

# Bloomberg China Policy Bank Index

The Bloomberg China Policy Bank Index measures the performance of fixed-rate Policy Bank CNY-denominated securities that are listed on the China Interbank market. To be included in the index, securities must have at least one year remaining to maturity. The index was launched in July 2017, with an inception date of July 1, 2012.

## Rules for Inclusion

Eligible Currencies	Principal and interest must be denominated in CNY.	
Quality	Bonds should not be in default to be included in the index.	
Amount Outstanding	Par value of at least CNY 5 Billion.	
Coupon	Fixed-rate coupon.	
Maturity	At least one year until final maturity, regardless of optionality. Bonds that convert from fixed to floating rate, including fixed-to-float perpetual, will exit the index one year prior to conversion to floating rate. Fixed rate perpetual bonds are not included.	
Market of Issue	Debt issued in China Interbank market.	
Security Types	Included	Excluded
	<ul style="list-style-type: none"><li>Fixed rate debt issued by Policy Banks</li></ul>	<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><li>Retail Bond</li><li>Bonds issued on Shanghai and Shenzhen exchanges</li><li>Special bonds issued by Ministry of Finance in 2007*</li></ul>

\*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 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.
<b>Index Changes</b>	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.
<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, 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

<b>Sources &amp; Frequency</b>	Bonds are priced on a daily basis by Bloomberg's evaluated pricing service, BVAL.
<b>Pricing Quotes</b>	Bonds are quoted as a percentage of par.
<b>Timing</b>	<ul style="list-style-type: none"> <li>• 5 p.m. (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>	T+1 calendar day settlement basis for all bonds. 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.
<b>Verification</b>	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.
<b>Calendar</b>	The China Policy Bank 1-5 Year Index follows the China bond market holiday schedule.

## Accessing Index Data

<b>Bloomberg Terminal®</b>	<p>Bloomberg benchmarks are the global standard for capital markets investors.</p> <ul style="list-style-type: none"> <li>• INDE&lt;GO&gt; - 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.</li> <li>• IN&lt;GO&gt; - 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.</li> <li>• DES&lt;GO&gt; - The index description page provides transparency into an individual index including membership information, aggregated characteristics and returns, and historical performance.</li> <li>• INP&lt;GO&gt; - 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.</li> <li>• PORT&lt;GO&gt; - Bloomberg's Portfolio &amp; 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.</li> </ul>
<b>Bloomberg Indices Website</b> ( <a href="http://www.bloomberg.com/indices">www.bloomberg.com/indices</a> )	<p>The index website makes available limited index information including:</p> <ul style="list-style-type: none"> <li>• Index methodology and factsheets</li> <li>• Current performance numbers for select indices</li> </ul>
<b>Data Distribution</b>	<p>Index subscribers may choose to receive index data in files. Files may include:</p> <ul style="list-style-type: none"> <li>• Index level and/or constituent level returns and characteristics for any indices</li> <li>• Automatic delivery of files via email or SFTP following the completion of the index production process after market close</li> <li>• Clients may receive standard files or may customize file contents</li> <li>• Index data is also available via authorized redistributors</li> </ul>
<b>Index Ticker</b>	I33267CN: Total Return Unhedged CNY

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