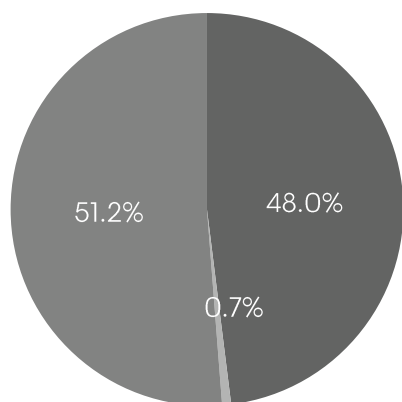


Emerging Markets USD Sovereign + Quasi-Sovereign Bond Index

The Bloomberg Barclays Emerging Markets USD Sovereign + Quasi-Sovereign Index tracks fixed and floating-rate US dollar-denominated debt issued by sovereign and quasi-sovereign EM issuers. Corporate issues are not eligible. Country eligibility and classification as Emerging Markets is rules-based and reviewed annually using World Bank income group and International Monetary Fund (IMF) country classifications. The EM USD Sovereign + Quasi-Sovereign Index is a subset of the flagship EM USD Aggregate Index. Country capped versions of this index are also available. Historical index returns are available from January 1, 2003.

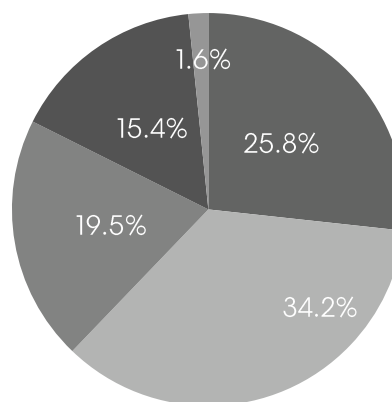
Composition by Sector (MV%) - January 31, 2017

■ Agencies ■ Local Authorities ■ Sovereign



Composition by Quality (MV%) - January 31, 2017

■ Aa-A ■ Baa ■ Ba ■ B ■ Caa-NR



Rules for Inclusion

Sector	<ul style="list-style-type: none"> Hard currency debt from sovereign, agency (government owned, government guaranteed and government sponsored entities) and local authority issuers are eligible. Corporate issues are excluded. Under Bloomberg Barclays' classification schema, an issuer is classified as government-related (as opposed to corporate) if it is more than 50% government owned, carries a government guarantee or is government sponsored. For flagship EM hard currency indices, Bloomberg defines quasi-sovereigns as any non-sovereign government-related issuer inclusive of both government-related agency and local authority debt.
Eligible Currencies	Principal and interest must be denominated in USD.
Country	<p>Bloomberg uses a fixed list of emerging market countries that is reviewed annually to define country eligibility in dedicated EM hard currency, local currency, and inflation-linked benchmarks. Criteria for inclusion in the EM country list are rules-based and include:</p> <ul style="list-style-type: none"> Countries that meet one of the following two criteria: World Bank Income group classifications of low/middle income OR International Monetary Fund (IMF) classification as a non-advanced country. <p>Additional countries that bond investors classify as EM due to factors such as investability concerns, the</p>

Rules for Inclusion

	presence of capital controls, and/or geographic considerations may also be included on the list and are also reviewed on an annual basis.
Quality	Investment grade, high yield and unrated securities are permitted. Unrated bonds may use an implied issuer rating when not rated by a credit rating agency (Moody's, S&P and Fitch).
Amount Outstanding	USD 500mn minimum par amount outstanding.
Coupon	<ul style="list-style-type: none"> Fixed-rate coupon. Callable fixed-to-floating rate bonds are eligible during their fixed-rate term only.
Maturity	<ul style="list-style-type: none"> At least one year until final maturity, regardless of optionality. Bonds that convert from fixed to floating rate, including fixed-to-float perpetual, will exit the index one year prior to conversion to floating-rate. Fixed-rate perpetual bonds are not included.
Market of Issue	Publicly issued in the global and local markets.
Security Type	Brady bonds, Eurobonds, globals, loans, and local issues are permitted. Warrants are excluded
Placement Type	SEC registered and 144A/Reg S bonds are eligible.

