

China Credit Select Index

The Bloomberg Barclays China Credit Select Bond Index is a composite index that includes USD- and CNY-denominated fixed and floating-rate debt issued by Chinese issuers. The CNY-denominated subset, which makes up 30% of the China Credit Select Index, includes Baa-rated corporates with less than 5 years remaining to maturity. The USD-denominated subset makes up 70% of the China Credit Select Index, and is composed of securities with China as country of risk and that are either: Baa-rated with less than 5 years remaining to maturity, or rated A or above and have at least 10 years remaining to maturity. The index was created in October 2018, with history backfilled to September 2013.

Rules for Inclusion

Currency	Principal and coupon must be denominated in USD or CNY.
Sector	<ul style="list-style-type: none"> CNY-denominated debt only from corporate issuers is eligible. USD-denominated debt from sovereign, agency (government owned, government guaranteed and government sponsored entities), local authority and corporate issuers is eligible. Under the index classification schema, an issuer is classified as government-related (as opposed to corporate) if it is more than 50% government owned, carries a government guarantee or is government sponsored.
Amount Outstanding	<ul style="list-style-type: none"> At the security level, USD 500mn minimum par amount outstanding for the USD-denominated debt. For the CNY-denominated debt, par value of at least CNY 1.5bn for Corporates.
Country Inclusion	Issuer country of risk must be China.
Issue Rating	<ul style="list-style-type: none"> For CNY-denominated debt, Baa-rated bonds only. For the USD-denominated debt, Baa-rated bonds with if they have remaining maturity below 5 years, or A or above rated bonds if they have remaining maturity of at least 10 years. <p>Securities use 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:</p> <ul style="list-style-type: none"> Expected ratings at issuance may be used to ensure timely index inclusion or to properly classify split-rated issuers. Unrated securities may use an issuer rating for index classification purposes if available.
Maturity	<ul style="list-style-type: none"> At least one year and up to, but not including, 5 years remaining to maturity for CNY-denominated bonds and for USD-denominated bonds that are rated Baa. At least 10 years remaining to maturity for USD-denominated bonds that are rated A or above. 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 are not included.
Coupon	Fixed and floating-rate coupon structures are permitted.
Security Type	Brady bonds, Eurobonds, globals, loans, and local issues are permitted. Warrants are excluded.
Placement Type	SEC registered and 144A/Reg S bonds are eligible.
Market of Issue	Publicly issued in the global and local markets. CNY-denominated bonds must be issued in China Interbank market.

Rebalancing Rules

Frequency	<p>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.</p> <p>The CNY- and USD-denominated subsets are reweighted to the 30% and 70% allocation in the composite, respectively, on the rebalancing date every month.</p>
Index Changes	<p>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 Universes 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.</p>
Reinvestment of Cash Flows	<p>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.</p>
New Issues	<p>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.</p>

Pricing and Related Issues

Sources & Frequency	All index-eligible bonds are priced daily by Bloomberg's evaluated pricing service, BVAL.
Pricing Quotes	Bonds are marked on a dollar price basis.
Timing	4pm Shanghai time for CNY-denominated bonds and 3pm (New York time) for USD-denominated bonds daily. On early market closes, prices will be taken as of 1pm unless otherwise noted. If the last business day of the month is a public holiday in the US, 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 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.
Calendar	The China Credit Select Index follows the US bond market holiday schedule for USD-denominated securities and the China bond market holiday schedule for the CNY-denominated bonds. During holidays in one of the two markets, the index will still be generated using prices from the previous business day for that market. FX rates are updated daily using WM Reuters 4pm (London) rates. FX forwards are also sourced from WM Company.

Monthly Returns in CNY, 2013-2018 (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2013	–	–	–	–	–	–	–	–	0.78	1.16	-0.20	-0.88	0.85
2014	0.97	2.53	1.14	1.47	2.15	0.07	0.30	1.08	-0.40	1.26	1.52	0.57	13.38
2015	2.43	-0.22	0.03	0.05	0.32	-0.73	0.71	1.47	0.23	0.17	1.35	1.24	7.22

Monthly Returns in CNY, 2013-2018 (%)

2016	1.80	-0.11	0.28	0.58	1.53	2.24	1.37	1.23	-0.29	0.61	-0.43	0.20	9.34
2017	-0.24	0.44	0.66	0.26	-0.30	-0.04	-0.31	-0.66	0.38	0.34	-0.59	-0.70	-0.77
2018	-2.74	0.14	-0.10	0.60	1.07	2.51	2.61	0.68	0.31	—	—	—	5.08

Accessing Index Data

Bloomberg Terminal®

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- 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 methodology and factsheets
- Current performance numbers for select indices

Data Distribution

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- 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

Bloomberg Total Return Index Value Tickers: China Credit Select and Related Indices

Ticker	Index	Ticker	Index
I34270CN	China Credit Select	I29136US	EM USD Aggregate China
LACHTRUU	China Aggregate	EMUSTRUU	EM USD Aggregate
I34261CN	China Agg Corporate 5y Baa	I34262US	EM USD China IG

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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