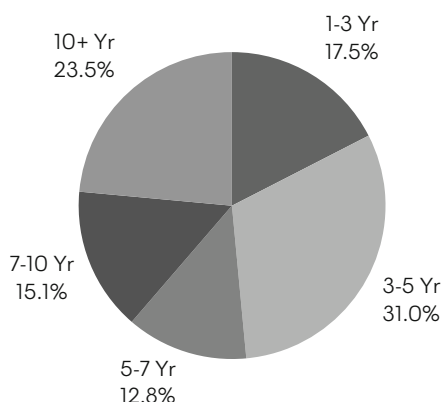


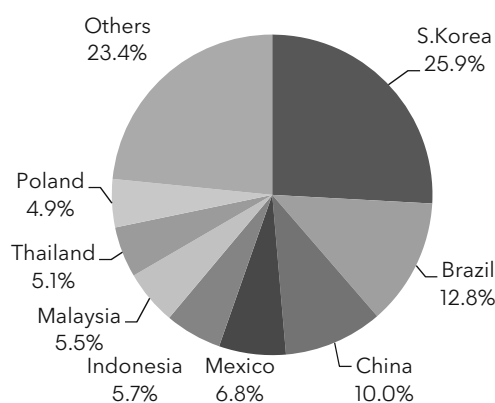
EM Local Currency Government + China 10% Capped Index

The Bloomberg Barclays EM Local Currency Government + China 10% Index is a combination of the flagship EM Local Currency Government Index and the Treasury component of the China Aggregate Index. The index limits China’s exposure to a maximum of 10% and redistributes the excess market value index-wide on a pro-rata basis. Eligibility for the EM Local Currency Government Index is rules-based and is reviewed annually using World Bank income group, International Monetary Fund (IMF) country classifications and additional considerations such as market size and investability. This index is created in April 2017 with index history back filled to July 1, 2008.

Maturity Composition (MV %) - as of March 31, 2017



Currency Composition (MV%) - as of March 31, 2017



Rules for Inclusion

EM Country Definition

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:

- 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.

Country Eligibility

In addition to being defined as an Emerging Market under Bloomberg Barclays EM country definition, inclusion in the EM Local Currency Government Index is also based on market size and an evaluation of market investability. As of February 2017, eligible countries include:

- Asian-Pacific: China, Indonesia, Malaysia, Philippines, S. Korea, Thailand
- Europe/Middle East/Africa: Czech Republic, Hungary, Israel, Poland, Romania, Russia, S. Africa, Turkey
- Latin America: Brazil, Chile, Colombia, Mexico, Peru

China is subject to a cap of 10% in USD terms. Any excess weight is reallocated iteratively among the remaining markets on a pro-rata basis.

Minimum Market Size

Total internal debt outstanding > 1 year to maturity of at least USD5bn equivalent.

Sector

Treasury issues only.

Currency

Principal and coupons must be denominated in the native currency of the issuer. Globally settled bonds that are denominated in native currency, but settle in USD are eligible.

Rules for Inclusion

Quality	<ul style="list-style-type: none"> Investment grade, high yield and unrated securities are permitted. Local currency treasury bonds are classified using the middle issuer level rating of Moody's, S&P and Fitch for all outstanding bonds, even if bond-level ratings are unavailable. 	
Amount Outstanding	Fixed local currency minimums set for each market: <ul style="list-style-type: none"> 1bn: BRL, PEN, RON 2bn: TRY, ILS, MYR, PLN, ZAR 10bn: CZK, MXN, THB 20bn: RUB, PHP 200bn: HUF 500bn: KRW 1trn: COP 2trn: IDR 5bn: CNY 	
Coupon	Fixed rate coupon only.	
Maturity	At least one year until final maturity for new and continuing issues, regardless of optionality.	
Security Type	Included <ul style="list-style-type: none"> Nominal bonds, including treasury bills Fixed-rate coupon bonds 	Excluded <ul style="list-style-type: none"> Inflation-linked, floating-rate issues and global depository notes Sinkable Russian OFZ bonds issued prior to 2009 Retail bonds Illiquid securities where reliable pricing is unavailable
Market of Issue	Publicly issued in the global and local markets.	

