



and only
India's 1st Direct to Investor
Mutual Fund

STATEMENT OF ADDITIONAL INFORMATION

MUTUAL FUND	TRUSTEE
Quantum Mutual Fund. 505, Regent Chambers, 5th Floor, Nariman Point, Mumbai - 400021	Quantum Trustee Company Private Ltd. 505, Regent Chambers, 5th Floor, Nariman Point, Mumbai - 400021
SPONSOR	INVESTMENT MANAGER
Quantum Advisors Private Ltd. 503 - 504, Regent Chambers, 5th Floor, Nariman Point, Mumbai - 400021	Quantum Asset Management Company Private Ltd. 505, Regent Chambers, 5th Floor, Nariman Point, Mumbai - 400021.

WEBSITE

www.QuantumMF.com/ www.QuantumAMC.com

This Statement of Additional Information (SAI) contains details of Quantum Mutual Fund, its constitution, and certain tax, legal and general Information. It is incorporated by reference (is legally a part of the Scheme Information Document).

This SAI is dated June 28, 2013.

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A. Constitution of Mutual Fund:

Quantum Mutual Fund (the "Mutual Fund" or "Fund") has been constituted as a trust on October 7, 2005 in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) with Quantum Advisors Private Limited, as the Sponsor and Quantum Trustee Company Private Limited as the Trustee. The Trust Deed has been registered under the Indian Registration Act, 1908.

The Mutual Fund has been registered with SEBI on December 2, 2005 under Registration Code MF/051/05/02.

B. Sponsor:

Quantum Mutual Fund is sponsored by Quantum Advisors Private Limited (the Sponsor). The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of ₹ 1,00,000/- to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

The Sponsor is registered as a Portfolio Manager (Registration No. PM/ INP000000187) with SEBI, India and as an 'investment adviser' with United State Securities and Exchange Commission, (SEC), and provides investment management and advisory services to various international institutional investors through separately managed accounts, as well as to local clients in India. The objective of the Sponsor is to build an India- focused Investment Management Institution that can consistently generate returns for its clients.

The Sponsor has been in the business of equity research and investment advisory services and managing portfolio of securities since 1990. It proposes to further grow its business of managing the portfolios of Foreign Institutional Investors and Indian retail and High Networth Clients.

The Sponsor is carrying on its portfolio managerial activities which are not in conflict with the activity of the Mutual Fund and the key personnel of the portfolio management services, the systems, back office, bank & securities accounts are segregated activity wise and there exist systems to prohibit access to inside information of the Asset Management Company.

A brief background of the history and activities undertaken by Quantum Advisors Private Limited till date and its Founder Mr. Ajit Dayal are given below:

Quantum Advisors Private Limited:

1990 : First pure Equity Research house in India. Did contractual research for Barrings, Kleinwort Benson, Asian Capital Partners and Jardine Fleming

1990-1998 : Published the annual Quantum Stock Market Year Book, except for three years (1993-1995) when the books were not published.

1992 : Exclusive Equity Research and Advisory Services agreement with Jardine Fleming

1995 : Terminated Advisory Service agreement with Jardine Fleming

1996-1998 : Equity Research and advisory services for Walden International Investment Group, USA

1996-1998 : Equity Research and advisory services for Prolific Asset Management Limited, UK

1998-2004 : Equity Research and advisory services for Hansberger Global Investors Inc., USA

2000 to date : Equity Research and Advisory Services to Foreign Institutional Investors & Portfolio Management Services for individual clients on discretionary basis.

Ajit Dayal - Founder and Director:

Mr. Dayal has over 25 years of experience in the investment management and financial services industry. In 1990 he founded Quantum Advisors Private Limited (Quantum Advisors); an India focused SEBI-registered Portfolio Manager and a SEC-registered Investment Advisor. Mr. Dayal has worked with leading US and UK investment management firms either as a key member of the executive management team or, through Quantum Advisors, as a joint venture partner.

Between 2000 and 2004, Mr. Dayal was the Deputy Chief Investment Officer for Hansberger Global Investors, Inc. ("HGI"), which provides investment advisory services to its own family of funds. HGI is also a sub-advisor and a manager of various separate accounts. Mr. Dayal was asked to join the firm in 1997 by the firm's founder and chief executive officer, Mr. Thomas Hansberger, as part of a planned joint venture between HGI and Quantum Advisors to launch India-dedicated products for international investors. Tom Hansberger was the co-founder of Templeton, Galbraith & Hansberger Ltd., a global fund management firm that is now a part of Franklin Templeton. During Mr. Dayal's tenure as Deputy Chief Investment Officer at HGI (2000 to 2004) assets under management grew from \$2 billion to \$5 billion. Mr. Dayal also served as the lead manager for the \$2 billion Vanguard International Value Fund from July 2000 to April 2004, leading a four person team for the account. During his time at HGI, Mr. Dayal continued to manage the business of Quantum Advisors and was responsible for a \$70 million allocation to listed Indian equities. When Quantum Advisors partnered HGI, Mr. Dayal moved to Fort Lauderdale to be at HGI's headquarters. In August 2003 Mr. Dayal

relocated back to Bombay, India to focus on growing the business of Quantum Advisors. HGI and Quantum Advisors ended their relationship in April, 2004.

Prior to its exclusive relationship with HGI in 1998, Quantum Advisors, acted as a sub-advisor to a \$40 million allocation for listed Indian equities for the Prolific India Opportunity Fund, London and to a \$25 million venture capital fund, the Walden Nikko India Ventures Fund. Mr. Dayal, as CEO and CIO of Quantum Advisors, was instrumental in these relationships. From 1992 to 1995, Quantum Advisors was the local partner of Jardine Fleming Limited, Hong Kong, where Mr. Dayal was instrumental in building a 150 person organization that provided all of Jardine Fleming's research, broking, investment banking and investment management services in India. In 1994 Mr. Dayal helped to establish the NYSE listed Jardine Fleming India Fund and had local investing responsibility for approximately \$300 million of the assets under management in this Fund. Mr. Dayal was voted best analyst for India by Asia Money

in 1993 and 1994 and was also voted best analyst for India by Institutional Investor and nominated to All-Star Asian Team, 1994.

Prior to founding Quantum Advisors in 1990, Mr. Dayal was the Chief Executive Officer of UTI Investment Advisory Services Limited, the Delaware-based investment advisor of The India Growth Fund, a closed- ended fund listed on the NYSE. Mr. Dayal has also worked as a "jobber" on the floor of the Bombay Stock Exchange, the oldest stock exchange in Asia, and as a Director of the Ashok Birla Group of companies, focusing on establishing new businesses through joint-ventures with multinational companies such as S. G. Warburg of UK, Shearson Lehman of USA, Yamaha Motor Company of Japan, and 3M of USA.

Mr. Dayal earned his Bachelor of Arts in Economics from Bombay University in 1981 and his Masters in Business Administration (MBA) from the University of North Carolina at Chapel Hill in 1983.

Financial Performance of the Sponsor (past three years-Audited)

Particulars	Year ended June 30, 2012 (₹)	Year ended June 30, 2011 (₹)	Year ended June 30, 2010 (₹)
Net worth	431,488,295	364,649,933	272,247,087
Total Income	351,870,917	449,056,698	558,015,015
Profit after Tax	126,235,167	179,864,435	209,844,432
Assets under management (if applicable)	66,268,528,908	54,980,144,560	38,053,573,763

C. The Trustee:

Quantum Trustee Company Private Limited, (the "Trustee") through its Board of Directors, shall discharge its obligations as trustee of the Quantum Mutual Fund. The Trustee ensures that the transactions entered into by the AMC are in accordance with the SEBI Regulations and will also review the activities carried on by the AMC.

Details of Trustee Directors:

Name	Age	Qualification	Brief Description
Mr. Jagdish Capoor Independent Director	73	M.Com. Fellow of Indian Institute of Banking and Finance.	Mr. Jagdish Capoor was a Chairman of HDFC Bank Limited from 2001 to 2010. He was the Deputy Governor of Reserve Bank of India for the period from 1997 to 2001. He was also the Chairman of Unit Trust of India during the year 1996. He is also a Director on the Board of various Companies and Trustee of charitable institution.
Mr. Hormazdiyaar Vakil Independent Director	59	B.A (Hons.) LLB	Mr. Hormazdiyaar Vakil is a Partner in Mulla & Mulla & Craigie Blunt & Caroe, Advocate & Solicitor. He enrolled on the roll of solicitors of the Bombay Incorporated Law Society in 1976, and was admitted as a solicitor of the Supreme Court of England in 1985. He is also a Director on the Board of various Companies.
Mr. Suresh Lulla Independent Director	68	B.Tech. , M.S.	Mr. Suresh Lulla is the Managing Director of Qimpro Consultants Private Ltd. a focused quality management consultancy firm. Mr. Lulla is a B.Tech (Mechanical Engineering) from IIT, Bombay and M.S. in Industrial Engineering from Wayne State University, Detroit. He is a Director on the Board of various Companies.
Mr. Surjit Banga Independent Director	72	B. A., Bachelor of Library Science, CAIIB, Fellow - All India Management Association	Mr. Surjit Banga has over 37 years of experience in banking and financial services industry. Before his retirement in 2001 from State Bank of India, he had held the office of Chief General Manager (Management Audit) and also as Managing Director, S.B.I. Factors & Commercial Services (Pvt.) Ltd. During the period 1995-1999 He was the Chief Executive Officer of the Bank's Paris (France) operations and in that capacity also acted as representative for Portugal, Spain, West and North Africa. He is also on the Board of various companies, and the member of the committee(s) of the Board. He was elected as a Fellow Member of the All India Management Association, New Delhi in 2000. He is on the Advisory Board of the Accommodation Times Institute and is a Life Member of the Indian Institute of Public Administration, All India Business Council and Consumer Guidance Society of India.

Trustee Functions:

The Trustee Company shall carry out all its functions and obligations as prescribed in the SEBI Regulations and the Trust Deed. The Board of Directors of the Trustee shall meet at least once every two months. The performances of all the Schemes will be placed before the Trustee and reviewed by them at such meetings. The report on statutory compliances and Investor servicing will also be regularly placed at such meetings by the AMC. An Audit committee of the Trustee has been constituted to inter-alia review the internal audit systems and the internal and statutory audit reports and the recommendations made therein and to ensure that the rectification(s) as suggested by the internal and external auditors are acted upon. An independent director of the Trustee Company shall be the Chairman of the Audit Committee.

Trusteeship Fees

Pursuant to the Trust Deed, the Trustee shall during the continuance of the Mutual Fund Trust and until the Trust is finally wound up and whether or not the Trust is in the course of administration by or under the order or direction of any court, be entitled to receive in the aggregate a sum computed at a rate not exceeding 0.75% per annum on the daily net asset value of the Trust Fund to be ascertained and payable in the manner set out in the Scheme(s) and the maximum rate of fee may be reviewed by the Sponsor and the Trustee from time to time.

Presently, the Trustee is entitled for a fees for their services at the rate of 0.11% per annum of the daily net assets value of all the schemes of Quantum Mutual Fund put together on 1st April each year or a sum of ₹ 10 lac, whichever is lower or such other sum in addition to the reimbursement of all costs, charges and expenses as may be agreed upon between the Sponsor and the Trustee Company from time to time subject to the condition that the Trusteeship Fees will not exceed the limit for expenses prescribed by SEBI. The Trustee Company may charge further fees as permitted from time to time under the Trust Deed and the Regulations.

General Power of the Trustee Company

It is hereby declared that the Trustee Company shall have and shall be deemed to have the legal ownership of the Trust Fund and that the general superintendence, direction and management of the affairs of the Trust and all powers, authorities and discretions appurtenant to or incidental to the purpose of the trust shall absolutely vest in the Trustee, subject nevertheless to the provisions of the Trust Deed and this SAI. Subject to the aforesaid, the Trustee shall as regards all trusts, powers,

authorities and discretions hereby vested in them, have absolute and uncontrolled discretion as to the exercise thereof in relation to the mode and time for exercise thereof.

Supervisory Role of the Trustee

During the financial year April 2012 - March 2013, Six Audit Committee Meeting and Eight Board Meetings of the Trustee were held. The supervisory role of the Trustee is discharged by receiving continuous feedback from the AMC on matters of importance, through bi-monthly, quarterly and half yearly reports and a review of the Mutual Fund's operation at Board Meetings. In addition, the Trustees receives feedback and reports on quarterly and six monthly basis from the Independent Auditors appointed by it in accordance with the Regulations.

Trustee to Act Efficiently

The Trustee Company shall manage affairs of the Trust with utmost economy consistent with the maintenance of efficiency of administration and act in interests of the Unitholders.

Rights, Obligations, Responsibilities and Duties of the Trustee under the Trust Deed and the SEBI (Mutual Funds) Regulations, 1996.

Pursuant to the Trust Deed constituting the Mutual Fund and SEBI (Mutual Funds) Regulations, 1996 the Trustee has several rights, obligations, responsibilities and duties as given below:

- (1) The Trustee and the AMC have with the prior approval of the Board entered into an Investment Management Agreement.
- (2) The Investment Management Agreement contains clauses as are mentioned in the Fourth Schedule of SEBI (Mutual Funds) Regulations 1996 and such other clauses as are necessary for the purpose of making investments.
- (3) The Trustee shall have a right to obtain from the AMC such information as is considered necessary by the Trustees.
- (4) The Trustees shall ensure before the launch of any scheme that the AMC has,-
 - (a) systems in place for its back office, dealing room and accounting;
 - (b) appointed all key personnel including fund manager(s) for the scheme(s) and submitted their bio-data which shall contain the educational qualifications, past experience in the securities market with the trustees, within 15 days of their appointment;

- (c) appointed auditors to audit its accounts;
- (d) appointed a compliance officer who shall be responsible for monitoring the compliance of the Act, rules and regulations, notifications, guidelines, instructions, etc., issued by the Board or the Central Government and for redressal of investors grievances;
- (e) appointed registrars and laid down parameters for their supervision;
- (f) prepared a compliance manual and designed internal control mechanisms including internal audit systems;
- (g) specified norms for empanelment of brokers and marketing agents;
- (h) obtained wherever required under these regulations, prior in principle approval from the recognised stock exchange(s) where units are proposed to be listed.
- (5) The Compliance Officer appointed under clause (d) of sub-regulation (4) of SEBI (Mutual Funds) Regulations shall immediately and independently report to the Board any non-compliance observed by him.
- (6) The Trustee shall ensure that the AMC has been diligent in empanelling the brokers, in monitoring securities transactions with brokers and avoiding undue concentration of business with any broker.
- (7) The Trustee shall ensure that the AMC has not given any undue or unfair advantage to any associates or dealt with any of the associates of the asset management company in any manner detrimental to interest of the unit holders.
- (8) The Trustee shall ensure that the transactions entered into by the AMC are in accordance with these regulations and the scheme.
- (9) The Trustee shall ensure that the AMC has been managing the mutual fund schemes independently of other activities and have taken adequate steps to ensure that the interest of investors of one scheme are not being compromised with those of any other scheme or of other activities of the asset management company.
- (10) The Trustee shall ensure that all the activities of the AMC are in accordance with the provisions of these regulations.
- (11) Where the Trustee have reason to believe that the conduct of business of the mutual fund is not in accordance with SEBI (Mutual Funds) Regulations and the scheme they shall forthwith take such

remedial steps as are necessary by them and shall immediately inform the Board of the violation and the action taken by them.

(12) Each Trustee shall file the details of his transactions of dealing in securities with the Mutual Fund on a quarterly basis.

(13) The Trustee shall be accountable for, and be the custodian of, the funds and property of the respective schemes and shall hold the same in trust for the benefit of the unit holders in accordance with SEBI (Mutual Funds) Regulations and the provisions of Trust Deed.

(14) The Trustee shall take steps to ensure that the transactions of the mutual fund are in accordance with the provisions of the Trust Deed.

(15) The Trustee shall be responsible for the calculation of any income due to be paid to the mutual fund and also of any income received in the mutual fund for the holders of the units of any scheme in accordance SEBI (Mutual Funds) Regulations and the Trust Deed.

(16) The Trustee shall obtain the consent of the Unit holders: -

(a) whenever required to do so by the Board in the interest of the unit holders; or

(b) whenever required to do so on the requisition made by three- fourths of the unit holders of any scheme; or

(c) when the majority of the trustees decide to wind up or prematurely redeem the units.

(17) The Trustee shall ensure that no change in the fundamental attributes of any scheme or the trust or fees and expenses payable or any other change which would modify the scheme and affects the interest of unit holders, shall be carried out unless,-

(a) a written communication about the proposed change is sent to each unit holder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of region where the Head Office of the mutual fund is situated; and

(b) the unit holders are given an option to exit at the prevailing Net Asset Value without any exit load.

(18) The Trustee shall call for the details of transactions in securities by the key personnel of the AMC in his own name or on behalf of the AMC and shall report to the Board, as and when required.

(19) The Trustee shall quarterly review all transactions carried out between the mutual funds, the AMC and its associates.

(20) The Trustee shall quarterly review the networth of the AMC and in case of any shortfall, ensure that the

AMC make up for the shortfall as per SEBI (Mutual Funds) Regulations;

(21) The Trustee shall periodically review all service contracts such as custody arrangements, transfer agency of the securities and satisfy itself that such contracts are executed in the interest of the Unit holders.

(22) The Trustee shall ensure that there is no conflict of interest between the manner of deployment of its net worth by the AMC and the interest of the Unit holders.

(23) The Trustee shall periodically review the investor complaints received and the redressal of the same by the AMC.

(24) The Trustee shall abide by the Code of Conduct as specified in the Fifth Schedule of SEBI (Mutual Funds) Regulations.

(25) The Trustee shall furnish to the Board on a half-yearly basis,-

(a) a report on the activities of the Mutual Fund;

(b) a certificate stating that the Trustees have satisfied themselves that there have been no instances of self-dealing or front running by any of the Trustees, Directors and key personnel of the AMC;

(c) a certificate to the effect that the AMC has been managing the schemes independently of any other activities and in case any activities of the nature referred to in sub-regulation (b) of regulation 24 of SEBI (Mutual Funds) Regulations have been undertaken by the AMC and has taken adequate steps to ensure that the interests of the Unit holders are protected.

(26) The independent Trustees referred to in sub-regulation (5) of regulation 16 shall give their comments on the report received from the AMC regarding the investments by the mutual fund in the securities of group companies of the sponsor.

(27) The Trustee shall exercise due diligence as under:

A. General Due Diligence:

i. The Trustee shall be discerning in the appointment of the directors on the Board of the AMC.

ii. Trustees shall review the desirability or continuance of the AMC if substantial irregularities are observed in any of the schemes and shall not allow the AMC to float new schemes.

iii. The Trustee shall ensure that the trust property is properly protected, held and administered by proper persons and by a proper number of such persons.

iv. The Trustee shall ensure that all service providers are holding appropriate registrations from the Board or concerned regulatory authority.

v. The Trustees shall arrange for test checks of service contracts.

vi. Trustees shall immediately report to the Board of any special developments in the mutual fund.

B. Specific Due Diligence:

The Trustee shall:

i. Obtain internal audit reports at regular intervals from independent auditors appointed by the Trustee.

ii. Obtain compliance certificates at regular intervals from the AMC.

iii. Hold meeting of the Trustee more frequently.

iv. Consider the reports of the independent auditor and compliance reports of the AMC at the meetings of trustees for appropriate action.

v. Maintain records of the decisions of the Trustee at their meetings and of the minutes of the meetings.

vi. Prescribe and adhere to a code of ethics by the Trustee, AMC and its personnel.

vii. Communicate in writing to the AMC of the deficiencies and checking on the rectification of deficiencies.

(28) Notwithstanding anything contained in sub-regulations (1) to (25) of SEBI (Mutual Funds) Regulations, the Trustee shall not be held liable for acts done in good faith if they have exercised adequate due diligence honestly.

(29) The Independent Directors of the Trustees or AMC shall pay specific attention to the following, as may be applicable, namely:-

- i. the Investment Management Agreement and the compensation paid under the agreement,
- ii. service contracts with affiliates - whether the AMC has charged higher fees than outside contractors for the same services.
- iii. selections of the AMC's independent directors.
- iv. securities transactions involving affiliates to the extent such transactions are permitted.
- v. selecting and nominating individuals to fill independent director's vacancies.
- vi. code of ethics must be designed to prevent fraudulent, deceptive or manipulative practices by insiders in connection with personal securities transactions.
- vii. the reasonableness of fees paid to sponsors, AMC and any others for services provided.
- viii. principal underwriting contracts and their renewals.
- ix. any service contract with the associates of the AMC.

Amendments to the Trust Deed shall not be carried out without prior approval of SEBI and Unitholders approval would be obtained where it affects the interest of Unitholders.

D. Asset Management Company

Quantum Asset Management Company Private Limited (the AMC) is a private limited company incorporated under the Companies Act, 1956 on September 19, 2005 having its Registered Office at 505, Regent Chambers, 5th Floor, Nariman Point, Mumbai - 400 021. The AMC has been appointed as the Asset Management Company of the Quantum Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated October 7, 2005 and executed between the Trustee and the AMC. The AMC is a wholly owned subsidiary of the Sponsor.

The AMC has received approval from SEBI for providing research services on Equities and Fixed Income on a commercial basis to the Sponsor and QIEF Management LLC. The AMC confirms that the research services provided by it, in terms of SEBI's approval, are not in conflict with the activities of the Mutual Fund.

Though the AMC itself has been incorporated in September, 2005, Quantum Advisors Private Limited, the Sponsor, is a SEBI registered Portfolio Manager and involved in the business of Equity Research, Investment Advisory and Portfolio Management Services since 1990 providing such services to Foreign Institutional Investors, Venture Capital Funds and High Networth Individuals.

Shareholding Pattern of the AMC

The AMC is a wholly owned subsidiary (100%) of its sponsor Quantum Advisors Private Limited

Details of AMC Directors:

Name of the Director	Age	Qualification	Brief Experience
Mr. Ajit Dayal Associate Director	53	B.A., M.B.A.	<p>Mr. Ajit Dayal is presently the CEO & CIO of QIEF Management LLC, a Mauritius based Investment Manager. He was the President of the AMC from April 2, 2009 to May 3, 2010. He is a founder Director of Quantum Information Services Private Limited and Quantum Advisors Private Limited. He was a Deputy Chief Investment Officer of Hansberger Global Investors Inc, USA during March 1998 to June 2004.</p> <p>Prior to that he was CEO of Quantum Advisors Private Limited which between 1995 to 1997 acted as sub advisors to various funds like Prolific India Opportunity fund, London and Walden Nikiko India Venture Fund. He was a Director in Jardine Flemings India Broking Private Limited during April 1992 to August 1995.</p> <p>Prior to founding Quantum Advisors in 1990, Mr. Ajit Dayal was a Chief Executive Officer of UTI Investment Advisory Services Limited</p>
Mr. C. Srinivasan Independent Director	68	B.Com. F. I.C.W.A.	<p>Mr. C. Srinivasan was a Director - Finance in BHEL during March 2001 to May 2005. During September 1983 to March 2001. He was the Dy. Chief/ Chief Financial Controller of IPCL, Baroda. During September 1978 to August 1983. He was the Management Accountant / Chief Accountant with The Zambia Steel & Building Supplier Ltd (Lusaka). During July 1975 to August 1978. He was an Assistant Financial Controller with IPCL, Baroda.</p>
Mr. I. V. Subramaniam Associate Director	51	B.Com, L.L.B., C.S., CFA	<p>Mr. I. V. Subramaniam has over 21 years of experience in the investment management and financial services industry. He is presently the MD and CIO of Quantum Advisors Private Limited. He Joined Quantum in June 1996 as a Research Analyst and was appointed as a Director in 1998.</p> <p>Since June 2000, Mr. Subramaniam has managed India-dedicated Portfolios for India- based clients and since 2005, he has been managing India dedicated portfolios for international clients.</p> <p>During 1998-2004, under advisory services provided by Quantum Advisors to Hansberger Global Investors, Inc, USA, his responsibilities included research coverage on Indian companies, electric utilities in emerging countries, and building materials companies globally.</p> <p>Prior to joining Quantum, he was a Research Analyst with Securities Capital (I) Ltd (1995-1996). Between 1993 and mid-1994, he worked with D. B. T. Kumar, a Hyderabad based stock broking firm. His first exposure to equity research was in 1994 at Clarity Finance, an independent equity research house. Mr. Subramaniam began his career in the Indian financial services industry in 1991, working with Karvy Consultants, a share registrar and retail distribution company, where he focused on new IPO listings and back office functions.</p>
Mr. S. R. Balasubramanian Independent Director	63	B.E.(Electronics & Communications) DIIT (Computer Science) from IIT, Bombay	<p>Mr. S. R. Balasubramanian has over 20 years of experience in developing IT Infrastructure and IT advisory services in the financial services Industry. He has been previously associated with various banks in India and overseas like Barclays Bank, HDFC Bank, Citibank NA, Yes Bank, Lakshmi Vilas Bank, in various capacities including as an IT Infrastructure Advisor, IT Services Advisor, etc.</p>

Mr. Kamal Pande Independent Director	6 9	M. Sc. (Physics), Masters in Public Administratio n from Harvard University	Mr. Kamal Pande started his career in the Indian Administrative Service in 1965 and rose to the topmost echelons of governance, as Secretary to the Council of Ministers. As the Cabinet Secretary of Government of India, he was instrumental in developing a reform agenda for Civil Services in India. He has superannuated from Indian Administrative Service in 2004 from the post of Cabinet Secretary, Government of India. He has served the Government of India at various capacities since 1989 to 2004 as Cabinet Secretary, Home Secretary, Secretary Agriculture, Chairman - National Pharmaceutical Authority, Additional Secretary & Finance Adviser, Joint Secretary - Finance Commission, Joint Secretary - Investments, Joint Secretary Finance - Ministry of Finance and Controller of Capital Issues. He has handled various matters pertaining to the Cabinet, internal security, law and order administration, agriculture and relations with the state governments, stock markets and investments and financial matters for Government of India during various assignments.
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Duties and Obligations of the Asset Management Company

1. The AMC shall take all reasonable steps and exercise due diligence to ensure that the investment of funds pertaining to any Scheme is not contrary to the provisions of the Regulations and the Trust Deed.

