

Item 1 – Cover Page

Part 2A of Form ADV

Brochure for:

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Originally prepared in August 2011

Annual updating amendment dated June 28, 2020

Other than annual updating amendment date 28 April, 2021

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 at +91 22 2283 0322 / +91 22 6144 7900 or email us on ADV@QASL.Com. 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.

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

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

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 to qualified investors by the promoters of these funds, in compliance of applicable laws and regulations.

Item 2 – Material Changes

Our last annual amendment to the brochure was prepared on June 28, 2020 in accordance with the SEC’s requirements and rules.

Below mentioned is the material change that was made since our last annual updation of Form ADV 2A on 28th June, 2020;

A) Other than Annual Amendment on April 28, 2021

Item 4: We have updated the disclosure to reflect the fact that, our “Regulatory Assets under Management (RAUM)” as of March 31, 2021 was approximately US\$ 2691Million.

Item 5 and item 8: we changed the name of one of our strategy and revamped the changes throughout the document.

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Item 4 – Advisory Business

Quantum Advisors Private Limited (“we” or “Quantum Advisors”), is a limited liability company governed under the laws of India. We are registered in India as a Portfolio Manager with the Securities Exchange Board of India (SEBI), the Indian securities regulator and in the USA as an Investment Advisor with the Securities Exchange Commission (SEC). We are also registered as a “Restricted Portfolio Manager” in the Canadian provinces of British Columbia, Ontario and Quebec. 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 Private Limited. Quantum Advisors was established by Mr. Ajit Dayal as one of the India’s first equity research houses. We pioneered a quantitative as well as qualitative analytical approach to equity investing in India, providing 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.

Presently, the principal owners of Quantum Advisors are Ajit Dayal, HWIC Asia Fund Class Q Shares (“HWIC Asia”) and Fairfax Financial Holdings Limited (FFHL).

HWIC Asia is ultimately beneficially owned by Fairfax Financial Holdings Limited (FFHL) a company listed in the Toronto Stock Exchange. FFHL is the ultimate parent entity of the Toronto based Fairfax group. The day to day operations of Quantum Advisors are managed by the team of experienced professionals, all of whom are shareholders in Quantum Advisors. HWIC Asia is not involved in the day to day management and operations of the business of Quantum Advisors including research and portfolio management. HWIC Asia has indicated its intention to be a passive financial shareholder of the Company but they have customary minority protection rights as a passive financial shareholder.

We currently provide discretionary investment advisory services to individual clients who are either resident Indians or non-resident Indians, none of which are United State person (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

that is fixed income focused. Our Private Account clients are currently based in India, Europe, , Canada and Mauritius. Presently we manage our Private Accounts with a focus on the Indian equity markets (our “Discretionary Equity-Focused Private Accounts”) or a focus on the Indian fixed income securities market (our “Discretionary Fixed Income-Focused Private Accounts”).

We also provide non-discretionary investment advisory services to our affiliate, QIEF Management LLC an SEC registered Investment Advisor (Investment Manager or QIEF) in relation to portfolios of their underlying Clients.

We provide advice in relation to QIEF’s Clients pursuant to the objectives specified in the respective investment management agreement of such Client (In case it is a private account client of QIEF) and fund offering memorandums by which the Client offers its ownership interests to investors (In case it is a fund client of QIEF).

Our agreements with QIEF state that we must make recommendations for the Non-Discretionary Equity-Focused and fixed income focused Private Account and the Funds in line with the investment guidelines and restrictions as stipulated by the respective investment management agreements of such Private Account and, in case of the Funds, as stipulated in their respective Fund offering memorandums. Our agreements with our Discretionary Equity-Focused and fixed income focused Private Accounts state 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. Such investment guidelines generally impose limits on the types of securities or other instruments which the Private Accounts (including the Fund client) 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 March 31st, 2021, the Regulatory Asset under Management (RAUM) of the Firm was approximately US\$ 2691 million.

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

Item 5 – Fees and Compensation

Funds

In case of the Fixed Income Focused Fund Client, to whom the Firm provides discretionary advisory services the said Fund client pays us management fees on a monthly basis in arrears, which is calculated on a day-to-day basis.

For the non-discretionary advisory services we provide, in relation to QIEF's fund client, 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 that are provided, QIEF's fee rate for the management services it provides to the Funds ranges from 0.11% to 1% per year, and the fees that QIEF pays us for our services ranges from 10% to 25% 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 “Q India Value Equity Strategy for 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

Our standard fee schedule for the Discretionary “Q India Responsible Returns Strategy” for Private Account clients is as follows:

AUM	Fixed Fee Structure, (As% of AUM p.a)	Variable Fee Structure (As % of AUM p.a)
Upto USD 50 mn	0.6%	0.5% Fixed Fee + 10% Performance Fee*
USD 50 mn to 100 mn	0.5%	0.4% Fixed Fee + 10% Performance Fee*

Above USD 100 mn	0.4%	0.3% Fixed Fee + 10% Performance Fee*
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*Benchmark for performance fees – MSCI India Index

Our standard fee schedule for the “Q India Sovereign Focus Bond Strategy” s” Clients is as follows;

NAV	Annual Fees
As to the first US \$ 100 million of NAV in the client’s Private Account	0.25%
As to the NAV in the client’s Private Account in excess of US \$ 100 million	0.20%

For the payment of our management fees, we shall invoice our Equity-Focused Private Account clients on a quarterly basis and our Fixed Income-Focused Private Account clients on a monthly basis.

