

Name of the Scheme	Bharat 22 ETF (Fund Manager ICICI Prudential AMC)
Fund Manager	Mr. Kayzad Eghlim (manager of majority of ICICI iWin ETFs)
NFO Period	15th November 2017 to 17th November 2017 (non-anchor investors); 14 th November 2017 (anchor investors).
Entry Load/Exit Load	Not applicable.
Type of Fund	Exchange Traded Fund
Face Value	Rs. 10
Benchmark	S&P BSE Bharat 22 Index
Issue Size	Rs. 8,000 cr + option to retain oversubscription
Issue Discount	3% to all investors, retail and non-retail
Riskometer	High
Expense Ratio	Maximum up to 0.095%

Scheme Objective: The investment objective of the Scheme is to invest in constituents of the underlying Index in the same proportion as in the underlying index, and endeavor to provide returns before expenses, which closely correspond to the total returns of the underlying Index.

Background: On Aug 04, 2017, the Hon'ble Union Finance Minister announced Bharat 22 ETF, thus fulfilling the promise made in the Budget speech of 2017. Bharat 22 ETF has been launched in line with the intent of the Government as presented in the Budget 2017: "We will continue to use ETF as a vehicle for further disinvestment of shares. Accordingly, a new ETF with diversified CPSE stocks and other Government holdings will be launched in 2017-18."

Minimum Application Amount:

	Non-Anchor Investors	Anchor Investors
Min Application Amount	Retail Individual Investors	Retirement Funds ("RFs")
	Rs.5,000 and in multiple of Rs. 1/- upto Rs. 2 lacs	Rs.10 crore and in multiples of Re.1/- thereafter
	QIBs/ Non Institutional Investors / RFs	Qualified Institutional Buyers (QIBs)
	Rs.2,00,001 and in multiples of Re 1/- thereafter	Rs.10 crore and in multiples of Re.1/- thereafter

About the Bharat 22 Index:

The S&P BSE Bharat 22 Index is designed to measure the performance of select companies disinvested by the Central Government of India according to the disinvestment program.

Stocks constituting Bharat 22 ETF:

Index Constituents	Weightage	Index Constituents	Weightage
Axis Bank	7.82%	NBCC (India)	0.68%
Bank of Baroda	1.22%	NHPC	1.08%
Bharat Electronics	3.48%	NLC India	0.27%
BPCL	4.54%	NTPC	7.07%
Coal India	3.72%	NALCO	5.13%
Engineers India	1.44%	ONGC	5.54%
GAIL	4.25%	Power Finance Corp	0.99%
ITC	14.26%	Power Grid	7.73%
Indian Bank	0.21%	REC	1.18%
IOC	5.00%	SJVN	0.23%
L&T	16.92%	SBI	7.25%

Sectors constituting Bharat 22 ETF: Basic Materials (5.13%), Energy (18.80%), Finance (18.67%), FMCG (14.26%), Industrials (22.52%) and Utilities (20.63%).

Constituent Weightings. The index employs a modified market capitalization weighting scheme, using the divisor methodology used in S&P Dow Jones Indices' equity indices. The weight of each individual stock is capped at 15% and each BSE sector is capped at 20% of the index. Individual stock and sector weight caps are applied during the annual March rebalancing.

Comparative Performance of the Bharat 22 Index:

Name of the Index	Trailing Returns (CAGR %)				
	1 Year	2 Year	3 Year	5 Year	10 Year
S&P BSE Bharat 22 Index	22.5	17.9	10.8	13.8	10.6
Nifty CPSE	13.9	14	2.4	7.5	6.8
Sensex	20.5	11.6	8.9	13.9	7.1
Nifty 50	21.5	13.3	10.3	14.2	7.4

Returns as of Oct 26, 2017

Market Cap composition of Bharat 22 Index:

Market Cap	Bharat 22 Index
Large	92.05
Mid	7.95
Small	-

Comparative Index Earnings and Valuation:

Name of the index	Earnings Growth (FY17 to FY19E)	P/E		P/BV		Dividend Yield
		Sep-17	Mar-19E	Sep-17	Mar-19E	Sep-17
S&P BSE Bharat 22 Index	16%	19	13	2.0	1.8	2.4
Nifty CPSE	12%	12	11	2.0	1.6	4.7
S&P BSE SENSEX	14%	23	16	3.0	2.6	1.2
NIFTY 50	13%	25	16	3.4	2.6	1.2

Asset Allocation:

Type of Instruments	Min. Allocation (% of Net assets)	Max. Allocation (% of Net assets)
Securities of companies constituting the underlying index	95%	100%
Units of Liquid/Money Market Mutual Fund schemes, Money Market Instruments (with maturity not exceeding 91 days), including CBLO, cash & cash equivalents.	0%	30%

Allotment Price Calculation:

The units being offered will have a face value of Rs.10/- each and will be issued at a premium approximately equal to the difference between face value and allotment price during the New Fund Offer.

The allotment price would be approximately equal to 1/100th of S&P BSE Bharat 22 Index and would be calculated post considering Discount (3%) offered by the Seller to the Scheme for buying underlying Index shares.

Listing:

The units of the Scheme are proposed to be listed on the BSE and NSE within 5 Business Days from the date of allotment.

Rationale behind investing in Bharat 22 ETF:

Various reforms affecting the sectors and companies covered under Bharat 22 ETF have been taken up by the government.

Financial Sector Reforms

- Insolvency and Bankruptcy Code 2016
- Monetary Policy Committee
- Expansion of Banking sector
- Digital and Cashless Economy
- Listing of Insurance Companies.

Goods and Services Tax (GST) - Single Indirect tax structure aimed at eliminating cascading effect of indirect taxes.

Infrastructure Reforms

Quality of infrastructure and speeding up clearance of stalled infrastructure projects

Liberalization of Foreign Direct Investment (FDI) in India

Progressively liberalized to permit FDI in most sectors under the automatic route.

Manufacturing in India

- Expanding Manufacturing facilities in India
- International Skill Development Centres for domestic workers

Oil & Gas Sector Reforms

- Direct Benefit Transfer of LPG subsidies
- Introduction of Daily Fuel pricing.

Energy Sector Reforms

- Providing 24x7 quality, reliable and affordable power supply
- Revival package for electricity distribution companies of India (DISCOMs).

Previous Exchange Traded Funds launched by the Government of India:

CPSE ETF (18th March 2014):

Goldman Sachs AMC launched first CPSE ETF, an open-ended Index Exchange Traded Scheme. As part of its disinvestment programme, the Government of India (GOI), through its Cabinet Committee on Economic Affairs (CCEA) on May 2, 2013 approved the setting up of a central public sector enterprise exchange traded fund (ETF) comprising equity shares of central public sector enterprises (CPSE), which would be launched as a CPSE ETF mutual fund scheme.

The first tranche of the CPSE ETF got launched during the tenure of the UPA government in March 2014 and it successfully raised **Rs. 3,000 crore** from various investors.

This NFO offered a **5% discount** to the retail investors as well as other categories of investors. The NFO also offered **6.66% Loyalty Units** (One Loyalty Unit will be allocated for every 15 Units held) for eligible Retail Individual Investors holding the units continuously for one year from the NFO allotment date.

The investment objective of the Scheme was to provide returns that, before expenses, closely correspond to the total returns of the Securities as represented by the CPSE Index, by investing in the Securities which are constituents of the CPSE Index in the same proportion as in the Index.

Original investors in the scheme have earned an annualized return of 29.4% p.a. (including discount and loyalty bonus accrued).

CPSE ETF Further Fund Offer (17th January 2017):

In an attempt to meet its disinvestment target for the current financial year 2016-17, the government of India decided to launch one more tranche of the CPSE ETF to raise **Rs. 6,000 crore** by selling its partial stakes in some of the listed public sector undertakings (PSUs).

The second tranche was launched on January 17th 2017. The Further Fund Offer of CPSE ETF had a size of Rs 4,500 crore, with an option to retain another Rs 1,500 crore in case of oversubscription.

