

## **FAQs on Reliance Gold Savings Fund**

### **(An open ended Fund of Fund Scheme)**

#### **❑ What is Reliance Gold Savings Fund?**

Reliance Gold Savings Fund is the first gold fund of fund in India which opens a new avenue for investing in gold as an asset class. The Fund seeks to provide returns that closely correspond to returns provided by Reliance Gold Exchange Traded Fund (RGETF) which in turn invests in physical gold. It enables to reap returns of gold in paper form without the need of a demat account.

It is a passively managed fund which would enable an investor to save for gold in a convenient manner either through lump sum investment or through systematic investment - the mutual fund way from a long term perspective. It will give investors the opportunity to participate in the bullion market in a relatively cost effective and convenient way.

#### **❑ Why is it important to add gold to your portfolio?**

Gold has been considered amongst the best asset class over a period both in terms of return as well as stability of performance. Gold continues to breach its high (YOY) since 2001 till date .It is regarded as a foundation asset for wealth creation. From being an alternative investment option, gold has gained the status of 'must have' in any portfolio due to its following unique benefits:

- Gold has a low / negative correlation with other asset class offering diversification to the portfolio
- Gold is a less volatile than equity as an asset class and thereby helps to stabilize portfolio returns
- Gold over centuries has maintained its value against inflation. It has kept the purchasing power intact and it has even increased it gradually.
- Gold has stood the test of times repeatedly and has outlasted all other financial and monetary assets during various periods of financial crisis.

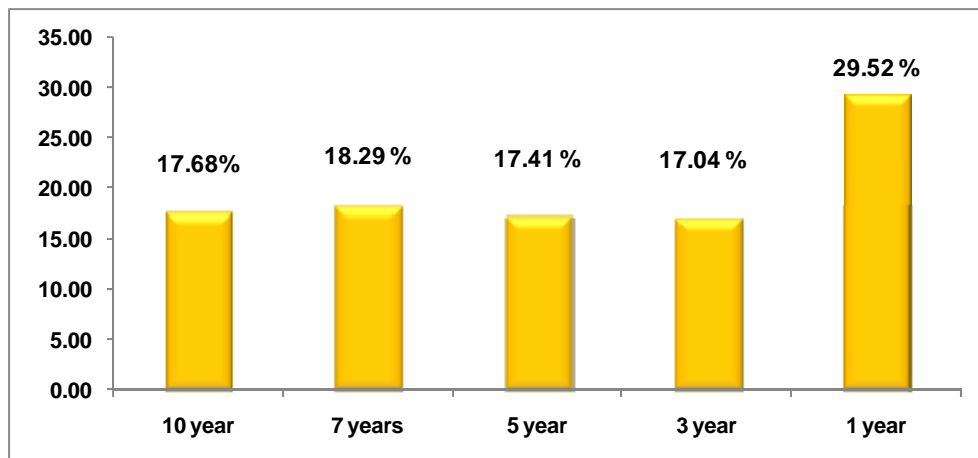
#### **❑ What is the NFO opening and closing date of Reliance Gold Savings Fund**

Reliance Gold Savings Fund NFO opens on 14<sup>th</sup> February, 2011 and closes on 28<sup>th</sup> February, 2011.



❑ **How has gold as an asset class performed in the past?**

Gold - an “asset class apart” has proven as a pure performer. It has been a consistent performer and has given over 17% return across time period.



**Source : Bloomberg; The above graph shows CAGR performance of Gold (USD/OZ) Data as on 31<sup>st</sup> Dec 2010**

**Past Performance may or may not be sustained in future.** The above table and graph gives an illustration of the performance of Gold on the basis of historical data, if invested directly. The same should not be construed as an indication, promise, guarantee or a forecast of any returns. The details may not necessarily provide a basis for comparison with any other investment avenues. Readers are advised to seek independent professional advice and arrive at an informed investment decision before making any investments

❑ **What has been the performance of gold during various period of financial crisis?**

Gold has stood the test of times repeatedly and has outlasted all other financial and monetary assets during various periods of financial crisis. It has affirmed its position as an insurance for investment portfolios. The same is clearly indicated in the table below:

Event	Period	Gold Returns(%)	Equity Returns (%)
Subprime Mortgage 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***
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, \*Equity Returns refers to returns of MSCI World Index. \*\* Returns for MSCI Asia Pacific Ex Japan Index, \*\*\* Returns of Nikkei 225 stock average ^Returns of Dow Jones Industrial Average

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❑ **Is there any requirement for opening a demat account for purchase and sale of units of Reliance Gold Savings Fund**

It is not necessary to have a demat account for purchase and sale of Reliance Gold Savings Fund units. The investor can directly purchase and sale the units through physical application and online mode.

