

Markit iBoxx ABF Indonesia Government ® Total Return (Net of Withholding Tax) Index Guide

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1) Markit iBoxx ABF Indonesia Government ® Total Return (Net of Withholding Tax) Index

The index is a net-of-tax version of the Markit iBoxx ABF Indonesia Government index and is calculated in IDR as well as hedged and unhedged into USD.

This document covers the index selection rules and calculation methodology

2) Bonds selection rules

Markit iBoxx ABF Indonesia Government ® Total Return (Net of Withholding Tax) Index is a net of tax version of the Markit iBoxx ABF Indonesia Government index. The index has the following main selection rules:

- Bonds denominated only in Indonesian Rupiah are eligible for the index
- Only government bonds are eligible
- Both conventional and Sukuk are eligible for the index
- Minimum outstanding amount for each bond is IDR 2 trillion
- Minimum time to maturity is 1 year

For more information on the bond selection rules, please see the Markit iBoxx ABF Index rules published at www.ihsmarkit.com.

2.1) Credit rating

Bonds in Markit iBoxx ABF Indonesia Government ® Total Return (Net of Withholding Tax) Index do not use individual bond ratings. The iBoxx average rating is determined using "Indonesia's local currency sovereign debt rating" from the below mentioned rating agencies.

- Fitch Ratings
- Moody's Investor Service
- S&P Global Ratings

For more information on how the average rating is determined, please refer to the iBoxx Rating Rules. The Rules can be found on www.ihsmarkit.com under *Documentation – iBoxx → Methodology*.

3) Bond classification

All bonds are classified based on the principal activities of the issuer and the main sources of the cash flows used to pay coupons and redemptions.

The issuer classification is reviewed regularly based on updated information received by IHS Markit, and status changes are included in the index at the next rebalancing if necessary.

Where the sector classification of a specific entity is not very clear due to the diversified business of the entity, decision will be made at IHS Markit's discretion. IHS Markit will assign the IHS Markit classification according to its evaluation of the business risk presented in the security prospectus and annual reports, if available. IHS Markit will also compare the classification to peers in the potential sectors and may consult with the Index Advisory Committees. Membership list including classification is published on the FTP server and in the *Indices* section on www.ihsmarkit.com for registered users.

The main sector classification within the index family is Sovereigns.

3.1) Sovereigns

Bonds issued by the Indonesian government and denominated in IDR.

4) Index calculus

For specific index formulas please refer to the *Markit iBoxx Bond Index Calculus* document, available in the *Methodology* section of the iBoxx Documentation page on www.ihsmarkit.com.

4.1) Withholding Tax Rates

The index is calculated by applying the withholding tax payable to accrued interest and coupon payments on all bonds. Capital gains tax and other duties are not considered in the calculation. The tax rates used in the calculation may change from time to time due to changes to the withholding tax rate applicable in Indonesia. The current and historical withholding tax rate is 10%.

4.2) Net of Tax calculations

Taxes are deducted from the accrued interest and coupon payments for the net of tax indices as follows:

$$MV(net)_{i,t} = [P_{i,t} + (A_{i,t}(1 - \tau) + XD_{i,t-s}CP_{i,t}(1 - \tau))FA_{i,t}]F_{i,t}N_{i,t}F_{i,t-s}^{Cap}$$

$$CV(net)_{i,t}^{Coupons} = \sum_{t-s < j \leq t} G_{i,j} (1 - \tau)XD_{i,j-1} F_{i,j-1}FA_{t,i,j} N_{i,t-s}F_{i,t-s}^{Cap}$$

$$TR(net)_t = TR(net)_{t-s} \frac{\sum_{i=1}^n MV(net)_{i,t} + CV(net)_{i,t}^{Coupons} + CV_{i,t}^{Redemptions}}{\sum_{i=1}^n MV(net)_{i,t-s}}$$

Where:

τ is the applicable withholding tax rate

TR(net) means the net of tax index level

(Please see 'Markit iBoxx Bond Calculus' for other annotations)

In particular, this means that the following parts of cash flows have to be calculated net of tax:

- Accrued interest
- Coupon payments
- Coupon adjustments

4.3) Index history

The Index history starts on 31 December 2000. The index has a base value of 100 on that date.

4.4) Settlement conventions

All iBoxx indices are calculated using the assumption of T+0 settlement days.

4.5) Data publication and access

The table below summarizes the publication of Markit iBoxx ABF Indonesia Government ® Total Return (Net of Withholding Tax) Index in the *Indices* section of the IHS Markit website www.ihsmarkit.com for registered users and on the FTP server.

Frequency	File Type	Access
Daily	Underlying file – Bond level	FTP Server
	Indices files – Index level	FTP Server / IHS Markit website / Bloomberg (index levels only)
Weekly	Preview components	FTP Server / IHS Markit website
Daily from T+1	Forwards	FTP Server
Monthly	End of month components	FTP Server / IHS Markit website
	XREF files	FTP Server

The index levels are also published on Bloomberg. The tickers are as per the table below: iBoxx ABF Indonesia Government ® Total Return (Net of Withholding Tax) Index

ISIN	Currency	Return Type	Ticker
GB00B3V75M79	IDR	TRi	ABFNIRTR
GB00B3Y48G03	IDR	CPi	ABFNIRPR
GB00BSMSZV32	USD	TRi_H	IBXXMM79
GB00BSMSZW49	USD	CPi_H	IBXXGG03
GB00BSMSZX55	USD	TRI_U	ABFNIRTU
GB00BSMSZY62	USD	CPI_U	IBXXHH03

5) Further information

Glossary of key terms

The Markit iBoxx Glossary document of key terms is available in the *Methodology* section of the iBoxx *Documentation* page on www.ihsmarkit.com.

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For contractual or content issues please contact:

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6) ESG Disclosures

EXPLANATION OF HOW ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG) FACTORS ARE REFLECTED IN THE KEY ELEMENTS OF THE BENCHMARK METHODOLOGY [1]		
1	Name of the benchmark administrator.	IHS Markit Benchmark Administration Limited (IMBA)
2	Underlying asset class of the ESG benchmark. [2]	N/A
3	Name of the S&P Dow Jones Indices benchmark or family of benchmarks.	iBoxx Benchmark Statement
4	Do any of the indices maintained by this methodology take into account ESG factors?	No
Appendix latest update:		May 2023
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[1] The information contained in this Appendix is intended to meet the requirements of the European Union Commission Delegated Regulation (EU) 2020/1817 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the minimum content of the explanation of how environmental, social and governance factors are reflected in the benchmark methodology and the retained EU law in the UK (The Benchmarks (amendment and Transitional Provision) (EU Exit) Regulations 2019).

[2] The 'underlying assets' are defined in European Union Commission Delegated Regulation (EU) 2020/1816 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published.

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 in 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. 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.

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