarterly review, and the Morningstar Index Methodology Committee review of the constraint methodology will be conducted and completed by the next quarterly reconstitution date.

Appendixes

Appendix 1: 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.
Inception Date	The date when the live index calculations start.
Performance History Start Date	The beginning of the index history, inclusive of back-tested performance.

Appendix 2: Index Inception Date and Performance History Start Date

Index Name	Parent Index	Performance History Start Date	Inception Date
Morningstar® Catholic Principles US Index	Morningstar US Large-Mid Index	March 20, 2015	November 13, 2025
Morningstar® Catholic Principles Eurozone Index	Morningstar Eurozone Large-Mid Index	March 20, 2015	November 13, 2025

This document may contain back-tested or simulated performances, and the subsequent results achieved by the investment strategy may be materially different.

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 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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