Morningstar Global Leveraged Loan 500M+ ex-GBP Index Methodology

April 2026

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Introduction

Index objective and highlights

The Morningstar Global Leveraged Loan 500M+ ex-GBP Index is a multi-currency index designed to measure the performance of the global leveraged loan market for loans with initial issue amounts of 500M or greater in local currency at the time of entry to the index or par amounts outstanding above 500M in local currency after initial issuance. It is a fixed-weight composite index consisting of 75% weight from the Morningstar LSTA US Leveraged Loan $500M+ Expanded Index and 25% weight from the Morningstar European Leveraged Loan 500M+ ex-GBP Index. The index excludes GBP-denominated issuers. The index does not incorporate environmental, social, or governance criteria.

This methodology document sets out the rules by which the Morningstar Global Leveraged Loan 500M+ ex-GBP Index and the two parent indexes, the Morningstar LSTA US Leveraged Loan $500M+ Expanded Index and the Morningstar European Leveraged Loan 500M+ ex-GBP Index, are governed. This includes index calculation and management procedures, and the various formulas used to calculate index returns and other statistics.

Supporting documents

This methodology is meant to be read in conjunction with supporting documents providing greater detail with respect to the policies, procedures, and calculations described herein. References throughout the methodology direct the reader to the relevant supporting document for further information on a specific topic. The list of the main supplemental documents for this methodology and the hyperlinks to those documents is as follows:

Supporting Document	URL
Morningstar Leveraged Loan Indexes Methodology	Morningstar Leveraged Loan Index Series Rulebook | Morningstar Indexes

Morningstar Global Leveraged Loan 500M+ ex-GBP Index

Technical description

The Morningstar Global Leveraged Loan 500M+ ex-GBP Index is a multi-currency index designed to measure the performance of the global leveraged loan market for loans with initial issue amounts of 500M or greater in local currency at the time of entry to the index or par amounts outstanding above 500M in local currency after initial issuance. It is a fixed-weight composite index consisting of 75% weight from the Morningstar LSTA US Leveraged Loan $500M+ Expanded Index and 25% weight from the Morningstar European Leveraged Loan 500M+ ex-GBP Index. The index excludes GBP-denominated issuers.

Index inception and performance start date

Index	Inception Date	Performance Start Date
Morningstar Global Leveraged Loan 500M+ ex-GBP Index	April 23, 2026	January 3, 2014
Morningstar LSTA US Leveraged Loan $500M+ Expanded Index	April 23, 2026	January 3, 2014
Morningstar European Leveraged Loan 500M+ ex-GBP Index	April 23, 2026	January 3, 2014

Index construction

Starting Universe	Eligibility	Portfolio Construction	
• Eligible parent indexes: ○ Morningstar LSTA US Leveraged Loan $500M+ Expanded Index ○ Morningstar European Leveraged Loan 500M+ ex-GBP Index	• All loans which meet the eligibility criteria of the relevant parent index are eligible	• Fixed weight at ○ 75% Morningstar LSTA US Leveraged Loan $500M+ Expanded Index ○ 25% Morningstar European Leveraged Loan 500M+ ex-GBP Index • Rebalanced weekly to replace loans which have been repaid, are no longer priced or are no longer eligible	Morningstar Global Leveraged Loan 500M+ ex-GBP Index

Starting universe

The Morningstar Global Leveraged Loan 500M+ ex-GBP Index derives constituents from its parent indexes, the Morningstar LSTA US Leveraged Loan $500M+ Expanded Index and Morningstar European Leveraged Loan 500M+ ex-GBP Index.

Index eligibility

All loans that are included in the two parent indexes of the starting universe are eligible for inclusion in the Morningstar Global Leveraged Loan 500M+ ex-GBP Index.

