

Construction Rules for the Morningstar® Global Target Market Exposure Index Family

Morningstar Indexes

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Overview

The Morningstar® Global Target Market Exposure IndexSM family is designed to facilitate accurate performance benchmarking and efficient portfolio construction. These indexes follow transparent, objective construction rules that aim to provide a consistent representation of the market over time and promote investability, with robust liquidity screens and turnover buffers.

This index family covers stocks representing the top 99% of the investable market by float-adjusted market capitalization in two economic segments: developed markets and emerging markets. Within the family, there are indexes that target subsets of this universe, based on size, region, and sectors.

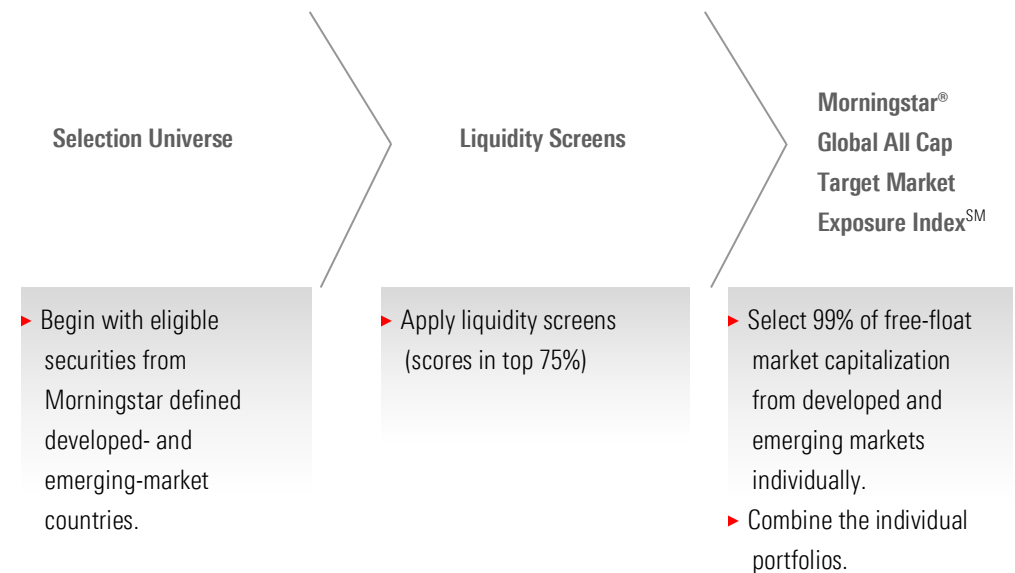
This index family does not incorporate environmental, social, or governance (ESG) criteria.

Index Inception Date and Performance Inception Date

The inception date of the indexes as well as performance inception dates, when the first back-tested index value was calculated, are provided in Appendix 7.

Index Construction

Exhibit 1 Morningstar Global All Cap Target Market Exposure Index Construction Process



For additional details, refer 'to Assigning stocks to the Morningstar Global Target Market Exposure Index section'

Assigning Stocks to the Morningstar Global All Cap Target Market Exposure Index

Selection Universe

At each reconstitution, securities for the Morningstar Global All Cap Target Market Exposure Index are derived from eligible universe described below.

- ▶ Exchange: The security must trade on one of the major global exchanges. A complete list of eligible exchanges is provided in Appendix 4.
- ▶ Security type: All listed securities, including income trusts in Canada, real estate investment trusts, and preferred shares that exhibit characteristics of equity securities, are generally eligible. Please see Appendix 3 for a full list of eligible security types by country. The following security types do not qualify:
 - ▶ Mutual funds
 - ▶ Exchange-traded funds
 - ▶ Derivatives
 - ▶ Convertible notes, warrants, and rights
 - ▶ Limited partnerships
 - ▶ Depositary receipts, except Swedish depositary receipts, Philippine depositary receipts and American Depositary Receipts

American Depositary Receipts (ADR) are eligible for inclusion in the index if no equity listing is available for the company.

- ▶ Country classification: Each security in the Morningstar global equity universe shall be assigned to a single country using a rules-based approach. The country classification for any security is defined primarily by the country of incorporation of the issuing company and the country of primary listing of the security. In addition, if a company is incorporated in a developed-market country in Europe and has its security's primary listing in another developed-market European country, the security will be assigned to its country of primary listing. Nearly 98% of the securities in the Morningstar global equity universe are classified using this approach.

For the remaining cases, in which a company is incorporated in one country but the primary listing of its securities is in a different country, additional factors are considered to determine the country classification:

- ▶ Primary business and listing country: If a security has a listing in the country where its primary business is conducted, as measured by maximum single revenue segment, the security will be assigned to its country of listing and primary business location.
- ▶ Tax havens: To benefit from legal, tax, and/or regulatory advantage, companies may incorporate in a country with limited or no public domestic equity market such as Bahamas or Bermuda. For such cases, the security is classified in the country of its primary listing. A complete list of countries that have been determined to provide these benefits can be found in Appendix 5.
- ▶ China classification: Securities will be classified to China if the company is incorporated in the People's Republic of China, or PRC, and listed on the Shanghai or Shenzhen stock exchanges as B shares or listed on the Hong Kong stock exchange as H shares, or listed on the Shenzhen or Shanghai Stock exchanges as A shares¹. To provide investors with exhaustive China coverage and remain true to the underlying risks associated with the business, the following exception is made to the country of incorporation and country of primary listing agreement rule.

