



Comparison of Benchmark Indexes
2017

Construction

Index Details	Markit	Bloomberg	BPI	Citi
MINIMUM OUTSTANDING (PER BOND)	<i>P3.0 Bn</i>	<i>P3.0 Bn</i>	<i>P25.0 Bn</i>	<i>P25.0 Bn</i>
COMPONENTS	<i>FXTN, RTB</i>	<i>FXTN, RTB</i>	<i>FXTN, RTB</i>	<i>FXTN</i>
CONSTITUENT BONDS	<i>56</i>	<i>56</i>	<i>37</i>	<i>28</i>
REBALANCE PERIOD	<i>Monthly</i>	<i>Monthly</i>	<i>Monthly</i>	<i>Monthly</i>
PRICING SOURCE	<i>PDSS R2</i>	<i>PDSS R2</i>	<i>PDSS R2</i>	<i>PDSS R2</i>

Methodology

Issuer	Philippine government
Currency	Philippine peso (PHP)
Bond type	Fixed-rate straight bonds
Minimum amount outstanding	PHP3bn
Maturity	Minimum one year remaining maturity
Selection criteria for index constituents	Bonds satisfying all of the above criteria
Index rebalance	At the beginning of each month, new issues satisfying the selection criteria are included, while current constituents with remaining maturity less than one year are removed
Pricing	Evening trade price from Philippine Dealing and Exchange Corporation (PDSS-R2). Prices are net of tax.
Business day	Index is updated on every Philippine business day
Index base	31 March 2016 = 100
Weighting of individual bonds	Total daily market capitalization
Coupon reinvestment	Full amount of cash coupon payments will be held in cash intra month and will be reinvested in the Adjusted Bloomberg Philippine Sovereign Bond index at month end
Return calculation	Total return, which includes capital gains, accrued interests and coupon reinvestments. All return calculations take into account the 20% withholding tax, calculated based on bond yields, which are applied to all market participants

Adjustments

- Pricing source adjusted to PDSS-R2 net of 20% withholding tax in order to comply with BSP Circular 813.
- In the event that month-end dates are holidays, last working day of the month is used as month-end cut-off with rebalance to occur on succeeding business day.
- Differences in return between the various index providers are due to the exclusions inherent in their respective index construction rules.

Comparison



- Historical is as of end-June since the limited data available on the Markit index in Bloomberg begins at that point
- Markit and Adjusted-BPHILR movements are nearly identical since the rules of construction were both designed to replicate the HSBC Index
- On Philippine holidays where PDSS-R2 prices are unavailable, Bloomberg automatically reverts to using the gross BVAL prices, which accounts for the spikes in the graph above. These spikes are then corrected on the following business day

Available Indices

Standard Indices

	Markit	Bloomberg	BPI
Overall	✓	✓	✓
1-3 years	✓	✓	✓
1-5 years	✓	✓	✓
5+ years	✓	✓	✓
Liquid	✓	X	✓
Money Market	✓	✓	✓