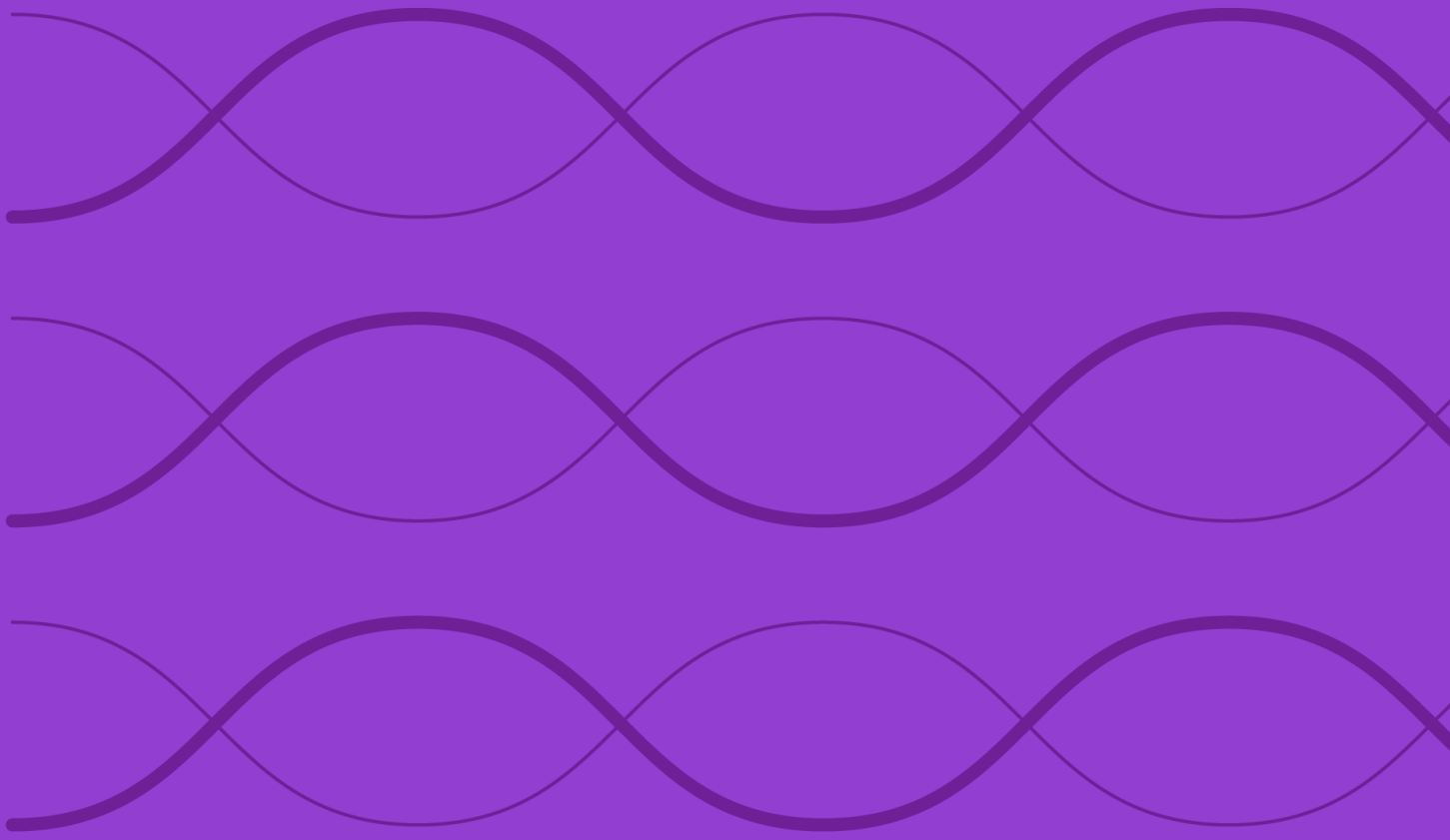
MORNINGSTAR Indexes

Construction Rules for the Morningstar Global Next Generation Artificial Intelligence Index



November 2026

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Overview

The Morningstar Global Next Generation Artificial Intelligence Index is designed to deliver unparalleled, thematically pure exposure to companies involved with leading-edge artificial intelligence technologies, including generative artificial intelligence and adjacent products and services by 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. The index is adjusted so that the generative AI theme represents at least 80% of the portfolio at each rebalance.

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

Index Inception and Performance Start Date

The index inception date is Aug 29, 2023 and the performance start date, when the first back-tested index value was calculated, is Dec. 17, 2021.

