

Measuring the Total Fixed Income Market: A Comprehensive Indexing Framework

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Abstract

Bloomberg's flagship fixed-income indices—most notably the U.S., Euro, and Global Aggregate families—have set the standard for bond-market benchmarking, giving investors, asset allocators, and policymakers transparent, rules-based measures of return and risk. The Bloomberg U.S. Aggregate serves as the policy anchor for core mandates and the prevailing reference for U.S. fixed-income funds. As capital markets evolve and the global debt universe expands into new asset classes and segments, the Bloomberg index family evolves in step, ensuring its benchmarks continue to mirror market structure and remain consistent representation for the investable fixed-income landscape.

This paper offers an in-depth data-driven assessment of how Bloomberg's fixed-income indices capture the breadth and depth of today's US bond market. Using a dataset covering more than US\$156 trillion in outstanding securities worldwide, we examine coverage ratios and sector weights across the full maturity spectrum, with particular emphasis on U.S. dollar markets. We find strong alignment in the largest and most liquid segments (treasuries, government-related securities, and investment-grade corporates) while noting constructive opportunities to broaden representation in securitized products, short-maturity instruments, floating-rate securities. Bloomberg has already advanced on these fronts with dedicated 0-1 year and hold-to-maturity (HTM) versions of flagship indices and a global family of leveraged-loan indices, alongside planned 2026 expansions to U.S. asset backed securities (ABS), Commercial Mortgage-Backed Securities (CMBS) and Non-Agency RMBS.

Looking ahead, we outline a path to a comprehensive U.S. Total Fixed Income Market Index (TOTALFI) that systematically integrates these complementary segments TIPS, loans, Treasury and government related floating-rate notes, corporate FRNs, floating ABS, and the forthcoming ABS/CMBS enhancements—within a single, rules-based framework. The U.S. Agg will continue to serve as the cornerstone benchmark for core exposure, while TOTALFI provides a fuller view of the investable market, adding explicit inflation linkage and rate-resetting cash flows that can enhance diversification and resilience. Historical backtests¹ suggest that this broader specification has higher yield, lower duration and therefore delivered higher returns with comparable or lower volatility in rising rate environment, without sacrificing the transparency and replicability that define Bloomberg's benchmark philosophy.

¹ Back-tested performance does not represent actual results and should not be relied upon as an indication of future outcomes.

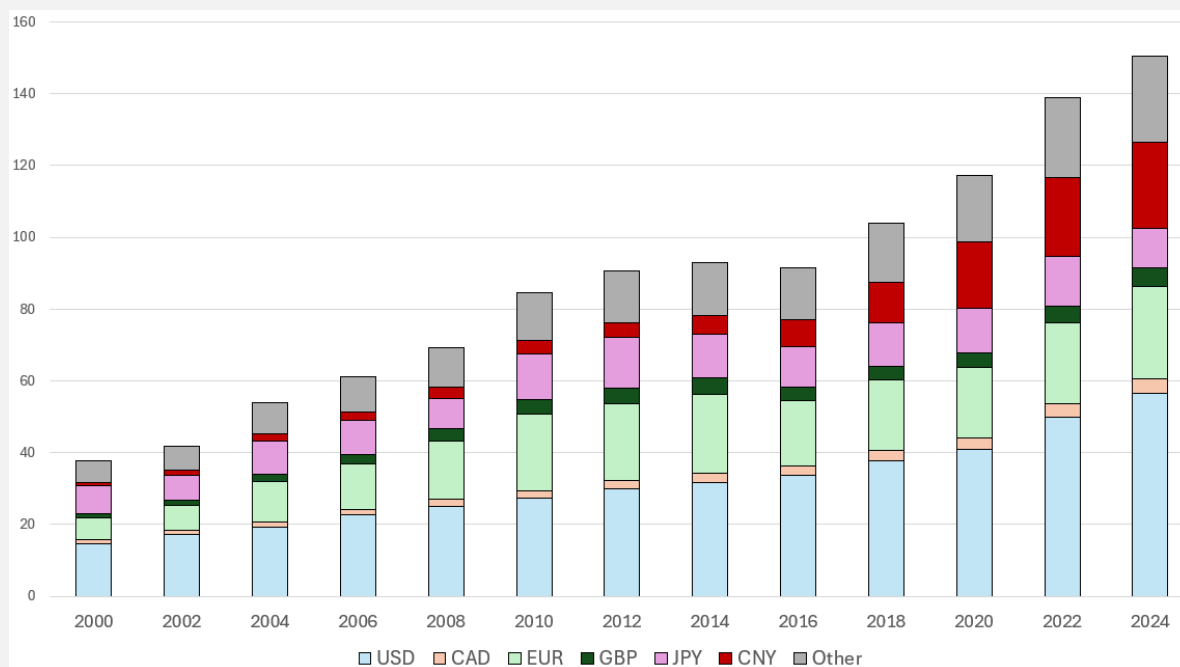
1. Introduction & Motivation

1.1 The Global Bond Market

Over the past 25 years, the global bond market has experienced significant growth and structural transformation. According to Bank for International Settlements (BIS), the total debt outstanding exceeded US\$156 trillion as of August 2025. The United States Dollar, alone, accounts for roughly 40% of the total—underscoring its continued centrality in global finance. While developed markets remain the dominant issuers, emerging markets issuers have expanded their presence rapidly, led most notably by China’s surge in issuance since the late 2010s.

Currency composition underscores these shifts. As shown in Exhibit 1, the U.S. dollar remains the world’s dominant funding currency, and the euro has held its position as the second largest. By contrast, traditional reserve currencies such as the Japanese yen (JPY) and British pound (GBP) have held steady or slipped in relative share. A notable development is the rise of the Chinese renminbi (CNY): negligible in international markets before 2010, it has since become a meaningful component of global issuance reflecting China’s growing economic scale.

Exhibit 1: Evolution of the Global Bond Market by Currency Since 2000



Source: Bank for International Settlements (BIS)

At the same time, market structure has broadened well beyond treasuries/sovereigns. Corporate borrowing has expanded, with global corporate bond markets approaching record levels in 2025. In parallel, securitized instruments, including mortgage-backed, asset-backed, and other structured products—have assumed a larger role, giving investors more diversified sources of credit exposure alongside traditional government and corporate sectors.

