



QUANTUM MUTUAL FUND

FOR THOUGHTFUL INVESTORS

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ADDENDUM NO. 12 / 2023

Notice-Cum-Addendum

Notice-Cum-Addendum To The Scheme Information Document And Key Information Memorandum Of Quantum Dynamic Bond Fund And Quantum Liquid Fund

Investment in Corporate Debt Market Development Fund

Investors are requested to note that as per the requirement of regulation 43A of SEBI (Mutual Funds) Regulations, 1996, SEBI circular no. SEBI/HO/IMD/PoD2/P/CIR/2023/128 dated July 27, 2023 on framework for Corporate Debt Market Development Fund and SEBI circular no. SEBI/HO/IMD/PoD2/P/CIR/2023/129 dated July 27, 2023 on investment by mutual fund schemes and Asset Management Companies (AMCs) in units of Corporate Debt Market Development Fund ("CDMDF"), Quantum Dynamic Bond Fund & Quantum Liquid Fund, open ended debt-oriented schemes of Quantum Mutual Fund and Quantum Asset Management Company Private Limited ('the AMC') shall invest such percentage of net assets in the units of the CDMDF.

CDMDF is set up as a scheme of the Trust registered as an Alternative Investment Fund ('AIF') in accordance with the SEBI (Alternative Investment Funds) Regulations, 2012 ("AIF Regulations"). The objective of the CDMDF is to help to develop the corporate debt market by providing backstop facility at the time of market dislocation to benefit the wider corporate debt market. The primary motive to set up a back stop facility is to instill confidence amongst the participants in the corporate debt/bond market during times of market dislocation and to enhance the secondary market liquidity. Further, in times of market dislocation, the aforesaid specified Debt-oriented Schemes of Quantum Mutual Fund shall have access to sell corporate debt securities held in the portfolio and CDMDF shall purchase listed corporate debt securities from the said schemes. The trigger and period for which the backstop facility will be open shall be as decided by SEBI.

'In accordance with the requirement of regulation 43A of SEBI (Mutual Funds) Regulations, 1996 read with SEBI circular no. SEBI/HO/IMD/PoD2/P/CIR/2023/129 dated July 27, 2023 on investment by Mutual Fund Schemes and AMCs in units of Corporate Debt Market Development Fund ("CDMDF"), scheme shall invest 25 bps of its AUM as on December 31, 2022 in the units of CDMDF within 10 working days from the request of CDMDF. Further, an incremental contribution to CDMDF shall be made every six months within 10 working days from the end of half year starting from December 2023 to ensure 25 bps of scheme AUM is invested in units of CDMDF. However, if AUM decreases there shall be no return or redemption from CDMDF. Contribution made to CDMDF, including the appreciations on the same, if any, shall be locked-in till winding up of the CDMDF. However, in case of winding up of contributing Scheme, inter-scheme transfers within the same Mutual Fund or across Mutual Funds may be undertaken.'

- a) The CDMDF shall deal only in following securities during normal times:
 - Low duration Government Securities
 - Treasury bills
 - Tri-party Repo on G-sec
 - Guaranteed corporate bond repo with maturity not exceeding 7 days
- b) Corporate debt securities to be bought by CDMDF during market dislocation include listed money market instruments. The long-term rating of issuers shall be considered for the money market instruments. However, if there is no long-term rating available for the same issuer, then based on credit rating mapping of CRAs between short term and long term ratings, the most conservative long term rating shall be taken for a given short term rating.
- c) CDMDF shall follow the Fair Pricing document, while purchase of corporate debt securities during market dislocation as specified in SEBI circular no. SEBI/HO/IMD/PoD2/P/CIR/2023/128 dated July 27, 2023 and circulars / guidelines/ letters issued by SEBI and AMFI from time to time
- d) CDMDF shall follow the loss waterfall accounting and guidelines w.r.t. purchase allocation and trade settlement of corporate debt securities bought by CDMDF, specified in SEBI circular no. SEBI/HO/IMD/PoD2/P/CIR/2023/128 dated July 27, 2023 and circulars / guidelines/ Letters issued by SEBI and AMFI from time to time.

Risk Profile / Factors:

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

In accordance with the requirement of regulation 43A of SEBI (Mutual Funds) Regulations, 1996 read with SEBI circular no. SEBI/HO/IMD/PoD2/P/CIR/2023/129 dated July 27, 2023 on investment by Mutual Fund Schemes in units of Corporate Debt Market Development Fund ('CDMDF'), the aforementioned schemes shall invest 25 bps of its AUM as on December 31, 2022 in the units of the CDMDF. An incremental contribution to CDMDF shall be made every six months to ensure 25 bps of scheme AUM is invested in units of CDMDF. However, if AUM decreases there shall be no return or redemption from CDMDF. Contribution made to CDMDF, including the appreciations on the same, if any, shall be locked-in till winding up of the CDMDF.

The investments in CDMDF units shall not be considered as violation while considering maturity restriction as applicable for various purposes (including applicable investment limits) and the calculations of Potential Risk Class (PRC) Matrix, Risk-o-meter, Stress testing and Duration for various purposes shall be done after excluding investments in units of CDMDF.

Investments by the AMC in Corporate Debt Market Development Fund

Pursuant to regulation 43A of SEBI (Mutual Funds) Regulations, 1996 and SEBI circular no. SEBI/HO/IMD/PoD2/P/CIR/2023/129 dated July 27, 2023 on investment by Mutual Fund Schemes and AMCs in units of Corporate Debt Market Development Fund ("CDMDF"), AMC shall make a one-time contribution equivalent to 2 bps of the AUM of the specified debt oriented schemes as on December 31, 2022 in the units of the CDMDF within 10 working days of request from CDMDF. Contribution made to CDMDF, including the appreciations on the same, if any, shall be locked-in till winding up of the CDMDF.

NAV Disclosure Timelines:

In case NAV of Corporate Debt Market Development Fund ('CDMDF') units is not available by 9:30 p.m. of same Business Day, NAV declaration timing for Mutual Fund Schemes holding units of CDMDF shall be 10 a.m. on next business day instead of 11 p.m. on same Business Day.

The above-mentioned change shall override the conflicting provisions, if any, and shall form an integral part of the SID & KIM of Quantum Dynamic Bond Fund & Quantum Liquid Fund, as amended from time to time. All the other provisions of the SID & KIM of Quantum Dynamic Bond Fund & Quantum Liquid Fund, except as specifically modified herein above, 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: October 25, 2023

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