MORNINGSTAR Indexes

Construction Rules for the Morningstar® US Market Extended Index

September 2026

Overview

The Morningstar® US Market Extended Index measures the performance of large-, mid- and small-cap stocks in the U.S., representing the top 99.5% of the investable universe by market capitalization. This index is built and maintained according to a transparent set of rules, which aim to facilitate accurate performance benchmarking and efficient portfolio construction.

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

Index Inception and Performance Start Date

The index inception dates and performance start dates are listed in Appendix 3.

Index Construction

Methodology Summary

Starting Universe	Eligibility	Portfolio Construction	
• Eligible share classes of U.S. companies listed on the NASDAQ, NYSE, and NYSE Market LLC form the starting universe	• Securities with 10 or more nontrading days in the three months preceding reconstitution, or with less than 10% of their shares publicly floated are excluded • Securities must have a free float of at least 10%, or a float-adjusted market capitalization greater than or equal to twice the total market capitalization of the lower mid-cap cutoff for their economic region. • Securities are assigned liquidity scores. Those that rank below the top 75% are ineligible	• Securities are ranked by market cap in descending order size. The largest stocks are selected until the index includes 99.5% of the investable market by market capitalization. • Constituents are weighted by float-adjusted market cap • Semi-annual reconstitution, quarterly rebalancing	Morningstar US Market Extended Index

Starting Universe

At each reconstitution, securities for the Morningstar US Market Extended Index are derived from the U.S. equity universe described below:

- Each security must be a common stock, REIT, or tracking stock.
- Each security must trade on one of the three major U.S. exchanges: The New York Stock Exchange, Nasdaq, or the NYSE Market LLC.
  - A company is classified in the U.S. universe if its primary stock market activities are carried out in the U.S. and any of the following conditions are met: It is incorporated in the U.S. or the following U.S. territories: Guam, Puerto Rico, or U.S. Virgin Islands.
  - It is incorporated in any other country but files a Form 10-K/10-Q or equivalents, and its primary business activities as measured by the geographic distribution of revenue and assets are conducted in the U.S. For cases where the
  - distribution of revenue and assets do not indicate towards U.S., Morningstar Indexes makes determinations on a best efforts basis. Companies that remain unclassified at the end of the exercise are ineligible for the index.
- The following security types do not qualify:
  - American depository shares
  - Fixed-dividend shares
  - Convertible notes, warrants, and rights
  - Limited partnership/master limited partnership and limited liability companies

  - Business development companies
  - Pooled investment vehicles
  - Royalty and statutory trust
- American Depository Receipts, or ADRs, are eligible for inclusion in the index if no equity listing is available for the company from the investable universe.

Eligibility

To be eligible for inclusion in the Index, all constituents must meet the following criteria:

- Securities that have more than 10 non-trading days in the prior quarter are excluded. The resulting securities are referred to as the investable universe for the Morningstar US Market Extended Index.
- Trading volume and turnover:
  - A security must be among the top 75% of the companies in the investable universe (omitting securities that fail the trading days screen) based on its liquidity score, which is the average of its rank on each of the following measures:
    - The average monthly trading volume in U.S. dollars during the six calendar months immediately before reconstitution or, in the case of corporate entities younger than six months, since the security was first issued (partial month periods are prorated by number of trading days in the month).
    - The lowest two months' total trading volume during the six calendar months immediately before reconstitution (the months need not be sequential).
  - The liquidity criterion is waived for corporate takeovers, spin-offs, or other corporate actions where the successor entity issues one or more securities that meet the following criteria:
    - The new entity is in either the mid- or large-cap band.
    - The new entity's float value is greater than or equal to the smallest float in the mid-cap band,
  - The liquidity score and size screens are applied independently. Securities must pass both filters to be eligible for inclusion.
- Free float: Each security must have a minimum free float of 10% or a float-adjusted market capitalization greater than or equal to twice the total market capitalization of the lower mid-cap cutoff. For more details on Morningstar's definition of free float, refer to Appendix 2.
- Securities removed from the Morningstar US Market Extended Index during the semi-annual reconstitution are not eligible for re-inclusion in the index for one year. For example, a security removed at the June reconstitution would not be eligible for re-inclusion until June the next year.
- Companies with multiple share classes
  - 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.

Portfolio Construction

Calculating the Market Capitalization Breakpoints

Securities in the investable universe are categorized in one of three market-capitalization bands: large, mid, and small. The Morningstar US Market Extended Index targets those representing the largest 99.5% of the investable universe. Each company is ordered by market capitalization 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 capitalization breakpoint for that cap band:

- Large-cap: 70%
- Mid-cap: 90%
- Small-cap Extended: 99.5%.

Capitalization Bands Buffer

A buffer is applied around the capitalization bands to reduce turnover from small changes in market capitalization. The existing constituents of the index are provided a one-time buffer and are retained in their existing capitalization bands provided that the cumulative capitalization percentage of the constituents falls within the buffer zone.

