

**S&P Dow Jones
Indices**

A Division of **S&P Global**

Markit iBoxx USD Emerging Markets Sovereigns Quality Weighted Index Guide

May 2024

Table of Contents

1	Markit iBoxx USD Emerging Markets Sovereigns Quality Weighted Index	4
2	Bond Selection Rules	5
	2.1 Bond Type	5
	2.2 Issuer Type	5
	2.3 Issuer Domicile	6
	2.4 Amount Outstanding and Denomination	6
	2.5 Time to Maturity	6
	2.6 Age	6
	2.7 Credit rating	6
	2.8 International clearability	6
	2.9 Emerging Market Definition	7
	2.9.1 Issuer Domicile Definition	7
	2.9.2 Defaulted Countries and Sovereign Debt Rating	7
	2.9.3 Additional Restriction for Countries on Financial Sanction Regimes	7
	2.10 Country Weight Allocation	8
3	Bond classification	11
	3.1 Overall Bond Classification Scheme	11
	3.2 Sovereigns	11
4	Index Calculation	12
	4.1 Static data	12
	4.2 Bond prices	12
	4.3 Rebalancing Process	12
	4.4 Index Data	13
	4.5 Index Weights	13
	4.6 Index calculus	13
	4.7 Treatment of the special intra-month events	14
	4.7.1 Funged bonds	14
	4.7.1.1 Parent and new tranche are both index constituents	14
	4.7.1.2 Parent is an index constituent, but the new tranche is not	14
	4.7.1.3 Parent is not an index constituent but the new tranche is	14
	4.7.2 Full redemptions: exercised calls, puts and buybacks	14
	4.7.3 Bonds trading flat of accrued	14

4.7.4 Maturity extension	15
4.7.4.1 Maturity extension for perpetual bonds without a reset date	15
4.7.4.2 Maturity extension for perpetuals & dated fixed-to-fixed bonds with a reset date	15
4.7.5 Multi-coupon bonds	15
4.7.6 Ex-dividend conventions	16
4.8 Index history	16
4.9 Settlement conventions	16
4.10 Calendar	16
4.11 Publication of the Markit iBoxx USD Emerging Markets Sovereigns Quality Weighted Index	16
4.12 Data publication and access	16
4.13 Index review	17
5 Sub-Indices	18
5.1 Markit iBoxx USD Emerging Markets Sovereigns Quality Weighted Index (EUR Hedged and EUR Unhedged)	18
6 Governance and regulatory compliance	19
7 Changes to the iBoxx USD Emerging Markets Sovereigns Quality Weighted Index	20
8 Further information	21
A ESG Disclosures	22
Disclaimer	23

1 Markit iBoxx USD Emerging Markets Sovereigns Quality Weighted Index

The Markit iBoxx USD Emerging Markets Sovereigns Quality Weighted Index is designed to reflect the adjusted performance of USD-denominated sovereign bonds issued by emerging market countries. The index rules aim to offer a targeted coverage of the USD-denominated emerging market sovereign bonds universe with adjusted weights, by allocating higher weights to countries with relatively solid fundamentals and reducing weights of countries with relatively weak fundamentals. The index is an integral part of the global Markit iBoxx benchmark index families.

All iBoxx indices are priced based on multiple data inputs. The Index uses multi-source prices as described in the document “iBoxx Pricing Methodology” publicly available on <https://www.spglobal.com/spdji/en/>.

This document covers the index rules and calculation methodology.

2 Bond Selection Rules

The eligible universe consists of US dollar-denominated bonds issued by an emerging market central government.

The following selection criteria are used to determine the index constituents:

- Bond type
- Issuer type
- Issuer domicile
- Amount outstanding and denomination
- Time to maturity
- Age
- Credit rating
- International tradability

2.1 Bond Type

In particular, the following bond types are eligible:

- Plain vanilla fixed coupon bonds
- Zero coupon and multi coupon bonds with fixed coupon schedules
- Sinking fund and capitalizing bonds with a fixed sinking/capitalizing schedule
- Callable bonds

The following bond types are ineligible:

- Puttable bonds
- Extended bonds as defined under section 'Maturity extension' in this document

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 S&P DJI's discretion based on the information available at the time of determination. 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 <https://www.spglobal.com/spdji/en/> 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, S&P DJI will analyze the features of such securities in line with the principles set out in this guide. S&P DJI may consult the specific Index 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.

