

**S&P U.S. Mortgage-Backed
Securities Index**
Methodology

March 2025

Table of Contents

| | |
|---|-----------|
| Introduction | 3 |
| Index Objective | 3 |
| Supporting Documents | 3 |
| Eligibility Criteria | 4 |
| Eligibility Factors | 4 |
| Index Construction | 5 |
| Index Calculations | 5 |
| Index Maintenance | 6 |
| Rebalancing | 6 |
| Currency of Calculation and Additional Index Return Series | 6 |
| Base Dates and History Availability | 6 |
| Index Governance | 7 |
| Index Committee | 7 |
| Index Policy | 8 |
| Announcements | 8 |
| Holiday Schedule | 8 |
| Rebalancing | 8 |
| End of Day Calculation | 8 |
| Recalculation Policy | 8 |
| Contact Information | 8 |
| Index Dissemination | 9 |
| Tickers | 9 |
| Index Data | 9 |
| Web site | 9 |
| Appendix A – Index Calculations | 10 |
| Total Return | 10 |
| Price Return | 10 |
| Coupon Return | 10 |
| Paydown Return | 10 |
| Index Level Daily Mortgage Return | 10 |
| Appendix B – Methodology Changes | 11 |
| Disclaimer | 12 |

| | |
|---|-----------|
| Performance Disclosure/Back-Tested Data | 12 |
| Intellectual Property Notices/Disclaimer | 13 |
| ESG Indices Disclaimer | 15 |

Introduction

Index Objective

The S&P U.S. Mortgage-Backed Securities Index measures the performance of residential mortgage pass-through securities publicly issued by U.S. agencies in the U.S. domestic market. Index constituents are market value weighted.

Supporting Documents

This methodology is meant to be read in conjunction with supporting documents providing greater detail with respect to the policies, procedures and calculations described herein. References throughout the methodology direct the reader to the relevant supporting document for further information on a specific topic. The list of the main supplemental documents for this methodology and the hyperlinks to those documents is as follows:

| Supporting Document | URL |
|--|---|
| S&P Dow Jones Indices' Fixed Income Policies & Practices Methodology | Fixed Income Policies & Practices Methodology |
| S&P Dow Jones Indices' Fixed Income Index Mathematics Methodology | Index Mathematics Methodology |

This methodology was created by S&P Dow Jones Indices to achieve the aforementioned objective of measuring the underlying interest of each index governed by this methodology document. Any changes to or deviations from this methodology are made in the sole judgment and discretion of S&P Dow Jones Indices so that the index continues to achieve its objective.

Eligibility Criteria

Eligibility Factors

Bond Type. Generic mortgage aggregates made up of residential mortgage pass-through securities publicly issued by U.S. agencies are eligible.

J.P. Morgan Securities LLC provides the universe of generic mortgage aggregates. The generic mortgages comprise fixed-rate mortgage pools issued through standard FNMA, FHLMC (45-day and 55-day), GNMA I, and GNMA II programs. The agencies' MBS are 15-year, 20-year, and 30-year programs with half-percent coupon increments.

Currency. Securities must be issued in U.S. dollars.

Country. The issuer's country of incorporation must be the U.S.

Maturity. Each generic aggregate must have a weighted average maturity (WAM) greater than 12-months from the rebalancing date. No aggregate matures in the index.

Pricing. PricingDirect, a wholly owned subsidiary of J.P. Morgan Chase & Co., provides daily pricing for index pools.

For further information on PricingDirect, please see [here](#).

Size. A minimum par amount of US\$ 500 million at each rebalancing is required. The sum of both the 45-day and 55-day Freddie Mac outstanding balance is used to satisfy this criteria.

Index Construction

Index Calculations

The index is market value weighted. Cash received from coupon and principal paydown reinvests back into the index.

For further details regarding Index Calculations, please refer to Appendix A.

Index Maintenance

Rebalancing

The index is reviewed and rebalanced in accordance with J.P. Morgan Securities LLC's stated schedule.

Additions, deletions and other changes to the index arising from the rebalancing are made provided the security's reference information and pricing are available by designated pricing and data providers on the rebalancing reference date. Changes to the index are published on the announcement date and become effective on the rebalancing date. Information related to the rebalancing is obtained and disseminated after the close of business.

| Rebalancing Schedule | |
|-----------------------|--|
| Rebalancing Frequency | Monthly |
| Rebalancing Date | Last day of the rebalancing period (T) |
| Announcement Date | T minus 3 |
| Reference Date | T minus 4 |

All days reflect after the close and count business days

Ongoing Maintenance

For more information on treatment of defaults or lack of daily price data, please refer to the Defaults section of S&P Dow Jones Indices' Fixed Income Policies & Practices Methodology.

Currency of Calculation and Additional Index Return Series

Additional currency and currency hedged versions of the index, as well as maturity, sector, and rating-based sub-indices, may be available. For a list of available sub-indices and tickers, please refer to S&P Dow Jones Indices' Fixed Income Index Directory available at www.spglobal.com/spdji/.

For more information on currency and currency hedged indices, please refer to S&P Dow Jones Indices' Fixed Income Index Mathematics Methodology.

