

Item 1 – Cover Page

Part 2A of Form ADV

Brochure for:

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Annual updating amendment on September 25, 2013

This brochure provides information about the qualifications and business practices of Quantum Advisors Private Limited (Quantum). If you have any questions about the contents of this brochure, please contact us on the telephone number or Fax number and/or email address shown above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Quantum Advisors Private Limited is registered with SEC as an investment adviser. Registration of an investment adviser does not imply any level of skill or training.

Additional information about Quantum Advisors Private Limited is also available on the SEC's website at www.adviserinfo.sec.gov.

We have included in this brochure references to products such as private investment funds *solely* for the purpose of describing our advisory business. This brochure is not intended as an offer of any of these products, which are privately offered only to qualified investors.

This ADV 2A is the annual updating amendment of the ADV 2A originally prepared in August 2011.

Item 2 – Material Changes

This Firm Brochure, dated September 25, 2013, is our new disclosure document prepared according to the SEC's new requirements and rules.

This Item requires Quantum to summarize any material changes to our Form ADV Part 2A since our last annual updated filings in September 24, 2012. Below mentioned are the changes that were made to the following items in the Form ADV 2A since the last annual update.

Item 4:- We have updated the disclosure to;

- a) Incorporate the fact that, as of the date of this updated ADV 2A, Quantum provides discretionary investment advisory service to only “one” Fund Client as compared to “two” Fund clients as of September 24, 2012.
- b) Reflect that our asset under management as of August 31, 2013, is approximately US\$ 1,116 million.

Item 5:- We have updated the disclosure to include;

- a) The description of fee calculation methodology, relating specifically to our sole Fund Client, to whom we provide Discretionary advisory services.
- b) The modified disclosures under the sub-heading “Funds” as a consequence of the change in the “fee payment cycle” from “payment in advance” to payment in arrears” for one of our Fund clients to whom we provide non-discretionary advisory services and the corresponding change in the “pre-payment of fees” section.
- c) The standard annual fee rate for our fixed income focused private account clients has been changed from 0.25% to 0.50%.

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Item 4 – Advisory Business

Quantum Advisors Private Limited (“we” or “Quantum”), is a limited liability company governed under the laws of India. We are also registered in India as a Portfolio Manager with Securities Exchange Board of India (SEBI), the Indian securities regulator. We were originally established in the name of Quantum Financial Services Pvt Ltd in 1990 and later changed our name in 1998 to Quantum Advisors Pvt Ltd. Quantum was established by Mr. Ajit Dayal as India’s first equity research house. We pioneered a quantitative as well as qualitative analytical approach to equity investing in India, providing for the first time consistently applied valuation metrics to evaluate investment opportunities in India’s emerging stock markets. Over the years, we have continued and enhanced our tradition of extensive financial analysis and value investing, as we have evolved into an investment adviser and asset manager.

The principal owners of Quantum are Ajit Dayal, Hemang Dave and Alok Oberoi.

We currently provide discretionary investment advisory services to Indian individual clients (referred to as ‘Indian Private Accounts’), and foreign institutional clients, all of which we refer to collectively as our “Private Accounts.” One of these foreign institutional clients is a Fund Client. Our Private Account clients are currently based in India, Europe, and the United States. We generally manage our Private Accounts with either a focus on the Indian equity market (our “Discretionary Equity-Focused Private Accounts”) or a focus on the Indian fixed income securities market (our “Fixed Income-Focused Private Accounts”).

We also provide non-discretionary investment advisory services to three Equity Focused Private Accounts, based in Canada and United States, which we refer to collectively as “Non-Discretionary Equity Focused Private Accounts” and three Mauritius based private investment funds which we refer to collectively as “Funds”, that are managed by QIEF Management LLC, Mauritius, an SEC registered Investment Advisor (Investment Manager or QIEF).” We have been appointed by the investment manager under a sub-advisory agreement with the investment manager. We advise each Non-Discretionary Equity Focused Private Account and Fund pursuant to the objectives specified in the respective investment management agreements of such Private Account and the materials by which the Fund offers its ownership interests to investors. The Non-Discretionary Equity Focused Private Accounts and the Funds’ boards of directors have the authority to determine the investment objectives, subject to QIEF’s agreement, and to supervise the investment and trading activities of the Non-Discretionary Equity Focused Private Accounts and the Funds respectively.

Our agreements with QIEF state that we must make recommendations for the Non-Discretionary Equity Focused Private Accounts and Funds in line with the investment guidelines and restrictions as stipulated by, the respective investment management agreements of such Private Accounts and in case of the Funds, as stipulated in their respective Fund offering memorandums. Our agreements with our discretionary equity focused private accounts state that, we must manage these accounts in line with the investment guidelines and restrictions as stipulated by such Private Account Clients in their respective investment management agreements. These guidelines generally impose limits on the types of securities or other instruments which the Non-Discretionary Equity Focused Private Accounts and Funds or the discretionary Equity Focused Private Accounts may invest in, the types of positions they may take, the concentration of their investments by sector, industry, fund, country, class or otherwise, the amount of leverage they may employ or the number or nature of short positions they may take. The Funds' investors do not have the right to specify, restrict, or influence their Funds' investment objectives or any investment or trading decisions.

We do not participate in wrap fee programs.

