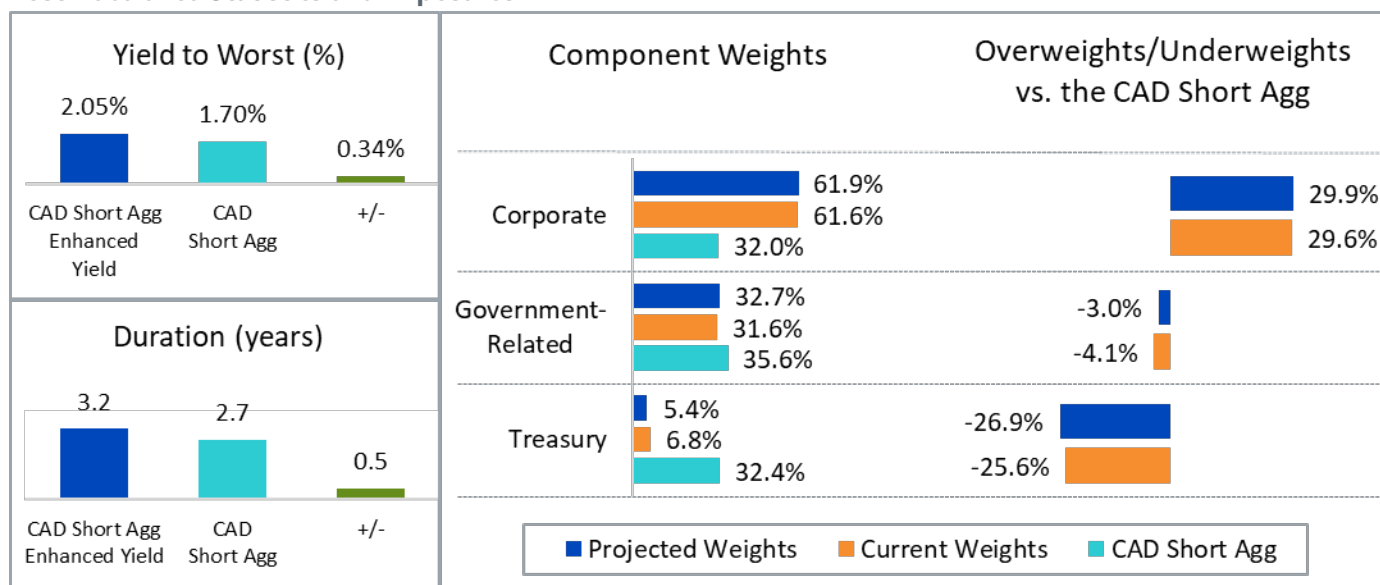


The **Bloomberg Barclays Canadian Short Aggregate Enhanced Yield Index ("CAD Short Agg Enhanced Yield")** is designed to achieve a higher yield than the 1-5 year segment of the Bloomberg Barclays CAD Aggregate Index ("CAD Short Agg") while broadly retaining similar risk characteristics. The weights of the components in the CAD Short Agg Enhanced Yield are rebalanced monthly. The new index projected weights went into effect after the close on August 30, 2019.

**KEY REBALANCE HIGHLIGHTS**

- The CAD Short Agg Enhanced Yield is yielding 34 bps more than the CAD Short Agg (2.05% vs. 1.70%) with modestly higher duration (3.2 vs. 2.7 years) after rebalancing.
- Relative to last month, the CAD Short Agg Enhanced Yield Index...
  - decreased exposure to 1-3 year Treasuries (-1.4%), bucking the trend from last month.
  - increased exposure to 3-5 year Government related bonds (+1.1%).
- The CAD Short Agg Enhanced Yield's largest overweight to the CAD Short Agg is in Corporates (+29.9%), and its largest underweight is in Treasuries (-26.9%).
- The Index has a slight underweight position to Government-Related bonds (-3.0%).

**Post-Rebalance Statistics and Exposures**



Sources: Bloomberg, as of 8/30/2019.

The CAD Short Agg Enhanced Yield's largest increase to exposure was to 3-5 year Government related bonds by 1.1%, and the largest reduction in exposure was a 1.4% decrease to 1-3 year Treasuries.

**Major Changes in Exposures, After Rebalance**

Increases in Exposures	
Gov-Related 3-5	1.1%
Corporate A & Above 3-5	0.6%
Gov-Related 1-3	0.0%

Reductions in Exposures	
Treasury 1-3	-1.4%
Corporate Baa 1-3	-0.3%
Corporate Baa 3-5	-0.1%

Largest Overweights	
Corporate Baa 1-3	15.0%
Corporate Baa 3-5	15.0%
Gov-Related 3-5	11.9%
Corporate A & Above 3-5	11.0%

Largest Underweights	
Treasury 1-3	-15.2%
Gov-Related 1-3	-14.9%
Treasury 3-5	-11.7%
Corporate A & Above 1-3	-11.1%

**Individual Bucket Weights, Before and After Rebalance**

Individual Buckets	Projected Weights	Current Weights	+/- vs Current	CAD Short Agg	+/- vs CAD Short Agg
Treasury 1-3	5.4%	6.8%	-1.4%	20.7%	-15.2%
Treasury 3-5	0.0%	0.0%	0.0%	11.7%	-11.7%
Gov-Related 1-3	2.5%	2.5%	0.0%	17.4%	-14.9%
Gov-Related 3-5	30.2%	29.1%	1.1%	18.2%	11.9%
Corporate A & Above 1-3	0.0%	0.0%	0.0%	11.1%	-11.1%
Corporate A & Above 3-5	20.8%	20.2%	0.6%	9.8%	11.0%
Corporate Baa 1-3	20.3%	20.6%	-0.3%	5.3%	15.0%
Corporate Baa 3-5	20.8%	20.8%	-0.1%	5.8%	15.0%

Sources: Bloomberg, as of 8/30/2019.

**Glossary:**

**Yield to Worst (YTW)** is the lowest potential yield that can be received on a bond without the issuer actually defaulting. When a bond is callable, the yield to worst is the lower yield of yield to maturity and yield to call.

**Duration** is a measure of the sensitivity of the price (the value of principal) of a fixed income investment to a change in interest rates. Effective duration is a calculation used to approximate the actual, modified duration of a callable bond. It takes into account that future interest rate changes will affect the expected cash flows for a callable bond.

**Credit Quality** is the underlying credit worthiness of a bond, reflecting its risk of default. Credit quality is typically represented by the credit ratings of a bond that are assigned by rating agencies such as Moody's or Standard & Poor's.

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Bloomberg Barclays Canadian Aggregate Index: a broad-based benchmark that measures the investment grade, Canadian dollar-denominated, and fixed rate bond market. The index includes treasuries, government-related, corporate issues from developed and emerging markets issuers. Bloomberg Barclays Canadian Short Aggregate Enhanced Yield Index: a constrained, rules-based approach that reweights the sector, maturity and credit quality of the Bloomberg Barclays Canadian Aggregate Index across various subcomponents in order to enhance yield maturing in one to five years.

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