

# ICICI Prudential Regular Gold Savings Fund (An Open Ended Fund of Funds scheme) NFO period September 20, 2011 to October 4, 2011



The word 'Gold', in India, invokes a number of emotions mostly awe-inspiring. For some, it is a form of adornment and a status symbol. For the more evolved, it is a subject of economic interest as it sits on the balance sheet of most Central Banks. Whichever way one looks at it, gold is one metal which has an aura surrounding it, which has fascinated everyone.

From time immemorial, gold has been a part and parcel of an individual's life, especially in India. Be it a goldsmith piercing a newborn's ear with a gold pin or a parent gifting their child gold jewellery on marriage. Or be it grand parents and relatives presenting a couple with gold coins on a child's birth or gold mementoes being presented on someone's golden jubilee. Married Hindu women wear a mangalsutra, which consists of gold pendants strung in a certain combination with beads made up of other materials. Such has been the role of gold in everyday life. Through the years gold's appeal in India has evolved from an object of pure aesthetic value to a commodity which offers itself as an avenue for investment and wealth creation.

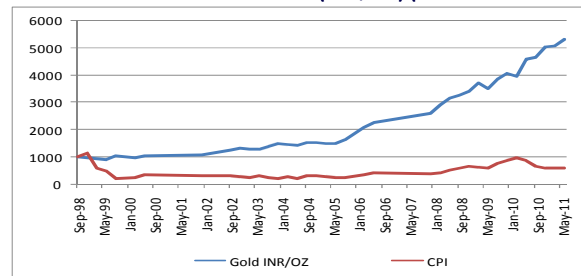
Why should one hold gold as an INVESTMENT? Is it the right time to invest in gold? What is the most convenient way to invest in gold? ... To know all that and more read on.

## Why buy Gold?

- **Gold: A value creator & enhancer**

If cash can buy something today, after some time the same amount of cash may not be enough to buy that same thing due to the impact of inflation. This means that inflation reduces the value of cash. Gold, over years has maintained its value against inflation. Not only has gold acted as a hedge against inflation, gold has even outperformed inflation in India.

**CPI Inflation and Gold Prices (INR/OZ) (Rebased to 1000)**

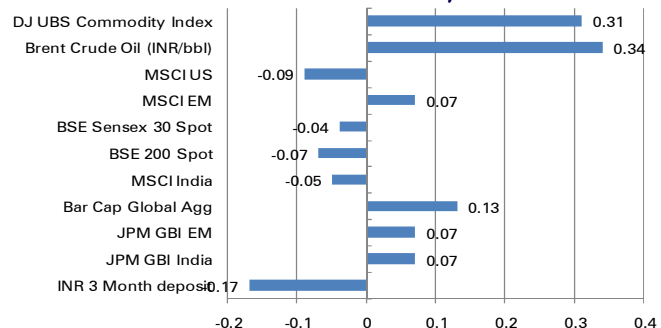


Data Source: Bloomberg

- **Gold: A Portfolio Diversifier**

Gold prices have historically displayed negative or low correlation to other asset classes. This makes a case for considering gold as a portfolio diversification tool. After all, "not putting all the eggs in one basket" is the basic tenet of investing.

**3 Year Return Correlation on key assets and Gold**



Data Source: Barclays Capital, World Gold Council

- **Gold: A critical key to asset allocation**

It is common knowledge that one asset class which had been the best performing asset class during a particular period need not remain so for future periods. Such being the case, investors need to practice asset allocation to find opportunities to enhance returns. One asset class which has given spectacular returns over the last 10 years is gold. (18.12% CAGR as on 30<sup>th</sup> June 2011).

(Past performance of Gold may or may not be sustained in future.)

### **Why buy Gold now?**

- **Universal appeal of gold**

Gold has a universal appeal in most of the economic scenarios. For instance, increase in global money supply on account of easy monetary policy of nations has potential of increasing inflationary pressure, thereby adversely affecting the confidence in paper money. The appeal of Gold which is considered as a safe haven increases during such period. Similarly volatile equity markets also increases the safe haven appeal of gold.

