Research

CRISIL
An S&P Global Company

CRISIL Gilt 2028 Index

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CRISIL Gilt 2028 Index seeks to measure the performance of portfolio predominantly invested in G-Sec maturing between 06 September, 2027 and 05 April, 2028. The index shall mature on 05 April, 2028.

Features

- Total Return Index seeking to capture price and coupon returns of the underlying portfolio.
- It's a target date index which follows a roll-down approach.
- The index uses a buy and hold strategy wherein the portfolio of G-sec is held till maturity unless they become ineligible
- Small portion of portfolio(2%) is invested in on-the-run 91 Day T-bill for liquidity
- Index portfolio marked-to-market on a daily basis using CRISIL Gilt and T-Bills valuations
- Inception Date of Index: 28 February, 2021.

Key Characteristics

- **Replicability:** The index constituents are valued on a daily basis. This lends the index a realistic approach by having the valuations close to the market levels

Methodology

- Weights of the G-sec securities and T-bills Securities in the Index will be 98% and 2% respectively.
- Securities Selection methodology in G-Sec are as follows:
  - All securities selected will have a maturity date in the eligible period of G-sec which is from 06 September, 2027 to 05 April, 2028.
  - All Securities are selected on the basis of Amount Outstanding.
  - Minimum Amount Outstanding should be Rs. 25000 crore.
  - Weights to individual securities will be calculated in the ratio of amount outstanding (30% weightage) and liquidity score (70% weightage).
  - Eligible securities will be added on a 6 monthly basis and weights will be redistributed based on ratio of amount outstanding (30% weightage) and liquidity score (70% weightage).
- Securities Selection methodology in T-Bills are as follows:
  - Three 91-Day T-Bill will be selected by rebalancing on a bi monthly basis.
  - This will consist of last three on-the-run 91-Day T-Bills as on the bi-monthly (once in two months) rebalancing date.
  - The maturity date of such T-bill selected should not be greater than the maturity of the fund.
  - In case no such 91 Day on-the-run T-Bill is available closer to the maturity date of the fund, T-Bill that is closest to the maturity date but maturing before the maturity date of index will be selected.
  - If such T-Bill matures as well, the proceeds will be invested in TREPS.
  - The T-bills will be weighted equally on each rebalancing date.
- If any security in G-sec gets matured before the maturity date of index, the remaining amount will be invested in T-Bill that is closest to the maturity date but maturing before the maturity date of index. If the T-bill gets matured before the maturity date of index, the amount will be invested in CBLO.

- Coupon Cash Flow will be reinvested on month end based in the weights of the securities at that point of time.
- The relative weights of the Government securities and asset classes will change due to price movement and will be reset during the 6 monthly rebalancing.
- While rebalancing (security addition/ deletion/ weights reset), Impact Cost for each asset class will be as follows:
    - G-sec: 3 bps on each leg (total 6 bps)
    - T-bills: 1bps on each leg (total 2 bps)

Note:

1. The shift in weights of securities due to change in the weighting criteria would be equally distributed amongst the following 3 months.
2. All coupon cash flows generated in the index shall be invested in TREPS till month end and will be reinvested in the existing security proportionally at month end, which will be effective from 3rd January 2022.

Portfolio as on 02 January, 2022

Asset Class	ISIN	Instrument Name	Maturity	Amount Outstanding (Rs. Cr.)	Weights
Gsec	IN0020070069	8.28% GS 2027	21-Sep-27	90000.72	26.1022%
	IN0020170174	7.17% GS 2028	8-Jan-28	113148.45	71.8978%
T-Bill	IN002021X413	TB - 24/03/22 - 91D	24-Mar-22		0.6667%
	IN002021X405	TB - 17/03/22 - 91D	17-Mar-22		0.6667%
	IN002021X397	TB - 10/03/22 - 91D	10-Mar-22		0.6667%

Index Parameters as on 04 January, 2022:

Index	Average Maturity	Average MD	Average YTM*	Average Macaulay Duration
CRISIL Gilt 2028 Index	5.8192	4.5505	6.35%	4.694

*Yield for G-sec securities has been annualised.

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