



The names of the schemes are Nifty Benchmark Exchange Traded Scheme (Nifty BeES), Nifty Junior Benchmark Exchange Traded Scheme ( Junior BeES) , Liquid Benchmark Exchange Traded Scheme (Liquid BeES), Banking Index Benchmark Exchange Traded Scheme (Bank BeES), Benchmark Derivative Fund (BDF) and Benchmark Split Capital Fund – Balanced (SCF)

The above per unit calculations are based on the number of units outstanding as on March 31, 2006.

Price Earning Ratio is based on the closing price on the National Stock Exchange of India on March 31, 2006 and net income per unit. In case of Junior BeES Closing price as on March 30, 2006 has been taken due to non availability of closing price as of March 31, 2006.

A Unit-holder can obtain a copy of Annual Report of the mutual fund on request from Benchmark Mutual Fund.

Derivative Fund Dividend Plan BeES had declared dividend @ Rs.20/- per unit with the Record Date as February 8, 2006.

Bank BeES had declared dividend @ Rs.8/- per unit with the Record Date as 14th February 2006

## NOTES TO THE ACCOUNTS

### 1 **Basis of Accounting**

The method of accounting is on accrual basis.

### 2 **Investments**

- a. Purchase and sale of securities are recognised on trade dates i.e. on the dates of transaction and not on the date of settlement.
- b. All investments are accounted at acquisition cost. Such cost includes stamp duty, brokerage and any other charge customarily included in broker's note.
- c. Cost of right equity shares, if any, is considered at issue price plus premium paid, if any, to acquire rights renunciation.
- d. Bonus entitlement, if any, are recognised on ex-bonus dates. Similarly right entitlements, if any, are recognized only when original shares on which the right entitlements accrue are traded on ex-right basis.

#### e. **Portfolio Valuation**

For the purpose of financial statements, the Fund marks all investments to market and carries investments in the Balance Sheet at the market value. Unrealised gain, if any, arising out of appreciation of the investments, is carried to the Balance Sheet. Traded securities are valued at the last quoted closing price on the NSE, if such date is not preceding more than 30 days prior to the valuation date.

Non-traded equity securities, including those not traded within 30 days prior to the valuation date & thinly traded securities are valued in accordance with the guidelines issued by the SEBI. However, the Scheme does not hold thinly traded/non-traded securities.

- f. In determining the holding cost of investments and gain and loss on sale of investments, the "Weighted Average Method" has been followed.

### 3 **Unit Premium Reserve**

Unit Premium Reserve is debited or credited at the time of purchase and sale of units after taking into account the face value of units and Income Equalisation.

### 4 **Income Equalisation Reserve**

An appropriate portion of price of unit at the time of purchase and sale is transferred to Income Equalisation Account. In arriving at the portion of the price to be transferred to Income Equalisation Account, surplus/deficit (before considering unrealized appreciation/depreciation) upto the date of transaction is taken into account. The net balance in Income Equalisation Account is transferred to the Revenue Account.

### 5 **Disclosure under Regulation 25(8)**

The AMC has not paid any charges viz. agency commission, brokerage to parties associated with sponsor in which AMC or its major shareholder or its subsidiaries are having substantial interest.

### 6 **Disclosure under Regulation 25(11)**

During the year no Scheme of Fund has invested in any company which has invested more than 5% of the net asset value of any Scheme of the Fund.

## 7 Previous year's figures

As Benchmark Split Capital Fund – Balanced was launched on August 16, 2005 comparable figures for half year ended March 31, 2005 are not available.

### **Scheme Classification:**

Nifty BeES is an open ended Index Fund, tracking S&P CNX Nifty Index, in the nature of Exchange Traded Fund, listed on the Capital Market Segment of the National Stock Exchange of India Ltd. (NSE).

Junior BeES is an open ended Index Fund, tracking CNX Nifty Junior Index, in the nature of Exchange Traded Fund, listed on the Capital Market Segment of the National Stock Exchange of India Ltd (NSE).

Liquid BeES is an open-ended, exchange listed Liquid Scheme, listed on the Capital Market Segment of the National Stock Exchange of India Ltd. (NSE), with daily dividend and compulsory reinvestment of dividend, with no assured returns, which aims to provide high liquidity to investors.

Bank BeES is an open ended Index Fund, tracking CNX Bank Index, in the nature of Exchange Traded Fund, listed on the Capital Market Segment of the National Stock Exchange of India Ltd. (NSE).

Benchmark Derivative Fund is an open ended debt scheme.

Benchmark Split Capital Fund – Balanced is a close ended balanced scheme with maturity period of three years, listed on the Capital Market Segment of the National Stock Exchange of India Ltd.(NSE).

### **Investment Objective:**

**Nifty BeES:** To provide returns that, before expenses, closely correspond to the total returns of securities as represented by S&P CNX Nifty Index.

**Junior BeES:** To provide returns that, before expenses, closely correspond to the returns of securities as represented by CNX Nifty Junior Index.

**Liquid BeES:** To enhance returns and minimize price risk by investing in basket of call money, short term government securities and money market instruments of short and medium maturities while maintaining the safety and liquidity.

**Bank BeES:** To provide returns that, before expenses, closely correspond to the total returns of securities as represented by CNX Bank Index.

**BDF:** The investment objective of the Scheme is to provide absolute returns over and above money market instruments by taking advantage in the underlying cash and derivative markets. Various strategies are used as return enhancers.

**Benchmark Split Capital Fund:** To invest in equities as represented by S&P CNX Nifty in the same proportion and debt securities and pass on the collection proceeds to Class A and Class B unit holders in accordance with priority of distribution specified in the offer document.

**Statutory Details:** Benchmark Mutual Fund has been set up as a Trust by Niche Financial Services Pvt. Ltd. with Benchmark Trustee Company Pvt. Ltd. as the Trustee (Trustee under the Indian Trust Act, 1882) and Benchmark Asset Management Company Pvt. Ltd. as the Investment Manager.

**Risk Factors:** 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 NAV of the units of Scheme can go up or down depending on the factors and forces affecting the capital market. 3. Past performance of the Sponsor/its affiliates, AMC, Mutual Fund and its Schemes does not indicate the future performance of the Scheme(s) of Benchmark Mutual Fund. 4. The sponsor is not responsible or liable for any loss or shortfall resulting from the operations of the Schemes beyond the initial contribution of Rs. 1 Lac towards setting up of the Mutual Fund. 5. Investors in the Scheme are not being offered any guaranteed or assured returns. 6. Nifty BeES, Junior BeES, Liquid BeES, Bank BeES, BDF, Benchmark Split Capital Fund – Balanced and Benchmark Fund of Funds.