As of August 31, 2013, the net asset value of our Funds and Private Accounts was approximately US\$ 1,116 million; this includes US\$ 447 million representing the net asset value of the Non-Discretionary Equity Focused Private Accounts and the Funds.

This brochure is a general summary of Quantum's investment advisory services, fees and compensation, and advisory practices and is not specific to any one client. Clients should consult their agreements with Quantum for the specific terms and information applicable to their relationship with Quantum.

Item 5 – Fees and Compensation

Funds

The Fund Client, to whom we provide discretionary advisory services, pays us a management fee based on the Fund's net asset value (NAV) as of the fee calculation date. The fees are calculated on a day to day basis and paid in arrears on a quarterly basis.

For the non-discretionary advisory services we provide to the Funds, we receive our advisory fees from the investment manager of these Funds (i.e. QIEF). We do not receive any fees from the Funds directly. QIEF's management fees are based on the relevant Fund's net asset value (or "NAV") as of the fee calculation date. Depending on the Fund, the management fees to QIEF may be calculated on either weekly or daily basis, and is charged in arrears on a monthly basis. QIEF pays our fees directly from their assets, generally after they receive their management fees from the Funds. Typically we do not receive any fees in advance.

Depending on the Fund and the nature of services we provide, QIEF's fee rates for the management services it provides to the Funds ranges from 0.20% to 1.25% per year and the fees that QIEF pays us for our services ranges between 4% to 30% of the fees received by QIEF from the Funds. Our agreement with QIEF allows for a review of our fee rates on an annual basis. However QIEF's Fee rates for these Funds are not generally negotiable.

Private Accounts

Each of our Discretionary Equity Focused Private Account clients pays us a management fee based on the net asset value ("NAV") of the client's portfolio as of the fee calculation date. For purposes of calculating our management fees, we generally define the NAV of a client's Private Account to be the net asset value of securities and other investments held in the Account.

Our Discretionary Equity-Focused Private Account clients typically pay us management fees quarterly in arrears. These management fees may be calculated by applying our rate schedule (described below) to either: (i) the NAV of the Private Account on the last trading day of each calendar quarter; or (ii) to the average of the NAV of the Private Account at the end of each month in the calendar quarter.

Our standard fee schedule for the Discretionary Equity-Focused Private Account clients is as follows:

NAV	Fees
As to the first US \$ 100 million of NAV in the client's Private Account	1% of the NAV per year
As to the NAV in the client's Private Account above US \$ 100 million and at or under US \$ 200 million	0.90% of the NAV per year
As to the NAV in the client's Private Account above US \$ 200 million	0.80% of the NAV per year

For those Equity-Focused Private Accounts that are open for only part of a calendar quarter, we prorate our fees based on the number of days that the Private Account is open in that quarter.

We invoice our Equity-Focused Private Account clients quarterly for payment of our management fees.

Our Fixed Income-Focused Private Account clients will be charged management fees monthly in arrears. These management fees shall be calculated based on the net asset value of assets of the Private Account on the last trading day of each calendar month.

Our standard fee rate for our Fixed Income-Focused Private Account clients is 0.50% of the NAV per year.

For those Fixed Income-Focused Private Accounts that are open for only part of a calendar month, we prorate our fees based on the number of days that the Private Account is open in that month.

Upon receipt of a management fee invoice, our Private Account clients may either pay the fees directly to us or they may authorize and direct the qualified custodian of the Private Account to disburse funds to us from the Private Account's Portfolio.

For the non-discretionary advisory services we provide to the Non-Discretionary Equity Focused Private Accounts, we receive our advisory fees from the investment manager of these Private Accounts (i.e. QIEF). We do not receive any fees from the Non-Discretionary Equity Focused Private Accounts. QIEF's management fees are based on the relevant Private Account's net asset value (or "NAV") as of the fee calculation date. The Non-Discretionary Equity-Focused Private Account clients typically pay QIEF

management fees quarterly in arrears. QIEF pays our fees directly from their own assets, generally after they receive their management fees from the private Accounts.

QIEF's fee rates for our Non-Discretionary Equity Focused Private Accounts are the same standard fee rates that are indicated in Page 7 above and the fees that QIEF pays us as our share is 27.50% of the fees received by QIEF from the Non-Discretionary Equity Focused Private Accounts. Our agreement with QIEF allows for a review of our fee rates on an annual basis.

The foregoing is only a description of our standard fee arrangements, and in some cases, we may negotiate our fees with individual clients. In particular, we may agree to charge individual Private Account clients management fees according to a rate schedule that is different from the schedule set forth above, and we may also agree to charge performance-based fees (that is, fees based on a share of capital gains on, or capital appreciation of, the client's assets that we manage). To the extent that fees are negotiated as indicated above, some clients may pay more, or less, than other clients for the same management services. If we charge performance-based fees, we will do so in a manner that complies with the Investment Advisors Act 1940, as amended, and relevant SEC rules (including Rule 205-3).

Other Expenses

In addition to our fees, each of the Funds and Private Account clients also separately incurs and pays certain expenses related to the management and operation of the Fund or Private Account, as applicable, and the purchase, sale, or transmittal of the client's assets that we manage. These expenses include, among other things:

- brokerage commissions and other investment transaction costs
- custodial and sub-custodial fees;
- accounting, audit and other professional fees and expenses;
- legal fees (including fees charged to us for the benefit of the client);
- tax preparation fees;
- government fees and taxes;
- filing fees;

- costs of reporting;
- in the case of the Funds; costs of Fund governance activities (including but not limited to such as obtaining director and shareholder consents); and fees paid to the Fund's administrator and register.

