



**S&P DOW JONES
INDICES**

McGRAW HILL FINANCIAL

PAN ASIA

Fixed Income Guide

Global yields soared during the first nine months of 2013, driven by China's discussions on their latest structural reform and talks by the U.S. Federal Reserve on possibly tapering its asset purchase program. With global growth prospects appearing to lose momentum, investors are faced with even more challenging global market environments. Our indices can help understand these challenging markets.

S&P Dow Jones Indices delivers a wide array of investable and benchmark indices that measure constantly evolving financial markets—globally, regionally and locally. Our indices provide the tools investors need to gauge markets and chart their investment course. And since investors around the world have varying needs, our spectrum of index offerings also extends throughout Pan Asia.

THESE TARGETED OFFERINGS ARE DESIGNED TO:

Enhance transparency and measure specific and growing local and regional markets

Provide a comprehensive picture of the market and help identify potential opportunities

Serve as the basis for investment vehicles such as structured products and ETFs

They range from an index that tracks the performance of the offshore RMB bond market, to an index series measuring the performance of the Australian dollar denominated bonds to indices measuring U.S. fixed income markets generating strong interest from Asian investors.

A BIRD'S-EYE VIEW OF SOME OF OUR FIXED INCOME INDICES

1

S&P/DB ORBIT INDEX

LAUNCH DATE: July 1, 2011

BLOOMBERG TICKER: DBCNH Index

What you should know:

- A joint collaboration between S&P DJI and Deutsche Bank, the S&P/DB ORBIT Index is a total return index that tracks the performance of the offshore RMB bond market (also known as the dim sum market).
- Highly transparent, independent and tradable index that aims to capture a more liquid segment of the market.
- Calculated in offshore RMB, while un-hedged index levels in USD and HKD are also available

And why?

- Underpinned by the growing confidence in the economy and regulatory efforts in Renminbi liberalization, it appears that China's growth story remains intact.
- Outperformed both the U.S. treasury market and the Asian credits market on a risk-adjusted basis, largely due to the different interest rate mechanism and market composition.
- Compared with Asian Credits in USD space, it has a higher composition of sovereigns and quasi-sovereigns credits.
- Exhibited negative correlation to the U.S. treasury market.
- Provides investors an excellent way to diversify their fixed income portfolio.

EXHIBIT 1: Risk Adjusted Return and Correlation

	S&P/BGCantor U.S. Treasury Bond Index	JACI Composite Total Return Index	S&P/DB ORBIT USD Index
1- Yr Risk Adjusted Return	-0.69	-0.12	1.88
2- Yr Risk Adjusted Return	0.17	1.31	1.93
Correlation	-0.19	0.75	1.00

Source: S&P Dow Jones Indices and J.P. Morgan Stanley. Data as of September 30, 2013. This table is provided for illustrative purposes. Past performance is no guarantee of future results.

2

S&P/ASX AUSTRALIAN FIXED INTEREST INDEX

LAUNCH DATE: OCTOBER 13, 2011

BLOOMBERG TICKER: SPBDASXT Index

What you should know:

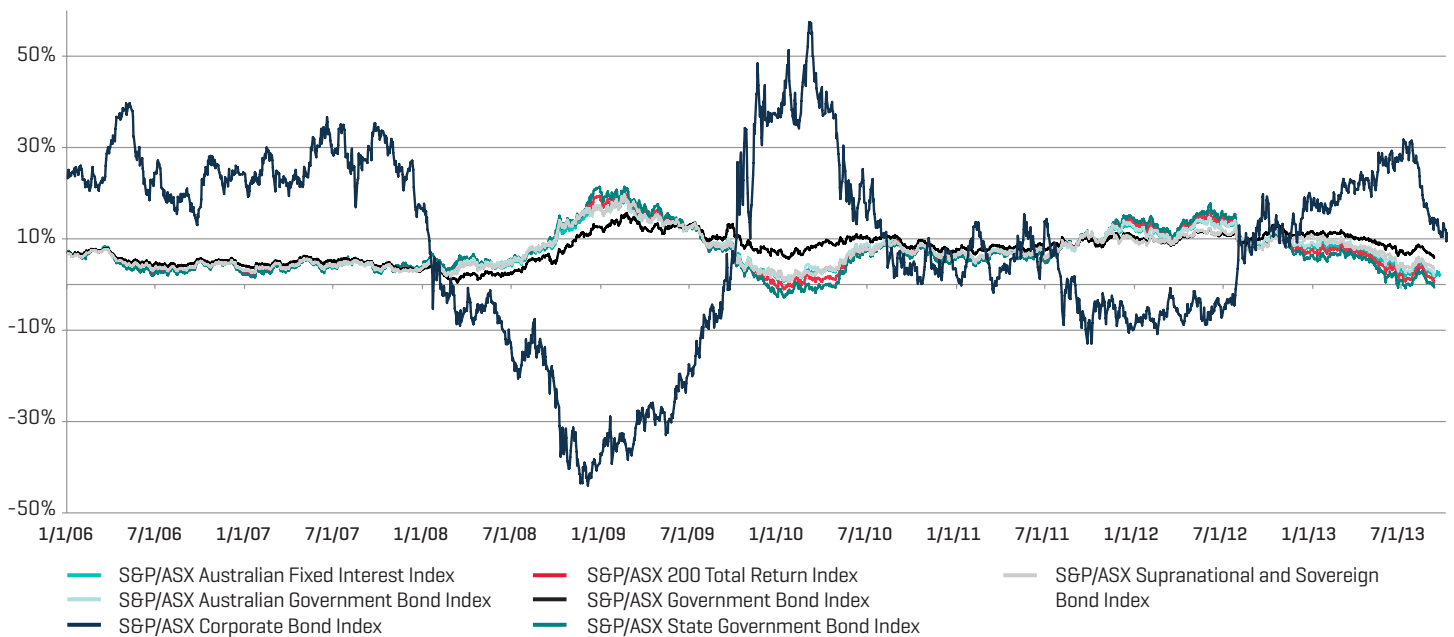
- Launched by S&P Dow Jones Indices and the Australia Securities Exchange
- The S&P/ASX Australian Fixed Interest Index Series is a broad benchmark index series measuring the performance of the Australian dollar denominated bonds issued in the local market with maturity greater than one year.
- Established a strong investor recognition and created the global indexing standard.
- We also offer over 18 real-time indices that allow investors to timely measure the performance of the Australian fixed income market.
- Multi-dealer pricing source via Yieldbroker.

And why?

- Investors continue to favor Australian credits, as Australia is one of the 11 countries that retain the AAA credit rating from both S&P Ratings and Moody's¹.
- The S&P/ASX Australian Fixed Interest Index provides yield premiums over Europe and U.S. markets.
- Since year-end 2007, the S&P/ASX Australian Fixed Interest Index delivered a risk-adjusted return of 2.25 while S&P/ASX 200 Total Return Index was -0.22.
- Exhibit 2 further illustrates the defensiveness of the fixed income market over the equity market in the long-run.

¹Data is accurate as of September 30, 2013.

EXHIBIT 2: Rolling Annual Returns



Source: S&P Dow Jones Indices. Data as of September 30, 2013. This chart is provided for illustrative purposes. Past Performance is not a guarantee of future results.

3

S&P U.S. ISSUED HIGH YIELD INDEX

LAUNCH DATE: April 9, 2013

BLOOMBERG TICKER: SPUSCHY Index

What you should know:

- The S&P U.S. Issued High Yield Corporate Bond Index measures the high yield bond market performance of U.S. dollar denominated bonds issued by U.S. domiciled corporations.
- Minimum par amount outstanding is US\$100 million and the maximum credit rating for inclusion is BB+/Ba1/BB+ (from S&P Ratings or Moody's or Fitch's equivalents).
- Sub-index of the S&P U.S. Issued Corporate Bond Index, which is a broad index family designed to measure investment grade and high yield bond market performance for U.S. dollar denominated bonds issued by U.S. domiciled corporations.

And why?

- Supported by the strong sales growth and low default rate, inflows into U.S. corporates sector continue this year.
- In the low rate environment, the S&P U.S. High Yield Corporate Bond provides a significant yield pickup over the treasury bonds.
- Higher yielding assets are generally less sensitive to yield changes.

4

S&P/LSTA U.S. LEVERAGED LOAN 100 INDEX

LAUNCH DATE: October 20, 2008

BLOOMBERG TICKER: SPBDLL Index

What you should know:

- The S&P/LSTA U.S. Leveraged Loan 100 Index is a daily investable index that seeks to mirror the market-weighted performance of the largest institutional senior loans.
- It consists of the top 100 loans drawn from a larger benchmark, the S&P/LSTA Leverage Loan Index.
- The minimum par amount outstanding is US\$50 million and it is rebalanced weekly.

And why?

