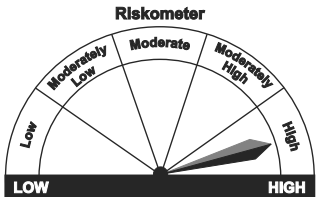


CPSE ETF

Managed by Reliance Nippon Life Asset Management Limited (RNAM)

(An Open-ended Index Exchange Traded Scheme)

Supplement To Scheme Information Document

Product Label	
<p>This product is suitable for investors who are seeking*:</p> <ul style="list-style-type: none"> • Long term capital appreciation. • Investment in Securities covered by the Nifty CPSE Index. <p>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</p>	 <p>Riskometer</p> <p>LOW HIGH</p> <p>Investors understand that their principal will be at High risk</p>

Offer of Units of ₹ 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 5 Allotment Price during the Further Fund Offer 5 (“FFO 5”) and at NAV based prices thereafter.

For Anchor Investor

FFO 5 Period Opens on : July 18, 2019

FFO 5 Period Closes on : July 18, 2019

Non Anchor Investors

FFO 5 Period Opens on : July 19, 2019

FFO 5 Period Closes on : July 19, 2019

The Ongoing Offer Period for the Scheme commenced on April 04, 2014

The particulars of the Scheme have been prepared in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations 1996, (herein after referred to as SEBI Regulations) as amended till date, and filed with SEBI, along with a Due Diligence Certificate from the AMC. The Units being offered for public subscription have not been approved or recommended by SEBI nor has SEBI certified the accuracy or adequacy of the Supplement and / or the SID.

The Supplement and the SID sets forth concisely the information about the Scheme that a prospective Investor ought to know before investing through the FFO 5. Before investing through the FFO 5, Investors should also ascertain about any further changes to this Supplement and/or the SID after the date of this Document from the Mutual Fund / Investor Service Centres / website / Distributors or brokers.

The Investors are advised to refer to the Statement of Additional Information (SAI) for details of Reliance Mutual Fund, Tax and Legal issues and general information on www.reliancecmutual.com.

SAI is incorporated by reference (is legally a part of the SID and Supplement). For a free copy of the current SAI, please contact your nearest Investor Service Centre or log on to our website.

The Supplement should be read in conjunction with the SAI & the SID of the Scheme and not in isolation.

NAME OF MUTUAL FUND

Reliance Mutual Fund (RMF)

NAME OF ASSET MANAGEMENT COMPANY

Reliance Nippon Life Asset Management Limited (RNAM)

CIN : L65910MH1995PLC220793

NAME OF TRUSTEE COMPANY

Reliance Capital Trustee Co. Limited (RCTC)

CIN : U65910MH1995PLC220528

Registered Office (RMF, RNAM, RCTC)

Reliance Centre, 7th Floor South Wing,

Off Western Express Highway,

Santacruz (East), Mumbai - 400 055.

Tel No. - 022- 33031000; Fax No. - 022- 33037662

Website : www.reliancecmutual.com / www.reliancecETF.com

- **Disclaimers by NSE**

As required, a copy of this Scheme Information Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter NSE/LIST/231070-F dated February 20, 2014 permission to the Mutual Fund to use the Exchange's name in this Scheme Information Document as one of the stock exchanges on which the Mutual Fund's units are proposed to be listed subject to, the Mutual Fund fulfilling various criteria for listing. The Exchange has scrutinized this Scheme Information Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Mutual Fund. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Scheme Information Document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Scheme Information Document; nor does it warrant that the Mutual Fund's units will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of the Mutual Fund, its sponsors, its management or any scheme of the Mutual Fund.

Every person who desires to apply for or otherwise acquire any units of the Mutual Fund may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever. The NSE has also vide its communication dated July 10, 2019 permitted the Mutual Fund to use the above disclaimer in this Supplement

- **Disclaimers by BSE**

BSE Ltd. ("BSE") has given vide its letter DCS/IPO/NP/IP/693/2013-14 dated February 21, 2014 permission to the Mutual Fund to use BSE's name in the SID as one of the stock exchanges on which this Scheme's Units are proposed to be listed. BSE has scrutinized the SID for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Mutual Fund. BSE does not in any manner:-

1. Warrant, certify or endorse the correctness or completeness of any of the contents of the SID; or
2. Warrant that this Scheme's Unit will be listed or will continue to be listed on the BSE; or
3. Take any responsibility for the financial or other soundness of this Mutual Fund, its promoters, its management or any scheme or project of this Mutual Fund;

and it should not for any reason be deemed or construed that the SID has been cleared or approved by BSE. Every person who desires to apply for or otherwise acquires any Unit of the Scheme of this Mutual Fund may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever. The BSE has also vide its communication dated July 10, 2019 permitted the Mutual Fund to use the above disclaimer in this Supplement.

- **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 Reliance Nippon Life Asset Management Limited (RNAM) 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 RNAM or any product. NSE Indices Limited does not have any obligation to take the needs of RNAM 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 RNAM, 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."

An investor, by subscribing or purchasing an interest in the product(s), will be regarded as having acknowledged, understood and accepted the disclaimer referred to in Clauses above and will be bound by it.

The offer and sale of the Units has not been registered pursuant to an effective registration statement under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or approved or disapproved by the United States Securities and Exchange Commission or the securities or regulatory agency of any state in the United States. The offer and sale of the Units is made in reliance upon the exemption from registration contained in Regulation S of the U.S. Securities Act ("Regulation S"), and the regulations promulgated thereunder relating to limited offering transactions. Units will be offered to non-U.S. persons (as that term is defined in Regulation S) and will not be offered for sale in the United States or its territories or possessions.

The Scheme will not be registered as an "investment company" under the United States Investment Company Act of 1940, as amended (the "U.S. Investment Company Act") and Reliance Nippon Life Asset Management Limited will not be registered as an "Investment Adviser" under the United States Investment Advisers Act of 1940, as amended. Accordingly, Investors who acquire Units will not be entitled to the protections afforded by such acts. Please refer to the Section I(C) (Special Considerations) for further details in this regard.

Units may not be acquired by or for the benefit of U.S. Persons, employee benefit plans to which Title I of the United States Employee Retirement Income Security Act of 1974, as amended ("ERISA") applies, certain other plans (such as individual retirement accounts and Keogh plans) that, although not subject to ERISA, are subject to certain similar rules of the United States Internal Revenue Code of 1986, as amended (the "Code") and entities whose assets are treated as "plan assets" of any such plans or accounts under ERISA, or any entities that hold the assets of such plans, accounts or entities (collectively, "Prohibited Purchasers"). An attempted purchase of Units by such persons may be ineffective and may result in mandatory Redemption, repurchase or transfer. By purchasing Units, whether during the FFO 5 Period or by secondary market purchase, an Investor will be deemed to have represented to the Scheme and the Mutual Fund that it is not a Prohibited Purchaser.

THIS SUPPLEMENT SHOULD BE RETAINED FOR FUTURE REFERENCE.

This Supplement is dated July 15, 2019.

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SCHEME BACKGROUND

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 was launched as a CPSE ETF mutual fund scheme.

The Department of Investment and Public Asset Management (formerly Department of Disinvestment), Ministry of Finance, Government of India (DIPAM) had appointed Goldman Sachs Asset Management (India) Private Limited (GSAM AMC) the "erstwhile AMC", to launch and manage the Scheme in accordance with SEBI Regulations. In accordance with the decision of CCEA, the erstwhile AMC had launched the Scheme on March 28, 2014, which was initially offered to the public for Subscription by way of a New Fund Offer (NFO) in accordance with the SEBI Regulations. The proceeds of the NFO, had been utilized for the purchase of the CPSE shares as represented in the constituent companies of the Nifty CPSE Index in similar composition and weightages as they appear in the Nifty CPSE Index. The President of India ("Seller"), represented through different Departments and Ministries, had sold the shares at a discounted rate to the Scheme for the benefit of the Unit holders and the Mutual Fund had in turn created and allotted Units of the Scheme, to Unit holders. After the closing of the NFO, the Units were listed (and continue to be listed) on the Exchanges on April 4, 2014 in the form of an Exchange Traded Fund ("ETF") tracking the Nifty CPSE Index.

Further, GSAM AMC and Goldman Sachs Trustee Company (India) Private Limited (GSAM TC), the erstwhile asset management company and trustees of Goldman Sachs Mutual Fund respectively entered into an agreement with RNAM and Reliance Capital Trustee Co. Limited (RCTC), the asset management company and trustee company of Reliance Mutual Fund ("RMF") respectively, pursuant to which, RCTC would take over the trusteeship of the Scheme from the GSAM TC and RNAM would take over the rights to manage the Scheme from GSAM AMC and become the investment manager of the Scheme. On November 05, 2016 the Scheme of Goldman Sachs Mutual Fund was transferred to the Reliance Mutual Fund (RMF).

Further in accordance with the approval received from DIPAM on August 07, 2015 for FFO, on February 20, 2017 for FFO 2, on September 20, 2018 for FFO 3 & on March 11, 2019 for FFO 4 and CCEA approval dated May 02, 2013, RNAM launched the Further Fund Offer ("FFO") of the Scheme on January 17, 2017; Further Fund Offer 2 ("FFO 2") of the Scheme on March 14, 2017; Further Fund Offer 3 ("FFO 3") of the Scheme on November 27, 2018 and Further Fund Offer 4 ("FFO 4") of the Scheme on March 19, 2019 which was offered to the public for Subscription by way of FFOs in accordance with the SEBI Regulations. The proceeds of the FFOs, had been utilized for the purchase of the CPSE shares as represented in the constituent companies of the Nifty CPSE Index in similar composition and weightages as they appear in the Nifty CPSE Index. The President of India ("Seller"), represented through different Departments and Ministries, had sold the shares at a discounted rate to the Scheme for the benefit of the Unit holders who had participated and received allotment in the respective FFOs and the Mutual Fund had in turn created and allotted FFO Units of the Scheme, to these Unit holders. After the closing of the FFO, FFO 2, FFO 3 and FFO 4, the FFO, FFO 2, FFO 3 and FFO 4 Units were listed (and continue to be listed) on the Exchanges on January 31, 2017, March 28, 2017, December 10, 2018 and April 01, 2019 respectively.

In accordance with the letter of approval from the DIPAM (Ref.No. F.No.9/5/2009-DD-II (Pt.XIII)) dated July 08, 2019 to the AMC and the CCEA approval dated May 02, 2013, the DIPAM intends to sell further CPSE shares to the Scheme. The AMC has therefore formulated this Further Fund Offer 5 ("FFO 5") of the Scheme, which is being offered to the public for Subscription in accordance with the SEBI Regulations. As undertaken for the earlier FFOs of the Scheme, it is proposed that the Mutual Fund would, out of the proceeds of the FFO 5, purchase the CPSE shares as represented in the constituent companies of the Nifty CPSE Index in similar composition and weightages as they appear in the Nifty CPSE Index. The Seller, represented through different Departments and Ministries, will sell the shares at a discounted rate (if any) to the Scheme for the benefit of the Unit holders and the Mutual Fund will in turn create and allot Units of the Scheme to Unit holders. In case of partial purchase of the underlying Index constituents from the Seller, the Scheme shall purchase the remaining portion of the underlying Index constituents from the open market, on behalf of the investors; no discount will be offered on such purchase of index constituents from open market. Subsequently, after the closing of the FFO 5, the FFO 5 Units will also be listed on the Exchanges in the form of an ETF tracking the Nifty CPSE Index

Investors / Unit holders to note that the FFO 5 would not preclude, restrict or in any way prohibit the Seller from undertaking further divestments by selling additional CPSE shares to the Scheme through the Tap Structure mechanism, details of which are provided in Section III (B) (Tap Structure) of the SID (as amended from time to time).

Investors / Unit holders should also note that this FFO 5 would not preclude, restrict or in any way prohibit the Seller from undertaking further divestments by selling additional CPSE shares to the Scheme for any additional FFOs launched by the Mutual Fund / Trustee Company / AMC from time to time, and for such additional FFOs the Mutual Fund / Trustee Company / AMC would issue separate supplements to SID at the relevant time.

The DIPAM has appointed ICICI Securities Limited as the advisor for the FFO 5. The DIPAM has been authorized by the President of India, acting through various Departments and Ministries to sell the CPSE shares to the Mutual Fund on behalf of and for the account of the Scheme pursuant to the closing of the FFO 5.

HIGHLIGHTS/SUMMARY OF THE SCHEME

1. INVESTMENT OBJECTIVE

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

However the performance of the Scheme may differ from that of underlying index due to tracking error. There can be no assurance or guarantee that the investment objective of the Scheme would be achieved.

2. BENCHMARK INDEX

Nifty CPSE TRI.

About the Index

Nifty CPSE Index is constructed in order to facilitate Government of India's initiative to disinvest some of its stake in selected CPSEs. The government opted for the ETF route as one of the methods for disinvestment. The ETF shall track the performance of the Nifty CPSE Index. The index values are to be calculated on free float market capitalization methodology. The index has base date of 01-Jan-2009 and base value of 1000. Weights of index constituent shall be re-aligned (i.e. capped at 20%) on a quarterly basis, after the expiry of F&O contracts in March, June, September and December.

Selection Criteria's for the Nifty CPSE Index:

The CPSEs selected meet below mentioned parameters:

1. Included in the list of CPSEs published by the Department of Public Enterprise
2. Listed at National Stock Exchange of India Ltd. (NSE)
3. Having more than 51.5% government holding (stake via Govt. of India or President of India) under promoter category.
4. Companies having average free float market capitalization of more than ₹ 1,000 Cr. for six month period ending August 2018 are selected.
5. Companies which are IRDA dividend norms compliant shall be considered eligible to be included in the index.

Index Composition as on June 28, 2019 is as below:

Company Name	Weightage (%)
NTPC Ltd.	20.70
Coal India Ltd.	19.67
Oil & Natural Gas Corporation Ltd.	19.33
Indian Oil Corporation Ltd.	16.96
REC Ltd.	6.80
Power Finance Corporation Ltd.	6.45
Bharat Electronics Ltd.	4.99
Oil India Ltd.	2.49
NBCC (India) Ltd.	1.53
NLC India Ltd.	0.61
SJVN Ltd.	0.48

3. FACE VALUE

₹ 10/- per Unit

4. TYPE OF SCHEME

An open-ended index scheme, listed on the Exchanges in the form of an Exchange Traded Fund (ETF) tracking the Nifty CPSE Index.

5. LIQUIDITY FACILITY

All Investors including Authorised Participants and Large Investors can Subscribe (buy) / Redeem (sell) Units on a continuous basis on the Exchanges where the Units are listed.

In addition, Authorised Participants and Large Investors can directly Subscribe to/ Redeem the Units on all Working Days with the Fund in 'Creation Unit Size' on an ongoing basis.

6. TRANSPARENCY/ NAV DISCLOSURE

The NAV of the Scheme shall be calculated and announced on all Working Days. The AMC shall update the NAVs on the website of the Mutual Fund (www.relianceemutual.com/www.relianceetf.com) and on the website of AMFI (www.amfiindia.com) by 9.00 p.m. on every Working Day. Further, AMC shall extend facility of sending latest available NAVs to unitholders through SMS, upon receiving a specific request in this regard.

Please note that following allotment of FFO 5 Units, the NAV of the FFO 5 Units will be same as the NAV of the existing the Scheme. There will be no separate NAV calculation for the FFO 5 Units.

Communication of Portfolio on a half-yearly basis to the Unit Holders as may be prescribed under the SEBI Regulations from time to time.

The Fund/ AMC shall disclose the scheme's portfolio in the prescribed format as on the last day of the month/half year for all the Schemes of RMF within 10 days from the close of each month/ half-year respectively or within such timelines and manner as prescribed by SEBI from time to time on the RMF Website i.e. www.reliance mutual.com/www.relianceeetf.com and AMFI website i.e. www.amfiindia.com in a user-friendly and downloadable spreadsheet format. In case of unitholders whose e-mail addresses are registered, the Fund/ AMC shall send via email both the monthly and half-yearly statement of scheme portfolio within 10 days from the close of each month/ half-year respectively.

The Fund/AMC shall publish an advertisement every half-year disclosing (1) the hosting of the half-yearly statement of its schemes portfolio on their respective website and on the website of AMFI and (2) the modes such as SMS, telephone, email or written request (letter) through which a unitholder can submit a request for a physical or electronic copy of the statement of scheme portfolio. Such advertisement shall be published in the all India edition of at least two daily newspapers, one each in English and Hindi.

The Fund/AMC shall provide a physical copy of the statement of its scheme portfolio, without charging any cost, on specific request received from a unitholder

Providing of the annual reports of the respective Schemes within the stipulated period as required under the SEBI Regulations

7. LOAD STRUCTURE

Entry Load - Nil

Exit Load - Nil

8. CATEGORY OF INVESTORS (ONLY DURING THE FFO 5 PERIOD)

- Retail Individual Investors
- Qualified Institutional Buyers or QIB
- Non Institutional Investors
- Anchor Investors

9. MINIMUM APPLICATION AMOUNT

During the Further Fund Offer 5 (FFO 5) Period

For Non Anchor Investors

Retail Individual Investors can invest in the FFO 5 of the Scheme with a minimum investment amount of ₹ 5,000/- (Rupees Five Thousand only) and in multiples of ₹ 1/- (Rupee One) thereafter.

Non Institutional Investors / Qualified Institutional Buyers (other than Anchor Investors) can invest in the FFO 5 of the Scheme with a minimum investment amount of ₹ 2,00,001/- (Rupees Two Lakhs and One only) and in multiples of ₹ 1/- (Rupee One) thereafter.

For Anchor Investor

Investors can invest in the FFO 5 of the Scheme with a minimum investment amount of ₹ 10 Crores (Rupees Ten Crores Only) and in multiples of ₹ 1/- (Rupee One) thereafter.

For Minimum Application Amount during the Ongoing Offer Period please refer to the SID.

10. PURCHASE OF UNDERLYING INDEX CONSTITUENTS

Post closure of the FFO 5, the Scheme will purchase the underlying Index constituents fully or partially from the Seller, on behalf of the investors. In case of partial purchase of the underlying Index constituents from the Seller, the Scheme shall purchase the remaining portion of the underlying index constituents from the open market, on behalf of the investors.

11. ANCHOR INVESTOR SUBSCRIPTION AMOUNT

Anchor Investors shall pay a margin of at least 25% (Twenty Five percent) of the Subscription amount during the Anchor Investor FFO 5 Period, with the balance to be paid on or before the closure of the Non Anchor Investor FFO 5 Period. If the Anchor Investor does not pay the balance amount before the closure of the Non Anchor Investor FFO 5 Period, then the margin amount paid by the Anchor Investor shall be forfeited and credited to the FFO 5 Proceeds of the Scheme.

The Anchor Investor will not be able to withdraw / modify its application once submitted to the AMC.

Please note that any FFO 5 Units allotted to Anchor Investors during the FFO 5 Period shall be locked-in for a period of 30 days from the FFO 5 Allotment Date.

12. UNITS OFFERED AT PREMIUM/ DISCOUNT

As the Units of the Scheme can be bought / sold directly from the Mutual Fund, this mechanism provides efficient arbitrage between the traded prices and the NAV, thereby reducing the incidence of the Units of the Scheme being traded at premium / discounts to NAV.

In the FFO 5, each FFO 5 Unit of the Scheme being offered will have a face value of ₹ 10/- (Rupees Ten) each and will be issued at a premium, if any, approximately equal to the difference between the face value and the FFO 5 Allotment Price. The FFO 5 Allotment Price would be approximately equal to 1/100th of Nifty CPSE Index and would be calculated post adjusting discount (if any) offered by GOI to FFO 5 of the Scheme for buying the underlying Nifty CPSE Index shares out of the FFO 5 Proceeds.

Please refer to Section III (A) – Allotment, for details on calculation of FFO 5 Allotment Price.

13. DISCOUNT OFFERED BY GOI TO FFO 5 OF THE SCHEME

A discount of 3% (Three percent) on the "FFO 5 Reference Market Price" of the underlying Nifty CPSE Index shares shall be offered to FFO 5 of the Scheme by GOI. The DIPAM, through its letter (Ref.No. F.No.9/5/2009-DD-II (Pt.XIII)) dated July 08, 2019 conveyed the approval granted by

the Alternate Mechanism (AM) for the discount of 3% (Three percent) to be offered to the FFO 5 of the Scheme for buying the underlying Nifty CPSE Index shares from GOI. The purchase from GOI would be out of the FFO 5 Proceeds received by the Scheme towards Subscription of its FFO 5 Units by all categories of Investors. Investors should note that the above mentioned discount on the 'FFO 5 Reference Market Price' may not be a discount to the closing market price of the underlying shares of Nifty CPSE Index on the FFO 5 Allotment Date. Post closure of FFO 5, the Scheme will purchase the underlying Index constituents from GOI. In the event an index constituent is purchased fully or partially from open market to meet the Maximum Amount to be Raised as stated in Section III – Further Fund Offer 5, no discount will be offered on such purchase of index constituents from open market.

Please note that this discount offered by GOI will only be applicable to the investors investing in the Scheme through the FFO 5.

14. TAP STRUCTURE UNDER THE SID

Investors / Unit holders to note that the FFO 5 would not preclude, restrict or in any way prohibit the Seller from undertaking further divestments by selling additional CPSE shares to the Scheme through the Tap Structure mechanism, details of which are provided in Section III (B) (Tap Structure) of the SID (as amended from time to time).

15. FURTHER FUND OFFERS

Investors / Unit holders should also note that this FFO 5 would not preclude, restrict or in any way prohibit the Seller from undertaking further divestments by selling additional CPSE shares to the Scheme for any additional FFOs launched by the Mutual Fund / Trustee Company / AMC from time to time, and for such additional FFOs the Mutual Fund / Trustee Company / AMC would issue separate supplements to SID at the relevant time.

16. OPTION

The Scheme offers only Growth Option. Unit holders to note that the Trustee may at their absolute discretion reserve the right to declare a Dividend from time to time (which will be paid out to the Unit holders) in accordance with the Dividend Policy set out in this Supplement.

17. DEMATERIALIZATION

The Units of the Scheme will be available only in dematerialized form. This helps in consolidating with other portfolio holdings.

18. PAYMENT OF TRANSACTION CHARGES

For applications received during the FFO 5 Period, the AMC/ Mutual Fund may deduct transaction charges of ₹ 150 (Rupees One Hundred and Fifty) (for first time investors across mutual funds) or ₹ 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 this Supplement for further details in this regard.

I - INTRODUCTION

A. RISK FACTORS

Standard Risk Factors:

- Investment in the Mutual Fund's Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal. Further, there is no assurance or guarantee that the objectives of the Scheme will be achieved.
- As the price / value / interest rates of the Securities in which the Scheme invests fluctuates, the value of your investment in the Scheme may go up or down depending on the factors and forces affecting the capital market in India.
- Past performance of the Sponsors / AMC / Mutual Fund does not guarantee the future performance of the Scheme.
- The name of the Scheme does not in any manner indicate either the quality of the Scheme or its future prospects and returns. Investors are therefore urged to study the terms of the Scheme carefully and consult their investment advisor before they invest in the Scheme.
- From time to time and subject to the SEBI Regulations, the Sponsor, their affiliates, associates, subsidiaries, the Mutual Fund and the AMC may invest directly or indirectly in the Scheme. These entities may acquire a substantial portion of the Units and collectively constitute a major Investor in the Scheme. Accordingly, Redemption of Units held by such entities may have an adverse impact on the Scheme because the timing of such Redemption may impact the ability of other Unit holders to Redeem their Units.
- The Sponsor is not responsible or liable for any loss or shortfall resulting from the operation of the Scheme beyond the initial contribution made by it of an amount of ₹ 1,00,000/- (Rupees One Lakh only) towards setting up of the Mutual Fund. The associates of the Sponsor are not responsible or liable for any loss or shortfall resulting from operation of the Scheme.
- Different types of Securities in which the Scheme would invest, as given in this Supplement, carry different levels and types of risks. Accordingly the Scheme's risk may increase or decrease depending upon its investment pattern. For example, equity and Equity Related Securities carry a higher amount of risk than debt Securities.
- As permitted under the SEBI Regulations, the AMC will engage the services of Distributors for the distribution of Units of the Scheme and may make differential payment to the Distributors based on varying fee structures as may be agreed between the AMC and each of the Distributors, the amount of which would typically be connected to the volume of sales.
- Investment decisions made by the AMC may not always be profitable.
- The present Scheme is not a guaranteed or assured return Scheme.

Scheme Specific Risk Factors

The Scheme is subject to the principal risks described below. Some or all of these risks may adversely affect Scheme's NAV, yield, return and / or its ability to meet its objectives.

(a) Portfolio Concentration Risk

To the extent that the Scheme may concentrate its investments in the Securities of companies of certain sectors, the Scheme will therefore be subject to the risks associated with such concentration. In addition, to the extent the Scheme may invest in small capitalization and/or newly-established companies, the Scheme may be exposed to higher levels of volatility and risk than would generally be the case in a more diverse fund portfolio of equity Securities. Such risks may impact the Scheme to the extent that it invests in particular sectors even in cases where the investment objective is more generic.

(b) Risks Associated with Investing in Equities

- Subject to the stated investment objective, the Scheme proposes to primarily invest in equity and Equity Related Securities. The Scheme is intended for long-term Investors who can accept the risks associated with investing primarily in such Securities. Equity instruments by nature are volatile and subject to price fluctuations on a daily basis due to both macro and micro factors. Investors in equity and Equity Related Securities will be subject to the risks associated with equities, the values of which in general fluctuate in response to the activities of individual companies and general market and economic conditions. In particular, Investors should be aware that equity and Equity Related Securities are subordinate in the right of payment to other corporate Securities, including debt Securities. To the extent the Scheme invests in other schemes of the Mutual Fund or schemes of other mutual funds, Investors will be subject to the risks associated with such schemes and the underlying investments of such schemes. Any inability to dispose of Securities in the Scheme due to adverse market conditions or other factors could result either in losses to the Unit holders due to subsequent declines in value of such Securities.
- The Fund Manager may invest in the Securities of smaller, lesser-known companies. These investments may involve greater risk and the possibility of greater portfolio price volatility than investing in larger, more mature or better-known firms. Amongst other reasons for the greater price volatility of Securities of small companies and unseasoned stocks are the less certain growth prospects of smaller firms, the lower degree of liquidity of the markets for such stocks, and the greater sensitivity of small companies to changing economic conditions. For example, these companies are associated with higher investment risk than that normally associated with larger firms due to the greater business risks of small size and limited product lines, markets, distribution channels and financial and managerial resources. Such Securities, including those of newer or recently restructured companies or those which may have experienced financial difficulties, may be more volatile in price than larger capitalised stocks.
- **Convertible Securities**

The Scheme may invest in convertible Securities that are debt obligations of the issuer convertible at a stated exchange rate into equity shares of the issuer. As with all debt Securities, the market value of convertible Securities tends to decline as interest rates increase and, conversely increases as interest rates decline. Convertible Securities generally offer lower interest or dividend yields than non-convertible Securities of similar quality. However, when the market price of the equity shares underlying a convertible Security exceeds the conversion price, the price of the convertible Security tends to reflect the value of the underlying equity shares. As the market price of the underlying equity shares declines, the convertible Security tends to trade increasingly on a yield basis, and thus

may not depreciate to the same extent as the underlying equity shares. Convertible Securities generally rank senior to equity shares in an issuer's capital structure and are consequently of higher quality and entail less risk than the issuer's equity shares. However, the extent to which such risk is reduced depends in large measure upon the degree to which the convertible Security sells above its value as a fixed income Security. In evaluating a convertible Security, the AMC will give primary emphasis to the attractiveness of the underlying equity shares.

- **Corporate Action and Proxy Voting**

From time to time, the issuer of a Security held in the Scheme may initiate a corporate action relating to that Security. Corporate actions relating to equity Securities may include, among others, an offer to purchase new shares, or to tender existing shares, of that Security at a certain price. Corporate actions relating to debt Securities may include, among others, an offer for early redemption of the debt Security, or an offer to convert the debt Security into stock. Certain corporate actions are voluntary, meaning that the Scheme may only participate in the corporate action if it elects to do so in a timely fashion. Participation in certain corporate actions may enhance the value of the Scheme.

In cases where the Fund or the Fund Manager receives sufficient advance notice of a voluntary corporate action, the Fund Manager will exercise its discretion, in good faith, to determine whether the Scheme will participate in that corporate action. If the Fund Manager does not receive sufficient advance notice of a voluntary corporate action, the Fund Manager acting on behalf of the Scheme may not be able to timely elect to participate in that corporate action. Participation or lack of participation in a voluntary corporate action may result in a negative impact on the value of the Scheme.

The AMC may, at its discretion, exercise or procure the exercise of voting or other rights which may be exercisable in relation to Securities held by the Scheme, or at its discretion, elect not to exercise or procure the exercise of such voting or other rights. In relation to the exercise of such rights the AMC has established guidelines for the exercise of voting or other rights wherein it is stated that for passive funds / ETFs, it will generally be abstaining from voting on resolutions.

