iBoxx USD Corporates 1-20 Yield Plus Index

The iBoxx USD Corporates 1-20 Yield Plus index is designed to reflect the performance of the higher-yielding USD corporate bond market.

Eligible bonds need to have an investment grade rating upon inclusion and can remain in the index as long as the average rating is BB- or better. The minimum time to maturity for bonds to be considered for the index is 1 year, the maximum is 20 years.

Bond Selection

Eligible bonds are ranked by the average benchmark spread observed over seven days prior to rebalancing. The index aims to represent highest yielding third of the USD corporate bond market. The sub-investment grade portion is limited to a maximum of 20% of the market value.

Risk Mitigation

A sector cap of 50% per economic sector ensures a viable diversification across different industries. Subordinated bonds are constrained to a maximum market value of 20%. The weight of bonds with a large exposure to emerging market countries is curtailed to 20%.

The index design enables the investor to take advantage of yield opportunities in the USD corporate bond market whilst limiting the exposure to single industries, emerging markets and subordination.

Transparency

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

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.

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 August, 2009.
Inclusion criteria

### Bond types

**Eligible:**
- Fixed coupon bonds
- Callable and putable bonds
- Step-ups and event-driven bonds such as rating-driven or registration-driven bonds
- Fixed-to-floater hybrid bank/insurance capital bonds
- Senior fixed-to-float bonds issued by banks with a call option up to 2 years prior to maturity
- Perpetual callable hybrid bank/insurance bonds
- Financial subordinated debt with a contingent conversion feature at the point of non-viability, in line with the capital adequacy requirements of Basel III
- Secured bonds:
  - Secured bonds issued by insurance companies
  - First mortgage bonds/first priority security interest
  - Secured bonds issued by an SPV with known cash-flows

**Excluded:**
- Floating Rate Notes
- Zero coupon bonds and zero-coupon step-up bonds
- Fixed to floater bonds issued by non-financial issuers
- Fixed to floater senior bonds issued by non-banking financial issuers
- Convertibles
- Inflation and other index-linked bonds
- Bonds cum or ex-warrant
- Bonds whose complete coupons are paid at maturity, as they are similar to zero-coupon bonds with only one cash flow
- New bonds entering the index that have already been called prior to rebalancing
- Optionally and mandatory convertible bonds
- Subordinated bank or insurance debt with mandatory contingent conversion features that are based on an observable trigger
- Amortizing bonds and sinking funds with fixed sinking schedules

### Minimum time to maturity

1 year

### Amount outstanding

$\geq$ 500 million

### Rating

Minimum average rating of BB- based on
- Fitch Ratings
- Moody’s Investor Service
- S&P Global Ratings

### Currency

USD

### Rebalancing frequency

Quarterly

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More information on IHS Markit products and services

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