

Guide to products and services

FTSE RUSSELL CHINA BENCHMARKS

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An LSEG Business

FTSE
Russell

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Investment Chain Ecosystem

The background of the slide features a landscape of misty, rolling mountains. The sky is a gradient of orange and red, suggesting a sunrise or sunset. The mountains are layered, with the foreground being a dark, silhouetted ridge and subsequent ridges fading into a hazy, purple-tinged atmosphere. A large, dark red rectangular box is positioned on the left side of the image, serving as a backdrop for the title text.

OUR DEVELOPMENT IN CHINA

China started introducing economic reforms some 40 years ago. Today, its economy is the world's second-largest and a major driver of global growth. Many international investors are looking to benefit from China's development and gain exposure to its tremendous investment opportunities and FTSE Russell is fully committed to helping our clients achieve this goal.

We are the first international provider of mainland China benchmarks and we offer an ever-expanding index product range that captures the full scope of China's equity and fixed income markets.

OUR STRENGTHS IN CHINA

	Diversity of exposure	Multi-asset solutions
► Diversity of exposure	<p>FTSE Russell covers:</p> <ul style="list-style-type: none">• Every available China share class, including A Shares, B Shares, H Shares, Red Chips, P Chips, S Chips and N Shares, all categorised by size and sector• Small, medium, and large cap firms• Onshore and offshore bond markets across various sectors, including government, policy bank, corporate, municipal, green, Dim Sum and Kung Fu bonds	<ul style="list-style-type: none">• One of the first international index providers to offer multi-asset solutions, both onshore and offshore• Capability to offer multi-asset solutions with a comprehensive range of China equity and China fixed income index offerings• Lead the market in the development of suitable benchmarks and innovative new passive solutions across the multi-asset investment landscape• Develop suite of innovative benchmarks including multi-asset composite, a market based allocation index series, and MPF Reference Portfolios
► Multi-asset solutions		
► Robust index governance		
► Transparent, consistent methodology		
► Clear communication and engagement		

Robust index governance

- Robust internal governance via working groups of experienced in-house experts
- Strong external oversight via advisory committees of senior market practitioners and stakeholders
- A risk governance framework incorporating the LSEG's 'three lines of defence' model
- Full compliance with the IOSCO Principles for Financial Benchmarks, the European Benchmarks Regulation and the UK's Benchmarks Regulation

Transparent, consistent methodology

- Clear, publicly available methodology documents
- Index design that takes into account end-user requirements, suitability and availability of the underlying market and reference data
- All indices and index methodology documents overseen by the FTSE Russell Governance Board and, for certain indexes, by external advisory committees

Clear communication and engagement

- Regular communication with regulators to monitor market enhancements and reforms
- Ongoing engagement with global investors and other key market participants to stay abreast of their investment needs

OUR CHINA MILESTONES

Fixed Income



• **2010**

- Launch of FTSE Chinese Government Bond Index.

Equity

2001

- Xinhua FTSE Index jointly established by FTSE and Xinhua Financial.
- Launch of Xinhua FTSE Indices (now known as FTSE China Indices), the first index series to cover A Shares, B Shares, H Shares and Red Chips.
- Launch of FTSE/Xinhua China 25 Index (now known as FTSE China 50 Index).
- Launch of FTSE Xinhua China A 200 Composite Index (now known as FTSE China A 200 Index), the first open index fund to cover the Shanghai and Shenzhen stock markets.

2003

- Launch of FTSE China A50, which covers the 50 largest A Share stocks listed on Shanghai and Shenzhen exchanges.

2005

- Launch of Xinhua FTSE Insurance Investment Index, the first index customised for insurance and asset management firms in China.

2010

- Acquisition by FTSE of the remaining 50% equity interest in Xinhua FTSE Index, making it wholly-owned by FTSE.
- Renaming of Xinhua FTSE Indexes as FTSE China Indices.

2014

- Launch of FTSE Chinese Government and Policy Bank Bond Index.

2017

- Launch of FTSE Chinese (Onshore CNY) Broad Bond Index, expanding coverage of government and policy bank issues to include issues by other governments, agencies, regional governments, and corporations.

