

Asian-Pacific Aggregate Index

The Bloomberg Asian-Pacific Aggregate Index contains fixed-rate, investment-grade securities denominated in Australian dollar, Chinese yuan, Hong Kong dollar, Indonesian rupiah, Japanese yen, Malaysian ringgit, New Zealand dollar, Singapore dollar, South Korean won and Thai baht. Inclusion is based on currency of the issue and not the country of risk of the issuer. The index is composed primarily of local currency sovereign debt, but also includes government-related, corporate and securitized bonds. The Asian-Pacific Aggregate is a component of the flagship multi-currency Global Aggregate Index and was launched on July 1, 2000.

Rules for Inclusion

Eligible Currencies

- Principal and interest must be denominated in an eligible currency: AUD, CNY, HKD, IDR, JPY, KRW, MYR, NZD, SGD, and THB.
- Eligible currencies will not necessarily have debt included in the index if no securities meet the inclusion rules.
- New market inclusion is reviewed on an annual basis. To be considered, new markets must be investment grade and sufficiently tradable, convertible and hedgeable for offshore investors.

Quality

Securities must be rated investment grade (Baa3/BBB-/BBB- or higher) using the middle rating of Moody's, S&P and Fitch; when a rating from only two agencies is available, the lower is used; when only one agency rates a bond, that rating is used. In cases where explicit bond level ratings may not be available, other sources may be used to classify securities by credit quality:

- Local currency treasury and hard currency sovereign issues are classified using the middle issuer level rating from each agency for all outstanding bonds, even if bond level ratings are available.
- Japan's local currency long-term debt rating is assigned to Japanese agency and local government bonds denominated in JPY.
- Unrated securities may use an issuer rating for index classification purposes if available. Unrated subordinated securities are included if a subordinated issuer rating is available.

Amount Outstanding

Fixed minimum issue sizes are set for all local currency markets:

- 300mn: AUD
- 500mn: NZD, SGD
- 2bn: HKD, MYR
- 5bn: CNY
- 10bn: THB
- 35bn: JPY
- 500bn: KRW
- 2trn: IDR

* Prior to April 2013, each index eligible currency was pegged to a JPY currency minimum on an annual basis using FX rates as of November month-end.

** The minimum amount outstanding required for CNY-denominated treasury and policy bank debt is CNY 5bn. The total amount of index-eligible CNY debt was phased into the index at 5% increments over a 20 month period starting April 2019 until November 2020 when 100% of index-eligible debt was reflected in the index.

Coupon

- Fixed-rate coupon.
- Callable fixed-to-floating rate bonds are eligible during their fixed-rate term only.
- Bonds with a step-up coupon that changes according to a predetermined schedule are eligible.

Maturity

- At least one year until final maturity, regardless of optionality.
- ABS must have a remaining average life of at least one year.
- Bonds that convert from fixed to floating rate, including fixed-to-float perpetuals, will exit the index one year prior to conversion to floating-rate. Fixed-rate perpetuals are not included.
- Sub-indices based on maturity are inclusive of lower bounds.

Taxability

Only fully taxable issues are eligible.

Market of Issue

Publicly issued in the global and regional markets.

Seniority of Debt

Senior and subordinated issues are included.

Security Types**Included**

- Bullet, puttable, sinkable/amortizing and callable bonds
- Original issue zero coupon bonds
- Fixed-rate and fixed-to-float (including fixed-to-variable) capital securities
- MYR-denominated sukuk issued by the Malaysian government (as of April 1, 2015)
- China Treasury and Policy bank debt (as of April 1, 2019)

Excluded

- Contingent capital securities, including traditional CoCos and contingent write-down securities, with explicit capital ratio or solvency/balance sheet-based triggers
- Privately placed and retail Japanese government bonds (JGB), including "Shin-madohan" issuance (as of April 1, 2014)
- Bonds with equity type features (eg, warrants, convertibles, preferreds)
- Inflation-linked bonds, floating-rate issues
- Structured notes, pass-through certificates
- Illiquid securities with no available internal or third-party pricing source
- CNY denominated corporates and government-related bonds (non-Policy bank debt)