The inclusion rules are reviewed regularly (once a year) and may be changed to capture new market trends if previously excluded bond types start to account for a significant share of a

country's or region's bond issuance.

2.2 Issuer Type

Only sovereign debt issued by the central government or the central bank is eligible for the indices. Restructured debt is eligible for the indices, but Brady bonds are not.

2.3 Issuer Domicile

Only debt from the emerging markets as defined later in the document is considered.

2.4 Amount Outstanding and Denomination

The bonds must be denominated in US dollars and must have a minimum amount outstanding of USD 500 million.

2.5 Time to Maturity

At inclusion in the index, bonds need to comply with a minimum time to maturity rule. The minimum time to maturity is six months. The minimum life at issuance measured from the first settlement date to the maturity date of the bond must be 18 months or more.

2.6 Age

There is no age restriction.

2.7 Credit rating

Bond or issuer must be rated by one or more of the following three credit rating agencies:

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

If more than one of the above agencies rates a bond, then the iBoxx rating is the average of the provided ratings. The index consolidates ratings to the nearest rating grade and does not use rating notches.

For more information on how the average rating is determined, please see the *Markit iBoxx Rating Methodology* available on <https://www.spglobal.com/spdji/en/> under Methodology.

For subordinated debt to be eligible, any of the three credit rating agencies must rate a bond.

To be eligible for the index, bonds must have a composite rating of B or above, computed as follows:

- If the bond is rated by only a single credit rating agency, this rating is used.
- If the bond is rated by two agencies, the worst rating is used.
- If the bond is rated by all three agencies, the better of the lower two ratings is used

2.8 International clearability

Bonds should be internationally tradable. ISINs are used as a proxy to determine the tradability. Only ISINs originating from Japan, the US or Western Europe are eligible for the indices. The initial list only contains bonds with American ISINs (starting with "US"), German ISINs (starting with "DE" in the EUR index) or international ISINs (Luxembourg – starting with "XS"), ISINs from other Western European countries are also eligible but currently not in issue.

Bonds need to be clearable via one of the following three clearinghouses:

- Clearstream
- Euroclear
- Hong Kong CMU

2.9 Emerging Market Definition

2.9.1 Issuer Domicile Definition

Only issuers from countries/territories classified as emerging markets are eligible for the indices. The list of emerging markets is established according to Markit Global Economic Development Classification Methodology and is used to determine the eligibility of the issuer. The classification methodology and country classification are published on <https://www.spglobal.com/spdji/en/> under *Methodology*. The country classifications are updated annually and implemented on 30 November each year. Eligible countries require to have outstanding debt in either local or foreign currency.

2.9.2 Defaulted Countries and Sovereign Debt Rating

Countries that are in default on their external debt or that do not have a long term foreign debt rating from at least one of Fitch, Moody's or S&P are excluded from the indices. Countries with ratings of D or RD from Fitch, C or Ca from Moody's and D or SD from S&P are not eligible. A default is determined based on information from the rating agencies.

In addition, a country is considered to be in default if one of the 6 credit events as defined by ISDA occurs:

- Bankruptcy
- Obligation Acceleration
- Obligation Default
- Failure to Pay
- Repudiation/Moratorium
- Restructuring

2.9.3 Additional Restriction for Countries on Financial Sanction Regimes

Countries included on the financial sanctions' lists of the European Union or the United States are excluded from the indices unless:

- Sanctions are applied to specific individuals only, or
- Funds, funding and financial transactions of the government and government-related entities are unaffected by the sanctions.