- **Risks relating to Investing in Indian Markets**

Investments in India may be affected by political, social, and economic developments affecting India, which may include changes in exchange rates and controls, interest rates, government policies, diplomatic conditions, hostile relations with neighbouring countries, taxation policies including the possibility of expropriation or confiscatory taxation, imposition of withholding taxes on Dividend or interest payments, limitation on removal of funds or assets of the Scheme and ethnic, religious and racial disaffections or conflict.

The relative small size and inexperience of the Securities markets in India and the limited volume of trading in Securities may make the Scheme's investments illiquid and more volatile than investments in more established markets.

In addition, the settlement systems may be less developed than in more established markets, which could impede the Scheme's ability to effect portfolio transactions and may result in delayed settlement and the Scheme's investments being settled through a more limited range of counter parties with an accompanying enhanced credit risk.

To the extent the Scheme is subject to margining or pre-payment systems, whereby margin or the entire settlement proceeds for a transaction is required to be posted prior to the settlement date, this can potentially give rise to credit and operational risks as well as potentially borrowing costs for the Scheme.

- **Risk relating to receiving underlying CPSE Securities from the GOI**

In the event the Scheme does not receive the underlying CPSE Securities from the GOI pursuant to the FFO 5, for any reason whatsoever, including on account of GOI terminating the agreement with the AMC (for sale of the underlying CPSE Securities to the Scheme) for breach of any terms under such agreement, the Scheme will not allot FFO 5 Units to the Investor and would refund the Subscription amount to the Investor in accordance with the provisions under this Supplement. In the event the Scheme has already allotted FFO 5 Units to the Investor in anticipation of receipt of the underlying CPSE Securities from the GOI, the AMC would cancel the FFO 5 Units allotted to the Investor and refund the Subscription amount to the Investor in accordance with the provisions under this Supplement.

- **Risk relating to CPSE Securities**

Since the CPSE companies are substantially owned by the GOI, the agenda of the GOI may at times be focused on the social good and therefore may not always be aimed at profit maximization for the Unit holder. The interests of the GOI may be different from the interests of Unit holders and as a result, 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.

- **Risk of Investment Strategy**

As the Scheme would be primarily investing in the stock of CPSE companies, any government policy which will have an impact on central public sector enterprises, including any change in the disinvestment policy of the government, could impact the performance of the Scheme.

- **Risks relating to the proposed discount (if any) on the FFO 5 Reference Market Price**

Investors should note that the FFO 5 Reference Market Price for each of the constituents of the Nifty CPSE Index would be 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 5 Period. This price could be different from the closing market price for each of the constituents of the Nifty CPSE Index on the FFO 5 Allotment Date. Since the AMC would be applying the discount offered by the GOI to the FFO 5 of the Scheme on the FFO 5 Reference Market Price, the discounted price for each of the constituents may or may not be lower than the closing market price for each of the constituents on the FFO 5 Allotment Date. Hence, the discounted price at which the Scheme would purchase shares of each of the constituents of the Nifty CPSE Index from the GOI from the FFO 5 Proceeds might not amount to a discount against the closing market price of the constituents on the FFO 5 Allotment Date. In the event an index constituent is purchased fully or partially from open market to meet the Maximum Amount to be Raised as stated in Section III – Further Fund Offer 5, no discount will be offered on such purchase of index constituents from open market.

(c) Market Risk

The NAV of the Scheme will react to the securities market movements. The Investor may lose money over short or long periods due to fluctuation in the Scheme's NAV in response to factors such as economic, political, social instability or diplomatic developments, changes in interest rates and perceived trends in stock prices, market movements and over longer periods during market downturns. Investments may be adversely affected by the possibility of expropriation or confiscatory taxation, imposition of withholding taxes on dividend or interest payments, limitations on the removal of funds or other assets of the Scheme. The Scheme may not be able to immediately sell Securities. The purchase price and subsequent valuation of restricted and illiquid Securities may reflect a discount, which may be significant, from the market price of comparable Securities for which a liquid market exists.

(d) Market Trading Risks

(i) Absence of prior active market

Although the Units of the Scheme are listed on NSE and BSE, there can be no assurance that an active secondary market will develop or be maintained. Hence there would be time when trading in the Units of the Scheme would be infrequent.

(ii) Trading in Units may be Halted

Trading in the Units of the Scheme on NSE and BSE may be halted because of market conditions or for reasons that in view of NSE, BSE or SEBI, trading in the Units of the Scheme are not advisable. In addition, trading of the Units of the Scheme are subject to trading halts caused by extraordinary market volatility and pursuant to NSE, BSE and SEBI 'circuit filter' rules. There can be no assurance that the requirements of NSE and BSE necessary to maintain the listing of the Units of the Scheme will continue to be met or will remain unchanged.

(iii) Lack of Market Liquidity

The Scheme may not be able to immediately sell certain types of illiquid Securities. The purchase price and subsequent valuation of restricted and illiquid Securities may reflect a discount, which may be significant, from the market price of comparable Securities for which a liquid market exists.

(iv) Units of the Scheme may trade at prices other than NAV

The Units of the Scheme may trade above or below its NAV. The NAV of the Scheme will fluctuate with changes in the market value of the holdings of the Scheme. The trading prices of the Units of the Scheme will fluctuate in accordance with changes in its NAV as well as market supply and demand for the Units of the Scheme. However, given that Units of the Scheme can be created and Redeemed in Creation Units directly with the Mutual Fund, it is expected that large discounts or premiums to the NAV of Units of the Scheme will not sustain due to arbitrage opportunity available.

(v) Regulatory risk

Any changes in trading regulations by NSE, BSE or SEBI may affect the ability of market maker to arbitrage resulting into wider premium/discount to NAV.

(vi) Reinvestment Risk

This risk refers to the interest rate levels at which cash flows received from the Securities in the Scheme is reinvested. The additional income from reinvestment is the "interest on interest" component. The risk is that the rate at which interim cash flows can be reinvested may be lower than that originally assumed.

(vii) Risk of Substantial Redemptions

Substantial Redemptions of Units within a limited period of time could require the Scheme to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the value of both the Units being Redeemed and that of the outstanding Units of the Scheme. The risk of a substantial Redemption of the Units may be exacerbated where an investment is made in the Scheme as part of a structured product with a fixed life and where such structured products utilise hedging techniques. Please also refer to the sections on 'right to limit Redemptions' and 'suspension of Purchase / Redemption of Units' in the Statement of Additional Information.

Regardless of the period of time in which Redemptions occur, the resulting reduction in the NAV of the Scheme could also make it more difficult for the Scheme to generate profit or recover losses. The Trustee, in the general interest of the Unit holders of the Scheme offered under this Supplement and the SID and keeping in view of the unforeseen circumstances/unusual market conditions, may limit the total number of Units which can be Redeemed on any Working Day depending on the total "Saleable Underlying Stock" available with the Fund.

(e) Volatility Risk

The equity markets and Derivative markets are volatile and the value of Securities, Derivative contracts and other instruments correlated with the equity markets may fluctuate dramatically from day to day. This volatility may cause the value of investment in the Scheme to decrease.

(f) Redemption Risk

Investors may note that even though the Scheme is an open-ended Scheme, the Scheme would ordinarily repurchase Units in Creation Unit Size. Thus Unit holdings less than the Creation Unit Size can only be sold through the secondary market on the Exchange unless any of the scenarios mentioned below have occurred -:

- if the traded price of the ETF Units is at a discount of more than 3% to the NAV for continuous 30 days; or
- if discount of bid price to applicable NAV is more than 3% over a period of 7 consecutive trading days; or
- if no quotes are available on exchange for 3 consecutive trading days; or
- when the total bid size on the exchange is less than half of Creation Unit size daily, averaged over a period of 7 consecutive trading days.

(g) Asset Class Risk

The returns from the Securities comprising the Nifty CPSE Index may underperform returns of general Securities markets or different asset classes. Different types of Securities tend to go through cycles of out-performance and under-performance in comparison of Securities markets.

(h) Passive Investments

The Scheme is not actively managed. Since the Scheme is linked to index, it may be affected by a general decline in the Indian markets relating to its underlying index. The Scheme as per its investment objective invests in Securities which are constituents of its underlying index regardless of their investment merit. The AMC does not attempt to individually select stocks or to take defensive positions in declining markets.

(i) Tracking Error Risk

The Fund Manager would not be able to invest the entire corpus exactly in the same proportion as in the underlying index due to certain factors such as the fees and expenses of the Scheme, corporate actions, cash balance, smaller Creation Unit size in case of Tap Structure (details of which are provided in Section III (B) (Tap Structure) of the SID (as amended from time to time), changes to the underlying index and regulatory restrictions, which may result in Tracking Error with the underlying index of the Scheme. The Scheme's returns may therefore deviate from its underlying index. "Tracking Error" is defined as the standard deviation of the difference between daily returns of the underlying index and the NAV of the Scheme. The Fund Manager would monitor the Tracking Error of the Scheme on an ongoing basis and would seek to minimize the Tracking Error to the maximum extent possible. Under normal circumstances, the AMC shall endeavor that the Tracking Error of the Scheme shall not exceed 2% per annum. There can be no assurance or guarantee that the Scheme will achieve any particular level of Tracking Error relative to performance of the underlying Index.

Tracking Error may arise due to the following reasons: -

- i. Expenditure incurred by the Fund.
- ii. Available funds may not be invested at all times as the Scheme may keep a portion of the funds in cash to meet Redemptions, for corporate actions or otherwise.
- iii. Securities trading may halt temporarily due to circuit filters.
- iv. Corporate actions such as debenture or warrant conversion, rights issuances, mergers, change in constituents etc.
- v. Rounding-off of the quantity of shares in the underlying index.
- vi. Dividend payout.
- vii. Index providers undertake a periodical review of the scrips that comprise the underlying index and may either drop or include new scrips. In such an event, the Fund will try to reallocate its portfolio but the available investment/reinvestment opportunity may not permit absolute mirroring immediately.

SEBI regulations (if any) may impose restrictions on the investment and/or divestment activities of the Scheme. Such restrictions are typically outside the control of the AMC and may cause or exacerbate the Tracking Error.

(j) Risks relating to Investments in Derivative Instruments

- The Scheme may invest in Derivative products like stock index futures, interest rate swaps, forward rate agreements or other Derivatives in accordance with and to the extent permitted under the SEBI Regulations only for the purposes of portfolio rebalancing and not otherwise. The Scheme may use various Derivative products in an attempt to protect the value of portfolio and enhance the Unit holder interest. As and when the Scheme trades in Derivative markets, there are risk factors and issues concerning the use of Derivatives, that the Investors should understand.
- Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the Investor. Execution of such strategies depends upon the ability of the Fund Manager to identify such opportunities. Identification and execution of the strategies to be pursued by the Fund Manager involve uncertainty and the decisions of the Fund Manager may not always be profitable. No assurance can be given that the Fund Manager will be able to identify or execute such strategies.
- The risks associated with the use of Derivatives are different from and possibly greater than, the risks associated with investing directly in Securities and other traditional investments. Therefore, Derivatives require investment techniques and risk analysis different from those associated with traditional Securities. The use of Derivatives requires an understanding not only of the underlying instrument but also of the Derivative itself. If the Fund Manager is incorrect in its forecasts of market values and currency exchange rates, the investment performance of the Scheme may be less favourable than it would have been if this investment technique were not used.
- Derivative products are specialized instruments that require investment technique and risk analysis different from those associated with stocks. The use of Derivatives requires an understanding not only of the underlying instrument but also of the Derivative itself. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a Derivative adds to the portfolio and the ability to forecast price. There is a possibility that loss may be sustained by the portfolio as a result of the failure of another party (usually referred as the "Counter party") to comply with the terms of the Derivative contract. Therefore a default on the contract would deprive the Scheme of unrealised profits and/ or the hedging benefits of the contract or force the Scheme to cover its purchase or sale commitments, if any, at the current market price. Other risks in using Derivatives include the risk of mispricing or improper valuation of Derivative and the inability of a Derivative to correlate perfectly with underlying assets, rates and indices. Thus, Derivatives are highly leveraged instruments. The risk of loss associated with futures contracts is potentially unlimited due to the low margin deposits required and the extremely high degree of leverage involved in futures pricing. As a result, a relatively small price movement in a futures contract may result in an immediate and substantial loss or gain. There may be a cost attached to selling or buying futures or other Derivative instrument. Further there could be an element of settlement risk, which could be different from the risk in settling underlying Securities. The possible lack of a liquid secondary market for a futures contract or listed option may result in inability to close futures or listed option positions prior to their maturity date.

- An investment in Derivatives may involve additional risks for Investors. These additional risks may arise as a result of any or all of the following: (i) the creditworthiness of the counterparties to such Derivative transactions; and/or (ii) the potential illiquidity of the markets for Derivatives. To the extent that Derivatives are utilised to seek to achieve the investment objectives of the Scheme, and for purposes other than hedging, the overall risk of loss to the Scheme may be increased. To the extent that Derivatives are utilised for hedging purposes, the risk of loss to the Scheme may be increased where the value of the Derivative instrument and the value of the Security or position which it is hedging are insufficiently correlated.
- In the event the Scheme is required to provide collateral for Derivatives which is to be transferred to another party and where additional collateral is called by such other party the Fund Manager may be required to realize assets comprised in the Scheme which it would not have sought to realize had there not been a requirement to transfer or pledge additional collateral.
- Derivatives require the maintenance of adequate controls to monitor the transactions entered into. The Scheme bears a risk that it may not be able to correctly forecast future market trends or the value of assets, indexes or other financial or economic factors in establishing derivative positions for the Scheme. Trading in Derivatives carries a high degree of risk although they are traded at a relatively small amount of margin which provides the possibility of significant profit or loss in comparison with the principal investment amount. Even a small price movement in the underlying asset could have a large impact on their value. The Scheme may find it difficult or impossible to execute Derivative transactions in certain circumstances. For example, when there are insufficient bids or suspension of trading due to price limits or circuit breakers, the Scheme may face liquidity issues. Besides the price of the underlying asset, the volatility, tenor and interest rates affect the pricing of Derivatives.
- Derivative transactions will generally require the use of a portion of the Scheme's assets, as applicable, for margin or settlement payments or other purposes. For example, the Scheme may from time to time be required to make margin, settlement or other payments in connection with the use of certain Derivative instruments. Counterparties to any Derivative contract may demand payments on short notice. As a result, the Fund Manager may liquidate the Scheme's assets sooner than it otherwise would have and/or maintain a greater portion of its assets in cash and other liquid Securities than it otherwise would have, which portion may be substantial, in order to have available cash to meet current or future margin calls, settlement or other payments, or for other purposes. The Fund Manager generally expects the Scheme to earn interest on any such amounts maintained in cash, however, such amounts will not be invested in accordance with the investment objective of the Scheme, which may materially adversely affect the performance of the Scheme. Moreover, due to volatility in the currency markets and changing market circumstances, the Fund Manager may not be able to accurately predict future margin requirements, which may result in the Scheme holding excess or insufficient cash and liquid Securities for such purposes. Where the Scheme does not have cash or assets available for such purposes, the Scheme may be unable to comply with its contractual obligations, including without limitation, failing to meet margin calls or settlement or other payment obligations. If the Scheme defaults on any of its contractual obligations, the Scheme and its Unit holders may be materially adversely affected.

- **Futures and Call Options**

The Scheme may invest in Derivatives such as futures and call options. The options buyer's risk is limited to the premium paid. The relevant stock exchange, if any, may impose restrictions on the exercise of options and may also restrict the exercise of options at certain times in specified circumstances.

Investments in index futures face the same risk as investments in a portfolio of shares representing an index. The extent of loss is the same as in the underlying Securities.

The risk of loss in trading futures contracts can be substantial, because of the low margin deposits required, the extremely high degree of leverage involved in futures pricing and the potential high volatility of the futures markets.

- **ISDA Master Agreements**

The Scheme may enter into Derivative transactions of the type governed by the ISDA Master Agreement (ISDA means International Swaps and Derivatives Association, Inc.). The ISDA Master Agreement is a standard agreement commonly used in the Derivatives market which sets forth key provisions governing the contractual relationship between the parties to such agreement, including each of their rights, liabilities and obligations.

If the Trustees / AMC enters into transactions governed by the ISDA Master Agreement, such as interest rate swaps, on the Scheme's behalf, it will also need to enter into a Credit Support Annex, which is an annex to the ISDA Master Agreement that is used to document bilateral credit support arrangements between parties for transactions governed by an ISDA Master Agreement, on such Scheme's behalf. Following agreement with a selected counterparty, upon the Trustees/ AMC entering into an initial or a further transaction governed by the ISDA Master Agreement including a foreign exchange transaction, currency option or, if relevant, interest rate swap on the Scheme's behalf, an ISDA Master Agreement, amended to reflect any negotiated commercial and/or legal points, shall be immediately deemed to be entered into between the Scheme and such counterparty and any confirmation in respect of a transaction entered into thereunder (including such initial derivatives transaction) shall supplement and form part of such ISDA Master Agreement.

On each date on which a Derivatives transaction is entered into by the Trustees / AMC, on behalf of the Scheme, the Scheme will be deemed to have given certain representations and undertakings to each counterparty with whom the ISDA Master Agreement is entered into on its behalf. Such representations and undertakings include, without limitation, representations and undertakings, from and in respect of the Scheme, as to the due establishment, good standing and corporate powers of the Scheme, the obtaining of all requisite consents and compliance with applicable laws by the Scheme and the binding nature of obligations on the Scheme under the relevant ISDA Master Agreement and associated contracts and transactions. The Trustees / AMC must notify the Fund Manager if at any time it becomes aware that it is in breach of any such representations or unable to continue to comply with any such undertakings. Any such breach may, in addition to other potential consequences, lead to each relevant counterparty being able to unilaterally terminate its ISDA Master Agreement with the Trustees / AMC on behalf of the Scheme and to close out any open contracts with it.

(k) Risks Associated with Investing in Debt Securities

i) General Provisions

Debt Securities are subject to the risk of an issuer's inability to meet principal and interest payments on the obligation (credit risk) and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market risk). The Fund Manager will consider both credit risk and market risk in making investment decisions for the Scheme.

The timing of transactions in debt obligations, which will often depend on the timing of the Purchases and Redemptions in the Scheme, may result in capital appreciation or depreciation because the value of debt obligations generally varies inversely with the prevailing interest rates.

ii) Interest Rate Risk

Changes in interest rates will affect the Scheme's NAV. The prices of Securities usually increase as interest rates decline and usually decrease as interest rates rise. The extent of fall or rise in the prices is guided by duration, which is a function of the existing coupon, days to maturity and increase or decrease in the level of interest rate. The new level of interest rate is determined by the rate at which the government raises new money and / or the price levels at which the market is already dealing in existing Securities. Prices of long-term Securities generally fluctuate more in response to interest rate changes than short-term Securities.

In case of Repo, the rate of interest, from time to time, depends upon the number of borrowers at that point of time and the amount to be borrowed by such borrowers.

In the case of Floating Rate Instruments, an additional risk could be due to the change in the spreads of Floating Rate Instruments. If the spreads on Floating Rate Instruments rise, then there could be a price loss on these instruments. Secondly in the case of fixed rate instruments that have been swapped for floating rates, any adverse movement in the fixed rate yields vis-à-vis swap rates could result in losses. The price risk is low in the case of the floating rate or inflation-linked bonds.

Debt markets, especially in developing markets like India, can be volatile leading to the possibility of price moving up or down in fixed income Securities and thereby to possible movements in the NAV.

iii) Prepayment Risk

A borrower may prepay a receivable prior to its due date. This may result in a change in the yield and tenor for the Scheme.

iv) Zero Coupon and Deferred Interest Bonds

The Scheme may invest in zero coupon bonds and deferred interest bonds, which are debt obligations issued at a discount to their face value. The original discount approximates the total amount of interest the bonds will accrue and compound over the period until maturity or the first interest accrual date at a rate of interest reflecting the market rate of the security at the time of issuance. Zero coupon bonds do not provide periodic interest payments and deferred interest bonds generally provide for a period of delay before the regular payment of interest begins. Such investments benefit the issuer by mitigating its initial need for cash to meet debt service and some also provide a higher rate of return to attract Investors who are willing to defer receipt of such cash. Such investments experience greater volatility in market value due to changes in interest rates than debt obligations which provide for regular payments of interest, and the Scheme may accrue income on such obligations even though it receives no cash.

v) Liquidity or Marketability Risk

This refers to the ease at which a Security can be sold at or near its true value. The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. Liquidity risk is characteristic of the Indian fixed income market. Trading volumes, settlement periods and transfer procedures may restrict the liquidity of the investments made by the Scheme. Different segments of the Indian financial markets have different settlement periods and such period may be extended significantly by unforeseen circumstances leading to delays in receipt of proceeds from sale of Securities. As liquidity of the investments made by the Scheme could, at times, be restricted by trading volumes and settlement periods, the time taken by the Fund for Redemption of Units may be significant in the event of an inordinately large number of Redemption requests or restructuring of the Scheme.

vi) Credit Risk

Credit Risk means that the issuer of a Security may default on interest payments or even paying back the principal amount on maturity (i.e. the issuer may be unable to make timely principal and interest payments on the Security). Even where no default occurs, the prices of Security may go down because the credit rating of an issuer goes down. However, it must be noted that where the Scheme have invested in Government Securities, the risk of default is lower.

vii) Risks of Investing in Unrated Debt Securities

Unrated debt Securities are more likely to react to developments affecting market and credit risk than are more highly rated Securities, which react primarily to movements in the general level of interest rates. Unrated debt Securities are more likely to react to developments affecting market and credit risk than rated debt Securities, which react primarily to movements in the general level of interest rates. Unrated debt Securities are considered predominantly speculative by traditional investment standards and may have poor prospects for reaching investment grade standing. Unrated debt Securities of comparable credit quality (commonly known as "junk bonds") are subject to the increased risk of an issuer's inability to meet principal and interest obligations and further, are usually unsecured and are often subordinated to the rights of other creditors of the issuers of such Securities. These Securities, also referred to as 'high yield Securities', may be subject to greater price volatility due to such factors as specific corporate developments, interest rate sensitivity, negative perceptions or publicity (whether or not based on fundamental analysis) of the junk bond markets generally and less secondary market liquidity.

Unrated debt Securities are issued by less established companies seeking to expand. Such issuers are often highly leveraged and generally less able than more established or less leveraged entities to make scheduled payments of principal and interest in the event of adverse developments or business conditions.

The market value of unrated debt Securities tends to reflect individual corporate developments to a greater extent than that of rated debt Securities which react primarily to fluctuations in the general level of interest rates. As a result, the ability of the Scheme if it invests in unrated debt Securities to achieve its investment objectives may depend to a greater extent on the Fund Manager's judgment concerning the creditworthiness of the issuers of such Securities than the Scheme investing in rated debt Securities. Issuers of unrated debt Securities may not be able to make use of more traditional methods of financing and their ability to service debt obligations may be more adversely affected than issuers of rated debt Securities by economic downturns, specific corporate developments or the issuer's inability to meet specific projected business forecasts.

A holder's risk of loss from default is significantly greater for unrated debt Securities than is the case for holders of other debt Securities because such unrated debt Securities are generally unsecured and are often subordinated to the rights of other creditors of the issuers of such Securities. Investments in defaulted Securities poses additional risk of loss should non-payment of principal and interest continue. Even if such Securities are held to maturity, recovery by the Scheme of its initial investment and any anticipated income or appreciation is uncertain.

The secondary market for unrated debt Securities is concentrated in relatively few market makers and is dominated by institutional investors. Accordingly, the secondary market for such Securities is typically not very, and is more volatile than, the secondary market for rated debt Securities. In addition, market trading volume for high yield fixed income Securities is generally lower and the secondary market for such Securities could contract under adverse market or economic conditions, independent of any specific adverse changes in the condition of a particular issuer. These factors may have an adverse effect on the market price and the Scheme's ability to dispose of particular portfolio investments. A less liquid secondary market also may make it more difficult for the Scheme to obtain precise valuations of the high yield Securities in its portfolio.

viii) Risks Associated with Credit Rating Agencies

Credit ratings issued by recognized credit rating agencies are designed to evaluate the safety of principal and interest payments of rated Securities. In addition, credit rating agencies may or may not make timely changes in a rating to reflect changes in the economy or in the conditions of the issuer that affect the market value and liquidity of the Security. Credit ratings are used only as a preliminary indicator of investment quality. Investments in unrated debt obligations will be more dependent on the Fund Manager's credit analysis than would be the case with investments in investment grade debt obligations.

(i) Securities Lending

Securities lending is lending of Securities through an approved intermediary to a borrower under an agreement for a specified period with the condition that the borrower will return equivalent Securities of the same type or class at the end of the specified period along with the corporate benefits accruing on the Securities borrowed.

There are risks inherent in Securities lending, including the risk of failure of the other party, in this case the approved intermediary, to comply with the terms of the agreement entered into between the lender of the Securities i.e. the Scheme and the approved intermediary. Such failure can result in the possible loss of rights to the collateral put up by the borrower of the Securities, inability of the approved intermediary to return the Securities deposited by the lender and the possible loss of any corporate benefits accruing to the lender in respect of the Securities lent. The Fund may not be able to sell such lent Securities and this can lead to temporary illiquidity.

(m) Calculation of NAV

From time to time, materiality thresholds may apply insofar as it relates to errors in the calculation of NAV in accordance with SEBI Regulations. Unit holders should note that the AMC may not pay the Unit holders or the Scheme the amount of any difference in circumstances where any such materiality thresholds provided under SEBI Regulations are not exceeded. Therefore such differences may lead to a different economic result than if such amounts were paid and such errors, which are deemed to be immaterial, will not lead to a reissued and corrected NAV.

As a result, Investors/ Unit holders who have Subscribed for or Redeemed Units of the Scheme on a day on which the materiality thresholds had been applied, the Investors / Unit holders may receive a different economic result than they would have received had the error in calculation of the NAV not happened.

(n) Investments by the Scheme in other schemes

The Scheme may invest in other scheme(s) managed by the AMC or in schemes of other mutual funds, provided such investments are in conformity with the investment objectives of the Scheme and in accordance with terms of the prevailing SEBI Regulations. Such investments in other schemes may provide the Scheme access to a specialised investment area or economic sector which can be more effectively accessed by investing in the underlying scheme(s). The Fund Manager will only make such investments if it determines in its discretion that to do so is consistent with the interests of the Unit holders of the Scheme.

The Scheme may invest in schemes operated by third parties. Considering third parties are not subject to the oversight or control of the AMC, the Fund Manager may not have the opportunity to verify the compliance of such schemes with the laws and regulations applicable to them.

It is possible that a number of underlying scheme(s) might take substantial positions in the same security at the same time. This inadvertent concentration may interfere with the Scheme's goal of diversification. The AMC would attempt to alleviate any potential inadvertent concentration as part of its regular monitoring and reallocation process. Conversely the AMC may at any given time, hold opposite positions, such position being taken by different underlying scheme(s). Each such position shall result in transaction fees for the Scheme without necessarily resulting in either a loss or a gain. Moreover, the AMC may proceed to a reallocation of assets between the underlying scheme(s) and liquidate investments made in one or several of them.

Further, many of the underlying scheme(s) in which the Scheme may invest could use special investment techniques or concentrate its investments in only one geographic area or asset investment category, which may subject the Scheme's investments to risks different from those posed by investments in equity or fixed income scheme(s) or risks of the market and of rapid changes to the relevant geographic area or investment category.

When the Scheme invests in other schemes, the Unit holders in the Scheme will also incur fees and expenses (such as, but not limited to, management fees, custody fees, registrar fees, audit fees, etc.) at the level of the underlying scheme in accordance with the offering documents of the relevant scheme(s) and the limits prescribed under the SEBI Regulations.

No assurance can be given that the strategies employed by other schemes in the past to achieve attractive returns will continue to be successful or that the return on the Scheme's investments will be similar to that achieved by the Scheme or other schemes in the past.

(o) Risk of Changes in Borrowing Rates

The Scheme may borrow funds on a temporary basis within the limits set forth under the SEBI Regulations. The Scheme may choose to only borrow from the Custodian of the Scheme, and the borrowing rate imposed by the Custodian of the Scheme may change due to market conditions. As a consequence thereof, the borrowing rates imposed by the Custodian may not be the most competitive.

(p) Risk Factors relating to Portfolio Rebalancing

In the event that the asset allocation of the Scheme deviates from the ranges as provided in the asset allocation table in this Supplement and/or the SID, then the Fund Manager will rebalance the portfolio of the Scheme to the position indicated in the asset allocation table within a period of 7 days from the date of said deviation. However, if market conditions do not permit the Fund Manager to rebalance the portfolio of the Scheme within the stipulated period of 7 days then the AMC would notify the Board of the Trustee Company and the Investment Committee of the AMC with appropriate justifications.

