

**S&P China High Quality Corporate
Bond 3-7 Year Index
*Methodology***

June 2024

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Introduction

Index Objective

The S&P China High Quality Corporate Bond 3-7 Year Index measures the market value weighted performance of Chinese corporate bonds denominated in Chinese yuan (CNY) in the three to seven year maturity range.

Supporting Documents

This methodology is meant to be read in conjunction with supporting documents providing greater detail with respect to the policies, procedures and calculations described herein. References throughout the methodology direct the reader to the relevant supporting document for further information on a specific topic. The list of the main supplemental documents for this methodology and the hyperlinks to those documents is as follows:

Supporting Document	URL
S&P Dow Jones Indices' Fixed Income Policies & Practices Methodology	Fixed Income Policies & Practices
S&P Dow Jones Indices' Fixed Income Index Mathematics Methodology	Index Mathematics Methodology

This index methodology was created by S&P Dow Jones Indices to achieve the aforementioned objective of measuring the underlying interest of the index governed by this methodology document. Any changes to or deviations from this methodology are made in the sole judgment and discretion of S&P Dow Jones Indices so that the index continues to achieve its objective.

Eligibility Criteria

Eligibility Factors

Country. Securities must be issued in China and traded in Chinese bond markets (Shanghai Stock Exchange, Shenzhen Stock Exchange, or the China Interbank Bond Market).

Currency. Securities must be denominated in Chinese yuan (CNY).

Maturity. Each bond must have a maturity greater than or equal to three years, but less than seven years from the rebalance effective date. No bond matures in the index.

Issuer. Securities must be corporate bonds issued by Chinese corporate entities.

Issue Date. Securities must have been issued no more than three years prior to each rebalancing effective date.

Credit Rating Quality. International rating criteria is applied at the issuer level, as opposed to the security level, for domestic ratings. Securities must satisfy both the international issuer and domestic level ratings criteria to be eligible for index inclusion:

- **Issuer Rating.** Issuers must be rated investment grade by at least one of the international rating agencies (S&P, Moody's, and Fitch). The minimum credit rating for inclusion is BBB-/Baa3/BBB-. The lowest of all available ratings (S&P, Moody's, and Fitch) is used as the issuer's credit rating.
- **Security Rating.** Securities must be rated by at least one of the local Chinese rating agencies listed below¹. The minimum credit rating for security inclusion is AAA.
 - China Chengxin International Credit Rating Co., Ltd.
 - China Chengxin Securities Credit Rating Co., Ltd.
 - China Lianhe Credit Rating Co., Ltd.
 - Dagong Global Credit Rating Co., Ltd.
 - China Pengyuan Credit Rating Co., Ltd.
 - Shanghai Brilliance Credit Rating & Investors Service Co., Ltd.
 - Golden Credit Rating International Co., Ltd.
 - Shanghai Far East Credit Rating Co., Ltd.
 - China Credit Rating Co., Ltd.
 - Shanghai Credit Information Services Co., Ltd
 - People's Bank of China
- **Non-rated and Defaulted Bonds.** Securities that are no longer rated or have defaulted are removed at the next rebalancing.

Coupon Type. Securities must be fixed rate non-zero coupon bonds.

Exclusions. The following bond types are specifically excluded from the index:

- STRIPS
- Inflation-linked securities
- Callable bonds
- Puttable bonds

¹ Any new local Chinese rating agencies are added to the list when the ratings are available.

- Floating-rate notes
- Sinkable bonds
- Convertible Bonds²

Size. Each security must have a minimum par amount outstanding of CNY 1 billion, as of the rebalancing reference date.

Settlement. Bonds must be issued prior to the rebalancing reference date (regardless of the settlement date). Standard index settlement convention is same-day (e.g., T+0), unless otherwise specified. For month ends that fall on a weekend, the interest accrued during the month will be reflected within the calendar month, regardless of settlement convention. For rates that are not available at month-end (e.g., a rate with an unknown reset), the accrual will be based on the current rate and adjusted the first business day of the next month.

Pricing. Bid side pricing is provided by;LSEG. Bonds not priced by the designated pricing source are ineligible for index inclusion.

² Bonds with convertible features (including Contingent Convertibles) are excluded from the index.

