

**S&P/LSTA U.S. Leveraged
Loan 100 Index**
Methodology

February 2018

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Introduction

Index Objective and Highlights

The S&P/LSTA (Loan Syndications and Trading Association) U.S. Leveraged Loan 100 Index measures the performance of 100 large loan facilities meeting specific inclusion criteria. The index is modified market value-weighted and is fully rebalanced semi-annually. In addition, the index is reviewed weekly to reflect pay-downs and ensure that it continually maintains 100 loan facilities. Index returns and other statistics are calculated daily as described in *S&P Dow Jones Indices' Fixed Income Mathematics Methodology*.

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
S&P Dow Jones Indices' Fixed Income Policies & Practices Methodology	Fixed Income Policies & Practices
S&P Dow Jones Indices' Fixed Income Index Mathematics Methodology	Index Mathematics Methodology

This methodology was created by S&P Dow Jones Indices to achieve the aforementioned objective of measuring the underlying interest of each index governed by this methodology document. Any changes to or deviations from this methodology are made in the sole judgment and discretion of S&P Dow Jones Indices so that the index continues to achieve its objective.

Eligibility Criteria

Index Eligibility

All syndicated leveraged loans covered by the S&P/LSTA Leveraged Loan Index universe are eligible for inclusion in the index. Term loans from syndicated credits must meet the following criteria at issuance in order to be eligible for inclusion in the LLI:

- Senior secured
- U.S. dollar denominated
- Minimum initial term of one year
- Minimum initial spread of *LIBOR** + 125 basis points
- US\$ 50 million initially funded loans
- The loan must have been bought by an institutional investor, and must currently be in their portfolio.

**LIBOR is calculated as the average rate for US Loans in Markit's WSO Database.*

CUSIPs. All constituents of the index (the index loans) must have a publicly assigned CUSIP.

Minimum Par Amount. There is no minimum size requirement on individual facilities in the index, but the LLI universe minimum is US\$ 50 million. Only the 100 largest facilities from the LLI that meet all eligibility requirements are considered for inclusion.

Domicile. The index covers all issuers regardless of origin, however all facilities must be denominated in U.S. dollars.

Sub-Index Rules

S&P/LSTA U.S. Leveraged Loan 100 B/BB Rating Index

The S&P/LSTA U.S. Leveraged Loan 100 B/BB Rating Index is comprised of loans in the S&P/LSTA U.S. Leveraged Loan 100 with ratings between BB+ and B-. Standard & Poor's Rating Services is used to determine membership within this sub-index. At each weekly review, which typically occurs on Friday, facilities in this sub-index that exceed 2% of the market value weight of the index are reduced to 1.90%. In the unlikely scenario where the number of loan facilities in the index drops to 50 or less, the 2% capping rule on index constituents is voided, and the constituents are weighted equally as $1/N$, with N being the number of constituents in the index.

Index Construction

Constituent Weighting

Constituent facilities are capped at 2% of the index at the weekly rebalancing. When a loan facility exceeds the 2% cap, the weight is reduced to 1.90% and the proceeds are invested in the other index components on a relative-weight basis.

Index Calculation

The index is a modified market value-weighted index. LSTA/Thomson Reuters Mark-to-Market Pricing is used to price each loan in the index. LSTA/Thomson Reuters Mark-to-Market Pricing is based on bid/ask quotes gathered from dealers and is not based upon derived pricing models. The index uses the average bid for its market value calculation.

Each loan uses a base rate in the calculation of interest. This base rate represents the average contracted LIBOR rate set on institutional loans posted by the Markit WSOData loan database. The base rate, for index calculation purposes, is updated each Monday.

Each loan facility's total return is calculated by aggregating the interest return, reflecting the return due to interest paid and accrued interest, and price return, reflecting the gains or losses due to changes in end-of-day prices and principal prepayments.

The return of each loan facility is weighted in the index based upon its market value outstanding, which reflects both the prior period's price as well as accrued interest. The overall index return is the composite of each component loan facility's return multiplied by the market value outstanding from the prior time period.

