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**QUANTUM DYNAMIC BOND FUND**  
(An Open ended Debt Scheme)

**Fact Sheet as on 19-Jan-18**

Fund Size as on (Rs. in crores) 19-Jan-18	Absolute AUM
DIRECT PLAN GROWTH OPTION	68.8282
DIRECT PLAN MONTHLY DIVIDEND OPTION	9.8250
REGULAR PLAN GROWTH OPTION	3.1137
REGULAR PLAN MONTHLY DIVIDEND OPTION	0.0129
<b>Total</b>	<b>81.7798</b>

Net Asset Value as on 19-Jan-18	(Rs./Unit)
DIRECT PLAN GROWTH OPTION	12.8383
DIRECT PLAN MONTHLY DIVIDEND OPTION	10.0467
REGULAR PLAN GROWTH OPTION	12.8289
REGULAR PLAN MONTHLY DIVIDEND OPTION	10.0453

Weighted Average Maturity	No of years
At the end of the week	8.02
Modified Duration	5.33

Sr.No.	Name of Instrument	Rating	Residual Maturity (in days)	Market Value (Rs Lakhs)	% to Net Asset
	<b>DEBT INSTRUEMENTS</b>				
<b>a</b>	<b>Listed/awaiting listing on Stock Exchanges</b>				
<b>i)</b>	<b>Non-Convertible debentures / Bonds</b>				
1	8.32%Power Grid Corp Ltd Strp I NCD(MD 23/12/2020)	ICRA AAA	1069	509.38	6.23%
2	7.24% RECL Ltd NCD (MD 21/10/2021)	ICRA AAA	1371	493.01	6.03%
3	6.98% NABARD NCD SR 18 G (MD 30/09/2020)	ICRA AAA	985	492.62	6.02%
	<b>Total of NCD</b>			<b>1,495.01</b>	<b>18.28%</b>
<b>ii)</b>	<b>Government Securities</b>				
1	6.68% GOI (MD 17/09/2031)	Sovereign	4989	1,387.17	16.96%
2	6.57% GOI (MD 05/12/2033)	Sovereign	5799	1,346.23	16.46%
3	9.15% GOI (MD 14/11/2024)	Sovereign	2491	1,082.99	13.24%
4	6.84% GOI (MD 19/12/2022)	Sovereign	1795	983.19	12.02%
5	8.28% GOI (M/D 21/09/2027)	Sovereign	3532	521.86	6.38%
6	7.35% GOI (MD 22/06/2024)	Sovereign	2346	498.75	6.10%
	<b>Total of Government Securities</b>			<b>5,820.19</b>	<b>71.16%</b>
<b>b</b>	<b>Privately Placed/Unlisted</b>			<b>NIL</b>	<b>NIL</b>
<b>c</b>	<b>Securitized Debt Instruments</b>			<b>NIL</b>	<b>NIL</b>
	<b>Total of Debt instruments</b>			<b>7,315.20</b>	<b>89.44%</b>
	<b>MONEY MARKET INSTRUEMENTS</b>				
<b>a</b>	<b>Treasury Bills (T-bill)</b>				
1	364 Days Tbill (MD 13/12/2018)	Sovereign	328	94.52	1.16%
	<b>Total of T-Bills</b>			<b>94.52</b>	<b>1.16%</b>
<b>b</b>	<b>Collateralised Borrowing &amp; Lending Obligation (CBLO) *</b>			<b>655.42</b>	<b>8.01%</b>
	<b>Total of Money Market Instruments</b>			<b>749.94</b>	<b>9.17%</b>
	Net Receivable / (Payable)			112.84	1.39%
	<b>Grand Total</b>			<b>8,177.98</b>	<b>100.00%</b>

\* Cash & cash Equivalents

## Quantum Dynamic Bond Fund

The bond market witnessed huge volatility in the last week. The new 10-year benchmark bond yield spiked to a high of 7.40% after RBI Deputy Governor Viral Acharya's comments suggesting that the RBI will not take any exceptional measures to reduce mark-to-market losses on banks investment portfolios. This means a lower additional demand for bonds from banks. The very next day, bond market breathed a sigh of relief when the government trimmed the quantum of additional borrowing (announced on 26<sup>th</sup> Dec 2017) from INR 500 bn to INR 200 bn which resulted in sharp fall in bond yields to 7.20%. However, the momentum could not be sustained for long as participants again turned cautious given the upcoming budget and RBI policy.

The US treasury yield breached the psychological level of 2.6% which added to the prevailing negative sentiment. As a result the Indian 10-year benchmark bond closed the week at the yield of 7.29% as against 7.28% in the previous week. We expect that bond yields may remain elevated for some time amid uncertainty over FY2019 fiscal deficit and increased oil prices, but valuations look attractive at current levels.

Liquidity with commercial banks tightened slightly compared to the previous week and stands at surplus of INR 288 bn as of 19<sup>th</sup> January 2018. Given the increase in government borrowing, liquidity condition will likely tighten in the coming months. Short term money market rates are likely to move up as supply of short term papers will increase with reduced liquidity surplus.

### Portfolio Strategy

#### Quantum Dynamic Bond Fund (QDBF)

In the current inflation targeting regime of 4% (+/-2%) Headline CPI Inflation + (1%-2%) and Real Interest Rates, there is very little chance for the Repo rate to meaningfully go down and sustain below the 6% mark. In view of this we maintain our medium term neutral stance over rates. However, we keep looking for signs of mispricing in market and are tactically in position to exploit the opportunity.

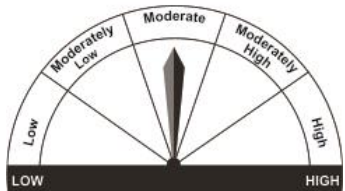
At the current levels with most of the bond yield curve above 7%, we believe that most of the adverse news are priced into the market already and levels remain attractive from valuations perspective. We added back some duration position on market selloff during the week. The modified duration of Quantum Dynamic Bond Fund is 5.3 years as of 19<sup>th</sup> January 2018.

### Credit Exposures:

As QDBF portfolios continue to comprise of G-secs, T-bills and PSU securities, hence credit risk remains minimal.

Please click [here](#) to access the weekly portfolio disclosures of Quantum Dynamic Bond Fund.

### PRODUCT LABEL

Name of the Scheme	This product is suitable for investors who are seeking*	Riskometer
Quantum Dynamic Bond Fund (An Open-ended Debt Scheme with Defined Credit Exposure and Dynamic Maturity Profile)	<ul style="list-style-type: none"> <li>Regular income over short to medium term and capital appreciation</li> <li>Investment in Debt / Money Market Instruments / Government Securities.</li> </ul>	 <p>Investors understand that their principal will be at Moderate Risk</p>
* Investors should consult their financial advisers if in doubt about whether the product is suitable for them.		

**Disclaimer, Statutory Details & Risk Factors:**

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**Mutual fund investments are subject to market risks read all scheme related documents carefully.**

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