

KEY INFORMATION MEMORANDUM



Gold Benchmark Exchange Traded Scheme

(Open Ended Exchange Traded Fund)

Continuous Offer for Units of Gold BeES of Rs. 100/- per unit at NAV based prices

Name of the Fund: **Benchmark Mutual Fund**

Name of the AMC: **Benchmark Asset Management Company Pvt. Ltd.**

This Key Information Memorandum (KIM) sets forth the information, which a prospective investor ought to know before investing. For further details of the Scheme(s)/Mutual Fund, due diligence certificate by the AMC, Key Personnel, investors' rights and services, risk factors, penalties and pending litigations, associate transactions etc. investors should, before investment, refer to the Offer Document of the Scheme available free of cost at any of the Investor Service Centre or distributors or from the website www.benchmarkfunds.com.

The Scheme particulars have been prepared in accordance with Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended till date, and filed with Securities and Exchange Board of India (SEBI). The units being offered for public subscription have not been approved or disapproved by SEBI, nor has SEBI certified the accuracy or adequacy of this KIM.

BENCHMARK
M U T U A L F U N D

INVESTMENT MANAGER

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Investment Objective

The investment objective of Gold Benchmark Exchange Traded Scheme (Gold BeES) is to provide returns that, before expenses, closely correspond to the returns provided by domestic price of gold through physical Gold.

However, the performance of the Scheme may differ from that of domestic prices of Gold due to expenses and certain other factors. There can be no assurance or guarantee that the investment objective of Gold BeES will be achieved.

Asset Allocation Pattern Of The Scheme

Instruments	Risk Profile	%
Physical Gold	Medium	90% to 100%
Money Market instruments, Securitised Debts*, Bonds including cash at call	Low to Medium	0% to 10%

*Investments in the securitized debts can be made by the Scheme up to 5% of the net assets.

Risk Profile Of The Scheme

Mutual Fund investments are subject to market risks. Please read the offer document carefully for details on risk factors before investment.

Plans and Options

Nil

Applicable Nav

The Fund creates/redeems units of Gold BeES in creation (minimum) unit size by exchange of underlying physical Gold (Portfolio Deposit) and Cash Component. The Fund declares the Portfolio Deposit and Cash Component on its website www.benchmarkfunds.com daily morning and the same would be applicable for creating and redeeming unit size for that working day.

Minimum Number Of Units For Subscription/Redemption

A. Directly with the Fund

The Fund creates / redeems Gold BeES in large size known as "Creation Unit". The value of the "Creation Unit" is 1 kilogram of physical Gold or in multiple thereof called as the "Portfolio Deposit" and a "Cash Component" which will be exchanged for 1,000 units Gold BeES.

B. On the Exchange

The Units of Gold BeES are listed on the Capital Market Segment of the National Stock Exchange of India Ltd. (NSE).

On NSE, the units of Gold BeES can be purchased/sold in minimum lot of 1 unit and in multiples thereof.

Despatch Of Repurchase (Redemption) Request

Within 10 working days of the receipt of the redemption request at the official point of acceptance of Benchmark Mutual Fund.

Benchmark Index

The performance of the Scheme will be benchmarked against the price of Gold.

Dividend Policy

The Trustee may declare dividend to the unit holders under the Scheme subject to the availability of distributable surplus. It should be noted that actual distribution of dividend and the frequency of distribution will be entirely at the discretion of the Trustee and depend, inter alia, on the availability of distributable surplus. Such dividend will be payable subject to tax at source (if any) to the unit holders whose names appear on the register of unit holders on the record date as fixed by the Trustee.

There is no assurance or guarantee to the unit holders as to the rate of dividend nor that the dividend be paid regularly. If the Fund declares dividend, the NAV will stand reduced by the amount of dividend and dividend distribution tax (if applicable) paid.

Name Of The Fund Manager

Vishal Jain

Name Of The Trustee Company

Benchmark Trustee Company Pvt. Ltd.

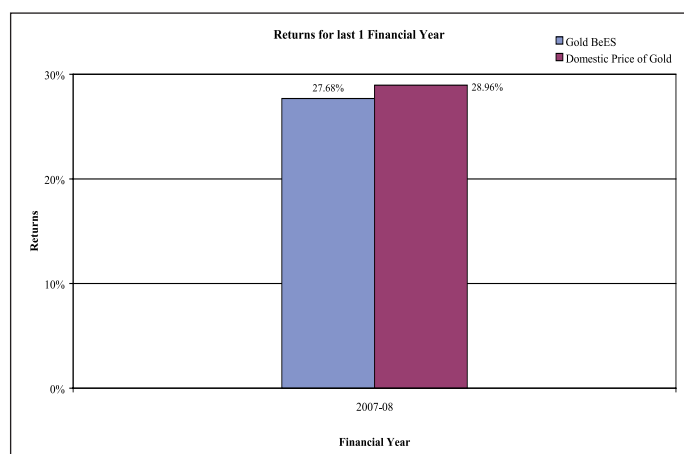
Performance Of The Scheme

Performance details till March 31, 2008

Compounded Annualized Returns	Scheme Returns	Benchmark Returns*
Returns for the last 1 year	27.68%	28.96%
Returns for the last 3 years	-	-
Returns for the last 5 years	-	-
Returns since inception	26.25%	26.58%

