

Annual Report 2007 – 2008

# Quantum Mutual Fund



Quantum Asset Management Company Private Limited

# Profit with Process

## Quantum Long Term Equity Fund

*Profit from India's Growth*

- No entry load
- Value based investment process
- Low portfolio turnover

Online  
Investment  
Available

## Quantum Liquid Fund

*Returns from your idle money*

- Low expense ratio
- Low risk
- High liquidity

Online  
Investment  
Available



## Quantum Gold Fund

*Simple way to buy Gold*

- No Making charges / premiums
- Wealth tax / Income tax benefits
- Invest in .995 fineness gold
- Listed on NSE

NSE Symbol  
QGOLDHALF

## Quantum Index Fund

*Profit with the NIFTY 50*

- Low expense ratio
- Mirrors the NIFTY
- 21 sectors across 50 stocks
- Listed on NSE

NSE Symbol  
QNIFTY

### Statutory Information and Risk Factors

[www.QuantumAMC.com](http://www.QuantumAMC.com)

**Investment Objective:** QLTEF's investment objective is to achieve long-term capital appreciation. QLF's investment objective is to provide optimal returns with moderate levels of risk and high liquidity. QGF's investment objective is to generate returns that are in line with the performance of gold, subject to tracking errors. QIF's investment objective is to invest in stocks of companies comprising the S&P CNX Nifty and endeavour to achieve a return equivalent to Nifty by "passive" investment. **Asset Allocation:** QLTEF will primarily invest in Equity and Equity related securities, but may invest in money market instruments to meet liquidity needs. QLF will invest in Money Market and other short term debt instruments having maximum repricing tenor of one year. QGF will primarily invest in physical gold and if allowed under SEBI Regulations, also in gold related securities, but may invest in money market instruments to meet liquidity needs. QIF will predominantly invest in stocks constituting the S&P CNX Nifty but may invest in money market instruments to meet liquidity needs. **Terms of Issue:** QLTEF is an open-ended Equity Scheme offering Growth and Dividend Plans. The units can be subscribed/redeemed at the applicable load, on all business days during the continuous offer. QLF is an open-ended Liquid Scheme offering Growth, Daily Dividend Re-investment and Monthly Dividend Payout Plans. The units can be subscribed /redeemed at the applicable NAV, subject to applicable load, on all business days during the continuous offer. QGF is an open-ended Exchange Traded Fund. The units being offered under this scheme will have a face value of Rs. 100/- each and will be issued at a premium equivalent to difference between the allotment price of each unit and the face value of Rs. 100/- per unit. Each unit of QGF will be approximately equal to the price of 1/2 (half) gram of Gold. Allotment price is the price of 1/2 (half) gram of physical gold in the domestic market. QIF is an open-ended Exchange Traded Fund. The units being offered under this scheme will have a face value of Rs. 10/- each and will be issued at a premium equivalent to difference between the allotment price of each unit and the face value of Rs. 10/- per unit. Each unit of QIF will be approximately equal to 1/10th (one tenth) of the S&P CNX Nifty. Allotment price is the price of 1/10th (one tenth) of the S&P CNX Nifty. In the case of QGF and QIF, units will be issued at NAV based prices during the continuous offer. On an ongoing basis direct purchases of QGF and QIF units from the Fund would be restricted to only Authorised Participants and Eligible Investors. Direct purchase from the Fund by retail investors is not permitted. Units of QGF and QIF can be bought/sold like any other stock on the National Stock Exchange of India Ltd. (NSE) or on any other stock exchange where they are listed. **Entry Load:** Nil in case of QLTEF, QLF, QGF and QIF. **Exit Load:** in case of QLTEF: On redemption/switchout within 6 months of allotment- 4%, after 6 months but within 12 months- 3%, after 12 months but within 18 months-2%, after 18 months but within 24 months-1%, after 24 months-Nil. In case of QLF: Nil. In case of QGF: Nil in case of Authorised Participants; 0.5% in case of Eligible Investors. In case of QIF: Nil **Statutory Details:** Quantum Mutual Fund (the Fund) has been constituted as a Trust under the Indian Trusts Act, 1882. **Sponsors:** 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 (AMC). The Sponsor, Trustee and the Investment Manager are incorporated under the Companies Act, 1956. **Risk Factors:** Investments in mutual funds are subject to market risks including uncertainty of dividend distributions and the NAV of the schemes may go up or down depending upon the factors and forces affecting the gold and securities markets and there is no assurance or guarantee that the objectives of the schemes will be achieved. The past performance of the Sponsor has no bearing on the expected performance of the scheme. Quantum Long-Term Equity Fund, Quantum Liquid Fund, Quantum Gold Fund and Quantum Index Fund are the names of the schemes and do not in any manner indicate either the quality of the Schemes, their future prospects or returns. **Scheme specific risks:** QLTEF, QLF, QGF and QIF are the first equity, liquid, gold and index schemes being launched by the AMC. The AMC has no previous experience in managing equity, liquid, gold or index schemes. Equity and Equity related instruments are by nature volatile and prone to price fluctuations due to both macro and micro factors. QLF proposes to invest the portfolio in debt and money market instruments. The QGF's NAV will react to the Gold price movements. The Investor may lose money over short or long period due to fluctuation in Scheme's NAV in response to factors such as economic and political developments, changes in interest rates and perceived trends in bullion prices, market movement and over longer periods during market downturns. Trading volumes, settlement periods and transfer procedures may restrict the liquidity of these investments of the QLTEF, QLF, QGF and QIF. Please read the Offer Documents of QLTEF, QLF, QGF and QIF before investing. Offer Documents/Key Information Memorandum/Application Forms are available at the Quantum AMC Office at 107, Regent Chambers, Nariman Point, Mumbai-400021. Past performance may or may not be sustained in the future. It is to be distinctly understood that the permission given by NSE should not in any way be deemed or construed that the Offer Documents for QGF and QIF have been cleared or approved by NSE nor does it certify the correctness or completeness of any of the contents of the Offer Document. The investors are advised to refer to the Offer Document of QGF for full text of the 'Disclaimer Clause of NSE'.

**Nifty Disclaimer:** "S&P" and "Standard and Poor's" are trademarks of the McGraw-hill Companies, Inc. ("S&P") and have been licensed for use by India Index Services & Products Limited in connection with the S&P CNX Nifty Index. The Product is not sponsored, endorsed, sold or promoted by India Index Services & Products Limited ("IISL") or Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P"). Neither IISL nor S&P makes any representation or warranty, express or implied, to the owners of the Product or any member of the public regarding the advisability of investing in securities generally or in the Product. Please read the full Disclaimers in relation to the S&P CNX Nifty Index in the Offer Document/Prospectus/Information Statement.

BOARD OF DIRECTORS		BOARD OF DIRECTORS	
<b>Quantum Trustee Company Private Limited (Trustee to Quantum Mutual Fund)</b>		<b>Quantum Asset Management Company Private Limited (Investment Manager to Quantum Mutual Fund)</b>	
<b>Mr. Jagdish Capoor</b>	<i>Chairman</i>	<b>Mr. Ajit Dayal</b>	<i>Chairman</i>
<b>Mr. Hormazdiyaar Vakil</b>	<i>Director</i>	<b>Mr. Mahesh Vyas</b>	<i>Director</i>
<b>Mr. Suresh Lulla</b>	<i>Director</i>	<b>Mr. C. Srinivasan</b>	<i>Director</i>
<b>Mr. Satish Mehta</b>	<i>Director</i>	<b>Mr. I. V. Subramaniam</b>	<i>Director</i>

**INDEX**

<b>Particulars</b>	<b>Page No.</b>
Report of the Trustees.....	03
<b>Quantum Long-Term Equity Fund (QLTEF)</b>	
Auditors Report for QLTEF .....	07
Balance Sheet of QLTEF as at March 31, 2008.....	08
Revenue Account of QLTEF for the year ended March 31, 2008 .....	09
Schedules, Significant Accounting Policies & Notes to Accounts – QLTEF .....	11
<b>Quantum Liquid Fund (QLF)</b>	
Auditors Report for QLF .....	22
Balance Sheet of QLF as at March 31, 2008 .....	23
Revenue Account of QLF for the year ended March 31, 2008 .....	24
Schedules, Significant Accounting Policies & Notes to Accounts – QLF .....	26
<b>Quantum Gold Fund (QGF)</b>	
Auditors Report for QGF.....	36
Balance Sheet of QGF as at March 31, 2008.....	37
Revenue Account of QGF for the year ended March 31, 2008 .....	38
Schedules, Significant Accounting Policies & Notes to Accounts - QGF .....	40

**Quantum Mutual Fund**  
 107, Regent Chambers, 1st Floor,  
 Nariman Point, Mumbai – 400 021  
 Tel: 022 2287 5923  
 Fax: 022 22854318  
 Email: info@QuantumAMC.com  
 Website: www.QuantumAMC.com

**SPONSOR****Quantum Advisors Private Limited**

Registered Office : #103-104, 1st Floor,  
Regent Chambers, Nariman Point,  
Mumbai – 400 021.

**ASSET MANAGEMENT COMPANY****Quantum Asset Management Company Private Limited**

Registered Office : #107-108, 1st Floor,  
Regent Chambers, Nariman Point,  
Mumbai – 400 021.  
Tel. No. : 022-2287 5923  
Toll Free No. 1800 22 3863  
Website : [www.QuantumAMC.com](http://www.QuantumAMC.com)

**TRUSTEE****Quantum Trustee Company Private Limited**

Registered Office : #107-108, 1st Floor,  
Regent Chambers, Nariman Point,  
Mumbai – 400 021.  
Tel. No. : 022-2287 5923

**REGISTRAR & TRANSFER AGENTS****Karvy Computershare Private Limited**

21, Avenue 4, Street No. 1,  
Banjara Hills,  
Hyderabad 500 034  
Andhra Pradesh.

**Deutsche Investor Services Private Limited (DISPL)**

Logitech Park, M.V. Road,  
Sakinaka, Andheri (East),  
Mumbai 400 072.

**CUSTODIANS****Deutsche Bank AG**

6<sup>th</sup> Floor, Nicholas Piramal Towers,  
Peninsula Corporate Park,  
Ganapatrao Kadam Marg, Lower Parel,  
Mumbai 400 013.

**The Hongkong & Shanghai Banking Corporation Ltd., (HSBC)**

Corporate, Investment Banking & Markets,  
S. K. Ahire Marg, Worli,  
Mumbai – 400 030.

**BANKER TO THE ISSUE****HDFC Bank Ltd.**

Maneckji Wadia Bldg,  
Nanik Motwani Marg,  
Mumbai-400 023.

**STATUTORY AUDITORS****M/s Haribhakti & Co., Chartered Accountants**

42, Free Press House, 4th Floor,  
215, Nariman Point,  
Mumbai – 400 021.

**TRUSTEE’S REPORT TO THE UNITHOLDERS OF  
QUANTUM MUTUAL FUND FOR THE YEAR ENDED MARCH 31, 2008**

Dear Unitholders,

We have pleasure in presenting the Third Annual Report of Quantum Mutual Fund (‘the Fund’) for the year ended March 31, 2008, along with the audited financial statements for that period.

As on date the Fund has the following four schemes:

Sr.No.	Scheme Name	Launch Date	NFO Period
1.	Quantum Long Term Equity Fund (QLTEF)	February 8, 2006	February 8, 2006 to February 25, 2006
2.	Quantum Liquid Fund (QLF)	April 3, 2006	April 3, 2006 to April 4, 2006
3.	Quantum Gold Fund (QGF)	January 24, 2008	January 24, 2008 to February 8, 2008
4.	Quantum Index Fund (QIF)	June 9, 2008	June 9, 2008 to June 20, 2008

**Schemes launched during the year**

During the year, the Fund launched two schemes. “Quantum Gold Fund” (QGF) – an open ended exchange traded fund on January 24, 2008 and “Quantum Index Fund” (QIF) – an open ended exchange traded fund on June 9, 2008.

**Investment Objective, Strategy and Process of QGF**

The investment objective of QGF is to generate returns that are generally in line with the performance of gold and gold related instruments, subject to tracking errors. Further, investments in gold related instruments shall be made if and when SEBI permits mutual funds to invest in gold related instruments. QGF is designed to provide returns that before expenses, closely correspond to the returns provided by gold.

The AMC uses the “Passive” approach to achieve the Scheme’s investment objective. Passive approach eliminates active management risks in regard to over/underperformance vis-a-vis the benchmark. The QGF Shall invests upto 100% but at least 90% of its total assets in physical gold. The QGF may hold upto 10% of its total assets in other securities/instruments such as Commercial Papers (rated by recognized Rating agencies), Bank Certificates of Deposit, repurchase agreements (Repo’s), units of liquid funds and other money market instruments permissible under the investment norms.

The Scheme endeavors to track the domestic prices of gold by investing in physical gold. The AMC will analyze from time to time different ways of taking exposure in gold from the perspective of risk and return and decide the same in the best interest of the investors.

**Amount Mobilized:**

QGF mobilized a sum of Rs. 3.39 crore during the New Fund Offer (NFO) period from 308 Unitholders. An additional amount

**Schemes of Quantum Mutual Fund**

Quantum Mutual Fund (“the Fund”) launched its first scheme “Quantum Long-Term Equity Fund”(QLTEF) – an open ended equity scheme, on February 8, 2006.

of Rs. 0.25 crore was raised after the NFO till March 31, 2008 at the prevailing NAV. As on March 31, 2008, QGF’s net collection was a sum of Rs.3.64 crores from 638 Unitholders.

**Performance:**

We give below the performance of QGF vis-a-vis, the price of gold since allotment and since the listing date.

	QGF	Benchmark (Price of gold)
Allotment Price (22nd Feb 2008) (Rs.)	592.8748	618.0146
Nav on listing (28th Feb 2008) (Rs.)	615.2035	622.6586
Nav on 31st March, 2008 (Rs.)	604.4464	612.3618
Returns since allotment (22nd Feb 2008 - 31st March 2008)	1.9518%	-0.9147%
Returns since Listing (28th Feb 2008 - 31st March 2008)	-1.7485%	-1.6537%

*Past performance may or may not be sustained in future.*

**Investment Objective, Strategy and Process of QIF**

The principal investment objective of the scheme is to invest in stocks of companies comprising S&P CNX Nifty Index and endeavour to achieve returns equivalent to Nifty by following the “passive” investment. The scheme is managed by replicating the index in the same weightage as in the S&P CNX Nifty-Index with the intention of minimising the performance differences between the scheme and the S&P CNX-Nifty Index in capital terms, subject to market liquidity, costs of trading, management expenses and other factors which may cause tracking error. The scheme alters the scrips/weights as and when the same are altered in the S&P CNX-Nifty Index. Subject to investing at least 90% of its total assets in the stocks of its Underlying Index, the Fund has the flexibility to invest its other assets in Money Market Instruments, CBLO, Corporate Debt Securities, Other Debt Instruments, including Mibor linked instruments, Securitised Debt Instruments, and Liquid Schemes of Mutual Funds.

The objective of the scheme is to generate returns that are commensurate with the performance of the Nifty, subject to tracking errors.

The Scheme tracks S&P CNX Nifty and is a passively managed scheme. The investment decisions are determined as per the S&P CNX Nifty. Unlike other Funds, the Scheme does not try to "beat" the markets they track and does not seek temporary defensive positions when markets decline or appear over valued. The AMC does not make any judgments about the investment merit of a particular stock or a particular industry segment nor does it attempt to apply any economic, financial or market analysis. Indexing eliminates active management risks in regard to over / underperformance vis-à-vis a benchmark. In case of any change in the index due to corporate actions or change in the constituents of S&P CNX Nifty (as communicated by IISL), relevant investment decisions are taken considering such changes.

The allotment of Units was made on July 10, 2008.

#### Investment Objective, Amount Mobilized and Performance of QLTEF & QLF the existing schemes of the Fund:

##### Quantum Long Term Equity Fund (QLTEF)

The investment objective of QLTEF is to achieve long-term capital appreciation by investing primarily in shares of companies that are typically included in the BSE 200 index and are in a position to benefit from the anticipated growth and development of the Indian economy and its markets. The resources of the scheme have been invested in line with this investment objective.

The net amount mobilized by QLTEF till March 31, 2007 was Rs. 27.51 Crore from 1565 Unitholders. As on March 31, 2008, the Fund had collected a sum of Rs.31.98 crore from 1,833 Unitholders.

The performance of QLTEF upto March 31, 2008 is given below:

Period	Returns (%)	Benchmark Returns – BSE 30 -TRI (%)
Since Inception *	16.64	22.40
Last 1 Year **	19.62	21.70

*Past performance may or may not be sustained in future.*

\*Compounded Annualised Returns

\*\*Absolute Returns

Returns are for Growth Plan

Benchmark Index: BSE 30 Total Return Index

Date of Inception: March 13, 2006

##### Quantum Liquid Fund (QLF)

The Investment objective of QLF is to provide optimal returns with low to moderate levels of risks and high liquidity through

judicious investments in money market and debt instruments. The resources of the scheme have been invested in line with this investment objective.

The net amount mobilized by QLF till March 31, 2007 was Rs. 29.32 Crore from 111 Unitholders. As on March 31, 2008, the Fund had collected a sum of Rs. 41.22 crore from 131 Unitholders.

The performance of QLF upto March 31, 2008 is given below:

Period	Returns (%)	Benchmark Returns (%)
Since Inception *	7.40	6.83
Last 1 Year **	7.79	7.54

*Past performance may or may not be sustained in future.*

\*Compounded Annualised Returns

\*\*Absolute Returns

Returns are for Growth Plan

Benchmark Index: -CRISIL Liquid Index

Date of Inception : April 7, 2006

##### Direct Marketing:

Quantum Mutual Fund is dedicated to service its investors in every way and continues to adopt a unique method of directly marketing its schemes through the internet and other cost-effective means and does not follow the traditional distribution led marketing approach. By dealing directly with the investor and adopting a low-cost marketing approach, the Fund saves money by eliminating commissions and trail commissions, and minimizing other expenses, that are normally borne by investors. The Fund believes in directly marketing its schemes and keeping the costs low, as a result of which maximum proportion of the amount subscribed by the Investor gets invested.

