

Bloomberg MSCI EUR Corporate Liquid Bond Screened Index

The Bloomberg MSCI EUR Corporate Liquid Bond Screened Index is a fixed-rate, investment-grade corporate bond benchmark that includes bonds from both developed and emerging markets issuers. The index follows the same general criteria as the Bloomberg EUR Corporate Index, but removes issuers¹ with ties to thermal coal, oil and gas or issuers involved in certain controversial business lines. The index also excludes issuers with very severe ESG Controversies or Red Flags. The Bloomberg MSCI EUR Corporate Liquid Bond Screened Index was launched in April 2022 with history backfilled to January 1, 2017.

Rules for Inclusion: Fixed Income Criteria

Sector	Corporate (industrials, utilities, and financial institutions) issuers only.
Eligible Currencies	Principal and interest must be denominated in EUR.
Quality	<p>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:</p> <ul style="list-style-type: none"> Expected ratings at issuance may be used to ensure timely index inclusion or to properly classify split-rated issuers. 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.
Market of Issue	Publicly issued in the global and regional markets.
Amount Outstanding	EUR 500mn minimum par amount outstanding.
Coupon	<ul style="list-style-type: none"> Fixed-rate coupon. Original zero coupon bonds are included. Callable fixed-to-floating rate bonds are eligible during their fixed-rate term only. Bonds with a step-up coupon that changes according to a predetermined schedule are eligible.
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 perpetuals, will exit the index one year prior to conversion to floating rate. Fixed-rate perpetuals are not included.
Taxability	Only fully taxable issues are eligible.
Seniority of Debt	Senior and subordinated issues are included.

¹ Prior to April 9, 2021, the term issuer herein refers to bond ticker. All index exclusions due to controversial business involvement, including ties to fossil fuel, and ESG controversies are applied to the bond ticker. Starting on April 9, 2021, ESG data has been mapped at a bond level. See the section titled "ESG Ticker Mapping Methodology" and the Index Announcement for [Planned Change to ESG Mapping Methodology](#) more details.

Country of Risk

Bonds with a Country of Risk equal to Russia were removed on April 1, 2022. See the Index Announcement [FI Implementation Update on Russian Sanctions](#) for more details.

Security Types**Included**

- Bullet, putable, sinkable/amortizing and callable bonds
- Original issue zero coupon bonds
- Bonds issued through underwritten MTN programs
- Fixed-rate and fixed-to-float (including fixed-to-variable) capital securities

Excluded

- Contingent capital securities, including traditional CoCos and contingent write-down securities with explicit capital ratio or solvency/balance sheet-based triggers
- Bonds with equity type features (e.g., warrants, convertibles, preferreds)
- Inflation-linked bonds, floating-rate issues
- Fixed-rate perpetuals
- Private placements, retail bonds
- Structured notes, pass-through certificates
- Securities where reliable pricing is unavailable

Environment, Social and Governance (ESG) Rules**Business Involvement Screening****Adult Entertainment:**

- Excludes all researched companies classified as a "Producer" deriving 5% or more aggregate revenue from the production, distribution, and retail of adult entertainment material.
- Excludes all researched companies deriving 10% or more aggregate revenue from the production, distribution, and retail of adult entertainment materials.

Alcohol:

- Excludes all researched companies classified as a "Producer" deriving 5% or more aggregate revenue from the production, distribution, retail, and supply of alcohol related products.
- Excludes all researched companies deriving 10% or more aggregate revenue from the production, distribution, retail, and supply of alcohol related products.

Gambling:

- Excludes all researched companies classified as either involved in "Operations" deriving 5% or more aggregate revenue from gambling related business activities or involved in "Support" deriving 10% or more aggregate revenue from gambling related business activities.
- Excludes all researched companies classified as either involved in "Operations" or "Support" deriving 5% or 500mn USD or more aggregate revenue from gambling related business activities.

Tobacco:

- Excludes all researched companies either classified as a "Producer" or deriving 5% or more aggregate revenue from the production, distribution, retail, supply, and licensing of tobacco related products.
- Excludes all researched companies deriving revenue from the distribution, retail, and supply of tobacco related products.