- **Morningstar LSTA US Leveraged Loan $500M+ Expanded Index:** The Morningstar LSTA US Leveraged Loan $500M+ Expanded Index is a market value weighted index designed to measure the performance of the US leveraged loan market for loans with initial issue amounts of $500M or greater at the time of entry to the index or par amounts outstanding above $500M after initial issuance.
    - The Morningstar LSTA US Leveraged Loan $500M+ Expanded Index derives constituents from its parent index, the Morningstar LSTA US Leveraged Loan Index.
- **Morningstar European Leveraged Loan 500M+ ex-GBP Index:** The Morningstar European Leveraged Loan 500M+ ex-GBP Index is a market value weighted index designed to measure the performance of the European leveraged loan market for loans with initial issue amounts of 500M or greater in local currency at the time of entry to the index or par amounts outstanding above 500M in local currency after initial issuance. The index excludes GBP-denominated issuers.
    - The Morningstar European Leveraged Loan 500M+ ex-GBP Index derives constituents from its parent index, the Morningstar European Leveraged Loan Index.
- Refer to the Morningstar Global Leveraged Loan Index Series Rulebook for the methodology and eligibility requirements of the Morningstar LSTA US Leveraged Loan Index and Morningstar European Leveraged Loan Index.

Minimum maturity	12 months to final maturity
Seniority	Senior secured
Currency	USD or EUR denominated
Size	USD issues: initial issue amount of 500M USD or greater at the time of entry to the index or a par amount outstanding above 500M USD after initial issuance EUR issues: initial issue amount of 500M in local currency or greater at the time of entry to the index or a par amount outstanding above 500M in local currency after initial issuance
Minimum initial spread	Base rate + 125 bps
Exclusions	term loan As, GBP-denominated loans

Base currency

The base currency of calculation for the index and parent indexes is as follows:

- Morningstar Global Leveraged Loan 500M+ ex-GBP Index: US dollars
- Morningstar LSTA US Leveraged Loan $500M+ Expanded Index: US dollars
- Morningstar European Leveraged Loan 500M+ ex-GBP Index: Euros

Base rate

Each loan uses a base rate in the calculation of interest. The base rate for US loans is the average of the:

- 30-day rolling average of 1-month CME Term SOFR; and
- 90-day rolling average of 3-month CME Term SOFR

For European loans, it is 3-month Euribor for EUR denominated loans.

The base rate is determined and applied on Friday[1].

Loan interest rate

For each loan in the index, the loan interest rate is the base rate plus the spread for each loan. Loan spreads are updated weekly at the rebalancing date. At the index level, it is the par amount outstanding weighted average of all loan interest rates in the index.

Ratings

The index uses ratings from S&P Global Ratings, however, a facility rating is not required for eligibility in the index. Loans in default are eligible for inclusion.

[3] Prior to December 27, 2024, the base rate for US loans was calculated as 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. See Appendix II of the Morningstar Leveraged Loan Indexes Methodology for additional details on the base rate methodology change.

Index weighting

The index is fixed-weighted at 75% weight from the Morningstar LSTA US Leveraged Loan $500M+ Expanded Index and 25% weight from the Morningstar European Leveraged Loan 500M+ ex-GBP Index.

The parent indexes, Morningstar LSTA US Leveraged Loan $500M+ Expanded Index and Morningstar European Leveraged Loan 500M+ ex-GBP Index are market value weighted.

Index pricing

3:00 PM Eastern Time US (New York) average bid price from LSTA/LSEG Mark-to-Market Pricing[2] is used to determine the market value of each loan in the Morningstar LSTA US Leveraged Loan $500M+ Expanded Index. End of day average bid price from IHS Markit (LoanX) is used to determine the market value of each loan in the Morningstar European Leveraged Loan 500M+ ex-GBP Index.

The indexes are priced daily.

Rebalancing

The Morningstar Global Leveraged Loan 500M+ ex-GBP Index is rebalanced on a weekly basis every Friday after the close and new membership is effective at the open on Saturday to ensure the index maintains the target 75% / 25% weights from the Morningstar LSTA US Leveraged Loan $500M+ Expanded Index and the Morningstar European Leveraged Loan 500M+ ex-GBP Index, respectively. 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.

- Additions: Loans which meet the eligibility criteria will be added.
- Deletions: Loans are removed from the index when they are repaid, are no longer priced, or no longer meet the stated index eligibility criteria.
- Weekly index rebalancing maintenance is based on information available up to and including each Friday morning.

