

Exclusion of Government Buybacks from Chilean and Peruvian Government Bond Outstanding Amount

Effective with August 2019 Index, the outstanding amount for Chilean and Peruvian domestic government bonds will be adjusted to exclude the government buyback amounts¹.

Figure 1 provides the buyback adjustments for Chilean and Peruvian nominal government bonds in the FTSE Latin American Government Bond Index (LATAMGBI) and the FTSE Emerging Markets Government Bond Index (EMGBI). The market weights of Chile and Peru in the LATAMGBI are reduced by 0.29%, from 8.73% to 8.44% and by 0.41%, from 9.29% to 8.88%, respectively. The market weights of Chile and Peru in the EMGBI are reduced by 0.05%, from 1.31% to 1.26% and by 0.07%, from 1.39% to 1.32%, respectively. Two Chilean bonds and 1 Peruvian bond will be removed from these indexes because the outstanding amount after buyback falls below the minimum size criteria.

Figure 1. Buyback adjustments in the FTSE LATAM Government Bond Index

	Coupon	Maturity	Outstanding Amount*		
			Current	Buyback	Adjusted
Chilean Government Bond	6.00	20340101	503.03	496.83	6.20
Chilean Government Bond	6.00	20320101	158.12	152.87	5.25
Chilean Government Bond	4.50	20210228	1,000.00	68.71	931.30
Chilean Government Bond	4.50	20210301	2,564.60	42.58	2,522.02
Chilean Government Bond	6.00	20220101	243.00	25.04	217.97
Peruvian Government Bond	5.20	20230912	5.89	4.11	1.78

*In local currency in billions. Source: FTSE Russell. Data as of June 24, 2019. The impact to the index may be different from the impact quantified as of June 24, 2019 in this Figure.

Figure 2 provides the buyback adjustments for Chilean inflation-linked government bonds in the FTSE Emerging Markets Inflation-Linked Securities Index (EMILSI). The market weight of Chile in the EMILSI is reduced by 0.73%, from 9.03% to 8.30%. Four bonds will be removed from the EMILSI because the outstanding amount after buyback falls below the minimum size criteria of CLF 5 million for the index.

¹ The Chilean government buyback activities can be found on the Central Bank of Chile official website.

Figure 2. Buyback adjustments in the FTSE Emerging Markets Inflation-Linked Securities Index

	Coupon	Maturity	Outstanding Amount*		
			Current	Buyback	Adjusted
Chilean Inflation-Linked Government Bond	3.00	20400101	26.36	22.45	3.90
Chilean Inflation-Linked Government Bond	3.00	20420101	19.80	18.45	1.35
Chilean Inflation-Linked Government Bond	3.00	20300101	6.48	3.63	2.86
Chilean Inflation-Linked Government Bond	3.00	20390301	5.08	1.96	3.12
Chilean Inflation-Linked Government Bond	1.50	20210301	128.52	21.05	107.47
Chilean Inflation-Linked Government Bond	4.50	20231015	9.30	0.24	9.05

*In local currency in millions. Source: FTSE Russell. Data as of June 24, 2019. The impact to the index may be different from the impact quantified as of June 24, 2019 in this Figure.

Other indexes that include Chilean and Peruvian domestic government bonds will also reflect this change.

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