

# FTSE Advanced Climate Risk-Adjusted World Government Bond Index

Sovereign | Multi-Currency

The FTSE Advanced Climate Risk-Adjusted World Government Bond Index (Advanced Climate WGBI) measures the performance of fixed-rate, local currency, investment-grade sovereign bonds in the FTSE World Government Bond Index (WGBI) incorporating a tilting methodology that adjusts index weights according to each country's relative exposure to climate risk, with respect to resilience and preparedness to the risks of climate change. The country climate scores are derived by assessing each country's relative climate risk across three core climate change pillars (each with multiple sub-indicators):

- Transition risk represents the impact on the country and its economy from the required efforts to mitigate climate change encompassed by GHG emissions reduction needed to meet the Paris conference target of less than 2 degrees of global warming and the recent trend of historical carbon emissions
- Physical risk represents the risk to the country and its economy from the physical effects of climate change
- Resilience represents a country's preparedness and actions to cope with climate change

Countries are scored across each of the pillars with a single combined score derived for each country. Country scores are then used to reweight the country's exposure in the index to provide higher exposures to countries that are more resilient to climate change risks and lower exposures to countries that are more exposed to climate change risks.

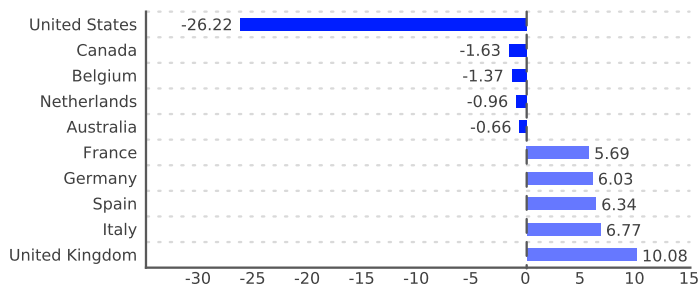
## INDEX PROFILE

| Description                  | # of Issues  | Par Amount*      | Market Value*    | Market Weight (%) | Average Coupon (%) | Average Life (Years) | Yield to Maturity (%) | Effective Duration |
|------------------------------|--------------|------------------|------------------|-------------------|--------------------|----------------------|-----------------------|--------------------|
| <b>Advanced Climate WGBI</b> | <b>1,263</b> | <b>28,767.95</b> | <b>26,772.11</b> | <b>100.00</b>     | <b>2.15</b>        | <b>10.81</b>         | <b>3.14</b>           | <b>8.10</b>        |
| 1-3 Years                    | 286          | 6,017.69         | 5,890.75         | 22.00             | 1.90               | 1.97                 | 3.38                  | 1.89               |
| 3-5 Years                    | 218          | 5,020.31         | 4,875.54         | 18.21             | 2.04               | 4.02                 | 3.01                  | 3.78               |
| 5-7 Years                    | 149          | 3,257.99         | 3,114.95         | 11.64             | 2.02               | 5.98                 | 2.95                  | 5.52               |
| 7-10 Years                   | 162          | 4,249.58         | 4,063.79         | 15.18             | 2.25               | 8.43                 | 2.99                  | 7.56               |
| 10+ Years                    | 448          | 10,222.38        | 8,827.08         | 32.97             | 2.36               | 21.88                | 3.18                  | 15.78              |
| North America                | 319          | 4,652.88         | 4,221.96         | 15.77             | 2.63               | 8.48                 | 4.44                  | 6.04               |
| Latin America                | 15           | 235.42           | 219.53           | 0.82              | 7.43               | 9.67                 | 9.46                  | 5.23               |
| Asia Pacific                 | 433          | 4,366.07         | 4,264.80         | 15.93             | 1.26               | 13.38                | 1.20                  | 11.64              |
| EMEA                         | 496          | 19,513.58        | 18,065.82        | 67.48             | 2.17               | 10.81                | 3.21                  | 7.78               |
| <b>WGBI</b>                  | <b>1,263</b> | <b>28,658.75</b> | <b>26,772.11</b> | <b>100.00</b>     | <b>2.33</b>        | <b>9.67</b>          | <b>3.44</b>           | <b>7.31</b>        |

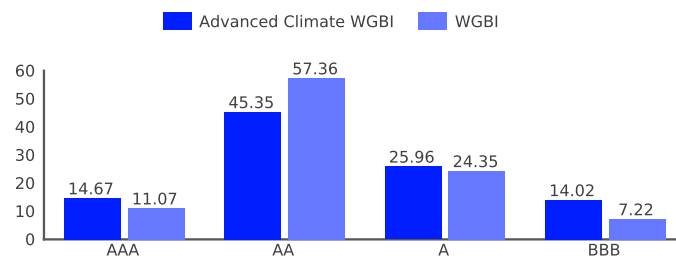
\* In USD billions

## COMPARATIVE ANALYSIS OF MARKET WEIGHT (in %)

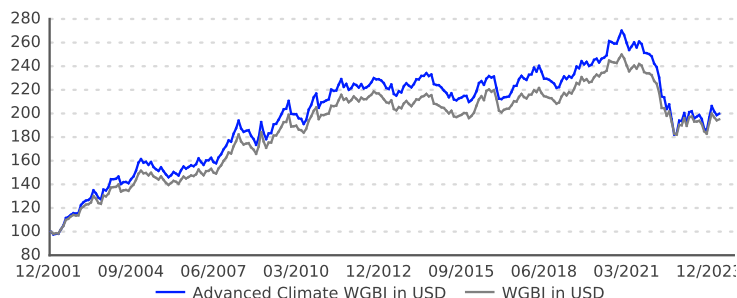
### Top Underweights and Overweights (Advanced Climate WGBI) - (WGBI)