The information about the sanctions regime is compiled:

- For the European Union from the Common Foreign & Security Policy from http://ec.europa.eu/external_relations/cfsp/sanctions/measures.htm
- For the United States from the Office of Asset Control (OFAC) from <http://www.treas.gov/offices/enforcement/ofac/>

A country is placed on the sanction list if relevant sanctions apply for either the European Union or the United States. The decision about adding/removing countries is taken in consultation with the Index Committee. Any decision to change the list of countries on the sanction list is immediately published on the web.

A country emerging from default is re-included in the index at the next index rebalancing after its rating has been reinstated. If financial sanctions are instated for a particular country, the country is removed from the index at the next month-end. If financial sanctions are lifted, the country is included in the index at the next index re-balancing after all relevant sanctions have been lifted.

Based on current information, the following countries are excluded from the indices because of applicable sanctions:

- Cuba
- Iran
- Myanmar
- North Korea
- Sudan
- Syria
- Venezuela

2.10 Country Weight Allocation

For the Markit iBoxx USD Emerging Markets Sovereigns Quality Weighted Index, country weights are decided by their relative fundamental scores.

Fundamental scores are calculated for all emerging market countries/territories defined earlier which have below information publicly available before 10 May or 10 November (inclusive). Fundamental scores are derived based on the following factors:

- GDP per capita in USD (World Economic Outlook of the IMF)
- GDP growth (World Economic Outlook of the IMF)
- Inflation (World Economic Outlook of the IMF)
- National debt in % of GDP (World Economic Outlook of the IMF)
- National debt in % of exports (World Economic Outlook of the IMF and World Development Indicators of the World Bank)
- Reserves in % of GDP (World Bank – World Development Indicators)
- History of default (See Table 1 below)
- Global competitiveness (World Economic Forum – Competitiveness Index)

Table 1: Treatment of default history

Fundamental Factors	Pre-determined score
Default<5 Years old	-1
5 Years<Latest Default<10 Years old	-0.75
10 Years<Latest Default<15 Years old	-0.5
15 Years<Latest Default<20 Years old	-0.25
20 Years<Latest Default	0

Table 2: Interpretation signs of fundamental factors

Fundamental Factors	Factor Interpretation Sign	Comment on sign
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GDP per capita in USD	Positive	High number implies higher weight
GDP growth	Positive	High number implies higher weight
Inflation	Negative	High number implies lower weight
National debt in % of GDP	Negative	High number implies lower weight
National debt in % of exports	Negative	High number implies higher weight
Reserves in % of GDP	Positive	High number implies higher weight
History of default	Positive	High number implies higher weight
Global competitiveness	Positive	High number implies higher weight

After the data above have been collected, the fundamental scores are calculated using the following steps:

- Normalize the data using a cross-sectional Z-score
- Adjust the sign of the Z-scores according to the expected impact of the variable on the country's creditworthiness, as shown in Table 2. After the adjustment, a high Z-score is considered as a positive signal and is a sign of good creditworthiness. For example, a highly positive Z-score after adjustment could come from a high GDP growth rate, or a low debt/GDP ratio.
- Calculate the fundamental score as the average of the Z-score for all the explanatory factors.

$$\text{FundamentalScore} = \frac{\sum_{i=1}^n \text{Zscore}_i}{n}$$

Countries with higher fundamental scores are considered to be more creditworthy. According to a country's fundamental score relative to the whole group, linear adjustments are applied to country market-value weights. The country with highest fundamental score will be assigned double its original market-value based weight, and the weight of the country with lowest score will be reduced to 0. Countries in between are adjusted linearly based on their relative fundamental scores.

If country fundamental score is positive,

$$\text{reweightingfactor}_i = \frac{\text{FundamentalScore}_i}{\max(\text{FundamentalScore}_1, \text{FundamentalScore}_2, \dots, \text{FundamentalScore}_n)} + 1$$

Otherwise,

$$\text{reweightingfactor}_i = 1 - \frac{\text{FundamentalScore}_i}{\min(\text{FundamentalScore}_1, \text{FundamentalScore}_2, \dots, \text{FundamentalScore}_n)}$$

Reweighting factors will be applied on 31 May and 30 November to all emerging market countries/territories defined earlier that are part of the Markit iBoxx USD Emerging Markets Sovereigns Index as of that date.

