



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

March 2019

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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 <http://www.markit.com/Documentation/Product/IBoxx>.

### 2.1 Credit rating

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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 <https://ihsmarkit.com/products/indices.html> 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.markit.com/indices](http://www.markit.com/indices) for registered users.

The main sector classification within the index family is Sovereigns.

### 3.1 Sovereigns

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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.markit.com/Documentation/Product/iBoxx](http://www.markit.com/Documentation/Product/iBoxx).

### 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:

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

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

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

Where:

$\tau$  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. All indices have 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.markit.com/indices](http://www.markit.com/indices) 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 Markit iBoxx Documentation page on [www.markit.com/Documentation/Product/iBoxx](http://www.markit.com/Documentation/Product/iBoxx).

### Contractual and content issues

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### Formal complaints

Formal complaints can be sent electronically to our dedicated e-mail address [complaints\\_indices@markit.com](mailto:complaints_indices@markit.com).

For any general index enquiries, please contact iBoxx indices support group at [indices@ihsmarkit.com](mailto:indices@ihsmarkit.com).

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### **Other index products**

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Content modified: 2019-03-14T12:24:24.000+01:00

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