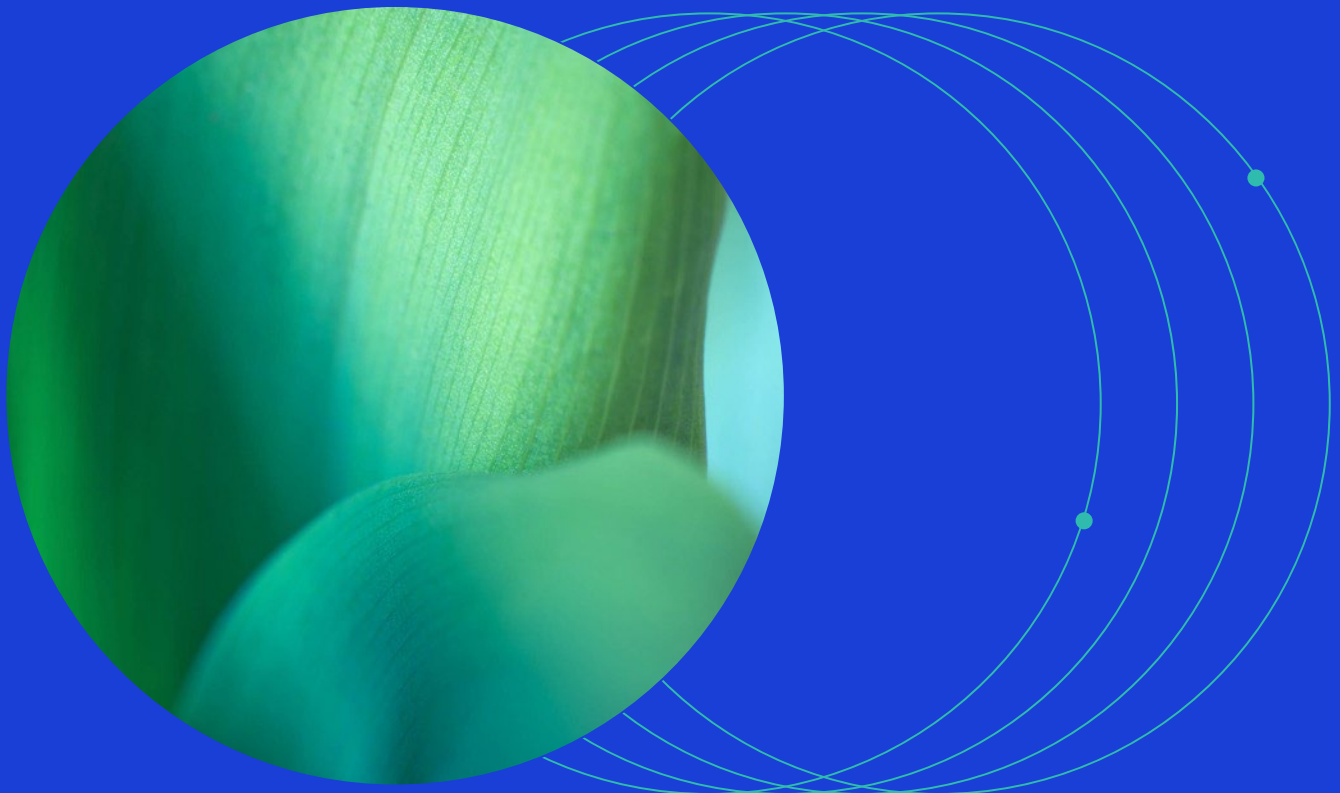




December 2025

# MSCI Government Bond Index - Emerging Markets (MGBI-EM) Methodology



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## 1 General Methodology Overview

The MSCI Government Bond Index - Emerging Markets<sup>1</sup> ('the MGBI-EM Index'; MSCI Index Code: 763495) is constructed to measure the performance of eligible local currency denominated bonds issued by Emerging Markets (EM) Governments. The index construction is rules-based and conforms to the general construction guidelines as described in this methodology document.

The spirit of the index design is to be representative of the market, as well as to be replicable by the global institutional investors. Broadly, the MGBI-EM Index methodology selects fix coupon paying, local currency denominated bonds from the sovereign issuers. The eligible bonds are further screened for maturity and size cut-offs as outlined in Section 2 and Section 3 of this methodology document. In addition, the MGBI-EM Index methodology incorporates country capping at 10% to avoid concentration risk.

