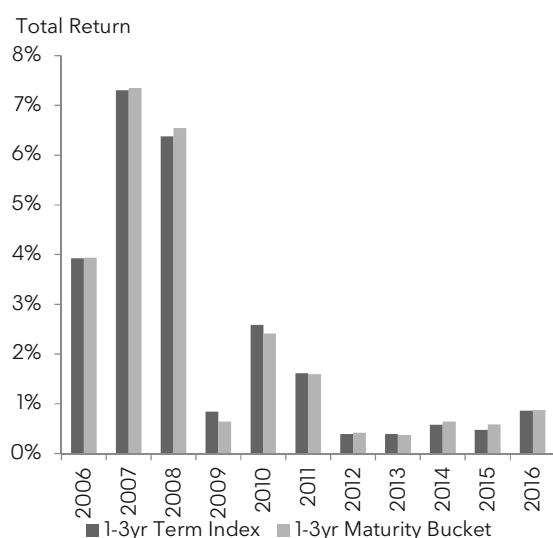


## US Treasury Bond 1-3 Year Term Index

The Bloomberg Barclays US Treasury Bond 1-3 Year Term Index measures the performance of government bonds issued by the US Treasury.

The Term indices only include bonds near to their original term, rather than selecting all bonds in a maturity range. The benefit of the term methodology is that the term indices have similar yield, duration and risk/return characteristics to standard maturity based indices but are more compact and tend to be more liquid than the equivalent maturity based index, which also includes bonds issued at longer tenors and that have rolled down the yield curve.

### Term Index Annual Returns versus Equivalent Maturity Bucket (%)



### Term Index Statistics vs. Equivalent Maturity Index

	Term Index	Maturity Index
Attributes		
Yield (Semi Annual)	1.22	1.26
Mod Duration (Semi Annual)	1.80	1.96
Average life	1.83	2.00
No. Of Bonds	36	95
Market Value \$bn	948	3059

Note: Data as of February 28, 2017.

### Rules for Inclusion

<b>Eligible Countries</b>	US Treasury bonds only.
<b>Eligible Currencies</b>	Principal and interest must be denominated in USD.
<b>Quality</b>	<ul style="list-style-type: none"> <li>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.</li> <li>Local currency treasury bonds are classified using the middle issuer level rating from each agency, including unsolicited ratings, for all bonds, even if bond level ratings are available.</li> </ul>
<b>Amount Outstanding</b>	USD 5bn minimum par amount outstanding.
<b>Bond Type</b>	<ul style="list-style-type: none"> <li>Bonds must be fixed-rate coupon and bullet maturity.</li> <li>Callable bonds, inflation-linked bonds and zero-coupons bonds are excluded.</li> </ul>
<b>Term/Maturity</b>	<ul style="list-style-type: none"> <li>Eligible bonds must have an original term of between 1.5 and 3.75 years.</li> <li>Eligible bonds must have a calculated time to maturity greater than or equal to 1 and less than 3 years on the rebalancing date.</li> </ul>

## Rebalancing Rules

<b>Frequency</b>	The index is rebalanced on the last calendar day of each month.
<b>Reinvestment of Cash Flows</b>	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.
<b>New Issues</b>	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.
<b>Minimum Number of Bonds</b>	The index will contain at least six bonds at rebalancing. In the event that there are not enough eligible bonds, the maximum term of the index will be extended until six bonds are included. In the event that several bonds have the same original term, newer bonds will be given preference.
<b>Maximum weight</b>	The maximum weight of any one bond in the index is capped at 30% at rebalancing.

## Pricing and Related Issues

<b>Sources &amp; Frequency</b>	All bonds in the index are priced daily using Bloomberg's evaluated pricing service, BVAL.
<b>Timing</b>	<ul style="list-style-type: none"> <li>• 3pm (New York time).</li> <li>• On early market closes, prices are taken as of 1pm (New York time), unless otherwise noted.</li> <li>• If the last business day of the month is a public holiday, prices from the previous business day are used.</li> </ul>
<b>Bid or Offer Side</b>	The index uses mid-market prices.
<b>Settlement Assumptions</b>	<ul style="list-style-type: none"> <li>• Local market settlement conventions are used for all calculations.</li> <li>• The index is calculated daily and has a value of each calendar day. For non-business days, prices are rolled from the previous business day. Business days following US bond market calendar.</li> </ul>
<b>Verification</b>	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.
<b>Currency Hedging</b>	Returns hedged to various currencies are published for multi-currency indices. 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.
<b>Base Date</b>	December 31, 1998.
<b>Index Series</b>	Series-B index family.