On the investment side, the combination of higher interest rates and an inverted yield curve has tilted preferences toward short-maturity bonds and floating- or variable-rate instruments, which offer greater resilience to interest-rate risk. Taken together, these shifts create opportunities to develop indices that not only capture meaningful sectors on a standalone basis, but also enable broader, multi-sector benchmarks with risk/return profiles distinct from today’s flagship indices

1.2 The growth of the USD Bond Market.

Over the past two decades, the U.S. dollar bond market has expanded and evolved, with some of the most significant changes occurring in the aftermath of the Global Financial Crisis (GFC). The market's size has grown from US\$14.6 trillion in 2000 to over US\$60 trillion by August 2025, reflecting an annualized growth rate of roughly 6% compared to 4.5% growth in the GDP in the same period, which moved from US\$10 trillion in 2000 to US\$30.5 trillion by June 2025. For reference, inflation has grown by 2.5% in the same period.

Several key developments explain this trajectory:

Explosive growth of Treasury supply. U.S. government debt outstanding has risen from about US\$7 trillion in 2000 to close to US\$29.5 trillion in 2025. This increase reflects both structural fiscal imbalances and extraordinary policy responses, including large-scale fiscal stimulus measures deployed during the 2020 pandemic.

A prolonged era of ultra-low interest rates. The extended period of near-zero policy rates after the GFC reshaped issuance dynamics. Corporates—particularly at the lower end of investment grade—tapped markets aggressively, leading to a wave of BBB-rated supply. The same environment also fueled rapid growth in alternative fixed income segments, including Rule 144A securities, leveraged loans, emerging-market hard currency debt, and the expanded private credit within institutional portfolios.

Restructuring of the securitized market. Once at the center of the 2008 financial crisis, the securitized market has since undergone significant structural reform. Stricter regulation, tighter underwriting standards, and evolving product design have fundamentally reshaped securitized credit instruments. While volumes have not returned to pre-crisis peaks, the sector has re-emerged with a more diversified investor base and a stronger focus on transparency, risk retention, and product resilience.

Taken together, these shifts underscore how the expansion and transformation of U.S. bond market continue to shape not only domestic capital allocation but also the broader global fixed income landscape, given the central role of USD assets in international portfolios.

1.3 The role of benchmarks and market representation

Fixed-income indices occupy a central position in global capital markets, serving as the primary benchmarks for bond portfolio performance evaluation, the foundation for asset allocation frameworks, and the reference points for policy portfolios. For asset owners, indices anchor long-term investment strategies and strategic asset allocation decisions; for active managers, they define the opportunity set against which skill and alpha generation are measured. The rapid growth of passive investing has fundamentally elevated the role of indices, transforming them from mere performance yardsticks into investable products that channel trillions of dollars in capital.

The ascent of low-cost passive strategies has made transparent, rules-based benchmarks essential infrastructure for modern portfolio construction, providing scalable and efficient access to discrete segments of the bond market. Index methodology now shapes the investable universe itself: through systematic application of inclusion criteria—minimum issue size, liquidity thresholds, credit quality screens, and maturity requirements, index providers effectively determine which portions of the global bond market are deemed representative, accessible, and tradable. This gatekeeping function places considerable responsibility on index providers to ensure their methodologies evolve in step with market innovation, maintaining both relevance and robustness as debt markets transform.

The Bloomberg Fixed Income index family has emerged as one of the most widely adopted among institutional investors worldwide. Bloomberg's approach emphasizes the careful balance between market representativeness, investability, and liquidity ensuring indices capture meaningful market exposure while remaining practically replicable. In response to structural shifts in debt markets, Bloomberg has continuously refined its methodology and expanded its coverage. Recent innovations include the introduction of dedicated 0-1 year and hold to maturity indices to capture short-dated securities that would otherwise age out of flagship benchmarks, as well as the 2024/2025 launch of comprehensive loan indices designed to represent the rapidly expanding leveraged loan market.

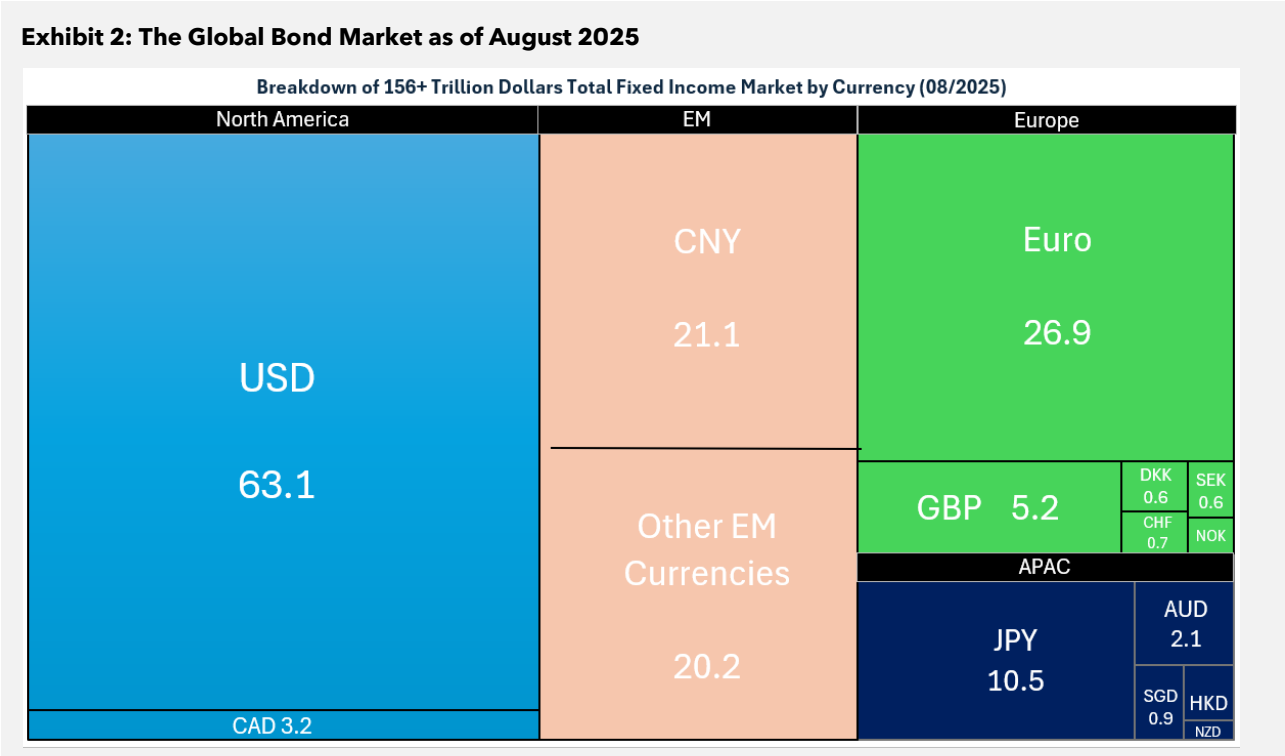
Nevertheless, the global bond market continues to expand and diversify at an unprecedented pace, raising a fundamental question: To what extent do flagship aggregate indices fully capture the breadth of opportunities now available across currencies, sectors, and instrument types? Answering this question demands a rigorous, data-driven evaluation of the representation gaps between the total investable universe and the securities included in widely adopted benchmarks. This paper undertakes that systematic assessment, quantifying coverage gaps across key market segments and introducing alternative index solutions designed to more comprehensively reflect the scale, structure, and diversity of contemporary fixed-income markets.

