



STATEMENT OF ADDITIONAL INFORMATION (SAI)

NAME OF THE MUTUAL FUND: QUANTUM MUTUAL FUND

**NAME OF THE ASSET MANAGEMENT COMPANY: QUANTUM ASSET MANAGEMENT
COMPANY PRIVATE LIMITED**

NAME OF THE TRUSTEE COMPANY: QUANTUM TRUSTEE COMPANY PRIVATE LIMITED

Address, Website of the entities:

Address:

Asset Management Company (AMC):
Quantum Asset Management Company Private Ltd
107-108, Regent Chambers, 1st Floor,
Nariman Point, Mumbai – 400 021

Trustee Company:
Quantum Trustee Company Private Ltd.
107-108, Regent Chambers, 1st Floor,
Nariman Point, Mumbai – 400 021

Website:

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 a part of the Scheme Information Document).

This SAI is dated June 26, 2009.

**LIST OF ADDENDUM TO STATEMENT OF ADDITIONAL INFORMATION (SAI) DATED
JUNE 26, 2009**

Date of Addendum	Particulars
July 31, 2009	Exemption from Requirement of PAN from Micro SIPs
August 24, 2009	Modification in the valuation of traded securities

ADDENDUM TO STATEMENT OF ADDITIONAL INFORMATION

Exemption from Requirement of PAN for Micro SIPs

The Board of Directors of Quantum Trustee Company Private Limited on July 31, 2009 has approved the following change to the Statement of Additional Information (SAI) of Quantum Mutual Fund with effect from August 1, 2009 on a prospective basis:

Under paragraph – How to apply, the following details of “Micro SIP” be incorporated.

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

1. Systematic Investment Plans (SIPs) upto Rs. 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.
2. 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.
3. This exemption shall not be applicable to normal purchase transactions upto Rs. 50,000 which shall continue to be subject to PAN requirement.
4. The exemption is applicable to joint holders also.
5. 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
6. The photo identification document has to be current and valid and also to be self attested.

ADDENDUM TO STATEMENT OF ADDITIONAL INFORMATION

Modification in the valuation of traded securities

The Board of Directors of Quantum Trustee Company Private Limited on August 24, 2009 has approved the following change to the Statement of Additional Information (SAI) of Quantum Mutual Fund with effect from September 1, 2009 on a prospective basis:

Section IV – Investment Valuation Norms for Securities and Other Assets (1) titled **Traded Securities** Clause (f) be replaced as follows:

The AMC will be valuing the securities of the Schemes based on the quotation of the National Stock Exchange of India Limited (NSE). However, the AMC reserves the right to change the basis of valuation to Bombay Stock Exchange Limited (BSE) or any other stock exchange, in cases where a particular security is not listed or traded in NSE or if it found to be more appropriate.

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I. INFORMATION ABOUT SPONSOR, AMC AND TRUSTEES COMPANIES :

A. Constitution of Mutual Fund:

Quantum Mutual Fund (the "Mutual 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 was 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 is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs.1,00,000 to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

Quantum Advisors is a SEBI Registered Portfolio Manager (Registration No. PM/INP000000187) engaged in the business of rendering Portfolio Management and Advisory Services. The objective of the Sponsor is to build an India-focused Investment Management Institution that can consistently generate returns for its clients.

Quantum Advisors has been in the business of providing equity research, investment advisory services and managing portfolio of securities since 1990. It proposes to further grow its business to become the country Advisor/Manager for Foreign Institutional Investors and Indian retail and High Networth Clients.

The Sponsor is carrying on its portfolio managerial activities in compliance with the provisions of Regulation 24(2) of SEBI (Mutual Funds) Regulations, 1996 and there is no conflict of interest i.e. there is segregation of office space, staff, systems access and all other requirements of Regulation 24(2) of SEBI (Mutual Funds) Regulations are being complied with.

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
- 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:

Has over 21 years of experience in the Indian capital markets;

8 years of experience in the international stock market as an analyst and a portfolio manager. Managed assets globally for Hansberger Global Investors (HGI);

Deputy Chief Investment Officer of HGI; lead manager on the US\$ 2 billion (Rs. 90 bn) Vanguard International Value Fund and on a US\$ 300 m (Rs. 13,500 m) pension account between years 2000 & 2004

Founder of www.equitymaster.com and www.personalfn.com, India's premier financial websites;

Voted # 1 Indian Equity Analyst by "Asia Money" in 1993 and 1994. Voted to All-Star Asian Team by "Institutional Investor" in 1994;

With Quantum Advisors since 1990.

He has a Bachelor of Arts degree in Economics (Bombay University) and an MBA from The University of North Carolina at Chapel Hill.

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

Particulars	Year ended June 30, 2008 (Rs.)	Year ended June 30, 2007 (Rs.)	Year ended June 30, 2006 (Rs.)
Net worth	12,78,23,018	201,263,035	199,970,824
Total Income	2,33,68,221	21,713,295	26,099,948
Profit after Tax	16,31,468	1,292,211	2,609,855
Assets under management (if applicable)	7,63,41,56,715	3,096,473,249	2,195,666,563

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	69	M.Com, Certified Associate of the Indian Institute of Bankers	Mr. Jagdish Capoor is the Non - Executive Chairman of Bombay Stock Exchange Limited since June 25, 2008 and a Non - Executive Chairman of HDFC Bank Limited since 2001. 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 institutions.
Mr. Hormazdiyaar Vakil	55	B.A (Hons.) LLB	Mr. Hormazdiyaar Vakil is a Partner in Mulla & Mulla & Craigie Blunt & Caroe, Advocate & Solicitor, Supreme Court of England. He is also a Director on the Board of various Companies and trustee of charitable institutions.
Mr. Satish Mehta	55	B.Sc., C.A.	Mr. Satish Mehta is the CEO of Quantum Advisors Private Limited since December 3, 2007. Prior to joining Quantum Mr. Mehta served as President - Financial Infrastructure & Credit Bureau, Dun & Brandstreet, South Asia, Middle East & Africa and as a Managing Director of Credit Information Bureau (India) Ltd. (CIBIL), the first Credit Information Bureau in India. Prior to joining CIBIL, Mr. Mehta was General Manager – Business Development in HDFC till 2001.

Mr. Suresh Lulla	64	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. from IIT and M.S. from Wayne State University, Detroit. He is a Director on the Board of various Companies.
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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 atleast 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.

7 Trustee Board Meetings were held in 2008-09.

4 Audit Committee Meetings of Trustee were held in 2008-09.

Trusteeship Fees

Pursuant to the Trust Deed constituting the Fund, the Fund is authorised to pay the Trustee Company, a fee for their services, in addition to the reimbursement of all costs, charges and expenses, being a sum computed at the rate of 0.11% per annum of the weekly net assets value of all the schemes of Quantum Mutual Fund put together on 1st April each year or a sum of Rs. 10 lac, whichever is lower or such other sum as may be agreed upon between the Settlor 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.

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.

Responsibilities & Duties of the Trustee and Specific & General Due Diligence

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

1. The Trustee shall be responsible for management of the Mutual Fund, for holding the Trust Fund, to provide information to the Unitholders, SEBI, the Sponsor and any other regulatory body, to ensure compliance by the Mutual Fund and/or the AMC of all the statutory formalities, reporting requirements etc. and to ensure that the interest of the Unitholders is protected.

2. The Trustee shall forbid the Mutual Fund to make or guarantee loans or to take up any activity in contravention of the SEBI Regulations.
3. The Trustee shall ensure that the AMC complies with and does not contravene the SEBI Regulations, all guidelines, all circulars, applicable to mutual funds and that the decisions of the AMC do not exceed the powers conferred upon it.
4. The Trustee 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 key personnel including fund manager(s) for the Scheme and submitted their bio-data containing the educational qualifications, past experience in the securities market with the trustees, within 15 days from the date of their appointment and the trustees are satisfied with the adequacy of the number of Key Personnel, considering the size of the Mutual Fund and the proposed scheme;
 - c. appointed auditors to audit its accounts;
 - d. appointed a compliance officer who shall be responsible for monitoring the compliance of the SEBI Act, 1992, rules and regulations, notifications, guidelines, instructions issued by SEBI or the Central Government from time to time and for redressal of Investor grievances;
 - e. appointed Registrars and Share Transfer agents who are registered with SEBI and laid down parameters for their supervision;
 - f. Prepared a compliance manual which is updated by including all the provisions of regulations and guidelines issued by SEBI from time to time and designed internal control mechanisms, including internal audit systems, commensurate with the size of the Mutual Fund;
 - g. specified norms for empanelment of brokers and marketing agents.
5. The Trustee shall with respect to the investments made by the Mutual Fund ensure that the applicable investment restrictions as laid down in the SEBI Regulations are complied with.
6. The Trustee shall ensure that the transactions entered into by the AMC and/or activities of the AMC are in accordance with the SEBI Regulations and the Scheme.
7. The Trustee shall ensure that the AMC has been managing the Schemes independently of other activities and have taken adequate steps to ensure that the interests of the Unitholders of one Scheme are not compromised with those of any other Scheme or with other activities of the AMC.
8. If the Trustee has reason to believe that the conduct of the business of the Mutual Fund is not in conformity with the SEBI Regulations, it shall forthwith take such remedial steps as are necessary to rectify the situation and shall immediately inform SEBI of the violation and the action taken by the Trustee.
9. It shall be the duty of the Trustee to take into its custody or under their control all the property of the Schemes of the Mutual Fund and hold these in trust for the Unitholders. The Trustee shall be accountable for and be the custodian of the funds and property of the respective Schemes and shall hold the same for the benefit of the Unitholders in accordance with the SEBI Regulations and the provisions of the Trust Deed.
10. The Trustee shall ensure that the networth of the AMC is maintained as per the SEBI Regulations and in case of any shortfall, ensure that the AMC make up for the shortfall as per the SEBI Regulations.
11. The Trustee periodically reviews 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 Unitholders
12. The Trustee shall ensure that there is no conflict of interest between the manner of deployment of its networth by the AMC and the interest of the Unitholders .

13. The Trustee shall periodically review the Investor complaints received and the redressal of the same by the AMC.
14. The Trustee shall abide by the Code of Conduct as specified in the Fifth Schedule to the SEBI Regulations.
15. (i) It is the responsibility of the Trustee in carrying out its responsibilities to maintain arms' length relationship with other companies or institutions or financial intermediaries or any body corporate with which the Trustee may be associated.

(ii) A Director shall not participate in the meetings of the Trustee or in any decision making process for any investments in which he may be interested.

It is the duty of each Director to furnish to the Trustee, the particulars of any interest which he may have in any other company or institution or financial intermediaries or any corporate body by virtue of his position as director, partner or with which he may be associated in any other capacity.

