

Change in Country Inclusion to the FTSE Emerging Markets USD Government and Government-Related Bond Select Index

FTSE Russell announces the following two inclusion criteria changes to the FTSE Emerging Markets USD Government and Government-Related Bond Select Index (“Index”) to provide more country diversification:

1. The FTSE Emerging Markets USD Government and Government-Related Bond Select Index will be based on a sub-sector of the FTSE Emerging Markets Broad Bond Index (EMUSDBBI) that focuses on government and government-related securities and will include all the countries in this sub-sector. Currently, the Index restricts country inclusion to only those countries classified as emerging markets with a per capita income below 2x of the World Bank definition of “High Income” for three consecutive years.
2. The capping of a country’s outstanding amount will be lowered from USD 25 billion to USD 20 billion.

Given the size of the new markets and the change in the outstanding amount of the existing countries, to minimize turnover, the criteria change will be staged over a three-month period. For the April 2020 profile, new countries will be included in the Index with one-third of its outstanding amount and the outstanding amount for all countries will be capped at USD 23.33 billion. For the May 2020 profile, new countries, including those added with reduced amount in June 2020, will be included in the Index with two-third of its outstanding amount and the outstanding amount of all countries will be capped at USD 21.67 billion. From June 2020 profile and onward, new countries, including those added with reduced amount in April and May, will be included in the Index with its full outstanding amount and the outstanding amount of all the countries will be capped at USD 20 billion.

Figure 1 shows the countries with a projected index weight change greater than 0.1%

Figure 1. Countries with a Projected Index Weight Change Greater than 0.1%

	Current Profile			Projected Profile			Difference		
	Number of Issues	Market Value*	Market Weight (%)	Number of Issues	Market Value*	Market Weight (%)	Number of Issues	Market Value*	Market Weight (%)
Qatar	-	-	0.00	12	23.97	4.67	12	23.97	4.67
Saudi Arabia	-	-	0.00	17	22.00	4.28	17	22.00	4.28
United Arab Emirates	-	-	0.00	6	20.22	3.94	6	20.22	3.94
Kuwait	-	-	0.00	1	4.88	0.95	1	4.88	0.95
South Africa	15	22.59	4.67	15	20.63	4.02	-	-1.96	-0.66
Argentina	9	12.99	2.69	9	10.39	2.02	-	-2.60	-0.66
Philippines	14	28.93	5.99	14	25.50	4.97	-	-3.43	-1.02
Colombia	12	28.13	5.82	12	23.62	4.60	-	-4.51	-1.22
Turkey	25	25.71	5.32	25	20.57	4.00	-	-5.14	-1.31
Mexico	37	27.33	5.65	37	21.86	4.26	-	-5.47	-1.40
Brazil	21	28.49	5.89	21	22.79	4.44	-	-5.70	-1.46
Indonesia	39	29.34	6.07	39	23.47	4.57	-	-5.87	-1.50
Russia	13	30.62	6.33	13	24.49	4.77	-	-6.12	-1.57

*in USD billions. Source: FTSE Russell. Data are as of December 31, 2019.

Please contact us at fi.index@ftserussell.com with any comments or questions.

FTSE Russell

FTSE Fixed Income LLC	US	EMEA	Hong Kong	Singapore	Japan
28 Liberty Street	+1 646 989 2122	+44 20 7334 8963	+852 2164 3288	+65 6950 3850	+81 3 4563 6346
58 th Floor	fi.index@ftserussell.com	fi.index@ftserussell.com	fi.index@ftserussell.com	fi.index@ftserussell.com	fi.indexjp@ftserussell.com
New York, NY 10005					