

## Self Adjusting Yields based on Returns

### Yields on Bonds

Type of returns on bonds	Cash Basis	Accrual Basis	Provisioning Basis	Real Time Basis
<b>Definition</b>	Returns are calculated based on the return made actually against promised or assured	Returns are made based on the promised or assured sum of the bond	Returns are calculated based on the sovereign ratings of a country, that adjusts discounts	The actual amount that is reflected on a real time, in lieu of provisions
<b>Usage</b>	Used in discounts	Used in during assurance	Based on the level of default of a country and the reach for unreturned sum	The actual sum returned at a premium or discount for a bond
<b>Notes</b>	Done on the assurance of return	Done on the assurance of the promised sum	Done based on the amount left	Done on the sum returned and completed
<b>Present time or based on future</b>	Based on present time	Based on future time	Based on the future time	Based on the present time

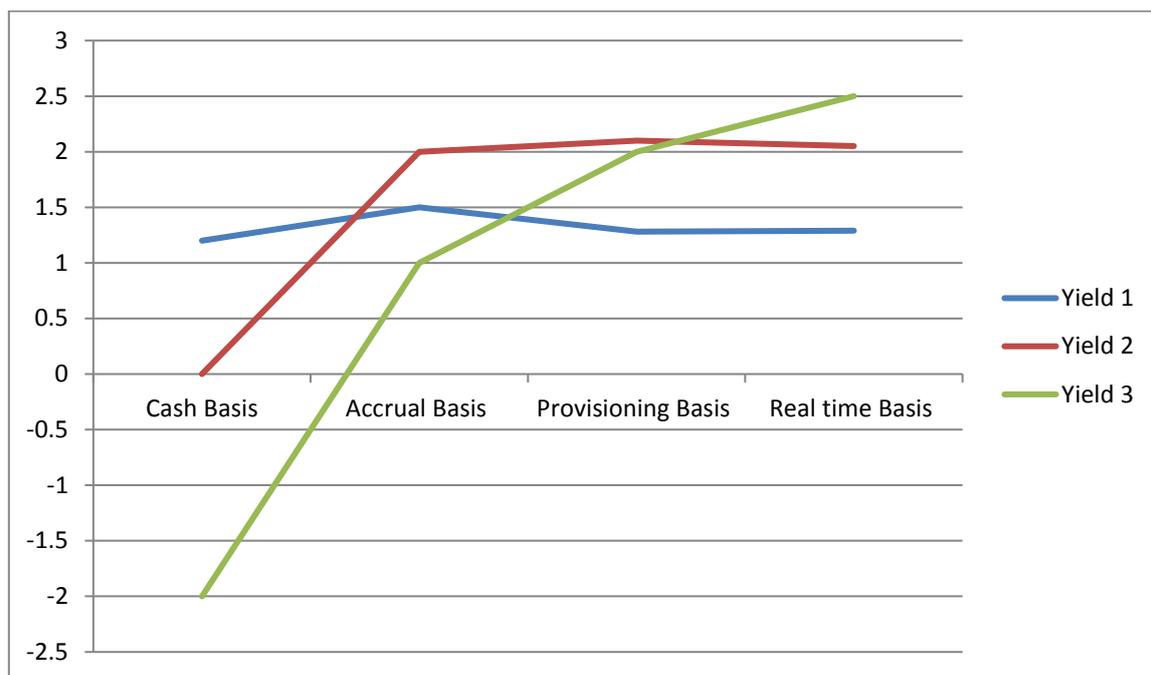
There are a few types of returns on bonds that we take care of, for future accruals or returns, inviting discounts or premiums.

During the cash basis, premium or discounts are calculated based on actual sum returned initially. During the accrual basis, the discounts or premiums are calculated based on sum assured in the future. To provision, returns on bond are calculated based on the discounts or premiums that can be fetched based on the returns expected. In the real time basis, the yields are calculated based on the real time.

The graph on yields is given below. The data used for a few cases are given below.

	Yield 1	Yield 2	Yield 3
<b>Cash Basis</b>	1.2	0	-2
<b>Accrual Basis</b>	1.5	2	1
<b>Provisioning Basis</b>	1.28	2.1	2
<b>Real time Basis</b>	1.29	2.05	2.5

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**Figure 1-** Data used for yield percentage for different bonds for premium or discounts

	Yield 1	Yield 2	Yield 3
<b>Cash Basis</b>	1.2	0	-2
<b>Accrual Basis</b>	1.5	2	1
<b>Provisioning Basis</b>	1.28	2.1	2
<b>Real time Basis</b>	1.29	2.05	2.5