

PROXY VOTING POLICY

Quantum Asset Management Company Private Limited (“Asset Management Company /AMC”) is the Investment Manager to the Scheme’s of Quantum Mutual Fund (the Fund). The AMC has a fiduciary duty to act in the best interest of the scheme(s) / unit holders of the Fund. This responsibility includes exercising voting rights attached to the securities of the companies in which the schemes of the Fund invest (“Investee Company”) at the general meetings of the Investee Companies in the best interest of the scheme(s) / unit holders. This Voting Policy shall be applicable to all securities including equity holding across all schemes of the Fund.

SEBI vide its circular No. SEBI / IMD / CIR No.18/198647/2010 dated March 15, 2010 has advised all the Asset Management Companies to disclose general policies and procedure for exercising the voting rights in respect of shares held by the Mutual Funds in the Investee Company and play an active role in ensuring better corporate governance.

In terms of the SEBI Circular the AMC shall disclose the following on its website and in the Annual Report of the Fund from the financial year 2010-11 onwards:

- (a) the general policies and procedure for exercising voting rights in respect securities held by the Fund in the Investee Company
- (b) the actual exercise of votes in the AGMs / EGMs of the investee companies in the following matters in the format prescribed by SEBI:
 - (i) Corporate governance matters, including changes in the state of incorporation, merger and other corporate restructuring, and anti takeover provisions.
 - (ii) Changes to capital structure, including increases and decreases of capital and preferred stock issuances.
 - (iii) Stock Option Plans and other management compensation issues
 - (iv) Social and corporate responsibility issues
 - (v) Appointment and Removal of Directors
 - (vi) Any other issue that may affect the interest of the shareholders in general and interest of the unit holders in particulars.

Voting Guidelines / Philosophy of Voting

The Investment Policy for the schemes of the Fund is to invest in companies which have good business with good management and follows corporate governance norms.

The AMC's policy is to vote for all the "schemes" of the Fund with regard to an "investee company" in the same manner. The AMC will always vote in the best interest of the schemes/unit holders.

All voting decisions are taken by us on a case to case basis. The concerned Research Analyst / Fund Manager at the AMC reviews carefully the different proposals put before the Shareholders / Management and arrives at a final decision of how to vote, keeping in mind the long term interest of the scheme(s) / unit holders and investment philosophy of the Fund. This decision shall be communicated by the research team to the AMC's back office team who shall then forward this information to the "representative/s" appointed by the Trustee to attend and vote at the 'investee company' meeting.

If there is some serious corporate governance issue in the Investee Company then the AMC will vote against the proposal and in many cases will also exit from the investment.

In case of the Index Scheme the AMC would "Abstain" from voting on matters concerning the Investee Company.

If the AMC decides not to vote on a proposal, the Research Analyst / Fund Manager shall document the reasons for that decision.

Conflicts of Interest

While voting, the AMC will identify any conflicts that exist between the interests of the AMC and the scheme / unit holders. It shall do so by reviewing the relationship of the AMC with the Investee Companies to determine;

- a) If the AMC or any of its employees or schemes has any financial, business or personal relationship with the Investee Company or
- b) Whether the Investee Company is a group company of the AMC or
- c) Whether the Investee Company has investments in the Schemes of the Fund.

Examples of potential conflicts of interest include;

- (a) The AMC / Fund Manager / Research Analysts has a material business relationship with a proponent of a proposal, or directors or director candidates of a investee company; and
- (b) An employee of the AMC has a personal interest in the outcome of a particular proposal (which might be the case if, for example, a member of an employee's immediate family were a director or executive officer of the relevant company).
- (c) The Investee Company has invested more than 5% of the net asset value of a scheme

If a material conflict of interest exists, the Compliance Officer will determine whether it is appropriate to disclose the Key Employee Investment Committee to give the Committee the discretion to vote or to vote according to an independent third party voting recommendation.

Voting Procedure

As per the Companies Act, 1956, a proxy is not entitled to vote except on a poll. At the general meetings, generally a resolution is to be put to vote in the meeting by show of hands at the first instance unless a poll is demanded.

Generally as a practice in the general meetings of the listed companies, a resolution is carried out by show of hands and therefore in such case proxy is not entitled to vote.

The Fund is incorporated / registered as a Trust under the Indian Trust Act and, the Trustee of the Fund is a company formed under the Companies Act 1956. The Trustee being a company can appoint representative to attend the general meetings and vote on the Resolution by show of hands in the general meetings of the Investee Company as per Section 187B of the Companies Act, 1956.

The representative appointed by the Trustee endeavours to attend all the general meetings of the Investee Company and exercised the voting decision of the AMC. In case the resolution is carried out through Postal Ballot the AMC exercised vote on the resolution through the Postal Ballot.

The Agency appointed by the AMC (as representative of the Fund) then picks up the voting instructions given by the back office team and accordingly votes at the general meetings of the Investee Companies.

Recordkeeping

The Back Office Team along with the Research Team of the AMC shall maintain records of the voting and any document the AMC created that was material to making a decision of how to vote on proposals, or that memorializes that decision.

Internal Mechanism to Monitor Policy Implementation

The Compliance Officer of the AMC has the responsibility for monitoring the implementation of the Company's proxy voting policy, practices, and disclosures and reviewing the proxy procedure.

The Compliance Team conducts a monitoring exercise every month and submits monitoring report to the Risk Management Committee of the AMC and exception if any to the Board of Directors of AMC & Trustee.