QUANTUM DYNAMIC BOND FUND
(An Open ended Debt Scheme)

Fact Sheet as on 10-Jun-16

Fund Size as on (Rs. in crores) 10-Jun-16	Absolute AUM
Growth Option	30.94
Monthly Dividend Option	1.22
Total	**32.16**

Net Asset Value as on 10-Jun-16	(Rs./Unit)
Growth Option	11.0134
Monthly Dividend Option	10.1259

Weighted Average Maturity	No of years
At the end of the week	7.87
Modified Duration	4.89

Sr.No.	Name of Instrument	Rating	Residual Maturity (in days)	Market Value (Rs Lakhs)	% to Net Asset
	DEBT INSTRUEMENTS				
a	**Listed/awaiting listing on Stock Exchanges**				
i)	**Government Securities**				
1	7.59% GOI (MD 20/03/2029)	Sovereign	4666	1980.50	61.58%
b	**Privately Placed/Unlisted**			**NIL**	**NIL**
c	**Securitized Debt Instruments**			**NIL**	**NIL**
	Total of Debt instruments			**1,980.50**	**61.58%**
	MONEY MARKET INSTRUEMENTS				
a	**Treasury Bills (T-bill)**				
1	91 Days Tbill (MD 01/09/2016)	Sovereign	83	49.25	1.53%
	Total of T-Bills			**49.25**	**1.53%**
b	**Collateralised Borrowing & Lending Obligation (CBLO) ***			**1,112.01**	**34.57%**
	Total of Money Market Instruments			**1,161.26**	**36.10%**
	Net Receivable / (Payable)			**74.48**	**2.32%**
	Grand Total			**3,216.24**	**100.00%**

* Cash & cash Equivalents

Quantum Dynamic Bond Fund (QDBF) weekly note

- RBI in its monetary policy on 7th June, kept all the key policy rates unchanged. However, it retained its CPI inflation projection of 5% with a upside bias. RBI highlighted service inflation which is high due to hikes in fare rates, tuition fees , house rent and water charges. These items are not amendable to good monsoon. This should keep CPI inflation higher even if food inflation moderates due to good monsoon. RBI re iterated its commitment to provide adequate liquidity in the system to take care of Foreign Currency Non Residence Borrowing redemption which RBI expects to be around 20 Billion USD. RBI also re iterated its stated commitment to prevent undue volatility in the forex markets due to these redemptions.

- The Debt markets expected RBI to stay on hold due to which the markets remained range bound. However, policy rate cut expectations have been pushed for second half of the financial year. The long dated papers like 7.50 % 2034 and 8.17 % Goi 2044 auction saw good bidding interest in the primary auctions. 8.17 % 2044 saw one bidder cornering the total auction of Rs 2000 crores and 4 bidders took 7.50 % 2024. The cut off was 2 to 3 basis points lower than the prevailing market levels. The primary market auction cut off prices where 15 to 20 paise higher than the prevailing secondary market prices.

- US10 year yields fell to a low of 1.67 % last week due to safe haven demand. As per opinion polls, British referendum to remain in Euro seems to be a close call. Safe haven assets like Japanese treasuries and US Treasuries were in demand.

- Forex Reserves for the week ended 3rd June 3, 2016 touched USD 363.46 billion dollars vs USD 360.19 billion prevailing last week an increase of USD 3.27 Billion. This increase is due to RBI taking delivery of its contracted forward purchases. This along with month end government spending reduced the money market liquidity deficit from Rs 85600 on 31st may to Rs 4700 Crores by June 3 2016.

- Banking system liquidity tightened during the week to Rs 31,999 bln vs Rs 22,923 bln last week. Liquidity tightened due to outflow of excise and custom payment on 7th and 8th June and will tighten further this week due to advance tax payment. We expect it to reverse by the month end as government spends its cash balance.

- Short term rates remain range bound with the 1 months CDs trading around 6.5%-6.750% levels and 3 months around 7.05%-7.10%. Going forward, we expect short term rates to remain range bound as liquidity is expected to be comfortable. As RBI takes delivery of forward purchases of dollars and with currency coming back into the banking system in the month of June/July 2016, we expect liquidity situation to remain comfortable and thus should see reduce pressure on banks rolling over the certificate of deposits on maturity.

Debt markets would be volatile in the current week as CPI inflation for the month of May 2016 is expected to come around 5.80 % levels. Prices of vegetable, Pulses have further increased during the month of June 2016. There has also been an increase in prices of petrol and Diesel. Global concerns of British referendum on 23th June 2016 in which British citizens would vote on whether they want to continue in the Euro zone, US Federal Reserve expected to re iterate its stance to increase the Fed Fund Rate on 15th June 2016 meeting should keep the Indian Debt Markets cautious. We will await market dislocation to increase the portfolio duration of the Quantum Dynamic Bond Fund.

As on 10th June 2016, **Quantum Dynamic Bond Fund (QDBF)** had portfolio modified duration of 4.89 Yrs with a yield to maturity of 6.46%. QDBF has a cash level of 35 % in the fund which we will look to deploy as the yields rise a bit. Call money rates on Friday were around 5-5.25 % levels due to reporting Friday which dragged down the running yield of the portfolio.

Credit Exposures:
Staying true to its mandate of high liquidity and low credit risk; QDBF has significant majority holdings in Government securities; Treasury bills and PSU securities**.**

Please click here to access the weekly portfolio disclosures of Quantum Dynamic Bond Fund.

If you need to know more about the fund and wish to speak to the fund manager, please write in or call:

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