



iBoxx AUD Corporates Yield Plus Mid Price Index Guide

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1 iBoxx AUD Corporates Yield Plus Mid Price Index

The iBoxx AUD Corporates Yield Plus Mid Price Index is designed to reflect the performance of higher-yielding AUD denominated corporate bonds with an iBoxx average rating between BB and AAA. The index is rebalanced quarterly but monitored to comply with the rating and maturity criteria on a monthly basis. The index is market-value weighted with an issuer cap of 5%. The index is an integral part of the global Markit iBoxx index families, which provide the marketplace with accurate and objective indices by which to assess the performance of bond markets and investments.

All iBoxx indices are priced based on multiple data inputs. The iBoxx AUD Corporates Yield Plus Mid Price Index uses multi-source prices as described in the document *Markit iBoxx Pricing Rules* publicly available on www.ihsmarkit.com. Additionally, the index rules and their application will be governed by an Index Oversight Committee.

This document covers the index structure, rules and calculation methodology.

1.1 Index governance

In order to ensure the independence and the objectivity of the iBoxx AUD Corporates Yield Plus Mid Price Index, the index rules and their enforcement will be governed by an Index Oversight Committee, in line with the governance structure for the main iBoxx index families.

1.1.1 Oversight committee

The Oversight Committee is comprised of representatives from a broad range of asset managers, consultants and industry bodies. The purpose of this committee is to review the recommendations made by IHS Markit and also to provide consultation on any market developments which may warrant rule changes.

1.2 Publication of the index

The index is calculated as end-of-day and distributed once daily. The index is calculated every day of the week except on common Australian bank holidays. On Australian holidays the index is being calculated with prices from the previous business day. In addition, the index is calculated with the previous trading day's close on the last calendar day of each month if that day is not a trading day. Index data and bond price information is also available from main information vendors.

Bond and index analytical values are calculated each trading day using the daily closing prices. Closing index values and key statistics are published at the end of each business day in the indices section on www.ihsmarkit.com for registered users.

2 Bonds selection rules

The following selection criteria are used to determine the index constituents:

- Bond Type
- Credit Rating
- Time to Maturity
- Amount Outstanding
- Market of Issue
- Issuer Type
- Minimum Run
- Bond Selection Procedure

2.1 Bond type

The iBoxx AUD Corporates Yield Plus Mid Price Index only include only AUD denominated bonds. The following bond types are eligible for the index:

- Fixed coupon bonds (“plain vanilla bonds”)
- Step-ups
- Event-driven bonds, such as rating- or tax-driven bonds, with a maximum of one coupon change per period
- Covered bonds
- Callable and puttable bonds
- Certificates of Deposit (CD)

The following bond types are specifically excluded from the indices:

- Zero coupon bonds
- Sinking funds and amortizing bonds
- Floating rate notes and other fixed-to-floater bonds
- Perpetuals
- 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.
- Collateralized Debt Obligations (CDOs) and bonds collateralized by CDOs
- Retail bonds. The list of retail bonds is updated every month and published on www.ihsmarkit.com under News & Information
- Private placements. The list of private placements is updated every month and published on www.ihsmarkit.com under News & Information. Partial private placements where information on the specific amounts publicly placed and privately placed can be ascertained are included in the

indices with the amount publicly placed. If the amount publicly placed is below the cut-off, the bond is not included in the indices.

- Bonds with differences between accrual and coupon payment periods and monthly-paying bonds.

For retail bonds and private placements, publicly available information is not always conclusive and the classification of a bond as a retail bond or a private placement will be made at IHS Markit's discretion based on the information available at the time of determination. IHS Markit may consult with the specific Index Advisory Committees to review potential retail bonds or private placements. Any bond classified as retail or private placement is added to the list of excluded private placements and retail bonds. The list is published on www.ihsmarkit.com under *Indices News* for future reference and to ensure decision's consistency.

2.2 Credit rating

The index covers bonds with an iBoxx Average Rating between AAA and BB.

Inception / New inclusion: All bonds in the Index must have an iBoxx Average Rating of investment grade when they enter the index.

