

**S&P Dow Jones
Indices**

A Division of **S&P Global**

Markit iBoxx USD Corporates Yield Plus Index Guide

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1) Markit iBoxx USD Corporates Yield Plus Index

The Markit iBoxx USD Corporates Yield Plus is designed to reflect the performance of the higher-yielding USD denominated corporate bond market with an investment grade rating upon inclusion. The index is rebalanced every 3 months (end of February, May, August and November). The index is market-value weighted with an issuer cap of 2%. The index is an integral part of the global Markit iBoxx index families, which provide the marketplace with accurate and objective indices by which to assess the performance of bond markets and investments.

All iBoxx indices are priced based on multiple data inputs. The Markit iBoxx USD Corporate Yield Plus index uses multi-source prices as described in the document Markit iBoxx Pricing Rules publicly available under methodology on www.ihsmarkit.com.

This document covers the index rules and calculation methodology.

2) Bond selection rules

The following selection criteria are applied to select the constituents for the Markit iBoxx USD Corporates Yield Plus Index:

- Bond type
- Credit rating
- Time to maturity
- Issue amount outstanding
- Issuer amount outstanding
- Denomination
- Issuer
- Minimum run
- Bond selection procedure

2.1) Bond type

Only fixed-rate bonds whose cash flow can be determined in advance are eligible for the index. The index is comprised solely of bonds. T-Bills and other money market instruments are not eligible.

In particular, the following bond types are eligible:

- Fixed coupon bonds
- Callable and puttable bonds
- Amortizing bonds and sinking funds with fixed sinking schedules
- Step-ups and event-driven bonds such as rating-driven or registration-driven bonds
- Fixed-to-floater hybrid bank/insurance capital bonds
- Senior fixed-to-float bonds issued by banks with a call option up to 2 years prior to maturity
- Perpetual callable hybrid bank/insurance bonds
- Financial subordinated debt with a contingent conversion feature at the point of non-viability, in line with the capital adequacy requirements of Basel III
- Secured bonds:
 - > Secured bonds issued by insurance companies
 - > First mortgage bonds/ first priority security interest
 - > Secured bonds issued by an SPV with known cash-flows

The following bond types are specially excluded:

- Floating Rate Notes
- Zero coupon bonds and zero-coupon step-up bonds
- Fixed to floater bonds issued by non-financial issuers
- Fixed to floater senior bonds issued by non-banking financial issuers
- Convertibles
- Inflation and other index-linked bonds

- Bonds cum or ex-warrant
- Bonds whose complete coupons are paid at maturity, as they are similar to zero-coupon bonds with only one cash flow
- New bonds entering the index that have already been called prior to rebalancing
- Optionally and mandatory convertible bonds
- Subordinated bank or insurance debt with mandatory contingent conversion features that are based on an observable trigger

For retail bonds and private placements, publicly available information is not always conclusive and the classification of a bond as a retail bond or a private placement will be made at IHS Markit's discretion based on the information available at the time of determination. IHS Markit may consult with the specific Index Advisory Committees to review potential retail bonds or private placements. Any bond classified as retail or private placement is added to the list of excluded private placements and retail bonds. The list is published on www.ihsmarkit.com under *Indices News* for future reference and to ensure decision's consistency.

In instances where a new bond type is not specifically excluded or included according to the published index rules, IHS Markit will analyse the features of such securities in line with the principles set out in this guide. IHS Markit may consult the specific Index Advisory Committees. Any decision as to the eligibility or ineligibility of a new bond type will be published and the index rules will be updated accordingly.

2.2) Credit rating

The index covers bonds with an iBoxx Rating between AAA and BB-.

All bonds in the Index must have an iBoxx rating of investment grade when they enter the index and at least an iBoxx rating of BB- afterwards.

The weights of bonds with an iBoxx rating of BB cannot exceed 20% of the market value weighted Markit iBoxx USD Corporates Yield Plus index at any rebalance date.

Downgrades / Upgrades: a bond rated investment grade that is downgraded to an iBoxx rating of BB will remain in the index as long as it meets all other index criteria in Section 2. Bonds with an iBoxx rating below BB are removed from the index at each month end.

