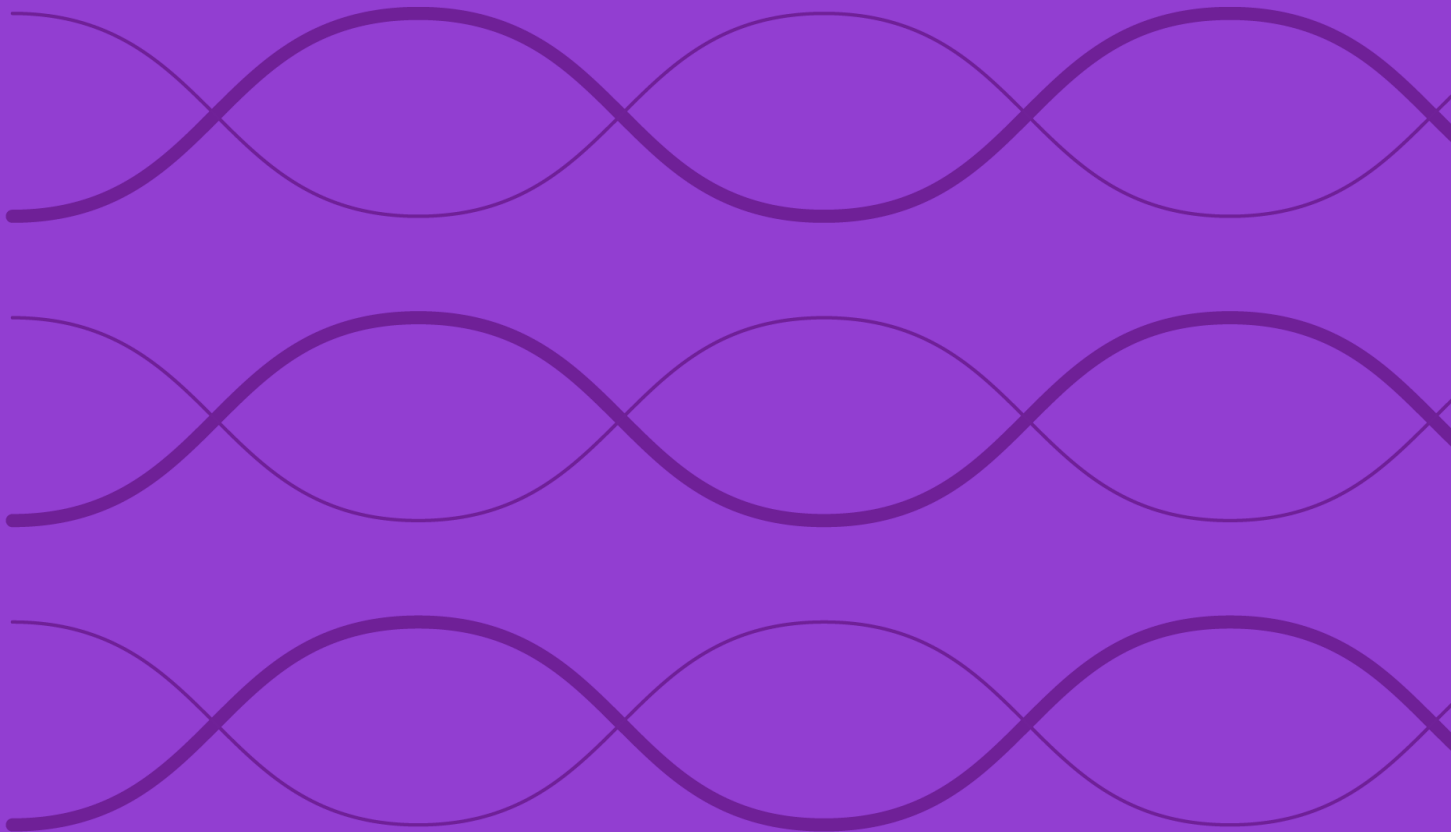


# Morningstar Leveraged Loan Indexes – Benchmark Statement

June 2025



## Contents

<b>General Information</b> .....	<b>4</b>
1.1 Date of Publication – DR 1(1)(a) .....	4
1.2 Review of benchmark statement – BMR 27(1) .....	4
1.3 Use of ISIN – DR 1(1)(b) .....	4
1.4 Contributors of input data – DR 1(1)(c) .....	4
1.5 Regulated-data benchmark disclosures – DR 1(d), DR 2 .....	4
1.6 Significant and non-significant benchmarks disclosure – DR 1(d) .....	4
<b>Content</b> .....	<b>4</b>
2.1 Market Reality – BMR 27 (1)(a) .....	4
2.2 Use of discretion – BMR 27(1)(b) .....	6
2.3 External factors – BMR 27(1)(c) .....	6
2.4 Changes to/cessation of benchmarks – BMR 27(1)(d) .....	6
2.5 Definition of key terms – BMR 27(2)(a) and DR 1(2) .....	6
2.6 Benchmark methodology, and changes to and cessation of benchmarks – BMR 27(2)(b), DR 1(5) .....	7
2.7 Input data – BMR 27(2)(c) .....	7
2.8 Controls over exercise of judgment/discretion – BMR 27(2)(d), RTS 1(4) .....	8
2.9 Determination of the benchmark in stress periods – BMR 27(2)(e) .....	8
2.10 Errors in input data – BMR 27(2)(f) .....	8
2.11 Potential limitations – BMR 27(2)(g), DR 1(3) .....	8
<b>Review and update of Benchmark Statements</b> .....	<b>8</b>
3.1 Review and update of benchmark statement – DR 6 .....	8
<b>Disclosures</b> .....	<b>9</b>
4.1 Interest rate benchmarks disclosure – DR 1(1)(d), DR 3 .....	9
4.2 Commodity benchmarks disclosure – DR 1(1)(d), DR 4 .....	9
4.3 Critical benchmarks disclosure – DR 1(1)(d), DR 5 .....	9
4.4 EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks – A19a, A19b .....	9
4.5 ESG factors disclosure – A13(1)(d), A27 (2a) .....	9
4.6 Carbon Emission Reductions – DR 1(1)(d), DR 5 .....	9
<b>About Morningstar Indexes</b> .....	<b>10</b>

This benchmark statement is provided by Morningstar Indexes GmbH as the “Administrator” of the Morningstar Leveraged Loan Indexes. It is intended to meet the requirements of Regulation EU 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (“BMR”). The benchmark statement should be read in conjunction with the Morningstar Leveraged Loan Indexes Methodology and other associated policies and methodology documents. References to “DR” in this benchmark statement refer to Commission Delegated Regulation (EU) 2018/1643 of 13 July 2018 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council regarding regulatory technical standards specifying further the contents of, and cases where updates are required to, the benchmark statement to be published by the administrator of a benchmark.

