S&P BDC Index

Methodology

April 2019
# Table of Contents

Introduction
- Index Objective 3
- Highlights 3
- Supporting Documents 3

Eligibility Criteria and Index Construction
- Index Eligibility 4
- Constituent Selection 4
- Constituent Weightings 4
- Multiple Share Classes. 4
- Index Calculations 4

Index Maintenance
- Rebalancing 5
- Additions and Deletions 5
- Corporate Actions 5
- Currency of Calculation and Additional Index Return Series 5
- Investable Weight Factor (IWF) 6
- Other Adjustments 6
- Base Date and History Availability 6

Index Data
- Calculation Return Types 7

Index Governance
- Index Committee 8

Index Policy
- Announcements 9
- Pro-Forma Files 9
- Holiday Schedule 9
- Rebalancing 9
- Unexpected Exchange Closures 9
- Recalculation Policy 9
- Contact Information 10
Introduction

Index Objective

The S&P BDC Index measures the performance of Business Development Companies that trade on major U.S. exchanges.

U.S. Business Development Companies (BDCs) are publicly traded private equity firms that invest equity and debt capital in small and mid-sized businesses, and make managerial assistance available to portfolio companies.

Highlights

Constituent companies are BDCs that meet minimum market capitalization and liquidity requirements. The index uses a capped market capitalization weighting scheme. Modifications are made to market cap weights, if required, to reflect available float, while applying single stock capping to the index constituents.

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:

<table>
<thead>
<tr>
<th>Supporting Document</th>
<th>URL</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P Dow Jones Indices’ Index Mathematics Methodology</td>
<td>Index Mathematics Methodology</td>
</tr>
<tr>
<td>S&amp;P Dow Jones Indices’ Float Adjustment Methodology</td>
<td>Float Adjustment Methodology</td>
</tr>
</tbody>
</table>

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 and Index Construction

Index Eligibility

To qualify for membership in the S&P BDC Index, a stock must satisfy the following criteria:

- Be a publicly traded company with a Business Development Company structure, as specified in SEC filings.
- Be listed on the NYSE (including NYSE Arca), the NYSE MKT, the NASDAQ Global Select Market, the NASDAQ Select Market, or the NASDAQ Capital Market.
- Have, as of the rebalancing reference date, a float-adjusted market capitalization of at least US$ 100 million (US$ 75 million for current index constituents).
- Have, for the 12 months prior to the rebalancing reference date, a total value traded of at least US$ 50 million (US$ 35 million for current index constituents). If a stock has traded for less than 12 months, the average of the available monthly values is taken and multiplied by 12.
- Initial Public Offerings (IPOs) must have a trading history of at least three months as of the rebalancing reference date.

Constituent Selection

All stocks satisfying the index eligibility criteria are selected and form the index.

Constituent Weightings

At each rebalancing the index is weighted by float-adjusted market capitalization, subject to a 10% company cap.

Multiple Share Classes.

All publicly listed multiple share class lines are eligible for index inclusion, subject to meeting the eligibility criteria. For more information regarding the treatment of multiple share classes, please refer to Approach A within the Multiple Share Classes section of the S&P Dow Jones Indices’ Equity Indices Policies & Practices Methodology.

Index Calculations

The index is calculated by means of the divisor methodology used for all S&P Dow Jones’ equity indices.

*For more information on the index calculation methodology, please refer to the Capped Market Capitalization Indices section of S&P Dow Jones Indices’ Index Mathematics Methodology.*
Index Maintenance

Rebalancing

The index is rebalanced quarterly, effective after the close of the third Friday of March, June, September, and December. The reference date used for composition changes is five weeks prior to the rebalancing effective date. The price reference date used for weighting is the Wednesday prior to the second Friday of the rebalancing month.

Additions and Deletions

Additions. Generally, no additions are made to the index between quarterly rebalancings. For details regarding spin-offs, please refer to Corporate Actions below.

Deletions. Between rebalancings, a company can be deleted from the index due to corporate events such as mergers, acquisitions, delistings, or bankruptcies.

Corporate Actions

Spin-Offs. The spun-off company is added to the index at a zero price and will be dropped from the index after the first day of regular way trading provided the drop event has been announced at least two days prior to the drop date.

Mergers and Acquisitions. For transactions involving two index constituents, the surviving company remains in the index, provided it meets all eligibility requirements.

For transactions involving an index constituent and a non-constituent, the surviving company will remain in the index only if the company deemed to be the acquirer is an index constituent. If the index constituent is the company being acquired, the merged company will not be added to the index.

If the transaction payment type is stock-based, the acquirer’s index shares increase proportionately according to the terms of the transaction. If the transaction payment type is not stock-based, the acquirer’s index shares remain at pre-merger levels.

For more information on Corporate Actions, please refer to S&P Dow Jones Indices’ Equity Indices Policies & Practices Methodology.

Currency of Calculation and Additional Index Return Series

The index is calculated in U.S. dollars.

In addition to the indices detailed in this methodology, additional return series versions of the indices may be available, including, but not limited to: currency, currency hedged, decrement, fair value, inverse, leveraged, and risk control versions. For a list of available indices, please refer to S&P DJI’s All Indices by Methodology Report.

For information on the calculation of different types of indices, please refer to S&P Dow Jones Indices’ Index Mathematics Methodology.
Investable Weight Factor (IWF)

All issues in the S&P BDC Index are assigned a float factor, called an Investable Weight Factor (IWF). The IWF ranges between 0 and 1 and is an adjustment factor that accounts for the publicly available shares of a company. The company's adjusted market capitalization determines an equity issue's relative weight in the index.