Ratings from the following three credit rating agencies are considered for the calculation of the iBoxx rating:

- Fitch Ratings
- Moody's Investor Service
- S&P Global Ratings

Investment grade is defined as BBB- or higher from Fitch Ratings and S&P Global Ratings and Baa3 or higher from Moody's Investor Services.

If a bond is rated by more than one of the above agencies, then the iBoxx rating is the average of the provided ratings. The rating is consolidated to the nearest rating grade. Rating notches are not used. For more information on how the average rating is determined, please refer to the iBoxx Rating Methodology. The methodology can be found on www.ihsmarkit.com under *Methodology*.

2.3) Time to maturity

At inclusion in the index, bonds need to comply with a minimum and maximum average life rule. For new bonds that are considered for inclusion, the minimum average life is 2 years at the rebalancing

date. Bonds already included in the index are subject to a minimum average life of 1.25 years at every rebalancing date.

The bonds selected in the index are subject to a maximum average life threshold. The maximum average life threshold is subject to annual review. It can be increased or decreased in five year increments, subject to index duration (duration to worst) not deviating more than one year from the duration of the Markit iBoxx USD Corporates index. As of the index launch date the maximum average life allowed is 25 years.

2.4) Issue amount outstanding

The outstanding face value of a bond must be greater than or equal to USD 500 million as of the bond selection cut-off date.

2.5) Issuer amount outstanding

The outstanding face value of all non-convertible bonds denominated in USD from the issuer must be greater than or equal to USD 1 billion at each quarterly rebalance.

RegS bond tap issue amounts, regardless of fungibility status will be added to existing RegS versions to maintain consistency with the treatment of tap issues as reflected under existing 144A versions.

2.6) Denomination

Bonds must be denominated in USD.

2.7) Issuer

The bond must be corporate credit, i.e., debt instruments backed by corporate issuers that are not secured by specific assets. Debts issued by governments, sovereigns, quasi-sovereigns, and government-backed or guaranteed entities are excluded.

For the purposes of selecting candidates for the index, an “issuer” is defined by the ticker (i.e., all bonds sharing a ticker are attributed to the same issuer).

2.8) Minimum run

Any bond that enters the index must remain in the index for a minimum period of one year provided it is still part of the index family and does not breach the bond selection rules detailed in section 2. For all other cases the rule for the minimum run period takes precedence over the other rules for the Index selection.

2.9) Bond selection procedure

2.9.1) Bond selection procedure at rebalance dates

At each quarterly rebalance date, the universe of the Markit iBoxx USD Corporate Yield Plus index consists of a set of bonds that were in the index at last month-end and a set of bonds that are part of the iBoxx USD Corporates index at the rebalance date (“Initial universe”), provided they comply with the selection rules described below.

The “Initial universe” is determined as follows: Rank all bonds in the iBoxx USD Corporates index universe (subject to maximum average life threshold) by the average benchmark spread in descending order [1].

Out of the iBoxx USD Corporates ranked universe, select top 33.33% bonds (with the highest average benchmark spread), subject to a minimum of 300 bonds. Remove all new [2] bonds with a maturity below 2 years. Remove all old bonds with a maturity below 1.25 years. This ranked selection will be referred to as the “Initial universe”.

The following selection rules are applied to determine the universe of the Markit iBoxx USD Corporate Yield Plus:

1. The starting investment grade (“IG”) universe of the Markit iBoxx USD Corporates Yield Plus index will be composed of:
 - a. All IG bonds that were in the Markit iBoxx USD Corporates Yield Plus at last month end and that are still within the minimum run period (independent of their benchmark spread level), and
 - b. Bonds within the “Initial universe” that are outside the minimum run. These bonds are added one by one, in descending order of benchmark spread, with the bond with the highest benchmark spread added first. Bonds will be added until the total number of bonds in the starting IG universe reaches the number of bonds in the “Initial universe” described in the paragraph above.
2. In order to determine the sub-IG part of the index [3], consider all bonds that were in the Markit iBoxx USD Corporates Yield Plus index at last month end that currently have an iBoxx rating below investment grade and are outside the minimum run period. Rank all the remaining sub-IG bonds by the average benchmark spread in decreasing order and consider each bond individually, as follows:
 - a. A sub-IG bond that was in the Markit iBoxx USD Corporates Yield Plus Index prior to rebalancing may remain in the Markit iBoxx USD Corporates Yield Plus Index, as long as (i) it has more than 1.25 years outstanding maturity, (ii) it has a BB- rating or better and (iii) it has an average benchmark spread greater than that of the bond with the lowest benchmark spread from the IG universe (excluding the IG bonds still in the minimum run).
 - b. In case conditions (i), (ii) and (iii) are all met, the sub-IG bond will be added to the sub-IG part of the index and the bond with the lowest benchmark spread of the IG universe will be removed from the index. If any of the conditions (i), (ii) or (iii) is not met, the sub-IG bond is removed from the Markit iBoxx USD Corporates Yield Plus Index.
 - c. Before each sub-IG bond is included in the index, the market-value-based weight of sub-IG bonds in the index is calculated and monitored. If the weight of sub-IG bonds in the index will exceed 20% after adding this sub-IG bond, remove this sub-IG bond and all remaining sub-IG bonds to be considered from the Markit iBoxx USD Corporates Yield Plus Index.
 - d. This process is reiterated (with the average benchmark spread of each considered sub-IG bond decreasing upon each iteration) until all bonds with a rating below IG that were in the index prior to rebalancing have been analyzed (or condition c has been met).
3. The Markit iBoxx USD Corporates Yield Plus index after rebalancing will be composed of all the remaining bonds in the IG universe and the bonds added to the sub-IG part of the index determined in steps 1 and 2 above.

[1] For the purpose of ranking described in section 2.9, the benchmark spread is calculated as the 10 business days average of the bond’s benchmark spread, up to (and including) day t-3. If benchmark spread data is available for less than 10 business days, the average measure is calculated based on the available number of days, up to t-3. New bonds are ranked using the ask benchmark spread, while existing bonds are ranked based on bid benchmark spreads.

[2] All bonds in the iBoxx USD Corporates index (subject to maximum average life threshold) that were not in the iBoxx USD Corporates Yield Plus universe at the last month end.

[3] Note that at each rebalance date the sub-IG portion of the universe is initially considered to include only the sub-IG bonds that are still in the minimum run period and have a rating of BB-, BB or BB+. The remaining sub-IG bonds that were part of the Markit iBoxx USD Corporates Yield Plus index at last month end are considered individually, and gradually added to the sub-IG portion of the universe according to the criteria described in paragraphs a), b) and c).

2.9.2) Index monitoring

In between quarterly rebalance dates, the following index monitoring rules apply at each month end:

1. Remove all bonds that have been downgraded to an iBoxx rating equal to B or lower.
2. Remove all bonds with an amount outstanding below USD 500 million
3. Cash from coupons or liquidations due to removal rules is reinvested pro-rata in all remaining bonds
4. New issues are not taken into consideration until the next quarterly rebalance

2.9.3) Bond selection procedure at inception

At inception of the index, the Markit iBoxx USD Corporates Yield Plus index is constructed as follows:

1. Rank all bonds in the iBoxx USD Corporates index universe (subject to maximum average life threshold) by average benchmark spread in descending order. Out of the iBoxx USD Corporates ranked universe, select top 33.33% bonds (with the highest average benchmark spread), subject to a minimum of 300 bonds. If the iBoxx USD Corporates index universe consists of less than 300 bonds, select all bonds from the universe.
2. Remove all bonds with a maturity below 2 years.

3) Bond classification

All bonds are classified based on the principal activities of the issuer and the main sources of the cash flows used to pay coupons and redemptions. In addition, a bond's specific collateral type or legal provisions are evaluated. Hence, it is possible that bonds issued from different subsidiaries of the same issuer carry different classifications.

The issuer classification is reviewed regularly based on updated information received by IHS Markit, and status changes are included in the index at the next rebalancing if necessary.

Where the sector classification of a specific entity is not very clear due to the diversified business of the entity, decision will be made at IHS Markit's discretion. IHS Markit will assign the IHS Markit classification according to its evaluation of the business risk presented in the security prospectus and annual reports, if available. IHS Markit will also compare the classification to peers in the potential sectors and may consult with the Index Advisory Committees. Membership lists including classification are published on the FTP server and in the *Indices* section on www.ihsmarkit.com for registered users.

