

QUANTUM LIQUID FUND
(An open ended Liquid Scheme)

Fact Sheet as on 14-Oct-16

Fund Size as on (Rs. in crores) 14-Oct-16	Absolute AUM
Growth Option	66.53
Daily Dividend Reinvestment Option	18.19
Monthly Dividend Option	3.03
Total	87.75

Net Asset Value as on 14-Oct-16	(Rs./Unit)
Growth Option	21.9056
Monthly Dividend Option	10.0377
Daily Dividend Reinvestment Option	10.0070

Weighted Average Maturity (days)	No of days
At the end of the week	52
Modified Duration	48

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			NIL	NIL
	B) Privately Placed/Unlisted			NIL	NIL
	C) Securitized Debt Instruments			NIL	NIL
	Total of Debt instruments			NIL	NIL
	MONEY MARKET INSTRUEMENTS				
a	Certificate of Deposit (CD)				
1	Vijaya Bank CD (MD 28/10/2016)	CARE A1+	14	498.86	5.69%
2	Export Import Bank of India CD (MD 16/12/2016)	CRISIL A1+	63	494.59	5.64%
	Total of CDs			993.45	11.33%
b	Commercial Papers (CP)				
1	Rural Electrification Corp Ltd CP (MD 21/10/2016)	CRISIL A1+	7	499.46	5.69%
2	Small Ind Dev Bank of India CP (MD 13/12/2016)	CRISIL A1+	60	494.82	5.64%
3	National Bank For Agri & Rural CP (MD 15/12/2016)	ICRA A1+	62	494.65	5.64%
	Total of CPs			1,488.93	16.97%
c	Treasury Bills (T-bill)				
1	91 Days Tbill (MD 08/12/2016)	Sovereign	55	2,661.81	30.34%
2	91 Days Tbill (MD 15/12/2016)	Sovereign	62	1,979.10	22.56%
3	91 Days Tbill (MD 22/12/2016)	Sovereign	69	988.36	11.26%
4	91 Days Tbill (MD 24/11/2016)	Sovereign	41	202.50	2.31%
5	91 Days Tbill (MD 01/12/2016)	Sovereign	48	156.13	1.78%
6	91 Days Tbill (MD 27/10/2016)	Sovereign	13	49.90	0.57%
	Total of T-Bills			6,037.80	68.82%
d	Collateralised Borrowing & Lending Obligation (CBLO) *			248.71	2.83%
	Total of Money Market Instruments			8,768.89	99.95%
	Net Receivable / (Payable)			5.33	0.05%
	Grand Total			8,774.22	100.00%

* Cash & cash Equivalents

Quantum Fixed Income - Weekly Portfolio Update:

- As stated in last week note in which we have estimated CPI inflation for September to be 4.20-4.30% range, CPI inflation reading for the month of September 2016 came at 4.31%. The market expectation on September CPI Inflation was 4.5 %. Food Inflation fell to 4.12% from 5.83 % due to fall in vegetable, fruits, Eggs, meat and fish. Month of Month CPI inflation index on an absolute basis fell by 0.27%. Food inflation had a steep fall of 0.94 % on a month to month basis. However, Core inflation increased to 4.88% in the month of September 2016 versus 4.72% for the month of August 2016. CPI inflation is expected to fall further as the fall in wholesale prices of pulses have to yet get reflected in CPI. We expect CPI inflation to fall to 4% levels by December 2016 due to good harvest.

WPI inflation for the month of September 2016 was at 3.7 % versus market expectation of 3.9 %. This was due to fall in food inflation by 5.8 % for the month of September 2016.

- The U.S Federal Reserve Minutes of the meeting indicated it was a close call not to hike the Federal Fund Rates. Labour market conditions have improved considerably from the beginning of the year with non-farm payroll additional averaging 192000 on a monthly basis from January 2016 onwards. Personal Consumption Expenditure of consumers continued to be strong. However, weakness was reflected in capital spending and in construction of new homes. Consumer Price inflation continued to run below the Fed Reserve target of 2 % due to pass through of lower Oil Prices and a strong dollar which made imports cheaper.
- As per RBI weekly publication, Forex Reserve fell by 4.34 Billion USD till 7th October 2016. This was due to FCNR (B) redemption for the month of October 2016. Liquidity has continued to tighten with system liquidity which was positive Rs 99,071 crores reflecting a deficit of Rs 13,749 crores due to outflow on account of FCNR (B) in the month of October 2016. As per RBI monthly bulletin which reflect RBI outstanding forward purchase and forward sales of dollars, it has a deficit of 9.5 billion USD deficit for the month October and November 2016. This is getting reflected in its forex reserves outflow and simultaneously tightening of liquidity conditions. RBI is selling its USD holding from its Reserves and sucks out Rupee liquidity from the banking system.
- We expect aggressive OMO from RBI in the month of October and November to neutralize cash demand due to festival season and FCNR (B) Payments. We expect RBI to do another Rs 50000 to Rs 60000 Crores of OMO in the next two months to create liquidity to meet FCNR (B) redemptions. We have reduced the OMO purchase as RBI has net 10 billion USD of forward purchase starting from December 2016. Expectation of increase in Federal Reserve Rates, uncertainty of US presidential election and lower OMO operations by RBI has led to Yields moving up by 3 to 4 basis points across the tenure of the yield curve.
- Two months Certificate of Deposits traded around 6.35 % . We expect short term rates to remain range bound as liquidity is expected to be comfortable in the month of October 2016. RBI has committed to maintain durable liquidity to ensure FCNR (B) redemption happens smoothly.

- As on 14th October 2016, **Quantum Liquid Fund (QLF)** had a weighted average portfolio maturity of 48 days with a yield to maturity of 6.36 %*.

* YTM is including net current assets.

- **Credit Exposures:**

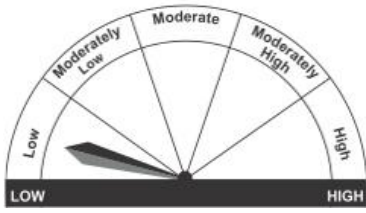
- With QLF comprising of G-secs, T-bills and PSU securities in majority credit risk is minimum.
 - Please click [here](#) to access the weekly portfolio disclosures of Quantum Liquid Fund.

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

Murthy Nagarajan (Head - Fixed Income)

Email: Murthy@QuantumAMC.com | Direct No.: +91-22-61447 802 | Mobile No.: +91 9820607886

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. 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.