J.P. Morgan Asia Credit Core Custom (JACI Core Custom)

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Index Methodology and Factsheet

Highlights

The J.P. Morgan Asia Credit Core Custom (JACI Core Custom) tracks liquid, U.S. dollar denominated debt instruments issued out of the Asia ex-Japan region. The JACI Core closely follows the methodology of the flagship J.P. Morgan Asia Credit Index (JACI), while offering a more liquid subset of the index by excluding instruments with a smaller face amount outstanding and those that are close to maturity. The index uses a unique diversification methodology by limiting country weights of the larger index constituents by including only a specified portion of those countries' eligible face amount outstanding, thus reducing single issuer concentration and providing a more even distribution of weights.

Historical returns and statistics for the JACI Core Custom are available from December 30, 2005.

Table 1: Index Criteria

Index Criteria	Description
Inception Date	30-Dec-05
Region	Asia (ex Japan) region
Minimum Face OS	US$350 million
Remaining Maturity	For inclusion: At least 2.5 years to maturity For exclusion: At least 1 year till maturity
Issuer Type	Corporate, Sovereign and Quasi-sovereign
Instrument Type	All fixed-rate, floaters, PIK, amortizers and capitalizers Excludes bespoke private placements[1]
Currency Denomination	USD
Credit Quality Classification	Both IG & HY securities are included.For index purposes, instrument ratings will be determined based on the ratings available from these three rating agencies, using the following rules. The middle rating of the S&P, Moody's and Fitch ratings The lower rating when only two ratings are available The sole rating when only one rating is provided
Eligibility of Privately placed deals	Bespoke Private Placements[1] are not eligible for inclusion in the JACI Core Custom on a go-forward basis.

[1]**Bespoke private placements** : Given the limited information typically available for privately placed instruments. new deals coming to market will be flagged for review and confirmation of custom eligibility prior to inclusion consideration.
Source: J.P. Morgan

Table 2: Index Characteristics & Methodology

Pricing Source	Bid and Ask prices are taken from a third party pricing source
Holiday	Follow US bond market calendar set by the Emerging Markets Trader Associating (EMTA)
FX Spot/Forward	WM/Reuters 4pm London close rate
Coupon	All coupons received are immediately reinvested into the index
Rebalancing	Rebalances on the last US business day of the month. If FX rates from WM/Reuters are unavailable on the last weekday of the month, indices are rebalanced on the previous day.
Weighting	Market Capitalization based weighting
Bloomberg Ticker	JPEIJACC

Source: J.P. Morgan

See page 4 for important disclosures.

Appendix

Defining the Universe of JACI Core Custom Instruments

Issuances from all countries in the Asia (ex-Japan) region are eligible to enter the J.P. Morgan Asia Credit Index. For Corporates, the eligibility of multinational companies with geographically diverse exposures will be determined by considering the guarantor, asset location, or headquarters (decision-making center). This framework is used for 'Country of Risk' classification when the EM versus DM classification cannot be clearly established from reference data sources.

Instrument Selection Process: After defining the universe of eligible countries, the selection of instruments will be based on the criteria for the Custom Index. Publicly issued securities are included in the index if they meet the index eligibility criteria. For Reg S and 144A private placements, Reg S ISINs will be used as identifiers when available. [1]

Bespoke private placements are not eligible for inclusion in the JACI Core Custom Index as mentioned in Table 1.

Timing of the addition/removal of instruments

Index rebalancing occurs monthly on the last US business day of each month. A new issue that meets the index inclusion criteria will be assessed for inclusion at the month-end rebalance provided its settlement date falls on or before the month-end rebalance date of the same month. An exception applies to a new sovereign issue that is released as part of a debt exchange program.At the month-end rebalancing date immediately following this event, the amount of debt retired in this exchange would be removed from the JACI, and the new issue would be added to the index (provided official exchange results are made available in a timely manner). Bonds that fail to comply with the index criteria will be removed. Full or partial calls, taps or buybacks, and any rating changes are also reflected at this time. Fully called bonds are removed from the index in the current month if the call date falls before the following month-end rebalance. A specific case is a new issue that is released as part of a debt exchange program. At the month-end rebalancing date immediately following this event, the amount of debt retired in this exchange would be removed from the index, and the new issue would be added to the index (provided official exchange results are made available in a timely manner).

Weighting Methodology

The JACI Core's bond allocation calculation process starts with each country's current face amount of debt outstanding. The following inclusion schedule is applied to determine the constrained amount eligible for inclusion. From each country's total eligible debt stock, the custom includes:

- 100% of the first US$11 billion of the eligible debt stock;
- 75% of the eligible debt stock that exceeds US$11 billion, but does not exceed US$22 billion;
- 50% of the eligible debt stock that exceeds US$22 billion, but does not exceed US$33 billion;
- 25% of the eligible debt stock that exceeds US$33 billion, but does not exceed US$44 billion;
- 10% of the eligible debt stock that exceeds US$44 billion, but does not exceed US$55 billion; and
- 0% of the eligible debt stock that exceeds US$55 billion

Determining instrument and country weights

Once these instrument allocations are derived for each country, the current settlement price for each instrument is applied to its JACI Core allocation to calculate the market capitalization of each issue in the index. The weight of each instrument in the JACI Core is then determined by dividing its market capitalization by the total market capitalization for all of the JACI Core's instrument allocations. The result represents the weight of each issue expressed as a percentage of the JACI Core. By allocating

1. ***Eligible for JACI but not JACI Core:*** *Following the release of the 2026 Index Governance Results (link), bespoke private placements will be evaluated on several factors to assess characteristics against those of comparable securities already included in the Index. Once identified, bespoke Private Placements will be announced in the official Index rebalance estimates or forward-looking projections. (link)*

their portfolios according to these exact instrument weights, and accounting for coupon reinvestments and index instrument allocation changes, investors can replicate the performance of the Index. Country weights for the index are easily calculated by aggregating the weights of the instruments for all countries.

For any questions or for additional information, please contact index.research@jpmorgan.com .

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