

# Euro Enhanced Inflation Index (Series-B)

The Bloomberg Euro Enhanced Inflation Index (Series-B) measures the combined performance of the Euro Inflation-Linked market and the German breakeven inflation, as represented by the difference in performance of the German Government Inflation-Linked Index and the duration adjusted performance of the German Treasury Index. The index performance also accounts for a net total return swap funding cost for the German breakeven inflation exposure, which is reviewed annually.

## Rules for Performance Calculation

<b>Eligible Currencies</b>	<p>The Euro Enhanced Inflation Index total return is defined as:</p> <p>Euro Government Inflation-Linked Total Return + [German Government Inflation-Linked Total Return - (Duration Adjustment * German Treasury Total Return)] - funding cost</p> <p>Or using Bloomberg Terminal® tickers:</p> <p>BEIGIT + [BCIEIT - (Duration Adjustment * BCEGIT)] - funding cost</p>
<b>Duration Adjustment</b>	<p>The duration adjustment is reset on a monthly basis and is calculated as:</p> <p>Macaulay Duration German Government Inflation-Linked Index / Macaulay Duration German Treasury Index</p> <p>Where Macaulay Duration is the last business day value of the previous month for Bloomberg Terminal® field BX229 of the respective index, i.e.</p> <p>Duration Adjustment = [BCIEITFR (BX229 previous month end)] / [BCEGITFR (BX229 previous month end)]</p>
<b>Funding Cost</b>	<p>The funding cost is reset annually, it is derived from the average of two dealer quotes for the net funding costs of entering a total return swap to receive the German Government Inflation-Linked Total Return and pay the duration adjusted German Treasury Total Return. This is applied as a 1/12th deduction to the total return on a monthly basis or a 1/360th on a daily basis.</p>

## Rules for Inclusion

<b>Country Eligibility</b>	<p>Only includes inflation-linked bonds (BEIGIT) issued by an EMU member government, inflation-linked bonds (BCIEIT) issued by the German government, or nominal Treasury bonds (BCEGIT) issued by the German government.</p>
<b>Eligible Currencies</b>	<p>Principal and interest must be denominated in EUR.</p>
<b>Quality</b>	<p>Securities must be rated investment grade (Baa3/BBB-/BBB- or higher) using the middle rating of Moody's, S&amp;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. In cases where explicit bond level ratings may not be available, other sources may be used to classify securities by credit quality:</p>

- Local currency Treasury issues are classified using the middle issuer level rating from each agency for all outstanding bonds, even if bond level ratings are available.

**Amount Outstanding**

- Inflation-Linked bonds: EUR 500mn minimum par amount outstanding (not adjusted for inflation indexation – BEIGIT, BCIEIT).
- German Treasury bonds: EUR 2bn minimum par amount outstanding (BCEGIT).

**Coupon**

Fixed-rate nominal coupon.

**Maturity**

At least 1 year until final maturity.

**Security Types****Included**

- Inflation-linked eligible bonds must be capital-indexed and linked to a commonly used domestic inflation index
- German Treasury public obligations
- Bullet, puttable, sinkable/amortizing and callable bonds

**Excluded**

- Floating rate bonds
- Non-government inflation-linked bonds
- STRIPS, Treasury bills, bellwethers
- Private placements, retail bonds

**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 for the next month. 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 Universe 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**

- Index-eligible bonds are priced on a daily basis by Bloomberg's evaluated pricing service, BVAL.

<b>Timing</b>	<ul style="list-style-type: none"> <li>• 4:15 pm (London time)</li> <li>• If the last business day of the month is a public holiday, prices from the previous business day are used.</li> </ul>
<b>Bid or Offer Side</b>	Bonds in the index are priced on the mid side.
<b>Settlement Assumptions</b>	The index uses standard local settlement (T+2).
<b>Verification</b>	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.
<b>Calendar</b>	The Euro Enhanced Inflation Index (Series-B) is calculated every weekday, and also on weekend if month-end falls on a weekend day.