Regarding the 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. And in case of 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 QIEF in relation to QIEF’s Clients we receive our advisory fees from QIEF. We do not receive any fees from the QIEF’s Clients. QIEF’s fees shall be based on their Client’s net asset value (or “NAV”) as of the fee calculation date. QIEF pays our fees directly from their own assets, generally after they receive their management fees from their Clients. 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), if applicable.

Other Expenses

In addition to our fees, each of the Private Account clients (including the Fund client) also separately incurs and pays certain expenses related to the management and operation of the Private Account or Fund, as applicable, as well as 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, auditing, 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 expenses such as Board meeting-related expenses and other expenses for obtaining

director and shareholder consents); and fees paid to the Fund's administrator and the registrar.

Pre-payment of Fees

Our Discretionary Equity-Focused Private Account clients typically pay us management fees quarterly in arrears and our Fixed Income-Focused Private Account Fund clients typically pay us management fees monthly in arrears. Further QIEF pays us fees monthly or quarterly in arrears with regard to QIEF's Clients in relation to whom we provide Non-Discretionary Advisory services. For those Private Account clients (if any) that agree to pay our fees in advance over any period, we enter into investment management agreements which 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 Supervised Persons 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 – Type of Clients

Our clients may include, Resident or Non-resident Indian individuals, India based companies or institutions (Indian Private Accounts); Foreign pension and profit sharing plans; trusts; estates; charitable organizations; university endowments; registered investment advisers, partnerships and other collective investment vehicles; corporations; and other business entities (Institutional Accounts). The investment advisory services that we provide to our India Equity Focused Private Account clients are generally available to institutional accounts at a recommended minimum account size of USD \$20,000,000. The investment advisory services that we provide to our India 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 10 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 Objective, Strategy and Process

(a) Equity Product

1. 1. Q India Value Equity Strategy:

Investment Philosophy and Objective:

The primary investment objective of QAPL for this product is to achieve long term capital appreciation from a fully equity oriented portfolio that are in a position to benefit from the anticipated growth and development of the Indian economy and its investment universe will be as far as possible the companies constituting the S&P BSE 200 or any appropriate additions made thereto and will be subject to any specific guidelines prescribed by clients. However,

considering the market conditions, QAPL may at its discretion, invest in one or more financial and money market instruments.

Our investment philosophy and strategy involves the use of intensive qualitative and quantitative fundamental analysis, to build and 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. Our Investment strategy is to invest in companies which we believe are attractively priced in the market when compared to our valuation of the company. We do not make sector calls. We make stock calls that lead to certain sector weights. 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 develop valuations of the companies in which we invest based on their businesses, the strength of their balance sheets and cash flow relative to their long term goals and other factors including our assessment of the skill and expertise of the company's management team and the long term potential for both the company and the market in which it operates. Such opportunities may arise for a variety of reasons ranging from the belief that the market has undervalued a company, to an assessment that there is opportunity for significant profit or market share growth given the dynamics of the sector a company operates in, or as a result of the company's competitive or proprietary advantages.

Our investment portfolio will generally consist of Listed Equity Shares of Companies in India having an average daily trading volume of USD 1 million or above in the preceding 12 months and the holdings in any one company will tend to be generally in the range of 2% (at the time of initial investment) to 6% of the total market value of the portfolio at cost and 10% at current market price. The process of building the portfolio is a team drive process.

We will avoid investment in companies:

- With record of poor treatment of minority shareholders; that have blatantly violated environmental rules and regulations; that have acquired national properties from government through questionable means; that follow other similarly questionable practices
- With questionable accounting practices
- With weak business models
- Where it is not clear as to who exactly are the founders of the company

As a practice we will generally not invest in companies that derive more than 20% of their total revenues from tobacco, hard liquor or gambling/casino activities. The term hard liquor does not include wine and beer.

The stocks also pass through further screens (including integrity screens) such as:

- Are there too many related party transactions?
- Is there a succession plan in place?
- Is it a company where only one person runs it?
- Has the management changed and become better or become worse?

Suggested investment horizon: 3 to 5 years and above.

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.

Benchmark Index: S&P BSE 200. Given that the BSE 200 comprises large cap stocks which are highly liquid, we believe it makes a good benchmark as the strategy has a bias towards highly liquid stocks. However, the strategy's performance may not be strictly comparable with the performance of the Benchmark, due to inherent differences in the construction of the portfolios, and the volatility of the benchmark over any period may be materially different than that of the composite over the same period.

Types of securities in which investment is made:

QAPL invests funds in equity shares, stocks, scrips. It may also invest in any financial, money market or other instruments or investments limited to bonds, units of mutual funds, bank deposits, convertible debentures, non-convertible debenture, certificate of deposits, Government securities, treasury bills and certificates of securitized debt subject to restrictions imposed in Portfolio Management Agreement with clients.

1.2. Q India Responsible Returns Strategy:

Investment Objective: The Investment Objective of the strategy is to achieve long-term capital appreciation by investing in share of companies that have best governance practices as measured through our proprietary ESG (Environment, Social and Governance (ESG) scoring methodology.

Investment Philosophy and Process: The strategy focus is to follow a comprehensive 'ESG Framework' in order to develop deeper understanding into a company's management practices, sustainable businesses and risk profile, which would thereby help us in understanding the impact on long-term sustainability that drives performance. The aim is to invest in businesses, which are ensuring sustainable management of natural and human resources, diversity within the organizational structure, prudent management and socially responsible framework of business.

