

Another Opportunity to Invest in 11 ratnas of Government of India at 4.5% discount!

Upfront FFO 3 Discount of 4.5% on the "FFO 3 Reference Market Price" to the underlying Nifty CPSE Index shares

Constituents of the index are:

**ONGC | NLC INDIA LTD | COAL INDIA LTD | RURAL ELECTRIFICATION CORPORATION LTD
OIL INDIA LTD | IOC | POWER FINANCE CORPORATION LTD | NBCC (INDIA) LTD
BHARAT ELECTRONICS LTD | NTPC LTD | SJVN LTD**

For Anchor Investors, offer opens & closes on **Nov 27, 2018**

For Non Anchor Investors, offer opens on **Nov 28, 2018** & closes on **Nov 30, 2018**

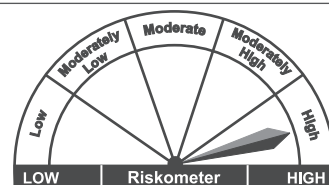
*Price determined based on the average of the full day volume weighted average price (VWAP) of the constituents of the Nifty CPSE Index on the NSE during the Non Anchor Investor FFO 3 Period (inclusive of Non Anchor Investor FFO 3 Period open as well as close date).

**CPSE ETF Managed by Reliance Nippon Life Asset Management Limited
(An Open-ended Index Exchange Traded Scheme)**

This product is suitable for investors who are seeking*

- Long-term capital appreciation
- Investment in Securities covered by the Nifty CPSE Index

*Investors should consult their financial advisors if in doubt about whether the product is suitable for them.



Investors understand that their principal will be at High risk

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

CPSE ETF Further Fund Offer 3 (FFO 3)

Offer of Units of Rs. 10/- each (i.e. face value) for cash (on allotment, the value of each Unit would be approximately 1/100th of the value of Nifty CPSE Index) to be issued at a premium, if any, approximately equal to the difference between face value and FFO 3 Allotment Price during the Further Fund Offer 3 ("FFO 3") and at NAV based prices thereafter. For the existing CPSE ETF the Ongoing Offer Period for the Scheme commenced on April 04, 2014.

CPSE ETF is an open ended index scheme listed on the Exchange in the form of an Exchange Traded Fund (ETF), which tracks the Nifty CPSE Index.

About Nifty CPSE Index

The Nifty CPSE Index is constructed in order to facilitate the Government of India's (GOI) initiative to disinvest some of its stake in selected Central Public Sector Enterprises (CPSEs) through the ETF route. The index consist of 11 CPSEs with base date of 01- Jan- 2009.

As on October 31, 2018 since inception⁵ CAGR[^] return of Nifty CPSE TRI* is 8.17% against 11.47% given by Nifty 50 TRI*.

⁵Since Inception date of CPSE ETF - 28th March, 2014.

Past performance may or may not be sustained in the future.

[^]CAGR - Compounded Annual Growth Rate

*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.

Period – March 28, 2014 to October 31, 2018

Background:

Government of India (GOI) used innovative route to divest its holding in CPSEs via ETF

New Fund Offer (NFO) <ul style="list-style-type: none"> NFO was first launched in March 2014 NFO received overwhelming response; NFO collection was Rs.4,363 Crs, out of which Rs.1,363 Crs was refund to investors due to limited issue size of Rs.3,000 Crs Participation across various categories of investors Units of CPSE ETF were listed on 04th April 2014 on NSE & BSE 	<ul style="list-style-type: none"> Participation across various categories of investors FFO Units of CPSE ETF were listed on 31st January 2017 on NSE & BSE
Further Fund Offer (FFO) <ul style="list-style-type: none"> FFO was launched in January 2017 FFO received overwhelming response; FFO collection was Rs. 13,705 crs, out of which Rs.7,705 crs was refund to investors due to limited issue size of Rs.6,000 Crs 	Further Fund Offer 2 (FFO 2) <ul style="list-style-type: none"> CPSE ETF Further Fund Offer (FFO 2) was launched in March 2017. FFO 2 received overwhelming response; FFO 2 collection was Rs.10,083 crs, out of which Rs.7,583 crs was refund to investors due to the issue size limit of Rs.2,500 crs. Participation across various categories of investors Units of CPSE ETF were listed on 28th March 2017 on NSE & BSE.