Country market-value-based weights, determined two business days before semi-annual rebalancing dates, multiplied by reweighting factors for each country are the fundamentally adjusted country weights. After adjustment, country weights will be normalized and thus they sum up to 100%. Additional capping will be applied as defined in index weights section.

Fundamental weights are determined semi-annually, at month end rebalancing on 31 May and 30 November .

Within the six months before country weights are re-allocated, on every monthly rebalancing day, country weights are determined in the following way: multiply country weight at last rebalancing by country average total return in the past month and then normalize the sum of all country weights to 1.

If a new country becomes eligible between semi-annual rebalancing dates, it will not be considered into the index until the next semi-annual rebalancing date. If an existing country in the index does no longer satisfy all criteria defined earlier and thus becomes ineligible between semi-annual rebalancing dates, all bonds from that country will drop out of the index at the next month end, and their weights will be proportionally allocated to all other countries in the index.

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 S&P DJI, 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 S&P DJI's discretion. S&P DJI will assign the classification according to its evaluation of the business risk presented in the security prospectus and annual reports, if available. S&P DJI will also compare the classification to peers in the potential sectors. Membership lists including classification are published on the FTP server and in the *Indices* section of the webpage for registered users.

3.1 Overall Bond Classification Scheme

The following classification scheme is used for the bonds:

- Level 0 Index family, i.e. USD
- Level 1 Country of risk
- Level 2 External Debt
- Level 3 Sovereigns
- Level 4 Region (Asia, EEMEA, Latin America)

3.2 Sovereigns

Bonds issued by a central government and denominated in USD.

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 *iBoxx Pricing Methodology* document, available in the *Methodology* section of the webpage at <https://www.spglobal.com/spdji/en/>.

4.3 Rebalancing Process

The Markit iBoxx USD Emerging Markets Sovereigns Quality Weighted Index is rebalanced monthly on the last business day of the month after the close of business. Country weights are re-allocated every six months, on 31 May and 30 November each year. Reweighting factors will be applied on 31 May or 30 November to all debt-issuing emerging market countries/territories defined in Section 2.9 that are part of the Markit iBoxx USD Emerging Markets Sovereigns Index as of that date.

Countries will be capped as per the weighting methodology. Bond weights within countries are market-value based.

Within the six months before country weights are re-allocated, on every monthly rebalancing day, country weights are determined in the following way: multiply country weight on last rebalancing day by country average total return in the past month and then normalize the sum of all country weights to 1. Bonds issued by the same country are market-value weighted according to the country weight.

Changes to amount 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 three business days before the end of the month. Any changes after the index cut-off day (t-3) will not be considered in the re-balancing process, but will become effective at the end of the following month. New bonds issued by existing countries in the index are taken into account at the end of the month if they are publicly known to settle until the last calendar day of the month, inclusive, and if their rating and amount outstanding has become known at least three trading days before the end of the month.

On 15 May and 15 November each year, reweighting factors for all eligible countries in the upcoming semi-annual rebalancing will be published on the FTP server and on <https://www.spglobal.com/spdji/en/> in the “Rules Benchmark” section.

Ten business days before the end of each month, a preliminary membership list is published on the FTP server and <https://www.spglobal.com/spdji/en/>. This list contains preliminary information on rating, uncapped amount outstanding of the bonds and bond weights.

Three business days before the end of each month, a membership list with the amount outstanding for each bond is published. This list contains the maximum number of constituents for the next month.

Two business days before the end of the month, the rating information for the bonds on the list is updated and the list is adjusted for all new rating changes that have occurred three business days prior to month-end. The weight of each country and the notional amount for each bond is calculated. The resulting list

is the final membership list for the following month and is published as soon as all rating changes are confirmed.