16. It is the duty of the Trustee to act in the interest of the Unitholders.
17. It is the duty of the Trustee to provide or cause to provide information to the Unitholders and SEBI as may be required by SEBI from time to time.
18. It shall be the duty of the Trustee to take reasonable care to ensure that the funds under the Schemes floated by are managed by the AMC in accordance with the Trust Deed and the SEBI Regulations.
19. The Trustee shall have appointed a Custodian and entered into a Custodian Agreement on behalf of the Mutual Fund with the Custodian in accordance with the SEBI Regulations and shall be responsible for the supervision of its activities in relation to the Mutual Fund.
20. The Trustee shall supervise the collection of any income due to be paid to the Scheme of the Mutual Fund and for claiming any repayment of tax and holding any income received in trust for the Unitholders in accordance with the Trust Deed and the SEBI Regulations.
21. The Trustee will not acquire any asset out of Trust fund which involves the assumption of any liability which is unlimited or which results in encumbrance of the Trust Fund in any way.
22. The Trustee, in the execution and exercise of all or any of the trust's powers, authorities and discretions vested in it by the trust deed, shall hold the Assets of the Mutual Fund in its name or in the name of an appointed Custodian or as the Trustee may decide from time to time to be in the interest of the Mutual Fund.
23. The Trustee shall keep such records as are necessary or direct the AMC to keep such records:
 - (i) to enable the Trustee to comply with the SEBI Regulations and other directives of SEBI; and
 - (ii) to demonstrate that such compliance by the Trustee has been achieved.
24. The Trustee shall carry out periodic checks (including spot checks) on the AMC in order to ensure the following –
 - (i) that investments are of the permitted kind and within set limits;
 - (ii) that the Mutual Fund's Assets are duly protected;
 - (iii) that transactions in Units are properly executed by the AMC;
 - (iv) pricing of Units is as per the SEBI Regulations;
 - (v) internal controls adopted by the AMC are adequate;
 - (vi) proper accounting of the income of the Mutual Fund and charging of expenses and distribution of income as permitted are followed by the AMC.

25. The Trustee shall ensure that all necessary information, statements, accounts, reports, publications, investment portfolio etc. with respect to the Mutual Fund and/or its Schemes are prepared in the manner required by the SEBI Regulations. Further where required under the SEBI Regulations the Trustees shall ensure that such information, statements, accounts, reports, investment portfolio, etc. are filed with or mailed to or reported to SEBI or the Unitholders or to any other person as may be required under any law or by SEBI.
26. The Trustee shall ensure that a copy of the Trust Deed is kept open for public inspection at the principal office of the Mutual Fund during business hours on all business days.
27. The Trustee shall generally do all such matters and things as may be necessary to promote the Trust or as may be incidental to or consequential upon the discharge of its functions/duties and the exercise and enforcement of all or any of the powers and rights under this Trust Deed.

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 Ltd. is a private limited company incorporated under the Companies Act, 1956 on September 19, 2005 having its Registered Office at 107-108, Regent Chambers, 1st Floor, Nariman Point, Mumbai - 400021. Quantum Asset Management Company Private Ltd. 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 Quantum Trustee Company Private Limited and Quantum Asset Management Company Private Ltd. (Quantum AMC). Quantum AMC is a wholly owned subsidiary of Quantum Advisors Pvt. Ltd.

Quantum AMC has received approval from SEBI for providing research services on a commercial basis to the Sponsor and QIEF Management LLC, Mauritius. 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 Quantum 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, as described in Page No. 1.

Shareholding Pattern of the AMC

Quantum AMC is a wholly owned subsidiary (100%) of its sponsor Quantum Advisors Pvt. Ltd.

Details Company Directors:

Name of the Director	Age	Qualification	Brief Experience
Mr. Ajit Dayal	49	B.A., M.B.A.	Mr. Ajit Dayal is presently the CEO & CIO of QIEF Management LLC, a Mauritius based Investment Manager. He is a founder Director of Quantum Information Services Private Ltd. and Quantum Advisors Private Ltd. He was a Deputy Chief Investment Officer of Hansberger Global Investment, Inc during March 1998 to June 2004. 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.
Mr. C. Srinivasan	64	B.Com., I.C.W.A	Mr. C. Srinivasan is a Director of BJN Hotels Ltd. He was a Director – Finance in BHEL during March 2001 to May 2005. During September 1983 to March 2001 he was the Chief Financial Controller of IPCL, Baroda. During September 1978 to August 1983 he was the Management Accountant with The Zambia Steel & Building Supplier Ltd (Lusaka). During July 1975 to August 1978 he was an Assistant Financial Controller with IPCL, Baroda.
Mr. Mahesh Vyas	52	B.Sc.	Mr. Mahesh Vyas the Managing Director and CEO of CMIE, provider of reliable economic data in India. He has been working in various capacities in CMIE since 1980.
Mr. I. V. Subramaniam	46	B.Com, L.L.B., C.S., D.B.F.	Mr. I. V. Subramaniam is presently the CIO of Quantum Advisors Private Ltd. He Joined Quantum in 1996 as a Research Analyst and was appointed as a Director in 1998. During the year 1995 -1996 he was a Research Analyst with Securities Capital (I) Ltd.

Duties & Obligations of the Asset Management Company

1. Quantum 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. Quantum 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. Quantum AMC shall be responsible for the acts of commissions or omissions by its employees or the persons whose services have been procured by Quantum AMC.
4. Quantum AMC will submit to the Trustees quarterly reports of each year on its activities and the compliance with the Regulations.

5. The Trustees at the request of Quantum AMC may terminate the assignment of Quantum 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 Quantum AMC.

Notwithstanding anything contained in any contract or agreement or termination, Quantum 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.

6. Quantum 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 a block of any three months.
7. Quantum AMC have not/shall not purchase or sell securities through any broker [other than a broker referred to in clause 6 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 Quantum AMC has recorded in writing the justification for exceeding the limit of 5% and reports of all such investments are sent to the Trustees on a quarterly basis. Provided that the aforesaid limit of 5% shall apply for a block of three months.
8. Quantum AMC have not/shall not utilise 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 Quantum 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.
9. Quantum AMC shall file with the Trustees the details of transactions in securities by the key personnel of the Asset Management Company in their own name or on behalf of Quantum AMC and shall also report to SEBI, as and when required by SEBI.
 10. In case Quantum AMC enters into any securities transactions with any of its associates a report to that effect shall be sent to the Trustees at its next meeting.
 11. In case any company has invested into a Scheme more than 5 per cent 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.
 12. Quantum AMC shall file with the Trustees 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 Trustees giving details and adequate justification about the purchase and sale of the securities of the group companies of the Sponsor or to Quantum AMC as the case may be, by the Mutual Fund during the said quarter.
13. Each Director of Quantum AMC shall file the details of his transactions of dealing in securities with the Trustees on a quarterly basis in accordance with guidelines issued by SEBI.
14. Quantum 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.
15. Quantum AMC shall appoint registrars and share transfer agents who are registered with the SEBI.
16. Quantum AMC shall abide by the Code of Conduct as specified in the Fifth Schedule of the SEBI Regulations.

Information on Key Personnel:

Name of the Employee	Age (Yrs)	Designation	Educational Qualification	Brief Experience
Ajit Dayal	49	President	B.A. M.B.A.	<p>President – w.e.f April 2,2009</p> <p>Mr. Ajit Dayal is presently the CEO & CIO of QIEF Management LLC, a Mauritius based Investment Manager. He is a founder Director of Quantum Information Services Private Ltd. and Quantum Advisors Private Ltd. He was a Deputy Chief Investment Officer of Hansberger Global Investment, Inc during March 1998 to June 2004. Prior to that he was CEO of Quantum Advisor 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>Mr. Ajit Dayal is Overseas Citizen of India (OCI) based in Switzerland.</p>
Arvind Chari	30	Fund Manager – Fixed Income	MMS (Finance) M.Com (Bkg & Fin) B.Com	<p>Oct 2005 to April 23, 2007 – Quantum AMC, Associate. Fund Manager – Debt</p> <p>Aug 2004 to Sept 2005 – Research Analyst – Fixed Income Quantum Advisors P Ltd.</p> <p>Aug 2003 to July 2004 – Fixed Income Dealer - Tower Capital & Securities Pvt Ltd</p> <p>Nov 2002 to April 2003 KJMC Capital Market Services</p> <p>Feb 2002 to Oct 2002 – Freelancer – Research Articles on Financial topics.</p>

Atul Kumar	32	Fund Manager – Equity	B Com., PGDBM	<p>November 15, 2006 to June 28, 2007 Joint Fund Manager – Equity – Quantum AMC October 2005 to November 14, 2006 Analyst – Equity at Quantum AMC September 2005 to October 2005 Analyst– Equity, Quantum Advisors Pvt. Ltd. January 2005 to August 2005 Analyst – Equity - Sahara Asset Management Co. Pvt. Ltd. November 2003 to January 2005 Analyst with K R Choksey Shares & Securities Pvt. Ltd. May 2001 to September 2003 Consultant with Astute Consulting Pvt. Ltd. June 1999 to April 2001 Management Consulting with S. B. Billimoria & Co.</p>
Malay Vora	31	Company Secretary & Compliance Officer and Investors Relation Officer	B.Com., L.L.B, ACS	<p>Company Secretary w.e.f December 04, 2008 & Compliance Officer w.e.f December 31, 2008 - Quantum Asset Management Co. Pvt. Co. Company Secretary DHFL Venture Capital India Private Ltd (Sept - 2005 to Nov 2008) Associate -M/s. S.D Irani & Co., (Practicing Company Secretaries (Aug- 2003 to Aug- 2005) Apprentice Trainee – S.D Israni & Co., Company Secretaries (Feb-2002 to July -2003)</p>
Rajendra Thakkar A.	34	Assistant Vice President – Operations .	B.Com., ACA	<p>Assistant Vice President - Operations w.e.f. January 6, 2009. Quantum Asset Management Co. Pvt. Co.</p> <p>Senior Manager – Head of Operations Edelweiss Asset Management Ltd (July - 2007 to Dec - 2008)</p> <p>Manager –Fund Accounting Globeop Financial Services Private Ltd (Oct - 2005 to July - 2007)</p> <p>Assistant Manager –Operations Prudential ICICI Asset Management Ltd Feb - 2004 to Oct - 2005)</p> <p>Project Trainee – Operations Standard Chartered Asset Management Ltd (July - 2003 to Jan - 2004)</p>

				<p>Executive – Audit N.M. Rajji & Co., (Chartered Accountants) Aug - 2001 to July - 2003)</p> <p>Assistant Manager – Accounts Suashish Diamonds Ltd (Mar -2001 to Sept - 2001)</p> <p>Manager – Accounts Annapurna Syndicate Private Ltd (July - 1997 to Mar- 2001)</p>
Hitendra Parekh	41	Dealer & Fund Manager – Index Fund	B.Com, Masters in Financial Management	<p>Dealer Quantum Asset Management Co. Pvt. Ltd. (Oct 2005 to date) Manager – Operations with Quantum Advisors Pvt Ltd (Oct 2004 to Oct 2005) Operations Dept. of UTI Securities Ltd. (Sept 1995 to Sept 2004)</p>
Chirag Mehta	28	Fund Manager – Commodities	B.Com M.Com MMS	<p>Fund Manager – Commodities w.e.f. May 1,2009 Quantum Asset Management Company Private Limited</p> <p>Associate Fund Manger – Commodities</p> <p>From to Quantum Asset Management Company Private Limited</p> <p>February 2006 – March 2007 Asst. Analyst Commodities – Quantum Advisors Pvt. Ltd.</p> <p>May 2005 – June 2005 Internship – Kotak & Co.</p>

Details of the Fund Management Team:

The Investment & Research Team comprises of 1 Fund Manager- Equity, 1 Fund Manager – Fixed Income, 1 Fund Manager-Commodities (all of whom also do research), 1 Fund Manager-Index Fund, 4 equity research analysts.

