

CRISIL AIF Benchmarks methodology

CRISIL AIF Benchmarks methodology

CRISIL AIF Benchmarks framework

CRISIL AIF Benchmarks represent the performance of the respective AIF categories at an aggregate level. They are available at a category level, i.e., Category I, II and III. These benchmarks are calculated based on the disclosures made by the AIFs to CRISIL.

The benchmarks are calculated both in rupee and US dollar terms and are available at a category level based on the vintage year of the fund. For returns in dollar terms, all the cash flows, valuations and index values are converted to US dollar based on the Reserve Bank of India's reference rates for the respective dates.

Returns for all the three categories are on a post-expenses, pre-carry and pre-tax basis.

Vintage year

Benchmarks for Category I and II are calculated based on their vintage years. Vintage year is defined as the financial year in which the scheme had its first close, i.e., the vintage year of a fund will be FY14 if it had its first close anywhere between April 01, 2013 and March 31, 2014.

Only those vintage years are considered that have at least three schemes available; those with less than three schemes have been excluded.

Calculation metrics

The benchmarks for Category I and II are based on the following metrics:

Pooled internal rate of return (IRR)

Pooled IRR denotes the IRR calculated at an aggregate level by pooling all the cash flows that have occurred within all the schemes belonging to the category and the vintage year. Here the cash flows are considered according to the date on which they have occurred and the valuation as on the last day is considered as the terminal value for the calculation.

Investment multiples and ratios

Three types of ratios are considered for calculation of benchmarks, viz distributions to paid-in capital (DPI), residual value to paid-in capital (RVPI) and total value to paid-in capital (TVPI). All the three ratios are calculated for each applicable vintage year.

DPI: DPI is the ratio of the total distributions made to the paid-in capital. DPI is also called as realisation multiple.

RVPI: RVPI is the ratio of the residual value of all investments remaining in the fund after distributions to paid-in capital. The residual value refers to the valuation of the scheme as on the date for which the benchmarks have been calculated.

TVPI: TVPI is the ratio of the sum of total distributions and residual value, to the total paid-in capital. It is also called as investment multiple.

Quartile Analysis

For understanding the distribution of IRR across the peer set, the returns for all the individual funds are calculated. First quartile, median and third quartile thresholds are reported. First and third quartiles are the return thresholds for the top 25% and 75% schemes, respectively based on the individual scheme IRRs in each vintage year. Thus, any fund with an IRR value above first quartile threshold belongs to the top quartile, similarly a fund with IRR value between first quartile and median belongs to the second quartile and so on. The fund with returns below the third quartile belongs to the bottom quartile.

For category III funds, quartile analysis is based on individual fund's trailing returns for various time-frames. Those funds have been considered that have been in existence as of March 31, 2023, and present for the whole time period.

For quartile analysis, only those vintage years have been considered that have at least 8 schemes available.

Public Market Equivalent (PME+)

Public Market Equivalent as a metric helps in comparing the performance of an AIF against any public index. The PME+ method tries to replicate the cash flows of the AIF to a public index. The cash flows, depending on whether it is an inflow or an outflow are invested and distributed to and from the public index on the same dates as that of the AIF. The distributions are adjusted using a scaling factor in order to avoid a situation where the public index is oversold and results in the negative terminal value.

The benchmark for Category III is based on the following metric:

Asset-weighted index

For Category III schemes, an asset-weighted index is created at the category level based on the quarterly returns of each scheme and the respective assets under management for those schemes.

The index is created from the quarter in which at least three schemes were available, i.e., June 2013.

Eligibility criteria

- All AIFs registered with SEBI under the SEBI (Alternative Investment Funds) Regulations, 2012, are considered for the calculation of benchmarks provided they fulfill the following criteria
 1. The scheme has completed one year from its first close as on the date for which the benchmarks are calculated. For example, AIF benchmark calculated for the period ending March 31, 2023, will have funds that had their first close on or before March 31, 2022
 2. Data is provided by the AIF in the required format within the specified deadline
- The following are excluded from calculation of benchmarks
 1. Angel Funds registered under sub-category VCF under Category I-AIF
 2. Fund of funds
 3. Any scheme that has not had any transactions or investments anytime in the past
 4. Any scheme that has not completed one year since its first close as on the date for which the benchmarks are calculated, i.e., March 31, 2023

5. Any scheme that has not provided complete data or that has not provided data in the required format
- Schemes are divided based on their vintage years as described in the previous section. Only those vintage years are considered that have at least three funds available. Thus, schemes that belong to vintage years in which less than three schemes were available are excluded
 - For quartile analysis, only those vintage years have been considered where at least eight schemes are available

About CRISIL Limited

CRISIL is a leading, agile and innovative global analytics company driven by its mission of making markets function better.

It is India's foremost provider of ratings, data, research, analytics and solutions with a strong track record of growth, culture of innovation, and global footprint.

It has delivered independent opinions, actionable insights, and efficient solutions to over 100,000 customers through businesses that operate from India, the US, the UK, Argentina, Poland, China, Hong Kong, UAE and Singapore.

It is majority owned by S&P Global Inc, a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide.

About Regulated Research provided by CRISIL Limited

CRISIL Limited is registered as a Research Analyst with SEBI (Registration No INH000007854), herein referred to as "CRISIL Research". We provide insights, opinion, analysis, and data on the Indian economy, industry, capital markets, and companies.