For further details regarding index calculations, please refer to S&P Dow Jones Indices' Fixed Income Mathematics Methodology.

Index Maintenance

Rebalancing

A complete review and rebalancing of all index constituents is completed on a semi-annual basis effective after the close of the last business day in June and December. The index is reviewed and rebalanced on a weekly basis. Eligible loan facilities are added to the index at the weekly review only if other facilities are repaid or otherwise drop out of the index, in order to maintain 100 index constituents. Par amounts of index loans are adjusted on the weekly rebalancing date to reflect any changes that have occurred since the previous rebalancing date, due to partial pre-payments, pay-downs, etc. In the case of a cashless roll, the facility remains in the index with a new CUSIP.

Weekly index rebalancing maintenance is based on information available up to and including each Wednesday close. The Index Committee, nevertheless, reserves the right to make adjustments to the index at any time that it believes appropriate.

Additions. An index addition is generally made only if a vacancy is created by an index deletion. Index additions are reviewed on a weekly basis and are made according to par outstanding and overall liquidity. Liquidity is determined by the par outstanding and number of market bids available.

Deletions. Facilities are retired when they are no longer priced by LSTA/Thomson Reuters Mark-to-Market Pricing or when the facility is repaid.

Defaults. Defaulted loans remain in the index unless they no longer meet any of the other criteria for inclusion.

Currency and Currency Hedged Indices

The index is calculated in U.S. dollars, Australian dollars, Canadian dollars, euros, Japanese yen, Singapore dollars, Swiss francs and British pounds.

The S&P/LSTA U.S. Leveraged Loan 100 B/BB Rating Index is calculated in U.S. dollars, Canadian dollars and euros.

Currency and currency hedged versions of the indices, as well as maturity, sector and rating-based sub-indices are available. For a list of available sub-indices and tickers, please refer to S&P Dow Jones Indices' Fixed Income Index Directory available at www.spdji.com.

For more information on currency and currency hedged indices, please refer to S&P Dow Jones Indices' Fixed Income Index Mathematics Methodology.

Cash Flows

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 the end of each week to be considered part of that week's total return.

Base Rate

Each loan uses a base rate in the calculation of interest. This base rate represents the average contracted LIBOR rate set on institutional loans posted by the Markit WSO Database. The base rate, for index calculation purposes, is updated each Monday.

Loan Interest Rate

On each individual loan in the index, the loan interest rate is the current period base rate (or LIBOR floor if applicable) plus the current spread relevant to each loan.

Index Interest Rate

The index interest rate is the sum of all loan interest rates multiplied by their relevant weights in the index.

Base Dates and History Availability

The index history availability, base dates and base values are shown in the table below.

