

## SOLUTION OVERVIEW

# FTSE Fixed Income Indexes

Buy and hold: completing the picture for sovereign bond investors



## Measuring FTSE World Government Bond Index (WGBI) markets across all segments of the issuance curve

Leveraging deep expertise in tracking global government bond markets, FTSE Russell offers a comprehensive, flexible range of indexes designed to track WGBI treasury markets, across all maturity segments. The indexes are launched with comprehensive daily historical time series data supported by Refinitiv pricing and reference data. With granular sub-indexes, including 0-1 year term buckets as standard, investors can easily track or customize exposures to government bills and bonds for all markets in the flagship FTSE World Government Bond Index (WGBI).

### Short-term

There is already strong structural demand for money market products, and this may be heightened in periods of uncertainty and market stress, which can cause a 'flight-to-safety' departure from longer-duration to shorter-duration exposures, or in periods of expected inflation.

#### Cash reinvestment

Short-term government bond markets are liquid and provide a reinvestment vehicle for cash holdings.

#### Low risk

The short segments of government bond markets have lower interest rate sensitivity and tend to carry less credit risk.

### Buy & hold

Within fixed income, indexes typically specify that bonds must have a minimum of one year to maturity remaining to be eligible for inclusion, meaning that sub-one-year bonds exit the index at rebalance. The 0+ year methodology removes this rule, and tracks bonds through to a minimum of one month to maturity instead.

Adding the 0-1 year term bucket to long term indexes eliminates force-selling, allowing investors to track their holdings below the one-year mark.

### FTSE World Government 0-1 Year Index

#### FTSE World Government Bond 0-1 Year Index

Tracks roll-down bonds from the flagship FTSE World Government Bond Index, utilizing a common, robust index methodology.

#### FTSE Global Treasury Bill 0-1 Year Index Series

A series of standalone treasury bill indexes, starting with the FTSE WGBI countries.\*

### FTSE World Government Bond 0+ Years Index

As a continuation of the flagship FTSE WGBI, the 0+ Year benchmark tracks the universe of securities that meet the eligibility criteria for the flagship FTSE WGBI through to maturity.

Modular construction provides flexibility for a range of customizations across country and asset type.

Granular sub-indexes by asset type and term allow users the flexibility to track all parts of the curve for WGBI countries, in any combination of term sub-indexes.

\*as at launch in July 2021.



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## FTSE Global Treasury Bill 0-1 Index Series

A collection of standalone indexes designed to measure the performance of local currency sovereign treasury bill markets, where treasury bills are defined as short-term treasury securities issued with time-to-maturity less than one year.

The series covers all countries in the WGBI as at series launch.

<b>Universe</b>	<p><b>1</b> Zero coupon or discount coupon treasury bills issued with time-to-maturity equal to or less than one year.</p> <p>The Singapore index includes bills issued by the Monetary Authority of Singapore.</p> <p>The Israel index includes bills issued by the Bank of Israel.</p>			
<b>Amount outstanding</b>	<p><b>2</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%; background-color: #e6e6e6;"> <p><b>Americas</b></p> <p>Canada: CAD 2 billion (excludes Bank of Canada holdings)</p> <p>Mexico: MXN 5 billion</p> <p>United States: USD 5 billion public amount outstanding (excludes Federal Reserve holdings)</p> <p><b>EMEA</b></p> <p>Denmark: DKK 500 million</p> <p>Italy: EUR 2.5 billion</p> <p>Germany and Spain: EUR 2 billion</p> <p>Belgium, France and Netherlands: EUR 1 billion</p> <p>Austria, Ireland and Finland: EUR 100 million</p> <p>Norway: NOK 10 billion</p> </td> <td style="width: 33%; background-color: #e6e6e6;"> <p>Poland: PLN 500 million</p> <p>Sweden: SEK 5 billion</p> <p>United Kingdom: GBP 750 million (excludes Bank of England holdings)</p> <p>Israel: ILS 400 million</p> <p><b>APAC</b></p> <p>Australia: AUD 300 million</p> <p>Japan: JPY 500 billion (excludes Bank of Japan holdings and Ministry of Finance buybacks)</p> <p>Malaysia: MYR 500 million</p> <p>Singapore: SGD 500 million (excludes Monetary Authority of Singapore holdings)</p> </td> <td style="width: 33%;"></td> </tr> </table>	<p><b>Americas</b></p> <p>Canada: CAD 2 billion (excludes Bank of Canada holdings)</p> <p>Mexico: MXN 5 billion</p> <p>United States: USD 5 billion public amount outstanding (excludes Federal Reserve holdings)</p> <p><b>EMEA</b></p> <p>Denmark: DKK 500 million</p> <p>Italy: EUR 2.5 billion</p> <p>Germany and Spain: EUR 2 billion</p> <p>Belgium, France and Netherlands: EUR 1 billion</p> <p>Austria, Ireland and Finland: EUR 100 million</p> <p>Norway: NOK 10 billion</p>	<p>Poland: PLN 500 million</p> <p>Sweden: SEK 5 billion</p> <p>United Kingdom: GBP 750 million (excludes Bank of England holdings)</p> <p>Israel: ILS 400 million</p> <p><b>APAC</b></p> <p>Australia: AUD 300 million</p> <p>Japan: JPY 500 billion (excludes Bank of Japan holdings and Ministry of Finance buybacks)</p> <p>Malaysia: MYR 500 million</p> <p>Singapore: SGD 500 million (excludes Monetary Authority of Singapore holdings)</p>	
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<b>Maturity</b>	<p><b>3</b> At least one month and less than one year</p>			
<b>Pricing</b>	<p>LSEG Data &amp; Analytics bid-side pricing.</p> <p>US, Canada: 3pm New York</p> <p>Mexico: 4pm New York</p> <p>Eurozone, Denmark, Norway, Sweden, UK, Israel, Poland: 4:15pm London</p> <p>Australia: 4pm Tokyo</p> <p>Japan: 3pm Tokyo</p> <p>Malaysia, Singapore: 6pm Tokyo</p>			
<b>Intra-month reinvestment of cash flow</b>	<p>At daily average of the local currency one-month Eurodeposit rate, calculated from the actual scheduled payment date of the cash flow through the end of the reporting period.</p>			
<b>Settlement</b>	<p>Same-day settlement</p>			
<b>Rebalancing cut-off</b>	<p>Each month, the upcoming month's index constituents are "fixed" on the profile fixing date. Each year's scheduled fixing dates are published on the website.</p>			
<b>Base date</b>	<p>December 31, 2005 Except: Mexico (September 30, 2010)</p>			