3.1) Corporates

Bonds issued by public or private corporations. Bonds secured by a 'floating charge' over some or all assets of the issuer are considered corporate bonds. Corporate bonds are further classified into Financials and Non-Financials bonds and then into their multiple-level economic sectors, according to the issuer's business scope. The category Guaranteed & Wrapped is added under Financials for corporate bonds whose timely coupon and/or principal payments are guaranteed by a non-affiliated insurer or through a letter of credit from a non-affiliated bank. Each bond in the index is assigned to one of the following sectors.

Table 1: Overview of Markit iBoxx Corporates Sectors

	Economic Sector	Market Sector	Market Sub-Sector
Financials	Core Financials	Banks	Banks
		Insurance	Life Insurance
			Nonlife Insurance
	Financial Services	Financial Services	General Financial
			Equity Investment Instruments
			Nonequity Investment Instruments
		Guaranteed & Wrapped	*
	Real Estate	Real Estate	Real Estate Investment & Services
			Real Estate Investment Trusts
Non-Financials	Oil & Gas	Oil & Gas	Oil & Gas Producers
			Oil Equipment / Services & Distribution
			Alternative Energy
	Basic Materials	Chemicals	Chemicals

		Basic Resources	Industrial Metals
			Mining
			Forestry & Paper
	Industrials	Construction & Materials	Construction & Materials
		Industrial Goods & Services	Aerospace & Defense
			Electronic & Electrical Equipment
			General Industrials
			Industrial Engineering
			Industrial Transportation
			Support Services
	Consumer Goods	Automobiles & Parts	Automobiles & Parts
		Food & Beverage	Beverages
			Food Producers
		Personal & Household Goods	Household Goods
			Personal Goods
			Tobacco
			Leisure Goods
	Health Care	Health Care	Pharmaceuticals & Biotechnology
			Health Care Equipment & Services
	Consumer Services	Retail	Food & Drug Retailers
			General Retailers
		Media	Media
		Travel & Leisure	Travel & Leisure
		Education	Academic & Educational Services
	Telecommunications	Telecommunications	Integrated Telecommunications
			Wireless Telecommunications
	Utilities	Utilities	Electricity
			Gas / Water & Multiutilities
	Technology	Technology	Software & IT Services
			Technology Hardware & Equipment

3.2) Additional classification

Corporate debt is further classified into senior and subordinated debt. Bank senior debt structure additionally differentiates between Bail-in and Preferred bonds. The Bail-in classification captures all senior notes which are subject to write-down or conversion into a subordinated instrument on the occurrence of a resolution event, as well as senior bank debt issued by bank holding companies.

Hybrid capital issued by banking and insurance institutions is further detailed into the respective tiers of subordination.

The market information on the tier of subordination for insurance capital is often less standardized and clear than the equivalent issues by banks. In these cases, the classification is based on the maturity, coupon payment and deferral provisions of the bond from the offering circulars of the bonds. The table below displays the seniority classification of debt issued by both financial and non-financial sectors.

Table 2: Overview of seniority levels

Market Sector	Seniority Level 1	Seniority Level 2	Seniority Level 3
Bank	SEN	Preferred	*
		Bail-in	*
	SUB	T2 (post-Jan '13 issuances)	T2 callable
			T2 non-callable
		T2 (pre-Jan '13 issuances)	LT2 callable
			LT2 non-callable
			UT2
		T1	T1 step
			T1 non-step
Insurance	SEN	*	*
	SUB	T3	*
		T2 dated	T2 dated callable
			T2 dated non-callable
		T2 perpetual	*
		T1	*
Other sectors	SEN	*	*
	SUB	Other	Hybrid ¹
			Non-hybrid

** Bonds will be required to fulfil the following criteria to be considered hybrids:

- Subordinated
- Deferrable coupons
- First non-call period ≥ 5 years
- Either perpetual or 'long-dated', where 'long-dated' is defined as > 25 years of the time to maturity at issuance

4) Index calculation

4.1) Static data

Information used in the index calculation is sourced from offering circulars and checked against standard data providers.

4.2) Bond prices

For more details please refer to the *Markit iBoxx Pricing Rules* document, available in the *Methodology* section of the iBoxx Documentation page on www.ihsmarkit.com.

