

China Treasury + Policy Bank 3-5 Year Index

The Bloomberg Barclays China Treasury + Policy Bank 3-5 Year Index was launched in November 2016, with an inception date of January 1, 2004. It contains fixed-rate Treasury and Policy Bank CNY-denominated securities that are listed on the China Interbank market. To be included in the China Treasury + Policy Bank 3-5 Year Index, securities must have at least three and up to, but not including, five years remaining to maturity. As of June 30, 2017, the index was comprised of 55.7% Policy Bank debt and 44.3% Treasury debt by market value.

Rules for Inclusion

Eligible Currencies	Principal and interest must be denominated in CNY.
Amount Outstanding	Par value of at least CNY 5Billion for Treasuries & 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	Excluded
	<ul style="list-style-type: none"> Fixed rate Treasuries Debt issued by Policy Banks 	<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 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.

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 Treasury + 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 Treasury + Policy Bank 3-5 Year Index follows the China bond market holiday schedule.

Monthly Returns in CNY Unhedged, 2004-2017 (%)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2004	0.07	-0.24	-0.18	-1.28	-0.34	-0.42	0.22	0.71	0.99	-0.66	0.51	0.55	-0.09
2005	1.13	1.64	0.80	0.89	0.58	1.45	1.06	0.57	0.15	0.99	-0.77	0.78	9.63
2006	0.89	0.35	-0.08	-0.12	0.18	-0.26	-0.21	0.41	0.76	0.47	-0.01	0.00	2.41
2007	0.21	0.15	-0.28	-0.24	-0.84	-1.06	0.40	0.62	-0.18	0.35	-0.65	1.07	-0.48
2008	0.07	0.60	0.46	0.74	-0.21	0.03	0.71	0.49	1.92	2.07	2.49	1.70	11.60
2009	-0.80	0.41	0.23	0.09	0.80	-0.24	-0.99	0.15	0.21	0.03	0.39	0.16	0.44
2010	0.22	0.39	0.77	0.40	0.74	0.09	0.32	0.17	-0.03	-0.27	-1.51	0.22	1.51
2011	0.23	0.18	0.30	0.31	0.27	-0.38	-0.11	-0.10	0.69	0.82	1.07	1.17	4.51
2012	0.47	-0.16	0.28	0.25	1.31	0.17	0.44	-0.26	-0.04	0.03	0.20	0.25	2.97
2013	0.43	0.28	0.28	0.82	0.27	-0.69	-0.33	-0.87	0.33	-0.79	-0.40	-0.32	-0.99
2014	0.98	1.49	-0.17	0.77	1.30	0.66	-0.22	0.62	1.06	1.70	1.24	-0.18	9.60
2015	0.83	0.82	-1.13	1.53	0.67	0.47	0.71	0.49	0.40	0.90	0.24	1.49	7.64
2016	0.08	0.28	0.63	-0.629	0.44	0.59	0.66	-0.40	-1.69	-1.65	-1.60	-1.47	1.10
2017	0.39	-0.18	0.01	-0.31	-0.79	1.17	-	-	-	-	-	-	0.33

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Index Ticker I32563US

Bloomberg Total Return Index Tickers

Ticker	Name
CHINAAGG	China Aggregate
CHINATPB	China Treasury + Policy Bank
I32562US	China Treasury + Policy Bank 1-3 Year
I32563US	China Treasury + Policy Bank 3-5 Year
I32564US	China Treasury + Policy Bank 1-5 Year
I32565US	China Treasury + Policy Bank 5-10 Year
I32566US	China Treasury + Policy Bank 10+ Year
I32441US	China Treasury and Policy Banks Index 1-10 Year
I08279US	China Aggregate 1-3 Year
I08280US	China Aggregate 3-5 Year
I08281US	China Aggregate 5-7 Year
I08282US	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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