
China's Entry into the J.P. Morgan Global Bond Indices

Rebalancing Details of China's Inclusion

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Executive Summary

China's entry into J.P. Morgan flagship bond indices marks an important milestone for global fixed income

- Beginning February 28, 2020, liquid Chinese Government Bonds (CGBs) will be added to **11 J.P. Morgan flagship local currency bond indices** (7 EM, 3 cross market, and 1 global fixed income).
- China's entry will be **staggered over a 10-month period** through November 30, 2020 into the EM local currency indices, including the GBI-EM Global Diversified (GBI-EM GD) benchmark.
- Initial index inclusion will begin with **9 liquid, index-eligible CGBs** (current and previous series of 5yr, 7yr, and 10yr benchmarks) with an average yield of 2.9% and duration of 5.7 years.
- **Asia will have the largest regional allocation** at 34% weight (from 26%) within the GBI-EM Global Diversified after China is fully included (followed by Latin America 31%, Europe 28%, and Africa 7%).
- China's weight in the Asia-region focused JADE Broad Diversified will increase to 20% (from 10%). The GBI-EM Broad and the GBI-EM Broad Div. will not be impacted by this rebalance since they already include CGBs.
- **CGB inclusion into J.P. Morgan cross-market and global fixed income indices** will be applied in its entirety on February 28, 2020 (i.e. no staggering) given their estimated final weight less than 3%.
- An **'Ex-China' variant of GBI-EM Global Diversified** will be available from February 28, 2020.

China will enter 11 J.P. Morgan flagship local currency bond indices starting Feb. 28, 2020

Index		Estimated Final Weight	Staggered over 10 months?
Emerging Market Government Bond Indices (Nov. 30, 2020)			
1	GBI-EM Global Diversified	10.0% (Max)	Yes
2	GBI-EM Global	16.7%	Yes
3	GBI-EM (Narrow) Diversified	10.0% (Max)	Yes
4	GBI-EM (Narrow)	21.7%	Yes
5	GBI-EM Global Diversified IG 15% Cap	15.0% (Max)	Yes
6	JADE Global Diversified	20.0% (Max)	Yes
7	JESG (Environmental, Social, and Governance) GBI-EM	6.5%	Yes
Cross Market Government Bond Indices (Feb. 28, 2020)			
8	GBI Broad	0.96%	No
9	GBI-Aggregate (AGG)	0.92%	No
10	GBI-Aggregate Diversified	2.95%	No
Global Fixed Income Index (Feb. 28, 2020)			
11	Global Aggregate Bond Index (GABI)*	0.52%	No

Source: J.P. Morgan as of Jan 31, 2020.

Note: China's weight in GABI refers to only CGBs, not all Chinese bonds

Index Inclusion will begin with nine CGBs (5yr, 7yr, and 10yr benchmarks)

- During the 10-month staggering period, **more CGBs may be added** as existing or newly issued CGBs become index-eligible.
- Additional CGB issues with outstanding amount of at least **US\$1 billion** and remaining maturity exceeding May 31st 2023 (i.e. **2.5 years** from the end of the phase-in period) will be reviewed for eligibility.
- Any CGBs that become index-eligible during the Feb 28th – Nov 30th staggering period will also be phased in by November 2020.

#	Series	ISINs	Issue Date	Maturity Date	Face OS (CN¥ MM)	Face OS (US\$ MM)
1	Current 5yr Benchmark	CND10002HGP5	Oct 17, 2019	Oct 17, 2024	157,340	22,704
2	Previous 5yr Benchmark	CND100025LF0	Apr 11, 2019	Apr 11, 2024	282,490	40,763
3	2018 5yr Benchmark	CND10001Q6P2	Oct 18, 2018	Oct 18, 2023	173,360	25,016
4	Current 7yr Benchmark	CND10002HX17	Dec 05, 2019	Dec 05, 2026	69,130	9,975
5	Previous 7yr Benchmark	CND100029RW4	Jun 06, 2019	Jun 06, 2026	280,160	40,427
6	2018 7yr Benchmark	CND10001SWR7	Dec 06, 2018	Dec 06, 2025	206,800	29,841
7	Current 10yr Benchmark	CND10002HV84	Nov 20, 2019	Nov 21, 2029	112,000	16,162
8	Previous 10yr Benchmark	CND1000291L3	May 23, 2019	May 23, 2029	279,090	40,273
9	2018 10yr Benchmark	CND10001RRB3	Nov 22, 2018	Nov 22, 2028	182,590	26,348

Source: J.P. Morgan as of Jan 31, 2020.

