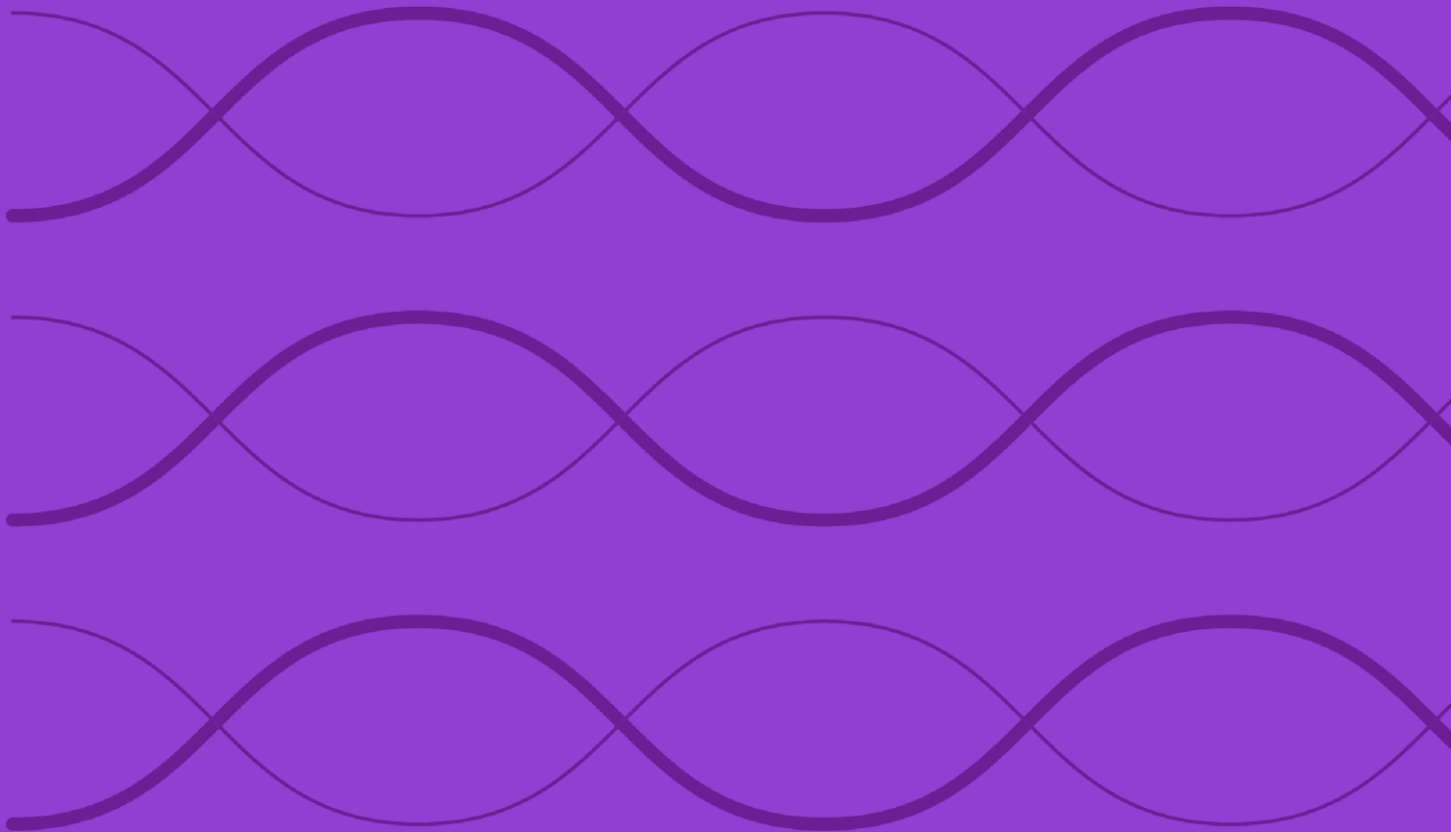


Construction Rules for the Morningstar Eurozone 50 Indexes



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Overview

The Morningstar® Eurozone 50 Index is designed to provide exposure to largest and most liquid companies in the Eurozone region, while maintaining sector weights similar to the Morningstar® Eurozone Index benchmark. The Morningstar® Eurozone 50 Equal Weight Index holds the same constituents as the Morningstar Eurozone 50 Index and assigns equal weights to them.