❑ **What are the benefits of investing in Reliance Gold Savings Fund?**

Reliance Gold Savings Fund opens a new avenue for investing in gold. This fund enables to reap returns closely to returns provided by Reliance Gold ETF.

- (i) **“Open door for non - demat a/c holders:** Investors can invest in this fund through the physical mode across the country thereby making it easily available and convenient **for non demat a/c holders”**
- (ii) **Systematic Investment Plan (SIP):** a long term disciplined investment technique under which you invest a fixed sum of money on a monthly or quarterly basis in a scheme at the prevailing NAV. This allows you to save and invest regularly while you are earning. This investment technique enables you the following benefits:
  - **Small, regular investments:** A simple way to enter the market by investing small amounts. Small but regular investments go a long way in creating wealth over time
  - **Rupee cost averaging:** Fewer units during rising markets and more units during falling markets, thereby reduces the average cost per unit
  - **No need for ‘timing the markets’:** No need to select the right time and quantity to buy and sell as timing the market is time consuming and risky. It eliminates the need to actively track the markets.
- (iii) **Availability of add-on facilities:** Ease of availing add on facilities like Systematic Transfer Plan/ Systematic Withdrawal Plan / Systematic Investment Plan/ auto switch /trigger facility etc.
- (iv) **Liquidity:** An investor of Gold Savings Fund can subscribe and redeem units on all business days directly from the AMC, while purchase and sale of gold ETF units is a factor of liquidity on the exchange.
- (v) **Ease of investing:** Investing in gold through Reliance Gold Savings Fund, the investor can directly subscribe/ redeem units through the physical mode at the various designated investor service centre across the country thereby making it easily accessible and convenient.
- (vi) **Cost Effective:** Investing in gold through the Reliance gold Savings Fund in physical application mode enables you invest in a low cost manner as the investor does not have to incur charges like



annual maintenance charges for demat account , delivery brokerages charges, transaction charges incurred for investing through the dematerialized mode.

*The investors will be bearing the recurring expenses of the scheme, in addition to the expenses of underlying Scheme.*

**(vii)Taxation Benefits:** Investments in the fund are eligible for long term capital gains tax after 1 year of investments whereas in case of physical gold the investor is eligible for long term capital gains after a period of 3 years. The investments in the fund get similar taxation as debt mutual fund schemes.

**❑ Reliance Gold Savings Fund invests in equity stocks of gold mining companies or directly into physical gold?**

**No. Reliance Gold Savings Fund will not invest in equity stocks of gold mining companies or directly into physical gold.** Reliance Gold Savings Fund is a fund of fund which invests exclusively in Reliance Gold Exchange Traded Fund which in turn invests in physical gold. It offers investors a pure play on the asset through investments in Reliance Gold ETF whose investment objective is to provide returns closely to the returns of the prices of gold.

**❑ What will be the tax benefits for investors in this fund?**

The tax benefit for investing in Reliance Gold Savings Fund will vis a vis other modes of investing in Gold in given below:

Type of Taxation	Reliance Gold Savings Fund	Gold ETF	Jewellers	Banks
<b>Wealth Tax</b>	Nil	Nil	Applicable	Applicable
<b>Short Term Capital gains Tax</b>	Applicable before 1 year	Applicable before 1 year	Applicable before 3 years	Applicable before 3 years
<b>Long Term capital gains tax</b>	Applicable after 1 year	Applicable after 1 year	Applicable after 3 years	Applicable after 3 years

- **Long Term Capital Gain Tax of 10 % or 20 % with indexation will be applicable**
- **Short Term Capital Gains applicable as per tax slab for the investor**

*The tax benefits are as per the current Income Tax laws & rules and any other law for the time being in force. Please refer to Statement of Additional Information for more details. Readers are advised to seek independent professional advice and consult their tax advisors and arrive at an informed investment decision before making any investments.*



❑ **What is the investment philosophy of Reliance Gold Savings Fund?**

The fund would seek to provide returns that closely correspond to returns provided by Reliance Gold Exchange Traded Fund.

❑ **What will be the asset allocation of Reliance Gold savings Fund?**

Under normal circumstances, the anticipated asset allocation would be:

Instruments	Indicative asset allocation (% of total assets)		Risk Profile
	Minimum	Maximum	
Units of Reliance Gold ETF	95	100	Medium to High
Reverse repo and /or CBLO and/or short-term fixed deposits and/or Schemes which invest predominantly in the money market securities or Liquid Schemes*	0	5	Low to Medium

\*The Fund Manager may invest in Liquid Schemes of Reliance 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.

The deviation from the underlying ETF may occur mainly on account of the receipt of cash flows which on an average takes 5 days given the existing operational procedure.

