Portfolio Published on 14th September 2020

QUANTUM DYNAMIC BOND FUND

(An Open Ended Dynamic Debt Scheme Investing Across Duration)

Fact Sheet as on 11-Sep-2020

Fund Size as on (Rs. in crores) 11-Sep-2020	Absolute AUM
DIRECT PLAN GROWTH OPTION	66.2506
DIRECT PLAN MONTHLY DIVIDEND OPTION	0.7001
REGULAR PLAN GROWTH OPTION	2.5178
REGULAR PLAN MONTHLY DIVIDEND OPTION	0.0093
Total	**69.4778**

Net Asset Value as on 11-Sep-2020	(Rs./Unit)
DIRECT PLAN GROWTH OPTION	15.9476
DIRECT PLAN MONTHLY DIVIDEND OPTION	10.4357
REGULAR PLAN GROWTH OPTION	15.8872
REGULAR PLAN MONTHLY DIVIDEND OPTION	10.5255

Weighted Average Maturity	No of years
At the end of the week	8.05
Modified Duration	5.74

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	1053	515.27	7.42%
	Total of NCD			**515.27**	**7.42%**
ii)	**Government Securities**				
1	5.22% GOI (MD 15/06/2025)	Sovereign	1738	2,963.93	42.66%
2	6.19% GOI (MD 16/09/2034)	Sovereign	5118	2,503.07	36.03%
3	5.77% GOI (MD 03/08/2030)	Sovereign	3613	490.34	7.06%
4	7.37% GOI (MD 16/04/2023)	Sovereign	947	53.13	0.76%
5	7.27% GOI (MD 08/04/2026)	Sovereign	2035	42.91	0.62%
	Total of Government Securities			**6,053.38**	**87.13%**
b	**Privately Placed/Unlisted**			**NIL**	**NIL**
c	**Securitized Debt Instruments**			**NIL**	**NIL**
	Total of Debt instruments			**6,568.65**	**94.55%**
	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 ***			**280.54**	**4.04%**
	Total of Money Market Instruments			**280.54**	**4.04%**
	Net Receivable / (Payable)			98.59	1.41%
	Grand Total			**6,947.78**	**100.00%**

* Cash & cash Equivalents

Published on 15th September 2020

Quantum Dynamic Bond Fund

Supply concerns to weigh on market

The bonds market started the week on a negative note and sold off further during the week. This was mainly due to concerns over possible increase in central government's market borrowing in the second half of FY21. Remember, the Government has already increased the market borrowing limit for FY21 from the budgeted Rs. 7.8 trillion to Rs. 12 trillion in the month of May. Further increase in supply of government bonds could create more pressure on the market and keep the yields elevated.

Market sentiment also got dampened by the escalating tension at the border between India and China after reports of warning shots fired by the two sides. Bond yields moved up across the curve. The 10 year benchmark yield moved up by 12 basis points in the week to end at 6.05% compared to closing of 5.93% in the previous week.

The RBI once again came in to rescue the falling bond market. In the weekly debt auction the RBI once again devolved almost entire amount (Rs. 179.7 billion out of Rs. 180 billion) of the 10 year benchmark bond on primary dealers at a cutoff yield much lower than the market expectations. It set the cutoff at 6.02% for the 10 year bond as against the market expectation of 6.08%. This was a clear signal from the RBI that they are not comfortable with the higher yields on the long term bonds.

We expect the RBI will continue intervene in the bond markets through Open Market Purchases and Operation Twists to put a lid on long term bond yields. The weekly size of operation twists/OMOs might increase from current Rs. 100 billion in a week 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 though it came down somewhat during the last week. Banks are still parking more than Rs. 6 trillion with the RBI under its Reverse Repo Facility. 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 further owing to the RBI's selling of Tbills under Operation Twists. The yield on 2-3 months treasury bills moved by about 5 basis points to range between 3.30%-3.35%.

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 take 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 deployed the existing cash and switch from shorter maturities to long maturity bonds in the recent selloff. 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.

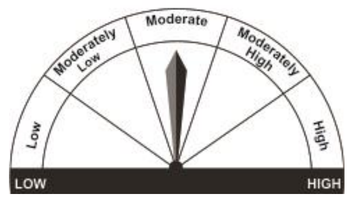
As on 11th September 2020, the average maturity of Quantum Dynamic Bond Fund is 8.05 years and modified duration of 5.73.

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)	• Regular income over short to medium term and capital appreciation • Investment in Debt / Money Market Instruments / Government Securities.	 Investors understand that their principal will be at Moderate Risk
* Investors should consult their financial advisers if in doubt about whether the product is suitable for them.		

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

Please visit - www.QuantumMF.com to read scheme specific risk factors. Investors in the Scheme(s) are not being offered a guaranteed or assured rate of return and there can be no assurance that the schemes objective will be achieved and the NAV of the scheme(s) may go up and down depending upon the factors and forces affecting securities market. Investment in mutual fund units involves investment risk such as trading volumes, settlement risk, liquidity risk, default risk including possible loss of capital. Past performance of the sponsor / AMC / Mutual Fund does not indicate the future performance of the Scheme(s). **Statutory Details:** Quantum Mutual Fund (the Fund) has been constituted as a Trust under the Indian Trusts Act, 1882. **Sponsor:** Quantum Advisors Private Limited. (liability of Sponsor limited to Rs. 1,00,000/-) **Trustee:** Quantum Trustee Company Private Limited. **Investment Manager:** Quantum Asset Management Company Private Limited. The Sponsor, Trustee and Investment Manager are incorporated under the Companies Act, 1956.