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

The selection criteria described in section 2 are applied to determine an eligible universe for the Markit iBoxx USD Emerging Markets Sovereigns Quality Weighted Index:

- Country weights are determined using methodology in section "country weight allocation"
- Bond weights are derived from country weights based on bond market value

4.4 Index Data

The Markit iBoxx USD Emerging Markets Sovereigns Quality Weighted Index is computed and disseminated at the close of every business day defined in the iBoxx USD Index calculation calendar. The indices are calculated on the last calendar day of each month irrespective of holidays and weekends. If the index is calculated on a day that is a non-business day, then the prices from the previous trading day will be carried forward and the index will be calculated using those prices and the current accrued interest and coupon payment data.

The calculation of the indices is based on bid quotes. New bonds are included in the indices at their respective ask prices when they enter the index family. In the event that no price can be established for a particular bond, 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, S&P DJI may consult the specific Index Committees at the following rebalancing date. To ensure consistency, decisions taken are made publicly available on a timely basis and S&P DJI has the ability to refer back to previous cases.

On the last trading day of a month, the rebalancing takes place after the daily index calculation for the current month's list, including the calculation of the last calendar day's indices, has been performed.

4.5 Index Weights

Once the eligible bond universe has been defined, the country weights and bond weights are determined and restrictions, in the order defined below, will be applied iteratively on the semi-annual rebalancing day.

1. The aggregate weight for Non-Investment Grade countries will be capped at 50%.
 - a. Country's rating to be considered will be based on the bonds rating as defined in section 2.7
 - b. In case different ratings are available for the bonds of a country, the worst rating will be considered
 - c. Any country with final rating of B or above, as determined above, will be considered. Any excess weight of Non-Investment Grade countries will be distributed to Investment Grade countries on pro rata basis
2. Country capping will be applied at 10%. Any excess weight will be distributed to all the remaining countries on pro rata basis
3. Countries with adjusted weights below 0.3% will be excluded. The cumulative weight of the excluded countries will be distributed to all the remaining countries on pro rata basis

4.6 Index calculus

For specific index formulas please refer to the *iBoxx Bond Index Calculus* document available on <https://www.spglobal.com/spdji/en/> under *Methodology*.

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, S&P DJI will estimate the approximate value based on the available data at the time of calculation.

4.7.1 Funged bonds

Bonds may be issued in several tranches. The different tranches are initially legally separate and therefore trade independently for a certain period. On and after the funge date, the tranches will be combined into one bond, i.e. the parent tranche will contain the original security, as well as the additional notional(s) from the new tranche(s). After the funge date, the prices for both the securities are the same, because they constitute one uniform bond. This is reflected in the indices as follows:

4.7.1.1 Parent and new tranche are both index constituents

- After the funge date, the price from the parent tranche is used for the funged tranche; no price for the funged bond
- Funged tranche leaves the index at the next rebalancing and parent amount outstanding increases accordingly

4.7.1.2 Parent is an index constituent, but the new tranche is not

- No special intra-month treatment necessary
- Parent amount outstanding increases at the next rebalancing

4.7.1.3 Parent is not an index constituent but the new tranche is

- No special intra-month treatment necessary
- Funged tranche leaves the index; parent tranche enters the index at the next rebalancing

4.7.2 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.

4.7.3 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).

4.7.4 Maturity extension

4.7.4.1 Maturity extension for perpetual bonds without a reset date

Maturity	Coupon/call structure	Workout date at issuance	Updated Workout date if not called
Perpetual	Fixed/ Callable	Assume first call date as workout date	Extend workout date until the assumed next call date - 5 years from first call date*.

*Assumes the terms allow for a redemption at the new assumed maturity date.

4.7.4.2 Maturity extension for perpetuals & dated fixed-to-fixed bonds with a reset date

Maturity	Coupon/Call structure	Workout Date at issuance	Updated Workout date if not called
Perpetual	Reset*/Callable	Assume first call date as workout date	Extend workout date until the end of the next reset date*
Dated	Reset/Callable	Assume reset date as workout date	Extend workout date until the end of the next reset date or final maturity date*

*Assumes the bond terms allow for a redemption at the new assumed maturity date

4.7.5 Multi-coupon bonds

Some bonds have pre-defined coupon changes that lead to a change in the annual coupon over the life of the bond. In all instances, the coupon change must be a fixed amount on top of a fixed coupon, i.e. floating coupon bonds are not eligible for the indices. The two main categories of bonds are step-up bonds and event-driven bonds.

