



# Now start an SIP in gold.

**NFO period: 7<sup>th</sup> - 21<sup>st</sup> October, 2011**

Presenting HDFC Gold Fund, that allows you to make long-term investments in gold as per your convenience.

Toll Free No.: 1 800 233 6767



**The investor will bear the recurring expenses of the scheme in addition to the expenses of underlying scheme.**

**Registered Office:** Ramon House, 3rd Floor, H. T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai - 400 020. Tel.: 022-6631 6333. Fax: 022-2282 1144.

**Standard Risk Factors:** All mutual funds and securities investments are subject to market risks and there can be no assurance that the Scheme's objectives will be achieved and the NAV of the Scheme may go up or down depending upon the factors and forces affecting the securities market. Past performance of the Sponsors and their affiliates / AMC / Mutual Fund do not indicate the future performance of the Scheme(s) of the Mutual Fund. Investors in the Scheme are not being offered any guaranteed / assured returns. Investment in Mutual Fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal. As the price / value / interest rates of the gold/ securities in which the scheme invests fluctuates, the value of your investment in the scheme may go up or down. **Scheme Specific Risk Factors:** The Scheme's performance shall primarily depend upon the performance of HDFC Gold Exchange Traded Fund (HGETF) (the underlying scheme). All risks associated with the underlying scheme, including performance of underlying physical gold, asset class risk, passive investment risk, indirect taxation risk, etc., will therefore be applicable to this Scheme. The value (price) of gold may fluctuate for several reasons like demand and supply for gold in India and in the global market, Indian and Foreign exchange rates, Interest rates, Inflation trends, market risks including trading risks in gold as commodity, legal restrictions on the movement/trade of gold that may be imposed by RBI, Government of India or countries that supply or purchase gold to/from India, trends and restrictions on import/export of gold in and out of India, etc, all such fluctuations will result in changes in the NAV of Units under the Scheme. Any change in the investment policies or the fundamental attributes of the underlying scheme could affect the performance of the Scheme. At times prevailing market conditions may affect the ability of the underlying scheme to sell gold against the redemption request received under the Scheme. The investor will bear the recurring expenses of the scheme in addition to the expenses of underlying scheme. Please read the Scheme Information Document for detailed scheme specific risk factors. **HDFC Gold Fund, an open-ended fund of fund scheme investing in HGETF, is only the name of the scheme and does not in any manner indicate either the quality of the scheme, its future prospects and returns. Please read the Scheme Information Document (SID) and Statement of Additional Information (SAI) before investing.**

**Investment Objective:** To seek capital appreciation by investing in units of HGETF. **Asset Allocation Pattern:** Units of HGETF: 95% to 100%. Reverse repo and /or CBLO and / or money market instruments and/or Schemes which invest predominantly in the money market securities or Liquid Schemes\*: 0% to 5%. \*The Fund Manager may invest in Liquid Schemes of HDFC Mutual Fund. However, the Fund Manager may invest in any other scheme of a mutual fund registered with SEBI, which invest predominantly in the money market securities. **Load Structure: Entry Load:** Not Applicable. Upfront commission shall be paid directly by the investor to the ARN Holder (AMFI registered Distributor) based on the investors' assessment of various factors including the service rendered by the ARN Holder. **Exit Load:** In respect of each purchase / switch-in of units; an Exit Load of 2% is payable if Units are redeemed / switched-out within 6 months from the date of allotment; an Exit Load of 1% is payable if Units are redeemed / switched-out after 6 months but within 1 year from the date of allotment. No Exit Load is payable if Units are redeemed / switched-out after 1 year from the date of allotment. **Terms of Issue:** The units are available at ₹ 10/- per unit during NFO & thereafter at applicable NAV based prices. Applications for subscriptions /redemptions /switches would be accepted at official points of acceptance on all Business Days at NAV based prices. NFO Expenses shall be borne by the AMC / the Trustee Company. The annual recurring expenses of the scheme will be 0.75% of the daily average net assets. The total expenses of the scheme including expenses of the underlying scheme, shall be capped at 1.50% of the daily average net assets of the Scheme. **Investor benefits and general services:** The Scheme offers Systematic Investment Plan (SIP) during the NFO period. The AMC will calculate and publish NAVs on all Business Days. The NAV will be calculated and disclosed on the website of the Mutual Fund (www.hdfcfund.com) and on the website of Association of Mutual Funds in India - AMFI (www.amfiindia.com) by 10.00 a.m. on every next Business Day. For further details, please refer to the SID, SAI and Key Information Memorandum cum Application forms, which are available on our website www.hdfcfund.com, and at the official points of acceptance of HDFC Mutual Fund. Investors can also contact us on 1800 233 6767 (toll free) or send an e-mail at cliser@hdfcfund.com. **Statutory Details:** HDFC Mutual Fund has been set up as a trust sponsored by Housing Development Finance Corporation Limited and Standard Life Investments Limited (liability restricted to their contribution of ₹ 1 lakh each to the corpus) with HDFC Trustee Company Limited, the Trustee (Trustee under the Indian Trusts Act, 1882) and with HDFC Asset Management Company Limited ("HDFC AMC") the Investment Manager.

