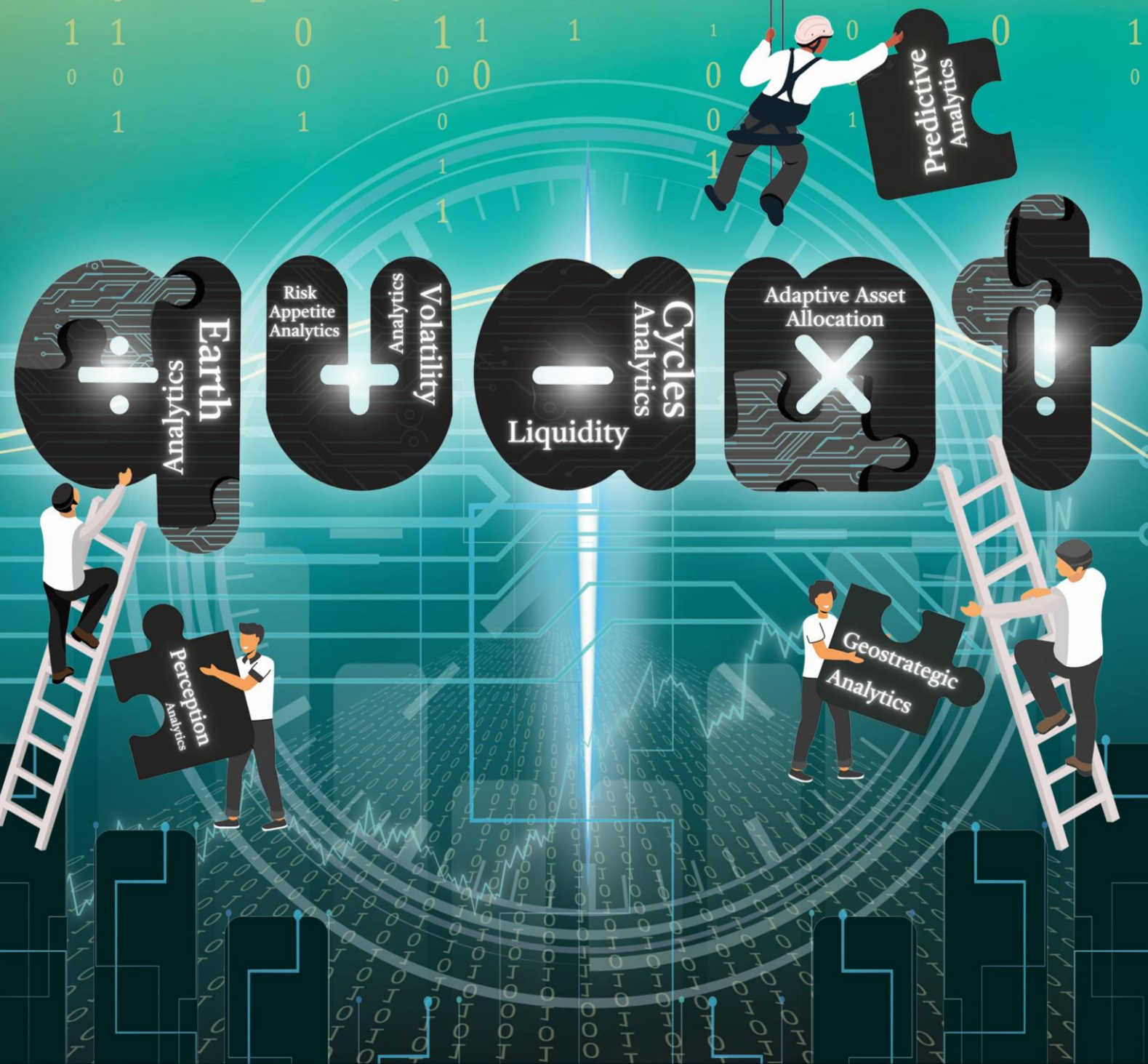


# Statement of Additional Information



## quant Mutual Fund

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 and is legally a part of the Scheme Information Document (SID) of all the Schemes of quant Mutual Fund.

This SAI is dated June 30, 2025

## List of Addenda to Statement of Additional Information

### NOTICE CUM ADDENDUM NO. 11/2025

**Notice-cum-Addendum to the Scheme Information Document (SID), Key Information Memorandum (KIM), Statement of Additional Information (“SAI”) of quant Mutual Fund (“The Fund”).**

#### Addition to the List of Official Point of Acceptance for Transactions in the schemes of quant Mutual Fund

**NOTICE IS HEREBY GIVEN THAT**, the following branch office is being designated as an Official Point of Acceptance (“OPA”) for all the schemes of quant Mutual fund with effect from May 19,2025.

Branch	Address	Contact Details
Bandra (East), Mumbai	205/206, Vaibhav Chambers, Madhusudan Kalelkar Rd, Kala Nagar, Bandra East, Mumbai -400051.	Phone No: 022-62955000.  Email Id: <a href="mailto:help.investor@quant.in">help.investor@quant.in</a>

All other terms and conditions of the SID, KIM & SAI of the Fund read with other addendums, if any will remain unchanged.

This notice-cum-addendum forms an integral part of the SID, KIM & SAI of the Fund read with the addenda issued thereunder.

**This notice cum addendum is dated May 16,2025.**

### NOTICE CUM ADDENDUM NO. 12/2025

**Notice-cum-Addendum to the Scheme Information Document (SID) and Key Information Memorandum (KIM) of select Scheme(s) and Statement of Additional Information (SAI) of quant Mutual Fund (‘Fund’)**

#### Change in Name of Scheme(s)

**NOTICE IS HEREBY GIVEN THAT**, pursuant to SEBI Master Circular for Mutual Funds dated June 27, 2024, regarding modification of nomenclature of schemes to align with the scheme categories, the names of following schemes of the Fund shall stand revised as under with effect from **June 30, 2025**:

Existing Scheme Name	Revised Scheme Name
quant Absolute Fund	quant Aggressive Hybrid Fund
quant Active Fund	quant Multi Cap Fund
quant Multi Asset Fund	quant Multi Asset Allocation Fund
quant ESG Equity Fund	quant ESG Integration Strategy Fund

All the other provisions and terms and conditions of the aforementioned Schemes shall remain unchanged.

This Notice-cum-Addendum shall form an integral part of the SID and KIM of the aforementioned Schemes and SAI of the Fund read with the addenda issued thereunder.

**This notice cum addendum is dated June 25, 2025.**

## **NOTICE CUM ADDENDUM NO. 14/2025**

**Notice-cum-Addendum to the Scheme Information Document (SID) and Key Information Memorandum (KIM) of quant Flexi Cap Fund ('Scheme') and Statement of Additional Information (SAI) of quant Mutual Fund ('Fund')**

### **Introduction of Choti SIP Facility**

**NOTICE IS HEREBY GIVEN THAT**, in accordance with SEBI Letter No. SEBI/HO/IMD/PoD-1/OW/P/2025/5586/1 dated February 20, 2025, **quant Money Managers Limited** ("the AMC") has decided to introduce quant Mutual Fund Choti SIP Facility ("Choti SIP"/"Facility") in **quant Flexi Cap Fund** ("Scheme") with effect from **July 14, 2025** ("the Effective date").

### **Key Features of Choti SIP**

1. Investors can avail Choti SIP by investing via Systematic Investment Plan ("SIP") in quant Flexi Cap Fund of the Fund with Rs. 250/-.
2. The Minimum number of instalments/investments for availing Choti SIP shall be 60, however, early withdrawal of the instalments/investments shall not be restricted.
3. The Choti SIP will be available only to first-time individual investors in the industry and will be restricted to three SIPs (one in each of upto 3 Asset Management Companies). Any Investor having investments in schemes of any Mutual Fund or any SIP other than Choti SIP or a lumpsum investment across any Mutual Fund shall be considered ineligible under Choti SIP.
4. The Choti SIP will be available under Growth option of quant Flexi Cap Fund with only monthly and fortnightly frequency.
5. The mode of payment/investment for Choti SIP shall be restricted to NACH and UPI auto pay only.
6. All statutory disclosures to unitholders of Choti SIPs shall be through SMS/WhatsApp on a valid and registered mobile number and email id (if provided by the investor).

The AMC reserves the right to restrict the number / list of applicable schemes being offered through this facility from time to time. All other terms and conditions of the aforesaid applicable Scheme shall remain unchanged.

This Notice-cum-Addendum shall form an integral part of the SID and KIM of the aforementioned Scheme and SAI of the Fund read with the addenda issued thereunder.

**This notice cum addendum is dated July 3, 2025.**

## **NOTICE CUM ADDENDUM NO. 17/2025**

**Notice-cum-Addendum to the Statement of Additional Information ("SAI"), Scheme Information Document ("SID") and Key Information Memorandum ("KIM") of the quant Equity Savings Fund ("scheme") of quant Mutual Fund ("Fund").**

### **I. Change in Fund Management Responsibilities of quant Equity Savings Fund**

**NOTICE IS HEREBY GIVEN THAT**, the Fund Management responsibilities of the following scheme of the Fund has been re-assigned as under with effect from Thursday, July 31, 2025 ("the Effective Date"):

<b>Sr No.</b>	<b>Name of the Scheme(s)</b>	<b>Existing Money Managers [Fund Managers]</b>	<b>Revised Money Managers [Fund Managers]</b>
1	quant Equity Savings Fund	- Sanjeev Sharma - Harshvardhan Bharatia - Ankit Pande - Varun Pattani - Ayusha Kumbhat	- Sanjeev Sharma - Harshvardhan Bharatia - Ankit Pande - Varun Pattani - Ayusha Kumbhat - Sameer Kate

All other terms and conditions of the SAI, SID and KIM of the aforesaid Scheme read with other addendums, if any will remain unchanged.

This notice-cum-addendum forms an integral part of the SAI, SID and KIM of the aforesaid Scheme read with the addenda issued thereunder.

**This notice cum addendum is dated July 30,2025.**

**NOTICE CUM ADDENDUM NO. 19/2025**

**Notice-cum-Addendum to the Statement of Additional Information (SAI) of quant Mutual Fund (“the Fund”)**

**A. APPOINTMENT OF MR. RAJNISH KUMAR (DIN: 05328267) AS AN INDEPENDENT DIRECTOR ON THE BOARD OF QUANT CAPITAL TRUSTEE LIMITED (TRUSTEE TO THE FUND)**

**NOTICE IS HEREBY GIVEN THAT, Mr. Rajnish Kumar** (DIN: 05328267) has been appointed as an Independent Director [in terms of The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996] on the Board of **quant Capital Trustee Limited (Trustee to the Fund)** with effect from **August 13, 2025**.

Accordingly, the following paragraph shall be added under the table pertaining to “Information about Sponsor, AMC and Trustee Companies – (Details of Trustee Directors)” in the Statement of Additional Information (SAI) of the Fund:

<b>Name</b>	<b>Age</b>	<b>Educational Qualifications</b>	<b>Brief Experience</b>
Mr. Rajnish Kumar	67 years	MSc in Physics & Certified Associate of Indian Institute of Bankers	<p>Mr. Rajnish Kumar is former Chairman of State Bank of India. He completed his 3 years term as Chairman in October 2020. He is credited with steering the Bank successfully through very challenging times. During his tenure, the Bank developed YONO, a digital platform, which has established the Bank as a global leader in adoption of technology and innovation.</p> <p>Mr. Kumar is a career banker with nearly 4 decades of service with State Bank of India. His expertise in corporate credit and project finance is well recognized. He served the bank in various capacities across the country including in the North East as Chief General Manager. He successfully managed UK operations of the Bank immediately after the crisis caused by the collapse of Lehman Brothers. Earlier he worked as Vice President (Credit) at Toronto.</p> <p>Mr. Rajnish Kumar was also the Chairman of SBI's subsidiaries, important ones being, SBI Life Insurance Company Limited, SBI Foundation, SBI Capital Markets Limited, and SBI Cards &amp; Payments Services Limited. He also served as Director on the boards of various organisations, viz. Export - Import Bank of India, Institute of Banking Personnel Selection, National Institute of Bank Management, Pune, Indian</p>

			<p>Banks Association, Khadi &amp; Village Industries Commission, Indian Institute of Banking &amp; Finance, among others.</p> <p>Mr. Rajnish Kumar is currently serving as an Independent Director on the Boards of many prestigious companies like HSBC, Asia Pacific and Brookfield Property Management Ltd. He is also Non-Executive Chairman of Resilient Innovations Pvt Ltd. (BharatPe), one of the fastest growing Fintech in the country and Independent Director on the Board of Lighthouse Communities Foundation. Mr. Kumar is also an advisor with BPEA EQT Pte Ltd. apart from being Member, to the Board of Governors, Management Development Institute, Gurugram.</p>
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**B. APPOINTMENT OF MR. NISHITH MEHTA (DIN: 11237607) AS AN INDEPENDENT DIRECTOR ON THE BOARD OF QUANT MONEY MANAGERS LIMITED (ASSET MANAGEMENT COMPANY TO THE FUND)**

**NOTICE IS HEREBY GIVEN THAT, Mr. Nishith Mehta** (DIN: 11237607) has been appointed as an Independent Director [in terms of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996] on the Board of **quant Money Managers Limited (Asset Management Company to the Fund)** with effect from **September 01, 2025**.

Accordingly, the following paragraph shall be added under the table pertaining to “Information about Sponsor, AMC and Trustee Companies – (Details of AMC Directors)” in the Statement of Additional Information (SAI) of the Fund:

Name	Age	Educational Qualifications	Brief Experience
Nishith Mehta	46 years	Bachelor of Commerce, Company Secretary- Member of Institute of Company Secretaries of India	<p>Nishith Mehta leads the Risk and Compliance Practice at Trilegal, with a focus on regulatory strategy, governance, and control frameworks for financial institutions. He works closely with clients in banking, NBFCs, fintech, asset management, and securities sectors, advising on complex regulatory, compliance, and operational risk matters. His practice integrates global best practices, drawing from regulatory standards in the US, UK, and Asia, tailored to the needs of Indian and regional markets.</p> <p>Prior to joining Trilegal in August 2025, Nishith spent over 15 years at Bank of America Merrill Lynch, where he was Co-Head of Asia Pacific Compliance and Operational Risk. He led the Compliance and Operational Risk function for India, Japan, and South Asia (Singapore, Indonesia, Malaysia, Thailand, and the Philippines), covering a broad spectrum of businesses, products and asset classes within Global Banking and Markets. Nishith also served as the Country Head of Compliance and Operational Risk and Chief Compliance Officer for all regulated entities in India.</p>

			Over a career spanning 25 years, Nishith has held senior compliance roles at Lehman Brothers, HSBC, Kotak Mahindra group (a JV with Goldman Sachs), and Edelweiss group. He has served on multiple regional and global governance forums, including the APAC Executive Committee of Bank of America.
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This Notice-cum-Addendum forms an integral part of the SAI of the Fund read with the addenda issued thereunder. All the other terms & conditions as stated in the SAI of the Mutual Fund, read with the addenda issued from time to time, will remain unchanged.

**This notice cum addendum is dated September 03, 2025.**

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## **I. INFORMATION ABOUT SPONSOR, AMC AND TRUSTEE COMPANIES**

### **A. Constitution of the quant Mutual Fund ('Mutual Fund')/'Fund')**

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

The Deed of Variation to the Trust Deed was executed between Escorts Finance Limited (erstwhile Sponsor), quant Capital Trustee Limited and quant Capital Finance and Investments Private Limited on June 28, 2018.

### **B. Sponsor**

quant Mutual Fund is sponsored by **quant Capital Finance and Investments Private Limited**.

**quant Capital Finance and Investments Private Limited** ('QCFIPL') is the companies incorporated in 1981 under the Companies Act, 1956 and is also a Non-Systemically Important, Non deposit taking, Non-Banking Financial Company registered with RBI w.e.f May 24, 2010 under registration number B-13.00501. 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.

The Sponsor is the Settlor of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs. 1 lakh to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

Financial Performance of the Sponsor (past three years):

#### **quant Capital Finance and Investments Private Limited**

(in INR Crores)

<b>Particulars</b>	<b>Year Ended March 31, 2024</b>	<b>Year Ended March 31, 2023</b>	<b>Year Ended March 31, 2022</b>
Net Worth	51.33	49.19	48.26
Total Income	0.32	0.46	2.13
Profit after tax	(0.01)	0.01	0.10
Assets Under Management (if applicable)	NA	NA	NA

### **C. The Trustee**

quant Capital Trustee Limited (the '**Trustee**'), through its Board of Directors, shall discharge its obligations as trustee of the Mutual Fund. The Trustee ensures that the transactions entered into by quant Money Managers Limited (the '**AMC**') are in accordance with the SEBI (Mutual Funds) Regulations, 1996 ('**Regulations**') and will also review the activities carried on by the AMC.



## 1. Details of Trustee Directors:

Name	Age	Educational Qualifications	Brief Experience
Mr Yogesh Parekh, Independent Director	62 years	Graduate in Science (B.Sc)	Mr. Yogesh is an eminent entrepreneur who cofounded the Adfactors Group in the 1990s. In this capacity he was one of the leading innovators in the advertising & marketing of various financial instruments and has vast experience in design and structuring of complex financial products and of marketing them successfully to a diverse group of target investors in India & overseas. He has helped numerous entrepreneurs enter the capital market through Initial Public Offerings. He subsequently founded Crossnet Ventures and is currently engaged in setting up a cargo venture in the emerging aviation transportation sector. A sport aviation enthusiast, Yogesh is also a qualified pilot and was one of the founders of the Bombay Hang-Gliders Club and is a Life Member of the Bombay Flying Club. He was the pilot member of the 3-member team that designed, built & flew the first microlight aircraft in India. Leveraging the combination of his marketing and aviation skills, Mr Parekh pioneered the concept of aerial advertising in India, including banner towing, leaflet & flower dropping and helium & hot air balloons. He has also been involved in operations of aerial crop spraying, cloud seeding & aviation transport to inaccessible places.
Mr. Lancelot Joseph, Independent Director	60 years	Graduate in Commerce (B.Com)	Mr. Lancelot Joseph is a prominent and well-respected name in the world of Journalism. He has been associated with Business India since 2004 and is now designated as an Executive Editor. His specialization and strength has been balance sheet and equity analysis, and equity and commodity markets. He has 15+ years of experience as Executive Editor with India's leading business magazine Business India.
Mr. Laxmikant Gupta, Independent Director	55 years	MCA, FRM, Grad CWA, B.Com (Rank holder in CA), Cleared CFA Level II)	Mr. Laxmikant has been part of the financial industry for over 15 years! Since 2007, he has been in leadership positions relating to Risk Management and Compliance at various AMC's namely – Franklin Templeton (2002-07), Birla Sunlife (2007-09), ICICI Venture (2010-2015). He also worked with ICICI Bank, I-Sec, A F Ferguson & Co. Between Feb 2017 and September 2018, he was appointed as the Chief Regulatory Officer at the National Commodity Derivatives Exchanges Limited (NCDEX), a role where he was closely involved with Risk Management, Surveillance and Compliance functions. In addition, Laxmikant has worked on projects relating to review of Anti-bribery and Anti-corruption measures under the assignment and guidance from the World Bank. 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, Non-executive Director	54 years	Graduate Commerce (B.Com)	in	Mr. Milan has been associated with the wealth and asset management industry through his company Miles Software Solutions Pvt Ltd, a company he founded in March 1999. At Miles, Milan has been pioneering strategy, product marketing, sales, services, and support of Miles solutions under the brand MoneyWare™; He has successfully defined and implemented a strong vision for Miles to make it amongst the leading provider of wealth and portfolio management solutions. Milan has deep domain knowledge on wealth management and wide experience in leveraging technological advancement for efficient investment management. 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.
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## **2. Rights, Obligations, Duties and Responsibilities of the Trustee under the Trust Deed and the SEBI Regulations:**

Responsibilities and Duties of the Trustee under the Trust Deed and the Regulations including but not limited to:

- The Trustee and the AMC shall with the prior approval of the Board enter into an investment management agreement.
- The investment management agreement shall contain such clauses as are mentioned in the Fourth Schedule of the SEBI (Mutual Funds) Regulations, 1996 and such other clauses as are necessary for the purpose of making investments.
- The Trustee shall have a right to obtain from the AMC such information as is considered necessary by the Trustee.
- The Trustee shall approve the policy for empanelment of brokers by the AMC and shall ensure that the AMC has been diligent in empaneling the brokers, in monitoring securities transactions with brokers and avoiding undue concentration of business with any broker.
- The trustees shall ensure that the transactions entered into by the asset management company are in accordance with these regulations and the schemes.
- The Trustee shall ensure that the AMC has not given any undue or unfair advantage to any associates or dealt with any of the associates of the AMC in any manner detrimental to interest of the unitholders.
- The Trustee shall ensure that the transactions entered into by the AMC are in accordance with the Regulations and the scheme.
- The Trustee shall ensure that the AMC has been managing the mutual fund schemes independently of other activities and have taken adequate steps to ensure that the interest of investors of one scheme are not being compromised with those of any other scheme or of other activities of the AMC.
- The Trustee shall ensure that all the activities of the AMC are in accordance with the provisions of the Regulations.
- Where the Trustee have reason to believe that the conduct of business of the mutual fund is not in accordance with the Regulations and the scheme, they shall forthwith take such remedial steps as are necessary by them and shall immediately inform SEBI of the violation and the action taken by them.
- All directors of the Trustee shall file the details of their transactions of dealing in securities with the Mutual Fund, within the time and manner as may be specified by SEBI from time to time.
- The Trustee shall be accountable for, and be the custodian of, the funds and property of the respective schemes and shall hold the same in trust for the benefit of the unitholders in accordance with the Regulations and the provisions of the Trust Deed.
- The Trustee shall take steps to ensure that the transactions of the Mutual Fund are in accordance with the provisions of the Trust Deed.
- The Trustee shall ensure that the investment of the Trust Fund and unit Capital of each scheme is made only in the permitted securities and within limits prescribed by the Trust Deed, the Regulations, and the Scheme Information Document of the scheme concerned.
- The Trustee shall hold in safe custody and preserve the properties of the Mutual Fund and the various schemes of the Mutual Fund.
- The Trustee shall ensure that the income calculated by the AMC under sub-regulation (25) of regulation 25 of the Regulations is in accordance with the Trust Deed and the Regulations.
- The Trustee shall obtain the consent of the unitholders—
  - (a) whenever required to do so by SEBI in the interest of the unitholders; or
  - (b) whenever required to do so on the requisition made by three-fourths of the unitholders of any scheme; or
  - (c) when the majority of the Trustee decide to wind up a scheme in terms of clause (a) of sub regulation (2) of regulation 39 or prematurely redeem the units of a close ended scheme.
- The Trustee shall not acquire or allow the AMC to acquire any asset out of the Trust Fund, which involves assumption of unlimited liability or results in encumbrance of Trust Fund.
- The Trustee is bound to make such disclosures to the unit holders as are essential to keep the unitholders

informed about any information known to the Trustee which may have a material adverse bearing on their investments.

- The Trustee shall provide or cause to provide such information to the unit holders and SEBI, as may be specified by SEBI from time to time.
- The Trustee shall act in the best interest of unit holders.
- The Trustee, in carrying out its responsibilities under the Trust Deed and the Regulations, shall maintain arm's length relationship with other companies, institutions or financial intermediaries or any body corporate with which it is associated.
- A Director of the Trustee shall not participate in the meetings of the Trustee or in any decision making process in respect of any investments in which he may be interested.
- All directors of the Trustee shall furnish to the board of trustees or trustee company particulars of interest which they may have in any other company, or institution or financial intermediary or any corporate body by virtue of his position as director, partner or with which they may be associated in any other capacity.
- The Trustee shall abide by the code of conduct specified in PART-A of the Fifth Schedule of the Regulations.
- The Trustee may amend the Trust Deed with the prior approval of SEBI, and the unit holders where it affects the interest of unit holders.
- The Trustee may, subject to the Regulations, prescribe terms and make rules for the purpose of giving effect to the provisions of the schemes with power to the Investment Manager to add to, alter or amend all or any of the terms and rules that may be framed from time to time.
- The Trustee shall ensure that no change in the Fundamental Attributes of any scheme, the fees and expenses payable or any other change which would modify the scheme and affect the interest of the unit holders is carried out by the AMC unless it complies with sub-regulation (26) of regulation 25 of the SEBI (Mutual Funds) Regulations, 1996.
- The Trustee shall call for the details of transactions in securities by the key personnel of the AMC in his own name or on behalf of the AMC and shall report to SEBI, as and when required.
- The Trustee shall quarterly review all transactions carried out between the mutual funds, AMC and its associates.
- The Trustee shall on a quarterly basis review the net worth of the AMC to ensure compliance with the threshold provided in clause (f) of sub-regulation (1) of regulation 21 of the SEBI (Mutual Funds) Regulations, 1996 on a continuous basis.
- The Trustee shall periodically review the service contracts relating to custody arrangements and satisfy themselves that such contracts are executed in the interest of the unit holders.
- The Trustee shall ensure that there is no conflict of interest between the manner of deployment of its net worth by the AMC and the interest of the unit- holders.
- The Trustee shall periodically review the investor complaints received and the redressal of the same by the AMC.
- The Trustee shall furnish to SEBI on a half-yearly basis,—
  - (a) a report on the activities of the mutual fund;
  - (b) a certificate stating that the Trustee has satisfied themselves that there have been no instances of self-dealing or front running by the Trustee, directors and key personnel of the AMC;
  - (c) a certificate to the effect that the AMC has been managing the schemes independently of any other activities

and in case any activities of the nature referred to in clause (b) of regulation 24 have been undertaken by the AMC and has taken adequate steps to ensure that the interests of the unitholders are protected.

- The independent trustees referred to in sub-regulation (5) of regulation 16 shall give their comments on the report received from the AMC regarding the investments by the Mutual Fund in the securities of group companies of the Sponsor.
- The Trustee shall call for a meeting of the unit holders of a scheme, as required by the Regulations for the time being in force, whenever it is required by SEBI to do so in the interest of the unit holders, or if the Trustee determines to prematurely redeem the units or wind up the scheme.
- If any difficulty arises in giving effect to the provisions of the schemes, the Trustee may do anything not inconsistent with such provisions, subject to the Regulations, which appear to be necessary, desirable or expedient, for the purpose of removing such difficulty.
- The Trustee also shall exercise due diligence in the following manner:

(a) General Due Diligence:

- The Trustee shall be discerning in the appointment of the directors on the Board of the AMC.
- The Trustee shall review the desirability of continuance of the AMC if substantial irregularities are observed in any of the schemes and shall not allow the AMC to float new schemes.
- The Trustee shall ensure that the trust property is properly protected, held and administered by proper persons and by a proper number of such persons.
- The Trustee shall ensure that all service providers are holding appropriate registrations from SEBI or concerned regulatory authority.
- The Trustee shall arrange for test checks of service contracts.
- The Trustee shall immediately report to SEBI of any special developments in the Mutual Fund.

(b) Specific Due Diligence:

- Obtain internal audit reports at regular intervals from independent auditors appointed by the Trustee.
- Obtain compliance certificates at regular intervals from the AMC.
- Hold meetings of Trustee more frequently.
- Consider the reports of the independent auditor and compliance reports of the AMC at the meetings of trustees for appropriate action.
- Maintain records of the decisions of the Trustee at their meetings and of the minutes of the meetings.
- Prescribe and adhere to a code of ethics by the Trustee, AMC and its personnel.
- Communicate in writing to the AMC of the deficiencies and checking on the rectification of deficiencies.

(c) Core responsibilities of the Trustees:

- i. The Trustee shall ensure the fairness of the fees and expenses charged by the AMC.
- ii. The Trustee shall review the performance of AMC in its schemes vis-a-vis performance of peers or the appropriate benchmarks.
- iii. The Trustee shall ensure that the AMC have put in place adequate systems to prevent mis-selling to increase assets under their management and valuation of the AMC.
- iv. The Trustee shall ensure that operations of AMC are not unduly influenced by the Sponsor, its associates and other stakeholders of the AMC.
- v. The Trustee shall ensure that undue or unfair advantage is not given by AMC to any of their associates/group entities.
- vi. The Trustees shall be responsible to address conflicts of interest, if any, between the shareholders/stakeholders/associates of the AMCs and unitholders.

- vii. The Trustee shall ensure that the AMC has put in place adequate systems to prevent misconduct including market abuse/misuse of information by the employees, AMC and connected entities of the AMC.
  - viii. The Trustee shall take steps to ensure that there are system level checks in place at AMC's end to prevent fraudulent transactions including front running by employees, form splitting/ mis-selling by distributors etc. The Trustees shall review such checks periodically.
  - ix. The Trustee and their resource persons shall independently evaluate the extent of compliance by AMC vis-à-vis the identified key areas and not merely rely on AMC's submissions /external assurances.
  - x. AMCs shall put in place suitable mechanisms/systems to generate system based information/data/reports for evaluation and effective due diligence by the Trustee. AMC shall provide alerts based automated reports to the Trustees as may be required by the Trustee.
  - xi. The Trustee shall ensure that suitable mechanisms/systems are put in place by the AMC to generate system based information/data/reports for evaluation and effective due diligence by the Trustee. The Trustee shall also ensure that the AMC periodically review such systems.
  - xii. AMC shall submit exception reports/analytical information to the Trustee that add value to the process of exercising their oversight role. The Trustee shall evaluate the nature and adequacy of the alerts and the manner of dealing with such alerts by AMC.
  - xiii. The Trustee shall require the AMC to furnish, in a true and fair manner, reports and alerts based on pre-decided parameters including but not limited to the areas specified as core responsibilities at "i, ii, iii, iv, v, vi, vii" above, for taking appropriate action.
  - xiv. The Trustee shall periodically review the steps taken by AMC for folios which do not contain all the Know Your Client (KYC) attributes / updated KYC attributes and ensure that the AMCs take remedial steps necessary for updating the KYC attributes especially pertaining to bank details, PAN, mobile phone number
- The independent directors of the Trustees shall pay specific attention to the following, as may be applicable, namely:—
    - The Investment Management Agreement and the compensation paid under the agreement,
    - Service contracts with Associate—whether the asset management company has charged higher fees than outside contractors for the same services,
    - Selections of the asset management company's independent directors,
    - Securities transactions involving associates to the extent such transactions are permitted,
    - Selecting and nominating individuals to fill independent directors vacancies,
    - Code of ethics must be designed to prevent fraudulent, deceptive or manipulative practices by insiders in connection with personal securities transactions,
    - The reasonableness of fees paid to sponsors, asset management company and any others for services provided,
    - Principal underwriting contracts and their renewals,
    - Any service contract with the associates of the asset management company.

The trustees shall also exercise due diligence on such matters as may be specified by SEBI from time to time.

In terms of the Regulation 18 (25) (C), the Trustee shall exercise independent due diligence on certain "core responsibilities" as specified by SEBI vide circular no. SEBI/HO/IMD/IMD-POD-1/P/CIR/2023/117 dated July 07, 2023 had specified the core responsibilities of the Trustees wherein Trustees shall exercise independent due diligence on certain core responsibilities. Further, the said circular also specified the areas wherein the Trustees may rely on professional firms such as Audit Firms, Legal Firms, Merchant Bankers, etc. (collectively referred to as "third party fiduciaries") for carrying out due diligence on behalf of the Trustees.

Notwithstanding the aforesaid, the Trustee shall not be held liable for acts done in good faith if they have exercised adequate due diligence honestly.

### **3. Supervisory Role of the Trustee**

During the financial year 2024-25 (April to March), the Trustee has held eight Board meetings. The supervisory role of the Trustee is discharged by receiving continuous feedback from the AMC on matters of importance, through quarterly and half yearly reports, and a review of the Mutual Fund's operation at Board Meetings. In addition, the Trustee receives feedback and periodic reports from the Independent Auditors appointed by it in accordance with the Regulations.



## II. Asset Management Company

quant Money Managers Limited (the '**AMC**') is an unlisted public limited company incorporated under the Companies Act, 1956 on December 01, 1995, having its Registered Office at 6th Floor, Sea Breeze Building, Appasaheb Marathe Marg, Prabhadevi, Mumbai – 400 025. The AMC 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 the Trustee and the AMC.

As on March 31, 2025, Equity Shareholding pattern of quant Money Managers Limited is as follows:

Sr. No	Name of the Equity Shareholders	% of paid-up equity share capital	Type of person
1.	quant Capital Finance and Investments Private Limited	90.998	Non-Banking Financial Company
2.	Other Shareholders	9.002	Individuals

### Details of AMC Directors:

Name	Age	Educational Qualification	Brief Experience
Mr. Sandeep Tandon,  Executive Director	55 years	MBA in Finance	Sandeep is the Founder & Chief Investment Officer of the quant Group and has a vast experience of over 33 years in capital markets. His journey in the money management business started in FY 1992- 93 with GIC mutual fund (a JV partner with George Soros in India) where he was a trainee. He later joined IDBI Asset Management (now Principal Asset Management), where he was a founding member and was part of the core team that initialized the asset management business. He played a key role in devising, conceptualizing and marketing one of India's most successful mutual fund schemes: IDBI I-NITS 95. Furthermore, Sandeep worked in pivotal positions at several reputed financial services firms including ICICI Securities (a JVpartner with J P Morgan in India), Kotak Securities (a J V partner with Goldman Sachs in India) and REFCO (erstwhile global derivatives firm). He has also worked at the Economic Times Research Bureau (a research wing of Bennett, Coleman and Company Limited).
Mr. Shashi Menghraj Kataria,  Executive Director and Chief Financial Officer	47 years	Chartered Accountant	Shashi has 20 years' total experience in Accounting, Audit, Direct & Indirect Taxation, Financials & MIS, Payroll and Labour Law compliance out of which 13 years are from the Indian Mutual Fund industry. His last assignment was with PPFAS Asset Management Private Limited as CFO & Director. He was previously associated with DSP Blackrock Investment Managers Private Limited as Manager Finance. He had also worked on assignment basis in various companies like Cargotec India Private Limited, Redbull India Private Limited, UTV Software Limited, UCB Pharmaceuticals Limited, Cravatex Limited, among several others, while he was associated with Ganesh Jagadeesh & Co. Chartered Accountants. He is a Commerce graduate from Mumbai University and a fellow member of Institute of Chartered Accountants of India (ICAI)

Mr. Deep Shukla, Independent Director	52 years	B. Com, LL.B, FCS	For over a decade and half now, Mr. Deep has been engaged as consultant/retainer with significant number of Reputed Listed Companies, Foreign Companies and Private Companies. He is also associated with some of the entities in capacity of a Professional Director. Due to his various involvements as professional corporate law advisor, he has vast associations with various industry experts and professionals from wide range of disciplines like Solicitors, Advocates, Chartered Accountants and Cost Accountants. Deep is a Fellow Member of Institute of Company Secretaries of India (ICSI) and a Graduate of Bachelor of Commerce and Law (specialized as professional Corporate Law Advisor). His clientele is diverse and ranges from Agrotech to IT and BFSI to Logistics & Travel.
Mr. Kamal Kumar Basu, Independent Director	62 years	B.Com and Marketing Management , Diploma from Jamnalal Bajaj Institute of Management Studies	Mr. Kamal Basu has over 30 years of rich experience in Marketing and Brand Leading. His passion for brands and its consumers took him on a career journey traversing marquee advertising agency brands like Young & Rubicam, Ogilvy, and Saatchi & Saatchi. During his career, he managed brands across service categories (British Airways, American Express Cards), Pharmacy (Glaxo, Smithkline Beecham, Novartis, J&J) to Personal and Body Care (Hindustan Unilever, P&G) amongst others. He started his career with Rediffusion Y&R, after which he subsequently moved to Ogilvy & Mather. He then became the youngest CEO of Saatchi & Saatchi for 11 years and led the agency into the top 10 agencies. Later, he worked as Head of Marketing with SKODA India and then as Head of Marketing & PR with Volkswagen India. He has also worked as Advisor – ecommerce and Brand Lead with Nissan Motor, India and as Head e-commerce & CRM with Petromin Automotive.
Mr. Rickson Rodricks Independent Director	46 years	Digital Information Technology	Mr. Rickson is an M.B.B.S dropout turned Serial entrepreneur with over 25 years of experience in varied sectors such as Internet business, Film productions, Hospitality, Currency and Commodity trading & Portfolio management services. He has been amongst the earliest Digital marketing trainers, SEO professionals & Growth hackers in India.

### **Duties and Responsibilities of the Asset Management Company (AMC) as specified in Regulation.**

Under the Regulations and the Investment Management Agreement, the AMC has to comply with certain duties and responsibilities, including but not limited to:

- a. The AMC shall take all reasonable steps and exercise due diligence to ensure that the investment of funds pertaining to any Scheme is not contrary to the provisions of the Regulations and the Trust Deed.
- b. The AMC shall exercise due diligence and care in all its investment decisions as would be exercised by other persons engaged in the same business.
- c. The AMC shall obtain, wherever required under these regulations, prior in-principle approval from the recognized stock exchange(s) where units are proposed to be listed.
- d. The AMC shall be responsible for the acts of commissions or omissions by its employees or the persons whose services have been procured by the AMC.
- e. The AMC shall submit quarterly reports on the functioning of the Scheme and the compliance with Regulations to the Trustee or at such intervals as may be required by the Trustee or SEBI.
- f. The Trustee at the request of the AMC may terminate the assignment of the AMC at any time. Provided that such termination shall become effective only after the Trustee has accepted the termination of assignment and communicated its decision in writing to the AMC.
- g. Notwithstanding anything contained in any contract or agreement or termination, the AMC or its directors or other officers shall not be absolved of any liability to the Mutual Fund for its / their acts of commission or omissions, while holding such position or office.
- h. The Chief Executive Officer (whatever be the designation) of the AMC shall ensure that the mutual fund complies with all the provisions of these regulations and the guidelines or circulars issued in relation thereto from time to time and that the investments made by the fund managers are in the interest of the unit holders and shall also be responsible for the overall risk management function of the mutual fund.
- i. Chief Executive Officer (whatever be the designation) shall also ensure that the AMC 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 the 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 AMC and Trustee.
- j. The fund managers (whatever be the designation) shall ensure that the funds of the schemes are invested to achieve the objectives of the scheme and in the interest of the unit holders.
- k. 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 Trustee that they have complied with the said code of conduct or list exceptions, if any
- l. 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.
- m. 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 Trustee that they have complied with the said code

of conduct or list exceptions, if any.

- n. The board of directors of the AMC shall ensure that all the activities of the AMC are in accordance with the provisions of the Regulations.
- o. The AMC shall not through any broker associated with the Sponsor, purchase or sell securities, which is an average of 5% or more of the aggregate purchases and sale of securities made by the Mutual Fund in all its Scheme or as may be prescribed under SEBI (MF) Regulations.

Provided that for the purpose of this clause, 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 or as may be prescribed under Regulations.

- p. The AMC shall not purchase or sell securities through any broker (other than a broker referred to in clause above) which is average of 5% or more of the aggregate purchases and sale of securities made by the Mutual Fund in all its Scheme or as may be prescribed under Regulations unless the AMC has recorded in writing the justification for exceeding the limit of 5% or as may be prescribed under Regulations and reports of all such investments are sent to the Trustee on a quarterly basis. Provided that

the aforesaid limit shall apply for a block of any three months or as may be prescribed under Regulations.

- q. The AMC shall not utilise the services of the Sponsor or any of its associates, employees or their relatives, for the purpose of any securities transaction and distribution and sale of securities. Provided that the AMC may utilise 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 and annual accounts of the Mutual Fund.

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

- any underwriting obligations undertaken by the Scheme for the Mutual Fund with respect to issue of securities of associate companies;
  - devolvement, if any;
  - subscription by the Scheme in the issues lead managed by associate companies;
  - subscription to any issue of equity or debt on private placement basis where the Sponsor or its associate associate companies have acted as arranger or manager.
- r. In case the AMC enters into any securities transactions with any of its associates a report to that effect shall be sent to the Trustee at its next meeting.
  - s. In case any company has invested more than 5 per cent of the Net Asset Value of a Scheme or as may be prescribed under Regulations, the investment made by that Scheme or by any other Scheme in that company or its subsidiaries shall be brought to the notice of the Trustee by the AMC and be disclosed in the half yearly and annual accounts of the respective Scheme with justification for such investment. The said disclosure will be made provided the latter investment has been made within one year of the date of the former investment, calculated on either side.
  - t. The AMC shall file with the Trustee and SEBI:-
    - detailed bio-data of all its directors along with their interest in other companies within fifteen days of their appointment;
    - any change in the interest of directors every six months; and
    - a quarterly report to the Trustee giving details and adequate justification about the purchase and sale of the securities of the group companies of the Sponsor or the AMC as the case may be by the Mutual Fund during the said quarter.
  - u. Each director of the AMC shall file with the Trustee details of his transactions or dealings in securities of such value on a periodical basis as may be specified under the Regulations from time to time.