2. The AMC shall exercise due diligence and care in all its investment decisions as would be exercised by other persons engaged in the same business.

3. The AMC shall obtain, wherever required under these regulations, prior in-principle approval from the recognized stock exchange(s) where units are proposed to be listed.

4. The AMC shall be responsible for the acts of commissions or omissions by its employees or the persons whose services have been procured by the AMC.

5. The AMC will submit to the Trustees quarterly reports of each year on its activities and the compliance with the SEBI (Mutual Funds) Regulations.

6. The Trustee at the request of the AMC may terminate the assignment of the AMC at any time:

Provided that such termination shall become effective only after the Trustees have accepted the AMC's request for termination of their assignment and communicated their decision in writing to the AMC.

7. Notwithstanding anything contained in any contract or agreement or termination, the AMC or its directors or other officers shall not be absolved of liability to the Mutual Fund for their acts of commission or omissions, while holding such position or office.

8. The Chief Executive Officer of the AMC shall ensure that the mutual fund complies with all the provisions of Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and the guidelines or circulars issued in relation thereto from time to time and that the investments made by the fund managers are in the interest of the unit holders and shall also be responsible for the overall risk management function of the mutual fund.

9. The fund managers shall ensure that the funds of the schemes are invested to achieve the objectives of the scheme and in the interest of the unit holders.

10. The AMC shall not through any broker associated with the Sponsor, purchase or sell securities, which is average of 5% or more of the aggregate purchases and sale of securities made by the Mutual Fund in all its Schemes.

Provided that for the purpose of this sub-regulation aggregate purchase and sale of securities shall exclude sale and distribution of Units issued by the Mutual Fund.

Provided further that the aforesaid limit of 5% shall apply for 9 block of any three months.

11. The AMC have not/shall not purchase or sell securities through any broker [other than a broker referred to in clause 10 above] which is average of 5% or more of the aggregate purchases and sale of securities made by the Mutual Fund in all its Schemes, unless the AMC has recorded in writing the justification for exceeding the limit of 5% and reports of all such investments are sent to the Trustee on a quarterly basis.

Provided that the aforesaid limit of 5% shall apply for a block of three months.

12. The AMC have not/shall not utilize the services of the sponsor or any of its associates, employees or

their relatives, for the purpose of any securities transaction and distribution and sale of securities. Provided that the AMC may utilize such services if disclosure to that effect is made to the Unitholders and the brokerage or commission paid is also disclosed in the half yearly annual accounts of the Mutual Fund.

Provided further that the Mutual Funds shall disclose at the time of declaring half-yearly and yearly results:

a. any underwriting obligations undertaken by the Schemes of the Mutual Funds with respect to the issue of securities of associate companies.

b. devolvement, if any

c. subscription by the Schemes in the issues lead managed by associate companies

d. subscription to any issue of debt on private placement basis where the sponsor or any of its associate companies has acted as arranger or manager.

13. The AMC shall file with the Trustee the details of transactions in securities by the key personnel of the AMC in their own name or on behalf of the AMC and shall also report to SEBI, as and when required by SEBI.

14. In case the AMC enters into any securities transactions with any of its associates a report to that effect shall be sent to the Trustee at its next meeting.

15. In case any company has invested into a Scheme more than 5 percent of the net asset value of that Scheme, the investment made by that Scheme or by any other Scheme of the same mutual fund in that company or its subsidiaries shall be brought to the notice of the Trustees by the Asset Management Company and be disclosed in the half yearly and annual accounts of the respective Schemes with justification for such investment.

Provided the latter investment has been made within one year of the date of the former investment calculated on either side.

16. The AMC shall file with the Trustee and SEBI -

a. Detailed bio-data of all its Directors along with their interest in other companies within fifteen days of their appointment; and

b. Any change in the interests of Directors every six months.

c. A quarterly report to the Trustee giving details and adequate justification about the purchase and sale of the securities of the group companies of the Sponsor or to the AMC as the case may be, by the Mutual Fund during the said quarter.

17. Each Director of the AMC shall file the details of his transactions of dealing in securities with the Trustee on a quarterly basis in accordance with guidelines issued by SEBI.

18. The AMC shall not appoint any person as key personnel who has been found guilty of any economic offence or involved in violation of securities laws.

19. The AMC shall appoint registrars and share transfer agents who are registered with the SEBI.

20. The AMC shall abide by the Code of Conduct as specified in the Fifth Schedule of the SEBI Regulations.

21. AMC shall not acquire any of the assets out of the scheme property which involves the assumption of any liability which is unlimited or which may result in encumbrance of the scheme property in any way.

22. The AMC shall not invest in any of its scheme, unless full disclosure of its intention to invest has been made in the offer documents, in case of schemes launched after the notification of Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2011.

23. The AMC shall not carry out its operations including trading desk, unit holder servicing and investment operations outside the territory of India.

24. The AMC shall compute and carry out valuation of investments made by its scheme(s) in accordance with the investment valuation norms specified in Eighth Schedule, and shall publish the same.

25. The AMC and the sponsor of the mutual fund shall be liable to compensate the affected investors and/or the scheme for any unfair treatment to any investor as a result of inappropriate valuation.

26. The AMC shall report and disclose all the transactions in debt and money market securities, including inter scheme transfers, as may be specified by the Board.

Information on Key Personnel:

Name of the Employee	Age (Yrs)	Designation	Educational Qualification	Brief Experience
Jimmy A. Patel	45	Chief Executive Officer	F.C.A., LLB	<p>From May 2010 - Till date</p> <p>Quantum Asset Management Company Private Limited</p> <p>Over 20 years of rich & valued experience in mutual fund industry with an overall 24 years in Financial Services Industry. Prior to Joining Quantum, Jimmy A. Patel associated with Edelweiss Asset Management Limited as Chief Executive Officer. His earlier experience includes assignments with J M Financial Asset Management Private Limited, First source Limited IDBI - Principal Asset Management Co. Ltd., Sun F&C Asset Management (I) Private Limited and TATA Asset Management Limited. He has been a member of multiple AMFI Committees.</p>
Malay Vora	35	Compliance Officer	B.Com., L.L.B, ACS	<p>From December 2008 till Date</p> <p>Quantum Asset Management Company Private Limited</p> <p>September 2005 to November 2008</p> <p>Company Secretary – DHFL Venture Capital India Private Limited</p> <p>February 2002 to August 2005</p> <p>Associate - M/s. S. D Israni & Co., (Practicing Company Secretaries)</p> <p>Over 10 years of experience in Legal, Compliance and Secretarial</p>
Rajendra Gadiyar	44	Head-Operations	B.Com., Diploma in Business Finance	<p>From July 2011 - Till date</p> <p>Quantum Asset Management Co. Private Company Limited</p> <p>June 2007 to June 2011</p> <p>Senior Manager-Fund Accounting - IDBI Federal Life Insurance Co Ltd</p> <p>August 2000 to May 2007</p> <p>Manager - Fund Accounting - Principal PNB Asset Management Co Pvt Ltd</p> <p>Over 16 years of experience in Operations and Fund Accounting in Mutual Funds and 4 years of experience in Operations and Fund Accounting in Life Insurance Company.</p>

Name of the Employee	Age (Yrs)	Designation	Educational Qualification	Brief Experience
Harshad Chetanwala	34	Head—Customer Delight	B.Com	<p>April 2008 - Till date</p> <p>Quantum Asset Management Company Private Limited</p> <p>August 2007 - April 2008</p> <p>Area Sales Manager - HDFC Securities Private Limited</p> <p>August 2006 - August 2007</p> <p>Area Sales Manager - Apollo Sindhoori Capital Investment Private Limited</p> <p>September 2004 - August 2006</p> <p>Sales Development Manager - HDFC Standard Life Insurance Company Limited</p> <p>July 2000 - August 2004</p> <p>Business Manager - Orbit Consultancy Limited</p> <p>Over 12 years of experience in Sales.</p>
Meera Shetty	43	Head - Investor Services	B.Com, MBA in Finance and Marketing	<p>September 2010 - Till date</p> <p>Quantum Asset Management Company Private Limited</p> <p>December 2007 - August 2010</p> <p>AVP - Investor Services - Edelweiss Asset Management Limited</p> <p>December 2006 - June 2007</p> <p>AVP - Investor Services - Tata Asset Management Company Limited</p> <p>April 2005 - November 2006</p> <p>Sr. Manager - Investor Services - Principal PNB Asset Management Company Private Limited</p> <p>1996 - March 2005</p> <p>AVP - Investor Services - UTI Technology Services.</p> <p>Over 15 years of experience in Investor Services.</p>

All the above mentioned Key Personnel are based in the corporate office.

Details of the Fund Management Team:

Name of the Employee	Age (Yrs)	Designation	Educational Qualificatio	Brief Experience
Arvind Chari	34	Senior Fund Manager - Fixed Income	MMS (Finance) M.Com (Banking & Finance) B.Com	October 2005 to Till date Quantum Asset Management Company Private Limited August 2004 to September 2005 Research Analyst - Fixed Income - Quantum Advisors Private Limited August 2003 to July 2004 Fixed Income Dealer - Tower Capital & Securities Private Limited November 2002 to April 2003 KJMC Capital Market Services February 2002 to October 2002 Freelancer - Research Articles on Financial topics.
Atul Kumar	36	Senior Fund Manager - Equity	B.Com., PGDBM	October 2005 to Till date Quantum Asset Management Company Private Limited September 2005 to October 2005 Analyst - Equity - Quantum Advisors Private Limited January 2005 to August 2005 Analyst - Equity - Sahara Asset Management Company Private Limited November 2003 to January 2005 Analyst - K R Choksey Shares & Securities Private Limited May 2001 to September 2003 Consultant - Astute Consulting Private Limited June 1999 to April 2001 Management Consulting - M/s. S. B. Billimoria & Co.
Hitendra Parekh	45	Dealer & Fund Manager - Index Fund	B.Com, Masters in Financial Management	October 2005 to Till date Dealer & Fund Manager - Quantum Asset Management Company Private Limited October 2004 to October 2005 Manager - Operations - Quantum Advisors Private Limited September 1995 to September 2004 Operations Dept. - UTI Securities Limited
Chirag Mehta	32	Fund Manager - Commodities	M.Com, CAIA	May 1, 2009 to date April 2007 to April 2009 Associate Fund Manager – Commodities - Quantum Asset Management Company Private Limited February 2006 - March 2007 Asst. Analyst Commodities - Quantum Advisors Private Limited May 2005 - June 2005 Internship - Kotak & Co.
Nilesh Shetty	33	Associate Fund Manager - Equity	MMS, CFA	December 2009 - Till date Quantum Asset Management Company Private Limited December 2007 - November 2009 – Manager - Research - Edelweiss Securities Ltd. August 2004 - November 2007 – Sr. Analyst - Equities – Pranav Securities Private Ltd. August 2003 - July 2004 –Officer - ICICI Bank Ltd.

The Fund Managers also does the Research.

Research Team:

Name of Employee	Age (Yrs)	Designation	Educational Qualificatio	Brief Experience
Krishnendu Saha	36	Senior Manager - Research	Chartered Accountant	September 2007 - Till date Quantum Asset Management Company Private Limited April 2007 to September 2007 Pharma Analyst - India Infoline Limited October 2006 to April 2007 Research Analyst - Dawnay Day AV Analytics Private Limited April 2006 to October 2006 Analyst - Credit Division of IndusInd Bank
Aditya Srinath	31	Manager-Research	B.A.(Hons); Masters in International Business	May 2008 - Till date Quantum Asset Management Company Private Limited April 2006 to March 2008 Equity Analyst - Independent Research Private Limited August 2005 to April 2006 Research Associate - Netscribes India Private Limited June 2004 to August 2005 Research Analyst - CNBC TV 18
Deepa Puthur	32	Manager-Research	MBA (Finance) M.Com	November 2009 - Till date - Quantum Asset Management Company Private Limited January 2009 to October 2009 Management Trainee - C&P Engineering Consultants Private Limited July 2008 to January 2009 Management Trainee - Vistek Systems, Edison, NJ Summer 2007 Trainee - Finance - Hispanics United of Buffalo (Non-profit Organization) October 2003 - June 2006 Financial Analyst - Crisil Limited
Sorbh Gupta	33	Senior Manager - Research	Chartered Accountant and pursuing CFA	March 2011 - Till date Quantum Asset Management Company Private Limited October 2007 - March 2011 Equity Analyst - Siddhesh Capital Market Services Pvt. Ltd. May 2005-October 2007 Pranav Securities Private Limited - Equity Analyst.
Niketa Gawandi	30	Credit Analyst - Fixed Income	M.Com, MBA (Finance)	January 2011 - Till date Quantum Asset Management Company Private Limited February 2010-December 2010 Credit Rating Analyst - SME Rating Agency of India Limited June 2008- January 2010 Credit Analyst XL' Dynamics India Pvt Ltd.
Jashu Krishna	27	Quantitative Analyst	Integrated MSc, Statistics & Informatics	July, 2012 till date Quantum Asset Management Company Private Limited MF Global Sify Securities September, 2010 - April, 2012 Quantitative Analyst April, 2012 - June, 2012 Quantitative - Analyst Capital Metrics & Risk Solutions (Pune)

The Risk Management Responsibility is performed by a Risk Management Committee consisting of Key Employees of the AMC.

E. Service Providers

CUSTODIAN

Deutsche Bank AG

Nirlon Knowledge Park, Block 1, 4th Floor,
Western Express Highway,
Goregaon (East), Mumbai - 400 063.
SEBI registration number IN/CUS/003

TRANSFER AGENT

Karvy Computershare Private Limited

Unit: Quantum Mutual Fund,
Karvy Registry House, # 8-2-596, Avenue 4, Street
no. 1, Banjara Hills, Hyderabad - 500 034,
Andhra Pradesh, India.
SEBI registration number INR000000221

The Board of the Trustees and the AMC have ensured that the Registrar has adequate capacity to discharge responsibilities with regard to processing of applications and dispatching unit certificates to unit holders within the time limit prescribed in the Regulations and also has sufficient capacity to

handle investor complaints.

STATUTORY AUDITOR

M/s Haribhakti & Co. Chartered Accountant

701, Leela Business Park, Andheri Kurla Road,
Andheri (E), Mumbai - 400 059.

LEGAL COUNSEL

The AMC appoints appropriate legal counsel on case to case basis.

FUND ACCOUNTANT

Deutsche Bank AG

Nirlon Knowledge Park, Block 1, 4th Floor,
Western Express Highway Goregaon (East),
Mumbai - 400 063.

SEBI registration number IN/CUS/003

COLLECTING BANKERS

HDFC Bank Limited

Manecji Wadia Bldg., Gr. Floor, Nanik Motwani
Marg, Fort, Mumbai - 400 023.

SEBI Registration No. INBI00000063

F. Condensed financial Information (CFI) for the Schemes launched by MF during the last three fiscal years (excluding redeemed schemes) in the format given below:

IA

Sr. No.	HISTORICAL PER UNIT STATISTICS		QUANTUM GOLD SAVINGS FUND		QUANTUM MULTI ASSET FUND
			2011-12	2012-13	2012-13
1	NAV at the beginning of the year (as on April 1)				
	Growth	₹	NA	12.6542	NA
	Dividends	₹	NA	NA	NA
2	Dividends				
	Dividend (₹ Per unit)	₹	Nil	Nil	Nil
3	NAV at the end of the year (as on March 31)				
	Growth	₹	12.6542	13.1941	10.5866
	Dividend	₹	NA	NA	NA
4	Scheme Return since Inception**	%	26.54 [^]	16.04 [*]	5.87 [^]
	Benchmark Return Since Inception#	%	30.07 [^]	18.15 [*]	6.44 [^]
	Additional Benchmark return since inception		NA	NA	NA
5	Net Assets end of period	₹ in Crs	4.13	7.46	2.54
6	Ratio of Recurring Expenses to net assets	%	0.25	0.25	0.25

[^]Absolute return

^{*} Compounded Annualised Returns

Note

1	Returns for less than one year are computed as absolute returns from the date of allotment of respective Schemes and returns for more than 1 year are computed as compounded annualized returns from the date of allotment of the respective Schemes.
2	The ratio of recurring expenses to net assets is annualized.
3	Returns of the Schemes are given for Growth Option.
4	**Date of inception of QGSF - May 19, 2011 & QMAF - July 11, 2012
5	#Bench mark for QGSF - Domestic Price of Gold & for QMAF - CRISIL Composite Bond Fund Index (40%) + S&P BSE Sensex Total Return Index (40%) + Domestic price of Gold (20%)

IB COMPARATIVE PERFORMANCE OF SCHEMES as on March 28, 2013

Quantum Long Term Equity Fund

Fund Manager - Atul Kumar, Associate Fund Manager - Nilesh Shetty

	April 01, 2012 to March 28, 2013	April 01, 2011 to March 30, 2012	April 01, 2010 to	Since Inception**	
	Absolute Returns (%)	Absolute Returns (%)	Absolute Returns (%)	CAGR Returns (%)	Current value of standard investment of ₹ 10,000/- (INR)
Quantum Long Term Equity Fund (Growth Option)	8.97%	-1.50%	19.03%	13.42%	24,300
Scheme Benchmark - (S&P BSE 30 TRI)	10.13%	-9.16%	12.53%	9.73 %	19,245
Additional Benchmark - (S&P BSE Sensex)	8.23%	-10.50%	10.94%	8.20%	17,435

Past Performance may or may not be sustained in the future and may not necessarily provide a basis for comparison with other investments.

All payouts during the period have been reinvested in the units of the scheme at the then prevailing NAV.

**Date of Inception - March 13, 2006. Since inception returns are calculated on NAV of ₹ 10 invested at inception.

Quantum Tax Saving Fund

Fund Manager - Atul Kumar

	April 01, 2012 to March 28, 2013	April 01, 2011 to March 30, 2012	April 01, 2010 to	Since Inception**	
	Absolute Returns (%)	Absolute Returns (%)	Absolute Returns (%)	CAGR Returns (%)	Current value of standard investment of ₹ 10,000/- (INR)
Quantum Tax Saving Fund (Growth Option)	8.98%	-1.73%	17.56%	22.80%	24,017
Scheme Benchmark - (S&P BSE 30 TRI)	10.13%	-9.16%	12.53%	18.52%	20,645
Additional Benchmark - (S&P BSE Sensex)	8.23%	-10.50%	10.94%	16.87%	19,445

Past Performance may or may not be sustained in the future and may not necessarily provide a basis for comparison with other investments.

All payouts during the period have been reinvested in the units of the scheme at the then prevailing NAV.

**Date of Inception - December 23, 2008. Since inception returns are calculated on NAV of ₹ 10 invested at inception.

Quantum Gold Fund

Fund Manager - Chirag Mehta

	April 01, 2012 to March 28, 2013	April 01, 2011 to March 30, 2012	April 01, 2010 to	Since Inception**	
	Absolute Returns (%)	Absolute Returns (%)	Absolute Returns (%)	CAGR Returns (%)	Current value of standard investment of ₹ 10,000/- (INR)
Quantum Gold Fund (Growth Option)	3.85%	34.90%	25.71%	18.53%	23,803
Scheme Benchmark - (Domestic price of Physical Gold)	4.89%	36.24%	26.99%	19.01%	24,303

Past Performance may or may not be sustained in the future and may not necessarily provide a basis for comparison with other investments.

**Date of Inception - February 22, 2008. Since inception returns are calculated on NAV of ₹ 100 invested at inception.

Quantum Index Fund
Fund Manager - Hitendra Parekh

	April 01, 2012 to March 28, 2013	April 01, 2011 to March 30, 2012	April 01, 2010 to	Since Inception**	
	Absolute Returns (%)	Absolute Returns (%)	Absolute Returns (%)	CAGR Returns (%)	Current value of standard investment of ₹ 10,000/- (INR)
Quantum Index Fund (Growth Option)	8.51%	-8.26%	11.65%	8.30%	14,572
Scheme Benchmark - (CNX Nifty - Total Return Index)	8.72%	-8.18%	12.36%	8.03%	14,397
Additional Benchmark - (S&P BSE Sensex)	8.23%	-10.50%	10.94%	6.61%	13,525

Past Performance may or may not be sustained in the future and may not necessarily provide a basis for comparison with other investments.

**Date of Inception - July 10, 2008. Since inception returns are calculated on NAV of ₹ 10 invested at inception.

Quantum Liquid Fund
Fund Manager - Arvind Chari

	Returns - Growth Option (%)	Returns - Crisil Liquid Fund Index (%)	Additional Benchmark - (CRISIL 1 year T-Bill Index)
7 days \$	8.13%	7.87%	10.54%
15 days \$	8.28%	8.10%	11.55%
30 days \$	7.93%	8.25%	9.78%
April 01, 2012 to Mar 28, 2013 \$\$	8.79%	8.17%	8.33%
April 01, 2011 to Mar 30, 2012 \$\$	9.05%	8.44%	6.59%
April 01, 2010 to Mar 30, 2011 \$\$	6.68%	6.21%	3.86%
Since Inception**			
CAGR Returns (%)	7.50%	6.99%	5.76%
Current value of standard investment of ₹ 10,000/- (INR)	16,569	16,024	14,781

Past Performance may or may not be sustained in the future and may not necessarily provide a basis for comparison with other investments.

All payouts during the period have been reinvested in the units of the scheme at the then prevailing NAV.

**Date of Inception - April 7, 2006

Since inception returns are calculated on NAV of ₹ 10 invested at inception.

\$ Simple Annualised Yield.

\$\$ Absolute Returns.

Quantum Equity Fund of Funds
Fund Manager - Arvind Chari

	April 01, 2012 to March 28, 2013	April 01, 2011 to March 30, 2012	April 01, 2010 to	Since Inception**	
	Absolute Returns (%)	Absolute Returns (%)	Absolute Returns (%)	CAGR Return s (%)	Current value of standard investment of ₹10,000/- (INR)
Quantum Equity Fund of Funds (Growth Option)	4.86%	-5.66%	12.22%	9.60%	14,028
Scheme Benchmark - (S&P BSE 200 Index)	6.03%	-9.28%	8.15%	5.94%	12,377
Additional Benchmark - (S&P BSE Sensex)	8.23%	-10.50%	10.94%	6.00%	12,399

Past Performance may or may not be sustained in the future and may not necessarily provide a basis for comparison with other investments.

All payouts during the period have been reinvested in the units of the scheme at the then prevailing NAV.

**Date of Inception - July 20, 2009. Since inception returns are calculated on NAV of ₹10 invested at inception.

Quantum Gold Savings Fund
Fund Manager – Chirag Mehta

	April 01, 2012 to March 28, 2013	Since Inception**	
	Absolute Returns (%)	CAGR Returns (%)	Current value of standard investment of ₹ 10,000/- (INR)
Quantum Gold Savings Fund (Growth Option)	4.27%	16.04%	13,194
Scheme Benchmark - (Domestic price of Gold)	4.89%	18.15%	13,643

Past Performance may or may not be sustained in the future and may not necessarily provide a basis for comparison with other investments.

** Date of inception – May 19, 2011. Since inception returns are calculated on NAV of ₹10 invested at inception

1. The application form for the subscription of units of the Scheme will be available / accepted at the office of the Investor Service Centres (ISCs) / Official Points of Acceptance (OPAs) mentioned in the Application Form during the Business Hours on their respective Business Days.

The addresses of the Investor Services Centres / Official Point of Acceptance of the AMC / Registrar can be obtained from our website i.e. www.QuantumAMC.com / www.QuantumMF.com and from Key Information Memorandum (KIM) with Application Form. Investors in cities other than where the Investor Services Centres are located may send their application forms to any of the nearest ISC, accompanied by Demand Drafts payable locally at such locations.

2. Applications must be completed in Block Letters in English.

3. The signature should be in English or in any of the Indian languages specified in the Eighth Schedule of the Constitution of India. Thumb Impressions must be attested by a magistrate or a notary public or a special executive magistrate under his/her official seal. Applications by minors should be signed by the guardians. In case of H. U. F., the Karta should sign on behalf of the H. U. F.

4. As per the SEBI Regulations it is mandatory for Investors to mention in their Application/Repurchase/Redemption request, the bank name and account number.

5. All cheques and bank drafts should be drawn in favour of "Name of the Scheme & PAN No. "(PAN No. means PAN No. of the Investors/ Unit holders) for example "Quantum Long Term Equity Fund & PAN No. ABOPB3566D" and crossed "Account Payee Only". A separate cheque or bank draft must accompany each application/ each Scheme. Multiple cheques with single application are not permitted.

In order to protect investors from frauds, it is advised to mention PAN No. (as stated aforesaid on the face of the Cheque) & the Application Form number / folio number and name of the first investor should be written overleaf the cheque / draft, before they are handed over to any courier / messenger / distributor / ISC. In addition, all applicants for Purchase of Units must provide complete bank details viz., bank name, bank account number, branch address, and account type in the Application Form.