Prepayment of Fees.

Our Discretionary Equity-Focused Funds and Private Account clients typically pay us management fees quarterly in arrears and our Fixed Income-Focused Private Account clients shall typically pay us management fees monthly in arrears. Further QIEF pays us fees monthly or quarterly in arrears with regard to the Funds and Private Account Clients to whom we provide Non-Discretionary Advisory services. For those Private Account clients (if any) that have agreed to pay our fees in advance over any period, we enter into investment management agreements that provide that if the client (or we) should terminate the agreement other than as of the end of that period, we will refund to the client a portion of any fee that was paid at the beginning of the termination period, pro-rated based on the number of days remaining in that period.

Other Compensation. Neither we nor any of our personnel accept compensation for the sale of securities or other investment products.

We provide office personnel and space required for the performance of our services for our clients. Our Clients do not reimburse us for doing so, except to the extent of our fees.

Please refer to **"Item 12 - Brokerage Practices"** below for more information about soft dollars, brokerage commissions and other transaction expenses.

Item 6 - Performance-Based Fees and Side-By-Side Management

Although, as noted above in "Item 5 – Fees and Compensation," our standard fee structure does not include performance-based fees, in some cases, we may negotiate fee arrangements with particular clients that include those types of fees. We serve as an investment adviser to a number of private account clients and for some of those clients we receive performance-based fees. In serving as an investment adviser to multiple clients, some of whom may pay performance-based fees, we face potential conflicts of interest, including the fact that we may have incentives to favour those clients who pay us performance-based fees.

To address these conflicts, we have developed allocation policies and procedures that seek to ensure that we allocate investment opportunities among our clients in a manner that we believe is fair and equitable.

Item 7 – Types of Clients

The Funds that we advise on a non-discretionary basis are privately-offered, Mauritius-based investment funds that are not regulated under the U.S. Investment Company Act of 1940, as amended (the “Investment Company Act”). Each of these Funds imposes minimum investor qualification standards and minimum investment requirements.

Our Private Account clients may include, Indian individuals or corporates (Indian Private Accounts), pension and profit sharing plans; trusts; estates; charitable organizations; university endowments; partnerships and other collective investment vehicles; corporations; and other business entities. The investment advisory services that we provide to our Equity-Focused Private Account clients are generally available to institutional accounts at a recommended minimum account size of US \$ 20,000,000 and the investment advisory services that we provide to our Fixed Income-Focused Private Account clients are generally available to institutional accounts at a recommended minimum account size of US \$ 50,000,000. Services are provided to Indian Private Accounts at a recommended minimum account size of INR 50 million (i.e. US \$ 0.75 million). Minimum account sizes may vary, however, depending on the type of investment advisory services to be performed and may be negotiable in certain circumstances.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**Our Investment Philosophy, Strategy and Process**

Our investment philosophy and strategy involves the use of intensive fundamental analysis, both quantitative and qualitative, to monitor our clients’ portfolios actively, while at the same time avoiding excessive trading, and to control risk by endeavouring to keep our clients’ portfolio adequately diversified, both in terms of the sectors included in those portfolios, as well as with respect to the level of concentration in any specific security.

We believe that our investment process is unique as it is “team-driven” and not based on the existence of a “star” fund manager. In addition to the “team” structure, we believe that our investment process has a calibrated risk approach and a long-term orientation. We believe this is the best way to participate

in the benefits and growth anticipated to occur as a result of the long-term economic development in India.

We develop valuations of the companies in which we invest based on their businesses, the environments in which they operate the skills and resources of their management teams, the strength of their balance sheets and cash flow relative to their long term goals, and other fundamental sector criteria.

We sell investments in companies when we believe the market price of those investments has exceeded our assessment of the long-term value of those companies or when we believe adverse changes to a company's management, prospects or the markets in which it operates have occurred. We base our comparisons of company valuations against market prices on fundamental criteria (dividend yields, price to earnings, price to cash flow, price to book value, and other different measures of share price ratios), relative to a company's peer group, its history and the overall equity markets.

Although we believe market liquidity to be an important tool to mitigate investment risk, depending on the client-specific mandate, we may make opportunistic investments in relatively illiquid securities, including securities in unlisted companies.

Risk Factors;

Investment in securities involves risk of loss that clients should be prepared to bear. The following discussion describes some of the principal risks relevant to our clients.

General Risks

Reliance on the Advisory Team

The success of our client portfolios depends largely on the abilities of our advisory team to develop and implement investment strategies to achieve the clients' investment objectives. We may change the members of our advisory team and there can be no assurance that each member of our advisory team will continue to be employed with us, which could adversely affect our performance. Finally, if any of the investment professionals or management team responsible for our investments were to become unwilling or unable to serve, as a result of death, illness, or otherwise, our performance could also be adversely affected.

Not a complete Investment Program

An investment with us is not intended as a complete investment program. If our strategies are not successful, or if we are unable to implement our strategies effectively, our clients could lose some or all of their capital.

General Economic and Market Conditions

The success of our client's investments may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, developments in government regulation and national and international political circumstances. These factors may affect the success of the businesses in which our clients' portfolio companies are engaged as well as the markets for the securities clients hold. Unexpected volatility or illiquidity could impair our client's profitability or result in losses.

