

## Reminder: Implementation of FTSE Fixed Income Index Change for Inclusion of Fixed-to-Floating Rate Bonds

FTSE Russell recently announced that effective from the June 2019 profiles, fixed-to-floating rate bonds with a stated final maturity and fixed-to-floating rate perpetual bonds will be added to the FTSE US Broad Investment-Grade Bond Index (USBIG<sup>®</sup>), FTSE US High-Yield Market Index, and FTSE Euro Broad Investment-Grade Index (EuroBIG<sup>®</sup>).<sup>1</sup>

This announcement provides updated impact projections as of May 10, 2019.

### FTSE US Broad Investment-Grade Bond Index

The FTSE US Broad Investment-Grade Bond Index measures the performance of investment-grade, fixed-rate, US Dollar-denominated bonds issued in the US bond market with at least one year to maturity. It includes treasury, government sponsored, collateralized, and corporate debt. As of May 2019, 150 fixed-to-floating rate securities with \$258.3 billion in market value would qualify for the USBIG Index, representing approximately 1.2% of the index by market weight.

**Figure 1. FTSE USBIG Index – Pro forma Impact on Inclusion of Fixed-to-Floating Rate Bonds**

	USBIG Index			Projected USBIG + Fixed-to-Floating Rate Bonds			Difference		
	# of issues	Market Value*	Market Weight (%)	# of issues	Market Value*	Market Weight (%)	# of issues	Market Value*	Market Weight (%)
<b>Total</b>	<b>7,651</b>	<b>20,816.91</b>	<b>100.00</b>	<b>7,801</b>	<b>21,075.19</b>	<b>100.00</b>	<b>150</b>	<b>258.29</b>	<b>0.00</b>
Treasury	244	8,428.65	40.49	244	8,428.65	39.99	0	0.00	-0.50
Govt Sponsored	207	514.82	2.47	207	514.82	2.44	0	0.00	-0.03
Collateralized	327	5,634.16	27.07	327	5,634.16	26.73	0	0.00	-0.33
Credit	6,873	6,239.28	29.97	7,023	6,497.57	30.83	150	258.29	0.86
Non-US Sov/Prov	517	916.19	4.40	517	916.19	4.35	0	0.00	-0.05
Corporate - Industrial	3,679	3,123.58	15.01	3,689	3,131.90	14.86	10	8.32	-0.14
Corporate - Utility	1,029	646.78	3.11	1,035	652.54	3.10	6	5.76	-0.01
Corporate - Finance	1,648	1,552.73	7.46	1,782	1,796.94	8.53	134	244.21	1.07

\* in USD billions. Source: FTSE Russell. Data are as of May 10, 2019.

### FTSE US High-Yield Market Index

The FTSE US High-Yield Market Index tracks fixed-rate US Dollar-denominated high-yield debt issued by corporations domiciled in the US or Canada. The index tracks cash-pay, deferred-interest securities, and debt issued under Rule 144A with at least one year to final maturity. As of May 2019, 7 fixed-to-floating rate securities with \$3.2 billion in market value would qualify for the FTSE US High-Yield Market Index, representing approximately 0.3% of the index by market weight.

<sup>1</sup> For further details, please see: <http://www.yieldbook.com/m/indexes/FTSE-indexes/message.shtml?id=246>

Figure 2. FTSE US High-Yield Market Index – Pro forma Impact on Inclusion of Fix-to-Floating Rate Bonds

	High-Yield Market Index			Projected HYM + Fixed-to-Floating Rate Bonds			Difference		
	# of issues	Market Value*	Market Weight (%)	# of issues	Market Value*	Market Weight (%)	# of issues	Market Value*	Market Weight (%)
<b>Total</b>	<b>1,53</b>	<b>1,013.19</b>	<b>100.00</b>	<b>1539</b>	<b>1,016.37</b>	<b>100.00</b>	<b>7</b>	<b>3.18</b>	<b>0.00</b>
Industrial	1,29	833.55	82.27	1299	835.75	82.23	4	2.20	-0.04
Utility	107	94.74	9.35	107	94.74	9.32	0	0.00	-0.03
Finance	130	84.90	8.38	133	85.88	8.45	3	1.12	0.07

\* in USD billions. Source: FTSE Russell. Data are as of May 10, 2019.

### FTSE Euro Broad Investment-Grade Bond Index

The FTSE Euro Broad Investment-Grade Bond Index measures the performance of investment-grade, Euro-denominated fixed-rate bond with at least one year to maturity. It includes treasury, government sponsored, collateralized, and corporate debt. As of May 2019, 228 fixed-to-floating rate securities with €225.7 billion in market value would qualify for the FTSE EuroBIG Index, representing approximately 2.1% of the index by market weight.

Figure 3. FTSE EuroBIG Index – Pro forma Impact on Inclusion of Fixed-to-Floating Rate Bonds

	EuroBIG Index			Projected EuroBIG + Fixed-to-Floating Rate Bonds			Difference		
	# of issues	Market Value*	Market Weight (%)	# of issues	Market Value*	Market Weight (%)	# of issues	Market Value*	Market Weight (%)
<b>Total</b>	<b>4,302</b>	<b>10,390.37</b>	<b>100.00</b>	<b>4,530</b>	<b>10,616.06</b>	<b>100.00</b>	<b>228</b>	<b>225.69</b>	<b>0.00</b>
Sovereign/Sov-Gtd	553	6,586.62	63.39	553	6,586.62	62.04	0	0.00	-1.35
Govt Sp/Regional Govt	592	1,029.52	9.91	593	1,030.05	9.70	1	0.53	-0.21
Collateralized	883	864.41	8.32	883	864.41	8.14	0	0.00	-0.18
Corporate - Industrial	1133	884.90	8.52	1174	931.58	8.78	41	46.68	0.26
Corporate - Utility	379	328.23	3.16	413	359.08	3.38	34	30.85	0.22
Corporate - Finance	762	696.69	6.71	914	844.32	7.95	152	147.63	1.25

\* in EUR billions. Source: FTSE Russell. Data are as of May 10, 2019.

Please contact us at [info@ftserussell.com](mailto:info@ftserussell.com) if you have any questions.

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