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<sup>1</sup> The MGBI-EM Index is governed by a set of methodology and policy documents ("Methodology Set"), including the present index methodology document. Please refer to Appendix I for more details.

## 2 Index Construction: General guidelines

**Security Type:** The MGBI-EM Index includes local currency bonds issued by EM sovereigns. In general, the universe includes fixed rate coupon bonds.

**Credit Rating<sup>2</sup>:** Each issuer of index constituents must be rated either by S&P, Fitch or Moody's. For bonds that are rated by two rating agencies, the lower rating will be used to determine the index inclusion criteria. For bonds that are rated by all three rating agencies, the median rating will be used to determine the index inclusion criteria.

Index constituents that are not rated at a bond level will be considered for index inclusion based on S&P, Fitch or Moody's issuer level long term credit rating.

**Maturity:** Each index constituent must have a maturity greater than or equal to 1 year as measured from the Rebalancing Date (defined below). New additions to the MGBI-EM Index must have a maturity greater than or equal to 1 ½ years as measured from the Rebalancing Date.

**Weighting:** Index constituents will be weighed by market value<sup>3</sup> within the index.

Additionally, country weights are capped at 10% to mitigate concentration risk. The excess weight after capping is redistributed across the index constituents of remaining countries in proportion to their market value.

Note that the capping of the country weight is calculated for the pro forma index as of the effective date, based on the closing prices as of the MGBI-EM Index Review Cut-Off Date. In cases where the pro-forma country weight breaches the cap because of market price movements or corporate events between the announcement date and the effective date, the capping is not applied again. Similarly, even if any country weights breach the cap because of market price movements or corporate events between two monthly reviews, capping is not re-applied

**Pricing:** Daily bond valuation utilizes bid prices from our vendors. Securities not priced by any of the designated pricing sources are ineligible for index inclusion.

**Settlement:** MSCI applies standard same-day (T+0) index settlement convention, unless otherwise specified.

<sup>2</sup> Historically, the Index utilized credit ratings only from S&P and Moody's for determining index eligibility and related criteria. However, effective April 2024, Fitch credit ratings are incorporated alongside Moody's and S&P ratings to assess index eligibility and respective distinctions

<sup>3</sup> Please refer to MSCI Fixed Income Index calculation methodology at [www.msci.com/index-methodology](http://www.msci.com/index-methodology) for further details on security level market value calculation.

### 3 Index Construction: MSCI Government Bond Index – Emerging Markets

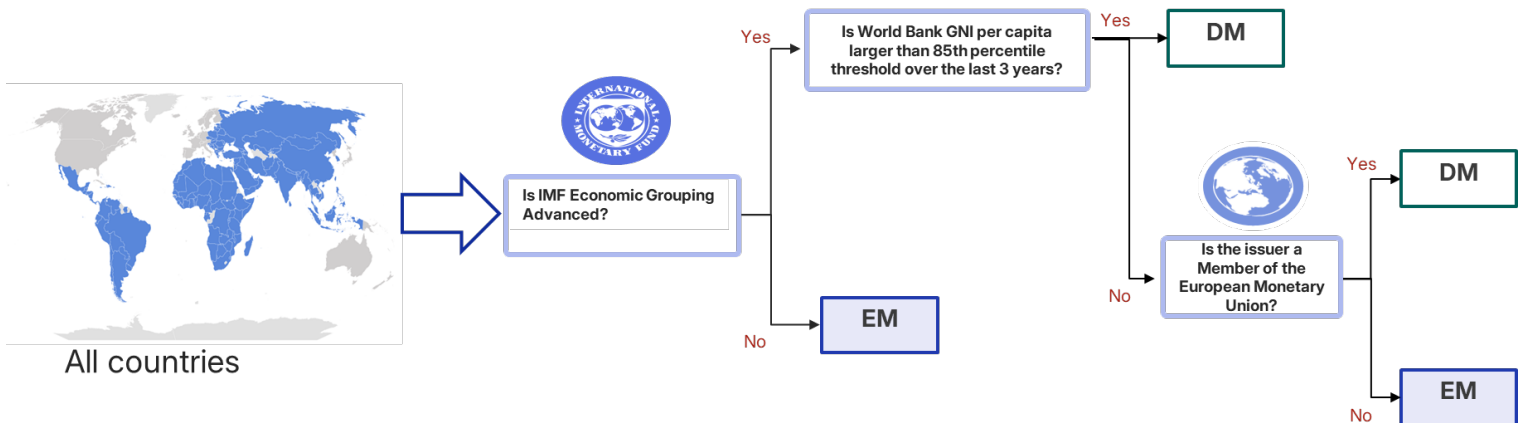
The MSCI Government Bond Index – Emerging Markets (“the MGBI-EM Index”) is a multi-currency index that includes fixed-rate, local currency government bonds issued by Emerging Market countries.

