

**FAQs on Reliance Gold Exchange Traded Fund (RGETF)**  
**An open-ended Gold ETF**

**1. What is an Exchange Traded Fund?**

Exchange Traded Funds are usually passively managed mutual fund schemes tracking a benchmark index and reflect the performance of that index. These schemes are listed on the stock exchange and therefore have the flexibility of trading like a share on the stock exchange.

It can also be looked as a security that tracks an index, a commodity or a basket of assets like an index fund, but trades like a stock on an exchange, thus experiencing price changes throughout the day as it is bought and sold.

**2. What is Reliance Gold ETF?**

Reliance Gold Exchange Traded Fund (RGETF) is an open ended Gold Exchange Traded Fund which will track the performance of Gold Bullion. The units issued under the scheme will represent the value of gold held in the scheme. It is designed to provide returns that, before expenses, closely correspond to the returns provided by Gold.

Gold ETF is a security listed on the stock exchange available for trading with an intension to offer investors a means of participating in the gold bullion market without the necessity of taking physical delivery of gold.

**3. Why should one invest in Reliance Gold ETF?**

**Safety & Security**

- Zero concerns about physical security, theft or adulteration when faced with the tasks of custody and spot transactions.
- Safeguard in the form of electronic mode in case of unforeseen circumstances where you have lost all the physical wealth

**Long Term Commitments**

- A cost effective and convenient way to invest in gold through an instantaneous exposure to a physical asset viz gold. For example it can help accumulate gold for your daughter's wedding

**Transparency & Liquidity**

- Its units can be traded like a share and therefore it provides the ability to buy and sell them quickly at the ruling market price and therefore highly liquid

**Diversification**

- An efficient diversification for the portfolio of the investor

**Cost Effective**

- The expenses incurred in buying and selling units and the schemes ongoing expenses will be less than the costs associated with buying and selling of gold and storing and insuring gold bullion in a traditional gold bullion market.

#### 4. What are the features of the units issued under this scheme?

- The units issued under the scheme will represent the value of gold held in the scheme.
- The units being offered will have a face value of Rs.100/- each and will be issued at a premium equivalent to the difference between the allotment price and the face value of Rs.100/-. Each unit of RGETF will be approximately equal to the closing price of 1 (one) gram of gold on the date of allotment.
- The units will be available in the Dematerialized form

#### 5. Where will the RGETF units be listed & subsequently traded?

Reliance Gold Exchange Traded Fund will be listed on NSE and / or any other stock exchange(s) as may be decided by the Reliance Capital Asset Management Ltd. after the closure of the New Fund Offer in the form of Exchange Traded Fund tracking the domestic price of gold through investment in physical gold, money market instruments and other securities as may be permitted by SEBI from time to time. The minimum number of units that can be bought or sold through the stock exchange is 1 (one) unit.

#### 6. How do you compare RGETF units with other forms of investment in Gold?

Parameters	RGETF	Jewellers	Banks
Form	Demat Form	Bar or Coin	Bar or Coin
Security	Taken care by Fund	Investor's Concern	Investor's Concern
Transparency	Very High	Very Low	High
Impurity Risk	Nil	High	Nil
Pricing (for retail investors)	Transparent. Will be traded at NSE	Neither standard nor transparent.	Not standard. Huge Markup, 10-15% ideally
Selling Back	Sell back on exchange	Conditional and uneconomical	Restricted
Bid Ask Spread	Very Low	Very High	Can't Sell back
Denomination	1 gram and in multiples of 1 gram	Available in Standard denomination	Available in standard denomination.
Wealth Tax	No*	Yes	Yes
Short-term Capital Gains Tax	Applicable before 1 year	Applicable before 3 years	Applicable before 3 years

Long-term Capital Gains Tax	Applicable after 1 year	Applicable after 3 years	Applicable after 3 years
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**\*Converting RGETF units to Gold may also attract Wealth Tax**

**7. What is the minimum application amount in RGETF for subscription of units?**

**During New Fund Offer**

For All Investors: Investor can invest during the New Fund Offer with a minimum application amount of Rs. 5000/- and in multiples of Re 1/- thereafter.

**During Continuous Offer**

- On going purchases directly from the Mutual Fund would be restricted to Authorised Participants and Large Investors provided the value of units to be purchased is in creation unit size. Authorised Participants and Large Investors may buy the units on any business day for the scheme directly from the Mutual Fund at applicable NAV and transaction charges, if applicable, by depositing Gold or cash, value of which is equal to creation unit size. Each creation unit consist of 100 units and cash component, if any, of Reliance Gold Exchange Traded Fund.
- RGETF units will be credited to the unitholders demat account on the date of realisation of instrument, at the applicable NAV.
- The AMC will appoint Authorised Participants to provide liquidity in secondary market on an ongoing basis. The Authorised Participants would offer daily two way quote in the market.