2. Data & Methodology

To evaluate how well Bloomberg fixed income indices represent the global bond market, we employ a clear quantitative framework. The most direct measure is the coverage ratio: the proportion of the overall market captured by an index, measured by either market value or total outstanding amount. Given the heterogeneity of global fixed income, coverage must be examined both in aggregate and across key dimensions—currency, sector, and maturity. Importantly, there is no universal threshold for “sufficient coverage.” What constitutes adequate representation varies by segment and requires both quantitative rigor and informed judgment.

Beyond coverage ratios, we can assess representativeness through share comparisons. By examining how market shares are distributed across currencies, sectors, or other classifications, we evaluate whether an index consistently represents the underlying opportunity set. This approach proves especially valuable in fixed income, where -unlike equities traded on centralized exchanges—the investable universe is shaped by continual issuance and maturities, and remains fragmented, opaque, and predominantly over the counter. These structural features complicate efforts to define and measure the full universe, particularly at granular levels.

We construct our global bond market universe primarily from Bloomberg’s comprehensive fixed income dataset (via the SRCH function), validating it against publicly available sources including SIFMA and the Bank for International Settlements (BIS). Our resulting broad universe encompasses more than US\$156 trillion in outstanding debt securities.



Source: Bloomberg Research

As Exhibit 2 illustrates, USD-denominated instruments dominate at US\$63.1 trillion, followed by the Euro at US\$26.9 trillion. Emerging markets now represent US\$41.3 trillion in aggregate issuance, with China alone contributing over half (US\$21.1 trillion). Smaller but meaningful segments include GBP (US\$5.2 trillion), CAD (US\$3.2 trillion), and currencies such as AUD, CHF, and SGD. To validate these figures, we benchmark our USD estimates against BIS data, which reports the U.S. bond market at US\$58.6 trillion. Adjusted for country of domicile, our U.S. sub-universe (US\$57.8 trillion) closely aligns with that figure.

For cross-index comparability, we segment the market into three maturity buckets aligned with Bloomberg’s index family structure: 1+ year fixed rate, 0-1 year fixed rate, and variable rate. Within each bucket, securities are classified using Bloomberg’s sectoral taxonomy, primarily at Level 1, with selected Level 2 granularity where it enhances analytical clarity—particularly within securitized sectors.

This framework enables us to summarize index coverage for each segment within the Bloomberg index family and compute the corresponding coverage ratios. In doing so, we can pinpoint areas where flagship indices underrepresent the investable universe and highlight potential extensions that would enhance representativeness. The sections that follow the U.S. dollar market, before turning to broader proposals designed to expand coverage beyond existing benchmarks such as the U.S. Aggregate and U.S. Universal indices. A similar approach can be followed for other local/regional markets and on the global scale.

Of course, coverage is only one dimension of robust index construction. Effective benchmarks must ensure included securities are liquid and replicable, enabling institutional investors to track them efficiently in both active and passive strategies. Equally critical are accurate and transparent pricing and analytics, which underpin risk measurement, performance attribution, and portfolio construction. Without these elements, even broad nominal coverage fails to deliver a practical investment benchmark. The goal is to balance breadth of representation with investability and operational integrity. For example, amount outstanding is often used as a basic liquidity measure in bond indices.

3. The Analysis of the USD Market

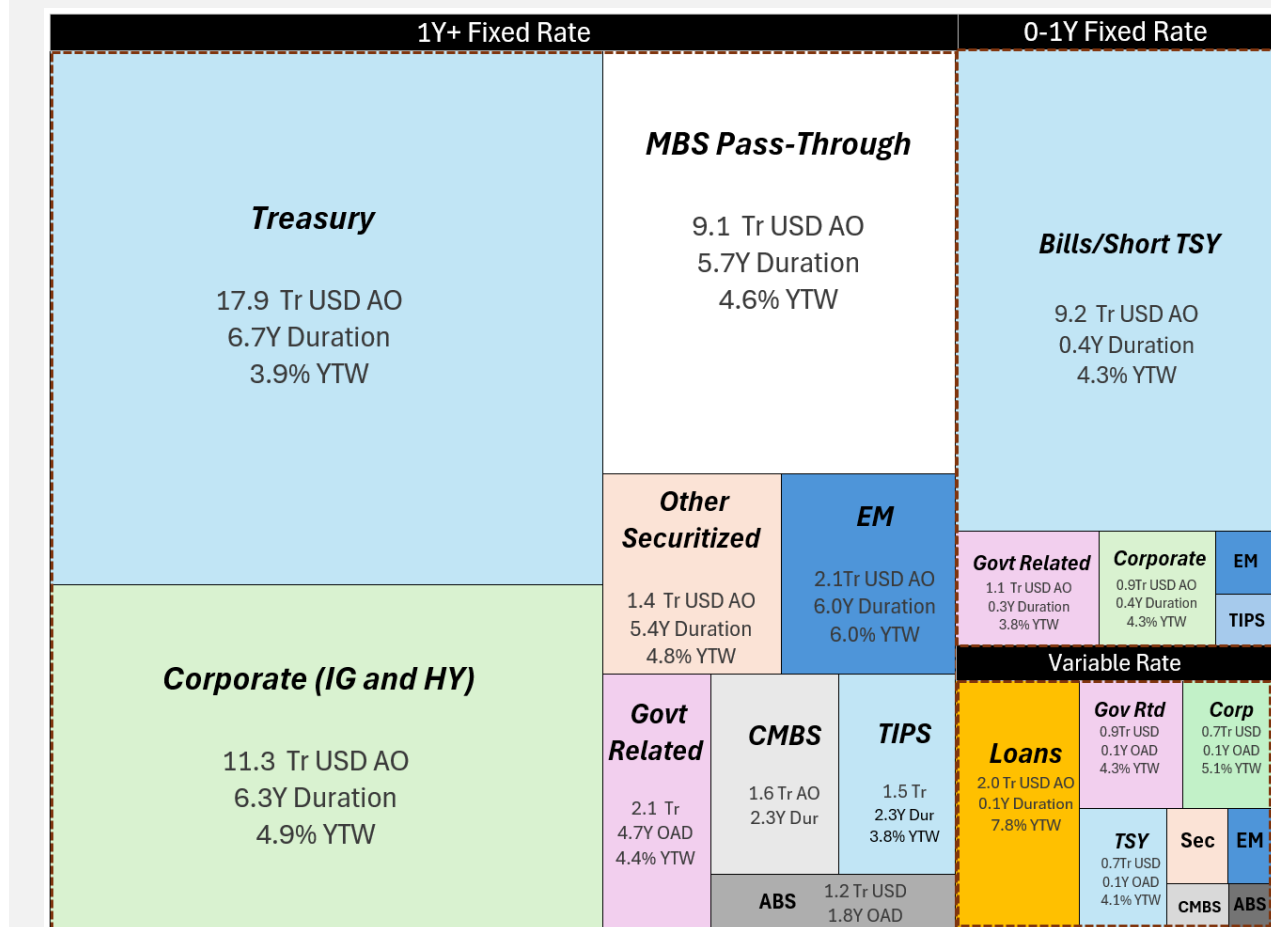
In this section, we will carry out the analysis outlined above on the largest bond market, the USD market. We first describe the total investable universe by segments and sectors. We then discuss how our indices are currently organized. We then calculate the coverage ratio and compare the sector shares to identify coverage gaps. We conclude this section with planned additions.