- Large-cap/mid-cap upper buffer: 70%–1.0%
- Large cap/mid-cap lower buffer: 70%+1.0%
    - This means companies that were not classified as large-cap at the previous reconstitution must rank in the top 69% to be assigned to the large-cap band, while those that were previously classified as large-cap are eligible to remain in the large-cap band if their market cap ranks in the top 71%.

- Mid-cap/small-cap upper buffer: 90%–0.5%
- Mid-cap/small-cap lower buffer: 90%+0.5%

- Small-cap extended buffer: 99.5%–0.05%

At each rebalance significant initial public offerings ("IPOs") are included in the Index*. Significant IPOs are broadly defined as IPOs that meet the general liquidity and investability criteria; and have full market value (in USD), greater than or equal to twice of the Mid-Small Segment cut-off of the US market segment at the previous reconstitution.

Number of Stocks

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

Index Weighting

The index is float market-capitalization-weighted. For more details, refer to the Morningstar Indexes Calculation Methodology rulebook.

Index Maintenance and Calculation

Scheduled Maintenance

The indexes are reconstituted, where the membership is reset, semi-annually on the third Friday of June and 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 April and October.

The indexes are 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. The market data used for rebalancing is described in the Free Float Calculation Methodology.

Refer to Appendix 2 for details on reconstitution and rebalancing.

Index files are published according to the global calendar schedule, meaning index files will be published every day from Monday to Friday throughout the year, even on local market holidays.

IPO Treatment

At each reconstitution in June and December, securities with initial public offerings, or IPOs, listed on or before the last trading day of April and October are eligible for inclusion in Morningstar indexes if they meet all other eligibility criteria. The liquidity criteria are assessed on a pro-rata basis based on the IPO date.

At each rebalance in March and September, significant IPOs are included in the indexes. Significant IPOs are broadly defined as securities that meet the general liquidity and investability criteria and have full market value (in USD), greater than or equal to twice the mid-small segment cutoff from the previous reconstitution. The data cutoff date for significant IPOs is the last trading day of February and August. This treatment for significant IPOs is effective from September 2026, on.

Corporate Actions

The treatment of corporate actions will be as per the float market capitalization weighted indexes. For more details, please refer to 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 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, geo-political 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 if an index is terminated. 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

Incorrect pricing and corporate action data for individual issues in the database will generally be corrected upon detection. In addition, an incorrect divisor of an index, if discovered within two days of its occurrence, will 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.

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.

Appendixes

Appendix 1: Modifications to the Rulebook

Section	Description of Change	Update Date
Entire Rulebook	Moved to new rulebook template	July 2023
Index Maintenance & Calculation	Updated calendar from US to global	February 2024
Data Correction and Precision	Computational Reporting Precision section removed	September 2024
Index Maintenance and Calculation	IPO Treatment section added	December 2024
Eligibility	Clarified securities removed from the Morningstar US Market Index as part of the semi-annual reconstitution are non-eligible for re-inclusion for one year.	September 2025
Eligibility	Updated the minimum float requirement. Securities with less than 10% float are eligible if their float-adjusted market capitalization is greater than or equal to twice the total market capitalization of the lower mid-cap cutoff for the economic region. This replaced the uniform 10% minimum float requirement, effective from May 15, 2026, on.	May 2026
Appendix 3	Updated index names to reflect changes	June 2026
Index Maintenance and Calculation	Updated the IPO treatment to clarify that the quarterly addition logic for significant IPOs is effective from September 2026 on.	September 2026

Appendix 2: Glossary

Section	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.
Free Float	Free float is defined as a security's outstanding shares adjusted by block ownership to reflect only truly tradable and investable shares. A security's outstanding shares are adjusted if an entity owns 5% or more of the security through one of the following types of block ownership: • Cross ownership—shares that are owned by other companies (including banks and life insurance companies). • Government ownership—shares that are owned by governments (central or municipal) or their agencies. • Private ownership—shares that are owned by individuals or families. • Restricted shares—shares that cannot be traded during a certain time period. However, a security's outstanding shares are not adjusted for institutional investors' holdings, which include, but are not limited to, the following categories: • Custodian nominees

	• Trustee companies • Mutual funds • Investment companies • Pension fund holdings

Appendix 3: Inception and Performance Start Dates

Index	Inception Date	Performance Start Date
Morningstar US Market Extended Index	2020-12-21	1997-06-30
Morningstar US Small-Mid Cap Extended Market Index	2021-01-21	1997-06-30
Morningstar US Small Cap Extended Market Index	2020-12-21	1997-06-30

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 Benchmarks Regulation ("BMR"), providing independent oversight of all aspects of the governance of benchmark administration as required by the relevant 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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