2018

- China government bonds included in FTSE Emerging Markets Government Bond Index and FTSE Asian Government Bond Index.

2019

Launch of FTSE Chinese (Onshore CNY) Green Bond Index Series:

- FTSE Chinese (Onshore CNY) Green Bond Index
- FTSE Chinese Green Bond Index International Aligned
- FTSE Chinese Green Bond Index International Aligned – Interbank

2014

2017

2019

2016

2018

2014

- FTSE Russell begins including China A Shares in its widely followed global benchmarks with launch of two transitional indices for Emerging Markets, one of China A Shares with a weighting equivalent to total R/QFII allocations. This was selected by Vanguard, a leading global investment management firm, as the benchmark for the world's first emerging market investment fund with A Shares exposure.

2016

- Launch of FTSE China A Stock Connect Indices to track eligible mainland A Shares available to trade through the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect.
- Launch of FTSE China A Innovative Enterprise Indices to provide a benchmark for the fast-growing ChiNext stocks listed on the Shenzhen Stock Exchange.

2018

- FTSE Russell announces the promotion of the China A Share market to Emerging Markets status, and its phased inclusion in FTSE's global equity benchmarks from June 2019 onwards.

2019

- FTSE Russell began phase one of inclusion of China A Shares in global equity benchmarks.
- Approximately 800 China A Share securities included in FTSE Russell's ESG Ratings and data model, expanding its Chinese securities coverage to 1,800.

OUR CHINA MILESTONES

• 2021

- Inclusion of Chinese government bonds are included in FTSE World Government Bond Index and its derived indices over 36 months effective end of October 2021.
- Launch of FTSE Chinese (Onshore CNY) Broad Investment-Grade Bond Index.

2021

2020

2020

- Completion of phase one of inclusion of China A Shares in global equity benchmarks. Implemented across four separate tranches, this added 25% of the investable market cap of 1,051 small, medium, and large cap China A Shares to the FTSE Emerging All Cap Index.

2021

- Eligible China A Shares listed on the Shanghai Stock Exchange's Sci-Tech Innovation Board (STAR Market) included in FTSE China A Share Indices and FTSE Global Equity Index Series.

2022

2022

- Enhancement of China A50 Index
- Launch of FTSE Southbound Stock Connect Indices
- FTSE Ping An China A Free ESG Indices

An aerial photograph showing a vast flock of white birds, likely terns, flying over a body of water. The water is a deep blue, and there are patches of green and yellow vegetation visible in the lower portion of the image. The birds are scattered across the frame, with a higher concentration in the upper right and lower right areas. A dark blue rectangular overlay is positioned on the left side of the image, containing the text 'OUR INDICES' in white, bold, sans-serif capital letters.

OUR INDICES

FTSE Russell's comprehensive and complementary set of indices represent all the main China share classes (A Shares, B Shares, H Shares, Red Chips, P Chips, S Chips, N Shares), along with company sizes and sectors. This means that different share classes can be combined and dissected for analysis and benchmarking to suit any domestic or international mandate.

FTSE Russell also offers various fixed income indices that measure the performance of China onshore and offshore bond markets across various sectors. These include government bonds, policy bank bonds, corporate bonds, municipal bonds and green bonds.

Available across asset classes, styles, and strategies, our index solutions can be customised to meet the needs of a wide variety of clients including buy-side, sell-side, custodians, asset owners, exchanges, investment consultants, and ETF providers.

FTSE CHINA EQUITY INDICES

FTSE Russell's China equity flagship benchmarks include FTSE China A50, FTSE China 50, FTSE Hong Kong 100 and more.