(q) Risk Factors in case of Corporate Actions

In case the Scheme invests in stocks of companies outside the Index due to corporate actions, then the Fund Manager will rebalance the portfolio of the Scheme to the position indicated in the asset allocation table within a period of 30 days from the date of said deviation. However, if market conditions do not permit exiting the corporate action within this stipulated period of 30 days then the AMC would notify the Board of the Trustee Company and the Investment Committee of the AMC with appropriate justifications.

(r) Uncertain Tax Positions

Prospective Investors should be aware that tax Laws and regulations are constantly changing and that they may be changed with retrospective effect. Moreover, the interpretation and application of tax Laws and regulations by certain tax authorities may not be clear, consistent or transparent. As a result of uncertainty relating to the Mutual Fund's potential tax liabilities, including on any historical realized or unrealized gains, as well as liabilities that may arise as a result of investments made by the Scheme which have not reflected tax liabilities in their valuation, the NAV of the Scheme on any dealing day may not accurately reflect such liabilities (including those that are imposed with retrospective effect). In addition, the NAV of the Scheme on any dealing day may reflect an accrual for potential tax liabilities that may subsequently not be paid. Accounting standards may also change, creating an obligation for the Mutual Fund to accrue for a potential tax liability that was not previously required to be accrued or in situations where the Mutual Fund does not expect to be ultimately subject to such tax liability.

In the event that the Mutual Fund subsequently determines to accrue for tax liabilities and/ or is required to pay amounts relating to tax liabilities that had not previously been accrued and / or any Scheme investments result in tax liabilities that were not reflected in their valuation (including historic investments), the amount of any such determination or payment will generally be allocated among the Unit holders of the Scheme at the time of such determination or payment, rather than when the income or transaction to which such taxes relate was earned or occurred. Moreover, in the event that the Mutual Fund subsequently determines that an accrual for potential tax liabilities exceeds or will exceed the liability for such taxes, the benefit from any such determination will generally be allocated among the Unit holders of the Scheme at the time of such determination, rather than when the income or transaction in respect of which such taxes were accrued was earned or occurred, and Unit holders who previously Redeemed Units of the Scheme will not receive additional compensation or otherwise share such benefit. Unit holders will not be notified of any of the foregoing determinations or payments.

Unit holders that invest in the Units of the Scheme at a time during which any liabilities for taxes are not accrued will invest in the Units of the Scheme at a higher NAV than such Unit holders would have invested had such liabilities been accrued at the time of the applicable investment. In addition, the returns of the Scheme may be considered to have been subject to an inadvertent leverage effect in that those additional assets would have been invested in accordance with the usual investment policy of the Scheme. On the other hand, Unit holders that Redeem Units of the Scheme at a time during which potential liabilities for taxes are accrued will Redeem Units of the Scheme at a lower NAV than if such liabilities had not been accrued at the time of the applicable Redemption. In that situation the Scheme may also be considered to have been subject to an inadvertent under investment effect if that accrual of taxes is not subsequently paid.

(s) Risks relating to withholding tax under FATCA

Pursuant to U.S. withholding provisions commonly referred to as the Foreign Account Tax Compliance Act ("FATCA"), payments of U.S. source fixed or determinable, annual or periodic income, certain payments made after December 31, 2016 of gross proceeds from the sale or other disposition of property that could produce U.S. source interest or dividends, and certain payments (or a portion thereof) made after 31 December 2016 by a foreign financial institution, to a foreign financial institution or other foreign entity will be subject to a withholding tax of thirty percent (30%) unless it is compliant with various reporting requirements under FATCA. The United States has reached an agreement in substance with respect to an intergovernmental agreement with the Government of India regarding the implementation of FATCA by Indian financial institutions (the "Indian IGA"). Under FATCA and the Indian IGA, the Scheme will be treated as a "foreign financial institution" for this purpose. As a foreign financial institution, in order to be compliant with FATCA, the Scheme will be required to, among other requirements: (i) obtain and verify information on all of its Unit holders to determine which Unit holders are "Specified U.S. Persons" (i.e., U.S. Tax Persons other than tax-exempt entities and certain other persons) and, in certain cases, non-U.S. persons whose owners are Specified U.S. Persons ("U.S. Owned Foreign Entities"); and (ii) annually report information on its Unit holders that are non-compliant with FATCA, Specified U.S. Persons and U.S. Owned Foreign Entities to the Government of India. The Government of India will exchange the information reported to it with the IRS annually on an automatic basis. No assurances can be provided that the Scheme will be exempt from this thirty percent (30%) withholding tax.

Any Unit holder that fails to produce the required information or is otherwise not compliant with FATCA may be subject to thirty percent (30%) withholding on all or a portion of any redemption or distribution payments made by the Scheme after December 31, 2016. Moreover, each Unit holder should be aware that as a result of an investment in the Scheme, the tax authorities in the Unit holder's jurisdiction of tax residence may be provided information relating to such Unit holder, pursuant to the provisions of a treaty, an intergovernmental agreement or otherwise, directly or indirectly by the Scheme. Unit holders should consult their own tax advisors regarding the potential implications of this withholding tax.

(t) Material Interests of Associates of the Sponsor, AMC and Trustee Company

Reliance Capital Ltd, one of the sponsors of Reliance Nippon Life Asset Management, is a part of the Reliance Group. It is amongst India's leading financial services companies in the private sector. Reliance Capital has interests in asset management and mutual funds; life and general insurance; commercial finance; equities and commodities broking; wealth management services; distribution of financial products; asset reconstruction; proprietary investments and other activities in financial services. The other sponsor is Nippon Life Insurance Company, one of the largest insurance companies in Japan, with more than 11 million customers and 70,000 employees.

The following are a few examples of situations where there may be conflicts of interest between the AMC and the other related businesses. They are not, and are not intended to be, a complete enumeration or explanation of all of the material interests that may arise.

- The AMC will make investment decisions for the Scheme as it believes are in the fiduciary interests of the Scheme. Our Sponsors and their associates may also take similar investment decisions or may even take directionally opposite positions, based on their independent analysis. It has a Conflict of Interest Policy that requires it to act in a manner that does not prejudice the interests of investors in any manner vis-à-vis group or associate companies or put one set of investors to an advantage or disadvantage on account of another. This also includes restrictions on sharing of trading information.
- RMF may also use the services of Reliance Group entities as a broker or distributor or service provider on a strictly arm's length basis.
- The AMC in its sole discretion will determine whether the Scheme will participate in investment opportunities and investors should not expect that the Scheme will participate in any particular investment opportunities.
- The directors, officers, and employees of Reliance Mutual Fund may buy and sell securities or other investments for their own Accounts within the bounds of the Personal Securities Trading Policy (PSTP) laid down by the company.

Subject to applicable Laws, the AMC, may, from time to time, in-source or outsource certain processes or functions in connection with a variety of services that it provides to the Scheme in its administrative or other capacities.

Any investments in Group and Associate companies will be subject to SEBI Regulations in this regard.

- **Valuation of the Scheme's Investments**

The AMC carries out valuation of investments made by the Scheme. The AMC values Securities and assets in the Scheme according to the valuation policies described in the Statement of Additional Information.

- **Proxy Voting by the AMC**

The AMC has implemented processes designed to prevent conflicts of interest from influencing proxy voting decisions that it makes on behalf of the Scheme, and to help ensure that such decisions are made in accordance with its fiduciary obligations to the Scheme. Notwithstanding proxy voting processes, proxy voting decisions made by the AMC with respect to Securities held by the Scheme may benefit the interests of AMC other than the Scheme.

- **Error and Error Correction**

The AMC has procedures for determining when the AMC will reimburse the Scheme for losses that result from errors by the AMC. Pursuant to such procedures, an error is generally compensable from the AMC to the Scheme when it is a mistake (whether an action or inaction) in which the AMC has deviated from the applicable standard of care under the SEBI Regulations in managing the Scheme's assets, subject to certain materiality and other policies summarized below.

The Code of Conduct under the SEBI Regulations requires the AMC to render at all times high standards of service, exercise due diligence, ensure proper care and exercise independent professional judgement. Although the AMC would seek to follow such requirements, mistakes could occur, which mistakes would not be compensated by the AMC unless they are not in accordance with the requirements under the SEBI Regulations or any materiality thresholds prescribed therein. The AMC's policies do not require perfect implementation of investment management decisions, trading, processing or other functions performed by the AMC or its affiliates. Therefore, not all mistakes will be considered compensable errors. Imperfections, including without limitation, imperfection in the implementation of investment decisions, quantitative strategies, trade execution, cash movements, portfolio rebalancing, processing instructions or facilitation of securities settlement; imperfection in processing corporate actions; or imperfection in the generation of cash or holdings reports resulting in trade decisions, are generally not considered by the AMC to be violations of standards of care regardless of whether implemented through programs, models, tools or otherwise. As a result, such imperfections, including, without limitation, mistakes in amount, timing or direction of a trade, are generally not compensable errors unless such imperfections or mistakes are not in accordance with the requirements under the SEBI Regulations or any materiality thresholds prescribed therein.

Mistakes may also occur in connection with other activities that may be undertaken by the AMC and its affiliates, such as NAV calculation, transfer agent activities (i.e., processing Subscriptions and Redemptions), fund accounting, trade recording and settlement and other matters that are non-advisory in nature and may not be compensable unless they deviate from the applicable standards of care, SEBI Regulations or any materiality thresholds prescribed therein. Unit holders will generally not be notified of the occurrence of an error if such error is determined to be non compensable.

Mistakes may result in gains as well as losses. In applying its error and error correction policies, the AMC may determine that it is appropriate to reallocate or remove gains from the Scheme's account that are the result of a mistake.

The AMC makes its determinations pursuant to its error procedures on a case-by-case basis, based on the materiality of the resulting losses. For example, mistakes that result in losses below a threshold (as provided in the SEBI Mutual Fund Regulations) will not be compensable.

When the AMC determines that reimbursement by the AMC is appropriate, compensation received by the Scheme is generally expected to be limited to direct and actual losses, which may be calculated based on factors the AMC considers relevant. Compensation generally will not include any amounts or measures that the AMC determines are speculative or uncertain, including potential opportunity losses or other forms of consequential or indirect losses, and when calculating compensation, the AMC generally will not consider tax implications for, or the tax status of, the Scheme.

The AMC will consider any errors in the calculation of the Net Asset Value of the Scheme in order to determine whether corrective action is necessary or compensation is payable to the Scheme or the Unit holders.

The AMC, may, in their sole discretion, authorise the correction of errors, which may impact the processing of Subscriptions for and Redemptions of Shares. The AMC may follow materiality policies with respect to the resolution of errors that may limit or restrict when corrective action would be taken or when compensation to the Scheme or Unit holders will be paid. In addition, subject to policies approved by the AMC consistent with applicable Law, not all mistakes will result in compensable errors.

Unit holders may not be notified of the occurrence of any error or the resolution thereof unless the materiality thresholds provided under SEBI Regulations are exceeded and the correction of the error requires a payment/ recovery of any amounts to/from the Unit holders.

B. REQUIREMENT OF MINIMUM INVESTORS IN THE SCHEME

As the Scheme is an Exchange Traded Scheme, the provisions of minimum number of Investors and maximum holding of the Investors are not applicable as per SEBI Regulations and circulars.

C. SPECIAL CONSIDERATIONS

- An investment in the Units of the Scheme does not constitute a complete investment programme and Investors may wish to complement an investment in the Scheme with other types of investments.
- Prospective Investors should review / study the SAI and the SID along with this Supplement carefully and in its entirety and should not construe the contents hereof or regard the summaries contained herein as advice relating to legal, taxation, or financial / investment matters and are advised to consult their own professional advisor(s) as to the legal or any other requirements or restrictions relating to the Subscriptions, gifting, acquisition, holding, disposal (sale, transfer or Redemption or conversion into money) of Units and to the treatment of income (if any), capitalization, capital gains, any distribution, and other tax consequences relevant to their Subscription, acquisition, holding, capitalization, disposal (sale, transfer or Redemption or conversion into money) of Units within their jurisdiction / nationality, residence, domicile etc. or under the laws of any jurisdiction to which they or any managed funds to be used to Purchase / gift Units are subject, and also to determine possible legal, tax, financial or other consequences of Subscribing / gifting to, Purchasing or holding Units before making an application for Units.
- Neither this Supplement, the SID and the SAI, nor the Units have been registered in any jurisdiction outside India. The distribution of this Supplement and the SID in certain jurisdictions may be restricted or subject to registration and accordingly, any person who gets possession of this Supplement and the SID is required to inform themselves about, and to observe, any such restrictions. No person receiving a copy of the SAI and/or this Supplement and the SID or any accompanying Application Form in such jurisdiction may treat the SAI and this Supplement and the SID or such Application Form as constituting an invitation to them to subscribe for Units or solicitation in a jurisdiction where to do so is unlawful or the person making the offer or solicitation is not qualified to do so or a person receiving the offer or solicitation may not lawfully do so, nor should they in any event use any such Application Form unless, in the relevant jurisdiction such an invitation could lawfully be made to them and such Application Form could lawfully be used without compliance of any registration or other legal requirements. It is the responsibility of any persons in possession of this Supplement and the SID and any persons wishing to apply for Units pursuant to this Supplement and the SID to inform themselves of and to observe, all applicable Laws and regulations of such relevant jurisdiction. Any changes in SEBI / NSE / BSE / RBI regulations and other applicable Laws / regulations could have an effect on such investments and valuation thereof.
- The Mutual Fund / Trustees / AMC has not authorized any person to give any information or make any representations, either oral or written, not stated in this Supplement and the SID or the SAI in connection with issue or sale of Units under the Scheme. Prospective Investors are advised not to rely upon any information or representations not incorporated in the SAI, the SID and this Supplement as the same have not been authorized by the Mutual Fund or the Trustees or the AMC. Any Purchase or Redemption made by any person on the basis of statements or representations which are not contained in this Supplement and the SID or the SAI or which are not consistent with the information contained in the Offer Documents shall be solely at the risk of the Investor / Unit holder(s). Investors are requested to check the credentials of the individual, firm or other entity they are entrusting their Application Form and payment to, for any transaction with the Mutual Fund. The Mutual Fund shall not be responsible for any acts done by the intermediaries representing or purportedly representing such Investor.
- The AMC through itself or through its subsidiaries is restricted from undertaking any business activities that conflict across different activities. The absence of conflict of interest has been disclosed in this Supplement, the SID and the SAI. In the event that there is an unavoidable conflict of interest, the AMC shall satisfy itself that disclosures are made of the source of the conflict of interest, potential 'material risk of damage' to Investor interests and detailed parameters for the same are furnished.
- The offer and sale of the Units offered hereunder has not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any State or any other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined under Regulation S of the U.S. Securities Act). In addition, the Mutual Fund has not been and will not be registered under the U.S. Investment Company Act. It should be noted that Investors will not have the benefit of the substantive provisions of the laws of the United States of America. Therefore, the Units may not be offered or sold to or for the benefit of a U.S. person, as such term is defined herein. The Trustees / AMC may mandatorily Redeem any Units that are held by or for the benefit of any U.S. person. The distribution of this Supplement and the SID in certain jurisdictions may be restricted or totally prohibited and accordingly, persons who come into possession of this Supplement and the SID are required to inform themselves about, and to observe, any such restrictions and/ or legal compliance requirements. The Units have not been approved or disapproved by the United States Securities and Exchange Commission, any State securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of Units or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States and re-offer or resale of any of the Units in the United States or to U.S. persons may constitute a violation of U.S. law or regulation.
- Redemptions due to change in the fundamental attributes of the Scheme or due to any other reasons may entail tax consequences. The Trustees, the Mutual Fund, the AMC, their directors or their employees shall not be liable for any tax consequences that may arise due to Redemptions.

- Any tax benefits described in this Supplement are as available under the present taxation Laws and are available subject to conditions. The information given is included for general purpose only and is based on advice received by the AMC regarding the Laws and practice in force in India as on the date of this Supplement, and the Investors should be aware that the relevant fiscal rules or their interpretation may change. As is the case with any investment, there can be no guarantee that the tax position or the proposed tax position prevailing at the time of an investment in the Scheme will endure indefinitely. In view of the individual nature of tax consequences, each Investor is advised to consult his / her / their own professional tax advisor.
- Under certain circumstances, the Trustees / AMC may mandatorily Redeem Units of the Scheme as provided in Section III B 'Ongoing Offer Details – Redemption – General Provisions' of the SID of the Scheme. If the Units are held by any person in breach of the SEBI Regulations, Law or requirements of any governmental, statutory authority including, without limitation, exchange control regulations, requirements mandated by the Mutual Fund / Trustees / AMC pursuant to any directives of AMFI, the Mutual Fund may mandatorily Redeem all the Units of any Unit holder where the Units are held by a Unit holder in breach of the same. The Trustee may further mandatorily Redeem Units of any Unit holder in the event it is found that the Unit holder has submitted information either in the application or otherwise that is false, misleading or incomplete.
- If a Unit holder makes a Redemption request immediately after Purchase of Units, the Mutual Fund shall have a right to withhold the Redemption request in accordance with the conditions provided in the Statement of Additional Information. However, this is only applicable if the value of Redemption is such that some or all of the freshly Purchased Units may have to be Redeemed to effect the full Redemption.
- **Extract of the Voting Policy of the AMC applicable to ETFs/ index funds such as this Scheme :** In relation to its schemes that are exchange traded funds (ETFs) or index funds which are based on various indices, the Mutual Fund invests in such ETFs / index based funds based on the index which is being tracked by such scheme. In relation to the exercise of voting rights, the AMC has established guidelines for the exercise of voting or other rights wherein it is stated that for passive funds / ETFs, it will generally be abstaining from voting on resolutions.
- **Anti Money Laundering ("AML"):** Reliance Mutual Fund is committed to comply with all applicable anti money laundering laws and regulations in all of its operations. In India, the Prevention of Money Laundering Act, 2002 ('PMLA') the rules issued there under have been notified. Further, SEBI has also issued guidelines / circulars regarding AML Laws which are required to be followed by the intermediaries. Reliance Mutual Fund recognizes the value and importance of creating a business environment that strongly discourages money launderers from using Reliance Mutual Fund. To that end, the Mutual Fund and, the AMC have formulated and implemented a client identification programme and to verify and maintain the record of identity and address(es) of Investors.
- **Know Your Customer ("KYC"):** Know Your Client (KYC) Norms With effect from 1st January 2011, KYC (Know Your Customer) norms are mandatory for investors for making investments in Mutual Funds, irrespective of the amount of investment Further, in order to reduce hardship and help investors dealing with SEBI intermediaries, SEBI issued three circulars - MIRSD/SE/Cir-21/2011 dated October 05, 2011, MIRSD/Cir-23/2011 dated December 02, 2011 and MIRSD/Cir-26/2011 dated December 23, 2011 informing SEBI registered intermediaries as mentioned therein to follow, with effect from January 01, 2012, a uniform KYC compliance procedure for all the investors dealing with them on or after that date. SEBI also issued KYC Registration Agency ("KRA") Regulations 2011 and the guidelines in pursuance of the said Regulations and for In-Person Verification ("IPV"). SEBI has issued circular no. CIR/MIRSD/ 66/2016 dated July 21, 2016 and no. CIR/ MIRSD/120 /2016 dated Nov. 10, for uniform and smooth implementation of CKYC norms for onboarding of new investors in Mutual Funds with effect from 1st Feb 2017. In this behalf the Trustees / AMC reserves the right to reject any application and / or effect a mandatory Redemption of Units allotted to the Unit holder.

For more details refer to SAI.

- **Implementation of the Prevention of Money-laundering (Maintenance of Records) Second Amendment Rules, 2017 with respect to seeding of Aadhaar number:**

Investors are requested to note the following requirements in relation to submission of Aadhaar number and other prescribed details to Reliance Mutual Fund (RMF) / Reliance Nippon Life Asset Management Limited ("the AMC") / Karvy Fintech Private Limited (Karvy) its Registrar and Transfer Agent:

- Where the investor is an individual, who is eligible to be enrolled for Aadhaar number, the investor is required to submit the Aadhaar number issued by UIDAI. If such an individual investor is not eligible to be enrolled for Aadhaar number, and in case the Permanent Account Number (PAN) is not submitted, the investor shall submit the PAN or one certified copy of an officially valid document containing details of his identity and address and one recent photograph along with such other details as may be required by the Mutual Fund.

The investor is required to submit PAN as defined in the Income Tax Rules, 1962.

- Where the investor is a non-individual, Aadhaar numbers and PANs (as defined in Income-tax Rules, 1962) of managers, officers or employees or persons holding an attorney to transact on the investor's behalf is required to be submitted, apart from the constitution documents. In case PAN is not submitted, an officially valid document is required to be submitted. If a person holding an authority to transact on behalf of such an entity is not eligible to be enrolled for Aadhaar and does not submit the PAN, certified copy of an officially valid document containing details of identity, address, photograph and such other documents as prescribed is required to be submitted.

It may be noted that the requirement of submitting Form 60 as prescribed in the aforesaid notification is not applicable for investment in mutual fund units. For more details kindly refer SAI and FAQs on our website www.relianceetf.com.

Investors are requested to note that pursuant to the direction issued by Hon'ble Supreme Court on March 13, 2018 in Writ Petition (Civil) no. 494/ 2012 and Notification No. 1/2018/F. No. P.12011/24/2017-ES Cell-DoR from Ministry of Finance (Department of Revenue) dated March 31, 2018 the effective date for mandatory submission of Aadhaar has been deferred till further notice.

Since the units are allotted and held in dematerialised form, the KYC performed by DP shall be considered compliance with SEBI Circular ISD/AML/ CIR-1/2008 dated December 19, 2008.

Investors are urged to study the terms of the offer carefully before investing in the Scheme and retain this Supplement, the SID and the SAI for future reference.

D. DEFINITIONS

In this Supplement, unless the context otherwise requires:

No.	Term	Description
1	'AADHAAR'	Aadhaar number issued by the Unique identification Authority of India (UIDAI)
2	'ADRs' & 'GDRs'	'ADRs' means American Depository Receipt and 'GDRs' means Global Depository Receipt. ADRs are negotiable certificates issued to a specified number of shares (or one share) in a foreign stock that is traded on a U.S. exchange. ADRs are denominated in US\$. GDRs are negotiable certificates held in the bank of one country representing a specific number of shares of a stock traded on exchange of another country.
3	'Asset Management Company'/'AMC'/'Investment Manager'	Reliance Nippon Life Asset Management Limited (RNAM) (formerly Reliance Capital Asset Management Limited), a company set up under the Companies Act, 1956, having its registered office at Reliance Centre, 7th Floor South Wing, Off Western Express Highway, Santacruz (East), Mumbai - 400 055, authorized by SEBI to act as an asset management company / investment manager to the schemes of the Mutual Fund
4	'Anchor Investor'	A Qualified Institutional Buyer, applying under the Anchor Investor Portion, with a minimum application amount of ₹ 10 Crores (Rupees Ten Crores).
5	'Anchor Investor FFO 5 Period'	The period being July 18, 2019 to July 18, 2019
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 5 of this Supplement, 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.
7	'Anchor Investor Subscription Amount'	Anchor Investors shall pay a margin of at least 25% (Twenty Five percent) of the Subscription amount during the Anchor Investor FFO 5 Period, with the balance to be paid on or before the closure of the Non Anchor Investor FFO 5 Period. If the Anchor Investor does not pay the balance amount by the closure of the Non Anchor Investor FFO 5 Period, then the margin amount paid by the Anchor Investor shall be forfeited and credited to the FFO 5 Proceeds of the Scheme. The Anchor Investor will not be able to withdraw / modify its application once submitted to the AMC. Please note that any FFO 5 Units allotted to Anchor Investors during the FFO 5 period shall be locked-in for a period of 30 days from the FFO 5 Allotment Date.
8	'Applicable NAV'	Unless otherwise stated in this document, Applicable NAV is the Net Asset Value per Unit at the close of the Business Day on which the application for purchase or redemption/switch is received at the designated investor service centre and is considered accepted on that day. An application is considered accepted on that day, subject to it being complete in all respects and received prior to the cut-off time on that Business Day.
9	'Application Form'	A form issued by the AMC / Mutual Fund which is meant to be used by an Investor to open a folio and / or Purchase FFO 5 Units in the Scheme. The Application Form would include forms such as the common application form, SIP auto debit (ECS) form, nomination form and any other form for Purchase of Units as required.
10	'Authorised Participant'	Means the Member of the National Stock Exchange of India Ltd. or BSE Limited or any other recognized stock exchange and their nominated entities / persons, or any other person(s) who is / would be appointed by the AMC / Mutual Fund to act as Authorized Participant for the Scheme. The AMC has appointed Authorized Participants for the Scheme. Further, the AMC reserves the right to add/modify the Authorized Participants for the Scheme on an ongoing basis. The list of Authorized Participants acting for the Scheme at any point of time will be available on the website of the Mutual Fund www.reliancecmutual.com .
11	'Board'	Board of Directors
12	'BSE'	BSE Limited, a Stock Exchange recognized by the Securities and Exchange Board of India.
13	'CPSE ETF'	CPSE ETF scheme, an index scheme, in the form of an Exchange Traded Fund listed on NSE and BSE.
14	'Nifty CPSE Index'	An index owned and operated by NSE Indices Limited (formerly known as India Index Services & Products Ltd. (IISL), representing a share basket constituted by the CPSE Shares.
15	'Creation Unit'	Fixed number of Units of the Scheme that investors can create/redeem, in exchange for basket of Securities as specified by the AMC called the Portfolio Deposit and Cash Component.

16	'Creation Unit Size'	Creation Unit is a fixed number of Units of the Scheme, that investors can create/redeem, in exchange for a basket of Securities as specified by the AMC called the Portfolio Deposit and a Cash Component equal to the value of 100,000 (One Lakh) Units of the Scheme. The Creation Unit size may be changed by the AMC at their discretion and the notice of the same shall be published on the website of the Mutual Fund. The Mutual Fund may from time to time change the size of the Creation Unit.
17	'Custodian'/ 'Deutsche Bank A.G.'	Deutsche Bank A.G. which has been granted a certificate of registration by SEBI under the SEBI (Custodian of Securities) Regulations, 1996 and for the time being appointed by the Mutual Fund for rendering custodial services for the Scheme in accordance with the SEBI Regulations.
18	'Cut-off time'	A time prescribed in the SID upto which an Investor can submit a Purchase request / Redemption request for that Working Day
19	'Debt Instruments'	Corporate debentures, bonds, promissory notes, Money Market Instruments, pass through obligations, assets backed securities and other similar securities.
20	'Depository'	A body corporate as defined in the Depositories Act, 1996 and includes National Securities Depository Ltd. (NSDL) and Central Depository Systems Ltd (CDSL).
21	'Depository Participant'/ 'DP'	A person registered as such under sub-section (1A) of section 12 of the Securities and Exchange Board of India Act, 1992.
22	'Dividend'	The income distributed by the Mutual Fund on Units of the Scheme.
23	'Distributor'	Such persons / firms / companies / corporates as may be appointed by the AMC to distribute / sell / market the Scheme(s) of the Mutual Fund.
24	'Entry Load'	Load on Purchase / Subscription of Units.
25	'Exit Load'	Load on repurchase / Redemption of Units.
26	'Equity Related Securities'	Include convertible bonds and debentures, options and warrants carrying the right to obtain equity shares, convertible preference shares, equity schemes of mutual funds or other Securities that are directly or indirectly convertible into, or exercisable or exchangeable for or otherwise derive their performance primarily from, equity Securities.
27	'Exchange' / 'Stock Exchange'	Recognized stock exchange(s) where the Units of the Scheme are listed.
28	'Exchange Traded Fund' / 'ETF'	A scheme whose units are listed on an Exchange and can be bought / sold at prices, which may be close to the NAV of the scheme.
29	'FFO 5'	The offer for Purchase made to the Investors investing in the FFO 5 units during the FFO 5 Period.
30	'FFO 5 Allotment Price'	Means price computed for allotment of FFO 5 Units in accordance with 'Section III(A) – Allotment pursuant to the FFO 5' of this Supplement.
31	'FFO 5 Allotment Date'	Means the allotment date mentioned in the Account Statement / allotment advice issued by the AMC to the Unit holder immediately post the FFO 5 period with respect to the FFO 5 Units allotted to the Unit holder pursuant to the FFO 5.
32	'FFO 5 Proceeds'	Aggregate Subscription amount received by the Scheme from the Investors who will be allotted FFO 5 Units, including any margin payments forfeited from Anchor Investors in accordance with this Supplement.
33	'FFO 5 Period'	Means the Anchor Investor FFO 5 Period and the Non Anchor Investor FFO 5 Period.
34	'FFO 5 Reference Market Price'	Means the price determined based on the average of full day volume weighted average price on the NSE during the Non Anchor Investor FFO 5 Period (inclusive of Non Anchor Investor FFO 5 Period open as well as close date) for each of the index constituents of the Nifty CPSE Index.
35	'FFO 5 Unit(s)'	Unit of the Scheme offered and/or allotted to the investors pursuant to the FFO 5 during the FFO 5 Period. Please note that FFO 5 Units will rank pari-passu to the existing Units of the Scheme.
36	'Floating Rate Instruments'	Floating rate instruments are debt / money market instruments issued by Central / State Governments, with interest rates that are reset periodically. The periodicity of interest reset could be daily, monthly, annually or any other periodicity that may be mutually agreed between the issuer and the Fund.
37	'Foreign Portfolio Investors' / 'FPI'	Foreign Portfolio Investors as defined under the SEBI (Foreign Portfolio Investors) Regulations, 2014, as amended from time to time.
38	'Fund' / 'Mutual Fund'	Reliance Mutual Fund, a trust set up under the provisions of the Indian Trusts Act, 1882 and registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 vide Registration No. MF/058/08/03 dated August 26, 2008.
39	'Fund Manager'	The fund manager of the Scheme, details of whom are provided in this Supplement.
40	'G-secs' or 'Government Securities'	Securities issued and created by the Central Government and / or State Government (including treasury bills) or Government Securities as defined in the Public Debt Act, 1944, as amended or re-enacted from time to time.

