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India's 1<sup>st</sup> Direct to Investor  
Mutual Fund

# SCHEME INFORMATION DOCUMENT

## QUANTUM GOLD FUND (An open ended Exchange Traded Fund - Gold)

Continuous offer of Units at NAV based prices

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

**The particulars of the Scheme have been prepared in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations 1996, as amended till date, and filed with SEBI, along with a due diligence certificate from the AMC. The Units being offered for public subscription have not been approved or recommended by SEBI nor has SEBI certified the accuracy or adequacy of the Scheme Information Document.**

The Scheme Information Document sets forth concisely the information about the scheme that a prospective investor ought to know before investing. Before investing, investors should also ascertain about any further changes to this Scheme Information Document after the date of this Document from the Mutual Fund / Investor Service Centres / Website / Distributors or Brokers.

**The investors are advised to refer to the Statement of Additional Information (SAI) for details of Quantum Mutual Fund, Tax and Legal issues and general information on [www.QuantumAMC.com](http://www.QuantumAMC.com) / [www.QuantumMF.com](http://www.QuantumMF.com)**

**SAI is incorporated by reference and is legally a part of the Scheme Information Document. For a free copy of the current SAI, please contact your nearest Investor Service Centre or log on to our website, [www.QuantumAMC.com](http://www.QuantumAMC.com) / [www.QuantumMF.com](http://www.QuantumMF.com)**

**The Scheme Information Document (SID) should be read in conjunction with the SAI and not in isolation.**

This Scheme Information Document is dated June 29, 2011.



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<b>Quantum Gold Fund</b>	Quantum Gold Fund (QGF) is an Open Ended Fund listed on National Stock Exchange in the form of an Exchange Traded Fund (ETF) tracking domestic prices of gold through investments in physical Gold.											
<b>Investment objective</b>	The Investment Objective of the Scheme is to generate returns that are in line with the performance of gold and gold related instruments subject to tracking errors. However, investment in gold related instruments will be made if and when SEBI permits mutual funds to invest, in gold related instruments. The Scheme is designed to provide returns that before expenses, closely correspond to the returns provided by gold.											
<b>Liquidity</b>	<p>The units of the Scheme can be bought / sold like any other stock on the National Stock Exchange of India Limited (NSE).</p> <p>The Authorised Participants and Eligible Investors can directly buy / sell units with the Fund in Creation Unit Size at NAV based prices.</p>											
<b>Benchmark</b>	The Schemes performance will be benchmarked against Domestic Price of Physical Gold.											
<b>Transparency/NAV Disclosure</b>	<p>NAV shall be declared and announced on all Business Days and uploaded on the AMFI website (www.amfiindia.com) by 9.00 p.m. the same will also be uploaded on the Fund's website www.QuantumAMC.com / www.QuantumMF.com on every Business Day and will also be released in two newspapers for publication.</p> <p>Investors may obtain NAV information on any Working Day by calling the office of the AMC or any of the Investor Service Centers.</p>											
<b>Load Structure</b>	<table border="1"> <thead> <tr> <th>Investor Category</th> <th>Entry Load</th> <th>Exit Load</th> </tr> </thead> <tbody> <tr> <td>Authorised Participants</td> <td>Not Applicable*</td> <td>Nil</td> </tr> <tr> <td>Eligible Investors</td> <td>Not Applicable*</td> <td>Nil</td> </tr> </tbody> </table> <p>*In terms of SEBI circular no. SEBI/IMD/CIR No. 4/ 168230/09 dated June 30, 2009 has notified that, w.e.f. August 01, 2009 there will be no entry load charged to the schemes of the Mutual Fund and the upfront commission to distributors will be paid by the investor directly to the distributor, based on his assessment of various factors including the service rendered by the distributor.</p> <p><b>Quantum Mutual Fund does not charge Entry Load since inception.</b></p>			Investor Category	Entry Load	Exit Load	Authorised Participants	Not Applicable*	Nil	Eligible Investors	Not Applicable*	Nil
Investor Category	Entry Load	Exit Load										
Authorised Participants	Not Applicable*	Nil										
Eligible Investors	Not Applicable*	Nil										
<b>Option / Plans</b>	<p>The Scheme offers only one option - Growth Option</p> <p>Presently, the Scheme does not offer any Plan.</p>											
<b>Minimum Application Amount / No. of units</b>	<p><b>Directly with Fund:</b> The investors can create / redeem in exchange of Portfolio Deposit and Cash Component in creation unit size at NAV based Price.</p> <p><b>On the Exchange:</b> Approx equal to price of ½ gram of Gold quoted on the NSE. On NSE, the units can be purchased / sold in minimum lot of 1 unit and in multiples therefore.</p>											

### A. RISK FACTORS

#### Standard Risk Factors:

- Investment in Mutual Fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal.
- As the price/value/interest rates of the gold / securities in which the scheme invests fluctuates, the value of your investment in the scheme may go up or down. The value of investments may be affected inter-alia, by changes in the market, interest rates, changes in credit rating, trading volumes, settlement periods and transfer procedures; the NAV is also exposed to Price / Interest-Rate Risk and Credit Risk and may be affected inter-alia, by government policy, volatility and liquidity in the money markets and pressure on the exchange rate of the rupee.
- Past Performance of Sponsor /AMC/Mutual Fund does not guarantee future performance of the Scheme.
- Quantum Gold Fund (QGF) is the name of the scheme, and does not in any manner indicate either the quality of the scheme or its future prospects and returns. Investors are therefore urged to study the terms of offer carefully and consult their Investment Advisor before they invest in the Scheme.
- The Sponsor is not responsible or liable for any loss resulting from the operation of the Scheme beyond the initial contribution of ₹ 1,00,000/- made by it towards setting up the Fund.
- The Present scheme is not a guaranteed or assured returns scheme.

#### Scheme Specific Risk Factors:

**The Scheme is subject to the principal risks described below. Some or all of these risks may adversely affect Scheme's NAV, trading price, yield, total returns and /or its ability to meet its objectives.**

The Scheme's NAV will react to the Gold price movements. The investor may lose money over short or long period due to fluctuation in scheme's NAV in response to factors such as economic and political developments, changes in interest rates and perceived trends in bullion prices, market movement and over longer periods during market downturns.

The concept of exchange traded funds is relatively new to Indian Capital markets. Trading in QGF units could therefore be restricted due to which market price may or may not reflect the true NAV of the QGF units at any point of time. Although the units described in this Scheme Information Document is listed on the Stock Exchange, there can be no assurance that an active secondary market will develop or be maintained.

The market price of ETF units, like any other listed security, is largely dependent on two factors, viz., (1) the intrinsic value of the unit (or NAV) and (2) demand and supply of units in the market.

Sizable demand or supply of the units in Exchange may lead to market price of the units to quote at premium or discount to NAV. Hence the price of QGF units is less likely to hold significant variance (large premium or discount) from the latest declaration NAV all the time.

Trading in QGF units on the Exchange may be halted because of market conditions or for reasons that in view of Exchange Authorities or SEBI, trading in QGF units is not advisable. In addition, trading in QGF units is subject to trading halts caused by extraordinary market volatility and pursuant to Exchange and SEBI "circuit filter" rules. There can be no assurance that the requirements of Exchange necessary to maintain the listing of QGF units will continue to be met or will remain unchanged.

Any changes in trading regulations by the stock exchange(s) or SEBI may affect the ability of Authorized Participant to arbitrage resulting into wider premium / discount to NAV. Any changes in the regulations relating to import and export of gold or gold jewellery (including customs duty, sales tax and any other statutory levies) may affect the ability of the scheme to buy/sell gold against the purchase and redemption requests received.

The units of the Scheme may trade above or below their NAV. The NAV of the Scheme will fluctuate with changes in the market value of Scheme's holdings. The trading prices of QGF units will fluctuate in accordance with changes in their NAV as well as market supply and demand for the units. However, given that QGF units can be created and redeemed in creation units size directly with the fund, it is expected that large discounts or premiums to the NAV of QGF units will not sustain due to arbitrage opportunity available.

The units will be issued only in dematerialized form through depositories. The records of the depository are final with respect to the number of units available to the credit of a unit holder.

The formula for determining NAV of the units is based on the imported (landed) value of gold. The landed value of gold is computed by multiplying international market price by US dollar value. The value of Gold or NAV, therefore will depend upon the conversion value of US dollar into Indian Rupees and attracts all the risks attached to such conversion.

Tracking error may have an impact on the performance of the scheme. However, the AMC will endeavour to keep the tracking error as low as possible.

There is no exchange for physical gold in India. The Fund may have to buy or sell gold from the open market, which may lead to counter party risks for the Fund for trading and settlement.

The Fund has to sell gold only to bullion bankers/traders who are authorized to buy gold. Though, there are adequate numbers of players (commercial or bullion bankers) to whom the Fund can sell gold, the Fund may have to resort to distress sale of gold if there is no or low demand for gold to meet its cash needs for redemption or expenses.

There is a risk that part or all of the Scheme's gold could be lost, damaged or stolen. Access to the Scheme's gold could also be restricted by natural events or human actions.

Any of these actions may have adverse impact on the operations of the scheme and consequently on investment in units.

The Trustee, in the general interest of the Unit holders of the Scheme offered under this Scheme Offer Document and keeping in view the unforeseen circumstances market conditions, may limit the total number of units which can be redeemed on any Business Day.

Investors may note that even though this is an open-ended scheme, the scheme would ordinarily sell and/or repurchase Units only in creation unit size during the Liquidity Window. Investors holding less than creation unit size can sell their units through the secondary market on exchange

Buying and selling units on stock exchange requires the investors to engage the services of a broker and are subject to payment of margins as required by the stock exchange /broker, payment of brokerage, and such other costs.

The returns from physical Gold in which the Scheme invests may under perform returns from the various general securities markets or different asset classes. Different types of securities tend to go through cycles of out performance and under performance in comparison of the general securities markets.

The Scheme is not actively managed. The Scheme may be affected by a general price decline in the Gold prices. The Scheme invests in the physical Gold regardless of their investment merit. The AMC

does not attempt to take defensive positions in declining markets.

The NAV of the units is determined based on the formula for valuation of gold prescribed by SEBI whereas the actual price of gold in the domestic market may be different from the value of gold arrival at based on the prescribed formula. This may lead to extreme conditions like NAV being far too different from the domestic market price of gold. In such extreme conditions, the trustees reserve the right to delay or suspend the sale/redemption of units.

For the valuation of QGF units, indirect taxes like customs duty, VAT, etc would also be considered. Hence, any change in the rates of indirect taxation would affect the valuation of QGF units.

The Fund may have to sell gold to meet recurring expenses. In such an event, irrespective of whether the price of gold goes up or not, the NAV of the Fund will go down due to such expenses.

Whereas the Indian Market was formerly restrictive, a process of deregulation has been taking place over recent years. This process has involved removal of trade barriers and protectionist measures, which could adversely affect the value of investments. It is possible that the future changes in the Indian political situation, including political, social or economic instability, diplomatic developments and changes in tax laws, changes in SEBI/Stock Exchange / RBI regulations and other applicable laws / regulations could have an effect on such investments and valuation thereof. Expropriation, confiscatory taxation or other relevant developments could affect the value of investments.

#### **Common Risks Associated with Investments in Debt and Money Market Instruments**

Given below are some of the common risks associated with investments in fixed income and money market securities. These risks include but are not restricted to:

##### **Liquidity and settlement Risks**

This refers to the ease at which a security can be sold at or near its true value. The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. Liquidity risk is characteristic of the Indian fixed income market.

The liquidity of the Scheme's investments may be inherently restricted by trading volumes, transfer procedures and settlement periods. From time to time the scheme will invest in certain debt securities of certain companies, industries, sectors etc. based on its investment objectives and policies as outlined in this Scheme Information Document. Reduced liquidity in the Secondary Market may have an adverse impact on market price and the Scheme's ability to dispose of particular securities, when necessary to meet the Scheme's liquidity needs or in response to a specific economic event or during restructuring of the Scheme's Investment Portfolio.

##### **Investment Risks**

The value of, and income from, an investment in the Scheme can decrease as well as increase, depending on a variety of factors which may affect the values and income generated by the Scheme's portfolio of debt securities. The returns of the Scheme's investments are based on the current yields of the securities, which may be affected generally by factors affecting capital markets such as price and volume, volatility in the stock markets, interest rates, currency exchange rates, foreign investment, changes in Government and Reserve Bank of India policy, taxation, political, economic or other developments, closure of the Stock Exchanges etc. Different types of securities in which the Scheme would invest as stated in the Scheme Information Document carry different levels and types of risk. Accordingly the Scheme's risk may increase or decrease depending upon its investment pattern. e.g. corporate bonds carry a higher amount of risk than Government securities. Further even amongst corporate bonds, bonds which are AAA rated are comparatively less risky than bonds which are AA rated. The Scheme will endeavour to invest in highly researched securities offering

relative yield for the commensurate risks. However the erosion in the value of the investments/portfolio in the case of the capital and financial markets passing through a bearish phase is a distinct possibility.

##### **Interest Rate Risk**

Changes in interest rate may affect the Scheme's net asset value. Generally the prices of instruments increase as interest rates decline and decrease as interest rates rise. Prices of long-term securities fluctuate more in response to such interest rate changes than short-term securities. Indian debt and government securities markets can be volatile leading to the possibility of price movements up or down in fixed income securities and thereby to possible movements in the NAV.

