

Bloomberg Inflation Swap Tracker Indices Methodology

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Introduction

This methodology (the “Methodology”) has been made available by Bloomberg Index Services Limited (“BISL”) and sets out the rules, criteria, risk factors and other information application to the Bloomberg Inflation Swap Tracker Indices (the “Indices” and each, an “Index”). Capitalized terms used in this Methodology but not otherwise defined have the meanings set forth in Appendix I (Glossary).

Objectives and Key Features

The Bloomberg Inflation Swap Tracker Indices aim to reflect the performance of a notional rolling position in a succession of zero-coupon inflation swap contracts.

Section 1: Calculation

Index Value

The Index Value of each Index on the Index Base Date shall be the Index Base Value. The Index Value with respect to each subsequent Index Business Day shall be calculated by the Index Administrator in accordance with the following formula, subject to Section 1 (“Rounding”):

$$I_t = I_r \times \left(1 + \frac{NPV_t}{N}\right) \quad (1)$$

Where:

t means an Index Business Day;

r means, with respect to Index Business Day t , the immediately preceding Rebalancing Date;

I_t and I_r mean the Index Values for Index Business Day t and the immediately preceding Rebalancing Date respectively;

N means the Notional Amount;

NPV_t means, with respect to Index Business Day t , the Net Present Value of the Index Constituent.

Rounding

The Index Values shall be calculated without rounding and published to 4 decimal places.

Section 2: Backtest assumptions

Prior to the commencement date of the indices, each underlying Zero Coupon Breakeven Inflation Swap was created and priced with BVAL (Bloomberg Valuation Services) curves as if it was created and priced on each Index Business Day historically. It is assumed that BVAL prices have stayed unchanged between each historical Index Business Day and a later date when the Zero Coupon Breakeven Inflation Swap was priced.

Section 3: Stakeholder engagement, risk, and limitations

Limitations of the index

Though the Index is designed to be representative of the markets it measures or otherwise aligns with its stated objective, it may not be representative in every case or achieve its stated objective in all instances. It is designed and calculated strictly to follow the rules of this Methodology, and any Index level or other output is limited in its usefulness to such design and calculation.

Markets can be volatile, including those market interests that the Index measures or upon which the Index is dependent to achieve its stated objective. For example, illiquidity can have an impact on the quality or amount of data available to the administrator for calculation and may cause the Index to produce unpredictable or unanticipated results.

In addition, changes to the availability and/or accuracy of trade, liquidity or forward rates data, may render the objective of the Index unachievable or to become impractical to replicate by investors. They are for the indicative purpose.

In particular, the Index measures the performance of holding and rolling interest rate swap contracts in accordance with a schedule. As with all investing, the Index is exposed to market risk. The value of interest rate swap contracts fluctuate with the changes in external factors such as economic forecasts, interest rate policies established by central banks and perceived geo-political risk. The Index does not take into account the cost of replication and as a result, a tracking portfolio's returns will underperform the Index with all else equal. As the Index is designed to measure those markets, it could be materially impacted by market movements, thus significantly impacting the use or usefulness of the fixings for some or all users.

Section 4: Benchmark oversight and governance

Benchmark governance, audit and review structure

Please refer to the BISL Benchmark Procedures Handbook available [here](#).

Index and data reviews

Please refer to the BISL Benchmark Procedures Handbook available [here](#).

Expert judgement

Please refer to the BISL Benchmark Procedures Handbook available [here](#).

Conflicts of interest

Please refer to the BISL Benchmark Procedures Handbook available [here](#).

Restatement policy

Please refer to the BISL Benchmark Procedures Handbook available [here](#).

Cessation policy

Please refer to the BISL Benchmark Procedures Handbook available [here](#).

is considered indicative. Discrepancies discovered after 12 months will not be corrected.

