

# Bloomberg Japan Treasury Index

The Bloomberg Japan Treasury Index contains fixed-rate investment grade treasury debt denominated in Japanese Yen. The index represents the JPY treasury sector of the Global Aggregate Index. The index was created in 1997, with history backfilled to January 1, 1987.

## Rules for Inclusion

<b>Eligible Currencies</b>	Principal and interest must be denominated in JPY.
<b>Quality</b>	<p>Securities must be rated investment grade (Baa3/BBB-/BBB- or higher) using the middle rating of Moody's, S&amp;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:</p> <ul style="list-style-type: none"><li>• Japan's local currency sovereign rating is assigned to Japanese government securities denominated in JPY.</li><li>• Expected ratings at issuance may be used to ensure timely index inclusion or to classify split-rated issuers properly.</li><li>• Unrated securities are included if an issuer rating is applicable.</li></ul>
<b>Maturity</b>	<ul style="list-style-type: none"><li>• At least one year remaining until maturity, regardless of optionality.</li></ul>
<b>Coupon</b>	<ul style="list-style-type: none"><li>• Fixed-rate coupon</li><li>• Original zero coupon issues are included</li><li>• Step-up coupons and those that change according to a predetermined schedule are also included.</li></ul>
<b>Amount Outstanding</b>	JPY 35bn minimum par amount outstanding.
<b>Market of Issue</b>	Fully taxable, publicly issued in the global and regional markets

Security Types	Included	Excluded
	<ul style="list-style-type: none"> <li>Bullet, puttable, sinkable/amortizing and callable bonds</li> <li>Original issue zero coupon bonds</li> </ul>	<ul style="list-style-type: none"> <li>Debt issued by central governments in non-domestic currencies</li> <li>Inflation-linked bonds, floating-rate issues</li> <li>Private placements, retail bonds</li> <li>STRIPS</li> <li>Treasury bills with less than one year to maturity</li> <li>Illiquid securities with no available internal or third-party pricing source</li> </ul>

## Rebalancing Rules

<b>Frequency</b>	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. 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.
<b>Index Changes</b>	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.
<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.
<b>New Issues</b>	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

<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>	Bonds are quoted as a percentage of par.
<b>Timing</b>	Prices are updated daily at 3pm (Tokyo time)
<b>Bid or Offer Side</b>	JGB bonds are priced on the mid side.

**Settlement Assumptions** 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.

**Currency Hedging** 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.

**Calendar** The Bloomberg Japan Treasury follows the Japanese holiday calendar.

## 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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- 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** I00715GB: Total Return GBP Unhedged

## Index Licensing

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- OTC Derivative Products
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