



QUANTUM MUTUAL FUND

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India's 1st Direct to Investor
Mutual Fund

Investment Manager: Quantum Asset Management Company Private Limited

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NOTICE TO THE UNIT HOLDERS OF QUANTUM MUTUAL FUND UNDER SEBI (MUTUAL FUNDS) REGULATIONS, 1996

INDIRECT CHANGE IN CONTROLLING INTEREST OF QUANTUM ASSET MANAGEMENT COMPANY PRIVATE LIMITED

Background of the Proposed Transaction

- Quantum Advisors Private Limited ("Quantum Advisors") is the sponsor of Quantum Mutual Fund ("Mutual Fund" or "QMF"), whereas Quantum Asset Management Company Private Limited ("QAMC"), acts as the asset management company of the Mutual Fund and Quantum Trustee Company Private Limited ("QTC") acts as the trustee of the Mutual Fund.
- As of date Menlo Oak Venture Investments ("Menlo Oak") holds 48.15 % of the equity share capital of Quantum Advisors and 100% preference share capital of Quantum Advisors. Menlo Oak, an existing financial shareholder of Quantum Advisors, has entered into a share purchase agreement dated September 30, 2015 ("SPA") pursuant to which Menlo Oak has agreed to sell its 48.15% stake in the equity share capital of Quantum Advisors to HWIC Asia Fund (Class Q) ("HWIC Asia") an entity which is ultimately promoted and indirectly, wholly owned by Fairfax Financial Holdings Limited ("FFHL") (which is listed on the Toronto Stock Exchange) subject to the terms and conditions contained in the SPA including the redemption of all preference shares issued to Menlo Oak. Furthermore, Quantum Advisors has entered into a share subscription agreement dated October 13, 2015 pursuant to which HWIC Asia has agreed to subscribe to certain number of equity shares subject to terms and conditions contained therein ("SSA"). Upon the completion of the transactions contemplated in the SPA and SSA, HWIC Asia proposes to hold 49.20% of the equity share capital of Quantum Advisors ("Proposed Transaction").
- Under the terms of the Proposed Transaction, HWIC Asia has no right to appoint any director on the board of directors of QAMC and QTC. Moreover, after completion of the Proposed Transaction, the day to day operations of Quantum Advisors, QAMC and QTC shall continue to be managed by the existing team of experienced professionals, all of whom are shareholders in Quantum Advisors. HWIC Asia will not be involved in the day to day management and operations of the business of Quantum Advisors, QAMC and QTC, including research and portfolio management, but will have customary minority protection rights as a passive financial shareholder. The Board of QAMC will continue to oversee the operations of the Mutual Fund in the same manner as it currently does. Therefore HWIC Asia will only become a passive financial shareholder of Quantum Advisors replacing Menlo Oak, the current passive financial shareholder of Quantum Advisors, resulting in an indirect change in the controlling interest of the QAMC pursuant to the Proposed Transaction.
- The Securities and Exchange Board of India ("SEBI") has, pursuant to its letter no. OW/P/2016/10465/1 dated April 6, 2016 and letter no. OW/P/2016/15252/1 dated June 1, 2016, granted its no objection to the Proposed Transaction, which has also been approved by the boards of the QAMC and the QTC at its respective board meetings held on October 7, 2015.

Details in relation to HWIC Asia and its Group are set out below:

HWIC Asia, a company incorporated under the Mauritius Companies Act 2001 and having its registered office at Office 6, Level 1, Maeva Tower, CyberCity, Ebene, Republic of Mauritius. HWIC Asia is ultimately promoted and wholly owned by FFHL. FFHL is a financial services holding company which, through its subsidiaries, is engaged in property and casualty insurance and reinsurance and investment management activities. FFHL is listed on the Toronto Stock Exchange and is the ultimate parent entity of the Fairfax group. FFHL was incorporated on March 13, 1951 under the laws of Canada. FFHL owns several insurance and reinsurance companies in various countries undertaking financial services activities and has been engaged in financial services activities over 60 years now.

