

# TalkingPoints

## Australian Fixed Interest Gets a Refresh with the S&P/ASX iBoxx Australian Fixed Interest Index Series



**Jessica Tan**  
Principal  
Fixed Income Indices

### 1. Why did S&P DJI launch the S&P/ASX iBoxx Australian Fixed Interest Index Series?

We launched the S&P/ASX iBoxx Australian Fixed Interest Index Series on Nov. 15, 2024, as an update to the S&P/ASX Australian Fixed Interest Index Series, which was decommissioned on July 4, 2025.<sup>1</sup>

This index series integrates the S&P/ASX Australian Fixed Interest Index Series into the iBoxx bond indexing framework following the strategic collaboration between S&P Global and IHS Markit in 2022.

These indices combine the fixed income indexing expertise of iBoxx with S&P DJI's and ASX's well established reputation as the leading index provider for the Australian market, thereby enhancing S&P DJI's bond index offerings in Australia.<sup>2</sup>

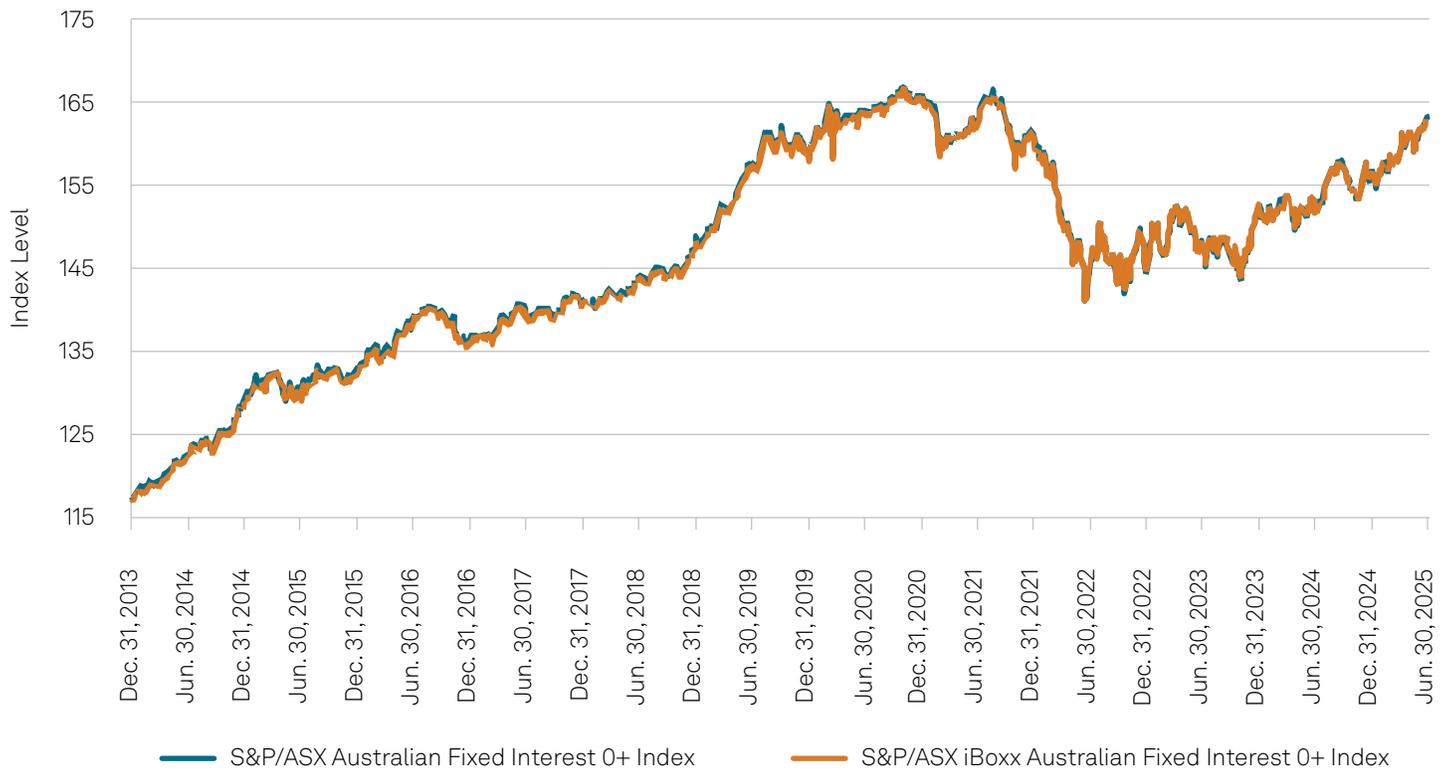
### 2. How are these indices different from the S&P/ASX Australian Fixed Interest Index Series? What does the iBoxx integration of the indices entail?

