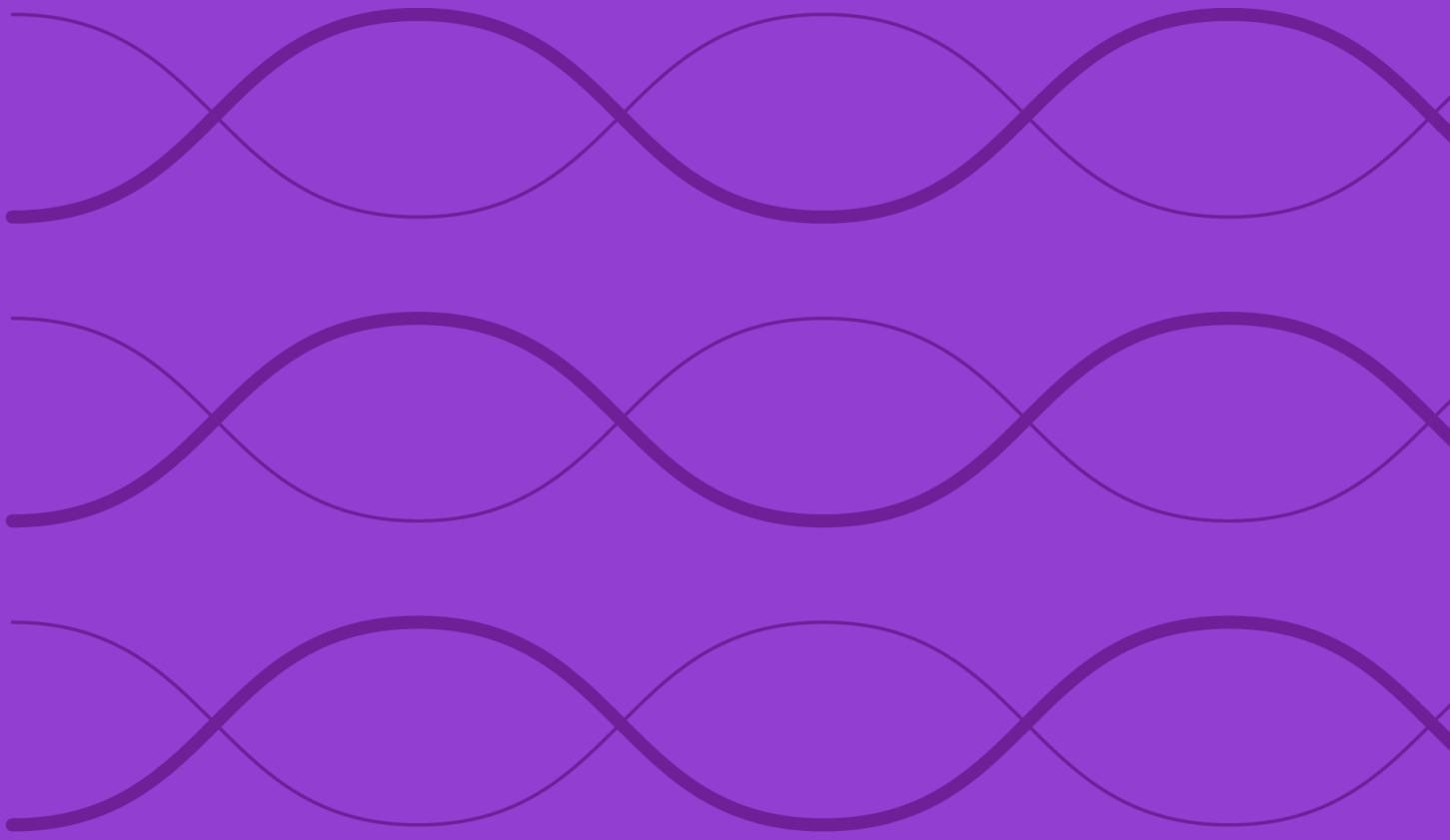
MORNINGSTAR Indexes

Construction Rules for the Morningstar US Artificial Intelligence Beneficiaries Select Index



November 2026

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Overview

The Morningstar US Artificial Intelligence Beneficiaries Select Index includes companies from the Morningstar US Market Index using a rules-based methodology, drawing on thematic exposure scores developed independently by Morningstar Equity Research. These scores reflect Morningstar Equity Research's forward-looking view of each company's potential to materially amplify revenue or reduce costs through the adoption of artificial intelligence over the next five years. Morningstar Indexes does not produce or influence these thematic exposure scores.