Index Polices

Announcements

Announcements of any relevant information pertaining to the indexes are made after market close or as determined by Morningstar.

Base rate floor

For US loans with a LIBOR or SOFR floor or European loans with a Euribor floor as part of the loan's terms and conditions, the spread for the loan will be increased by the difference between the floor and the base rate in the event that the index base rate falls below the loan's stated base rate floor.

Defaults

Defaulted loans remain in the index unless they no longer meet any of the other criteria for inclusion. A defaulted loan will not accrue interest and is not included in the aggregation of index characteristics, such as yield, during the default period. A default may occur when:

[2] Formerly known as LSTA/Refinitiv Mark-to-Market Pricing.

1) A borrower has missed a principal or interest payment and is not in a forbearance period
2) A borrower files for bankruptcy under Chapter 11 or Chapter 7
3) A borrower has hired a restructuring advisor or has entered the restructuring process (applies only to European syndicated loans)
4) A loan has been downgraded to D by S&P Global Ratings (does not apply in cases of distressed exchanges)

There may be a lag between the time that default activities occur and S&P Global Ratings downgrades a loan to D. During this period the loans will not accrue interest and will not be included in the aggregation of index characteristics. For indexes which use credit quality as a constraint, defaulted loans will only be removed from the index once the loan has been downgraded to D by S&P Global ratings and the removal will take place at the next scheduled rebalance.

Currency of calculation and additional index return series

WM/Refinitiv foreign exchange rates are taken daily at 4:00 PM London time and used in the calculation of the indexes and to convert index or constituent values to the stated currency, where applicable.

Cash flows

WM/Interest payments are considered paid on a rolling 90-day basis from the date each loan enters the index and are reinvested in the index, on a relative weight basis, after 90 days. Pre-payments, pay-downs, and most other forms of cash flow (other than scheduled interest payments) are reconciled at each rebalance.

Rebalancing

The Morningstar Index Operations Committee may change the date of a given rebalancing for reasons including market holidays occurring on or around the scheduled rebalancing date. Any such change will be announced with proper advance notice where possible.

Ratings changes

Ratings changes on a loan in between rebalancing may carry for up to a week until the next rebalancing. Defaults are reflected same day.

End-of-day calculation

Index levels are calculated at the end of day Monday - Friday unless specified by Morningstar. Saturday and Sunday levels are distributed at end of day on Friday.

Holiday schedule

Price return is calculated on all business days of the year following the Securities Industry and Financial Markets Association (SIFMA®) holiday schedule for US and UK market schedules for the US and European loan indexes, respectively. On holidays, prices are rolled from the prior business day. Interest return and total return is calculated daily, regardless of holidays. In the event Friday is a holiday, rebalance information is still processed and distributed on Friday and effective at the open on Saturday.

Index-Related Data and Divisor Corrections

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.

Sanctions

Morningstar Indexes reviews and addresses treatment of debt securities from issuers that have been sanctioned or put on a trading prohibition list by US, European Union, or other regulatory authorities on a case-by-case basis.

New debt issuances from sanctioned entities are not eligible for the Morningstar Indexes. Clients will be notified of identified issuers that require blockage of new issuances from entering the Morningstar Fixed Income Indexes and effective implementation date of the block. Existing debt issuances may remain in the Indexes unless sanctions require divestiture, or liquidity and investibility does not meet a sufficient level, as determined by Morningstar Indexes.

The removal of securities from sanctioned entities in between or at upcoming rebalance periods may be required to ensure the ongoing investibility of the indexes. Morningstar Indexes may consult clients on any such removals deemed necessary. Removal decisions will be reviewed and approved by the Morningstar Indexes Methodology Committee and will be communicated to clients via notifications and proforma files where available.

In the event that sanctions are removed, the Morningstar Index Methodology Committee will review securities from the previously restricted entities to determine whether such securities meet all index eligibility criteria. If approved to enter or re-enter the Morningstar Indexes, clients will receive notifications and the addition will be reflected in proforma files where available.