CGBs will reach the maximum weight of 10% in the GBI-EM Global Diversified

#	ISIN	Maturity Date	Mkt. Value (US\$ MM)	EM Government Bond Indices <i>(Nov. 30, 2020)</i>							Cross Market Government Bond Indices & Global Fixed Income Index <i>(Feb. 28, 2020)</i>			
				GBI-EM Global Div.	GBI-EM Global	GBI-EM Div.	GBI-EM	GBI-EM GD IG	JADE Global Div.	JESG GBI-EM	GBI Broad	GBI-Agg	GBI-Agg Div.	GABI
1	CND10002HGP5	Oct 17, 2024	23,078	0.9%	1.5%	0.9%	1.9%	1.3%	1.8%	0.6%	0.09%	0.08%	0.26%	0.05%
2	CND100025LF0	Apr 11, 2024	42,522	1.6%	2.7%	1.6%	3.6%	2.5%	3.3%	1.1%	0.16%	0.15%	0.49%	0.09%
3	CND10001Q6P2	Oct 18, 2023	25,772	1.0%	1.7%	1.0%	2.2%	1.5%	2.0%	0.6%	0.10%	0.09%	0.29%	0.05%
4	CND10002HX17	Dec 05, 2026	10,140	0.4%	0.7%	0.4%	0.8%	0.6%	0.8%	0.3%	0.04%	0.04%	0.12%	0.02%
5	CND100029RW4	Jun 06, 2026	42,071	1.6%	2.7%	1.6%	3.5%	2.4%	3.2%	1.1%	0.16%	0.15%	0.48%	0.08%
6	CND10001SWR7	Dec 06, 2025	30,482	1.2%	2.0%	1.2%	2.6%	1.8%	2.4%	0.8%	0.11%	0.11%	0.35%	0.06%
7	CND10002HV84	Nov 21, 2029	16,449	0.6%	1.1%	0.6%	1.4%	1.0%	1.3%	0.4%	0.06%	0.06%	0.19%	0.03%
8	CND1000291L3	May 23, 2029	41,441	1.6%	2.7%	1.6%	3.5%	2.4%	3.2%	1.0%	0.15%	0.15%	0.47%	0.08%
9	CND10001RRB3	Nov 22, 2028	26,980	1.0%	1.7%	1.0%	2.3%	1.6%	2.1%	0.7%	0.10%	0.10%	0.31%	0.05%
Total			258,935	10.0%	16.7%	10.0%	21.7%	15.0%	20.0%	6.5%	0.96%	0.92%	2.95%	0.52%

Source: J.P. Morgan as of Jan 31, 2020.

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Note: Estimated weights are based on China's current composition. More CGBs will be added as China issues more index-eligible bonds.

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CGB Inclusion results in a modest decline in the average yield for EM indices and a marginal pickup for cross-market indices

		Weight	Yield	Change (Δ)	Duration	Change (Δ)	Coupon	Change (Δ)
China	-	-	2.93%		5.66		3.21%	
GBI-EM Global Diversified	Before		4.99%		5.44		6.06%	
	After	10%	4.82%	-18 bps	5.43	-0.01	5.81%	-25 bps
GBI-EM Diversified	Before		4.99%		5.10		5.94%	
	After	10%	4.89%	-10 bps	5.13	+0.04	5.72%	-22 bps
GBI-EM GD IG 15% Cap	Before		4.26%		5.66		5.67%	
	After	15%	4.03%	-23 bps	5.66	0.00	5.27%	-40 bps
JESG GBI-EM	Before		4.68%		5.57		5.75%	
	After	6.8%	4.57%	-11 bps	5.53	-0.03	5.60%	-15 bps
JADE Global Diversified	Before		2.83%		7.10		4.07%	
	After	10%	2.95%	+12 bps	6.89	-0.21	4.02%	-5 bps
JADE Broad Diversified*	Before	10%	3.32%		6.90		4.43%	
	After	20%	3.31%	-1 bps	6.76	-0.14	4.35%	-8 bps
GBI Broad	Before		0.86%		8.56		2.57%	
	After	0.96%	0.87%	+1 bps	8.53	-0.03	2.58%	+1 bp
GBI-Aggregate	Before		0.96%		8.45		2.66%	
	After	0.92%	0.97%	+1 bps	8.42	-0.03	2.66%	-
GBI-Aggregate Div	Before		1.24%		8.59		3.01%	
	After	2.95%	1.28%	+4 bps	8.49	-0.10	3.02%	+1 bps
GABI	Before		1.54%		7.09		2.96%	
	After	0.52%	1.55%	+1 bps	7.08	-0.01	2.96%	-

Source: J.P. Morgan as of Jan 31, 2020.

