

**Investment Manager: Quantum Asset Management Company Private Limited**

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**ADDENDUM NO. 14/2017****Notice Cum Addendum**

The Board of Directors of Quantum Trustee Company Private Limited, Trustee to Quantum Mutual Fund has approved the following changes in the Statement of Additional Information with effect from December 1, 2017:

**SECTION V – INVESTMENT VALUATION NORMS FOR SECURITIES AND OTHER ASSETS****I. Valuation of Gold - Treatment of Statutory Taxes and Levies**

The Indian levies in the form of custom duty and stamp duty is added as applicable as prescribed by relevant authorities to arrive at the final landed price of gold. However Goods and Service Tax (GST) is not being added to the valuation prices since as per the GST Act input credit is available when the Gold is bought/Sold. GST paid/received during purchase/sale transactions will be accounted as current assets/current liabilities in the books of accounts.

**II. Valuation policy for Debt and Money Market instruments - Non-Convertible Debentures & Money Market Instruments (Procedures for valuation of securities maturing greater than 60 days)**

IMaCS and CRISIL provides valuation prices for all securities of tenor greater than 60 days maturity held in the portfolio. Security valuation is done at the average of prices provided by these 2 valuation agencies. The IMaCS and CRISIL valuation methodology for greater than 60 days residual maturity has been approved by the AMFI valuation committee and is as per the agreement between the AMC and 2 valuation agencies i.e. IMaCS and CRISIL. The policy and procedures are subject to changes based on discussion between AMFI Valuation Committee, IMaCS and CRISIL.

IMaCS and CRISIL will regularly keep track of AMFI Valuation Committee's suggestion on methodology for scrip level valuation of debt securities and changes recommended by them in the valuation methodology for debt securities having maturity greater than 60 days. IMaCS and CRISIL will ensure to facilitate the same in the valuation prices provided. Each change will be monitored and incorporated in the valuation policy during periodical review from time to time.

The Valuation Committee will identify and deal with changes as per AMFI Valuation Committee's suggestion as stated above in the valuation process / procedure as mentioned (or not) in this policy. The decision of the valuation committee for incorporating the AMFI Valuation Committee's suggestion will be informed to the Board of the AMC and Trustee in their next board meeting for their reference and / or ratification if required.

Any new security purchased by the Schemes which does not exist in the database of IMaCS & CRISIL is valued at purchase yield on the date of purchase and as per IMaCS & CRISIL valuation policy afterwards. Any new security purchased which exists in the database of IMaCS & CRISIL is valued as per the IMaCS & CRISIL Valuation Policy as approved by AMFI.

Policies and procedures to be followed by IMaCS & CRISIL in valuation of securities maturing greater than 60 days is as mentioned below:-

Heads	Criteria - IMACS	Criteria - CRISIL
Priority order for considering data for valuations	Trades>Polls>Primary>Carry forward of Spread	Trades>Polls>Primary>Same/Similar issuer similar maturity>Carry forward of Spread
Data Sources: Priority order - Reporting platforms	FTRAC > NSE > BSE	CPCD-CCIL FTRAC & Bonds-NSE exchange traded > NSE listed/unlisted > BSE
Data Sources : Priority order - Primary, Secondary, polled data	Secondary > Market Polls > Primary	Secondary > Market Polls > Primary
Priority order : In case same ISIN trade is not available in secondary market	Same issuer, similar maturity > Similar issuer with similar maturity > previous day spread	Same issuer, similar maturity > Similar issuer with similar maturity > previous day spread
Trade Size : Bonds	Minimum 25 Crore and more for primary and 5 crore for secondary trades	Minimum 25 Crore and more for primary and 5 crore for secondary trades. IST Trades at NSE are ignored
Trade Size : CPCD	Minimum 25 Crore and more, for both primary and secondary.	Minimum 25 Crore and more, for both primary and secondary
Cut off time of trades considered from reporting platform	4.30 p.m.	4.30 p.m.
Settlement convention	T+1	T+1
Last traded / Weighted average yield is used	Last traded Yield	Last traded Yield
Identification of outlier : Liquid paper	5 bps over and above the matrix movement	10bps over and above the matrix movement for bonds and 5 bps over and above the matrix movement for CPCDs
Identification of outlier : illiquid paper	Illiquid: 30 bps over and above the matrix movement	Semi Liquid: 15 bps over and above the matrix movement, Illiquid: 30 bps over and above the matrix movement
Process followed for illiquid outlier trade - inclusion in valuation	The trade for illiquid outlier trade is included in the valuation after confirming with market participants whether or not the trade is good. If confirmed the trade is good, it is included in the valuation. If not the security is kept under yield watch. In case there is trade for the security at similar levels on the next day or previous day's trade is confirmed, the trade is considered for valuations	The trade for illiquid outlier trade is included in the valuation after confirming with market participants whether or not the trade is good. If confirmed the trade is good, it is included in the valuation. If not the security is kept under yield watch. In case there is trade for the security at similar levels on the next day or previous day's trade is confirmed, the trade is considered for valuations
<b>Classification of similar securities / Clustering based on maturity</b>		
Up to 3 months	Fortnight buckets	fortnight buckets
3 months - 1 year	Monthly buckets	Monthly buckets (quarterly bucket for CPs)
1 year - 5 year	Quarterly buckets – For 1 year to 3 year and thereafter yearly buckets.	<b>1yr to 3yr</b> - Calendar quarter bucket <b>Beyond 3 years for Liquid Issuers</b> Calendar year <b>Semi liquid and Illiquid Issuers Exception as below</b> <b>Between 3 yr to 5 yr</b> - Traded spread to be applied between 3 year to 7 year *
5 year and above	Yearly buckets	<b>Beyond 5 years for Liquid Issuers</b> - Calendar year <b>Semi liquid and Illiquid Issuers Exception as below</b> <b>Between 5 yr to 7 yr</b> - Traded spread to be applied between 3 year to 7 year* <b>Greater than 7 yr</b> - Traded spread to be applied to all maturities greater than 7 year
In case of no trade on valuation day	Spread constant, reviewed at least fortnightly	Spread constant, reviewed at least fortnightly
In case of no trade post issuance (highly illiquid securities)	Issuance spread used, if no trades available post issuance, polling is done to bring the levels in line with the market	Issuance spread used, if no trades available post issuance, polling is done to bring the levels in line with the market
Bond valuer used	IMaCS Bond valuation Tool (subject to the terms of the Agreement)	CRISIL Bond valuation Tool (subject to the terms of the Agreement)
Valuation of Sat-Sun and other holidays	Constant yield, settlement date will change	Constant yield, settlement date will change
Maintenance of historical valuation record, quality controls etc.	Yes process in place	Yes process in place
Detailed methodology to arrive at the price from the relevant yield	Standard methodology as per IMaCS Bond valuation Tool	Standard methodology as per CRISIL Bond Valuer.

This addendum forms an integral part of the Statement of Additional Information (SAI) of Quantum Mutual Fund as amended from time to time. All other terms and conditions of the SAI will remain unchanged.

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

Sd/-

Jimmy A Patel

Managing Director and Chief Executive Officer

Place : Mumbai

Date : November 30, 2017

DIN: 00109211

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