Index Construction

Index Calculations

Weighting: The index is constructed using a market value weighting scheme, with any single issuer capped at 10% of the index weight. During the monthly rebalancing process, the total weight by issuer is calculated. If any issuer has a weight greater than 10% of the index, that excess weight is distributed proportionally to the remaining constituents in the index. This process is repeated until no issuer has a weight greater than 10%.

Calculation: The total return is calculated by aggregating the interest return, which reflects the return due to paid and accrued interest; and price return, which reflects the gains or losses due to changes in the end-of-day price and principal repayments.

For further details regarding index calculations please refer to the S&P Dow Jones Indices' Fixed Income Mathematics Methodology.

Index Maintenance

Rebalancing

Indices are reviewed and rebalanced in accordance with their stated schedule. Additions, deletions, and other changes to the index arising from the rebalancing are made provided the security's reference information and pricing are available by designated pricing and data providers on the rebalancing reference date. Changes to the index are published on the announcement date and become effective on the rebalancing date. Information related to the rebalancing is obtained and disseminated after the close of business.

Rebalancing Schedule	
Rebalance time period	Monthly
Rebalancing Date	Last business day of the rebalance period (T)
Announcement Date	T - three business days (T-3)
Reference Date	T - four business days (T-4)

All days reflect after the close and count business days

Ongoing Maintenance

For more information on treatment of defaults or lack of daily price data, please refer to the Defaults section of S&P Dow Jones Indices' Fixed Income Policies & Practices Methodology.

Reinvestment Returns from Monthly Cash Flows

All cash, including interest payments and principal prepayments, are kept in cash until the next rebalance date.

Currency of Calculation and Additional Index Return Series

The index is calculated in Chinese yuan, U.S. dollars, British pounds, Canadian dollars, euros, Hong Kong dollars, Japanese yen, Singapore dollars, and Swiss francs.

Spot foreign exchange rates, as supplied by LSEG at 4:15 PM Sydney Time, are used in the end-of-day calculation of the foreign currency versions of the index.

Additional currency and currency hedged versions of the indices, as well as maturity, sector, and rating-based sub-indices, may be available. For a list of available sub-indices and tickers, please refer to S&P Dow Jones Indices' Fixed Income Index Directory available at www.spglobal.com/spdji.

For more information on currency and currency hedged indices, please refer to S&P Dow Jones Indices' Fixed Income Index Mathematics Methodology.

Base Date and History Availability

Index history availability, base date, and base value are shown in the table below.

Index	Launch Date	First Value Date	Base Date	Base Value
S&P China High Quality Corporate Bond 3-7 Year Index	05/06/2015	12/31/2012	12/31/2012	100

Index Governance

Index Committee

An index committee maintains the S&P China High Quality Corporate Bond Indices. The Committee oversees the application of rules, changes to the methodology, inclusion policies, and use of expert judgement. All committee members are full-time professionals at S&P Dow Jones Indices.

In fulfilling its responsibilities, the Committee has full and complete discretion to (i) amend, apply, or exempt the application of index rules and policies as circumstances may require and (ii) add, remove, or by-pass any bond in determining the composition of the index.

The Committee may rely on any information or documentation submitted to it or gathered by it that the Committee believes to be accurate. The Committee reserves the right to reinterpret publicly available information and to make changes to the index based on a new interpretation of that information at its sole discretion. All Index Committee discussions are confidential.

The Index Committee is separate from and independent of other analytical groups at S&P Global. In particular, the Index Committee has no access to or influence on decisions by S&P Global Ratings analysts.

S&P Dow Jones Indices' Index Committees reserve the right to make exceptions when applying the methodology if the need arises. In any scenario where the treatment differs from the general rules stated in this document or supplemental documents, clients will receive sufficient notice, whenever possible.

In addition to the daily governance of indices and maintenance of index methodologies, at least once within any 12-month period, the Index Committee reviews the methodology to ensure the indices continue to achieve the stated objectives, and that the data and methodology remain effective. In certain instances, S&P Dow Jones Indices may publish a consultation inviting comments from external parties.

For information on Quality Assurance and Internal Reviews of Methodology, please refer to S&P Dow Jones Indices' Fixed Income Policies & Practices Methodology.

Index Policy

Announcements

Announcements of any relevant information pertaining to the index are made via press release. Press releases are posted on the S&P Dow Jones Indices' Web site at www.spglobal.com/spdji.

Holiday Schedule

The index is calculated daily, throughout the calendar year, except January 1st (New Year's Day).