## General Information

### 1.1 Date of Publication – DR 1(1)(a)

This benchmark statement was first published in June 2025.

### 1.2 Review of benchmark statement – BMR 27(1)

This benchmark statement will be reviewed regularly (at least once every two years) or whenever there have been material changes to the information provided.

### 1.3 Use of ISIN – DR 1(1)(b)

The Administrator does not currently assign ISINs to all the indexes for which it is the administrator.

### 1.4 Contributors of input data – DR 1(1)(c)

The Morningstar Leveraged Loan Indexes do not use “contributed” input data.

### 1.5 Regulated-data benchmark disclosures – DR 1(d), DR 2

The Morningstar Leveraged Loan Indexes are not regulated-data benchmarks for the purposes of BMR.

### 1.6 Significant and non-significant benchmarks disclosure – DR 1(d)

The Morningstar Leveraged Loan Indexes are non-significant benchmarks.

## Content

### 2.1 Market Reality – BMR 27 (1)(a)

The Morningstar Leveraged Loan Indexes seek to track the performance of the global leveraged loan market. The Morningstar Leveraged Loan Indexes consist of four flagship indexes, each of which has additional sub-indexes.

- **The Morningstar LSTA US Leveraged Loan Index** is a market value weighted index designed to measure performance of the US leveraged loan market.
- **The Morningstar LSTA US Leveraged Loan 100 Index** is designed to measure the performance of the 100 largest facilities in the US leveraged loan market. Constituents are market value weighted, subject to a single loan facility weight cap of 1.90%.
- **The Morningstar European Leveraged Loan Index** is a market value weighted multi-currency index designed to measure the performance of the European leveraged loan market.
- **The Morningstar Global Leveraged Loan Index** is designed to measure the performance of the global leveraged loan market. It is a fixed-weight composite index consisting of 75% weight from the Morningstar LSTA US Leveraged Loan Index and 25% weight from the European Leveraged Loan Index.

The eligibility criteria for index constituents are set out in the *Morningstar Leveraged Loan Indexes Methodology* (the “Index Methodology”). Eligible constituents are drawn from a starting universe consisting of syndicated term leveraged loans that are held within top-tier institutional investor loan portfolios tracked by PitchBook LCD.

