

FTSE MPF World Government Bond Index

Sovereign | Multi-Currency

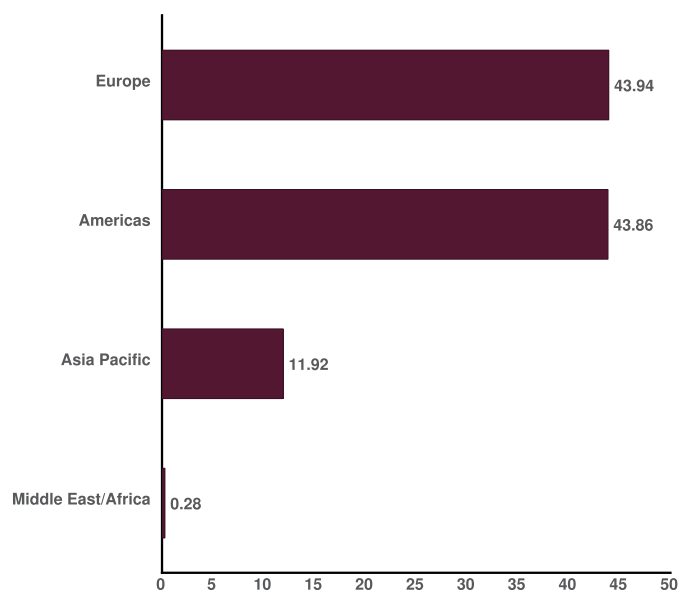
The FTSE MPF World Government Bond Index (MPF WGBI) is designed to help users comply with the regulatory requirements governing investments in debt securities by Hong Kong Mandatory Provident Fund schemes. The index is based on the FTSE World Government Bond Index (WGBI) which measures the performance of fixed-rate, local currency, investment-grade sovereign bonds. The WGBI is a widely used benchmark that currently comprises sovereign debt from over 20 countries, denominated in a variety of currencies, and has more than 30 years of history available.

The FTSE MPF World Government Bond Index incorporates additional criteria¹ as stipulated by the Mandatory Provident Fund Schemes (General) Regulation and Guidelines on Debt Securities. FTSE Russell works closely with the Hong Kong Investment Funds Association (HKIFA) and Willis Towers Watson to ensure that the index appropriately reflects Hong Kong Mandatory Provident Fund Schemes Authority (MPFA) rules.

INDEX PROFILE

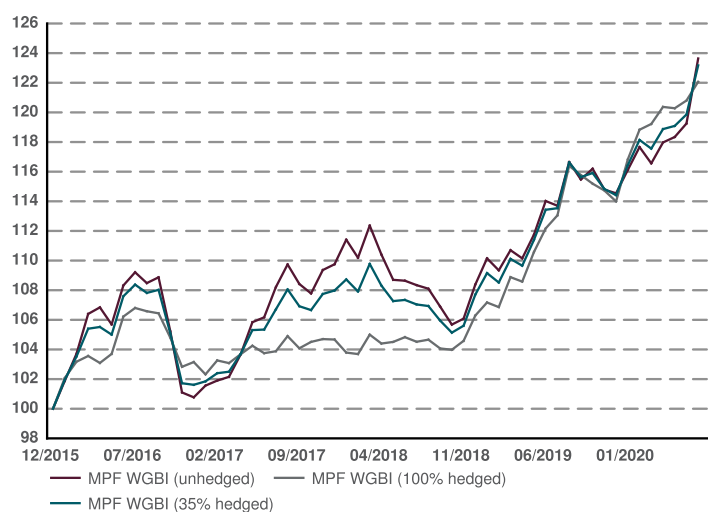
Description	# of Issues	Market Weight (%)	Average Coupon (%)	Average Life (Years)	Yield to Maturity (%)	Effective Duration
MPF WGBI	1,006	100.00	2.17	9.11	0.25	8.66
1-3 Years	245	24.29	1.75	1.94	-0.03	1.91
3-5 Years	165	17.67	2.06	4.00	0.02	3.85
5-7 Years	128	12.56	1.92	5.95	0.10	5.66
7-10 Years	131	13.68	2.22	8.47	0.18	7.84
10-20 Years	172	13.01	2.87	14.96	0.43	12.86
20+ Years	165	18.78	2.74	27.50	0.85	21.60
Europe	382	43.94	2.38	10.00	0.00	9.55
Americas	295	43.86	2.13	7.68	0.49	7.23
Asia Pacific	319	11.92	1.62	11.39	0.30	10.65
Middle East / Africa	10	0.28	3.67	8.84	0.59	8.05

GEOGRAPHICAL COMPOSITION (Market Weight %)



Americas include the following markets: Canada, Mexico, United States; Asia Pacific includes the following markets: Australia, Japan, Malaysia, Singapore; Europe includes the following markets: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Poland, Spain, Sweden, United Kingdom; Middle East includes Israel.

HISTORICAL INDEX LEVEL (in HKD)



	Return*	Standard Deviation*
MPF WGBI (unhedged)	4.74	5.10
MPF WGBI (100% hedged)	4.45	3.40
MPF WGBI (35% hedged)	4.65	4.24

* Annualized Since Base Date (in %)

¹ For more information, please visit www.mpfa.org.hk/eng/legislation_regulations/legulations_ordinance/index.jsp

ANNUALIZED RETURNS (in %)

	MPF WGBI (unhedged)	MPF WGBI (35% hedged)	MPF WGBI (100% hedged)
YTD*	7.95	7.66	7.08
1 Year	8.74	8.49	7.98
3 Years	4.55	4.90	5.53

* Not annualized

TOP 10 ISSUES (By Market Weight)

Description	Coupon (%)	Maturity	Market Weight (%)	Average Life (Years)	Yield to Maturity (%)	Effective Duration
UNITED STATES TREASURY	0.63	2030/05/15	0.42	9.79	0.54	9.56
UNITED STATES TREASURY	3.13	2028/11/15	0.37	8.29	0.46	7.46
UNITED STATES TREASURY	2.88	2028/08/15	0.37	8.04	0.45	7.27
FRANCE REPUBLIC OF	4.50	2041/04/25	0.37	20.73	0.22	15.97
UNITED STATES TREASURY	1.50	2030/02/15	0.36	9.54	0.52	8.95
UNITED STATES TREASURY	2.88	2028/05/15	0.36	7.79	0.43	7.10
UNITED STATES TREASURY	2.63	2029/02/15	0.35	8.54	0.47	7.74
UNITED STATES TREASURY	2.75	2028/02/15	0.34	7.54	0.42	6.88
UNITED STATES TREASURY	3.38	2048/11/15	0.33	28.29	1.16	20.91
UNITED STATES TREASURY	3.00	2049/02/15	0.32	28.54	1.17	21.40

* In HKD billions

DESIGN CRITERIA AND CALCULATION METHODOLOGY

The index is based on the FTSE World Government Bond Index (WGBI) and incorporates additional criteria² as stipulated by the Mandatory Provident Fund Schemes (General) Regulation and Guidelines on Debt Securities outlined below.

Minimum Quality:	Minimum quality is per Mandatory Provident Fund Schemes (General) Regulation and III.1 Guidelines on Debt Securities. Bond level rating is required per Mandatory Provident Fund Schemes (General) Regulation and III.1 Guidelines on Debt Securities ² .
Capping:	Maximum 9% for non-exempt authority (issuer) as per Mandatory Provident Fund Schemes (General) Regulation and III.1 Guidelines on Debt Securities' definition of exempt authority ² .
Base Date:	December 31, 2015

² For more information, please visit www.mpf.org.hk/eng/legislation_regulations/legulations_ordinance/index.js

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