

**S&P International Corporate
Bond Index
*Methodology***

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Introduction

The S&P International Corporate Bond Index is an index of non-U.S. dollar, publicly traded corporate bonds issued by non-U.S., investment grade issuers. The index is designed to measure the performance of international corporate securities from the perspective of U.S. investors. The index is calculated in U.S. dollars.

This methodology was created by S&P Dow Jones Indices to achieve the aforementioned objective of measuring the underlying interest of each index governed by this methodology document. Any changes to or deviations from this methodology are made in the sole judgment and discretion of S&P Dow Jones Indices so that the index continues to achieve its objective.

Highlights

The index measures the performance of corporate bonds issued in G10-ex US\$ currencies -- Australian dollars (A\$), British pounds (£), Canadian dollars (C\$), euros (€), Japanese yen (¥), New Zealand dollars (NZ\$), Norwegian kroner (NOK), Swedish kronor (SEK) and Swiss francs (SFr). The index is constructed from Eurobonds and global bonds issued in euros and British pounds, and domestic corporate bonds denominated in Australian dollars, Canadian dollars, Japanese yen, New Zealand dollars, Norwegian kroner, Swedish kronor and Swiss francs.

Index constituents are weighted by their respective market values in U.S. dollars, are subject to a currency cap, and the weights are rebalanced monthly. In addition, the index undergoes an annual rebalancing each September.

Index Production

Prior to October 1, 2012 the index was generated and published under an agreement between S&P Dow Jones Indices and Credit Suisse.

Eligibility Criteria

Eligibility Factors

Annual Reconstitution. Any security dropped during the annual reconstitution is ineligible for index inclusion until the subsequent annual reconstitution.

Issuer. The issuer must be a non-U.S. Corporation, as defined in data sources as non-U.S. with regard to *Country of Risk*. Government, Government Agencies, State or any other Public debt, and Corporate debt with a government or any other public guarantee are excluded. The country of risk must be a *Developed Country* as classified by the Bank for International Settlements (BIS) in its international debt securities statistics (www.bis.org/statistics/secstats.htm) and a *Developed Market* under S&P Dow Jones Indices' Country Classification (www.spdji.com). This definition is reviewed in conjunction with the Annual Rebalancing. As of the 2017 Annual Rebalancing, the following countries are eligible:

- North America: Canada
- EMEA: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Israel, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom
- Asia Pacific: Australia, Hong Kong, Japan, New Zealand, South Korea, Singapore

Currency. Only non-U.S. dollar G10 currency denominated bonds are eligible.

Maturity. Each bond must have a maturity greater than one year from the last business day of the new month of inclusion. Bonds must be of bullet maturity with no embedded optionality (no callable, puttable, or sinking fund structures). Make-whole bonds are included as they do not have scheduled call dates and the redemption feature is not interest rate driven.

Rating. Each index constituent must be rated by either Standard & Poor's or Moody's. The minimum credit rating for inclusion is BBB- or Baa3, respectively. Thus, only investment-grade issues are included. For an issue rated by both S&P and Moody's, the lower of the two ratings is used to determine the issue's credit rating for the purpose of these indices.

Non-rated issues are not included in the index except for tapped issues. For tapped issues, a rating requirement is applied to the seasoned issues. Thus, even if a tapped issue is not rated by either S&P or Moody's, it may still be included in the index until the date when the tapped issue becomes funged into the seasoned issue.

Coupon. Only fixed-rate, non-zero coupon bonds are eligible. Fixed rate bonds with step-up coupons are excluded.

Collateral Types. Covered bonds or bonds secured by mortgages, such as Pfandbriefe issues, are excluded from the index.

Market of Issue. Bonds issued through private placements are excluded from the index.

Data Source. Terms and conditions data is provided by Thomson Reuters.

Pricing. Each issue must be priced by Interactive Date Corp. (IDC) as of the Rebalancing Reference Date. Mid side pricing at 3:00 PM ET is used to price the eligible bonds.