Downgrades / Upgrades: A bond rated investment grade that is downgraded to an iBoxx Average Rating of BB will remain in the Index as long as it meets all other index criteria in Section 2. Bonds with an iBoxx Average Rating below BB are removed from the index at the month end following the downgrade.

The weights of bonds with an iBoxx Average Rating of BB cannot exceed 20% of the iBoxx AUD Corporates Yield Plus Mid Price Index at any rebalance date.

Ratings from the following three credit rating agencies are considered for the calculation of the Rating:

- Fitch Ratings
- Moody's Investor Service
- S&P Global Ratings

Investment grade is defined as BBB- or higher from Fitch Ratings and S&P Global Ratings and Baa3 or higher from Moody's Investor Services. If a bond is rated by more than one of the above agencies, then the iBoxx rating is the average of the provided ratings. The rating is consolidated to the nearest rating grade. Rating notches are not used. For more information on how the average rating is determined, please refer to the *iBoxx Rating Methodology* document. The methodology can be found on www.ihsmarkit.com under *Methodology*.

2.3 Time to maturity

At inclusion in the index, bonds need to comply with a minimum and maximum expected remaining life rule. For new bonds that are considered for inclusion, the minimum time to maturity is 2 years at the

rebalancing date. The maximum expected remaining life allowed is 10 years. Bonds already included in the index are subject to a minimum time to maturity of 1.25 years at every rebalancing date.

The expected remaining life is expressed in years and calculated as follows:

- For plain vanilla bonds, the expected remaining life of the bond is its time to maturity, calculated as the number of days between the last calendar day of the current month and its maturity
- For dated and undated callable financial hybrid capital bonds, the workout date is assumed to be the first call date.
- For non-financial hybrid capital bonds with an interest rate reset, the workout date is assumed to be the first reset date.
- For soft bullets, the expected remaining life of the bond is its time to the expected maturity and not to its final maturity date

2.4 Amount outstanding

The outstanding face value of a bond must be greater than or equal to AUD 200 million as of the bond selection cut-off date.

2.5 Market of issue

Only bonds tradable in the Australian domestic market and clearable through Austraclear are eligible for the index.

2.6 Issuer type

The bonds issued by corporate credit (i.e., debt instruments backed by corporate issuers that are not secured by specific assets) are eligible for the index. Debt issued by foreign (i.e. non-Australian) governments or semi-governments are also eligible for inclusion. Supra-nationals, Australian Commonwealth Government bonds, Australian state governments and other Australian local authorities, Australian government backed or guaranteed entities are excluded from the index. For the purposes of selecting candidates for the index, an “issuer” is defined by the ticker (i.e., all bonds sharing a ticker are attributed to the same issuer).

2.7 Minimum run

Any bond that enters the index must remain in the index for a minimum period of one year provided it is still part of the index family and does not breach the bond selection rules detailed in section 2. For all other cases the rule for the minimum run period takes precedence over the other rules for the Index selection.

2.8 Bond selection procedure

2.8.1 Bond selection procedure at rebalance dates

At each quarterly rebalance date, the following selection rules are applied:

1. Rank all bonds with a Markit iBxx average rating of investment grade in the universe (iBxx AUD Corporates 1-10Y index [1]) by the average benchmark spread in descending order[2][3]. Out of the iBxx AUD Corporates 1-10Y ranked universe, select top half bonds (with the highest average benchmark spread), subject to a minimum of 100 bonds. Remove all new bonds [4] with a maturity below 2Y. This ranked selection will be referred to as the “Initial universe”. The starting Investment Grade (“IG”) universe of the iBxx AUD Corporates Yield Plus Mid Price Index will be composed of:
 - a. All bonds that are still within the minimum run period (independent of their benchmark spread level)
 - b. Bonds within the “Initial universe” that are outside the minimum run. These bonds are added one by one, in descending order of benchmark spread, with the bond with the highest benchmark spread added first. Bonds will be added until the total number of bonds in the starting Investment Grade universe reaches the number of bonds in the “Initial universe” described in the paragraph above.
2. In order to determine the sub-Investment Grade part of the index [5], consider all bonds that were in the iBxx AUD Corporates Yield Plus Mid Price Index at last month end and currently have an iBxx average rating below investment grade but are outside the minimum run period. These sub-IG bonds are ranked by the average benchmark spread in decreasing order and consider each bond individually, as follows:
 - a. A sub-IG bond that was in the iBxx AUD Corporates Yield Plus Mid Price Index prior to rebalancing may remain in the iBxx AUD Corporates Yield Plus Mid Price Index, as long as (i) it has more than 1.25 years outstanding maturity, (ii) it has a iBxx average rating of BB rating or better and (iii) it has an average benchmark spread greater than that of the bond with the lowest benchmark spread from the IG universe (excluding the IG bonds still in the minimum run).
 - b. In case conditions (i), (ii) and (iii) are all met, the sub-IG bond will be added to the sub-IG part of the index and the bond with the lowest benchmark spread of the Investment Grade universe will be removed from the index. If any of the conditions (i), (ii) or (iii) is not met, the sub-IG bond is removed from the iBxx AUD Corporates Yield Plus Mid Price Index.
 - c. Before each sub-IG bond is included in the index, the market-value-based weight of sub-IG bonds in the index is calculated and monitored. If the weight of sub-IG bonds in the index exceeds 20% after adding this sub-Investment Grade bond, the bond will be removed from the index and no further sub-Investment Grade bonds will be considered for the iBxx AUD Corporates Yield Plus Mid Price Index.
 - d. This process is reiterated (with the average benchmark spread of each considered sub-Investment Grade bond decreasing upon each iteration) until all bonds with a Markit iBxx

average rating below Investment Grade that were in the index prior to rebalancing have been analyzed (or condition c has been met).

3. The iBoxx AUD Corporates Yield Plus Mid Price Index universe after rebalancing will be composed of all the remaining bonds in the Investment Grade universe and the bonds added to the sub-Investment Grade part of the index determined in steps 1 and 2 above.

[1] iBoxx AUD Corporates 1-10Y index includes the bonds with a Markit iBoxx average rating of Investment Grade only.

[2] The benchmark spread is calculated as the spread above the Australian Commonwealth Government bond with the closest matching maturity.

[3] For the purpose of ranking described in section 2.8, the benchmark spread is calculated as the 10 business days average of the bond's benchmark spread, up to (and including) day t-3. If benchmark spread data is available for less than 10 business days, the average measure is calculated based on the available number of days, up to t-3. New bonds are ranked using the ask benchmark spread, while existing bonds are ranked based on mid benchmark spreads.

[4] All bonds in the iBoxx AUD Corporates 1-10Y index that were not in the iBoxx AUD Corporates Yield Plus Mid Price universe at the last month end.

[5] Note that at each rebalance date the sub-IG portion of the universe is initially considered to include only the sub-Investment Grade bonds that are still in the minimum run period and have an iBoxx Average Rating of BB. The remaining sub-Investment Grade bonds that were part of the iBoxx AUD Corporates Yield Plus Mid Price Index at last month end are considered individually, and gradually added to the sub-Investment Grade portion of the universe according to the criteria described in paragraphs a), b) and c)

2.8.2 Index monitoring

In between quarterly rebalance dates, the following index monitoring rules apply at each month end:

- Remove all bonds that have been downgraded to a Markit iBoxx average rating below BB.
- Remove all bonds with an amount outstanding below AUD 200 million.
- Remove all bonds with expected remaining life less than 1 year.
- Cash from coupons or liquidations due to removal rules is reinvested pro rata in all remaining bonds
- New issues are not taken into consideration until the next quarterly rebalance

2.8.3 Bond selection procedure at inception

At inception of the index, the iBoxx AUD Corporates Yield Plus Mid Price Index universe is constructed as follows:

- Rank all bonds in the iBoxx AUD Corporates IG 1-10 Years index universe by average benchmark spread in descending order. Out of the ranked universe, select the top half bonds (with the highest

spread), subject to a minimum of 100 bonds. If the iBoxx AUD Corporates IG 1-10 Years index universe consists of less than 100 bonds, select all bonds from the universe.