41	'Growth Option'	Means an option under which the net income earned by the Scheme is retained in the net asset value of Units under such an option. Investors are also requested to refer to the section on 'Plans/Options offered' in Section III (Units and Offer) of this Supplement for further details on distribution of Dividend by the Scheme in certain instances.
42	'NSE Indices Limited'	NSE Indices Limited is a subsidiary of the National Stock Exchange of India Limited.
43	'Index Fund'	A mutual fund scheme, which invests in Securities in the same proportion that constitute the underlying index.
44	'Investor'	Any resident or non-resident person whether individual or a non-individual who is eligible to subscribe for Units under the laws of his / her / their state / county of incorporation, establishment citizenship, residence or domicile and under the Income Tax Act, 1961 including amendments made from time to time and who has made an application for subscribing Units under the Scheme. Under normal circumstances, a Unit holder would be deemed to be an investor.
45	'Investor Service Centres' / 'ISC'	Such offices of the Registrar and / or the AMC which are designated as Investor Service Centres by the AMC from time to time, details of which are available on the back cover of this Supplement. Investors are however requested to check the website of the Mutual Fund for the updated list of the Investor Service Centres.
46	'Indian Resident'	Means a 'person resident in India', as defined under The Foreign Exchange Management Act 1999, as amended from time to time.
47	'Large Investor'	Investors who are eligible to invest in the Scheme and who would be creating Units of the Scheme in Creation Unit Size by depositing Portfolio Deposit and Cash Component. Further the term Large Investor would also mean those Investors who would be redeeming Units of the Scheme in Creation Unit Size.
48	'Law'	The laws of India, the SEBI Regulations and any other applicable regulations for the time being in force in India including guidelines, directions and instructions issued by SEBI, the Government of India or RBI from time to time for regulating mutual funds generally or the Mutual Fund particularly.
49	'Load'	In the case of Subscription of a Unit, a sum of money to be paid by the prospective Investor on the Subscription of a Unit in addition to the Applicable NAV. In the case of Redemption of a Unit, a sum of money to be paid by the Unit holder on the Redemption of a Unit which is reduced from the Applicable NAV.
50	'Money Market Instruments'	Includes commercial papers, commercial bills, treasury bills, Government Securities having an unexpired maturity up to one year, call or notice money, certificates of deposit, usance bills, and any other like instruments as specified by the RBI from time to time.
51	'NAV'	Net Asset Value per Unit of the Scheme calculated in the manner described in this Supplement or as may be prescribed by the SEBI Regulations from time to time.
52	'Non Anchor Investor'	Means Retail Individual Investors, Qualified Institutional Buyers and Non Institutional Investors as the case may be.
53	'Non Anchor Investor FFO 5 Period'	The period being July 19, 2019 to July 19, 2019 subject to extension, if any
54	'Non Institutional Investor'	All investors who are not Qualified Institutional Buyers or Retail Individual Investors and who have applied for the FFO 5 Units for an amount more than ₹ 2,00,000 (Rupees Two Lakhs).
55	'Non-Resident Indian' / 'NRI'	A person resident outside India who is a citizen of India or is a Person of Indian Origin as per the meaning assigned to the term under Foreign Exchange Management (Deposit) Regulations, 2000.
56	'NSE'	The National Stock Exchange of India Ltd., a Stock Exchange recognized by the Securities and Exchange Board of India.
57	'Offer Document'	Means and includes this Supplement, the Scheme Information Document and the Statement of Additional Information issued by Reliance Mutual Fund, offering Units of the Scheme for Subscription.
58	'Official Points of Acceptance'	The specified centres of the Registrar and / or the AMC designated for collection of the Application Form(s), details of which are available on the back cover of this Supplement. Investors are however requested to check the website of the Mutual Fund for the updated list of the Official Points of Acceptance.
59	'Ongoing Offer'	The offer of Units under the Scheme since it became open-ended after the closure of the NFO period. The Ongoing Offer Period for the Scheme commenced on April 04, 2014.
60	'Ongoing Offer Period'	The period during which the Ongoing Offer for Subscription to the Units of the Scheme is made.
61	'Option'	Growth Option.
62	'Person of Indian Origin' / 'PIO'	A citizen of any country other than Bangladesh or Pakistan, if (a) he at any time held an Indian passport; or (b) he or either of his parents or any of his grandparents was a citizen of India by virtue of the Constitution of India or the Citizenship Act, 1955 (57 of 1955); or (c) the person is a spouse of an Indian citizen or a person referred to in sub-clause (a) or (b)
63	'Purchase' / 'Subscription'	Purchase of / subscription to Units by an Investor of the Scheme.
64	'Purchase Price'	The price (being Applicable NAV plus Entry Load, if any) as calculated in the manner provided in the Supplement and at which the Units can be Purchased.

65	‘Qualified Institutional Buyers’ (QIB)	<p>Qualified Institutional Buyers as defined under Regulation 2(1)(ss) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended. As per the above regulation below investors are classified as Qualified Institutional Buyers :-</p> <ul style="list-style-type: none"> (i) a mutual fund, venture capital fund, alternative investment fund and foreign venture capital investor registered with the SEBI; (ii) FPI other than Category III FPI, registered with the SEBI; (iii) a public financial institution as defined in section 4A of the Companies Act, 1956 and /or section 2(72) of the Companies Act, 2013; (iv) a scheduled commercial bank; (v) a multilateral and bilateral development financial institution; (vi) a state industrial development corporation; (vii) an insurance company registered with the Insurance Regulatory and Development Authority; (viii) a provident fund with minimum corpus of twenty five crore rupees; (ix) a pension fund with minimum corpus of twenty five crore rupees; (x) National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; (xi) Insurance funds set up and managed by army, navy or air force of the Union of India. (xii) Insurance funds set up and managed by the Department of Posts, India (xiii) Systemically important non-banking financial companies. <p>In addition to the investors classified under the definition of Qualified Institutional Buyers under Regulation 2(1)(ss) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended; Qualified Institutional Buyers would also mean superannuation funds, gratuity funds, provident funds and pension funds with corpus below twenty five crore rupees.</p>
66	‘Qualified Institutional Buyers (other than Retirement Funds) and Non Institutional Investor Portion’	<p>Upto 100% (One Hundred percent) 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 5, 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 this Supplement at the discretion of the AMC.</p> <p>Please note that 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.</p> <p>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.</p>
67	Qualified Institutional Buyers (other than Retirement Funds)	QIBs other than Provident funds, superannuation funds, gratuity funds and pension funds who have applied in FFO 5
68	Qualified Institutional Buyers (Retirement Funds)	Provident funds, superannuation funds, gratuity funds and pension funds who have applied as QIB in FFO 5
69	‘RBI’	The Reserve Bank of India established under The Reserve Bank of India Act, 1934.
70	‘Redemption’ / ‘Redeem’	Repurchase of Units by the Mutual Fund from a Unit holder.
71	‘Redemption Price’	The price (being Applicable NAV minus Exit Load, if any) as calculated in the manner provided in this Supplement and at which the Units can be Redeemed.
72	‘Retail Individual Investor and Qualified Institutional Buyers (Retirement Funds) Portion’	<p>Atleast 70% (Seventy percent) of the Maximum Amount to be Raised (if any) as stated in Section III – Further Fund Offer Plus any under subscribed Anchor Investor Portion, 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 this Supplement at the discretion of the AMC.</p> <p>Please note that 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.</p>
73	‘Registrar’	Karvy Fintech Private Limited, registered under the SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, currently acting as registrar and transfer agent to the Scheme or any other registrar appointed by the AMC from time to time.
74	‘Retail Individual Investor’	Individual Investors (including HUFs applying through their Karta’s and NRIs) who have applied for FFO 5 Units for an amount not exceeding ₹ 2,00,000 (Rupees Two lakhs).

75	'Repo'	Sale of Government Securities with simultaneous agreement to repurchase them at a later date.
76	'Reverse Repo'	Purchase of Government Securities with simultaneous agreement to sell them at a later date.
77	'Scheme'	CPSE ETF
78	'Scheme Related Documents'	Means and includes this Supplement/ Scheme Information Document ("SID")/ Key Information Document ("KIM")/ Statement of Additional Information ("SAI") issued by the Mutual Fund, offering Units of the Scheme for subscription.
79	'SEBI'	The Securities and Exchange Board of India, established under Securities and Exchange Board of India Act, 1992, as amended from time to time.
80	'SEBI Regulations'	SEBI (Mutual Funds) Regulations, 1996, as amended from time to time including any circulars, directions or clarifications issued by SEBI or any Government authority and as applicable to the Scheme and the Mutual Fund.
81	'Securities'	Shall have the meaning as defined under Section 2(h) of the Securities Contracts (Regulation) Act, 1956 of India; and also includes shares, stocks, bonds, debentures, warrants, instruments, obligations, Money Market Instruments, Debt Instruments or any financial or capital market instrument of whatsoever nature made or issued by any statutory authority or body corporate, incorporated or registered by or under any Law; or any other securities, assets or such other investments as may be permissible from time to time under the SEBI Regulations.
82	'Sponsor'	Means Sponsor of RMF i.e., RCL a company incorporated under Companies Act, 1956 that has established RMF and co-sponsor of RMF i.e., Nippon Life Insurance Company ("NLI").
83	'Statement of Additional Information' / 'SAI'	The Statement of Additional Information issued by the Mutual Fund from time to time.
84	Supplement	Supplement to the Scheme Information Document of the Scheme by which the Scheme invites public for subscription of FFO 5 Units.
85	Tri- Party Repo	Tri-party repo is a type of repo contract where a third entity (apart from the borrower and lender), called a Tri-Party Agent, acts as an intermediary between the two parties to the repo to facilitate services like collateral selection, payment and settlement, custody and management during the life of the transaction.
86	'Trustee'	Means the Trustee Company which holds the property of Reliance Mutual Fund in trust and includes the directors of the Trustee Company and the successors and assigns of the Trustee Company.
87	'Trustee Company'	Means Reliance Capital Trustee Co. Limited, a Company incorporated under the Companies Act, 1956 and approved by SEBI to act as Trustee of the Scheme of Reliance Mutual Fund.
88	'Trust Deed'	The Trust Deed entered into on April 24, 1995 between the Sponsor and the Trustee, and all amendments thereof.
89	'Unit'	The interest of Investor in the Scheme, which consists of each Unit representing one undivided share in the assets of the Scheme.
90	'Unit Capital'	The aggregate of the face value of the Units issued under the Scheme.
91	'Unit holder'	A person holding Unit(s) in the Scheme offered under this Supplement and the SID.
92	'Working Day/ Business Day'	A working/business day means any day other than (1) Saturday (2) Sunday or (3) a day on which BSE Limited, Mumbai or National Stock Exchange Limited or Reserve Bank of India or Banks in Mumbai are closed or (4) a day on which there is no RBI clearing/settlement of securities or (5) a day on which the sale and/or redemption and /or switches of Units is suspended by the Trustees /AMC or (6) a day on which normal business could not be transacted due to storms, floods, bandhs, strikes or any other events as the AMC may specify from time to time. The AMC may reserve the right to change the definition of working day / business day in accordance with applicable SEBI regulations.

Words and expressions used in this Supplement and not defined will have same meaning as assigned to them in the SID and/or Trust Deed.

Interpretation

For all purposes of this Supplement, except as otherwise expressly provided or unless the context otherwise required:

- The terms defined in this Supplement include the singular as well as the plural.
- Pronouns having a masculine or feminine gender shall be deemed to include the other.
- All references to 'USD' refer to United States Dollars and '₹' refer to Indian Rupees. A 'crore' means 'ten million' and a 'lakh' means a 'hundred thousand'.
- The contents of the Supplement are applicable to the Scheme covered under this Supplement and the Scheme Information Document, unless specified otherwise.

E. ABBREVIATIONS

In this Scheme Information Document the following abbreviations have been used

AMFI	Association of Mutual Funds in India
BAN	Beneficiary Account Number
BSE	BSE Limited
CCEA	Cabinet Committee on Economic Affairs
CDSL	Central Depository Services Limited
CPSE	Central Public Sector Enterprises
ECS	Electronic Clearing System
ETF	Exchange Traded Fund
FCNR A/c	Foreign Currency (Non-Resident) Account
FFO 5	Further Fund Offer 5
FPI	Foreign Portfolio Investor
GOI	Government of India
HUF	Hindu Undivided Family
ISDA	International Swaps and Derivatives Association, Inc.
ISIN	International Securities Identification Number
KYC	Know Your Customer
MIBOR	Mumbai Inter-Bank Offer Rate
NEFT	National Electronic Funds Transfer
NFO	New Fund Offer
NRE A/c	Non-Resident (External) Rupee Account
NRI	Non-Resident Indian
NRO A/c	Non-Resident Ordinary Rupee Account
NSDL	National Depositories Services Limited
NSE	National Stock Exchange of India Limited
PAN	Permanent Account Number
RBI	Reserve Bank of India
RTGS	Real Time Gross Settlement
STT	Securities Transaction Tax
T-Bills	Treasury bills
TRI	Total Returns Index
TREPS	Triparty Repo Anonymous Order Matching System

F. DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY

It is confirmed that:

1. This draft Supplement forwarded to SEBI is in accordance with the SEBI (Mutual Funds) Regulations, 1996 and the guidelines and directives issued by SEBI from time to time.
2. All legal requirements connected with the launching of the Scheme pursuant to this Supplement as also the guidelines, instructions, etc., issued by the Government and any other competent authority in this behalf, have been duly complied with.
3. The disclosures made in the Supplement are true, fair and adequate to enable the Investors to make a well informed decision regarding investment in the Scheme during the FFO 5.
4. The intermediaries named in the Supplement, the Scheme Information Document and Statement of Additional Information are registered with SEBI and their registration is valid, as on date.

Place : Mumbai
Date : July 15, 2019

Muneesh Sud
Designation: Chief Legal & Compliance officer

II. INFORMATION ABOUT THE SCHEME

A. TYPE OF SCHEME –

The Scheme is an open-ended index scheme, listed on the Exchanges in the form of an Exchange Traded Fund (ETF)

B. INVESTMENT OBJECTIVE OF THE SCHEME?

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

However the performance of the Scheme may differ from that of the underlying index due to tracking error. There can be no assurance or guarantee that the investment objective of the Scheme would be achieved.

C. ASSET ALLOCATION

The investment policies of the Scheme shall be as per SEBI Regulations, and within the following guidelines. Under normal market circumstances, the asset allocation of the Scheme will be as follows:

Instruments	Indicative Allocation (% of net assets)		Risk Profile
	Minimum	Maximum	
Securities covered by Nifty CPSE Index	95%	100%	Medium to High
Money Market Instruments (with maturity not exceeding 91 days), including Tri-party Repo, cash & cash equivalents.	0%	5%	Low to Medium

The above stated percentages are indicative and not absolute.

The Scheme will not invest in securitized debt, ADR, GDR, foreign Securities, nor will it engage in short selling and Repo in corporate debt.

As the Nifty CPSE Index is an Equity index, the constituents of the index do not include debt Securities.

Cash and cash equivalents will include Cash Component of the Portfolio Deposit received for Subscription and payable on Redemptions, Dividend received by the Scheme which is pending deployment, etc.

The Fund Manager would monitor the Tracking Error of the Scheme on an ongoing basis and would seek to minimize the Tracking Error to the maximum extent possible. Under normal circumstances, the AMC shall endeavor that the Tracking Error of the Scheme shall not exceed 2% per annum. There can be no assurance or guarantee that the Scheme will achieve any particular level of Tracking Error relative to performance of the underlying Index.

For the time duration of change in the index constituents, the Scheme may have to invest in Derivatives to maintain the respective weightages for the companies, constituting the index. Other than for purposes of portfolio rebalancing, the Scheme will not invest in Derivatives. These investments would be for a short period of time. The notional exposure of the Scheme in Derivative instruments shall be restricted to 10% of the net assets of the Scheme. The combined exposure of equity shares, debt Securities and gross notional exposure of Derivatives instruments shall not exceed 100% of the net assets of the Scheme.

Subject to the SEBI Regulations as applicable from time to time, the Scheme may, if the Trustees permit, participate in securities lending. The maximum exposure of the Scheme to a single intermediary in the stock lending programme at any point of time would be limited to 5% of the market value of its equity portfolio or up to such limits as may be specified by SEBI. The Scheme will not lend more than 20% of its corpus.

Change in Asset Allocation Pattern

Subject to the SEBI Regulations, the asset allocation pattern indicated above for the Scheme may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. In the event that the asset allocation of the Scheme should deviate from the ranges as noted in the asset allocation table above, then the Fund Manager will rebalance the portfolio of the Scheme to the position indicated in the asset allocation table above within a period of 7 days (30 days in case of corporate actions) from the date of said deviation. Such changes in the asset allocation will be for short term and defensive considerations.

Provided further and subject to the above, any change in the asset allocation affecting the investment profile of the Scheme shall be effected only in accordance with the provisions of sub regulation (15A) of Regulation 18 of the SEBI Regulations, as detailed in Section II (F) 'Fundamental Attributes' of this Supplement.

D. WHERE WILL THE SCHEME INVEST?

I. Investment in equity and equity related instruments

The Scheme will invest in securities which are constituents of Nifty CPSE Index. The investment restrictions and limits are specified in Schedule VII of SEBI Regulations which are mentioned under the heading 'Investment Restrictions'.

II. Investment in Money Market Instruments

The Scheme may invest in Money Market Instruments including, but not limited to T-Bills, commercial paper of public sector undertakings and private sector corporate entities, Tri-party Repo, Reverse Repo, certificates of deposit of scheduled commercial banks, financial institutions and development financial institutions, Government Securities with unexpired maturity of 91 days or less or any other like instruments as are or may be permitted by SEBI / RBI from time to time and in the manner prescribed under the SEBI Regulations to meet the liquidity and expense requirements. The investment restrictions and the limits as applicable to Debt Instruments, as specified in Schedule VII of the SEBI Regulations are mentioned in the section 'Investment Restrictions'.

The Money Market Instruments referred to above could be fixed rate or floating rate, listed, unlisted, privately placed debt securities, among others, transacted on an outright or Reverse Repos basis, as permitted by SEBI Regulations. The Scheme may also invest in deposits of scheduled commercial banks as permitted under the SEBI Regulations and / or guidelines

Tri- Party Repo

Tri-party repo is a type of repo contract where a third entity (apart from the borrower and lender), called a Tri-Party Agent, acts as an intermediary between the two parties to the repo to facilitate services like collateral selection, payment and settlement, custody and management during the life of the transaction.

What is Repo and Reverse Repo?

'Repo' means sale of Government Securities with simultaneous agreement to repurchase them at a later date. 'Reverse Repo' means purchase of Government Securities with simultaneous agreement to resell them at a later date.

III. Investments in Derivative Instruments

As part of the Fund Management process, only for the purposes of portfolio rebalancing, the Scheme, may use Derivative instruments such as index futures and options, stock futures and options contracts, warrants, convertible Securities, swap agreements or any other Derivative instruments that are permissible or may be permissible in future under applicable regulations and such investments shall be in accordance with the investment objectives of the Scheme.

Index futures/options are meant to be an efficient way of buying/selling an index compared to buying/selling a portfolio of physical shares representing an index for ease of execution and settlement. Index futures/options can be an efficient way of achieving the Scheme's investment objective. Notwithstanding the pricing, they can help in reducing the Tracking Error in the Scheme. Index futures/options may avoid the need for trading in individual components of the index, which may not be possible at times, keeping in mind the circuit filter system and the liquidity in some of the individual stocks. Index futures/options can also be helpful in reducing the transaction costs and the processing costs on account of ease of execution of one trade compared to several trades of shares comprising the underlying index and will be easy to settle compared to physical portfolio of shares representing the underlying index.

In case of investments in index futures/options, the risk/reward would be the same as investments in portfolio of shares representing an index. However, there may be a cost attached to buying an index future/option. The Scheme will not maintain any leveraged or trading positions

Purpose of investment in Derivatives Instruments

- (i) The Scheme shall fully cover its positions in the Derivatives market by holding underlying Securities/cash or cash equivalents/option and/or obligation for acquiring underlying assets to honour the obligations contracted in the Derivatives market.
- (ii) Separate records shall be maintained for holding the cash and cash equivalents/Securities for this purpose.
- (iii) The Securities held would be marked to market by the AMC to ensure full coverage of investments made in Derivative products at all times.

Limit for investment in Derivatives instruments

In accordance with SEBI circulars nos. DNP/D/Cir-29/2005 dated September 14, 2005, DNP/D/Cir-30/2006 dated January 20, 2006 and SEBI/DNP/D/Cir-31/2006 dated September 22, 2006, the following conditions shall apply to the Scheme's participation in the Derivatives market. The investment restrictions applicable to the Scheme's participation in the Derivatives market will be as prescribed or varied by SEBI or by the Trustees (subject to SEBI requirements) from time to time.

i. Position limit for the Mutual Fund in index options contracts

- a. The Mutual Fund's position limit in all index options contracts on a particular underlying index shall be ₹ 500 crore or 15% of the total open interest of the market in index options, whichever is higher, per Stock Exchange.
- b. This limit would be applicable on open positions in all options contracts on a particular underlying index.

ii. Position limit for the Mutual Fund in index futures contracts

- a. The Mutual Fund's position limit in all index futures contracts on a particular underlying index shall be ₹ 500 crore or 15% of the total open interest of the market in index futures, whichever is higher, per Stock Exchange.
- b. This limit would be applicable on open positions in all futures contracts on a particular underlying index.

iii. Additional position limit for hedging for the Mutual Fund:

In addition to the position limits at point (i) and (ii) above, the Mutual Fund may take exposure in equity index Derivatives subject to the following limits:

1. Short positions in index Derivatives (short futures, short calls and long puts) shall not exceed (in notional value) the Fund's holding of stocks.
2. Long positions in index Derivatives (long futures, long calls and short puts) shall not exceed (in notional value) the Mutual Fund's holding of cash, Government Securities, T-Bills and similar instruments.

iv. Position limit for the Mutual Fund for stock based Derivative contracts:

The combined futures and options position limit shall be 20% of the applicable Market Wide Position Limit (MWPL).

v. Position limit for the Scheme:

1. For stock option and stock futures contracts, the gross open position across all Derivative contracts on a particular underlying stock of the Scheme shall not exceed the higher of :
1% of the free float market capitalisation (in terms of number of shares) or 5% of the open interest in the Derivative contracts on a particular underlying stock (in terms of number of contracts).
2. This position limits shall be applicable on the combined position in all Derivative contracts on an underlying stock at a stock exchange.
3. For index based contracts, the Fund shall disclose the total open interest held by its schemes or all schemes put together in a particular underlying index, if such open interest equals to or exceeds 15% of the open interest of all Derivative contracts on that underlying index.

Exposure Limits for the Scheme

The cumulative gross exposure through equity, debt and Derivative positions shall not exceed 100% of the net assets of the Scheme. The Fund shall not write options or purchase instruments with embedded written options. The total exposure related to option premium paid must not exceed 20% of the net assets of the scheme. Cash or cash equivalents with residual maturity of less than 91 days may be treated as not creating any exposure.

Exposure due to hedging positions may not be included in the above mentioned limits subject to the following

- a. Hedging positions are the Derivative positions that reduce possible losses on an existing position in Securities and till the existing position remains.
- b. Hedging positions cannot be taken for existing Derivative positions. Exposure due to such positions shall have to be added and treated under limits mentioned above.
- c. Any Derivative instrument used to hedge has the same underlying security as the existing position being hedged.
- d. The quantity of underlying associated with the Derivative position taken for hedging purposes does not exceed the quantity of the existing position against which hedge has been taken.

The Scheme may enter into plain vanilla interest rate swaps for hedging purposes. The counter party in such transactions has to be an entity recognized as a market maker by RBI. Further, the value of the notional principal in such cases must not exceed the value of respective existing assets being hedged by the Scheme. Exposure to a single counterparty in such transactions should not exceed 10% of the net assets of the Scheme.

However, exposure due to Derivative positions taken for hedging purposes in excess of the underlying position against which the hedging position has been taken shall be treated under the limits mentioned above.

Definition of Exposure in case of Derivative Positions

Each position taken in Derivatives shall have an associated exposure as defined under. Exposure is the maximum possible loss that may occur on a position. However, certain Derivative positions may theoretically have unlimited possible loss. Exposure in Derivative positions shall be computed as follows:

Position	Exposure
Long Future	Futures Price * Lot Size * Number of Contracts
Short Future	Futures Price * Lot Size * Number of Contracts
Option bought	Option Premium Paid * Lot Size * Number of Contracts

Examples of certain Derivative transactions

Please note that the following descriptions and examples included in this section are not intended to be exhaustive and are included for illustrative purposes only.

Index Futures

A futures contract is an agreement between the buyer and the seller for the purchase and sale of a particular asset at a specific price on a specific future date. The price at which the underlying asset would change hands in the future is agreed upon at the time of entering into the contract. The actual purchase or sale of the underlying asset involving payment of cash and delivery of the instrument does not take place until the contracted date of delivery. A futures contract involves an obligation on both the parties to fulfill the terms of the contract.

Stock index futures are instruments which are designed to provide exposure to the movement of a particular equity market index.

The BSE and the NSE have started trading in index futures of 1, 2 and 3 month maturities. The pricing of an index future is the function of the underlying index and interest rates.

- Investment in stock index futures can give exposure to the index without directly buying the individual stocks.
- The Scheme can sell futures to hedge against market movements effectively without actually selling the stocks it holds.

Illustration

1 month nifty future price on day 1: 1075.

Assume Scheme buys 100 futures contracts at this level of 1075.

Each lot has a nominal value equivalent to 200 units of the underlying index

Scenario 1

On the date of settlement, the future price = closing spot price of the index = 1085

The profits for the Scheme as a result of this transaction = $(1085-1075) * 100 \text{ lots} * 200 = ₹ 2,00,000$

Scenario 2

On the date of settlement, the future price = closing spot price of the index = 1070

The loss for the Scheme as a result of this transaction = $(1070-1075) * 100 \text{ lots} * 200 = (₹ 1,00,000)$

As illustrated by the above scenarios, in simple terms (not taking in to account any margin that may be payable to the Scheme's counterparty as a result of entering in to the futures transaction) the net impact for the Scheme will be a function of the closing spot price of the underlying index on the date of settlement relative to the original purchase price at the outset.

Buying Options

An option is a contract which provides the buyer of the option (also called the holder) the right, without the obligation, to buy or sell a specified asset at an agreed price on or up to a particular date. For acquiring this right the buyer has to pay a premium to the seller. The seller on the other hand has the obligation to buy or sell that specified asset at the agreed price. The premium is determined considering number of factors such as the underlying asset's market price, the number of days to expiration, strike price of the option, the volatility of the underlying asset and the risk less rate of return. The strike price, the expiration date and the market lots are specified by the exchanges.

Buying a call option

Buying a call option on a stock or index gives the owner the right, but not the obligation, to buy the underlying stock / index at the designated strike price. The downside risks of this type of transaction are limited to the premium paid to purchase the option.

Illustration

Assume the Scheme buys a 1 month call option on Company 'X' at a strike of ₹ 190, and the current market price is ₹ 191.

Assume the Scheme will have to pay a premium of say ₹ 15 to buy this call.

If the stock price goes below ₹ 190 during the tenure of the call, the Scheme avoids the loss it would have incurred had it bought the stock instead of the call option. However, the Scheme gives up the premium of ₹ 15 that has to be paid in order to protect the Scheme from this probable downside.

If the stock goes above ₹ 190, the Scheme is able to exercise its right and own Company 'X' at a cost price of ₹ 190, thereby participating in the upside of the stock.

Buying a put option

Buying a put option on a stock originally held by the buyer gives him / her the right, but not the obligation, to sell the underlying stock at the designated strike price. Here the downside risks are limited to the premium paid to purchase the option.

