

Gold BeES™

(Gold Benchmark Exchange Traded Scheme)

A Smarter way to Invest in Gold

Why Invest in Gold ?

Alternative Assets Comparison

Asset Class	Return Potential	Liquidity	Diversification Benefit	Risk Involved	Holding Cost
<i>Gold</i>	<i>Low</i>	<i>High</i>	<i>Very High</i>	<i>Low</i>	<i>Low</i>
Private Equity VC	Very high	Low	Moderate	Very High	High
Hedge Funds	Various	Low	Various	Various	High
Commodities	Volatile	High	High	High	Low
Art & Collectibles	Medium	Very Low	High	High	High

Improving stability and predictability of returns

- Gold improves the stability and predictability of portfolio returns. It is not correlated with other assets because the gold price is not necessarily driven by the same factors that drive the performance of other assets
- Adding gold to a portfolio introduces an entirely different class of asset. Gold is unusual because it is both a commodity and a monetary asset
- Gold is one of the few financial assets that is not linked to a liability. It can provide 'insurance' against extreme movements on the value of traditional asset classes

Maintaining Long Term Value

- During periods of financial, economic and social turmoil, Gold has been a safe refuge when the value of other assets was greatly reduced

E.g.

The first quarter of 2002 saw a flight to Gold by Japanese investors as they awaited the withdrawal of government guarantees on bank deposits

Gold as a safe haven

- Completely free of credit risk, although it carries market risk, Gold has always been a secure refuge in unsettled times. Its 'safe haven' attributes attract investors
- In 1999, Alan Greenspan, then Chairman of the Federal Reserve Board of the United States of America, said: "Gold still represents the ultimate form of payment in the world"
- This point can be better demonstrated by the following chart which shows Official Gold Holdings of selected Countries and its Percentage to the Total Reserves

Official Gold Holdings of Selected Countries

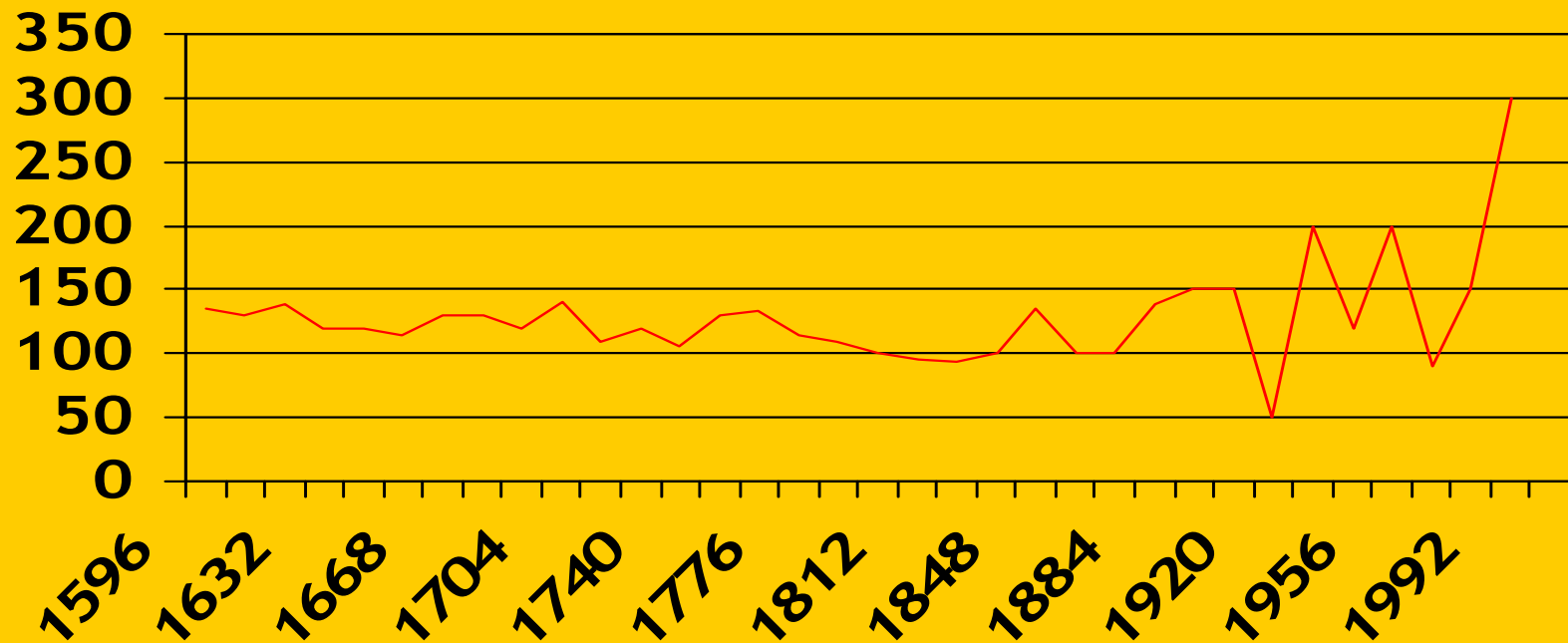
Country	Holding in Tonnes	% of Total Reserves
	<i>(As of December 2006)</i>	
United States	8133.5	74.3
Germany	3422.5	61.1
France	2748	58
Italy	2451.8	65
Switzerland	1290.1	40.7
Netherlands	653.9	56
Spain	425	43.8
Portugal	382.6	78.9
India	357.7	4.1
Austria	288.7	42.2
Greece	108.1	78.4