Your Fund is the first and the only one in the industry that exclusively follows this unique direct marketing approach and has received wide media coverage and appreciation for its efforts to collect assets without appointing intermediaries.

##### Investor Services:

The Fund's initiative to continuously educate the general investor community and to consider investor's interest as prime has been appreciated by one and all.

At Quantum Mutual Fund, our constant endeavour is to educate and update the investor and to offer the investor a high degree of convenience, through effective use of technology. With the objective of making the investors' investment experience with Quantum a satisfying one, we provide various facilities such as:

##### Online Investment

▶▶ Our website ([www.QuantumAMC.com](http://www.QuantumAMC.com)) provides on-line

access to Quantum Direct, our monthly news letter introduced in November 2006. Quantum Direct contains topical articles, the monthly fact sheet and comprehensive relevant information. Our web-site also provides various online tools that allow easy navigation. It also provides online investment facility, in case of QLTEF & QLF making the investment process simpler and easier for the investor.

**ECS**

- ▶▶ Investors can invest in QLTEF & QLF through the Systematic Investment Plan (SIP) route via ECS (Electronic Clearing Service). This means that the investor does not have to issue post-dated cheques for investment through SIP. A one-time debit instruction to his bank would suffice.

**Direct Credit Facility**

- ▶▶ With a view to enhancing customer convenience, the Fund provides Direct Credit facility (for direct credit of redemption and dividend proceeds) wherever the investor's bank is using NEFT or RTGS platform of RBI.
- ▶▶ The Fund has designated eight branches of Karvy Computershare Private Limited to act as its Investor Service Centre. These branches are located across all major cities i.e., Mumbai, Delhi, Kolkatta, Bangalore, Chennai, Ahmedabad, Hyderabad and Pune.

**Market Outlook**

**QUANTUM LONG TERM EQUITY FUND (QLTEF)**

The year 2008 turned out to be very volatile for equity markets. After touching an all time high of 20,873, the Sensex ended 25% lower on 31<sup>st</sup> March 2008 at 15,644. Last 3 months of the year saw worsening global financial markets, and later on, crude and inflation concerns gripped the market.

We remain positive on the equity markets going ahead. As market moved from a bull to bear phase, there are good opportunities to pick stocks having good long term potential at decent prices. Corporate India is showing a healthy earnings growth despite a number of headwinds such as slowing growth and rising interest rates. This makes us optimistic about the returns that can be generated from equities in the future.

**QUANTUM LIQUID FUND (QLF)**

The year 2008 was eventful in many ways for the debt market. Bond yields moved in a wide band due to the volatility in the system liquidity created by the excess capital flows and the RBI intervention. The RBI raised the CRR by 150 bps in the fiscal to manage the liquidity position but despite the strong growth momentum and signs of over heating did not raise the repo rate even once due to the seemingly low inflation.

However, with inflation starting to rise in late 2007 and early 2008 bond yields started to inch upwards on tighter monetary action by the RBI. Also, domestic liquidity started to tighten since January with the sharp reversal of FII flows due to the

global risk aversion. Even the rupee, which had appreciated by 12% during the year, shed some gains by the end of the fiscal.

We expect inflation to rise higher in FY 09 and interest rates to rise accordingly, to check inflation and manage the inflationary expectations. We expect 1 year rates to rise above 11.0% in FY 09. Also, with the worsening fiscal deficit scenario, due to the oil subsidies and pay commission and higher interest rates due to high inflation, the outlook on bond yields is bearish. We expect 10 year bond yields to rise above the 9.0% level. We also expect GDP growth to slow down due to high domestic interest rates and the due to the impact of a global slowdown led by a US recession.

**QUANTUM GOLD FUND (QGF)**

Gold prices have seen a significant jump over the last year. This increase in price can be attributed to heavy depreciation of the U.S currency. The fall out of the Sub prime crisis saw a sell off in the U.S dollar. Increase in crude oil prices and other commodities boosted the appeal of precious metals as a hedge against inflation. Investors rushed into gold as risk aversion became the trend. Safe haven buying on account of geopolitical worries also aided the rally.

The credit crisis seems to be far from over. We still see higher Crude oil prices. Economic growth is slowing down globally and inflation still been a concern. Geo political worries are far from over. U.S dollar may continue its downtrend. Amidst all these, investment flows would likely continue in this safe haven asset. Fabrication demand and rising cost of production would ensure well defended floor price.

Investments in gold act like an insurance for the portfolio. Hence, it would be prudent to maintain allocation towards gold.

**Statutory Details**

Quantum Mutual Fund (QMF/the Fund) has been constituted in accordance with the provisions of the Indian Trust Act, 1882 and is registered as a Trust under the Indian Registration Act, 1908. QMF has also been registered with the Securities and Exchange Board of India (SEBI). Quantum Advisors Private Limited is the settlor and sponsor of QMF and has contributed a sum of Rs. 100,000/- (Rupees One Lakh only) for setting up the Fund. In terms of the Trust Deed dated 7<sup>th</sup> October, 2005, Quantum Trustee Company Private Limited ('Trustee Company') has been appointed as the Trustee of the Fund. The Trustee Company is responsible for holding the Trust property. The Trustee Company has appointed Quantum Asset Management Company Private Limited (Quantum AMC) as the Asset Management Company of QMF. Quantum AMC is required to manage the Fund's schemes in accordance with the offer document of the scheme and comply with the provisions of the Trust Deed and the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended from time to time. The Sponsor is not responsible or liable for any loss resulting from the

operations of the Fund beyond the initial contribution of Rs. 100,000/-. The Annual Results of the Fund have been approved by the Board of Directors of the Asset Management Company on September 23, 2008 and the Board of Directors of Trustee Company on September 25, 2008 respectively.

The price and redemption value of the units and income from them, can go up as well as down on account of fluctuations in the market value of the underlying investments.

On written request, present and prospective Unitholders/ Investors can obtain a copy of the Trust Deed, the Annual Report (at a price) and the text of the relevant Scheme.

#### Liabilities and Responsibilities of Trustees and Sponsors

The main responsibility of the Trustees is to safeguard the interests of the unitholders and inter-alia ensure that Quantum Asset Management Company Private Limited (Quantum AMC) functions in the interest of the investors and in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, the provisions of the Trust Deed and the Offer Document of the scheme. From the information provided to the Quantum Trustee Company Private Limited and the reviews it has undertaken, the Directors of the Trustee Company believe that Quantum AMC has been conducting the operations of Quantum Mutual Fund in the interest of the unitholders and in accordance with the applicable regulatory requirements.

#### Annual Results

The Balance Sheet as on March 31, 2008 and the Revenue Account for the year ended March 31, 2008 in respect of QLTEF, QLF and QGF, the existing three schemes of Quantum Mutual Fund as on March 31, 2008 are annexed to this report.

#### Acknowledgement

The Directors of the Trustee Company wish to thank the unitholders of QLTEF, QLF, QGF and QIF for their encouraging response to the schemes and the Securities and Exchange Board of India (SEBI) as well as the Association of Mutual Funds in India (AMFI) for the valuable guidance provided by them. The Directors also appreciate the services and support provided by all concerned including the Registrar and Transfer Agents, Custodians, Bankers and Quantum Asset Management Company Private Limited.

For and on behalf of the Board of Directors of

**Quantum Trustee Company Private Limited**

**Jagdish Capoor**  
Chairman

Date: September 25, 2008

Place: Mumbai

*Encl.: Audited Accounts and Auditors Report*

QUANTUM

MUTUAL FUND  
Profit with Process

**AUDITORS' REPORT**

**TO**  
**THE BOARD OF TRUSTEES OF**  
**QUANTUM TRUSTEE COMPANY PRIVATE LIMITED**

We have audited the attached Balance Sheet of the Scheme '**Quantum Long - Term Equity Fund**' of **Quantum Mutual Fund** as at 31<sup>st</sup> March, 2008, the Revenue Account and Cash Flow Statement of the Scheme for the year ended 31<sup>st</sup> March, 2008 and report thereon as follows:

- a) The Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996. These financial statements are the responsibility of the Managements of the Trustee and the Asset Management Companies.
- b) Our audit was conducted in accordance with the generally accepted auditing standards in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Financial Statements. We believe that our audit provides a reasonable basis for our opinion.
- c) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.

- d) The Balance Sheet, the Revenue Account and Cash Flow Statement dealt with by this report are in agreement with the books of account of the Scheme.
- e) Non-traded securities have been valued in accordance with the guidelines notified by the Securities and Exchange Board of India. In our opinion, these valuations are fair and reasonable.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with Notes to the Accounts, give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) in the case of the Balance Sheet, of the state of affairs of the Scheme as at 31<sup>st</sup> March, 2008,
  - (ii) in the case of the Revenue Account, of the Surplus of the Scheme for the year ended 31<sup>st</sup> March, 2008 and
  - (iii) in the case of the Cash Flow Statement, the flow of cash for the year ended 31<sup>st</sup> March, 2008.

For **HARIBHAKTI & CO.**  
**Chartered Accountants**

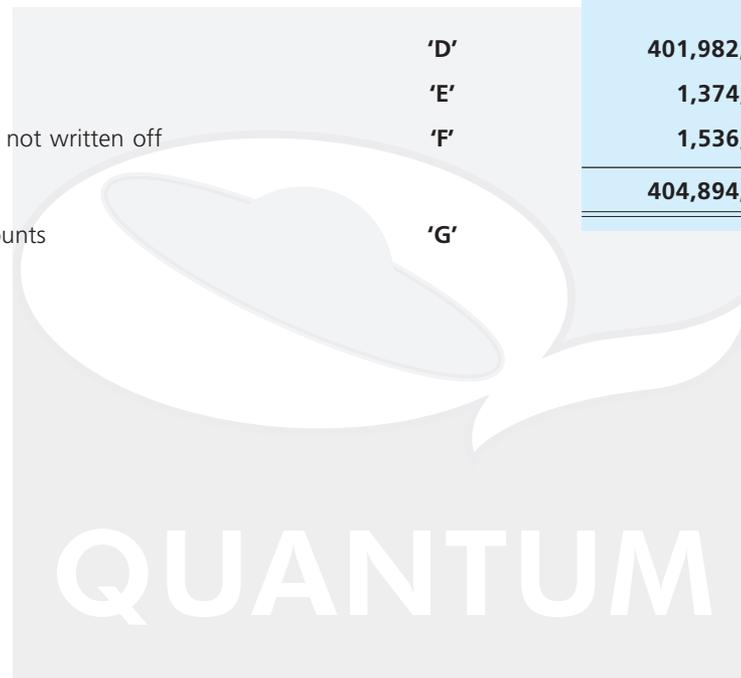
**CHETAN DESAI**  
**Partner**  
 Membership No.17000

Place : Mumbai  
 Date : September 25, 2008

M U T U A L F U N D  
**Profit with Process**

**QUANTUM LONG-TERM EQUITY FUND**  
**BALANCE SHEET AS AT 31ST MARCH, 2008**

	Schedule	March 31, 2008 Amount (Rs.)	March 31, 2007 Amount (Rs.)
<b>LIABILITIES</b>			
Unit Capital	'A'	292,924,370	265,527,843
Reserves and Surplus	'B'	108,887,503	39,011,472
Current Liabilities and Provisions	'C'	3,082,199	1,464,450
<b>Total</b>		<b>404,894,072</b>	<b>306,003,765</b>
<b>ASSETS</b>			
Investments	'D'	401,982,689	299,249,677
Other Current Assets	'E'	1,374,907	4,677,928
Deferred Revenue Expenses not written off	'F'	1,536,476	2,076,160
<b>Total</b>		<b>404,894,072</b>	<b>306,003,765</b>
Notes forming part of Accounts	'G'		



M U T U A L F U N D  
**Profit with Process**

**For Haribhakti & Co.**

**Chetan Desai**

Partner

Membership No: 17000

**For Quantum Trustee Company Pvt. Ltd.**

**Mr. Jagdish Capoor**  
(Chairman)

**Mr. Hormazdiyaar S. Vakil**  
(Director)

**For Quantum Asset Management  
Company Private Limite**

**Mr. Ajit Dayal**  
(Chairman)

**Mr. I.V. Subramaniam**  
(Director)

**Mr. Devendra Nevgi**  
(CEO & CIO)

**Mr. Atul Kumar**  
(Fund Manager)

Place : Mumbai

Date : September 25, 2008

**QUANTUM LONG-TERM EQUITY FUND  
REVENUE ACCOUNT FOR THE YEAR ENDED 31st March, 2008**

Schedule	March 31, 2008 Amount (Rs.)	March 31, 2007 Amount (Rs.)
<b>INCOME</b>		
Dividend	5,764,603	3,058,804
Interest	1,157,278	1,930,435
Profit on sale / redemption of investments (Other than inter-scheme transfer / sale)	59,286,341	11,558,995
<b>Total</b>	<b>66,208,222</b>	<b>16,548,234</b>
<b>EXPENSES AND LOSSES</b>		
Management fees	4,356,176	2,938,995
Trustee expenses	1,055,893	258,225
Marketing & Selling Expenses	1,658,108	3,784,595
Audit fees	168,720	168,360
Custodian fees	551,526	640,093
Registrar & Transfer Agent's fees	1,179,196	1,102,503
Insurance Premium	248,310	271,673
Other operating expenses	780,485	391,196
Preliminary Expenses Written Off	539,683	539,510
<b>Total</b>	<b>10,538,097</b>	<b>10,095,150</b>
<b>Less: Excess of Expenditure over permissible limit recovered from AMC</b>	<b>149,201</b>	<b>3,644,293</b>
	<b>10,388,896</b>	<b>6,450,857</b>
Net Surplus / (Deficit) for the period	<b>55,819,326</b>	<b>10,097,377</b>

**APPROPRIATION ACCOUNT FOR THE YEAR ENDED 31st March, 2008**

Schedule	March 31, 2008 Amount (Rs.)	March 31, 2007 Amount (Rs.)
Net Surplus brought forward from previous year	10,060,172	(37,205)
Net Surplus / (Deficit) for the period	55,819,326	10,097,377
<b>TOTAL</b>	<b>65,879,498</b>	<b>10,060,172</b>
<b>Net Available Surplus</b>	<b>65,879,498</b>	<b>10,060,172</b>
<b>Net Surplus / ( Deficit ) carried forward</b>	<b>65,879,498</b>	<b>10,060,172</b>
Notes forming parts of Accounts	G	

**For Haribhakti & Co.**

**Chetan Desai**

Partner

Membership No: 17000

**For Quantum Trustee Company Pvt. Ltd.**

**Mr. Jagdish Capoor**  
(Chairman)

**Mr. Hormazdiyaar S. Vakil**  
(Director)

**For Quantum Asset Management  
Company Private Limite**

**Mr. Ajit Dayal**  
(Chairman)

**Mr. I.V. Subramaniam**  
(Director)

**Mr. Devendra Nevgi**  
(CEO & CIO)

**Mr. Atul Kumar**  
(Fund Manager)

Place : Mumbai

Date : September 25, 2008

**QUANTUM LONG-TERM EQUITY FUND**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2008**

	2008	2007
<b>A. Cash Flow From Operating Activity</b>		
Surplus for the year	55,819,326	10,097,377
<b>Adjustment for</b>		
(Increase)/ Decrease in investment at cost	(101,020,039)	(170,528,280)
(Increase)/ Decrease in other current assets	1,875,008	(2,011,937)
Increase/ (Decrease) in other current liabilities	1,617,751	(1,291,507)
(Increase)/ Decrease in Preliminary Expenses	-	(45,671)
Preliminary Expenses w/off	539,683	539,510
<b>Net cash generated from / (used in) operations (A)</b>	<b>(41,168,271)</b>	<b>(163,240,508)</b>
<b>B. Cash flow from financing Activities</b>		
Increase /(Decrease) in Unit Capital	27,396,526	155,178,878
Increase /(Decrease) in Unit Premium	11,927,082	9,421,400
<b>Adjustments for</b>		
(Increase) / Decrease in Sundry debtors for units issued to investors	229,178	(95,419)
Load collected during the year	416,650	52,340
<b>Net cash (used in) / generated from financing activity (B)</b>	<b>39,969,436</b>	<b>164,557,199</b>
<b>Net Increase / (Decrease) in cash and cash equivalents (A+B)</b>	<b>(1,198,835)</b>	<b>1,316,691</b>
Cash and cash Equivalents as at the beginning of the year	1,858,305	541,614
Cash and cash Equivalents as at the close of the year	659,470	1,858,305
<b>Components of Cash and Cash Equivalents</b>		
Balance with Bank in current accounts	659,470	1,858,305
Deposit with schedule banks	-	-
	<b>659,470</b>	<b>1,858,305</b>

For Haribhakti & Co.

**Chetan Desai**

Partner

Membership No: 17000

For Quantum Trustee Company Pvt. Ltd.