Illustration

Assume the Scheme owns Company 'X' and also buys a three-month put option on Company 'X' at a strike of ₹ 190, and the current market price being say ₹ 191.

Assume the Scheme will have to pay a premium of say ₹ 12 to buy this put.

If the stock price goes below ₹ 190 during the tenure of the put, the Scheme can still exercise the put and sell the stock at ₹ 190, avoiding therefore any downside on the stock below ₹ 190. However, the Scheme gives up the fixed premium of ₹ 12 that has to be paid in order to protect the Scheme from this probable downside.

If the stock goes above ₹ 190, say to ₹ 220, it will not exercise its option. The Scheme will participate in the upside of the stock, since it can now sell the stock at the prevailing market price of ₹ 220.

IV. Lending of Securities

The Scheme may lend Securities from its portfolio in accordance with the SEBI Regulations and the applicable SEBI guidelines. Securities lending shall enable the Scheme to earn income that may partially offset its expenses and thereby reduce the effect these expenses have on the Scheme's ability to provide investment returns that correspond generally to the price and yield performance of its index. The Scheme will pay reasonable administrative and custodial fees in connection with the lending of Securities. The Scheme will be exposed to the risk of loss should a borrower default on its obligation to return the borrowed Securities. The Scheme's share of income from the lending collateral will be included in the Scheme's gross income. The Fund will comply with the conditions for Securities lending specified by SEBI Regulations and circulars.

The maximum exposure of the Scheme to a single intermediary in the stock lending programme at any point of time would be limited to 5% of the market value of its equity portfolio or upto such limits as may be specified by SEBI. The Scheme will not lend more than 20% of its corpus.

V. Investments in Short Term Fixed Deposits / units of liquid schemes

Pending deployment of funds as per the investment objective of the Scheme, the funds may be invested in short term deposits of scheduled commercial banks as permitted under the SEBI Regulations from time to time or liquid scheme(s) managed by the AMC or in liquid schemes of any other mutual fund.

VI. Investment in other schemes

The Scheme may invest in other Scheme(s) managed by the AMC or in the schemes of any other mutual fund, provided it is in conformity with the investment objectives of the Scheme and in terms of the prevailing SEBI Regulations. As per the SEBI Regulations, the AMC will not charge investment management fees for such investments.

VII. Investments by the AMC, the Sponsor, the Trustee Company and /or their associates in the Scheme

Subject to the SEBI Regulations and other applicable laws, the AMC, the Sponsor, the Trustee Company and/or their associates or affiliates, may invest in the Scheme during the FFO 5 Period and/or the Ongoing Offer Period. The percentage of such investment to the total NAV may vary from time to time. The AMC shall not charge any investment management and advisory fees on investment by the AMC in the Units of the Scheme in accordance with sub-regulation 17 of Regulation 25 of the SEBI Regulations.

VIII. Investment of FFO 5 Subscription Money

The AMC may deploy the FFO 5 proceeds in Tri-party Repo before the closure of FFO 5 period. However, AMCs shall not charge any investment management and advisory fees on funds deployed in Tri-party Repo during the FFO 5 period. The appreciation earned from investment in Tri-party Repo will be passed on to the Investor.

E. INVESTMENT STRATEGY

Investment Approach

The AMC uses a “passive” or indexing approach to try and achieve Scheme’s investment objective. Unlike other Funds, the Scheme does not try to “beat” the markets they track and do not seek temporary defensive positions when markets decline or appear over valued. The AMC does not make any judgments about the investment merit of a particular stock or a particular industry segment or the underlying nor will it attempt to apply any economic, financial or market analysis. Indexing eliminates active management risks with regard to over/ underperformance vis-à-vis a benchmark. The Scheme shall invest all of its funds as per its investment objective and asset allocation pattern, except to meet its liquidity requirements. Passive approach eliminates active management risks pertaining to over/underperformance vis-à-vis a benchmark.

The Scheme will invest at least 95% of its total assets in the stocks of the Nifty CPSE Index. Due to corporate action in companies comprising the index, the Scheme may be allocated/allotted Securities which are not part of its underlying index. Hence, the Scheme may hold up to 5% of their total assets in stocks not included in the corresponding underlying index. For example, the AMC may invest in stocks not included in the relevant underlying index in order to reflect various corporate actions (such as mergers) and other changes in the relevant underlying index (such as reconstitutions, additions, deletions and these holdings will be in anticipation and in the direction of impending changes in the underlying index). In case the Scheme invests in stocks of companies outside the Index due to corporate actions, then the Fund Manager will rebalance the portfolio of the Scheme to the position indicated in the asset allocation table above within a period of 30 days from the date of said deviation. However, if market conditions do not permit exiting the corporate action within this stipulated period of 30 days then the AMC would notify the Board of the Trustee Company and the Investment Committee of the AMC with appropriate justifications.

The Scheme shall also invest up to 5% in Money Market Instruments (with maturity not exceeding 91 days), including Tri-party Repo, cash and cash equivalents, as per its investment allocation pattern.

Risk Control

Risk	Risk mitigation strategy
Market Risk The Scheme is vulnerable to movements in the prices of securities invested by the scheme, which could have a material bearing on the overall returns from the scheme. The value of the Scheme’s investments, may be affected generally by factors affecting securities markets, such as price and volume, volatility in the capital markets, interest rates, currency exchange rates, changes in policies of the Government, taxation laws or any other appropriate authority policies and other political and economic developments which may have an adverse bearing on individual securities, a specific sector or all sectors including equity and debt markets.	Market risk is a risk which is inherent to an equity scheme. With the Scheme following a passive investment strategy, the Scheme will invest in Securities in accordance with the weightage in the underlying Nifty CPSE Index and will typically not seek to take any active risk relative to such index. As a passive scheme is designed to track an index, the Scheme aims to track Nifty CPSE Index, and aims to purchase Securities of the constituent companies as per the composition and weightages provided in the Nifty CPSE Index. Therefore, the specific market risk associated with the Nifty CPSE Index is inherent to this Scheme. Investors should however note the section on Tracking Error Risk set out below.
Liquidity Risk The liquidity of the Scheme’s investments is inherently restricted by trading volumes in the securities in which it invests.	The underlying index will have constituents which have high level of liquidity. Hence liquidity issues in the scheme related to underlying constituents is not envisaged.
Tracking Error Risk The performance of the Scheme may not be commensurate with the performance of Nifty CPSE Index on any given day or over any given period.	The objective of the Scheme is that the NAV should closely track the performance of Nifty CPSE Index over the same period subject to tracking error. The Scheme would endeavor to maintain a low tracking error by actively aligning the portfolio in line with the index.

Investment Policy

The Scheme, in general, seeks to hold all the Securities that comprise the underlying index in the same proportion as the underlying index. The income received by way of Dividend shall be used for recurring expenses and Redemption requirements or shall be accumulated and invested as per the investment objective of the Scheme. There is a risk of higher Tracking Error due to the income received by way of Dividend till it is reinvested. The Scheme seeks to keep the Tracking Error of the Scheme relative to the performance of the underlying index relatively low.

The Investment Manager would monitor the Tracking Error of the Scheme on an ongoing basis and would seek to minimize Tracking Error to the maximum extent possible. Under normal circumstances, the AMC shall endeavor that the Tracking Error of the Scheme shall not exceed 2% per

annum. There can be no assurance or guarantee that the Scheme will achieve any particular level of Tracking Error relative to performance of the underlying index. The investment decisions will be determined as per the benchmark index.

Change in Investment Pattern

As the Scheme is an index Scheme, the policy is passive management. However the investment pattern is indicative and may change for short duration. In the event the underlying index, as the case may be, is dissolved or is withdrawn or is not published due to any reason whatsoever, subject to necessary prior approvals, including prior written approval from the DIPAM, the Trustees reserve the right to modify such Scheme so as to track different and suitable index or to suspend tracking the benchmark index and appropriate intimation will be sent to the Unit holders of the Scheme. In such a case, investment pattern will be modified suitably to match the composition of the Securities that are included in the new index to be tracked and will be subject to Tracking Errors during the intervening period. It must be clearly understood that the percentage stated in the asset allocation table are only indicative and not absolute.

Rebalance for the Scheme shall also be carried out whenever there is a change in the underlying index or any change due to corporate action with respect to the constituents of the underlying index.

Any change in the asset allocation affecting the investment profile of the Scheme will be affected only in accordance with the provisions of Sub regulation (15A) of Regulation 18 of SEBI Regulations.

Portfolio Turnover

Portfolio turnover is the term used by the Fund for measuring the amount of trading that occurs in a Scheme's portfolio during a specified period of time of typically 1 year. The Scheme is an open-ended Scheme. It is therefore expected that there would be a number of Subscriptions and Redemptions on a daily basis. There may be frequent transactions to buy and sell the Securities resulting in increase in transaction cost. At the same time frequent transactions may increase the profits and which can offset the increase in cost. Consequently, it is difficult to estimate with any reasonable measure of accuracy, the likely turnover in the portfolio. However, the Fund Manager will endeavor to optimize the portfolio turnover to minimize risk and maximize gains while keeping in mind the cost associated with such transactions.

Portfolio Turnover Ratio of the Scheme

Portfolio Turnover Ratio of the Scheme is 3.32 as on June 28, 2019.

Procedure followed for Investment Decisions

The Fund Manager of the Scheme is responsible for making buy / sell decisions for the Scheme's portfolio. The investment decisions will be taken by the Scheme keeping in view the investment objective of the Scheme and all the relevant aspects. The AMC will review all the investments made by the Scheme. The investment decisions of the Scheme will be carried out by the designated Fund Manager under the supervision of Chief Investment Officer – Equities.

It is the responsibility of the AMC to seek to ensure that the investments are made as per the Regulatory guidelines, the investment objectives of the Scheme and in the interest of the Unit holders of the Scheme.

All investment decisions of the Scheme will be recorded in accordance with SEBI Regulations. The Fund Manager shall seek to ensure that the funds of the Scheme are invested in line with the regulatory guidelines, the investment objective of the Scheme and in the interest of the Unit holders of the Scheme.

F. FUNDAMENTAL ATTRIBUTES

Following are the fundamental attributes of the Scheme, in terms of Regulation 18(15A) of the SEBI Regulations:

(i) **Type of a scheme** : Please refer section of 'Type of Scheme'

(ii) **Investment Objective**

- **Investment Objective** : Please refer section of 'Investment Objective'
- **Investment Pattern** : Please refer section of 'Asset Allocation'

(iii) **Terms of Issue** : Provisions with respect to listing, repurchase, Redemption of Units and fees and expenses as indicated in this Supplement and/or the SID.

In accordance with Regulation 18(15A) of the SEBI Regulations, the Trustee shall ensure that no change in the fundamental attributes of the Scheme or the trust or fees and expenses payable or any other change which would modify the Scheme and affect the interest of the Unit holders, will be carried out unless:

- a. A written communication about the proposed change is sent to each Unit holder of the Scheme and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a Marathi daily newspaper with wide circulation published in Mumbai (as the head office of the Mutual Fund is situated there); and
- b. The Unit holders of the Scheme will be given an option to exit for a period of 30 days at the prevailing NAV without any Exit Load

(iv) **Any safety net or guarantee provided**: This Scheme does not provide any guarantee or assured return to its Investors.

Fundamental attributes will not cover such actions of the Board of Trustee or AMC, made in order to conduct the business of the Trust, the Scheme or the AMC, where such business is in the nature of discharging the duties and responsibilities with which they have been charged. Nor will it include changes to the Scheme made in order to comply with changes in SEBI Regulations with which the Scheme has been required to comply.

G. BENCHMARK INDEX

The Scheme as per its investment objective would primarily invest in Securities which are constituents of the benchmark index. In terms of SEBI Circular No. MFD/CIR/16/400/02 dated March 26, 2002 the performance of the Scheme will be benchmarked against Nifty CPSE TRI. The same has been chosen as the benchmark for the Scheme as the composition of the aforesaid index is such that it is most suited for comparing performance of the Scheme.

A detailed review of the Scheme and the performance of the Scheme, vis-à-vis the benchmark, will be placed before the Board of directors of AMC and Trustee on a periodic basis.

In terms of SEBI Circular No. MFD/CIR/01/ 071/02 dated March 26, 2002, the Board of the AMC and Trustees may review the benchmark selection from time to time, and make suitable changes as to use of the benchmark or select an additional or replacement benchmark, or related to composition of the benchmark, whenever it deems necessary after recording an adequate justification for carrying out such change. However, change of benchmark and/or selecting additional benchmarks would be done in compliance with the relevant guidelines of SEBI in this regard.

The Fund Manager will bring to the notice of the Board of the AMC, specific factors if any, which are impacting the performance of the Scheme. The Board of the AMC on consideration of all relevant factors may, if necessary, give appropriate directions to the AMC. Similarly, the performance of the Scheme will be submitted to the Trustees. The Fund Manager / Chief Investment Officer - Equities will explain to the Trustees, the details on the Scheme's performance vis-à-vis the benchmark returns.

About the Index

Nifty CPSE Index is constructed in order to facilitate Government of India's initiative to dis-invest some of its stake in selected CPSEs. The Government opted for ETF route for disinvestment. The ETF shall track the performance of the Nifty CPSE Index. The index values are to be calculated on free float market capitalization methodology. The index has base date of 01-Jan-2009 and base value of 1000. Weights of index constituent shall be re-aligned (i.e. capped at 20%) on a quarterly basis after the expiry of the F&O contracts in March, June, September and December.

Selection Criteria's for the Nifty CPSE Index:

The CPSEs selected meet below mentioned parameters:

1. Included in the list of CPSEs published by the Department of Public Enterprise
2. Listed at National Stock Exchange of India Ltd. (NSE)
3. Having more than 51.5% government holding (stake via Govt. of India or President of India) under promoter category.
4. Companies having average free float market capitalization of more than ₹ 1,000 Cr. for six month period ending August 2018 are selected.
5. Companies which are IRDA dividend norms compliant shall be considered eligible to be included in the index.

Index Composition as on June 28, 2019 is as below:

Company Name	Weightage (%)
NTPC Ltd.	20.70
Coal India	19.67
Oil & Natural Gas Corporation Ltd.	19.33
Indian Oil Corporation Ltd.	16.96
REC Ltd.	6.80
Power Finance Corporation Ltd.	6.45
Bharat Electronics Ltd.	4.99
Oil India Ltd.	2.49
NBCC (India) Ltd.	1.53
NLC India Ltd.	0.61
SJVN Ltd.	0.48

H. FUND MANAGER

The Fund Manager, Vishal Jain, will manage the investments under the Scheme. His qualifications and experience are as under:

Name	Age	Qualification	Experience	Name of the Other Scheme managed
Mr. Vishal Jain ETF Head & Fund Manager (Managing the Scheme - From November 06, 2018)	46 years	Post Graduation Diploma in Management (from Goa Institute of Management, Panji)	<u>Over 21 years of experience in ETF</u> <u>From November 06, 2018 onwards</u> Head of ETF & Fund Manager <u>December 2016-November 05, 2018</u> RNAM : Head of ETF <u>June 2014-November 2016</u> Food Ideas Private Limited-Founder & CEO (Entrepreneurial Venture) - Developing and launching a brand of healthy beverages. <u>August 2011-May 2014</u> Goldman Sachs Asset Management–Chief Investment Officer-In charge of all Investments related activities for ETFs. <u>April 2001-July 2011</u> Benchmark Asset Management Company Private Limited-Chief Investment Officer-In charge of all investments related activities for ETFs.	Reliance ETF Bank BeES Reliance ETF Junior BeES Reliance ETF Nifty BeES

I. INVESTMENT RESTRICTIONS

Pursuant to the SEBI Regulations, the following are the investment and other limitations as presently applicable to the Scheme at the time of making investments. However, all the investments by the Scheme will be made within the investment objective, asset allocation, described earlier as well as within the investment restrictions as specified in SEBI Regulations, including Schedule VII thereof.

- (i) No loans for any purpose will be advanced by the Scheme otherwise than as permitted under the SEBI Regulations.
- (ii) The Scheme shall not invest more than 10% of its NAV in Debt Instruments comprising Money Market Instruments and non-money market instruments issued by a single issuer, which are rated not below the investment grade by a credit rating agency authorized to carry out such activity under the Act. Such investment limit may be extended to 12% of the NAV of the Scheme with the prior approval of board of directors of Trustees and AMC. Provided that such limit shall not be applicable for investments in Government Securities, treasury bills and Tri-Party Repo
- (iii) The Fund under all its Scheme(s) shall not own more than 10% of any company's paid-up capital carrying voting rights.
- (iv) Further the inter scheme transfer of investments shall be in accordance with the provisions contained in the section 'Inter-scheme transfer of investments', contained in the Statement of Additional Information. Transfer of investments from one Scheme to another Scheme of the Mutual Fund shall be allowed only if:
 - a. Such transfers are done at the prevailing market price for quoted instruments on spot basis.
Explanation: "Spot basis" shall have same meaning as specified by the Stock Exchanges for spot transaction.
 - b. The Securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made.
- (v) The Scheme may invest in another scheme under the same AMC or any other mutual fund without charging any investment management fees provided that the aggregate inter-scheme investment in line with the investment objectives, made by all the schemes under the same management or in schemes under management of any other asset management company shall not exceed 5% of the net asset value of the Fund.
- (vi) Till the SEBI Regulations so require, the Mutual Fund shall buy and sell Securities on the basis of deliveries and shall in all cases of purchases, take delivery of relative Securities and in all cases of sale, deliver the Securities. Provided further that the Mutual Fund shall enter into Derivatives transactions in a recognised stock exchange, subject to the framework specified by SEBI and that sale of Government Securities already contracted for purchase shall be permitted in accordance with the guidelines issued by the RBI in this regard.
- (vii) Till the SEBI Regulations so require, the Mutual Fund shall get the Securities purchased transferred in the name of the Mutual Fund on account of the Scheme, wherever investments are intended to be of a long-term nature.
- (viii) Pending deployment of funds of Scheme in Securities in terms of investment objectives of the Scheme, a Mutual Fund can invest the funds of the Scheme in short-term deposits of scheduled commercial banks within the limits prescribed under SEBI circular dated April 16, 2007 and applicable guidelines.
- (ix) The Fund may borrow to meet liquidity needs, for the purpose of repurchase, Redemption of Units or payment of interest or Dividend to the Unit holders and such borrowings shall not exceed 20% of the net asset of the Scheme and duration of the borrowing shall not exceed 6 months. The Fund may borrow from permissible entities at prevailing market rates and may offer the assets of the Mutual Fund as collateral for such borrowing.
- (x) Till the SEBI Regulations so require, the Scheme shall not make any investment in:
 - a. Any unlisted Security of an associate or group company of the Sponsor; or
 - b. Any Security issued by way of private placement by an associate or group company of the Sponsor; or
 - c. The listed Securities of group companies of the Sponsor, which is in excess of 25% of the net assets.
- (xi) The Scheme shall not make any investment in any fund of funds scheme.
- (xii) The entire Scheme's investments will be in Equity and Equity Related Securities, Money Markets Instruments and Debt Instruments which are either asset backed or mortgage backed securities.
- (xiii) Aggregate value of 'illiquid Securities' of the Scheme, which are defined as non-traded, thinly traded and unlisted equity shares, shall not exceed 15% of the total assets of the Scheme.
- (xiv) The Scheme will comply with any other SEBI Regulations applicable to the investments of funds from time to time.
- (xv) If the Mutual Fund holds an aggregate of Securities which are worth ₹ 10 crores or more, as on the latest balance sheet date, it shall, subject to such instructions as may be issued from time to time by the board of directors of the AMC, settle its transactions only through dematerialized Securities. Further all transactions in Government Securities shall be in dematerialized form.
- (xvi) In order to address the risk related to portfolio concentration in ETFs and Index Funds in accordance with SEBI circular No. SEBI/HO/IMD/DF3/CIR/P/2019/011 dated January 10, 2019, it has been decided to adopt the following norms:
 - a) The index shall have a minimum of 10 stocks as its constituents.
 - b) For a sectoral/ thematic Index, no single stock shall have more than 35% weight in the index. For other than sectoral/ thematic indices, no single stock shall have more than 25% weight in the index.
 - c) The weightage of the top three constituents of the index, cumulatively shall not be more than 65% of the Index.
 - d) The individual constituent of the index shall have a trading frequency greater than or equal to 80% and an average impact cost of 1% or less over previous six months.

Accordingly, the scheme seeks to replicate a particular Index hence shall ensure that the index complies with the aforesaid norms.

Investments Limitations and Restrictions in Derivatives

As applicable, the Scheme shall comply with the investment limitations and restrictions set out for participation in the Derivatives market in accordance with SEBI circulars dated September 14, 2005, January 20, 2006 and September 22, 2006 as amended from time to time.

Investment by AMC

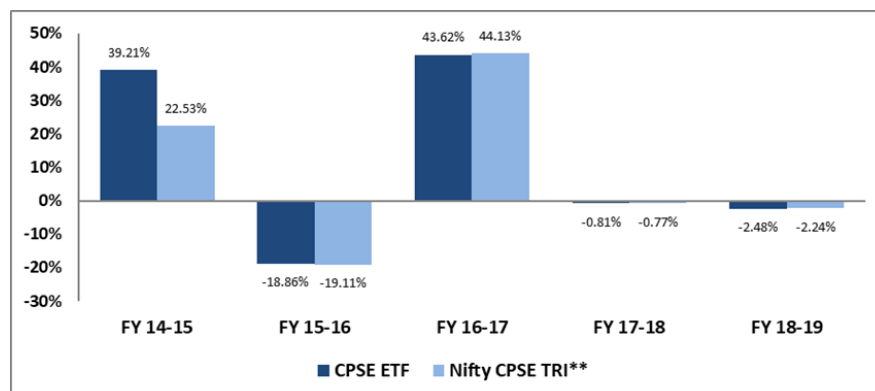
The AMC has invested in the Scheme and may make further investments into the Scheme. The percentage of such investment to the total NAV may vary from time to time. The AMC shall not charge any fees on investment by the AMC in the Units of the Scheme in accordance with sub-regulation 17 of Regulation 25 of the SEBI Regulations and shall charge fees on such amounts in future only if the SEBI Regulations so permit.

All investment restrictions shall be applicable at the time of making investments. The AMC may alter these limitations / objectives from time to time to the extent the SEBI Regulations change so as to permit Scheme to make its investments in the full spectrum of permitted investments to achieve its investment objective. The Trustees may from time to time alter these restrictions in conformity with the SEBI Regulations.

All investments of the Scheme will be made in accordance with the SEBI Regulations, including Schedule VII thereof.

J. SCHEME'S PERFORMANCE

(a) Absolute Returns for each financial year for last 5 years



(b) Compounded Annualised Returns (%) as on June 30, 2019

Period	CPSE ETF	Nifty CPSE Index	Nifty CPSE Total Returns Index**
Returns for the last 1 year	10.67	6.46	10.95
Returns for the last 3 years	10.80	6.34	10.99
Returns for the last 5 years	1.52	-2.25	1.57
Returns since inception	9.81	3.40	7.24

Returns since inception are calculated from the date of allotment i.e. March 28, 2014. Dividends (if any) are assumed to be reinvested at the prevailing NAV. Distribution taxes (if any) are excluded while calculating the returns. After payment of Dividend, NAV will fall to the extent of the payout and statutory levy (if applicable). Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments.

Note : **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.

(c) Illustration of impact of the Scheme expense ratio on the returns of the Scheme

An Investor invests ₹ 10,000 in the Scheme at a NAV of ₹ 10. There is a gain of 10% on the NAV after one year before charging any expenses to the Scheme. Hence the value of the investment (i.e. ₹ 10,000) has, before charging of any expenses, gone up to ₹ 11,000 after one year and the return to the Investor before expenses is ₹ 1000. The expense ratio charged to the Scheme is 1.50% per annum. For sake of simplicity, after deduction of 1.50% expense ratio on such return*, the value of the investment of the Investor is reduced to ₹ 10,850. This means that ₹ 150 is deducted on the return as the expense of the Scheme and the net returns to the Investor after deducting the expense ratio of 1.50% is 8.50%. Therefore in this illustration, the Scheme's returns before expenses would be 10% and the Scheme's returns post expenses would be 8.50%.

Below is the tabular representation of the illustration:

Investment done by the Investor in the Scheme	₹ 10,000
10% gain after 1 year	₹ 1,000
Value of investment after 1 Year before charging expense	₹ 11,000
Annual Expense Ratio charged at 1.50%	₹ 150
Value of Investment after 1 Year post charging expense	₹ 10,850
Returns before expenses (₹)	₹ 1,000
Returns post expenses (₹)	₹ 850
Returns before expenses (%)	10.00%
Returns post expenses (%)*	8.50%

(*Please note that for sake of simplicity in this illustration, the expense ratio is deducted from the gross return on the investment and not the final market value of the investment)

K. INTRODUCTION TO EXCHANGE TRADED FUNDS

ETFs are innovative products that provide exposure to an index or a basket of securities that trade on the exchange like a single stock. ETFs have a number of advantages over traditional open-ended index funds as they can be bought and sold on the Exchange at prices that are usually close to the actual intra-day net asset value of the scheme. ETFs are an innovation to traditional mutual funds as ETFs provide investors a fund that closely tracks the performance of an index with the ability to buy / sell on an intra-day basis. Unlike listed close ended funds, which trade at substantial premiums or more frequently at discounts to net asset value, ETFs are structured in a manner which allows to create new units and

redeem outstanding units directly with the fund, thereby ensuring that ETFs trade close to their actual net asset values.

ETFs are usually passively managed funds wherein subscription / redemption of units work on the concept of exchange with underlying securities. In other words, large investors / institutions can purchase units by depositing the underlying securities with the mutual fund / asset management company and can redeem by receiving the underlying shares in exchange of units. Units can also be bought and sold directly on the exchange.

ETFs have all the benefits of indexing such as diversification, low cost and transparency. As ETFs are listed on the exchange, costs of distribution are much lower and the reach is wider. These savings in cost are passed on to the investors in the form of lower costs. Further more, exchange traded mechanism helps reduce minimal collection, disbursement and other processing charges.

The structure of ETFs is such that it protects long-term investors from inflows and outflows of short-term Investor. This is because the mutual fund does not bear extra transaction cost when buying / selling due to frequent subscriptions and redemptions.

Due to the creation / redemption of units through the in-kind mechanism the fund can keep lesser funds in cash. Also, time lag between buying / selling units and the underlying shares is much lower.

ETFs are highly flexible and can be used as a tool for gaining instant exposure to the equity markets, equitizing cash or for arbitraging between the cash and futures market.

Benefits of ETFs

- (i) Can be easily bought / sold like any other stock on the exchange through terminals spread across the country.
- (ii) Can be bought / sold anytime during market hours at prices that are expected to be close to actual net asset value of the scheme. Thus, investor invests at real-time prices as opposed to end of day prices.
- (iii) No separate form filling for buying / selling units. It is just a phone call to your broker or a click on the internet.
- (iv) Ability to put limit orders.
- (v) Minimum investment for an ETF is one unit.
- (vi) Protects long-term investors from the inflows and outflows of short-term investors.
- (vii) Flexible, as it can be used as a tool for gaining instant exposure to the equity markets, equitizing cash, hedging or for arbitraging between the cash and futures market.
- (viii) Helps in increasing liquidity of underlying cash market.
- (ix) Aids low cost arbitrage between futures and cash market.

Uses of ETFs

(i) Investors with a long-term horizon

Allows diversification of portfolio at one shot thereby reducing scrip specific risk at a low cost.

(ii) FPIs, Institutions and Mutual Funds

Allows easy asset allocation, hedging and equitizing cash at a low cost.

(iii) Arbitrageurs

Low impact cost to carry out arbitrage between the cash and the futures market.

(iv) Investors with a shorter term horizon

Allows liquidity due to ability to trade during the day and expected to have quotes near net asset value during the course of trading day.