For Inflation Hedge

- The value of gold, in terms of real goods and services that it can buy, has remained remarkably stable. In contrast, the purchasing power of many currencies have varied over time
- Gold has consistently reverted to its historic purchasing power parity
- Gold is an inflation hedge as proved by a 400-year study of the purchasing power of gold in Britain between 1596 and 1997. One ounce of gold would consistently purchase the same amount of goods and services as it would have done 400 years ago

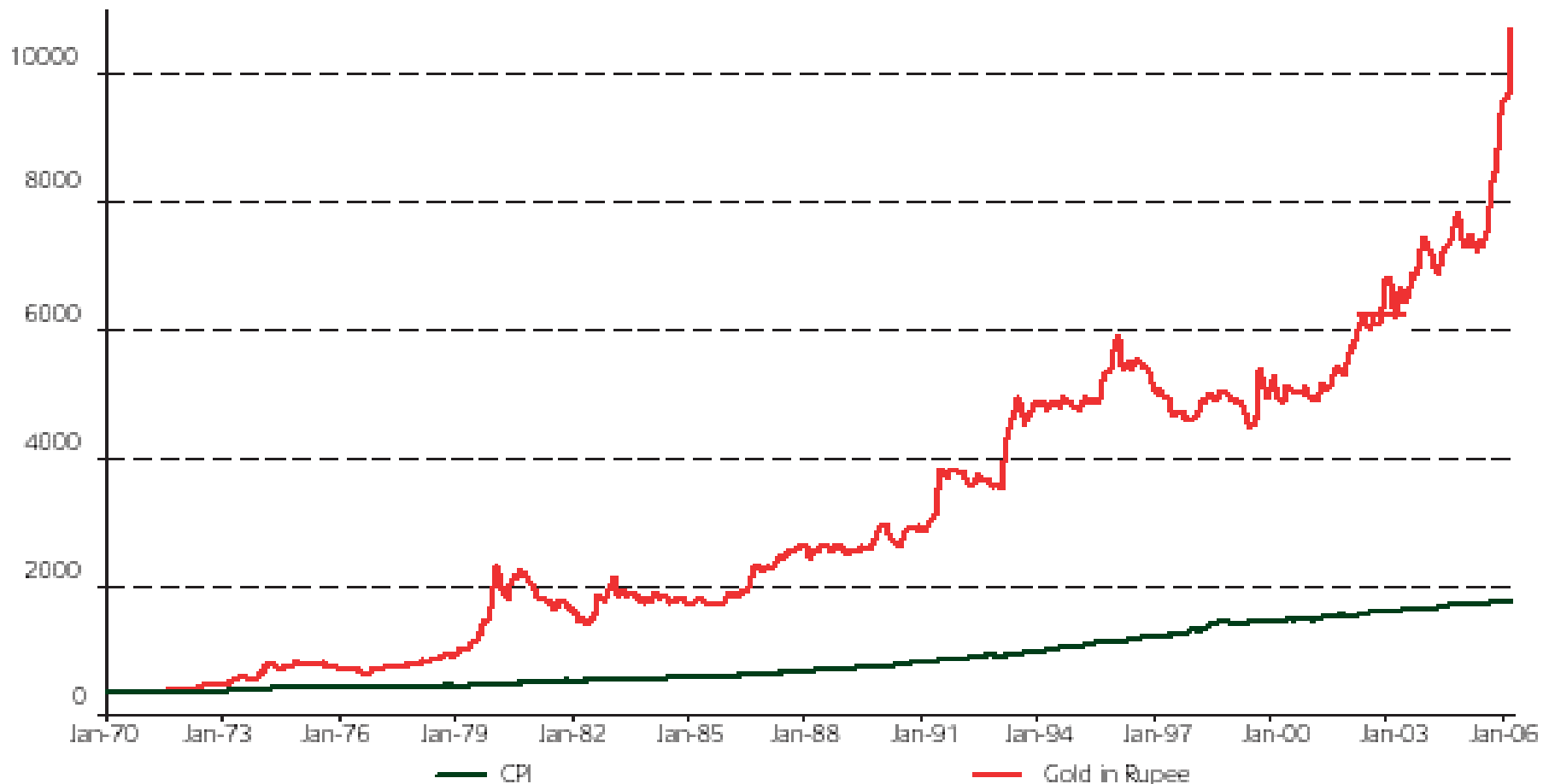
Purchasing Power Study of Gold (Britain)

