

# Methodology of CSI Target Duration CDB Bond Index

## Series

CSI Target Duration CDB Bond Index Series are composed of CDB Bonds listed on exchange market or inter-bank market, with remaining term to maturity and issue term satisfy relevant criteria. Index duration is set to target duration through optimization method, and index series aim to reflect the performance of CDB bond market with target duration.

### 1. Index Name and Index Code

Index Name	Shortened Name	Index Code
CSI 2-Year Target Duration CDB Bond Index	2-Year Target Duration CDB Bond	931689
CSI 3-Year Target Duration CDB Bond Index	3-Year Target Duration CDB Bond	931690
CSI 7-Year Target Duration CDB Bond Index	7-Year Target Duration CDB Bond	931691

### 2. Base Date and Base Index

The index base date is Dec. 31, 2007. The base index is 1000.

### 3. Index Eligibility

#### 3.1 Index Universe

- Bond Type: Non option-embedded CDB bond listed on inter-bank market, SSE market or SZSE market. The bond currency is RMB.
- Interest-bearing Pattern: Fixed rate or bullet.
- Term to Maturity:

Index Code	Shortened Name	Term to Maturity	Issue Term
931689	2-Year Target Duration CDB Bond	More than 6 months, and no more than 5 years	No more than 5 years
931690	3-Year Target Duration CDB Bond	More than 6 months, and no more than 7 years	No more than 7 years
931691	7-Year Target Duration CDB Bond	More than 4.5 years, and no more than 10 years	No more than 10 years

#### 3.2 Constituents Selection

Rank the bonds in index universe by bond's listing term in ascending order and select the top 60% bonds.

#### **4. Index Calculation**

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

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Where,

The value of Weight Factor is between 0 and 1, so as to make index duration equal to target duration.

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 is adjusted and rebalanced monthly. The effective date of monthly adjustment is the first trading day after the second Friday of each month. The data cutoff date of monthly adjustment is the second trading day before the effective date.

Weight Factor is assigned to each constituent at each regular adjustment. The effective date is the same as that of the constituent adjustment. The Weight Factor stays the same until next rebalancing day.

##### **5.2 Temporary Adjustment**

In the event of suspension from listing or 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.