

iBoxx USD Treasuries (AUD Hedged) Guide

November 2023

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1) iBoxx USD Treasuries (AUD Hedged) Index

The iBoxx USD Treasuries (AUD Hedged) Index is designed to reflect the performance of USD denominated Treasury bonds, hedged in Australian Dollar

All iBoxx indices are priced based on multiple data inputs. The iBoxx USD Treasuries (AUD Hedged) Index uses multi-source prices as described in the document *iBoxx Pricing Methodology* publicly available on <https://www.spglobal.com/spdji/en/> under *Methodology*.

This document covers the index rules and calculation methodology.

1.1) Index structure

The table below summarizes the selection criteria that are applied to the USD denominated bond universe.

Table 1: iBoxx USD Treasuries (AUD Hedged) Index structure

Index Name	Level0	Level2	Currency
iBoxx USD Treasuries (AUD Hedged)	USD	Treasuries	AUD

1.2) Publication of the index

The iBoxx USD Treasuries (AUD Hedged) Index is calculated as end-of-day index and distributed once daily after close of US markets.

Bond and index analytical values are calculated end of day Monday to Friday using that day's closing prices. In addition, bond and index analytical values are calculated using the previous trading day's closing prices on the last calendar day of each month if that day is not a regular trading day as well as on common bank holidays as published in the iBoxx index calculation calendar. This index calculation calendar is available on <https://www.spglobal.com/spdji/en/> under *iBoxx Indices Calendars*. Index data is also available from the main information vendors.

Closing index values and key statistics are published at the end of each calculation day in the *Indices* section on <https://www.spglobal.com/spdji/en/> for registered users.

2) Bond selection rules

The following selection criteria are used to determine the index constituents from the USD denominated bond universe:

- Bond type
- Rating
- Time to maturity

2.1) Bond type

General inclusion criteria:

- Treasury Bonds issued by the US Government.

Any decision as to the eligibility or ineligibility of a new bond type will be published and the index rules will be updated accordingly.

US treasuries, whose auction results are made available on T-3, T-2 or T-1 settling in the current month, will be added to the preview list scheduled after the issuance announcement with "When Issued" terms. The "When Issued" terms will be replaced with the final details as soon as the results are available.

Credit Rating

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 Service.

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* available on <https://www.spglobal.com/spdji/en/> under *Methodology*.

USD Treasury use the US sovereign rating. For corporate and sub-sovereigns only issue ratings are considered in the bond selection process. For sovereign issuers the country rating is also taken into account. Issuer ratings or MTN program ratings are not taken into account.

Time to maturity

The iBoxx USD Treasuries (AUD Hedged) Index bonds all must have a remaining time to maturity of at least one year at rebalancing.

3) Index calculation

3.1) Static data

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

3.2) 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/>.

3.3) Rebalancing process

The index is rebalanced monthly on the last business day of the month. Any inclusion after the index cut-off day (t-3) will not be considered in the rebalancing process but will become effective at the end of the following month. New bonds issued are considered 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.

Preview lists of eligible bonds are published on a weekly basis starting on the first Friday that is three business days after the previous month-end rebalance, as well as on the 6th calendar day of the month (or next index publication day if the 6th calendar day falls on a non-business day). Preview lists of eligible bonds are additionally published on T-4, T-3 trading days before the end of the month. Final components are published two business days before the end of the month (T-2).

Two business days before the end of each month, the rating and amount information for the constituents is updated and the list is adjusted for all rating and amount changes which are known to have taken place three business days before the end of the month which could also result in exclusion of the bond. However, if bonds which are part of broader US Dollar indices become eligible into the Index two business days prior to rebalancing because of rating and/or amount changes, will be included in the index.

3.4) 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. If 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, S&P DJI may consult market participants prior to the next rebalancing date. Decisions are made publicly available on a timely basis and S&P DJI may refer back to previous cases.

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

3.5) Index FX hedging

The index makes use of the daily hedging methodology which is further described in section 6.2 of the *iBoxx Bond Index Calculus* document, available on <https://www.spglobal.com/spdji/en/> under *Methodology*.

3.6) 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*.

3.7) FX rates

The FX spot and forward rates are sourced from WMR FX Benchmarks. The daily index calculation uses the standard FX rates for the iBoxx USD indices calculation as of 4pm London time.

3.8) Index history

The Index history starts on 31 December 2003. The index has a base value of 100 on that date.

3.9) Settlement conventions

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

3.10) 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.

3.11) Data publication and access

The table below summarizes the publication of the iBoxx USD Treasuries (AUD Hedged) Index on the SFTP server.

Table 2: Data publication frequency, file types and access

Frequency	File Type	Access
Daily	Underlying files – Bond level	SFTP Server
	Indices files – Index level	SFTP Server / Bloomberg / Reuters (index levels only)
Monthly	End of Month Components	SFTP Server
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)	Forwards	SFTP Server

3.12) 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.

3.13) Changes to iBoxx USD Treasuries (AUD Hedged) Index

Table 3: Index changes

1 Dec 2023	Change from the standard to daily hedging methodology when converting from USD to AUD.
1 Jun 2022	Launch of the iBoxx USD Treasuries (AUD Hedged) Index

4) 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](#).

5) Further information

Client support

For 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

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 indices@ihsmarkit.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:		October 2023
Appendix first publication:		October 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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