

# DEX 1-10 Year Laddered Government Bond Index™



## • Index Structure

- a Government only laddered index structure, for Government Bonds rated A 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 ten term buckets:  
(0-.99 yrs, 1-1.99 yrs, 2-2.99 yrs, 3-3.99 yrs, 4-4.99 yrs, 5-5.99 yrs, 6-6.99yrs, 7-7.99 yrs, 8-8.99 yrs, 9-9.99 yrs)
- Index constituents are rebalanced annually, each June 30
- Bonds will roll out to the next lower bucket on the rebalance date
- Bonds in the 0 – 0.99 (under 1 year) bucket will mature prior to, or on, the rebalance date and will have their full Principal proceeds reinvested in Canada Treasury Bills until the rebalance date, at which time the index will re-invest the full market value of all roll out securities into the longest bucket (9 – 9.99 years) 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 monthly basis)
- In the case that any of the constituent bonds are downgraded to below a A composite PC-Bond rating, the index constituents will be rebalanced mid term, as of the first (1<sup>st</sup>) of the month directly following the month in which the bond rating was downgraded
- Inception Date is June 30, 2010

## • Security Selection Criteria

- up to 10 bonds will be selected for the subsequent rebalancing of the index when selecting bonds in the 9 – 10 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



TSX datalinx



# DEX 1-10 Year Corporate Laddered Bond Index™

<u>DEX 1-10 Year Corporate Laddered Bond Index:</u>				
As of June 30, 2011	Yield %	Modified Duration	# of Issues	Market Value (Billions)
DEX 1-10 Year Corporate Laddered Bond Index	3.29	4.31	56	1.035

