FTSE GLOBAL BOND
INDEX SERIES

The FTSE Global Bond Index Series is a series of fixed income indices covering the principal government bond markets and selected corporate markets.

The series consists of four homogenously constructed bond families:
• FTSE Global Government Bond Indices
• FTSE Covered Bond Indices
• FTSE Corporate Bond Indices
• FTSE Euro Emerging Markets Bond Indices
The Leading Global Index Specialist

Our independence delivers objective market information, free of any conflicts of interest. As such, transparency, consistency and objectivity are hallmarks of all FTSE indices. These values ensure the indices represent relevant, accurate and usable benchmarks for the fixed income market. All FTSE fixed income indices are overseen by an independent committee of fixed income investment professionals who, in conjunction with the FTSE fixed income index group, regularly monitor and review all aspects of the indices.

FTSE Global Bond Index Series Family Tree

- **Family**
  - FTSE Global Government Bond Indices
  - FTSE Covered Bond Indices
  - FTSE Corporate Bond Indices
  - FTSE Euro Emerging Markets Bond Indices

- **Aggregate**
  - Global, Eurozone, Europe (ex Eurozone), North America and Asia Pacific
  - FTSE Pfandbrief Index

- **Indices**
  - Australia Government
  - Austria Government
  - Belgium Government
  - Canada Government
  - Denmark Government
  - Finland Government
  - France Government
  - Germany Government
  - Greece Government
  - Ireland Government
  - Italy Government
  - Japan Government
  - Netherlands Government
  - New Zealand Government
  - Norway Government
  - Poland Government
  - Portugal Government
  - Spain Government
  - Sweden Government
  - Switzerland Government
  - UK Government
  - US Government

- **Sub-Indices**
  - Maturity: 1-3, 3-5, 5-7, 7-10, 10+
  - Maturity: 1-3, 3-5, 5-7, 7-10, 10+
  - ICB Sectors, Maturity: 1-3, 1-5, 3-5, 5-7, 5-10, 5-15, 7-10, 10-15, 10+, 15+
  - Rating: AAA, AA, A, BBB

- **Maturity**
  - 1-3, 3-5, 5-7, 7-10, 10+

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FTSE GLOBAL BOND INDEX SERIES

FTSE Global Government Bond Indices
The FTSE Global Government Bond Indices consist of central government debt from 22 countries denominated in the domicile currency or Euros for Eurozone countries. There is a Euro aggregate index and the indices are organised by region; Asia Pacific (including China), Americas and Eurozone plus a Europe ex-Eurozone index. The indices are also available at the country level and by maturity band.

FTSE Covered Bond Indices
The FTSE Covered Bond Indices consist of securitised issues from 14 countries, including Jumbo Pfandbrief from Germany. Each issue is comparable in structure and quality to the German Jumbo Pfandbrief market. The indices are available at aggregate, country level and by maturity bands.

FTSE Corporate Bond Indices
FTSE Euro Corporate Bond Index
The FTSE Euro Corporate Bond Index includes Euro denominated issues from global corporate entities. Each bond is classified under the Industry Classification Benchmark (ICB). The index constituents are investment grade debt with a minimum rating of BBB-. Sub-indices are structured by credit rating and maturity band.

FTSE Sterling Corporate Bond Index
The FTSE Sterling Corporate Bond Index consists of Sterling denominated corporate bonds of investment grade quality. Each bond is classified under the Industry Classification Benchmark (ICB). There are 11 industrial sector sub-indices including Telecommunications, Utilities and Banking. The index has sector rating and maturity sub-indices. Telecommunications and Non-Financials (i.e. the headline index minus Financials) are calculated as additional sub-indices.

The FTSE Corporate Bond Indices have 14 additional sub-indices besides the maturity sub-indices. Agency credit ratings have been grouped as follows:

<table>
<thead>
<tr>
<th>Sub-Indices Rating Definition</th>
<th>Agency Equivalent Ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fitch</td>
</tr>
<tr>
<td>AAA</td>
<td>AAA</td>
</tr>
<tr>
<td>AA</td>
<td>AA- to AA+</td>
</tr>
<tr>
<td>A</td>
<td>A- to A+</td>
</tr>
<tr>
<td>BBB</td>
<td>BBB- to BBB+</td>
</tr>
</tbody>
</table>

The lowest rating from the rating agencies is used, taken at the time of monthly portfolio-rearrangement. The issue rating is used as a default and, if this is not available, the long-term issuer rating will be used in its place.

