

# US Enhanced Inflation Index (Series-L)

The Bloomberg Barclays US Enhanced Inflation Index (Series-L) measures the combined performance of the US Treasury Inflation Protected Securities (TIPS) market and the US 7-10 Year breakeven inflation, as represented by the difference in performance of the US TIPS 7-10 Year Index and the duration adjusted performance of the US Treasury 7-10 Year Index. The index performance also accounts for a net total return swap funding cost for the 7-10 Year breakeven inflation exposure, which is reviewed annually. Federal Reserve holdings of US TIPS and US Treasury bonds are not index eligible and are excluded from the face amount outstanding of each bond in the index. The US Treasury Inflation Linked Bond Index was created in May 2020, with history backfilled to February 1, 2000.

## Rules for Performance Calculation

<b>Total Return</b>	The US Enhanced Inflation index total return is defined as: $\text{US TIPS Total Return} + [\text{US TIPS 7-10 Year Total Return} - (\text{Duration Adjustment} * \text{US Treasury 7-10 Year Total Return})] - \text{funding cost}$ Or using Bloomberg Terminal® tickers: $\text{I01551US} + [\text{I35595US} - (\text{Duration Adjustment} * \text{LT09TRUU})] - \text{funding cost}$
<b>Duration Adjustment</b>	The duration adjustment is reset on a monthly basis and is calculated as: $\frac{\text{Macaulay Duration US TIPS 7-10 Year Index}}{\text{Macaulay Duration US Treasury 7-10 Year Index}}$ Where Macaulay Duration is the last business day value of the previous month for Bloomberg Terminal® field BX229 of the respective index, i.e. $\text{Duration Adjustment} = [\text{I35595 (BX229 previous month end)}] / [\text{LT09STAT (BX229 previous month end)}]$
<b>Funding Cost</b>	The funding cost is reset annually, it is derived from the average of three dealer quotes for the net funding costs of entering a total return swap to receive the US TIPS 7-10 Year Total Return and pay the duration adjusted US Treasury 7-10 Year Total Return. This is applied as a 1/12 <sup>th</sup> deduction to the total return on a monthly basis or a 1/360 <sup>th</sup> on a daily basis.

## Rules for Inclusion

<b>Country Eligibility</b>	Only includes TIPS (I01551US, I35595US) or Treasury bonds (LT09TRUU) issued by the United States.
<b>Quality</b>	Securities must be rated investment grade (Baa3/BBB-/BBB- or higher) 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. In cases where explicit bond level ratings may not be available, other sources may be used to classify securities by credit quality: <ul style="list-style-type: none"> <li>Local currency Treasury issues are classified using the middle issuer level rating from each agency for all outstanding bonds, even if bond level ratings are available.</li> </ul>
<b>Amount Outstanding</b>	<ul style="list-style-type: none"> <li>USD TIPS 500mn minimum par amount outstanding (not adjusted for inflation indexation – I01551US, I35595US).</li> <li>USD Treasury bonds 300mn minimum par amount outstanding (LT09TRUU)</li> <li>US TIPS and US Treasuries held in the Federal Reserve SOMA account (both purchases at issuance and net secondary market transactions) are deducted from the total amount outstanding. New issuance bought at auction by the Federal Reserve does not enter the index.</li> </ul>

## Rules for Inclusion

Net secondary market purchases/sales are adjusted in the Projected Universe of the index weekly, typically on Fridays, and in the Returns Universe once a month, based on the amount outstanding in the Projected Universe at prior month-end.<sup>1</sup>

