

Bloomberg Emerging Market USD Sovereign and Sovereign Owned Index

This document is intended to be read in conjunction with the [Emerging Market USD Aggregate Index](#) and [Bloomberg Fixed Income Index Methodology](#); these documents collectively constitute the index methodology for this Index.

The Bloomberg Emerging Markets USD Sovereign and Sovereign Owned Index aims to include US dollar-denominated debt issued by emerging market sovereigns, government guaranteed, and 100% government owned emerging market issuers. Country eligibility and classification as emerging markets is rules-based and reviewed annually using World Bank income group and International Monetary Fund (IMF) country classifications. The 100% government owned issuers is updated annually. This index was created in August 2023, with history backfilled to January 1, 2019.

Index Ticker 138156US Index: Total Return USD Unhedged

Eligibility Requirements:

Currency	Principal and coupon must be denominated in USD.
Country	The EM hard currency country definition can be found in the Bloomberg Fixed Income Index Methodology guide .
Exclusions	<ul style="list-style-type: none"> The countries of Hong Kong, Israel, South Korea, and Taiwan are excluded. Argentina Bonar Bonds, Bloomberg ticker ARGBON, are excluded.
Sector	Hard currency debt from sovereign, government guaranteed, and wholly owned agencies.
Credit Rating	Investment grade, high yield and unrated securities are permitted. Unrated bonds may use an implied issuer rating when not rated by a credit rating agency (Moody's, S&P, and Fitch).
Minimum Amount Outstanding	At the security level, USD 1 Billion minimum par amount outstanding.
Maturity	<ul style="list-style-type: none"> At least two and a half years until final maturity from date of issuance. At least one year until final maturity for continuing issuers, regardless of optionality. Bonds that convert from fixed to floating rate, including fixed-to-float perpetual, will exit the index one year prior to conversion to floating rate. Fixed-rate perpetual are not included.
Minimum Liquidity Requirements	At the security level, USD 1 Billion minimum par amount outstanding.
Coupon	Fixed and floating-rate coupon structures are permitted.
Placement Type	SEC registered and 144A/Reg S bonds are eligible.
Market of Issue	Publicly issued in the global and local markets.
Security Type	Brady bonds, Eurobonds, global bonds, loans, and local issues are permitted. Warrants are excluded.

Defaults Defaulted corporate bonds are removed from the index at the end of the month of default. Defaulted sovereigns remain in the index until they are restructured, defeased, exchanged, or no longer outstanding.

Rebalancing Rules:

Capping Methodology All countries that exceed 5% of the market value of the uncapped EM USD Sovereign and 100% owned Index are limited at 5%. The excess market value over the 5% cap will be redistributed on a pro rata basis to all countries' bonds in the index that are under the 5% cap. The process is repeated until no country exceeds the 5% limit. For example, a country that represents 6% of the uncapped index will have 1% of the index's market value redistributed to each bond from all countries under the 5% cap on a pro rata basis. The 5% country cap is applied each month as the index is rebalanced.

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. New bonds issued by a current 100% owned issuer will be added to the index on a monthly basis. 100% owned issuers new to the EM USD Aggregate Index (EMUSTRUU) will be added following the annual 100% owned review performed by Bloomberg Data.

100% Owned All bonds in the EM USD Aggregate Index (EMUSTRUU) classified as "Government Owned, Not Guaranteed" by the Level 3 Bloomberg Fixed Income Classification (BCLASS) system will be reviewed annually in the month of May by Bloomberg Data team to determine government ownership status. Confirmations can be sourced via official sources including offering circulars, prospectuses, official announcements, or an issuer's website. If an issuer is determined to be 100% owned, all bonds with the issuer's Bloomberg ticker are eligible, and will be added to the index if all additional inclusion rules are satisfied. Changes to the 100% owned issuers will be updated in the statistics universe the month following Bloomberg Data team's annual review, and the returns universe two months following the review.

History Initial sovereign ownership status was reviewed and determined by Bloomberg Data team in May 2023. History was backfilled from January 2019, holding the May 2023 ownership status constant to index creation in August 2023. Ownership status was not reviewed and updated using point-in-time ownership status historically.

Rebalance Date Monthly

Document Version History

Date	Update
August 2023	Index Launch
November 2023	Exclusion of Argentina Bonar Bonds, Bloomberg Ticker ARGBON, since inception added to exclusions, and the index was restated to accommodate this change.

Environmental, Social and Governance (ESG) Disclosures

The Index does not take into account any ESG factors or pursue any ESG objectives, please refer to [Bloomberg Fixed Income Index Methodology](#) ESG disclosures.

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