



VettaFi BDC Index (VBDCX)

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Introduction

Index Objective

The VettaFi BDC Index is an index designed to generate income from the top 25 Business Development Companies (BDCs) based on a combined volatility and dividend yield factor score.

Highlights

The index is float market cap weighted and balances yield and volatility.

Dates

Reference Dates: Last business date of month preceding to the Rebalance / Reconstitution Date.

Reconstitution Dates: Indexes reconstituted quarterly on the third Friday of Feb, May, August, and November.

Weight Dates: Six business days prior to Rebalance/Reconstitution Dates.

Rebalance Dates: Indexes rebalanced quarterly on the third Friday of Feb, May, August, and November.

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.

The list of the main supplemental documents for this methodology can be found in the Methodologies and Governance tabs on the [Index Resources](#) page as follows:

Supporting Documents
Index Maintenance Policy
Index Governance
Index Policies
Methodology Policies
Key Terms Glossary
Index Change and Consultation Policy
Index Termination Policy
Index Share Policy
VettaFi Country Classification System

Eligibility Criteria and Index Construction

Universe

BDC companies that meet the following criteria:

Minimum market cap: New constituents – 125 million USD; Current constituents – 100 million USD

Minimum ADTV: New constituents – 200 thousand USD; Current constituents – 125 thousand USD

Index Construction

Constituent Selection

Companies in the universe are assigned z-score derived percentile scores for volatility and dividend yield. Volatility is calculated based on the last 180 trading days and dividend yield is based on the trailing twelve-month period from the most recent announced dividend date. Constituents are ranked based on the average of the two percentile scores.

The top 25 constituents ranked by the combined score are selected.

Constituent Weightings & Constraints

Constituents are float market cap weighted. Constituents are capped at 20% with excess weight redistributed proportionally. Additionally, the total weight of all companies with weights greater than 5% is capped at 45% and excess weight is redistributed using the Multi-Constraint Capped Weight Smoothing Process.¹

Index Maintenance

Rebalancing and Reconstitution

The Indexes are rebalanced on the “Rebalance Date” and additionally reconstituted on the “Reconstitution Date”. Changes to the Indexes related to the rebalances are as of the “Rebalance Date”.

Corporate Actions

Please refer to the Index Maintenance Policy document for information on Corporate Action processing.

Index Information

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

Index	Price Index	Base Date	Base Value	Total Return Index	Base Date	Base Value

¹ See Index Maintenance Policy document for details.

VettaFi BDC Index	VBDCX	05/16/14	1000	VBDCXT	05/16/14	1000
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Methodology Updates and Changes

Date	Version	Previous	New

Index Calculation

Please refer to the Index Maintenance Policy document for information on index calculations.

Index Governance

The index is governed and managed by a VettaFi Index Committee for the purpose of meeting the goals of the index. For more information, please refer to the Index Governance document.

Index Policies

Please refer to the Index Policies document for information regarding Announcements, Holiday Schedules, Unexpected Exchange Closures, and Recalculation Policy.

Contact Information

For any questions regarding an index, please contact: index.production@vettafi.com