The primary focus will be on companies based on two criteria. First is for selecting companies under coverage and second is for selecting companies in the portfolio.

The first criterion is selecting companies generally trading with liquidity of minimum US \$ 1 million on an average over the last 12 months.

The second criterion is based on their ESG score. Each security, which is filtered on the basis of first criterion, will be scored on ESG parameters using data sources such as sustainability reports (GRI Framework), Business Responsibility Reports (BRR) and other publicly available documents. Active weights of a security within their respective sector will be determined by a composite ESG score. A higher ESG score of a security within the sector will have higher relative weight and vice versa. The selection process ensures eliminating exposure to companies that rank poorly on ESG criteria completely. The sum total of the weights of securities in a sector will equal to track sector weights of broad well diversified indices.

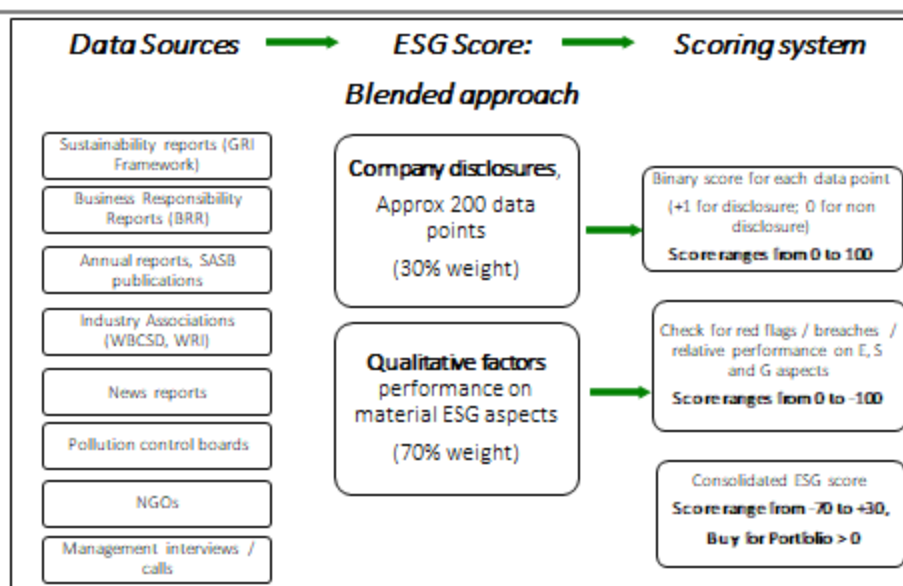
The allocations focus on governance and sustainability; hence will be agnostic to valuations.

Investment Strategy: The portfolio will tend to include shares of all companies above a particular threshold ESG composite score derived as a result of a thorough analysis of the Environmental, Social and Governance factors relevant to the company and the sector in which it operates.

Portfolio Construction:

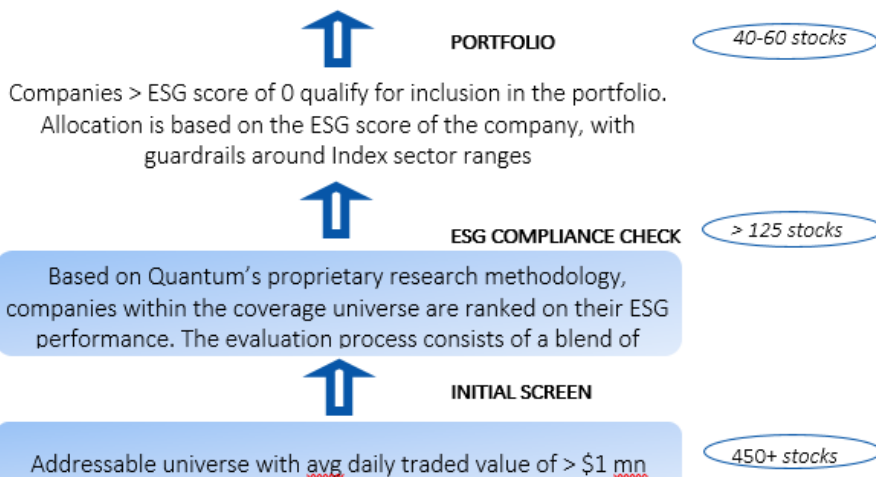
- The stock should generally have an average liquidity of minimum US\$ 1 million over last 12 months.
- Every Stock with ESG composite score equal to or above the threshold ESG score will be part of the portfolio.
- The fund manager would generally not try to time the market and will add stocks that meet the ESG criteria. Every stock in portfolio will be bought and sold on the basis of weights allotted to it and will be value agnostic.
- The fund manager will set sector weights for the portfolio in accordance with sector weights of a broad well diversified India equity Index like the MSCI India Index.
- In case, there are no stocks with ESG score greater than or equal to the set threshold ESG composite score in a particular sector, the weightage of that sector is redistributed on a relative basis among other sectors, where the stocks meet the ESG criteria. Consequently, the weightages of individual stocks qualifying the ESG criteria within those sectors will also change accordingly.