Certain Strategy Risks

Volatility. The securities (both debt and equity) in which our clients invest are prone to price fluctuations on a daily basis due to both macro- and micro-factors, and this volatility may adversely affect clients.

Liquidity and Settlement Risks. Different segments of the financial markets have different settlement cycles, and these settlement cycles may be adversely impacted by unforeseen circumstances, leading to settlement risk and losses to our clients' portfolios. The liquidity of our clients' portfolios may be inherently restricted by trading volumes, transfer procedures and settlement periods. While we endeavor to avoid overly concentrated positions in securities of specific industries and sectors, because of liquidity restrictions or other factors, we cannot guarantee that our clients' portfolios will always be adequately diversified, which could amplify losses. Reduced liquidity may also have an adverse impact on market price and our ability to dispose of particular securities, when necessary, to meet our clients' liquidity needs or in response to specific economic events. Reduced liquidity may also impair our ability to restructure or rebalance our clients' portfolios when we believe such restructurings or rebalancing are necessary to protect performance.

Certain Risk Factors Concerning India

Because the focus of our investment strategy is to invest in India, the investment returns that our clients experience will depend heavily on general economic and business conditions in India. Accordingly, before opening an account with us, clients should consider the following:

Economic Factors

The success of our clients' portfolio investments depends in part on the stability of general economic and business conditions in India and on the continuation of the Indian government's current economic liberalisation and de-regulation policies. There is, however, no assurance that these liberalisation and de-regulation policies will continue in the future. The rate of economic liberalisation in India could change, and specific laws and policies affecting taxation, foreign investment, currency exchange and other matters affecting our clients' investments could change as well. In addition, laws and policies affecting the various portfolio companies held by us for client portfolios could change, adversely affecting the values or liquidity of securities issued by those companies.

Political and Communal Factors

India's relations with neighbouring countries have historically been tense. Since the separation of India and Pakistan upon their independence in 1947, India and Pakistan have fought three wars, and in the last several years both countries have conducted successful tests of nuclear weapons and missile delivery systems. More recently, terrorist attacks in November 2008 and July 2011 in Mumbai have heightened tensions and security risks in both countries. India's population is comprised of numerous ethnic groups with diverse religions and languages, sometimes resulting in communal conflict among groups. For instance, in recent years India has experienced considerable sectarian tension between Hindus and Muslims, marked by periodic violence that has caused considerable loss of property including a riot (in 1992) that resulted in the closure of the Bombay Stock Exchange for a period of three days.

Events of this nature in the future could influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies, and on the market for the services of Indian companies in which we may have investments for clients.

Indian Stock Market Risks

The Indian securities markets are smaller and more volatile when compared to the securities markets of the United Kingdom, the U.S., and certain other OECD countries. Accordingly, the Indian stock markets may decline significantly in response to adverse issuer, political, regulatory, market or economic developments. Issuer, political or economic developments may affect a single issuer, issuers within an industry, sector or geographic region, or the market as a whole. The Indian stock exchanges have been subject to broker defaults, failed trades and settlement delays in the past and such events may have adverse impact on the NAV of our client portfolios.

Indian stock exchanges utilize 'circuit breaker' systems under which trading in particular stocks or entire trading could potentially be suspended on account of excessive volatility in a stock or on the market. Such disruptions could significantly impact our ability to sell the client investments. Factors like these could adversely affect our client portfolio performance.

The Securities and Exchange Board of India ("SEBI") has wide powers and duties to regulate market practices in India, which include prohibition of fraudulent and unfair trade practices relating to the stock markets including insider trading and regulation of substantial acquisitions of shares and takeovers of companies. The securities law and regulations in India are continuously evolving, however, and the ability of SEBI to promulgate and effectively enforce rules regulating market practices is uncertain.

Limited Liquidity

A disproportionately large percentage of market capitalization and trading value in the Indian stock exchanges is represented by a relatively small number of issues. There is a lower level of regulation and monitoring of the Indian securities market and the activities of investors, brokers and other participants as compared to certain OECD markets. It may, therefore, be difficult to invest client assets so as to obtain a satisfactory diversification of the portfolio or to realize our client investments at the places and times that we would wish to do so.

Capital Raising Constraints under Indian Law

Except for the areas of housing and real estate (other than integrated township development), atomic energy, agriculture or plantation activities, gambling or lottery business or business of chit funds, foreign investment is permitted (either under the automatic; i.e. without prior government approval or through the government approval route) subject to sector-specific limits, in various investment sectors. Most of

the investment avenues for our client portfolios are expected to have an automatic approval. Each investment avenue is peculiar and lack of clarity in policy interpretation and dispensation of administrative decisions could place constraints on our ability to expeditiously make potential investments for our clients.

Currency Exchange Rate Risks

While the regulatory regime for hedging genuine currency risk in India has been relaxed in recent years, we believe that it remains impractical to hedge currency risks in India for more than relatively short periods of time, and even for short term hedging the cost can be high. Accordingly, currency risk in relation to the Indian rupee remains a significant risk factor for our investment program, and the cost of hedging this currency risk (if available) could reduce our clients' investment returns. Decreases in the value of the Indian rupee relative to other currencies (particularly the US dollar) should be expected to adversely affect investment returns, and such a decrease may be likely given India's current inflation rate and its budget deficits.