The indices have been designed to be largely consistent with the S&P/ASX Australian Fixed Interest Index Series while reflecting recent market developments of the Australian bond market, providing a refreshed look for the indices after more than a decade. As shown in Exhibit 1, the performance levels of the indices have been comparable, with the annualized performance for the S&P/ASX Australian Fixed Interest 0+ Index and the S&P/ASX iBoxx Australian Fixed Interest 0+ Index recorded at 2.85% and 2.88%, respectively, over the back-tested span of 11.5 years between December 2013 and June 2025.

<sup>1</sup> For more information on the S&P/ASX iBoxx Australian Fixed Interest Index Series, please see [S&P/ASX iBoxx Australian Fixed Interest Index Series Methodology](#).

<sup>2</sup> Note that no change has been made to the S&P/ASX Bank Bill Index and we will announce if any changes are made to it.

**Exhibit 1: Back-Tested Total Return Index Comparison**

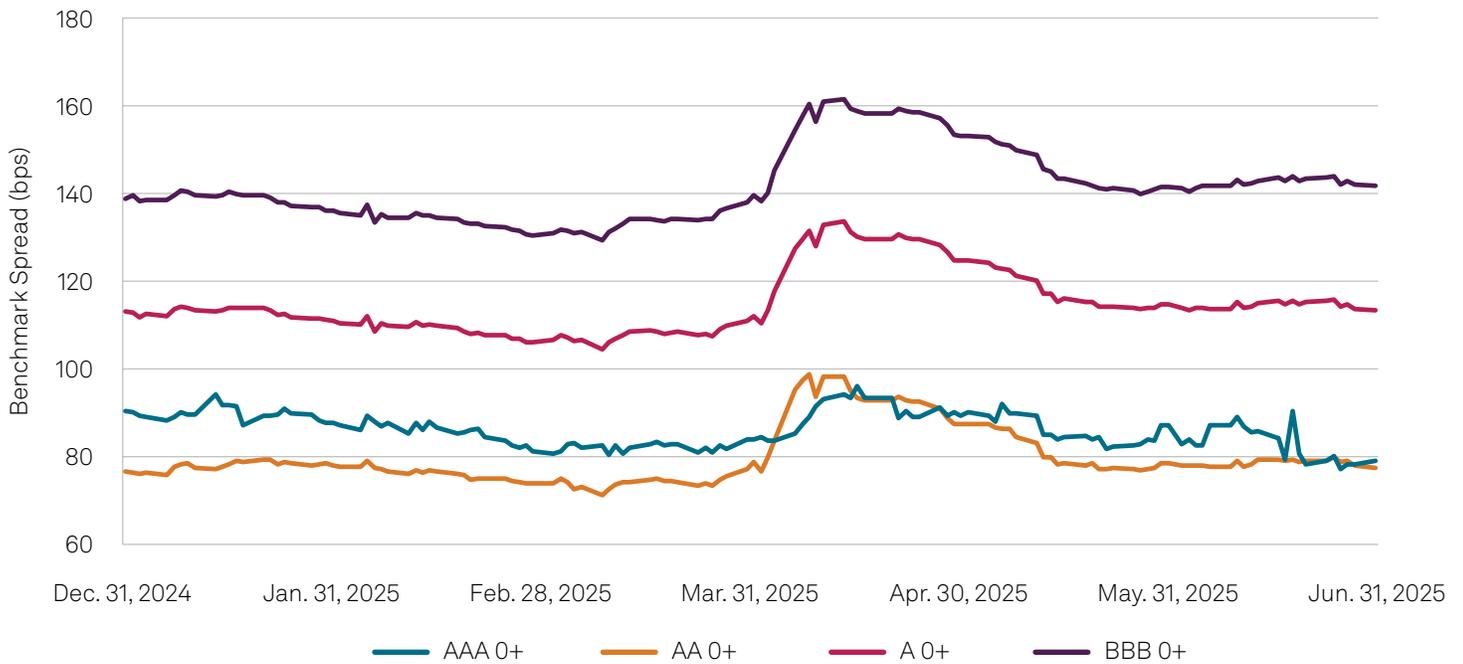


Source: S&P Dow Jones Indices LLC. Data from Dec. 31, 2013, to June 30, 2025. The S&P/ASX iBoxx Australian Fixed Interest 0+ Index was launched Nov. 15, 2024. All data prior to such date is back-tested hypothetical data. Index performance based on total return in AUD. Past performance is no guarantee of future results. Chart is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

While the performances are quite comparable, the new S&P/ASX iBoxx Australian Fixed Interest 0+ Index series has undergone several methodology updates, including:

- **Robust Pricing and Reference Data:** The series uses multi-sourced, independent pricing and reference data, which is subject to rigorous quality control measures to ensure accuracy and reliability.
- **Refined Sector Classifications:** The introduction of more granular sector classifications on bond constituents can enhance the specificity and relevance of the indices.
- **Customization and Sustainability:** There is now enhanced capabilities for developing sustainable and customized indices tailored to specific investment goals.
- **Expanded Analytics:** A broader array of index and bond analytics is now available, providing deeper insights into market performance. As shown in Exhibit 2, annual benchmark spreads are available to measure the premium above the yield on a default-free bond to compensate for additional risk associated with holding the bond.

**Exhibit 2: Back-Tested Annual Benchmark Spread**



Source: S&P Dow Jones Indices LLC. Data as of June 30, 2025. The S&P/ASX iBoxx Australian Fixed Interest 0+ Indices were launched Nov. 15, 2024. All data prior to such date is back-tested hypothetical data. Past performance is no guarantee of future results. Chart is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