- v. The AMC shall not appoint any person as key personnel who has been found guilty of moral turpitude or convicted of any economic offence or involved in violation of securities laws.
- w. The AMC shall appoint registrars and share transfer agents who are registered with SEBI.

Provided if the work relating to the transfer of Units is processed in-house, the charge at competitive market rates may be debited to the Scheme and for rates higher than the competitive market rates, prior approval of the Trustee shall be obtained and reasons for charging higher rates shall be disclosed in the annual accounts.

- x. The AMC shall abide by the Code of Conduct as specified in PART-A of the Fifth Schedule of the Regulations.
- y. The AMC shall -
  - not act as a Trustee of any mutual fund;
  - not undertake any other business activities except activities in the nature of portfolio management services, investment management and advisory services to domestic and offshore funds, pension funds, provident funds, venture capital funds, management of insurance funds, financial consultancy and exchange of research on commercial basis if any of such activities are not in conflict with the activities of the Mutual Fund without the prior approval of the Trustee and SEBI. Provided that the AMC may itself or through its subsidiaries undertake such activities if it satisfies SEBI that the key personnel of the AMC, the systems, back office, bank and securities accounts are segregated activity wise and there exist systems to prohibit access to inside information of various activities. Provided further that AMC shall meet capital adequacy requirements, if any, separately for each such activity and obtain separate approval, if necessary under the relevant regulations;
  - not invest in any of its Scheme unless full disclosure of its intention to invest has been made in the Scheme Information Document (SID); Provided that the AMC shall not be entitled to charge any fees on its investment in that Scheme;
    - not acquire any assets out of the Trust Fund which involves the assumption of any liability which is unlimited or which may result in encumbrance of the Scheme property in any way.
- z. The AMC shall ensure that the Mutual Fund complies with all the provisions of Regulations, 1996 and the guidelines or circulars issued in relation thereto from time to time and that the investments made by the fund managers are in the interest of the unit holders and shall also be responsible for the overall risk management function of the Mutual Fund.
- aa. The AMC for each scheme shall keep and maintain proper books of account, records and documents, for each scheme so as to explain its transactions and to disclose at any point of time the financial position of each scheme and in particular give a true and fair view of the state of affairs of the Fund and intimate to the SEBI the place where such books of account, records and documents are maintained.
- bb. The AMC shall maintain and preserve for a period of eight years its books of account, records and documents.
- cc. The AMC shall not carry out its operations including trading desk, unit holder servicing and investment operations outside the territory of India.
- dd. 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.
- ee. The AMC and the Sponsor 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.
- ff. The AMC shall report and disclose all the transactions in debt and money market securities, including inter scheme transfers, as may be specified by SEBI from time to time.
- gg. The board of directors of the asset management company shall exercise due diligence as follows:

- a) The board of directors of the asset management company shall ensure before the launch of any scheme that the asset management company has-
  - i. systems in place for its back office, dealing room and accounting;
  - ii. appointed all key personnel including fund manager(s) for the scheme(s) and submitted their bio-data which shall contain the educational qualifications and past experience in the securities market with the Trustees, within fifteen days of their appointment;
  - iii. appointed auditors to audit its accounts;
  - iv. 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;
  - v. appointed a registrar to an issue and share transfer agent registered under the Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 and laid down parameters for their supervision;
  - vi. prepared a compliance manual and designed internal control mechanisms including internal audit systems;
  - vii. specified norms for empanelment of brokers and marketing agents;
  - viii. obtained, wherever required under these regulations, prior in principle approval from the recognized stock exchange(s) where units are proposed to be listed.
- b) The board of directors of the asset management company shall ensure that –
  - ix. the asset management company has been diligent in empanelling the brokers, in monitoring securities transactions with brokers and avoiding undue concentration of business with specific brokers;
  - x. the asset management company has not given any undue or unfair advantage to any associate or dealt with any of the associate of the asset management company in any manner detrimental to interest of the unit holders;
  - xi. the transactions entered into by the asset management company are in accordance with these regulations and the respective schemes;
  - xii. the transactions of the mutual fund are in accordance with the provisions of the trust deed;
  - xiii. the networth of the asset management company are reviewed on a quarterly basis to ensure compliance with the threshold provided in clause (f) of sub-regulation (1) of regulation 21 on a continuous basis;
  - xiv. all service contracts including custody arrangements of the assets and transfer agency of the securities are executed in the interest of the unit holders;
  - xv. there is no conflict of interest between the manner of deployment of the networth of the asset management company and the interest of the unit holders;
  - xvi. the investor complaints received are periodically reviewed and redressed;
  - xvii. all service providers are holding appropriate registrations with the Board or with the concerned regulatory authority;
  - xviii. any special developments in the mutual fund are immediately reported to the trustees;
  - xix. there has been exercise of due diligence on the reports submitted by the asset management company to the trustees;
  - xx. there has been exercise of due diligence on such matters as may be specified by the Board from time to time.
- hh. The compliance officer appointed under sub-clause (iv) of clause (a) of sub-regulation (22) shall independently and immediately report to the Board any non-compliance observed by him.
- ii. The asset management company shall constitute a Unit Holder Protection Committee (UHPC) in the form and manner and with a mandate as may be specified by the Board.  
The UHPC shall be responsible for-
  - a) protection of interest of unit holders of Mutual Fund schemes vis-a-vis all products and services provided by the AMC.
  - b) ensuring adoption of sound and healthy market practices in terms of investments, sales, marketing, advertisement, management of conflict of interests, redressal of unit holder's grievances, investor awareness.
  - c) compliance with laws and regulations and other related processes with specific reference to operation of the Mutual Fund business.
- jj. The asset management company shall be responsible for calculation of any income due to be paid to the mutual fund and also any income received in the mutual fund, for the unit holders of any scheme of the mutual fund, in accordance with these regulations and the trust deed.
- kk. The asset management company shall ensure that no change in the fundamental attributes of any scheme or the

trust, fees and expenses payable or any other change which would modify the scheme and affect 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 issued in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of region where the Head Office of the mutual fund is situated; and
  - ii. the unit holders are given an option to exit at the prevailing Net Asset Value without any exit load.
- II. The asset management company shall put in place an institutional mechanism, as may be specified by the Board, for the identification and deterrence of potential market abuse including front-running and fraudulent transactions in securities.
- mm. The Chief Executive Officer or Managing Director or such other person of equivalent or analogous rank and Chief Compliance Officer of the asset management company shall be responsible and accountable for implementation of such an institutional mechanism for deterrence of potential market abuse, including front running and fraudulent transactions in securities.
- nn. The asset management company shall establish, implement and maintain a documented whistle blower policy that shall — (a) provide for a confidential channel for employees, directors, trustees, and other stakeholders to raise concerns about suspected fraudulent, unfair or unethical practices, violations of regulatory or legal requirements or governance vulnerability, and (b) establish procedures to ensure adequate protection of the whistle blowers.
- oo. An asset management company shall ensure compliance with the Investor Charter specified by the Board from time to time.
- pp. The asset management company shall conduct stress testing for such schemes as specified by the Board and disclose the results of the stress testing in the form and manner, as may be specified by the Board.

The independent directors of the AMC shall pay specific attention to the following, as may be applicable, namely:—

- (i) The Investment Management Agreement and the compensation paid under the agreement,
- (ii) Service contracts with associate—whether the asset management company has charged higher fees than outside contractors for the same services,
- (iii) Selections of the asset management company's independent directors,
- (iv) Securities transactions involving associate 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.



**Information on Key Personnel:**

Name	Age	Designation	Educational Qualification	Total No. of years of Experience	Brief Experience
<b>Mr. Sandeep Tandon</b>	55 Years	Chief Executive Officer, Chief Investment Officer and Fund Manager-Equity	MBA in Finance	Over 33 years of experience of Capital Markets	Sandeep is the Founder & Chief Investment Officer of the quant Group and has a vast experience of over 33 years in capital markets. His journey in the money management business started in FY 1992- 93 with GIC mutual fund (a JV partner with George Soros in India) where he was a trainee. He later joined IDBI Asset Management (now Principal Asset Management), where he was a founding member and was part of the core team that initialized the asset management business. He played a key role in devising, conceptualizing and marketing one of India's most successful mutual fund schemes: IDBI I-NITS 95. Furthermore, Sandeep worked in pivotal positions at several reputed financial services firms including ICICI Securities (a JVpartner with J P Morgan in India), Kotak Securities (a J V partner with Goldman Sachs in India) and REFCO (erstwhile global derivatives firm). He has also worked at the Economic Times Research Bureau (a research wing of Bennett, Coleman and Company Limited).
<b>Mr. Premprakash Dubey</b>	46 Years	Operations Head (with effect from September 02, 2024)	Master in Business Administrations, Masters in Commerce, Bachelor in Commerce, Govt. Diploma in Co-operation & Accountancy, Diploma in Business Management	Over 24 years of experience	Premprakash has overall 24 years of experience involving over 19 years in Mutual Fund FA & Treasury & Trade Operations. Prior to this he was with PPFAS Asset Management Private Limited, as Chief Manager – Operations, in the domain of NAV, trade operations, banking operations & reporting. Prior to that he was with DSP Mutual Fund as Senior Manager-Trade & Treasury Operations (TTO) monitoring end-to-end trade reporting and settlement & managing daily cash flow reporting & team supervision activities. His various prior stints include Matsun Casting Private Limited as Account Assistant, G D Rathi & Company as part of the audit staff, Kanak Vora Capital Private Limited etc. He has rich and varied experience across investment

					Banking, evaluation of information, processing of accounts, managing confidential information for corporate and retail clients & portfolio management. As a trade operations professional, he has assisted clients on complete trade life cycle from trade confirmation to settlement, clearing and reporting, monitoring trades for settlement in the market and payment processing. He has expertise in managing service operations for rendering and achieving quality services; providing first line customer support by answering trade related queries & resolving their issues and ensuring minimum TAT. He holds an M.Com degree, a Government Diploma in Co-operative and Accountancy (G.D.C.A.) and is a MBA (Finance).
<b>Ms. Ushalakshmi Raman</b>	58 Years	Chief Compliance Officer & Company Secretary (with effect from October 24, 2024)	B Com (Hons), Chartered Accountant, Cost Accountant, Company Secretary	Over 30 years of experience	Usha Lakshmi Raman, has over 30 years of experience in the industry and has previously held leadership roles at SBI Funds Management as Head of Internal Audit and at JPMorgan where she was responsible for Custody Securities Operations and Risk Management. She brings to the table seasoned expertise in many areas of internal audit, operations, process improvement and strategy. Usha is accomplished as a CA, CS and Cost Accountant and is a regular speaker at the Institute of Chartered Accountants of India. In 2024, she received an award as the STAR Woman of WIRC of ICAI. Her leadership will be instrumental in upholding our commitment to the highest standards of integrity and ethical business practices. By ensuring that our compliance framework evolves and adapts to the ever-changing needs of the industry and regulators, Usha will play a key role in reinforcing our dedication to responsible governance and operational excellence.
<b>Mr. Anupam Saxena</b>	49 years	Chief Business Officer – Retail	Post Graduate in Management SIESCOMS, Certificate program in Business Strategy – IIM Kozhikode, Ruth Cohn Leadership Program – Tata	Over 20 years of experience	Mr. Anupam has prolific experience of more than 20 years in the Mutual Fund Industry. He completed his post graduate in Management from SIESCOMS, a Certificate program in Business Strategy from IIM Kozhikode and was part of Ruth Cohn Leadership Program at Tata Institute of Fundamental Research. Before joining quant, Anupam has worked at leading Mutual Fund houses including DSP

			Institute of Fundamental Research, Mumbai		Blackrock MF, LIC MF and Motilal Oswal MF. Given his vast experience and qualifications, Anupam handles various responsibilities of Sales, Business Development and Internal Training programs.
<b>Mr. Surendra Yadav</b>	49 years	Chief Business Officer-Wealth & Management Investors	B.com, MBA - Marketing	Over 20 years of experience	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. He holds a Commerce degree and is an MBA with specialization in Marketing. In his free time; he loves to practice yoga and is an avid marathoner.
<b>Ms. Khushboo Meshri</b>	28 Years	Chief Risk Officer	MBA, M.com (Hons) in Finance	More than 7 years of experience	Khushboo Meshri is the Chief Risk Officer at quant Mutual Fund. Before joining quant, Khushboo worked in market surveillance at the Bombay Stock Exchange. In Financial Surveillance she conducted investigations and coordinated with the regulator to create a framework for proactive identification of financial frauds. In Online Surveillance, Khushboo was responsible for strengthening systems that generate periodic alerts & monitor various segments of the market for any aberrant activity. Prior to that, she worked in internal audit at the State Bank of Mauritius, where she helped identify and reduce all business risks through effective implementation and monitoring of controls. Khushboo holds a dual MBA and Master of Commerce degree from the University of Mumbai. She is an alumni of St. Xavier's College, Mumbai.
<b>Ms. Sudha Biju</b>	48 years	Chief Investor Relations Officer (with effect from September 02, 2024)	Masters in Financial Management from Welingkar Institute of Management	Over 20 years of experience	Sudha has two decades of experience in client services, complaint investigation and resolution. She was previously working with HDFC Asset Management Private Limited as AVP – Corporate Client Service where she led the Call Centre team, focused on performance management and ensured high-quality customer service and efficient handling of inquiries. She was also responsible for client

					servicing and service operations for HNIs and was responsible for the development/documentation of various processes/ activities handled by the client services team. Previous to this, she worked with HSBC Asset Management as Associate Vice President – Customer Service. She also worked with HDFC Limited as a Call Centre Head for recoveries and was a part of the Six Sigma Project while restructuring the Call Centre. She also did stints with e-Serve International as a Unit Head – External Business and Citibank Credit Cards. She holds an M'Com degree and a Master in Financial Management.
<b>Mr. Shashi Menghraj Kataria</b>	47 years	Executive Director & Chief Financial Officer (with effect from July 01, 2024)	Chartered Accountant	Over 20 years of experience	Shashi has 20 years' total experience in Accounting, Audit, Direct & Indirect Taxation, Financials & MIS, Payroll and Labour Law compliance out of which 13 years are from the Indian Mutual Fund industry. His last assignment was with PPFAS Asset Management Private Limited as CFO & Director. He was previously associated with DSP Blackrock Investment Managers Private Limited as Manager Finance. He had also worked on assignment basis in various companies like Cargotec India Private Limited, Redbull India Private Limited, UTV Software Limited, UCB Pharmaceuticals Limited, Cravatex Limited, among several others, while he was associated with Ganesh Jagadeesh & Co. Chartered Accountants. He is a Commerce graduate from Mumbai University and a fellow member of Institute of Chartered Accountants of India (ICAI)
<b>Mr. Dinesh Khot</b>	38 years	Chief Information Security Officer	Bachelor's degree in Science (Information Technology)	Over 12 years of experience	Dinesh Khot is a Chief Manager and Chief Information Security Officer at quant Money Managers Limited. He is responsible for the overall information and cyber security strategy and its implementation across the organization. Dinesh has over 12 years of industry experience across Information Technology and Cyber Security domains. He is skilled in IT Strategy and Services, Technology Implementation, Business Automation and Processes, Business Continuity Planning and Disaster Recovery Planning (BCP-DRP) and Vendor Management. Dinesh holds a Bachelor's degree in Science (Information Technology). His

					professional certifications include VCP and MCITP Certified Professional
<b>Mr. Sanjeev Sharma</b>	45 years	Fund Manager Debt & Chief Dealer - Debt	M.Com, PGDBA (Fin), Certification in Treasury, Forex & Risk Management	Overs 20 years of experience in Fixed Income dealing	Mr. Sharma has over 20 years of experience equity, debt, fund management and treasury operations.
<b>Mr. Ankit Pande</b>	40 years	Fund Manager Equity	CFA, MBA	Overs 13 years of experience	Ankit has Experience of more than 14 years in Indian equities and of over 3 years in software products with Infosys' core banking software, 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.
<b>Mr. Varun Pattani</b>	29 years	Fund Manager- Equity (with effect from February 03, 2025)	Chartered Accountant	Over 3 years of experience in Fund management	Varun after working briefly at an investment advisory firm, joined quant Mutual Fund in May 2021 as an Investment Analyst. With a strong commitment to a sector agnostic learning approach, he is deeply passionate about identifying investment opportunities and his analytical acumen and forward thinking approach has consistently delivered results. Over the past five years, Varun has cultivated a comprehensive and multi dimensional expertise in active fund management. His skill set includes macroeconomic research, sector and stock analysis, money flow assessments, primary market deal evaluations, and decoding medium to long-term market cycles using historical and macroeconomic data.
<b>Mr. Sameer Kate</b>	55 years	Fund Manager- Equity (with effect from January 09, 2025) & Chief Dealer-Equity (with effect from February 03, 2025)	Bachelor of Computer Science - Pune University, MBA from IME Pune	Over 20 years of experience	Sameer has over two decades of experience in Indian equities and derivatives dealing. Prior to joining quant MF, Sameer was Sr. Sales Trader at Investec Capital covering equity and derivatives trading for domestic and foreign institutional clients. He has also worked for over 16 years at Kotak Securities (Institutional Equities) as a Derivatives Sales Trader.

<b>Mr. Lokesh Garg</b>	47 years	Fund Manager-Equity (with effect from February 03, 2025)	MBA - IIM Ahmedabad, B.Tech - IIT Roorkee with a University Gold Medal, CFA Level III	Over 20 years of experience	Lokesh brings two decades of experience in the equity markets. His most recent role was as Executive Director at UBS, India Institutional Equities, following the global UBSCredit Suisse merger. Prior to this, he worked with Credit Suisse as a Director in India Institutional Equities, where he was recognized as one of the top analysts in capital goods and managed coverage across multiple sectors, earning high praise from large institutional investors. Earlier in his career, he worked with ICICI Bank in Treasury and Infosys. He also has extensive experience with Kotak Institutional Equities and Credit Suisse/UBS, having consistently ranked highly as an analyst across a variety of sectors.
<b>Mr. Yug Tibrewal</b>	30 years	Fund Manager-Equity & Dealer-Equity	Bachelor of Management studies (B.M.S), CFA charterholder	Over 7 Years of Experience	Yug Tibrewal is a CFA charterholder with over seven years of diverse experience in financial markets. At quant Mutual Fund, he specializes in liquidity analytics, fundamental research, and portfolio risk mitigation, while overseeing trade execution and analytics.
<b>Ms. Ayusha Kumbhat</b>	25 years	Fund Manager-Equity (with effect from February 03, 2025)	<ul style="list-style-type: none"> <li>• CFA – Level III</li> <li>• BSc (Hons) in Economics - University of Warwick</li> <li>• MSc in Behavioural &amp; Experimental Economics - University of East Anglia</li> </ul>	Over 1 year of experience	Ayusha had joined quant Mutual Fund as a Research Analyst and have speciality in investment research, economics and strategy. Her strong analytical foundation and quantitative expertise have significantly contributed to the fund's in-depth economic and strategic investment analysis. She has also led engagement initiatives with portfolio companies to inform investment decisions and has effectively utilized data and AI to enhance processes.
<b>Mr. Harshvardhan Bharatia</b>	23 years	Dealer-Debt, Fund Manager-Debt (with effect from February 03, 2025)	Bcom (Honours) in Finance CFA Level-1	Over 1 year of experience	Harshvardhan brings valuable experience in trading global fixed income products, including Secured Overnight Financing Rates (SOFR), Federal Funds Rates (FFR), and Treasury Bonds, from his time at Axxela Research and Analytics. Holding a degree in finance, he leverages various analytical tools to mitigate portfolio risks while maximizing returns. With over a year of experience in the quant MF investment team, Harshvardhan has honed his expertise in credit risk evaluation and interest rate management, skills he uses to strategically position the portfolio for optimal performance

## **PROCEDURE AND MANNER OF RECORDING INVESTMENT DECISIONS**

The fund managers carry out daily investment activities within the framework of SEBI guidelines in accordance with the investment objectives.

All investment decisions are recorded and documented in the format approved by the Boards of the AMC and Trustee. The fund manager continuously monitors all investment decisions and their impact on the performance of the schemes and carries out suitable adjustment on periodic intervals. Adherence to overall risk parameters is monitored by the Chief Investment Officer & Chief Executive Officer on a regular basis. The Boards of AMC and Trustee review the performance of the schemes in comparison with schemes of other mutual funds (with similar investment objective and asset profile generally) and benchmark of the scheme.



### III. Service providers

Service provider	Name	Address	SEBI Regn. No.
Custodian	HDFC Bank Limited	Empire Plaza 1, 04th Floor, LBS Marg, Vikhroli (W), Mumbai 400083	IN/CUS/001
Registrar and Transfer Agent #	Kfin Technologies Limited	Selenium, Tower B, Plot No 31 And 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Telangana, 500032.	INR000000221
Statutory Auditor of Mutual fund	M/s. M M Nissim & Co. LLP	Barodawala Mansion, B Wing, 3rd Floor, 81, Dr. Annie Besant Road, Worli, Mumbai - 400 018.	N.A.
Legal Counsel	There are no retained legal counsels to the Mutual Fund or AMC. The AMC uses the services of renowned legal counsel, if need arises.	N.A.	N.A.
Fund Accountant	HDFC Bank Limited	Empire Plaza 1, 04th Floor, LBS Marg, Vikhroli (W), Mumbai 400083	N.A.
Collecting Banker	During the NFO of the Scheme, the AMC may appoint the Collecting Bankers to accept the applications for investments into the Schemes. The details of the collecting bankers i.e. Name, Address and other required details will be communicated during the respective NFOs of the Schemes or as and when the Bankers are appointed.		

# The Boards of AMC and Trustee have ensured that the Registrar has adequate capacity to discharge responsibilities with regard to processing of applications and dispatching unit certificates to unit holders within the time limit prescribed in the Regulations and also has sufficient capacity to handle investor complaints.

#### IV. Condensed financial information (CFI)

Historical Per Unit Statistics is presented scheme wise for all the schemes launched by quant Mutual Fund during the last three fiscal years (excluding re- deemed schemes) for each of the last three fiscal years.

HISTORICAL PER UNIT STATISTICS	quant Dynamic Asset Allocation Fund (Date of Allotment: - April 12, 2023)		
	April 12, 2024- March 31, 2025	April 01, 2023- March 31, 2024	April 01, 2022- March 31, 2023
<b>NAV at the beginning of the year</b>			
Growth Option – Direct Plan	15.7907	N.A	N.A
Growth Option – Regular Plan	15.5422	N.A	N.A
IDCW Option – Direct Plan	15.7887	N.A	N.A
IDCW Option – Regular Plan	15.5431	N.A	N.A
<b>Income Distribution cum Capital Withdrawal (IDCW)*</b>			
<b>NAV at the end of the year</b>			
Growth Option – Direct Plan	15.8832	15.4692	N.A
Growth Option – Regular Plan	15.4056	15.2264	N.A
IDCW Option – Direct Plan	15.8787	15.4672	N.A
IDCW Option – Regular Plan	15.4071	15.2272	N.A
<b>Annualized return**</b>	2.7 %	57.4%	N.A
<b>Net Assets end of period (in Rs. Crs)</b>	1197.74	881.95	N.A
<b>Ratio of Recurring Expenses to net assets</b>	0.54%	0.61%	N.A

\* 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.

HISTORICAL PER UNIT STATISTICS	quant Business Cycle Fund (Date of Allotment : May 30, 2023)		
	April 1, 2024- March 31, 2025	May 30, 2023- March 31, 2024	April 01, 2022- March 31, 2023
<b>NAV at the beginning of the year</b>			
Growth Option – Direct Plan	15.6235	N.A.	N.A.
Growth Option – Regular Plan	15.415	N.A.	N.A.
IDCW Option – Direct Plan	15.6165	N.A.	N.A.
IDCW Option – Regular Plan	15.4151	N.A.	N.A.
<b>Income Distribution cum Capital Withdrawal (IDCW)*</b>			
<b>NAV at the end of the year</b>			
Growth Option – Direct Plan	15.2681	15.1962	N.A.
Growth Option – Regular Plan	14.8367	14.994	N.A.
IDCW Option – Direct Plan	15.2579	15.1897	N.A.
IDCW Option – Regular Plan	14.851	14.9942	N.A.
<b>Annualized return**</b>	0.5%	65.6%	N.A.
<b>Net Assets end of period (in Rs. Crs)</b>	1237.35	1101.41	N.A.
<b>Ratio of Recurring Expenses to net assets</b>	0.37%	0.59%	N.A.

\* 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.

HISTORICAL PER UNIT STATISTICS	quant BFSI Fund (Date of Allotment : June 20, 2023)		
	April 01, 2024- March 31, 2025	June 20, 2023- March 31, 2024	April 01, 2022- March 31, 2023
<b>NAV at the beginning of the year</b>			
Growth Option – Direct Plan	15.7844	N.A.	N.A.
Growth Option – Regular Plan	15.5833	N.A.	N.A.
IDCW Option – Direct Plan	15.8024	N.A.	N.A.
IDCW Option – Regular Plan	15.5814	N.A.	N.A.
<b>Income Distribution cum Capital Withdrawal (IDCW)*</b>			
<b>NAV at the end of the year</b>			
Growth Option – Direct Plan	15.1072	15.4611	N.A.
Growth Option – Regular Plan	14.6741	15.2648	N.A.
IDCW Option – Direct Plan	15.1248	15.4787	N.A.
IDCW Option – Regular Plan	14.673	15.2629	N.A.
<b>Annualized return**</b>	-2.3%	75.8%	
<b>Net Assets end of period (in Rs. Crs)</b>	559.23	446.42	N.A.
<b>Ratio of Recurring Expenses to net assets</b>	0.63%	0.59%	N.A.

\* 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.

HISTORICAL PER UNIT STATISTICS	quant Healthcare Fund (Date of Allotment : July 17, 2023)		
	April 1, 2024- March 31, 2025	July 17, 2023- March 31, 2024	April 01, 2022- March 31, 2023
<b>NAV at the beginning of the year</b>			
Growth Option – Direct Plan	13.5653	N.A.	N.A.
Growth Option – Regular Plan	13.4099	N.A.	N.A.
IDCW Option – Direct Plan	13.567	N.A.	N.A.
IDCW Option – Regular Plan	13.4114	N.A.	N.A.
<b>Income Distribution cum Capital Withdrawal (IDCW)*</b>			
<b>NAV at the end of the year</b>			
Growth Option – Direct Plan	14.4982	13.2715	N.A.
Growth Option – Regular Plan	14.0968	13.1201	N.A.
IDCW Option – Direct Plan	14.4973	13.2732	N.A.
IDCW Option – Regular Plan	14.0967	13.1216	N.A.
<b>Annualized return**</b>	9.2%	50.0%	N.A.
<b>Net Assets end of period (in Rs. Crs)</b>	360.68	263.029	N.A.
<b>Ratio of Recurring Expenses to net assets</b>	0.61%	0.60%	N.A.

\* 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.

HISTORICAL PER UNIT STATISTICS	quant Manufacturing Fund (Date of Allotment : August 14, 2023)		
	April 01, 2024- March 31, 2025	August 14, 2023- March 31, 2024	April 01, 2022- March 31, 2023
<b>NAV at the beginning of the year</b>			
Growth Option – Direct Plan	14.5143	N.A.	N.A.
Growth Option – Regular Plan	14.3579	N.A.	N.A.
IDCW Option – Direct Plan	14.5162	N.A.	N.A.
IDCW Option – Regular Plan	14.3661	N.A.	N.A.
<b>Income Distribution cum Capital Withdrawal (IDCW)*</b>			
<b>NAV at the end of the year</b>			
Growth Option – Direct Plan	13.9709	14.1692	N.A.
Growth Option – Regular Plan	13.6119	14.0171	N.A.
IDCW Option – Direct Plan	13.969	14.1711	N.A.
IDCW Option – Regular Plan	13.7158	14.0251	N.A.
<b>Annualized return**</b>	-1.4%	75.2%	N.A.
<b>Net Assets end of period (in Rs. Crs)</b>	825.75	545.73	N.A.
<b>Ratio of Recurring Expenses to net assets</b>	0.60%	0.66%	N.A.

\*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.

HISTORICAL PER UNIT STATISTICS	quant Teck Fund (Date of Allotment : September 05, 2023)		
	April 1, 2024- March 31, 2025	Sept 11, 2023- March 31, 2024	April 01, 2022- March 31, 2023
<b>NAV at the beginning of the year</b>			
Growth Option – Direct Plan	12.0658	N.A.	N.A.
Growth Option – Regular Plan	11.9579	N.A.	N.A.
IDCW Option – Direct Plan	12.0665	N.A.	N.A.
IDCW Option – Regular Plan	11.9588	N.A.	N.A.
<b>Income Distribution cum Capital Withdrawal (IDCW)*</b>			
<b>NAV at the end of the year</b>			
Growth Option – Direct Plan	11.6736	11.8848	N.A.
Growth Option – Regular Plan	11.3853	11.779	N.A.
IDCW Option – Direct Plan	11.6683	11.8854	N.A.
IDCW Option – Regular Plan	11.3882	11.7799	N.A.
<b>Annualized return**</b>	-1.8%	37.3%	N.A.
<b>Net Assets end of period (in Rs. Crs)</b>	372.08	328.13	N.A.
<b>Ratio of Recurring Expenses to net assets</b>	0.67%	0.66%	N.A.

\* 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.

HISTORICAL PER UNIT STATISTICS	quant Momentum Fund (Date of Allotment : November 20, 2023)		
	April 1, 2024- March 31, 2025	November 20, 2023- March 31, 2024	April 01, 2022- March 31, 2023
<b>NAV at the beginning of the year</b>			
Growth Option – Direct Plan	13.734	N.A.	N.A.
Growth Option – Regular Plan	13.6529	N.A.	N.A.
IDCW Option – Direct Plan	13.7217	N.A.	N.A.
IDCW Option – Regular Plan	13.6048	N.A.	N.A.
<b>Income Distribution cum Capital Withdrawal (IDCW)*</b>			
<b>NAV at the end of the year</b>			
Growth Option – Direct Plan	13.7006	13.4487	N.A.
Growth Option – Regular Plan	13.4476	13.3698	N.A.
IDCW Option – Direct Plan	13.6875	13.4363	N.A.
IDCW Option – Regular Plan	13.4051	13.3226	N.A.
<b>Annualized return**</b>	1.9%	131.4%	N.A.
<b>Net Assets end of period (in Rs. Crs)</b>	1668.96	1347.58	N.A.
<b>Ratio of Recurring Expenses to net assets</b>	0.73%	0.63%	N.A.

\* 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.

HISTORICAL PER UNIT STATISTICS	quant Commodities Fund (Date of Allotment : December 27, 2023)		
	April 1, 2024- March 31, 2025	December 27, 2023- March 31, 2024	April 01, 2022- March 31, 2023
<b>NAV at the beginning of the year</b>			
Growth Option – Direct Plan	11.8025	11.4345	N.A.
Growth Option – Regular Plan	11.7498	11.3840	N.A.
IDCW Option – Direct Plan	11.7971	11.4293	N.A.
IDCW Option – Regular Plan	11.7512	11.3854	N.A.
<b>Income Distribution cum Capital Withdrawal (IDCW)*</b>			
<b>NAV at the end of the year</b>			
Growth Option – Direct Plan	12.5069	11.4345	N.A.
Growth Option – Regular Plan	12.2653	11.3840	N.A.
IDCW Option – Direct Plan	12.5035	11.4293	N.A.
IDCW Option – Regular Plan	12.2634	11.3854	N.A.
<b>Annualized return**</b>	9.4%	70.2%	N.A.
<b>Net Assets end of period (in Rs. Crs)</b>	367.87	247.09	N.A.
<b>Ratio of Recurring Expenses to net assets</b>	0.87%	0.63%	N.A.

\* 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.

HISTORICAL PER UNIT STATISTICS	quant Consumption Fund (Date of Allotment : January 24, 2024)		
	April 1, 2024- March 31, 2025	January 24, 2024, - March 31, 2024	April 01, 2022- March 31, 2023
<b>NAV at the beginning of the year</b>			
Growth Option – Direct Plan	10.6059	N.A.	N.A.
Growth Option – Regular Plan	10.5711	N.A.	N.A.
IDCW Option – Direct Plan	10.604	N.A.	N.A.
IDCW Option – Regular Plan	10.5745	N.A.	N.A.
<b>Income Distribution cum Capital Withdrawal (IDCW)*</b>			
<b>NAV at the end of the year</b>			
Growth Option – Direct Plan	9.7937	10.4784	N.A.
Growth Option – Regular Plan	9.611	10.4445	N.A.
IDCW Option – Direct Plan	9.7987	10.4765	N.A.
IDCW Option – Regular Plan	9.6148	10.4479	N.A.
<b>Annualized return**</b>	-6.5%	30.5%.	N.A.
<b>Net Assets end of period (in Rs. Crs)</b>	271.15	236.89	N.A.
<b>Ratio of Recurring Expenses to net assets</b>	0.80%	0.63%	N.A.

\* 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.

HISTORICAL PER UNIT STATISTICS	quant PSU Fund (Date of Allotment : February 20, 2024)		
	April 01, 2024- March 31, 2025	February 20, 2024-March 31, 2024	April 01, 2022- March 31, 2023
<b>NAV at the beginning of the year</b>			
Growth Option – Direct Plan	10.108	N.A.	N.A.
Growth Option – Regular Plan	10.0892	N.A.	N.A.
IDCW Option – Direct Plan	10.1076	N.A.	N.A.
IDCW Option – Regular Plan	10.0901	N.A.	N.A.
<b>Income Distribution cum Capital Withdrawal (IDCW)*</b>			
<b>NAV at the end of the year</b>			
Growth Option – Direct Plan	9.8799	9.9209	N.A.
Growth Option – Regular Plan	9.7209	9.9030	N.A.
IDCW Option – Direct Plan	9.8863	9.9206	N.A.
IDCW Option – Regular Plan	9.7206	9.9039	N.A.
<b>Annualized return**</b>	-0.4%	-7.7%	N.A.
<b>Net Assets end of period (in Rs. Crs)</b>	698.53	522.60	N.A.
<b>Ratio of Recurring Expenses to net assets</b>	0.78%	0.63%	N.A.

\* 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.

HISTORICAL PER UNIT STATISTICS	quant Large Cap Fund (Date of Allotment : August 10, 2022)		
	April 01, 2024- March 31, 2025	April 1, 2023- March 31, 2024	August 10, 2022- March 31, 2023
<b>NAV at the beginning of the year</b>			
Growth Option – Direct Plan	14.9052	9.4262	N.A.
Growth Option – Regular Plan	14.498	9.3136	N.A.
IDCW Option – Direct Plan	14.91	9.4286	N.A.
IDCW Option – Regular Plan	14.4924	9.3132	N.A.
<b>Income Distribution cum Capital Withdrawal (IDCW)*</b>			
<b>NAV at the end of the year</b>			
Growth Option – Direct Plan	14.3153	14.5472	9.3982
Growth Option – Regular Plan	13.7187	14.1511	9.2873
IDCW Option – Direct Plan	14.3753	14.5520	9.4006
IDCW Option – Regular Plan	13.6408	14.1456	9.2869
<b>Annualized return**</b>	-1.6%	54.8%	N.A.
<b>Net Assets end of period (in Rs. Crs)</b>	2435.67	799.77	256.29
<b>Ratio of Recurring Expenses to net assets</b>	0.29%	0.54%	0.50%

\* 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.

HISTORICAL PER UNIT STATISTICS	quant Gilt Fund (Date of Allotment : December 21, 2022)		
	April 01, 2024- March 31, 2025	April 1, 2023 - March 31, 2024	December 21, 2022- March 31, 2023
<b>NAV at the beginning of the year</b>			
Growth Option – Direct Plan	10.9706	10.1912	N.A.
Growth Option – Regular Plan	10.8447	10.1632	N.A.
IDCW Option – Direct Plan	10.9717	10.1915	N.A.
IDCW Option – Regular Plan	10.8515	10.1634	N.A.
<b>Income Distribution cum Capital Withdrawal (IDCW)*</b>			
<b>NAV at the end of the year</b>			
Growth Option – Direct Plan	11.9361	10.9786	10.1843
Growth Option – Regular Plan	11.6928	10.8531	10.1573
IDCW Option – Direct Plan	11.9339	10.9796	10.1847
IDCW Option – Regular Plan	11.7008	10.8599	10.1573
<b>Annualized return**</b>	8.7%	7.8%	N.A.
<b>Net Assets end of period (in Rs. Crs)</b>	124.92	78.36	46.06
<b>Ratio of Recurring Expenses to net assets</b>	0.45%	0.45%	0.45%

\* 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.

HISTORICAL PER UNIT STATISTICS	quant Overnight Fund (Date of Allotment : December 05, 2022)		
	April 01, 2024-March 31, 2025	April 1, 2023 - March 31, 2024	December 05, 2022- March 31, 2023
<b>NAV at the beginning of the year</b>			
Growth Option – Direct Plan	10.9534	10.2059	N.A.
Growth Option – Regular Plan	10.9331	10.2006	N.A.
IDCW Option – Direct Plan	10.9559	10.2061	N.A.
IDCW Option – Regular Plan	10.921	10.1863	N.A.
<b>Income Distribution cum Capital Withdrawal (IDCW)*</b>			
<b>NAV at the end of the year</b>			
Growth Option – Direct Plan	11.6895	10.9513	10.2020
Growth Option – Regular Plan	11.6596	10.9309	10.1968
IDCW Option – Direct Plan	11.6935	10.9537	10.2022
IDCW Option – Regular Plan	11.6478	10.9188	10.1825
<b>Annualized return**</b>	6.7%	7.3%	N.A.
<b>Net Assets end of period (in Rs. Crs)</b>	139.17	158.15	111.92
<b>Ratio of Recurring Expenses to net assets</b>	0.14%	0.10%	0.10%

\* 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.



## **V. RISK FACTORS**

### **1. Standard Risk Factors**

#### **a) Standard Risk Factors for investments in Mutual Fund:**

1. Investment in mutual fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk, including the possible loss of principal.
2. As the price / value / interest rates of the securities in which the Scheme invest fluctuates, the value of your investment in the Scheme may go up or down. In addition to the factors that affect the value of individual investments in the Scheme, the NAV of the Scheme can be expected to fluctuate with movements in the broader equity and bond markets and may be influenced by factors affecting capital and money markets in general, such as, but not limited to, changes in interest rates, currency exchange rates, changes in Governmental policies, taxation, political, economic or other developments and increased volatility in the stock and bond markets.
3. Past performance of the Sponsor/AMC/Mutual Fund does not guarantee future performance of the Scheme.
4. The name of the Scheme does not in any manner indicate either the quality of the Scheme or its future prospects and returns.
5. The Sponsors are not responsible or liable for any loss resulting from the operation of the Scheme beyond the initial contribution of Rs. 1 lakh made by it towards setting up the Mutual Fund.
6. The present Scheme is not a guaranteed or assured return Scheme.
7. The Scheme may invest in other schemes managed by the AMC or in the schemes of any other Mutual Funds, provided it is in conformity to the investment objectives of the Scheme and in terms of the prevailing Regulations. Investors should note that the risk factors of the underlying schemes must be treated as risk factor of the investing schemes. As per the Regulations, no investment management fees will be charged for investments made in the schemes managed by the same AMC.

#### **Additional Geopolitical Risk Factors for Investors:**

##### **1. Political Risk**

Investments in mutual fund Units in India may be materially adversely impacted by Indian politics and changes in the political scenario in India either at the central, state or local level. Actions of the central government or respective state governments such as delays or changes in the development of conducive policy frameworks & other such actions

/ inactions could have a significant effect on the Indian economy, which could affect companies, general business and market conditions, prices and yields of securities in which the Scheme invest. The occurrence of external tensions could also adversely affect the political and economic stability of India and consequently have an impact on the securities in which the Scheme invests.

##### **2. Economic Risk**

A slowdown in economic growth or macro-economic imbalances such as the increase in central and state level fiscal deficits may adversely affect investments in the country. The underlying growth in the economy is expected to have a direct impact on the volume of new investments in the country.

##### **3. Foreign Currency Risk**

The Scheme is denominated in Indian Rupees (INR) which is different from the home currency for Foreign Investors in the mutual fund Units. The INR value of investments when translated into home currency by Foreign Investors could be lower because of the currency movements. The AMC does not manage currency risk for foreign investors and it is the sole responsibility of the Foreign Investors to manage or reduce currency risk on their own. The Sponsor/Fund/Trustees/AMC are not liable for any loss to Foreign Investors arising from such changes in exchange rates.