Securities will be classified to China if the company is incorporated outside the PRC but has a listing in the U.S., Singapore, or Hong Kong, provided it meets the following criteria:

- ▶ If a company is listed in the U.S. or Singapore but has the majority of its business as measured by single revenue segment contributing 50% or more from China and is headquartered in China.
- ▶ If the company is listed in Hong Kong and meets the following definitions:
 - Red chip: Company is directly or indirectly controlled by organizations or enterprises that are owned by the state, provinces, or municipalities of the PRC.
 - P chip: A company satisfying at least two of the following conditions:
 - The company is controlled by PRC individuals.
 - The company derives more than 80% of its revenue from the PRC.
 - The company allocates more than 60% of its assets in the PRC.

¹ Starting from June 2020 reconstitution, China A shares trading via the northbound route on Shanghai and Shenzhen Stock Exchanges, and on the Buy and Sell List, are eligible for inclusion.

Security Selection

To be eligible for the index, all constituents must meet the following criteria:

- ▶ Trading frequency:
 - ▶ Global ex-U.S.: New securities qualify for the investable universe if they have fewer than 20 nontrading days in the six calendar months immediately before reconstitution. For corporate entities younger than six months, the criterion is applied on a prorated basis. Current constituents are provided a one-time buffer and will remain in the investable universe if they have fewer than 30 nontrading days in the prior six months. The buffer is designed to help reduce turnover in the investable universe caused by a marginal and temporary decline in the number of trading days. Current constituents retained because of the buffer in the previous reconstitution would remain in the investable universe if they have fewer than 20 nontrading days in the prior six months.
 - ▶ U.S.: Securities qualify for the investable universe if they have fewer than 10 nontrading days in the last quarter immediately before reconstitution
- ▶ Trading volume and turnover: A security's traded value score, or TVS, is the average of its ranks on three measures:
 - ▶ The average of monthly dollar traded value, or AMDTV, for the six calendar months immediately before reconstitution. Monthly dollar traded value, or MDTV, is the product of the average of number of shares traded in the month and the closing price of the security as of the last trading day of the month. For corporate entities younger than six months, MDTV is computed on a prorated basis.
 - ▶ The two lowest MDTV in the six calendar months immediately before reconstitution (the months need not be sequential).
 - ▶ The average monthly turnover ratio, or AMTR, during the six calendar months immediately before reconstitution. AMTR is AMDTV divided by float market value, in U.S. dollars, as of the end of the last trading day before reconstitution. This measure is not used to calculate TVS for US constituents.

Securities are added to the investable universe if they are among the top 75% of the securities in based on their TVS in the respective universe: US, Developed ex-US and Emerging Markets

Liquidity criterion is waived in cases of certain corporate events, such as takeovers or spin-offs, where the successor entity issues one or more securities that meets any of the following criteria:

- ▶ The new entity qualifies for index membership in either the large-, mid-, or small-cap band.
 - ▶ The new entity's free-float market-capitalization value is greater than or equal to the smallest free-float market capitalization in the small-cap band.
- ▶ Free float: Each security should have a minimum free float of 10%.
 - ▶ Equity Market Cap Cutoff Calculation:
 - ▶ Minimum Equity Market Cap Cutoff is calculated as of every reconstitution cutoff date based on the following steps:

- The companies within the developed markets eligible universe are sorted in the descending order of the full market capitalization and the cumulative coverage of the free float market capitalization is calculated.
 - When the cumulative free float market capitalization coverage of 99% is achieved, the full market capitalization of the corresponding company is defined as the Minimum Equity Market Cap Cutoff.
- ▶ Every security must have a company full market cap greater than the Minimum Equity Market Cap Cutoff determined above.
 - ▶ Every security must also have a security float market cap greater than 50% of the Minimum Equity Market Cap Cutoff.

For more details on Morningstar's definition of free float, refer to Appendix 6.

Companies with Multiple Share Classes

For companies with multiple share classes of equity securities, the following general rules apply:

- ▶ All trading classes that meet the general eligibility criteria are considered for inclusion.
- ▶ The market capitalization of a company is determined by aggregating all listed share classes. This aggregate market capitalization is used to assign companies to market-capitalization bands, which is described in detail in the following section.
- ▶ The weight contribution of a given share class in an index is based on the free-float market capitalization of that share class.

Morningstar Global All Cap Target Market Exposure Index

Each security that meets the selection criteria above is considered for one of two economic segment indexes: developed or emerging. The country classification process previously described determines membership in the appropriate index.

Calculating the Economic Segment-Level Capitalization Breakpoints

Companies in Developed Market economic segment are ordered by company full market cap in descending order, and the cumulative free float company market cap is calculated. Upper and Lower bounds for each capitalization are calculated as below.

- ▶ **Developed Markets Large-Cap Breakpoint:** If the cumulative free float company market cap of the security ranked at the same rank that determined the large-cap minimum size reference at the last reconstitution falls between 70% and 71%, existing rank is retained as current large-cap minimum size reference, else the rank is reset to 70% if it is less than 70% or 71% if it is more than 71%.
- ▶ **Developed Markets Mid-Cap Breakpoint:** If the cumulative free float company market cap of the security ranked at the same rank that determined the mid-cap minimum size reference at the last reconstitution falls between 85% and 85.5%, existing rank is retained as current mid-cap minimum size reference, else the rank is reset to 85% if it is less than 85% or 85.5% if it is more than 85.5%.

- ▶ **Developed Markets Small-Cap Breakpoint:** If the cumulative free float company market cap of the security ranked at the same rank that determined the mid-cap minimum size reference at the last reconstitution falls between 99% and 99.25%, existing rank is retained as current mid-cap minimum size reference, else the rank is reset to 99% if it is less than 99% or 99.25% if it is more than 99.25%.

For Emerging Markets, the cutoffs are 0.5 times the cutoffs calculated for Developed Markets.

Finally, an upper and lower bound is taken around each of the capitalization breakpoints (large, mid, and small). The upper bound is 1.15 times the breakpoint, and the lower bound is 0.5 times the breakpoint. For example, if the developed-market large-capitalization breakpoint is \$10 billion, then the upper bound is $\$10 \text{ billion} * 1.15 = \11.5 billion and the lower bound is $\$10 \text{ billion} * 0.5 = \5 billion .

Calculating the Country-Level Capitalization Breakpoints

The capitalization breakpoints calculated in the previous section are applied within each country to arrive at the country-specific capitalization breakpoints. For each country, the companies are ordered by company full market cap in descending order, and the cumulative market-capitalization percentages for the companies are calculated. The market capitalization of the largest stock whose cumulative cap percentage is greater than the following values is taken as the initial capitalization breakpoint for that cap band:

- ▶ Large Cap: 70%
- ▶ Mid Cap: 85%
- ▶ Small Cap: 99%

If the initial country-specific breakpoint is smaller than the economic segment-level capitalization lower bound, then the country-specific breakpoint is set to the economic segment-level capitalization lower bound. If the initial country-specific breakpoint is between the upper economic segment-level capitalization and lower economic segment-level capitalization bounds, then no adjustment is made.

Assigning Companies to Capitalization Bands

The adjusted country-level capitalization breakpoints calculated in the previous section are applied within each country to assign companies to one of three capitalization bands: large, mid, and small. All companies that have a market capitalization greater than the large-cap adjusted capitalization breakpoint are assigned to that large-cap band. The same goes for the mid- and small-cap bands.

Capitalization Bands Buffer

A buffer is applied around the capitalization bands to reduce turnover from small changes in market capitalization.

- ▶ An existing constituent is retained in its current size segment if its company full market capitalization is more than 0.67 times the country-specific size segment breakpoint.

- ▶ A new constituent is included in the size segment index only if its company full market capitalization is more than 1.5 times the country-specific size segment breakpoint.

Determining Global All Cap Target Market Exposure Index

The developed- and emerging-market indexes together form the Global All Cap Target Market Exposure (TME) Index. Once index constituents are selected, each security is weighted by its float-adjusted market capitalization for index calculation purposes. Multiple share classes are included and weighted by the available float of each share class (please see the section on multiple share class treatment above).

Subsequently, individual regional and country TME indexes are derived from the constituents of the Morningstar Global Target Market Exposure Index. The standard Morningstar TME Indexes target the top 85% of the investable universe, while the all-cap indexes in this family target the top 99%. For the list of TME indexes and their respective market coverage, refer to appendix 7.

China A shares that have been assigned large-cap and mid-cap will be included in TME indexes at partial inclusion factor of 0.25. China A shares within small-cap band are currently not included in TME indexes.

Number of Stocks

The number of stocks in the index is subject to the selection and eligibility criteria at the time of reconstitution.

Index Weighting

The index is float market capitalization weighted. For Morningstar Brazil Target Market Exposure Capped Index, 5-10-40 capping is applied on individual constituents with a buffer of 10%. If 5-10-40 capping is breached at rebalancing, the individual constituent weight is capped at 9% and constituents with weights greater than 4.5% cannot exceed 36% of the portfolio weight.

China A securities included in the large- and mid-cap indexes are added at partial inclusion factor of 0.25 (i.e. the float market capitalization of China A securities are multiplied by factor of 0.25 for their weighting). For more details, refer to the [Morningstar Indexes Calculation Methodology rulebook](#).

Index Maintenance and Calculation

Scheduled Maintenance

The index is reconstituted semiannually, implemented after the close of business on the third Friday of June and December and effective the following Monday. If Monday is a holiday, reconstitution is effective on the following business day. The market data used for reconstitution is as of the last trading day of April and October.

The index is rebalanced quarterly, implemented after the close of business on the third Friday of March, June, September, and December and effective the following Monday. If Monday is a holiday, rebalance is effective on the following business day.

Refer to Appendix 1 for details on reconstitution and rebalancing.

Corporate Action

The treatment of corporate actions can be found in [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 Cessation 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 Process](#).

Morningstar also notifies all subscribers and stakeholders of the index that circumstances might arise that require a material change to the index, or a possible cessation of the index. Circumstances that could lead to an index cessation include, but are not limited to, market structure change, product definition change, inadequate supply of data, insufficient revenue associated with the index, insufficient number of clients using the index, and/or other external factors beyond the control of the Morningstar Index Committee.

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 Cessation Process](#).

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 affect index daily highs or lows, they are corrected retroactively as soon as is feasible.

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 five 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](#).

Computational and Reporting Precision

For reporting purposes, index values are rounded to two decimal places and divisors are rounded to appropriate decimal places.

Appendixes

Appendix 1 Glossary

| Terms | Description |
|-----------------------|---|
| Reconstitution | Each reconstitution involves the following: <ul style="list-style-type: none"> • Updating the global market's investable equity universe. • Reviewing the economic segment- and country-level size segment breakpoints. • Assigning companies to capitalization bands taking into account the buffer zones. • Changes in index shares (free float, total shares outstanding, index-specific adjustment factor) of each constituent. |
| Rebalance | During each rebalancing, the weights are adjusted for updated free-float and shares outstanding data. |

Appendix 2: Country Inclusion Framework

A country must maintain its passable status for two consecutive years before it is deemed eligible for the index. Morningstar indexes maintains a watch list containing markets under consideration for a possible change in their classification and carries out an annual review for all such countries. Morningstar indexes will roll out client consultations for markets on the watch list in the month of March/April. Client consultation would incorporate feedback from a wide group of market participants. The Morningstar Index Committee will review all potential changes annually after June reconstitution to determine any final action. If a country is added or removed, notice of the pending action is provided a minimum of three months in advance. This framework considers three main criteria:

- ▶ Degree of economic freedom
 - ▶ A score of 50 or above from the Index of Economic Freedom.
- ▶ Country income
 - ▶ A high- or middle-income country classification from the World Bank.
- ▶ Depth of equity markets
 - ▶ More than \$5 billion in market capitalization.
 - ▶ Ratio of market capitalization/GDP must be among the top 80%.