**Mr. Jagdish Kapoor**  
(Chairman)

**Mr. Hormazdiyaar S. Vakil**  
(Director)

For Quantum Asset Management  
Company Private Limite

**Mr. Ajit Dayal**  
(Chairman)

**Mr. I.V. Subramaniam**  
(Director)

**Mr. Devendra Nevgi**  
(CEO & CIO)

**Mr. Atul Kumar**  
(Fund Manager)

Place : Mumbai

Date : September 25, 2008

QUANTUM LONG-TERM EQUITY FUND  
SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2008

	Units	31st March, 2008 Amount (Rs.)	Units	31st March, 2007 Amount (Rs.)
<b>SCHEDULE 'A'</b>				
<b>UNIT CAPITAL</b>				
<b>(Face Value of Rs. 10 Each)</b>				
Unit Capital (Opening Balance)	26,552,784	265,527,844	11,034,897	110,348,966
Add : Subscription during the period	4,050,303	40,503,028	15,649,177	156,491,774
Less : Redemption during the period	1,310,650	13,106,502	131,290	1,312,897
<b>Unit Capital (Closing Balance)</b>	<b>29,292,437</b>	<b>292,924,370</b>	<b>26,552,784</b>	<b>265,527,843</b>
<b>SCHEDULE 'B'</b>				
<b>Reserves &amp; Surplus</b>				
<b>Unit Premium</b>				
Opening Balance		9,478,164		56,764
Add\Less:Net Additions\Deduction) during the period		11,927,082		9,421,400
<b>Closing Balance</b>		<b>21,405,246</b>		<b>9,478,164</b>
<b>UNREALISED APPRECIATION IN THE VALUE OF INVESTMENTS</b>				
Opening Balance		19,420,796		2,506,857
Add: Net change during the year		1,712,973		16,913,939
		<b>21,133,769</b>		<b>19,420,796</b>
<b>Appropriation Account</b>				
Load Collected		468,990		52,340
Surplus/Deficit carried forward		65,879,498		10,060,172
<b>Total Reserves &amp; Surplus</b>		<b>108,887,503</b>		<b>39,011,472</b>
<b>SCHEDULE 'C'</b>				
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>				
Management Fees Payable		873,671		910,263
Trustee Fees Payable		452,743		77,877
Audit Fees Payable		149,444		158,915
Custody Fees Payable		70,644		135,920
Registrar Fees Payable		344,251		161,911
Other Expense Payable		843		-
Other payables		158,034		19,564
Payable to AMC		1,032,569		-
<b>Total</b>		<b>3,082,199</b>		<b>1,464,450</b>

**QUANTUM LONG-TERM EQUITY FUND**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2008**

	31st March, 2008	31st March, 2007
<b>SCHEDULE 'D'</b>		
<b>INVESTMENTS</b>		
Equity	392,145,726	288,973,924
Units of Mutual Fund	4,088,293	5,485,426
Investment in CBLO	5,748,670	4,790,327
<b>Total</b>	<b>401,982,689</b>	<b>299,249,677</b>
<b>SCHEDULE 'E'</b>		
<b>OTHER CURRENT ASSETS</b>		
Balances with Banks in Current Account, including cheques on hand	659,470	1,858,305
Outstanding and Accrued Income	214,728	12,337
Subscription Receivable (other than Inter Scheme)	164,500	129,178
Switch in Receivable	-	264,500
Interscheme Receivable	242,575	-
Receivable from AMC	-	2,408,688
Receivable (Others)	-	4,920
Prepaid Insurance Premium	93,634	-
	<b>1,374,907</b>	<b>4,677,928</b>
<b>SCHEDULE 'F'</b>		
Miscellaneous Expenditure Not Written off	1,536,476	2,076,160
<b>Total</b>	<b>1,536,476</b>	<b>2,076,160</b>

MUTUAL FUND  
**Profit with Process**

**SCHEDULE 'G'**

**1. ORGANISATION**

Quantum Long Term Equity Fund ("the Scheme") is an open-ended growth scheme of Quantum Mutual Fund and was launched on February 8, 2006. Quantum Mutual Fund ('QUANTUM') has been sponsored by Quantum Advisors Private Ltd. Quantum Asset Management Company Private Limited incorporated under the Companies Act, 1956 has been appointed as the Asset Management Company. The duration of the scheme is perpetual. The Scheme closed for initial subscription on February 25, 2006 and is currently open for ongoing subscription.

In accordance with the Securities and Exchange Board of India ("SEBI") (Mutual Funds) Regulations, 1996 ('the SEBI Regulations'), the Board of Directors of Quantum Trustee Company Private Limited ('the Trustee') has appointed Quantum Asset Management Company Private Limited ('the AMC') to manage the Fund's affairs and operate its Schemes. The investment objective of the Scheme is to achieve long-term capital appreciation. The Scheme offers its investors a Dividend Plan and Growth Plan (collectively 'the Plans').

**2. SIGNIFICANT ACCOUNTING POLICIES**

**(2.1) BASIS OF ACCOUNTING**

The scheme maintains its books of account on an accrual basis. These financial statements have been prepared in accordance with the accounting policies and standards specified in the ninth schedule of Securities and Exchange Board of India (Mutual Fund) Regulation, 1996 ( the "Regulation") and amendments thereto as applicable.

**(2.2) INVESTMENTS**

Investments are accounted on the trade date. The Scheme uses the average cost method for determining the realized gain or loss on sale of investments. In case of interest bearing securities though investments are accounted on the trade date, interest accrues from the settlement date. However, the effect of all investments traded during the financial year is recorded and reflected in the financial statements for that year. The cost of investments includes cost of acquisition, brokerage and stamp duty, if any.

Rights/Bonus entitlements, if any, are accounted on ex-right/ex-bonus date of the principal stock exchange.

**(2.3) PORTFOLIO VALUATION**

Investments are stated at market / fair value at the Balance Sheet date / date of determination. The net asset value of the units of the scheme is determined

separately for the units issued under the Plans in valuing the Scheme's investments.

- I. Equity securities listed on a recognized stock exchange are valued at the last quoted closing price on Mumbai Stock Exchange (BSE) on which the security is traded. If on a particular valuation day a security is not traded on BSE the value at which it is traded on the National Stock Exchange (NSE) of India is used. If no sale is recorded at that time the last quoted closing price of the Mumbai Stock Exchange is used when it is not more than thirty days prior to the valuation date.
- II. Non traded and thinly traded equity securities including those not traded within thirty days prior to valuation date are valued at fair value as determined in good faith by Quantum Asset Management Company Private Limited under a procedure that is approved by the trustee of Quantum Mutual Fund in accordance with the provision contained in the Eight Schedule of the SEBI (MF) regulations read with guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by the Securities and Exchange Board of India (SEBI)
- III. Privately placed equity securities are valued at fair value as determined in good faith by Quantum Asset Management Company Private Limited under a procedure that is approved by the Trustee of Quantum Mutual Fund in accordance with the guidelines for valuation of unlisted equity securities for mutual fund dated May 9, 2002 issued by SEBI.
- IV. Equity Securities awaiting listing are valued at fair value as determined in good faith by Quantum Asset Management Company Private Limited under a procedure that is approved by the Trustee of Quantum Mutual Fund.
- V. Debt Securities listed on a recognized stock exchange are valued at the last quoted closing price on the principal exchange on which the security is traded. If no sale is reported at that time such security is valued at fair value as determined in good faith by Quantum Asset Management Company Private Limited under a procedure that is approved by the Trustee of Quantum Mutual Fund.
- VI. Non traded and thinly traded debt securities are valued at fair value as determined in good faith by Quantum Asset Management Private Company Limited under a procedure that is

approved by the Trustee of Quantum Mutual Fund in accordance with the provision contained in the Eight Schedule of the SEBI (MF) regulations read with guidelines for valuation of securities for mutual funds dated September 18, 2000 and subsequent amendments thereto, as applicable, issued by SEBI.

- VII. Privately placed debt securities are valued at fair value as determined in good faith by Quantum Asset Management Company Private Limited under a procedure that is approved by the Trustee of Quantum Mutual Fund.
- VIII. Money market instrument are valued at cost plus accrued interest, traded money market securities are valued at the yield at which they are traded on the valuation date. If no sale is reported at that time, such security is valued at the last traded price plus accretion of the difference between the face value and the last traded price. Non traded money market instruments are valued at cost plus accrued interest.
- IX. Instruments bought on 'repo' basis are valued at the resale price after deduction of applicable interest upto the date of resale.
- X. There were no investments recognized as Non-performing Assets (NPAs), as on March 31, 2008. An Investment is regarded as non-performing, if the interest and/or principal amount has not been received or remains outstanding for one quarter from the day such income or installment has fallen due.
- XI. The above policies are followed by the Fund as and when applicable.
- XII. Following the issue of the guidance note on accounting for investment in the financial statements of mutual funds by The Institute of Chartered Accountant of India (pursuant to the Eleventh Schedule of the Regulation) net unrealized appreciation/depreciation in the value of investments is determined separately for each category of investments. Further the change in net unrealized appreciation/depreciation, if any between the two balance sheet dates/ date of determination is recognized in the Revenue Account. Unrealized appreciation is reduced from the distributable income at the time of distribution of income. At the end of this financial year, the balance in the revenue account including change in the net unrealised appreciation/depreciation in the value of investments is transferred to Reverse Fund.

Load collected is credited and added to reserves in the scheme.

#### (2.4) INVESTMENT INCOME

Interest income is recorded on an accrual basis. In respect of interest bearing instruments income has been accrued on a day to day basis as it is earned. Where fixed income securities are acquired at premium or discount to the redemption value, such premium or discount is amortized on a straight line basis over the period of redemption. Dividend income earned by the scheme has been recognised on the date the share is quoted on an ex-dividend basis. Profit/loss on sale of investment is accounted for in the year in which the contract for sale is entered into. The cost is calculated on the basis of weighted average cost of investment.

#### (2.5) NET ASSET VALUE FOR GROWTH/DIVIDEND PLANS

The net asset value of the units of the scheme is determined separately for units issued under the Growth/Dividend Plans.

For reporting the net asset value for the plans, daily income earned, including realized and unrealized gain or loss in the value of investments and expenses incurred by the Scheme are allocated to the Plans in proportion to the value of units outstanding.

#### (2.6) UNIT PREMIUM RESERVE

Upon issue and redemption of units, the net premium or discount to the face value of units is adjusted against the unit premium reserve of the Scheme, after an appropriate portion of the issue proceeds and redemption payout is credited or debited respectively to the dividend equalization reserve.

#### (2.7) INCOME EQUALIZATION RESERVE

The net distributable income relating to units issued/ repurchased is transferred to/from income equalization reserve for determining the net surplus/ deficit, transferred from/to unit premium reserve.

#### (2.8) CUSTODY FEES

HSBC Bank provides custodial services to the scheme for which it receives custody fees.

#### (2.9) INVESTMENT MANAGEMENT FEES

The Scheme has paid or provided for investment management fees payable to Quantum Asset Management Company Private Limited for managing the Scheme at a percentage of the average daily net asset values recorded by the Scheme, such that the investment manager fees chargeable to the Scheme does not exceeds 1.25% of the average daily net asset values recorded by the Scheme upto Rs.100 crores and 1% of the excess over Rs.100

crores. All costs, charges and expenses incurred by Quantum Asset Management Company Private Limited in the administration and execution of the activities of the Scheme, except costs allowed to be charged to the Scheme under the Securities and Exchange Board of India (Mutual Fund) Regulation, 1996 and amendments thereto, as applicable, are on their own account for which they receive investment manager fees.

**(2.10) TRUSTEE FEES**

Pursuant to the Trust Deed dated October 7, 2005 between Quantum Advisors Private Limited (Settlor) and Quantum Trustee Company Private Limited (Trustee) and the offer document of the scheme, the Fund is authorized to pay the Trustee a fee, for rendering service as a Trustee of the Fund, being a sum computed @ 0.11% per annum of the weekly net asset value of all the schemes of Quantum Mutual Fund put together on 1<sup>st</sup> April each year or Rs. 10 lac whichever is lower or such other sum as may be mutually agreed between the settler and the Trustee.

**(2.11) REGISTRAR & TRANSFER AGENT FEES**

Karvy Computershare Private Limited provides registrar and share transfer services to the scheme for which it receives registrar and share transfer fees.

**(2.12) INCOME TAX**

No Provision for taxation has been made as the schemes qualify as recognized mutual fund under section 10(23D) of the Income –Tax Act, 1961.

**(2.13) LOAD**

The load collected from the Unitholders will be credited to a separate account and is available to be offset against marketing expenses, Surplus lying in this account may be credited to the respective plans by the AMC whenever feel appropriate. A sum of Rs. 209,085.39 lying to the credit of load account on October 8, 2007 was transferred to Reserves of QLTEF on October 9, 2007. Thereafter the load collected on redemptions have been transferred to the Reserves of respective plans of QLTEF.

**3. NOTES ON ACCOUNTS**

**(1) PLANS**

The Scheme has two plans Growth Plan and Dividend Plan. A combined Balance Sheet and Revenue Account is prepared for the Scheme.

**(2) VALUE OF INVESTMENT AS ON MARCH 31, 2008**

The Cost and Market Value/ Fair Value of Investment as on March 31, 2008 is given below.

SR. NO.	SECURITIES	COST	MARKET VALUE RS.
1.	EQUITY	371,166,523	392,145,726
2.	CBLO	5,748,670	5,748,670
3.	LIQUID MUTUAL FUND UNITS	3,933,727	4,088,293
	<b>TOTAL</b>	<b>380,848,920</b>	<b>401,982,689</b>

**(3) NON PERFORMING INVESTMENTS**

Type of Investment	Carrying Value Amount (Rs.)	Market Value Amount (Rs.)	Provisions
NIL	NIL	NIL	NIL

**(4) NAV**

Net Asset Value (NAV per unit having a Face Value of Rs. 10) as on March 31, 2008

SCHEME	NAV (March 31, 2008)
Growth Plan	<b>13.72</b>
Dividend Plan	<b>13.71</b>

**(5) AGGREGATE APPRECIATION AND DEPRECIATION IN THE VALUE OF INVESTMENTS**

Aggregate appreciation and depreciation in value of investments as on March 31, 2008 is as follow

Particulars	March 31, 2008	March 31, 2007
<b>Equity Share</b>		
Unrealised Appreciation	61,910,438.80	30,466,100
Unrealised Depreciation	(40,931,235.54)	(11,316,746)
Net Unrealised Appreciation	20,979,203.26	19,149,354
<b>Mutual Fund</b>		
Unrealised Appreciation	154,565	271,441
Unrealised Depreciation	NIL	NIL
Net Unrealised Appreciation	154,565	271,441

**(6) AGGREGATE VALUE OF PURCHASE AND SALE OF INVESTMENTS MADE DURING THE YEAR**

Purchases (excluding Reverse repos, Call money & Fixed deposits) – Rs. 208,517,091

- As a percentage of average daily net assets is 52.83%

Sales / Redemptions (excluding Reverse repos, Call money & Fixed deposits) – Rs. 167,750,451

- As a percentage of average daily net assets 42.50%

#### (7) INCOME AND EXPENDITURE

The total income and expenditure and these amounts as a percentage of the Scheme's average daily net assets on an annualized basis are provided below:

##### Income

Amount Rs. 66,208,222.15

As a percentage of average daily net assets 16.78%

##### Expenditure

Amount (Excluding preliminary expenses w/off Rs. 539,683) Rs. 9,849,213.15

Recurring expenses 2.50%\*

Preliminary expenses written-off 0.14%\*

**Total 2.64%\***

\*As a percentage of average daily net assets

#### (8) INVESTMENT MANAGEMENT FEES

Investment Management Fees has been computed on the basis of Average Daily Net Assets of the

#### (12) MOVEMENT IN UNIT CAPITAL

Particulars	2007-08		2006-07	
	QTY.	Amount	QTY.	Amount
<b>Units of Rs. 10 each fully paid up</b>				
<b>Growth Plan</b>				
Opening	17,848,864.74	178,488,647.35	8,741,761.74	87,417,617.39
Issued during the period	2,326,255.05	23,262,550.50	9,219,855.17	92,198,551.66
Redeemed during the period	1,068,465.16	10,684,651.61	112,752.17	1,127,521.70
Outstanding at end of the period	19,106,654.63	191,066,546.24	17,848,864.74	178,488,647.35
<b>Dividend Plan</b>				
Opening	8,703,919.61	87,039,196.07	2,293,134.82	22,931,348.24
Issued during the period	1,724,047.83	17,240,478.33	6,429,322.35	64,293,223.53
Redeemed during the period	242,185.03	2,421,850.32	18,537.57	185,375.70
Outstanding at end of the period	10,185,782.41	101,857,824.08	8,703,919.60	87,039,196.07
<b>Grand Total</b>				
Opening	26,552,784.35	265,527,843.42	11,034,896.56	110,348,965.63
Issued during the period	4,050,302.88	40,503,028.83	15,649,177.52	156,491,775.19
Redeemed during the period	1,310,650.19	13,106,501.93	131,289.74	1,312,897.40
Outstanding at end of the period	29,292,437.04	292,924,370.32	26,552,784.34	265,527,843.42

Scheme accrued on a daily basis. Management Fees accrued during the period is Rs. 4,356,176/-

#### (9) AMMORTISATION

Initial Issue Expenses of Rs. 0.27 Crores is being amortised over a period of 5 years

Opening balance of Initial issue expense Rs. 2,076,159.72

Written off during the year Rs. 539,683.47

Balance carried forward to next year Rs. 1,536,476.25

#### (10) UTILISATION OF LOAD

Balance amount lying to the credit of the load account was utilized as per given below details. (Refer note 2.13)

Opening Balance as on 1<sup>st</sup> April 2007 Rs. 52,339.84

Load Collected during the year Rs. 416,649.90

Transferred to Reserve of the respective Plans Rs. 468,989.74

Closing Balance as on March 31, 2008 Rs. NIL

#### (11) CONTRACTS PENDING DELIVERY

There were no contracts for sale or purchase of securities pending delivery as on March 31, 2008.

**(13) DISCLOSURE UNDER REGULATIONS 25 (8) OF THE SEBI REGULATIONS – PAYMENTS OF FEES TO ASSOCIATE COMPANIES**

Professional Services of Quantum Information Services Ltd (QIS) an associate of Quantum Asset Management Company Private Limited (AMC) were utilized by the scheme during the year and sum of Rs. 252,810/- was paid to QIS, by the scheme

investment in group companies during the year ended March 31, 2008.

**(15) ACCOUNTING POLICY**

There is no change in the accounting policy during the year ended March 31, 2008.

**(14) INVESTMENTS IN GROUP COMPANIES**

Quantum Long Term Equity Fund has made NIL

**(16) LARGE HOLDINGS**

Unit holders holding over 25% of the Scheme's NAV is NIL as on March 31, 2008.