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

Index Inception and Performance Start Date

The index inception date is July 7, 2026 and the performance start date, when the first back-tested index value was calculated, is Dec. 20, 2024.

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Index Construction

Methodology Summary

Starting Universe	Eligibility	Theme Exposure	Portfolio Construction	

• Morningstar US Market Index
  ○ Represents the top 97% of the investable market
	• AI Revenue Displacement: AI products/services must not be expected, per Morningstar Equity Research, to displace more than 10% of current revenue.
	• Must receive a nonzero score on at least one of the targeted subthemes as assessed by Morningstar Equity Research
	• Companies must have a three-month AMMDTV[1] of at least USD 2 million and a float market cap of at least USD 300 million.
		• Thematic exposure scores are provided by Morningstar Equity Research for each eligible company based on:
		  ○ AI Cost Savings
		  ○ AI Revenue Amplification
		• Morningstar Indexes classifies companies with a combined thematic score of 2 as Tier 1 and the rest as Tier 2 or Tier 3, per the rules below.
			• The top 100 ranked companies are targeted for inclusion.
			• Index constituents are weighted by their float market capitalization subject to constraints.
			  ○ The index is reconstituted annually in December and rebalanced quarterly in March, June, and September.
				Morningstar US Artificial Intelligence Beneficiaries Select Index

Starting Universe

At each reconstitution, constituents of the Morningstar US Artificial Intelligence Beneficiaries Select Index are derived from the Morningstar US Market Index (benchmark). For more details on benchmark construction, refer to the construction rules for the Morningstar US Market Index.

Thematic Score Inputs

The index methodology applies a number of data inputs, including market capitalization, free-float, liquidity, sector classification, and thematic exposure scores.

Thematic exposure scores are produced solely by Morningstar Equity Research, a business unit that is organizationally separate from, and operates independently of, Morningstar Indexes. Equity Research develops the scoring framework and determines these scores using its own methodology, described in Appendices 1 and 2, and delivers them to Morningstar Indexes as final data points ready to be used in the construction and reconstitution of the index. Morningstar Indexes does not develop, assign, review, adjust, or override any score or determination, and does not participate in Equity Research's deliberations.

[1] AMMDTV: Average monthly median dollar traded value.

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Morningstar Indexes applies the scores as received, together with the other data inputs, using the rules in this document. Eligibility, tier classification, ranking, and weighting are the results of applying these rules mechanically; Morningstar Indexes does not exercise any judgment about any company's expected future exposure to artificial intelligence.

Timing and missing data: Scores delivered on or before the last trading day of November are used for the reconstitution. Scores received after that date are first used at the next reconstitution. A company without a delivered score is ineligible.

Thematic exposure scores are research data inputs. They are not investment recommendations, are not tailored to any person's circumstances, and a security's inclusion in the index is not a recommendation to buy, sell, or hold.

Eligibility

To be eligible for inclusion in the index, each company must meet the following criteria:

- AI Revenue Displacement: Companies are ineligible if Morningstar Equity Research has determined that AI-driven products or services are expected to displace more than 10% of current revenue over the next five years. This determination is provided to Morningstar Indexes as a binary yes/no indicator.
- Theme Exposure: Each company must have a non-zero exposure score (i.e. a score of 1) for at least one of the following subthemes[2]:
    - AI Cost Savings
    - AI Revenue Amplification

  Note: The AI revenue displacement and thematic exposure scores are provided by Morningstar Equity Research. Morningstar Equity Research is independent of Morningstar Indexes (see Thematic Score Inputs). Morningstar Indexes does not develop, determine, review, or influence these scores or the AI revenue displacement determination, and applies them as received. Further details are provided in Appendices 1 and 2.
- The company must have a three-month average monthly median dollar traded value of at least $2 million and a free-float market capitalization of at least $300 million.
    - Buffer rules: Current index constituents must have a three-month average monthly median dollar traded value of at least $1.6 million and a free-float market capitalization of at least $240 million[3].
- Eligibility is determined at the company level. If a company has more than one eligible share class:
    - The share class that is currently in the index is used to represent the company in the index.
    - Otherwise, the most liquid share class is used, based on the liquidity score assigned under the applicable parent index methodology. If multiple share classes have the same liquidity score, security market capitalization is used as the tiebreaker. For details on the liquidity screening methodology, refer to the relevant parent index rulebook.

