

# Another Opportunity to Invest in 12 Ratnas of Government of India at 3% discount\*!

FFO 6 Discount\* of 3% on the "FFO 6 Reference Market Price"\*\*\* to the underlying Nifty CPSE Index shares  
Constituents of the index are:

**BHARAT ELECTRONICS LTD. | COAL INDIA LTD. | NBCC (INDIA) LTD. | NLC INDIA LTD.  
NTPC LTD. | OIL INDIA LTD. | OIL & NATURAL GAS CORPORATION LTD. | SJVN LTD. | COCHIN SHIPYARD LTD.  
NHPC LTD. | NMDC LTD. | POWER GRID CORPORATION OF INDIA LTD.**

For Anchor Investors, offer opens & closes on **30<sup>th</sup> January, 2020**  
For Non Anchor Investors, offer opens & closes on **31<sup>st</sup> January, 2020**

\*Discount is on the FFO 6 Reference Market Price. \*\*FFO 6 Reference Market Price is determined based on the average of full day volume weighted average price on the NSE during the Non Anchor Investor FFO 6 Period (inclusive of Non Anchor Investor FFO 6 Period open as well as close date) for each of the index constituents of the Nifty CPSE Index.

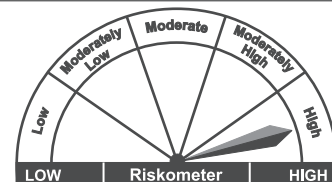
Post closure of the FFO 6, the Scheme will purchase the underlying Index constituents from GOI. Discount will be on shares to be offered by the Government of India (GOI). In the event an index constituent is purchased fully or partially from open market to meet the Maximum Amount to be Raised during FFO 6, no discount will be offered on such purchase index constituent from open market.

**CPSE ETF Managed by Nippon Life India 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 6 (FFO 6)

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 6 Allotment Price during the Further Fund Offer 6 ("FFO 6") 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.

### Background:

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

#### New Fund Offer (NFO)

- ▶ 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

#### Further Fund Offer (FFO)

- ▶ 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
- ▶ Participation across various categories of investors
- ▶ FFO Units of CPSE ETF were listed on 31st January 2017 on NSE & BSE

#### Further Fund Offer 2 (FFO 2)

- ▶ 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)

- ▶ FFO 3 was launched in November 2018
- ▶ FFO 3 received overwhelming response; FFO 3 collection was Rs.31,203 crs, out of which Rs.14,203 crs was refund to investors due to the issue size limit of Rs.17,000 crs.
- ▶ Participation across various categories of investors
- ▶ Units of CPSE ETF were listed on 10th December 2018 on NSE & BSE

#### Further Fund Offer 4 (FFO 4)

- ▶ FFO 4 was launched in March 2019
- ▶ FFO 4 received overwhelming response; FFO 4 collection was Rs.30,464 crs, out of which Rs.20,464 crs was refund to investors due to the issue size limit of Rs.10,000 crs.
- ▶ Participation across various categories of investors
- ▶ Units of CPSE ETF were listed on 1st April 2019 on NSE & BSE

#### Further Fund Offer 5 (FFO 5)

- ▶ Further Fund Offer 5 (FFO 5) was launched in July 2019
- ▶ FFO 5 was initially launched with an issue size of Rs.8,000 Crs, but due to an overwhelming response across various categories the issue size was scaled up to Rs.11,500 Crs
- ▶ FFO 5 collection was Rs.48,485 Crs, out of which Rs.36,985 Crs has been refunded to investors
- ▶ FFO 5 Units of CPSE ETF were listed on 29th July 2019 on NSE & BSE

#### **Further Fund Offer 6 (FFO 6) 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 Maharatna, Navaratna & Miniratna CPSE stocks majority of which are which are sector leaders / near monopolies.
- ▶ FFO 6 price advantage – Discount to all categories of investors.
- ▶ Valuation and Dividend Yields: Reasonable P/E ratio and dividend yields compared to broader market index.
- ▶ Relatively lower correlation of 0.62 & 0.67 for Nifty CPSE Index vis-à-vis Nifty 50 index (over 1 Year & 5 Years period ending 31st December, 2019), helping portfolio diversification. (Source: NSE)
- ▶ Flexibility of trading on real time basis.
- ▶ Low expense ratio i.e. 0.0095%.
- ▶ Investors will be able to diversify exposure across a number of Public Sector companies through a single investment.

