



# quant Mutual Fund

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## NOTICE CUM ADDENDUM NO. 05/2022

### Notice-cum-Addendum to the Scheme Information Document (“SID”) and Key Information Memorandum (“KIM”) of the Open Ended Quant Liquid Fund

Pursuant to SEBI Circular No. SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/631 dated September 29, 2021 (“the Circular”), following provisions pertaining to Mandatory Swing Pricing Framework (‘the Swing Framework’) shall stand inserted in open ended quant Liquid Fund. However, these provisions shall become applicable with effect from March 1, 2022.

#### Mandatory Swing Pricing Framework for market dislocation

Swing pricing refers to a process for adjusting a fund’s Net Asset Value (NAV) to effectively pass on transaction costs stemming from net capital activity (i.e. flows into or out of a scheme) to the investors associated with that activity. This would help to ensure fairness of treatment to all the investors i.e. whether entering, exiting or remaining invested in quant Liquid Fund, particularly during market dislocation.

Accordingly, mandatory full swing during market dislocation times shall apply as under:

- The Swing Framework shall apply in case of scenarios related to net outflows from the scheme.
- SEBI will determine ‘market dislocation’ either based on AMFI’s recommendation or suo moto.
- Once market dislocation is declared, SEBI will notify that swing pricing will be applicable for a specified period.
- Thereafter, mandatory swing pricing will apply for quant Liquid Fund which:
  - have ‘High’ or ‘Very High’ risk on the risk-o-meter (as of the most recent period at the time of declaration of market dislocation); AND
  - classify themselves in the cells A-III, B-II, B-III, C-I, C-II and C-III of Potential Risk Class (PRC) Matrix
- Swing factor as per below matrix shall be made applicable to the above mentioned scheme and the NAV will be adjusted for the swing factor.

Table 1

#### Minimum swing factor for open ended quant Liquid Fund\*

Max Credit Risk of scheme →	Class A (CRV* >=12)	Class B (CRV* >=10)	Class C (CRV* <10)
Max Interest Rate Risk (CRV* <10) of the scheme ↓			
Class I: (Macaulay duration <=1 year)	-	-	C-I : 1.5%
Class II: (Macaulay duration <=3 years)	-	B-II : 1.25%	C-II: 1.75%
Class III: Any Macaulay duration	A-III : 1%	B-III : 1.5%	C-III : 2%

\* CRV - Credit Risk Value

- Impact on investors:** When the Swing Framework is triggered and swing factor is made applicable, both the incoming (unit holders who submit purchase / switch-in requests) and outgoing investors (unit holders who submit redemption / switch out requests) shall get NAV adjusted downwards for swing factor. Swing pricing shall be made applicable to all unit holders at PAN level with an exemption for redemptions upto ₹ 2 lacs in quant liquid fund.
- Illustration:** For e.g. when swing pricing is triggered, the NAV will be adjusted downwards as follows:

Risk-O-meter	PRC	Computed NAV (₹)	Swing Factor Applied	Swing NAV (₹)
High / Very High	A-III	15.0000	1.00%	14.8500
	B-II	15.0000	1.25%	14.8125
	B-III	15.0000	1.50%	14.7750
	C-I	15.0000	1.50%	14.7750
	C-II	15.0000	1.75%	14.7375
	C-III	15.0000	2.00%	14.7000

- Periodic Disclosures:** Disclosures pertaining to NAV adjusted for swing factor shall be made by the AMC in the prescribed format in the Scheme Information Document and in scheme wise Annual Reports and Abridged summary thereof and on the website in case swing pricing framework has been made applicable for a quant Liquid Fund.

All other terms and conditions of the SID and KIM of quant Liquid Fund will remain unchanged.

This addendum shall form an integral part of the SID and KIM of quant Liquid Fund as amended from time to time

For quant Money Managers Limited

Sd/-

Authorised Signatory

Place : Mumbai

Date : 11.02.2022

MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.