- **Step-up bonds:** These are bonds with a pre-defined coupon schedule that cannot change during the life of the bond. The coupon schedule is used in all bond calculations.
- **Event-driven bonds:** These are bonds whose coupon may change upon occurrence (or non-occurrence) of pre-specified events, such as rating changes, e.g. rating-driven bonds, failure to register (register-driven bonds), or failure to complete a merger (merger-driven bonds). In the calculation of the indices and the analytics, the coupon schedule as of the calculation date is used. That is to say, any events occurring after the calculation date are ignored in the determination of the applicable coupon schedule. *Example of an event-driven bond:* A bond's rating changes on 31 December 2003 from A- to BBB+ and the coupon steps up from 6% to 6.25% from 1 March 2004 onward. The coupon dates are 1 October and 1 April each year. The correct coupon schedule for the bond and index calculations is date dependent. The index calculation on 20 December 2003 uses the 6% coupon for the whole life of the bond, while the calculation on 31 January 2004 uses a 6% coupon for the current coupon period to 29 February 2004, and a 6.25% coupon for all later interest payments. The index calculation on 20 March uses a 6% coupon until 29 February, a 6.25% coupon for the remainder of the current coupon period and a 6.25% coupon for all future coupon payments. The index calculation after 1 April uses a 6.25% coupon.

4.7.6 Ex-dividend conventions

Some markets have ex-dividend conventions. Ex-dividend means that the next coupon is detached from the bond several days in advance of the coupon payment date. The date on which the next coupon is detached is the ex-dividend date and the period between the ex-dividend date and the coupon payment date is the ex-dividend period. If a bond is in the ex-dividend period, the next coupon payment will not be paid to a buyer of this bond, but will be paid to the original bond holder.

The indices and analytics calculations take ex-dividend conventions into account. During the ex-dividend period, the accrued interest of the bond is negative, while the next coupon payment is held separate in the variable coupon adjustment. If the bond enters the index during the ex-dividend period, then the next coupon payment and the coupon adjustment will not accrue to the index. However, if the bond was already in the index, the next coupon payment needs to be included in the total return calculations. This is controlled via the ex-dividend indicator which is 0 if the bond enters the index during the current ex-dividend period and 1 if not. The same treatment is also applied to all analytics calculation, i.e. the first cash flow is excluded from the calculations if the bond enters during the current ex-dividend period.

4.8 Index history

The Index history starts on 31 October 2010. 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

S&P DJI publishes an index calculation calendar available on <https://www.spglobal.com/spdji/en/> under *iBoxx Indices Calendars*. This calendar provides an overview of the index calculation holidays of the iBoxx bond index families each year.

4.11 Publication of the Markit iBoxx USD Emerging Markets Sovereigns Quality Weighted Index

The Markit iBoxx USD Emerging Markets Sovereigns Quality Weighted Index is calculated at the end of each business day after 4:00 p.m. EST and rebalanced at the end of each month. The end-of-day closing values are calculated on the basis of end-of-day iBoxx prices after 4:00 p.m. EST on each trading day defined in the iBoxx USD Index calculation calendar. 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. S&P DJI publishes an index calculation calendar which is available on <https://www.spglobal.com/spdji/en/> under *iBoxx Indices Calendars*. 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 <https://www.spglobal.com/spdji/en/> for registered users.

4.12 Data publication and access

The table below summarizes the publication of the Markit iBoxx USD Emerging Markets Sovereigns Quality Weighted Index at <https://www.spglobal.com/spdji/en/> for registered users and on the FTP server.