* Domestic Price of Gold

The Scheme was launched in March 2007 therefore, past performance of the Scheme for 3 years and 5 years are not provided.



Past performance may or may not be sustained in future

Expenses of the Scheme

Load Structure

There is no Entry or Exit load for subscription or redemption of Gold BeES in Creation (Minimum) Unit Size directly with the Fund.

There will be no entry/exit load on Gold BeES bought or sold through the secondary market on the NSE. 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 Gold BeES.

Recurring Expenses for the Scheme

The total expense ratio will be maximum of 1% per annum.

Actual expenses for the previous financial year (2007-2008)

1.00% of daily average net assets of the Scheme.

Tax Benefits

THE FOLLOWING INFORMATION IS PROVIDED FOR GENERAL INFORMATION PURPOSES ONLY. IT APPLIES TO THE FUND AND THE UNIT HOLDERS IN THE FUND. PROSPECTIVE UNIT HOLDERS SHOULD MAKE THEIR OWN INVESTIGATION OF THE TAX CONSEQUENCES OF SUCH INVESTMENT. EACH PROSPECTIVE UNIT HOLDER IS ADVISED TO CONSULT ITS OWN TAX ADVISOR WITH RESPECT TO THE SPECIFIC TAX CONSEQUENCES OF BEING A UNIT HOLDER IN THE FUND. THE FUND IS NOT MAKING ANY REPRESENTATION OR WARRANTY TO ANY UNIT HOLDER REGARDING ANY LEGAL INTERPRETATIONS AND TAX CONSEQUENCES TO THE FUND AND THE UNIT HOLDERS IN THE FUND.

Taxability Of The Fund

1. Income Tax Act, 1961

As a fund set-up under a scheme of a SEBI-registered mutual fund, the taxability of the Fund will be governed by the provisions of Section 10(23D)

and Chapter XII-E of the Act.

Under Section 10(23D) of the Act, any income of a fund set up under a scheme of a SEBI-registered mutual fund is exempt from tax.

The Scheme i.e. Gold BeES is categorized as a non equity oriented mutual fund scheme.

Equity-oriented fund¹

Under Chapter XII-E of the Act, any income distributed by an 'equity oriented fund', set-up under a scheme of a SEBI registered mutual fund to its unit holders shall not be subject to any distribution tax.

The cumulative effect of Section 10(23D) and Chapter XII-E is that an equity oriented fund will be exempt from tax on its income earned and will not be liable to pay any distribution tax on income distributed to its Unit Holders.

Non-equity oriented fund

Under Chapter XII-E of the Act, any income distributed by a money market mutual fund or a liquid fund to its unit holders shall be exempt from tax and a liquid fund or a money market fund will be liable to pay distribution tax on the income distributed to its unit holders at the rate of 25% (plus applicable surcharge of 10% and education cess of 3%).

Under Chapter XII-E of the Act, any income distributed by a mutual fund, other than a money market mutual fund or a liquid fund to its unit holders shall be exempt from tax and the mutual fund will be liable to pay distribution tax on the income distributed to its unit holders at the rate of :

- (i) 12.5% (plus applicable surcharge of 10% and education cess of 3%) on income distributed by the mutual fund to its unit holders who are individuals or HUFs; and
- (ii) 20% (plus applicable surcharge of 10% and education cess of 3%) on income distributed by the mutual fund to all other categories of unit holders.

The cumulative effect of section 10(23D) and Chapter XII-E in the case of a non-equity oriented fund is that the Fund will be exempt from tax on its income earned, but will be liable to pay distribution tax on income distributed to its Unit Holders in the manner described above.