To be eligible for inclusion in one of the above four flagship indexes the following criteria must be met (all securities that are eligible for the Morningstar LSTA US Leveraged Loan Index and the Morningstar European Leveraged Loan Index are eligible for the composite Morningstar Global Leveraged Loan Index):

- **Seniority:** senior secured
- **Currency:**
  - o USD denominated for the Morningstar LSTA US Leveraged Loan Index and the Morningstar LSTA US Leveraged Loan 100 Index
  - o EUR, GBP or USD denominated for the Morningstar European Leveraged Loan Index.
- **Minimum initial term:** 1 year
- **Minimum initial spread:**
  - o Base rate + 125 bps for the Morningstar LSTA US Leveraged Loan Index and the Morningstar LSTA US Leveraged Loan 100 Index
  - o Base rate + 125 bps for the Morningstar European Leveraged Loan Index.
- **Minimum initial issue size:**
  - o \$50 million for the Morningstar LSTA US Leveraged Loan Index and the Morningstar LSTA US Leveraged Loan 100 Index
  - o No minimum size for the Morningstar European Leveraged Loan Index.
- **Domicile:**
  - o For the Morningstar LSTA US Leveraged Loan Index and the Morningstar LSTA US Leveraged Loan 100 Index all loans must be syndicated in the US, but issuers may be of any origin
  - o For the Morningstar European Leveraged Loan Index, all loans must be syndicated in Europe, but issuers may be of any origin.
- **CUSIP:** to be eligible for inclusion in the Morningstar LSTA US Leverage Loan 100 Index all loans must have a publicly issued CUSIP.

A loan which is in default will remain in the headline indexes but does not accrue interest and is excluded from yield calculations unless it fails to meet the stated eligibility criteria, or has been repaid or restructured. Payment-in-kind loans are not eligible for inclusion. Certain sub-indexes may exclude defaulted loans, according to the rules of the sub-index.

The Morningstar Leveraged Loan Indexes are rebalanced on a weekly basis, every Friday after market close, and new membership is effective at market open on Saturday. Rebalancing is based on information available up to and including each Friday morning. Par amounts of index loans are adjusted on the weekly rebalancing date due to partial pre-payments, pay-downs, and other activities impacting par amount for each facility. Loans which meet the relevant eligibility criteria are added, and loans are removed when they are repaid, no longer priced, or no longer meet the relevant eligibility criteria.

A number of sub-indexes are derived from the four flagship indexes, and broadly follow the same rules as the relevant parent index. Further details can be found in the Index Rulebook, but sub-indexes include those based on:

- Performing status
- Credit quality
- Initial issue amount
- Seniority
- Private equity relationship
- Alternative weighting
- Sector

## **2.2 Use of discretion – BMR 27(1)(b)**

The Index Methodology, including all documents incorporated therein, are written with the intent of removing, in so far as is feasible, the need for judgment or discretion to be exercised. While the Administrator will seek to apply the Index Methodology, market conditions, 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.

## **2.3 External factors – BMR 27(1)(c)**

The Administrator hereby notifies all subscribers and stakeholders of the Morningstar Leveraged Loan Indexes that circumstances might arise that require a material change to, or a possible cessation of, an 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.

Subscribers to an index will be notified before any methodology changes are made and will be consulted on material changes. For more details, refer to the [Morningstar Index Methodology Change Policy](#).

Because the cessation of an index could disrupt subscriber products that reference the index in question, all subscribers are encouraged to have robust fallback procedures in the event an index is terminated. For more details, refer to the [Morningstar Index Decommissioning Policy](#).

## **2.4 Changes to/cessation of benchmarks – BMR 27(1)(d)**

Subscribers to an index will be notified before any methodology changes are made to that index. For more details, refer to the [Morningstar Index Methodology Change Policy](#).

Because the cessation of an index could disrupt subscriber products that reference the index in question, all subscribers are encouraged to have robust fallback procedures in the event an index is terminated. For more details, refer to the [Morningstar Index Decommissioning Policy](#).

## **2.5 Definition of key terms – BMR 27(2)(a) and DR 1(2)**

The definitions of keys relating to the Morningstar Leveraged Loan Indexes can be found in the Index Methodology.

- *Description of the market/economic reality*  
Please refer to section 2.1 above.
- *Geographical boundaries*  
The geographical boundaries of the markets measured by the Morningstar Leveraged Loan Indexes are determined by the eligibility criteria set out in the Index Methodology.
- *Any other relevant information*  
The Morningstar Leveraged Loan Indexes may be used for a variety of purposes, including benchmarking performance or use as the basis for index-linked investment products. The Morningstar Leveraged Loan Indexes may be used by a variety of market participants including but not limited to asset owners, portfolio managers, product issuers, broker-dealers and researchers. Not all uses are appropriate for all users. Market participants should use their judgment when selecting any index for a particular purpose.

## **2.6 Benchmark methodology, and changes to and cessation of benchmarks – BMR 27(2)(b), DR 1(5)**

The Index Methodology reflects the economic reality that the Morningstar Leveraged Loan Indexes intend to measure, as set out in section 2.1 above. The approval of new indexes follows a governance process. The Index Methodology is subject to review at least annually.

