

Construction Rules for the Morningstar US Artificial Intelligence Beneficiaries Select Index

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Overview

The Morningstar US Artificial Intelligence Beneficiaries Select Index targets companies that are expected to materially amplify revenue or reduce costs within the next five years via the adoption of artificial intelligence. This index draws on the forward-looking insights of Morningstar's equity research team.

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

Index Inception and Performance Start Date

The index inception date is July 7, 2026 and the performance start date, when the first back-tested index value was calculated, is Dec. 20, 2024.

Index Construction

Methodology Summary



Starting Universe

At each reconstitution, constituents of the Morningstar US Artificial Intelligence Beneficiaries Select Index are derived from the Morningstar US Market Index (benchmark). For more details on benchmark construction, refer to the construction rules for the [Morningstar US Market Index](#).

Eligibility

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

- Theme Exposure (further details are provided in Appendices 1 and 2)
 - AI Revenue Displacement: AI-driven products must not represent a credible threat to more than 10% of current revenue.
 - Each company must have a nonzero exposure score (score of 1) for at least one of the following subthemes²:
 - AI Cost Savings
 - AI Revenue Amplification

¹ AMMDTV: Average monthly median dollar traded value.

² The December 2025 exposure scores have been used for the December 2024 reconstitution.

- The company must have a three-month average monthly median dollar traded value of at least \$2 million and a free-float market capitalization of at least \$300 million.
 - Buffer rules: Current index constituents must have a three-month average monthly median dollar traded value of at least \$1.6 million and a free-float market capitalization of at least \$240 million³.
- Eligibility is determined at the company level. If a company has more than one eligible share class:
 - The share class that is currently in the index is used to represent the company in the index.
 - Otherwise, the most liquid share class, as determined by Morningstar Indexes, is used.

Portfolio Construction

- Eligible securities are assigned a Tier 1, Tier 2, or Tier 3 classification based on the following criteria:
 - Tier 1: Companies with a score of 1 in both AI Cost Savings and AI Revenue Amplification are assigned to Tier 1.
 - Tier 2: Companies with a score of 1 in AI Cost Savings but a score of 0 in AI Revenue Amplification are assigned to Tier 2.
 - Tier 3: Companies with a score of 1 in AI Revenue Amplification but a score of 0 in AI Cost Savings are assigned to Tier 3.
- Companies are then ranked to emphasize thematic purity. The ranking criteria are included below in descending order of absolute preference:
 - Tier 1 companies are preferred over Tier 2 companies; Tier 2 companies are preferred over Tier 3 companies.
 - Company total market capitalization, preferring larger over smaller.
- From the eligible list, the top-ranked 100 companies are targeted for inclusion, subject to the constraint that no more than 20 companies are included from a single sector, based on the Morningstar Global Equity Classification System.

Number of Stocks

The index targets 100 stocks based on the ranking system above, subject to the application of eligibility criteria at reconstitution. However, if fewer than the targeted number of securities from the starting universe meet the eligibility criteria, or if securities are added or deleted due to 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.

Index Weighting

- Step 1: The initial weights are set in proportion to float-adjusted market capitalization.
- Step 2: The aggregate weight of securities that are producers or suppliers of AI, based on either of the criteria below, is capped at 10%.
 - Companies with scores greater than or equal to 2 in any of the following subthemes: generative AI, AI data and infrastructure, AI services, or AI software. Further details are provided in Appendix 3.

³ The buffers mentioned in the portfolio construction were not applied at the Dec. 22, 2025 reconstitution to simulate an initial construction for the index.

- Companies with an aggregate score of greater than or equal to 3 across those four subthemes.
- Step 3: The aggregate weight of Tier 3 securities is capped at 10%.
- Step 4: Mega-cap securities are capped at 2% weight.
 - Companies with a total market cap weight greater than or equal to 1.5% in the parent index are classified as mega-cap securities.
- Step 5: Securities not classified as mega cap are capped at 4% weight.
- Step 6: Sector weightings are capped at 25%.
- The redistribution of excess weights at each step is in proportion to the pre-capped weights of the securities eligible to receive excess weight (already capped securities will not receive any additional weight). The steps are applied iteratively to ensure all the caps are maintained.

Simple capping is applied to ensure compliance with the weighting constraints. In the event of a breach of the above caps, securities/groups above the cap are assigned a weight equal to the cap. The excess weight from these capped stocks is redistributed to the remaining constituents in proportion to their pre-capped weights, subject to retaining all the previously applied caps.

For more details, refer to the [Morningstar Indexes Calculation Methodology rulebook](#).

Index Maintenance and Calculation

Reconstitution and Rebalancing

The index is reconstituted, where the membership is reset, annually on the third Friday of 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 November.

The index is 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. If Monday is an index holiday, the rebalance is reflected on the next business day. The market data used for rebalancing is as of the last trading day of February, May, August, and November.

