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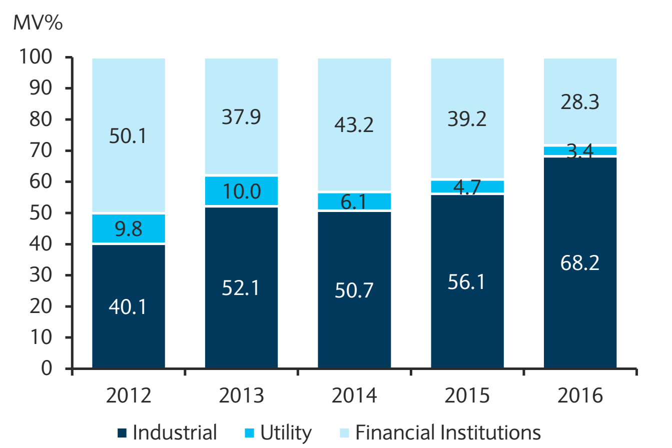
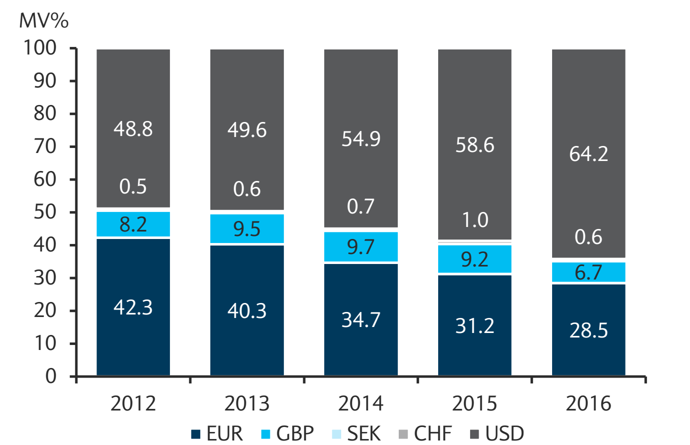
Global Corporate ex EM Fallen Angels 3% Issuer Capped Index

The Barclays Global Corporate ex EM Fallen Angels 3% Issuer Capped Index is designed to track the performance of corporate fallen angel bonds issued by developed market issuers. To be included in the index, securities must currently be rated high yield, while having been assigned an investment grade index rating either at issuance or at some point since its issuance. The index limits the exposure of each issuer to 3% of the total market value and redistributes any excess market value across the index on a pro rata basis. A sub-set of the Global High Yield Corporate Index, the Global Corporate ex EM Fallen Angels 3% Issuer Capped Index, was created in January 2016, with history backfilled to January 1, 2005.

Historical Composition by Sector (MV%) – Trailing 5 Years*



Historical Composition by Currency (MV%) – Trailing 5 Years*



Note: 2012-15 data as of each year-end; 2016 data as of April month-end. Source: Barclays Risk Analytics and Index Solutions

Rules for Inclusion	
Fallen Angel	Securities must currently be rated high yield, while having been assigned an investment grade index rating either at issuance or at some point since its issuance.
Sector	Corporate (industrial, utility and financial institutions) issuers.
Eligible Currencies	Principal and coupon must be denominated in one of the following currencies: USD, EUR, GBP, CHF, DKK, NOK, and SEK.
Eligible Countries	Emerging market issuers, as defined by *Barclays Benchmark Index Methodology*, are excluded.
Quality	Securities must be rated between B3/B-/B- and Ba1/BB+/BB+, using the middle rating of Moody's, S&P and Fitch; when a rating from only two agencies is available, the lower is used; when only one agency rates a bond, that rating is used.
Coupon	• Fixed-rate, pay-in-kind (PIK) and toggle notes are eligible. • Callable fixed-to-floating rate bonds are eligible during their fixed-rate term only. Bonds with a step-up coupon that changes according to a predetermined schedule are eligible.
Maturity	• At least one year until final maturity, regardless of optionality. • Bonds that convert from fixed to floating rate, including fixed-to-float perpetuals, will exit the index one year prior to conversion to floating rate.
Amount Outstanding	Fixed minimum issue sizes are set for all local currency markets: • US High Yield: USD150mn. • Pan-European High Yield: EUR150mn, GBP150mn, CHF150mn, DKK500mn, NOK500mn, SEK1bn.
Seniority of Debt	Senior and subordinated issues are included.

Rules for Inclusion (continued)	
Taxability	• Only fully taxable issues are eligible. • Dividend Received Deduction (DRD) and Qualified Dividend Income (QDI) eligible securities are excluded.
Market of Issue	• US High Yield: securities must be SEC-registered, SEC Rule 144A with or without registration rights. • Pan-European High Yield: securities must be publicly issued in the global and regional markets.
Security Types	**Included** • Bullet, putable, sinkable/amortizing and callable bonds • Original issue zero coupon bonds • Pay-in-kind (PIK) bonds and toggle notes • Fixed-rate and fixed-to-float (including fixed-to-variable) capital securities **Excluded** • Debt issued by emerging market issuers • Defaulted bonds • Contingent capital securities, including traditional CoCos and contingent write-down securities, with explicit capital ratio or solvency/balance sheet-based triggers • Bonds with equity type features (eg, warrants, convertibles, preferreds, DRD/QDI-eligible issues) • Partial pay-in-kind (PIK) bonds • Inflation-linked bonds, floating-rate issues • Private placements, retail bonds • Structured notes, pass-through certificates • Illiquid securities with no available internal or third-party pricing source