The operation of client bank accounts in India is also subject to significant regulation by the Reserve Bank of India ("RBI") under the Indian Foreign Exchange Regulations. The Indian domestic custodian acting also as the remitting banker will be authorized to convert currency and repatriate capital and income on behalf of the client. There can be no assurance that the Indian Government would not, in the future, impose restrictions on foreign exchange. The repatriation of capital may be hampered by changes in Indian regulations concerning exchange controls or political circumstances. In addition, the India Government may, in the future, re-introduce foreign exchange control regulations that limit the ability of clients to repatriate dividends, interest or other income from the investments or the proceeds from sale of securities. Any amendments to the Indian exchange control regulations may impact adversely on the performance of the client portfolios.

Indian Legal System

The Indian civil judicial process to enforce remedies and legal rights is less developed, more lengthy and, therefore, more uncertain than that in developed countries. Enforcement by us of civil liabilities under the laws of a jurisdiction other than India may be adversely affected by the fact that our portfolio companies may have a significant amount of assets in India.

The laws and regulations in India can be subject to frequent changes as a result of economic, social and political instability. In addition, the level of legal and regulatory protections customary in countries with

developed securities markets to protect investors and securities transactions, and to ensure market discipline, may not be available. Where the legal and regulatory framework is in place, the enforcement may be inadequate or insufficient. Regulation by the exchanges and self-regulatory organizations may not be recognized as law that can be enforced through the judiciary or by means otherwise available to the investors in developed markets.

Agrarian Economy

India is an agrarian economy and a significant portion of its GDP is derived from agriculture. As a result, severe monsoons or drought conditions could hurt India's agricultural production and dampen momentum in some sectors of the Indian economy, which could adversely affect the performance of our client portfolios.

Foreign Capital Flows

In 2003, 2007 and 2010 the Indian stock market witnessed a surge in the inflow of foreign capital, which contributed to a sharp rise in the Sensex. In 2008, substantial foreign investment left the market as a result of worldwide financial stress, adding to sharp declines in the market. Foreign capital flows have significant impact on the Sensex, and even simple reductions in foreign investment can be a negative factor on the Sensex. There could be sharp declines in the market if substantial foreign investment leaves the market. Such an event could adversely impact the performance of our client portfolios.

The table below depicts; the impact of the foreign flows on the Indian markets

Period	Net Foreign Inflow (US\$ m)	Change in S&P BSE-30 TRI in that Period (% USD)
CY 2003	6,628	+86.5%
CY 2004	8,669	+20.5%
CY 2005	10,707	+40.2%
CY 2006	8,106	+51.6%
CY 2007	17,655	+67.0%
CY 2008	-11,974	-60.8%
CY 2009	17,458	+90.3%
CY 2010	29,362	+24.2%

CY 2011	-358	-35.7%
CY 2012	24,372	+24.1%
Cumulative	110,625	+489.3%
YTD 2013 (till August 2013)	11,583	-19.5%

Corporate Disclosure, Accounting and Regulatory Standards

Indian disclosure and regulatory standards are in many respects less stringent than standards in certain OECD countries. There may be less publicly available information about Indian companies than is regularly published by or about companies in such other countries. The difficulty in obtaining such information may mean that we may experience difficulties in obtaining reliable information regarding any corporate actions and dividends of companies in which we have invested for clients which may, in turn, lead to difficulties in determining the value of our clients' portfolios with the same degree of accuracy which might be expected from more established markets.

Regulatory Risk

Previously, the clients had to obtain limits from SEBI to invest in government and corporate bonds through an auction mechanism with a requirement of utilizing the limits in a defined time frame. However, since January 2013 in case of corporate bonds and September 2013 in case of government bonds, the auction mechanism for obtaining limits has been dispensed with. Registered FII's are now free to buy and sell government and corporate bonds at any time without obtaining prior limits till such time the overall threshold limit available for FIIs as defined is not reached.

Although this policy change has made investments by FII's easier, these policies could change in future, and the regulator can reinstate these limits in the future.

Item 9 – Disciplinary Information

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Item 10 – Other Financial Industry Activities and Affiliations

Neither we nor any of our employees are registered, or have an application pending to register as, a broker-dealer or registered representative of a broker-dealer, futures commission merchant, or commodity pool operator.

Affiliated Advisers

We receive research services with respect to investments by our Funds and Private Account clients from our 100% subsidiary, Quantum Asset Management Company Pvt Ltd (QAMC) (our “Affiliated Adviser”), We pay QAMC for these research services out of the management fees that we receive from our clients. Our evaluation of our Affiliated Advisers’ qualifications, suitability and performance as research providers involve inherent conflicts of interest that would not be present if we were instead evaluating independent research providers. Other than these inherent conflicts of interest, we do not believe that our relationship with our Affiliated Advisers creates a material conflict of interest with our clients.