❑ **What will be the benchmark of Reliance Gold Savings Fund**

The Scheme's performance will be benchmarked against the price of physical gold

❑ **Why should one invest in Reliance Gold Savings Fund?**

- Reliance Gold Savings Fund provides an easy and a convenient way for Portfolio Diversification
- It endeavors to inculcate a regular savings habit to accumulate gold in small amounts through MICRO Systematic Investment Plan and Systematic Investment Plan
- Opens doors for non –demat account holders as it provides the facility to invest through the online medium and through physical application mode
- It enables you to avail long term taxation benefits from 1 year unlike physical gold wherein long term taxation can be availed after 3 years
- The fund invests in Reliance Gold ETF which in turn invests in physical gold of purity of 99.5 % or higher, thereby relieves you of any impurity concerns.
- The gold invested in Reliance Gold ETF is stored with the custodian; hence you need not worry about the storage cost.



❑ **What is the minimum lump sum investment amount? What is the minimum investment amount through SIP?**

Minimum investment for lumpsum investment amount is Rs. 5,000 and in multiples of Re. 1 thereafter.

Minimum investment amount for investing SIP route is as follows:

- (1) Rs.100/- per month and in multiples of Re. 1/- thereafter for minimum 60 months
- (2) Rs.500/- per month and in multiples of Re. 1/- thereafter for minimum 12 months
- (3) Rs.1000/- per month and in multiples of Re. 1/- thereafter for minimum 6 months
- (4) Rs.500/- per quarter and in multiples of Re. 1/- thereafter for minimum 12 quarters
- (5) Rs.1500/- per quarter and in multiples of Re. 1/- thereafter for minimum 4 quarters

❑ **What is the minimum additional investment amount?**

Rs.1000 and in the multiple of Re 1

❑ **Is there any option of doing SIP during the NFO?**

Yes, SIP option is available during the NFO & subsequently as well. SIP debit dates shall be 02nd, 10th, 18th or 28th. This facility of investing in a systematic way would enable you to accumulate gold at regular intervals for long term commitments.

Investors without PAN can invest through the MICRO SIP route in Reliance Gold Savings Fund.

❑ **What are the applicable loads during and after the NFO?**

The following Load Structure is applicable during the new fund offer and continuous offer including SIP installments in the scheme

**Entry Load\*– Nil**

**Exit Load -**, 2%- If redeemed or switched out on or before completion of 1 year from the date of allotment of units

- Nil - If redeemed or switched out after the completion of 1 year from the date of allotment of units.

\*In accordance with the requirements specified by the SEBI circular no. SEBI/IMD/CIR No.4/168230/09 dated June 30, 2009 no entry load will be charged for purchase / additional purchase / switch-in accepted by the Fund with effect from August 01, 2009. Similarly, no entry load will be charged with respect to applications for registrations under systematic investment plans/ systematic transfer plans accepted by the Fund with effect from August 01, 2009.



❑ **What facilities are available for investing in Reliance Gold savings Fund?**

The investor can avail of following facilities during the NFO period:

- Systematic Investment Plan (SIP)
- MICRO SIP
- Investing through the stock exchange platform
- Online Transaction through the website. i.e [www.reliancemutual.com](http://www.reliancemutual.com)
- Auto switch facility
- Application Supported By Blocked Amount facility ( ASBA)

Facilities available during the Ongoing period :

- Systematic Investment Plan (SIP)
- MICRO SIP
- Investing through the stock exchange platform
- Online Transaction through the website. i.e [www.reliancemutual.com](http://www.reliancemutual.com)
- Salary Addvantage
- Systematic Transfer Plan
- Systematic Withdrawal Plan
- Auto switch facility
- Trigger Facility
- Invest Easy

❑ **What is the expense charged for investing in Reliance Gold savings Fund?**

The investors in the Scheme will be charged a maximum of 1.5% of the daily or average weekly net assets of Reliance Gold Savings Fund including the expenses charged in its underlying investments in Reliance Gold ETF.

To explain this further with a hypothetical example: If an investor is subscribing Rs 50,000/- in Reliance Gold savings Fund the annual scheme recurring expense would amount to Rs 750/-. (i.e. Expense levied to Reliance Gold ETF is 1% p.a. as on 31/12/2010, thereby the expense charged to Reliance Gold Savings Fund would be 0.50% as the total expense under both the schemes would not exceed 1.5% p.a. The calculation of the same is given below:



**RELIANCE**

Mutual Fund

Investment in Reliance Gold Savings Fund 50,000 \* 0.5% + Reliance Gold Savings Funds Investments in Reliance Gold ETF 50,000 \* 1% = Rs 750.

