



QUANTUM MUTUAL FUND

FOR THOUGHTFUL INVESTORS

Investment Manager: Quantum Asset Management Company Private Limited

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ADDENDUM NO. 33 / 2021

Notice-Cum-Addendum

NOTICE IS HEREBY GIVEN for following change to the Scheme Information Document and Key Information Memorandum of Quantum Dynamic Bond Fund

Mandatory Swing Price During Market Dislocation – Quantum Dynamic Bond Fund

Pursuant to SEBI Circular No. SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/631 dated September 29, 2021 ("the Circular"), all open-ended debt mutual fund schemes (except overnight funds, Gilt funds and Gilt with 10-year maturity funds) are required to follow Swing Pricing Framework with effect from March 01, 2022.

1. **Swing Pricing:** Swing pricing refers to a process for adjusting a scheme's Net Asset Value (NAV) to effectively pass on transaction costs stemming from significant net capital activity (i.e., flows into or out of the fund) to the investors associated with that activity. Swing pricing is aimed at reducing the impact of large redemptions, particularly during market dislocation, on existing investors by reducing dilution of the value of units of a Mutual Fund scheme.
2. **Market Dislocation Period:** Market dislocation would be declared and notified by SEBI. Swing pricing will be applicable for a specified period as notified by SEBI.
3. **Applicability of Swing Pricing Framework:** Subsequent to the announcement of market dislocation by SEBI, the swing pricing framework shall be mandated only for the Debt Schemes:
 - (i) Which has **High or Very High risk** on the risk-o-meter in terms of SEBI circular SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 5, 2020 (as of the most recent period at the time of declaration of market dislocation); and
 - (ii) classify themselves in the cells **A-III, B-II, B-III, C-I, C-II** and **C-III** of Potential Risk Class (PRC) Matrix in terms of SEBI circular SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/573 dated June 7, 2021
4. **Swing Factor:** The minimum swing factor as given below will be applicable. This shall be made applicable to Quantum Dynamic Bond Fund during market dislocation and the NAV will be adjusted downwards for both the incoming and outgoing investors.

Minimum swing factor for open ended debt schemes

Credit Risk of scheme →	Class A (CRV*≥=12)	Class B (CRV≥=10)	Class C (CRV<10)
Interest Rate Risk of scheme ↓			
Class I: (MD≤=1 year)	NIL	NIL	1.50%
Class II: (MD≤=3 years)	NIL	1.25%	1.75%
Class III: Any Macaulay duration (MD)	1.00%	1.50%	2.00%

*CRV: Credit Risk Value

5. **Applicability of Swing Pricing to Investors:** When swing pricing mechanism is triggered and swing factor is made applicable during market dislocation, both the incoming and exiting investors shall get NAV adjusted for swing pricing. Swing pricing shall be made applicable to all unitholders at PAN level, with an exemption for redemptions up to Rs.2 lakhs for each mutual fund scheme for market dislocation.
6. **Illustration:**

Consider a scheme having NAV of Rs 10 and swing factor of 1%, the NAV shall be adjusted as below on issue of notification of market dislocation by SEBI:

$$\begin{aligned} \text{Swing NAV} &= \text{unswung NAV} * (1 - \text{swing factor}) \\ &= \text{Rs } 10 * (1 - 0.01) \\ &= \text{Rs. } 10 * (0.99) \\ &= \text{Rs. } 9 \end{aligned}$$

If there is any exit load applicable as per scheme provisions, the same will be applied on swung NAV.
7. **Computation of NAV for purpose of scheme performance:** The scheme performance shall be computed based on unswung NAV.
8. **Periodic Disclosures:** Disclosures pertaining to NAV adjusted for swing factor shall be made by the AMC in the prescribed format in the Scheme Information Document and in scheme wise Annual Reports and Abridged summary thereof and on the website in case swing pricing framework has been made applicable for Quantum Dynamic Bond Fund.

This addendum forms an integral part of the Scheme Information Document (SID) and Key Information Memorandum (KIM) of Quantum Dynamic Bond Fund as amended from time to time.

All other terms and conditions as mentioned in the SID/ KIM of the Quantum Dynamic Bond Fund shall remain unchanged.

**For Quantum Asset Management Company Private Limited
(Investment Manager – Quantum Mutual Fund)**

Sd/-

Jimmy A Patel

Managing Director and Chief Executive Officer

DIN: 00109211

Place: Mumbai

Date: December 28, 2021

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