Investments in Affiliated Entities

We may cause our clients to invest in Quantum Long Term Equity Fund (QLTEF) a fund launched by one of our affiliates, Quantum Mutual Fund (QMF) or other funds associated with QMF (collectively, the “QMF Affiliated Funds”). Because of our relationship with QMF, we face inherent conflicts of interest in causing our clients to invest in any QMF Affiliated Fund, including QLTEF, in preference to other funds whose sponsors are not affiliated with us. To address the conflict of interest that such investments present, we : (a) shall ensure that our clients do not bear “double” fees in connection with their investments in our Affiliated Funds and (b) in case the Client is a Fund, the aggregate expense ratio of the Fund shall not under any circumstances exceed the maximum expense ratio permissible under the Fund’s offering memorandum and (c) we make such investments only if : (i) in case of a Private Account client, the investment management agreement with that client (the client IMA) allows investments in our Affiliated Funds; and (ii) in case of a Fund client, the Fund’s offering memorandum permits investments in Affiliated Funds and contains adequate disclosures about the conflicts of interest that we face in connection with those investments and (iii) in the absence of a) client IMA’s allowing such investments or b) adequate disclosures of conflict of interests in the Fund offering document, informed consent of the client is obtained by us.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

We have adopted a Code of Ethics (the “Code”) that describes the standards of business conduct that we require of our personnel and establishes procedures intended to prevent Quantum and our personnel (as well as certain of their relatives) from inappropriately benefiting from Quantum’s relationships with our clients. The Code requires high standards of business conduct, compliance with United States federal securities laws, applicable Indian securities laws, reporting and recordkeeping of personal securities transactions and holdings, reviews and sanctions. Among other things, the Code provides that:

- Our clients’ interests come before our employees’ interests and, except to the extent otherwise provided in client agreements, before our own interests;
- We must disclose all material facts about conflicts of which we are aware between ourselves and our employees’ interests, on the one hand, and our clients’ interests, on the other;
- Our employees must operate on our and their own behalf consistently with our disclosures to, and arrangements with, our clients regarding conflicts and our efforts to manage the impacts of those conflicts; and
- We and our employees must not take inappropriate advantage of our or their positions of trust with or responsibility to our clients.

The Code includes procedures for, and restrictions on employee trading intended to prevent our employees from benefiting from or appearing to benefit from, any price movement that may be caused by client transactions or our recommendations regarding securities. Among other things, these include requirements that employees make a written request for and receive clearance from our Chief Compliance Officer (or his or her designees) before they buy or sell any security (with limited exceptions) and prohibitions of transactions in securities that we are actively considering, or are, buying or selling for client accounts. The Code also contains restrictions on and procedures to prevent inappropriate trading while we are in possession of material non-public information (including information about our trading activity for clients).

A copy of our Code of Ethics is available to clients or prospective clients upon request.

Participation or Interest in Client Transactions

We may act as investment manager to numerous accounts. We have arrangements for sourcing of research and other services. We may give advice and take action with respect to any Client account or for our own account, or the account of our officers, directors, employees, members or agents, that may differ from action taken by us on behalf of other accounts. We are not obligated to recommend, buy or sell, or to refrain from recommending, buying or selling any security that Quantum or its officers, directors, employees, members or agents, may buy or sell, directly or indirectly, for its or their own accounts or for any other account Quantum manages. We are not obligated to refrain from investing in securities held in the accounts we manage except to the extent that such investments violate the Code of Ethics ("Code") adopted by us. From time to time, access persons of Quantum or its affiliate may have interests in securities owned by or recommended to Clients. We may purchase or sell for our advisory accounts securities of an issuer in which Quantum, its affiliate or their access persons also have a position or interest. As these situations may represent a potential conflict of interest, We have implemented procedures relating to personal securities trading by our employees.

Personal Securities Transactions

The Code permits our employees to maintain personal securities accounts, *provided* that any personal investing by any employee in any accounts in which the employee has a beneficial interest, including any accounts of the employee's spouse and any dependent family members, is consistent with our fiduciary duties to our clients and with regulatory requirements. Among other things, the Code requires that:

- Each employee must seek prior approval for all personal transactions in securities, other than certain government securities, shares of mutual funds not managed by us or our affiliates, and certain other types of securities that we do not believe create a potential for conflicts of interest;
- No employee is allowed to trade in securities during any period when those securities form part of any internal "priority list" of securities that the research team may be researching for clients;
- No employee is allowed to trade in securities that our portfolio management team intends to trade for clients; or in securities whose daily average turnover in the Indian markets in the preceding 12 months is not less than US \$ one million
- No employee is allowed to trade in a security that we have traded for our clients at any time

during the last 15 trading days;

- Transactions effected without pre-clearance are subject in the discretion of the firm's Compliance Monitoring Committee, to being reversed or, if the employee made profits on the transaction, to disgorgement of those profits; and
- Each employee must report the holdings of securities covered by our personal trading policies and transactions in such securities to our Chief Compliance Officer (or his or her designee) on a quarterly basis.

Item 12 – Brokerage Practices

Each of our Funds and Private Accounts will incur substantial brokerage commissions and other transaction expenses. We generally have wide discretion in deciding what brokers, dealers, banks and other financial intermediaries and counterparties with or through which to execute or enter into portfolio transactions, including through entities that are affiliated with us (collectively, "Transacting Parties" or "Brokers"). In addition to paying commissions to Transacting Parties in connection with transactions effected on any agency basis, our Funds or Private Accounts may buy or sell securities directly from or to Transacting Parties acting as principal (such as market-makers for over-the-counter securities) at prices that include markups or markdowns. The following describes some noteworthy aspects of our use of, and relationships with, Transacting Parties.