##### **4. Convertibility and Transferability Risk**

In the event capital and exchange controls are imposed by the government authorities, it would prevent Foreign Investors' ability to convert INR into home currency and/or transfer funds outside India. The convertibility and transferability of INR proceeds into home currency is the responsibility of the Foreign Investors.

**Risk of substantial redemption:**

The Scheme(s) at times may receive large number of redemption requests, leading to an asset-liability mismatch and therefore, requiring the investment manager to make a distress sale of the securities leading to lower realization of profits, realignment of the portfolio and thus consequently resulting in investing in lower yielding instruments.

Further, the liquidity of investments made in the Scheme may be restricted by trading volumes and settlement periods. Settlement periods may be extended significantly by unforeseen circumstances beyond the influence of the AMC. The inability of the Scheme to sell intended securities due to liquidity & settlement problems, could thus cause delay for processing the large number of redemptions.

The Trustee, in the general interest of the Unit holders of the Schemes offered under this SID and keeping in view of the unforeseen circumstances/unusual market conditions, may limit the total number of Units which can be redeemed on any Working Day depending on the total "Saleable Underlying Stock" available with the Fund.

**b) Risk factors of not maintaining average AUM of Rs. 20 crores on half yearly rolling basis (Applicable only for open ended debt oriented schemes)**

All Open ended debt schemes are required to be compliant with the requirement of maintaining minimum Average AUM of Rs. 20 crores on half yearly rolling basis. In case of non-compliance with the SEBI directives of maintaining the minimum AUM, the Asset Management company (AMC) has to scale up the AUM within a period of six months, failing which the board may ask the AMC to wind up the scheme.

**c) Risks associated with investment in derivatives and different derivative strategies**

The Schemes may use various derivative instruments like Equity derivatives, Index derivatives, Interest Rate Swaps, Forward Rate Agreements or other derivative instruments as permitted by SEBI from time to time for the purpose of investments, hedging, portfolio balancing or other strategies as permitted under the regulations, guidelines and offer document of the Scheme.

Usage of derivatives exposes the Scheme to certain risks inherent to such derivative instruments & strategies.

**Risks associated with Trading in Equity Derivatives and strategies**

Equity derivatives may be used to deploy strategies like Hedging strategy, Arbitrage strategy, Leverage strategy, Covered call writing strategy, Investment & portfolio balancing strategy.

**A. Risks associated with investments in Equity Derivatives:**

Derivatives require the maintenance of adequate controls to monitor the transactions and the embedded market risks that a derivative adds to the portfolio. Besides the price of the underlying asset, the volatility, tenor and interest rates affect the pricing of derivatives. There may be additional cost attached to buying futures or other derivative instrument. Further there could be an element of settlement risk, which could be different from the risk in settling physical shares

Trading in derivatives carries a high degree of risk although they are traded at a relatively small amount of margin which provides the possibility of great profit or loss in comparison with the principal investment amount. Thus, derivatives are highly leveraged instruments. Even a small price movement in the underlying security could have an impact on their value and consequently, on the NAV of the Units of the Scheme.

Some of the other risks in using derivatives include but are not limited to:

- Counterparty Risk - this occurs when a counterparty fails to abide by its contractual obligations and therefore, the Schemes are compelled to negotiate with another counter party, at the then prevailing (possibly unfavourable) market price. For exchange traded derivatives, the risk is mitigated as the exchange provides the guaranteed settlement but one takes the performance risk on the exchange.
- Market Liquidity risk where the derivatives cannot be transacted at prices that reflect the underlying assets,

rates and indices.

- Model Risk, the risk of mis-pricing or improper valuation of derivatives.
- Basis Risk arises when the instrument used as a hedge does not match the movement in the instrument/ underlying asset being hedged.

The risks may be inter-related therefore besides the price of the underlying, the tenor, the volatility & interest rates may influence the prices of the derivative instruments.

Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the investment manager to identify such opportunities. Identification and execution of the strategies to be pursued by the investment manager involve uncertainty and decision of investment manager may not always be profitable. No assurance can be given that the investment manager will be able to identify or execute such strategies.

The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments.

Derivative trades involve execution risks, whereby the rates seen on the screen may not be the rate at which ultimate execution takes place.

- The option buyer's risk is limited to the premium paid.
- Investments in index futures face the same risk as the investments in a portfolio of shares representing an index. The extent of loss is the same as in the underlying stocks.
- Risk of loss in trading in futures contracts can be substantial, because of the low margin deposits required, the extremely high degree of leverage involved in futures pricing and potential high volatility of the futures markets.

#### **Risks associated with investments in Equity Derivatives strategies:**

The Scheme may use derivative strategies for efficient portfolio management or generating best returns for the investors. The schemes may also attempt to hedge or reduce the risk by deploying various derivative strategies.

The Scheme's ability to use these strategies may be limited by market conditions, regulatory limits and tax considerations (if any). The use of these strategies is further dependent on the ability to predict movements in the prices of securities being hedged and movements in various macro variables such as interest rates, others. Further there exists an imperfect correlation between the derivative instrument and the underlying securities or market sectors being hedged. Thus, due to this inherent risk these strategies if imperfectly used have the risk of the Scheme not realising the maximum gains or incurring losses due to mismatches particularly in a volatile market.

There could be possible absence of a liquid market for any particular instrument at any particular time even though the futures and options may be bought and sold on an exchange.

Further the returns from the types of derivative strategies in which the scheme invests may underperform the returns of broader securities markets, respective scheme benchmark or other asset classes where scheme are permitted to invest. Different types of strategies tend to go through cycles of out-performance and under-performance in comparison of securities markets and may thus result in underperformance by the schemes.

#### **B. Risks associated with trading in Debt Derivatives:**

The Schemes may use derivatives instruments like Interest Rate Swaps, Forward Rate Agreements or such other derivative instruments as may be introduced from time to time for the purpose that may be permitted by SEBI Mutual Fund Regulations from time to time.

**Risks associated with investments in Debt Derivatives:**

The risk associated with investments in debt derivatives are similar to the “Risks associated with investments in Equity Derivatives” mentioned above.

**Risks associated with investments in Debt Derivatives strategies:**

The Scheme may use derivative strategies for efficient portfolio management or generating best returns for the investors. The schemes may also attempt to hedge or reduce the risk by deploying various derivative strategies.

The Scheme's ability to use these strategies may be limited by market conditions, regulatory limits and tax considerations (if any). The use of these strategies is further dependent on the ability to predict movements in the prices of securities being hedged and movements in various macro variables such as interest rates, others. Further there exists an imperfect correlation between the derivative instrument and the underlying securities or market sectors being hedged. Thus, due to this inherent risk these strategies if imperfectly used have the risk of the Scheme not realising the maximum gains or incurring losses due to mismatches particularly in a volatile market.

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Further the returns from the types of derivative strategies in which the scheme invests may underperform the returns of broader securities markets, respective scheme benchmark or other asset classes where scheme are permitted to invest. Different types of strategies tend to go through cycles of out-performance and under-performance in comparison of securities markets and may thus result in underperformance by the schemes.

Some additional risk related to some debt derivative strategies are as following:

**1. Risks associated with Interest Rate Swaps and Forward Rate Agreements**

Interest rate swap is a strategy in which one party exchanges a stream of interest for another party's stream. Interest rate swaps are normally 'fixed against floating', but can also be 'fixed against fixed' or 'floating against floating' rate swaps.

The risk arising out of uses of the above derivative strategy are as under:

- ☐ Lack of opportunities available in the market.
- ☐ The risk of mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

**2. Risk associated with imperfect hedging using interest rate futures:**

An Interest Rate Futures is an agreement to buy or sell a debt instrument at a specified future date at a price that is fixed today. Interest Rate Futures are Exchange traded. These future contracts are cash settled.

Perfect Hedging means hedging the underlying using IRF contract of same underlying.

Imperfect hedging means the underlying being hedged and the IRF contract has correlation of closing prices of more than 90%.

In case of imperfect hedging, the portfolio can be a mix of:

- i) Corporate Bonds and Government securities or
- ii) Only Corporate debt securities or
- iii) Only government securities with different

maturities Risk associated with imperfect hedging

includes:

**Basis Risk:** The risk arises when the price movements in derivative instrument used to hedge the underlying assets does not match the price movements of the underlying assets being hedged. Such difference may

potentially amplify the gains or losses, thus adding risk to the position.

**Price Risk:** The risk of mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

**Risk of mismatch between the instruments:** The risk arises if there is a mismatch between the prices movements in derivative instrument used to hedge, compared to the price movement of the underlying assets being hedged. For example when IRF which has government security as underlying is used, to hedge a portfolio that contains corporate debt securities.

**Correlation weakening and consequent risk of regulatory breach:** SEBI Regulation mandates minimum correlation criterion of 0.9 (calculated on a 90 day basis) between the portfolio being hedged and the derivative instrument used for hedging. In cases where the correlation falls below 0.9, a rebalancing period of 5 working days has been permitted. Inability to satisfy this requirement to restore the correlation level to the stipulated level, within the stipulated period, due to difficulties in rebalancing would lead to a lapse of the exemption in gross exposure computation. The entire derivative exposure would then need to be included in gross exposure, which may result in gross exposure in excess of 100% of net asset value.

Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the investment manager to identify such opportunities. Identification and execution of the strategies to be pursued by the investment manager involve uncertainty and decision of investment manager may not always be profitable. No assurance can be given that the investment manager will be able to identify or execute such strategies.

The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments.

**C. Risk Factors Associated with Investments in Exchange Traded Commodity Derivatives (ETCD) of various commodities:**

The Scheme may invest in commodities markets as permitted under various regulations and may therefore have investment exposure to the commodities markets and one or more sectors of the commodities markets, which may subject the Scheme to greater volatility than investments in traditional securities, such as stocks and bonds. Volatility in the commodities markets may be caused by changes in overall market movements, domestic and foreign political and economic events and policies, war, acts of terrorism, changes in domestic or foreign interest rates and/or investor expectations concerning interest rates, domestic and foreign inflation rates, investment and trading activities of mutual funds, hedge funds and commodities funds, and factors such as drought, floods, weather, livestock disease, embargoes, tariffs and other regulatory developments, or supply and demand disruptions. Because the Scheme's performance is linked to the performance of volatile commodities, investors should be willing to assume the risks of potentially significant fluctuations in the value of the Scheme's shares.

Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of investment strategies depends upon the ability of the fund manager(s) to identify such opportunities which may always not be available. Identification and execution of the strategies to be pursued by the fund manager(s) involve uncertainty and decision of fund manager(s) may not always be profitable. No assurance can be given that the fund manager(s) will be able to identify or execute such strategies.

The AMC within the regulatory guidelines and room given in Scheme information document, may use derivative on commodities (like Futures and Options). The use of derivatives may affect the performance of the scheme

Systemic risks which may be witnessed while trading in Indian Commodities Market are Liquidity risk, Price risk in terms of volatility, Exchange Risk and counterparty risks.

- i. **Liquidity Risk:** While ETCDs that are listed on an exchange carry lower liquidity risk, the ability to sell these contracts is limited by the overall trading volume on the exchanges. The liquidity of the Schemes' investments is inherently restricted by trading volumes of the ETCD contracts in which it invests. Additionally, change in

margin requirements or intervention by government agencies to reduce overall volatility in the underlying commodity could lead to adverse impact on the liquidity of the ETCD.

**Price risk:** ETCDs are leveraged instruments hence, a small price movement in the underlying security could have a large impact on their value. Also, the market for ETCDs is nascent in India hence, arbitrage can occur between the price of the physical commodity and the ETCD, due to a variety of reasons such as technical issues and volatile movement in the price of the physical good. This can result in mispricing and improper valuation of investment decisions as it can be difficult to ascertain the amount of the arbitrage.

- ii. **Settlement risk:** ETCDs can be settled either through the exchange or physically. The inability to sell ETCDs held in the Schemes' portfolio in the exchanges due to the extraneous factors may impact liquidity and would result in losses, at times, in case of adverse price movement. Wherein the underlying commodity is physically delivered in order to settle the derivative contract, such settlement could get impacted due to various issues, such as logistics, Government policy for trading in such commodities.
- iii. If the Commodities futures position passes its last square off date or the 'Intention' is missed to be provided before the Delivery Intention period, the buyer or the seller will be allocated delivery of the commodity. Thus, there emerges a risk of holding goods in physical form at the warehouses. Though the commodity is inclusive of insurance cost, there is a small deductible in each claim which is not payable by the Insurance company.

#### **Risks associated with investments in ETCDs strategies:**

The Scheme may use derivative strategies for efficient portfolio management or generating best returns for the investors. The schemes may also attempt to hedge or reduce the risk by deploying various derivative strategies.

The Scheme's ability to use these strategies may be limited by market conditions, regulatory limits and tax considerations (if any). The use of these strategies is further dependent on the ability to predict movements in the prices of securities being hedged and movements in various macro variables such as interest rates, others. Further there exists an imperfect correlation between the derivative instrument and the underlying securities or market sectors being hedged. Thus, due to this inherent risk these strategies if imperfectly used have the risk of the Scheme not realising the maximum gains or incurring losses due to mismatches particularly in a volatile market.

There could be possible absence of a liquid market for any particular instrument at any particular time even though the futures and options may be bought and sold on an exchange.

Further the returns from the types of derivative strategies in which the scheme invests may underperform the returns of broader securities markets, respective scheme benchmark or other asset classes where scheme are permitted to invest. Different types of strategies tend to go through cycles of out-performance and under-performance in comparison of securities markets and may thus result in underperformance by the schemes.

#### **D. Other risk factors (viz. Swing pricing, investment in CDMDf, LRM etc.)**

##### **Backstop facility in form of investment in Corporate Debt Market Development Fund (CDMDf):**

CDMDf is set up as a scheme of the Trust registered as an Alternative Investment Fund ('AIF') in accordance with the SEBI (Alternative Investment Funds) Regulations, 2012 ("AIF Regulations"). The objective of the CDMDf is to help to develop the corporate debt market by providing backstop facility to instill confidence amongst the market participants in the corporate debt/bond market during times of market dislocation and to enhance the secondary market liquidity. In times of market dislocation, CDMDf shall purchase and hold eligible corporate debt securities from the participating investors (i.e., specified debt-oriented MF schemes to begin with) and sell as markets recover. The CDMDf will thus act as a key enabler for facilitating liquidity in the corporate debt market and to respond quickly in times of market dislocation. The trigger and period for which the backstop facility will be open shall be as decided by SEBI. Thus this backstop facility will help fund managers of the respective quant Schemes to better generate liquidity during market dislocation to help the schemes fulfill liquidity obligations under stress situation.

**Mandatory liquidity requirement under the Liquidity Risk Framework mandated by SEBI:**

The Investment Manager adopts the Liquidity Risk Management framework mandated for open ended debt schemes by SEBI and AMFI which helps estimates liquidity requirement by determining liquidity risk arising from the liability side and tries to covers all potential liquidity risk scenarios up to agreed confidence interval and has mandated remedial measures both for managing the risk on an ongoing basis (LRaR & LCRaR) as well as action plan in case there is a difference between actual outcome and projected outcome. Investors can refer to the circular 135/ BP/93/ 2021-22 dated July 24, 2021 and subsequent circulars for detail understanding on the Liquidity Risk Management Framework.

Further Investment manager also evaluates and monitors the Asset Liability Mismatch (ALM) which addresses the gap in the estimated potential liquidity requirement over a 90-day period and schemes investment / assets liquidity to meet the potential requirement and best ensures that scheme has necessary liquidity to meets its liability obligations.

Investors may note that the minimum investment made by the schemes pursuant to the circular / regulation in compliance with the Corporate Debt Market Development Fund (CDMDF) circular & Liquidity Risk Management framework (LRM) circular mandated by the SEBI may not perform in line with other investment and the investment objective of the schemes and the AMC will not have the option to alter the said investments.

**Risk associated with Swing Pricing:**

The Investment Manager has a Swing Pricing framework in place for open ended debt schemes to help in case of severe liquidity stress at an AMC level or a severe dysfunction at market level, the Swing Pricing offers the contingency plan in case of extreme exigencies. Investors are requested to review Section IX. "D. Information pertaining to Investments by the Schemes of the Fund" of this document for applicability of Swing pricing to concerned schemes of the fund. It is to be noted that in case of applicability of the swing pricing the realization of the redemption proceeds would be subject to swing factor applicable for the investors transaction.

## **2. Special Considerations**

- Subject to the SEBI (MF) Regulations, funds managed by the /associates of the Sponsors may invest either directly or indirectly in the Scheme and may acquire a substantial portion of the Scheme Units and collectively constitute a majority investor in the Scheme. Accordingly, redemption of Units held by such funds may have an adverse impact on the value of the Units of the Scheme because of the timing of any such redemption and may impact the ability of other Unit Holders to redeem their respective Units.
- As the liquidity of the Scheme investments may sometimes be restricted by trading volumes and settlement periods, the time taken by the Mutual Fund for redemption of Units may be significant in the event of an inordinately large number of redemption requests or of a restructuring of the Scheme portfolios. In view of this, the Trustee has the right, in its sole discretion, to limit redemptions under certain circumstances.
- Neither the SID and SAI, nor the Units have been registered in any jurisdiction. The distribution of the SID in certain jurisdictions may be restricted or subject to registration requirements and, accordingly, persons who come into possession of the SID and the SAI in such jurisdictions are required to inform themselves about, and to observe, any such restrictions. No person receiving a copy of the SID or any accompanying application form in such jurisdiction may treat the SID or such application form as constituting an invitation to them to subscribe for Units, nor should they in any event use any such application form, unless in the relevant jurisdiction such an invitation could lawfully be made to them and such application form could lawfully be used without compliance of any registration or other legal requirements.
- Investment decisions made by the Investment Manager may not always be profitable.
- The Mutual Fund/AMC has not authorized any person to give any information or make any representations, either oral or written, not stated in the SID/SAI in connection with issue of Units under any of the Scheme of quant Mutual Fund. Prospective investors are advised not to rely upon any information or representations not incorporated in SID/SAI as the same have not been authorized by the Mutual Fund or the AMC. Any subscription, purchase or sale made by any person on the basis of statements or representations which are not contained in SID/SAI or which are inconsistent with the information contained herein shall be solely at the risk of the investor.
- Suspicious Transaction Reporting: If after due diligence, the AMC believes that any transaction is suspicious in nature as regards money laundering, the AMC shall report any such suspicious transactions to competent

authorities under PMLA and rules/guidelines issued thereunder by SEBI and/or RBI, furnish any such information in connection therewith to such authorities and take any other actions as may be required for the purposes of fulfilling its obligations under PMLA and rules/guidelines issued thereunder by SEBI and/or RBI without obtaining the prior approval of the investor/Unit Holder/any other person.

- The AMC and its Registrar reserve the right to disclose/share investors' personal information with the following third parties:
  1. Registrar, Banks and / or authorised external third parties who are involved in transaction processing, dispatches, etc., of investors' investment in the Scheme;
  2. Distributors or Sub-brokers or Registered Investment Advisors through whom applications of investors are received for the Scheme; or;
  3. Any other organisations for compliance with any legal or regulatory requirements or to verify the identity of investors for complying with anti-money laundering requirements.

Account statements or financial information pertaining to the investor, if it is to be sent over the internet to the Unitholder, distributors or any other entity as indicated above, will be sent only through a secure means and / or through encrypted electronic mail.

- Non-Individual Investors should note the following:
  1. A list of specimen signatures of the authorized officials, duly certified / attested should also be attached to the Application Form.
  2. In case of application for any transaction, the authorized signatories/officials should sign such application under their official designation and as per the authority granted to them under their constitutional documents/board resolutions etc.
  3. In case a generic board resolution authoring investment has been submitted, the AMC/Fund reserves the right to consider such generic resolution as a valid authorisation for all other financial and non-financial transactions including but not limited to redemption/switches etc. Accordingly, all transactions executed by the officials named in such generic resolution would be processed by the AMC/Fund.
- The tax benefits described in the Scheme Information Document and Statement of Additional Information are as available under the present taxation laws and are available subject to relevant conditions. The information given is included only for general purpose and is based on advise received by the AMC regarding the law and practice currently in force in India and the Unit holders should be aware that the relevant fiscal rules or their interpretation may change. As is the case with any investment, there can be no guarantee that the tax position or the proposed tax position prevailing at the time of an investment in any of the Scheme will endure indefinitely. In view of the individual nature of tax consequences, each Unit holder is advised to consult his/her own professional tax advisor.
- Investors should study the Scheme Information Document and the Statement of Additional Information carefully in its entirety and should not construe the contents as advise relating to legal, taxation, investment or any other matters. Investors are advised to consult their legal, tax, investment and other professional advisors to determine possible legal, tax, financial or other considerations of subscribing to or redeeming units, before making a decision to invest / redeem Units.
- Any dispute arising out of any of the Scheme shall be subject to the exclusive jurisdiction of the Courts in India. Statements in the Scheme Information Document and Statement of Additional Information are, except where otherwise stated, based on the law, practice currently in force in India, and are subject to changes therein.
- The Mutual Fund may disclose details of the investor's account and transactions there under to those intermediaries whose stamp appears on the application form. In addition, the Mutual Fund may disclose such details to the bankers / its agents, as may be necessary for the purpose of effecting payments to the investor. Further, the Mutual Fund may disclose details of the investor's account and transactions thereunder to any Regulatory/Statutory entities as per the provisions of law.
- In case the AMC or its Sponsor or its Shareholders or their associates or group companies make substantial investment, either directly or indirectly in the Scheme redemption of Units by these entities may have an adverse impact on the performance of the Scheme. This may also affect the ability of the other Unit holders to redeem their Units.

**Investors are urged to study the terms of the offer carefully before investing in the Scheme and retain the SID and the SAI for future reference.**



## **VI. HOW TO APPLY?**

### **A. Purchase**

1. New investors can purchase units by using an application form or through such other modes as may be offered by the AMC, subject to KYC and various requirements and documents. Existing unit holders may use the transaction slip attached to their account statement or use a Common Transaction Form or through such other modes as may be offered by the AMC. Application forms or common transaction forms are generally available at the official points of acceptance of transactions during the business hours. The same can also be downloaded from the website of the Mutual Fund, [www.quantmutual.com](http://www.quantmutual.com).
2. The duly completed application form/transaction slip/common transaction form, as the case maybe, can be submitted at any of the official points of acceptance of transactions. The official point of acceptance of transaction will stamp, and return the acknowledgement slip in the application form, to acknowledge receipt of the application, subject to verification. No other form of acknowledgement will be provided. Investors should retain the acknowledgement evidencing submission of the transaction till they receive a confirmation of acceptance or rejection of transaction. In case of difference of details in acknowledgement vis a vis actual transaction document, the details as mentioned on transaction document will prevail.
3. Investors should mandatorily use the Application Forms, Transactions Request, SIP/STP/SWP forms included in the KIM and other standard forms available at the ISCs/ [www.quantmutual.com](http://www.quantmutual.com), for any financial/non-financial transactions. Any transactions received in any non-standard forms are liable to be rejected. Further, any transaction or request received on a non-standard form or document not specified by the Fund will still be governed and subject to terms and conditions of the standard forms and scheme related documents. Investor using application form/transaction request for financial/ non- financial transactions not provided by the Fund declare that they have read and understood the contents of the Scheme Information Document and Statement of Additional Information, Key Information Memorandum, instructions and addenda issued by quant Mutual Fund from time to time. Any transactions request received with incomplete information are liable to be rejected or may be processed at the sole discretion of the AMC.
4. The AMC/Registrar may open or close offices/ISCs or change address of an office from time to time. Investors may obtain latest addresses of Official Points of Acceptance of Transactions from the relevant SID or by calling the AMC/Registrar or available on the website of the Mutual Fund i.e. [www.quantmutual.com](http://www.quantmutual.com) Investors are requested to note that no transaction shall be accepted on a day which is a public and /or bank holiday or non-business days or local holiday at an Investor Service Centre/ Official Points of Acceptance of Transaction.
5. Investors should provide details/instructions only in the space provided in the relevant form in CAPITAL case and in English language. Further, any details/notings/information/instruction provided at a non-designated area of the standard form being used, or any additional details for which space is not designated in the standard form, may not be executed by the AMC. If the details are not mentioned clearly or in capital case, the AMC will endeavour to capture client and transaction details on a best effort basis and will not be liable towards data entry errors due to illegible or unclear handwriting. Hence, investors should check all details as mentioned in the Account Statement and approach the AMC for any corrections within 15 days from the date of application
6. Facility of transactions is available on the official website [www.quantmutual.com](http://www.quantmutual.com) for selected Schemes of quant Mutual Fund. Accordingly, the said website will also be considered as an official point of acceptance for applications for subscriptions, redemptions, switches and other available facilities as the case may be.
7. The Trustees shall have absolute discretion to reject any application for purchase of Units, if in its opinion, increasing the size of the Unit Capital is not in the general interest of the Unit Holders, or if for any other reason it does not

believe it would be in the best interest of the Scheme or its Unit Holders to accept such an application.

8. Applicants have to specify the “mode of holding” in the application form. If an application is made by:
  - i. one investor, the mode of holding will “Single”;
  - ii. more than one investor (maximum three permitted), the mode of holding should be specified as “Joint” or “Anyone or Survivor”. If the mode of holding is specified as “Joint”, all transactions/instructions will have to be signed by all joint holders, while for mode of holding specified as “Anyone or Survivor”, all transactions/instructions may be signed by anyone of the Unit holders. If the mode of holding is not specified or is ambiguous, it will be treated as “Joint”, where there is more than one holder. With respect to Units held in demat mode, the rules of Depository for operation of such DP account shall be applicable. Request for nomination needs to be signed by all unit holders jointly, irrespective of “mode of holding”.
9. In all cases, proceeds of redemption will be paid to the first-named holder (as determined by reference to the original application form). Further, the first named holder shall receive the account statements, all notices and correspondences with respect to the account, or IDCW or other distributions and also have the voting rights, as permitted, associated with such units.
10. The proceeds towards redemptions and IDCW will be dispatched by a reasonable mode of despatch like courier, Speed post, etc. in case of cheque/ demand draft or directly credited to the bank account (as per the details mentioned by the investor), entirely and solely at the risk of the investor. The Mutual Fund will endeavour to remit redemption proceeds via electronic means, as made available by RBI. Where such electronic means are not available or feasible under any circumstances, the Mutual Fund will remit the redemption proceeds by way of cheques. The investor will not hold the Mutual Fund or the AMC or the Registrar responsible for any non-receipt or delay of receipt of redemption & IDCW proceeds due to any negligence or deficiency in service by the courier company, postal authorities or the bank executing direct credits, or due to incorrect bank account details provided by the investor.
11. Investors must clearly specify schemes/plans/options /sub-option in the application form and ensure that the form is accompanied by a cheque/demand draft/account to account transfer instruction, bank acknowledgement favouring schemes/plans/options/sub-option. In case of ambiguity or any discrepancy, the application is liable to be rejected or default plan/ option may be applied for allotment of the Units at the sole discretion of the AMC.
12. Where the Scheme name as written on the application form and on the payment instrument differs, the proceeds may, at the discretion of the AMC be allotted in the Scheme as mentioned on the application form.
13. It is mandatory for all applicants/investors (including guardians, joint holders, NRIs and power of attorney holders) to mention their bank account No., permanent account number (PAN) irrespective of the amount of purchase in the application form. In order to verify that the PAN of the applicants (in case of application in joint names, each of the applicants) has been duly and correctly quoted therein, the applicants shall attach along with the purchase application, a photocopy of the PAN card or KYC status from KRA website).
14. Investments through micro investments, i.e. lump sum investment (fresh purchase & additional purchase) for amount less than Rs. 50,000/- (Rupees fifty thousands) or SIP instalments by an investor in rolling 12 months period or financial year i.e. April to March less than Rs. 50,000/- (Rupees fifty thousands) are exempt from the requirement of PAN. The PAN exemption for these investments will be applicable only to investments by individuals (Including Non Resident Indian (NRIs), Joint holders, minors acting through guardian and sole proprietary firms). However, KYC is mandatory for such investments. The investors can apply for a PAN exempt KYC.
15. Investors residing in the state of Sikkim are exempt from the mandatory requirement of PAN, subject to the AMC verifying the veracity of the claim of the investors that they are residents of Sikkim, by collecting sufficient documentary evidence including KYC.
16. Applications are liable to be rejected without any intimation to the applicants, if KYC requirements are not complied with by all the applicants, KYC acknowledgement is not enclosed or any of the additional details are not mentioned

for any of the applicant at the time of purchase or if the KYC details are not updated in the existing folio for all unitholders, including guardian. In case where the KYC application is given along with the purchase/switch and where the purchase/switch is processed based on KYC application or based on KYC status as In-Process, the purchase/switch may be rejected in case the KYC is subsequently rejected or is on Hold. In case of such rejections, refund of the subscription amount without any interest would be made to the investor within 05 business days from the date of rejection / reversals.

17. Investors should mention the correct Tax Status which should correspond to the 4th Character convention of the PAN issued by the Income Tax Department. In case the Tax Status provided by the investor does not correspond to the 4th character convention of PAN, then the status as per the PAN 4th character would be updated in the investor folio.
18. Investors are requested to note that there can be only tax status, either Resident (RI) or Non Resident (NRI) against a single PAN. There cannot be different tax status for different folios for the same investor, same PAN. In case the existing tax status in a folio is NRI and the investor makes a new investment with tax status as RI, the new investment will be processed with tax status as NRI. Similarly, if the existing status in a folio is RI and the investor makes a new purchase with tax status as NRI, the tax status of the existing RI folio will be changed to NRI. In case of any change in tax status, Investors should submit a request for change of tax status request before submitting the new investment to avoid any inconvenience. The AMC reserves the right to reject or reverse & reprocess the transactions at a later date in case of any error.

**19. Contact Details and Correspondence Address**

- a. Applicants should provide contact information such as email id, mobile telephone number/s and correspondence address. However, the fund reserves the right to update communication postal address, email id, mobile number from KYC records of SEBI designated KYC Registration Authority (KRA).
  - b. Investors should ensure that, the email id, mobile number provided in the application form should be their own or any of the immediate family member and should be same as the ones provided in the KRA. Investors should clearly mention if the email id belongs to any of the immediate family members. Where the email id, mobile number are not provided or where provided but the same is found to be invalid, or seems to be not pertaining to the investor or any of the immediate family member or is of a distributor or any other agency, then AMC/ RTA reserves the right to remove the email id, mobile number without any notice and the email id, mobile number as per KRA records may be updated in the folio.
  - c. Investors will need to update the email id / mobile number with the KRA in case of any change.
  - d. Account statements, newsletter, annual reports and other communication, including statutory communication, will be sent through email/sms only instead of physical, for investors who provide their email address/mobile on the application form. Should they wish to have a physical copy, they are requested to send an email to the AMC/RTA. It is deemed that the applicants are aware of all the security risks associated with online communication, including possible third-party interception of documents sent via email.
  - e. If the pin code provided in application form or as received from KYC Database of a KRA is Null or Incorrect/Invalid, the transactions will be tagged as received from a T30 location.
20. In case of any investor being suspended / debarred by any statutory or government authority, the AMC/RTA reserves the right to reject any transaction without any notice.
  21. Refund if any in case of purchases will be made within 5 business days from the date of rejection and identification of remitter information of the credits received by the Fund, whichever is later.
  22. In case of subscription funds received through cheque deposited in clearing or transfer banking or through electronic means like funds transfer, IMPS, RTGS/NEFT etc; and where the details provided by the investor's bank or banking

industry in general are inadequate or incomplete or unclear to establish the credit of the funds against the clients subscription application, allotment of units for such amounts would be done after due efforts of interacting with the client's bank to ascertain the remitter of the funds and consequently the NAV applicable will be based on the business day when the reconciliation and establishment of credit to application is completed, irrespective of earlier receipt of credit or the subscription application.

23. Investors should ensure that their banks provide adequate information in bank statements with respect to funds remitted through cheque deposited in transfer banking or through electronic means like funds transfer, IMPS, RTGS/NEFT etc so as to ensure credit identification against their subscription application at the earliest.
24. The AMC and its Registrar reserve the right to disclose the details of the investors and their transactions to third parties viz. banks, couriers, distributors or stock brokers or registered investment advisors or any other parties through whom the application has been sourced or facilitated, printers and any other organization for the purpose of transaction confirmations and/or execution, redemption payouts, data validations, compliance with legal and regulatory requirements, or for complying with anti-money laundering requirements.

All investments and interactions with AMC/ its Registrar is done with full knowledge of the above necessity and consent for such sharing.

AMC/ its Registrar will take utmost care in processing, storing and maintaining such information so that such sensitive and personal information shall not get exposed to any unrelated third party(ies) and used for specific & associated purpose for which such information is collected. AMC/ its Registrar has implemented all required processes and controls as required under local data protection & privacy laws (Information Technology Act, 2000 & amendments thereof from time to time) and will continue to abide by all such data protection & privacy laws as notified by Government of India from time to time.

Mutual Fund / AMC / its Registrar, who shall be collecting, using and sharing as indicated above, shall comply with local laws of India, which may or may not be in line with the requirements of other territorial laws. If you have any concern / query, you can write to Investor Relations Officer of the Mutual Fund/ AMC. By choosing to invest in the Mutual Fund, it is construed that investor is providing explicit consent to AMC, RTA and other entities engaged by AMC to process investor data in their roles as per existing & prospective processes determined by Mutual Fund /AMC from time to time.

25. If the investor wishes to invest directly, i.e. without involving the services of any agent or broker, "DIRECT" should be mentioned in the space provided for "ARN Number" in the application form. Any subsequent change/update/removal of broker code will be based on the written request/authentication from the Unit holder and will be on a prospective basis only from the date when the Registrar executes such written instruction.
26. Investor/s also have the provision to specify in the application / transaction form the unique identity number (EUIIN) of the employee/relationship manager/ sales person of the distributor interacting with the investor/s for the sale of mutual fund products, along with AMFI Registration Number (ARN) of the distributor and sub-distributor ARN (if applicable). Investors are hereby requested to note the following with respect to EUIIN and ARN:
  - a. AMFI has allotted EUIIN to all the sales person of AMFI registered distributors.
  - b. Investor/s shall ask and specify the valid ARN code, sub-distributor ARN (if applicable) and the valid EUIIN of the the sub-distributor /sales person in the application/transaction form. This will assist in handling the complaints of mis-selling if any, even if the sales person on whose advice the transaction was executed leaves the employment of the distributor.
  - c. Investors are requested to use the new application /transaction forms which have space for sub-broker ARN code and EUIIN.
  - d. If EUIIN is not mentioned in the application form, it will be assumed as Execution Only transaction.

27. In cases of wrong/ invalid/ incomplete ARN, any purchase or switch-in or SIP & STP registration shall be processed under Direct Plan or rejected depending on the mode of the transaction. "Invalid ARNs" shall include ARN validity period expired, ARN cancelled /terminated, ARN suspended, ARN Holder deceased, Nomenclature change, as required pursuant to IA Regulations, not complied by the MFD, MFD is debarred by SEBI, ARN not present in AMFI ARN database, ARN not empanelled with AMC.

28. Signature(s) in application form should be in English or in any of the Indian languages specified in the Eighth Schedule of the Constitution of India. Thumb impressions and signatures in languages not specified in the Eighth Schedule of the Constitution of India should be attested by a magistrate or a Notary Public or a special Executive Magistrate under his/her official seal. Applications by minors should be signed by their guardian(s). In the case of an HUF, the Karta should sign on behalf of the HUF. In the case of company, Authorized officials should sign the form under their official designation and company seal. A list of specimen signatures of the authorized officials, duly certified and attested should also be attached to the application form. In case of trust fund, a resolution from the trustee(s) authorizing such purchase or investment should be submitted.

**29. Non acceptance of Third Party Payments**

- a. "Third Party Payment" refers to payment made from a bank account other than that of the first unitholder/applicant. For a payment to be not considered as a third party payment, the sole holder or the 1st holder of the folio (depending upon whether the folio is 'singly' or 'jointly' held) must be one of the joint holders of the bank account from which payment is made.
- b. In accordance with PMLA and AMFI guidelines dated August 16, 2010 on 'Risk mitigation process, payments by third party for investment in schemes of the Fund are not be accepted except in the following cases:
  - i. Payment by Employer on behalf of employee under Systematic Investment Plans or lump sum / one-time subscription, through Payroll deductions or deductions out of expense reimbursements.
  - ii. Custodian making investments on behalf of a FII/FPI/Client.
  - iii. Payment by Asset Management Company to a Distributor empanelled with it on account of commission/incentive etc. in the form of the Mutual Fund Units of the Funds managed by such AMC through Systematic Investment Plans or lump sum / one-time subscription, subject to compliance with SEBI Regulations and Guidelines issued by AMFI, from time to time.
  - iv. Payment by Corporate to its Agent/Distributor/Dealer (similar arrangement with Principal-agent relationship), on account of commission/incentive payable for sale of its goods/services, in the form of the Mutual Fund Units through Systematic Investment Plans or lump sum / one-time subscription, subject to compliance with SEBI Regulations and Guidelines issued by AMFI, from time to time.

Related Persons' means any person investing on behalf of minor in consideration of natural love or affection or as a gift.

- c. In case the payment falls under the above-mentioned exceptions, the following additional documents will be required to be provided together with the application form, failing which the application will be rejected/not processed/refunded without interest:
  - i. KYC Acknowledgment letter of the Investor and the person making the payment; and
  - ii. To provide the details of bank account from which the payment is made and the relationship with the investor(s).
- d. To substantiate that the payment is not a third party payment i.e. the payment is from a bank account where the first unit holder is an account holder, investors must mention the bank account number, bank name and branch address from where the payment is issued on the application form. These details should match with the details

on payment cheque/ document (as applicable).

- e. In case the bank account holder's name/s is not pre-printed on the payment instrument, investor should attach latest and certified bank pass book copy/bank statement or letter from bank certifying that the investor maintains the account with the bank in order to substantiate that the first named unit holder is one of the joint holders of the bank account. In case subscription is made through demand draft/pay order/banker's cheque, etc., such instrument should be accompanied with anyone of the following:
  - i. a certification from the issuing banker, stating the account holder's name and the account number which has been debited for issue of the instrument, or
  - 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.
  - iii. a copy of the passbook/bank statement evidencing the debit for issuance of the demand draft.
- f. The AMC reserves a right to reject the transaction and refund the funds without any interest or call for additional details, if payment bank account and other details are not mentioned in the application form / online transaction mode and/or do not match with payment instrument and/or necessary documents/declaration are not attached or are insufficient. In case the funds are transferred to the Mutual Fund account prior to the application rejection, then amount transferred may not be refunded or redeemed unless the investor establishes KYC with additional documentation.

**30. Mode of payment:** The following mode of payment can be used by Resident Investors:

- a. Electronic Funds Transfer (EFT) over the internet or by way of direct credit/ Real Time Gross Settlement (RTGS)/National Electronic Funds Transfer (NEFT) / Unified Payment Interface (UPI) / Immediate Payment Service (IMPS) to designated scheme collection account by clearly mentioning the name of the investor and application number in the remark. If IFSC code provided in application form is Null or Incorrect/Invalid, then AMC/RTA reserves the right to update/overwrite/correct the details as per RBI master.
- b. Through MICR cheque / demand draft/ pay order payable locally & drawn on any bank which is a member of the Banker's Clearing House /Zone in a city where the application is submitted to a designated Collection Centre (ISC). The cheques issued should confirm to the CTS 2010 standards in banking industry and be payable locally at the centre where the application forms / transaction request is submitted.
- c. In order to avoid fraud and prevent misuse of payment instruments, investors are advised to draw payment instrument (i.e. cheque, demand draft, pay order etc.) favouring either "XYZ Scheme A/c First Investor name" or "XYZ Scheme A/c Permanent Account Number of the First investor" or "XYZ Scheme A/c Folio number". For example: quant Active Fund A/c followed by (Name of the Investor) or quant Active Fund A/c followed by 10 digit PAN or quant Active Fund A/c followed by Folio Number.
- d. Bank charges, if any will be borne by the AMC subject to such conditions as prescribed by the AMC from time to time.
- e. Cash will not be accepted as a mode of payment. Payment by stock invests and/or posted dated cheques will not be accepted except for payment of future instalments of investment through Systematic Investment Plans (SIP).
- f. With respect to online transactions, payment can also be made through various modes as may be offered on digital platforms from time to time.
- g. In respect of New Fund Offer (NFO) of Schemes/Plan(s) other than NFOs of Exchange Traded Schemes(ETFs), 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) 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 “Applications Supported by Blocked Amount (ASBA) facility”.