The Purchasing power of gold in Britain
1596-1997



Gold as Inflation Hedge: Indian Scenario

Figure 3: Indian CPI and Gold in Rupee (re-based January 1971 = 100)

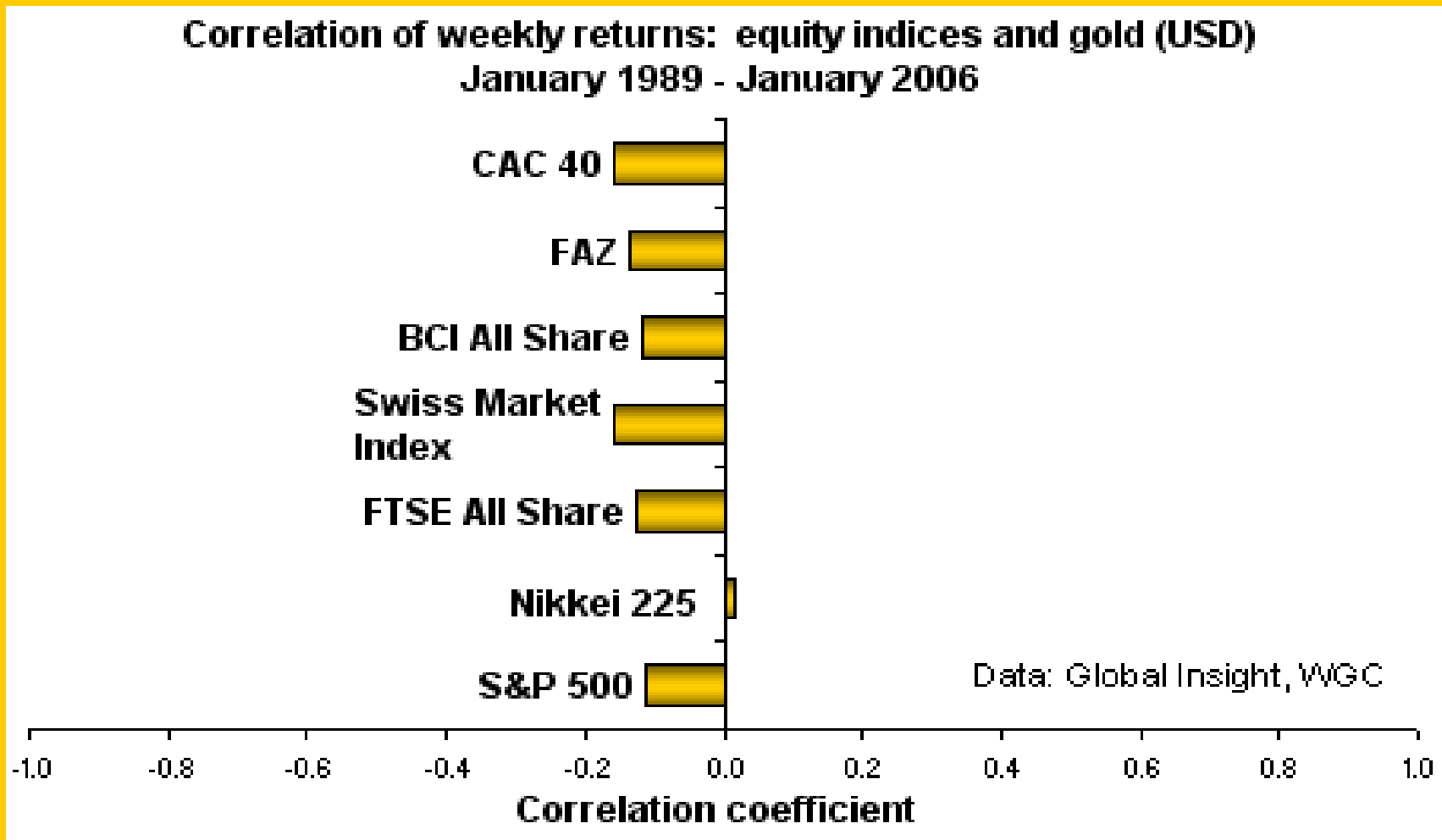


Source: Global Insight

For reduced Volatility

- Gold has significantly low correlation to other assets like equity indices, fixed income and commodities. Therefore adding gold to a portfolio may help improve risk adjusted returns or reduce volatility for the expected return