6. Demat Details: Investors desirous of receiving the allotment of units in dematerialized ("demat") form will have to provide their demat account details in the application form. Currently, this facility is not available in case of units offered under the Daily Dividend Re- investment option. Further, this facility

is not available for switches and systematic transactions i.e. Systematic Transfer Plans / Systematic Withdrawal Plans

Investors opting to hold the units in demat form must provide their Demat Account details in the specified section of the application form. The investor intending to hold the units in Demat form are required to have a beneficiary account with a Depository Participant (DP) (registered with NSDL / CDSL as may be indicated by the Fund at the time of launch of the Plan) and will be required to indicate in the application the DP's name, DP ID Number and the beneficiary account number of the applicant held with the DP. In case the Demat account details are not provided or the details are incomplete or the details do not match with the records as per Depository(ies), Units will be allotted in physical form. The sequence of names/pattern of holding as mentioned in the application form must be same as that in the demat account. For conversion of physical holdings into demat form, the unit holders will have to send the demat requests to their Depository Participants.

7. Permanent Account Number (PAN): It is compulsory for all investors to quote their Permanent Account Number (PAN) and submit attested copy of the PAN card issued by the Income Tax Department, irrespective of the amount of investment, while making an application for Purchase of Units. In case of joint applicants, PAN details of all holders should be submitted. In case the investor making the application is a minor, PAN details of the Guardian must be submitted. Investors residing in the state of Sikkim are exempt from the mandatory requirement of PAN proof submission, however sufficient documentary evidence shall have to be submitted to Quantum Mutual Fund for verifying that they are residents of State of Sikkim. However PAN is not mandatory in the case of Central Government, State Government entities and the officials appointed by the courts e.g. Official liquidator, Court receiver etc. (under the category of Government) for transacting in the securities market.

Investments through Micro SIP or investors residing in the State of Sikkim or transactions undertaken on behalf of Central Government and/or Statement Government and by officials appointed by Courts e.g. Official Liquidator, Court receiver or UN entities/multilateral agencies exempt from paying taxes/filing tax returns in India are exempt from the mandatory requirement of PAN proof submission, however they are required to KYC compliant and mandatorily submit KYC acknowledgement copy while making an investment in Quantum Mutual Fund.

Investors (being individuals) applying for Micro SIP registrations are exempt from mandatory requirement of PAN submission For further details on

Micro SIP, documents required etc. please refer instruction no. 8.

8. MICRO SIPs exempt from PAN Requirement with effect from August 1, 2009 - In accordance with the provision of SEBI Letter No. MRD/DoP/PAN/PM/166999/2009 dated June 19, 2009 issued to Association of Mutual Fund in India (AMFI) and subsequent guidelines issued by AMFI in this regard with effect from August 1, 2009:

(a) Systematic Investment Plans (SIPs) up to ₹ 50,000/- per year per investor i.e. aggregate of investments in a rolling 12 months period or in a financial year (hereinafter referred as "Micro SIP") shall be exempted from the requirement of PAN.

(b) This exemption shall be applicable only to investments by individuals (including NRIs but not PIOs), Minors and Sole proprietary firms. HUFs and other categories of investors will not be eligible for this exemption.

(c) This exemption shall not be applicable to normal purchase transactions up to ₹ 50,000 which shall continue to be subject to PAN requirement.

(d) The exemption is applicable to joint holders also.

(e) Any one of the following photo identification documents can be submitted along with Micro SIP Application Form as proof of identification in lieu of PAN.

- i. Voter Identity Card
- ii. Driving License
- iii. Government / Defense identification card
- iv. Passport
- v. Photo Ration Card
- vi. Photo Debit Card
- vii. Employee ID cards issued by companies registered with Registrar of Companies
- viii. Photo Identification issued by Bank Managers of Scheduled Commercial Banks / Gazetted Officer / Elected Representatives to the Legislative Assembly / Parliament
- ix. ID card issued to employees of Scheduled Commercial/ State/ District Co-operative Banks
- x. Senior Citizen / Freedom Fighter ID card issued by Government
- xi. Cards issued by Universities / deemed Universities or institutes under statutes like ICAI, ICWA, ICSI.
- xii. Permanent Retirement Account No (PRAN) card issued to New Pension System (NPS) subscribers by CRA (NSDL)
- xiii. Any other photo ID card issued by Central Government / State Governments /Municipal authorities / Government organizations like ESIC / EPFO
- xiv. AMFI vide circular dated November 24, 2010 has notified that AMC will in addition to the photo identification documents prescribed above, shall also

be required to take a copy of the proof of address which is self-attested and attested by the ARN holder.

(f) The photo identification document has to be current and valid and also to be self-attested.

(g) Investor is also required to submit a self-attested copy of address proof along with the Micro SIP Application Form.

9. According to guidelines issued by SEBI under 'The Prevention of Money Laundering Act, 2002, Mutual Funds are required to follow Know Your Customer (KYC) norms.

It is mandatory for all investors for all purchase / switch / registration of systematic transactions i.e. Systematic Investment Plan and Systematic Transfer Plan to quote the KYC Compliance Status of each applicant (including Power of attorney holders and guardian in case of minor) in the application form and attach the proof of KYC Compliance.

In order to reduce hardships and help investors in dealing with SEBI intermediaries SEBI has in Pursuant to SEBI Circular No. MIRSD/ Cir-26/ 2011 dated December 23, 2011, SEBI (KYC Registration Agency) Regulations, 2011 and SEBI Circular No. MIRSD/SE/Cir- 21/2011 dated October 5, 2011, brought uniformity in the Know Your Customer (KYC) process in the securities market and developed a mechanism for centralization of the KYC records through appointment of KRAs (KYC Registration Agency) to avoid duplication of KYC Process across the intermediaries in the securities market and also mandated intermediaries to conduct In-person-verification (IPV) of new Investors.

SEBI has introduced a common KYC Application Form for all the SEBI registered intermediaries viz. Mutual Funds, Depository Participants, Stock Brokers etc., New Investors who are not KYC compliant are therefore requested to use the common KYC Application Form available on our website www.QuantumMF.com and complete the KYC process including In- Person Verification (IPV). The investor upon completing the KYC process through any SEBI registered intermediaries will not be required to undergo the KYC process again with other intermediaries, including Mutual Fund. Investors may however note that the, Fund reserves the right to undertake enhanced KYC measures commensurate with their respective risk profile.

Further, the IPV conducted by any SEBI registered intermediary can be relied upon by the Mutual Fund. AMC and NISM/AMFI certified distributors who are KYD compliant are authorised to undertake the IPV for Mutual Fund investors. Further, in case of any applications received directly (i.e. without being

routed through the distributors) from the investors, the Mutual Fund may rely upon the IPV (on the KYC Application Form) performed by the scheduled commercial banks.

Existing KYC Compliant investors of the Fund can continue to invest. However, existing investors are also requested to comply with new KYC requirements including IPV as mandated by SEBI. Where it is not possible to verify the KYC compliance status of the investor at the time of allotment of units, the AMC shall verify the KYC compliance status of the investor within a reasonable time after the allotment of units. In the event of noncompliance of KYC requirements, the AMC reserves the right to freeze the folio of the investor(s) for any kind of transactions or affect mandatory redemption of unit holdings of the investors at the applicable NAV, subject to payment of exit load, if any change in this details like change of Name / Address / Status /Signature, etc. should be given by Investor directly to KRA in the prescribed manner.

SEBI vide circular CIR/MIRSD/2/2013 dated January 24, 2013 has advised intermediaries to follow uniform guidelines on identification of beneficial ownership. Investors other than individual and listed companies shall be required to submit the additional documents as may be prescribed by the Fund from time to time at the time of investment to identify / confirm direct or indirect shareholding or beneficial or controlling ownership interest in the entity.

10. Individual / HUF Investor can subscribe units of the schemes online through the website of the AMC without submitting physical application form and supporting documents. The AMC will obtain details of the investor and KYC related documents from KRA including specimen signature.

11. Applications not complete in any respect are liable to be rejected.

12. The Trustee and the AMC shall, have absolute discretion to accept/ reject any application for purchase of Units, if in the opinion of the Trustee, increasing the size of the Scheme's Unit capital is not in the general interest of the Unitholders, or the Trustee for any other reason believes it would be in the best interest of the Scheme or its Unitholders to accept/reject such an application.

13. Additional mode of payment through Applications Supported by Blocked Amount (hereinafter referred to as "ASBA") in Mutual Funds for investing in New Fund offer (NFO)

In terms of SEBI Circular No. SEBI/IMD/CIR No 18 / 198647 2010 dated March 15, 2010 read with SEBI Circular SEBI/IMD / DF / 6 / 2010 dated July 28, 2010, SEBI has extended ASBA facility to NFO of Mutual Fund. Hence, for all the NFOs to be launched

by the Mutual Fund on or after October 01, 2010, shall have ASBA facility, which will co-exists with the current process, wherein cheques/ demand drafts are used as a mode of payment.

In its continuing endeavour to make the existing New Fund Offer process more efficient SEBI has introduced a supplementary process, viz. the Applications Supported by Blocked Amount (ASBA) facility. ASBA is an application containing an authorization given by the Investor to block application money in his specified bank account towards the subscription of Units offered during the NFO of the Scheme. If an investor is applying Through ASBA facility, the application money towards the subscription of Units shall be debited from his specified bank account only if his/her application is selected for allotment of Units.

To avail of the ASBA Facility, an investor must be holding a Bank account with Self Certified Syndicate Bank (SCSB). SCSB means a banker to an issue registered with the SEBI, which offers the facility of ASBA. ASBA applications can be accepted only by SCSBs at their designated branches, whose names appear on the list of SCSBs displayed in SEBI's website ([http:// www.sebi.gov.in/pmd/scsb.pdf](http://www.sebi.gov.in/pmd/scsb.pdf)).

The SCSB shall then block the application money in the bank account specified in the ASBA, on the basis of an authorisation to this effect given by the account holder in the ASBA. The application money shall remain blocked in the bank account till the allotment of the issue or till withdrawal/rejection of the application, as the case may be. ASBA facility will be available to all the category of investors mentioned under "Who can invest" Section of the respective SID. An investor, who is eligible for ASBA facility, has the option of making application through ASBA or through the existing facility of applying with cheque / demand draft as mentioned in the SID. Investors should note that ASBA facility shall be made available to investors only for subscribing to the units of scheme during the New Fund Offer period.

SALIENT FEATURES OF ASBA FACILITY:

(a) An ASBA investor shall submit a duly filled up ASBA Application form, physically or electronically, to the SCSB with whom the bank accounts to be blocked, is maintained.

(i) In case of ASBA application in physical mode, the investor shall submit the ASBA Form at the Bank branch of SCSB, which is designated for the purpose and the investor must be holding a bank account with such SCSB.

(ii) In case of ASBA application in electronic form, the investor shall submit the ASBA Form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for

subscribing to units of Mutual Fund scheme authorising SCSB to block the application money in a bank account.

(b) Investors shall correctly mention the Bank Account number in the ASBA Application Form and ensure that funds equal to the application amount are available in the bank account maintained with the SCSB before submitting the same to the designated branch.

(c) Upon submission of an ASBA Form with the SCSB, whether in physical or electronic mode, investor shall be deemed to have agreed to block the entire application amount specified and authorized the Designated Branch to block such amount in the Bank Account.

(d) On the basis of an authorisation given by the account holder in the ASBA application, the SCSB shall block the application money in the Bank Account specified in the ASBA application. The application money shall remain blocked in the Bank Account (till receipt of instructions for enabling allotment or till rejection as the case maybe).

(e) If the Bank Account specified in the ASBA application does not have sufficient credit balance to meet the application money, the ASBA application shall be rejected by the SCSB.

(f) The ASBA Form should not be accompanied by cheque, demand draft or any mode of payment other than authorisation to block application amount in the Bank Account.

(g) All grievances relating to the ASBA facility may be addressed to the AMC / Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, application amount blocked on application, bank account number and the Designated Branch or the collection centre of the SCSB where the ASBA Form was submitted by the Investor.

(h) ASBA facility extended to investors shall operate in accordance with the SEBI guidelines in force from time to time. AMC will enable the ASBA facility at MFSS & Star Platforms during the NFO period.

Benefits of Applying through ASBA facility:

(i) Writing cheques and demand drafts is not required, as investor needs to submit ASBA application Form accompanying an authorization to block the account to the extent of application money towards subscription of Units. The balance money, if any, in the account can be used for other purposes by the investors.

(ii) Release/Unblocking of blocked funds after allotment is done instantaneously.

(iii) Unlike other modes of payment, ASBA facility prevents the loss of interest income on the application money towards subscription of Units as it remains in the bank account of the investor till the allotment is made.

(iv) Refunds of money to the investors do not arise as the application money towards subscription of Units gets blocked only on the allotment of Units.

(v) The investor deals with the known intermediary i.e. his/her own bank.

(vi) The application form is simpler as the application form for ASBA will be different from the NFO application form.

Grounds for Technical Rejections of ASBA application forms ASBA Application Forms can be rejected, at the discretion of Registrar and Transfer Agent of Quantum Mutual Fund or SCSBs including but not limited on the following grounds:-

(a) Applications by persons not competent to contract under the Indian Contract Act, 1872, including but not limited to minors, insane persons etc.

(b) Mode of ASBA i.e. either Physical ASBA or Electronic ASBA not selected or ticked.

(c) ASBA Application Form without the stamp of the SCSB.

(d) Application by any person outside India if not in compliance with applicable foreign and Indian laws.

(e) Bank account details not given/incorrect details given.

(f) Duly certified Power of Attorney, if applicable, not submitted along with the ASBA application form.

(g) No corresponding records available with the Depositories matching the parameters namely

(i) Names of the ASBA applicants (including the order of names of joint holders)

(ii) DP ID

(iii) Beneficiary account number or any other relevant details pertaining to the Depository Account.

14. SUBSCRIPTION / REDEMPTION OF UNITS OF THE SCHEMES THROUGH STOCK EXCHANGE MECHANISM.

The AMC has entered into agreement with the BSE and NSE to facilitate purchase / subscription and redemption / repurchase of units of certain schemes of Quantum Mutual Fund. The investors are advised to note the following to transact through this facility.

i) This facility shall be available as per the guidelines issued by SEBI and the Stock Exchanges i.e. BSE & NSE.

ii) This facility i.e. purchase / redemption of units will be available to both existing and new investors. Switching of units will not be permitted.

iii) The investors will be eligible to only purchase / redeem units of the scheme.

iv) All the trading members of BSE & NSE who are registered with AMFI as Mutual Fund Advisors registered with BSE & NSE as Participants (herein referred as "AMFI Certified Stock Exchange Brokers") will be eligible to offer this facility to investors. Investors who are interested in transacting should register themselves with AMFI Certified Stock Exchange Brokers.

v) In order to facilitate transactions in mutual fund units through the stock exchange infrastructure, BSE has introduced BSE StAR MF Platform and NSE has introduced Mutual Fund Service System (MFSS).

vi) The units of schemes are not listed on BSE & NSE and the same cannot be traded on the Stock Exchanges. The window for submission of application for purchase/redemption of units on BSE & NSE will be available between 9 a.m. and 3 p.m. or such other timings as may be decided.

vii) The eligible AMFI Certified Stock Exchange Brokers shall be considered as Official Points of Acceptance (OPA) of Quantum Mutual Fund.

viii) Investors have an option to hold the units in physical or dematerialized form.

ix) Investors can purchase / redeem units in the schemes in the following manner:

i. Purchase of Units:

a. Physical Form

•The investor who chooses the physical mode is required to submit all requisite documents along with the purchase application (subject to applicable limits prescribed by BSE/NSE) to the AMFI Certified Stock Exchange Brokers.

•The AMFI Certified Stock Exchange Brokers shall verify the application forms for mandatory details and KYC compliance.

•After completion of the verification, the purchase order will be entered in the Stock Exchange system with the option of 'Physical' settlement and an order confirmation slip will be issued to investor.

•The investor will transfer the funds to the AMFI Certified Stock Exchange Brokers.

•Allotment details will be provided by the AMFI Certified Stock Exchange Brokers to the investor.

b. Dematerialized Form

•The investors who intend to deal in depository mode are required to have a demat account with CDSL/NSDL

•The investor who chooses the depository mode is required to place an order for purchase of units (subject to applicable limits prescribed by BSE / NSE) with the AMFI Certified Stock Exchange Brokers.

•The investor should provide their depository account details to the AMFI Certified Stock Exchange Brokers.

•The purchase order will be entered in the Stock Exchange system with the option of 'Depository' settlement and an order confirmation slip will be issued to investor.

•The investor will transfer the funds to the AMFI Certified Stock Exchange Brokers.

•Allotment details will be provided by the AMFI Certified Stock Exchange Brokers to the investor.

ii. Redemption of Units:

a. Physical Form

•The investor who chooses the physical mode is required to submit all requisite documents along with the redemption application (subject to applicable limits prescribed by BSE/NSE) to the AMFI Certified Stock Exchange Brokers.

•The redemption order will be entered in the Stock Exchange system with the option of 'Physical' settlement and an order confirmation slip will be issued to investor.

•The redemption proceeds will be credited to the bank account of the investor, as per the bank account details recorded with Quantum Mutual Fund.

b. Dematerialized Form

•The investors who intend to deal in depository mode are required to have a demat account with CDSL/NSDL and units converted from physical mode to demat mode prior to placing of redemption order.

- The AMC shall take necessary steps in coordination with R & T Agents, Depositories and DP's to facilitate conversion of physical units into dematerialized form for the existing investors.

- The investor who chooses the depository mode is required to place an order for redemption (subject to applicable limits prescribed by BSE/NSE) with the AMFI Certified Stock Exchange Brokers. Investors should provide their Depository Participant with Depository Instruction Slip with relevant units to be credited to Clearing Corporation pool account.

- The redemption order will be entered in the system with the option of "Depository" settlement and an order confirmation slip will be issued to investor.

- The redemption proceeds will be credited to the bank account of the investor, as per the bank account details recorded with the Depository Participant.

15. Applications for purchase/redemption of units which are incomplete/ invalid are liable to be rejected.

16. Separate folios will be allotted for units held in physical mode and demat mode. In case of non-financial requests/applications such as change of address, change of bank details, etc., investors should approach Investor Service Centre (ISCs) of Quantum Mutual Fund if units are held in physical mode and the respective Depository Participant(s) if units are held in demat mode.

17. A Consolidate Account Statement will be issued to investors who purchase /redeem their units under this facility in physical mode. In case of investors who intend to deal in units in depository mode, a demat statement will be sent by Depository Participant showing the credit/debit of units to their account.

18. The applicability of NAV will be subject to guidelines issued by SEBI on Uniform cut-off timings for applicability of NAV of Mutual Fund Scheme(s)/Plan(s).

19. Investors will have to comply with Know Your Customer (KYC) norms as prescribed by BSE/NSE/CDSL/NSDL and Quantum Mutual Fund to participate in this facility.

20. Investors can invest in the Schemes through Systematic Investment Plan (SIP) facility presently available through Stock Exchange Mechanism as may be allowed by the stock exchanges from time to time.

21. The Minimum investment amount under SIP and multiple amounts thereafter, Minimum Number of SIP Installments, dates for SIP installments will be followed as per the Scheme Information Document /

Key Information Memorandum of the respective schemes.

22. The following procedure shall be applicable with respect to investors having demat account and purchasing / redeeming units of the Schemes through stock exchange brokers and clearing members:

(i) Investor shall receive redemption amount (if units are redeemed) and units (if units are purchased) through broker / clearing member's pool account. Quantum Asset Management Company Private Limited ("AMC") / the Fund shall pay proceeds to the broker / clearing member (in case of redemption) and broker / clearing member in turn to the respective investor and similarly units shall be credited by the AMC / Fund into broker/ clearing member's pool account (in case of purchase) and broker/ clearing member in turn to the respective investor.

(ii) Payment of redemption proceeds to the broker / clearing members by AMC / Fund shall discharge AMC / Fund of its obligation of payment to individual investor. Similarly in case of purchase of units, crediting units into the broker / clearing member pool account shall discharge AMC / Fund of its obligation to allot units to individual investor.

(iii) The Clearing members and Depository participants will be considered as Official Point of Acceptance (OPA) as per SEBI Circular No. SEBI / IMD /CIR No.11/78450/06 dated October 11, 2006 and conditions stipulated in SEBI Circular dated November 13, 2009 for stock brokers Viz. AMFI / NISM certification, code of conduct prescribed by SEBI for Intermediaries of Mutual Fund, shall be applicable for such Clearing members and Depository participants as well.

23. WHO CAN INVEST?

The following persons are eligible and may apply for subscription to the Units of the Scheme (subject, wherever relevant, to purchase of units of mutual funds being permitted under relevant statutory regulations and their respective constitutions):

(a) Resident adult individuals either singly or jointly (not exceeding three); on an Anyone or Survivor basis;

(b) A Hindu Undivided Family (HUF), through its Karta;

(c) Association of Persons or a body of individuals whether incorporated or not;

(d) Minors through parent/legal guardian;

(e) Partnership Firms;

(f) Companies, Bodies Corporate and societies registered under the Societies Registration Act, 1860;

(g) Banks & Financial Institutions;

(h) Mutual Funds registered with SEBI;

(i) Religious and Charitable Trusts, Wakfs or endowments of private trusts (subject to receipt of necessary approvals as required) and Private trusts authorised to invest in mutual fund schemes under their trust deeds;

(j) Non-Resident Indians (NRIs/ Persons of Indian origin residing abroad (PIO) on repatriation basis or on non-repatriation basis;

(k) Foreign Institutional Investors (FIIs) registered with SEBI on repatriation basis;

(l) Army, Air Force, Navy and other para-military Units and bodies created by such institutions;

(m) Scientific and Industrial Research Organizations;

(n) Multilateral Funding Agencies/Bodies Corporate incorporated outside India with the permission of Government of India/ Reserve Bank of India;

(o) Other schemes of Quantum Mutual Fund subject to the conditions and limits prescribed by SEBI Regulations;

(p) Trustee, AMC or Sponsor or their associates may subscribe to Units under the Scheme;

(q) Such other individuals/institutions/body corporate etc., as may be decided by the Mutual Fund from time to time, so long as wherever applicable they are in conformity with SEBI Regulations.

WHO CANNOT INVEST?

It should be noted that the following persons cannot invest in the Scheme(s):

1. Any person who is a Foreign national.
2. Overseas Corporate Bodies (OCBs) shall not be allowed to invest in the Scheme. These would be firms and societies, which are held directly or indirectly but ultimately to the extent of at least 60% by NRIs and trusts in which at least 60% of the beneficial interest is similarly held irrevocably by such persons (OCBs).
3. Non-Resident Indians residing in the USA and Canada or an FATF (Financial Action Task Force) non-compliant country/ territory.

The Fund reserves the right to include/exclude new/existing categories of Investors to invest in the Scheme from time to time, subject to SEBI Regulations and other prevailing statutory regulations, if any.

Note:

(i) In case of application under a Power of Attorney or by a limited company or a corporate body or an eligible institution or a registered society or a trust fund, the original Power of Attorney or a certified true copy duly notarized or the relevant resolution or authority to make the application as the case may be, or duly notarized copy thereof, along with a certified copy of the Memorandum and Articles of Association and/or bye-laws and/or trust deed and/or partnership deed and Certificate of Registration should be submitted. The officials should sign the application under their official designation. A list of specimen signatures of the authorized officials, duly certified/attested should also be attached to the Application Form. In case of a Trust/Fund it shall submit a resolution from the Trustee(s) authorizing such purchases and Repurchase/Redemptions.

(ii) Returned cheques are not liable to be presented again for collection, and the accompanying application forms are liable to be rejected. In case the returned cheques are presented again, the necessary charges, if any, are liable to be debited to the Investor.

(iii) No request for withdrawal of application made during the New Fund Offer Period will be entertained.

(iv) It is expressly understood that at the time of investment, the investor / unit /holders has the express authority to invest in the units of the scheme and the AMC / Trustee / Mutual Fund will not be responsible if such investment in ultravires the relevant constitution. Subject to Regulations, the Trustee may reject any application received in case the application is found incomplete / invalid or for any other reason in the Trustee's sole discretion.

(v) RBI has vide Schedule 5 of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, granted a general permission to NRIs/ Persons of Indian Origin residing abroad (PIOs) and FIIs for purchasing / Repurchasing / Redeeming Units of the mutual funds subject to conditions stipulated therein.

24. Investments made on behalf of Minors

The following procedure has been followed by the investor in case of investment made on behalf of minors:

A. Accounts of Minors:

(i) The minor shall be the first and the sole holder in an account (folio). No joint holder will be allowed in a folio where the minor is the first or sole holder;

(ii) Guardian in the folio should either be a natural guardian (i.e. father or mother) or a court appointed legal guardian.

(iii) Copy of the document viz. birth certificate, passport copy, etc. evidencing date of birth of the minor and relationship of the guardian (natural or legal guardian) with the minor should be mandatorily provided while opening the folio.

(iv) AMC/ Mutual Fund will register standing instructions like SIP/ STP/SWP etc. in a folio held by a minor (existing or new folio) only till the date of the minor attaining majority, even though the instructions may be for a period beyond that date.

B. Change of Status from Minor to Major:

(i) All transactions/standing instructions/ SIP / STP / SWP etc. will be suspended i.e. the account will be frozen for operation by the guardian from the date of minor attaining majority. Prior to the minor attaining majority, the AMC/ Mutual Fund will send a notice to investors at their registered correspondence address advising the minor to submit, on attaining majority, an application form along with prescribed documents to change the status of the account from 'minor' to 'major'.

(ii) KYC Acknowledgment Letter of investor becoming major should also be provided.

However, for SIPs/STPs/SWPs registered prior to April 1, 2011, the AMC/Mutual Fund shall continue to process the existing SIP as registered beyond the date of the minor attaining major status till instruction from the major to terminate the SIP is received by the AMC/Mutual Fund along with the prescribed documents for change of account status from minor to major, if not submitted earlier. No new transactions / standing instructions / SIP / STP / SWP will be allowed by the guardian from the date of minor attaining majority.

C. Change of Guardian:

(i) In case of change in guardian of a minor, the new guardian must be a natural guardian (i.e. father or mother) or a court appointed legal guardian and should submit the requisite documents viz.