A daily check is implemented to ensure stocks with weight greater than and equal to 5% do not sum more than 25%. If this condition is breached, the index will be adjusted to cap individual security weighting at 4% at the open of T+2. During the standard reconstitution or rebalance pro forma period, monitoring switches from the live portfolio to the pro forma portfolio. Any required adjustments are reflected in the next business day's pro forma file and implemented on the scheduled rebalance/reconstitution effective date. No changes are made to pro forma files within two business days of the reconstitution or rebalance effective date (T-2).

Because the reconstitution of the Morningstar US Artificial Intelligence Beneficiaries Select Index is less frequent than the parent index, the securities excluded from the parent index at the reconstitution effective date are also deleted from the Morningstar US Artificial Intelligence Beneficiaries Select Index.

Index files are published according to the global calendar schedule. For more information, please refer to the [Morningstar Indexes Holiday Calendar](#).

IPO Treatment

Large IPOs are reviewed for inclusion quarterly. At the end of February, April, August, and October, Morningstar Indexes monitors the Morningstar PitchBook Global Unicorn 500 Index to identify constituents that have completed an IPO since the prior review.

Morningstar equity research then assigns thematic exposure scores to these companies, which are used to determine eligibility. To qualify for inclusion, a company must also be a member of the parent index. Eligible securities are added after the close of the third Friday of March, June, September, and December.

For IPOs with less than three months of trading history, the three-month average daily trading volume requirement is waived.

Corporate Actions

The treatment of corporate actions will be per the float-adjusted market-capitalization-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 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.

Appendices

Appendix 1: Artificial Intelligence Beneficiaries Theme Definitions

The Artificial Intelligence Beneficiaries steering committee, which resides within the Morningstar Equity Research team, identifies relevant subthemes to help the index effectively target companies that are beneficiaries of leading-edge artificial intelligence technology. These subthemes are reviewed annually and may change over time as they evolve and new subthemes emerge.

AI Displacement

The index will omit companies for which competing AI-powered products/services are expected to displace more than 10% of current revenue over the next five years, as determined by the Morningstar Equity Research team.

AI Cost Savings

The index targets companies that are expected to realize material cost savings (>10%) relative to the current cost structure from AI adoption over the next five years, as determined by the Morningstar Equity Research team.

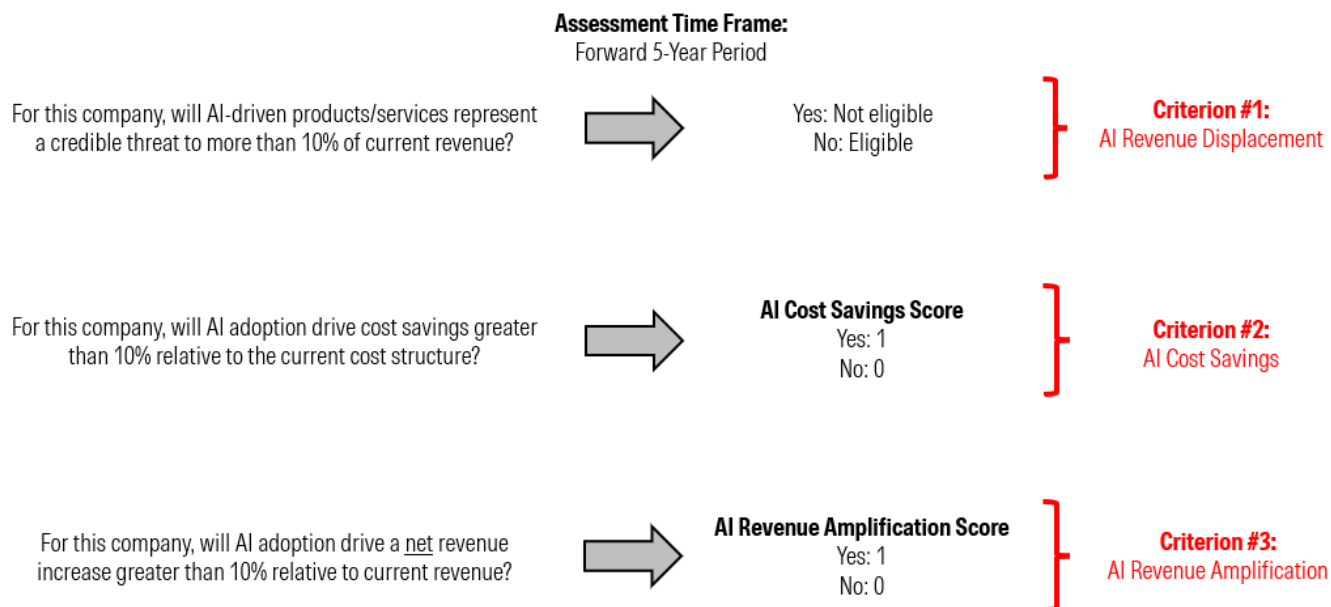
- a. Yes = AI Cost Savings thematic score of 1
- b. No = AI Cost Savings thematic score of 0

AI Revenue Amplification

The index targets companies that are expected to realize a material net revenue increase (>10%) relative to current revenue from AI adoption over the next five years, as determined by the Morningstar Equity Research team.