Nuclear Weapons:

- Excludes all researched companies manufacturing nuclear weapons, including nuclear warheads, intercontinental ballistic missiles, and ballistic missile submarines, which are capable of the delivery of nuclear warheads.
- Excludes all researched companies manufacturing key nuclear weapons components.

Controversial Weapons:

- Excludes all researched companies manufacturing biological and chemical weapons or key biological and chemical weapons components.
- Excludes all researched companies manufacturing cluster munitions whole weapons systems, components, or delivery platforms.
- Excludes all researched companies manufacturing landmines whole systems or components.
- Excludes all researched companies involved in the production of depleted uranium (DU) weapons, ammunition, and armor, including companies that manufacture armor piercing, fin stabilized, discarding sabot tracing rounds (APFSDS-T); Kinetic Energy Missiles made with DU penetrators; and DU-enhanced armor, including composite tank armor.

Conventional Weapons:

- Excludes all researched companies deriving revenue from the production of conventional weapons and components.
- Excludes all researched companies deriving 5% or more revenue from conventional weapons support systems and services.
- Excludes all researched companies deriving revenue from conventional weapons support systems and services.

Civilian Firearms:

- Excludes all researched companies classified as "Producer" of firearms and small arms ammunitions for civilian markets. It does not include companies that cater to the military, government, and law enforcement markets
- Excludes all researched companies classified as a "Retailer" deriving revenue from the production and distribution (wholesale or retail) of firearms or small arms ammunition intended for civilian use.

Fossil Fuel:

- Excludes all researched companies having an industry tie to fossil fuels (thermal coal, oil and gas) – in particular, reserve ownership, related revenues and power generation. This list does not include companies providing evidence of owning metallurgical coal reserves.

Nuclear Power:

- Excludes all researched companies owning or operating nuclear power plants.
- Excludes all researched companies owning or operating active uranium mines.
- Excludes all researched companies involved in uranium enrichment and processing.
- Excludes all researched companies involved in the design and engineering of nuclear power reactors.
- Excludes all researched companies classified as a "Supplier" deriving revenue from nuclear power activities.

ESG Controversy

Excludes all researched companies involved in one or more very severe ESG Controversies (MSCI ESG Controversy Score= 0, Red Flags), which measures an issuer's involvement in major ESG controversies and how well they adhere to international norms and principles. Issuers without ESG Controversy Scores from MSCI are excluded.

ESG Mapping Methodology**Ticker Mapping**

Prior to April 9, 2021, assignment of MSCI ESG Ratings, Controversy Scores, and Business Involvement data to issuers in the Bloomberg MSCI ESG family of fixed income indices was made at the Bloomberg ticker level. However, many companies have multiple issuing entities that share a common ticker. In the cases where MSCI has ESG data for more than one of these sub-entities, the entity with the largest

debt outstanding (by market value) in the Bloomberg index family was mapped to the Bloomberg ticker. Every bond with the same ticker will have the same underlying ESG data.

Bond Mapping

Since April 9, 2021, ESG data has been applied at the bond level. See the index Announcement for [Planned Change to ESG Mapping Methodology](#) more details.

Non-covered Issuers

Issuers not covered by MSCI Business Involvement Screening Research (BISR) and Fossil Fuel Research are eligible, provided the bonds satisfy all the index inclusion rules. Issuers with missing ESG Controversy Scores are not 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.

Pricing and Related Issues

Sources & Frequency

All 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.

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.
Currency Hedging	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 EUR Corporate Liquid Bond Screened Index follows the UK bond market holiday schedule. For month-end dates, the EURpean calendar may also be employed in the event a UK holiday falls on a month-end date but EURpean markets remain open. FX rates are updated daily using WM Reuters 4pm (London) rates. FX forwards are also sourced from WM Company.

Accessing Index Data

Bloomberg Terminal®	<p>Bloomberg benchmarks are the global standard for capital markets investors.</p> <ul style="list-style-type: none"> • INDE<GO> - 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. • 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. • DES<GO> - The index description page provides transparency into an individual index including membership information, aggregated characteristics and returns, and historical performance. • INP<GO> - 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. • 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.
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Index Ticker	I36950EU: Total Return EUR Unhedged

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- Bond Pricing Service
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- Separately Managed Accounts (SMAs)

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