Base Dates and History Availability

Index history availability, base date, and base value are shown in the table below.

| Index | Launch Date | First Value Date | Base Date | Base Value |
|---|-------------|------------------|------------|------------|
| S&P U.S. Mortgage-Backed Securities Index | 07/15/2014 | 12/31/2008 | 12/31/2008 | 100 |

Index Governance

Index Committee

An Index Committee maintains the index. All committee members are full-time professionals at S&P Dow Jones Indices. Meetings are held regularly.

The Index Committee oversees the day-to-day management of the index, including the monthly rebalancing, determinations of intra-rebalancing changes to the indices, and maintenance and inclusion policies, including additions or deletions of bonds and other matters affecting the maintenance and calculation of the index.

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 information on Quality Assurance and Internal Reviews of Methodology, please refer to S&P Dow Jones Indices' Fixed Income Policies & Practices Methodology.

Index Policy

Announcements

Announcements of any relevant information pertaining to the index are made after market close. Press releases are posted on the S&P Dow Jones Indices Web site at www.spglobal.com/spdji/.

Holiday Schedule

The index is calculated when the Securities Industry and Financial Markets Association (SIFMA®) declares the U.S. fixed income markets to be open.

A complete holiday schedule for the year is available at www.spglobal.com/spdji/.

Rebalancing

The Index Committee may change the date of a given rebalancing for reasons including market holidays occurring on or around the scheduled rebalancing date. Any such change will be announced with proper advance notice where possible.

End of Day Calculation

Index levels are calculated at the end of each business day, via S&P Dow Jones Indices' Web site. This may be subject to change.

Recalculation Policy

For information on the recalculation policy please refer to S&P Dow Jones Indices' Fixed Income Policies & Practices Methodology.

For information on Calculations and Pricing Disruptions, Expert Judgment and Data Hierarchy, please refer to S&P Dow Jones Indices' Fixed Income Policies & Practices Methodology.

Contact Information

For questions regarding an index, please contact: index_services@spglobal.com.

Index Dissemination

Index levels are available through S&P Dow Jones Indices' Web site at www.spglobal.com/spdji/, major quote vendors (see codes below), numerous investment-oriented Web sites, and various print and electronic media.

Tickers

The table below lists headline indices covered by this document. All versions of the below indices that may exist are also covered by this document. Please refer to the [S&P DJI Methodology & Regulatory Status Database](#) for a complete list of indices covered by this document.

| Index (Total Return) | Ticker |
|---|--------|
| S&P U.S. Mortgage-Backed Securities Index | SPMBST |

Index Data

Daily index level data is available via subscription.

For product information, please contact S&P Dow Jones Indices, www.spglobal.com/spdji/en/contact-us.

Web site

For further information, please refer to S&P Dow Jones Indices' Web site at www.spglobal.com/spdji/.

Appendix A – Index Calculations

Total Return

The total return of the index is a representative measure of the performance of agency MBS over time and is the sum of price, coupon, and paydown returns.

Price Return

The price return calculates as the change in the clean bid price divided by the dirty bid price on the previous day. The index uses same-day settled prices.

$$\frac{\text{Clean Price}_t - \text{Clean Price}_{t-1}}{\text{Dirty Price}_{t-1}}$$

Coupon Return

The daily coupon contribution calculates as the accrued interest throughout the month divided by the dirty price on the previous day. Accrued interest calculates as a day count fraction of the annual coupon on a 30/360 basis. While coupons are incorporated in monthly returns, any cash is assumed to reinvest at the month-end rebalancing.

$$\frac{\text{Coupon} \times \left(\frac{\text{Accrued Days}_t}{360} \right)}{\text{Dirty Price}_{t-1}}$$

Paydown Return

The return of principal payments on index pools is estimated on the last U.S. business day of the month using the previous month's survival rate. The survival rate calculation incorporates the 1M conditional prepayment rate (CPR), coupon size, and WAM of a pool to determine the rate, which is bounded between 0 and 1.

$$(1 - \text{Survival Rate}) \frac{100 - \text{Dirty Price}_t}{\text{Dirty Price}_{t-1}}$$

Index Level Daily Mortgage Return

$$\text{Index Total Return} = \sum w_i * TR_i$$

where:

w_i = Market value weight of security i at $t-1$ (MV_i / MV_{total})

TR_i = Total return of security i at t

Appendix B – Methodology Changes

Methodology changes since January 1, 2015, are as follows:

| Change | Effective Date (After Close) | Methodology | |
|-------------|---------------------------------|--|--|
| | | Previous | Updated |
| Size | 03/01/2024 | A minimum par amount of US\$ 250 million at each rebalancing is required. | A minimum par amount of US\$ 500 million at each rebalancing is required. The sum of both the 45-day and 55-day Freddie Mac outstanding balance is used to satisfy the minimum \$500 million outstanding index inclusion criteria. |
| Cash | 03/01/2024 | Cash received from interest payment and principal paydown are not reinvested in the index. | Cash received from interest payment and principal paydown are reinvested in the index. |
| Maturity | 03/01/2024 | Each bond must have a maturity greater than one month from the rebalancing date. No bonds mature in the index. | Each bond must have a maturity greater than 12 months from the rebalancing date. No bonds mature in the index. |
| Data Source | 03/01/2024 | The universe of generic mortgage aggregates is provided ICE Data Services. | The universe of generic mortgage aggregates is provided by J.P. Morgan Securities LLC. |

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.