This FFO offered a **5% discount** to the retail investors as well as other categories of investors. The Reliance Mutual Fund-managed Central Public Sector Enterprises—Exchange Traded Fund (CPSE ETF) was subscribed 2.30 times, with bids worth Rs 13,802 crore pouring in against the issue size of Rs 6,000 crore.

Original investors in the scheme have earned a return of 20.9% absolute for 199 days (including discount accrued).

CPSE ETF 2nd Further Fund Offer (14th March 2017):

The third tranche of the government's exchange traded fund (ETF) of top 10 state-owned companies saw bids worth Rs 9,200 crore from investors, which is 3.7 times the amount sought to be raised.

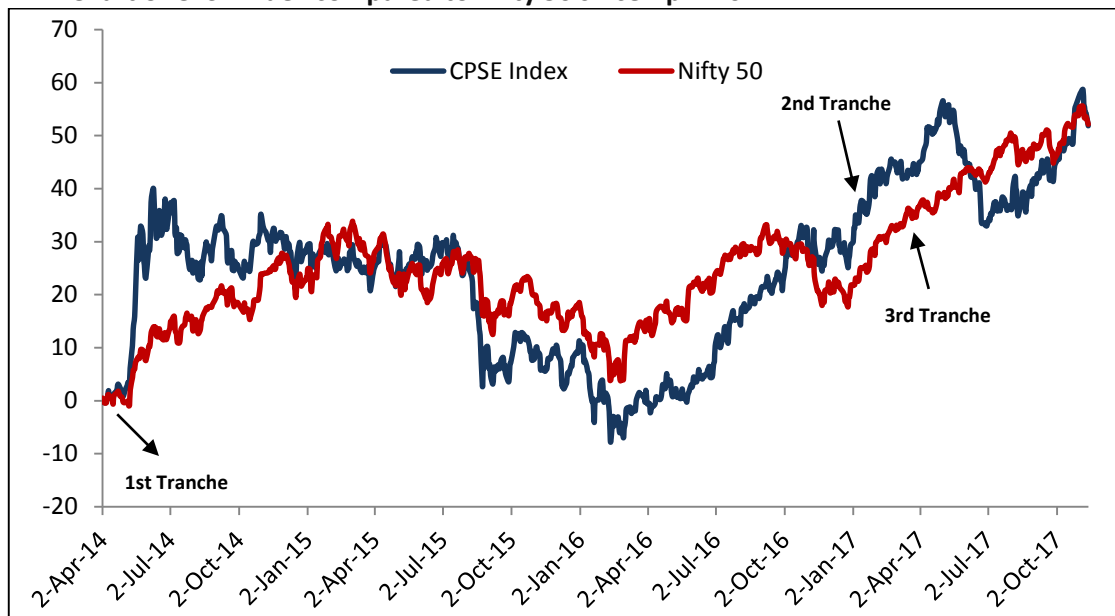
The government was looking to raise **Rs 2,500 crore** from the third sale of the CPSE ETF, which is part of its disinvestment plan aimed at narrowing Asia's widest fiscal deficit without reducing public spending.

This FFO offered a **3.5% discount** to the retail investors as well as other categories of investors.

Original investors in the scheme have earned a return of 13.4% absolute for 162 days (including discount accrued).

Total money raised by the Government through three tranches of CPSE ETF: Rs. 11,500 crore.

NAV Chart of CPSE Index compared to Nifty 50 since April 2014:



Constituents and respective weights of CPSE index:

Company Name	Weightage (%)
Oil & Natural Gas Corporation Ltd.	23.27
Indian Oil Corporation Ltd.	18.27
Coal India Ltd.	16.11
GAIL (India) Ltd.	12.90
Container Corporation of India Ltd	6.54
Bharat Electronics Ltd.	6.26
Rural Electrification Corporation Ltd	6.05
Power Finance Corporation Ltd	5.39
Oil India Ltd	2.89
Engineers India Ltd.	2.23

As on 31st October 2017

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