Size. At the monthly index rebalancing, each bond must meet a minimum currency-level issuance outstanding threshold. These size thresholds reflect what is “reasonably available” for institutional investors under normal market circumstances. The current thresholds are in the table below. These are subject to change depending upon market conditions.

Currency	Minimum Size
AUD (A\$)	A\$ 1 bn
CAD (C\$)	C\$ 1 bn
CHF (SFr)	SFr 1 bn
EUR (€)	€1 bn
GBP (£)	£500 mn
JPY (¥)	¥150 bn
NOK	NOK 1 bn
NZD (NZ\$)	NZ\$ 1bn
SEK	SEK 1 bn

Index Construction

Index Calculations

The weighting of each bond is based on its outstanding market value, which is set at the monthly rebalancing. In addition, exposure to a single currency is capped at 50% at each monthly rebalancing.

The weight of a bond is first calculated by dividing the bond's outstanding index market value by the eligible universe's total outstanding index market value, with all figures being converted to U.S. dollars using spot foreign exchange rates as of the monthly rebalancing reference date. The aggregated weight for each currency is then calculated. If the aggregated weight for a currency is more than 50%, the weighting of each bond in this currency is modified by multiplying the initial weight by the ratio (50%/aggregated weight). This results in a modified aggregated weight for this currency of 50%. The excess weight above the 50% cap is distributed to the remaining currencies proportionately by each currency's aggregated weight.

The total return is calculated by aggregating the interest return, reflecting the return due to paid and accrued interest, and price return, reflecting the gains or losses due to changes in the end-of-day price and principal repayments.

S&P International Corporate Bond DCR Index. In the Domestic Currency Return (DCR) version of the S&P International Corporate Bond Index, we calculate the percentage change in each security price, weight the percentage changes by the security's weight in the index at the start of the period, and then combine the weighted price changes to calculate the index price change for the time period. Refer to S&P Dow Jones Indices' Index Mathematics Methodology for additional details regarding the DCR calculation.

For further details regarding index calculations please refer to S&P Dow Jones Indices' Fixed Income Index Mathematics Methodology available on our Web site, www.spdji.com.

Index Maintenance

Rebalancing

Indices are reviewed and rebalanced in accordance with their stated schedule. The Index Committee, nevertheless, reserves the right to make adjustments to an index at any time that it believes appropriate.

Additions, deletions and other changes to the index arising from the rebalancing are made provided the security's reference information and pricing are available by designated pricing and data providers on the rebalancing reference date. Changes to the index are published on the announcement date and become effective on the rebalancing date. Information related to the rebalancing is obtained and disseminated after the close of business.

Annual Reconstitution	
Rebalancing Date	Last business day of September (T)
Announcement Date	T minus 3
Reference Date	T minus 4

Monthly Rebalancing	
Rebalancing Date	Last day of the rebalancing period (T)
Announcement Date	T minus 3
Reference Date	T minus 4

All days reflect after the close and count business days

Yield. At the annual rebalancing, if there are more than 10 eligible bonds for any of the single currencies, the lowest yielding 25% of the eligible universe are removed from the currency. The number of bonds that are subject to removal is rounded down to the nearest integer. For example, if there are 22 bonds in the eligible universe, the lowest yielding 25% of the universe equals $22 \times 25\% = 5.5$. Rounding this number, 5.5, down to the nearest integer is 5. Therefore, the five lowest yielding bonds would be removed from the universe.

Ongoing Maintenance

The indices are also reviewed on an ongoing basis to account for the following:

- When an index bond is in default or misses an interest payment, the price reported by the pricing source is used. However, the Index Committee may determine that the bond be removed from the index at a different price and may specify a price of 0.00. The decision of the Index Committee is final.
- If an index bond is no longer priced by the pricing source, the last available price is used. However, the Index Committee may determine that a different price be used. The decision of the Index Committee is final. For clarity, index bonds that are no longer priced by the pricing source fail to meet the pricing eligibility factors and are removed at the next rebalancing date. If the bond is priced for at least one of the five business days prior to the rebalancing announcement date, the bond remains in the index. Otherwise, it is removed from the index at the subsequent rebalancing date.

