

US Treasury 1-3 Year Index

The Bloomberg Barclays US Treasury 1-3 Year Index measures US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury. To be included in the index, securities must have at least one and up to, but not including, three years to maturity. The US Treasury 1-3 Year Index was launched on February 1, 1992.

Rules for Inclusion

Eligible Currencies	Principal and interest must be denominated in USD.	
Quality	Securities must be rated investment grade (Baa3/BBB-/BBB- or higher) using the middle rating of Moody's, S&P and Fitch; when a rating from only two agencies is available, the lower is used; when only one agency rates a bond, that rating is used. In cases where explicit bond level ratings may not be available, other sources may be used to classify securities by credit quality: Local currency treasury issues are classified using the middle issuer level rating from each agency for all outstanding bonds, even if bond level ratings are available.	
Amount Outstanding	- USD 300mn minimum par amount outstanding. - US Treasuries held in the Federal Reserve SOMA account (both purchases at issuance and net secondary market transactions) are deducted from the total amount outstanding. New issuance bought at auction by the Federal Reserve does not enter the index. Net secondary market purchases/sales are adjusted at each month-end with a one-month lag.	
Coupon	- Fixed-rate coupon. - Original zero coupon issues are included.	
Maturity	Remaining years to maturity must be between 1 and 2.9999 years.	
Security Types	Included - Public obligations of the US Treasury - Bullet, puttable, sinkable/amortizing and callable bonds - Original issue zero coupons	Excluded - US Treasuries held in the Federal Reserve SOMA account - Inflation-linked bonds, floating-rate bonds - STRIPS, Treasury bills, bellwethers - State and local government series (SLG) bonds

Rebalancing Rules

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, and ticker changes) are reflected daily in the Projected and Returns Universe of the index. These changes may cause bonds to enter or fall out of the Projected Universe of the index on a daily basis, but will affect the composition of the Returns Universe at month-end only, when the index is next rebalanced.
Reinvestment of Cash Flows	Intra-month cash flows from interest and principal payments contribute to monthly index returns but are not reinvested at a short-term reinvestment rate between rebalance dates. At each rebalancing, cash is effectively reinvested into the Returns Universe for the following month so that index results over two or more months reflect

Rebalancing Rules

	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 if the required security reference information and pricing are readily available.

Pricing and Related Issues

Sources & Frequency	All index-eligible 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	• 3pm (New York time). • On early market closes, prices are taken as of 1pm (New York time), unless otherwise noted. • If the last business day of the month is a public holiday, prices from the previous business day are used.
Bid or Offer Side	Bonds in the index are priced on the bid side.
Settlement Assumptions	• 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.
Verification	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 using input from various sources.
Currency Hedging	Returns hedged to various non-USD currencies are published for the US Treasury 1-3 Year Index. The indices' FX hedging methodology takes rolling one-month forward contracts that are reset at the end of each month and hedges each non-reporting currency-denominated bond in the index into the reporting currency terms. No adjustment is made to the hedge during the month to account for price movements of constituent securities in the Returns Universe of the index.
Calendar	The US Treasury 1-3 Year Index follows the US bond market holiday schedule.

Monthly Returns in USD, 2007-2017 (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2007	0.21	0.81	0.38	0.35	-0.10	0.44	0.89	1.04	0.69	0.39	1.73	0.25	7.31
2008	1.74	1.04	0.26	-0.89	-0.35	0.28	0.41	0.50	0.78	0.96	1.21	0.56	6.67
2009	-0.31	-0.10	0.55	-0.15	0.17	-0.16	0.15	0.39	0.24	0.22	0.61	-0.80	0.80
2010	0.77	0.19	-0.26	0.28	0.45	0.46	0.27	0.19	0.17	0.23	-0.19	-0.19	2.40
2011	0.16	-0.09	-0.05	0.44	0.37	0.02	0.28	0.35	-0.14	0.08	0.06	0.05	1.55
2012	0.12	-0.15	-0.06	0.22	0.04	-0.05	0.24	0.00	0.01	-0.06	0.09	0.03	0.43
2013	0.01	0.09	0.02	0.10	-0.14	-0.07	0.16	-0.10	0.23	0.10	0.10	-0.14	0.36
2014	0.16	0.09	-0.11	0.13	0.18	-0.05	-0.08	0.17	-0.06	0.29	0.15	-0.25	0.63
2015	0.53	-0.23	0.24	0.05	0.07	0.03	0.05	-0.05	0.30	-0.10	-0.25	-0.09	0.56
2016	0.61	0.11	0.17	0.04	-0.11	0.60	-0.06	-0.17	0.12	-0.07	-0.41	0.03	0.86

