

Item No. 3 Status note on Investment in Exchange Traded Fund (ETF) by EPFO.

1. The Pattern of Investment, notified on 23rd April 2015 prescribes 05 to 15% investments in equity and related investment. The Central Board in its 207th Meeting held on 31.03.2015 while recommending the said Pattern of Investment for adoption decided to invest 5% of the total investments made during the year in Exchange Traded Fund (ETF) of Nifty and Sensex. Accordingly, investment in ETF started w.e.f from 06th August 2015 in SBI Mutual Fund Nifty and Sensex ETF.
2. Initially investment was permitted only in ETFs of SBI Mutual fund. Later the Central Board in its 213th meeting held on 8th July, 2016 approved selection of UTI Mutual Fund in addition to the SBI Mutual Fund. In the 214th meeting of the Central Board held on 26th July, 2016 the ratio of allocation of funds between SBI MF and UTI MF was fixed at 75% and 25% respectively.
3. Later, the Ministry of Labour and Employment vide letter order F. No. G-20031/2/2016 SS.II dated 19th September, 2016 conveyed the direction to under section 20 of the EPF & MP Act 1952 to enhance investment in Equity (ETF) from 5% to 10% within the scope of Investment Pattern notified by the Ministry of Labour and Employment.
4. In pursuance to the direction of Central Government, the allocation to ETF has been increased so as to achieve 10% of investment in ETF (Rs 14,983 crores) by the end of the financial year 2015 -16. Subsequently in the 218th CBT held on 27.05.2017 the investment percentage in ETF has been increased from 10% to 15%.
5. The Central Board, in its 219th Meeting held on 23.11.2017 while deliberating agenda on Status note on investment in Exchange Traded Fund (ETF) by EPFO (Item no. 8) requested to place the performance of UTI and SBI MF for similar period in the next meeting of Central Board. Accordingly, performance of both Mutual Funds for similar period is as below:-

Name of Scheme	Investment (1 st Oct. 2016 to 29 th Dec 2017) (Rs. Crores)	Market value as on 29 th Dec 2017 (Rs. Crores)	Annualised return (In %)
SBI NIFTY 50 and SENSEX ETF	18,704.65	21,505.66	26.15%
UTI NIFTY 50 and SENSEX ETF	5,982.14	6,841.12	24.71%

From the above table it is evident that on comparison for a similar period 1st Oct. 2016 to 29th Dec 2017, SBI Mutual Fund has performed slightly better than the UTI Mutual fund. However when investments made during the period from August 2015 to Oct 2016 is added the returns generated by SBI Mutual decreases. This is because the equity market was higher during that buy period by SBI Mutual Fund.

6. Further, the Investment and notional return on ETF investments from August 2015 to till 29th Dec, 2017 is as under:

Scheme	Amount invested in Crores:- August 2015 to Dec. 2017		Return in % (As on 29 th Dec. 2017)	
	Nifty 50	Sensex	Nifty 50	Sensex
SBI				
EPF	13,530.73	4,560.96	20.02%	19.63%
EPS	6,447.11	2,171.94	19.88%	19.47%
EDLI	494.57	170.24	22.51%	22.14%
PNG	311.15	119.63	22.41%	21.95%
SPF	24.11	22.45	23.07%	22.86%
Total SBI MF	27,852.89		19.96%	
UTI				
EPF	3,043.99	1,015.33	24.74%	24.97%
EPS	1,424.56	498.27	24.48%	24.65%
Total UTI MF	5,982.14		24.71%	

Scheme	CPSE (Amount invested in Crores)	Return in % (As on 29 th Dec. 2017)
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EPF	1359.09	21.08%
EPS	448.72	
Total	1807.81	

Scheme	Bharat 22 (Amount invested in Crores)	Return in % (As on 29th Dec. 2017)
EPF	1524.75	71.56%
EPS	500.00	
Total	2,024.75	

Grand Total	37,667.58	20.65%
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Proposal: Status at Para 5 and 6 placed before the Board for information.