<b>Eligible Currencies</b>	Principal and interest must be denominated in USD.	
<b>Coupon</b>	Fixed-rate nominal coupon.	
<b>Maturity</b>	<ul style="list-style-type: none"> <li>US TIPS Index (I01551US) – at least 1 year until final maturity.</li> <li>US TIPS 7–10 Year Index (I35595US) – between 7 and up to, but not including, 10 years remaining to final maturity.</li> <li>US Treasury 7–10 Year Index (LT09TRUU) – between 7 and up to, but not including, 10 years remaining to final maturity.</li> </ul>	
<b>Security Types</b>	<b>Included</b> <ul style="list-style-type: none"> <li>US TIPS eligible bonds must be capital-indexed and linked to a commonly used domestic inflation index</li> <li>US Treasury public obligations</li> <li>Bullet, puttable, sinkable/amortizing and callable bonds</li> </ul>	<b>Excluded</b> <ul style="list-style-type: none"> <li>Floating-rate bonds</li> <li>Non-government inflation-linked bonds</li> <li>STRIPS, Treasury bills, bellwethers</li> <li>Private placements, retail bonds</li> </ul>

## Rebalancing Rules

<b>Frequency</b>	For each index, Bloomberg maintains two universes of securities: the Returns (Backward) and the Projected (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 Projected 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 Projected Universe becomes the Returns Universe for the following month.
<b>Index Changes</b>	During the month, indicative changes to securities (credit rating change, sector reclassification, amount outstanding changes, corporate actions, and ticker changes) are reflected daily in the Projected and Returns Universe of the index. These changes may cause bonds to enter or fall out of the Projected 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.
<b>Reinvestment of Cash Flows</b>	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.
<b>New Issues</b>	Qualifying securities issued, but not necessarily settled on or before the month-end rebalancing date, qualify for inclusion in the following month's index if the required security reference information and pricing are readily available.

## Pricing and Related Issues

<b>Sources &amp; Frequency</b>	All index-eligible bonds are priced daily basis by Bloomberg's evaluated pricing service, BVAL.
<b>Pricing Quotes</b>	The index uses mid-market prices according to local market quote conventions.

<sup>1</sup> All float adjustment updates to the US Treasury amount outstanding in the Projected Universe are made on or prior to T-3 (3 business days before month-end using the U.S. calendar). Further details about indices' treatment of SOMA holdings of US Treasuries can be found in this [note](#).

## Pricing and Related Issues

<b>Timing</b>	<ul style="list-style-type: none"> <li>• 3pm (New York Time).</li> <li>• On early market close, prices are taken as of 1pm on early close, unless otherwise noted.</li> <li>• If the last business day is a public holiday, prices from the previous business day are used.</li> </ul>
<b>Bid or Offer Side</b>	TIPS bonds in the index are priced on the mid side, nominal bonds are priced on the bid side.
<b>Settlement Assumptions</b>	<ul style="list-style-type: none"> <li>• T+1 calendar day settlement basis.</li> <li>• 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 interest to be calculated.</li> </ul>
<b>Verification</b>	Daily price moves for each security are analyzed by the index pricing team. Index users may also challenge price levels, which are then reviewed and updated as needed using input from various sources.
<b>Currency Hedging</b>	Returns hedged to various currencies are published for multi-currency indices. The indices' 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.
<b>Calendar</b>	The US TIPS Index (Series-L) and US Treasury 7-10 Year Index follow the US bond market holiday schedule.

## Monthly Returns in USD, 2011-2020 (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>2011</b>	0.91	1.58	1.80	3.57	-1.84	2.37	4.53	-3.28	-2.87	4.59	0.76	-1.46	10.73
<b>2012</b>	3.78	0.44	-0.27	1.59	0.68	-0.63	1.94	-0.17	1.63	1.86	-0.04	-0.60	10.58
<b>2013</b>	0.20	-0.82	0.29	-0.12	-5.78	-5.71	2.31	-2.39	1.93	0.18	-1.33	-1.44	- 12.30
<b>2014</b>	1.59	0.37	-0.67	1.84	2.70	0.72	0.25	-1.33	-4.04	0.06	-0.84	-2.85	-2.37
<b>2015</b>	2.93	-0.24	-1.88	2.34	-1.55	-0.34	-0.92	-1.86	-2.72	1.00	0.29	-1.37	-4.39
<b>2016</b>	-0.08	0.99	3.48	0.94	-1.59	1.10	1.30	-0.26	1.22	0.68	-0.09	-0.08	7.78
<b>2017</b>	1.60	0.13	-0.18	0.32	-1.05	-1.49	0.69	0.67	-0.17	0.57	0.47	1.57	3.14
<b>2018</b>	0.13	-1.02	0.85	1.09	-0.26	0.78	-0.53	0.36	-0.91	-2.37	-0.29	-1.71	-3.88
<b>2019</b>	2.21	0.40	1.25	1.11	0.25	0.64	0.84	0.41	-1.80	0.38	0.74	1.61	8.28
<b>2020</b>	1.17	-0.67	-7.08	4.99	0.57	-	-	-	-	-	-	-	-1.39

