

Bloomberg MSCI China Aggregate ESG - Weighted Index

The Bloomberg MSCI China Aggregate ESG -Weighted Index tracks the performance of the CNY-denominated fixed income market. It contains fixed -rate Treasury, government -related (including policy banks), and corporate securities that are traded in the China Interbank Bond Market . The index uses environmental, social, and governance (ESG) ratings to tilt issuer allocations above or below their baseline market weights. Fixed income inclusion rules of the index are equivalent to those of the Bloomberg China Aggregate Index. The index was created in July 2022, with index history backfilled to July 1, 2010.

Rules for Inclusion

Eligible Currencies	Principal and coupon must be denominated in CNY .	
Quality	Bonds should not be in default to be included in the index.	
Coupon	Fixed-rate coupon.	
Amount Outstanding	Par value of at least CNY 5Billion for Treasuries & Government -related, and CNY 1.5Billion for Corporates.	
Maturity	At least one year until final maturity .	
Market of Issue	Debt issued in China Interbank Bond Market .	
Security Types	Included <ul style="list-style-type: none"> • Fixed-rate coupon securities 	Excluded <ul style="list-style-type: none"> • Floating-rate and zero coupon securities • Bonds with equity type features (e.g., convertibles, warrants) • Inflation-linked bonds • Derivatives, structured products • Securitized bonds • Private placements, retail bonds • Bonds issued on Shanghai and Shenzhen exchanges • Special bonds issued by Ministry of Finance

Environment, Social and Governance (ESG) Rules

Factor Tilts

The weight of each index eligible issuer (and security) is adjusted by a fixed multiplier (see table), which is determined by its MSCI ESG Rating (AAA, AA, A, BBB, BB, B, CCC, NR) and its MSCI ESG Ratings momentum (Positive, Neutral, Negative since its last evaluation). Security weights are then normalized using these adjusted market values.

ESG Rating	Tilt	ESG Rating Momentum	Tilt
AAA,AA,A	1.5x	Positive	2.0x
BBB	1.0x	Neutral	1.0x
BB	0.8x	Negative	0.5x
B	0.67x		
CCC	0.50x		
NR	0.75x		

Timing and Coverage

- Factor tilts are based on beginning of the month ratings, so rating changes during the month would not affect index weights and returns until the next index rebalancing date.
- MSCI ESG Ratings are available for treasury, government-related, corporate, and covered bond issuers. However, all unrated issuers remain eligible for ESG-Weighted indices.
- Ratings are applied at bond-level.
- MSCI ESG Ratings are generally updated annually throughout the year, but may be reviewed more frequently as needed.

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	Bonds are priced on a daily basis by Bloomberg's evaluated pricing service, BVAL.
Pricing Quotes	Bonds are quoted as a percentage of par .
Timing	<ul style="list-style-type: none"> • 5 p.m. (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 to identify outliers. Index users may also challenge price levels, which are then reviewed and updated as needed.
Currency Hedging	Returns hedged to various non-CNY currencies are published for the Bloomberg MSCI China Aggregate ESG-Weighted Index. The indices' FX hedging methodology takes rolling 1-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 Bloomberg MSCI China Aggregate ESG-Weighted Index follows the China bond market holiday schedule.

Accessing Index Data

Bloomberg Terminal®

Bloomberg benchmarks are the global standard for capital markets investors.

- **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)

The index website makes available limited index information including:

- 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

B37190 CN: Total Return CNY Unhedged

Index Licensing

Bloomberg requires index data licenses for services and products linked to the Indices

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|---------------------------------------------|-----------------------------------|--------------------------------------|
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| • Exchange Traded Notes (ETNs) | • Index-Linked Insurance Products | • Mutual Funds |
| • OTC Derivative Products | • Custom Index Solutions | • Separately Managed Accounts (SMAs) |

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