

HDFC MF

Weekend Bytes

A weekly series from HDFC Mutual Fund

Why consider the Mutual Fund route over purchasing Physical Gold?



Gold has long been cherished for being a store of value, a symbol of good fortune and being part of our cultural tradition since ages. The metal also serves as a hedge against inflation, currency depreciation and economic instability.



During the festive season, investors rush to purchase gold. They seem to be familiar with physical gold (jewellery, coins, bars, etc.) However, some tend to assume that investing via the Mutual Fund route entails buying “paper gold”, which is not the case. When you invest in **HDFC Gold ETF** and **HDFC Gold ETF FOF**, your funds are invested in **physical gold bars** with purity of 99.5% fineness or above[@]! Physical gold is held safely in vaults by the Custodian as appointed by the Mutual Fund Trustee. Storage and insurance is handled by the Scheme, thus being a convenient option for the investor.

[@]Complies with Good Delivery norms as specified by SEBI Regulations. HDFC Gold ETF Fund of Fund investors also enjoy this feature as the Fund of Fund (FoF) invests in HDFC Gold ETF units.

Comparison between investment in Gold via the Mutual Fund route versus via physical purchase



Attributes	HDFC Gold ETF	HDFC Gold ETF FoF	Physical Gold
Is the gold physically backed?	Yes. Physical gold is held safely in vaults by the Custodian as appointed by the Mutual Fund Trustee.	HDFC Gold ETF FoF holds units of HDFC Gold ETF. The ETF holds gold safely in vaults by the Custodian as appointed by the Mutual Fund Trustee.	Yes
Purity	99.5% fineness or above [@]	Same as the underlying ETF	Depends on the individual counterparty. There is no standardization.
Storage and Insurance	Handled by the Scheme, thus being a convenient option for the investor.	Handled by the underlying ETF Scheme, thus being a convenient option for the investor.	Both aspects have to be handled by the investor directly.
Liquidity and availability	Traded on exchanges with market makers providing two-way quotes, ensuring high liquidity. Large Investors (>Rs. 25cr. and above) can transact directly with the AMC	FoFs offer daily liquidity at end-of-day NAV (The NAV is based on the closing price of the underlying ETF)	Depends on the individual counterparty.
Taxation	For fresh purchases made, a 12.5% LTCG rate (> 12 months holding period for ETFs) would be applicable	For fresh purchases made, a 12.5% LTCG rate (> 24 months holding period for ETF FoFs) would be applicable	For fresh purchases made, a 12.5% LTCG rate (> 24 months holding period), otherwise STCG tax rate is as per investor's slab rate

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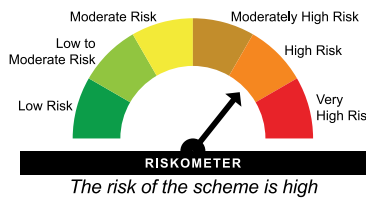
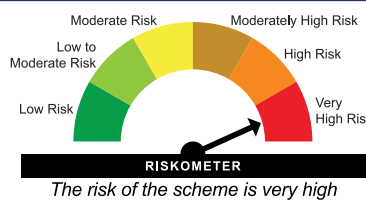
Regular investment, and add-on facilities such as Systematic Transfer Plan (STP), Systematic Withdrawal Plan (SWP), etc.	Using broker services, one could set up an Systematic Investment Plan (SIP) into the ETF.	SIP and other add-on facilities such as STP and SWP are possible in the Gold FoF.	Difficult to invest/redeem small amounts regularly. Each purchase/sale needs to be negotiated manually with the counterparty.
Minimum investment required	Minimum investment amount on the exchange is 1 unit of the respective ETF.	Minimum investment amount is Rs 100.	Depends on the individual counterparty.
Is there a need for a Demat account?	Yes	No	No

Conclusion

Investing via the HDFC Mutual Fund route does not mean investing in paper gold. It implies owning gold in a safe, convenient and hassle-free way, without concerns about the purity of the underlying gold. Consider investing digitally in gold by opting for **HDFC Gold ETF** and **HDFC Gold ETF FOF**.

Wishing you and your loved ones a sparkling New Year!



Name of Scheme	This product is suitable for investors who are seeking*:	SCHEME RISKOMETER#
HDFC Gold ETF (An open ended scheme replicating/tracking performance of Gold) NSE Symbol: HDFCGOLD BSE Scrip Code: 533230	<ul style="list-style-type: none"> Returns that are commensurate with the performance of gold, subject to tracking errors, over long term Investment in gold bullion of 0.995 fineness. 	 <p>The risk of the scheme is high</p>
HDFC Gold ETF Fund of Fund (An open ended Fund of Fund scheme investing in HDFC Gold ETF)	<ul style="list-style-type: none"> Capital appreciation over long term Investment in Units of HDFC Gold ETF (HGETF). HGETF invests in gold bullion of 0.995 fineness. 	 <p>The risk of the scheme is very high</p>
*Investors should consult their financial advisers if in doubt about whether the product is suitable for them. # For latest riskometer, investors may refer to the Monthly Portfolios disclosed on the website of the Fund viz. www.hdfcfund.com Scheme Riskometer as on September 30, 2025		

Note: Investors in the Scheme (HDFC Gold ETF Fund of Fund) shall bear the recurring expenses of the Scheme in addition to the expenses of other schemes in which these Fund of Funds schemes makes investment (subject to regulatory limits).

Views expressed above are indicative and should not be construed as investment advice or as a substitute for financial planning. Due to the personal nature of investments, investors are advised to seek professional advice before investing.

**MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS,
READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.**

Mission: To be the wealth creator for every Indian

Vision: To be the most respected asset manager in the world