- h. The AMC, at its discretion at a later date, may choose to alter or add other modes of payment.

**Payment through Applications Supported by Blocked Amount (hereinafter referred to as “ASBA”) in Mutual Funds for investing in New Fund offer (NFO)**

- a. ASBA facility is currently available only to those investors who wish to hold the units in dematerialized form.
- b. ASBA facility is not available in case of NFOs of Exchange Traded Funds (ETFs).
- c. An ASBA investor shall submit a duly filled up ASBA Application form, physically or electronically to the Self Certified Syndicate Bank (SCSB) with whom the investors holds the bank account which is to be blocked
  - i. In case of ASBA application in physical mode, the investor shall submit the ASBA form at the bank branch of SCSB, which is designated for the purpose and the investor must be holding a bank account with such SCSB.
  - ii. In case of ASBA application in electronic form, the investor shall submit the ASBA form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for subscribing to units of Mutual Fund schemes authorizing to block the subscription money in a bank account.
- d. The Bank Account Number in the form should necessarily be of the first applicant only. In case where the bank account is jointly held, the first applicant should be one of the joint holders.
- e. ASBA application form will not be accepted by any of the offices of Fund or its Registrar & Transfer Agent, i.e. KFin Technologies Limited (KFintech).
- f. Investors shall ensure that the bank account details mentioned in the ASBA application form is correct and the funds are available in the account for the SCSB to block the amount.
- g. Upon submission of an ASBA form with the SCSB, investor shall be deemed to have agreed to block the entire subscription amount specified in the application form, and authorized the designated branch to block such amount in the bank account.
- h. The SCSBs shall block the subscription money based on the authorization given by the account holder in the ASBA application form. The subscription money shall remain blocked in the Bank account till allotment of Units under the scheme or till rejection of the application, as the case may be.
- i. The SCSBs may at any time before the closure of the NFO reject the ASBA application and inform the investor accordingly.
- j. During processing of the application by the Registrar, if the application is found to be incomplete or incorrect, the SCSB will be informed on the same who will then unblock the investor account with appropriate remarks in the investor account.
- k. The names of the applicants, the manner of holding, the mode of holding in the application form should exactly match with the information available in the demat account. In case of any mismatch, incorrect or incomplete information, the application may be rejected by the SCSB or the Registrar.
- l. All investor related details for allotment of Units such as names of the applicants, manner of holding, mode of holding, bank account, etc will be updated as per the demat account.
- m. The investors should check their demat accounts for allotment of Units upon closure of the NFO. No physical account statement will be sent to the investors by the Mutual Fund or its Registrar.
- n. All grievances relating to the ASBA facility may be addressed to the AMC/RTA, with a copy to the SCSB, giving full details such as name, address of the applicants, subscription amount blocked on application, bank account

number and the designated branch or the collection centre of the SCSB where the ASBA form was submitted by the investor.

- o. On the closure date of the NFO, the ASBA form should be submitted to the SCSB before the 3.00 p.m. or such other time as may be decided by respective SCSB.
- p. Fund or its Registrar shall not be liable for any negligence or mistake committed by the SCSBs.

### **31. Application from NRI, FII and PIOs**

NRIs and PIOs may purchase units on a repatriation and non-repatriation basis, while FIIs may purchase units only on a repatriation basis. They shall enclose along with the application form a copy of the payment cheque / FIRC / Debit Certificate to enable the AMC to ascertain the repatriation status of the amount invested. The account type shall be clearly ticked as NRE or NRO or FCNR, to enable the AMC determine the repatriation status of the investment amount. The AMC and the Registrar may ascertain the repatriation status purely based on the details provided in the application form.

#### **a. Repatriation basis**

NRIs and PIOs may pay their subscription amounts by way of cheques drawn on NRE or FCNR accounts in Indian currency. FIIs may pay their subscription amounts either by way of inward remittance through normal banking channels or out of funds held in Foreign Currency Accounts or Non Resident Rupee Accounts maintained with a designated branch of an authorised dealer with the approval of RBI.

In case Indian Rupee drafts are purchased abroad or from FCNR/NRE accounts, an account debit certificate from the bank issuing the draft confirming the debit shall also be enclosed. NRIs shall also be required to furnish such other documents as may be necessary and as desired by the AMC/ Mutual Fund/Registrar, in connection with the investment in the schemes. Where redemption is received for units held by NRI and requiring credit of redemption proceeds to a NRE account, the fund may reject the redemption if the necessary documents like FIRC evidencing payment of subscription of units through NRE account are not provided by the investor.

#### **b. Non-Repatriation basis**

NRIs and PIOs may pay their subscription amounts by cheques/demand drafts drawn out of Non-Resident Ordinary (NRO) accounts/Non-Resident Special Rupee (NRSR) accounts and Non Resident Non-Repatriable (NRNR) accounts payable at the city where the application form is accepted.

### **32. Applications under Power of Attorney**

In case of an application under POA or by a Limited Company, Body Corporate, Registered Society Trust or Partnership etc., the relevant POA or the Resolution or Authority to make the application as the case may be, or duly certified copy thereof, along with the Memorandum and Articles of Association /Bye-laws must be lodged at the authorized center along with the application form.

### **33. Bank Account Details / Multiple Bank Account Registration**

It is mandatory for all investors to provide their bank mandate which will be used for payment of redemption/Payout of Income Distribution cum Capital Withdrawal. Applications without the mandatory bank details and supporting documents are liable to be rejected. Investors should ideally mention account details of the same bank account from where the payment towards purchase is made. If the bank account details mentioned are different from purchase pay-in bank, investors should attach a cancelled cheque of the said account with name and account number pre-printed. Should the investor fail to provide the documents, the Fund/AMC/RTA reserve the right to register the pay-in bank details as the redemption bank details and use such bank account for payment of any redemption/Income Distribution cum Capital Withdrawal proceeds.



The Mutual Fund offers its Unit holders, facility to register multiple bank accounts for pay-in & payout purposes and designate one of the registered bank account as “Default Bank Account”. This facility can be availed by using a designated “Bank Accounts Registration Form. In case of new investors, the bank account mentioned on the purchase application form used for opening the folio will be treated as default bank account till a separate request to register multiple bank accounts and change the default bank account to any of other registered bank account is submitted by such investor. Registered bank accounts may also be used for verification of pay ins (i.e. receiving of subscription funds) to ensure that a third party payment is not used for mutual fund subscription.

#### 34. Change of Bank

New bank accounts can only be registered using the designated “Bank Accounts Registration Form” / “Change of Bank Form”. If Unit holder(s) provide a new and unregistered bank mandate or a change of bank mandate request with specific redemption/ Income Distribution cum Capital Withdrawal payment request (with or without necessary supporting documents), such bank account will not be considered for payment of redemption/ Income Distribution cum Capital Withdrawal proceeds, or the Mutual Fund withhold the payment for upto 10 calendar days to ensure validation of new bank mandate mentioned. Change of bank mandate would not be processed based on the request submitted along with the redemption request and the investor will have to submit a fresh request for change of bank mandate with supporting documents. Any request without the necessary documents will be treated invalid and will not be acted upon and any financial transaction, including redemptions, will be processed with the existing registered details only. Valid change of bank mandate requests with supporting documents will be processed within ten days of documents reaching the head office of the Registrar and any financial transaction request received in the interim will be carried based on the previously registered details. Investors are requested to note the following with respect to the Multiple Bank Registration Facility / Change of Bank:

- a. Bank registration/deletion request from Unit holder(s) will be accepted and processed only if all the details and necessary documents are attached. The request is liable to be rejected if it is not filled completely and in case of any ambiguous/incorrect/ incomplete information.
- b. The first/sole Unit holder in the folio should be amongst any one of the bank account holders. Unit holder(s) cannot provide the bank account(s) of any other person or where the first/sole Unit holder is not an account holder in the bank account provided.
- c. Unit holder(s) need to attach the original cancelled cheque of the old and new bank account for updating/changing the bank details in the folio. This will help in verification of the account details and register them accurately. Where multiple banks are registered in the folio, cancelled cheque of any one of the old bank accounts will need to be provided along with the original cancelled cheque of the new bank account.
- d. In case original old bank proofs is not available, investors will have to visit Mutual Fund or RTA’s ISCs for doing In Person Verification [IPV] along with ORIGINAL PAN / Photo Identification proofs & new bank cheque copy.
- e. All documents submitted should clearly evidence the bank name, account number and name of all bank account holders.
- f. While registering multiple bank accounts, the Unit holder(s) has to specify any one bank account as the ‘Default Bank Account’.
- g. If the ‘Default Bank Account’ is not specified or is unclear, the Mutual Fund reserves the right to designate any of the bank accounts as ‘Default Bank Account’. Default Bank Account will be used for all Income Distribution cum Capital Withdrawal, redemption and maturity payouts in case of close ended schemes.
- h. Investors can change the default bank account by submitting the Bank Account Registration form. In case multiple bank accounts are opted for registration as default bank account, the mutual fund retains the right to register any one of them as the default bank account at its discretion.

- i. Bank account Details with redemption request: Please note the following important points related to payment of redemption proceeds:
  - i. Proceeds of any redemption request will be sent only to a bank account that is already registered and validated in the folio at the time of redemption transaction processing.
  - ii. Unit holder(s) may choose to mention any of the existing registered bank account with redemption request for receiving redemption proceeds. If no registered bank account is mentioned, default bank account will be used.
  - iii. If unit holder(s) provides a new bank mandate or a bank mandate which has not been previously registered with a specific redemption request (with or without necessary supporting documents) such bank account may not be considered for payment of redemption proceeds and proceeds will be sent to existing registered bank account only entirely at the risk of the unit holder(s) and the fund will not be liable for the same under any circumstances.
  - iv. Change of bank mandate would also not be processed based on the request submitted along with the redemption request and the investor will have to submit a fresh request for change of bank mandate with supporting documents.
- j. The registered bank accounts will also be used to identify the pay-in proceeds. Hence, unit holder(s) are advised to register their various bank accounts in advance using this facility and ensure that payments for ongoing purchase transactions are from any of the registered bank accounts only, to avoid fraudulent transactions and potential rejections due to mismatch of pay-in bank details with the accounts registered in the folio.
- k. This facility of multiple bank registration requests or any subsequent addition/change/ deletion in the registered bank accounts would be effected within 10 business days from the receipt of a duly completed application form at the office of the Registrar in Hyderabad and a confirmation letter will be sent within 15 business days. Unit holder(s) should preserve this letter for their reference, as the account statement will reflect default bank mandate only.
- l. The requests for addition/change/deletion/modification in the registered bank account(s) should be submitted using the designated application form only. Requests received on a plain paper/any other formats are liable to be rejected.
- m. The Mutual fund, AMC, its registrar and other service providers shall not be held liable for any loss arising to the unit holder(s) due to the credit of the redemption proceeds into any of the bank accounts registered in the folio.

**35. Transaction through Stock Exchange mode and option to hold units in dematerialized form:**

- a. In order to facilitate transactions in mutual fund units through the stock exchange infrastructure, BSE and NSE have introduced their respective platforms. Investors desirous of transacting in the Units of the select Schemes/Plans/ Options through the stock exchange mode shall submit applications to registered stockbrokers or distributors or Registered Investment Advisors (RIA) registered with NSE or BSE.
- b. The facility of transacting through the stock exchange mechanism enables investors to buy and sell the Units of the Scheme(s) through the stockbrokers or distributors or RIAs registered with the BSE and/or NSE in accordance with the guidelines issued by SEBI and operating guidelines and directives issued by NSE, BSE or such other recognized stock exchange in this regard. Investors desirous of transacting through the stock exchange mode and want to hold the units in the dematerialized form may be required to have a demat account with NSDL/CDSL.
- c. The Mutual Fund/ISCs will not accept any request directly for transactions or service requests in respect of Units

held by the investors in demat form. The AMC/Fund will not send any account statement in respect of Units bought in demat mode or accept any request for statement as the units will be credited in demat account of the investor and their DPs should be approached for issuance of statement.

- d. For any grievances with respect to transactions through stock exchange mechanism, Unit Holders must approach either stockbroker or their distributors or RIA or the investor grievances cell of the respective stock exchange. The Fund or the AMC will not be liable for any transactions processed based on the transaction details provided by the stock exchanges.

Option to hold units in dematerialized form:

- a. Investors subscribing for Units in any of the schemes of the Fund may opt to hold Units in dematerialized mode by providing details of their demat account in the purchase request submitted by them. Units shall be allotted in physical form by default, unless the investors intimate their intention of holding Units in demat form by submitting the demat account details. This option shall be available in accordance with the provisions laid under the respective scheme(s) and in terms of guidelines/ procedural requirements as laid by the depositories (NSDL/ CDSL) from time to time.
- b. Investors intending to hold the Units in Demat form are required to have a demat account with the Depository Participant (DP) registered with NSDL/CDSL and will be required to provide the DP's name, DP ID number and the beneficiary account number of the Unit holder with the DP. Investors should attach copy of either Client Master List / Transaction Holding Statement / Delivery Instruction Slip (DIS) to verify the demat details provided in the form. In case the Demat account details are not provided or the details are incomplete or the details do not match with the records as per Depository(ies), Units will be allotted in physical form.
- c. The sequence of names/pattern of holding as mentioned in the purchase request must be same as that in the demat account. Units shall be credited to the investors' demat account only after the funds are credited into the Mutual Fund's scheme(s) account to the satisfaction of the AMC.
- d. Investors holding units in demat mode cannot directly approach the Fund House to redeem or switch the units by submitting a physical request. Investors should approach the BSE or NSE Stock Exchange Platform to submit the redemption or switch request. Investors can also approach their Depository Participant (DP) to submit the redemption request.
- e. For any change in static information like address, bank details, nomination, contact etc. investors should approach their respective depository participant. The Mutual Fund/ISCs will not accept any request directly for transactions or service requests in respect of Units held by the investors in demat form.
- f. In case, the Unit holder desires to hold the Units in a Dematerialized/Rematerialized form at a later date, the request for conversion of units held in non- demat form to Demat (electronic) form or from Demat form to non-demat or physical form should be submitted alongwith a Demat/Remat Request Form to their Depository Participants. Dematerialization/Rematerialization of Units will be in accordance with the provisions of SEBI (Depositories & Participants) Regulations, 1996 as may be amended from time. Units held in demat form will be transferable subject to the provisions laid under the respective Scheme(s)/Plan(s) and in accordance with provisions of Depositories Act, 1996 and the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 as may be amended from time to time.
- g. The Mutual Fund/AMC will not send any account statement for units held in demat mode and investors should approach their DPs for the account statement.

**36. Facility to transact in units of the Schemes through MFU (MF Utilities India Pvt. Ltd) and MF Central:**

- a. Investors can execute financial and non-financial transactions pertaining to Schemes of quant Mutual Fund ('the Fund') electronically on the MFU ([www.mfunonline.com](http://www.mfunonline.com)) and MF Central portal (<https://www.mfcentral.com>), as and when such facility is made available by the respective platforms transactions subject to terms, conditions and

processes adopted by these platforms.

- b. The AMC has entered into an Agreement with MFUI, 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.
- c. The Points of Service (“POS”) of MFUI with effect from the respective dates as published on MFUI website i.e. [www.mfuindia.com](http://www.mfuindia.com) against the POS locations will be considered as Official Point of Acceptance/ Investor Services Centre where application for financial transactions in schemes of the Fund will be accepted on an ongoing basis. Further, investors can also submit their non-financial transaction requests at the POS.

### **37. APPLICATION VIA ELECTRONIC MODE**

Subject to the investor fulfilling certain terms and conditions stipulated by the AMC as under, AMC, Mutual Fund, the Registrar may accept transactions through any electronic mode (“fax/web/electronic transactions”) as permitted by SEBI or other regulatory authorities:

- i. The acceptance of the fax/web/electronic transactions will be solely at the risk of the transmitter of the fax/web/electronic transactions and the Recipient shall not in any way be liable or responsible for any loss, damage caused to the transmitter directly or indirectly, as a result of the transmitter sending or purporting to send such transactions.
- ii. The recipient will also not be liable in the case where the transaction sent or purported to be sent is not processed on account of the fact that it was not received by the recipient.
- iii. The transmitter’s request to the recipient to act on any fax/web/ electronic transmission is for the transmitter’s convenience and the recipient is not obliged or bound to act on the same.
- iv. The transmitter acknowledges that fax/web/electronic transactions is not a secure means of giving instructions/ transactions requests and that the transmitter is aware of the risks involved including those arising out of such transmission.
- v. The transmitter authorizes the recipient to accept and act on any fax/web/ electronic transmission which the recipient believes in good faith to be given by the transmitter and the recipient shall be entitled to treat any such fax/ web/electronic transaction as if the same was given to the recipient under the transmitter’s original signature.
- vi. The transmitter accepts that the fax/web transactions shall not be considered until time stamped as a valid transaction request in the scheme in line with SEBI regulations. For electronic transactions, the time of transaction would be the time when the request of purchase /redemption /switch /SIP/STP/SWP other facilities is received on the servers of AMC/RTA as per terms and conditions of such facilities.
- vii. In consideration of the recipient from time to time accepting and at its sole discretion acting on any fax/web/electronic transaction request received/ purporting to be received from the transmitter, the transmitter agrees to indemnify and keep indemnified the AMC, Directors, employees, agents, representatives of the AMC, Mutual Fund and Trustees from and against all actions, claims, demands, liabilities, obligations, losses, damages, costs and expenses of whatever nature (whether actual or contingent) directly or indirectly suffered or incurred, sustained by or threatened against the indemnified parties whatsoever arising from or in connection with or any way relating to the indemnified parties in good faith accepting and acting on fax/ web/electronic transaction requests including relying upon such fax/electronic transaction requests purporting to come from the transmitter and their authorised personnel even though it may not come from the transmitter and their authorised personnel.

### **38. Note on prevention of money laundering and Know Your Client (“KYC”) Requirements**

- a. Know Your Client (“KYC”) formalities under the Prevention of Money laundering Act, 2002 (“PMLA”) and the

related guidelines issued by SEBI from time to time, are to be completed by all investors, (including Power of Attorney holders and Guardian in case of a minor) intending to invest any amounts in units of the Mutual fund.

- b. Prevention of Money Laundering Act, 2002 (hereinafter referred to as "PML 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. SEBI vide Circular No. CIR/ISD/AML/3/2010 dated December 31, 2010 issued a 'Master Circular on Anti Money Laundering (AML) Standards/ Combating the Financing of Terrorism (CFT)/Obligations of Securities Market Intermediaries under the Prevention of Money Laundering Act, 2002' consolidating all the requirements / instructions / obligations of Securities Market Intermediaries issued under the various circulars issued by SEBI with regard to AML/CFT till January 31, 2010, whereby all intermediaries are advised to take necessary steps to ensure compliance with the requirement of the PML Act inter-alia for the maintenance and preservation of records and reporting of information relating to cash and suspicious transactions to Financial Intelligence Unit-India (FIU-IND), New Delhi.
  - c. The Mutual fund/ Registrar and Transfer Agent (RTA) shall perform the KYC of its new investors. Investors may however, note that the fund reserves the right to conduct enhanced KYC of its investors as may be commensurate with their respective risk profiles.
  - d. The investor(s) should ensure that the amount invested in the schemes of quant Mutual Fund 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 laws in force in India from time to time or any rules, regulations, notifications or directions issued thereunder.
  - e. To ensure appropriate identification of the investor(s)/ Unitholder(s) under the 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/Unitholder's telephonic calls and / or obtain and retain documentation for establishing the identity of the investor/ Unitholder, their beneficial owner(s), proof of residence, source of funds, etc. It may re-verify identity and obtain any incomplete or additional information for this purpose as the case may be. The investor(s)/Unitholder(s) shall provide such documents to the satisfaction of the AMC as may be required from time to time for the verification/identification of the investor(s)/ Unitholder(s)/any transaction by the AMC/Mutual Fund. If the investor(s)/Unitholder(s) refuses / fails to provide to the AMC, the required documents/ information within the period specified, the AMC, shall have the sole and absolute discretion to freeze the folio(s) of the investor(s)/Unitholder(s), reject any application(s) / allotment of Units and report the details of such investor/Unitholder/transaction to appropriate authority.
  - f. The Mutual Fund, AMC, quant Capital Trustee Limited and its Directors, employees and agents shall not be liable in any manner for any claims arising whatsoever on account of such freezing of folio(s) / rejection of any application / allotment of Units and/or reporting the same to appropriate authorities.
- Know Your Customer (KYC) Compliance
- g. In terms of the PML Act, 2002, the Rules issued there under and the guidelines/circulars issued by SEBI and/or AMFI regarding the Anti Money Laundering (AML Laws) and KYC requirement, all intermediaries, including Mutual Funds, have to formulate and implement a client identification programme, verify and maintain the record of identity and address(es) of investors.
  - h. 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, to bring about uniformity in the Know Your Customer (KYC) process in the securities market, Common KYC Application form and supporting documents shall be used by all SEBI registered intermediaries viz. intermediaries viz. Mutual Funds, Portfolio Managers, Depository Participants, Stock Brokers, Venture Capital Funds, Collective Investors Schemes, etc. Further, to avoid duplication of KYC process across SEBI registered intermediaries, a mechanism for centralization of the KYC records in the securities market has been developed.

Accordingly, we will be performing the initial KYC of our clients and upload the details on the system of the KYC Registration Agency (KRA). The data from the KRA shall be checked and passed onto the Central Registry of Securitization Asset Reconstruction and Security Interest (CERSAI) for generation of the KYC Identification number (KIN) of the investor. The KYC details of the client can be accessed by other intermediaries by accessing the KRA system. As a result, once the client has done KYC with a SEBI registered intermediary, he need not undergo the same process again with another intermediary. For regulating KRAs, SEBI has formulated the KYC

Registration Agency (KRA) Regulations, 2011 which covers the registration of KRAs, functions and responsibilities of the KRAs and intermediaries, code of conduct, data security, etc. However, to comply with prevailing regulatory guidelines, the AMC reserves the right to carryout fresh KYC to the investors or undertake enhanced KYC measures commensuration with the risk profile of the investor. In-Person Verification (IPV) of clients has been made mandatory for all SEBI registered intermediaries. Asset Management Companies (AMCs) and the distributors who comply with the certification process of National Institute of Securities Market (NISM) or Association of Mutual Funds (AMFI) and have undergone the process of 'Know Your Distributor (KYD)' can perform the IPV for mutual fund investors. However, where applications are received by the mutual funds directly from the clients (i.e. not through any distributor), the IPV performed by the scheduled commercial banks can be relied on. The IPV carried out by any SEBI registered intermediary can be relied upon.

- i. Investors should note that it is mandatory for all applicants (in the case of application in joint names, each of the applicants) to mention his/her Permanent Account Number (PAN) irrespective of the amount of purchase in the Application Form. Investors who do not have PAN, have to provide other approved proof of identity in lieu of PAN i.e. PAN-exempt KYC reference number (PEKRN) who can invest up to ₹50,000 per year per mutual fund. Where the applicant is a minor, and does not possess his / her own PAN/PEKRN, he / she shall quote the PAN/PEKRN of his/her father or mother or the guardian, as the case may be.
- j. In the event of noncompliance of KYC requirements, the Trustee / AMC reserves the right to freeze the folio of the investor(s) and affect mandatory redemption of unit holdings of the investors at the applicable NAV, subject to payment of exit load, if any.
- k. All investors (both individual and non-individual) can apply for KYC compliance. However, applicants should note that minors cannot apply for KYC compliance and any investment in the name of minors should be through a Guardian, who should be KYC compliant for the purpose of investing with a Mutual Fund. Also, applicants / unitholders intending to apply for Units / currently holding Units and operating their Mutual Fund folios through a Power of Attorney (PoA) must ensure that the issuer of the PoA and the holder of the PoA must mention their KYC compliance status at the time of investment. PoA holders are not permitted to apply for KYC compliance on behalf of the issuer of the PoA. Separate procedures are prescribed for change in name, address and other KYC related details, should the applicant desire to change such information.
- l. Financial transactions (including redemptions, switches and all types of systematic plans) and non-financial requests will not be processed if the unitholders have not completed KYC requirements.
- m. Unitholders are advised to use the applicable KYC Form for completing the KYC requirements and submit the form at the point of acceptance.
- n. Further, upon updation of PAN details with the KRA (KRA-KYC) / CERSAI (CKYC), the unit holders are requested to intimate us / our Registrar and Transfer Agent their PAN information along with the folio details for updation in our records.
- o. For applicants who subscribe to the Units through Stock Exchange facility, the KYC performed by the Depository Participant of the applicants will be considered as KYC verification done by the Trustee / AMC.
- p. Units held in Electronic (Demat) mode, the KYC performed by the Depository Participant of the applicants will be considered as KYC verification done by the Trustee / AMC.

### 39. Update on Folios without PAN/PEKRN (PAN exempted KYC Reference Number)

SEBI vide its letter No. SEBI/HO/OW/IMD/PoD/2022/48112/1 dated September 12, 2022 has advised that no investments (Systematic transaction, Lumpsum, Redemption) shall be permitted in such folios wherein PAN/PEKRN details are not available.

All such Non-compliant Non-PAN and Non-PEKRN folios shall be liable to be frozen from April 01, 2023.

Further, IDCW will not be paid or reinvested for any IDCW declared by schemes of Mutual Fund and will be invested in Unclaimed Scheme and units shall be allotted in the Investor folio for the IDCW amount.

Unitholders whose folio(s) has/have been frozen due to the above requirement shall be able to (permit to) lodge grievance or avail service request only after furnishing the above details. Please note that the PAN / PEKRN (as

may be applicable) needs to be provided in respect of all joint holders.

#### **40. Change in Static Information**

- a. Requests for change static information, viz. name, mobile number, email id, status, signature, bank account details, Income Distribution cum Capital Withdrawal sub-option, nomination, registration of Power of Attorney, Updation of Authorised Signatory List, etc. may be submitted to the AMC or its Registrar. Such changes will be effected within 5 Business Days of the valid signed request reaching the office of the Registrar and any interim financial transactions like purchase, redemption, switch, payment of Income Distribution cum Capital Withdrawal etc. will be effected with the previously registered details only. If any change in static information is submitted along with a financial transaction, the change may be handled separately and the financial transaction may be processed with the previously registered details. Unit holders are therefore advised to provide requests for change in static information separately and not along with financial transactions. Investors holding units in demat mode should approach their respective Depository Participant for non-financial requests/ applications such as change of address, mobile number, email id, change of bank, etc.
- b. Any change in Income Distribution cum Capital Withdrawal sub option due to additional investment or unit holder request will be applicable to the entire units in the Income Distribution cum Capital Withdrawal option of the scheme/plan concerned.
- c. Unit Holders may write to the AMC or the Registrar to change the broker code of their transactions. Any such request will be handled on a prospective basis and the change in broker code will be effected within 5 days from the date when the Registrar receives the request
- d. All non financial requests are liable to be rejected if the KYC is not completed and updated for all holders in the folio.

#### **A. Redemption and Switches**

- a) All allotment of units on account of purchases, switch ins will be provisional subject to realisation & reconciliation of funds & the AMC having been reasonably satisfied that the Fund have received the clear funds. Units created will be temporarily put under hold till the time the Fund has carried out the reconciliation based on bank statements, supporting details received from banks, payment aggregators, other agencies involved in collecting and remitting the proceeds to the AMC. Units created will be kept on hold though the funds have been sighted, till the time of receipt of bank statements from the banks & other agencies and completion of the reconciliation activities. Any redemption or switches in the interim is liable to be rejected at the sole discretion of the AMC. For more details please refer the relevant SID for details on redemption and switch.
- b) Redemption & switches will be rejected if the KYC is not completed and updated for all the holders in the folio.
- c) The AMC also has the right, at its sole discretion, to close a Unitholder's account by redemption of units in the account of unitholder, if the unitholder does not submit the requisite proof/documents/information required by the AMC or where the units are held by a unitholder in breach of any Regulation.
- d) Since a request for purchase is generally made in Rupee amounts and not in terms of number of Units of the Scheme, a Unit Holder may be left with fractional Units. Fractional Units will be computed and accounted for up to three decimal places. However, fractional Units will, in no way, affect the Unit Holder's ability to redeem the Units, either in part or in full, standing to his/her/its credit.

## **B. Suspension of purchase and restriction on redemption of units**

### **Suspension of purchase of units**

1. Subject to the approval of the Boards of the AMC and the Trustee and subject to necessary communication to SEBI, determination of NAV of the units under any scheme of the Mutual fund may be temporarily suspended, leading to consequent suspension of purchase of units, in any of the following events:
  - a) When one or more stock exchanges or markets, which provide the basis of valuation for a substantial portion of the assets of the schemes, is/are closed, otherwise than for ordinary holidays.
  - b) When, as a result of political, economic or monetary events or any circumstance outside the control of the trustee and the AMC, disposal of the assets of the schemes is not reasonable, or would not reasonably be practicable without being detrimental to the interests of the unit holders.
  - c) In the event of a breakdown in the means of communication used for the valuation of investments of the schemes, without which the value of the securities of the schemes cannot be accurately arrived at.
  - d) During periods of extreme volatility of markets, which in the opinion of the AMC, are prejudicial to the interests of the unit holders.
  - e) In the case of natural calamities, pandemic, strikes, riots, bandhs etc.
  - f) In the event of any force majeure or disaster that affects the normal functioning of the AMC or the Registrar or if the Trustees are of the opinion that the suitable investment opportunities are not available for deployment of funds.
  - g) If so directed by SEBI.
  - h) Additionally, the AMC reserves the right in its sole discretion to withdraw the facility of sale and switching option of units into and out of the scheme(s) (including any one Plan / option of the scheme), temporarily or indefinitely, if AMC views that changing the size of the corpus may prove detrimental to the existing unit holders of the scheme(s).

### **2. Restriction on redemption of units**

Pursuant to clause 1.12 of SEBI Master Circular dated June 27, 2024, the restriction on redemption may be imposed under following scenario that may lead to a systemic crisis or the efficient functioning of markets such as:-

- a) **Liquidity issues** –Market at large becomes illiquid affecting almost all securities rather than any issuer specific security.
- b) **Market failures, exchange closures** - 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).
- d) Subject to the approval of the Boards of the AMC and the Trustee and subject to necessary communication to SEBI, restriction on redemption would be imposed; the following procedure shall be applied:
- e) Restriction on redemption may be imposed for a specified period of time not exceeding 10 working days in any 90 days period.
- f) No redemption requests upto INR 2 lakh shall be subject to such restriction.
- g) Where redemption requests are above INR 2 lakh, AMCs shall redeem the first INR 2 lakh without such restriction and remaining part over and above INR 2 lakh shall be subject to such restriction.



## C. Suspension of Sale/Switches into the scheme under special circumstances

The AMC/trustee reserves the right to temporarily suspend subscription in/switches into any scheme of the Mutual fund which invests overseas, if the limit prescribed by SEBI for overseas investments by all schemes of the Mutual fund put together currently equivalent to US\$ 600 mn) is exceeded/expected to be exceeded.

## D. Procedure for various facilities

Investors can request for Annual Report / Abridged Summary, Half Yearly Portfolio, Net Asset Value (NAV) through any of the following means.

- I. Request for Annual Report (AR)/Abridged Summary
  - a) Telephone:- Give a call to our Contact Centre at 022 6295 5000
  - b) Email:- Send an email to [help.investor@quant.in](mailto:help.investor@quant.in)
  - c) Letter:- Submit the letter to any of the AMC Offices or KFin Technologies Investor Service Centres.
- II. Request for Monthly/Half Yearly Portfolio
  - a) Telephone: - Give a call to our Contact Centre at 022 6295 5000
  - b) Email:- Send an email to [help.investor@quant.in](mailto:help.investor@quant.in)
  - c) Letter: - Submit the letter to any of the AMC Offices or KFin Technologies Investor Service Centres.
- III. Request for Net Asset Value (NAV)
  - a) Telephone: - Give a call to our Contact Centre at 022 6295 5000
  - b) Email:- Send an email to [help.investor@quant.in](mailto:help.investor@quant.in)

## E. Special Products offered by the AMC / Schemes

For general terms and conditions and more information, Unit holder(s) are requested to read Terms and Conditions available on [www.quantmutual.com](http://www.quantmutual.com).

### (i) Systematic Investment Plan (SIP)

Investors can benefit by investing specific Rupee amounts periodically, for a continuous period through SIP. SIP allows investors to invest a fixed amount of Rupees on daily (business days) or specific dates every month or quarter by purchasing Units of a Scheme at the Purchase Price prevailing at such time. The minimum installment shall be 6 instalments. Investors can enroll themselves for SIP in the Scheme by ticking the appropriate box in the application form and filling up the relevant SIP form. If start date for SIP period is not specified, SIP will be registered to start anytime from a period after five business days from the date of receipt of application based on the SIP date available / mentioned, subject to mandate being registered. If end date is not specified the SIP will be registered for 40 years from the start date or end date of mandate/tenure of the scheme, whichever is earlier.

Units will be allotted at the applicable NAV as on the SIP Date opted for by the investor. Where such SIP Date is not a Business Day, Units will be allotted at the applicable NAV of the immediately succeeding Business Day.

The AMC may change the terms and conditions for SIP from time to time, due to changing market and operational conditions. Investors are advised to check the latest terms and conditions from any of the offices of the AMC, before investing same is available on [www.quantmutual.com](http://www.quantmutual.com)

### Daily SIP facility

Under Daily SIP, the Unit Holder can invest a fixed amount into the scheme on a daily basis. Daily SIP installment shall be processed only when it is a Business Day for the scheme. It is to be noted that allotment of units are subject to realization of credit in the scheme. In case, if more than one SIP instalments credits are realized on a particular day, both the instalments will be processed for the applicable NAV in terms of the provisions of the Scheme Information

## **(ii) Systematic Withdrawal plan (SWP)**

A Unit Holder may, through SWP, receive regular payments by way of withdrawals from a Scheme (in the said folio) on a weekly, monthly, quarterly, half yearly or yearly basis with specific SWP dates and the request should be for at least 6 such withdrawals. A Unit holder may avail of SWP by ticking the appropriate box in the application form and filling up the SWP form, specifying therein the 'SWP Date' and period. To start an SWP, the unit holder should submit the SWP form at least seven days prior to the first desired SWP date. To discontinue the SWP, the unit holder should provide at least 30 days written notice to the Registrar/AMCs offices. A Unit Holder who opts for an SWP has the choice of withdrawing (i) a fixed amount or (ii) an amount equal to the periodic appreciation on his/her/its investment in the Scheme from which the withdrawal is sought.

If the Units available are less than required withdrawal amount, then such Units will be redeemed and SWP facility registered in such scheme will be discontinued. Similarly, if there are no units in the Scheme to redeem or withdraw, the SWP facility registered in such Scheme will be discontinued.

In case the SWP Date happens to be a Non-Business Day, the transaction will be processed on the immediately succeeding Business Day. On the other hand, the Mutual Fund may terminate the SWP, if all the Units concerned are liquidated or withdrawn from the account or pledged or upon the Mutual Fund's receipt of notification of death or incapacity of the Unit Holder. All terms and conditions for SWP, including Exit Load, if any, prevailing in the date of SWP enrolment/registration by the fund shall be levied in the Scheme.

The AMC may change the terms and conditions for SWP facility from time to time, due to changing market and operational conditions. Investors are advised to check the latest terms and conditions from any of the offices of the AMC, before investing same is available on [www.quantmutual.com](http://www.quantmutual.com).

## **(iii) Systematic Transfer Plan (STP)**

A Unit Holder may transfer, through STP, part of his/her/its investment in the Scheme (in the said folio) to another Scheme on a weekly (on any week day i.e Monday to Friday), monthly, quarterly, half yearly and yearly basis with specific STP dates and the request should be for at least 6 such transfers. The transfer will be effected by way of a switch, i.e. redemption of Units from one Scheme and investment of the proceeds thereof, in the other scheme, at the then prevailing terms of both schemes. Therefore, all provisions pertaining to Inter-Scheme Switching will apply to an STP **(Please refer to "Switching" for provisions on switching)**. Also, all provisions pertaining to Entry and Exit Load in an STP transaction will be same as applicable for purchase or redemption of investment made through SIP. All transactions by way of STP shall, however, be subject to the terms (other than minimum application amount) of the target Scheme.

All terms and conditions for STP, including Exit Load, if any, prevailing in the date of STP enrolment/registration by the fund shall be levied in the Scheme.

A Unit Holder who opts for an STP has the choice of switching (i) A fixed amount or (ii) an amount equal to the periodic appreciation on his/her/its investment in the Scheme from which the transfer is sought.

The AMC may change the terms and conditions for SWP facility from time to time, due to changing market and operational conditions. Investors are advised to check the latest terms and conditions from any of the offices of the AMC, before investing same is available on [www.quantmutual.com](http://www.quantmutual.com).

## **Daily STP facility**

Under Daily STP, the Unit Holder can switch a fixed amount from any one Scheme (Source Scheme) to any other Scheme (Target Scheme) on a daily basis subject to exit load as applicable. The minimum period for Daily STP shall be 6 days and maximum for any period subject to the end period being year 2099. STP installment shall be processed only when it is a Business day for both source and target Scheme. In case the start date is not mentioned, the Daily STP shall start from the 7th day from the date of submission of valid STP registration form. In case the end date is not mentioned, the STP shall be registered for a period of one year.

For general terms and conditions and more information, Unit holder(s) are requested to read Terms and Conditions available on [www.quantmutual.com](http://www.quantmutual.com)

Note:

- (i) SIP/SWP/STP facility is available in all Plans of the Scheme.
- (ii) SWP and STP facilities are available/applicable to the investors in each plan of the Scheme.
- (iii) STP/SWP facilities on weekly or fortnightly basis are currently not available to investors who wish to transact through the stock exchange mechanism.

#### **(iv) Switching**

A switch has the effect of redemption from one scheme/ plan/option and a purchase in the other scheme/plan/ option to which the switching has been done. To effect a switch, a Unit Holder must provide clear instructions. Such instructions may be provided in writing or by completing the transaction slip/form attached to the account statement. The switch request can be made for any amount of Rs. 100/- or more. A Unit Holder may request switch of a specified amount or a specified number of Units only. If the Unit Holder has specified both the amount (in Rs.) and the number of Units, switch-out of units will be carried out based on the number of units specified by the Unit Holder.

All allotments will be provisional, subject to realisation of payment instrument and subject to the AMC having been reasonably satisfied that the Mutual Fund has received clear funds. Any redemption or switch out transaction in the interim is liable to be rejected at the sole discretion of the AMC. Investors may note that switch facility is currently not available for units held in demat mode and will be provided as and when enabled by stock exchange platforms and depositories as the units are held in demat account. Unit holders are requested to note that application for switch-out for units for which funds are not realized via purchase or switch-in in the Scheme of the Fund shall be liable to be rejected. In other words, switch out of units will be processed only if the funds for such units are realized in the Scheme by a way of payment instructions/transfer or switch-in funding process.

#### **(a) Inter-Scheme Switching**

Unit Holders will have the option to switch all or part of their investment in the Scheme, to any other Scheme established by the Mutual Fund, which is available for investment at that time. The switch will be affected by way of redemption of Units from a Scheme and re-investment of the redemption proceeds in the other Scheme selected by the Unit Holder at the prevailing terms of the Scheme to which the switch is taking place.

The price at which the Units will be switched out of the Scheme will be based on the Redemption Price on the Business Day of acceptance of switching request and the net proceeds will be invested in the other Scheme at the prevailing Purchase Price for Units in that/those Scheme. Please refer the clause on **“Ongoing price for redemption (sale)/switch outs (to other Scheme/plans of the Mutual Fund)/intra- Plan switching by investors (Redemption Price)”** mentioned in respective SID.

#### **(b) Inter-Plan Switching**

Unit Holders will have the option to switch all or part of their investment(s) from one plan of a Scheme to the other plan of that Scheme. The switch will be effected by way of a redemption of Units of the relevant plan of a Scheme as per terms and conditions of redemption and re-investment of the redemption proceeds in the other plan of the Scheme selected by the Unit Holder on the prevailing terms of that Plan as a purchase as per purchase terms and conditions of purchase.

#### **(c) Switch of units from Regular Plan/Institutional Plan to Direct Plan within the same Scheme of the Fund:**

No exit load shall be levied in case of switch of investment from Regular Plan/Institutional Plan to Direct Plan and vice versa. Such Switch may entail tax consequences. Investors/Unit Holder(s) should consult their professional tax advisor before initiating such requests.