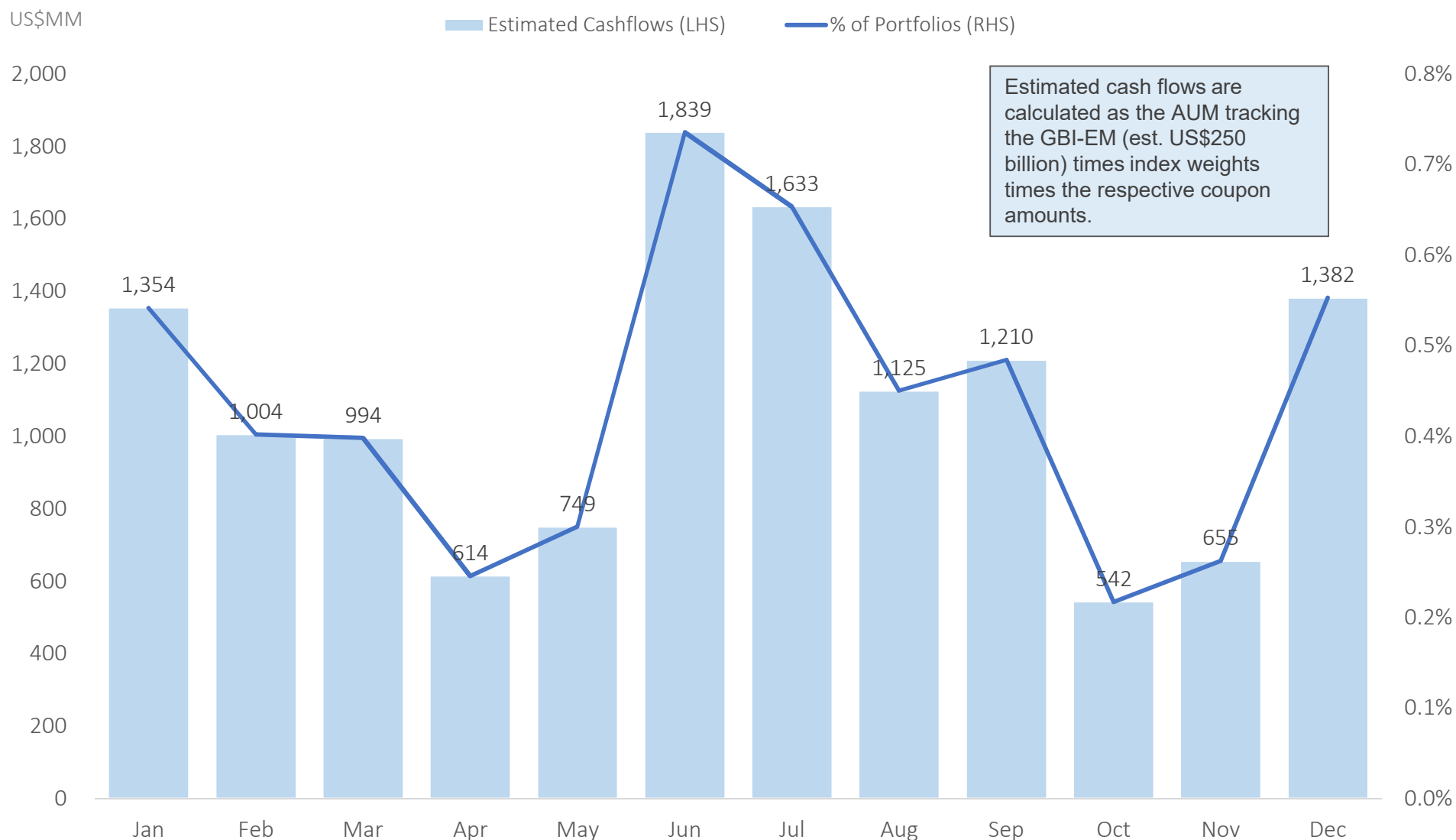
Note: China is not a new inclusion for the JADE Broad Diversified. The weight of China in the index will increase to 20% from the current 10%.