Quantum's Proprietary ESG Evaluation Methodology



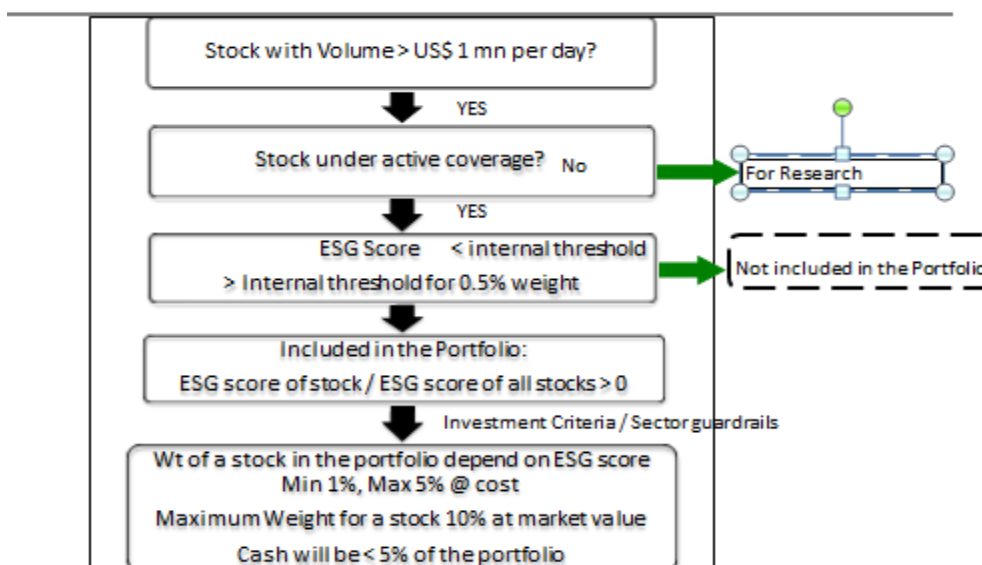
Stock selection process driven by our Proprietary ESG

Investors get exposure to broad basket of ESG compliant companies which in the long run is expected to outperform conventional market indices



Number of stocks mentioned are as per current average trading volume value criteria and ESG criteria. The number of Stock in trading volume criteria, ESG criteria and in portfolio will be changed from time to time

Portfolio Construction, using our Proprietary ESG scores



Underlying theme: India listed Equity, High Governance, ESG driven, Valuation agnostic.

Benchmark index: MSCI India Index. The benchmark is a widely used benchmark index that aims to provide exhaustive coverage of the relevant investment opportunity in the ESG sector set with a strong emphasis on index liquidity, investability and replicability. The approach also endeavors to replicate the sector weights of this index to the extent possible. It appropriately represents the investment objective of the approach.

Suggested investment horizon: 3 to 5 years and above.

(b) Fixed Income Product:-

Q India Sovereign Focus Bond Strategy

(i) Investment Philosophy

The Investment philosophy at QAPL reflects our intensive use of fundamental analysis, both quantitative and qualitative; to effectively construct and manage the portfolio based on the investment objectives as laid down by Client'.

We monitor the portfolio actively, not so as to engage in excessive trading, but to control and manage the portfolio risks.

We, at QAPL, believe that having a long term investment focus is the best way to participate in the benefits that is anticipated to accrue due to the long term growth in the Indian economy and the broad based developments of the Indian bond market.

So even though, the product might be a money-market fund, the investment philosophy and process is driven by research on long term parameters and trends and the portfolio is built with that focus.

The other key factor which drives the Investment philosophy is the Investment Objective of the product and the legality and compliance associated with it.

Each investment product has a clearly laid down investment objective with a well-defined risk tolerance.

The investment philosophy and process is tuned towards achieving the investment objective within the laid down and accepted risk-return relationship.

We, at QAPL, strive towards offering sensible risk-adjusted returns over the long term.

For all QAPL Fixed Income products, the investment objective would be achieved in the following order of priority:

- Legality & Compliance
- Capital Preservation
- Portfolio Liquidity
- Yield and Return Enhancement

(ii) Investment Objective

The objective of the fixed income product is to generate income and capital gains by investing in fixed income securities issued by the Central Government of India (Sovereign) and government owned companies (Public Sector Units – PSU) of Indian origin (PSU Corporate Debt). The approach would be Long-only; with no leverage and un-hedged.

The investment strategy is to take advantage of the long term development in the Indian bond markets that is anticipated with the growth in the Indian Economy.

The fixed income team follows a top-down research and investment approach that involves analysis of long term macro-economic indicators, and Company and Instrument analysis.

The macro and micro analysis narrows down to buyable securities based on the investment objectives and risk parameters that includes maturity profile, credit profile and risk profile of the securities in the portfolio.

(iii) Suggested invested horizon: 2 to 3 years and above

(iv) Benchmark Index: The benchmark for the strategy since inception is the Crisil Composite Bond Fund Index. Crisil is an index of Government Securities, PSU bonds and Private Corporate Bonds. Crisil is a total return composite bond fund index consisting of Indian government bonds, AAA and AA rated PSU and private corporate bonds. Although, the Q India Fixed Income composite invests only in Indian Government Bonds and AAA rated PSU Corporate Bonds and does not invest in Private Corporate Bonds, we believe that Crisil is an appropriate benchmark. Also, Crisil is used as the primary benchmark by all the domestic bond funds, thus signifying higher acceptability amongst investors. The benchmark reported

does not completely represent the strategy and the underlying portfolio can be different than the index constituents

Investment Restrictions

Security	Investment limit (Per Issuer)	Investment limit (Per Issue)
Government Bonds	NA	50% of Net Assets
PSU Corporate Debt	10% of Net Assets	10% of Outstanding Issue