## Accessing Index Data

<b>Bloomberg Terminal®</b>	<p>Bloomberg benchmarks are the global standard for capital markets investors.</p> <ul style="list-style-type: none"> <li>• INDE&lt;GO&gt; - 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.</li> <li>• IN&lt;GO&gt; - 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.</li> <li>• DES&lt;GO&gt; - The index description page provides transparency into an individual index including membership information, aggregated characteristics and returns, and historical performance.</li> <li>• INP&lt;GO&gt; - 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.</li> <li>• PORT&lt;GO&gt; - Bloomberg's Portfolio &amp; 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.</li> </ul>
----------------------------	--

<b>Bloomberg Indices Website</b> ( <a href="http://www.bloomberg.com/indices">www.bloomberg.com/indices</a> )	<p>The index website makes available limited index information including:</p> <ul style="list-style-type: none"> <li>• Index methodology and factsheets</li> <li>• Current performance numbers for select indices</li> </ul>
--	--

<b>Data Distribution</b>	<p>Index subscribers may choose to receive index data in files. Files may include:</p> <ul style="list-style-type: none"> <li>• Index level and/or constituent level returns and characteristics for any indices</li> <li>• Automatic delivery of files via email or SFTP following the completion of the index production process after market close</li> <li>• Clients may receive standard files or may customize file contents</li> <li>• Index data is also available via authorized redistributors</li> </ul>
--------------------------	---

## Index Licensing

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

- Index or Constituent-Level Redistribution
- Exchange Traded Notes (ETNs)
- OTC Derivative Products
- Bond Pricing Service
- Index-Linked Insurance Products
- Custom Index Solutions
- Exchange Traded Funds (ETFs)
- Mutual Funds
- Separately Managed Accounts (SMAs)

## Disclaimer

BLOOMBERG, BLOOMBERG INDICES and Bloomberg Fixed Income Indices (the "Indices") are trademarks or service marks of Bloomberg Finance L.P. Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited, the administrator of the Indices (collectively, "Bloomberg") or Bloomberg's licensors own all proprietary rights in the Indices. Bloomberg does not guarantee the timeliness, accuracy or completeness of any data or information relating to the Indices. Bloomberg makes no warranty, express or implied, as to the Indices or any data or values relating thereto or results to be obtained therefrom, and expressly disclaims all warranties of merchantability and fitness for a particular purpose with respect thereto. It is not possible to invest directly in an Index. Back-tested performance is not actual performance. Past performance is not an indication of future results. To the maximum extent allowed by law, Bloomberg, its licensors, and its and their respective employees, contractors, agents, suppliers and vendors shall have no liability or responsibility whatsoever for any injury or damages - whether direct, indirect, consequential, incidental, punitive or otherwise - arising in connection with the Indices or any data or values relating thereto - whether arising from their negligence or otherwise. This document constitutes the provision of factual information, rather than financial product advice. Nothing in the Indices shall constitute or be construed as an offering of financial instruments or as investment advice or investment recommendations (i.e., recommendations as to whether or not to "buy", "sell", "hold", or to enter or not to enter into any other transaction involving any specific interest or interests) by Bloomberg or a recommendation as to an investment or other strategy by Bloomberg. Data and other information available via the Indices should not be considered as information sufficient upon which to base an investment decision. All information provided by the Indices is impersonal and not tailored to the needs of any person, entity or group of persons. Bloomberg does not express an opinion on the future or expected value of any security or other interest and do not explicitly or implicitly recommend or suggest an investment strategy of any kind. Customers should consider obtaining independent advice before making any financial decisions. © 2021 Bloomberg. All rights reserved. This document and its contents may not be forwarded or redistributed without the prior consent of Bloomberg.

The BLOOMBERG TERMINAL service and Bloomberg data products (the "Services") are owned and distributed by Bloomberg Finance L.P. ("BFLP") except (i) in Argentina, Australia and certain jurisdictions in the Pacific islands, Bermuda, China, India, Japan, Korea and New Zealand, where Bloomberg L.P. and its subsidiaries distribute these products, and (ii) in Singapore and the jurisdictions serviced by Bloomberg's Singapore office, where a subsidiary of BFLP distributes these products.

### Take the next step.

For additional information,  
email [indexhelp@bloomberg.net](mailto:indexhelp@bloomberg.net)  
or press the <HELP> key twice  
on the Bloomberg Terminal\*

[bloomberg.com/indices](https://www.bloomberg.com/indices)

<b>Beijing</b> +86 10 6649 7500	<b>Hong Kong</b> +852 2977 6000	<b>New York</b> +1 212 318 2000	<b>Singapore</b> +65 6212 1000
<b>Dubai</b> +971 4 364 1000	<b>London</b> +44 20 7330 7500	<b>San Francisco</b> +1 415 912 2960	<b>Sydney</b> +61 2 9777 8600
<b>Frankfurt</b> +49 69 9204 1210	<b>Mumbai</b> +91 22 6120 3600	<b>São Paulo</b> +55 11 2395 9000	<b>Tokyo</b> +81 3 4565 8900