

**STAR SHOW** ETF's first tranche has given annualised return of 14.42% since inception

## Reliance MF to Launch Part II of CPSE Fund

### Our Bureau

**Mumbai:** Reliance Mutual Fund has said it will launch next week the second tranche of the Central Public Sector Enterprises - Exchange Traded Fund (CPSE ETF), about three years after Goldman Sachs Asset Management launched this product.

The government plans to raise Rs 4,500 crore with an option to retain oversubscription of Rs 1,500 crore through this ETF, which will be a basket of various public-sector companies.

The issue, which opens on January 18 for retail investors, will be offered at a 5% discount to all in-

vestor categories. Wealth managers said the success of the first CPSE ETF, which was acquired by Reliance Mutual Fund after it took over all schemes of Goldman Sachs Asset Management, could encourage investors to subscribe to the product.

The first CPSE ETF has given an annualised return of 14.42% since inception, outperforming the Nifty CPSE Index which gave a return of 6.25%. Over the past year, the fund has returned 24.5% against the Nifty CPSE Index's gains of 19.72%.

Bluechip government companies such as ONGC, Coal India, India Oil, Gail, Power Finance, REC, Container Corp, Bharat Electronics, Oil India and Engineers India are



part of the index.

Wealth managers believe the issue works well for investors as they are cushioned due to an upfront 5% dis-

count and the portfolio having a dividend yield of 4.08%. The fund has a low expense ratio of 6.5 basis points, compared to actively managed equity mutual funds which have an expense ratio of 1.5-2.5%.

Some analysts, however, warn against an aggressive exposure to this product.

"One should remember that this is an energy-biased portfolio and hence the performance could be affected by the change in prices of commodities such as crude oil, coal, etc. The benefits outweigh risk, but investors must restrict exposure to not more than 10% of their total equities portfolio," says Tarun Birani, founder and director, TBNG Capital Advisors.