

QUANTUM DYNAMIC BOND FUND

An Open Ended Dynamic Debt Scheme Investing Across Duration

Fact Sheet as on 05-Mar-2021

Fund Size as on (Rs. in crores) 05-Mar-2021	Absolute AUM
DIRECT PLAN GROWTH OPTION	73.8038
DIRECT PLAN MONTHLY DIVIDEND OPTION	0.5689
REGULAR PLAN GROWTH OPTION	2.7636
REGULAR PLAN MONTHLY DIVIDEND OPTION	0.0069
Total	77.1432

Net Asset Value as on 05-Mar-2021 (Rs./Unit)

Net Asset Value as on 05-Mar-2021	NAV
DIRECT PLAN GROWTH OPTION	16.1901
DIRECT PLAN MONTHLY DIVIDEND OPTION	10.2268
REGULAR PLAN GROWTH OPTION	16.1196
REGULAR PLAN MONTHLY DIVIDEND OPTION	10.3110

Weighted Average Maturity

	No of years
At the end of the week	6.62
Modified Duration	4.96

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	878	512.19	6.64%
Total of NCD			512.19	6.64%
ii. Government Securities				
1. 5.15% GOI (MD 09/11/2025)	Sovereign	1710	2,428.24	31.48%
2. 7.17% GOI (MD 08/01/2028)	Sovereign	2500	1,665.44	21.59%
3. 6.79% GOI (MD 26/12/2029)	Sovereign	3218	1,016.01	13.17%
4. 6.22% GOI (MD 16/03/2035)	Sovereign	5124	949.20	12.30%
5. 5.85% GOI (MD 01/12/2030)	Sovereign	3558	485.78	6.30%
6. 7.37% GOI (MD 16/04/2023)	Sovereign	772	52.63	0.68%
Total of Government Securities			6,597.30	85.52%
B. Privately Placed/Unlisted			NIL	NIL
C. Securitized Debt Instruments			NIL	NIL
Total of Debt Instruments			7,109.49	92.16%
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 *			469.05	6.08%
Total of Money Market Instruments			469.05	6.08%
Net Receivable/(payable)			135.79	1.76%
Grand Total			7,714.33	100.00%

* Cash & cash Equivalents

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📌 Indian Bond Yields Tracking Global Yield & Crude Prices

Indian bond market was trading with a negative bias tracking rising US 10-Year yield & higher crude prices. Over the week Bond Market remained volatile with negative bias. The RBI announced more OMOs/ Operation Twists but failed to revive the market sentiment in any material way.

In the meeting last week OPEC+ members (Oil Cartel led by Saudi Arabia and Russia) decided to retain the production output cut up to April 2021 except few countries that are expected to increase production marginally. This decision led to sharp jump in crude oil prices as the Brent crude price surged to near USD70/ barrel. Bond market sold off following day.

The 10-Year bond yield touched 6.26% during the intraday trading session. However, the special OMO result gave some support to bonds but the gain could not sustain for long. Further, the US treasury yields surged following Fed Chairman Jerome Powell's statement that indicating transient surge in inflation due to pick up in economy and base effects, keeping the stance as accommodative until employment and inflation target are not met.

Demand situation remains poor as the weekly Government Bond auction once again got devolved on primary dealers due to lack of demand. This sixth straight week of auction devolvement. Considering the weak demand and negative sentiments RBI announced another round of operation twist to purchase Rs. 200 bn worth of long maturity securities and simultaneously sell shorter end bonds for Rs. 150 bn.

The 10-Year Government Bond closed the week flat at 6.23%. While other maturity segments sold off by 5-10 basis points.

📌 Money Market Rates Remain Lower Due to Excess Liquidity

Liquidity condition remained in high surplus of Rs. 6.5 trillion. Money market rates lowered due to excess supply. Treasury Bills of 2-3 months maturities were trading between 3.26% – 3.29% and PSU CPs around 3.35%-3.38%.

RBI's steps to normalize liquidity condition will 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. Abundant liquidity will continue to keep a cap on short term yields.

📁 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 used the market selloff to deploy the cash in the fund. Given the sharp pace of rise in yields there is a fair possibility of reversal in near term. As on March 05, 2021 the average maturity of Quantum Dynamic Bond Fund is 6.62 years and modified duration of 4.96.

📌 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">Regular income over short to medium term and capital appreciationInvestment 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.

The Risk Level of the Scheme in the Risk O Meter is based on the portfolio of the scheme as on February 28, 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 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.