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Index Construction

Methodology Summary

Starting Universe	Eligibility	Theme Exposure	Portfolio Construction	

• Morningstar Global Markets Index
  ○ Covers stocks representing the top 97% of the investable market
	• Must receive a non-zero score on at least one of the targeted subthemes, assessed by Morningstar Equity Research
	• Companies must have a three-month ADTV of at least $5 million and a float market cap of at least $500 million, with relaxed requirements for existing constituents.
		• Thematic exposure scores are provided by Morningstar Equity Research for each eligible company based on:
		  ○ Its role in the value chain
		  ○ Whether it will likely experience a net profit increase from its exposure to the theme
		  ○ The portion of revenue it will likely derive from the theme over the next five years
		• Companies with non-zero score on the generative AI subtheme are assigned to Tier 1; the rest are classified as Tier 2.
			• Select top 50 securities based on the ranking criteria.
			• Index constituents are weighted by their float market capitalization subject to constraints.
			• Index is annually reconstituted in December and rebalanced quarterly in March, June, and September.
				Morningstar Global Next Generation Artificial Intelligence Index

Starting Universe

At each reconstitution, constituents of the Morningstar Global Next Generation Artificial Intelligence Index are derived from the Morningstar Global Markets Index (benchmark). For more details on benchmark construction, refer to the construction rules for the Morningstar Global Markets 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.

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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, all constituents must meet the following criteria:

- Companies must have a valid non-zero (4, 3, 2, or 1) exposure score to at least one of these subthemes, as provided by Morningstar Equity Research:
  - Generative AI
  - AI data and infrastructure
  - AI services
  - AI software
- Companies must have an average three-month trailing daily trading volume of at least $5 million and a free-float market capitalization of at least $500 million.
  - Buffer rules: Current index constituents must have an average three-month daily trading volume of at least $4 million and a free-float market capitalization of at least $400 million.
    - Note: The 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, and applies them as received. Further details are provided in Appendices 1 and 2.

Portfolio Construction

- Eligibility is determined at the company level. If a company has more than one eligible share class:
  - The current index constituent share class is favored.
  - Otherwise, the most liquid share class is used, as determined by Morningstar Indexes.
- Morningstar Indexes classifies each eligible security as Tier 1 or Tier 2 by applying the scores provided by Morningstar Equity Research as follows:
  - Tier 1: Companies with non-zero exposure scores on the generative AI subtheme are assigned to Tier 1.
  - Tier 2: All companies with a score of zero on the generative AI subtheme and a non-zero score on one of the other targeted subthemes (Tier 2 subthemes) are assigned to Tier 2.

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- Companies are then ranked to emphasize thematic purity and exposure to the generative AI subtheme. The ranking criteria are given below by descending order of absolute preference:
  - Generative AI score (highest to lowest): 4,3,2,1
  - Highest Tier 2 aggregate score (sum of scores for Tier 2 themes)
  - Number of Tier 2 subthemes in which constituent scores 4
  - Number of Tier 2 subthemes in which constituent scores 3
  - Number of Tier 2 subthemes in which constituent scores 2
  - Number of Tier 2 subthemes in which constituent scores 1
  - Current index constituents are given preference
  - Company total market cap, preferring smaller over larger
- Companies ranked in the top 50 are targeted for inclusion in the index.

Number of Stocks

The index targets 50 stocks based on a transparent ranking system subject to selection and eligibility criteria at reconstitution. However, if securities fall short of the selection and eligibility criteria, or if securities are added or deleted as a result of corporate actions after reconstitution, the indexes can have more or fewer than the targeted number. During reconstitution, if the number of securities is less than the target, all eligible securities would be selected, and the weight of the constituents will be determined based on the index weighting scheme. The reconstitution schedule is available in the "Index Maintenance and Calculation" section.

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Index Weighting

- Step 1: The index is float market-capitalization-weighted.
- Step 2: Capping of 5-10-40 is applied across the entirety of the portfolio. This means no single constituent can have a weight greater than 10%, and the sum of those with weights greater than or equal to 5% cannot exceed 40%.
- Step 3: If the weight of Tier 1 securities is less than 80%, a minimum of 80% weight is allocated to Tier 1 constituents proportionally to their weight.
- Step 4: If the 5-10-40 capping condition is violated, those caps are reapplied across the entirety of the portfolio.
- Step 5: If the condition of Step 3 is violated, repeat the process from Step 3 up to 100 times, until a solution has been reached.
- Step 6: If no solution is feasible in Step 5, relax the Tier 1 minimum aggregate weight by 1% and repeat the process from Step 2 until both constraints are satisfied.

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

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Index Maintenance and Calculation

Scheduled Maintenance

The index is reconstituted—where the membership is reset—annually in December. Adjustments are made on the Monday following the third Friday of December. If the Monday is a holiday, reconstitution occurs on the next business day.

The index is rebalanced quarterly and implemented after the close of business on the third Friday of March, June, and September and is effective the following Monday. If Monday is a holiday, rebalance is effective on the next business day. During each rebalance, membership in the parent index (Morningstar Global Markets Index) is checked at the company level and the weights are rebalanced as per the weighting scheme using updated float market capitalization data.

The market data used for reconstitution and rebalancing is as of the last trading day of February, May, August, and November. The theme scores used for reconstitution are those available on the last trading day of November.