We are the largest valuation agency for fixed income securities, and a prominent debt and hybrid index provider in India. We publish rankings for mutual fund schemes, and provide granular portfolio analysis services for asset managers, financial intermediaries, retirement funds and institutional investors.

Our data and analytics platforms - Alphatrax and Quantix - enable our clients to assess Industry and Company level risks based on CRISIL's proprietary models.

CRISIL ESG Scores help benchmark companies based on their inherent ESG risk using public domain information and a proprietary framework.

Our Company reports (that combine select financial and non-financial data, analytics from our proprietary risk models, and commentary on company's financial performance) are used by commercial banks, financial institutions, and non-banking finance companies as part of their credit/ risk management process.

Our SME Gradings, used by lenders, assess creditworthiness of SME enterprises relative to the peers leveraging our proprietary grading model. The framework includes assessment of entity-level financial and operating performance, as well as industry-level drivers.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

For additional disclosures please click on this [link](#)

CRISIL Privacy Statement

CRISIL respects your privacy. We may use your contact information, such as your name, address, and email id to fulfil your request and service your account and to provide you with additional information from CRISIL. For further information on CRISIL's privacy policy please visit www.crisil.com/privacy.

Analyst Disclosure

Notwithstanding any member(s) of the team, who are involved in the preparation of this Report and/or whose names are published as part of this Report and their relatives, having financial interest or actual/ beneficial ownership in the form of securities holding (of less than 1%), at an individual level, if any, with any of the members having served as officers, directors, or employees of the companies in the last 6 months or having engaged in market making activities, in the subject companies, there exists no material conflict of interest which can affect the neutrality or bias the output of the Report, given the deployed procedural safeguards including but not limited to objective methodology followed in the process of execution with no influence at an analyst level and the outputs being executed at a portfolio level, with no separate analysis for an individual company.

Terms and Conditions

This Report is based on data publicly available or from sources considered reliable. CRISIL Research does not represent that the Report is accurate or complete and hence, it should not be relied upon as such. Opinions expressed herein are our current opinions as on the date of this report. Nothing in this report constitutes investment, legal, accounting or tax advice or any solicitation, whatsoever. The subscriber/ user assumes the entire risk of any use made of this data/ report. CRISIL especially states that, it has no financial liability whatsoever, to the subscribers/ users of this report.

This Report is additionally subject to your contractual terms with CRISIL.

Argentina | China | Hong Kong | **India** | Poland | Singapore | UK | USA | UAE

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

[in/company/crisil](#) [t@CRISILLimited](#) [f/CRISILLimited](#) [y/user/CRISILLimited](#) [/lifeatcrisil](#)

CRISIL
An S&P Global Company

The report is for use within the jurisdiction of India only. Nothing in this report is to be construed as CRISIL providing, or intending to provide, any services in other jurisdictions where CRISIL does not have the necessary permissions and/ or registration to carry out its business activities. The user will be solely responsible for ensuring compliance for use of the report, or part thereof, outside India.

CRISIL Limited operates independently of, and does not have access to information obtained by CRISIL Ratings Limited, which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research, and not of CRISIL Ratings Limited.

Company Disclosure

1. CRISIL Research or its associates do not provide investment banking or merchant banking or brokerage or market making services.
2. CRISIL Research encourages independence in research report preparation and strives to minimize conflict in preparation of research reports through strong governance architecture comprising of policies, procedures, and disclosures.
3. CRISIL Research prohibits its analysts, persons reporting to analysts, and their relatives from having any financial interest in the securities or derivatives of companies that the analysts cover.
4. CRISIL Research or its associates collectively may own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.
5. CRISIL Research or its associates may have financial interest in the form of holdings in the subject company mentioned in this report.
6. CRISIL receives compensation from the company mentioned in the report or third party in connection with preparation of the research report.
7. As a provider of ratings, grading, data, research, analytics and solutions, infrastructure advisory, and benchmarking services, CRISIL or its associates are likely to have commercial transactions with the company and may receive compensation for the services provided.
8. CRISIL Research or its associates do not have any other material conflict of interest at the time of publication of the report.
9. No material disciplinary action has been taken against CRISIL Research or its analysts by any Regulatory Authority impacting Research Analyst activities.

Disclaimer

Each CRISIL AIF Benchmark and CRISIL AIF Benchmark Report (including, for the avoidance of doubt, its values) is the sole property of CRISIL. CRISIL shall, at all times, exclusively own any and all intellectual property rights in the CRISIL AIF Benchmarks and Report. No CRISIL AIF Benchmark and/ or CRISIL AIF Benchmark Report may be copied, retransmitted or redistributed in any manner except for licensed usage agreed with CRISIL. While CRISIL uses reasonable care in computing the CRISIL AIF Benchmarks and preparing the Report and bases its calculation on data that it considers reliable, CRISIL does not warrant that any CRISIL AIF Benchmark and Report is error-free, complete, adequate or without faults. CRISIL explicitly states that it relies on the data received from the AIFs, on an 'as is' basis to prepare the CRISIL AIF Benchmarks and Report. CRISIL does not conduct any independent due diligence on the authenticity or accuracy thereof and disclaims any liability in this regard. Anyone accessing and/or using any part of the CRISIL AIF Benchmarks and Report does so subject to the condition that: (a) CRISIL is not responsible for any errors, omissions or faults with respect to any CRISIL AIF Benchmarks and Report or for the results obtained from the use of any CRISIL AIF Benchmarks and Report; (b) CRISIL expressly excludes all liability arising from or relating to their use of any part of CRISIL AIF Benchmarks and Report.