Brief profiles of these personnel are given below:

Name	Age	Designation	Educational Qualifications	Experience
Arvind Chari	30	Fund Manager – Fixed Income	MMS (Finance) M.Com (Bkg & Fin) B.Com	Oct 2005 to April 23, 2007 – Associate Fund Manager – Debt Quantum AMC Aug 2004 to Sept 2005 – Research Analyst – Fixed Income Quantum Advisors P Ltd Aug 2003 to July 2004 – Fixed Income Dealer - Tower Capital & Securities Pvt Ltd Nov 2002 to April 2003 KJMC Capital Market Services Feb 2002 to Oct 2002 – Freelancer – Research Articles on Financial topics.
Atul Kumar	32	Fund Manager - Equity	B Com., PGDBM	November 15, 2006 to June 28, 2007 Joint Fund Manager – Equity – Quantum AMC October 2005 to November 14, 2006 Analyst – Equity at Quantum AMC September 2005 to October 2005 Analyst– Equity at Quantum Advisors P Ltd January 2005 to August 2005 Analyst – Equity - Sahara Asset Management Co. Pvt. Ltd. November 2003 to January 2005 Analyst - K R Choksey Shares & Securities Pvt. Ltd. May 2001 to September 2003 Consultant - Astute Consulting Pvt. Ltd. June 1999 to April 2001 Management Consulting - S B Billimoria & Co.

Hitendra Parekh	41	Dealer & Fund Manager- Index Fund	B.Com, Masters in Financial Management	Dealer - Quantum Asset Management Co. Pvt. Ltd. (Oct 2005 to date) Manager – Operations with Quantum Advisors Pvt Ltd (Oct 2004 to Oct 2005) Operations Dept. of UTI Securities Ltd. (Sept 1995 to Sept 2004)
Chirag Mehta	28	Fund Manager – Commodities	B.Com M.Com MMS	Fund Manager – Commodities w.e.f. May 1,2009 Quantum Asset Management Company Private Limited Joined Quantum Asset Management Company Private Limited as Associate Fund Manger – Commodities since 2007 February 2006 – March 2007 Asst. Analyst Commodities – Quantum Advisors Pvt. Ltd. May 2005 – June 2005 Internship – Kotak & Co.
Tanu Midha	27	Senior Analyst – Equity	B.Com (Honours.) from Delhi University Post Graduate Diploma in Securities Market Programme from UTI Institute of Capital Markets, Mumbai	July 2005 to Sept 2005 – Asst. Analyst – Equity Quantum Advisors P Ltd July 2003 to June 2004 Asst. Manager-Customer Support Officer at ING Vysya Bank, Delhi June 2002 – June 2003 Management Trainee at ING Vysya Bank, Delhi
Krishnendu Saha	33	Analyst - Equity	Chartered Accountant	April 2007 to September 2007 Pharma Analyst – India Infoline Ltd. October 2006 to April 2007 Research Analyst – Dawnay Day AV Analytics Pvt. Ltd. April 2006 to October 2006 Analyst – Credit Division of IndusInd Bank
Dalpat Shah	35	Analyst-Equity	ACA	April 2007 to September 2007 Pharma Analyst- India Infoline Ltd October 2006 to April 2007 Research Analyst-Dawnay Day AV Analytics Pvt Ltd April 2006 to October 2006 Analyst- Credit Division of IndusInd Bank

Aditya Srinath	28	Analyst-Equity	B.A .(Hons); Masters in International Business	April 2006 to March 2008 Equity Analyst- Independent Research Pvt Ltd August 2005-April 2006 Research Associate- Netscribes India Pvt Ltd June 2004-August 2005 Research Analyst-CNBC TV 18
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The Risk Management Responsibility is performed by a Risk Management Committee consisting of Key Employees.

PROCEDURE FOLLOWED FOR INVESTMENT DECISION

Quantum Long Term Equity Fund

The investment decisions are made by the AMC's Portfolio Team. The Portfolio Team comprises of the Fund Manager, who heads the team, and the Associate Analysts (Equity). The final responsibility for the investment decisions rests with the Portfolio Team. The Equity Research team meets on a regular basis, with the research analysts presenting research reports on various stocks. The Portfolio Team reviews the presentations on the various stocks and keeping in mind the investment objective of the Scheme makes the investment decisions, recording the reasons and justification for each investment decision.

The Chief Executive Officer is not involved in the investment decision making process.

Quantum Liquid Fund

The Fund Manager for the Scheme is responsible for making buy/sell decisions in respect of the securities in the respective Scheme(s) portfolios. The investment decisions are made on a daily basis keeping in view the market conditions and all relevant aspects.

The Chief Executive Officer is not involved in the investment decision making process.

Investments in unrated debt instruments will be made with prior approval of the Board of the AMC and the Trustees. The Investment Committee will also review the performance of the Scheme and general market outlook and assess the investment pattern of the Scheme with regard to parameters and directions laid down in the investment policy.

It is the responsibility of the AMC to ensure that the investments are made as per the internal/Regulatory guidelines, Scheme investment objectives and in the best interest of the Unitholders of the respective Scheme(s).

Quantum Gold Fund

The Scheme will endeavor to track the domestic prices of gold by investing in physical Gold.

For investment of NFO proceeds and Cash subscriptions the investment decisions are made by the AMC's Portfolio Team and carried out by the designated Fund Manager. The Portfolio Team comprises of the Fund Manager who leads the team and the Associate Fund Manager – Commodities. The final responsibility for the investment decisions rests with the Portfolio Team.

The CEO of the Company is not involved in the Fund management activity.

Normally the Fund will receive physical Gold from the authorised participants/eligible investors against the exchange of QGF units in Creation Unit size as defined by the Fund.

The AMC will analyse from time to time different ways of taking exposure in gold from the perspective of risk and return and decide the same in the best interest of investors.

The AMC will maintain record of investment decisions on daily basis along with rationale for such investments. The compliance of the same will be reported in the Quarterly Report to the Boards of AMC and Trustee Company.

Quantum Index Fund

The investment decisions will be taken by the Scheme keeping in view the market conditions, investment objective of the Scheme and all the relevant aspects. The AMC will review all the investments made by the Scheme. The investment decisions of the Scheme will be made by the AMC's Portfolio Team and carried out by the designated Fund Manager. The Portfolio Team comprises of the Fund Manager who leads the portfolio team and the Associate Fund Manager. The final responsibility for the investment decisions rests with the portfolio team. All investment decisions of the scheme will be recorded in accordance with SEBI Regulations. It is the responsibility of the AMC to ensure that the investments are made as per the internal/Regulatory guidelines, Scheme investment objectives and in the best interest of the Unitholders of the Scheme.

The Chief Executive Officer is not involved in the investment decision making process.

The Investment Committee at its regular meetings shall review performance of the Schemes, compliance of the various investment restrictions and compliance with investment objectives stipulated in the Offer Document and all other applicable SEBI Regulations. The AMC and Trustee shall at their periodical Board meetings once again review the performance of the Schemes and its compliance with the applicable regulations. The performance would be compared with the performance of the benchmark index and with peer group in the industry.

Quantum Tax Saving Fund

The investment decisions are made by the AMC's Portfolio Team. The Portfolio Team comprises of the Fund Manager, who heads the team, and the Associate Fund Managers (Equity). The final responsibility for the investment decisions rests with the Portfolio Team. The Equity Research team meets on a regular basis, with the research analysts presenting research reports on various stocks. The Portfolio Team reviews the presentations on the various stocks and keeping in mind the investment objective of the Scheme makes the investment decisions, recording the reasons and justification for each investment decision.

The Chief Executive Officer is not involved in the investment decision making process.

Quantum Equity Fund of Funds

The investment decisions are made by the AMC's Portfolio Team. The Portfolio Team will comprise of the Fund Manager, who heads the team, and the Associate Fund Manager. The final responsibility for the investment decisions rests with the Portfolio Team. The Portfolio Team reviews the presentations / recommendation from the designated agency on the various schemes and keeping in mind the investment objective of the Scheme makes the investment decisions, recording the reasons and justification for each investment decision.

The Chief Executive Officer is not involved in the investment decision making process

The Investment Committee at its regular meetings shall review performance of the Scheme, compliance of the various investment restrictions and compliance with investment objectives stipulated in the Scheme Information Document and all other applicable SEBI Regulations. The AMC and Trustee shall at their periodical Board meetings once again review the performance of the Scheme and its compliance with the applicable regulations. The performance would be compared with the performance of the benchmark index and with peer group in the industry.

E. Service Providers:

CUSTODIAN

Deutsche Bank AG

6th Floor, Nicholas Piramal Tower,
Peninsula Corporate Park, Ganpatrao Kadam Marg,
Lower Parel, Mumbai – 400 013

SEBI registration number IN/CUS/003

TRANSFER AGENT

Karvy Computershare Private Limited (for Quantum Long Term Equity Fund , Quantum Liquid Fund, Quantum Tax Saving Fund and Quantum Equity Fund of Funds)

Karvy Registry House, Unit: Quantum Mutual Fund,
21, Avenue Street No. 1, Banjara Hills,
Hyderabad – 500 034, Andhra Pradesh, India.

SEBI registration number INR00000221

Deutsche Investor Services Private Limited (DISPL) (For Quantum Gold Fund & Quantum Index Fund)

Logitech Park, M.V. Road,
Sakinaka, Andheri (East), Mumbai – 400072.

SEBI registration number INR000004017

Quantum AMC and the Trustee have satisfied themselves, after undertaking appropriate due diligence measures, that the Registrars are able to provide the services required and has adequate facilities, including systems facilities and back up, to process applications and despatch Account Statements/Unit certificates to Unitholders within the time limits prescribed in the Regulations and also sufficient capacity to handle Investor complaints.

STATUTORY AUDITOR

M/s Haribhakti & Co.
Chartered Accountant
42, Free Press House, 4th Floor, 215,
Nariman Point, Mumbai -400021

LEGAL COUNSEL

Dave & Girish & Co.
1st Floor, Sethna Bldg. 55, Maharshi Karve Road,
Marine Lines, Mumbai – 400 022

FUND ACCOUNTANT

Deutsche Bank AG
6th Floor, Nicholas Piramal Tower,
Peninsula Corporate Park, Ganpatrao Kadam Marg,
Lower Parel, Mumbai – 400 013

SEBI registration number IN/CUS/003

COLLECTING BANKERS**The Hongkong & Shanghai Banking Corporation Ltd. (HSBC)**

2nd Floor, "SHIV" Plot No. 139-140B, Western Express Highway,
Sahar Road Junction, Vile Parle East, Mumbai – 400 057

HDFC Bank Ltd.