##### **Credit Risk**

Credit risk or Default risk refers to the risk that an issuer of a fixed income security may default (i.e. the issuer will be unable to make timely principal and interest payments on the security). Because of this risk, debentures are sold at a higher yield above those offered on Government Securities which are sovereign obligations and free of credit risk. Normally, the value of fixed income securities will fluctuate depending upon the changes in the perceived level of credit risk as well as any actual event of default. The greater the credit risk, the greater the yield required for someone to be compensated for the increased risk.

##### **Re-investment Risk**

Investments in fixed income securities may carry re-investment risk as interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the bond. Consequently, the proceeds may get invested at a lower rate.

This risk refers to the interest rate levels at which cash flows received from the securities in the Scheme or from maturities in the Scheme are reinvested. The additional income from reinvestment is the "interest on interest" component. The risk refers to the fall in the rate for reinvestment of interim cash flows.

#### **B. REQUIREMENT OF MINIMUM INVESTORS IN THE SCHEME**

As the Scheme is an Exchange Traded Scheme, the provisions of minimum number of investors and maximum holding of the investors are not applicable as per SEBI Regulations and Circulars.

#### **C. SPECIAL CONSIDERATIONS:**

Mutual funds being vehicles of securities investments are subject to market and other risks and there can be no guarantee against loss resulting from investing in the Scheme. The various factors which impact the value of the Schemes' investments include, but are not limited to, fluctuations in the capital markets, fluctuations in interest rates, prevailing political and economic environment, changes in government policy, factors specific to the issuer of the securities, tax laws, liquidity of the underlying instruments, settlement periods, trading volumes, etc.

The past performance of the Sponsors and their affiliates/associates is not indicative of the future performance of the Scheme. Investment decisions made by the AMC may not always be profitable.

From time to time and subject to the Regulations, the Sponsors, the mutual funds and investment companies managed by them, their affiliates, their associate companies, subsidiaries of the Sponsors and the AMC may invest either directly or indirectly in the Scheme. The funds managed by these affiliates, associates, the sponsors, subsidiaries of the Sponsors and/or the AMC may acquire a substantial portion of the Scheme's Units and collectively constitute a major Investor in the Scheme. Accordingly, Repurchase/Redemption of Units held by such funds, affiliates/associates and Sponsors may have an adverse impact on the Units of the Scheme because the timing of such Repurchase/Redemption may impact

the ability of the other Unitholders to redeem their Units.

Given that the liquidity of the investments made by the Scheme could, at times, be restricted by trading volumes and settlement periods, the time taken by Mutual Fund for Repurchase / Redemption of Units may be significant in the event of an inordinately large number of Repurchase / Redemption requests of a restructuring of the Scheme. In view of the above, the Trustee has the right, in its sole discretion, to limit Repurchase / Redemption (including suspending Repurchase / Redemptions) under certain circumstances as described in Statement of Additional Information (SAI).

Certain focus areas are already enjoying favourable tax treatment as provided by the Government of India and the Scheme may also receive favourable tax treatment in other focus areas. If these tax benefits are removed or amended, it is possible that the changes may have a material adverse impact on the entire revenue and earnings of companies engaged in business in such focus areas.

Repurchase / Redemption by the Unitholder due to change in the fundamental attributes of the Scheme or due to any other reasons may entail tax consequences. The Trustees, AMC, Mutual Fund, their Directors or their employees shall not be liable for any such tax consequences that may arise.

The Trustee AMC, Mutual Fund, their Directors or their employees shall not be liable for any of the tax consequences that may arise. In the event that the Scheme is wound up for the reasons and in the manner provided for in the Statement of Additional Information (SAI).

The tax benefits described in this Scheme Information Document 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 the AMC's interpretation regarding the law and practice currently in force in India and the unitholders should be aware that the relevant fiscal rules of 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 the scheme will endure indefinitely. In view of the individual nature of tax consequences, each unit holder is advised to consult his/her their own professional tax advisor investing in the units of the Scheme.

Neither this Scheme Information Document nor the Units have been registered in any jurisdiction.

This Scheme Information Document is meant for circulation only in India and therefore has not been registered in any other jurisdiction. The distribution of this Scheme Offer Document in certain jurisdiction may be restricted or totally prohibited due to registered requirements and accordingly, persons who come into possession of this Scheme Offer Document are required to inform themselves about such regulations/ restrictions and to observe any such restrictions and / or compliance requirements.

The Scheme Information Document is not meant for circulation in USA or for use of U.S. Persons, as defined by the Regulations under The Securities Act, 1933, of the United States of America or other person in such country where it is not lawful to make such an issue.

#### D. DEFINITIONS

In this Scheme Information Document, the following words and expressions shall have the meaning specified herein, unless the context otherwise requires:

"AMC" or "Asset Management Company" or "Investment Manager"	Quantum Asset Management Company Private Limited, incorporated under the provisions of the Companies Act, 1956 and approved by the Securities and Exchange Board of India to act as the Asset Management Company for the Scheme(s) of Quantum Mutual Fund.
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The information herein is not for distribution and does not constitute an offer to buy or sell or the solicitation of any offer to buy or sell any securities or financial instruments in the United States of America ("US") and Canada to or for the benefit of United States persons (being persons resident in the US, corporations, partnerships or other entities created or organised in or under the laws of the US or any person falling within the definition of the term "US Person" under Regulations promulgated under the US Securities Act of 1933, as amended) and Canadian persons.

No Person has been authorized to issue any advertisement or to give any information or to make any representations other than that contained in this Scheme Information Document Circulars in connection with this offering not authorized by the Mutual Fund and any information or representations not contained herein must not be relied upon as having been authorized by the Mutual Fund.

Investors should study this Scheme Information Document carefully in its entirety and should not constitute the contents hereof as above 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 repurchasing units, before making a decision to invest/ Repurchase units.

The Mutual fund may disclose details of the unitholder's account and transactions there under to the Bankers, as may be necessary for the purpose of effecting payments to the investor and to the Central Government /State Government or any Statutory authority to fulfill its legal obligations if any under any applicable law.

#### Disclaimer by NSE

As required a copy of this SID has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given permission to the Mutual Fund to use the Exchange's name in this SID as one of the stock exchange on which the Mutual Fund's units are proposed to be listed subject to, the Mutual Fund fulfilling the various criteria for listing. The Exchange has scrutinized this SID for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Mutual Fund. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the SID has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this SID; nor does it warrant that the Mutual Fund's units will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of the Mutual Fund, its promoters, its management or any scheme or project of the Mutual Fund.

Every person who desires to apply for or otherwise acquire any units of the Mutual Fund may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be started herein or any other reason whatsoever.

"Authorised Participant"	'A Member of the National Stock Exchange or any other recognized stock exchange or any other person who is appointed by the AMC to act as an Authorised Participant on entering into a Participant Agreement with the AMC.
"Allotment Price"	Allotment price is the price of half (1/2) gram of physical gold in the domestic market.
"Applicable NAV"	The Net Asset Value applicable for Subscription/Redemptions/Repurchase etc., based on the Business Day and relevant cut-off times on which the application is accepted at the official point of acceptance.
"Business Day"	<p>A day other than:</p> <ol style="list-style-type: none"> <li>i. Saturday and Sunday; or</li> <li>ii. A day on which the banks in Mumbai and/RBI are closed or</li> <li>iii. A day on which the Bombay Stock Exchange and/or National Stock Exchange are closed; or</li> <li>iv. A day on which there is no RBI Clearing/settlement of securities or</li> <li>v. A day, which is a public and/or bank holiday at a Investor Service Centre where the application is received; or</li> <li>vi. A day on which Sale and/or Repurchase and/or Redemption and/or switches of Units is suspended by the Trustee/AMC; or</li> <li>vii. A Book closure period as may be announced by Trustee/AMC</li> <li>viii. A day on which normal business cannot be transacted due to storms, floods, bandhs, strikes, other force majeure events or such other events as the AMC may specify from time to time.</li> </ol> <p>The AMC reserves the right to declare any day as a Business Day or otherwise at any or all Investor Service Centres. The day(s) on which the money markets are closed/not accessible, shall not be treated as Business Day(s) for the purpose of the Scheme.</p>
"Business Hours"	Presently 9.30 a.m. to 6.00 p.m. on any Business Day or such other time as may be decided by the Asset Management Company from time to time and the same may be different for different ISCs.
"Creation Unit Size"	<p>The number of units of the Scheme, which is exchanged against a predefined quantity and purity of physical Gold (held with the sub-custodian) called the Portfolio Deposit and a Cash Component.</p> <p>For redemption of units it is vice versa i.e. a certain number of units of Scheme are exchanged for Portfolio Deposit and Cash Component. The Portfolio Deposit and Cash Component may change from time to time and is discussed separately under this Scheme Information Document.</p>
"Custodian"	A person who has been granted a certificate of registration to carry on the business of custodian of securities under the Securities and Exchange Board of India (Custodian of Securities) Regulations 1996, which for the time being is Deutsche Bank AG.
"Call Money Market"	Call money market refers to the market for short term funds ranging from overnight funds to a maximum tenor of 14 days
"Call money/Money at Call"	Refers to the money invested by the Funds in the overnight Money Market, subject to necessary regulatory approvals.
"Certificate of Deposits" or "CD's"	CD's are short term borrowings by banks. CD's can be issued for maturities between 7 days up to a year from the date of issue
"Collateralised Borrowing and Lending Obligation" or "CBLO"	CBLO's are a discounted money market instrument available in electronic book entry form for the maturity period ranging from one day to ninety days. It is a product developed by CCIL (Clearing Corporation Of India Ltd).
"Commercial Paper " or "CP's"	CP's are a short term instrument to enable non-banking companies to borrow funds for the short term. It is an unsecured money market instrument issued in the form of promissory note. CP's can be issued for maturities between 7 days up to a year from the date of issue.
"Corporate Debt Securities"	(Bonds and Debentures) - Debt securities issued by the corporates. It can be further classified into bonds/debentures issued by the public sector and private sector companies
"Depository"	Depository as defined in the Depository Act, 1996 (22 of 1996)
"Depository Participant"	Depository Participant' means a person registered as such under sub-section (1A) of section 12 of the Securities and Exchange Board of India Act, 1992.
"Dividend"	Income distributed under the Scheme on the Units.
"Domestic Prices of Gold"	Price calculated using valuation methodology described in the chapter 'Valuation Policy and Determination of NAV.'
"Entry Load" or "Sales Load"	Load on Sale/Switch in of Units.

"Exit Load" or "Repurchase Load" or "Redemption Load"	Load on Repurchase/Redemption/Switch out of Units.
"Exchange/Market"	the National Stock Exchange of India Limited (NSE) and such other recognized stock exchange(s) where the units of the Scheme are listed.
"Exchange Traded Fund/ETF"	A fund whose units is listed on an exchange and can be bought / sold at prices which may be close to the NAV of the Scheme.
"Eligible Investors" or "Large Investors"	Investors who are eligible to invest in the Scheme and who would be creating units of Quantum Gold Fund in creation unit size by depositing predefined quantity and purity of physical gold which should be acceptable by the Custodian for such purposes. Further eligible/large investors would also mean those investors who would be redeeming units of Quantum Gold Fund in creation unit size.
"FII" or "Foreign Institutional Investor"	Foreign Institutional Investor, registered with SEBI under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended from time to time.
"Investment Management Agreement"	The Investment Management Agreement dated 7th October, 2005 entered into between Quantum Trustee Company Private Limited and Quantum Asset Management Company Private Limited, as amended from time to time.
"Investor Service Centres" or "ISCs" or "Official Points of Acceptance" of transactions	Office of Quantum Asset Management Company Private Ltd. and such other centres / offices as may be designated by the AMC from time to time. All these locations are official points of acceptance of transactions and cut-off time as mentioned in the SID shall be reckoned at these official points.
"Load"	A charge that may be levied as a percentage of NAV at the time of entry into the scheme or at the time of exit from the scheme.
"LBMA"	London Bullion Market Association
"Liquidity Window"	The days on which the Mutual Fund will issue or repurchase units directly from Investors, as may be decided by the Mutual Fund, at its discretion from time to time during the continuous offer. Presently the Liquidity Window is open "on all Business Days" only for Authorised Participants and Eligible Investors.
"Mutual Fund" or "the Fund"	Quantum Mutual Fund, a trust set up under the provisions of the Indian Trusts Act, 1882 and registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, vide Registration No. MF/051/05/02 dated December 2, 2005
"Money Market Instruments"	Commercial Papers, Commercial Bills, Treasury Bills, Government Securities having an unexpired maturity upto one year, call or notice money, certificate of deposit, usance bills, and any other like instruments as specified by the Reserve Bank of India from time to time
"NAV"	Net Asset Value per Unit of the Scheme, calculated in the manner described in this Scheme Information Document or as may be prescribed by the SEBI Regulations from time to time.
"NSE"	The National Stock Exchange of India Limited a Stock Exchange recognized by the Securities and Exchange Board of India.
"OCB"	Overseas Corporate Bodies means firms and societies which are held directly or indirectly but ultimately to the extent of at least 60% by NRIs and trusts in which at least 60% of the beneficial interest is held irrevocably by such persons.
"Registrar and Transfer Agent"	Karvy Computershare Private Limited (Karvy) registered under the SEBI (Registrars to an Issue and Share Transfer Agents) Regulations 1993, currently acting as the registrar to the Scheme or any other registrar appointed by the AMC from time to time.
"Scheme Information Document / SID"	This document issued by Quantum Mutual Fund, inviting offer for subscription to the Units of Quantum Gold Fund.
"Statement of Additional Information" or "SAI "	The Statement of Additional Information (SAI) contains details of Mutual Fund, its constitution and certain tax, legal and general information. It is incorporated by reference and is legally a part of the SID
"Sale/Subscription"	Sale or allotment of Units to the Unitholder upon subscription by the investor/applicant under the Scheme.
"Scheme" or "QGF" or "Quantum Gold Fund"	Quantum Gold Fund (QGF) offered under this Scheme information Document in the form of a Exchange Traded Fund is listed on the Stock Exchange.
"SEBI"	Securities and Exchange Board of India, established under the Securities and Exchange Board of India Act, 1992.
"SEBI Regulations" or "Regulations"	Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended from time to time.
"Short term debt instruments"	Debt instruments which have residual maturity of less than 1 year
"Sponsors" or "Settlers"	Quantum Advisors Private Limited.

