Overview

The FTSE UK Broad Investment-Grade Bond Index (UKBIG) tracks government, government-sponsored, collateralized, and corporate bonds, denominated in UK Sterling (GBP) and irrespective of market of issue, to provide a broad view of the domestic UK fixed income market.

As a sub-index within the FTSE Pan-European Broad Investment-Grade Bond Index, the UKBIG provides market participants with a foundation for seamless coverage of the UK fixed income market. Additionally, the FTSE UK Domestic Broad Investment-Grade Bond Index captures a deeper, broader view using the same design criteria as the UKBIG, providing flexibility in tracking the UK fixed income market.

Features

Modular, thoughtful construction
The FTSE UK Broad Investment-Grade Bond Index and the FTSE UK Domestic Broad Investment-Grade Bond Index are constructed using logical, granular building blocks, allowing for flexible customization across any combination of sector, quality or term.

Transparent, rules-based approach
Disclosed in a publicly available set of rules, the index design criteria and calculation methodologies are transparent and rules-based, facilitating ease of index use.

Rich datasets
The indexes are underpinned by a comprehensive set of daily and monthly, issue-level and index-level files. Each file contains a robust set of performance and analytics metrics, providing investors with the tools they need to track market dynamics from any angle. Daily preview reports, an additional tool for clients managing against FTSE fixed income indexes, provide visibility of the security-level adjustments required in their portfolios for a seamless month-end index rebalance. They consist of dynamic bond universes that change intra-month, on a daily basis, reflecting the latest information regarding the eligibility of bonds for the headline index for the following month’s profile.

Rigorous governance framework
FTSE Russell is committed to leading global best practice standards in index governance. Objective index construction rules are publicly available on FTSERussell.com, and are continually evaluated to ensure the index remains a relevant and reliable performance measure for the market.
Building a comprehensive view of the sterling fixed income market

<table>
<thead>
<tr>
<th>Rate Indexes</th>
<th>FTSE UK Sterling Money Market Index Series</th>
<th>Tracks one-, two-, three-, six-, and twelve-month UK Sterling Eurodeposits (part of the FTSE World Money Market Index Series)</th>
</tr>
</thead>
</table>
| Short-term Government | FTSE UK Government 0-1 Year Index | Measures the short part of the UK Treasury market as a natural extension of the flagship FTSE UK Government Bond Index.  
- Granular sub-indexes by type and term that utilise a common methodology allow users the flexibility to track this part of the curve  
- Modular construction allows for multiple combinations with other UK benchmarks to reflect a hold-to-maturity strategy  
- The index targets liquid issuance, and adjusts for Bank of England holdings  
- Powered by pricing sourced LSEG Data & Analytics |
| | FTSE UK Government Bond 0-1 Year Index | 24 securities  
GBP 107.3bn MKV |
| | FTSE UK Government Bill 0-1 Year Index | 3 bonds  
GBP 64.3 bn MKV |
| | FTSE UK Government Bill 0-1 Year Index | 21 bills  
GBP 43.0 bn MKV |
| Sovereign | FTSE UK Government Bond Index | 53 bonds  
GBP 939.4 bn MKV |
| | FTSE UK Actuaries Conventional Gilts All Stocks Index | Captures all Conventional Gilts (i.e., not index-linked), denominated in GBP and quoted on the London Stock Exchange, through to maturity, without adjusting for Bank of England holdings. |
| | FTSE UK Inflation-Linked Securities Index | 31 bonds  
GBP 817.9 bn MKV |
| Inflation-Linked | FTSE UK Inflation-Linked Securities Index | Measures the performance of inflation-linked UK sovereign bonds, a subindex of the flagship FTSE WorldILSI. |
| | FTSE UK Actuaries Index-Linked Gilts All Stocks Index | Captures all Index-linked Gilts, denominated in GBP and quoted on the London Stock Exchange, through to maturity. |
| Broad (Government, government-sponsored, collateralized, corporates) | FTSE UK Broad Investment-Grade Bond Index | Tracks investment-grade government, government-sponsored, collateralized, and corporate bonds, denominated in UK Sterling (GBP), irrespective of market of issue.  
- Granular sub-indexes by sector, rating and term that utilise a common methodology allow users customisation flexibility  
- Powered by pricing sourced LSEG Data & Analytics |
| | FTSE UK Domestic Investment-Grade Bond Index | 920 bonds  
GBP 1,509.2 bn MKV |
| | FTSE UK Domestic Investment-Grade Bond Index | 1,170 bonds  
GBP 1,579.4 bn MKV |


**FTSE UK allocation building blocks**

FTSE Russell has a long history in UK equity benchmarking. The flagship FTSE UK Index Series is designed to measure the performance of the UK equity market. Comprehensive and modular in nature, the series provides market participants with a complementary set of benchmarks that measure the performance of all size and industry segments of the UK equity market.