Index of Economic Freedom

The Index of Economic Freedom is a joint study by the Heritage Foundation and *The Wall Street Journal* that measures countries according to 10 factors of economic freedom:

- ▶ Business freedom
- ▶ Fiscal freedom
- ▶ Monetary freedom
- ▶ Financial freedom
- ▶ Freedom from corruption
- ▶ Trade freedom
- ▶ Government size
- ▶ Investment freedom

- ▶ Property rights
- ▶ Labor freedom

World Bank Country Classification

For operational and analytical purposes, the World Bank's main criterion for classifying economies is gross national income, or GNI, per capita. The bank's analytical income categories (low, middle, and high) are based on the bank's operational lending categories (civil works preferences, International Development Association eligibility, etc.). These operational guidelines were established three decades ago based on the view that since poorer countries deserve better conditions from the bank, comparative estimates of economic capacity needed to be established. GNI, a broad measure, was considered the best single indicator of economic capacity and progress; at the same time, it was recognized that GNI does not, by itself, constitute or measure of welfare or success in development. GNI per capita is therefore the bank's main criterion of classifying countries.

Country Market Capitalization and Country Market Capitalization/GDP Ratio

The size of a country's equity markets should be material, or above \$5 billion. The market should exhibit financial depth; that is, the ratio of the size of the country's equity markets to its gross domestic product should be high. Countries that fall in the bottom 20% are ineligible for the index.

Additional Country Inclusion Criteria

The following criteria are taken into account when determining country eligibility:

- ▶ The country's allowance of foreign investors to easily enter and exit the market as well as to repatriate capital and dividends.
- ▶ Timely and accurate availability of real-time and historical market data.
- ▶ The level of interest attracted by the market from international investors.

Developed- and Emerging-Market Classification

Countries are classified as developed if they meet all of the following criteria:

- ▶ Annual per capita GNI falls in the high-income category, as defined by the World Bank, for the most recent three years.
- ▶ The country must not have any broad-based discriminatory controls against nondomiciled investors for the most recent three years.
- ▶ The country's stock markets must exhibit these characteristics:
 - ▶ Transparency
 - ▶ Market regulation
 - ▶ Operational efficiency
 - ▶ Absence of broad-based investment restrictions

Countries that do not meet all of the above criteria fall into the emerging-markets economic segment. For example, a country may be classified as high-income by the World Bank, but because of a lack of transparency within local markets, it falls into the emerging-markets economic segment.

| Classification | Country | Classification | Country |
|------------------|----------------------|-----------------|----------------|
| Developed | Australia | Emerging | Brazil |
| | Austria | | Chile |
| | Belgium | | China |
| | Canada | | Colombia |
| | Denmark | | Czech Republic |
| | Finland | | Egypt |
| | France | | Greece |
| | Germany | | Hungary |
| | Hong Kong | | India |
| | Ireland | | Indonesia |
| | | | Kuwait |
| | Israel | | Malaysia |
| | Italy | | Mexico |
| | Japan | | Pakistan |
| | Netherlands | | Peru |
| | New Zealand | | Philippines |
| | Norway | | Qatar |
| | Portugal | | Saudi Arabia |
| | Singapore | | South Africa |
| | Spain | | South Korea |
| | | | Taiwan |
| Sweden | Thailand | | |
| Switzerland | Turkey | | |
| United Kingdom | United Arab Emirates | | |
| United States | | | |
| Poland | | | |

Appendix 3: Eligible Securities

Equity and equitylike securities are eligible for the index. Security eligibility is reviewed semiannually during April and October.

| Classification | Country | Security Class |
|-------------------------|---|------------------------|
| Developed Market | Australia | Ordinary Shares |
| | | Preferred Shares |
| | | Stapled Securities |
| | Austria | Ordinary Shares |
| | | Preferred Shares |
| | | Units/Certificates |
| | Belgium | Ordinary Shares |
| | | Preferred Shares |
| | Canada | Ordinary Shares |
| | | Units of Income Trusts |
| | | Stapled Securities |
| | Denmark | Ordinary Shares |
| | Finland | Ordinary Shares |
| France | Ordinary Shares | |
| | Preferred Shares | |
| | Certificats d'Investissement | |
| | Certificats Coopératif d'Investissement | |
| Germany | Ordinary Shares | |

| | Preferred Shares |
|----------------|---|
| Hong Kong | Ordinary Shares Business Trusts Stapled Securities |
| Ireland | Ordinary Shares Units |
| Israel | Common Shares Preferred Shares |
| Italy | Ordinary Shares Preferred Shares Savings Shares |
| Japan | Ordinary Shares |
| Netherlands | Ordinary Shares Preferred Shares Certificates |
| New Zealand | Ordinary Shares Preferred Shares Certificates Stapled Securities |
| Norway | Ordinary Shares Certificates |
| Portugal | Ordinary Shares |
| Singapore | Ordinary Shares Business Trust Stapled Securities |
| Spain | Ordinary Shares Preferred Shares |
| Sweden | Ordinary Shares Swedish Depositary Receipts |
| Switzerland | Ordinary Shares Certificates |
| United Kingdom | Ordinary Shares Units |
| United States | Ordinary Shares REIT Tracking Stocks |

| Classification | Country Name | Security Class |
|------------------------|----------------|---|
| Emerging Market | Brazil | Ordinary Shares Preferred Shares Units |
| | Chile | Ordinary Shares Preferred Shares |
| | China | B Shares A Shares H Shares ¹ P Chip ¹ Red Chip ¹ Stapled Securities |
| | Colombia | Ordinary Shares Preferred Shares |
| | Czech Republic | Ordinary Shares |

