

Axis Banking & PSU Debt Fund

(An Open-Ended Debt Scheme Predominantly Investing In Debt Instruments Of Banks, Public Sector Undertakings & Public Financial Institutions. A relatively high interest rate risk and moderate credit risk)



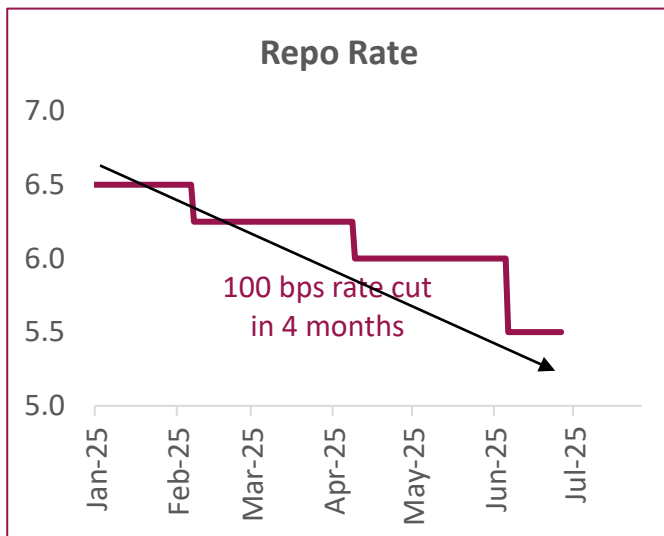
AXIS ASSET MANAGEMENT

Fixed Income Market Outlook

Lower for Longer and Barbell

Front Loading of rate cuts & easing financial condition - Liquidity Infusion Tools and Tax Relief (Jan 2025)

Monitory Policy Tools



Liquidity Tool	Amount (INR Trillion)
VRR - 49 / 56 days	2
OMO Purchases	5
FX buy sell Swap – USD 25 BN	3.15
CRR Cut	2.5
Total Liquidity Support	12.65

Credit Impulse

- Monetary and fiscal tools **stimulating the economy through credit impulse**
- Easing regulatory stance** - reversal of higher risk-weights for NBFCs/microfinance, diversification of funding sources, and lifting restrictions after corrective actions.

Fiscal Tools

	Impact on GDP
GST Reforms	+ 0.3–0.4%
Trade Policies	+ 0.2–0.3%

GST reforms expected to **lower Inflation by 50-70 bps**

Eyes on **Pay Commission** next year

Fiscal tools like **GST reforms and trade policies** will boost growth. Focus will also be on **Pay Commission** implementation.

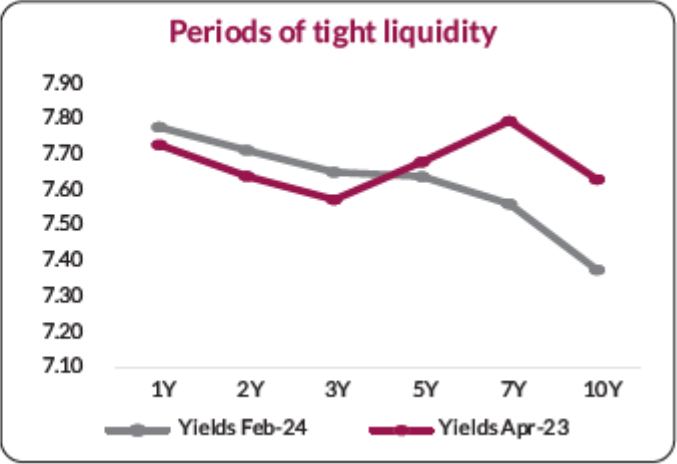
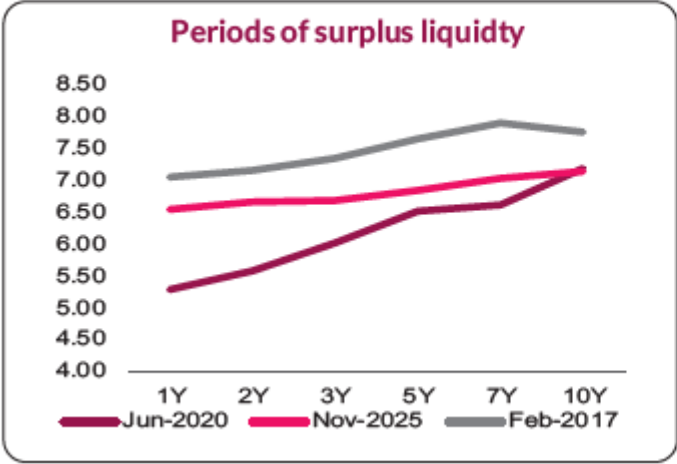
Shifting gears for 2026