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, geo-political events, and regulatory changes. In addition, factors such as low usage or methodology convergence may result in the cessation of an index.

Because the cessation of the index or benchmark index could disrupt subscriber products that reference this index, all subscribers are encouraged to have robust fallback procedures if an index is terminated. For more details, refer to the Morningstar Index Decommissioning Policy.

Data Correction and Precision

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

Incorrect pricing and corporate action data for individual issues in the database will be corrected upon detection. In addition, an incorrect divisor of an index, if discovered within two days of its occurrence will be fixed retroactively on the day it is discovered to prevent an error from being carried forward. Commercially reasonable efforts are made to correct an older error subject to its significance and feasibility.

For more details, refer to the Recalculation Guidelines.

Exceptions

While Morningstar will seek to apply the methodology as described within this document, 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 Morningstar Index Methodology Committee, and in all instances, the exception will be reported to the Morningstar Index Oversight Committee.

Contact information

For questions regarding an index, please contact: indexes@morningstar.com.

Appendix I

Defined Terms

Announcement Date

The date on which changes to the index are published, as further described in the section on index maintenance.

Repricing
Change in spread via an amendment.

Close
The end of a calendar or business day for the purpose of calculating index values and other statistics.

Facility
A syndicated loan (or credit) is comprised of facilities (or tranches). Each facility can have different maturities, sizes, spreads, and terms to fulfil a variety of borrowing needs.

First lien
A loan where the holder has first claim on collateral.

Index loan
A facility that is included in the index.
Investable weight factor (IWF)
The adjustment factor used to reduce the weight of a particular security in the index if it exceeds the designated percentage cap. Unstated, an IWF's default is 1.0.

PE-sponsored
An issuer that is majority owned by a private equity firm. In the case of the European index, this is referred to as an LBO Loan.

Par amount
The total par or "face value" amount outstanding of an index loan or an eligible loan, net of partial calls and tenders.

Rebalancing date
Every Friday (or the last trading day of the week in the case of a holiday) when the changes to the index become effective.

Second lien
A loan where the holder has a second priority claim on collateral.

Term A loan
Amortizing term loan. These tranches generally have a gradual amortization until maturity.

Term B loan
Institutional term loan. These tranches traditionally have a bullet repayment with little (1% per annum) or no amortization.

Term C loan
Institutional term loan. These tranches traditionally have a bullet repayment with little (1% per annum) or no amortization.

Appendix II

Methodology changes

Change	Effective Date	Previous Methodology	Updated Methodology
US base rate methodology	December 27, 2024	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.	Each loan uses a base rate in the calculation of interest. The base rate is the average of: • 30-day rolling average of 1-month CME Term SOFR; and • 90-day rolling average of 3-month CME Term SOFR The base rate is determined and applied on Friday.

Appendix III

Index calculations

Please refer to the Morningstar Leveraged Loan Indexes Methodology for information on standard calculations.

Calculation of index par and market values

The par and market values for each index loan are calculated as of the close on each calendar day using the same approach as in the underlying index.

The market value of an index loan on day t is calculated as follows:

$$MV_t = PAR_t * \frac{(P_t + AI_t)}{100}$$

where:

MV_t	=	The market value of Index Loan on day *t*
PAR_t	=	The par amount of Index Loan as of the last weekly rebalancing, adjusted for principal pre-payments, etc., up to and including day *t*
P_t	=	The price of Index Loan on day *t*
AI_t	=	The accrued interest[3] on Index Loan up to and including day *t*

If the valuation date is not a business day, the market values are based on the price as of the immediate prior business day, plus interest accrued to the valuation date.

The relative weight of an Index Loan is defined as the market value of that loan expressed as a percentage of the aggregate market value of all Index Loans in the Index portfolio, as follows:

$$weight_k = \frac{MV_k}{\sum_k MV_k}$$

About Morningstar Indexes

Morningstar Indexes were 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 indexes 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 is comprised of 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

[3] AI_t is calculated on a 360-day basis. Accrued interest is reduce to zero every 90 days after loan enters the index.

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.

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Contact Us

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