(ii) No Objection Certificate (NOC) or Consent Letter from existing guardian or Court Order for new guardian, in case the existing guardian is alive.

(a) KYC Acknowledgment Letter of new guardian should also be provided.

(b) Bank attestation attesting the signature of the new guardian in a bank account of the minor where the new guardian is registered as the guardian.

25. MODE OF PAYMENT

Resident Investors

All cheques and bank drafts should be drawn in favour of "Name of the Scheme & PAN No." and crossed "Account Payee Only" and payment must be made by a single Cheque/DD, payable locally.

a) For Investors having a bank account with such banks with whom the AMC would have an arrangement from time to time:

Payment may be made for subscription to the Units of the Scheme either by issuing a cheque drawn on such banks or by giving a debit mandate to their account with any branch of such banks with whom the AMC would have an arrangement from time to time.

b) For Investors other than Investors mentioned in (a) above: Payment may be made by cheque or bank draft drawn on any bank, which is situated at and is a member of the Bankers' Clearing House, located at the place where the application is submitted.

c) Electronic Transfer of Funds over the internet or by way of direct credit / RTGS/ NEFT to Designated Scheme Collection Account.

No cash, money orders, outstation cheques, post dated cheques (except in case of SIP investments) and postal orders will be accepted. In case of an applicant, who is resident of a city, whose banking clearing circle is different from that of any ISCs of the AMC, the AMC shall bear the bank charges incurred by the investor in obtaining the demand draft; except for Liquid Schemes (as per demand charges prescribed by State Bank of India) In that case, the investor can obtain a draft for investment amount net of draft charges. The AMC shall not refund any demand draft charges in cash.

d) Subscription received through a pre-funded instrument issued by the entities governed by Reserve Bank of India against cheque through Bank account / cash shall only be accepted for investments up to ₹ 50,000/-. Investor is required to provide a declaration that the payment has been made through legitimate sources by using the investor's pre-funded instrument(s) only.

26. NRIs / FIIs

Repatriation Basis

In case of NRIs, payment may be made either by inward remittance through normal banking channels or out of funds held in their Non - Resident (External) Rupee Account (NRE)/Foreign Currency (Non-Resident) Account (FCNR).

FIIs shall pay their subscription either by inward remittance through normal banking channels or out of funds held in Foreign Currency Account or Non-Resident Rupee Account maintained by the FII with a designated branch of an authorised dealer.

Non Repatriation Basis

In the case of NRIs, payment may be made either by inward remittance through normal banking channels or out of funds held in their Non-Resident Ordinary Rupee Account (NRO).

27. Non acceptance of third party Instruments: Third Party Instruments are defined as follows:

- a) When payment is made through instruments issued from an account other than that of the beneficiary investor, the same is referred to as Third-Party payment.
- b) It is clarified that in case of payments from a joint bank account, the first holder of the mutual fund folio has to be one of the joint holders of the bank account from which payment is made.

In accordance with PMLA and AMFI Guidelines dated August

16, 2010 on Risk mitigation process against Third-Party cheques in mutual funds subscriptions, applications to schemes of the fund accompanied by a Third Party payment will be rejected on and after November 15, 2010, except in the following cases

- a) Payment by Parents/Grand-Parents/related persons on behalf of a minor in consideration of natural love and affection or as gift for a value not exceeding ₹ 50,000/- (each regular purchase or per SIP installment)
- b) Payment by employer on behalf of employee under Systematic Investment Plans or lump sum / one-time subscription through payroll deductions.
- c) Custodian on behalf of an FII or a client.

The investors submitting their applications through above mentioned exceptional cases are required to comply with the following, without which applications for subscription of units shall be rejected / not processed /refunded.

Mandatory KYC for all investors (guardian in case of minor) and the person making the payment i.e. third party. In order for an application to be considered as valid, investors and the person making payment should attach their valid KYC Acknowledgment Letter to the application form.

The Mutual Fund shall adopt the following procedures to ascertain whether payments are Third Party Payments and investors are therefore required to comply with the requirements specified herein below.

(a) Source of funds - if paid by cheque

An investor at the time of his/her purchase of units must provide in the application form the details of his pay-in bank account (i.e. account from which a subscription payment is made) and his pay-out bank account (i.e. account into which redemption/ dividend proceeds are to be paid).

Identification of third party cheques by the AMC/Mutual Fund/ Registrar & Transfer Agent (R&TA) will be on the basis of either matching of pay-in bank account details with the pay-out bank account number/name/ signature of the first named applicant/ investor with the name/ account number/signature available on the cheque. If the name is not pre-printed on the cheque or signature on the cheque does not match, then the first named applicant/investor should submit any one of the following documents:

(i) an attested # copy of the bank passbook or a statement of bank account having the name and address of the account holder and account number;

(ii) a letter* (in original) from the bank on its letterhead certifying that the investor maintains an account with the bank, along with information like bank account number, bank branch, account type, the MICR code of the branch & IFSC Code (where available).

bank manager / authorized signatory of the Bank with his/ her full signature, name, employee code, designation and bank seal.

* In respect of (ii) above, it should be certified by the bank manager / authorized signatory of the Bank with his / her full signature, name, employee code, designation and bank seal. Investors can also avail of the facility of registering multiple bank accounts, by filling in the Multiple Bank Accounts Registration/Deletion Form, which is available on the website.

(b) Source of funds - if funded by pre-funded instruments such as Pay Order, Demand Draft, Banker's cheque etc.

In case of subscriptions received through these pre-funded instruments, such instruments should be accompanied with a certificate from the issuing banker (containing bank seal and name and employee number of issuing officials), stating the account holder's name and the account number which has been debited for issue of the instrument.

(c) Source of funds - if paid by RTGS, Bank Account-to- Account Transfer, NEFT, ECS, etc.

A copy of the instruction to the bank stating the account number debited must accompany the purchase application. The account number mentioned on the transfer instruction copy should be a registered bank account or the first named applicant/investor should be one of the account holders to the bank account debited for such electronic transfer of funds

Any other method of payment allowed by the Fund will also be covered under these provisions. All the above mentioned documents, to the extent applicable, are required to be provided along with the application form. In case the application for subscription is not in accordance with the above provisions, the AMC reserves the right to reject/not process the application and refund the subscription amount without interest.

(d) Source of funds - if paid by a pre-funded instrument issued by the entities governed by Reserve Bank of India against cheque through Bank account /cash:

Subscription received through a pre-funded instrument issued by the entities governed by Reserve Bank of India against cheque through Bank account / cash shall only be accepted for investments up to ₹ 50,000/-. Investor is required to provide a declaration that the payment has been made through legitimate sources by using the investor's pre-funded instrument(s) only.

The AMC reserves the right to verify the source of funds of the pre- funded instruments from the issuing entities and if the subscription is not made by using the investor's pre-funded instrument(s) the AMC will reject / not process the subscription application and refund the subscription amount without any interest.

28. Cheque Bouncing

In cases where the cheque(s)/instructions given by the Investor for the application made by him/her in the Scheme, are bounced (i.e. not realised) on presentation to the Bank on which it is drawn, the AMC/ Trustee/Mutual Fund reserves the right to reject the application and also restrain the said Investor from making any further investment in any of the Schemes of the Mutual Fund. The AMC/Trustee/Mutual Fund will not be responsible in

any manner whatsoever for any losses/ damages caused to the Investor as result of the AMC/Trustee/Mutual Fund rejecting the application on the basis of cheque bouncing and also for restraining the Investor from making any further investment in any of the Schemes of the Mutual Fund.

The Investor/Unitholder shall indemnify the AMC/Trustee/Mutual Fund at all times and keep the AMC/Trustee/Mutual Fund indemnified, saved and harmless against any and all claims, losses, damages, costs, liabilities and expense (including without limitation, interest and legal fees) actually incurred, suffered or paid by the AMC/ Trustee/Mutual Fund (directly or indirectly) and also against all demands, actions, suits proceedings made, filed, instituted against the AMC/Trustee/Mutual Fund (by the Investor or any third party), in connection with or arising out of or relating to the AMC/ Trustee/ Mutual Fund rejecting the application of the Investor on the basis of cheque bouncing and/or also for restraining the Investor from making any further investment in any of the Schemes of the Mutual Fund.

29. Multiple Bank Accounts Registration

The investors can register up to 5 Bank Accounts in case of individual/ HUF and 10 Bank Accounts in case of non-individual, in a folio to receive the redemption/dividend proceeds, selecting any one of the registered accounts as the default Bank account. The investors may also choose to receive the redemption/dividend proceeds in any of the registered bank account, by submitting the Multiple Bank Accounts Registration Form.

(a) In case of the existing investors, the existing bank mandate would be treated as default bank account till the investor gives a separate request to change the same to any other registered bank account.

(b) In case of new investors, the bank account mentioned on the purchase application form, used for opening the folio, shall be treated as default bank account till the investor gives a separate request to change the same to any of other registered bank account.

The investors are required to provide an application for registration of multiple bank accounts by submitting the Multiple Bank Accounts Registration Form with the following documents:

(1) Cancelled original Cheque with the first investor name and bank account number pre-printed on the face of Cheque OR

(2) Bank Statement not older than 3 months OR

(3) Bank Passbook with current entries not older than 3 months OR

(4) Bank Letter/Certificate duly signed by Bank Branch Manager/ Authorized Personnel stating the investor's bank account number, name of investor, account type, bank branch, MICR & IFSC code of the bank branch.

If photocopies of the above documents are submitted the investors must produce original for verification or a copy of the supporting documents duly attested by the Bank to the Official Point of Acceptance of Transaction of Quantum Mutual Fund.

30. Process for Change in Bank Mandate:

The investors are required to submit the Multiple Bank Accounts Registration Form with the following documents:

(1) Cancelled original Cheque with the first investor name and bank account number pre-printed on the face of Cheque OR

(2) Bank Statement / Pass book OR

(3) Bank Letter/Certificate duly signed by Bank Branch Manager/ Authorized Personnel stating the investor's bank account number, name of investor, account type, bank branch, MICR & IFSC code of the bank branch OR

(4) In case old bank account is already closed, a letter from bank covering the details stated in the point (3).

The AMC reserves right to collect any further documents in this regard.

If photocopies of the above documents are submitted the investors must produce original for verification or a copy of the supporting documents duly attested by the Bank to the Official Point of Acceptance of Transaction of Quantum Mutual Fund.

There shall be a cooling period of 10 days for validation and registration of new bank account. In case the redemption request received during this cooling period, the validation of Bank mandate and dispatch of redemption proceeds shall be completed within a period of 10 working days.

In case, the request for change in Bank Mandate is invalid / incomplete / dissatisfactory in respect of signature mismatch / document insufficiency / not complying with the requirements mentioned above, the request for such change will not be processed and redemption / Dividend proceeds if any shall be processed as per the last registered bank account with the Fund and will be used for such payments to investors.

31. Process of Change of Address

1. In case of KYC complied folios:

The investors are requested to get the Address changed in the KYC records and once the address of the investors are updated in the KYC records, the same will be get updated in our records. Therefore the investors are requested to first follow the procedure to change their address in the KYC records.

2. In case of Non KYC complied folios:

In case request for change of address is received from KYC non-compliant investors, such investors are requested to first complete the KYC procedure as the address details submitted for KYC would be updated in our records on the investor's KYC being Verified.

32. Consolidated Account Statement (CAS)

Pursuant to Regulation 36 of SEBI (Mutual Funds) Regulations, 1996, as amended from time to time and as per SEBI circular No. Cir/ IMD/ DF/16/ 2011 dated September 8, 2011, the investors whose transactions have been accepted by the AMC/Mutual Fund shall receive CAS as follows:

(i) On acceptance of the application for subscription, an allotment confirmation specifying the number of units allotted by way of email and/or SMS (if the mobile number is not registered under Do Not Call Registry) within 5 Business Days from the date of receipt of transaction request. The allotment confirmation will be sent to the applicant's registered e-mail address and/or mobile number. Investors are therefore requested to provide their email id and mobile number in the application form at the time of subscription.

(ii) Thereafter, a CAS for each calendar month shall be sent by mail / email on or before 10th of the succeeding month to the unit holders in whose folios transactions have taken place during the month. CAS shall contain details relating to all the transactions carried out by the investor across all schemes of all mutual funds during the month and holding at the end of the month. Such transactions shall include purchase, redemption, switch, dividend payout, dividend reinvestment, systematic investment plan, systematic withdrawal plan, systematic transfer plan and bonus transactions.

(iii) For the purpose of sending CAS, common investors with same holding pattern of the folio across mutual funds shall be identified by their Permanent Account Number (PAN).

(iv) In case of a specific request received from the Investors / unit holders, the AMC/Fund will provide the account statement to the investors / unit holders

within 5 Business Days from the date of receipt of such request.

(v) The CAS shall not be received by the Unit holders for the folio(s) not updated with PAN details. The unit holders are therefore requested to ensure that the folio(s) are updated with their PAN

(vi) In the event of the folio is having more than one registered / joint holders, CAS shall be sent to the first named unit holder and not to other registered / joint holders.

The investor may request for a physical Account Statement by writing / calling to the AMC / Investor Service Center / Registrar & Transfer Agent. The AMC and Mutual Fund shall provide the physical Account Statement to the investor within 5 Business Days from the receipt of such request without any charges.

Dormant Account Statement

The CAS detailing holding across all schemes of all mutual funds at the end of every six months (i.e. September/ March), shall be sent by mail/e-mail on or before 10th day of succeeding month, to all such investors / unit holders in whose folios no transactions has taken place during that period. The half yearly CAS will be sent by e-mail to the Unit holders whose e-mail address is available, unless a specific request is made to receive in physical.

Investors holding units in demat mode:

Please note that the statement of holding of the beneficiary account holder for units held in Demat will be sent directly by the respective Depository Participants periodically and the same would be deemed to be adequate compliance with the requirements of SEBI regarding dispatch of Statements of Accounts.

33. Separate Plan for Direct Investment

In accordance with the SEBI Circular No. Cir / IMD / DF/21/2011 dated September 13, 2012, the Mutual Fund/AMC shall provide a separate plan for direct investment i.e. investments not routed through a distributor and such separate expense plan shall have lower expense ratio excluding distribution expenses, commission etc., and no commission shall be paid from such plans and the plan shall also have a separate NAV.

Investors are requested to note that Quantum Mutual Fund is a direct to investor's Mutual Fund and does not charge / debit any distribution expenses to the schemes and does not pay any upfront or trail commission to distributors for investment routed through distributor whether empanelled with Quantum Mutual Fund or not since its inception.

Further, Quantum Mutual Fund does not deduct Transaction Charges as allowed under SEBI Circular No. Cir / IMD / DF/13/2011 dated August 22, 2011.

Quantum Mutual Fund shall continue not charging / debiting any distribution expenses to the schemes and does not pay any upfront or trail commission to distributors for investment routed through distributor whether empanelled with Quantum Mutual Fund or not.

Therefore, the Scheme shall not have a Separate Plan for receiving any investment applications either through distributors or directly from investors, and shall not declare separate NAV for application either through distributors or directly from investors for the Scheme.

34. ADDITIONAL FACILITIES:

a) INTER SCHEME SWITCHING:

Unit holders under certain Scheme(s) are given the option to switch part or all of their Unit holdings in the respective Options/ Facilities to other Scheme(s) established by the Mutual Fund. The Mutual Fund also, provides the investors the flexibility to switch their investments from any other scheme(s) offered by the Mutual Fund to a new scheme during the New Fund Offer period or on an ongoing basis. For details on Scheme(s) which offer such facility, please refer to the Scheme Information Document of the respective scheme(s).

This Option will be useful to Unit holders who wish to alter the allocation of their investment (subject to completion of lock-in period, if any, of the units of the scheme(s) from where the units are being switched) in order to meet their changed investment needs. Accordingly, to be effective, the Switch must comply with the Redemption rules of the Scheme and the issue rules of the other scheme (such as the minimum number of Units that may be redeemed or issued, Exit Load etc.) The price at which the Units will be switched out of the respective Scheme will be based on the Redemption Price, and the proceeds will be invested in the other scheme at the prevailing sale price for units in that scheme.

Intra - Scheme Switching option: (Between Growth Option and Dividend Option or between Dividend Facilities).

Investors can switch between different options / Facilities under the Scheme (For details on which Schemes offer such facility please refer Scheme Information Document). No Exit Load will be charged in respect of such Intra-Scheme Switching. Switches will take place at the applicable NAV based prices and the difference between the NAVs of the two options/ facilities will be reflected in the number of units allotted.

Switch Matrix (Applicable NAV)

The table below is for illustrative purposes only. The investors are requested to refer to the Scheme Information Document (SID) of the respective scheme for details.

Amount	Schemes	Cut off Time	Business Day followed by Business Day		Business Day followed by Non Business Day	
			Switch Out Scheme	Switch In Scheme	Switch Out Scheme	Switch In Scheme
EQUITY						
< ₹ 2 lacs	Equity to Equity	Up to 3.00 P.M	Same Business Day	Same Business Day	Same Business Day	Same Business Day
	Equity to Liquid	Up to 3.00 P.M	Same Business Day	Day Prior to T+3 Business Day	Same Business Day	Day Prior to T+3 Business Day
	Equity to FOF	Up to 3.00 P.M	Same Business Day	Same Business Day	Same Business Day	Same Business Day
	Equity to ETF*	Up to 3.00 P.M	Same Business Day	Same Business Day	Same Business Day	Same Business Day
₹2 lacs and above	Equity to Equity	Up to 3.00 P.M	Same Business Day	T+3 Business Day	Same Business Day	T+3 Business Day
	Equity to Liquid	Up to 3.00 P.M	Same Business Day	Day Prior to T+3 Business Day	Same Business Day	Day Prior to T+3 Business Day
	Equity to FOF	Up to 3.00 P.M	Same Business Day	T+3 Business Day	Same Business Day	T+3 Business Day
	Equity to ETF*	Up to 3.00 P.M	Same Business Day	T+3 Business Day	Same Business Day	T+3 Business Day
FOF						
< ₹ 2 lacs	FOF To FOF	Up to 3.00 P.M	Same Business Day	Same Business Day	Same Business Day	Same Business Day
	FOF To Liquid	Up to 3.00 P.M	Same Business Day	Day Prior to T+3 Business Day	Same Business Day	Day Prior to T+3 Business Day
	FOF to Equity	Up to 3.00 P.M	Same Business Day	Same Business Day	Same Business Day	Same Business Day
	FOF to ETF*	Up to 3.00 P.M	Same Business Day	Same Business Day	Same Business Day	Same Business Day
₹ 2 lacs and above	FOF To FOF	Up to 3.00 P.M	Same Business Day	T+3 Business Day	Same Business Day	T+3 Business Day
	FOF To Liquid	Up to 3.00 P.M	Same Business Day	Day Prior to T+3 Business Day	Same Business Day	Day Prior to T+3 Business Day
	FOF to Equity	Up to 3.00 P.M	Same Business Day	T+3 Business Day	Same Business Day	T+3 Business Day
	FOF to ETF*	Up to 3.00 P.M	Same Business Day	T+3 Business Day	Same Business Day	T+3 Business Day
LIQUID						
< ₹ 2 lacs	Liquid to Liquid	Up to 3.00 P.M	Same Business Day	Same Business Day	Day prior to Next Business Day	Day prior to Next Business Day
	Liquid to Equity	Up to 3.00 P.M	Same Business Day	Same Business Day	Day prior to Next Business Day	Next Business Day
	Liquid to FOF	Up to 3.00 P.M	Same Business Day	Same Business Day	Day prior to Next Business Day	Next Business Day

	Liquid to ETF*	Up to 3.00 P.M	Same Business Day	Same Business Day	Day prior to Next Business Day	Next Business Day
₹2 lacs and above	Liquid to Liquid	Up to 3.00 P.M	Same Business Day	Same Business Day	Day prior to Next Business Day	Day prior to Next Business Day
	Liquid to Equity	Up to 3.00 P.M	Same Business Day	Next Business day	Day prior to Next Business Day	Next Business day
	Liquid to FOF	Up to 3.00 P.M	Same Business Day	Next Business day	Day prior to Next Business Day	Next Business day
	Liquid to ETF*	Up to 3.00 P.M	Same Business Day	Next Business day	Day prior to Next Business Day	Next Business day

* As and when allowed during liquidity window

b) SINGLE FOLIO FACILITY

As an Investor friendly measure, unless otherwise requested by the Unitholder, one Folio Number may be assigned for one Unitholder having holdings in different schemes of the Mutual Fund. In such a case, one Consolidated Account Statement will be issued. The number of Units allotted/Repurchased/Redeemed will be reflected in his or her account and a statement to this effect will be issued to the Unitholder. The AMC reserves the right to assign the existing Folio Number against multiple applications and/or subsequent purchases under a new application form by an existing Unitholder, with identical mode of holding and address.

c) JOINT HOLDERS

In the event the account has more than one registered Unitholder the first-named Unitholder shall receive the Consolidated Account Statements, all notices and correspondence with respect to the account, as well as the proceeds of any Repurchase/Redemption requests or Dividends or other distributions. In addition, such holder shall have the voting rights, as permitted, associated with such Units as per the applicable guidelines. However, all documentation / purchase application / redemption requests / enrollment forms shall be necessarily be signed by all the holders.

The Unitholder must specify the 'mode of holding' in the application form as 'Jointly' or 'Anyone or Survivor'. In the case of holding specified as 'Jointly', Repurchase/Redemptions would have to be signed by all joint Unitholders. However, in cases of holding specified as 'Anyone or Survivor', any one of the Unitholders will have the power/authority to make Repurchase/Redemption requests, without it being necessary for all the Unitholders to sign. However, in all cases, the proceeds of the Repurchase/Redemption will be paid to the first-named Unitholder. In the event the account has more than one registered Unitholder and the mode of holding is not specified in the application form, the

default mode of holding would be considered to be 'Anyone or Survivor'.

In case of death/insolvency of any one or more of the persons named in the Register of Unitholders as the joint holders of any Units, the AMC shall not be bound to recognize any person(s) other than the remaining holders. In all such cases, the proceeds of the Repurchase/Redemption will be paid to the first-named of such remaining Unitholders.

For units held in demat mode where Depository Participation account is held in joint names, the rules of the Depository for operation of such Depository Participation accounts will be applicable.

d) UNIT CERTIFICATE

Normally no unit certificates will be issued under the scheme. However, if the unitholder so desire, the AMC shall issue a unit certificate to the unitholders within five working days from of the receipt of request for the certificate. The incidental cost of stamp duty paid for issuing the unit certificate may be recovered from the unitholder or may be charged to the scheme as per annual recurring expenses.

e) UNITS WITH DEPOSITORY

Units of the Scheme can be held with a depository. In such a case, the units will be held in accordance with the provisions of Depositories Act, 1996 and the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as may be amended from time to time.

(i) Necessary request for dematerialization of units can be submitted by the existing unit holders to their respective Depository Participants along with the account statement issued by the Fund. The same number of Units held in the physical mode shall be continued in the demat mode. Requests for dematerialization shall be processed within the thirty days or such other days as may be stipulated under

SEBI Regulations from the date of receipt of such a request, provided it complete and valid in all respects. Issuance of units in dematerialization mode may attract stamp duty, cost of which may be recovered from unit holders or may be charged to the scheme as per annual recurring expenses.

(ii) Unit holders have the option to rematerialize their existing demat units by giving rematerialisation request to the respective Depository Participant. On receiving the confirmation of demat unit balance, an account statement for the physical units shall be issued where the same number of units held in the demat mode shall be continued in the physical mode. The rematerialisation of demat units shall be processed within thirty days or such other days as may be stipulated under SEBI Regulations from the date of receipt of such a request, provided it is complete and valid in all respects.

The units held in demat shall be freely transferable in accordance with the provisions of Depositories Act, 1996 and the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 as may be amended from time to time except in case of units held in Equity Linked Saving Scheme (ELSS) during the lock-in period.

f) WEB TRANSACTIONS

The Mutual Fund / AMC / Registrar will accept Subscriptions/ Redemption/ Repurchase of Units by electronic mode through the AMC's website or the website(s) with which the AMC would have an arrangement from time to time subject to the investor fulfilling certain terms and condition prescribed by the AMC from time to time. Normally, the subscription proceeds, when invested through this mode, are by way of direct credit to the designated bank collection account of the Scheme. The Repurchase/Redemption proceeds, (subject to deduction of tax at source, if any) through this mode, are directly credited to the bank account of the Investors who have an account at the designated banks with whom the AMC has made arrangements from time to time. The intermediary will aggregate the data and forward the same to the AMC/ISC for processing.

The Mutual Fund, the AMC, the Trustee, along with its directors, employees and representatives shall not be liable for any damages or injuries arising out of or in connection with the use of the website(s) or its non-use including non-availability or failure of performance, loss or corruption of data, loss of or damage to property (including profit and goodwill), work stoppage, computer failure or malfunctioning or interruption of business, error, omission, interruption, deletion, defect, delay in operation or transmission, computer virus, communication line failure, unauthorized access or use of information. The system generated date and time of receipt of a

confirmed application from an investor for purchase/re-purchase/ redemption, switch-in or switch-out shall be considered for the purpose of determining the applicable NAV.

g) FAX SUBMISSION

In order to facilitate quick processing of transactions and/or instructions of Investors the AMC/Trustee/Mutual Fund may (at its sole discretion and without being obliged in any manner to do so and without being responsible and/or liable in any manner whatsoever) accept and process any applications, supporting documents and/or instructions submitted by an Investor/ Unitholder by facsimile ("Fax Submission") and the Investor/Unitholder voluntarily and with full knowledge takes and assumes any and all risks associated therewith.

The AMC/Trustee/Mutual Fund shall have no obligation to check or verify the authenticity or accuracy of Fax Submissions purporting to have been sent by the Investor and may act thereon as if same had been duly given by Investor.