4.3) Rebalancing process

The Index is rebalanced every quarter (end of February, May, August, November) on the last business day of the month after the close of business. In between rebalancing months, the index is monitored at each month end to ensure that the rules described in section 2.9 are met. Changes to amounts outstanding are only taken into account if they are publicly known three business days before the end of the month. Changes in ratings are only taken into account if they are publicly known two business days before the end of the month. New bonds issued are taken into account if they are publicly known to settle until the last calendar day of the month, inclusive, and if their rating has become known at least three business days before the end of the month.

On the last business day of each month, IHS Markit publishes the final membership with closing prices for the bonds, and various bonds analytics based on the index prices of the bonds.

4.4) Index data

The calculation of the index is based on bid prices. New securities are included in the index at their respective ask prices when they enter the index family. In the event that no price can be established for a particular security, the index continues to be calculated based on the last available price. This might be the case in periods of market stress, or disruption as well as in illiquid or fragmented markets. If the required inputs become impossible to obtain, IHS Markit may consult market participants prior to the next rebalancing date. Decisions are made publicly available on a timely basis and IHS Markit may refer back to previous cases.

The rebalancing takes place after close of market on the last trading day of a rebalancing month.

The indices are transaction cost adjusted. For specific cost factor calculation formulae please refer to the Markit iBoxx Bond Index Calculus document, available in the Methodology section of the Markit iBoxx Documentation page on www.ihsmarkit.com.

4.5) Index weights

The Markit iBoxx USD Corporates Yield Plus index is market value weighted with restrictions on issuer, rating, sector, region and subordinated debt.

Once the eligible bond universe has been defined, the weight for each bond is determined, applying the following restrictions:

- The weight of each sector is capped at 50%, with sectors defined according to the Economic Sector classification in section 3 above;
- Bonds with an iBoxx rating of BB are limited to 20% of the market value weighted Markit iBoxx USD Corporates Yield Plus Index;
- A 20% cap is applied to all debt classified as subordinated;
- A 20% cap on debt with an emerging market country of risk. The list of emerging markets is established according to Markit Global Economic Development Classification Methodology which is published on www.ihsmarkit.com under *Methodology*. The country classifications are updated annually and implemented on November 30th of each year.
- The weight of each issuer is capped at 2%.

All capping conditions are applied at the quarterly rebalance date. The capped weights are allowed to drift between quarterly rebalances, based on price/market movements.

4.6) Index calculus

For specific index formulas please refer to the *Markit iBoxx Bond Index Calculus* document, available in the *Methodology* section of the iBoxx Documentation page on www.ihsmarkit.com.

4.7) Treatment of the special intra-month events

Data for the application of corporate actions in the index may not be fully or timely available at all times, e.g. the final call prices for make-whole calls or the actual pay-in-kind percentage for PIK-payment options. In such cases, IHS Markit will estimate the approximate value based on the available data at the time of calculation.

4.7.1) Full redemptions: exercised calls, puts and buybacks

If a bond is fully redeemed intra-month, the bond effectively ceases to exist. In all calculations, the redeemed bond is treated as cash based on the last price, the call price or repurchase price, as applicable. The redemption factor, redemption and the redemption price are used to treat these events in the index and analytics calculation. In addition, the clean price of the bond is set to the redemption price, and the interest accrued until the redemption date is treated as an irregular coupon payment.

4.7.2) Cash

Cash from coupon payments and redemptions is held as cash in the index and reinvested into the index at the month end. During the month the cash component is not earning any interest.

4.7.3) Bonds trading flat of accrued

If a bond is identified as trading flat of accrued, the accrued interest of the bond is set to 0 in the total return index calculation and is excluded from the calculation of all bond and index analytical values.

Bonds will be considered trading flat of accrued in any of the following situations:

- a bond has been assigned a default rating and/or
- issuer has announced a failure to pay a coupon and/or
- issuer has announced an intention not to make a payment on an upcoming coupon (grace period).

4.8) Index history

The Index history starts on 31 August 2009. The index has a base value of 100 on that date.

4.9) Settlement conventions

All iBoxx indices are calculated using the assumption of T+0 settlement days.