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, and ticker changes) are reflected daily in 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, but not necessarily settled on or before the month-end rebalancing date, qualify for inclusion in the following month's index if the 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, except for JPY-denominated corporates which are priced by Japan Securities Dealers Association (JSDA).
Pricing Quotes	Bonds are quoted as percentage of par.
Timing	<p>Prices are updated at the following local market times:</p> <ul style="list-style-type: none"> • AUD- and NZD-denominated bonds: 5pm Sydney • JPY-denominated bonds: 3pm Tokyo • CNY-denominated bonds: 5pm Shanghai • HKD-, IDR-, KRW-, MYR-, SGD-, THB-denominated bonds: 5pm Tokyo <p>If the last business day of the month is a public holiday in a regional market, prices from the previous business day are used to price bonds in the particular market.</p>
Bid or Offer Side	Bonds in the index are priced on the bid side. JGB are priced on the mid side.
Settlement Assumptions	T+1 calendar day settlement basis for all securities. 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 to identify outliers. Index users may also challenge price levels, which are then reviewed and updated as needed.

Currency Hedging	Returns hedged to various currencies are published for multi-currency indices. The indices' 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 Asian-Pacific Aggregate Index is a global, multi-currency index that follows a joint holiday calendar consisting of five Asian-Pacific bond market calendars, including Australia, Hong Kong, South Korea, Singapore and Japan. During holidays observed by local markets, the index will still be generated using prices from the previous business day. FX rates are updated daily using WM Reuters 4pm (London) rates.
Index History	
April 1, 2019	CNY-denominated debt added to the index.
June 1, 2018	Indonesia Rupiah-denominated bonds added to the index.
April 1, 2015	MYR-denominated sukuk issued by the Malaysian government (MGII) added to the index.
April 1, 2014	"Shin-madohan" Japanese Government Bond (JGB) issuance excluded from the index.
April 1, 2013	Fixed local currency minimum issue sizes set for all local currency bond markets.
January 1, 2012	Taiwan dollar-denominated debt removed from the index.
July 1, 2008	Thai baht debt added back to the Index.
March 1, 2007	Thai baht debt removed from the index.
January 1, 2006	Taiwan dollar and Malaysian ringgit eligible for the index.
January 1, 2005	Fitch ratings added to Moody's and S&P to determine index eligibility based on the middle rating from each agency.
October 1, 2003	Capital and senior unsecured securities with fixed-to-variable coupons added to the index.
January 1, 2002	Liquidity constraint raised to JPY35bn from JPY20bn. Malaysian ringgit, Taiwan dollar, and Chinese yuan excluded from the index.
October 1, 2000	Asian-Pacific Aggregate Index joined the Global Aggregate Index.
July 1, 2000	Inception of the Asian-Pacific Aggregate Index data time series.

Sub-indices and Index Customizations

Bloomberg publishes numerous sub-indices of flagship indices and bespoke benchmarks created for specific index users. Several types of bespoke indices are available to select or customize the most appropriate benchmark for specific portfolio needs:

Sub-Index Type	Description	Examples
Enhanced Constraint	Applies more or less stringent constraints to any existing index.	<ul style="list-style-type: none"> Asian-Pacific Aggregate Aa
Composites	Investors assign their own weights to sectors or other index sub-components within an overall index.	<ul style="list-style-type: none"> 50% JGB; 50% Global Treasury ex JGB
Alternative Weights	Uses other rules-based weighting schemes instead of market value weights.	<ul style="list-style-type: none"> Asian-Pacific Aggregate Float Adjusted
Mirror Futures Index (MFI)	An index consisting of 14 funded futures contracts weighted to match closely the beginning-of-month OAD of the index.	<ul style="list-style-type: none"> Japan Aggregate Mirror Futures Index
Duration Hedged	Indices constructed to reflect the underlying return of an index with its duration fully or partially hedged using its MFI.	<ul style="list-style-type: none"> Japan Aggregate Duration Hedged Index

Accessing Index Data

Bloomberg Terminal®	<p>Bloomberg benchmarks are the global standard for capital markets investors.</p> <ul style="list-style-type: none"> INDE<GO> - The Bloomberg Indices dashboard page, which contains daily, monthly, and year-to-date index returns for key indices from each index family as well as a link to index publications. 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. DES<GO> - The index description page provides transparency into an individual index including membership information, aggregated characteristics and returns, and historical performance. INP<GO> - The Bloomberg Indices Publications page, which includes methodologies, factsheets, monthly reports, announcements and technical notes. A user may also subscribe to index publications via the "Actions" button. 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.
Bloomberg Indices Website (www.bloomberg.com/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

Index subscribers may choose to receive index data in files. Files may include:

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

Index Ticker

I00163JP: Total Return JPY Unhedged

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