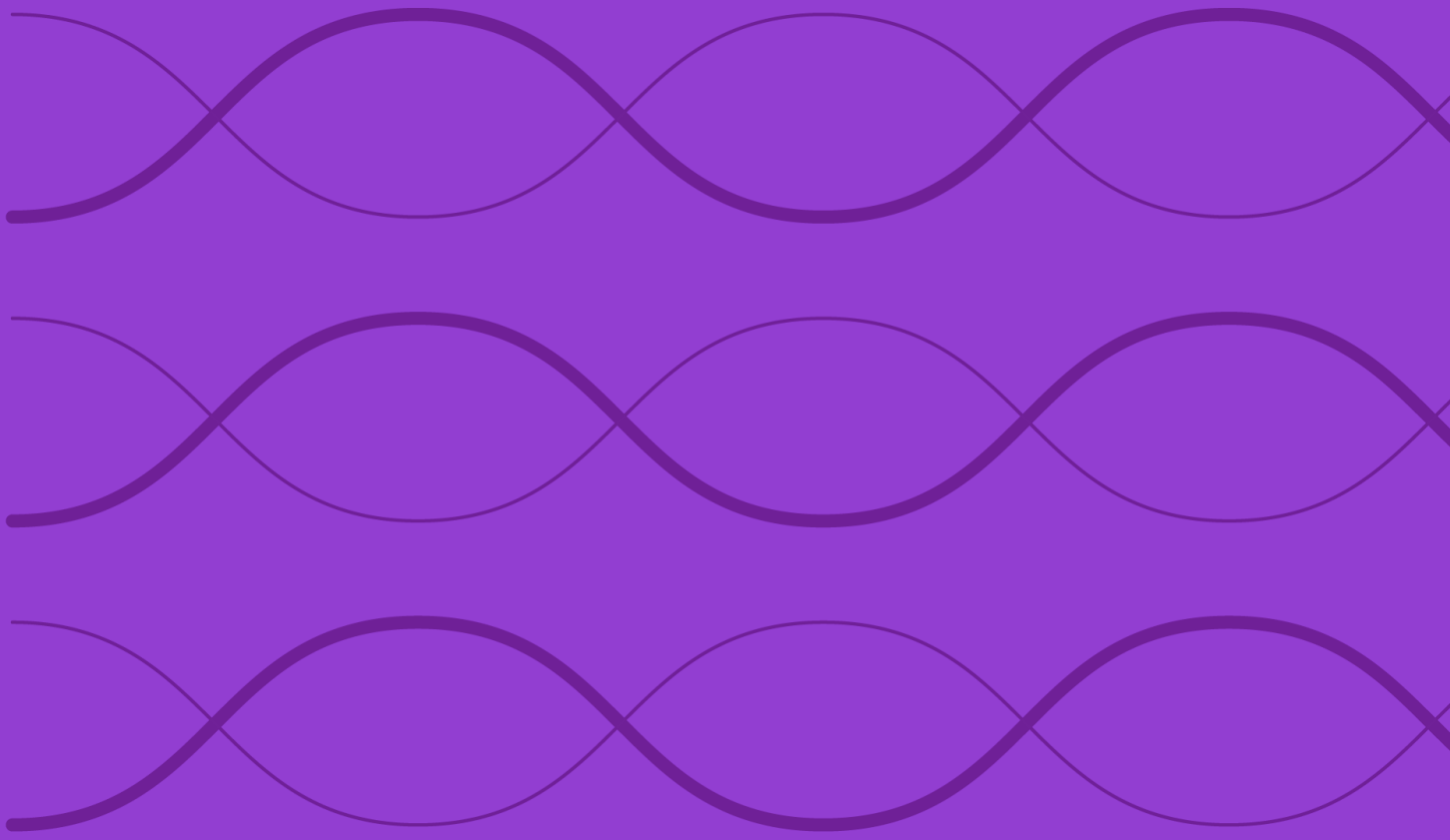
MORNINGSTAR Indexes

Construction Rules for the Morningstar® Global Factor Indexes



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Overview

The Morningstar® Global Factor Indexes are designed to deliver efficient, strong exposure to industry standard equity factors. The indexes are constructed with transparent, rules-based methodology that aims to mitigate unintended sector and regional biases and facilitate investability.

This family includes factor indexes targeting value, momentum, quality, low volatility, size, and yield, based on data from the Morningstar Global Industry Standard Risk Model[1] (risk model).

