Q India Responsible Returns Strategy

Disclosures under Regulation (EU) 2019/2088of the European Parliament and of the Council of 27 November 2019on sustainability-related disclosures in the financial services sector

The Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (the "SFDR Regulation") became effective on 10 March 2021.

This Regulation aims to establish a European framework to promote sustainable investments by setting forth transparency obligations in financial product's legal documentation.

Article 6 of SFDR:
In accordance with Article 6 of the SFDR Regulation, the Q India Responsible Returns Strategy ("QIRR") must henceforth describe the manner in which sustainability risks are integrated into investment decisions and the possible impacts of sustainability risks on the portfolio's profitability.

Articles 8 and 9 of SFDR:
Articles 8 and 9 state that the financial product should essentially invest in underlying assets that either promote environmental and social characteristics pursuant to Article 8 or have sustainable investment objective pursuant to Article 9 of the SFDR.

It states that financial products can either

a) promote environmental and social characteristics (referring to Article 8); or have

b) Sustainable investments as an objective (referring to Article 9)

Investment strategy(ies) affected by this amendment:
Q India Responsible Returns Strategy ("QIRR") is the investment strategy offered/managed by Quantum Advisors Private Limited ("Quantum Advisors") that include only this sustainability risk as its stated mandate.

SFDR Classification of QIRR:
Quantum Advisors' Q India Responsible Returns Strategy ("QIRR") is classified below, and with remits of SFDR we are able to provide disclosures as, SFDR Article 8.

Disclosures under Article 8 read with Article 6 in respect of QIRR

The strategy takes a holistic view of the environmental, Social and Governance (ESG) disclosures and practices of the investee companies by adopting a materiality driven, best in class sustainability assessment using a proprietary ESG framework. The approach has an exclusion policy involving a few sectors but believes in positively screening companies using double materiality approach for their sustainability integration within their businesses. Effective engagement with companies further helps to improve their ESG traits and help them demonstrate global best practices.

Quantum Advisors is committed to maintaining an investment approach that ensures continued improvement in environmental and social performance and upholding best

corporate governance practices in a comprehensive manner among its portfolio companies. We recognize that a company's ESG practices, whether good or bad, can affect its valuation and financial performance. There have been numerous implicit evidence of the same. As a result, we pledge to exercise independent judgment in identification of ESG risks and opportunities, incorporate ESG information in our investment research, engage with companies on ESG issues and diligently vote proxies on all resolutions.

We seek to increase the weight of securities in those companies with reasonably low sustainability and governance risks, simultaneously, invest in those companies with high standards of governance practices. Also, our positive screening approach allows us to invest in companies which have demonstrated good Governance and uphold certain minimum E&S performance but currently lag on certain environmental or Social practices. In such cases, if there is enough intent from the company as demonstrated by some measurable progress such that they meet some bare minimum threshold levels and a willingness to engage to drive better outcomes, our approach would consider such companies as well.

Active ownership through engagement and voting gives us an opportunity to influence positively and to encourage transparency. Our active ownership involves engagements with our portfolio companies, where we believe it will create better long-term outcomes on ESG matters and, in turn, generate more sustainable value for our investors. Our ESG engagement efforts are tailored to connect on the issues that are most material to the companies' long-term value creation and preservation. We engage with companies on a proactive and reactive basis, when appropriate.

Sustainability risk

“Sustainability risk” is defined in the SFDR Regulation as an environmental, social or governance event or condition which, if it occurs, could cause an actual or potential material negative impact on the value of an investment.

Quantum Advisors defines examples of sustainability risks which are potentially likely to cause a material negative impact on the value of an investment, should those risks occur, are as follows:

- Environmental: risks may include from sudden extreme occurrence of climate change, high level of carbon emissions, sudden rise in sea levels causing flooding, and displacement, depletion for existing natural resources

- Social sustainability risks may include human rights violations, human trafficking, child labour, health and safety, irresponsible sourcing or gender discrimination; and

- Governance sustainability risks may include a lack of diversity at board or governing body level, infringement or curtailment of rights of shareholders, regulatory non compliance, poor business ethic, lack of sustainability intent, s poor safeguards on personal data or IT security.

Integration of Environmental, Social and Governance ("ESG") issues into investment decision-making:

The integration of sustainability factors into the investment process is an integral component of our responsible investment practices.

The likely impacts of a sustainability risk may be numerous and can vary depending on the specific risk and company's business operations. To the extent that a sustainability risk materialises, or materialises in a manner that is not anticipated by us, there may be a sudden, material negative impact on the value of an investment.

Quantum Advisors recognises that as qualified stewards of our clients' assets and as active fund manager and shareholders in companies on their behalf, the individual and collective decisions we make as investors have far reaching implications. we believe that integration of sustainability factors into investment process is an integral component of our responsible investment practice. A key point of our research process is to produce inhouse research to understand the ESG risks in our portfolio companies and seek to minimise them through active company engagement.

The ESG research process typically involves the following steps -

- Identification of material aspects: the ESG analyst gathers information from various sources (sustainability reports, annual reports, Carbon Disclosure Project (CDP) Reports, Regulatory Filings, Sustainability Accounting Standards Board (SASB) publications) to identify key material aspects relevant to the industry.

- **Report preparation:** Based on company disclosures and qualitative aspects and after an internal discussion in the ESG team, the companies are scored on their ESG performance. For details on our scoring methodology, please refer the Firm's Responsible Investment Policy ("ESG Policy").

- **Presentation to research team:** The ESG analyst presents the report to the entire research team for comments / feedback or clarifications.

  Portfolio construction: Once agreed, the ESG scores and inputs are integrated into the equity research report of that company and used in future for the portfolio construction process. For details on our portfolio construction, please refer the Firm's ESG Policy

For further information,
please see our ESG Policy and Stewardship Policy available on https://www.qasl.com/sfdr-statement

Likely impact on returns:

As per our proprietary ESG assessment, where any Company scores low on our sustainability risk assessment (in combination with low assessment on other factors), it can lead to the company or issuer being excluded from the QIRR's investment universe. All else being equal, our belief is that a lower sustainability assessment will reduce the intrinsic valuation of a security, thereby reducing the total return expectations for the financial product. Sustainability risk issues impact investment value and those better long-term investment outcomes can be achieved through active engagement and by exercising the equity ownership rights held on behalf of our clients.

Disclosures under Article 10

Disclosure of Transparency of the promotion of environmental or social characteristics and of sustainable investments on website:

Quantum Advisor's website contains description of Environmental and social characteristics, our sustainable investment objectives for the India Responsible Returns Strategy, along with methodologies and information about our engagement policies we implement to manage the funds.