

FTSE Euro Government Target Maturity Index Series

v1.1



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Section 1

Introduction

1. Introduction

1.1 FTSE Euro Government Target Maturity Index Series

- 1.1.1 The FTSE Euro Government Target Maturity Bond Index series consists of four separate indices with maturity specific exposure. For example, German Government Bond 2027 Maturity Index. Each index consists of qualifying Government bonds with the final maturity date in the target year.
- 1.1.2 The FTSE Euro Government Target Maturity Index Series does not take account of ESG factors in its index design.

1.2 FTSE Russell

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- 1.2.1 FTSE Russell hereby notifies users of the index that it is possible that factors, including external factors beyond the control of FTSE Russell, may necessitate changes to, or the cessation, of the index and therefore, any financial contracts or other financial instruments that reference the index or investment funds which use the index to measure their performance should be able to withstand, or otherwise address the possibility of changes to, or cessation of, the index.
- 1.2.2 Index users who choose to follow this index or to buy products that claim to follow this index should assess the merits of the index's rules-based methodology and take independent investment advice before investing their own or client funds. No liability whether as a result of negligence or otherwise is accepted by FTSE Russell for any losses, damages, claims and expenses suffered by any person as a result of:
- any reliance on these Ground Rules;
 - any inaccuracies in these Ground Rules;
 - any non-application or misapplication of the policies or procedures described in these Ground Rules; and/or
 - any inaccuracies in the compilation of the index or any constituent data.

Section 2

Management responsibilities

2. Management responsibilities

2.1 FTSE Fixed Income LLC (FTSE)

2.1.1 FTSE is the benchmark administrator of the index series¹.

2.1.2 FTSE is responsible for the daily calculation, production and operation of the index series, and will:

- maintain records of the index weightings of all constituents;
- make changes to the constituents and their weightings in accordance with the Ground Rules;
- carry out the periodic index reviews of the index series and apply the changes resulting from the reviews as required by the Ground Rules; and
- disseminate the indices.

2.2 Amendments to these Ground Rules

2.2.1 These Ground Rules shall be subject to regular review (at least once a year) by FTSE Russell to ensure that they best reflect the aim of the index series. Any proposals for significant amendments to these Ground Rules will be subject to consultation with FTSE Russell advisory committees and other stakeholders if appropriate. The feedback from these consultations will be considered by the FTSE Russell Index Governance Board before approval is granted.

2.2.2 As provided for in the Statement of Principles for FTSE Russell Fixed Income Indices, where FTSE Russell determines that the Ground Rules are silent or do not specifically and unambiguously apply to the subject matter of any decision, any decision shall be based as far as practical on the Statement of Principles. After making any such determination, FTSE Russell shall advise the market of its decision at the earliest opportunity. Any such treatment will not be considered as an exception or change to the Ground Rules, or to set a precedent for future action, but FTSE Russell will consider whether the Ground Rules should subsequently be updated to provide greater clarity.

¹ The term administrator is used in this document in the same sense as it is defined in Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the European Benchmark Regulation) and [The Benchmarks \(Amendment and Transitional Provision\) \(EU Exit\) Regulations 2019](#) (the UK Benchmark Regulation). FTSE Fixed Income LLC administers the Index Series in line with the third country transitional provisions contained within Article 51(5) of the European Benchmark Regulation and the third country transitional provisions as amended by Article 42(5) of the UK Benchmark Regulation.

Section 3

FTSE Russell index policies

3. FTSE Russell index policies

These Ground Rules should be read in conjunction with the following policy documents, which can be accessed using the links below or by contacting fi.index@lseg.com. These policies are reviewed annually and any changes are approved by the FTSE Russell Product governance board.

3.1 Statement of Principles for FTSE Fixed Income Indices (the Statement of Principles)

Indices need to keep abreast of changing markets and the Ground Rules cannot anticipate every eventuality. Where the Ground Rules do not fully cover a specific event or development, FTSE Russell will determine the appropriate treatment by reference to the Statement of Principles for FTSE Fixed Income Indices, which summarises the ethos underlying FTSE Russell's approach to index construction. The Statement of Principles is reviewed annually and any changes proposed by FTSE Russell are presented to the FTSE Russell Index advisory board for discussion before approval by the FTSE Russell Product governance board.