The MGBI-EM Index construction follows general guidelines outlined in Section 2. In addition to those, the following rules are also applicable for the MGBI-EM Index construction.

**Countries for the MGBI-EM Index inclusion:** The MGBI-EM Index includes countries that have the following assessment as per the MSCI Fixed Income Market Classification Framework<sup>4</sup>:

- Economic Development Pillar Assessment for the country must be Emerging Market. Exhibit 1 below shows the high-level overview of how each country is classified as Developed Market (DM) vs Emerging Market (EM) based on the IMF Economic Grouping, World Bank GNI per Capita and European Monetary Union Membership.

**Exhibit 1: Economic Development Pillar: Initial Assessment of Developed versus Emerging Markets**



- A Market Accessibility Rating of at least ‘-’ must be assigned for each of the seven parameters outlined in the Fixed Income Market Accessibility Assessment section of the MSCI Fixed Income Market Classification Framework. Furthermore, the numerical score underpinning each rating must be greater than zero.

<sup>4</sup> Please refer to the MSCI Fixed Income Market Classification Framework document for further details. Available at <https://www.msci.com/our-solutions/indexes/market-classification>.

Based on the above framework, Table 1 lists all the Emerging Market countries within the MGBI-EM Index.

**Table 1: Market Accessibility Ratings for Emerging Market Countries within the MGBI-EM Index**

Region	Country	Investor Qualification Requirement	Capital Flow Restriction Level	Foreign Exchange Market Liberalization	Investor Registration & Account Setup	Stability of the Institutional Framework	Ease of FI Market Accessibility	Availability of a Functional Repo Market
Americas	Brazil	++	++	-	-	+	++	++
Americas	Chile	++	+	+	-	++	++	++
Americas	Colombia	++	+	-	-	-	+	++
Americas	Dominican Republic	++	++	+	+	+	+	+
Americas	Mexico	++	++	++	+	+	++	++
Americas	Peru	++	++	++	+	+	++	++
Americas	Uruguay	++	++	++	++	+	+	+
APAC	China	++	++	++	++	+	+	++
APAC	India*	+	++	-	-	+	+	+
APAC	Indonesia	++	++	-	++	+	++	++
APAC	Korea	++	++	-	-	+	++	++
APAC	Malaysia	++	++	+	++	+	++	++
APAC	Philippines	++	++	-	++	+	+	++
APAC	Thailand	++	++	+	++	+	++	++
EMEA	Czech Republic	++	++	++	+	++	++	++
EMEA	Egypt	++	++	-	+	-	+	+
EMEA	Hungary	++	++	++	++	++	++	+
EMEA	Poland	++	++	++	++	++	++	+
EMEA	Romania	++	++	++	++	+	++	+
EMEA	Saudi Arabia	+	++	++	+	+	++	+
EMEA	Serbia	++	+	+	-	+	+	++
EMEA	South Africa	++	++	++	++	+	++	++
EMEA	Turkey	++	++	+	+	-	++	++

Ratings data as of June 2025. ++ : no issues; + : no major issues, improvements possible; - : improvements needed.

\* Only India FAR (Fully Accessible Route) Bonds are eligible for index inclusion.

**Size:** Each index constituent must have a security size greater than or equal to USD 1 billion equivalent in their local currency. For eligibility purposes, the size in U.S. dollar terms is calculated as follows:

$$Size (USD) = \frac{Amount\ Outstanding\ (Local\ Currency)}{Average\ FX\ Rate}$$

where,

Amount Outstanding (Local Currency) is outstanding of the security in local currency at the close of the previous index rebalancing day, and

Average FX Rate is arithmetic average of the month-end exchange rates (expressed as amount of local currency per unit of USD) observed during the previous calendar year.

## 4 Sub-Indexes Based on Country, Maturity Buckets, Region etc.

In addition to the standard MGBI-EM Index described in this document, MSCI also provides a range of sub-indexes derived from these parent indexes to offer more granular insight and benchmarking capabilities. These sub-indexes are derived systematically from the main indexes and can be segmented across multiple dimensions (individually or in combination). Key dimensions include, but are not limited to, the following:

### Country-Specific Sub-Indexes

These sub-indexes focus on the performance of eligible government bonds issued by a specific country that is included in the parent index. This allows investors to assess and monitor sovereign bond performance at an individual country level.