#### **(d) Inter-Option Switching**

Unit Holders have the option to switch all or part of their investments from one Option of a Scheme/Plan to the other Option of the same Scheme/Plan.

The switch will be affected by way of redemption of Units of the relevant Option and reinvestment of the redemption proceeds in the other Option selected by the Unit Holder on the prevailing terms of that Scheme/Plan. The price at which the Units will be switched out will be at the Applicable NAV on the Business Day of acceptance of switching request and the net proceeds will be invested in the other Option at the Applicable NAV of that Option.

The AMC may change the terms and conditions for switching facility from time to time, due to changing market and operational conditions. Investors are advised to check the latest terms and conditions from any of the offices of the AMC, before investing same is available on [www.quantmutual.com](http://www.quantmutual.com).

#### **(v) Pledge of Units for Loans**

Units can be pledged by the Unit Holders as security for raising loans, subject to any rules/restrictions that the Trustee may prescribe from time to time.

For Units held in demat form, the rules of the respective DP will be applicable for pledge of the Units. Units held in demat form can be pledged by completing the requisite forms/formalities as may be required by the Depository. The pledge gets created in favour of the pledgee only when the pledgee's DP confirms the creation of pledge in the system.

In case of Units held in physical form, the Registrar will note and record such pledge. A standard form for this purpose is available at any of the official points of acceptance of transactions and on

#### **(vi) Transfer of Income Distribution cum Capital Withdrawal plan (IDCW)**

Unit holders under the Regular Plan/Institutional Plan & Direct Plan (wherever applicable) and IDCW Options(s) (other than Daily IDCW Reinvest sub-option) of all the open ended Scheme of the Mutual Fund can opt to transfer their IDCW to any other option under the Regular Plan/ Institutional Plan & Direct Plan (wherever applicable) (other than Daily IDCW Reinvest sub- option) of all the open- ended Scheme of the Mutual Fund by availing the facility of IDCW Transfer Plan.

Under IDCW Transfer, IDCW as & when declared (as reduced by the amount of applicable statutory levy) in the transferor Scheme (subject to minimum of Rs.100/-) will be automatically invested without any exit load into the transferee Scheme, as opted by the Unit holder. Such transfer will be treated as fresh subscription in the transferee Scheme and invested at the Applicable NAV on the Business Day immediately following the record date, subject to terms and conditions applicable to the transferee Scheme.

Investors are requested to note that the AMC may change the terms and conditions for SWP facility from time to time, due to changing market and operational conditions. Investors are advised to check the latest terms and conditions from any of the offices of the AMC, before investing same is available on [www.quantmutual.com](http://www.quantmutual.com).

#### **(vii) OTM – One Time Mandate ('Facility')**

This Facility enables the Unit Holder/s of quant Mutual Fund ('Fund') to transact with in a simple, convenient and paperless manner by submitting OTM - One Time Mandate registration form to the Fund which authorizes his/her bank to debit their account up to a certain specified limit per day, as and when they wish to transact with the Fund, without the need of submitting cheque or fund transfer letter with every transaction thereafter.

This Facility enables Unit holder(s) of the Fund to start Systematic Investment Plan (SIP) or invest lump sum amounts in any Scheme of the Fund by sending instructions through Transaction forms, and online facility specified by the AMC. This Facility is only available to Unit holder(s) of the Fund who have been assigned a folio number by the AMC.

Unit Holder(s) are requested to note that the AMC reserves the right to amend the terms and conditions, or modify, or discontinue the Facility for existing as well as prospective investors at anytime in future.

For general terms and conditions and more information, Unit holder(s) are requested to read Terms and Conditions, OTM - One Time Mandate registration form available at the Official Point of Acceptance of Transactions of AMC/ KFin Tech and also available on [www.quantmutual.com](http://www.quantmutual.com).

## **F. Default scenarios available to the investors under plans/options of the Schemes**

- I. Pursuant to Securities and Exchange Board in India (SEBI) circular no. CIR/IMD/DF/21/2012 dated September 13, 2012, Direct Plan was introduced for all open-ended funds with effect from Jan 01, 2013. Direct Plan is a separate plan for direct investments i.e. investments not routed through a distributor.

The below point summarizes the procedures which would be adopted while processing application form/transaction request by the AMC:

- a. If the purchase application form carries ARN code and plan name specified as “Regular”, then the transaction will be processed in the Regular Plan.
  - b. If the purchase application form carries ARN code as blank and plan name specifies as Regular, then the transaction will be processed in the Direct Plan.
  - c. If the purchase application form carries ARN code and plan name specified as “Direct”, then the transaction will be processed in the Direct Plan.
  - d. If the purchase application form carries Direct and plan name specified as “Direct”, then the transaction will be processed in the Direct Plan.
  - e. If the purchase application form carries DIRECT and plan name specified as “Regular” or not specified, then the transaction will be processed in the Direct Plan.
- II. In case of scheme’s plan option not specified, “Growth” will be the default option for processing of transaction.
- III. In case of IDCW sub-option not specified, “Payout” will be default option for processing of transaction.
- For daily IDCW frequency, the default sub-option would be compulsorily “Reinvest”.
  - For weekly IDCW frequency, where the IDCW amount is above Rs. 10,000/-, sub-option “Payout” is applicable. Else the IDCW amount will be compulsorily reinvested.

**For more details and understanding, please refer the Scheme Information Document [SID] of respective scheme.**

## **VII. 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 an Income Distribution cum Capital Withdrawal (IDCW)/dividend under a scheme, IDCW/ dividend warrants shall be dispatched to the Unit Holders within 7 working days from the record date of IDCW/dividend. Consolidated Account Statement ('CAS') at mutual fund industry level for each calendar month will be issued on or before 15th day of succeeding month to all unit holders having financial transactions and who have provided valid Permanent Account Number (PAN). For folios not included in the CAS, the AMC shall issue a monthly account statement to the unit holders, pursuant to any financial transaction done in such folios; the monthly statement will be send on or before 15th day of succeeding month. In case of a specific request received from the unit holders, the AMC shall provide the account statement to the unit holder within 5 business days from the receipt of such request.
3. The Mutual Fund shall dispatch redemption or repurchase proceeds within 3 working days of accepting the valid redemption or repurchase request. For schemes investing at least 80% of total assets in such permissible overseas investments, 5 Working Days of accepting the valid redemption or repurchase request. Further, in case of exceptional scenarios as prescribed by AMFI vide its communication no. AMFI/ 35P/ MEM-COR/ 74 / 2022-23 dated January 16, 2023, read with clause 14.1.3 of SEBI Master Circular dated June 27, 2024, the AMC may not be able to adhere with the timelines prescribed above.
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 Board 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 majority of the trustees decide to wind up a scheme in terms of clause (a) of sub regulation (2) of regulation 39 of SEBI (Mutual Funds) Regulations, 1996 or prematurely redeem the units of a close ended scheme.
8. The trustees shall ensure that no change in the fundamental attributes of any scheme, the fees and expenses payable or any other change which would modify the scheme and affect the interest of the unit holders is carried out by the asset management company, unless it complies with sub-regulation (26) of regulation 25 of SEBI (Mutual Funds) Regulations, 1996.
9. In specific circumstances, where the approval of unitholders is sought on any matter, the same shall be obtained by way of a postal ballot or such other means as may be approved by SEBI.

## **VIII. INVESTMENT VALUATION NORMS FOR SECURITIES AND OTHER ASSETS**

### **A. Background**

SEBI has amended Regulation 47 and the Eighth Schedule relating to valuation of investments on February 21, 2012 to introduce overriding principles in the form of "Principles of Fair Valuation".

Prior to this amendment, Eighth schedule and various circulars issued from time-to-time provided detailed guidelines on valuation of traded securities, non-traded securities, thinly traded securities, etc.

The amended regulations require that mutual funds shall value their investments in accordance with principles of fair valuation so as to ensure fair treatment to all investors i.e. existing investors as well as investors seeking to subscribe or redeem units.

It further prescribes that the valuation shall be reflective of the realizable value of securities and shall be done in good faith and in a true and fair manner through appropriate valuation policies and procedures approved by the Board of the asset management company (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.

### **B. Valuation methodologies**

1. Annexure I describes the methodologies for valuing each and every type of security held by the schemes.
2. Investment in any new type of security shall be made only after establishment of the valuation methodology for such security with the approval of the board of the AMC.

### **C. Inter-scheme transfers**

1. Inter-scheme transfers shall be effected as per regulations and internal policy at prevailing market price (essentially fair valuation price).
2. Annexure I describes the methodology to determine the fair valuation of securities which are intended to be transferred from one scheme to another.

### **D. Scope of the Valuation Committee:**

- a. Recommendation and drafting of valuation policy for AMC Board approval
- b. Review the accuracy and appropriateness of methods used in arriving at the fair value of securities and recommend changes, if any.
- c. Lay down procedures to detect and prevent incorrect valuation.
- d. Approve changes in policy with regards to inter-scheme trades.
- e. Recommend valuation method during exceptional events.
- f. Recommend valuation methodology for a new type of security.
- g. Report to the Board regarding any deviations or incorrect valuations.

### **E. Periodic Review**

The valuation committee shall be responsible for ongoing review of the valuation methodologies in terms of its appropriateness and accuracy in determining the fair value of each and every security.

### **F. Exceptional Events**

1. Following types of events could be classified as Exceptional events where current market information may not be available / sufficient for valuation of securities:

- a. Major policy announcements by the Central Bank, the Government or the Regulator.
- b. Natural disasters or public disturbances that force the markets to close unexpectedly.
- c. Absence of trading in a specific security or similar securities.
- d. Significant volatility in the capital markets.

In case the Fund Managers are of the opinion that the price provided by valuation agencies (currently CRISIL and ICRA) does not reflect the fair value of a security, the same shall be valued on the basis of guidelines provided by the Valuation Committee.

2. Escalation Procedure:

- a. Valuation Committee shall be responsible for monitoring Exceptional events and recommending appropriate valuation methods under the circumstances with due guidance from the AMC Board.
- b. Under such circumstances, Valuation committee shall seek the guidance of the AMC Board in deciding the appropriate methodology for valuation of affected securities.
- c. Deviations from the valuation policy and principles, if any, will be communicated to the unit holders' wide suitable disclosures on the fundwebsite.

## **g. Record keeping**

Policy document should be updated in SID / SAI, website and other documents as prescribed by the SEBI regulations and guidelines.

All the documents which forms the basis of valuation including inter-scheme transfers (the approval notes & supporting documents) should be maintained in electronic form or physical papers.

Above records will be preserved in accordance with the norms prescribed by the SEBI regulations and guidelines.

## **Valuation Policy: Annexure I**

### **A. Equity and related securities**

<b>Asset Class</b>	<b>Traded / Non Traded</b>	<b>Basis of Valuation</b>
	Traded	On the valuation day, at the last quoted closing price on the National Stock Exchange (NSE)/ Bombay Stock Exchange (BSE) or other stock exchange, where such security is listed. If not traded on the primary stock exchange, the closing price on the other stock exchange will be considered. NSE will be the primary stock exchange.  For Index Funds / Exchange Traded Funds, exchange of underlying benchmark index would be the primary stock exchange.



	Non Traded	<p>1. 1. When a security is not traded on any stock exchange, on the date of valuation, then the previous closing price on NSE / any other SE will be used, provided such closing price is not exceeding a period of 30 calendar days.</p> <p>2. In all other cases</p> <p><b>a. Equity Shares:</b></p> <p>Based on the latest available Balance Sheet, net worth shall be calculated as follows:</p> <p>i) Net Worth per share = [share capital+ reserves (excluding revaluation reserves) – Misc. expenditure and Debit Balance in P&amp;L A/c] Divided by No. of Paid up Shares.</p> <p>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 of the latest audited annual accounts will be considered for this purpose.</p> <p>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.</p> <p>iv) In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalised earning.</p> <p>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.</p> <p>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.</p> <p>To determine if a security accounts for more than 5% of the total assets of the scheme, it should be valued by the procedure above and the proportion which it bears to the total net assets of the scheme to which it belongs would be compared on the date of valuation</p> <p><b>b. Preference Shares:</b> Intrinsic value will be considered</p> <p><b>c. Equity Warrants / Rights entitlement / partly paid up rights shares:</b> Valuation price will be arrived, after applying appropriate discount (valuation committee delegated the power to decide the discount factor), after reducing the exercise price / issuance price from the closing price of the underlying cash equity security.</p> <p><b>d. Partly Paid Up Share</b> - If the partly paid up share is not traded on any stock exchange on the date of valuation, then it should be valued at the price derived after reducing the uncalled amount from the Closing price of underlying fully paid up share. Further Valuation Committee to decide on application of illiquidity</p>
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		<p>discount as deemed appropriate on case to case basis.</p> <p><b>e. Demerger:</b></p> <ol style="list-style-type: none"> <li>Where there is one resulting Company along with the demerged company and such resulting company is unlisted - The resulting company will be valued by residual price methodology which would be traded value of the demerged company on the day before the demerger less value of the demerged company immediately post demerger. However, if value of demerged entity is greater or equal to the value of the demerged entity before demerger, then the resulting company would be valued at zero.</li> <li>Where there are more than one resulting companies along with the demerged company and all or some resulting companies are unlisted - The resulting companies will be valued by residual price methodology which would be traded value of the demerged entity on the day before the demerger less value of the demerged entity immediately post demerger. The residual value would be allocated into resulting companies in the ratio provided as a part of scheme of arrangement or such other ratio as decided by the Valuation Committee. If one of the resulting companies is listed, the residual value for unlisted companies would be further determined by reducing the traded value of listed resulting companies from the residual value computed as above</li> <li>In case where the resulting companies and the demerged company are unlisted <ul style="list-style-type: none"> <li>The traded value of demerged company on the day before the demerger would be allocated between the resulting companies and demerged company in the ratio provided as a part of scheme of arrangement or such other ratio as decided by the Valuation Committee.</li> </ul> </li> </ol> <p>If the above companies remained unlisted for more than 3 months, illiquidity discount on the derived prices may be applied on the basis of the market capitalization of the issuer viz. at 5% ,10% and 15%, for Large cap, Mid cap, Small cap respectively</p> <p>In case of the above listed, Valuation committee may decide fair value other than guided above, post considering facts on a case to case basis. Further guidance from valuation committee would be sought for any exceptional cases not covered above.</p> <p><b>f. Merger:</b> Valuation of resulting company would be determined by valuation of merging / amalgamating company immediately prior to the ex-date of merger / amalgamation</p> <ol style="list-style-type: none"> <li>In case merging / amalgamating companies being listed, valuation of resulting companies would be summation of valuation of entities immediately prior to merger date. Further if listed company merges into an unlisted surviving company, then the surviving company should be valued at the traded value of merging company immediately before merger.</li> </ol> <p>Example:</p> <ul style="list-style-type: none"> <li>If Company A and Company B merge to form a new Company C then Company C would be valued at the price equals to A+B</li> <li>If Company A which is a listed company merges into Company B which is an unlisted company would be valued at traded price of A immediately before merger.</li> </ul> <ol style="list-style-type: none"> <li>In case, one of the merging / amalgamating companies being unlisted,</li> </ol>
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		<p>valuation of resulting companies would be valued on the principles of fair valuation as guided by the valuation committee.</p> <p>If the above companies remained unlisted for more than 3 months, illiquidity discount on the derived prices may be applied on the basis of the market capitalization of the issuer viz. at 5% ,10% and 15%, for Large cap, Mid cap, Small cap respectively.</p> <p>In case of the above listed, Valuation committee may decide fair value other than guided above, post considering facts on a case to case basis. Further guidance from valuation committee would be sought for any exceptional cases not covered above.</p>
	Thinly Traded	<p>Policy similar to non-traded Equity Shares.</p> <p>Definition of thinly traded equity/ equity related security: When trading in an equity/ equity related security in a calendar month is both less than INR 5 lacs and the total volume is less than 50,000 shares, it shall be considered as a thinly traded security.</p>
	Unlisted equity Shares	<p>Unlisted equity shares of a company shall be valued "in good faith" on the basis of the valuation principles laid down below:</p> <ol style="list-style-type: none"> <li>a. Based on the latest available audited balance sheet, net worth shall be calculated as lower of (i) and (ii) below: <ol style="list-style-type: none"> <li>i. Net worth per share = [paid up share capital plus free reserves (excluding revaluation reserves) minus Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses] divided by Number of Paid up Shares.</li> </ol> </li> </ol> <p>After taking into account the outstanding warrants and options, Net worth per share shall again be calculated and shall be = [paid up share capital plus consideration on exercise of Option/Warrants received/receivable by the Company plus free reserves(excluding revaluation reserves) minus Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses] divided by {Number of Paid up Shares</p>

		<p>plus Number of Shares that would be obtained on conversion/ exercise of Outstanding Warrants and Options}</p> <p>The lower of (i) and (ii) above shall be used for calculation of net worth per share and for further calculation in (c) below</p> <p>b. 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 of the latest audited annual accounts will be considered for this purpose.</p> <p>c. The value as per the net worth value per share and the capital earning value calculated as above shall be averaged and further discounted by 15% for illiquidity so as to arrive at the fair value per share.</p> <p>The above methodology for valuation shall be subject to the following conditions:</p> <ol style="list-style-type: none"> <li>All calculations as aforesaid shall be based on audited accounts.</li> <li>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.</li> <li>If the net worth of the company is negative, the share would be marked down to zero.</li> <li>In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalised earning.</li> <li>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% of the total assets of the scheme, it should be valued in accordance with the procedure as mentioned above on the date of valuation.</li> </ol> <p>At the discretion of the AMC and with the approval of the trustees, an unlisted equity share may be valued at a price lower than the value derived using the aforesaid methodology.</p>
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	Lock-in Shares	In case of Equity share under lock in for more than 3 months from the date of purchase/allotment, which are traded on the stock exchanges, the investment manager may apply appropriate discount to the closing price quoted on the stock exchange as may be decided by the Investment Committee on a case to case basis.
	Inter-scheme Transfers	Inter-scheme would be done at the Price of the security prevailing on the primary stock exchange at the time of effecting the transfer. If not traded on the primary stock exchange, the closing price of other stock exchange (BSE) will be considered.
Futures & Options	Traded/Non Traded	On the valuation day, at the settlement price provided by the respective stock exchanges.
Qualified Institutional Placement (QIP) / Follow on Public Offer (FPO) / Initial Public Offer (IPO)		In case of QIP and FPO recognition and valuation would start from the date of allotment. In case of IPO the security would be valued at cost from the date of allotment till a day prior to listing and on last quoted closing price (as mentioned above under Traded criteria) from the day of listing.
Convertible Debentures		In respect of convertible debentures and bonds, the non-convertible and convertible components shall be valued separately. The non-convertible component (Debt) should be valued on the same basis as would be applicable to a debt instrument. The convertible component (Equity) should be valued on the same basis as would be applicable to an equity instrument/equity derivative. If, after conversion the resultant equity instrument would be traded pari passu with an existing equity instrument which is traded, the value of the latter instrument can be arrived at after an appropriate discount for non-tradability, time value, volatility etc. of the equity instrument during the period preceding the conversion. While valuing such instruments, the fact whether the conversion is optional should also be factored in

## B. Fixed Income and related securities

Category	Policy
<p>Valuation of all Debt and Money Market Instruments</p> <p>(including Government Securities, Treasury Bills, Cash Management Bills, State Development Loans, Ujwal DISCOM Assurance Yojana (UDAY) Bond etc.)</p> <p>(Including Reverse Repo, Corporate Debt Repo, TREPS all with residual maturity greater than 30 days),</p>	<p>At average of the security level prices provided by valuation agencies.</p> <p>In case security level prices are not given by valuation agencies, then such securities will be valued at weighted average purchase yield on the date of allotment / purchase.</p>
<p>Valuation of money market and debt securities classified as below investment grade or default.</p>	<p>All money market and debt securities which are rated below investment grade shall be valued at the average of the security level price provided by valuation agencies.</p> <p>Till such time the valuation agencies compute the valuation of money market and debt securities classified as below investment grade, such securities shall be valued by the valuation agencies on the basis of indicative haircuts.</p> <p>If security is traded, it will be valued at lower of weighted average traded price available on public platform or average of the security level price provided by valuation agencies. The traded qualification criteria shall be as determined by valuation agencies. In the absence of the information on the traded qualification criteria from the valuation agencies, the qualification criteria shall be as determined by the Investment Committee.</p> <p>In absence of the above information the valuation shall be arrived at basis guidance from Investment Committee.</p> <p>In case of any deviation from the valuation price for money market and debt securities rated below investment grade provided by the valuation agencies, AMC shall follow the procedure as mentioned in clause 9.2.3.e. of SEBI Master Circular dated June 27, 2024.</p>
<b>Interest Rate Futures</b>	<p>The exchange traded Interest Rate Futures would be valued based on the Daily settlement Price or any other derived price provided by the exchange</p>
<b>Interest Rate Swaps and other Debt OTC Derivatives</b>	<p>Valuation would be done at average of Price provided by valuation agencies. In absence of Price from valuation agencies, valuation shall be arrived at basis guidance from Investment Committee</p>

<b>Market Linked Debentures</b>	Valuation would be done at average of Price provided by valuation agencies. In absence of Price from valuation agencies, valuation shall be arrived at basis guidance from Investment Committee.
<b>Inter-scheme Transfers (IST)</b>	<p>Inter-scheme transfer of all debt and money market securities would be done as per the Price provided by valuation agencies for the said purpose.</p> <p>If Prices from both the valuation agencies are received within the pre- agreed turnaround time (TAT) plus an additional grace time of 30 minutes, an average of the prices so received shall be used for IST.</p> <p>If Prices from only one valuation agency are received within the agreed TAT plus an additional grace time of 30 minutes, then that Price will be used for IST. In case prices from any of the valuation agencies are received beyond the additional grace time of 30 minutes and are adopted for IST trade, then the same shall be approved by Investment Committee.</p> <p>For securities where price is not provided by valuation agencies, the below mentioned approach would be adopted.</p> <p><u>For Fixed Income Securities (excluding Government Securities, Treasury Bills, Cash Management Bills, State Development Loans, Ujwal DISCOM Assurance Yojana (UDAY) Bond, etc)</u></p> <p>Inter-scheme will be done at the weighted average YTM of all trades for <b>same or similar security</b> on a public platform with minimum traded lot of INR 25 crore of face value at the time of inter-scheme.</p> <p>If there are eligible trades in the same security, the weighted average YTM of these will be considered. If there are no eligible trades in the same security, then weighted average YTM of similar securities will be considered.</p> <p><b><u>Criteria for identifying the similar securities:</u></b></p> <p>Similar security should be identified by the following waterfall logic:</p> <ol style="list-style-type: none"> <li>1. Same issuer with maturity date within <math>\pm 5</math> days of maturity date of security for inter-scheme transfer shall be considered first. If no such instance is available, then Step 2 to be followed: Example: For inter-scheme transfer of Canara Bank CD maturing on 15-Jun- 2016, all secondary market trades of Canara Bank CD maturing within 10-Jun- 2016 to 20-Jun-2016 will be considered first</li> <li>2. Similar security from a different issuer within the same category (PSU Bank, Private Bank or Financial Institution etc) and having same credit rating, with maturity date within <math>\pm 5</math> days of maturity date of security considered for inter- scheme transfer <i>Example: For inter-scheme transfer of Canara Bank CD maturing on 15-Jun- 2016, all secondary market trades of similar public sector bank CDs maturing within 10-Jun-2016 to 20-Jun-2016 having same credit rating will be considered</i></li> </ol>

	<p>3. Provided the maturity dates are within the same calendar quarter.</p> <p><u>Note:</u></p> <p>Outlier trades, if any, should be ignored after suitable justification by Valuation Committee.</p> <p><u>In case no data point is available for a security, in accordance with above principles:</u> Inter-Scheme valuation will be at previously valued YTM.</p> <p><u>For Government Securities, Treasury Bills, Cash Management Bills, State Development Loans, Ujwal DISCOM Assurance Yojana (UDAY) Bond, etc</u></p> <p>Inter-scheme done would be at the last traded YTM on NDS-OM at the time of inter-scheme. In case of no trade on NDS-OM at the time of inter- scheme, previous day's YTM will be considered.</p>
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### C. Foreign Securities including ADR/GDR

Category	Policy
<b>Traded</b>	<p>Foreign security shall be valued based on the last quoted closing price available on the overseas stock exchange, where the security is listed on multiple exchanges, price of the primary stock exchange in the respective jurisdiction would be considered for valuation.</p> <p>When a security is not traded on stock exchange on the date of valuation, then the previous closing price will be used for valuation, provided such closing price is not exceeding a period of 30 calendar days.</p> <p>However, in case of an extra ordinary event in other markets during the market hours or post the closure of the markets but before NAV computation, the AMC shall value the security at suitable fair value as determined by the Valuation Committee on a case-to-case basis. Further the valuation committee reserves right to suitably modify the defined priority or valuation methodology by documenting rationale for exception to the above defined policy.</p> <p>On valuation date, all assets and liabilities in foreign currency shall be valued in Indian Rupees at the reference rate available on FBIL's (Financial Benchmarks India Pvt Ltd) website as at the close of banking hours on the relevant business day in India. For securities / exposure where RBI / FBIL reference rate is not available, the valuation committee would approve the exchange rate to be used. In case the direct exchange rates are not available, then cross currency rate with USD would be considered. The valuation committee reserves the right to change the source for determining the exchange rate with appropriate rationale in case of exceptional scenarios.</p>



<b>Non Traded</b>	<p>Where the security is not traded, on the date of valuation, on any of the exchanges the last quoted closing price on the selected / primary stock exchange shall be used provided such date is not more than thirty days prior to the valuation date. Securities not traded for more than thirty days shall be valued by AMC at fair value after considering relevant factors on case to case basis.</p> <p>On valuation date, all assets and liabilities in foreign currency shall be valued in Indian Rupees at the reference rate available on FBIL's (Financial Benchmarks India Pvt Ltd) website as at the close of banking hours on the relevant business day in India. For securities / exposure where RBI / FBIL reference rate is not available, the valuation committee would approve the exchange rate to be used. In case the direct exchange rates are not available, then cross currency rate with USD would be considered. The valuation committee reserves the right to change the source for determining the exchange rate with appropriate rationale in case of exceptional scenarios.</p>
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#### **D. Investment in Mutual Fund (including ETF's) and Corporate Debt Market Development Fund**

<b>Category</b>	<b>Policy</b>
<b>Domestic Mutual Fund</b>	As per guidelines issued by AMFI, Mutual Fund Units (including ETF's) listed and traded on exchanges (NSE & BSE) would be valued at at the last quoted closing price on the National Stock Exchange (NSE)/ Bombay Stock Exchange (BSE) or other stock exchange, where such security is listed. If not traded on the primary stock exchange, the closing price on the other stock exchange will be considered. NSE will be the primary stock exchange. Unlisted Mutual Fund Units and listed but not traded Mutual Fund Units (including ETF's)
<b>Overseas Mutual Fund</b>	<p>would be valued at the NAV as on the valuation day. In case if on any valuation day the domestic mutual fund is having a non-business day then previous day closing price / NAV would be considered for valuation.</p> <p>Overseas Mutual Fund Units (including ETF's) listed and traded on exchanges would be valued at the last quoted closing price on the overseas stock exchange, where the security is listed on multiple exchanges, price of the primary stock exchange in the respective jurisdiction would be considered for valuation.</p> <p>Unlisted Mutual Fund Units and listed but not traded Mutual Fund Units (including ETF's) would be valued at the NAV as on the valuation day.</p> <p>In case if on any valuation day the overseas mutual fund is having a non-business day then previous day closing price / NAV would be considered for valuation.</p>
<b>Corporate Debt Market Development Fund</b>	Units of Corporate Debt Market Development Fund Alternative Investment Fund (CDMDF) would be valued at the published NAV as on the valuation day.

#### E. Investment in ReITs, InvITs

Category	Policy
ReITs / InvITs	On the valuation day, at the last quoted closing price on the National Stock Exchange (BSE) or other stock exchange, where such security is listed. If not traded on the primary stock exchange, the closing price on the other stock exchange will be considered. NSE will be the primary stock exchange. In case if it's not traded on the valuation day the valuation committee would recommend appropriate valuation methodology to determine the fair value.

#### F. Waterfall Mechanism for valuation of money market, debt and government securities:

Clause 9.2.3.c. of SEBI Master Circular dated June 27, 2024 has laid down broad principles for waterfall approach to be followed for valuation of debt, money market and government securities. The said circular prescribes AMFI shall ensure valuation agencies have a documented waterfall approach for valuation of Debt & money market securities.

The AMFI best practices guidelines circular (135/BP/83/2019-20) dated November 18, 2019 provided guidelines on waterfall approach to be followed for valuation money market and debt securities. The waterfall approach is documented in Annexure II.

#### G. Gold, Silver, Other Commodities and Exchange Traded Commodity Derivatives:

Cate gory	Policy
Gold	<p>The physical Gold held by 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 parts per thousand, subject to the following:</p> <ul style="list-style-type: none"><li>(a) adjustment for conversion to metric measure as per standard conversion rates.</li><li>(b) adjustment for conversion of US dollars into Indian rupees as per the RBI reference rate available on FBIL.'s (Financial Benchmarks India Pvt Ltd) website as at the close of banking hours on the relevant business day in India; and</li><li>(c) addition of-<ul style="list-style-type: none"><li>(i) transportation and other charges that may be normally incurred in bringing such gold or silver from London to the place where it is stored on behalf of the mutual fund; and</li><li>(ii) notional customs duty and other applicable taxes and levies that may be normally incurred to bring the gold or silver from the London to the place where it is actually stored on behalf of the mutual fund;</li></ul></li></ul>

	<p>Provided that the adjustment under clause (c) 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; If the Gold held by a scheme has a greater fineness; the relevant LBMA prices of AM fixing shall be taken as the reference price.</p> <p>If the Gold acquired by the 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 above-paragraph.</p> <p>MCX spot price would be considered for determining a suitable notional premium to arrive at the fair valuation reflecting the domestic prices of Gold. Instances where MCX spot price is lower than the price as determined above, a suitable notional discount would be applied. If on any day MCX spot price is not available, any other appropriate source may be used as agreed upon by the Valuation Committee.</p> <p>If on any day, LBMA price is not available due to holiday, the last published LBMA price will be considered for valuation by applying last available RBI reference rate.</p>
<b>Silver</b>	<p>The physical Silver held by scheme shall be valued at the AM fixing price of London Bullion Market Association (LBMA) in US dollars per troy ounce for Silver having a fineness of 999 parts per thousand, subject to the following:</p> <ul style="list-style-type: none"> <li>(a) adjustment for conversion to metric measure as per standard conversion rates;</li> <li>(b) adjustment for conversion of US dollars into Indian rupees as per the RBI reference rate available on FBIL.'s (Financial Benchmarks India Pvt Ltd) website as at the close of banking hours on the relevant business day in India; and</li> <li>(c) addition of- <ul style="list-style-type: none"> <li>(i) transportation and other charges that may be normally incurred in bringing such silver from London to the place where it is actually stored on behalf of the mutual fund; and</li> <li>(ii) notional customs duty and other applicable taxes and levies that may be normally incurred to bring the silver from London to the place where it is actually stored on behalf of the mutual fund:</li> </ul> </li> </ul> <p>Provided that the adjustment under clause (c) above may be made on the basis of a notional premium that is usually charged for delivery of silver to the place where it is stored on behalf of the mutual fund. Where the silver held by a scheme has a greater fineness, the relevant LBMA prices of AM fixing shall be taken as the reference price.</p> <p>MCX spot price would be considered for determining a suitable notional premium to arrive at the fair valuation reflecting the domestic prices of Silver. Instances where MCX spot price is lower than the price as determined above, a suitable notional discount would be applied. If on any day MCX spot price is not available, any other appropriate source may be used as agreed upon by the Valuation Committee.</p> <p>If on any day, LBMA price is not available due to holiday, the last published LBMA price will be considered for valuation by applying last available RBI reference rate.</p>
<b>Exchange Trade d Commodities Derivatives (ETCDs) Contracts</b>	<p>Futures and Options will be valued at the settlement price provided by the respective commodity exchange where they are listed / traded.</p> <p>In case necessary details to value ETCDs are not available the same would be valued based on guidance from valuation committee.</p>

<b>Other Commodities (physical received from trading in ETCDs other than the Gold &amp; Silver):</b>	<p>On receipt of the physical stocks at the accredited warehouses of the exchanges, at the allocated location, the commodity will be valued daily at the pooled physical price of the respective location published by the respective commodity exchanges.</p> <p>If the pooled physical prices are not available on the respective commodity exchanges, then below waterfall approach would be adopted.</p> <ol style="list-style-type: none"> <li>Price of the derivative position best reflecting the physical holding (location of warehousing &amp; expiry) which the scheme owns will be considered for valuation.</li> <li>Previous day valuation price</li> </ol> <p>In case necessary details to value are not available the same would be valued based on guidance from valuation committee.</p>
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#### Notes:

1. Public Platform refers to:

- a) Clearcorp F-TRAC Platform of Clearcorp Dealing Systems (India) Ltd. (CDSIL), NSE &

BSE: For Commercial Papers and Certificate of Deposits

Clearcorp F-TRAC Platform of Clearcorp Dealing Systems (India) Ltd. (CDSIL)

For corporate bonds / debentures and securitized debts order of preference for the Public Platforms for consideration would be as follow:

NSE – NSE OTC

BSE - ICDM

- b) NDS-OM: For Government Securities, Treasury Bills, Cash Management Bills, State Development Loans, Ujwal DISCOM Assurance Yojana (UDAY) Bond, etc

2. Following assets will be valued at cost plus accruals / amortization:

- Bank Fixed Deposits
- TREPS / Reverse Repo (including Corporate Bond Repo) with tenor up to 30 days

3. Weighted average YTM / Last Traded YTM shall be rounded up to two digits after decimal point.

4. Securities with Put/Call Options – Would be valued as per security level prices provided by the valuation agencies for the said purpose.

5. The valuation of security lent shall be done as per the valuation methodology stated for respective security in Annexure I of this valuation policy. The lending fee received for the security lent would be amortized proportionately, until expiry of the contract.

6. In case of any deviation from the valuation price for money market and debt securities provided by the valuation agencies, AMC shall follow the procedure as mentioned in clause 9.2.3.d. of SEBI Master Circular dated June 27, 2024.

#### \*Disclaimer

By using the valuation contained in this document, the user acknowledges and accepts that the valuations are provided severally (and not jointly) by CRISIL and/or ICRA and are subject to the following disclaimers and exclusion of liability which operate severally to the benefit of CRISIL and/ or ICRA and AMFI. The valuation uses the methodology discussed by CRISIL and/or ICRA with the Association of Mutual Funds of India (AMFI) and reflects the CRISIL and/or ICRA assessment as to the value of the relevant securities as at the date of the valuation. This

is an indicative value of the relevant securities on the valuation date and can be different from the actual realizable value of the securities. The valuation is based on the information provided or arranged by or on behalf of the asset management company concerned (AMC) or obtained by CRISIL and/or ICRA from sources they consider reliable. Neither AMFI nor CRISIL and/or ICRA guarantee the completeness or accuracy of the information on which the valuation is based. The user of the valuations takes the full responsibility for any decisions made on the basis of the valuations. Neither AMFI nor CRISIL and/or ICRA accept any liability (and each of them expressly excludes all liability) for any such decision or use.

## **Valuation Policy: Annexure II**

### **Part A: Valuation of Money Market and Debt Securities other than G-Secs**

#### **1. Waterfall Mechanism for valuation of money market and debt securities:**

The following shall be the broad sequence of the waterfall for valuation of money market and debt securities:

- i. Volume Weighted Average Yield (VWAY) of primary reissuances of the same ISIN (whether through book building or fixed price) and secondary trades in the same ISIN
- ii. VWAY of primary issuances through book building of same issuer, similar maturity (Refer Note 1 below)
- iii. VWAY of secondary trades of same issuer, similar maturity
- iv. VWAY of primary issuances through fixed price auction of same issuer, similar maturity
- v. VWAY of primary issuances through book building of similar issuer, similar maturity (Refer Note 1 below)
- vi. VWAY of secondary trades of similar issuer, similar maturity.
- vii. VWAY of primary issuance through fixed price auction of similar issuer, similar maturity
- viii. Construction of matrix (polling may also be used for matrix construction)
- ix. In case of exceptional circumstances, polling for security level valuation (Refer Note 2 below)

#### **Note 1**

Except for primary issuance through book building, polling shall be conducted to identify outlier trades. However, in case of any issuance through book building which is less than INR 100 Cr, polling shall be conducted to identify outlier trades.

#### **Note 2**

Some examples of exceptional circumstance would be stale spreads, any event/news in particular sector/issuer, rating changes, high volatility, corporate action or such other event as may be considered by valuation agencies. Here stale spreads are defined as spreads of issuer which were not reviewed/updated through trades/primary/polls in same or similar security/issuers of same/similar maturities in waterfall approach in last 6 months.

Further, the exact details and reasons for the exceptional circumstances which led to polling shall be documented and reported to AMCs. Further, a record of all such instances shall be maintained by AMCs and shall be subject to verification during SEBI inspections.

#### **Note 3**

All trades on stock exchanges and trades reported on trade reporting platforms till end of trade reporting time (excluding Inter-scheme transfers) should be considered for valuation on that day.

#### **Note 4**

It is understood that there are certain exceptional events, occurrence of which during market hours may lead to significant change in the yield of the debt securities. Hence, such exceptional events need to be factored in while calculating the price of the securities. Thus, for the purpose of calculation of VWAP of trades and identification of outliers, on the day of such exceptional events, rather than considering whole day trades, only those trades shall be considered which have occurred post the event (on the same day).

The following events would be considered exceptional events:

- i. Monetary/Credit Policy
- ii. Union Budget
- iii. Government Borrowing / Auction Days
- iv. Material Statements on Sovereign Rating
- v. Issuer or Sector Specific events which have a material impact on yields
- vi. Central Government Election Days
- vii. Quarter end days

In addition to the above, valuation agencies may determine any other event as an exceptional event. All exceptional events along-with valuation carried out on such dates shall be documented with adequate justification.

## 2. Definition of tenure buckets for Similar Maturity

When a trade in the same ISIN has not taken place, reference should be taken to trades of either the same issuer or a similar issuer, where the residual tenure matches the tenure of the bond to be priced. However, as it may not be possible to match the exact tenure, it is proposed that tenure buckets are created and trades falling within such similar maturity be used as per table below.

<b>Residual Tenure of Bond to be priced</b>	<b>Criteria for similar maturity</b>
Up to 1 month	Calendar Weekly Bucket
Greater than 1 month to 3 months	Calendar Fortnightly Bucket
Greater than 3 months to 1 year	Calendar Monthly Bucket
Greater than 1 year to 3 years	Calendar Quarterly Bucket
Greater than 3 years	Calendar Half Yearly or Greater Bucket

In addition to the above:

- a. In case of market events, or to account for specific market nuances, valuation agencies may be permitted to vary the bucket in which the trade is matched or to split buckets to finer time periods as necessary. Such changes shall be auditable. Some examples of market events/ nuances include cases where traded yields for securities with residual tenure of less than 90 days and more than 90 days are markedly different even though both may fall within the same maturity bucket, similarly for less than 30 days and more than 30 days or cases where yields for the last week v/s second last week of certain months such as calendar quarter ends can differ.
- b. In the case of illiquid/ semi liquid bonds, it is proposed that traded spreads be permitted to be used for longer maturity buckets (1 year and above). However, the yield should be adjusted to account for steepness of the yield curve across maturities.
- c. The changes & deviations mentioned in clauses a and b, above, should be documented, along with the

detailed rationale for the same. Process for making any such deviations shall also be recorded. Such records shall be preserved for verification.

### 3. Process for determination of similar issuer

Valuation agencies shall determine similar issuers using one or a combination of the following criteria. Similar issuer do not always refer to issuers which trade at same yields, but may carry spreads amongst themselves & move in tandem or they are sensitive to specific market factor/s hence warrant review of spreads when such factors are triggered.

- i. Issuers within same sector/industry and/or
- ii. Issuers within same rating band and/or
- iii. Issuers with same parent/ within same group and/or
- iv. Issuers with debt securities having same guarantors and/or
- v. Issuers with securities having similar terms like Loan Against Shares (LAS)/ Loan Against Property (LAP)

The above criteria are stated as principles and the final determination on criteria, and whether in combination or isolation shall be determined by the valuation agencies. The criteria used for such determination should be documented along with the detailed rationale for the same in each instance. Such records shall be preserved for verification. Similar issuers which trade at same level or replicate each other's movements are used in waterfall approach for valuations. However, similar issuer may also be used just to trigger the review of spreads for other securities in the similar issuer category basis the trade/news/action in any security/ies within the similar issuer group.