Manecji Wadia Bldg., Nanik Motwani Marg, Mumbai – 400 023

Deutsche Bank AG

222, Kodak House, Dr. D N Road, Fort, Mumbai – 400 001

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

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	HISTORICAL PER UNIT STATISTICS		QUANTUM LONG TERM EQUITY FUND			QUANTUM LIQUID FUND			QUANTUM GOLD FUND		QUANTUM INDEX FUND	QUANTUM TAX SAVING FUND
			2006-07	2007-08	2008-09	2006-07	2007-08	2008-09	2007-08	2008-09	2008-09	2008-09
1	NAV at the beginning of the year (as on April 1)											
	Growth	Rs.	10.23	11.47	13.72	NA	10.6875	11.5205	NA	604.4464	NA	NA
	Dividend	Rs.	10.23	11.47	13.71	NA	NA	NA	NA	NA	NA	NA
	Daily Dividend	Rs.	NA	NA	NA	NA	10.0000	10.0000	NA	NA	NA	NA
	Monthly Dividend	Rs.	NA	NA	NA	NA	10.0193	10.0163	NA	NA	NA	NA
2	Dividends											
	Dividend-(Individual/HUF) (Rs.Per unit)	Rs.	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
	Dividend-(Others) (Rs. Per unit)	Rs.	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
3	NAV at the end of the year (as on March 31)											
	Growth	Rs.	11.47	13.72	9.31	10.6875	11.5205	12.5459	604.4464	747.3455	304.5763	9.979
	Dividend	Rs.	11.47	13.71	9.39	NA	NA	NA	NA	NA	NA	9.972
	Daily Dividend	Rs.	NA	NA	NA	10.0000	10.0000	10.0000	NA	NA	NA	NA
	Monthly Dividend	Rs.	NA	NA	NA	10.0193	10.0163	10.0110	NA	NA	NA	NA
4	Annualized return											
	Inception	%	14.7*	16.64*	-2.31*	6.88^	7.40*	7.90*	1.95^	23.27*	-24.16^	-0.21^
5	Net Assets end of period	Rs. Crs.	30.45	40.18	22.79	29.98	20.35	25.5	3.69	7.96	1.13	0.46
6	Ratio of Recurring Expenses to net assets	%	2.50	2.49	2.49	0.45	0.45	0.45	1.00	1.00	0.75	2.50
	*Annualized return											
	^Absolute return											

II. HOW TO APPLY?

1. A Common Application form for QLTEF, QLF & QGF and the application form for QTSF and QEFF would be available for investment to all classes of investors. A Common Application Form/Application form for the Sale of Units of the respective Schemes / Plans will be available and accepted at the official points of acceptance and Investor Services Centers during their business hours on their respective business days as listed in the SAI. Application must be completed in block letters in English. Investors may also subscribe to the Scheme's units by making an online application at the AMC's website www.quantumamc.com.
2. In case of Quantum Long Term Equity Fund applications by new investors must be for a minimum amount of Rs.5,000/- and in multiples of Re. 1/- thereafter. For SIP's the minimum amount will be Rs. 6,000/- which has to be paid in 6 installments by giving 6 post dated cheques for minimum of Rs. 1,000/- each in advance. For Daily SIP under Dividend and Growth Plan under Quantum Long Term Equity Fund (QLTEF) shall be of Rs. 100/- at applicable NAV based prices for minimum duration of 6 months.
3. In case of Quantum Liquid Fund applications by new Investors must be for a minimum amount of Rs. 10,000/- in case of Growth Plan, Rs. 1,00,000/- in case of Daily Dividend Re-investment Plan, and Rs. 10,000/- in case of Monthly Dividend Payout Plan and in multiples of Rs. 1/- thereafter. Applications for Sale/Repurchase/Redemption of Units shall be forwarded to the applicable official points of acceptance as listed in this SAI.
4. In case of Quantum Tax Saving Fund applications by new Investors must be for a minimum amount of Rs. 500/- and in multiples of Rs.500/- thereafter. Additional Investment in all plans would be Rs. 500/- and in multiples of Rs. 500/- thereafter.
5. In case of Quantum Gold Fund (QGF) and Quantum Index Fund (QIF) direct purchases of units from the Fund on an ongoing basis would be restricted to only Authorised Participants and Eligible investors. Authorised Participants and Eligible Investors can buy/redeem in creation unit size (presently 2,000 units) directly from the Fund on a daily basis against exchange of portfolio deposit and cash component. Direct purchase from the Fund by retail investors is not permitted. Units of QGF & QIF can be bought / sold like any other stock on the National Stock Exchange of India Ltd. (NSE) or on any other stock exchange where it is listed. The fund may if it deems fit change the Creation Unit Size mentioned above from time to time. Applications for Sale/Repurchase/Redemption of Units shall be forwarded to the applicable official points of acceptance as specified in this SAI.

Portfolio Deposit in case of QGF shall consist of physical gold which will be in pre-defined quantity and purity and will be held by the custodian/sub-custodian as may be specified by the AMC and will be defined and announced by the AMC from time to time.

Cash Component in case of QGF shall represent the difference between the applicable net asset value of units in creation unit size and the market value of physical gold.

Portfolio Deposit in case of the QIF is a pre-defined basket of securities that represent the underlying index and will be defined and announced by the fund from time to time.

Cash Component in case of QIF shall represent the difference between the applicable net asset value of units in creation unit size and the market value of the portfolio deposit.

6. In case of Quantum Equity Fund of Funds by new Investors must be for a minimum amount of Rs. 5000/- and in multiples of Rs.1/- thereafter. Additional Investment in all plans would be Rs. 1000/- and in multiples of Re. 1/- thereafter.
7. In order to protect the interest of Investors from fraudulent encashment of cheques, the current SEBI Regulations has made it mandatory for Investors to mention in their Application/Repurchase/Redemption request, the bank name and account number. Applications without these details will be rejected.

8. All investors are required to furnish a copy of the Permanent Account Number (PAN) Card duly attested by a Judicial Authority/Bank Manager/ARN Distributor/Notary Public/Gazetted Officer. In case of joint applicants, certified PAN copies of all holders should be submitted. In case the person making an application is a minor, certified PAN copies of the guardian must be submitted. Applications without certified PAN copies would be liable to be rejected without any reference to the Investor.
9. The Prevention of Money Laundering Act 2002, & Rules and the SEBI Guidelines/AMFI recommendation require that KYC formalities are to be completed by the Mutual Funds for all its Unit Holders, including Guardians and Power of Attorney holders, for any investment (whether new or additional purchase) of Rs. 50,000 or more. For convenience of investors special arrangements has been made with CDSL Ventures Ltd. (CVL), a wholly owned subsidiary of Central Depository Services (India) Ltd. (CDSL) and CVL shall receive KYC Applications from investors, at its various Points of Services (POS) across various locations and process the same and issue a KYC acknowledgement letter to the investor. For more details on the process to be followed please visit our website www.quantumamc.com or the AMFI website www.amfiindia.com. Applications of Rs 50,000/- and above not accompanied by the KYC acknowledgement letter is liable to be rejected.
10. Applications not complete in any respect are liable to be rejected.
11. The Trustee 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.

MODE OF PAYMENT

Resident Investors:

Payment can be made by any of the following modes:

- **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.

- All cheques and bank drafts must be drawn in favour of "Scheme Name" for e.g. "Quantum Index Fund" and crossed "Account Payee Only" and payment must be made by a single Cheque/DD.
- Electronic Transfer of Funds over the internet or by way of direct credit/RTGS/NEFT to Designated Scheme Collection Account.

No cash, money orders, 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 ISC or Designated Collection Centre 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 draft 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.

In case of QGF and QIF as mentioned in clause 5 above no cash subscription or redemption is presently permitted and subscription and redemption of units is permitted only against the delivery of portfolio deposit and the cash component.

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 NRE/FCNR/Non-Resident Ordinary Rupee Account (NRO)/Non-Resident (Special) Rupee Account (NRSR).

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.

SINGLE FOLIO FACILITY/MASTER ACCOUNT/FOLIO

As an Investor friendly measure, unless otherwise requested by the Unitholder, one Folio Number will be assigned for one Unitholder having holdings in different schemes of the Mutual Fund. In such a case, one consolidated Account Statement will be provided. 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.

ACCOUNT STATEMENT

As per SEBI Regulations an account statement reflecting the Units allotted in the New Fund Offer shall be dispatched to the Unit holder within 30 days from the date of closure of the New Fund Offer period. Post the New Fund Offer period, if a request is received from the unit holder, the account statement reflecting the new or additional subscriptions as well as Redemptions/switch of Units shall be dispatched within 30 days from the receipt of the request to the Unit holder.

The Account Statement shall not be construed as a proof of title and is only a computer generated statement indicating the details of transactions under the Scheme and is a nontransferable document.

UNITS WITH DEPOSITORY

Units of the QGF & QIF will be held with a Depository. Under such circumstances, Units will be 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.

JOINT HOLDERS

In the event the account has more than one registered Unitholder the first-named Unitholder shall receive the 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.

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 recognise 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.

III. RIGHTS OF THE UNTHOLDERS OF THE SCHEME

1. Unitholders of the Scheme have a proportionate right in the beneficial ownership of the assets of the Scheme and in case of declaration of Dividend, for the receipt of the Dividend declared by the Fund under 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. Account Statement reflecting the new or additional subscription as well as Redemption/switch of units shall be dispatched to the Unit Holder within 10 business days of the specified redemption date. Provided if a Unitholder so desires the Mutual Fund shall issue a Unit certificate (non-transferable) within 30 days of the receipt of request of certificate.
3. The Fund shall dispatch the Redemption proceeds to the Unitholders within 10 Business Days of receiving the 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 and any change in the appointment of the AMC shall be subject to the prior approval of SEBI and the Unitholders of the Scheme.
6. The Trustee is obliged to convene a meeting on a requisition of 75% of the Unitholders of the Scheme.
7. 75% of the Unitholders of the Scheme can pass a resolution to wind up the Scheme.
8. Unitholders have the right to inspect all the documents listed under "Documents Available for Inspection" in this SAI.
9. 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.
10. 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.

IV. INVESTMENT VALUATION NORMS FOR SECURITIES AND OTHER ASSETS

In accordance with the SEBI circular, every AMC should formulate Valuation Committee to review investment valuation practices. Accordingly, a valuation committee has been constituted. This committee would review the valuation policies on a periodic basis and as and when any change is proposed. Compliance Officer would record the decisions and discussions of the meeting.

The Fund shall value its investments according to the valuation norms, as specified in Schedule VIII of the Regulations, or such norms as may be prescribed by SEBI from time to time. These norms based on the current Regulations and the guidelines/ instructions issued by SEBI from time to time are indicated below :

1. Traded Securities:

- a. The securities shall be valued at the last quoted closing price on the Stock Exchange.
- b. When the securities are traded on more than one recognised stock exchange, the securities shall be valued at the last quoted closing price on the stock exchange where the security is actively traded.
It would be left to the AMC to select the appropriate stock exchange, but the reasons for the selection should be recorded in writing. There should however be no objection for all scrips being valued at the prices quoted on the stock exchange where a majority in value of the investments are principally traded such as The Stock Exchange, Mumbai (BSE) or if the particular security is not listed or traded on the BSE, the National Stock Exchange (NSE) or any other stock exchange.
- c. Once a stock exchange has been selected for valuation of a particular security, reasons for change of the exchange shall be recorded in writing by the AMC.
- d. When on a particular valuation day, a security has not been traded on the selected stock exchange; the value at which it is traded on another stock exchange may be used.
- e. When a security (other than government securities) is not traded on any stock exchange on a particular valuation day, the value at which it was traded on the selected 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 thirty days prior to the valuation date.
- f. The AMC will be valuing the securities of the Scheme based on the quotations of the BSE. However, the AMC reserves the right to change the basis of valuation to NSE, or any other stock exchange, in cases where a particular security is not listed or traded on the BSE or if it is found to be more appropriate.

