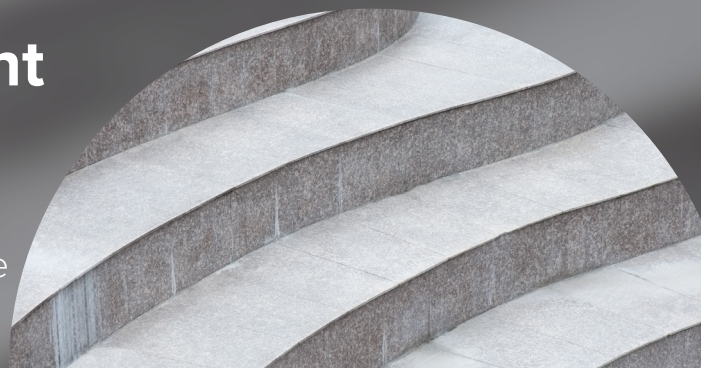


SOLUTION OVERVIEW

FTSE Carry Tilt Government Bond Index Series

Alternative approach to enhancing carry exposure



The FTSE Carry Tilt Government Bond Index Series is FTSE Russell's systematic approach to enhance carry exposure while controlling for duration and country allocations.

The FTSE Carry Tilt Government Bond Index Series applies FTSE Russell's standardized fixed tilt approach to a range of government bond indices to enhance exposure to carry. Indices include:

- FTSE Carry Tilt World Government Bond Index
- FTSE Carry Tilt EMU Government Bond Index
- FTSE Carry Tilt UK Government Bond Index
- FTSE Carry Tilt US Treasury Index

Carry refers to the profit obtained by holding an asset, assuming everything holds constant except for the passage of time. Within fixed income, this is measured through a bond's (1) carry, which refers to the yield earned from holding a bond over time and (2) roll-down, which refers to the capital gain generated as the bond moves down a positively sloped yield curve and its yield declines. FTSE Russell's definition captures the aggregate effect to estimate a bond's expected return, also known as its rolling yield return, which serves as the carry factor in the framework.

To enhance carry exposure, fixed tilts are applied to the market capitalization weights of bonds in the base indices. Carry factors are standardised into Z-scores (showing whether a bond's carry is above or below average) and converted into S-scores (a ranking scale used to size allocations). Bonds with higher scores receive larger weights, while those with lower scores receive smaller weights.

Key features

The index series addresses the need for an alternative approach to existing methodologies that achieve carry enhancement, which are primarily implemented through an optimization framework that are subject to high degrees of complexity and sector concentrations.

The FTSE Carry Tilt Government Bond Index Series addressed key design considerations, including:



Simplicity: the carry factor calculation and weight determination should be easily understood;

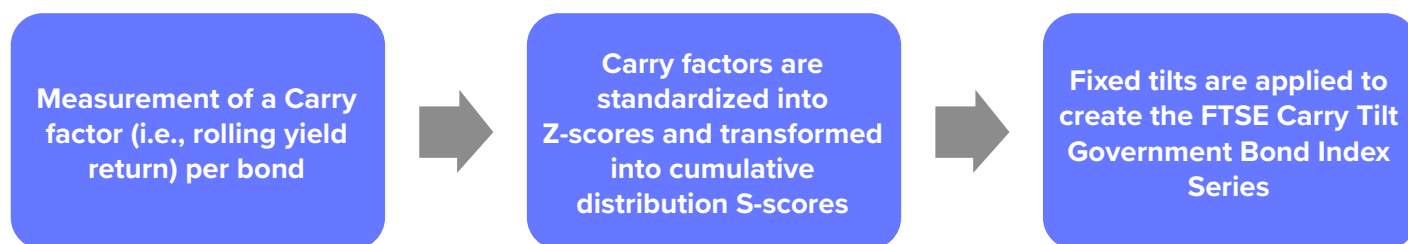


Transparency: the implementation of the strategy should be replicable and the index data available; and



Diversification: the weight allocation across country and maturity term sectors should be aligned with the base index weights to control for key risks (eg duration, credit quality)

Construction of the Carry Tilt Government Bond Index Series:



FTSE Carry Tilt Government Bond Index Series	
Eligibility	Government bonds from: – FTSE Carry Tilt World Government Bond Index – FTSE Carry Tilt EMU Government Bond Index – FTSE Carry Tilt UK Government Bond Index – FTSE Carry Tilt US Treasury Index
Rebalancing	Once a month at the end of the month.
Weighting	Alternatively Weighted.
Carry Factor Scores	Calculated once a month at the end of the month. Rolling yield return is estimated over a twelve-month horizon.
Carry Factor Score Assessment Cohort	Government bond markets are divided into cohorts determined by country of issuance and maturity term sectors.
Carry Factor Tilt Calibration	A geometric tilt power strength of 1 is applied.
Base Date	December 31, 2013.

About FTSE Russell

FTSE Russell is a leading global provider of index and benchmark solutions, spanning diverse asset classes and investment objectives. As a trusted investment partner we help investors make better-informed investment decisions, manage risk, and seize opportunities.