Correlation Between Global Equity Indices and Gold



Indian Scenario

- India is the World's largest gold consumer, Approx 20% to 25 % (800 tonnes+) of World Production is consumed in India
- Social compulsion of saving in gold for many Indians
- Gold is acquired and stored in the form of Jewelry, Bars, Coins, Gold Deposits, Gold Accumulation Plan and now Warehouse Receipts

Indian Scenario

There is need for an instrument which has

- Small denomination
- Cost efficiency
- Convenience for long term holding
- Greater uniform availability
- Transparency
- Liquidity
- Tax Efficiency

Gold BeES Can fulfill this Need

Why Gold BeES ?

- **Exchange Traded Funds (ETF):**

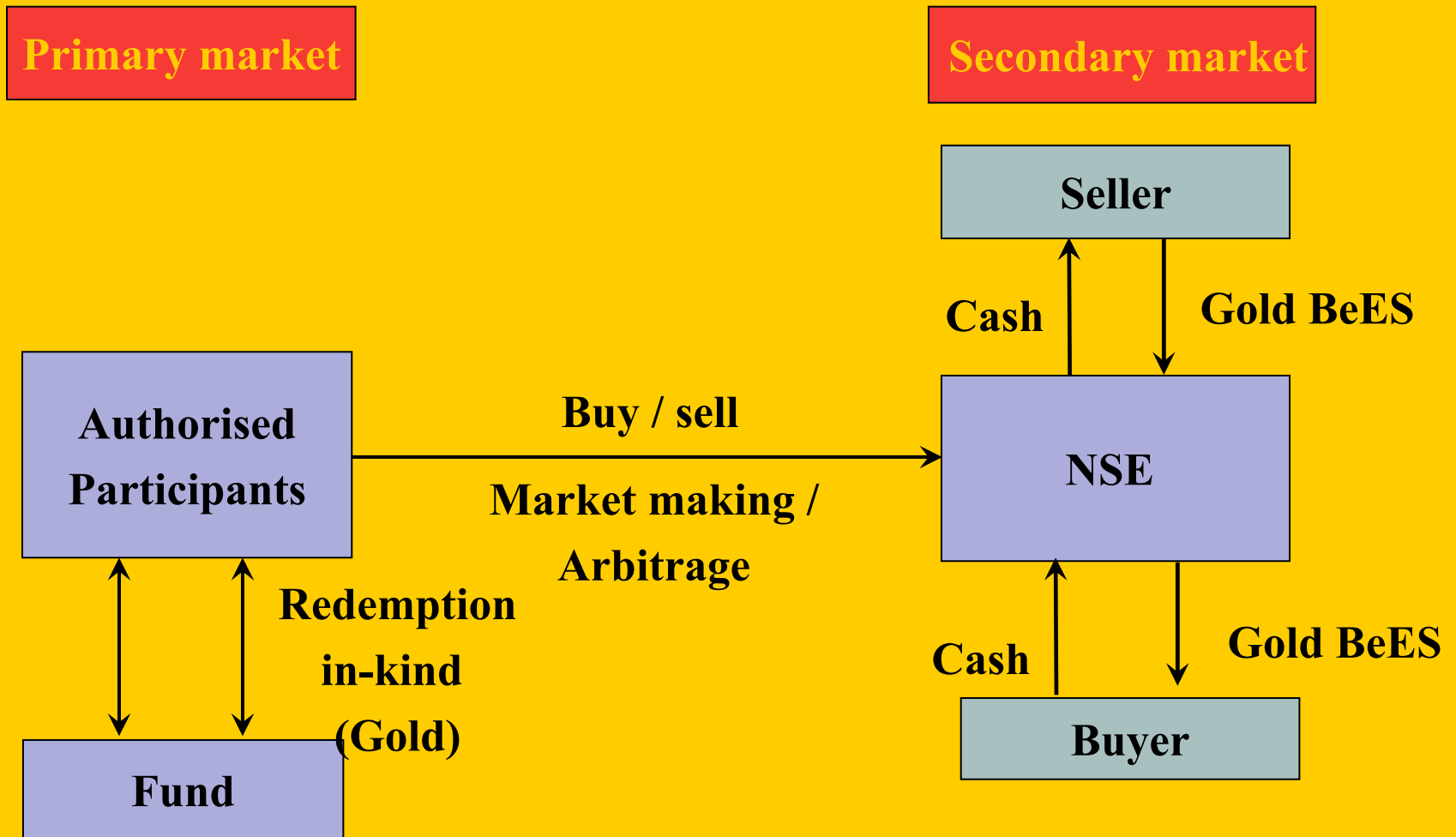
Exchange Traded Funds are essentially Open Ended Index funds that are listed and traded on exchanges like stocks. The ETF's trading value is based on the net asset value of the underlying stocks that it represents