Derivative Products

- The traded derivative shall be valued at market price in conformity with the stipulations of sub clauses (i) to (v) of clause 1 of the Eighth Schedule to the SEBI Regulations.
- The valuation of untraded derivatives shall be done in accordance with the valuation method for untraded investments prescribed in sub clauses (i) and (ii) of clause 2 of the Eighth Schedule to the SEBI Regulations.

2. Thinly Traded Securities :

(i) Thinly Traded Equity/Equity Related Securities :

When trading in an Equity/Equity Related Security (such as convertible debentures, equity warrants, etc.) in a month is less than Rs. 5 lacs or the total volume is less than 50,000 shares, it shall be considered as a thinly traded security and valued accordingly.

Where a stock exchange identifies the "thinly traded" securities by applying the above parameters for the preceding calendar month and publishes/provides the required information along with the daily quotations, the same can be used by the Fund.

If the share is not listed on the stock exchanges which provide such information, then it will be obligatory on the part of the Fund to make its own analysis in line with the above criteria to check whether such securities are thinly traded which would then be valued accordingly.

In case trading in an equity security is suspended upto 30 days, then the last traded price would be considered for valuation of that security. If an equity security is suspended for more than 30 days, then Quantum AMC/Trustees will decide the valuation norms to be followed and such norms would be documented and recorded.

(ii) Thinly Traded Debt Securities:

A debt security (other than Government Securities) shall be considered as a thinly traded security if on the valuation date, there are no individual trades in that security in marketable lots (currently Rs 5 crore) on the principal stock exchange or any other stock exchange. A thinly traded debt security as defined above would be valued as per the norms set for non-traded debt security.

3. Non Traded Securities:

When a security (other than Government Securities) is not traded on any stock exchange for a period of thirty days prior to the valuation date, the scrip must be treated as a 'non traded' security.

4. Valuation of Non-Traded Securities :

Non traded/thinly traded securities shall be valued "in good faith" by Quantum AMC on the basis of appropriate valuation methods based on the principles laid down below and approved by the AMC. Such decision of the AMC must be documented and the supporting data in respect of each security so valued must be preserved. The methods used to arrive at the values "in good faith" shall be periodically reviewed by the Trustees and reported upon by the Auditors as "Fair and Reasonable" in their report on the annual accounts of the Fund.

(i) Non Traded/Thinly Traded Equity Securities

For the purpose of valuation of non traded equity securities, the following principles will be adopted;

- a. Based on the latest available Balance Sheet, net worth shall be calculated as follows:
$$\text{Net Worth per share} = [\text{share capital} + \text{reserves (excluding revaluation reserves)} - \text{Miscellaneous expenditure and Debit Balance in P\&L A/c}] \text{ Divided by No. of Paid up Shares.}$$
- b. Average capitalisation rate (P/E ratio) for the industry based upon either BSE or else 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 capitalisation rate (P/E ratio). Earnings per share of the latest audited annual accounts will be considered for this purpose.
- c. 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 illiquidity so as to arrive at the fair value per share.
- d. In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalised earning.
- e. 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.
- f. 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.

(ii) Non Traded/Thinly Traded Debt Securities of Upto 182 Days to Maturity

As the money market securities are valued on the basis of amortization (cost plus accrued interest till the beginning of the day plus the difference between the Redemption value and the cost spread uniformly over the remaining maturity period of the instruments) a similar process should be adopted for non-traded debt securities with residual maturity of upto 182 days, in the absence of any other standard benchmarks in the market. Debt securities purchased with residual maturity of upto 182 days are to be valued at cost (including accrued interest till the beginning of the day) plus the difference between the Redemption value (inclusive of interest) and cost spread uniformly over the remaining maturity period of the instrument. In case of a debt security with maturity greater than 182 days at the time of purchase, the last valuation price plus accrued interest should be used instead of purchase cost. All other non-traded Non Government debt instruments shall be valued using the method suggested in 4(iii) below.

(iii) Non Traded/Thinly Traded Debt Securities of Over 182 Days to Maturity

For the purpose of valuation, all Non Traded Debt Securities would be classified into “Investment grade” and “Non Investment grade” securities based on their credit ratings. The non-investment grade securities would further be classified as “Performing” and “Non Performing” assets.

All Non Government investment grade debt securities, classified as not traded, shall be valued on yield to maturity basis as described in the applicable SEBI circular.

All Non Government non-investment grade performing debt securities would be valued at a discount of 25% to the face value.

All Non Government non-investment grade non-performing debt securities would be valued based on the provisioning norms.

The approach in valuation of non traded debt securities is based on the concept of using spreads over the benchmark rate to arrive at the yields for pricing the non traded security.

The yields for pricing the non traded debt security would be arrived at using the process as defined below.

Step A: A risk free benchmark yield is built using the government securities (GOI Sec) as the base. GOI Securities are used as the benchmarks as they are traded regularly, free of credit risk and traded across different maturity spectrums every week.

Step B: A matrix of spreads (based on the credit risk) is built for marking up the benchmark yields. The matrix is built based on traded corporate paper on the wholesale debt segment of an appropriate stock exchange and the primary market issuances. The matrix is restricted only to investment grade corporate paper.

Step C: The yields as calculated above are marked-up/marked-down for ill-liquidity risk.

Step D: The yields so arrived are used to price the portfolio.

Methodology

Construction of Risk Free Benchmark

Using Government of India dated securities, the benchmark shall be constructed as below:

Government of India dated securities will be grouped into the following duration buckets viz., 0.5-1 years, 1-2 years, 2-3 years, 3-4 years, 4-5 years, 5-6 years and 6 years and the volume weighted yield would be

computed for each bucket. These duration buckets may be changed to reflect the market value more closely by any agency suggested by AMFI giving benchmark yield/matrix of spreads over benchmark yield. Accordingly, there will be a benchmark YTM for each duration bucket.

The benchmark as calculated above will be set at least weekly, and in the event of any significant movement of prices of Government securities on account of any event impacting interest rates on any day such as change in the RBI policies, the benchmark will be reset to reflect any change in the market conditions.

Note: The concept of duration over tenor has been chosen in order to capture the reinvestment risk. It is intended to gradually move towards a methodology that incorporates the continuous curve approach for valuation of such securities. However, in view of the current lack of liquidity in the corporate bond markets, a continuous curve approach to valuation would be necessarily based on limited data points, and this would result in out of line valuations. As an interim methodology therefore it is proposed that the Duration Bucket approach be adopted and continuously tracked in order to fine-tune the duration buckets on a periodic basis. Over the next few years it is expected that with the deepening of the secondary market trading, it would be possible to make a gradual move from the Duration Bucket approach towards a continuous curve approach.

Building a Matrix of Spreads for Marking-up the Benchmark Yield

Mark up for credit risk over the risk free benchmark YTM as calculated in step A, will be determined using the trades of corporate debentures/bonds of different ratings. All trades on appropriate stock exchange during the fortnight prior to the benchmark date will be used in building the corporate YTM and spread matrices. Initially these matrices will be built only for corporate securities of investment grade. The matrices are dynamic and the spreads will be computed every week. The matrix will be built for all duration buckets for which the benchmark GOI matrix is built to effectively link the corporate matrix with the GOI securities matrix.

Accordingly:

All traded paper (with minimum traded value of Rs. 1 crore) (Rupees One Crore Only) will be classified by their ratings and grouped into 7 duration buckets; for rated securities, the most conservative publicly available rating will be used;

For each rating category, average volume weighted yield will be obtained both from trades on the appropriate stock exchange and from the primary market issuances;

Where there are no secondary trades on the appropriate stock exchange in a particular rating category and no primary market issuances during the fortnight under consideration, then trades on appropriate stock exchange during the 30 days period prior to the benchmark date will be considered for computing the average YTM for such rating category;

If the matrix cannot be populated using any or all of the above steps, then credit spreads from trades on appropriate stock exchange of the relevant rating category over the AAA trades will be used to populate the matrix;

In each rating category, all outliers will be removed for smoothening the YTM matrix;

Spreads will be obtained by deducting the YTM in each duration category from the respective YTM of the GOI securities;

In the event of lack of trades in the secondary market and the primary market the gaps in the matrix would be filled by extrapolation. If the spreads cannot be extrapolated for the reason of practicality, the gaps in the matrix will be filled by carrying the spreads from the last matrix.

Mark-up/Mark-down Yield

The Yields calculated would be marked-up/marked-down to account for the ill-liquidity risk, promoter background, finance company risk and the issuer class risk. As the level of ill-liquidity risk would be higher for non rated securities the marking process for rated and non rated securities would be differentiated as follows:

Adjustments for Securities rated by External Rating Agencies

The Yields so derived out of the above methodology could be adjusted to account for risk mentioned above by an appropriate discount or premium as prescribed by SEBI.

The benchmark yield/matrix of spreads over benchmark yield obtained from any agency suggested by AMFI as a provider of benchmark yield/matrix of spreads over benchmark yield to mutual funds, must be applied for valuation of securities on the day on which the benchmark yield/matrix of spreads over benchmark yield is released by the aforesaid agency.

Valuation of Securities with Put/Call Option

The option embedded securities would be valued as follows:

Securities with Call option

The securities with call option shall be valued at the lower of the value as obtained by valuing the security to final maturity and valuing the security to call option.

In case there are multiple call options, the lowest value obtained by valuing to the various call dates and valuing to the maturity date is to be taken as the value of the instrument.

Securities with Put option

The securities with put option shall be valued at the higher of the value as obtained by valuing the security to final maturity and valuing the security to put option.

In case there are multiple put options, the highest value obtained by valuing to the various put dates and valuing to the maturity date is to be taken as the value of the instruments.

Securities with both Put and Call option on the same day

The securities with both Put and Call option on the same day would be deemed to mature on the Put/Call day and would be valued accordingly.

Government Securities

Government securities will be valued as per the prices for Government Securities released by an agency suggested by AMFI for the sake of uniformity in calculation of NAVs. Government Securities are valued at the prices released by CRISIL, which is currently the only approved agency suggested by Association of Mutual Funds in India (AMFI).