Selection Criteria for Brokers

As an SEC-registered investment adviser, we have a general duty to seek "best execution" for our clients' securities transactions. What constitutes "best execution," and determining how to achieve it, are inherently uncertain, however. In choosing Transacting Parties, we are not required to consider any particular criteria. In evaluating whether a Transacting Party will provide best execution, we consider a range of factors. These include;

- historical net prices (after markups or markdowns) on other transactions;
- the execution, clearance and settlement and error correction capabilities of the Transacting Party generally and in connection with securities of the type and in the amounts to be bought or sold;
- the Transacting Party's reliability and financial stability;

- as discussed more fully below, the nature, quantity and quality of research and other services and products provided by the Transacting Party.

We are not required to select the Transacting Party that charges the lowest transaction cost, even if that Transacting Party can provide execution quality comparable to other Transacting Parties, and our clients should be expected at times to pay more than the lowest transaction cost available in order to obtain for itself and/or for us services and products other than the execution of securities transactions.

“Soft Dollars”

We may select Transacting Parties in recognition of the value of various services or products, beyond transaction execution, that they provide to our Funds, to our Private Account clients, or to ourselves. Selecting a Transacting Party in recognition of the provision of services or products other than transaction execution is known as paying for those services or products with “soft dollars.”

Conflicts of Interest. When we use “soft dollars” to obtain research or other products and services, we receive a benefit because we do not have to produce or pay for that research or those other products or services using cash from other sources. And, because many products and services that we may receive from Transacting Parties may provide general benefits to us, our interests in allocating our clients’ securities transactional business may conflict with those of one or more of our clients. For example, we may have an incentive, in order to induce brokers and dealers to provide us with services or benefits to, among other things, cause a client to:

- pay higher commissions and other compensation than it would otherwise pay broker-dealers that do not provide soft dollar services or products;
- place more trades than would be optimal for a client’s investment strategy;
- use broker-dealers that do not obtain for a client the best possible price on portfolio transactions; and
- use (and pay) broker-dealers in effect to act as intermediaries with other broker-dealers who actually execute transactions.

The extent of the conflicts of interest arising out of the use of soft dollars depends in large part on the nature and uses of the services and products acquired with soft dollars.

Section 28(e) Safe Harbor. A U.S. federal statute, Section 28(e) of the Securities Exchange Act of 1934, as amended, recognizes the potential conflict of interest involved in the use by an investment manager (such as Quantum) of soft dollars generated by securities transactions to pay for various expenses but provides a “safe harbor” from breach of fiduciary duty claims if certain conditions and requirements are met. Under the Section 28(e) safe harbor, soft dollars may be used to acquire “research” and “brokerage” services and products for which a client would not otherwise be required to pay. Services or products generally constitute “research” under Section 28(e) if they constitute advice, analyses or reports any of which express reasoning or knowledge as to the value of or investing in or trading securities, or as to issuers, industries, economic factors and trends, portfolio strategy or performance, but only to the extent we use them for lawful and appropriate assistance in making investment decisions for a client. “Brokerage” services and products are those used to effect portfolio transactions or for functions that are incidental to effecting those transactions (such as clearance, settlement or short-term custody related to effecting clearing or settling transactions) or regulatorily required in connection with transactions. Using soft dollars to pay for services and products other than research and brokerage is not protected by the safe harbor, but does not necessarily constitute a violation of any law or fiduciary duty. Similarly, use of non-commission soft dollars or otherwise failing to satisfy procedural elements of the Section 28(e) safe harbor are not protected but are not necessarily prohibited. Nevertheless, we generally intend to use soft dollars (including markups and markdowns on principal transactions where protected) for purposes, and in ways, that satisfy the requirements of the Section 28(e) “safe harbor.” Services obtained through “soft dollars” are used for the benefit of all our clients.

Even where our use of soft dollars to acquire research and brokerage is protected by Section 28(e), we will have a conflict of interest in connection with that use because we might otherwise have to pay cash for those services and products and we may have an incentive to use Transacting Parties who provide those services and products more than we otherwise would.

Procedures

A committee (the “Best Execution Committee”) composed of our senior management personnel, evaluates our brokers on an on-going basis by obtaining inputs from our dealer, research and back-office teams. The Best Execution Committee then rates the execution and other services provided by brokers based on those inputs to generate a ranking of our brokers. Our Chief Compliance Officer (or his or her designee) communicates the Best Execution Committee’s broker rankings to our Chief Investment

Officer or the dealer, who may then take up the matter with any underperforming brokers to improve their performance. In addition, our compliance team compares, on a quarterly basis, the broker rankings with the broker turnover report to ensure that the broker turnover does not deviate significantly from the broker rankings.

Directed Brokerage

Our Private Account clients may direct us to use particular brokers (“designated brokers”) to effect transactions in their accounts (“directed brokerage”). Clients who use directed brokerage (“directed brokerage clients”) may incur higher transaction costs (and therefore experience lower overall returns) than clients who do not use directed brokerage. For example, designated brokers may charge higher brokerage commission than brokers that we would otherwise use. In addition, designated brokers may execute trades for our directed brokerage clients at disadvantageous times – for example, a designated broker may buy (or sell) a particular security for a directed brokerage client before (or after) brokers that we have selected buy (or sell) identical or related securities for our other clients. Under those circumstances, a directed brokerage client may be subject to adverse price movements, particularly if the designated broker’s trades occur after large block trades, involve illiquid securities or occur in volatile markets.