| | |
|----------------------|--|
| Egypt | Ordinary Shares |
| Greece | Ordinary Shares Preferred Shares |
| Hungary | Ordinary Shares |
| India | Ordinary Shares |
| Indonesia | Ordinary Shares |
| Kuwait | Ordinary Shares Preferred Shares |
| Malaysia | Ordinary Shares Stapled Securities |
| Mexico | Ordinary Shares Units Certificate of Participation |
| Pakistan | Ordinary Shares |
| Peru | Ordinary Shares Preferred Shares Investment Shares |
| Philippines | Ordinary Shares Philippine Depositary Receipts |
| Poland | Ordinary Shares |
| Qatar | Ordinary Shares |
| Russia | Ordinary Shares Preferred Shares |
| Saudi Arabia | Ordinary Shares |
| South Africa | Ordinary Shares Preferred Shares Units |
| South Korea | Ordinary Shares Preferred Shares |
| Taiwan | Ordinary Shares Preferred Shares |
| Thailand | Ordinary Shares Preferred Shares |
| Turkey | Ordinary Shares |
| United Arab Emirates | Ordinary Shares |

¹ The H shares, P chip, and the Red chip securities are listed at the Hong Kong stock exchange.

Appendix 4: Eligible Exchanges

Securities listed on eligible market segments are eligible for the index. Exchange eligibility is reviewed semiannually during April and October.

| Classification | Country | Eligible Exchange | Eligible Market Segment | Ineligible Market Segment |
|-------------------------|----------------|--|--|----------------------------------|
| Developed Market | Australia | Australian Securities Exchange | Official List | |
| | Austria | Vienna Stock Exchange | Prime Market Standard Market Mid Market-Regulated | Mid Market-MTF |
| | Belgium | Euronext Brussels | Euronext | Free Market Segment Alternext |
| | Canada | Toronto Stock Exchange | Official List | |
| | Denmark | Copenhagen Stock Exchange First North | Main Market | |
| | Finland | Helsinki Stock Exchange First North | Main Market | |
| | France | Euronext Paris | Euronext Alternext | Free Market Segment |
| | Germany | Deutsche Borse Xetra | Prime Standard General Standard | Entry Standard |
| | Hong Kong | Hong Kong Stock Exchange | Main Board Growth Enterprise Market(GEM) | |
| | Ireland | Irish Stock Exchange | Main Securities Market Enterprise Securities Market | |
| | Israel | Tel Aviv Stock Exchange | | |
| | Italy | Borsa Italiana | MTA | MIB AIM Italia-MAC |
| | Japan | Tokyo Stock Exchange Nagoya Stock Exchange | First Section Second Section Mothers JASDAQ First Section Second Section Centrex | Other |
| | Netherlands | Euronext Amsterdam | Euronext | Alternext |
| | New Zealand | New Zealand Stock Exchange | Main Board Alternative Market | Fonterra Shareholders' Market |
| | Norway | Oslo Stock Exchange | Oslo Bors Oslo Axxess | |
| | Portugal | Euronext Lisbon | Euronext | Alternext |
| | Singapore | Singapore Stock Exchange | Main Board CATALIST | |
| | Spain | Madrid Stock Exchange Mercado Alternativo Bursatil | Mercado Continuo Growth Companies SOCIMIs | SICAVs VCCs Hedge Funds |
| | Sweden | Stockholm Stock Exchange First North AktieTorget Nordic Growth Market | Main Market | |
| | Switzerland | SIX Swiss Exchange | | |
| | United Kingdom | London Stock Exchange | Main Market AIM Market | |
| | United States | New York Stock Exchange Nasdaq NYSE Market LLC | | |

Source: Morningstar.

| Classification | Country | Eligible Exchange | Eligible Market Segment | Ineligible Market Segment |
|----------------|----------------------|--|--|--|
| Emerging | Brazil | BM&F Bovespa SA | Traditional Level 1 Level 2 Novo Mercado | |
| | Chile | Santiago Stock Exchange | | |
| | China | Shenzhen Stock Exchange Shanghai Stock Exchange Shenzhen-Hong Kong Stock Connect Shanghai-Hong Kong Stock Connect | | ChiNext |
| | Colombia | Colombian Securities Exchange | | |
| | Czech Republic | Prague Stock Exchange | Prime Market Standard Market | Start Market |
| | Egypt | The Egyptian Exchange | | |
| | Greece | Athens Stock Exchange | Main Market Alternative Market | Low Dispersion Surveillance Under Suspension Under Deletion |
| | Hungary | Budapest Stock Exchange | Prime Market Standard Market | T Market |
| | India | Bombay Stock Exchange National Stock Exchange ² | | |
| | Indonesia | Jakarta Stock Exchange | Main Board Development Board | |
| | Kuwait | Boursa Kuwait | Main Market Premier Market | |
| | Malaysia | Kuala Lumpur Stock Exchange | Main Market Ace Market | PN-17 GN-3 |
| | Mexico | Mexican Stock Exchange | Capitals Market | |
| | Pakistan | Karachi Stock Exchange | | |
| | Peru | Lima Stock Exchange | | |
| | Philippines | Philippine Stock Exchange | Main Board | |
| | Poland | Warsaw Stock Exchange | Basic Market Parallel Market | |
| | Qatar | Qatar Stock Exchange | | |
| | Russian Federation | MICEX | | |
| | Saudi Arabia | Saudi Stock Exchange | | |
| | South Africa | Johannesburg Stock Exchange | Main Board AltX | |
| | South Korea | Korea Exchange | KOSPI KOSDAQ | KONEX |
| | Taiwan | GreTai Securities Market Taiwan Stock Exchange | Main Board Main Board | Emerging Market Board Alternate Trading Method |
| | Thailand | The Stock Exchange of Thailand | Local Stock Market for Alternative Investment | Companies to be Delisted Foreign Common Stock |
| | Turkey | Istanbul Stock Exchange | National Market Second National Market | |
| | United Arab Emirates | Abu Dhabi Securities Exchange Dubai Financial Market NASDAQ Dubai | | |

Source: Morningstar.