[2] The December 2025 exposure scores have been used for the December 2024 reconstitution. These scores were provided by Morningstar Equity Research and applied without adjustment. Back-tested results are hypothetical.
[3] The buffers mentioned in the portfolio construction were not applied at the Dec. 22, 2025 reconstitution to simulate an initial construction for the index.

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Portfolio Construction

- Morningstar Indexes classifies each eligible security as Tier 1, Tier 2, or Tier 3 by applying the scores provided by Morningstar Equity Research as follows:
    - Tier 1: Companies with a score of 1 in both AI Cost Savings and AI Revenue Amplification are assigned to Tier 1.
    - Tier 2: Companies with a score of 1 in AI Cost Savings but a score of 0 in AI Revenue Amplification are assigned to Tier 2.
    - Tier 3: Companies with a score of 1 in AI Revenue Amplification but a score of 0 in AI Cost Savings are assigned to Tier 3.
- Companies are then ranked according to the following criteria, which are listed in descending order of absolute preference:
    - Tier 1 companies are preferred over Tier 2 companies; Tier 2 companies are preferred over Tier 3 companies.
    - Company total market capitalization, preferring larger over smaller.
- From the eligible list, the top-ranked 100 companies are targeted for inclusion, subject to the constraint that no more than 20 companies are included from a single sector, based on the Morningstar Global Equity Classification System.

Number of Stocks

The index targets 100 stocks based on the ranking system above, subject to the application of eligibility criteria at reconstitution. However, if fewer than the targeted number of securities from the starting universe meet the eligibility criteria, or if securities are added or deleted due to corporate actions after reconstitution, the constituent count may deviate from the targeted number. During reconstitution, if the number of eligible securities is less than the targeted constituent count, all eligible securities are selected. The reconstitution schedule is provided in the "Index Maintenance and Calculation" section.

Index Weighting

- Step 1: The initial weights are set in proportion to float-adjusted market capitalization.
- Step 2: The aggregate weight of securities that are producers or suppliers of AI, based on either of the criteria below, is capped at 10%.
    - Companies with scores (as provided by Morningstar Equity Research) greater than or equal to 2 in any of the following subthemes: generative AI, AI data and infrastructure, AI services, or AI software. Further details on these specific subthemes can be found in the rulebook for the Morningstar Global AI Select Index.
    - Companies with an aggregate score of greater than or equal to 3 across those four subthemes.
- Step 3: The aggregate weight of Tier 3 securities is capped at 10%.
- Step 4: Mega-cap securities are capped at 2% weight.
    - Companies with a total market cap weight greater than or equal to 1.5% in the parent index are classified as mega-cap securities.
- Step 5: Securities not classified as mega cap are capped at 4% weight.
- Step 6: Sector weightings are capped at 25%.

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- The redistribution of excess weights at each step is in proportion to the pre-capped weights of the securities eligible to receive excess weight (already capped securities will not receive any additional weight). The steps are applied iteratively to ensure all the caps are maintained.

Simple capping is applied to ensure compliance with the weighting constraints. In the event of a breach of the above caps, securities/groups above the cap are assigned a weight equal to the cap. The excess weight from these capped stocks is redistributed to the remaining constituents in proportion to their pre-capped weights, subject to retaining all the previously applied caps.

For more details, refer to the Morningstar Indexes Calculation Methodology rulebook.

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Index Maintenance and Calculation

Reconstitution and Rebalancing

The index is reconstituted, where the membership is reset, annually on the third Friday of 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 November.

The index is 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. If Monday is an index holiday, the rebalance is reflected on the next business day. The market data used for rebalancing is as of the last trading day of February, May, August, and November.

A daily check is implemented to ensure stocks with weight greater than and equal to 5% do not sum more than 25%. If this condition is breached, the index will be adjusted to cap individual security weighting at 4% at the open of T+2. During the standard reconstitution or rebalance pro forma period, monitoring switches from the live portfolio to the pro forma portfolio. Any required adjustments are reflected in the next business day's pro forma file and implemented on the scheduled rebalance/reconstitution effective date. No changes are made to pro forma files within two business days of the reconstitution or rebalance effective date (T-2).

Because the reconstitution of the Morningstar US Artificial Intelligence Beneficiaries Select Index is less frequent than the parent index, the securities excluded from the parent index at the reconstitution effective date are also deleted from the Morningstar US Artificial Intelligence Beneficiaries Select Index.