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## Monthly Returns in USD, 2006-2017 (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2006	0.15	0.08	0.17	0.26	0.17	0.20	0.71	0.71	0.53	0.37	0.50	0.03	3.92
2007	0.21	0.81	0.40	0.33	-0.07	0.45	0.88	1.06	0.68	0.37	1.73	0.24	7.30
2008	1.70	1.04	0.20	-0.82	-0.27	0.32	0.41	0.45	0.71	0.84	1.05	0.59	6.38
2009	-0.29	-0.22	0.56	-0.13	0.19	-0.18	0.16	0.43	0.27	0.24	0.68	-0.86	0.85
2010	0.82	0.22	-0.27	0.30	0.47	0.49	0.28	0.20	0.18	0.23	-0.18	-0.18	2.58
2011	0.15	-0.09	-0.05	0.47	0.38	0.03	0.29	0.36	-0.13	0.08	0.06	0.06	1.62
2012	0.10	-0.14	-0.05	0.21	0.03	-0.06	0.23	0.02	-0.01	-0.06	0.10	0.02	0.39
2013	0.02	0.09	0.02	0.11	-0.14	-0.07	0.16	-0.09	0.22	0.10	0.10	-0.12	0.39
2014	0.16	0.09	-0.11	0.13	0.18	-0.05	-0.08	0.19	-0.06	0.25	0.12	-0.23	0.58
2015	0.46	-0.20	0.20	0.05	0.07	0.03	0.06	-0.05	0.28	-0.09	-0.25	-0.07	0.48
2016	0.57	0.10	0.17	0.05	-0.11	0.59	-0.06	-0.16	0.12	-0.07	-0.37	0.05	0.86
2017	0.13	0.09	-	-	-	-	-	-	-	-	-	-	0.22

## Index History

December 1998	US Treasury Term index inception/base date.
June 2006	<ul style="list-style-type: none"><li>Index calculation methodology changes from daily reinvestment to monthly reinvestment of intra-month coupons.</li><li>Coupons held as cash until month-end and earn a return accruing at local-market Libor.</li><li>Rating rules based on local currency long-term sovereign ratings, rather than foreign currency ratings.</li></ul>
December 2010	<ul style="list-style-type: none"><li>Index rating determination changes to use middle rating of Moody's, S&amp;P and Fitch.</li><li>Change in index methodology to remove deposit return on intra-month coupon held as cash.</li></ul>
September 2014	<ul style="list-style-type: none"><li>Original term parameters of the US Term indices were reviewed and subsequently modified.</li><li>An average life/maturity upper bound applied to Term indices.</li></ul>
March 2015	Index inclusion of new bonds/taps will be determined by issue date (auction date) rather than settlement date.

## Bloomberg Total Return Index Value Tickers: US 1-3Yr Term Index and Related Indices

Ticker (USD Unhedged)	Index	Ticker	Index
BCEY6T	US Treasury 1-3 Yr Term	BCEY6M	US Treasury 1-3 Yr Term Modified Duration
BCEY7T	US Treasury 3-7 Yr Term	BCEY6L	US Treasury 1-3 Yr Term Average Life
BCEY3T	US Treasury 5 Yr Term	BCEY6Y	US Treasury 1-3 Yr Term Average Yield
BCEY4T	US Treasury 10 Yr Term	BCEY6C	US Treasury 1-3 Yr Term Market Value

Total Return Index Values are available in other currencies and on a hedged basis. Attributes such as yield and duration, are also available. Please refer to Accessing Bloomberg Barclays Index Data Using Bloomberg Tickers for a full list of tickers and attributes that are available.

## Accessing Index Data

<b>Bloomberg Professional® service</b>	<p>Bloomberg benchmarks are the global standard for capital markets investors.</p> <ul style="list-style-type: none"> <li>• INDEX&lt;Go&gt; – 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.</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>• 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> <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> </ul>
<b>Bloomberg Indices Website (www.bloombergindices.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> <li>• Current performance numbers for select indices</li> </ul>
<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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March 13, 2017

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