Rebalancing

The Index Committee may change the date of a given rebalancing for reasons including market holidays occurring on or around the scheduled rebalancing date. Any such change will be announced with proper advance notice where possible.

End-of-Day Calculation

Index levels are calculated at the end of each business day via S&P Dow Jones Indices' Web site. This may be subject to change.

Index Releases

Releases are issued by S&P Dow Jones Indices at the end of the business day.

Recalculation Policy

For information on the recalculation policy please refer to S&P Dow Jones Indices' Fixed Income Policies & Practices Methodology.

For information on Calculations and Pricing Disruptions, Expert Judgment and Data Hierarchy, please refer to S&P Dow Jones Indices' Fixed Income Policies & Practices Methodology.

Contact Information

For questions regarding an index, please contact: index_services@spglobal.com.

Index Dissemination

Index levels are available through S&P Dow Jones Indices' Web site at www.spglobal.com/spdji, major quote vendors (see codes below), numerous investment-oriented Web sites, and various print and electronic media.

Tickers

The table below lists headline indices covered by this document. All versions of the below indices that may exist are also covered by this document. Please refer to the [S&P DJI Methodology & Regulatory Status Database](#) for a complete list of indices covered by this document.

Index (Total Return Index)	Ticker
S&P China High Quality Corporate Bond 3-7 Year Index	SPBCNH3T
S&P China High Quality Corporate Bond 3-7 Year Index (USD)	SPBCNH3U
S&P China High Quality Corporate Bond 3-7 Year Index (GBP)	SPBCNH3G
S&P China High Quality Corporate Bond 3-7 Year Index (CAD)	SPBCNH3A
S&P China High Quality Corporate Bond 3-7 Year Index (EUR)	SPBCNH3E
S&P China High Quality Corporate Bond 3-7 Year Index (HKD)	SPBCNH3K
S&P China High Quality Corporate Bond 3-7 Year Index (JPY)	SPBCNH3J
S&P China High Quality Corporate Bond 3-7 Year Index (SGD)	SPBCNH3S
S&P China High Quality Corporate Bond 3-7 Year Index (CHF)	SPBCNH3C

Index Data

Daily index level data is available via subscription.

For product information, please contact S&P Dow Jones Indices, www.spglobal.com/spdji/en/contact-us.

Web site

For further information, please refer to S&P Dow Jones Indices' Web site at www.spglobal.com/spdji.

Appendix

Methodology Changes

Methodology changes since May 6, 2015, are as follows:

Change	Effective Date (After Close)	Previous	Methodology Updated
Pro-forma/ Announcement date	01/26/2021	The announcement date is T-2.	The announcement date is T-3.
Contingent Convertibles	09/30/2020	--	Contingent Convertible bonds are excluded from the index

Disclaimer

Performance Disclosure/Back-Tested Data

Where applicable, S&P Dow Jones Indices and its index-related affiliates (“S&P DJI”) defines various dates to assist our clients by providing transparency. The First Value Date is the first day for which there is a calculated value (either live or back-tested) for a given index. The Base Date is the date at which the index is set to a fixed value for calculation purposes. The Launch Date designates the date when the values of an index are first considered live: index values provided for any date or time period prior to the index’s Launch Date are considered back-tested. S&P DJI defines the Launch Date as the date by which the values of an index are known to have been released to the public, for example via the company’s public website or its data feed to external parties. For Dow Jones-branded indices introduced prior to May 31, 2013, the Launch Date (which prior to May 31, 2013, was termed “Date of introduction”) is set at a date upon which no further changes were permitted to be made to the index methodology, but that may have been prior to the Index’s public release date.

Please refer to the methodology for the Index for more details about the index, including the manner in which it is rebalanced, the timing of such rebalancing, criteria for additions and deletions, as well as all index calculations.