Listed Chinese companies can issue various classes of shares in the Chinese equity market based on their location of incorporation, listing place, revenue sources, etc. The major share classes are as follows:

Share Class	Location of Incorporation	Listing Place	Trading Currency	Exchanges
A Shares	Mainland China	China	RMB	Shenzhen Stock Exchange Shanghai Stock Exchange
B Shares	Mainland China	China	USD or HKD	Shenzhen Stock Exchange Shanghai Stock Exchange
H Shares	Mainland China	Hong Kong	HKD	Hong Kong Stock Exchange
P Chips	Non mainland China	Hong Kong	HKD	Hong Kong Stock Exchange

Share Class	Location of Incorporation	Listing Place	Trading Currency	Exchanges
Red Chips	Non mainland China	Hong Kong	HKD	Hong Kong Stock Exchange
N Shares	Non mainland China	USA	USD	New York Stock Exchange NYSE American NASDAQ Exchange
S Chips	Non mainland China	Singapore	SGD	Singapore Stock Exchange

FTSE Russell's Chinese equity indices are designed to match the preferences and requirements of both international and domestic investors.



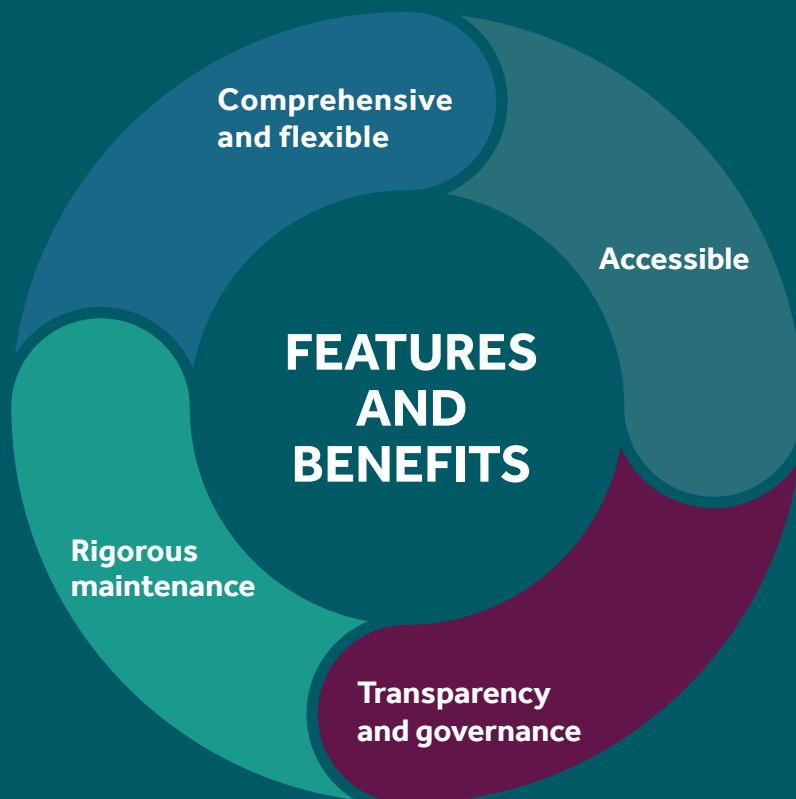
FOR INTERNATIONAL INVESTORS

-
- The indices are adjusted for foreign ownership limits, and take the various A Share access channels (i.e. Northbound Stock Connect, and/or QFII/RQFII) into consideration in product design
 - The indices follow global market developments and regulations, including treatment of index constituents that are subject to sanctions
 - The FTSE China A50 and FTSE China 50 flagship indices benefit from a developed ecosystem with extensive fund and ETF usage and availability of derivatives
 - FTSE Russell offers both “transitional” broad China exposure indices with smaller A Share exposure (25% inclusion factor) and “full inclusion” A Share indices (100% inclusion factor)



FOR DOMESTIC INVESTORS

-
- The indices exclude foreign ownership limits, thus representing the investable universe available for domestic investors
 - The indices do not remove index constituents that are subject to sanctions (specifically, those related to the US Executive Order issued in 2020)
 - Minimum variance and factor indices are available based on these indices
-



- Both single share class and composite indices
- Size and sector segments
- Differentiated versions for domestic and international investors
- Market cap-weighted benchmarks

- Minimum size, liquidity and free float tests applied to ensure investability
- Foreign ownership limits and/or market access constraints incorporated where relevant

Managed according to transparent and publicly available ground rules, and in accordance with FTSE Russell's global best practice standards of index governance

Methodology varies across indices. For example, A50 and China 50 indices are maintained through daily corporate actions and quarterly reviews.