² Only securities listed on the Bombay Stock Exchange are eligible for Index selection. However, the trading volumes from both the Bombay Stock Exchange and the National Stock Exchange are aggregated for liquidity calculation purposes.

Appendix 5: Tax Haven List

Following is a list of countries that provide some benefits to incorporating in their domicile and are considered tax havens. The tax havens list is reviewed semiannually during April and October.

| | |
|------------------------|--------------------------------|
| Andorra | Isle of Man |
| Anguilla | Jamaica |
| Antigua and Barbuda | Jersey |
| Aruba | Liberia |
| Bahamas | Liechtenstein |
| Barbados | Luxembourg |
| Belize | Marshall Islands |
| Bermuda | Monaco |
| Bonaire St. Eust. Saba | Montserrat |
| British Virgin Islands | Netherlands Antilles |
| Cayman Islands | Panama |
| Channel Islands | Puerto Rico |
| Cook Islands | Saint Barthelemy |
| Curacao | Saint Kitts and Nevis |
| Dominica | Saint Martin |
| Dominican Republic | San Marino |
| Falkland Islands | Seychelles |
| Faroe Islands | Sint Maarten |
| Gibraltar | Solomon Islands |
| Grenada | St. Vincent and the Grenadines |
| Guam | St. Lucia |
| Guernsey | Trinidad and Tobago |
| Haiti | Turks and Caicos Islands |

Appendix 6: Free Float

Morningstar defines free float as the number of shares (or percentage of shares) that are, theoretically, available for the public to purchase. In general, the shareholdings can be classified in two broad categories of holders: institutional holders and declarable stakeholders. The latter hold shares for various tactical or speculative reasons (other than those that might typify why an institutional investor would own the shares). As a result, the shares held by declarable stakeholders are, theoretically, unavailable to the public and therefore excluded from free float.

The formula for calculating free float is:

$$\text{Free float} = (\text{total shares outstanding}) - (\text{total declarable stakeholder shares})$$

The following are typically classified as declarable stakeholders:

- ▶ Officer/director
- ▶ Joint venture
- ▶ Private company
- ▶ Private equity fund/alternative investment
- ▶ Public company stake
- ▶ Employee stock ownership fund
- ▶ Holding company
- ▶ Government

- ▶ Sovereign wealth fund
- ▶ Subsidiary
- ▶ Trust/trustee
- ▶ Venture capital fund

Securities with a free float of 10% or lower are not considered for the index.

Foreign Ownership Limits

For some companies, certain restrictions may apply to nondomestic investors that limit their opportunity to invest. Such restrictions, known as foreign share ownership limits, can be set by government regulation, company bylaws, or local laws. Morningstar float is adjusted for foreign ownership limits and will be the lower of the company float or the foreign ownership limit.

For India, securities on the Reserve Bank of India's caution list and ban list are not eligible for the index. An existing index constituent that moves to the RBI ban or caution list is deleted from the index with a suitable advance notification.

