

# EM Tradable Russian Corporate Bond (EMRUS) Index

The Bloomberg Emerging Markets Tradable Russian Corporate Bond (EMRUS) Index measures the performance of Russian quasi-sovereign and corporate entities with between 1.5 and 5 years remaining to maturity. The index is rebalanced semi-annually and has Issuer exposure capped at 15% to enhance diversification. The index was launched in November 2012, with history backfilled to June 1, 2009.

## Rules for Inclusion

<b>Sector</b>	Corporate (industrial, utility, and financial institutions) and government-related (agency) issuers are included. Government-related (local authorities, supranational, and sovereign) issuers are excluded.
<b>Country of Risk</b>	Securities with a country of risk of Russia are eligible.
<b>Eligible Currencies</b>	Principal and coupon must be denominated in one of the following eligible currencies: USD, EUR, GBP, and CHF.
<b>Quality</b>	Investment grade, high yield and unrated securities are permitted. Securities are rated 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. Unrated bonds may use an implied issuer rating when not rated by a credit rating agency (Moody's, S&P, and Fitch).
<b>Coupon</b>	<ul style="list-style-type: none"> <li>Fixed-rate coupon (including zero coupon).</li> <li>Callable fixed-to-floating rate bonds are eligible during their fixed-rate term only.</li> <li>Bonds with a step-up coupon that changes according to a predetermined schedule are eligible.</li> </ul>
<b>Amount Outstanding</b>	Bonds must have at least 500mn amount outstanding in the respective eligible currency to be included.
<b>Maturity</b>	<ul style="list-style-type: none"> <li>Eligible bonds must have a minimum of 18 months and up to, but not including, five years remaining to maturity (or, in the case of callable bonds, a minimum of 18 months to the next call date) as of each semi-annual rebalancing date</li> <li>Bonds falling below 18 months to maturity (or first call date) between semi-annual rebalancing dates will be retained until the next semi-annual rebalancing</li> <li>Fixed-to-floating rate securities must have a remaining fixed-rate term of between 18 months and five years to be eligible regardless of final maturity</li> </ul>
<b>Market of Issue</b>	Bonds must be issued in the Global, Euro or Euro-Dollar markets of issue to be eligible

<b>Seniority of Debt</b>	Senior and subordinated issues are included.	
<b>Security Types</b>	<p>Included</p> <ul style="list-style-type: none"> <li>• Bullet, putable, sinkable/amortizing and callable bonds</li> <li>• Original issue zero coupon bonds</li> <li>• Bonds issued through underwritten MTN programs</li> <li>• Fixed-rate and fixed-to-float (including fixed-to-variable) capital securities</li> <li>• Loan participation notes</li> </ul>	<p>Excluded</p> <ul style="list-style-type: none"> <li>• Bonds from issuers classified as Sovereigns, Supranationals or Local Authorities</li> <li>• Contingent capital securities, including traditional CoCos and contingent write-down securities, with explicit capital ratio or solvency/balance sheet-based triggers</li> <li>• Bonds with equity type features (eg, warrants, convertibles, preferreds)</li> <li>• Inflation-linked bonds</li> <li>• Fixed-rate perpetuials</li> <li>• Private placements, retail bonds</li> <li>• Structured notes, pass-through certificates</li> <li>• Securities where reliable pricing is unavailable</li> <li>• Defaulted corporate issues</li> </ul>