GBI-Global Diversified: Month by month country rebalancing weight estimates during the staggering period

Countries	Current Weight	Month 1 Feb-20	Month 2 Mar-20	Month 3 Apr-20	Month 4 May-20	Month 5 Jun-20	Month 6 Jul-20	Month 7 Aug-20	Month 8 Sep-20	Month 9 Oct-20	Month 10 Nov-20
China	-	1.0%	2.0%	3.0%	4.0%	5.0%	6.0%	7.0%	8.0%	9.0%	10.0%
Mexico	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Brazil	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Indonesia	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	9.9%
Thailand	9.5%	9.4%	9.3%	9.1%	9.0%	8.9%	8.7%	8.6%	8.4%	8.3%	8.2%
South Africa	9.1%	8.7%	8.5%	8.4%	8.3%	8.2%	8.0%	7.9%	7.8%	7.7%	7.6%
Poland	9.0%	8.8%	8.7%	8.6%	8.4%	8.3%	8.2%	8.1%	7.9%	7.8%	7.7%
Russia	8.8%	8.8%	8.7%	8.6%	8.4%	8.3%	8.2%	8.1%	7.9%	7.8%	7.7%
Malaysia	6.4%	6.3%	6.2%	6.1%	6.0%	5.9%	5.8%	5.7%	5.7%	5.6%	5.5%
Colombia	6.1%	6.1%	6.0%	5.9%	5.8%	5.7%	5.6%	5.5%	5.4%	5.4%	5.3%
Czech Republic	4.2%	4.1%	4.1%	4.0%	4.0%	3.9%	3.8%	3.8%	3.7%	3.7%	3.6%
Peru	3.8%	3.8%	3.7%	3.6%	3.6%	3.5%	3.5%	3.4%	3.4%	3.3%	3.3%
Hungary	3.7%	3.7%	3.6%	3.6%	3.5%	3.5%	3.4%	3.4%	3.3%	3.3%	3.2%
Turkey	3.7%	3.6%	3.6%	3.5%	3.5%	3.4%	3.4%	3.3%	3.3%	3.2%	3.2%
Romania	2.7%	2.7%	2.6%	2.6%	2.6%	2.5%	2.5%	2.4%	2.4%	2.4%	2.3%
Chile	2.6%	2.6%	2.5%	2.5%	2.4%	2.4%	2.4%	2.3%	2.3%	2.3%	2.2%
Philippines	0.19%	0.19%	0.18%	0.18%	0.18%	0.18%	0.17%	0.17%	0.17%	0.17%	0.16%
Dominican Republic	0.17%	0.17%	0.17%	0.16%	0.16%	0.16%	0.16%	0.16%	0.15%	0.15%	0.15%
Uruguay	0.17%	0.17%	0.16%	0.16%	0.16%	0.16%	0.15%	0.15%	0.15%	0.15%	0.14%

Source: J.P. Morgan as of Jan 31, 2020.

Estimated cash-flows of US\$13 billion for GBI-EM GD benchmark-neutral investors could partially offset rebalance related forced-selling



Source: GBI-EM Global Diversified as of Jan 31, 2020.

Note: Bonds that will mature out of the index due to the 13-month maturity rule and CGBs are not included in the projections.

GBI-EM Global Diversified IG 15% Cap: China will be the only 15% (max) country in IG-only GBI-EM GD post inclusion

