

China Development Bank 1-3 Years Index

The Bloomberg Barclays China Development Bank 1-3 Years Bond Index tracks the performance of the CNY-denominated fixed rate China Development Bank securities that are listed on the China Interbank market. The bonds must have between 1 and up to, but not including, 3 years remaining to maturity. The index was launched in May 2019, with an inception date of July 1, 2012.

Rules for Inclusion

Eligible Currencies	Principal and interest must be denominated in CNY.	
Amount Outstanding	Par value of at least CNY 5Billion.	
Quality	Bonds should not be in default to be included in the index.	
Maturity	Between one and up to, but not including, 3 years remaining until final maturity.	
Coupon	Fixed rate.	
Exchange	Debt issued in China Interbank market.	
Security Types	Included <ul style="list-style-type: none"> • Fixed rate • Debt issued by SDBC 	Excluded <ul style="list-style-type: none"> • Floating-rate • Zero Coupon • Convertibles • Inflation-linked • Derivatives • Structured products • Securitized • Warrants • Private placements • 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

Frequency	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.
Index Changes	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.

June 19, 2019

Reinvestment of Cash Flows

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.

New Issues

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

Sources & Frequency

All index-eligible bonds are priced on a daily basis by Bloomberg's evaluated pricing service, BVAL.

Pricing Quotes

Bonds are quoted as percentage of par.

Timing

- 4pm (Shanghai time) for all securities.
- If the last business day of the month is a public holiday, prices from the previous business day are used.

Bid or Offer Side

Bonds in the index are priced on the bid side.

Settlement Assumptions

- T+1 calendar day settlement basis.
- 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.

Verification

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.

Currency Hedging

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.

Calendar

The China Development Bank 1-3 Years Index follows the China bond market holiday schedule.

Monthly Returns in CNY, 2012-2019 (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2012	-	-	-	-	-	-	0.38	-0.04	0.04	0.15	0.34	0.21	1.03
2013	0.61	0.29	0.15	0.54	0.37	-1.16	0.63	-0.26	0.26	-0.36	0.01	0.16	1.25
2014	0.67	1.43	0.10	0.52	1.07	0.48	0.25	0.55	0.71	1.27	0.84	-0.21	7.94
2015	0.58	0.63	-0.58	1.10	0.79	0.42	0.45	0.25	0.40	0.75	0.15	0.83	5.93
2016	0.40	0.31	0.12	-0.16	0.45	0.44	0.54	0.28	0.25	0.25	-0.06	-1.09	1.75
2017	0.51	-0.02	0.05	0.13	-0.19	0.77	0.53	0.05	0.26	0.16	-0.27	0.27	2.28
2018	0.52	0.60	0.71	0.94	0.22	0.62	1.24	0.22	0.35	0.68	0.42	0.47	7.20
2019	0.83	0.20	0.25	-0.20	0.42	-	-	-	-	-	-	-	1.51

Accessing Index Data

Bloomberg Terminal®	<p>Bloomberg benchmarks are the global standard for capital markets investors.</p> <ul style="list-style-type: none"> • 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. • IN<Go> – The Bloomberg Index Browser displays the latest performance results and statistics for the indices as well as history. IN presents the indices that make up Bloomberg’s global, multi-asset class index families into a hierarchical view, facilitating navigation and comparisons. The "My Indices" tab allows a user to focus on a set of favorite indices. • PORT<Go> – Bloomberg’s Portfolio & Risk Analytics solution includes tools to analyze the risk, return, and current structure of indices. Analyze the performance of a portfolio versus a benchmark or use models for performance attribution, tracking error analysis, value-at-risk, scenario analysis, and optimization. • 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 Ticker	<p>I34935CN</p>

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