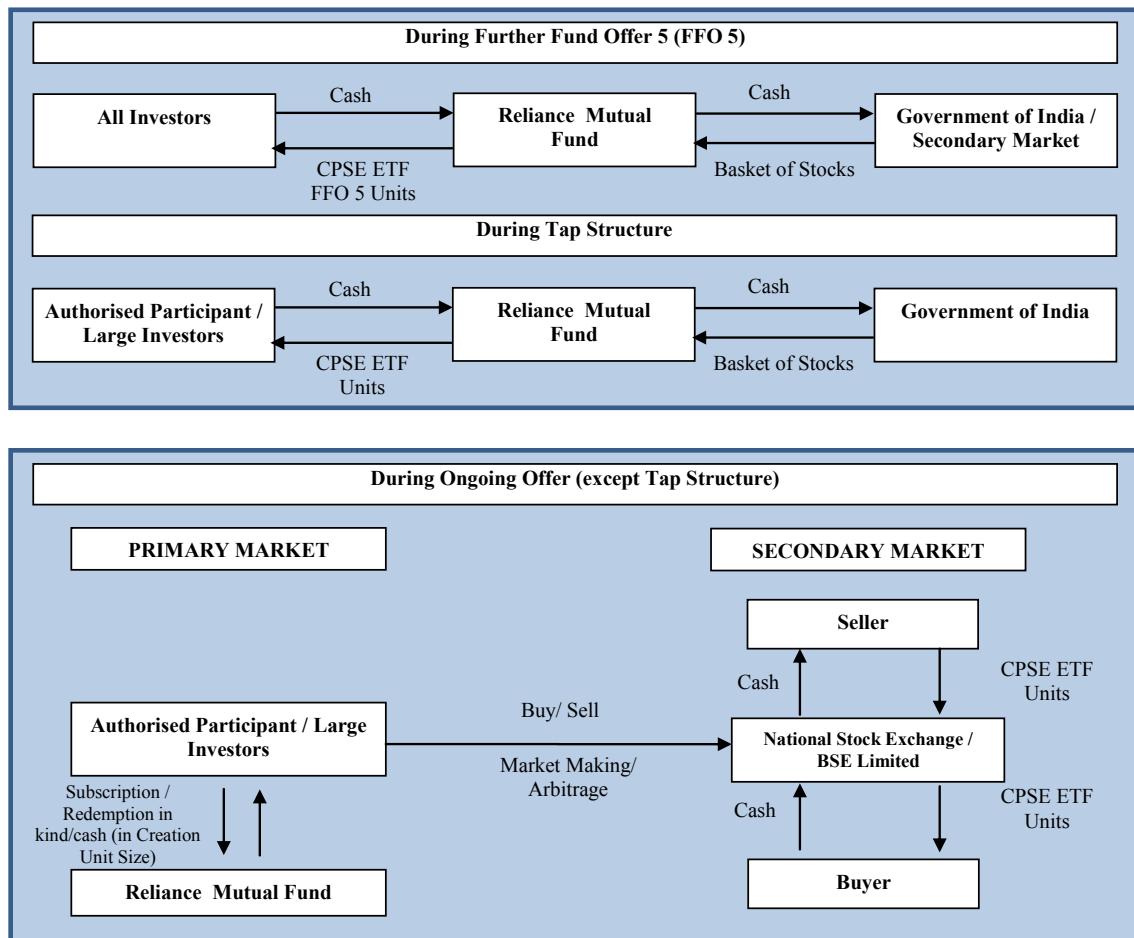
Risks of ETFs

1. **Absence of Prior Active Market:** Although the units of ETFs are listed on the exchange for trading, there can be no assurance that an active secondary market will develop or be maintained.
2. **Lack of Market Liquidity:** Trading in units of ETFs on the exchange on which it is listed may be halted because of market conditions or for reasons that, in the view of the concerned stock exchange or market regulator, trading in the ETF units is inadvisable. In addition, trading in the units of ETFs is subject to trading halts caused by extraordinary market volatility pursuant to 'circuit filter' rules. There can be no assurance that the requirements of the concerned Stock Exchange necessary to maintain the listing of the units of ETFs will continue to be met or will remain unchanged.
3. **Units of Exchange Traded Funds May Trade at Prices Other than Net Asset Value:** Units of ETFs may trade above or below their net asset value. The net asset value of units of ETFs may fluctuate with changes in the market value of the scheme's holdings. The trading prices of units of ETF will fluctuate in accordance with changes in their net asset values as well as market supply and demand. However, given that ETFs can be created / redeemed in creation units, directly with the fund, large discounts or premiums to the net asset values will not sustain due to arbitrage possibility available.

Comparison of ETFs v/s Open Ended Funds v/s Close Ended Funds:

	Open Ended Fund	Closed Ended Fund	Exchange Traded Fund
Fund Size	flexible	fixed	flexible
NAV	daily	Daily	real time (indicative net asset value)
Liquidity Provider	mutual fund itself	stock market	stock market / mutual fund itself
Sale Price	At net asset value plus load, if any	significant premium / discount to net asset value	very close to actual net asset value of scheme
Availability	mutual fund itself	through exchange where listed	through exchange where listed/ mutual fund itself.
Portfolio Disclosure	disclosed monthly	disclosed monthly	daily
Intra-Day Trading	not possible	expensive	possible at low cost

An illustration of the working of ETF is given below:



L. DEBT MARKETS IN INDIA

The Indian debt market is facing major shift in the recent times. The substantial growth in Mutual Fund collections in the past few years have provided an easy route for the investors to channelise their savings into the debt market, which otherwise is largely dominated by banks and other institutional investors.

At present, the Indian debt market is dominated by issues of Central Government bonds, corporate debentures and PSU Bonds. The new securitised instruments are also very attractive in the primary market. Risk associated with securitized debt or PTCs are credit risk, liquidity risk and price risk/interest rate risk. The other instruments available for investment are commercial papers, certificate of deposits, Government guaranteed bonds, etc

Brief details about the instruments are given below as on July 8, 2019.

Instruments	Listed/ Unlisted	Current Yield Range As on July 8, 2019	Liquidity	Risk profile
Central Government Securities	Listed	6.08%-6.90%	High	Low
Corporate Debentures / PSU Bonds	Listed	7.63%-7.74%	Moderate	Low
CDs (short term)	Unlisted	6.35%-7.10%	High	Low
Call Money	Unlisted	4.40%- 5.80%	High	Low
Mibor linked Papers*	Listed	219-223 bps	Low	Low

* Range of spread between 5 year and 10 year AAA Corporate bond and OIS papers of similar maturity

A brief description about yields presently available on Central Govt. Securities /Bonds & Debentures of various maturities is as follows: Annualised yields (as on July 8, 2019) are:

Yrs	=< 1yr	1yr - 5yr	5yr - 10yrs	10yr - 30 yrs
Central Government securities	6.18%-6.23%	6.23%-6.78%	6.67%-6.97%	6.84%-7.02%
Debentures / Bonds (AAA rated)	7.63%-7.65%	7.66%-7.68%	7.69%-7.74%	-

The price and yield on various debt instruments fluctuate from time to time depending upon the macro economic situation, inflation rate, overall liquidity position, foreign exchange scenario, etc. Also, the price and yield varies according to maturity profile, credit risk etc

III. UNITS AND OFFER

This section provides details you need to know for investing in the scheme.

A. Further Fund Offer 5 (FFO 5)

<p>Further Fund Offer Period 5 <i>This is the period during which an existing Scheme sells its FFO 5 Units to the Investors through the Further Fund Offer 5</i></p>	<p>For Anchor Investor FFO 5 Period Opens on : July 18, 2019 FFO 5 Period Closes on : July 18, 2019</p> <p>For Non Anchor Investors FFO 5 Period Opens on : July 19, 2019 FFO 5 Period Closes on : July 19, 2019</p> <p>The Trustee reserves the right to extend the closing date of Non Anchor Investor FFO 5 Period, subject to the condition that the Non-Anchor Investor Further Fund Offer 5 shall not be kept open for more than 15 days. The Trustee reserves the right to close the Non Anchor Investor FFO 5 Period earlier by giving at least one day's prior notice in one daily newspaper.</p>																																								
<p>Further Fund Offer 5 Price <i>This is the price per FFO 5 Unit that the Investors have to pay to invest during the FFO 5.</i></p>	<p>The FFO 5 Units being offered will have a face value of ₹ 10/- each and will be issued at a premium equivalent to the difference between FFO 5 Allotment Price and the face value of ₹ 10/- each. The FFO 5 Allotment Price would be approximately equal to 1/100th of Nifty CPSE Index and would be calculated post considering discount (if any) offered by GOI pursuant to FFO 5 of the Scheme for buying underlying Nifty CPSE Index shares out of the FFO 5 Proceeds. In the event an index constituent is purchased fully or partially from open market to meet the Maximum Amount to be Raised as stated in Section III – Further Fund Offer 5, no discount will be offered on such purchase of index constituents from open market.</p> <p>Please refer to Section III(A) – Allotment, for details on calculation of FFO 5 Allotment Price.</p>																																								
<p>Category of Investors</p>	<ul style="list-style-type: none"> • Retail Individual Investors • Qualified Institutional Buyers or QIB • Non Institutional Investors • Anchor Investors 																																								
<p>Discount Offered by GOI to FFO 5 of the Scheme</p>	<p>A discount of 3% (Three percent) on the "FFO 5 Reference Market Price" of the underlying Nifty CPSE Index shares shall be offered to FFO 5 of the Scheme by GOI. The DIPAM, through its letter (Ref.No. F.No.9/5/2009-DD-II (Pt.XIII)) dated July 08, 2019 conveyed the approval granted by the Alternate Mechanism (AM) for the discount of 3% (Three percent) to be offered to the FFO 5 of the Scheme for buying the underlying Nifty CPSE Index shares from GOI. The purchase from GOI would be out of the FFO 5 Proceeds received by the Scheme towards Subscription of its FFO 5 Units by all categories of Investors. Post closure of FFO 5, the Scheme will purchase the underlying Index constituents from the GOI. In the event an index constituent is purchased fully or partially from open market to meet the Maximum Amount to be Raised as stated in Section III – Further Fund Offer 5, no discount will be offered on such purchase of index constituents from open market.</p> <p>Please note that this discount offered by GOI will only be applicable to the investors investing in the Scheme through the FFO 5.</p> <p>Investors should note that the above mentioned discount on the 'FFO 5 Reference Market Price' may not be a discount to the closing market price of the underlying shares of Nifty CPSE Index on the FFO 5 Allotment Date. An illustration in this regard is set out below:</p> <p>Discount offered by GOI – 5% (assumed).</p> <p>Full day volume weighted average price (VWAP) on the NSE during the Non Anchor Investor FFO 5 Period for each of the constituents of the Index, namely stock A, stock B and stock C :</p> <table border="1" data-bbox="432 1298 1485 1761"> <thead> <tr> <th>Non Anchor FFO 5 Period</th> <th>Full day VWAP on NSE for Stock A (₹)</th> <th>Full day VWAP on NSE for Stock B (₹)</th> <th>Full day VWAP on NSE for Stock C (₹)</th> </tr> </thead> <tbody> <tr> <td>Day 1 (FFO 5 Opens)</td> <td>10</td> <td>21</td> <td>50</td> </tr> <tr> <td>Day 2</td> <td>11</td> <td>24</td> <td>53</td> </tr> <tr> <td>Day 3</td> <td>12</td> <td>26</td> <td>52</td> </tr> <tr> <td>Day 4</td> <td>12</td> <td>25</td> <td>54</td> </tr> <tr> <td>Day 5 (FFO 5 Closes)</td> <td>11</td> <td>24</td> <td>55</td> </tr> <tr> <td>Average of full day VWAP (₹) for the above period</td> <td>11.2</td> <td>24</td> <td>52.8</td> </tr> <tr> <td>Discount offered by GOI to the FFO 5 of the Scheme on the average of full day VWAP</td> <td>5%</td> <td>5%</td> <td>5%</td> </tr> <tr> <td>Discounted price at which the Scheme would purchase the stocks from the GOI out of the FFO 5 Proceeds</td> <td>10.64</td> <td>22.8</td> <td>50.16</td> </tr> <tr> <td>Closing market price of the relevant stock on the NSE on the FFO 5 Allotment Date</td> <td>9</td> <td>24</td> <td>45</td> </tr> </tbody> </table> <p>From the above illustration it is clear that the discounted price (which will be based on the average of the full day VWAP for each of the index constituents) at which the Scheme would purchase each of the index constituent from GOI out of the FFO 5 Proceeds may or may not be lower than the closing market price of each of these index constituents as on the FFO 5 Allotment Date.</p>	Non Anchor FFO 5 Period	Full day VWAP on NSE for Stock A (₹)	Full day VWAP on NSE for Stock B (₹)	Full day VWAP on NSE for Stock C (₹)	Day 1 (FFO 5 Opens)	10	21	50	Day 2	11	24	53	Day 3	12	26	52	Day 4	12	25	54	Day 5 (FFO 5 Closes)	11	24	55	Average of full day VWAP (₹) for the above period	11.2	24	52.8	Discount offered by GOI to the FFO 5 of the Scheme on the average of full day VWAP	5%	5%	5%	Discounted price at which the Scheme would purchase the stocks from the GOI out of the FFO 5 Proceeds	10.64	22.8	50.16	Closing market price of the relevant stock on the NSE on the FFO 5 Allotment Date	9	24	45
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	<p>Illustration on calculation of discount, in the event the underlying index constituents are purchased from open market.</p> <p>Discount offered: 5% on the index constituents to be disinvested by GOI.</p> <p>Index constituents to be disinvested by GOI: 9 constituents out of 10 constituents having cumulative weightage of 87%.</p> <p>Shares to be bought from the open market: 1 constituent out of 10 constituents having cumulative weightage of 13%.</p> <p>Effective discount to the Investor: approximately 4.35%.</p> <p>The above is only for illustrative purposes and the actual discount applied may vary depending on various factors.</p>
Minimum Amount for Application in the FFO 5	<p>For Non Anchor Investors</p> <p>Retail Individual Investors can invest in the FFO 5 of the Scheme with a minimum investment amount of ₹ 5,000/- (Rupees Five Thousand only) and in multiples of ₹ 1/- thereafter.</p> <p>Non Institutional Investors / Qualified Institutional Buyers (other than Anchor Investors) can invest in the FFO 5 of the Scheme with a minimum investment amount of ₹ 2, 00,001/- (Rupees Two Lakhs and One only) and in multiples of ₹ 1/- (Rupee One) thereafter.</p> <p>For Anchor Investor</p> <p>Investors can invest in the FFO 5 of the Scheme with a minimum investment amount of ₹ 10 Crores (Rupees Ten Crores Only) and in multiples of ₹ 1/- thereafter.</p>
Purchase of underlying Index constituents	<p>Post closure of the FFO 5, the Scheme will purchase the underlying Index constituents fully or partially from the Seller, on behalf of the investors. In case of partial purchase of the underlying Index constituents from the Seller, the Scheme shall purchase the remaining portion of the underlying index constituents from the open market, on behalf of the investors.</p>
Anchor Investor Portion	<p>The portion not exceeding 30% (Thirty percent) of the Maximum Amount to be Raised (if any) as stated in Section III – Further Fund Offer 5, shall be available for allocation to Anchor Investors on a proportionate basis.</p> <p>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. Names of Anchor Investors, if any, Subscribing to the FFO 5 Units will be available on our website www.reliancemutual.com /www.relianceetf.com during the Non Anchor Investor FFO 5 Period.</p>
Anchor Investor Subscription Amount	<p>Anchor Investors shall pay a margin of at least 25% (Twenty Five percent) of the Subscription amount during the Anchor Investor FFO 5 period, with the balance to be paid on or before the closure of the Non Anchor Investor FFO 5 Period. If the Anchor Investor does not pay the balance amount before the closure of the Non Anchor Investor FFO 5 Period, then the margin amount paid by the Anchor Investor shall be forfeited and credited to the FFO 5 Proceeds of the Scheme.</p> <p>The Anchor Investor will not be able to withdraw / modify its application once submitted to the AMC.</p> <p>Please note that any FFO 5 Units allotted to Anchor Investors during the FFO 5 period shall be locked-in for a period of 30 days from the FFO 5 Allotment Date.</p>
Retail Investor and Qualified Institutional Buyers (Retirement Funds) Portion	<p>Atleast 70% (Seventy percent) of the Maximum Amount to be Raised (if any) as stated in Section III – Further Fund Offer 5 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 this Supplement at the discretion of the AMC.</p> <p>Please note that in case of under Subscription in this category, the under subscribed portion of this category as well as Anchor Investor category will be available for allocation to Qualified Institutional Buyers (other than Retirement Funds) and Non Institutional Investor Portion at the discretion of the AMC.</p>
Qualified Institutional Buyers (other than Retirement Funds) and Non Institutional Investor Portion	<p>Upto 100% (One Hundred percent) 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 5, 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 this Supplement at the discretion of the AMC.</p> <p>Please note that 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.</p> <p>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.</p>
Application Size for Determining Investor Category	<p>For Anchor Investors</p> <p>The application amount must be atleast ₹ 10 Crores. Please refer to sections 'Allotment' and 'Illustration on Proportionate Amount to be Considered for Investing in FFO 5 of the Scheme from Different Investor Categories in Case their Total Application Amount Exceeds the Maximum Amount Available for Respective Investor Categories' in this Section III (A) for details of the manner in which FFO 5 Units would be allotted in the event that the Subscriptions received from all Anchor Investors exceeds 30% (Thirty percent) of the Maximum Amount to be Raised.</p>

	<p>For Retail Individual Investors</p> <p>The application amount by the Retail Individual Investor should not exceed ₹ 2,00,000 (Rupees Two Lakhs). If the application amount is over ₹ 2,00,000 (Rupees Two Lakhs), the same would be considered for allocation under the Non-Institutional Investor category. Please refer to sections 'Allotment' and 'Illustration on Proportionate Amount to be considered for investing in FFO 5 of the Scheme from Different Investor Categories in Case their Total Application Amount Exceeds the Maximum Amount Available for Respective Investor Categories' in this Section III (A) for details of the manner in which FFO 5 Units would be allotted in the event that the Subscriptions received from all Retail Individual Investors and Qualified Institutional Buyers (Retirement Funds) exceeds 70% of the Maximum Amount to be Raised.</p> <p>For Non-Institutional Investors and QIBs (except Anchor Investors)</p> <p>The application amount by a Non-Institutional Investor or a QIB (except an Anchor Investor) must exceed ₹ 2,00,000 (Rupees Two Lakhs). Please refer to sections 'Allotment' and 'Illustration on Proportionate Amount to be Considered for Investing in FFO 5 of the Scheme from Different Investor Categories in Case their Total Application Amount Exceeds the Maximum Amount Available for Respective Investor Categories' in this Section III (A) for details of the manner in which FFO 5 Units would be allotted in the event that the Subscriptions received from all Non-Institutional Investors and QIBs (except Anchor Investors) exceeds the amount available for allocation to this category post allocation to Anchor Investors, Retail Individual Investors and Qualified Institutional Buyers (Retirement Funds).</p>
<p>Multiple Applications by Same Investor</p>	<p>An investor should make only one application / submit only one Application Form for the total amount to be invested in the Scheme. In the event that an Investor submits two or more Applications Forms, the same will be deemed to be a single application, for the purpose of determining the Investor category (Retail Individual Investor, Non-Institutional Investor, QIB and Anchor Investor) and the total amount received under multiple Application Forms are liable to be taken together and clubbed by the AMC. However please note that QIBs could submit separate Applications Forms for making investments in the Scheme under the Anchor Investor category as well as under the Non Anchor Investor category (as QIB), and such separate applications would not be clubbed by the AMC.</p> <p>In this regard, the procedures which would be followed by the Registrar to detect whether more than one application has been made by a single Investor include the following:</p> <ul style="list-style-type: none"> All applications will be checked for common PAN as per Depository records. For investor applications other than mutual funds and FPI sub-accounts, applications bearing the same PAN will be deemed to be single application for the purpose of determining the Investor category. In the case of an application in joint name, the PAN of the first holder will be considered. <p>For applications from Mutual Funds and FPI sub-accounts, which are submitted under the same PAN, as well as applications for whom the submission of PAN is not mandatory such as on behalf of the Central or State Government, an official liquidator or receiver appointed by a court and residents of Sikkim, the applications will be scrutinized for DP ID and beneficiary account number. In case such applications bear the same DP ID and / or beneficiary account number, these will be deemed to be a single application for the purpose of determining the Investor category. In case of applications by a mutual fund, a separate application may be made in respect of each scheme of such mutual fund, and such applications in respect of more than one scheme of such mutual fund will not be treated as a single application, provided that the such applications clearly indicate the name of the concerned scheme in respect of which the application is being made by such mutual fund.</p>
<p>Transaction Charges</p>	<p>Investors to note that the AMC/ Mutual Fund may deduct transaction charges, details of which are provided in Section IV (C) (Transaction Charges) of this Supplement, from the Subscription amount. The amount so deducted shall 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 shall be invested in the Scheme.</p>
<p>Minimum Target Amount</p> <p><i>This is the minimum amount required to be collected from the FFO 5 and if this is not collected during the FFO 5 Period, then all the Investors who have invested through FFO 5 would be refunded the amount invested without any return. However, if AMC fails to refund the amount within 5 Business Days of the FFO 5 closure date, interest as specified by SEBI (currently 15% p.a.) will be paid to the Investors from the expiry of 5 Business days from the date of closure of the Subscription period.</i></p>	<p>The Scheme seeks to collect a minimum target amount of ₹ 100 Crores during the FFO 5 Period.</p> <p>This is the minimum amount required to be collected from the FFO 5 and if this is not collected during the FFO 5 Period, then in accordance with the SEBI Regulations, all the Investors who have invested through FFO 5 would be refunded the amount invested without any return as mentioned in the section on 'Refund' in this Supplement. In addition to the above, refund of the Subscription amount to Investors whose applications are invalid for any reason whatsoever, will commence after the allotment process is completed, the AMC shall not incur any liability whatsoever, in this regard, for interest or any other sum.</p>

<p>Maximum Amount to be Raised (if any) This is the maximum amount, if any, which can be collected during the FFO 5 Period, as decided by the AMC.</p>	<p>An "Initial Amount" of ₹ 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 5 Period ("Initial Amount" and "Additional Amount" shall be collectively referred as "Maximum Amount to be Raised").</p>
<p>Plans / Options offered</p>	<p>The Scheme offers only Growth Option. Unit holders are to note that the Trustees may at their absolute discretion reserve the right to declare Dividend from time to time (which will be paid out to the Unit holders) in accordance with the Dividend Policy set out below. The AMC and the Trustees reserve the right to introduce such other plans/options as they deem necessary or desirable from time to time, in accordance with the SEBI Regulations.</p>
<p>Dividend Policy</p>	<p>In accordance with the SEBI Regulations on the procedure for declaration of Dividend, the Trustees may declare Dividend to the Unit holders under the Scheme subject to the availability of distributable surplus, and the actual distribution of Dividend, the frequency of distribution, the quantum of Dividend and the record date will be entirely at the discretion of the Trustees. Such Dividend will be payable to the Unit holders whose names appear on the register of Unit holders on the record date, as fixed by the Trustees for the Scheme. The Dividend declared, if any, shall be paid net of tax deducted at source, wherever applicable, to the Unit holders within 30 days from the declaration of Dividend, if any.</p> <p>The Scheme will follow the requirements stipulated in the listing agreement for declaration of dividend.</p> <p>The Trustees reserve the right to declare Dividends on a regular basis. The Fund does not guarantee or assure declaration or payment of Dividends. Such declaration of Dividend, if any, is subject to Scheme's performance and the availability of distributable surplus in the Scheme at the time of declaration of such Dividend.</p> <p>Effect of Dividend</p> <p>If the Fund declares Dividend, the NAV of the Scheme will stand reduced by the amount of Dividend and dividend distribution tax (if applicable) paid.</p> <p>All the Dividend payments shall be in accordance and compliance with SEBI Regulations and the Exchange regulations, as applicable from time to time.</p> <p>Procedure for distribution of Dividend</p> <p>The Dividend proceeds may be paid by way of cheques, Dividend warrants / direct credit / NEFT / RTGS / ECS or any other manner through the Unit holder's bank account as specified in the Registrar's records. The AMC, at its discretion at a later date, may choose to alter or add other modes of payment.</p> <p>Please refer to Statement of Additional Information for details on unclaimed Redemptions and Dividends.</p>
<p>Dematerialization</p>	<ol style="list-style-type: none"> i. The Units of the Scheme will be available only in the dematerialized (electronic) mode. ii. The Investor under the Scheme will be required to have a beneficiary account with a Depository Participant of NSDL/CDSL and will be required to indicate in the application the Depository Participant's name, Depository Participant's ID Number and beneficiary account number of the applicant with the Depository Participant or such details requested in the Application Form. iii. The Units of the Scheme will be issued / repurchased and traded compulsorily in dematerialized form. iv. Applications without relevant details of his / her / their depository account are liable to be rejected.
<p>Allotment pursuant to the FFO 5</p>	<p>Subject to (i) the achievement of the minimum target amount of ₹ 100 Crores during the FFO 5 Period; (ii) receipt of duly completed Application Forms; (iii) realization of the specified minimum Subscription amount from the Investor, and (iv) provisions set out in the paragraph on 'Rejection of the application' below, and (v) in case of Anchor Investors receipt of balance Subscription amount, allotment of FFO 5 Units applied for will be made within five business days from the date of closure of the Non Anchor Investor FFO 5 Period for all valid applications received during the FFO 5 Period. Investors to note that in case of over Subscriptions, allotment will be made on a proportionate basis as set out in this Supplement. Please refer to the Section on 'Illustration on Proportionate Amount to be Considered for Investing in FFO 5 of the Scheme from Different Investor Categories in Case their Total Application Amount Exceeds the Maximum Amount available for Respective Investor Categories' below for further details in this regard. Investors to also note that, in the event the Scheme does not receive the underlying CPSE Securities from the GOI for any reason whatsoever, the AMC/ Fund reserves the right to cancel the FFO 5 Units allotted to the Investor, reverse the transaction of crediting FFO 5 Units in the Unit holder's account and refund the Subscription amount received from the Investor in accordance with the provisions set out in this Supplement.</p> <p>Please note that any FFO 5 Units allotted to Anchor Investors during the FFO 5 period shall be locked-in for a period of 30 days from the FFO 5 Allotment Date.</p> <p>Account Statement:</p> <p>Upon allotment, each Unit holder shall be sent an account statement / allotment advice by ordinary post / courier / e-mail / SMS on the Unit holders' registered email address and/or mobile number, confirming the number of FFO 5 Units allotted to the Unit holder, not later than five business days from the close of the Non Anchor Investor FFO 5 Period. In case the Investor provides an email address in the Application Form, the account statement / allotment advice will be provided only through email. Such email address will be considered as the registered email address of the Investor for all purposes by the AMC/ Mutual Fund. Provided that the Fund reserves the right to reverse the transaction of crediting FFO 5 Units in the Unit holder's account, in the event of non-realisation of any cheque or other instrument remitted by the Investor. Unit holders may verify the contents of allotment advice and revert to the Fund immediately in case of any discrepancy. In the event the Unit holder fails to inform the Fund within 5 days from the date of allotment advice, it shall be deemed to be correct.</p>

The FFO 5 Units will be credited to the DP account of the applicant as per the details provided in the Application Form. Any excess amount would be refunded to the Investor.

The AMC will only issue the initial account statement / allotment advice to the Unit holder. Thereafter, the Depository Participant with whom the Unit holder has a Depository account will send a holding statement in accordance with the byelaws of the Depository. As the Units of the Scheme are in demat form, the holding statement issued by the Depository Participant would be deemed to be adequate compliance with requirements of SEBI regarding provision of account statements. **Investors to also note that the AMC will not co-ordinate to issue any monthly or half yearly consolidated account statement to Unit holders of this Scheme.**

Allotment price of FFO 5 Units will be based on the investment of FFO 5 Proceeds in the Securities of the Scheme as mentioned in the asset allocation pattern.

The allotment price for the Scheme in the FFO 5 will be calculated as follows:

The Scheme will endeavor to invest the FFO 5 Proceeds in the underlying Security on or before the FFO 5 Allotment Date. Note: FFO 5 Proceeds would be invested post adjusting discount (if any) offered by GOI to the FFO 5 of the Scheme for buying Securities underlying the Index. from GOI. In the event an index constituent is purchased fully or partially from open market to meet the Maximum Amount to be Raised as stated in Section III – Further Fund Offer 5, no discount will be offered on such purchase of index constituents from open market. After investment, the Scheme will determine the FFO 5 Allotment Price as follows:

$$\text{FFO 5 Allotment Price} = \frac{\text{Amount Collected in the FFO 5 – Refunds on account of application rejections, if any}}{\text{Net Assets in the Scheme on 1 Working Day prior to the FFO 5 Allotment Date, collected from FFO 5 / NAV of the Scheme on 1 Working Day prior to the FFO 5 Allotment Date}}$$

The FFO 5 Allotment Price will then be applied to the proceeds collected from each Investor who would be allotted FFO 5 Units, to arrive at the number of FFO 5 Units to be allotted to such Investor. The Scheme will allot whole FFO 5 Units and balance amount on account of fractional FFO 5 Units not allotted will be refunded.

Set out below is an example of issue of FFO 5 Units allotted during the FFO 5 Period (based on the assumption that the FFO 5 Allotment Price, as calculated by the AMC by using the formula provided above is ₹ 23.5693):

Minimum Investment	₹ 10,000
FFO 5 Allotment Price	₹ 23.5693
Number of FFO 5 Units allotted (₹ 10,000 / ₹ 23.5693)	424 Units*

* FFO 5 Units would be allotted in whole numbers and no fractional FFO 5 Units will be allotted. Excess amount, if any, would be refunded to the Investor.