Themes that played out in the bond markets

Year	Themes	Alpha Strategy	Yields the across the curve (%)			
			Period	3-year AAA PSU	10-year Gsec	30-year Gsec
2024	Inclusion in JP Morgan indices Fiscal consolidation	Duration, Inverted yield curve	Jan 24	7.65	7.2	7.35
			Dec 24	7.55 ↔	6.8 ↓	7.0 ↓
2025	Lower GDP, Lower CPI, Rate cuts, Abundant Liquidity	Liquidity, Steeper yield curve	Jan 25	7.55 ↓	6.8 ↓	7.0 ↑
			Dec 25	6.7	6.45	7.25 ↑

Lower for longer and barbell

Periods of surplus and tight liquidity



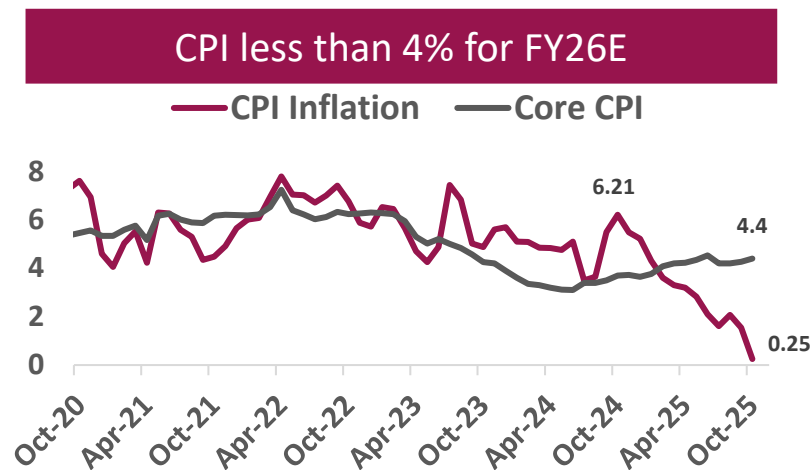
The past two years-2024 and 2025-were defined by distinct themes that shaped India’s bond markets: global index inclusion, abundant liquidity and evolving macro conditions. These factors led to rally in bonds, with ‘duration’ and ‘liquidity’ dominating the narrative.

As we step into 2026, the landscape is changing. The focus now shifts towards ‘Accrual’ and ‘Barbell strategies’, supported by a stable rate environment, neutral liquidity, and structural demand-supply imbalances particularly for long bonds.

Past trends indicate that liquidity conditions have had a significant influence on the yield curve’s shape. During periods of abundant liquidity, excess funds keep short-term rates suppressed, resulting in a steeper curve. Conversely, when liquidity shifts toward neutral, the curve tends to flatten as short-term rates rise relative to long-term rates.

Way Forward for Bond Markets

Stable rate regime, RBI to maintain extended pause after December 2025



GDP for FY26E to remain below 6.5%

Tenure	GDP Growth Projection
FY22	9.7%
FY23	7.6%
FY24	9.2%
FY25	6.5%
FY26E	6.5% (Downward biased)

Category Of Investor	Total Demand for GSec + SDL	% of Long Bond Holding / Allocation	Demand for Long bonds (CG+SDL)- 10 year & above
Insurance Companies	5,50,000	60%	3,30,000
Provident Funds	3,80,000	90%	3,42,000
Pension Funds	2,00,000	55%	1,10,000
			7,82,000
Maturities Rollover			3,00,000
Total Gross Demand			10,82,000
Total Gross Supply			11,98,000
Demand Supply Gap			1,16,000