CURRENT KEY CHINA EQUITY INDEX OFFERINGS

		Subject to FOL	Excludes Sanctioned Companies	Share Class								Other Markets	A Shares Access	
				A	B	H	P	Red	N	S	HK	TW	SC	QFIs
<u>Flagship</u>														
FTSE China A50	50 largest A Share companies	●	●	●									●	
FTSE China 50	50 largest Hong Kong listed Chinese stocks	●	●			●	●	●						
FTSE Hong Kong 100	100 largest Hong Kong listed Hong Kong companies and Chinese stocks ¹	●	●			●	□	●			●			
FTSE China A 200	200 largest A Share companies	●	●	●									●	●

1. Previously known as FTSE Hong Kong 50 Index. The number of constituents expanded to 100 from 50 in September 2021.

2. QFIs represents combined QFII and RQFII schemes

		Subject to FOL	Excludes Sanctioned Companies	Share Class								Other Markets	A Shares Access	
				A	B	H	P	Red	N	S	HK	TW	SC	QFIs
<u>A Shares</u>														
FTSE China A Free	China A Shares selected as the result of the FTSE Global Equity Index Series (GEIS) China Region review.			●									Domestic	
FTSE China A	China A Shares selected as the result of the FTSE Global Equity Index Series (GEIS) China Region review.	●	●	●									●	●
FTSE China A Innovative Enterprises	China A Shares listed on Shenzhen ChiNext and Shanghai STAR. Subset of FTSE China A.	●	●	●									□	●
FTSE China A Stock Connect CNH	China A Shares accessible via Northbound Stock Connect. Subset of FTSE China A. Components of GEIS.	●	●	●									●	

		Subject to FOL	Excludes Sanctioned Companies	Share Class								Other Markets	A Shares Access	
				A	B	H	P	Red	N	S	HK	TW	SC	QFIs
<u>Broad China Exposure</u>														
FTSE China	All China share classes with 25% inclusion factor on A shares. Components of GEIS.	●	●	●	●	●	●	●	●	●			●	
FTSE Total China Connect	All China share classes with no inclusion factor restrictions on A Shares.	●	●	●	●	●	●	●	●	●			●	
FTSE China Inclusion	All China share classes with 25% inclusion factor on A shares.	●	●	●	●	●	●	●	●	●			●	●
FTSE China Inclusion (no Quota)	All China share classes with no inclusion factor restrictions on A Shares.	●	●	●	●	●	●	●	●	●			●	●

		Subject to FOL	Excludes Sanctioned Companies	Share Class								Other Markets	A Shares Access	
				A	B	H	P	Red	N	S	HK	TW	SC	QFIs
FTSE Southbound Stock Connect	Hong Kong listed stocks eligible under the Southbound Stock Connect scheme					●	●	●			●			
FTSE Greater China	All China share classes, combined with Hong Kong listed companies and Taiwan listed companies. Components of GEIS.	●	●	●	●	●	●	●	●	●	●	●	●	

