

Bloomberg US Treasury 7-10 Year Mirror Futures Index

This document is intended to be read in conjunction with the [Mirror Futures and Duration Hedged Indices Methodology](#), [Global Fixed Income Methodology](#) and the [Bloomberg US Treasury 7-10 Year Index](#), these documents collectively constitute the index methodology for this Index.

The Bloomberg US Treasury 7-10 Year MFI is a funded benchmark constructed to match the duration risk of the [Bloomberg US Treasury 7-10 Year Index](#) using a basket of US Treasury Futures. The MFI follows the Bloomberg Indices monthly rebalancing convention. The index was launched in November 2015 with history backfilled to January 1, 2008.

Description of Index Constituents US Treasury Futures

Index Ticker I32137US: US Treasury 7-10 Year Mirror Futures Total Return USD Unhedged Index

Eligibility Requirements

Currency USD

Minimum Liquidity Requirements None

US Treasury Futures Basket The MFI consists of the 2-Year US Treasury Futures, 5-Year US Treasury Futures, 10-year US Treasury Futures, 30-Year US Treasury Futures and Ultra Long US Treasury Futures, weighted to closely match the beginning of the month Option Adjusted Duration (OAD) profile of the [Bloomberg US Treasury 7-10 Year Index](#). Future Contracts are rolled to the next quarterly expiration month at the beginning of March, June, September, and December.

Funding Component A cash investment in US T-Bills maturing in one month's time is added to the MFI making it a funded index.

Pricing Methodology The basket of futures returns is calculated by the weighted price return of the duration matched futures contracts.
Bloomberg US Treasury 7-10 Year MFI Return = Futures Basket Price Return + US T-Bill 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 OAD Bucketing and Futures Selection The Bloomberg US Treasury 7-10 Year Mirror Futures Index is sorted into five non overlapping OAD buckets, and each treasury future is assigned to one OAD bucket. Breakpoints are selected so that the OAD of each bucket is close to that of its matching futures contract.

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MFI Weight Calculation For each eligible futures contract, the OAD is calculated using Bloomberg analytics. The market value of each futures contract needed in the MFI is calculated to match the OAD contribution of the futures position with that of the US Treasury 7-10 Year Index OAD bucket as displayed in the table below.

Bloomberg US Treasury 7-10 Year MFI Weights Calculation as of April 30, 2024:

Duration Bucket	Index OAD	MV (1000s \$)	MV %	OAD Contribution	Futures Contract	Futures OAD	Futures Weight
	A		B	A x B		C	(A x B) / C
UST 7-10	7.17	1,139,424,624.66	100.00%	7.17			
OAD-0-3	0	0	0.00%	0	TUM4	1.77	0.00%
OAD-3-5	0	0	0.00%	0.00	FVM4	3.89	0.00%
OAD-5-7.5	7.04	922,544,395.73	80.97%	5.70	TYM4	5.83	97.66%
OAD-7.5-15	7.72	216,880,228.93	19.03%	1.47	USM4	10.94	13.42%
OAD-15+	0	0	0.00%	0	WNM4	15.68	0.00%

Pricing and Related Issues

Sources & Frequency All Treasury future contracts are priced on a daily basis based on the CME settlement prices.

Pricing Quotes Settlement Prices

Timing

- US Treasury Futures: 3:00 p.m. (New York time)
- If the last business day of the month is a public holiday, prices from the previous business day are used.

Market Side Futures in the MFI are priced at the settlement price.

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 Bloomberg US Treasury 7-10 Year Mirror Futures Index follows the US 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.

Document Version History

Date	Update
May 2024	Publication in new format

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