"Stock Exchanges"	Bombay Stock Exchange Limited or the National Stock Exchange of India Limited
"Trust Deed"	The Trust Deed dated 7th October, 2005 made by and between the Sponsor and Quantum Trustee Company Private Limited ("Trustee"), as amended from time to time, establishing an irrevocable trust, called Quantum Mutual Fund.
"Trust Fund"	Amounts settled/contributed by the Sponsors towards the corpus of the Quantum Mutual Fund and additions/accretions thereto.
"Tracking Error"	Tracking Error means the extent to which the NAV of the fund moves in a manner inconsistent with the movements of the benchmark (price of physical gold in the domestic market) on any given day or over any given period of time due to any cause or reason whatsoever including but not limited to expenditure incurred by the scheme, dividend payouts if any, whole cash not invested at all times as it may keep a portion of funds in cash to meet redemption etc.
"Unit"	The interest of the Unitholder which consists of one undivided share in the assets of the Scheme.
"Unitholder" or "Investor" or "Client"	A person holding Units in the Scheme offered under this Scheme Information Document.

#### **E. DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY**

A Due Diligence Certificate duly signed by the Compliance officer of Quantum Asset Management Company Limited has been submitted to SEBI which reads as follows :

#### **DUE DILIGENCE CERTIFICATE**

It is confirmed that:

1. The Scheme Information Document forwarded to SEBI is in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and the guidelines and directives issued by SEBI from time to time.
2. All legal requirements connected with the launching of the Scheme as also the guidelines, instructions, etc. issued by the Government of India and any other competent authority in this behalf, have been duly complied with.
3. The disclosures made in the Scheme Information Document are true, fair and adequate to enable the Investors to make a well-informed decision regarding investments in the Scheme.
4. According to information given to us, Karvy Computershare Private Limited - Registrar & Transfer Agent and Deutsche Bank A.G. - Custodian are registered with SEBI and their registration is valid as on date.

for **Quantum Asset Management Company Private Limited**

**Place: Mumbai**  
**Date: June 29, 2011**

Sd/-  
**Name: Malay Vora**  
**Designation: Company Secretary & Compliance Officer**

### A. TYPE OF THE SCHEME

An Open Ended Exchange Traded Fund - Gold.

### B. WHAT IS THE INVESTMENT OBJECTIVE OF THE SCHEME?

The Investment Objective of the Scheme is to generate returns that are in line with the performance of gold and gold related instruments subject to tracking errors. However, investment in gold related instruments will be made if and when SEBI permits mutual funds to invest, in gold related instruments. The Scheme is designed to provide returns that before expenses, closely correspond to the returns provided by gold.

#### Tracking Error

Tracking error means the variance between returns of the underlying benchmark (gold in this case) and the NAV of the scheme for any given period.

NAV of the Scheme is dependant on valuation of gold. Gold has to be valued based on the formula as per Notification no. SEBI/LAD/DOP/82534/2006 dated December 20, 2006 issued by SEBI which is effective from December 27, 2006. NAV so computed may vary from the price of Gold in the domestic market.

Tracking error could be the result of a variety of factors including but not limited to:

- Delay in the purchase or sale of gold due to:
  - Illiquidity of gold,
  - Delay in realisation of sale proceeds,
  - Creating a lot size to buy the required amount of gold
- The scheme may buy or sell the gold at different points of time during the trading session at the then prevailing prices which may not correspond to its closing prices.
- The potential for trades to fail, which may result in the Scheme not having acquired gold at a price necessary to track the benchmark price.
- The holding of a cash position and accrued income prior to distribution of income and payment of accrued expenses.
- Disinvestments to meet redemptions, recurring expenses, dividend payouts etc.
- Execution of large buy / sell orders
- Transaction cost (including taxes and insurance premium) and recurring expenses
- Realization of Unit holders' funds

The scheme will endeavor to minimize the tracking error by:

- Use of gold related derivative instruments, as and when allowed by regulations
- Rebalancing of the portfolio

### C. HOW WILL THE SCHEME ALLOCATE THE ASSETS?

The investment policies of the Scheme shall be as per SEBI (Mutual Funds) Regulations, 1996, and within the following guidelines. The asset allocation under the Scheme, under normal circumstances, will be as follows: -

Instruments	Indicative Allocation (% to total assets)		Risk Profile
	Maximum	Minimum	
Physical Gold	90%	100%*	Medium to High
Money Market instruments, Short-term Corporate debt securities, CBLO and units of Debt and Liquid Schemes of Mutual Funds	0%	10%	Low

\*As the scheme invests 90% to 100% of the net assets into Gold, the scheme will, by and large, be passively managed fund. However, if and when permitted under SEBI regulations, the scheme may invest in gold related securities including derivatives.

Note: Investment in warehouse receipts and other permitted instruments linked to Gold Prices and units of international gold linked ETFs would be made as and when, and to the extent permitted by regulatory authorities.

It may be clearly understood that the percentages above are only indicative and not absolute.

Pending deployment of funds of the Scheme in gold/securities in terms of the investment objectives of the Scheme, the AMC can invest the funds of the Scheme in short-term deposits of scheduled commercial banks. The investments in short term deposits of scheduled commercial banks will be reported to the trustees along with the reasons for the investment which, inter alia, would include comparison with the interest rates offered by other scheduled commercial banks. Further, the AMC will ensure that the reasons for such investments are recorded in the manner prescribed in SEBI Circular MFD/CIR/6/73/2000 dated July 27, 2000 and such investments in short-term deposits are made in line with SEBI Circular SEBI/IMD/CIR No. 1/91171 /07dated April 16, 2007 and SEBI Circular dated June 23, 2008.

The Scheme would invest in money market instruments, short-term corporate debt securities, CBLO and units of debt and liquid schemes of mutual funds, in order to meet the liquidity requirements of the Scheme.

### CHANGE IN INVESTMENT PATTERN

Subject to SEBI Regulations, the asset allocation pattern indicated above may change from time to time keeping in view applicable regulations and political and economic factors. It must be clearly understood that the percentage stated above are only indicative and not absolute. These proportions may vary substantially depending upon the perception of the AMC, the intention being all the times to seek to protect the interest of the unit holders. Such changes in the investment pattern will be for short term and keeping in view the passive nature of the Scheme.

### D. WHERE WILL THE SCHEME INVEST?

#### Mode of Investment

The Scheme predominantly invests in Gold in physical form. The Scheme may invest in gold related derivative instruments if and when permitted under the Regulations. The scheme may also invest up to 10% in debt and money market instruments.

- A. Purchase of Gold: The Scheme may purchase gold from a bank or any other institution authorized to import gold, if the amount is not less than the minimum market lot for such import. If the amount available is less than the minimum market lot for import, the scheme may purchase gold from local market. Any such transaction in local market is fraught with counter party risk, risk of theft/loss during the movement from vendor to the

safe vault of the scheme. These risks are mitigated by due diligence conducted on the counter-party and by appropriate insurance policies.

- B. The securities in which the Investment Manager may invest under the Scheme will be through the primary as well as secondary markets, private placement, preferential/firm allotments, auctions/book building and such others. These securities may be those listed on the various stock exchanges recognized by SEBI or unlisted securities and the investment will be in conformity with the pertinent rules and regulations, internal restrictions applicable at the time of making the investment.
- C. The Scheme would invest in money market instruments, short-term corporate debt securities, CBLO and units of debt and liquid schemes of mutual funds, in order to meet the liquidity requirements of the Scheme.

The fund may use derivative instruments related to gold only after the same is allowed under the Regulations.

The AMC uses a "passive" approach to try and achieve the scheme investment objective. The scheme invests in gold as an asset regardless of its investment merit.

## E. WHAT ARE THE INVESTMENT STRATEGIES?

### Investment Strategy / Philosophy

The AMC uses 'passive' approach to try and achieve the Scheme's investment objective. The Scheme does not try to "beat" the markets they track and do not seek temporary defensive positions when markets decline or appear over valued. The AMC does not make any judgments about the investment merit of a particular gold investment nor will it attempt to apply any economic, financial or market analysis. Passive approach eliminates active management risks in regards to over / underperformance vis-à-vis the benchmark.

### Investment Portfolio

The QGF will invest upto 100% but at least 90% of its total assets in the physical Gold. The QGF may hold upto 10% of their total assets in other securities/instruments as specified in this Scheme Information Document. As long as a Scheme invests at least 90% of its total assets in physical Gold, it may also invest its other assets in cash and cash equivalents and short-term high quality debt that would include, obligations of the Indian Government and its agencies, Commercial Papers (rated by recognized Rating agencies), Bank Certificates of Deposit, repurchase agreements (Repo's), units of liquid funds and other money market instruments permissible under the investment norms.

## INVESTMENT PROCESS AND RECORDING OF INVESTMENT DECISIONS

### Investment Process

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

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

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

### RECORDING OF INVESTMENT DECISIONS

Record of all investment decisions will be maintained with justifications for the same as required under the regulations.

In respect of investment in gold, record of each investment decision

describing the quantity, fineness, price, counter party, date of purchase and date of delivery to the custodian will be maintained.

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

All investment decisions shall be recorded in terms of SEBI Circular no MFD/CIR/6/73/2000 dated July 27, 2000 or as may be revised by SEBI from time to time.

## RISK CONTROL / RISK MANAGEMENT STRATEGY

Risk is an important part of the investment functions. Effective Risk Management is critical to Fund Management for achieving financial goals. Investments made by the Scheme shall be made in accordance with Investment Objective of the Scheme and provisions of SEBI (MF) Regulations.

The Fund has identified following Risk and designed Risk Management Strategies which is the part of the Investment Process to manage such risks.

Type of Risks	Risk Management strategies
Tracking Error Risk - Risk of deviating away from the investment objective of tracking gold prices	The Fund follows a passive investment approach. The Fund does not try to time the market. It endeavors to stay near fully invested at all times.
Quality and Purity Risk - Risk of sub standard quality of gold	Gold purchased by the Fund is 0.995 purity and above. Gold sourced shall be from an LBMA accredited refiner only. The Fund has a well defined and specific good delivery norms policy to be followed by the custodian for acceptance of Gold.
Custody risk- There is a risk that part or the entire scheme's gold could be lost, damaged or stolen.	To ensure the highest safety Gold is stored with renowned vaulting agencies in their professional vaults. Gold held by the Fund is fully insured.

## Performance Measurement & Reporting

The Investment Committee at its regular meeting shall review performance of the Scheme, compliance of the various investment restrictions and compliance with the investment objectives stipulated in the Scheme Information Document and all other applicable SEBI Regulations. The AMC and Trustees shall also review the performance of the scheme at their periodical Board Meetings. The performance would be compared with the performance of the Benchmark and with peer group in the industry.

The CEO / Fund Manager will make presentations to the Board of the AMC and the Trustees periodically, indicating the performance of the Scheme. The Fund's benchmark shall be the price of physical Gold in the domestic market. Among other things, the Board of AMC and Trustee will review the performance of the Scheme in comparison to the benchmark. The Trustees reserve the right to change the benchmark for evaluation of performance of the Scheme from time to time in conformity with the Investment objectives and appropriateness of the benchmark subject to SEBI Regulations, and other prevailing guidelines, if any.

The CEO / Fund Manager will bring to the notice of the AMC Board, specific factors if any, which are impacting the performance of the Scheme. The Board may after consideration of all relevant factors, if necessary, give appropriate directions to the AMC. Similarly, the performance of the Scheme will be submitted to the Trustees. The CEO / Fund Manager will explain to the Trustees, the details on the

Scheme's performance vis-à-vis the benchmark returns. The Trustees and the AMC Board may also review the performance of the scheme in the light of performance of the mutual fund industry as published from time to time by independent research agencies and financial newspapers and journals and may take corrective action in case of unsatisfactory performance. The Scheme performance would also be measured on a risk adjusted basis against its peers.

