Methodology of CSI AAA Universal Bond Index Series

CSI AAA Universal Bond Index series are composed of treasury bond, financial bond, local government bond and AAA credit bond with target term to maturity, listed on inter-bank market and exchange market. Index series aim to reflect the performance of bond market with target bond type, credit rating and term to maturity.

1. Index Name and Index Code

Index Name	Shortened Name	Index Code
CSI AAA Universal Bond Index	AAA Universal	932029
CSI Short Term AAA Universal Bond Index	Short Term AAA Universal	932030
CSI 0-3 Year AAA Universal Bond Index	0-3 Year AAA Universal	932031
CSI 0-5 Year AAA Universal Bond Index	0-5 Year AAA Universal	932032
CSI 3-5 Year AAA Universal Bond Index	3-5 Year AAA Universal	932033
CSI 5-7 Year AAA Universal Bond Index	5-7 Year AAA Universal	932034
CSI 7-10 Year AAA Universal Bond Index	7-10 Year AAA Universal	932035
CSI 10 Year Above AAA Universal Bond Index	10 Year Above AAA Universal	932036

2. Base Date and Base Index

The index base date is Dec. 31, 2014. The base index is 100.

3. Index Eligibility

3.1 Index Universe

- Bond Type: Treasury bond, local government bond, financial bond, enterprise bond, corporate bond, MTN, commercial paper listed on Shanghai Stock Exchange (SSE), Shenzhen Stock Exchange (SZSE) or Inter-bank market, excluding private-placement bond. The bond currency is RMB.
- Interest-bearing Pattern: Fixed rate or bullet.

3.2 Constituents Selection

Index Code	Shortened Name	Term to Maturity	Credit Rating
932029	AAA Universal	/	Credit bond's rating AAA
932030	Short Term AAA Universal	No more than 397 days	
932031	0-3 Year AAA Universal	No more than 3 years	
932032	0-5 Year AAA Universal	No more than 5 years	
932033	3-5 Year AAA Universal	More than 3 years, and no more than 5 years	
932034	5-7 Year AAA Universal	More than 5 years, and no more than 7 years	
932035	7-10 Year AAA Universal	More than 7 years, and no more than 10 years	
932036	10 Year Above AAA Universal	More than 10 years	

4. Index Calculation

The calculation of this index series conforms to the Paasche weighted composite price index formula:

$$Index = \left[\frac{Bond\ Market\ Value + Coupon\ Payments}{Divisior}\right] \times 100$$

Where, $Bond\ Market\ Value = \sum\left((Clean\ Price + Accrued\ Interest) \times Issued\ Amount\right)$

The price in index calculation is based on CSI bond valuation price. As for other data in index calculation and divisor adjustment, please refer to Index Calculation and Maintenance Methodology for further details.

5. Constituents Adjustment

5.1 Regular Adjustment

The index series is adjusted and rebalanced monthly. The effective date of monthly adjustment is the first trading day of each month. The data cutoff date of monthly adjustment is the previous trading day of the effective date.

5.2 Temporary Adjustment

The newly issued security satisfying the criteria will be added into the index on its second trading day. In the event of delisting, the constituents will be removed from the index on the event effective date as appropriate. As for other events, please refer to Index Calculation and Maintenance Methodology for further details.