Aggregation of Orders

At present, Indian laws do not permit us to aggregate client transactions. Our inability to aggregate trades may result in our clients bearing higher transaction costs than they otherwise would

Item 13 – Review of Accounts

We generally monitor our clients’ aggregate portfolio holdings on a real-time basis. In addition, our Chief Investment Officer performs individual account-level reviews at least monthly, or more frequently as necessary to respond to significant changes in economic or market conditions. Our Chief Investment Officer also performs account reviews for Private Account clients when those clients inform us of changes in their financial circumstances or investment objectives.

We generally forward to our Private Account clients monthly, quarterly and annual reports. QIEF forwards these reports to the investors in the “Funds” These reports generally include a portfolio

appraisal; statements of realized and unrealized gains and losses, interest, dividends and expenses; contributions and withdrawals; and statements of performance history.

Item 14 – Client Referrals and Other Compensation

We do not receive any economic benefit other than the fees described in Item 5 on Page no 6 above for providing investment advisory services to the Funds and Private Account Clients.

However we have engaged QIEF an affiliate to act as our marketing agent under a solicitation agreement entered with them. Under the solicitation agreement QIEF is required to promote our Private Account client advisory services to all potential clients. In addition to its own efforts to solicit separate account advisory services clients for us, QIEF has also engaged its 100% subsidiary; QIEF Management Corp {earlier known as Q India Corp} (QIEF Corp) a Florida based (earlier based in Connecticut) corporation to promote our Private Account client advisory services to US-based sophisticated non-government private sector institutional clients such as university endowments and foundations. QIEF Corp does not market our services to any governmental agencies, including, without limitation, any state, local or municipal pension funds, or state colleges or universities. QIEF Corp receives its marketing fees, from QIEF on a “cost plus” basis i.e. reimbursement of all reasonable costs incurred by it plus an appropriate arms-length “mark ups” (currently 10%) over these costs, under their agreement with QIEF. We do not pay any fees to QIEF Corp. We compensate QIEF on a “cost” basis i.e. we reimburse all reasonable costs incurred by QIEF for its marketing effort in US.

With regard to solicitation of non – USA clients, in addition to its own efforts, QIEF has also appointed a non-US third party solicitor (Solicitor) under a solicitation agreement with the Solicitor, to refer to us non-US clients situated in France, Switzerland, Luxembourg, Belgium and Monaco, subject to the Solicitor complying with applicable regulations. QIEF compensates this Solicitor by way of a referral fee amounting to 12% of the fixed advisory fee received by us from the referred client. With regard to solicitation of non-US clients we compensate QIEF on a “cost plus” basis i.e. , we reimburse all reasonable costs incurred by QIEF in serving as marketing agent, plus an appropriate arms-length “mark ups” over these costs, which is currently at 12% of the costs. We do not directly pay any fees to this Solicitor.

All referral fees paid to QIEF by us and by QIEF to QIEF Corp as regards solicitation of US clients, are in accordance with Rule 206(4)(3) of the Investment Advisers Act, 1940. In the event that the current

solicitation agreement of QIEF with the non-US third party Solicitor were to change to involve the solicitation of US clients, we would comply with Rule 206(4)-3 under the Advisors Act, which is the rule governing solicitation of US clients on behalf of an advisor.

Item 15 – Custody

We do not maintain custody of any assets held in Private Accounts. With respect to the Funds sponsored by QIEF, that we advise on a non-discretionary basis, all of which are “offshore funds” (i.e., private funds organized and incorporated in a country other than the United States), we and QIEF being an “offshore advisers” (i.e. advisers having a principal office and place of business outside the United States) are not required to comply with the SEC’s rules regarding custody of client assets. Investors in these Funds do, however, generally receive audited financial statements prepared in accordance with International Financial Reporting Standards within 120 days of the end of each fiscal year.

Item 16 – Investment Discretion

We usually receive discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, we exercise our discretion in a manner consistent with the stated investment objectives for the particular client account. For some clients, our authority to trade securities may also be limited by certain securities and tax laws that require diversification of investments and favour the holding of investments once made.

Item 17 – Voting Client Securities

We have adopted policies and procedures that address generally the guidelines we expect to follow in the exercise of our voting authority over proxies we receive on behalf of clients. Generally Quantum has discretion to vote for the proxies on behalf of Clients. In the absence of specific guidelines from Clients, Quantum will vote proxies in the best interest of the clients. However clients may place reasonable restrictions on voting authority in the same manner that they may place such restrictions in the actual selection of the account securities. We will consider a number of factors to determine whether exercising the clients’ voting rights as to its securities is in the relevant clients’ best interest, such as whether the securities are being held for a short or long period of time.

When voting a proxy, we will generally follow our voting guidelines. We attempt to identify conflicts of interest that may arise in the proxy decision making process. If a material conflict of interest over proxy

voting arises between us and a client, we will seek to resolve the conflict and vote the proxies in a manner that is in the relevant clients' collective best interests.

We will provide, upon request, a copy of these policies and procedures and/or information concerning our voting record on account proxy matters. Such a request may be forwarded to the Chief Compliance Officer at Murali@QASL.com who will respond to any specific query from the client.

Item 18 – Financial Information

We do not charge or solicit pre-payment of more than US \$ 1,200 in fees per client six months or more in advance. We have never filed for bankruptcy and are not aware of any financial conditions that are reasonably likely to impair our ability to meet our contractual obligations to clients.

Item 19 – Requirements for State-Registered Advisers

Not Applicable.