Analysis of long term macroeconomic indicators

- GDP, inflation, fiscal and monetary policy, deficits and currency
- Global macroeconomic changes impacting domestic environment
- System Liquidity, government borrowing, corporate borrowing

Company and Instrument analysis

- Leveraging of company's research database to identify good quality corporate papers (Credit Research)
- Relative spread valuation of instruments (identifying undervalued securities on the yield curve) (Market Research)
- Risk measures – Duration, PVBP, hedges (Risk Analytics)

Credit Research Process –

- Dependent on external Credit ratings for initiating coverage
- Historical balance sheet and P/L analysis, cash flow sensitivity forecasts
- Industry aggregates, peer metrics

Investment analysis leads to a portfolio of securities with a particular

- Maturity profile
- Credit quality
- Spread differential to its benchmark
- Liquidity Profile
- Risk measure
-

Under normal circumstances and in case of FII clients, as per availability of investment limits the asset allocation shall be as follows;

Type of Instruments	Minimum	Maximum
Indian Government Bonds	0%	100%
AAA India PSU Bonds – Bonds issued by Government owned Companies	0%	100%

Types of securities in which investments shall be made:

QAPL shall invest as per applicable Government policies for investments in

- Securities issued by Central Government of India – Government Securities and Treasury Bills, Commercial Papers (CPs) of government owned companies,
- Corporate Debt securities issued by government owned companies – Non Convertible Debentures (NCDs) and Bonds including Zero Coupon Bonds
- Debt obligations of government owned banks and financial institutions including perpetual and Upper Tier II bonds
- Floating rate Debt Instruments issued by Central Government and government owned companies, whose coupon rates are linked to a benchmark like the NSE MIBOR (Mumbai Inter-Bank Offer Rate) or the INBMK (Reuters Indian Government Bond Benchmark)

1. RISK FACTORS

The following are the risks envisaged and the Investors should consider same as described in the Disclosure Document. The Risk disclosures mentioned are only the estimates and could be materially different from what actually occurs in the future.

(i) Risk factors for Equity Product

Given below are some of the common risks associated with investments equity securities. These risks include, but are not restricted to:

- (a) Securities investments are subject to Market risks and there is no assurance and guarantee that the objectives of the Investment will be achieved.
- (b) The investments made by the Portfolio Manager are subject to risks arising from the investment objective, investment strategy and asset allocation. The portfolio managed by QAPL would be a judicious balance among the various sectors like cyclical, technology, media, FMCG, banking, utilities etc. The weightage of each sector would be based on the perception of the Portfolio Managers.

- (c) The returns of the investment portfolio are based on the factors affecting capital markets which by way of illustration, such as price and volume volatility in the stock markets, event risks, currency exchange rates, foreign investment, changes in Government and Reserve Bank of India policy, taxation, political, economic or other developments, etc.
- (d) Risks arising out of non-diversification: QAPL manages fully diversified equity portfolios and the risk of such investments is restricted to market risks.
- (e) Previous experience/track record: QAPL has been managing Portfolios since June 2000.
- (f) Past performance of the Portfolio Manager does not indicate the future performance of the Portfolio Manager. Equity and equity related instruments are by nature volatile and prone to price fluctuations. The investor may lose money over short or long period in response to factors such as economic and political developments, changes in interest rates, market movements and over longer period during market downturn.
- (g) The Strategy proposes to invest primarily in equity and equity related securities. Different segments of the Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances. The inability of the strategy to make intended securities purchases due to its inability to liquidate the cash equivalents in time could cause the strategy to miss certain investment opportunities resulting, at times, in potential losses to the strategy. The strategy is not guaranteeing or assuring any returns. Trading volumes, settlement periods and transfer procedures may restrict the liquidity of the investments made by the strategy. Different segments of the Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances leading to delays in receipt of proceeds from sale of securities.
- (h) **Risk Factors specific to Q India Equity Value Strategy:** Execution of these strategies depends upon the ability of the fund manager to identify and execute based on such opportunities. These involve significant uncertainties and decision of fund manager may not always be profitable. No assurance can be given that the fund manager will be able to identify or execute such strategies.
- (i) **Risk Factors specific to Q India Responsible Returns Strategy:** The Scheme proposes to invest primarily in equity and equity related securities following Quantum's Environment, Social and Governance (ESG) criteria. Evaluation of companies from ESG or sustainability perspective may exclude securities of certain issuers for non-investment reasons and therefore the strategy may forgo some market opportunities available to strategy that don't use ESG theme. Stocks of companies

with ESG practices may shift into and out of favour with stock market investors depending on market and economic conditions.

Execution of these strategies depends upon the ability of the fund manager to identify and execute based on such opportunities. These involve significant uncertainties and decision of fund manager may not always be profitable. No assurance can be given that the fund manager will be able to identify or execute such strategies.

(ii) **Risk factors for Fixed Income Product**

Given below are some of the common risks associated with investments in fixed income and money market securities. These risks include, but are not restricted to:

(a) Securities investments are subject to Market risks and there is no assurance and guarantee that the objectives of the Product / Investment will be achieved.