- **Gold Exchange Traded Funds (Gold BeES):**

Gold BeES are intended to offer investors a means of participating in the gold bullion market without the necessity of taking physical delivery of gold, and to buy and sell that participation through the trading of a security on a stock exchange

Gold BeES is designed to provide returns that, before expenses, closely correspond to the returns provided by domestic price of Gold through physical gold.

Mechanism



Time Line of Gold ETF's

May 02	Benchmark AMC Files OD for the first ETF in the world with SEBI
Mar 03	Gold Bullion Security launched in Australia
Dec 03	Gold bullion Security launched on LSE
Nov 04	Street Tracks Gold ETF launched on NYSE
Nov 04	New Gold Bullion Debentures listed in SA
Jan 05	I shares Comex Gold Trust on NYSE
Nov 05	Lyxor Gold Bullion Security listed on Euro next
Mar 06	ZKB Gold ETF listed in Switzerland
Aug 06	Additional Listing of Street tracks in Mexico
Oct 06	Additional Listing of Street Tracks in Singapore
Nov 06	SEBI amended Custodian of Securities Act
Feb 07	Gold ETF introduced in India by Benchmark AMC

World Scenario

- Gold ETFs was a Huge Success worldwide with 10 GETFs Trading on 11 Exchanges with Total Value of Gold holding more than \$15 bn. (as on 24th July 2007)

Name of Gold ETF	AUM (in tonnes)
Gold Bullion Security Australia	12.48
Lyxor Gold bullion Security listed on LSE, Euronext Paris, Borsa Italiana & Frankfurter Wertpapierbörse (Deutsche Börse)	93.10
Street Tracks Gold ETF listed on NYSE & Singapore	497.15
New Gold Bullion Debentures listed on JSE, SA	13.92
I shares Comex Gold Trust listed on NYSE	45.91
ZKB Gold ETF listed on Switzerland	21.7
GOLDIST listed on Istanbul Stock Exchange	1.30
GoldBeES (Benchmark AMC), Goldshare (UTI AMC) & Kotak Gold (Kotak M F) listed on National Stock Exchange India	3.36

Main Highlights of GoldBeES

- Open Ended Fund, listed on the Exchange in the form of an Exchange Traded Fund (ETF) tracking domestic prices of gold through investments in physical Gold
- Designed to provide returns that, before expenses, closely correspond to the returns provided by physical Gold in spot market
- Each unit issued under the scheme will be approx. equal to price of 1 (one) gram of Gold
- Units can be bought/sold like any other stock on the National Stock Exchange of India Ltd. (NSE) or on any other exchange where it is listed

Main Highlights of GoldBeES:

- The Authorized Participants and Large Investors can directly buy/sell with the Fund in Creation Units
- Continuous arbitrage by Authorised Participants between spot gold and Gold BeES will keep prices in line
- Available only in dematerialized form

Unique Features of GoldBeES

■ Through Demat Account

-Gold BeES are available in dematerialized form. This will help in consolidating with other portfolio holdings and will eliminate need for physical storage.

■ Quick and Convenient Dealing

- Buying/Redemption in Retail Market involves

Risks like on part of jeweller, market etc

Taxes like V.A.T.and

Prices ranging from 1% to 6% above/below Bullion price

■ No Storage & Security Issues

- In house storage of Gold involves High Risk

- Bank Locker charges can add significant amount to your holding cost along with risk without insurance.

Unique Features of GoldBeES

■ Transparent Pricing

-The Real time Price can be seen as two way quotes (Buy & Sell) during Market hours on NSE and as NAV after that.