Appendix I: Glossary

Index Base Date	With respect to an Index, the value specified under column 'Base Date' in Table 2.
Index Base Value	With respect to an Index, the value specified under column 'Base Value' in Table 2.
Index Business Day	With respect to an Index, a day that is both a London Business Day and a Swap Business Day.
Index Commencement Date	With respect to an Index, the value specified under column 'Commencement Date' in Table 2.
Index Constituent	Zero Coupon Breakeven Inflation Swap.
Index Currency	With respect to an Index, the value specified under column 'Index Currency' in Table 2.
Index Value	With respect to each Index Business Day, the value of the Index as determined in accordance with Section 1 ("Calculation").
Inflation Swap Curve	With respect to an Index Currency, the value specified in row 'Inflation Curve Name' in Table 1.
London Business Day	A day on which commercial banks and foreign exchange markets settle payments and are open for general business in London.
Market Disruption Event	A situation wherein markets cease to function in a regular manner. See Appendix II: Market Disruptions.
Notional Amount	10,000,000.
Net Present Value	The Net Present Value of a Zero Coupon Breakeven Inflation Swap as determined by BVAL (Bloomberg Valuation Services) with respect to the Swap Curve Snap Time.
Swap Business Day	With respect to an Index Currency, a day on which commercial banks and foreign exchange markets settle payments and are open for general business in the leading financial centre for the relevant Swap Calendar.
Swap Calendar	With respect to an Index Currency, the calendar specified in row 'Swap Calendar' in Table 1.
Swap Type	With respect to an Index, the value specified under column 'Swap Type' in Table 3.
Swap Tenor	With respect to an Index, the period specified in row 'Tenor' in Table 3.
Zero Coupon Breakeven Inflation Swap	A Zero Coupon Breakeven Inflation Swap is a type of inflation derivative where an income stream tied to the inflation rate is exchanged for an income stream with a fixed interest rate.

Table 1 - Swap Conventions

Swap Contracts	EUR	USD	GBP
Spot Settlement Lag	2	2	0
Swap Calendar	TARGET	London & New York	London
Swap Curve Snap Times	LCLS	NYK 3PM	LCLS
Inflation Lag	Three months	Three months	Two months
Inflation Lag Interpolation	No	Linear between 2m and 3m	No
Inflation Curve Name	EUR HICPX	US CPI	UK RPI

Table 2 - Index Information

Index	Index Currency	Base Date	Commencement Date	Base Value	Ticker
Bloomberg Inflation Swap GBP 2YR Zero Coupon ER Index	GBP	31-May-05	08-Nov-07	100	BSWIZG02
Bloomberg Inflation Swap GBP 5YR Zero Coupon ER Index	GBP	31-May-05	08-Nov-07	100	BSWIZG05
Bloomberg Inflation Swap GBP 10YR Zero Coupon ER Index	GBP	31-May-05	08-Nov-07	100	BSWIZG10
Bloomberg Inflation Swap GBP 15YR Zero Coupon ER Index	GBP	31-May-05	08-Nov-07	100	BSWIZG15
Bloomberg Inflation Swap GBP 20YR Zero Coupon ER Index	GBP	31-May-05	08-Nov-07	100	BSWIZG20
Bloomberg Inflation Swap GBP 25YR Zero Coupon ER Index	GBP	31-May-05	08-Nov-07	100	BSWIZG25
Bloomberg Inflation Swap GBP 30YR Zero Coupon ER Index	GBP	31-May-05	08-Nov-07	100	BSWIZG30
Bloomberg Inflation Swap GBP 35YR Zero Coupon ER Index	GBP	31-May-05	08-Nov-07	100	BSWIZG35
Bloomberg Inflation Swap GBP 40YR Zero Coupon ER Index	GBP	31-May-05	08-Nov-07	100	BSWIZG40
Bloomberg Inflation Swap GBP 45YR Zero Coupon ER Index	GBP	31-May-05	08-Nov-07	100	BSWIZG45
Bloomberg Inflation Swap GBP 50YR Zero Coupon ER Index	GBP	31-May-05	08-Nov-07	100	BSWIZG50
Bloomberg Inflation Swap EUR 2YR Zero Coupon ER Index	EUR	29-Sep-06	08-Nov-07	100	BSWIZE02
Bloomberg Inflation Swap EUR 5YR Zero Coupon ER Index	EUR	29-Sep-06	08-Nov-07	100	BSWIZE05
Bloomberg Inflation Swap EUR 10YR Zero Coupon ER Index	EUR	29-Sep-06	08-Nov-07	100	BSWIZE10
Bloomberg Inflation Swap EUR 15YR Zero Coupon ER Index	EUR	29-Sep-06	08-Nov-07	100	BSWIZE15
Bloomberg Inflation Swap EUR 20YR Zero Coupon ER Index	EUR	29-Sep-06	08-Nov-07	100	BSWIZE20
Bloomberg Inflation Swap EUR 25YR Zero Coupon ER Index	EUR	29-Sep-06	08-Nov-07	100	BSWIZE25
Bloomberg Inflation Swap EUR 30YR Zero Coupon ER Index	EUR	29-Sep-06	08-Nov-07	100	BSWIZE30
Bloomberg Inflation Swap USD 2YR Zero Coupon ER Index	USD	31-Oct-06	15-Nov-07	100	BSWIZU02
Bloomberg Inflation Swap USD 5YR Zero Coupon ER Index	USD	31-Oct-06	15-Nov-07	100	BSWIZU05
Bloomberg Inflation Swap USD 10YR Zero Coupon ER Index	USD	31-Oct-06	15-Nov-07	100	BSWIZU10
Bloomberg Inflation Swap USD 15YR Zero Coupon ER Index	USD	31-Oct-06	15-Nov-07	100	BSWIZU15
Bloomberg Inflation Swap USD 20YR Zero Coupon ER Index	USD	31-Oct-06	15-Nov-07	100	BSWIZU20
Bloomberg Inflation Swap USD 25YR Zero Coupon ER Index	USD	31-Oct-06	15-Nov-07	100	BSWIZU25
Bloomberg Inflation Swap USD 30YR Zero Coupon ER Index	USD	31-Oct-06	15-Nov-07	100	BSWIZU30