(b) Risks arising from the investment objective, investment strategy and asset allocation :-

The performance of the Company may be affected by changes in Government policies, general levels of interest rates and risks associated with trading volumes, liquidity and settlement systems, event risk, credit risk, reinvestment risks, etc. Further, the price of the securities may go down in case the credit rating of the Company or issuer goes down. Given below are some of the common risks associated with investments in fixed income and money market securities. These risks include, but are not restricted to:

i) **Interest Rate Risk / Market Risk:** Changes in interest rate may affect the net asset value. Generally the prices of instruments increase as interest rates decline and decrease as interest rates rise. Prices of long-term securities fluctuate more in response to such interest rate changes than short-term securities.

ii) **Credit Risk:** Credit risk or Default risk refers to the risk that an issuer of a debt instrument may default (i.e. the issuer will be unable to make timely principal and interest payments on the security). Because of this risk, bonds issued by non-government agencies are sold at a higher yield above those offered on Government Securities which are sovereign obligations and free of credit risk. Normally, the value of a debt instrument will fluctuate depending upon the changes in the perceived level of credit risk as well as any actual event of default. The greater the credit risk, the greater the yield required for someone to be compensated for the increased risk

iii) Reinvestment Risk: This risk refers to the interest rate levels at which cash flows received from the securities under a particular Portfolio are reinvested. The additional income from reinvestment is the "interest on interest" component. The risk is that the rate at which interim cash flows can be re-invested may be lower than that originally assumed.

- (c) The returns of the investment portfolio are based on the current yields of the securities, which may be affected generally by factors affecting capital markets such as price and volume, volatility in the stock markets, interest rates, currency exchange rates, foreign investment, changes in Government and Reserve Bank of India policy, taxation, political, economic or other developments, etc.

Some segments of the government bond market and the corporate bond markets have limited liquidity which could impact prices of instruments. There is no assurance that a deep secondary market will develop for such securities which could limit the ability of the securities to re-sale them. Even if a secondary market develops and sales were to take place, these secondary transactions may be at a discount to the initial issue price due to changes in the interest rate structure.

- (d) Risks arising out of non-diversification: - The underlying security allocation may be under or over weight as compared to that in the broad well-diversified Index. There is a risk that the returns from the strategy may not be exactly equivalent to the returns from the broad well-diversified Index. QAPL has investment restrictions in the investment objective above to address the concentration or non-diversification risks. Therefore, the risk of such investment is restricted to market risks.
- (e) Previous experience/track record: QAPL started managing portfolio of one of the India focused fixed income fund on a discretionary basis from February 2015.
- (f) Past performance of the Portfolio Manager does not indicate the future performance of the Portfolio Manager. The investor may lose money over short or long period in response to factors such as economic and political developments, changes in interest rates, market movements and over longer period during market downturn.

(A) General Risks

General Risk Factors applicable to all Portfolios:-

- Past performance of the Portfolio Manager does not indicate the future performance of the Portfolio Manager. Equity and equity related, fixed income and money market related instruments are by nature volatile and prone to price fluctuations. The investor may lose money over short or long period in response to factors such as

economic and political developments, changes in interest rates, market movements and over longer period during market downturn. There can be no assurance or guarantee that the investment objective of the Scheme would be achieved.

- Investors may note that Fund Manager's investment decisions may not always be profitable, as actual market movements may be at variance with anticipated trends

(i) Reliance on the Advisory Team

The success of our client portfolios depends largely on the abilities of our advisory team (that includes our employees and employees of our affiliates from whom we receive research services) 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 or our affiliates. This 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.

(ii) 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.

(ii) General Economic and Market Conditions

The success of our clients' 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.

(B) Certain Strategy Risks

(i) 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.

(ii) 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, if because of liquidity restrictions or other factors, clients' portfolios are unable to be adequately diversified, it 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

Risks associated with the investments in India, including but not limited to the risks described below, could adversely affect the performance of the clients' portfolios and result in substantial losses. Investment in Indian markets involves risk factors and special considerations which may not be typically associated with investing in more developed markets. Political or economic change and instability may be more likely to occur and have a greater effect on the Indian economy and its markets. Adverse government policies, taxation, restrictions on foreign investment and on currency convertibility and repatriation, currency fluctuations and other developments in the Indian laws and regulations, including expropriation, nationalization or other confiscation could result in loss to the clients' portfolios.

Risks include:

- (i) Greater risk of expropriation, confiscatory taxation, nationalization, and social, political and economic instability;
- (ii) The small current size of the markets for securities of Indian issuers and the currently low or non-existent volume of trading, resulting in lack of liquidity and in price volatility;
- (iii) certain national policies which may restrict the investment opportunities for client portfolios including restrictions on investing in issuers or industries deemed sensitive to relevant national interests; and
- (iv) The absence of developed legal structures governing private or foreign investment and private property. No assurance can be given as to the ability of the Firm to achieve any return on its clients' portfolios and in case of Fund clients, in turn, any return on an investor's investment in the Fund.

By comparison with more developed securities markets, the Indian securities markets are comparatively small, less liquid and more volatile. This may result in greater volatility in the net asset value of the clients' portfolio than would be the case in relation to funds invested in more developed markets.

The Indian securities may incur brokerage or securities transaction taxes levied by the Indian government which would have the effect of increasing the cost of investment and which may reduce the realized gain or increase the loss on such securities at the time of sale. The issuers of Indian securities, such as banks and other financial institutions may be subject to less stringent regulation than would be the case for issuers in developed countries, and therefore potentially carry greater risk. In addition custodial expenses for Indian securities are generally higher than for developed market securities. Dividend and interest payments from, and capital gains in respect of, Indian securities may be subject to taxes that may or may not be reclaimable.

