

REBALANCING PREVIEW | November 28, 2018

PROJECTED U.S. BOND INDICES

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Treasury index to extend 0.13yrs for December

The US Treasury index duration will extend 0.13 years at the rebalancing, which is right in line with the long-term average (+0.14yrs) but about double the November average over the last five years (+0.06yrs). The larger duration extension will come with a \$46bn net outflow, which reduces the Treasury share of the US Broad Market Index by 0.13%.

DowDuPont leads new issue additions; NXP rising stars

The largest addition to the US Corporate Index for December is the \$12bn from DowDuPont (DWDP) to fund the spin-off of its material sciences and agriscience divisions. The next-largest new issue additions will be Takeda Pharmaceutical (TACHEM \$5.5bn), Volkswagen (VW \$5.3bn) and PT Indonesia Asahan Aluminium (IDASAL \$4.0bn). A total of nearly \$6bn will add to the index due to rating upgrades, with NXP (NXPI \$4.3bn) by far the largest.

Full projected stats/constituent preview lists available

Projected duration and constituent changes are available on the [ICE Index Platform](#) (ICE IP) and Bloomberg for all ICE BofAML bond indices. On the ICE Index Platform Index Analysis menu bar, use the Constituents tab in the Index Viewer. Change the toggle from “Current” to “Projected” and click the View or Download button. On Bloomberg, type Index ticker<Index><Go>, then 4<Go> to see changes in characteristics (first two columns). For constituents, type Index ticker<Index><Go>, then 10<Go>. Change the toggle from “Current member list” to “Projected member list” and click the View or Download button.

Table 1: US Projected Rebalancing Changes

Sector	Ticker	Eff Dur	% Wgt
US Broad Market	US00	0.07	0.00
US Treasury	G0Q0	0.13	-0.13
US Agency	G0P0	0.09	-0.01
Foreign Govt's	GS00	0.04	0.01
Corporates	C0A0	0.06	0.04
Mortgages	M0A0	0.01	0.06
ABS	R0A0	0.04	0.04
CMBS	CMBS	0.08	0.01
Covered	CV00	0.01	0.00
Hybrid Sec Bonds	CSEC	0.04	0.00

Table 2: US Treasury Index (G0Q0) rebalancing changes

Action	Cusip	Coupon	Maturity	Amount (MM)	Reason
ADD	912810SE	3.375	11/15/2048	22,875	New issue
ADD	9128285M	3.125	11/15/2028	32,506	New issue
ADD	9128285P	2.875	11/30/2023	43,513	New issue
ADD	9128285L	2.875	11/15/2021	44,546	New issue
ADD	9128285Q	2.75	11/30/2020	42,425	New issue
DROP	912828LY	3.375	11/15/2019	71,037	< 1yr to maturity
DROP	912828U3	1	11/15/2019	29,257	< 1yr to maturity
DROP	912828TV	1.25	10/31/2019	29,000	< 1yr to maturity
DROP	912828F6	1.5	10/31/2019	61,650	< 1yr to maturity

Table 3: Sector Detail of Projected Rebalancing Changes in the US Domestic Indices