■ Taxation of Mutual Fund

-There will be no tax deduction at source on redemption (irrespective of amount involved) for unit holders resident in India.

-Units hold are not liable for Wealth Tax

■ Also Ideal for Retail Investor

-The minimum number of units that can be bought or sold on secondary market is 1 (one) unit.

Comparison of Investment in Gold through Different Sources

No	Parameter	Jeweller	Bank(Bars / Coins)	Gold BeES
1	Purchase and sale	Physical Form	Physical Form	Dematerialized Form
2	Pricing	May differ from jeweler to jeweler	May differ from bank to bank	Linked to international gold prices
3	Buying Premium above gold price	Likely to be High	Likely to be High	Likely to be Low
4	Making Charges	Are involved	Are Involved	Not involved
5	Impurity Risk	May exist	May exist	Cannot exist
6	Storage Requirement	Locker	Locker	Demat Account
7	Security of Asset	Investor Responsible	Investor Responsible	Taken care of by Fund House
8	Resale	At Deep Discount	May not be Possible	At Transparent Secondary Market Prices
9	Convenience in buying, storage and selling	<i>Low-</i> As physical movement & transfer involved	<i>Low-</i> As physical movement & transfer involved	<i>High-</i> Totally Demat
10	Wealth Tax	Yes	Yes	No
11	Long Term Capital Gains Tax	Only after 3 Year	Only after 3 Years	After 1 Year

Gold BeES Performance Details

- Listed on: March 19th 2007
- Initial Corpus: Approx. 100 Crores
- Latest Corpus: Approx. 125 Crores
(As on 17th August 2007)
- Highest Price: Rs. 1105
- Lowest Price: Rs. 797
- Avg Daily Traded Quantity: 8.65 Kg
- Avg Daily Trades: 612

Indian Gold ETF Comparison

- Asset Under Management (AUM):

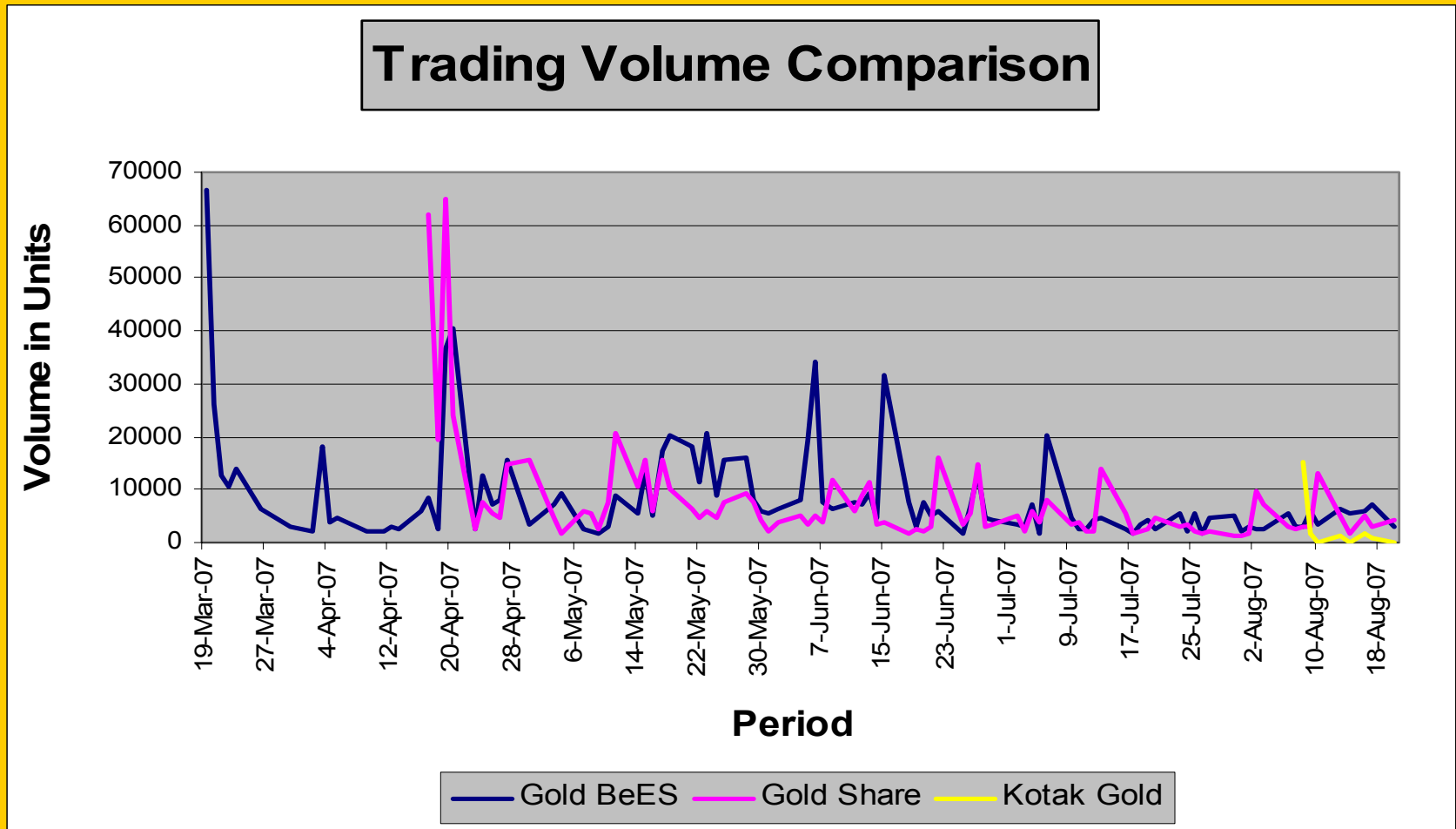
(As on 31st July 2007)