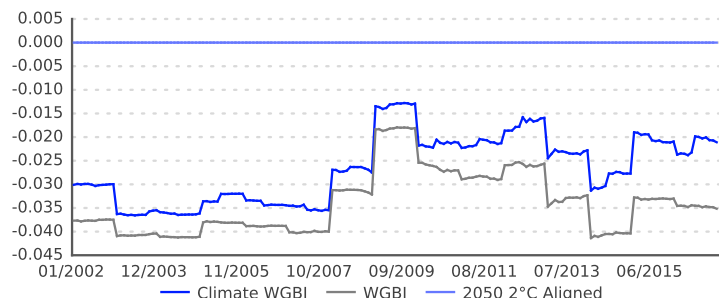
### Credit Quality (Market Weight in %)



## HISTORICAL INDEX LEVEL (Unhedged)



## ALIGNMENT TO 2050 2°C GHG EMISSIONS TARGET



**ANNUALIZED RETURNS (in %)**

|                                       | Advanced Climate WGBI |       |       |       |       |       |       |       | WGBI  |       |       |       |       |       |       |       |
|---------------------------------------|-----------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|                                       | USD                   |       | EUR   |       | JPY   |       | GBP   |       | USD   |       | EUR   |       | JPY   |       | GBP   |       |
|                                       | Unhgd                 | Hgd   | Unhgd | Hgd   | Unhgd | Hgd   | Unhgd | Hgd   | Unhgd | Hgd   | Unhgd | Hgd   | Unhgd | Hgd   | Unhgd | Hgd   |
| YTD                                   | -3.14                 | -0.35 | -0.93 | -0.74 | 3.98  | -1.83 | -2.25 | -0.42 | -2.42 | -0.30 | -0.19 | -0.68 | 4.76  | -1.77 | -1.53 | -0.37 |
| 1 Year                                | -0.65                 | 3.76  | -0.06 | 1.77  | 12.98 | -2.36 | -2.76 | 3.14  | -0.84 | 2.67  | -0.25 | 0.70  | 12.76 | -3.37 | -2.95 | 2.05  |
| 3 Years                               | -7.66                 | -2.67 | -5.02 | -4.41 | 2.55  | -6.02 | -4.91 | -3.34 | -6.12 | -2.32 | -3.43 | -4.08 | 4.26  | -5.69 | -3.32 | -2.98 |
| 5 Years                               | -2.91                 | 0.00  | -2.15 | -1.78 | 3.36  | -2.73 | -2.30 | -0.73 | -2.21 | 0.08  | -1.44 | -1.72 | 4.11  | -2.66 | -1.60 | -0.65 |
| Since Advanced Climate WGBI Inception | 3.16                  | 3.45  | 2.27  | 2.69  | 3.83  | 1.42  | 3.82  | 3.73  | 3.05  | 3.28  | 2.16  | 2.51  | 3.72  | 1.25  | 3.71  | 3.56  |

**DESIGN CRITERIA AND CALCULATION METHODOLOGY**

|  |  |
|--|--|
| Currency:                                | AUD, CAD, CNY*, DKK, EUR, GBP, ILS, JPY, MXN, MYR, NOK, NZD, PLN, SEK, SGD, USD  |
| 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  |
| 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 <a href="#">Fixed Income Country Classification   LSEG</a>   |
| Weighting:                               | Alternatively Weighted   |
| Country Climate Scores:                  | Updated annually and applied from the end of May rebalance. The cut-off for input data is May 1 of each year.  |
| Country Climate Score Assessment Cohort: | Local currency sovereign bond markets eligible for the WGBI.   |
| Climate Pillars and Tilt Calibration:    | Transition risk: 1; Physical risk: 1; Resilience: 1  |
| Rebalancing:                             | Once a month at month end  |
| Fixing Date:                             | Each month, the upcoming month's index constituents are "fixed" on the profile fixing date. Each year's scheduled fixing dates are published on the website.   |
| Calculation Frequency:                   | Daily  |
| Settlement Date:                         | Monthly – Settlement is on the last calendar day of the month.<br>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. |
| Base Date:                               | December 31, 2001  |

\* China inclusion commenced with the November 2021 profiles and will be phased in over a 36-month period.

**VENDOR CODES**

|         |  |          |   |
|---------|--|----------|---|
| SBACWGU | FTSE Advanced Climate Risk-Adjusted WGBI, in USD | SBACWGUC | FTSE Advanced Climate Risk-Adjusted WGBI, in USD Hedged |
| SBACWGE | FTSE Advanced Climate Risk-Adjusted WGBI, in EUR | SBACWGEC | FTSE Advanced Climate Risk-Adjusted WGBI, in EUR Hedged |
| SBACWGY | FTSE Advanced Climate Risk-Adjusted WGBI, in JPY | SBACWGYC | FTSE Advanced Climate Risk-Adjusted WGBI, in JPY Hedged |
| SBACWGG | FTSE Advanced Climate Risk-Adjusted WGBI, in GBP | SBACWGGC | FTSE Advanced Climate Risk-Adjusted WGBI, in GBP Hedged |

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