

S&P/ASX Bank Bill Index *Methodology*

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Introduction

Index Objective and Highlights

The S&P/ASX Bank Bill Index seeks to measure the performance of the Australian bank bill market, with maturities of up to 91 days. The index is based on the benchmark bank bill rates published by the ASX Benchmarks Pty Limited (ASXB).¹

Index returns and other statistics are calculated daily, as described in the Appendix.

Index Family

The S&P/ASX Australian Bond Index Series is a broad benchmark index family designed to measure the performance of the Australian bond market, which meets certain investability criteria.

For more information on the other indices in this family, please refer to the S&P/ASX Australian Bond Index Series methodology posted on our Web site, www.spglobal.com/spdji/.

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 methodology was created by S&P Dow Jones Indices to achieve the aforementioned objective of measuring the underlying interest of each 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.

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¹ Prior to 01/01/2017 the benchmark bill rates were published by the Australian Financial Markets Association (AFMA).

Eligibility Criteria

Maturities

The index is comprised of four benchmark and nine interpolated rates that are differentiated by the range of maturities of its constituents as follows:

The index is constructed synthetically through interpolated Bank Bill Swap (BBSW) rates, which are administered through procedures set forth by the ASXB. Detailed information on BBSW procedures can be found at <http://www.asx.com.au>.

A series of 13 hypothetical weekly bills, ranging from one-week to 91 days in maturity, are interpolated using the following BBSW rates. The four benchmark rates are published by the ASXB on a daily basis at approximately 10:15 AM Sydney Time:

- Overnight Cash Rate
- 1 Month Bank Bill Rate
- 2 Month Bank Bill Rate
- 3 Month Bank Bill Rate

The 13 rates are derived from the four rate types listed above and applied to each of the 13 hypothetical bills. As the index progresses to the next weekly rebalancing date the term to maturity of each bill, and the index as a whole, reduces daily until the shortest bill matures. On maturity day the face value of the shortest bill is, then, reinvested in the discounted value of a new 91-day bill with a term to maturity of 13 weeks and the term to maturity of the index increases by approximately seven days.

Index Construction

Index Calculations

Four benchmark rates are used to construct the term structure of bank bills by utilizing the Cubic Spline Algorithm:

- Overnight Cash Rate
- 1 Month BBSW Rate
- 2 Month BBSW Rate
- 3 Month BBSW Rate

From the four rates above, the curve is constructed by interpolating 13 term rates ranging from 1- to 13-weeks. By translating each rate into a price, one can calculate the daily return for each term. The index return is an aggregate of the 13 equally weighted term returns. The daily index level is the cumulative index return from the base date which is defined later in this document.

Daily prices are derived for each of the 13 bills daily using the following discount bill pricing formula:

$$\text{Price} = \frac{3650000}{(\text{Days} * \text{Rate}) + 36500}$$

where:

- Days* = Number of days to maturity.
Rate = Interpolated rate.

For further details regarding Index Calculations, please refer to the Appendix.

Index Maintenance

The index is maintained so that maturing bills are reinvested in the discounted value of a new 91-day bill on the day the cash is received (each Tuesday).

Rebalancing

The Index is normally reviewed and rebalanced on a weekly basis. The rebalancing occurs every Tuesday at the market close, or the close of the previous business day if Tuesday is not a business day.

The Index Committee, nevertheless, reserves the right to make adjustments to the index at any time that it believes appropriate.

Publicly available information up to and including the release of the rates each Tuesday morning is considered in that week's rebalancing. Additions, deletions and other changes to the index arising from the rebalancing are published after the close on Tuesday. Index changes published in the announcement are not normally subject to revision and become effective after Tuesday's close (the Rebalancing Date).

Securities are eligible for inclusion in the index if S&P Dow Jones Indices can obtain price information from ASXB prior to a weekly Rebalancing Date. That is, even if the official issue or settlement date occurs after a weekly Rebalancing Date, but S&P Dow Jones Indices obtains the pricing information prior to the next Rebalancing Date, that security may be added to the index on the Rebalancing Date.

Additions

A new 91-day bill is added to the index on the weekly rebalancing date.

Deletions

The matured bill is deleted from the index at the weekly rebalancing.

Currency of Calculation and Additional Index Return Series

Spot foreign exchange rates as supplied by LSEG are taken daily at 4:17 PM Sydney Time and used in the end-of-day calculation of the foreign currency version of the S&P/ASX Bank Bill Index.

Additional currency and currency hedged versions of the indices, as well as maturity, sector and rating-based sub-indices are 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 Dates 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/ASX Bank Bill Index	10/13/2011	12/31/2004	05/31/2011	100

Index Governance

Index Committee

The S&P/ASX Fixed Income Index Committee maintains the index. All members of the Committee are full-time professionals at S&P Dow Jones Indices and the ASX. Meetings are held whenever deemed appropriate.