GoldBeES- Rs. 123.98 Crores

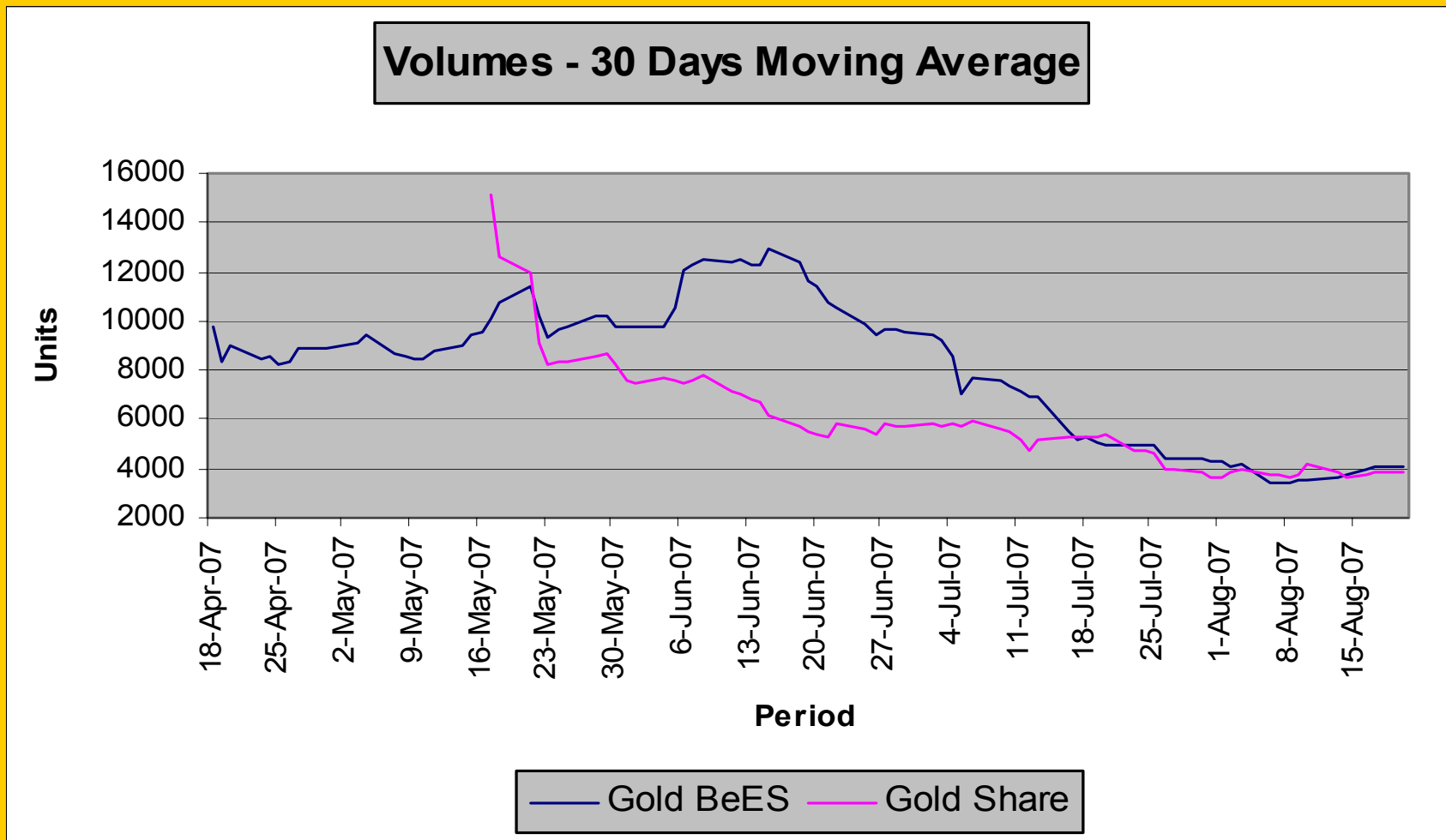
Goldshare- Rs. 137.57 Crores

KotakGold- Rs. 41.15 Crores

Trading Volumes Comparison



30 Day Moving Average-Volumes Comparison



Other details

- Unit denomination :
 - approx one gram of gold
- Annual Total Expense Ratio :
 - 1% per annum (maximum)
- Price includes VAT
- NSE accepts it as collateral with only 15% hair cut
- No STT on the Exchange

Benchmark Mutual Fund

About Us

- India's First Asset Management Company to focus on Indexing and Quantitative Asset Management
- Endeavour to bring newer products in India
- Run and Co-promoted by Professionals with long experience in Indian and International Financial Markets
- Currently:
 - The Largest ETF (Exchange Traded Fund) Manager in India
 - Largest Index Fund Manager in India
 - Total Assets under Management of approx Rs. 3,830.18 Crores as of 31st March, 2008

About Us

- Mutual Fund products introduced so far:
 - Nifty BeES – First Exchange Traded Fund in India
 - Liquid BeES – First & Only Liquid ETF in the World
 - Junior BeES – First & Only Mid-cap Index Fund and ETF in India
 - Bank BeES – First Sector Index Fund and ETF in India
 - PSU BeES – The First PSU Bank Sector Index Fund and ETF in India
 - Gold BeES – First commodity linked ETF in India

About Us

- Mutual Fund products introduced so far:
 - Benchmark Derivative Fund – First Equity Arbitrage and Market Neutral Fund in India
 - BEDOF: Benchmark Equity And Derivatives Opportunities Fund
 - Split Capital Fund – Balanced – Unique product offering downside protection to the Equity Investors while ensuring unlimited upside depending on the Equity Participation
- PMS products introduced so far:
 - Systematically Trading Portfolio (STraP)
 - Capital Preservation Portfolio System (CaPPS)
 - Equity Arbitrage Scheme (EAS)
 - Equity Arbitrage Scheme – Pairs Trading (EAS – PT)

Achievement

Best Provider of Structured Products

EUROMONEY

Private Banking Poll
2006

Benchmark Asset Management Company Private Ltd