**8. Who are Authorized Participants?**

The Authorised Participant is Member of the National Stock Exchange or any other recognised stock exchange or any other person who is appointed by the AMC to act as Authorised Participant as decided by the AMC. The Authorized Participants can directly buy/sell with the Fund in Creation Units. As RGETF can be bought/sold directly from the Fund, this mechanism provides efficient arbitrage between the traded prices and the NAV, thereby reducing the incidence of RGETF being traded at premium/discounts to NAV. These will act as market makers and provide liquidity for the units.

**9. How will the redemption happen post the listing of the units on the stock exchange?**

After the close of the NFO, as RGETF would be listed on the Exchange, subsequent buying or selling by Unit holders can be made from the secondary market. The minimum number of Units that can be bought or sold on the exchange is 1 (one) unit.

- All investors including Authorised Participants and large investors may sell their units in the stock exchange(s) on which these units are listed

- Alternatively, Authorised Participants and Large investors can directly buy / sell Units in blocks from the Fund in \*Creation Unit size

\* Each creation unit consists of 100 units of RGETF and cash component, if any.

#### **10. What are the modes of payment for subscriptions & redemptions during NFO & continuous offer with the AMC?**

During NFO all the subscriptions will happen by cash (by issuing a cheque / DD) however during continuous offer the transactions with the AMC by Authorized Participants & Large Investors can happen by issuing cheque / DD or by transferring requisite gold (as per LBMA Good Delivery Norms referred in the Offer Document) to the fund's Designated DP account (in the form of Portfolio Deposit) while the balance Cash Component, if any has to be paid to the AMC. Please refer to the offer Document for further details.

#### **11. What will be the purity of the gold bars?**

All gold bullion held in the scheme's allocated account with the custodian shall be of fineness (or purity) of 995 parts per 1000 (99.5%) or higher.

#### **12. What will be the benchmark index for this scheme?**

As there are no indices catering to the gold sector/securities linked to Gold, currently GETF shall be benchmarked against the price of Gold.

#### **13. What will be the Allotment price of the units?**

Allotment price be equal to the face value of Rs100/- plus premium equivalent to the difference between the face value and price of one gram of gold on the date of allotment.

For example:

If on the date of allotment the price of 10 gm of gold is 9000, then the allotment price becomes as follows;

Rs 100 + premium equivalent to the difference between the face value and price of one gram of gold on the date of allotment.

i.e Rs 100 + Rs (900-100) = Rs 900 approx

(The above example is for illustration purpose and does not include the expenses of the scheme)

#### **14. What are the requirements for the investor for subscribing to the units of the scheme?**

- RGETF units will be available only in the Dematerialized form.
- The applicant under the Scheme will be required to have a beneficiary account with a Depository Participant of NSDL/CDSL and will be required to indicate in the application the DP's name, DP ID Number and its beneficiary account number with DP.

- o Since RGETF are to be issued / repurchased and traded compulsorily in dematerialized form, no request for rematerialisation of RMF will be accepted.

**15. What happens to switches in this scheme?**

Switch-in into RGETF from other schemes will be allowed during the New Fund Offer period at the applicable loads.

**16. What is the investment objective of the scheme?**

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.

**17. What is the Asset Allocation Pattern of the scheme?**

Instruments	%	Risk Profile
Physical Gold or Gold Related Instruments as permitted by regulators from time to time#	90%- 100%	Medium
Money Market instruments, Bonds, Debentures, Government Securities including T-Bills, Securitised Debt* & other debt securities as permitted by regulators from time to time	0– 10%	Low to Medium

# Presently, investment only in physical gold is allowed as per SEBI guidelines. Investment in gold or gold related instruments may be undertaken as and when permitted by SEBI.

\*Upto 10% in securitised debt

The above Asset Allocation Pattern is only indicative. The investment manager in line with the investment objective as may alter the above pattern for short term and on defensive consideration.

**18. What is the load structure in this scheme?**

**For all investors during the NFO;**

**Entry Load:**

Less than Rs. 1 lacs -	1.50%
Rs. 1 lacs & less than Rs. 25 lacs	0.75%
Rs. 25 lacs & less than Rs. 50 lacs	0.50%
Rs. 50 lacs & less than Rs. 1 crs	0.25%
Rs. 1 crore & above	Nil

**Exit Load:** Nil

**During continuous offer:**

Entry & Exit Load: NIL

**19. What is the tax treatment for the investments in RGETF?**

Repurchase of "RGETF" by the Fund or sale of RGETF by the investor on the Stock Exchange may attract short or long term capital gain tax depending upon the holding period of the Units. Moreover, converting RGETF units to Gold may also attract Wealth tax.

