



FTSE RAFI Sovereign Emerging Markets Local Currency Bond Index

Sovereign | Multi-Currency

The FTSE RAFI Sovereign Emerging Markets Local Currency Bond Index seeks to reflect exposure to the government securities of a universe of 15 emerging markets. By weighting components by their fundamentals, the index aims to represent each country's economic footprint, which is correlated to the country's ability to service its debt.

The FTSE RAFI Sovereign Emerging Markets Local Currency Bond Index includes all debt instruments that qualify for inclusion under the index rules. The design criteria reflect the index methodology of classifying a country to be "emerging". A country is classified to be "emerging" if it is defined by the International Monetary Fund (IMF) World Economic Outlook to be among "emerging and developing economies", or if it is defined by the World Bank (WB) to be among "low-income economies" or "lower-middle income economies" or "upper-middle-income economies."

SUMMARY STATISTICS

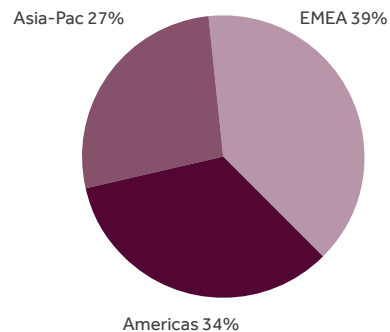
Description	Average Life (Years)	Average Coupon (%)	Average Credit Rating	Average Yield (%)	Modified Duration	# of Issues
FTSE RAFI Sov EM LC Bond Index¹	7.99	6.99	BBB	5.79	5.49	283
Theoretical Market Cap Equivalent ²	8.46	6.70	BBB+	5.42	5.72	266

¹ FTSE RAFI Sovereign Emerging Markets Local Currency Bond Index

² Theoretical Market Cap Equivalent is a theoretical index designed with the same components as the FTSE RAFI Sovereign Emerging Markets Local Currency Bond Index, but using market capitalization instead of fundamental weighting.

REGIONAL AND RATING SUMMARY

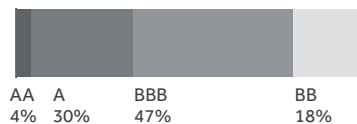
Regional Breakdown



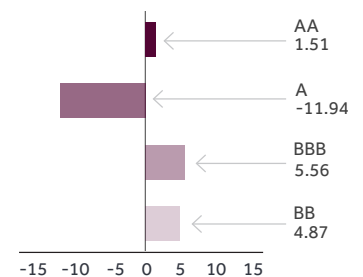
Comparative Analysis of Market Value % by Rating

	FTSE RAFI Sov EM LC Bond Index	Theoretical Market Cap Equivalent	(FTSE RAFI Sov EM LC Bond Index) - (Theoretical Market Cap Equivalent)
AA	4.40	2.89	1.51
A	30.42	42.36	-11.94
BBB	46.93	41.37	5.56
BB	18.25	13.38	4.87

Index Rating



(FTSE RAFI Sov EM LC Bond Index) - (Theoretical Market Cap Equivalent)



RETURNS (in %)

	FTSE RAFI Sov EM LC Bond Index						Theoretical Market Cap Equivalent					
	USD unhedged	USD hedged	EUR unhedged	EUR hedged	GBP unhedged	GBP hedged	USD unhedged	USD hedged	EUR unhedged	EUR hedged	GBP unhedged	GBP hedged
Index Level	118.02	132.80	145.24	120.48	149.19	127.87	112.10	131.20	137.97	119.11	141.71	126.40
YTD*	11.42	9.99	16.83	7.52	15.15	8.50	10.05	9.52	15.39	7.07	13.74	8.05
1-year	15.11	13.12	22.64	9.70	21.82	11.07	12.27	12.03	19.61	8.64	18.81	10.01
3-years	4.94	4.44	6.01	1.83	6.80	2.89	3.79	3.95	4.84	1.34	5.63	2.41
Inception	2.09	3.61	4.78	2.36	5.13	3.12	1.44	3.45	4.10	2.21	4.45	2.97

* Not annualized

COMPARATIVE ANALYSIS (market value, % by country)