### Time to Maturity Buckets

To facilitate duration-based analysis and portfolio segmentation, MSCI also maintains sub-indexes categorized by time to maturity. Common maturity buckets include, but are not limited to:

- 1–3 years
- 3–5 years
- 5–7 years
- 7–10 years
- 10–20 years
- 20+ years

These sub-indexes follow the same general eligibility and construction principles as the MGBI-EM Index with the underlying universe filtered according to the selected dimension(s). In practice, MSCI can generate sub-indexes along any single dimension or across combinations such as maturity-by-country, rating-by-region, country-by-currency, or broader multi-dimensional frameworks to support a wide range of analytical and benchmarking needs.

## 5 Index Rebalancing & Maintenance

- The composition of the MSCI Government Bond Index – Emerging Markets ('the MGBI-EM Index') is reviewed monthly, with an effective rebalancing impact of the first business day of the following month. For clarification, bonds are added to the index on the closing of last business day of every month, however, the return impact is on the first business day of the following month.
- Change in the MGBI-EM Index composition is based on latest data available as of three days prior to the Rebalancing Date, which is defined as the Cut-Off Date. Any inclusion or exclusion criteria satisfied for a given security in the universe, after the Cut-Off Date, will generally become effective at the following monthly rebalancing; should conditions remain unchanged. In exceptional cases, for instance, cases of input data correction, MSCI can reduce the Cut-Off Date for index rebalancing from T-3 to T-2, T-1, or T. In such instances, MSCI will notify index clients of such changes via announcement.
- MSCI will disclose proforma index rebalancing results starting the second business day of each month. MSCI will freeze the proforma index rebalancing results as of the Cut-Off Date.
- Bonds are either added to or removed from the index solely on monthly rebalancing dates. For existing index components, any changes to index eligibility will only be reflected in the subsequent monthly rebalancing.
- Any cash that accrues within the index in each month is re-invested on a pro-rata basis across the index constituents, on the Rebalancing Date. In essence, cash in the index is swept out on rebalancing and the opening index portfolio on the Rebalancing Date starts with zero accrued cash balance.
- Specific variants of total return calculation of the index on the Rebalancing Date may be adjusted for transaction costs<sup>5</sup> as securities are added to the index at the offer price.

For further information on index total return calculation and corporate events handling please refer to the MSCI Fixed Income Index Calculation Methodology<sup>6</sup>.

For the holiday calendar used in the indexes, please refer to the MSCI Fixed Income Data Methodology<sup>7</sup>.

<sup>5</sup> Refer to the MSCI Fixed Income Index Calculation Methodology for detail. Available at <https://www.msci.com/index-methodology>

<sup>6</sup> Refer to the MSCI Fixed Income Index Calculation Methodology for detail. Available at <https://www.msci.com/index-methodology>

<sup>7</sup> The methodologies are available at: <https://www.msci.com/index-methodology>.

## Appendix I: Methodology Set

The Indexes are governed by a set of methodology and policy documents (“Methodology Set”), including the present index methodology document as mentioned below:

- Description of methodology set –  
<https://www.msci.com/index/methodology/latest/FIInfo>
- MSCI Fixed Income Data Methodology –  
<https://www.msci.com/index/methodology/latest/FIDATA>
- MSCI Fixed Income Calculation Methodology –  
<https://www.msci.com/index/methodology/latest/FIINDEXCALC>
- MSCI Fixed Income Glossary of Terms –  
<https://www.msci.com/index/methodology/latest/FIGLOSS>
- MSCI Fixed Income Index Policies –  
<https://www.msci.com/index/methodology/latest/FIINDEXPOLICY>
- MSCI Government Bond Index – Emerging Markets Methodology –  
<https://www.msci.com/index/methodology/latest/FIGOVEM>

The Methodology Set for the Indexes can also be accessed from MSCI’s webpage <https://www.msci.com/index-methodology> in the section ‘Search Methodology by Index Name or Index Code’.

## Appendix II: Changes to the Methodology Book

The following sections have been modified as of December 2025:

Added Section 4 on availability of sub-indexes based on Country, Region, Time to Maturity Buckets, etc.

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