Further Fund Offer 3 (FFO 3) Investment Rationale:

- Play on India growth story through investment in the large CPSE stocks at attractive valuations.
- Portfolio diversification through investment in blue-chip Maharatna, Navaratna & Miniratna CPSE stocks majority of which are which are sector leaders / near monopolies.
- FFO 3 price advantage – Upfront discount to all categories of investors.
- Valuation and Dividend Yields: Attractive P/E ratio and dividend yields compared to broader market index.
- Relatively lower correlation ranging from 0.6 to 0.7 vis-à-vis Nifty 50 index (over 1 Year & 3 Years period ending 31st Oct, 2018), helping portfolio diversification.
- Flexibility of trading on real time basis.
- Low expense ratio i.e. 0.0095% effective from FFO 3.
- Investors will be able to diversify exposure across a number of Public Sector companies through a single instrument.
- Allocation to power sector (which had Nil allocation earlier) due to inclusion of new CPSEs like NTPC, NLC India and SJVN in the Nifty CPSE Index.

Attractive Valuation:

Attractive Valuation and Dividend Yield – Compared to Other Broader Indices

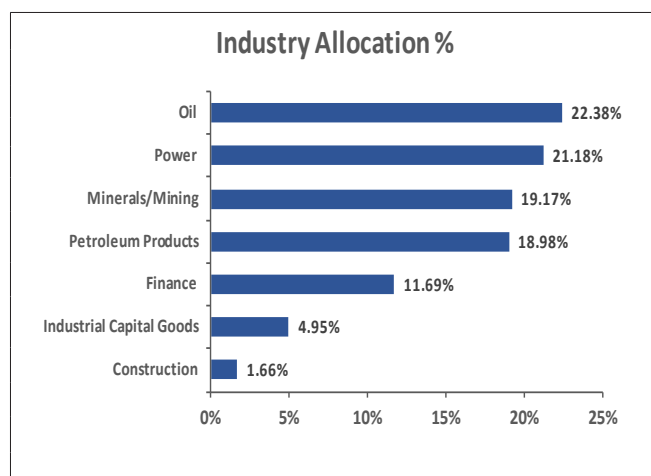
Index Name	P/E Ratio	P/B Ratio	Dividend Yield (%)
Nifty CPSE	9.37	1.42	5.25
Nifty 50	25.00	3.29	1.27
Nifty Next 50	38.23	3.77	1.04
Nifty 100	26.20	3.35	1.24
Nifty 500	28.88	3.10	1.19

Source: NSE. Data as of October 31, 2018 | Note :The stock composition of all the above indices are different

Portfolio Constituents & Industry Allocation:

Portfolio as on October 31, 2018			
No.	Company Name	Industry	Weightage (%)
1	NTPC Ltd.	Power	19.59%
2	Coal India Ltd.	Minerals/Mining	19.17%
3	Indian Oil Corporation Ltd.	Petroleum Products	18.98%
4	Oil & Natural Gas Corporation Ltd.	Oil	18.92%
5	Rural Electrification Corporation Ltd.	Finance	6.19%
6	Power Finance Corporation Ltd.	Finance	5.50%
7	Bharat Electronics Ltd.	Industrial Capital Goods	4.95%
8	Oil India Ltd.	Oil	3.45%
9	NBCC (India) Ltd.	Construction	1.66%
10	NLC India Ltd.	Power	0.95%
11	SJVN Ltd.	Power	0.64%

Source: www.relianceetf.com



Further Fund Offer 3 (FFO 3) Details:

Scheme Features	For Anchor Investors		For Non Anchor Investors
FFO 3 Opens on	November 27, 2018		November 28, 2018
FFO 3 Closes on	November 27, 2018		November 30, 2018
Benchmark Index	Nifty CPSE Index		
Pricing	1/100th of Nifty CPSE Index		
Fund Manager	Vishal Jain		
Load Structure	Entry & Exit Load : NIL*		
Category of Investors# (during FFO 3)	<ul style="list-style-type: none"> Retail Individual Investor Qualified Institutional Buyers or QIB Non Institutional Investors Anchor Investors 		
Minimum application amount @ (during FFO 3)	Retail Individual Investor: Minimum amount of Rs.5,000 and in multiples of Re.1/- thereafter	Non Institutional Investors / QIB: Minimum amount of Rs.2,00,001 and in multiples of Re.1/- thereafter	For Anchor Investor: Minimum amount of Rs.10 Crores and in multiples of Re.1/- thereafter
Minimum application amount (during ongoing offer period) (Ongoing Offer commenced on April 04, 2014)	Directly with the Mutual Fund: Create / Redeem in exchange of Portfolio Deposit and cash component in Creation Unit Size of 1 lakh units of the Scheme.		On the Exchange: 1 (one) Unit and in multiples thereof.
Plans	Growth		
Listing	FFO 3 Units offered pursuant to the FFO 3, listed on NSE and BSE on or before December 14, 2018. However Units of the existing CPSE ETF Scheme were listed on 04th April 2014 on NSE & BSE.		
Maximum Amount to be Raised during FFO 3^	Rs.8,000 crores		
Discount Offered by GOI**	Discount of 4.5 (Four and half)% on the "FFO 3 Reference Market Price" of the underlying shares of Nifty CPSE Index shall be offered to FFO 3 by GOI.		

Notes:

***Payment of Transaction Charges** – For applications received during the FFO 3 Period, the AMC/ Mutual Fund may deduct transaction charges of Rs.150 (Rupees One Hundred and Fifty) (for first time investors across mutual funds) or Rs.100 (Rupees One Hundred) (for existing investors across mutual funds) from the Subscription amount, which would be paid to the empanelled AMFI registered Distributor / agent of the Investor (in case the empanelled AMFI registered Distributor / agent has "opted in" to receive the transaction charge for this type of product) and the balance amount shall be invested in the Scheme. Please refer to Section IV (C) (Transaction Charges) of the Supplement to SID for further details.

Retail Individual Investors: Individual Investors (including HUFs applying through their Karta's and NRIs) who have applied for FFO 3 Units for an amount not exceeding Rs.2,00,000 (Rupees Two lakhs). **Non Institutional Investor :** All investors who are not Qualified Institutional Buyers or Retail Individual Investors and who have applied for the FFO 3 Units for an amount more than 2,00,000 (Rupees Two Lakhs). **Qualified Institutional Buyers:** Qualified Institutional Buyers as defined under Regulation 2(1)(zd) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended. Additionally Qualified Institutional Buyers would also mean superannuation funds, gratuity funds, provident funds and pension funds with corpus below twenty five crore rupees. **Anchor Investor -** A Qualified Institutional Buyer, applying under the Anchor Investor Portion, with a minimum application amount of Rs. 10 Crores (Rupees Ten Crores). Refer to Multiple Applications by Same Investor under Section III (A) of Supplement to SID.

Qualified Institutional Buyers (Retirement Funds) : Provident funds, superannuation funds, gratuity funds and pension funds who have applied as QIB in FFO 3. **Qualified Institutional Buyers (other than Retirement Funds) :** QIBs other than Provident funds, superannuation funds, gratuity funds and pension funds who have applied in FFO 3.

@Anchor Investor Portion: The portion not exceeding 30% (Thirty percent) of the Maximum Amount to be Raised (if any) as stated in the Section III – Further Fund Offer 3 of Supplement to SID, shall be available for allocation to Anchor Investors on a proportionate basis.

Please note that In case of under-Subscription in this category, the under subscribed portion will be available for spill-over from the Retail Individual Investor and Qualified Institutional Buyers (Retirement Funds) Portion at the discretion of the AMC. If even after the spill-over from the Retail Individual Investor and Qualified Institutional Buyers (Retirement Funds) Portion, the Anchor Investor Portion remains under subscribed, then the balance shall be met by spillover from the Qualified Institutional Buyers (other than Retirement Funds) and Non Institutional Investor Portion.