	Ticker	(Current November 27)			(Projected November 30)			Change		
		EffDur	%US00	Mkt Val	EffDur	%US00	Mkt Val	EffDur	%US00	Mkt Val
US Broad Market	US00	5.92	100.00	24,340,662	5.99	100.00	24,305,708	0.07	0.00	-34,954
Corp/Govt Master	B0A0	6.23	72.79	17,717,800	6.33	72.69	17,668,244	0.10	-0.10	-49,556
1-3Yr Corp/Govt	B1A0	1.79	21.63	5,264,276	1.89	21.95	5,335,689	0.10	0.33	71,413
3-5Yr Corp/Govt	B2A0	3.60	15.64	3,807,797	3.70	15.47	3,759,020	0.11	-0.18	-48,777
5-7Yr Corp/Govt	B3A0	5.27	9.35	2,274,933	5.39	9.41	2,286,551	0.12	0.06	11,618
7-10Yr Corp/Govt	B4A0	7.08	9.09	2,213,565	7.21	8.81	2,142,049	0.13	-0.28	-71,516
10+Yr Corp/Govt	B9A0	14.35	17.08	4,157,229	14.50	17.05	4,144,933	0.15	-0.03	-12,296
1-5Yr Corp/Govt	BVA0	2.55	37.27	9,072,072	2.64	37.42	9,094,709	0.09	0.15	22,637
1-10Yr Corp/Govt	B5A0	3.74	55.71	13,560,571	3.83	55.64	13,523,309	0.08	-0.07	-37,262
TreasuryMaster	G0Q0	6.04	39.91	9,714,714	6.17	39.78	9,669,143	0.13	-0.13	-45,571
1-3Yr Treasury	G1O2	1.77	13.60	3,310,225	1.89	13.84	3,364,704	0.12	0.24	54,479
3-5Yr Treasury	G2O2	3.65	9.19	2,237,127	3.78	9.04	2,196,705	0.13	-0.15	-40,422
5-7Yr Treasury	G3O2	5.36	5.50	1,337,641	5.51	5.50	1,337,721	0.15	0.01	80
7-10Yr Treasury	G4O2	7.34	3.82	929,009	7.55	3.60	874,760	0.21	-0.22	-54,249
10+Yr Treasury	G9O2	16.13	7.81	1,900,712	16.35	7.80	1,895,252	0.22	-0.01	-5,460
1-5Yr Treasury	GVQ0	2.53	22.79	5,547,352	2.64	22.88	5,561,409	0.11	0.09	14,057
1-10Yr Treasury	G5O2	3.58	32.10	7,814,001	3.68	31.98	7,773,890	0.10	-0.12	-40,111
QuasiGovt Master	DQG0	5.22	6.82	1,660,752	5.27	6.82	1,656,866	0.05	-0.01	-3,886
Agency Master	G0P0	3.96	1.36	332,023	4.05	1.35	328,430	0.09	-0.01	-3,593
1-3Yr Agencies	G1P0	1.73	0.76	184,483	1.80	0.75	182,322	0.06	-0.01	-2,161
3-5Yr Agencies	G2P0	3.22	0.22	53,666	3.26	0.21	51,352	0.05	-0.01	-2,314
5-7Yr Agencies	G3P0	5.11	0.06	14,551	5.17	0.07	16,376	0.05	0.01	1,825
7-10Yr Agencies	G4P0	6.92	0.06	13,560	7.23	0.06	13,292	0.31	0.00	-268
10+Yr Agencies	G9P0	9.99	0.27	65,440	10.04	0.27	65,088	0.05	0.00	-352
1-5Yr Agencies	GVP0	2.07	0.98	238,150	2.12	0.96	233,674	0.05	-0.02	-4,476
1-10Yr Agencies	G5P0	2.48	1.09	266,261	2.57	1.08	263,342	0.08	-0.01	-2,919
ForgnGovt/Supra	GS00	4.89	4.80	1,168,251	4.93	4.81	1,169,015	0.04	0.01	764
Corporate Master	C0A0	6.79	26.06	6,342,334	6.85	26.09	6,342,234	0.06	0.04	-100
1-3Yr Corporates	C1A0	1.83	5.48	1,333,372	1.90	5.58	1,355,732	0.07	0.10	22,360
3-5Yr Corporates	C2A0	3.53	5.04	1,227,625	3.61	4.99	1,213,441	0.07	-0.05	-14,184
5-7Yr Corporates	C3A0	5.14	3.29	800,893	5.22	3.35	813,186	0.08	0.06	12,293
7-10Yr Corporates	C4A0	6.89	4.58	1,114,609	6.96	4.52	1,098,923	0.08	-0.06	-15,686

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Table 3: Sector Detail of Projected Rebalancing Changes in the US Domestic Indices

	Ticker	(Current November 27)			(Projected November 30)			Change		
		EffDur	%US00	Mkt Val	EffDur	%US00	Mkt Val	EffDur	%US00	Mkt Val
10+Yr Corporates	C9A0	13.14	7.67	1,865,834	13.23	7.66	1,860,952	0.09	-0.01	-4,882
1-5Yr Corporates	CVA0	2.65	10.52	2,560,997	2.70	10.57	2,569,173	0.06	0.05	8,176
1-10Yr Corporates	C5A0	4.15	18.39	4,476,500	4.20	18.44	4,481,282	0.06	0.05	4,782
Hybrid Sec Bonds	CSEC	8.40	0.17	41,715	8.44	0.17	41,245	0.04	0.00	-470
Covered Bonds	CV00	2.43	0.20	48,664	2.45	0.20	47,619	0.01	0.00	-1,045
Mortgage Master	M0A0	5.27	23.75	5,780,629	5.28	23.80	5,785,791	0.01	0.06	5,162
ABS Master	R0A0	1.91	1.35	328,967	1.95	1.39	337,366	0.04	0.04	8,399
CMBS Fixed Rate	CMBS	4.91	1.74	422,888	4.99	1.75	425,443	0.08	0.01	2,555

Source: ICE BofAML Global Bond Indices. The above information details changes in the risk characteristics of the Indices projected to take place as a result of the upcoming month-end rebalancing. This analysis does not include the impact on duration of potential changes in yields between current levels and those at month-end. All information presented above is preliminary. Final constituent member lists for the month of December 2018 will be established on November 30, 2018.

