

# ISTOXX® RISKFIRST LDI SHORTER POST RPI (0/2.5) INDEX

REGIONS	COUNTRIES	SIZES	SUPERSECTORS	STYLE, STRATEGIES & THEME	BOND
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## INDEX DESCRIPTION

The iSTOXX RiskFirst LDI Indices track the performance of GBP-denominated UK government and corporate bonds, and are optimized using RiskFirst's proprietary cash-flow matching model to reflect typical liability profiles of UK defined benefit pension schemes. Liability-driven investment (LDI) is an increasingly important concept for defined benefit pension schemes, which are seeking to hedge against interest rate and inflation risk by investing in solutions that closely match their liability cash flows.

The iSTOXX RiskFirst LDI index family comprises a range of indices based on 12 distinct profiles, capturing member type, duration, type of indexation (pre- and post-retirement), interest rate and inflation sensitivity and tax-free cash component of typical UK pension schemes.

The iSTOXX RiskFirst LDI Shorter Post RPI (0/2.5) Index comprises nominal and inflation-linked UK gilts, weighted according to RiskFirst's liability cash-flow profile targeted at pensioners of a UK defined benefit pension scheme with a shorter duration and with RPI-linked post-retirement indexation with a floor at 0% and a cap at 2.5%.

## KEY FACTS

- » Transparent and rules-based methodology provides independently calculated benchmarks for LDI portfolios.
- » A range of bond indices serve as common building blocks for tailored LDI solutions for UK defined benefit pension schemes.
- » RiskFirst's best-in-class matching model allows close tracking of typical liability profiles.
- » STOXX's real-time fixed income index calculation capabilities improve efficiency.
- » Rigorous bond selection ensures liquidity and tradability.

## INDEX METHODOLOGY

Indices track either UK gilts or non-gilts (corporate bonds and other UK government bonds). Nominal indices are based on fixed-/zero-coupon bonds whereas real indices are based on inflation-linked bonds. The index family also includes blended indices, which are based on both nominal and real indices. To be eligible, bonds must have an investment grade rating, a time to maturity of at least 15 months measured from the rebalancing date and a minimum amount outstanding of GBP 500 million.

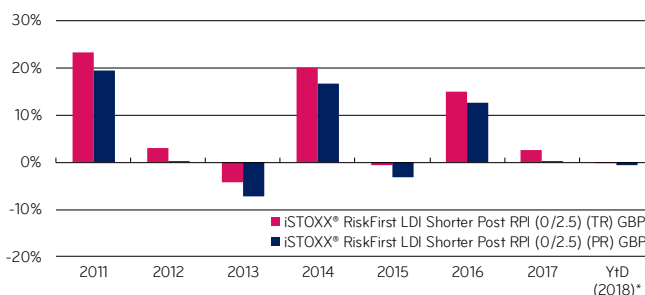
RiskFirst's cash-flow matching model then determines the weighting of index constituents to capture typical annual liability cash flows of UK pension schemes, optimized in line with the relevant cash-flow profile. For gilt-based indices, a minimum number of six bonds applies; individual weights are capped at 30% per bond. For non-gilt-based indices, individual weights are capped at 20% per issuer.

The indices are rebalanced quarterly.

## INDEX PERFORMANCE



## ANNUAL RETURNS



## KEY RATIOS

	iSTOXX® RiskFirst LDI Shorter Post RPI (0/2.5) (TR) GBP	iSTOXX® RiskFirst LDI Shorter Post RPI (0/2.5) (PR) GBP
Performance 1Y (annualized)	-0.3%	-2.6%
Performance 3Y (annualized)	4.6%	2.2%
Performance 5Y (annualized)	5.6%	3.0%
Performance Overall	7.8%	4.9%
Volatility 1Y (annualized)	6.8%	6.9%
Volatility 3Y (annualized)	9.0%	9.1%
Volatility 5Y (annualized)	8.4%	8.5%
Volatility Overall	8.7%	8.7%
Sharpe Ratio 1Y	-0.1	-0.4
Sharpe Ratio 3Y	0.5	0.2
Sharpe Ratio 5Y	0.6	0.3
Maximum Drawdown	10.3%	11.6%

All data as of Apr. 3, 2018; Base date Dec. 31, 2010. Price and Total Return GBP, back tested

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## VERSIONS AND SYMBOLS

iSTOXX RiskFirst LDI	ISIN	Symbol	RIC
Real Longer RPI TR	DE000A2GGN78	SRFILT	.SRFILT
Real Shorter RPI TR	DE000A2GGPA6	SRFIST	.SRFIST
Real Tax Free Cash TR	DE000A2GGPB4	SRFILP2P	.SRFILP2P
Nominal Longer TR	DE000A2GGPC2	SRFNLT	.SRFNLT
Non-Gilt Nominal Longer TR	DE000A2GGPD0	SRFCNLT	.SRFCNLT
Nominal Shorter TR	DE000A2GGPK5	SRFNST	.SRFNST
Non-Gilt Nominal Shorter TR	DE000A2GGPL3	SRFCNST	.SRFCNST
Longer Fixed CPI (0/3) TR	DE000A2GGPP4	SRFBL3T	.SRFBL3T
Longer RPI (0/5) RPI (0/2.5) TR	DE000A2GGPQ2	SRFBLP2T	.SRFBLP2T
Longer RPI (0/5) Fixed TR	DE000A2GGPR0	SRFBLPT	.SRFBLPT
Longer RPI (0/5) RPI (0/5) TR	DE000A2GGPS8	SRFBLP5T	.SRFBLP5T
Shorter RPI (0/2.5) TR	DE000A2GGPT6	SRFBS2T	.SRFBS2T
Shorter RPI (0/5) TR	DE000A2GGPU4	SRFBS5T	.SRFBS5T
Shorter CPI (0/3) TR	DE000A2GGP76	SRFBS3T	.SRFBS3T

A complete list is available at [www.stoxx.com/data-vendor-codes](http://www.stoxx.com/data-vendor-codes)

## DESCRIPTIVE STATISTICS

	iSTOXX® RiskFirst LDI Shorter Post RPI (0/2.5) (TR) GBP
Weighted Average Bid Yield to Maturity	0.67
Weighted Average Bid Duration	14.22
Weighted Average Bid Modified Duration	14.12
Weighted Average Bid Convexity	2.96
Weighted Average Remaining Time to Maturity	17.70
Weighted Average Coupon	3.04

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The index can be used as basis for the definition of Customized indices, which can be tailored to specific client or mandate needs. STOXX offers customization in almost unlimited forms for example in terms of component selection, weighting schemes and personalized calculation methodologies.

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### BACK TESTED PERFORMANCE

This document contains index performance data based on back testing, i.e. calculations of how the index might have performed prior to launch if it had existed using the same index methodology and based on historical constituents. Back tested performance information is purely hypothetical and is provided in this document solely for information purposes. Back tested performance does not represent actual performance and should not be interpreted as an indication of actual performance.