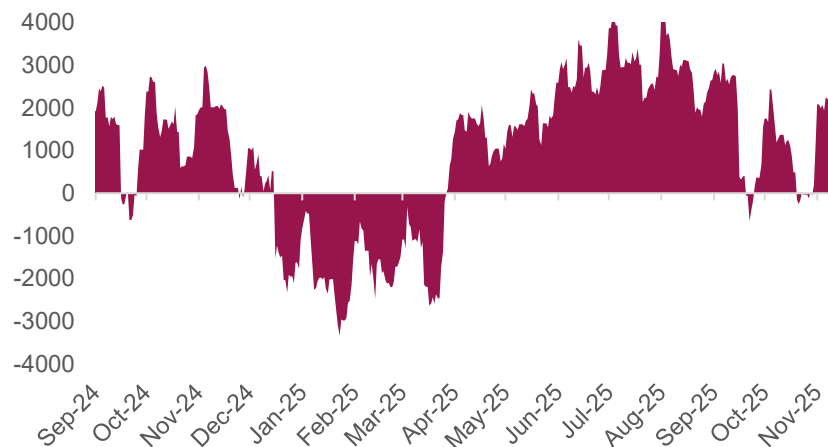
Heightened nervousness in Bond Markets due to the **imbalance in demand and supply dynamics**.

- ➡ Strong disinflationary impulse is expected to continue in 2026 due to GST cuts
- ➡ Growth is expected to moderate (6.2–6.5%), with patchy demand recovery.