#### PORTFOLIO TURNOVER

Portfolio Turnover is a term used to measure the volume of trading that occurs in a Scheme's portfolio (gold in this scheme) during a given time period. Quantum Gold ETF is an open-ended scheme. It is therefore expected that there would be a number of subscriptions and redemptions on a daily basis through Authorised Participants and eligible investors that may require purchase or sale of gold. The Scheme is largely passive but dependant on the purchase and redemptions of units by Authorised Participants and Eligible Investors on a day to day basis. Consequently, it is difficult to estimate with any reasonable measure of accuracy, the likely turnover in the portfolio.

Portfolio Turnover is defined as the sales as a percentage of the aggregate of purchases and Sales during the specified period of time.

The Scheme may have to sell gold to meet cash needs arising out of redemption requests.

#### INVESTMENT BY AMC IN THE SCHEME

The AMC may invest in the Scheme during continuous offer period subject to the SEBI regulations & circulars issued by SEBI and to the extent permitted by its Board of Directors from time to time. As per the existing SEBI Regulations, the AMC will not charge investment management and advisory fee on the investment made by it in the Scheme. The AMC may in the interest of the unit-holders of the scheme also consider buying the QGF Units from the market to enhance the value of the Scheme as permitted under the SEBI (Mutual Funds) Regulations, 1996.

#### F. FUNDAMENTAL ATTRIBUTES

Following are the Fundamental Attributes of the scheme, in terms of Regulation 18 (15A) of the SEBI (MF) Regulations:

(i) Type of a scheme

An Open Ended Exchange Traded Fund - Gold

(ii) Investment Objective

• Main Objective

The Investment Objective of the Scheme is to generate returns that are in line with the performance of gold and gold related instruments subject to tracking errors. However, investment in gold related instruments will be made if and when SEBI permits mutual funds to invest, in gold related instruments. The Scheme is designed to provide returns that before expenses, closely correspond to the returns provided by gold.

• Investment Pattern:

The Scheme will invest in Physical Gold to money market

instruments, short term corporate debt securities, CBLO and units of debt and liquid schemes of mutual funds, as disclosed under paragraph "Asset Allocation".

(iii) Terms of Issue:

Liquidity provisions such as listing, repurchase, redemption Aggregate fees and expenses charged to the scheme

- The Scheme is an open ended Exchange Traded Fund - Gold and is listed with National Stock Exchange (NSE). The trading will be as per the normal settlement cycle. In addition, mutual fund will repurchase units from Authorised Participants and Eligible Investors in Creation Unit Size on a daily basis subject to applicable loads.
- The aggregate fees and expenses charged to the Scheme are set out in Section IV; paragraph B which are as permitted by the SEBI Regulations.
- The Scheme does not guarantee or assured returns and hence no safety net or guarantee is provided.

In accordance with Regulation 18(15A), the Trustee shall ensure that no change in the fundamental attributes of the Scheme or the trust or fees and expenses payable or any other change which would modify the Scheme and affect the interest of Unitholders, shall be carried out unless:

- a written communication about the proposed change is sent to each Unitholder and an advertisement is given in one English daily newspaper having nation-wide circulation as well as in a newspaper published in the language of the region where the head office of the Mutual Fund is situated; and
- The Unit Holders are given an option for a period of 30 (thirty) days to exit at the prevailing NAV without any Exit Load.

Fundamental Attributes will not cover such actions of the Trustees of the Fund or the Board of Directors of the AMC, made in order to conduct the business of the Trust, the Scheme or the AMC, where such business is in the nature of discharging the duties and responsibilities with which they have been charged. Nor will it include changes to the Scheme made in order to comply with changes in Regulations with which the Scheme has been required to comply.

#### G. HOW WILL THE SCHEME BENCHMARK ITS PERFORMANCE?

The Benchmark for the Scheme is domestic price of Gold. Performance comparisons for the Scheme will be made vis-à-vis the Benchmark. The scheme would primarily invest in physical gold with an investment objective to generate returns that are in line with performance of gold and gold related instruments. Hence, the abovementioned benchmark is chosen as it is most suited for comparing the performance of the scheme with regards to its stated objective.

The Trustee reserves the right to change benchmark in future for measuring performance of the scheme in conformity with investment objective of the scheme subject to SEBI Regulations.

#### H. WHO MANAGES THE SCHEME?

Name of the Fund Manager	Age	Educational Qualifications	Experience
Mr. Chirag Mehta - Fund Manager	30 years	MMS (Finance) M.Com from Mumbai University	Collectively 7 years of experience in Financial Service Industry. • Fund Manager - Commodities w.e.f. May 1,2009 Quantum Asset Management Company Private Limited

Name of the Fund Manager	Age	Educational Qualifications	Experience
			<ul style="list-style-type: none"> <li>From 2007 to 2009 - Associate Fund Manger - Commodities - Quantum Asset Management Company Private Limited</li> <li>February 2006 - March 2007 Asst. Analyst Commodities - Quantum Advisors Pvt. Ltd.</li> <li>May 2005 - June 2005 Internship - Kotak &amp; Co.</li> </ul>

Chirag Mehta is also the Fund Manager of Quantum Gold Savings Fund.

## I. WHAT ARE THE INVESTMENT RESTRICTIONS?

The following investment limitations and other restrictions, inter-alia, as contained in the Trust Deed and the Regulations apply to the Scheme:

- The AMC uses a "passive" approach to try and achieve the scheme investment objective. The scheme invests in gold as an asset regardless of its investment merit.
- The scheme shall invest in gold of 0.995 fineness and above.
- No loans may be advanced by the Mutual Fund and the Fund shall not borrow except to meet temporary liquidity needs of the Fund for the purpose of repurchase, redemption of Units or payment of interest or dividends to Unitholders, provided the Fund shall not borrow more than 20% of the net assets of the Scheme and the duration of such borrowing shall not exceed a period of six months or as may be permitted by the Regulations from time to time.
- The Scheme may invest in another scheme, under the same AMC or any other mutual fund provided that the aggregate inter-scheme investments made by all schemes under the same AMC or any other mutual fund shall not exceed 5% of the net assets of the Fund or any other limit as prescribed by the Regulations from time to time. The AMC is not permitted by the Regulations to charge any investment management and advisory services fee on such investments.
- The Fund shall buy and sell gold/securities only against deliveries. In no case shall the Fund engage in short selling, carry forward transactions or Badla financing.
- The Scheme shall not make any investment in:
  - any unlisted security of an associate or group company of the Sponsor;
  - any security issued by way of private placement by an associate or group Company of the Sponsor; or
  - the listed securities of group companies of the Sponsor which is in excess of 25% of the net assets of the Scheme.
  - any fund of funds scheme.
- Transfer of investments from one Scheme to another Scheme in the same Mutual Fund is permitted provided:
  - such transfers are done at the prevailing market price for quoted instruments on a spot basis (spot basis shall have the same meaning as specified by a Stock Exchange for spot transactions); transfer of unquoted securities will be made as per the policies laid down by the Trustees from time to time, and
  - the securities so transferred shall be in conformity with the investment objective of the Scheme to which such transfer has been made.
- The Fund shall get the securities purchased transferred in the name of the Fund on account of the concerned Scheme, wherever investments are intended to be of a long-term nature.
- All investments in unrated debt instruments shall be subject to prior approval of the Board of the AMC and the Trustee.
- Pending deployment of funds of the Scheme in securities in terms of the investment objectives of the Scheme, the AMC can invest the funds of the Scheme in short-term deposits of scheduled commercial banks. The investments in short term deposits of scheduled commercial banks will be reported to the trustees along with the reasons for the investment which, inter alia, would include comparison with the interest rates offered by other scheduled commercial banks. Further, Quantum AMC will ensure that the reasons for such investments are recorded in the manner prescribed in SEBI Circular MFD/CIR/6/73/2000 dated July 27, 2000 and such investments are made in accordance with the SEBI Circular SEBI/IMD/CIR No. 1/ 91171 /07dated April 16, 2007 and Circular dated June 23, 2008 or such other guidelines that SEBI may issue from time to time.
- The Fund may lend securities in accordance with "Guidelines for Participation by Mutual Funds in Stock Lending" issued by SEBI or any amendments thereto.
- The Scheme will not enter into any transaction, which exposes it to unlimited liabilities or results in the encumbering of its assets in any way so as to expose them to unlimited liability. These investment limitations/parameters as expressed/linked to the net asset/net asset value/capital, shall in the ordinary course, apply as at the date of the most recent transaction or commitment to invest. Changes do not have to be effected merely because of appreciation or depreciation in value or by reason of the receipt of any rights, bonuses or benefits in the nature of capital or of any scheme of arrangement or for amalgamation, reconstruction or exchange, or at any repayment or Redemption or other reason outside the control of the Fund, in case any such limits would thereby be breached due to such an event. If these limits are exceeded for reasons beyond its control, AMC shall adopt as a priority objective the remedying of that situation, taking due account of the interests of the Unitholders.
- All the Scheme's securities investments will be in transferable securities or in money at call or any such facility provided by RBI in lieu of call.
- No loans for any purpose can be advanced by the Scheme.
- The Scheme shall not make any investment in a Fund of Fund's Scheme.
- The Scheme will not enter into any transaction, which exposes it to unlimited liabilities or results in the encumbering of its assets in any way so as to expose them to unlimited liability.

The Scheme will comply with SEBI regulations and any other Regulations applicable to the investments of Mutual Funds from

time to time. The AMC/Trustees may alter the above restrictions from time to time to the extent that changes in the Regulations may allow and/or as deemed fit in the general interest of the Unitholders, so as to permit the Scheme to make its investments in the full spectrum of permitted investments for mutual funds to achieve its investment objective.

## J. HOW HAS THE SCHEME PERFORMED?

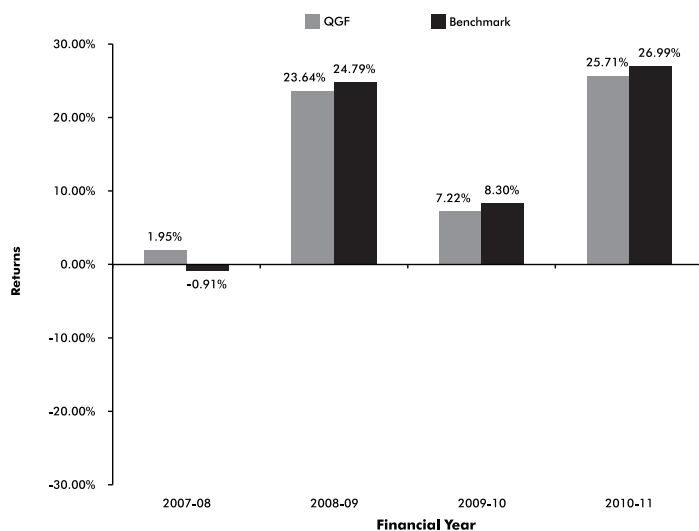
### A) Compounded Annualized Returns as on May 31, 2011

Compounded Annualised Returns	Scheme Returns %	Benchmark Returns % (Domestic Gold Price)
Returns for the last 1 year	21.11%	22.32%
Returns for the last 3 year	21.68%	22.89%
Returns since inception	20.38%	20.48%

Past Performance may or may not be sustained in future

Date of Inception - February 22, 2008.

### (B) Absolute Returns for last four financial years



Past performance may or may not be sustained in future.

Date of Inception - February 22, 2008.

### Gold reserves, major official gold holders (tonnes)

Gold Holders	1990	1995	2000	2005	2010
World	35,582.10	34,574.40	33,029.70	30826.7	30534.5
IMF	3,217.00	3,217.00	3,217.30	3217.3	2814.0
United States	8,146.20	8,139.80	8,136.90	8135.1	8133.5
Japan	753.6	753.6	763.5	765.2	765.2
Austria	634.3	373.1	377.5	302.5	280.0
France	2,545.80	2,545.90	3,024.60	2825.8	2435.4
Germany	2,960.50	2,960.40	3,468.60	3427.8	3401.0
Italy	2,073.70	2,073.70	2,451.80	2451.8	2451.8
Netherlands	1,366.70	1,081.50	911.8	694.9	612.5

## OVERVIEW OF GOLD AND BACKGROUND OF EXCHANGE TRADED FUNDS - GOLD

### History

Since the beginning of civilization, gold has been associated with wealth, prestige and power. It is a highly sought-after precious metal which, for many centuries, has been used as money, a store of value and in jewellery. The metal naturally occurs as nuggets or grains in rocks, underground veins and in alluvial deposits. Physically, it is a dense, soft, shiny, yellow metal and is the most malleable and ductile of the known metals.

### Guarantee for currency

Historically, after paper currency became popular, gold was used to back currency under a system known as the gold standard. A certain weight of gold was given the name of a unit of currency. For a long period, the United States government set the value of the U.S. dollar such that one troy ounce of gold was equal to \$20.67. In 1934, the dollar was revalued to \$35 per troy ounce. Over time, it was difficult to maintain this price and U.S. and European banks agreed to manipulate the market to prevent further currency devaluation against increased gold demand.

This could not be sustained over the longer term. On March 17, 1968, economic circumstances caused the collapse of this gold pool and a two-tiered pricing scheme was established where international accounts were settled at the old rate of \$35 /oz, but prices on the open market were allowed to be determined by market forces. Over the early 1970s, this system was gradually abandoned and prices were freed from control.

