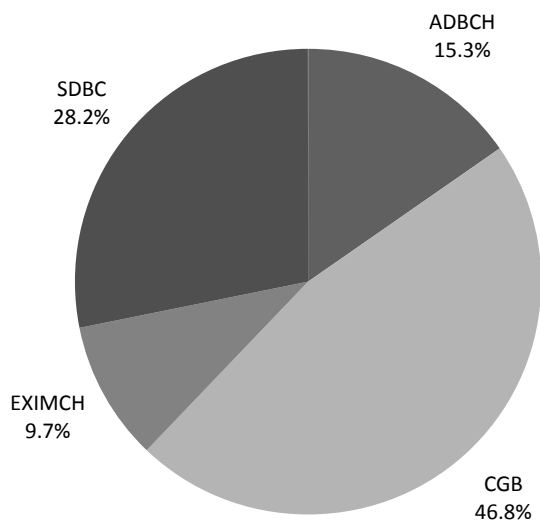


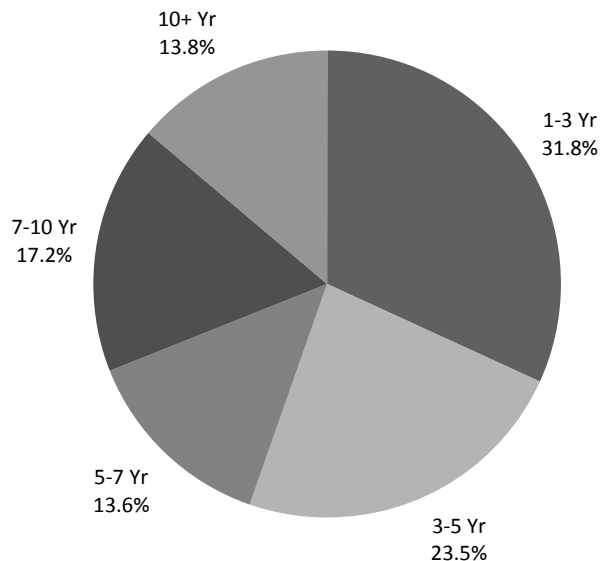
# China Treasury + Policy Bank Index

The Bloomberg Barclays China Treasury + Policy Bank Index tracks the performance of the CNY-denominated fixed rate Treasury and Policy Bank securities that are listed on the China Interbank market. The index was launched in November 2016, with an inception date of January 1, 2004.

Ticker Composition (MV%) - as of May 31, 2018



Maturity Composition (MV%) - as of May 31, 2018



## Rules for Inclusion

|                            |   |   |
|----------------------------|---|---|
| <b>Eligible Currencies</b> | Principal and interest must be denominated in CNY.  |   |
| <b>Amount Outstanding</b>  | Par value of at least CNY 5Billion for Treasuries & Policy Bank debt.   |   |
| <b>Quality</b>             | Bonds should not be in default to be included in the index.   |   |
| <b>Maturity</b>            | At least one year until final maturity.   |   |
| <b>Coupon</b>              | Fixed rate.   |   |
| <b>Exchange</b>            | Debt issued in China Interbank market.  |   |
| <b>Security Types</b>      | <b>Included</b> <ul style="list-style-type: none"> <li>• Fixed rate</li> <li>• Treasuries</li> <li>• Debt issued by Policy Banks</li> </ul> | <b>Excluded</b> <ul style="list-style-type: none"> <li>• Floating-rate</li> <li>• Zero Coupon</li> <li>• Convertibles</li> <li>• Inflation-linked</li> <li>• Derivatives</li> <li>• Structured products</li> <li>• Securitized</li> <li>• Warrants</li> <li>• Private placements</li> </ul> |

- Retail Bond
- Bonds issued on Shanghai and Shenzhen exchanges
- Special bonds issued by Ministry of Finance in 2007\*

\*Eight bonds are excluded per this criterion. In 2007, the standing committee of national People's Congress approved MOF to issue a total of CNY1.55 trillion special government bonds.

## Rebalancing Rules

|                                   |  |
|-----------------------------------|--|
| <b>Frequency</b>                  | For each index, Bloomberg maintains two universes of securities: the Returns (Backward) and the Projected (Forward) Universes. The composition of the Returns Universe is rebalanced at each month-end and represents the fixed set of bonds on which index returns are calculated. The Projected Universe is a forward-looking projection that changes daily to reflect issues dropping out of and entering the index but is not used for return calculations. On the last business day of the month (the rebalancing date), the composition of the latest Projected Universe becomes the Returns Universe for the following month. |
| <b>Index Changes</b>              | During the month, indicative changes to securities (credit rating change, sector reclassification, amount outstanding changes, corporate actions, ticker changes, etc.) are reflected daily in both the Projected and Returns Universe of the index. These changes may cause bonds to enter or fall out of the Projected Universe of the index on a daily basis, but will affect the composition of the Returns Universe at month-end only, when the index is next rebalanced.   |
| <b>Reinvestment of Cash Flows</b> | Intra-month cash flows from interest and principal payments contribute to monthly index returns but are not reinvested at a short-term reinvestment rate between rebalance dates. At each rebalancing, cash is effectively reinvested into the Returns Universe for the following month so that index results over two or more months reflect monthly compounding.   |
| <b>New Issues</b>                 | Qualifying securities issued/announced, but not necessarily settled, on or before the month-end rebalancing date, qualify for inclusion in the following month's index if required security reference information and pricing are readily available.   |