**(17) DISCLOSURE UNDER REGULATION 25(11) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (MUTUAL FUNDS) REGULATIONS, 1996 AS AMENDED**

Company Name	Scheme invested in by the Company and % of NAV of Scheme		Purchases made during the period prescribed under Regulation 25(11)*			Holdings as on March 31, 2008 (Rs. In lacs)	
	as on date of investment	as on March 31, 2008	Investing Scheme	Asset Type	At cost (Rs. in lacs)	At cost	At Market/Fair Value
Shriram Transport	34.06%	Nil	QLF	Commercial Paper	598.15	Nil	Nil
	-	Nil	QLF	Non convertible Debenture	500.00	Nil	Nil

\*period prescribed under Regulation 25(11) is the period starting one year before and ending one year after the date of investment made in the Schemes by the Investor Company.

The above company is not associated with the sponsor or the AMC.

**(18) SUPPLEMENTARY INVESTMENT PORTFOLIO INFORMATION AND INDUSTRYWISE CLASSIFICATION**

Details of investment portfolio and industry wise classification of the Scheme's investments in each category of investments at March 31, 2008, are presented below. The industry and company exposures are stated as a percentage of the Scheme's net assets as at March 31, 2008, and as a percentage of the aggregate investments in each investment category.

Sr.No.	Name of Instrument	Industry Classification	Quantity	Amount (Rs. Lakhs)	% to Inv. Category	% to Net Asset
<b>EQUITY &amp; EQUITY RELATED</b>						
a)	<b>Listed /Awaiting listing on the Stock Exchange</b>					
1.	Gail (India) Ltd.	Gas	41,918	178.09	4.54%	
2.	ING Vysya Bank Ltd.	Banks	52,261	177.37	4.52%	
3.	Oil & Natural Gas Corporation Ltd.	Oil	17,525	171.98	4.39%	
4.	Housing Development Finance Corporation Ltd.	Finance	7,173	170.99	4.36%	
5.	Hindustan Unilever Ltd.	Consumer Non Durables	71,576	163.69	4.17%	
6.	HDFC Bank Ltd.	Banks	11,906	157.15	4.01%	
7.	Infosys Technologies Ltd.	Software	10,232	146.33	3.73%	
8.	Tata Consultancy Services Ltd.	Software	17,859	144.82	3.69%	
9.	State Bank Of India	Banks	8,752	139.93	3.57%	

Sr.No.	Name of Instrument	Industry Classification	Quantity	Amount (Rs. Lakhs)	% to Inv. Category	% to Net Asset
10.	Trent Ltd.	Retailing	25,735	135.13	3.45%	
11.	Maruti Suzuki India Ltd.	Auto	15,915	132.02	3.37%	
12.	Crompton Greaves Ltd.	Industrial Capital Goods	47,136	129.69	3.31%	
13.	Ranbaxy Laboratories Ltd.	Pharmaceuticals	28,545	125.24	3.19%	
14.	Bharat Petroleum Corporation Ltd.	Petroleum Products	30,203	124.21	3.17%	
15.	3I Infotech Ltd.	Software	126,209	122.68	3.13%	
16.	Container Corporation of India Ltd.	Transportation	7,025	121.42	3.10%	
17.	Indian Hotels Co Ltd.	Hotels	108,249	121.08	3.09%	
18.	Cummins India Ltd.	Industrial Products	34,000	108.05	2.76%	
19.	Zee Entertainment Enterprises Ltd.	Media & Entertainment	40,933	100.14	2.55%	
20.	Tata Tea Ltd.	Consumer Non Durables	12,120	99.91	2.55%	
21.	Hindustan Petroleum Corporation Ltd.	Petroleum Products	39,036	99.78	2.54%	
22.	Hero Honda Motors Ltd.	Auto	14,041	96.91	2.47%	
23.	Jet Airways (India) Ltd.	Transportation	17,265	96.05	2.45%	
24.	Bharti Airtel Ltd.	Telecom-Services	11,366	93.89	2.39%	
25.	Tata Motors Ltd.	Auto	13,661	85.17	2.17%	
26.	Tata Steel Ltd.	Ferrous Metals	11,920	82.62	2.11%	
27.	Dr. Reddy's Laboratories Ltd.	Pharmaceuticals	13,726	81.11	2.07%	
28.	Aventis Pharma Ltd	Pharmaceuticals	9,752	75.05	1.91%	
29.	Bharat Electronics Ltd	Industrial Capital Goods	6,931	73.26	1.87%	
30.	Raymond Ltd	Textile Products	23,800	70.84	1.81%	
31.	Aditya Birla Nuvo Ltd.	Textile Products	4,863	67.83	1.73%	
32.	Geometric Software Solutions Co. Ltd.	Software	112,637	58.18	1.48%	
33.	Arvind Mills Ltd.	Textile Products	123,561	46.64	1.19%	
34.	Bajaj Holdings & Investments Ltd.	Auto	4,800	33.19	0.85%	
35.	State Bank Of India RTS (01/2008) #	Banks	1,750	27.98	0.71%	
36.	Bajaj Auto Ltd-NEW SHARES*	Auto	4,800	22.06	0.56%	
37.	Bajaj Finserv Ltd*	Auto	4,800	21.36	0.54%	
38.	Indian Hotels Rights (02/2008)	Hotels	21,649	9.97	0.25%	
39.	Tata Steel (2% CCPS)	Ferrous Metals	8,940	9.5	0.24%	
40.	Indian Hotels Warrant*#	Hotels	10,824	0	0.00%	
41.	6% NCD INDIAN HOTELS CO LTD *#	Hotels	10,824.00	0.11	0.00%	
	<b>TOTAL</b>			<b>3,921.42</b>	<b>100.00%</b>	<b>97.97%</b>
b)	<b>Mutual Funds</b>					
	QLF-Growth Option		354,966.64	40.88		1.02%
	<b>TOTAL</b>			<b>40.88</b>		<b>1.02%</b>
c)	<b>Cash &amp; Equivalent</b>					
1.	CBLO / Reverse Repo Investments		57,500.00	57.49		1.44%
2.	Net Receivable / (Payables)			-23.67		-0.59%
3.	Cash Balance			6.59		0.00%
	<b>TOTAL</b>			<b>40.41</b>		<b>0.16%</b>
	<b>Grand Total</b>			<b>4,002.71</b>		<b>100.00%</b>

\* Unlisted Securities / Awaiting for Listing  
# Applications pending allotment

**(19) PRIOR PERIOD COMPARATIVES**

Previous year's figures have been regrouped/re-arranged where appropriate.

**(20) COPY OF TRUST DEED**

On written request, present and prospective unit holders/investors can obtain copy of the Trust Deed, the Annual Report (at a price) and the text of the relevant scheme.

**(21) BONUS**

No bonus has been declared by the Scheme during the year ended March 31, 2008.

**(22) BORROWING**

The scheme has not made any borrowing during the year ended March 31, 2008.

**(27) RELATED PARTY TRANSACTIONS**

The scheme has entered into transactions with various related parties. A list of the schemes related parties is given below. The information required in this regard in accordance with Accounting Standards 18 i.e. Related Party Disclosure issued by the ICAI and Regulation 25(8) of the SEBI Regulation is provided below.

**Related party relationships**

<b>Name</b>	<b>Description of relationship</b>
Quantum Advisors Pvt. Ltd.	Sponsor
Quantum Trustee Company Private Limited	Trustee
Quantum Information Services Private Limited	Associate
Helpyourngo.com India Private Limited	Associate
Equitymaster India Limited	Associate
Personalfn Insurance Services India Limited	Associate
Mymakaan.com Private Limited	Associate
Menlo Oak Ventures Investments	Associate
QIEF Management LLC	Associate
Equitymaster Agora Research Private Ltd.	Associate
Primary Real Estate Advisors Pvt. Ltd., Mumbai	Associate
Primary Real Estate Investments	Associate
Primary Real Estate Advisors Ltd., Mauratius	Associate
Quantum Equity Advisors Private Ltd.	Sponsor's Subsidiary

**Schemes of the Fund**

Quantum Liquid Fund

Quantum Gold Fund

**List of Key Managerial Persons**

**Names**

Devendra Nevgi

**(23) UNDERWRITING**

The scheme has not undertaken any underwriting obligation during the year ended March 31, 2008

**(24) DERIVATIVES**

The scheme has no exposure to derivative products, foreign securities, ADR's and GDR's.

**(25) ANNUAL REPORT REQUEST**

The unit holders, if they so desire, may request for the annual report of Quantum Asset Management Company Private Limited.

**(26) SEGMENT REPORTING**

As per disclosure requirement under Accounting Standard 17 on 'Segment Reporting' issued by ICAI the scheme operates only in one segment viz. to primarily generate returns, based on schemes' investment objective.

**Designation**

CEO of the AMC

Transaction, if any with the above mentioned related parties as defined under Accounting standard 18 and Regulation 25(8) of the SEBI Regulation are provided below:

Name of the related party	Nature of transactions	Year ended March 2008	Balance as at Mar 31, 2008	Year ended March 2007	Balance as at Mar 31, 2007
Quantum Asset Management Co. Pvt. Ltd.	Subscription	NIL		25,000,000.00	
	Redemption	NIL		NIL	
	Net Assets value of investment at balance sheet date		34,716,599.18		29,023,279.35
Quantum Long Term Equity Fund	Subscription	44,400,000.00		16,400,000.00	
	Redemption	46,500,000.00		11,587,000.00	
	Net Assets value of investment at balance sheet date		4,088,293.00		5,485,426.12



For and behalf of  
**Quantum Trustee Company Pvt. Ltd.**

**Mr. Jagdish Capoor**  
(Chairman)

**Mr. Hormazdiyaar S. Vakil**  
(Director)

Place : Mumbai  
Date : September 25, 2008

For and behalf of  
**Quantum Asset Management Company Private Limited**

**Mr. Ajit Dayal**  
(Chairman)

**Mr. I.V. Subramaniam**  
(Director)

**Mr. Devendra Nevgi**  
(CEO & CIO)

**Mr. Atul Kumar**  
(Fund Manager)

HISTORICAL PER UNIT STATISTICS

No.	Per Unit Particulars (Rupees)	As on March 31st 2008	As on March 31st 2007	As on March 31st 2006
	<b>Face Value</b>	<b>Rs.10/-</b>	<b>Rs.10/-</b>	<b>Rs.10/-</b>
(a)	Net Asset Value			
	i) Growth Plan	13.72	11.47	10.23
	ii) Dividend Plan	13.71	11.47	10.23
(b)	Gross Income broken up into the following components			
	i) income other than profit on sale of investment	0.24	0.19	0.04
	ii) income from profit on inter-scheme sales/transfer of investments			
	iii) income from profit on sale of investment to third party	2.02	0.44	0
	iv) transfer to revenue account from past years reserve	0	0	0
(c)	Aggregate of expenses, write-off, amortization and charges	0.35	0.24	0.04
(d)	Net Unrealised appreciation in value of investments	0.72	0.73	0.23
(e)	Net Income per unit	1.91	0.39	0
(f)	<b>i) Highest sale price per unit</b>			
	Growth Plan	17.43	12.77	10.23
	Dividend Plan	17.43	12.77	10.23
	<b>ii) Lowest sale price per unit</b>			
	Growth Plan	11.04	8.87	10.00
	Dividend Plan	11.04	8.87	10.00
	<b>iii) Highest repurchase price per unit</b>			
	Growth Plan	16.73	12.77	9.82
	Dividend Plan	16.73	12.77	9.82
	<b>iv) Lowest repurchase price per unit</b>			
	Growth Plan	10.60	10.36	9.60
	Dividend Plan	10.60	10.36	9.60
	Price earning ratio	N.A	N.A	N.A
(g)	Ratio of expenses to average net assets (excluding unrealized depreciation and amortization of deferred revenue expenditure)	2.50%	2.48%	2.50%
(h)	Ratio of gross income to average daily net assets	16.78%	6.93%	0.39%

## AUDITORS' REPORT

TO

**THE BOARD OF TRUSTEES OF  
QUANTUM TRUSTEE COMPANY PRIVATE LIMITED**

We have audited the attached Balance Sheet of the Scheme '**Quantum Liquid Fund**' of **Quantum Mutual Fund** as at 31<sup>st</sup> March, 2008, the Revenue Account and Cash Flow Statement of the Scheme for the year ended 31<sup>st</sup> March, 2008 and report thereon as follows:

- a) The Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996. These financial statements are the responsibility of the Managements of the Trustee and the Asset Management Companies.
- b) Our audit was conducted in accordance with the generally accepted auditing standards in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Financial Statements. We believe that our audit provides a reasonable basis for our opinion.
- c) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- d) The Balance Sheet, the Revenue Account and Cash Flow Statement dealt with by this report are in agreement with the books of account of the Scheme.
- e) Non-traded securities have been valued in accordance with the guidelines notified by the Securities and Exchange Board of India. In our opinion, these valuations are fair and reasonable.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with Notes to the Accounts, give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) in the case of the Balance Sheet, of the state of affairs of the Scheme as at 31<sup>st</sup> March, 2008,
  - (ii) in the case of the Revenue Account, of the Surplus of the Scheme for the year ended 31<sup>st</sup> March, 2008 and
  - (iii) in the case of the Cash Flow Statement, the flow of cash for the year ended 31<sup>st</sup> March, 2008.

For **HARIBHAKTI & CO.**  
**Chartered Accountants**

**CHETAN DESAI**  
**Partner**  
Membership No.17000

Place : Mumbai,  
Date : September 25, 3008

M U T U A L F U N D  
Profit with Process

**QUANTUM LIQUID FUND  
BALANCE SHEET AS AT 31st March, 2008**

	Schedule	March 31, 2008 Amount (Rs.)	March 31, 2007 Amount (Rs.)
<b>LIABILITIES</b>			
Unit Capital	'A'	186,267,475	29,36,70,784
Reserves and Surplus	'B'	17,236,670	63,75,906
Current Liabilities and Provisions	'C'	471,282	8,26,783
<b>Total</b>		<b>203,975,427</b>	<b>300,873,473</b>
<b>ASSETS</b>			
Investments	'D'	191,686,358	18,46,14,798
Deposits	'E'	10,000,000	11,20,00,000
Other Current Assets	'F'	2,289,069	42,58,675
<b>Total</b>		<b>203,975,427</b>	<b>300,873,473</b>
Notes forming part of Accounts	'G'		

**For Haribhakti & Co.**

**Chetan Desai**

Partner

Membership No: 17000

**For Quantum Trustee Company Pvt. Ltd.**

**Mr. Jagdish Capoor**  
(Chairman)

**Mr. Hormazdiyaar S. Vakil**  
(Director)

**For Quantum Asset Management  
Company Private Limited**

**Mr. Ajit Dayal**  
(Chairman)

**Mr. I.V. Subramaniam**  
(Director)

**Mr. Devendra Nevgi**  
(CEO & CIO)

**Mr. Arvind Chari**  
(Fund Manager)

Place : Mumbai

Date : September 25, 2008

M U T U A L F U N D  
Profit with Process

**QUANTUM LIQUID FUND**  
**REVENUE ACCOUNT FOR THE YEAR ENDED 31st March, 2008**

Schedule	March 31, 2008 Amount (Rs.)	March 31, 2007 Amount (Rs.)
<b>INCOME</b>		
Interest	15,104,471	11,550,738
Profit on sale / redemption of investments (Other than inter-scheme transfer / sale)	2,329,084	2,108,764
<b>Total</b>	<b>17,433,555</b>	<b>13,659,502</b>
<b>EXPENSES AND LOSSES</b>		
Management fees	351,348	426,370
Advt & Publication Expenses	304,777	817,860
Audit fees	42,697	56,120
Custodian fees	410,739	444,052
Registrar & Transfer Agent's fees	637,892	892,077
Other operating expenses	242,052	333,830
<b>Total</b>	<b>1,989,505</b>	<b>2,970,309</b>
<b>Less: Excess of Expenditure over permissible limit recovered from AMC</b>	<b>1,001,173</b>	<b>2,158,964</b>
	<b>988,332</b>	<b>811,345</b>
Net Surplus / (Deficit) for the period	<b>16,445,223</b>	<b>12,848,157</b>
<b>APPROPRIATION ACCOUNT FOR THE YEAR ENDED 31st March, 2008</b>		
<b>Schedule</b>		
Net Surplus brought forward from previous year	6,825,162	-
Net Surplus / (Deficit) for the period	16,445,223	12,848,157
<b>TOTAL</b>	<b>23,270,385</b>	<b>12,848,157</b>
<b>Net Available Surplus</b>	<b>23,270,385</b>	12,848,157
Less : Dividend distributed	6,196,481	5,006,570
Less : Dividend Distribution Tax	1,728,304	1,016,425
<b>Net Surplus / ( Deficit ) carried forward</b>	<b>15,345,600</b>	<b>6,825,162</b>
Notes forming parts of Accounts	G	

**For Haribhakti & Co.**

**Chetan Desai**  
Partner  
Membership No: 17000

**For Quantum Trustee Company Pvt. Ltd.**

**Mr. Jagdish Capoor**  
(Chairman)

**Mr. Hormazdiyaar S. Vakil**  
(Director)

**For Quantum Asset Management Company Private Limited**

**Mr. Ajit Dayal**  
(Chairman)

**Mr. I.V. Subramaniam**  
(Director)

**Mr. Devendra Nevgi**  
(CEO & CIO)

**Mr. Arvind Chari**  
(Fund Manager)

Place : Mumbai  
Date : September 25, 2008

**QUANTUM LIQUID FUND  
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2008**

	2008	2007
<b>A. Cash Flow From Operating Activity</b>		
<b>Surplus for the year</b>	<b>16,445,224</b>	12,848,157
<b>Adjustment for</b>		
(Increase)/ Decrease in investment at cost	<b>(7,071,560)</b>	(184,614,798)
(Increase)/ Decrease in other current assets	<b>1,518,136</b>	(3,572,587)
Increase/ (Decrease) in other current liabilities	<b>(355,500)</b>	826,782
Change in provision for net unrealised loss in value of investments	<b>(54,340)</b>	54,340
<b>Net cash generated from / (used in) operations (A)</b>	<b>10,481,960</b>	<b>(174,458,106)</b>
<b>B. Cash flow from financing Activities</b>		
Increase /(Decrease) in Unit Capital	<b>(107,403,309)</b>	293,670,784
Increase /(Decrease) in Unit Premium	<b>2,394,666</b>	(503,596)
<b>Adjustments for</b>		
Increase / (Decrease) in Sundry creditors for units redeemed by investors	-	-
(Increase) / Decrease in Sundry debtors for units issued to investors	<b>9,899</b>	-
Dividend paid during the year	<b>(7,924,785)</b>	(6,022,994)
<b>Net cash (used in) / generated from financing activity (B)</b>	<b>(112,923,529)</b>	<b>287,144,194</b>
<b>Net Increase / (Decrease) in cash and cash equivalents (A+B)</b>	<b>(102,441,569)</b>	<b>112,686,088</b>
Cash and cash Equivalents as at the beginning of the year	<b>112,686,088</b>	-
Cash and cash Equivalents as at the close of the year	<b>10,244,519</b>	<b>112,686,088</b>
<b>Components of Cash and Cash Equivalents</b>		
Balance with Bank in current accounts	<b>244,519</b>	<b>686,088</b>
Deposit with schedule banks	<b>10,000,000</b>	112,000,000
	<b>10,244,519</b>	<b>112,686,088</b>

