

S&P U.S. Mortgage-Backed Securities Index Methodology Update

NEW YORK, JANUARY 19, 2024: S&P Dow Jones Indices (“S&P DJI”) announces changes to the S&P U.S. Mortgage-Backed Securities Index.

S&P DJI will be updating the data source for the universe of generic mortgages in the S&P U.S. Mortgage-Backed Securities Index and related indices. Effective March 1, 2024, the universe of generic mortgages will be derived from data sourced from J.P. Morgan Securities LLC (“JPM”). Additionally, as a result of this source change, the index eligibility criteria will be updated as outlined below:

Eligibility Criteria	Methodology	
	Previous	Updated
Size	A minimum par amount of US\$ 250 million at each rebalancing is required.	A minimum par amount of US\$ 500 million at each rebalancing is required. The sum of both the 45-day and 55-day Freddie Mac outstanding balance is used to satisfy the minimum \$500 million outstanding index inclusion criteria.
Cash	Cash received from interest payment and principal paydown are not reinvested in the index.	Cash received from interest payment and principal paydown are reinvested in the index.
Maturity	Each bond must have a maturity greater than one month from the rebalancing date. No bonds mature in the index.	Each bond must have a maturity greater than 12 months from the rebalancing date. No bonds mature in the index.

IMPACT ANALYSIS

The table below shows the back-tested theoretical impact for the index for November 2023 if the universe data had been sourced from JPM at that time.

Attribute	Previous	Updated
Monthly Return	5.09%	5.14%
Constituent Count	481	566
Par Amount	8,327,142,000,000	8,310,263,000,000
Market Value	7,252,694,727,799	7,206,831,000,000
Yield	5.29	5.19
Duration	5.81	6.25

The table below shows a summary of changes to the constituent files.

Column	Previous	Updated
ISIN (Column C)	ISIN column is populated.	ISIN column will still exist. No data will be populated in this column.
SP RATING (Column N)	SP RATING column is populated.	SP RATING column will still exist. No data will be populated in this column.
MOODY'S RATING (Column O)	MOODY'S RATING column is populated.	MOODY'S RATING will still exist. No data will be populated in this column.

Column	Previous	Updated
FITCH RATING (Column P)	FITCH RATING column is populated.	FITCH RATING will still exist. No data will be populated in this column.
Cash Row	Cash Row at the end of each constituent file is populated.	Cash Row at the end of each constituent file will be removed.

For further information on the constituent changes and full list of impacted indices, please refer to the spreadsheet accessible [here](#).

IMPLEMENTATION TIMING

These changes will be implemented in conjunction with the March 2024 rebalancing, which takes effect prior to the market open on **Friday, March 1, 2024**. These changes will first be visible to clients in the pro-forma files beginning on **Monday, February 26, 2024**.

Please note that the S&P U.S. Mortgage-Backed Securities Index Methodology on S&P DJI's website will be updated to reflect these changes.

For more information about S&P Dow Jones Indices, please visit www.spglobal.com/spdji.

ABOUT S&P DOW JONES INDICES

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FOR MORE INFORMATION:

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