

Morningstar Indexes

December 20, 2024

1 Week Reminder: Morningstar Leveraged Loan Indexes – Methodology Change for US Base Rates

As previously [announced](#), effective Friday, December 27, 2024, Morningstar Indexes will implement a new methodology for US base rates, which are used in the calculation of the Morningstar Leveraged Loan Indexes. Review the table below for details:

Impacted Indexes	Current Methodology Effective until December 26, 2024	New Methodology Effective December 27, 2024, onwards
<p>Morningstar LSTA US Leveraged Loan Index (and all related sub-indexes)</p> <p>Morningstar LSTA US Leveraged Loan 100 Index (and all related sub-indexes)</p>	<p>Each loan uses a base rate in the calculation of interest. The base rate is the average of the 1-month synthetic USD LIBOR, 3-month synthetic USD LIBOR, 1-month Term SOFR, and 3-month Term SOFR contracted rates on institutional loans according to the Markit WSO Database. The base rate is determined on the Wednesday prior to the upcoming rebalance and is applied on Friday.</p>	<p>Each loan uses a base rate in the calculation of interest. The base rate is the average of:</p> <ul style="list-style-type: none"> • 30-day rolling average of 1-month CME Term SOFR; and • 90-day rolling average of 3-month CME Term SOFR <p>The base rate is determined and applied on Friday.</p>
<p>Morningstar Global Leveraged Loan Index (and all related sub-indexes)</p>	<p>Each loan uses a base rate in the calculation of interest. The base rate for US loans is the average of the 1-month synthetic USD LIBOR, 3-month synthetic USD LIBOR, 1-month Term SOFR, and 3-month Term SOFR contracted rates on institutional loans according to the</p>	<p>Each loan uses a base rate in the calculation of interest. The base rate for US loans is the average of:</p> <ul style="list-style-type: none"> • 30-day rolling average of 1-month CME Term SOFR; and

Markit WSO Database. For European loans, it is the average of 3-month SONIA and 3-month Euribor according to public sources. The base rate is applied on Friday.

- 90-day rolling average of 3-month CME Term SOFR

For European loans, it is 3-month SONIA for GBP denominated loans and 3-month Euribor for EUR denominated loans. The base rate is determined and applied on Friday¹.

¹ For European loans, this is a correction to the rulebook and not a methodology change.

About Morningstar Indexes

Morningstar Indexes has been designing modern solutions for 20 years, but what makes us truly unique has been more than three decades in development. Our rich history began in 1984, when Morningstar was founded on a promise to empower investors with data and research that is independent and objective. Over time, our collection of data has expanded considerably—and so has its application. Today, Morningstar Indexes draws on unique IP to unlock an extensive range of emerging opportunities for investors of every kind, while providing a robust institutional beta platform for core investing.

Contact Us

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