- a. Yes = AI Revenue Amplification thematic score of 1
- b. No = AI Revenue Amplification thematic score of 0

Appendix 2: Artificial Intelligence Beneficiaries Thematic Exposure Scoring Framework



Companies that are scored "Yes" for Criterion #1 are not eligible for inclusion
 Companies that are scored "Yes" for Criterion #2 and "Yes" for Criterion #3 are classified as "Tier 1"
 Companies that are scored "Yes" for Criterion #2 and "No" for Criterion #3 are classified as "Tier 2"
 Companies that are scored "No" for Criterion #2 and "Yes" for Criterion #3 are classified as "Tier 3"
 Companies that are scored "No" for Criterion #2 and a "No" for Criterion #3 are not eligible for inclusion

Appendix 3: Artificial Intelligence Producer and Supplier Theme Definitions

Generative AI

Two key aspects of AI are training and inference. AI training involves feeding labelled data into an AI model and iterating on the calculations and algorithms required to make more accurate predictions. AI inference is the stage where an AI model receives an unlabelled input and is asked to make a prediction or generate an output based upon the request.

Generative AI is a subset of AI that is used to create new and original content. This compares with “traditional AI” models that are used to solve specific tasks or make predictions based on existing data. Large language models, such as ChatGPT, are a type of generative AI model that focuses on producing humanlike text.

Exposure Examples

- Companies offering generative AI search functions
- “Hyperscalers” or cloud computing leaders that offer infrastructure as a service and host cloud workloads and/or their own AI models
- Semiconductor vendors that supply the chips and software needed for AI training and inference

AI Data and Infrastructure

Encompasses the various technological components needed to manufacture, design, maintain, host, support, and improve AI models.

Exposure Examples

- Semiconductor processors: Chips required in AI training and inference, such as GPUs, CPUs, FPGAs, and/or custom ASICs, including those designed in house by cloud computing vendors.
- Semiconductor supply chain: Includes the outsourced chip manufacturers (foundries), chip equipment vendors, and peripheral chipmakers required to support the performance of semiconductor processors.
- Data center infrastructure: Includes the servers, storage, networking gear, and connectivity solutions required to route data traffic and connect AI processors into a cohesive system to run AI workloads.
- Data management: Includes the databases and related software tools required to store the data required in AI models.

AI Software

Includes enterprise and consumer software that will include AI models to enhance the user experience and/or improve efficiency and productivity.

Exposure Examples

- Enterprise software: Supporting business functions such as sales, marketing, finance, human resources, IT management, customer service, or other business workloads. Also supports enterprise creative applications such as graphic design, engineering design, or other types of product lifecycle management.
- Consumer software: Any type of consumer-facing application where AI is used to improve the user experience.

AI Services

Includes consultancies and outsourced business process companies. Such companies may aid businesses in implementing AI. These companies may also reduce headcount and improve internal efficiencies by using AI to reduce or remove monotonous workloads.

Exposure Examples

- IT services: Consulting businesses that advise enterprises on how to build or implement AI.
- IT Services: Outsourced business process companies that may perform regular, somewhat monotonous tasks that may be replaced by AI in the future.

Appendix 4: Artificial Intelligence Producer and Supplier Thematic Exposure Scoring Framework

The Artificial Intelligence Producer and Supplier thematic exposure scores are assessed separately from the AI Beneficiaries exposure scores. This process is overseen by the Morningstar Equity Research Artificial Intelligence steering committee, which trains analysts on the subthemes and scoring framework. Rather than relying solely on historical data points, analysts provide forward-looking data points that translate to thematic exposure scores of 0, 1, 2, 3, or 4 across each subtheme. To garner a thematic exposure score above zero for a given subtheme, a company must be classified as a producer of related goods or services or a supplier of those producers. Additionally, Morningstar equity analysts must classify the company as being highly likely to enjoy a material net profit increase from its exposure to that subtheme over the next five years. Analysts then estimate the percentage of revenue a company will derive from its exposure to each subtheme at a point in time five years forward. These estimates translate into thematic exposure scores in the following manner:

- 0: Less than 10% of revenue for a company
- 1: 10%-25% of revenue for a producer or supplier company
- 2: 25%-50% of revenue for a producer or supplier company
- 3: Greater than 50% of revenue for a supplier company
- 4: Greater than 50% of revenue for a producer company

The Morningstar Equity Research Artificial Intelligence steering committee then provides a quality control review of each company's thematic exposure scores to optimize internal consistency. During this step, committee members engage in discussions within the equity research department to test the rationale behind submitted data points. Once the quality control process has been completed, thematic exposure scores are submitted to the Morningstar Indexes team for index reconstitution purposes.

Appendix 5: Modifications to the Rulebook

Section	Description of Change	Update Date
Index Maintenance and Calculation	The daily cap monitoring process was revised to reference the pro forma portfolio during reconstitution and rebalance pro forma periods. This updated logic will be effective from September 9, 2026, on.	August 2026
Index Maintenance and Calculation	Added IPO Treatment section, which will be effective from the September 2026 rebalance, on.	September 2026

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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