5. Illiquid Securities:

- a. Aggregate value of "illiquid securities" of the Scheme, which are defined as non-traded, thinly traded and unlisted equity shares, shall not exceed 15% of the total assets of the Scheme and any illiquid securities held above 15% of the total assets shall be assigned zero value.
- b. The Fund shall disclose as on March 31 and September 30 the Scheme-wise total illiquid securities in value and percentage of the net assets while making disclosures of half yearly portfolios to the Unitholders. In the list of investments, an asterisk mark shall also be given against all such investments which are recognised as illiquid securities.
- c. The Fund shall not transfer illiquid securities among its schemes.
- d. In respect of convertible debentures and bonds, the non-convertible and convertible components will be valued separately. The non-convertible component is valued on the same basis as would be applicable to a debt instrument. The convertible component is valued on the same basis as would be applicable to an equity instrument. If, after conversion the resultant equity instrument would be traded pari-passu with an existing instrument, which is traded, the value of the latter instrument is adopted after appropriately discounting for the non-tradability of the instrument during the period preceding the conversion. While valuing such instruments, the fact whether the conversion is optional will be factored in.

Fixed Income and Money Market Securities

Debt instruments shall generally be valued on a yield to maturity basis on the basis of the capitalization factor for comparable traded securities and with an appropriate discount for a lower liquidity.

While investments in call money, bills purchased under rediscounting scheme and short term deposits with banks shall be valued at cost plus accrual; other money market instruments shall be valued at the yield at which they are currently traded. For this purpose, instruments not traded for a period of 7 days will be valued at cost plus interest accrued till the beginning of the day plus the difference between the Redemption value and the cost spread uniformly over the remaining maturity period of the instruments.

Valuation of "Repo"

Where instruments have been bought on 'repo' basis, the instrument must be valued at the resale price after deduction of applicable interest up to date of resale. Where an instrument has been sold on a 'repo' basis, adjustment must be made for the difference between the Repurchase price (after deduction of applicable interest up to date of repurchase) and the value of the instrument. If the Repurchase price exceeds the value, the depreciation must be provided for and if the Repurchase price is lower than the value, credit must be taken for the appreciation.

Valuation of Warrants

In respect of warrants to subscribe for shares attached to instruments, the warrants shall be valued at the value of the share which would be obtained on exercise of the warrant as reduced by the amount which would be payable on exercise of the warrant. A discount similar to the discount to be determined in respect of convertible debentures (as referred in valuation of convertible debentures and bonds above) shall be deducted to account for the period which must elapse before the warrant can be exercised;

Valuation of Derivative Products

The traded derivatives shall be valued at market price in conformity with the stipulations of sub clauses (i) to (v) of clause 1 of the Eighth Schedule to the Regulations.

The valuation of untraded derivatives shall be done in accordance with the valuation method for untraded investments prescribed in sub clauses (i) and (ii) of clause 2 of the Eighth Schedule to the Regulations.

6. Expense and Income Accrual

All expenses and incomes accrued up to the valuation date shall be considered for computation of NAV. For this purpose, while major expenses like management fees and other periodic expenses should be accrued on a day to day basis, other minor expenses and income need not be so accrued, provided the non-accrual does not affect the NAV calculations by more than 1%.

7. Changes in the Securities and Units

Any changes in securities and in the number of units are recorded in the books not later than the first valuation date following the date of transaction. If this is not possible given the frequency of NAV disclosure, the recording may be delayed up to a period of seven days following the date of the transaction, provided that as a result of the non-recording, the NAV calculations shall not be affected by more than 1%. In case the Net Asset Value of a scheme differs by more than 1%, due to non-recording of the transactions, the investors or scheme/s as the case may be, shall be paid the difference in amount as follows:-

- (i) If the investors are allotted units at a price higher than Net Asset Value or are given a price lower than Net Asset Value at the time of sale of their units, they shall be paid the difference in amount by the Scheme.
- (ii) If the investors are charged lower Net Asset Value at the time of purchase of their units or are given higher Net Asset Value at the time of sale of their units, asset management company shall pay the difference in amount to the Scheme. The asset management company may recover the difference from the investors.

The valuation guidelines as outlined above are as per SEBI Regulations and are subject to change from time to time in conformity with changes made by SEBI.

SEBI has issued vide circular no. MFD/CIR/8/92/2000 dated September 18, 2000 as amended by SEBI circular no. MFD/CIR/14/088/2001 dated March 28, 2001 (i) Guidelines for Valuation of Securities; and (ii) Guidelines for Identification and Provisioning for Non-Performing Assets (NPAs). These Guidelines are supplementary to the provisions specified in SEBI Regulations.

These Guidelines have become effective as follows (SEBI circular no. MFD/CIR/8(a)/104/2000 dated October 03, 2000):

- (i) Guidelines for identification and provisioning of NPAs and Valuation of non-traded and thinly traded equity shares from October 16, 2000.
- (ii) Guidelines for Valuation of non-traded and thinly traded debt securities from December 1, 2000.

All other assets (if any) are taken at fair value as determined in-good faith in accordance with the appropriate valuation methods based on the principles approved/adopted by the AMC, and amended from time to time, to ensure appropriate fair valuation of assets for the Fund. The Trustees/AMC may alter these above stated investment valuation norms from time to time, and also to the extent the SEBI (Mutual Funds) Regulations, 1996 change, so as to permit the Scheme to make valuation of its investments in the full spectrum of permitted valuation norms for Mutual Funds to determine NAV.

As such valuation of all investments of the Scheme will be made in accordance with SEBI (Mutual Funds) Regulations, 1996 including Schedule VIII thereof.

Valuation of Gold

The NAV of the Units of the Quantum Gold Fund (Scheme or Fund) will be computed by dividing the value of net assets of the Scheme by the number of Units outstanding on the valuation date.

Example showing calculation for determination of NAV:

Price of Gold per half gram	473.50
Gold Held by the Scheme in Grams	99,000
Portfolio Value (i.e. Value of Gold held by the Scheme)	93,753,000
Cash	947,000
Net Assets of the Scheme	94,700,000
No. of Units of the Scheme	200,000
NAV per unit	473.50

Valuation Norms

The Fund shall value its investments in gold in accordance with the valuation norms specified under The SEBI (Fourth Amendment) Regulations 2006, notified by the Government vide gazette dated December 27, 2006 (No. F No. SEBI/LAD/DOP/82534/2006).

The broad Valuation Norms are detailed below:

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, subject to the following:

- (a) adjustment for conversion to metric measures as per standard conversion rates;

- (b) adjustment for conversion of US dollars into Indian rupees as per the RBI reference rate declared by the Foreign Exchange Dealers Association of India (FEDAI); and
- (c) addition of i) transportation and other charges that may be normally incurred in bringing such gold from London to the place where it is actually stored on behalf of the mutual fund; and ii) notional customs duty and other applicable taxes and levies that may be normally incurred to bring the gold from London to the place where it is actually stored on behalf of the mutual fund.; provided that the adjustment under clause (c) above will be made on the basis of the notional premium that is usually charged for delivery of gold to the place where it is actually stored on behalf of the mutual fund; Provided further that where the gold held by the Fund has a greater fineness, the relevant LBMA prices of AM fixing shall be taken as the reference price under this clause. In case the gold acquired by the Fund is not in the form of standard bars, it shall be assayed and converted into standard bars which comply with the good delivery norms of the LBMA and thereafter valued in terms of this clause.

ACCOUNTING POLICIES AND STANDARDS

In accordance with Regulation 50 read with the Ninth Schedule to the SEBI Regulation, the Schemes shall 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
- f) 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.

g) 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.

h) 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.

i) 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.

j) 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.

k) 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.

l) 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, subject to the following:

- adjustment for conversion to metric measures as per standard conversion rates;
- adjustment for conversion of US dollars into Indian rupees as per the RBI reference rate declared by the Foreign Exchange Dealers Association of India (FEDAI); and
- addition of i) transportation and other charges that may be normally incurred in bringing such gold from London to the place where it is actually stored on behalf of the mutual fund; and ii) notional customs duty and other applicable taxes and levies that may be normally incurred to bring the gold from London to the place where it is actually stored on behalf of the mutual fund.; provided that the adjustment under clause c) above will be made on the basis of the notional premium that is usually charged for delivery of gold to the place where it is actually stored on behalf of the mutual fund; Provided further that where the gold held by the Fund has a greater fineness, the relevant LBMA prices of AM fixing shall be taken as the reference price under this clause. In case the gold acquired by the Fund is not in the form of standard bars, it shall be assayed and converted into standard bars which comply with the good delivery norms of the LBMA and thereafter valued in terms of this clause.

The accounting policies and standards outlined above are as per the existing Regulations and are subject to change as per changes in the Regulations.

Guidelines for Identification and Provisioning for Non Performing Assets (Debt Securities) For Mutual Funds:

(A) Definition of a Non Performing Asset (NPA) : An 'asset' shall be classified 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.

(B) Effective date for classification and provisioning of NPA's: The definition of NPA may be applied after a quarter past due date of the interest. For e.g. if the due date for interest is 31.12.2008, it will be classified as NPA from 01.04.2009.

(C) Treatment of income accrued on the NPA and further accruals: 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 i.e. if the due date for interest falls on 31.12.2008 and if the interest is not received, accrual will continue till 31.03.2009 after which there will be no further accrual of income. In short, taking the above example, from the beginning of the 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. For e.g. if interest income falls due on 30.06.2008, accrual will continue till 30.09.2008 even if the income as on 30.06.2008 has not been received. Further, no accrual will be done from 01.10.2009 onwards. Full provision will also be made for interest accrued and outstanding as on 30.09.2008.

(D) Provision for NPA's – Debt Securities: 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 which ever 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

- 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.
- 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 assets 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 assets 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 the interest i.e. 15 months from the date of classification of the assets as NPA. Book value for the purpose of provisioning for NPA's shall be taken as a value determined as per the prescribed valuation method.

This can be explained by an illustration:

Let us consider that interest income is due on a half yearly basis and the due date falls on 30.06.2008 and the interest is not received till 1st quarter after due date i.e. 30.09.2008. This provisioning will be done in following phased manner:

10% provision	01.01.2009	6 months past due date of interest i.e. 3 months from the date of classification of asset as NPA (01.10.2008)
20% provision	01.04.2009	
20% provision	01.07.2009	
25% provision	01.10.2009	
25% provision	01.01.2010	

Thus, 1 1/2 years past the due date of income or 1 1/4 year from the date of classification of the 'asset' as an NPA, the 'asset' will be fully provided for. If any installment is fallen due, during the period of interest default, the amount of provision should be installment amount or above provision amount, whichever is higher.

(E) Reclassification of Assets: Upon reclassification of assets as 'performing assets':

1. In case a company has fully cleared all the arrears of interest, the interest provisions can be written back in full.
2. The asset will be reclassified as performing on clearance of all interest arrears and if the debt is regularly serviced over the next two quarters.
3. In case the company has fully cleared all the arrears of interest, the interest not credited on accrual basis would be credited at the time of receipt.
4. The provision made for the principal amount can be written back in the following manner:
 - a. 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
 - b. 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.
5. An asset is reclassified as 'standard asset' only when both overdue interest and overdue installments are paid in full and there is satisfactory performance for a subsequent period of 6 months.

(F) Receipt of past dues: When the fund has received income/principal amount after their classifications as NPA's;

- For the next 2 quarters, income should be recognized on cash basis and thereafter on accrual basis. The asset will be continued to be classified as NPA for these two quarters.
- During this period of two quarters although the asset is classified as NPA no provision needs to be made for the principal if the same is not due and outstanding
- If part payment is received towards principal, the asset continues to be classified as NPA and provisions are continued as per the norms set at (D) above. Any excess provision will be written back.

