Disclosures and Definitions

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Performance Disclosure

Performance information within the Report is provided for illustrative purposes only. Past performance is not an indication or guarantee of future results.

Performance presented prior to the index inception date is back-tested performance. Back-tested performance is not actual performance but is hypothetical. The back-test calculations are based on the same methodology that was in effect when the index was officially launched. However, back-tested data reflects the application of the index methodology and selection of index constituents with the benefit of hindsight.

Morningstar, Inc.'s index group maintains the indexes and calculates the index levels and performance shown but does not manage actual assets.

Index returns do not reflect payment of any sales charges or fees an investor may pay to purchase the securities underlying the index(es) or investment funds that are intended to track the performance of the index(es). The imposition of those fees and charges would cause actual and back-tested performance of the securities/fund to be lower than the index performance shown.

Past performance – whether actual or back-tested – is no indication or guarantee of future performance.

General Definitions

Total Return- Cumulative
It is the compound return of the series. The aggregate amount that an investment has gained or lost over time, independent of the period of time involved. Cumulative returns are calculated by geometrically linking single period returns.

Total Return-Annualized
Returns for periods longer than one year are expressed as annualized returns. This is equivalent to the compound rate of return which, over a certain period of time, would produce a index's total return over that same period.

Standard Deviation
A statistical measurement of dispersion about an average, which, for an index, depicts how widely the returns varied over a certain period of time. This risk parameter is calculated using monthly returns, and investor use it to predict the range of returns for their investment strategy. All calculation are based on base currency.

Sharpe Ratio
It is calculated by using standard deviation and excess return to determine reward per unit of risk. The Sharpe ratio is calculated by dividing the index's annualized excess returns by the standard deviation of the index's annualized excess returns.

Max Draw down
The peak to trough decline during last 10 years of an investment. It is usually quoted as the percentage between the peaks to the trough and is calculated using monthly returns

MDD=(Trough Value-Peak Value)/(Peak Value)

Definitions for Equity Indexes

Price to Earnings (P/E)
An Index's price/earnings ratio can act as a gauge of the Index's investment strategy in the current market climate, and whether it has a value or growth orientation. The ratio is calculated as the weighted harmonic average of the trailing 12-month P/E ratio of the stocks in the index. Negative P/Es are not used, and any P/E greater than 60 is capped at 60 in the calculation of the average.

Price to Cash Flow (P/C)
This represents the harmonic weighted average of trailing 12-month price/cash-flow ratio of the stocks in an index. Price/cash-flow represents the amount an investor is willing to pay for a dollar generated from a company's operations.

Price to Sales (P/S)
This represents the harmonic weighted average of the trailing 12-month price/sales ratio of the stocks in an index. Price/sales represent the amount an investor is willing to pay for a dollar generated from a company's operations.

Price to Book Value (P/B)
The harmonic weighted average of the trailing 12-month price/book ratio of all the stocks in an index. The P/B ratio of a company is calculated by dividing the market price of its stock by the company's per-share book value.

Dividend Yield (%)
Dividend yield represents the weighted average of the trailing 12-month dividend yield of the stocks in the index.

Book Value Growth
An estimation of book value growth, it is based on past (1 year) performance.

Sales Growth
The sales growth rate for a stock is a measure of how the stock's sales per share (SPS) has grown over the last five year. For an index, this data point is the share-weighted collective sales growth for all stocks in the current index.

Return on Equity (ROE)
The percentage a company earns on its shareholders' equity in a given year (Year 1, 2, etc.). The calculation is net income divided by end-of-year net worth. The resulting figure is multiplied by 100. For a index, ROE represents a weighted median figure such that approximately 50% of the domestic stocks in the portfolio will have a greater ROE and roughly 50% of these domestic stocks will have a lower ROE than the weighted median.

Return on Assets (ROA)
The percentage a company earns on its assets in a given

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year (Year 1, 2, etc.). The calculation is net income divided by end-of-year total assets. The resulting figure is then multiplied by 100. For an index, ROA represents a weighted median figure such that approximately 50% of the domestic stocks in the portfolio will have a greater ROA and roughly 50% of these domestic stocks will have a lower ROA than the weighted median.

ROIC
Return on invested capital (ROIC) indicates the efficiency of a company at allocating its capital to profitable investments. For a, it represents the asset-weighted average of the underlying stock holdings. Stocks from the Financial Services and Real Estate sectors are excluded.