Central Banks still hold gold reserves, although the level has gradually been declining.

Gold Holders	1990	1995	2000	2005	2010
Portugal	492.4	499.7	606.7	417.5	382.5
Spain	485.6	486.2	523.4	457.7	281.6
Switzerland	2,590.30	2,590.20	2,419.40	1290.1	1040.1
United Kingdom	589.1	573.3	487.5	310.8	310.3
China	395	395	395	600	1054.1
India	332.6	397.5	357.8	357.7	557.7
Taiwan	421	422.1	421.8	423.3	423.6
Russia	...	292.8	384.4	386.9	788.6
Venezuela	356.4	356.4	318.5	357.1	365.8

Source: World Gold Council

### Gold Prices

Being one of the most valuable and universally accepted metals, the price of gold is a keenly watched factor in global economics. The prices are determined on the open market, but a procedure known as 'Gold fixing', that originated in London in September 1919 provides a daily benchmark figure

International Prices of Gold



Source: Bloomberg

### The Current Scenario

Even today, after gold has been officially delinked from currencies, it has a huge role to play in the global economy. Gold is still widely considered to be an asset whose intrinsic value and purchasing power will not be widely subjected to the vagaries of inflation. So, during times of high inflation or depreciating currencies, people have turned to gold as a store of value. As the economic factors which influence the value of gold is often contrarian to their impact on other financial assets, gold is used as an effective asset-allocation and diversification tool. For instance, there is low to negative correlation between returns on gold and those on stock markets.

### Demand factors and Price Determinants

Today, the price of gold is ultimately driven by supply and demand. Unlike most other commodities and metals, gold has very limited

utilitarian use as jewellery and in industrial use. As gold is primarily seen as a store of value, the hoarding and unhoarding of gold plays a greater role in influencing the price. The fact remains that almost all the gold ever mined still exists and can come to the market at the right price. Since the proportion of gold hoarded is huge when compared to the annual mining and production of the metal, prices are affected mainly by sentiment changes, rather than by changes in annual production or physical (jewellery and industrial) demand.

### Inflation and Interest Rates

Historically, gold prices have been positively correlated with inflation rates and negatively correlated with the US Dollar. Simply put, this means that as inflation rises, the price of gold also rises, as investors try to hedge their positions. Unlike paper-backed assets, gold cannot be created at will. So, its value will remain relatively stable. When the dollar depreciates, gold prices usually appreciate, as investors holding positions in USD and USD backed assets try to hedge their currency losses. Interest rates are also inversely correlated to gold. Under normal circumstance, rising interest rates takes some shine off the precious metal. During times of low interest rates (and rising inflation), investors seek the safe haven of gold.

### Central Bank Sales

Central Banks and the International Monetary Fund also play an important role in the gold price. As a group, they are one of the largest holders of gold and any significant movement by them could drive prices. Selling off would create a supply glut and drive down prices. Any indication to increase holdings could also start off a domino effect of purchases by others.

### Uncertainty

Society dislikes uncertainty. In times of national crises, emergencies or wars, there is insecurity about whether assets may be seized or whether the currency will become worthless. Any geopolitical strife has the same psychological effect on people and there is a rush to transfer assets into gold.

### Demand - Supply

The fundamental factors also support gold. Production over the past few years are showing a declining trend. On the other hand, demand is increasing rapidly. At the retail level, the demand for gold has been booming, driven in part by the rising middle classes in the growing economies of China and India. Both countries have strong cultural affinities to gold. Investor demand is also growing very rapidly. As more investors become aware of the inherent benefits of investing in the precious metal and more investment options become available, the demand-supply scenario is likely to be more stretched.

## World Gold Supply and Demand (In Tonnes)

Tonnes	2009	2010	Q2'09	Q3'09	Q4'09	Q1'10	Q2'10	Q3'10	Q4'10	Q1'11 <sup>2</sup>	Q1'11 vs Q1'10 % chg	4 quarter % chg <sup>3</sup>
<b>Jewellery</b>	1,813.6	2,016.7	444.8	492.1	520.5	521.3	416.7	519.5	559.2	556.9	7	4
<b>Technology</b>	409.8	466.4	102.3	107.2	112.5	114.1	116.1	120.1	116.2	113.8	0	7
Electronics	274.9	326.8	66.7	74.3	77.5	78.8	80.4	86.2	81.4	79.8	1	10
Other Industrial	82.2	90.9	22.4	19.7	21.8	22.4	23.3	22.0	23.2	22.5	0	5
Dentistry	52.7	48.7	13.2	13.2	13.2	12.8	12.4	11.8	11.6	11.5	-10	-10
<b>Investment</b>	1,394.8	1,487.4	278.7	252.7	251.0	245.6	572.6	340.8	328.4	310.5	26	51
<b>Total bar and coin demand</b>	777.7	1,149.4	210.6	210.5	209.2	240.9	281.7	302.1	324.7	366.4	52	46
Physical Bar demand	490.0	853.9	140.3	143.2	134.1	173.2	196.9	227.4	256.4	280.4	62	63
Official Coin	228.8	207.1	55.6	49.5	54.9	45.2	68.8	50.4	42.8	62.7	39	10
Medals/imitation Coin	58.9	88.3	14.8	17.8	20.3	22.5	16.0	24.3	25.5	23.3	3	18
ETFs & similar products <sup>4</sup>	617.1	338.0	68.1	42.2	41.7	4.7	291.0	38.7	3.6	-55.9	-	77
<b>Gold demand</b>	3,618.1	3,970.5	825.9	852.0	884.0	881.0	1,105.4	980.4	1,003.7	981.3	11	18
<b>London pm fix, \$/oz</b>	972.3	1,224.5	908.4	922.2	960.0	1,099.6	1,109.1	1,196.7	1,226.8	1,366.8	24	26

### Note:

- Gold demand excluding central banks.
- Provisional.
- Percentage change, 12 months ended December 2010 vs 12 months ended December 2009.
- Exchange Traded Funds and similar products including: Gold Bullion Securities (London), Gold Bullion Securities (Australia), SPDR® Gold Shares (formerly streetTRACKS Gold Shares), NewGold Gold Debentures, iShares Comex Gold Trust, ZKB Gold ETF, GOLDIST, ETF Securities Physical Gold, ETF Securities (Tokyo), ETF Securities (NYSE), XETRA-GOLD, Julius Baer Physical Gold, Central Fund of Canada, and Central Gold Trust, Swiss Gold, Claymore Gold Bullion ETF, Sprott Physical Gold Trust, Credit Suisse Xmtch and Dubai Gold Securities.

Source: GFMS, LBMA, WGC

### The Indian Scenario

Indians are the largest consumers of the metal. Traditionally, jewellery has been the primary driver of gold demand in the country. Currently, the investment appeal of gold is also attracting a lot of interest. Demand is bound to grow as Indian investors increase their allocations to alternative investments and larger numbers of investment avenues emerge.

Importance of Gold from a portfolio allocation perspective:

- Effective portfolio diversifier
- Safe Haven Asset
- Hedge against inflation

- Highly Liquid Asset

### Investing

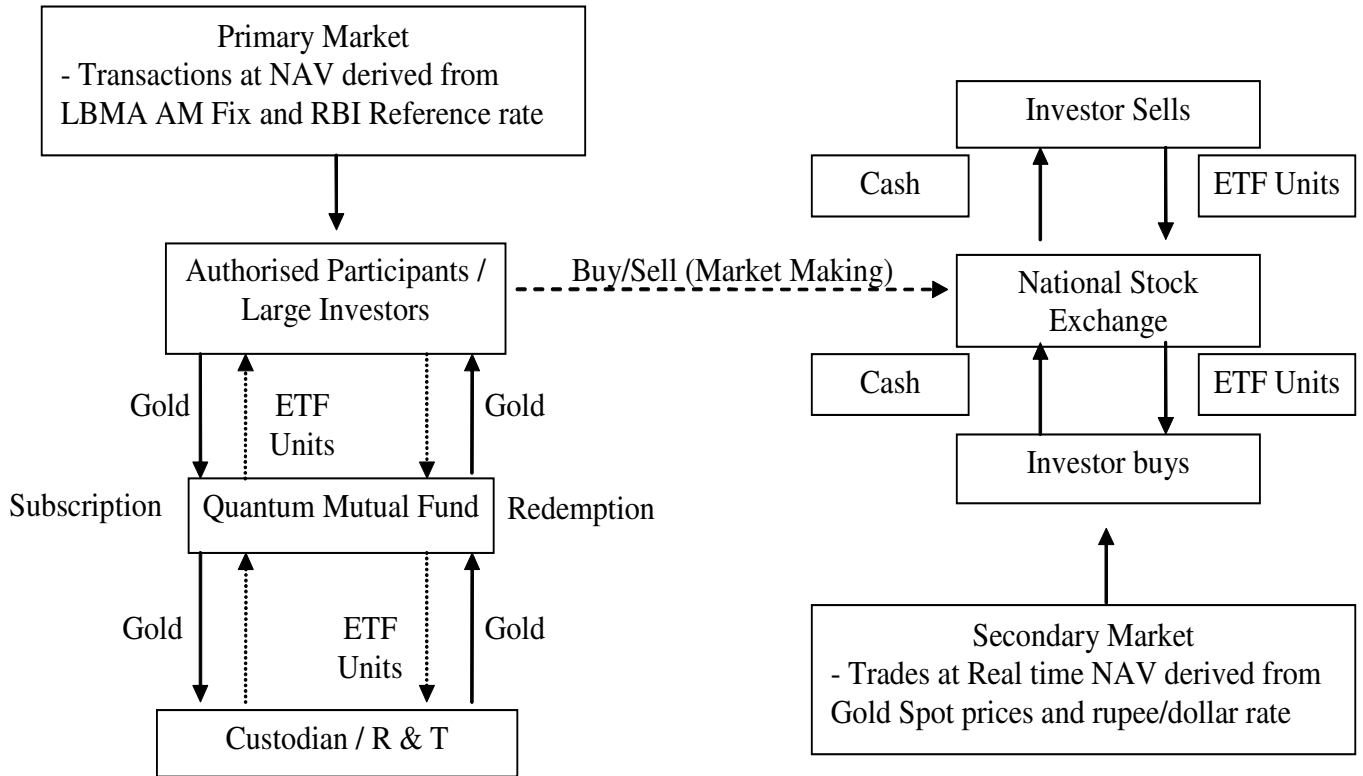
Investment in gold can be done directly through ownership, or indirectly through shares, futures etc. The downside in physical buying is that additional costs have to be incurred in the form of storage, insurance and making charges. There is also the risk of theft and loss. Buying an equity share in a gold producing firm may not achieve the desired objectives. The investor will be exposed to management risks. Producers could also hedge and enter into fixed price contracts with consumers. As such, they may not be able to take advantage of any price increases. (On the other side, they will not be adversely affected by price declines too) The launch of gold futures in India in 2003 after a gap of more than four decades has opened up a new investment avenue. Investors should be cautious when dealing in futures as the potential for loss is much more. An inexperienced investor may lose more than he can afford. From an investment perspective, ETFs are seen to be more secure and scientific than physically purchasing and holding stock. Gold exchange-traded funds (or GETFs) are special types of exchange-traded funds (ETFs) tracking the price of gold. Gold exchange-traded funds are traded on the major stock exchanges including London, Paris, New York and now, Mumbai.

### Gold ETFs.

Gold ETFs are investment vehicles that track the price of gold. The underlying asset for the ETF is physical gold. So, the value of the ETF unit depends on the underlying value of the gold. They offer investors a smart way of investing in the gold bullion without the necessity of actually physically holding gold and storing it. It is akin to buying gold in demat form. As the ETFs are listed on a stock exchange, any investor can buy it through his stock broker member.

The fund is passively managed, resulting in lower expenses, which translates to better returns for the investors.

**An Indicative Flow Chart on working of Gold ETF**



This section provides details you need to know for investing in the scheme.

**A. NEW FUND OFFER (NFO)**

This section does not apply to the Scheme covered in this SID, as the ongoing offer of the Scheme has commenced after the NFO and the Units are available for continuous subscription and redemption.

