

PRESS RELEASE

## MARKETGRADER AND CHINA SECURITIES INDEX CO. LTD PARTNER ON SMART BETA A-SHARES INDICES

- Fundamentals-based GARP indices seek to identify attractively valued companies poised to benefit from Chinese economic transition

CORAL GABLES, FL and SHANGHAI, April 25, 2017 /Business Wire/ -- [MarketGrader](#), an independent equity research and indexing firm, and [China Securities Index Co. Ltd](#) (“CSI”), the leading index provider in China, today announced a partnership to develop, publish and license a family of China A-shares smart beta indices. The CSI MarketGrader Indices will use a proprietary growth at a reasonable price (GARP) stock selection methodology to identify financially strong companies in the A-shares universe that represent a new breed of equities in China’s rapidly transforming economy. This fundamentals-driven stock selection approach reflects an alternative to traditional selection and weighting methodologies simply based on market capitalization and other smart beta approaches focused on isolating specific factors.

As part of the agreement, two indices will be launched immediately, the CSI MarketGrader China 200 Index and the CSI MarketGrader China New Economy Index. The CSI MarketGrader China 200 Index seeks to identify and follow the most fundamentally sound companies with the best growth prospects in Mainland China. The CSI MarketGrader China New Economy Index seeks to select and follow the best GARP stocks in Mainland China in the Consumer Staples, Consumer Discretionary, Technology, and Health Care sectors, which MarketGrader and CSI believe are poised to benefit the most from China’s ongoing economic transformation. Index constituents are selected during a semi-annual rebalance based on their overall fundamental score in [MarketGrader’s global equity research platform](#), which currently covers 2,800 A-shares listed in the Shanghai and Shenzhen Stock Exchanges. The [transparent, replicable, rules-based](#) indices are equal-weighted to minimize size bias and apply screens for diversification, including size and sector representation, and liquidity to support tradability.

CSI and MarketGrader plan to jointly develop and launch further equity indices in the series related to sectors, size, exchanges and investment themes based on MarketGrader’s extensive coverage of the A-shares market. The CSI MarketGrader Indices are available for licensing to serve as the basis for passive investment products that seek to track the indices.

Ma Zhigang, General Manager, China Securities Index Co., commented, “We are very pleased to form this partnership with MarketGrader who has tremendous experience in the research and development of Smart Beta indexes and to introduce their unique GARP stock selection methodology into the A-share market, providing investors with a new stock selection perspective to help them track the transition of the Chinese economy and discover more investment opportunities.”

[Carlos Diez](#), CEO and Founder of MarketGrader commented, “We at MarketGrader firmly believe [China represents the best capital appreciation opportunity](#) for the 21<sup>st</sup> century. As such, we are delighted to partner with CSI to bring a smarter indexing alternative to the evolving A-shares market that focuses on capturing the shift underway in the Chinese economy. Our hope

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is that the CSI MarketGrader Indices will support the greater movement amongst the Chinese middle class from being savers to investors and from speculation on single stocks to disciplined investing for the long-term with a focus on capital appreciation.”

For more information on the CSI MarketGrader Indices, please contact Dr. Wei Hu of China Securities Index Co. at [whu@sse.com.cn](mailto:whu@sse.com.cn)

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### **About China Securities Index Co. Ltd**

China Securities Index Co. Ltd (CSI) is the largest index provider in China, which indices cover A-shares, bonds, commodity futures, international securities and other asset classes. As a joint venture between the Shanghai Stock Exchange and the Shenzhen Stock Exchange, CSI is a professional business entity specializing in the creation and management of indices and index-related services. CSI is dedicated to serving the capital market and promoting financial innovation relying on the information and technical advantages of the two exchanges. Focusing on the series of CSI indices, exchange indices and customized indices, CSI aims to become the leading index provider in China.

### **About MarketGrader**

MarketGrader is a Miami-based provider of independent global equity research and indices that was founded on the belief that fundamental analysis and transparency are central to better investment decision-making. Formed in 1999, MarketGrader offers investors an online research service that aggregates financial data on publicly traded companies and analyzes them based on a proprietary quantitative methodology using 24 fundamental indicators across growth, value, profitability and cash flow. The company’s growth at a reasonable price (GARP) methodology is designed to identify consistent creators of economic value, as it believes such stocks are the best long-term generators of shareholder value. Since its first index was constructed in 2003, MarketGrader Indices have provided an alternative to traditional market capitalization weighted benchmarks, selecting constituents based on fundamentals rather than size. MarketGrader Indices cover Domestic, International and Global equities from a global universe of more than 35,000 companies across 100 markets, representing over \$70 trillion in market capitalization. In 2007, MarketGrader created the firm’s flagship Barron’s 400 Index in conjunction with Barron’s, America’s premier financial magazine. Follow us on Twitter [@MarketGrader](https://twitter.com/MarketGrader) and connect with us on [LinkedIn](https://www.linkedin.com/company/marketgrader).

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