

OFFER LISTS AT ₹26.75 Experts say long-term investors can hold ETF's units, but limit it to 5-10% of total equity portfolio

Investors Make 7-9% in 11 Days from CPSE Fund

Our Bureau

Mumbai: Investors have made an absolute return of 7-9% on the further fund offer (FFO) of Central Public Sector Enterprises Exchange Traded Fund (CPSE ETF), managed by Reliance Mutual Fund. These gains, which include a 5% upfront discount for those who applied in the offer, were made in a period of 11 days. The units, which were listed on Tuesday, were offered to investors at ₹25.21, and traded between ₹26.75 and ₹27.25 during the day.

Retail investors, including investors who put in applications upto ₹2 lakh, got full allotment for the units they applied for.

"While a few savvy investors booked profits and flipped trades, long-term retail investors continue to remain invested in the fund," says Rupesh Bhansali, head (distribution), GEPL Capital.

The FFO issue was oversubscribed receiving bids for ₹12,000 crore, against the base size of ₹4,500 crore, with an option to retain oversubscription of ₹1,500 crore. "Given the low expense ratio of 6.5



DIVESTMENT PLAN

% CPSE index constitutes PSUs like ONGC, CIL, Indian Oil, Gail, Power Finance and REC

paisa, high quality companies in the portfolio and a good dividend yield, investors can continue to

hold the ETF in their portfolio. However, since it is an energy-focused portfolio, limit total allocation to not more than 5-10% of the equity portfolio," says Jignesh Shah, founder, Capital Advisors.

This FFO is part of the government's disinvestment program. The companies constituting the CPSE Index are bluechips including ONGC, Coal India, Indian Oil, Gail, Power Finance, REC, Container Corp, Bharat Electronics, Oil India and Engineers India.