Key highlights pursuant to the Proposed Transaction

Upon the necessary regulatory approvals in India being received and the Proposed Transaction being completed, the following will ensue:

- HWIC Asia will hold 49.20% of the paid-up share capital of Quantum Advisors.
- Quantum Advisors will continue to act as a sponsor of QMF.
- HWIC Asia will not have any director on the Board of Directors of QAMC and QTC.
- There would be no change in the schemes of QMF ("Schemes").
- There will be no change in the name of the QAMC, QTC or QMF.
- There will be no change in the name of the Schemes of QMF.
- There will be no change in the name of Quantum Advisors.
- The shareholding pattern of the QAMC will continue to be the same and it will remain a 100% subsidiary of the Sponsor, Quantum Advisors.
- The shareholding pattern of the QTC will continue to be the same and it will remain a 100% subsidiary of the Sponsor, Quantum Advisors.
- No changes are required to be incorporated in the Statement of Additional Information (SAI), Scheme Information Documents (SID), Key Information Memoranda (KIM) and other relevant documents (of the Mutual Fund) on account of the Proposed Transaction other than disclosing the name of HWIC Asia as an Associate of QAMC instead of Menlo Oak. Please note that the Schemes will continue to be governed by the Statement of Additional Information of the Mutual Fund and their respective Scheme Information Documents and there would be no change in any of the fundamental attributes or other terms and conditions governing the Schemes as a result of the Proposed Transaction.
- The day to day operations of Quantum Advisors, QAMC, QTC and QMF shall continue to be managed by the existing team of experienced professionals, all of whom are shareholders in Quantum Advisors. There will be no change in management of QMF, and QMF will continue to be operated under the guidance of Mr. Ajit Dayal, the promoter of Quantum Advisors, and under the leadership of Jimmy Patel, the CEO of Quantum AMC, and the Boards of QAMC and QTC. HWIC Asia will not be involved in the day to day management and operations of the business of Quantum Advisors, QAMC and QTC, including research and portfolio management, but will have customary minority protection rights as a passive financial shareholder.

The Role of Ajit Dayal

As the founder of the Sponsor Quantum Advisors in 1990, Mr. Dayal - along with Mr. I. V. Subramaniam - has been instrumental in the growth and development of the Sponsor and in the formation of QAMC in 2005 including the establishment of the key research and investment processes that have been adopted and evolved over the past decade since the formation of QAMC. However, since September 2005, Mr. Dayal's role in QAMC has been limited to being a Member of the Board of Directors. From December 2005 Mr. Dayal has also been a Member of the Board Investment Committee. During the period April 2009 to May 2010 Mr. Dayal was the President of QAMC.

It is important to note that strong and stable teams across different departments have been developed over the years. Quantum scheme portfolios have been always managed by experienced professionals (Mr. Dayal was never a part of the portfolio team). The respective fund managers are regularly covered by the media and have built a reputation as solid, investment professionals overseeing team-led research and investment processes. The daily administration of the QAMC has been managed by Mr. Jimmy Patel, the Chief Executive Officer of QAMC since May 2010. Jimmy Patel reports to the Board of QAMC. In order to further encourage the growth of the organization and to nurture a succession plan to ensure the sustainability of QAMC beyond the lifetime of specific individuals, Mr. Dayal will continue to guide and assist the Sponsor on the buildout of QAMC, even if he were to no longer be directly involved with the QAMC either as a Member of the Board of Directors or as a Member of the Board Investment Committee. Mr. Dayal, however, will continue to be a Member of the Board of the Sponsor, Quantum Advisors. Furthermore, Mr. Dayal continues to have a significant investment in the range of Quantum Mutual Funds. Mr. I. V. Subramaniam will remain on the Board of QAMC. Mr. Subramaniam will also continue as the Managing Director and Chief Investment Officer of Quantum Advisors, the Sponsor. The Sponsor owns 100% of QAMC.

The expenses related to the Proposed Transaction will not be charged to the unit holders of the Schemes.

Notice to Unit Holders in relation to the indirect Change of Controlling Interest of the AMC pursuant to the Proposed Transaction :

In accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("SEBI Regulations") and pursuant to no objection letters issued by SEBI, each Unit Holder of the Schemes of the Mutual Fund as on the close of business hours on the record date, being May 31, 2016, is provided with an option to exit his / her / its investment in the Scheme(s) of the Mutual Fund at the prevailing NAV without any exit load (if any), for a period of 30 days from June 9, 2016 up to close of business hours on July 8, 2016 (both days inclusive) ("Exit Option Period"), if they disapprove the aforesaid Proposed Transaction.

Unit Holders who are desirous of redeeming their units pursuant to the aforesaid changes may exercise the exit option on or before July 8, 2016 by submitting the normal redemption request through physical mode at the nearest Investor Service Centre of the Mutual Fund as mentioned in the Exhibit 1 of the written notice dated June 2, 2016 that is being separately sent to each unitholder or through Electronic mode as defined in the SAI, SID and KIM of QMF. The unitholders, who hold their units in dematerialised form, need to submit the redemption request with their depository participant during exit option period. All transaction requests received after the closing of business hours on July 8, 2016, will be subject to load, as may be prevailing at that time in the respective Schemes.