2. Securities Transaction Tax ('STT')

As and when the Fund purchases and sells equity shares/units, it would be required to pay the STT applicable on such purchases and sales to the concerned Regional Stock Exchange at the following rates:

Transaction	Rate of STT	Payable by
Purchase of an equity share in a company / unit of an 'equity oriented fund' where the transaction is entered into in a Recognised Stock Exchange and the contract is settled by actual delivery or transfer of shares / units.	0.125%	Purchaser
Sale of an equity share in a company / unit of an 'equity oriented fund' where the transaction is entered into in a Recognised Stock Exchange and the contract is settled by actual delivery or transfer of shares / units.	0.125%	Seller
Sale of an equity share in a company / unit of an 'equity oriented fund' where the transaction is entered into in a Recognised Stock Exchange and the contract is settled otherwise than by actual delivery or transfer of shares / units.	0.025 %	Seller

Sale of a derivative where the transaction is entered into in a Recognised Stock Exchange.	0.017 %	Seller
Sale of a unit of an 'equity oriented fund' to the Fund.	0.25 %	Seller

An 'equity oriented fund' would be liable to collect STT at the rate of 0.25% from every Unit Holder who redeems his/her Units in the Fund and pay the same to the credit of the Central Government within the specified time limits.

The Finance Bill, 2008 proposes to substitute the above with effect from 1st June, 2008 as under:-

Transaction	Rate of STT	Payable by
Purchase of an equity share in a company / unit of an 'equity oriented fund' where the transaction is entered into in a Recognised Stock Exchange and the contract is settled by actual delivery or transfer of shares / units.	0.125%	Purchaser
Sale of an equity share in a company / unit of an 'equity oriented fund' where the transaction is entered into in a Recognised Stock Exchange and the contract is settled by actual delivery or transfer of shares / units.	0.125%	Seller
Sale of an equity share in a company / unit of an 'equity oriented fund' where the transaction is entered into in a Recognised Stock Exchange and the contract is settled otherwise than by actual delivery or transfer of shares / units.	0.025 %	Seller
Sale of a derivative entered through a recognized stock exchange		
(a) Sale of an option in securities	0.017%	Seller
(b) Sale of an option in securities, where option is exercised	0.125%	Purchaser
(c) Sale of futures in securities	0.017%	Seller
Sale of a unit of an 'equity oriented fund' to the Fund.	0.25 %	Seller

Taxability Of The Unit Holders In The Fund

1. Income Tax Act, 1961

a. Income from Units

As per section 10(35) of the Act, any distribution of income made by a fund, set up under a scheme of SEBI registered mutual fund, to its unit holders is exempt from tax in the hands of the unit holders.

Hence, income distributions by any fund to its Unit Holders will be exempt from tax in the hands of the Unit Holders.

b. Taxability on transfer

Unit Holders may realize a gain or a loss on transfer of Units of a fund. Redemptions of Units would be regarded as a transfer.

Switching from one Scheme / Option to another Scheme / Option will be effected by way of redemption of Units of the relevant Scheme / Option and reinvestment of the redemption proceeds in units of the other Scheme / Option selected by the Unit Holder. Hence, switching will attract the same implications as applicable on transfer of such Units.

¹ "Equity oriented fund" is defined as -

- a fund where the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty five percent of the total proceeds of such fund; and
- which has been set up under a scheme of a Mutual Fund specified in Section 10 (23D) of the Act

Under the Act, the gain or loss realized on transfer of Units of a fund may be characterized, based on facts and circumstances applicable to each investor, as either being in the nature of capital gains or as business profits.

Capital gains:

Capital gains are liable to tax based on:

- (i) the duration for which the Units of a fund are held prior to transfer; and
- (ii) the manner in which the transfer / switch is effected

Gains realised on transfer of Units held for a period in excess of 12 months are classified as long term capital gains; in any other case, the gains are classified as short term capital gains. The period of holding for additional Units issued under the 'Reinvest Dividend Option' available in various schemes would commence from the date of allotment of additional Units under such option.

a. Long term capital gains

Equity-oriented fund

As per section 10(38) of the Act, long-term capital gains arising on redemption of units of an 'equity oriented fund', on which STT has been paid, are exempt from income tax.

Non-equity oriented fund

As per Sections 48 and 112 of the Act, long term capital gains realised on transfer of Units are taxable at the rate of 20% (plus applicable surcharge and education cess) after claiming indexation benefit.

Alternatively, the Unit Holder may offer the long term capital gains realised on transfer of Units to tax at the rate of 10% (plus applicable surcharge and education cess), without claiming any indexation benefit.

In case of an individual or a HUF, being a resident, where the total income as reduced by such long term capital gains is below the maximum amount, which is not chargeable to income tax, then, such long term capital gain shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income tax and the tax on the balance of such long term capital gains shall be computed at the rate of 20% (plus applicable surcharge and education cess) after claiming indexation benefit.

