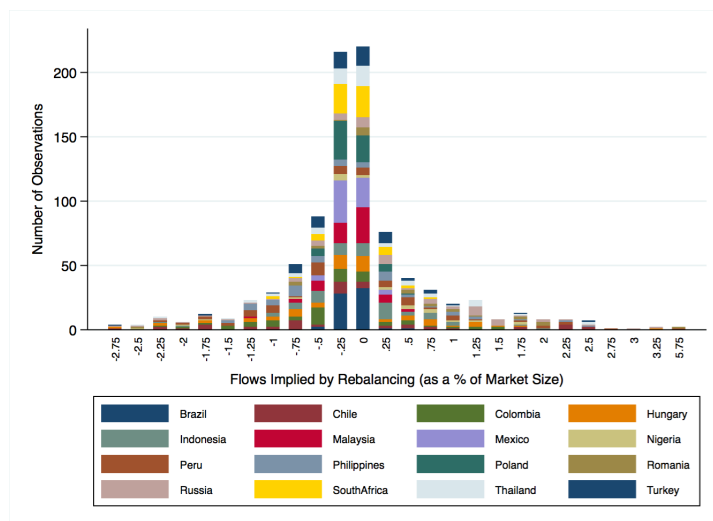


Online Appendix

Panel A: Histogram



Panel B: Kernel density

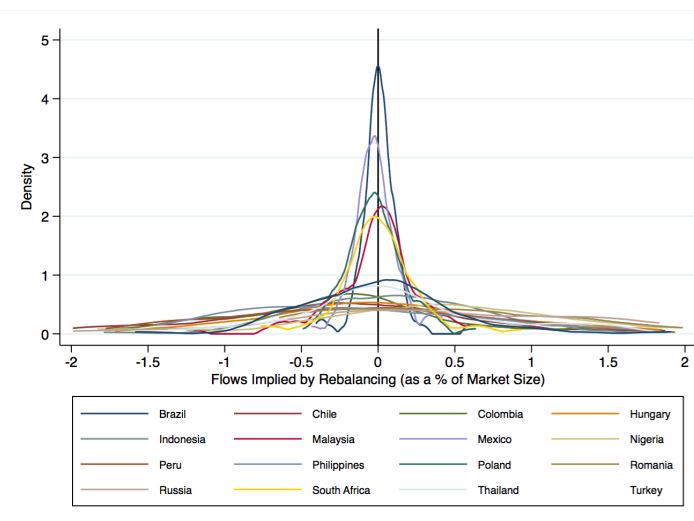


Fig. OA1. Distribution of flows implied by rebalancings (*FIR*). This figure depicts the distribution of Flows Implied by the Rebalancing (*FIR*) for each country in the sample. In the left panel, each bin in the histogram contains the number of month-specific observations, both aggregate and by country, for which the *FIR* is included in the interval whose lower bound is on the *x* axis. The right panel shows the Kernel density estimate of the country-specific distributions of the *FIR* measure. Sample period goes from September 2009 to March 2016 and does not include episodes of countries' inclusions and exclusions from the GBI-EM Global Diversified Index. Observations in the top and the bottom percentile of the distribution of *FIR* are also excluded.

Table OA1. Economic Significance Exercise

This table reports the countries in the J.P. Morgan Government Bond Index–Emerging Markets Global Diversified, their market capitalization (in billions of US dollars) and the corresponding benchmark weights at the end of March 2016 (w_{ct-1}^B). It also contains the benchmark weights after a hypothetical shock of 5% to the benchmark weight of Indonesia ($w_{ct}^{B,Shock}$), that is, immediately before the April rebalancing, and the ones at the rebalancing date, (w_{ct}^B), when the 10%-cap rule is applied.

| Country | MV_{ct-1} (Billion USD) | w_{ct-1}^B (in %) | $w_{ct}^{B,Shock}$ (in %) | w_{ct}^B (in %) |
|--------------|---------------------------|---------------------|---------------------------|-------------------|
| Brazil | 163.28 | 10.0000 | 9.9455 | 10.0000 |
| Chile | 0.68 | 0.1000 | 0.0995 | 0.1000 |
| Colombia | 43.28 | 6.5500 | 6.5143 | 6.5511 |
| Hungary | 36.32 | 5.4900 | 5.4601 | 5.4909 |
| Indonesia | 73.92 | 10.0000 | 10.5000 | 10.0000 |
| Malaysia | 68.68 | 9.8100 | 9.7566 | 9.8116 |
| Mexico | 164.94 | 10.0000 | 9.9455 | 10.0000 |
| Peru | 11.58 | 1.7500 | 1.7405 | 1.7503 |
| Philippines | 3.02 | 0.4600 | 0.4575 | 0.4601 |
| Poland | 93.13 | 10.0000 | 9.9455 | 10.0000 |
| Romania | 20.52 | 3.1000 | 3.0831 | 3.1005 |
| Russia | 33.18 | 5.0200 | 4.9927 | 5.0208 |
| South Africa | 69.23 | 9.2800 | 9.2295 | 9.2815 |
| Thailand | 59.05 | 8.9300 | 8.8814 | 8.9315 |
| Turkey | 67.73 | 9.5000 | 9.4483 | 9.5016 |