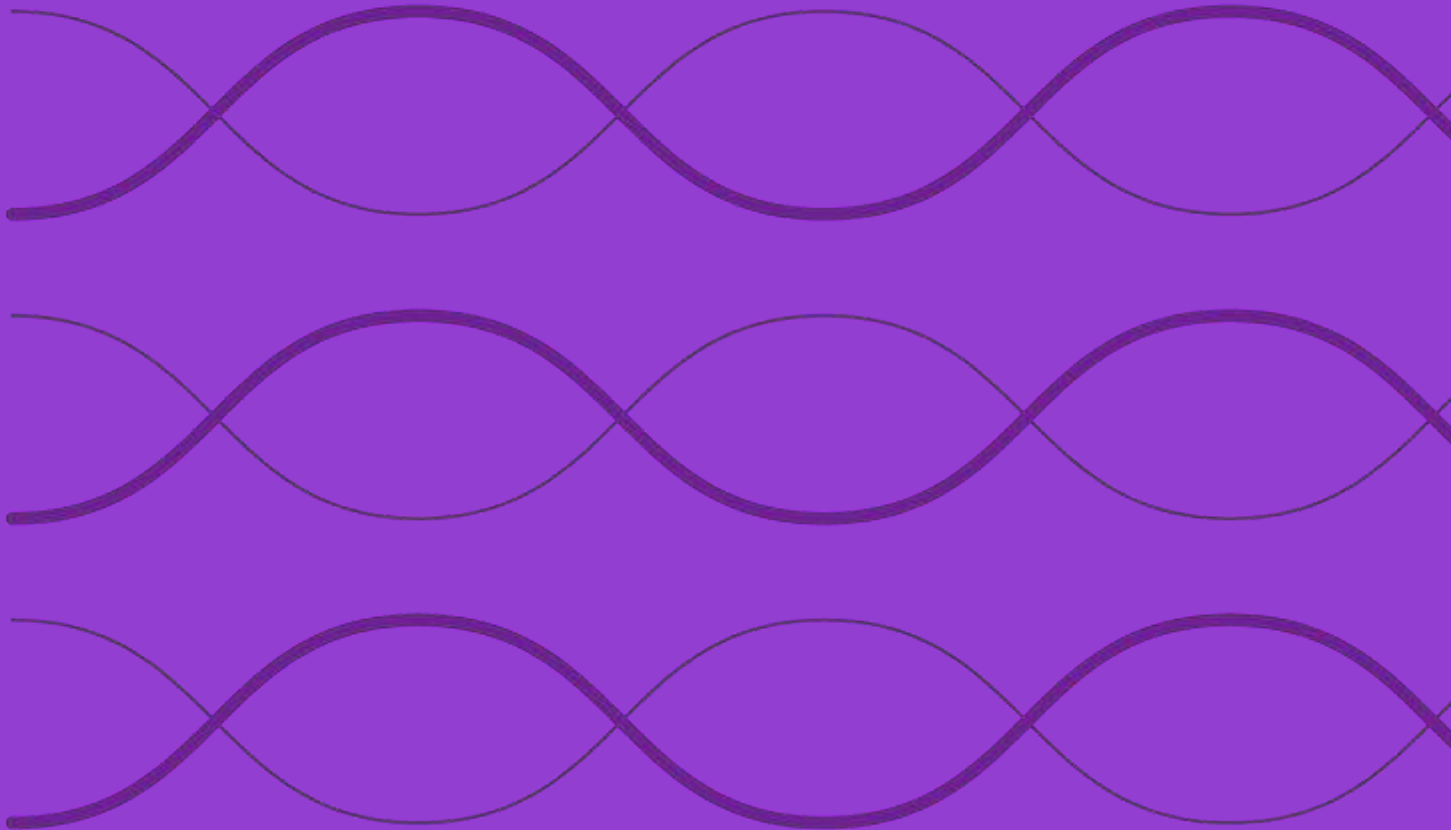


# Construction Rules for the Morningstar BDC Index



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## Overview

The Morningstar BDC Index tracks the performance of business development companies (BDCs) listed on US exchanges.

This index does not incorporate environmental, social, or governance criteria.

### Index Inception and Performance Start Date

The index inception date is May 6, 2026. The performance start date, when the first back-tested index value was calculated, is June 21, 2019.

## Index Construction

### Methodology Summary

#### Starting Universe

- Select all BDCs that trade on US exchanges as mentioned in [Morningstar Global All Cap TME Rulebook](#).

#### Eligibility Criteria

- Security full market capitalization must exceed \$100 million.
- Three-month average daily traded value must exceed \$250,000.

#### Portfolio Construction

- All BDCs that fulfil the eligibility criteria are included in the index.
- This index uses free float market capitalization as its weighting scheme.

Morningstar BDC Index

### Starting Universe

At each reconstitution, constituents of the Morningstar BDC Index are derived from the eligible universe, which is comprised of all BDCs listed on eligible US exchanges.

### Eligibility

To be eligible for index inclusion, all constituents must meet the following criteria:

- Securities must have a market capitalization of greater than \$100 million. This criterion is relaxed to \$90 million for the current constituents.
- Securities must have three-month average daily traded value (ADTV) of greater than \$250,000. The ADTV cutoff is relaxed to \$225,000 for current constituents.

### Portfolio Construction

All eligible securities are targeted for inclusion in the index.

#### *Number of Stocks*

The number of stocks in the index is variable, subject to the size of the starting universe and the application of eligibility criteria at the time of reconstitution.

#### *Index Weighting*

The index is float-adjusted market capitalization-weighted. For more details, refer to the [Morningstar Indexes Calculation Methodology rulebook](#).

## **Index Maintenance and Calculation**

### **Reconstitution and Rebalancing**

The index is reconstituted, where the membership is reset, and rebalanced quarterly on the third Friday of March, June, September, and December. Adjustments are implemented after Friday's market close and reflected the following Monday. The market data used for reconstitution is as of the last trading day of February, May, August, and November.

The BDCs are sourced from PitchBook for each reconstitution with a two-quarter lag.

Index files are published according to the global calendar schedule. For more information, please refer to the [Morningstar Indexes Holiday Calendar](#).

### **Corporate Actions**

The treatment of corporate actions will be as per float-adjusted market capitalization-weighted indexes corporate action methodology. For more details, please refer to the [Morningstar Indexes Corporate Actions Methodology](#).

### **Index Calculation and Price Data**

Details about index calculations and price data can be found in their respective rulebooks: [Morningstar Indexes Calculation Methodology](#) and [Morningstar Equity Indexes Price Methodology](#).

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

Because the decommissioning of the index or benchmark index could disrupt subscriber products that reference this index, all subscribers are encouraged to have robust fallback procedures in the event an index is decommissioned. 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

Index calculation data input defects—such as price, dividends, other mandatory corporate actions, or foreign-exchange rates—that do not affect the index shares and if discovered within two trading days are generally corrected, and the index is recalculated regardless of the performance impact.

Where such index calculation data input defects are discovered after two trading days, an index restatement will typically only occur if the impact on performance is material; otherwise, the correction is applied prospectively.

For more details, refer to the [Recalculation Guidelines](#).

### Exceptions

While Morningstar will seek to apply the method described above, the market environment or 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.

## Appendixes

### Appendix 1: Glossary

Term	Description
Reconstitution	During each reconstitution, the steps mentioned in the index construction process are performed, resulting in membership reset.
Rebalance	During each rebalance, the weights are adjusted for updated dividend data and free-float data.

## 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 the European Benchmarks Regulation (“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 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.

[www.indexes.morningstar.com](http://www.indexes.morningstar.com)

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