As per Section 115AD of the Act, long term capital gains realised by FIIs/sub-accounts on transfer of Units are taxable at the rate of 10% (plus applicable surcharge and education cess), and the FIIs / sub-accounts will not be permitted to claim indexation benefit.

b. Short term capital gains

Equity-oriented fund

As per section 111A of the Act, short term capital gains realized on redemption of units of 'equity oriented funds', on which STT has been paid, are taxable at the rate of 10% (plus applicable surcharge and education cess).

In case of an individual or a HUF, being a resident, where the total income as reduced by such short term capital gains is below the maximum amount, which is not chargeable to income tax, then, such short term capital gain shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income tax and the tax on the balance of such short term capital gains shall be computed at the rate of 10% (plus applicable surcharge and education cess).

The Finance Bill, 2008 has proposed to increase the rate of tax on such short term capital gains from ten percent to fifteen per cent with effect from 1st April, 2008.

Non-equity oriented fund

Short term capital gains realised on transfer of Units are taxable at the rates applicable to the Unit Holders as per the provisions contained in the relevant Finance Act. Surcharge and education cess would apply separately.

As per Section 115AD of the Act, short-term capital gains realised by FIIs/sub-accounts on transfer of Units are taxable at the rate of 30% (plus applicable surcharge and education cess).

Business profits:

In case the activity of purchase and sale of units by the investor is categorized as business activity, the resultant business profits are liable to tax at the normal

rates applicable to the investors. Surcharge and education cess would apply separately. In case of business profits, the investor is not entitled to claim the tax exemption in case of an 'equity oriented fund' under section 10(38) of the Act, as discussed above.

Tax treaty benefits

Section 90 of the Act provides that taxation of non-resident investors would be governed by the provisions of the Act, or those of a Double Taxation Avoidance Agreement ('DTAA') that the Government of India has entered into with the Government of any other country of which the non-resident investors are tax resident. The provisions of the DTAA prevail over those of the Act if they are more beneficial to the taxpayer. Hence, the above rates are subject to applicable DTAA benefits, if applicable.

c. Special provisions

As per Section 94(7) of the Act, where a person acquires any units within a period of 3 months prior to the record date and redeems such units within 9 months after the record date and the income distributed on such units, within this period, is exempt from income tax, then the loss suffered by such person on transfer of the units, to the extent of the income distributed on the units, shall be ignored while computing income chargeable to tax.

Section 94(8) of the Act provides that where any person who acquires any units within a period of 3 months prior to the record date is allotted additional units without consideration (i.e. bonus units) based on the original holding, any subsequent loss on sale of the original units within a period of 9 months from the record date shall be ignored for computing income chargeable to tax. The loss so ignored will be deemed to be the cost of acquisition of bonus units (held at such time) when these bonus units are subsequently sold.

d. Tax deducted at source ('TDS')

On income from Units:

No tax is to be deducted from any income credited or paid to Unit Holders in respect of Units of a fund.

On transfer:

Resident Investors:

No tax is required to be deducted at source from capital gains / business profits arising at the time of transfer of the Units.

Non-Resident Investors:

Tax is required to be deducted at source under Section 195 of the Act on payments made to non-resident investors.

a. Equity oriented fund

Since long-term capital gains realized from transfer of Units in an 'equity oriented fund' on which STT has been paid is exempt from tax, no tax is to be deducted at source under Section 195 of the Act.

In case of short-term capital gains realized from transfer of Units in an 'equity oriented fund', tax is required to be deducted at source at the rate of 10% (plus applicable surcharge and education cess).

The Finance Bill, 2008 has proposed to increase the rate of tax on such short term capital gain from ten percent to fifteen per cent which will be applicable rate from 1st April, 2008.

b. Non-equity oriented fund

In case of long term capital gains realised from transfer of Units in a non-equity oriented Fund, tax is required to be deducted at source at the rate of 20% (plus applicable surcharge and education cess) after considering indexation benefit.

In case of short term capital gains realised from transfer of Units in a non-equity oriented fund, tax is required to be deducted at source at the normal rates applicable to the Unit Holders. Surcharge and education cess would apply separately.

The Fund will deduct the above tax at the time of winding up of the scheme/repurchase of units. In case of sale of units by Non-resident investors through recognised stock exchange, tax deduction will be done by the bank of the Non-resident investor.

No tax is deductible at source from capital gains realised by FIIs / sub-accounts on transfer of their Units in a fund in accordance with the provisions of Section 196D(2) of the Act.

