

Bloomberg Indices

**Bloomberg
US Large Cap
VolMax Index**

BMAXUS

A nighttime photograph of a city skyline, featuring several illuminated skyscrapers. The image is overlaid with a semi-transparent grid pattern. The grid consists of several large rectangular blocks in shades of light blue, grey, and brown, which partially obscure the city lights. The overall aesthetic is modern and professional.

Introducing Bloomberg VolMax Indices

Bloomberg has launched the Bloomberg VolMax Indices to offer a simple, rules-based index solution that provides leveraged exposure to broad U.S. equity indices. The family of indices are built on well-known Bloomberg U.S. equity benchmarks and are designed to dynamically adjust leverage daily to respond to market conditions.

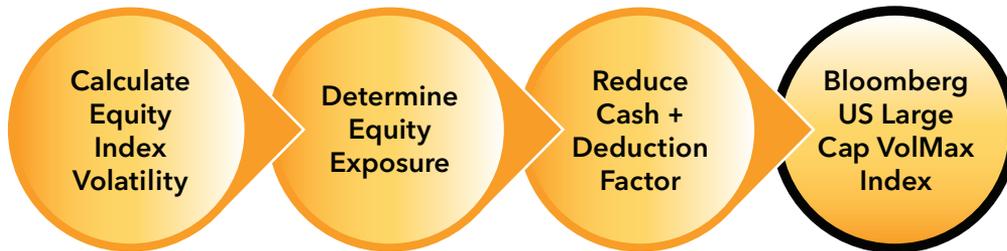
Bloomberg US Large Cap VolMax Index (BMAXUS)

The Bloomberg US Large Cap VolMax Index applies a volatility targeting approach to the Bloomberg US Large Cap Total Return Index (B500T). The methodology is structured to maintain a specific level of volatility by adjusting the weights between the underlying equity index and a cash component.

Key Methodology Elements:

- **Volatility target:** 40%
- **Daily deduction factor:** to reflect ongoing operational costs
- **Embedded transaction costs:** to account for rebalancing activity
- **Funding rate:** accounting the leveraged exposure to produce an excess return index.

BMAXUS methodology



Volatility target = 40%

- Compare short-term (20-day) and longer-term (60-day) volatility lookback to determine leverage

Target exposure

- Dynamic leverage to achieve the 40% volatility target
- Daily rebalance
- Minimum exposure 100%, maximum exposure 500%

Annual deduction factor

- Prorated daily and applied to the index performance, ensuring the index's performance is transparent

A fixed annualized deduction factor is applied on a daily basis. This is set roughly in line with the average leverage and the historical dividend yield of the Base Index. A deduction of SOFR+50 bps p.a. is applied on a daily basis in line with the leverage, to account for the cost of borrowing. Source: Bloomberg, April 2025

Key drivers behind the index design

1. Choice of the base index:

- The Bloomberg US Large Cap Total Return Index (B500T) was selected as the base index due to its broad coverage of approximately 500 of the largest U.S. companies and inclusion of reinvested dividends.
- The total return version is used over futures to simplify construction and accurately capture total performance, including dividends.

2. Choice of volatility target mechanism:

- Relies on historical realized volatility (instead of intraday or implied volatility) for a simpler, more transparent approach.
- Specifically designed for callable yield products, where different volatility measures have minimal impact on long-term returns or call frequency.
- Uses a blend of 20-day (short-term) and 60-day (long-term) realized volatility to target a minimum 40% volatility, enhancing skewness and making the index more appealing for yield-oriented strategies.

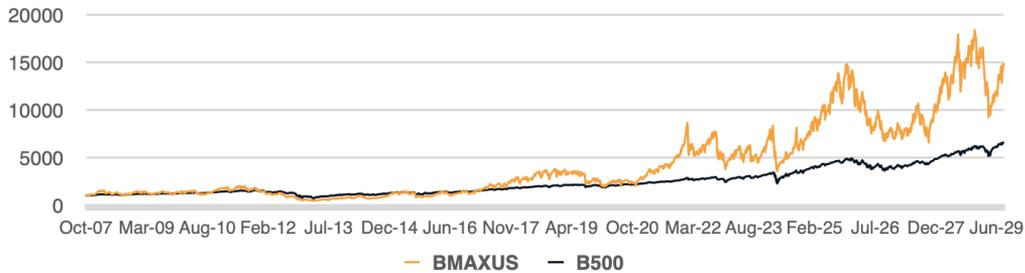
3. Excess return construction - deduction factor and funding rate:

- Applies a funding rate of SOFR + 50 bps annually to reflect the cost of leveraged exposure
- Annual deduction factor of 6%
- The daily deduction factor is calibrated based on:
 - The base index's long-term average dividend yield (~2.0%)
 - The index's average historical exposure (~340%)
 - Product design needs typical of structured notes