Thank you Private Bankers, Clients and thought
Leaders

Contacts

- Toll Free No. : 1800 – 22 – 5079
- Email : webmaster@benchmarkfunds.com

Disclaimer

RISK FACTORS

General

1. Mutual funds and Securities investments are subject to market risks and there can be no assurance or guarantee that the objective of the Scheme will be achieved. 2. As with any investment in securities, the Net Asset Value (NAV) of the units issued under the Scheme can go up or down depending on the factors and forces affecting the capital market. 3. Past performance of the Sponsors and its affiliates does not indicate the future performance of the schemes of the Mutual Fund. 4. Nifty BeES, Junior BeES, Bank BeES, Liquid BeES, Benchmark Derivative Fund, Gold BeES, PSU Bank BeES, Benchmark Equity & Derivatives Opportunities Fund and Benchmark Split Capital - Balanced are the names of the Schemes and does not in any manner indicate either the quality of the Schemes or its future prospects and the returns. Investors are therefore urged to study the terms of offer carefully and consult their Investment Advisor before they invest in the Schemes. 5. The Sponsor is not responsible or liable for any loss or shortfall resulting from the operation of the Schemes beyond the initial contribution made by it of an amount of Rs. 1 Lac towards setting up of the Mutual Fund. 6. Investors in the Schemes are not being offered any guaranteed or assured returns. 7. The Schemes' NAV will react to the stock market movements. The Investor could lose money over short periods due to fluctuation in the Scheme's NAV in response to factors such as economic and political developments, changes in interest rates and perceived trends in stock prices market movements, and over longer periods during market downturns. 8. The returns are not necessarily indicative of future results and may not necessarily provide a basis for comparison with other investments. 9. Past returns may or may not be sustained.

THANK YOU