For more information on Morningstar risk models, please refer to Morningstar Risk Model Methodology.

These indexes do not incorporate environmental, social, or governance criteria.

Index Inception and Performance Start Dates

Index inception and performance start dates, when the first index back-tested values were calculated, are listed in Appendix 4.

[1] The momentum indexes use a slightly different definition than the risk model, based on local price performance rather than performance in U.S. dollars.

Index Construction

Methodology Summary

Starting Universe

- Morningstar Target Market Exposure Indexes
  - Large/mid parent indexes cover the top 85% of the investable market

    Small Cap parent indexes cover stocks representing the 85-99% of the investable market

Eligibility

- Securities must be covered by the Morningstar Risk Model.
- For the momentum indexes there must be at least 6 months continuous return data

Portfolio Construction

- Stocks are ranked based on their targeted factor exposure and those representing the top 30% of the parent index (by float market cap) are targeted for inclusion
- Constituent weights are tilted from their float-adjusted market cap based on the strength of their factor exposures
- Stock, sector, and regional weighting constraints are applied to limit unintended biases

Morningstar Global Factor Indexes

Starting Universe

At each reconstitution, securities for the index are derived from the parent index (benchmarks) from the Morningstar Target Market Exposure family. For more details on benchmark construction, refer to the construction rules of the Morningstar Target Market Exposure Indexes. The regional variants and parent benchmarks are listed in Appendix 2. Since factors are intended to be a company-level descriptor, only the primary share class of each company is used, and market capitalization is measured at the company level.

Eligibility

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

- Securities must have valid factor exposure scores. This means they must be covered by the Morningstar risk model to qualify for inclusion.
- To qualify for inclusion in the Momentum, Quality and Low Volatility indexes, securities must have at least 6 months of price history as of the data cutoff date for index inclusion.

Portfolio Construction

- Each stock is assigned a factor exposure score. See Appendix 3 for further details on how each factor is defined.
- All factor exposures are normalized (z-scored), and the normalizations are sector neutral for quality, size, value, and yield. These normalized exposures are at plus and minus 3 to limit the influence of extreme outliers.
- Securities are then ranked by the normalized exposures and selected until they account for 30% of the parent index's float-adjusted market capitalization.
- Buffering rules are enforced to mitigate turnover.

- Securities in the top 20% are guaranteed inclusion in the portfolio. Then, preference is given to current portfolio constituents that fall between 20% and 40% of the parent index's market capitalization. Finally, securities from the remaining selection universe are selected until the targeted 30% market capitalization of the parent index is reached. As such, the number of stocks varies and always reflects the parent index's market capitalization[2].

Number of Stocks

The number of stocks in each index is variable, subject to the selection and eligibility criteria at the time of reconstitution. This count reflects the number of stocks necessary to reach the target representation of the parent index's float-adjusted market capitalization.

Index Weighting

The selected securities are given factor-tilted weights, which are then constrained. The exposures of the selected indexes are again normalized and clipped as described in "Number of Stocks." A factor score is computed for each security using its normalized and clipped exposure, given as "z":

Factor_score = 1 + a*z if z > 0, else 1/(1-a*z)

The tilt strength value, "a," is set at a = 1. The factor weight is then factor_score*benchmark_weight, where benchmark_weight is the company-level market capitalization for the given stock. These factor weights are then normalized to sum to 1. These unconstrained weights are used as targets for the constrained optimization, which produces final weights.

Index Constraints via Optimization

Once the unconstrained tilted weights are computed, they are modified by adjusting them as little as possible to meet the constraints. At every reconstitution, the portfolios are modified using an optimizer to minimize the objective and meet the constraints as follows:

- The L2 norm between the unconstrained tilted (target) weights and final weights are minimized.
- No short positions are allowed.
- The maximum weight of a security is restricted to 20 times its weight in the benchmark.
- The maximum weight of a security is restricted to be less than or equal its weight in the benchmark parent index + 4%.
- The minimum non-zero weight is 1 basis point.
- Region active weight constraints: To limit deviation from corresponding weights in the parent benchmark, the region of classification weights in the index are maintained within a lower and upper bound[3], calculated as:
  - Quality, Size, Value, & Yield: Weight in the benchmark +/- 2%. If no feasible solution is obtained, this constraint is loosened in increments of 1% up to a maximum of 15%.

