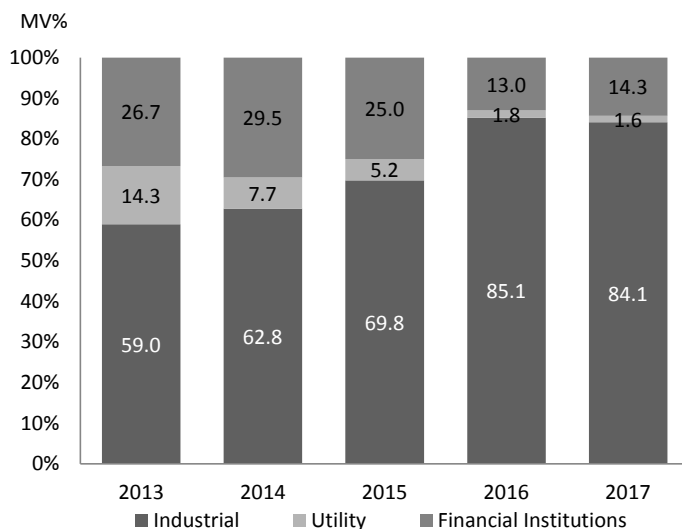


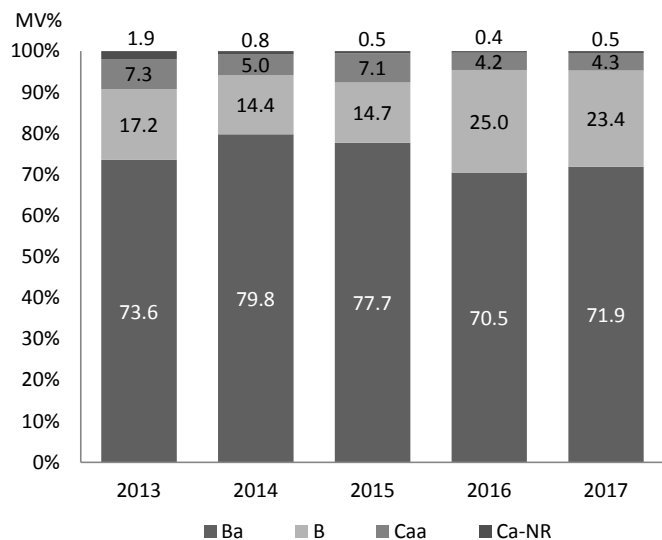
US High Yield Fallen Angel 3% Capped Bond Index

The Bloomberg Barclays US High Yield Fallen Angel 3% Capped Bond Index is a component of the US Corporate High Yield Index that is designed to track USD-denominated, high yield, fixed-rate corporate bonds that have been downgraded from investment grade. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on the indices' EM country definition, are excluded. The US High Yield Fallen Angel 3% Capped Bond Index was created in March 2016, with history backfilled to January 1, 2005.

Historical Composition by Sector (MV%) - Trailing 5 Years



Historical Composition by Quality (MV%) - Trailing 5 Years



Note: 2013-2016 data are as of year-end; 2017 data are as of November.

Rules for Inclusion

Fallen Angel	Securities must currently be rated high yield, while having been assigned an investment grade index rating either at issuance or at some point since issuance.
Sector	Corporate (industrial, financial institutions, utility) issues only.
Eligible Currencies	Principal and interest must be denominated in USD.
Quality	<ul style="list-style-type: none"> Securities must be rated high yield (Ba1/BB+/BB+ or below) 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. Securities must also have been rated investment grade in the past (Baa3/BBB-/BBB- or above) and subsequently downgraded to high yield.
Amount Outstanding	USD150mn minimum par amount outstanding.
Coupon	<ul style="list-style-type: none"> Fixed-rate coupon. Pay-in-kind (PIK) bonds and toggle notes are eligible. Partial PIKs are excluded. Callable fixed-to-floating rate and fixed-to-variable bonds are eligible during their fixed-rate term only. Bonds with a step-up coupon that changes according to a predetermined schedule are eligible.

Rules for Inclusion

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. 	
Seniority of Debt	Senior and subordinated issues are included.	
Taxability	<ul style="list-style-type: none"> Only fully taxable issues are eligible. Dividend Received Deduction (DRD) and Qualified Dividend Income (QDI) eligible securities are excluded. 	
Market of Issue	<ul style="list-style-type: none"> SEC-registered bonds, bonds exempt from registration at the time of issuance and SEC Rule 144A securities (with or without registration rights) are eligible. 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. 	
Security Types	<p>Included</p> <ul style="list-style-type: none"> Bullet, puttable, sinkable/amortizing and callable bonds Original issue zero coupon bonds Pay-in-kind (PIK) bonds and toggle notes Fixed-rate and fixed-to-float (including fixed-to-variable) capital securities 	<p>Excluded</p> <ul style="list-style-type: none"> Debt issued by emerging markets corporate issuers Defaulted bonds 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, DRD/QDI-eligible issues) Partial pay-in-kind (PIK) bonds Eurodollar issues Inflation-linked bonds, floating-rate issues Private placements, retail bonds Structured notes, pass-through certificates

Rebalancing Rules

Issuer Capping Methodology	Issuers that exceed 3% of the market value of the uncapped US High Yield Fallen Angel Index are limited at 3%. The excess market value over the 3% cap is redistributed on a pro rata basis to all other issuers' bonds in the index that are under the 3% cap. The process is repeated until no issuer exceeds the 3% limit. For example, an issuer that represents 4% of the uncapped index will have 1% of the index's market value redistributed to each bond from all issuers under the 3% cap on a pro rata basis. The 3% issuer cap is applied each month as the index is rebalanced.
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. 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.

