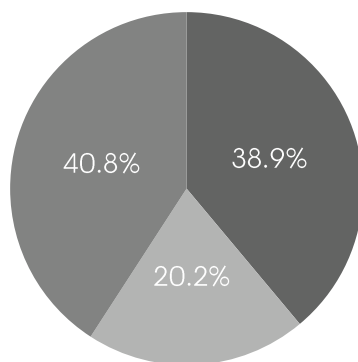


Sterling Corporate Index

The Bloomberg Barclays Sterling Corporate Bond Index measures the investment grade, fixed-rate, taxable, sterling-denominated securities issued by corporate issuers. The index includes publicly issued securities by industrial, utility and financial issuers. The Sterling Corporate Index is a component of broad-based Bloomberg Barclays flagship indices, such as the Sterling Aggregate Index and multi-currency Global Aggregate Index. Index history is available back to January 1, 1999.

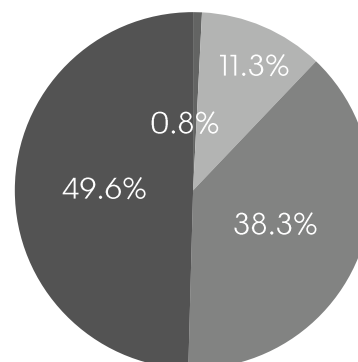
Composition by Sector (MV%) - January 31, 2017

■ Industrials ■ Utilities ■ Financials



Composition by Quality (MV%) - January 31, 2017

■ Aaa ■ Aa ■ A ■ Baa



Rules for Inclusion

Sector	Corporate (industrial, utility and financial institutions) issuers only.
Eligible Currencies	Principal and interest must be denominated in GBP.
Quality	<p>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. In cases where explicit bond level ratings may not be available, other sources may be used to classify securities by credit quality:</p> <ul style="list-style-type: none"> • Expected ratings at issuance may be used to ensure timely index inclusion or to properly classify split-rated issuers. • Unrated securities may use an issuer rating for index classification purposes if available. Unrated subordinated securities are included if a subordinated issuer rating is available.
Amount Outstanding	GBP 200 mn minimum par amount outstanding.
Coupon	<ul style="list-style-type: none"> • Fixed-rate coupon. • Callable fixed-to-floating rate bonds are eligible during their fixed-rate term only. • Bonds with a step-up coupon that changes according to a predetermined schedule are eligible.
Maturity	<ul style="list-style-type: none"> • At least one year until final maturity, regardless of optionality. • Bonds that convert from fixed to floating rate, including fixed-to-float perpetual, will exit the index one year prior to conversion to floating-rate. Fixed-rate perpetual bonds are not included. • Sub-indices based on maturity are inclusive of lower bounds. Intermediate maturity bands include bonds with

Rules for Inclusion

maturities of 1 to 9.999 years. Long maturity bands include maturities of 10 years or greater.

Taxability	Only fully taxable issues are eligible.	
Seniority of Debt	Senior and subordinated issues are included.	
Market of Issue	Publicly issued in global and regional markets	
Security Types	<p>Included</p> <ul style="list-style-type: none"> • Bullet, putable, sinkable/amortizing and callable bonds • Original issue zero coupon bonds • Underwritten MTN • Fixed-rate and fixed-to-float (including fixed-to-variable) capital securities 	<p>Excluded</p> <ul style="list-style-type: none"> • Treasuries, government-related, securitized and covered bonds • Contingent capital securities, including traditional CoCos and contingent write-down securities, with explicit capital ratio or solvency/balance sheet-based triggers • Bonds with equity type features (eg, warrants, convertibles, preferreds) • Inflation-linked bonds, floating-rate issues • Private placements, retail bonds • Structured notes, pass-through certificates • Illiquid securities with no available internal or third-party pricing source

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	All index-eligible bonds are priced on a daily basis by Bloomberg's evaluated pricing service, BVAL.
Pricing Quotes	Bonds can be quoted in a variety of ways, including nominal spreads over benchmark securities/Treasuries, spreads over swap curves, or direct price quotes as a percentage of par. For securities quoted on a spread basis,

Pricing and Related Issues

	daily security price changes will result from movements in the underlying curve (swap or Treasury) and/or changes in the quoted spread.
Timing	<ul style="list-style-type: none"> • 4:15 pm (London time). • On early market closes, prices are taken as of 12:00 pm (London time), unless otherwise noted. • If the last business day of the month is a UK holiday, prices from the previous business day are used.
Bid or Offer Side	Bonds in the index are priced on the bid side. The initial price for new corporate issues entering the index is the offer side; after the first month, the bid price is used.
Settlement Assumptions	T+1 calendar day settlement basis for all bonds. At month-end, settlement is assumed to be the first calendar day of the following month, even if the last business day is not the last day of the month, to allow for one full month of accrued interest to be calculated.
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 using input from various sources.
Currency Hedging	Returns hedged to various non-GBP currencies are published for the Sterling Corporate 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.
Calendar	The Sterling Corporate Index follows the UK bond market holiday schedule. For month-end dates, the European calendar may also be employed in the event a UK holiday falls on a month-end date but European markets remain open.
Index Ticker	LC61TRGU: Total Return Index Value

