



Give your investments the power of gold.



- Assured purity
- No storage or security concerns
- Easy liquidity
- Trade in small amounts

Toll Free No.: 1 800 233 6767

NFO closes 23rd July 2010

NFO Price: Face value of Rs. 100/- issued at a premium equivalent to the difference between the allotment price and the face value of Rs.100/-



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.

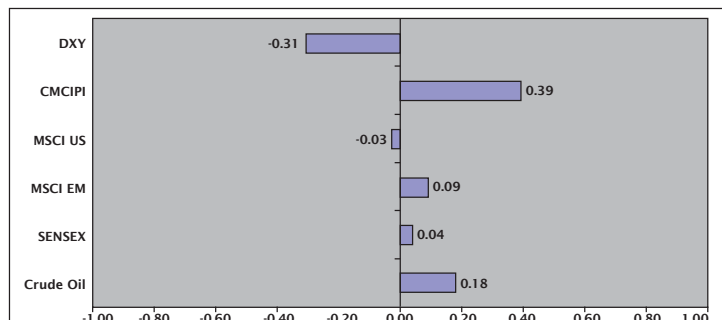
Standard Risk Factors: All mutual funds and securities investments are subject to market risks and there can be no assurance that the Scheme's objectives will be achieved and the NAV of the Scheme may go up or down depending upon the factors and forces affecting the securities market. Past performance of the Sponsors and their affiliates / AMC / Mutual Fund do not indicate the future performance of the Scheme(s) of the Mutual Fund. There is no assurance or guarantee to unit holders as to the rate of dividend distribution nor that dividends will be paid regularly. 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 would primarily invest in physical gold and track the spot price of gold in the domestic market. Hence, the value of the Units shall relate directly to the value of the gold and fluctuations in the price of gold could adversely affect investment value of the Units. The factors that may affect the price of gold *inter-alia* include economic and political developments, changes in interest rates and perceived trends in bullion prices, exchange rates, inflation trends, market movements, etc. The NAV will also be exposed to risks related to currency, counter party, asset class, physical gold, liquidity, regulatory, passive investments, indirect taxation, trading and redemption. The NAV and the price of physical gold may vary to the extent of the investments held by the Scheme in the debt segment. Please read the Scheme Information Document for detailed Scheme Specific Risk Factors. **HDFC Gold Exchange Traded Fund, an open-ended exchange traded fund, 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 generate returns that are in line with the performance of gold, subject to tracking errors. **Asset Allocation Pattern:** Gold Bullion (min. 90%; max 100%) and Debt Securities and Money Market Instruments (min. 0%; max 10%). Investments in gold related instruments (including derivatives) will be made as and when SEBI permits mutual funds to invest in gold related instruments. Investment in securitised debt shall not normally exceed 10% of the net assets of the Scheme. **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:** For Authorised Participants/ Large Investors in Creation Unit Size: Nil; For other than Creation Unit Size: Not Applicable. **Terms of Issue:** The Units are offered having face value of Rs. 100/- and issued at a premium equivalent to the difference between the allotment price and the face value during the New Fund Offer Period (NFO). NFO Expenses shall be borne by the AMC / the Trustee Company. The Units will be listed on the Capital Market Segment of the National Stock Exchange of India Limited (NSE) within 30 days from the date of closure of the NFO. All investors including Authorised Participants and Large Investors can subscribe (buy) / redeem (sell) Units in round lots of one Unit on a continuous basis on the NSE during the trading hours on all the trading days. In addition, Authorized Participants and Large Investors can buy / sell Units directly from the Mutual Fund in Creation Unit Size, on all Business days at NAV based prices. The Units will be issued, traded and settled compulsorily in dematerialized (electronic) form. **Minimum Application:** Authorised Participants: in Creation Unit Size only through cheque / draft. Each Creation Unit Size will consist of 1,000 units and 1 unit will be approximately equal to 1 gram of gold. Other investors (including Large Investors): Rs. 5,000 and any amount thereafter. **Investor benefits and general services:** Investors can subscribe to the units through the mutual fund trading platforms viz. BSE STAR MF of Bombay Stock Exchange Limited (BSE) and Mutual Fund Service System (MFSS) of NSE. The AMC will calculate and publish the first NAV of the scheme not later than 30 days from the closure of the NFO. Subsequently, the NAVs will be calculated and disclosed at the close of every Business Day. The NAV shall also be communicated to NSE. 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 ISCs/ Bank Collection Centres of HDFC Mutual Fund. Investors can also contact us on 1800 233 6767 (toll free) or send an e-mail at cliser@hdfcfund.com. **Disclaimer of NSE:** It is to be distinctly understood that the permission given by NSE should not in any way be deemed or construed that the SID has been cleared or approved by NSE nor does it certify the correctness or completeness of any of the contents of the Draft Scheme Information Document. The investors are advised to refer to the SID for the full text of the Disclaimer clause of NSE. **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 Rs. 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 Exchange Traded Fund (HGETF)

(An Open - Ended Exchange Traded Fund)

Gold ETFs are suitable for the following types of investors:

- **Investors looking to effectively diversify their portfolio:** Gold's most valuable contribution to a portfolio, lies in the fact that it has a low correlation with most other assets. 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.