3.1 The Investable US Bond Market

Exhibit 3 organizes the U.S.-dollar fixed-income market into three structural groupings: fixed-rate 1Y+, fixed-rate 0-1Y, and floating-rate. Within each grouping, bonds are classified into nine sectors: Treasury, TIPS, Government-Related, Corporate, Emerging Markets (EM), MBS, ABS, CMBS, and "Other Securitized".

Under Bloomberg's Level1 sector schema (BCLASS1), both Treasury and TIPS fall within the "Treasury" sector, with TIPS identified as inflation-linked securities. Government-Related comprises Agencies, Local Authorities, Sovereigns, and Supranationals. The Corporate sector includes all industrial, utility, and financial issuers across the credit spectrum. Within Securitized, we distinguish MBS pass-throughs, ABS, and CMBS, and include an "Other Securitized" bucket to capture remaining segments—reflecting their distinct structures and risk profiles. Finally, we add an Emerging Markets (EM) segment, defined as issuers domiciled in EM that issue within the Corporate or Government-Related sectors, even though EM is not a standalone BCLASS1 category.

Exhibit 3: The Investable USD Bond Market as of August 2025



Source: Bloomberg Index Research

The distribution of market value across sectors reveals clear structural patterns. As of August 2025, treasuries are the largest component, with US\$18 trillion outstanding in the 1+ year fixed rate bucket (average duration 6.7 years, YTW 3.9%) and another US\$9

trillion in the 0–1 year fixed rate category (duration 0.4 years, YTW 4.3%), dominated by Treasury bills. By contrast, Treasuries account for only a small portion of the variable rate universe, given the U.S. Treasury’s limited floating-rate issuance.

Within the floating-rate segment, leveraged loans stand out, totaling US\$2 trillion with a yield-to-worst of 7.8%, making them a defining sector in the variable-rate space. Over the past decade, this market has grown rapidly, offering investors significant credit exposure with minimal duration (0.1 years on average). Currently, mortgage-backed securities (MBS) pass-throughs are concentrated in the longer-dated fixed-rate universe, totaling US\$9 trillion (duration 5.7 years, YTW 4.6%). CMBS (US\$1.6 trillion), other securitized products (US\$1.4 trillion), and ABS (US\$0.8 trillion) also cluster in this bucket, reflecting their long-dated fixed-rate structures.

Corporate bonds (investment grade and high yield combined) issued by developed markets represent another substantial segment, with US\$11.3 trillion outstanding in the 1+ year fixed rate space (duration 6.3 years, YTW 4.9%), while shorter-dated corporates account for an additional US\$0.9 trillion in the 0–1 year category. Emerging market issuers add a further US\$2.4 trillion to the USD market, largely in the longer-maturity segment.

Overall, the sector’s distribution highlights the structural segmentation of the USD market: Treasuries dominate the short end, loans dominate the floating-rate sector, and securitized products—particularly MBS are concentrated at longer maturities as of the time of writing because of the current low prepayment risk. This segmentation is central to understanding both benchmark construction and investor allocation decisions within the broad U.S. fixed income universe.

3.2 The Current Coverage of the Bloomberg US Bond Indices

The Bloomberg U.S. Aggregate Bond Index (“U.S. Agg”) serves as the cornerstone of U.S. dollar fixed-income benchmarking and the de facto policy benchmark for core 1Y+ mandates. As documented by Jain & Gan (2025), it is the most widely used reference benchmark in their study of fund performance, and it underpins a broad spectrum of investment uses: from strategic asset allocation and risk budgeting to manager evaluation, performance attribution, and the construction of both passive and active core bond portfolios.

The U.S. Agg is intended to cover the ‘Core’ bond market as represented by investment grade, fixed rate, publicly issued USD denominated debt with one year or more remaining maturity. The Treasury component excludes securities held in the Federal Reserve’s System Open Market Account (SOMA) and does not include Treasury Inflation-Protected Securities (TIPS). Excluding SOMA holdings effectively excludes non-tradable government holdings, aligning the index with the freely investable float. This adjustment reduces policy-driven supply distortions and yields a more representative measure of duration and term-premium risk borne by investors, helping managers replicate the benchmark with lower tracking errors.

As of August 2025, the U.S. Agg covered \$35.35 trillion in outstanding debt—continuing to serve as the market’s primary gauge of duration and investment-grade credit beta in U.S. dollar fixed income as exhibit 4 highlights.

To provide broader representation, Bloomberg introduced the U.S. Universal Index in 1999, which extends the coverage of the Agg by incorporating high-yield corporates, emerging market debt, Rule 144A securities, and Eurodollar bonds. This expansion raises its total amount outstanding coverage to approximately \$37 trillion as of August 2025.

