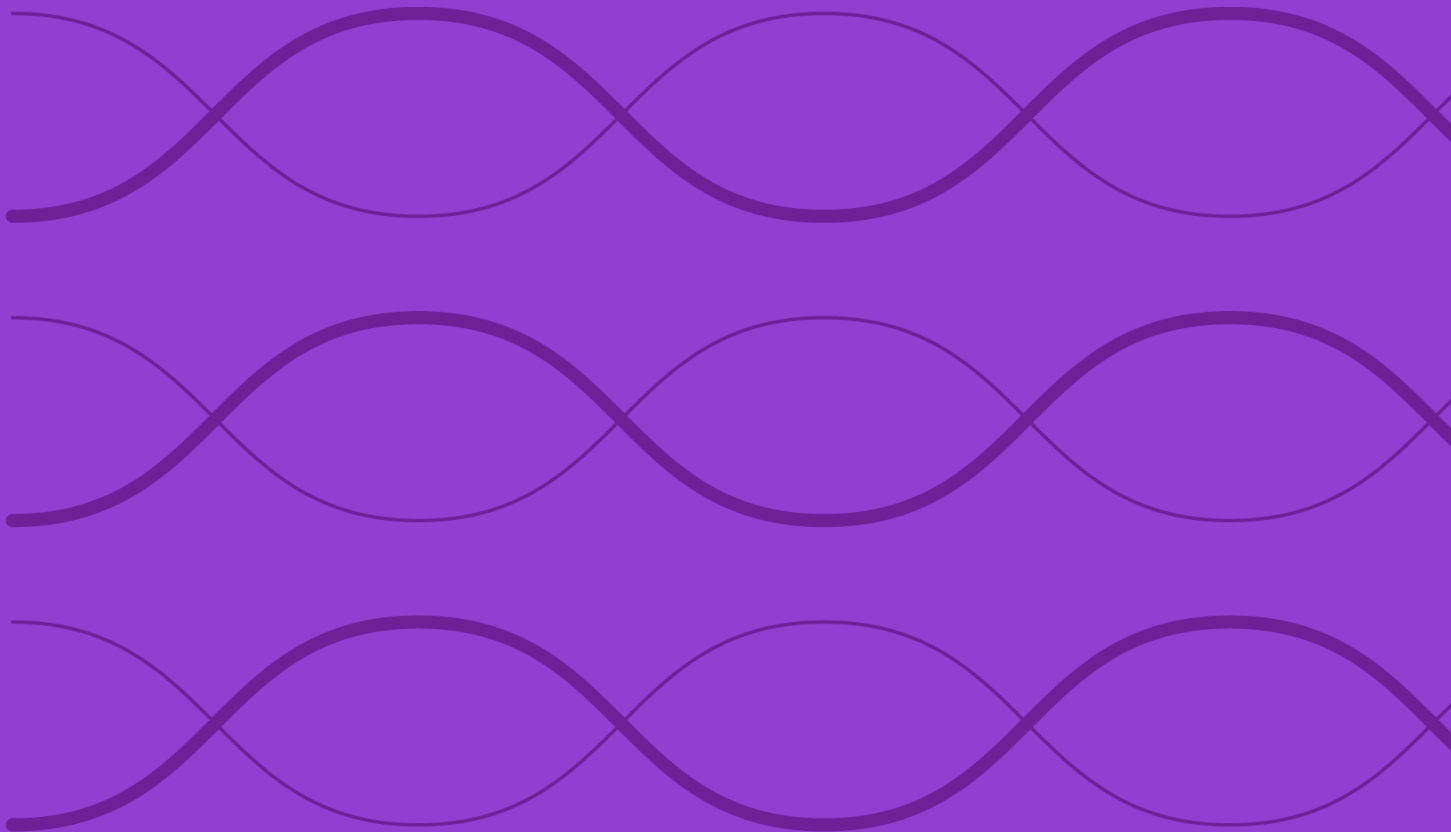


# Construction Rules for the Morningstar Transatlantic Industry Leaders Select 50 Index



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## Overview

The Morningstar® Transatlantic Industry Leaders Select 50 Index is an index of indexes designed to provide exposure to the top 50 companies in both the US and the developed Eurozone region, ranked by free float market capitalization, that are involved in Basic Materials, Energy, Technology sectors and the Banks, Aerospace & Defense, Construction, Farm & Heavy Construction Machinery, Industrial Distribution, Industrial Products, and Waste Management industry groups. The index targets a region exposure of 60% to the US and 40% to the developed Eurozone.

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

## Start Date

The index inception date is June 18, 2026, and the performance start date, when the first back-tested index value was calculated, is June 19, 2015.