**For Haribhakti & Co.**

**Chetan Desai**  
Partner  
Membership No: 17000

**For Quantum Trustee Company Pvt. Ltd.**

**Mr. Jagdish Capoor**  
(Chairman)

**Mr. Hormazdiyaar S. Vakil**  
(Director)

**For Quantum Asset Management Company Private Limited**

**Mr. Ajit Dayal**  
(Chairman)

**Mr. I.V. Subramaniam**  
(Director)

**Mr. Devendra Nevgi**  
(CEO & CIO)

**Mr. Arvind Chari**  
(Fund Manager)

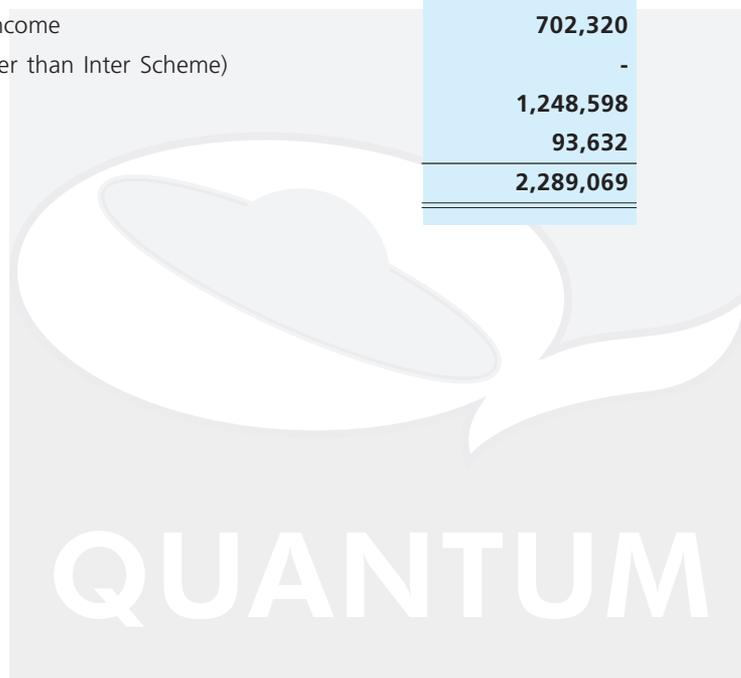
Place : Mumbai  
Date : September 25, 2008

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2008

	Units	31st March, 2008 Amount (Rs.)	Units	31st March, 2007 Amount (Rs.)
<b>SCHEDULE 'A'</b>				
<b>UNIT CAPITAL</b>				
<b>(Face Value of Rs. 10 Each)</b>				
Unit Capital (Opening Balance)	2 93 67 078	293,670,784		
Add : Subscription during Initial Offer period		-	13,372,000	133,720,000
Add : Subscription during the period	9 21 53 507	921,535,075	63,281,914	632,819,141
Less : Redemption during the period	10 28 93 838	1,028,938,384	47,286,836	472,868,357
<b>Unit Capital (Closing Balance)</b>	<b>1 86 26 747</b>	<b>186,267,475</b>	<b>29,367,078</b>	<b>293,670,784</b>
<b>SCHEDULE 'B'</b>				
<b>Reserves &amp; Surplus</b>				
<b>Unit Premium</b>				
Opening Balance		(503,596)		-
Add\Less) : Net Additions\ Deduction) during the period		2,394,666		(503,596)
<b>Closing Balance</b>		<b>1,891,070</b>		<b>(503,596)</b>
<b>UNREALISED APPRECIATION IN THE VALUE OF INVESTMENTS</b>				
Opening Balance		54,340		-
Add: Net change during the year		(54,340)		54,340
				<b>54,340</b>
<b>Appropriation Account</b>				
Surplus/Deficit carried forward		15,345,600		6,825,162
<b>Total Reserves &amp; Surplus</b>		<b>17,236,670</b>		<b>6,375,906</b>
<b>SCHEDULE 'C'</b>				
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>				
Management Fees Payable		46,608		126,342
Audit Charges Payable		37,859		52,972
Custody Fees Payable		67,970		116,782
Registrar Fees Payable		23,921		161,911
Other Payable		52,349		102,383
Switch Payable		-		264,500
Interscheme Payable		242,575		-
Dividend Payable		-		1,893
<b>Total</b>		<b>471,282</b>		<b>826,783</b>
<b>SCHEDULE 'D'</b>				
<b>INVESTMENTS</b>				
Corporate Debentures Listed / Awaiting Listing		90,000,000		60,000,000
Commercial Paper		29,598,960		48,677,140
Certificate of Deposit		48,492,859		49,389,400
Investment in CBLO		23,594,539		26,548,258
<b>Total</b>		<b>191,686,358</b>		<b>184,614,798</b>

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2008**

	Units	31st March, 2008 Amount (Rs.)	Units	31st March, 2007 Amount (Rs.)
<b>SCHEDULE 'E'</b>				
<b>DEPOSITS</b>				
Fixed Deposit with Schedule Banks		10,000,000		112,000,000
<b>Total</b>		<b>10,000,000</b>		<b>112,000,000</b>
<b>SCHEDULE 'F'</b>				
<b>OTHER CURRENT ASSETS</b>				
Balances with Banks in Current Account, including cheques on hand		244,519		686,088
Outstanding and Accrued Income		702,320		1,665,368
Subscription Receivable (other than Inter Scheme)		-		9,899
Receivable from AMC		1,248,598		1,897,320
Prepaid Insurance Premium		93,632		-
		<b>2,289,069</b>		<b>4,258,675</b>



M U T U A L F U N D  
**Profit with Process**

## SCHEDULE 'G'

## 1. ORGANISATION

Quantum Liquid Fund ("the Scheme") is an open-ended liquid scheme of Quantum Mutual Fund and was launched on April 3, 2006. Quantum Mutual Fund ('QUANTUM') has been Sponsored by Quantum Advisors Private Ltd. Quantum Asset Management Company Private Limited incorporated under the Companies Act, 1956 has been appointed as the Asset Management Company. The duration of the scheme is perpetual. The Scheme closed for initial subscription on April 4, 2006 and opened for ongoing subscription on April 10, 2006.

In accordance with the Securities and Exchange Board of India ("SEBI") (Mutual Funds) Regulations, 1996 ('the SEBI Regulations'), the Board of Directors of Quantum Trustee Company Private Limited ('the Trustee') has appointed Quantum Asset Management Company Private Limited ('the AMC') to manage the Fund's affairs and operate its Schemes. The investment objective of the Scheme is to provide optimal returns with low to moderate levels of risks and high liquidity through judicious investments in money market and debt instruments. The Scheme offers its investors a Growth Plan, Monthly Dividend Payout Plan and Daily Dividend Re-investment Plan (collectively 'the Plans').

## 2. SIGNIFICANT ACCOUNTING POLICIES

## (2.1) BASIS OF ACCOUNTING

The scheme maintains its books of account on an accrual basis. These financial statements have been prepared in accordance with the accounting policies and standards specified in the ninth schedule of Securities and Exchange Board of India ( Mutual Fund) Regulation, 1996 (the "Regulation") and amendments thereto as applicable.

## (2.2) INVESTMENT

Investments are accounted on the trade date. The Scheme uses the average cost method for determining the realized gain or loss on sale of investments. In case of interest bearing securities though investments are accounted on the trade date, interest accrues from the settlement date. However, the effect of all investment traded during the financial year is recorded and reflected in the financial statement for that year. The cost of investment includes cost of acquisition, brokerage and stamp duty, if any.

## (2.3) PORTFOLIO VALUATION

Investments are stated at market / fair value at the Balance Sheet date / date of determination. The net asset value of the units of the scheme is determined separately for the units issued under the Plans in valuing the Scheme's investments.

1. Debt securities listed on a recognized stock exchange are valued at the last quoted closing

price on the principal exchange on which the security is traded. If no sale is reported at that time, such securities are valued at fair value as determined in good faith by Quantum Asset Management Company Private Limited under procedure approved by the Board of Trustee of Quantum Mutual Fund.

2. Non-traded and thinly traded debt securities are valued at fair value as determined by Quantum Asset Management Company Private Limited under procedure approved by the Board of Trustee of Quantum Mutual Fund in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by the Securities and Exchange Board of India (SEBI).
3. Privately placed debt securities are valued at fair value as determined in good faith by Quantum Asset Management Company Private Limited under procedures approved by the Trustee of Quantum Mutual Fund.
4. Money market instruments are valued at cost plus accrued interest, traded money market security are valued at the yield at which they are traded on the valuation date. If no sale is reported at that time, such security is valued at the last traded price plus accretion of the difference between the face value and the last traded price. Non traded money market instrument are valued at cost plus accrued interest.
5. Instruments bought on 'repo' basis are valued at the resale price after deduction of applicable interest up to the date of resale.
6. There were no investments recognized as Non-performing Assets (NPAs), as on March 31, 2008. An investment is regarded as non-performing, if the interest and/or principal amount has not been received or remains outstanding for one quarter from the day such income or installment has fallen due.
7. The above policies are followed as and when applicable.

Following the issue of the guidance note on accounting for investment in the financial statements of mutual funds by The Institute of Chartered Accountant of India (pursuant to the Eleventh Schedule of the Regulation) net unrealized appreciation or depreciation in the value of investments is determined separately for each category of investments. Further the change in net unrealized appreciation or depreciation, if any between the two balance sheet dates/ date of determination is recognized in the Revenue Account. Unrealized

appreciation is reduced from the distributable income at the time of distribution of income. At the end of this financial year, the balance in the revenue account including change in the net unrealised appreciation or depreciation in the value of investments is transferred to Reverse Fund,

**(2.4) INVESTMENT INCOME**

Interest income is recorded on an accrual basis. In respect of interest bearing instruments income has been accrued on a day to day basis as it is earned.

Dividend income is recognized on the ex-dividend date

Where fixed income securities are acquired at premium or discount to the redemption value, such premium or discount is amortized on a straight line basis over the period of redemption.

Profit/loss on sale of investment is accounted for in the year in which the contract for sale is entered into. The cost is calculated on the basis of weighted average cost of investment.

**(2.5) NET ASSET VALUE FOR GROWTH / DIVIDEND PLANS**

The net asset value of the units of the scheme is determined separately for units issued under the Growth / Dividend Plans.

For reporting the net asset value for the plans, daily income earned, including realized and unrealized gain or loss in the value of investments and expenses incurred by the Scheme are allocated to the Plans in proportion to the value of units outstanding.

**(2.6) UNIT PREMIUM RESERVE**

Upon issue and redemption of units, the net premium or discount to the face value of units is adjusted against the unit premium reserve of the Scheme, after an appropriate portion of the issue proceeds and redemption payout is credited or debited respectively to the income equalization reserve. The unit premium reserve is available for dividend distribution except to the extent it is represented by unrealised net appreciation in value of investment.

**(2.7) CUSTODY FEES**

HSBC Limited provides custodial services to the scheme for which it receives custody fees.

**(2.8) INCOME EQUALIZATION RESERVE**

The net distributable income relating to units issued/ repurchased is transferred to/from income equalization reserve for determining the net surplus/ deficits, transferred from/to unit premium reserve.

**(2.9) INVESTMENT MANAGEMENT FEES**

The Scheme has paid or provided for investment management fees payable to Quantum Asset Management Company Private Limited for managing

the Scheme at a percentage of the average daily net asset values recorded by the Scheme, such that the investment manager fees chargeable to the Scheme does not exceeds 1.25% of the average daily net asset values recorded by the Scheme upto Rs.100 crores and 1% of the excess over Rs.100 crores. All costs, charges and expenses incurred by Quantum Asset Management Company Private Limited in the administration and execution of the activities of the Scheme, except costs allowed to be charged to the Scheme under the Securities and Exchange Board of India (Mutual Fund) Regulation, 1996 and amendments thereto, as applicable, are on their own account for which they receive investment manager fees.

**(2.10) TRUSTEE FEES**

Pursuant to the Trust Deed dated October 7, 2005 between Quantum Advisors Private Limited (Settlor) and Quantum Trustee Company Private Limited (Trustee) and the offer document of the scheme, the Fund is authorized to pay the Trustee a fee, for rendering service as a Trustee of the Fund, being a sum computed @ 0.11% per annum of the weekly net asset value of all the schemes of Quantum Mutual Fund put together on 1st April each year or Rs. 10 lac whichever is lower or such other sum as may be mutually agreed between the settler and the Trustee.

**(2.11) REGISTRAR & TRANSFER AGENT FEES**

Karvy Computershare Private Limited provides registrar and share transfer services to the scheme for which it receives registrar and share transfer fees.

**(2.12) INCOME TAX**

No Provision for taxation has been made as the scheme qualifies as a recognized mutual fund under section 10(23D) of the Income –Tax Act, 1961.

**3. NOTES TO ACCOUNTS**

**(1) PLANS**

The scheme has three plans: Growth Plan, Daily Dividend Re-Investment Plan and Monthly Dividend Payout Plan. A Combined Balance Sheet and Revenue Account are prepared for the Scheme.

**(2) VALUE OF INVESTMENT AS ON MARCH 31, 2008**

The Cost and Market Value/Fair Value of Investment as on March 31, 2008 is given below.

SR. NO.	SECURITIES	COST RS.	MARKET VALUE RS.
1.	Debt and Money Market Instruments	168,091,819	168,091,819
2.	Repo/CBLO	23,594,539	23,594,539
	TOTAL	191,686,358	191,686,358

**(3) NON PERFORMING INVESTMENTS**

Type of Investments	Carrying Value Amount (Rs.)	Market Value Amount (Rs.)	Provisions
NIL	NIL	NIL	NIL

**(4) NAV**

Net Asset Value (NAV) per unit having a Face Value of Rs. 10 as on March 31, 2008

SCHEME	NAV (March 31, 2008)
Growth Plan	<b>11.5205</b>
Daily Dividend Reinvestment Plan	<b>10.0000</b>
Monthly Dividend Payout Plan	<b>10.0163</b>

**(5) AGGREGATE APPRECIATION AND DEPRECIATION IN THE VALUE OF INVESTMENTS**

Aggregate appreciation and depreciation in value of investments is NIL

**(6) AGGREGATE VALUE OF PURCHASE AND SALE OF INVESTMENTS**

Purchases (excluding Reverse repos, Call money & Fixed deposits) – Rs. 2,682,811,380

- As a percentage of average daily net assets is 1224.568%

Sales / Redemptions (excluding Reverse repos, Call money & Fixed deposits) – Rs. 2,729,684,863

- As a percentage of average daily net assets 1245.96%

**(7) INCOME AND EXPENDITURE**

The total income and expenditure and these amounts as a percentage of the Scheme's average daily net assets on an annualized basis are provided below:

Income

- Amount Rs. 17,433,555/-
- As a percentage of average daily net assets 7.96%

Expenditure

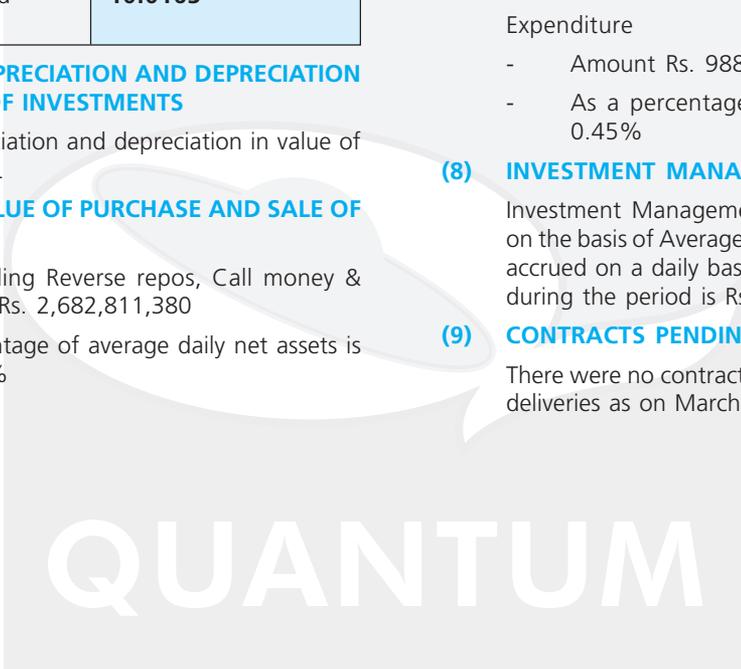
- Amount Rs. 988,332/-
- As a percentage of average daily net assets 0.45%

**(8) INVESTMENT MANAGEMENT FEES**

Investment Management Fees has been computed on the basis of Average Daily Net Asset of the Scheme accrued on a daily basis. Management Fees accrued during the period is Rs. 351,348/-

**(9) CONTRACTS PENDING DELIVERIES**

There were no contracts for sale or purchase pending deliveries as on March 31, 2008.



