

Portfolio Published as on 11th February 2019

QUANTUM LIQUID FUND
(An Open Ended Liquid Scheme)

Fact Sheet as on 08-Feb-19

Fund Size as on (Rs. in crores) 08-Feb-19	Absolute AUM
DIRECT PLAN GROWTH OPTION	164.4452
DIRECT PLAN DAILY DIVIDEND OPTION	57.4387
DIRECT PLAN MONTHLY DIVIDEND OPTION	6.2760
REGULAR PLAN GROWTH OPTION	8.9861
REGULAR PLAN DAILY DIVIDEND OPTION	10.0197
REGULAR PLAN MONTHLY DIVIDEND OPTION	0.0929
Total	247.2586

Net Asset Value as on 08-Feb-19	(Rs./Unit)
DIRECT PLAN GROWTH OPTION	25.2508
DIRECT PLAN DAILY DIVIDEND OPTION	10.0094
DIRECT PLAN MONTHLY DIVIDEND OPTION	10.0324
REGULAR PLAN GROWTH OPTION	25.2253
REGULAR PLAN DAILY DIVIDEND OPTION	10.0042
REGULAR PLAN MONTHLY DIVIDEND OPTION	10.0319

Weighted Average Maturity (days)	No of days
At the end of the week	34
Modified Duration	32

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				
	8.28% SIDBI NCD (MD 26/02/2019)P-27/02/2017	CARE A1+	18	1,801.09	7.28%
	B) Privately Placed/Unlisted			NIL	NIL
	C) Securitized Debt Instruments			NIL	NIL
	Total of Debt instruments			1,801.09	7.28%
	MONEY MARKET INSTRUMENTS				
a)	Commercial Papers (CP)				
1	NTPC Ltd CP (MD 18/02/2019)	CRISIL A1+	10	1,996.84	8.08%
2	Indian Oil Corporation Ltd CP (MD 04/04/2019)	CRISIL A1+	55	1,979.17	8.00%
3	IRFC LTD CP (MD 25/04/2019)	CRISIL A1+	76	1,971.24	7.97%
4	Power Grid Corporation Ltd CP (MD 13/02/2019)	CRISIL A1+	5	1,498.95	6.06%
5	National Bank For Agri & Rural CP (MD 08/03/2019)	CRISIL A1+	28	1,492.82	6.04%
	Total of Commercial Paper			8,939.02	36.15%
b)	Treasury Bills (T-bill)				
1	91 Days Tbill (MD 09/05/2019)	Sovereign	90	2,461.74	9.96%
2	91 Days Tbill (MD 14/02/2019)	Sovereign	6	1,998.29	8.08%
3	91 Days Tbill (MD 28/02/2019)	Sovereign	20	1,993.54	8.06%
4	91 Days Tbill (MD 18/04/2019)	Sovereign	69	1,976.53	7.99%
5	91 Days Tbill (MD 14/03/2019)	Sovereign	34	1,491.50	6.03%
	Total of T-Bills			9,921.60	40.12%
c)	TREP *			3,888.66	15.73%
	Total of Money Market Instruments			22,749.28	92.00%
	Net Receivable / (Payable)			175.50	0.72%
	Grand Total			24,725.87	100.00%

* Cash & cash Equivalents

Quantum Liquid Fund

RBI turned dovish; cut rate and softened stance

In its last bi-monthly policy of this fiscal year 2019, the monetary Policy Committee (MPC) of the RBI cut the policy Repo Rate by 25 bps to 6.25% and changed the monetary policy stance from 'Calibrated Tightening' to 'Neutral'. Although the rate cut was not widely expected, it was in line with the benign inflation trend and softer global outlook.

The RBI revised down its inflation projections yet again pegging the CPI inflation below its target of 4% for the entire 2019. Hence there is a high probability of another 25 bps reduction in the Repo Rate; but this is not going to be a deep rate cut cycle.

Surprise rate cut brought cheers to the market

The bond market cheered the surprise rate cut and stance change by the RBI. But the fall in bond yields were limited to 5-15 bps across the curve. There is concern among market participants about the excessive supply of government bonds at same time when the RBI OMOs are expected to slow down. The most traded old 10 year bond fell by 9 basis points to close the week at 7.52% vs 7.61% in the previous week. The short end of the yield curve (2-5 year maturity bonds) rallied more than the longer maturity as it priced for more rate cuts while the longer maturity bonds will face supply pressure.

Demand Supply dynamics to turn unfavorable

Although the monetary policy looks favorable in the short term, we are seriously concerned about the bond market's demand supply dynamics in coming quarters. Centre government's gross Borrowing of INR 7.1 trillion is way above expectations and it gets overwhelmingly large when we combine market borrowing by state governments and quasi government entities (PSUs). The RBI may continue its bond buying program (OMO) which will offset a part of the supply. But we expect the pace of OMOs will be lot slower in the next 2-3 quarters.

Apart from this we are entering into an uncertain election cycle, hence foreign investor demand will also remain muted until there is clarity on the next government and its likely macro-economic policies. So despite, a general wave of bullishness towards emerging markets on the US Federal Reserve's dovishness, India is unlikely to be a key beneficiary till at least May 2019.

Credit Crisis not over yet

We would also like to highlight that the credit crisis that began in the Indian bond markets after the IL&FS default in September is not over yet and the widening of spreads between corporate and sovereign yields is reflective of lack of investor confidence in the credit market. Debt fund Investors should continue to choose Safety (over Credit) and Liquidity (over Spreads and Returns) while investing in Bond Funds in 2019.

Liquidity condition to remain tight; OMOs to continue at slower pace

Liquidity condition eased further in the past week on account of increased government spending. In the last week the average liquidity position turned into surplus of Rs. 49 billion as against average deficit of Rs. 205 billion in the previous week. The short term rates fell about 5-10 bps after the cut in Repo Rate by the RBI. At the week end the 3 month PSU papers were quoting around 7.0%-7.1%.

The core liquidity (excluding government balances) remained in deficit of over Rs. 500 billion. The RBI has already announced to conduct OMOs worth Rs. 375 billion in February. Cash demand may remain high the coming months due to upcoming elections and wedding season. We expect the RBI will continue to infuse liquidity through OMO but at a relatively slower pace. Short term rates will likely move higher in the coming months as liquidity condition is expected to tighten towards financial year closing.

Portfolio Outlook

Quantum Liquid Fund (QLF)

We always stress on the primary objective of the liquid funds and advice investors to prioritize safety and liquidity over returns while investing in liquid funds.

In Quantum Liquid Fund we have not taken any exposure in private sector corporations and invest only in government securities, treasury bills and highest quality instruments issued by public sector undertakings (PSUs) which are shortlisted under our proprietary credit research and review process.

As on 8th February 2019, the average maturity of Quantum Liquid Fund is 34 days.

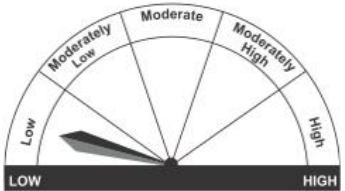
Credit Exposures:

With the QLF 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 termInvestments 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.