## Valuations:

Valuations and Dividend Yield – Compared to Other Broader Indices

Index Name	Price Earning (P/E)	Price to Book (P/B)	Dividend Yield
Nifty CPSE	8.76	1.29	5.32
Nifty 50	28.30	3.75	1.24
Nifty Next 50	65.43	3.86	1.15
Nifty 100	30.68	3.76	1.23
Nifty 500	30.84	3.45	1.20

Source: NSE. Data as of December 31, 2019 | Note: The stock composition of all the above indices are different

## Nifty CPSE Index Constituents & Industry Allocation:

Nifty CPSE Index as on January 27, 2020			
No.	Company Name	Industry	Weightage (%)
1	Power Grid Corporation Of India Ltd.	Power	20.59%
2	Oil & Natural Gas Corporation Ltd.	Oil	19.69%
3	NTPC Ltd.	Power	19.66%
4	Coal India Ltd.	Minerals/Mining	19.54%
5	Bharat Electronics Ltd.	Industrial Capital Goods	5.76%
6	NMDC Ltd.	Minerals/Mining	5.64%
7	NHPC Ltd.	Power	3.39%
8	Oil India Ltd.	Oil	2.51%
9	NBCC (India) Ltd.	Construction	1.20%
10	NLC India Ltd.	Power	0.69%
11	Cochin Shipyard Ltd.	Industrial Capital Goods	0.68%
12	SJVN Ltd.	Power	0.65%
<b>Total</b>			<b>100.00%</b>

Industry	Weightage (%)
Power	44.98%
Minerals/Mining	25.18%
Oil	22.20%
Industrial Capital Goods	6.44%
Construction	1.20%

Source: NSE

The scheme will invest in the above index constituents and the weightages in the scheme portfolio may differ. For complete details refer Supplement to SID.

## Further Fund Offer 6 (FFO 6) Details:

Scheme Features	For Anchor Investors	For Non Anchor Investors
<b>FFO 6 Opens on</b>	30 <sup>th</sup> January, 2020	31 <sup>st</sup> January, 2020
<b>FFO 6 Closes on</b>	30 <sup>th</sup> January, 2020	31 <sup>st</sup> January, 2020
<b>Benchmark Index</b>	Nifty CPSE TRI	
<b>Pricing</b>	1/100th of Nifty CPSE Index	
<b>Fund Manager</b>	Vishal Jain	
<b>Load Structure</b>	Entry & Exit Load : NIL*	
<b>Category of Investors# (during FFO 6)</b>	<ul style="list-style-type: none"> <li>Retail Individual Investor</li> <li>Qualified Institutional Buyers or QIB</li> <li>Non Institutional Investors</li> <li>Anchor Investors</li> </ul>	
<b>Minimum application amount @ (during FFO 6)</b>	<b>Retail Individual Investor:</b> Minimum amount of Rs.5,000 and in multiples of Re.1/- thereafter	<b>Non Institutional Investors / QIB</b> Minimum amount of Rs.2,00,001 and in multiples of Re.1/- thereafter
<b>Minimum application amount (during ongoing offer period) (Ongoing Offer commenced on April 04, 2014)</b>	<b>Directly with the Mutual Fund:</b> Create / Redeem in exchange of Portfolio Deposit and cash component in Creation Unit Size of 1 lakh units of the Scheme.	<b>On the Exchange:</b> 1 (one) Unit and in multiples thereof.
<b>Plans</b>	Growth	
<b>Listing</b>	FFO 6 Units offered pursuant to the FFO 6, listed on NSE and BSE on or before 13 <sup>th</sup> February, 2020. However Units of the existing CPSE ETF Scheme were listed on 04th April 2014 on NSE & BSE.	
<b>Maximum Amount to be Raised during FFO 6^</b>	"Initial Amount" of Rs.10,000 crores plus an "Additional Amount" (if any)	
<b>Discount Offered by GOI**</b>	Discount of 3% (Three percent) on the "FFO 6 Reference Market Price" of the underlying shares of Nifty CPSE Index shall be offered to FFO 6 by GOI.	

## Notes:

**\*Payment of Transaction Charges:** For applications received during the FFO 6 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 6 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 6 Units for an amount more than 2,00,000 (Rupees Two Lakhs). **Qualified Institutional Buyers:** Qualified Institutional Buyers as defined under Regulation 2(1)(ss) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, 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 6. **Qualified Institutional Buyers (other than Retirement Funds):** QIBs other than Provident funds, superannuation funds, gratuity funds and pension funds who have applied in FFO 6.

**@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 6 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 6 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 6 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.10,000 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 6 Period ("Initial Amount" and "Additional Amount" shall be collectively referred as "Maximum Amount to be Raised").

**\*\*Discount Offered by GOI:**

Discount of 3% (Three percent) is on the "FFO 6 Reference Market Price". Post closure of the FFO 6, the Scheme will purchase the underlying Index constituents from GOI. Discount will be on shares to be offered by the GOI. In the event an index constituent is purchased fully or partially from open market to meet the Maximum Amount to be Raised during FFO 6, no discount will be offered on such purchase index constituent from open market.