### 4. Recognition of trades and outlier criteria

#### i. Volume criteria for recognition of trades (marketable lot)

Clause 9.1.3.1 of SEBI Master Circular, dated June 27, 2024 prescribes that the marketable lots shall be defined by AMFI, in consultation with SEBI. In this regard, marketable lot is defined as under.

The following volume criteria shall be used for recognition of trades by valuation agencies:

Parameter	Minimum Volume Criteria for marketable lot
Primary	INR 25 cr. for both Bonds/NCD/CP/CD and other money market instruments
Secondary	INR 25 cr. for CP/ CD, T-Bills and other money market instruments
Secondary	INR 5 Cr for Bonds/NCD/G-secs

Trades not meeting the minimum volume criteria i.e. the marketable lot criteria as stated above shall be ignored.

#### ii. Outlier criteria

It is critical to identify and disregard trades which are aberrations, do not reflect market levels and may potentially lead to mispricing of a security or group of securities. Hence, the following broad principles would be followed by valuation agencies for determining outlier criteria.

- a. Outlier trades shall be classified on the basis of liquidity buckets (Liquid, Semi-liquid, and Illiquid). Price discovery for liquid issuers is generally easier than that of illiquid issuers and hence a tighter pricing band as compared to illiquid issuers would be appropriate.
- b. The outlier trades shall be determined basis the yield movement of the trade, over and above the yield

movement of the matrix. Relative movement ensures that general market movements are accounted for in determining trades that are outliers. Hence, relative movement over and above benchmark movement shall be used to identify outlier trades.

- c. Potential outlier trades which are identified through objective criteria defined above will be validated through polling from market participants. Potential outlier trades that are not validated through polling shall be ignored for the purpose of valuation.
- d. The following criteria shall be used by valuation agencies in determining Outlier Trades

Liquidity Classification	Bps Criteria (Yield movement over Previous Day yield after accounting for yield movement of matrix)		
	Up to 15 days	15-30 days	Greater than 30 days
Liquid	30 bps	20 bps	10 bps
Semi-liquid	45 bps	35 bps	20 bps
Illiquid	70 bps	50 bps	35 bps

The above criteria shall be followed consistently and would be subject to review on a periodic basis by valuation agencies and any change would be carried in consultation with AMFI.

- e. In order to ensure uniform process in determination of outlier trades the criteria for liquidity classification shall be as detailed below.

Liquidity classification criteria - liquid, semi Liquid and Illiquid definition

Valuation agencies shall use standard criteria for classifying trades as Liquid, Semi-Liquid and illiquid basis the following two criteria

- a. Trading Volume
- b. Spread over reference yield

Such criteria shall be reviewed on periodic basis in consultation with AMFI. Trading Volume (Traded days) based

criteria:

Number of unique days an issuer trades in the secondary market or issues a new security in the primary market in a calendar quarter

- Liquid        >=50% of trade days
- Semi liquid >=10% to 50% trade days
- Illiquid       <10% of trade days

Spread based criteria:

Spread over the matrix shall be computed and based on thresholds defined, issuers shall be classified as liquid, semi liquid and illiquid. For bonds thresholds are defined as up to 15 bps for liquid; >15-75 bps for semi-liquid; > 75 bps for illiquid. (Here, spread is computed as average spread of issuer over AAA Public Sector Undertakings/Financial Institutions/Banks matrix), For CP/ CD- up to 25 bps for liquid; >25- 50 bps for semiliquid; >50 bps for illiquid. (Here, spread is computed as average spread of issuer over A1+/AAA CD Bank matrix). The thresholds shall be periodically reviewed and updated having regard to the market.

The best classification (liquid being the best) from the above two criteria (trading volume and spread based) shall be considered as the final liquidity classification of the issuer. The above classification shall be carried out separately for money market instruments (CP/ CDs) and bonds.



## 5. Process for construction of spread matrix

Valuation agencies shall follow the below process in terms of calculating spreads and constructing the matrix:

Steps	Detailed Process
Step 1	<p><b>Segmentation of corporates-</b></p> <p>The entire corporate sector is first categorised across following four sectors i.e. all the corporates will be catalogued under one of the below mentioned bucket:</p> <ol style="list-style-type: none"> <li>1. Public Sector Undertakings/Financial Institutions/Banks;</li> <li>2. Non-Banking Finance Companies -except Housing Finance Companies;</li> <li>3. Housing Finance Companies;</li> <li>4. Other Corporates</li> </ol>
Step 2	<p><b>Representative issuers -</b></p> <p>For the aforesaid 4 sectors, representative issuers (Benchmark Issuers) shall be chosen by the valuation agencies for only higher rating {I.e. "AAA" or AA+}. Benchmark/Representative Issuers will be identified basis high liquidity, availability across tenure in AAA/AA+ category and having lower credit/liquidity premium. Benchmark Issuers can be single or multiple for each sector.</p> <p>It may not be possible to find representative issuers in the lower rated segments, however in case of any change in spread in a particular rating segment, the spreads in lower rated segments should be suitably adjusted to reflect the market conditions</p> <p>In this respect, in case spreads over benchmark are widening at a better rated segment, then adjustments should be made across lower rated segments, such that compression of spreads is not seen at any step. For instance, if there is widening of spread of AA segment over the AAA benchmark, then there should not be any compression in spreads between AA and A rated segment and so on.</p>
Step 3	<p><b>Calculation of benchmark curve and calculation of spread -</b></p> <ol style="list-style-type: none"> <li>1. Yield curve to be calculated for representative issuers for each sector for maturities ranging from 1month till 20 years and above.</li> <li>2. Waterfall approach as defined in Part A (1) above will be used for construction of yield curve of each sector.</li> <li>3. In the event of no data related to trades/primary issuances in the securities of the representative issuer is available, polling shall be conducted from market participants</li> <li>4. Yield curve for Representative Issuers will be created on daily basis for all 4 sectors. All other issuers will be pegged to the respective benchmark issuers depending on the sector, parentage and characteristics. Spread over the benchmark curve for each security is computed using latest available trades/primaries/polls for respective maturity bucket over the Benchmark Issuer.</li> <li>5. Spreads will be carried forward in case no data points in terms of trades/primaries/polls are available for any issuer and respective benchmark movement will be given</li> </ol>
Step 4	<ol style="list-style-type: none"> <li>1. The principles of VWAY, outlier trades and exceptional events shall be applicable while constructing the benchmarkcurve on the basis of trades/primary issuances.</li> <li>2. In case of rating downgrade/credit event/change in liquidity or any other material event in Representative Issuers, new Representative Issuers will be identified. Also, in case there are two credit ratings, the lower rating to be considered.</li> <li>3. Residual tenure of the securities of representative issuers shall be used for construction of yield curve.</li> </ol>

## **Part B: Valuation of G-Secs (T-Bill, Cash management bills, G-Sec and SDL)**

The following is the waterfall mechanism for valuation of Government securities:

- VWAY of last one hour, subject to outlier validation
- VWAY for the day (including a two quote, not wider than 5 bps on NDSOM), subject to outlier validation
- Two quote, not wider than 5 bps on NDSOM, subject to outlier validation
- Carry forward of spreads over the benchmark
- Polling etc.

### **Note:**

1. VWAY shall be computed from trades which meet the marketable lot criteria stated in Part A of these Guidelines.
2. Outlier criteria: Any trade deviating by more than +/- 5 bps post factoring the movement of benchmark security shall be identified as outlier. Such outlier shall be validated through polling for inclusion in valuations. If the trades are not validated, such trades shall be ignored.

## **II. AMFI GUIDELINES ON POLLING PROCESS FOR MONEY MARKET AND DEBT SECURITIES**

Please refer to clause 9.2.3 (c) (v) of SEBI Master Circular dated June 27, 2024, which prescribes that considering the importance of polling in the valuation process, guidelines shall be issued by AMFI on polling by valuation agencies and on the responsibilities of Mutual Funds in the polling process, as part of the waterfall approach for valuation of money market and debt securities. In this regard, the following Guidelines were approved by the Board of AMFI, in consultation with SEBI.

### **Polling Guidelines:**

1. Valuation agencies shall identify the Mutual Funds who shall participate in the polling process on a particular day, taking into account factors such as diversification of poll submitters and portfolio holding of the Mutual Funds. Mutual Funds who are identified by the valuation agencies shall necessarily participate in the polling process. However, in case any Mutual Fund does not participate in the polling process, detailed reason for the same shall be recorded at the time and subsequently made available during SEBI inspections. In this respect, since a Mutual Fund may have investments in similar securities, a security not forming part of investment universe may not be considered as an adequate reason for not participating in the polling process.
2. Polling will be carried out on a daily basis by the valuation agencies, in terms of points 9-11 below.
3. Each valuation agency needs to take polls from at least 5 unique Mutual Funds on a daily basis. Hence, between the two valuation agencies 10 unique Mutual Funds to be polled. They may cover more Mutual Funds, over and above this. For benchmark securities a poll constituting at least 5 responses will be considered as valid. In case of non- benchmark securities a poll constituting at least 3 responses will be considered as valid. The responses received by each valuation agency will be shared with the other agency also.
4. Median of polls shall be taken for usage in valuation process.
5. The valuation agencies will also need to cover as many non- Mutual Fund participants as possible, over and above the Mutual Funds, to improve on the polling output quality.
6. Endeavour would be made to have adequate representation of both holders and non-holders of the same bond/same issuer for non-benchmark securities in the poll process. Where this is not possible, valuation agencies may seek polls from holders of bonds with a similar structure.
7. In the case of issuers with multiple notch rating upgrades/ downgrades over short periods of time, valuation agencies shall:
  - a. Conduct polls with a larger universe of pollers.
  - b. Increase the frequency of polling
8. Suo-moto feedback on valuations should be entertained only through formal mails from persons designated by AMC for said purpose, and the same shall be validated through re-polling. Any such feedback shall be duly recorded by the valuation agencies, including the reason for the challenge, results of re-polling and subsequent changes in valuation on re-polling, if any. Such records shall be preserved by the valuation agencies, for verification.
9. Polling will be done for two sets of securities, Benchmark & Others.
10. Benchmark will be defined for the following categories across tenors.
  - a) Treasury Bills
  - b) Central Government Securities

- c) State Government Securities
  - d) AAA PSU/PFI/PSU Banks
  - e) AAA Private
  - f) NBFC
  - g) HFC
  - h) Any other as required for improving fair valuations.
11. Polling shall be conducted in the following two scenarios:
    - a) Validation of traded levels if they are outlier trades.
    - b) Non-traded Securities (in exceptional circumstances as defined in the waterfall mechanism for valuation of money market and debt securities).
  12. Best efforts should be made by poll submitters to provide fair valuation of a security.
  13. The polling process will be revalidated by external audit of the valuation agencies with at least an annual frequency
  14. AMCs shall have a written policy, approved by the Board of AMC and Trustees, on governance of the polling process. The aforesaid policy shall include measures for mitigation of potential conflicts of interest in the polling process and shall identify senior officials, with requisite knowledge and expertise, who shall be responsible for polling. Further, the policy should outline the following aspects:
    - a. The process of participating in a polling exercise.
    - b. Identify the roles and responsibilities of persons participating in the polling.
    - c. Include policies and procedures for arriving at the poll submission
    - d. Cover the role of the Board of AMC and Trustees, and the periodic reporting that needs to be submitted to them.
    - e. All polling should be preferably over email. In case for any reason, the polling is done by way of a telephonic call then such a call should be over recorded lines, followed subsequently by an email.
    - f. AMCs should have adequate business continuity arrangements for polling, with the necessary infrastructure I skill to ensure that consistent delivery of poll submissions is made without material interruption due to any failure, human or technical.
  15. All polling done will have to be documented and preserved in format approved by the Board of AMC, for a period of eight years, along-with details of the basis of polling (such as market transactions, market quotes, expert judgement etc.).
  16. AMCs shall ensure that participation in the polling process is not misused to inappropriately influence the valuation of securities. The officials of the AMC who are responsible for polling in terms of point no. 14 above, shall also be personally liable for any misuse of the polling process.
  17. AMCs shall maintain an audit trail for all polls submitted to valuation agencies.

## COMPUTATION OF NAV

### A. Policy of computation of NAV

The NAV of the Units of a Scheme will be computed by dividing the net assets of the Scheme by the number of Units outstanding on the valuation date.

NAV of Units under each Scheme may be calculated by either of the following methods shown below:

$$\text{NAV Per Unit (Rs.)} = \frac{\text{Market or Fair Value of Scheme's investments} + \text{Current Assets} - \text{Current Liabilities and Provisions}}{\text{No. of Units outstanding under the Scheme}}$$

**The numerical illustration of the above method is provided below.**

Market or Fair Value of Scheme's investments (Rs.) = 11,42,53,650.00  
Current Assets (Rs.) = 10,00,000.00  
Current Liabilities and Provisions (Rs.) = 5,00,000.00  
No. of Units outstanding under the Scheme = 1,00,00,000

$$\text{NAV Per Unit (Rs.)} = \frac{11,42,53,650.00 + 10,00,000.00 - 5,00,000.00}{1,00,00,000} = 11.4754$$

**N.B.:** The aforesaid provisions pertaining to "Calculation of NAV" shall apply in respect of each individual Scheme and/or plan as the case may be.

NAVs will be rounded off to three or four decimal places based on the nature and category of the scheme. Please refer to the Scheme Information Document (SID) of the scheme for further details. The valuation of the Schemes' assets and calculation of the Schemes' NAVs shall be subject to audit on an annual basis and such regulations as may be prescribed by SEBI from time to time.

### B. Procedure in case of delay in disclosure of NAV

In case of delay, the reasons for such delay would be explained to AMFI in writing. If the NAVs of the Scheme, where the NAV is to be declared on the same day business day (Day T) by 11 PM, are not available before commencement of business hours on the following business day due to any reason, the Fund shall issue a press release providing reasons for the delay and explaining when the Fund would be able to publish the NAVs.

If the NAVs of the Scheme for a business day (Day T), where the NAV is to be declared on next business day (Day T+1) 10 AM, is not published till 3.00 p.m. on the following business day (T+1) due to any reason, the Fund shall issue a press release providing reasons for the delay and explaining when the Fund would be able to publish the NAVs.

If the NAVs of the Scheme for a business day (Day T), where the NAV is to be declared on next business day (Day T+1) 8:30 PM, are not published till the end of day (T+1, business day) due to any reason, the Fund shall issue a press release providing reasons for the delay and explaining when the Fund would be able to publish the NAVs.

The Investment Manager can also temporarily suspend all transactions (subscription/redemption) in the above-mentioned scenarios depending on the circumstances on a case-to-case basis. Notice of it would be issued to intimate the investors.

## **IX. TAX & LEGAL & GENERAL INFORMATION**

### **A. Taxation on investing in Mutual Funds**

The information furnished below outlines briefly the key 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 (the Act) including amendments made under the Finance Act, 2025.

The tax benefits set out in the SAI are for general purposes only and do not constitute tax advice. The tax information provided in the SAI does not purport to be a complete description of all potential tax costs, tax incidence and risks inherent in subscribing to the units of the Scheme(s) offered by quant Mutual Fund ("Fund"). Investors should be aware that the tax laws may change and there can be no guarantee that the current tax position as laid out hereunder may continue indefinitely. Accordingly, it is recommended that each unit holder should appropriately consult its tax consultant with respect to the specific tax implications arising out of their participation in the scheme. The tax information contained in SAI alone is not sufficient and should not be used for the development or implementation of an investment strategy or construed as investment advice. Investors alone shall be fully responsible/liable for any decision taken on the basis of this document. Neither the Mutual Fund nor the AMC nor any person connected with it accepts any liability arising from the use of this information. Investors should study this SAI carefully in its entirety and should not construe the contents as advice relating to taxation.

#### **TAX IMPLICATIONS FOR THE FUND**

As the Mutual Fund has been registered with the SEBI under the SEBI (Mutual Fund) Regulations, 1996, the entire income of the Mutual Fund is exempt from income-tax under section 10(23D) of the Act.

Income received by a Mutual Fund is not liable for the deduction of income tax at source as per the provisions of section 196(iv) of the Act.

#### **TAX IMPLICATIONS TO UNIT HOLDERS**

##### **Distribution of income by the Mutual Fund to the unit holders,**

Distribution of income by the Mutual Fund to the unitholders will be taxed directly in the hands of the unitholders of the mutual fund at the tax rates applicable to them. Further, the taxpayer can claim a deduction of interest expenditure only under section 57 of the Act which shall be restricted to 20% of the gross dividend income. Deduction would not be permissible for any other expense that the unit holder may incur wholly and exclusively for earning IDCW income.

Further, in computing the IDCW income chargeable to tax in the hands of the non-resident unit holder, no deduction would be allowed u/s. 57 and Chapter VI-A against this IDCW income. Tax rate applicable to Non resident unit holders is 20 % Plus applicable Surcharge & Health & Education Cess.

##### **Tax Deduction at Source on IDCW**

As a consequence of withdrawal of exemption u/s. 10(35), the Mutual Fund would be required to deduct tax at source on distribution of IDCW income.

In case of resident unit holders, rate of TDS is 10% u/s. 194K (other than income is of the nature of capital gains). However, no deduction is required if the amount payable to the unit holder does not exceed Rs. 10,000/- during a financial year.

In case of a non-resident unit holder, rate of TDS is 20% (plus applicable surcharge and cess) u/s. 196A.

## Securities Transaction Tax

As per Chapter VII of the Finance (No. 2) Act, 2004 pertaining to STT, STT shall be payable in respect of sale / redemption of units of Equity-oriented funds at the following rates:

Sr. No.	Taxable Securities Transaction	Rate	Value	Payable by
1	Purchase of units of equity oriented mutual fund (delivery based) on recognized stock exchange	Nil	Not Applicable	Not Applicable
2	Sale of units of equity oriented mutual fund (delivery based) on recognized stock exchange	0.001 per cent	Value at which units sold	Seller
3	Sale of units of equity oriented mutual fund (non-delivery based)	0.025 per cent	Value at which units sold	Seller
4	Sale of a unit of an equity-oriented fund to the Mutual Fund	0.001 per cent	Value at which units sold	Seller

## Gains on transfer / redemption of units

The tax implications on Mutual Funds are determined based on:

- the type of Mutual Fund (classified based on the % holding in the equity shares of domestic companies); and
- the holding period (from date of acquisition up to the date of the redemption/transfer).

### **In case of Equity-Oriented Mutual Funds [Subject to Securities Transaction Tax (STT)]:**

An Equity-Oriented Fund ('Equity Fund') refers to a scheme of a Mutual Fund wherein minimum of 65% of the total proceeds of such fund are invested in the equity shares of domestic companies listed on a recognised stock exchange. A Fund of Fund (FOF) structure is treated as an Equity Fund if a minimum of 90% of the total proceeds of such fund are invested in the units of another fund and such other fund also invests a minimum of 90% of its total proceeds in the equity shares of domestic companies listed on a recognised stock exchange. The equity holding is computed with reference to the annual average of the monthly averages of the opening and closing figures.

## CAPITAL GAINS ON EQUITY ORIENTED MUTUAL FUNDS

Type of Capital Gain	Short Term Capital Gains (Section 111A)		Long Term Capital Gains (Section 112A)	
Period of Holding	Up to 12 months		More than 12 months	
Status of Investor	Income Tax Rate <sup>5</sup>	TDS <sup>5 6</sup>	Income Tax Rate <sup>5</sup>	TDS <sup>5 6</sup>
(A) Resident	20%	NIL	12.50% <sup>1</sup>	NIL
(B) Non-Resident (other than FII)		20%		12.50 %
(C) Foreign Institutional Investor (FII)		NIL		NIL

Mutual fund schemes having less than 65% holding in listed equity shares of domestic companies shall be classified as Non-Equity Funds.

## CAPITAL GAINS ON NON-EQUITY ORIENTED MUTUAL FUNDS

### [I] FOR INVESTMENTS MADE ON OR AFTER APRIL 1, 2023

CONDITION – % of Debt Holding in MF	MORE THAN 65% <sup>2</sup>		UP TO 65%			
Type of Capital Gain	Short Term Capital Gains		Short Term Capital Gains		Long Term Capital Gains (Section 112)	
Period of Holding	Irrespective of Holding Period		Unlisted MF – Up to 24 months Listed MF – Up to 12 months		Unlisted MF – More than 24 months Listed MF – More than 12 months	
Status of Investor	Income Tax Rate <sup>5</sup>	TDS <sup>5 6</sup>	Income Tax Rate <sup>5</sup>	TDS <sup>5 6</sup>	Income Tax Rate <sup>5</sup>	TDS <sup>5 6</sup>
(A) Resident	Applicable	NIL	Applicable	NIL	12.50% <sup>3</sup>	NIL
(B) Non-Resident (other than FII)	Tax / Slab Rates <sup>4</sup>	30%	Tax / Slab Rates <sup>4</sup>	30%		12.50%
(C) Foreign Institutional Investor (FII)	30%	NIL	30%	NIL		NIL

### [II] FOR INVESTMENTS MADE ON OR BEFORE MARCH 31, 2023

Type of Capital Gain	Short Term Capital Gains		Long Term Capital Gains (Section 112)	
Period of Holding	Unlisted MF – Up to 24 months Listed MF – Up to 12 months		Unlisted MF – More than 24 months Listed MF – More than 12 months	
Status of Investor	Income Tax Rate <sup>5</sup>	TDS <sup>5 6</sup>	Income Tax Rate <sup>5</sup>	TDS <sup>5 6</sup>
(A) Resident	Applicable Tax / Slab Rates <sup>4</sup>	NIL	12.50% <sup>3</sup>	NIL
(B) Non-Resident (other than FII)		30%		12.50% <sup>3</sup>
(C) Foreign Institutional Investor (FII)	30%	NIL		NIL

#### Notes:

- As per section 112A of the Act, long-term capital gains on transfer of units of EOFs exceeding ₹ 1,25,000 shall be taxable @ 12.5% provided transfer of such units is subject to STT, without giving effect to first and second proviso to section 48 i.e., without taking benefit of foreign currency fluctuation and indexation benefit.
- As per Section 50AA of the Income-tax Act, 1961, investments in Specified Mutual Funds on or after April 1, 2023 shall be deemed to be short term capital assets irrespective of holding period.
  - Up to 31st March 2025, a “Specified Mutual Fund” means a Mutual Fund by whatever name called, where not more than 35% of its total proceeds is invested in the equity shares of domestic companies. The percentage of equity shareholding held in respect of the Specified Mutual Fund shall be computed with reference to the annual average of the daily closing figures. It is possible that an “equity-oriented fund” which invests in units of another equity fund instead of investing directly in equity shares of domestic company may be regarded as “specified mutual fund” and taxed accordingly.
  - From 1st April 2025 onwards, a “Specified Mutual Fund” means: (a) a Mutual Fund by whatever name called, which invests more than 65% of its total proceeds in debt and money market instruments; or (b) a fund which invests 65% or more of its total proceeds in units of a fund referred to in (a). The percentage of investment in debt and money market instruments or in units of a fund, as the case may be, in respect of the Specified Mutual Fund, shall be computed with reference to the annual average of the daily closing figures.
- Without indexation and foreign exchange fluctuation benefit.



#### 4. Applicable Tax / Slab Rates

##### A. For Individuals / HUF / AOP / BOI / Artificial Juridical Persons

###### **DEFAULT – NEW TAX REGIME** **[Section 115BAC(1A)]**

TOTAL INCOME	TAX RATES <sup>5</sup>
Up to INR 4,00,000	NIL
INR 4,00,001 to INR 8,00,000	5%
INR 8,00,001 to INR 12,00,000	10%
INR 12,00,001 to INR 16,00,000	15%
INR 16,00,001 to INR 20,00,000	20%
INR 20,00,001 to INR 24,00,000	25%
INR 24,00,001 and above	30%

###### **OPTIONAL – OLD TAX REGIME** **(with specified exemptions & deductions)**

TOTAL INCOME	TAX RATES <sup>5</sup>
Up to INR 2,50,000	NIL
INR 2,50,001 to INR 5,00,000	5%
INR 5,00,001 to INR 10,00,000	20%
INR 10,00,001 and above	30%

(i) Under the old tax regime, in the case of a resident individual of the age of 60 years or more but less than 80 years, the basic exemption limit is INR 300,000 and in the case of a resident individual of the age of 80 years or more, the basic exemption limit is INR 500,000

(ii) In cases where the taxable income, reduced by long term capital gains / short term capital gains, of a resident individual/HUF is below the basic exemption limit, the long-term capital gain / short-term capital gains will be reduced to the extent of this shortfall and only the balance is chargeable to income tax. The benefits of this provision are not available to non-resident individuals.

(iii) In case of a resident individual: (a) If opting to pay tax under the old tax regime, then rebate of up to Rs.12,500 is available if total income does not exceed Rs.5,00,000; (b) If total income is chargeable to tax under the default New Tax Regime u/s. 115BAC(1A), then rebate of up to Rs.60,000 is available if such total income does not exceed Rs.12,00,000. However, in case of point (b), such rebate is not available with respect to tax on incomes chargeable at special rates (such as tax on capital gains u/s. 111A / 112 / 112A).

##### B. For Domestic Companies

If availing specified exemptions / deductions      Optional Regime (Without specified Exemptions /deductions)

	Turnover ≤ Rs. 400 Crore for FY 2023-24	Turnover > Rs.400 Crore	Section 115BAA	Section 115BAB
Basic Tax Rate <sup>5</sup>	25%	30%	22%	15%
Minimum Alternate Tax (MAT) <sup>5</sup>	15%	15%	Not Applicable	

#### 5. Surcharge:

If taxpayer (Individual/HUF/AOP/BOI/AJP) opts for Old Tax Regime, then Surcharge to be levied on basic tax at:

- 37% where specified income exceeds Rs.5 crore;
- 25% where specified income exceeds Rs.2 crore but does not exceed Rs.5 crore;
- 15% where total income exceeds Rs.1 crore but does not exceed Rs.2 crore; and
- 10% where total income exceeds Rs.50 lakhs but does not exceed Rs.1 crore.

If taxpayer (Individual/HUF/AOP/BOI/AJP) pays tax as per default New Tax Regime u/s. 115BAC(1A), then maximum rate of Surcharge will be 25% where income exceeds Rs.2 crore.

'Specified income' refers to total income excluding dividend income on shares, STCG on EOF and LTCG on mutual fund units. Enhanced surcharge of 25% or 37%, as the case may be, will not apply in case of income by way of dividend or capital gains on securities covered under Section 111A (STCG on EOF), Section 112 (LTCG on non-EOF), Section 112A (LTCG on EOF) & Section 115AD (tax on income earned by FIIs).

In case of an AOP consisting of only companies as its members, the rate of surcharge shall not exceed 15%.

Surcharge for companies to be levied on basic tax:

- Domestic Company: 12% where income exceeds Rs.10 crore and 7% where income exceeds Rs.1 crore but less than Rs.10 crore. If a domestic company opts for concessional tax regime u/s. 115BAA/115BAB: then flat rate of 10% on basic tax
- Non-resident Company: 5% where income exceeds Rs.10 crore and 2% where income exceeds Rs.1 crore but less than Rs.10 crore

Cess: Health & Education Cess @ 4% is applicable on aggregate of basic tax & surcharge

## 6. Tax Deduction at Source (TDS) or Withholding Tax:

The Mutual Fund will pay/deduct taxes as per the applicable tax laws on the relevant date considering the provisions of the Income-tax Act, 1961 read with the Income-tax Rules, 1962 and any circulars or notifications or directives or instructions issued thereunder. Please note that grant of DTAA benefit, if any, is subject to fulfilment of stipulated conditions under the provisions of the Income-tax Act, 1961 and the relevant DTAA as well as interpretation of relevant Article of such DTAA.

TDS on Income Distributions (IDCW Option):

- In case of non-resident investors (other than FII): As per provisions of Section 196A, TDS is applicable on any income in respect of units of a Mutual Fund at lower of 20% or rate of income-tax provided in the relevant DTAA (read with CBDT Circular no. 3/2022 dated 3rd February 2022), provided such investor furnishes valid Tax Residency Certificate (TRC) for concerned FY.
- In case of FII: As per provisions of Section 196D, TDS is applicable at lower of 20% or rate of income-tax provided in the relevant DTAA (read with CBDT Circular no. 3/2022 dated 3rd February 2022), provided such investor furnishes valid Tax Residency Certificate (TRC) for concerned FY.

TDS on Capital Gains: Tax will be deducted on Short-term/Long-term capital gains at the tax rates (plus applicable Surcharge and Health and Education Cess) specified in the Finance Act 2025 at the time of redemption of units in case of Non-Resident investors (other than FIIs) only.

TDS at higher rates: In case PAN is not furnished or PAN is inoperative, then TDS as per Section 206AA of the Income-tax Act, 1961 would apply (higher of specified rate or rates in force or 20%), subject to Rule 37BC of the Income-tax Rules, 1962.

7. The following deductions are available on long term capital gains arising on the transfer of Mutual Fund units, if the sale proceeds are invested in eligible avenues:

Particulars	Section 54F
Eligible persons	Individuals and HUFs
Asset to be purchased to claim exemption	One residential house in India
Time limit for purchase from date of sale of MF units	Purchase: 1 year backward / 2 years forward & Construction: 3 years forward
Amount Exempted	Capital gains proportionate to the investment made from the sale proceeds (subject to other conditions of owning / purchasing the residential house mentioned in the section)
Lock-in period	3 years
Maximum deduction*	INR 10 crores

\*The Finance Act, 2023 limits the maximum deduction that can be claimed under section 54F of the Act to INR 10 crores, where the cost of new asset purchased more than INR 10 crore then the cost of such asset exceeding INR 10 crore should not be considered.

#### **8. LOSSES UNDER THE HEAD 'CAPITAL GAINS'**

Losses under the head capital gains cannot be set off against income under any other head. Furthermore, within the head capital gains, losses arising from the transfer of long-term capital assets cannot be adjusted against gains arising from the transfer of a short-term capital asset. However, losses arising from the transfer of short-term capital assets can be adjusted against gains arising from the transfer of either a long term or a short-term capital asset.

Unabsorbed long term capital losses can be carried forward and set off against the long-term capital gains arising in any of the subsequent eight assessment years. Unabsorbed short term capital losses can be carried forward and set off against the income under the head capital gains in any of the subsequent eight assessment years.

#### **9. BONUS STRIPPING**

As per section 94(8) of the Act, units purchased within a period of 3 months prior to record date of entitlement of bonus and sold within a period of 9 months after such date, the loss arising on the transfer of original units shall be ignored for the purpose of computing the income chargeable to tax. The amount of loss ignored shall be deemed to be the cost of purchase / acquisition of the bonus units. In the Finance Act, 2022, sub-section 8 of the section 94 has modified the definition of unit, so as to include units of business trusts and AIF, within the definition of units.

#### **10. Religious and Charitable Trust**

Investments in units of the Mutual Fund will rank as an eligible form of investment under section 11(5) of the Act read with Rule 17C of the Income-tax Rules, 1962 for Religious and Charitable Trusts.

#### **11. Deduction U/S. 80C in respect of Amount Invested**

As per Section 80C of the Act, an individual and HUF can claim a deduction for the amount paid or deposited in certain eligible schemes or investments, subject to maximum amount of Rs.150,000. The benefit of deduction under Section 80C of the Act can be availed by a unitholder (being individual or HUF) by investing in "quant ELSS Tax Saver Fund", provided such unitholder opts to pay tax under the Old Regime in accordance with provisions of Section 115BAA of the Act.

## **B. Legal Information**

### **1. Nomination Facility**

In terms of Regulation 29A of the SEBI (Mutual Funds) Regulations the unit holders have an option for making nomination

#### **(a) Who can nominate/be nominees?**

Individuals, on their own behalf, singly or jointly can nominate.

Following is an illustrative list of the categories of investors who cannot nominate:

- i) company
- ii) body corporate
- iii) PSU
- iv) AOP, BOI
- v) society
- vi) trust (other than religious or charitable trust)
- vii) partnership firm
- viii) karta of HUF
- ix) bank
- x) FI/Foreign Portfolio Investors (FPI)
- xi) holder of POA

A minor can be nominated and in that event, the name and address of the guardian of the minor nominee shall be provided by the 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. For nomination to a religious or charitable trust, the investor should attach a proof or certificate that the trust being nominated is religious or charitable trust. The Nominee shall not be a trust, other than a religious or charitable trust, society, body corporate, partnership firm, Karta of Hindu Undivided Family or a Power of Attorney holder. A non-resident Indian can be a Nominee subject to the exchange controls in force, from time to time.

#### **(b) How to Nominate?**

A Unit holder can, at the time an application is made, or by subsequently writing to an ISCs, request for a nomination form in order to nominate not more than three individuals, to receive the units upon his/her death, subject to completion of the necessary formalities. If the Units are held jointly, all joint unit holders will be required to sign the nomination form irrespective of the mode of holding being 'Anyone or Survivor' or 'Joint'. Nomination form cannot be signed by Power of attorney (PoA) holders. Every new nomination for a folio/account will overwrite the existing nomination.

Investors may please note that nomination is mandatory for folios held in the name of a single individual. Nomination cannot be made in a folio held 'on behalf of a minor'. Further, investors who do not wish to nominate are required to confirm at the time of making an application of their non-intention to nominate i.e. to submit opt-out declaration form signed by all holders.

Investors shall indicate clearly the percentage of allocation/share in favour of each of the nominees against their names, and such allocation/ share shall be in whole numbers without any decimals. In the event of the

investor not indicating the percentage of allocation/share for each of the nominees, the AMC shall settle the claim equally amongst all the nominees.

**(c) Effects of nomination/cancellation of nomination**

Nomination in respect of units stands rescinded upon redemption of units. Cancellation of nomination can be made only by those individuals who hold units on their own behalf, singly or jointly, and who made the original nomination. On cancellation, the nomination shall stand rescinded and the AMC/Mutual Fund shall not be under any obligation to transfer the units in favour of any of the nominees. Transfer of units/payment to a nominee of the sums shall be valid and effectual against any demand made upon the Trust/AMC, and shall discharge the Trust/AMC of all liability towards the estate of the deceased unit holder and his/her successors and legal heirs, executors and administrators.

- Legal heir(s) of nominee shall not be eligible to inherit the assets of the investor, if the nominee predeceases the investor.
- The nominees(s) shall receive the assets of deceased sole account / sole holder(s) as trustee on behalf of legal heir(s) of deceased holder(s) thereby effecting due discharge of the AMC.

If the Mutual Fund or the AMC or the Trustee were to incur or suffer any claim, demand, liabilities, proceedings or if any actions are filed or made or initiated against any of them in respect of or in connection with the nomination, they shall be entitled to be indemnified absolutely for any loss, expenses, costs, and charges that any of them may suffer or incur absolutely from the investor's estate.

## **2. Transfer of Units**

Units of the Schemes held in physical form shall be non-transferable. Further units of the schemes of the Fund held in demat form are freely transferable (in terms of clause 14.4.4 of SEBI Master Circular dated June 27, 2024) from one demat account to another demat account. However, restriction on transfer of units of ELSS during lock-in period shall continue to be as per ELSS guidelines.

## **3. Transmission**

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. Similarly, in cases of transfers taking place consequent to death, insolvency etc., the transferee's name will be recorded by the Mutual Fund subject to production of satisfactory evidence and completion of formalities as specified by the AMC.

On death of the single or all the Unit holder(s), Units can be transmitted in favour of the registered nominee or the legal heirs, as the case may be, after completion of necessary formalities to the satisfaction of the AMC/Trustee. All restrictions and limitations specified herein including those relating to lock-in period and lien/pledge will be binding also on the legal heirs, successors, pledgees of the Unit holder(s).

### **(i) Transmission to surviving Unit holders in case of death of one or more Unit holders:**

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 the following documents to the satisfaction of the Mutual Fund, AMC/Trustee or Registrar:

- a. Prescribed transmission request form from surviving Unit holder(s);
- b. Death Certificate/s in original or photocopy duly attested by a Notary Public or Gazetted officer or photocopy self- attested by the nominee/s/ claimant/s, subject to verification of original at the designated accepting

centres; ;

- c. Cancelled cheque leaf with name and bank account number pre-printed OR copy of bank statement / Photocopy of Bank Passbook with current entries (not older than 3 months) attested by a Notary Public or a Gazetted Officer or Bank Manager.
- d. Self attested copy of PAN / KYC of the surviving Unit holders, if not already available.

**(ii) Transmission to registered nominee(s) in case of death of sole or all Unit holders:**

Units shall be transmitted in favour of the registered nominee(s) in case of death of sole or all Unit holders upon production of the following documents to the satisfaction of the Mutual Fund, AMC/Trustee or Registrar:

- a. Prescribed transmission request form signed by the registered nominee(s);
- b. Death Certificate(s) in original or photocopy duly attested by a Notary Public or Gazetted officer or photocopy self-attested by the nominee/s/ claimant/s subject to verification of original at the designated accepting centres.
- c. Copy of Birth Certificate in case the nominee(s) / claimant is a minor.
- d. Self-attested copy of PAN and a valid KYC of the registered nominee(s).
- e. Cancelled cheque leaf with name and bank account number pre-printed OR copy of bank statement / Photocopy of Bank Passbook with current entries (not older than 3 months) attested by a Notary Public or a Gazetted Officer or Bank Manager.
- f. Bank attestation of the signature of the Claimant / Guardian (incase the nominee is a minor) by the bank manager where transmission value is upto Rs. 5,00,000/-.
- g. Attestation of signature of the claimant by a Notary Public or a Judicial Magistrate First Class (in the space provided in prescribed transmission form), where transmission value is more than Rs. 5,00,000/-.

**(iii) Transmission to claimant(s), where nominee is not registered, in case of death of sole or all Unit holders:**

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 the following documents, in addition to the documents mentioned in (i) above, to the satisfaction of the Mutual Fund, AMC/Trustee or Registrar:

- a. Prescribed transmission request form
- b. Copy of Birth Certificate is required in case the nominee(s) / claimant is a minor.
- c. Death Certificate/s in original or photocopy duly attested by a Notary Public or Gazetted officer or photocopy or photocopy self-attested by the nominee/s/ claimant/s subject to verification of original at the designated accepting centres
- d. Self attested copy of PAN / KYC of the surviving Unit holders, if not already available.
- e. Cancelled cheque leaf with name and bank account number pre-printed OR copy of bank statement / Photocopy of Bank Passbook with current entries (not older than 3 months) attested by a Notary Public or a Gazetted Officer or Bank Manager.
- f. Bank attestation of the signature of the Claimant / Guardian (incase the nominee is a minor) by the bank manager where transmission value upto Rs.5,00,000/-.
- g. Attestation of signature of the claimant by a Notary Public or a Judicial Magistrate First Class (in the space provided in prescribed transmission form), where transmission value is more than Rs. 5,00,000/-,
- h. Indemnity Bond from legal heir(s);
- i. Individual affidavits from legal heir(s);
- j. Transmission value up to Rs. 5,00,000/-:
  - I. Any appropriate document evidencing relationship of the claimant/s with the deceased Unit holder(s);
  - II. NOC from other Legal Heirs
- k. Transmission value is more than Rs. 5,00,000/- and upto 10,00,000/-

Notarised copy of probated will or Registered Will. (In case of registered will, an indemnity bond signed from the claimant (beneficiary of the will) OR;

I. Legal Heir certificate or its equivalent along with

I. Indemnity Bond from legal heir

II. NOC from the non-claimants

m. If the transmission amount at PAN level is Rs Ten Lakh or more: Any one of the documents mentioned below:

I. Notarised copy of probated will, or

II. Legal Heir Certificate or Succession Certificate or Claimant's Certificate issued by a competent court, or

III. Letter of Administration, in case of Intestate Succession.

Please note that in case the claimant submits any document mentioned under point I to III, then the Indemnity Bond as mentioned under point a. would not be required.

