

Bloomberg Barclays Emerging USD Bond Core Index

The Bloomberg Barclays Emerging USD Bond Core Index tracks fixed rate US dollar-denominated debt issued by sovereign and quasi-sovereign EM issuers. Bonds must have a maturity greater than or equal to 2 years on the monthly rebalance and an original maturity greater than 5 years with a minimum rating of CCC and maximum rating of A+ by three ratings agencies. 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. Countries are capped by amount outstanding at 5%. The inception date is March 1, 2013.

Rules for Inclusion

EM Country Definition	<p>Bloomberg uses a fixed list of emerging market countries that is reviewed annually to define country eligibility in dedicated EM hard currency, local currency, and inflation-linked benchmarks. Criteria for inclusion in the EM country list are rules-based and include:</p> <ul style="list-style-type: none"> Countries that meet one of the following two criteria: World Bank Income group classifications of <i>low/middle income</i> OR International Monetary Fund (IMF) classification as a <i>non-advanced</i> country. Additional countries that bond investors classify as EM due to factors such as investability concerns, the presence of capital controls, and/or geographic considerations may also be included on the list and are also reviewed on an annual basis. As of April 2014, 4 additional markets are included in the Bloomberg EM country list: Czech Republic, Israel, South Korea and Taiwan.
Sector	<ul style="list-style-type: none"> Hard currency debt from sovereign and quasi-sovereign issuers (government owned and government guaranteed), based on Bloomberg Barclays Classification (BCLASS), is included. Government Sponsored, Corporates and Local Authority debt are excluded. Additionally, Bloomberg Ultimate Parent Company must be a Sovereign Entity as defined by Bloomberg Industry Classification Scheme (BICS).
Currency	Principal and coupon must be denominated in USD.
Quality	Securities are removed from the index if the minimum rating by any of the three rating agencies falls to CCC- or below and if the maximum by any of the three rating agencies rises to AA- or above.
Amount Outstanding	USD 500mm minimum par amount outstanding at the security level.
Coupon	Fixed rate coupon only.
Maturity	Remaining years to maturity must be greater than or equal 2 years.
Original Maturity	Must have an Original Maturity greater than 5 years.
Placement Type	SEC registered and Rule 144A/Reg S bonds are eligible.
Market of Issue	Publicly issued in the global and local markets.

Rebalancing Rules

Capping Methodology	<p>All countries that exceed 5% of the amount outstanding of the uncapped version of the EM USD Core Bond index are limited at 5%. The excess amount outstanding over the 5% will be redistributed on a pro rata basis to all other countries' bonds in the index that are below 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 amount outstanding redistributed to each bond from all countries under 5% cap on a pro rata basis. The 5% country cap is applied at monthly rebalancing.</p>
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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 Universes 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.
EM Country List	The EM country list is evaluated once a year during the Bloomberg annual index governance process.

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	Bonds can be quoted in a variety of ways, including nominal spreads over benchmark securities/Treasuries, spreads over swap curves, or direct price quotes as a percentage of par. In most instances, the quote type used is a spread measure that results in daily security price changes from the movement of the underlying curve (swap or Treasury) and/or changes in the quoted spread. Prices from third-party sources are quoted as a percentage of par.
Timing	<ul style="list-style-type: none"> • 3 p.m. (New York time) each day. • On early market closes, prices are taken as of 1 p.m. (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 ask side the first month they enter the index and are quoted on bid side starting in the following month
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 using input from various sources.
Calendar	Bloomberg Barclays Emerging USD Bond Core Index follows the US bond market holiday schedule.

Monthly Returns in USD Unhedged, 2013-2020 (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2013	–	–	–0.59	2.54	–3.17	–5.04	1.37	–2.66	2.56	2.48	–1.72	0.52	–3.97
2014	–0.20	2.65	1.26	1.20	2.84	0.38	0.30	1.13	–1.68	1.47	0.24	–1.99	7.74
2015	1.22	0.99	0.27	1.62	–0.35	–1.72	0.11	–1.34	–1.22	2.66	–0.10	–1.26	0.78
2016	–0.16	1.68	3.28	1.68	–0.11	3.24	1.67	1.70	0.26	–1.03	–3.94	1.23	9.66
2017	1.32	1.94	0.60	1.28	0.85	–0.14	1.10	1.78	–0.05	0.44	0.35	0.71	10.66
2018	–0.15	–1.94	0.11	–1.33	–0.98	–1.03	2.33	–1.79	1.66	–1.87	–0.31	1.58	–3.76
2019	3.87	1.01	1.37	0.33	0.50	3.65	1.51	–0.04	–0.27	0.32	–0.48	1.87	11.77
2020	1.95	–	–	–	–	–	–	–	–	–	–	–	1.95

Accessing Index Data

Bloomberg Terminal®

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- 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.
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- DES<Go> – The index description page provides transparency into an individual index including membership information, aggregated characteristics and returns, and historical performance.

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Bloomberg Total Return Index Value Ticker

Ticker (USD Unhedged) Index

I35458US Bloomberg Barclays Emerging USD Bond Core Index

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