Historical performance and equity allocation

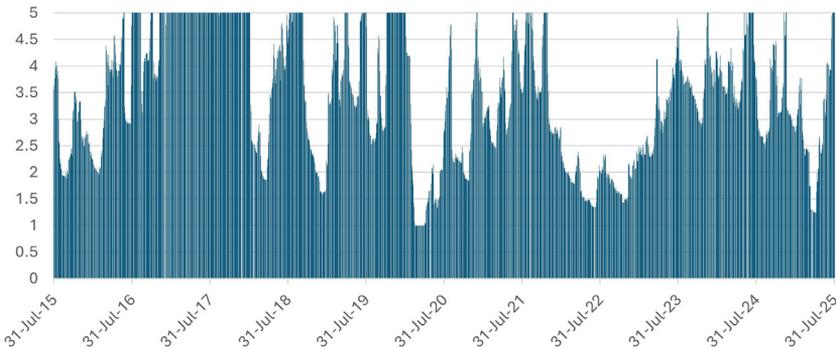
Historical performance (BMAXUS vs. B500T)

	10 year		5 year		3 year		1 year	
	BMAXUS	B500	BMAXUS	B500	BMAXUS	B500	BMAXUS	B500
Annualized Return	16.38%	14.04%	19.14%	15.50%	14.33%	16.66%	7.63%	20.91%
Volatility	49.2%	18.61%	47.14%	17.18%	47.14%	17.18%	51.35%	19.28%
Return/Vol	0.33	0.75	0.41	0.90	0.30	0.97	0.15	1.08
Backtest Start Date	8/14/2015	8/14/2015	8/14/2020	8/14/2020	8/12/2022	8/12/2022	8/14/2024	8/14/2024
Backtest End Date	8/14/2025	8/14/2025	8/14/2025	8/14/2025	8/14/2025	8/14/2025	8/14/2025	8/14/2025



BMAXUS - Historical equity allocation

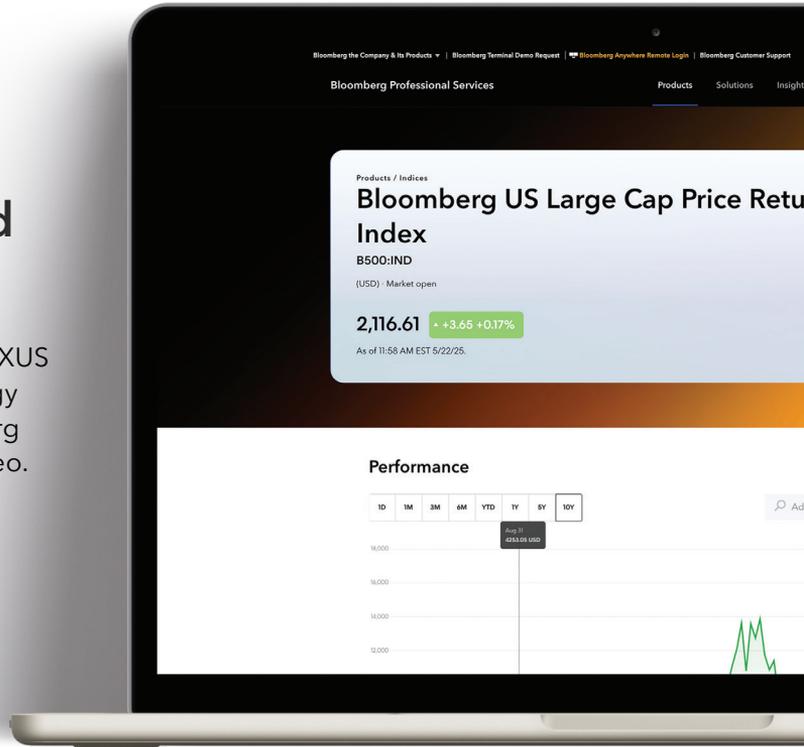
	Average	Max	Min
Equity	339.1%	500.0%	100.0%



Source: Bloomberg, , October 1, 2003 - July 31, 2025

Index performance and educational support

Visit our website at Bloomberg.com/BMAXUS for index performance, index methodology documents, fact sheets and the Bloomberg US Large Cap VolMax Index overview video.



Scan QR Code to access
Bloomberg US Large Cap VolMax Index

An aerial photograph of the New York City skyline at sunset. The One World Trade Center is the central focus, its spire reaching towards the sky. The building is illuminated from below, creating a warm glow. Other skyscrapers are visible in the background, and the city's grid pattern is seen from above. The sky is a mix of blue and orange, indicating the time is either dawn or dusk. A semi-transparent white box is overlaid on the left side of the image, containing the title and a short paragraph of text.

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+852 2977 6000

Mumbai

+91 22 6120 3600

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+1 212 318 2000

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