**3. What customization options are available in the S&P/ASX iBoxx Australian Fixed Interest Index Series?**

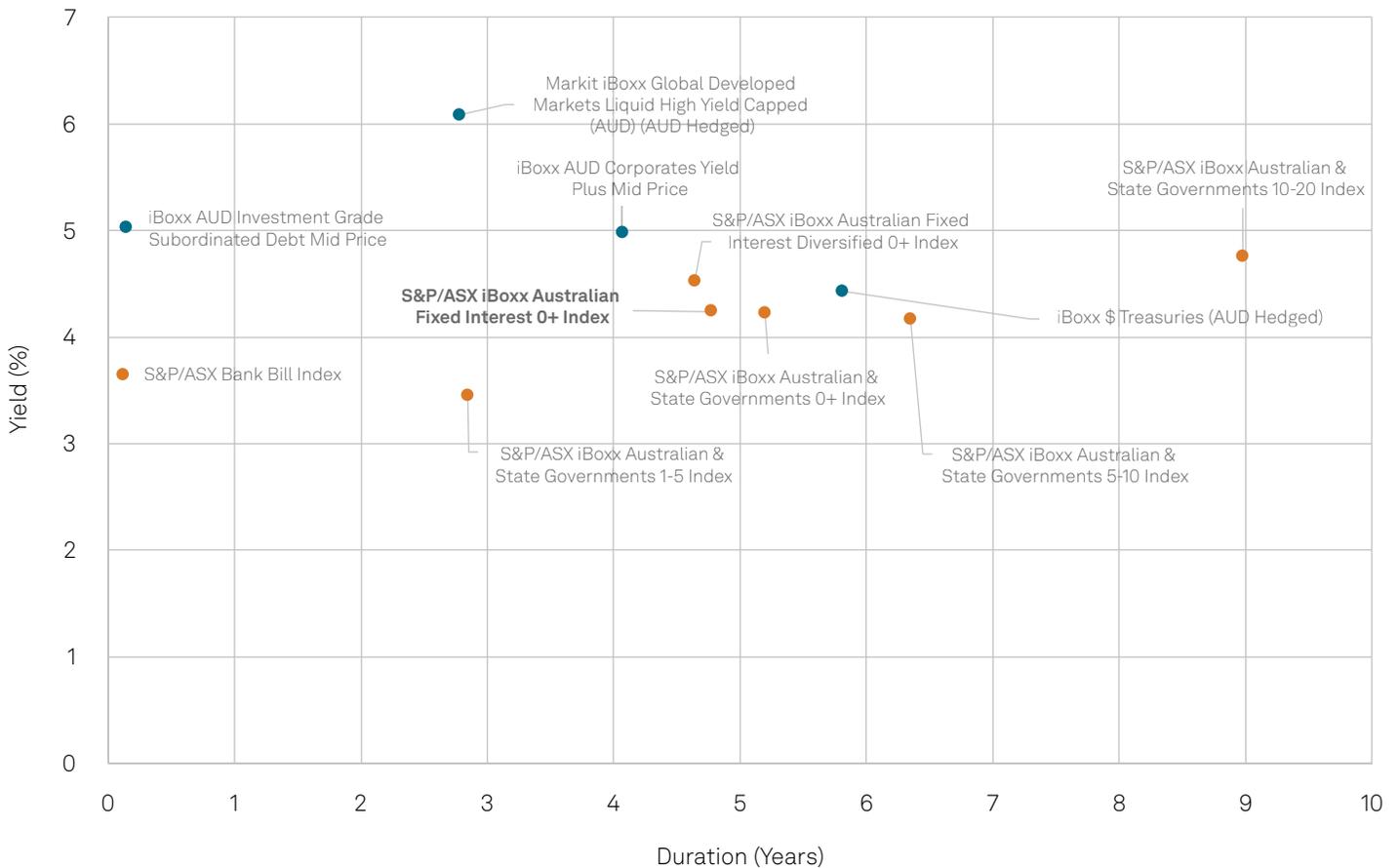
iBoxx has a track record of developing tailored, outcome-focused indices, offering extensive customization options across various fundamental and economic factors. Additionally, ESG and climate data can be incorporated to create indices that take sustainability criteria into account. Now the same array of customization options can be extended to S&P/ASX iBoxx Australian Fixed Interest Indices.

An example of customization is the S&P/ASX iBoxx Australian Fixed Interest Diversified 0+ Index, which is a bespoke version of the S&P/ASX iBoxx Australian Fixed Interest 0+ Index that measures the performance of the underlying index while having a more balanced representation across different issuer types and maturities. This customized diversification allows for effective risk management while still targeting desired performance.

#### 4. How does the S&P/ASX iBoxx Index Series fit with S&P DJI's other fixed income index offerings in Australia?

In Australia as of August 2025, there were 12 ETFs tracking S&P DJI fixed income indices, including five tracking the new S&P/ASX iBoxx Index Series. As of June 30, 2025, the indices reflected aggregate constituent yields ranging from 3%–6% and durations varying from 0–16 years.

**Exhibit 3: Yield and Duration Profiles of the Headline Indices (with Duration of 0–10 Years) Tracked by ETF Products in the Australian Fixed Income Market**



Source: S&P Dow Jones Indices LLC. Data as of June 30, 2025. The S&P/ASX iBoxx Australian Fixed Interest 0+ Index is currently not tracked by any ETF in Australia and is included for reference. The S&P U.S. Treasury Bond 20+ Year Index is not included in Exhibit 3 as its duration is longer than 10 years and it fits outside of the chart. Yield refers to the index annual yield and Duration refers to the index annual modified duration. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

## 5. What factors are driving the increasing interest in AUD-denominated bonds around the world?

Australian dollar-denominated bonds are growing in popularity around the world due to several key factors.

