Nifty G-Sec Sep 2032

Introduction

Nifty G-Sec Sep 2032 Index seeks to measure the performance of portfolio of Government securities (G-Secs) maturing during the twelve month period ending September 30, 2032.

The index is computed using the total return methodology including price return and coupon return.

The index has a base date of November 29, 2022 and a base value of 1000.

Methodology

The methodology is in compliance with the norms under section headed "Norms for Debt Exchange Traded Funds (ETFs)/Index Funds" announced by SEBI vide circular no. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 on May 19, 2023

Eligibility Norms

G-Sec should not be a special security, floating rate security, inflation linked security and Sovereign Green Bond (SGrB)

Security Selection

- From the eligible universe, three most liquid G-Sec maturing during the twelve month period ending September 30, 2032 based on the composite liquidity score calculated based on trades available during the three month period prior to October 03, 2022 and having a minimum outstanding amount of Rs. 25,000 crores as on October 03, 2022 are selected to be part of the index.
- The composite liquidity score is calculated by allocating 80% weight to aggregate trading value, 10% weight to number of days traded and 10% weight to number of trades of the G-Secs during the three month period prior to October 03, 2022

Weight Assignment

- As on the base date of the index, each G-Sec is given weight based on a composite score calculated on the basis of liquidity score and outstanding amount score as on October 03, 2022. The composite score is calculated by allocating 80% weight to liquidity score and 20% weight to outstanding amount score. The liquidity score is calculated by allocating 80% weight to aggregate trading value, 10% weight to number of days traded and 10% weight to number of trades of the G-Secs during the three month period prior to October 03, 2022

- Subsequently, the weights may drift due to price movement and will not get reset
- Any coupon amount received is assumed to be reinvested in the portfolio on the same date, in the proportion of the existing weights

Index Rebalancing/Reconstitution

- On a semi-annual basis, index will be screened for compliance with the norms under section headed "Norms for Debt Exchange Traded Funds (ETFs)/Index Funds" announced by SEBI vide circular no. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 on May 19, 2023. In case of non-compliance, suitable corrective measures will be taken to ensure compliance with the norms
- As the index includes securities that shall mature during the twelve month period ending on the final maturity date of the index, any proceeds from the security redemption prior to the final maturity date of the index shall be re-invested using the following waterfall approach:
    - The proceeds from security redemption will be reinvested in the longest maturity outstanding security issued by the same issuer (G-Sec/T-Bill in case of government securities) and maturing on or just before the index maturity date with the same weightage. This will be subject to single issuer limit in compliance with the norms under section headed "Norms for Debt Exchange Traded Funds (ETFs)/Index Funds" announced by SEBI vide circular no. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 on May 19, 2023
    - In case a replacement in the form of outstanding security of the same issuer cannot be found for reinvestment then the proceeds from such redemption shall be reinvested in the remaining entire portfolio on the same date in the proportion of the existing weights. This will be subject to single issuer limit in compliance with the norms under section headed "Norms for Debt Exchange Traded Funds (ETFs)/Index Funds" announced by SEBI vide circular no. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 on May 19, 2023
    - In case due to any reason, it is not possible to meet any norms as prescribed by SEBI vide circular no. SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023, then the proceeds from such redemption shall be reinvested in a T-Bill maturing on or just before the index maturity date
    - If the last outstanding security (including T-Bill) in the index matures before the final index maturity date, all redemption proceeds shall be re-invested in The Clearing Corporation of India Ltd.'s (CCIL) TREPS overnight rate tracked by Nifty 1D Rate Index for any subsequent days till the maturity of the index

Index Termination

The index shall mature on September 30, 2032. If the index matures on a holiday, the index value will be computed till the prior working day.