

Wilshire Business Development Company IndexSM

The Wilshire Business Development Company IndexSM (Wilshire BDC IndexSM) measures the performance of publicly-traded Business Development Company (BDC) securities that focus on debt financing of small, developing and financially troubled companies. Business Development Companies were created in 1980 as public vehicles to encourage the flow of public equity capital to small, usually private businesses and are regulated as a BDC under the Investment Company Act of 1940.

Membership

To be included in the Wilshire BDC Index, an issue must be for a company that:

- Has a minimum total market capitalization of at least \$100 million at the time of its inclusion;
- Has at least 75 percent (75%) of the company's total investment portfolio is debt investments; and
- Has liquidity of its stock commensurate with that of other institutionally held securities.

Adjustments & Maintenance

Periodic, ongoing reviews of composition and shares for the Wilshire BDC index are conducted based on the following rules

- Routine additions and deletions to the indexes as well as share updates, are made quarterly after the close of trading on the third Friday of March, June, September, and December. The changes become effective at the opening of trading on the next business day;
- In addition to the scheduled shares and float factor reviews, if the cumulative impact of corporate actions during the period between scheduled updates changes a company's float-adjusted shares outstanding by ten percent (10%) or more, the company's shares and float factor are updated as soon as prudently possible. Share and float changes based on corporate actions are implemented using standard Wilshire Indexes procedures;
- During the quarter a component company's shares outstanding will be adjusted whenever and at the same time as a change in that company is made in the Wilshire 5000 Total Market Index; and
- A BDC that elects to drop its BDC status and become taxed as a C corporation will be removed from the Wilshire BDC Index.

A company will be removed from the Wilshire BDC Index if:

- Less than 50 percent (50%) of the company's total investment portfolio is debt investments;
- Its stock becomes illiquid or has more than ten non-trading days during the previous quarter;
- Its stock is delisted by its primary market due to failure to meet financial or regulatory requirements;
- Its total market capitalization falls below \$50 million and remains at that level for two consecutive quarters;
- If a component company enters bankruptcy proceedings, it will be removed from the indexes and will remain ineligible for re-inclusion until it has emerged from bankruptcy. However, the Wilshire Index Oversight Committee may, following a review of the bankrupt company and the issues involved in the filing, decide to keep the company in the index; and
- The Wilshire Index Oversight Committee may, at its discretion and if it has determined a company to be in extreme financial distress, remove the company from a Wilshire Index to which that company belongs if the committee deems the removal necessary to protect the integrity of the index and interests of investors in products linked to that index

Weighting

The index is weighted by float-adjusted market capitalization.

For Further Information

Please visit wilshire.com or email wilshireindexes@wilshire.com.

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