

Crisil PRC tier 1 Benchmark indices

Methodology Document

CRISIL Indices – AMFI PRC Tier-1 Indices

The table below displays the PRC Tier-1 benchmark index, one each for every category of debt mutual funds as listed on the AMFI website.

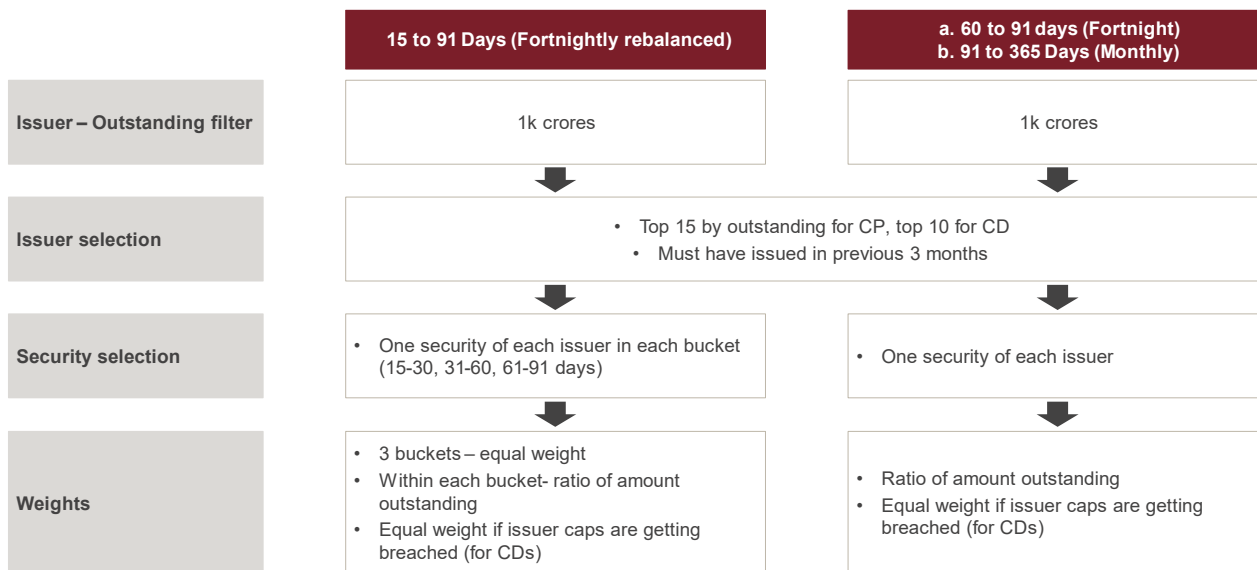
Asset Allocation:

AMFI Category Name	CRISIL Index	Index Components	Weight of sub-index in composite
OVERNIGHT FUND	CRISIL Liquid Overnight Index	CRISIL Liquid Overnight Index	100.0%
ULTRA SHORT-TERM DEBT FUND	CRISIL Ultra Short Duration Debt A-I Index	CP – 15 to 91 Days – A	12.0%
		6 Month T-bill	22.0%
		CD – 15 to 91 Days – A	29.0%
		AAA 0 to 1 Year Bonds	37.0%
SHORT DURATION DEBT FUND	CRISIL Short Duration Debt A-II Index	CP – 91 to 365 Days – A	8.0%
		CD – 91 to 365 Days – A	20.0%
		Liquid 0 to 5 Years G-sec	16.0%
		AAA 3 to 5 Years Bonds	11.0%
		AAA 1 to 3 Years Bonds	45.0%
BANKING & PSU DEBT FUND	CRISIL Banking & PSU Debt A-II Index	CD – 91 to 365 Days – A	20.0%
		0 to 5 Years G-sec	10.0%
		AAA 0 to 3 Years PSU Bonds	47.5%
		AAA 5 Years & Above Banking Bonds	5.0%
		AAA PSU Bonds	17.5%
CORPORATE BOND FUND	CRISIL Corporate Bond A-II Index	0 to 5 Years G-sec	25.0%
		AAA 0 to 3 Years Bonds	75.0%
CREDIT RISK FUND	CRISIL Credit Risk Debt B-II Index	0 to 5 Years G-sec	10.0%
		AA & AA- 0 to 3 Years Bonds	50.0%
		AA & AA- 3 to 5 Years Bonds	10.0%
		AAA 0 to 3 Years PSU Bonds	20.0%
		AAA 3 to 5 Years PSU Bonds	10.0%
DYNAMIC BOND FUND	CRISIL Dynamic Bond A-III Index	G-sec Across Maturity	50.0%
		AAA 5 Years & Above Bonds	28.0%
		AAA 3 to 5 Years Bonds	22.0%
LIQUID FUND		CP – 15 to 91 Days – A	25.0%