## Index Construction

### Methodology Summary

#### Starting Universe

- Morningstar US Industry Leaders Select 25 Index
- Morningstar Developed Eurozone Industry Leaders Select 25 Index

#### Eligibility

- Both the indexes are eligible for the index of indexes

#### Portfolio Construction

- The two component indexes are combined with the following weights:
  - Morningstar US Industry Leaders Select 25 Index - 60%
  - Morningstar Developed Eurozone Industry Leaders Select 25 Index - 40%
- Quarterly rebalancing

Morningstar  
Transatlantic Industry  
Leaders Select 50  
Index

### Starting Universe

The starting universe consists of two regions represented by Morningstar Indexes. The following indexes serve as precise, nonoverlapping building blocks in the construction process.

Region	Morningstar Index
US	Morningstar US Industry Leaders Select 25 Index
Developed Eurozone	Morningstar Developed Eurozone Industry Leaders Select 25 Index

The rules governing security inclusion for the indexes listed above are detailed in their respective rulebooks, which are available on the Morningstar Indexes website:

- [Morningstar US Industry Leaders Select 25 Index](#)
- [Morningstar Developed Eurozone Industry Leaders Select 25 Index](#)

### Eligibility

The index allocates 60% weight to the US and 40% weight to the Developed Eurozone regions.

### Portfolio Construction and Index Weighting

At every rebalance, the region exposure for both US and Eurozone region is reset to the weights mentioned below:

Region	Morningstar Index	Allocation
US	Morningstar US Industry Leaders Select 25 Index	60%
Developed Eurozone	Morningstar Developed Eurozone Industry Leaders Select 25 Index	40%

## **Index Maintenance and Calculation**

### **Quarterly Rebalancing**

The index is rebalanced quarterly to maintain the asset allocations according to the preset allocation. The rebalances are implemented after the close of business on the third Friday of March, June, September, and December 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 quarterly 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 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

### 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 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: Glossary

Term	Description
Rebalance	During each rebalance, the weights are adjusted for updated free-float and shares outstanding data.

### Appendix 2: Morningstar Transatlantic Industry Leaders Select 50 Index Decrement Indexes

Index Name	Underlying Index	Base value	Base Date	Performance Inception Date	Inception Date
Morningstar Transatlantic Industry Leaders Select 50 Index Decrement 50 Point GR	Morningstar Transatlantic Industry Leaders Select 50 Index GR	900	Jun 2, 2026	Jun 19, 2015	Jun 19, 2026
Morningstar Transatlantic Industry Leaders Select 50 Index Decrement 5% NR	Morningstar Transatlantic Industry Leaders Select 50 Index NR	1000	Jun 19, 2015	Jun 19, 2015	Jun 19, 2026

### Appendix 3: Decrement Levels

The index levels are adjusted by deducting a predetermined value of index points from the gross return, or GR, or fixed percentage point from the net return, or NR, levels of the base index. These constant markdowns are applied to the base index daily.

Return Variant of the Base Index	Base Currency	Decrement Type	Decrement Frequency	Decrement Application	Decrement Value	Day Count Convention
Net Total Return Gross Total Return	EUR	Fixed Percentage Decrement or Fixed Point Decrement based on the index version.	Daily	Geometric application for both decrement types.	5% decrement based on the Net Total Return 50-point decrement based on Gross Total Return	*ACT/360

\*ACT is the number of calendar days between two calculation days.

**Formula for Fixed Point Decrement  
Geometric Decrement Calculation**

$$IV_t = (IV_{t-1} \times (U_t \div U_{t-1})) - (D \times (\text{Act}(t-1, t) \div \text{DayCount}))$$

Where:

*IV<sub>t</sub>* = The value of the Fixed Point Decrement Index for calculation day t

*IV<sub>t-1</sub>* = The value of the Fixed Point Decrement Index for day t-1

*U<sub>t</sub>* = The value of the base Index for calculation day t

*U<sub>t-1</sub>* = The value of the base Index for calculation day t-1

*Act(t-1, t)* = Number of calendar days between calculation day t-1 and calculation day t

*D* = The Decrement value expressed in Index points

*DayCount* = Set to 360

**Formula for Fixed Percentage Decrement  
Geometric Decrement Calculation**

$$IV_t = IV_{t-1} \times ((U_t \div U_{t-1}) - (c \times (\text{Act}(t-1, t) \div \text{DayCount})))$$

Where:

*IV<sub>t</sub>* = The value of the Fixed Percentage Decrement Index for calculation day t

*IV<sub>t-1</sub>* = The value of the Fixed Percentage Decrement Index for day t-1

*U<sub>t</sub>* = The value of the base Index for calculation day t

*U<sub>t-1</sub>* = The value of the base Index for calculation day t-1

*Act(t-1, t)* = Number of calendar days between calculation day t-1 and calculation day t

*c* = The Decrement value expressed in Fixed Percentage

*DayCount* = Set to 360

## 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 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.

[www.indexes.morningstar.com](http://www.indexes.morningstar.com)

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