



Morningstar LSTA US Term Loan Index

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The heightened popularity of leveraged loans, also known as bank loans or senior secured loans, comes as no surprise in the new post-pandemic macroeconomic era where inflation is at record levels and interest rates have risen around the globe. Amid such market volatility, leveraged loans offer diversification and a bright spot for credit investors, as the floating rate nature of these assets adjusts according to market interest rate changes, offering protection from inflation and an attractive source of income.

The Morningstar LSTA US Term Loan Index is designed to deliver comprehensive, precise coverage of the US leveraged loan market for institutional term loans. Underpinned by PitchBook LCD data, the index brings transparency to the performance, activity, and key characteristics of the market.

The index serves as the market standard for the US leveraged loan market for term loans and tracks the performance of approximately 1,200 USD denominated loans. In the addition, key features of the indexes include:

- **Underpinned by PitchBook LCD data:** Data sourced from both public and proprietary sources brings transparency to private market loan transactions, including issuance, repayment, and restructuring activity throughout the lifecycle of each loan in the index.
- **Comprehensive and precise coverage:** 10+ years of live index history provides insights into trends and lifecycles of individual loans from the term loan segment of the leveraged loan market.
- **Supports a range of workflows:** The index is rebalanced weekly to reflect current loan market activity and enhance strategic asset allocation decisions for a wide array of investor types.

PitchBook LCD

LCD is the industry standard for leveraged loan data, news, and analysis, providing coverage across the full lifecycle of loans. The leveraged loan market data provider has been acquired by PitchBook, which delivers data, research and insights covering the private and public capital markets.

This unique combination provides investors with unmatched transparency into every aspect of the leveraged finance market.

Starting universe

The Morningstar LSTA US Term Loan Index derives its constituents from syndicated term leveraged loans that are held within top-tier institutional investor loan portfolios tracked by PitchBook LCD.

Index eligibility

Loans from within the PitchBook LCD database must meet the following criteria to be included in the index:

- Facility type: term loans
- Seniority: senior secured
- Minimum initial term: 1 year
- Currency: USD denominated
- Minimum initial spread: Base rate + 125 bps
- Minimum amount outstanding: \$300 million

Although all loans must be USD denominated, issuers may be of any origin.

The following loans are excluded from the index:

- 2nd lien loans
- Loans in default

Index weighting and pricing

The index is market value weighted with bid prices from LSTA/Refinitiv Mark-to-Market Pricing Services. The index is priced daily.

Rebalancing

The index is rebalanced weekly (every Friday). Loans are removed from the index when they are repaid, are no longer priced, or no longer meet the stated index eligibility criteria. Loans with less than \$100 million in amount outstanding are removed from the index.

Construction process**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. Please visit indexes.morningstar.com for more information.

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