AMFI Category Name	CRISIL Index	Index Components	Weight of sub-index in composite
	CRISIL Liquid Debt A-I Index	TREPS	15.0%
		1 Month T-bill	20.0%
		CD – 15 to 91 Days – A	40.0%
LONG DURATION DEBT FUND	CRISIL Long Duration Debt A-III Index	10 Years & Above G-sec	50.0%
		AAA 5 Years & Above Bonds	50.0%
LOW DURATION DEBT FUND	CRISIL Low Duration Debt A-I Index	CP – 91 to 365 Days – A	10.0%
		1 Month T-bill	15.0%
		CD – 91 to 365 Days – A	30.0%
		AAA 0 to 1 Year Bonds	35.0%
		AAA 1 to 3 Years Bonds	10.0%
MEDIUM DURATION DEBT FUND	CRISIL Medium Duration Debt A-III Index	0 to 5 Years G-sec	15.0%
		AAA 5 Years & Above Bonds	5.0%
		AAA 3 to 5 Years Bonds	80.0%
MEDIUM TO LONG DURATION DEBT FUND	CRISIL Medium To Long Duration Debt A-III Index	5 to 10 Years G-sec	50.0%
		AAA 5 Years & Above Bonds	28.0%
		AAA 3 to 5 Years Bonds	22.0%
MONEY MARKET FUND	CRISIL Money Market A-I Index	1 Month T-bill	25.0%
		CP – 91 to 365 Days – A	10.0%
		CD – 91 to 365 Days – A	25.0%
		CP – 61 to 91 Days – A	10.0%
		CD – 61 to 91 Days – A	30.0%
GILT SECURITIES FUND	CRISIL Dynamic Gilt Index	G-sec Across Maturity	100.0%
GILT WITH 10 YEAR CONSTANT MATURITY FUND	CRISIL 10 Year Gilt Index	CRISIL 10 Year Gilt Index	100.0%

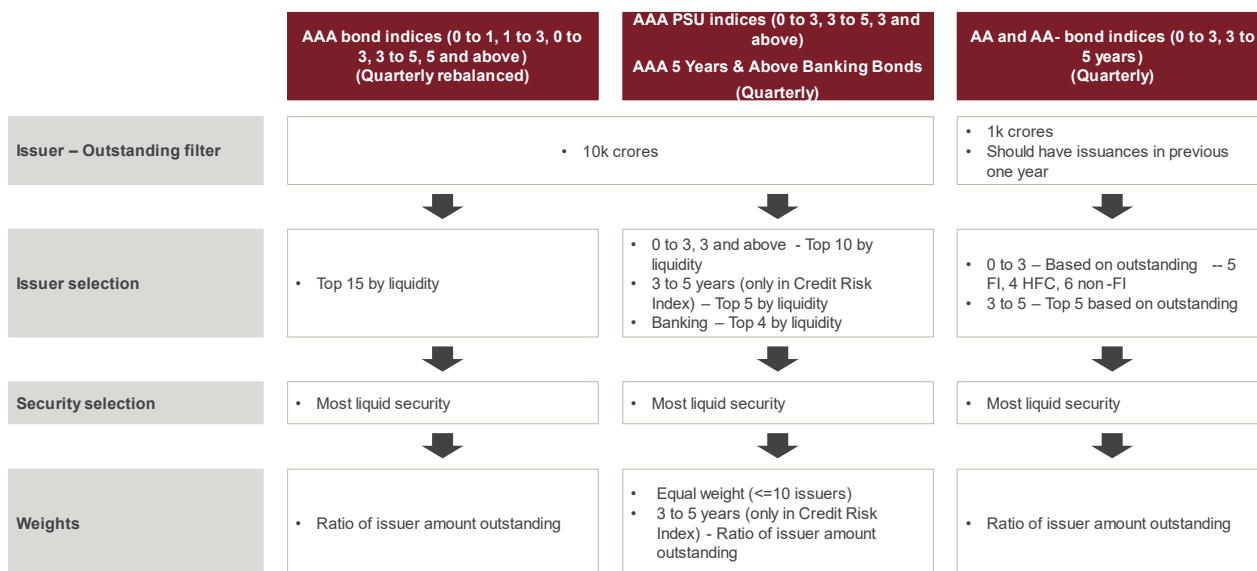
Construction Methodology:

CP & CD Indices



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Bonds Indices



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1 Month T-Bill:

- Outstanding (already issued) T-bill security with highest residual maturity 27-36 days as on the last T-bill auction day before the rebalancing date (preference to 91 day T-bills if residual maturity is same) is selected
- The ISIN is rebalanced fortnightly

6 Month T-Bill:

- Most recently issued 182 Day T-Bill is selected
- The ISIN is rebalanced monthly

CRISIL Gilt Indices

Features and characteristics

- Total Return Index seeking to capture coupon and price returns of the underlying portfolio
- Index constituents valued on a daily basis using CRISIL Gilt Valuation
- Index weights rebalanced on the 1st business day of every month

Key characteristics

- **Rich history:** The indices have been in existence over a decade witnessing multiple interest rate cycles and has stood the test of time
- **Liquidity:** The indices seeks to capture the movement in a portfolio consisting of most liquid government securities by using appropriate market representation
- **Replicability:** The indices constituents are valued on a daily basis. This lends the index a realistic approach by having the valuations close to market levels.

Methodology

- Trading pattern of government securities analysed during previous two months with security rebalancing on monthly basis.
- Consistent Liquidity Scores assigned to each security on the basis of:
 - Volumes traded (70%)
 - Days Traded (15%)
 - Number of Trades (15%)
- Top n securities (n defined in the table below) on the basis of Consistent Liquidity Score eligible to be part of the index subject to buffers

Index	No of securities (n)	Residual maturity criteria
CRISIL Long Term Gilt Index	8	Greater than 10 years
CRISIL Medium Term Gilt Index	8	Greater than 5 to and up to 10 year
CRISIL Short Term Gilt Index	8	Up to 5 years
CRISIL Composite Gilt Index	9	Top 3 securities each from long, medium and short term bucket
CRISIL Dynamic Gilt Index	12	NA

- A buffer is the rank up to which a security which was a part of the index for the previous month but has a liquidity score lower than top n securities in the current month would continue to be the part of the index. This means that even if the rank of a particular security deteriorates to the buffer rank it will not be sold from the index.

The buffers to be used for each index would be as follows:

Index	No of securities (n)	Buffer
CRISIL Long Term Gilt Index	8	11
CRISIL Medium Term Gilt Index	8	11
CRISIL Short Term Gilt Index	8	11
CRISIL Composite Gilt Index	3 each from long, medium and short term bucket	6 each from long, medium and short term bucket

- Apart from applying buffers, the following conditions will always be met:
 - The security with Rank 1 would compulsorily form a part of the index.
 - If a security is a part of top n securities but ignored due to buffers for 2 consecutive months, the same will be considered if it appears in top n for the 3rd month.
 - The 10 year benchmark government security forming a part of CRISIL 10 Year Gilt Index will automatically replace the least liquid security and form a part (if not already a part) of all the eligible liquidity based gilt indices.
- Weights to eligible securities will be based on Amount outstanding
 - Surrogate bonds (namely Food Corporation of India bonds, Oil bonds, Fertiliser bonds and UTI Special Bonds), Sovereign Green Bonds and Floating rate bonds kept out of the purview of the selection process since these are quasi government bonds
 - At reconstitution, an impact cost of 3 bps is incorporated to incoming and outgoing government securities.

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