- Remove all bonds with a maturity below 2 years

3 Bond classification

All bonds are classified based on the principal activities of the issuer and the main sources of the cash flows used to pay coupons and redemptions. In addition, a bond's specific collateral type or legal provisions are evaluated. Hence, it is possible that bonds issued from different subsidiaries of the same issuer carry different classifications.

The issuer classification is reviewed regularly based on updated information received by IHS Markit, and status changes are included in the indices at the next rebalancing if necessary.

Where the sector classification of a specific entity is not very clear due to the diversified business of the entity, a decision will be made at IHS Markit's discretion. IHS Markit will assign the IHS Markit classification according to its evaluation of the business risk presented in the security prospectus and annual reports, if available. IHS Markit will also compare the classification to peers in the potential sectors, and IHS Markit may consult with the Index Advisory Committees. Membership lists including bond classifications are published on the FTP server and in the indices section of www.ihsmarkit.com for registered users.

3.1 Other governments

Bonds issued by a non-Australian government are considered as "Other Governments". In the classification schema these bonds are shown as a sub-group in the category "Semi-Governments & Sovereigns".

3.2 Semi-governments

Bonds issued by entities with explicit or implicit government backing due to legal provision, letters of comfort or the public service nature of their business. The issuer requires a strong central government ownership/relationship if its bonds are not explicitly guaranteed by the central government.

The five main semi-government sectors are:

- **Agencies:** Bonds issued by entities whose major business is to fulfill a government-sponsored role to provide public, non-competitive services (e.g. Kreditanstalt fuer Wiederaufbau). Often, such business scope is defined by a specific law, or the issuer is explicitly backed by the government. Agencies could be AU agencies or Non-AU agencies according to the domicile of issuer.
- **Public Banks:** Bonds issued by publicly owned and backed banks that provide regular commercial banking services (e.g. NV Bank Nederlandse Gemeenten).
- **Regions:** Bonds issued by local governments
 - > *AU Regions:* Bonds issued by state governments or special territories of Australia, including New South Wales Treasury Corporation, Queensland Treasury Corporation, South Australian Government Financing Authority, Treasury Corporation of Victoria, Western Australian Treasury

Corporation, Tasmanian Public Finance Corporation; as well as the Australian Capital Territory and Northern Territory Treasury Corporations.

- > *Non-AU Regions*: Bonds issued by regional government other than Australian region governments. E.g. Province of Manitoba Canada
- **Supranationals**: Bonds issued by supranational entities, i.e. entities that are owned by more than one central government (e.g. International Bank for Reconstruction and Development)
- **Other Semi-Governments**: All remaining bonds considered semi-government. There are three main types of bonds and issuers falling into this category:
 - > *Non-Financials*: A government backed issuer from a non-financial sector such as public utilities.
 - > *Guaranteed Financials*: A specific bond issued by a private sector financial institution that is irrevocably guaranteed by a government. Most of these bonds are issued under programs set-up after the 2008 financial crisis.
 - > Bonds issued by unguaranteed institutions with an irrevocable and explicit guarantee by a central government that covers amount and timeliness of all interest and principal payments until the maturity of the bond.

3.3 Covered bonds

Bonds which are secured by a general pool of assets in case the issuer becomes insolvent, in particular bonds conforming to the criteria specified in UCITS 22.4 or similar directives, e.g. CAD III. In addition, bonds with a structure affording an equivalent risk and credit profile that are considered by the market as covered bonds are also included in the iBoxx covered bond indices.

3.4 Corporates

Bonds issued by public or private corporations. Bonds secured by a 'floating charge' over some or all assets of the issuer are considered corporate bonds. Corporate bonds are further classified into Financials and Non-Financials bonds and then into their multiple-level economic sectors, according to the issuer's business scope. The category Guaranteed & Wrapped is added under Financials for corporate bonds whose timely coupon and/or principal payments are guaranteed by a special monoline insurer such as AMBAC or MBIA or through a letter of credit from a non-affiliated bank. The sector overview is shown in the tables below

Table 1: Overview of Markit iBoxx Corporate Sectors

	Economic Sector	Market Sector	Market Sub-Sector
Financials	Core Financials	Banks	Banks
		Insurance	Life Insurance
			Nonlife Insurance
	Financial Services	Financial Services	General Financial
			Equity Investment Instruments