Retail Individual Investor and Qualified Institutional Buyers (Retirement Funds) Portion : Atleast 70% (Seventy percent) of the Maximum Amount to be Raised (if any) as stated in Section III – Further Fund Offer 3 plus any under subscribed portion of Anchor Investor, shall be available for allocation to Retail Individual Investors and Qualified Institutional Buyers (Retirement Funds) on a proportionate basis in the manner set out in the Supplement to SID at the discretion of the AMC.

In case of under subscription in this category, the undersubscribed portion of this category (which includes any under-subscription of the Anchor Investor Portion), will be available for allocation to Qualified Institutional Buyers (other than Retirement Funds) and Non Institutional Investor Portion at the discretion of the AMC.

Qualified Institutional Buyers (other than Retirement Funds) and Non Institutional Investor Portion : Upto 100% of the residuary portion available (if any) from Maximum Amount to be Raised (if any) following any under-subscription of the Retail Individual Investor and Qualified Institutional Buyers (Retirement Funds) Portion (which includes any under-subscription of the Anchor Investor Portion) as stated in Section III – Further Fund Offer 3 of Supplement to SID, shall be available for allocation to Qualified Institutional Buyers (other than Retirement Funds) and Non Institutional Investors on a proportionate basis in the manner set out in the Supplement.

Allocation will be made to this category only to the extent of any under subscription in the Retail Individual Investor and Qualified Institutional Buyers (Retirement Funds) Portion which would also include any under subscription of Anchor Investor portion. If Retail Individual Investor and Qualified Institutional Buyers (Retirement Funds) Portion is oversubscribed, then no allocation will be made to Qualified Institutional Buyers (other than Retirement Funds) and Non Institutional Investors.

Please note that under-subscription in this category if any, will be allowed to be met by any spill-over from the Anchor Investor Portion.

^Maximum Amount to be Raised (if any):

An "Initial Amount" of Rs.8,000 crores plus an "Additional Amount" (if any) - The AMC, on the instruction of the Seller/The Government of India, shall notify the "Additional Amount" (if any) to the investors vide public notification/addendum post closure of Non Anchor Investor FFO 3 Period ("Initial Amount" and "Additional Amount" shall be collectively referred as "Maximum Amount to be Raised").

**Discount Offered by GOI:

Discount of 4.5% (Four and half percent) on the "FFO 3 Reference Market Price" of the underlying shares of Nifty CPSE Index shall be offered to FFO 3 by GOI.

FFO 3 Reference Market Price: The price determined based on the average of full day volume weighted average price (VWAP) on the NSE during the Non Anchor Investor FFO 3 Period (inclusive of Non Anchor Investor FFO 3 Period open as well as close date) for each of the index constituents of the Nifty CPSE Index.

Note - Discount on the 'FFO 3 Reference Market Price' may not be a discount to the closing market price of the underlying shares of Nifty CPSE Index on the FFO 3 Allotment Date.

• FFO 3 Units will rank pari-passu to the existing Units of the CPSE ETF

Disclaimers

Risk Factors: Risk relating to CPSE Securities - Since the CPSE companies are substantially owned by the GOI, the GOI may take actions with respect to the CPSE sector that may not be in the best interests of Unit holders. There can be no assurance that such incidents would not result in a fall in price of the underlying securities constituting the Nifty CPSE Index and correspondingly the NAV of the Scheme. Further trading volumes and settlement periods may restrict liquidity in equity and debt investments. Investment in Debt is subject to price, credit, and interest rate risk. The NAV of the Scheme may be affected, inter alia, by changes in the market conditions, interest rates, trading volumes, settlement periods and transfer procedures. The NAV may also be subjected to risk associated with tracking error, investment in derivatives or script lending as may be permissible by the Scheme Information Document (SID). Past performance may or may not be sustained in future. For further details please refer SID.

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Performance of the Nifty CPSE Index will have a direct bearing on the performance of the Scheme. In the event that Nifty CPSE Index is dissolved or is withdrawn by the index provider NSE Indices Limited (formerly known as India Index Services & Products Limited ("IISL")) or in case the License Agreement executed with index provider for licensing of Nifty CPSE Index is terminated, subject to necessary approvals, including prior written approval from the The Department of Investment and Public Asset Management(DIPAM), the Trustee reserves a right to modify the Scheme so as to track a different and suitable index and the procedure stipulated in the SEBI Regulations shall be complied with.

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