(G) Classification of Deep Discount Bonds as NPA's: Investments in Deep Discount Bonds can be classified as NPA's, if any two 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 assets, if available.
- Full Net worth erosion.

Provision should be made as per the norms set at (D) above as soon as the asset is classified as NPA. Full provision can be made if the rating comes down to grade 'D'

- (H) Re-schedulement of an asset:** In case any company defaults either interest or principal amount and the fund has accepted a re-schedulement of the schedule of payments, then the following practice may be adhered to:
- (i) In case it is a first re-schedulement 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 will be classified as 'performing asset' and the interest provided may be written back.
 - (ii) If the re-schedulement 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 all the interest provided till such date should be written back.
 - (iii) If the re-schedulement 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. The provision should be written back only after it is reclassified as 'performing asset'.
- (I) 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.

V. TAX & LEGAL & GENERAL INFORMATION

A. Tax Benefits /Consequences of Investing in Mutual funds

As per the taxation laws in force as at the date of the Document, the tax benefits that are available to the investors investing in the Units of the Plans of the various schemes of the Quantum Mutual Fund are stated as follows.

The tax benefits described in this Document are as per the provisions of the Income-tax Act, 1961 subject to relevant conditions.

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. TO THE MUTUAL FUND

The entire income of Fund registered under the Securities and Exchange Board of India Act, 1992 (15 of 1992) or regulations made thereunder will be exempt from income tax in accordance with the provisions of section 10(23D) of the Income-tax Act, 1961. Consequently, income received by the Schemes of the Mutual Fund is not liable for deduction of tax at source. The Mutual Fund will receive all income without any deduction of tax at source under the provisions of Section 196(iv) of the Act.

Dividend Distribution Tax

Under Section 115R of the Income tax Act, 1961 Equity oriented mutual funds have been exempted from paying Dividend Distribution Tax. As per the Explanation to Section 115T of the Income Tax Act 1961, "equity oriented funds" means "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 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 QLTEF, QIF & QTSE being an "Equity Oriented Funds" are exempt from payment of dividend distribution tax. QLF, QGF and QEFF will be liable to pay dividend distribution tax as follows:

QLF:

If Unit holder is Individual/HUF	28.325%*
If Unit holder is any other person	28.325%*

*inclusive of applicable surcharge and educational cess

QGF/QEFF:

If Unit holder is Individual/HUF	14.1625%*
If Unit holder is any other person	22.66%*

*inclusive of applicable surcharge and educational cess

Securities Transaction Tax

Securities Transaction Tax (STT) is not applicable in case of non Equity Oriented Mutual Fund Scheme(s). In case of Units of Equity oriented Funds, the mutual fund is liable to recover / pay a securities transaction tax same is applicable as under:

Taxable Securities Transaction Tax	Rates	Payable by
Purchase of an equity share in a company or a unit of an equity oriented fund where the transaction for purchase is entered on a recognized stock exchange and the contract is settled by actual delivery / transfer of such unit	0.125%	Purchaser
Sale of an equity share in a company or a unit of an equity oriented fund where the transaction for purchase is entered on a recognized stock exchange and the contract is settled by actual delivery / transfer of such unit	0.125%	Seller
Sale of an equity share in a company or a unit of an equity oriented fund where the transaction for purchase is entered on a recognized stock exchange and the contract is settled otherwise than by actual delivery / transfer of such unit	0.025%	Seller
Sale of a unit of an Equity Oriented Fund to the Mutual Fund	0.25%	Seller
Sale of derivative being a future where the transaction for such sale is entered into a recognized stock exchange	0.017%	Seller
Sale of derivative being an option where the transaction for such sale is entered into a recognized stock exchange	0.017% of the option premium	Seller
Sale of derivative being an option where option is exercised and where the transaction for such sale is entered into a recognized stock exchange	0.125% of the settlement price	Purchaser

The value of taxable securities transaction will be as follows:

- In case of a taxable securities transaction relating to "Option in securities", the aggregate of the strike price and the option premium of such "options in securities";
- In case of a taxable securities transaction relating to "futures", the price at which such "futures" are traded; and
- In the case of any other taxable securities transaction, the price at which such securities are purchased or sold.

II. TO THE UNITHOLDERS

a. IN RESPECT OF INCOME DISTRIBUTION:

Under the provisions of Section 10(35) of the Income-tax Act, 1961, income received in respect of units of Mutual Fund specified under section 10(23D) is exempt from income tax in the hands of the unit holders. It has, however, been clarified that income arising from transfer/redemption of units of Mutual Fund shall not be exempt.

The characterization of gains / losses arising from transfer / redemption of units as capital gains or business income would depend on the classification of the said units by the unit holder. It would depend on whether the unit holder has classified such units as capital assets or as stock in trade.

b. IN RESPECT OF CAPITAL GAINS

i) Long Term Capital Gains:

Individuals, Hindu Undivided Families, Partnership firms and Indian 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 Income Tax Act, 1961) held for a period of more than 12 months will be chargeable under Section 112 @ 20% (plus applicable surcharge and education cess), Capital Gain would be computed after reducing the aggregate of cost of acquisition (as adjusted by cost inflation index notified by the Central Government) and expenditure incurred wholly and exclusively in connection with transfer. An assessee 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 income tax at 20% (plus applicable surcharge and education cess) or 10% (plus applicable surcharge and education cess), as the case may be.

Non-residents & Foreign Companies : Long Term capital gains will be subjected to income tax @ 20% (plus applicable surcharge and education cess). However, no benefit of Cost Inflation Indexation is available.

Non-resident Indians : Under Section 115E of the Act, for non-resident Indians, income by way of long-term capital gains in respect of Units, other than units of equity oriented fund, is chargeable at the rate of 20% (plus applicable surcharge and education cess). However, no benefit of Cost Inflation Indexation is available.

Foreign Institutional Investors : Long-term capital gains arising on sale/Redemption of Units, 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 applying cost inflation index 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.

Other Unit holders: Long-term capital gains arising on sale/Repurchase of Units, held for a period of more than twelve months, will be chargeable under Section 112 of the Act, at the rate of 10 per cent (plus applicable surcharge and education cess).

Exemptions from long-term capital gains

- (i) Long term capital gains arising on or after October 01, 2004 (i.e. after the date on which the STT came into force) from the transfer of units of an Equity Oriented scheme (as defined u/s. 115T of the Income Tax Act, 1961) would be exempt from Income-Tax as per section 10(38) of the Income-Tax Act, 1961. The Mutual Fund would recover STT @ 0.25% from the unitholder when units are re-purchased by the mutual fund/redeemed by the investor.

- (ii) As per the provisions of section 54EC of the Act, long-term capital gains 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 acquiring specified bonds and remain so invested as specified.
- (iii) Long term capital gain arising from the transfer of a unit (other than long term gains mentioned in point (i) above) by an Individual or a HUF, shall be exempt 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 proportionate exemption is available.

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 slab rates. The maximum tax rates applicable to different categories of assesses are as follows: -

Resident Individuals and HUF: Short-term capital gains arising on sale/Redemption of Units would be taxed at 30 per cent and 15% if such short term capital gains is of the nature referred in section 111A of the Act. (plus applicable surcharge and education cess).

Partnership Firms: Short-term capital gains arising on sale/Repurchase of Units would be taxed at 30 per cent and 15% if such short term capital gains is of the nature referred in section 111A of the Act. (plus applicable surcharge and education cess).

Indian Companies: Short-term capital gains arising on sale/Repurchase of Units would be taxed at 30 per cent and 15% if such short term capital gains is of the nature referred in section 111A of the Act. (plus applicable surcharge and education cess).

Non-Resident Indians: Short-term capital gains arising on sale/Repurchase of Units would be taxed at 30 per cent and 15% if such short term capital gains is of the nature referred in section 111A of the Act. (plus applicable surcharge and education cess).

Foreign Institutional Investors: Short-term capital gains arising on sale/Repurchase of Units would be taxed at 30 per cent and 15% if such short term capital gain is of the nature referred in section 111A of the Act. (plus applicable surcharge and education cess).

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).

Other Unit holders: Short-term capital gains other than referred in section 111A of the Act, arising on sale/Repurchase of Units would be taxed at the applicable tax rate (plus applicable surcharge and education cess).

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 Hindu Undivided Families, 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).

c. TAX DEDUCTION AT SOURCE

All Unitholders : 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.

Under section 195 of Act, tax shall be deducted at source in respect of capital gains as under:

- a. In case of a non-resident other than a company -

Long term capital gains on units of equity oriented funds	Nil
Long term capital gains on units of funds other than equity oriented funds	20% 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	30% plus applicable surcharge and education cess

b. In case of a foreign company –

Long term capital gains on units of equity oriented funds	Nil
Long term capital gains on units of funds other than equity oriented funds	20% 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

Under section 196B of the Act tax at 10% plus applicable surcharge and education cess shall be deducted at source from long term capital gains on units other than the units of equity-oriented mutual funds earned by Overseas Financial Organisations.

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

As per circular no. 728 dated October 1995 by CBDT, 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 assessee.

No income-tax is deductible at source from income by way of capital gains except as otherwise mentioned earlier under the present provisions of the Act.

d. TAX TREATY

In the case of a non-resident Unit holder who is resident of a country with which India has signed a Double Taxation Avoidance Agreement (which is in force) income tax is payable at the rate provided in the Act or at the rate provided in the such agreement, whichever is more beneficial to such non resident Unit holder.

e. 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.

f. GIFT-TAX

The Gift-tax Act, 1958 has ceased to apply to gifts made on or after October 1, 1998. Gifts of Units of the Mutual Fund would therefore, be exempt from gift-tax. Where however the gift, exceeding Rs. 50,000/- is made on or after April 1, 2006 the same is to be included as income in the hands of donee under new sub-clause (xiv) inserted in section 2(24) read with new section 56(2)(vi) by the Finance Act, 2007.

g. 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 Unitholders 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.

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.

h. 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 on transfer of such units

i. 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.

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, and as interpreted by the relevant taxation authorities as of date. Investors 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

NOMINATION FACILITY

Pursuant to Regulation 29A of the SEBI Regulations, the AMC is providing an option to the Unitholder to nominate (in the manner prescribed under the SEBI Regulations), one or more persons in whom the Units held by him/her shall vest in the event of his/her death. Where the Units are held by more than one person jointly, the joint Unitholders may 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. In case the unitholder/s is/re nominating more than one person he/they shall clearly indicate the proportion in which the nomination/s is to take effect. By provision of this facility the AMC is not in any way attempting to grant any rights other than those granted by law to the nominee. 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.

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.

TRANSFER FACILITY

In case of QLTEF, QLF, QEFF & QTSF

The Mutual Fund will be repurchasing/redeeming Units on an ongoing basis in case of QLTEF, QLF & QEFF and hence the transfer facility is found redundant. However, if a transferee becomes a holder of the Units by operation of law 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.

In case of QTSF, as per ELSS, the Investment made under the Scheme shall be locked in for a period of 3 (three) years from the date of allotment of the respective Units.

