

## **AN INDEX TO MEASURE THE PERFORMANCE OF THE SRI LANKAN TREASURY BOND MARKET**

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### **ABSTRACT**

*This paper develops an index to measure the overall performance of the Sri Lankan Treasury bond market. The index, named as the Sri Lanka Treasury Bond Index, is value-weighted, assumes monthly portfolio rebalancing, and takes into account capital appreciation as well as income components of bond returns. It includes all the outstanding Treasury bonds having a remaining maturity of more than one year. This index represents the performance of the risk-free benchmark portfolio, provides an indicator of the movements of aggregate long-term interest rates in the economy, and gives a standard for evaluation of the performance of managed portfolios.*

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A second article by the same writer is included as they deal with the subject of construction of indices in two markets-the Corporate Bond Market & the Treasury Bond Market.