FTSE RUSSELL
An LSEG Business

# FTSE US High-Yield Choice Bond Index

Credit | US Dollar

The FTSE US High-Yield Choice Bond Index (US HY Choice) provides a broad measure of the US Dollar-denominated high-yield markets with a rules-based methodology for defining how the products and conduct of a company impact society and the environment. The index covers cash-pay, deferred-interest securities, and debt issued under Rule 144A in unregistered form and sub-indices are available in any combination of industry sector, maturity, and rating.

The US HY Choice measures the performance of the FTSE US High-Yield Market Index (US HYM) after excluding issuers involved in Vice Products (Adult Entertainment, Alcohol, Cannabis, Gambling, Tobacco), Non-Renewable Energy (Nuclear Power, Fossil Fuels), and Weapons (Controversial Weapons, Conventional Weapons, Small Arms). Issuers are also excluded based on Controversial Conduct.

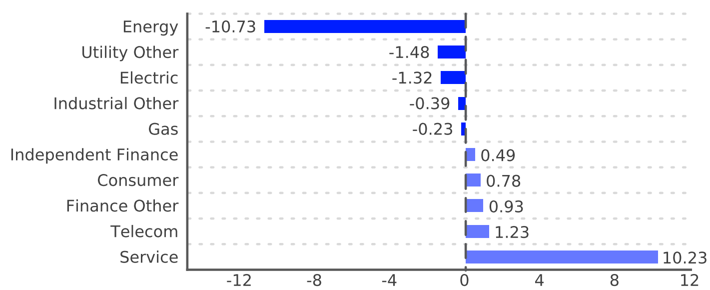
## INDEX PROFILE

| Description | # of Issues | Par Amount* | Market Value* | Market Weight (%) | Average Coupon (%) | Average Life (Years) | Yield to Maturity (%) | Effective Duration |
|---|---|---|---|---|---|---|---|---|
| US HY Choice | 1,174 | 900.77 | 866.40 | 100.00 | 6.27 | 4.57 | 7.77 | 3.21 |
| Cash Pay | 1,145 | 879.32 | 846.71 | 97.73 | 6.22 | 4.56 | 7.71 | 3.21 |
| Deferred Interest | 29 | 21.44 | 19.69 | 2.27 | 8.40 | 5.03 | 10.25 | 3.07 |
| BB | 637 | 465.63 | 457.75 | 52.83 | 5.55 | 4.82 | 6.33 | 3.49 |
| B | 388 | 307.63 | 304.78 | 35.18 | 7.18 | 4.51 | 7.88 | 2.93 |
| CCC | 149 | 127.51 | 103.87 | 11.99 | 6.68 | 3.83 | 13.77 | 2.77 |
| 1-3 Years | 270 | 207.68 | 200.45 | 23.14 | 5.90 | 2.17 | 8.11 | 1.60 |
| 3-5 Years | 515 | 386.70 | 369.83 | 42.69 | 6.34 | 4.03 | 7.94 | 2.96 |
| 5-7 Years | 256 | 219.15 | 211.66 | 24.43 | 6.38 | 5.96 | 7.40 | 4.10 |
| 7-10 Years | 101 | 72.99 | 72.96 | 8.42 | 6.64 | 7.80 | 6.88 | 5.32 |
| 10+ Years | 32 | 14.25 | 11.50 | 1.33 | 6.07 | 16.69 | 8.38 | 9.51 |
| Finance | 153 | 103.76 | 103.50 | 11.95 | 6.36 | 4.60 | 7.01 | 3.15 |
| Industrial | 961 | 746.43 | 715.79 | 82.62 | 6.21 | 4.54 | 7.76 | 3.23 |
| Utility | 60 | 50.57 | 47.11 | 5.44 | 6.91 | 5.00 | 9.54 | 3.01 |
| Canada & US | 1,098 | 834.12 | 803.95 | 92.79 | 6.26 | 4.59 | 7.68 | 3.20 |
| US HYM | 1,805 | 1,350.36 | 1,308.90 | 100.00 | 6.54 | 4.65 | 7.85 | 3.22 |