Information presented prior to an index’s launch date is hypothetical back-tested performance, not actual performance, and is based on the index methodology in effect on the launch date. However, when creating back-tested history for periods of market anomalies or other periods that do not reflect the general current market environment, index methodology rules may be relaxed to capture a large enough universe of securities to simulate the target market the index is designed to measure or strategy the index is designed to capture. For example, market capitalization and liquidity thresholds may be reduced. In addition, forks have not been factored into the back-test data with respect to the S&P Cryptocurrency Indices. For the S&P Cryptocurrency Top 5 & 10 Equal Weight Indices, the custody element of the methodology was not considered; the back-test history is based on the index constituents that meet the custody element as of the Launch Date. Also, the treatment of corporate actions in back-tested performance may differ from treatment for live indices due to limitations in replicating index management decisions. Back-tested performance reflects application of an index methodology and selection of index constituents with the benefit of hindsight and knowledge of factors that may have positively affected its performance, cannot account for all financial risk that may affect results and may be considered to reflect survivor/look ahead bias. Actual returns may differ significantly from, and be lower than, back-tested returns. Past performance is not an indication or guarantee of future results.

Typically, when S&P DJI creates back-tested index data, S&P DJI uses actual historical constituent-level data (e.g., historical price, market capitalization, and corporate action data) in its calculations. As ESG investing is still in early stages of development, certain datapoints used to calculate certain ESG indices may not be available for the entire desired period of back-tested history. The same data availability issue could be true for other indices as well. In cases when actual data is not available for all relevant historical periods, S&P DJI may employ a process of using “Backward Data Assumption” (or pulling back) of ESG data for the calculation of back-tested historical performance. “Backward Data Assumption” is a process that applies the earliest actual live data point available for an index constituent company to all prior historical instances in the index performance. For example, Backward Data Assumption inherently assumes that companies currently not involved in a specific business activity (also known as “product involvement”) were never involved historically and similarly also assumes that companies currently involved in a specific business activity were involved historically too. The Backward Data Assumption allows the hypothetical back-test to be extended over more historical years than would be feasible using only actual data. For more information on “Backward Data Assumption” please refer to the FAQ. The methodology and factsheets of any index that employs backward assumption in the back-tested history

will explicitly state so. The methodology will include an Appendix with a table setting forth the specific data points and relevant time period for which backward projected data was used. Index returns shown do not represent the results of actual trading of investable assets/securities. S&P DJI maintains the index and calculates the index levels and performance shown or discussed but does not manage any assets.

Index returns do not reflect payment of any sales charges or fees an investor may pay to purchase the securities underlying the Index or investment funds that are intended to track the performance of the Index. The imposition of these fees and charges would cause actual and back-tested performance of the securities/fund to be lower than the Index performance shown. As a simple example, if an index returned 10% on a US \$100,000 investment for a 12-month period (or US \$10,000) and an actual asset-based fee of 1.5% was imposed at the end of the period on the investment plus accrued interest (or US \$1,650), the net return would be 8.35% (or US \$8,350) for the year. Over a three-year period, an annual 1.5% fee taken at year end with an assumed 10% return per year would result in a cumulative gross return of 33.10%, a total fee of US \$5,375, and a cumulative net return of 27.2% (or US \$27,200).

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S&P DJI ESG indices use ESG metrics and scores in the selection and/or weighting of index constituents. ESG scores or ratings seek to measure or evaluate a company's, or an asset's, performance with respect to environmental, social and corporate governance issues.

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ESG scores, ratings, and other data, whether from an external and/or internal source, is based on a qualitative and judgmental assessment, especially in the absence of well-defined market standards, and due to the existence of multiple approaches and methodologies to assess ESG factors and considerations. An element of subjectivity and discretion is therefore inherent in any ESG score, rating, or other data and different ESG scoring, rating, and/or data sources may use different ESG assessment or estimation methodologies. Different persons (including ESG data ratings, or scoring providers, index administrators or users) may arrive at different conclusions regarding the sustainability or impact of a particular company, asset, or index.

Where an index uses ESG scores, ratings or other data supplied directly or indirectly by third parties, S&P DJI does not accept responsibility for the accuracy or completeness of such ESG scores, ratings, or data. No single clear, definitive test or framework (legal, regulatory, or otherwise) exists to determine 'ESG', 'sustainable', 'good governance', 'no adverse environmental, social and/or other impacts', or other equivalently labelled objectives. In the absence of well-defined market standards and due to the existence of multitude approaches, the exercise of judgment is necessary. Accordingly, different persons may classify the same investment, product and/or strategy differently regarding 'ESG', 'sustainable', 'good governance', 'no adverse environmental, social and/or other impacts', or other equivalently labelled

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Prospective users of an S&P DJI ESG Index are encouraged to read the relevant index methodology and related disclosures carefully to determine whether the index is suitable for their potential use case or investment objective.