- Leveraged loans are the senior bank loans that are made to leveraged borrowers, whose credit ratings are speculative grade.
- They are floating rate instruments, which the coupons reset periodically with the prevailing benchmark rate. Due to its short duration, the loans generally hold their value better than the fixed rate bonds in rising rate environments.
- While strongly correlated with high yield bonds, the senior loans are secured by the assets of the operating company, which are superior to the terms often seen in high yield bonds. The senior loans are also less volatile compared to high yield bonds.

EXHIBIT 3: Comparison of S&P/LSTA U.S. Leveraged Loan 100 Index and S&P U.S. Issued High Yield Corporate Bond Index

	S&P/LSTA U.S. Leveraged Loan 100 Index	S&P U.S. Issued High Yield Corporate Bond Index
Coupon payment	Floating	Fixed
Security	Secured	Mostly unsecured
2013 YTD Return	3.17%	3.11%
5 Year Standard Deviation	11.58%	12.88%
Yield	5.41%	6.35%

Source: S&P Dow Jones Indices. Data as of September 30, 2013. This table is provided for illustrative purpose. Past performance is no guarantee of future results.

VISIT US

For more information on our fixed income indices or to sign up to receive complimentary updates on a broad range of index-related topics and events, visit us at www.spdji.com

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PERFORMANCE DISCLOSURE

The launch date of the S&P/ASX Australian Fixed Interest Index was October 13, 2011, at the market close. The launch date of the S&P/DB ORBIT Index was July 1, 2011, at the market close. The launch date of the S&P/LSTA U.S. Leveraged Loan 100 Index was October 20, 2008, at the market close. The launch date of the S&P U.S. Issued High Yield Corporate Bond Index was April 9, 2013.

All information presented prior to the Launch Date are back-tested. Back-tested performance is not actual performance, but is hypothetical. The back-test calculations are based on the same methodology that was in effect on the Launch Date. Complete index methodology details are available at www.spdji.com.

S&P Dow Jones Indices defines various dates to assist our clients in providing transparency on their products. The First Value Date is the first day for which there is a calculated value [either live or back-tested] for a given index. The Base Date is the date at which the Index is set at a fixed value for calculation purposes. The Launch Date designates the date upon which the values of an index are first considered live; index values provided for any date or time period prior to the index's Launch Date are considered back-tested. S&P Dow Jones Indices defines the Launch Date as the date by which the values of an index are known to have been released to the public, for example via the company's public Web site or its datafeed to external parties. For Dow Jones-branded indices introduced prior to May 31, 2013, the Launch Date (which prior to May 31, 2013, was termed "Date of Introduction") is set at a date upon which no further changes were permitted to be made to the index methodology, but that may have been prior to the Index's public release date.

Past performance of the Index is not an indication of future results. Prospective application of the methodology used to construct the Index may not result in performance commensurate with the back-test returns shown. The back-test period does not necessarily correspond to the entire available history of the Index. Please refer to the methodology paper for the Index, available at www.spdji.com for more details about the index, including the manner in which it is rebalanced, the timing of such rebalancing, criteria for additions and deletions, as well as all index calculations.

Another limitation of using back-tested information is that the back-tested calculation is generally prepared with the benefit of hindsight. Back-tested information reflects the application of the index methodology and selection of index constituents in hindsight. No hypothetical record can completely account for the impact of financial risk in actual trading. For example, there are numerous factors related to the equities (or fixed income, or commodities) markets in general which cannot be, and have not been accounted for in the preparation of the index information set forth, all of which can affect actual performance.

Additionally, it is not possible to invest directly in an Index. The Index returns shown do not represent the results of actual trading of investable assets/securities. S&P Dow Jones Indices maintains the Index and calculates the Index levels and performance shown or discussed, but does not manage actual assets. Index returns do not reflect payment of any sales charges or fees an investor may pay to purchase the securities underlying the Index or investment funds that are intended to track the performance of the Index. The imposition of these fees and charges would cause actual and back-tested performance of the securities/fund to be lower than the Index performance shown. For example, if an index returned 10% on a US \$100,000 investment for a 12-month period (or US\$ 10,000) and an actual asset-based fee of 1.5% was imposed at the end of the period on the investment plus accrued interest (or US\$ 1,650), the net return would be 8.35% (or US\$ 8,350) for the year. Over a three-year period, an annual 1.5% fee taken at year end with an assumed 10% return per year would result in a cumulative gross return of 33.10%, a total fee of US\$ 5,375, and a cumulative net return of 27.2% (or US\$ 27,200).

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