## Pricing and Related Issues

|                                |   |
|--------------------------------|---|
| <b>Sources &amp; Frequency</b> | All index-eligible bonds are priced on a daily basis by Bloomberg's evaluated pricing service, BVAL.  |
| <b>Pricing Quotes</b>          | Bonds are quoted as percentage of par.  |
| <b>Timing</b>                  | <ul style="list-style-type: none"> <li>• 4pm (Shanghai time) for all securities.</li> <li>• If the last business day of the month is a public holiday, prices from the previous business day are used.</li> </ul>   |
| <b>Bid or Offer Side</b>       | Bonds in the index are priced on the bid side.  |
| <b>Settlement Assumptions</b>  | <ul style="list-style-type: none"> <li>• T+1 calendar day settlement basis.</li> <li>• At month-end, settlement is assumed to be the first calendar day of the following month, even if the last business day is not the last day of the month, to allow for one full month of accrued interest to be calculated.</li> </ul>  |
| <b>Verification</b>            | Daily price moves for each security are analyzed by the index pricing team. Index users may also challenge price levels, which are then reviewed and updated as needed.   |
| <b>Currency Hedging</b>        | Bloomberg Barclays' FX hedging methodology takes rolling one-month forward contracts that are reset at the end of each month and hedges each non-reporting currency denominated bond in the index into the reporting currency terms. No adjustment is made to the hedge during the month to account for price movements of constituent securities in the Returns Universe of the index. |
| <b>Calendar</b>                | The China Treasury + Policy Bank Index follows the China bond market holiday schedule.  |

## Monthly Returns in USD, 2009-2018 (%)

|      | Jan   | Feb   | Mar   | Apr   | May   | Jun   | Jul   | Aug   | Sep   | Oct   | Nov   | Dec   | YTD   |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 2009 | -0.56 | 0.17  | 0.41  | 0.36  | 0.45  | -0.06 | -0.57 | 0.35  | 0.31  | 0.06  | 0.29  | 0.12  | 1.33  |
| 2010 | 0.33  | 0.63  | 0.67  | 0.60  | 0.68  | 0.85  | 0.53  | -0.17 | 1.82  | -0.16 | -1.37 | 1.28  | 5.82  |
| 2011 | -0.14 | 0.63  | 0.69  | 1.22  | 0.52  | -0.04 | 0.27  | 0.96  | 0.56  | 1.40  | 0.75  | 2.49  | 9.68  |
| 2012 | 0.33  | 0.21  | 0.20  | 0.01  | 0.22  | 0.64  | 0.39  | -0.01 | 0.87  | 0.70  | 0.44  | 0.13  | 4.22  |
| 2013 | 0.56  | 0.18  | 0.51  | 1.67  | 0.90  | -0.48 | -0.22 | -1.12 | -0.20 | -0.38 | -1.03 | 0.32  | 0.69  |
| 2014 | 0.78  | 0.09  | -1.40 | 0.41  | 2.09  | 1.31  | -0.12 | 1.27  | 1.42  | 2.53  | 1.29  | -1.55 | 8.35  |
| 2015 | 0.41  | 0.73  | -0.42 | 1.36  | 0.53  | 0.35  | 0.83  | -1.97 | 0.84  | 1.89  | -1.18 | 0.21  | 3.57  |
| 2016 | -1.08 | 0.79  | 1.96  | -0.94 | -1.20 | -0.13 | 0.71  | 0.22  | 0.56  | -0.90 | -2.54 | -2.84 | -5.35 |
| 2017 | 1.04  | -0.23 | -0.22 | -0.60 | 0.31  | 1.86  | 0.89  | 1.69  | -0.29 | -0.44 | -0.24 | 1.79  | 5.66  |
| 2018 | 3.59  | 0.32  | 1.75  | 0.61  | -0.65 | -     | -     | -     | -     | -     | -     | -     | 5.70  |

## Accessing Index Data

**Bloomberg Professional® service** Bloomberg benchmarks are the global standard for capital markets investors.

- INDEX<Go> – The Bloomberg Indices landing page is a dashboard for index-related information on the terminal. Find daily and monthly index returns for key indices from each index family as well as index publications including methodologies, factsheets, monthly reports, updates and alerts.
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- DES<Go> – The index description page provides transparency into an individual index including membership information, aggregated characteristics and returns, and historical performance.

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- Index methodology and factsheets
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### Data Distribution

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- Clients may receive standard files or may customize file contents
- Index data is also available via authorized redistributors

## Bloomberg Total Return Index Value Tickers: China Treasury + Policy Bank and Related Indices

| Ticker (USD Unhedged) | Index                                 | Ticker (USD Unhedged) | Index                                  |
|-----------------------|---------------------------------------|-----------------------|--|
| I32561US              | China Treasury + Policy Bank          | I32563US              | China Treasury + Policy Bank 3-5 Year  |
| LACHTRUU              | China Aggregate                       | I32564US              | China Treasury + Policy Bank 1-5 Year  |
| I08273US              | China Treasury                        | I32565US              | China Treasury + Policy Bank 5-10 Year |
| I32562US              | China Treasury + Policy Bank 1-3 Year | I32566US              | China Treasury + Policy Bank 10+ Year  |

Total Return Index Values are available in other currencies and on a hedged basis. Attributes such as yield and duration, are also available. Please refer to Accessing Bloomberg Barclays Index Data Using Bloomberg Tickers for a full list of tickers and attributes that are available.

June 13, 2018

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