4.10) Calendar

IHS Markit publishes an index calculation calendar in the *iBoxx Calendars* section of the iBoxx Documentation page on www.ihsmarkit.com. This calendar provides an overview of the index calculation holidays of the iBoxx bond index families in a given year.

4.11) Publication of the Markit iBoxx USD Corporates Yield Plus Index

All indices are calculated as end-of-day and distributed once daily. The indices are calculated every day except on common U.S. bank holidays. In addition, the indices are calculated with the previous trading day's close on the last calendar day of each month if that day is not a trading day. IHS Markit publishes an index calculation calendar which is available in the indices Documentation section on www.ihsmarkit.com under iBoxx Calendar. Index data and bond price information is also available from the main information vendors.

Bond and index analytical values are calculated each trading day using the daily closing prices. Closing index values and key statistics are published at the end of each business day in the indices section on www.ihsmarkit.com for registered users.

4.12) Data publication and access

The table below summarises the publication of Markit iBoxx USD Corporates Yield Plus Index in the *Indices* section of the IHS Markit website www.ihsmarkit.com for registered users and on the FTP server.

Table 3: Frequency and Access

Frequency	File Type	Access
Daily	Underlying file – Bond level	IHS Markit FTP Server
	Indices file – Index level	IHS Markit FTP Server / IHS Markit website / Bloomberg for index levels only
Monthly	End of Month Components	IHS Markit FTP Server / IHS Markit website

Below are the access codes for the different vendors and IDs of the Index:

Table 4: Index Vendor Codes and IDs

Name	Version	ISIN	Bloomberg Code	RIC
Markit iBoxx USD Corporates Yield Plus	Total Return Index	GB00BZCPML27	IBXXUCY1	.IBXXUCY1
Markit iBoxx USD Corporates Yield Plus	Clean Price Index	GB00BZCPMM34	IBXXUCY2	.IBXXUCY2

5) Governance and regulatory compliance

IHS Markit Benchmark Administration Limited (IMBA UK) is the Index Administrator of iBoxx indices. Information on IMBA UK's governance and compliance approach can be found [here](#). This document covers:

- Governance arrangements, including external committees
- Input data integrity
- Conflicts of interest management
- Market disruption and Force Majeure
- Methodology changes and cessations
- Complaints
- Errors and restatements
- Reporting of infringements and misconduct
- Methodology reviews
- Business continuity

More details about IMBA UK can be found on the [Administrator's website](#).

6) Changes to the Markit iBoxx USD Corporates Yield Plus Index

31-Mar-2022	Annual Index Review 2021 • Introduction of new market sector classification "Education" with market sub-sector classification "Academic & Educational Services"
01-Mar-2021	Governance and Regulatory Compliance section added
28-Feb-2020	Implementation of Annual Index Review 2020 • Updated Insurance classification • RegS and 144A tap issuance update
31-Jul-2020	Implementation of Annual Index Review 2019• Introduction of updated corporate classification schema• Implementation of updated Bank Tier Classification• Updates as part of the changes in definition and treatment of hybrid bond
15-Mar-2017	Launch of the Markit iBoxx USD Corporates Yield Plus index

7) Further information

Glossary of key terms

The Markit iBoxx Glossary document of key terms is available in the *Methodology* section of the iBoxx *Documentation* page on www.ihsmarkit.com.

Contractual and content issues

For contractual or content issues please contact:

Markit Indices GmbH Friedrich-Ebert-Anlage 35-37 60327 Frankfurt am Main Germany email: indices@ihsmarkit.com web: www.ihsmarkit.com

Technical issues and client support

For technical issues and client support please contact:

E-mail:	indices@ihsmarkit.com		
Phone:	Asia Pacific	Japan: Singapore:	+81 3 6402 0127 +65 6922 4210
	Europe	General: UK:	+800 6275 4800 +44 20 7260 2111
	USA	General:	+1 877 762 7548

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Ownership

Markit Indices GmbH is a wholly-owned subsidiary of IHS Markit Limited.