Exhibit 4: The Bloomberg USD Index Family as of August 2025

Core Index	Sector	Amount Outstanding Adj by SOMA (in \$bn)	% Value
Agg	Treasury	17,894	32.8%
	Agency MBS*	8,045	14.8%
	Corporate	7,490	13.7%
	Gov Related	1,327	2.4%
	ABS and CMBS	596	1.1%
	Total	35,353	64.8%
Universal	Agg	35,353	64.8%
	HY	1,428	2.6%
	EM	918	1.7%
	144As	2,434	4.5%
	Euro Dollar	516	0.9%
	Total	40,649	74.5%
Other Markets	Muni	2,499	4.6%
	TIPS	1,798	3.3%
	Loans	1,442	2.6%
	Convertibles	304	0.6%
	Total	6,043	11.1%
<1y Maturity	Bills	4,076	7.5%
	Treasury	2,226	4.1%
	Corporate	660	1.2%
	Gov Related	83	0.2%
	HY	36	0.1%
	Total	6,886	12.6%
Floating Rate	Treasury	664	1.2%
	Corporate	286	0.5%
	ABS and HY	12	0.0%
	Total	962	1.8%
Total Bloomberg Index Market Size		54,539	100.0%

Source: Bloomberg Index Research

Beyond these broad market benchmarks, Bloomberg also maintains a range of standalone indices that target specific sectors not included in the aggregate frameworks. Examples include indices for TIPS, convertible bonds, and, most recently, loans. While these benchmarks provide valuable coverage for specialized strategies, they sit outside the core Agg and Universal families.

A defining feature of traditional fixed-income benchmarks is the maturity and coupon-type rules. Securities are removed once their remaining maturity falls below one year, and floating-rate instruments are excluded from broad benchmarks like the U.S. Agg and Universal. Historically, these conventions reflected the indices' design goals: to provide a stable, fixed-rate, core 1+ exposure that measures term-premium and corporate credit risk. Sub-one-year bonds behave more like cash instruments and dilute the index's duration target making the benchmark less effective for policy portfolios, hedging, and futures alignment. Floating-rate coupons reset to reference rates, leaving little interest-rate exposure and introducing reset-timing effects that complicate comparability across sectors. Excluding them preserved a clean, fixed-rate duration profile, precisely the risk the flagship Agg intended to measure.

As market conditions have evolved, with the end of a multi-decade bond bull market and an inverted yield curve, short-maturity and floating-rate instruments have become more relevant to many investors. To accommodate this demand without changing the core mandate, Bloomberg has introduced hold-to-maturity (HTM) versions of several flagship indices to continuously track bonds as they age into the sub-one-year segment and continues to maintain a dedicated family of floating-rate indices for targeted exposure outside the Aggregate framework.

Bloomberg Indices

Taken together, the Bloomberg U.S. fixed income index family covers approximately \$55 trillion in outstanding debt, a scope that is substantial by any measure. For reference, SIFMA estimates the size of the U.S. bond market at 47 trillion* (excluding MBS and other securitized markets while including Muni and Commercial Papers), while the BIS reports a total of \$58 trillion. Bloomberg's coverage is broad and representative of the investable universe. As markets evolve, Bloomberg continues to refine methodologies and add optional segments to meet investor needs enhancing an already strong foundation. The next section provides a data-driven check on representativeness and highlights how recent innovations further strengthen coverage.

3.3 Coverage Analysis

Exhibit 5 summarizes Bloomberg's index family coverage at the sector and segment level by comparing, for each benchmark, the total amount outstanding with its relevant investable universe after applying minimum amount-outstanding thresholds (as per Bloomberg index rules) and requiring the availability of BVAL pricing and a minimum of yield and duration analytics on the Bloomberg Terminal. Once these investability filters are applied, the broad U.S. fixed-income universe declines from US\$63.1 trillion to US\$58.6 trillion.

Exhibit 5: The Coverage Ratio for the US Market

Segment	Sector	Total Par Amount in \$ Bil	With Liquidity & Pricing Filters	BBG Index Representation	Market Share %
1Y+ Fixed Rate	<i>Treasury</i>	17,850	17,850	17,700	99%
	<i>TIPS</i>	1,518	1,518	1,410	93%
	<i>Govt Related</i>	1,550	1,382	1,259	91%
	<i>MBS</i>	9,060	8,740	8,060	92%
	<i>ABS</i>	771	566	501* (131 as of 08/25)	89%
	<i>CMBS</i>	1,634	968	566*(478 as of 08/25)	59%
	<i>Other Securitized</i>	1,410	361	250*(- as of 08/25)	69%
	<i>Corporate IG and HY</i>	11,263	11,058	10,100	91%
	<i>EM Hard Currency</i>	2,832	2,640	2,540	96%
	Total	47,888	45,315	41,678	92%
0-1Y Fixed Rate	<i>Treasury</i>	9,298	8,224	6,935	84%
	<i>TIPS</i>	173	173	148	86%
	<i>Govt Related</i>	164	138	105	76%
	<i>Credit IG and HY</i>	1,063	980	732	75%
	Total	10,698	9,525	7,744	81%
Floating Rate	<i>Treasury</i>	662	662	654	99%
	<i>Securitized</i>	554	287	178	62%
	<i>Credit IG and HY</i>	952	801	655	82%
	<i>Leveraged Loans</i>	1,960	1,550	1,410	91%
	Total	4,578	3,759	2,836	75%

Source: Bloomberg Index Research

The figure highlights that the Bloomberg U.S. index family provides excellent representation of the investable bond universe. Across all segments, including short-dated and variable-rate instruments, the average coverage is 89%. Focusing on the traditional 1+ year fixed-rate universe, where most institutional policy mandates are anchored, average coverage rises to 92%, underscoring the strength of Bloomberg's benchmarks in tracking the segments that matter most to asset owners and managers.

Treasuries remain the market's anchor at US\$17.85 trillion outstanding; after adjusting for Federal Reserve SOMA holdings, Bloomberg's indices capture virtually the entire investable Treasury float (US\$17.7 trillion). Coverage in corporate bonds and emerging-market hard-currency debt is at or above 90%, while agency MBS is similarly robust at 90%+, reflecting Bloomberg's established methodology for the largest securitized sector. Where coverage was somewhat lower, most notably in portions of the securitized market such as ABS and CMBS, the gaps are already the focus of targeted enhancements as Exhibit 5 shows.

In 2026, the planned expansion of the Bloomberg ABS Index is expected to add roughly US\$415 billion in amount outstanding (about 89% fixed-rate, with the remainder floating-rate). Likewise, the planned expansion of the Bloomberg CMBS Index to include SASB

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and conduit deals is projected to add about US\$195 billion (approximately US\$117 billion floating-rate and US\$79 billion fixed-rate). The non-Agency RMBS expansion is expected to provide an additional US\$250 billion. These additions will better align index coverage with the post-GFC evolution of issuance and the growth of private-label securitization.

