

Bloomberg MSCI China USD Credit SRI Index

The Bloomberg MSCI China USD Credit SRI Index tracks the performance of fixed-rate US dollar-denominated debt of government-related and corporate Chinese issuers. The index negatively screens issuers that are involved in business activities that are restricted because they are inconsistent with certain values-based business involvement criteria, and excludes those issuers with a “red” MSCI ESG Controversy Score. Fixed income inclusion rules of the index are equivalent to those of the Bloomberg Asia Ex-Japan USD Credit China Index. The index was created in July 2022, with index history backfilled to July 1, 2019.

Rules for Inclusion

Sector	<ul style="list-style-type: none"> • Corporate (industrials, financial institutions, utilities). • Government-related (foreign agencies, sovereign, supranational and local authorities). • 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.
Eligible Currencies	Principal and coupon must be denominated in USD.
Country	Issuer country of risk must be China.
Quality	<ul style="list-style-type: none"> • Investment grade, high yield and unrated securities are permitted. Bonds in default are excluded. • Bonds are rated 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 a rating from only one agency is available, that rating is used to determine index eligibility. In cases where explicit bond level ratings may not be available, other sources may be used to classify securities by credit quality: • 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.
Coupon	<ul style="list-style-type: none"> • Fixed-rate coupon. • 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.
Amount Outstanding	At the security level, USD 150mn minimum par amount outstanding.
Maturity	<ul style="list-style-type: none"> • At least one year until final maturity for new and continuing issuers, 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 are not included.

Market of Issue	Publicly issued in the global and local markets.	
Placement Type	SEC registered and 144A/Reg S bonds are eligible.	
Security Types	Included <ul style="list-style-type: none"> • Fixed-rate bullet, puttable, and callable bonds • Fixed-to-float (including fixed-to-variable) securities • Contingent capital 	Excluded <ul style="list-style-type: none"> • Bonds with equity type features (e.g. warrants, convertibles, preferreds) • Inflation-linked bonds • Private placements • Floating-rate issues • Defaulted bonds • Bonds with no available internal or third-party pricing source

Environment, Social and Governance (ESG) Rules

Business Involvement Screens	<p>The index excludes issuers involved in the following business lines/activities as per the standard Bloomberg MSCI SRI screen:</p> <ul style="list-style-type: none"> • Alcohol • Tobacco • Gambling • Adult Entertainment • Genetically Modified organisms (GMO) • Nuclear Power • Civilian Firearms • Conventional Weapons • Nuclear Weapons • Controversial Weapons <ul style="list-style-type: none"> ◦ Cluster Munitions ◦ Landmines ◦ Depleted Uranium Weapons ◦ Biological/Chemical Weapons ◦ Blinding Lasers ◦ Non-detectable Fragments ◦ Incendiary Weapons • Thermal Coal • Fossil Fuels
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Involvement is defined for each restricted activity and may be based on % of revenue, total revenue, or any tie regardless of revenue (see Figures 7 -8 on pages 14-16 for standard screen threshold in ESG Methodology on the [Bloomberg Terminal](#) or on the [website](#)).

MSCI ESG Controversies Screen

Excludes any issuer with a “Red” MSCI ESG Controversies score (equal to zero), which measures an issuer’s involvement in major ESG controversies and how well they adhere to international norms and principles.

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

- Asia Investment Grade :

Prior to January 14, 2021, bonds are priced at 3pm (New York time). On early market closes, prices are taken as of 1pm (New York time), unless otherwise noted.

From January 14, 2021 and onwards, bonds are priced at 4pm (New York time). On early market closes, prices are taken as of 2pm (New York time), unless otherwise noted.
- Asia High Yield: 5pm (Tokyo time).
- If the last business day of the month is a US 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-USD currencies are published for the Bloomberg MSCI China USD Credit SRI 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 USD Credit SRI Index follows the US bond market holiday schedule.

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	<p>Index subscribers may choose to receive index data in files. Files may include:</p> <ul style="list-style-type: none"> • 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
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- Index data is also available via authorized redistributors

Index Ticker

I37197US: Total Return USD Unhedged

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