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 case of QGF & QIF

As the units of the Scheme will be issued in demat (electronic) form, the units will be transferable in accordance with the provisions of SEBI (Depositories and Participants) Regulations, as may be amended from time to time.

Transfer would be only in favor of transferees who are capable of holding units. The Fund will not be bound to recognize any other transfer.

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.

LISTING

In case of QLTEF, QLF & QEFF

Being an open ended Scheme under which 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 QGF & QIF

Presently the QGF and QIF units are listed on the NSE. In future these units may be listed on other recognized Stock Exchange as the Fund deems fit.

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 Rs. 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).

UNCLAIMED REDEMPTION 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. 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.

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:

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.

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.

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.

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.

In case of natural calamities, war, strikes, riots and bandhs.

In the event of any force majeure or disaster that affects the normal functioning of the AMC or the ISC or Registrar.

During the period of Book Closure.

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.

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.

In order to make the data capture and document submission easy and convenient for the investors, Mutual Fund Industry has collectively entrusted this responsibility of collection of documents relating to identity and address and record keeping to an independent agency (presently CDSL Ventures Limited) that will act as central record keeping agency ('Central Agency'). As a token of having verified the identity and address and for efficient retrieval of records, the Central Agency will issue a Know Your Customer Compliance Letter (KYC Letter) to each investor who submits an application and the prescribed documents to the Central Agency.

Investors who have obtained the KYC Letter can invest in the schemes of the mutual fund by attaching the KYC Letter in lieu of submitting information and documents required under AML Laws.

KNOW-YOUR-CUSTOMER COMPLIANCE LETTER (KYC LETTER)

Investors who wish to obtain a KYC Letter have to submit a completed Application Form for KYC Letter ('KYC Form') along with all the prescribed documents listed in the KYC Form, at any of the Point of Service ('POS'). The KYC Form is available at our website (www.QuantumAMC.com) and AMFI website (www.amfiindia.com). POS are the designated centres appointed by the Central Agency for receiving application forms, processing data and issue of KYC Letter. List of and location of POS is available at our website (www.QuantumAMC.com) and www.amfiindia.com. On submission of application, documents and information to the satisfaction of the POS, the investor will be issued a KYC Letter at the earliest. Subsequently, the Central Agency will scrutinize the information and documents submitted by the investor. The Central Agency may cancel the KYC Letter within 15 working days from the date of issue by the POS of the KYC Letter, in case of any deficiency in the document/information. Intimation on cancellation of KYC

Letter will be dispatched by the Central Agency to the investor immediately. No communication will be sent to the investor if the KYC Letter as issued is confirmed.

Presently, it is mandatory for all applications for subscription of value of Rs.50,000/- and above to attach the KYC Letter of all the applicants (guardian in case of minor) in the application for subscription.

In the event of any KYC Letter Application Form being subsequently rejected for lack of information / deficiency / insufficiency of mandatory documentation, the investment transaction may be cancelled and the amount may be redeemed at applicable NAV, subject to payment of exit load, wherever applicable. Such redemption proceeds will be despatched within a maximum period of 21 days from date of acceptance of application.

All investors (both individual and non-individual) can apply for a KYC Letter. However, applicants should note that minors cannot apply for a KYC Letter and any investment in the name of minors should be along with a Guardian, who should obtain a KYC Letter for the purpose of investing with a Mutual Fund. Also, applicants / unit holders intending to apply for units / currently holding units and operating their Mutual Fund folios through a Power of Attorney (PoA) must ensure that the issuer of the PoA and the holder of the PoA must attach their respective KYC Letters at the time of investment above the threshold. PoA holders are not permitted to apply for a KYC Letter on behalf of the issuer of the PoA. Separate procedures are prescribed for change in name, address and other KYC Letter related details, should the applicant desire to change such information. POS will extend the services of effecting such changes.

Applicants / Unit holders may contact our Official Points of Acceptance/Investor Service Centers (ISCs) for any additional information/clarifications. Also, please visit our website www.QuantumAMC.com for any other related information.

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

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

1. SEBI and,
2. In two daily newspapers having a circulation all over India and in one vernacular newspaper with circulation in Mumbai.

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 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

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.

Underwriting

For the present, the Scheme does not intend to enter into underwriting obligations. However, if the Scheme does enter into an underwriting agreement, it would do so after complying with the Regulations and with the requisite approval of the Board of the AMC/Trustee.

- Provided further that the Mutual Fund 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.

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

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.

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;

1. any unlisted security of an associate or group company of the Sponsor; or
2. any security issued by way of private placement by an associate or group company of the Sponsor; or
3. 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.

Name of Associate Companies of Quantum AMC:

Quantum Advisors Private Limited
Quantum Trustee Company Private Limited
Quantum Information Services Private Limited
Helpyourngo.com India Private Limited
Equitymaster India Limited
Equitymaster Agora Research Private Limited
Personalfn Insurance Services India Limited
Mymakaan Private Limited
Menlo Oak Venture Investments
Primary Real Estate Advisors Private Limited
Primary Real Estate Advisors Limited, Mauritius
QIEF Management LLC
Principal Real Estate Investment Private Limited
Centre for Monitoring Indian Economy Pvt. Ltd.
Geojit Financial Services Ltd.
Geojit Credits Pvt. Ltd.
Soltrix India Pvt. Ltd.
BJN Hotels Limited
Quantum Equity Advisors Pvt. Ltd

Disclosures Relating to Associate Transactions

Particulars	Quantum Long Term Equity Fund (QLTEF)			Quantum Liquid Fund (QLF)			Quantum Gold Fund (QGF)		Quantum Index Fund (QIF)	Quantum Tax Saving Fund (QTSF)
	2006-07	2007-08	2008-09	2006-07	2007-08	2008-09	2007-08	2008-09	2008-09	2008-09
Underwriting obligations undertaken	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Subscription by schemes in issues lead managed by Associate Companies	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total Business given to Associate Brokers (Rs in Lacs)	NIL	73.05	26.56	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Percentage of Brokerage Commission paid to Associate Broker	NIL	2.59	1.65	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Distribution of units by Associate Companies	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Documents Available for Inspection

The following documents will be available for inspection at the office of the Mutual Fund at 107-108, Regent Chambers, 1st Floor, Nariman Point, Mumbai – 400021 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
- Consent of Legal Advisors 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

Investor's grievances will normally be received at the Corporate Office of the AMC or directly by the Registrar. All grievances are generally forwarded to the Registrar for their necessary action. The complaints will be closely followed up with the Registrar to ensure timely redressal and prompt Investor service.

The Number of Complaints received and redressed during the last three financial years are as under :

	April 1, 2006 to March 31, 2007			April 1, 2007 to March 31, 2008			April 1, 2008 to March 31, 2009		
	Received	Redressed	Pending	Received	Redressed	Pending	Received	Redressed	Pending
Total	50	50	0	8	8	0	24	24	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 upto August 31, 2009 is as follows:

	April 1, 2009 to August 31, 2009		
	Received	Redressed	Pending
Total	19	19	0

There were no complaints received from SEBI during the above period.

For this purpose, Mr. Malay Vora has been appointed as the Investor Relations Officer. He can be contacted at the office of the AMC. The address and phone numbers are:

Quantum Asset Management Company Private Limited
107, Regent Chambers, 1st Floor,
Nariman Point, Mumbai – 400 021
Phone : (91) (22) 22875923
Fax : (91) (22) 22854318
E-mail : investorrelations@QuantumAMC.com

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.

**OFFICIAL POINTS OF ACCEPTANCE
INVESTOR SERVICE CENTRES
(for all the schemes)**

QUANTUM AMC's OFFICE

QUANTUM ASSET MANAGEMENT COMPANY PRIVATE LIMITED

107, REGENT CHAMBERS, 1ST FLOOR,
NARIMAN POINT, MUMBAI – 400 021

Phone : 022 – 22875923

Fax : 022 – 22854318

For Information -

Email : info@quantumamc.com

For Investor Grievances/ Complaints -

Email : investorrelations@quantumamc.com

(Only for QLTEF, QLF, QTSF & QEFF)

KARVY COMPUTERSHARE OFFICES

KARVY COMPUTERSHARE PRIVATE LIMITED

"KARVY HOUSE"

46, Avenue 4, Street No.1,

Banjara Hills,

Hyderabad - 500 034,

Andhra Pradesh, India.

Tel : +91-40-23312454

Fax : +91-40-23311968

Email: mailmanager@karvy.com

<p>Karvy Computershare Private Limited, DAS Chambers, Ground Floor, Opp. BSE & next to Corporation Bank, Dalal Street, Fort, Mumbai - 400 023, Mr. Uma Shankar, Mr. Sandeep Bhogle, Tel: 022 - 66235353, E-mail: mumbaimfd@karvy.com, sandeep@karvy.com, Fax: 022 - 66341966;</p>	<p>Karvy Computershare Private Limited, 2E / 23, Jhandewalan Extn, New Delhi - 110055, Mr. Jose Yohannan / Ms Sonaly, Mr. Michael George, Tel: 011- 43681700, E-mail: delhimfd@karvy.com, michaelg@karvy.com, jose.y@karvy.com, Fax: 011- 43681710;</p>
<p>Karvy Computershare Private Limited, 16 Jatin Bagchi Road, Kolkata - 700 029; Mr. Raj Ramaswamy / Shushmitha; Tel: 033 - 24659297, 033 - 39518643, 033-24659263, 033 - 24635432, 033-24659267, E-mail: kolkatamfd@karvy.com / rajramaswamy@karvy.com, Fax: 033-2463-5432; 033-2463-5432;</p>	<p>Karvy Computershare Private Limited, Srinath Plaza, C Wing, Office No. 58 And 59, 3Rd Floor, Dyaneshwar Paduka Chowk, Survey No. 184/4, F C Road, Pune - 411004, Mr. Rakesh, Tel: 020-25533795, 020-25532783, 020-25533592, Tel: 020 – 25533742, E-mail: punemfd@karvy.com, dattaraj.w@karvy.com</p>
<p>Karvy Computershare Private Limited, Flat No F11, First Floor, Akshya Plaza, (Erstwhile Harris Road), Opp Chief City Metropolitan Court, # 108, Adhithanar Salai, Egmore, Chennai - 600002; Mr. N V V Prasad / Mr. Dinesh Kumar; Tel: 044 42028512, 044-42028513, 044-28587772, 044-28587781, E-mail: chennaiamfd@karvy.com, nvvpasad@karvy.com, Fax: 044 - 42028514;</p>	<p>Karvy Computershare Private Limited, Surya Building, Ratna Avenue, No : 51/25, 1 St Floor, Richmond Road, Bangalore - 560 025; Mr. Raghu / Soumya; Tel.: 080 - 32008452, 080 - 25320085, E-mail: bangaloremfd@karvy.com; raghu@karvy.com, Fax: 080 - 25320086;</p>
<p>Karvy Computershare Private Limited, 201-202, Shail Building, 2nd Floor, Opp: Madhusudhan House, Nr. Navrangpura Telephone Exchange, Navrangpura, Ahmedabad - 380 006; Ms. Leela / Mr. Samir Dave; Tel.: 079-26402967, 079-264000527, 079-264000528, E-mail: ahmedabadmfd@karvy.com, Fax: 079-26565551;</p>	