# HDFC Gold Fund

An open-ended fund of fund scheme  
investing in HDFC Gold Exchange Traded Fund

## Why invest in Gold ?

- **To effectively diversify portfolio:** Gold's most valuable contribution to a portfolio lies in the fact that it has a low correlation with most other asset classes. This is due to the fact that the factors affecting the price of gold differ from those that influence the price of most other asset classes.

## Why invest in HDFC Gold Fund (HGF)?

- **Investment Objective:** To seek capital appreciation by investing in units of HDFC Gold Exchange Traded Fund (HDFC GETF).

The following benefits are available:

- **Demat account not mandatory:** Investors can invest in HGF through the regular process of subscription i.e. in physical mode. The subscription through demat mode is an option for the investor but not a mandate to invest in HGF.

- **Convenience of lumpsum buying / SIP/selling directly with the FUND:** Like any other mutual fund scheme an investor can buy, sell, enroll for SIP/STP/SWAP in HGF.

- **Cost Effective:** Investing in HGF in physical mode enables you to invest at a lower cost as the investor does not have to incur the charges for the demat account and brokerage. However, the investors will have to bear the recurring expenses of the scheme, in addition to the expenses of the underlying scheme.

- **Liquidity:** Investor can subscribe or redeem the units of HGF on all business days directly with the Fund.

- **Taxation:** Investment in HGF units will attract the benefits of long term capital gain tax after 1 year of holding, whereas for physical gold the benefit of long term capital gain is available after 3 years of holding. No wealth tax is applicable on the value of the holdings of HGF units.

## How HGF is better than physical Gold:

| Parameter                       | Jeweller   | Bank  | HDFC Gold Fund   |
|---------------------------------|--|---|--|
| How gold is held                | Physical (Bars / Coins)                                    | Physical (Bars / Coins)                               | Units  |
| Pricing                         | Differs from one another. Neither transparent nor standard | Differs from bank to bank, not standard               | Linked to the prices of HDFC Gold ETF. The ETF is linked to international gold prices and is very transparent. |
| Buying premium above gold price | Likely to be more  | Likely to be more                                     | Likely to be less  |
| Impurity risk                   | High   | Nil   | Nil  |
| Storage requirement             | Locker / Safe  | Locker / Safe   | None   |
| Security of asset               | Investor is responsible                                    | Investor is responsible                               | Fund house takes the responsibility  |
| Resale                          | Conditional and Uneconomical                               | Banks do not buy back                                 | At NAV Based Prices  |
| Convenience in buying / selling | Less convenient, as gold needs to be moved physically      | Less convenient, as gold needs to be moved physically | More convenient, as can be bought from and sold to the mutual fund at applicable NAV                           |
| Quantity to buy / sell          | Available in standard denomination                         | Available in standard denomination                    | Minimum application amount is Rs 5000 and any amount thereafter  |
| Bid ask spread                  | Very high  | Can't sell back                                       | N.A.   |
| Risk of theft                   | Yes, possible  | Yes, possible   | No, not possible   |
| Wealth tax                      | Yes  | Yes   | No   |
| Long term capital gains tax     | Only after 3 years   | Only after 3 years                                    | After 1 year   |
| SIP/STP/ SWAP Facility          | N.A.   | N.A.  | Available  |

## Scheme Features

|   |  |
|---|--|
| Type of Scheme  | An Open Ended Fund of Fund Scheme investing in HDFC Gold Exchange Traded Fund  |
| Investment Objective  | To seek capital appreciation by investing in units of HDFC Gold Exchange Traded Fund (HGETF).  |
| Liquidity   | The Scheme will offer Units for Sale / Switch-in and Redemption / Switch-out on every Business Day at NAV based prices on an ongoing basis, commencing not later than 5 Business Days from the allotment of Units of the Scheme.   |
| New Fund Offer Price  | Offer of Units at ₹ 10 during the NFO period.  |
| Benchmark   | Domestic price of physical gold.   |
| Load Structure<br>(For Lumpsum purchases and investments through SIP/STP) | Entry Load: Not Applicable<br><br>Exit Load<br>2% if redeemed/switched-out before 6 months from the date of allotment<br>1% if redeemed/switched-out on or after 6 months but within 1 year from the date of allotment<br>Nil if redeemed/switched-out on or after 1 year from the date of allotment   |
| Minimum Application Amount  | Purchase (including switch-in): ₹ 5,000 and any amount thereafter<br>Additional Purchase (including switch-in): ₹ 1,000 and any amount thereafter<br><br>SIP Purchase: Minimum Amount per Installment<br>Monthly SIP: ₹ 500/- and in multiples of ₹ 100/-<br>Quarterly SIP: ₹ 1,500/- and in multiples of ₹ 100/-  |
| Transaction Charges   | For purchase of ₹ 10,000 or more, the transaction charge of ₹ 150/- [for first time mutual fund investor (across Mutual Funds)] or ₹ 100/- (for investor other than first time mutual fund investor) shall be deducted and paid to the distributor/agent (who have opted to receive the transaction charges). The balance of the subscription amount shall be invested.<br><br><b>No transaction charges shall be deducted for any purchase made directly with the Fund.</b> |

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