Rebalancing Rules

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.
Pricing Quotes	Prices are quoted as a percentage of par.
Timing	<ul style="list-style-type: none"> • 3pm (New York time) each day. • On early market closes, prices are taken as of 1pm (New York time) unless otherwise noted. • If the last business day of the month is a US holiday, prices from the previous day are used.
Bid or Offer Side	Bonds in the index are priced on the bid side.
Settlement Assumptions	<ul style="list-style-type: none"> • 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.
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	Returns hedged to various non-USD currencies are published for the US High Yield Fallen Angel 3% Capped Bond Index. 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 US High Yield Fallen Angel 3% Capped Bond Index follows the US bond market holiday schedule.

Monthly Returns in USD, 2007-2017 (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2007	1.07	1.56	-0.05	0.99	0.33	-1.51	-3.09	1.25	2.24	0.76	-1.10	-0.08	2.28
2008	-0.61	-1.64	-0.79	3.17	0.25	-2.35	-1.54	0.16	-7.88	-13.83	-8.82	6.55	-25.50
2009	8.10	-2.53	3.83	12.85	9.74	3.27	4.65	3.81	6.53	2.06	1.07	3.62	73.08
2010	2.44	0.38	3.75	2.77	-3.75	1.09	3.39	0.98	2.95	2.50	-1.00	1.00	17.51
2011	2.21	1.71	0.52	1.69	1.43	-1.18	0.88	-4.29	-2.88	3.49	-1.63	1.79	3.49
2012	4.00	2.77	0.56	1.09	-0.62	1.50	2.06	2.11	1.75	2.07	0.56	1.38	20.93
2013	1.89	0.62	1.35	1.92	0.55	-3.13	1.28	-0.51	1.08	2.10	0.73	0.54	8.64
2014	0.99	2.32	0.51	1.45	1.58	1.17	-0.57	1.47	-1.59	1.30	-0.11	-1.13	7.57
2015	2.11	1.82	0.00	1.24	0.15	-1.41	-0.51	-1.26	-1.61	1.70	-1.78	-2.71	-2.37
2016	-2.03	1.36	7.80	6.29	0.09	2.58	2.86	2.57	0.89	1.22	-0.96	1.68	26.74
2017	2.18	1.47	0.03	1.23	0.36	-0.07	1.44	0.39	1.45	0.61	-0.19	0.58	9.87

January 08, 2018

Index Licensing

Bloomberg requires index data licenses for services and products linked to the Indices

- Index or Constituent-Level Redistribution
 - Exchange Traded Notes (ETNs)
 - OTC Derivative Products
 - Bond Pricing Service
 - Index-Linked Insurance Products
 - Custom Index Solutions
 - Exchange Traded Funds (ETFs)
 - Mutual Funds
-

January 08, 2018

New York

+1-212-617-5020

London

+44-20-3525-9976

Singapore

+65-6311-1449

Hong Kong

+852-2293-1346

Tokyo

+81-3-3201-7024

Sydney

+61-2-9777-7208

info@bloombergindices.com

Disclaimer

BLOOMBERG is a trademark and service mark of Bloomberg Finance L.P. BARCLAYS is a trademark and service mark of Barclays Bank Plc, used under license. Bloomberg Finance L.P. and its affiliates (collectively, "Bloomberg") or Bloomberg's licensors own all proprietary rights in the BLOOMBERG BARCLAYS INDICES. Neither Bloomberg nor Barclays Bank PLC or Barclays Capital Inc. or their affiliates (collectively "Barclays") guarantee the timeliness, accuracy or completeness of any data or information relating to BLOOMBERG BARCLAYS INDICES or make any warranty, express or implied, as to the BLOOMBERG BARCLAYS INDICES or any data or values relating thereto or results to be obtained therefrom, and expressly disclaims all warranties of merchantability and fitness for a particular purpose with respect thereto. It is not possible to invest directly in an index. Back-tested performance is not actual performance. Past performance is not an indication of future results. To the maximum extent allowed by law, Bloomberg and its licensors, and their respective employees, contractors, agents, suppliers and vendors shall have no liability or responsibility whatsoever for any injury or damages - whether direct, indirect, consequential, incidental, punitive or otherwise - arising in connection with BLOOMBERG BARCLAYS INDICES or any data or values relating thereto - whether arising from their negligence or otherwise. This document constitutes the provision of factual information, rather than financial product advice. Nothing in the BLOOMBERG BARCLAYS INDICES shall constitute or be construed as an offering of financial instruments or as investment advice or investment recommendations (i.e., recommendations as to whether or not to "buy," "sell," "hold" or enter into any other transaction involving a specific interest) by Bloomberg or its affiliates or licensors or a recommendation as to an investment or other strategy. Data and other information available via the BLOOMBERG BARCLAYS INDICES should not be considered as information sufficient upon which to base an investment decision. All information provided by the BLOOMBERG BARCLAYS INDICES is impersonal and not tailored to the needs of any specific person, entity or group of persons. Bloomberg and its affiliates express no opinion on the future or expected value of any security or other interest and do not explicitly or implicitly recommend or suggest an investment strategy of any kind. In addition, Barclays is not the issuer or producer of the BLOOMBERG BARCLAYS INDICES and has no responsibilities, obligations or duties to investors in these indices. While Bloomberg may for itself execute transactions with Barclays in or relating to the BLOOMBERG BARCLAYS INDICES, investors in the BLOOMBERG BARCLAYS INDICES do not enter into any relationship with Barclays and Barclays does not sponsor, endorse, sell or promote, and Barclays makes no representation regarding the advisability or use of, the BLOOMBERG BARCLAYS INDICES or any data included therein. Customers should consider obtaining independent advice before making any financial decisions. ©2018 Bloomberg Finance L.P. All rights reserved.