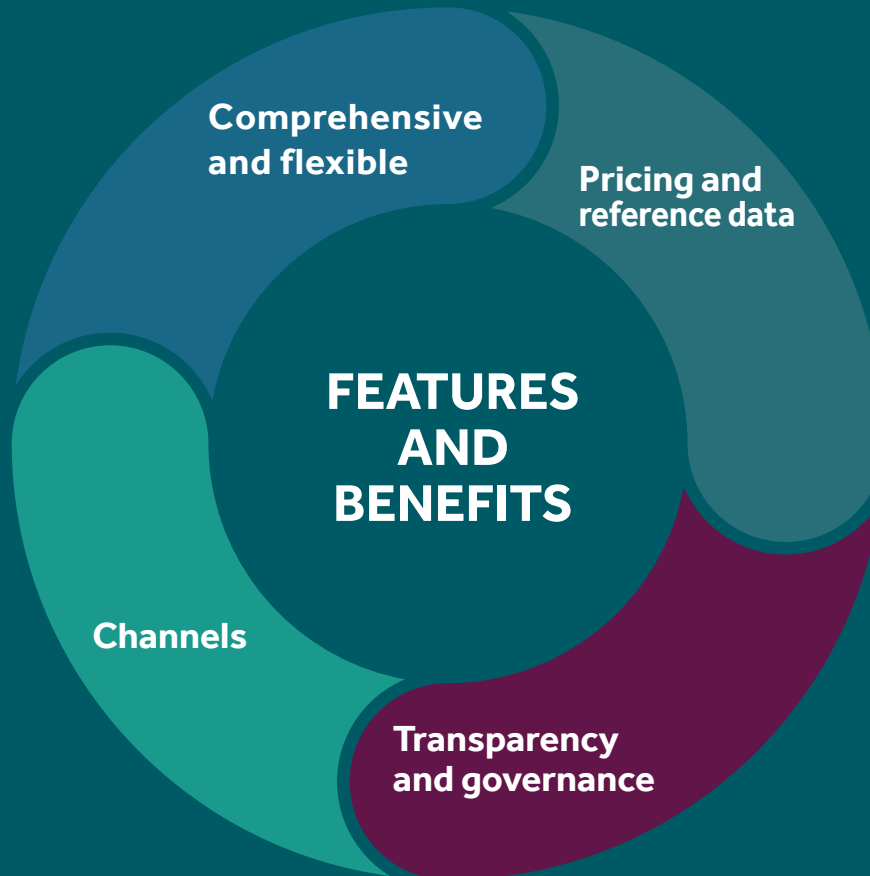
FTSE Russell calculates additional China indices including, but not limited to, the FTSE China A 600 Index, FTSE China A Free Minimum Variance Index, FTSE China SOE Index, FTSE China Non-SOE Index, FTSE China A-H 50 Index, and FTSE Ping An China A Free ESG Indices. FTSE Russell also offers a series of FTSE Global China A Inclusion Indices.

For additional details, please contact us at info@ftserussell.com.

FTSE CHINA FIXED INCOME INDICES

Fixed-income benchmarks encompass many indices, from the FTSE Chinese Government Bond Index to the FTSE Chinese (Onshore CNY) Green Bond Index Series and more.





Comprehensive and flexible

- Cover a broad array of sectors
- Sub-indices available in any combination of sector, maturity, and rating

Pricing and reference data

Backed by Refinitiv, a recognised pricing source and one of the world's largest providers of financial market data and infrastructure

Transparency and governance

Managed according to transparent and publicly available ground rules, and in accordance with FTSE Russell's global best practice standards of index governance

Channels

International investors have four official channels for investing in China's onshore fixed income market: China Interbank Bond Market (CIBM) Direct, Bond Connect, the Qualified Foreign Institutional Investor (QFII) Scheme, and the Renminbi Qualified Foreign Institutional Investor (RQFII) Scheme

Onshore CNY

FTSE Chinese Government Bond Index	<ul style="list-style-type: none">• Measures performance of fixed-rate government bonds issued in mainland China
FTSE Chinese (Onshore CNY) Green Bond Index	<ul style="list-style-type: none">• Measures performance of onshore Chinese RMB-denominated, fixed-rate government, agency and corporate debt issued in mainland China that is labelled green
FTSE Chinese Green Bond Index International Aligned	<ul style="list-style-type: none">• Indices available that track the performance of bonds meeting internationally recognised standards determined by the Climate Bonds Initiative (CBI)
FTSE Chinese Green Bond Index International Aligned – Interbank	
FTSE Chinese (Onshore CNY) Broad Bond Index (CNYBBI)	<ul style="list-style-type: none">• Measures performance of onshore Chinese RMB-denominated fixed-rate government, agency, and corporate debt issued in mainland China
FTSE Chinese (Onshore CNY) Broad Bond Index – Interbank (CNYBBI-Interbank)	<ul style="list-style-type: none">• Measures performance of a subset of bonds from the FTSE Chinese (Onshore CNY) Broad Bond Index (CNYBBI), traded on the China Interbank Bond Market and representing the largest trading venue by volume for onshore bonds
FTSE Chinese Government and Policy Bank Bond Index (CNGPBI)	<ul style="list-style-type: none">• Measures performance of RMB-denominated fixed-rate government bonds and policy bank bonds issued in mainland China• Eligible Chinese policy bank bonds are those issued by the China Development Bank, the Agricultural Development Bank of China, and the Export-Import Bank of China. The objectives of these state-owned policy banks typically include providing social benefits, stimulating the economy, and supporting growing local industries
FTSE Chinese (Onshore CNY) Broad Investment-Grade Bond Index (CNYBIG)	<ul style="list-style-type: none">• Measures performance of the most tradable sectors in the Chinese fixed-income market (Chinese government bonds, the three policy banks and corporate securities with high-quality credit ratings)