Exchange Rate

WM/Reuters foreign exchange rates are taken daily at 04:00 PM London time and used in the calculation of the non-U.S. dollar versions of the indices. These mid-market fixings are calculated by the WM Company based on Reuters' data and appear on Reuters pages WMRA.

Base Dates and History Availability

Index history availability, base dates and base values are shown in the table below.

Index	Launch Date	First Value Date	Base Date	Base Value
S&P International Corporate Bond Index	5/21/2010	12/31/2009	12/31/2009	100
S&P International Corporate Bond NTR Index	09/28/2012	09/28/2012	09/28/2012	119.1464.

Index History

Monthly history from January 31, 2001 through December 31, 2009 was constructed from the historical returns of the non-public sectors of the following existing Credit Suisse indices: the CS Liquid Eurobond (LEI) sub-indices in Euro and Sterling, the CS Liquid Japanese Corporate Bond Index (LJCI) and the CS Liquid Swiss Index (LSI). Constant weights of 50%, 25%, 20% and 5% were applied to the LEI-Euro, LEI-GBP, LJCI and LSI, respectively, throughout the historical calculation period.

Index Governance

Index Committee

S&P Dow Jones Indices' Fixed Income Index Committee maintains the index. All members of the Committee are full-time professionals at S&P Dow Jones Indices. Meetings are held whenever deemed appropriate.

The Index Committee oversees the management of the indices, including determinations of intra-rebalancing changes, maintenance and inclusion policies, and other matters affecting the maintenance and calculation of the indices.

In fulfilling its responsibilities, the Committee has full and complete discretion to (i) amend, apply, or exempt the application of index rules and policies as circumstances may require and (ii) add, remove, or by-pass any bond in determining the composition of an index.

The Committee may rely on any information or documentation submitted to it or gathered by it that the Committee believes to be accurate. The Committee reserves the right to reinterpret publicly available information and to make changes to the index based on a new interpretation of that information at its sole discretion. All S&P Fixed Income Index Committee discussions are confidential.

For information on Quality Assurance and Internal Reviews of Methodology, please refer to S&P Dow Jones Indices' Fixed Income Policies & Practices document located on our Web site, www.spdji.com.

Index Policy

Announcements

Announcements of any relevant information pertaining to the S&P International Corporate Bond Index and related sub-indices are made after market close. Press releases are posted on the S&P Dow Jones Indices' Web site at www.spdji.com.

Holiday Schedule

The S&P International Corporate Bond Index and related sub-indices are calculated daily, throughout the calendar year, with the exception of December 25th (Christmas Day) and January 1st (New Year's Day).

A complete holiday schedule for the year is available on S&P Dow Jones Indices' Web site at www.spdji.com.

Rebalancing

The index committee may change the date of a given rebalancing for reasons including market holidays occurring on or around the scheduled rebalancing date. Any such change will be announced with proper advance notice where possible.

End-of-Day Calculation

Index levels are calculated at the end of each business day, via S&P Dow Jones Indices' Web site. This may be subject to change.

Recalculation Policy

For information on the recalculation policy please refer to S&P Dow Jones Indices' Fixed Income Policies & Practices document located on our Web site, www.spdji.com.

For information on Calculations and Pricing Disruptions, Expert Judgment and Data Hierarchy, please refer to S&P Dow Jones Indices' Fixed Income Indices Policies & Practices document located on our Web site, www.spdji.com.

Contact Information

For questions regarding an index, please contact: index_services@spglobal.com.

Index Dissemination

Index levels are available through S&P Dow Jones Indices' Web site at www.spdji.com, major quote vendors (see codes below), numerous investment-oriented Web sites, and various print and electronic media.

Tickers

Index	Return Type	Ticker
S&P International Corporate Bond Index	Total Return	SPBDICBT
	Net Total Return	SPBDICBN
S&P International Corporate Bond DCR Index	Total Return	SPBDICBR

FTP

Daily stock level and index data are available via FTP subscription.

For product information, please contact S&P Dow Jones Indices, www.spdji.com/contact-us.

Web site

For further information, please refer to S&P Dow Jones Indices' Web site at www.spdji.com.

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