Table 4: Projected Rebalancing Changes in Mortgage Structure: November 30, 2018

M0A0	Prod Year	2.5	3	3.5	4	4.5	5	5.5	6	6.5	Grand Total
Conv 30Yr	2018	0.00	0.00	0.03	0.37	0.24	0.06	0.00	0.00	0.00	0.70
	2017	0.00	0.00	-0.05	-0.04	-0.01	0.00	0.00	0.00	0.00	-0.11
	2016	0.00	-0.07	-0.04	-0.01	0.00	0.00	0.00	0.00	0.00	-0.13
	2015	0.00	-0.02	-0.05	-0.02	0.00	0.00	0.00	0.00	0.00	-0.09
	2014	0.00	0.00	-0.02	-0.03	-0.01	0.00	0.00	0.00	0.00	-0.05
	2013	0.00	-0.04	-0.02	-0.02	0.00	0.00	0.00	0.00	0.00	-0.08
	2012	0.00	-0.03	-0.04	-0.01	0.00	0.00	0.00	0.00	0.00	-0.08
	2011	0.00	0.00	-0.01	-0.01	-0.01	0.00	0.00	0.00	0.00	-0.03
	2010	0.00	0.00	0.00	-0.01	-0.01	-0.01	0.00	0.00	0.00	-0.03
	2009	0.00	0.00	0.00	-0.01	-0.01	-0.01	0.00	0.00	0.00	-0.03
	2008	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01
	2007	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01
	2006	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01
	2005	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01
	2004	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01
	2003	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01
	2002	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2001	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	1999	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	1998	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Conv 30Yr Total		0.00	-0.16	-0.19	0.21	0.17	0.03	0.02	0.01	0.01	0.02
Ginnie 30Yr	2018	0.00	0.00	0.03	0.20	0.19	0.06	0.01	0.00	0.00	0.49
	2017	0.00	-0.01	-0.04	-0.02	-0.01	0.00	0.00	0.00	0.00	-0.09
	2016	-0.03	-0.04	-0.03	-0.01	0.00	0.00	0.00	0.00	0.00	-0.12
	2015	0.00	-0.01	-0.04	-0.01	0.00	0.00	0.00	0.00	0.00	-0.06
	2014	0.00	0.00	-0.01	-0.01	0.00	0.00	0.00	0.00	0.00	-0.03
	2013	-0.01	-0.02	-0.01	-0.01	0.00	0.00	0.00	0.00	0.00	-0.05
	2012	0.00	-0.01	-0.02	0.00	0.00	0.00	0.00	0.00	0.00	-0.04
	2011	0.00	0.00	0.00	-0.01	-0.01	0.00	0.00	0.00	0.00	-0.02
	2010	0.00	0.00	0.00	-0.01	-0.01	-0.01	0.00	0.00	0.00	-0.02
	2009	0.00	0.00	0.00	0.00	-0.01	-0.01	0.00	0.00	0.00	-0.02
	2008	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2007	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2006	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2005	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2004	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2003	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2002	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ginnie 30Yr Total		-0.05	-0.11	-0.13	0.13	0.15	0.05	0.00	0.00	0.00	0.04
All 15Yr	2018	0.00	0.01	0.04	0.03	0.00	0.00	0.00	0.00	0.00	0.07
	2017	-0.01	-0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.03
	2016	-0.02	-0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.03
	2015	-0.01	-0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.02
	2014	0.00	-0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.02
	2013	-0.02	-0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.03

Table 4: Projected Rebalancing Changes in Mortgage Structure: November 30, 2018

M0A0	Prod Year	2.5	3	3.5	4	4.5	5	5.5	6	6.5	Grand Total
	2012	-0.02	-0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.03
	2011	0.00	-0.01	-0.01	0.00	0.00	0.00	0.00	0.00	0.00	-0.02
	2010	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01
	2009	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
All 15Yr Total		-0.08	-0.06	0.01	0.02	0.00	0.00	0.00	0.00	0.00	-0.11
Conv 20 Yr	2018	0.00	0.00	0.00	0.02	0.02	0.00	0.00	0.00	0.00	0.04
	2017	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01
	2016	0.00	-0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01
	2015	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01
	2014	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	2013	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01
	2012	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.01
	2011	0.00	0.00	0.00	0.00	0.02	0.00	0.00	0.00	0.00	0.02
	2010	0.00	0.00	0.00	0.00	0.02	0.00	0.00	0.00	0.00	0.02
	2009	0.00	0.00	0.00	0.00	0.02	0.00	0.00	0.00	0.00	0.02
Conv 20 Yr Total		0.00	-0.02	-0.01	0.01	0.08	0.00	0.00	0.00	0.00	0.05

Source: ICE BofAML Global Bond Indices. The above information details changes in the risk characteristics of the Indices projected to take place as a result of the upcoming month-end rebalancing. This analysis does not include the impact on duration of potential changes in yields between current levels and those at month-end. All information presented above is preliminary.

Final constituent member lists for the month of December 2018 will be established on November 30, 2018

Note:

The above information details changes in the risk characteristics of the Indices projected to take place as a result of the upcoming month-end rebalancing. This analysis does not include the impact on duration of potential changes in yields between current levels and those at month-end. All information presented above is preliminary. **Final constituent member lists for the month of December 2018 will be established on November 30, 2018.**

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