The Investor/ Unitholder shall indemnify the AMC/Trustee/ Mutual Fund at all times and keep the AMC/Trustee/Mutual Fund indemnified, saved and harmless against any and all claims, losses, damages, costs, liabilities and expenses (including without limitation, interest and legal fees) actually incurred, suffered or paid by the AMC/Trustee/Mutual Fund (directly or indirectly) and also against all demands, actions, suits, proceedings made, filed, instituted against the AMC/ Trustee/Mutual Fund (by the Investor or any other third party), in connection with or arising out of or relating to the AMC/ Trustee/Mutual Fund accepting and acting pursuant to, in accordance with or relying upon, any Fax Submission signed by the Investor or authorised representative of the Investor. In all cases, the Investor will have to immediately after sending the fax also submits the original documents/ instructions to the AMC/Mutual Fund.

h) PLEDGE OF UNITS

The Units under the respective Scheme(s) (subject to completion of Lock-in Period, if any) may be offered as security by way of a pledge / charge in favour of scheduled banks, financial institutions, non-banking finance companies (NBFC's) or any other Body Corporate. The AMC and / or the ISC will note and record such Pledged Units. A standard form for this purpose is available on request from any of the ISCs. The AMC shall mark a lien only upon receiving the duly completed form and documents as it may require. Disbursement of such loans will be at the entire discretion of the bank / financial institution / NBFC or any other body concerned and the Mutual

Fund assumes no responsibility thereof. The Pledgor will not be able to redeem Units that are pledged until the entity to which the Units are pledged provides written authorisation to the Mutual Fund that the pledge / lien charge may be removed. As long as Units are pledged, the Pledgee will have complete authority to redeem such Units.

For units of the Scheme(s) held in electronic (demat) form, the rules of Depository applicable for pledge will be applicable for Pledge/Assignment of units of the Scheme(s). Pledgor and Pledgee must have a beneficial account with the Depository. These accounts can be with the same DP or with different DPs.

35. SPECIAL FACILITIES:

a) HOUSEHOLDING

When any communications are sent to each Unitholder by post/ courier it may result in certain households with one or more members as the Unitholders of the Scheme getting multiple copies. In such cases the AMC will club the database and send each such "household" a single communications. The AMC feels that this will not be inconvenience to the Unitholders. In case it does, Unitholders may write to the AMC, for additional copies.

b) CORPORATE SYSTEMATIC INVESTMENT PLAN (CORPORATE SIP) FACILITY

In case of Corporate SIPs, the Corporate would provide direct credit for the cumulative SIP investments of their employees/ officers. Further, the frequency of such SIPs may be customised by the AMC, at its discretion. In case of receipt of transfer of funds by way of direct credit instructions / any other electronic mode of transfer of funds for such SIPs, the date of allotting units under the Corporate SIP facility would be the date of receipt of a valid direct credit / transfer of funds instruction by the AMC.

c) TRIGGER FACILITY

This facility acts as a financial planning tool for information & initiating action. The investor can specify a specific event/ action, which may be related to time or value, or a specific event/ action in advance and when this event/action takes place the trigger will be intimated / get activated. This helps the unit holders to minimize the loss and/or timely booking of profits. Thus, this facility enables the unit holder to keep track of his investments without having to put in time and effort to track portfolio movements on a regular basis.

(i) Trigger Alert

Under this facility, Trigger Alert under all the Schemes (excluding ETFs) of the Fund will be provided to the investors by way of an Email and Short Messaging Service (SMS) on applicable Business Day on the happening of the following events:

(a) Change in the value of investment in terms of certain Amount / Percentage.

(b) Change in the NAV of the Scheme in terms of certain Amount / Percentage.

(c) Change in the BSE Sensex in terms of certain Points / Percentage.

(d) Change in the NSE Nifty in terms of certain Points / Percentage.

(ii) Trigger Alert and Activation

Under this facility, Trigger Alert under all the Schemes (excluding ETFs) of the Fund will be provided to the investors by way of an Email and Short Messaging Service (SMS) and Triggers (as stated in Trigger Alert) will be activated on applicable Business Day if the trigger hits the specifications /types provided by the investor for - Redemption / Switch / Transfer from Quantum Liquid Fund to any other open ended scheme of the Fund.

Under this facility, the investor can opt for the following:

a) Full / Partial Redemption / Switch / Transfer of Units / Amount

(b) Full / Partial Redemption / Switch / Transfer of original Investment

(c) Full / Partial Redemption / Switch / Transfer of gains (to the extent of capital appreciation only)

(d) Full / Partial Redemption / Switch / Transfer of original investment / gains (to the extent of capital appreciation only).

d) LISTING

In case of Open Ended Scheme

The Sale and Repurchase of Units will be made on continuous basis by the Mutual Fund, The Units of the Scheme are not proposed to be listed on any stock exchange. However, the Mutual Fund may at its sole discretion list the Units of the Scheme on one or more stock exchanges at a later date.

In case of Exchange Traded Fund

The units of the schemes are listed on the NSE. In future these units may be listed on other recognized Stock Exchange as the Fund deems fit.

e) FACILITATING TRANSACTIONS THROUGH DROP BOX / PICK UP FACILITY:

i) Drop Box Facility

Investors shall have an option to tender their application for subscription in the schemes of QMF through "Drop Box Facility" as may be arranged by the Fund / AMC through various service providers from time to time. Under this Drop Box Facility, Investors can drop the subscription application(s) in the Drop Boxes having the logo of the Fund available at various locations such as Housing Societies / Railway Stations / Airports / ATM's of the Bank as disclosed on the website www.QuantumMF.com/ www.QuantumAMC.com from time to time.

The following are the terms and conditions for the Drop Box Facility:

(a) The subscription application(s) complete in all respect along with the cheque for the subscription amount accompanied by the supporting documents as prescribed in SID / KIM / SAI of QMF should be enclosed in a sealed envelope and can be deposited in the Drop Boxes having logo of the Fund. The sealed envelope should contain the name of "Quantum Mutual Fund" on its face. The subscription application(s) incomplete in any respect will be liable to be rejected.

(b) The Drop Boxes will not be considered as an official point of acceptance of transactions (OPAT) of the Fund. No acknowledgement will be issued to the investor.

(c) The subscription application(s) deposited in the Drop Boxes will be sent to the nearest OPAT of the Fund i.e. office of Karvy Computershare Private Limited where it will be validated and time stamped.

(d) The cut off timing for the subscription application(s) for determining the applicable NAV will be the date and time when it will be time stamped at the OPAT and not when it is deposited at the Drop Box. Therefore, the day of validation and time stamping of application(s) need

not be the same and would be different from the day of depositing in the Drop Box.

(e) The Account Statement will be dispatched within the time prescribed in the SEBI (Mutual Fund) Regulations, 1996 for the valid application(s).

The Drop Box Facility is being offered to investors to facilitate submission of the subscription application(s) without visiting the OPAT. The Fund, AMC and Trustee shall have no obligation to check or verify the authenticity of deposits of the subscription application(s) along with necessary supporting documents in the Drop Boxes and act thereon. The investor will voluntarily undertake and acknowledge the risks related for using of the Drop Box Facility.

ii) FACILITATING TRANSACTIONS THROUGH PICK-UP FACILITY:

Investors shall have an option to get their application for subscription in the schemes of QMF collected through "Pick-up Facility" as may be arranged by the Fund / AMC through various Pick-up Service Provider(s) from time to time. Under this Pick-up Facility, Investors can call the Toll Free helpline of AMC for arranging pick-up of the subscription application(s) at various locations which shall be disclosed on the website [www.QuantumMF.com /](http://www.QuantumMF.com/) www.QuantumAMC.com from time to time.

The following are the terms and conditions for the Pick-up Facility:

The subscription application(s) complete in all respect along with the cheque for the subscription amount accompanied by the supporting documents as prescribed in SID / KIM / SAI of the Fund should be placed in a sealed envelope and will be handed over to the Pick-up Service Provider. The sealed envelope should contain the name of "Quantum Mutual Fund" along with the name of the Scheme on its face. The subscription application along with the cheque and the supporting documents would be subject to verification at the discretion of the Fund / AMC either at the time of Pick-up of the application or subsequently after pick-up. The subscription application(s) incomplete in any respect will be liable to be rejected.

b) The Pick-up Facility will not be considered as an Official Point of Acceptance of Transactions (OPAT) of the Fund. An acknowledgement issued by the Pick-up Service Provider to the investor is for the receipt of subscription application(s), the supporting documents and the cheque and not for the acceptance of subscription application(s).

c) The subscription application(s) collected by the Pick-up Service Provider will be sent to the nearest OPAT of the Fund i.e. office of Karvy Computershare Private Limited / AMC where it will be validated and time stamped.

d) The cut off timing for the subscription application(s) for determining the applicable NAV will be the date and time when it will be time stamped at the OPAT and not when it is collected by the Pick-up Service Provider. Therefore, the day of validation and

time stamping of application(s) need not be the same and would be different from the day of collection by the Pick-up Service Provider.

e) The Account Statement / Consolidated Account Statement will be dispatched within the time prescribed in the SEBI (Mutual Fund) Regulations, 1996 for the valid subscription application(s).

The Pick-up Facility is being offered to investors to facilitate submission of the subscription application(s) without visiting the OPAT. The Fund, AMC and Trustee shall have no obligation to check or verify the authenticity of the subscription application(s) collected/ picked up along with necessary supporting documents, cheque, and act thereon. The investor will voluntarily undertake and acknowledge the risks related for using of the Pick-up Facility.

The Fund , AMC, Trustee along with its directors, employees and representatives shall not be liable for any damages or losses arising out of or in connection with the use of the Drop Box / Pick-up Facility (whatsoever including non-availability or failure of performance, and / or without limitations, incidental and consequential damages, opportunity loss, loss of profit if any if the application is lost / misplaced after deposit in the Drop Box/ collected through the pick-up facility / and / or during the transit in between the Drop Box / pick-up facility and OPAT/ delayed receipt of the application at the OPAT.

The investor shall indemnify Fund , AMC, Trustee at all times and keep the Fund , AMC, Trustee indemnified, saved and harmless against any and all claims, losses, damages, cost, liabilities and expenses including without limitation, interest and legal fees actually incurred, suffered or paid by the Fund , AMC, Trustee directly or indirectly and also against all demands, actions, suits, proceedings made, filed against the Fund , AMC, Trustee in connection with accepting or non-accepting or acting on or non-acting on the subscription application(s) deposited in the Drop Boxes / collected through pick-up facility. The Fund, AMC, Trustee at its sole discretion and without being obliged in any manner to do so and without being responsible and / or liable in any manner whatsoever reserves the right to modify / change the terms and conditions including

withdrawal of the Drop Box / pick-up Facility at a later date on a prospective basis.

(f) Facilitating Transactions through Interbank Mobile Payment Services

Investors of Quantum Mutual Fund (Fund) shall have an option to pay subscription amount for the subscription application made on the website www.QuantumMF.com / www.QuantumAMC.com. through Interbank Mobile Payment Services (IMPS).

The following are the terms and conditions for the IMPS.

a) The investors, after filling an online application form, need to select the mode of payment as IMPS and then through payment screen enter the mobile number registered with his / her Bank and / or the Fund ; and the Mobile Money Identifier (MMID) and One Time Password (OPT) issued by his / her Bank.

b) The investors are required to contact his / her Bank for activating the IMPS services for his / her Bank account and for obtaining MMID and OPT. The procedure for obtaining MMID and OPT will differ for each Bank and may be changed from time to time by the Bank.

c) The list of the Banks for which payment can be made through IMPS is available on the website www.QuantumMF.com / www.QuantumAMC.com.

d) The investors are required to provide a declaration that the payment has been made through investor's bank account registered with the Fund and through legitimate sources only and does not involve and is not designed for the purpose of contravention of any Act, Rules & Regulations as applicable from time to time.

e) The Fund / AMC reserves the right to verify the sources of payment including verification of investor's bank account registered with the Fund and if the subscription is not made by using the investor bank account registered with the Fund, the Fund / AMC then shall have the right to reject / not process the subscription application and refund the subscription amount without any interest.

1. Unitholders of the Scheme have a proportionate right in the beneficial ownership of the assets of the Scheme.

2. When the Mutual Fund declares a dividend under the Scheme, the dividend warrants shall be dispatched within 30 days of the declaration of the dividend. In event of failure of dispatch of dividend within the stipulated 30 days period, the AMC shall be liable to pay interest @15% per annum to unitholders. The allotment confirmation reflecting the new or additional subscription of units shall be emailed/ SMS to the Unit Holder within 5 business days from the date of receipt to transaction request. CAS for each calendar month shall be sent by mail / email on or before 10th of the succeeding month to the unit holder in whose folio transaction have taken place. Provided if a Unitholder so desires the Mutual Fund shall issue a Unit certificate (non-transferable) within 5 working days of the receipt of request of certificate.

In case of Unitholders holding units in demat (electronic) mode, a demat statement will be sent by Depository Participant to the Unitholders.

The first-named Unit holder shall receive the Consolidated Account Statements, all notices and correspondence with respect to the account, as well as the proceeds of any Redemption requests or dividends or other distributions. In addition, such holder shall have the voting rights, as permitted, associated with such Units as per the applicable guidelines.

3. The Fund shall dispatch the Redemption proceeds to the Unitholders within 10 Business Days of receiving the redemption request. A penal interest of 15% or such other rate as may be prescribed by SEBI from time to time will be paid in case the Redemption proceeds are not made within 10 Business Days of the date of Redemption request.

4. The Trustee is bound to make such disclosures to the Unitholders as are essential in order to keep them informed about any information known to the Trustee which may have a material adverse bearing on their investments.

5. The appointment of the AMC for the Fund can be terminated by a majority of the Directors of the Trustee Board or by 75% of the Unitholders of the Scheme.

6. 75% of the Unitholders of the Scheme can pass a resolution to wind up the Scheme.

7. Unitholders have the right to inspect all the documents listed under "Documents Available for Inspection" in this SAI.

8. The Trustee shall obtain the consent of the Unitholders:

a) whenever required to do so by SEBI, in the interest of Unitholders

b) whenever required to do so if a requisition is made by three- fourths of the Unitholders of the Scheme.

c) when the Trustee decides to wind up the scheme or prematurely redeem the Units.

d) The Trustees shall ensure that no change in the fundamental attributes of the Scheme or the trust or fees and expenses payable or any other change which would modify the Scheme and affect the interests of Unitholders shall be carried out unless:

(i) written communication about the proposed change is sent to each Unitholder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the mutual fund is situated; and

(ii) the Unitholders are given an option to exit at the prevailing Net Asset Value without any Exit Load.

9. In specific circumstances, where the approval of unitholders is sought on any matter, the same shall be obtained by way of a postal ballot or such other means as may be approved by SEBI.

10. VOTING RIGHTS

Subject to the provisions of SEBI Regulations as amended from time to time, the consent of the Unitholders shall be obtained, entirely at the option of the Trustee either at a meeting of the Unitholders or through postal ballot. Only one Unitholder in respect of each folio or account representing a holding shall vote and he shall have one vote in respect of each resolution to be passed.

1. REDEMPTION/REPURCHASE OF UNITS

The Units can be sold back to the Mutual Fund on every Business Day at the Repurchase/Redemption Price. The Repurchase/Redemption request can be made for a minimum amount as specified in the Scheme Information Document / SID of the scheme. A Unitholder may request Repurchase/ redemption of a specified amount or a specified number of Units, the number of Units specified will be considered for deciding the Repurchase/Redemption amount. If only the Repurchase/Redemption amount is specified by the Unitholder, the Fund will divide the Repurchase/Redemption amount so specified by the Applicable NAV based price to arrive at the number of Units.

Unitholders may also request for Repurchase/Redemption of their entire holding and close the account by indicating the same at the appropriate place in the Repurchase/Redemption Request Form.

In case the Units are held in the names of more than one Unitholder, where mode of holding is specified as "Joint ", Repurchase/ Redemption requests will have to be signed by all the joint holders. However, in cases of holding specified as 'Anyone or Survivor', any of the Unitholders will have the power to make Repurchase/ Redemption request, without it being necessary for all the Unitholders to sign. However, in all cases, the Repurchase/ Redemption proceeds will be paid only to the first named holder.

The Repurchase/Redemption would be permitted to the extent of clear credit balance in the Unitholder's account. The Repurchase/Redemption request can be made by specifying the rupee amount or by specifying the number of Units to be repurchased / redeemed. If a Repurchase/Redemption request is for both, a specified rupee amount and a specified number of Units, the specified number of Units will be considered the definitive request. If only the Repurchase/ Redemption amount is specified by the Unitholder, the AMC will divide the Repurchase/ Redemption amount so specified by the Repurchase/Redemption Price to arrive at the number of Units. The request for Repurchase/Redemption of Units could also be in fractions, upto three decimal places. The minimum amount of Repurchase/ Redemption may be changed in future by the AMC. If the balance in the account of the Unitholder does not cover the amount of Repurchase /Redemption request, then the Mutual Fund is authorised to close the account of the Unitholder and send the entire such (lesser) balance to the Unitholder.

2. REPURCHASE/ REDEMPTION PRICE

Repurchase/ Redemption Price will be calculated on the basis of the Exit Load applicable for respective scheme. The Repurchase/ Redemption Price per Unit will be calculated using the following formula:

Repurchase/ Redemption Price = Applicable NAV * (1-Exit Load, if any)

3. REDEMPTIONS BY NRIS/FIIS

NRI / FII Unitholders may be request for repurchase /redemption of units held by them in accordance with the procedure described above and subject to any procedures laid down by the RBI, if any. Payment to NRI/FII Unitholders will be subject to the relevant laws/ guidelines of the RBI as are applicable from time to time (subject to deduction of tax at source as applicable).

In the case of NRIs Net sale/ maturity proceeds (net of tax) payments shall be:

(i) Credited only to NRE account of the NRI investor where the payment for purchase of Units repurchased/redeemed was made out of funds held in NRE account or

(ii) Credited, at the NRI investor's option, to his/her NRO account, where the payment for the purchase of the Units repurchased /redeemed was made out of funds held in NRO account or

(iii) Remitted abroad or at the NRI investor's option, credited to his/ its NRE/FCNR/NRO account, where the Units were purchased on repatriation basis and the payment for the purchase of Units repurchased /redeemed was made by inward remittance through normal banking channels or out of funds held in NRE/ FCNR account.

In the case of FIIs

Net amount of Repurchase/Redemption proceeds of such Units shall be credited to the foreign currency account or Non-Resident Rupee Account of the FII investor.

4. PAYMENT OF REPURCHASE /REDEMPTION PROCEEDS

(a) For Investors having a bank account with a bank with whom the AMC would have an arrangement from time to time.

Unitholders having a bank account with certain banks with whom the Mutual Fund would have an arrangement from time to time may avail the facility of Direct Credit to their account for Repurchase/ Redemption of the Units of the Scheme.

(b) For other Investors not covered by (a) above:

Repurchase /Redemption proceeds will be paid by cheque and payments will be made in favour of the Unitholders registered name and bank account number.

Please note that it is mandatory for the investors to provide their complete Bank Account details. Repurchase /Redemption cheques will be sent to the Unitholders address (or, if there is more than one holder on record, the address of the first-named holder). All Repurchase /Redemption payments will be made in favour of the registered holder of the Units or, if there is more than one registered holder, to the first registered holder.

As per SEBI Regulations, the Mutual Fund shall dispatch Repurchase /Redemption proceeds within 10 Business Days of receiving the Repurchase/Redemption request.

5. RIGHT TO LIMIT REPURCHASES / REDEMPTIONS

The AMC may, in the general interest of the Unitholders of the Schemes, keeping in view the unforeseen circumstances/unsure conditions, limit the total number of Units which may be Repurchased/ redeemed on any Business Day to 5% of the total number of Units of the scheme then in issue (or such higher percentage as the AMC may decide in any particular case). In addition, the Trustee reserves the right, in its sole discretion, to limit Repurchases/Redemptions with respect to any single account to an amount of ₹ 2 crore on a single Business Day. Any Units which by virtue of these limitations are not Repurchased/Redeemed on a particular Business Day will be carried forward for Repurchase/ Redemption to the next Business Day, in order of receipt. Repurchases/Redemptions so carried forward will be priced on the basis of the Repurchase/Redemption Price of the Business Day on which Repurchase/Redemption is made. Under such circumstances, to the extent multiple Repurchase/ Redemption requests are received at the same time on a single Business Day, Repurchase/Redemption will be made on pro-rata basis, based on the size of each Repurchase/Redemption request, the balance amount being carried forward for Repurchase/ Redemption to the next Business Day(s).

6. UNCLAIMED REDEMPTION / DIVIDEND AMOUNT

The Unclaimed redemption and dividend amounts may be deployed by the Fund in call money market or money market instruments only and the investors who claim these amounts during a period of 3 years from the due date shall be paid at the

prevailing Net Asset Value of the respective Scheme. After a period of 3 years, this amount will be transferred to a pool account and the investors can claim the amount at NAV prevailing at the end of the third year. The income earned on such funds may be used for the purpose of investor education. The AMC will make a continuous effort to remind the investors through letters to take their unclaimed amounts. Further, the investment management fee charged by the AMC for managing unclaimed amounts shall not exceed 50 basis points.

7. SUSPENSION OF SALE / REPURCHASE / REDEMPTION / SWITCHING OPTIONS OF THE UNITS

The Mutual Fund at its sole discretion reserves the right to withdraw Sale and/or Repurchase/Redemption or Switching of the Units in the Scheme temporarily or indefinitely, if in the opinion of the AMC the general market conditions are not favourable and/or suitable investment opportunities are not available for deployment of funds. However, the suspension of Sale/Repurchase/Redemption/ Switching either temporarily or indefinitely will be with the approval of the Trustee.

The Sale, Repurchase/Redemption and Switching of the Units may be temporarily suspended under the following conditions:

- (a) When one or more stock exchanges or markets, which provide basis for valuation for a substantial portion of the assets of the Scheme are closed otherwise than for ordinary holidays.
- (b) When, as a result of political, economic or monetary events or any circumstances outside the control of the Trustee and the AMC, the disposal of the assets of the Scheme are not reasonable, or would not reasonably be practicable without being detrimental to the interests of the Unitholders.
- (c) In the event of breakdown in the means of communication used for the valuation of investments of the Scheme, without which the value of the securities of the Scheme cannot be accurately calculated.
- (d) During periods of extreme volatility of markets, which in the opinion of the AMC are prejudicial to the interests of the Unitholders of the Scheme.
- (e) In case of natural calamities, war, strikes, riots and bandhs.
- (f) In the event of any force majeure or disaster that affects the normal functioning of the AMC or the ISC or Registrar.

(g) During the period of Book Closure.

(h) If so directed by SEBI.

The AMC reserves the right in its sole discretion to withdraw the facility of Sale and Switching Option of Units into and out of the Scheme, temporarily or indefinitely, if AMC views that changing the size of the corpus may prove detrimental to the existing Unitholders of the Scheme.

In the above eventualities, the time limits indicated, for processing of requests for sale and

Repurchase/redemption of Units will not be applicable. Suspension or restriction of Repurchase/Redemption facility shall be made applicable only after the approval of the Board of Directors of the AMC and the Trustee. The approval from the AMC Board and the Trustee Board giving details of circumstances and justification for the proposed action shall also be informed to SEBI in advance.

The Securities and Exchange Board of India (SEBI) has outlined investment valuation norms for the mutual funds to compute and carry out valuation of its investment in its portfolio under Regulation 47 and Eight Schedule of SEBI (Mutual Funds) Regulations, 1996 as amended from time to time.

SEBI vide its notification dated February 21, 2012 has amended Regulation 47 and Eight Schedule and has mandated the mutual funds to value its investments on Principal of Fair Valuation to ensure fair treatment to all investors including existing investors as well as investors seeking to purchase or redeem units of mutual funds in all schemes at all points of time.

As stated in the Notification, the Board of Directors of the Asset Management Companies are required to approve valuation policy and procedure on the basis of following criteria:

- (a) Valuation of securities /assets shall be reflective of the realizable value of the securities / assets.
- (b) Valuation shall be done in good faith and in true and fair manner.
- (c) Describe the process to deal with exceptional events where market quotations are no longer available.
- (d) Periodic review of valuation policy and procedure by the Board of Directors of Asset Management Company and Board of Trustee and by an independent auditor at least once in a financial year.
- (e) Address conflict of interest.
- (f) Disclosure of policy in the Statement of Additional Information and on the website of the Asset Management Company / mutual fund
- (g) Disclosure of deviation from the policy to the Board of Trustees / Asset Management Company / Investors.
- (h) Detection and prevention of incorrect valuation.
- (i) Inter Scheme Transfer.

The notification also prescribed that any conflict between the principles of fair valuation and valuation guidelines issued by SEBI, the Principles of Fair Valuation shall prevail.

The Board of Directors of Quantum Asset Management Company Private Limited ("AMC") and Quantum Trustee Company Private Limited ("Trustee") has approved the Investment Policy and the framework for valuation of investments of Quantum Mutual Fund in accordance with SEBI Notification dated February 21, 2012 effective from July 1, 2012 in its meeting held on May 25, 2012 and the same has been reviewed in the Board meeting held on 23rd Oct 2012 and 18th March 2013 respectively. The applicable policy is mentioned here below:-

The Board of Directors of the AMC has constituted a Valuation Committee comprising of the executives of the AMC. The valuation Committee is to review investment valuation norms from time to time and the process / procedure as may be applicable. The Valuation Committee will identify and deal with the exception events / process / procedure as mentioned (or not) in this policy. The decision of the valuation committee for any exceptional events / process / procedure will be informed to the Board of the AMC and Trustee in their next board meeting for their reference and / or ratification if required.