Index	Launch Date	First Value Date	Base Date	Base Value
S&P/LSTA U.S. Leveraged Loan 100 TR	10/20/2008	12/28/2001	01/01/2002	1000
S&P/LSTA U.S. Leveraged Loan 100 CAD TR	08/12/2011	05/30/2007	01/01/2002	1000
S&P/LSTA U.S. Leveraged Loan 100 CAD TR Hedged	08/12/2011	05/30/2007	01/01/2002	1000
S&P/LSTA U.S. Leveraged Loan 100 AUD TR	08/12/2011	05/30/2007	01/01/2002	1000
S&P/LSTA U.S. Leveraged Loan 100 AUD TR Hedged	08/12/2011	05/30/2007	01/01/2002	1000
S&P/LSTA U.S. Leveraged Loan 100 EUR TR	08/12/2011	05/30/2007	01/01/2002	1000
S&P/LSTA U.S. Leveraged Loan 100 EUR TR Hedged	08/12/2011	05/30/2007	01/01/2002	1000
S&P/LSTA U.S. Leveraged Loan 100 Index CHF TR	08/12/2011	05/30/2007	01/01/2002	1000
S&P/LSTA U.S. Leveraged Loan 100 Index CHF TR Hedged	08/12/2011	05/30/2007	01/01/2002	1000
S&P/LSTA U.S. Leveraged Loan 100 Index GBP TR	08/12/2011	05/30/2007	01/01/2002	1000
S&P/LSTA U.S. Leveraged Loan 100 Index GBP TR Hedged	08/12/2011	05/30/2007	01/01/2002	1000
S&P/LSTA U.S. Leveraged Loan 100 Index JPY TR	08/12/2011	05/30/2007	01/01/2002	1000
S&P/LSTA U.S. Leveraged Loan 100 Index JPY TR Hedged	08/12/2011	05/30/2007	01/01/2002	1000
S&P/LSTA U.S. Leveraged Loan 100 Index SGD TR	08/12/2011	05/30/2007	01/01/2002	1000
S&P/LSTA U.S. Leveraged Loan 100 Index SGD TR Hedged	08/12/2011	05/30/2007	01/01/2002	1000
S&P/LSTA U.S. Leveraged Loan 100 B/BB Rating Index	04/19/2013	12/28/2001	01/01/2002	1000
S&P/LSTA U.S. Leveraged Loan 100 B/BB Rating CAD Index	04/19/2013	12/28/2001	01/01/2002	1000
S&P/LSTA U.S. Leveraged Loan 100 B/BB Rating CAD Hedged Index	04/19/2013	12/28/2001	01/01/2002	1000
S&P/LSTA U.S. Leveraged Loan 100 B/BB Rating EUR Index	08/06/2015	12/28/2001	12/28/2001	1000
S&P/LSTA U.S. Leveraged Loan 100 B/BB Rating EUR Hedged Index	08/06/2015	07/25/2003	07/25/2003	1000

Index Governance

Index Committee

The Index Committee maintains the index and is comprised of employees of S&P Dow Jones Indices and Leverage Commentary & Data. Meetings are held semi-annually and as needed. The Index Committee is solely responsible for all matters relating to methodology, maintenance, constituent selection and index procedures. The Index Committee makes decisions based on all available information and discussions are kept confidential to avoid any unnecessary impact on market trading.

The Index Committee is separate from and independent of other analytical groups at S&P Global. In particular, the Index Committee has no access to or influence on decisions by S&P Global Ratings analysts.

S&P Dow Jones Indices' Index Committees reserve the right to make exceptions when applying the methodology if the need arises. In any scenario where the treatment differs from the general rules stated in this document or supplemental documents, clients will receive sufficient notice, whenever possible.

In addition to the daily governance of indices and maintenance of index methodologies, at least once within any 12-month period, the Index Committee reviews the methodology to ensure the indices continue to achieve the stated objectives, and that the data and methodology remain effective. In certain instances, S&P Dow Jones Indices may publish a consultation inviting comments from external parties.

For information on Quality Assurance and Internal Reviews of Methodology, please refer to S&P Dow Jones Indices' Fixed Income Policies & Practices document.

Index Policy

Announcements

Announcements of any relevant information pertaining to the index are made after market close. Press releases are posted on S&P Dow Jones Indices' Web site at www.spdji.com.

Holiday Schedule

The indices are calculated on all business days of the year following the Securities Industry and Financial Markets Association (SIFMA[®]) holiday schedule.

A complete holiday schedule for the year is available at www.spdji.com.

Rebalancing

The Index 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.

End-of-Day Calculation

Index levels are calculated at the end of each business day, via S&P Dow Jones Indices' Web site. This may be subject to change.

Index Releases

Releases are issued by S&P Dow Jones Indices at the end of the business day.

Recalculation Policy

For information on the recalculation policy please refer to S&P Dow Jones Indices' Fixed Income Policies & Practices document.

For information on Calculations and Pricing Disruptions, Expert Judgment and Data Hierarchy, please refer to S&P Dow Jones Indices' Fixed Income Policies & Practices document.

Contact Information

For questions regarding an index, please contact: index_services@spglobal.com.