The Committee oversees the day-to-day management of the index, including the weekly rebalancing, determinations of intra-rebalancing changes to the index, and maintenance and inclusion policies, including additions or deletions of bills and other matters affecting the maintenance and calculation of the index.

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 bills 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 after market close. 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. The only days the index is not calculated are on days when ASX is officially closed.

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 after market close, 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	BBG
S&P/ASX Bank Bill Index	SPBDABBT

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

Cubic Spline Algorithm

The cubic spline algorithm is a mathematical method commonly used to construct new points within the boundaries of a set of known points. The 13 term rates are calculated each day by using 4 BBSW rates to do the cubic spline interpolation ranging from 1 day to 13 weeks.

Calculation of Market Values and Relative Weights

A market value is calculated for each security in the index as of the close on each business day.

The market value of a security in the index on day t is calculated as follows:

$$MV_t = PAR_t * \frac{P_t}{100} \quad (1)$$

where:

$$\begin{aligned} MV_t &= \text{Market value of the security on day } t. \\ PAR_t &= 100000. \\ P_t &= \text{Price of the security on day } t. \end{aligned}$$

The weight of a security in the index is 1/13.

Calculation of Index Security Returns

Returns are calculated for all securities, on every business day.

Total Return

The total return (TR) of a security on day t is the market price return on day t .

$$TR_t = PR_t \quad (2)$$

where:

$$\begin{aligned} TR_t &= \text{Total return on day } t. \\ PR_t &= \text{Price return on day } t. \end{aligned}$$

Price return measures the return due to the change in the market price of the security.

Price Return

The formula for the price return for a security on day t is as follows:

$$PR_t = \frac{PAR_t * \left(\frac{P_t - P_{t-1}}{100} \right)}{MV_{Beg}} \quad (3)$$

where:

PR_t	=	Price return on day t .
PAR_t	=	100000.
P_t	=	Price of the security on day t .
P_{t-1}	=	Price of the security on day $t-1$.
MV_{Beg}	=	Market value at the beginning of day t .

Note that the numerator in the formula for Price Return represents the unrealized return due to any change in the price.

Calculation of Index Returns and Levels

Daily Index Returns

Individual security returns are aggregated to calculate returns for the index. Specifically, the total return and the price return for the index, on a given day, t , are equal to a weighted average of the returns of the securities that constitute the index. The formula is as follows:

$$IndexTR_t = \sum_i (TR_{i,t} * weight_{i,t-1})$$

$$IndexPR_t = \sum_i (PR_{i,t} * weight_{i,t-1})$$

where:

$TR_{i,t}$	=	Total return of security i on day t .
$PR_{i,t}$	=	Price return of security i on day t .
$weight_{i,t-1}$	=	1/13.

Daily Index Values

Index values are calculated each day by applying the current day's index return to the previous day's index value, as follows:

$$TRIV_t = TRIV_{t-1} * (1 + TR_t)$$

$$PRIV_t = PRIV_{t-1} * (1 + PR_t)$$

where:

$TRIV_t$	=	Total Return Index Value on day t .
$PRIV_t$	=	Price Return Index Value on day t .

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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ESG Indices Disclaimer

S&P DJI provides indices that seek to select, exclude, and/or weight index constituents based on, but not limited to, certain environmental, social or governance (ESG) indicators, or a combination of those indicators, including the following: environmental indicators (including the efficient use of natural resources, the production of waste, greenhouse gas emissions, or impact on biodiversity); social indicators (such as, inequality and investment in human capital); governance indicators (such as sound management structures, employee relations, remuneration of staff, tax compliance, respect for human rights, anti-corruption and anti-bribery matters), specific sustainability or values-related company involvement indicators (for example, production/distribution of controversial weapons, tobacco products, or thermal coal), or controversies monitoring (including research of media outlets to identify companies involved in ESG-related incidents).

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.

The ESG scores, ratings, and other data used in S&P DJI ESG indices is supplied directly or indirectly by third parties (note these parties can be independent affiliates of S&P Global or unaffiliated entities) so an S&P DJI ESG index's ability to reflect ESG factors depends on these third parties' data accuracy and availability.

ESG scores, ratings, and other data may be reported (meaning that the data is provided as disclosed by companies, or an asset, or as made publicly available), modelled (meaning that the data is derived using a proprietary modelling process with only proxies used in the creation of the data), or reported and modelled (meaning that the data is either a mix of reported and modelled data or is derived from the vendor using reported data /information in a proprietary scoring or determination process).

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objectives. Furthermore, the legal and/or market position on what constitutes an 'ESG', 'sustainable', 'good governance', 'no adverse environmental, social and/or other impacts', or other equivalently labelled objectives may change over time, especially as further regulatory or industry rules and guidance are issued and the ESG sustainable finance framework becomes more sophisticated.

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.