

iBoxx Sovereigns Brazil Index Methodology

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Table of Contents

Introduction	2
Index Publication	2
Bonds Selection	3
Bond Type	3
Credit Rating	3
Time to Maturity	4
Bond Classification	5
Sovereigns	5
Index Calculation	6
Static Data	6
Bond Prices	6
Rebalancings	6
Index Data	6
Index Calculus	7
Maturity Extension	7
Maturity Extension for Perpetual Bonds without a Reset Date	7
Maturity Extension for Perpetuals & Dated Fixed-to-Fixed Bonds with a Reset Date	7
Index and Analytics Weights	7
Data publication and Access	7
FX Rates	8
Calendar	8
Related Indices	9
iBoxx Brazil NTN-F Index	9
iBoxx Brazil LTN Index	9
Index Governance	10
Index Committee	10
Methodology Changes	11
Further Information	12
Disclaimer	13
Performance Disclosure/Back-Tested Data	13
Intellectual Property Notices/Disclaimer	14
ESG Indices Disclaimer	16

Introduction

The index measures the performance of Brazilian real denominated sovereign debt. The index aims to provide broad coverage of the Brazilian sovereign bond universe while upholding minimum standards of investability and liquidity.

Data Source. The index uses multi-source prices as described in the iBoxx Pricing Rules, available [here](#).

Index Publication

The iBoxx Sovereigns Brazil Index calculates as an end-of-day index and distributes once daily after market close.

Bond and index analytical values calculate each day using that day's closing prices. In addition, bond and index analytical values calculate 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. Index data is also available from the main information vendors.

Closing index values and key statistics publish for registered users at the end of each calculation day in the *Indices* section of www.spglobal.com/spdji.

The index calculation calendar, *iBoxx Calendars*, is available at www.spglobal.com/spdji.

Bonds Selection

Bond Type

Bonds with the following characteristics are eligible for the index:

- Fixed coupon bonds (“plain vanilla bonds”)
- Zero coupon bonds

The following bond types are ineligible:

- Floating rate notes
- Fixed-to-floater bonds
- Sinking funds and amortizing bonds
- Inflation-linked bonds
- Perpetual bonds
- Callable bonds
- Dual currency bonds
- Retail bonds
- Extended bonds as defined under section ‘Maturity extension’ in this document

In instances where a new bond type is not specifically excluded or included according to the published index rules, S&P DJI analyzes the features of such securities in line with the principles set out in Section 2 of this guide. S&P DJI may consult the specific Index Committees. Any decision as to the eligibility or ineligibility of a new bond type is published and the index rules update accordingly.

Credit Rating

All bonds in the index must have an iBoxx Rating of investment grade or sub-investment grade. 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.

Sub-investment grade is defined as BB+ or lower from Fitch Ratings or S&P Global Ratings and Ba1 or lower from Moody’s Investor Service, but not in default.

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 determining average ratings, please refer to the iBoxx Rating Methodology, available at www.spglobal.com/spdji.

Time to Maturity

At each rebalancing, new bonds must have an initial time to maturity, as measured from the first settlement date to the maturity date, of at least 18 months and constituent bonds must have a remaining time to maturity of at least one year.

Amount Outstanding

Bonds must have a minimum amount outstanding of BRL 2 billion.

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 indices at the next rebalancing if necessary.

Where the sector classification of a specific entity is not clear due to the diversified business of the entity, a decision is made at S&P DJI's discretion. S&P DJI assigns the classification according to its evaluation of the business risk presented in the security prospectus and annual reports, if available. S&P DJI also compares 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.

Sovereigns

Bonds issued by a central government and denominated in BRL.

Index Calculation

Static Data

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

Bond Prices

For more information on pricing, please refer to the *iBoxx Pricing Methodology*, available at www.spglobal.com/spdji.

Rebalancings

The index rebalances monthly on the last business day of the month after the close of business. Changes to outstanding amounts 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 trading days before the end of the month.

A preliminary membership list is published on the sixth calendar day of the month (moved to the next business day in case of holiday/weekend). This list contains preliminary information on rating and amount outstanding of all bonds.

Three business days before the end of each month, a membership list with final amount outstanding for each bond is published. Two business days before the end of each month, the rating information for the constituents is updated and the list is adjusted for all rating changes which are known to have taken place two trading days before the end of the month.

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.

Index Data

The calculation of the index is based on bid prices. New securities are included in the index at their respective ask prices. 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, 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 index is calculated if at least one bond matches all inclusion criteria. If no more bonds qualify for an index, then its level remains constant. If at least one bond becomes available again, the index calculation resumes and is chained to the last calculated level. The assignment of a bond to a certain maturity bucket is based on its expected remaining life. All bonds remain in their maturity bucket for the entire month.

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

Index Calculus

For specific index formulas please refer to the *iBoxx Bond Index Calculus Methodology* available at [https:// www.spglobal.com/spdji/en/](https://www.spglobal.com/spdji/en/).

Maturity Extension

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.

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.

Index and Analytics Weights

The iBoxx Sovereigns Brazil Index is market-value-weighted. The amount outstanding of a bond is only adjusted within the rebalancing process.

