FTSE Debt Capacity World Government Bond Index (DCWGBI)

Sovereign | Multi-Currency

The FTSE Debt Capacity World Government Bond Index measures the performance of fixed-rate, local currency, investment-grade sovereign bonds with a focus on countries with lower debt issuance relative to their gross domestic product (GDP) and stronger debt servicing capabilities. The index covers sovereign debt from over 20 countries, denominated in a variety of currencies.

Unlike traditional indices where country weights are solely based on the market capitalization of an issuer's outstanding debt, the index also accounts for the countries capacity to repay their debt. It is rebalanced monthly with weights based on each country's market value adjusted by scores derived from its actual Debt-to-GDP and calculated Debt Service-to-GDP ratios, both determined annually in May[1]. These factors aim to reweight the index to provide higher weights to countries that might have stronger fiscal health and greater capacity to service their debt based on those two factors as proxy indicators. The index provides an alternatively-weighted broad benchmark for the global sovereign fixed income market.

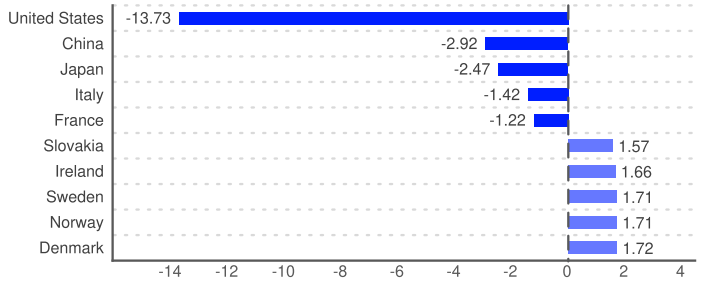
INDEX PROFILE

Description	# of Issues	Par Amount*	Market Value*	Market Weight (%)	Average Coupon (%)	Average Life (Years)	Yield to Maturity (%)	Effective Duration	OAS (bps)
Debt Capacity WGBI	**1455**	**38945.18**	**35706.69**	**100.00**	**2.81**	**9.26**	**3.98**	**6.62**	**5**
1-3 Years	332	9287.74	9204.04	25.78	2.70	1.94	3.63	1.85	1
3-5 Years	242	7409.78	7114.06	19.92	2.53	4.00	3.80	3.73	4
5-7 Years	165	4750.91	4501.68	12.61	2.75	5.95	3.93	5.39	8
7-10 Years	190	6355.41	6073.88	17.01	3.20	8.50	3.95	7.32	10
10+ Years	526	11141.34	8813.04	24.68	2.89	20.70	4.52	14.06	7
North America	340	11329.92	10476.34	29.34	3.41	8.37	4.70	5.67	0
Latin America	16	813.47	781.98	2.19	8.09	9.85	8.75	5.28	-1
Asia Pacific	533	9732.01	9165.91	25.67	2.30	9.65	2.79	7.34	-2
EMEA	566	17069.78	15282.47	42.80	2.45	9.60	3.95	6.90	13
WGBI	**1455**	**38983.87**	**35706.70**	**100.00**	**2.83**	**9.23**	**3.96**	**6.49**	**7**

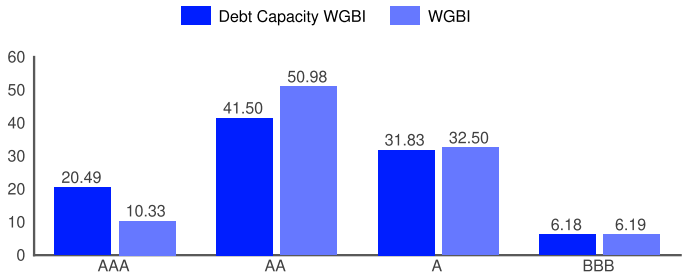
* In USD billions

COMPARATIVE ANALYSIS OF MARKET WEIGHT (in %)

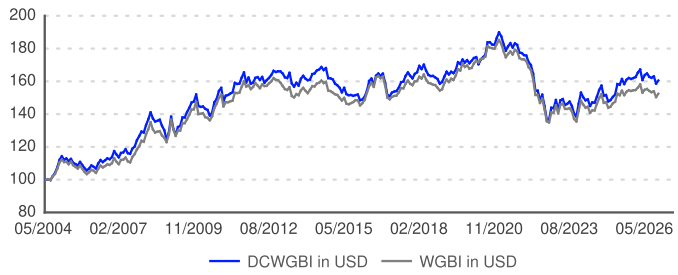
Top Underweights and Overweights (Debt Capacity WGBI) - (WGBI[2])



Credit Quality (Market Weight in %)[3]



HISTORICAL INDEX LEVEL (Unhedged)



	Return*	Standard Deviation*
Debt Capacity WGBI in USD	2.13	7.30
WGBI in USD	1.90	6.59

* Annualized Since Base Date (in %)

[1] The actual GDP and Debt-to-GDP ratios for the previous calendar year are published each year, generally in April, by the International Monetary Fund (IMF) in its World Economic Outlook (WEO).

