

Bloomberg US Corporate High Yield 1-5 Yr Ba/B 4% Cpn Senior Index

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

The Bloomberg US Corporate High Yield 1-5 Yr Ba/B 4% Cpn Senior Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities must carry a high yield rating between B3/B- and BA1/BB+ using the middle rating of Moody's, S&P and Fitch. The index includes bonds with a country of risk of USA. The Bloomberg US Corporate High Yield 1-5 Yr Ba/B 4% Cpn Senior Index is a subset of the US High Yield and Global High Yield Indices. The index was launched in November 2023, with index history backfilled to January 1, 2019.

The features specific to this Index are set out below.

Description of Index Constituents US High Yield Bonds

Index Ticker I38431US Index: Total Return USD Unhedged

Eligibility Requirements:

Currency Principal and interest must be denominated in USD

Country USA

Sector Corporate issues only

Credit Rating Securities must carry a high yield rating between B3/B- and BA1/BB+ 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:

- Expected ratings at issuance may be used to ensure timely index inclusion or to classify split-rated issuers properly
- 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

Amount Outstanding USD750mn minimum par amount outstanding

Coupon

- Fixed-rate coupon. Zero coupon bonds issued as original issue discounts (OIDs) are excluded
- Securities must be cash pay bonds
- Single coupon type only
- Coupon ≥ 4

Maturity Remaining years to maturity must be between 1 and 4.9999 years

Minimum Liquidity Requirements See Minimum Amount Outstanding specified above

Seniority of Debt Senior bonds are included

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| 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 | Included <ul style="list-style-type: none"> • Bullet securities • Cash pay bonds • Single Coupon | Excluded <ul style="list-style-type: none"> • 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 (eg, warrants, convertibles, preferreds, DRD/QDI-eligible issues) • Fixed-to-float and step-up coupon securities • Pay-in-kind (PIK) and partial PIK bonds • Original issue zero coupon bonds • Eurodollar issues • Inflation-linked bonds, floating-rate issues • Private placements, retail bonds • Structured notes, pass-through certificates • Illiquid securities with no available internal or third-party pricing source |

Rebalancing Rules

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| Rebalance Frequency | <p>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.</p> |
| Issuer Capping | <p>Issuer weights are capped at 2%. The excess market value over the 2% cap is redistributed on a pro rata basis to all other issuers' bonds in the index that are under the 2% cap. The process is repeated until no issuer exceeds the 2% limit. For example, an issuer that represents 6% of the uncapped index will have 4% of the index's market value redistributed to each bond from all issuers under the 2% cap on a pro rata basis. The 2% issuer cap is applied at each month end as the index is rebalanced.</p> |
| Index Changes | <p>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.</p> |

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| 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

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| Sources & Frequency | Index-eligible bonds are priced on a daily basis by Bloomberg's evaluated pricing service, BVAL. |
| Pricing Quotes | Bonds are quoted as percentage of par. |
| Timing | <ul style="list-style-type: none"> Bonds are priced at 4 p.m. (Eastern time). On early close days, bonds are priced at 1 p.m. unless otherwise noted. Prior to January 14, 2021, bonds were priced at 3 p.m. (Eastern time) and on early market close days, bonds were priced at 1 p.m. (Eastern time). On early close days between January 14, 2021 through November 25, 2021, 2 p.m. (Eastern time) prices were used. If the last business day of the month is a public holiday, prices from the previous business 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 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. |
| Calendar | The US Corporate High Yield 1-5 Yr Ba/B 4% Cpn Senior Index follows the US bond market holiday schedule. |

Environmental, Social and Governance Disclosures

This Index does not take into account any ESG factors or pursue any ESG objectives; please refer to the [Bloomberg Fixed Income Index Methodology](#) for more detail on ESG disclosures.

Accessing Index Data

Bloomberg Terminal®

Bloomberg benchmarks are the global standard for capital markets investors.

- 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.

Bloomberg Indices Website (www.bloomberg.com/indices)

The index website makes available limited index information including:

- Index methodology and factsheets
- Current performance numbers for select indices

Data Distribution

Index subscribers may choose to receive index data in files. Files may include:

- Index level and/or constituent level returns and characteristics for any indices
- Automatic delivery of files via email or SFTP following the completion of the index production process after market close
- Clients may receive standard files or may customize file contents
- Index data is also available via authorized redistributors

Index Licensing

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| • Exchange Traded Notes (ETNs) | • Index-Linked Insurance Products | • Mutual Funds |
| • OTC Derivative Products | • Custom Index Solutions | • Separately Managed Accounts (SMAs) |

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