Monthly Returns in USD, 2007-2017 (%)

2017	0.13	0.10	0.04	0.14	0.13	-0.08	0.21	-	-	-	-	-	0.68
------	------	------	------	------	------	-------	------	---	---	---	---	---	------

Accessing Index Data

Bloomberg Professional® service	Bloomberg benchmarks are the global standard for capital markets investors. • INDEX<Go> – The Bloomberg Indices landing page is a dashboard for index-related information on the terminal. Find daily and monthly index returns for key indices from each index family as well as index publications including methodologies, factsheets, monthly reports, updates and alerts. • 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. • 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. • DES<Go> – The index description page provides transparency into an individual index including membership information, aggregated characteristics and returns, and historical performance.
Bloomberg Indices Website (www.bloombergindices.com)	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
Ticker	LT01TRUU: Total Return USD Unhedged

Index Licensing

Bloomberg requires index data licenses for services and products linked to the Indices

• Index or Constituent-Level Redistribution • Exchange Traded Notes (ETNs) • OTC Derivative Products	• Bond Pricing Service • Index-Linked Insurance Products • Custom Index Solutions	• Exchange Traded Funds (ETFs) • Mutual Funds
--	---	--

New York

+1-212-617-5020

London

+44-20-3525-9976

Singapore

+65-6212-1449

Hong Kong

+852-2293-1346

Tokyo

+81-3-3201-7024

Sydney

+61-2-9777-7208

indexhelp@bloomberg.net

Disclaimer

BLOOMBERG is a trademark and service mark of Bloomberg Finance L.P. BARCLAYS is a trademark and service mark of Barclays Bank Plc, used under license. Bloomberg Finance L.P. and its affiliates (collectively, "Bloomberg") or Bloomberg's licensors own all proprietary rights in the BLOOMBERG BARCLAYS INDICES. Neither Bloomberg nor Barclays Bank PLC or Barclays Capital Inc. or their affiliates (collectively "Barclays") guarantee the timeliness, accuracy or completeness of any data or information relating to BLOOMBERG BARCLAYS INDICES or make any warranty, express or implied, as to the BLOOMBERG BARCLAYS INDICES or any data or values relating thereto or results to be obtained therefrom, and expressly disclaims all warranties of merchantability and fitness for a particular purpose with respect thereto. It is not possible to invest directly in an index. Back-tested performance is not actual performance. Past performance is not an indication of future results. To the maximum extent allowed by law, Bloomberg and its licensors, and their respective employees, contractors, agents, suppliers and vendors shall have no liability or responsibility whatsoever for any injury or damages - whether direct, indirect, consequential, incidental, punitive or otherwise - arising in connection with BLOOMBERG BARCLAYS INDICES or any data or values relating thereto - whether arising from their negligence or otherwise. This document constitutes the provision of factual information, rather than financial product advice. Nothing in the BLOOMBERG BARCLAYS INDICES shall constitute or be construed as an offering of financial instruments or as investment advice or investment recommendations (i.e., recommendations as to whether or not to "buy," "sell," "hold" or enter into any other transaction involving a specific interest) by Bloomberg or its affiliates or licensors or a recommendation as to an investment or other strategy. Data and other information available via the BLOOMBERG BARCLAYS INDICES should not be considered as information sufficient upon which to base an investment decision. All information provided by the BLOOMBERG BARCLAYS INDICES is impersonal and not tailored to the needs of any specific person, entity or group of persons. Bloomberg and its affiliates express no opinion on the future or expected value of any security or other interest and do not explicitly or implicitly recommend or suggest an investment strategy of any kind. In addition, Barclays is not the issuer or producer of the BLOOMBERG BARCLAYS INDICES and has no responsibilities, obligations or duties to investors in these indices. While Bloomberg may for itself execute transactions with Barclays in or relating to the BLOOMBERG BARCLAYS INDICES, investors in the BLOOMBERG BARCLAYS INDICES do not enter into any relationship with Barclays and Barclays does not sponsor, endorse, sell or promote, and Barclays makes no representation regarding the advisability or use of, the BLOOMBERG BARCLAYS INDICES or any data included therein. Customers should consider obtaining independent advice before making any financial decisions. ©2017 Bloomberg Finance L.P. All rights reserved.