**FFO 6 Reference Market Price:** The price is determined based on the average of full day volume weighted average price on the NSE during the Non Anchor Investor FFO 6 Period (inclusive of Non Anchor Investor FFO 6 Period open as well as close date) for each of the index constituents of the Nifty CPSE Index.

**Note -** Discount on the 'FFO 6 Reference Market Price' may not be a discount to the closing market price of the underlying shares of Nifty CPSE Index on the FFO 6 Allotment Date.

• FFO 6 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.

**BSE Disclaimer:** It is to be distinctly understood that the permission given by BSE Ltd. should not in any ways be deemed or construed that the SID has been cleared or approved by BSE Ltd. nor does it certify the correctness or completeness of any of the contents of the SID. The investors are advised to refer to the SID for the full text of the Disclaimer clause of the BSE Ltd.

**NSE Disclaimer:** It is to be distinctly understood that the permission given by NSE should not in any way be deemed or construed that the SID has been cleared or approved by NSE nor does it certify the correctness or completeness of any of the contents of the SID. The investors are advised to refer to the SID for the full text of the Disclaimer Clause of NSE.

**Disclaimer by Index Provider**

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.

- a. The product i.e. the Scheme is not sponsored, endorsed, sold or promoted by NSE Indices Limited. NSE Indices Limited does not make any representation or warranty, express or implied to the owners of the product or any member of the public regarding the advisability of investing in Securities generally or in the product particularly or the ability of Nifty CPSE Index to track general stock market performance in India. The relationship of NSE Indices Limited to Nippon Life India Asset Management Limited is only in respect of the licensing of certain trademarks and trade-names of their index, which is determined, composed and calculated by NSE Indices Limited without regard to Nippon Life India Asset Management Limited or any product. NSE Indices Limited does not have any obligation to take the needs of Nippon Life India Asset Management Limited or the Unit holders of the product into consideration in determining, composing or calculating Nifty CPSE Index. NSE Indices Limited is not responsible for and has not participated in the determination of the timing of, prices at, or quantities of the product to be issued or in the determination or calculation of the equation by which the product are to be converted into cash. NSE Indices Limited has no obligation or liability in connection with the administration or marketing or trading of the product.
- b. NSE Indices Limited does not guarantee the accuracy and/or the completeness of the Nifty CPSE Index or any data included therein and they shall have no liability for any errors, omissions, or interruptions therein. NSE Indices Limited makes no warranty, express or implied, as to the results to be obtained by the

Nippon Life India Asset Management Limited, Unit holders of the product or any other persons or entity from the use of the Nifty CPSE Index or any data included therein. NSE Indices Limited makes no express or implied warranties and expressly disclaim all warranties of merchantability or fitness for a particular purpose or use with respect to the index or any data included therein. Without limiting any of the foregoing, NSE Indices Limited expressly disclaims any and all liability for any damages or losses arising out of or related to the product, including any and all direct, special, punitive, indirect or consequential damages (including lost profits), even if notified of the possibility of such damages.

#### **Disclaimers**

The views expressed herein constitute only the opinions and do not constitute any guidelines or recommendation on any course of action to be followed by the reader. This information is meant for general reading purposes only and is not meant to serve as a professional guide for the readers. Certain factual and statistical (both historical and projected) industry and market data and other information was obtained by Nippon Life India Asset Management Limited (formerly known as Reliance Nippon Life Asset Management Limited) from independent, third-party sources that it deems to be reliable, some of which have been cited above. However, Nippon Life India Asset Management Limited has not independently verified any of such data or other information, or the reasonableness of the assumptions upon which such data and other information was based, and there can be no assurance as to the accuracy of such data and other information. Further, many of the statements and assertions contained in these materials reflect the belief of Nippon Life India Asset Management Limited, which belief may be based in whole or in part on such data and other information.

The Sponsor, the Investment Manager, the Trustee or any of their respective directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information. Whilst no action has been solicited based upon the information provided herein, due care has been taken to ensure that the facts are accurate and opinions given are fair and reasonable. This information is not intended to be an offer or solicitation for the purchase or sale of any financial product or instrument. Recipients of this information should rely on information/data arising out of their own investigations. Readers are advised to seek independent professional advice, verify the contents and arrive at an informed investment decision before making any investments.

None of the Sponsor, the Investment Manager, the Trustee, their respective directors, employees, affiliates or representatives shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way from the information contained in this material. The Sponsor, the Investment Manager, the Trustee, any of their respective directors, employees including the fund managers, affiliates, representatives including persons involved in the preparation or issuance of this material may from time to time, have long or short positions in, and buy or sell the securities thereof, of company(ies) / specific economic sectors mentioned herein.



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