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**QUANTUM LIQUID FUND**  
(An Open Ended Liquid Scheme)

**Fact Sheet as on 03-Aug-18**

<b>Fund Size as on (Rs. in crores) 03-Aug-18</b>	<b>Absolute AUM</b>
DIRECT PLAN GROWTH OPTION	113.9267
DIRECT PLAN DAILY DIVIDEND OPTION	15.2131
DIRECT PLAN MONTHLY DIVIDEND OPTION	4.4978
REGULAR PLAN GROWTH OPTION	1.9459
REGULAR PLAN DAILY DIVIDEND OPTION	0.0672
REGULAR PLAN MONTHLY DIVIDEND OPTION	0.1011
<b>Total</b>	<b>135.7518</b>

<b>Net Asset Value as on 03-Aug-18</b>	<b>(Rs./Unit)</b>
DIRECT PLAN GROWTH OPTION	24.3986
DIRECT PLAN DAILY DIVIDEND OPTION	10.0094
DIRECT PLAN MONTHLY DIVIDEND OPTION	10.0210
REGULAR PLAN GROWTH OPTION	24.3812
REGULAR PLAN DAILY DIVIDEND OPTION	10.0042
REGULAR PLAN MONTHLY DIVIDEND OPTION	10.0211

<b>Weighted Average Maturity (days)</b>	<b>No of days</b>
At the end of the week	42
Modified Duration	39

<b>Sr.No.</b>	<b>Name of Instrument</b>	<b>Rating</b>	<b>Residual Maturity (in days)</b>	<b>Market Value (Rs Lakhs)</b>	<b>% to Net Asset</b>
	<b>DEBT INSTRUEMENTS</b>				
	<b>A) Listed/awaiting listing on Stock Exchanges</b>				
i)	<b>Non-Convertible debentures / Bonds</b>			<b>NIL</b>	<b>NIL</b>
	<b>B) Privately Placed/Unlisted</b>			<b>NIL</b>	<b>NIL</b>
	<b>C) Securitized Debt Instruments</b>			<b>NIL</b>	<b>NIL</b>
	<b>Total of Debt instruments</b>			<b>NIL</b>	<b>NIL</b>
	<b>MONEY MARKET INSTRUEMENTS</b>				
a)	<b>Commercial Papers (CP)</b>				
1	Export Import Bank of India CP (MD 13/08/2018)	CRISIL A1+	10	998.33	7.35%
2	NTPC Ltd CP (MD 19/09/2018)	CRISIL A1+	47	991.40	7.30%
3	Small Ind Dev Bank of India CP (MD 31/08/2018)	CRISIL A1+	28	497.51	3.66%
4	National Bank For Agri & Rural CP (MD 03/09/2018)	CRISIL A1+	31	497.18	3.66%
	<b>Total of Commercial Paper</b>			<b>2,984.42</b>	<b>21.97%</b>
b)	<b>Treasury Bills (T-bill)</b>				
1	91 Days Tbill (MD 01/11/2018)	Sovereign	90	1,967.57	14.49%
2	70 Days CMB (MD 21/08/2018)	Sovereign	18	1,495.47	11.02%
3	91 Days Tbill (MD 16/08/2018)	Sovereign	13	997.89	7.35%
4	91 Days Tbill (MD 30/08/2018)	Sovereign	27	995.44	7.33%
5	91 Days Tbill (MD 06/09/2018)	Sovereign	34	994.15	7.32%
6	91 Days Tbill (MD 27/09/2018)	Sovereign	55	990.44	7.30%
7	91 Days Tbill (MD 11/10/2018)	Sovereign	69	987.71	7.28%
8	91 Days Tbill (MD 25/10/2018)	Sovereign	83	985.08	7.26%
	<b>Total of T-Bills</b>			<b>9,413.75</b>	<b>69.35%</b>
c)	<b>Collateralised Borrowing &amp; Lending Obligation (CBLO) *</b>			<b>1,125.27</b>	<b>8.29%</b>
	<b>Total of Money Market Instruments</b>			<b>13,523.44</b>	<b>99.61%</b>
	Net Receivable / (Payable)			51.73	0.39%
	<b>Grand Total</b>			<b>13,575.17</b>	<b>100.00%</b>

\* Cash & cash Equivalents

## Quantum Liquid Fund

The Reserve Bank of India raised its policy rate by 25bps while keeping the “Neutral” stance. After two consecutive rate hikes of 25bps in June and August, the Repo Rate now stands at 6.5%. RBI’s proactive response to inflationary pressures will re-establish its credibility with the market and will support the Indian Rupee and Bonds. The RBI has kept its one year forward (April-June 2019) inflation forecast at 5%. We believe the risk is tilted on the upside to this projection and hence the RBI may need to hike the policy rates by another 50 bps in next 12 months.

The 25 bps hike was broadly in line with the market expectations and the continuation of ‘neutral’ stance seems to have comforted the bond markets. The 10 year government bond yield spiked to 7.84% immediately after the policy announcement but it retraced from there to make an intraday low of 7.67% on the same day. At end of the week, the 10 year government bond closed at yield of 7.76% vs 7.77% in the previous week.

We believe the bond yields across the maturity curve are already pricing for reasonable monetary tightness. The 10 year government Bond yield will likely remain in the 7.70% - 8.0% range for now and move above towards 8.25% if the market expects RBI to hike by more than 50 bps. Demand Supply pressures will emanate in the second half with more than 70% of the borrowing of Centre and States to be done between August and March. Additionally, given the lower than estimated GST collections, fiscal slippage also cannot be ruled out. The bond markets may have OMO support of another INR 700-1000 billion (RBI buying government bonds) but we expect most of the OMO purchases to be concentrated in the 2020/21/22 maturity segment of the government bonds.

### **System Liquidity to tighten, need more OMOs (open Market Operations)**

Liquidity situation eased during the week from a deficit of Rs. 214 billion in the last week to surplus of Rs. 512 billion on 04<sup>th</sup> August . This was primarily on account of month end government spending and likely FX forwards settlement by the RBI.

We expect the liquidity situation will tighten considerably in next three quarters with the cyclical pickup in demand for cash. Moreover, given the balance of payment situation, the RBI may continue to sell its forex reserves which will also drain chunk of core liquidity from the banking system. We thus expect the RBI to conduct OMOs to the tune of Rs. 700 billion - 1 trillion in the rest of FY19 which should offer some support to bond yields.

### **Portfolio Strategy**

#### **Quantum Liquid Fund**

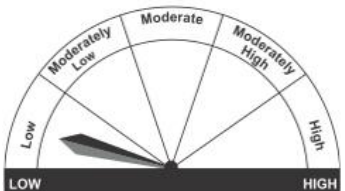
In line with our conservative approach the portfolio of QLF is invested in good quality and highly liquid securities with an average portfolio maturity of 42 days as of 03<sup>rd</sup> August 2018.

#### **Credit Exposures:**

With QLF portfolios continue 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.

**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"><li>• Income over the short term</li><li>• Investments in debt / money market instruments</li></ul>	 <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:**

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**Mutual fund investments are subject to market risks read all scheme related documents carefully.**

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