

Headline: NSE launches two dynamic asset allocation Indices

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Hindu Business Line

NSE launches two dynamic asset allocation indices

OUR BUREAU

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NSE Indices on Monday launched Nifty 50 & Short Duration Debt-Dynamic P/E index and Nifty 50 & Short Duration Debt-Dynamic P/B index that are designed to tactically combine equity and debt.

The two newly launched Nifty dynamic asset allocation indices employ a dynamic, rule-based asset allocation mechanism, designed to tactically combine equity and debt, said NSE Indices, an NSE group company.

According to a press release, the asset allocation between debt and equity is dynamically managed based on a model that compares the current price earnings ratio (P/E) or price-book ratio (P/B) with historical P/E or P/B ratio of Nifty 50 in the previous seven years.

“The unique asset allocation model alters the index’s exposure to equity based on whether the equity market currently appears to be relatively expensive or cheaper, thereby optimising the

risk-return ratio for investors,” said Mukesh Agarwal, CEO, NSE Indices.

He further said these indices also appropriately compensate for the absence of a relevant benchmark for performance comparison of the popular dynamic asset allocation category offered by MFs.

In these indices, the maximum allocation to equity is 80 per cent and minimum allocation is 65 per cent. In case the model prescribes an allocation to equity that is lower than 65 per cent, equity arbitrage is used to maintain the equity allocation at 65 per cent. In the event of arbitrage being used, 10 per cent of the asset allocated to Nifty 50 futures index (short) is allocated to Nifty 1D Rate Index (CBLO component).

The base date for the index is April 1, 2005, and base value 1,000. The index is calculated on end-of-day basis, said NSE Indices, formerly known as India Index Services & Products.

Financial Express

NSE Indices use dynamic asset allocation indices

NSE INDICES on Monday said it has launched two dynamic asset allocation indices, which are designed to tactically combine equity and debt. The two indices are – Nifty 50 & short duration debt -Dynamic P/E index and Nifty 50 & short duration debt – Dynamic P/B index, NSE Indices, an NSE group company, said. Within these indices, the asset allocation between debt and equity is dynamically managed based on a model that compares the current price-earnings ratio (P/E) or price-book ratio (P/B) with historical P/E or P/B ratio of Nifty 50 in the previous seven years. “The two newly launched Nifty dynamic asset allocation indices employ a dynamic, rule-based asset allocation mechanism, designed to tactically combine equity and debt,” said Mukesh Agarwal, CEO, NSE Indices.

**Asset allocation
indices launched**

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