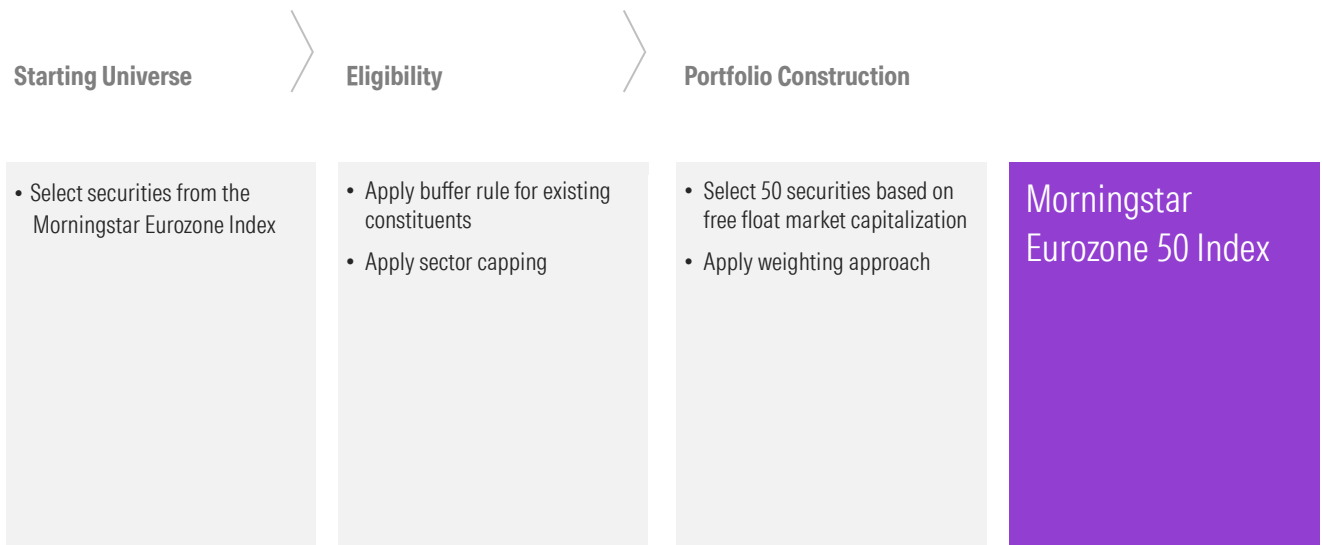
These indexes do not incorporate environmental, social, or governance criteria.

Index Inception and Performance Start Date

The inception dates of the indexes as well as performance inception dates, when the first back-tested index values were calculated, are provided in Appendix 3.

Index Construction

Methodology Summary



Starting Universe

At each reconstitution, securities for the Morningstar Eurozone 50 and Morningstar Eurozone 50 Equal Weight are derived from the Morningstar Eurozone Index (benchmark). For more details on benchmark construction, refer to the construction rules of the [Morningstar Global Markets ex-US Indexes](#).

Eligibility

To be eligible for the Morningstar Eurozone 50 Index, all constituents must meet the following criteria in sequence:

- Must be a member of the Morningstar Eurozone Index
- If a company has more than one eligible share class:
 - Select the one that is a current index constituent.
 - Otherwise, select the most liquid share class determined by Morningstar Indexes.
- Buffer Rules

During June and December reconstitutions, index constituents ranked in the top 60 by free float market capitalization are retained in the portfolio. During September and March reconstitutions, index constituents ranked in the top 70 by free float market capitalization are retained in the portfolio.

- **Sector Capping Rules**

The maximum weight of an individual sector in the Morningstar Eurozone 50 Index is capped at 4% plus its corresponding weight in the broad benchmark. For example, if the healthcare sector weight in the broad benchmark is 8% the weighting in the index cannot exceed 12%. In the event adding a security will breach the constraint the next largest security from the most underweight sector is selected instead.

All buffered constituents are retained in the index. From among the remaining companies, those representing the largest by float market capitalization are included in the index-subject to sector capping-until the number of constituents reaches 50. Whenever there are multiple listings of a company that meet the eligibility criteria, the listing that is equivalent to the Country of Classification is selected. For more details on how Country of Classification is assigned, please refer to the construction rules for the Morningstar Global Markets ex-US Indexes.

Portfolio Construction

Number of Stocks

The indexes target 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 50 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. The target counts for all indexes in the family are provided in Appendix 3.

Index Weighting

The Morningstar Eurozone 50 Index is float market cap weighted, with the Morningstar Eurozone 50 Equal Weight Index is equal weighted. For more details, refer to the [Morningstar Indexes Calculation Methodology rulebook](#).