As regards investors who redeem their investments during the exit option, the tax consequences as set forth in the Statement of Additional Information / Scheme Information Document of the relevant Scheme(s) would apply except the Securities Transaction Tax which shall be borne by QAMC. Whilst we have been advised that there should be no tax impact for investors who do not redeem their investment in the Schemes, you should consult your financial and tax advisors in this regard.

If you have no objection to the proposed changes, no action needs to be taken by you. Please note that Unit Holders who do not exercise the exit option within the Exit Option Period would be deemed to have no-objection to the proposed changes. Unit Holders who have pledged their units will not have the option to exit unless a release of the pledge is obtained and appropriately communicated to the Mutual Fund / Registrar prior to applying for redemption. In case a lien is marked on the units held by you or your units have been frozen / locked pursuant to an order of a Government Authority or a Court, redemption can be executed only after the lien/order is vacated/revoked prior to applying for redemption. Further the exit option is not available to the unitholders who have invested in the Quantum Tax Saving Fund in respect of the units which are subject to lock-in period under the ELSS guidelines. All transaction requests received after closing of business hours on July 8, 2016, will be subject to exit load, as may be prevailing at that time in the respective Schemes. The offer to exit is merely an option and not compulsory. We would like the Unit Holders to remain invested in the Schemes.

Details of unclaimed dividend and redemption amounts and procedure for claiming unclaimed dividend / redemption amounts by Unit Holders:

Unclaimed dividend and redemption amounts in the Schemes of the Mutual Fund as on May 31, 2016

Name of the scheme	Unclaimed Dividends	Unclaimed Redemptions
Quantum Long Term Equity Fund	Nil	Nil
Quantum Tax Saving Fund	Nil	Nil
Quantum Equity Fund of Funds	Nil	Nil
Quantum Dynamic Bond Fund	Nil	Nil
Quantum Liquid Fund	Nil	Nil
Quantum Multi Asset Fund	NA	Nil
Quantum Gold Savings Fund	NA	Nil
Quantum Index Fund ETF	NA	Nil
Quantum Gold Fund ETF	NA	Nil

Procedure for claiming unclaimed redemption / dividend amounts by Unit Holders:

The request for reissue / revalidation of instruments towards unclaimed redemption / dividend should be made by the Unit Holder to the Registrar or the offices of the QAMC at addresses mentioned in Exhibit 1 of the written notice that is being separately sent to each Unit Holder ("Written Notice"), quoting folio number, Scheme name and details of payments not received in the Unclaimed Redemption / Dividend Withdrawal Form. This will be verified with the records and fresh instruments will be issued / revalidation will be done for those cases which are unclaimed. In case you require any further information / assistance please contact the nearest Investor Service Centres.

As mentioned above, the Unit Holders of the Schemes are being individually informed of the details of the proposed indirect change in the controlling interest of the QAMC, vide the Written Notice, being sent by mail. Such of those Unit Holders who do not receive the Written Notice may contact the Registrar of the Schemes at Karvy Selenium Tower B, Plot number 31 & 32, Financial District Nanakramguda, Serilingampally Mandal, Hyderabad - 500032

In case you require any further information / assistance please contact the QAMC or the nearest Investor Service Centres. You may also reach us by dialling the toll-free number 1800 - 209 - 3863 / 1800 - 22 - 3863 or by e-mailing at CustomerCare@QuantumAMC.com.

Yours sincerely,

For and on behalf of Quantum Asset Management Company Private Limited.
(Investment manager for Quantum Mutual Fund)

Sd/-

Date: June 2, 2016

Place: Mumbai

Malay Vora
Compliance Officer

Mutual fund investments are subject to market risks, read all scheme related documents carefully. Please visit - www.QuantumMF.com to read scheme specific risk factors. Investors in the scheme are not being offered a guaranteed or assured rate of return and there can be no assurance that the schemes objective will be achieved and the NAV of the scheme may go up and down depending upon the factors and forces affecting securities market. Investment in mutual fund units involves investment risk such as trading volumes, settlement risk, liquidity risk, default risk including possible loss of capital. Past performance of the sponsor / AMC / Mutual Fund does not indicate the future performance of the Scheme. **Statutory Details:** Quantum Mutual Fund has been constituted as a Trust under the Indian Trusts Act, 1882. **Sponsor:** Quantum Advisors Private Limited. (Liability of Sponsor limited to Rs. 1,00,000/-) **Trustee:** Quantum Trustee Company Private Limited **Investment Manager:** Quantum Asset Management Company Private Limited. The Sponsor, Trustee and Investment Manager are incorporated under the Companies Act, 1956.