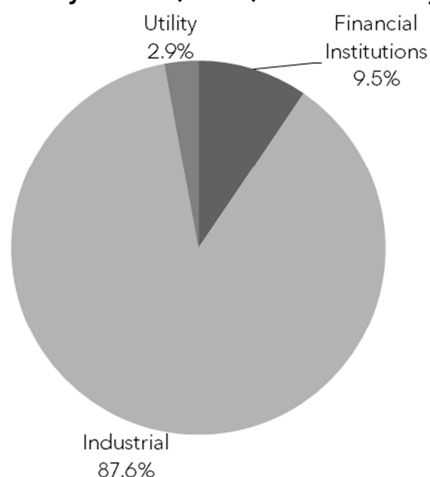


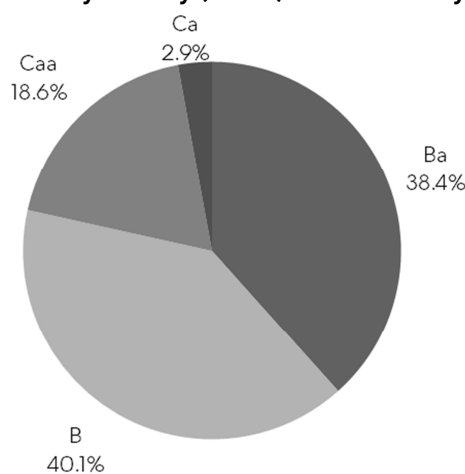
# US High Yield 1-5 Year Coupon 4% exChina Index

The Bloomberg Barclays US High Yield 1-5 Year Coupon 4% exChina Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. The index excludes bonds with a country of risk of China. Bonds from issuers with an emerging markets country of risk, based on the indices' EM country definition, are excluded. The US High Yield 1-5 Year Coupon 4% exChina Index is a subset of the US Universal and Global High Yield Indices. The index inception date is August 1, 2012.

Composition by Sector (MV%) as of February 28, 2018



Composition by Quality (MV%) as of February 28, 2018



## Rules for Inclusion

<b>Sector</b>	Corporate (industrial, financial institutions, utility) issues only.
<b>Eligible Currencies</b>	Principal and interest must be denominated in USD.
<b>Quality</b>	<p>Securities must be rated high yield (Ba1/BB+/BB+ or below) 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 classify split-rated issuers properly.</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>	USD750mn minimum par amount outstanding.
<b>Coupon</b>	<ul style="list-style-type: none"> <li>Fixed-rate coupon. Zero coupon bonds issued as original issue discounts (OIDs) are excluded.</li> <li>Securities must be cash pay bonds.</li> <li>Single coupon type only.</li> <li>Coupon ≥ 4</li> </ul>
<b>Maturity</b>	Remaining years to maturity must be between 1 and 4.9999 years.
<b>Seniority of Debt</b>	Subordinated issues are excluded.
<b>Taxability</b>	<ul style="list-style-type: none"> <li>Only fully taxable issues are eligible.</li> </ul>

- Dividend Received Deduction (DRD) and Qualified Dividend Income (QDI) eligible securities are excluded.

<b>Market of Issue</b>	<ul style="list-style-type: none"> <li>• SEC-registered bonds, bonds exempt from registration at the time of issuance and SEC Rule 144A securities (with or without registration rights) are eligible.</li> <li>• A security with both SEC Regulation-S (Reg-S) and SEC 144A tranches is treated as one security for index purposes. The 144A tranche is used to prevent double-counting and represents the combined amount outstanding of the 144A and Reg-S tranches.</li> </ul>	
<b>Security Types</b>	<p>Included</p> <ul style="list-style-type: none"> <li>• Bullet securities</li> <li>• Cash pay bonds</li> <li>• Single Coupon</li> </ul>	<p>Excluded</p> <ul style="list-style-type: none"> <li>• Debt issued by emerging markets corporate issuers</li> <li>• Defaulted bonds</li> <li>• Contingent capital securities, including traditional CoCos and contingent write-down securities, with explicit capital ratio or solvency/balance sheet-based triggers</li> <li>• Bonds with equity type features (eg, warrants, convertibles, preferreds, DRD/QDI-eligible issues)</li> <li>• Fixed-to-float and step-up coupon securities</li> <li>• Pay-in-kind (PIK) and partial PIK bonds</li> <li>• Original issue zero coupon bonds</li> <li>• Eurodollar issues</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 internal or third-party pricing source</li> <li>• Securities with China as their country of risk</li> </ul>

## Rebalancing Rules

<b>Frequency</b>	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.
<b>Index Changes</b>	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.
<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.

## 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>	Prices are quoted as a percentage of par.
<b>Timing</b>	<ul style="list-style-type: none"> <li>• 3pm (New York time) each day.</li> </ul>

## Pricing and Related Issues

	<ul style="list-style-type: none"> <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 US holiday, prices from the previous day are used.</li> </ul>
<b>Bid or Offer Side</b>	Bonds in the index are priced on the bid side, including new corporate issues entering the index.
<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 to identify outliers. Index users may also challenge price levels, which are then reviewed and updated as needed using input from various sources.
<b>Calendar</b>	The US High Yield 1–5 Year Coupon 4% exChina Index follows the US bond market holiday schedule.

## Monthly Returns in USD, 2012-2018 (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2012	–	–	–	–	–	–	–	0.77	1.09	1.07	0.50	1.18	4.70
2013	1.25	0.62	0.88	1.29	-0.38	-1.60	1.92	0.19	0.78	1.77	0.56	0.44	7.93
2014	0.39	1.06	0.09	0.80	0.21	0.34	-1.34	1.10	-1.72	0.90	-0.33	-1.00	0.46
2015	0.13	2.14	-0.67	1.19	0.55	-1.28	-1.51	-1.88	-2.97	2.51	-1.85	-1.72	-5.39
2016	-1.77	-0.11	3.55	3.43	0.63	0.85	2.15	1.66	0.91	0.12	0.03	1.80	13.93
2017	1.11	1.72	-0.15	0.81	0.85	0.33	0.69	0.07	0.50	0.21	-0.68	0.26	5.86
2018	0.83	-0.22	–	–	–	–	–	–	–	–	–	–	0.61

Note: 2012 and 2018 YTD returns are not annualized.

## 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 Introduction 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. PORT includes tools to analyze performance of a portfolio versus a benchmark as well as 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 the current and projected index universe including membership information, aggregated characteristics and returns, and historical data.</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>

Accessing Index Data

Data Distribution	Index subscribers may choose to receive index data in files. Files may include: <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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Bloomberg Total Return Index Value Ticker

Ticker (USD Unhedged)	Index
I33735US	US High Yield 1–5 Year Coupon 4% exChina Index

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