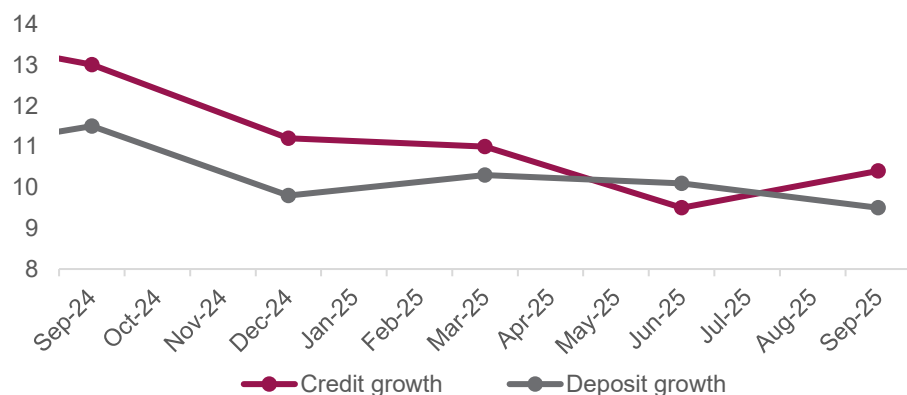
Way Forward for Bond Markets

Best of liquidity behind us

Liquidity to move into neutral zone by March 2026



Credit growth accelerating



Durable liquidity by March 2026

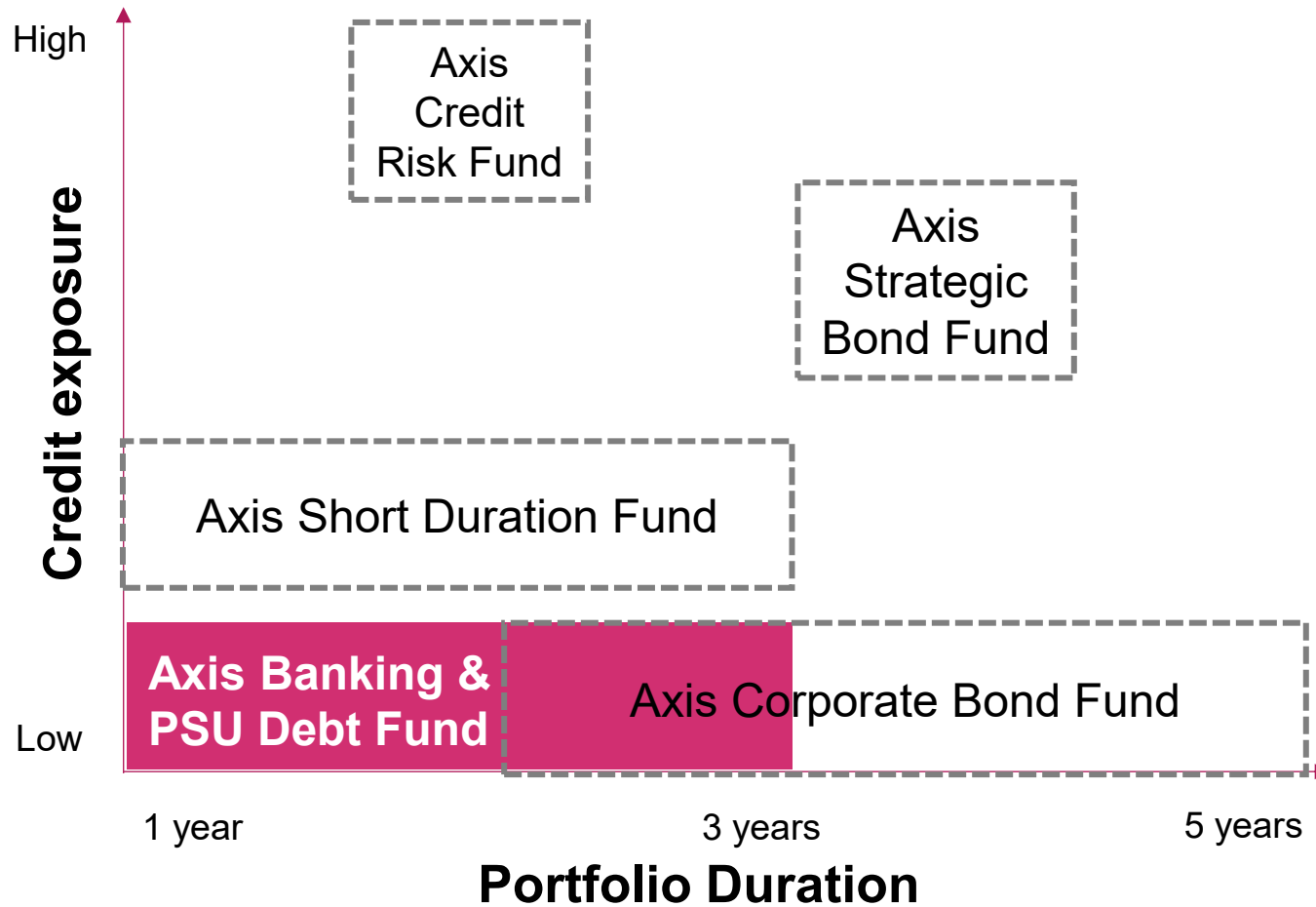
	Particulars	Amt (In Rs Crs)
	Core Liquidity -Oct 17 2025	3,60,648
Inflows	CRR cut (50 Bps cut in November)	1,20,000
Outflows	Expected CIC outflow (Oct 25 - March 26)	-2,25,000
	CRR outflow on Deposit Growth (Expected Oct 25 - March 26)	-50,000
	FX Intervention (Spot & forward)	-1,20,000
	Core Liquidity (expected)- March 2026	85,648

Liquidity could move into neutral zone due to outflows in CIC, forex interventions and CRR accretion. This transition could prompt RBI interventions through OMOs of upto Rs 2 trn by March 2026 to manage liquidity.

The probable inclusion of Fully Accessible Route (FAR) Indian government bonds in Bloomberg Global Aggregate Index (AUM ~US\$2.5 trillion) could attract US\$25-30 bn inflows into long-duration bonds, making the long bonds segment attractive.

Axis Banking & PSU Debt Fund Overview

Fund Positioning



Portfolio Construct

Actively managed High Quality Short Duration Portfolio



Duration

The fund will typically maintain Macaulay Duration in the range of **1 - 3 years**



Securities

In the current market scenario, while the fund will primarily invest in securities with maturity in the range of 1 – 5 years, there will be **no restriction** at individual security level.



Asset Quality

100% allocation to **AAA/A1+ & equivalent** rated assets



Asset Allocation

Investments primarily in debt and money market securities issued by **Banks, PSUs and PFIs**. Tactical exposure up to 20% to **G-Secs/SDLs** depending on the market opportunity

Why consider Axis Banking & PSU Debt Fund?



