

# FTSE Corporate Investment Grade (Treasury Rate-Hedged) Index

Credit | US Dollars

The FTSE Corporate Investment Grade (Treasury Rate-Hedged) Index is a US Dollar-denominated index that measures the performance of investment-grade corporate debt. The index consists of a long position in investment-grade corporate bonds and a duration-matched short position in US Treasury bonds. The investment-grade portion of the index includes the more liquid, cash-pay bonds.

Each issuer is limited to 3% of the market value of the investment-grade corporate position of the index. The index's short position in US Treasury securities is constructed using three US Treasury securities corresponding to the 10-Year US Treasury Note Futures, US Treasury Bond Futures, and Ultra US Treasury Bond Futures contracts to approximate the maturity distribution of the overall index.

The index's short position in US Treasury securities is designed to hedge the duration and yield curve exposure of the long position in the investment-grade bonds in the FTSE Corporate Investment Grade (Treasury Rate-Hedged) Index. This approach seeks to mitigate the potential negative impact of rising US Treasury interest rates on the performance of investment-grade bonds. Conversely, the approach may limit the potential positive impact of falling interest rates.

## INDEX PROFILE

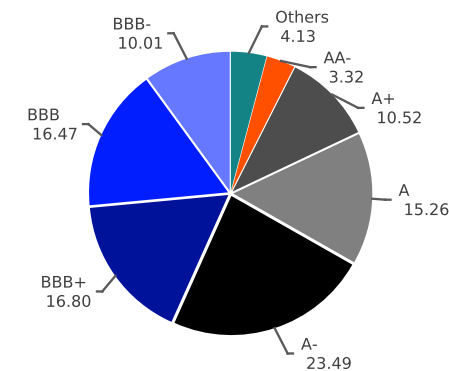
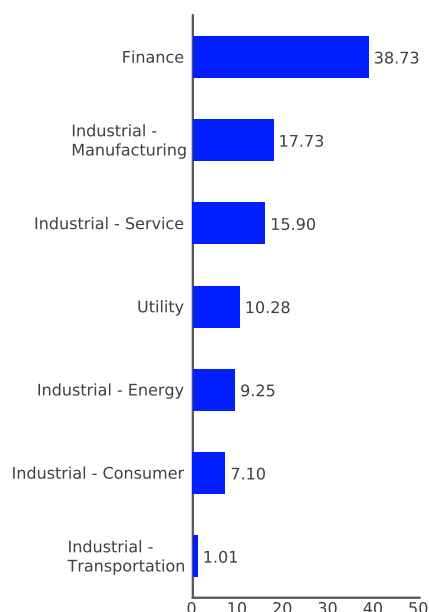
Description	# of Issues	Effective Duration (Years)	Average Life (Years) <sup>1</sup>	Average Credit Rating <sup>1</sup>	Average Coupon (%) <sup>1</sup>	Yield to Maturity (%)
Index <sup>2</sup>	218	-0.013	-	-	0.74	6.65
Investment-Grade	214	9.665	15.033	BBB+	5.1	5.61
US Treasury	3	9.678	13.63	AA+	4.63	4.45
Cash <sup>3</sup>	1	-	-	-	-	5.51

<sup>1</sup>Market weighted averages.

<sup>2</sup>Methods for calculating statistics for the Corporate Investment-Grade (Treasury Rate-Hedged) Index where the suffixes IG, TSY, CASH represent Investment Grade, US Treasury, and Cash Collateral components respectively.

<sup>3</sup>Cash represents proceeds from the short position in US Treasury securities. Returns on cash are based on the 1 month term repo rate provided by the Citi Finance desk.

## INDUSTRY AND QUALITY COMPOSITION (Market Weight %)



**Index Quality:** Index quality is defined to be the rating assigned by Standard and Poor's Financial Services LLC ("S&P") when it exists. If a bond is not rated by S&P but it is rated by Moody's Investor Service, Inc. ("Moody's"), the S&P equivalent of the Moody's rating is assigned. If a bond is split-rated, that is rated investment grade by S&P or Moody's and high yield by the other, index quality is taken to be S&P equivalent of the investment grade rating.

## HISTORICAL INDEX LEVEL (Unhedged)



ANNUALIZED RETURNS (in %)

	USD
YTD*	3.67
1 Year	11.27
3 Years	4.78
5 Years	4.47
Since Inception	4.82

\* Not annualized

DESIGN CRITERIA AND CALCULATION METHODOLOGY

Coupon:	Fixed-rate, fixed-to-floating rate and zero coupon
Currency:	USD
Minimum Maturity:	At least five and a half years
Minimum Issue Size:	The outstanding amount of an issue must total at least USD 1 billion in order to be considered eligible for inclusion.
Minimum Quality:	An index quality is assigned to each index bond each month. The quality is first mapped to the S&P rating. If a bond is not rated by S&P but it is rated by Moody's, the S&P equivalent of the Moody's rating is assigned to the index quality. Minimum rating: BBB- by S&P or Baa3 by Moody's
Composition:	Excludes putables, callables, PIKs, zero-coupons, step-coupons, maturities greater than 35 years, and 144A.
Weighting:	Market capitalization prior to applying any capping constraints for diversification
Issuer Cap:	Market weight per corporate issuer to be less than or equal to 3% of the market value of the investment-grade corporate position of the index.
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:	For investment-grade corporate: Refinitiv bid-side 4:00 p.m. (New York) For the US Treasuries: Refinitiv bid-side 3:00 p.m. (New York)
Calculation Frequency:	Daily
Settlement Date:	Monthly – Settlement is on the last calendar day of the month. 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:	October 31, 2008

VENDOR CODES

CFIIGHG FTSE Corporate Investment Grade (Treasury Rate-Hedged) Index

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