

Portfolio Published on 7th September 2020

QUANTUM DYNAMIC BOND FUND					
(An Open Ended Dynamic Debt Scheme Investing Across Duration)					
Fact Sheet as on 04-Sep-2020					
Fund Size as on (Rs. in crores) 04-Sep-2020		Absolute AUM			
DIRECT PLAN GROWTH OPTION		66.5180			
DIRECT PLAN MONTHLY DIVIDEND OPTION		0.7257			
REGULAR PLAN GROWTH OPTION		2.2498			
REGULAR PLAN MONTHLY DIVIDEND OPTION		0.0091			
Total		69.5026			
Net Asset Value as on 04-Sep-2020		(Rs./Unit)			
DIRECT PLAN GROWTH OPTION		16.0865			
DIRECT PLAN MONTHLY DIVIDEND OPTION		10.5266			
REGULAR PLAN GROWTH OPTION		16.0259			
REGULAR PLAN MONTHLY DIVIDEND OPTION		10.6182			
Weighted Average Maturity		No of years			
At the end of the week		8.14			
Modified Duration		5.82			
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	1060	518.85	7.47%
Total of NCD				518.85	7.47%
ii)	Government Securities				
1	5.22% GOI (MD 15/06/2025)	Sovereign	1745	2,999.61	43.16%
2	6.19% GOI (MD 16/09/2034)	Sovereign	5125	2,526.11	36.35%
3	5.77% GOI (MD 03/08/2030)	Sovereign	3620	494.21	7.11%
4	7.37% GOI (MD 16/04/2023)	Sovereign	954	53.41	0.77%
5	7.27% GOI (MD 08/04/2026)	Sovereign	2042	43.22	0.62%
Total of Government Securities				6,116.56	88.01%
b	Privately Placed/Unlisted				
c	Securitized Debt Instruments				
Total of Debt instruments				6,635.41	95.48%
MONEY MARKET INSTRUMENTS					
a	Commercial Papers (CP)				
Total of CP				NIL	NIL
b	Certificate of Deposits (CD)				
Total of CD				NIL	NIL
c	Treasury Bills (T-bill)				
Total of T-Bills				NIL	NIL
d	TREPS *				
Total of Money Market Instruments				216.64	3.12%
Net Receivable / (Payable)				98.21	1.40%
Grand Total				6,950.26	100.00%

* Cash & cash Equivalents

Quantum Dynamic Bond Fund

RBI measures to lower bond yields

As the bond yields remained above 6% for the second week, the RBI came up with additional measures to calm the market nerves. It extended the 'operation twist' (purchase of long term bond and simultaneous sale of short term bond/treasury bills) with two more tranches of Rs. 100bn each in September taking the total amount of operation twists to Rs. 400bn.

The RBI also increased the HTM limit (Hold to Maturity) for banks to allow them to hold higher quantity of centre and state government bonds without having mark to market on those. HTM (Hold to Maturity) limit for banks has been raised from 19.5% to 22.0% of NDTL (Net Demand and Time Liabilities). This increase can boost banks' demand for government bonds by about INR 3.5 trillion. Additionally, it also assured the markets that it will conduct market operations whenever required to ensure orderly functioning of markets.

The impact on the market was immediate. On September 1st, bond yields fell by 20 bps across the curve, with the 10 year bond fell to ~5.95% on early trades. This has convinced the bond markets for now that the RBI will not tolerate any large increase in bond yields.

The 10Y benchmark government bond closed the week at 5.93% compared to previous closing of 6.14%.

With its actions, the RBI has given a clear signal that they are not comfortable with the current yield levels. 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 even further.

Abundant liquidity keeping money markets rates low

Liquidity condition remained in high surplus. Banks liquidity surplus increased during the week as they were parking close to Rs. 7 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 remained in the range of 3.25%-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 4th September 2020, the average maturity of Quantum Dynamic Bond Fund is 8.14 years and modified duration of 5.82.

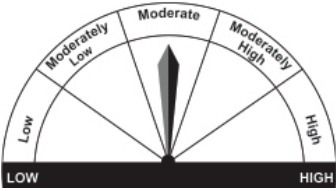
Credit Exposures:

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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