US GNMA Index

The Bloomberg US Ginnie Mae (GNMA) Index tracks fixed-rate mortgage backed pass-through securities guaranteed by the Government National Mortgage Association (GNMA). The index is constructed by grouping individual MBS pools into aggregates or generics which proxy for the outstanding pools of a given program, coupon and vintage. The index was launched in March 1994, with history backfilled to 1976.

Rules for Inclusion

Eligible Currencies Principal and interest must be denominated in USD.

Pool Aggregate (Generic) Construction Pool aggregates, or generics, are formed by grouping individual fixed-rate MBS pools into aggregates based on program, coupon and vintage.

Quality
- Securities must be rated investment grade (Baa3/BBB-/BBB- or higher) using the middle rating of Moody's, S&P and Fitch; when a rating from only two agencies is available, the lower is used; when only one agency rates a bond, that rating is used.
- US agency MBS is assigned the same rating as US government debt.

Amount Outstanding Fixed-rate pool aggregates must have at least USD1bn outstanding.

Coupon Fixed-rate programs are included in half-percent increments.

Maturity Pool aggregates must have a weighted average maturity (WAM) of at least one year.

Taxability Only fully taxable issues are eligible.

Market of Issue SEC-registered securities, bonds exempt from registration at the time of issuance and SEC Rule 144A securities with registration rights are eligible.

Security Types

Included	Excluded
• GNMA I and II 30-year and 15-year fixed-rate programs	• TBAs
	• Hybrid ARMs (as of June 1, 2017)
	• Collateralized Mortgage Obligations (CMOs)
	• Non-agency (whole loan) collateral and jumbos
	• GNMA platinum pools
	• Floating-rate ARMs
	• Prepayment penalty mortgages
	• 10-year fixed-rate programs
	• GPMs, buydowns, graduated-equity, and project loans

Rebalancing Rules

Frequency
For each index, Bloomberg maintains two universes of securities: the Returns (Backward) and the Projected (Forward) Universes. The composition of the Returns Universe is rebalanced at each month-end and represents the fixed set of bonds on which index returns are calculated. The Projected Universe is a forward-looking projection that changes daily to reflect issues dropping out of and entering the index but is not used for return calculations. On the last business day of the month (the rebalancing date), the composition of the latest Projected Universe becomes the Returns Universe for the following month.

Index Changes
During the month, indicative changes to securities (credit rating change, sector reclassification, amount outstanding changes, corporate actions, and ticker changes) are reflected daily in the Projected and Returns Universes of the index. These changes may cause bonds to enter or fall out of the Projected Universe of the index on a daily basis, but will affect the composition of the Returns Universe at month-end only, when the index is next rebalanced.

Reinvestment of Cash Flows
Intra-month cash flows from interest and principal payments contribute to monthly index returns but are not reinvested at a short-term reinvestment rate between rebalance dates. At each rebalancing, cash is effectively reinvested into the Returns Universe for the following month so that index results over two or more months reflect monthly compounding.

New Issues
Qualifying securities issued, but not necessarily settled on or before the month-end rebalancing date, qualify for inclusion in the following month's index if the required security reference information and pricing are readily available.

Pricing and Related Issues

Sources & Frequency
MBS generics are priced daily based on a weighted average price of their respective underlying non-specified pools. The pools are priced by BVAL on a same-day settlement basis.

Pricing Quotes
Bonds are quoted as a percentage of par.

Timing
- Prior to January 14, 2021, bonds are priced at 3 p.m. (New York time). On early market closes, prices are taken as of 1 p.m. (New York time), unless otherwise noted.
- From January 14, 2021, and onwards, bonds are priced at 4 p.m. (New York time). On early market closes, prices are taken as of 2 p.m. (New York time), unless otherwise noted.
- If the last business day of the month is a public holiday, prices from the previous business day are used.

Bid or Offer Side
Bonds in the index are priced on the bid side.

Settlement Assumptions
Same-day settlement basis.

Verification
Daily price moves for each security are analyzed by the index pricing team to identify outliers. Index users may also challenge price levels, which are then reviewed and updated as needed.

Currency Hedging
Returns hedged to various non-USD currencies are published for the US GNMA Index. The indices' FX hedging methodology takes rolling one-month forward contracts that are reset at the end of each month and hedges each non-reporting currency-denominated bond in the index into the reporting currency terms. No adjustment is made to the hedge during the month to account for price movements of constituent securities in the Returns Universe of the index.

Paydowns	Paydown estimates are made on the first business day of the month using the prior months' factors. Actual paydowns are updated on the 16th business day of the month.
Calendar	The US GNMA Index follows the US bond market holiday schedule.

Accessing Index Data

Bloomberg Terminal®	Bloomberg benchmarks are the global standard for capital markets investors.

- INDE<GO> - The Bloomberg Indices dashboard page, which contains daily, monthly, and year-to-date index returns for key indices from each index family as well as a link to index publications.

- IN<GO> - The Bloomberg Index Browser displays the latest performance results and statistics for the indices as well as history. IN presents the indices that make up Bloomberg's global, multi-asset class index families into a hierarchical view, facilitating navigation and comparisons. The "My Indices" tab allows a user to focus on a set of favorite indices.

- DES<GO> - The index description page provides transparency into an individual index including membership information, aggregated characteristics and returns, and historical performance.

- INP<GO> - The Bloomberg Indices Publications page, which includes methodologies, factsheets, monthly reports, announcements and technical notes. A user may also subscribe to index publications via the "Actions" button.

- PORT<GO> - Bloomberg's Portfolio & Risk Analytics solution includes tools to analyze the risk, return, and current structure of indices. Analyze the performance of a portfolio versus a benchmark or use models for performance attribution, tracking error analysis, value-at-risk, scenario analysis, and optimization.

Bloomberg Indices Website (www.bloomberg.com/ indices)	The index website makes available limited index information including:

- Index methodology and factsheets

- Current performance numbers for select indices

Data Distribution	Index subscribers may choose to receive index data in files. Files may include:

- Index level and/or constituent level returns and characteristics for any indices

- Automatic delivery of files via email or SFTP following the completion of the index production process after market close

- Clients may receive standard files or may customize file contents

- Index data is also available via authorized redistributors

Index Ticker	LGNMTRUU: U.S. GNMA Index USD Unhedged

Index Licensing

Bloomberg requires index data licenses for services and products linked to the Indices

- Index or Constituent-Level Redistribution
- Bond Pricing Service
- Exchange Traded Funds (ETFs)

- Exchange Traded Notes (ETNs)
- Index-Linked Insurance Products
- Mutual Funds

- OTC Derivative Products
- Custom Index Solutions
- Separately Managed Accounts (SMAs)

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