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. 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 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.
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.
EM Country List	EM country list is evaluated once a year during the Bloomberg annual index governance process.
Country Capping Methodology	All countries that exceed 10% of the market value of the uncapped EM Local Currency Government + China Index are limited at 10%. The excess market value over the 10% cap will be redistributed on a pro rata basis to all countries' bonds in the index that are under the 10% cap. The process is repeated until no country exceeds the 10% limit. For example, a country that represents 11% of the uncapped index will have 1% of the index's market value redistributed to each bond from all countries under the 10% cap on a pro rata basis. The 10% country cap is applied each month as the index is rebalanced.

Pricing and Related Issues

Sources & Frequency	All index-eligible bonds are priced on a daily basis by Bloomberg's evaluated pricing service, BVAL, and third-party pricing sources.
Pricing Quotes	Bonds are quoted as a percentage of par.
Timing	<ul style="list-style-type: none"> Latin America: Reuters 3pm (New York time) Europe/Middle East/Africa: BVAL 4:15pm (London time) Asia-Pacific: BVAL 5pm (Tokyo time) <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>
Bid or Offer Side	Bonds in the index are priced on the ask side the first month they enter the index and are quoted on bid side starting in the following month.
Settlement Assumptions	<ul style="list-style-type: none"> T+1 calendar day settlement basis. 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 using input from various sources.
Calendar	The EM Local Currency Government + China 10% Capped 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.

Monthly Returns in USD Unhedged, 2008-2017 (%)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2008	—	—	—	—	—	—	4.17	-3.68	-6.14	-9.56	-3.42	9.34	-10.06
2009	-6.40	-5.84	6.42	6.63	4.21	0.15	3.68	-0.04	3.73	1.01	2.17	-0.22	15.57
2010	-0.20	1.22	3.47	1.51	-4.91	0.72	4.14	0.55	5.32	1.05	-3.51	2.55	12.03
2011	-0.45	0.85	2.59	3.97	-0.39	0.73	1.31	0.43	-8.90	5.77	-2.99	-0.82	1.36
2012	5.49	2.03	-1.60	0.54	-5.27	4.11	2.20	0.21	2.25	1.01	0.82	1.89	14.11
2013	0.57	0.17	-0.30	2.68	-4.93	-3.31	0.43	-2.42	3.74	2.05	-2.61	0.09	-4.12
2014	-2.83	2.68	1.68	1.52	2.21	1.33	-0.84	0.99	-3.94	1.06	-1.43	-3.00	-0.86
2015	1.20	-1.24	-2.25	2.67	-2.25	-0.76	-2.74	-3.46	-1.62	3.71	-1.85	-1.01	-9.41
2016	-0.33	0.55	7.84	1.45	-4.47	4.93	1.50	0.18	1.28	-1.72	-5.92	0.20	4.85
2017	2.74	1.96	1.37	—	—	—	—	—	—	—	—	—	6.19

Accessing Index Data

Bloomberg Professional® service	<p>Bloomberg benchmarks are the global standard for capital markets investors.</p> <ul style="list-style-type: none"> • INDEX<Go> – The Bloomberg Indices landing page is a dashboard for index-related information on the terminal. Find daily and monthly index returns for key indices from each index family as well as index publications including methodologies, factsheets, monthly reports, updates and alerts. • 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. • 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. • DES<Go> – The index description page provides transparency into an individual index including membership information, aggregated characteristics and returns, and historical performance.
Bloomberg Indices Website (www.bloombergindices.com)	<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	<p>Index subscribers may choose to receive index data in files. Files may include:</p> <ul style="list-style-type: none"> • 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	I32799

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