

US Corporate: Mirror Swap and Asset Swap (Excess Return) Indices

This document is intended to be read in conjunction with the [Global Fixed Income Methodology](#), [USD Bellwether Swap Indices](#) and the [US Corporate Index](#), these documents collectively constitute the index methodology for this Index.

The US Corporate Mirror Swap Index is a funded benchmark constructed to match the duration risk of the US Corporate Index using a portfolio of US Bellwether Swap Indices. The US Corporate Asset Swap Index is a funded benchmark constructed as the difference between the Total Return of the US Corporate Index and the Total Return of the Mirror Swap Index. The Mirror Swap and Asset Swap Indices follow the Bloomberg Fixed Income Indices' monthly rebalancing conventions. The indices were launched in July 2002, with history backfilled to July 2000.

Description of Index Constituents	The Mirror Swap Index consists of a portfolio of USD Bellwether Swap Indices, and the Asset Swap Index consists of the US Corporate Index, US Corporate Mirror Swap Index and the funding component.
Index Ticker	I05541US: US Corporate Mirror Swap Total Return Index Value Unhedged I30641US: US Corporate Asset Swap Total Return Index Value Unhedged
Eligibility Requirements	
Currency	USD
Minimum Liquidity Requirements	None
US Bellwether Swap Portfolio	The Mirror Swap Index consists of a portfolio of 03M, 06M, 2Yr, 5Yr, 10Yr, 20Yr and 30Yr Bellwether Swap Indices weighted to match the beginning of the month Key Rate Duration (KRDs) profile of the US Corporate Index.
Funding Component	A Cash Investment in the 03M Bellwether Index makes it a funded strategy, and comparable with the returns of a traditional cash index.
Pricing Methodology	<p>The Bellwether Swap Indices portfolio returns is calculated by the weighted total return of the curve duration matched Bellwether Indices. The returns of the 03M Bellwether Swap Index are then added to make the Mirror Swap Index a funded index:</p> $\text{US Corp Mirror Swap Index Total Return} = \text{Bellwether Swaps Portfolio Total Return} + \text{03M Bellwether Swap Index Total Return}$ <p>The US Corporate Asset Swap Index Total Return is defined as it's funded excess return:</p> $\text{US Corp Asset Swap Index Total Return} = \{\text{US Corp Total Return} - \text{US Corp Mirror Swap Index Total Return}\} + \text{03M Bellwether Swap Index Total Return}$

Construction and Rebalancing Rules

Frequency

For each index, Bloomberg maintains two universes: the Returns (Backward) and the Projected (Forward) Universes. The composition of the Returns Universe is rebalanced at each month-end and represents the fixed weights of index/instrument on which index returns are calculated for the next month. The Projected Universe is a forward-looking projection where the weights in the Futures basket change daily to reflect the characteristics of the target cash index, but are not used for return calculations. On the last business day of the month (the rebalancing date), the weights of the latest Projected Universe becomes the Returns Universe for the following month.

Index KRDs Matching and Weight Calculation

Each Bellwether Swap Index is weighted to match the corresponding KRD exposure of the US Corporate Index relative to the SOFR swap curve.

The total investment in the mirror swap index must equal the market value of the US Corporate Index, any residual capital left over from swaps is invested in cash. In other words, the hedge ratios for the six swaps and cash add up to 100%. The amount invested in cash may be negative as in the table below, which represents borrowed cash.

US Corporate Mirror Swap Index Weights Calculation as of 29th September 2023

Par Maturity	US Corp KRD A	Swap Duration B	Hedge Ratio A / B	Swap Notional	Swap Total Return
6 months	0.05	0.49	0.10	974,268.84	0.46
2 Years	0.50	1.90	0.27	2,652,663.82	0.39
5 Years	1.32	4.48	0.30	2,950,356.42	-0.36
10 Years	1.42	8.11	0.17	1,746,954.76	-1.83
20 Years	1.83	13.78	0.13	1,325,240.60	-3.91
30 Years	1.64	17.32	0.09	948,418.91	-5.30
Cash (3 months)		0.00	-0.06	-597,903.34	0.45
Funding			100.00%	10,000,000.00	-1.33

Environmental, Social and Governance (ESG) Disclosures

The Index does not take into account any ESG factors or pursue any ESG objectives, please refer to the [Global Fixed Income Methodology](#) ESG disclosures.

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