

October 1, 2025

Consultation: Proposed methodology enhancement for Morningstar Developed Markets ex-Japan Gender Diversity Index and Morningstar Japan ex-REIT Gender Diversity Tilt Index

Morningstar Indexes is proposing methodology enhancements for the Morningstar Developed Markets ex-Japan Gender Diversity Index (GenDi) and the Morningstar Japan ex-REIT Gender Diversity Tilt Index (GenDi J) effective at the December 2025 indexes reconstitution to target closer tracking of the parent universe, as well as mitigating potential reverse turnover in the index at index rebalances.

Proposed changes include:

- 1. Reconstitution frequency**
Update the current schedule from an annual reconstitution in December and quarterly rebalances in March, June and September to a semi-annual reconstitution in June and December, with rebalances in March and September.
- 2. Sector and region weight neutralization frequency**
Increase the frequency of targeting sector-neutrality for the GenDi J Index (relative to the Morningstar Japan ex-REIT Domestic Index) and region-neutrality for the GenDi Index (relative to the Morningstar Developed Markets ex-Japan Large-Mid Index) from annually in December to quarterly in March, June, September, and December.
- 3. Capping methodology and thresholds**
Currently, individual security weights are capped at an absolute weight threshold of 5%. This security cap is proposed to be replaced by an active weight cap relative to the parent index. The thresholds for active capping being considered are 2%, 2.5% and 3%.

As noted, any or all proposed changes would be applied prospectively from the December 2025 reconstitution. Morningstar Indexes will provide at least 60 days' advance notice if a decision is made to adopt these changes.

Submit your responses and questions

Responses to this consultation can be submitted [here](#).

General questions about the consultation may also be sent to indexes@morningstar.com.

Key dates

- **Consultation:** The consultation will be open for response from October 1, 2025, to October 10, 2025.
- **Decision announcement:** Final decisions will be announced by October 15, 2025.

- **Proposed implementation:** December 22, 2025.

Questions

1. Should Morningstar Indexes adopt the proposed change from annual reconstitution in December with quarterly rebalance, to semi-annual reconstitution in June and December with quarterly rebalance?
 - a. Yes, for both indexes
 - b. Yes, but only for GenDi
 - c. Yes, but only for GenDi J
 - d. No, keep the current schedule
 - e. Other, please explain
2. Should Morningstar Indexes change the frequency of sector-neutralization for GenDi and regional-neutralization for GenDi J relative to their respective parent indexes from annually in December to quarterly in March, June, September, and December?
 - a. Yes, for both indexes
 - b. Yes, but only for GenDi
 - c. Yes, but only for GenDi J
 - d. No, keep the current schedule
 - e. Other, please explain
3. Should Morningstar Indexes transition from a 5% security capping to an active weight capping?
 - a. Yes, for both indexes
 - b. Yes, but only for GenDi
 - c. Yes, but only for GenDi J
 - d. Retain the current 5% individual security cap
 - e. Other, please explain
4. If you answered yes to question 3, the threshold for application of active capping of constituent weight relative to its weight in the parent index should be?
 - a. 2% active weight cap
 - b. 2.5% active weight cap
 - c. 3% active weight cap
 - d. Other, please explain
5. Do you have any objections if Morningstar Indexes implements these changes at the December 2025 rebalance?
 - a. No
 - b. Yes, please explain
6. What other factors should Morningstar Indexes consider in making this decision?

About Morningstar Indexes

Morningstar Indexes has been designing modern solutions for 20 years, but what makes us truly unique has been more than three decades in development. Our rich history began in 1984, when Morningstar was founded on a

promise to empower investors with data and research that is independent and objective. Over time, our collection of data has expanded considerably—and so has its application. Today, Morningstar Indexes draws on unique IP to unlock an extensive range of emerging opportunities for investors of every kind, while providing a robust institutional beta platform for core investing.

Contact Us

MorningstarIndexesAlerts@morningstar.com is a no-reply email address. For questions concerning this notification, please contact us at Indexes@morningstar.com.