Accordingly, before opening an account with us, clients should consider the following:

Political, Regulatory and Settlement Risk

The value of the clients' portfolio assets may be affected by uncertainties such as international political developments, changes in government policies, changes in taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the Indian laws and regulations. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in India may not provide the same degree of investor protection or information to investors as would generally apply in major securities markets.

Risks due to tense relations with neighbours

The country's relations with certain neighbouring countries have been historically 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. India's population is comprised of numerous ethnic groups with diverse religions and languages, sometimes resulting in communal conflict among groups. For instance, in the past 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. The terrorist attacks in November 2008 and July 2011 in Mumbai heightened tensions and security risks in both countries. The recent border skirmishes between the Chinese and Indian armed forces at the Galwan valley have heightened tensions between China and India.

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.

- **Liquidity Risk**

The accumulation and disposal of holdings in some investments may be time consuming and if a large number of securities have to be realised at short notice to meet substantial client redemption requests such sales may have to be effected at unfavorable prices which may in turn have an adverse effect on the net asset value of the clients' portfolios. The firm may also encounter difficulties in disposing of assets at their fair price due to adverse market conditions leading to limited liquidity.

- **Geographical Concentration Risk**

Clients' portfolios with a geographical focus may be more volatile than a broad-based client portfolio, such as a global equity client portfolio, as they are more susceptible to fluctuations in value resulting from adverse conditions in the countries in which they invest.

- **Legal Risk**

Laws governing foreign investment and securities transactions in India may be less sophisticated than in developed countries. Accordingly, the clients' portfolios may be subject to additional risks, including inadequate investor protection, unclear or contradictory legislation or regulations and lack of enforcement thereof, ignorance or breach of legislation or regulations on the part of other market participants, lack of legal redress and breaches of confidentiality. It may be difficult to obtain and enforce a judgment or legal remedy may be inordinately delayed.

- **Credit Risk**

There can be no assurance that issuers of the securities or other instruments in which the clients' portfolios invest will not be subject to credit difficulties leading to the loss of some or all of the sums invested in such securities or instruments or payments due on such securities or instruments.

- **Currency Exchange Rate Risk**

The clients' portfolios may from time to time enter into currency exchange transactions either on a spot basis or by buying currency exchange forward contracts. Neither spot transactions nor forward currency exchange contracts eliminate fluctuations in the prices of the clients'

portfolio securities or in foreign exchange rates, or prevent loss if the prices of these securities should decline. Performance of the clients' portfolio may be strongly influenced by movements in foreign exchange rates because currency positions held by the clients' portfolio may not correspond with the securities positions held.

- **Capital Gains Tax**

Sales of securities may be subject to capital gains tax in India, and this could significantly reduce returns of the clients' portfolios in the absence of an offset or credit for such tax under the tax laws or regulations of the client's domicile.

- **Loss of Foreign Portfolio Investor (FPI) Registration**

For accessing the Indian market securities market, the clients are required to register with SEBI. Investment by the clients' portfolios in India is dependent on the continued registration of the clients with SEBI as an FPI. In the event the registration of the client is terminated or is not renewed, the client could potentially be forced to redeem the investments held in the client portfolio in the relevant jurisdiction, and such forced redemption could adversely affect the returns to the clients.

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 in the USA.

Neither we nor any of our employees are registered or have an application pending to register as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities in the USA.

Affiliated Advisers

We receive non-binding and non-discretionary research/advisory services from our 100% subsidiary, Quantum Asset Management Company Pvt Ltd (QAMC) (our “Affiliated Adviser”) with respect to investments by our Private Account clients (including Fund clients). Our evaluation of our Affiliated Advisers’ qualifications, suitability and performance as research/advisory services providers involve inherent conflicts of interest that would not be present if we were instead evaluating independent service providers. We address this conflict by ensuring that the “Affiliated Adviser” follows a “research and investment process” that is formulated and mandated by the Firm -at a parent level- to generate the research and advisory output that is supplied to the Firm. We pay the “Affiliated Adviser” for these services out of the management fees that we receive from our clients. 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 Value Fund (QLTEVF) 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 QLTEVF, 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; (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; (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 the Firm and its personnel (as well as certain of their relatives) from benefiting from the Firm’s relationships with its 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 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 the designated officer 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 made available to clients or prospective clients upon request.

Participation or Interest in Client Transactions

We may act as an 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 (proprietary trades), 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 Advisors 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 Advisors 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 or other employees of Quantum Advisors 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 Advisors, its affiliates or their access persons or other employees or directors also have a position or interest in compliance with applicable regulations, if any. As these situations may represent a potential conflict of interest, we have implemented procedures relating to proprietary trades and personal securities trading by our employees.

The proprietary orders of the firm if any are not bunched with the client orders and are executed after client orders have been filled in order to avoid conflict with the client's orders.

We do not engage in cross trades unless permitted under securities legislation and prior consent of client is obtained.

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; except in case of the following;
 - a) Investment in securities where there is a Direct obligation of the Government of United states;;
 - b) Investment in Shares issued by Money Market Funds
 - c) Investment in Shares/units issued by open-end funds other than reportable funds (which are listed in firm's "personal securities transaction policy").
 - d) Certain other types of securities (which are listed in firm's "personal securities transaction policy") that we do not believe create a potential for conflicts of interest;
- No employee is permitted 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 permitted to trade in securities forming part of the client portfolios, securities that our portfolio management team intends to trade for clients; or in securities whose average daily turnover in the relevant markets in India in the preceding 12 months is not less than the INR equivalent of US \$1 million;
- No employee is permitted to trade in a security that we have traded for our clients at any

time during the 15 trading days prior to or 15 days after the date on which we have traded in such security for clients;

- Transactions effected without pre-clearance are subject to, in the discretion of the firm's Compliance Monitoring Committee, (after consultation with other members of management, if appropriate), being reversed or, if the employee made profits on the transaction, to disgorgement of those profits;
- 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 the designated officer on a quarterly basis;
- Employees holding mutual fund units are required to hold the units for a minimum period of 90 days (other than liquid fund)
- No employee is permitted to execute a "contra trade" within 185 days in securities, other than Mutual funds; and
- Employees from the research and investment department will have the following additional restrictions while dealing in securities. They shall not be allowed ;
 - to deal or trade in securities that the concerned analyst recommends or follows during the period starting 30 days before and ending 5 days after the release of the research report.
 - to deal or trade directly or indirectly in securities that he reviews in a manner contrary to his/her given recommendation.
 - to purchase or receive securities of the Issuer before the issuer's initial public offering, if the issuer is principally engaged in the same types of business as companies that the research analyst follows or recommends.

The non – executive independent Directors of the Company do not have access to non-public information regarding any clients' purchases or sales of securities, and have no involvement in

client portfolio management or making securities recommendations or access to such recommendations those are non-public. Therefore, these directors are not Access Persons. Accordingly, the code of ethics does not apply to non- executive Directors of the company.

Item 12 – Brokerage Practices

Each of our 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 an agency basis, our 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.

For an entity to be considered for appointment as a Broker dealer, it is not a necessary condition that such an entity should be making client referrals to us or to any of our related person. Currently none of the broker-dealers appointed by the firm for executing client's trades are the firm's affiliates

"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 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. 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 to, in order to induce brokers and dealers to provide us with services or benefits, 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 Advisors) 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 including for those clients who do not pay for such benefits. Presently the only clients who do not pay for such benefits are resident Indians or Non-resident Indian clients, as brokers used for these clients do not provide research services. The AUM of these clients constitute 0.02 % of the total AUM of the firm as on May 31, 2020

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 including the firm’s Chief Compliance Officer, evaluates our brokers on an on-going basis by obtaining inputs from our in house dealer, research and back-office teams. Each of these teams rates the execution and other services provided by brokers and rank them. Our Chief Compliance Officer or the designated officer communicates these rankings to our Chief Investment Officer and the in house dealer, who may then take up the matter with any underperforming brokers to improve their performance. In addition, the Best Execution Committee compares, on a quarterly basis, the broker rankings with the broker turnover report to check if the broker turnover deviates significantly from the broker rankings. In case of significant deviations the in-house dealer takes up the issue with the broker concerned and ensures that the broker takes necessary steps to address the identified issues.

Directed Brokerage

Generally all our Clients authorise us to select brokers that we may use to undertake transactions in the Clients’ accounts.

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

Where the Firm has to execute trades for multiple clients, subject to applicable laws & rules the Firm undertakes aggregated trades and thereafter allocates executed trades amongst clients for whom such aggregation was made at the weighted average executed price in line with the allocation ratio decided prior to the execution of the aggregated trades.

Item 13 – Review of Accounts

We generally monitor our clients' aggregate portfolio holdings on a regular 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 **India Focused Equity** 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 Fund that we advise on a non-discretionary basis. 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.

We also forward monthly report to our Fixed Income-Focused Private Account and articles, commentary whenever there is any update.

Item 14 – Client Referrals and Other Compensation

We do not receive any economic benefit other than the fees described in Item 5 for providing investment advisory services to the Private Account Clients.

However we have engaged QIEF, our 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; Q India Corp (Q USA) a Florida based corporation to promote our Private Account client advisory services to US-based sophisticated non-government private sector institutional clients including but not limited to university endowments and foundations. Q USA does not market our services to any governmental agencies, including, without limitation, any state, local or municipal pension funds, or state colleges or universities. Q USA 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. QIEF compensates its employees who are involved in activities or efforts to solicit separate account advisory services for us, on a fixed basis and the compensation of the employees of Q USA is not linked to the AUM generated by them for the firm. We do not pay any fees to Q USA. 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. Additionally, QIEF reimburses this Solicitor the expenses for facilitating marketing incurred by the Solicitor plus a mark-up (currently 5%). 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-up” 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 Q USA 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 a Fund sponsored by QIEF that we advise on a non-discretionary basis, (i.e., private fund organized and incorporated in a country other than the United States), we and QIEF being “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.

In order to implement the Firm’s and QIEF’S policy of substantive compliance with the Custody Rule, investors in the funds receive audited financial statements, prepared in accordance with International Financial Reporting Standards (IFRS) and audited by reputable independent accounting firm (subject to inspection by the US Public Accounting Company Oversight Board, or PCAOB), within 120 days of the end of each fiscal year. Although for practical reasons, these financial statements are prepared in accordance with IFRS (rather than US GAAP, as required by the Custody Rule), the Firm seeks to ensure that a statement reconciling the material differences with US GAAP is included in the audited financial statements provided to investors in the relevant funds

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. For this purpose we enter into an investment management/advisory agreement with our clients which, *inter alia*, prescribes the investment objectives and investment restrictions (if any) specified by the client.

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 Advisors has discretion to vote for the proxies on behalf of Clients. In the absence of specific guidelines from Clients, Quantum Advisors 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.

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 proxy matters pertaining to various client accounts. Such a request may be forwarded at ADV@Qasl.com.

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.