FTSE Euro Emerging Markets Bond Indices
The FTSE Euro Emerging Markets Bond Indices include Euro denominated debt issued by governments and cities belonging to the emerging markets, as defined by the FTSE Country Classification. The sub-indices are structured by maturity band.
Sub-indices
All indices have the following five maturity sub-indices:
• 1–3 years
• 3–5 years
• 5–7 years
• 7–10 years
• over 10 years

Capital Index
The Capital Index of all the listed indices is calculated every day. Each Capital Index is an arithmetically weighted index based on the clean price, and weighted by the nominal amount outstanding.

Total Return Index
A Total Return Index is calculated for all the indices. A Total Return Index reflects the price changes and interest payments of each bond.

Additional Calculations
In addition to the Capital Index and Total Return Index, the following fundamentals of bond indices are also calculated:
• Average Coupon
• Average Gross Redemption Yield
• Average Time to Maturity
• Average (Macaulay) Duration
• Average Modified Duration
• Average Convexity
• The sum of the nominal value of all bonds in each index
• The number of bonds in each index
• The weight of the index in relation to its relevant aggregated index (when applicable)

Quality Controlled Price Sources
The Capital & Total Return Indices are calculated using indicative pricing from the key dealer banks in each market.

The design of the methodology and availability of the price sources ensures a single price for each bond in the index. FTSE applies quality controls to ensure each single price in the index is unbiased and representative of the market.

The prices used for the calculation of the indices are based on data and real-time price quotations. To calculate the price the arithmetic mean between bid and ask quotes (mid prices) is used in the indices.
FTSE GLOBAL BOND INDEX SERIES

An Investable Index
These indices enable managers to develop successful investment strategies. The selection criteria of only including constituent securities of bonds which have a bid and ask quote means the indices are an accurate and neutral representation of the market for investors today.

Eligibility of Bonds
The following types of bonds are included in the indices:
- All straight bullet bonds maturing in one year or more
- Zero coupon bonds
- Strippable bonds are included with their total volume and considered as being regular non-stripped bonds

Excluded from the indices are:
- Coupon strips and maturity strips (separated interest and capital repayment securities)
- Partly-paid bonds
- Variable interest bonds (including floating rate bonds)
- Index linked bonds
- Callable, puttable and extendible bonds
- Convertible bonds
- Bonds with no final redemption date

Historical Data
The indices’ base dates are as follows:
- Global Government Bonds: May 1988
- Covered Bonds: January 1996
- Euro Corporate Bonds: July 1999
- Sterling Corporate Bonds: March 2004
- Euro Emerging Markets Bond: December 1995

Minimum Nominal Issuance of Government Bonds
The minimum nominal issuance of a bond for the FTSE Global Government Bond Indices is shown in the table below:

<table>
<thead>
<tr>
<th>Country/Region</th>
<th>Minimum Issuance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>750 million AUD</td>
</tr>
<tr>
<td>Canada</td>
<td>750 million CAD</td>
</tr>
<tr>
<td>China</td>
<td>10 billion CNY</td>
</tr>
<tr>
<td>Denmark</td>
<td>3,750 million DKK</td>
</tr>
<tr>
<td>Eurozone</td>
<td>500 million EUR</td>
</tr>
<tr>
<td>Japan</td>
<td>50 billion JPY</td>
</tr>
<tr>
<td>Norway</td>
<td>4,000 million NOK</td>
</tr>
<tr>
<td>New Zealand</td>
<td>1,000 million NZD</td>
</tr>
<tr>
<td>Poland</td>
<td>1,000 million PLN</td>
</tr>
<tr>
<td>Sweden</td>
<td>4,000 million SEK</td>
</tr>
<tr>
<td>Switzerland</td>
<td>800 million CHF</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>1,000 million GBP</td>
</tr>
<tr>
<td>United States</td>
<td>500 million USD</td>
</tr>
</tbody>
</table>

Minimum Nominal Issuance of Non-Government Bonds
The minimum nominal issuance of a bond for other indices is shown in the table below:

<table>
<thead>
<tr>
<th>Bond Type</th>
<th>Minimum Issuance</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTSE Pfandbrief Index</td>
<td>500 million EUR</td>
</tr>
<tr>
<td>FTSE Euro Corporate Bond Index</td>
<td>500 million EUR</td>
</tr>
<tr>
<td>FTSE Euro Emerging Markets Bond Index</td>
<td>200 million EUR</td>
</tr>
<tr>
<td>FTSE Sterling Corporate Bond Index</td>
<td>100 million GBP</td>
</tr>
</tbody>
</table>

Access to Data
Vendor access codes are available from www.ftse.com/fixedincome

End of day value, tracker and constituent products are available directly from FTSE Group. Please contact info@ftse.com for further information.