

Emerging Market Asia Local Currency Government Country Capped Index

The Bloomberg Emerging Markets Asia Local Currency Government Country Capped Index provides a broad measure of the performance of local currency emerging market countries in Asia. The index currently tracks fixed rate local currency government debt of six countries: China (bonds denominated in onshore Renminbi from August 2019), Indonesia, Malaysia, Philippines, South Korea and Thailand. Country weights are capped to 20% of the benchmark as of August 2019 (prior to which, the capping was set at 40%), to ensure diversification within the index. Index return calculations are published in USD on an unhedged basis. The index was created in September 2011, with history backfilled to August 1, 2008.

Rules for Inclusion

Country Eligibility	Eligible countries include China, Indonesia, Malaysia, Philippines, South Korea and Thailand (as of August 2019).	
Currency	Bonds with principal and coupon denominated in the native currency of the issuer and dual currency bonds that globally settle in USD, but are denominated in local currency, are eligible.	
Amount Outstanding	Minimum par amount outstanding set by country in native currency amounts: <ul style="list-style-type: none"> • China: CNH 1bn • China: CNY 5bn • Indonesia: IDR 5trn • Malaysia: MYR 1.5bn • Philippines: PHP 20bn • South Korea: KRW 750bn • Thailand: THB 15bn 	
Coupon	Fixed-rate coupon; step-up coupons and those that change according to predetermined schedule are also included.	
Maturity	Securities must have a maturity between 1.5 years and 30 years until final maturity, regardless of optionality. Bonds must have an original maturity of at least two years.	
Market of Issue	Both locally settled and global settled bonds are eligible. Bonds that settled globally or are clearable through Euroclear and Cleastream in USD, but are denominated in local currency are included.	
Security Types	Included <ul style="list-style-type: none"> • Government debt • Fixed Rate bullet, puttable, and callable bonds 	Excluded <ul style="list-style-type: none"> • Inflation-linked • Floating rate issues • Private placements

- CNY on-shore included from August 2019
- Retail bonds

Rebalancing Rules

Country Level

Index eligible countries are reviewed on a periodic basis. Additional countries may be added to the index as new countries or substituted for existing countries based on a review of market size, capital controls, and overall accessibility. The country list is designed to include more liquid emerging markets. Any changes to the country list will be announced and posted on Bloomberg Terminal®. Offshore Renminbi (CNH) added in November 2011, Onshore Renminbi (CNY) added in August 2019.

Country Capping Methodology

All countries that exceed 20% of the market value of the uncapped index are limited to 20%. The excess market value over the cap is redistributed on a pro rata basis to all other countries and bonds below the cap based on market value weights. These caps are imposed at each month-end rebalancing date.

Prior to August 2019, Country capping was set at 40%.

Frequency

For each index, Bloomberg maintains two universes of securities: the Returns (Backward) and the Projected (Forward) Universes. The composition of the Returns Universe is rebalanced at each month-end and represents the fixed set of bonds on which index returns are calculated for the next month. The Projected Universe is a forward-looking projection that changes daily to reflect issues dropping out of and entering the index but is not used for return calculations. On the last business day of the month (the rebalancing date), the composition of the latest Projected Universe becomes the Returns Universe for the following month.

Index Changes

During the month, indicative changes to securities (credit rating change, sector reclassification, amount outstanding changes, corporate actions, ticker changes) are reflected daily in both the Projected and the Returns Universe of the index. These changes may cause bonds to enter or fall out of the Projected Universe of the index daily, but will affect the composition of the Returns Universe only at month-end, when the index is rebalanced.

Reinvestment of Cash Flows

Intra-month cash flows from interest and principal payments contribute to monthly index returns, but are not reinvested at any short-term reinvestment rate between rebalance dates to earn an incremental return. However, after the rebalancing, cash is effectively reinvested into the Returns Universe for the following month so that index results over two or more months reflect monthly compounding.

New Issues

Qualifying securities issued but not necessarily settled on or before the month-end rebalancing date qualify for inclusion in the following month's index, provided the required security reference information and pricing are readily available.

Pricing and Related Issues

Sources & Frequency

Bonds are priced on a daily basis by Bloomberg's evaluated pricing service, BVAL.

Pricing Quotes

Bonds are quoted as a percentage of par.

Timing	<p>Asian-Pacific: 5pm (Tokyo time)</p> <p>CNY Onshore: 5pm (Shanghai time)</p> <p>If the last business day of the month is a public holiday, prices from the previous business day are used.</p>
Bid or Offer Side	<p>Bonds in the index are priced on the bid side. New issues enter the index on an offer price; after the first month, the bid price is used.</p>
Settlement Assumptions	<ul style="list-style-type: none">• T+1 calendar day settlement basis.• At month-end, settlement is assumed to be the first calendar day of the following month, even if the last business day is not the last day of the month, to allow for one full month of accrued interest to be calculated.
Index Running Cost	<p>A fixed cost of 2bp/month (24bp per annum) is included in the index return calculation from October 1, 2021. Prior to October 2021, 4bp/month was used; and prior to April 2020, 3bp/month was used. This cost is set once a year and is deducted from the index's monthly total return (pro-rated on a daily basis) to reflect withholding and other local market taxes applicable to non-resident investors. Any changes to applicable taxes for any of the eligible countries may result in a revision to this fixed running cost at the next annual reset date.</p>
Verification	<p>Daily price moves for each security are analyzed by the index pricing team to identify outliers. Index users may also challenge price levels, which are then reviewed and updated as needed.</p>
Calendar	<p>Bonds denominated in Indonesia rupiah, Malaysia ringgit, Philippines peso or Thai baht follow the Singapore regional holiday calendar; bonds denominated in Korean won follow the Korea holiday calendar; bonds denominated in offshore Renminbi follow the Hong Kong holiday calendar. During holidays observed by local and regional currencies, the index will still be generated using prices from the previous business day. FX rates are updated daily.</p>

Accessing Index Data

Bloomberg Terminal®

Bloomberg benchmarks are the global standard for capital markets investors.

- INDE<GO> - The Bloomberg Indices dashboard page, which contains daily, monthly, and year-to-date index returns for key indices from each index family as well as a link to index publications.
- IN<GO> - The Bloomberg Index Browser displays the latest performance results and statistics for the indices as well as history. IN presents the indices that make up Bloomberg's global, multi-asset class index families into a hierarchical view, facilitating navigation and comparisons. The "My Indices" tab allows a user to focus on a set of favorite indices.
- DES<GO> - The index description page provides transparency into an individual index including membership information, aggregated characteristics and returns, and historical performance.
- INP<GO> - The Bloomberg Indices Publications page, which includes methodologies, factsheets, monthly reports, announcements and technical notes. A user may also subscribe to index publications via the "Actions" button.
- PORT<GO> - Bloomberg's Portfolio & Risk Analytics solution includes tools to analyze the risk, return, and current structure of indices. Analyze the performance of a portfolio versus a benchmark or use models for performance attribution, tracking error analysis, value-at-risk, scenario analysis, and optimization.

Bloomberg Indices Website (www.bloomberg.com/indices)

The index website makes available limited index information including:

- Index methodology and factsheets
- Current performance numbers for select indices

Data Distribution

Index subscribers may choose to receive index data in files. Files may include:

- Index level and/or constituent level returns and characteristics for any indices
- Automatic delivery of files via email or SFTP following the completion of the index production process after market close
- Clients may receive standard files or may customize file contents
- Index data is also available via authorized redistributors

Index Ticker

BLAGTRUU: Total Return Gross USD Unhedged

BLANTRUU: Total Return Net USD Unhedged

Index Licensing

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