[2] For the December 2022 reconstitution, the buffers are not applied. This was done to reset the portfolios prior to the live index launch.

[3] Regional constraints are not applicable for US and Developed Markets Europe, as they are each contained within a single region.

  - Momentum & Low Volatility: Weight in benchmark +/- 10%. If no feasible solution is obtained, this constraint is loosened in increments of 1% up to a maximum of 25%.
- Sector active weight constraints: To limit deviation from corresponding weights in the parent benchmark, the sector weights in the index are maintained within a lower and upper bound, calculated as:
  - Quality, Size, Value, & Yield: Weight in the benchmark +/- 2%. If no feasible solution is obtained, this constraint is loosened in increments of 1% up to a maximum of 15%.
  - Momentum & Low Volatility: Weight in benchmark +/- 10%. If no feasible solution is obtained, this constraint is loosened in increments of 1% until a feasible solution is found.

Index Maintenance and Calculation

Scheduled Maintenance

The index is reconstituted (the membership is reset) and rebalanced (the number of free-float shares of each constituent security is adjusted) semi-annually. 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 May 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 alternatively 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, selection, 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

Incorrect pricing and corporate action data for individual issues in the database will be corrected upon detection. In addition, an incorrect divisor of an index, if discovered within two days of its occurrence, will always 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: Modifications to the Rulebook

Section	Description of Change	Update Date
Portfolio Construction	Added a minimum weighting constraint of 1 basis point.	May 2023
Appendix 2 and 4	Added Morningstar US Small Cap Factor Indexes	September 2024
Eligibility	To qualify for inclusion in the Quality and Low Volatility indexes, securities must have at least 6 months of price history. This requirement will be effective from the December 2026 reconstitution, on.	August 2026
Portfolio Construction	The relative sector caps for the Momentum and Low Volatility indexes may be relaxed up to 100% (rather than to a max of 25%) until a feasible solution is found. This will be effective from the December 2026 reconstitution, on.	August 2026

Appendix 2: Parent Benchmarks

Index	Parent Benchmark	Size Segment
Developed Markets		
Morningstar Developed Markets Low Volatility Factor	Morningstar Developed Markets TME	Large-Mid Cap
Morningstar Developed Markets Momentum Factor	Morningstar Developed Markets TME	Large-Mid Cap
Morningstar Developed Markets Quality Factor	Morningstar Developed Markets TME	Large-Mid Cap
Morningstar Developed Markets Size Factor	Morningstar Developed Markets TME	Large-Mid Cap
Morningstar Developed Markets Value Factor	Morningstar Developed Markets TME	Large-Mid Cap
Morningstar Developed Markets Yield Factor	Morningstar Developed Markets TME	Large-Mid Cap
Developed Markets Europe		
Morningstar Developed Markets Europe Low Volatility Factor	Morningstar Developed Europe TME	Large-Mid Cap
Morningstar Developed Markets Europe Momentum Factor	Morningstar Developed Europe TME	Large-Mid Cap
Morningstar Developed Markets Europe Quality Factor	Morningstar Developed Europe TME	Large-Mid Cap
Morningstar Developed Markets Europe Size Factor	Morningstar Developed Europe TME	Large-Mid Cap
Morningstar Developed Markets Europe Value Factor	Morningstar Developed Europe TME	Large-Mid Cap
Morningstar Developed Markets Europe Yield Factor	Morningstar Developed Europe TME	Large-Mid Cap
Developed Markets ex-North America		
Morningstar Developed Markets ex-North America Low Volatility Factor	Morningstar Developed Markets ex-North America TME	Large-Mid Cap
Morningstar Developed Markets ex-North America Momentum Factor	Morningstar Developed Markets ex-North America TME	Large-Mid Cap
Morningstar Developed Markets ex-North America Quality Factor	Morningstar Developed Markets ex-North America TME	Large-Mid Cap
Morningstar Developed Markets ex-North America Size Factor	Morningstar Developed Markets ex-North America TME	Large-Mid Cap

