

STATEMENT OF ADDITIONAL INFORMATION (SAI)

Name of Mutual Fund : **quant mutual fund**
Address : Registered Office: 6th Floor, Sea Breeze Building, Appasaheb Marathe Marg, Prabhadevi, Mumbai – 400 025.
Tel. No. – 022-6295 5000
Website: www.quantmutual.com

Name of Asset Management Company : **quant Money Managers Limited**
CIN : **U74899MH1995PLC324387**
Address : Registered Office: 6th Floor, Sea Breeze Building, Appasaheb Marathe Marg, Prabhadevi, Mumbai – 400 025.
Tel. No. – 022-6295 5000
Website: www.quantmutual.com

Name of Trustee Company : **quant Capital Trustee Limited**
CIN : **U74899MH1995PLC324388**
Address : Registered Office: 6th Floor, Sea Breeze Building, Appasaheb Marathe Marg, Prabhadevi, Mumbai – 400 025.
Tel. No. – 022-6295 5000
Website: www.quantmutual.com

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

This SAI is dated **September 28, 2023**.

I. INFORMATION ABOUT SPONSOR, AMC AND TRUSTEE COMPANIES

A. Constitution of the Mutual Fund

quant Mutual Fund (the "Mutual Fund") has been constituted as a trust on 15th April, 1996 in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) with quant Capital Finance & Investments Private Limited, as the Sponsor and quant Capital Trustee Limited as the Trustee. The Trust Deed has been registered under the Indian Registration Act, 1908. The Deed of Variation to the Trust Deed was executed between Escorts Finance Limited (erstwhile Sponsor), quant Capital Trustee Limited and quant Capital Finance & Investments Private Limited on June 28, 2018. The Mutual Fund was registered with SEBI on June 11, 2018 under Registration Code 028/96/4.

B. Sponsor

quant Mutual Fund is sponsored by quant Capital Finance & Investments 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.

The Sponsor is a Non deposit taking, Non-Banking Financial Company registered with RBI w.e.f May 24, 2010 under registration number B-13.02190. The Sponsor is primarily engaged in the business, inter alia of formation and mobilization of capital, managing capital savings and investments, financing, money lending, corporate lending with or without securities etc.

Financial Performance of quant Capital Finance & Investments Private Limited (past three years):

Particulars	2020-21	2021-22	2022-23
Net Worth (Rs. Lakhs)	5123.41	5133.30	5133.70
Total Income (Rs. Lakhs)	87.22	212.62	46.17
Profit after tax (Rs. Lakhs)	5.54	9.89	0.57
Assets Under Management (if applicable)	N.A.	N.A.	N.A.

C. The Trustee

quant Capital Trustee Limited the "Trustee", through its Board of Directors, shall discharge its obligations as trustee of quant 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	Experience
Mr. Yogesh Parekh	58/ Graduate in Science (B.Sc)	He has 19 years of vast experience in the area of venture capital business.
Mr. Lancelot Joseph	56/Graduate in Commerce (B.Com)	He has 15 years of experience as Executive Editor with India's leading business magazine Business India since 2004
Mr. Laxmikant Gupta	51/ MCA, FRM, Grad CWA, B.Com (Rank holder in CA, Cleared CFA Level II)	He has 10+ years of vast experience in the area of Risk Management, and has served as a Chief Regulatory Officer for National Commodity Derivatives Exchanges Limited (NCDEX).
Mr. Milan Ganatra	50/Graduate in Commerce	He has 20+ years of experience in Formulating strategy, product marketing, sales, services and support of Miles solutions under the brand MoneyWare™ for the wealth and asset management industry.

Duties and Responsibilities of the Trustee Company

As per Regulation 18 of SEBI (Mutual Funds) Regulations, 1996:

- (1) The trustees and the asset management company shall with the prior approval of the Board enter into an investment management agreement.
- (2) The investment management agreement shall contain such clauses as are mentioned in the Fourth Schedule and such other clauses as are necessary for the purpose of making investments.
- (3) The trustees shall have a right to obtain from the asset management company such information as is considered necessary by the trustees.
- (4) The trustees shall ensure before the launch of any scheme that the asset management company has:-
 - (a) systems in place for its back office, dealing room and accounting;
 - (b) appointed all key personnel including fund manager(s) for the scheme(s) and submitted their bio- data which shall contain the educational qualifications, past experience in the securities market with the trustees, within 15 days of their appointment;
 - (c) appointed auditors to audit its accounts;
 - (d) appointed a compliance officer who shall be responsible for monitoring the compliance of the Act, rules and regulations, notifications, guidelines, instructions etc. issued by the Board or the Central Government and for redressal of investors grievances;
 - (e) appointed registrars and laid down parameters for supervision;
 - (f) prepared a compliance manual and designed internal control mechanisms including internal audit systems;
 - (g) Specified norms for empanelment of brokers and marketing agents.
- (4A) The compliance officer appointed under clause (d) of sub-regulation (4) shall immediately and independently report to the Board any non-compliance observed by him.
- (5) The trustees shall ensure that an asset management company has been diligent in empanelling the brokers, in monitoring securities transactions with brokers and avoiding undue concentration of business with any broker.
- (6) The trustees shall ensure that the asset management company has not given any undue or unfair advantage to any associates or dealt with any of the associates of the asset management company in any manner detrimental to interest of the unitholders.
- (7) The trustees shall ensure that the transactions entered into by the asset management company are in accordance with these regulations and the scheme.
- (8) The trustees shall ensure that the asset management company has been managing the mutual fund schemes independently of other activities and have taken adequate steps to ensure that the interest of investors of one scheme are not being compromised with those of any other scheme or of other activities of the asset management company.
- (9) The trustees shall ensure that all the activities of the asset management company are in accordance with the provisions of these regulations.
- (10) Where the trustees have reason to believe that the conduct of business of the mutual fund is not in accordance with these regulations and the scheme they shall forthwith take such remedial steps as are necessary by them and shall immediately inform the Board of the violation and the action taken by them.
- (11) Each trustee shall file the details of his transactions of dealing in securities with the Trust on a quarterly basis.
- (12) The trustees shall be accountable for, and be the custodian of, the funds and property of the respective schemes and shall hold the same in trust for the benefit of the unit holders in accordance with these regulations and the provisions of trust deed.
- (13) The trustees shall take steps to ensure that the transactions of the mutual fund are in accordance with the provisions of the trust deed.
- (14) The trustees shall be responsible for the calculation of any income due to be paid to the mutual fund and also of any income received in the mutual fund for the holders of the units of

- any scheme in accordance with these regulations and the trust deed.
- (15) The trustees shall obtain the consent of the unitholders -
 - (a) whenever required to do so by the Board in the interest of the unitholders: or
 - (b) whenever required to do so on the requisition made by three-fourths of the unit holders of any scheme: or
 - (c) when the majority of the trustees decide to wind up or prematurely redeem the units: or
 - (15A) The trustees shall ensure that no change in the fundamental attributes of any scheme or the trust or fees and expenses payable or any other change which would modify the scheme and affects the interest of unitholders, shall be carried out unless:-
 - (i) a 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.”
 - (16) The trustees on a quarterly basis shall call for the details of transactions in securities by the key personnel of the asset management company in his own name or on behalf of the asset management company and shall report to the Board, as and when required.
 - (17) The trustees shall quarterly review all transactions carried out between the mutual funds, asset Management Company and its associates.
 - (18) The trustees shall on quarterly basis review the networth of the asset management company and in case of any shortfall, ensure that the asset management company make up for the shortfall as per clause (f) of sub-regulation (1) of regulation 21.
 - (19) The trustees shall periodically review all service contracts such as custody arrangements, transfer agency of the securities and satisfy itself that such contracts are executed in the interest of the unitholders.
 - (20) The trustees shall ensure that there is no conflict of interest between the manner of deployment of its networth by the asset management company and the interest of the unitholders.
 - (21) The trustees shall periodically review the investor complaints received and the redressal of the same by the asset management company.
 - (22) The trustees shall abide by the Code of Conduct as specified in PART –A of the Fifth Schedule.
 - (23) The trustees shall furnish to the Board on a half yearly basis:-
 - (a) a report on the activities of the mutual fund covering the detail as prescribed by SEBI.
 - (b) a certificate stating that the trustees have satisfied themselves that there have been no instances of self-dealing or front running by any of the trustees, directors and key personnel of the asset management company:
 - (c) a certificate to the effect that the asset management company has been managing the schemes independently of any other activities and in case any activities of the nature referred to in clause (b) of sub-regulation (2) of regulation 24 have been undertaken by the asset management company and has taken adequate steps to ensure that the interest of the unitholders are protected.
 - (24) The independent trustees referred to in sub-regulation (5) of regulation 16 shall give their comments on the report received from the asset management company regarding the investments by the mutual fund in the securities of group companies of the sponsor.
 - (25) Trustees shall exercise due diligence as under:

A. General Due Diligence

- (i) The Trustees shall be discerning in the appointment of the directors on the Board of the asset management company.
- (ii) Trustees shall review the desirability of continuance of the asset management company if substantial irregularities are observed in any of the schemes and shall not allow the asset management company to float new schemes.
- (iii) The trustees shall ensure that the trust property is properly protected, held and administered by proper persons and by a proper number of such persons.
- (iv) The trustee shall ensure that all service providers are holding appropriate registrations from the Board or concerned regulatory authority.
- (v) The trustees shall arrange for test checks of service contracts.
- (vi) The trustees shall immediately report to the Board of any special developments in the mutual fund.

B. Specific Due Diligence:

The Trustees shall:

- (i) Obtain internal audit reports at regular intervals from independent auditors appointed by the Trustees.
 - (ii) Obtain compliance certificates at regular intervals from the asset management company
 - (iii) Hold meeting of trustees more frequently.
 - (iv) Consider the reports of the independent auditor and compliance reports of asset management company at the meetings of trustees for appropriate action.
 - (v) Maintain records of the decisions of the Trustees at their meetings and of the minutes of the meetings.
 - (vi) Prescribe and adhere to a code of ethics by the Trustees, asset management company and its personnel.
 - (vii) Communicate in writing to the asset management company of the deficiencies and checking on the rectification of deficiencies.
- (26) Notwithstanding anything contained in (1) to (25), the trustees shall not be held liable for acts done in good faith if they have exercised adequate due diligence honestly.
- (27) The independent directors of the trustees or asset management company shall pay specific attention to the following, as may be applicable, namely:
- (i) the Investment Management Agreement and the compensation paid under the agreement.
 - (ii) Service contract with associates – whether the asset management company has charged higher fees than outside contractors for the same services.
 - (iii) Selection of the asset management company's independent directors.
 - (iv) Securities transactions involving associates to the extent such transactions are permitted.
 - (v) Selecting and nominating individuals to fill independent directors vacancies.
 - (vi) Code of ethics must be designed to prevent fraudulent, deceptive or manipulative practices by insiders in connection with personal securities transactions.
 - (vii) The reasonableness of fees paid to sponsors, asset management company and any others for services provided.
 - (viii) Principal underwriting contracts and their renewals.
 - (ix) Any service contract with the associates of the asset management company.

Mr. Milan Ganatra is deemed to be an associate of the Asset Management Company.

STATEMENT OF ADDITIONAL INFORMATION



The Trustee Company monitors the activities of the AMC on an ongoing basis by having in place, a number of checks and balances and asking for various reports besides periodic review of the various activities of AMC. The Board of Directors of the Trustee (Company) met on 6 occasions during the year 2022-2023. It received the following Specific Reports from AMC:

1. Transactions with Associates.
2. Broker-wise transactions
3. Quarterly Net Worth of the AMC.
4. Performance of schemes.
5. Quarterly Reports from AMC to Trustees
6. Quarterly Compliance Test Report
7. Half yearly Reports
8. Annual Report & Accounts and Revenue & Expenditure Accounts

Besides, the compliance reports, which are submitted by AMC to SEBI, are also placed before the Board of Directors of the Trustee Company and discussed. In addition, it relies on Internal Audit Reports prepared by an independent firm of Chartered Accountants. Periodic declarations are taken from the staff and Directors of AMC and placed before the Board of Directors of the Trustee Company to peruse and to ascertain that there have been no instances of self-dealing or front running. Meetings of the Board of Directors of the Trustee Company are held (at least) once every two months and at least six such meetings are held in every year.

The supervisory role of the Trustees is discharged by the Board of Trustees by having continuous feedback from the AMC on matters of importance and a review of the Mutual Fund's operations at the Board of Trustees meetings.

Mr. Yogesh Parekh, Mr. Lancelot Joseph and Mr. Laxmikant Gupta are independent trustees. Thus, three out of four trustees are independent trustees.

No amendments to the trust deed shall be carried out without the prior approval of SEBI and unitholders approval would be obtained where it affects the interests of unitholders.

D. Asset Management Company

quant Money Managers Limited is a public limited company incorporated under the Companies Act, 1956 on 01.12.1995, having its Registered Office at 6th Floor, Sea Breeze Building, Appasaheb Marathe Marg, Prabhadevi, Mumbai – 400 025. quant Money Managers Limited has been appointed as the Asset Management Company of the quant Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated December 12, 2018, and executed between Trustee and AMC.

Shareholding pattern of the AMC (as on September 28, 2023) specifying the percentage holding of various groups/ companies and their activities:

S. No.	Name	% of paid up equity share capital	Activities
1.	quant Capital Finance and Investments Private Limited	90.999	Non-Banking Financial Company
2.	Mr. Sandeep Tandon	9.00	Individual
3.	Others	0.001	Individual
	Total	100.00	

Details of AMC Directors:

Name and Designation	Age/Qualification	Brief Experience
Mr. Deep Shukla Independent Director	47/ B. Com., LL.B, FCS.	He is associated with a number of listed companies, foreign multinationals, private group companies and SIDBI controlled entities in professional capacity as Consultant and has been rendering professional services in matters related with corporate and SEBI laws.
Mr. Sandeep Tandon Chief Executive Officer and Director	52/MBA in Finance	Sandeep Tandon is the founder of the quant group and has 24 years of experience in the financial services industry. Sandeep's previous stints include a key role in setting up the equity derivatives desk at ICICI Securities as vice president. He started his career with the Economic Times Research Bureau, a research wing of the leading financial daily of India, The Economic Times. He later joined IDBI Asset Management (now Principal Asset Management), and was part of the core team that initialized asset management, playing a key role in devising, conceptualizing and marketing one of India's most successful mutual schemes: IDBI I-NITS 95.
Mr. Kamal Kumar Basu Independent Director	61/ B.Com and Marketing Management Diploma from Jamnalal Bajaj Institute of Management Studies	Mr. Kamal Basu has over 30 years of experience in Marketing & Brand leading. He has started his career with Rediffusion Y&R and Ogilvy & Mather. Then he became the youngest CEO of Saatchi & Saatchi for 11 years and led the agency to take the company into India's Top 10 Agencies. Later, Mr. Basu worked as Head of Marketing with SKODA India, Volkswagen India. He has also worked as Advisor – e-commerce and Brand Lead and as a Head E-Commerce & CRM with Petromin Automotive.
Mr. Vasav Sahgal Director	27/CFA	Mr. Vasav has more than three and a half years of experience handling various front office responsibilities such as: Equity and Fixed Income research, Portfolio Management, Data Analytics and Python Programming.
Mr. Rickson Rodricks Independent Director	44/ Digital Information Technology	Mr. Rickson Rodricks has a rich experience in the field of Technology

Obligations of the Asset Management Company

As per Regulation 25 of SEBI (Mutual Funds) Regulations, 1996:

- (1) The asset management company 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 these regulations and the trust deed.
- (2) The asset management company shall exercise due diligence and care in all its investment decisions as would be exercised by other persons engaged in the same business.

- (2A) The asset management company shall obtain, wherever required under these regulations, prior in-principle approval from the recognized stock exchange(s) where units are proposed to be listed.
- (3) The asset management company shall be responsible for the acts of commissions or omissions by its employees or the persons whose services have been procured by the asset management company.
- (4) The asset management company shall submit to the trustees quarterly reports of each year on its activities and the compliance with these regulations.
- (5) The trustees at the request of the asset management company may terminate the assignment of the asset management company at any time:
Provided that such termination shall become effective only after the trustees have accepted the termination of assignment and communicated their decision in writing to the asset management company.
- (6) Notwithstanding anything contained in any contract or agreement or termination, the asset management company 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.
- (6A) (a) The Chief Executive Officer (whatever his designation may be) of the asset management company shall ensure the mutual fund complies with all the provisions of these regulations and the guidelines and circulars issued in relation thereto from time to time and that the investments made by the fund managers are in the interest of the unit holders and shall also be responsible for the overall risk management function of the mutual fund.
(b) Chief Executive Officer (whatever be the designation) shall also ensure that the Asset Management Company has adequate systems in place to ensure that the Code of Conduct for Fund Managers and Dealers specified in PART – B of the Fifth Schedule of these regulations are adhered to in letter and spirit. Any breach of the said Code of Conduct shall be brought to the attention of the Board of Directors of the Asset Management Company and Trustees.
- (6B) (a) The fund managers (whatever the designation may be) shall ensure that the funds of the schemes are invested to achieve the objectives of the scheme and in the interest of the unitholders.
(b) The Fund Managers (whatever be the designation) shall abide by the Code of Conduct for Fund Managers and Dealers specified in PART – B of the Fifth Schedule of Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and submit a quarterly self-certification to the Trustees that they have complied with the said code of conduct or list exceptions, if any
- (6C) (a) The Dealers (whatever be the designation) shall ensure that orders are executed on the best available terms, taking into account the relevant market at the time for transactions of the kind and size concerned to achieve the objectives of the scheme and in the best interest of all the unit holders.
(b) The Dealers (whatever be the designation) shall abide by the Code of Conduct for Fund Managers and Dealers specified in PART – B of the Fifth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and submit a quarterly self-certification to the Trustees that they have complied with the said code of conduct or list exceptions, if any.
- (7) (a) An asset management company 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.
(b) An asset management company shall not purchase or sell securities through any broker other than a broker referred to in clause (a) of sub-regulation (7) which is average of 5% or more of the aggregate purchases and sale of securities made by the mutual fund in all its schemes, unless the asset management company 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 shall apply for a block of three months.

- (8) An asset management company shall not utilize the services of the sponsor or any of its associates, employees or their relatives, for the purpose of any securities transaction and distribution and sale of securities:

Provided that an asset management company may utilize such services if disclosure to that effect is made to the unit holders 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;

- (i) any underwriting obligations undertaken by the schemes of the mutual funds with respect to issue of securities associate companies,
 - (ii) devolvement, if any,
 - (iii) subscription by the schemes in the issues lead managed by associate companies
 - (iv) subscription to any issue of equity or debt on private placement basis where the sponsor or its associate companies have acted as arranger or manager.
- (9) The asset management company 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 the asset management company and shall also report to the Board, as and when required by the Board.
- (10) In case the asset management company 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 more than 5 per cent of the net asset value of a 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) The asset management company shall file with the trustees and the Board—
- (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 the asset management company as the case may be, by the mutual fund during the said quarter.
- (13) Each director of the asset management company shall file the details of his transactions of dealing in securities with the trustees on a quarterly basis in accordance with the guidelines issued by the Board.
- (14) The asset management company 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) The asset management company shall appoint registrars and share transfer agents who are registered with the Board.
- Provided if the work relating to the transfer of units is processed in-house, the charges at competitive market rates may be debited to the scheme and for rates higher than the competitive market rates, prior approval of the trustees shall be obtained and reasons for charging higher rates shall be disclosed in the annual accounts.
- (16) The asset management company shall abide by the Code of Conduct as specified in PART- A of the Fifth Schedule.
- (16A) The asset management company shall invest such amounts in such schemes of the mutual fund, based on the risks associated with the schemes, as may be specified by the Board from time to time.
- (17) The asset management company shall not invest in any of its scheme, unless full disclosure of its intention to invest has been made in the offer documents, in case of schemes launched after the notification of Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2011:

Provided that an asset management company shall not be entitled to charge any fee on its investment in that scheme.

- (18) The asset management company shall not carry out its operations including trading desk, unit holder servicing and investment operations outside the territory of India
- (19) The asset management company shall compute and carry out valuation of investments made by its scheme(s) in accordance with the investment valuation norms specified in Eighth Schedule, and shall publish the same.
- (20) The asset management company and the sponsor of the mutual fund shall be liable to compensate the affected investors and/or the scheme for any unfair treatment to any investor as a result of inappropriate valuation.
- (21) The asset management company shall report and disclose all the transactions in debt and money market securities, including inter scheme transfers, as may be specified by the Board.

Procedure and Recording of Investment Decisions:

The Investment decisions are taken by the Fund Manager along with his team of Investment Advisors / Analysts. Records are maintained in support of each investment decision indicating facts and opinion leading to that decision and the basis for taking individual scrip-wise investment decision in equity and debt securities. A research report of all the investment decisions taken for the first time and subsequent purchase and sale in the same scrip is also recorded. The Board of Directors have laid down parameters for Investment Committee to invest in unrated instruments. In terms of such parameters, the proposals for investments in unrated instruments are approved. In case any security does not fall under the parameters, prior approval of the Boards of asset management companies and the trustees are taken.

Investment Decision Process:

Each Scheme of the Mutual Fund shall have a different risk/return profile which shall determine its investment strategy. The investment strategy of individual schemes launched by the qMML shall be guided by the broad principles enumerated in the investment policy for the qMML and shall be further defined as per the provisions in the investment objectives of particular Schemes as defined by their Scheme Information Document. The qMML shall have investment decisions on Macro and Micro Research basis:

For Equity:**MACRO RESEARCH**

- The investment decisions of qMML are based on the VLRT framework which can be defined as Valuation, Liquidity, Risk Appetite and Time.
- Before deciding the appropriate stocks to purchase for our equity schemes, the Fund Management team shall start the process by taking a look at our proprietary indicators which showcase the global risk appetite prevailing in the global financial markets.
- Post an overall understanding of the risk appetite heat map of the global financial ecosystem; the Money Manager shall turn the attention to money flows in order to gain a firmer grip on regions which are currently enjoying a steady growth in confidence through their corresponding recorded inflows.
- After the Money Managers shall check the regional flows, they shall turn their attention to sector flows in order to better capture the under/over ownership currently prevailing across the sectors.

MICRO RESEARCH

- The money manager's selection universe is then subjected to a micro analysis which is an amalgamation of deep fundamental analysis and the readings showcased by the

Money Manager's proprietary indicators which indicate the level of fear, greed, euphoria and capitulation currently prevailing in the security.

- For initial public offerings or small and under-researched companies, qMML research analysts shall try to get in touch with the Money Managers for a management meeting and a factory visit. The analysts shall collate all the data and shall complete their study.
- Post this micro screening process, the refined list is provided to the Money Manager (Equity) who shall then picks his preferred mix for each scheme.
- The Money Manager shall then passes on the selection to the dealer who then transacts the requisite trades with our pre-defined approved brokers.

For Debt:

- Prospective investment grade (as per credit rating of a recognized credit rating agency) debt instruments, which meet criteria defined by SEBI, are presented to in-house sector analyst for consideration.
- In-house sector analyst analyses the credit worthiness of the debt instrument from the perspective of quantitative and qualitative factors. Accordingly a 'subscribe' or 'avoid' recommendation is assigned through a credit analysis note to the debt instrument.
- The recommendation of the credit analyst is put forth for the consideration of the Investment Committee (IC) for their approval. IC members independently assess the recommendation and authorize the credit analysis note.
- In case a majority of the IC members approve of recommendation in the credit analysis note, the fund management team is authorized to take appropriate action:
 - 'Subscribe': The debt security is added into the investible universe
 - 'Avoid': The name of the debt instrument is removed from the investible universe; in case of an existing exposure, the fund management team is advised to try and dispose the instrument through market transaction
- Sovereign debt instruments (Gov securities, Tbills, CMBs) which do not carry an credit risk are by default included in the investible universe
- Based on duration and liquidity call, Money Manager (Debt) takes a call on taking an exposure to a debt instrument in the IC approved investible universe
- Money Manager (Debt) authorizes the Dealer to execute the buy/sell trade in the market

The qMML shall take broad industry/Sector and specific company calls. The Schemes of the Mutual Fund being managed by the qMML shall have reasonably diversified portfolios without the risk of being overly diversified. This shall vary according to the size and mandate of individual Schemes.

Further, details of the Investments are included in the Quarterly CTR, Quarterly and Half-yearly Reports of the Asset Management Company to the Trustees and also in the Half-yearly Report of the Trustees to SEBI.

CREATION OF SEGREGATED PORTFOLIO

Creation of segregated portfolio shall be subject to guidelines specified by SEBI from time to time and includes the following:

In this regard, the term 'segregated portfolio' shall mean a portfolio comprising of debt or money market instrument affected by a credit event, that has been segregated in a mutual fund scheme. The term 'main portfolio' shall mean the scheme portfolio excluding the segregated portfolio. The term 'total portfolio' shall mean the scheme portfolio including the securities affected by the credit event.

Credit Event**a. For rated debt or money market instruments**

- 1) Segregated portfolio may be created, in case of a credit event at issuer level i.e. downgrade in credit rating by a SEBI registered Credit Rating Agency (CRA), as under:
 - a. Downgrade of a debt or money market instrument to 'below investment grade', or
 - b. Subsequent downgrades of the said instruments from 'below investment grade', or
 - c. Similar such downgrades of a loan rating
- 2) In case of difference in rating by multiple CRAs, the most conservative rating shall be considered. Creation of segregated portfolio shall be based on issuer level credit events as mentioned above and implemented at the ISIN level.
- 3) Creation of segregated portfolio is optional and is at the discretion of quant Money Managers Limited ('quant AMC'/'the AMC')

b. For unrated debt or money market instruments

Segregated portfolio of unrated debt or money market instruments may be created only in case of actual default of either the interest or principal amount by the issuer. Credit event in this case shall be 'actual default' by the issuer of such instruments and shall be considered for creation of segregated portfolio.

Process for Creation of Segregated Portfolio

- 1) On the date of credit event, the AMC shall decide on creation of segregated portfolio. Once AMC decides to segregate portfolio, it shall:
 - a. seek approval of trustees prior to creation of the segregated portfolio.
 - b. immediately issue a press release disclosing its intention to segregate such debt and money market instrument and its impact on the investors. Quant Mutual Fund shall disclose that the segregation shall be subject to Trustee approval. Additionally, the said press release shall be prominently disclosed on the website of the AMC.
 - c. ensure that till the time the Trustee approval is received, which in no case shall exceed 1 business day from the day of credit event, the subscription and redemption in the Scheme shall be suspended for processing with respect to creation of units and payment on redemptions.
- 2) **Once Trustee approval is received by the AMC:**
 - a. Segregated portfolio shall be effective from the day of credit event
 - b. AMC shall issue a press release immediately with all relevant information pertaining to the segregated portfolio. The said information will also be submitted to SEBI.
 - c. An e-mail or SMS shall be sent to all unit holders of the Scheme.
 - d. The NAV of both segregated and main portfolios shall be disclosed from the day of the credit event.
 - e. All existing investors in the Scheme as on the day of the credit event shall be allotted equal number of units in the segregated portfolio as held in the main portfolio.
 - f. No redemption and subscription shall be allowed in the segregated portfolio. AMC shall enable listing of units of segregated portfolio on the recognized stock exchange within 10 working days of creation of segregated portfolio and also enable transfer of such units on receipt of transfer requests
- 3) If the trustees do not approve the proposal to segregate portfolio, AMC will issue a press release

immediately informing investors of the same.

Valuation

Notwithstanding the decision to segregate the debt and money market instrument, the valuation shall take into account the credit event and the portfolio shall be valued based on the principles of fair valuation (i.e. realizable value of the assets) in terms of the relevant provisions of SEBI (Mutual Funds) Regulations, 1996 and circular(s) issued thereunder.

Processing of Subscription and Redemption Proceeds

All subscription and redemption requests for which NAV of the day of credit event or subsequent day is applicable will be processed as under:

- i. Upon trustees' approval to create a segregated portfolio –
 - Investors redeeming their units will get redemption proceeds based on the NAV of main portfolio and will continue to hold the units of segregated portfolio.
 - Investors subscribing to the Scheme will be allotted units only in the main portfolio based on its NAV.
- ii. In case trustees do not approve the proposal of segregated portfolio, subscription and redemption applications will be processed based on the NAV of total portfolio.

Disclosure

In order to enable the existing as well as the prospective investors to take informed decision, the following shall be adhered to:

- a. A statement of holding indicating the units held by the investors in the segregated portfolio along with the NAV of both segregated portfolio and main portfolio as on the day of the credit event shall be communicated to the investors within 5 working days of creation of the segregated portfolio.
- b. Adequate disclosure of the segregated portfolio shall be made in all scheme related documents, in monthly and half-yearly portfolio disclosures and in the annual report of the mutual fund and the Scheme.
- c. The Net Asset Value (NAV) of the segregated portfolio shall be declared on daily basis.
- d. The information regarding number of segregated portfolios created in the Scheme shall appear prominently under the name of the Scheme at all relevant places such as SID, KIM-cum- Application Form, advertisement, AMC and AMFI websites, etc.
- e. The Scheme performance required to be disclosed at various places shall include the impact of creation of segregated portfolio. The Scheme performance should clearly reflect the fall in NAV to the extent of the portfolio segregated due to the credit event and the said fall in NAV along with recovery(ies), if any, shall be disclosed as a footnote to the Scheme performance.
- f. The disclosures at paragraph (d) and I above regarding the segregated portfolio shall be carried out for a period of at least 3 years after the investments in segregated portfolio are fully recovered/ written-off.
- g. The investors of the segregated portfolio shall be duly informed of the recovery proceedings of the investments of the segregated portfolio. Status update may be provided to the investors at the time of recovery and also at the time of writing-off of the segregated securities.

TER for the Segregated Portfolio

- 1) quant AMC shall not charge investment and advisory fees on the segregated portfolio. However, TER (excluding the investment and advisory fees) can be charged, on a pro-rata basis only upon recovery of the investments in segregated portfolio.
- 2) The TER so levied shall not exceed the simple average of such expenses (excluding the investment and advisory fees) charged on daily basis on the main portfolio (in % terms) during the period for which the segregated portfolio was in existence.
- 3) The legal charges related to recovery of the investments of the segregated portfolio may be charged to the segregated portfolio in proportion to the amount of recovery. However, the same shall be within the maximum TER limit as applicable to the main portfolio. The legal charges in excess of the TER limits, if any, shall be borne by the AMC.
- 4) The costs related to segregated portfolio shall in no case be charged to the main portfolio.

Monitoring by Trustees

In order to ensure timely recovery of investments of the segregated portfolio, Trustees shall ensure that:

- a. The AMC puts in sincere efforts to recover the investments of the segregated portfolio.
- b. Upon recovery of money, whether partial or full, it shall be immediately distributed to the investors in proportion to their holding in the segregated portfolio. Any recovery of amount of the security in the segregated portfolio even after the write off shall be distributed to the investors of the segregated portfolio.
- c. The Trustees shall monitor the compliance of this circular and disclose in the half-yearly trustee reports filed with SEBI, the compliance in respect of every segregated portfolio created.

In order to avoid mis-use of segregated portfolio, Trustees shall ensure to have a mechanism in place to negatively impact the performance incentives of Fund Managers, Chief Investment Officers (CIOs), etc. involved in the investment process of securities under the segregated portfolio, mirroring the existing mechanism for performance incentives of the AMC, including claw back of such amount to the segregated portfolio of the Scheme.

Information on Key Personnel:

Name / Designation	Age / Qualification	Brief Experience
Mr. Sandeep Tandon CIO and Fund Manager Equity	53/MBA in Finance	Sandeep Tandon is the founder of the quant group and has 24 years of experience in the financial services industry. Sandeep's previous stints include a key role in setting up the equity derivatives desk at ICICI Securities as vice president. He started his career with the Economic Times Research Bureau, a research wing of the leading financial daily of India, The Economic Times. He later joined IDBI Asset Management (now Principal Asset Management), and was part of the core team that initialized asset management, playing a key role in devising, conceptualizing and marketing one of India's most successful mutual schemes: IDBI I-NITS 95.
Mr. Ankit Pande Fund Manager Equity	37/ CFA, MBA	Experience of 10 years in Indian equities and of 3 years in software products. Began his career in core banking software with Infosys' Finacle. Began his career in equity research in 2011, picking up the (U.S. based) CFA charter in 2015 and MBA from The Chinese University of Hong Kong in 2017. 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 honour society.
Mr. Sanjeev Sharma Fund Manager Debt & Chief Dealer – Debt	43/ M.Com. PGDBA Certification in Treasury, Forex & Risk Management	Mr. Sharma has over 14 years of experience in Fixed Income dealing/ trading in G-sec, corporate bond and other money market instruments, Identifying and monitoring of investment opportunities in different asset classes.
Mr. Vasav Sahgal Fund Manager Equity	28 / B.com & CFA	Vasav has over 4 years' experience in valuation analytics and has been responsible for implementing the fund's investment strategy and managing the investment analysts. He has changed his designation from Fund Manager – International Equity to Fund Manager – Equity w.e.f April 05, 2022
Mr. Varun Pattani Fund Manager Commodities & Chief Dealer – Equity	27/Chartered Accountant	Varun joined quant in May 2021 as an analyst. Coming from a Chartered accountancy background, he has diverse set of knowledge in areas of finance & tax. He has experience in tracking Indian equities across sectors and is a true believer of research backed investment process.
Mr. Harshal Patel Chief Financial Officer	30/B.com, CA	Mr. Harshal has been appointed as Chief Financial Officer with effect from 20.02.2018. Mr. Patel has over 4 years of experience in the area of Finance, Taxation and Accounts. He is a member of Institute of Chartered Accountants of India (ACA) & a Commerce graduate (B.Com).
Ms. Drishti Shah Compliance Officer	31/B.Com, CS	Drishti has over 8 years of experience in the Company Secretarial and Compliance functions across Stock Broking, Mutual Fund, AIF and PMS

STATEMENT OF ADDITIONAL INFORMATION

		verticals.
Mr. Anupam Saxena Chief Business Officer - Retail	47/ Post Graduate in Management SIESCOMS, Certificate program in Business Strategy – IIM Kozhikode, Ruth Cohn Leadership Program – Tata Institute of Fundamental Research, Mumbai	Mr. Anupam Saxena has an industry experience of 22 years. He handles various responsibilities of Sales, Business Development, Channel Management, MIS and Training.
Mr. Surendra Yadav Chief Business Officer - Institutional	47/ B.com, MBA - Marketing	Mr. Surendra has over two decades' experience in Sales and Business Development. His last assignment was with Sundaram Asset Management where he was working as Senior Vice President and National Head Sales; responsible for managing sales and distributors across various segments including MFDs, National distributors, and Banks. Surendra has also worked with Strategic Capital Corporation Pvt. Ltd. and India Infoline Distribution Company Ltd.
Dr. Chandrasekhar Chatterjee Chief Risk Officer	43/ PhD in Theoretical Physics	Dr. Chandrasekhar Chatterjee has around 11 years of experience after PhD. In these 11 years, he worked on various subjects which includes Physics, Mathematics, Statistical Physics and Finance. He has around 30 research papers published in peer reviewed international journals.

E. Service Providers Custodian

Name: HDFC Bank Limited

Address: HDFC Bank Limited, Custodian and Depository Services, Lodha - I Think Techno Campus, Building - Alpha, 8th Floor, Near Kanjurmarg Railway Station, Kanjurmarg (E), Mumbai - 400 042.

SEBI Registration Number: INBI00000063

Share Transfer Agent

KFin Technologies Limited will perform and provide the services of Registrar and Transfer Agent on an on-going basis to the Unit holders of the Mutual Fund Scheme(s) both for units in physical mode and electronic mode.

Registrar & Transfer Agent:

KFin Technologies Limited

Unit: quant Mutual Fund

Karvy Selenium Tower B,
Plot No 31 & 32, Financial District,

Gachibowli, Nanakramguda,

Serilingampally,

Hyderabad – 500008.

Legal counsel

There are no retained legal counsels to the Mutual Fund or AMC. The AMC uses the services of

STATEMENT OF ADDITIONAL INFORMATION



renowned legal counsel, if need arises.

Certificates/ Statements of Account to Unit holders within the time limit prescribed in the Regulations and also have sufficient capacity to handle investor complaints. Fee is payable to KFin Technologies Private Limited for performing and providing the services of Registrar and Transfer Agent on an on-going basis to the Unit holders shall be charged at rates competitive with the market with the consent of the Trustees.

Statutory Auditor

M/s. MVK & Associates, Chartered Accountants

Fund Accountant

HDFC Bank Ltd
Lodha iTHINK Techno Campus
8th Floor, Alpha Building
Near Kanjurmarg Railway Station
Kanjurmarg (E)
Near Crompton Greaves Ltd.
Mumbai – 400042

Collecting Bankers

HDFC Bank Ltd.
Kamala Mills Compound,
Gr Flr, Tulsi Pipe Rd,
Lower Parel, Mumbai -400013

Axis Bank Ltd
Ground Floor, Jeevan Prakash Building,
Sir PM Road, Fort, Mumbai- 400001

Kotak Mahindra Bank Limited
C Sequence, Ground Floor & Basement,
Appa Saheb Marathe Marg, Prabhadevi,
Mumbai – 400025

ICICI Bank Limited
Capital Markets Division
1st floor,122, Mistry Bhavan,
Dinshaw Wachha Road,Backbay Reclamation
Mumbai – 400020

F. Condensed Financial Information (CFI):

HISTORICAL PER UNIT STATISTICS	quant Large Cap Fund (Launch Data: July 20, 2022 July 2022 – March 31, 2023)
NAV at the beginning of the year	
Growth Option – Direct Plan	---
Growth Option – Regular Plan	---
IDCW Option – Direct Plan	---
IDCW Option – Direct Plan	---
Income Distribution cum Capital Withdrawal (IDCW)*	N.A.
NAV at the end of the year	
Growth Option – Direct Plan	9.3982
Growth Option – Regular Plan	9.2873
IDCW Option – Direct Plan	9.4006
IDCW Option – Regular Plan	9.2869
Annualized return**	Direct: -9.30% Regular: -10.98%
Net Assets end of period (in Rs. Crs)	260.9906
Ratio of Recurring Expenses to net assets	Direct: 0.50 Regular: 2.25

* Excluding dividend details of liquid scheme.

** Only for growth option. Explanation to be given for not providing annualised return for options other than growth option. Absolute returns to be provided for schemes less than one year.

III. HOW TO APPLY

This section must be read in conjunction with the Section "Units and Offer" of the SID.

1. The application form/Transaction Slip for the Sale of Units of the respective Schemes/ Plans will be available and accepted at the office of the ISCs / Official Points of acceptance during their business hours on their respective business days. In respect of New Fund Offer (NFO) of Schemes/Plan(s), an investor can subscribe to the NFO through Applications Supported by Blocked Amount (ASBA) facility by applying for the Units offered under the Option(s)/Plan(s) of the Scheme(s) in the ASBA Application Form and following the procedure as prescribed in the form. For details please refer to the Section "Additional mode of payment through Applications Supported by Blocked Amount (ASBA) facility".
2. Applications must be completed in Block Letters in English.
3. Applications filled up and duly signed by the applicant and in case of joint applicants by all joint applicants should be submitted along with the cheque/draft/other payment instrument or instruction to a designated ISC /Official Point of acceptance of AMC or the Registrar as specified. Signatures should be in English or in any Indian Language.
4. All cheques and bank drafts must be drawn in favour of "a Specific Scheme" and crossed "A/c Payee only". A separate cheque or bank draft must accompany each application/each scheme. Investors must use separate application forms for investing simultaneously in more than one Plan of the Scheme subject to the minimum subscription requirements under each Plan. If the amount mentioned on the application is different from the amount mentioned on the accompanying cheque or bank / demand draft or the amount is not mentioned in the application form, then the amount on the cheque will be treated as the application amount and the application will be processed accordingly. In case the name of the Scheme/Plan mentioned on the application form differs from the name mentioned on the accompanying payment instrument, then the application will be treated as an application for the Scheme/Plan mentioned on the application form.
5. All cheques and bank drafts accompanying the application form should contain the application form number / folio number, scheme name and name of first investor on its reverse.
6. In order to protect the interest of Investors from fraudulent encashment of cheques, the current SEBI Regulations, have made it mandatory for Investors to mention in their Application / Redemption request, their bank name, branch, address, account type and account number. The Registrar/AMC may ask the investor to provide a blank cancelled cheque or its photocopy for the purpose of verifying the bank account number.
7. PAN issued by the Income Tax authorities is used as the sole identification number for all investors transacting in the securities market including mutual funds, irrespective of the amount of transaction. Thus, all investors (including resident and non-resident investors) are required to provide PAN, along with a certified copy of the PAN card for all transactions in Units of the schemes of the Fund irrespective of the amount of transaction.

PAN will not be required in case of Systematic Investment Plans (SIPs) where aggregate of installments in a financial year i.e. April to March does not exceed Rs 50,000/- (hereafter referred to as "Micro Investments"). This exemption will be applicable only to investments by Individuals & Non Resident Indian. Accordingly, w.e.f. February 11, 2013, where the aggregate of the lumpsum investment (fresh & additional purchase) and micro SIP installments by an investor based on the rolling 12 month period/in a financial year i.e. April to March does not exceed Rs. 50,000/-, it shall be exempt from the requirement of PAN. However, requirements of Know Your Customer (KYC)/ Central KYC Registry (CKYC) shall be mandatory.

Accordingly, investors seeking the above exemption from PAN still need to submit the KYC Acknowledgment i.e. PAN Exempt KYC Reference No (PEKRN) / KYC Identification No. (KIN) acknowledgement issued by KRA / CKYC, irrespective of the amount of investment. For the purpose

of identifying Micro Investments, the value of investments at the Investor level (first holder) will be aggregated based on the unique ID number mentioned on the KYC Acknowledgment / KIN No. and such aggregation shall be done irrespective of the number of folios/ accounts under all the schemes of the Fund which the investor had invested. This exemption will be available only to Micro investment made by the individuals being Indian citizens (including NRIs, Joint holders*, minors acting through guardian and sole proprietary firms not having PAN). Person of Indian Origin (PIO), Hindu Undivided Family (HUF) and other categories of investors will not be eligible for this exemption. *In case of joint holders, first holder must not possess a PAN.

PAN requirement is also exempt for investors residing in the state of Sikkim, Central Government, State Government, and the officials appointed by the courts e.g. Official liquidator, Court receiver etc. (under the category of Government). However, this would be subject to verifying the veracity of the claim of the specified organizations or residents of Sikkim, by collecting sufficient documentary evidence in support of their claim for such an exemption. Please refer to the application form for details of the document(s) which are required to be submitted in such cases.

The detailed procedures/requirements for accepting PAN exempt investments shall be as specified by the AMC / Trustee from time to time and their decision in this behalf will be final and binding.

8. Submission of Aadhar Number Aadhar number/ copy or Proof of enrolment for Aadhar is required to be submitted by/for the following:
 - i. Where the investor is an individual, who is eligible to be enrolled for Aadhaar number, the investor is required to submit the Aadhaar number issued by UIDAI. Where the Aadhaar number has not been assigned to an investor, the investor is required to submit proof of application of enrolment for Aadhaar. If such an individual investor is not eligible to be enrolled for Aadhaar number, and in case the Permanent Account Number (PAN) is not submitted, the investor shall submit one certified copy of an officially valid document containing details of his identity and address and one recent photograph along with such other details as may be required by the Mutual Fund. The investor is required to submit PAN as defined in the Income Tax Rules, 1962.
 - ii. Where the investor is a non-individual, apart from the constitution documents, Aadhaar numbers and PANs as defined in Income-tax Rules, 1962 of managers, officers or employees or persons holding an attorney to transact on the investor's behalf is required to be submitted. Where an Aadhaar number has not been assigned, proof of application towards enrolment for Aadhaar is required to be submitted and in case PAN is not submitted an officially valid document is required to be submitted. If a person holding an authority to transact on behalf of such an entity is not eligible to be enrolled for Aadhaar and does not submit the PAN, certified copy of an officially valid document containing details of identity, address, photograph and such other documents as prescribed is required to be submitted.

Further, Investors may kindly note that, if the name given in the application does not match the name as appearing on the PAN Card/Aadhaar card, authentication, application may be liable to get rejected or further transactions may be liable to get rejected.

Further, pursuant to the notification on Prevention of Money-laundering (Maintenance of Records) Amendment Rules, 2019 dated February 14, 2019, Aadhaar can be accepted as a valid document for proof of address or proof of identity, provided the investor redact or blackout his Aadhaar number while submitting the applications for investments.

Purpose of usage of Aadhar Number

The purpose of collection/usage of Aadhaar number including demographic information is to comply with applicable laws/rules/regulations.

9. Cash Investments in mutual funds: In order to help enhance the reach of mutual fund products amongst small investors, who may not be tax payers and may not have PAN/bank accounts, such as farmers, small traders/ businessmen/ workers, SEBI has permitted receipt of cash transactions for

fresh purchases/ additional purchases to the extent of 50,000/- per investor, per financial year, per mutual fund shall be allowed subject to:

- i. compliance with Prevention of Money Laundering Act, 2002 and Rules framed there under; the SEBI Circular(s) on Anti Money Laundering (AML) and other applicable Anti Money Laundering Rules, Regulations and Guidelines; and
 - ii. sufficient systems and procedures in place. However, payment towards redemptions, IDCW, etc. with respect to aforementioned investments shall be paid only through banking channel. The Fund/ AMC is currently in the process of setting up appropriate systems and procedures for the said purpose. Appropriate notice shall be displayed on its website viz. as well as at the Investor Service Centres, once the facility is made available to the investors.
10. Know Your Client (“KYC”) formalities under the Prevention of Money Laundering Act, 2002 (“PMLA”) and the related guidelines issued by SEBI are required to be completed by investors for all fresh investments / applications irrespective of the amount of investment. KYC requirements will have to be complied with for any amount of investment for the following transactions w.e.f. January 01, 2011:
- i. New / Additional Purchases
 - ii. Switch Transactions
 - iii. New SIP Registrations
 - iv. New STP Registrations

Income Distribution cum Capital Withdrawal (IDCW) reinvestment transactions of any amount will not be subject to the KYC Compliance requirements.

Please refer to para on “Prevention of Money Laundering - Know Your Customer (KYC) Compliance” under section “Legal Information” for detailed procedures and other information related to KYC compliances.

Foreign Account Tax Compliance Act (“FATCA”) and Common Reporting Standards (“CRS”) requirements:

As a part of various ongoing tax and regulatory developments around the globe [e.g. information exchange laws such as Foreign Account Tax Compliance Act (‘FATCA’) and Common Reporting Standard (‘CRS’)], financial institutions like quant Mutual Fund (‘quant MF’ or ‘the Fund’) are being cast with additional investor and counterparty account related due diligence requirements.

The Central Board of Direct Taxes (CBDT) has notified Rules 114F to 114H, as part of the Income-tax Rules, 1962, which Rules require Indian financial institutions such as the Banks, Mutual Funds, etc. to seek additional personal, tax and beneficial owner information and certain certifications and documentation from all our investors and counterparties. According to the FATCA-CRS Rules, financial institutions in India are required to report tax information about account holders that are tax resident of U.S. and other foreign countries, to the CBDT/ Indian Government which will, in turn, relay that information to the US Internal Revenue Service (IRS) and governments of other foreign countries.

These developments have resulted in compliance and reporting obligations on Financial Institutions like quant MF. In relevant cases, information will have to be reported to tax authorities/appointed agencies. Towards compliance, the Fund may also be required to provide information to any institutions such as withholding agents for the purpose of ensuring appropriate withholding from the account or any proceeds in relation thereto. As may be required by domestic or overseas regulators/ tax authorities, we may also be constrained to withhold and pay out any sums from your account or close or suspend your account(s). quant MF may also have to comply with other similar laws as and when applicable.

Prospective investors and Unit holders will therefore be required to comply with the request of the Fund to furnish such information / documentation / declarations as and when deemed necessary by the Investment Manager in accordance with Applicable Laws. In case prospective investor / Unit holder fails to furnish the relevant information / documentation / declarations in accordance with Applicable Laws, the Fund reserves the right to reject the application or redeem the Units held directly or beneficially and may also require reporting of such accounts and/or levy of withholding tax on payments made to the Unit holders / investor

and/or take any other action/s in accordance with Applicable Laws. FATCA-CRS provisions are relevant not only at on-boarding stage of Unit holders but also throughout the life cycle of investment with the Fund. Unit holders therefore should intimate to the Fund/the Investment Manager, any change in their status with respect to any FATCA-CRS related information / documentation / declarations provided by them previously, including but not limited to any declarations provided in respect of residency of the Unit holders for tax purposes promptly, i.e. within 30 days. Further, if the Fund and/or the Investment Manager is required by Applicable Laws, to provide information regarding the Fund and/or the unit holders / investors to any regulatory authority and/or the Fund Investments and/or income therefrom, and the Fund and/or the Investment Manager complies with such request in good faith, whether or not it was in fact enforceable, they shall not be liable to the Unit holders / investors or to any other party as a result of such compliance or in connection with such compliance.

Prospective investors / Unit holders should consult their own advisors to understand the implications of FATCA-CRS provisions/requirements. Please note that quant MF will be unable to provide advice to any investor or counterparty about their tax status or FATCA/CRS classification relevant to their account. It is the responsibility of the investor or counterparty to ensure that they record their correct tax status / FATCA/ CRS classification. Investor/ counterparty may seek advice from their tax advisor in this regard. The onus to provide accurate, adequate and timely inputs in this regard would be that of the investor or counterparty. Any changes in earlier information provided must be intimated within 30 days of such change.

Investors are requested to provide all the necessary information / declarations to facilitate compliance, considering India's commitment to implement CRS and FATCA under the relevant international treaties.

Ultimate Beneficial Owner

SEBI vide its circular no. CIR/MIRSD/2/2013 dated January 24, 2013 has prescribed its guidelines for identification of Beneficial Ownership to be followed by the intermediaries for determination of beneficial owners. Further, AMFI vide its circular no. 62/2015-16 dated September 18, 2015 has issued best practice guidelines to be followed by AMCs for identification of beneficial ownership. A 'Beneficial owner' is defined as a natural person or persons who ultimately own, control or influence a client and/or persons on whose behalf a transaction is being conducted, and includes a person who exercise ultimate effective control over a legal person or arrangement. In this regard, all categories of investors (including all new / existing investors / unitholders) (except individuals, companies listed on a stock exchange or majority-owned subsidiary of such companies) are mandatorily required to provide details about beneficial ownership for all investments. Failing which the Fund reserves the right to reject applications/ subscription requests / additional subscription requests (including switches) /restrict further investments or seek additional information from investors who have not provided the requisite information on beneficial ownership. In the event of change in beneficial ownership, investors are requested to immediately update the details with the Fund/Registrar.

Mode of Payment

Payment can be made by either through

- cheque;
- draft (i.e. demand draft or bank draft); or
- a payment instrument (such as pay order, banker's cheque, etc.)
- a payment mode as may be approved by the AMC from time to time.

I. Resident Investors

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

Payment may be made for subscription to the Units of the Scheme either by issuing a cheque drawn on such banks or by giving a debit mandate to their account with a branch of such banks situated at the same location as the ISC/ Official Point of acceptance.

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

Payment may be RTGS/NEFT or made by cheque or bank draft drawn on any bank, which is situated

at and is a member of the Bankers' Clearing House, located at the place where the application is submitted.

In addition to existing facility available for payments through Electronic Clearing Service (ECS)/ Direct Debits/ Postdated cheques/ Standing Instructions for investments in SIP, the unit holders can now also make payment of SIP instalments through NACH facility. NACH is a centralized system, launched by National Payments Corporation of India (NPCI) with an aim to consolidate multiple Electronic Clearing Service (ECS) mandates. This facility will enable the unit holders of the Fund to make SIP investments through NACH by filling up the SIP Registration cum mandate form. A Unique number will be allotted to every mandate registered under NACH called as Unique Mandate Reference Number ("UMRN") which can be used for SIP transactions. The NACH facility shall be available subject to terms and conditions contained in the SIP registration Mandate Form and as prescribed by NPCI from time to time.

No cash, money orders, postdated cheques [except through Systematic Investment Plan (SIP)] and postal orders will be accepted, however outstation cheques (i.e. if the cheque is payable at a bank's branch which does not participate in local clearing mechanism of the city where the application is submitted) shall be accepted at the sole discretion of AMC.

The AMC will reimburse demand draft charges subject to maximum of Rs. 10,000/- per transaction for purchase of units by investors residing at location where the ISC's/Official Points of Acceptance are not located as per the table below:

Amount of Investments	Rate of Charge of Demand Drafts
Upto Rs. 10,000	At actual subject to a maximum of Rs. 50
Above Rs. 10,000	Re. 1 per Rs. 1000
Maximum Charges	Rs. 10,000

The AMC reserves the right to refuse bearing of demand draft charges, in case of investments made by the same applicant(s) through multiple applications at its own discretion which will be final and binding on the investor. Investors residing at places other than where the ISC's/Official Point of Acceptance are located, are requested to make the payment by way of demand draft(s) after deducting charges as per the rates indicated in the above table. The AMC reserves the right to insist for the proof of demand draft charges. It may be noted that additional charges, if any, incurred by the investor over and above the levels indicated above will not be borne by the AMC. No demand draft charges will be borne by the AMC for the purchase of Units by investors residing at such locations where the ISC's / Official Points of Acceptance are located. Reimbursement of demand draft charges will be applicable for all equity schemes and hybrid schemes.

Investors may kindly note that DD charges will not be reimbursed for debt and liquid schemes of the Mutual Fund. Applications accompanied by cheques/drafts not fulfilling the above criteria are liable to be rejected.

II. **Non Resident Indians (NRI)/Persons of Indian Origin (PIO), Foreign Portfolio Investment (FPI)**

a) **Repatriation Basis**

In the case of NRIs including PIOs, payment may be made either by inward remittance through normal banking channels or out of funds held in his Non - Resident (External) Rupee Account (NRE) / Foreign Currency (Non- Resident) Account (FCNR). In case Indian rupee drafts are purchased abroad or from Foreign Currency Accounts or Non-resident Rupee Accounts an account debit certificate from the Bank issuing the draft confirming the debit shall also be enclosed.

FPI 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 FPI with a designated branch of an authorised dealer in accordance with the relevant exchange management regulations.

b) Non-Repatriation Basis

In the case of NRIs/PIOs, payment may be made either by inward remittance through normal banking channels or out of funds held in his NRE / FCNR / Non-Resident Ordinary Rupee Account (NRO). In case Indian rupee drafts are purchased abroad or from Foreign Currency Accounts or Non-resident Rupee Accounts an account debit certificate from the Bank issuing the draft confirming the debit shall also be enclosed.

Application incomplete in any respect (other than mentioned above) will be liable to be rejected.

In order to protect investors from frauds, it is advised that the Application Form number / folio number, scheme name and name of the first investor should be written overleaf the cheque / draft, before they are handed over to any courier / messenger / distributor / ISC.

In order to protect investors from fraudulent encashment of cheques, Regulations require that cheques for Redemption of Units specify the name of the Unit Holder and the bank name and account number where payments are to be credited. Hence, all applicants for Purchase of Units must provide a bank name, bank account number, branch address and account type in the Application Form.

Returned cheque(s) are liable not to be presented again for collection, and the accompanying Application Form is liable to be rejected. In case the returned cheque(s) are presented again, the necessary charges may be debited to the Investor.

Application on behalf of minor accounts

- Minor shall be the first and the sole holder in an account. There shall not be any joint accounts with minor as the first or joint holder.
- Guardian in the folio on behalf of the minor should either be a natural guardian (i.e. father or mother) or a court appointed legal guardian, and should mandatorily submit requisite documentation to the AMC evidencing the relationship/status of the guardian.
- Date of birth of the minor along with supporting documents (viz. birth certificate, school leaving certificate/ Mark sheet issued by Higher Secondary Board of respective states, ICSE, CBSE etc., or, passport or any other document evidencing the date of birth of the minor) should be mandatorily provided while opening the account.

However, pursuant to SEBI circular SEBI/HO/IMD/DF3/CIR/P/201916624 Dt.24/12/2019 the following process shall be applicable for Investments made in the name of a Minor through a Guardian -

- I. Payment for investment by means of Cheque, Demand Draft or any other mode shall be accepted from the bank account of the minor or from a joint account of the minor with the guardian only. For existing folios, the AMCs shall insist upon a Change of Pay-out Bank mandate before redemption is processed.
- II. Upon the minor attaining the status of major, the minor in whose name the investment was made, shall be required to provide all the KYC details, updated bank account details including cancelled original cheque leaf of the new account. No further transactions shall be allowed till the status of the minor is changed to major.
- III. In case of existing systematic transactions, system controls are built at the account set up stage of Systematic Investment Plan (SIP), Systematic Transfer Plan (STP) and Systematic Withdrawal Plan (SWP) on the basis of which, the standing instruction is suspended when the minor attains majority, till the status is changed to major.

Change in status of minor on attaining majority

- The guardian and the minor will have to submit an application form along with prescribed documents to change the status of the account from "minor" to "major".
- In case the requisite documents to change the status are not received by the AMC/Registrar by the date when the minor attains majority, the AMC/Mutual Fund will not permit any financial and non-

financial transactions including fresh registration of Systematic Transfer Plan (STP), Systematic Investment Plan (SIP) and Systematic Withdrawal Plan (SWP) in the folio after the date of the minor attaining majority till the time the above application form along with the prescribed documents are received by the mutual fund.

- In case of existing standing instructions like SIPs, SWPs, STPs, etc. registered in the minor's folio for a period beyond the minor's date of majority, the AMC/Registrar shall continue to process the existing standing instructions like SIP, STP, SWP registered prior to the minor attaining majority. Such existing standing instructions will continue to be processed till the time a instruction from the major to terminate the standing instruction is received by the mutual fund along with the prescribed documents.

Change in guardian

In case of change in guardian, the new guardian must be a natural guardian (i.e. father or mother) or a court appointed legal guardian and such guardian shall mandatorily submit prescribed 48 documentation to the AMC evidencing the relationship/status of the guardian, proof of KYC compliance, attestation of signature of new guardian from the bank maintaining the minor's account where the new guardian is registered as the guardian, etc.

Application under Power of Attorney

An applicant wanting to transact through a power of attorney must lodge the photocopy of the Power of Attorney (PoA) attested by a Notary Public or the original PoA (which will be returned after verification) within 30 days of submitting the Application Form / Transaction Slip at a Designated ISC's/Official Point of acceptance or along with the application in case of application submitted duly signed by POA holder. Applications are liable to be rejected if the power of attorney is not submitted within the aforesaid period.

Application by a Non – individual investor

In case of an application by a company, body corporate, society, mutual fund, trust or any other organisation not being an individual, a duly certified copy of the relevant resolution or document along with the updated Specimen Signature list of Authorised Signatories must be lodged along with the Application Form / Transaction Slip at a Designated ISC's/Official Point of acceptance. Further, the AMC may require that a copy of the incorporation deeds / constitutive documents (e.g. Memorandum and Articles of Association) be also submitted to the ISC's/Official Point of acceptance.

Requests for redemption may not be processed if the necessary documents are not submitted.

Restriction on Acceptance of Third Party Payments for Subscription of Units

- a) When payment is made through instruments issued from an account other than that of the beneficiary investor, the same is referred to as Third-Party payment. In case of payments from a joint bank account, the first holder of the mutual fund folio has to be one of the joint holders of the bank account from which payment is made.
- b) The Asset Management Company shall not accept subscriptions with Third-Party payments except in the following exceptional situations:
 - i. Payment by minor shall be accepted only from the bank account of the minor or from a joint account of the minor with the guardian. Payment by Cheques, demand drafts, etc would be accepted only from the mentioned bank accounts. Thereafter, when the minor, in whose name investment was made, turns 18, he/she shall be required to provide all the KYC details. The minor shall not be allowed to make any transactions in the capacity of a minor after attaining majority.
 - ii. Payment by Employer on behalf of employee under Systematic Investment Plans or lump sum / one -time subscription through Payroll deductions or deduction out of expense reimbursements.
 - iii. Custodian on behalf of a Foreign Portfolio Investor (FPI) or a client.

Documents to be obtained for exceptional cases:

Investors submitting their applications through the above mentioned 'exceptional cases' are required to comply with the following, without which applications for subscriptions for units will be rejected / not processed / refunded.

- i. Mandatory KYC for all investors (guardian in case of minor) and the person making the payment i.e. third party. In order for an application to be considered as valid, investors and the person making the payment should attach their valid KYC Acknowledgement Letter to the application form.
- ii. Submission of a separate, complete and valid 'Third Party Payment Declaration Form' from the investors (guardian in case of minor) and the person making the payment i.e. third party. The said Declaration Form shall, inter-alia, contain the details of the bank account from which the payment is made and the relationship with the investor(s). Please contact the nearest OPA/ISC of quant Mutual Fund or visit our website www.quantmutual.com for the said Declaration Form.

Adoption of a safe mode of writing a cheque

In order to avoid fraud, the investors shall make the payment instrument (cheque, demand draft, pay order, etc) favouring "ABC Scheme A/c First Investor name" or "ABC Scheme A/c Permanent Account Number".

Process to identify Third-Party payments:

The following process shall be followed for identifying Third-Party Cheques:

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

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

- i. a copy# of the bank passbook or a statement of bank account having the name and address of the account holder and account number;
- ii. a letter (in original) from the bank on its letterhead certifying that the investor maintains an account with the bank, along with information like bank account number, bank branch, account type, the MICR code of the branch & IFSC Code (where available).

In respect of (ii) above, it should be certified by the authorized signatory of the bank with his / her full signature, name, employee code, bank seal and contact number.

Investors should also bring the original documents along with the documents mentioned in (i) above to the ISCs / Official Points of Acceptance of quant Mutual Fund. The copy of such documents will be verified with the original documents to the satisfaction of the AMC / Mutual Fund / R&TA. The original documents will be returned across the counter to the investor after due verification.

Investors should note that where the bank account numbers have changed on account of the implementation of core banking system at their banks, any related communication from the bank towards a change in bank account number should accompany the application form for subscription of units.

- a) If the subscription is settled with pre-funded instruments such as Pay Order, Demand Draft issued against debit to investor's bank account, Banker's cheque, etc., the AMC will accept any one of following as a valid supporting document:
 - i. a proof of debit to the investor's bank account in the form of a bank manager's certificate

with details of account holder's Name, bank account number and PAN as per bank records, if available.

- ii. a copy of the acknowledgement from the bank, wherein the instructions to debit carry the bank account details and name of the investor as an account holder are available.
 - iii. a copy of the passbook/bank statement evidencing the debit for issuance of a DD
- b) A pre-funded instrument issued by the Bank against Cash shall not be accepted for investments of Rs. 50,000/- or more. This also should be accompanied by a certificate from the banker giving name, bank account number, address and PAN (if available) of the person who has requested for the demand draft.
- c) If payment is made by RTGS, NEFT, ECS, bank transfer, etc., a copy of the instruction to the bank stating the account number debited must accompany the purchase application. The above broadly covers the various modes of payment for mutual fund subscriptions.

The above list is not a complete list and is only indicative in nature and not exhaustive. Any other method of payment, as introduced by the Mutual Fund, will also be covered under these provisions.

In case the application for subscription does not comply with the above provisions, the AMC /Trustee retains the sole and absolute discretion to reject / not process such application and refund the subscription money and shall not be liable for any such rejection.

Mode of Holding

An application can be made by up to a maximum of three applicants. Applicants must specify the 'mode of holding' in the Application Form.

If an application is made by one Unit Holder only, then the mode of holding will be considered as 'Single'. If an application is made by more than one investors, they have an option to specify the mode of holding as either 'Jointly' or 'Anyone or Survivor'.

In either of the cases referred above i.e. application made by one investor/more than one investor, the Fund shall not entertain requests for including any other person as a joint holder once the application has been accepted.

If the mode of holding is specified as 'Jointly', all instructions to the Fund would have to be signed by all the Unit Holders, jointly. The Fund will not be empowered to act on the instruction of any one of the Unit Holders in such cases. If the mode of holding is specified as 'Anyone or Survivor', an instruction signed by any one of the Unit Holders will be acted upon by the Fund. It will not be necessary for all the Unit Holders to sign. If an application is made by more than one investor and the mode of holding is not specified, the mode of holding would be treated as joint. The Fund will not be empowered to act on the instruction of any one of the Unit Holders in such cases.

In all cases, all communication to Unit Holders (including account statements, statutory notices and communication, etc.) will be addressed to the first-named Unit Holder. All payments, whether for redemptions, dividends, etc will be made favouring the first-named Unit Holder. The first named Unit Holder shall have the right to exercise the voting rights associated with such Units as per the applicable guidelines.

Investors should carefully study the paragraphs on "Transfer and Transmission" and "Nomination Facility" before ticking the relevant box pertaining to the mode of holding in the Application Form.

Option to hold Units in Dematerialized (demat) form

Investors shall have an option to receive allotment of Mutual Fund units in their demat account while subscribing to the Units of the Scheme in terms of the guidelines/ procedural requirements as laid by the Depositories (NSDL/CDSL) from time to time.

Investors desirous of having the Units of the Scheme in dematerialized form should contact the ISCs of the AMC/Registrar.

Where units are held by investor in dematerialized form, the demat statement issued by the Depository Participant would be deemed adequate compliance with the requirements in respect of dispatch of

statements of account.

In case investors desire to convert their existing physical units (represented by statement of account) into dematerialized form or vice versa, the request for conversion of units held in physical form into Demat (electronic) form or vice versa should be submitted along with a Demat/Remat Request Form to their Depository Participants. In case the units are desired to be held by investor in dematerialized form, the KYC performed by Depository Participant shall be considered compliance of the applicable SEBI norms.

Units held in Demat form are freely transferable in accordance with the provisions of SEBI (Depositories and Participants) Regulations, as may be amended from time to time. Transfer can be made only in favour of transferees who are capable of holding units and having a Demat Account.

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

For details, Investors may contact any of the Investor Service Centres of the AMC.

Account Statements

The Account Statement is non-transferable. Dispatch of account statements to NRIs/FPI will be subject to applicable regulations, if required. In case of Unit holder who have provided their e-mail address the Fund will provide the Account Statement only through e-mail message, subject to Regulations and unless otherwise required. In cases where the email does not reach the Unit holder, the Fund / its Registrar & Transfer Agents will not be responsible, but the Unit holder can request for fresh statement. The Unit holder shall from time to time intimate the Fund / its Registrar & Transfer Agent about any changes in his e-mail address. In case of Unit Holders holding units in the dematerialized mode, the Fund will not send the account statement to the Unit Holders. The statement provided by the Depository Participant will be equivalent to the account statement. The Unit holder may request for a physical account statement by writing/calling the AMC/ISC/Registrar. In case of specific request received from the Unit Holders, the AMC/Fund will provide the Account Statement to the Investors within 5 business days from the receipt of such request.

Consolidated Account Statement

Consolidated is an account statement detailing all the transactions and holding at the end of the month including transaction charges paid to the distributor, across all schemes of all mutual funds, CAS issued to investors shall also provide the total purchase value/cost of investment in each scheme.

Further, CAS issued for the half-year (September/ March) shall also provide

- a) The amount of actual commission paid by AMC/Mutual Fund to distributors (in absolute terms) during the half-year period against the concerned investor's total investments in each scheme.
- b) The scheme's average Total Expense Ratio (in percentage terms) along with the break up between Investment and Advisory fees, Commission paid to the distributor and Other expenses for the period for each scheme's applicable plan (regular or direct or both) where the concerned investor has actually invested in.

The word transaction will include purchase, redemption, switch, IDCW payout, IDCW reinvestment, systematic investment plan, systematic withdrawal plan and systematic transfer plan.

a) For Unitholders not holding Demat Account:

CAS for each calendar month shall be issued, on or before fifteenth day of succeeding month by the AMC. The AMC shall ensure that a CAS for every half yearly (September/ March) is issued, on or before twenty first day of succeeding month, detailing holding at the end of the six month, across all schemes of all mutual funds, to all such investors in whose folios no transaction has taken place during that period. The AMC shall identify common investors across fund houses by their Permanent Account Number (PAN) for the purposes of sending CAS. In the event the account has more than one registered holder, the first named Unit Holder shall receive the Account Statement. The AMC will send statement of accounts by e-mail where the Investor has provided the e-mail id. Additionally, the AMC may at its discretion send Account Statements individually to the investors.

b) For Unitholders holding Demat Account:

SEBI vide its circular no. CIR/MRD/DP/31/2014 dated November 12, 2014, in order to enable a single consolidated view of all the investments of an investor in Mutual Fund and securities held in demat form with Depositories, has required Depositories to generate and dispatch a single CAS for investors having mutual fund investments and holding demat accounts.

In view of the aforesaid requirement, for investors who hold demat account, for transactions in the schemes of quant Mutual Fund on or after February 1, 2015, a CAS, based on PAN of the holders, will be sent by Depositories to investors holding demat account, for each calendar month within 15th day of the succeeding month to the investors in whose folios transactions have taken place during that month.

CAS will be sent by Depositories every half yearly (September/March), on or before 21st day of succeeding month, detailing holding at the end of the six month, to all such investors in whose folios and demat accounts there have been no transactions during that period.

CAS sent by Depositories is a statement containing details relating to all financial transactions made by an investor across all mutual funds viz. purchase, redemption, switch, IDCW payout, IDCW reinvestment, systematic investment plan, systematic withdrawal plan, systematic transfer plan (including transaction charges paid to the distributor) and transaction in dematerialized securities across demat accounts of the investors and holding at the end of the month.

In case of demat accounts with nil balance and no transactions in securities and in mutual fund folios, the depository shall send account statement in terms of regulations applicable to the depositories. Investors whose folio(s)/demat account(s) are not updated with PAN shall not receive CAS.

Consolidation of account statement is done on the basis of PAN. Investors are therefore requested to ensure that their folio(s)/demat account(s) are updated with PAN. In case of multiple holding, it shall be PAN of the first holder and pattern of holding.

For Unit Holders who have provided an e-mail address to the Mutual Fund or in KYC records, the CAS is sent by e-mail. However, where an investor does not wish to receive CAS through email, option is given to the investor to receive the CAS in physical form at the address registered in the Depository system.

Investors who do not wish to receive CAS sent by depositories have an option to indicate their negative consent. Such investors may contact the depositories to opt out. Investors who do not hold demat account continue to receive Consolidated Account Statement sent by RTA/AMC, based on the PAN, covering transactions across all mutual funds as per the current practice.

In case an investor has multiple accounts across two depositories; the depository with whom the account has been opened earlier will be the default depository.

The dispatch of CAS by the depositories constitute compliance by the AMC/ the Fund with the requirement under Regulation 36(4) of SEBI (Mutual Funds) Regulations. However, the AMC reserves the right to furnish the account statement in addition to the CAS, if deemed fit in the interest of investor(s).

Investors whose folio(s)/demat account(s) are not updated with PAN shall not receive CAS. Investors are therefore requested to ensure that their folio(s)/demat account(s) are updated with PAN.

For folios not included in the CAS (due to non-availability of PAN), the AMC shall issue monthly account statement to such Unit holder(s), for any financial transaction undertaken during the month on or before 15th of succeeding month by mail or email.

For folios not eligible to receive CAS (due to non-availability of PAN), the AMC shall issue an account statement detailing holding across all schemes at the end of every six months (i.e. September/March), on or before 21st day of succeeding month, to all such Unit holders in whose folios no transaction has taken place during that period shall be sent by mail/e-mail.

Additional facilities for Subscription/Redemption/Switch of Units**Transactions through Electronic Mode**

The Mutual Fund may allow subscriptions of Units by electronic mode including through the various web sites with which the AMC would have an arrangement from time to time.

Subject to the investor fulfilling certain terms and conditions as stipulated by AMC from time to time, the AMC, Mutual Fund, Registrar or any other agent or representative of the AMC, Mutual Fund, the Registrar may accept transactions through any electronic mode including through fax/web/ phone transactions as permitted by SEBI or other regulatory authorities.

For details investors are advised to refer to the SID of the respective Scheme(s) of the Mutual Fund.

Online Transactions

Investors can avail of the online facility which enables them to transact online on www.quantmutual.com. For details and applicable terms and conditions for such transactions investors are advised to refer to 'SID' of the respective Scheme(s) of the Mutual Fund and the website of the Asset Management Company i.e. www.quantmutual.com

Easy Call/ SMS (Transactions over Phone) AMC shall based on arrangements with its service providers offer facility to give transactions over phone. For details investors are advised to refer to the SID of the respective Scheme(s) of the Mutual Fund.

Online Schedule Transaction Facility ('the OST facility'):

The OST facility shall enable Unitholders to schedule subscription / redemption / switch transaction(s) on specified date for specified amount/ units by giving online instruction. For details investors are advised to refer to the SID of the respective Scheme(s) of the Mutual Fund. Additional mode of payment through Applications Supported by Blocked Amount (ASBA) facility: Pursuant to SEBI Circular No. SEBI/IMD/CIR No 18 /198647 /2010 dated March 15, 2010, an investor can subscribe to the New Fund Offer (NFO) through ASBA facility by applying for the Units offered under the Option(s)/Plan(s) of the Scheme(s) in the ASBA Application Form and following the procedure as prescribed in the form. ASBA is an application containing an authorization given by the Investor to block the application money in his specified bank account towards the subscription of Units offered during the NFO of the Scheme of quant Mutual Fund. Thus, for an investor who applies through ASBA facility, the application money towards the subscription of Units shall be debited from his specified bank account only if his/her application is selected for allotment of Units.

Benefits of Applying through ASBA facility

- i. Writing cheques and demand drafts is not required, as investor needs to submit ASBA application Form accompanying an authorization to block the account to the extent of application money towards subscription of Units. The balance money, if any, in the account can be used for other purposes by the investors.
- ii. Release/Unblocking of blocked funds after allotment is done instantaneously.
- iii. Unlike other modes of payment, ASBA facility prevents the loss of interest income on the application money towards subscription of Units as it remains in the bank account of the investor till the allotment is made.
- iv. Refunds of money to the investors do not arise as the application money towards subscription of Units gets blocked only on the allotment of Units.
- v. The investor deals with the known intermediary i.e. his/her own bank.
- vi. The application form is simpler as the application form for ASBA will be different from the NFO application form.

ASBA Procedure

- a) An Investor intending to subscribe to the Units of the NFO through ASBA, shall submit a duly completed ASBA Application Form to a Self Certified Syndicate Bank (SCSB), with whom his/her bank account is maintained.
- b) The ASBA Application Form towards the subscription of Units can be submitted through one of the following modes
 - i. Submit the form physically with the Designated Branches (DBs) of the SCSB ("Physical ASBA"); or
 - ii. Submit the form electronically through the internet banking facility offered by the SCSB ("Electronic ASBA").

STATEMENT OF ADDITIONAL INFORMATION



- c) An acknowledgement will be given by the SCSB in the form of the counter foil or specifying the application number for reference. Such acknowledgement does not guarantee, in any manner that the investors will be allotted the Units applied for.
- d) If the bank account specified in the ASBA Application Form does not have sufficient credit balance to meet the application money towards the subscription of Units, the Bank shall reject the ASBA Application form.
- e) On acceptance of Physical or Electronic ASBA, the SCSB shall block funds available in the bank account specified to the extent of the application money specified in the ASBA Application Form.
- f) The application money towards the Subscription of Units shall be blocked in the account until
 - i. Allotment of Units is made or
 - ii. Rejection of the application or
 - iii. Winding up of the Scheme, as the case may be.
- g) SCSBs shall unblock the bank accounts for
 - i. Transfer of requisite money to the Mutual Fund / Scheme bank account against each valid application on allotment or
 - ii. in case the application is rejected.
- h) The list of SCSBs and their DBs where ASBA application form can be submitted is available on the websites of BSE (www.bseindia.com), NSE (www.nseindia.com) and SEBI (www.sebi.gov.in) and shall also be given in the ASBA application form of respective schemes.

Note: No request for withdrawal of ASBA application form made during the NFO Period will be allowed.

Grounds for Technical Rejections of ASBA application forms

ASBA Application Forms can be rejected, at the discretion of Registrar and Transfer Agent of quant Mutual Fund or SCSBs including but not limited on the following grounds:-

1. Applications by persons not competent to contract under the Indian Contract Act, 1872, including but not limited to minors, insane persons etc.
2. Mode of ASBA i.e. either Physical ASBA or Electronic ASBA, not selected or ticked.
3. ASBA Application Form without the stamp of the SCSB.
4. Application by any person outside India if not in compliance with applicable foreign and Indian laws.
5. Bank account details not given/incorrect details given.
6. Duly certified Power of Attorney, if applicable, not submitted alongwith the ASBA application form.
7. No corresponding records available with the Depositories matching the parameters namely (a) Names of the ASBA applicants (including the order of names of joint holders) (b) DP ID (c) Beneficiary account number or any other relevant details pertaining to the Depository Account.

Mechanism for Redressal of Investor Grievances

All grievances relating to the ASBA facility may be addressed to the respective SCSBs, giving full details such as name, address of the applicant, number of Units applied for, counterfoil or the application reference given by the SCSBs, DBs or CBs, amount paid on application and the Designated Branch or the collection centre of the SCSB where the Application Form was submitted by the ASBA Investor. If the SCSB is unable to resolve the grievance, it shall be addressed to Investor Relations Officer of quant Mutual Fund.

Additional official points of acceptance of transactions through MF Utility pursuant to appointment of MF Utilities India Pvt. Ltd.

quant Money Managers Limited ("the AMC") has entered into an Agreement with MF Utilities India Private Limited ("MFUI"), a "Category II – Registrar to an Issue" under SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, for usage of MF Utility ("MFU") - a shared services initiative of various Asset Management Companies, which acts as a transaction aggregation portal for transacting in multiple Schemes of various Mutual Funds with a single form and a single payment instrument.

Accordingly, investors are requested to note that in addition to the existing official points of acceptance ("OPA") for accepting transactions in the units of the schemes of the quant Mutual Fund as disclosed in the SID, www.mfonline.com i.e. online transaction portal of MFU and the authorized Points of Service ("POS") designated by MFUI shall also be the OPA with effect from the dates as may be specified by MFUI on its website/AMC by issuance of necessary communication.

All financial and non-financial transactions pertaining to Schemes of quant Mutual Fund can be done through MFU either electronically on www.mfuonline.com as and when such a facility is made available by MFUI or physically through the POS of MFUI with effect from the respective dates as published on MFUI website against the respective POS locations. The list of POS of MFUI is published on the website of MFUI at www.mfuindia.com. This will be updated from time to time.

The uniform cut-off time as prescribed SEBI (Mutual Funds) Regulations 1996, circulars issued by SEBI and as mentioned in the SID / KIM of respective schemes shall be applicable for applications received on the portal of MFUI i.e. www.mfuonline.com. However, investors should note that transactions on the MFUI portal shall be subject to the terms & conditions (including those relating to eligibility of investors) as stipulated by MFUI / quant Mutual Fund / the AMC from time to time and in accordance to the laws applicable.

Further, MFUI will allot a Common Account Number ("CAN"), a single reference number for all investments in the Mutual Fund industry, for transacting in multiple Schemes of various Mutual Funds through MFU and to map existing folios, if any. Investors can create a CAN by submitting the CAN Registration Form (CRF) and necessary documents at the MFUI POS. The AMC and / or its Registrar and Transfer Agent (RTA) shall provide necessary details to MFUI as may be needed for providing the required services to investors / distributors through MFU. Investors are requested to visit the websites of MFUI or the quant Mutual Fund i.e. www.quantmutual.com to download the relevant forms.

For any queries or clarifications related to MFU, please contact the Customer Care of MFUI on 1800- 266-1415 (during the business hours on all days except Sunday and Public Holidays) or send an email to clientservices@mfuindia.com.

MF Central as Official Point of Acceptance

Investors are requested to note that pursuant to SEBI circular no SEBI/HO/IMD/IMD- II DOF3/P/CIR/2021/604 dated July 26, 2021, to comply with the requirements of RTA inter-operable Platform for enhancing investors' experience in Mutual Fund transactions / service requests, the QRTA's, Kfin Technologies Private Limited and Computer Age Management Services Limited (CAMS) have jointly developed MFCentral – A digital platform for Mutual Fund investors.

MFCentral is created with intent to be a one stop portal / mobile app for all Mutual fund investments and service-related needs that significantly reduces the need for submission of physical documents by enabling various digital / physical services to Mutual fund investors across fund houses subject to applicable T&Cs of the Platform. MFCentral will be enabling various features and services in a phased manner. MFCentral may be accessed using <https://mfcentral.com/> and a Mobile App in future.

With a view to comply with all provisions of the aforesaid circular and to increase digital penetration of Mutual funds, quant Mutual Fund designates MFCentral as its Official point of acceptance (OPA) w.e.f. 23rd September 2021.

Any registered user of MFCentral, requiring submission of physical document as per the requirements of MFCentral, may do so at any of the designated Investor Service centres or collection centres of KFin Technologies Pvt. Ltd. or CAMS.

III. RIGHTS OF UNITHOLDERS OF THE SCHEME

1. Unit holders of the Scheme have a proportionate right in the beneficial ownership of the assets of the Scheme.
2. When the Mutual Fund declares a dividend under the Scheme, the dividend warrants shall be dispatched within 30 days of the declaration of the dividend. The unitholders whose application for subscription has been accepted by the Fund, a consolidated account statement (CAS) for each calendar month, detailing:
 - a. all the transactions carried out by the unitholders across all Schemes of all mutual funds during the month and
 - b. holding at the end of the month including transaction charges if any, paid to the distributor, shall be sent

to the unitholder(s) by email on or before 15th of the succeeding month. For folios not included in the CAS (due to non-availability of PAN), the AMC shall issue monthly account statement to such Unit holder(s), for any financial transaction undertaken during the month on or before 15th of succeeding month by mail or email. Provided if a Unit holder so desires the Mutual Fund shall issue a Unit certificate (nontransferable) within 5 business days of the receipt of request for the certificate.

3. The Mutual Fund shall dispatch Redemption proceeds within 10 Business Days of receiving the Redemption request.

4. The Trustee is bound to make such disclosures to the Unit holders as are essential in order to keep the unitholders 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 Mutual Fund can be terminated by majority of the Directors of the Trustee Company or by 75% of the Unit holders of the Scheme.

6. 75% of the Unit holders of a Scheme can pass a resolution to wind- up a Scheme.

7. The Trustee shall obtain the consent of the Unit holders:

- whenever required to do so by SEBI, in the interest of the Unit holders.
- whenever required to do so if a requisition is made by three- fourths of the Unit holders of the Scheme.
- when the Trustee decides to wind up the Scheme or prematurely redeem the Units.

8. The Trustee shall ensure that no change in the fundamental attributes of any Scheme or the trust or fees and expenses payable or any other change which would modify the Scheme and affects the interest of Unit holders, shall be carried out unless:

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

(ii) the Unit holders are given an option of 30 days to exit at the prevailing Net Asset Value without any Exit Load.

9. In specific circumstances, where the approval of unit holders 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 SECTION I VALUATION NORMS FOR EQUITY/EQUITY RELATED SECURITIES TRADED SECURITIES

1. EQUITY AND EQUITY RELATED SECURITIES:

SEBI Regulations has prescribed following methodology for valuation of Equity and Equity related securities:

Traded Securities are to be valued at the last quoted closing price on the selected Stock Exchange. Where security is not traded on the selected stock exchange, the last quoted closing price of another Stock Exchange may be used. If a security 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 valuation date. (Ref: SEBI (Mutual Fund) Regulations, 1996 Schedule VII and amendments through SEBI Circular No. MFD/CIR No.14/442/2002 dated February 20, 2002.)

- **The steps involved in valuation of traded securities are:**

(i) Selection of principal stock exchange (i.e. appropriate Stock Exchange) (as per offer document) by Asset Management Company (AMC) and valuing the security at the closing price on the date of valuation.

(ii) Valuing security at the closing price of another Stock Exchange, if it is not traded on the valuation date on the Stock Exchange as selected at (i) above.

(iii) Valuing security at the earliest previous day's quotes of selected stock exchange or any other stock exchange as the case may be (being not more than thirty days prior to valuation date).

Clearly, for reasons of speed and regular flow of data in electronic form, our choice of stock exchange for trading is limited to the two premier exchanges of India - the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). Both these exchanges have electronic trading, greater transparency, quicker and more efficient settlements, which enable better cash management, and are popular with other major institutions.

- **Process followed for valuation of traded equity and equity related securities by quant MF would be as follows:**

(i) For valuation purposes NSE has been selected as principal stock exchange for equity and equity related securities held by all the schemes.

(ii) Wherever equity and equity related securities are not listed on NSE or are not traded on a certain day at NSE, the closing price at BSE should be considered, followed by any other regional exchanges.

(iii) In case of securities which have been allotted under preferential / private allotment and are not listed or traded on both the stock exchanges, the scrip is valued at last quoted price on the Stock Exchange where it was traded (provided the last quoted price is not more than thirty days prior to the valuation date.)

(iv) To summarise, if a security is not traded on NSE on a particular valuation day, the value at which it was traded on BSE, on the earliest previous day is used, provided such day is not more than thirty days prior to the valuation date.

(v) Normal Preference shares and Cumulative Convertible Preference shares (CCPS) shall be valued at traded price (as mentioned in above Para). In case the same are not traded for more than 30 days, the same shall be valued in good faith (after obtaining valuation committee's approval) by AMC depending on the type of preference share. Appropriate Illiquidity discount shall be given by AMC.

(vi) If the equity securities are not traded on any stock exchange for a period of thirty days prior to the valuation date, the scrip must be treated as 'non-traded' scrip and should be valued as non-traded security as per the norms given separately by us in Equity Section-Non-Traded and also in case of equity securities not listed on any stock exchange, the scrip is to be valued as per the norms given separately in Equity Section-Non Traded.

a. Selection of stock exchange for valuation:

Board of AMC for all its equity and equity related securities would select NSE/BSE as appropriate stock exchange for the valuation of securities. Appropriate stock exchange that would be considered for valuation is also specified in the scheme offer document.

b. Change in the selected Stock Exchange:

In case selected stock exchange for valuation of any or all securities is to be changed, reasons for change have to be recorded in writing by the valuation committee and approved by the Board of AMC.

2. VALUATION OF FOREIGN SECURITIES, MUTUAL FUND UNITS and ADR/GDR:

a. Selection of Exchange

Exchange to be considered for valuation of foreign securities and ADRs/GDRs is to be approved by the Valuation Committee. Any subsequent change in the reference stock exchange used for valuation will be necessarily backed by reasons for such change being recorded in writing and placed in the Valuation Committee. If a security is listed in multiple exchanges in the same domicile and for any reason a quote/closing price is not available from the primary exchange, a suitable pre-approved exchange where the security is also listed can be used for valuation purposes.

b. Valuations of Foreign Securities and ADR/GDR

Foreign securities shall be valued based on the last closing prices at the Overseas Stock Exchange on which the respective securities are listed. If the security is listed in a time zone ahead of ours than the same day's closing price (obtained at 5pm IST) would be used for Valuation. If the security is listed in the time zone behind ours then the previous day's closing price (obtained at 5pm IST) would be used for valuation. 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 pre-approved stock exchange will be used.

If a security such as ADR/GDR, etc. are traded in OTC (Over the Counter) market, in such cases closing price (source: Reuters/Bloomberg) in OTC market will be considered for valuation.

When on a particular valuation day, a security has not been traded across pre-approved exchanges or counters as applicable, the last available closing price shall be used, provided such date is not more than thirty days prior to the valuation date. If the same is not available, fair value pricing will be used.

In case of exceptional events in the overseas markets post the closure of the relevant markets, the AMC shall have the right to value the security at a suitable fair value.

The fair value will be decided by the valuation committee on a case to case basis and the reason for deviations will be documented. Valuation committee shall decide the appropriate discount for illiquidity.

c. International Mutual Funds

International Mutual fund units would be valued at their latest available NAV as on the valuation date and cut-off time.

d. Converting the price in Indian Rupees (INR)

On the valuation day, all the assets and liabilities denominated in foreign currency will be valued in Indian Rupees. The valuation price of the security will be converted to INR based on FBIL/any other designated agency, reference rate at the close of banking hours in India. If required, the AMC may change the source of determining the exchange rate.

3. DERIVATIVES - EQUITY / INDEX OPTIONS AND FUTURES:

Equity / Index Options:

(i) Market values of traded option contracts shall be determined with respect to the exchange on which it is contracted originally, i.e., if an option contracted on the NSE would be valued at the closing price on the NSE. The price of the same option series on the BSE cannot be considered for the purpose of valuation, unless the option itself has been contracted on the BSE.

(ii) The Exchanges give daily settlement prices in respect of all derivatives positions. These settlements prices would be adopted for valuing the positions, which are not traded.

Equity / Index Futures:

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

(ii) The Exchanges give daily settlement prices in respect of all derivatives positions. These settlements prices would be adopted for valuing the positions, which are not traded.

B. NON-TRADED / THINLY TRADED SECURITIES

If the equity securities are not traded on any stock exchange for a period of thirty days prior to the valuation date, the scrip must be treated as 'non-traded' scrip. Basic Conditions of valuation of Non-traded / Thinly traded Securities:

The Regulations prescribe following conditions for valuation of non-traded securities:

i) Non-traded securities shall be valued in 'good faith' on the basis of the valuation principles laid down by SEBI.

ii) The basis should be appropriate valuation methods on the principles approved by Board of AMC.

iii) Such basis should be documented in Board minutes.

iv) Methods used to arrive at good faith valuation should be periodically reviewed by the Trustees.

v) Methods used to arrive at good faith valuation should be such that the auditor's report the same as 'fair and reasonable' in their report on the annual accounts.

vi) Same price needs to be considered for the particular security across the schemes.

vii) Valuation needs to be done on trade date itself and not on settlement date.

1. APPLICATION MONEY FOR PRIMARY MARKET ISSUE:

Application money should be valued at cost up to 30 days from the closure of the issue or traded price whichever is earlier. If the security is not allotted / traded within 30 days from the closure of the issue, application money is to be valued as per the directives of valuation committee, which shall be ratified in the next board meeting. Rationale of valuing such application money should also be recorded.

2. NON-TRADED / THINLY TRADED EQUITY:

Thinly traded equity/ equity related security is defined in SEBI (Mutual Fund) Regulations as follows: When trading in an equity/equity related security (such as convertible debentures, equity warrants, etc.) in a month is both less than Rs. 5 lacs and the total volume is less than 50,000 shares, it shall be considered as thinly traded security and valued accordingly. Ref: SEBI Circular No. MFD/CIR/14 /088 / 2001 dated March 28, 2001. It is evident that any security to qualify as thinly traded security it should satisfy both the aforesaid conditions.

- **Process to be followed for determining whether security is thinly traded**
 - In order to determine whether a security is thinly traded or not, the volumes traded in Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) for the last month are considered.
 - On the last day of the month, the software viz. Accord Fintech Pvt. Ltd. (ACE) generates soft copy containing scrip-wise volume on BSE and NSE. This data is used to determine whether any of the equity security held in the portfolio is thinly traded.
- **As per SEBI Circular No. MFD/CIR/ 8 / 92 / 2000 dated September 18, 2000 non-traded / thinly traded equity is to be valued as follows:**

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

- i. Net Worth per share = [share capital+ reserves (excluding revaluation reserves) – misc. expenditure and debit balance in P&L A/c] divided by No. of Paid up Shares.
- ii. Average capitalisation rate (P/E ratio) for the industry based upon either BSE or NSE data (which should be followed consistently and changes, if any noted with proper justification thereof) shall be taken and discounted by 75% i.e. only 25% of the Industry average P/E shall be taken as capitalisation rate (P/E ratio). Earnings per share (EPS) of the latest audited annual accounts will be considered for this purpose.
- iii. The value as per the net worth value per share and the capital earning value calculated as above shall be averaged and further discounted by 10% for ill-liquidity so as to arrive at the fair value per share.
- iv. In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalised earning.
- v. 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.
- vi. 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. To determine if a security accounts for more than 5 per cent. of the total assets of the scheme, it shall be valued by the procedure above and the proportion which it bears to the total net assets of the scheme to which it belongs will be compared on the date of valuation.
- vii. In case trading in an equity security is suspended up to thirty days, then the last traded price shall be considered for valuation of that security. If an equity security is suspended for more than thirty days, then the AMC(s) or Trustees shall decide the valuation norms to be followed and such norms shall be documented and recorded.

- In line with these guidelines issued by SEBI, non-traded / thinly traded securities should be valued as follows:

i. Net worth per share is computed as follows:

- a. Net worth of the company = Paid up share capital + Reserves other than Revaluation reserve - miscellaneous expenditure, debit balance in Profit and Loss account and certain contingent liabilities.
- b. Net worth per share = (Net worth of the company / Number of paid up shares).

ii. Computation of capitalised value of earning per share (EPS):

- a. Determination of the Industry Price Earning Ratio (P/E) to which the company belongs.
 - Classification of industries provided by AMFI should be adopted.
 - Presently Industry P/E Ratio used is provided by NSE on a monthly basis. However, the P/E ratio data if not available from BSE/NSE, P/E provided by the Capital Market, Prowess (CMIE), Bloomberg etc. should be taken.
- b. Compute EPS from the latest audited annual accounts. In case the EPS is negative, EPS value shall be considered as zero
- c. Compute capitalised value of EPS at 75% discount $(P/E * 0.25) * EPS$

iii. Computation of fair value per share to be considered for valuation at 10 % discount for illiquidity-

$[(\text{Net worth per share} + \text{Capitalised value of EPS}) / 2] * 0.90$

- iv. In case the latest balance sheet i.e. balance sheet prepared within nine months from the close of the accounting year of the company, is not available (unless the accounting year is changed) the shares should be valued as zero.
- v. quant Mutual Fund would value such security at market price or fair value as computed above, whichever is less.
- vi. In case an individual non traded / thinly traded security as valued aforesaid, accounts for more than 5% of the total asset of the scheme, AMC should appoint an independent valuer. The security shall be valued on the basis of the valuation report of the valuer.
- vii. To determine if the security is more than 5% of the total assets of the scheme, security value based on the procedure mentioned above should be compared with total net assets of the scheme on the date of valuation.

3. VALUATION OF UNLISTED EQUITY:

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

Computation of Net worth per share as lower of (i) and (ii):

i.

- a. Net worth of the company = Paid up share capital + Reserves other than Revaluation reserve - Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses.
- b. Net worth per share = (Net worth of the company / Number of paid up shares).

ii.

- a. Net worth of the company = Paid up capital + Consideration on exercise of Option/Warrants received/receivable by the company + free reserves other than Revaluation reserve - Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses.
- b. Net worth per share = (Net worth of the company / {Number of paid-up shares + number of shares that

would be obtained on conversion/exercise of outstanding warrants and options)). If the net worth of the company is negative, the share should be marked down to Zero.

- Computation of fair value per share to be considered for valuation at 15 % discount for illiquidity. $[(\text{Net worth per share} + \text{Capitalised value of EPS}) / 2] * 0.85$
- In case the latest balance sheet i.e. balance sheet prepared within nine months from the close of the accounting year of the company, is not available (unless the accounting year is changed) the shares should be valued as zero.
- At the discretion of the valuation committee, unlisted equity scrip may be valued at a price lower / higher than the value derived using the aforesaid methodology.

4. VALUATION OF SUSPENDED SECURITY:

- In case trading in an equity security is suspended for trading on the stock exchange, the last traded price would be considered for valuation of that security upto 30 days.
- If an equity security remains suspended for trading on the stock exchange for more than 30 days, then it would be considered as non traded and valued accordingly.

5. VALUATION OF NON-TRADED RIGHTS ENTITLEMENTS:

- **As per Schedule VIII of SEBI (Mutual Fund) Regulations**

i. When Company announces rights to the existing equity shareholders, under its Listing Agreement with Stock Exchange; it has to declare ex-right date for the purpose of trading on the Stock Exchange. Ex-right date is a date from which the underlying shares, which are traded on the Stock Exchange, will not be entitled to the rights. These rights entitlements can also be renounced in favour of a willing buyer. These renunciations are in some cases traded on the Stock Exchange. In such case these should be valued as traded equity related securities.

ii. Till the rights are subscribed, the entitlements as per Regulations have to be valued as under: Valuation of non-traded rights entitlement is principally the difference between the right price and ex-right price. SEBI Regulations have explained this with the help of following formula:

$$V_r = n / m \times (P_{ex} - P_{of})$$

Where V_r = Value of Rights n = Number of rights offered

m = Number of original shares held P_{ex} = Ex-right price P_{of} = Rights offer price

iii. The following issues while valuing the rights entitlements have to be addressed:

- In case original shares on which the right entitlement accrues are not traded on the Stock Exchange on an ex-right basis, right entitlement should not be recognised as investments.
- When rights are not treated pari passu with the existing shares such as, restrictions with regard to dividend etc., suitable adjustment should be made by way of a discount to the value of rights at the last dividend announced rate.
- Where right entitlements are not subscribed to but are to be renounced, and where renouncements are being traded, the right entitlements have to be valued at traded renunciation value.

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

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

Valuation procedure adopted by the quant AMC:

Until the right entitlements are traded, the value of the "rights" shares should be calculated as: Value of rights entitlement = Ex-right price – Rights offer price

6. VALUATION OF NON -TRADED WARRANTS:

- As per Eighth Schedule to SEBI (Mutual Fund) Regulations
- Warrants are the entitlements to subscribe for the shares at a predetermined price at a later date in future.
- In respect of warrants to subscribe for shares attached to instruments, the warrants can be valued at underlying equity price as reduced by the amount which would be payable on exercise of the warrant. An appropriate discount must be deducted to account for the period which must elapse before the warrant can be exercised.
- Valuation procedure adopted by the quant AMC

Value of Warrant = [Value of underlying shares - exercise price]

- i. An appropriate discounting factor shall be decided by the valuation committee on case to case basis.
- ii. If the amount payable on exercise of the warrants is higher than the value of the share, the value of the warrants should be taken as zero.

7. VALUATION OF NON-TRADED PREFERENCE SHARES:

SEBI has not prescribed any methodology for valuation of preference shares. Non traded preference shares shall be valued in good faith depending upon the type of the preference Share and after considering illiquidity discount, if any. Valuation of non-traded preference shares would depend on the terms of issue of preference shares. i.e. convertible/non-convertible.

Convertible preference shares should be valued like convertible debentures

Non-convertible preference shares should be valued like Non-convertible debentures.

8. VALUATION OF SHARES ON DE-MERGER:

On de-merger valuation shall be carried out based on the following possibilities:

- Both the shares are traded immediately on de-merger: In this case both the shares are valued at respective traded prices.
- Shares of only one company continued to be traded on de-merger:
- Traded shares is to be valued at traded price and the other security is to be valued at traded value on the day before the de merger less value of the traded security post de merger or AMC shall provide the fair valuation for the same. In case value of the share of de merged company is equal or in excess of the value of the pre de merger share, then the non-traded share is to be valued at zero.
- In case shares of other company are not traded for more than 30 days, these are to be valued as unlisted security or AMC shall provide the fair valuation for the same.
- Both the shares are not traded on de-merger:
- Shares of de-merged companies are to be valued equal to the pre de merger value up to a period of 30 days from the date of de merger. The market price of the shares of the de-merged company one day prior to ex-date can be bifurcated over the de-merged shares. The market value of the shares can be bifurcated in the ratio of cost of shares.
- In case shares of both the companies are not traded for more than 30 days, these are to be valued as unlisted security or AMC shall provide the fair valuation for the same.

9. VALUATION OF PARTLY PAID-UP EQUITY SHARES: Partly paid-up equity shares shall be valued at Underlying Equity price as reduced by the balance call money payable.

10. VALUATION OF INFRASTRUCTURE INVESTMENT TRUST (InvIT) AND REAL ESTATE INVESTMENT (REIT):

- Units of InvIT and REIT are to be valued at the last quoted closing price on the principal stock exchange (i.e. NSE). If no trade is reported on the principal stock exchange on a particular valuation

date, it shall be valued at the last quoted closing price on other recognized stock exchange.

- If units of InvIT and REIT are 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 any day immediately prior to valuation day, shall be considered for valuation provided that such date is not more than thirty days prior to the valuation date.
- If units of InvIT and REIT are not traded on any stock exchange for a continuous period of 30 days than the valuation will be determined by the Valuation Committee based on the principles of fair valuation.

11. VALUATION OF OTHER INSTRUMENTS:

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

SECTION II**VALUATION NORMS FOR MONEY MARKET AND DEBT SECURITIES****VALUATION NORMS FOR INVESTMENT GRADE MONEY MARKET AND DEBT SECURITIES**

SEBI vide its circular No. Cir/IMD/DF/6/2012 dated February 28, 2012 forwarded a copy of the Gazette Notification No. LAD-NRO/GN/2011-12/38/4290 dated February 21, 2012 amending SEBI (Mutual Funds) Regulations, 1996 on Valuation encircling Principle of Fair Valuation.

With reference to the SEBI notification dated February 21, 2012, valuation shall be reflective of the realizable value of securities and shall be done in good faith and in true and fair manner through appropriate valuation policies and procedures approved by the Board of the quant Money Managers Limited (AMC).

The amendment also states that in case of any conflict between the principles of fair valuation and valuation guidelines as per Eighth Schedule and circulars issued by SEBI, the Principles of Fair Valuation shall prevail.

The SEBI regulations/circulars referenced above permit valuation on the basis of amortization for short term debt and money market instruments with residual maturity up to 60 days (subject to the valuation being reflective of fair value). This has been amended through circular number SEBI/HO/IMD/DF4/CIR/P/2019/41 dated March 22, 2019 reducing the maturity period for amortization to 30 days. This circular also provides guidelines for valuation in case of instruments rated below investment grade.

As per the above mentioned amendment and circulars, the Board of Directors of quant Money Managers Limited and quant Mutual Fund Trustee Limited has approved the Valuation Policy and Procedure for Money Market and Debt Instruments.

1. VALUATION OF MONEY MARKET AND DEBT SECURITIES WITH RESIDUAL MATURITY OF UPTO 30/60 DAYS:

Money Market and Debt instruments include Commercial Paper (CP), Certificate of Deposit (CD), Fixed Coupon Bonds, Zero Coupon Bonds and Pass Through Certificates, FRN, Treasury Bills, Cash Management Bill, BRDS, etc.

All Money Market and Debt securities shall be valued on amortization yield to maturity basis from purchase price (excluding brokerage). However, in case of subsequent trades i.e. own trades #, latest traded price is considered for amortization.

quant AMC's own trade has been defined as trade (including Inter-scheme) with face value of at least INR 5 crores. Further, in case of more than 1 trade on single day by quant AMC in the same security, weighted average price is computed and considered.

Note: In case of CP/CD/ZCBs/TB/CMB/BRDS, weighted average price is computed using weighted average yield.

The spread between purchase / own trade yield and the benchmark/reference yield shall be fixed at the time of first purchase of security. The spread should remain fixed through the life of the instrument and it can be changed after recording of suitable justification by AMC.

For example, if market / AMC trades at a different yield, such spread should be adopted. Irrespective of amortisation, a change in the credit rating or credit profile of the issuer would require a re-evaluation of the appropriateness of the spread.

The amortised price shall be used for valuation as long as it is within $\pm 0.10\%$ of the reference price. In case the variance exceeds $\pm 0.10\%$, the valuation shall be adjusted to bring it within the $\pm 0.10\%$ band.

With effect from June 20, 2019 the residual maturity for amortization is being reduced to 30 days from 60 days. Further, the amortized price shall be compared with the reference price which shall be the average of the security level price of such security as provided by the agency(ies) appointed by AMFI (Crisil and Icra). The amortized price shall be used for valuation only if it is within a threshold of $\pm 0.025\%$ of the reference price. In case of deviation beyond this threshold, the price shall be adjusted to bring it within the threshold of $\pm 0.025\%$ of the reference price.

2. VALUATION OF MONEY MARKET AND DEBT SECURITIES WITH RESIDUAL MATURITY OF OVER 30/60 DAYS:

Money Market and Debt instruments include CP, CD, Fixed Coupon Bonds, Zero Coupon Bonds and Pass Through Certificates, FRN, BRDS, etc. Money Market and Debt Instruments shall be valued at simple average price (taken from aggregator software) of CRISIL and ICRA.

Important Remarks:-

- In case of new purchases (new issuance in the market) which are not a part of the list of CRISIL and ICRA security level pricing, the valuation of such securities shall be done at weighted average cost/yield on the day of purchase.
- The prices received from CRISIL and ICRA shall be ignored during the notice period of Put/Call and exercise date, however the security shall continue to be amortized using the price prevalent on the notice date.
- Abnormal situations and market disruptions where current market information may not be obtainable / adequate for valuation of securities, valuation Committee shall be responsible for monitoring these kinds of events. Abnormal situations and market disruptions cases shall be reported to the board from time to time.
- Any change in the policy on account of clarification or communication from AMFI or internal shall be communicated to the board from time to time.

3. VALUATION OF OTHER MONEY MARKET AND DEBT SECURITIES:

CENTRAL GOVERNMENT SECURITIES (CGs) AND STATE DEVELOPMENT LOANS (SDLs): Central Government Securities (CGs) and State Development Loans (SDLs) shall be valued at the aggregated price received from CRISIL and ICRA.

TREASURY BILL / CASH MANAGEMENT BILL WITH RESIDUAL MATURITY OF OVER 30/60 DAYS: Treasury Bills shall be valued at the aggregated price received from CRISIL and ICRA i.e. T+1 price.

However, the difference between last valued price and t+1 aggregated price received from CRISIL/ ICRA shall be amortised equally over the period of holiday/weekend.

SHORT TERM DEPOSITS:

Short term deposits with banks to be valued at cost in line with the SEBI directives. In case of any prepayment penalty, accrual rate would be the rate applicable for that period less any prepayment penalty.

COLLATERALISED BORROWING AND LENDING OBLIGATIONS:

Collateralised Borrowing and Lending Obligations (CBLO) shall be valued at cost plus accruals.

VALUATION OF REVERSE REPO (PURCHASE AND SALE BACK) TRANSACTIONS:

Eighth Schedule to SEBI (Mutual Fund) Regulation has spelt out briefly the methodology for valuation of Repo Instruments.

This is an agreement under which on payment of a purchase price, the fund receives (purchases) securities

from a seller who agrees to repurchase them at a specified time at a specified price. A repurchase agreement is similar in effect to a loan by the fund to the seller collateralised by the securities. The Mutual Fund does not record the purchase of securities received but records the repo transactions as if it were a loan. Repo instruments have to be valued at the resale price after deduction of applicable interest rate up to the date of resale. To put it differently, it is at the net consideration paid i.e., loan given plus interest accrued every day. The difference between repurchase and sale prices is accounted as interest income.

THINLY TRADED DEBT SECURITIES:

Thinly traded debt security is defined in SEBI (Mutual Fund) Regulations as follows:

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 exchanges/ reporting platforms or AMC own trades. A thinly traded debt security as defined above would be valued as per the norms set for non-traded debt security.

SECURITIES PURCHASED ON PRIVATE PLACEMENT BASIS:

In case the security is purchased on private placement basis, the same would be valued at cost on the date of purchase. As per SEBI Regulations, such security can be valued at cost for 15 days. However, taking in to consideration the volatility in the market, it could be valued at cost on the date of purchase only and from the next day, valuation could be carried out like any other debt security or AMC shall provide the fair valuation for the same.

VALUATION OF SECURITIES WITH PUT/CALL OPTIONS:

The option embedded securities would be valued as follows:

i. 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.

ii. 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 instrument.

iii. 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.

SECTION III**VALUATION OF OTHER SECURITIES****1. MUTUAL FUND UNITS:**

Mutual Fund Units listed and Traded would be valued at the closing traded price as on the valuation date.

Unlisted Mutual Fund Units and listed but not traded Mutual Fund Units would be valued at the last declared NAV on AMFI website as on the valuation date.

2. VALUATION OF GOLD IN CASE OF EXCHANGE TRADED GOLD FUND:

As prescribed by SEBI Regulations:

I. The gold held by a gold exchange traded fund scheme 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:

i. Adjustment for conversion to metric measures as per standard conversion rates;

ii. 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

iii. Addition of –

a. 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

b. 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 (iii) above may be made on the basis of a notional premium that is usually charged for delivery of gold to the place where it is stored on behalf of the mutual fund:

Provided further that where the gold held by a gold exchange traded fund scheme has a greater fineness, the relevant LBMA prices of AM fixing shall be taken as the reference price under this subparagraph.

If the gold acquired by the gold exchange traded fund scheme 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 sub-paragraph (I)

VALUATION PROCESS FLOW SHALL BE AS BELOW:

i. LBMA Gold Fixing: - As per SEBI Guidelines Gold would be valued at AM fixing price for the day available on the LBMA site.

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

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

iv. To convert it into Rs/Kg, it has to be multiplied by INR reference rate as provided by Financial Benchmarks India Pvt. Ltd. (FBIL)/any other similar agency. In case, reference rate for any day is not published the latest available reference rate should be considered.

v. Custom duty is fixed on per Kg basis.

vi. GST is excluded from the Valuation.

3. VALUATION OF INTEREST RATE FUTURES (IRF):

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

ii. The Exchanges give daily settlement prices in respect of all derivatives positions. These settlements prices would be adopted for valuing the positions, which are not traded.

4. VALUATION OF INTEREST RATE SWAPS (IRS):

Interest Rate Swaps (IRS) with residual maturity period of more than 60 days shall be valued at the net present value on the basis of expected future cash flows. Future cash flows for Interest Rate Swaps contracts shall be computed daily based on the terms of the contract and discounted using suitable overnight indexed swap (OIS) rates sourced from Reuters/Bloomberg/any other provider as approved by the Valuation Committee. IRS with residual maturity of upto 60 days shall be valued on amortization basis.

5. VALUATION OF CONVERTIBLE DEBENTURES AND BONDS:

As per Eighth Schedule of SEBI (Mutual Fund) Regulations method of valuation of convertible debentures is prescribed and will be followed by quant MF In respect of convertible debentures and bonds, the non-convertible and convertible components shall be valued separately. The non-convertible component should be valued on the same basis as would be applicable to a debt instrument. The convertible component should be 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 can be adopted after an appropriate discount of the non-tradability of the instrument during the period preceding the conversion while valuing such instruments, the fact whether the conversion is optional should also be factored in.

6. ILLIQUID SECURITIES:

(a) Aggregate value of “illiquid securities” of 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) All funds 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 unit holders. In the list of investments, an asterisk mark shall also be given against all such investments, which are recognized as illiquid securities.

(c) Mutual Funds shall not be allowed to transfer illiquid securities among their schemes w.e.f. October 1, 2000.

(d) In respect of closed ended funds and open ended funds, for the purposes of valuation of illiquid securities, the limits of 15% and 20% should be increased to 20% and 25% respectively of the Scheme's AUM.

7. GUIDELINES FOR IDENTIFICATION AND PROVISIONING FOR NON PERFORMING ASSETS (DEBT SECURITIES) FOR MUTUAL FUNDS:

- **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.

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 30.06.2000, it will be classified as NPA from 01.10.2000.

Treatment of income accrued on the NPA and further accruals:

i. 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 30.06.2000 and if the interest is not received, accrual will continue till 30.09.2000 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.

ii. 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 30.06.2000, accrual will continue till 30.09.2000 even if the income as on 30.06.2000 has not been received. Further, no accrual will be done from 01.10.2000 onwards. Full provision will also be made for interest accrued and outstanding as on 30.06.2000.

Provision for NPAs – Debt Securities:

Both secured and unsecured investments once they are recognized as NPAs call for provisioning in the same manner and where these are related to close ended scheme the phasing would be such that to ensure full provisioning prior to the closure of the scheme or the scheduled phasing whichever is earlier. The value of the asset must be provided in the following manner or earlier at the discretion of the fund. Fund will not have discretion to extend the period of provisioning. The provisioning against the principal amount or installments should be made at the following rates irrespective of whether the principal is due for repayment or not.

- 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 NPAs 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 30.06.2000 and the interest is not received till 1st quarter after due date i.e. 30.09.2000.

This provisioning will be done in following phased manner:

10% provision 01.01.2001 6 months past due date of interest i.e. 3 months from the date of classification of asset as NPA (01.10.2000)

20% provision 01.04.2001

20% provision 01.07.2001

25% provision 01.10.2001

25% provision 01.01.2002

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.

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: -
100% of the asset provided for in the books will be written back at the end of the 2nd quarter where the provision of principal was made due to the interest defaults only.
50% of the asset provided for in the books will be written back at the end of the 2nd 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.

- **Receipt of past dues:**

When the fund has received income/principal amount after their classifications as NPAs;

- i. 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.
- ii. 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
- iii. 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 (6) above.

Any excess provision will be written back.

- **Classification of Deep Discount Bonds as NPAs:**

Investments in Deep Discount Bonds can be classified as NPAs, if any two of the following conditions are satisfied:

- i. If the rating of the Bond comes down to grade 'BB' or below.
- ii. If the company is defaulting in their commitments in respect of other assets, if available.
- iii. 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'

- **Reschedulement of an asset:**

In case any company defaults either interest or principal amount and the fund has accepted a reschedulement of the schedule of payments, then the following practice may be adhered to:

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

Disclosure in the Half Yearly Portfolio Reports:

The mutual funds shall make scrip wise disclosures of NPAs on half yearly basis along with the half yearly portfolio disclosure.

The total amount of provisions made against the NPAs shall be disclosed in addition to the total quantum of NPAs 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 NPAs. 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.

- **Effective date for implementation / switchover to the current norms:**

The above norms shall be implemented by all mutual funds including UTI from 01.10.2000.

8. VALUATION OF MONEY MARKET AND DEBT SECURITIES RATED BELOW INVESTMENT GRADE

Para 2.0 of SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2019/41 dated March 22, 2019 provides for valuation of money market and debt securities at prices provided by the valuation agencies notified by AMFI. Till the time scrip level valuation is not available from the agencies securities are to be valued on the basis of indicative haircuts provided by the agencies. These haircuts shall be updated and refined as and when there is availability of material information which impacts the haircuts. During this period if there are trades in the security it may be considered for valuation if it is lower than the price post standard haircut. The minimum trade size in such cases will be determined by the valuation agencies.

The current indicative haircuts as determined by the valuation agencies and communicated by AMFI are:

For senior, secured securities

Rating/sector	Infrastructure, Estate, Hotels, against shares and Hospitals	Real Loan and	Other and Manufacturing Financial Institutions	Trading, Gems Jewellery and Others
BB	15%		20%	25%
B	25%		40%	50%
C	35%		55%	70%
D	50%		75%	100%

For subordinated, unsecured or both

Rating/sector	Infrastructure, Estate, Hotels, against shares and Hospitals	Real Loan and	Manufacturing and Financial Institutions	Trading, Gems Jewellery and Others
BB	25%		25%	25%
B	50%		50%	50%
C	70%		70%	70%
D	100%		100%	100%

In terms of the above circular, the determination of whether the rating is below investment grade will be performed by considering the most conservative rating on the instrument if it is rated by more than one rating agency. The AMC may deviate from the indicative haircuts and/or the valuation price for money market and debt securities rated below investment grade provided by the valuation agencies subject to the following:

1. The detailed rationale for deviation from the price post haircuts or the price provided by the valuation agencies shall be recorded by the AMC.
2. The rationale for deviation along with details such as information about the security (ISIN, issuer name, rating etc.), price at which the security was valued vis-a-vis the price post haircuts or the average of the price provided by the valuation agencies (as applicable) and the impact of such deviation on scheme NAV (in amount and percentage terms) shall be reported to the Board of AMC and Trustees.
3. The rationale for deviation along with details shall also be disclosed to investors under a separate head on the website. Further, the total number of such instances shall also be disclosed in the monthly and half-yearly portfolio statements for the relevant period along with an exact link to the website wherein the details of all such instances of deviation are available.

In case some of the debt securities or money market instruments of an issuer are rated below investment grade while others of a similar seniority are retained at investment grade, it may be appropriate to apply a haircut on such securities if an appropriate discount is not already captured by the valuation agencies. In such cases a haircut of 50% of the standard indicative haircut securities appropriate for the sector & seniority for the alternate rating will be applied to the valuation provided by the valuation agencies. In case the alternate (non-investment grade) rating is a short term rating (i.e. A4+/A4), the equivalent long term rating shall be taken as BB.

For example a manufacturing company senior debenture rated BBB having another senior security being rated BB would have an additional discount of 10% applied on the face value of the instrument (50% of the standard haircut of 20% applicable for BB rated senior debt of Manufacturing companies). This additional haircut will be applied over four equal steps on a weekly basis at the start of each week following the downgrade until the price is reduced by at least the haircut amount (in the example 10%) taking into account

the price provided by the valuation agencies and the haircuts applied. It is anticipated that during this four week period either the rating agency or the valuation agencies would have the opportunity to revise the rating/valuation. Following this example, if the valuation agencies' price is Rs. 97 (for Rs. 100 face value), additional haircut of Rs. 7.5 will be applied (Rs. 2.5 per week for 3 weeks) till the price falls to Rs. 89.5 (haircut of 10% reached). In case the security price provided is reduced by the valuation agencies to Rs. 95 after two weeks, further additional haircuts will not be applied and the resulting price of Rs. 90 (95 reduced by 2 weekly cuts of Rs. 2.5) will be applied. Similarly if the security gets downgraded below investment grade, the standard haircuts will apply and the additional haircuts will be withdrawn. During the four week period, the Valuation Committee of the AMC may consider it appropriate to deviate from this policy in the interest of providing fair valuation. In such cases the provisions for deviation from the policy will apply.

9. VALUATION OF SECURITIES NOT COVERED UNDER THE CURRENT VALUATION POLICY:

In case of securities purchased by mutual fund does not fall within the current framework of the valuation of securities then the mutual fund shall report immediately to AMFI regarding the same. Further, at the time of investment AMCs shall ensure that the total exposure in such securities does not exceed 5% of the total AUM of the scheme.

AMFI has been advised that the valuation agencies should ensure that the valuation of such securities gets covered in the valuation framework within six weeks from the date of receipt of such intimation from mutual fund.

In the interim period, till AMFI makes provisions to cover such securities in the valuation of securities framework, the mutual funds shall value such securities using their proprietary model which has been approved by their independent trustees and the statutory auditors.

10. INVESTMENT IN NEW TYPE OF SECURITIES:

Investment in new type of securities/assets by the quant MF scheme shall be made only after establishment of the valuation methodologies for such securities with the approval of the Board of the quant AMC.

11. INTER-SCHEME TRANSFERS:

Inter-scheme transfers shall be affected as per regulations and internal policy (i.e. Investment Manual) at current market price i.e. fair valuation price.

12. REVIEW OF VALUATION POLICIES:

The implemented valuation policies and procedures shall be regularly reviewed (at least once in a Financial Year) by an independent auditor to seek to ensure their continued appropriateness.

13. CONSIDERATION OF PRICE OF SAME/SIMILAR SECURITIES:

CRISIL and ICRA shall consider the price of same/similar securities under Scrip Level Valuation as per the methodology discussed and agreed with the AMFI.

14. ABNORMAL EVENTS:

Following are the illustrative types of events which could be classified as Abnormal situations and market disruptions where current market information may not be obtainable / adequate for valuation of securities:-

- a. Significant volatility in the capital markets.
- b. Natural disasters or public disturbances that force the markets to close unexpectedly.
- c. Major policy announcements by the Central Bank, the Government or the Regulator.
- d. Large redemptions.

Valuation Committee shall be responsible for monitoring abnormal situations.

Under above mentioned abnormal situations and market disruptions, Valuation Committee shall seek the guidance of the quant AMC Board/committee of the Board of Directors appointed for this purpose in deciding the appropriate methodology for Valuation of affected securities. Any such abnormal situations shall be reported to the board of the AMC at the subsequent meeting.

STATEMENT OF ADDITIONAL INFORMATION



If the above mentioned policies and procedures of valuation do not result in fair/ appropriate valuation, the quant AMC shall deviate from the above mentioned policies and procedures in order to value the assets/ securities at fair value.

Any deviation from the disclosed valuation policy and procedures may be with appropriate reporting to Board of Trustees and the Board of the Asset Management Company and appropriate disclosures to investors.

V. TAX & LEGAL & GENERAL INFORMATION

The information furnished below outlines briefly the key income-tax implications applicable to the unit holders of the Scheme and to the Mutual Fund based on relevant provisions of the Income-tax Act, 1961 [as amended by the Finance Act (No. 2), 2019 and The Taxation Laws (Amendment) Ordinance, 2019 (Ordinance 2019)] (collectively called 'the relevant provisions').

The information given is included only for general purpose and is based on advise received by the Asset Management Company (AMC) regarding the law and practice currently in force in India and the Investors/Unit holders should be aware that the relevant fiscal rules or their explanation may change. As is the case with any investment, there can be no assurance that the tax position or the proposed tax position prevailing at the time of an investment in the Scheme will endure indefinitely.

In view of the individual nature of tax consequences, each Investor / Unit holder is advised to consult his / her own professional tax advisor.

A. INCOME-TAX BENEFITS TO THE MUTUAL FUND

quant Mutual Fund is a Mutual Fund registered with the Securities & Exchange Board of India (SEBI) and, hence, the entire income of the Mutual Fund is exempt from income-tax in accordance with the provisions of Section 10(23D) of the Income-tax Act, 1961 (the Act).

The Mutual Fund will receive all income without any deduction of tax at source under the provisions of Section 196(iv) of the Act.

However, the Mutual Fund shall be liable to pay securities transaction tax (STT) in respect of certain transactions (refer Note 1).

B. INCOME-TAX BENEFITS TO THE UNIT HOLDERS

I. INCOME TAX

Income Distribution Tax - The income distribution tax payable by the Mutual Fund under section 115R of the Act shall be as follows:

Dividend paid to	Individual/ HUF	Domestic Company	Any other investor
Equity oriented schemes	10%+12% Surcharge +4% Cess = 11.648%	10%+12% Surcharge +4% Cess = 11.648%	10%+12% Surcharge +4% Cess = 11.648%
Money market and Liquid schemes	25%+12% Surcharge +4% Cess = 29.12%	30%+12% Surcharge+4% Cess = 34.944%	30%+12% Surcharge +4% Cess = 34.944%
Debt schemes (other than infrastructure debt fund)	25%+12% Surcharge +4% Cess = 29.12%	30%+12% Surcharge+4% Cess = 34.944%	30%+12% Surcharge +4% Cess = 34.944%
Infrastructure Debt Fund	25%+12% Surcharge +4% Cess = 29.12%	30%+12% Surcharge+4% Cess = 34.944%	30%+12% Surcharge* +4% Cess = 34.944%

*In case where income is distributed by a mutual fund under an infrastructure debt fund scheme to a non-resident (not being a company) or a foreign company, the mutual fund shall be liable to pay additional income-tax at the rate of 5% + 12% surcharge + 4% cess.

For income distributed after 1 October 2014, the mode of calculation of distributed income u/sunder section 115R of the Act for the purpose of determining the amount of tax thereon has been modified which shall result in higher effective rate of tax on such income distribution by the Mutual Fund.

STATEMENT OF ADDITIONAL INFORMATION



No additional income-tax shall be chargeable in respect of any amount of income distributed on or after 1 September 2019 by a specified Mutual Fund*, out of its income derived from transactions made on recognized stock exchange located in any International Financial Services Centre and where the consideration for such transaction is paid or payable in convertible foreign exchange.

*Specified Mutual Fund means a Mutual Fund specified under clause (23D) of section 10 of the Act –

(a) located in any International Financial Services Centre;

(b) of which all the units are held by non-residents.

Tax on Income distributed by the Mutual Fund

Income received in respect of units of a mutual fund specified in section 10(23D) of the Act, is exempt from tax under Section 10(35) of the Act. Exemption from income-tax under section 10(35) of the Act shall however not apply to any income arising from the transfer of these units.

Tax Deduction at Source on Income distributed by the Mutual Fund In view of the exemption of income in the hands of the Unit holders under section 10(35) of the Act (except income arising from transfer of the units), no income-tax is deductible at source, on income distribution by the Mutual Fund.

Tax on Capital Gains

As per the provisions of section 2(42A) of the Act, a unit of an equity oriented Mutual Fund, held by the investor as a capital asset, is considered to be a short-term capital asset, if it is held for 12 months or less from the date of its acquisition by the unit holder. a unit of other than equity-oriented Mutual Fund, is considered to be a short-term capital asset, if it is held for 36 months or less from the date of its acquisition by the unit holder.

Accordingly, if the unit of the equity-oriented Mutual Fund or other than equity-oriented mutual fund held for a period of more than 12 months or 36 months, respectively, it is treated as a long-term capital asset.

Long Term Capital Gains

Equity-oriented Mutual Fund

All Unit Holders

The Finance Act 2018 has withdrawn the exemption for taxing long term capital gains on sale of Units as provided in clause (38) of section 10 of the Act. Further, a new section 112A has been inserted for taxability of long term capital gain arising from transfer of a long term capital asset being a unit of equity oriented fund which shall be taxed @10% on entire capital gains exceeding Rs. 100000 p.a. w.e.f April 1, 2018. The said tax rate shall be increased by applicable surcharge and cess (Refer Note 3). The tax rate of 10% will be applicable to such long-term capital gains, if long term capital asset is in the nature of a unit of an equity-oriented fund and STT has been paid on transfer of such capital asset.

Further, the third proviso to section 48 of the Act, introduced in Finance Act, 2018 new provision provides that the

i) The long term capital gains will be computed without giving effect to the first and second provisos to section 48, i.e. inflation indexation in respect of cost of acquisition and cost of improvement, if any, and the benefit of computation of capital gains in foreign currency in the case of a non-resident, will not be allowed.

Section 55(2)(ac) of the Act provides the mode of computation of cost of acquisition in respect of the long term capital asset being an equity share in a company or unit of an equity oriented fund or unit of business trust acquired by the assessee before the 1st day of February, 2018, shall be deemed to be the higher of –

a) the actual cost of acquisition of such asset; and

b) the lower of –

(I) the fair market value of such asset; *and

(II) the full value of consideration received or accruing as a result of the transfer of the capital asset.

*Fair market value has been defined to mean –

a) in a case where the capital asset is listed on any recognized stock exchange, the highest price of the capital asset quoted on such exchange on the 31st day of January, 2018. However, where there is no trading in such asset on such exchange on the 31st day of January, 2018, the highest price of such asset on such exchange on a date immediately preceding the 31st day of January, 2018 when such asset was traded on such exchange shall be the fair market value; and

b) in a case where the capital asset is a unit of an equity oriented mutual fund and is not listed on recognized stock exchange, the net asset value of such asset as on the 31st day of January, 2018.

As per the Explanation to provisions of section 112A of the Act (a) “equity oriented fund” means a fund set up under a scheme of a mutual fund specified under clause (23D) of section 10 and,—

(i) in a case where the fund invests in the units of another fund which is traded on a recognised stock exchange,—

(A) a minimum of ninety per cent of the total proceeds of such fund is invested in the units of such other fund; and

(B) such other fund also invests a minimum of ninety per cent of its total proceeds in the equity shares of domestic companies listed on a recognised stock exchange; and

(ii) in any other case, a minimum of sixty-five per cent of the total proceeds of such fund is invested in the equity shares of domestic companies listed on a recognized stock exchange.

Provided that the percentage of equity shareholding or unit held in respect of the fund, as the case may be, shall be computed with reference to the annual average of the monthly averages of the opening and closing figures.

In case of individuals/ HUFs, being residents, where the total taxable income excluding long-term capital gains is below the maximum amount not chargeable to tax (refer note 2), then the difference between the current maximum amount not chargeable to tax and total income excluding long-term capital gains, shall be adjusted from long-term capital gains. Therefore, only the balance long term capital gains will be liable to income-tax at the rate of 10 percent, plus education cess. STT is not deductible while computing capital gains.

Other than equity-oriented Mutual Fund

FPI unit holders Long-term capital gains arising on sale / repurchase of other than equity-oriented mutual fund units shall be taxed at the rate of 10% under Section 115AD of the Act. The said tax rate shall be increased by applicable surcharge and health and education cess (refer Note 3). Such gains shall be calculated without inflation index and currency fluctuations.

Specified overseas financial organisations

As per the provisions of section 115AB of the Act, long-term capital gains arising on sale / repurchase of units of other than equity-oriented mutual fund purchased in foreign currency shall be liable to tax at the concessional rate of 10%. The said tax rate shall be increased by applicable surcharge and health and education and cess (refer Note 3). However, such gains shall be computed without the benefit of cost indexation where the gross total income of the offshore fund consists only of income from units or income by way of long-term capital gains arising from the transfer of units.

Unit holders other than FPI and Specified overseas financial organisations

Long-term capital gains arising on sale / repurchase of units of other than equity-oriented mutual fund shall be chargeable under Section 112 of the Act, at concessional rate of tax, at 20%. The said tax rate shall be increased by applicable surcharge and health and education cess (refer note 3).

The following amounts shall be deductible from the full value of consideration, to arrive at the amount of capital gains:

Cost of acquisition of Units as adjusted by Cost Inflation Index notified by the Central Government, and Expenditure incurred wholly and exclusively in connection with such transfer.

In case of individuals/ HUFs, being residents, where the total taxable income excluding long-term capital

gains is below the maximum amount not chargeable to tax (refer note 2), then the difference between the current maximum amount not chargeable to tax and total income excluding long-term capital gains, shall be adjusted from long-term capital gains. Therefore, only the balance long term capital gains will be liable to income-tax at the rate of 20 percent, plus education cess. STT is not deductible while computing capital gains.

Relief under double taxation avoidance agreement (DTAA)

Section 90 of the Act provides that where an double taxation avoidance agreement (DTAA) has been executed between the Government of India and the Government of any other country, the provisions of the Act will apply to the extent they are more beneficial to the non-resident unit holder. Section 90(4) of the Act provides that a tax payer, not being a resident, to whom a DTAA applies, shall not be entitled to claim any relief under such DTAA unless a certificate of it being a resident in a country outside India is obtained by it from the Government of that country. Further, section 90(5) provides that a tax payer to whom a DTAA applies, as referred to in section 90(4) of the Act, shall provide information in Form 10F where the required information is not explicitly mentioned in the TRC.

Short-term Capital Gains**Equity-oriented Mutual Fund**

All unit holders As per Section 111A of the Act, short-term capital gains arising from the sale of a unit of an equity-oriented fund is taxed at 15% provided such transaction of sale is chargeable to STT.

The said tax rate shall be increased by applicable surcharge and cess (Refer Note 3).

In case of individuals/ HUFs, being residents, where the total taxable income excluding short-term capital gains is below the maximum amount not chargeable to tax (refer note 2), then the difference between the current maximum amount not chargeable to tax and total income excluding short-term capital gains, shall be adjusted from short-term capital gains. Therefore only the balance short term capital gains will be liable to income-tax at the rate of 15 percent, plus education cess.

Other than equity-oriented Mutual Fund**FPI unit holders**

Short-term capital gains arising on sale / repurchase of units of other than equity-oriented mutual fund shall be taxed at the rate of 30% (as increased by applicable surcharge and education cess, if any (refer Note 3).

However, in case of such other non-resident unit holder who is a 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 the rate provided in the said agreement, whichever is more beneficial to such other non-resident unit holder.

There are no tax rebates available.

Specified overseas financial organisations

Short-term capital gains arising on sale / repurchase of units of other than equity-oriented mutual fund purchased in foreign currency may be taxed at 40% in case of foreign companies, and 30% in case of others. The said tax rate shall be increased by applicable surcharge and cess (refer Note 3). Each Unit holder is advised to consult his / her or its own professional tax advisor for application of tax rate of 10% (increased by applicable surcharge and health and education cess) on shortterm capital gains arising on sale / repurchase of such units (other than unit of equity-oriented fund referred to above) purchased in foreign currency.

Other than FPI and specified overseas financial organisations

Short-term capital gains arising on sale / repurchase of units of other than equity-oriented mutual fund shall be taxed at following rates (as increased by applicable surcharge and education cess, if any (refer Note 3).

Investors	Tax rate
Individual, HUF, AOP, BOI	Slab rates (Refer Note 2)
Firm	30%
Resident company	30%/25%/22%/15% (discussed detail in Note 2 below)
Foreign company	40%

In case of individuals/ HUFs, being residents, where the total taxable income excluding short-term capital gains is below the maximum amount not chargeable to tax (refer note 2), then the difference between the current maximum amount not chargeable to tax and total income excluding short-term capital gains, shall be adjusted from short-term capital gains. Therefore, only the balance short term capital gains will be liable to income-tax at the slab rates, plus education cess.

Relief under double taxation avoidance agreement (DTAA)

Further, as per provisions of section 90 of the Act, a non-resident unit holder would be able to claim beneficial rate under relevant DTAA subject to furnishing of TRC and Form 10F (if required). STT is not deductible while computing capital gains.

Tax Deduction at Source on capital gains

Domestic Unit holders

No income-tax is deductible at source from income by way of capital gains under the provisions of the Act.

Foreign Portfolio Investors (FPI)

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

Specified overseas financial organizations

Income-tax is deductible on short-term capital gains arising on sale / repurchase of unit of equity oriented fund referred to above at the rate of 15% plus applicable surcharge and health & education cess (refer Note 3).

Income-tax is deductible on long-term capital gains arising on sale / repurchase of unit of equity oriented fund referred to above at the rate of 10% plus applicable surcharge and cess (refer Note 3).

As per section 196B of the Act, income-tax is deductible on long-term capital gains arising on sale / repurchase of units of other than equity oriented mutual fund purchased in foreign currency, at the rate of 10 per cent. The said tax rate shall be increased by applicable surcharge and cess (refer Note 3).

Income-tax is deductible on short-term capital gains arising on sale / repurchase of such units at the rate of 40 per cent plus applicable surcharge and cess (refer Note 3) in case of foreign companies; and 30 per cent plus applicable surcharge and cess (refer Note 3) in case of non-corporate Unit holders.

Other Non-resident Unit holders

Income-tax is deductible at source on short-term capital gains arising on sale / repurchase of units of equity oriented mutual fund at the rate of 15% plus applicable surcharge and health and education cess (refer Note 3).

Income-tax is deductible on long-term capital gains arising on sale / repurchase of unit of equity oriented fund referred to above at the rate of 10 % plus applicable surcharge and cess (refer Note 3).

Tax at source on long-term capital gains arising on sale / repurchase of units of other that equity oriented mutual fund it shall be deducted at the rate of 20 per cent plus applicable surcharge and health and education cess (refer Note 3).

Tax is deductible on short-term capital gains arising on sale / repurchase of units at the marginal rates, viz. at

30 per cent in case of individuals (assuming the individual falls in the highest tax bracket) and other non-corporate Unit holders; and at 40 per cent in case of corporate Unit holders (being non-resident). Surcharge on income-tax will be levied as applicable and cess (refer Note 3).

However, in case of such other non-resident unit holder who is a resident of a country with which India has signed a DTAA (which is in force), income-tax is payable at the rate provided in the Act or the rate provided in the said agreement, whichever is more beneficial to such other non-resident unit holder.

If the non-resident unit holder produces a nil or lower withholding certificate from the income tax authorities, then tax shall be deducted at such rates mentioned in the certificate during the validity of the certificate.

Other Benefits and Important concerns

Certain deductions available under Chapter VI-A of the Act (Equity Linked Savings Schemes)

Equity Linked Savings Schemes (ELSS) are schemes formulated under the Equity Linked Savings Scheme (ELSS), 2005, issued by the Central Government.

Accordingly, any investment made by an assessee in the ELSS of the Fund up to a sum of Rs. 150,000/- in a financial year would qualify for deduction under Section 80C of the Act.

An “assessee” as per ELSS 2005 means:—

- (i) an individual; or
- (ii) a Hindu undivided family; or
- (iii) an association of persons or a body of individuals consisting, in either case, only of husband and wife governed by the system of community of property in force in the State of Goa and Union Territories of Dadra and Nagar Haveli and Daman and Diu by whom, or on whose behalf, investment is made;

Note:-

Section 115BAC of the Act provides an optional tax regime for the taxpayers like individual and HUF, where taxpayers are given an option to pay taxes at a concessional rate (slab rates) from Financial year (FY) 2020-21 onwards. Any individual/ HUF opting to be taxed under such tax regime from FY 2020-21 onwards will have to give up certain exemptions and deductions. Since, individuals/ HUF opting for the optional tax regime are not eligible for Chapter VI-A deductions, the investment in ELSS Funds cannot be claimed as deduction from the total income.

Minimum Alternate Tax (All Corporate investors)

Finance Act, 2016 amended MAT provisions, whereby it has been clarified that MAT provisions shall not be applicable and shall be deemed to have never been applicable to a foreign company:

- i. if such foreign company is a resident of a country or specified territory with which the Government of India has entered into a DTAA or such other agreement as specified in Sec 90A(1), and the foreign company does not have a permanent establishment in India in accordance with the provisions of such agreement; or
- ii. if the foreign company is a resident of a country with which India does not have an agreement as stated above and the foreign company is not required to seek registration under any law for the time being in force relating to companies.

Finance Act 2018 has also clarified that provisions of this aforementioned section shall not be applicable and shall be deemed never to have been applicable to an assessee being a foreign company where its total income comprises solely of profits and gains from business referred to in section 44B, 44BB, 44BBA or 44BBB of the Act and such income has been offered to tax at the rates specified in those sections.

Ordinance, 2019 has reduced the MAT rate from existing 18% to 15% (as increased by applicable surcharge and education cess). Further, MAT shall not be applicable to resident companies opting taxation under section 115BAA and section 115BAB (refer Note 2 below).

Deduction for the Securities Transaction Tax

As per the Finance Act, 2008 deduction in respect of STT paid is allowed in the computation of business

income. This is subject to the condition that such income from taxable securities transaction is included under the head “profit and gains from business and profession”.

Religious and Charitable Trusts

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 (Rules), for Religious and Charitable Trusts.

Set off of Capital losses

The long-term capital loss suffered on sale / repurchase of units shall be available for set off against long-term capital gains arising on sale of other assets and balance unabsorbed long-term capital loss shall be carried forward for set off only against long-term capital gains in subsequent years.

Short-term capital loss suffered on sale / repurchase of units shall be available for set off against both long-term and short-term capital gains arising on sale of other assets and balance unabsorbed short-term capital loss shall be carried forward for set off against capital gains in subsequent years.

Such carry forward is admissible maximum upto eight assessment years.

Each Investor is advised to consult his / her or its own professional tax advisor before claiming set off of long-term capital loss arising on sale of units of an equity-oriented fund/ other than equity oriented fund referred to above, against long-term capital gains arising on sale of other assets.

Dividend Stripping

Under the provisions of Section 94(7) of the Act, loss arising on sale of Units, which are bought within 3 months prior to the record date (i.e. the date fixed by the Mutual Fund for the purposes of entitlement of the Unit holders to receive the income) 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.

With effect from 1 April 2020, any dividend or incomes distributed in respect of units are not subject to Dividend Distribution Tax and hence, such income is now taxable in the hands of shareholder/unit holder. Therefore, the provisions of dividend stripping shall not apply on such dividend or income from units.

Bonus Stripping

Additionally, as per section 94(8) of the Act, wherein in case of units purchased within a period of three months prior to the record date for entitlement of bonus and sold within nine months after the record date, the loss arising on transfer of original units shall be ignored for the purpose of computing the income chargeable to tax. The loss so ignored shall be treated as cost of acquisition of such bonus units.

Furnishing of Permanent Account Number (PAN)

As per the provisions of the section 206AA of the Income-tax Act, 1961, applicable from 1 April 2010 (i.e. financial year starting from 1 April 2010), any person whose receipts are subject to deduction of tax at source shall mandatorily furnish his PAN to the deductor failing which the deductor shall deduct tax at source at higher of the following rates:

- i. the rate prescribed in the Act;
- ii. at the rates in force (this takes into account the rates as per the DTAA)
- iii. at the rate of 20%

However with effect from 24 June 2016, the provisions of Sec. 206AA shall not apply to a non-resident investor if he receives income in the nature of interest, royalty, fees for technical services or transfer of any capital asset and provides alternate documents as may be prescribed under Rule 37BC of the Rules instead of the PAN. In view of the same, a non-resident is technically required to have a PAN or such other document as may be prescribed under the provisions of the Act and non-availability of the same may result in withholding tax at higher rate. However, if PAN or such other document prescribed is available, then the beneficial rates as per DTAA (if applicable) can be availed subject to deductee being eligible for DTAA benefits.

Further, FA 2021 introduced new section viz. 206AB which provides higher rates of withholding tax where

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the recipient (being a specified person):

- has not filed the return of income for both of the two assessment years ("AYs") relevant to the two previous years immediately prior to the previous year in which tax is required to be deducted;
- has an aggregate of tax deducted at source and tax collected at source of INR 50,000 or more in each of these two previous years; and
- for whom the time limit of filing return of income under Section 139(1) of the Act has expired.

Where the recipient qualifies as a specified person under section 206AB of the Act, withholding shall be higher of the following:

- twice the rate specified in the relevant provision of the IT Act; or
- twice the rate or rates in force; or
- the rate of 5%

Further, where provisions of section 206AA of the Act is applicable to a specified person, in addition to the provision of section 206AB of the Act, the tax shall be deducted at higher of the two rates provided in section 206AB and in section 206AA of the Act.

However, it is pertinent to note that non-residents who do not have a permanent establishment in India have been excluded from the definition of specified person.

This amendment will take effect from 1 July 2021.

Manner of making Permanent Account Number (PAN) operative

Rule 114AAA of the Rules provides that where a taxpayer does not link his PAN with his Aadhaar number, then PAN of such a taxpayer shall become inoperative and consequences for not furnishing, intimating or quoting of PAN under the Act shall be applicable. However, PAN will again become operative as and when the taxpayer links it with the Aadhaar number.

In this regard, Central Board of Direct Taxes (CBDT) vide Notification No. 37/2017, F. No. 370133/6/2017-TPL, dated 11 May 2017 has clarified that provisions of section 139AA of the IT Act shall not apply to an individual who does not possess the Aadhaar number or the Enrolment ID and is a non-resident as per the Act.

Given that provisions of section 139AA of the IT Act does not apply to a non-resident, consequently, the provisions of Rule 114AAA shall also not apply.

II. Wealth-tax

The provisions of Wealth Tax Act cease to apply from A.Y 2016-17 i.e. there will be no wealth tax liability for F.Y 2015-16 onwards.

III. Gift Tax

Since the provision of Gift Tax Act, 1958 have ceased to apply with effect from October 1,1998, gift of units of mutual funds made on or after October 1,1998 will not be liable to Gift Tax under the Gift Tax Act, 1958. However, pursuant to the finance Act, 2009, Section 56 of the Income Tax Act has been amended to provide that value of any property, including units of mutual funds, received without consideration or for inadequate consideration on or after October 1, 2009 (from the person or in situations other than those exempted under Section 56(2)(vii) of the Act) will be included in the computation of total income of the recipient and be subject to tax. With effect from 1 April 2017, section 56(2)(vii) of the Act has now been replaced with section 56(2)(x) of the Act.

Note 1:

Nature of Transaction	Payable by	Value on which tax shall be levied	Rates (%)
Delivery based purchase transaction in equity shares in a company entered in a recognized stock exchange	Purchaser	Value at which shares are bought	0.1
Delivery based purchase transaction	Purchaser	Value at which units are bought	Nil

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in units of equity oriented fund entered in a recognized stock exchange			
Delivery based sale transaction in equity shares entered in a recognized stock exchange	Seller	Value at which shares are sold	0.1
Delivery based sale transaction in units of equity oriented fund entered in a recognized stock exchange	Seller	Value at which units are sold	0.001
Non-delivery based sale transaction in equity shares or units of equity oriented fund entered in a recognised stock exchange.	Seller	Value at which shares / units are sold	0.025
Transaction for sale of futures in securities	Seller	Value at which futures are traded	0.01
Transaction for sale of an option in securities	Seller	The option premium	0.017%
Transaction for sale of an option in securities, where the option is exercised	Purchaser	difference between settlement price and strike price	0.125
Sale of units of an equity-oriented fund to the mutual fund	Seller	Value at which units are sold	0.001
Transactions for sale of unlisted equity shares under an offer for sale to public	Seller	Value at which shares are sold	0.2
Transactions for sale of unlisted units of a business trust under an offer for sale to public	Seller	Value at which units are sold	0.2

Value of taxable securities transaction in case of units shall be the price at which such units are purchased or sold.

Note 2:**Rates of income-tax**

Prior to the Ordinance 2019, existing domestic companies were liable to tax at basic rate of either 25% or 30%. The tax rate of 25% was applicable to two types of domestic companies viz.

- (a) those having turnover or gross receipts not exceeding Rs. 400 crores in tax year 2018-19; and
- (b) new domestic manufacturing companies set up and registered on or after 1 March 2016 fulfilling specified conditions.

With effect from FY 2019-20, as per newly inserted section 115BAA of the act, domestic companies shall have an option to pay income tax at the rate of 22% plus 10% surcharge and 4% cess, subject to the condition that they will not avail specified tax exemptions or incentives under the Act. Such option once exercised cannot be subsequently withdrawn. Companies exercising such option will not be required to pay Minimum Alternate Tax (MAT).

Domestic companies claiming any tax exemptions or incentives shall also be eligible to exercise such option after the expiry of the tax incentive period.

Further, as per newly inserted section 115BAB of the Act, new domestic manufacturing companies, incorporated on or after 1 October 2019 and commencing manufacturing on or before 31 March 2023,

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making fresh investments in manufacturing will have an option to avail an even lower tax rate of 15% plus 10% surcharge and 4% cess. Companies exercising such option will not be required to pay MAT. However, such new domestic manufacturing company should fulfil, inter alia, following conditions:

(i) It is not formed by splitting-up/ reconstruction of a business already in existence;

(ii) It should not use the following assets:

- Any plant or machinery previously used in India in value exceeding 20% of total value of plant or machinery;
- Any building previously used as a hotel/ convention centre;

(iii) It should not claim any specified tax incentive;

(iv) It should exercise option to claim the benefit of lower tax rate in the first of the returns to be filed by it and such option once exercised cannot be withdrawn.

Note 3:**Surcharge rate****Individual/ HUF/ AOP/ BOI**

Income	Individual*, HUF, AOP, BOI	Cess
Rs.50 lakh to 1 crore (including income under section 111A and 112A of the Act)	10%	4% on tax plus Surcharge, applicable in all cases
Above Rs 1crs upto Rs 2 crs (including income under section 111A and 112A of the Act)	15%	
Above Rs 2 crs upto Rs 5 crs (excluding income under section 111A and 112A of the Act)	25%*	
Above Rs 5 crs (excluding income under section 111A and 112A of the Act)	37%*	

*For income earned under provisions of section 111A and section 112A of the Act surcharge rate shall be 15% where income exceeds Rs. 2 crores.

Non-corporate/ Non-firm FPIs

Income	Surcharge rate for capital gains	Surcharge rate for other than capital gains	Cess
Rs.50 lakh to 1 crore	10%	10%	4% on tax plus Surcharge, applicable in all cases
Above Rs 1crs upto Rs 2 crs	15%	15%	
Above Rs 2 crs upto Rs 5 crs	15%	25%	
Above Rs 5 crs	15%	37%	

Companies

Income	Resident companies*	Foreign Company/ Corporate FPIs	Cess
Above Rs 1crs upto Rs 10 crs	7%	2%	4% on tax plus Surcharge, applicable in all cases
Above Rs 10 crs	12%	5%	

*Surcharge rate shall be 10% in case resident companies opting taxation under section 115BAA and section

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115BAB on any income earned.

In case of firm with total income exceeding Rs.1 crores, surcharge rate shall be 12%.

Individuals, Hindu Undivided Families, Association of Persons, Body of Individuals, Non resident Indians and PIOs	Total income for a tax year:	Tax
	<=Rs. 2.5 lacs	Nil (basic exemption limit#)
	> Rs. 2.5 lacs and <=Rs 5 lacs	5% of total income exceeding Rs 2.5 lacs
	> Rs 5 lacs and <=Rs 10 lacs	Rs. 12,500 /- plus 20% of amount exceeding Rs 5 lacs
	> Rs 10 lacs	Rs.1,12,500 /- plus 30% of amount exceeding Rs 10 lacs
<p># Basic exemption limit for resident individuals of the age of 60 years or more but less than 80 years is Rs. 3 lacs, for individuals of the age of 80 years or more (very senior citizens) is Rs. 5 lacs.</p> <p>An additional rebate upto Rs 12,500 /- is being provided for residential individuals whose income doesn't exceed Rs 5,00,000 /-</p>		
Partnerships (including LLPs)	30%	
Resident companies	30%/25%/22%/15%	
Foreign companies other than FPIs	40%	

Section 115BAC of the Act provide individuals and HUFs for an option to pay taxes as per concessional tax slabs which are as follows:

Total income for a tax year:	Tax Rate
<=Rs. 2.5 lacs	Nil (basic exemption limit#)
> Rs. 2.5 lacs and <=Rs 5 lacs	5%
> Rs 5 lacs and <=Rs 7.5 lacs	10%
> Rs 7.5 lacs and <=Rs 10 lacs	15 %
> Rs 10 lacs and <=Rs 12.5 lacs	20%
> Rs 12.5 lacs and <=Rs 15 lacs	25%
> Rs 15 lacs	30%

#Basic exemption limit for resident individuals of the age of 60 years or more but less than 80 years is Rs. 3 lacs, for individuals of the age of 80 years or more (very senior citizens) is Rs. 5 lacs.

An additional rebate upto Rs 12,500 /- is being provided for residential individuals whose income doesn't exceed Rs 5,00,000 /-

Note - Any individual/ HUFs opting to be taxed under the above tax regime from Financial year 2020-21 onwards will have to give up certain exemptions and deductions. Further, individuals and HUF who do not have business income or income from profession can opt for new tax regime on a year on year basis.

However, taxpayers earning business income or income from profession can opt into the regime only once on irrevocable basis. Such option will apply to all subsequent tax years and in a case where such option is withdrawn by the taxpayer, he shall not be eligible to avail the concessional slab rates in subsequent years until he ceases to have business income or income from profession

C. LEGAL INFORMATION**1. Nomination Facility**

i. Pursuant to Regulation 29A of the SEBI Regulations, the AMC provides an option to the Unit holder to nominate (in the manner prescribed under the SEBI Regulations), a person(s) in whom the Units held by him shall vest in the event of his death. Where the Units are held by more than one person jointly, the joint Unit holders may together nominate a person(s) in whom all the rights in the Units shall vest in the event of death of all the joint Unit holders. 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(s).

ii. A nomination in respect of the Units does not create an interest in the property after the death of the Unit holder. The nominee(s) shall receive the Units only as an agent and trustee for the legal heirs or legatees as the case may be. It is hereby clarified that the nominees(s) under the nomination facility provided herein shall not necessarily acquire any title or beneficial interest in the property by virtue of this nomination.

iii. Nomination can be made only by individuals on their own behalf, either singly or jointly. Non individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of Power of Attorney cannot nominate.

iv. Only the following categories of Indian Residents can be nominated: (a) individuals (b) minors through parent/legal guardian (c) religious and charitable trusts and (d) Central Government, State Government, a local authority or any person designated by virtue of his office.

v. 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.

vi. A non-resident Indian can be a Nominee subject to the exchange controls in force from time to time.

vii. Minor(s) can be nominated and in that event, the name and address of the guardian of the minor nominee shall be provided by the Unit holder. Nomination can also be in favour of the Central Government, State Government, a local authority, any person designated by virtue of his office or a religious or charitable trust.

viii. Nomination can be made for maximum of 3 nominees. In case of multiple nominees, the percentage of allocation / share in favour of each of the nominees should be indicated against their name and such allocation / share should be in whole numbers without any decimals making a total of 100 percent. In the event of Unit holders not indicating the percentage of allocation / share for each of the nominees, the Mutual Fund /the AMC, by invoking default option shall settle the claim equally amongst all the nominees.

ix. Nomination in respect of the Units stands rescinded upon the Redemption of Units.

x. 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).

xi. The nomination facility extended under the Scheme is subject to existing laws. The AMC shall, subject to production of such evidence which in their opinion is sufficient, proceed to effect the payment/transfer to the Nominee(s). Transfer 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 Unit holder and his/her/their successors/legal heirs.

xii. The Fund, the AMC and the Trustee are entitled to be indemnified from the deceased Unit Holder's estate against any liabilities whatsoever that any of them may suffer or incur in connection with a nomination.

xiii. Nomination will be mandatory for new folios/accounts opened by individuals especially with sole/single holding.

xiv. Investors who do not wish to nominate must sign separately confirming their non-intention to nominate.

xv. In case of joint holdings in a folio, all joint holders will be required to sign the request for nomination/cancellation of nomination, even if the mode of holding is not joint. The facility to nominate

will not be available in a folio held on behalf of a minor. Nomination form cannot be signed by Power of Attorney (PoA) holders.

xvi. The facility to nominate will not be available in a folio held on behalf of a minor.

xvii. Nomination shall be maintained at the folio or account level and shall be applicable for investments in all schemes in the folio or account.

xviii. Every new nomination in a folio will over write the existing nomination.

Investors may note that where the Units are transferred in favor of the nominee, the "Know Your Customer" norms, where applicable will have to be fulfilled by the nominee.

2. Prevention of Money Laundering - Know Your Customer (KYC) Compliance

i. Prevention of Money Laundering Act, 2002 (hereinafter referred to as "Act") came into effect from July 1, 2005 vide Notification No. GSR 436(E) dated July 1, 2005 issued by Department of Revenue, Ministry of Finance, Government of India. Further, SEBI vide its circular reference number ISD/CIR/RR/AML/1/06 dated January 18, 2006 including amendments thereto mandated that all intermediaries including mutual funds should formulate and implement a proper policy framework as per the guidelines on anti-money laundering measures and also to adopt a Know Your Customer (KYC) policy. The intermediaries may, according to their requirements specify additional disclosures to be made by clients for the purpose of identifying, monitoring and reporting incidents of money laundering and suspicious transactions Undertaken by clients. SEBI also issued another circular reference no. ISD/CIR/RR/AML/2/06 dated March 20, 2006 advising all intermediaries to take necessary steps to ensure compliance with the requirement of section 12 of the Act inter-alia maintenance and preservation of records and reporting of information relating to cash and suspicious transactions to Financial Intelligence Unit-India (FIU-IND), New Delhi.

ii. All investors shall complete a one-time process of KYC, which is mandatory for any amount of investment for the New / Additional Purchases, Switch Transactions, New SIP Registration, New STP Registrations.

iii. The investor(s) should ensure that the amount invested in the scheme is through legitimate sources only and does not involve and is not designated for the purpose of any contravention or evasion of the provisions of the Income Tax Act, Prevention of Money Laundering Act, Prevention of Corruption Act and / or any other applicable law in force and also any laws enacted by the Government of India from time to time or any rules, regulations, notifications or directions issued thereunder.

iv. Investors should note that it is mandatory for all applications for subscription of any amount to quote the KYC Compliance Status of each applicant (guardian in case of minor) in the application for subscription and attach proof of KYC Compliance viz. KYC Acknowledgement Letter Printout of KYC Compliance Status downloaded from KRA website using the PAN Number.

v. *Valid only where investors who have already obtained the erstwhile Mutual Fund Identification Number (MIN) by submitting the PAN copy as the proof of identity.

vi. Applicants intending to apply for units through a Power of Attorney (PoA) must ensure that the issuer of the PoA and the holder of the PoA must mention their KYC Compliance Status and attach proof of KYC Compliance at the time of investment. In the event of non-compliance of KYC requirements, the Trustee / AMC reserves the right to freeze the folio of the investor(s) folio.

vii. To ensure appropriate identification of the investor(s) under its KYC policy and with a view to monitor transactions for the prevention of money laundering, the AMC / the Mutual Fund reserves the right to seek information, record investor's telephonic calls and / or obtain and retain documentation for establishing the identity of the investor, proof of residence, source of funds, etc.

viii. It may re-verify identity and obtain any incomplete or additional information for this purpose.

ix. The investor(s) and their attorney, if any, shall produce reliable, independent source documents such as photographs, certified copies of ration card/ passport/ driving license/PAN card, etc. and/or such documents or produce such information as may be required from time to time for verification of the identity, residential address and financial information of the investor(s) by the AMC/Mutual Fund.

x. If the investor(s) or the person making payment on behalf of the investor(s), refuses / fails to provide the required documents/ information within the period specified in the communication(s) sent by the AMC to the investor(s) then the AMC, after applying appropriate due diligence measures, believes that the transaction is suspicious in nature within the purview of the Act and SEBI circulars issued from time to time and/or on account of deficiencies in the documentation, shall have absolute discretion to report

suspicious transactions to FIU-IND and / or to freeze the folios of the investor(s), reject any application(s) / allotment of units.

xi. The KYC documentation shall also be mandatorily complied with by the holders entering the Register of Unitholders by virtue of operation of law e.g. transmission, etc. The Mutual Fund, AMC, Trustee and their Directors, employees and agents shall not be liable in any manner for any claims arising whatsoever on account of freezing the folios / rejection of any application / allotment of units due to non-compliance with the provisions of the Act, SEBI circular(s) and KYC policy and / or where the AMC believes that transaction is suspicious in nature within the purview of the Act and SEBI circular(s) and reporting the same to FIU-IND.

Know Your Customer (KYC) Procedure - KYC Registration Agency (KRA)

Investors may note that pursuant to SEBI Circular no. MIRSD/ Cir-26/ 2011 dated December 23, 2011, SEBI (KYC Registration Agency) Regulations, 2011 and SEBI Circular no. MIRSD/SE/Cir-21/2011 dated October 5, 2011, regarding uniformity in the Know Your Customer (KYC) process in the securities market and development of a mechanism for centralization of the KYC records to avoid duplication of KYC Process across the intermediaries in the securities market, with effect from January 1, 2012.

1. SEBI has introduced a common KYC Application Form for all the SEBI registered intermediaries viz. Mutual Funds, Portfolio Managers, Depository Participants, Stock Brokers, Venture Capital Funds, Collective Investment Schemes, etc. New Investors are therefore requested to use the common KYC Application Form and carry out the KYC process including In-Person Verification (IPV) with any SEBI registered intermediaries including mutual funds.

2. The Mutual Fund shall perform the initial KYC of its new investors and may undertake enhanced KYC measures commensurate with the risk profile of its investors. The Mutual Fund shall upload the details of the investors on the system of the KYC Registration Agency (KRA). Registrar & Transfer Agent (RTA) of the Mutual Fund may also undertake the KYC of the investors on behalf of the Mutual Fund. KRA shall send a letter to the investor within 10 working days of the receipt of the initial/updated KYC documents from the Mutual Fund, confirming the details thereof.

3. Once the investor has done KYC with a SEBI registered intermediary, the investor need not undergo the same process again with another intermediary including mutual funds. However, the Mutual Fund reserves the right to carry out fresh KYC/additional KYC of the investor.

4. It is mandatory for intermediaries including mutual funds to carry out In-Person Verification (IPV) of its new investors from January 1, 2012. The IPV carried out by any SEBI registered intermediary can be relied upon by the Mutual Fund. quant Money Managers Limited and NISM / AMFI certified distributors who are KYD compliant are authorised to undertake the IPV for Mutual Fund investors. Further, in case of any applications received directly (i.e. without being routed through the distributors) from the investors, the Mutual Fund may rely upon the IPV (on the KYC Application Form) performed by the scheduled commercial banks.

5. Existing KYC compliant investors of the Mutual Fund can continue to invest as per the current practice.

Please refer to the paragraph "How to apply" for the process to complete KYC formalities.

Operationalisation of Central KYC Records Registry (CKYCR)

Central Registry of Securitisation and Asset Reconstruction and Security interest of India ("CERSAI") has been authorised by Government of India to act as Central KYC Records Registry under Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 ("PMLA Rules").

SEBI vide its circular no. CIR/MIRSD/66/2016 dated July 21, 2016 and circular no. CIR/MIRSD/120/2016 dated November 10, 2016 has prescribed that the Mutual Fund/ AMC should capture KYC information for sharing with CKYCR as per the KYC template prescribed by CERSAI.

In accordance with the aforesaid SEBI circulars and AMFI best practice guidelines for implementation of CKYC norms with effect from February 1, 2017:

a) Individual investors who have never done KYC process under KRA regime i.e. a new investor who is new to KRA system and whose KYC is not registered or verified in the KRA system shall be required to provide KYC details in the CKYC Form to the Mutual Fund/ AMC. The said form is available on quant Mutual Fund

website www.quantmutual.com.

- b) Individual investor who fills old KRA KYC Form, should provide additional / missing information using Supplementary KYC Form or fill CKYC Form.
- c) Details of investors shall be uploaded on the system of CKYCR and a 14 digit unique KYC identifier ("KIN") will be generated for such customer.
- d) New investors, who have completed CKYC process & have obtained KIN may quote their KIN in the application form instead of submitting CKYC Form/ Supplementary KYC Form.
- e) AMC/ Mutual Fund shall use the KIN of the investor to download the KYC information from CKYCR system and update its records.
- f) If the PAN of investor is not updated on CKYCR system, the investor should submit self-certified copy of PAN card to the Mutual Fund/ AMC.

The AMC reserves the right to reject transaction application in case the investor(s) fails to submit information and/or documentation as mentioned above. In the event of non-compliance of KYC requirements, the Trustee / AMC reserves the right to freeze the folio of the investor(s).

Implementation of the Prevention of Money-laundering (Maintenance of Records) Second Amendment Rules, 2017 with respect to seeding of Aadhaar number:

Aadhar number/ copy or Proof of enrolment for Aadhar is required to be submitted by/for the following:

1. Where the investor is an individual, who is eligible to be enrolled for Aadhaar number, the investor is required to submit the Aadhaar number issued by UIDAI. Where the Aadhaar number has not been assigned to an investor, the investor is required to submit proof of application of enrolment for Aadhaar. If such an individual investor is not eligible to be enrolled for Aadhaar number, and in case the Permanent Account Number (PAN) is not submitted, the investor shall submit one certified copy of an officially valid document containing details of his identity and address and one recent photograph along with such other details as may be required by the Mutual Fund. The investor is required to submit PAN as defined in the Income Tax Rules, 1962.
2. Where the investor is a non-individual, apart from the constitution documents, Aadhaar numbers and PANs as defined in Income-tax Rules, 1962 of managers, officers or employees or persons holding an attorney to transact on the investor's behalf is required to be submitted. Where an Aadhaar number has not been assigned, proof of application towards enrolment for Aadhaar is required to be submitted and in case PAN is not submitted an officially valid document is required to be submitted. If a person holding an authority to transact on behalf of such an entity is not eligible to be enrolled for Aadhaar and does not submit the PAN, certified copy of an officially valid document containing details of identity, address, photograph and such other documents as prescribed is required to be submitted. Further, Investors may kindly note that, if the name given in the application does not match the name as appearing on the PAN Card/Aadhaar card, authentication, application may be liable to get rejected or further transactions may be liable to get rejected.

Further, pursuant to the notification on Prevention of Money-laundering (Maintenance of Records) Amendment Rules, 2019 dated February 14, 2019, Aadhaar can be accepted as a valid document for proof of address or proof of identity, provided the investor redact or blackout his Aadhaar number while submitting the applications for investments.

Purpose of usage of Aadhar Number

The purpose of collection/usage of Aadhaar number including demographic information is to comply with applicable laws/rules/regulations. The aforesaid requirements shall be implemented by AMC subject to amendments to PMLA Rules and circulars issued by regulator(s).

3. Transfer and Transmission Facility

- i. Units of the schemes shall be non-transferable unless the Units are held in demat form shall be freely transferable under the depository system and in accordance with the provisions of the SEBI (Depositories and Participants) Regulations, 1996. However, restrictions on transfer of Units of quant Tax Plan during

the lock in period shall continue to be applicable as per the ELSS guidelines. Further, transfer of units shall be subject to lock in period, as applicable to the respective scheme. If a person becomes a holder of the units consequent to operation of law, or upon enforcement of a pledge, the Mutual Fund will, subject to production of satisfactory evidence, effect the transfer, if the transferee is otherwise eligible to hold the units.

ii. In case units are held in a single name by a unit holder, units shall be transmitted in favour of the nominee, where the unit holder has appointed a nominee, upon production of death certificate and other document to the satisfaction of the Mutual Fund, AMC/Trustee or Registrar.

iii. If the unit holder has not appointed a nominee, the units shall be transmitted in favour of the unit holder's executor / administrator of estate / legal heir(s), as the case may be, on production of death certificate and other document to the satisfaction of the Mutual Fund, AMC/Trustee or Registrar.

iv. In case units are held by more than one registered unit holder, then upon death of first unit holder, units shall be transmitted in favour of the second named holder on production of a death certificate and other document to the satisfaction of the Mutual Fund, AMC/Trustee or Registrar.

v. The rights in the units will vest in the nominee upon the death of all joint unit holders upon the nominee producing a death certificate and other document to the satisfaction of the Mutual Fund, AMC/Trustee or Registrar.

Transmission Process:

i. In case of transmission of Units, the transferee will have to comply with the applicable "Know Your Customer" Norms.

ii. In case of transmission of Units, the claimant(s) of Units will be required to submit the prescribed documents as may be applicable. Investors may refer to our website (www.quantmutual.com) or contact any of our investor service centers for the various documents required under different transmission scenarios.

iii. In case of transmission of Units to a claimant who is a minor, the prescribed documents like PAN, KYC, bank details, indemnity, etc. of the guardian will be required.

iv. If the amount involved in transmission exceeds Rs. 2 lakh, the AMC/Mutual Fund may, on a case to case basis, seek additional documents from the claimant(s) of Units.

4. Duration of the Scheme and Winding Up

i. Each closed-ended Scheme/ Plan will have a Maturity Date / Final Redemption Date and will be compulsorily and without any act by the unit holder(s) redeemed on Maturity Date / Final Redemption Date. On Maturity / Final Redemption Date of the Scheme/ Plan, the units will be redeemed at the Applicable NAV.

ii. The Mutual Fund may convert the Scheme/ Plans under the Scheme after the Maturity Date / Final Redemption Date into an open-end Scheme/ Plan and this shall be in accordance with the SEBI Regulations.

iii. The Units of close-ended Scheme/ Plan may be converted into open-ended scheme,

a) If the SID of such scheme discloses the option and the period of such conversion; or

b) The Unit holders are provided with an option to redeem their units in full.

iv. A close-ended scheme shall be fully redeemed at the end of the maturity period. Provided that a close ended scheme may be allowed to be rolled over if the purpose, period and other terms of the roll over and all other material details of the scheme including the likely composition of assets immediately before the roll over, the net assets and net asset value of the scheme, are disclosed to the Unit holders and a copy of the same has been filed with SEBI.

Provided further, that such roll over will be permitted only in case of those Unit holders who express their consent in writing and the Unit holders who do not opt for the roll over or have not given written consent shall be allowed to redeem their holdings in full at net asset value based price.

v. A closed-ended Scheme/ Plan shall be wound up on the expiry of duration fixed in the Scheme/ Plan on the redemption of the Units unless it is rolled-over for a further period under subregulation (4) of regulation 33.

vi. An Open-ended / Interval Scheme has a perpetual life.

vii. Where the Scheme is a Close - Ended Schemes with automatic conversion into Open-Ended Scheme upon Maturity, such schemes will remain close - ended for the period mentioned in the SID and

subsequently the scheme will automatically be converted into an open-ended scheme without any further reference from the Mutual Fund/ Trustee/ AMC/ Unit holders. Thereafter, the duration of the Scheme is perpetual.

viii. However, in terms of the Regulations, an open-ended schemes may be wound up anytime, and close-ended scheme may be wound up at any time prior to the maturity date, after repaying the amount due to the unit holders under the following circumstances:

- 1) On happening of any event, which in the opinion of the Trustee, requires the Scheme concerned to be wound up, OR
- 2) If 75% of the unit holders of the Scheme concerned pass a resolution that the Scheme be wound up, OR
- 3) If SEBI so directs in the interests of unit holders.
- 4) In addition to the above, an open- ended scheme may also be wound up if the scheme/investment Plan fails to fulfill the condition of a minimum of 20 investors on an ongoing basis for each calendar quarter.

5. Procedure and Manner of Winding Up

i. The Trustee shall call a meeting of the Unit holders of the Scheme to consider and pass necessary resolutions by simple majority of Unit holders present and voting at the meeting for authorising the AMC or any other person / agency to take the steps for winding up of the Scheme.

ii. Provided that a meeting shall not be necessary if the Scheme is wound up at the end of the maturity period.

iii. The Trustee or the person authorised as above, shall dispose the assets of the Scheme concerned in the best interests of the Unit holders of the Scheme.

iv. The proceeds of the sale made in pursuance of the above, shall in the first instance be utilised towards discharge of such liabilities as are properly due under the Scheme and after making appropriate provision for meeting the expenses connected with such winding up, the balance shall be paid to the Unit holders in proportion to their respective interests in the assets of the Scheme as on the date when the decision for the winding up was taken.

v. On the completion of the winding up, the Trustee shall forward to SEBI and the Unit holders, a report on the winding up containing particulars such as circumstances leading to the winding up, the steps taken for disposal of assets of the Scheme before winding up, expenses of the Scheme for winding up, net assets available for distribution to the Unit holders and a certificate from the Auditors of the Mutual Fund.

vi. Notwithstanding anything contained herein, the application of the provisions of SEBI Regulations in respect of disclosures of half-yearly reports and annual reports shall continue to be applicable until the winding up is completed or the Scheme ceases to exist.

vii. After the receipt of report referred to the above under "Procedure and Manner of Winding up" if SEBI is satisfied that all measures for winding up of the Scheme have been complied with, the Scheme shall cease to exist.

viii. The aforesaid provisions pertaining to "Procedure and Manner of Winding Up" shall apply in respect of each individual scheme and to the extent possible shall apply mutatis mutandis to each Investment Plan.

6. Consolidation of Folios

In case an investor has multiple folios, the AMC reserves the right to consolidate all the folios into one folio, based on such criteria as may be determined by the AMC from time to time. In case of additional purchases in same scheme / fresh purchase in new scheme, if the investor fails to provide the folio number, the AMC reserves the right to allot the units in the existing folio, based on such integrity checks as may be determined by the AMC from time to time.

7. Miscellaneous

Investors may note that in case of fresh/additional purchases, if the name of the Scheme on the application form/transaction slip differs with the name on the Cheque/Demand Draft/payment instrument/transfer letter, then the AMC will allot units under the Scheme mentioned on the application form. In case of fresh/additional purchases, if the Scheme name is not mentioned on the application form/transaction slip, then the units will be allotted under the Scheme mentioned on the Cheque/Demand Draft/payment instrument/transfer letter. The Plan/Option that will be considered in such cases if not specified by the customer will be the default option of the Scheme as per the SID. However, in case additional purchase is under the same scheme as fresh purchase, then the AMC reserves the right to allot

units in the option under which units were allotted at the time of fresh purchase.

8. Investor Having Multiple Accounts

The Mutual Fund has also provided a facility to the investors to register multiple bank accounts. By registering multiple bank accounts, the investors can use any of the registered bank accounts to receive redemption / dividend proceeds. These account details will be used by the AMC / Mutual Fund / R&TA for verification of instrument used for subscription to ensure that third party payments are not used for mutual fund subscription, except where permitted above. Investors are requested to avail the facility of registering multiple bank accounts by filling in the Application Form for Registration of Multiple Bank Accounts available at our ISCs/OPAs or on our website www.quantmutual.com. For details, please refer to the 'Multiple Bank Account Registration Form'.

9. Change in Bank Mandate

The process for change in bank mandate/address to be followed by unitholders is as follows:

- i. Updation of Bank Account in Customer's Folio shall be either through "Multiple Bank Account Registration Form" or a standalone separate "Change of Bank Mandate Form";
- ii. In case of standalone change of bank details, documents as entailed below should be submitted as a proof of new bank account details. Based on quant AMC's internal risk assessment, quant AMC may also consider collecting proof of old bank account and proof of identity of the clients, while effecting the change of bank account;
- iii. Customers are advised to register multiple bank accounts and choose any of such registered bank accounts for receipt of redemption proceeds;
- iv. Any unregistered bank account or new bank account forming part of redemption request shall not be entertained or processed;
- v. Such Investors, who have not already provided bank mandate at the time of making investment, are required to submit proof of new bank account details as entailed here below. Such investors are also required to submit valid Proof of Identity as prescribed under KYC guidelines along with Proof of Investment; and
- vi. Any change of Bank Mandate request received/processed few days prior to submission of a redemption request or on the same day as a standalone change request, quant AMC will continue to follow cooling period of 10 calendar days for validation of the same.

Investors are required to submit any one of the following documents in Original or produce originals for verification or copy attested by the Bank –

New Bank Account/Bank details Registration

- Cancelled original cheque of new bank mandate with first unit holder name and bank account number printed on the face of the cheque; OR
- Self - attested copy of bank statement; OR
- Bank Passbook with current entries not older than 3 months; OR
- Letter from the bank on its letterhead confirming the bank account holder with the account details, duly signed by the Branch Manager/authorised personnel.

AND Proof of Identity as prescribed under KYC guidelines along with Proof of Investment - only for such investors who have not registered their bank mandate at the time of making investment.

Change in Existing Bank Mandate

- Cancelled original cheque with first unitholder name and bank account number printed on the face of the cheque; OR
- Original bank account statement or pass book; OR
- Original letter issued by the Bank on the letterhead confirming the bank account holder with the account details, duly signed by the Branch Manager; OR
- In case such Bank account is already closed, a duly signed and stamped original letter from such bank on the letter head of bank, confirming the closure of said account.

10. Change in Address

Investors / unit holders are requested to note that self- attested copies of the below mentioned documents shall be submitted along with a duly filled in 'Change of Address Form'.

a. KYC not complied folios

- Proof of new Address
- Proof of Identity (in case of PAN updated folios - only PAN card copy shall be accepted, and in other case - PAN/other valid proof of identity shall be accepted)
- Based on AMC's internal risk assessment, AMC may also consider collecting proof of old address, while effecting change of address

b. KYC complied folios:

- Proof of new Address
- Any other document/form that the KYC Registration Agency (KRA) may specify from time to time or may be required under CKYCR process.

Copies of all documents submitted by the Investors should be self-attested and accompanied by originals for verification.

In case the original of any document is not produced for verification, then the copies should be properly attested/ verified by entities authorised for attesting / verification of the documents as per KYC guidelines.

11. Application with/without broker

Investors may note and follow the below-mentioned directions while applying for the units of the schemes of the Mutual Fund:

i. In case where the Broker code is already printed in Application form / Transaction form / Purchase request form by the AMC / Registrar / Distributor :

Where the Investor wishes to apply directly (i.e. not through existing broker / distributor), then the investor should strike off the broker code (printed) and should write "Direct Applications" or "Not Applicable (N.A.)" and countersign the same

ii. In case where the Broker code is not printed in Application form / Transaction form / Purchase request form:

In case of direct applications, the Investor should write in the space provided for the broker code "Direct Application" or "Not Applicable (N.A.)".

iii. In case of change in broker, the investor will be required to strike off the old broker code and countersign near the new broker code, before submitting the application form / transaction form / purchase form to the designated ISC's/ OPA (Official points of Acceptance).

iv. The Registrar and the AMC shall effect the application for changes in the broker code within the reasonable period of time from the time of receipt of written request from the investor at the designated ISC's / OPA. Decision of the Registrar/AMC in this regard shall be final and acceptable to all.

v. All Unitholders who have invested/may invest through channel distributors and intend to make their future investments through the direct route, are advised to complete the procedural formalities prescribed by AMC from time to time.

A. GENERAL INFORMATION**1. Inter-Scheme Transfer of Investments**

Transfers of investments from one scheme to another scheme in the Mutual Fund shall be allowed only if:

- (a) Such transfers are done at the prevailing market price for quoted instruments on spot basis. (spot basis shall have same meaning as specified by stock exchange for spot transactions.)
- (b) Transfers of unquoted securities will be as per the policy laid down by the Trustee from time to time
- (c) The securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made.

2. Associate Transactions**A. Investment in Group Companies**

During the period April 1, 2022 to March 31, 2023, the following investments were made in the securities of Sponsors and its Group Companies:

NIL

During the period April 1, 2021 to March 31, 2022, the following investments were made in the securities of Sponsors and its Group Companies:

NIL

During the period April 1, 2020 to March 31, 2021, the following investments were made in the securities of Sponsors and its Group Companies:

NIL

B. Securities Transactions with Associates

The AMC has dealt with the following associates for the purpose of securities transaction (aggregate purchase and sale) during the period April 1, 2022 to March 31, 2023:

NIL

The AMC has dealt with the following associates for the purpose of securities transaction (aggregate purchase and sale) during the period April 1, 2021 to March 31, 2022:

NIL

The AMC has dealt with the following associates for the purpose of securities transaction (aggregate purchase and sale) during the period April 1, 2020 to March 31, 2021:

NIL

C. Amount paid for services obtained from Associates

a) Amount paid for utilizing distribution service of Quant Finvest Private Limited during the period April 1, 2022 to March 31, 2023:

Rs. 51,976.39/-

b) Amount paid for utilizing distribution service of Quant Finvest Private Limited during the period April 1, 2021 to March 31, 2022:

Rs. 49,153.22/-

c) Amount paid for utilizing distribution service of Quant Finvest Private Limited during the period April 1, 2020 to March 31, 2021:

Rs. 2,96,117.58/-

D. Underwriting Obligations with respect to issues of Associates

The Scheme(s) of the Fund have not undertaken any underwriting obligation with respect to issues of associate companies.

E. Brokerage paid to Associates for securities transactions

Securities transactions of the Scheme(s) of the Fund were routed through associate broker during the F.Y. 2020-21, 2021-22 and 2022-2023. However, such transactions have not exceeded 5% of the aggregate purchase and sale of securities made by the Fund through brokers in its Schemes. Details of Brokerage paid are as follows:

NIL

F. Subscription in Issues lead managed by Sponsor

During the period April 1, 2022 to March 31, 2023, the Scheme(s) of quant Mutual Fund has subscribed to the following issues lead managed by sponsor

NIL

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During the period April 1, 2021 to March 31, 2022, the Scheme(s) of quant Mutual Fund has subscribed to the following issues lead managed by sponsor
NIL

During the period April 1, 2020 to March 31, 2021, the Scheme(s) of quant Mutual Fund has subscribed to the following issues lead managed by sponsor
NIL

G. Distribution fees paid to Associates

The AMC has utilized the services of its associates for distribution and sale of units of scheme(s) of quant Mutual Fund. Details of commission paid to the associates for distribution of units are as follows:

Name of Associate / related parties / group Companies of Sponsor / AMC	Nature of Association / Nature of relation	Period Covered	Business given (Rs. Cr. & % of total Business received by the fund)	Commission paid (Rs. Cr & % of total commission paid by the fund)
quant Finvest Private Limited	Group Co.	01.10.2022 to 31.03.2023	Rs. 4.83309 Cr 0.0240%	Rs. 0.0027 Cr 0.004%
		01.04.2022 to 30.09.2022	Rs. 0.00340 Cr 0.00003%	Rs. 0.00249 Cr 0.01%
		01.10.2021 to 31.03.2022	Rs. 0.00860 Cr 0.0001%	Rs. 0.00324 Cr 0.02%
		01.04.2021 to 30.09.2021	Rs. 0.00270 Cr 0.0001%	Rs. 0.00167 Cr 0.03%
		01.10.2020 to 31.03.2021	Rs. 5.22 Cr 0.63%	Rs. 0.012 Cr 0.91%
		01.04.2020 to 30.09.2020	Rs. 13.95 Cr 5.06%	Rs. 0.01808 Cr 7.05%

Associate transactions are conducted at arm's length relationship and do not in any manner affect the performance of the schemes.

The AMC may for the purposes of providing certain services utilize the services of the Sponsor, group companies and any other subsidiary or associate company of the Sponsor established or to be established at a later date, who is in a position to provide the requisite services to the AMC. Following are the associates of the sponsor and AMC with which the Mutual Fund proposes to have dealings, transactions and those whose services may be used for marketing and distributing the scheme and the commissions that may be paid to them. The AMC may also utilize the services of other associates for the mutual fund transactions and for distributing the units of the scheme.

quant Capital Finance & Investments Private Limited (qcfipl)
quant Money Managers Limited (qmml)
quant Capital Trustee Limited (qctl)
quant Portfolio Managers Private Limited (qpmp)
qcap Securities Private Limited (qcap)
quant Capital Holdings Private Limited (qchpl)
Etre Vous Investments Private Limited
Qoppa Trading Private Limited
quant Finvest Private Limited
quant Employees Welfare Foundation Private Limited
quant Institutional Equities Private Limited
quant Capital Securities Private Limited

The scheme(s) will invest in group companies of the sponsor or the sponsor in accordance with the provisions of the Regulations.

The AMC, on behalf of the Fund, shall conduct its business with the aforesaid companies (Including their employees or relatives) on commercial terms and on arms-length basis and at mutually agreed terms and conditions to the extent permitted under the Regulations.

3. Stock Lending by the Mutual Fund

Subject to the SEBI Regulations as applicable from time to time, the Mutual Fund 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 securities lent will be returned by the borrower on the expiry of the stipulated period.

For details, investors are requested to refer to the Scheme Information Document of the respective schemes.

4. Borrowing by the Mutual Fund

The Mutual Fund is allowed to borrow to meet the temporary liquidity needs of the schemes for the purpose of repurchase, redemption of units or payment of interest or dividend to the unit holders, provided that the Mutual Fund shall not borrow more than 20% of the net assets of each scheme and the duration of such borrowing shall not exceed a period of six months. Schemes of quant Mutual Fund had borrowed to fund redemptions from scheduled commercial banks and through Tri-party Repos from time within the limit as specified above.

5. Unclaimed Redemption and Dividend Amount

As per circular no. MFD/CIR/9/120/2000, dated November 24, 2000, issued by SEBI, unclaimed redemption and dividend amounts shall be deployed by the Mutual Fund in money market instruments and such other instruments/securities as maybe permitted from time to time. The investment management fee charged by the AMC for managing such unclaimed amounts shall not exceed 50 basis points. Investors who claim these amounts during a period of three years from the due date shall be paid at the prevailing NAV. After a period of three years, this amount can be transferred to a pool account and the investors can claim the said amounts at the NAV prevailing at the end of the third year. The AMC shall make a continuous effort to remind investors through letters to take their unclaimed amounts.

Further, according to circular no. SEBI/HO/IMD/DF2/CIR/P/ 2016/37 dated February 25, 2016 The unclaimed redemption and dividend amounts, that are currently allowed to be deployed only in call money market or money market instruments, shall also be allowed to be invested in a separate plan of only Overnight scheme / Liquid scheme / Money Market Mutual Fund scheme floated by Mutual Funds specifically for deployment of the unclaimed amounts.

Provided that such schemes where the unclaimed redemption and dividend amounts are deployed shall be only those Overnight scheme/ Liquid scheme / Money Market Mutual Fund schemes which are placed in A-1 cell (Relatively Low Interest Rate Risk and Relatively Low Credit Risk) of Potential Risk Class matrix as per SEBI Circular No. SEBI/HO/IMD/IMD-II/ DOF3/P/CIR/2021/573 dated June 07, 2021.

AMCs shall not be permitted to charge any exit load in this plan and TER (Total Expense Ratio) of such plan shall be capped as per the TER of direct plan of such scheme or at 50bps whichever is lower.

The Fund/AMC shall not be liable to pay any interest or compensation on unclaimed amount.

6. Suspension/Restriction of the Subscription of Units of Scheme(s)

Subject to the approval of the Boards of the AMC and of the Trustee and subject also to necessary communication of the same to SEBI, the determination of the NAV of the Units of a Scheme and the Subscription of / Switch-into the Units of Scheme(s) of the Fund, may be temporarily suspended in any of the conditions described below:

- a) When one or more stock exchanges or markets which provide the basis of valuation for a substantial portion of the assets of the Scheme is closed otherwise than for ordinary holidays.
- b) When, as a result of political, economic or monetary events or any other circumstances outside the control of the Trustee and the AMC, the disposal of the assets of the Scheme is not considered to be reasonably practicable or might otherwise be detrimental to the interests of the Unit Holders.
- c) In the event of breakdown in the means of communication used for the valuation of investments of the Scheme, so that the value of the securities of the Scheme cannot be accurately or reliably arrived at.
- d) If, in the opinion of the AMC, extreme volatility of markets causes or might cause, prejudice to the interests of the Unit Holders of the Scheme.
- e) In case of natural calamities, war, strikes, riots and bandhs.
- f) In case of any other event of force majeure or disaster that in the opinion of the AMC affects the normal functioning of the AMC or the Registrar.
- g) During the period of Book Closure.

- h) If so directed by SEBI.

In any of the above eventualities, the time limits for processing requests for subscription of Units of the Scheme(s) will not be applicable.

Further, subject to the approval of the Boards of the AMC and of the Trustee and subject also to necessary communication of the same to SEBI, the redemption of / switch-out of Units of Scheme(s) of the Fund, may be temporarily suspended/ restricted. In accordance with SEBI circular ref. no. SEBI/HO/IMD/DF2/CIR/P/2016/57 dated May 31, 2016 and subject to prevailing regulations, restriction on/suspension of redemptions / switch-out of Units of the Scheme(s) of the Fund, may be imposed when there are circumstances leading to systemic crisis or event that severely constricts market liquidity or the efficient functioning of markets such as:

- a) Liquidity issues:** when market at large becomes illiquid affecting almost all securities rather than any issuer specific security;
- b) Market failures, exchange closures:** when markets are affected by unexpected events which impact the functioning of exchanges or the regular course of transactions. Such unexpected events could also be related to political, economic, military, monetary or other emergencies;
- c) Operational issues:** when exceptional circumstances are caused by force majeure, unpredictable operational problems and technical failures (e.g. a black out).

Restriction on / suspension of redemption of Units of the Scheme(s) may be imposed for a specified period of time not exceeding 10 working days in any 90 days period.

When restriction on / suspension of redemption of Units of the Scheme(s) is imposed, the following procedure shall be applied

- i. No redemption / switch-out requests upto Rs. 2 lakhs shall be subject to such restriction.
- ii. Where redemption / switch-out requests are above Rs. 2 lakhs, the AMC shall redeem the first Rs. 2 lakhs without such restriction and remaining part over and above Rs. 2 lakhs shall be subject to such restriction.

In addition to the above, the AMC / Trustee may restrict / suspend redemptions / switch-out of Units of the Scheme(s) pursuant to direction/ approval of SEBI. In any of the above eventualities, the time limits for processing requests for redemption of Units will not be applicable.

7. Documents Available for Inspection

The following documents will be available for inspection at the office of the Mutual Fund at 6th Floor, Sea Breeze Building, AppaSaheb Marathe Marg, Prabhadevi, Mumbai – 400 025 during business hours on any day (excluding Saturdays, Sundays and public holidays):

- Memorandum and Articles of Association of the AMC
- Investment Management Agreement
- Deed of Trust and amendments thereto, if any

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- Mutual Fund Registration Certificate
- Agreement between the Mutual Fund and the Custodian
- Agreement with Registrar and Transfer Agents
- Consent of Auditors to act in the said capacity
- Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments from time to time thereto.
- Indian Trusts Act, 1882.

8. Underwriting by the Mutual Fund

Subject to SEBI Regulations, the Scheme may enter into underwriting agreements after the Mutual Fund obtains a certificate of registration in terms of the Securities and Exchange Board of India (Underwriters) Rules and Securities and Exchange Board of India (Underwriters) Regulations, 1993 authorising it to carry on activities as underwriters. The capital adequacy norms for the purpose of underwriting shall be the net assets of the respective Scheme/ Plans and the underwriting obligation of the respective Scheme/ Plans shall not at any time exceed the total net asset value of the respective Scheme/ Plans.

9. Investor Grievances Redressal Mechanism

Investors can lodge any service request or complaints or enquire about NAVs, Unit Holdings, Valuation, Dividends, etc by calling the investor line of the AMC at 022-6295 5000 on Monday to Friday between 09.00 am to 06.00 pm or email – investor.help@quant.in. The service representatives may require personal information of the investor for verification of his / her identity in order to protect confidentiality of information. The AMC will at all times endeavour to handle transactions efficiently and to resolve any investor grievances promptly.

Any complaints should be addressed to Mr. Shardul Gusain, who has been appointed as the Investor Relations Officer and can be contacted at: Address: 6th Floor, Sea Breeze Building, AppaSaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. Phone no.: 022 6295 5000.

STATEMENT OF ADDITIONAL INFORMATION



Notwithstanding anything contained in this Statement of Additional Information, the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the guidelines thereunder shall be applicable.

**For and on behalf of the Board of Directors
of quant Money Managers Limited**

**Sd/-
Sandeep Tandon
Chief Executive Officer**

Place: Mumbai
Date: 28th September, 2023