**B. ONGOING OFFER DETAILS**

<p><b>Ongoing Offer Period</b></p> <p>This is the date from which the scheme will reopen for subscription /redemptions after the closure of the NFO period</p>	<p>The Continuous Offer for the Scheme commenced from February 28, 2008.</p>
<p>Ongoing price for subscription (purchase)/switch-in (from other schemes/plans of the mutual fund) by investors. This is the price you need to pay for purchase. Example: If the applicable NAV is ₹ 10, entry load is 2% then sales price will be: ₹ 10* (1+0.02) = ₹ 10.20</p>	<p><b>(a) Directly with the Fund</b></p> <p>Units of the Scheme in less than Creation Unit cannot be purchased directly with the Fund.</p> <p>"Creation Unit" is the number of QGF units, which is exchanged for Portfolio Deposit which would consist of physical Gold of defined purity and quantity and Cash Component. The facility of creating units in creation unit size will be available only for the Authorized Participants and Large or Eligible Investors as defined in this Scheme Information Document.</p> <p>The creation unit size would change from time to time due to change in NAV. The Fund may from time to time change the size of the creation unit size in order to equate it with marketable lots of the underlying instruments.</p> <p>The investor has to deposit at least 1 Kilogram of physical gold &amp; in multiples of 1 Kilogram thereof in order to create units of the scheme. The Portfolio Deposit and Cash Component is defined as follows:</p> <p><b>i) Portfolio Deposit:</b> Portfolio Deposit shall consist of Physical Gold which will be in predefined quantity and purity and will be held by the Custodian / Sub-Custodian as may be specified by the AMC and will be defined and announced by the AMC and will vary from time to time.</p> <p><b>ii) Cash Component for creating units in Creation Unit Size:</b> Cash Component represents the difference between the applicable net asset value of units in Creation Unit Size and the market value of physical Gold. The difference will represent the accrued interest, income earned by the Scheme, accrued annual charges including management fees and residual cash in the Scheme. In addition the cash Component may include transaction cost as charged by the Custodian/ DP and other incidental expenses for creating units. The cash component will vary from time to time and will be decided and announced by the AMC. .</p> <p><b>Procedure for creating QGF Units in Creation Unit Size</b></p> <p>The requisite physical gold constituting the Portfolio Deposit has to be submitted to the Custodian/ AMC while the Cash Component has to be paid to the Custodian / AMC. On confirmation of the same by the Custodian/ AMC that the pre-defined quantity and purity of physical gold has been received, the AMC will transfer the respective number of QGF Units into the investors DP account. The AMC may create" Creation Units "prior to receipt of all or a portion of the relevant Portfolio Deposit and Cash Component in certain circumstances were the purchaser, among other things, posts collateral to secure its obligation to deliver such outstanding Portfolio Deposit Securities and Cash Component.</p> <p>The Portfolio Deposit and Cash Component for QGF units may change from time to time due to change in NAV. The Fund may from time to time change the size of creation unit in order to equate it with marketable lots of underlying instruments.</p> <p>The creation request can be made to Fund in a duly filed application form. Application Forms for creation of QGF units can be obtained from the office of AMC.</p> <p><b>Example of Creation / Redemption of Units</b></p> <p>As explained above, the creation unit is made up of 2 components i.e. Portfolio Deposit and Cash Component. The Portfolio Deposit will be determined by the Fund. The Portfolio Deposit will be physical Gold and will be for 1 KG and in multiples of 1 Kg. The Value of Portfolio Deposit will change due to Changes in the prices during the day.</p>

The Cash component will be arrived in the following manner:

(Physical Gold of 1 Kg based on price in Mumbai as on May 31, 2011)

Number of Units comprising one Creation Unit	2,000
NAV per Unit	1,088.1692
Value of one creation Unit	2,176,338.40
Value of Portfolio Deposit (Physical Gold of 1 Kg)	2,274,501.22
Cash Component #	(98,162.82)

The above is just an example to illustrate the calculation of cash component. As can be seen from the above example for subscription of 1 creation unit, 1 kilogram of Gold equivalent of ₹ 22,74,501.22/- would be the portfolio Deposit and (₹ 98,162.82/-) would be the Cash Component.

# Cash Component will vary depending upon the actual charges incurred like Custodial Charges and other incidental charges for creating units.

The Fund may in its own discretion allow Cash purchases of QGF Units in Creation Unit size by Large or Eligible Investors and Authorised Participants. Such investors shall make creation request to the Fund / AMC where upon the Fund / AMC will arrange to purchase the underlying physical Gold. The Portfolio Deposit and Cash Component will be exchanged for QGF units in Creation Unit size with the Fund. The minimum number of QGF units that can be created for Cash directly with the Fund will be announced by the Fund from time to time.

Presently, the Liquidity Window for direct subscription is open on all Business Days for only for Authorised Participation and Eligible Investors, the Fund may in its own discretion and in the interest of the retail investors, open the Liquidity Window for such period as it may decide from time to time allow liquidity to investors.

#### Disclosure of Portfolio Deposit and Cash Component

The AMC discloses the Portfolio Deposit and Cash Component on daily basis for creating and redeeming units in Creation Unit size for QGSF. The same will be disclosed on our website i.e. [www.QuantumAMC.com](http://www.QuantumAMC.com) / [www.QuantumMF.com](http://www.QuantumMF.com) daily in the morning and would be applicable for creating and redeeming units in Creation Unit size for that working day only.

#### (b) On the Exchange

As the units of the Scheme are listed on NSE, an investor can buy units on continuous basis on the capital market segment of NSE, during trading hours like any other publicly traded stocks at a price which may be close to the NAV of the Scheme. Each unit of QGF issued under the Scheme will be approximately equal to price of half (1/2) a gram of Gold.

Ongoing Price for redemption by investors. This is the price you receive for redemption. Example : If the applicable NAV is ₹ 10 exit load is 2% then the redemption price will be : ₹ 10 \* (1 - 0.02) = ₹ 9.80

#### A. Directly with the Fund

**Units of the scheme in less than Creation Unit can not be redeemed directly with the Fund.**

"Creation Unit" is the number of QGF units, which is exchanged for Portfolio Deposit which would consist of physical Gold of defined purity and quantity and Cash Component. The facility of redeeming units in creation unit size will be available only for the Authorized Participants and Large or Eligible Investors as defined in this Scheme Information Document.

The creation unit size would change from time to time due to change in NAV. The Fund may from time to time change the size of the creation unit size in order to equate it with marketable lots of the underlying instruments.

The investor has to deposit at least 1 Kilogram of physical gold & in multiples of 1 Kilogram thereof in order to create units of the scheme. The Portfolio Deposit and Cash Component is defined as follows:

(a) **Portfolio Deposit:** Portfolio Deposit shall consist of Physical Gold which will be in predefined quantity and purity and will be held by the Custodian / Sub-

Custodian as may be specified by the AMC and will be defined and announced by the AMC and will vary from time to time.

- (b) **Cash Component for Redemption in Creation Unit Size:** Cash Component represents the difference between the applicable net asset value of units in Creation Unit Size and the market value of the physical Gold. This difference will represent accrued interest, income earned by the Scheme, accrued annual charges including management fees and residual cash in the scheme. Any transaction cost charged by the Custodian/ DP and other incidental expenses for redeeming units will also form part of cash component. The cash component for redemption will vary from time to time and will be decided and announced by the AMC to the Authorised Participants. The Cash Component will also include exit load, if applicable. The exit load will be declared by the AMC from time to time.

**Procedure for Redeeming QGF Units in Creation Unit Size**

The requisite number of QGF Units equaling the Creation Unit Size has to be transferred to the Fund's DP account and the Cash Component to be paid to the AMC/ Custodian. On confirmation of the same by the AMC, the custodian will transfer the Portfolio Deposit by handing over the physical Gold of the predefined purity and quantity to the investor and pay the Cash Component, if applicable.

The AMC may redeem the QGF units in Creation Unit size prior to receipt of all or portion of the relevant QGF units in certain circumstances where the purchaser , among other things, posts collateral to secure its obligation to deliver such outstanding QGF units.

The Portfolio Deposit and Cash Component for the QGF units may change from time to time due to change in NAV. The Fund may from time to time change the size of Creation Unit in order to equate it with marketable lots of underlying physical gold.

**Example of Creation / Redemption of Units**

As explained above, the creation unit is made up of 2 components i.e. Portfolio Deposit and Cash Component. The Portfolio Deposit will be determined by the Fund. The Portfolio Deposit will be physical Gold and will be for 1 KG and in multiples of 1 Kg. The Value of Portfolio Deposit will change due to Changes in the prices during the day.

The Cash component will be arrived in the following manner:

(Physical Gold of 1 Kg based on price in Mumbai as on May 31, 2011)

Number of Units comprising one Creation Unit	2,000
NAV per Unit	1,088.1692
Value of one creation Unit	2,176,338.40
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The above is just an example to illustrate the calculation of cash component. As can be seen from the above example for subscription of 1 creation unit, 1 kilogram of Gold equivalent of ₹ 22,74,501.22/- would be the portfolio Deposit and (₹ 98,162.82/-) would be the Cash Component.

# Cash Component will vary depending upon the actual charges incurred like Custodial Charges and other incidental charges for creating units.

**B. On the Exchange**

As the units of the Schemes are listed on NSE, an investor can sell units on continuous basis on the capital market segment of NSE during trading hours like any other publicly traded stocks at prices which may be close to the actual NAV of the Scheme. The units are sold in round lots of 1 unit.

The Fund may allow Cash Redemption of QGF Units in Creation Unit size to Large or Eligible Investors and Authorised Participants.

Such investors shall make redemption request to the Fund/AMC whereupon the Fund/AMC will arrange to sell physical Gold on behalf of the investor. Accordingly

	<p>the sale proceeds of physical Gold after adjusting necessary charges/costs and prevailing exit load will be remitted to the investor. The redemption request for cash can be made to the Fund in a duly filled application form. Application form for Cash Redemption for QGF Units can be obtained from the office of the AMC, and Registrar &amp; Transfer Agent.</p> <p>The minimum number of QGF Units that can be redeemed for Cash directly with the Fund will be announced by the Fund from time to time.</p> <p>Although presently the Liquidity Window for direct redemption is open on all Business Days only for Authorised Participants and Eligible Investors, the Fund may on its own discretion and in the interest of the retail investors, open the Liquidity Window for such period as it may decide from time to time to allow liquidity to investors.</p>
<p>Minimum amount for purchase/redemption</p>	<p><b>Directly with Fund:</b> The investors can create / redeem in exchange of Portfolio Deposit and Cash Component in Creation Unit size at NAV based Price.</p> <p><b>On the Exchange:</b> Approximately equal to price of ½ gram of Gold quoted on the NSE. The units of the scheme can be purchased / redeemed in minimum lot of 1 unit and multiples thereof.</p>
<p>Redemption</p>	<p>For redemption requests received directly by the Fund.</p> <p>The redemption or repurchase proceeds shall be dispatched to the unitholders within 10 working days from the date of redemption or repurchase.</p>
<p>Cut off timing for subscriptions / redemptions / switches.</p> <p>This is the time before the which your application (complete in all respect(s) should reach the official points of acceptance</p>	<p>The cut off time for receipt of valid application for subscription and redemption is 3.00 p.m.</p> <p>However, as the Scheme is a Gold Exchange Traded Scheme, the subscriptions and redemptions of units would be based on the Portfolio Deposit and Cash Component as defined by the Fund for that respective Business Day.</p> <p><b>On the Exchange:</b></p> <p>As the units issued under the Scheme are listed on NSE, the investor can buy / sell units on continuous basis during the trading hours on all trading days like any other publicly traded stock at prices which may be close to the NAV of the scheme. Therefore, the provisions of the cut off timing for subscriptions / redemptions will not be applicable.</p>
<p>Who can Invest</p> <p>This is an indication list and you are requested to consult your financial advisor to ascertain whether the scheme is suitable to your risk profile</p>	<p><b>WHO CAN INVEST?</b></p> <p>The following persons are eligible and may apply for subscription to the Units of the Scheme (subject, wherever relevant, to purchase of units of mutual funds being permitted under relevant statutory regulations and their respective constitutions):</p> <ol style="list-style-type: none"> <li>1. Resident adult individuals either singly or jointly (not exceeding three); or on an Anyone or Survivor basis.</li> <li>2. A Hindu Undivided Family (HUF) through its Karta</li> <li>3. Public Sector Undertaking, Association of Persons or a body of individuals whether incorporated or not.</li> <li>4. Minors through parent/legal guardian;</li> <li>5. Partnership Firms;</li> <li>6. Companies, Bodies Corporate, and societies registered under the Societies Registration Act, 1860;</li> <li>7. Banks &amp; Financial Institutions;</li> <li>8. Religious and Charitable Trusts, Wakfs or endowments of private trusts (subject to receipt of necessary approvals as required) and Private trusts authorised to invest in mutual fund schemes under their trust deeds;</li> <li>9. Non-Resident Indians (NRIs/) Persons of Indian origin residing abroad (PIO) on repatriation basis or on non-repatriation basis;</li> <li>10. Foreign Institutional Investors (FIIs) registered with SEBI on repatriation basis;</li> <li>11. Army, Air Force, Navy and other para-military units and bodies created by such institutions;</li> </ol>

12. Scientific and Industrial Research Organizations;
13. Multilateral Funding Agencies/Bodies Corporate incorporated outside India with the permission of Government of India/Reserve Bank of India;
14. Other schemes of Quantum Mutual Fund registered with SEBI subject to the conditions and limits prescribed by SEBI Regulations;
15. Trustee, AMC or Sponsor or their associates may subscribe to Units under the Scheme;
16. Such other individuals/institutions/body corporate etc., as may be decided by the Mutual Fund from time to time, so long as wherever applicable they are in conformity with SEBI Regulations.

**WHO CANNOT INVEST?**

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

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

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

**Note:**

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

Applications failing to fulfill the above-stipulated conditions are liable to be rejected.

2. Returned cheques are not liable to be presented again for collection, and the accompanying application forms are liable to be rejected. In case the returned cheques are presented again, the necessary charges, if any, are liable to be debited to the investor.
3. No request for withdrawal of application made during the New Fund Offer Period will be entertained.
4. RBI has vide Schedule 5 of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, granted a general permission to NRIs/Persons of Indian Origin residing abroad (PIOs) and FIIs for purchasing/Repurchasing/Redeeming Units of the mutual funds subject to conditions stipulated therein.