Appendix 7: Individual Indexes

| Index Name | Target | Inception Date | Performance Inception Date |
|---|------------|----------------|----------------------------|
| | Exposure % | | |
| Morningstar Global Target Market Exposure Index | Top 85 | 1-May-18 | 20-Jun-08 |
| Morningstar Developed Europe Target Market Exposure Index | Top 85 | 1-May-18 | 20-Jun-08 |
| Morningstar Japan Target Market Exposure Index | Top 85 | 1-May-18 | 20-Jun-08 |
| Morningstar Canada Target Market Exposure Index | Top 85 | 1-May-18 | 20-Jun-08 |
| Morningstar Developed Asia Pacific ex-Japan Target Market Exposure Index | Top 85 | 1-May-18 | 20-Jun-08 |
| Morningstar US Target Market Exposure Index | Top 85 | 22-Nov-18 | 20-Jun-08 |
| Morningstar Asia ex-Japan Target Market Exposure Index | Top 85 | 25-Feb-19 | 20-Jun-08 |
| Morningstar Developed Markets Asia Pacific Target Market Exposure Index | Top 85 | 25-Feb-19 | 20-Jun-08 |
| Morningstar Developed Markets Eurozone Target Market Exposure Index | Top 85 | 25-Feb-19 | 20-Jun-08 |
| Morningstar Developed Markets Target Market Exposure Index | Top 85 | 25-Feb-19 | 20-Jun-08 |
| Morningstar Developed Markets ex-Japan Target Market Exposure Index | Top 85 | 25-Feb-19 | 20-Jun-08 |
| Morningstar Emerging Markets Target Market Exposure Index | Top 85 | 25-Feb-19 | 20-Jun-08 |
| Morningstar Eurozone Target Market Exposure Index | Top 85 | 25-Feb-19 | 20-Jun-08 |
| Morningstar Emerging Markets Asia Target Market Exposure Index | Top 85 | 26-Feb-19 | 20-Jun-08 |
| Morningstar Brazil Target Market Exposure 5/10/40 Index | Top 85 | 10-Jun-19 | 21-Mar-14 |
| Morningstar Global ex-Canada Target Market Exposure Index | Top 85 | 7-Aug-19 | 20-Jun-08 |
| Morningstar Global ex-UK Target Market Exposure Index | Top 85 | 7-Aug-19 | 20-Jun-08 |
| Morningstar Global ex- Developed Eurozone Target Market Exposure Index | Top 85 | 7-Aug-19 | 20-Jun-08 |
| Morningstar Developed Markets ex-North America Target Market Exposure Index | Top 85 | 10-Jun-19 | 20-Jun-08 |
| Morningstar Developed Europe Mid Cap Target Market Exposure Index | 71-85 | 27-Aug-19 | 21-Dec-12 |
| Morningstar US Mid Cap Target Market Exposure Index | 71-85 | 27-Aug-19 | 21-Dec-12 |
| Morningstar Global Target Market Exposure Responsible Index | Top 85 | 21-Nov-19 | 20-Jun-08 |
| Morningstar US Large Cap Target Market Exposure Index | Top 70 | 10-Dec-19 | 20-Jun-08 |
| Morningstar Developed Europe Large Cap Target Market Exposure Index | Top 70 | 10-Dec-19 | 20-Jun-08 |
| Morningstar Developed Markets Asia Pacific Target Market Exposure Select Index | Top 85 | 23-Jan-20 | 20-Jun-08 |
| Morningstar Nordic Target Market Exposure Index | Top 85 | 20-Mar-20 | 20-Jun-08 |
| Morningstar North America Target Market Exposure Index | Top 85 | 20-Mar-20 | 20-Jun-08 |
| Morningstar Developed Europe ex-UK Target Market Exposure Index | Top 85 | 31-Mar-20 | 20-Jun-08 |
| Morningstar Emerging Market Americas Target Market Exposure Index | Top 85 | 31-Mar-20 | 20-Jun-08 |
| Morningstar India 5/10/40 Target Market Exposure Index | Top 85 | 31-Mar-20 | 20-Jun-08 |
| Morningstar Emerging Market Americas 5/10/40 Target Market Exposure Index | Top 85 | 31-Mar-20 | 20-Jun-08 |
| Morningstar China 5/10/40 Target Market Exposure Index | Top 85 | 31-Mar-20 | 20-Jun-08 |
| Morningstar US Mid Cap Target Market Exposure Extended Index | 86-95* | 23-Dec-19 | 20-Jun-08 |
| Morningstar US Small Cap Target Market Exposure Extended Index | 96-99** | 17-Jul-20 | 20-Jun-08 |
| Morningstar Developed Markets ex-Switzerland Target Market Exposure Index | Top 85 | 27-Oct-20 | 20-Jun-08 |
| Morningstar Global Markets ex-Switzerland Target Market Exposure Index | Top 85 | 27-Oct-20 | 20-Jun-08 |
| Morningstar Developed Europe ex-Switzerland Target Market Exposure Index | Top 85 | 27-Oct-20 | 20-Jun-08 |

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|---|--------|-----|-----------|
| Morningstar Global ex-US Target Market Exposure Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Global ex-Australia (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Global Markets ex-Dev.Europe (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Global Markets ex-India (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Global Markets ex-Japan (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Global Markets ex-North America (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Global Markets ex-US (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Global Large Cap (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Global Mid Cap (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Developed Markets ex-Australia (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Developed Markets ex-Canada (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Developed Markets ex-Europe (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Developed Markets ex-Eurozone (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Developed Markets ex-UK (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Developed Markets ex-US (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Developed Markets Large Cap (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Developed Markets Mid Cap (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Asia (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Asia ex-Japan (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Asia Pacific (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Europe (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Middle East & Africa (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Developed Asia Pacific (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar ASEAN (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Far East (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Far East x Japan (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar BRIC (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Hong Kong & Taiwan (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Hong Kong & Taiwan Large Cap (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Emerging Markets Europe (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar EM Large Cap (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Australia (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Austria (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Belgium (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Brazil (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Chile (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar China (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Colombia (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Czech Republic (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Denmark (TME) Index | Top 85 | TBC | 20-Jun-08 |

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|--|--------|-----|-----------|
| Morningstar Egypt (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Finland (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar France (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Germany (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Greece (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Hong Kong (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Hungary (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar India (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Indonesia (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Ireland (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Israel (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Italy (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Korea (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Malaysia (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Mexico (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Netherlands (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar New Zealand (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Norway (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Pakistan (TME) Index | Top 85 | TBC | 16-Jun-17 |
| Morningstar Peru (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Philippines (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Poland (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Portugal (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Qatar (TME) Index | Top 85 | TBC | 19-Jun-15 |
| Morningstar Russia (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Saudi Arabia (TME) Index | Top 85 | TBC | 21-Jun-19 |
| Morningstar Singapore (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar South Africa (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Spain (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Sweden (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Switzerland (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Taiwan (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Thailand (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Turkey (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar UK (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar United Arab Emirates (TME) Index | Top 85 | TBC | 19-Jun-15 |
| Morningstar Russia 5/10/40 (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Europe 5/10/40 (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Global Basic Materials and Energy (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Global Basic Materials (TME) Index | Top 85 | TBC | 20-Jun-08 |

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|---|--------|-----|-----------|
| Morningstar Global Communication Services (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Global Consumer Cyclical (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Global Consumer Defensive (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Global Energy (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Global Financial Services and Real Estate (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Global Financial Services (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Global Healthcare (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Global Industrials (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Global Real Estate (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Global Technology and Communications Services (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Global Technology (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Global Utilities (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Emerging Markets Basic Materials (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Emerging Markets Communication Services (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Emerging Markets Consumer Cyclical (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Emerging Markets Consumer Defensive (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Emerging Markets Energy (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Emerging Markets Financial Services (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Emerging Markets Healthcare (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Emerging Markets Industrials (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Emerging Markets Real Estate (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Emerging Markets Technology (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Emerging Markets Utilities (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Developed Markets Basic Materials and Energy (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Developed Markets Basic Materials (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Developed Markets Communication Services (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Developed Markets Consumer Cyclical (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Developed Markets Defensive (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Developed Markets Energy (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Developed Markets Financial Services and Real Estate (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Developed Markets Financial Services (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Developed Markets Healthcare (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Developed Markets Industrials (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Developed Markets Real Estate (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Developed Markets Technology and Communications Services (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Developed Markets Technology (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Developed Markets Utilities (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar DM Europe Basic Materials (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar DM Europe Communication Services (TME) Index | Top 85 | TBC | 20-Jun-08 |