Moderate volatility over the medium term

High quality portfolio

Investment Horizon:
1 year and beyond

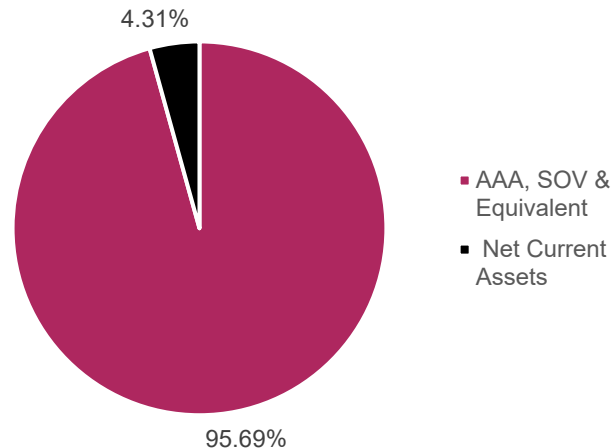
High liquidity by virtue of
nature of underlying
securities

Positioned to benefit from
carry opportunity at the
shorter end of the yield curve

Portfolio Characteristics

31st October 2025

Rating Profile



Portfolio Characteristics (31st October 2025)

Residual Maturity	3.58 Years
Macaulay Duration	2.95 years
Modified Duration	2.79 years
Annualized Portfolio YTM*	6.64%

Allocation & maturity is based on the current market conditions and is subject to changes depending on the fund manager's view of the markets. *In case of semi-annualized YTM, it will be annualized. The yield to maturity given above is based on the portfolio of funds as on date given above. This should not be taken as an indication of the returns that maybe generated by the fund and the securities bought by the fund may or may not be held till their respective maturities. The calculation is based on the invested corpus. #High Rated Papers refers to instruments which are rated AAA/A1+ & equivalent or G-sec. For all scheme related information, please refer to SID/KIM on our website www.axismf.com

Performance

31st October 2025

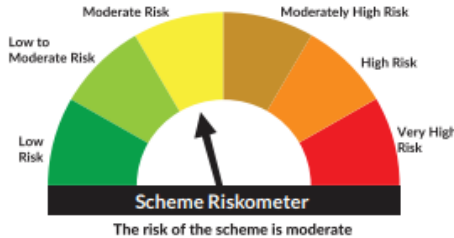
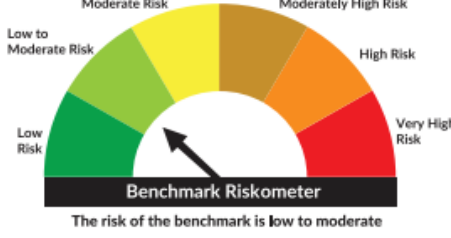
	1 Year			3 Year		5 Year		Since Inception	
	Inception	CAGR (%)	Current Value of investment of Rs. 10,000	CAGR (%)	Current Value of investment of Rs.10,000	CAGR (%)	Current Value of investment of Rs. 10,000	CAGR (%)	Current Value of investment of Rs. 10,000
Axis Banking & PSU Debt Fund - Regular Plan - Growth		7.98%	10,798	7.36%	12,378	5.81%	13,268	7.67%	26,938
Nifty Banking & PSU Debt Index A-II (Benchmark)	8-Jun-12	7.69%	10,769	7.44%	12,405	5.72%	13,215	7.57%	26,610
NIFTY 10 yr Benchmark G-Sec (Additional Benchmark)		8.27%	10,827	8.82%	12,888	5.28%	12,940	6.77%	24,068

Past performance may or may not be sustained in future. Different plans have different expense structure. Aditya Pagaria is managing the scheme since 13th August 2016. Aditya manages 22 schemes at Axis Mutual Fund & Hardik Shah is managing the scheme since 03rd July 2023. Hardik manages 18 schemes at Axis Mutual Fund. Returns greater than 1 year are Compounded Annual Growth Rates (CAGR). Face Value per unit is Rs 1,000.


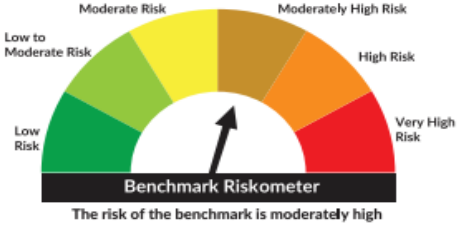
Calculations are based on Regular Plan - Growth Option NAV and Direct Plan - Growth Option NAV, as applicable. Different plans have different expense structure.

Please click on https://www.axismf.com/cms/sites/default/files/Statutory/WDP_Annexure_Oct.pdf to view the performance of other schemes currently managed by the fund manager. Note: In case you require physical copy of this document request you to kindly take the printout to review the fund managers performance of other schemes managed by him from the above link given.


