

Unlock investment potential in India's high quality* financial services securities

AXIS CRISIL-IBX AAA BOND FINANCIAL SERVICES – SEP 2027 INDEX FUND

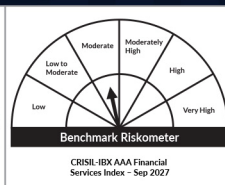
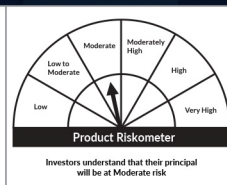
NFO PERIOD: 8th Nov to 21st Nov 2024

Invest Now

Axis CRISIL-IBX AAA Bond Financial Services – Sep 2027 Index Fund

Benchmark: CRISIL-IBX AAA Financial Services Index – Sep 2027
This product is suitable for investors who are seeking*:

- Income over the target maturity period.
 - An open ended target maturity index fund tracking CRISIL-IBX AAA Financial Services Index – Sep 2027, subject to tracking error/tracking difference.
- *Investors should consult their financial advisers if in doubt about whether the product is suitable for them.



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)	A-II		
Relatively High (Class III)			

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AXIS MUTUAL FUND | 15 YEARS OF TRUST

* - AAA Bond

The product labelling assigned during the New Fund Offer is based on internal assessment of the Scheme Characteristics or model portfolio and the same may vary post NFO when actual investments are made.

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

Axis CRISIL-IBX AAA Bond Financial Services – Sep 2027 Index Fund

An open-ended Target Maturity Index Fund investing in constituents of CRISIL-IBX AAA Financial Services Index – Sep 2027.
A moderate interest rate risk and relatively low credit risk

NFO Opens : 8th Nov 2024 | NFO Closes : 21st Nov 2024

SEBI recently allowed mutual fund houses to launch Sectoral Target Maturity Funds. By virtue of their portfolio construct, these funds offer **higher carry without diluting the credit profile** vis-à-vis active debt funds with similar duration/rating profile, thereby making them an ideal investment proposition in the current interest rate environment.

Portfolio Construct of Sectoral TMFs vs other Debt Mfs:

Parameter	Sectoral TMFs	Traditional TMFs	Active Debt Funds
Parameter	AAA Bonds of defined sectors*	AAA Bonds (diversified across sectors), G-Secs, SDLs	Depends on the scheme type and its mandate
Sectoral Limit	✗	✓	✓
Portfolio Liquidity Norms	✗	✗	✓

*Based on currently live indices

- Sector limits and portfolio liquidity norms lead to a drag on the YTM of active debt funds.
- Traditional Target Maturity Funds have sector limits and generally invest in G-Secs/SDLs/AAA PSU bonds, thereby having a limited exposure to high quality carry assets.

Why should investors consider 3 year Financial Services Target Maturity Fund?

a) Strong Fundamentals

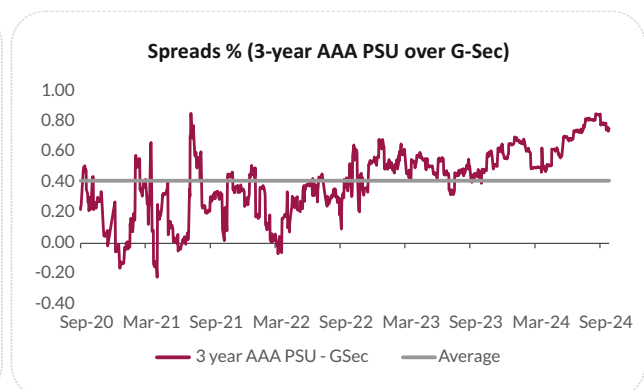
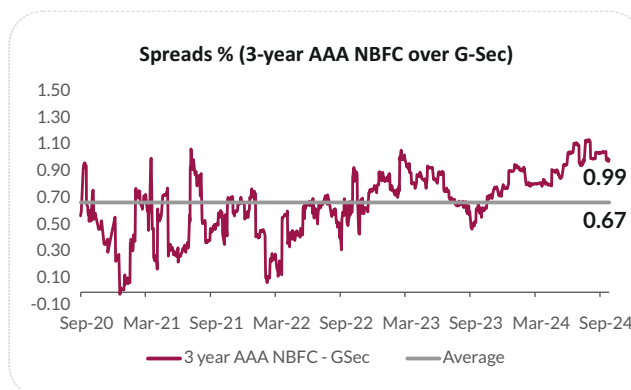
NBFC landscape has changed drastically over the last 5 years with improvement in metrics like capitalisation, asset quality, provision coverage, profitability and funding mix (lower reliance on short term borrowings). Proactive regulations are ensuring long-term stability of the sector.