Index files are published according to the global calendar schedule. For more information, please refer to the Morningstar Indexes Holiday Calendar.

IPO Treatment

Large IPOs are reviewed for inclusion quarterly. At the end of February, May, August, and November, Morningstar Indexes monitors the Morningstar PitchBook Global Unicorn 500 Index to identify constituents that have completed an IPO since the prior review.

Morningstar Indexes provides Morningstar Equity Research with the list of companies identified through this review. Morningstar Equity Research independently determines whether and how to score each company and delivers any scores to Morningstar Indexes, which applies them as received in accordance with the Thematic Score Inputs rules. Morningstar Indexes does not influence whether a company is scored or the scores it receives. A company for which no score is delivered by the cutoff is not eligible for addition in that quarter. The resulting scores are used to determine eligibility. To qualify for inclusion, a company must also be a member of the parent index. Eligible securities are added after the close of the third Friday of March, June, September, and December.

For IPOs with less than three months of trading history, the three-month average daily trading volume requirement is waived.

Corporate Actions

The treatment of corporate actions will be per the float-adjusted market-capitalization-weighted indexes corporate action methodology. For more details, please refer to the Morningstar Indexes Corporate Actions Methodology.

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Index Calculation and Price Data

Details about index calculations and price data can be found in their respective rulebooks: Morningstar Indexes Calculation Methodology and Morningstar Equity Indexes Price Methodology.

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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. Reviews by Morningstar Indexes cover the rules in this document only.

To the extent the index methodology incorporates thematic or research-based inputs from Morningstar Equity Research, Morningstar Sustainalytics or any other third party, index methodology reviews by Morningstar Indexes do not extend to the content of such third party inputs or the methodology underlying such third party inputs. Any changes to third party inputs are made by the relevant provider and are reflected in this rulebook only in accordance with the Methodology Change Policy. Subscribers to the index will be notified before any index 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, geopolitical 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 in the event an index is decommissioned. For more details, refer to the Morningstar Index Decommissioning Policy.

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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

Index calculation data input defects—such as price, dividends, other mandatory corporate actions, or foreign-exchange rates—that do not affect the index shares and, if discovered within two trading days, are generally corrected, and the index is recalculated regardless of the performance impact.

Where such index calculation data input defects are discovered after two trading days, an index restatement will typically only occur if the impact on performance is material; otherwise, the correction is applied prospectively.

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.

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Appendices

Appendix 1: Artificial Intelligence Beneficiaries Theme Definitions

The Artificial Intelligence Beneficiaries steering committee, which resides within the Morningstar Equity Research team and operates independently of Morningstar Indexes, defines the subthemes and scoring criteria to determine which securities may benefit from leading-edge artificial intelligence technology. Morningstar Indexes has no involvement in this process. These subthemes are reviewed annually by Equity Research and may change over time as they evolve and new subthemes emerge. Any change to the subthemes applied in the index is made only in accordance with the Morningstar Index Methodology Change Policy.

AI Displacement

Morningstar Indexes will omit companies for which Morningstar Equity Research has determined that competing AI-powered products/services are expected to displace more than 10% of current revenue over the next five years. This determination is provided to Morningstar Indexes as a yes/no indicator.

AI Cost Savings

Morningstar Equity Research assesses whether a company is expected to realize material cost savings (>10%) relative to the current cost structure from AI adoption over the next five years.

a. Yes = AI Cost Savings thematic score of 1
b. No = AI Cost Savings thematic score of 0

AI Revenue Amplification

Morningstar Equity Research assesses whether a company is expected to realize a material net revenue increase (>10%) relative to current revenue from AI adoption over the next five years.

a. Yes = AI Revenue Amplification thematic score of 1
b. No = AI Revenue Amplification thematic score of 0

