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J.P. Morgan Government Bond Index United States 1-3 Year

Index Methodology and Profile

Highlights

The J.P. Morgan Government Bond Index (GBI) United States 1-3 Year aims to track the performance of eligible fixed-rate, US Dollar-denominated treasury bonds issued by the United States Government with time to maturity between 1 and 3 years. The index is based on the composition and established methodology of the J.P. Morgan Government Bond Index Aggregate (GBI- Aggregate).

Index Criteria

Instrument Type	Included: Liquid, bullet, fixed-rate coupon bonds Excluded: Callable, puttable, inflation linked or convertible features
Remaining Maturity	Remaining maturity at rebalance is at least 13 months and less than 3 years
Amount Outstanding	Minimum US\$1 billion
Currency	US Dollar denominated
Country Eligibility	Issued by the United States Government

Index Characteristics and Methodology

Pricing	Bid and Ask prices are taken from a third party pricing source
Aggregate Return	Weighted average of bond returns using closing mid prices
Rebalancing	Rebalances on the last weekday of the month. If FX rates from WM Reuters are unavailable on the last weekday of the month (i.e. Good Friday), indices are rebalanced on the previous business day.
Holiday Calendar	Calculated on every weekday
Coupon Treatment	Immediately reinvested back into the index
FX Rates	All FX rates are as of 4pm London time provided by WM Reuters

Defining the universe of the Government Bond Index United States instruments

The J.P. Morgan Government Bond Index (GBI) United States Index consists of regularly traded, fixed-rate, US Dollar-denominated treasury bonds issued by the United States Government.

Eligibility for US Dollar-denominated domestic debt issues is determined using the following criteria:

Instrument Type

The index only includes liquid, bullet, fixed-rate coupon instruments. Floating-rate, inflation linked, and capitalizing/amortizing bonds are not eligible for index inclusion. Additionally, bonds with callable, puttable or convertible features are not part of the indices.

Liquidity

- *Pricing*: Bonds must trade with enough frequency to prevent stale price quotations. Regular pricing must be available through the primary third-party pricing source.
- *Availability*: Bonds must be regularly traded in size at acceptable bid-offer spreads and readily redeemable for cash. A reasonable two-way market must exist for the instrument to be included in the index portfolio.
- *Replication costs*: Investors should be able to replicate the index without incurring excessive transaction costs.

Index Profile, Characteristics and Returns

- As of March 30th, 2018, the Government Bond Index (GBI) United States 1-3 Year contains 92 bonds.
- The average index yield is 2.3% with an average duration of 1.95 years.

Figure 1: Monthly return (% , local currency) of the GBI United States 1-3 Year, 2013- 2018:

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual YTD
2013	0.0%	0.1%	0.0%	0.1%	-0.2%	-0.1%	0.2%	-0.1%	0.2%	0.1%	0.1%	-0.2%	0.4%
2014	0.2%	0.1%	-0.1%	0.1%	0.2%	-0.1%	-0.1%	0.2%	-0.1%	0.3%	0.1%	-0.3%	0.7%
2015	0.5%	-0.2%	0.3%	0.0%	0.1%	0.0%	0.1%	-0.1%	0.3%	-0.1%	-0.3%	-0.1%	0.6%
2016	0.6%	0.1%	0.2%	0.0%	-0.1%	0.6%	-0.1%	-0.2%	0.1%	-0.1%	-0.4%	0.0%	0.9%
2017	0.1%	0.1%	0.1%	0.1%	0.1%	-0.1%	0.2%	0.2%	-0.2%	-0.1%	-0.2%	0.0%	0.4%
2018	-0.3%	0.0%	0.2%	-	-	-	-	-	-	-	-	-	-0.2%

Source: J.P. Morgan

Where to find the Government Bond Index (GBI) United States 1-3 Year Index?

Bloomberg Ticker	GBIEUS13
DataQuery	DB(BIGI,US,1_3,TR,,LOC)
Morgan Markets	www.jpmm.com
	Research -> Index-> GBI Aggregate Index Family

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