Source: Bloomberg

Data Computation Internal. Returns correlation refers to the daily return correlation till May 2010. DXY – Dollar Index. CMCPI – UBS Bloomberg Constant Maturity Commodity Index. MSCI US – MSCI United States Index. MSCI EM – MSCI Emerging Markets Index. SENSEX – BSE Sensitive Index.

Period under consideration: Gold (since Jan. 1967), CMCPI (Since Oct. 1997), MSCI US (Since Dec. 1969), MSCI EM (Since Dec. 1987), BSE SENSEX (Since Apr. 1979), Crude Oil (Since May 1983). **Past performance may or may not be sustained in future.**

As can be seen, gold's correlation with the BSE SENSEX is 0.04 implying that price movements of gold and BSE SENSEX exhibit virtually zero correlation. This is indicative of the diversification gold provides to portfolios.

Similarly gold has a –0.31 correlation with the US Dollar (USD), justifying its reputation as a particularly effective hedge against fluctuations in the USD, the world's main trading currency.

- **Investors searching for an effective hedge against inflation and store of value:** The real price of gold has more than retained its purchasing power through a century characterized by sweeping changes and repeated geopolitical shocks. In contrast, the real value of most fiat currencies has generally declined.

- **As a safe haven and portfolio insurance:** Historically, during periods of great stress, crises and panics, gold has limited the downside and acted as a great insurance for investment portfolios.

Event	Period	Gold Returns (%)	Equity Returns (%)
Sub prime mortgage/ credit crisis	October 2007 - March 2009	15.74	-59.07
Dotcom Bubble/ September 11, 2001 terrorist attack	March 2000 - October 2002	14.18	-51.43
Asian financial crisis	July 1997 - September 1998	-15.79	-59.06*
Bursting of the Japanese stock and real estate bubble	December 1989 - April 2003	-17.77	-76.86***
Yom Kippur War / Arab oil embargo	January 1973 - December 1974	182.24	-38.31**
World War 2	September 1939 - April 1942	-1.66	37.49**
The Great Depression	August 1929 - June 1932	0.29	-88.74**

Source: Bloomberg

Data Computation Internal. All returns computed above are based on the performance values denoted in USD. Equity returns refers to returns of MSCI World Index. * Refers to returns of the MSCI Asia Pacific Ex Japan Index. ** Refers to returns of the Dow Jones Industrial Average.

*** Refers to returns of the Nikkei 225 Stock Average. **Past performance may or may not be sustained in future.**

- Those looking for a hassle free and tax efficient way of owning gold.
- Those wanting to purchase gold in small and regular amounts as compared to large lump sums which are traditionally required to purchase physical gold.

How Gold Exchange Traded Funds (ETFs) are better than physical gold - (An Illustrative Chart)

Parameter	Jeweller	Bank	Gold ETF
How gold is held	Physical (Bars / Coins)	Physical (Bars / Coins)	Dematerialized (Electronic form)
Pricing	Differs from one another. Neither transparent nor standard	Differs from bank to bank, not standard	Linked to international gold prices and 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	Demat Account
Security of asset	Investor is responsible	Investor is responsible	Fund house takes the responsibility
Resale	Conditional and Uneconomical	Banks do not buy back	At secondary market 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 held in electronic form under the demat account
Quantity to buy / sell	Available in standard denomination	Available in standard denomination	Minimum is 1/2 or 1 gram according to the fund
Bid ask spread	Very high	Can't sell back	Very low
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

Product Features

Investment Objective: The investment objective of the scheme is to generate returns that are in line with the performance of gold, subject to tracking errors.

Purity of Gold : Purity (fineness) of 995 parts per 1000 (99.5%) or higher.

Liquidity: The units of HGETF will be listed on the capital market segment of the National Stock Exchange of India Ltd. (NSE). All investors including Authorized Participants and Large Investors can subscribe (buy) / redeem (sell) units on a continuous basis on the NSE on which the units are listed during the trading hours on all the trading days. In addition, Authorised Participants and Large Investors can directly subscribe to / redeem HGETF Units on all Business Days with the Fund in 'Creation Unit Size' at NAV based prices on an ongoing basis, commencing not later than 30 days from the closure of New Fund Offer (NFO) Period. The units of the scheme will be issued, traded and settled compulsorily in dematerialized (electronic) form.

New Fund Offer Price: Each unit of HGETF will be issued having face value of Rs. 100/- at a premium equivalent to the difference between the allotment price and the face value of Rs. 100/- . Each unit is approximately equal to 1 (one) gram of gold.

Benchmark: Domestic price of physical gold.

For further details on Scheme Features please refer to Scheme Information Document (SID) of the Scheme.

Distributed by:

