



**Quantitative
Analytics**

+



**Fundamental
Analytics**

=



quant
QUANT&MENTAL
FUND

Adding **alpha** while subtracting **beta**

quant QUANTAMENTAL FUND

An open ended thematic equity scheme following a quant based investing theme

The information contained herein is solely for private circulation for reading/understanding of registered advisors/distributors and should not be circulated to investors/prospective investors. The content of the document is only for internal consumption & understanding purpose only. Not to be circulated externally without prior approval

NFO Period: 13th April 2021 – 27th April 2021

quant
multi asset, multi manager



In a nutshell, Quantamental Investing is an amalgamation of quantitative investing and fundamental (judgmental) investing, thus, combines the power of computing with human insight. It is where man meets machine.

At quant, we place a large emphasis on the importance of market implied data and the role of participants' behavior. Thus, **majority of the fund's processes are based on quantitative analytics coupled with minimal human intervention.**

This new age style of investing seeks to find harmony between objectivity and subjectivity.

Quantitative Analytics assumes data points such as security prices, open interest, volatility & global macros to be random and then aims to build the best Model, using **macro analytics, applied Mathematics, Econometrics and Statistical Modeling** to **decode that randomness**

Quant



Mental

Fundamental Analytics entails **determination of the 'correct' value of a company** by performing a deep dive into their balance sheets, management commentaries, competitors, etc.



Fundamental analysis relies primarily on individual experience **and judgment to decipher the intrinsic value of a financial security.** This process is laden with cognitive biases



Human analysts can capture the changing industry dynamics, the evolving regulatory environment & emerging technologies.



Quantitative Investment makes use of statistical modeling **to predict the behavior of financial instruments using vast amounts of historical data.** This style of investing is largely free of biases

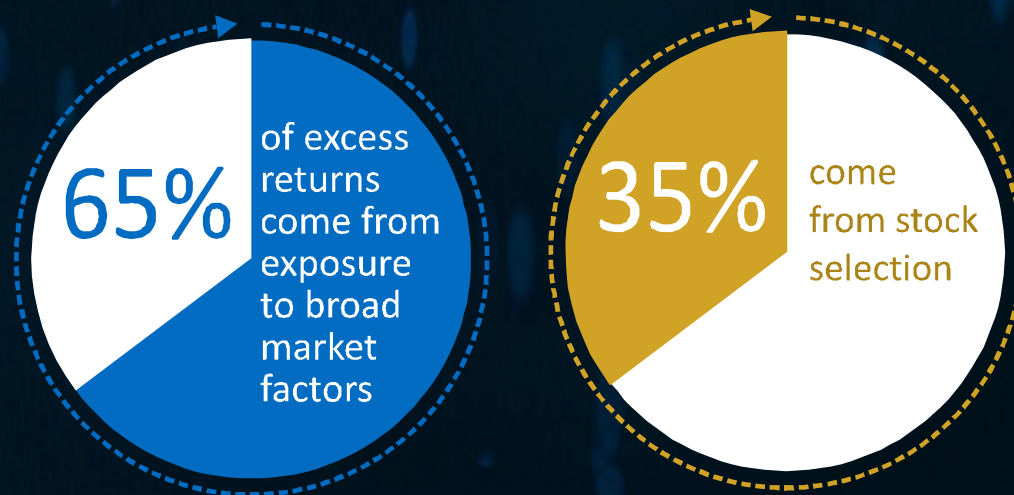


Well-developed computer models and programs allow for automation, prediction & detection by processing vast amounts of data points, **something no human can match**

Why take a Quantamental Approach?

According to a study by Morningstar (2015), 65% of Alpha comes from exposure to broad market factors such as Value, Momentum, etc. (primarily quantitative factor-based investing) while the remaining 35% comes from Stock Selection (fundamental analytics & human judgment) – Quantamental Investing has the propensity to extract values from both these facets

Two ways to extract excess return



Quantamental Investing alludes to the fusion of computer driven and human driven research. “Artificial Intelligence (AI) and Machine Learning coupled with Big Data Analytics have led to the concept of Quantamental Investing”
(Tadoori, 2020, p. 2)

“The democratization of information has made it much harder for active management. We have to change the ecosystem – that means relying more on big data, artificial intelligence, factors and models within quant and traditional investment strategies” **Larry Fink, BlackRock’s Chief Executive Officer (2017)**

Quantamental investment’s origins can be traced back to the late 1990s early 2000s when Investment professionals realized that both, quantitative and fundamental investing naturally complement one another.

Though it was a widely known approach, it was only in the aftermath of the GFC (Global Financial Crisis) in 2008 that analysts, investors and researchers realized the eminence of a Quantamental approach.

Since 2010, Quantamental Investing has been embraced by global asset managers. (Ma, 2020)



Quantamental combines the innate human ability to adapt, adding to the alpha generated by discipline and identification of underlying factors - **adaptive alpha, providing the edge needed to manage volatility**



This style of investing offers the ability to capitalize on periodic market imbalances to the portfolio's advantage



“Quantamental investing seeks to understand the depth and the breadth of the investment world”
– Nicholas LePan (2019)

“The emergence of the quantamental approach came from the realization of the shortcomings of both approaches – the lack of depth of quant analysis and the lack of breadth of fundamental analysis” (Ma, 2020, p. 411)

Quantitative Investing suffers from hindsight bias

The traditional form of quantitative investment largely suffers from hindsight bias due to the underlying notion it has that history will repeat itself. Furthermore, there is a lack of differentiation among traditional Quant-based funds since all of them optimize similar datasets and on similar parameters.

Fundamental Analysis laden with cognitive biases

Amos Tversky & Daniel Kahneman in 1974 found out that the predictions of different individuals are prone to a systematic bias which translates into forecasting errors. Examples of such biases include, the anchoring bias (relying predominantly on a single piece of information) & the bandwagon effect (following the crowd).



quant's approach to Quantamental investing is **not opposite to fundamental investing**; nor is it purely based on factor analytics. It is, in fact, an investment approach based on a deep and complex understanding of the market



Our Quantamental Investing is an active investment strategy. **The underlying idea is that the market is inefficient or weak-form efficient, hence, there exists potential for investors to generate alpha**

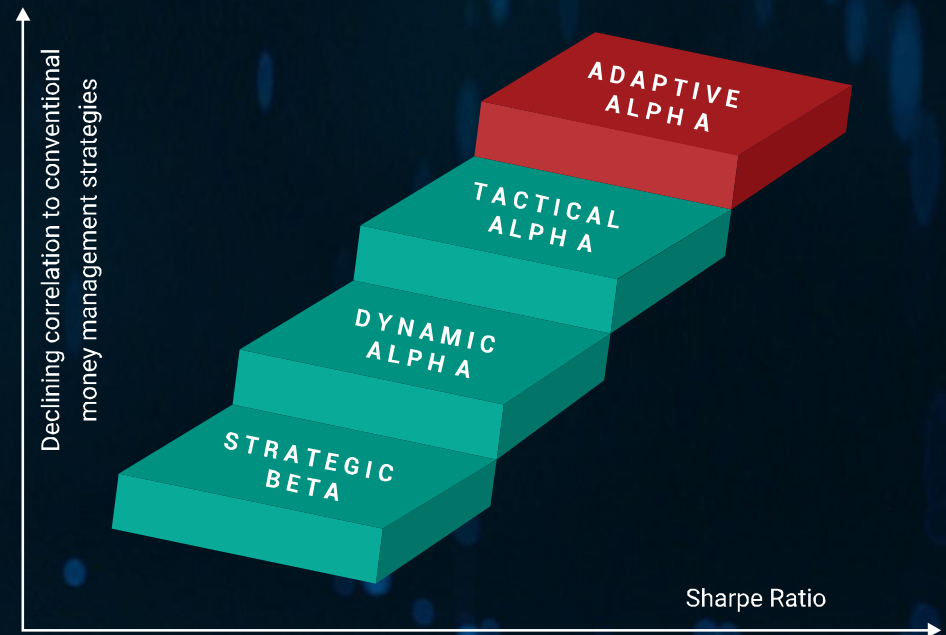


quant's approach to quantamental investing goes beyond the traditional notion of quantamental investing. **Our approach focuses on the invisible and hidden layers which include the sentiments of market participants & bringing them to life by attributing value to them**

Our Quantamental Fund's Investment thesis goes beyond the concept of smart beta, factor investing & algorithmic strategies.

We believe a rules-based mechanical approach needs to be combined with the value of years of human judgment and experience to yield '**adaptive alpha**' - the outperformance generated by an ability to adapt investment rules/factors to novel market phases.

At quant, we have always believed that for success in investing, measurable is reliable. Thus, we augment traditional quantitative and qualitative methods along with, 'sentiments data' (behavioral analytics) - a deep knowledge of market structure dynamics, micro level stock selection and inflexion point identification between bouts of greed and fear through analysis of the over-arching, ever-changing macro environment.



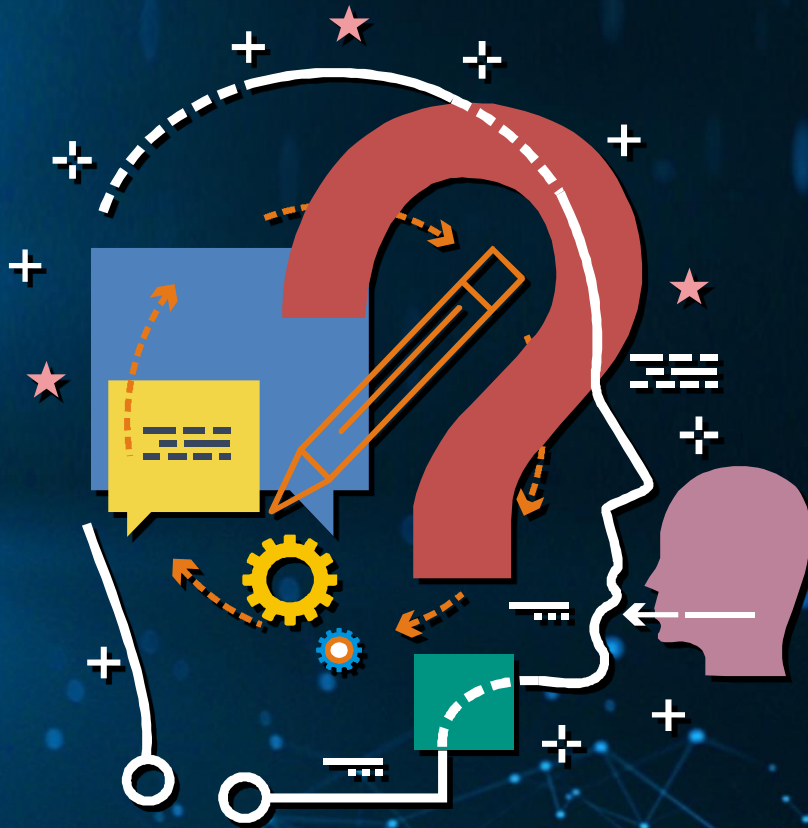
The hidden force behind market dynamics lies in quant and we are quant!

quant Global Research's (qGR) multi-faceted approach aids in rational decision making, particularly in these tumultuous times, when it has become **critical to look beyond the obvious to extract proactive clues on market trends.**

Our Analytics tools have the ability to quantify fundamental expectations, tradable sentiments and behavioral attitudes. They are **unique in their ability to condense multidimensional research into one-dimensional singularities.**

Further, quant utilizes its unique skills in aggregating **market inputs for all asset classes, dividing smart money/ dumb money and subtracting cross-market overlap and finally multiplying with the long-term macro landscape.**

With an exhaustive data-driven investment paradigm, we are confident that our methodology allows us to see beyond the vision of standard fundamental and technical analysis, essentially, looking beyond the obvious!



quant's Predictive Analytics Indicators are identifiers of inflexion points and opportunities in the complex investing environment. They provide clarity during difficult times when there are many questions that entail event and polity risk.

Market moves are highly dependent on the aptitude and appetite of market participants. To address this, we, at quant, track several proprietary indicators which **measure market sentiments from different perspectives.**

Extreme euphoria or fear can be gauged by many of these indicators, helping us to deduce how players are positioned and how they react to a particular situation.

quant objectively follows this paradigm, ever enhancing domain knowledge with **technology as an enabler**, to develop tools and techniques, and translating them into **indicators that have accurately been able to identify cross asset and cross market inflexion points.**



A calm young woman or a grumpy old man?

An image that some perceive as a young women, others see the grumpy man. It isn't one or the other, but rather, both, depending on the observer's bias. Narratives are one part of the story but how we choose to interpret information is another.

As more and more data becomes positive we see the young girl while the old man fades away. Still at any point in time our biases dictate what we see. However, most of the time we recognize mistakes, not in ourselves, but in others.

According to research on decision making, to maximize predictive accuracy, **the final decision should be guided by both, man and machine.** Understanding how to recognize that mispricing, and take advantage of the opportunities that it creates, is what separates the winners from the losers.

At quant, we believe that our multi-disciplinary and multi-dimensional research coupled with our proprietary VLRT framework is the key to making decisions under uncertainty. Any strategy dependent on only one parameter may lead to "disastrous" results.



A truism for all markets is that when everyone has found the key, the lock has already changed.
Explore the unexplored!



As Niels Bohr famously remarked, "it is very hard to make predictions, especially about the future." Any market participant, would more or less agree with that statement. They would also agree that the task becomes exponentially more difficult with cross-asset, cross-market forecasts.

As we go further out into the future, the cumulative amount of relationships and independent attributes that need to be analyzed and predicted almost approach infinity.

A decade ago, we started out with a vision that substantially different than the prevailing perspective & practices of that time - **Multiple data points outside the popular domain must be collected and synthesized into investment decisions using predictive analytics, as only differentiated research can lead to novel insights.**

The logo for Quant & Mental Fund. It features the word "quant" in a white, lowercase, sans-serif font with a registered trademark symbol, positioned above the word "MENTAL" in a larger, bold, white, uppercase, sans-serif font. A yellow ampersand "&" is placed between "quant" and "MENTAL". Below "MENTAL" is the word "FUND" in a smaller, white, uppercase, sans-serif font.

quant[®]
QUANT&MENTAL
FUND

Adding **alpha** while subtracting **beta**

By blending quantitative research and fundamental research along with Predictive Analytics & Behavioral Analytics, we are empowered to look beyond the obvious!

Being Relevant with 'predictive analytics'

VALUATION ANALYTICS

Knowing the difference between price and value.

RISK APPETITE ANALYTICS

Perceiving what drives market participants to certain actions and reactions.



TIMING

Being in sync with the waves of value and behaviour

LIQUIDITY ANALYTICS

Understanding the flow of money across asset classes.

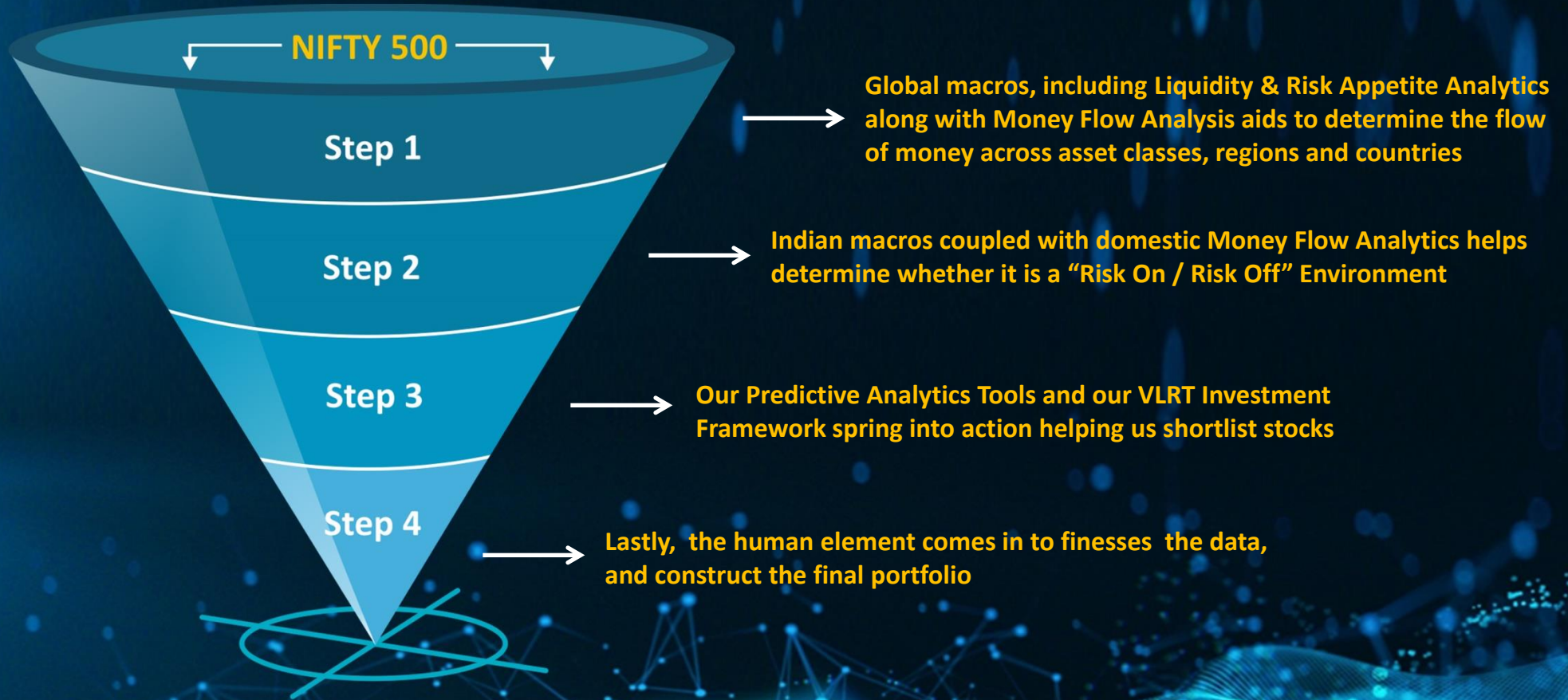
The core engine that drives us and sets us apart is a robust and differentiated investment framework that enables us to see beyond the horizon and stay relevant. Our unique analytical framework for enabling 'predictive analytics' encompasses all available asset classes and sectors, formulating a multi-dimensional research perspective.

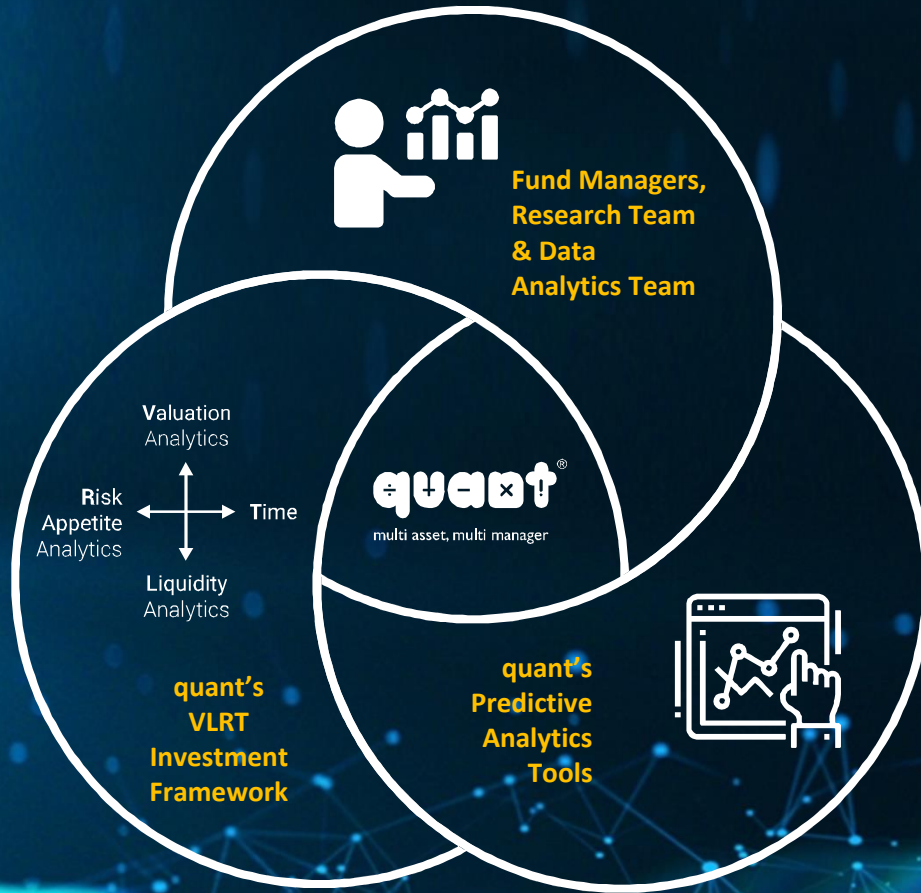
Why multi-dimensional?

The markets are a complex, dynamic system. There is no one formula or strategy or perspective that can consistently outperform.

A diverse set of variables and participants are continuously interacting with each other in myriad ways.

In the face of this uncertainty and complexity, instead of limiting ourselves to any one school of thought **we have found consistent success by studying markets along four dimensions: Valuation, Liquidity, Risk Appetite, and Time [VLRT].**



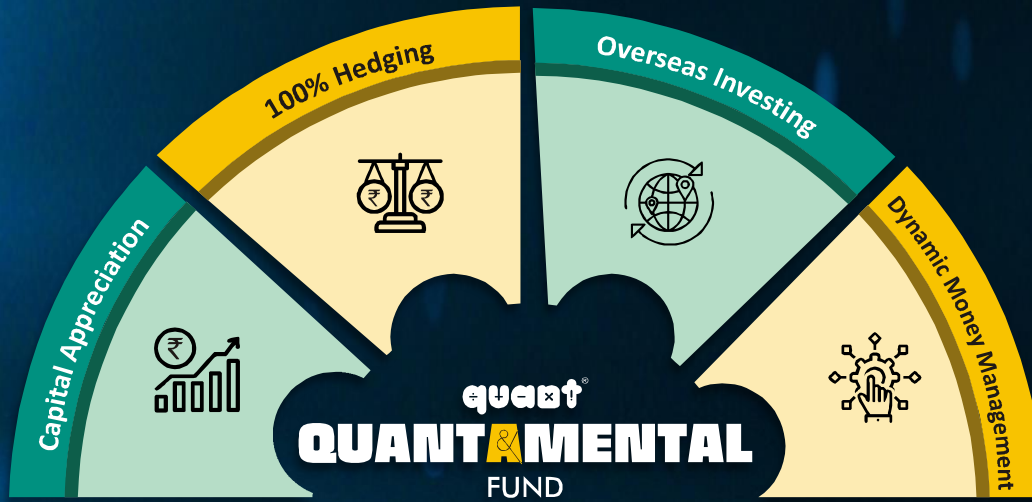


At quant, we place a large emphasis on the importance of market implied data and the role of participants' behavior. The idea behind this is a very simple one: to extract predictive clues on market trends This has evolved into a multi-dimensional research perspective which is now formulated in our VLRT framework.

Furthermore, our Predictive Analytics tools identify the risk posturing of the market and the economic participants. Sentiment clues are also computed through quant's risk indicators that enable us to quantify varying levels of fear and greed.

The world is becoming non-linear and parabolic and to stay relevant, money managers must think with an unconstrained mind, actively update their methods and earnestly search for absolute returns, considering all markets and asset classes.

Why choose the quant Quantamental Fund?



Capital Appreciation over the medium and long-term: This scheme intends to invest in equity & equity related instruments with an endeavor to deliver superior risk-adjusted returns.

100% Hedging: The scheme may take exposure to derivative instruments unto 100% of net assets for hedging purposes. In volatile scenarios, this allows the scheme with greater flexibility to sail through the tides.

Up to 20% Overseas Investment: The scheme allows investments in Developed Markets where large volumes of historical data points for building novel quantitative investment models is widely available

Dynamic Money Management: Using the VLRT Investment Framework and Predictive Analytics, quant adopts a Dynamic style of Money Management During hyper-volatility and uncertainty, this allows the scheme to adapt and move with agility.

Sandeep Tandon | Chief Investment Officer

Sandeep is the founder & chief investment officer of the quant Group and has a vast experience of over 27 years in the capital markets. His journey in the money management business started in FY 1992-93 with GIC mutual fund (a JV partner with George Soros in India) where he was a trainee. He later joined IDBI Asset Management (now Principal Asset Management), where he was a founding member and was part of the core team that initialized the asset management business. He played a key role in devising, conceptualizing and marketing one of India’s most successful mutual fund schemes: IDBI I-NITS 95. Furthermore, Sandeep worked in pivotal positions at several reputed financial services firms including ICICI Securities (a JV partner with J P Morgan in India), Kotak Securities (a J V partner with Goldman Sachs in India) and REFCO (erstwhile global derivatives firm). He has also worked at the Economic Times Research Bureau (a research wing of Bennett, Coleman and Company Limited).

Sandeep’s credentials as a Global Macro Strategist are well established. He has channeled his vast experiences, interests and novel thinking into build the predictive analytics framework and the dynamic VLRT investment framework of the quant group. It is these frameworks coupled with his deep understanding of various asset classes at a global level, including, credit, commodities, equities and now digital currencies that enable Sandeep in definitive identification of market inflexion points and arrive at conclusive micro and macro calls.

Sandeep has a strong belief in quant Group’s role as a knowledge partner in creating awareness about latest developments in investment philosophy and ideas, such as behavioral research. It is for this reason that he believes investor education is of utmost importance and the group, under his leadership, has undertaken many initiatives in this regard. Based on this belief Sandeep authored a book titled ‘Being Relevant’ which was published in May 2019. This book builds on research covering decades, even centuries of data points, distilled through quant’s VLRT framework and predictive analytics indicators. The book further outlines the potential trajectory for the world in the coming decades that can help money managers and investors prepare for volatile times which will upend the conventional analytical methods and beliefs of the past decades.



Ankit Pande | Fund Manager

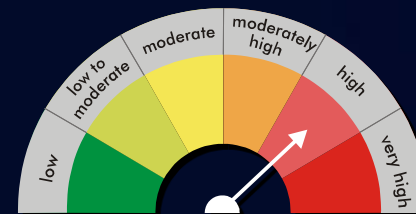
Ankit has an experience of over 8 years in Indian equities and over 3 years in software products. He started his career in core banking software with Infosys' Finacle, nurturing the product with large banking clients in APAC and small and mid-sized banks in India. He then moved in to equity research, along the way picking up the (U.S. based) CFA charter and a masters in business administration from The Chinese University of Hong Kong in 2017, being placed on the school's Dean List. He won the Thomson Reuters StarMine Award for best stock picker in the IT sector in 2014 and is a lifetime member of the Beta Gamma Sigma academic honour society. Over 2015-2019, Ankit ventured into seed stage fund raising, equity sales & relationship management in APAC. In his spare time, Ankit likes to read books on business cycle theory, macroeconomics & geopolitics.

NFO Period	New Fund Offer Opens on: 13 th April 2021 New Fund Offer Closes on: 19th April 2021
Investment Objective	Capital appreciation over the long term through investing in equity and equity related securities based on a quant model theme
Benchmark	NIFTY 500 TRI
Investment Category	Thematic - Quant
Plans Available	quant Quantamental Fund – Growth Option – Direct & Regular quant Quantamental Fund – Income Distribution cum Capital Withdrawal Option (Payout & Re-investment facility)– Direct & Regular
Entry Load	Nil
Exit Load	1% if exit <= 1 Year
Fund Managers	Mr. Ankit Pande Mr. Sandeep Tandon Mr. Sanjeev Sharma Mr. Vasav Sahgal
Minimum Application	Purchase: Rs.5,000/- plus in multiple of Re.1 thereafter
Amount during the NFO and onwards	Additional Purchase: Rs. 1,000/- and in multiples of Rs. 1/- thereafter Repurchase: Rs. 1,000/-
Systematic Investment Plan (SIP)	Rs. 1000/- and multiple of Re. 1/-
Switches	Switch-in requests from equity schemes and other schemes will be accepted up to April 19 th , 2020 till the cut-off time applicable for switches.
Bank Details	Account Name: QUANT QUANTAMENTAL FUND-COLLECTION A/C Account No.: 57500000632992 IFSC code : HDFC0000060, Branch: HDFC, Fort, Mumbai 400001
RTGS and Transfer	Till the end of business hours on: April 19 th , 2021
MICR	Till the end of business hours on: April 19 th , 2021

quant Quantamental Fund is an open ended Equity Scheme following a Quant based investment theme. This product is suitable for investors who are seeking*:

- Capital appreciation over long term
- Investment in active portfolio of stocks screened, selected, weighed and rebalanced on the basis of a predefined fundamental factor model

*Investors should consult their financial advisors if in doubt about whether the product is suitable for them.



Investors understand that their principal will be at moderately high risk.

