

DEX 1-5 year Laddered Government Bond Index™

derivatives
CANADA



- **Index Structure**

- a Government only laddered index structure, in CDN\$, selected from the constituents of the DEX Universe Bond Index (please refer to the DEX Universe Bond Index Methodology for qualification criteria)
- 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)
- Inception Date is June 29, 2008

- **Security Selection Criteria**

- 5 bonds were originally selected in June 2008 for each term bucket (25 in total) in the following proportion:
 - 2 Government of Canada (Non Agency) Bonds
 - 1 Agency Bond
 - 2 Provincial Bond (excluding provincial guarantees)
 - Substitutions may be required where no Government of Canada or Agency Bond exists.

- **New as of June 30 2010**

***(changes apply to new bonds entering the 5-6 yr term bucket only; no impact to already held buckets)**

- up to 10 bonds will be selected for the subsequent rebalancing of the index when selecting bonds in the 5 – 6 Year Term. Bonds will be selected to best fit the following proportion:
 - 40% Government of Canada (Non Agency) Bonds
 - 20% Government of Canada (Agency) Bond
 - 40% Provincial Bond (excluding provincial guarantees)
 - Substitutions may be required where no Government of Canada or Agency Bond exists.
- Exclude amortizing and / or callable issues
- Minimum issue size 300MM
- Select (i) the most liquid in the bucket (as identified by total issue size) and (ii) the longest in bucket



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