Rebalancing Rules	
Issuer Capping Methodology	Issuers that exceed 3% of the market value weight of the uncapped Global Corporate ex EM Fallen Angels Index are limited at 3%. The excess market value weight over the 3% cap will be redistributed on a pro rata basis to all other issuers' bonds in the index that are under the 3% cap. The process is repeated until no issuer exceeds the 3% limit. For example, an issuer that represents 4% of the uncapped index will have 1% of the index's market value weight redistributed to each bond from all issuers under the 3% cap on a pro rata basis. The 3% issuer cap is applied each month as the index is rebalanced.
Frequency	For each index, Barclays maintains two universes of securities: the Returns (Backward) and Statistics (Forward) Universes. The composition of the *Returns Universe* is rebalanced at each month-end and represents the fixed set of bonds on which index returns are calculated for the next month. The Statistics Universe is a forward-looking projection that changes daily to reflect issues dropping out of and entering the index but is not used for return calculations. On the last business day of the month (the rebalancing date), the composition of the latest Statistics Universe becomes the Returns Universe for the following month.
Index Changes	During the month, indicative changes to securities (credit rating change, sector reclassification, amount outstanding changes, corporate actions, ticker changes) are reflected daily in both the Statistics and Returns Universe of the index. These changes may cause bonds to enter or fall out of the Statistics Universe of the index on a daily basis, but will affect the composition of the Returns Universe at month-end only, when the index is next rebalanced.
Reinvestment of Cash Flows	Intra-month cash flows from interest and principal payments contribute to monthly index returns but are not reinvested at a short-term reinvestment rate between rebalance dates. At each rebalancing, cash is effectively reinvested into the returns universe for the following month so that index results over two or more months reflect monthly compounding.

Pricing and Related Issues	
Sources & Frequency	All index-eligible bonds are priced on a daily basis by a combination of third-party sources and Barclays market makers.
Pricing Quotes	Prices are quoted as a percentage of par.
Timing	• USD-denominated bonds: 3pm (New York time). • Pan-European currency bonds: 4:15pm (London time); 4pm (London time) for CHF-denominated securities. If the last business day of the month is a public holiday in a major regional market, prices from the previous business day are used to price bonds in the particular market.
Bid or Offer Side	Bonds in the index are priced on the bid side.
Settlement Assumptions	T+1 calendar day settlement basis. At month-end, settlement is assumed to be the first calendar day of the following month, even if the last business day is not the last day of the month, to allow for one full month of accrued interested to be calculated.
Verification	Daily price moves for each security are analyzed by the Barclays index pricing team. Index users may also challenge price levels, which are then reviewed and updated as needed using input from various sources.
Currency Hedging	Returns hedged to various currencies are published for multi-currency indices. Barclays' FX hedging methodology takes rolling one-month forward contracts that are reset at the end of each month and hedges each non-reporting currency-denominated bond in the index into the reporting currency terms. No adjustment is made to the hedge during the month to account for price movements of constituent securities in the returns universe of the index.
Calendar	The Global Corporate ex EM Fallen Angels 3% Issuer Capped Index is a global, multi-currency index. The USD-denominated portion follows the US holiday calendar, and the Pan-European portion follows the UK holiday calendar. When local or regional currency markets are on holiday, the index is still generated using prices from the previous business day of the affected market. FX rates are updated daily using WM Reuters 4pm (London) rates. FX forwards are also sourced from WM Company.

Annual Returns, 2006-2015 (%)

	USD		EUR		GBP		CHF	
Year	Unhedged	Hedged	Unhedged	Hedged	Unhedged	Hedged	Unhedged	Hedged
2006	10.70	9.57	-0.98	7.22	-2.90	9.16	2.53	5.59
2007	3.43	2.37	-6.71	1.02	1.69	2.81	-4.07	-0.67
2008	-22.52	-21.11	-18.50	-22.04	7.28	-21.28	-27.16	-22.79
2009	73.42	70.06	68.02	70.21	54.40	68.73	68.44	69.18
2010	11.52	13.98	19.26	13.02	15.02	13.59	0.55	12.92
2011	0.61	1.74	3.97	1.73	1.36	1.57	0.93	0.28
2012	27.58	26.62	25.62	25.85	21.97	26.45	24.88	25.42
2013	11.04	9.05	6.24	8.76	8.97	9.26	7.88	8.60
2014	2.12	7.39	16.29	7.22	8.48	7.63	14.10	6.94
2015	-4.49	-0.38	6.39	-0.80	1.04	-0.31	-3.78	-1.88

Source: Barclays Risk Analytics and Index Solutions

Accessing Index Data

Barclays Live
live.barclays.com (keyword: index)

- Daily index returns and statistics
- Historical index time series downloadable into Excel
- Standardized market structure reports
- Fully customizable views
- Index primers and shelf reference documents
- Latest Barclays Risk Analytics and Index Solutions (BRAIS) research publications

Barclays POINT®
Long Name: Global Corporate ex EM Fallen Angels 3% Issuer Capped

- Index level returns and statistics
- Historical index constituents
- Fully customizable market structure reports
- Index dynamics and turnover reports
- Portfolio upload/analysis
- Multi-factor Global Risk Model
- Portfolio performance attribution
- Portfolio optimization capabilities
- Automated batch processing

Bloomberg®
LEHM Index Tickers

- Current month returns and statistics
- Previous month returns and statistics
- Index Tickers:

  -BXFATRUU: Total Return Index Value
  - BXFAYW: Yield to Worst
  - BXFAOAS: OAS

Total Return Index Values are available in other currencies and on a hedged basis. Other attributes, such as yield and duration, are also tickerized on Bloomberg using the first four characters of each ticker listed in the above table. For a full list of tickerized attributes for each index, type ALLX <Ticker>. Please refer to Accessing Barclays Index Data Using Bloomberg Tickers for a full list of ticker.

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- Bond Pricing Service
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- Index-Linked Insurance Products
- Mutual Funds
- OTC Derivative Products
- Custom Index Solutions

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