

Morningstar LSTA US Leveraged Loan 100 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 Leveraged Loan 100 Index is designed to measure the performance of the 100 largest facilities in the US leveraged loan market. Underpinned by PitchBook LCD data, the index brings transparency to the performance, activity, and key characteristics of the most tradeable loans in the market.

The index serves as the market standard for the most highly liquid and tradeable segment of the US leveraged loan market. In addition, key features of the index 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:** 15+ years of live index history provides insights into trends and lifecycles of individual loans and the tradeable segment of the loan market along with a wide array of sub-indexes to help investors understand the performance and behaviors of precise tradeable sub-segments within the leveraged loan market.
- **Supports a range of workflows:** The index serves as a benchmark for both active and passive strategies and is rebalanced weekly to reflect current loan market activity.

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.

LSTA

Since 1995, the Loan Syndications and Trading Association (LSTA) has been the industry's premier platform for all participants in the rapidly evolving syndicated lending market. The LSTA's mission is to promote a fair, orderly, efficient, and growing corporate loan market.

Starting universe

The Morningstar LSTA US Leveraged Loan 100 Index is comprised of securities from its parent index, the Morningstar LSTA US Leveraged Loan Index, which 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 parent index must meet the following criteria to be included in the index:

- CUSIP: must have a publicly assigned CUSIP
- Seniority: senior secured
- Minimum initial term: 1 year
- Currency: USD denominated
- Minimum initial spread: Base rate + 125 bps
- Minimum initial issue size: \$50 million

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

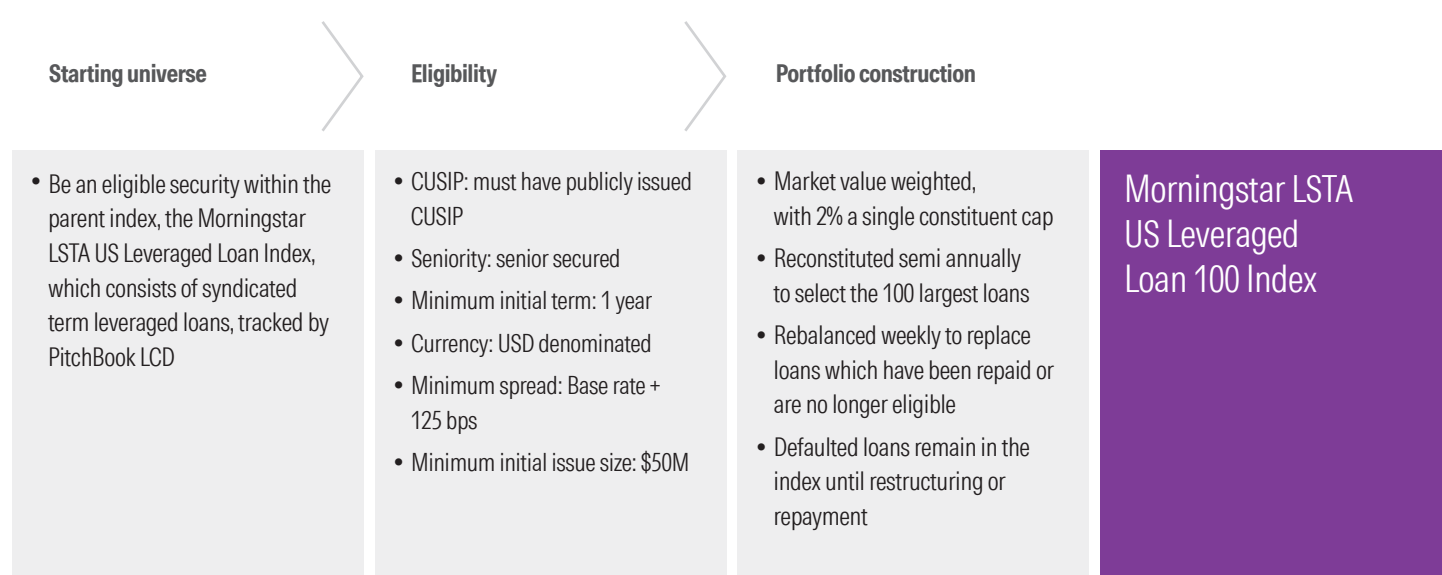
Index weighting and pricing

The index is market value weighted with bid prices from LSTA/Refinitiv Mark-to-Market Pricing Services, subject to a single constituent weight cap of 2% of the total index weight. Excess weight is distributed pro-rata to uncapped constituents. The index is priced daily.

Reconstitution and rebalancing

The index is reconstituted semi-annually after the close of the second Friday in June and December to capture the 100 largest loan facilities. In between reconstitutions, 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 in default remain in the index unless they fail to meet the stated index eligibility criteria.

Construction process



Sub-indexes

Nearly 100 tradeable sub-indexes across a wide array of credit quality segments, sectors, and seniority are available to help investors understand the performance and behaviors of precise tradeable sub-segments within the US leveraged loan market.

Morningstar LSTA US Leveraged Loan 100 B/BB Ratings Index

Morningstar LSTA US Leveraged Loan 100 Energy Index

Morningstar LSTA US Leveraged Loan 100 Banks Index

Morningstar LSTA US Leveraged Loan 100 Telecommunications Index

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.

About PitchBook

PitchBook is a research firm and financial data provider that empowers global capital market professionals to win what's next. We collect and analyze information on the entire investment and business lifecycle. Our data, research and insights are available through our in-depth reports, industry news, and robust platform. To learn more about PitchBook, visit pitchbook.com or contact info@pitchbook.com.

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