Valuation methodologies & Periodic Review

All the investments will be valued in accordance with the policy / procedure / process as mentioned (or not) in this policy and in accordance with Valuation methodology as prescribed by SEBI from time to time. This policy and procedure will be reviewed at least once in a financial year by an internal auditor. The periodic report from the internal auditor verifying appropriateness and accuracy of valuation of investments in accordance with this policy will be placed before the Board of AMC and Trustee.

Investment in new type of securities / assets other than mentioned in this policy shall be made only after establishment of the valuation methodologies for such securities / assets by the Valuation Committee comprising of the executives of the AMC with the approval of the Board of the AMC and Trustee.

Deviations & Escalation procedures

The responsibility of true and fairness of valuation and correct NAV shall be of the AMC. However, if the policies / process / procedures of valuation mentioned in this policy do not result in fair/ appropriate valuation / realistic realizable value, the valuation committee comprising of the executives of the AMC and the AMC shall deviate from the established policies and procedures in order to value the assets/ securities at fair / realisable value which may be more or less than the value determined according to the policies / process / procedures of valuation mentioned in this policy.

Provided that any deviation from the disclosed valuation policy / process / procedures may be allowed with appropriate reporting to Boards of the AMC and Trustee with appropriate disclosures to investors, which shall be done on the website at appropriate intervals.

Inter scheme Transfer

Inter Scheme Transfers of investments is not allowed as per the Investment Policy of the Fund.

Conflict of Interest

If any situation arises that leads to conflict of interest the same shall be raised to valuation committee and committee shall endeavour to resolve the same such that valuation provides for fair treatment to all investors including existing and prospective investors.

Exceptional events

In case of exceptional events as mentioned below, valuation committee of AMC shall assess the situation based on appropriate justification by the valuation authority and advise appropriate method of valuation of impacted securities. Such decision of valuation committee subsequently/suitably be reported to the Board of AMC and Trustee.

Policy announcements by central banks, government or any other regulatory agency.

Force majeure events which leads to closure of market exchanges

Non availability of traded prices, Matrix and weighted average traded prices not reflective of fair valuation

Any other event leading to high volatility and apparent distortion in market prices

Disclosure and record keeping

Policy documents will be updated in SID / SAI, website and other documents as prescribed by SEBI Regulations and guidelines. All the documents which form the basis of valuation shall be maintained in electronic form or physical papers as feasible from time to time.

1). Valuation of Equity and Equity Related Securities

a). Traded Equity shares

Traded equity shares are to be valued at the last quoted closing price on the National Stock Exchange. Where the equity share is not traded on the National stock exchange, the last quoted closing price of Bombay Stock Exchange may be used. If equity share is not traded on any stock exchange on a particular valuation day, the value at which it was traded on the National stock exchange or any other stock exchange, as the case may be, on the earliest previous day may be used, provided such date is not more than 30 days prior to valuation date. The valuation committee will decide to select the appropriate stock exchange with necessary information to Board Investment committee. Once a stock exchange has been selected for valuation, reasons for change of the exchange if any shall be recorded.

Freak scenario when the Sensex falls more than 8% at the end of day with respect to previous day's close. Valuation would be done as per the closing traded price on NSE. Per se, there will be no change in the valuation methodology.

b). Non Traded/Thinly Traded Equity Shares

If the equity and equity related securities are not traded on NSE or BSE stock exchange for a period of thirty days prior to the valuation date or it is thinly traded security as per SEBI guideline norms of trading less than 50000 shares in a month or trading value is less than ₹ 5 lacs in a month, then it be should be valued as per the norms given below:-

(i) Based on the latest available Balance Sheet, net worth shall be calculated as follows:

(ii) Net Worth per share = [share capital+ reserves (excluding revaluation reserves) - Misc. expenditure and Debit Balance in P&L A/c] Divided by No. of Paid up Shares.

(iii) Average capitalization rate (P/E ratio) for the industry based upon either BSE or NSE data (which should be followed consistently and changes, if any noted with proper justification thereof) shall be taken and discounted by 75% i.e. only 25% of the Industry average P/E shall be taken as capitalization rate (P/E ratio). Earnings per share (EPS) of the latest audited annual accounts will be considered for this purpose.

(iv) The value as per the net worth value per share and the capital earning value calculated as above shall be averaged and further discounted by 10% for ill-liquidity so as to arrive at the fair value per share.

(v) In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalized earning.

(vi) In case where the latest balance sheet of the company is not available within nine months from the close of the year, unless the accounting year is changed, the shares of such companies shall be valued at zero.

(vii) In case an individual security accounts for more than 5% of the total assets of the scheme, an independent valuer shall be appointed for the valuation of the said security.

C) Unlisted Equity shares

SEBI Circular No. MFD/CIR/03/526/2002 dated May 9, 2002 has prescribed the method of valuation for unlisted equity securities. These guidelines are similar to the guidelines issued by SEBI for non-traded / thinly traded securities mentioned above only except the following:

Computation of Net worth per share as lower of (a) and (b):

(a)

i) Net worth of the company = Paid up share capital + Reserves other than Revaluation reserve - Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses.

ii) Net worth per share = (Net worth of the company / Number of paid up shares).

(b)

i) Net worth of the company = Paid up capital + Consideration on exercise of Option/Warrants received/receivable by the company + free reserves other than Revaluation reserve - Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses.

ii) Net worth per share = (Net worth of the company / {Number of paid-up shares + number of shares that would be obtained on conversion/exercise of outstanding warrants and options}).

If the net worth of the company is negative, the share should be marked down to Zero.

(c)

Average capitalization rate (P/E ratio) for the industry based upon either BSE or NSE data shall be taken and discounted by 75% i.e. only 25% of industry average P/E shall be taken as capitalization rate (P/E ratio). Earnings per share of the latest audited annual accounts shall be considered for this purpose.

(d)

Computation of fair value per share to be considered for valuation at 15 % discount for illiquidity.

$[(\text{Net worth per share} + \text{Capitalized value of EPS}) / 2] * 0.85$

In case the latest balance sheet i.e. balance sheet prepared within nine months from the close of the accounting year of the company, is not available (unless the accounting year is changed) the shares should be valued as zero.

At the discretion of the valuation committee and with the approval of the Board Investment committee, unlisted equity scrip may be valued at a price lower than the value derived using the aforesaid methodology.

2). Valuation of Stock and Index Derivatives:

a) Equity / Index Options Derivatives

(i) Market values of traded open option contracts shall be determined with respect to the exchange on which contracted originally, i.e., an option contracted on the National Stock Exchange (NSE)

would be valued at the settlement price on the NSE. The price of the same option series on the Bombay Stock Exchange (BSE) cannot be considered for the purpose of valuation, unless the option itself has been contracted on the BSE.

The same shall be valued at settlement price. In case settlement price is not available closing price to be considered.

b) Equity / Index Futures Derivatives

(i) Market values of traded futures contracts shall be determined with respect to the exchange on which contracted originally, i.e., futures position contracted on the National Stock Exchange (NSE) would be valued at the settlement price on the NSE. The price of the same futures contract on the Bombay Stock Exchange (BSE) cannot be considered for the purpose of valuation, unless the futures contract itself has been contracted on the BSE.

(ii) The same shall be valued at settlement prices. In case the same is not available then closing price to be considered.

3). Valuation of Suspended Security:

In a case trading in an equity shares is suspended for trading on the stock exchange up to 30 days, then the last traded price would be considered for valuation of that shares.

If an equity shares is suspended for trading on the stock exchange for more than 30 days then valuation committee will decide the valuation.

4). Valuation of Partly Paid-up Equity Shares

If the partly paid-up equity shares are traded in market separately then the same shall be valued at traded price (like any other equity instrument). If the same is not traded separately then partly paid equity shares shall be valued at Underlying Equity shares price as reduced by the balance call money payable with illiquidity discount as suggested by valuation committee.

If the fully paid equity shares are not traded for more than 30 days, the same shall be valued as per valuation norms given for non-traded shares with necessary illiquidity discount as decided by valuation committee.

5). Valuation of Mutual Fund Unit (MFU)

Mutual fund units will be valued at the same day NAV as available on AMFI website. If the same day NAV is not available it will be valued at latest available NAV.

6). Valuation of Exchange Traded Fund (ETF)

ETFs shall be valued at closing prices available on the stock exchange i.e. NSE. If the price not available on NSE then the prices available on BSE will be considered. If price at both NSE and BSE are not available the latest NAV of the fund will be considered. In case of Freak trade, the valuation

would happen on the NAV. Freak trade would be said to occur when the Gold ETF units trades at a deviation of more than 2.00% from the real time fair value that is unexplained by the prevailing premium / discount in the domestic gold market. In case of Freak trade, the valuation would happen on the NAV. Freak trade would be said to occur in units of Quantum Index fund when the closing market price on exchanges of Quantum Index Fund ETF units is premium/discount by 1% to it's NAV for that day. In such cases Quantum Index ETF fund units will be valued at closing NAV of the day.

7). Valuation of Interest Rate Swap (IRS):

In case of IRS contracts, counter parties agree to exchange stream of interest payments on notional value at an agreed date. One party agrees to pay floating and another agrees to pay fixed rate of interest. Floating rate is decided on the basis of some benchmark such as NSE MIBOR/3 Day MIBOR.

Valuation of IRS involves valuation of streams of interest payments. The underlying security is valued in the same manner as was valued before entering into IRS contract.

Value of IRS contract is the present value of the difference between the fixed and floating interest to be received/paid on maturity of the contract. Floating rate interest till maturity is the interest accrued till the valuation date plus the interest on remaining period at reversal rate.

Reversal rate for the day is available on Reuters/Bloomberg for different maturities. The relevant rate is taken on the basis of maturity of the contract. However, if the maturity date falls between the two years, the reversal rate is arrived by interpolation on valuation date.

8). Valuation of Non -Traded Warrants

In respect of warrants to subscribe for shares attached to instruments, the warrants can be valued at Underlying Equity Price as reduced by the amount which would be payable on exercise of the warrant. Appropriate illiquidity discount to be provided with approval of valuation committee. If the amount payable on exercise of the warrants is higher than the value of the share, the value of the warrants should be taken as zero.

9). Valuation of Shares on De-merger and Other Corporate Action Events:

On de-merger following possibilities arise which influence valuation, these are:

Both the shares are traded immediately on de-merger: In this case both the shares are valued at respective traded prices.

Shares of only one company continued to be traded on de-merger: The cost of demerged entity will be bifurcated between 2 companies based on demerger ratio. The price of shares which is listed and traded after demerger will be valued at that

price. The price of shares which is not listed will be valued at price arrived at by difference in price between last traded price before demerger less the traded price of shares which is traded post demerger. It will also be ensured that total market value of both securities added together post demerger is equivalent to the pre demerger market value. This will be followed till 30 days. Post that if the prices are not available, then it will be valued based on fair price with necessary approval of valuation committee.

Both the shares are not traded on de-merger: Shares of de-merged companies are to be valued equal to the pre de-merger value up to a period of 30 days from the date of de-merger. The total cost value of shares post demerger should be bifurcated in the demerger ratio and should be equivalent to the pre demerger cost. The market price also will be bifurcated in same manner till both the companies are listed and traded post demerger. If post 30 days the prices are not available then it will be valued based on fair price with necessary approval of valuation committee.

In case of any other type of capital corporate action event, the same shall be valued at fair price on case to case basis with necessary approval of valuation committee.

10). Valuation of Non-Traded Thinly Traded Rights Entitlements:

Till the rights are subscribed, the entitlements as per Regulations have to be valued as under:

i) Where right entitlements are not subscribed to but are to be renounced, and where renouncements are being traded, the right entitlements have to be valued at traded renunciation value.

ii) Where right entitlements are not traded and it is decided not to subscribe the rights, the right entitlements have to be valued at zero.

iii) In case the Rights Offer Price is greater than the ex-rights price, the value of the rights share is to be taken as zero.

iv) In case original shares on which the right entitlement accrues are not traded on the Stock Exchange, right entitlement should be valued at zero

v) Valuations of non-traded/thinly traded/Unlisted rights entitlement, SEBI Regulations have explained this with the help of following formula and the security will be valued accordingly:

$$V_r = (P_{ex} - P_{of}) \text{ Where}$$

$$V_r = \text{Value of Rights}$$

$$P_{ex} = \text{Ex-right price}$$

$$P_{of} = \text{Rights offer price}$$

11). Valuation of Convertible Debentures

Non-convertible and convertible components are valued separately.

The non-convertible component shall be valued on the same basis as would be applicable to a non-convertible debt instrument mentioned in this policy.

The convertible component to be valued as follows:

i) Ascertain

- The number of shares to be received after conversion.
- Whether the shares would be pari passu for dividend on conversion.
- The rate of last declared dividend.
- Whether the shares are presently traded or non-traded/thinly traded.
- Market rate of shares on the date of valuation

ii) In case the shares to be received are, on the date of valuation, are thinly traded / non-traded, these shares to be received on conversion are to be valued as thinly traded / non-traded shares as stated.

iii) In case the shares to be received on conversion are not non-traded or thinly traded on the date of valuation and would be traded paripassu for dividend on conversion:

- a) Number of shares to be received on conversion, per convertible debenture, multiplied by the present market rate
- b) Determine the discount for non-tradability of the shares on the date of valuation.

(This discount should be determined in advance and to be used uniformly for all the convertible securities. Rate of discount should be documented and approved by the valuation committee.)

$$\text{Value} = (a) * \text{market rate} [1 - (b)]$$

iv) In case the shares to be received on conversion are not non-traded or thinly traded on the date of valuation but would not be traded pari passu for dividend on conversion:

- a) Number of shares to be received on conversion, per convertible debenture, multiplied by the present market rate
- b) Arrive at the market value of the shares on the date of valuation by reducing the amount of last paid dividend.
- c) Determine the discount for non-tradability of the shares on the date of valuation.

(This discount should be determined in advance and to be used uniformly for all the convertible securities. Rate of discount should be documented and approved by the valuation committee and Board Investment Committee.)

$$\text{Value} = (a) * \{b - [1 - (c)]\}$$

v) In case of optionally convertible debentures, two values must be determined assuming both, exercising the option and not exercising the option.

- If the option rests with the issuer, the lower of the two values shall be taken as the valuation of the optionally convertible portion, and;
- If the option rests with the investor, the higher of the two values shall be taken.

12). Valuation of Gold

For the purpose of Gold Valuation, process shall be as below:-

1. LBMA Gold Fixing: As per SEBI Guidelines Gold would be valued at AM fixing price available on the LBMA site for the day. In case the LBMA AM Fix is not published on a particular day then we would take an average international spot gold price rate prevailing on that day between half an hour before the London AM Fix time to half an hour later than the London AM Fix time. This would be done to value gold as close as possible to the fair value prevailing on the particular day when the LBMA Fix price is unavailable.

2. The Gold Premium and fixing charges for valuation purpose would be fixed on 1st working day of every month and same will be applicable for that month. Valuation committee will decide the same.

3. LBMA Gold price is quoted for USD/Oz for 999 fineness. For conversion of Troy Ounces to Kilogram we use the NYMEX conversion factor of 31.99 Troy ounces per kilogram for 995 purity. The fineness quotient is to be adjusted by using the factor 0.995996 (0.995/0.999) In Case if the gold lying in stock is of 999 fineness, the conversion factor would be 32.12 for 999 fineness.

4. To convert it into ₹/Kg, it has to be multiplied by INR reference rate from RBI. In case RBI reference rate for any day is not published the latest available reference rate will be considered.

5. The Indian levies in the form of custom duty, stamp duty octroi duty, VAT as applicable shall be added as applicable and as prescribed by relevant authorities to arrive at the final landed price of gold.

13). Valuation of Application Money for Primary Market Issue

i) Application money should be valued at cost up to 15 days from the closure of the issue. If the security is not allotted within 15 days from the closure of the issue, application money is to be valued as per the directives of valuation committee. Rationale of valuing such application money should also be recorded.

ii) Equity securities allotted and proposed to be listed, but not listed, are to be valued at cost till 15 days from the date of allotment and after 15 days, are to be valued as unlisted securities.

14). Valuation policy for Debt and Money Market instruments

The AMC has appointed ICRA Management consultants (IMACS), an independent external valuation agency approved by AMFI, to carry out the daily valuation of all debt and money market instruments held by the mutual fund by following all the procedures as laid below and provide the daily MTM prices for valuation with suitable rationale and justification.

A) CBLO, Repos and Fixed Deposits:

These instruments will be valued on interest accrual/ amortization basis.

B) Government securities (G-secs), treasury bills (T-bills), cash management bills and State Development Loans (SDLs), G.secs, T-bills and SDLs of any maturity would be valued based on the security level valuation as provided by IMAcS based on their proprietary valuation methodology as approved by AMFI.

C) Non-convertible debentures and Money Market instruments:

All securities would be valued daily based on available traded prices on FIMMDA's reporting platform (F-TRAC).

Trade Size:

CP/CDs: There should be at least 2 trades aggregating to 100 Crore or more in multiples of 5 crores.

Bonds: In case of bonds there should be minimum of two trades aggregating to 20 Crore or more in multiples of 5 Crore.

Weighted average yields of all trades would be taken for calculating traded price after ignoring all market inter-scheme trades and freak trades.

If traded price is not available for the security to be valued, then traded prices of securities of similar maturity issued by the same issuer which have a residual maturity (as per the table below) from the security held in the portfolio would be considered.

Residual Maturity of security	Between 0 to 91 days	Between 91 days and 1 year	Between 1 year and 5 year	Above 5 year
Days Band within a	Fortnightly calendar month	Calendar month	Calendar Quarter	Same Year

The traded yield so determined daily from (C.I) or (C.II) and the spread at which it has traded over its relevant benchmark matrix yield would be calculated. This spread would be used for pricing the security when its traded price is not available.

This spread thus, automatically gets revised based on newly traded data.

If traded prices are not available and/or does not represent fair valuation then the security would be valued based on the benchmark yield matrices for the relevant maturity as being prepared by IMAcS plus its last recorded spread over/under the matrix. In the absence of traded prices, the spread would be reviewed regularly by using, primary market trades, traded prices of securities of issuers having a similar long term credit rating, and/or on the opinion of the valuing agency in consultation with the AMC.

Other Points:-

The Mutual Fund's First trade / Self Trade of 5 crore or more would be considered for valuation at the weighted average yield of its trades. But if on the same day, market traded price satisfying (C.I) or (C.II) is available, then market traded price for valuation would be considered over the AMC self trade and the spread over/under the matrix for the same will be recorded.

Any security purchased in a lot size of less than 5 crore will be valued at constant spread over matrices recorded at the time of first purchase till its maturity. In case of further purchases in same security, new spread will be calculated based on weighted average spreads of the purchases. This security will be mark to market based on traded prices only when the security holding is 5 crore or more.

For securities with Put and call option, the put/call date would be taken as maturity date for securities with only call option, the value would be lowest of all call or maturity and in case of securities with put option the values would be higher of all put or maturity.

If the AMC believes that even after following all the process laid above, the security is not appropriately valued then the fair values would be determined by taking on record the assessment of the external valuing agency and the AMC investment team with a proper rationale for the same which would be documented and submitted to the valuation committee.

D) Perpetual Debt instruments, Derivatives, Securitized and structured debt instruments:

The Mutual fund will invest in these instruments only after the AMC formulates a valuation methodology for these instruments.

NPA's

Investment Grade and Non Performing or Non-Investment Grade and Non Performing Securities. Debt securities are considered as non-performing if the interest and/or principal amount have not been

received or remained outstanding for one quarter from the day such income/installment has fallen due. The definition of NPA may be applied after quarter part due date of interest. After the expiry of the 1st quarter from the date the income has fallen due, there will be no further interest accrual on the asset. From beginning of 2nd quarter there will be no further accrual on income. On classification of the asset as NPA from a quarter past due date of interest, all interest accrued and recognized in the books of accounts of the Fund till the date, should be provided for. Both secured and unsecured investments once they are recognized as NPA's call for provisioning in the same manner and where these are related to close ended scheme the phasing would be such that to ensure full provisioning prior to the closure of the scheme or the scheduled phasing whichever is earlier. The value of the asset must be provided in the following manner or earlier at the discretion of the fund. Fund will not have discretion to extend the period of provisioning. The provisioning against the principal amount or installments should be made at the following rates irrespective of whether the principal is due for repayment or not.

Provisioning to be made as follows:

- 10% of the book value of the asset should be provided for after 6 months past due date of interest i.e. 3 months from the date of classification of the asset as NPA.
 - Another 20% of the book value of the asset should be provided for after 9 months past due date of interest i.e. 6 months from the date of classification of the asset as NPA.
 - Another 20% of the book value of the asset should be provided for after 12 months past due date of interest i.e. 9 months from the date of classification of the asset as NPA.
 - Another 25% of the book value of the asset should be provided for after 15 months past due date of interest i.e. 12 months from the date of classification of the asset as NPA.
 - The balance 25% of the book value of the asset should be provided for after 18 months past due date of interest i.e. 15 months from the date of classification of the asset as NPA.
- (In case the security is held by a close-ended scheme and if the period i.e. 18 months past due date of interest, falls beyond the redemption date of the scheme, the aforesaid time phases of provisioning should be proportionately shortened to at least coincide with the redemption date of the scheme.)
- During the aforesaid period of provisioning any installment of redemption falls due and not received, the provided amount should be at least equal to the installment due but not received.
 - In case of bullet redemption (i.e. not in parts) entire amount to be provided if not received with in a period of 3 months from the due date.

If the valuation committee feels the percentage provision to be made is not adequate as mentioned above it will provide for higher percentage on case to case basis.

Process to be followed for valuation of assets that ceases to be a non-performing asset:

In case the asset is no longer a non-performing asset which means, if issuer of the security has paid all the arrears of interest / principal, the provision shall be written back (reduced) as follows:

=> 100% of the asset provided for in the books will be written back at the end of the 2nd calendar quarter where the provision of principal was made due to the interest defaults only.

=> 50 % of the asset provided for in the books will be written back at the end of the 2nd calendar quarter and 25% after every subsequent quarter where both installments and interest were in default earlier.

During the aforesaid period of two quarters (i.e. from the date it ceases to be non-performing asset to the date on which provisions are written back), if any redemption installment falls due and not received, provision will have to be made for the redemption installment.

It may be noted that part payment of outstanding interest shall not trigger write back of provisions except to the extent where after part payment of redemption installments, principal amount outstanding is less than the provision made.

Rescheduling of interest / redemption:

In case any company defaults either interest or principal amount and the fund has accepted a rescheduling of the schedule of payments, then SEBI has prescribed the following methodology for valuation of the security:

(i) In case it is a first rescheduling and only interest is in default, the status of the asset namely, 'NPA' may be continued and existing provisions should not be written back. This practice should be continued for two quarters of regular servicing of the debt. Thereafter, this be classified as 'performing asset' and valued accordingly. The interest provided is to be written back.

(ii) If the rescheduling is done due to default in interest and principal amount, the asset should be continued as non-performing for a period of 4 quarters, even though the asset is continued to be serviced during these 4 quarters regularly. Thereafter, this can be classified as 'performing asset' and valued accordingly. All the interest provided till such date should be written back.

(iii) If the rescheduling is done for a second/third time or thereafter, the characteristic of

NPA should be continued for eight quarters of regular servicing of the debt. Thereafter, this can be classified as 'performing asset' and valued accordingly. The provision should be written back only after it is reclassified as 'performing asset'.

Provisioning in case of Deep discount bonds

Deep discount bonds can be classified as NPAs if any of the following conditions are satisfied:

- If the rating of the Bond comes down to grade "BB" or below.
 - If the company is defaulting in their commitments in respect of other liabilities, if available.
 - If net worth is fully eroded.
- Provisioning to be made as follows:
- 10% of the book value of the asset should be provided for after 3 months, from the date of classification of the asset as NPA.
 - Another 20% of the book value of the asset should be provided for after 6 months, from the date of classification of the asset as NPA.
 - Another 20% of the book value of the asset should be provided for after 9 months, from the date of classification of the asset as NPA.
 - Another 25% of the book value of the asset should be provided for after 12 months, from the date of classification of the asset as NPA.
 - The balance 25% of the book value of the asset should be provided for after 15 months, from the date of classification of the asset as NPA.

(In case of security is held by the close-ended scheme and if the period i.e. 18 months past due date of interest, falls beyond the redemption date of the scheme, the aforesaid time phases of provisioning should be proportionately shortened to at least coincide with the redemption date of the scheme.)

Disclosure in the Half Yearly Portfolio Reports:

The mutual funds shall make scrip-wise disclosures of NPA's on half yearly basis along with the half yearly portfolio disclosure. The total amount of provisions made against the NPA's shall be disclosed in addition to the total quantum of NPA's and their proportion of the assets of the mutual fund scheme. In the list of investments an asterisk mark shall be given against such investments which are recognized as NPA's. Where the date of Redemption of an investment has lapsed, the amount not redeemed shall be shown as 'Sundry Debtors' and not investment provided that where an investment is redeemable by installments that will be shown as an investment until all installments have become overdue.

