Markit iBoxx USD Liquid High Yield High Beta Index

The Markit iBoxx USD Liquid High Yield High Beta index consists of liquid USD high yield bonds with an above average sensitivity to market fluctuations.

The Markit iBoxx USD Liquid High Yield High Beta Index (the “Index”) is a rules-based index consisting of the historically lower beta portion of U.S. dollar-denominated, high yield corporate bonds derived from constituents of the Markit iBoxx USD Liquid High Yield index (the “Parent index”). The term “beta” refers to the sensitivity of the index to fluctuations in the general high yield corporate bond market.

Bonds in the Parent Index are grouped by sector; bonds with yields above each sector’s weighted median yield are included in the Index. The approach is based on the conclusion that higher yielding bonds tend to have a higher beta. The Index is designed to represent the higher yielding, more credit sensitive portion of the high yield corporate bond market. The Parent Index is a modified market-value weighted index with a cap on each issuer of 3%. The Index is market-value weighted according to each bond’s capped market value in the Parent Index.

The Markit iBoxx USD Liquid High Yield High Beta Index has been designed to provide a suitable basis for tradable products including Exchange Traded Funds (ETFs).

**Transparency**
Publicly available documentation on rules-based methodology used for constituent selection, monthly rebalancing and daily total return calculations, with freely accessible index levels.

**Flexibility**
Ability to customise and deliver standard indices to meet specific investment criteria.

**Multi-dimensional analysis**
Wide range of analytical values is published to support performance measurement and attribution analysis.

**Depth of data**
Index history dates back to 31st October, 2006.

**Independent**
IHS Markit uses an independent, multi-source pricing subject to rigorous quality testing with a fully documented price challenge process. This is complemented by IHS Markit reference data.
Index details

The inclusion criteria of the parent index are:

**Bond types**
- **Eligible:** Fixed coupon bonds, step-up bonds with coupon schedules known at issuance (or as functions of the issuer’s rating), bonds with sinking funds, medium-term notes (”MTNs”), Rule 144A offerings, callable and putable bonds, callable perpetuities.
- **Excluded:** Preferred shares, convertibles, bonds with other equity features attached (e.g., options/warrants), perpetual bonds, floating rate notes, optionally and mandatory convertible bonds, subordinated bank or insurance debt with mandatory contingent conversion features or with any conversion options before the first call date is ineligible for the index, pay-in-kind bonds (during the pay-in-kind period), zero coupon bonds, zero step-ups, non-callable perpetuities, regulation S offerings

**Issuer domicile**
- **Europe:** Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom.
- **North America:** United States, Canada, Bahamas, Bermuda, Cayman Islands, Netherlands Antilles.
- **Asia-Pacific:** Australia, Japan, New Zealand.

**Minimum time to maturity** 1 year
**Amount outstanding** $400 m or more
**Time to maturity at issuance** 15 years or less

**Rating** All bonds need to have an average rating that is sub-investment grade. Ratings from Fitch Ratings, Moody’s Investor Service and Standard & Poor’s Rating Services are considered. If more than one agency provides a rating, the average rating is attached to the bond.

**Issuer size** $1 bn or more
**Issuer Cap** 3 percent
**Lockout period** 3 months
**Minimum run** 6 months
**Pricing sources** Multi-sourced pricing provided by IHS Markit Evaluated Bond Pricing
**Calculation frequency** Once a day, approximately 16.00 EST/EDT
**Rebalancing** Monthly in accordance with the rules available on [http://www.markit.com/Documentation/Product/Markit iBoxx](http://www.markit.com/Documentation/Product/Markit iBoxx)

**Base date** October 31, 2006
**Bond weighting** Market capitalization based on the parent index

Markit iBoxx Sector Weight as of May 31, 2017

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