

US Convertibles Cash Pay Bond > \$250mn Index

The Bloomberg US Convertibles Cash Pay Bond > \$250mn Index tracks the performance of USD-denominated cash pay convertible securities with minimum amount outstanding of \$250mn. These bonds offer upside participation with an equity component (usually a non-detachable common stock warrant) and downside protection with a fixed income component (usually a bond or preferred stock) and can offer various degrees of equity exposure. The US Convertibles Cash Pay Bond > \$250mn Index is a subcomponent of the Bloomberg US Convertibles Index and has an inception date of January 1, 2003.

Rules for Inclusion

Eligible Currencies	Principal and interest must be denominated in USD.	
Quality	The index includes both investment grade (Baa3/BBB-/BBB- or above) and 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. 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 properly classify split-rated issuers. - 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	USD250mn par amount outstanding	
Maturity	One month minimum maturity as of the index rebalance date. Securities with less than one month maturity exit the index on the month-end rebalancing date prior to final maturity.	
Security Types	Included - Cash pay bonds - Securities that convert into equity or underlyings that have some exposure to equities - Non-called, non-defaulted securities	Excluded - Zero coupon/OIDs, Preferreds, and Mandatories - Securities that convert fully into fixed amount of cash, commodities or other bonds - Pre-IPO equity linked instruments - Contingent capital securities, including traditional CoCos and contingent write-down securities, with explicit capital ratio or solvency/balanced sheet-based triggers - Illiquid securities with no reliable pricing source

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 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.
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	Bonds are quoted as a percentage of par.
Timing	• 4 p.m. (New York time) • On early market closes, prices will be taken as of 1 p.m. (New York time) unless otherwise noted. • 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	• 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.

Calendar The US Convertibles Cash Pay Bond > \$250mn Index follows the US bond market holiday schedule.

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 Ticker BCT5TRUU: Total Return USD Unhedged

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