

DEX Investment Grade 1-5 year Laddered Corporate Bond Index™



- **Index Structure**

- a Corporate only laddered index structure, for Corporate Bonds rated BBB or higher in the composite PC-Bond rating, in Cad\$, selected from the constituents of the DEX Universe Bond Index (please refer to the DEX Universe Bond Index Methodology for qualification criteria and rating composition)
- Laddered into 5 term buckets (1-1.99 yrs, 2-2.99 yrs, 3-3.99 yrs, 4-4.99 yrs, 5-5.99 yrs)
- Index constituents are rebalanced annually, each June 30
- Bonds will roll out to the next lower bucket on the rebalance date
- Bonds with < 1 year to maturity will roll out of the first bucket on the rebalance date at the mid market closing level on rebalance date
- Index will re-invest the full market value of all roll out securities into the longest bucket at full units
- Any remaining cash and any coupon payments will be transferred to a Cash account (cash will be carried at an interest level equivalent to the 90 day BA and will be distributed on a quarterly basis)
- In the case that any of the constituent bonds are downgraded to below a BBB composite PC-Bond rating, the index constituents will be rebalanced mid term, as of the first (1st) of the month directly following the month in which the bond rating was downgraded
- In the case that any of the constituent bonds are called, the index constituents will be rebalanced at the date the issue is called
- Inception Date is June 30, 2009

- **Security Selection Criteria**

- 5 bonds will be selected for each term bucket (25 in total) in the following proportion
 - No more than 3 Corporate Financial Bonds, with no more than two identified as Bank
 - Supplemented with Corporate Energy, Corporate Infrastructure, and Corporate Communication Bonds
 - Minimum issue size for inclusion is 300 MM
- Exclude bonds classified Corporate Securitization (mainly ABS), as well as amortizing issues
- Select (i) the most liquid in the bucket and Industry Sector (as identified by trailing three month trade volumes as reported by the Clearing systems) and (ii) the longest in bucket

