
Construction Rules for the Morningstar® Global ex-US Dividend Growth IndexSM

Morningstar Indexes

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Overview

The objective of the Morningstar® Global ex-US Dividend Growth IndexSM is to track international securities with a history of uninterrupted dividend growth. The index is a subset of the Morningstar Global Markets ex-US Index, a broad market index representing 97% of the market capitalization in international developed and emerging markets, excluding the U.S. The Global ex-US Dividend Growth Index is a benchmark consisting of securities that: (i) pay qualified dividends, (ii) have a minimum of five years of uninterrupted annual dividend growth, and (iii) have a significant margin to continue growing dividends.

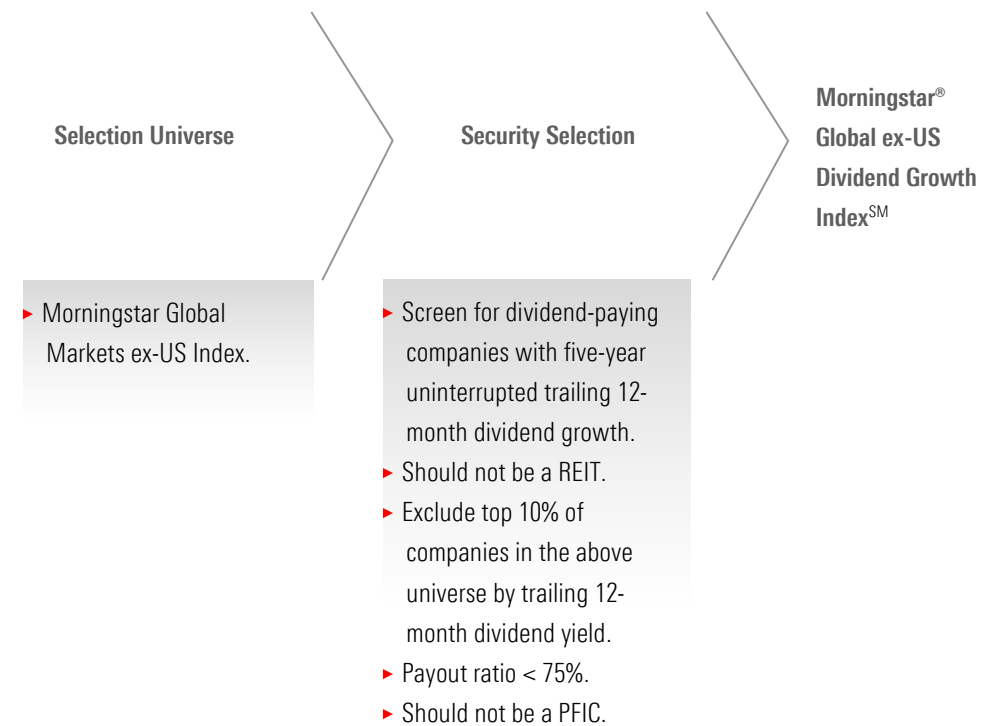
This index does not incorporate Environmental, Social, or Governance (ESG) criteria.

Index Inception Date and Performance Inception Date

The inception date of the index is March 30, 2016, and the performance inception date of the index is December 17, 2004, when the first back-tested index value was calculated.

Index Construction

Exhibit 1 Morningstar Global ex-US Dividend Growth Index Construction Process



For additional details, refer to the "Assigning Stocks to the Index" section.

Assigning Stocks to the Index

Selection Universe

At each reconstitution, securities for the index are derived from the Morningstar Global Markets ex-US Index (benchmark). For more details on benchmark construction, refer to the [Construction Rules for the Morningstar Global Markets ex-US Index](#).

Security Selection

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

- ▶ Security must be a constituent of the Morningstar Global Markets ex-US Index, a broad market index representing the top 97% of the market capitalization in international developed and emerging markets, excluding the U.S.
- ▶ Security is not a real estate investment trust.
- ▶ Security's trailing 12-month dividend yield must not be in the top 10% of the universe, defined by the above criteria. Trailing 12-month dividend yield is calculated by taking the sum of all ordinary per-share dividend payments in the preceding 12-month period (adjusted for changes in payment date), corporate action-adjusted to current terms, divided by the current price.

- ▶ Security must have positive consensus earnings forecast and a payout ratio less than 75%. Payout ratio is forward-looking. It is calculated as the ratio of the trailing 12-month dividend per share and the forward 12-month consensus earnings per share forecast.
- ▶ Security must be currently paying dividends and have at least five years of uninterrupted annual dividend growth; dividend growth condition is considered met if trailing 12 months aggregated dividend increased from the previous to the current reconstitution date.
- ▶ In the case of a spin-off, the spun-off company will remain in the index, but will require continued dividend growth starting with the next year. The parent company will not require dividend growth in the spin-off year where "year" is the 12-month period between annual index reconstitutions.
- ▶ If a current index constituent fails to raise its dividend but does not decrease its dividend and executes share repurchases in the preceding 12 months, resulting in a net decrease in its shares outstanding, the constituent will remain in the index.
- ▶ Security is not a passive foreign investment company, or PFIC.¹

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 trailing 12-month dividend-dollar weighted with maximum security capping at 3%. For more details, refer to the [Morningstar Indexes Calculation Methodology rulebook](#).

In addition, the weight of an individual country in the index is constrained to a maximum of 20%, with a buffer of 1%.

Index Maintenance and Calculation

Scheduled Maintenance

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

The index is rebalanced quarterly and implemented after the close of business on the third Friday of March, June, September, and December and is effective the following Monday. If Monday is a holiday, rebalancing is effective on the immediate following business day. The market data used for rebalancing is as of the last trading day of February, May, August, and November.

¹ At each annual reconstitution, Morningstar Indexes makes reasonable efforts to eliminate passive foreign investment companies by working with recognized tax authorities.

Because the reconstitution of Morningstar Global ex-US Dividend Growth Index is less frequent than the parent index, the securities excluded from the parent index at the reconstitution effective date are also deleted from Morningstar Global ex-US Dividend Growth Index.

Refer to Appendix 1 for details on reconstitution and rebalancing.

Corporate Action

The treatment of corporate actions can be found in 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 Cessation Policy

The index methodology is continually reviewed to ensure it achieves all stated objectives. These reviews take into account 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	During each reconstitution, the steps mentioned in the index construction process are performed, resulting in membership reset.
Rebalance	During each rebalancing, the weights are adjusted for updated free-float and shares outstanding data.

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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