Short-dated and variable-rate segments are also well represented at 81% and 75% respectively showing Bloomberg's capability to cover the full breadth of the investable market.

A complementary way to assess representativeness is to compare sector weights in the investable universe with those in the Bloomberg indices. While coverage ratios speak to inclusion within each segment, weight comparisons reflect the relative economic size of sectors and therefore provide a holistic check on alignment. Exhibit 6 presents this comparison.

Exhibit 6: The Sector Weights Comparison for the US Market

Segment	Sector	Investable Universe %	BBG Index Representation %	Difference in %
1Y+ Fixed Rate	<i>Treasury</i>	30.8%	34.1%	3.3%
	<i>TIPS</i>	2.6%	2.7%	0.1%
	<i>Govt Related</i>	2.4%	2.4%	0.0%
	<i>MBS</i>	15.1%	15.5%	0.4%
	<i>ABS</i>	1.0%	1.0%	0.0%
	<i>CMBS</i>	1.7%	1.1%	-0.6%
	<i>Other Securitized</i>	0.6%	0.5%	-0.1%
	<i>Corporate IG and HY</i>	19.1%	19.5%	0.4%
	<i>EM Hard Currency</i>	4.6%	4.9%	0.3%
	Total	78.3%	80.3%	2.1%
0-1Y Fixed Rate	<i>Treasury</i>	14.2%	13.4%	-0.8%
	<i>TIPS</i>	0.3%	0.3%	0.0%
	<i>Govt Related</i>	0.2%	0.2%	0.0%
	<i>Credit IG and HY</i>	1.7%	1.4%	-0.3%
	Total	16.5%	14.9%	-1.5%
Floating Rate	<i>Treasury</i>	1.1%	1.3%	0.1%
	<i>Securitized</i>	0.5%	0.3%	-0.2%
	<i>Credit IG and HY</i>	1.4%	1.3%	-0.1%
	<i>Loans</i>	2.7%	2.7%	0.0%
	Total	6.5%	5.5%	-1.0%

Source: Bloomberg Index Research

Overall, the analysis confirms that Bloomberg's indices align closely with the major building blocks of the U.S. bond market. The most notable differences appear in certain securitized sectors, specifically 1+ year. In the case of short Treasuries, the primary driver is the intentional exclusion of Treasury bills with original maturities under one month, which are widely used in cash and money-market strategies and are outside the scope of longer-term policy benchmarks.

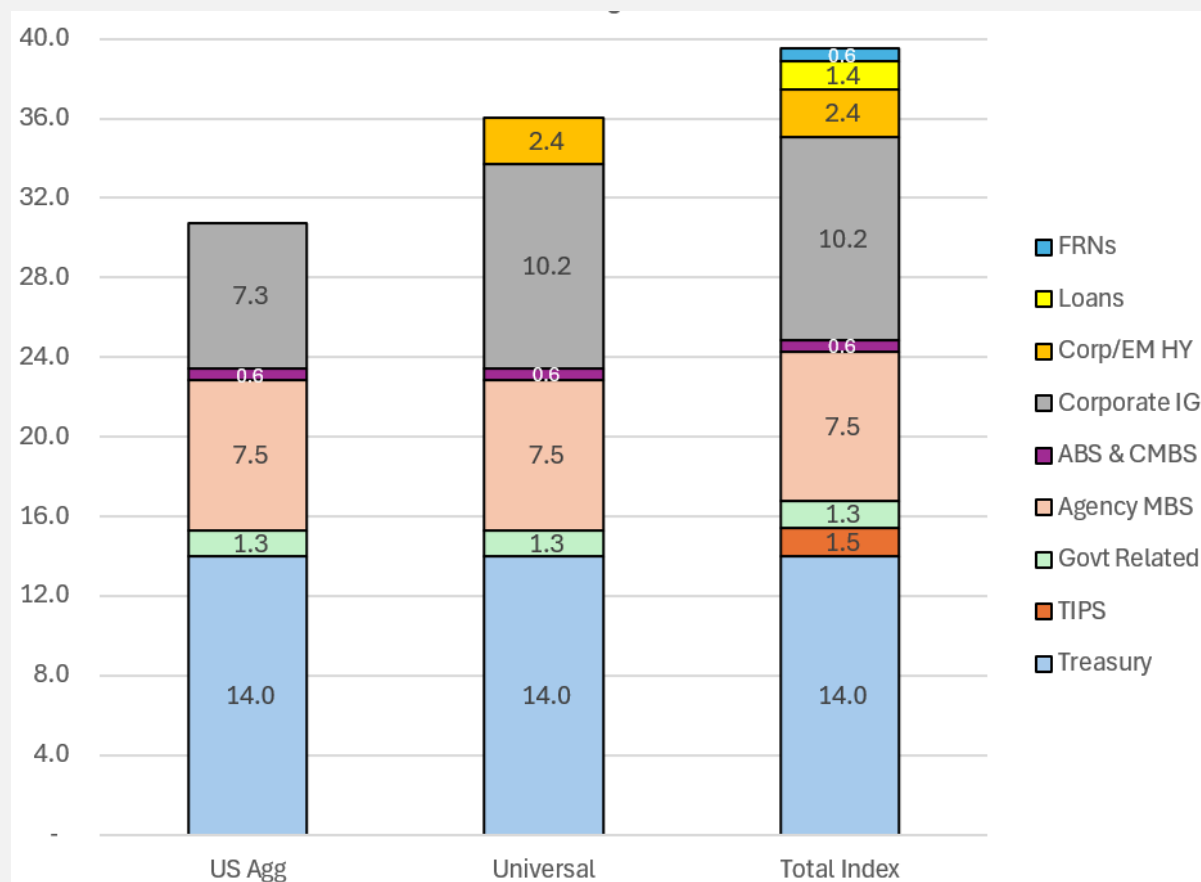
Taken together, the evidence reinforces that Bloomberg's U.S. index family already delivers broad and deep coverage—more than US\$52 trillion in outstanding debt—while ongoing, targeted enhancements further strengthen alignment with the evolving structure of the investable market.

3.4 Product Expansion in the USD Market

In this section, we introduce the U.S. Total Fixed Income Market Index (TOTALFI Index): a natural extension of Bloomberg's benchmark family designed to capture a broader share of the investable U.S. dollar bond universe than the U.S. Aggregate and U.S. Universal alone. TOTALFI builds on the Universal Index by incorporating TIPS, leveraged loans, treasury variable-rate notes, govt related, corporate and ABS floating-rate notes market value weighted. The additional ABS and CMBS securities arising from forthcoming market expansions will also be added once go live in 2026. These enhancements reflect the growing size and relevance of these markets, as well as clear investor demand for benchmarks that more fully represent the opportunity set.

