

September 30, 2024

Consultation: Change in Reconstitution Schedule for the Morningstar LSTA US Leveraged Loan 100 Index and other indexes in the Global & Tradeable Leveraged Loan Index series

## **Background**

Certain indexes in the Global & Tradeable Leveraged Loan series, including the Morningstar LSTA US Leveraged Loan 100 Index, have either a semiannual reconstitution, which takes place on the last business day of June and December, or a quarterly reconstitution, which takes place on the last business day of March, June, September, and December.

Due to this schedule, reconstitutions and rebalances, which occur on Fridays, can be separated by a few days, resulting in increased operational burden for clients to manage the reconstitution and rebalance processes. Additionally, the December reconstitution often falls near the New Year's holiday, which can create challenges surrounding operational processes and trading due to limited market activity and/or market closures.

## **Proposed Change in Reconstitution Schedule**

Morningstar Indexes is proposing to move up the semiannual and quarterly reconstitutions to the second Friday of the applicable month across leveraged loan indexes that are subject to semiannual or quarterly reconstitutions, effective December 13, 2024. This change allows the reconstitution to align with the timing of Friday rebalancing and avoid key reconstituted index membership changes occurring immediately before a holiday.

Please see Exhibit 1 with additional details for the proposed revised reconstitution dates.

## Impacted Indexes

- Morningstar US Leveraged Loan 100 Index (Portfolio key: 2931856, primary index code: SPBDLL)
- Morningstar Global Leveraged Loan 100 Index (Portfolio key: 2931078, primary index code: SPLGATT)
- Morningstar Global Leveraged Loan 150 Issuers Index (Portfolio key: 2916517, primary index code: SPLGIST)

All related sub-indexes will also be impacted by the change. Please refer to Exhibit 2 for additional details.

## Key dates

- **Consultation:** The consultation will be open for response from September 30 to October 11, 2024.
- **Decision announcement:** Final decisions will be announced by November 1, 2024.
- **Proposed implementation:** The new schedule will become effective on Friday, December 13, 2024, with reconstituted membership effective at the open on Saturday, December 14, 2024.

## Submit your responses and questions

Morningstar Indexes welcomes client feedback regarding this proposed change.

Responses to this consultation can be submitted [here](#) to the following prompts:

1. Are you/your firm in favor of moving the reconstitution schedule to the second Friday of the applicable month, beginning Friday, December 13, 2024?
  - a. In favor
  - b. Not in favor
  - c. No preference on schedule
2. Do you have any additional feedback regarding the proposed reconstitution schedule change or any other matters pertaining to the Morningstar Leveraged Loan Indexes?

General questions about the consultation may also be sent to [indexes@morningstar.com](mailto:indexes@morningstar.com).

**Exhibit 1: Schedule of Revised Reconstitution Dates for 2024 and 2025**

<b>Index</b>	<b>Current Reconstitution Frequency</b>	<b>Current Reconstitution Dates</b>	<b>Proposed Reconstitution Dates</b>
Morningstar US Leveraged Loan 100	Semiannually after the close of the last business day in June and December	December 31, 2024 (Tue) June 30, 2025 (Mon) December 31, 2025 (Wed)	December 13, 2024 (Fri) June 13, 2025 (Fri) December 12, 2025 (Fri)
Morningstar Global Leveraged Loan 100	Quarterly on the last business day of March, June, September and December	December 31, 2024 (Tue) March 31, 2025 (Mon) June 30, 2025 (Mon) September 30, 2025 (Tue) December 31, 2025 (Wed)	December 13, 2024 (Fri) March 14, 2025 (Fri) June 13, 2025 (Fri) September 12, 2024 (Fri) December 12, 2025 (Fri)
Morningstar Global Leveraged Loan 150 Issuers	Quarterly on the last business day of March, June, September and December	December 31, 2024 (Tue) March 31, 2025 (Mon) June 30, 2025 (Tue) September 30, 2025 (Tue) December 31, 2025 (Wed)	December 13, 2024 (Fri) March 14, 2025 (Fri) June 13, 2025 (Fri) September 12, 2024 (Fri) December 12, 2025 (Fri)

**Exhibit 2: List of Impacted Indexes****Portfolio Key Index Name**

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2931856	Morningstar LSTA US Leveraged Loan 100
2920568	Morningstar LSTA US Leveraged Loan 100 Automobiles & Components
2921268	Morningstar LSTA US Leveraged Loan 100 Banks
2922289	Morningstar LSTA US Leveraged Loan 100 Capital Goods
2920654	Morningstar LSTA US Leveraged Loan 100 Commercial & Professional Services
2920567	Morningstar LSTA US Leveraged Loan 100 Consumer Durables & Apparel
2921269	Morningstar LSTA US Leveraged Loan 100 Consumer Services
2922290	Morningstar LSTA US Leveraged Loan 100 Diversified Financials
2920655	Morningstar LSTA US Leveraged Loan 100 Energy
2921270	Morningstar LSTA US Leveraged Loan 100 Food & Staples Retailing
2920570	Morningstar LSTA US Leveraged Loan 100 Food, Beverage & Tobacco
2922291	Morningstar LSTA US Leveraged Loan 100 Health Care Equipment & Services
2920614	Morningstar LSTA US Leveraged Loan 100 Household & Personal Products
2920569	Morningstar LSTA US Leveraged Loan 100 Insurance
2921271	Morningstar LSTA US Leveraged Loan 100 Materials
2922292	Morningstar LSTA US Leveraged Loan 100 Media & Entertainment
2920611	Morningstar LSTA US Leveraged Loan 100 Pharmaceuticals, Biotechnology & Life Sciences
2920571	Morningstar LSTA US Leveraged Loan 100 Real Estate
2921272	Morningstar LSTA US Leveraged Loan 100 Retailing
2922293	Morningstar LSTA US Leveraged Loan 100 Semiconductors & Semiconductor Equipment

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2920610	Morningstar LSTA US Leveraged Loan 100 Software & Services
2921273	Morningstar LSTA US Leveraged Loan 100 Telecommunication Services
2922294	Morningstar LSTA US Leveraged Loan 100 Transportation
2920608	Morningstar LSTA US Leveraged Loan 100 Utilities
2931857	Morningstar LSTA US Leveraged Loan 100 B/BB Ratings
2931078	Morningstar Global Leveraged Loan 100
2916517	Morningstar Global Leveraged Loan 150 Issuers

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### **About Morningstar Indexes**

Morningstar Indexes has been designing modern solutions for 20 years, but what makes us truly unique has been more than three decades in development. Our rich history began in 1984, when Morningstar was founded on a promise to empower investors with data and research that is independent and objective. Over time, our collection of data has expanded considerably—and so has its application. Today, Morningstar Indexes draws on unique IP to unlock an extensive range of emerging opportunities for investors of every kind, while providing a robust institutional beta platform for core investing.

### **Contact Us**

[MorningstarIndexesAlerts@morningstar.com](mailto:MorningstarIndexesAlerts@morningstar.com) is a no-reply email address. For questions concerning this notification, please contact us at [Indexes@morningstar.com](mailto:Indexes@morningstar.com)