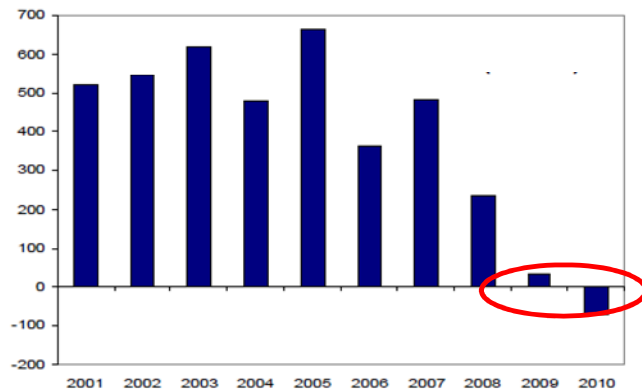
Thus, gold is increasingly becoming a strong investment avenue and not just a consumption tool. This can be clearly seen in a gradual shift observed in gold demand from consumption to investment over the past few years (Source: World Gold Council).

- **Change in Global Central Bankers' attitude towards Gold**

From being net sellers, Central Bankers' have become net buyers in the recent year/s, a change in attitude, which could be attributed to the changed financial environment in the post crisis era.

Increased global risk, US Dollar weakness, growing inflationary fears, the US debt downgrade and continuing sovereign debt risks in Europe have increased investor appetite for gold, triggering recent price strength. This has been supported by Central Banks reversing activities from being sellers for most of the past 15 years to net buyers more recently. Unlike any currency Gold's value is not dependent on any one country's economic policies; it has a reputation as a safe haven, and indeed often acts as one, which is what attracts Central banks to this asset class.

**Official sector sales (tonnes)**



Source: GFMS.

## ICICI Prudential Regular Gold Savings Fund

ICICI Prudential Regular Gold Savings Fund is an open-ended fund of fund scheme investing in units of ICICI Prudential Gold Exchange Traded Fund.

Some of the benefits of investing in ICICI Prudential Regular Gold Savings Fund are;

- **Unlocks the Power of Gold** Easy liquidation thereby enabling realization of higher gold prices
- **Cost Efficient**  
Costs lower than buying, storing and insuring physical gold
- **Convenience**  
NFO: During NFO purchase can be done from fund house  
Post NFO: Buying as well as selling from the fund house
- **Small Denomination**  
Begin your investment with as low as Rs. 1, 000/- through SIP
- **Transparency**
- Portfolio holding disclosed monthly in factsheets on website/ NAV declared daily

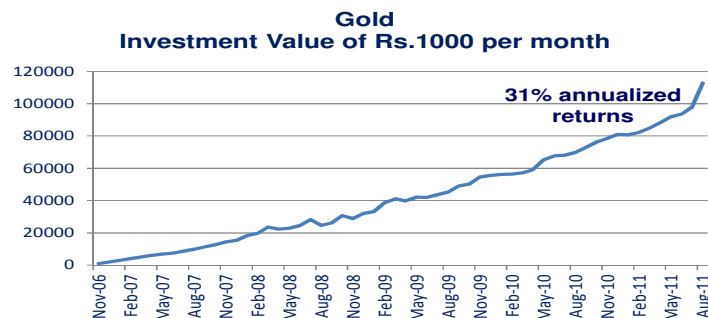
### Who should invest?

- **Investors looking to diversify**
  - ✓ From other asset classes (Equity, Debt, Real Estate, etc.)
  - ✓ From physical gold holding - A small quantity of gold can be held in the form of a mutual fund unit of a Gold saving fund, hassle free
  - ✓ Investors who cannot afford to invest in Gold ETF in creation unit size and prefers to invest in units of mutual fund scheme investing in Gold ETF, and gain from the ability of gold to create wealth
  - ✓ Investors who wish to indirectly realize the potential value of gold investments made by ICICI Prudential Gold Exchange Traded Fund and believe in transparency

Apart from the expenses of ICICI Prudential Regular Gold Savings Fund, investors will also bear the expenses of the underlying schemes in which the scheme makes investment.

