

Inclusion of Zero Coupon Bonds to the FTSE Euro Broad Investment-Grade Index

Effective from the February 2020 profiles, zero coupon EUR-denominated bonds from non-government issuers will be added to the FTSE Euro Broad Investment-Grade Index (EuroBIG®).¹ Given recent shifts in issuance trends, the inclusion of these bonds to the index will more accurately track the investment-grade European debt markets. Both new issuance and existing zero coupon securities that meet other index eligibility criteria will be added to the index.

As of September 2019, 98 zero coupon securities with €142 billion in market value would qualify for the FTSE EuroBIG Index, representing approximately 1.2% of the index by market weight. Figure 1 contains the projected impact of the change.

Figure 1. FTSE EuroBIG Index – Projected Impact on Inclusion of Zero Coupon Bonds

	EuroBIG Index			Projected EuroBIG + Zero Coupon Bonds			Difference		
	# of issues	Market Value*	Market Weight (%)	# of issues	Market Value*	Market Weight (%)	# of issues	Market Value*	Market Weight (%)
Total	4,728	11,348.9	100.0	4,826	11,491.1	100.0	98	142.0	0.00
Sovereign/Sov-Gtd	541	7,076.5	62.4	556	7,136.7	62.1	15	60.2	-0.24
Govt Sp/Regional Govt	603	1,088.2	9.6	636	1,129.3	9.8	33	41.1	0.24
Collateralized	877	867.3	7.6	889	879.7	7.7	12	12.4	0.02
Corporate - Industrial	1,256	1,005.1	8.9	1,282	1,024.6	8.9	26	19.5	0.06
Corporate - Utility	446	387.0	3.4	453	391.2	3.4	7	4.2	-0.01
Corporate - Finance	1,005	925.0	8.2	1,010	929.7	8.1	5	4.8	-0.06

* in EUR billions. Source: FTSE Russell. Data are as of September 30, 2019.

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

FTSE Russell

¹ Zero coupon bonds from government issuers have historically been eligible for index inclusion.

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