All calculations are based on the adjusted amount outstanding that reflects the outstanding bond notional at the last rebalancing. The bond prices relate to the nominal value of 100.

Index History

The Index history starts on February 29, 2008. The index has a base value of 100 on that date.

Settlement Conventions

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

Data publication and Access

The table below summarizes the publication of the index on the SFTP server.

Frequency	File Type	Access
Daily	Underlying file – Bond level	SFTP Server
	Indices file – Index level	SFTP Server / Bloomberg (index levels only)
Daily from the sixth calendar day of the month (or the next index publication day if the sixth calendar day falls on a nonbusiness day)	Forwards	SFTP Server
Monthly	End of Month Components	SFTP Server
	XREF files	SFTP Server

FX Rates

FX spot rates are sourced from WMR. The index calculation uses the FX rates from 4:00 PM London Time. If the rebalancing day is a non-business day, the index calculation uses the 4:00 PM London Time FX rates from the previous business day.

Calendar

S&P DJI publishes a calendar of the index calculation holidays of the iBoxx indices, available at www.spglobal.com/spdji.

Related Indices

Unless otherwise specified, the below related indices follow the same methodology as the respective underlying index.

iBoxx Brazil NTN-F Index

Index Objective. The index measures the performance of BRL-denominated Notas do Tesouro Nacional Série F (NTN-F) bonds issued by the Tesouro Nacional (National Treasury of Brazil).

Underlying Index. iBoxx Sovereigns Brazil Index.

Eligibility Criteria. At each rebalancing, bonds in the underlying index must satisfy the following to be eligible for index inclusion:

- **Bond Type:** be Notas do Tesouro Nacional - Serie F [Ticker: BNTNF]

Index Data. Index calculation is based on bid prices.

Index	Version	ISIN	Sedol	BBG	RIC
iBoxx Brazil NTN-F Index	CPI	GB00BW7Q1R89	BW7Q1R8	IBXXBNFP	.IBXXBNFP
	TRI	GB00BW7Q1S96	BW7Q1S9	IBXXBNFT	.IBXXBNFT

iBoxx Brazil LTN Index

Index Objective. The index measures the performance of domestic BRL-denominated sovereign debt issued by the Tesouro Nacional (National Treasury of Brazil).

Underlying Index. iBoxx Sovereigns Brazil Index.

Eligibility Criteria. At each rebalancing, bonds in the underlying index must satisfy the following to be eligible for index inclusion:

- **Bond Type:** be Brazil Letras do Tesouro Nacional [Ticker: BLTN]

Index Data. Index calculation is based on bid prices.

Index	Version	ISIN	Sedol	BBG	RIC
iBoxx Brazil LTN Index	CPI	GB00BW7Q1T04	BW7Q1T0	IBXXBLNP	.IBXXBLNP
	TRI	GB00BW7Q1V26	BW7Q1V2	IBXXBLNT	.IBXXBLNT

Index Governance

Index Committee

An Index Committee maintains the indices. All committee members are full-time professionals at S&P Dow Jones Indices. Meetings are held regularly. The Index Committee oversees the management of the indices, including determinations of intra-rebalancing changes, maintenance and inclusion policies, and other matters affecting the maintenance and calculation of the indices.

In fulfilling its responsibilities, the Index Committee has full and complete discretion to (i) amend, apply, or exempt the application of index rules and policies as circumstances may require and (ii) add, remove, or by-pass any bond in determining the composition of an index.

The Index Committee may rely on any information or documentation submitted to it or gathered by it that the Index Committee believes to be accurate. The Index Committee reserves the right to reinterpret publicly available information and to make changes to the indices based on a new interpretation of that information at its sole discretion. All Index Committee discussions are confidential.

The Index Committee is separate from and independent of other analytical groups at S&P Global. In particular, the Index Committee has no access to or influence on decisions by S&P Global Ratings analysts.

S&P Dow Jones Indices' Index Committees reserve the right to make exceptions when applying the methodology if the need arises. In any scenario where the treatment differs from the general rules stated in this document or supplemental documents, clients will receive sufficient notice, whenever possible.

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.

For more information on index governance policies, please refer [here](#).

Methodology Changes

Date	Change
Aug 14, 2024	Launch of iBoxx Sovereigns Brazil Index

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.

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 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

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.

Index returns do not reflect payment of any sales charges or fees an investor may pay to purchase the securities underlying the Index or investment funds that are intended to track the performance of the Index. The imposition of these fees and charges would cause actual and back-tested performance of the securities/fund to be lower than the Index performance shown. As a simple example, if an index returned 10% on a US \$100,000 investment for a 12-month period (or US \$10,000) and an actual asset-based fee of 1.5% was imposed at the end of the period on the investment plus accrued interest (or US \$1,650), the net return would be 8.35% (or US \$8,350) for the year. Over a three-year period, an annual 1.5% fee taken at year end with an assumed 10% return per year would result in a cumulative gross return of 33.10%, a total fee of US \$5,375, and a cumulative net return of 27.2% (or US \$27,200).

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Prospective users of an S&P DJI ESG Index are encouraged to read the relevant index methodology and related disclosures carefully to determine whether the index is suitable for their potential use case or investment objective.