### Power of Systematic Investment

Systematic Investment in MCX Gold Index since 2006 has yielded an annualized return of 31%



Past Performance of MCX Gold index (Gold Index) may or may not be sustained in future. Methodology: Returns on systematic investment in Gold index are annualized and are calculated based on XIRR in Excel assuming Rs. 1000 is invested every month in Gold index systematically each executed on 15th of every month. The amounts invested systematically and the market values of such investments at respective periodic intervals thereof are simulated for illustrative purposes for explaining the concept of Systematic Investment. It shall not be construed as the returns of the schemes of ICICI Prudential Mutual Fund in general and ICICI Prudential Regular Gold Savings Fund, in particular. There is no assurance or guarantee of returns is provided under the Scheme.

## Scheme Features

|  |   |                           |
|--|---|---------------------------|
| Fund Manager                                 | Chaitanya Pande (over 15 years of fund management experience)   |                           |
| Indicative Investment Horizon                | 5 years and above   |                           |
| Options                                      | Growth and Dividend   |                           |
| Sub-Options                                  | (1)Growth (2)Dividend reinvestment (3) Dividend Payout  |                           |
| Dividend facility                            | Payout and Reinvestment.  |                           |
| Default Option                               | Growth  |                           |
| Min. Application Amount                      | Rs.5,000 and in multiples of Re. 1 thereafter   |                           |
| Minimum Additional Investment                | Rs.1,000 and in multiples of Re. 1 thereafter   |                           |
| Entry Load                                   | N.A   |                           |
| Exit Load                                    | If the amount sought to be redeemed , is invested for a period of upto 1 year from the date of allotment;                     | 2 % of the applicable NAV |
|  | If the amount sought to be redeemed or switched out is invested for a period of more than one year from the date of allotment | Nil                       |
| Redemption                                   | Generally T+3 at specified RBI locations  |                           |
| Cut off time (Purchase, Switch & Redemption) | 3.00 pm   |                           |
| Benchmark                                    | Domestic Gold Price   |                           |
|  |   |                           |

**Statutory Details:** Settlor of ICICI Prudential Mutual Fund (IPMF): ICICI Bank Ltd. and Prudential plc; IPMF was set up as a Trust sponsored by the settlor in accordance with the provisions of Indian Trust Act, 1882. Trustee: ICICI Prudential Trust Ltd. (IPTL); Investment Manager: ICICI Prudential Asset Management Co. Ltd. (IPAMCL); IPTL & IPAMCL are incorporated under Companies Act, 1956. Liability: Liability of IPMF/Sponsors/IPTL/IPAMCL is limited to Rs. 22.2 lacs collectively. Past performance of the Sponsors, AMC, Fund, and Trustee has no bearing on the expected performance of the mutual fund or any of its schemes. **Risk Factors: All investments in Mutual Fund and securities are subject to market risks and the NAV of the Schemes may go up or down, depending upon the factors and forces affecting the securities markets and there can be no assurance that the fund's objectives will be achieved.**

**ICICI Prudential Regular Gold Savings Fund (IPRGSF): (An Open Ended Exchange Traded Fund): The Scheme seeks to generate returns by investing in units of ICICI Prudential Gold Exchange Traded Fund (IPru Gold ETF). However, there can be no assurance that the investment objectives of the Scheme will be realized. Entry Load: Not Applicable; Exit Load: If the amount sought to be redeemed , is invested for a period of upto 1 year from the date of allotment; 2% of the applicable NAV, Else Nil Asset Allocation: Units of ICICI Prudential Gold Exchange Traded Fund– 95%-100% and Debt & Money Market Instruments (including cash & cash equivalent and Liquid/Debt Funds): 5%-10%. Minimum Application amount – Rs. 5000/- plus in multiples of Re. 1. Terms of Issue: Offer of Units at face value of Rs. 10 each during the New Fund Offer and Continuous offer for Units at NAV based prices on-going basis. Liquidity: The units of the Scheme shall be available for ongoing sale / subscription / repurchase / redemption within five business days of allotment. On an ongoing basis, being an open-ended Scheme, Units may be redeemed on every business day at NAV based prices.**

