

Annual Criteria Review – CRISIL Indices

CRISIL Funds and Fixed Income Research

For discussion at CCM 97 dated 02 March 2017

Background

CRISIL presently maintains 45 standard and over 100 customized indices that are used by mutual funds, insurance companies, provident funds and investors in India.

In our endeavour to keep the indices representative and replicable, we do an annual review of criteria for index construction. Within the criteria review exercise, the asset allocation and the weights of various sub-indices of composite indices are reviewed and recomputed. In order to provide adequate time for users to align their portfolios, we provide an advance intimation of the proposed changes in weights. The new weights shall be effective from 03 April 2017.

Composite indices that are within the scope of weight changes are as follows

- CRISIL Composite Bond Fund Index
- CRISIL Short Term Bond Fund Index
- CRISIL Liquid Fund Index
- CRISIL Composite CD Index
- CRISIL Composite CP Index
- CRISIL Ultra Short Term Debt Index

Broad Level Asset Allocation

The asset-allocation to different asset classes in the indices is reviewed on an annual basis and is based on simple average of polls received from market participants. This year we have received polls from 27 entities (refer to the annexure for detail on the market participants)

The table below summarises the existing and the new asset allocations that shall be effective from April 03, 2017

Composite indices	Assets	Existing weights	New weights##	Results of polls#		
				Insurance	MF	All Polls
CRISIL Composite Bond Fund Index	Government Securities	50%	45%	47%	44%	45%
	Long Term Corporate Bonds	25%	25%	21%	25%	23%
	Medium Term Corporate Bonds	15%	20%	22%	18%	19%
	Short Term Corporate bonds	10%	10%	10%	13%	13%
CRISIL Short Term Bond Fund Index	Government Securities	20%	20%	27%	17%	20%
	Short Term Corporate Bonds	45%	45%	38%	51%	47%
	CDs (across maturities)	20%	20%	20%	16%	18%
	CPs (across maturities)	15%	15%	15%	16%	15%
CRISIL Liquid Fund Index	CDs (2 month & 3 month)	50%	45%	43%	45%	44%
	CPs (2 month & 3 month)	35%	40%	43%	41%	42%
	CBLO	15%	15%	14%	14%	14%
CRISIL Ultra Short Term Debt Index	CDs 6 month	-	25%	23%	22%	23%
	CDs 1 Year	-	20%	19%	19%	19%
	CPs 6 month	-	20%	17%	21%	20%
	CPs 1 Year	-	15%	14%	18%	16%
	Short Term Corporate Bonds	-	20%	27%	20%	22%

detailed polls in Annexure.

New weights are based on average of polls rounded off to nearest multiple of 5.

Allocation of weights to Sub-Indices

Weights to sub-indices within each component are based on historical issuance pattern. The table below summarises the existing and the new sub-indices weights that shall be effective from April 03, 2017