QUANTUM

MUTUAL FUND  
Profit with Process

**(10) MOVEMENT IN UNIT CAPITAL**

Particulars	2007-08		2006-07	
	QTY.	Amount	QTY.	Amount
<b>Units of Rs 10 each fully paid up</b>				
<b>Growth Plan</b>				
Opening	9,010,850.37	90,108,503.73	-	-
Issued				
-new fund offer	-	-	10,513,000.00	105,130,000.00
-during the year	38,438,946.86	384,389,468.56	24,550,576.03	245,505,760.34
Redeemed during the year	36,115,738.94	361,157,389.35	26,052,725.66	260,527,256.61
Outstanding at end of year	11,334,058.29	113,340,582.94	9,010,850.37	90,108,503.73
<b>Daily Dividend Reinvestment Plan</b>				
Opening	20,199,484.16	201,994,841.59	-	-
Issued				
-new fund offer	-	-	2,830,000.00	28,300,000.00
-during the year	53,311,887.37	533,118,873.73	38,367,675.05	383,676,750.50
Redeemed during the year	66,389,641.58	663,896,415.76	20,998,190.89	209,981,908.91
Outstanding at end of year	7,121,729.95	71,217,299.56	20,199,484.16	201,994,841.59
<b>Monthly Dividend Payout Plan</b>				
Opening	156,743.87	1,567,438.65	-	-
Issued				
-new fund offer	-	-	29,000.00	290,000.00
-during the period	402,673.24	4,026,732.39	363,663.02	3,636,630.22
Redeemed during the period	388,457.88	3,884,578.84	235,919.16	2,359,191.57
Outstanding at end of period	170,959.23	1,709,592.20	156,743.86	1,567,438.65
<b>Grand Total</b>				
Outstanding at the beginning opening	29,367,078.40	293,670,783.97	-	-
Issued				
-new fund offer	-	-	13,372,000.00	133,720,000.00
-during the period	92,153,507.47	921,535,074.68	63,281,914.11	632,819,141.06
Redeemed during the period	102,893,838.40	1,028,938,383.95	47,286,835.71	472,868,357.09
Outstanding at end of period	18,626,747.47	186,267,474.70	29,367,078.39	293,670,783.97

**(11) PAYMENT OF FEES TO ASSOCIATE COMPANIES**

Professional Services of Quantum Information Services Ltd (QIS) as associate of Quantum Asset Management Company Private Limited (AMC) were utilized by the scheme during the year and paid a sum of Rs. 252810/- by the scheme.

**(12) INVESTMENTS IN GROUP COMPANIES**

Quantum Liquid Fund has made NIL investment in group companies during the year ended March 31, 2008.

**(13) LARGE HOLDINGS**

Unit holders holding over 25% of the Scheme of NAV

One Unit holder holds 34.13% of the total net asset of the scheme as on March 31, 2008.

## (14) DISCLOSURE UNDER REGULATION 25(11) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (MUTUAL FUNDS) REGULATIONS, 1996 AS AMENDED

Company Name	Scheme invested in by the Company and % of NAV of Scheme		Purchases made during the period prescribed under Regulation 25(11)*			Holdings as on March 31, 2008 (Rs. In lacs)	
	as on date of investment	as on March 31, 2008	Investing Scheme	Asset Type	At cost (Rs. in lacs)	At cost	At Market/Fair Value
Shriram Transport	34.06%	Nil	QLF	Commercial Paper	598.15	Nil	Nil
	-	Nil	QLF	Non convertible Debenture	500.00	Nil	Nil

\*period prescribed under Regulation 25(11) is the period starting one year before and ending one year after the date of investment made in the Schemes by the Investor Company.

The above company is not associated with the sponsor or the AMC.

The Fund Manager of QLF is of the opinion that Shriram Transport Finance Co. Ltd. (Shriram Transport) is a niche player into used commercial vehicle finance and is amongst the fastest growing NBFC's. Shriram Transport has been able to keep its balance sheet growth at a good pace without sacrificing profitability and asset quality. Their debt levels and gearing are very comfortable with the equity infusion in early 2006. It has a F1+ short term rating by Fitch.

## (15) SUPPLEMENTARY INVESTMENT PORTFOLIO INFORMATION AND INDUSTRYWISE CLASSIFICATION

Details of investment portfolio and industry wise classification of the Scheme's investments in each category of investments at March 31, 2008, are presented below. The industry and company exposures are stated as a percentage of the Scheme's net assets as at March 31, 2008, as well as the aggregate investments in each investment category.

Sr. No.	Name of Investment	Industry Classification	Rating	Market Value Rs. in Lakhs	% to Net Assets	% to Category
<b>(A)</b>	<b>SHORT TERM DEBT INSTRUMENTS (FLOATING)</b>					
	Unlisted/Private placed instruments					
1	MADRAS CEMENTS LTD	CEMENT	A1+	300.00	14.75%	75.00%
2	BERGER PAINTS INDIA LTD	PAINTS	P1+	100.00	4.91%	25.00%
	<b>Total (A)</b>			<b>400.00</b>	<b>19.66%</b>	<b>100.00%</b>
<b>(B)</b>	<b>SHORT TERM DEBT INSTRUMENTS (FIXED)</b>					
1	KOTAK MAHINDRA PRIME LTD	Diversified Financial Services	P1+	300.00	14.75%	60.00%
2	SREI INFRA FINANCE LTD	Diversified Financial Services	PR1+	200.00	9.83%	40.00%
	<b>Total (B)</b>			<b>500.00</b>	<b>24.58%</b>	<b>100.00%</b>
<b>(C)</b>	<b>MONEY MARKET INSTRUMENTS</b>					
1	RABO INDIA FINANCE LTD (CP)	Diversified Financial Services	P1+	295.99	14.54%	29.11%
2	ICICI BANK LTD (CD)	Bank	A1+	288.64	14.18%	28.39%
3	CBLO / REVERSE REPO			235.95	11.59%	23.20%
4	ING VYSYA BANK LTD (CD)	Bank	P1+	196.29	9.65%	19.30%
	<b>Total (C)</b>			<b>1,016.87</b>	<b>49.96%</b>	<b>100.00%</b>
<b>(D)</b>	<b>FIXED DEPOSITS</b>			100.00	4.91%	
	<b>Total (D)</b>			<b>100.00</b>	<b>4.91%</b>	
<b>(E)</b>	<b>NET RECEIVABLES</b>					
	Net Receivable / (Payables)			18.18	0.89%	
	<b>Total (E)</b>			<b>18.18</b>	<b>0.89%</b>	
	<b>Grand Total</b>			<b>2,035.05</b>	<b>100.00%</b>	

**(16) ACCOUNTING POLICY**

There is no change in the accounting policy during the year ended March 31, 2008.

**(17) PRIOR PERIOD COMPARATIVES**

Previous year's figures have been regrouped/re-arranged where appropriate.

**(18) COPY OF TRUST DEED**

On written request, present and prospective unit holder/investors can obtain copy of the trust Deed, the Annual Report (at a price) and the text of the relevant scheme.

**(19) BONUS**

No bonus has been declared by the Scheme during the year ended March 31, 2008.

**(20) BORROWING**

The scheme has not made any borrowing during the year March 31, 2008.

**(21) UNDERWRITING**

The scheme has not undertaken any underwriting obligation during the year ended March 31, 2008

**(22) DERIVATIVES**

The scheme has no exposure to derivative products, foreign securities, ADR and GDR.

**(23) ANNUAL REPORT REQUEST**

The unit holders, if they so desire, may request for the annual report of Quantum Asset Management Company Private Limited.

**(24) SEGMENT REPORTING**

As per disclosure requirement under Accounting Standard 17 on 'Segment Reporting' issued by ICAI the scheme operates only in one segment viz. to primarily generate returns, based on schemes' investment objective.

**(25) RELATED PARTY TRANSACTIONS**

The scheme has entered into transactions with various related parties. A list of the schemes related parties is given below The information required in this regard in accordance with Accounting Standards 18 i.e. Related Party Disclosure issued by the ICAI and Regulation 25(8) of the SEBI Regulation is provided below.

**Related party relationships**

<b>Name</b>	<b>Description of relationship</b>
Quantum Advisors Pvt. Ltd.	Sponsor
Quantum Trustee Company Private Limited	Trustee
Quantum Information Services Private Limited	Associate
Helpyourngo.com India Private Limited	Associate
Equitymaster India Limited	Associate
Personalfn Insurance Services India Limited	Associate
Mymakaan.com Private Limited	Associate
Menlo Oak Ventures Investments	Associate
QIEF Management LLC	Associate
Equitymaster Agora Research Private Ltd.	Associate
Primary Real Estate Advisors Pvt. Ltd., Mumbai	Associate
Primary Real Estate Investments	Associate
Primary Real Estate Advisors Ltd., Mauratius	Associate
Quantum Equity Advisors Private Ltd.	Sponsor's Subsidiary

**Schemes of the Fund**

Quantum Long Term Equity Fund

Quantum Gold Fund

**List of Key Managerial Persons**

**Names**

Devendra Nevgi

**Designation**

CEO of the AMC

Transaction, if any with the above mentioned related parties as defined under Accounting standard 18 and Regulation 25(8) of the SEBI Regulation are provided below:

Name of the related party	Nature of transactions	Year ended March 2008	Bal as at Mar 31, 2008	Year ended March 2007	Bal as at Mar 31, 2007
Quantum Advisors Pvt. Ltd. (QAPL)	Subscription	29,600,000.00		44,600,000.00	
	Redemption	28,824,282.37		35,750,000.00	
	Net Assets value of investment at balance sheet date		11,038,567.37		9,763,470.97
Quantum Assets Management Co. Pvt. Ltd.	Subscription	127,581,000.00		81,550,000.00	
	Redemption	125,050,000.00		21,475,000.00	
	Net Assets value of investment at balance sheet date		69,465,837.37		62,054,627.55
Quantum Long Term Equity Fund	Subscription	44,400,000.00		16,400,000.00	
	Redemption	46,500,000.00		11,587,000.00	
	Net Assets value of investment at balance sheet date		4,088,293.00		5,485,426.12
Quantum Information Services Private Limited (QIS)	Subscription	4,250,000.00		NIL	
	Redemption	NIL		NIL	
	Net Assets value of investment at balance sheet date		4,333,910.35		NIL
Equitymaster Agora Research Private Ltd.	Subscription	22,800,000.00		NIL	
	Redemption	NIL		NIL	
	Net Assets value of investment at balance sheet date		23,007,122.91		NIL

For and on behalf of

Quantum Trustee Company Pvt. Ltd.

Mr. Jagdish Capoor  
(Chairman)

Mr. Hormazdiyaar S. Vakil  
(Director)

Quantum Asset Management  
Company Private Limited

Mr. Ajit Dayal  
(Chairman)

Mr. I.V. Subramaniam  
(Director)

Mr. Devendra Nevgi  
(CEO & CIO)

Place : Mumbai  
Date : September 25, 2008

Mr. Arvind Chari  
(Fund Manager)

**HISTORICAL PER UNIT STATISTICS**

Per Unit Particulars (Rupees)	As on March 31st 2008	As on March 31st 2007
<b>Face Value</b>	<b>RS.10/-</b>	RS.10/-
<b>(a) Net Asset Value</b>		
Growth Plan	<b>11.5205</b>	10.6875
Daily Dividend Reinvestment Plan	<b>10.0000</b>	10.0000
Monthly Dividend Payout Plan	<b>10.0163</b>	10.0193
<b>(b) Gross Income broken up into the following components</b>		
(i) Income other than profit on sale of investment	<b>0.81</b>	0.39
(ii) Income from profit on sale of investment to third party	<b>0.13</b>	0.07
(iii) Income from profit on inter-scheme sales/transfer of investment	<b>0.00</b>	0.00
(iv) Transfer to revenue account from past year's reserve	<b>0.00</b>	0.00
<b>Gross Income</b>	<b>0.94</b>	0.46
<b>(c) Aggregate of expenses, write-off, amortization and charges</b>	<b>0.05</b>	0.03
<b>Total Gross Expenditure</b>	<b>0.05</b>	0.03
<b>(d) Net Unrealised appreciation in value of investments</b>	-	-
<b>(e) Net Income</b>	<b>0.89</b>	0.43
<b>(f) REPURCHASE PRICE</b>		
<b>Highest</b>		
(I) Growth Plan	<b>11.5205</b>	10.6875
(II) Daily Dividend Reinvestment Plan	<b>10.0000</b>	10.0000
(III) Monthly Dividend Payout Plan	<b>10.1034</b>	10.0666
<b>Lowest</b>		
(I) Growth Plan	<b>10.7002</b>	10.0000
(II) Daily Dividend Reinvestment Plan	<b>10.0000</b>	10.0000
(III) Monthly Dividend Payout Plan	<b>10.0000</b>	10.0000
<b>RESALE PRICE</b>		
<b>Highest</b>		
(I) Growth Plan	<b>11.5205</b>	10.6875
(II) Daily Dividend Reinvestment Plan	<b>10.0000</b>	10.0000
(III) Monthly Dividend Payout Plan	<b>10.1034</b>	10.0666
<b>Lowest</b>		
(I) Growth Plan	<b>10.7002</b>	10.0000
(II) Daily Dividend Reinvestment Plan	<b>10.0000</b>	10.0000
(III) Monthly Dividend Payout Plan	<b>10.0000</b>	10.0000
<b>(g) Ratio of expenses to average daily net assets (excluding Unrealized depreciation and amortization of deferred revenue Expenditure)</b>	<b>0.45%</b>	0.44%
<b>(h) Ratio of gross income to average daily net assets</b>	<b>7.96%</b>	7.49%

Note: Details are not available for the past 3 years, since this is the second year of the scheme.

## AUDITORS' REPORT

## TO

THE BOARD OF TRUSTEES OF  
QUANTUM TRUSTEE COMPANY PRIVATE LIMITED

We have audited the attached Balance Sheet of the Scheme '**Quantum Gold Fund**' of **Quantum Mutual Fund** as at 31<sup>st</sup> March, 2008, the Revenue Account and Cash Flow Statement of the Scheme for the period ended 31<sup>st</sup> March, 2008 and report thereon as follows:

- a) The Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996. These financial statements are the responsibility of the Managements of the Trustee and the Asset Management Companies.
- b) Our audit was conducted in accordance with the generally accepted auditing standards in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Financial Statements. We believe that our audit provides a reasonable basis for our opinion.
- c) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- d) The Balance Sheet, the Revenue Account and Cash Flow Statement dealt with by this report are in agreement with the books of account of the Scheme.
- e) Non-traded securities have been valued in accordance with the guidelines notified by the Securities and Exchange Board of India. In our opinion, these valuations are fair and reasonable.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with Notes to the Accounts, give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) in the case of the Balance Sheet, of the state of affairs of the Scheme as at 31<sup>st</sup> March, 2008,
  - (ii) in the case of the Revenue Account, of the Surplus of the Scheme for the period ended 31<sup>st</sup> March, 2008 and
  - (iii) in the case of the Cash Flow Statement, the flow of cash for the period ended 31<sup>st</sup> March, 2008.

For **HARIBHAKTI & CO.**  
**Chartered Accountants**

**CHETAN DESAI**  
**Partner**  
Membership No.17000

Place : Mumbai,  
Date : September 25, 2008

M U T U A L F U N D  
Profit with Process

**QUANTUM GOLD FUND  
BALANCE SHEET AS AT 31st MARCH, 2008**

	Schedule	March 31, 2008 Amount (Rs.)
<b>LIABILITIES</b>		
Unit Capital	'A'	6,106,100
Reserves and Surplus	'B'	30,802,003
Current Liabilities and Provisions	'C'	140,838
<b>Total</b>		<b>37,048,941</b>
<b>ASSETS</b>		
Investments	'D'	36,741,713
Other Current Assets	'E'	307,228
<b>Total</b>		<b>37,048,941</b>
Notes forming part of Accounts	'F'	

**For Haribhakti & Co.**

**Chetan Desai**

Partner  
Membership No: 17000

**For Quantum Trustee Company Pvt. Ltd.**

**Mr. Jagdish Capoor**  
(Chairman)

**Mr. Hormazdiyaar S. Vakil**  
(Director)

**For Quantum Asset Management  
Company Private Limited**

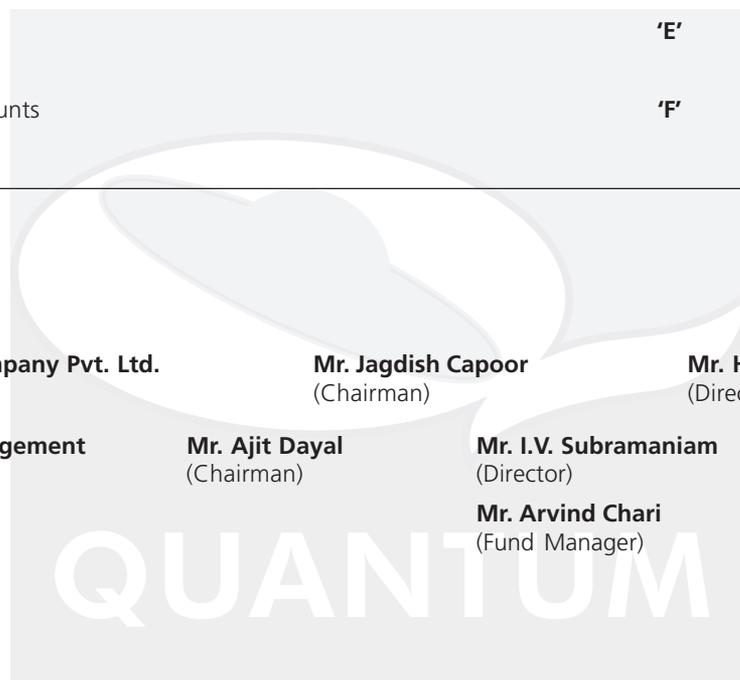
**Mr. Ajit Dayal**  
(Chairman)