**(iv) Transmission in case of HUF, due to death of Karta:**

HUF, being a Hindu Undivided Family, the property of the family is managed by the Karta and HUF does not come to an end in the event of death of the Karta. In such a case, the members of the HUF who appoint the new Karta need to submit following documents for transmission:

a. Prescribed transmission request form;

b. Death Certificate in original or photocopy duly notarized or attested by gazette officer or a bank manager or the certificate which is generated from the official sites;

c. Self-attested PAN copy and KYC of the new Karta, if not already available;

d. Cancelled cheque leaf with name and bank account number pre-printed OR copy of bank statement / Photocopy of Bank Passbook with current entries (not older than 3 months) attested by a Notary Public or a Gazetted Officer or Bank Manager

e. Duly certified Bank certificate stating that the signature and details of new Karta have been appended in the bank account of the HUF;

f. Indemnity bond signed by all the surviving coparceners and new Karta;

g. Any appropriate document evidencing relationship of the new Karta and the other coparceners with the deceased Karta, where transmission value upto Rs.500,000/-.

h. In case of no surviving co-parceners and the transmission value is more than ₹500,000 OR where there is an objection from any surviving members of the HUF, transmission should be effected only on the basis of any of the following mandatory documents:

- Notarized copy of Settlement Deed, or

- Notarized copy of Deed of Partition, or

- Notarized copy of Decree of the relevant competent Court

i. Indemnity bond signed by the Claimant, where there is no surviving co-parcener or the HUF has been dissolved/partitioned after demise of the Karta

Unit holders may please note that, in addition to the above-mentioned documents, the AMC/Registrar may, depending on the circumstance of each case seek additional documents.

**Additional risk mitigation measures:**

To avoid the risk of frauds and enhance operational efficiency, AMC shall not accept any 'Transmission cum Redemption' request. AMC shall first accept and process the request for transmission of units with proper documentation and thereafter accept and process redemption request.

#### 4. “On Behalf of Minor” Accounts

A. In the case of investments made “on behalf of minor”, investors may please note the following:

- a. The minor shall be the first and the sole holder in the account. There shall not be any joint holder where minor is the first holder.
- b. Guardian can be either natural guardian (i.e. father or mother) or a court appointed legal guardian
- c. It is mandatory for guardian to submit documentary evidence confirming the relationship status.
- d. It is mandatory for the minor to have a bank account in his own name singly or jointly with the Guardian. The investment amount has to be from the minor’s bank account or parent or legal guardian of the minor, or from a joint account of the minor with parent or legal guardian.
- e. It is mandatory to provide minor’s date of birth in application form along with any of following supporting documents:
  - Birth certificate of the minor, or
  - School leaving certificate / Mark sheet issued by Higher Secondary Board of respective states, ICSE, CBSE etc., or
  - Passport of the minor, or
  - Any other suitable proof evidencing the date of birth of the minor.

#### B. Minor attaining majority – Status Change

- a. The AMC/Registrar shall send advance notice at the registered correspondence address, advising the minor and guardian to submit prescribed documents, in order to effect change of status from ‘minor’ to ‘major’.
- b. In case the requisite documents to change the status are not received by the date when the minor attains the age of majority, no transactions (financial and non-financial) including fresh registration of Systematic Investment Plan (‘SIP’), Systematic Transfer Plan (‘STP’) and Systematic Withdrawal Plan (‘SWP’) will be permitted after the date of minor attaining the age of majority.
- c. Existing SIPs, SWPs and STPs registered prior to the minor attaining the age of majority, will be continued to be processed till the time an instruction from the major to terminate the standing instruction is received by the AMC/Registrar along with the prescribed documents.
- d. New SIPs, SWPs and STPs will be registered upto the date of the minor attaining the age of majority.
- e. List of standard documents to change account status from minor to major:
  - Service Request form, duly filled and containing details like name of major, folio numbers, etc.;
  - New Bank mandate where account changed from minor to major;
  - Signature attestation of the major by a manager of a scheduled bank / Bank Certificate/Letter;
  - KYC acknowledgement of the major.

#### c. Change in Guardian

Guardian can be changed in a folio held “on behalf of minor”, either due to mutual consent or demise of the existing guardian. However, the new guardian can only be either a natural guardian (i.e. father or mother) or a court appointed legal guardian. New guardian should submit documentary evidence confirming the relationship with the minor, bank attestation attesting his/her signature and KYC acknowledgement.



#### **D. Process for Investments made in the name of a Minor through a Guardian –**

1. For all fresh purchases including Lumpsum, new Systematic Investment Plan (SIP) registrations in the name of minor will be accepted only from the bank account of minor or parent or legal guardian of the minor, or from a joint account of the minor with parent or legal guardian.
2. Existing unitholders/guardians with folios in the name of minor, should ensure to update a bank account in the name of minor (or a joint account of the minor with the guardian only) as a payout bank in the folio, before placing any redemption in such folio.
3. In case of any redemption received in the folio of a minor where the bank account of the minor is not updated, such redemption will be rejected.
4. Upon the minor attaining the status of major, the minor in whose name the investment was made is required to provide all the KYC details, updated bank account details including cancelled original cheque leaf of the new account.

#### **5. Duration of the Schemes**

The duration of open-ended Schemes is perpetual while that of the close-ended schemes is as mentioned in the relevant SID. However, in terms of the Regulations, 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.

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.

Further, an average AUM of Rs. 20 crore on half yearly rolling basis has to be maintained for all open ended debt oriented schemes. In case of breach of the this provisions, the AMC shall scale up the AUM of such scheme within prescribed period so as to comply with the provisions, failing which the provisions of Regulation 39(2)(c) of the Regulations related to winding up of scheme would become applicable.

#### **6. Procedure and Manner of Winding Up**

The Trustee shall call a meeting of the unit holders to approve by simple majority of the unit holders present and voting at the meeting for authorising the Trustee or any other person to take steps for winding up of the scheme concerned.

The Trustee or the person authorised as above, shall dispose off the assets of the scheme concerned in the best interest of the unit holders of the scheme.

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

On completion of the winding up, the Trustee shall forward to SEBI and unit holders a report on the winding up, detailing, the circumstances leading to the winding up, the steps taken for disposal of the assets of the scheme

before winding up, net assets available for distribution to the unit holders and a Certificate from the auditors of the Mutual Fund.

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

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

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.

## **7. KYC Requirements and Requirements of Prevention of Money Laundering Act**

Please refer "Point 38 of How to Apply". Note on and Prevention of Money Laundering and Know Your Client ('KYC') Requirements".

## **8. Pledge of Units for Loans**

Units can be pledged by the Unit Holders as security for raising loans, subject to any rules/restrictions that the Trustee may prescribe from time to time. In the case of quant ELSS Tax Saver Fund, this facility may be availed only after the completion of a Lock-In-Period of 3 years from the date of allotment of Units.

Disbursement of such loans will be at the entire discretion of the bank/financial institution/NBFC or any other body concerned and the Mutual Fund/ AMC assumes no responsibility thereof. The Pledgor will not be able to redeem Units that are pledged until the entity to which the Units are pledged provides written authorisation to the Mutual Fund that the

pledge/lien charge may be removed. As long as Units are pledged, the Pledgee will have complete authority to redeem such Units. In case the units pledged are of close ended scheme and if the units are under pledge at the time of maturity of the scheme, then the AMC reserves the right to pay the maturity amount to the person / bank / financial institution/non-banking finance companies (NBFCs)/any other body in whose favour the lien has been marked. An intimation of such payment will be sent to the investor. The AMC thereafter shall not be responsible for any claims made by the investor/third party on account of such payments.

For Units held in demat form, the rules of the respective Depository Participants ('DP') will be applicable for pledge of the Units. Units held in demat form can be pledged by completing the requisite forms/formalities as may be required by the Depository. The pledge gets created in favour of the pledgee only when the pledgee's DP confirms the creation of pledge in the system. In case of Units held in physical form, the Registrar will note and record such pledge. A standard form for this purpose is available at any of the official points of acceptance of transactions and on [www.quantmutual.com](http://www.quantmutual.com).

## **9. Compliance under Foreign Account Tax Compliance Act /Common Reporting Standard requirements:**

**Foreign Account Tax Compliance Act:** Foreign Account Tax Compliance Act ("FATCA") is a United States (US) law aimed at prevention of tax evasion by US citizens and residents ("US Persons") through use of offshore accounts.

FATCA obligates foreign financial institution (FFIs), including Indian financial institutions to provide the US Internal Revenue Service (IRS) with information on the accounts of to report accounts held by specified US Persons. FATCA requires enhanced due diligence processes by the FFI so as to identify US reportable accounts. With respect to individuals, the US reportable accounts would cover those with US citizenship or US residency. The identification of US person will be based on one or more of following "US indicia"

- Identification of the Account Holder as a US citizen or resident; Unambiguous indication of a US place of birth;
- Current US mailing or residence address (including a US post office box);
- Current US telephone number;
- Standing instructions to transfer funds to an account maintained in USA;
- Current effective power of attorney or signing authority granted to a person with a US address; or
- An "in-care of or "hold mail" address that is the sole address that the Indian Financial Institution has on the file for the Account Holder.

Since domestic laws of sovereign countries, (including India) may not permit sharing of confidential client information by FFIs directly with US IRS, the U.S. has entered into Inter-Governmental Agreement (IGA) with various countries. The IGA between India and USA was signed on 9th July, 2015, which provides that the Indian FIs will provide the necessary information to Indian tax authorities, which will then be transmitted to USA automatically.

**Common Reporting Standard - The New Global Standard for Automatic Exchange of Information:** On similar lines as FATCA, the Organization of Economic Development (OECD), along with the G20 countries, of which India is a member, has released a "Standard for Automatic Exchange of Financial Account Information in Tax Matters", in order to combat the problem of offshore tax evasion and avoidance and stashing of unaccounted money abroad, requiring cooperation amongst tax authorities. The G20 and OECD countries have together developed a Common Reporting Standard (CRS) on Automatic Exchange of Information (AEOI). The CRS on AEOI was presented to G20 Leaders in Brisbane on 16th November, 2014. On June 3, 2015, India has joined the Multilateral Competent Authority Agreement (MCAA) on AEOI.

The CRS on AEOI requires the financial institutions of the "source" jurisdiction to collect and report information to their tax authorities about account holders "resident" in other countries, such information having to be transmitted "automatically" annually. The information to be exchanged relates not only to individuals, but also to shell companies and trusts having beneficial ownership or interest in the "resident" countries.

Accordingly, with effect from November 1, 2015 all investors will have to mandatorily provide the details and declaration pertaining to FATCA/CRS for all new accounts opened, failing which the AMC shall reject the application.

Investors are requested to note that under the alternative procedure provided in Rule 114H(8) of the Income-tax Rules, 1962, the financial institutions were needed to obtain self-certification and carry out due diligence in respect of all individual and entity accounts opened from 1st July 2014 to 31st August 2015. Such self-certification and documentation was required to be obtained by the financial institutions by 31st August 2016, otherwise they were required to close the accounts and report the same if found to be a "reportable account" as per the prescribed due diligence procedure for pre-existing account. In view of the difficulties highlighted by stakeholders in following the provision for "closure" of financial accounts, it was informed vide Press Release dated 31st August 2016 issued by Ministry of Finance, Government of India that the revised time line shall be notified in due course.

Further, investors are requested to note that Ministry of Finance, Government of India has vide its Press release dated April 11, 2017 informed the revised timelines for self-certification which is April 30, 2017. Investors who have not completed their self-certification are advised to complete their self-certification, on or before April 30, 2017 failing which the AMC shall block / freeze the unremediated folio(s) unless self-certification is provided by the Investor and due diligence is completed by the AMC.

In case investors have joint account, the folio would be treated as unremediated even if one of the joint account holders has not provided the FATCA self-certification, irrespective of whether such account holder is first, second or third holder.

The details provided by the investor will get updated in their folio within three to four working days, from the date of receipt of such details. The AMC will not be liable for rejection of any transaction or request in the folio(s) where self- certification is not provided or the details are in the process of being updated.

The appended paragraph summarises the permitted and prohibited transactions for the aforesaid unremediated folios effective May 1, 2017. Customer Initiated - Transactions that would be prohibited:

- New or additional Purchase
  - Redemptions & Switches
  - New Registrations or changes (SIP, SWP, STP, Transfer of IDCW Plan, Triggers)
  - Payment of unclaimed Income Distribution cum Capital Withdrawal/ redemption proceeds.
  - New Lien Marking or Removal
- Transactions that would be permitted;
- Corporate Actions (Reinvestment of Income Distribution cum Capital Withdrawal/ Payout of Income Distribution cum Capital Withdrawal)
  - Pre-existing standing instructions (SIP, SWP, STP, Transfer of IDCW Plan, Triggers) till expiry
  - Automatic maturity payment of close ended schemes if provided in the Scheme Information Document.
  - KRA led changes
  - Lien Invocation or Lien cancellation by Financial Institution or pledgee
  - Transmission of units with FATCA self-certification of the claimant.

However non-financial service requests such as change of address, updation of bank, mobile, email, etc. shall continue to be accepted.

#### **10. Ultimate Beneficial Ownership**

As a part of Client Due Diligence (CDD) Process under PMLA 2002 read with PMLA Rules, 2005 each of the SEBI registered entity, which inter-alia includes Mutual Funds, is required to obtain sufficient information from their clients in order to identify and verify the identity of persons who beneficially own or control the securities account.

Further, pursuant to SEBI Master Circular No. CIR/ISD/ AML/3/2010 dated December 31, 2010 on Anti Money Laundering Standards and Guidelines on identification of Beneficial Ownership issued by SEBI vide its Circular No. CIR/MIRSD/2/2013 dated January 24, 2013 and Circular No. SEBI/HO/MIRSD/MIRSDSECFATF/P/CIR/2023/091 dated June 16, 2023 and Master Circular No. SEBI/ HO/ MIRSD/ DOP/ CIR/ P/ 2019/113 dated October, 15, 2019 and SEBI Master Circular No. SEBI/HO/MIRSD/MIRSD-SEC-5/P/CIR/2023/022 dated February 03, 2023, investors (other than Individuals) are required to provide details of Ultimate Beneficial Owner(s) ('UBO') and submit proof of identity (viz. PAN with photograph or any other acceptable proof of identity prescribed in common KYC form) of UBO(s).

In order to comply with the above Act/Rules/Regulations, the following Client Due Diligence (CDD) process shall be implemented with effect from January 1, 2015.

##### **I. Applicability:**

1. Providing information about beneficial ownership will be applicable to the subscriptions received from all categories of investors except Individuals and a Company listed on a stock exchange or is a majority owned subsidiary of such a Company.
2. Proof of Identity of the UBO such as Name/s, Address & PAN/Passport together with self attested copy

alongwith the declaration for Ultimate Beneficial Ownership form is required to be submitted to the AMC/its RTA. The form is available on the website of the AMC i.e. [www.quantmutual.com](http://www.quantmutual.com) or the investor may visit any of the nearest investor service centres.

3. In case of any change in the beneficial ownership, the investor should immediately intimate the AMC / its Registrar / KRA, as may be applicable, about such changes.

## II. Identification Process:

### (A) For Investors other than Individuals or Trusts:

- (i) If the investor is an unlisted company, partnership firm or unincorporated association / body of individuals, the beneficial owners are the natural person/s who is/are acting alone or together, or through one or more juridical person and exercising control through ownership or who ultimately has a controlling ownership interest.
- (ii) Controlling ownership interest means ownership of / entitlement to:
  - a. more than 10% of shares or capital or profits of the juridical person, where juridical person is a company.
  - b. more than 10% of the capital or profits of the juridical person, where the juridical person is a partnership firm; or
  - c. more than 15% of the property or capital or profits of the juridical person, where the juridical person is an unincorporated association or body of individuals.
- (iii) In cases, where there exists doubt as to whether the person with the controlling ownership interest is the beneficial owner or where no natural person exerts control through ownership interests, the identity details should be provided of the natural person who is exercising control over the juridical person through other means (i.e. control exercised through voting rights, agreement, arrangements or in any other manner).
- (iv) In case no natural person is identified under any of the above criteria, the person who holds the position of senior managing official shall be provided.

### (B) For Investor which is a Trust:

In case of a Trust, the settler of the trust, the trustee, the protector and the beneficiaries with 10% or more interest in the trust or any other natural person exercising ultimate effective control over the trust through a chain of control or ownership shall be considered as beneficial owner.

### (C) For Foreign Investors:

The Know Your Client requirements in case of foreign investors viz. Foreign Institutional Investors (FIIs), Sub accounts and Qualified Foreign Investors (QFIs) as specified in SEBI Circular No. CIR/MIRSD/11/2012 dated September 5, 2012 shall be considered for the purpose of identification of beneficial ownership of the investor. In case of Foreign Nationals, who are not KYC complied, please attach the ID proof, Nationality proof and Address proof. All proofs are to be in English language, else, it should be translated in English and must be attested by Indian Embassy of that country.

The AMC/ Trustee reserves the right to reject application forms submitted without disclosing necessary information as prescribed under the aforesaid laws/ rules/ regulations.

## 11. Investors' Personal Information

Investor/s should be aware and agrees that the AMC and its Registrar reserve the right to disclose the investor and transactions details to third parties viz. Distributors registered with AMFI, SEBI Registered Investment Advisors (RIA), SEBI Registered Portfolio Managers, Stock Brokers and any other entity (from whom applications /

transactions of investors are received), banks, payment aggregators, printers, mailing agencies and any other entity for the purpose of compliance with legal and regulatory requirements or for complying with anti-money laundering requirements. In case of any specific consent request received from the investor to provide data feed to the Registered Investment Advisor, SEBI Registered Portfolio Managers, Stock Brokers, AMC will overwrite the existing RIA/PMRN/Stock Broker code in the folio, if the code mentioned in the request is different from the code registered in the folio.

## **12. Acts done in good faith**

Any act, thing or deed done in good faith in pursuance of or with reference to the information provided in the application or other communications received from the investor/ unit holder will constitute good and full discharge of the obligation of the Fund, Trustee and the AMC.

In cases of copies of the documents / other details such as list of authorized signatories, that are submitted by a limited company, body corporate, registered society, trust or partnership, if the same are not specifically authenticated to be certified true copies but are attached to the application form and / or submitted to the Fund, the onus for authentication of the documents so submitted shall be on such investors and the AMC/Fund will accept and act on these in good faith wherever the documents are not expressly authenticated. Submission of these documents / details by such investors shall be full and final proof of the corporate investor's authority to invest and the AMC/Fund shall not be liable under any circumstances for any defects in the documents so submitted.

In cases where there is a change in the name of such investor, such a change will be effected by the AMC/Fund only upon receiving the duly certified copy of the revised Certificate of Incorporation issued by the relevant Registrar of Companies / registering authority. In cases where the changed PAN Number reflecting the name change is not submitted, such transactions accompanied by duly certified copy of the revised Certificate of Incorporation with a copy of the Old Pan Card and confirmation of application made for new PAN Card will be required as a documentary proof.

## **13. Power to make rules**

Subject to the prior approval of SEBI, if required, the Trustee may, from time to time, prescribe such terms and make such rules for the purpose of giving effect to the provisions of the schemes with power to the AMC to add to, alter or amend all or any of the terms and rules that may be framed from time to time.

## **14. Power to remove difficulties**

If any difficulty arises in giving effect to the provisions of the schemes, the Trustee may do anything not inconsistent with such provisions, which appear to them to be necessary, desirable or expedient, for the purpose of removing the difficulty.

## C. General Information

### 1. Inter-Scheme Transfer of Investments:

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

- a) such transfers are done at the prevailing market price (essentially fair valuation price) for quoted equity instruments on spot basis (spot basis shall have the same meaning as specified by a stock exchange for the spot transaction); and transfers of unquoted equity instruments will be made at fair valuation price. Inter-scheme transfer of all debt and money market securities are done as per the Price provided by valuation agencies (currently CRISIL / ICRA) for the said purpose, and as per the policy laid down by the Trustee from time to time; and
- b) the securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made.
- c) Inter Scheme Transfers if any, would be effected in accordance with the guidelines specified by clause 12.30 of SEBI Master circular dated June 27, 2024 and as amended from time to time.

### 2. Aggregate investment in the Scheme

In accordance with the provision of Para 6.10 of the SEBI Master Circular dated June 27, 2024 and to align the interest of the Designated Employees of the AMCs with the unitholders of the mutual fund schemes, SEBI has mandated a part of compensation of the Designated employees of the AMCs shall be mandatorily invested in units of the scheme(s).

In accordance with Paragraph on 'Scheme Related Disclosures' of SEBI Master Circular for Mutual Funds dated May 19, 2023, please find below the aggregate investment in the respective Scheme(s) by Board of Directors of quant Money Managers Limited (AMC) and key personnel as on May 31, 2025:

Scheme Name	Aggregate amount invested in the Scheme as on May 31, 2025 (market value in Rs.)	
	AMC's Board of Directors	Other Key personnel
quant Active Fund	2455924.18	4408109.77
quant Absolute Fund		647484.41
quant Arbitrage Fund		42397912.82
quant Bfsi Fund		939482.17
quant Business Cycle Fund		1741611.28
quant Commodities Fund		1458123.21
quant Consumption Fund		1089429.43
quant Dynamic Asset Allocation Fund		1782468.44
quant ESG Equity Fund		93965.39
quant Flexi Cap Fund		1424214.92

quant Focused Fund		413139.32
quant Gilt Fund		32549.24
quant Healthcare Fund		852525.37
quant Infrastructure Fund		1288033.98
quant Large & Mid Cap Fund		632470.05
quant Large Cap Fund	10341.86	1020794.16
quant Liquid Fund		838620.51
quant Manufacturing Fund		138632.91
quant Mid Cap Fund		1796289.22
quant Momentum Fund		1717473.86
quant Multi Asset Fund		1769370.48
quant Overnight Fund		1729.89
quant Psu Fund		983348.71
quant Quantamental Fund		444042.07
quant Small Cap Fund	12324182.85	5705067.14
quant Elss Tax Saver Fund		3685815.66
quant Teck Fund		1340297.05
quant Value Fund		2189469.08

**Note: Investments made by Mr. Sandeep Tandon (Director) and Mr. Shashi Kataria (Director) of quant Money Managers Limited) has been considered under the category of other key personnel.**

### **3. Dematerialisation and Rematerialisation procedures**

Investors subscribing for the Units (other than by way of switch-in) may opt to hold Units in dematerialized mode by filling and providing details of their demat account in the specified application form. Units shall be allotted in physical form by default, unless the investors intimate their intention of holding Units in demat form by filling in the specified application form. This option shall be available in accordance with the other relevant provisions prescribed in the SID and in terms of guidelines / procedural requirements as laid by the depositories (NSDL/CDSL) from time to time.

Investors intending to hold the Units in Demat form are required to have a beneficiary account with the Depository Participant (DP) registered with NSDL/CDSL and will be required to indicate in the specified application form, the DP's name, DP ID number and the beneficiary account number of the Unit holder with the DP. In case the Demat account details are not provided, or the details are incomplete or the details do not match with the records as per Depository(ies), Units will be allotted in physical form. The sequence of names/pattern of holding as mentioned in the application form must be same as that in the demat account. Units shall be credited to the investors' demat account only after the funds are credited into the Mutual Fund's scheme(s) account to the satisfaction of the AMC.

In case of credit of Units to depository account, applicants' details like the mode of holding, bank account, correspondence address, payment bank, nomination etc. will be considered as appearing in the depository account



for various purposes. For any subsequent change in static information like address, bank details, nomination etc. investors should approach their respective depository.

If the demat account details do not match with applicants' name and order, units will be allotted in physical form. Bank details in such cases shall be captured from the payment instrument provided by the investor. No further transactions shall be permitted in such folio till the KYC related documents or a valid depository account details are provided.

In case, the Unit holder desires to hold the Units in a Dematerialized/Rematerialized form at a later date, the request for conversion of units held in non-demat form into Demat (electronic) form or vice-versa should be submitted along with a Demat/Remat Request Form to their Depository Participants. Rematerialization of Units will be in accordance with the provisions of SEBI (Depositories & Participants) Regulations, 2018 as may be amended from time to time. The asset management company shall issue units in dematerialized form to a unit holder in a scheme within two working days of the receipt of request from the unit holder.

Units held in demat form will be transferable subject to the other relevant provisions prescribed in this SID and in accordance with provisions of Depositories Act, 1996 and the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 as may be amended from time to time.

#### **4. Applications Supported by Blocked Amount (ASBA) facility**

ASBA is an application containing an authorization to a Self -Certified Syndicate Bank (SCSB) to block the application money in the bank account maintained with the SCSB, for subscribing to a New Fund Offer.

The list of Banks that have been notified by SEBI to act as a SCSB for the ASBA process as provided on [www.sebi.gov.in](http://www.sebi.gov.in). It shall co-exist with the existing process, wherein cheques/ demand drafts are used as a mode of payment. Please refer ASBA application form for detailed instructions. Investors intending to apply through ASBA will be required to submit ASBA form to their respective banks, which in turn will block the amount in their account as per authority contained in the ASBA form. ASBA form should not be submitted at location other than SCSB as it will not be processed. For details on ASBA process please refer the ASBA application form.

#### **5. Portfolio Turnover Details**

Portfolio difficult to estimate with any reasonable measure of accuracy, the likely turnover in the portfolio(s). It will be the endeavor of the Investment Manager to keep portfolio turnover rates as low as possible. However, there are trading opportunities that present themselves from time to time, where in the opinion of the Investment Manager, there is an opportunity to enhance the total returns of the portfolio. The Investment Manager will endeavor to balance the increased cost on account of higher portfolio turnover with the benefits derived therefrom.

In case of ETFs & Index Funds, turnover will depend upon the extent of purchase and redemption of units and the need to rebalance the portfolio on account of change in the composition, if any, and corporate actions of securities included in

underlying Index. However, it will be the endeavor of the Fund Manager to maintain an optimal portfolio turnover rate commensurate with the investment objective of the Scheme and the purchase/ redemption transactions on an ongoing basis in the Scheme.

#### **6. Unclaimed Redemption and Income Distribution cum Capital Withdrawal Amount**

As per Circular No. MFD/CIR/9/120/2000, dated November 24, 2000, issued by SEBI, unclaimed redemption and Income Distribution cum capital Withdrawal amounts shall be deployed by the Mutual Fund in money market instruments only. SEBI vide circular no. SEBI/HO/IMD/DF2/ CIR/P/ 2016/37 dated February 25, 2016 stated that the unclaimed Redemption and Income Distribution cum Capital Withdrawal amounts may be deployed in separate plan of Liquid scheme/Money market mutual fund scheme floated by Mutual Funds specifically for deployment of the unclaimed Redemption and Income Distribution cum capital Withdrawal amounts. Further, SEBI vide its circular no. SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/608 dated July 30, 2021, allowed unclaimed redemption and IDCW amounts to be invested in a separate plan of Overnight scheme in addition with the earlier schemes allowed i.e. Liquid scheme/ Money Market Mutual Fund scheme. The investment management fee charged by the AMC for managing such unclaimed amounts shall lower of direct plan of such scheme or at 50bps. 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.

#### **MITRA (Mutual Fund Investment Tracing and Retrieval Assistant)**

It is Service platform for investors to trace inactive and unclaimed Mutual Fund folios- MITRA. The objective of MITRA platform is to encourage the investors to search for forgotten MF investments and update KYC as per the current norms.

Investors can know the details of your inactive folio(s) where no transaction/s (financial and non-financial) have taken place in the last 10 years but unit balance is available.

Investors can view the details of any Inactive and Unclaimed Mutual Fund Folios by visiting MITRA PORTAL.

#### **7. Treatment of purchase/switch/SIP/STP transactions received through distributors who are suspended by AMFI shall be as follows.**

1. During the period of suspension, no commission shall be accrued or payable to the distributor whose ARN is suspended. During the period of suspension, commission on the business canvassed prior to the date of suspension shall stand forfeited.
2. All future purchases and switches including future installments of SIP/STP registered prior to the date of suspension and fresh SIP / STP registrations received under the ARN code of a suspended distributor during the period of suspension, shall be processed under Direct Plan and shall be continued under Direct Plan perpetually\*. AMC shall suitably intimate to the unitholder(s).

\*Note: If the AMC receives a written request / instructions from the first / sole unitholder to shift back the existing assets, process future SIP/ STP installments or both in Regular Plan under the ARN of the distributor post revocation of the suspension of ARN, the same shall be honored. Shifting of existing assets will be processed by way of switch from Direct Plan to Regular Plan and investors may be liable to bear applicable taxes on capital gains arising out of such switch.

3. All Purchase and Switch transactions including SIP/STP transactions received through the stock exchange platforms through a distributor whose ARN is suspended shall be rejected.
4. In cases where the ARN of the distributor is permanently terminated, the unitholders have the following options:
  - a. Switch their existing investments under the Regular Plan to Direct Plan (Investors may be liable to bear capital gains taxes per their individual tax position for such transactions); or
  - b. Continue their existing investments under the Regular Plan under ARN of another distributor of their choice by filling the Change of Distributor Form and specifying the reason for change.

## A. Associate Transactions

- i. The schemes of the Mutual Fund have not entered into any underwriting obligation with respect to issues of associate companies, and have no devolvement.
- ii. The schemes have not subscribed/tendered to certain privately placed/public issues of debentures/bonds/equity shares, lead managed or co-managed by any of the associates.
- iii. The total business given to associate broker, is as under (brokerage in line with the amounts paid to non-associate brokers):  
Nil
- iv. Brokerage paid to associates/related parties/group companies of Sponsor/AMC: NIL
- v. Commission paid to sponsor or its associates / employees or their relatives of the Asset Management Company (AMC):

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.	April 01, 2022 to March 31, 2023	Rs. 0.00680 Cr 0.00004%	Rs. 0.005198 Cr 0.0052%
Quant Finvest Private Limited	Group Co.	April 01, 2023 to March 31, 2024	Rs. 0.00630 Cr 0.00001%	Rs. 0.0006 Cr 0.0002%
Quant Finvest Private Limited	Group Co.	April 01, 2024 to March 31, 2025	Rs. 0.06910 Cr 0.00011%	Rs. 0.0008 Cr 0.0001%

- vi. The services of associates have been utilised by the AMC for the purpose of sale and distribution of the units of the schemes of the Mutual Fund.
- vii. Subject to the SEBI (MF) Regulations, the Sponsor, the mutual funds managed by them, their affiliates / associates, and the AMC may invest either directly or indirectly in the scheme during the New Fund Offer Period (if permitted) or at any time during the Continuous Offer Period. In accordance with the SEBI (MF) Regulations, the AMC shall not charge any investment management and advisory services fee on its own investment in the schemes. The funds managed by these affiliates/associates, the Sponsor and the AMC may acquire a substantial portion of the schemes' units and collectively constitute a majority investor in the scheme.
- viii. Transactions with group companies:
  - a) The schemes of the Mutual Fund have not made any investments in the unlisted securities of group companies.
  - b) The schemes will not invest in unlisted securities or securities issued by way of private placement by an associate or group company of the Sponsor or the AMC.
  - c) The schemes will not invest in the listed securities of the group companies of the Sponsors in excess of 25% of the net assets.

The AMC, on behalf of the Fund, may utilise the services of Sponsors, group companies and any other subsidiary or associate company of the Sponsors established or to be established at a later date, in case such a company (including their employees or relatives) is in a position to provide the requisite services to the AMC. The AMC will conduct its business with the aforesaid companies (including their employees or relatives) on commercial terms and on arms-length basis and at a mutually agreed terms and conditions to the extent and limits permitted under the SEBI Regulations. Appropriate disclosures, wherever required, shall be made by the AMC.

The AMC will, before investing in the securities of the group companies of the Sponsor, evaluate such investments, the criteria for the evaluation being the same as is applied to other similar investments to be made under the Scheme. Investments by the Scheme in the securities of the group companies will be subject to the limits under the Regulations.

## B. Documents Available for Inspection

The following documents will be available for inspection at the office of the quant Mutual Fund at 6th Floor, Sea Breeze building, Appasaheb Marathe Marg, Prabhadevi, Mumbai-400025, Maharashtra, India, during business hours on any day (excluding Saturdays, Sundays and public holidays):

- Memorandum and Articles of Association of the AMC
- Investment Management Agreement
- Trust Deed and amendments thereto, if any
- Mutual Fund Registration Certificate
- Agreement between the Mutual Fund and the Custodian
- Agreement with Registrar and Share Transfer Agents
- Consent of Auditors to act in the said capacity
- Consent of Legal Advisors to act in the said capacity
- Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments from time to time thereto.
- Indian Trusts Act, 1882.

## C. Investor Grievances Redressal Mechanism

Investors may contact any of the Investor Service Centers (ISCs) of the AMC for any queries / clarifications, may call on 022-6295 5000 (toll free) on any business day between 9.30 am - 5.00 pm, e-mail: [help.investor@quant.in](mailto:help.investor@quant.in). Investors can also post their grievances/feedback/suggestions on our website [www.quantmutual.com](http://www.quantmutual.com). Investors can also raise any complaints or grievances on “SCORES Platform” of SEBI at <https://scores.sebi.gov.in/> or on “Online Dispute Resolution Portal” (ODR) at <https://smartodr.in/login>. With respect to transactions through BSE and/or NSE, the investors/Unit Holders should approach either the stock broker or the investor grievance cell of the respective stock exchange. Investors may contact the customer care of MFUI on 022 6134 4316 (during the business hours on all days except Sunday and Public Holidays) or send an email to [clientservices@mfiindia.com](mailto:clientservices@mfiindia.com) for any service required or for resolution of their grievances for their transactions with MFUI.

**The status of investor complaints received and redressed during the last three fiscal years is as under:**

Financial Year	Carried forward from previous year	Received during the year	Resolved during the year	Pending at the end of the year
2022-23	0	2135	2135	0
2023-24	0	1150	1149	1
2024-25	1	922	923	0
2025-26 (April 01, 2025 to November 30, 2025)	0	6	6	0

**The data on the number of complaints received, redressed and pending required to be updated every two months as prescribed by SEBI is accordingly updated up to November 30, 2025 as follow:**

Sr no.	Month	Carried forward from previous month	Received	Resolved	Pending
1	April 25	0	0	0	0
2	May 25	0	2	2	0
3	June 25	0	2	2	0
4	July 25	0	1	1	0
5	Aug 25	0	0	0	0
6	Sep 25	0	1	1	0
7	Oct 25	0	0	0	0

8	Nov 25	0	0	0	0
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The Schemewise complaints received, redressed and pending from April 1, 2025 to November 30, 2025 is as follows:

<b>Name of the scheme</b>	<b>Received</b>	<b>Resolved</b>	<b>Pending</b>
quant ELSS Tax Saver Fund	2	2	0
quant Liquid Fund	1	1	0
quant ESG Integration Strategy Fund	1	1	0
quant Small Cap Fund	1	1	0
quant Multi Asset Allocation Fund	1	1	0

All the above inquiries/complaints have since been resolved. The Mutual Fund follows up with the ISCs and the Registrar on complaints and inquiries received from investors with an endeavour to resolve them promptly. The Statement of Additional Information ('SAI') will be uploaded by quant Mutual Fund on its website ([www.quantmutual.com](http://www.quantmutual.com)) and on AMFI website ([www.amfiindia.com](http://www.amfiindia.com)). The printed copy of SAI will be made available to the investor on request.

## **D. Information pertaining to Investments by the Schemes of the Fund**

### **1. Derivative strategies**

Subject to SEBI (Mutual Funds) Regulations, 1996, the Scheme may use techniques and instruments such as trading in derivative instruments to hedge the risk of fluctuations in the value of the investment portfolio. In accordance with the guidelines issued by the SEBI, exposure to derivative instruments will be restricted to the limit as specified along with the asset allocation pattern of the scheme.

A derivative is an instrument whose value is derived from the value of one or more of the underlying assets which can be commodities, precious metals, bonds, currency, etc. Common examples of Derivative instruments are Interest Rate Swaps, Forward Rate Agreements, Futures, Options, etc.

#### **EQUITY DERIVATIVES**

##### **a) Index/ Stock spot – Index/ Stock Futures (Stock Arbitrage):**

This strategy is employed when the price of the future is trading at a premium to the price of its underlying in spot market. The Scheme shall buy the stock in spot market and endeavor to simultaneously sell the future at a premium on a quantity neutral basis.

Buying the stock in spot market and selling the futures results into a hedge where the Scheme has locked in a spread and is not affected by the price movement of cash market and futures market. The arbitrage position can be continued till expiry of the future contracts. The future contracts are settled based on the last half an hour's weighted average trade of the spot market. Thus there is a convergence between the spot price and the futures market on expiry.

This convergence helps the Scheme to generate the arbitrage return locked in earlier.

On or before the date of expiry, if the price differential between the spot and futures position of the subsequent month maturity still remains attractive, the scheme may rollover the futures position and hold onto the position in the spot market. In case such an opportunity is not available, the scheme would liquidate the spot position and settle the futures position simultaneously.

Rolling over of the futures transaction means unwinding the short position in the futures of the current month and simultaneously shorting futures of the subsequent month maturity, and holding onto the spot position.

##### **Illustration & Basic Structure of a Stock Future**

A futures contract on a stock gives its owner the right and obligation to buy or sell stocks. Single Stock Futures traded on NSE (National Stock Exchange) are cash settled; there is no delivery of the underlying stocks on the expiration date. A purchase or sale of futures on a security gives the trader essentially the same price exposure as a purchase or sale of the security itself. In this regard, trading stock futures is no different from trading the security itself.

##### **Example using hypothetical figures:**

The Scheme holds shares of XYZ Ltd., the current price of which is Rs. 500 per share. The Scheme sells one month futures on the shares of XYZ Ltd. at the rate of Rs. 540.

If the price of the stock falls, the Mutual Fund will suffer losses on the stock position held. However, in such a scenario, there will be a profit on the short futures position.

At the end of the period, the price of the stock falls to Rs. 450 and this fall in the price of the stock results in a fall in the price of futures to Rs. 470. There will be a loss of Rs. 50 per share (Rs. 500 - Rs. 450) on the holding of the stock, which will be offset by the profits of Rs. 70 (Rs. 540 - Rs. 470) made on the short futures position. Please note that the above example is given for illustration purposes only. Some assumptions have been made for the sake of simplicity. Certain factors like margins and other related costs have been ignored. The risks associated with stock futures are similar to those associated with equity investments. Additional risks could be on account of illiquidity and potential mis-pricing of the futures.

##### **b) Index Arbitrage:**

The S&P CNX Nifty derives its value from fifty constituent stocks; the constituent stocks (in their respective weights) can be used to create a synthetic index matching the Nifty Index. Also, theoretically, the fair value of a future is equal to the spot price plus the cost of carry.

Theoretically, therefore, the pricing of Nifty Index futures should be equal to the pricing of the synthetic index created by futures on the underlying stocks.

Due to market imperfections, the index futures may not exactly correspond to the synthetic index futures. The Nifty Index futures normally trades at a discount to the synthetic Index due to large volumes of stock hedging being done using the Nifty Index futures giving rise to arbitrage opportunities.

One instance in which an index arbitrage opportunity exists is when Index future is trading at a discount to the index (spot) and the futures of the constituent stocks are trading at a cumulative premium.

The investment manager shall endeavour to capture such arbitrage opportunities by taking long positions in the Nifty Index futures and short positions in the synthetic index (constituent stock futures). Based on the opportunity, the reverse position can also be initiated.

**c) Corporate Action / Event Driven Strategies:**

**I. IDCW Arbitrage**

At the time of declaration of IDCW, the stock futures / options market can provide a profitable opportunity. Generally, the stock prices decline by the IDCW amount when the stock becomes ex-IDCW.

**II. Buy-Back/ Open Offer Arbitrage**

When the Company announces the buy-back or open offer of its own shares, there could be opportunities due to price differential in buyback price and traded price.

**III. Merger**

When the Company announces any merger, amalgamation, hive off, de-merger, etc, there could be opportunities due to price differential in the cash and the derivative market.

**d) Portfolio Hedging:**

This strategy will be adopted:

- (i) If in an already invested portfolio of a Scheme, the Investment manager is expecting a market correction, the Investment manager may sell Index Futures to insulate the portfolio from the market related risks.
- (ii) If there are significant inflows to the Scheme and the market expectations are bullish, the Investment manager may buy Index Futures to continue participation in the equity markets. This strategy is used to reduce the time to achieve the desired invested levels.

**e) Reverse Arbitrage:**

This strategy will be adopted if the cash price of a stock (say "XYZ") is reasonably greater than single stock futures of XYZ, and then the Investment Manager may sell cash position in XYZ and buy single stock futures of XYZ. In this case the Investment Manager will still be having a long-term view on the stock XYZ but is able to minimize the cost of holding of XYZ.

**f) Index/ Stock Futures:**

A futures contract is a standardized contract between two parties where one of the parties commits to sell, and the other to buy, a stipulated quantity of a security at an agreed price on or before a given date in future.

Currently, futures contracts have a maximum expiration cycle of 3 months. Three contracts are available for trading, with 1 month, 2 months and 3 months expiry respectively. A new contract is introduced on the next trading day following the expiry of the relevant monthly contract. Futures contracts typically expire on the last Thursday of the month. For example a contract with the March 2021 expiration expires on the last Thursday of March 2021 (March 25, 2021).

