

FTSE Russell and Nomura Securities launch first factor and climate-based government bond index

- Pioneering new index series combines climate risk considerations and carry factors into a global sovereign bond index
- Utilises FTSE Russell's quantitative and transparent approach to climate risk modelling and assessment
- Index available to Japanese investors in JPY

FTSE Russell, the global index, data and analytics provider, has collaborated with Nomura Securities to launch a variant of the FTSE World Government Bond Index (WGBI) which uses a tilting methodology to incorporate both climate risk considerations and carry and roll down optimisation.

The FTSE Nomura Climate Risk-Adjusted Carry and Roll Down World Government Bond Index Series (FTSE Nomura Climate CaRD WGBI series) is derived from the FTSE World Government Bond Index, a widely used benchmark of investment-grade sovereign bonds from over 20 developed economies. The index series incorporates the same methodology as FTSE Russell's Climate WGBI launched in 2019, which applies a forward-looking assessment of the climate risks sovereigns face and tilts towards government markets that, on a relative basis, demonstrate a greater degree of resilience and preparedness to the risks of climate change.

In addition, the index aims to maximise the "carry" of the underlying bonds as well as their "roll down" factors.

The index follows the launch of the FTSE Nomura Carry and Roll Down (CaRD) World Government Bond Index Series in February 2019. The index is used as a performance benchmark for approximately \$2.7 billion in assets under management.

Tadashi Tago, Japan Country Head, FTSE Russell said:

"This innovative new index series is the result of our important partnership with Nomura Securities in Japan and offers investors greater choice when investing in developed market sovereign debt. Users of this new product will benefit from a powerful combination of climate risk mitigation and carry factor strategies. The index series also achieves closer alignment to the goals of the Paris Agreement by reducing the aggregate carbon emissions relative to the standard FTSE World Government Bond Index."

Tadashi Kikugawa, Managing Director, Head of Quantitative Index Strategies, Nomura Securities, said:

"Climate risk mitigation and reduction of carbon dioxide emissions have become a central theme for the environment. Our partnership with FTSE Russell will enable us to provide an innovative solution to asset owners looking for climate risk-adjusted investment. By offering ESG investment opportunities in government bonds, which account for more than half of the global bond market, it will be possible to increase the ratio of ESG investment in the portfolio."

Further information on the indexes, including the ground rules is available from <https://www.ftserussell.com/products/indices/climate-card-gbi>

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About FTSE Russell:

FTSE Russell is a global index leader that provides innovative benchmarking, analytics and data solutions for investors worldwide. FTSE Russell calculates thousands of indexes that measure and benchmark markets and asset classes in more than 70 countries, covering 98% of the investable market globally.

FTSE Russell index expertise and products are used extensively by institutional and retail investors globally. Approximately \$16 trillion is currently benchmarked to FTSE Russell indexes. For over 30 years, leading asset owners, asset managers, ETF providers and investment banks have chosen FTSE Russell indexes to benchmark their investment performance and create ETFs, structured products and index-based derivatives.

A core set of universal principles guides FTSE Russell index design and management: a transparent rules-based methodology is informed by independent committees of leading market participants. FTSE Russell is focused on applying the highest industry standards in index design and governance and embraces the IOSCO Principles. FTSE Russell is also focused on index innovation and customer partnerships as it seeks to enhance the breadth, depth and reach of its offering.

For more information, visit www.ftserussell.com

About Nomura:

Nomura is a global financial services group with an integrated network spanning over 30 countries. By connecting markets East & West, Nomura services the needs of individuals, institutions, corporates and governments through its four business divisions: Retail, Asset Management, Wholesale (Global Markets and Investment Banking), and Merchant Banking. Founded in 1925, the firm is built on a tradition of disciplined entrepreneurship, serving clients with creative solutions and considered thought leadership.

For further information about Nomura, visit <https://www.nomura.com>

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