

China Policy Bank 3-5 Year Index

The Bloomberg Barclays China Policy Bank 3-5 Year Index was launched in May 2019, with an inception date of July 1, 2012. It contains fixed-rate Policy Bank CNY-denominated securities that are listed on the China Interbank market between 3 and 5 years to maturity. To be included in the China Policy Bank 3-5 Year Index, securities must have at least three and up to, but not including, five years remaining to maturity.

Rules for Inclusion

Eligible Currencies	Principal and interest must be denominated in CNY.	
Amount Outstanding	Par value of at least CNY 5Billion for Policy Bank debt.	
Quality	Bonds should not be in default to be included in the index.	
Maturity	At least three and up to, but not including, five years remaining to final maturity.	
Coupon	Fixed rate.	
Exchange	Debt issued in China Interbank.	
Security Types	Included <ul style="list-style-type: none"> • Fixed rate • Debt issued by Policy Banks 	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

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 for the next month. 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.
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.
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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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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 using input from various sources.
Currency Hedging	Returns hedged to various non-CNY currencies are published for the China Policy Bank 3-5 Year Index. 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 Policy Bank 3-5 Year Index follows the China bond market holiday schedule.

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 Introduction 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. PORT includes tools to analyze performance of a portfolio versus a benchmark as well as models for performance attribution, tracking error analysis, value-at-risk, scenario analysis, and optimization. • DES<Go> - The index description page provides transparency into the current and projected index universe including membership information, aggregated characteristics and returns, and historical data.
Bloomberg Indices Website (www.bloomberg.com/professional/product/indices)	<p>The index website makes available limited index information including:</p> <ul style="list-style-type: none"> • Index methodology and factsheets • Current performance numbers for select indices
Data Distribution	<p>Index subscribers may choose to receive index data in files. Files may include:</p> <ul style="list-style-type: none"> • Index level and/or constituent level returns and characteristics for any indices. • Automatic delivery of files via email or SFTP following the completion of the index production process after market close.

July 11, 2019

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

Index Ticker

I34822CN

Bloomberg Total Return Index Tickers

Ticker	Name
CHINAAGG	China Aggregate
CHINATPB	China Treasury + Policy Bank
I32562CN	China Treasury + Policy Bank 1-3 Year
I32563CN	China Treasury + Policy Bank 3-5 Year
I32564CN	China Treasury + Policy Bank 1-5 Year
I32565CN	China Treasury + Policy Bank 5-10 Year
I32566CN	China Treasury + Policy Bank 10+ Year
I32441CN	China Treasury and Policy Banks Index 1-10 Year
I08279CN	China Aggregate 1-3 Year
I08280CN	China Aggregate 3-5 Year
I08281CN	China Aggregate 5-7 Year
I08282CN	China Aggregate 7-10 Year
CHINAT	China Treasury

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.

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