The Central Board of Direct Taxes in its circular no 728, dated October 30, 1995, has clarified that in case of payments to a non-resident who is tax resident of a country with which a DTAA is in force, the tax should be deducted at the rate provided in the Finance Act of the relevant year or at the rate provided in the DTAA, whichever is more beneficial to the taxpayer. In order for the Unit Holder to obtain the benefit of a lower rate or nil rate, available under a DTAA, the Unit Holder will be required to provide the Fund with a certificate obtained from its Assessing Officer confirming the Unit Holder's eligibility for the lower rate or nil rate.

e. Exemption from capital gains arising from transfer of units of mutual funds under section 54EC

The long-term capital gains arising from transfer of units of a mutual fund (hereinafter referred to as original asset), shall be exempt from tax under section 54EC of the Act provided such gains are invested within six months from the date of transfer, in the bonds (hereinafter referred to as long-term specified asset) issued by any of the following:

- i. National Highways Authority of India, which have been issued on or after 1 April, 2006
- ii. Rural Electrification Corporation Limited issued on or after 1 April, 2006

The amount of exemption would depend upon the extent of utilisation of the long-term capital gain on the original asset. However, where the long-term specified asset is transferred (including pledge of the long-term specified asset) or converted (otherwise than by transfer) into money, within a period of three years from the date of its acquisition, the amount of capital gain arising from the transfer of original asset not charged to tax shall be deemed to be income chargeable under the head "capital gains" relating to long-term capital asset of the previous year in which the long-term specified asset is transferred or converted (otherwise than by transfer) into money.

Where the cost of the specified units has been taken into account for section 54EC, deduction from the income with reference to such cost shall not be allowed under section 80C of the Act.

However, investment limit in the specified assets mentioned above is upto Rs. 50,00,000/- in a financial year.

g. Surcharge and education cess

Nature of person	Surcharge
Individuals, HUFs, body of individuals and association of persons	10% surcharge on tax payable if the total taxable income exceeds Rs 10,00,000
Artificial juridical persons	10% surcharge on tax payable
Firms and resident corporate taxpayers	**10% surcharge on tax payable
Non-resident corporate tax payers	**2.5% surcharge on tax payable
Co-operative societies and local authorities	No surcharge is applicable

** The surcharge will be applicable to only those firms and corporate taxpayers having a total taxable income exceeding Rs. 1,00,00,000.

An education cess of 3% is levied on all taxpayers - the education cess is to be paid on the tax payable, plus surcharge. Accordingly, the rates of tax and TDS rates mentioned above will be increased by the applicable surcharge and education cess.

f. Religious and Charitable Trusts

Investment in Units of the Fund by Religious and Charitable Trusts is an eligible investment under Section 11(5) of the Act read with Rule 17C of the Income Tax Rules, 1962. However, such investment may be permitted only subject to the state legislation governing Religious and Charitable Trusts in this regard,

wherever applicable.

2. Wealth Tax Act, 1957

Units in a fund are not treated as 'assets' as defined in section 2(ea) of the Wealth Tax Act, 1957. Hence, they would not be liable to wealth tax.

3. Gift Tax Act, 1958

The Gift Tax Act, 1958 is now abolished.

However, as per the provisions of section 2(24) of the Act, income of an individual or HUF will include any sum referred to in section 56(2)(vi) of the Act viz any sum of money the aggregate value of which exceeds Rs 50,000 received from any person or persons without corresponding consideration. There are some exceptions to this provision:

- (i) amount received from any relative;
- (ii) amount received on the occasion of the marriage of the individual;
- (iii) amount received under a will or by way of inheritance;
- (iv) amount received in contemplation of death of the payer;
- (v) amount received from any local authority as defined in the Explanation to clause (20) of section 10 of the Act;
- (vi) amount received from any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution referred to in clause (23C) of section 10 of the Act;
- (vii) from any trust or institution registered under section 12AA of the Act.

Please note:

The tax incidence to Unit Holders could vary materially based on characterization of income (i.e. capital gains versus business profits) accruing to them in the Fund.

Daily Net Asset Value (NAV) Publication

The NAV will be declared on all business days and will be published in 2 newspapers. NAV can also be viewed on www.benchmarkfunds.com and www.amfiindia.com. You can also telephone us at 91-22-6651 2727 or Toll Free 1800-22-5079.

For Investor Grievances please contact

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Unitholders' Information

Accounts statement (on each transaction) and Annual Financial Results will be provided to investors by post or by e-mail (on receipt of unit holder's consent).

Un-audited half-yearly financial results of the Scheme in format prescribed in Twelfth Schedule of Regulations and half yearly scheme Portfolio as on March 31 and September 30 will be published in one national English daily newspaper circulating in the whole of India and in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated. The half-yearly financial results will be placed on www.benchmarkfunds.com and link will be provided on www.amfiindia.com.

Date: April 28, 2008