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 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.
EM Country List	EM country list is evaluated once a year during the Bloomberg Barclays annual index governance process

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 can be quoted in a variety of ways, including nominal spreads over benchmark securities/Treasuries, spreads over swap curves, or direct price quotes as a percentage of par. For securities quoted on a spread basis,

Pricing and Related Issues

	daily security price changes will result from movements in the underlying curve (swap or Treasury) and/or changes in the quoted spread.
Timing	<ul style="list-style-type: none"> 3:00 pm (New York time). On early market closes, prices are taken as of 1pm, unless otherwise noted. If the last business day of the month is a US holiday, prices from the previous business day are used.
Bid or Offer Side	Bonds in the index are priced on the bid side. The initial price for new corporate issues entering the index is the offer side; after the first month, the bid price is used.
Settlement Assumptions	T+1 calendar day settlement basis for all bonds. 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 EM USD Sovereign+ Quasi Sovereign 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 EM USD Sovereign+ Quasi-Sovereign Index follows the US bond market holiday schedule.
Index Ticker	BSQSTRUU: Total Return Index Value

Monthly Returns in USD, 2010-2017 (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2010	0.61	0.80	3.07	0.96	-2.40	2.41	4.29	2.10	1.78	1.83	-2.70	-0.63	9.64
2011	-0.40	0.37	1.45	1.44	1.45	0.99	1.95	0.18	-4.10	4.35	-0.93	1.52	1.88
2012	2.01	2.71	0.31	1.52	-2.67	2.88	4.07	1.22	1.59	0.93	1.35	0.93	5.12
2013	-0.99	-0.33	-0.61	2.30	-2.92	-4.55	1.16	-2.19	2.45	2.16	-1.53	0.34	-4.87
2014	-0.45	2.56	0.92	1.17	2.82	0.63	-0.04	0.78	-1.69	1.34	-0.29	-2.60	18.04
2015	0.68	1.04	0.63	1.75	-0.15	-1.51	0.25	-1.04	-1.10	2.69	0.00	-1.30	8.36
2016	-0.03	1.65	2.90	1.73	-0.04	3.18	1.47	1.54	0.27	-0.96	-3.47	1.19	12.57
2017	1.26	-	-	-	-	-	-	-	-	-	-	-	1.26

Index History

April 1, 2013

- Flagship hard currency EM Indices rebranded as EM Aggregate benchmarks to reflect broad country and sector coverage.
- EM definition changed to use a fixed list of countries, reviewed annually, that is based on World Bank Income group classification and IMF country classification, as well as additional countries viewed by bond investors as EM. Sovereign rating no longer used to determine country eligibility for Bloomberg EM indices.
- Corporate issuers no longer subject to minimum of \$1bn outstanding debt trading in the market.

January 1, 2006	<ul style="list-style-type: none"> • Sovereign rating ceiling raised to Baa1/BBB+/BBB+ from Baa3/BBB-/BBB- to determine country index eligibility. • Minimum amount outstanding at the security level for USD issues raised to USD 500mn from USD 300mn for corporates/sovereigns and USD 500mn for local issues/Brady bonds. • Corporate bonds must be from issuers with at least USD 1bn in debt outstanding.
July 1, 2005	Fitch ratings added to Moody's and S&P to determine index eligibility and classification.
October 1, 2003	Bloomberg indices started using the most conservative rating of Moody's and S&P to determine index eligibility instead of Moody's only for split-rated securities.
January 1, 2001	Liquidity constraint for USD issues increased to USD 300mn for corporates from USD 150mn and to USD 300mn from USD 200mn for sovereigns.
January 1, 1997	Inception date of the US Emerging Markets Index. New index includes the Emerging Americas Bond Index and also better reflects other emerging market regions: Americas, Europe, Asia, Middle East, and South Africa.
January 1, 1993	Inception date of Emerging Americas Bond Index, consisting of debt from Argentina, Brazil, Mexico, and Venezuela.

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Bloomberg Professional® service	<p>Bloomberg benchmarks are the global standard for capital markets investors.</p> <ul style="list-style-type: none"> • 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)	<p>The index website makes available limited index information including:</p> <ul style="list-style-type: none"> • Index methodology and factsheets • Current performance numbers for select indices
Data Distribution	<p>Index subscribers may choose to receive index data in files. Files may include:</p> <ul style="list-style-type: none"> • 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

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