

**Bloomberg** Indices

# Bloomberg US Large Cap VolMax Index

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BMAXUS

A nighttime photograph of a city skyline, featuring a prominent skyscraper with a red-tipped spire on the left. The image is overlaid with a semi-transparent grid pattern that covers the right side and bottom. The text is centered within a semi-transparent rectangular area on the left side of the grid.

# 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.

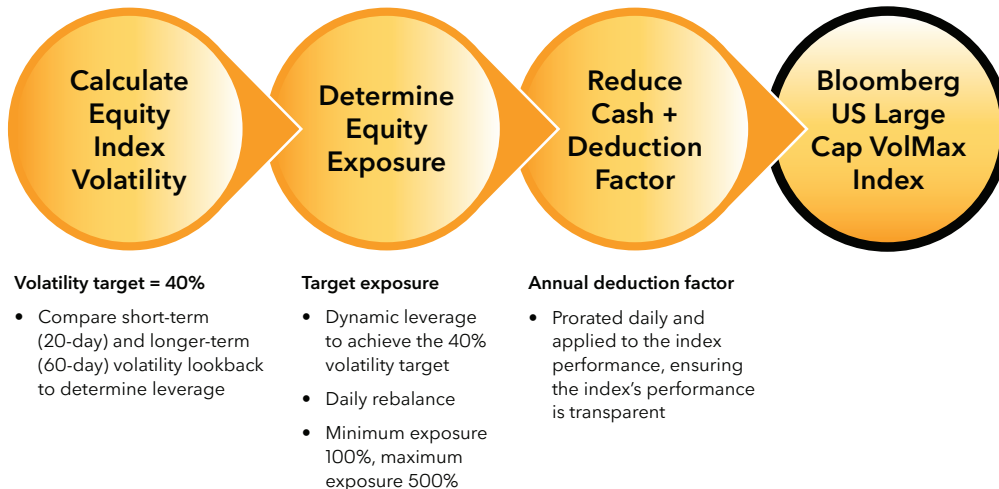
# Bloomberg US Large Cap VolMax Index (BMAXUS)

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



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.

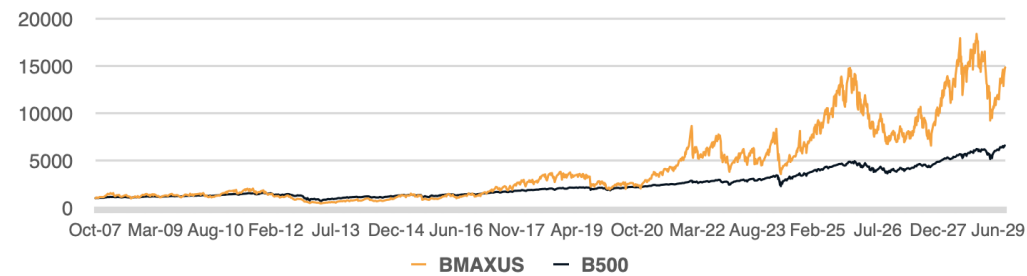
## 3. Excess return construction - deduction factor and funding rate:

- 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

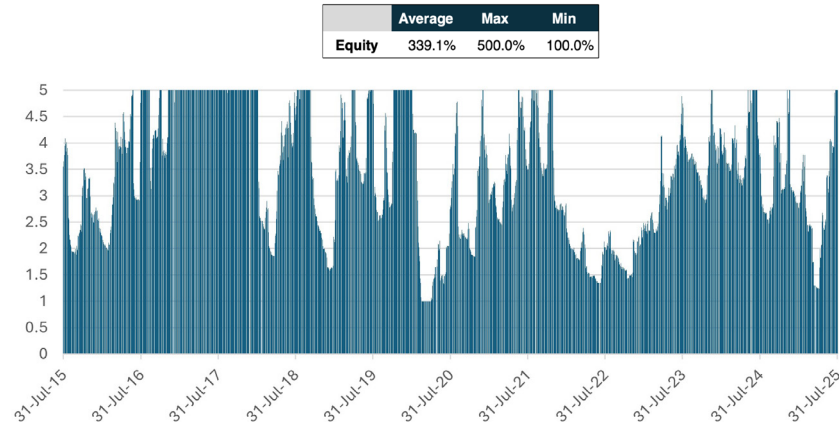
# Historical performance and equity allocation

## 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



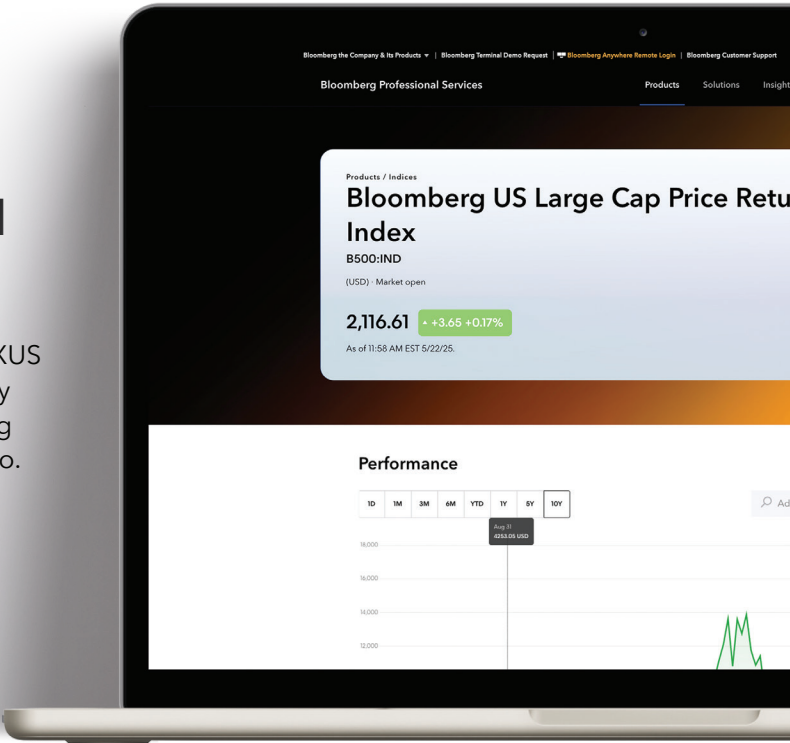
Source: Bloomberg, , October 1, 2003 - July 31, 2025

# Index performance and educational support

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



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Bloomberg US Large Cap VolMax Index





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