Note: *The investors will be bearing the recurring expenses of the scheme, in addition to the expenses of underlying Scheme.*

❑ **What is the best mode of investing in this fund?**

We recommend a combo approach for wealth creation. Lumpsum investment is for wealth creation and required asset allocation and for portfolio diversification as per your risk appetite and investment objective. To fulfill your long term needs through gold accumulation plan a Systematic Investment Plan (SIP) is recommended

An overall allocation of around 10% to this fund in your investment portfolio is recommended. Please consult your financial advisor for determining your individual gold allocation

**Disclaimer**

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**RELIANCE**

Mutual Fund

**Reliance Gold Savings Fund (An Open Ended Fund of Fund Scheme):** The investment objective of the Scheme is to seek to provide returns that closely correspond to returns provided by Reliance Gold Exchange Traded Fund (RGETF). **Asset allocation Pattern:** Units of RGETF – 95 to 100%, Reverse repo and /or CBLO and/or short-term fixed deposits 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 Reliance 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:** (for investments made during NFO and Ongoing offer period) **Entry Load** - Nil. **Exit Load** - 2%- If redeemed or switched out on or before completion of 1 year from the date of allotment of units, Nil thereafter.

**Terms of issue and mode of sale and redemption of units:** The units are available at Rs. 10/- per unit during NFO & thereafter at applicable NAV based prices. The Scheme will offer for Subscription/ Switch-in and Redemption / Switch-out of Units on every Business Day on an ongoing basis, within five business days of allotment. The redemption or repurchase proceeds shall be dispatched to the unitholders within 10 Business Days from the date of redemption or repurchase. **Investor benefits and general services offered:** The Scheme offers Systematic Investment Plan, Auto Switch facility and Online Transactions during the NFO period. The NAV of Scheme shall be published on a daily basis by the Mutual Fund at least in two daily newspapers and will also be uploaded on the AMFI site [www.amfiindia.com](http://www.amfiindia.com) and Reliance Mutual Fund site i.e. [www.reliancemutual.com](http://www.reliancemutual.com).

**RGETF is an open-ended Gold Exchange Traded Fund that tracks the domestic prices of gold through investments in physical Gold.)** The investment objective is to seek to provide returns that closely correspond to returns provided by price of gold through investment in physical Gold (and Gold related securities as permitted by Regulators from time to time). However, the performance of the scheme may differ from that of the domestic prices of Gold due to expenses and or other related factors. **Asset Allocation Pattern:** Physical Gold or Gold Related Instruments as permitted by regulators from time to time - 90 to 100%, Money Market instruments, Bonds, Debentures, Government Securities including T-Bills, Securitised Debt & other debt securities as permitted by regulators from time to time – 0 to 10%. **Load Structure** – Entry Load & Exit Load – Nil. **Terms of Issue** - As the units of the scheme are listed on the Exchange, subsequent buying or selling (trading) by Unit holders can be made from the secondary market on all trading days. The minimum number of Units that can be bought or sold on the exchange is 1 (one) unit.

**Statutory Details:** Reliance Mutual Fund has been constituted as a trust in accordance with the provisions of the Indian Trusts Act, 1882. **Sponsor:** Reliance Capital Limited. **Trustee:** Reliance Capital Trustee Company Limited. **Investment Manager:** Reliance Capital Asset Management Limited (Registered Office of Trustee & Investment Manager: "Reliance House" Nr. Mardia Plaza, Off. C.G. Road, Ahmedabad 380 006). The Sponsor, the Trustee and the Investment Manager are incorporated under the Companies Act 1956. The Sponsor is not responsible or liable for any loss resulting from the operation of the Scheme beyond their initial contribution of Rs.1 lakh towards the setting up of the Mutual Fund and such other accretions and additions to the corpus.

**Risk Factors: Mutual Funds and securities investments are subject to market risks, and there is no assurance or guarantee that the objectives of the Scheme will be achieved. As with any investment in securities, the NAV of the Units issued under the Scheme can go up or down depending on the factors and forces affecting the securities market. Reliance Gold Savings Fund and Reliance Gold Exchange Traded Fund are only the names of the Schemes and do not in any manner indicate either the quality of the Scheme; its future prospects or returns.** Past performance of the Sponsor/AMC/Mutual Fund is not indicative of the future performance of the Scheme. The Mutual Fund is not assuring that it will make periodical dividend distributions, though it has every intention of doing so. All dividend distributions are subject to the availability of distributable surplus in the Scheme. The NAV of the Scheme may be affected, inter alia, by changes in the market conditions, interest rates, trading volumes, settlement periods and transfer procedures. Being a Fund of Fund Scheme, it may be noted that the investors are bearing the risk and the recurring expenses of RGETF also. For detailed risk factors, please refer to the Scheme Information Document & Key Information Memorandum, which is available at all the DISC, Distributors and [www.reliancemutual.com](http://www.reliancemutual.com). Investors can also call at our call centre 1800-300-11111 (toll free) for more details. **Please read the Scheme Information Document and Statement of Additional Information carefully before investing.**

