



Investment Manager: Quantum Asset Management Company Private Limited

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ADDENDUM NO. 10 / 2022

Notice-Cum-Addendum

Investors are requested to note the following disclosures in Scheme Information Document and Key Information Memorandum of Quantum India ESG Equity Fund in accordance with SEBI communication to AMFI SEBI/HO/OW/IMD-II/DOF3/P/5249/2022 dated February 08, 2022 pertaining to Disclosure Norms for ESG Mutual Fund Schemes effective April 1, 2022

(I) Investment objectives:

The Investment Objective of the scheme is to achieve long-term capital appreciation by investing in share of companies that meet Quantum's Environment, Social and Governance (ESG) criteria.

The sustainability objectives of the ESG strategy are:

- achieving positive and above-average ESG profile
- mitigating ESG risks and harnessing ESG opportunities, and
- influencing overall positive behavior by investing in companies that promote sustainable products and services.

(ii) Investment Philosophy / Strategy – Additional Disclosures:

The Investment Objective of the scheme is to achieve long-term capital appreciation by investing in share of companies that meet Quantum's Environment, Social and Governance (ESG) criteria.

a. The investment strategy is broadly a combination of the following ESG approaches:

Exclusions: The investment strategy excludes companies in the sectors – Alcohol, Gambling and Tobacco.

Integration: The investment strategy incorporates certain key financial filters that the company needs to comply with. These filters include long-term return on capital employed, leverage, and growth rates.

Best-in-class & Positive Screening: The investment strategy is based on a positive screening and Best-in-Class approach subject to adherence of the company incorporating favourable ESG practices in core/material within each of the E, S, and G dimensions.

b. The contribution to 'positive environmental change', an investor might reasonably expect:

The Scheme Fund invests in companies that meet Quantum ESG criteria and has a positive ESG score which means the company stands relatively better as compared to other companies in their sectors on their ESG performance. While evaluating companies, the Team assess if the company has gone beyond their traditional remit and have made conscious effort to recognize the environment and society as important stake holders and have achieved a reasonable progress on their environmental footprint and social recognition and contribution. The Team also look for companies efforts in adapting and mitigating climate change and thereby reducing the carbon footprint, improving the resource efficiency, water usage and waste reduction and disposal. Similarly, on the social aspects, companies should work towards being more equitable, encourage diversity, positively contribute towards the society through judicious use of CSR, encouraging worker representation and health & safety at workplace, upholding best standards for data privacy and cyber security.

The Team do not only measure these aspects through the ESG framework but monitor and engage companies to become better at their ESG performance. One can reasonably expect a gradual improvement and many of these material ESG measure impacting the companies' operations.

c. Decision-making process for Investing:

Decision-making process for investing is based on the use of proprietary ESG scoring methodology. The broad comparisons made by the analysts of various companies within the sector and also taking clues from global companies evolution provides great insights into any ambiguous claims made by the company being researched. The Research is not restricted We do not restrict our research to self-declared company disclosures. We try to do a 360-degree company check is done by talking to various stakeholders like suppliers, vendors, customers, channel checks, employees, etc. to get more information to get a granular understanding of the true state of the company's affairs. We also try to get the information is also obtained from unorthodox sources like pollution control boards, NGOs, local communities in our bid to gather more information to verify the sustainability claims made by the company.

(iii) Investment Portfolio – Additional Disclosure

While the majority of the assets will be invested in the securities of Indian companies, the Scheme may also invest in money market instruments or in units of liquid schemes under the Quantum AMC or any other Mutual Fund, subject to the applicable SEBI Regulation limits, for brief periods of time pending investment in equities or other securities more generally associated with the Scheme's portfolio. The Scheme shall endeavour to have a higher proportion of the assets under the ESG theme.

(iv) Portfolio Construction – Additional Disclosure

From October 1, 2022, the Scheme shall only invest in securities that have Business Responsibility and Sustainability Report (BRSR) disclosures. The existing investments in the schemes for which there are no BRSR disclosures would be grandfathered by SEBI for a period of one year i.e., till September 30, 2023.

(v) Risk Control / Risk Management Strategy - Additional Disclosure

Type of Risks	Risk Management Strategies
Risks related to greenwashing	Greenwashing is the process of conveying a false impression or providing misleading information about how a company's business/products/services are more environmentally sound. The Team is well aware that there are many "greenwashing" incentives for companies from brand building to attracting investment flows. It is our fiduciary duty as custodians of investor capital to navigate any greenwashing attempts and deliver investors true sustainability geared portfolio. The Team understands that ESG is not a "tick the box" desk research. The Team do not restrict the research to self-declared company disclosures. The Team try to do a 360-degree company check by talking to various stakeholders like suppliers, vendors, customers, channel checks, employees, etc. to get more information to get a granular understanding of the true state of the company's affairs. The Team also try to get information from unorthodox sources like pollution control boards, NGOs, local communities in our bid to leave no stone unturned. There is also an attempt to verify the information with other available data and map with other companies in the sector and globally to identify any red flags.

Environment, Social and Governance (ESG) policy of Quantum AMC is disclosed on the website [https://www.quantumamc.com/downloads/pdfs/Environment-Social-&-Governance-\(ESG\)-Policy.pdf](https://www.quantumamc.com/downloads/pdfs/Environment-Social-&-Governance-(ESG)-Policy.pdf)

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

All other terms and conditions as mentioned in the SID & KIM of Quantum India ESG Equity 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: March 31, 2022

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