Table 3 - Index Information

Index	Swap Type	Swap Tenor
Bloomberg Inflation Swap GBP 2YR Zero Coupon ER Index	Zero Coupon Breakeven Inflation Swap	2 Years
Bloomberg Inflation Swap GBP 5YR Zero Coupon ER Index	Zero Coupon Breakeven Inflation Swap	5 Years
Bloomberg Inflation Swap GBP 10YR Zero Coupon ER Index	Zero Coupon Breakeven Inflation Swap	10 Years
Bloomberg Inflation Swap GBP 15YR Zero Coupon ER Index	Zero Coupon Breakeven Inflation Swap	15 Years
Bloomberg Inflation Swap GBP 20YR Zero Coupon ER Index	Zero Coupon Breakeven Inflation Swap	20 Years
Bloomberg Inflation Swap GBP 25YR Zero Coupon ER Index	Zero Coupon Breakeven Inflation Swap	25 Years
Bloomberg Inflation Swap GBP 30YR Zero Coupon ER Index	Zero Coupon Breakeven Inflation Swap	30 Years
Bloomberg Inflation Swap GBP 35YR Zero Coupon ER Index	Zero Coupon Breakeven Inflation Swap	35 Years
Bloomberg Inflation Swap GBP 40YR Zero Coupon ER Index	Zero Coupon Breakeven Inflation Swap	40 Years
Bloomberg Inflation Swap GBP 45YR Zero Coupon ER Index	Zero Coupon Breakeven Inflation Swap	45 Years
Bloomberg Inflation Swap GBP 50YR Zero Coupon ER Index	Zero Coupon Breakeven Inflation Swap	50 Years
Bloomberg Inflation Swap EUR 2YR Zero Coupon ER Index	Zero Coupon Breakeven Inflation Swap	2 Years
Bloomberg Inflation Swap EUR 5YR Zero Coupon ER Index	Zero Coupon Breakeven Inflation Swap	5 Years
Bloomberg Inflation Swap EUR 10YR Zero Coupon ER Index	Zero Coupon Breakeven Inflation Swap	10 Years
Bloomberg Inflation Swap EUR 15YR Zero Coupon ER Index	Zero Coupon Breakeven Inflation Swap	15 Years
Bloomberg Inflation Swap EUR 20YR Zero Coupon ER Index	Zero Coupon Breakeven Inflation Swap	20 Years
Bloomberg Inflation Swap EUR 25YR Zero Coupon ER Index	Zero Coupon Breakeven Inflation Swap	25 Years
Bloomberg Inflation Swap EUR 30YR Zero Coupon ER Index	Zero Coupon Breakeven Inflation Swap	30 Years
Bloomberg Inflation Swap USD 2YR Zero Coupon ER Index	Zero Coupon Breakeven Inflation Swap	2 Years
Bloomberg Inflation Swap USD 5YR Zero Coupon ER Index	Zero Coupon Breakeven Inflation Swap	5 Years
Bloomberg Inflation Swap USD 10YR Zero Coupon ER Index	Zero Coupon Breakeven Inflation Swap	10 Years
Bloomberg Inflation Swap USD 15YR Zero Coupon ER Index	Zero Coupon Breakeven Inflation Swap	15 Years
Bloomberg Inflation Swap USD 20YR Zero Coupon ER Index	Zero Coupon Breakeven Inflation Swap	20 Years
Bloomberg Inflation Swap USD 25YR Zero Coupon ER Index	Zero Coupon Breakeven Inflation Swap	25 Years
Bloomberg Inflation Swap USD 30YR Zero Coupon ER Index	Zero Coupon Breakeven Inflation Swap	30 Years