The rationale for these inclusions is straightforward. TIPS introduce explicit inflation sensitivity, providing a systematic way to measure real-rate exposure alongside traditional nominal sectors. Loans and floating-rate notes add rate-resetting cash flows that can mitigate duration risk and help portfolios navigate environments characterized by higher policy rates or curve inversion. Importantly, each segment is incorporated using the same disciplined eligibility, pricing, and analytics framework that underpins Bloomberg's flagship indices, preserving investability and replicability.

Exhibit 7: Market Value Composition of the US Agg, Universal and Total Index in Trillions as of Aug 2025.



Source: Bloomberg Index Research

Exhibits 7 and 8 compare sector coverage across the Agg, Universal, and the Total index specifications. A constant remains the concentration of the U.S. bond market: Treasuries, agency MBS, and investment-grade corporates still account for the lion's share of each index's outstanding debt as of Aug 2025. While the Universal and Broad indices bring in additional sectors, their benchmark weights remain comparatively modest. Even so, high yield corporates (about US\$1.4 trillion), TIPS (about US\$1.5 trillion), and loans (about US\$1.4 trillion) are each significant markets in isolation and warrant representation in the overall universe. Their inclusion measurably broadens the index's economic footprint and enhances diversification particularly in regimes where traditional

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benchmark sectors are under pressure, such as inflation shocks or rising-rate cycles (where floaters and loans can stabilize interest-rate exposure). 8.9% of the composition of the Total Index is split between TIPS and Floating rate instruments as Exhibit 8 shows.

Exhibit 8: From The Agg to The Universal to The Total Fixed Income Index

		MV Weights as of 08/2025		
	Sector	US Agg	Universal	Total Index
TSY & Gov-Related	Treasury	45.4%	38.8%	35.4%
	TIPS	-	-	3.7%
	Govt Related	4.3%	3.7%	3.3%
Securitized	Agency MBS	24.5%	20.9%	19.1%
	ABS & CMBS	1.9%	1.7%	1.4%
Corp & EM	Corporate IG	23.8%	20.4%	18.5%
	144A IG	-	6.7%	6.1%
	EuroDollar	-	1.4%	1.3%
	Corporate HY	-	4.1%	3.7%
	EM HY	-	2.5%	2.3%
Floating Rate	Loans	-	-	3.6%
	FRNs	-	-	1.6%

Source: Bloomberg Index Research

As of 08/2025, broadening the universe from the U.S. Agg to Universal and then to the Total Index nudges yields higher from (4.44% → 4.64% → 4.72%), and average coupon from 3.60 → 3.84 → 3.89 while modestly trimming rate sensitivity (OAD 5.94 → 5.71 → 5.38). Average quality steps down from AA2/AA3 to AA3/A1, consistent with greater exposure to non-government and securitized segments as Exhibit 9 shows.

Exhibit 9: Characteristics of The Agg, the Universal & The Total Fixed Income Index

		Characteristics as of 08/2025		
		US Agg	Universal	Total Index
Yield To Worst		4.44%	4.64%	4.72%
OAD		5.94	5.71	5.38
OAS		0.30%	0.54%	0.62%
Quality		AA2/AA3	AA3/A1	AA3/A1
Coupon		3.60	3.84	3.89

Source: Bloomberg Index Research

Positioned alongside the existing suite, the U.S. Total Fixed Income Index plays a complementary role to Bloomberg's core benchmarks. The U.S. Aggregate serves as the policy anchor for core 1Y+ fixed-rate exposure; the Universal extends coverage across investment-grade and high-yield sectors; and the Total FI index adds inflation-linked and floating-rate segments to deliver a more holistic representation of the investable market. For asset owners and managers, this creates a flexible toolkit: investors can continue to measure core beta against the Agg while using the Total index as a broader reference portfolio or overlay: benefiting from wider coverage without compromising on the clarity, governance, and investability that define Bloomberg indices.

Exhibits 10 and 11 compare the Bloomberg U.S. Agg, the U.S. Universal, and the TOTALFI index across a long sample (2000-2025) and the recent five-year period (2020-2025). In both horizons, TOTALFI delivers higher returns with equal or lower historical volatility

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than the Agg. Since 2000, with a yield advantage of 46 bps over the US Agg, it compounds at 4.19% per year versus 3.93% (for the Agg), with slightly lower volatility (4.0% vs. 4.2%), a higher Sharpe ratio (0.53 vs. 0.45), a shallower maximum drawdown (-15.6% vs. -17.2%), a higher yield (4.13% vs. 3.67%), and a shorter duration (4.8y vs. 5.1y). In particular, the new segments added to the Agg such as FRN and Loans exhibit near 0 duration while providing higher yield/spread typically.

Exhibit 10: From Agg to Universal to Total Index (2000-2025)

Since 2000	Total Index	Universal	US Agg
Annualized Returns	4.19%	4.19%	3.93%
Volatility	4.00%	4.10%	4.20%
Sharpe Ratio	0.53	0.52	0.45
Drawdown	-15.60%	-16.80%	-17.2%
Avg Yield	4.13%	4.05%	3.67%
Avg Duration	4.8Y	5.0Y	5.1Y

Source: Bloomberg Index Research

The pattern is even clearer in the most recent period: from 2020-2025, TOTALFI returned 0.51% annually versus -0.07% for the Agg, again with lower volatility (6.0% vs. 6.3%), higher starting yield (3.74% vs. 3.31%), and shorter duration (5.6y vs. 6.2y). These results reflect the advantages of the added sectors: Loans and floating-rate notes reset with policy rates, mitigating duration drag when curves are inverted or rates rise quickly. TIPS introduce explicit inflation linkage, supporting real returns during inflation shocks. Together, these segments broaden sources of carry and harness the generally offsetting behavior of rate moves and spread changes, which historically has resulted in smoother total returns over this period especially during the rapid tightening of 2022.

The Universal index, by design, sits between the Agg and TOTALFI. Over the past five years, its performance² lands roughly midway between the two; over the full 25-year window, its annualized return is similar to the TOTALFI, with small differences in yield, duration, and drawdown. The recent edge for TOTALFI is most pronounced in the recent macro environment setting: rapid tightening, elevated policy rates, and an inverted curve—conditions that echo prior regimes where rate-sensitive sectors also tended to help.

