

Canada Aggregate Index

The Bloomberg Canada Aggregate Index measures the investment grade, Canadian dollar-denominated, fixed rate, taxable bond market. The index includes treasuries, government-related, and corporate issuers. The Canada Aggregate Index is a component of the multi-currency Global Aggregate and Multiverse Indices. The index inception date is October 1, 2002.

Rules for Inclusion

Eligible Currencies	Principal and coupon must be denominated in CAD.
Quality	<p>Securities must be rated investment grade (Baa3/BBB-/BBB- or higher) using the ratings of DBRS, Moody's, S&P and Fitch; when all four ratings agencies are available, the highest and lowest rating are removed and the lower of the two remaining is used; when three ratings are available, the middle rating is used; when a rating from only two agencies is available, the lower is used; when only one agency rates a bond, that rating is used. In cases where explicit bond-level ratings may not be available, other sources may be used to classify securities by credit quality:</p> <ul style="list-style-type: none"> • Local currency treasury and hard currency sovereign issues are classified using the middle issuer-level local currency and hard currency debt ratings from each agency for all outstanding bonds, even if bond-level ratings are available. • Expected ratings at issuance may be used to ensure timely index inclusion or to classify split-rated issuers properly. • Unrated securities may use an issuer rating for index classification purposes, if available. Unrated subordinated securities are included if a subordinated issuer rating is available.
Amount Outstanding	CAD 150mn minimum par amount outstanding.
Coupon	<ul style="list-style-type: none"> • Fixed-rate coupon (including zero coupon). • Callable fixed-to-floating rate bonds are eligible during their fixed-rate term only. • Bonds with a step-up coupon that changes according to a predetermined schedule are eligible.
Maturity	<ul style="list-style-type: none"> • At least one year until final maturity, regardless of optionality. • Bonds that convert from fixed to floating rate, including fixed-to-float perpetuals, will exit the index one year prior to conversion to floating rate. Fixed-rate perpetuals are not included. • Sub-indices based on maturity are inclusive of lower bounds. Intermediate maturity bands include bonds with maturities of 1 to 9.9999 years. Long maturity bands include maturities of 10 years or greater.
Taxability	<ul style="list-style-type: none"> • Only fully taxable issues are eligible. • Dividend Received Deduction (DRD) and Qualified Dividend Income (QDI) eligible securities are excluded.

Market of Issue	Issued in global and domestic markets.	
Seniority of Debt	Senior and subordinated issues are included.	
Security Types	Included	Excluded
	<ul style="list-style-type: none"> ● Bullet, puttable, sinkable/amortizing and callable bonds ● Original issue zero coupon bonds ● Bonds issued through underwritten MTN programs ● Enhanced equipment trust certificates (EETC) ● Certificates of deposit ● Fixed-rate and fixed-to-float (including fixed-to-variable) capital securities ● Non-Viable Contingent Capital Bonds (NVCC) ● Bail-in Bonds 	<ul style="list-style-type: none"> ● Contingent capital securities, including traditional CoCos and contingent write-down securities, with explicit capital ratio or solvency/balance sheet-based triggers ● Bonds with equity type features (eg, warrants, convertibles, preferreds, DRD/QDI-eligible issues) ● Inflation-linked bonds, floating-rate issues ● Fixed-rate perpetuals ● Private placements ● Retail bonds ● Structured notes, pass-through certificates ● Illiquid securities where reliable pricing is unavailable ● Euro MTN & Euro Non-Dollar

Rebalancing Rules

Frequency	For each index, Bloomberg maintains two universes of securities: the Returns (Backward) and the Projected (Forward) Universes. The composition of the Returns Universe is rebalanced at each month-end and represents the fixed set of bonds on which index returns are calculated for the next month. The Projected Universe is a forward-looking projection that changes daily to reflect issues dropping out of and entering the index but is not used for return calculations. On the last business day of the month (the rebalancing date), the composition of the latest Projected Universe becomes the Returns Universe for the following month.
Index Changes	During the month, indicative changes to securities (credit rating change, sector reclassification, amount outstanding changes, corporate actions, and ticker changes) are reflected daily in the Projected and Returns Universe of the index. These changes may cause bonds to enter or fall out of the Projected Universe of the index on a daily basis, but will affect the composition of the Returns Universe at month-end only, when the index is next rebalanced.
Reinvestment of Cash Flows	Intra-month cash flows from interest and principal payments contribute to monthly index returns but are not reinvested at a short-term reinvestment rate between rebalance dates. At each rebalancing, cash is effectively reinvested into the Returns Universe for the following month so that index results over two or more months reflect monthly compounding.
New Issues	Qualifying securities issued, but not necessarily settled on or before the month-end rebalancing date, qualify for inclusion in the following month's index if the required security reference information and pricing are readily available.

Pricing and Related Issues

Sources & Frequency	Index eligible bonds are priced on a daily basis by Bloomberg's evaluated pricing service, BVAL.
Pricing Quotes	Bonds are quoted as a percentage of par.
Timing	4 p.m. (Toronto time).
Bid or Offer Side	Bonds in the index are priced on the bid side.
Settlement Assumptions	T+1 calendar day settlement basis for all bonds. At month-end, settlement is assumed to be the first calendar day of the following month, even if the last business day is not the last day of the month, to allow for one full month of accrued interest to be calculated.
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.
Currency Hedging	Returns hedged to various non-CAD currencies are published for the Canada Aggregate Index. Bloomberg's FX hedging methodology takes rolling one-month forward contracts that are reset at the end of each month and hedges each non-reporting currency-denominated bond in the index into the reporting currency terms. No adjustment is made to the hedge during the month to account for price movements of constituent securities in the Returns Universe of the index.

Accessing Index Data

Bloomberg Terminal®	<p>Bloomberg benchmarks are the global standard for capital markets investors.</p> <ul style="list-style-type: none"> • INDE<GO> - The Bloomberg Indices dashboard page, which contains daily, monthly, and year-to-date index returns for key indices from each index family as well as a link to index publications. • IN<GO> - The Bloomberg Index Browser displays the latest performance results and statistics for the indices as well as history. IN presents the indices that make up Bloomberg's global, multi-asset class index families into a hierarchical view, facilitating navigation and comparisons. The "My Indices" tab allows a user to focus on a set of favorite indices. • DES<GO> - The index description page provides transparency into an individual index including membership information, aggregated characteristics and returns, and historical performance. • INP<GO> - The Bloomberg Indices Publications page, which includes methodologies, factsheets, monthly reports, announcements and technical notes. A user may also subscribe to index publications via the "Actions" button. • PORT<GO> - Bloomberg's Portfolio & Risk Analytics solution includes tools to analyze the risk, return, and current structure of indices. Analyze the performance of a portfolio versus a benchmark or use models for performance attribution, tracking error analysis, value-at-risk, scenario analysis, and optimization.
Bloomberg Indices Website (www.bloomberg.com/indices)	<p>The index website makes available limited index information including:</p> <ul style="list-style-type: none"> • Index methodology and factsheets • Current performance numbers for select indices

Data Distribution

Index subscribers may choose to receive index data in files. Files may include:

- Index level and/or constituent level returns and characteristics for any indices
- Automatic delivery of files via email or SFTP following the completion of the index production process after market close
- Clients may receive standard files or may customize file contents
- Index data is also available via authorized redistributors

Index Ticker

I05486CA: Total Return CAD Unhedged

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- Mutual Funds
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