Monthly Returns in GBP, 2008-2017 (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2008	-1.21	-2.31	-1.24	1.67	-0.29	-1.01	1.42	1.54	-7.70	-4.64	1.54	2.26	-9.99
2009	-4.24	-0.74	-3.22	1.74	4.56	4.32	3.45	5.85	1.80	0.72	1.27	-1.19	14.70
2010	3.08	-0.61	2.26	0.63	-0.58	0.86	1.55	4.44	-0.28	0.06	-3.00	0.31	8.85
2011	-0.12	1.14	0.63	2.42	0.45	-1.12	2.61	-2.24	-0.61	2.81	-2.09	2.64	6.52
2012	2.76	1.17	-0.04	-0.29	1.81	0.39	4.24	1.06	1.03	0.94	1.25	0.31	15.54
2013	-1.07	1.11	1.73	3.00	-1.58	-4.21	2.43	-0.75	0.95	2.13	-0.99	-0.88	1.64
2014	2.14	0.42	-0.24	1.31	1.31	-0.37	0.60	2.87	-0.54	0.64	2.39	1.38	12.51
2015	5.12	-2.71	1.15	-1.82	0.41	-2.80	1.76	-1.08	-0.05	0.14	1.79	-0.94	0.70
2016	0.92	-0.67	2.93	0.65	1.29	2.72	4.90	3.01	-1.52	-3.38	-1.27	2.37	12.27
2017	-0.99	-	-	-	-	-	-	-	-	-	-	-	-0.99

Sub-indices and Index Customizations

Bloomberg publishes numerous sub-indices of flagship indices and bespoke benchmarks created for specific index users. Several types of bespoke indices are available to select or customize the most appropriate benchmark for specific portfolio needs:

Sub-indices and Index Customizations

Sub-Index Type	Description	Examples
Enhanced Constraint	Applies a more or less stringent set of constraints to any existing index.	<ul style="list-style-type: none"> • Sterling Corporate 1–3 Year
Composites	Investors assign their own weights to sectors or other index sub-components within an overall index.	<ul style="list-style-type: none"> • 50% Sterling Corporate, 50% Sterling Gilt
Issuer Constrained	Indices that cap issuer exposure to a fixed percentage. Options available for applying issuer caps and redistributing excess MV to other issuers.	<ul style="list-style-type: none"> • Sterling Corporate 1% Issuer Capped Index
ESG Screened/Weighted	Applies Environmental, Social and Governance filters and/or tilts to a standard index.	<ul style="list-style-type: none"> • Sterling Corporate Socially Responsible
Mirror Futures Index (MFI)	An index consisting of 14 funded futures contracts weighted to match closely the beginning-of-month OAD of the index.	<ul style="list-style-type: none"> • Sterling Corporate Mirror Futures
Duration Hedged	Indices constructed to reflect the underlying return of an index with its duration fully or partially hedged using its MFI.	<ul style="list-style-type: none"> • Sterling Corporate Duration Hedged

Accessing Index Data

Bloomberg Professional® service	<p>Bloomberg benchmarks are the global standard for capital markets investors.</p> <ul style="list-style-type: none"> • INDEX<Go> – The Bloomberg Indices landing page is a dashboard for index-related information on the terminal. Find daily and monthly index returns for key indices from each index family as well as index publications including methodologies, factsheets, monthly reports, updates and alerts. • 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. • 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. • DES<Go> – The index description page provides transparency into an individual index including membership information, aggregated characteristics and returns, and historical performance.
Bloomberg Indices Website (www.bloombergindices.com)	<p>The index website makes available limited index information including:</p> <ul style="list-style-type: none"> • Index methodology and factsheets • Current performance numbers for select indices
Data Distribution	<p>Index subscribers may choose to receive index data in files. Files may include:</p> <ul style="list-style-type: none"> • 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

Bloomberg Total Return Index Value Tickers: Sterling Corporate and Related Indices

Ticker (GBP Unhedged)	Index	Ticker (GBP Unhedged)	Index
LC61TRGU	Sterling Corporate	LF79TRGU	Sterling Corporate Aaa
LF62TRGU	Sterling Corporate 1–3 Year	LF89TRGU	Sterling Corporate Aa

February 20, 2017

LF63TRGU	Sterling Corporate 3–5 Year	LF81TRGU	Sterling Corporate A
LF64TRGU	Sterling Corporate 5–7 Year	LF82TRGU	Sterling Corporate Baa
LF65TRGU	Sterling Corporate 7–10 Year	RSCMTRGU	Sterling Corporate SRI Index
LF66TRGU	Sterling Corporate 10–15 Year	SCOMTRGU	Sterling Corporate Mirror Future
LF67TRGU	Sterling Corporate 15+ Year	SCODTRGU	Sterling Corporate Duration Hedged

Total Return Index Values are available in other currencies and on a hedged basis. Attributes such as yield and duration, are also available. Please refer to Accessing Bloomberg Barclays Index Data Using Bloomberg Tickers for a full list of tickers and attributes that are available.

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