Index Dissemination

Index levels are available through S&P Dow Jones Indices' website at www.spdji.com, major quote vendors (see codes below), numerous investment-oriented websites, and various print and electronic media.

Tickers

The table below lists headline indices covered by this document. All currency, currency hedged, maturity, sector and rating-based sub-indices as well as return type versions of the below indices that may exist are also covered by this document. Please contact index_services@spglobal.com for a complete list of indices covered by this document.

Index	Bloomberg
S&P/LSTA U.S. Leveraged Loan 100 TR	SPBDLL
S&P/LSTA U.S. Leveraged Loan 100 CAD TR	SPBDLLC
S&P/LSTA U.S. Leveraged Loan 100 CAD TR Hedged	SPBDLLCH
S&P/LSTA U.S. Leveraged Loan 100 AUD TR	SPBDLLA
S&P/LSTA U.S. Leveraged Loan 100 AUD TR Hedged	SPBDLLAH
S&P/LSTA U.S. Leveraged Loan 100 EUR TR	SPBDLLE
S&P/LSTA U.S. Leveraged Loan 100 EUR TR Hedged	SPBDLLEH
S&P/LSTA U.S. Leveraged Loan 100 Index CHF TR	SPBDLLF
S&P/LSTA U.S. Leveraged Loan 100 Index CHF TR Hedged	SPBDLLFH
S&P/LSTA U.S. Leveraged Loan 100 Index GBP TR	SPBDLLG
S&P/LSTA U.S. Leveraged Loan 100 Index GBP TR Hedged	SPBDLLGH
S&P/LSTA U.S. Leveraged Loan 100 Index JPY TR	SPBDLLJ
S&P/LSTA U.S. Leveraged Loan 100 Index JPY TR Hedged	SPBDLLJH
S&P/LSTA U.S. Leveraged Loan 100 Index SGD TR	SPBDLLS
S&P/LSTA U.S. Leveraged Loan 100 Index SGD TR Hedged	SPBDLLSH
S&P/LSTA U.S. Leveraged Loan 100 B/BB Rating Index	SPBDRL
S&P/LSTA U.S. Leveraged Loan 100 B/BB Rating CAD Index	SPBDRLC
S&P/LSTA U.S. Leveraged Loan 100 B/BB Rating CAD Hedged Index	SPBDRLCH
S&P/LSTA U.S. Leveraged Loan 100 B/BB Rating EUR Index	SPBDRLE
S&P/LSTA U.S. Leveraged Loan 100 B/BB Rating EUR Hedged Index	SPBDRLEH

FTP

Daily index level data is available via FTP subscription.

For product information, please contact S&P Dow Jones Indices, www.spdji.com/contact-us.

Web site

For further information, please refer to S&P Dow Jones Indices' Web site at www.spdji.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.

Business Day. Any day that U.S. leveraged loans are traded, as determined by the Securities Industry and Financial Markets Association (SIFMA[®]) and/or the New York Stock Exchange.

Cashless Roll. A transaction where a borrower converts a loan under an existing facility into one at a lower spread without the movement of cash.

Close. The end of a calendar or business day for the purpose of calculating index values and other statistics, currently 04:00 PM New York Time.

Eligible Loan. A loan that meets all of the eligibility criteria, based on publicly available information as of the close of the business day preceding the announcement date, but is not already an index loan.

Facility. A syndicated loan (or credit) is comprised of facilities (or tranches). Each facility can have different maturities, sizes, spreads and terms to fulfill a variety of borrowing needs. The S&P/LSTA U.S. Leveraged Loan 100 Index only includes term loans, which generally are fully funded at origination.

Index. The S&P/LSTA U.S. Leveraged Loan 100 Index.

Index Loan. A facility that is included in the index.

Par Amount. The total par or “face value” amount outstanding of an index loan or an eligible loan as determined by the Index Committee, 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 published on the announcement date become effective, as further described in the section on index maintenance.

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.

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