Table 1: Frequency, file type and access

Frequency	File Type	Access
Daily	Underlying files – Bond level	FTP Server
	Indices files – Index level	FTP Server / website / Bloomberg for index levels only
Daily from the 6th calendar day of the month (or the next index publication day if the 6th calendar day falls on a non-business day)	Forward Files	FTP Server
Monthly	End of Month Components	FTP Server / website
	XREF files	FTP Server

Below is a summary of the IDs for each publication channel:

Name	Version	SEDOL	ISIN	Bloomberg Code	RIC
Markit iBoxx USD Emerging Markets Sovereigns Quality Weighted	Total Return Index	BYXVY72	GB00BYXVY723	IBXXQW5	.IBXXQW5
Markit iBoxx USD Emerging Markets Sovereigns Quality Weighted	Clean Price Index	BYXVY83	GB00BYXVY830	IBXXQW6	.IBXXQW6

4.13 Index review

In addition to the daily governance of indices and maintenance of index methodologies, at least once within any 12-month period, the Index Committee reviews the methodology to ensure the indices continue to achieve the stated objectives, and that the data and methodology remain effective. In certain instances, S&P Dow Jones Indices may publish a consultation inviting comments from external parties.

5 Sub-Indices

5.1 Markit iBoxx USD Emerging Markets Sovereigns Quality Weighted Index (EUR Hedged and EUR Unhedged)

The indices are constructed following the same rules as the Markit iBoxx USD Emerging Markets Sovereigns Quality Weighted Index. For details on the hedging please refer to the iBoxx Bond Calculus document, available on the Markit iBoxx Documentation page at <https://www.spglobal.com/spdji/en/>.

The indices are published on S&P DJI website <https://www.spglobal.com/spdji/en/>, FTP server, and made available through main information vendors. Below is a summary of the identifiers for each publication channel:

Name	Version	SEDOL	ISIN	Bloomberg Code	RIC
Markit iBoxx USD Emerging Markets Sovereigns Quality Weighted (EUR Hedged)	Total Return Index	BZ76YT2	GB00BZ76YT27	IBXXQW11	.IBXXQW11
Markit iBoxx USD Emerging Markets Sovereigns Quality Weighted (EUR Hedged)	Clean Price Index	BZ76YV4	GB00BZ76YV49	IBXXQW12	.IBXXQW12
Markit iBoxx USD Emerging Markets Sovereigns Quality Weighted (EUR Unhedged)	Total Return Index	BZ76YR0	GB00BZ76YR03	IBXXQW13	.IBXXQW13
Markit iBoxx USD Emerging Markets Sovereigns Quality Weighted (EUR Unhedged)	Clean Price Index	BZ76YS1	GB00BZ76YS10	IBXXQW14	.IBXXQW14

6 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
- 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](#).

7 Changes to the iBoxx USD Emerging Markets Sovereigns Quality Weighted Index

03 Jun 2024	Annual Index Review 2023 <ul style="list-style-type: none"> • Standardization of Index Rules <ul style="list-style-type: none"> > Time to maturity > International clearability > Bond Type > Credit rating
30 Jun 2023	Annual Index Review 2022 <ul style="list-style-type: none"> • Introduction of 'Maturity extension' section • Index eligibility of bonds with extended workout dates
30 Jun 2022	Monthly forward start date updated from 10th calendar day to 6th calendar day
01 Sep 2021	Update of monthly forward start date from 12th calendar day to 10th calendar day
31 Mar 2021	Governance and Regulatory Compliance section added
30 Nov 2018	Update to the capping methodology
30 Aug 2017	Update of list of countries on financial sanction regimes
23 Dec 2015	Launch of Markit iBoxx USD Emerging Markets Sovereigns Quality Weighted Index

8 Further information

Client support

For client support please contact index_services@spglobal.com.

Formal complaints

Formal complaints should be emailed to spdji_compliance@spglobal.com.

Please note: spdji_compliance@spglobal.com should only be used to log formal complaints.

General index inquiries

For general index inquiries, please contact index_services@spglobal.com.

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.

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Where applicable, S&P Dow Jones Indices and its index-related affiliates (“S&P DJI”) defines various dates to assist our clients by 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. Also, the treatment of corporate actions in back-tested performance may differ from treatment for live indices due to limitations in replicating index management decisions. 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

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