

# Morningstar® Global Target Market Exposure Index<sup>SM</sup> Family

## Learn More

For more information about all of Morningstar's indexes, please visit: <http://indexes.morningstar.com>

## Contact Us

indexes@morningstar.com  
 U.S. +1 312 384-3735  
 Europe +44 203 107 2969  
 Asia +65 6340 1288

## Bloomberg Tickers:

US TME (MSUTMEPU)  
 Global TME (MSGTMEPU)  
 Developed Europe TME (MSETMEPU)  
 Japan TME (MSJTMEPU)  
 Canada TME (MSCTMEPU)  
 Dev APAC ex-Japan TME (MSATMEPU)

While the proliferation of rules-based passive investment strategies has increased the complexity of strategic-beta indexes, traditional market exposure (beta) indexes have become increasingly commoditized. Benchmarks designed to represent the same equity markets are largely interchangeable. The commonly applied market capitalization weighting approach, which ensures macro-consistency and low turnover, has driven this convergence.

The Morningstar® Global Target Market Exposure Index<sup>SM</sup> family is designed to provide exposure to the top 85% of equity market capitalization in both developed and emerging markets. By focusing on the more liquid end of equity markets, the indexes emphasize investability and ease of tracking. They are ideal for underlying investment vehicles that allow investors to participate in equity markets at a low cost, a formula for long-term success. Morningstar research has demonstrated repeatedly over the years that low-cost investments possess a built-in performance advantage.

## Index Eligibility

The indexes select equity securities listed on major global exchanges. Shares of companies classified as belonging to either developed or emerging markets are eligible. Securities are classified to countries by considering both their country of incorporation and their country of primary listing. The following classes of listed securities are ineligible for the indexes:

- ▶ Mutual funds
- ▶ Exchange-traded funds
- ▶ Derivatives

- ▶ Convertible notes, warrants, and rights
- ▶ Limited partnerships
- ▶ Depository receipts, except for Swedish and Philippine depository receipts and American depository receipts

Securities must also meet certain liquidity conditions to ensure that they are investable. Securities must fall in the top 75% in their respective region (U.S., developed markets outside the U.S., and emerging markets) by trading volume and turnover<sup>1</sup>. Securities may also be excluded if they have experienced a significant number of nontrading days in the months preceding reconstitution.

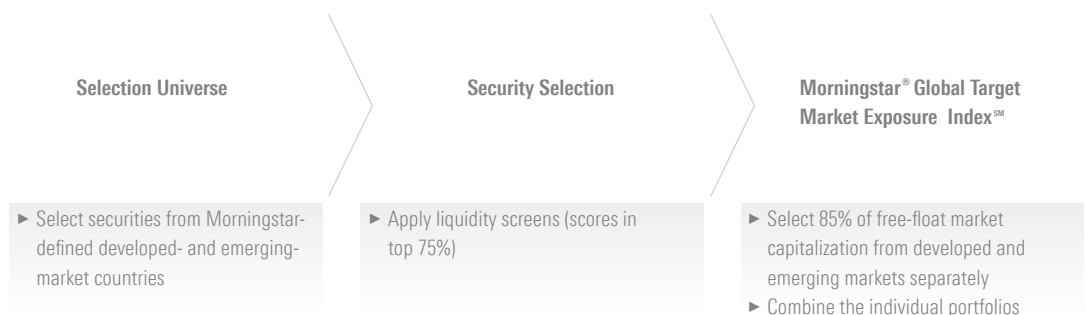
## Index Weighting

Indexes are weighted according to float-adjusted market capitalization. This ensures high capacity and low turnover.

## Reconstitution and Rebalancing

The indexes are reconstituted (membership reset) semiannually and implemented after the close of business on the third Friday of June and December, effective the following Monday. If Monday is a holiday, reconstitution is effective on the business day immediately following. The market data used for reconstitution is as of the last trading day of May and November. The indexes are rebalanced (weight reset) quarterly and implemented after the close of business on the third Friday of March, June, September, and December, effective the following Monday. If Monday is a holiday, rebalance is effective on the business day immediately following.

## Morningstar Global Target Market Exposure Index Construction Process



<sup>1</sup>Turnover is not used for US constituents.