Appendix II: Market Disruptions

If on any Index Business Day a Market Disruption Event occurs or is occurring that BISL determines, in its sole discretion, materially affects the Index, the impact of the market disruption will be assessed and actions are determined as per the rules stated in Section 4: Benchmark oversight and governance.

Appendix III: ESG Disclosures

EXPLANATION OF HOW ESG FACTORS ARE REFLECTED IN THE KEY ELEMENTS OF THE BENCHMARK METHODOLOGY	
1. Name of the benchmark administrator.	Bloomberg Index Services Limited ("BISL")
2. Type of benchmark	Other Benchmark
3. Name of the benchmark or family of benchmarks.	Bloomberg Inflation Swap Tracker Indices
4. Does the benchmark methodology for the benchmark or family of benchmarks take into account ESG factors?	No
<p>5. Where the response to Item 4 is positive, please list below, for each family of benchmarks, those ESG factors that are taken into account in the benchmark methodology, taking into account the ESG factors listed in Annex II to Delegated Regulation (EU) 2020/1816.</p> <p>Please explain how those ESG factors are used for the selection, weighting or exclusion of underlying assets.</p> <p>The ESG factors shall be disclosed at an aggregated weighted average value at the level of the family of benchmarks.</p>	
a) List of environmental factors considered:	Selection, weighting or exclusion: N/A
b) List of social factors considered:	Selection, weighting or exclusion: N/A
c) List of governance factors considered:	Selection, weighting or exclusion: N/A
<p>6. Where the response to Item 4 is positive, please list below, for each benchmark, those ESG factors that are taken into account in the benchmark methodology, taking into account the ESG factors listed in Annex II to Delegated Regulation (EU) 2020/1816, depending on the relevant underlying asset concerned.</p> <p>Please explain how those ESG factors are used for the selection, weighting or exclusion of underlying assets.</p> <p>The ESG factors shall not be disclosed for each constituent of the benchmark, but shall be disclosed at an aggregated weighted average value of the benchmark.</p> <p>Alternatively, all of this information may be provided in the form of a hyperlink to a website of the benchmark administrator included in this explanation. The information on the website shall be easily available and accessible. Benchmark administrators shall ensure that information published on their website remains available for five years</p>	
a) List of environmental factors considered:	Selection, weighting or exclusion: N/A
b) List of social factors considered:	Selection, weighting or exclusion: N/A
c) List of governance factors considered:	Selection, weighting or exclusion: N/A

7. Data and standards used.	
a) Data input. <i>(i) Describe whether the data are reported, modelled or, sourced internally or externally.</i> <i>(ii) Where the data are reported, modelled or sourced externally, please name the third party data provider.</i>	N/A
b) Verification of data and guaranteeing the quality of those data. <i>Describe how data are verified and how the quality of those data is ensured.</i>	N/A
c) Reference standards <i>Describe the international standards used in the benchmark methodology.</i>	N/A
Date on which information has been last updated and reason for the update:	2 April 2024.

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