

Portfolio Published on 5th October 2020

QUANTUM LIQUID FUND					
(An Open Ended Liquid Scheme)					
Fact Sheet as on 01-Oct-2020					
Fund Size as on (Rs. in crores) 01-Oct-2020		Absolute AUM			
DIRECT PLAN GROWTH OPTION		443.8872			
DIRECT PLAN DAILY DIVIDEND OPTION		11.1158			
DIRECT PLAN MONTHLY DIVIDEND OPTION		2.1479			
REGULAR PLAN GROWTH OPTION		47.4427			
REGULAR PLAN DAILY DIVIDEND OPTION		4.8079			
REGULAR PLAN MONTHLY DIVIDEND OPTION		0.0350			
Total		509.4365			
Net Asset Value as on 01-Oct-2020		(Rs./Unit)			
DIRECT PLAN GROWTH OPTION		27.3722			
DIRECT PLAN DAILY DIVIDEND OPTION		10.0060			
DIRECT PLAN MONTHLY DIVIDEND OPTION		10.0136			
REGULAR PLAN GROWTH OPTION		27.3104			
REGULAR PLAN DAILY DIVIDEND OPTION		10.0010			
REGULAR PLAN MONTHLY DIVIDEND OPTION		10.0109			
Weighted Average Maturity (days)		No of days			
At the end of the week		37			
Modified Duration		35			
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			NIL	NIL
b	Privately Placed/Unlisted			NIL	NIL
c	Securitized Debt Instruments			NIL	NIL
Total of Debt instruments				NIL	NIL
MONEY MARKET INSTRUMENTS					
a	Commercial Papers (CP)				
1	NTPC Ltd CP (MD 23/10/2020)	CRISIL A1+	22	2,495.31	4.90%
2	Export Import Bank of India CP (MD 13/11/2020)	CRISIL A1+	43	2,490.54	4.89%
Total of CP				4,985.85	9.79%
b	Certificate of Deposits (CD)			NIL	NIL
Total of CD				NIL	NIL
c	Treasury Bills (T-bill)				
1	91 Days Tbill (MD 29/10/2020)	Sovereign	28	6,484.41	12.73%
2	91 Days Tbill (MD 17/12/2020)	Sovereign	77	5,463.23	10.72%
3	91 Days Tbill (MD 08/10/2020)	Sovereign	7	4,497.64	8.83%
4	91 Days Tbill (MD 15/10/2020)	Sovereign	14	3,995.45	7.84%
5	182 Days Tbill (MD 12/11/2020)	Sovereign	42	3,985.56	7.82%
6	182 Days Tbill (MD 26/11/2020)	Sovereign	56	3,482.94	6.84%
7	182 Days Tbill (MD 19/11/2020)	Sovereign	49	2,987.23	5.86%
8	91 Days Tbill (MD 10/12/2020)	Sovereign	70	2,981.63	5.85%
9	182 Days Tbill (MD 22/10/2020)	Sovereign	21	2,495.56	4.90%
10	182 Days Tbill (MD 10/12/2020)	Sovereign	70	2,484.73	4.88%
11	91 Days Tbill (MD 22/10/2020)	Sovereign	21	998.21	1.96%
12	91 Days Tbill (MD 26/11/2020)	Sovereign	56	995.13	1.95%
Total of T-Bills				40,851.72	80.18%
d	TREPS *			5,118.06	10.05%
Total of Money Market Instruments				50,955.63	100.02%
Net Receivable / (Payable)				(11.98)	(0.02%)
Grand Total				50,943.65	100.00%

* Cash & cash Equivalents

Quantum Liquid Fund

No negative surprises in the H2 borrowing program

The government announced its market borrowing program for the second half of FY21. It kept the full year market borrowing unchanged at earlier planned Rs. 12 trillion and accordingly plan to borrow Rs. 4.34 trillion in the H2 FY21. In the past two weeks, bond markets had sold off on fear of increase in government borrowings.

With this uncertainty out of way, markets regained some lost ground. Bonds prices rallied (yields fell) across the curve. The rally was more pronounced in the shorter maturity segment particularly in the 2-6 years maturity bonds. This segment also stands to benefit from the lower supply of treasury bills in the October to December quarter. As per the indicative borrowing calendar released by the RBI, the weekly borrowing from treasury bills has been reduced to Rs. 160 billion as against Rs. 350 billion in the preceding quarter.

The 10 year benchmark government bond ended the week 4 basis points lower at yield of 6.00% as against 6.04% in the previous week. The 5 year bond yield softened by 9 basis points in the week to close at 5.29% as against 5.38% in the previous week.

In our opinion this is a temporary respite on supply front and the government will increase its market borrowing by the end of third quarter when they will have a better estimates of the revenue shortfall and spending requirements.

The MPC of the RBI was set to announce its monetary policy on Oct 1st which has been postponed. This is possibly because the tenure of the three external members of the MPC got over in the last month and the new members are not yet appointed by the government. With new MPC members the upcoming monetary policy will be very carefully watched by the bond markets despite the expectation of no change in the policy rates.

In the monetary policy we expect the RBI to maintain status quo on rates and continue to remain accommodative to support growth. The recent spike in inflation seems like a temporary phenomenon caused by disrupted supply chains and unfavorable base effect. We expect the inflation to cool down by the year end. If happens, that will open up some space for rate cut in December meeting.

We are of the view that, from the bond markets' prospective, RBI's view on inflation will be a crucial factor to watch. Markets will also look out for some clarity on the RBI's plan to monetize the rising pile of government debt. Till now, the RBI has relied on tactical interventions in the market through OMOs and Operation Twists to control long term bond yields. But as the supply pressure started to weigh, there is an expectation of a proactive and more aggressive approach by the RBI.

Lower Tbill borrowings led to lower yield

Liquidity condition remained in high surplus. The amount under reverse repo increased to over Rs. 5 trillion in the last week compared to about Rs. 4 trillion in the past few weeks.

Money market rates eased in the week due to lower borrowing plan from treasury bills in the third quarter. Treasury bills yields of 2-3 months maturities came down to 5.20%-5.25% from the range of 3.30%-3.35% a week earlier.

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 Liquid Fund (QLF)

Given the low overnight rates and excess liquidity situation, returns from liquid funds will remain muted. However, we still advise investors to not hunt for returns from this category and always prioritize safety and liquidity over returns while investing in liquid funds.

In Quantum Liquid 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.

As on 1st October 2020, the average maturity of Quantum Liquid Fund is about 37 days.

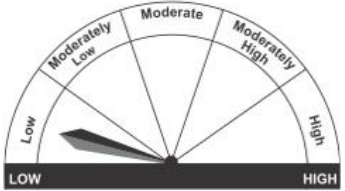
Credit Exposures:

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 Liquid Fund

Data Source: RBI

PRODUCT LABEL

Name of the Scheme	This product is suitable for investors who are seeking*	Riskometer
Quantum Liquid Fund (An Open Ended Liquid Scheme)	<ul style="list-style-type: none"> Income over the short term Investments in debt / money market instruments 	 <p>Investors understand that their principal will be at Low risk</p>
* Investors should consult their financial advisers if in doubt about whether the product is suitable for them.		

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.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.