The tax treatment will be similar to that of a debt mutual fund scheme and therefore will not attract wealth tax which is the case with physical gold.

**20. Are there any add on facilities provided in this scheme?**

Systematic Investment Plan (SIP), Systematic Transfer Plan (STP) and Systematic Withdrawal Plan (SWP) are currently not available.

**Risk Factors**

**Statutory Details: Sponsor:** Reliance Capital Limited. **Trustee:** Reliance Capital Trustee Co. Limited.

**Investment Manager:** Reliance Capital Asset Management Limited. **Statutory Details:** The Sponsor, the Trustee and the Investment Manager are incorporated under the Companies Act 1956. **Reliance Gold**

**Exchange Traded Fund (RGETF)(An open-ended Gold ETF) : Investment Objective:** 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:** 1. Physical Gold or Gold Related Instruments as

permitted by regulators from time to time - 90% - 100% (Presently, investment only in physical gold is allowed as per SEBI guidelines. Investment in gold or gold related instruments may be undertaken as and

when permitted by SEBI); Money Market instruments, Bonds, Debentures, Government Securities including T-Bills, Securitized Debt & other debt securities as permitted by regulators from time to time - 0 – 10% (Upto

10% in securitized debt). **Terms of Issue:** The RGETF being offered will have a face value of Rs. 100/- each and will be issued at a premium equivalent to the allotment price and the face value of Rs. 100/- during

the New Fund Offer period. The AMC will calculate and disclose the first NAV not later than 30 days from the closure of New Fund Offer Period. Subsequently, the NAV will be calculated at the close of every

working day and shall be published in two daily newspapers. **Liquidity:** After the close of the NFO, as RGETF would be listed on the Exchange, subsequent buying or selling by Unit holders can be made from

the secondary market. The minimum number of Units that can be bought or sold on the exchange is 1 (one) unit. All investors including Authorized Participants and large investors may sell their units in the stock

exchange(s) on which these units are listed on all the trading days of the stock exchange. The trading will be as per the normal settlement cycle. Alternatively, Authorized Participants and Large investors can directly

buy / sell Units in blocks from the Fund in 'Creation Unit' size, on all working days. Mutual fund will repurchase units from Authorized Participants and Large investors on any business day provided the units

offered for repurchase is not less than 100 units. **Load Structure: (For NFO) Entry Load:** Less than Rs. 1 lacs - 1.50%; Rs. 1 lacs & less than Rs. 25 lacs - 0.75%; Rs. 25 lacs & less than Rs. 50 lacs - 0.50%; Rs.

50 lacs & less than Rs. 1 crs - 0.25%; Rs. 1 crore & above Nil; **Exit Load: Nil (During Continuous Offer)** Entry & Exit Load: NIL. It is to be distinctly understood that the permission given by NSE should not in any

way be deemed or construed that the Offer Document has been cleared or approved by NSE nor does it certify the correctness or completeness of any of the contents of the Draft Offer Document. The investors are advised to refer to the Offer Document for the full text of the 'Disclaimer Clause of NSE.

**Scheme Specific Risk Factors:** Although RGETF units described in the Offer Document are to be listed on the Exchange, there can be no assurance that an active secondary market will develop or be maintained. RGETF are to be issued / repurchased and traded compulsorily in dematerialized form, no request for rematerialisation of RMF will be accepted. Gold Exchange Traded Fund is relatively new product and their value could decrease if unanticipated operational or trading problems arise. The trading prices of RGETF will fluctuate in accordance with changes in their NAVs as well as market supply and demand of RGETF. The NAV of RGETF will fluctuate with changes in the market value of Scheme's holdings. It will react to the prices of gold, Gold Related Instruments and stock market movements. **General 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 capital markets. Past performance of the Sponsor/AMC/Mutual Fund is not indicative of the future performance of the Scheme. Reliance Gold Exchange Traded Fund is only the name of the Scheme and does not in any manner indicate either the quality of the Scheme; it's future prospects or returns. 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. The Mutual Fund is not guaranteeing or assuring any dividend/ bonus. The Mutual Fund is also not assuring that it will make periodical dividend/bonus distributions, though it has every intention of doing so. All dividend/bonus distributions are subject to the availability of the distributable surplus in the Scheme. For details of scheme features apart from those mentioned above and scheme specific risk factors, please refer to the provisions of the offer document. Offer Document and KIM cum application form is available at all the DISCs/ Distributors of RMF/www.reliancemutual.com. **Please read the offer document carefully before investing.** The information contained herein has been obtained from sources published by third parties. While such publications are believed to be reliable, however, neither the AMC, the Trustees, the Fund nor any of their affiliates or representatives assume any responsibility for the accuracy of such information."