**Basic Structure of an Index Future**

The Stock Index futures are instruments designed to give exposure to the equity markets indices. The Stock Exchange, Mumbai (BSE) and The National Stock Exchange (NSE) have trading in index futures of 1, 2 and 3 month maturities. The pricing of an index future is the function of the underlying index and short-term interest rates. Index futures are cash settled, there is no delivery of the underlying stocks.

**Strategy**

Through the purchase and sale of futures contracts, the Fund would seek to hedge against a decline in securities owned by the Fund or an increase in the prices of securities which the Fund plans to purchase. The Fund would sell futures contracts on securities indices in anticipation of a fall in stock prices, to offset a decline in the value of its equity portfolio. When this type of hedging is successful, the futures contract increase in value while the Fund's investment portfolio declines in value and thereby keep the Fund's net asset value from declining as much as it otherwise would.

Similarly, when the Fund is not fully invested, and an increase in the price of equities is expected, the Fund would purchase futures contracts to gain rapid market exposure that may partially or entirely offset increase in the cost of the equity securities it intends to purchase.

#### **Example using hypothetical figures:**

##### **1 month ABC Index Future**

If the Scheme buys 2,000 futures contracts, each contract value is 50 times

the futures index price. Purchase Date : March 01, 2021

Spot Index : 11,200.00

Future Price : 11,300.00

Date of Expiry :

March 25, 2021

Margin

:10

%

Assuming the exchange imposes a total margin of 10%, the Investment Manager will be required to provide a total margin of approx. Rs. 113,000,000 (i.e.  $10\% \times 11,300 \times 2000 \times 50$ ) through eligible securities and cash.

Assuming on the date of expiry, i.e. March 28, 2019, ABC Index closes at 11,350, the net impact will be a profit of Rs. 5,000,000 for the Scheme, i.e.  $(11,350 - 11,300) \times 2000 \times 50$  (Futures price = Closing spot price = Rs. 11,350.00)

Profits for the Scheme =  $(11,350 - 11,300) \times 2000 \times 50$  = Rs. 5,000,000.

Please note that the above example is given for illustration purposes only. Some assumptions have been made for the sake of simplicity.

The net impact for the Scheme will be in terms of the difference of the closing price of the index and cost price. Thus, it is clear from the above example that the profit or loss for the Scheme will be the difference between the closing price (which can be higher or lower than the purchase price) and the purchase price. The risks associated with index futures are similar to those associated with equity investments. Additional risks could be on account of illiquidity and potential mis-pricing of the futures.

#### **g) Index/ Stock options**

An option gives a person the right but not an obligation to buy or sell something. An option is a contract between two parties wherein the buyer receives a privilege for which he pays a fee (premium) and the seller accepts an obligation for which he receives a fee. The premium is the price negotiated and set when the option is bought or sold. A person who buys an option is said to be long in the option. A person who sells (or writes) an option is said to be short in the option.

#### **An option contract may be of two kinds:**

##### **1) Call option**

An option that provides the buyer the right to buy is a call option. The buyer of the call option can call upon the seller of the option and buy from him the underlying asset at the agreed price. The seller of the option has to fulfill the obligation upon exercise of the option.

##### **2) Put option**

The right to sell is called a put option. Here, the buyer of the option can exercise his right to sell the underlying asset to the seller of the option at the agreed price.

Option contracts are classified into two styles:

##### **(a) European Style**

In a European option, the holder of the option can only exercise his right on the date of expiration only.

##### **(b) American Style**

In an American option, the holder can exercise his right anytime between the purchase date and the expiration date.

#### **Basic Structure of an Equity Option**

In India, options contracts on indices are European style and cash settled whereas, option contracts on individual securities are American style and cash settled.



## Strategy

The Scheme may purchase put and call stock/index options to hedge against a decline in securities owned by the Fund or an increase in the prices of securities which the Fund plans to purchase

### Example using hypothetical figures:

Market type :

N Instrument Type :  
OP

TSTK

Underlying : XYZ Ltd. (XYZ)

Purchase date : March 1, 2021

Expiry date : March 25, 2021

Option Type : Put Option (Purchased)

Strike Price : Rs. 9,750.00

Spot Price : Rs. 9,800.00

Premium : Rs. 200.00

Lot Size : 100

No. of Contracts : 50

Say, the Mutual Fund purchases on March 1, 2021, 1 month Put Options on XYZ Ltd. (XYZ) on the NSE i.e. put options on 5000 shares (50 contracts of 100 shares each) of XYZ.

As these are American style options, they can be exercised on or before the exercise date i.e. March 25, 2021. If the share price of XYZ Ltd. falls to Rs. 9,500/- on March 25, 2021, and the Investment Manager decides to exercise the option, the net impact will be as Follows:

Premium Expense = Rs. 200 \* 50 \* 100 =

Rs. 10,00,000/- Option Exercised at = Rs.  
9,500/-

Profits for the Mutual Fund =  $(9,750.00 - 9,500.00) * 50 * 100 =$

Rs. 12,50,000/- Net Profit = Rs. 12,50,000 - Rs. 10,00,000 =

Rs. 2,50,000/-

In the above example, the Investment Manager hedged the market risk on 5000 shares of XYZ Ltd. by purchasing put options. Please note that the above example is given for illustration purposes only. Some assumptions have been made for the sake of simplicity. Certain factors like margins have been ignored. The purchase of Put Options does not increase the market risk in the Mutual Fund as the risk is already in the Mutual Fund's portfolio on account of the underlying asset position (in his example shares of XYZ Ltd.). The Premium paid for the option is treated as an expense and added to the holding cost of the relevant security. Additional risks could be on account of illiquidity and potential mis-pricing of the options.

## h) Writing call options under Covered call strategy

A call option gives the holder (buyer) the right but not the obligation to buy an asset by a certain date for a certain price. Covered calls are an options strategy where a person holds a long position in an asset and writes (sells) call options on that same asset to generate an income stream. The Scheme may write call options under covered call strategy, as permitted by Regulations.

Benefits of using Covered Call strategy in Mutual Funds:

The covered call strategy can be followed by the Fund Manager in order to hedge risk thereby resulting in better risk adjusted returns of the Scheme. This strategy is also employed when the Fund Manager has a short-term neutral view on the asset and for this reason holds the asset long and simultaneously takes a short position via covered call option strategy to generate income from the option premium. The strategy offers the following benefits:

a) Hedge against market risk - Since the fund manager sells a call option on a stock already owned by the mutual fund scheme, the downside from fall in the stock price would be lower to the extent of the premium earned from the call option.

b) Generating additional returns in the form of option premium in a range bound market.

Thus, a covered call strategy involves gains for unit holders in case the strategy plays out in the right direction

### **Illustration – Covered Call strategy using stock call options:**

Suppose, a fund manager buys equity stock of ABC Ltd. For Rs. 1000 and simultaneously sells a call option on the same stock at a strike price of Rs. 1100. The scheme earns a premium of say, Rs. 50. Here, the fund manager does not think that the stock price will exceed Rs. 1100.

#### Scenario 1: Stock price exceeds Rs. 1100

The call option will get exercised and the fund manager will sell the stock to settle his obligation on the call at Rs. 1100 (earning a return of 10% on the stock purchase price). Also, the scheme has earned a premium of Rs. 50 which reduced the purchase cost of the stock (Rs. 1000 – Rs. 50 = Rs. 950).

Net Gain – Rs. 150

#### Scenario 2: Stock prices stays below Rs. 1100

The call option will not get exercised and will expire worthless. The premium earned on call option will generate alpha for the scheme.

Net Gain – Rs. 50

Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the fund manager to identify such opportunities. Identification and execution of the strategies to be pursued by the fund manager involve uncertainty and decision of fund manager may not always be profitable. No assurance can be given that the fund manager will be able to identify or execute such strategies.

The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments.

## **FIXED INCOME DERIVATIVES**

### **1) Interest Rate Swap (IRS)**

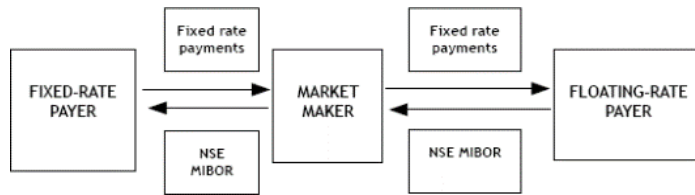
Any swap is effectively an exchange of one set of cash-flows for another considered to be of equal value. If the exchange of cash flows is linked to interest rates, it becomes an interest rate swap.

An interest rate swap is an agreement between two parties to exchange future payment streams based on a notional amount. Only the interest on the notional amount is swapped, and the principal amount is never exchanged.

In a typical interest rate swap, one party agrees to pay a fixed rate over the term of the agreement and to receive a variable or floating rate of interest. The counterparty receives a stream of fixed rate payments at regular intervals as described in the agreement and pays the floating rate of interest. A fixed/ floating interest rate swap is characterized by:

1. Fixed interest rate;
2. Variable or floating interest rate, which is periodically reset;
3. Notional principal amount upon which total interest payments are based; and
4. The terms of the agreement, including a schedule of interest rate reset dates, payment dates and termination date.

The primary reason for engaging in an interest rate swap is to hedge the interest rate exposure. An illustration could be an institution having long-term fixed rate assets (longer tenor securities receiving fixed rate) in a rising interest rate environment; it can hedge the interest rate exposure by purchasing an interest rate swap where the institution receives floating interest rate and pays fixed rate. In this case, an interest rate swap is likely to reduce the duration and interest rate volatility of the fund.



### Example:

#### Terms:

Fixed Interest Rate : 8.50% p.a.  
 Variable Interest Rate : NSE Over-Night MIBOR reset daily and compounded daily  
 Notional Principal Amount: Rs.100 Crore  
 Period of Agreement : 1 year  
 Payment Frequency : Semi-annual

**Now, suppose the six-month period from the effective date of the swap to the first payment date comprises 182 days and the daily compounded NSE Over-Night MIBOR is 8.15% p.a. on the first payment date, then the fixed and variable rate payment on the first payment date would be as follows:**

#### Fixed rate payment:

Rs. 4,23,83,562 = (Rs.100,00,00,000) x (8.50%) x (182 Days / 365 Days)

#### Variable rate payment:

Rs. 4,06,38,356 = (Rs.100,00,00,000) x (8.15%) x (182 Days / 365 Days)

Often, a swap agreement will call for only the exchange of net amount between the counterparties. In the above example, the fixed- rate payer will pay the variable-rate payer a net amount of Rs. 17,45,205 = Rs. 4,23,83,562 - Rs. 4,06,38,356.

The second and final payment will depend on the daily NSE MIBOR compounded daily for the remaining 183 days. The fixed rate payment will also change to reflect the change in holding period from 182 days to 183 days.

## 2) Forward Rate Agreement (FRA)

An FRA is an off balance sheet agreement to pay or receive on an agreed future date, the difference between an agreed interest rate and the interest rate actually prevailing on that future date, calculated on an agreed notional principal amount. It is settled against the actual interest rate prevailing at the beginning of the period to which it relates rather than paid as a gross amount.

FRAs are purchased to hedge the interest rate risk; an investor facing uncertainty of the interest rate movements can fix the interest costs by purchasing an FRA.

An FRA is referred to by the beginning and end dates of the period covered. Thus a 5x8 FRA is one that covers a 3-month period beginning in 5-months and ending in 8-months. FRAs are purchased to hedge the interest rate risk; an investor facing uncertainty of the interest rate movements can fix the interest costs by purchasing an FRA.

An illustration could be a corporation having floating rate debt linked to an index such as say, 3-Month MIBOR. If the existing interest cost is at 8% on Rs.100 Crore for the next three months, the corporation can purchase a 3x6 FRA @ 8.1% on Rs.100 Crore and fix the interest cost for the 3-6 months period. If the actual 3-Month MIBOR after 3-months is at 8.25%, the corporation has saved 15 bps in interest cost. As the settlement is done at the beginning of the period, the savings in interest expense are discounted to a present value using a 3-month rate to calculate the actual settlement amount.

The flows for the institution will be, as follows:

Interest Savings = Rs. 100 Crore \* 15 bps \* 92/365

(assuming 92 days in the 3 month FRA period and 365 days in the conventional year) =

Rs.3,78,082.19 Settlement Amount = Rs.3,78,082.19/ (1+8.25%\*92/365)

Please note that the above examples are hypothetical in nature and the figures are assumed.

### 3) Interest Rate Futures

An Interest Rate Futures ('IRF') contract is "an agreement to buy or sell a debt instrument at a specified future date at a price that is fixed today." The underlying security for Interest Rate Futures is either Government Bond or T-Bill. Interest Rate Futures are Exchange traded and standardized contracts based on 6 year, 10 year and 13 year Government of India Security and 91-day Government of India Treasury Bill (91DTB). These future contracts are cash settled. These instruments can be used for hedging interest rate exposure.

For example, assume a portfolio has Rs. 100 crores of Government security 7.59% GOI 2026 with face value Rs. 100/-. The bond is currently trading in market at 105.00.

The futures on 7.59% GOI 2026, expiring on 26<sup>th</sup> October 2018 is trading on exchange at 105.10. Instead of exiting the cash position, the fund manager can decide to hedge the position by selling the same quantity in futures. Since one contract of IRF has a notional of Rs. 2 lakhs, in this example the fund manager sells Rs. 100 crores/2 lakhs = 5000 contracts, to hedge his position. At maturity, the settlement price of the futures will be almost same as closing price of the underlying security.

#### At maturity of the Interest Rate Futures

Case 1: At maturity Bonds close higher than the price at which fund manager hedged the position, but below the futures price at which he hedged

Closing price of Bonds on day of maturity of futures =

105.05 Settlement price of futures = 105.05

MTM gain on the underlying bond =  $(105.05 - 105.00) \times 100 \text{ crores} / 100$  (i.e. face value of bond) = Rs. 5,00,000 The profit on the futures leg is =  $5000 \times 2 \text{ lakhs} \times (105.10 - 105.05) / 100$  (i.e. face value of bond) = Rs 5,00,000 Overall profit to the fund = Rs 10,00,000

Case 2: At maturity bonds close higher than the level at which futures were sold In case, the closing price of bonds on the

day of maturity of futures = 105.20, Settlement price of futures = 105.20

The MTM gain on bonds =  $(105.20 - 105.00) \times 100 \text{ crores} / 100$  (i.e. face value of bond) = Rs. 20,00,000 Loss on futures leg =  $5000 \times 2 \text{ lakhs} \times (105.10 - 105.20) / 100$  (i.e. face value of bond) = (Rs 10,00,000) Total Profit to the fund = Rs 10,00,000

Case 3: At maturity bonds sells off from levels were hedges were initiated

In case, the closing price of bonds on the day of maturity of futures = 104.80, Settlement price of futures = 104.80

The MTM loss on bonds =  $(104.80 - 105.00) \times 100 \text{ crores} =$  (Rs. 20,00,000) Profit on futures leg =  $5000 \times 2 \text{ lacs} \times (105.10 - 104.80) =$  Rs 30,00,000 Total Profit to the fund = Rs 10,00,000

### EXCHANGE TRADED COMMODITY DERIVATIVES

Scheme may take exposure to ETCDs to take exposure to various commodities or to hedge existing commodity exposure subject to SEBI regulations

#### Illustration on Exchange Traded Commodity Derivatives (ETCDs):

##### 1) Commodity Futures

Trade date	21-Dec
Expiry	05-Feb
Current market price/ 10gm	₹ 45,000
Lot size in gms	1000
Lot value / contract value	₹ 45,00,000
Margin	5%

Margin Value	₹ 2,25,000
Trade / position	Buy Commodity
Quantity	1 lot
Buy price per 10 gm	₹ 45,000
Sell trade date	30-Jan
Sell price per 10 gm	₹ 50,000
Gain/Loss per 10 gm	₹ 5,000
Gain/ Loss per Lot or contract value	₹ 5,00,000

## 2) Commodity Options

Trade date	21-Dec
Expiry	29-Jan
Corresponding futures contract	05-Feb
Current future price/ 10 gm	₹ 45,000
Strike Price	₹ 45,000
Call option premium per / 10 gm	₹ 500
Trade / position	Buy strike 45,000 CE
Quantity	1 kg
Buy price per 10 gm	₹ 500
Sell trade date	20-Jan
Futures price on 20-Jan per 10 gm	₹ 48,000
45000 strike CE price on 20-Jan per 10 gm	₹ 3,500
Gain/Loss per 10 gm	₹ 3,000
Gain/ Loss per Lot or contract value	₹ 3,00,000

- Participation of mutual funds in ETCDs shall be subject to the following:
  - i. The Fund may participate in ETCDs in India, except in commodity derivatives on 'Sensitive Commodities'
  - ii. ETCDs having Gold as the underlying, shall also be considered as 'gold related instrument' for Gold Exchange Traded Funds (Gold ETFs).
  - iii. The scheme may participate in the ETCDs as 'client' and shall be subject to all the rules, regulations and instructions, position limit norms, etc. as may be applicable to clients, issued by SEBI and Exchanges from time to time. The position limits at mutual fund level be as applicable to 'Trading Members'.
  - iv. The cumulative gross exposure through Physical gold and gold related Instrument, Cash and Cash Equivalent, Exchange Traded Commodity Derivatives and such other securities/assets as may be permitted by the SEBI from time to time subject to regulatory approvals, if any should shall not exceed 100% of the net assets of the scheme.
  - v. The Scheme shall not have net short positions in ETCDs on any particular good, considering its positions in physical goods as well as ETCDs, at any point of time.
  - vi. The AMC shall not onboard Foreign Portfolio Investors (FPIs) in the Scheme investing in ETCDs until FPIs are permitted to participate in ETCDs.
- In Compliance with clause 3.2.1.5 (a) of SEBI Master Circular, the cumulative exposure to gold related instruments i.e. Gold Deposit Scheme (GDS) of banks, Gold Monetization Scheme (GMS) and ETCD having gold as the underlying shall not exceed 50% of net asset value of the scheme. However, within the 50% limit, the investment limit for GDS and GMS as part of gold related instrument shall not exceed 20% of net asset value of the scheme. The unutilized portion of the limit for GDS of banks and GMS can be utilized for ETCD having gold as the underlying

### Regulation on exposure to derivatives

The position limits for trading in derivatives by Mutual Funds specified by clause 7.5 of SEBI Master Circular are as follows:

i. **Position limit for the Mutual Fund in index options contracts:**

- a. The Mutual Fund position limit in all index options contracts on a particular underlying index shall be Rs. 500 crore or 15% of the total open interest in the market in index options, whichever is higher, per Stock Exchange.
- b. This limit would be applicable on open positions in all options contracts on a particular underlying index.

ii. **Position limit for the Mutual Fund in index futures contracts:**

- a. The Mutual Fund position limit in all index futures contracts on a particular underlying index shall be Rs. 500 crore or 15% of the total open interest in the market in index futures, whichever is higher, per Stock Exchange.
- b. This limit would be applicable on open positions in all futures contracts on a particular underlying index.

iii. **Additional position limit for hedging:**

In addition to the position limits at point (i) and (ii) above, Fund may take exposure in equity index derivatives subject to the following limits:

- a. Short positions in index derivatives (short futures, short calls and long puts) shall not exceed (in notional value) the Mutual Fund's holding of stocks.
- b. Long positions in index derivatives (long futures, long calls and short puts) shall not exceed (in notional value) the Mutual Fund's holding of cash, government securities, T-Bills and similar instruments.

iv. **Position limit for the Mutual Fund for stock based derivative contracts:**

The combined futures and options position limit shall be 20% of the applicable Market Wide Position Limit (MWPL).

v. **Position limit for the Scheme:**

The position limits for the Scheme and disclosure requirements are as follows:

- a. For stock option and stock futures contracts, the gross open position across all derivative contracts on a particular underlying stock of a scheme of a Fund shall not exceed the higher of 1% of free float market capitalization (in terms of number of shares).

Or

5% of the open interest in the derivative contracts on a particular underlying stock (in terms of number of contracts).

- b. This position limit shall be applicable on the combined position in all derivative contracts on a underlying stock at a Stock Exchange.
- c. For index based contracts, the Mutual Fund shall disclose the total open interest held by its scheme or all schemes put together in a particular underlying index, if such open interest equals to or exceeds 15% of the open interest of all derivative contracts on that underlying index.

**As and when SEBI notifies amended limits in position limits for exchange traded derivative contracts in future, the aforesaid position limits, to the extent relevant, shall be read as if they were substituted with the SEBI amended limits.**

**Exposure Limits:**

With respect to investments made in derivative instruments, the Schemes shall comply with the following exposure limits in line with clause 12.24 and clause 12.25 of the SEBI Master Circular:

- 1. The cumulative gross exposure through equity, debt, derivative positions (including commodity and fixed income derivatives), repo transactions and credit default swaps in corporate debt securities, Real Estate Investment Trusts (REITs), Infrastructure Investment Trusts (InvITs), other permitted securities/assets and such other securities/assets as may be permitted by SEBI from time to time should not exceed 100% of the net assets of the scheme. However, the following shall not be considered while calculating the gross exposure:
  - a. Security-wise hedged position and
  - b. Exposure in cash or cash equivalents with residual maturity of less than 91 days
- 2. The total exposure related to option premium must not exceed 20% of the net assets of the Scheme.
- 3. The Mutual Fund shall not write options or purchase instruments with embedded written options except for the Schemes where the covered call strategy is enabled.

4. Exposure due to hedging positions may not be included in the above mentioned limits subject to the following:
  - a. Hedging positions are the derivative positions that reduce possible losses on an existing position in securities and till the existing position remains.
  - b. Hedging positions cannot be taken for existing derivative positions. Exposure due to such positions shall have to be added and treated under limits mentioned in Point 1.
  - c. Any derivative instrument used to hedge has the same underlying security as the existing position being hedged.
  - d. The quantity of underlying associated with the derivative position taken for hedging purposes does not exceed the quantity of the existing position against which hedge has been taken.
5. (a) Mutual Funds may enter into plain vanilla Interest Rate Swaps (IRS) for hedging purposes. The value of the notional principal in such cases must not exceed the value of respective existing assets being hedged by the scheme.
  - (b) In case of participation in IRS is through over the counter transactions, the counter party has to be an entity recognized as a market maker by RBI and exposure to a single counterparty in such transactions should not exceed 10% of the net assets of the scheme. However, if mutual funds are transacting in IRS through an electronic trading platform offered by the Clearing Corporation of India Ltd. (CCIL) and CCIL is the central counterparty for such transactions guaranteeing settlement, the single counterparty limit of 10% shall not be applicable.
6. Exposure due to derivative positions taken for hedging purposes in excess of the underlying position against which the hedging position has been taken, shall be treated under the limits mentioned in point 1.
7. Definition of Exposure in case of Derivative Positions:  
Each position taken in derivatives shall have an associated exposure as defined under. Exposure is the maximum possible loss that may occur on a position. However, certain derivative positions may theoretically have unlimited possible loss. Exposure in derivative positions shall be computed as follows:

Position	Exposure
Long Future	Futures Price * Lot Size * Number of Contracts
Short Future	Futures Price * Lot Size * Number of Contracts
Option Bought	Option Premium Paid * Lot Size * Number of Contracts

8. To reduce interest rate risk in a debt portfolio, the Mutual funds may hedge the portfolio or part of the portfolio (including one or more securities) on weighted average modified duration basis by using Interest Rate Futures (IRFs). The maximum extent of short position that may be taken in IRFs to hedge interest rate risk of the portfolio or part of the portfolio, is as per the formula given below:

$$\frac{(\text{Portfolio Modified Duration} * \text{Market Value of the Portfolio})}{(\text{Futures Modified Duration} * \text{Futures Price/PAR})}$$

9. The Scheme shall not carry out imperfect hedging using IRFs.

## 2. Swing Pricing

### **SWING PRICING FRAMEWORK FOR OPEN DEBT SCHEME(S) OF THE FUND**

With an aim to safeguard interest of small investors against any large redemptions, SEBI vide its clause 4.10 of the SEBI Master Circular dated 27<sup>th</sup> June 2024 introduced provision pertaining to swing pricing framework for all open ended debt mutual fund schemes (except overnight funds, Gilt funds and Gilt with 10-year maturity funds) with effect from March 1, 2022.

Below are the provisions with respect to swing pricing framework: for concerned schemes of the Fund:

## **Swing Pricing Framework**

Pursuant to the SEBI Circular the below swing pricing framework will be adapted during the market dislocation times. Currently, Fund has decided not to adopt policy pertaining to swing pricing during normal times.

### **Meaning of Swing Pricing:**

Swing pricing refers to a process of adjusting scheme's net asset value (NAV) to effectively pass on transaction costs stemming from net capital activity (i.e., flows into or out of the fund) to the investors associated with that activity during the life of a fund, excluding ramp-up period or termination. In a liquidity-challenged environment, quoted bid/ask spreads and overall trading cost can widen and may not be representative of the executed prices that can be achieved in the market.

Swing pricing can be a useful mechanism to contribute to protect the interests of existing investors, specifically from the dilution of their holdings and value of the investor's capital and thus contribute to protect the value of the investors capital. Swing pricing mechanism is a tools which can help protect remaining investors during any of the below instances when:

- Any large investors choose to redeem where their actions would have material market impact costs
- More active trading takes place for the scheme or
- Scheme hold illiquid assets.

### **Market Dislocation:**

SEBI will determine 'market dislocation' either based on AMFI's recommendation or suo moto. SEBI shall notify once market dislocation is declared that swing pricing will be applicable for a specified period.

Subsequent to the announcement of market dislocation, the swing pricing framework shall be mandated only for open ended debt schemes (except overnight funds, Gilt funds and Gilt with 10-year maturity funds) in terms of clause 2.6 of the SEBI Master Circular which:

- a. has High or Very High risk on the risk-o-meter in terms of clause 17.4 of the SEBI Master circular (as of the most recent period at the time of declaration of market dislocation) and
- b. classifies themselves in the cells A-III, B-II, B-III, C-I, C-II and C-III of Potential Risk Class (PRC) Matrix in terms of clause 17.5 of the SEBI Master Circular dated June 27, 2024.

### **Swing Threshold:**

Swing threshold refers to a pre-determined threshold set in terms of percentage of AUM that trigger the adjustment in the NAV (swinging of the NAV). During the market dislocation times swing pricing will be adapted when the scheme has net outflow irrespective of any swing threshold. Swing pricing shall be made applicable to all unitholders at PAN level for (redemptions and subscriptions) except for redemptions up to INR 2 lacs for each mutual fund scheme.

Currently, except quant Overnight Fund and quant Gilt Fund, quant Liquid Fund is the Open Ended Debt Scheme. As per clause 17.5 of the SEBI Master Circular, the PRC matrix assigned to quant Liquid Fund is B-I and hence mandatory swing pricing framework is not applicable to the scheme.

## **3. Provisions on creation of Segregated portfolio/Side pocketing**

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

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

In case of unrated debt or money market instruments of an issuer that does not have any outstanding rated debt or money market instruments, actual default of either the interest or principal amount by the issuer of such instruments shall be considered as a Credit Event for creation of Segregated Portfolio.

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 the AMC. It shall be created only if the Scheme Information Document (SID) of the scheme has provisions for segregated portfolio with adequate disclosures.

#### **Process for Creation of Segregated Portfolio:**

1. On the date of credit event, AMC should decide on creation of segregated portfolio. Once AMC decides to segregate portfolio, it should:
  - 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. The Fund will also disclose that the segregation shall be subject to Trustee approval. Additionally, the said press release will 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 will 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 will 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 will be sent to all unit holders of the concerned scheme.
  - d. The NAV of both segregated and main portfolios will be disclosed from the day of the credit event.
  - e. All existing investors in the scheme as on the day of the credit event will be allotted equal number of units in the segregated portfolio as held in the main portfolio.
  - f. No redemption and subscription will be allowed in the segregated portfolio. However, upon recovery of any money from segregated portfolio, it will be immediately distributed to the investors in proportion to their holding in the segregated portfolio.
  - g. AMC should 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
  - h. All subscription and redemption requests for which NAV of the day of credit event or subsequent day is applicable will be processed as per the existing SEBI circular on applicability of NAV as under:

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. After creation of 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. Further investors subscribing to the scheme will be allotted units only in the main portfolio based on its NAV.

3. If the trustees do not approve the proposal to segregate portfolio, AMC will issue a press release immediately informing investors of the same and subscription and redemption applications will be

processed based on the NAV of total portfolio.

4. 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.

#### **TER for the Segregated Portfolio**

- 1) AMC will 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. In addition to the TER mentioned above, the legal charges related to recovery of the investments of the segregated portfolio may be charged to the segregated portfolio as mentioned below.
- 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.

#### **Explanations:**

- 1) The term 'segregated portfolio' means a portfolio, comprising of debt or money market instrument affected by a credit event that has been segregated in a mutual fund scheme.
- 2) The term 'main portfolio' means the scheme portfolio excluding the segregated portfolio.
- 3) The term 'total portfolio' means the scheme portfolio including the securities affected by the credit event.

#### **Disclosure Requirements:**

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 appear 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 a 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 shall 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 (e) 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.

#### **Monitoring by Trustees:**

- a. In order to ensure timely recovery of investments of the segregated portfolio, trustees shall ensure that:
  - i. The AMC puts in sincere efforts to recover the investments of the segregated portfolio.
  - ii. 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.
  - iii. An Action Taken Report (ATR) on the efforts made by the AMC to recover the investments of the segregated portfolio is placed in every trustee meeting till the investments are fully recovered/ written-off.
  - iv. 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.
- b. 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.

#### **Risks associated with segregated portfolio**

- 1) Investor holding units of segregated portfolio may not able to liquidate their holding till the time recovery of money from the issuer.
- 2) Security comprises of segregated portfolio may not realise any value.
- 3) Listing of units of segregated portfolio in recognised stock exchange does not necessarily guarantee their liquidity. There may not be active trading of units in the stock market. Further trading price of units on the stock market may be significantly lower than the prevailing NAV.

#### **Illustration of Segregated Portfolio**

	Portfolio Date	
	3	
	1-Mar-19	
	Downgrade Event Date	
	3	
	1-Mar-19	
	7.65% C Ltd from	
Downgrade Security		AA+ to B
Valuation Marked Down		25%

Mr. X is holding 1000 Units of the Scheme, amounting to (1000\*15.0574) Rs.15057.40

#### **Portfolio prior to downgrade on the date of Credit Event**

Security	Rating	Type of the Security	Quantity	Price Per Unit	Market Value (Rs. In lacs)	% Net Assets
7.80% A FINANCE LTD	CRISIL AAA	NCD	3,200,000	102.812	3,289.98	20.764
7.70 % B LTD	CRISIL AAA	NCD	3,230,000	98.5139	3,182.00	20.082
7.65 % C Ltd	CRISIL AAA	NCD	3,200,000	98.457	3,150.62	19.884
D Ltd (15/May/2019)	ICRA A1+	CP	3,200,000	98.3641	3,147.65	19.865
7.65 % E LTD	CRISIL AA	NCD	3,000,000	98.6757	2,960.27	18.683
Cash / Cash Equivalents					114.47	0.722

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Net Assets	15,845
Unit Capital (no of units)	1,000
NAV Per Unit	15.8450

**Segregated Portfolio after segregation (before mark-down of security)**

Security	Rating	Type of the Security	Quantity	Price Per Unit	Market Value (Rs. In lacs)	% Net Assets
7.65 % C Ltd	CRISIL AAA	NCD	3,200,000	98.457	3,150.62	100.000

Net Assets	3,150.62
Unit Capital (no of units)	1,000
NAV Per Unit	3.1506

**Segregated Portfolio after segregation (after mark-down of security)\***

Security	Rating	Type of the Security	Quantity	Price Per Unit	Market Value (Rs. In lacs)	% Net Assets
7.65 % C Ltd	CRISIL AAA	NCD	3,200,000	73.843	2,362.98	100.000

Net Assets	2,362.98
Unit Capital (no of units)	1,000
NAV Per Unit	2.3630

**Main Portfolio after segregation**

Security	Rating	Type of the Security	Quantity	Price Per Unit	Market Value (Rs. In lacs)	% Net Assets
7.80% A FINANCE LTD	CRISIL AAA	NCD	3,200,000	102.812	3,289.98	25.917
7.70 % B LTD	CRISIL AAA	NCD	3,230,000	98.5139	3,182.00	25.066
D Ltd (15/May/2019)	ICRA A1+	CP	3,200,000	98.3641	3,147.65	24.796
7.65 % E LTD	CRISIL AA	NCD	3,000,000	98.6757	2,960.27	23.320
Cash / Cash Equivalents					114.47	0.902

Net Assets	12,694
Unit Capital (no of units)	1,000
NAV Per Unit	12.6944

\* On the date of credit event i.e. on 31st March 2019, NCD of C Ltd (7.65%) will be segregated as separate portfolio and further it is assumed to be marked down by 25% on the date post segregation, before marking down the security was valued at Rs.98.4570 per unit.

#### Value of Holding of Mr. X after creation of Segregated Portfolio

Particulars	Segregated Portfolio	Main Portfolio	Total Value
No of units	1000	1000	
NAV	2.3630	12.6944	
Total value	2363.00	12694.40	15057.40

#### 4. Short selling / stock lending

The Scheme may engage in short selling in accordance with framework relating to Short Selling specified by SEBI. Short Selling means selling stock which the seller does not own at the time of trade.

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.

Investors are requested to refer to asset allocation specified in the SID of respective schemes to know if the scheme is going to engage in short selling or participate in securities lending activities.

#### E. Transaction Charges and Stamp Duty

##### Transaction Charges:

Not Applicable

##### Stamp Duty:

Investors / Unit Holders of all the scheme(s) of quant Mutual Fund are advised to take note that, pursuant to notification no. S.O. 4419(E) dated December 10, 2019 read with notification no. S.O. 115(E) dated January 08, 2020 and notification no. S.O. 1226(E) dated March 30, 2020 issued by Department of Revenue, Ministry of Finance, Government of India, read with Part I of Chapter IV of Notification dated February 21, 2019 issued by Legislative Department, Ministry of Law and Justice, Government of India on the Finance Act, 2019, applicable stamp duty @ 0.005% of the transaction value would be levied on mutual fund investment transactions with effect from July 1, 2020.

Accordingly, pursuant to levy of stamp duty, the number of units allotted on purchases, switch-ins, SIP/STP installments, (including reinvestment of IDCW) to the unit holders would be reduced to that extent.

## **X. DISCLOSURES AND REPORTS BY THE FUND**

### **1. Account Statement/Consolidated Account Statement**

Under Regulation 36(4) of SEBI (Mutual Funds) Regulations, 1996, the AMC/ RTA is required to send consolidated account statement for each calendar month to all the investors in whose folio transaction has taken place during the month. Further, SEBI vide its circular ref. 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 consolidated account statement for investors having mutual fund investments and holding demat accounts.

In view of the said requirements the account statements for transactions in units of the Fund by investors will be dispatched to investors in following manner:

#### **I. Investors who do not hold Demat Account**

Consolidated account statement<sup>^</sup>, based on PAN of the holders, shall be sent by AMC/ RTA to investors not 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.

Consolidated account statement<sup>^</sup> shall be sent by AMC/RTA 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 there have been no transactions during that period.

<sup>^</sup>Consolidated account statement sent by AMC/RTA is a statement containing details relating to all financial transactions made by an investor across all mutual funds viz. purchase, redemption, switch, payout of IDCW, reinvestment of IDCW, systematic investment plan, systematic withdrawal plan, systematic transfer plan, bonus etc. (including transaction charges paid to the distributor) and holding at the end of the month.

#### **II. Investors who hold Demat Account**

Consolidated account statement<sup>^^</sup>, based on PAN of the holders, shall 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.

Consolidated account statement shall 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.

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.

<sup>^^</sup>Consolidated account statement 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, payout of IDCW, reinvestment of IDCW, systematic investment plan, systematic withdrawal plan, systematic transfer plan, bonus etc. (including transaction charges paid to the distributor) and transaction in dematerialised securities across demat accounts of the investors and holding at the end of the month.

Following provisions shall be applicable to CAS sent through AMC/ RTA and CAS sent through depositories:

- a. Investors are requested to note that for folios which are not included in the CAS, AMC shall henceforth issue monthly account statement to the unit holders, pursuant to any financial transaction done in such folios; the monthly statement will be sent on or before 15th day of succeeding month. Such statements shall be sent in physical form if no email id is provided in the folio.
- b. The statement sent within the time frame mentioned above is provisional and is subject to realisation of payment instrument and/or verification of documents, including the application form, by the RTA/AMC.
- c. In the event the folio/demat account has more than one registered holder, the first named Unit holder/Account holder shall receive the CAS (AMC/RTA or Depository). For the purpose of CAS (AMC/RTA or Depository), common investors across mutual funds/depositories shall be identified on the basis of PAN. Consolidation shall be based on the common sequence/ orders of investors in various folios/demat accounts across mutual funds / demat accounts across depository participants.
- d. 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.
- e. 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.
- f. For Unit Holders who have provided an e-mail address in KYC records, the CAS will be sent by e-mail.
- g. The Unit Holder may request for a physical account statement by writing to/calling the AMC/RTA. In case of a specific request received from the unit holders, the AMC/RTA shall provide the account statement to the unit holders within 5 business days from the receipt of such request.
- h. Units held, either in the form of Account Statement or Unit Certificates, are non-transferable. The Trustee reserves the right to make the Units transferable at a later date subject to SEBI (MF) Regulations issued from time to time.



## **2. Half Yearly Disclosures/Portfolio Disclosures/Financial Results**

The AMC shall disclose portfolio (along with ISIN and yield of the instruments) of the Debt Scheme(s) in the prescribed format, as on the last day of the fortnight on its website viz. [www.quantmutual.com](http://www.quantmutual.com) within 5 days from the end of each fortnight.

Further, the AMC shall also disclose portfolio of the Schemes along with ISIN as on the last day of each month / half year on its website viz. [www.quantmutual.com](http://www.quantmutual.com) and on the website of AMFI viz. [www.amfiindia.com](http://www.amfiindia.com) within 10 days from the close of each month/ half-year respectively in a user-friendly and downloadable spreadsheet format.

In case of Unitholders whose e-mail addresses are registered, the AMC shall send via e-mail the monthly and half-yearly statement of the debt Schemes portfolio within 5 days from the close of each fortnight and within 10 days from the close of each month/ half-year respectively. Further, the AMC shall publish an advertisement in all India edition of at least two daily newspapers, one each in English and Hindi, every half year disclosing the hosting of the half-yearly statement of the schemes' portfolio(s) on the AMC's website and on the website of AMFI. The AMC shall provide a physical copy of the statement of the Scheme portfolio, without charging any cost, on specific request received from a Unitholder.

## **3. Half Yearly Results**

The Mutual Fund shall within one month from the close of each half year (i.e. 31st March and 30th September), host a soft copy of its unaudited financial results on its website [www.quantmutual.com](http://www.quantmutual.com) The Mutual Fund shall also publish an advertisement disclosing the hosting of such financial results on its website, in at least one English daily newspaper having nationwide circulation and in a newspaper having wide circulation published in the language of the region where the Head Office of the Mutual Fund is situated. The unaudited financial results shall also be displayed on the website of AMFI.

## **4. Annual Report**

Annual report or Abridged Summary, in the format prescribed by SEBI, will be hosted on AMC's website [www.quantmutual.com](http://www.quantmutual.com) and on the website of AMFI [www.amfiindia.com](http://www.amfiindia.com). Annual Report or Abridged Summary will also be sent by way of e-mail to the investors who have registered their email address with the Fund not later than four months from the date of the closure of the relevant financial year i.e. March 31 each year.

In case of unit holders whose email addresses are not available with the Fund, the AMC shall send physical copies of scheme annual reports or abridged summary to those unit holders who have 'opted-in' to receive physical copies. The opt-in facility to receive physical copy of the scheme-wise annual report or abridged summary thereof shall be provided in the application form for new subscribers.

Unit holders who still wish to receive physical copies of the annual report/abridged summary notwithstanding their registration of e-mail addresses with the Fund, may indicate their option to the AMC in writing and AMC shall provide abridged summary of annual report without charging any cost. Physical copies of the report will also be available to the unit holders at the registered offices at all times. For request on physical copy refer

relevant disclosures mentioned in the SAI available on AMC website i.e. [www.quantmutual.com](http://www.quantmutual.com).

The advertisement in this reference will be published by the Fund in all India edition of atleast two daily newspapers, one each in English and Hindi. Investors are requested to register their e-mail addresses with Mutual Fund.

**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 & Director**

**Place: Mumbai  
Date: June 30, 2025**