

J.P. Morgan CLO High Quality Mezzanine Index

Index Methodology and Factsheet

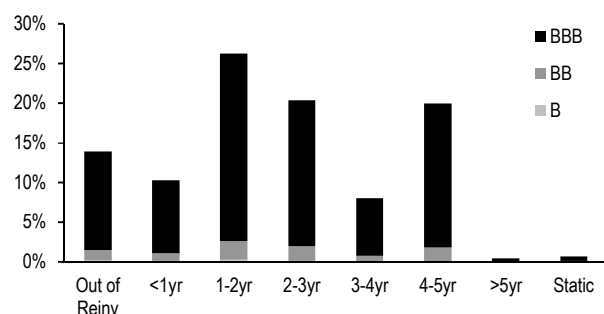
The CLO High Quality Mezzanine Index is designed to track the performance of broadly-syndicated, arbitrage US CLO debt from high-quality mezzanine tranches in the flagship J.P. Morgan CLO (“CLOIE”) Index (*Product Guide* [here](#)), representing 90% BBBs and 10% BB/Bs. The CLO High Quality Mezzanine Index offers extensive coverage of BBB-B debt tranches, tracking approximately \$75 bn across the entire debt capital structure, spanning over 1,400+ deals and 3,200+ tranches managed by 130+ CLO managers as of September 30, 2021.

Index Characteristics and Methodology

Criterion	CLOIE
Inception Date	December 30, 2011
Launch Date	July 31, 2014
Instrument Type	Includes: Floating-rate CLO debt (including Hybrid CBOs) from pre-crisis ¹ and post-crisis, broadly-syndicated, arbitrage US CLOs, Junior AAA, and static deals Excludes: equity tranches, infrastructure / project finance CLOs, middle market CLOs, opportunistic credit, revolvers, delayed draw, combo, fixed-rate, and step-up tranches
Currency Denomination	USD
Tranche Size	No minimum tranche size
Minimum Maturity	None
Issue Date	Closing date on or after Jan 2004
Rating Classification	Lowest of three (Moody's, S&P, Fitch)
Issuers	CLO collateral managers
Instrument Registration	SEC-registration required
Reinvestment of Cash Flows	Immediate reinvestment into the respective tranche's daily return
Price Quote Side / Timing	Bid (as of US Bond Market Close)
Settlement Convention	T+2
Rebalance Date	Last US business day of the month
Holiday Calendar	US Bond Market Calendar
Price Source	Third-party pricing from PricingDirect
Weighting	CLOIE Post-Crisis 90% BBB and 10% BB/B

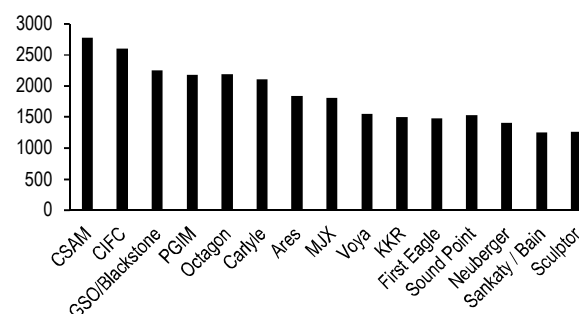
Source: J.P. Morgan.

Figure 1: Exposure by End of Reinvestment Period (%)



Source: J.P. Morgan, as of September 30, 2021.

Figure 2: Market value of 15 largest CLO Managers (\$mn)



¹ The index offers distinction by origination period such as Pre-crisis which are available from inception to May 5th, 2021 when the final outstanding pre-crisis CLO tranche were paid down.

Appendix

CLO High Quality Mezzanine Tickers on Bloomberg

Ticker	Index Stat
JPEI9BTR	Total Return
JPEI9BDM	Discount Margin
JPEI9BYD	Yield
JPEI9BPR	Price
JPEI9BCO	Coupon
JPEI9BWA	Weighted Avg Life
JPEI9BMV	Market Value
JPEI9BDR	Duration

Source: J.P. Morgan.

Defining the universe of CLOIE instruments

The CLOIE index is comprised solely of USD denominated cash, arbitrage floating-rate collateralized loan obligations (CLOs) backed by broadly syndicated leveraged loans. CLOs that do not fit these criteria, such as Middle-Market CLOs, ABS CDOs, Emerging Market CLOs, Balance Sheet CLOs, and Infrastructure CLOs are ineligible for inclusion. Revolvers, delayed draw, equity, combo, fixed-rate, X tranches and step-up tranches are excluded.

Static deals and Junior AAAs became eligible for inclusion beginning December 31, 2014 and December 31, 2019, respectively.

Rating designation

To be considered for inclusion, a tranche needs to have an original rating from at least one of the three rating agencies: Moody's, S&P and Fitch. Currently, we only include originally rated tranches from AAA/Aaa through B-/B3. The lowest of available ratings is used to derive original ratings sub-indices.

Reinvestment Period

There is no criteria for minimum remaining reinvestment period. Deals across the reinvestment lifecycle are eligible.

Addition/removal of instruments

The CLOIE index is rebalanced at the close of the last business day of each month, following the US bond market calendar. New transactions that meet our inclusion criteria and have been priced by PricingDirect in the prior month will be incorporated into the index on the next rebalancing date.

Removals occur on rebalance day. When bonds amortize in full, the instrument will remain in the index but have no outstanding balance or weight, and will not contribute to index calculations.

As CLO tranches amortize in-full or get called: the removal of instruments from the index will occur on the date that the notice of payment is received.

In the case of a refinancing/repricing: the index assumes the bond has been paid down and will be re-included into the index once pricing for the bond is resumed by PricingDirect.

In the event of default: the instrument will be excluded from the index on the date that notification is received.

For any questions or for additional information: please contact Index_Research_SPG@jpmorgan.com.

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