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.



quant's Transaction Portal

[Click here](#)



NFO Application Form

[Click here](#)



quant Mutual Fund Website

[Click here](#)



Scheme Information Document

[Click here](#)

Also available on:






quant[®]

QUANT&MENTAL

FUND

Adding **alpha** while subtracting **beta**

 quantmutual |  quantmutual |  quantmutual

quant Money Managers Limited

Corporate Office: 6th Floor, Sea Breeze Building, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. | Tel: +91 22 6295 5000

Whatsapp message: +91 9920 21 22 23 | E-mail: help.investor@quant.in | help.distributor@quant.in | www.quantmutual.com

References

Douglass, H., 2019. 10 cognitive biases that can lead to investment mistakes - Magellan Financial Group. [online] Magellan Financial Group. Available at: <<https://www.magellangroup.com.au/insights/10-cognitive-biases-that-can-lead-to-investment-mistakes/>> [Accessed 27 March 2021].

International Banker, 2020. What is Quantamental Investing?. [online] International Banker. Available at: <<https://internationalbanker.com/brokerage/what-is-quantamental-investing/>> [Accessed 25 March 2021].

LePan, N., 2019. Human Insight, Computer Power: What is Quantamental Investing?. [online] Visual Capitalist. Available at: <<https://www.visualcapitalist.com/what-is-quantamental-investing/>> [Accessed 25 March 2021].

Ma, L., 2020. Quantitative Investing: From Theory to Industry. Springer Nature Switzerland AG, pp.405-450.

Molnar, M., 2019. Quantamental Investing: A Fuzzy Term That Describes An Inevitable Future. [online] Forbes. Available at: <<https://www.forbes.com/sites/michaelmolnar/2019/12/12/quantamental-investing-a-fuzzy-term-that-describes-an-inevitable-future/>> [Accessed 18 March 2021].

Slimmom, A. and Delany, L., 2018. Quantamental investing: The future is now. [ebook] Morgan Stanley Investment Management. Available at: <https://www.morganstanley.com/im/publication/insights/investment-insights/ii_quantamentalinvesting_us.pdf> [Accessed 25 March 2021].

Tadoori, G., 2020. Quantamental Investing: A Machine Learning Investment Process. SSRN Electronic Journal, [online] Available at: <https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3704670> [Accessed 18 March 2021].

Wigglesworth, R., 2018. The rise of 'quantamental' investing: where man and machine meet. [online] Financial Times. Available at: <<https://www.ft.com/content/f1276122-ec19-11e8-8180-9cf212677a57>> [Accessed 27 March 2021].

Wilmott, P., 2006. Paul Wilmott On Quantitative Finance. 2nd ed. Chichester: John Wiley & Sons Ltd, pp.55-70.

Disclaimer

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

All figures and data given in the document are dated unless stated otherwise. In the preparation of the material contained in this document, the AMC has used information that is publicly available, including information developed in-house. Some of the material used in the document may have been obtained from members/persons other than the AMC and/or its affiliates and which may have been made available to the AMC and/or to its affiliates. Information gathered and material used in this document is believed to be from reliable sources. The AMC however does not warrant the accuracy, reasonableness and / or completeness of any information. We have included statements / opinions / recommendations in this document, which contain words, or phrases such as "will", "expect", "should", "believe" and similar expressions or variations of such expressions, that are "forward looking statements". Actual results may differ materially from those suggested by the forward looking statements due to risk or uncertainties associated with our expectations with respect to, but not limited to, exposure to market risks, general economic and political conditions in India and other countries globally, which have an impact on our services and / or investments, the monetary and interest policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices etc.

The AMC (including its affiliates), the Mutual Fund, the trust and any of its officers, directors, personnel and employees, shall not liable for any loss, damage of any nature, including but not limited to direct, indirect, punitive, special, exemplary, consequential, as also any loss of profit in any way arising from the use of this material in any manner. The recipient alone shall be fully responsible/are liable for any decision taken on this material.

Investors are advised to consult their own legal, tax and financial advisors to determine possible tax, legal and other financial implication or consequence of subscribing to the units of quant Mutual Fund.

quant Money Managers Ltd. has no duty or obligation to update the information contained herein. Past performance may or may not be sustained in the future. This presentation, including the information contained herein, may not be copied, reproduced, republished, or posted in whole or in part, in any form without the prior written consent of quant Money Managers Ltd.