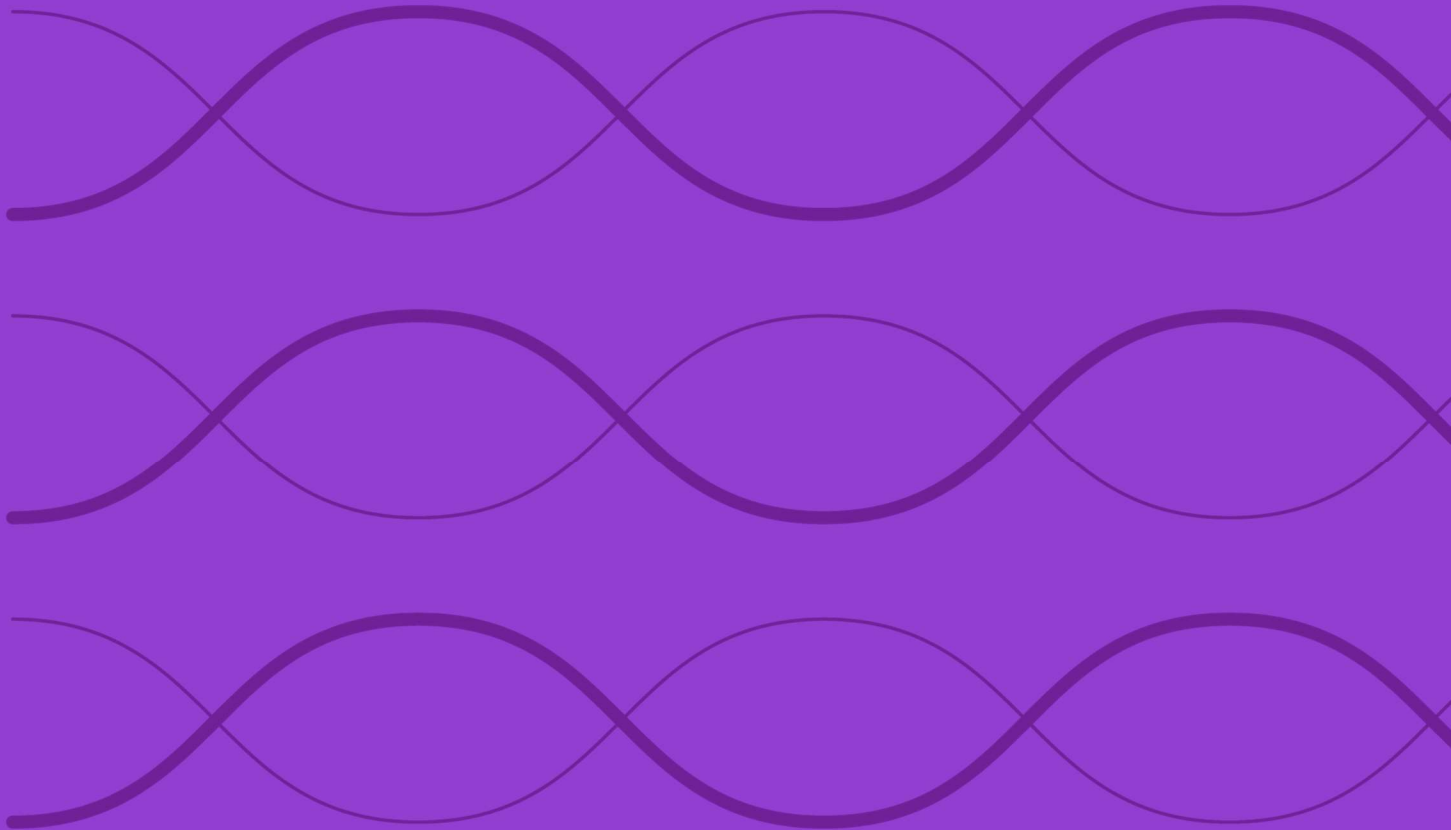


Construction Rules for the Morningstar® Canada Dividend Appreciation Select Index



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Overview

The Morningstar Canada Dividend Appreciation Select Index targets stocks with a record of dividend growth, subject to weighting constraints.

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

Index Inception and Performance Start Date

The index inception date is April 2, 2026. The performance start date, when the first backtested index value was calculated, is March 20, 2015.

Index Construction

Methodology Summary

Starting Universe

- The primary benchmark is the Morningstar Canada Target Market Exposure Index

Eligibility

- Securities must demonstrate a history of dividend growth. Specifically:
- The security must have increased its ordinary cash dividends every year for at least the past five years
 - If a security has maintained the same dividend for a maximum of two consecutive years within that five-year period, that security is nonetheless eligible

Portfolio Construction

- Stocks are weighted to minimize deviations from Float Market Cap Weights, subject to sector, industry, and security level weight constraints, and a turnover constraint through an optimization process

Morningstar® Canada
Dividend
Appreciation Select
Index

Starting Universe

At each reconstitution, constituents of the Morningstar® Canada Dividend Appreciation Select Index are derived from the Morningstar Canada Target Market Exposure Index. For more details on benchmark construction, refer to the construction rules for the [Morningstar Target Market Exposure Indexes](#).

Eligibility

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

- The security must have increased its ordinary trailing 12-month cash dividends every year for at least the past five years, with the following exception:

A security is still eligible if it has maintained the same trailing 12-month dividend (that is, it has been flat) for a maximum of two consecutive years within that five-year period.*

*Companies with no dividend information are treated as having paid no dividends.

Portfolio Construction

Optimization Parameters

At each reconstitution, the Morningstar Canada Dividend Appreciation Select Index is constructed using optimization to minimize deviation from Float Market Capitalization weights and meet the following constraints:

- The L2 norm between the unconstrained (Float Market Capitalization) weights and final weights is minimized.
- No short positions are allowed.
- Each security is capped at a maximum weight of 5%.
- The cumulative weight of securities belonging to the financial services sector is capped at a maximum weight of 32%.
- The cumulative weight of securities belonging to the bank industry is capped at a maximum weight of 19%.
- The cumulative weight of securities belonging to the gold industry is capped at a maximum weight of 4%.

- The maximum one-way turnover is capped at 50% at the quarterly reconstitutions.

Number of Stocks

The number of stocks in the index is variable, subject to the size of the starting universe and the application of eligibility criteria at the time of reconstitution.

Index Weighting

The weights of index constituents are determined through an optimization process subject to the objective function and weight constraints described in the "Optimization Parameters" section above.

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](#).

Corporate Actions

The treatment of corporate actions will be as per the float-adjusted market cap-weighted indexes corporate action methodology. For more details, please refer to the [Morningstar Indexes Corporate Actions Methodology](#).

Index Calculation and Price Data

Details about index calculations and price data can be found in their respective rulebooks: [Morningstar Indexes Calculation Methodology](#) and [Morningstar Equity Indexes Price Methodology](#).

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, geopolitical 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

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 and, if discovered within two trading days, are generally corrected, and the index is recalculated regardless of the performance impact.

Where such index calculation data input defects are discovered after two trading days, an index restatement will typically occur only 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.

Appendix 1: Morningstar Regions and Sectors

The region and sector assignments from [Morningstar Global Equity Classification Structure](#) are considered while applying the active region and sector constraints.

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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