All cheques and bank draft accompanying the application form should contain the application form number on its reverse. It is mandatory for every applicant to provide the bank, branch, address, account type and number as per SEBI requirements and any Application Form without these details will be treated as incomplete. Such incomplete application will be rejected.

An investor is required to provide his / her bank Account Number in the application form / redemption request.

<p>Where can the applications for purchase/redemption be submitted?</p> <p>a) For creation of units</p> <p>b) For retail investor</p>	<p>Applications Complete in all respects, may be submitted at :</p> <p>Quantum Asset Management Company Private Ltd , - 505, Regent Chambers, 5th Floor, Nariman</p> <p>Point, Mumbai - 400 021.</p> <p>QGF units can be purchased or redeemed through the National Stock Exchange of India Limited (NSE) or other exchange where it is listed.</p>
<p>How to Apply</p>	<p>Please refer to the SAI for instructions.</p>
<p>Listing</p>	<p>The units of the Scheme are listed on the capital market segment of NSE. The AMC reserves the right to list the units of the Scheme on any other recognized Stock Exchange</p>
<p>Minimum balance to be maintained and consequences of non maintenance</p>	<p>Nil</p>
<p>Dividend Policy</p>	<p>The Trustee proposes to follow the following dividend distribution policy:</p> <p>In terms of SEBI Circular No. 1/64057/06 dated April 4, 2006, the Trustees shall fix the quantum of dividend and the record date. The AMC shall, within one calendar day of the decision by the Trustee, issue notice to the public, communicating the decision, including the record date. The record date shall be 5 calendar days after the issue of notice and issued in accordance with the terms of the Circular. Declaration of dividend is subject to the availability of distributable surplus. It must be distinctly understood that the actual declaration of dividends under the Scheme and the frequency thereof will, inter-alia, depend upon the distributable surplus of the Scheme. There is no assurance or guarantee to Unitholders as to the rate of dividend distribution nor will that dividend be regularly paid. The dividend that may be paid out of the net surplus of the Scheme will be paid only to those Unitholders whose names appear in the register of Unitholders on the notified record date. Unitholders are entitled to receive dividend within 30 days of the date of declaration of the dividend. However, the Mutual Fund will endeavour to make dividend payments sooner to Unitholders. On distribution of dividends, the NAV will stand reduced by the amount of dividend distributed and statutory levy, if any, at the close of Business Hours on record date.</p>
<p>Special Products Available</p>	<p>The Scheme does not offer Systematic Investment Plan, Systematic Transfer Plan and Systematic Withdrawal Plan.</p>
<p>Plans/options offered</p>	<p>Currently the only Option offered under this scheme is a 'Growth Option'</p> <p>Presently, the Scheme does not offer any Plan.</p>
<p>Account Statements</p>	<p><b>Applications received directly with the Fund</b></p> <p><b>Annual Account Statement</b></p> <p>As the units of the Schemes are in demat, investors would be provided with a statement of holding by his / her / their Depository Participants as per the rules of Depository. The statement issued by the Depository would be deemed to be adequate compliance with requirement of SEBI regarding dispatch of statement of account.</p>
<p>Lien on Units for Loans</p>	<p>The Units issued under the Scheme can be transferred, assigned or pledged in conformity with the guidelines and notifications issued by SEBI / government of India / any other regulatory body from time to time, Units under the Scheme may be offered as security by way of a lien / charge in favour of scheduled banks, financial institutions, non-banking finance companies (NBFCs) or any other body. The Registrar and Transfer Agent will note and record the lien against such Units. A standard request letter for this purpose is available on request with the Registrar and Transfer Agent or the AMC. The Unit Holder will not be able to redeem / switch Units under lien until the lien holder provides written authorization to the Mutual Fund that the lien / charge may be vacated.</p> <p>As long as Units are under lien, the lien holder will have complete authority to exercise the lien, thereby redeeming such Units and receiving payment proceeds. In such instance, the Unit Holder will be informed by the Registrar and Transfer Agent through an account statement. In no case will the Units transferred from the Unit Holder to the lien holder.</p>
<p>Dividend</p>	<p>The dividend warrants shall be dispatched to the unitholders within 30 days of the date of declaration of the dividend.</p>

<p>Settlement of Purchase / Sale of Units of Scheme on the NSE</p>	<p>Buying / Selling of unit of the Scheme on NSE is just like buying /selling any other normal listed security. If an investor has bought units, and investor has to pay the purchase amount to the broker/ sub- broker such that the amount paid is realized before the funds pay in day of the settlement cycle on the NSE. The NSE regulations stipulate that the trading member should pay the money or units to the investor within one working day of the pay-out by Exchange.</p> <p>If an Investor has bought units he should give standing instructions for "Delivery - in" to his /her DP for accepting units in his/her beneficiary account. An investor should give the details of his /her beneficiary account and the DP-ID of his/her trading member. The trading member will transfer the units directly to his /her beneficiary account on receipt of the same from NSE's Clearing Corporation.</p> <p>An Investor who has sold units should instruct his/her Depository Participant (DP) to give "Delivery Out" instructions to transfer the units from his/her beneficiary account to the pool Account of his/her trading member through whom he/she have sold the units. The details of the Post A/c ( CM-BP-ID) of his /her trading member to which the units are to be transferred , unit quantity etc should be monitored in the Delivery out instructions given by him/her to the DP.</p> <p>The instructions should be given well before the prescribed securities pay-in day SEBI has advised that the Delivery Out instructions should be given at least 24 hours prior to the cut -off time for the prescribed securities pay-in to avoid any rejection of instructions due to date entry errors, network problems, etc.</p>										
<p>Suspension of Sale and Redemption of Units and Right to Limit Fresh Sale &amp; Redemption</p>	<p>In case the size of the Scheme increases to a level which in the opinion of the Trustees is not manageable, the Trustees reserve the right to stop fresh sale of units and also redeem the units on pro- rata basis to investors in order to reduce the size to a manageable level.</p> <p>The Trustees reserves the right at its sole discretion to withdraw / suspend the allotment / sale of units in the Scheme temporarily or indefinitely, if the AMC views that increasing the size of the Scheme may prove detrimental to the unit holders of the Scheme. A request or any order to purchase the units is not binding on and may be rejected by the trustees of the AMC unless it has been confirmed in writing by the AMC and / or the payment has been received.</p>										
<p>Dematerialization</p>	<p>a. Units of the Scheme will be available in Dematerialized (electronic) form only. However, AMC, at the discretion may send account statements to unit holders periodically.</p> <p>b. The applicant under the Scheme required to have a beneficiary account with a depository participant of NSDL and/or CDSL and will be required to indicate in the application the Depository Participants (DPs) name, DP ID Number and the beneficiary account number of the applicant.</p> <p>c. Units of the Scheme will be issued, traded and settled compulsorily in dematerialized form.</p> <p>Applications without relevant details of his/her/its depository account are liable to be rejected.</p>										
<p>Delay in payment of redemption / repurchase proceeds</p>	<p>The Fund shall dispatch the Redemption/Repurchase r proceeds to the Unitholders within 10 Business Days from the date of acceptance of request for the same. The AMC will be liable to pay interest to the Unitholders presently @15% per annum for the period of delay.</p>										
<p>Rolling Settlement</p>	<p>As per SEBI's Circular dated March 4, 2003, the rolling settlement on T+ 2 basis for all trades has commenced from April 1, 2003 onwards. The pay-in and pay-out of funds and the units will take place 2 working days after the trading date.</p> <p>The pay-in and pay-out days for funds and securities are prescribed as per the Settlement Cycle. A typical Settlement Cycle of Rolling Settlement is given below:</p> <table border="1" data-bbox="699 1794 1516 2040"> <thead> <tr> <th>Day</th> <th>Activity</th> </tr> </thead> <tbody> <tr> <td>T</td> <td>The day on which the transaction is executed by a trading member.</td> </tr> <tr> <td>T+1</td> <td>Confirmation of all trades including custodial trades by 11:00a.m.</td> </tr> <tr> <td>T+2</td> <td>Pay-in of funds and securities by 11:30a.m.</td> </tr> <tr> <td>T+2</td> <td>Pay out of funds and securities by 1:30p.m.</td> </tr> </tbody> </table> <p>While calculating the days from the Trading day (Day- T), weekend days (i.e Saturday and Sundays) and bank holidays are not taken into consideration.</p>	Day	Activity	T	The day on which the transaction is executed by a trading member.	T+1	Confirmation of all trades including custodial trades by 11:00a.m.	T+2	Pay-in of funds and securities by 11:30a.m.	T+2	Pay out of funds and securities by 1:30p.m.
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T+2	Pay out of funds and securities by 1:30p.m.										

### C. PERIODIC DISCLOSURES

<p>Net Asset Value This is the value per unit of the scheme on a particular day. You can ascertain the value of your investments by multiplying the NAV with your unit balance.</p>	<p>NAV shall be declared and announced on all Business Days and uploaded on the amfi website (www.amfiindia.com) by 9.00 p.m. the same will also be uploaded on the Fund's website www.QuantumAMC.com / www.QuantumMF.com on every Business Day and will also be released in two newspapers for publication.</p> <p>In case of any delay the reasons for such delay would be explained to AMFI in writing. If the NAVs are not available before commencement of Business Hours on the following day due to any reason, the Fund shall issue a press release providing reasons and explaining when the Fund would be able to publish the NAVs.</p>															
<p>Half yearly Disclosures: Portfolio / Financial Results This is a list of securities where the corpus of the scheme is currently invested. The market value of these investments is also stated in portfolio disclosures</p>	<p>The Fund shall before the expiry of 1 month from the close of each half year, that is as on 31 March and 30 September, publish its Half Yearly Unaudited Financial Results in one English daily newspaper circulating in the whole of India and in a newspaper published in the language of the region where the Head Office of the Fund is situated and update the same on the AMC's website at www.QuantumAMC.com / www. QuantumMF.com and on AMFI's website at www.amfiindia.com, within 1 month from the close of each half year, in the formats as prescribed by SEBI.</p> <p>Further the Fund shall also disclose the half-yearly scheme portfolios on its web site at www.QuantumAMC.com / www.QuantumMF.com and on AMFI web site (www.amfiindia.com) in the prescribed format before the expiry of one month from the close of each half-year.</p> <p>The Fund shall before the expiry of one month from the close of each half year (31st March and 30th September) send to the Unitholders a complete statement of schemes portfolios or if such statement is not sent to the Unitholders, it will be published by way of an advertisement in one English daily circulating in the whole of India and in a newspaper published in the language of the region where the head office of the mutual fund is situated.</p>															
<p>Half Yearly Results</p>	<p>The Mutual Fund shall before the expiry of one month from the close of each half year that is as on 31st March and on 30th September, publish its Half Yearly Unaudited Financial Results in one national English daily newspaper and in a regional newspaper published in the language of the region where the Head Office of the mutual fund is situated.</p>															
<p>Annual Report</p>	<p>Scheme wise Annual Report or an abridged summary thereof shall be mailed to all unitholders within four months from the date of closure of the relevant accounts year i.e. 31st March each year.</p>															
<p>Associate Transactions</p>	<p>Please refer to Statement of Additional Information (SAI).</p>															
<p>Repurchase and Sale Price - Limits</p>	<p>The Repurchase /Redemption price shall not be lower than 93% of the NAV and the sale price shall not be higher than 107% of the NAV and the difference between the repurchase price and sale price shall not exceed 7 % on the sale price.</p>															
<p>Taxation</p> <p>The information is provided for general information only. However, in view of the individual nature of the implications, each investor is advised to consult his or her own tax advisors/authorised dealers with respect to the specific amount of tax and other implications arising out of his or her participation in the schemes.</p>	<p>(a) Tax on Dividend Distributed (payable by the scheme) *</p> <ol style="list-style-type: none"> <li>1. Resident Investors - NIL</li> <li>2. Non Resident Investor - NIL</li> <li>3. Mutual Fund             <ol style="list-style-type: none"> <li>(a) 12.50% on income distributed to any person being an individual or HUF</li> <li>(b) 20% (30% w.e.f. 01.06.2011) on income distributed to any other person</li> </ol> </li> </ol> <table border="1" data-bbox="683 1738 1493 2105"> <thead> <tr> <th data-bbox="683 1738 1034 1778">b) Tax on Capital Gains *</th> <th data-bbox="1034 1738 1342 1778">Long Term</th> <th data-bbox="1342 1738 1493 1778">Short Term</th> </tr> </thead> <tbody> <tr> <td data-bbox="683 1778 1034 1850">1. Resident Individuals &amp; HUF</td> <td data-bbox="1034 1778 1342 1850">20% with Indexation or 10% without Indexation</td> <td data-bbox="1342 1778 1493 1850">Maximum 30%</td> </tr> <tr> <td data-bbox="683 1850 1034 1921">2. FII's / Overseas Financial Organisations</td> <td data-bbox="1034 1850 1342 1921">10% without Indexation</td> <td data-bbox="1342 1850 1493 1921">30%</td> </tr> <tr> <td data-bbox="683 1921 1034 1993">3. Partnership Firm</td> <td data-bbox="1034 1921 1342 1993">20% with Indexation or 10% without Indexation</td> <td data-bbox="1342 1921 1493 1993">30%</td> </tr> <tr> <td data-bbox="683 1993 1034 2105">4. Non Resident Indians</td> <td data-bbox="1034 1993 1342 2105">20% or alternative tax calculation option u/s 112 of the Income Tax Act, if applicable</td> <td data-bbox="1342 1993 1493 2105">30%</td> </tr> </tbody> </table>	b) Tax on Capital Gains *	Long Term	Short Term	1. Resident Individuals & HUF	20% with Indexation or 10% without Indexation	Maximum 30%	2. FII's / Overseas Financial Organisations	10% without Indexation	30%	3. Partnership Firm	20% with Indexation or 10% without Indexation	30%	4. Non Resident Indians	20% or alternative tax calculation option u/s 112 of the Income Tax Act, if applicable	30%
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	5. Indian Companies	20% with Indexation or 10% without Indexation	30%
	6. Foreign Companies	20% with Indexation or 10% without Indexation	40%
	* The mentioned Tax Rates shall be increased by applicable surcharge & cess. For further details on Taxation please refer the clause of Taxation of SAI.		
Investor Services	<p>Ms. Meera Shetty Investor Relations Officer Quantum Asset Management Company Private Limited 505, Regent Chambers, 5th Floor, Nariman Point, Mumbai - 400 021. Toll Free : 1800 22 3863 Alternate No : 022 - 22829414 (For non MTNL /BSNL landline, mobile users and investors outside India) Email: customercare@QuantumAMC.com</p>		