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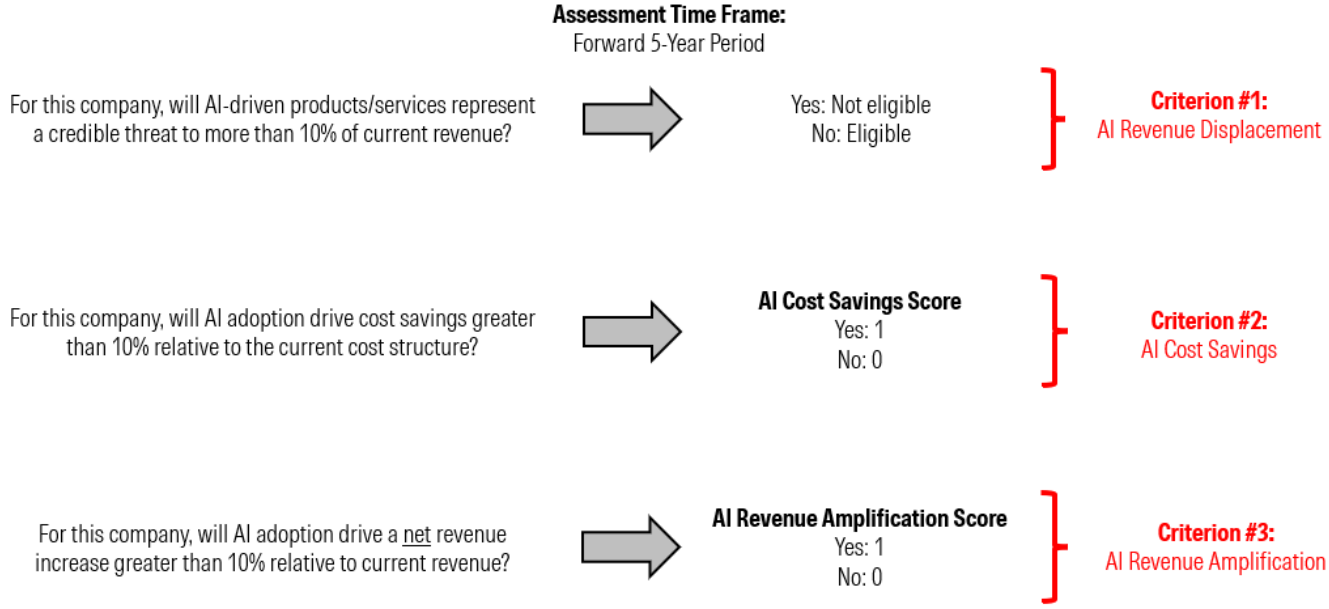
Appendix 2: Artificial Intelligence Beneficiaries Thematic Exposure Scoring Framework

The AI Beneficiaries thematic exposure scores relating to AI Cost Savings and AI Revenue Amplification, along with the AI revenue displacement determination, are produced by Morningstar Equity Research.

For each company by which Morningstar Equity Research provides coverage and research, Morningstar equity analysts answer three questions relating to overarching artificial intelligence theme. Per the exhibit below, the answers to these questions determine eligibility for the Morningstar US Artificial Intelligence Beneficiaries Select Index.



Companies that are scored "Yes" for Criterion #1 are not eligible for inclusion
Companies that are scored "Yes" for Criterion #2 and "Yes" for Criterion #3 are classified as "Tier 1"
Companies that are scored "Yes" for Criterion #2 and "No" for Criterion #3 are classified as "Tier 2"
Companies that are scored "No" for Criterion #2 and "Yes" for Criterion #3 are classified as "Tier 3"
Companies that are scored "No" for Criterion #2 and a "No" for Criterion #3 are not eligible for inclusion

Once scores have been submitted, the AI Beneficiaries steering committee reviews them to optimize accuracy and internal consistency. Once quality control is complete, Equity Research delivers the final scores to Morningstar Indexes as data inputs, which Morningstar Indexes applies without influence or modification. Members of the Morningstar Indexes team do not participate in analyst training, scoring, or quality control discussions.

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Appendix 3: Modifications to the Rulebook

Section	Description of Change	Update Date
Index Maintenance and Calculation	The daily cap monitoring process was revised to reference the pro forma portfolio during reconstitution and rebalance pro forma periods. This updated logic will be effective from September 9, 2026, on.	August 2026
Index Maintenance and Calculation	Added IPO Treatment section, which will be effective from the September 2026 rebalance, on.	September 2026
Thematic Score Inputs	Section added to clarify the distinction between the role of Morningstar Equity Research and Morningstar Indexes.	October 2026
Index Maintenance and Calculation	Updated cutoff data for IPO review to the end of May and November for the June and December rebalances, respectively.	November 2026

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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 index methodologies meet Morningstar Indexes' governance and methodology standards. 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. Exception handling does not extend to thematic exposure scores, which are provided by Morningstar Equity Research and applied as received.

Morningstar Index Oversight Committee

The Morningstar Index Oversight Committee is responsible for the index oversight function as per the requirements of the European BMR, providing independent oversight of all aspects of the governance of benchmark administration as required by the 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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