



# Quantum Mutual Fund

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India's 1<sup>st</sup> Direct to Investor  
Mutual Fund

**Investment Manager: Quantum Asset Management Company Private Ltd.**

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ADDENDUM NO. 1/2014

## NOTICE CUM ADDENDUM

The Board of Directors of Quantum Trustee Company Private Limited, Trustee to Quantum Mutual Fund has approved the following changes in the Statement of Additional Information with effect from January 6, 2014:

### SECTION V – INVESTMENT VALUATION NORMS FOR SECURITIES AND OTHER ASSETS

#### VALUATION POLICY FOR DEBT AND MONEY MARKET INSTRUMENTS:

##### **Non-Convertible Debentures & Money Market Instruments (Securities maturing greater than 60 days)**

IMaCS will provide valuation for all securities of tenure greater than 60 days maturity held in the portfolio. Any new security purchased by the Schemes which does not exist in the database of IMaCS will be valued as per the below mentioned policy from the next business day. On the day of purchase that security will be valued at purchase yield. Any new security purchased which exists in the database of IMaCS will be valued as per the below mentioned policy from the date of purchase.

- A.1** Trades reported on the FIMMDA (F-TRAC), NSE and BSE would be considered for valuation. However priority order would be FTRAC > NSE > BSE.
- 1.a. There should be at least 1 trade of 25 Crore or more for CPs and CDs.
- 1.b. In case of bonds there should be minimum of 1 trade of 5 Crore or more.
- 1.c. Cut off time taken for trades reported on reporting platform as at 4:00 PM.
- 1.d. For calculating traded prices, last traded yield as derived from T+0/T+1 reported trades would be taken after considering point (a), (b) and (c) above after ignoring all market inter scheme trades and freak trades.
- A.2** If traded price is not available for the security to be valued then traded prices of securities of similar maturity issued by the same issuer which have residual maturity (as per table given below) from the security held in the portfolio would be considered.

The criteria for considering the securities having similar maturity is as follows: For all securities issued by the **same issuer / similar credit**, to be considered as of similar maturity, traded prices would be considered for securities which have a residual maturity (as per the table below).

Residual Maturity of security	Between 61 to 90 days	Between 91 days and 1 year	1 year and above
Days Band within	Fortnightly calendar month	Calendar month	Same Year

##### **A.2.a. Additional Points for traded prices:**

- a.i The traded yield so determined daily from (A.1) or (A.2) above would be noted. The spread at which it has traded over its relevant benchmark curve would be calculated. This spread would be used for pricing the security when its traded price is not available. This spread thus, automatically gets revised based on newly traded or polled data on a daily basis.

- a.ii Quantum Mutual Funds First trade / Self Trade of 5 crore or more would be considered for valuation at the level reported. But if on the same day, market traded price satisfying (A.1) or (A.2) is available, then market traded price for valuation would be considered over the QMF's self trade and the spread over/under the benchmark curve for the same will be recorded.
- a.iii In days with high intra-day volatility, traded data not reflecting the end of the day level would be ignored even if they satisfy all the criteria laid above. The high volatility may arise on day of major events like policy day, major economic reforms announced by the government, liquidity crisis etc. The rationale for the same would be suitably documented.
- a.iv For securities with put and call option, the put/call date would be taken as maturity date for securities with only call option, the value would be lowest of all call or maturity and in case of securities with put option the values would be higher of all put or maturity.

**A.3 If traded prices are not available and/or does not represent fair valuation, then for that day:**

The Security would be valued based on the spread over/under the benchmark yield curve for the relevant maturity as prepared and provided by the external valuing agency. These benchmarks are segregated based on tenure, sector, external credit rating and type of instrument. The determination of benchmark yield curve is as per the methodology approved by AMFI.

Securities falling in the respective buckets, sector and credit rating category would be valued as per the yield given in the benchmark curve plus the most recent recorded spread, as derived from (A.2.a) to determine the valuation yield of the security for the day.

**A.3.a. Criteria for Review of Spread used in Valuation:**

- a.i In case of highly illiquid securities, the spreads are polled once a fortnight for fine tuning of the levels. The polls are also taken from AMC holding the security along with other market participants.

**B. Non- Convertible Debentures & Money Market Instruments (Securities maturing less than 60 days)**

Trades reported on the FIMMDA (F-TRAC), NSE and BSE would be considered for valuation. However priority order would be FTRAC > NSE > BSE.

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

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

Sd/-

**Jimmy A. Patel**  
Chief Executive Officer

Place: Mumbai

Date: January 3, 2014

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