

Emerging Markets USD Aggregate Bond Index

The Bloomberg Emerging Markets USD Aggregate Bond Index is a flagship hard currency Emerging Markets debt benchmark that includes fixed and floating-rate US dollar-denominated debt issued from sovereign, quasi-sovereign, and corporate EM issuers. Country eligibility and classification as Emerging Markets is rules-based and reviewed annually using World Bank income group and International Monetary Fund (IMF) country classifications. This index was previously called Bloomberg US EM Index, and history is available back to 1993.

Rules for Inclusion

Currency	Principal and coupon must be denominated in USD.
Sector	<ul style="list-style-type: none"> • Hard currency debt from sovereign, agency (government owned, government guaranteed and government sponsored entities), local authority and corporate issuers are eligible. • Under the index classification schema, an issuer is classified as government-related (as opposed to corporate) if it is more than 50% government owned, carries a government guarantee or is government sponsored. • For flagship EM hard currency indices, Bloomberg defines quasi-sovereigns as any non-sovereign government-related issuer inclusive of both government-related agency and local authority debt.
Country Inclusion	<p>Bloomberg uses a fixed list of emerging market countries that is reviewed annually to define country eligibility in dedicated EM hard currency, local currency, and inflation-linked benchmarks. Criteria for inclusion in the EM country list are rules-based and include:</p> <ul style="list-style-type: none"> • Countries that meet one of the following two criteria: World Bank Income group classifications of low/middle income OR International Monetary Fund (IMF) classification as a non-advanced country. • Additional countries that bond investors classify as EM due to factors such as investability concerns, the presence of capital controls, and/or geographic considerations may also be included on the list and are also reviewed on an annual basis. As of April 2014, 4 additional markets are included in the Bloomberg EM country list: Czech Republic, Israel, South Korea, and Taiwan.
Issue Rating	Investment grade, high yield and unrated securities are permitted. Unrated bonds may use an implied issuer rating when not rated by a credit rating agency (Moody's, S&P, and Fitch).
Amount Outstanding	At the security level, USD 500mn minimum par amount outstanding.
Coupon	Fixed and floating-rate coupon structures are permitted.

Maturity	<ul style="list-style-type: none"> At least one year until final maturity for new and continuing issuers, regardless of optionality. Bonds that convert from fixed to floating rate, including fixed-to-float perpetual, will exit the index one year prior to conversion to floating rate. Fixed-rate perpetual are not included.
Placement Type	SEC registered and 144A/Reg S bonds are eligible.
Market of Issue	Publicly issued in the global and local markets.
Security Type	Brady bonds, Eurobonds, globals, loans, and local issues are permitted. Warrants are excluded.
Defaults	Defaulted corporate bonds are removed from the index at the end of the month of default. Defaulted sovereigns remain in the index until they are restructured, defeased, exchanged, or no longer outstanding.

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	All 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	<ul style="list-style-type: none"> Prior to January 14, 2021, bonds are priced at 3 p.m. (New York time). On early market closes, prices are taken as of 1 p.m. (New York time), unless otherwise noted.

- From January 14, 2021 and onwards, bonds are priced at 4 p.m. (New York time). On early market closes, prices are taken as of 2 p.m. (New York time), unless otherwise noted.
- If the last business day of the month is a public holiday, prices from the previous business day are used.

Bid or Offer Side Bonds in the index are priced on the bid side.

Settlement Assumptions T+1 calendar day settlement basis. At month-end, settlement is assumed to be the first 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-USD currencies are published for the EM USD Aggregate Bond Index. The indices' 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.

Calendar The EM USD Aggregate Index follows the US bond market holiday schedule.

Index History

January 14, 2021 Pricing time moved from 3 p.m. to 4 p.m. EST for USD prices. For early close days, prices are snapped at 2 p.m. EST.

- April 1, 2013**
- Flagship hard currency EM Indices rebranded as EM Aggregate benchmarks to reflect broad country and sector coverage.
 - EM definition changed to use a fixed list of countries, reviewed annually, that is based on World Bank Income group classification and IMF country classification, as well as additional countries viewed by bond investors as EM. Sovereign rating no longer used to determine country eligibility for Bloomberg EM indices.
 - Corporate issuers no longer subject to minimum of \$1bn outstanding debt trading in the market.

- January 1, 2006**
- Sovereign rating ceiling raised to Baa1/BBB+/BBB+ from Baa3/BBB-/BBB- to determine country index eligibility.
 - Minimum amount outstanding at the security level for USD issues raised to USD 500mn from USD 300mn for corporates/sovereigns and USD 500mn for local issues/Brady bonds.
 - Corporate bonds must be from issuers with at least USD 1bn in debt outstanding.

July 1, 2005 Fitch ratings added to Moody's and S&P to determine index eligibility and classification.

October 1, 2003 Bloomberg indices started using the most conservative rating of Moody's and S&P to determine index eligibility instead of Moody's only for split-rated securities.

January 1, 2001 Liquidity constraint for USD issues increased to USD 300mn for corporates from USD 150mn and to USD 300mn from USD 200mn for sovereigns.

January 1, 1997	Inception date of the US Emerging Markets Index. New index includes the Emerging Americas Bond Index and also better reflects other emerging market regions: Americas, Europe, Asia, Middle East, and South Africa.
January 1, 1993	Inception date of Emerging Americas Bond Index, consisting of debt from Argentina, Brazil, Mexico, and Venezuela.

Sub-indices and Index Customizations

Bloomberg publishes numerous sub-indices of flagship indices and bespoke benchmarks created for specific index users. Several types of bespoke indices are available to select or customize the most appropriate benchmark for specific portfolio needs:

Sub-Index Type	Description	Examples
Sector	Sub-indices are grouped by sectors: Corporate, Quasi-Sovereign and Sovereign.	<ul style="list-style-type: none"> EM USD Corporate + Quasi-Sovereign EM USD Sovereign
Blended Hard Currency and Local Currency	A composite of local currency Emerging Markets bonds and hard currency (USD, EUR, JPY etc.) Emerging Markets bonds.	<ul style="list-style-type: none"> 60% EM Local Currency Govt; 40% Global Treasury Country Cap
Country Constrained	Indices that cap country exposure to a fixed percentage. Options available for applying issuer caps and redistributing excess MV to other issuers.	<ul style="list-style-type: none"> EM USD Aggregate - 10% Country Capped EM Local Currency Government - 10% Country Capped
Alternative Weight	Uses other rules-based weighting schemes instead of market value weights.	<ul style="list-style-type: none"> GDP Weighted EM Government Universal Global Treasury Fiscal Strength Weighted
Tradable	Provides diversified exposure to a tradable subset of emerging markets debt in both hard currency and local currency.	<ul style="list-style-type: none"> Emerging Markets Tradable External Debt (EMTED) Emerging Markets Tradable Local Currency (EMLOCAL)

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
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or use models for performance attribution, tracking error analysis, value-at-risk, scenario analysis, and optimization.

Bloomberg Indices Website
(www.bloomberg.com/indices)

The index website makes available limited index information including:

- Index methodology and factsheets
- Current performance numbers for select indices

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- 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
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Index Ticker

EMUSTRUU: Total Return USD Unhedged

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