Definitions for Fixed Income Indexes

Coupon
For a security, it is the bond's stated rate of interest. At the index level, it is the weighted average (by full market value) of the coupon of its constituent securities.

Credit Rating
A composite rating methodology is used. For a security, the composite rating is applied as the simple average of ratings available from select major credit rating agencies. At the index level, it is the weighted average (by full market value) of the credit ratings its constituent security composite ratings.

Effective Maturity
For a security, effective maturity is typically the time remaining to the final stated maturity date. However, certain fixed income securities may reference a different date as appropriate to its asset type or security features (e.g., for callable bonds, the first call date is used). At the index level, it is the weighted average (by full market value) of the effective maturity of its constituent securities.

Modified Duration
For a security, modified duration is the measure of sensitivity of a bond's price to changes in its yield to maturity. At the index level, it is the weighted average (by full market value) of the modified duration of its constituent securities.

Effective Duration
For a security, effective duration is the sensitivity of a bond's price to changes in interest rates as given by a parallel shift in the yield curve. At the index level, it is the weighted average (by full market value) of the effective duration of its constituent securities.

Yield to Maturity
For a security, it is the rate of return paid if the security is held to its final maturity date with no consideration given for special features (e.g., calls). At the index level, it is the weighted average (by full market value) of the yield to maturity of its constituent securities.

Option Adjusted Spread
Option-adjusted spread is the number of basis points that the fair value government spot curve is shifted in order to match the present value of discounted cash flows to the bond's price.

Par Amount Outstanding (in millions)
For a security, it is the remaining face (nominal) value of the individual security (capped or uncapped). At the index level, it is the sum of the par amount of its constituent securities.

Market Value (in millions)
For a security, it is the final par value of the bond in the index multiplied by the sum of price and accrued interest divided by 100. At the index level, it is the sum of the market value of its constituent securities.

Country of Risk
Country of risk is assigned the country code from the International Organization for Standardization (ISO) to reflect the issuer's country of risk. For Sovereign debt, it is the country code of the issuing nation. For corporate debt, it is generally the headquarters location of the issuer.

Morningstar Region Breakdown
Morningstar divides countries of the world into 13 different geographic regions. These regions serve as the basis for the region breakdown portfolio calculation. The region breakdown calculation helps investors evaluate their equity exposure in various markets. It also helps investors differentiate between various global funds, which can invest across the world. Region breakdown is based on equity assets only. The 13 regions can also be folded into three super geographic regions: the Americas, Greater Europe and Greater Asia.
For more details please refer to this link- here

****Please note Morningstar region and country classification is different from Morningstar Indexes country and region classification. The data in the fact sheet is representative of Morningstar' region and country classification****

Morningstar Equity Sector Breakdown
Sectors are based on what companies actually do. That is, unlike some standard sector classification systems, sectors aren't based on expected behavior of the stocks of these companies. This is calculated for all stock portfolios based on the securities in the most recent portfolio. For domestic-stock portfolios, this statistic shows the percentage of the domestic stock assets invested in each of the 11 sector classifications.

1. Basic Materials
2. Communication Services
3. Consumer Cyclical
4. Consumer Defensive
5. Energy
6. Financial Services
7. Healthcare
8. Industrials
9. Real Estate
10. Technology
11. Utilities

For more details please refer to this link- here

Morningstar Fixed Income Sector Breakdown
For purposes of fact sheet presentation, the fixed-income securities within a portfolio are mapped into the following sectors:

1. Government
2. Government Related
3. Corporate
4. Securitized
5. Cash/ Cash Equivalents
6. Other

Morningstar Carbon Metrics
The Morningstar® Carbon Risk Score™ measures the risk that companies in an index face from the transition to a low-carbon economy. The Morningstar® Fossil Fuel Involvement™ percentage assesses the degree to which a portfolio is exposed to thermal coal extraction and power generation, oil and gas production and power generation, and oil and gas products & services.

Morningstar Economic Moat Rating
In a free-market economy, capital seeks the areas of highest return. Whenever a company develops a profitable product or service, it doesn't take long before competitive forces drive down its economic profits. Only companies with an economic moat—a structural competitive advantage that allows a firm to earn above-average returns on capital over a long period of time—are able to hold competitors at bay.
To help investors identify companies that possess a moat, Morningstar's Equity Research Analysts assign one of three Economic Moat Ratings: none, narrow, or wide. There are two major requirements for firms to earn either a narrow or wide rating: 1) The prospect of earning above-average returns on capital; and 2) Some competitive edge that prevents these returns from quickly deteriorating.