Exhibit 11: From Agg to Universal to Total Index (2020-2025)

Since 2020	Total Index	Universal	US Agg
Annualized Returns	0.51%	0.25%	-0.07%
Volatility	6.00%	6.20%	6.3%
Sharpe Ratio	-0.38	-0.41	-0.45
Drawdown	-15.60%	-16.80%	-17.2%
Avg Yield	3.74%	3.66%	3.31%
Avg Duration	5.6Y	5.9Y	6.2Y

Source: Bloomberg Index Research

Exhibit 11 (median monthly returns by macro backdrop) provides further color. When 10-year yields rise, TOTALFI's median monthly return (-0.42%) is less negative than both the Agg (-0.47%) and the Universal (-0.44%), highlighting the benefit of the FRN/loan sleeve in rate-up environments. When spreads tighten, TOTALFI again leads (0.34% vs. 0.32% Universal and 0.14% Agg), reflecting its greater exposure to credit carry. In falling-rate regimes, the Universal has a slight edge (1.15% vs. 1.14% TOTALFI and 1.12% Agg) thanks to more duration than TOTALFI. During spread-widening and low-inflation periods, the Agg often fares best (0.66% and 0.44%, respectively), consistent with its higher Treasury weight and longer duration.

² Past performance is not indicative of future results.

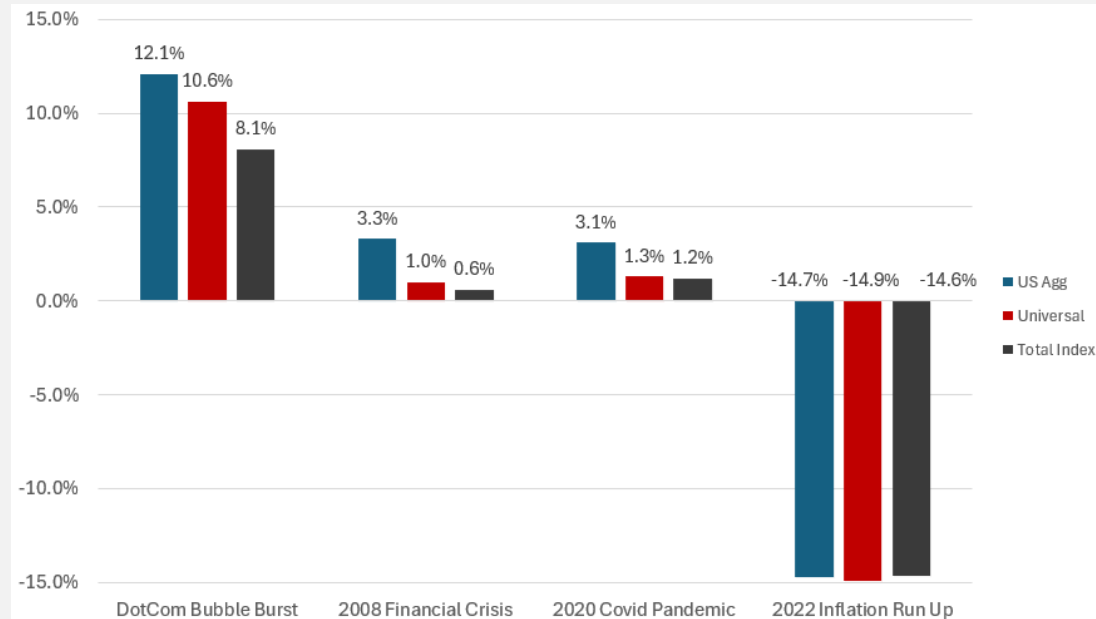
Exhibit 12: Conditional Median monthly performance of the three indices

2000-2025	Median Monthly Return in %		
	US Agg	Universal	Total Index
Rising 10Y Yield	-0.47	-0.44	-0.42
Falling 10Y Yield	1.12	1.15	1.14
Widening Spreads	0.66	0.43	0.39
Tightning Spreads	0.14	0.32	0.34
High Inflation (CPI>4%)	0.33	0.32	0.33
Low Inflation (CPI<2.5%)	0.44	0.4	0.37

Source: Bloomberg Index Research (Past performance is not indicative of future results).

Exhibit 13 (behavior during major equity drawdowns) underscores the complementary roles within the Bloomberg suite. In classic risk-off episodes followed by falling rates, such as the dot-com bust, the Global Financial Crisis, and the initial COVID shock, the Agg provided the strongest ballast, reflecting its longer duration and larger Treasury allocation. In the 2022 inflation run-up, when both stocks and bonds struggled, TOTALFI was modestly less negative than the Agg and Universal, aided by its floaters, loans, and TIPS. Together, these results suggest a practical pairing: the Agg remains the anchor and most effective equity hedge when duration rallies, while TOTALFI adds resilience in higher-rate, inflationary, or rising-rate regimes.

Exhibit 13: Performance Comparison during Equity Drawdown periods



Source: Bloomberg Index Research

5. Conclusion

This study confirms that Bloomberg's indices capture the core of the global bond market with depth and rigor, while also identifying sensible avenues for expansion. Flagship benchmarks, most notably the Bloomberg U.S. Aggregate and the U.S. Universal, already provide comprehensive, rules-based coverage of the largest and most liquid segments of fixed-rate markets and serve as policy anchors, widely relied upon for asset allocation, performance evaluation, and risk budgeting.

At the same time, the analysis highlights clear opportunities to broaden representation where investor demand has grown: short-maturity instruments, floating-rate securities and select securitized subsectors. Bloomberg has been moving decisively on these fronts: introducing dedicated 0-1 year indices, expanding leveraged-loan coverage, and advancing methodologies in ABS and CMBS. The proposed TOTALFI index is the natural next step. By systematically incorporating TIPS, loans, Treasury variable-rate notes, corporate FRNs, and forthcoming ABS/CMBS expansions, TOTALFI offers a fuller, yet still investable, view of the opportunity set. It adds inflation linkage, rate-resetting cash flows, and broader sources of carry without compromising transparency, liquidity, or replicability.

Taken together, these enhancements strengthen Bloomberg's position as the global leader in fixed-income indexing. The Aggregate continues to serve as the reference benchmark for core 1Y+ exposure; the Universal extends breadth across investment-grade and high-yield markets; and TOTALFI complements them with inflation-linked and floating-rate sectors that have recently improved portfolio resilience in higher-rate, flat/inverted-curve environments. For investors, that means benchmarks that are not only representative and robust, but also practical building blocks for portfolio construction. As the bond market evolves, Bloomberg's indices are well positioned to evolve in step, preserving the clarity and governance users expect while expanding coverage where it adds the most value.

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