Because the reconstitution of the Morningstar Global Next Generation Artificial Intelligence Index is less frequent than the parent index (Morningstar Global Markets Index), the securities excluded from the parent index (Morningstar Global Markets Index) at the reconstitution effective date are also deleted from the Morningstar Global Next Generation Artificial Intelligence Index. This means that any constituent excluded from the parent index during its reconstitution is also excluded from the Morningstar Global Next Generation Artificial Intelligence Index at the same date. It will not be replaced, and its weight is reallocated among existing constituents in proportion to its existing weight.

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 as per the float market-capitalization-weighted indexes. For more details, please refer to the Morningstar Indexes Corporate Actions Methodology rulebook.

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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 Equity Closing Prices Used for Index Calculation.

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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 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 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 Decommissioning Policy.

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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 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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Appendixes

Appendix 1: Theme Definitions

The Morningstar Equity Research Next Generation Artificial Intelligence steering committee, which operates independently of Morningstar Indexes, identifies relevant subthemes to help the index effectively represent companies with exposure to leading-edge artificial intelligence technologies. Morningstar Indexes has no involvement in this process. These subthemes are reviewed annually 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.

Tier 1

Generative AI

Definition

Two key aspects of AI are training and inference. AI training involves feeding labeled data into an AI model and iterating on the calculations and algorithms required to make more accurate predictions. AI inference is the stage where an AI model receives an unlabeled input and is asked to make a prediction or generate an output based upon the request.

Generative AI is a subset of AI that is used to create new and original content. This compares with "traditional AI" models that are used to solve specific tasks or make predictions based on existing data. Large language models, such as ChatGPT, are a type of generative AI model that focuses on producing humanlike text.

Exposure Examples

- Companies offering generative AI search functions.
- "Hyperscalers" or cloud computing leaders that offer infrastructure as a service and host cloud workloads and/or their own AI models.
- Semiconductor vendors that supply the chips and software needed for AI training and inference.

Tier 2

AI Data and Infrastructure

Definition

Encompasses the various technological components needed to manufacture, design, maintain, host, support, and improve AI models.

Exposure Examples

- Semiconductor processors: chips required in AI training and inference, such as GPUs, CPUs, FPGAs, and/or custom ASICs, including those designed in house by cloud computing vendors.
- Semiconductor supply chain: includes the outsourced chip manufacturers (foundries), chip equipment vendors, and peripheral chipmakers required to support the performance of semiconductor processors.
- Data center infrastructure: includes the servers, storage, networking gear, and connectivity solutions required to route data traffic and connect AI processors into a cohesive system to run AI workloads.
- Data management: includes the databases and related software tools required to store the data required in AI models.

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AI Software

Definition

Includes enterprise and consumer software that will include AI models to enhance the user experience and/or improve efficiency and productivity.

Exposure Examples

- Enterprise software: supporting business functions such as sales, marketing, finance, human resources, IT management, customer service, or other business workloads. Also supports enterprise creative applications such as graphic design, engineering design, or other types of product lifecycle management.
- Consumer software: any type of consumer-facing application where AI is used to improve the user experience.

AI Services

Definition

Includes consultancies and outsourced business process companies. Such companies may aid businesses in implementing AI. These companies may also reduce headcount and improve internal efficiencies by using AI to reduce or remove monotonous workloads.

Exposure Examples

- IT services: consulting businesses that advise enterprises how to build or implement AI.
- IT Services: outsourced business process companies that may perform regular, somewhat monotonous tasks that may be replaced by AI in the future.

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Appendix 2: Thematic Exposure Scoring Framework

The Morningstar Equity Research Next Generation Artificial Intelligence steering committee trains analysts on the subthemes and scoring framework. Rather than relying solely on historical data points, analysts provide forward-looking data points that translate to thematic exposure scores of 0, 1, 2, 3, or 4 across each subtheme. To garner a thematic exposure score above zero for a given subtheme, a company must be classified as a producer of related goods or services or a supplier of those producers. Additionally, Morningstar equity analysts must classify the company as being highly likely to enjoy a material net profit increase from its exposure to that subtheme over the next five years. Analysts then estimate the percentage of revenue a company will derive from its exposure to each subtheme at a point in time five years forward. These estimates translate into thematic exposure scores in the following manner:

- 0 – less than 10% of revenue of a company
- 1 – 10%-25% of revenue for a producer or supplier company
- 2 – 25%-50% of revenue for a producer or supplier company
- 3 – greater than 50% of revenue for a supplier company
- 4 – greater than 50% of revenue for a producer company

The Morningstar Equity Research Next Generation Artificial Intelligence steering committee then provides a quality control review of each company's thematic exposure scores to optimize internal consistency. During this step, committee members engage in discussions with analysts and directors to test the rationale behind submitted data points. Once the quality control process has been completed, thematic exposure scores are submitted to the Morningstar Indexes team for index reconstitution purposes, 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.

Appendix 3: Modifications to the Rulebook

Section	Description of Change	Update Date
Index Maintenance and Calculation	Added IPO Treatment section, which will be effective from the September 2026 rebalance, on.	September 2026
IPO Treatment	Updated the cutoff months from February, April, August, and October to February, May, August, and November	November 2026
Thematic Score Inputs	Section added to clarify the distinction between the role of Morningstar Equity Research and Morningstar Indexes.	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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