

Contents

1. Document overview
2. Indices included within Family
3. General description of the market or economic reality
4. Geographical boundaries of market or economic reality
5. Criteria for determining an index
6. Index Calculation and Discretion
7. Error Handling
8. Changes to or cessation of indices
9. Index Usage
10. Updates to this Benchmark Statement
11. Additional Information

1. Document overview

The purpose of this document is to outline the information required in Article 27 of the EU regulation on indices used as financial benchmarks (“BMR”) and Commission Delegated Regulation (EU) 2018/1643.

The Fixed Income Factor Based Family are all **non-significant benchmarks** as defined under Article 3(1)(27) Regulation (EU) 2016/1011

2. Indices included within Family¹

BlackRock Investment Grade Enhanced Bond Index
 BlackRock High Yield Defensive Bond Index
 BlackRock USD Bond Factor Index

3. General description of the market or economic reality

In the Fixed Income Factor Based family, the index strategies are driven by macro factors such as interest rate and credit exposure, as well as style factors such as value and momentum that are often associated with equity markets. All indices in this family are comprised of the bonds in the Fixed Income asset class and several sub-asset classes as defined in the index methodology documents which can be found, free of charge, on each index product page: [BlackRock Index Services | Fixed Income](#)

A summary in respect of each index’s underlying market or economic reality is included in the following table:

Index	Underlying Market or Economic Reality
BlackRock Investment Grade Enhanced Bond Index	The BlackRock Investment Grade Enhanced Bond Index measures the performance of a strategy that starts with a broad, market value weighted universe of U.S. dollar-denominated investment grade corporates. The constituents are determined by evaluating each bond against the eligibility criteria which are defined in the Index Methodology document..
BlackRock High Yield Defensive Bond Index	The BlackRock High Yield Defensive Bond Index measures the performance of a strategy that starts with a broad, market value weighted universe of U.S. dollar-denominated high yield corporates. The constituents are determined by evaluating each bond against the eligibility criteria which are defined in the Index Methodology document.
BlackRock USD Bond Factor Index	The index measures the performance of a broad set of bonds across USD fixed-income asset classes, including Investment Grade and High Yield Bonds, Mortgage-Backed Securities, Asset Backed Securities, Commercial Mortgage Back Securities, and Treasury Bonds. The inclusion criteria for each component of the index are set out in the BlackRock USD Bond Factor Index Methodology.

4. Geographical boundaries of the market or economic reality

The Fixed Income Factor Based indices provide exposure to the U.S. denominated bond market.

5. Criteria for determining an index

¹ BlackRock Index Services, LLC does not currently assign ISINs to all of the indices for which it is the Administrator. Index tickers are currently used for identifiers and can be found on each index product page: <https://www.blackrock.com/us/individual/products/blackrock-index-services>

The index construction process followed by BlackRock Index Services LLC for each of its Fixed Income Factor Based indices uses a systematic, rules-based approach. Data sources for each index can be found in the “Data Sources” section and definitions for key terms in the “Definitions” section of each index methodology document is publicly available on each index product page.

Each index methodology document outlines the criteria and procedures for determining the index, including calculations, input data requirements and rebalancing rules. The methodology documents for the Fixed Income Factor Based indices sets out any particularities in relation to the indices and these documents can be found on each index’s product page located on the BlackRock website: [BlackRock Index Services | Fixed Income](#)

a. Rebalancing

The Fixed-Income Factor Based Family indices are rebalanced on a regular monthly schedule.

b. Review of Methodology and market / strategy

As part of the regular index annual review process, the Fixed Income Factor Based Family indices are reviewed relative to the market or strategy they are designed to reflect. This review assists in the evaluation of methodologies for both consistency and effectiveness and may highlight situations where changes in the methodology are warranted to reflect changes in the underlying market opportunity. Any changes to the indices will follow the **Methodology Change Policy**.

6. Index Calculation and Discretion

The Fixed Income Factor Based family are calculated using fixed income security prices provided by internationally recognized data vendors. Additionally, the indices do not use “contributed” input data. The return of the indices are calculated in United States Dollar (USD).

The Fixed Income Factor Based indexes rely on the continued availability of prices from data vendors. In the circumstance that there is a lack of sufficient input data, market disruption events, or errors in determining the index, BlackRock Index Services, LLC follows the **Error & Event Handling Policy**. Market Disruption Events occur when input data is not sufficiently available or able to accurately and reliably represent the market or economic reality. These events fall under the categories such as:

- The official closing price, or other required value of any index is unavailable when the index is scheduled to be published
- A relevant exchange is not open for trading during its regular trading session, or there is an exchange disruption
- Upon the occurrence or existence of a trading disruption event
- Upon the occurrence or existence of an index dislocation
- Upon the occurrence or existence of an interest rate disruption event
- Upon the occurrence or existence of a Force Majeure Event

Expert judgment includes but is not limited to unforeseen market conditions where transaction data may not have been sufficient or be able to accurately and reliably represent the market or economic reality. The **Error & Event Handling Policy** provides more details on these instances and the processes followed.