## Rebalancing Rules

<b>Frequency</b>	The index composition will be determined and reset semi-annually in May and November of each year.
<b>Issuer Capping Methodology</b>	Issuers that exceed 15% of the market value of the uncapped EMRUS index are limited at 15%. The excess market value over the 15% cap is redistributed on a pro rata basis to all other issuers' bonds in the index that are under the 15% cap. The process is repeated until no issuer exceeds the 15% limit. For example, an issuer that represents 16% of the uncapped index will have 1% of the index's market value redistributed to each bond from all issuers under the 15% cap on a pro rata basis. The 15% issuer cap is applied each semi-annual rebalance.
<b>Index Selection Date</b>	Issuer weights are determined semi-annually as of the 20 <sup>th</sup> calendar day of May and November.
<b>Index Rebalancing Date</b>	The EMRUS index composition is rebalanced at the close of the last business day of the semi-annual rebalancing month using the issuer weights derived as of the index selection date. The calculated weight of each selected security is converted to a fixed notional amount (or holding) for each security, using index prices, accrued interest, and FX rates as of the second to last business day of the semi-annual rebalancing month. The calculated holdings for each security will reflect the new weights and are effective from the first day of the new rebalancing period for the purposes of calculating index returns. The security holdings are held constant until the next semi-annual rebalancing date. Therefore, following the index rebalancing date, the issuer weights will deviate from the initial capped weights based on the underlying price and FX movements of the constituent securities.
<b>Reinvestment of Cash Flows</b>	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.

## Pricing and Related Issues

<b>Index Costs</b>	A fixed running cost of 6.25bp per month (75bp per annum) is incorporated into the index return calculation. This cost is deducted from the index total return and is intended to approximate administrative costs, index rebalancing costs, bid/ask spreads for the bonds and FX, monthly reinvestment of cash, custodial fees, withholding and other local market taxes applicable to investors, and other transaction costs linked to the creation of the EMRUS index. The cost is applied at the index level and not at the bond or issuer level. In the event of severe market distortions, the running cost may be adjusted. In such circumstances the new cost will be communicated in advance of the change.
<b>Sources &amp; Frequency</b>	All index-eligible bonds are priced on a daily basis by Bloomberg's evaluated pricing service, BVAL.
<b>Pricing Quotes</b>	Prices are quoted as a percentage of par.
<b>Timing</b>	<p>Prices are snapped at the following times:</p> <ul style="list-style-type: none"> <li>• USD-denominated bonds: 4 p.m. (New York time). USD-denominated bonds prior to January 14, 2021 used 3p.m. New York time pricing snap.</li> <li>• GBP-, EUR-denominated bonds: 4:15 p.m. (London time); 4 p.m. (London time) for CHF-denominated securities.</li> <li>• If the last business day of the month is a public holiday, prices from the previous business day are used.</li> </ul>
<b>Bid or Offer Side</b>	Bonds in the index are priced on the bid side.
<b>Settlement Assumptions</b>	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.
<b>Verification</b>	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.
<b>Currency Hedging</b>	Returns hedged to various currencies are published for multi-currency indices. 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.
<b>Calendar</b>	The EM Tradable Russian Corporate Bond (EMRUS) Index is a multi-currency index that is generated every business day of the year except for January 1, the only holiday common to all regional calendars. During holidays observed by local markets, the index will still be generated using prices from the previous business day. FX rates are updated daily using WM Reuters 4pm (London) rates. FX forwards are also sourced from WM Company.

## Index History

### December 1, 2021

EMRUS methodology updated to remove the issuer floor and requirement for issuers to have at least 1bn of debt. Additionally, the security selection criteria that set a maximum number of bonds per issuer was also removed, along with the rebalancing rule allowing substitution of new securities in response to credit events or redemptions.

### June 1, 2009

EMRUS methodology included the following criteria:

- Issuers must have at least 1bn of debt
- Issuers are subject to a 3% floor
- Issuers are subject to a 15% cap
- Security selection limits apply based on the issuers market value weight in the eligible universe:
  - o Market value weight is less than 5%: one bond selected
  - o Market value weight is equal to 5% but less than 10%: two bonds selected
  - o Market value weight is equal to or greater than 10%: three bonds selected
- Bonds that are redeemed or called between the semi-annual rebalancing dates are substituted with the next largest bond by market value from that issuer

## 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](http://www.bloomberg.com/indices))

The index website makes available limited index information including:

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

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- Clients may receive standard files or may customize file contents
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**Index Ticker**

BERGTRUU: Total Return USD Unhedged / BERUTRUU: Total Return USD Unhedged – NET.

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