- **Yield and Quality:** AUD-denominated bonds offer comparable yields relative to other developed markets, coupled with the high credit quality associated with Australia's AAA rating. This makes them an interesting alternative, especially following recent downgrades of other sovereign bonds, such as U.S. Treasuries.
- **Economic Stability:** Australia has a stable and resilient economy, characterized by relatively low sovereign debt levels and strong fiscal management. This environment reduces the perceived risk associated with investing in AUD bonds, further driving global demand.
- **Geographical Diversification:** The Asia-Pacific region is often seen as a growth area, which potentially may be of interest for those seeking regional diversification.

### Exhibit 4: Comparison of Broad Investment Grade Indices' Yield and Duration

Index	Currency	Yield (%)	Duration (Years)	2024 Public Debt to GDP (%)	Domestic Interest Rate (%)
S&P/ASX iBoxx Australian Fixed Interest 0+ Index	AUD	4.25	4.78	56.68	3.85
iBoxx \$ Overall	USD	4.82	5.86	135.19	4.50
iBoxx € Overall	EUR	3.16	6.17	81.00	2.15
iBoxx £ Overall	GBP	4.94	7.38	98.89	4.25

Source: S&P Dow Jones Indices LLC, S&P CapitalIQ and Eurostat.<sup>3</sup> Data as of June 30, 2025. Yield refers to the index annual yield and Duration refers to the index annual modified duration. The iBoxx € Overall's public debt to GDP is based in the eurozone and the domestic interest rate is from the European Central Bank. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

## 6. What role can the S&P/ASX iBoxx Australian Fixed Interest Index Series play?

The S&P/ASX iBoxx Australian Fixed Interest Index Series can support the increasing demand for AUD-denominated bonds in the following ways.

- **Benchmarking Performance:** The index series serves as a benchmark for the performance of AUD-denominated fixed income securities. It allows for bond investments to be measured against a diversified pool of investment grade Australian government, sub-sovereign, corporate and covered bonds, facilitating performance evaluation.
- **Providing Transparency:** With its rules-based methodology for index construction, the S&P/ASX iBoxx Indices provide market transparency, empowering investors to make informed decisions.
- **Supporting Investment Strategies:** The index series can cater to various strategies, including passive and active management approaches. Indices can be tailored to align with specific yield objectives and risk profiles.

In summary, the growing demand for AUD bonds is driven by their competitive yields, economic stability and diversification opportunities. The S&P/ASX iBoxx Australian Fixed Interest Index Series plays a role in this landscape by providing benchmarks, enhancing transparency and supporting investment strategies in the market. Additionally, as the S&P/ASX iBoxx Australian Fixed Interest Index Series exclusively covers fixed-rate bonds, if interest rates decline, there is a potential for price appreciation.

<sup>3</sup> Eurostat. "Government finance statistics." April 22, 2025.

**Performance Disclosure/Back-Tested Data**

The S&P/ASX iBoxx Australian Fixed Interest 0+ Indices were launched Nov. 15, 2024. All information presented prior to an index's Launch Date is hypothetical (back-tested), not actual performance. The back-test calculations are based on the same methodology that was in effect on the index Launch Date. However, when creating back-tested history for periods of market anomalies or other periods that do not reflect the general current market environment, index methodology rules may be relaxed to capture a large enough universe of securities to simulate the target market the index is designed to measure or strategy the index is designed to capture. For example, market capitalization and liquidity thresholds may be reduced. Complete index methodology details are available at [www.spglobal.com/spdji](http://www.spglobal.com/spdji). Past performance of the Index is not an indication of future results. Back-tested performance reflects application of an index methodology and selection of index constituents with the benefit of hindsight and knowledge of factors that may have positively affected its performance, cannot account for all financial risk that may affect results and may be considered to reflect survivor/look ahead bias. Actual returns may differ significantly from, and be lower than, back-tested returns. Past performance is not an indication or guarantee of future results. Please refer to the methodology for the Index for more details about the index, including the manner in which it is rebalanced, the timing of such rebalancing, criteria for additions and deletions, as well as all index calculations. Back-tested performance is for use with institutions only; not for use with retail investors.

