



Fixed Income Indexes

VettaFi IG Enhanced Yield indices

- **VettaFi US IG Enhanced Yield Index**
- **VettaFi EU IG Enhanced Yield Index**

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Introduction

[Index Objective](#)

The VettaFi Enhanced Yield Index suite seeks to deliver consistent yield and total return outperformance relative to its underlying investment grade corporate benchmarks. Incremental return is generated through disciplined credit risk positioning — specifically, a systematic tilt toward BBB-rated issuers — while maintaining duration neutrality to the benchmark at each monthly rebalance.

The suite currently encompasses two strategies: a US investment grade version benchmarked to the VettaFi US IG Corporate Index, and a European investment grade version benchmarked to the VettaFi EU IG Corporate Index.

[Rebalancing](#)

[Annual Rebalance](#)

The index is rebalanced annually each June. At the annual rebalance, the broad universe is sourced from the base index and reduced to a maximum of 200 issuers. Issuers are selected to replicate the characteristics of the base index as closely as possible, subject to sector and rating constraints. At the annual rebalance, all selected issuers are equal weighted. Issuer weights are then allowed to float with market prices at each subsequent monthly rebalance until the next annual rebalance.

Monthly Rebalance

The issuer set is fixed between annual rebalances. If an issuer has no remaining eligible bonds in the index, that issuer is dropped and no replacement issuer is added. At each monthly rebalance, bonds are added or dropped within the remaining issuer set in accordance with the underlying index eligibility rules.

At each rebalance, the index targets a yield enhancement above the base index. The yield target is determined dynamically based on the prevailing BBB-A spread of the underlying benchmark — a wider spread environment results in a more conservative capture ratio, while a tighter spread environment increases it. To avoid undue risks, the yield target is subject to a maximum of 100 basis points.

The yield enhancement is achieved by tilting bond weights within each issuer toward higher-yielding bonds, while maintaining the issuer's overall portfolio weight. To avoid over-concentration, unless the bond has a higher beginning market-cap, no single bond may exceed 50% of its issuer's total weight due to tilting, and portfolio duration is anchored to the base index, ensuring the tilt captures yield without taking undue term or concentration risk.

The strategy operates within the following constraints: portfolio duration may not exceed the base index duration by more than 0.25 years, sector weights are constrained relative to the base index, and the portfolio must maintain an investment grade rating profile. When these constraints are binding, the

Supporting Documents

This methodology is meant to be read in conjunction with supporting documents providing greater detail with respect to the policies, procedures and calculations described herein.

The list of the main supplemental documents for this methodology can be found in the Methodologies and Governance tabs on the [Index Resources](#) page as follows:

Supporting Documents
FI Index Maintenance Policy
Index Governance
Index Policies
Methodology Policies

Index Change and Consultation Policy

Index Construction

Universe

VettaFi US & EU Investment Grade denominated corporate bond indices

Constituent Selection

Bonds that are eligible for the VettaFi US IG Corp Index & Vetta EU IG Corp index are eligible for inclusion.

Bond Pricing

The VettaFi U.S. Government Family of Indices is calculated each trading day using bid pricing.

Constituent Weightings

Constituents are market-cap weighted.

Index Maintenance

Corporate Actions

Please refer to the Fixed Index Maintenance Policy document for information on Corporate Action processing.

Index Information

Index history availability, base dates and base values are shown in the table below.

Index	Base Date	Base Value	Price Index	Total Return Index
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Liquid US IG Enhanced Yield Index	6/30/2006	100	TBD	TBD
Liquid EU IG Enhanced Yield Index	6/30/2011	100	TBD	TBD

Methodology Updates and Changes

Date	Version	Previous	New

Index Calculation

Please refer to the Fixed Income Index Maintenance Policy document for information on index calculations.

Index Governance

The index is governed and managed by a VettaFi Index Committee for the purpose of meeting the goals of the index. For more information, please refer to the Index Governance document.

Index Policies

Please refer to the Index Policies document for information regarding Announcements, Holiday Schedules, Unexpected Exchange Closures, and Recalculation Policy.

Contact Information

For any questions regarding an index, please contact: index.production@vettafi.com

Disclaimer

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