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QUANTUM DYNAMIC BOND FUND

(An Open Ended Dynamic Debt Scheme Investing Across Duration)

Fact Sheet as on 18-Sep-2020

Fund Size as on (Rs. in crores) 18-Sep-2020	Absolute AUM
DIRECT PLAN GROWTH OPTION	66.3237
DIRECT PLAN MONTHLY DIVIDEND OPTION	0.7025
REGULAR PLAN GROWTH OPTION	2.5167
REGULAR PLAN MONTHLY DIVIDEND OPTION	0.0103
Total	**69.5532**

Net Asset Value as on 18-Sep-2020	(Rs./Unit)
DIRECT PLAN GROWTH OPTION	15.9666
DIRECT PLAN MONTHLY DIVIDEND OPTION	10.4481
REGULAR PLAN GROWTH OPTION	15.9057
REGULAR PLAN MONTHLY DIVIDEND OPTION	10.5377

Weighted Average Maturity	No of years
At the end of the week	8.12
Modified Duration	5.89

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	1046	515.09	7.41%
	Total of NCD			**515.09**	**7.41%**
ii)	**Government Securities**				
1	5.22% GOI (MD 15/06/2025)	Sovereign	1731	2,973.44	42.75%
2	6.19% GOI (MD 16/09/2034)	Sovereign	5111	2,494.41	35.86%
3	5.77% GOI (MD 03/08/2030)	Sovereign	3606	491.10	7.06%
4	7.17% GOI (MD 08/01/2028)	Sovereign	2668	106.15	1.53%
5	7.37% GOI (MD 16/04/2023)	Sovereign	940	53.21	0.76%
6	7.27% GOI (MD 08/04/2026)	Sovereign	2028	43.05	0.62%
	Total of Government Securities			**6,161.36**	**88.58%**
b	**Privately Placed/Unlisted**			**NIL**	**NIL**
c	**Securitized Debt Instruments**			**NIL**	**NIL**
	Total of Debt instruments			**6,676.45**	**95.99%**
	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 ***			**346.57**	**4.98%**
	Total of Money Market Instruments			**346.57**	**4.98%**
	Net Receivable / (Payable)			(67.70)	(0.97%)
	Grand Total			**6,955.32**	**100.00%**

* Cash & cash Equivalents

Quantum Dynamic Bond Fund

Yields eased on positive inflation surprise

The market started the week with a positive surprise as the CPI inflation for the month of August 2020 came in at 6.7% yoy as against the market expectation of about 7.0%. The reading for the month July also got revised downward from 6.9% to 6.7%.

Lower than expected inflation print supported the market sentiment and fueled a short rally in bonds especially in the shorter maturity segment. Though it was not enough to revive the market sentiment completely as participants remain concerned over potential increase in government's market borrowing in the second half of FY21. The second half borrowing calendar is expected later this week.

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. Any further increase in supply of government bonds could create pressure on the market and keep the yields elevated.

The RBI announced an OMO (open market operation) to purchase government bonds worth Rs. 100 billion. This kind of ad-hoc interventions could provide temporary relief to the market but won't be sufficient to ease the supply pressure.

Bond yields remained in a tight range in the later part of the week. The 10 year benchmark government bond yield closed the week 3 basis points lower at 6.01% as against 6.04% in the previous week.

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 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 has come down in the last two weeks. The amount under reverse repo has come down to Rs. 4 trillion in the last week as against ~Rs. 6 -7 trillion witnessed in the last 4 months. This drop in surplus liquidity is mainly due to reversal of earlier long term term repos (LTRO) and outflows on account of advance tax payments.

Money market rates remained almost flat with 2-3 months treasury bills yields quoting in the range of 3.30%-3.35%.

We are of the view 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

<u>Quantum Dynamic Bond Fund (QDBF)</u>

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 expect the RBI to continue to intervene in the bond markets through operation twist and outright OMOs to protect long term yields from rising too much. Based on this view we continue to run a longer maturity profile in the QDBF portfolio. This is a tactical position and we maintain our cautious stance over medium term.

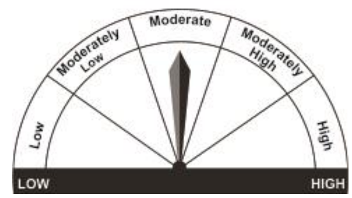
As on 18th September 2020, the average maturity of Quantum Dynamic Bond Fund is 8.12 years and modified duration of 5.89.

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.