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Reliance MF announces FFO for CPSE ETF

By A Business Reporter

Reliance Mutual Fund, a part of Reliance Capital, yesterday announced the second tranche of CPSE Exchange Traded Fund, which will fetch about Rs 6,000 crore to the exchequer. This further fund offer (FFO) is part of the government's overall disinvestment programme.

The issue size of further fund offer, which will open on January 17 and close on January 20, is Rs 4,500 crore with a greenshoe option of Rs 1,500 crore, Reliance Mutual Fund said in a statement.

Central Public Sector Enterprises

expense ratio of 6.5 bps, which is much lower than the other non-ETF that have an expense as high as upto 200 bps.

"The further fund offer in the CPSE ETF is part of the government's larger disinvestment programme that was announced earlier by the Ministry of Finance. We feel confident that the timing of the issue will help investors benefit from their exposure in a diversified basket like CPSE ETF that includes a list of distinguished PSUs that have performed exceedingly well in their respective sectors.

"We are confident of an overwhelming response to this FFO,"

said Manish Singh, Joint Secretary, DIPAM, Ministry of Finance. The government had launched its first CPSE ETF in March 2014, taking the ETF route to disinvestment for the first time. It had raised Rs 3,000 crore through the ETF then.

CPSE ETF, which was originally managed by Goldman Sachs MF, was acquired by Reliance

MF in October 2015. The Finance Ministry in September had given its nod for the transfer of management of CPSE ETF to Reliance Mutual Fund. Department of Investment and Public Asset Management (DIPAM) has appointed ICICI Securities as the advisor for the FFO.

"CPSE ETF FFO offers a compelling opportunity for investors, especially retail and retirement funds, to invest in the India growth story at an attractive valuation, lowest expense and embedded discounts," Sikka said.



(L to R): Sundeep Sikka, ED & CEO, Reliance Nippon Life Asset Management and Manish Singh, Joint Secretary, DIPAM, Ministry of Finance, unveiling and announcing the FFO of CPSE ETF.

Exchange ETF, which functions like a mutual fund scheme, comprises scrips of 10 PSUs -- ONGC, Coal India, IOC, GAIL (India), Oil India, PFC, Bharat Electronics, REC, Engineers India and Container Corporation of India.

The further fund offer is open for all category of investors including anchor, retail, retirement funds, QIBs, non-institutional investors and Foreign Portfolio Investor (FPIs). An upfront discount of 5% is being offered to all category of investors. CPSE ETF has an