## Accessing Index Data

<b>Bloomberg Terminal®</b>	<p>Bloomberg benchmarks are the global standard for capital markets investors.</p> <ul style="list-style-type: none"> <li>• INDEX&lt;Go&gt; – The Bloomberg Indices Introduction page is a dashboard for index-related information on the terminal. Find daily and monthly index returns for key indices from each index family as well as index publications including methodologies, factsheets, monthly reports, updates and alerts.</li> <li>• IN&lt;Go&gt; – The Bloomberg Index Browser displays the latest performance results and statistics for the indices as well as history. IN presents the indices that make up Bloomberg's global, multi-asset class index families into a hierarchical view, facilitating navigation and comparisons. The "My Indices" tab allows a user to focus on a set of favorite indices.</li> <li>• PORT&lt;Go&gt; – Bloomberg's Portfolio &amp; Risk Analytics solution includes tools to analyze the risk, return, and current structure of indices. PORT includes tools to analyze performance of a portfolio versus a benchmark as well as models for performance attribution, tracking error analysis, value-at-risk, scenario analysis, and optimization.</li> <li>• DES&lt;Go&gt; – The index description page provides transparency into the current and projected index universe including membership information, aggregated characteristics and returns, and historical data.</li> </ul>
<b>Bloomberg Indices Website (www.bloomberg.com/ professional/product/indices)</b>	<p>The index website makes available limited index information including:</p> <ul style="list-style-type: none"> <li>• Index methodology and factsheets</li> <li>• Current performance numbers for select indices</li> </ul>
<b>Data Distribution</b>	<p>Index subscribers may choose to receive index data in files. Files may include:</p> <ul style="list-style-type: none"> <li>• Index level and/or constituent level returns and characteristics for any indices</li> <li>• Automatic delivery of files via email or SFTP following the completion of the index production process after market close</li> <li>• Clients may receive standard files or may customize file contents</li> <li>• Index data is also available via authorized redistributors</li> </ul>

## Bloomberg Total Return Index Value Tickers: US Enhanced Inflation Index (Series-L) and Related Indices

Ticker (USD Unhedged)	Index	Ticker	Index
I35616US	US Enhanced Inflation	DTIPTRUU	US TIPS Duration Hedged Index
LBUTTRUU	US TIPS (Series-L)	DTI5TRUU	US TIPS DHI - 50% Hedged Index
I35595US	US TIPS 7-10 Year (Series-L)	LF94TRUU	Global Inflation-Linked (Series-L)
LT09TRUU	US Treasury 7-10 Year	MTIPTRUU	US TIPS Mirror Futures Index

Total Return Index Values are available in other currencies and on a hedged basis. Attributes such as yield and duration, are also available. Please refer to Accessing Bloomberg Barclays Index Data Using Bloomberg Tickers for a full list of tickers and attributes that are available.

