

J.P. Morgan GBI-EM Global Diversified Net Capped Index

Methodology and Factsheet

Highlights

The J.P. Morgan GBI-EM Global Diversified Net Capped Index is designed to track the performance of bonds issued by emerging market governments and denominated in the local currency of the issuer. The index is designed to be investible and is based on the well-established methodology and composition of the flagship GBI-EM Global Diversified index (GBI-EM GD). As such, the index includes only those countries that are accessible by most of the international investor base and selects bonds from each of the emerging market countries that are fixed-rate, domestic currency government bonds.

Effective September 29th, 2023, this index accounts for the impact of withholding taxes on earned interest, by deducting the highest prevailing (“to-worst”) tax rate levied on offshore investors from the headline (gross-of-tax) total return. For additional details regarding the tax methodology, please refer to the GBI-EM Net-of-Tax Analytics publication ([link](#)). Additionally, effective September 30th, 2026, all markets in the flagship GBI-EM GD are eligible for inclusion.

Returns and statistics are available from June 2011.

Global Index Research

Index Research ^{AC}

Index.Research@jpmorgan.com
J.P. Morgan Securities LLC

Index Criteria

Instrument Type:	Local Currency denominated fixed coupon instruments.
Remaining maturity:	Inclusion: Greater than 2.5 years remaining maturity on rebalance date. Exclusion: Less than 6 months remaining maturity on rebalance date.
Amount Outstanding:	Local issues with a current face amount outstanding of \$1 billion or more, as well as Global issues with \$500 million or more are considered for inclusion.
Currency:	All eligible currencies are available within the set of eligible countries.
Country Eligibility:	A country is eligible for the EM sovereign debt indices if either a) The GNI per capita of the country's economy is below the index income threshold (IIC) for three consecutive years or b) the nation's cost of living (purchasing power) is below the EM threshold (IPR) for three consecutive years. Prior to September 2026: For index inclusion, new markets were required to have a minimum weight of 1% in the flagship index. Existing countries were not removed if their weight fell below 1% in the flagship index. Post September 2026: All markets in the flagship index are eligible for inclusion. Both new and existing instruments must meet the index criteria to qualify for inclusion. Beginning in September 2026, countries that were previously excluded but now meet the index eligibility criteria will be phased in over a three-month period. Treatment around country removals, timing, currency adoption, re-entry of an excluded country and extraordinary event will all inherit the flagship GBI-EM Global Diversified rules.
Capital Controls:	The Index excludes countries with explicit capital controls, but does not factor in regulatory/tax hurdles in assessing eligibility, unless such regulatory or tax hurdles significantly hinder investors' ability to replicate the index.

Index Characteristics and Methodology

Pricing:	Bid and Ask prices are taken from a third-party pricing source, PricingDirect
Aggregate Return:	Index/Country level total return is calculated as a market-weighted average of bond returns using mid prices.
Rebalancing:	Rebalances on the last weekday of the month. If FX rates from VNM Reuters are unavailable on the last weekday of the month (i.e., Good Friday), indices are rebalanced on the previous business day.
Coupon Treatment:	All coupons received are immediately reinvested into the index.
FX Rates:	All FX rates used for hedged/unhedged returns are as of 4pm London time provided by VNM/Reuters.
Credit Rating:	Median of S&P, Moody's, and Fitch Rating as of month end rebalance date.
Weighting:	Market capitalization-based weighting subject to a maximum weight of 10% (cap) per country and adjusted in accordance with the GBI-EM diversification methodology (Link).
Tax Rates:	The "to-worst" tax rates used are determined based on official government/tax authority sources, J.P. Morgan Tax Intelligence ² and investor consultations.
Bloomberg Ticker	GBIE1001

Appendix

Defining the universe of eligible countries

The GBI-EM consists of regularly traded, fixed-rate, domestic currency government bonds which international investors can readily access. The index excludes countries where local market investing is subject to explicit capital controls, but eligibility consideration does not factor in regulatory/tax hurdles.

The J.P. Morgan GBI-EM Global Diversified Net Capped Index is classified as an investable index. Effective September 30th, 2026, all markets in the flagship GBI-EM GD are eligible for inclusion. Previously excluded countries that meet the index eligibility criteria will be phased in over a three-month period.

The index was previously known as the J.P. Morgan Government Bond Index-Emerging Markets Global Div 10% Cap 1% Floor.

Eligibility for local currency issues is determined using the following criteria:

Instrument Type

The GBI-EM indices only include fixed coupon instruments. Floating-rate and capitalizing/amortizing bonds are not eligible for index inclusion. Additionally, bonds with callable, puttable or convertible features are not part of the indices.

Liquidity

A key feature that distinguishes our indices from other index products is the strict enforcement of liquidity criteria in the selection of instruments. Yet, while the notion of liquidity differs from market to market, J.P. Morgan indices include only securities, subject to several considerations including but not limited to:

- Pricing: Bonds must trade with enough frequency to prevent stale price quotations.
- Availability: Bonds must be regularly traded in size at acceptable bid-offer spreads and readily redeemable for cash. A reasonable two-way market must exist for the instrument to be included in the index portfolio.
- Replication costs: Investors should be able to replicate the index without incurring excessive transaction costs.

Index Methodology

The Index follows similar logic, methodology and calculations as the flagship benchmarks in the GBI-EM Global Index series. The composition of bonds, index criteria, and all surrounding governing rules of inclusion/exclusion follow the composition and rules in the flagship GBI-EM Global indices. Any change in composition within the flagship GBI-EM Global Diversified will also be reflected in the J.P. Morgan GBI-EM Global Diversified Net Capped Index.

For any questions or for additional information, please contact index.research@jpmorgan.com

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