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QUANTUM DYNAMIC BOND FUND					
(An Open Ended Dynamic Debt Scheme Investing Across Duration)					
Fact Sheet as on 28-Aug-2020					
Fund Size as on (Rs. in crores) 28-Aug-2020			Absolute AUM		
DIRECT PLAN GROWTH OPTION			64.7191		
DIRECT PLAN MONTHLY DIVIDEND OPTION			0.7494		
REGULAR PLAN GROWTH OPTION			2.2381		
REGULAR PLAN MONTHLY DIVIDEND OPTION			0.0089		
Total			67.7155		
Net Asset Value as on 28-Aug-2020			(Rs./Unit)		
DIRECT PLAN GROWTH OPTION			15.8093		
DIRECT PLAN MONTHLY DIVIDEND OPTION			10.3452		
REGULAR PLAN GROWTH OPTION			15.7501		
REGULAR PLAN MONTHLY DIVIDEND OPTION			10.4355		
Weighted Average Maturity			No of years		
At the end of the week			7.49		
Modified Duration			5.31		
Sr.No.	Name of Instrument	Rating	Residual Maturity (in days)	Market Value (Rs Lakhs)	% to Net Asset
DEBT INSTRUMENTS					
a	Listed/awaiting listing on Stock Exchanges				
i)	Non-Convertible debentures / Bonds				
1	6.4% NABARD Sr 20K NCD (MD 31/07/2023)	ICRA AAA	1067	514.27	7.59%
Total of NCD				514.27	7.59%
ii)	Government Securities				
1	5.22% GOI (MD 15/06/2025)	Sovereign	1752	2,959.90	43.71%
2	6.19% GOI (MD 16/09/2034)	Sovereign	5132	2,465.19	36.41%
3	7.37% GOI (MD 16/04/2023)	Sovereign	961	53.25	0.79%
4	7.27% GOI (MD 08/04/2026)	Sovereign	2049	42.70	0.63%
Total of Government Securities				5,521.04	81.54%
b	Privately Placed/Unlisted			NIL	NIL
c	Securitized Debt Instruments			NIL	NIL
Total of Debt instruments				6,035.31	89.13%
MONEY MARKET INSTRUMENTS					
a	Commercial Papers (CP)			NIL	NIL
Total of CP				NIL	NIL
b	Certificate of Deposits (CD)			NIL	NIL
Total of CD				NIL	NIL
c	Treasury Bills (T-bill)			NIL	NIL
Total of T-Bills				NIL	NIL
d	TREPS *			503.00	7.43%
Total of Money Market Instruments				503.00	7.43%
Net Receivable / (Payable)				233.23	3.44%
Grand Total				6,771.54	100.00%

* Cash & cash Equivalents

Quantum Dynamic Bond Fund

“Operation Twist” to calm market

After the steep selloff on the preceding Friday, the bond market started the week on a negative note. Bonds sold off across the curve on Monday in absence of RBI support. The sustained hardening in bond yields in the last three weeks ultimately forced the RBI to intervene in the market to restore the market sentiment. The RBI announced a special open market operations of INR 200bn wherein the RBI would buy long term government bonds and simultaneously sell short term treasury bills. This was meant to lower the long term bond yields without further adding to surplus liquidity in the banking system.

Bond yields cooled off slightly following the announcement but market sentiment remained weak on concerns over heavy supply of government debt. The benchmark 10 year bond yield touched intraday high of 6.19 by mid of the week. However, market sentiment turned once again towards the end of the week as the RBI set the cutoff of the OMO purchase leg at a yield 7 basis points lower than the prevailing market level. It also, in the weekly debt auction, devolved almost entire issue (Rs. 179.84 bn of notified Rs. 180 bn) of the benchmark 10 year government bond at lower yield than the market expectation.

The 10Y benchmark government bond closed the week at 6.14% compared to previous closing of 6.09%.

With its actions, the RBI has given a clear signal that they are not comfortable with the current yield levels. They tried to guide bond yields lower in the week but could not manage it in any material way. We expect the RBI will continue to conduct more such operations to suppress the long term bond yields. Furthermore, the weekly size of operation twists/OMOs might increase to make it more effective. At current levels we see scope for long term bond yields to go down.

Abundant liquidity keeping money markets rates low

Liquidity condition remained in high surplus. On average, banks continue to park more than Rs. 6 trillion under Reverse Repo Facility of RBI. The excess liquidity continues to put downwards pressure on the money market rates with the entire treasury bill curve hovering around the reverse repo rate.

In the last week money market rates moved up after the announcement of Operation Twist by the RBI. The interest rate on 2-3 months treasury bills moved up by 10 basis points to around 3.25% and that on similar maturity PSU papers moved by 5 basis points to around 3.30%.

We expect that the RBI will maintain surplus liquidity conditions till we get a sustained revival in economic activity. Abundant liquidity and potential rate cuts will likely keep yields on short term treasury bills and PSU papers suppressed near reverse repo rate.

Portfolio Outlook

Quantum Dynamic Bond Fund (QDBF)

In the Quantum Dynamic Bond Fund, we have not taken any exposure in private sector companies and invested only in government securities, treasury bills and highest quality instruments issued by public sector undertakings (PSU) which are shortlisted under our proprietary credit research and review process. However, the fund does take interest rate risk depending on our assessment of the market outlook.

We have used the recent selloff in the bond market to deploy some cash and switch from shorter maturities to long maturity bonds. We expect the RBI to conduct operation twist to buy protect long term yields from rising

too much. This is a tactical position and we maintain our cautious stance over medium term.

As on 28th August 2020, the average maturity of Quantum Dynamic Bond Fund is 7.49 years and modified duration of 5.31.

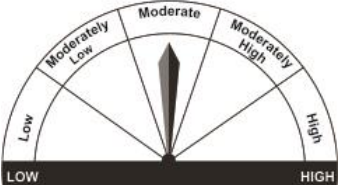
Credit Exposures:

With the QLF and QDBF portfolios continuing 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.

Data Source: RBI

PRODUCT LABEL

Name of the Scheme	This product is suitable for investors who are seeking*	Riskometer
Quantum Dynamic Bond Fund (An Open Ended Dynamic Debt Scheme Investing Across Duration)	<ul style="list-style-type: none">• Regular income over short to medium term and capital appreciation• Investment in Debt / Money Market Instruments / Government Securities.	 <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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