

Methodology of SSE Local Government Bond Index Series

SSE Local Government Bond Index Series selects eligible Local Government Bonds listed on Shanghai Stock Exchange market. The index series reflects the overall performance of the local government bonds with corresponding types and remaining terms to maturity.

1. Index Name and Index Code

Index Name	Shortened Name	Index Code
SSE Local Government Bond Index	SSE Local Government Bond	950311
SSE Local Government General Bond Index	SSE Local Government General Bond	950312
SSE Local Government Special Bond Index	SSE Local Government Special Bond	950313
SSE 3-Year Local Government Bond Index	SSE 3-Year Local Government	950046
SSE 5-Year Local Government Bond Index	SSE 5-Year Local Government	950045
SSE 10-Year Local Government Bond Index	SSE 10-Year Local Government	950109
SSE 1-5 Year Local Government Bond Index	SSE 1-5 Year Local Government	950047
SSE 3-7 Year Local Government Bond Index	SSE 3-7 Year Local Government	950188

2. Base Date and Base Index

Index Code	Shortened Name	Base Date	Base Index
950311	SSE Local Government Bond	2013/12/31	100
950312	SSE Local Government General Bond	2015/12/31	100
950313	SSE Local Government Special Bond	2015/12/31	100
950046	SSE 3-Year Local Government	2013/12/31	100
950045	SSE 5-Year Local Government	2013/12/31	100
950109	SSE 10-Year Local Government	2013/12/31	100
950047	SSE 1-5 Year Local Government	2013/12/31	100

950188	SSE 3-7 Year Local Government	2013/12/31	100
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3. Index Eligibility

3.1 Index Universe

Index constituents are selected on the following basis:

- Bond Type: Local Government Bond listed on SSE market. The bond currency is RMB.
- Interest-bearing Pattern: Fixed rate or bullet.

3.2 Constituents Selection

Index Code	Shortened Name	Term to Maturity	Local Government Bond Type
950311	SSE Local Government Bond	Unlimited	Unlimited
950312	SSE Local Government General Bond	Unlimited	Local Government General Bond
950313	SSE Local Government Special Bond	Unlimited	Local Government Special Bond
950046	SSE 3-Year Local Government	Over 6 months, and no more than 4 years	Unlimited
950045	SSE 5-Year Local Government	Over 4 years, and no more than 5.25 years	Unlimited
950109	SSE 10-Year Local Government	Over 6.5 years, and no more than 10.25 years	Unlimited
950047	SSE 1-5 Year Local Government	Over 6 months, and no more than 5.5 years	Unlimited
950188	SSE 3-7 Year Local Government	Over 3 years, and no more than 7 years	Unlimited

4. Index Calculation

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

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

Where,

$$\text{Bond Market Value} = \sum [(\text{Clean Price} + \text{Accrued Interest}) \times \text{Issued Amount}]$$

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 are 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 second trading before 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.