The Statement of Principles for Fixed Income Indices can be accessed using the following link:

[Statement_of_Principles_Fixed_Income_Indices.pdf](#)

3.2 Queries and Complaints

FTSE Russell's complaints procedure can be accessed using the following link:

[Benchmark_Determination_Complaints_Handling_Policy.pdf](#)

3.3 Recalculation Policy and Guidelines

The Recalculation Policy and Guidelines for Fixed Income Indices document is available from the FTSE Russell website using the link below or by contacting fi.index@lseg.com.

[Fixed_Income_Recalculation_Policy_and_Guidelines.pdf](#)

3.4 Index Policy in the Event Clients are Unable to Trade a Market or a Security

3.4.1 Details of FTSE Russell's treatment can be accessed using the following link:

[Index_Policy_in_the_Event_Clients_are_Unable_to_Trade_a_Market_or_a_Security.pdf](#)

3.5 Policy for Benchmark Methodology Changes

Details of FTSE Russell's policy for making benchmark methodology changes can be accessed using the following link:

[Policy_for_Benchmark_Methodology_Changes.pdf](#)

3.6 FTSE Russell Governance Framework

3.6.1 To oversee its indices, FTSE Russell employs a governance framework that encompasses product, service and technology governance. The framework incorporates the London Stock Exchange Group's three lines of

defence risk management framework and is designed to meet the requirements of the IOSCO Principles for Financial Benchmarks², the European benchmark regulation³ and the UK benchmark regulation⁴. The FTSE Russell Governance Framework can be accessed using the following link:

[FTSE_Russell_Governance_Framework.pdf](#)

² IOSCO Principles for Financial Benchmarks Final Report, FR07/13 July 2013.

³ Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds.

⁴ The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019.

Section 4

Composition and design criteria

4. Composition and design criteria

The index series consists of four (4) Target Maturity indices.

The indices are composed of a static list of government bonds designated by a list of issuing countries defined at the initial Selection Date and by a maturity date, in alignment with a buy and hold strategy. On each bond redemption date, the proceeds from the redemption are reallocated into Euro Treasury Bills as described below.

Figure 1. Index Series

Index Series Name	Maturity Date	Country Composition	Inception date	Selection Date ⁵
German Government 2027 Maturity Index	1st Jan 2027 to 15th December 2027	Germany	30 September 2022	30 November 2023
Italy Government 2027 Maturity Index	1st Jan 2027 to 15th December 2027	Italy	31 July 2022	30 November 2023
Euro Broad Government 2028 Maturity Index	1st Jan 2028 to 15th December 2028	Austria, Belgium, Finland, France, German, Ireland, Italy, Netherlands, Portugal, Spain	30 June 2023	30 November 2023
Euro Yield+ Government 2028 Maturity Index	1st Jan 2028 to 15th December 2028	Italy, Spain, Portugal	30 June 2023	30 November 2023

Design criteria and calculation assumptions for the Index Series up to year of maturity

Maturity Date	Bonds must mature between 1 st January and 15 th December of year of maturity.
Country Composition	The indices are built on static country lists outlined in figure 1.
Weighting	Market capitalisation
Par Amounts	The outstanding amount of each bond will be set as of the 'Selection Date' and will remain fixed until Maturity (In event there are taps or tenders on the bonds, the Par Amount will remain the same).
Rebalancing	Once a month at the end of the month

⁵ Selection Date is the date the Bonds are selected for Index. The par Amounts on the bonds are fixed based on the selection date.