[2] The World Government Bond Index (WGBI) is a market value-weighted index that measures the performance of fixed-rate, local currency, investment-grade sovereign bonds. The index currently comprises sovereign debt from over 20 countries, denominated in a variety of currencies.

[3] Index Quality: Index quality is defined to be the rating assigned by Standard and Poor's Financial Services LLC ("S&P") when it exists. If a bond is not rated by S&P but it is rated by Moody's Investor Service, Inc ("Moody's"), the S&P equivalent of the Moody's rating is assigned. If a bond is split-rated, that is rated investment-grade by S&P or Moody's and high yield by the other, index quality is taken to be S&P equivalent of the investment-grade rating.

ANNUALIZED RETURNS (in %)

	DCWGBI								WGBI							
	USD	USD Hgd	EUR	EUR Hgd	JPY	JPY Hgd	GBP	GBP Hgd	USD	USD Hgd	EUR	EUR Hgd	JPY	JPY Hgd	GBP	GBP Hgd
YTD*	-1.30	0.47	3.84	-0.91	-0.83	-1.99	-0.90	0.43	-1.46	0.12	3.67	-1.26	-1.00	-2.33	-1.06	0.08
1 Year	-0.59	0.22	2.78	-1.49	1.62	-2.86	-2.51	0.18	-1.09	-0.07	2.27	-1.78	1.11	-3.14	-3.00	-0.11
3 Years	5.05	4.48	3.15	2.57	6.43	-0.14	1.64	4.26	4.00	4.23	2.13	2.32	5.37	-0.39	0.63	4.01
5 Years	-1.96	0.09	-1.25	-1.85	4.58	-4.09	-1.51	-0.38	-2.55	-0.22	-1.84	-2.16	3.95	-4.38	-2.10	-0.69

* Not annualized

DESIGN CRITERIA AND CALCULATION METHODOLOGY

Minimum Maturity:	At least one year
Minimum Market Size:	Entry: At least USD 50 billion, EUR 40 billion, JPY 5 trillion. Exit: Below USD 25 billion, EUR 20 billion, JPY 2.5 trillion.
Minimum Issue Size:	Varies by country
Minimum Credit Quality:	Entry: A- by S&P and A3 by Moody's. Exit: Below BBB- by S&P and Baa3 by Moody's
Market Accessibility Level:	Minimum level of 2. For further details on calibration of Market Accessibility Levels, please see Fixed Income Country Classification | LSEG
Weighting:	Individual country weights are determined monthly based on each country's market value adjusted by scores derived from its actual Debt-to-GDP and calculated Debt Service-to-GDP ratios, both determined annually in May.
Rebalancing:	Once a month at month end
Pricing:	Intra-month cash flows from interest and principal payments are not reinvested as part of monthly index total return calculations.
Reinvestment of cash flows:	LSEG Pricing Service except for: - UK Government Bonds (Tradeweb FTSE UK Gilt Benchmark Closing Prices) - EMU Government Bonds (Tradeweb FTSE Euro Government Benchmark Closing Prices) - US Government Bonds (Tradeweb FTSE US Treasury Benchmark Closing Prices) - Israel (provided by Tel Aviv Stock Exchange) - Mexico (provided by Proveedor Integral de Precios S.A. de C.V.) - Poland (provided by BondSpot) - Singapore (provided by the Monetary Authority of Singapore) - South Korea (provided by Korea Asset Pricing)
Calculation Frequency:	Daily
Settlement Date:	Monthly – Settlement is on the last calendar day of the month. Daily – Same day settlement except if the last business day of the month is not the last calendar day of the month; then, settlement is on the last calendar day of the month.
Fixing Date[4]:	Each month, the upcoming month's index constituents are "fixed" on the profile fixing date. Each year's scheduled fixed dates are published on the website at www.yieldbook.com/m/indices/.
Base Date:	May 31, 2004

[4] Each month, the upcoming month's index constituents are "fixed" on the profile fixing date. The credit qualifications of the index are treated as provisional. This distinction will allow a market to be removed from the index after the fixing if it becomes rated below investment-grade by both S&P and Moody's. This exception window is kept open until 5:00 p.m. New York time on the second to last business day of the month for removal only. Removal from the index, on or after the fixing date, is not reversible except by qualifying for the index once again, which takes a minimum of six months. There is no specific rule concerning default or what constitutes default. Conceivably, a market could technically default, but an immediate rescue could leave its existing bonds in the investment-grade category. Only a downgrade to below investmentgrade would trigger a credit-related expulsion from the index.

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