

CPSE ETF FFO 5

Industry	ETF
Type of Scheme	Open Ended Index Exchange Traded Scheme
Manager	Reliance Nippon Life Asset Management Company
Face value (Rs)	10.00
Price (16/07/2019)	26.19
52 W H/L (Rs)	28.83 / 20.25
Dividend Yield%	5.52 (as of March 2019)
Avg. Monthly Volume	1.05 Crore
No. of Folios	1,62,835 (as of June 30, 2019)
Assets Under Management	Rs. 9,682.07 Crore (as of June 30, 2019)
Fund Manager	Mr. Vishal Jain
CPSE ETF	6th tranche
Initial Amount	Rs. 8,000 upto Rs. 11,500
Pricing	1/100th of Nifty CPSE Index
Load Structure	Entry & Exit Load : NIL
BSE Code	538057
NSE Code	CPSEETF
Bloomberg	CPSEBE IN

Concept of CPSE ETF

The conventional method of divesting stake in Public Sector Enterprises is either sale of shares to investors i.e. Initial Public Offer (IPO) or the Offer for Sale (OFS) route. One of the other mode is floating an Exchange Traded Fund (ETF). CPSE ETF is a passive investment fund that was created to help the government in its disinvestment program of divesting stake in selected Central Public Sector Enterprises (CPSE) through Exchange Traded Funds (ETF). The fund invests in the Nifty CPSE Index stocks - that includes ten PSU companies (Maharatnas, Navratnas, Miniratnas, Sector Leaders) selected on the basis of established track record, government holding, market capitalization, dividend history, sector representation, etc. - in the same proportion and weightage as of the index.

CPSE ETF Background

Reliance Mutual fund started CPSE for PSU stock basket in the year 2014 (March 14). Considering its fancy among investors CPSE ETF FFO5 is its sixth issue. DIPAM (Government of India's disinvestment department) has hinted for at least 10 CPSE to be listed on bourses before this fiscal end.

Company has so far brought 5 tranches of CPSE ETF with maiden fund offer (NFO) in March 2014 and thereafter 4 successive Following Fund Offers (FFOs). Government so far has raised – Rs. 3,000 crore in March 2014, Rs. 6,000 in January 2017, Rs. 2,500 in March 2017, Rs. 17,000 in November 2018 and Rs. 10,000 in March 2019. All previous issues met with overwhelming response.

CPSE ETF FFO 5

The sixth tranche of CPSE ETF will have a base size offer of Rs. 8,000 crore with an additional greenshoe option upto about Rs. 11,500 crores.

All categories of investors are eligible for 3% discount on the final price arrived at for the allotment. No discount will be offered on purchase of index constituents from open market.

This CPSE basket includes ONGC, Coal India, NTPC, Indian Oil, PFC, Bharat Electronics, Oil India, NBCC, NLC India and SJVN Ltd.

Investment Rationale

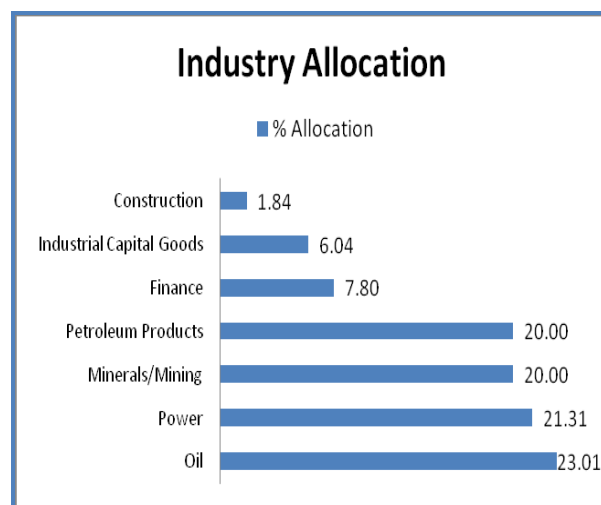
- Play on India growth story through investment in the large CPSE stocks at relatively better valuations compared to other broader indices.
- Portfolio diversification through investment in blue-chip across a number of Public Sector companies majority of which are sector leaders/near monopolies through a single investment.
- Attractive Valuation and Dividend Yields: Superior P/E ratio and dividend yields compared to broader market index.
- Relatively lower correlation ranging from 0.57 to 0.68 vis-à-vis Nifty 50 index (over 1 Year & 5 Years period ending 28th June 2019), helping portfolio diversification.
- Flexibility of trading on real time basis.
- The expense ratio at 0.0095% is very low thereby protecting the value of assets.

Recommendation – Based on CPSE ETF rewards to investors for all previous floats, investment in this CPSE FFO5 is recommended for long term rewards.

Scheme Features	For Anchor Investors	For Non Anchor Investors
FFO 5 Opens on	July 18, 2019	July 19, 2019
FFO 5 Closes on	July 18, 2019	July 19, 2019
Allotment Size	30%	70%
Minimum Investment	Rs. 10 crores and in multiples of Re. 1 thereof	Retail Investors - Rs. 5,000 and in multiples of Re. 1 thereof Non Institutional Investors -Rs. 2,00,001 and in multiples of Re. 1 thereof

CPSE Composition

Index Composition as on June 28, 2019			
No.	Company Name	Industry	Weight-age %
1	NTPC Ltd.	Power	20.00
2	Coal India Ltd.	Minerals/Mining	20.00
3	ONGC Ltd.	Oil	20.00
4	IOC Ltd.	Petroleum Products	20.00
5	PFC Ltd.	Finance	7.80
6	Bharat Electronics Ltd.	Industrial Capital Goods	6.04
7	Oil India Ltd.	Oil	3.01
8	NBCC (India) Ltd.	Construction	1.84
9	NLC INDIA Ltd.	Power	0.73
10	SJVN Ltd.	Power	0.58



Performance of CPSE ETF

Scheme's Performance as of June 28, 2019			
Particulars	1 Year CAGR %	3 Year CAGR %	Since Inception
CPSE ETF	10.67	10.80	9.81
Nifty CPSE Index	6.46	6.34	3.40
Nifty CPSE TRI*	10.95	10.99	7.24
Nifty 50 TRI	11.42	13.93	12.80

*TRI - Total Returns Index reflects the returns on the index arising from (a) constituent stock price movements and (b) dividend receipts from constituent index stocks.

Indices	P/E Ratio	P/B Ratio	Dividend Yield (%)
NIFTY CPSE	8.84	1.52	5.25
NIFTY 50	28.51	3.64	1.28
NIFTY NEXT 50	45.76	4.10	0.97
NIFTY 100	29.98	3.69	1.24
NIFTY 200	29.99	3.48	1.25

Data as of July 16, 2019

Investments

Investments in the Scheme as on June 28, 2019	
Particulars	Aggregate Investments (Rs in lakhs)
Board of Directors	Nil
Fund Managers	2.54
Other Key Managerial Persons	24.94

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