

# QUANTUM DYNAMIC BOND FUND

An Open Ended Dynamic Debt Scheme Investing Across Duration

## Fact Sheet as on 12-Feb-2021

Fund Size as on (Rs. in crores) 12-Feb-2021	Absolute AUM
DIRECT PLAN GROWTH OPTION	73.7519
DIRECT PLAN MONTHLY DIVIDEND OPTION	0.6095
REGULAR PLAN GROWTH OPTION	2.7450
REGULAR PLAN MONTHLY DIVIDEND OPTION	0.0069
<b>Total</b>	<b>77.1133</b>

## Net Asset Value as on 12-Feb-2021 (Rs./Unit)

Net Asset Value as on 12-Feb-2021	NAV
DIRECT PLAN GROWTH OPTION	16.3180
DIRECT PLAN MONTHLY DIVIDEND OPTION	10.3481
REGULAR PLAN GROWTH OPTION	16.2479
REGULAR PLAN MONTHLY DIVIDEND OPTION	10.4342

Weighted Average Maturity	No of years
At the end of the week	4.39
Modified Duration	3.53

Name of Instrument	Rating	Residual Maturity (in days)	Market Value (Rs Lakhs)	% to Net Asset
<b>DEBT INSTRUMENTS</b>				
<b>A. Listed/awaiting listing on Stock Exchanges</b>				
<b>i. Non-Convertible debentures / Bonds</b>				
1. 6.4% NABARD Sr 20K NCD (MD 31/07/2023)	ICRA AAA	899	513.39	6.66%
<b>Total of NCD</b>			<b>513.39</b>	<b>6.66%</b>
<b>ii. Government Securities</b>				
1. 5.15% GOI (MD 09/11/2025)	Sovereign	1731	2,463.33	31.94%
2. 7.17% GOI (MD 08/01/2028)	Sovereign	2521	1,690.43	21.92%
3. 6.79% GOI (MD 26/12/2029)	Sovereign	3239	1,031.46	13.38%
4. 7.37% GOI (MD 16/04/2023)	Sovereign	793	52.85	0.69%
<b>Total of Government Securities</b>			<b>5,238.07</b>	<b>67.93%</b>
<b>B. Privately Placed/Unlisted</b>			<b>NIL</b>	<b>NIL</b>
<b>C. Securitized Debt Instruments</b>			<b>NIL</b>	<b>NIL</b>
<b>Total of Debt Instruments</b>			<b>5,751.46</b>	<b>74.59%</b>
<b>MONEY MARKET INSTRUMENTS</b>				
<b>A. Commercial Papers (CP)</b>				
<b>Total of CP</b>			<b>NIL</b>	<b>NIL</b>
<b>B. Certificate of Deposits (CD)</b>				
<b>Total of CD</b>			<b>NIL</b>	<b>NIL</b>
<b>C. Treasury Bills (T-bill)</b>				
<b>Total of T-Bills</b>			<b>NIL</b>	<b>NIL</b>
<b>D. TREPS *</b>				
<b>Total of Money Market Instruments</b>			<b>1,881.40</b>	<b>24.40%</b>
<b>Net Receivable/(payable)</b>			<b>78.47</b>	<b>1.01%</b>
<b>Grand Total</b>			<b>7,711.33</b>	<b>100.00%</b>

\* Cash & cash Equivalents

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## 📌 Yield rose with surprise additional supply

Bond market had a roller coaster ride in last week. The RBI announced a special auction worth Rs. 220 billion in two government securities. This was in addition to the regular weekly debt sale auction. Markets sold off on the following day writing off all the gains accrued in the previous trading sessions. On the other hand, the RBI continued to provide support through its OMO purchases and conducted one more OMO of Rs. 200 bn on Thursday.

In the OMO auction, the RBI accepted Rs. 146 bn worth of 10 year bond out of total Rs. 200 billion and set the cutoff yield 7 basis points lower than the prevailing market yield. The RBI is clearly using the 10 year yield as an anchor point to guide market expectation. Yield on the 10 year bond and few other liquid securities fell after the OMO cutoff while on most of the other off-the-run bonds remained high.

Special security auction result showed a good demand with better than market expectation cut off, but the regular weekly auction failed to boost market sentiments even after RBI refrain from accepting lower bid and devolved 2035 maturity to primary dealers. Over all sentiments continue to remain weak toward the week closing even after RBI support in the weekly auction.

At the end the 10 year benchmark government bond closed the week 3 basis points higher at 5.99% vs 5.96% a week earlier.

We expect bond yields to move higher on increased bond supply and liquidity normalization by the RBI. However the pace of yield rise will likely be slow due to regular OMOs and twists by the RBI.

Jan CPI result was announced post market hours which came at 16 month low of 4.09% against the market expectation of around 4.4%. The decline in headline inflation was mainly on account of substantial fall in food inflation. The non-food basket has accelerated to 5.4% (vs 4.1% in Jan'20) due to increased price pressures in intoxicants, fuel and the miscellaneous sub-group. Core-CPI, has remained sticky at 5.7%.

## 📌 Money market rates set to move higher on liquidity normalization

Liquidity condition remained in high surplus. Excess Liquidity deployed under the RBI's reverse repo facility stood at over Rs. 7 trillion. While money market rates remained stable in week despite the RBI's statement on phased roll back of CRR cuts. Treasury bills of 2-3 months maturities were trading between 3.25% – 3.30% and PSU CPs around 3.45%-3.50%.

RBI's steps to normalize liquidity condition likely to push short term money market rates higher in near term. Nevertheless, overall liquidity condition may remain in surplus for extended period until economic growth recovers significantly.

## 📁 Portfolio Outlook

### Quantum Dynamic Bond Fund (QDBF)

In the Quantum Dynamic Bond Fund we do not take any exposure in private sector companies and invest 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.

In view of increased uncertainty about the budget, we had reduced some of long bond positions and raised cash in the fund for defense against any sharp selloff. We deployed a part of that cash in the last week after the sell-off made valuation on some of the securities attractive. Nevertheless we are still holding higher the usual cash in the fund which shows our cautious stance on the market at current levels. As on February 12, 2021 the average maturity of Quantum Dynamic Bond Fund is 4.39 years and modified duration of 3.53. The portfolio yield as on February 12, 2021 is 5.12%.

## 📌 Credit Exposures:


With the QLF and QDBF portfolios continuing to comprise of G-secs, T-bills and PSU securities, hence credit risk remains minimal.

Data Source: RBI

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## Product Labeling

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"><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.

The Risk Level of the Scheme in the Risk O Meter is based on the portfolio of the scheme as on January 31, 2021.

## Disclaimer, Statutory Details & Risk Factors:

The views expressed here in this article are for general information and reading purpose only and do not constitute any guidelines and recommendations on any course of action to be followed by the reader. Quantum AMC / Quantum Mutual Fund is not guaranteeing / offering / communicating any indicative yield on investments made in the scheme(s). The views are not meant to serve as a professional guide / investment advice / intended to be an offer or solicitation for the purchase or sale of any financial product or instrument or mutual fund units for the reader. The article has been prepared on the basis of publicly available information, internally developed data and other sources believed to be reliable. Whilst no action has been solicited based upon the information provided herein, due care has been taken to ensure that the facts are accurate and views given are fair and reasonable as on date. Readers of this article should rely on information/data arising out of their own investigations and advised to seek independent professional advice and arrive at an informed decision before making any investments

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

Please visit - [www.QuantumAMC.com](http://www.QuantumAMC.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.