## Index Licensing

Bloomberg requires index data licenses for services and products linked to the Indices

- |  |   |  |
|--|---|--|
| <ul style="list-style-type: none"> <li>• Index or Constituent-Level Redistribution</li> <li>• Exchange Traded Notes (ETNs)</li> <li>• OTC Derivative Products</li> </ul> | <ul style="list-style-type: none"> <li>• Bond Pricing Service</li> <li>• Index-Linked Insurance Products</li> <li>• Custom Index Solutions</li> </ul> | <ul style="list-style-type: none"> <li>• Exchange Traded Funds (ETFs)</li> <li>• Mutual Funds</li> </ul> |
|--|---|--|

June 25, 2020

**New York**

+1-212-318-2000

**London**

+44-20-7330-7500

**Singapore**

+65-6212-1000

**Hong Kong**

+852-2977-6000

**Tokyo**

+81-3-3201-8900

**Sydney**

+61-2-9777-8600

indexhelp@bloomberg.net

**Disclaimer**

BLOOMBERG is a trademark and service mark of Bloomberg Finance L.P. BARCLAYS is a trademark and service mark of Barclays Bank PLC, used under license. Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited, as administrator of the BLOOMBERG BARCLAYS INDICES (collectively, "Bloomberg"), or Bloomberg's licensors own all proprietary rights in the BLOOMBERG BARCLAYS INDICES. Neither Bloomberg nor Barclays Bank PLC or Barclays Capital Inc. or their affiliates (collectively "Barclays") guarantee the timeliness, accuracy or completeness of any data or information relating to BLOOMBERG BARCLAYS INDICES or make any warranty, express or implied, as to the BLOOMBERG BARCLAYS INDICES or any data or values relating thereto or results to be obtained therefrom, and each of Bloomberg and Barclays expressly disclaims all warranties of merchantability and fitness for a particular purpose with respect thereto. It is not possible to invest directly in an index. Back-tested performance is not actual performance. Past performance is not an indication of future results. To the maximum extent allowed by law, Bloomberg and its licensors, and their respective employees, contractors, agents, suppliers and vendors shall have no liability or responsibility whatsoever for any injury or damages - whether direct, indirect, consequential, incidental, punitive or otherwise - arising in connection with BLOOMBERG BARCLAYS INDICES or any data or values relating thereto - whether arising from their negligence or otherwise. This document constitutes the provision of factual information, rather than financial product advice. Nothing in the BLOOMBERG BARCLAYS INDICES shall constitute or be construed as an offering of financial instruments or as investment advice or investment recommendations (i.e., recommendations as to whether or not to "buy," "sell," "hold" or enter into any other transaction involving a specific interest) by Bloomberg or its affiliates or licensors or a recommendation as to an investment or other strategy. Data and other information available via the BLOOMBERG BARCLAYS INDICES should not be considered as information sufficient upon which to base an investment decision. All information provided by the BLOOMBERG BARCLAYS INDICES is impersonal and not tailored to the needs of any specific person, entity or group of persons. Bloomberg and its affiliates express no opinion on the future or expected value of any security or other interest and do not explicitly or implicitly recommend or suggest an investment strategy of any kind. In addition, Barclays is not the issuer or producer of the BLOOMBERG BARCLAYS INDICES and has no responsibilities, obligations or duties to investors in these indices. While Bloomberg may for itself execute transactions with Barclays in or relating to the BLOOMBERG BARCLAYS INDICES, investors in the BLOOMBERG BARCLAYS INDICES do not enter into any relationship with Barclays and Barclays does not sponsor, endorse, sell or promote, and Barclays makes no representation regarding the advisability or use of, the BLOOMBERG BARCLAYS INDICES or any data included therein. Customers should consider obtaining independent advice before making any financial decisions. ©2020 Bloomberg. This document and its contents may not be forwarded or redistributed without the prior consent of Bloomberg.

The BLOOMBERG TERMINAL service and Bloomberg data products (the "Services") are owned and distributed by Bloomberg Finance L.P. ("BFLP") except (i) in Argentina, Australia and certain jurisdictions in the Pacific islands, Bermuda, China, India, Japan, Korea and New Zealand, where Bloomberg L.P. and its subsidiaries distribute these products, and (ii) in Singapore and the jurisdictions serviced by Bloomberg's Singapore office, where a subsidiary of BFLP distributes these products.