	(Subject to Bonds maturing, then rebalancing will occur on maturity date unless the maturity falls on a non-business day; then the index will reflect the maturity to occur T-1 Business Day from maturity date, where Business Day will reflect TARGET Calendar)
Reinvestment of cash flows	Intra-month cash flows from coupon payments will be applied at the monthly rebalance date. Cashflows from redemptions are re-invested on maturity date unless the maturity date falls on a non-business day, then the re-investment will occur T-1 Business days from maturity date, where business day will reflect TARGET calendar.
Pricing	LSEG Pricing Service mid-side pricing at 16:15 (London). Enter at ask price, leave at bid price All history prior to launch was calculated using Refinitiv bid 16:15 (London)
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.
Minimum Quality	No Rating Criteria

Design criteria and calculation assumptions for the Index Series in the final year until maturity

When bonds mature in the index, the total cash (principal +coupons since last rebalance date) will be reinvested into French and German Treasury bills between 1- and 6-months maturity.

The index rebalances on a monthly basis selecting all French and German Treasury bills between 1- and 6-months maturity.

Country	France and German Treasury Bills
Treasury Bill Count	3 Treasury Bills from each Country
Minimum Quality	BBB- by S&P or Baa3 by Moody's
Weighting	Market Capitalisation
Capping	28% Issue Cap
Time to Maturity	At least 1 Month and less than 6 Months
Composition	All Treasury Bills issued by France and Germany with 1 to 6 months remaining time to maturity as of each monthly rebalancing date.
Pricing	LSEG Pricing Service mid-side pricing at 16:15 (London). Enter at ask price, leave at bid price

For the avoidance of doubt, if a bond matures on September 15, 2028, the bond will remain in the index until September 14, 2028 for returns purposes, and from the 15 September 2028, the investment is made across the Euro Treasury bills index.

4.1 Holiday calendar

4.1.1 The index is calculated Monday through Friday except Christmas Day (observed) and New Year's Day (observed). Each local market will observe its own holiday calendar: if a local market is on holiday, the closing prices used for that day will be the closing prices from the previous day.

4.2 Index quality

4.2.1 An index quality is assigned to each index bond as of profile fixing. The quality is first mapped to the Standard & Poor's Financial Services LLC (S&P) rating. If a bond is not rated by S&P but it is rated by Moody's Investors Service, Inc (Moody's), the S&P equivalent of the Moody's rating is assigned to the index quality. If a bond is rated by neither S&P nor Moody's, the bond is not assigned an index quality. If a bond is rated as investment grade by one rating agency and high yield by the other, the S&P equivalent of the investment-grade rating is assigned to the index quality. These ratings remain unchanged for the entire performance month.

4.3 Return computation

4.3.1 Total returns are computed on the assumption that each security is purchased at the beginning of the period and sold at the end of the period. An issue's total rate of return is the percentage change in its total value over the measurement period (see figure two). The components of total return are price change, principal payments, coupon payments and accrued interest. The total returns use each individual security's beginning-of-period market value.

Figure two: total rate of return calculation methodology

Beginning-of-period value	-	(Beginning price + Beginning accrued) x Beginning par amount outstanding
End-of-period value	-	[(Ending price + Ending accrued) x (Beginning par amount outstanding – Principal payments)] + Coupon payments + Principal payments
Total rate of return (%)	-	[(End-of-period value/Beginning-of-period value) – 1] x 100

A note on precision: returns are computed to at least six decimal places but reported to a maximum of four. In addition, owing to rounding inaccuracies inherent in computer floating-point arithmetic, the last digit in any reported value may sometimes be off by one from its true value.

Tickers for the FTSE Euro Government Target Maturity Index Series

Ticker	Index
CFIIDE27	FTSE German Government 2027 Maturity Index, in LCL terms
CFIIT27	FTSE Italy Government 2027 Maturity Index, in LCL terms
CFIIEB28	Euro Broad Government 2028 Maturity Index, in LCL terms
CFIIEY28	Euro Yield+ Government 2028 Maturity Index, in LCL terms

4.4 Chronological summary of events

FTSE Euro Government Target Maturity Index Series Index event summary

Year	Monthly highlights
2024	January: Launch of Euro Government Target Maturity Index Series.

Appendix A

Further information

A Glossary of Terms used in FTSE Russell's ground rule documents can be found using the following link:

[Glossary of terms FTSE Fixed Income.pdf](#)

For contact details, please visit the FTSE Russell website or contact FTSE Russell client services at fi.index@lseg.com.

Website: www.lseg.com/en/ftse-russell/

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