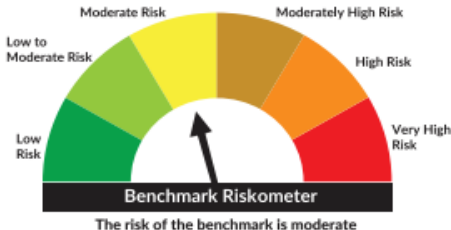
Product Labelling

Fund Name & Benchmark	Product Labelling	Product Riskometer	Benchmark Riskometer	Potential Risk Matrix (PRC)																					
<p>Axis Banking & PSU Debt Fund</p> <p>(An Open Ended Debt Scheme Predominantly Investing In Debt Instruments Of Banks, Public Sector Undertakings & Public Financial Institutions. A relatively high interest rate risk and moderate credit risk.)</p> <p>Benchmark: Nifty Banking & PSU Debt Index A-II</p>	<p>This product is suitable for investors who are seeking*</p> <ul style="list-style-type: none">Regular income over short to medium term.Investment in debt and money market instruments issued by Banks, PFIs & PSUs. <p>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them</p>			<table><tr><th colspan="4">Potential Risk Class</th></tr><tr><td>Credit Risk →</td><td rowspan="2">Relatively Low (Class A)</td><td rowspan="2">Moderate (Class B)</td><td rowspan="2">Relatively High (Class C)</td></tr><tr><td>Interest Rate Risk ↓</td></tr><tr><td>Relatively Low (Class I)</td><td></td><td></td><td></td></tr><tr><td>Moderate (Class II)</td><td></td><td></td><td></td></tr><tr><td>Relatively High (Class III)</td><td></td><td>B-III</td><td></td></tr></table>	Potential Risk Class				Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)	Interest Rate Risk ↓	Relatively Low (Class I)				Moderate (Class II)				Relatively High (Class III)		B-III	
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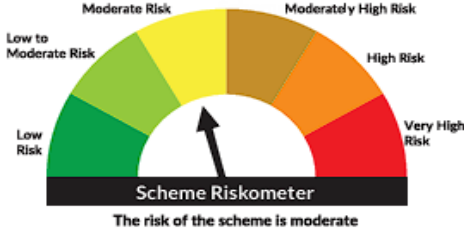
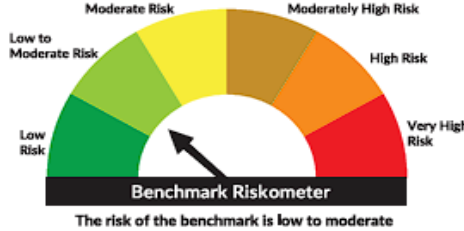
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<p>Axis Credit Risk Fund</p> <p>(An Open Ended Debt Scheme Predominantly Investing In AA And Below Rated Corporate Bonds (Excluding AA+ Rated Corporate Bonds). A relatively high interest rate risk and relatively high credit risk))</p> <p>Benchmark: CRISIL Credit Risk Debt B-II Index</p>	<p>This product is suitable for investors who are seeking*</p> <ul style="list-style-type: none">Stable returns in the short to medium term.Investment in debt and money market instruments across the yield curve and credit spectrum <p>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them</p>			<table><tr><th colspan="4">Potential Risk Class</th></tr><tr><td>Credit Risk →</td><td>Relatively Low (Class A)</td><td>Moderate (Class B)</td><td>Relatively High (Class C)</td></tr><tr><td>Interest Rate Risk ↓</td><td></td><td></td><td></td></tr><tr><td>Relatively Low (Class I)</td><td></td><td></td><td></td></tr><tr><td>Moderate (Class II)</td><td></td><td></td><td></td></tr><tr><td>Relatively High (Class III)</td><td></td><td></td><td>C-III</td></tr></table>	Potential Risk Class				Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)	Interest Rate Risk ↓				Relatively Low (Class I)				Moderate (Class II)				Relatively High (Class III)			C-III
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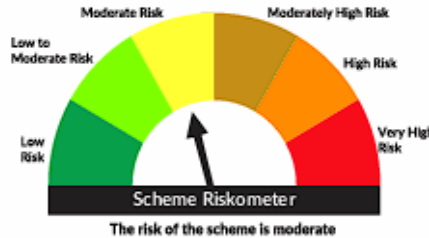
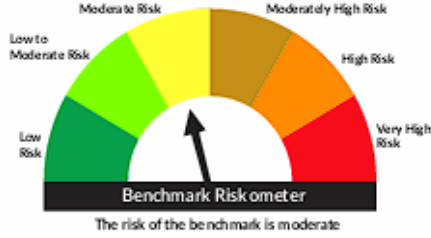
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<p>Axis Strategic Bond Fund</p> <p>(An open ended medium term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 years to 4 years. A relatively high interest rate risk and relatively high credit risk.)