Morningstar Developed Markets ex-North America Value Factor	Morningstar Developed Markets ex-North America TME	Large-Mid Cap
Morningstar Developed Markets ex-North America Yield Factor	Morningstar Developed Markets ex-North America TME	Large-Mid Cap
Developed Markets ex-US		
Morningstar Developed Markets ex-US Low Volatility Factor Index	Morningstar Developed Markets ex-US TME	Large-Mid Cap
Morningstar Developed Markets ex-US Momentum Factor Index	Morningstar Developed Markets ex-US Target Market Exposure	Large-Mid Cap
Morningstar Developed Markets ex-US Quality Factor Index	Morningstar Developed Markets ex-US Target Market Exposure	Large-Mid Cap
Morningstar Developed Markets ex-US Size Factor Index	Morningstar Developed Markets ex-US Target Market Exposure	Large-Mid Cap
Morningstar Developed Markets ex-US Value Factor Index	Morningstar Developed Markets ex-US Target Market Exposure	Large-Mid Cap
Morningstar Developed Markets ex-US Yield Factor Index	Morningstar Developed Markets ex-US Target Market Exposure	Large-Mid Cap
Emerging Markets		
Morningstar Emerging Markets Low Volatility Factor Index	Morningstar Emerging Markets Target Market Exposure	Large-Mid Cap
Morningstar Emerging Markets Momentum Factor Index	Morningstar Emerging Markets Target Market Exposure	Large-Mid Cap
Morningstar Emerging Markets Quality Factor Index	Morningstar Emerging Markets Target Market Exposure	Large-Mid Cap
Morningstar Emerging Markets Size Factor Index	Morningstar Emerging Markets Target Market Exposure	Large-Mid Cap
Morningstar Emerging Markets Value Factor Index	Morningstar Emerging Markets Target Market Exposure	Large-Mid Cap
Morningstar Emerging Markets Yield Factor Index	Morningstar Emerging Markets Target Market Exposure	Large-Mid Cap
Global		
Morningstar Global Low Volatility Factor Index	Morningstar Global TME	Large-Mid Cap
Morningstar Global Momentum Factor Index	Morningstar Global TME	Large-Mid Cap
Morningstar Global Quality Factor Index	Morningstar Global TME	Large-Mid Cap
Morningstar Global Size Factor Index	Morningstar Global TME	Large-Mid Cap
Morningstar Global Value Factor Index	Morningstar Global TME	Large-Mid Cap
Morningstar Global Yield Factor Index	Morningstar Global TME	Large-Mid Cap
US		
Morningstar US Low Volatility Factor Index	Morningstar US TME	Large-Mid Cap
Morningstar US Momentum Factor Index	Morningstar US TME	Large-Mid Cap
Morningstar US Quality Factor Index	Morningstar US TME	Large-Mid Cap
Morningstar US Size Factor Index	Morningstar US TME	Large-Mid Cap
Morningstar US Value Factor Index	Morningstar US TME	Large-Mid Cap
Morningstar US Yield Factor Index	Morningstar US TME	Large-Mid Cap
US Small Cap		
Morningstar US Small Cap TME Low Volatility Factor Index	Morningstar US Small Cap TME	Small Cap
Morningstar US Small Cap TME Momentum Factor Index	Morningstar US Small Cap TME	Small Cap
Morningstar US Small Cap TME Quality Factor Index	Morningstar US Small Cap TME	Small Cap
Morningstar US Small Cap TME Size Factor Index	Morningstar US Small Cap TME	Small Cap
Morningstar US Small Cap TME Value Factor Index	Morningstar US Small Cap TME	Small Cap
Morningstar US Small Cap TME Yield Factor Index	Morningstar US Small Cap TME	Small Cap

Appendix 3: Factor Definitions

All raw factor exposures, except for momentum, are from the Morningstar Risk Model Methodology. As such, regional normalizations are with respect to those defined in the risk model methodology document. Regional normalization for momentum is defined by regions listed in Appendix 5.

Low Volatility Factor

The firm-specific volatility is a combination of three standardized volatility proxies:

$$Volatility\ Composite = 50\% * IVOLz + 25\% * TVOLz + 25\% * MAX5$$

1. IVOL (six-month horizon, 50%): Idiosyncratic volatility (IVOL) is the capital asset pricing model's (CAPM) residual volatility over the past six months. A time series regression of excess daily stock return against the value-weighted excess daily market return of the estimation universe is used. The IVOL is the standard deviation of the CAPM residuals. IVOL is standardized to obtain its z-score.

   $CAPM: ri,t - rft = \alpha i,t + \beta t\ (rm,t - rft) + \varepsilon i,t$
   $IVOL: \sigma i,t = std(\varepsilon i,t)$

2. TVOL (six-month horizon, 25%): Total volatility (TVOL) is defined as the volatility of a stock's daily returns over the past six months. TVOL is standardized to obtain its z-score.

