

# Reliance AIF set to launch its first commodity-focussed fund

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Anil Ambani-led Reliance Alternative Investment Fund, a wholly-owned subsidiary of Reliance Nippon Life Asset Management, plans to mop up ₹700 crore soon with the launch of its first commodity fund Reliance Commodity Plus AIF.

The minimum investment per investor in the fund has been fixed at ₹1 crore. Initially, the fund will remain open for 45 days and can be extended depending on the demand, sources said.

Reliance AIF will be the first Indian asset management company to foray into commodity derivatives market after it was allowed by the market regulator SEBI last year.

The Reliance Commodity Plus AIF will invest 10-25 per cent in commodity derivatives listed on

the Indian commodity exchanges and the rest 65-90 per cent in non-credit debt. Being an open-ended fund, it plans to retain 5-10 of the corpus in cash and cash-equivalents, sources added.

The fund will initially invest in a basket of 11 commodities, such as gold, silver, nickel, zinc, aluminium, crude oil, palm oil, copper, soy, lead and natural gas.

Investors willing to exit the fund have to surrender it to the fund house as the scheme will not be listed on the exchange platform. Apart from commodities, the fund will invest in short-term debt to avoid duration risk and ensure enough liquidity to meet redemption demand.

The list of commodities chosen for investment have global linkage and the price discovery is supported by well-researched reliable data.

Reliance Commodity Plus AIF fund seeks to achieve long-term total return by investing in assets in a combination of commodity-linked derivative instruments and fixed income securities.

## SEBI move helps

In June 2017, SEBI had allowed Category-III hedge funds (AIFs) to invest in the commodity derivatives market. However, the response was lukewarm till SEBI approved custodial services in commodity market in January. This paved the way for mutual funds and portfolio management services to invest in commodity derivatives.

Incidentally, Reliance Capital is in talks with its Japanese joint venture partner Nippon Life to divest its entire 42.88 per cent stake in Reliance Nippon Life Asset Management Company.