**Mr. I.V. Subramaniam**  
(Director)

**Mr. Devendra Nevgi**  
(CEO & CIO)

**Mr. Arvind Chari**  
(Fund Manager)

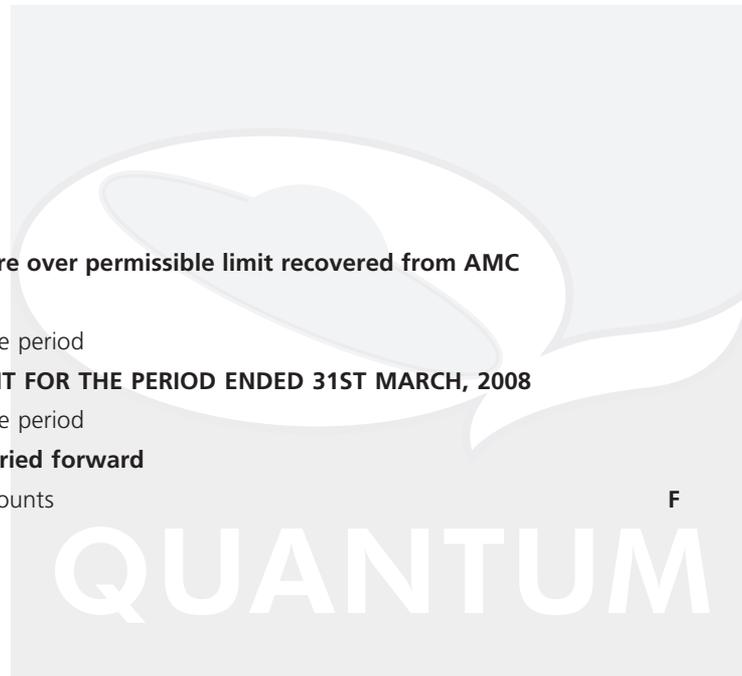
Place : Mumbai  
Date : September 25, 2008



M U T U A L F U N D  
Profit with Process

**QUANTUM GOLD FUND**  
**REVENUE ACCOUNT FOR THE PERIOD ENDED 31st MARCH, 2008**

	March 31, 2008 Amount (Rs.)
<b>INCOME</b>	
Interest	35,569
Profit on sale/redemption of investments (Other than inter-scheme transfer/sale)	214,507
<b>Total</b>	<b>250,076</b>
<b>EXPENSES AND LOSSES</b>	
Management fees	18,663
Custody fees	6,794
Registrar fees	2,016
Trustee expenses	3,733
Audit fees	13,483
Insurance Premium	24,007
Other operating expenses	4,462
<b>Total</b>	<b>73,158</b>
<b>Less: Excess of Expenditure over permissible limit recovered from AMC</b>	<b>35,833</b>
	<b>37,325</b>
Net Surplus / (Deficit) for the period	212,751
<b>APPROPRIATION ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2008</b>	
Net Surplus / (Deficit) for the period	212,751
<b>Net Surplus / (Deficit) carried forward</b>	<b>212,751</b>
Notes forming parts of Accounts	



M U T U A L F U N D  
**Profit with Process**

**For Haribhakti & Co.**

**Chetan Desai**  
 Partner  
 Membership No: 17000

**For Quantum Trustee Company Pvt. Ltd.**

**Mr. Jagdish Kapoor**  
 (Chairman)

**Mr. Hormazdiyaar S. Vakil**  
 (Director)

**For Quantum Asset Management  
 Company Private Limited**

**Mr. Ajit Dayal**  
 (Chairman)

**Mr. I.V. Subramaniam**  
 (Director)

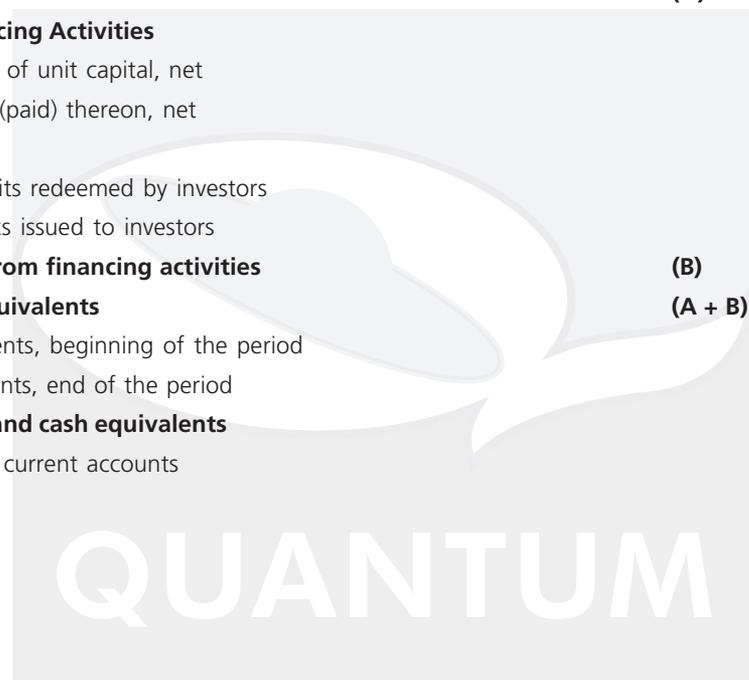
**Mr. Devendra Nevgi**  
 (CEO & CIO)

**Mr. Arvind Chari**  
 (Fund Manager)

Place : Mumbai  
 Date : September 25, 2008

**QUANTUM GOLD FUND**  
**CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 2008**

	March 31, 2008 Amount (Rs.)
<b>A. Cash flow from Operating Activity</b>	
Surplus for the period	212,751
Adjustments for:-	
Investments (at cost) made, net	(36,503,165)
Other current assets receivable	(105,207)
Current liabilities incurred	140,838
<b>Net cash used in operations (A)</b>	<b>(36,254,783)</b>
<b>B Cash flow from Financing Activities</b>	
Proceeds from issuance of unit capital, net	6,106,100
Unit premium received/(paid) thereon, net	30,200,739
Adjustments for:-	
Sundry creditors for units redeemed by investors	-
Sundry debtors for units issued to investors	(88)
<b>Net cash generated from financing activities (B)</b>	<b>36,306,751</b>
<b>Net Cash and cash equivalents (A + B)</b>	<b>51,968</b>
Cash and cash equivalents, beginning of the period	-
Cash and cash equivalents, end of the period	51,968
<b>Components of cash and cash equivalents</b>	
Balances with banks in current accounts	51,968
	<b>51,968</b>



**For Haribhakti & Co.**

**Chetan Desai**  
Partner  
Membership No: 17000

**For Quantum Trustee Company Pvt. Ltd.**

**Mr. Jagdish Capoor**  
(Chairman)

**Mr. Hormazdiyaar S. Vakil**  
(Director)

**For Quantum Asset Management Company Private Limited**

**Mr. Ajit Dayal**  
(Chairman)

**Mr. I.V. Subramaniam**  
(Director)

**Mr. Devendra Nevgi**  
(CEO & CIO)

**Mr. Arvind Chari**  
(Fund Manager)

Place : Mumbai  
Date : September 25, 2008

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2008

	Units	31st March, 2008 Amount (Rs.)
<b>SCHEDULE 'A'</b>		
<b>UNIT CAPITAL</b>		
<b>(Face Value of Rs. 100 Each)</b>		
Unit Capital (Opening Balance)		-
Add : Subscription during new fund offer period	57 061	5,706,100
Add : Subscription during the period	10 000	1,000,000
Less : Redemption during the period	6 000	600,000
<b>Unit Capital (Closing Balance)</b>	<b>61 061</b>	<b>6,106,100</b>
<b>SCHEDULE 'B'</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>UNIT PREMIUM</b>		
Opening Balance		-
Add\Less : Net Additions\ Deduction) during the period		30,200,739
<b>Closing Balance</b>		<b>30,200,739</b>
<b>UNREALISED APPRECIATION IN THE VALUE OF INVESTMENTS</b>		
Opening Balance		-
Add: Net change during the year		388,513
		388,513
Surplus/Deficit carried forward		212,751
<b>Total Reserves &amp; Surplus</b>		<b>30,802,003</b>
<b>SCHEDULE 'C'</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
Sundry Creditors		2,003
Management Fees Payable		20,969
Trustee Fees Payable		3,719
Audit Charges Payable		11,955
Custody Fees Payable		6,794
Registrar Fees Payable		2,016
Payable from AMC		93,382
<b>Total</b>		<b>140,838</b>
<b>SCHEDULE 'D'</b>		
<b>INVESTMENTS</b>		
GOLD		36,741,713
<b>Total</b>		<b>36,741,713</b>
<b>SCHEDULE 'E'</b>		
<b>OTHER CURRENT ASSETS</b>		
Balances with Banks in Current Account, including cheques on hand		51,968
Subscription Receivable (other than Inter Scheme)		88
REPO		149,965
Prepaid Insurance Premium		105,207
		<b>307,228</b>

**SCHEDULE 'F'**

**1. ORGANISATION**

Quantum Gold Fund ("the Scheme") is an open-ended exchange traded Scheme of Quantum Mutual Fund and was launched on January 24, 2008. Quantum Mutual Fund ('QUANTUM') has been sponsored by Quantum Advisors Private Ltd. Quantum Asset Management Company Private Limited incorporated under the Companies Act, 1956 has been appointed as Asset Management Company. The duration of the scheme is perpetual. The Scheme closed for initial subscription on February 8, 2008, and was listed on the NSE on February 28, 2008.

In accordance with the Securities and Exchange Board of India ("SEBI") (Mutual Funds) Regulations, 1996 ('the SEBI Regulations'), the Board of Directors of Quantum Trustee Company Private Limited ('the Trustee') has appointed Quantum Asset Management Company Private Limited ('the AMC') to manage the Fund's affairs and operate its Schemes. The investment objective of the Scheme is to generate returns that are in line with the performance of gold and gold related instruments, subject to tracking errors. The Scheme offers its investors the Growth Plan.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**(2.1) BASIS OF ACCOUNTING**

The scheme maintains its books of account on an accrual basis. These financial statement have been prepared in accordance with the accounting policies and standards specified in the ninth schedule of Securities and Exchange Board of India (Mutual Fund) Regulation, 1996 (the "Regulation") and amendments thereto as applicable.

**(2.2) INVESTMENTS**

Investments are accounted on the trade date. The Scheme uses the average cost method for determining the realized gain or loss in sale of investment. In case of interest bearing securities though investments are accounted on the trade date, interest accrues from the settlement date. However, the effect of all investment traded during the financial year is recorded and reflected in the financial statement for that year. The cost of investment includes cost of acquisition, brokerage and stamp duty, if any

**(2.3) PORTFOLIO VALUATION**

Investments are stated at market/fair value at the Balance Sheet date/date of determination.

- I. The Fund shall value its investments in gold in accordance with the valuation norms specified under The SEBI (Fourth Amendment) Regulations 2006, notified by the Government vide gazette dated December 27, 2006 (No. F No. SEBI/LAD/DOP/82534/2006)

The broad Valuation Norms are detailed below:

The Gold held by the Fund shall be valued at the AM fixing price of London Bullion Market Association (LBMA) in US dollars per troy ounce for gold having a fineness of 995.0 parts per thousand, subject to the following:

- (a) adjustment for conversion to metric measures as per standard conversion rates;
- (b) adjustment for conversion of US dollars into Indian rupees as per the RBI reference rate declared by the Foreign Exchange Dealers Association of India (FEDA); and
- (c) addition of i) transportation and other charges that may be normally incurred in bringing such gold from London to the place where it is actually stored on behalf of the mutual fund; and ii) notional customs duty and other applicable taxes and levies that may be normally incurred to bring the gold from London to the place where it is actually stored on behalf of the mutual fund.; provided that the adjustment under clause (c) above will be made on the basis of the notional premium that is usually charged for delivery of gold to the place where it is actually stored on behalf of the mutual fund; Provided further that where the gold held by the Fund has a greater fineness, the relevant LBMA prices of AM fixing shall be taken as the reference price under this clause. In case the gold acquired by the Fund is not in the form of standard bars, it shall be assayed and converted into standard bars which comply with the good delivery norms of the LBMA and thereafter valued in terms of this clause.

The Fund shall value its investments in debt and money market instruments according to the Valuation Norms as specified in the Eighth Schedule of the Regulations, or such guidelines/ recommendations as may be specified by SEBI/AMFI from time to time.

- II. Money market instrument are valued at cost plus accrued interest, traded money market securities are valued at the yield at which they are traded on the valuation date. If no sale is reported at that time, such security is valued at the last traded price plus accretion of the difference between the face value and the last traded price. Non traded money market instruments are valued at cost plus accrued interest.

- III. Instruments bought on 'repo' basis are valued at the resale price after deduction of applicable interest upto the date of resale.

Following the issue of the guidance note on accounting for investment in the financial statements of mutual funds by The Institute of Chartered Accountant of India (pursuant to the Eleventh Schedule of the Regulation) net unrealized appreciation/depreciation in the value of investments is determined separately for each category of investments. Further the change in net unrealized appreciation/depreciation, if any between the two balance sheet dates/ date of determination is recognized in the Revenue Account. Unrealized appreciation is reduced from the distributable income at the time of distribution of income. At the end of this financial year, the balance in the revenue account including change in the net unrealised appreciation/depreciation in the value of investments is transferred to Reserve Fund.

#### (2.4) INVESTMENT INCOME

Interest income is recorded on an accrual basis. Where fixed income securities are acquired at premium or discount to the redemption value, such premium or discount is amortized on a straight line basis over the period of redemption. In respect of interest bearing instruments income has been accrued on a day to day basis as it is earned.

#### (2.5) NET ASSET VALUE FOR GROWTH PLAN

For reporting the net asset value for the scheme daily income earned, including realized and unrealized gain or loss in the value of investments and expenses incurred by the Scheme are considered.

#### (2.6) UNIT PREMIUM RESERVE

Upon issue and redemption of units, the net premium or discount to the face value of units is adjusted against the unit premium reserve of the Scheme, after an appropriate portion of the issue proceeds and redemption payout is credited or debited respectively to the income equalization reserve. The unit premium reserve is available for dividend distribution except to the extent it is represented by unrealised net appreciation in value of investment.

#### (2.7) CUSTODY FEES

Deutsche Bank provides custodial services to the scheme for which it receives custody fees.

#### (2.8) INVESTMENT MANAGEMENT FEES

The Scheme has paid or provided for investment management fees payable to Quantum Asset Management Company Private Limited for managing

the Scheme at a percentage of the average daily net asset values recorded by the Scheme, such that the investment manager fees chargeable to the Scheme does not exceeds 1.25% of the average daily net asset values recorded by the Scheme upto Rs.100 crores and 1% of the excess over Rs.100 crores. All costs, charges and expenses incurred by Quantum Asset Management Company Private Limited in the administration and execution of the activities of the Scheme, except costs allowed to be charged to the Scheme under the Securities and Exchange Board of India (Mutual Fund) Regulation, 1996 and amendments thereto, as applicable, are on their own account for which they receive investment manager fees.

#### (2.9) TRUSTEE FEES

Pursuant to the Trust Deed dated October 7, 2005 between Quantum Advisors Private Limited (Settlor) and Quantum Trustee Company Private Limited (Trustee) and the offer document of the scheme, the Fund is authorized to pay the Trustee a fee, for rendering service as a Trustee of the Fund, being a sum computed @ 0.11% per annum of the weekly net asset value of all the schemes of Quantum Mutual Fund put together on 1<sup>st</sup> April each year or Rs. 10 lac whichever is lower or such other sum as may be mutually agreed between the settler and the Trustee.

#### (2.10) REGISTRAR & TRANSFER AGENT FEES

Deutsche Investors Services Pvt. Ltd. provides registrar and share transfer services to the scheme for which it receives registrar and share transfer fees.

#### (2.11) INCOME TAXES

No Provision for taxation has been made as the schemes qualify as recognized mutual fund under section 10(23D) of the Income –Tax Act, 1961.

### 3 NOTES TO ACCOUNTS

#### (1) PLANS

The scheme has one plan: Growth Plan,

#### (2) VALUE OF INVESTMENT AS ON MARCH 31, 2008

The Cost and Market Value/Fair Value of Investment as on March 31, 2008 is given below.

SR. NO.	SECURITIES	COST RS.	MARKET VALUE RS.
1.	Gold	36,353,200.04	36,741,712.81
	TOTAL	36,353,200.04	36,741,712.81

#### (3) NON PERFORMING INVESTMENTS

Type of Investments	Carrying Value Amount (Rs.)	Market Value Amount (Rs.)	Provisions
NIL	NIL	NIL	NIL

**(4) NAV**

Net Asset Value (NAV) per unit having a Face Value of Rs. 100 as on March 31, 2008

SCHEME	NAV (March 31, 2008)
Growth Plan	604.4464

**(5) AGGREGATE APPRECIATION AND DEPRECIATION IN THE VALUE OF INVESTMENTS**

Aggregate appreciation and depreciation in value of investments is as follows:

Particulars	March 31, 2008 (Rs.)
GOLD	
Unrealised Appreciation	388,512.78
Unrealised Depreciation	-
Net Unrealised Appreciation	388,512.78

**(6) AGGREGATE VALUE OF PURCHASE AND SALE OF INVESTMENTS**

Purchases (excluding Reverse repos, Call money & Fixed deposits) – Rs. 39,956,309

- As a percentage of average daily net assets is 1070.50%

Sales / Redemptions (excluding Reverse repos, Call money & Fixed deposits) – Rs. 3,817,616.01

- As a percentage of average daily net assets 102.28%

**(7) INCOME AND EXPENDITURE**

The total income and expenditure and these amounts as a percentage of the Scheme's average daily net assets on an annualized basis are provided below:

Income (excluding unrealized appreciation)

- Amount Rs. 250,076.27
- As a percentage of average daily net assets 6.70%

Expenditure

- Amount Rs. 37,324.90
- As a percentage of average daily net assets 1.00%

**(8) INVESTMENT MANAGEMENT FEES**

Investment Management Fees has been computed on the basis of Average Daily Net Asset of the Scheme accrued on a daily basis. Management Fees accrued during the period ended March 31, 2008 is Rs. 18,663/-

**(9) CONTRACTS ENDING DELIVERIES**

There were no contracts for sale or purchase pending deliveries as on March 31, 2008.