Unitholder Information & General Services: IPAMCL shall as per the Regulations from the closure of the NFO Period will - (a) send account statement, indicating the number of unit allotted, (by ordinary post or by email, wherever the email id is provided) to the unit holder (b) calculate and disclose the first and subsequent NAV at the close of every Business Day. NAV shall be published in at least in 2 daily newspapers on daily basis. Application forms can be submitted at customer service centers, during NFO. In the event of inordinately large number of redemption requests or of restructuring of the Scheme's investment portfolio, the trustees reserve the right in their sole discretion to limit the redemptions (including suspending redemptions) under certain circumstances. The Scheme (at the portfolio level) should have atleast 20 investors and no investor on the date of allotment should account for more than 25% of the corpus of the Scheme; or IPAMCL shall comply with the specified SEBI guidelines in this regard. For application form and copies of SID, SAI and Key Information Memorandum, contact your financial advisor or log onto [www.icicipruamc.com](http://www.icicipruamc.com) or visit any of the branches of IPAMCL. Investors may please note that they will be bearing the expenses of the relevant fund of fund scheme in addition to the expenses of the underlying schemes in which the fund of fund scheme makes investment.

**Investment in the scheme may be effected by the risk factors affecting the investments in underlying schemes like gold price movements & expenses and other related matters, passive investment, operational or trading problems, price risk, tracking errors, trading**

**volumes, settlement periods, volatility, price fluctuations, liquidity risk, market risk, event risk such as risk of loss, damage, theft, impurity of Gold, valuation of gold, tracking error, passive investment etc. IPRGSF is only the name of the Scheme and do not in any manner indicate either the quality of the Scheme or its future prospects and returns. Please read the Statement of Additional Information (SAI), Scheme Information Document (SID) and Key Information Memorandum (KIM) carefully before investing.**

Disclaimer: ICICI Prudential Mutual Fund (the Fund) has used information that is publicly available, including information developed in-house. Some of the material used in the document may have been obtained from members/persons other than the Fund and/or its affiliates and which may have been made available to the Fund and/or to its affiliates. Information gathered and material used in this document is believed to be from reliable sources. The Fund however does not warrant the accuracy, reasonableness and/or completeness of any information. For data reference to any third party in this material no such party will assume any liability for the same. All recipients of this material should before dealing and or transacting in any of the products referred to in this material make their own investigation, seek appropriate professional advice and carefully read the scheme information document. We have included statements/opinions/recommendations in this document, which contain words, or phrases such as "will", "expect", "should", "believe" and similar expressions or variations of such expressions, which are "forward looking statements". Actual results may differ materially from those suggested by the forward looking statements due to risk or uncertainties associated with our expectations with respect to, but not limited to, exposure to market risks, general economic and political conditions in India and other countries globally, which have an impact on our services and / or investments, the monetary and interest policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in the industry. All data/information used in the preparation of this material is dated and may or may not be relevant any time after the issuance of this material. The AMC takes no responsibility of updating any data/information in this material from time to time. For Scheme Information Document and Key Information Memorandum, contact your financial advisor or log onto [www.icicipruamc.com](http://www.icicipruamc.com) or visit any of the branches of the AMC.

The AMC (including its affiliates), the Fund and any of its officers directors, personnel and employees, shall not liable for any loss, damage of any nature, including but not limited to direct, indirect, punitive, special, exemplary, consequential, as also any loss of profit in any way arising from the use of this material in any manner. The recipient alone shall be fully responsible/are liable for any decision taken on the basis of this material.