

# Construction Rules for the Morningstar® US Prime 100 Index



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## Overview

The Morningstar® US Prime 100 Index is designed to track the performance of the 100 largest companies traded on the Nasdaq exchange from the Morningstar Global All Cap Target Market Exposure Index, excluding those from the financial-services sector. The index is weighted by float-adjusted market capitalization, subject to company-level capping.

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

## Index Inception and Performance Start Date

The index inception date was Dec. 20, 2013, and the performance start date, when the first back-tested index value was calculated, is Jan. 27, 2026.

## Index Construction

## Methodology Summary

## Starting Universe

- Morningstar Global All Cap Target Market Exposure

## Eligibility

- Nasdaq Exchange Listing
- Exclude securities from financial-services sector
- Exclude REITs
- Exclude securities with less than USD 5 million three-month average monthly median dollar traded value

## Security Selection and Portfolio Construction

- The top 100 companies by total market cap are targeted for inclusion, with a one-time buffer for existing constituents.
- Float market-cap-weighted, with B-A-C company-level capping
- Annual reconstitution in December
- Ad-hoc rebalance is triggered when company-level cap is breached

Morningstar® US  
Prime 100 Index

## Starting Universe

At each reconstitution, constituents of the Morningstar® US Prime 100 Index are derived from the Morningstar Global All Cap Target Market Exposure Index. For more details on benchmark construction, refer to [the Construction Rules for Morningstar Global All Cap Target Market Exposure Indexes](#).

## Eligibility

To be eligible for index inclusion, all securities must meet the following criteria:

- Exchange filter: Securities must be listed on the Nasdaq exchange.
- Sector exclusion: Securities must not be assigned to the financial-services sector. Real estate investment trusts are also omitted.
- Liquidity: Securities must have a three-month average monthly median dollar traded value of at least USD 5 million.

## Portfolio Construction

- Securities that meet these eligibility requirements are ranked in descending order of their company total market capitalization.<sup>1</sup>
- Once ranked, companies are targeted for inclusion based on the following priority order<sup>2</sup>:
  - The top 75 ranked companies are included.

<sup>1</sup> The total market capitalization of each company is the combined market capitalization of all eligible share class after the exchange filter.

<sup>2</sup> The buffers mentioned in the portfolio construction were not applied at the Dec. 22, 2025, reconstitution to simulate an initial construction for the index.

- Current index constituents ranked within the top 100 as of the reconstitution reference date are included
- Current index constituent ranked in position 101-125 as of the reconstitution reference date and in the top 100 as of the previous reconstitution reference date are included
- If fewer than 100 companies are included after the previous steps, the remaining positions will be filled in the rank order by any companies ranked in the top 100 that are not current constituents.

All eligible share classes of the targeted companies are included.

### *Number of Stocks*

The index targets 100 companies based on a transparent ranking system subject to the application of eligibility criteria at reconstitution. However, if fewer than the targeted number of securities from the starting universe meet eligibility criteria, or if securities are added or deleted as a result of 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*

The index is weighted by float-adjusted market capitalization, subject to company-level capping. No company can have a weight greater than 15%, and the sum of those with weights greater than 4.5% cannot exceed 45% (this is referred to as B-A-C capping of 4.5-15-45). For more details, refer to the [Morningstar Indexes Calculation Methodology rulebook](#).

## 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.

A daily rebalance check is implemented to ensure company weights above 5% do not sum more than 50% and individual company weight is not more than 20%. If either of these conditions is breached, the index is adjusted to cap company weight at B-A-C capping constraints of 4.5-15-45.

Because the reconstitution of the Morningstar US Prime 100 Index is less frequent than that of the parent index, the securities excluded from the parent index at the reconstitution effective date are also deleted from the Morningstar US Prime 100 Index.

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 will be as per the float-adjusted market-capitalization-weighted indexes corporate action methodology. For more details, please refer to the [Morningstar Indexes Corporate Actions Methodology](#).

### 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](#).

## 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, 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](#).

## 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 or 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: Glossary

Terms	Description
Reconstitution	During each reconstitution, the steps mentioned in the index construction process are performed, resulting in membership reset.
Ad-hoc Rebalance	During each Ad-hoc rebalance, the weights are updated to enforce the caps.

## 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 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.

[www.indexes.morningstar.com](http://www.indexes.morningstar.com)

## Contact Us

[indexes@morningstar.com](mailto:indexes@morningstar.com)

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