Research

Index	Sub- Index	Asset Weights (Existing)	Sub-indices weights	Asset Weights (New)	Sub-indices weights (New)
		(2016-17)	(Existing) (2016-17)	(2017-18)	(2017-18) ^{\$}
CRISIL Composite Bond Fund Index	CRISIL Gilt Index	50%	50%	45%	45%
	CRISIL AAA Long Term Bond Index [@]	25%	20%	25%	20%
	CRISIL AA Long Term Bond Index [@]		5%		5%
	CRISIL AAA Medium Term Bond Index [@]	15%	12%	20%	16%
	CRISIL AA Medium Term Bond Index [@]		3%		4%
	CRISIL AAA Short Term Bond Index ⁺	10%	6%	10%	6%
CRISIL AA Short Term Bond Index ⁺	4%		4%		
CRISIL Short Term Bond Fund Index	CRISIL Gilt Index	20%	20%	20%	20%
	CRISIL AAA Short Term Bond Index ⁺	45%	25%	45%	26%
	CRISIL AA Short Term Bond Index ⁺		20%		19%
	CRISIL Composite CD Index ⁺	20%	20%	20%	20%
	CRISIL Composite CP Index ⁺	15%	15%	15%	15%
CRISIL Liquid Fund Index	CRISIL CBLO Index	15%	15%	15%	15%
	CRISIL 3 Month CD Index [^]	50%	18%	45%	27%
	CRISIL 2 Month CD Index [^]		32%		18%
	CRISIL 3 Month CP Index [^]	35%	13%	40%	23%
	CRISIL 2 Month CP Index [^]		22%		17%
CRISIL Composite CD Index	CRISIL 2 Month CD Index ⁺	100%	48%	100%	27%
	CRISIL 3 Month CD Index ⁺		31%		44%
	CRISIL 6 Month CD Index ⁺		2%		5%
	CRISIL 1 Year CD Index ⁺		19%		24%
CRISIL Composite CP Index	CRISIL 2 Month CP Index ⁺	100%	58%	100%	38%
	CRISIL 3 Month CP Index ⁺		35%		52%
	CRISIL 6 Month CP Index ⁺		2%		2%
	CRISIL 1 Year CP Index ⁺		5%		8%
CRISIL Ultra Short Term Debt Index	CRISIL AAA Short Term Bond Index ⁺	-	-	20%	11%
	CRISIL AA Short Term Bond Index ⁺		-		9%
	CRISIL 6 Month CD Index ⁺	-	-	25%	25%
	CRISIL 1 Year CD Index ⁺		-		20%
	CRISIL 6 Month CP Index ⁺	-	-	20%	20%
	CRISIL 1 Year CP Index ⁺		-		15%

^{\$} Rounded off to nearest integer

[@] New weights are based on issuances during the calendar year 2015 and 2016 with 40% weight to earlier and 60% weight to latter

⁺ New weights are based on issuances during the calendar year 2016

[^] New weights are based on issuances during the calendar year 2016 with 1/3rd weight to first half of the year and 2/3rd weight to the second half

Annexure

List of polls grouped by type of entity is as follows:

Sr no	Insurance	CRISIL Composite Bond Fund Index				CRISIL Short Term Bond Fund Index				CRISIL Liquid Fund Index		
		Gsec	LT Corporate Bonds	Medium Corporate Bonds	ST Corporate Bonds	Gsec	ST Corporate Bonds	CD	CP	CD	CP	CBLO
1	SBI LIFE INSURANCE COMPANY LTD	45	25	25	5	22	59	10	9	50	40	10
2	Reliance Nippon Life Insurance Co Ltd.	60	15	15	10	20	45	20	15	50	35	15
3	ICICI prudential life insurance	40	10	30	20	20	40	22	18	40	30	30
4	IDBI FEDERAL LIFE INSURANCE COMPANY LIMITED	55	30	15	0	50	30	20	0	50	40	10
5	Sahara India Life Insurance Co. Ltd.	48	24	19	9	20	50	15	15	50	35	15
6	ICICI Lombard	29	10	44	17	30	20	30	20	35	60	5
7	Star Union Daichi Life	70	5	10	15	50	30	10	10	30	60	10
8	SHRIRAM LIFE INSURANCE CO LTD	30	39	24	7	11	23	36	30	47	45	8
9	HDFC Standard Life Insurance Co Ltd	50	30	15	5	20	50	15	15	35	45	20

Sr no	Insurance	CRISIL Ultra Short Term Debt Index				
		ST Corporate Bonds	CD 6 Months	CD 1 Year	CP 6 Months	CP 1 Year
1	SBI LIFE INSURANCE COMPANY LTD	20	20	20	20	20
2	Reliance Nippon Life Insurance Co Ltd.	40	20	10	20	10
3	ICICI prudential life insurance	9	30	31	20	10
4	IDBI FEDERAL LIFE INSURANCE COMPANY LIMITED	35	35	20	10	0
5	Sahara India Life Insurance Co. Ltd.	15	20	30	10	25
6	ICICI Lombard	20	15	25	10	30
7	Star Union Daichi Life	40	10	10	25	15
8	SHRIRAM LIFE INSURANCE CO LTD	41	20	15	15	9
9	HDFC Standard Life Insurance Co Ltd	20	40	10	25	5