FTSE Russell is able to leverage extensive experience in both UK equity and UK fixed income indexing, providing comprehensive coverage in both asset classes.
Equity
The FTSE UK Index Series measures the performance of all capital and industry segments of the UK equity market:
- FTSE 100 Index (UKX) – 100 most highly capitalized companies listed on LSE
- FTSE 100 Total Return Index – total return of FTSE 100 index
- FTSE 100 Net of Tax Index (UKXNUK) – applies tax adjustments to dividends for the total return index calculation
- FTSE 250 Index – comprises mid-capitalized companies not covered by the FTSE 100, (~15% of UK market cap)
- FTSE 350 Supersectors Indexes – 18 real-time industry sector indexes derived from companies in the FTSE 100 and FTSE 250
- FTSE All-Share Index – 98-99% of UK market cap, (aggregation of the FTSE 100, FTSE 250 and FTSE Small Cap Indexes)

Fixed Income
FTSE Russell has broad coverage of the UK fixed income market, spanning a wide variety of fixed income sectors:
- FTSE UK Sterling Money Market Index Series – Tracks one-, two-, three-, six-, and twelve-month UK Sterling Eurodeposits, (part of the FTSE World Money Market Index Series)
- FTSE UK Government Bond Index – fixed-rate, UK Gilts (part of the FTSE World Government Bond Index (WGBI))
- FTSE Actuaries UK Gilts Index Series
- FTSE UK Government 0-1 Year Index – a natural extension of the FTSE UK GBI, capturing 0-1 year bonds and T-bills
- FTSE UK Inflation-Linked Securities Index – inflation-linked UK sovereign bonds (part of the FTSE WorldILSI)
- FTSE UK Broad Investment-Grade Bond Index (UKBIG) – government, government-related, collateralized, and corporate bonds denominated in UK Sterling (GBP) irrespective of market of issue (both domestic and eurosterling)
- FTSE UK Domestic Investment-Grade Bond Index – a lower minimum amount outstanding threshold than the UKBIG, for broader, deeper coverage of the UK bond market
- FTSE Sterling High-Yield Bond Index – high-yield corporate debt denominated in UK Sterling (GBP)

Key features
- Consistent and granular sub-index building blocks allow for easy customizations and combinations with related indexes.
- The FTSE UKBIG and UKDIGBI offer flexibility between a larger, deeper coverage of the UK bond market through the Domestic index, which has lower minimum amount outstanding thresholds than the UKBIG, which tracks a relatively more compact, liquid universe.
- LSEG Data & Analytics bid-side evaluated pricing takes various input sources for a more representative price, as opposed to a simple average of multi-sourced bid side prices from market makers which can be less representative depending on liquidity of the bond, or result in step changes as the number of contributors changes.
- The intra-month cash flows from principal and interest are reinvested to earn incremental return at an appropriate eurodeposit rate, to provide a performance measure that is more representative.
- FTSE Russell does not include coco/AT1 securities due to feedback that these are a separate, distinct investment choice set.
- Returns (issue-level and index-level) are calculated, hedged and unhedged, in GBP as well as the following: USD, EUR, JPY, AUD, CAD, CHF, CNY, HKD, SGD.

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**FTSE UK Broad Investment-Grade Bond Index (UKBIG)**

<table>
<thead>
<tr>
<th>Key Feature</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Universe</strong></td>
<td>Government, government-related, collateralized, and corporate bonds denominated in UK Sterling (GBP) irrespective of market of issue</td>
</tr>
<tr>
<td><strong>Amount Outstanding</strong></td>
<td>Sovereign: GBP 2 billion (excludes Bank of England holdings)</td>
</tr>
<tr>
<td><strong>Industry Classification</strong></td>
<td>FTSE GLIC and COBS</td>
</tr>
<tr>
<td><strong>Minimum Rating</strong></td>
<td>BBB- by S&amp;P or Baa3 by Moody’s</td>
</tr>
<tr>
<td><strong>Pricing</strong></td>
<td>LSEG Data &amp; Analytics bid-side pricing 4:15 p.m. (London)</td>
</tr>
<tr>
<td><strong>Intra-Month Reinvestment of Cash Flow</strong></td>
<td>Coupons are reinvested at daily average of the one-month Eurodeposit rate, calculated from the actual scheduled payment date of the cash flow through the end of the monthly rebalancing cycle</td>
</tr>
<tr>
<td><strong>Composition</strong></td>
<td>Fixed-rate, fixed-to-floating rate, zero coupon and fixed-rate bonds that step up according to a predetermined schedule</td>
</tr>
<tr>
<td><strong>Maturity</strong></td>
<td>At least one year to maturity Fixed-to-floating rate bonds are removed one year prior to the fixed-to-floating rate start date</td>
</tr>
<tr>
<td><strong>Settlement</strong></td>
<td>T+0</td>
</tr>
<tr>
<td><strong>Rebalancing Cut-Off</strong></td>
<td>Once a month at the end of the month. Universe is set on “fixing date” according the fixing calendar</td>
</tr>
<tr>
<td><strong>Base Date</strong></td>
<td>December 31, 2005</td>
</tr>
</tbody>
</table>
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