Index Maintenance and Calculation

Scheduled Maintenance

The index is reconstituted, where the membership is reset, and rebalanced quarterly. Adjustments are made on the Monday following the third Friday of March, June, September, and December. If the Monday is a holiday, reconstitution occurs on the next business day. The market data used for reconstitution is as of the last trading day of February, May, August, and November.

Refer to Appendix 2 for details on reconstitution and rebalancing.

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

Corporate Actions

The treatment of corporate actions for the Morningstar Eurozone 50 Index will be as per the float market capitalization weighted indexes. For the Morningstar Eurozone 50 Equal Weight Index, the treatment of corporate actions will be as per the alternatively 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 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 Policy](#).

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 Methodology 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 affects index daily highs or lows, it is 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 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 Indexes Methodology Committee, and in all instances, the application of a nonstandard process will be reported to the Morningstar Indexes Oversight Committee.

Appendixes

Appendix 1: Modifications to the Rulebook

Section	Description of Change	Update Date
Index Construction	Added a clause regarding the selection of listing in the index in case of multiple eligible listings	December 2017
Entire Rulebook	Moved to new rulebook template	June 2023
Data Correction and Precision	Computational and Reporting Precision Section Removed	May 2025

Appendix 2: 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.

Appendix 3: Individual Indexes

Index Name	Inception Date	Performance Start Date
Morningstar Eurozone 50	June 30, 1998	June 30, 2017
Morningstar Eurozone 50 Equal Weight	June 30, 1998	July 30, 2018

Appendix 4: Morningstar Eurozone 50 Decrement Indexes

Index Name	Underlying Index	Base value	Base Date	Performance Inception Date	Inception Date
Morningstar Eurozone 50 Decrement 50 Point GR	Morningstar Eurozone 50 GR	850	May 13, 2024	Jun. 30, 1998	May 17, 2024
Morningstar Eurozone 50 Decrement 5% NR	Morningstar Eurozone 50 NR	1000	Jun. 30, 1998	Jun. 30, 1998	May 17, 2024

Appendix 5: Decrement Levels

The index levels are adjusted by deducting a predetermined value of index points from the gross return, or GR, or fixed percentage point from the net return, or NR, levels of the base index. These constant markdowns are applied to the base index daily.

Return Variant of the Base Index	Base Currency	Decrement Type	Decrement Frequency	Decrement Application	Decrement Value	Day Count Convention
Net Total Return Gross Total Return	EUR	Fixed Percentage Decrement or Fixed Point Decrement based on the index version.	Daily	Geometric application for both decrement types.	5% decrement based on the Net Total Return 50-point decrement based on Gross Total Return	*ACT/365

*ACT is the number of calendar days between two calculation days.

Formula for Fixed Point Decrement Geometric Decrement Calculation

$$IV_t = (IV_{t-1} \times (U_t \div U_{t-1})) - (D \times (Act(t-1, t) \div DayCount))$$

Where:

IV_t = The value of the Fixed Point Decrement Index for calculation day t

IV_{t-1} = The value of the Fixed Point Decrement Index for day $t-1$

U_t = The value of the base Index for calculation day t

U_{t-1} = The value of the base Index for calculation day $t-1$

$Act(t-1, t)$ = Number of calendar days between calculation day $t-1$ and calculation day t

D = The Decrement value expressed in Index points

$DayCount$ = Set to 365

Formula for Fixed Percentage Decrement Geometric Decrement Calculation

$$IV_t = IV_{t-1} \times ((U_t \div U_{t-1}) - (c \times (Act(t-1, t) \div DayCount)))$$

Where:

IV_t = The value of the Fixed Percentage Decrement Index for calculation day t

IV_{t-1} = The value of the Fixed Percentage Decrement Index for day $t-1$
 U_t = The value of the base Index for calculation day t
 U_{t-1} = The value of the base Index for calculation day $t-1$
 $Act(t-1,t)$ = Number of calendar days between calculation day $t-1$ and calculation day t
 c = The Decrement value expressed in Fixed Percentage
 $DayCount$ = Set to 365

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 Indexes Methodology Committee

The Morningstar Indexes 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 Indexes Operations Committee

The Morningstar Indexes 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 U.K. and EU benchmark regulations, or 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 Indexes Oversight Committee

The Morningstar Indexes Oversight Committee is responsible for the index oversight function as per the requirements of the U.K. and European 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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