	Economic Sector	Market Sector	Market Sub-Sector
			Nonequity Investment Instruments
		Insurance wrapped	*
		Guaranteed & Wrapped	*
	Real Estate	Real Estate	Real Estate Investment & Services
			Real Estate Investment Trusts
Non-Financials	Oil & Gas	Oil & Gas	Oil & Gas Producers
			Oil Equipment / Services & Distribution
	Basic Materials	Chemicals	Chemicals
		Basic Resources	Industrial Metals
			Mining
			Forestry & Paper
	Industrials	Construction & Materials	Construction & Materials
		Industrial Goods & Services	Aerospace & Defense
			Electronic & Electrical Equipment
			General Industrials
			Industrial Engineering
			Industrial Transportation
			Support Services
	Consumer Goods	Automobiles & Parts	Automobiles & Parts
		Food & Beverage	Beverages
			Food Producers
		Personal & Household Goods	Household Goods
			Leisure Goods
			Personal Goods
			Tobacco
	Health Care	Health Care	Pharmaceuticals & Biotechnology
			Health Care Equipment & Services
	Consumer Services	Retail	Food & Drug Retailers
			General Retailers
		Media	Media
		Travel & Leisure	Travel & Leisure
	Telecommunications	Telecommunications	Integrated Telecommunications

Economic Sector	Market Sector	Market Sub-Sector
		Wireless Telecommunications
Utilities	Utilities	Electricity
		Gas / Water & Multiutilities
Technology	Technology	Software & Computer Services
		Technology Hardware & Equipment

3.5 Additional classification

Corporate debt is further classified into senior and subordinated debt.

Hybrid capital issued by banking and insurance institutions is further detailed into the respective tiers of subordination.

The market information on the tier of subordination for insurance capital is often less standardized and clear than the equivalent issues by banks. In these cases, the classification is based on the maturity, coupon payment and deferral provisions of the bond from the offering circulars of the bonds. Table below displays the seniority classification of debt issued by both financial and non-financial sectors.

Table 2: Overview of seniority levels for Markit iBoxx Senior & Subordinated indices

Market Sector	Seniority Level 1	Seniority Level 2	Seniority Level 3
Bank	SEN	*	*
	SUB	T2 (post-Jan '13 issuances)	T2 callable
			T2 non-callable
			T2 (pre-Jan '13 issuances)
		LT2 callable	
		LT2 non-callable	
		UT2	
Insurance	SEN	*	*
	SUB	T1	*
		T2 perpetual	*
		T2 dated	T2 dated callable
		T2 dated	T2 dated non-callable
Non-Financial Sectors	SEN	*	*
	SUB	Other	Hybrid
			Non-Hybrid

3.6 Classification review procedure

The issuer classification is reviewed regularly and status changes are included in the indices at the next rebalancing.

4 Index calculation

4.1 Static data

Information used in the index calculation is sourced from offering circulars and checked against standard data providers.

FX spot and forward rates are sourced from WM Company. The daily index calculation uses the FX rates from 8am London time.

4.2 Bond prices

For more details please refer to the *Markit iBoxx Pricing Rules* document, available in the *Methodology* section of the iBoxx Documentation page on www.ihsmarkit.com.

4.3 Rebalancing process

The iBoxx AUD Corporates Yield Plus Mid Price Index is rebalanced quarterly on the last calendar day of February, May, August and November.

Starting from the 12th calendar day of the month (or the next business day in case of holiday/weekend) every day a preliminary membership list is published.

Two business days before the end of each rebalancing month, the rating and amount information for the constituents is updated and the list is adjusted for all rating and amount changes which are known to have taken place three business days before the end of the month which could also result in exclusion of the bond. However, if bonds become eligible into the index two business days prior to rebalancing because of rating and/or amount changes, they will be included.

Two business days before the end of the month the final index membership list for the following month is published at the close of business.

On the last business day of each month, IHS Markit publishes the membership list with the capped amount outstanding and closing prices of all bonds at the close of business.

