

Reminder: Changes to Index Adjustments for Government Holdings in FTSE World Inflation-Linked Securities Index

In November 2020, FTSE Russell announced¹ that bond-level outstanding amounts will be adjusted for government holdings in the FTSE World Inflation-Linked Securities Index (WorldILSI), effective February 2021 profile, for the following:

- Canada, adjustment for amounts held by the Bank of Canada at primary auction,
- UK, adjustment for amounts held by the Bank of England and UK Debt Management Office, and
- US, adjustment for amounts held in the Federal Reserve SOMA account.

Based on the January 2021 profiles, the amount outstanding for 42 US Treasury inflation-protected securities will be reduced by US\$ 290.1 billion and one bond will be removed from the WorldILSI, which comprises 12.19% of the index on a market value weighted basis, the amount outstanding for 28 UK government bonds will be reduced by US\$ 4.10 billion, which comprises 0.39% of the index on a market value weighted basis and the amount outstanding for 6 Canadian Treasury inflation-protected securities will be reduced by US\$ 1.28 billion, which comprises 0.07% of the index on a market value weighted basis. Details on the updated projected impact are provided in Figure 1.

¹ <http://www.yieldbook.com/m/indexes/ftse-indexes/message.shtml?id=305>

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Figure 1. Projected Impact of Changes to Government Holdings in the FTSE WorldILSI

	WorldILSI				Projected WorldILSI				Difference			
	Count	Market Value*	MV%	Modified Duration	Count	Market Value*	MV%	Modified Duration	Count	Market Value*	MV%	Modified Duration
United States	43	1,644.0	43.42	8.24	42	1,249.1	36.72	7.59	-1	-414.9	-6.70	-0.65
United Kingdom	28	1,105.9	28.86	21.65	28	1,092.6	32.12	21.78	-	-13.3	3.26	0.13
France	15	306.8	8.01	8.70	15	306.8	9.02	8.70	-	-	1.01	-
Italy	11	208.4	5.44	7.74	11	208.4	6.13	7.74	-	-	0.69	-
Mexico	8	104.6	2.73	9.24	8	104.6	3.07	9.24	-	-	0.34	-
Germany	4	94.7	2.47	9.73	4	94.7	2.78	9.73	-	-	0.31	-
Japan	9	77.1	2.01	5.73	9	77.1	2.27	5.73	-	-	0.26	-
Spain	5	75.1	1.96	7.32	5	75.1	2.21	7.32	-	-	0.25	-
Canada	7	66.0	1.72	16.68	7	63.5	1.87	16.78	-	-2.5	0.15	0.10
Israel	9	65.1	1.70	9.42	9	65.1	1.91	9.42	-	-	0.21	-
Australia	7	40.7	1.06	9.48	7	40.7	1.20	9.48	-	-	0.14	-
Sweden	6	24.0	0.63	5.98	6	24.0	0.71	5.98	-	-	0.08	-
Total	152	3,832.4	100.0	12.29	151	3,401.7	100.0	12.54	-1	-430.7	-	0.25

* in USD billions. Source: FTSE Russell. Data are as of December 31, 2020.

Please contact us at fi.index@ftserussell.com if you have any questions.

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