

# Bloomberg MSCI Euro Corporate Ultrashort Fixed and Floating Rate SRI Index

The Bloomberg MSCI Euro Corporate Ultrashort Fixed and Floating Rate SRI Bond Index is a euro-denominated, investment-grade corporate bond benchmark that follows the rules of the Bloomberg Euro Aggregate Corporate and the Euro FRN Corporate Indices and applies additional ESG criteria for security eligibility. To be eligible, bonds must have at least EUR500mn amount outstanding. Fixed-rate bonds must have between 1 and 18 months remaining to maturity, and floating-rate bonds must have between 1 month and 3 years remaining to maturity. Subordinated bonds are not eligible for the index. The index negatively screens issuers that are involved in business activities that are restricted because they are inconsistent with certain values-based business involvement criteria, and excludes those issuers with a "red" MSCI ESG Controversies Score. The index was created in August 2022, with history backfilled to January 1, 2017.

## Rules for Inclusion

<b>Sector</b>	Corporate (industrial, utility and financial institutions) issuers only.
<b>Eligible Currencies</b>	Principal and interest must be denominated in EUR.
<b>Quality</b>	<p>Securities must be rated investment grade (Baa3/BBB-/BBB- or higher) 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.</li> </ul>
<b>Amount Outstanding</b>	EUR500mn minimum par amount outstanding.
<b>Coupon</b>	<ul style="list-style-type: none"> <li>• Fixed-rate coupon.</li> <li>• Original zero coupon issues are included.</li> <li>• 3-month EURIBOR-based fixed spread securities.</li> <li>• Quarterly payment compounded ESTR-based fixed spread securities, eligible starting from April 2021.</li> <li>• Variable rate coupon bonds are not eligible.</li> </ul>
<b>Maturity</b>	<ul style="list-style-type: none"> <li>• At least one month and up to, but not including, 18 months until final maturity, regardless of optionality, for fixed-rate bonds.</li> <li>• At least one month and up to, but not including, 3 years until final maturity, regardless of optionality, for floating-rate bonds.</li> </ul>

- Perpetual bonds are not included.

**Market of Issue** Fully taxable, publicly issued in the global and regional markets.

**Seniority of Debt** Senior issues are included. Subordinated issues are not eligible.

Security Types	Included	Excluded
	<ul style="list-style-type: none"> <li>• Bullet, putable, sinkable/amortizing and callable bonds</li> <li>• Floating Rate Notes (Euribor-linked, ESTR-linked)</li> </ul>	<ul style="list-style-type: none"> <li>• Treasury, government related and securitized bonds</li> <li>• Inflation-linked bonds</li> <li>• Private placements and retail bonds</li> </ul>

## Environment, Social and Governance (ESG) Rules

**Business Involvement Screens** The index excludes issuers involved in the following business lines/activities as per the standard Bloomberg MSCI SRI screen:

- Alcohol
- Tobacco
- Gambling
- Adult Entertainment
- Genetically Modified Organisms (GMO)
- Nuclear Power
- Civilian Firearms
- Conventional Weapons
- Nuclear Weapons
- Controversial Weapons
  - Landmine Manufacturing
  - Cluster Bomb Manufacturing
  - Depleted Uranium Weapons
  - Chemical and Biological Weapons Components
- Thermal Coal
- Fossil Fuels

Involvement is defined for each restricted activity and may be based on % of revenue, total revenue, or any tie regardless of revenue (see Figures 7-8 on pages 14-16 for standard screen threshold in ESG Methodology on the [Bloomberg Terminal](#) or on the [website](#)).

Additionally, the index excludes issuers that have any ties to the business activities related to:

- Tobacco
- Civilian Firearms
- Landmines
- Cluster Bombs
- Any weapons

- o Nuclear Power
- o Genetically Modified Organisms (GMO)

From September 2020, the index additionally excludes issuers that have any ties to Fossil Fuels.

**MSCI ESG Controversies Screen** Excludes any issuer with a “Red” MSCI ESG Controversies Score (equal to zero), which measures an issuer’s involvement in major ESG controversies and how well they adhere to international norms and principles.

## Rebalancing Rules

**Minimum ESG Exclusions** From August 2022, the following criteria will be applied. On the last business day before month end, using the Forward Universe of the previous day, after applying the Non-ESG criteria rules for inclusion, defined above, and additionally removing any non-ESG rated bonds, the number of issuers for the eligible universe are defined.

If, after having additionally applied the ESG selection criteria above, less than 20% of the total number of issuers in the eligible universe are excluded, then the eligible issuers are ranked in the order below, according to the following criteria:

- MSCI ESG Rating score (higher Ticker ESG Rating score preferred to remain in the index)
- MSCI ESG Controversies score (higher Ticker Controversies score preferred to remain in the index)

Then based on this ranking, issuers will be excluded from the index, until the number of excluded issuers is higher than 20% of the eligible universe total number of issuers. If, more than one issuer has the same ESG Rating and Controversy score and is required to be removed to reach the 20% threshold, then all issuers with the same ESG Rating and Controversy score are removed.

**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, etc.) are reflected daily in both 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/announced, but not necessarily settled, on or before the month-end rebalancing date, qualify for inclusion in the following month’s index if required security reference information and pricing are readily available.

## Pricing and Related Issues

<b>Sources &amp; Frequency</b>	All index-eligible bonds are priced on a daily basis by Bloomberg's evaluated pricing service, BVAL.
<b>Pricing Quotes</b>	Bonds are quoted as a percentage of par.
<b>Timing</b>	<ul style="list-style-type: none"> <li>• 4:15pm (London time).</li> <li>• On early market closes, prices are taken as of 12:00pm (London time), unless otherwise noted.</li> <li>• If the last business day of the month is a UK holiday, prices from the previous business day are used.</li> </ul>
<b>Bid or Offer Side</b>	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.
<b>Settlement Assumptions</b>	<ul style="list-style-type: none"> <li>• T+1 calendar day settlement basis.</li> <li>• 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.</li> </ul>
<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 Ultrashort Fixed and Floating Rate SRI Index follows the UK bond market holiday schedule. FX rates are updated daily using WM Reuters 4pm (London) rates. FX forwards are also sourced from WM Company.

## 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>
<b>Bloomberg Indices Website</b> <b>(www.bloomberg.com/)</b>	<p>The index website makes available limited index information including:</p> <ul style="list-style-type: none"> <li>• Index methodology and factsheets</li> </ul>

**indices)**

- Current performance numbers for select indices

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- Automatic delivery of files via email or SFTP following the completion of the index production process after market close
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