Market participants look to us for our expertise in developing and managing global index solutions across asset classes. Asset owners, asset managers, ETF providers and investment banks choose FTSE Russell solutions to benchmark their investment performance and create investment funds, ETFs, structured products, and index-based derivatives. Our clients use our solutions for asset allocation, investment strategy analysis and risk management, and value us for our robust governance process and operational integrity.

For over 35 years we have been at the forefront of driving change for the investor, always innovating to shape the next generation of benchmarks and investment solutions that open up new opportunities for the global investment community.

Contact us

To learn more, visit [lseg.com/ftse-russell](https://www.ftserussell.com); email info@ftserussell.com; or call your regional Client Service team office:

EMEA +44 (0) 20 7866 1810

Japan +81 3 6441 1430

North America +1 800 721 2225

Asia Pacific ex Japan +852 2164 3333

Disclaimer

© 2026 London Stock Exchange Group plc and its applicable group undertakings ("LSEG"). LSEG includes (1) FTSE International Limited ("FTSE"), (2) Frank Russell Company ("Russell"), (3) FTSE Global Debt Capital Markets Inc. "FTSE Canada", (4) FTSE Fixed Income LLC ("FTSE FI"), (5) FTSE (Beijing) Consulting Limited ("WOFE"), FTSE EU SAS ("FTSE EU"). All rights reserved.

FTSE Russell® is a trading name of FTSE, Russell, FTSE Canada, FTSE FI, WOFE, FTSE EU and other LSEG entities providing LSEG Benchmark and Index services. "FTSE®", "Russell®", "FTSE Russell®", "FTSE4Good®", "ICB®", "Refinitiv", "WMR™" "FR™" and all other trademarks and service marks used herein (whether registered or unregistered) are trademarks and/or service marks owned or licensed by the applicable member of LSEG or their respective licensors.

FTSE International Limited is authorised as a Benchmark Administrator and regulated in the United Kingdom (UK) by the Financial Conduct Authority ("FCA") according to the UK Benchmark Regulation, FCA Reference Number 796803. FTSE EU SAS is authorised as Benchmark Administrator and regulated in the European Union (EU) by the Autorité des Marchés Financiers ("AMF") according to the EU Benchmark Regulation.

All information is provided for information purposes only. All information and data contained in this publication is obtained by LSEG, from sources believed by it to be accurate and reliable. Because of the possibility of human and mechanical inaccuracy as well as other factors, however, such information and data is provided "as is" without warranty of any kind. No member of LSEG nor their respective directors, officers, employees, partners or licensors make any claim, prediction, warranty or representation whatsoever, expressly or impliedly, either as to the accuracy, timeliness, completeness, merchantability of any information or LSEG Products, or of results to be obtained from the use of LSEG products, including but not limited to indices, rates, data and analytics, or the fitness or suitability of the LSEG products for any particular purpose to which they might be put. The user of the information assumes the entire risk of any use it may make or permit to be made of the information.

No responsibility or liability can be accepted by any member of LSEG nor their respective directors, officers, employees, partners or licensors for (a) any loss or damage in whole or in part caused by, resulting from, or relating to any inaccuracy (negligent or otherwise) or other circumstance involved in procuring, collecting, compiling, interpreting, analysing, editing, transcribing, transmitting, communicating or delivering any such information or data or from use of this document or links to this document or (b) any direct, indirect, special, consequential or incidental damages whatsoever, even if any member of LSEG is advised in advance of the possibility of such damages, resulting from the use of, or inability to use, such information.

No member of LSEG nor their respective directors, officers, employees, partners or licensors provide investment advice and nothing in this document should be taken as constituting financial or investment advice. No member of LSEG nor their respective directors, officers, employees, partners or licensors make any representation regarding the advisability of investing in any asset or whether such investment creates any legal or compliance risks for the investor. A decision to invest in any such asset should not be made in reliance on any information herein. Indices and rates cannot be invested in directly. Inclusion of an asset in an index or rate is not a recommendation to buy, sell or hold that asset nor confirmation that any particular investor may lawfully buy, sell or hold the asset or an index or rate containing the asset. The general information contained in this publication should not be acted upon without obtaining specific legal, tax, and investment advice from a licensed professional.

Past performance is no guarantee of future results. Charts and graphs are provided for illustrative purposes only. Index and/or rate returns shown may not represent the results of the actual trading of investable assets. Certain returns shown may reflect back-tested performance. All performance presented prior to the index or rate inception date is back-tested performance. Back-tested performance is not actual performance, but is hypothetical. The back-test calculations are based on the same methodology that was in effect when the index or rate was officially launched. However, back-tested data may reflect the application of the index or rate methodology with the benefit of hindsight, and the historic calculations of an index or rate may change from month to month based on revisions to the underlying economic data used in the calculation of the index or rate.

This document may contain forward-looking assessments. These are based upon a number of assumptions concerning future conditions that ultimately may prove to be inaccurate. Such forward-looking assessments are subject to risks and uncertainties and may be affected by various factors that may cause actual results to differ materially. No member of LSEG nor their licensors assume any duty to and do not undertake to update forward-looking assessments.

No part of this information may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without prior written permission of the applicable member of LSEG. Use and distribution of LSEG data requires a licence from LSEG and/or its licensors.