ACCOUNTING POLICIES AND STANDARDS

In accordance with Regulation 50 read with the Ninth Schedule to the SEBI Regulations, the

Schemes will follow the accounting policies and standards stated below:

a) The AMC, for each Scheme and its Plans, shall keep and maintain proper books of account, records and documents, so as to explain its transactions and to disclose at any point of time the financial position of the Scheme and, in particular, give a true and fair view of the state of affairs of the Fund.

b) For the purposes of the financial statements, the Scheme and its Plans shall mark all investments to market and carry investments in the balance sheet at market value. However, since the unrealized gain arising out of appreciation on investments cannot be distributed, provision shall be made for exclusion of this item when arriving at distributable income.

c) Dividend income earned by the Scheme and its Plans shall be recognized, not on the date the Dividend is declared, but on the date the share is quoted on an ex-Dividend basis. For investments, which are not quoted on the stock exchange, Dividend income would be recognized on the date of declaration of Dividend.

d) In respect of all interest-bearing investments, income shall be accrued on a day to day basis as it is earned. Therefore, when such investments are purchased, interest paid for the period from the last interest due date up to the date of purchase should not be treated as a cost of purchase but shall be debited to Interest Recoverable Account. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale must not be treated as an addition to sale value but shall be credited to Interest Recoverable Account.

e) In determining the holding cost of investments and the gains or loss on sale of investments, the "average cost" method shall be followed for each security.

f) Bonus shares to which the Scheme becomes entitled should be recognised only when the original shares on which the bonus entitlement accrues are traded on the stock exchange on an ex- bonus basis. Similarly, rights entitlements should be recognised only when the original shares on which the right entitlement accrues are traded on the stock exchange on an ex-rights basis

g) Transactions for purchase or sale of investments shall be recognized as of the trade date and not as of the settlement date, so that the effect of all investments traded during a financial year are recorded and reflected in the financial statements for that year. Where investment transactions take

place outside the stock market, for example, acquisition through private placement or purchases or sales through private treaty, the transaction would be recorded, in the event of a purchase, as of the date on which the Scheme obtains an enforceable obligation to pay the price or, in the event of a sale, when the Scheme obtains an enforceable right to collect the proceeds of sale or an enforceable obligation to deliver the instruments sold.

h) Where income receivable on investments has accrued but has not been received for the period specified in the guidelines issued by SEBI, provision shall be made by debiting to the revenue account the income so accrued in the manner specified by guidelines issued by the SEBI.

i) When Units are sold in the Scheme, an appropriate part of the sale proceeds shall be credited to an Equalization Account and when Units are Repurchased an appropriate amount shall be debited to Equalization Account. The net balance on this account shall be credited or debited to the Revenue Account. The balance on the Equalization Account debited or credited to the Revenue Account shall not decrease or increase the net income of the Fund but is only an adjustment to the distributable surplus. It shall therefore be reflected in the Revenue Account only after the net income of the Fund is determined.

j) When Units are sold, after considering the equalization as above, the difference between the sale price and the face value of the Unit, if positive, shall be credited to reserves and if negative, shall be debited to reserve, the face value being credited to Capital Account. Similarly, when the Units are Repurchased, after considering the equalization as above, the difference between the purchase price and face value of the Unit, if positive, shall be debited to reserves and, if negative, shall be credited to reserves, the face value being debited to the Capital Account.

k) The cost of investments acquired or purchased shall include brokerage, stamp charges and any charge customarily included in the broker's bought note. In respect of privately placed debt instruments any front-end discount offered shall be reduced from the cost of the investment.

l) Underwriting commission shall be recognized as revenue only when there is no devolvement on the Scheme and its Plans. Where there is devolvement on the Scheme and the Plans thereunder, the full underwriting commission received and not merely the portion applicable to the devolvement shall be reduced from the cost of the investment.

m) The Gold held by the Fund shall be valued at the AM fixing price of London Bullion Market

Association (LBMA) in US dollars per troy ounce for gold having a fineness of 995.0 parts per thousand, and for gold having a fineness of 999.0 parts per thousand, as per point no. 17 of Section V above.

The accounting policies and standards as mentioned above are in accordance with the Ninth Schedule of the SEBI Regulations and are subject to change as per any changes in the SEBI Regulations. All other policies and standards as specified therein, as well as any additions/modifications thereto as may be specified by SEBI from time to time shall be adhered to while preparing the books of accounts and financial statements of the Fund.

To provide appropriate details of the Schemewise deployment of the assets of the Fund, the AMC may adopt certain accounting policies and standards in accordance with the appropriate guidance notes issued by the Institute of Chartered Accountants of India as amended from time to time. The Trustee / AMC may alter these above stated accounting policies and standards from time to time, and also to the extent the guidance notes issued by the Institute of Chartered Accountants of India, and the SEBI Regulations change, so as to permit the Scheme to give a true and fair view of its state of affairs.

A. TAXATION ON INVESTING IN MUTUAL FUNDS

As per the taxation laws in force as at the date of the Document, the tax benefits / consequences that are available to 'Quantum Mutual Fund' and the investors investing in the Units of the various schemes of the Quantum Mutual Fund [on the assumption that the units are not held as stock-in-trade] are stated as follows.

The tax benefits described in this Document are as per the provisions of the 'Income-tax Act, 1961' ("the Act") and the Chapter VII of the Finance (No 2) Act, 2004' pertaining to the 'Securities Transaction Tax' ("STT") and are subject to the relevant conditions as laid down therein.

THE FOLLOWING INFORMATION IS PROVIDED FOR GENERAL INFORMATION ONLY. HOWEVER, IN VIEW OF THE INDIVIDUAL NATURE OF THE IMPLICATIONS, EACH INVESTOR IS ADVISED TO CONSULT WITH HIS OR HER OWN TAX ADVISORS/AUTHORISED DEALERS WITH RESPECT TO THE SPECIFIC TAX AND OTHER IMPLICATIONS ARISING OUT OF HIS OR HER PARTICIPATION IN THE SCHEME.

I. Tax Benefits / Consequences to the Mutual Fund

Quantum Mutual Fund is a Mutual Fund registered with the 'Securities and Exchange Board of India' ("SEBI"). In terms of section 10 (23D) of the Act any income of a Mutual Fund registered under the SEBI Act, 1992 or regulations made thereunder is exempt from income-tax. Accordingly, income received by the Quantum Mutual Fund is exempt from income-tax.

Consequently, the Mutual Fund will receive all income without any deduction of tax at source in accordance with the provisions of Section 196 (iv) of the Act.

Dividend Distribution Tax

On income distribution, if any, made by the Mutual Fund, an additional income-tax is payable, in case of its schemes under Section 115R of the Act (other than equity oriented mutual funds i.e. such fund where the investible funds are invested by way of equity shares in domestic companies to the extent of more than 65 percent of the total proceeds of such fund). The percentage of the equity share holding of the fund shall be computed with reference to the annual average of the monthly averages of the

opening and closing figures. The additional income-tax on the distribution of income is as follows:

Money market Mutual Fund/ Liquid Fund:

Category of unit holder	rate of tax
Individual/ Hindu Undivided Family ('HUF')	25%
Any other person	30%

The above rates shall be increased by applicable surcharge and educational cess.

Any other fund:

Category of unit holder	rate of tax	With effect from June 1, 2013
Individual/HUF	12.5%	25%
Any other person	30%	30%

The above rates shall be increased by applicable surcharge and educational cess.

Infrastructure Debt Fund Scheme:

Category of unit holder	With effect from June 1, 2013
Non-resident/Foreign Company	5%

As per the Act, a money market mutual fund means a money market mutual fund as defined in the SEBI (Mutual Fund) Regulations, 1996 and a liquid fund means a scheme or plan of a mutual fund which is classified by the SEBI as a liquid fund in accordance with the guidelines issued by it in this regard under the SEBI Act, 1992 or the regulations made thereunder.

As per the Act, an 'infrastructure debt fund scheme' means as assigned in clause (l) of regulation 49L of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 made under the Securities and Exchange Board of India Act, 1992.

The availability of credit for the dividend distribution tax in the hands of the non-resident investor would depend upon the tax laws of the country of which he is a resident and/or the applicable tax treaty of such country with India.

Securities Transaction Tax as per Chapter VII of the Finance (No. 2) Act, 2004 pertaining to STT, STT shall be payable, wherever applicable, as follows:

Taxable Securities Transaction Tax	Effective Rate	With effect from June 1, 2013	Payable by
Purchase of an equity share in a company, where the transaction of such purchase is entered on a recognized stock exchange; and the contract for purchase of such share is settled by actual delivery / transfer of such share.	0.10%	0.10%	Purchaser
Sale of an equity share in a company, where the transaction of such sale is entered on a recognized stock exchange; and the contract for sale of such share is settled by actual delivery / transfer of such share.	0.10%	0.10%	Seller
Sale of a unit of an equity oriented fund, where the transaction of such sale is entered into in a recognized stock exchange; and the contract for sale of such unit is settled by actual delivery / transfer of such unit.	0.10%	0.001%	Seller
Sale of an equity share in a company or a unit of an equity oriented fund, where the transaction of such sale is entered on a recognized stock exchange; and the contract for sale of such share or unit is settled otherwise than by actual delivery / transfer of such share or unit	0.025%	0.025%	Seller oriented Fund
Sale of a unit of an Equity Oriented Fund to the Mutual Fund	0.25%	0.001%	Seller
Sale of an option in securities	0.017%	0.017%	Seller
Sale of a futures in securities	0.017%	0.01%	Seller
Sale of an option in securities where the option is exercised	0.125%	0.125%	Purchaser

The value of taxable securities transaction will be as follows:

- In case of a taxable securities transaction relating to "Option in securities", shall be

i. the option premium, in respect of transaction of sale of an "options in securities";

ii. The settlement price, in respect of transaction of sale of an "option in securities", where option is exercised.

- In case of a taxable securities transaction relating to a derivative being "futures", shall be the price at which such "futures" is traded; and

- In the case of any other taxable securities transaction, shall be the price at which such securities are purchased or sold.

II. Tax benefit/ Consequences to Unit Holders a. Income Tax:

Under the provisions of Section 10(35) of the Act, any income received otherwise than its transfer (subject to the exemption of long term capital gains provided for in section 10(38) of the Act), in respect of units of Mutual Fund specified under section 10(23D) is exempt from income tax in the hands of the unit holders.

b. Capital Gains Tax:

i) Long Term Capital Gains:

Individuals, HUF, Partnership firms, Indian Companies, Foreign Companies:

- Long-term capital gains in respect of Units (other than units of an Equity Oriented Fund, as defined in Section 10(38) of the Act) held for a period of more than 12 months will be chargeable under Section 112 @ 20% (plus applicable surcharge and education cess).

- Capital Gains would be computed after deducting the following amount from the full value of consideration

i. Cost of acquisition of Units (as adjusted by Cost Inflation Index notified by the Central Government) and

ii. Expenditure incurred wholly and exclusively in connection with such transfer (excluding any sum paid on account of STT).

- The unit holder will have an option to apply concessional rate of tax @ 10% (plus applicable surcharge and education cess) provided the long term capital gain is computed without substituting indexed cost in place of cost of acquisition.

Further, in case of Individuals and HUF's, being resident, where taxable income as reduced by long-term capital gain, is below the basic exemption limit, the long-term capital gains will be reduced to the extent of the shortfall and only the balance long-term capital gain will be subjected to the flat rate of income tax at 20% (plus education cess) in case of indexation benefit is availed or 10% (plus applicable surcharge and education cess) in case of indexation benefit is availed or 10% (plus applicable surcharge and education cess) where indexation benefit is not availed.

In the case of non-resident (not being a company) or a foreign company the gain arising from transfer of long term capital asset, being a listed security in the nature of units of a mutual fund (except when the transaction has been subjected to STT in which case the gain will be exempt), will be subjected to income tax at the flat rate of 20% (plus applicable surcharge and cess) after availing the benefit of indexation. In case the long term capital asset transferred is an unlisted security it will be taxed at the rate of 10% (plus applicable surcharge and cess) without the benefit of indexation of cost and currency fluctuations.

Foreign Institutional Investors:

Long-term capital gains arising on sale/redemption of Units (subject to the exemption of long-term capital gains provided for in section 10(38) of the Act), held for a period of more than twelve months, would be taxed at the rate of 10 per cent under Section 115AD of the Act (plus applicable surcharge and education cess). Such gains would be calculated without indexation of cost and currency fluctuations.

Specified overseas financial organizations:

As per the provisions of section 115AB of the Act, long-term capital gains arising on sale/Redemption of Units purchased in foreign currency shall be liable to tax at the rate of 10 per cent (plus applicable surcharge and education cess). However, such gains shall be computed without the benefit of cost inflation indexation.

Exemptions from long-term capital gains

(i) Long term capital gains from the transfer of units of an Equity Oriented scheme would be exempt from income- tax as per section 10(38) of the Act, 1961. The Mutual Fund would recover STT @ 0.25% (0.001% w.e.f. June 1, 2013) from the unit holder when units are re-purchased by the mutual fund/redeemed by the investor.

(ii) Income by way of long term capital gain of a company shall be taken into account in computing the Book Profit under section 115JB. The matter is however not free from doubt in case of Corporate Foreign Institutional Investors.

(iii) As per the provisions of section 54EC of the Act and subject to the conditions and investment limits specified therein, long-term capital gains (subject to the exemption of long-term capital gains provided for in section 10(38) of the Act) arising on Repurchase or sale of unlisted Units shall be exempt from tax to the extent such capital gains are invested, within a period of six months of such transfer, in notified bonds and remain so invested as specified.

(iv) As per the provisions of Section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a HUF, capital gains (subject to the exemption of long-term capital gains provided for in section 10(38) of the Act) arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If part of such net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer

ii) Short Term Capital Gains

- Short term Capital Gains in respect of Units held for a period of not more than twelve months is added to the total income. Total income including short term capital gains is chargeable to tax as per the relevant tax rates to different categories of unit holders.

- As per Section 111A of the Income Tax Act, short-term capital gains on sale of units of an equity-oriented fund entered into on or after October 1, 2004, where such transaction of sale is chargeable to STT under Chapter VII of the Finance (No. 2) Act, 2004, shall be subject to tax at

a rate of 15 per cent (plus applicable surcharge and education cess).

Further, in case of resident individuals and HUF, where taxable income as reduced by short-term capital gains, is below the basic exemption limit, the short-term capital gains will be reduced to the extent of the shortfall and only the balance short-term capital gains will be subjected to the 15% flat rate of income-tax (plus applicable surcharge and education cess).

- However in case of Foreign Institutional Investors, short-term capital gains arising on sale/Repurchase of Units would be taxed at 30 per cent (plus applicable surcharge and education cess) (subject to the concessional rate of tax provided for in Section 111A of the Act).

- Also in case of Specified overseas financial organizations short-term capital gains arising on sale/Repurchase of Units would be taxed at 40 per cent in case of foreign companies and 30 per cent in case of others. (plus applicable surcharge and education cess).

c. Tax Deduction at Source

All Unit holders:

- No income-tax is deductible at source, on any income distribution by the Mutual Fund under the provisions of Section 194K and 196A of the Act.

- No income-tax is deductible at source by way of capital gains under the present provisions of the Act in case of residents. However under section 195 of the Act, tax shall be deducted at source by the Purchaser in case the units are sold to the non-residents (other than Foreign Institutional Investors and long term capital gains exempt under section 10(38) of the Act)

a. Rate of tax to be deducted at source in case seller is a non-resident other than a company -

Long term capital gains on sale of units other than units of equity oriented fund* (being unlisted securities) - see note 1	10% plus applicable surcharge and education cess
Short term capital gains on units of equity oriented funds referred to in section 111A*	15% plus applicable surcharge and education cess
Short term capital gains on units of funds other than equity oriented funds*	30% plus applicable surcharge and education cess

* unless a lower withholding tax certificate is obtained from the tax authorities

b. In case of a foreign company -

Long term capital gains on sale of units other than units of equity oriented fund* (being unlisted securities) - see note 1	10%plus applicable surcharge and education cess
Short term capital gains on units of equity oriented funds*	15%plus applicable surcharge and education cess
Short term capital gains on units of funds other than equity oriented funds*	40%plus applicable surcharge and education cess

* unless a lower withholding tax certificate is obtained from the tax authorities

Note 1 - In the case of listed securities in the nature of units of a mutual fund on which no STT is paid, the rate will be 20% plus applicable surcharge and education cess

- Under Section 196D of the Act, no deduction shall be made from any income by way of capital gains to Foreign Institutional Investors, in respect of transfer of securities referred to in Section 115AD of the Act.

- As per circular no. 728 dated October 1995 by Central Board of Direct Taxes, in the case of a remittance to a country with which a Double Taxation Avoidance Agreement ('DTAA') is in force, the tax should be deducted at the rate provided in the Finance Act of the relevant year or at the rate provided in DTAA whichever is more beneficial to the unit holder.

In terms of section 206AA of the Act where the unit holder, resident or non-resident, does not furnish its Permanent Account Number (PAN) to the mutual fund, then tax will be withheld at highest of the following rates:

- At the rates specified in the Act.
- At the rates in force.
- At the rate of 20%.

Deduction under section 80C

As per section 80C, and subject to the provisions, an individual/ HUF is entitled to a deduction from the Gross Total Income up to ₹1.lac (along with other prescribed investments) for the amounts invested in any units of a mutual fund referred to in section 10(23D) of the Act, under any plan

formulated in accordance with such scheme as the Central Government may notify.

- Gift of Units

With effect from 1 October 2009, as per the provisions of section 56(2)(vii) of the Act, certain specified property transferred, without consideration / adequate consideration, exceeding specified limits, are taxable in the hands of the recipient individual / HUF (subject to certain exceptions).

The term "property" includes shares and securities. Units of a mutual fund could fall within the purview of the term "securities".

As per the Act, "property" would refer to capital assets only.

- Clubbing of income

Subject to the provisions of section 64(1A) of the Act, taxable income accruing or arising in the case of a minor child shall be included in the income of the parent whose total income is greater or where the marriage of the parents does not subsist, in the income of that parent who maintains the minor child. An exemption under section 10(32) of the Act, is granted to the parent in whose hand the income is included upto ₹1,500/- per minor child. When the child attains majority, the tax liability will be on the child.

- Securities Transaction Tax

All Unit Holders

As per Chapter VII of the Finance Act (No. 2) Act, 2004 pertaining to STT, the STT shall be payable by the seller at the rate 0.25 per cent (0.001% w.e.f. June 1, 2013) on the sale of a unit of an equity-oriented fund to the mutual fund.

- TAX TREATMENT IN SPECIAL CIRCUMSTANCES

Under the provisions of Section 94(7) of the Act, loss arising on sale of Units, which are bought within 3 months prior to the record date (i.e. the date fixed by the Mutual Fund for the purposes of entitlement of the Unit holders to receive income or additional units without any consideration, as the case may be) and sold within 9 months after the record date, shall be ignored for the purpose of computing income chargeable to tax to the extent of exempt income received or receivable on such Units.

Under the provisions of Section 94(8) of the Act, where any person purchases Units ('original units') within a period of 3 months prior to the record date, who is allotted additional Units without any

payment and sells all or any of the original Units within a period of 9 months after the record date, while continuing to hold all or any of the additional Units, then any loss arising on sale of the original Units shall be ignored for the purpose of computing income chargeable to tax. The amount of loss so ignored shall be deemed to be the cost of purchase of the additional Units as are held on the date of such sale.

OTHER BENEFITS:

Investments in Units of the Mutual Fund will rank as an eligible form of investment under Section 11(5) of the Act read with Rule 17C of the Income-tax Rules, 1962, for Religious and Charitable Trusts. The tax benefits to the Mutual Fund and Unit Holders is in accordance with the prevailing tax laws

TAX TREATY BENEFITS

As per section 90(2) of the Act the non-resident has an option to be governed by the provision of the Act or the provisions of a Tax Treaty that has entered into with another country of which the non-resident is a tax resident, whichever is more beneficial. The provision of Section 195 and/or 197 of the Act would however need to be complied with in this regard.

In terms of the Finance Act 2012, a new sub section 90(4) has been introduced in terms of which the benefit of a Tax Treaty would not be available to a non-resident assessee unless a certificate of it being a resident of the other country in the prescribed format is obtained from the Government of that country

a. WEALTH-TAX

Units of the Mutual Fund are not treated as assets as defined under Section 2(ea) of the Wealth-tax Act, 1957 and therefore would not be liable to wealth-tax.

b. GIFT-TAX

The Gift-tax Act, 1958 has ceased to apply to gifts made on or after October 1, 1998. Gift of Units of Mutual Funds would therefore, be exempt from gift-tax.

SWITCHING FROM ONE SCHEME TO ANOTHER

Switching from one scheme/option to another scheme/option will be effected by way of redemption of units of the relevant scheme/ option and reinvestment of the redemption proceeds in the other scheme/option selected by unit holder.

Hence switching will attract the same implications as on transfer of such units.

The above Statement of Possible Direct Tax Benefits/ Consequences sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of mutual fund units. The statements made above are based on the tax laws in force (including amendments made vide the Finance Act, 2013), Chapter VII of the Finance (No.2) Act, 2004 pertaining to Securities Transaction Tax, and as interpreted by the relevant taxation authorities as of date. The proposals of the proposed Direct Taxes Code Bill have not been considered therein. Investors/Unit Holders are advised to consult their tax advisors with respect to the tax consequences of the purchase, ownership and disposal of mutual fund units.

B. LEGAL INFORMATION

1. NOMINATION FACILITY

Nomination shall be mandatory for new folios/accounts opened by an individual especially with sole holding and no new folios/accounts for individuals in single holding would be opened without nomination. However, investors who do not wish to nominate must sign separately confirming their non-intention to nominate. Where the Units are held by more than one person jointly, the joint Unitholders shall together nominate one or more persons in whom all the rights in the Units shall vest in the event of death of all the joint Unitholders. Nomination is not allowed in a folio held on behalf of a minor.

The Multiple Nomination Facility has been provided to enable Unitholders to nominate more than one person, subject to a maximum of three, in whom the Units held by the Unitholder shall vest in the event of the demise of the Unitholder. Accordingly, multiple nominees can be made per folio. Existing and new investors can make a fresh nomination which will supersede all existing nominations in the folio by filing a fresh nomination form. In case of multiple nominations, it is mandatory for unitholders to indicate the percentage allocation in favour of the nominees in the nomination forms/ requests letter in whole numbers such that it totals to 100%, so that the AMC can execute its obligations to the unitholders. If the percentage allocation is not mentioned or is left blank, the AMC shall apply the default option of equal distribution among all the nominees as designated by the deceased Unitholder.

A nomination in respect of the Units does not create an interest in the property after the death of the Unitholder. The nominee/s shall receive the

Units only as an agent/s and trustee/s for the legal heirs or legatees as the case may be. It is, hereby, clarified that the nominees under the nomination facility provided herein shall not necessarily acquire any title or beneficial interest in the property by virtue of this nomination.

Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of Power of Attorney cannot nominate. The Nominee shall not be a trust other than a religious or charitable trust, society, body corporate, partnership firm, Karta of Hindu Undivided Family or a Power of Attorney holder. A minor can be nominated and in that event, the name and address of the guardian of the minor nominee shall be provided by the unitholder.

Nomination can also be in favour of the Central Government, State Government, a local authority, any person designated by virtue of these offices or a religious or charitable trust. A non-resident Indian can be a Nominee subject to the exchange controls in force from time to time. Nomination in respect of the Units stands rescinded upon the Repurchase/Redemption of Units. Cancellation of nomination can be made only by those individuals who hold Units on their own behalf singly or jointly and who made the original nomination. On cancellation of the nomination the nomination shall stand rescinded and the Mutual Fund / AMC shall not be under any obligation to transfer the Units in favour of the nominee/s. The nomination facility extended under the Scheme is in accordance with SEBI regulations and subject to other applicable laws. Transmission of the Units in the name of the nominee/s shall discharge the AMC from any liability towards the successor(s)/heir(s) of the deceased Unitholder(s). However, the AMC may request the nominee/s to execute suitable indemnities in favour of the AMC, and to submit necessary documentation to the satisfaction of the Mutual Fund before transmitting Units to his / her/their favour. Nominations received in the form prescribed by the Mutual Fund alone shall be valid. The AMC shall, subject to production of such evidence, which in their opinion is sufficient, proceed to effect the payment to the Nominee/s. Transmission of Units/payment to the nominee/s of the sums shall discharge the Mutual Fund / AMC of all liability towards the estate of the deceased Unitholder and his/ her/their successors/legal heirs.

In case of joint holders all holders will have to sign on the Nomination Form and all holders will have to jointly appoint only one set of nominee/s. Nomination form cannot be signed by Power of Attorney (POA) holders.

Further, if either the Mutual Fund and/or the AMC incur any loss whatsoever arising out of any litigation or harm that it may suffer in relation to the

nomination, they will be entitled to be reimbursed absolutely from the deceased Unitholders' estate.

Investors / Unitholders are advised to read the instructions carefully before nominating.

The AMC / Trustee can call for such documents from the nominee as the AMC/Trustee deems necessary.

In cases where the Units are pledged/ charged, the nominee shall not be entitled to the transmission of Units in his/her name until the entity to which the Units are pledged/ charged provides written authorisation to the Mutual Fund to transmit the Units to the nominee. Further the nominee on transmission shall not be able to redeem/ switch Units that are pledged/ charged until the entity to which the Units are pledged provides written authorisation to the Mutual Fund that the pledge / charge may be removed. As long as Units are pledged, the Pledgee will have complete authority to Redeem/ Repurchase such Units.

In case of Pledge of Units, the obligation of the pledge shall be transmitted to the nominee. The Units will be transmitted to the nominee only on production of an NOC by the nominee Nomination forms can be obtained from the offices of the AMC and ISC.

For units of the Scheme(s) held in electronic (demat) form with the Depository, the nomination details provided by the Unit holder to the depository will be applicable to the Units of the Scheme. Such nomination including any variation, cancellation or substitution of Nominee(s) shall be governed by the rules and bye-laws of the Depository. Payment to the nominee of the sums shall discharge the Mutual Fund of all liability towards the estate of the deceased Unit holder and his/her legal successors/legal heirs. In case nomination has been made for DP account with joint holders, in case of death of any of the joint holder(s), the securities will be transmitted to the surviving holder(s). Only in the event of death of all the joint holders, the securities will be transmitted to the nominee. In case nomination is not made by the sole holder of DP account, the securities would be transmitted to the account of legal heir(s), as may be determined by an order of the competent court.