4.4 Index data

The calculation of the index is based on mid prices. New securities are included in the index at their respective ask prices when they enter the index family. In the event that no price can be established for a particular security, the index continues to be calculated based on the last available price. This might be the case in periods of market stress, or disruption as well as in illiquid or fragmented markets. If the required inputs become impossible to obtain, IHS Markit may consult the specific Index

Advisory Committees at the following rebalancing date. Decisions are made publicly available on a timely basis and IHS Markit may refer back to previous cases.

On the last trading day of a rebalancing month, the rebalancing takes place after close of market.

4.5 Index weights

The iBoxx AUD Corporates Yield Plus Mid Price Index is market value weighted with restrictions on issuer, rating and sector.

Once the eligible bond universe has been defined, the weight for each bond is determined and an issuer cap of 5% is applied. A sector cap of 50% is also applied, with sectors defined according to the Economic Sector classification in section 3.4 above.

Bonds with iBoxx Average Rating of BB are limited to 20% of the market value weighted iBoxx AUD Corporates Yield Plus Mid Price Index.

All three capping conditions are applied at the rebalance date. The capped weights at rebalance dates are allowed to drift between quarterly rebalances, based on price/market movements.

4.6 Index calculus

For specific index formulas please refer to the *Markit iBoxx Bond Index Calculus* document, available in the *Methodology* section of the iBoxx Documentation page on www.ihsmarkit.com.

4.7 Treatment of the special intra-month events

Data for the application of corporate actions in the index may not be fully or timely available at all times, e.g. the final call prices for make-whole calls or the actual pay-in-kind percentage for PIK-payment options. In such cases, IHS Markit will estimate the approximate value based on the available data at the time of calculation.

4.7.1 Funged bonds

Bonds may be issued in several tranches. The different tranches are initially legally separate and therefore trade independently for a certain period. On and after the funge date, the tranches will be combined into one bond, i.e. the parent tranche will contain the original security, as well as the additional notional(s) from the new tranche(s). After the funge date, the prices for both the securities are the same, because they constitute one uniform bond. This is reflected in the indices as follows:

4.7.1.1 Parent and new tranche are both index constituents

- After the fudge date, the price from the parent tranche is used for the funged tranche; no price for the funged bond
- Funged tranche leaves the index at the next rebalancing and parent amount outstanding increases accordingly

4.7.1.2 Parent is an index constituent, but the new tranche is not

- No special intra-month treatment necessary
- Parent amount outstanding increases at the next rebalancing

4.7.1.3 Parent is not an index constituent but the new tranche is

- No special intra-month treatment necessary
- Funged tranche leaves the index; parent tranche enters the index at the next rebalancing

4.7.2 Full redemptions: exercised calls, puts and buybacks

If a bond is fully redeemed intra-month, the bond effectively ceases to exist. In all calculations, the redeemed bond is treated as cash based on the last price, the call price or repurchase price, as applicable. The redemption factor, redemption and the redemption price are used to treat these events in the index and analytics calculation. In addition, the clean price of the bond is set to the redemption price, and the interest accrued until the redemption date is treated as an irregular coupon payment.

4.7.3 Bonds trading flat of accrued

If a bond is identified as trading flat of accrued, the accrued interest of the bond is set to 0 in the total return index calculation and is excluded from the calculation of all bond and index analytical values.

Bonds will be considered trading flat of accrued in any of the following situations:

- a bond has been assigned a default rating and/or
- issuer has announced a failure to pay a coupon and/or
- issuer has announced an intention not to make a payment on an upcoming coupon (grace period).

4.7.4 Multi-coupon bonds

Some bonds have pre-defined coupon changes that lead to a change in the annual coupon over the life of the bond. In all instances, the coupon change must be a fixed amount on top of a fixed coupon, i.e. floating coupon bonds are not eligible for the indices. The two main categories of bonds are step-up bonds and event-driven bonds.

- **Step-up bonds:** These are bonds with a pre-defined coupon schedule that cannot change during the life of the bond. The coupon schedule is used in all bond calculations.
- **Event-driven bonds:** These are bonds whose coupon may change upon occurrence (or non-occurrence) of pre-specified events, such as rating changes, e.g. rating-driven bonds, failure to register a bond (register-driven bonds), or failure to complete a merger, (merger-driven bonds).

