

Euro High Yield RBI Series 1 Index

This document is intended to be read in conjunction with the [EUR Bellwether Swap Indices](#) and the [Pan Euro High Yield Index](#), these documents collectively constitute the index methodology for this Index.

The Euro High Yield Replicating Bond Index (RBI) Series 1 Index is designed to track the Total Return of the Bloomberg Pan Euro High Yield Index using a derivatives-based replication. The RBI uses a portfolio of EUR Bellwether Swap Indices to match duration risk and the iTraxx Crossover 5 Year Total Return Basket to match spread risk. The RBI follow the Bloomberg Indices' monthly rebalancing conventions. The index was launched in September 2006, with history backfilled to April 1, 2004.

Description of Index Constituents The RBI consists of a portfolio of EUR Bellwether Swap Indices and the iTraxx Crossover 5 Year Total Return Index.

Index Ticker I14662EU: Euro High Yield RBI Basket Series 1

Eligibility Requirements

Currency EUR

Minimum Liquidity Requirements None

USD Bellwether Swap Portfolio The Euro High Yield RBI Series 1 consists of a portfolio of 2Yr, 5Yr, 10Yr, 20Yr and 30Yr Bellwether Swap Indices weighted to match the beginning of the month Key Rate Duration (KRDs) profile of the Euro High Yield Index.

iTraxx XO 5 Year Total Return Basket The RBI consists of a cashless position selling protection on the iTraxx XO 5Yr (On the Run series) with returns measured by the change in monthly mark-to-market divided by the notional (default adjusted) amount at the beginning of the month. The iTraxx XO Total Return basket rolls on the last business day of the month in March and September.

Funding Component A Cash Investment in the 06M Bellwether Swap Index makes it a funded strategy, and comparable with return of a traditional cash index.

Pricing Methodology The Bellwether Swap Indices portfolio returns is calculated by the weighted total return of the curve duration matched Bellwether Indices. The returns of the 06M Bellwether Swap Index are then added to make the RBI a funded index.

The Basket return is calculated as the total mark-to-market gain on the month per unit of the beginning of the month notional amounts.

Euro HY RBI Index Total Return = Bellwether Swaps Portfolio Total Return + 06M Bellwether Swap Index Total Return + iTraxx XO 5Yr Basket 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 The EUR Bellwether Swap Indices KRDs relative to the EUR swap curve are weighted to match the corresponding KRD exposure of the Euro High Yield Index relative to the EUR swap curve.

The total investment in the RBI must equal the market value of the Euro HY Index, any residual capital left over from swaps is invested in cash (06M Bellwether Swap Index). In other words, the hedge ratios for the five swaps and cash add up to 100%. The amount invested in cash may be negative, representing a borrowing.

iTraxx XO 5 Year Weight Calculation The weight of the iTraxx XO 5 Year Total Return Basket is calculated by matching OASD of the iTraxx XO against OASD of the Euro HY. The weight of the iTraxx XO 5 Yr is capped at 100%.

Euro High Yield RBI Series 1 iTraxx XO 5Y Weights Calculation as of 30th April 2024

Euro High Yield Index		iTraxx XO 5Yr Basket	
OASD	OASD	MV Weight in RBI	
A	B	A / B	
3.08	4.55	67.68%	

Pricing and Related Issues

Sources & Frequency

- All Swap tenors are priced daily using Bloomberg BGN pricing source.
- iTraxx is priced daily using Bloomberg BEST pricing source. Bloomberg's Expanded Source of Ticks, 'BEST', selects CDS pricing using four tiers, or categories, of CDS prices. BEST will use the price source with the most recent time-stamp within the highest tier. Within each tier individual CDS price sources are further organized by most reliable to least. BEST is an end-of-day source.

Pricing Quotes

Par Swap rates are priced.

Timing

- 4:15 pm. (London time)
- If the last business day of the month is a public holiday, prices from the previous business day are used.

Market Side

Swaps in the RBI are priced on the mid side.

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.

Calendar

The Euro HY RBI Index follows the UK bond market holiday schedule.

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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