Offshore CNY / USD

FTSE Dim Sum (Offshore CNY) Bond Index

- Measures performance of RMB-denominated “Dim Sum” bonds issued and settled outside mainland China, including fixed-rate securities issued by governments, agencies, supranationals, and corporations

FTSE Chinese USD Broad Bond Index

FTSE Chinese USD Broad Bond Investment-Grade Index

FTSE Chinese USD Broad Bond High-Yield Index

- Measures performance of both investment-grade and high-yield US Dollar denominated debt issued by governments, agencies, and corporations domiciled in China (“Kung Fu” bonds)

FTSE Russell provides comprehensive coverage of onshore and offshore bond markets across various sectors, including government bonds, policy bank bonds, corporate bonds, municipal bonds, green bonds and “Kung Fu” bonds (USD-denominated debt issued by Chinese issuers).

China is also a component of various global indices, including the FTSE World Government Bond Index (WGBI), FTSE Asian Government Bond Index (AGBI) and FTSE Green Impact Bond Index Series.

APPENDIX

FTSE Russell's indices are used by clients around the world to inform asset allocation decisions, support portfolio construction, and conduct risk and performance analysis. The broad offering of global and domestic market indices, covering a range of asset classes and weighting methodologies, provides clients with a comprehensive foundation for their global and local market investing needs.

Equity

FTSE Russell provides a range of global, regional, and local-market equity indices, offering investors a broad set of tools for measuring and analysing equity markets and market segments. Flagship indices include the FTSE Global Equity Index Series (FTSE GEIS), the Russell US Indexes, and the FTSE UK Index Series, which serve as the underlying foundation for FTSE Russell's alternatively-weighted indices. FTSE Russell's equity indices are used as performance benchmarks and as the basis for index-linked products such as ETFs and derivatives.

Fixed Income

FTSE Russell's fixed income indices are widely followed by the investment community. Our comprehensive range of global, regional, and individual country-focused debt market indices give investors essential tools for measuring and analysing the performance of fixed income markets across security types and geographies.



With indices and portfolio strategies continuing to evolve, investors need an index provider who can keep them well-informed. As an integral part of the global ETF industry, FTSE Russell provides index and data solutions to a wide variety of market participants.

The investment chain ecosystem has three main groups: primary providers, supporting providers, and regulatory entities.



THREE ESSENTIAL GROUPS AND ROLES

Do you have the tools and information you need to consider all of your opportunities across markets, asset classes, styles or strategies? As indices and portfolio strategies continue to evolve, you need an index provider who helps you stay well-informed. FTSE Russell is an integral part of the global ETF industry, providing indexing and data solutions to a wide variety of market participants.



Index providers

Key services: indices, benchmarks, and asset class proxies

Index data is licensed to an ETF sponsor who then replicates the index into an ETF

ETF sponsors

Manage and promote ETFs

ETF administrators

Day-to-day operation of the ETF

Regulators

Monitor, report, and investigate all aspects of the ETF ecosystem

Distributors

Increase the availability of ETFs to investors

Auditors

Audit for accounting and regulatory requirements

Fund counsel

Legal guidance and opinion

Advisors

Provide ETF investment advice to investors directly

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