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Sr no	Mutual Funds	CRISIL Composite Bond Fund Index				CRISIL Short Term Bond Fund Index				CRISIL Liquid Fund Index		
		Gsec	LT Corporate Bonds	Medium Corporate Bonds	ST Corporate Bonds	Gsec	ST Corporate Bonds	CD	CP	CD	CP	CBLO
1	Invesco MF	82	9	9	0	10	63	9	18	30	68	2
2	HSBC Mutual Fund	60	25	10	5	15	50	20	15	50	35	15
3	IDBI Asset Management Co Ltd	50	25	10	15	15	60	15	10	40	45	15
4	CANARA ROBECO MUTUAL FUND	60	20	15	5	25	50	15	10	50	45	5
5	Union Asset Management Company Pvt Ltd	50	30	10	10	20	60	10	10	50	40	10
6	Edelweiss Asset Management Limited	40	25	15	20	20	50	10	20	40	40	20
7	boi axa investment manager pvt ltd	50	20	20	10	30	40	10	20	30	50	20
8	DHFL Pramerica Asset Managers Pvt Ltd	20	20	30	30	10	50	20	20	40	40	20
9	Srei Mutual Fund AM Private Limited	50	30	10	10	15	50	20	15	55	35	10
10	IBAMC	20	30	30	20	10	50	20	20	45	45	10
11	Sundaram Asset Management Co. Ltd.	25	50	10	15	20	45	20	15	30	60	10
12	Peerless Mutual Fund	60	20	10	10	20	50	20	10	70	20	10
13	Principal PNB Asset Management Co Ltd	50	21	17	12	20	45	30	5	50	30	20
14	IIFL Assetmanagement Co Ltd	30	20	30	20	20	50	20	10	45	40	15
15	UTI Asset Management Company	40	10	25	25	15	50	15	20	45	40	15
16	kotak mf	50	25	20	5	20	50	10	20	40	40	20
17	JM Financial Mutual Fund	10	44	30	16	0	52	18	30	50	30	20

Sr no	Mutual Funds	CRISIL Ultra Short Term Debt Index				
		ST Corporate Bonds	CD 6 Months	CD 1 Year	CP 6 Months	CP 1 Year
1	Invesco MF	30	10	10	20	30
2	HSBC Mutual Fund	10	30	20	20	20
3	IDBI Asset Management Co Ltd	20	20	20	30	10
4	CANARA ROBECO MUTUAL FUND	40	10	10	20	20
5	Union Asset Management Company Pvt Ltd	10	35	10	35	10
6	Edelweiss Asset Management Limited	20	15	25	15	25
7	boi axa investment manager pvt ltd	20	10	20	20	30
8	DHFL Pramerica Asset Managers Pvt Ltd	20	20	20	20	20
9	Srei Mutual Fund AM Private Limited	19	30	10	31	10
10	IBAMC	20	20	20	20	20
11	Sundaram Asset Management Co. Ltd.	20	35	20	10	15
12	Peerless Mutual Fund	20	40	10	20	10
13	Principal PNB Asset Management Co Ltd	45	15	15	15	10
14	IIFL Assetmanagement Co Ltd	10	40	10	30	10
15	UTI Asset Management Company	20	30	10	40	0
16	kotak mf	0	10	50	10	30
17	JM Financial Mutual Fund	19	9	42	0	30

Sr no	Others	CRISIL Composite Bond Fund Index				CRISIL Short Term Bond Fund Index			CRISIL Liquid Fund Index		
		Gsec	LT Corporate Bonds	Medium Corporate Bonds	ST Corporate Bonds	Gsec	ST Corporate Bonds	CP	CD	CP	CBLO

Sr no	Mutual Funds	CRISIL Ultra Short Term Debt Index				
		ST Corporate Bonds	CD 6 Months	CD 1 Year	CP 6 Months	CP 1 Year
1	Credit Suisse Securities India Pvt Ltd.	15	25	20	30	10

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CRISIL Limited: CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai – 400076. India

Phone: + 91 22 3342 3000 | Fax: + 91 22 3342 3001 | www.crisil.com

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