Banking Sector is also in the best of health in decades with adequate capitalisation and provisioning, NPAs at multi-year lows, healthy credit growth and higher profitability.

b) Attractive Spreads - Risk-reward remains favourable due to strong fundamentals

While fundamentals for the sector remain strong, we have seen widening of spreads due to:

- Higher Corporate Bonds supply in H1
- Expected change in LCR guidelines
- Tighter banking system liquidity for most of the first half led to higher money market yields which in turn was the reason for corporate bond spreads to widen



Source: Bloomberg, data as of 25th Oct 2024

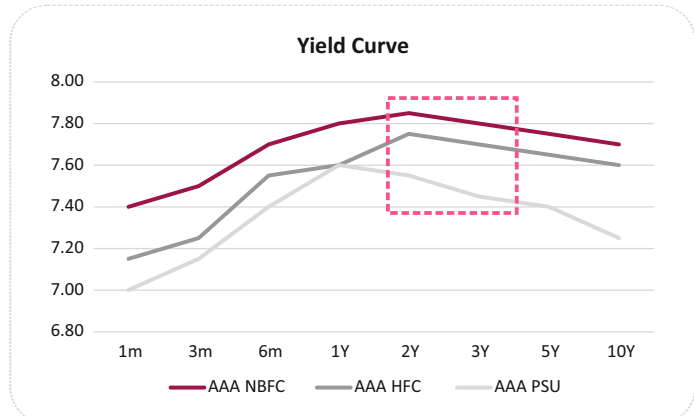
Why should investors consider 3 year Financial Services Target Maturity Fund? (Contd.)

c) 3 years – Sweet Spot on the yield curve

Corporate Bond yield curve is currently inverted. 3 year segment is a sweet spot as it offers a **combination of higher absolute yields and potential for capital gains** due to:

- Anticipated rate cuts
- Easy liquidity conditions

Source: Axis MF Research; Data as on 29th Oct 2024



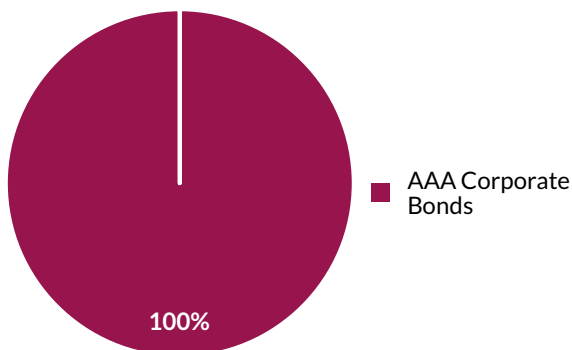
CRISIL-IBX AAA Financial Services Index - Sep 2027

As on 03rd Nov 2024

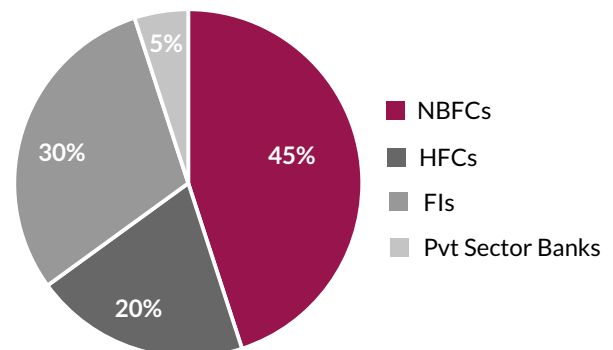
Key Characteristics:

YTM > 7.72% **Average Maturity** > 2.80 Years **Modified Duration** > 2.39 Years **Target Date** > 30th September 2027

Asset Allocation



Sub-Sector break up



Constituents:

Issuer	Weights	Issuer	Weights
L&T Finance Ltd.	5%	Aditya Birla Finance Ltd.	5%
Tata Capital Ltd.	5%	Kotak Mahindra Prime Ltd.	5%
Tata Capital Housing Finance Ltd.	5%	Kotak Mahindra Investments Ltd.	5%
Small Industries Development Bank of India	5%	Indian Railway Finance Corporation Ltd.	5%
Rural Electrification Corporation Ltd.	5%	HDFC Bank Ltd.	5%
Power Finance Corporation Ltd.	5%	HDB Financial Services Ltd.	5%
National Housing Bank	5%	Bajaj Housing Finance Ltd.	5%
National Bank for Agriculture & Rural Development	5%	Bajaj Finance Ltd.	5%
Mahindra & Mahindra Financial Services Ltd.	5%	Axis Finance Ltd.	5%
LIC Housing Finance Ltd.	5%	Aditya Birla Housing Finance Ltd.	5%

Source: Crisil, Data as on 03rd Nov 2024. For index methodology, kindly refer [here](#).

The sectors mentioned herein currently part of the underlying Index. It should not be construed as investment advice or recommendation to any party. Past performance may or may not be sustained in future.

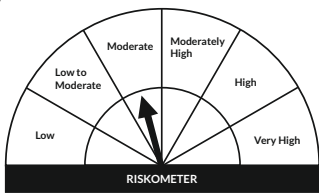
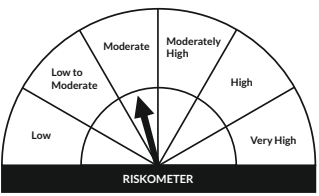
To Summarise

Axis CRISIL-IBX AAA Bond Financial Services – Sep 2027 Index Fund is a high quality - product offering visibility of returns over the next ~3 years. Given the tactical spread widening, despite the robust health of the financial services sector, the fund is an attractive proposition from risk-reward perspective.

Product Label and PRC

Axis CRISIL-IBX AAA Bond Financial Services – Sep 2027 Index Fund

An open-ended Target Maturity Index Fund investing in constituents of CRISIL-IBX AAA Financial Services Index – Sep 2027. A moderate interest rate risk and relatively low credit risk

Product Labelling	Product Riskometer	Benchmark Riskometer	Potential Risk Class Matrix																
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