

# Credit Suisse Yield Enhanced Sovereign Index

Index Products

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**Index Universe:** Based on the Credit Suisse Sovereign Bond Index (SBI), Credit Suisse U.S. Government Index (USGI), Credit Suisse European Government Index (EURGI) and Credit Suisse U.K. Treasury Index (UKTI).

**Country Eligibility:** A country's bonds must settle through EuroClear in USD, EUR, or GBP to be eligible for the index, with the exception of Jamaica, Dominican Republic, Uruguay, Malaysia, Taiwan and the Philippines, which are excluded from the index.

Countries will be classified as developed or emerging according to Dow Jones<sup>1</sup> country classification standards which can be found at:

[http://www.djindexes.com/mdsidx/downloads/brochure\\_info/Dow\\_Jones\\_Indexes\\_Country\\_Classification\\_System.pdf](http://www.djindexes.com/mdsidx/downloads/brochure_info/Dow_Jones_Indexes_Country_Classification_System.pdf)<sup>2</sup>

If a country is not classified in the list according to Dow Jones, the index committee will then determine where the country should fall. Specific examples include Luxembourg, which is considered a developed market, and Panama, which is considered an emerging market for fixed income index purposes. All other countries not specifically defined as developed or emerging market should be excluded.

The country eligibility is determined based on the availability of free transfers, which allows for efficient access and trading in the local market.

**Currency:** USD

**Minimum Balance:** 500mm USD, EUR or GBP depending upon the currency of the underlying bond in the underlying index

**Minimum Maturity:** 1.5 years remaining maturity at the time of quarterly rebalancing

**Rating Criteria:** Must have a rating of CCC+ or greater

**Coupon Reinvestment:** USD 1M LIBOR rate for USD bonds; 1M LIBOR rate for GBP bonds; 1M EURIBOR rate for EUR bonds

**Trading and Settlement:** Bonds trade on a clean price basis and settle from one to three business days after the trade date, depending on the local convention.

**Transaction Cost:** This index does not take transaction costs (bid-offer spreads) into account.

**Index Pricing:** The index uses a combination of trader and vendor prices. The index uses exclusively bid-side pricing.

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**Securities:** Defaulted, 144A and Reg S issues are excluded; all bonds are bullet structures. If a bond defaults after rebalancing or reconstitution, it remains in the index until the next rebalancing or reconstitution. The as-of default date, yield and forward-looking metrics will no longer be calculated.

**Index Calendar:** Each underlying index has its own holiday calendar. This index will have a combined holiday calendar, which only considers holidays to be those days when all underlying indexes are jointly on holiday.

**Maturity Bands:** The index allows only one bond per issuer in each maturity band. If multiple bonds from a single issuer fall within the same maturity band, the bond with the latest issue date is included. If multiple bonds have the same latest issue date, the issue with the largest amount outstanding is chosen. If multiple bonds are in the same maturity band and have the same latest issue date and same amount outstanding, then the issue with the highest yield will be included.

Issues will be classified in maturity bands if their maturities fall within the range as mentioned below:

#### **Exhibit 1: Maturity Band Classification**

Maturity Band	Maturity Range
3yr	1.5 to 4 years
5yr	4 to 6 years
7yr	6 to 8.5 years
10yr	8.5 to 11 years
30yr	11+ years

Source: Credit Suisse

**Rebalancing:** Quarterly; the index is rebalanced quarterly at the end of every March, June, September and December by selecting the top 30 highest-yielding bonds from the available universe. The universe consists of the bonds that have the latest issue date for each issuer and that satisfy the eligibility and maturity band criteria of the index. At the time of rebalancing, individual issues are equally weighted.

**Reconstitution:** Monthly; the index is replenished with top-yielding bonds from the available universe of bonds in place of bonds that have dropped out of the index between the quarterly rebalancing due to a failure to meet underlying portfolio eligibility criteria. The bonds that are being added should not have bonds in the index from the same issuer in the same maturity band in which they are entering. Eligibility in underlying portfolios is primarily based on minimum amount outstanding, rating, and maturity rules and is in no way based on issue yield.

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