Countries	Current Weight	Month 1 Feb-20	Month 2 Mar-20	Month 3 Apr-20	Month 4 May-20	Month 5 Jun-20	Month 6 Jul-20	Month 7 Aug-20	Month 8 Sep-20	Month 9 Oct-20	Month 10 Nov-20
China	-	1.5%	3.0%	4.5%	6.0%	7.5%	9.0%	10.5%	12.0%	13.5%	15.0%
Mexico	15.0%	14.8%	14.6%	14.3%	14.1%	13.9%	13.7%	13.4%	13.2%	13.0%	12.8%
Indonesia	15.0%	13.8%	13.6%	13.4%	13.2%	13.0%	12.8%	12.6%	12.4%	12.1%	11.9%
Thailand	11.5%	11.5%	11.4%	11.2%	11.0%	10.8%	10.7%	10.5%	10.3%	10.1%	10.0%
Poland	10.9%	10.8%	10.7%	10.5%	10.3%	10.2%	10.0%	9.8%	9.7%	9.5%	9.4%
Russia	10.7%	10.8%	10.7%	10.5%	10.3%	10.2%	10.0%	9.8%	9.7%	9.5%	9.3%
Malaysia	7.9%	7.8%	7.7%	7.6%	7.5%	7.4%	7.2%	7.1%	7.0%	6.9%	6.8%
Colombia	7.6%	7.5%	7.4%	7.3%	7.2%	7.1%	7.0%	6.9%	6.7%	6.6%	6.5%
Czech Republic	5.2%	5.2%	5.1%	5.0%	4.9%	4.8%	4.8%	4.7%	4.6%	4.5%	4.4%
Peru	4.7%	4.7%	4.6%	4.5%	4.5%	4.4%	4.3%	4.2%	4.2%	4.1%	4.0%
Hungary	4.6%	4.6%	4.5%	4.5%	4.4%	4.3%	4.2%	4.2%	4.1%	4.0%	4.0%
Romania	3.4%	3.3%	3.3%	3.2%	3.2%	3.1%	3.1%	3.0%	3.0%	2.9%	2.9%
Chile	3.2%	3.2%	3.1%	3.1%	3.0%	3.0%	2.9%	2.9%	2.8%	2.8%	2.7%
Philippines	0.23%	0.23%	0.23%	0.23%	0.22%	0.22%	0.22%	0.21%	0.21%	0.20%	0.20%
Uruguay	0.21%	0.21%	0.20%	0.20%	0.20%	0.19%	0.19%	0.19%	0.18%	0.18%	0.18%

Source: J.P. Morgan as of Jan 31, 2020.

JESG GBI-EM:

China will receive a 6.5% allocation in the JESG GBI-EM given its below average ESG score

Countries	ESG Score	Current Weight	Month 1 Feb-20	Month 2 Mar-20	Month 3 Apr-20	Month 4 May-20	Month 5 Jun-20	Month 6 Jul-20	Month 7 Aug-20	Month 8 Sep-20	Month 9 Oct-20	Month 10 Nov-20
China	32.7		0.6%	1.3%	1.9%	2.6%	3.2%	3.9%	4.5%	5.2%	5.8%	6.5%
Poland	79.5	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Indonesia	47.7	9.8%	9.5%	9.5%	9.6%	9.6%	9.6%	9.6%	9.7%	9.7%	9.7%	9.6%
Mexico	51.1	9.8%	9.5%	9.5%	9.6%	9.6%	9.6%	9.6%	9.7%	9.7%	9.7%	9.8%
Thailand	47.4	9.3%	8.9%	8.8%	8.7%	8.6%	8.5%	8.4%	8.3%	8.2%	8.1%	8.0%
South Africa	55.0	9.0%	8.2%	8.2%	8.1%	8.0%	7.9%	7.8%	7.7%	7.6%	7.5%	7.4%
Malaysia	64.3	8.3%	8.0%	7.9%	7.8%	7.7%	7.6%	7.5%	7.4%	7.3%	7.2%	7.1%
Czech Republic	85.3	6.8%	6.6%	6.5%	6.4%	6.3%	6.2%	6.2%	6.1%	6.0%	5.9%	5.9%
Brazil	41.8	6.6%	9.5%	9.5%	9.6%	9.6%	9.6%	9.6%	9.7%	9.7%	9.7%	9.8%
Colombia	44.5	6.0%	5.8%	5.7%	5.6%	5.6%	5.5%	5.4%	5.4%	5.3%	5.2%	5.2%
Russia	32.8	5.8%	5.6%	5.5%	5.5%	5.4%	5.3%	5.3%	5.2%	5.1%	5.1%	5.0%
Hungary	72.2	4.9%	4.7%	4.6%	4.6%	4.5%	4.5%	4.4%	4.3%	4.3%	4.2%	4.2%
Peru	54.5	3.7%	3.6%	3.5%	3.5%	3.4%	3.4%	3.4%	3.3%	3.3%	3.2%	3.2%
Romania	75.6	3.5%	3.4%	3.4%	3.3%	3.3%	3.2%	3.2%	3.2%	3.1%	3.1%	3.0%
Chile	75.1	3.4%	3.2%	3.2%	3.2%	3.1%	3.1%	3.0%	3.0%	3.0%	2.9%	2.9%
Turkey	32.3	2.4%	2.3%	2.3%	2.3%	2.2%	2.2%	2.2%	2.2%	2.1%	2.1%	2.1%
Uruguay	82.8	0.27%	0.26%	0.26%	0.26%	0.25%	0.25%	0.25%	0.24%	0.24%	0.24%	0.23%
Philippines	49.7	0.19%	0.18%	0.18%	0.17%	0.17%	0.17%	0.17%	0.17%	0.16%	0.16%	0.16%
Dominican Republic	45.0	0.17%	0.16%	0.16%	0.16%	0.16%	0.15%	0.15%	0.15%	0.15%	0.15%	0.14%