</p> <p>Benchmark: NIFTY Medium Duration Debt Index A-III</p>	<p>This product is suitable for investors who are seeking*</p> <ul style="list-style-type: none">• Optimal returns over medium term• Investment in diversified portfolio of debt and money market securities to generate optimal risk adjusted returns while maintaining liquidity. <p>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them</p>			<table><tr><th colspan="4">Potential Risk Class</th></tr><tr><td>Credit Risk →</td><td>Relatively Low (Class A)</td><td>Moderate (Class B)</td><td>Relatively High (Class C)</td></tr><tr><td>Interest Rate Risk ↓</td><td></td><td></td><td></td></tr><tr><td>Relatively Low (Class I)</td><td></td><td></td><td></td></tr><tr><td>Moderate (Class II)</td><td></td><td></td><td></td></tr><tr><td>Relatively High (Class III)</td><td></td><td></td><td>C-III</td></tr></table>	Potential Risk Class				Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)	Interest Rate Risk ↓				Relatively Low (Class I)				Moderate (Class II)				Relatively High (Class III)			C-III
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<p>Axis Short Duration Fund</p> <p>(An open ended short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 1 year to 3 years. A relatively high interest rate risk and moderate credit risk)</p> <p>Benchmark: NIFTY Short Duration Debt Index A-II</p>	<p>This product is suitable for investors who are seeking*</p> <ul style="list-style-type: none">Regular income while maintaining liquidity over short term.Investment in debt and money market instruments <p>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them</p>			<table><tr><th colspan="4">Potential Risk Class</th></tr><tr><td>Credit Risk →</td><td>Relatively Low (Class A)</td><td>Moderate (Class B)</td><td>Relatively High (Class C)</td></tr><tr><td>Interest Rate Risk ↓</td><td></td><td></td><td></td></tr><tr><td>Relatively Low (Class I)</td><td></td><td></td><td></td></tr><tr><td>Moderate (Class II)</td><td></td><td></td><td></td></tr><tr><td>Relatively High (Class III)</td><td></td><td>B-III</td><td></td></tr></table>	Potential Risk Class				Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)	Interest Rate Risk ↓				Relatively Low (Class I)				Moderate (Class II)				Relatively High (Class III)		B-III	
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Axis Corporate Bond Fund (An Open Ended Debt Scheme Predominantly Investing In AA+ And Above Rated Corporate Bonds. A relatively high interest rate risk and moderate credit risk) Benchmark: NIFTY Corporate Bond Index A-II	<p>This product is suitable for investors who are seeking*</p> <ul style="list-style-type: none">• Regular income over short to medium term• Predominantly investing in corporate debt <p>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them</p>			<table><tr><th colspan="4">Potential Risk Class</th></tr><tr><td>Credit Risk →</td><td rowspan="2">Relatively Low (Class A)</td><td rowspan="2">Moderate (Class B)</td><td rowspan="2">Relatively High (Class C)</td></tr><tr><td>Interest Rate Risk ↓</td></tr><tr><td>Relatively Low (Class I)</td><td></td><td></td><td></td></tr><tr><td>Moderate (Class II)</td><td></td><td></td><td></td></tr><tr><td>Relatively High (Class III)</td><td></td><td>B-III</td><td></td></tr></table>	Potential Risk Class				Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)	Interest Rate Risk ↓	Relatively Low (Class I)				Moderate (Class II)				Relatively High (Class III)		B-III	
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Disclaimer and Risk Factors



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Axis Bank Ltd. is not liable or responsible for any loss or shortfall resulting from the operation of the scheme.

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Mutual Fund Investments are subject to market risks, read all scheme related documents carefully.

Thank You