   $TVOL = std(ri,t)$

3. MAX5 (one-month horizon, 25%): MAX5 is defined as the average of the highest five daily returns over the past one month. MAX5 is standardized to obtain its z-score.

The negative of the volatility composite is used (the sign is flipped from the risk model convention), so large values are related to low volatility, and small values are related to higher-volatility stocks.

Momentum Factor

The momentum factor[1] is the normalized value of the stock price's raw momentum score. The raw momentum score is calculated as the total return, minus local risk-free rate, of a stock over an 11-month period (at least 7 months of data is required, and a 6+ month window is used until 12 months is available). This is the classical 12-1 momentum formulation and is computed using local currency. This can be stylized in the following way:

P_{12} = Local price 12 months prior to previous month end (for new securities, allow it to be less than 12 months but at least 6 months)
P_1 = Local price 1 month prior to previous month-end
D = the sum of the dividends paid within this time interval, which are reinvested on the ex-date
The total return over that horizon is:

$TR = (P_1 - P_{12}) / P_{12} + D / P_{12}$ = capital gain return + gross dividend yield

The mean annualized local risk-free rate over the 11-month (or shorter, when data for the full time horizon is not available) window, RF, is then subtracted to arrive at the raw momentum score for each security:

$MOM = TR - RF$

Quality Factor

The quality score of a stock is defined as the equally weighted z-score of a company's profitability (trailing 12-month return on assets) and the z-score of its financial leverage (trailing 12-month debt/invested capital). The z-score is with respect to all the stocks in the global universe.

$$Quality = 1/2[ROA_z + (1 - Total\ Debt\ /\ Total\ Invested\ Capital)_z]$$

Where ROA is the trailing 12-month return on assets and the subscript z indicates a z-score.

The quality factor is sector neutralized.

Size Factor

The size factor is the normalized value of the logarithm of a firm's market capitalization, such that large values correspond to smaller sized companies:

$$sizei,t = -ln(MVi,t)$$

The size factor is sector neutralized.

Value Factor

The value factor exposure uses the raw style score from the Style Box as the input for calculating the growth-value exposure of stocks. The raw style score is calculated as the difference between a stock's growth score and value score. The negative of the raw style score is used (the sign is flipped from the risk model convention), so large values are related to value oriented stocks, and smaller values are related to growth oriented stocks.

Value Factor $= Value\ Score - Growth\ Score$

The value score is the weighted average of a stock's prospective earnings (E), book value (BV), revenue (R), cash flow (CF), and dividend (D), all scaled by the current price of the stock:

$$Value\ Score = [wE \times E\ Pt + wBV \times BV\ Pt + wR \times R\ Pt + wCF \times CV\ Pt + wD \times D\ Pt\ ].$$

The growth score of a stock is the weighted average of the growth rates in a company's earnings (E), book value (BV), revenue (R), cash flow (CF), and dividend (D):

$$Growth\ Score = [wE \times Egrowth + wBV \times BVgrowth + wR \times Rgrowth + wCF \times CFgrowth + wD \times Dgrowth\ ].$$

The value factor is sector neutralized.

Yield Factor

The yield factor is defined as a total yield, which is the sum of trailing 12-month buyback and dividend yield of a company. Higher values indicate larger, positive yield exposure:

$$Total\ Yield = Buyback\text{Yield}_{ttm} + Dividend\ \text{Yield}_{ttm}$$

The yield factor is sector neutralized.

