Research

CRISIL
An S&P Global Company

NDBIB - CRISIL Sri Lankan Indices

Factsheet – February 2020

NDB
Capital Holdings

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NDBIB - CRISIL 3 Year T-Bond Index

About the Index

NDBIB – CRISIL 3 Year T-Bond index seeks to capture the performance of T-Bonds in Sri Lanka's government securities market with residual maturity of around three years

Features

- **Inception Date :** October 02, 2009
- **Total return index:** *S*eeks to capture the price, accrual and coupon cash-flow return
- **Daily index values:** Index values available on a daily basis
- **Monthly rebalancing:** Index constituents rebalanced on the first day of every month

Key Characteristics

- **History**: NDBIB – CRISIL 3 Year T-Bond index has an inception date of October 02, 2009
- **Liquidity**: The index seeks to capture the movement in a portfolio consisting of liquid government securities
- **Replicability**: The index constituents are valued on a daily basis. This lends the index a realistic approach with valuations close to market levels

Methodology

- NDBIB – CRISIL 3 Year T-Bond index is rebalanced on a monthly basis, on the first day of every month
- Securities with residual maturity between 2 to 4 years are shortlisted and top 3 benchmark securities are selected, subject to availability[1]
- The top 3 benchmark securities are identified based on polls received from market participants conducted during the week prior to the rebalancing date. If two securities have the same rank in terms of number of polls, the security with a higher amount outstanding is selected to be a part of the index.
- Weight for a security is defined as the market value of that security expressed as a percentage of the aggregate market value of all securities forming a part of the index
- Securities forming a part of the index are valued on a daily basis using two-way quotes by polling market participants and the daily report published by the Central Bank of Sri Lanka (CBSL)
- Day convention used for the index is Actual/Actual

[1] Prior to November 2013 the residual maturity criteria was 2.5 to 3.5 years

Constituent Details – February 2020

The securities which form part of the index with effect from February 01, 2020 are as follows:

Portfolio

Security	Maturity Date	Maturity
11.50%2023A	15-May-23	3.28
10.20%2023A	15-Jul-23	3.45
09.00%2023A	1-Sep-23	3.58

NDBIB - CRISIL 5 Year T-Bond Index

About the Index

NDBIB – CRISIL 5 Year T-Bond index seeks to capture the performance of T-Bonds in Sri Lanka's government securities market with residual maturity of around five years

Features

- **Inception Date :** October 02, 2009
- **Total return index:** *S*eeks to capture the price, accrual and coupon cash-flow return
- **Daily index values:** Index values available on a daily basis
- **Monthly rebalancing:** Index constituents rebalanced on the first day of every month

Key Characteristics

- **History**: NDBIB – CRISIL 5 Year T-Bond index has an inception date of October 02, 2009
- **Liquidity**: The index seeks to capture the movement in a portfolio consisting of liquid government securities
- **Replicability**: The index constituents are valued on a daily basis. This lends the index a realistic approach with valuations close to market levels

Methodology

- NDBIB – CRISIL 5 Year T-Bond index is rebalanced on a monthly basis, on the first day of every month
- Securities with residual maturity between 4 to 6 years are shortlisted and top 3 benchmark securities are selected, subject to availability[2]
- The top 3 benchmark securities are identified based on polls received from market participants conducted during the week prior to the rebalancing date. If two securities have the same rank in terms of number of polls, the security with a higher amount outstanding is selected to be a part of the index.
- Weight for a security is defined as the market value of that security expressed as a percentage of the aggregate market value of all securities forming a part of the index
- Securities forming a part of the index are valued on a daily basis using two-way quotes by polling market participants and the daily report published by the Central Bank of Sri Lanka (CBSL)
- Day convention used for the index is Actual/Actual

[2]Prior to November 2013 the residual maturity criteria was 4.5 to 5.5 years

Constituent Details – February 2020

The securities which form part of the index with effect from February 01, 2020 are as follows:

Portfolio

Security	Maturity Date	Residual Maturity (yrs)
10.90%2024A	15-Mar-24	4.12
10.25%2024A	15-Jun-24	4.37
09.85%2024A	15-Sep-24	4.62

NDBIB - CRISIL 91 Day T-Bill Index

NDBIB - CRISIL 91 Day T-bill Index seeks to capture the performance of 91 Day T-Bill in Sri Lanka's government securities market

Features

- **Inception Date:** January 04, 1996
- **Single security index:** 100% allocation to most recently issued 91 day T-Bill
- **Daily index values:** Index values available on a daily basis
- **Weekly rebalancing:** Rolled over to the newly auctioned 91 Day T-Bill on the day of allotment

Key Characteristics

- **Rich history:** NDBIB - CRISIL 91 Day T-Bill Index has an inception date of January 04, 1996 and has witnessed multiple interest rate cycles
- **Liquidity:** The index seeks to capture the movement of the most recently issued 'on the run' 91 Day T-Bill
- **Replicability:** The index is valued on a daily basis. This lends the index a realistic approach with valuations close to market levels

Methodology

- The most recently issued 91 Day T-Bill is considered as the constituent for the index
- The index is rebalanced on settlement day of auction which is generally the day of allotment for 91 Day T-Bill issued on Wednesday
- In case of an unsuccessful auction, a T-Bill with a residual maturity closest to 91 days will be selected from the secondary market as the benchmark security.
- Day convention used for the index is Actual/364
- T-Bill forming part of the index is valued on a daily basis using two-way quotes by polling market participants and daily report published by the Central Bank of Sri Lanka (CBSL)

NDBIB - CRISIL 364 Day T-Bill Index

About the Index

NDBIB - CRISIL 364 Day T-Bill Index seeks to capture the performance of 364 Day T-Bill in Sri Lanka's government securities market

Features

- **Inception Date**: January 04, 1996
- **Single security index**: 100% allocation to most recently issued 364 day T-Bill
- **Daily index values**: Index values available on a daily basis
- **Weekly rebalancing**: Rolled over to the newly auctioned 364 Day T-Bill on the day of allotment

Key Characteristics

- **Rich history**: NDBIB - CRISIL 364 Day T-Bill Index has an inception date of January 04, 1996 and has witnessed multiple interest rate cycles
- **Liquidity**: The index seeks to capture the movement of the most recently issued 'on the run' 364 Day T-Bill
- **Replicability**: The index is valued on a daily basis. This lends the index a realistic approach with valuations close to market levels

Methodology

- The most recently issued 364 Day T-Bill is considered as the constituent for the index
- The index is rebalanced on settlement day of auction which is generally the day of allotment for 364 Day T-Bill issued on Wednesday
- Day convention used for the index is Actual/364
- T-Bill forming part of the index is valued on a daily basis using two-way quotes by polling market participants and daily report published by the Central Bank of Sri Lanka (CBSL)

About NDB Capital Holdings PLC (NCAP)

NDB Capital Holdings PLC is the holding company for the investment banking cluster of NDB Group. It is the only listed full service investment bank in Sri Lanka with business activities in fee based and fund based investment banking, stock broking, wealth management, and private equity. NCAP is in a unique position to provide its clients a gamut of investment banking products through its subsidiaries and strategic alliances.

About NDB Investment Bank Limited (NDBIB)

As the investment banking arm of NCAP, NDBIB provides advisory services in the areas of debt and equity structuring and distribution, corporate restructuring, mergers and acquisitions, initial public offerings, private placements, and infrastructure development. NDBIB builds on the synergies provided by the NDB group network, regional alliances, and on strong relationships developed with major local and international Commercial Banks, Unit Trusts and Pension/Provident Funds. NDBIB has continually maintained its position as the leading investment bank in Sri Lanka and in light of this, was awarded the “Best Investment Bank in Sri Lanka” by the prestigious Euromoney magazine in its Awards of Excellence 2012.

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Last updated: April 2016

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