Please refer to S&P Dow Jones Indices’ Float Adjustment Methodology for details.

Other Adjustments

In cases where there is no achievable market price for a stock being deleted, it may be removed at a zero or minimal price at the Index Committee’s discretion, in recognition of the constraints faced by investors in trading bankrupt or suspended stocks.

Base Date and History Availability

Index history availability, base date and base value are shown in the table below.

<table>
<thead>
<tr>
<th>Index</th>
<th>Launch Date</th>
<th>First Value Date</th>
<th>Base Date</th>
<th>Base Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P BDC Index</td>
<td>12/05/2013</td>
<td>12/31/2004</td>
<td>12/31/2004</td>
<td>100</td>
</tr>
</tbody>
</table>
Index Data

Calculation Return Types

S&P Dow Jones Indices calculates multiple return types which vary based on the treatment of regular cash dividends. The classification of regular cash dividends is determined by S&P Dow Jones Indices.

- Price Return (PR) versions are calculated without adjustments for regular cash dividends.
- Gross Total Return (TR) versions reinvest regular cash dividends at the close on the ex-date without consideration for withholding taxes.
- Net Total Return (NTR) versions, if available, reinvest regular cash dividends at the close on the ex-date after the deduction of applicable withholding taxes.

In the event there are no regular cash dividends on the ex-date, the daily performance of all three indices will be identical.

For a complete list of indices available, please refer to the daily index levels file (".SDL").

For more information on the classification of regular versus special cash dividends as well as the tax rates used in the calculation of net return, please refer to S&P Dow Jones Indices’ Equity Indices Policies & Practices Methodology.

For more information on the calculation of return types, please refer to S&P Dow Jones Indices’ Index Mathematics Methodology.
Index Governance

Index Committee

The S&P BDC Index is maintained by the Global Benchmarks Index Committee. All committee members are full-time professional members of S&P Dow Jones Indices’ staff. The committee meets regularly. At each meeting, the Index Committee may review pending corporate actions that may affect index constituents, statistics comparing the composition of the index to the market, companies that are being considered as candidates for addition to the index, and any significant market events. In addition, the Index Committee may revise index policy covering rules for selecting companies, treatment of dividends, share counts, or other matters.

S&P Dow Jones Indices considers information about changes to its indices and related matters to be potentially market moving and material. Therefore, all Index Committee discussions are confidential.

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’ Equity Indices Policies & Practices Methodology.
Index Policy

Announcements

All index constituents are evaluated daily for data needed to calculate index levels and returns. All events affecting the daily index calculation are typically announced in advance via the Index Corporate Events report (.SDE), delivered daily to all clients. Any unusual treatment of a corporate action or short notice of an event may be communicated via email to clients.

All methodology changes are posted to the S&P Dow Jones Indices’ Web site and announced via email to all clients. The latest available version is posted on our Web site, www.spdji.com.

For more information, please refer to the Announcements section of S&P Dow Jones Indices’ Equity Indices Policies & Practices Methodology.

Pro-Forma Files

In addition to the corporate events file (.SDE), S&P Dow Jones Indices provides constituent pro-forma files each time the index rebalances. The pro-forma file is typically provided daily in advance of the rebalancing date and contains all constituents and their corresponding weights and index shares effective for the upcoming rebalancing. Since index shares are assigned based on prices seven business days prior to the rebalancing, the actual weight of each stock at the rebalancing differs from these weights due to market movements.

Please visit www.spdji.com for a complete schedule of rebalancing timelines and pro-forma delivery times.

Holiday Schedule

The index is calculated all business days of the year when the U.S. equity markets are open.

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.

Unexpected Exchange Closures

For information on Unexpected Exchange Closures, please refer to S&P Dow Jones Indices’ Equity Indices Policies & Practices Methodology.

Recalculation Policy

For information on the recalculation policy, please refer to S&P Dow Jones Indices’ Equity Indices Policies & Practices Methodology.

For information on Calculations and Pricing Disruptions, Expert Judgment and Data Hierarchy, please refer to S&P Dow Jones Indices’ Equity Indices Policies & Practices Methodology.
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’ Web site at www.spdji.com, major quote vendors (see codes below), numerous investment-oriented Web sites, and various print and electronic media.

Tickers

The table below lists headline indices covered by this document. All versions of the below indices that may exist are also covered by this document. Please refer to S&P DJI's All Indices by Methodology Report for a complete list of indices covered by this document.

<table>
<thead>
<tr>
<th>Index</th>
<th>Return Type</th>
<th>Bloomberg</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P BDC Index</td>
<td>Price Return</td>
<td>SPBDCUP</td>
</tr>
<tr>
<td></td>
<td>Total Return</td>
<td>SPBDCUT</td>
</tr>
<tr>
<td></td>
<td>Net Total Return</td>
<td>SPBDCUN</td>
</tr>
</tbody>
</table>

Index Data

Daily constituent and index level data are available via 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

Methodology Changes

Methodology changes since January 1, 2015 are as follows:

<table>
<thead>
<tr>
<th>Change</th>
<th>Effective Date (After Close)</th>
<th>Previous</th>
<th>Methodology</th>
<th>Updated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trading History Requirement for Initial Public Offerings (IPOs)</td>
<td>06/15/2018</td>
<td>--</td>
<td>IPOs must have a trading history of at least three months as of the rebalancing reference date.</td>
<td></td>
</tr>
<tr>
<td>Rebalancing Frequency</td>
<td>02/28/2018</td>
<td>Index composition is reviewed annually in September.</td>
<td>Index composition is reviewed quarterly in March, June, September and December.</td>
<td></td>
</tr>
</tbody>
</table>
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