S&P Dow Jones Indices defines various dates to assist our clients in providing transparency. The First Value Date is the first day for which there is a calculated value (either live or back-tested) for a given index. The Base Date is the date at which the index is set to a fixed value for calculation purposes. The Launch Date designates the date when the values of an index are first considered live: index values provided for any date or time period prior to the index's Launch Date are considered back-tested. S&P Dow Jones Indices defines the Launch Date as the date by which the values of an index are known to have been released to the public, for example via the company's public website or its data feed to external parties. For Dow Jones-branded indices introduced prior to May 31, 2013, the Launch Date (which prior to May 31, 2013, was termed "Date of introduction") is set at a date upon which no further changes were permitted to be made to the index methodology, but that may have been prior to the Index's public release date.

Typically, when S&P DJI creates back-tested index data, S&P DJI uses actual historical constituent-level data (e.g., historical price, market capitalization, and corporate action data) in its calculations. As ESG investing is still in early stages of development, certain datapoints used to calculate S&P DJI's ESG indices may not be available for the entire desired period of back-tested history. The same data availability issue could be true for other indices as well. In cases when actual data is not available for all relevant historical periods, S&P DJI may employ a process of using "Backward Data Assumption" (or pulling back) of ESG data for the calculation of back-tested historical performance. "Backward Data Assumption" is a process that applies the earliest actual live data point available for an index constituent company to all prior historical instances in the index performance. For example, Backward Data Assumption inherently assumes that companies currently not involved in a specific business activity (also known as "product involvement") were never involved historically and similarly also assumes that companies currently involved in a specific business activity were involved historically too. The Backward Data Assumption allows the hypothetical back-test to be extended over more historical years than would be feasible using only actual data. For more information on "Backward Data Assumption" please refer to the FAQ. The methodology and factsheets of any index that employs backward assumption in the back-tested history will explicitly state so. The methodology will include an Appendix with a table setting forth the specific data points and relevant time period for which backward projected data was used.

Index returns shown do not represent the results of actual trading of investable assets/securities. S&P Dow Jones Indices maintains the index and calculates the index levels and performance shown or discussed but does not manage actual assets. Index returns do not reflect payment of any sales charges or fees an investor may pay to purchase the securities underlying the Index or investment funds that are intended to track the performance of the Index. The imposition of these fees and charges would cause actual and back-tested performance of the securities/fund to be lower than the Index performance shown. As a simple example, if an index returned 10% on a US \$100,000 investment for a 12-month period (or US \$10,000) and an actual asset-based fee of 1.5% was imposed at the end of the period on the investment plus accrued interest (or US \$1,650), the net return would be 8.35% (or US \$8,350) for the year. Over a three-year period, an annual 1.5% fee taken at year end with an assumed 10% return per year would result in a cumulative gross return of 33.10%, a total fee of US \$5,375, and a cumulative net return of 27.2% (or US \$27,200).