### Key benchmark features

- 1** Captures all relevant securities for each local market, providing a representative performance measure and tracking the full investment choice-set.
  - 2** Locally calibrated minimum amount outstanding thresholds ensure treasury bills are captured at issue for each market, while also targeting liquid issues.
  - 3** One month minimum maturity threshold prevents large cash positions accumulating in the index intra-month, providing a more representative and practical performance measure:
    - Passive mandates may hold cash in line with the benchmark (sacrificing reinvestment return) to avoid tracking error
    - Active mandates are likely to reinvest cash as it is received
    - Large cash balances may drag duration
- Modular construction allows for customization across country and asset type to combine universes of treasury bills and roll-down bonds for countries in the FTSE WGBI.

## FTSE World Government Bond 0+ Years Index

The index tracks the universe of securities that meet the eligibility criteria for the flagship FTSE World Government Bond Index (WGBI) through to maturity. For more details on the FTSE WGBI methodology, please see the [FTSE Fixed Income Index Guide](#).

<b>Universe</b>	Investment grade, liquid, core government bond markets. Composed of fixed-rate, local currency, investment-grade bonds.
<b>Amount outstanding</b>	Minimum amount outstanding criteria vary by currency, and are consistent with the FTSE WGBI.
<b>Local currency market inclusion</b>	Minimum level of 2. For further details on calibration of Market Accessibility Levels, please see <a href="#">FTSE Fixed Income Country Classification Process</a> .
<b>Minimum market size</b>	The criteria for entry and exit are consistent with the FTSE WGBI.
<b>Maturity minimum</b>	<b>4</b> At least one month
<b>Rating minimum</b>	The criteria for entry and exit are consistent with the FTSE WGBI.
<b>Pricing</b>	Pricing sources are consistent with the FTSE WGBI.
<b>Intra-month reinvestment of cash flow</b>	At daily average of the local currency one-month Eurodeposit rate, calculated from the actual scheduled payment date of the cash flow through the end of the reporting period.
<b>Settlement</b>	Same-day settlement
<b>Rebalancing cut-off</b>	Each month, the upcoming month's index constituents are "fixed" on the profile fixing date. Each year's scheduled fixing dates are published on the website.
<b>Base date</b>	December 31, 2005

### Key benchmark features

The 0+ Year version of the FTSE WGBI builds on the robust methodology construct of the FTSE WGBI, while enabling clients to eliminate sub-one-year exits, should they require this.

The addition of a 0-1 year sub-index complements the existing offering, with coverage across the full issuance curve.

**4** One month minimum maturity threshold prevents large positions accumulating in the index intra-month, providing a more representative and practical performance measure:

- Passive mandates may hold cash in line with the benchmark (sacrificing reinvestment return) to avoid tracking error
- Active mandates are likely to reinvest cash as it is received
- Large cash balances may drag duration

Powered by pricing sourced from LEG Data & Analytics, each country's short treasury index offers a comprehensive 15 years of daily index history from December 31, 2005, as well as a robust set of performance metrics and analytics.

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