Allotment of FFO 5 Units under the Scheme would be at the discretion of the Trustees. All FFO 5 Units would be allotted in whole numbers and no fractional FFO 5 Units will be allotted. The Trustees shall be entitled, at their absolute discretion, to reject any application / Application Form.

Illustration on Proportionate Amount to be considered for Investing in FFO 5 of the Scheme from Different Investor Categories in Case their Total Application Amount Exceeds the Maximum Amount Available for Respective Investor Categories

Maximum Amount to be Raised for illustrative purpose: ₹10,000 Crores

Illustration 1
Anchor Investor Category

- Maximum Anchor Investor Portion Available for Subscription: ₹3,000 crores. (Not exceeding 30% of the above stated Maximum Amount to be Raised).
- Each of the Anchor Investors named A,B,C,D & E have applied for buying ₹1800 crores worth of FFO 5 Unit
- Total application amount received from the Anchor Investor category: ₹ 9,000 crores, hence the Anchor Investor category is oversubscribed by 3.00 times the maximum amount available to this category.

Please note that, in the event of under Subscription of Anchor Investors category, if any, the difference between the 30% of the Maximum Amount to be Raised and undersubscribed amount would be allowed to be met with 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.

The actual proportionate amount to be considered for Subscription by each Anchor Investor shall be as follows:

Sr.No.	Name of Investor	Application Amount (₹ crores)	Amount to be Considered for Investing in the FFO 5 of the Scheme(₹ crores)
1	A	1800	600 {(Application amount of Investor * Maximum amount available for Subscription to this category) / Total application amount received under this category} {(1800*3000)/9000}
2	B	1800	{(1800*3000)/9000} = 600
3	C	1800	{(1800*3000)/9000} = 600
4	D	1800	{(1800*3000)/9000} = 600
5	E	1800	{(1800*3000)/9000} = 600

Retail Individual Investor and Qualified Institutional Buyers (Retirement Funds) Category

- Maximum Retail Individual Investor and Qualified Institutional Buyers (Retirement Funds) Portion available for Subscription: ₹ 7,000 crores (Atleast 70% of the Maximum Amount to be Raised Plus Nil amount from Anchor Investor category due to over subscription in Anchor Investor category)
- Each of the Retail Individual Investors named F,G,H,I & J have applied for buying for ₹ 2,000 crores worth of FFO 5 Unit (Please note that the application amount by the Retail Individual Investors cannot exceed ₹ 2,00,000 for the investor to be categorised as Retail Individual Investor as stated in the above **Section III (A) Application Size for Determining Investor Category**. The stated application amount of ₹ 2,000 Crores from each Retail Individual Investor is only for illustration purpose).
- Each of the Qualified Institutional Buyers (Retirement Funds) named K & L have applied for buying for ₹ 2,000 crores worth of FFO 5 Unit.

Total application amount received from Retail Individual Investor and Qualified Institutional Buyers (Retirement Funds) category: ₹ 14,000 crores, hence this category portion is oversubscribed by 2.00 times the Maximum amount available to this category.

As mentioned above, as the Subscriptions received from the Retail Individual Investors and Qualified Institutional Buyers (Retirement Funds) is in excess of the Retail Individual Investor and Qualified Institutional Buyers (Retirement Funds) Portion, allocation to Retail Individual Investor and Qualified Institutional Buyers (Retirement Funds) shall be on a proportionate basis in the manner set out in the table below:

Sr.No.	Name of Investor	Application Amount (₹ crores)	Amount to be Considered for Investing in the Scheme (₹ crores)
1	F	2,000	1000 {(Application amount of Investor * Maximum amount available for Subscription to this category) / Total application amount received under this category} {(2000*7000)/ 14000}
2	G	2,000	{{(2000*7000)/14000} = 1000
3	H	2,000	{{(2000*7000)/14000} = 1000
4	I	2,000	{{(2000*7000)/14000} = 1000
5	J	2,000	{{(2000*7000)/14000} = 1000
6	K	2,000	{{(2000*7000)/14000} = 1000
7	L	2,000	{{(2000*7000)/14000} = 1000

Qualified Institutional Buyers (other than Retirement Funds) and Non Institutional Investor Category

Maximum Qualified Institutional Buyers (other than Retirement Funds) and Non Institutional Investor Portion available for Subscription: **Nil** (Since Retail Individual Investor and Qualified Institutional Buyers (Retirement Funds) Portion is oversubscribed as stated above, no Retail Individual Investor and Qualified Institutional Buyers (Retirement Funds) Portion is available for allocation to this category).

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.

Illustration 2

Anchor Investor Category

- Maximum Anchor Investor Portion Available for Subscription: ₹ 3,000 crores. (Not exceeding 30% of the above stated Maximum Amount to be Raised).
- Each of the Anchor Investors named A,B,C,D & E have applied for buying ₹ 300 crores worth of FFO 5 Unit.
- Total application amount received from the Anchor Investor category: ₹ 1,500 crores, hence this category is undersubscribed.
- Undersubscribed Anchor Investor Portion available for spill-over from Retail Individual Investor and Qualified Institutional Buyers (Retirement Funds) Portion ₹ 1,500 crores.

Since the Anchor Investor Portion is undersubscribed, each of the Anchor Investors named A,B,C,D & E would be allotted ₹ 300 crores worth of FFO 5 Unit.

Retail Individual Investor Category and Qualified Institutional Buyers (Retirement Funds)

- Maximum Retail Individual Investor and Qualified Institutional Buyers (Retirement Funds) Portion available for Subscription: ₹ 8,500 crores (Atleast 70% of the Maximum Amount to be Raised Plus ₹ 1,500 crores from under subscribed Anchor Investor Portion)

- Each of the Retail Individual Investors named F,G,H,I & J have applied for buying for ₹ 500 crores worth of FFO 5 Unit (Please note that the application amount by the Retail Individual Investors cannot exceed ₹ 2,00,000 for the investor to be categorised as Retail Individual Investor as stated in the above **Section III (A) Application Size for Determining Investor Category**. The stated application amount of ₹ 800 Crores from each Retail Individual Investor is only for illustration purpose).
- Each of the Qualified Institutional Buyers (Retirement Funds) named K & L have applied for buying for ₹ 1,200 crores worth of FFO 5 Unit.
- Total application amount received from Retail Individual Investor and Qualified Institutional Buyers (Retirement Funds) category: ₹ 4,900 crores, hence this category is undersubscribed.
- Undersubscribed Retail Individual Investor and Qualified Institutional Buyers (Retirement Funds) Portion available for allocation to Qualified Institutional Buyers (other than Retirement Funds) and Non Institutional Investor Portion: ₹ 3,600 crores

Since the Retail Individual Investor and Qualified Institutional Buyers (Retirement Funds) Portion is undersubscribed, each of the Retail Individual Investors named F,G,H,I & J would be allotted ₹ 500 crores worth of FFO 5 Unit and each of the Qualified Institutional Buyers (Retirement Funds) named K & L would be allotted ₹ 1,200 crores worth of FFO 5 Unit.

Qualified Institutional Buyers (other than Retirement Funds) and Non Institutional Investor Category

- Maximum Qualified Institutional Buyers (other than Retirement Funds) and Non Institutional Investor Portion available for Subscription: ₹ 3,600 crores (Under Subscription in the Retail Individual Investor and Qualified Institutional Buyers (Retirement Funds) Portion which also includes under subscribed Anchor Investor portion).
- Each of the Qualified Institutional Buyers (other than Retirement Funds) named M & N and Non Institutional Investor named O & P have applied for buying for ₹ 2,000 crores worth of FFO 5 Unit.
- Total application amount received from Qualified Institutional Buyers (other than Retirement Funds) and Non Institutional Investor Category: ₹ 8,000 crores, hence this category portion is oversubscribed by 2.22 times the Maximum amount available for allocation to this category.

The actual proportionate amount to be considered for Subscription by each Qualified Institutional Buyers (other than Retirement Funds) and Non Institutional Investor shall be as follows:

Sr.No.	Name of Investor	Application Amount (₹ crores)	Amount to be Considered for Investing in the Scheme (₹ crores)
1	M	2000	$900 \{(\text{Application amount of Investor} * \text{Maximum amount available for Subscription to this category}) / \text{Total application amount received under this category}\} \{(2000*3600)/8000\}$
2	N	2000	$\{(2000*3600)/8000\} = 900$
3	O	2000	$\{(2000*3600)/8000\} = 900$
4	P	2000	$\{(2000*3600)/8000\} = 900$

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.

Refund

In accordance with the SEBI Regulations, if the Scheme fails to collect the minimum target amount of ₹ 100 Crores during the FFO 5 Period as specified above, the Mutual Fund shall be liable to refund the Subscription money to the applicants who have invested through FFO 5.

Also in case the amount available for allocation to any particular investor category is oversubscribed, the Mutual Fund would consider proportionate amount from each investor category for investing the FFO 5 Proceeds in the FFO 5 of the Scheme and refund the excess amount either to the applicant's registered bank account as per DP records or bank account mentioned by the applicant in the application form or through the respective stock exchange in case of online applications received through stock exchange platforms, as the case may be. Please refer to the above illustration on proportionate amount to be considered for investment in the FFO 5 of the Scheme from different Investor categories.

In addition to the above, if an application is rejected or is required to be cancelled for any reason whatsoever, full amount will be refunded within five business days of the closure of the Non Anchor FFO 5 Period either to the registered bank account as per DP records or bank account mentioned by the applicant in the application form or through the respective stock exchange / payment aggregator in case of online applications, as the case may be. If the Mutual Fund refunds the Subscription money later than five business days from the closure of the FFO 5, interest @ 15% p.a. for the delayed period will be paid and charged to the AMC. The refund may be made through electronic mode or through a cheque or demand draft marked as 'Account Payee only' drawn in the name of the applicant in the case of the sole applicant and in the name of the first applicant in all other cases. The cheque or demand draft shall be sent by registered post or as permitted by SEBI Regulations.

<p>Who can invest <i>This is an indicative list and you are requested to consult your financial advisor to ascertain whether the Scheme is suitable to your risk profile.</i></p>	<p>The following persons (subject, wherever relevant, to Purchase of FFO 5 Units being permitted under their respective constitution and relevant state regulations) are eligible to subscribe to FFO 5 Units :</p> <ul style="list-style-type: none"> (i) Resident adult individuals, either singly or jointly (not exceeding three) or on anyone or survivor basis. (ii) Minors through parents / lawful guardian. (iii) Hindu Undivided Family (“HUF”) through its karta. (iv) Partnership firms. (v) Companies, bodies corporate, societies, association of persons, body of individuals, clubs and public sector undertakings registered in India if authorized and permitted to invest under applicable Laws and regulations. (vi) Banks (including co-operative banks and regional rural banks), financial institutions and investment institutions incorporated in India or the Indian branches of banks incorporated outside India. (vii) Mutual Funds registered with SEBI. (viii) Non-Resident Indians (NRIs) / Persons of Indian Origin (PIOs) residing abroad on repatriation basis and on non-repatriation basis. (ix) QIBs. (x) FPIs (subject to regulations / directions prescribed by the RBI/SEBI from time to time relating to FPI investments in mutual fund schemes). (xi) Charitable or religious trusts, wakf boards or endowments and registered societies (including registered co-operative societies) and private trusts authorized to invest in Units of mutual fund schemes under their trust deeds. (xii) Army, air force, navy, para-military funds and other eligible institutions. (xiii) Scientific and industrial research organizations. (xiv) Multilateral funding agencies or bodies corporate incorporated outside India with the permission of GOI / RBI. (xv) Overseas financial organizations which have entered into an arrangement for investment in India, inter-alia with a mutual fund registered with SEBI and which arrangement is approved by GOI. (xvi) Provident / pension / gratuity / superannuation and such other retirement and employee benefit and other similar funds as and when permitted to invest. (xvii) Other associations, institutions, bodies etc. authorized to invest in the Units. (xviii) Apart from the above, all other categories of Investors permitted under applicable laws at present and in future are eligible to invest in the Scheme. (xix) Insurers, insurance companies / corporations registered with the Insurance Regulatory Development Authority (subject to Master Circular on IRDAI (Investment) Regulations, 2016 issued in August 2016) <p>All cheques and bank drafts accompanying the Application Form should contain the Application Form number on its reverse. It is mandatory for every applicant to provide the name of the bank, branch, address, account type and number as per SEBI requirements and any Application Form without these details will be treated as incomplete. Such incomplete applications are liable to be rejected. The Registrar / AMC may ask the Investor to provide a blank cancelled cheque for the purpose of verifying the bank account number.</p> <p>Applications without relevant details of the applicant's Depository account are liable to be rejected.</p> <p>Notes:</p> <ol style="list-style-type: none"> 1. Returned cheques are not liable to be presented again for collection, and the accompanying Application Forms are liable to be rejected. 2. It is expressly understood that at the time of investment, the Investor / Unit holder has the express authority to invest in Units of the Scheme and the AMC / Trustees / Mutual Fund will not be responsible if such investment is ultra vires the relevant constitution. Subject to the SEBI Regulations, the AMC / Trustees may reject any application received in case the application is found to be invalid / incomplete or for any other reason in the AMC / Trustees' sole discretion. 3. The Trustees/ AMC may also periodically add and review the persons eligible for making application for Purchase of Units under the Scheme. If a person who is a Indian resident (i.e. 'person resident in India', as defined under The Foreign Exchange Management Act 1999, as amended from time to time) at the time of Subscription becomes a resident outside India subsequently, he/she shall have the option to either be paid the Redemption Price of the Units, or continue into the Scheme if he/she so desires and is otherwise eligible. The Trustees / AMC reserve the right to close the Unit holder account and to pay the Redemption Price of the Units, subsequent to the Unit holder becoming a person resident outside India, should the reasons of cost, interest of other Unit holders and any other circumstances make it desirable for the AMC / Trustees to do so, in accordance with the SEBI Regulations. The Trustees / AMC may request for any information / documentation from such Unit holders in connection with change in the residential status of the Unit holder.
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4. It is compulsory for Investors / Unit holders to give certain mandatory disclosures while making applications for the Subscription of Units of the Scheme / Redemption and also follow the KYC Requirements as provided in the Statement of Additional Information / Application Form. For details please refer to the section on 'How to Apply' in Statement of Additional Information.
 5. The Units of the Scheme are not 'public securities' under the relevant statutes and any religious and charitable trust that seeks to invest in the Units of the Scheme will require prior approval of the appropriate authority.
 6. The AMC confirms that as on the date of this Supplement, the constituents of the Nifty CPSE Index meet the dividend criteria laid down in the Investments - Master Circular on IRDAI (Investment) Regulations, 2016 issued in August 2016, and hence investments in the Scheme can be classified as "Approved Investments" as laid down in the Investments - Master Circular on IRDAI (Investment) Regulations, 2016 issued in August 2016.
 7. Neither this Supplement, the SID, the KIM, the SAI (together, the "Scheme Related Documents") nor the units of the scheme(s) have been registered under the relevant laws, as applicable in the territorial jurisdiction of United States of America nor in any provincial/ territorial jurisdiction in Canada. It is being clearly stated that the Scheme Related Documents and/or the units of the schemes of Reliance Mutual Fund have been filed only with the regulator(s) having jurisdiction in the Republic of India. The distribution of these Scheme Related Documents in certain jurisdictions may be restricted or subject to registration requirements and, accordingly, persons who come into possession of these Scheme Related Documents are required to inform themselves about, and to observe any such restrictions.

No persons receiving a copy of these Scheme Related Documents or any KIM accompanying application form jurisdiction may treat such Scheme Related Documents as an invitation to them to subscribe for units, nor should they in any event use any such application form, unless in the relevant jurisdiction such an invitation could lawfully be made to them and such application form could lawfully be used without compliance with any registration or other legal requirements. Accordingly these Scheme Related Documents do not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation. It is the responsibility of such persons in possession of the Scheme Related Documents and any persons wishing to apply for units pursuant to these Scheme Related Documents to inform themselves of and to observe, all applicable laws and Regulations of such relevant jurisdiction.

The RNAM shall accept such investments subject to the applicable laws and such other terms and conditions as may be notified by the RNAM. The investor shall be responsible for complying with all the applicable laws for such investments.

The RNAM reserves the right to put the transaction requests on hold/reject the transaction request/reverse allotted units, as the case may be, as and when identified by the RNAM, which are not in compliance with the terms and conditions notified in this regard.
- 8. Foreign Account Tax Compliance**
- In accordance with the relevant provisions of the Foreign Account Tax Compliance Act ("FATCA") as contained in the United States Hiring Incentives to Restore Employment ("HIRE") Act, 2010, there is a likelihood of withholding tax being levied on certain income/ receipt sourced from the subjects of United States of America ("US") with respect to the schemes, unless such schemes are FATCA compliant.
- In this regard, the respective governments of India and US have signed an Inter Governmental Agreement-1 (IGA) on July 9, 2015. In the terms of this proposed IGA, Reliance Mutual Fund ("RMF") and/ or Reliance Nippon Life Asset Management Limited ("RNAM"/ "AMC") classified as a "Foreign Financial Institution" and in which case RMF and/ or RNAM would be required, from time to time, to (a) undertake the necessary due-diligence process; (b) identify US reportable accounts; (c) collect certain required information/ documentary evidence ("information") with respect to the residential status of the unit holders; and (d) directly or indirectly disclose/ report/ submit such or other relevant information to the appropriate Indian authorities. Such information may include (without limitation) the unit holder's folio detail, identity of the unit holder, details of the beneficial owners and controlling persons etc
- In this regard and in order to comply with the relevant provisions under FATCA, the unit holders would be required to fully cooperate and furnish the required information to the AMC, as and when deemed necessary by the latter in accordance with IGA and/ or relevant circulars or guidelines etc, which may be issued from time to time by SEBI/ AMFI or any other relevant and appropriate authorities.
- The applications which do not provide the necessary information are liable to be rejected. The applicants/ unit holders/ prospective investors are advised to seek independent advice from their own financial and tax consultants with respect to the possible implications of FATCA on their investments in the scheme(s).
- The underlying FATCA requirements are applicable from July 1, 2014 or such other date, as may be notified. In case required, RMF/ RNAM reserves the right to change/ modify the provisions (mentioned above) at a later date.
- The Mutual Fund / Trustees / AMC reserve the right to include / exclude new / existing categories of Investors to invest in the Scheme from time to time, subject to applicable Laws, if any.

	<p>Rejection of the application:</p> <p>Subject to the SEBI Regulations and applicable Laws, any application for FFO 5 Units may be accepted or rejected at the sole and absolute discretion of the Trustees / AMC. For example and without limitations, the Trustees/AMC may reject any application for the Purchase of FFO 5 Units if the application is received from an Investor to whom the FFO 5 Units cannot be lawfully or validly offered or by whom the FFO 5 Units cannot be lawfully or validly subscribed or if the Investor does not provide information / details required by the Mutual Fund / AMC/ Trustees in relation to KYC, beneficial ownership, FATCA or any other requirements mandated by the Mutual Fund / Trustees / AMC pursuant to any directives of AMFI or any other additional administrative processes required with respect to such Investors or if the application is invalid or incomplete, or if, in its opinion, increasing the size of the Scheme's Unit Capital is not in the general interest of the Unit holders, or if the Trustees/ AMC for any other reason does not believe that it would be in the best interest of the Scheme or its Unit holders to accept such an application.</p> <p>Further information request by the AMC/Trustees:</p> <p>The AMC / Trustees may request Investors / Unit holders to provide verification of their identity or other further details as may be required in the opinion of the AMC / Trustees under applicable Laws and/or pursuant to any directives of AMFI. This may result in a delay in dealing with the applicants, Unit holders, benefits, distribution, etc. and/or even rejection of the application / mandatory Redemption of Units.</p>
<p>Where can you submit the filled up applications</p>	<p>Duly completed Application Form(s) along with the instrument for payment for the Purchase of FFO 5 Units of the Scheme during the FFO 5 Period may be submitted to any of the Official Points of Acceptance for the FFO 5 of the AMC/ Registrar or any other location designated as such by the AMC, at a later date. For details, please refer back cover of this Supplement.</p>
<p>How to Apply</p>	<p>Please refer to the SAI and Application Form for the instructions.</p>
<p>Listing</p>	<p>The Mutual Fund had obtained an in-principal approval of NSE and BSE for listing the Units of the Scheme post NFO. The units of the Scheme are listed on NSE and BSE.</p> <p>The Mutual Fund would get the FFO 5 Units which are offered pursuant to this Supplement, listed on NSE and BSE on or before August 02, 2019. The trading will be as per the normal settlement cycle. The AMC reserves the right to list the FFO 5 Units on any other recognized stock exchange.</p>
<p>The policy regarding reissue of repurchased Units, including the maximum extent, the manner of reissue, the entity (the scheme or the AMC) involved in the same.</p>	<p>Presently, the AMC does not intend to re-issue the Units once Redeemed. The number of Units held by the Unit holder in his demat mode will stand reduced by the number of Units Redeemed.</p>
<p>Special Products / facilities available during the FFO 5</p>	<p>Investors can also Subscribe for FFO 5 Units of the Scheme during the FFO 5 Period by availing the NSE Mutual Fund (NMF-II) platform and the BSE Star MF platform/facilities provided by the NSE and BSE respectively for placing orders for Purchase of FFO 5 Units of the Scheme. Further, investors may also subscribe to the FFO 5 Units by availing the e-ETF facility under web based NSE e-IPO platform and the BiMF (BSE iBBS Platform for Mutual Fund) through a registered trading member with a valid ARN number.</p> <p>The Scheme does not offer systematic investment plan, systematic transfer plan or systematic withdrawal plan.</p> <p>Switch into the Scheme</p> <p>Investors who hold units in any of the schemes of Reliance Mutual Fund except Reliance Japan Equity Fund and Reliance US Equity Opportunities Fund may switch all or part of their holdings to the Scheme during the FFO 5 Period subject to the provisions in the SID of the respective transferor scheme. Switch-in requests are subject to the minimum application amount criteria specified for different investors category in this Supplement. All Switch requests during the FFO 5 Period will be processed based on the applicable NAV of the transferor scheme as on the date of receipt/ processing of application, however, the Switch-in requests under the Scheme (Transferee Scheme) during the FFO 5 Period will be processed on the date of the allotment of the FFO 5 Units. If the Unit Holder has specified both the amount (in Rs.) and the number of Units, switch-out of units from the transferor scheme will be carried out based on the number of units specified by the Unit Holder. Unit holders to note that in the event, the mode/ pattern of holding in the transferor scheme is different from the Demat account which is being used in the CPSE ETF FFO 5 purchase, the application will be liable for rejection.</p> <p>Auto Switch Facility:</p> <p>This Scheme will offer an auto switch facility from all Liquid and Debt Schemes of Reliance Mutual Fund to CPSE ETF during the FFO 5. However, RNAM reserves the right to extend or limit the said facility on such terms and conditions as may be decided from time to time.</p>

	<p>Alternative Means of Transactions - Online Transactions</p> <p>Facility of online transactions is available on the official website of Reliance Mutual Fund i.e. www.reliancecmutual.com. Consequent to this, the said website is declared to be an “official point of acceptance” for applications for subscriptions, redemptions, switches and other facilities. The Uniform Cut -off time as prescribed by SEBI and as mentioned in the Scheme Information Documents of respective schemes shall be applicable for applications received on the website. However, investors should note that transactions on the website shall be subject to the eligibility of the investors, any terms and conditions as stipulated by Reliance Mutual Fund/RNAM from time to time and any law for the time being in force.</p> <p>Appointment of MF Utilities India Private Limited (MFUI)</p> <p>MF Utility (“MFU”) - a shared services initiative of various Asset Management Companies, which acts as a transaction aggregation portal for transacting in multiple Schemes of various Mutual Funds with a single form and a single payment instrument.</p> <p>Accordingly, during the FFO 5 Period, investor can submit application for purchase of FFO 5 Units of the Scheme through MFU online (as and when this facility is available) or through authorized Points of Service (POS) published on MFUI website. Investors, please note that transactions on the MFUI portal shall be subject to the eligibility of the investors, any terms & conditions as stipulated by MFUI / Mutual Fund / the AMC from time to time and any law for the time being in force.</p> <p>Investors are requested to note that, MFUI will allot a Common Account Number (“CAN”), a single reference number for all investments in the Mutual Fund industry, for transacting in multiple Schemes of various Mutual Funds through MFU and to map existing folios, if any. Investors can create a CAN by submitting the CAN Registration Form (CRF) and necessary documents at the MFUI POS. Investors can visit the website of MFUI (www.mfindia.com) to download the relevant forms.</p> <p>The AMC reserves the right to change/modify/withdraw the features mentioned in the above facility from time to time.</p>
<p>Restrictions, if any, on the right to freely retain or dispose of Units being offered.</p>	<p>As the Units of the Scheme will be issued in demat (electronic) form, the Units will be transferred and transmitted in accordance with the provisions of SEBI (Depositories and Participants) Regulations, as may be amended from time to time.</p> <p>Right to Limit Fresh Subscription</p> <p>The Trustees reserve the right at its sole discretion to withdraw / suspend the allotment / Subscription of Units in the Scheme temporarily or indefinitely, at the time of FFO 5 or otherwise, if it is viewed that increasing the size of the Scheme may prove detrimental to the Unit holders of the Scheme. An order to Purchase the Units is not binding on and may be rejected by the Trustees or the AMC unless it has been confirmed in writing by the AMC and/or payment has been received.</p> <p>Right to Limit Redemption</p> <p>The Trustee and AMC may, in the general interest of the Unit holders of the Scheme under this Scheme Information Document and keeping in view the unforeseen circumstances / unusual market conditions, limit the total number of Units which may be redeemed on any Working Day for redemption requests of more than ₹ 2 Lakhs per folio at a scheme level, in any Scheme. In line with the SEBI Circular dated May 31, 2016 the following conditions would be applicable.</p> <ol style="list-style-type: none"> a. Restriction may be imposed when there are circumstances leading to a systemic crisis or event that severely constricts market liquidity or the efficient functioning of markets such as: <ol style="list-style-type: none"> i. Liquidity issues - when market at large becomes illiquid and affecting almost all securities. ii. Market failures, exchange closures - when markets are affected by unexpected events which impact the functioning of exchanges or the regular course of transactions. Such unexpected events could also be related to political, economic, military, monetary or other emergencies. iii. Operational issues – when exceptional circumstances are caused by force majeure, unpredictable operational problems and technical failures (e.g. a black out). b. Restriction on redemption may be imposed for a specified period of time not exceeding 10 working days in any 90 days period. c. When restriction on redemption is imposed, the following procedure shall be applied: <ol style="list-style-type: none"> i. No redemption requests upto INR 2 lakh shall be subject to such restriction. ii. Where redemption requests are above INR 2 lakh, AMCs shall redeem the first INR 2 lakh without such restriction and remaining part over and above INR 2 lakh shall be subject to such restriction. <p>However, suspension or restriction of redemption under any scheme of the Mutual Fund shall be made applicable only after the approval from the Board of Directors of the Asset Management Company and the Trustee Company. The approval from the AMC Board and the Trustees giving details of circumstances and justification for the proposed action shall also be informed to SEBI immediately.</p>

B. ONGOING OFFER DETAILS

The Ongoing Offer Period for the Scheme commenced on April 04, 2014.

Investors to note that there would be no difference in the Ongoing Offer Details applicable to Investors investing in the Scheme pursuant to the FFO 5 as compared to Investors/ unit holders who have/would be investing in the Scheme pursuant to the NFO or post NFO period.

Investors / Unit holders are therefore requested to refer to the Section III (B) Ongoing Offer Details of existing SID of the Scheme for all other Ongoing Offer Details relating to the Scheme.

Example of Creation and Redemption of Units

The Creation Unit is made up of 2 components i.e. the Portfolio Deposit and the Cash Component. The Portfolio Deposit will be determined by the Mutual Fund as per the weightages of each security in the underlying index. The value of this Portfolio Deposit will change due to change in prices during the day. The number of shares of each Security that constitute the Portfolio Deposit will remain constant unless there is any corporate action in the underlying Nifty CPSE Index.

The constituents of the Nifty CPSE Index and an example of Creation Unit of the Scheme as on July 01, 2019 linked to Nifty CPSE Index is as follows:

Name of Security	Quantity
Bharat Electronics Ltd	1265
Coal India Ltd	2209
Indian Oil Corp Ltd	3100
NBCC (India) Ltd.	730
NLC India Ltd.	263
NTPC Ltd.	4174
Oil India Ltd	398
Oil & Natural Gas Corporation Ltd	3285
Power Finance Corporation Ltd	1371
REC Ltd	1176
SJVN Ltd	548

Value of Portfolio Deposit - ₹ 2,850,317

Value of Cash Component - ₹ 3,073

The Cash Component will be arrived in the following manner:

Number of Units comprising one Creation Unit	100,000
NAV Per Unit	₹ 28.5339
Value of one Creation Unit	₹ 2,853,390
Value of Portfolio Deposit (pre defined basket of Security)	₹ 2,850,317
Cash Component #	₹ 3,073

The above is just an example to illustrate the calculation of Cash Component. As can be seen from the above example, for Subscription of 1 Creation Unit, Portfolio Deposit consisting the pre defined basket of securities of the Underlying Index is ₹ 2,850,317 and ₹ 3,073 would be the Cash Component

Cash Component will vary depending upon the actual charges incurred like custodial charges and other incidental charges for creating Units.