**General Disclaimer**

© 2025 S&P Dow Jones Indices. All rights reserved. S&P, S&P 500, SPX, SPY, The 500, US500, US 30, S&P 100, S&P COMPOSITE 1500, S&P 400, S&P MIDCAP 400, S&P 600, S&P SMALLCAP 600, S&P GIVI, GLOBAL TITANS, DIVIDEND ARISTOCRATS, DIVIDEND MONARCHS, BUYBACK ARISTOCRATS, SELECT SECTOR, S&P MAESTRO, S&P PRISM, S&P STRIDE, GICS, SPIVA, SPDR, INDEXOLOGY, iTraxx, iBoxx, ABX, ADBI, CDX, CMBX, LCDX, MBX, MCDX, PRIMEX, TABX, HHPI, IRXX, I-SYND, SOVX, CRITS, CRITR are registered trademarks of S&P Global, Inc. ("S&P Global") or its affiliates. DOW JONES, DJIA, THE DOW and DOW JONES INDUSTRIAL AVERAGE are trademarks of Dow Jones Trademark Holdings LLC ("Dow Jones"). These trademarks together with others have been licensed to S&P Dow Jones Indices LLC. Redistribution or reproduction in whole or in part are prohibited without written permission of S&P Dow Jones Indices LLC. This document does not constitute an offer of services in jurisdictions where S&P Dow Jones Indices LLC, S&P Global, Dow Jones or their respective affiliates (collectively "S&P Dow Jones Indices") do not have the necessary licenses. Except for certain custom index calculation services, all information provided by S&P Dow Jones Indices is impersonal and not tailored to the needs of any person, entity or group of persons. S&P Dow Jones Indices receives compensation in connection with licensing its indices to third parties and providing custom calculation services. Past performance of an index is not an indication or guarantee of future results.

It is not possible to invest directly in an index. Exposure to an asset class represented by an index may be available through investable instruments based on that index. S&P Dow Jones Indices does not sponsor, endorse, sell, promote or manage any investment fund or other investment vehicle that is offered by third parties and that seeks to provide an investment return based on the performance of any index. S&P Dow Jones Indices makes no assurance that investment products based on the index will accurately track index performance or provide positive investment returns. Index performance does not reflect trading costs, management fees or expenses. S&P Dow Jones Indices makes no representation regarding the advisability of investing in any such investment fund or other investment vehicle. A decision to invest in any such investment fund or other investment vehicle should not be made in reliance on any of the statements set forth in this document. S&P Dow Jones Indices is not an investment adviser, commodity trading advisor, commodity pool operator, broker dealer, fiduciary, promoter" (as defined in the Investment Company Act of 1940, as amended), "expert" as enumerated within 15 U.S.C. § 77k(a) or tax advisor. Inclusion of a security, commodity, crypto currency or other asset within an index is not a recommendation by S&P Dow Jones Indices to buy, sell, or hold such security, commodity, crypto currency or other asset, nor is it considered to be investment advice or commodity trading advice.

Closing prices for S&P Dow Jones Indices' US benchmark indices are calculated by S&P Dow Jones Indices based on the closing price of the individual constituents of the index as set by their primary exchange. Closing prices are received by S&P Dow Jones Indices from one of its third party vendors and verified by comparing them with prices from an alternative vendor. The vendors receive the closing price from the primary exchanges. Real-time intraday prices are calculated similarly without a second verification

These materials have been prepared solely for informational purposes based upon information generally available to the public and from sources believed to be reliable. No content contained in these materials (including index data, ratings, credit-related analyses and data, research, valuations, model, software or other application or output therefrom) or any part thereof ("Content") may be modified, reverse-engineered, reproduced or distributed in any form or by any means, or stored in a database or retrieval system, without the prior written permission of S&P Dow Jones Indices. The Content shall not be used for any unlawful or unauthorized purposes. S&P Dow Jones Indices and its third-party data providers and licensors (collectively "S&P Dow Jones Indices Parties") do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Dow Jones Indices Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content. THE CONTENT IS PROVIDED ON AN "AS IS" BASIS. S&P DOW JONES INDICES PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Dow Jones Indices Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the Content even if advised of the possibility of such damages.

S&P Global keeps certain activities of its various divisions and business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain divisions and business units of S&P Global may have information that is not available to other business units. S&P Global has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

In addition, S&P Dow Jones Indices provides a wide range of services to, or relating to, many organizations, including issuers of securities, investment advisers, broker-dealers, investment banks, other financial institutions and financial intermediaries, and accordingly may receive fees or other economic benefits from those organizations, including organizations whose securities or services they may recommend, rate, include in model portfolios, evaluate, or otherwise address.

The Global Industry Classification Standard (GICS®) was developed by and is the exclusive property and a trademark of S&P and MSCI. Neither MSCI, S&P nor any other party involved in making or compiling any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.