Appendix 4: Index Inception and Performance Start Dates

Index Name	Index Inception Date	Performance Start Date
Morningstar Developed Markets Low Volatility Factor Index	2023-01-31	2008-06-20
Morningstar Developed Markets Momentum Factor Index	2023-03-31	2008-06-20
Morningstar Developed Markets Quality Factor Index	2023-01-31	2008-06-20
Morningstar Developed Markets Size Factor Index	2023-01-31	2008-06-20
Morningstar Developed Markets Value Factor Index	2023-01-31	2008-06-20
Morningstar Developed Markets Yield Factor Index	2023-01-31	2008-06-20
Morningstar Developed Markets Europe Low Volatility Factor Index	2023-01-31	2008-06-20
Morningstar Developed Markets Europe Momentum Factor Index	2023-03-31	2008-06-20
Morningstar Developed Markets Europe Quality Factor Index	2023-01-31	2008-06-20
Morningstar Developed Markets Europe Size Factor Index	2023-01-31	2008-06-20
Morningstar Developed Markets Europe Value Factor Index	2023-01-31	2008-06-20
Morningstar Developed Markets Europe Yield Factor Index	2023-01-31	2008-06-20
Morningstar Developed Markets ex-North America Low Volatility Factor Index	2023-01-31	2008-06-20
Morningstar Developed Markets ex-North America Momentum Factor Index	2023-03-31	2008-06-20
Morningstar Developed Markets ex-North America Quality Factor Index	2023-01-31	2008-06-20
Morningstar Developed Markets ex-North America Size Factor Index	2023-01-31	2008-06-20
Morningstar Developed Markets ex-North America Value Factor Index	2023-01-31	2008-06-20
Morningstar Developed Markets ex-North America Yield Factor Index	2023-01-31	2008-06-20
Morningstar Developed Markets ex-US Low Volatility Factor Index	2023-01-31	2008-06-20
Morningstar Developed Markets ex-US Momentum Factor Index	2023-03-31	2008-06-20
Morningstar Developed Markets ex-US Quality Factor Index	2023-01-31	2008-06-20
Morningstar Developed Markets ex-US Size Factor Index	2023-01-31	2008-06-20
Morningstar Developed Markets ex-US Value Factor Index	2023-01-31	2008-06-20
Morningstar Developed Markets ex-US Yield Factor Index	2023-01-31	2008-06-20
Morningstar Emerging Markets Low Volatility Factor Index	2023-01-31	2008-06-20

Morningstar Emerging Markets Momentum Factor Index	2023-03-31	2008-06-20
Morningstar Emerging Markets Quality Factor Index	2023-01-31	2008-06-20
Morningstar Emerging Markets Size Factor Index	2023-01-31	2008-06-20
Morningstar Emerging Markets Value Factor Index	2023-01-31	2008-06-20
Morningstar Emerging Markets Yield Factor Index	2023-01-31	2008-06-20
Morningstar Global Low Volatility Factor Index	2023-01-31	2008-06-20
Morningstar Global Momentum Factor Index	2023-03-31	2008-06-20
Morningstar Global Quality Factor Index	2023-01-31	2008-06-20
Morningstar Global Size Factor Index	2023-01-31	2008-06-20
Morningstar Global Value Factor Index	2023-01-31	2008-06-20
Morningstar Global Yield Factor Index	2023-01-31	2008-06-20
Morningstar US Low Volatility Factor Index	2023-01-31	2008-06-20
Morningstar US Momentum Factor Index	2023-03-31	2008-06-20
Morningstar US Quality Factor Index	2023-01-31	2008-06-20
Morningstar US Size Factor Index	2023-01-31	2008-06-20
Morningstar US Value Factor Index	2023-01-31	2008-06-20
Morningstar US Yield Factor Index	2023-01-31	2008-06-20
Morningstar Asia ex-Japan Low Volatility Factor Index	2023-11-29	2008-06-20
Morningstar Asia ex-Japan Momentum Factor Index	2023-11-29	2008-06-20
Morningstar Asia ex-Japan Quality Factor Index	2023-11-29	2008-06-20
Morningstar Asia ex-Japan Size Factor Index	2023-11-29	2008-06-20
Morningstar Asia ex-Japan Value Factor Index	2023-11-29	2008-06-20
Morningstar Asia ex-Japan Yield Factor Index	2023-11-29	2008-06-20
Morningstar US Small Cap Low Volatility Factor Index	2024-10-21	2008-06-20
Morningstar US Small Cap Momentum Factor Index	2024-10-21	2008-06-20
Morningstar US Small Cap Quality Factor Index	2024-10-21	2008-06-20
Morningstar US Small Cap Size Factor Index	2024-10-21	2008-06-20
Morningstar US Small Cap Value Factor Index	2024-10-21	2008-06-20
Morningstar US Small Cap Yield Factor Index	2024-10-21	2008-06-20

Appendix 5: 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.

Regions

- Developed Asia-Pacific
- Developed Europe
- Developed Middle East and Africa
- Developed North America
- Emerging Asia-Pacific
- Emerging Europe
- Emerging Latin America
- Emerging Middle East and Africa

Sectors

- Basic Materials
- Communication Services
- Consumer Cyclical
- Consumer Defensive
- Energy
- Financial Services
- Healthcare
- Industrials
- Real Estate
- Technology
- Utilities

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.

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