C. PERIODIC DISCLOSURES

Net Asset Value <i>This is the value per Unit of the Scheme on a particular day. You can ascertain the value of your investments by multiplying the NAV with your Unit balance.</i>	The Fund shall declare the NAV of the Scheme on every Working Day on AMFI's website (www.amfiindia.com) by 9.00 p.m. and also on its website www.reliancecmutual.com / www.reliancecETF.com . Further, the fund/ AMC will extend facility of sending latest available NAVs to unitholders through SMS, upon receiving a specific request in this regard. Investors may obtain NAV information on any Working Day by calling the office of the AMC or any of the Investor Service Centres. In case of delay beyond 9.00 p.m., the reasons for delay would be explained in writing to AMFI next day. If the NAVs are not available before commencement of the business hours on the following day due to any reasons, the Fund shall issue a press release giving reasons for the delay and explain when they would be able to publish the NAVs.
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<p>Monthly Disclosures: Portfolio This is a list of Securities where the corpus of the Scheme is currently invested. The market value of these investments is also stated in the portfolio disclosures.</p>	<p>The Fund shall disclose the scheme's portfolio in the prescribed format as on the last day of the month for all the Schemes of RMF within 10 days from the close of each month or within such timelines and manner as prescribed by SEBI from time to time on the RMF Website i.e. www.reliance mutual.com/www.reliancectef.com and AMFI site www.amfiindia.com in in a user-friendly and downloadable spreadsheet format.</p> <p>In case of unitholders whose e-mail addresses are registered, the Mutual Funds/ AMCs shall send via email both the monthly statement of scheme portfolio within 10 days from the close of each month respectively.</p> <p>The AMC/ Fundwill provide a physical copy of the statement of its scheme portfolio, without charging any cost, on specific request received from a unitholder.</p>																																			
<p>Half yearly Disclosures: Portfolio This is a list of Securities where the corpus of the Scheme is currently invested. The market value of these investments is also stated in portfolio disclosures.</p>	<p>Reliance Mutual Fund and Reliance Nippon Life Asset Management Limited (RNAM) shall disclose the scheme's portfolio in the prescribed format as on the last day of the Half year for all the Schemes of RMF within 10 days from the close of half year or within such timelines and manner as prescribed by SEBI from time to time on the RMF Website i.e. www.reliance mutual.com/ www.reliancectef.com and AMFI site www.amfiindia.com</p> <p>In case of unitholders whose e-mail addresses are registered, the Mutual Funds/ AMCs shall send via email the half-yearly statement of scheme portfolio within 10 days from the close of each half-year respectively.</p> <p>The AMC/Fund will provide a physical copy of the statement of its scheme portfolio, without charging any cost, on specific request received from a unitholder.</p> <p>The Fund/AMC shall publish an advertisement every half-year disclosing (1) the hosting of the half-yearly statement of its schemes portfolio on its website i.e. www.reliance mutual.com/www.reliancectef.com and AMFI site www.amfiindia.com and (2) the modes such as SMS, telephone, email or written request (letter) through which a unitholder can submit a request for a physical or electronic copy of the statement of scheme portfolio. Such advertisement shall be published in the all India edition of at least two daily newspapers, one each in English and Hindi</p>																																			
<p>Half Yearly Results</p>	<p>Reliance Mutual Fund and Reliance Nippon Life Asset Management Limited (RNAM) shall before the expiry of one month from the close of each half year (i.e. 31st March and 30th September), host a soft copy of its unaudited financial results on the website of the Mutual Fund www.reliance mutual.com and a link will be provided on www.amfiindia.com and shall publish an advertisement disclosing the hosting of such financial results on the Mutual Fund website in at least one English daily newspaper having nationwide circulation and in a newspaper having wide circulation published in the language of the region where the head office of the Fund is situated.</p>																																			
<p>Annual Report</p>	<p>The scheme wise annual report of a mutual fund or an abridged summary thereof shall be provided to all unitholders as soon as may be but not later than four months from the date of closure of the relevant accounts year in the manner specified by the SEBI.</p> <p>The AMC/Fund will provide a physical copy of the abridged summary of the annual report, without charging any cost, on specific request received from a unitholder.</p> <p>The Fund/AMC shall e-mail the scheme annual reports or abridged summary thereof to those unitholders, whose email addresses are registered with the Fund.</p> <p>The Fund/AMC shall publish an advertisement every year disclosing (1) the hosting of the scheme wise annual report on its website i.e. www.reliance mutual.com/www.reliancectef.com and AMFI site www.amfiindia.com and (2) the modes such as SMS, telephone, email or written request (letter), etc. through which unitholders can submit a request for a physical or electronic copy of the scheme wise annual report or abridged summary thereof. Such advertisement shall be published in the all India edition of at least two daily newspapers, one each in English and Hindi</p> <p>Further, the full text of the annual report will be available for inspection at the office of the Mutual Fund and copy shall be made available on specific request on payment of nominal fees, if any. Also, the Scheme wise annual report will be placed on the website of the Mutual Fund www.reliance mutual.com and a link will be provided on the website of AMFI www.amfiindia.com.</p>																																			
<p>Associate Transactions</p>	<p>Please refer to Statement of Additional Information (SAI).</p>																																			
<p>Taxation The information is provided for general information only. However, in view of the individual nature of the implications, each Investor is advised to consult his or her own tax advisors / authorised dealers with respect to the specific amount of tax and other implications arising out of his or her participation in the Scheme..</p>	<p>Taxation of income earned on mutual fund units under the Income Tax Act 1961 as amended by Finance Act, 2019.</p> <p>Equity Oriented Funds ¹</p> <table border="1" data-bbox="459 1514 1498 1868"> <thead> <tr> <th data-bbox="459 1514 767 1554">Income in the hands of →</th> <th data-bbox="767 1514 1007 1554">Individual & HUF</th> <th data-bbox="1007 1514 1257 1554">Other than Individual & HUF².</th> <th data-bbox="1257 1514 1498 1554">NRI</th> </tr> </thead> <tbody> <tr> <td data-bbox="459 1554 767 1594">Nature of Income ↓</td> <td></td> <td></td> <td></td> </tr> <tr> <td data-bbox="459 1594 767 1634">Dividend</td> <td data-bbox="767 1594 1007 1634">Tax free</td> <td data-bbox="1007 1594 1257 1634">Tax free</td> <td data-bbox="1257 1594 1498 1634">Tax free</td> </tr> <tr> <td data-bbox="459 1634 767 1715">Dividend Distribution Tax on Grossed up value of Dividend ^{3&4}</td> <td data-bbox="767 1634 1007 1715">10%</td> <td data-bbox="1007 1634 1257 1715">10%</td> <td data-bbox="1257 1634 1498 1715">10%</td> </tr> <tr> <td data-bbox="459 1715 767 1755">Long Term Capital Gain ^{2,3&4}</td> <td data-bbox="767 1715 1007 1755">10%</td> <td data-bbox="1007 1715 1257 1755">10%</td> <td data-bbox="1257 1715 1498 1755">10%</td> </tr> <tr> <td data-bbox="459 1755 767 1796">Short Term Capital Gain ^{2,3&4}</td> <td data-bbox="767 1755 1007 1796">15%</td> <td data-bbox="1007 1755 1257 1796">15%</td> <td data-bbox="1257 1755 1498 1796">15%</td> </tr> <tr> <td colspan="4" data-bbox="459 1796 1498 1836">Securities Transaction Tax (STT)</td> </tr> <tr> <td data-bbox="459 1836 767 1868">From April 1, 2019 onwards</td> <td data-bbox="767 1836 1007 1868">0.001%</td> <td data-bbox="1007 1836 1257 1868">0.001%</td> <td data-bbox="1257 1836 1498 1868">0.001%</td> </tr> </tbody> </table>				Income in the hands of →	Individual & HUF	Other than Individual & HUF ² .	NRI	Nature of Income ↓				Dividend	Tax free	Tax free	Tax free	Dividend Distribution Tax on Grossed up value of Dividend ^{3&4}	10%	10%	10%	Long Term Capital Gain ^{2,3&4}	10%	10%	10%	Short Term Capital Gain ^{2,3&4}	15%	15%	15%	Securities Transaction Tax (STT)				From April 1, 2019 onwards	0.001%	0.001%	0.001%
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	<p>Notes</p> <ol style="list-style-type: none"> “equity oriented funds” has been defined to mean a fund set up under a scheme of a mutual fund specified under clause 23(D) of section 10 and: <ol style="list-style-type: none"> In a case where the fund invests in the units of another fund which is traded on a recognized stock exchange,- <ol style="list-style-type: none"> A minimum of 90 % of the total proceeds of such funds is invested in the units of such other fund ; and such other fund also invests a minimum of 90% of its total proceeds in the equity shares of domestic companies listed on recognized stock exchange and : in any other case, a minimum of 65 % of the total proceeds of such fund is invested in the equity shares of domestic companies listed on recognized stock exchange. <ol style="list-style-type: none"> Short Term Capital Gain would mean gain on sale/redemption/repurchase of mutual fund units held for not more than 12 months Long term Capital Gain would mean gain other than Short Term Capital Gain and shall be computed without considering indexation benefit. Further, threshold benefit of Rs. 1,00,000 available on such long term capital gain <p>3. Surcharge applicable for FY 2019-20:</p> <table border="1" data-bbox="513 641 1495 1050"> <thead> <tr> <th>Assessee</th> <th>If income below ₹ 0.50 crore</th> <th>If income exceeds ₹ 0.50 crore but less than ₹ 1 crore</th> <th>If income exceeds ₹ 1 crore but less than ₹ 10 crores</th> <th>If income exceeds ₹ 10 crores</th> </tr> </thead> <tbody> <tr> <td>Individual (including proprietorships), Hindu Undivided Family (HUF), Association of Persons (AOP) and Body of Individual (BOI)</td> <td>NIL</td> <td>10%</td> <td>15%</td> <td>15%</td> </tr> <tr> <td>Co-operative Society, Local Authority and Partnership Firms (including LLPs)</td> <td>Nil</td> <td>Nil</td> <td>12%</td> <td>12%</td> </tr> <tr> <td>Indian Corporates</td> <td>Nil</td> <td>Nil</td> <td>7%</td> <td>12%</td> </tr> <tr> <td>Foreign Companies</td> <td>Nil</td> <td>Nil</td> <td>2%</td> <td>5%</td> </tr> </tbody> </table> <ol style="list-style-type: none"> The Health and Education Cess applicable for FY 2019-20 @ 4% The tax rates will be increased by surcharge, health and education cess as applicable. Reliance Mutual Fund is registered with SEBI and as such is eligible for benefits under Section 10 (23D) of the Income Tax Act, 1961. Accordingly its entire income is exempt from tax. <p>For further details on taxation please refer to the clause on Taxation in the Statement of Additional Information.</p>	Assessee	If income below ₹ 0.50 crore	If income exceeds ₹ 0.50 crore but less than ₹ 1 crore	If income exceeds ₹ 1 crore but less than ₹ 10 crores	If income exceeds ₹ 10 crores	Individual (including proprietorships), Hindu Undivided Family (HUF), Association of Persons (AOP) and Body of Individual (BOI)	NIL	10%	15%	15%	Co-operative Society, Local Authority and Partnership Firms (including LLPs)	Nil	Nil	12%	12%	Indian Corporates	Nil	Nil	7%	12%	Foreign Companies	Nil	Nil	2%	5%
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<p>Investor services</p>	<p>Mr. Bhalchandra Joshi is the Investor Relations Officer for the Fund. All related queries should be addressed to him at the following address: Mr. Bhalchandra Joshi, Chief – Service Delivery and Operations Excellence Reliance Nippon Life Asset Management Limited Reliance Centre, 7th Floor South Wing, Off Western Express Highway, Santacruz (East), Mumbai - 400 055. Tel No. - 022- 33031000; Fax No. - 022- 33037662 Email: bhalchandra.y.joshi@relianceada.com</p>																									

Scheme’s top 10 portfolio holdings by issuer and sector allocation as of June 30, 2019

a. Top 10 Portfolio Holdings:

No.	Company Name	Sector	Weightage (%)
1	NTPC Ltd.	Energy	20.68
2	Coal India Ltd.	Metals	19.65
3	Oil & Natural Gas Corporation Ltd.	Energy	19.31
4	Indian Oil Corporation Ltd.	Energy	16.94
5	REC Ltd.	Financial Services	6.79

6	Power Finance Corporation Ltd.	Financial Services	6.45
7	Bharat Electronics Ltd.	Industrial Manufacturing	4.99
8	Oil India Ltd.	Energy	2.48
9	NBCC (India) Ltd.	Construction	1.52
10	NLC INDIA Ltd.	Energy	0.60

b. Sector Allocations:

Sector	% Allocation
Energy	60.49
Metals	19.65
Financial Services	13.24
Industrial Manufacturing	4.99
Construction	1.52

c. Portfolio Turnover Ratio : 3.32 as on June 28, 2019

d. Aggregate Investments in the scheme by Board of Directors / Fund Managers / Other Key Managerial Persons as on June 30, 2019

Particulars	Aggregate Investments (₹ in lakhs)
Board of Directors	Nil
Fund Managers	2.54
Other Key Managerial Persons	24.94

Note: Investment by Executive Director-cum-CEO is included in the aggregate investments by Other Key Managerial Persons.

Refer below link for latest monthly portfolio of the Scheme:

<https://www.reliancemutual.com/investor-services/downloads/factsheets/>

D. COMPUTATION OF NAV

NAV of Units under the Scheme shall be calculated as shown below:

$$\text{NAV (₹)} = \frac{\text{Market or fair value of the Scheme's investments + current assets} - \text{current liabilities and provision (including accrued expenses)}}{\text{No. of Units outstanding under Scheme on the valuation date}}$$

The NAV of the Scheme will be calculated up to four decimals. The NAV shall be calculated and announced at the close of each Working Day. The computation of NAV shall be in conformity with SEBI Regulations and guidelines as prescribed from time to time. The same will also be displayed on the website of the Mutual Fund (www.reliancemutual.com) and on the website of AMFI (www.amfiindia.com) by 9.00 p.m. on every Working Day. In case of any delay, the reasons for such delay would be explained to AMFI in writing. If the NAVs are not available before commencement of business hours on the following day due to any reason, the Mutual Fund shall issue a press release giving reasons and explaining when the Mutual Fund would be able to publish the NAVs.

Please note that for Ongoing Offer Period, the NAV of the FFO 5 Units will be same as the NAV being calculated for existing Units of the Scheme, there will be no separate NAV calculation for the FFO 5 Units.

Please refer to the Statement of Additional Information for information on the valuation of the assets of the Scheme.

Example: If the applicable NAV is Rs. 10.00, sales/entry load if any is 2 per cent and the exit/repurchase load is 2 percent then the sales price will be Rs. 10.20 and the repurchase price will be Rs. 9.80.

IV. FEES AND EXPENSES

This section outlines the expenses that will be charged to the Scheme and also about the transaction charges to be borne by the Investors.

A. Further Fund Offer 5 (FFO 5) EXPENSES

These expenses are incurred for the purpose of various activities related to the FFO 5 like sales, marketing and advertising, registrar expenses, printing and stationery, bank charges etc.

The entire FFO 5 expenses will be borne by the AMC.

B. ANNUAL SCHEME RECURRING EXPENSES

These are the expected fees and expenses for operating the Scheme. These expenses include investment management and advisory fee charged by the AMC, Registrar and Transfer Agents' fee, marketing and selling costs etc. as given below.

Annual scheme recurring expenses are fees and expenses for operating the Scheme. Illustrated in the table below are examples of recurring expenses chargeable to the Scheme. These are aimed to assist the Investor to understand the composition of various costs and expenses that an Investor of the Scheme will bear directly or indirectly and are permitted under Regulation 52 of the SEBI Regulations. The AMC would update the current expense ratios on the website of the mutual fund at least three working days prior to the effective date of the change. Further Actual Expense ratio will be disclosed at the following link <https://www.reliance mutual.com/investor-services/downloads/total-expense-ratio-of-mutual-fund-schemes>

Estimated Expense Structure:

The AMC has estimated the fees and expenses for the Scheme, on an annual basis, expressed as a percentage of daily net assets as follows:

Expense Head	% of daily Net Assets
Investment management and advisory fees	0.0095%
Trustee fee	
Audit fees	
Custodian fees	
RTA Fees	
Listing & licensing fees	
Marketing and selling expense	
Cost related to investor communications	
Cost of fund transfer from location to location	
Cost of providing account statements and Dividend / Redemption cheques and warrants	
Costs of statutory advertisements	
Cost towards investor education & awareness (at least 2 bps)	
Brokerage and transaction cost over and above 12 bps and 5 bps for cash and derivative market trades respectively	
Goods & Service tax on expenses other than investment and advisory fees	
Goods & Service tax on brokerage and transaction cost paid for execution of trades*	
Other Expenses**	
Maximum total expense ratio (TER)	

The Scheme shall not incur any distribution expenses and no commission shall be paid by this Scheme.

*To the extent incurred on the brokerage and transaction cost over and above 12 bps and 5 bps for cash and derivative market trades respectively.

** As permitted under Regulation 52 of the SEBI Regulations.

Investors should note that the actual annual recurring expenses of the Scheme will be variable in nature and will be subject to changes over time but within the limit prescribed above. For details on the latest actual current expenses charged to the Scheme, the Investor should refer to the website of the Mutual Fund on www.reliance mutual.com

The above expenses are fungible within the overall maximum limit prescribed under SEBI (Mutual Funds) Regulations, 1996, which means there will be no internal sub-limits on expenses and AMC is free to allocate them within the overall TER.

AMC/ Mutual Fund will set apart 0.02% on daily net assets for investor education and awareness initiatives from the maximum recurring expenses provided above.

Goods & Service tax on investment management and advisory fees, to the Scheme will be, in addition to the maximum annual recurring expenses that may be charged to the Scheme.

As permitted under Regulation 52(6A) of SEBI Regulations, brokerage and transaction costs which are incurred for the purpose of execution of trade and is included in the cost of investment, over and above 0.12% in case of cash market transactions and 0.05% in case of derivatives transactions may be charged to the Scheme within the maximum limit of the Total Expense Ratio (TER). Any expenditure in excess of the said prescribed limit (including brokerage and transaction cost, if any) shall be borne by the AMC or by the Trustee or Sponsor.

Subject to the SEBI Regulations and the Offer Document, expenses over and above the prescribed ceiling will be borne by the AMC, Trustees or the Sponsor.

The Trustee/AMC reserves the right to change the expenses of the Scheme as capped above as and when it is allowed by SEBI to charge higher expenses under the Scheme.

C. TRANSACTION CHARGES FOR APPLICATIONS RECEIVED DURING THE FFO 5 PERIOD

Deduction of Transaction charges for investments through Distributors / agents :

In accordance with SEBI Circular No. Cir/IMD/DF/13/2011 dated August 22, 2011 and Circular No.CIR/IMD/DF/21/2012 dated September 13, 2012, the AMC/ Mutual Fund shall deduct transaction charges as per the following details from the Subscription amount. The amount so deducted shall 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 shall be invested in the Schemes.

(i) First Time Investor Across Mutual Funds

Transaction charge of ₹ 150/- per Subscription of ₹ 10,000/- and above will be deducted from the Subscription amount and paid to the AMFI registered Distributor / agent of the first time Investor and the balance shall be invested. For e.g.: If the Investor invests ₹ 10,000 in the Schemes, then ₹ 150/- would be paid to the Distributor and only ₹ 9,850/- will be invested in the Schemes.

(ii) Existing Investor Across Mutual Funds

Transaction charge of ₹ 100/- per Subscription of ₹ 10,000/- and above will be deducted from the Subscription amount and paid to the AMFI registered Distributor / agent of the Investor and the balance shall be invested. For e.g.: If the Investor invests ₹ 10,000 in the Schemes, then ₹ 100/- would be paid to the Distributor and only ₹ 9,900/- will be invested in the Schemes.

(iii) Transaction charges shall not be deducted for :

- (a) Purchase / Subscription for an amount less than ₹ 10,000/-;
- (b) Purchase / Subscription made directly with the Mutual Fund (i.e. not through any AMFI registered Distributor / agent).
- (c) Purchase / Subscription made through stock exchange, irrespective of investment amount.
- (d) Purchase/Subscription is not through an empanelled AMFI registered Distributor.
- (e) The transaction pertains to other than purchases/ subscriptions relating to new inflows such as Switch, etc.

D. LOAD STRUCTURE

Load amounts are variable and are subject to change from time to time and the Investor is requested to check the prevailing Load structure of the Scheme before investing.

For the current applicable structure, please refer to the website of the Mutual Fund, www.reliancecmutual.com or call at 1860-266-0111 (local charges applicable), and Investors outside India can call at 91-22-68334800 (charges applicable) or your Distributor.

Entry Load (for Subscription): Nil

Exit Load (for Redemption): Nil

There is no Entry Load / Exit Load for Subscription / Redemption of the Units of the Scheme in Creation Unit Size. However, during the process of creation / Redemption there will be transaction costs, other incidental expenses and equalization of Dividend and this will form part of the Cash Component. Further, there is no Entry / Exit Load on Units of the Scheme bought or sold through the secondary market, i.e. on the NSE and BSE. However, an Investor would be paying cost in the form of a bid and ask spread and brokerage, as charged by his broker for buying / selling Units of the Scheme, any other statutory charges which may be applicable from time to time.

Any change in the Load structure shall apply on a prospective basis and in no case the same would affect the existing Investors adversely. The Investor is requested to check the prevailing Load structure of the Scheme before investing. For any change in Load structure, AMC will issue the notice and display it on the AMC Website / Investor Service Centres.

The Mutual Fund may charge Load within the stipulated limit of 7% and without any discrimination in favor of any specific group of Unit holders. The AMC will ensure that the Redemption Price will not be lower than 93% of the NAV and difference between the Redemption Price and Purchase Price will not exceed 7% calculated on the Purchase Price.

No entry or exit load will be levied on transactions with Authorized Participants and Large Investors during FFO 5 or continuous offer.

Investor other than APs/Large investors can directly approach AMC and no exit load shall be charged for redemption of units if

- a) Traded price of the ETF units is at discount of more than 3% to the NAV for continuous 30 days, or
- b) Discount of bid price to NAV over a period of 7 consecutive days is greater than 3%, or
- c) No quotes are available on exchange for 3 consecutive trading days, or
- d) Total bid size on the exchange is less than half of creation units size daily, averaged over a period of 7 consecutive trading days.

In such a scenario, for valid applications received up to 3 p.m. the Mutual Fund shall process the redemption request on the basis of the closing NAV of the day of receipt of application.

Such instances shall be tracked by RNAM on an ongoing basis and if any of the above mentioned scenarios arise, the same shall be disclosed on the website of Reliance Mutual Fund i.e. www.reliancecmutual.com

Please note that the AMC reserves the right to modify or alter the Load structure of the Scheme subject to maximum limits prescribed under the SEBI Regulations.

In the event of a change of Load structure, the AMC will take following steps:

- i. The addendum detailing the changes shall be attached to SID and Key Information Memorandum (KIM). The addendum will be circulated to all the Distributors so that the same can be attached to all SID and KIM already in stock.
- ii. Arrangements shall be made to display the changes / modifications in the SID in the form of a notice in all ISCs and Distributors / brokers offices.
- iii. The introduction of the Exit Load along with the details shall be stamped in the acknowledgement slip issued to the Investors on submission of the Application Form and may also be disclosed in the statement of accounts issued after the introduction of such Load.
- iv. A public notice may be given in respect of such changes in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of region where the head office of the Mutual Fund is situated.
- v. The Mutual Fund shall display the addendum on its website (www.reliancemutual.com).

E. WAIVER OF LOAD FOR DIRECT APPLICATIONS

As per SEBI Regulations, no Entry Load shall be charged for existing/prospective Investors of the Scheme.

V. RIGHTS OF UNITHOLDERS

Please refer to SAI for details.

VI. PENALTIES, PENDING LITIGATION OR PROCEEDINGS, FINDINGS OF INSPECTIONS OR INVESTIGATIONS FOR WHICH ACTION MAY HAVE BEEN TAKEN OR IS IN THE PROCESS OF BEING TAKEN BY ANY REGULATORY AUTHORITY

1. All disclosures regarding penalties and action(s) taken against foreign Sponsor(s) may be limited to the jurisdiction of the country where the principal activities (in terms of income / revenue) of the Sponsor(s) are carried out or where the headquarters of the Sponsor(s) is situated. Further, only top 10 monetary penalties during the last three years shall be disclosed.

NIL

2. Details of all monetary penalties imposed and/ or action taken during the last three years or pending with any financial regulatory body or governmental authority, against Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company; for irregularities or for violations in the financial services sector, or for defaults with respect to share holders or debenture holders and depositors, or for economic offences, or for violation of securities law. Details of settlement, if any, arrived at with the aforesaid authorities during the last three years shall also be disclosed.

During last three years, there have been no monetary penalties imposed and/ or action by any financial regulatory body or governmental authority, against Sponsor(s), AMC, Board of Trustees, Trustee Company; for any irregularities or for violations in the financial services sector, or for defaults with respect to share holders or debenture holders and depositors, or for economic offences, or for violation of securities law. However, in respect of the consent terms filed by Reliance Nippon Life Asset Management Limited (formerly Reliance Capital Asset Management Limited) – Portfolio Management Services (RNAM-PMS) with SEBI with respect to an inspection report, SEBI has issued a settlement order (Order no. CA/EFD/87/JAN/2016 dated January 14, 2016), in terms of which the underlying proceedings have been disposed off.

3. Details of all enforcement actions taken by SEBI in the last three years and/ or pending with SEBI for the violation of SEBI Act, 1992 and Rules and Regulations framed there under including debarment and/ or suspension and/ or cancellation and/ or imposition of monetary penalty/ adjudication/enquiry proceedings, if any, to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel (especially the fund managers) of the AMC and Trustee Company were/ are a party. The details of the violation shall also be disclosed.

There was no enforcement actions taken by SEBI in the last three years and/ or pending with SEBI for the violation of SEBI Act, 1992 and Rules and Regulations framed there under including debarment and/ or suspension and/ or cancellation and/ or imposition of monetary penalty/ adjudication/enquiry proceedings, if any, to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel (especially the fund managers) of the AMC and Trustee Company were/ are a party.

4. Any pending material civil or criminal litigation incidental to the business of the Mutual Fund to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel are a party should also be disclosed separately.

In terms of the SEBI (Mutual Fund) Regulations, 1996 (as amended from time to time), the mutual fund schemes are permitted to invest in securitized debt. Accordingly, investments in certain Pass Through Certificates (“PTCs”) of a securitization trust (the “Trust”) were made through some of schemes of Reliance Mutual Fund (the “Fund”). The returns filed by few of these securitisation Trusts whose PTCs were held by the Fund were taken up for scrutiny by the Income Tax Authorities which raised demand initially on the Trusts. However, on failure to recover, the Income Tax Authorities sent the demand notices to the Fund for Assessment Years 2009-10 and 2010-11. The Fund in consultation with its tax and legal advisors has contested the applicability of such demand and proceedings there on are still pending. It may be noted that this is a matter, which is not restricted only to the Fund but is an Industry issue. Accordingly, through the Association of Mutual Funds in India (AMFI), the matter has also been appropriately escalated to the Ministry of Finance, in order to seek necessary clarifications, reliefs and if required, to carry out necessary amendments to the relevant provisions of the Income Tax Act, 1961. In addition to the above the AMC is party to certain litigations in various courts, commissions etc. which are in ordinary course of business & have no material impact.

5. Any deficiency in the systems and operations of the Sponsor(s) and/ or the AMC and/ or the Board of Trustees/Trustee Company which SEBI has specifically advised to be disclosed in the SID, or which has been notified by any other regulatory agency, shall be disclosed.

There was no deficiency in the systems and operations of the Sponsor(s) and/ or the AMC and/ or the Board of Trustees/Trustee Company which SEBI has specifically advised to be disclosed in the SID, or which has been notified by any other regulatory agency.

Notwithstanding anything contained in this Scheme Information Document, the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the guidelines there under shall be applicable.

For and behalf of the Board of Directors of
Reliance Nippon Life Asset Management Limited
[Asset Management Company for Reliance Mutual Fund]

Sd/-

Mumbai
July 15, 2019

(Sundeep Sikka)
Executive Director & Chief Executive Officer

The Trustees have approved this Supplement on July 09, 2019

Notwithstanding anything contained in this Supplement and the Scheme Information Document, the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the Guidelines thereunder shall be applicable.