Independent oversight of BlackRock Index Services, LLC is undertaken by Index Services Group Committee (ISGCo), inclusive of the Methodology & Operations (M&O) sub-committee. The M&O sub-committee has been established by ISGCo to oversee adherence to index methodologies and operational policies and procedures applicable to the administrator, including overseeing the exercise of expert judgment by the administrator. The M&O sub-committee is also responsible for reviewing existing methodologies (at least annually), newly proposed methodologies (prior to Index launch), and ad-hoc changes.

7. Error Handling

In the event of an error BlackRock Index Services, LLC will review the circumstances surrounding the event and its impact to determine whether an error has occurred. These events can be broken down into the following main scenarios:

1. Construction and/or calculation errors
2. Data provider error
3. Market Disruption events

When an error in a published index is identified, the M&O sub-committee may be consulted, and BlackRock Index Services, LLC will proceed as per jurisdictional requirements in accordance with the **Error & Event Handling Policy**. An error announcement will be made via the BlackRock website detailing the error. Additionally, upon identifying an error, BlackRock Index Services, LLC will follow internal procedures to assessment of associated controls and mitigation plans to protect future events from occurring.

Any methodology changes resulting from usage of expert judgement will follow the process outlined in the **Methodology Change Policy**. Refer to policy in section 5 above.

8. Changes to, or the cessation of, indices

a. Methodology changes

The BlackRock index methodology documents outline the investment objective of the index as well as details around the index construction and maintenance. Periodically, these documents can be updated for a variety of reasons including changing market conditions, regulatory changes, client feedback, unusual market event(s), and/or regular methodology oversight review. To ensure subscribers of the index can provide feedback when there is a proposed change, BIS will engage in a consultation notification with subscribers (and other stakeholders where appropriate). The duration of the consultation varies depending on the impact, complexity, and time sensitive nature of the change. Consultations will typically be open for feedback for a period of two weeks.

The methodology documents are reviewed at least annually to ensure that the Fixed Income indices remain fit for purpose and that they continue to accurately represent that portion of the market they were originally intended to. The M&O sub-committee is responsible for reviewing and approving any changes to the methodology. Processes to handle changes to a methodology are outlined in the **Methodology Change Policy**. Refer to policy in section 5 above.

b. Index Cessations

All index cessation proposals are managed in accordance with the **Index Cessation Policy**. Index cessations must be approved by the Index Services Governance Committee (“ISGCo”), who will assess the circumstances surrounding the proposal, the economic and financial stability impact and the potential impact to stakeholders. Where cessation of an index or family of indices is proposed, the following factors will be taken into consideration, as appropriate.

- Stakeholder Engagement: BlackRock Index Services, LLC may invite relevant stakeholders and other interested parties to participate in a consultation process to discuss selection of alternative index, if any, and ultimately determine the best suitable course of action.
- Alternative Index Selection: BlackRock Index Services, LLC will seek to provide a credible, alternative index that matches the objectives, characteristics and design of index under cessation review, if feasible. The suitability for an alternative index will be dependent on the particular needs and circumstances of each client. Therefore, BIS will not pre-define an alternative for any indices covered by this policy.

To allow for facilitation of transition to alternative index or to prepare for termination of index, BlackRock Index Services, LLC will aim to announce intended cessation at least 90 days prior to cessation date or as soon as practically possible. Additional details on transitions, or terminations can be found in the **Index Cessation Policy**.

9. Index Usage

The Fixed Income Factor Based Family may be used for a variety of purposes, including for research, benchmarking, investment funds or other uses. BlackRock Index Services, LLC assumes no responsibility for the potential use of its indexes in the Fixed Income Factor Based Family indices for particular purpose by clients, whether for research, benchmarking, investment fund, or otherwise. The effective representation of a market or strategy is the primary aim for BlackRock Index Services, LLC. All BlackRock indices and data are the exclusive property of BlackRock and may not be used in any way without the granting of a written license by or the express written permission of BlackRock Index Services, LLC.

10. Updates to this Benchmark Statement

This document will be reviewed by BlackRock Index Services, LLC on an annual basis. Additional reviews may be conducted during extreme market events, such as ongoing insufficient underlying market liquidity, or after significant market events that significantly affect an index.

11. Additional Information

Detailed methodology and policy documents in respect of the indices within the Fixed Income Factor Based Family of indices can be found on [BlackRock Index Services | Fixed Income](#).