Proposals for material amendments to the Index Methodology will be subject to consultation, as set out in the [Morningstar Index Methodology Change Policy](#). Subscribers to an impacted index will be notified before any methodology changes are made.

Because the cessation of an index could disrupt subscriber products that reference the index in question, all subscribers are encouraged to have robust fallback procedures in the event an index is terminated. For more details, refer to the [Morningstar Index Decommissioning Policy](#).

## **2.7 Input data – BMR 27(2)(c)**

For the Morningstar LSTA US Leveraged Loan Index and the Morningstar LSTA US Leveraged Loan 100 Index, average bid prices from LSTA/LSEG Mark-to-Market Pricing (formerly known as LSTA/Refinitiv Mark-to-Market Pricing) are used to determine the market value of each loan. The index is priced daily using 3:00 PM Eastern Time (New York) prices.

For the Morningstar European Leveraged Loan Index, end of day average bid prices from IHS Markit (LoanX) are used to determine market value of each loan. The index is priced daily.

The Administrator considers these sources to be readily available data. The criteria, and processes and procedures, for calculating, determining and reconstituting the index can be found in the Index Methodology, and the documents incorporated therein.

In addition, the Morningstar Leveraged Loan Indexes use public facility level ratings from S&P Global Ratings, however a facility rating is not required to be eligible for including in any Morningstar Leveraged Loan Index.

## **2.8 Controls over exercise of judgment/discretion – BMR 27(2)(d), RTS 1(4)**

As described in response 2.2 above, the Index Methodology, including all documents incorporated therein, are written with the intent of removing, in so far as is feasible, the need for judgment or discretion to be exercised. While the Administrator will seek to apply the Index Methodology, market conditions, 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. Records of those Committees are kept and, consequently, records of use of judgment/discretion are kept.

## **2.9 Determination of the benchmark in stress periods – BMR 27(2)(e)**

External events may impact one or both sources of pricing data. While the Administrator will seek to apply the method described in the Index Methodology, 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.

## **2.10 Errors in input data – BMR 27(2)(f)**

In general, index calculation data input defects—such as price, dividends, or foreign exchange rates, that do not affect the index weighting factor – if discovered within two trading days, are corrected, and the index is recalculated regardless of the performance impact. Such errors discovered after two trading days typically only result in an index restatement if the impact on performance is material; otherwise, they are corrected prospectively. Errors involving mandatory corporation actions will generally be corrected with a restatement, regardless of the performance impact. For information on the recalculation policy please refer to the [Recalculation Guidelines](#).

## **2.11 Potential limitations – BMR 27(2)(g), DR 1(3)**

In respect of sector specific indexes, market circumstances may impact loan issuance, and the number of issuers or facilities in a given sector may fluctuate. Therefore, certain sub-indexes based on sector classification may become dormant during periods where there are no issuances associated with an issuer from a given sector. In such cases, index levels will be rolled until such time that a constituent qualifies for a given sector index and returns will begin calculating again.

External events may impact one or both sources of pricing data. While the Administrator will seek to apply the method described in the Index Methodology, 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.

## **Review and update of Benchmark Statements**

### **3.1 Review and update of benchmark statement – DR 6**

This benchmark statement will be reviewed regularly (at least once every two years) or whenever there are material changes to the information provided.

## Disclosures

### 4.1 Interest rate benchmarks disclosure – DR 1(1)(d), DR 3

Not applicable to this index.

### 4.2 Commodity benchmarks disclosure – DR 1(1)(d), DR 4

Not applicable to this index.

### 4.3 Critical benchmarks disclosure – DR 1(1)(d), DR 5

Not applicable to this index.

### 4.4 EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks – A19a, A19b

Not applicable to this index.

### 4.5 ESG factors disclosure – A13(1)(d), A27 (2a)

This index does not take account of ESG factors in the index design and does not pursue any ESG objectives.

### 4.6 Carbon Emission Reductions – DR 1(1)(d), DR 5

This index does not use any temperature scenario, does not align with the target of carbon emission reductions and does not attain the objectives of the Paris Agreement.

## 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 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 BMR, providing independent oversight of all aspects of the governance of benchmark administration as required by 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)

The information in this document is the property of Morningstar, Inc. Reproduction or transcription by any means, in whole or part, without the prior written consent of Morningstar, Inc., is prohibited. While data contained in this report are gathered from reliable sources, accuracy and completeness cannot be guaranteed. All data, information, and opinions are subject to change without notice. This document may contain back-tested or simulated performances, and the subsequent results achieved by the investment strategy may be materially different.