**(10) MOVEMENT IN UNIT CAPITAL**

Particulars	2007-08	
	Units	Amount
<b>Units of Rs. 100 each fully paid up</b>		
<b>Growth</b>		
Opening	-	-
Issued	-	-
-New Fund Offer	57061	5,706,100.00
-During the period	10000	1,000,000.00
Redeemed during the period	6000	600,000.00
Outstanding at end of period	61060	6,106,100.00

**(11) PAYMENT OF FEES TO ASSOCIATE COMPANIES**

Quantum Gold Fund has made NIL payment to Associate companies during the year ended March 31, 2008

**(12) INVESTMENTS IN GROUP COMPANIES**

Quantum Gold Fund has made NIL investment in group companies during the year ended March 31, 2008

**(13) LARGE HOLDINGS**

Unit holders holding over 25% of the Scheme of NAV is NIL as at the end of the year March 31, 2008.

**(14) DISCLOSURE UNDER REGULATION 25(11) OF THE SECURITY AND EXCHANGE BOARD OF INDIA (MUTUAL FUNDS) REGULATIONS, 1996 AS AMENDED**

Company Name	Scheme invested in by the Company and % of NAV of Scheme		Purchases made during the period prescribed under Regulation 25(11)*			Holdings as on March 31, 2008 (Rs. In lacs)	
	as on date of investment	as on March 31, 2008	Investing Scheme	Asset Type	At cost (Rs. in lacs)	At cost	At Market/Fair Value
Shriram Transport	34.06%	Nil	QLF	Commercial Paper	598.15	Nil	Nil
	-	Nil	QLF	Non convertible Debenture	500.00	Nil	Nil

\* period prescribed under Regulation 25(11) is the period starting one year before and ending one year after the date of investment made in the Schemes by the Investor Company.

The above company is not associated with the sponsor or the AMC.

**(15) SUPPLEMENTARY INVESTMENT PORTFOLIO INFORMATION AND INDUSTRYWISE CLASSIFICATION**

Details of investment portfolio and industry wise classification of the Scheme's investments in each category of investments at March 31, 2008, are presented below. The industry and company exposures are stated as a percentage of the Scheme's net assets as at March 31, 2008, as well as the aggregate investments in each investment category.

Sr. No.	Name of Investment	Industry Classification	Quantity (Kgs)	Market Value In Rs. Lakhs	% To Net Assets	% To Category
	<b>GOLD</b>					
a)	GOLD 995 1KG BAR		30	367.42	99.55%	100%
	<b>TOTAL</b>		<b>30</b>	<b>367.42</b>	<b>99.55%</b>	<b>100%</b>
b)	<b>Cash &amp; Equivalent</b>					
1	CBLO / Reverse Repo Investments			1.50	0.40%	90.36%
2	Net Receivable (Payable)			0.16	0.05%	9.64%
	<b>TOTAL</b>			<b>1.66</b>	<b>0.45%</b>	<b>100%</b>
	<b>Grand Total</b>			<b>369.08</b>	<b>100%</b>	

**(16) INITIAL ISSUE EXPENSES**

No initial Issue Expenses were charged to the Quantum Gold Fund

**(17) BORROWING**

The scheme has not made any borrowing during the period March 31, 2008.

**(18) DERIVATIVES**

The scheme has no exposure to derivative products, foreign securities, ADR's and GDR's.

**(19) TRUST DEED**

On written request, present and prospective unit holder/investors can obtain copy of the Trust Deed, the Annual Report (at a price) and the text of the relevant scheme.

**(20) BONUS**

No bonus has been declared by the Scheme during the period ended March 31, 2008.

**(21) ANNUAL REPORT REQUEST**

The unit holders, if they so desire, may request for the annual report of Quantum Assets Management Company Private Limited.

**(22) UNDERWRITING**

The scheme has not undertaken any underwriting obligation during the period March 31, 2008.

**(23) PRIOR PERIOD COMPARATIVES**

As this is the first financial statement of the scheme since the date of its launch, there are no prior period comparisons.

**(24) SEGMENT REPORTING**

As per disclosure requirement under Accounting Standard 17 on 'Segment Reporting' issued by ICAI the scheme operates only in one segment viz. to primarily generate returns, based on schemes' investment objective.

**(25) RELATED PARTY TRANSACTIONS**

The scheme has entered into transactions with various related parties. A list of the schemes related parties is given below. The information required in this regard in accordance with Accounting Standards 18 i.e. Related Party Disclosure issued by the ICAI and Regulation 25(8) of the SEBI Regulation is provided below.

**Related party relationships**

Name	Description of relationship
Quantum Advisors Pvt. Ltd.	Sponsor
Quantum Trustee Company Private Limited	Trustee
Quantum Information Services Private Limited	Associate
Helpyourngo.com India Private Limited	Associate
Equitymaster India Limited	Associate
Personalfn Insurance Services India Limited	Associate
Mymakaan.com Private Limited	Associate
Menlo Oak Ventures Investments	Associate
QIEF Management LLC	Associate
Equitymaster Agora Research Private Ltd.	Associate
Primary Real Estate Advisors Pvt. Ltd., Mumbai	Associate
Primary Real Estate Investments	Associate
Primary Real Estate Advisors Ltd., Mauratius	Associate
Quantum Equity Advisors Private Ltd.	Sponsor's Subsidiary

**Schemes of the Fund**

Quantum Long Term Equity Fund

Quantum Liquid Fund

**List of Key Managerial Persons**

Names	Designation
Devendra Nevgi	CEO of the AMC

Transaction, if any with the above mentioned related parties as defined under Accounting Standard 18 and Regulation 25(8) of the SEBI Regulation are provided below:

Name of the related party	Nature of transactions	Year ended March 2008	Bal as at Mar 31, 2008	Year ended March 2007	Bal as at Mar 31, 2007
Quantum Advisors Pvt. Ltd. (QAPL)	Subscription	2,527,148.54		NIL	
	Redemption	40,316.10		NIL	
	Net Assets value of investment at balance sheet date		2,538,070.43		NIL

**For and on behalf of**

**Quantum Trustee Company Pvt. Ltd.**

**Mr. Jagdish Capoor**  
(Chairman)

**Mr. Hormazdiyaar S. Vakil**  
(Director)

**Quantum Asset Management Company Private Limited**

**Mr. Ajit Dayal**  
(Chairman)

**Mr. I.V. Subramaniam**  
(Director)

**Mr. Devendra Nevgi**  
(CEO & CIO)

Place : Mumbai  
Date : September 25, 2008

**Mr. Arvind Chari**  
(Fund Manager)

## HISTORICAL PER UNIT STATISTICS

No.	Particulars	Quantum Gold Fund ("the Scheme") Audited as of 31.03.2008
(a)	Net Assets Value, per unit - Growth Plan	604.4464
(b)	Gross Income per-unit broken up into the following components	
	(i) income other than profit on sale of investment, per unit	0.5825
	(ii) income from profit on inter scheme sales / transfer of investment per unit	-
	(iii) income from profit on sale of investment to third party, per unit	3.5130
	(iv) transfer to revenue account from past years' reserve, per unit	-
(c)	Aggregate of expenses, write off, amortisation and charges, per-unit	0.6113
(d)	Net unrealized appreciation in value of investments	6.3627
(e)	Net Income per unit	3.4842
	(i) Highest sale price per unit	672.4143
	(ii) Lowest sale price per unit	592.8748
(f)	Ratio of expenses to average daily net assets by % (Excluding unrealized depreciation and amortization of deferred revenue expenditure)	1.00%
(g)	Ratio of income to Average daily net assets by % (exclusive of unrealized appreciation)	6.70%



NOTES



QUANTUM

MUTUAL FUND

Profit with Process

NOTES



MUTUAL FUND  
Profit with Process

# Inflation at record highs



# Stock Markets are Volatile

# Economy slowdown



## Protect your Portfolio

# BUY

# Quantum Gold Fund

NSE Symbol  
QGOLDHALF

- Investment in .995 fineness gold
- No making charges/premiums
- Income tax/Wealth tax benefits
- Buy through any NSE broker-member



**QUANTUM**  
MUTUAL FUND  
Profit with Process

[www.QuantumAMC.com](http://www.QuantumAMC.com)

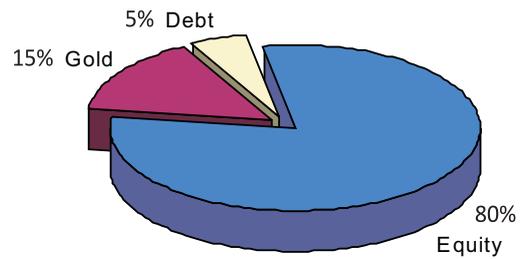
#### Statutory Information and Risk Factors

**Investment Objective:** QGF's investment objective is to generate returns that are in line with the performance of gold, subject to tracking errors. **Asset Allocation:** QGF will primarily invest in physical gold and if allowed under SEBI Regulations, also in gold related securities, but may invest in money market instruments to meet liquidity needs. **Terms of Issue:** QGF is an open-ended Exchange Traded Fund. The units being offered under this scheme will have a face value of Rs.100/- each and will be issued at a premium equivalent to difference between the allotment price of each unit and the face value of Rs.100/- per unit. Each unit of QGF will be approximately equal to the price of 1/2 (half) gram of Gold. Units will be issued at NAV based prices during the continuous offer. On an ongoing basis direct purchases of units from the Fund would be restricted to only Authorised Participants and Eligible Investors. Direct purchase from the Fund by retail investors is not permitted. Units of QGF can be bought/sold like any other stock on the National Stock Exchange of India Ltd. (NSE) or on any other stock exchange where they are listed. **Entry Load:** Nil. **Exit Load:** Nil in case of Authorised Participants; 0.5% in case of Eligible Investors. **Statutory Details:** Quantum Mutual Fund (the Fund) has been constituted as a Trust under the Indian Trusts Act, 1882. **Sponsors:** 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 (AMC). The Sponsor, Trustee and the Investment Manager are incorporated under the Companies Act, 1956. **Risk Factors:** Investments in mutual funds are subject to market risks including uncertainty of dividend distributions and the NAV of the schemes may go up or down depending upon the factors and forces affecting the gold and securities markets and there is no assurance or guarantee that the objectives of the schemes will be achieved. The past performance of the Sponsor has no bearing on the expected performance of the scheme. Quantum Gold Fund is the name of the scheme and does not in any manner indicate either the quality of the Scheme, its future prospects or returns. **Scheme specific risks:** QGF is the first gold scheme being launched by the AMC. The AMC has no previous experience in managing gold scheme. The QGF's NAV will react to the Gold price movements. The Investor may lose money over short or long period due to fluctuation in Scheme's NAV in response to factors such as economic and political developments, changes in interest rates and perceived trends in bullion prices, market movement and over longer periods during market downturns. Trading volumes, settlement periods and transfer procedures may restrict the liquidity of the investments of the QGF. Please read the Offer Document of QGF before investing. Offer Document/Key Information Memorandum/Application Forms are available at the Quantum AMC Office at 107, Regent Chambers, Nariman Point, Mumbai-400021. Past performance may or may not be sustained in the future. It is to be distinctly understood that the permission given by NSE should not in any way be deemed or construed that the Offer Document for QGF has been cleared or approved by NSE nor does it certify the correctness or completeness of any of the contents of the Offer Document. The investors are advised to refer to the Offer Document of QGF for full text of the 'Disclaimer Clause of NSE'.

## Balanced Diet for good Physical Health



## Balanced Portfolio for good Financial Health



Quantum Mutual Fund through its offerings across asset classes,  
helps you balance your portfolio.

# INVEST NOW IN QUANTUM

Log on to  
[www.QuantumAMC.com](http://www.QuantumAMC.com)

**CALL US  
NOW**

Toll Free (BSNL/MTNL)  
1-800-22-3863 (FUND) or 022-2282 9414  
Email: [Info@QuantumAMC.com](mailto:Info@QuantumAMC.com)

### Our Products

Quantum Index Fund (ETF)  
Quantum Gold Fund (ETF)  
Quantum Liquid Fund  
Quantum Long Term Equity Fund

- \* No entry loads
- \* Disciplined investment process
- \* Low portfolio turnover
- \* High quality Investor service



#### Statutory Information and Risk Factors

**Investment Objective:** QLTEF's investment objective is to achieve long-term capital appreciation. QLF's investment objective is to provide optimal returns with moderate levels of risk and high liquidity. QGF's investment objective is to generate returns that are in line with the performance of gold, subject to tracking errors. QIF's investment objective is to invest in stocks of companies comprising the S&P CNX Nifty and endeavour to achieve a return equivalent to Nifty by "passive" investment. **Asset Allocation:** QLTEF will primarily invest in Equity and Equity related securities, but may invest in money market instruments to meet liquidity needs. QLF will invest in Money Market and other short term debt instruments having maximum repricing tenor of one year. QGF will primarily invest in physical gold and if allowed under SEBI Regulations, also in gold related securities, but may invest in money market instruments to meet liquidity needs. QIF will predominantly invest in stocks constituting the S&P CNX Nifty but may invest in money market instruments to meet liquidity needs. **Terms of Issue:** QLTEF is an open-ended Equity Scheme offering Growth and Dividend Plans. The units can be subscribed/redeemed at the applicable load, on all business days during the continuous offer. QLF is an open-ended Liquid Scheme offering Growth, Daily Dividend Re-investment and Monthly Dividend Payout Plans. The units can be subscribed /redeemed at the applicable NAV, subject to applicable load, on all business days during the continuous offer. QGF is an open-ended Exchange Traded Fund. The units being offered under this scheme will have a face value of Rs.100/- each and will be issued at a premium equivalent to difference between the allotment price of each unit and the face value of Rs.100/- per unit. Each unit of QGF will be approximately equal to the price of 1/2 (half) gram of Gold. Allotment price is the price of 1/2 (half) gram of physical gold in the domestic market. QIF is an open-ended Exchange Traded Fund. The units being offered under this scheme will have a face value of Rs. 10/- each and will be issued at a premium equivalent to difference between the allotment price of each unit and the face value of Rs. 10/- per unit. Each unit of QIF will be approximately equal to 1/10th (one tenth) of the S&P CNX Nifty. Allotment price is the price of 1/10th (one tenth) of the S&P CNX Nifty. In the case of QGF and QIF, units will be issued at NAV based prices during the continuous offer. On an ongoing basis direct purchases of QGF and QIF units from the Fund would be restricted to only Authorised Participants and Eligible Investors. Direct purchase from the Fund by retail investors is not permitted. Units of QGF and QIF can be bought/sold like any other stock on the National Stock Exchange of India Ltd. (NSE) or on any other stock exchange where they are listed. **Entry Load:** Nil in case of QLTEF, QLF, QGF and QIF. **Exit Load:** in case of QLTEF: On redemption/switchout within 6 months of allotment- 4%, after 6 months but within 12 months- 3%, after 12 months but within 18 months-2%, after 18 months but within 24 months-1%, after 24 months-Nil. In case of QLF: Nil. In case of QGF: Nil in case of Authorised Participants; 0.5% in case of Eligible Investors. In case of QIF: Nil **Statutory Details:** Quantum Mutual Fund (the Fund) has been constituted as a Trust under the Indian Trusts Act, 1882. **Sponsors:** 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 (AMC). The Sponsor, Trustee and the Investment Manager are incorporated under the Companies Act, 1956. **Risk Factors:** Investments in mutual funds are subject to market risks including uncertainty of dividend distributions and the NAV of the schemes may go up or down depending upon the factors and forces affecting the gold and securities markets and there is no assurance or guarantee that the objectives of the schemes will be achieved. The past performance of the Sponsor has no bearing on the expected performance of the scheme. Quantum Long-Term Equity Fund, Quantum Liquid Fund, Quantum Gold Fund and Quantum Index Fund are the names of the schemes and do not in any manner indicate either the quality of the Schemes, their future prospects or returns. **Scheme specific risks:** QLTEF, QLF, QGF and QIF are the first equity, liquid, gold and index schemes being launched by the AMC. The AMC has no previous experience in managing equity, liquid, gold or index schemes. Equity and Equity related instruments are by nature volatile and prone to price fluctuations due to both macro and micro factors. QLF proposes to invest the portfolio in debt and money market instruments. The QGF's NAV will react to the Gold price movements. The Investor may lose money over short or long period due to fluctuation in Scheme's NAV in response to factors such as economic and political developments, changes in interest rates and perceived trends in bullion prices, market movement and over longer periods during market downturns. Trading volumes, settlement periods and transfer procedures may restrict the liquidity of these investments of the QLTEF, QLF, QGF and QIF. Please read the Offer Documents of QLTEF, QLF, QGF and QIF before investing. Offer Documents/Key Information Memorandum/Application Forms are available at the Quantum AMC Office at 107, Regent Chambers, Nariman Point, Mumbai-400021. Past performance may or may not be sustained in the future. It is to be distinctly understood that the permission given by NSE should not in any way be deemed or construed that the Offer Documents for QGF and QIF have been cleared or approved by NSE nor does it certify the correctness or completeness of any of the contents of the Offer Document. The investors are advised to refer to the Offer Document of QGF for full text of the 'Disclaimer Clause of NSE'.

**Nifty Disclaimer:** "S&P" and "Standard and Poor's" are trademarks of the McGraw-hill Companies, Inc. ("S&P") and have been licensed for use by India Index Services & Products Limited in connection with the S&P CNX Nifty Index. The Product is not sponsored, endorsed, sold or promoted by India Index Services & Products Limited ("IISL") or Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P"). Neither IISL nor S&P makes any representation or warranty, express or implied, to the owners of the Product or any member of the public regarding the advisability of investing in securities generally or in the Product. Please read the full Disclaimers in relation to the S&P CNX Nifty Index in the Offer Document/Prospectus/Information Statement.