

# Multiverse Index

The Bloomberg Multiverse Index provides a broad-based measure of the global fixed-income bond market. The index represents the union of the Global Aggregate Index, the Global High-Yield Index, the Euro Treasury High Yield Index, and captures EM Local Currency Debt not already included in the Global Aggregate Index. The Multiverse Index family includes a wide range of standard and customized subindices by sector, quality, maturity, and country. The Multiverse Index was created on January 1, 2001, with index history backfilled to January 1, 1999.

## Rules for Inclusion

### Quality

Investment grade, high yield and unrated securities are permitted. Securities are rated using the middle rating of Moody's, S&P and Fitch; 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:

- Local currency treasury and hard currency sovereign issues are classified using the middle issuer level rating 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 properly classify split-rated issuers.
- A limited number of unrated Emerging Markets High Yield Index securities are included in the Global High Yield Index. To be eligible they must have previously held a high yield rating or have been associated with a high yield issuer.
- Unrated subordinated securities are included if a subordinated issuer rating is applicable.
- German Pfandbriefe are assigned ratings that are one full rating category above the issuer's unsecured debt.

For CAD-denominated securities, DBRS is included in addition to Moody's, S&P and Fitch. When there are four ratings, the highest and lowest ratings among the four are eliminated, and then the lower of the two remaining ratings is used to assign an index rating. If fewer than four ratings are available for a given security, the existing methodology using three or fewer ratings will be employed.

### Maturity

- At least one year until final maturity, regardless of optionality.
- MBS must have a weighted average maturity of at least one year. CMBS and ABS must have a remaining average life of at least one year.
- 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.

- Amount Outstanding**
- 200mn: GBP
  - 300mn: USD\*, EUR, CHF, AUD
  - 150mn: CAD
  - 500mn: NZD, SGD
  - 35bn: JPY
  - 2bn: DKK, HKD, ILS, MYR, NOK, PLN, TRY, ZAR
  - 2.5bn: SEK
  - 20bn: PHP, RUB
  - 10bn: MXN, CZK, THB
  - 1bn: ARS, BRL, PEN, RON
  - 1trn: COP
  - 2trn: IDR
  - 200bn: HUF
  - 500bn: KRW
  - 5bn: CNY
  - 100bn: CLP

\*CMBS and ABS securities must belong to a deal with a minimum aggregate transaction size of 500mn. For MBS pass-throughs, 1bn.

The minimum liquidity criteria for the Global High-Yield Index component are as follows:

- 50mn: GBP
- 150mn: USD
- 100mn: CHF, EUR
- 500mn: NOK
- 1bn: SEK

For EM Hard Currency Aggregate securities, USD500mn/EUR500mn/GBP350mn minimum par amount outstanding

**Market of Issue** Publicly issued in the global and local markets.

**Seniority of Debt** Senior and subordinated issues are included.

<b>Security Types</b>	Included	Excluded
	<ul style="list-style-type: none"> <li>● Nominal bonds, including treasury bills</li> <li>● Fixed-rate coupon bonds</li> <li>● Original issue zero coupon and underwritten MTN</li> <li>● Enhanced equipment trust certificates (EETC)</li> <li>● Certificates of deposit</li> <li>● Fixed-rate and fixed-to-float (including fixed-to-variable) capital securities</li> </ul>	<ul style="list-style-type: none"> <li>● Inflation-linked securities</li> <li>● Sinkable Russian OFZ bonds issued prior to 2009</li> <li>● Retail bonds</li> <li>● Private Placements</li> <li>● STRIPS</li> <li>● Illiquid securities where reliable pricing is unavailable</li> </ul>

## Rebalancing Rules

<b>Frequency</b>	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.
<b>Index Changes</b>	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 Universes 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.
<b>Reinvestment of Cash Flows</b>	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.
<b>New Issues</b>	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

<b>Sources &amp; Frequency</b>	All index-eligible bonds are priced on a daily basis by Bloomberg's evaluated pricing service, BVAL, except CHF-denominated bonds, which are priced by SIX, and JPY-denominated corporates, which are priced by JSDA.
<b>Timing</b>	<p>Prices are snapped at the following times:</p> <ul style="list-style-type: none"> <li>• North American currency bonds: 4pm (New York time) for USD-denominated securities; 5pm (Tokyo time) for Asia HY USD-denominated securities; 4pm (Toronto time) for CAD-denominated securities; 4pm (New York time) for ARG,BRL,CLP,COP,MXN &amp; PEN-denominated securities. USD-denominated bonds prior to January 14, 2021 used 3pm New York time pricing snap.</li> <li>• EMEA: 4:15pm (London time); 4pm (London time) for CHF-denominated securities.</li> <li>• Asian currency bonds: 5pm (Sydney time) for AUD-denominated and NZD-denominated securities; 3pm (Tokyo time) for JPY-denominated securities; 5pm (Shanghai time) for CNY-denominated securities; 5pm (Tokyo time) for all other securities.</li> </ul> <p>If the last business day of the month is a public holiday in a major regional market, prices from the previous business day are used to price bonds in the particular market.</p>
<b>Bid or Offer Side</b>	Bonds in the index are priced on the bid side. The initial price for new corporate issues entering the index is the offer side; after the first month, the bid price is used. Japanese, Euro, and Sterling treasury bonds use mid prices.
<b>Settlement Assumptions</b>	T+1 calendar day settlement basis for all bonds except MBS, which are priced for Public Securities Association (PSA) settlement in the following month and discounted back to same-day settlement. 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 currencies are published for the Multiverse 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 Multiverse Index is a multi-currency index that is generated every business day of the year except for January 1, the only holiday common to all regional calendars. During holidays observed by local markets, the index will be generated using prices from the previous business day. FX rates are updated daily using WM Reuters 4pm (London) rates. FX forwards are also sourced from WM Company.

## Accessing Index Data

### Bloomberg Terminal®

Bloomberg benchmarks are the global standard for capital markets investors.

- 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](http://www.bloomberg.com/indices))

The index website makes available limited index information including:

- 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**

LF93TRUU: Total Return USD Unhedged

**Index Licensing**

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- Mutual Funds
- Separately Managed Accounts (SMAs)

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