Description	FTSE RAFI Sov EM Local Currency Bond Index	Theoretical Market Cap Equivalent	(FTSE RAFI Sov EM Local Currency Bond Index) - (Theoretical Market Cap Equivalent)	FTSE RAFI Sov EM Local Currency Bond Index Yield	FTSE RAFI Sov EM Local Currency Bond Index Modified Duration
Mexico	8.48	12.43	-3.95	6.86	5.55
Thailand	6.37	9.98	-3.61	1.46	7.41
Poland	5.53	8.76	-3.23	1.71	4.30
Indonesia	9.92	12.20	-2.28	7.25	6.00
South Africa	6.20	8.36	-2.16	9.15	7.20
Malaysia	5.24	7.07	-1.83	3.42	6.81
Hungary	3.04	3.40	-0.36	0.97	4.72
Colombia	5.38	4.66	0.72	5.40	5.50
Romania	3.91	2.55	1.36	3.65	3.68
Brazil	10.92	9.47	1.45	6.05	3.45
Philippines	5.75	4.23	1.52	4.65	6.64
Chile	4.40	2.82	1.58	2.64	8.69
Peru	4.80	3.03	1.77	4.32	8.24
Turkey	7.33	3.57	3.76	13.30	2.93
Russia	12.73	7.47	5.26	6.77	4.94

■ Top 5 weighted countries
 ■ Top 5 underweights relative to Theoretical Market Cap Equivalent
 ■ Top 5 overweights relative to Theoretical Market Cap Equivalent

Source: FTSE Russell and Research Affiliates LLC as of September 30, 2019.

DESIGN CRITERIA & CALCULATION METHODOLOGY - KEY HIGHLIGHTS

Maturity breakdown:	A standard maturity breakdown: 1-3, 3-5, 5-7, 7-10 and 10+ is available. Additional maturity buckets are also available.
Minimum maturity:	At least one year
Minimum issue size:	Each country will follow the General Index Methodology ³
Minimum credit quality:	C by S&P and Ca by Moody's
Weighting:	RAFI [®] Methodology ⁴ - The weights for each country will be determined once per year. Weights are based on country fundamentals rather than the amount of debt outstanding. For more information, please refer to the Weighting Methodology section of the Index Guide..
Rebalancing:	Monthly. For more information, please refer to the Monthly Reconstitution section of the Index Guide.
Reinvestment of cash flow:	At daily average of the local currency one-month Eurodeposit rate except for Philippines where the Thomson Reuters one-month offshore implied deposit rate is used. Calculated from the actual scheduled payment date of the cash flow through the end of the reporting period.
Pricing:	Refinitiv except for Malaysia (provided by Amanah Butler and Affin, Mexico (provided by Proveedor Integral de Precios S.A. de C.V., Poland (provided by BondSpot, South Africa (provided by Johannesburg Stock Exchange, and Thailand (provided by the Thai Bond Market Association "ThaiBMA").
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.
Base date:	September 30, 2011
Included markets:	Brazil, Chile, Colombia, Hungary, Indonesia, Malaysia, Mexico, Peru, Philippines, Poland, Romania, Russia, South Africa, Thailand, and Turkey
Currencies:	Brazilian Real (BRL), Colombian Peso (COP), Chilean Peso (CLP), Hungarian Forint (HUF), Indonesian Rupiah (IDR), Malaysian Ringgit (MYR), Mexican Peso (MXN), Peruvian Sol (PEN), Philippine Peso (PHP), Polish Zloty (PLN), Romanian Leu (RON), Russian Ruble (RUB), South African Rand (ZAR), Thai Baht (THB), and Turkish Lira (TRY)

³ For more information, please refer to the Index Guide on the Web site at www.yieldbook.com/m/indices/

⁴ Please see Important Information section.

ACCESSING INDEX DATA

For more information about the FTSE RAFI Bonds Index Series, visit:

- Index Web site: <http://yieldbook.com/m/indices/>
- Research Affiliates website: www.researchaffiliates.com
- The Yield Book

VENDOR CODES

Bloomberg

- CRFELMU - FTSE RAFI Sov EM Local Currency Bond Index in USD terms

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