A) ESG Disclosures

EXPLANATION OF HOW ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG) FACTORS ARE REFLECTED IN THE KEY ELEMENTS OF THE BENCHMARK METHODOLOGY [1]		
1	Name of the benchmark administrator.	IHS Markit Benchmark Administration Limited (IMBA)
2	Underlying asset class of the ESG benchmark. [2]	N/A
3	Name of the S&P Dow Jones Indices benchmark or family of benchmarks.	iBoxx Benchmark Statement
4	Do any of the indices maintained by this methodology take into account ESG factors?	No
Appendix latest update:		May 2023
Appendix first publication		May 2023

[1] The information contained in this Appendix is intended to meet the requirements of the European Union Commission Delegated Regulation (EU) 2020/1817 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the minimum content of the explanation of how environmental, social and governance factors are reflected in the benchmark methodology and the retained EU law in the UK (The Benchmarks (amendment and Transitional Provision) (EU Exit) Regulations 2019).

[2] The 'underlying assets' are defined in European Union Commission Delegated Regulation (EU) 2020/1816 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published.

Disclaimer

Performance Disclosure/Back-Tested Data

Where applicable, S&P Dow Jones Indices and its index-related affiliates (“S&P DJI”) defines various dates to assist our clients in providing transparency. The First Value Date is the first day for which there is a calculated value (either live or back-tested) for a given index. The Base Date is the date at which the index is set to a fixed value for calculation purposes. The Launch Date designates the date when the values of an index are first considered live: index values provided for any date or time period prior to the index’s Launch Date are considered back-tested. S&P DJI defines the Launch Date as the date by which the values of an index are known to have been released to the public, for example via the company’s public website or its data feed to external parties. For Dow Jones-branded indices introduced prior to May 31, 2013, the Launch Date (which prior to May 31, 2013, was termed “Date of introduction”) is set at a date upon which no further changes were permitted to be made to the index methodology, but that may have been prior to the Index’s public release date.

Please refer to the methodology for the Index for more details about the index, including the manner in which it is rebalanced, the timing of such rebalancing, criteria for additions and deletions, as well as all index calculations.

Information presented prior to an index’s launch date is hypothetical back-tested performance, not actual performance, and is based on the index methodology in effect on the launch date. However, when creating back-tested history for periods of market anomalies or other periods that do not reflect the general current market environment, index methodology rules may be relaxed to capture a large enough universe of securities to simulate the target market the index is designed to measure or strategy the index is designed to capture. For example, market capitalization and liquidity thresholds may be reduced. In addition, forks have not been factored into the back-test data with respect to the S&P Cryptocurrency Indices. For the S&P Cryptocurrency Top 5 & 10 Equal Weight Indices, the custody element of the methodology was not considered; the back-test history is based on the index constituents that meet the custody element as of the Launch Date. Back-tested performance reflects application of an index methodology and selection of index constituents with the benefit of hindsight and knowledge of factors that may have positively affected its performance, cannot account for all financial risk that may affect results and may be considered to reflect survivor/look ahead bias. Actual returns may differ significantly from, and be lower than, back-tested returns. Past performance is not an indication or guarantee of future results.

Typically, when S&P DJI creates back-tested index data, S&P DJI uses actual historical constituent-level data (e.g., historical price, market capitalization, and corporate action data) in its calculations. As ESG investing is still in early stages of development, certain datapoints used to calculate certain ESG indices may not be available for the entire desired period of back-tested history. The same data availability issue could be true for other indices as well. In cases when actual data is not available for all relevant historical periods, S&P DJI may employ a process of using “Backward Data Assumption” (or pulling back) of ESG data for the calculation of back-tested historical performance. “Backward Data Assumption” is a process that applies the earliest actual live data point available for an index constituent company to all prior historical instances in the index performance. For example, Backward Data Assumption inherently assumes that companies currently not involved in a specific business activity (also known as “product involvement”) were never involved historically and similarly also assumes that companies currently involved in a specific business activity were involved historically too. The Backward Data Assumption allows the hypothetical back-test to be extended over more historical years than would be feasible using only actual data. For more information on “Backward Data Assumption” please refer to the FAQ. The methodology and factsheets of any index that employs backward assumption in the back-tested history will explicitly state so. The methodology will include an Appendix with a table setting forth the specific data points and relevant time period for which backward projected data was used. Index returns shown do not represent the results of actual trading of investable assets/securities. S&P DJI maintains the index and calculates the index levels and performance shown or discussed but does not manage any assets.

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