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|--|--------|-----|-----------|
| Morningstar DM Europe Consumer Cyclical (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar DM Europe Consumer Defensive (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar DM Europe Energy (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar DM Europe Financial Services (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar DM Europe Healthcare (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar DM Europe Industrials (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar DM Europe Real Estate (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar DM Europe Technology (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar DM Europe Utilities (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Asia Pacific Basic Materials (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Asia Pacific Communication Services (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Asia Pacific Consumer Cyclical (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Asia Pacific Consumer Defensive (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Asia Pacific Energy (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Asia Pacific Financial Services (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Asia Pacific Healthcare (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Asia Pacific Industrials (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Asia Pacific Real Estate (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Asia Pacific Technology (TME) Index | Top 85 | TBC | 20-Jun-08 |
| Morningstar Asia Pacific Utilities (TME) Index | Top 85 | TBC | 20-Jun-08 |

* The Morningstar US Mid Cap Target Market Exposure (TME) Extended Index provides exposure to approximately 10% (86 to 95%) of market capitalization by free float.

* The Morningstar US Small Cap Target Market Exposure (TME) Extended Index provides exposure to approximately 4% (96 to 99%) of market capitalization by free float.

Appendix 8: Sanctioned Securities

Securities of companies that have been sanctioned or put on a trading prohibition list by the local regulators would be reviewed on case-by-case basis. The removal of impacted securities from Morningstar Indexes in between rebalance period may be required to ensure their ongoing replicability. Such removals will be reviewed and approved by the Morningstar Indexes Methodology Committee and communicated to clients via notifications and corporate action data files where available.

The following sanctions led to removal of securities from Morningstar Indexes:

- ▶ The Office of Foreign Assets Control (OFAC) and the European Union (EU) imposed sanctions on certain Russian securities in 2014.
- ▶ The US President Executive Order (EO 13959) prohibited investments in Chinese Communist Military Company securities on Nov. 12, 2020.

Appendix 9: Modification to Rulebook

| Section | Description | Update Date |
|--|---|-------------|
| Selection Universe | ADR may be considered for the inclusion in the index if no equity listing is available for the company. | Dec 2018 |
| Appendix 2 | Saudi Arabia added to the list of emerging markets | Jun 2019 |
| Appendix 3 and Appendix 4 | Added eligible exchange and security type for Saudi Arabia | Jun 2019 |
| Security Selection and Appendix 4 | Started including Large and Mid Cap China A shares trading via the northbound route of Stock Connect at a partial inclusion factor of 25% | Jun 2020 |
| Appendix 2 | Kuwait added to the list of emerging markets | Dec 2020 |
| Appendix 3 and Appendix 4 | Added eligible exchange and security type for Kuwait | Dec 2020 |
| Appendix 8 | Added Appendix 8 for Sanctioned Securities | Feb 2021 |
| Appendix 2 | Added details regarding company watch-list and client consultation timeline | Feb 2021 |
| Appendix 2 | Extended TME family to include small cap | Dec 2021 |
| Appendix 2 | Changed calculation of Minimum Equity Market Cap Cutoff | Dec 2021 |
| Appendix 2 | Changed Capitalization Band Buffers from 0.5x/2x to 0.67x/1.5x | Dec 2021 |

About Morningstar, Inc.

Morningstar, Inc. is a leading provider of independent investment research in North America, Europe, Australia, and Asia. Morningstar offers an extensive line of products and services for individual investors, financial advisors, asset managers, and retirement plan providers and sponsors. Morningstar provides data on approximately 510,000 investment offerings, including stocks, mutual funds, and similar vehicles, along with real-time global market data on more than 17 million equities, indexes, futures, options, commodities, and precious metals, in addition to foreign exchange and Treasury markets. Morningstar also offers investment management services through its investment advisory subsidiaries.

About Morningstar Indexes

Morningstar® Indexes combine the science and art of indexing to give investors a clearer view into the world's financial markets. Our indexes are based on transparent, rules-based methodologies that are thoroughly back-tested and supported by original research. Covering all major asset classes, our indexes originate from the Morningstar Investment Research Ecosystem—our network of accomplished analysts and researchers working to interpret and improve the investment landscape. Clients such as exchange-traded fund providers and other asset management firms work with our team of experts to create distinct, investor-focused products based on our indexes. Morningstar Indexes also serve as a precise benchmarking resource.

Morningstar Index Product Committee

The Morningstar Index Product Committee is comprised of members who possess a wide array of knowledge in relation to Indexes. The Product Committee is responsible for the governance over the creation and maintenance of all Morningstar branded Indexes, ensuring the highest standards are continuously met. Any matters arising from exceptional or undocumented events will be resolved at the discretion of the Morningstar Index Product Committee.

Morningstar Index Oversight Committee

The Morningstar Index Oversight Committee is comprised of informed and qualified professionals who are responsible for the process governance of Morningstar branded Indexes. The Oversight Committee assesses and where appropriate challenges the decisions of Morningstar Indexes with regards to benchmark decisions.

For More Information

For any queries, reach out to us via our [communication page](#).



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