JADE Indices:

China will have a 20% (max) allocation in the Asia-focused government bond indices

JADE Global Diversified

Countries	Current Weight	Month 1 Feb-20	Month 2 Mar-20	Month 3 Apr-20	Month 4 May-20	Month 5 Jun-20	Month 6 Jul-20	Month 7 Aug-20	Month 8 Sep-20	Month 9 Oct-20	Month 10 Nov-20
China	-	2.0%	4.0%	6.0%	8.0%	10.0%	12.0%	14.0%	16.0%	18.0%	20.0%
Indonesia	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Korea	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Thailand	20.0%	20.0%	20.0%	20.0%	19.3%	18.5%	17.8%	17.1%	16.3%	15.6%	14.8%
Singapore	18.8%	17.8%	16.9%	15.9%	15.3%	14.8%	14.2%	13.6%	13.0%	12.4%	11.8%
Malaysia	14.0%	13.3%	12.6%	11.9%	11.5%	11.1%	10.6%	10.2%	9.7%	9.3%	8.8%
Philippines	7.2%	6.8%	6.5%	6.1%	5.9%	5.7%	5.4%	5.2%	5.0%	4.8%	4.5%

JADE Broad Diversified* (a broader set of CGBs)

Countries	Current Weight	Month 1 Feb-20	Month 2 Mar-20	Month 3 Apr-20	Month 4 May-20	Month 5 Jun-20	Month 6 Jul-20	Month 7 Aug-20	Month 8 Sep-20	Month 9 Oct-20	Month 10 Nov-20
China	10.0%	11.0%	12.0%	13.0%	14.0%	15.0%	16.0%	17.0%	18.0%	19.0%	20.0%
Indonesia	20.0%	20.0%	20.0%	20.0%	19.7%	19.4%	19.0%	18.7%	18.3%	18.0%	17.6%
Korea	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Thailand	14.8%	14.5%	14.1%	13.7%	13.5%	13.2%	13.0%	12.7%	12.5%	12.3%	12.0%
Singapore	11.8%	11.5%	11.2%	10.9%	10.7%	10.5%	10.3%	10.1%	9.9%	9.8%	9.6%
India	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Malaysia	8.8%	8.6%	8.4%	8.2%	8.0%	7.9%	7.7%	7.6%	7.4%	7.3%	7.2%
Philippines	4.5%	4.4%	4.3%	4.2%	4.1%	4.0%	4.0%	3.9%	3.8%	3.7%	3.7%

Source: J.P. Morgan as of Jan 31, 2020.

Note: China is not a new inclusion for the JADE Broad Diversified. The weight of China in the index will increase to 20% from the current 10%.

Bloomberg tickers for J.P. Morgan China and Ex-China indices

China Standalone Index						GBI-EM GD ex-China			
Return		Weight		Stats		Return		Stats	
Return in USD	JGENCNTU	GBI-EM GD	JGENWCNL	ESG Score	JESGCNES	Return in USD	JGENXCTU	Yield	JGENXCYM
Return in CNY	JGENCNTL	GBI-EM Global	JGENWCNG	Yield	JGENCNYM	Return in CNY	JGENXCTL	Mod Duration	JGENXCMD
Return in EUR	JGENCNTE	GBI-EM Div	JGENWCND	Mod Duration	JGENCNMD	Return in EUR	JGENXCTE	FX Return	JGENFXXC
Return in GBP	JGENCNTG	GBI-EM	JGENWCNN	FX Return	JGENFXCN	Return in GBP	JGENXCTG	Price Return	JGENPRXC
Return in JPY	JGENCNTJ	GBI Broad Div	JGHDCNFW	Price Return	JGENPRCN	Return in JPY	JGENXCTJ	Interest Return	JGENIRXC
		GBI Broad	JGENWCHB	Interest Return	JGENIRCN			Convexity	JGENXCCV
		GBI AGG Div	JAGDCNFW	Convexity	JGENCNCV			Rem Mat	JGENXCRM
		GBI AGG	JAGGCNFW	Rem Mat	JGENCNRM				
		JESG GBI-EM	JESGCNWG						
		JADE Global	JALGCNWT						
		JADE Broad	JALBCNWT						
		GBI Broad	JPMGWCNB						

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