In the calculation of the indices and the analytics, the coupon schedule as of the calculation date is used. That is to say, any events occurring after the calculation date are ignored in the determination of the applicable coupon schedule. *Example of an event-driven bond:* A bond's rating changes on 31 December 2003 from A- to BBB+, and the coupon steps up from 6% to 6.25% from 1 March 2004 onward. The coupon dates are 1 October and 1 April each year. The correct coupon schedule for the bond and index calculations is date dependent. The index calculation on 20 December 2003 uses the 6% coupon for the whole life of the bond, while the calculation on 31 January 2004 uses a 6% coupon for the current coupon period to 29 February 2004, and a 6.25% coupon for all later interest payments. The index calculation on 20 March uses a 6% coupon until 29 February, a 6.25% coupon for the remainder of the current coupon period and a 6.25% coupon for all future coupon payments. The index calculation after 1 April uses a 6.25% coupon.

4.7.5 Ex-dividend conventions

Some markets have ex-dividend conventions. Ex-dividend means that the next coupon is detached from the bond several days in advance of the coupon payment date. The date on which the next coupon is detached is the ex-dividend date and the period between the ex-dividend date and the coupon payment date is the ex-dividend period. If a bond is in the ex-dividend period, the next coupon payment will not be paid to a buyer of this bond, but will be paid to the original bond holder.

The indices and analytics calculations take ex-dividend conventions into account. During the ex-dividend period, the accrued interest of the bond is negative, while the next coupon payment is held separate in the variable coupon adjustment. If the bond enters the index during the ex-dividend period, then the next coupon payment and the coupon adjustment will not accrue to the index. However, if the bond was already in the index, the next coupon payment needs to be included in the total return calculations. This is controlled via the ex-dividend indicator which is 0 if the bond enters the index during the current ex-dividend period and 1 if not. The same treatment is also applied to all analytics calculation, i.e. the first cash flow is excluded from the calculations if the bond enters during the current ex-dividend period.

4.8 Index history

The Index history starts on 30 November 2011. The index has a base value of 100 on that date.

4.9 Settlement conventions

All iBoxx indices are calculated using the assumption of T+0 settlement days.

4.10 Data publication and access

The table below summarizes the publication of iBoxx AUD Corporates Yield Plus Mid Price Index in the *Indices* section of the IHS Markit website www.ihsmarkit.com for registered users and on the FTP server.

Frequency	File Type	Access
Daily	Underlying file – Bond level	FTP Server/ Bloomberg
	Indices file – Index level	FTP Server / Bloomberg
Weekly	Preview components	FTP Server / IHS Markit website
Daily from the 12 th calendar day of the month (or the next business day in case of holiday/weekend)	Forwards	FTP Server / Bloomberg
Monthly	End of Month Components	FTP Server / Bloomberg

4.11 Index restatement

Index restatement follows the policy described in the *iBoxx Index Restatement Policy* document, available in the *Methodology* section of the iBoxx Documentation page on www.ihsmarkit.com.

4.12 Index review

The rules for the index are reviewed once per year during the annual index review process to ensure that the index provides a balanced representation of the local currency debt markets of the economies covered by the indices. Decisions made following the Annual Index Review will be published on www.ihsmarkit.com under *Indices News* shortly committee has been held. The publication will contain a detailed overview and timelines for implementation of the rules changes.

5 Changes to the iBovx AUD Corporates Yield Plus Mid Price Index

July 2020

Implementation of Annual Index Review 2019

- Introduction of updated corporate classification schema
- Implementation of updated Tier Classification
- Updates as part of the changes in definition and treatment of hybrid bonds

June 2020

Launch of the iBovx AUD Corporates Yield Plus Mid Price Index

6 Further information

Glossary of key terms

The Markit iBoxx Glossary document of key terms is available in the *Methodology* section of the iBoxx *Documentation* page on www.ihsmarkit.com.

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Formal complaints

Formal complaints can be sent electronically to our dedicated e-mail address complaints_indices@ihsmarkit.com.

For any general index enquiries, please contact iBoxx indices support group at indices@ihsmarkit.com.

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