

# Euro Corporate BBB 1-5 Year Index

The Bloomberg Euro Corporate BBB 1-5 Year Bond Index tracks the euro-denominated, fixed-rate corporate bonds with a BBB credit rating and that have between 1 and 5 years remaining to maturity. Inclusion is based on currency denomination of a bond and not country of risk of the issuer. The Euro Corporate BBB 1-5 Year Index was created in May 2016, with history backfilled to November 1, 2006.

## Rules for Inclusion

<b>Eligible Currencies</b>	Principal and interest must be denominated in EUR.
<b>Quality</b>	<p>Securities must be rated between BBB- and BBB+, using the middle rating of Moody's, S&amp;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:</p> <ul style="list-style-type: none"><li>• Expected ratings at issuance may be used to ensure timely index inclusion or to properly classify split-rated issuers.</li><li>• Unrated securities may use an issuer rating for index classification purposes if available. Unrated subordinated securities are included if a subordinated issuer rating is available.</li></ul>
<b>Amount Outstanding</b>	EUR300mn minimum par amount outstanding.
<b>Coupon</b>	<ul style="list-style-type: none"><li>• Fixed-rate coupon.</li><li>• Callable fixed-to-floating rate bonds are eligible during their fixed-rate term only.</li><li>• Bonds with a step-up coupon that changes according to a predetermined schedule are eligible.</li></ul>
<b>Maturity</b>	<ul style="list-style-type: none"><li>• Between one and up to, but not including, 5 years remaining until final maturity, regardless of optionality.</li><li>• Bonds that convert from fixed to floating rate, including fixed-to-float perpetuals, will exit the index one year prior to conversion to floating-rate. Fixed-rate perpetuals are not included.</li></ul>
<b>Taxability</b>	Only fully taxable issues are eligible.
<b>Market of Issue</b>	Publicly issued in the global and regional markets.
<b>Seniority of Debt</b>	Senior and subordinated issues are included.

<b>Security Types</b>	Included	Excluded
	<ul style="list-style-type: none"> <li>● Bullet, putable, sinkable/amortizing and callable bonds</li> <li>● Original issue zero coupon</li> <li>● Underwritten MTN</li> <li>● Fixed-rate and fixed-to-float (including fixed-to-variable) capital securities</li> </ul>	<ul style="list-style-type: none"> <li>● Treasuries, government-related, securitized and covered bonds</li> <li>● Contingent capital securities, including traditional CoCos and contingent write-down securities</li> <li>● Bonds with equity type features (eg, warrants, convertibles, preferreds)</li> <li>● Inflation-linked bonds, floating-rate issues</li> <li>● Private placements, retail bonds</li> <li>● Structured notes, pass-through certificates</li> <li>● Illiquid securities with no available pricing</li> </ul>

## 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.

## Pricing and Related Issues

**Sources & Frequency** Index-eligible bonds are priced on a daily basis by Bloomberg's evaluated pricing service, BVAL.

**Timing**

- 4:15 p.m. (London time) each day.
- On early market closes, prices are taken as of 12:15 p.m. (London time) unless otherwise noted.
- If the last business day of the month is a UK holiday and European markets remain open, European securities will use month-end prices.

<b>Bid or Offer Side</b>	<ul style="list-style-type: none"> <li>• Bonds in the index are priced on the bid side.</li> <li>• The initial price for new corporate issues entering the index is on the offer side; after the first month, the bid price is used.</li> </ul>
<b>Settlement Assumptions</b>	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.
<b>Verification</b>	Daily price moves for each security are analyzed by the index pricing team. Index users may also challenge price levels, which are then reviewed and updated as needed.
<b>Calendar</b>	The Euro Corporate BBB 1-5 Year Index follows the UK bond market holiday schedule. For month-end dates, the European calendar may also be employed in the event a UK holiday falls on a month-end date but European markets remain open.

## Accessing Index Data

<b>Bloomberg Terminal®</b>	<p>Bloomberg benchmarks are the global standard for capital markets investors.</p> <ul style="list-style-type: none"> <li>• INDE&lt;GO&gt; - 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.</li> <li>• IN&lt;GO&gt; - 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.</li> <li>• DES&lt;GO&gt; - The index description page provides transparency into an individual index including membership information, aggregated characteristics and returns, and historical performance.</li> <li>• INP&lt;GO&gt; - 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.</li> <li>• PORT&lt;GO&gt; - Bloomberg's Portfolio &amp; 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.</li> </ul>
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<b>Bloomberg Indices Website</b> ( <a href="http://www.bloomberg.com/indices">www.bloomberg.com/indices</a> )	<p>The index website makes available limited index information including:</p> <ul style="list-style-type: none"> <li>• Index methodology and factsheets</li> <li>• Current performance numbers for select indices</li> </ul>
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<b>Data Distribution</b>	<p>Index subscribers may choose to receive index data in files. Files may include:</p> <ul style="list-style-type: none"> <li>• Index level and/or constituent level returns and characteristics for any indices</li> <li>• Automatic delivery of files via email or SFTP following the completion of the index production process after market close</li> <li>• Clients may receive standard files or may customize file contents</li> <li>• Index data is also available via authorized redistributors</li> </ul>
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<b>Index Ticker</b>	BBCRTREU: Total Return EUR Unhedged
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