#### D. COMPUTATION OF NAV

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

Example showing calculation for determination of NAV:

Price of Gold per half gram	1,135
Gold Held by the Scheme in Grams	100,000
Portfolio Value (i.e. Value of Gold held by the Scheme)	227,000,000
Cash & Cash Equivalents	113,500
Net Assets of the Scheme	227,113,500
No. of Units of the Scheme	200,100
NAV per unit	1,135

#### Valuation of Gold

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

The broad Valuation of Gold are detailed below:

The Gold held by the Fund shall be valued at the AM fixing price of London Bullion Market Association (LBMA) in US dollars per troy ounce

for gold having a fineness of 995.0 parts per thousand , subject to the following:

- adjustment for conversion to metric measures as per standard conversation rates;
- adjustment for conversation of US dollars into Indian rupees as per the RBI reference rate declared by the Foreign Exchange Dealers Association of India ( FEDA ) ; and
- addition of i) transportation and other charges that may be normally incurred in bringing such gold from London to the place where it is actually stored on behalf of the mutual fund; and ii) notional customs duty and other applicable taxes and levies that may be normally incurred to bring the gold from London to the place where it is actually stored on behalf of the mutual fund;

Provided that the adjustment under clause (c ) above will be made on the basis of the notional premium that is usually charged for delivery of gold to the place where it is actually stored on behalf of the mutual fund, provided further that where the gold held by the Fund has a greater fineness, the relevant LBMA prices of AM fixing shall be taken as the reference price under this clause. In case the gold acquired by the Fund is not in the form of standard bars, it shall be assayed and converted into standard bars which comply with the good delivery norms of the LBMA and thereafter valued in terms of this clause.

This section outlines the expenses that will be charged to the scheme.

### A. NEW FUND OFFER (NFO) EXPENSES

These expenses are incurred for the purpose of various activities related to the NFO like sales and distribution fees paid marketing and advertising, registrar expenses, printing and stationery, bank charges etc. The NFO Expenses were borne by the AMC.

### B. ANNUAL SCHEME RECURRING EXPENSES

These are the fees and expenses for operating the Scheme. These expenses include Investment Management and advisory Fee charged by the AMC, Registrar and Transfer Agents' fee, marketing and selling costs etc. as given in the table below:

The AMC has estimated that upto 1.25% of the daily or weekly average net assets of the scheme will be charged to the scheme as expenses. For the actual current expenses being charged, the investor should refer to the website of the mutual fund.

The AMC has estimated the expenses under the Scheme as per the table below

Particulars	% of net assets
Investment Management & Advisory Fee	0.50%
Custodial Fees	0.45%
Registrar & Transfer Agent Fees Including cost related to providing accounts statement, dividend/redemption cheques/warrants etc.	0.04%
Marketing & Selling Expenses including Agents Commission and statutory advertisement	0.05%
Brokerage & Transaction Cost pertaining to the distribution of units	-
Audit Fees/ Fees and expenses of trustees	0.09%
Cost related to investor communications	-
Cost of fund transfer from location to location	-
Other Expenses*	0.12%
<b>Total Recurring Expenses</b>	<b>1.25%</b>

\* To be specified as permitted under the Regulations 52 of SEBI (Mutual Funds) Regulations.

For the actual current expenses being charged, the investor should refer to the website of the Mutual Fund. The current expense ratios will be updated on the Mutual Fund website viz. [www.QuantumAMC.com](http://www.QuantumAMC.com) / [www.QuantumMF.com](http://www.QuantumMF.com) within two working days mentioning the effective date of the change.

The above expenses are subject to change including inter-se changes and may increase/decrease as per actual and/or any change in the Regulations. These estimates have been made in good faith as per the information available with the AMC and the total expenses may be more than as specified in the table above. However, as per the Regulations, the total recurring expenses that can be charged to this Scheme shall be subject to the applicable guidelines, as stated below. Expenses over and above the permitted limits will be borne by the AMC.

As per the SEBI Regulations, the maximum recurring expenses, including the Investment management and advisory fee, that can be charged to the Scheme shall be subject to a percentage limit of average weekly net assets as given in the table below. Subject to the SEBI Regulations and the Scheme Information Document,

expenses over and above the prescribed ceiling will be borne by the AMC

average weekly/ daily net assets	% limit
First ₹ 100 Crores	2.50%
Next ₹ 300 Crores	2.25%
Next ₹ 300 Crores	2.00%
Over ₹ 700 Crores	1.75%

The AMC reserves the right to calculate Investment Management Fees and recurring expenses on the basis of daily or weekly average net assets depending on the periodicity of publication of NAV.

However, the following expenses cannot be charged to the Scheme:

- Penalties and fines for infraction of laws.
- Interest on delayed payment to the Unitholders.
- Legal, marketing, publication and other general expenses not attributable to the Scheme.
- Expenses on investment / general management.
- Expenses on general administration, corporate advertising and infrastructure costs.
- Depreciation on fixed assets and software development expenses.
- Such other costs as may be prohibited by SEBI.

The recurring expenses of the Scheme(s), and the management fee, if any, shall be as per the limit prescribed under Sub-regulation (6) of Regulations 52 of the Regulations and shall not exceed the limit prescribed thereunder.

As per SEBI Regulations, the AMC is entitled to an Investment Management and Advisory Fee at the rate of 1.25% per annum on the weekly average net assets outstanding in each accounting year for the Scheme(s), as long as the net assets do not exceed ₹ 100 Crore and 1% of the excess amount over ₹ 100 Crore, where net assets so calculated exceed ₹ 100 Crore.

### C. LOAD STRUCTURE

Load is an amount which is paid by the investor to subscribe to the units or to redeem the units from the scheme. This amount may be used by the AMC to take care of marketing and selling expenses. Load amounts are variable and are subject to change from time to time. For the current applicable structure, please refer to the website of the AMC ([www.quantumamc.com](http://www.quantumamc.com)) or may call at (toll free No. 1-800-22-3863).

#### Load Structure

Investor Category	Entry Load	Exit Load /Switch over Load
Authorised Participants	Not Applicable*	Nil
Eligible Investors	Not Applicable*	Nil

**Quantum Mutual Fund does not charge Entry Load since inception**

\* SEBI vide its circular no. SEBI/IMD/CIR No. 4/ 168230/09 dated June 30, 2009 has decided that there shall be no entry load for all Mutual Fund Schemes. The upfront commission on investment made by the investor, if any, shall be paid to the ARN Holder (AMFI Registered Distributor) directly by the investor, based on the investor's assessment of various factors including the service rendered by the ARN Holder.

The investor is requested to check the prevailing load structure of the scheme before investing. Any imposition or enhancement in the load shall be applicable on prospective investments only. However the AMC shall not charge any load on issue of bonus units and units allotted on reinvestment of dividend for existing as well as prospective investors. For any change in load structure AMC will issue an addendum which shall be attached to the SID and key information memorandum (KIM) and display it on the website/Investor Service Centres. The introduction of exit load alongwith the details may be stamped in the acknowledgement slip issued to the investors on submission of the application form and may also be disclosed in the statement of accounts issued after introduction of such loads. Further a public notice shall be given in respect of such changes in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language or the region where the headoffice of the mutual fund is situated.

In terms of SEBI Circular No SEBI / IMD / CIR No.4 / 168230 / 09 dated June 30, 2009 with effect from August 01, 2009, of the Exit load / Contingent Deferred Sales Charge (CDSC) charged to the investor a maximum of 1% of the redemption proceeds shall be maintained in a separate account which can be used by the AMC to pay commissions to

the distributors and to meet marketing and selling expenses of the Scheme Any balance shall be credited to the Scheme immediately.

However, Quantum Mutual Fund does not pay any commissions to the distributors and amount from Exit Load / Contingent Deferred Sales Charges collected by the Scheme is credited to the revenue account of the Scheme since inception.

The Fund may charge the load within the stipulated limit of 7% and without any discrimination to any specific group of unit holders. However, any change at a later stage shall not affect the existing unit holders adversely.

#### **D. WAIVER OF LOAD FOR DIRECT APPLICATIONS**

Not Applicable

Pursuant to SEBI circular no. SEBI/IMD/CIR No.4/ 168230/09 dated June 30, 2009 no Entry Load shall be charged for all mutual fund schemes. Therefore, the procedure for waiver of load for direct applications is no longer applicable.

Please refer to SAI for details.

**VI. PENALTIES, PENDING LITIGATION OR PROCEEDINGS, FINDINGS OF INSPECTIONS OR INVESTIGATIONS FOR WHICH ACTION MAY HAVE BEEN TAKEN OR IS IN THE PROCESS OF BEING TAKEN BY ANY REGULATORY AUTHORITY**

1. Details of all monetary penalties imposed and/ or action taken during the last three years or pending with any financial regulatory body or governmental authority, against Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company; for irregularities or for violations in the financial services sector, or for defaults with respect to share holders or debenture holders and depositors, or for economic offences, or for violation of securities law. Details of settlement, if any, arrived at with the aforesaid authorities during the last three years shall also be disclosed.

**Quantum Advisors Pvt Ltd (Sponsor):** Nil

**Trustee Company :** Nil

**AMC :** Nil

**Associates:** Nil

2. Details of all enforcement actions taken by SEBI in the last three years and/ or pending with SEBI for the violation of SEBI Act, 1992 and Rules and Regulations framed there under including debarment and/ or suspension and/ or cancellation and/ or imposition of monetary penalty/adjudication/enquiry proceedings, if any, to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees / Trustee Company and/ or any of the directors and/ or key personnel (especially the fund managers) of the AMC and Trustee Company were/ are a party. The details of the violation shall also be disclosed.

**Quantum Advisors Pvt Ltd (Sponsor):** Nil

**Trustee Company:** Nil

**AMC:** Nil

**Associates:** Nil

3. Any pending material civil or criminal litigation incidental to the business of the Mutual Fund to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel are a party should also be disclosed separately.

**Trustee Company :** Nil

**AMC :** Nil

**Associates:** Nil

**Quantum Advisors Pvt Ltd (Sponsor):** Nil except the following:

The Sponsor has filed a suit against a Company by the name of Quantum Securities Private Limited (QSPL) in July, 2002 in the Mumbai High Court for passing of the Company's name "Quantum" as its own, resulting in confusion in the minds of general public.

The Company could not obtain interim relief sought by it, on the ground of delay as QSPL was using the word "Quantum" in its Company name since the year 1992. The said suit is however still pending for final disposal.

The mark "Quantum" has been registered by the Company in Class 16 under number 536926B since 14th September, 1990. The said registration has been continuously renewed and is presently in force. The Company has also applied for registering the "Quantum" mark as a service mark under Class 36 for use in respect of financial services.

4. Any deficiency in the systems and operations of the Sponsor(s) and/ or the AMC and/ or the Board of Trustees/Trustee Company which SEBI has specifically advised to be disclosed in the SID, or which has been notified by any other regulatory agency, shall be disclosed.

**Quantum Advisors Pvt Ltd (Sponsor):** Nil

**Trustee Company :** Nil

**AMC :** Nil

**Associates:** Nil

**Notwithstanding anything contained in this Scheme Information Document, the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the guidelines there under shall be applicable.**

**For and on behalf of Board of Directors of**

**Quantum Asset Management Company Private Limited**

sd/-

**Jimmy A. Patel**  
**Chief Executive Officer**

Place : Mumbai  
Date : June 29, 2011



**Quantum Asset Management Company Pvt. Ltd.**  
505, Regent Chambers, 5th Floor, Nariman Point, Mumbai - 400021. [www.QuantumMF.com](http://www.QuantumMF.com)/ [www.QuantumAMC.com](http://www.QuantumAMC.com)



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