2. TRANSFER / TRANSMISSION FACILITY

The Mutual Fund will be repurchasing/redeeming Units (subject to lock-in period) on an ongoing basis and hence the transfer facility is found redundant. However, if a transferee becomes a holder of the Units by operation of law or in case of joint holding or upon enforcement of a pledge, the AMC shall, subject to production of such evidence,

which in their opinion is sufficient, proceed to effect the transfer, if the intended transferee is otherwise eligible to hold the Units, within 30 days from the date of the receipt of all relevant documents, as specified under SEBI Regulation.

Any addition/deletion of name from the folio of the Unitholder is deemed as transfer of Units. In view of the same, additions/deletions of names will not be allowed under any folio of the Scheme. The said provisions in respect of deletion of names will not be applicable in case of death of a Unitholder (in respect of joint holdings) as this is treated as transmission of Units and not transfer.

A person becoming entitled to hold the Units in consequence of the death, insolvency, or winding up of the sole Unitholder or the survivors of joint Unitholders, upon producing evidence and documentation to the satisfaction of the Mutual Fund and/or AMC and upon executing suitable indemnities in favour of the Mutual Fund and the AMC, shall be registered as a Unitholder.

In the case of the Transmission, if the units are held in a single name by the Unitholders, Units shall be transmitted in favour of the nominee where the Unitholder has appointed a nominee upon production of death certificate or any other documents to the satisfaction of the AMC / Registrar. If the Unitholder has not appointed a nominee or in the case nominee dies before the unitholder, the Units shall be transmitted in favour of as otherwise directed by the unitholder's personal representative(s) on production of the death certificate and / or any other documents to the satisfaction of the AMC / Registrar. If units are held by more than one registered unitholders, then, upon death of one of the Unitholders, the Units shall be transmitted in favour of the remaining unitholder(s) (in the order in which the names appear in the register of Unitholders, with the Registrar) on production of a death certificate and / or any other documents to the satisfaction of the AMC / Registrar and to the nominee only upon the death of all the Unitholders. However, in case of joint holdings with a minor as the first holder, the units will be vested in the legal heirs of the minor, in the event of the death of the minor.

The unitholder is required to submit the following prescribed documents for transmission depending on the requirements under various situations as mentioned below:

a) Transmission to surviving unit holders in case of death of one or more unitholders:

- Letter from surviving unitholders to the AMC / Mutual Funds requesting for transmission of units,

- Death Certificate in original or photocopy duly notarized or attested by gazette officer or a bank manager*,

- Bank Account Details of the new first unit holder as per specified format along with attestation by a bank branch manager* or cancelled cheque or bank statement bearing account details and account holders name.

- KYC of the surviving unit holders, if not already available.

b) Transmission to registered nominee/s in case of death of Sole or All unit holders:

- Letter from claimant nominee/s to the AMC / Mutual Fund requesting for transmission of units,

- Death Certificate/s in original or photocopy duly notarized or attested by gazette officer or a bank manager*,

- Bank Account Details of the new first unit holder as per specified format along with attestation by a bank branch manager* or cancelled cheque or bank statement bearing the account details and account holders name.

- KYC of the claimant/s,

Indemnity duly signed and executed by the nominee/s. if the transmission amount is equal to or more than the Threshold Limit as determined by the AMC/ Mutual Fund. (Currently the "Threshold Limit" is ₹ One lakh per investor/PAN).

c) Transmission to claimant/s, where nominee is not registered, in case of death of Sole or All unit holders:

- Letter from claimant/s to the AMC / Mutual Fund requesting for transmission of units,

- Death Certificate/s in original or photocopy duly notarized or attested by gazette officer or a bank manager*,

- Bank Account Details of the new first unit holder as per specified format along with attestation by a bank branch manager* or cancelled cheque or bank statement bearing the account details and account holders name.

- KYC of the claimant/s,

- Indemnity Bond from legal heir/s as per specified format.

- Individual affidavits from legal heir/s as per specified format.

- If the transmission amount is below ` One Lakh, any appropriate document evidencing relationship of the claimant/s with the deceased unitholder/s.

- If the transmission amount is ` One Lakh or more: Any one of the documents mentioned below:

i) Notarised copy of Probated Will, or

ii) Legal Heir Certificate or Succession Certificate or Claimant's Certificate issued by a competent court, or iii) Letter of Administration, in case of Intestate Succession.

d) Transmission in case of HUF, due to death of Karta:

- Letter Requesting for change of Karta,

- Death Certificate in original or photocopy duly notarized or attested by gazette officer or a bank manager*,

- Duly certified Bank certificate stating that the signature and details of new Karta have been appended in the bank account of the HUF as per specified format,

- KYC of the new Karta and KYC of HUF, if not already available.

- Indemnity bond signed by all the surviving coparceners and new Karta as per specified format.

- In case of no surviving co-parceners OR the transmission amount is ₹ One Lakh or more OR where there is an objection from any surviving members of the HUF, transmission should be effected only on the basis of any of the following mandatory documents:

1. Notarized copy of Settlement Deed, or

2. Notarized copy of Deed of Partition, or

3. Notarized copy of Decree of the relevant competent Court

- In case of certification by bank manager, the document should be certified by the bank manager with his / her full signature, name, employee code, bank seal and contact number.

If the transmission amount is equal to or more than the Threshold Limit as defined above, the AMC/ Mutual Fund reserves the right to seek additional documents on a case-to- case basis.

The units held in the demat mode will be transferable and will be subject to transmission

facility in accordance with the provisions of SEBI (Depositories and Participants) Regulations 1996, as may be amended from time to time.

The delivery instructions for transfer of units will have to be lodged with the DP in the requisite form as may be required from time to time and transfer will be effected in accordance with such rules/regulations as may be in force governing transfer of securities in dematerialized mode.

3. PREVENTION OF MONEY LAUNDERING ACT, 2002

In terms of the Prevention of Money Laundering Act, 2002, the Rules issued there under and the guidelines/circulars issued by SEBI regarding the Anti Money Laundering (AML Laws), all intermediaries, including Mutual Funds, have to formulate and implement a Client Identification Programme, verify and maintain the record of identity and address(es) of investors.

The SEBI Register Intermediaries are advised to take necessary compliance of the Act, inter-alia maintenance and preservations of records and reporting of information relating to Cash and suspicious transactions to Financial Intelligence Unit-India (FIU-IND) New Delhi.

SEBI issued circular a master circular on December 31, 2012 for Anti Money Laundering (AML) Standards / Combating the Financing of Terrorism (CFT) / Obligations of Securities Market Intermediaries. SEBI has also issued various directives through circulars, from time to time, covering issues relating to Know Your Client (KYC) norms and Anti-Money Laundering.

The unitholder (s) should ensure that the amount invested in the Scheme is through legitimate sources only and does not involve and is not designated for the purpose of any contravention or evasion of the provisions of the Income Tax Act, Prevention of Money Laundering Act, Prevention of Corruption Act and / or any other applicable law/ Government Rules / Direction from Government from time to time.

For KYC related procedure please refer para How to Apply.

The AMC / Fund reserves right to Call /Collect/ Retain information and documents from unitholders to ensure appropriate identification of the unitholders and establishing the identity of the unitholder, proof of residence, source of funds etc. If after due diligence, the AMC believes that any transaction is suspicious in nature as regards money laundering, failure to provide required documentation, information, etc., the AMC shall have absolute discretion to report such suspicious

transactions to FIU-IND and / or to freeze the folios of the unitholder(s) reject any application(s) / allotment of units and effect mandatory redemption of unit holdings of the investor(s) at the applicable NAV subject to payment of exit load, if any.

The Fund / AMC / Trustee and their Directors, employees and agents shall not be liable in any manner for any claim arising on account of freezing the folios / rejection of any application / allotment of units or mandatory redemption of units due to non-compliance with the Act, SEBI Circular(s) and KYC policy and / or believes that transactions is suspicious in nature and reporting the same to FIU - IND.

5. REJECTION OF APPLICATION AND REFUND OF APPLICATIONS MONEYS

The Trustee / AMC reserve the right to reject any application not in accordance with terms of the Fund, without assigning any reason.

In case an application is rejected, the application money received will be refunded to the applicant, within five working days from the date of closure of the subscription list. No interest will be paid on application monies refunded. In the event of failure to refund the amounts within the period specific above, the AMC shall be liable to pay interest to the applicants at a rate of fifteen per cent per annum on the expiry of five working days from the date of closure of the subscription list.

6. FREEZING/SEIZURE OF ACCOUNTS

Investors may note that under the following circumstances the Trustee/AMC may at its sole discretion (and without being responsible and/or liable in any manner whatsoever) freeze/seize a Unitholder's account (or deal with the same in the manner the Trustee/AMC is directed and/or ordered) under a Scheme:

(a) Under any requirement of any law or regulations for the time being in force.

Under the direction and/or order (including interim orders) of any regulatory/statutory authority or any judicial authority or any quasi-judicial authority or such other competent authority.

7. CLOSURE OF UNITHOLDERS' ACCOUNT

(Mandatory repurchase /redemption of units)

Investors may note that the AMC at its sole discretion may close a Unitholder's account after giving notice of 30 days, if at the time of any part Repurchase and / or Systematic Withdrawal / Switch Plan, the value of balance Units (represented by the Units in the Unitholder's

account if such Repurchase/ Redemption/Switch were to take place, valued at the applicable Repurchase/ Redemption Price), falls below the minimum application amount as mentioned in the SID (or such other amount as the AMC may decide from time to time). Where a Unitholder who is a person resident in India at the time of subscription of Units becomes a person resident outside India subsequently, the proceeds on Repurchase/ Redemption will be non repatriable.

As Units may not be held by any person in breach of the SEBI Regulations, any law or requirements of any governmental, statutory authority including, without limitation, exchange control regulations, the Mutual Fund may mandatorily redeem all the Units of any Unitholder where the Units are held by a Unitholder in breach of the same.

The Trustees may mandatorily repurchase /redeem Units of any Unitholder in the event it is found that the Unitholder has submitted information either in the application or otherwise that is false, misleading or incomplete.

8. DURATION OF THE SCHEME & WINDING UP

The duration of the Scheme is perpetual. The AMC, the Fund and the Trustee reserve the right to make such changes/alterations to the Scheme (including the charging of fees and expenses) offered under this Offer Document to the extent permitted by the applicable Regulations. However, in terms of the Regulations a Scheme may be wound up after repaying the amount due to the Unitholders:

1. On happening of any event, which in the opinion of the Trustee, requires the Scheme to be wound up, OR
2. If seventy five percent (75%) of the Unitholders of the Schemes pass a resolution that the Scheme be wound up, OR
3. If SEBI so directs in the interest of the Unitholders
4. In case of non-fulfillment of condition prescribed in terms of minimum number of investors as per the SEBI Regulations

Where the Scheme is so wound up, the Trustee shall give notice of the circumstances leading to the winding up of the Scheme to:

- (a) SEBI and,
- (b) In two daily newspapers having a circulation all over India and in one regional language newspaper with circulation at the place where the Mutual Fund is situated.

EFFECT OF WINDING UP

On and from the date of the publication of notice of winding up, the Trustee or the Investment Manager, as the case may be, shall:

1. Cease to carry on any business activities in respect of the Scheme so wound up;
2. Cease to create or cancel Units in the Scheme;
3. Cease to issue or Repurchase/Redeem Units in the Scheme.

PROCEDURE AND MANNER OF WINDING UP

In the event of the Scheme being wound up the AMC shall proceed as follows: -

(1) The Trustee shall call a meeting of the Unitholders of the relevant Scheme to approve by simple majority of the Unitholders present and voting at the meeting for authorising the Trustee / AMC or any other person to take steps for the winding up of the Scheme.

(a) The Trustee or the person authorised above, shall dispose of the assets of the Scheme concerned in the best interest of the Unitholders of the Scheme.

(b) The proceeds of sale realised in pursuance of the above, shall be first utilised towards discharge of such liabilities as are due and payable under the Scheme, and after meeting the expenses connected with such winding up, the balance shall be paid to Unitholders in proportion to their respective interest in the assets of the Scheme, as on the date the decision for winding up was taken.

(2) On completion of the winding up, the Trustee shall forward to SEBI and the Unitholders a report on the winding up, detailing the circumstances leading to the winding up, the steps taken for disposal of the assets of the Scheme before winding up, net assets available for distribution to the Unitholders and a certificate from the auditors of the Fund.

(3) Notwithstanding anything contained here in above, the provisions of the Regulations in respect of disclosures of half- yearly reports and annual reports shall continue to be applicable, until winding up is completed or the Scheme ceases to exist.

After the receipt of the report referred to above, if SEBI is satisfied that all measures for winding up of the Scheme have been complied with, the Scheme shall cease to exist.

C. GENERAL INFORMATION

1. POWER TO MAKE RULES

Subject to the Regulations, the Trustee may, from time to time, prescribe such terms and make such rules for the purpose of giving effect to the Schemes and the Plans/Options thereunder with power to the AMC to add to, alter or amend all or any of the terms and rules that may be framed from time to time, with the prior approval of the Trustees.

2. POWER TO REMOVE DIFFICULTIES

If any difficulty arises in giving effect to the provisions of the Schemes and the Plans/Options thereunder, the Trustee may, subject to the Regulations, take any action not inconsistent with such provisions, which appears to it to be necessary, desirable or expedient, for the purpose of removing such difficulties.

3. UNDERWRITING

Subject to SEBI Regulations, the Scheme may enter into underwriting agreements after the Mutual Fund obtains a certificate of registration in terms of the Securities and Exchange Board of India (Underwriters) Rules and Securities and Exchange Board of India (Underwriters) Regulations, 1993 authorising it to carry on activities as underwriters. The capital adequacy norms for the purpose of underwriting shall be the net assets of the respective Plans and the underwriting obligation of the respective Plans shall not at any time exceed the total net asset value of the respective Plans.

4. STOCK LENDING BY THE MUTUAL FUND

Subject to the SEBI Regulations and applicable guidelines, the Schemes may engage in Stock Lending. Stock Lending means the lending of stock to another person or entity for a fixed period of time, at a negotiated compensation. The borrower will return the securities lent on expiry of the stipulated period.

It may be noted that this activity would have the inherent probability of collateral value drastically falling in times of strong downward market trends, rendering the value of collateral inadequate until such time as that diminution in value is replenished by additional security. It is also possible that the borrowing party and/or the approved intermediary may suddenly suffer severe business setback and become unable to honour its commitments. This, along with a simultaneous fall in value of collateral would render potential loss to the Schemes. Besides, there can also be temporary illiquidity of the securities that are lent out and the Schemes

will not be able to sell such lent out securities until they are returned.

Each Scheme, under normal circumstances, shall not have exposure of more than 50% of its net assets in stock lending. The Scheme may also not lend more than 5% of its overall stock lending exposure to any one intermediary to whom securities will be lent. The AMC shall report to the Trustees on a quarterly basis as to the level of lending in terms of value, volume and the names of the intermediaries and the earnings/ losses.

5. BORROWINGS BY MUTUAL FUND

Under the Regulations, the Fund is allowed to borrow to meet its temporary liquidity needs for the purpose of Repurchase/ Redemption of Units or payment of interest or Dividend to the Unit holders. Further, as per the Regulations, the Fund shall not borrow more than 20% of the Net Assets of the Scheme and the duration of such borrowing shall not exceed a period of six months. The Mutual Fund may raise such borrowings after approval by the Trustee from Sponsor or any of its Associate/ Group Companies or Banks in India or any other entity at market related rates prevailing at the time and applicable to similar borrowings. The security for such borrowings, if required, will be as determined by the Trustee. Such borrowings, if raised, may result in a cost, which would be dealt with in consultation with the Trustees. As on date, the Mutual Fund does not have any borrowing.

6. INTER-SCHEME TRANSFER OF INVESTMENTS

Transfers of investments from one scheme to another scheme in the same mutual fund shall be allowed only if -

a. such transfers are done at the prevailing market price for quoted instruments on spot basis.

Explanation: "spot basis" shall have same meaning as specified by stock exchange for spot transactions.

b. the securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made.

7. ISSUE OF BONUS UNITS

In the interest of the investors and smooth functioning of the Fund, at an appropriate time, the Trustee may decide to issue Bonus Units to all existing investors. The Bonus Units may be declared in all the Options or in any one Option of the Scheme. For such declaration, the Fund will announce a Record Date/Book Closure and all investors whose names appear in the Register of

investors as on the Record Date shall be eligible to be issued such Bonus Units. These Units will be pari-passu with the original Units. Bonus Units so issued will be credited to the investors' account in the respective Options. Pursuant to allotment of Bonus Units, the per unit NAV of the respective Options would fall in proportion to the Bonus Units allotted and as a result, the total value of Units held by the investor would remain the same. The issue of such units will increase the number of Units held by the investor in the Options of the Scheme and so also the total number of Units outstanding in the Options of the Scheme.

Account Statements will be sent to all investors after the allotment of Bonus Units

8. PROCEDURE FOLLOWED FOR INVESTMENT DECISIONS

All investment decisions, relating to the schemes, will be undertaken by the Fund Manager / Portfolio team in accordance with the Regulations and investment objectives as specified in the Scheme Information Document.

The AMC has two committees for enabling investment decisions i.e. Board Investment Committee (BIC) and Key Employee Investment Committee (KIC). The BIC would comprise of Members of the Board of Directors of the Company and KIC would comprises of members of the executives of the AMC. The BIC will be a sub-committee of the Board of Directors. The BIC will be responsible for recommending to the Board of Directors overall Investment policy and procedure which maximize the portfolio performance and satisfy the liquidity, risk management and legal requirements of the AMC. The BIC will also be responsible for laying down the various policies of the Scheme. The Board of Directors of the AMC has the ultimate responsibilities of supervising investment activities. The Board of Directors has delegated its power with respect to approval / review of the investment activities to BIC and decision making authority with respect to the Investments to KIC except for the restrictions given in the policy from time to time.

The Chief Executive Officer is not involved in the investment decision making process. The role of Chief Executive Officer of the AMC to ensure that due diligence is exercised while making investment decisions, the process and procedure are followed

in accordance with policies, mechanism etc. laid down by the Board of Directors.

Performance of the Scheme will be tabled before the Board of the AMC and Trustee respectively. Further, the Boards of AMC and Trustee will also review the performance of the scheme with reference to appropriate Benchmark as defined in the Scheme Information Document. .

All investment decisions taken by the AMC in relation to the corpus of the scheme shall be recorded in the manner prescribed in the SEBI Regulations.

9. ASSOCIATE TRANSACTIONS

The AMC may, from time to time, for the purpose of conducting its normal business, use the services of the Sponsor, subsidiaries or Associates of its Sponsors/associate companies of AMC. The AMC will conduct its business with the associate companies listed below on commercial terms and on an arm's length basis and at the then prevailing market rates to the extent permitted under the applicable laws including the Regulations, after an evaluation of the competitiveness of the pricing offered by the associate companies and the services to be provided by them. Associate transactions, if any carried out, will be as per the Regulations and the limits prescribed thereunder. The Mutual Fund scheme shall not make any investment in;

- (a) any unlisted security of an associate or group company of the Sponsor; or
- (b) any security issued by way of private placement by an associate or group company of the Sponsor; or
- (c) the listed securities of group companies of the Sponsor which is in excess of 25% of the net assets of such scheme.

The AMC will, before investing in the securities of the group companies of the Sponsor, evaluate such investments, the criteria for the evaluation being the same as is applied to other similar investments to be made under the Scheme. Investments under the Scheme in the securities of the group companies will be subject to the limits under the Regulations.

Details of the Associates of the Asset Management Company

Sr. No.	Name of the Associates
1.	Quantum Advisors Private Limited
2.	Quantum Trustee Company Private Limited
3.	Quantum Information Services Private Limited
4.	Helpyourngo.com India Private Limited
5.	Equitymaster India Limited
6.	Equitymaster Agora Research Private Limited
7.	Personalfn Insurance Services India Limited
8.	Ajit Dayal
9.	Menlo Oak Venture Investments
10.	Primary Real Estate Advisors Private Limited
11.	PREI Management Limited, Mauritius
12.	QIEF Management LLC
13.	G Corp Homes Private Limited

The details of the transaction executed with sponsors / associate of AMC during the previous three financial Years is as follows:-

(a) Brokerage paid to Associates Companies during the last three fiscal years:-

Name of Associate Company	Nature of Association/ Nature of relation	Period covered	Value of transaction (in ₹ Cr & % of total value of transaction of the fund)		Brokerage (in ₹ Cr & % of total brokerage paid by the fund)	
HDFC Securities Limited	Associate Broker	April 01, 2010 - March 31, 2011	1.17 Cr.	1.75%	0.002 Cr.	1.73%
HDFC Securities Limited	Associate Broker	April 01, 2011 - March 31, 2012	Nil	Nil	Nil	Nil
HDFC Securities Limited	Associate Broker	April 01, 2012 - March 31, 2013	Nil	Nil	Nil	Nil

(b) Commission paid to Associate Companies during the last three fiscal years:-

Name of Associate Company	Nature of Association/ Nature of Relation	Period covered	Business given (₹ Cr & % of total business received by the fund)	Commission paid (₹ & % of total commission paid by the fund)
Quantum Information Services Private Limited	Associate Company	April 01, 2010 - March 31, 2011	0.96 cr. & 8.84%	Nil
Quantum Information Services Private Limited	Associate Company	April 01, 2011 - March 31, 2012	0.79 cr. & 0.75%	Nil
Quantum Information Services Private Limited Services Private Limited	Associate Company	April 01, 2012 - March 31, 2013	0.49 cr. & 0.37%	Nil

Underwriting obligations with respect to issues of Associate Companies:

Quantum Mutual Fund, has till date not entered into any underwriting contracts in respect of any public issue made by any of the group/associate companies of the Sponsor, under any of its Scheme(s).

Subscription in issues lead managed by the Sponsor or any of its associates:

No scheme of Quantum Mutual Fund has invested in any public issue lead managed by any Group/ Associate company of the Sponsor since inception.

Documents Available for Inspection

The following documents will be available for inspection at the office of the Mutual Fund at 505, Regent Chambers, 5th Floor, Nariman Point, Mumbai - 400 021 during business hours on any day (excluding Saturdays, Sundays and public holidays):

- Memorandum and Articles of Association of the AMC
- Investment Management Agreement
- Trust Deed and amendments thereto, if any
- Mutual Fund Registration Certificate
- Agreement between the Mutual Fund and the Custodian
- Agreement with Registrar and Share Transfer Agents
- Consent of Auditors to act in the said capacity
- Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments from time to time thereto.
- Indian Trusts Act, 1882.

Investor Grievances Redressal Mechanism

The AMC believes that Investor services is an important imperative for sustained business growth and want to ensure that the Investors receive exemplary service across different touch points of the AMC. Prompt and efficient service is essential to retaining existing relationships and Investor satisfaction is critical to the AMC. Investor queries and complaints constitute an important voice of Investor, and to this effect the AMC has formulated a Grievance Redressal Policy which is available on the website www.QuatnumAMC.com / www.QuantumMF.com which details the queries and complaint handling through a structured Grievance Redressal framework. The AMC's Grievance Redressal Policy follows the following principles:

- 1) Investors are treated fairly at all times.
- 2) Complaints raised by Investors are dealt with courtesy and in a timely manner.
- 3) Investors are informed of avenues to raise their queries and complaints within the organization, and their rights if they are not satisfied with the resolution of their queries and complaints.
- 4) Queries and Complaints are treated efficiently and fairly.
- 5) The AMC employees work in good faith and without prejudice, towards the interests of the Investors.

The AMC has a dedicated focused Customer Relations Team under overall supervision of Head-Customer Delight, Mr. Harshad Chetanwala who is responsible for timely redressal with an open attitude towards service recovery, while providing alternate solutions to investors, thus ensuring healthy and satisfied investor relations.

Investors can inquire / address their queries and write seeking clarifications about NAVs, Unit Holdings, Valuation, Dividend etc. or lodge any service request for change in bank mandate, change in email id, Statement of Account etc. to dedicated Customer Relations Team who shall ensure prompt resolution at:

Quantum Asset Management Company Private Limited 505,
Regent Chambers, 5th Floor, Nariman Point, Mumbai – 400021,
email - Customercare@QuantumAMC.com,
Telephone number - 1800 209 3863 / 1800 22 3863 (Toll Free),
Fax number 022 – 1800 22 3864 (Toll Free).

Investors can also independently address Complaints / Grievances to Ms. Meera Shetty, Investor Relations Officer details mentioned above. Ms. Shetty is aware of the complaint and grievance handling process and the grievance redressal mechanism of the AMC as spelt out in the Grievance Redressal Policy and shall independent of the Customer Relations Team to ensure that the Complaints / Grievances received from Investors are resolved without prejudice in good faith in the best interests of the Investors thus ensuring retention of Investor's confidence.

The Number of Complaints received and redressed during the last three financial years are as under:

	April 1, 2010 to March 31, 2011			April 1, 2011 to March 31, 2012			April 1, 2012 to March 31, 2013		
	Received	Redressed	Pending	Received	Redressed	Pending	Received	Redressed	Pending
Total	182	182	0	50	50	0	78	78	0

The data on the number of complaints received, redressed and pending required to be updated every two months as prescribed by SEBI is accordingly updated up to Aug 31, 2013 is as follows:

April 1, 2013 to Aug 31, 2013			
Particular	Received	Redressed	Pending
Total	19	19	0

There was one complaint received from SEBI during the above period.

Notwithstanding anything contained in this Statement of Additional Information, the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the guidelines thereunder shall be applicable.

For and on behalf of Board of Directors of

Quantum Asset Management Company Private Limited

sd/-

Jimmy A. Patel

Chief Executive Officer

Place: Mumbai

Date: June 28, 2013