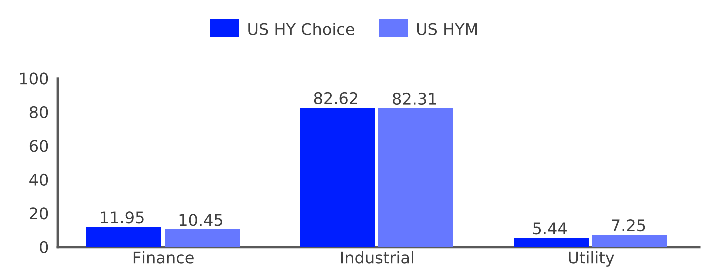
* In USD billions

## COMPARATIVE ANALYSIS OF MARKET WEIGHT (in %)

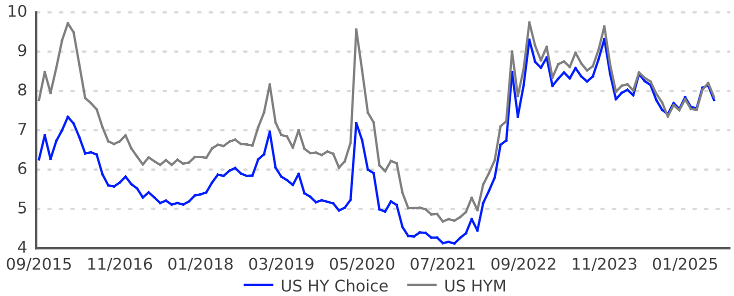
### Top Underweights and Overweights (US HY Choice) - (US HYM)



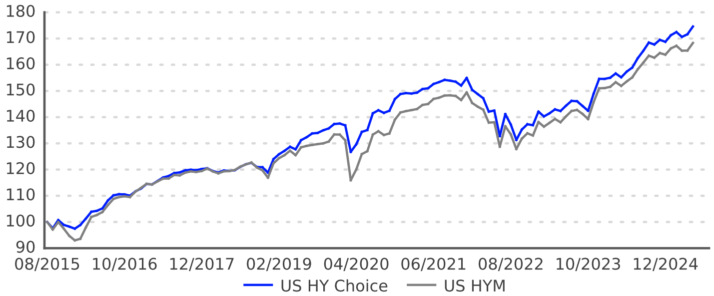

### Corporate - Industry



## HISTORICAL YIELD TO MATURITY




## HISTORICAL INDEX LEVEL (in USD)




## ANNUALIZED RETURNS (in %)

| | US HY Choice | | | | | | | | US HYM | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | USD | | EUR | | GBP | | JPY | | USD | | EUR | | GBP | | JPY | |
| | Unhgd | Hgd | Unhgd | Hgd | Unhgd | Hgd | Unhgd | Hgd | Unhgd | Hgd | Unhgd | Hgd | Unhgd | Hgd | Unhgd | Hgd |
| YTD* | 3.48 | 3.48 | -5.62 | 2.76 | -3.90 | 3.55 | -5.00 | 1.71 | 2.75 | 2.75 | -6.28 | 2.08 | -4.57 | 2.85 | -5.66 | 1.03 |
| 1 Year | 10.95 | 10.95 | 6.10 | 9.07 | 4.75 | 10.80 | 1.88 | 5.50 | 9.58 | 9.58 | 4.78 | 7.75 | 3.45 | 9.47 | 0.62 | 4.25 |
| 3 Years | 7.00 | 7.00 | 4.96 | 4.74 | 4.62 | 6.14 | 11.18 | 1.43 | 6.83 | 6.83 | 4.79 | 4.58 | 4.45 | 5.99 | 11.00 | 1.30 |
| 5 Years | 5.38 | 5.38 | 4.95 | 3.53 | 3.56 | 4.65 | 11.72 | 1.77 | 5.98 | 5.98 | 5.55 | 4.12 | 4.16 | 5.25 | 12.36 | 2.38 |
| Since US HY Choice Inception | 5.88 | 5.88 | 5.74 | 3.83 | 7.32 | 4.87 | 7.80 | 3.04 | 5.49 | 5.49 | 5.35 | 3.42 | 6.92 | 4.42 | 7.39 | 2.67 |

* Not annualized

## DESIGN CRITERIA AND CALCULATION METHODOLOGY

| | |
|---|---|
| Universe: | FTSE US High-Yield Market Index |
| Coupon: | Fixed-rate, including zero-coupon and fixed-to-float bonds |
| Currency: | USD |
| Minimum Maturity: | At least one year<br>Fixed-to-floating rate bonds are removed one year prior to the fixed-to-floating rate start date. |
| Minimum Issue Size: | USD 250 million |
| Maximum Quality: | BB+ by S&P and Ba1 by Moody's |
| Minimum Quality: | C by S&P and Ca by Moody's (excludes defaulted bonds) |
| Weighting: | Market capitalization |
| Rebalancing: | Once a month at month end |
| Reinvestment of cash flows: | Intra-month cash flows from interest and principal payments are not reinvested as part of monthly index total return calculations. |
| Pricing: | LSEG Pricing Service |
| Calculation Frequency: | Daily |
| Settlement Date: | Monthly – Settlement is on the last calendar day of the month.<br>Daily – Same day settlement except if the last business day of the month is not the last calendar day of the month; then, settlement is on the last calendar day of the month. |
| Base Date: | August 31, 2015 |

## VENDOR CODES

SBHYCBL FTSE US High-Yield Choice Bond Index, in USD terms