

Axis CRISIL IBX SDL June 2034 Debt Index Fund

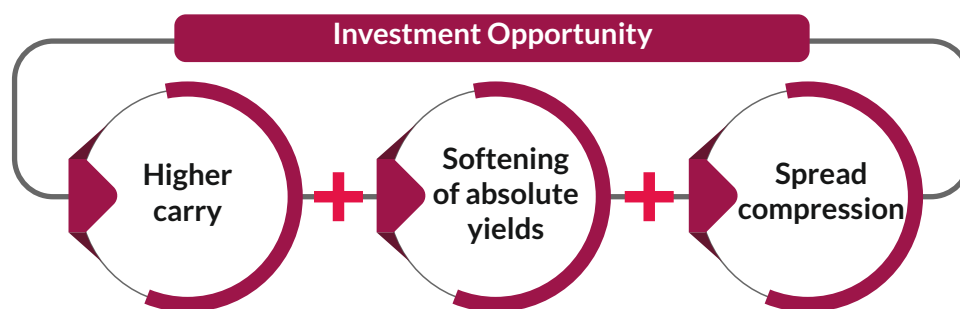
(An open-ended Target Maturity index fund investing in constituents of CRISIL IBX SDL Index – June 2034. A Relatively High Interest Rate Risk and Relatively Low Credit Risk)

NFO Opens – 4th March 2024

NFO Closes – 12th March 2024

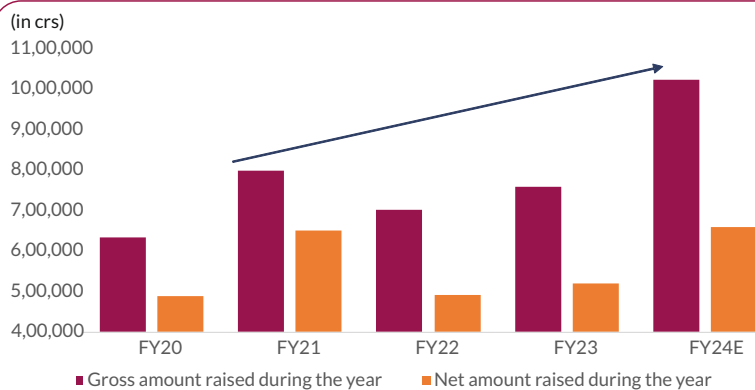


SDLs - A Carry and Spread Compression theme



Source: Axis MF Research

Higher Carry



Source: RBI

- Higher State Government borrowings in Q4FY24 in spotlight
- Est. Gross issuance of SDLs for FY2023-24 is ~INR 10.25 Trillion which is ~36% higher than last year
- However, with the fiscal consolidation efforts of the states this may not be a structural trend
- 10 - 12 year SDLs @ ~7.40-7.50%* offer an attractive entry point

*Annualized YTM; The above graph is used to explain the concept and is for illustration purpose only and should not be used for development or implementation of an investment strategy
Source: Axis MF Research, RBI; Data as on 21st Feb 2024

Softening of absolute yields

Stars are aligned for bond market rally



Inflation expected to be below 5%



Subdued GDP at ~6% for next FY

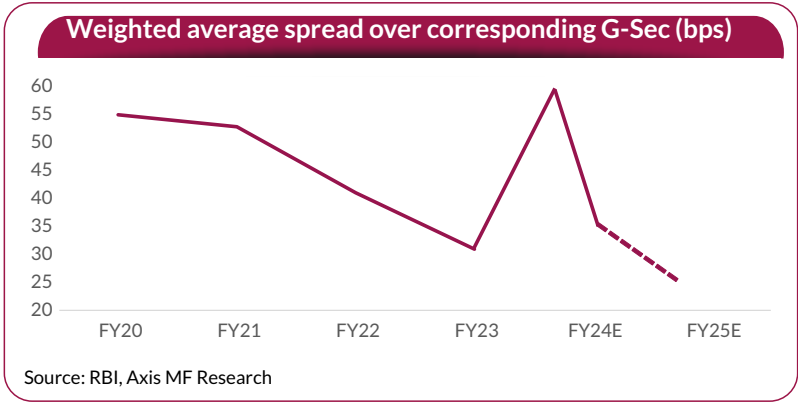


Potential rate cuts by Fed in second half of the year

Market will start pricing in RBI rate cuts of 25-50 bps irrespective of rate cut action by RBI, leading to a rally in the bond yields

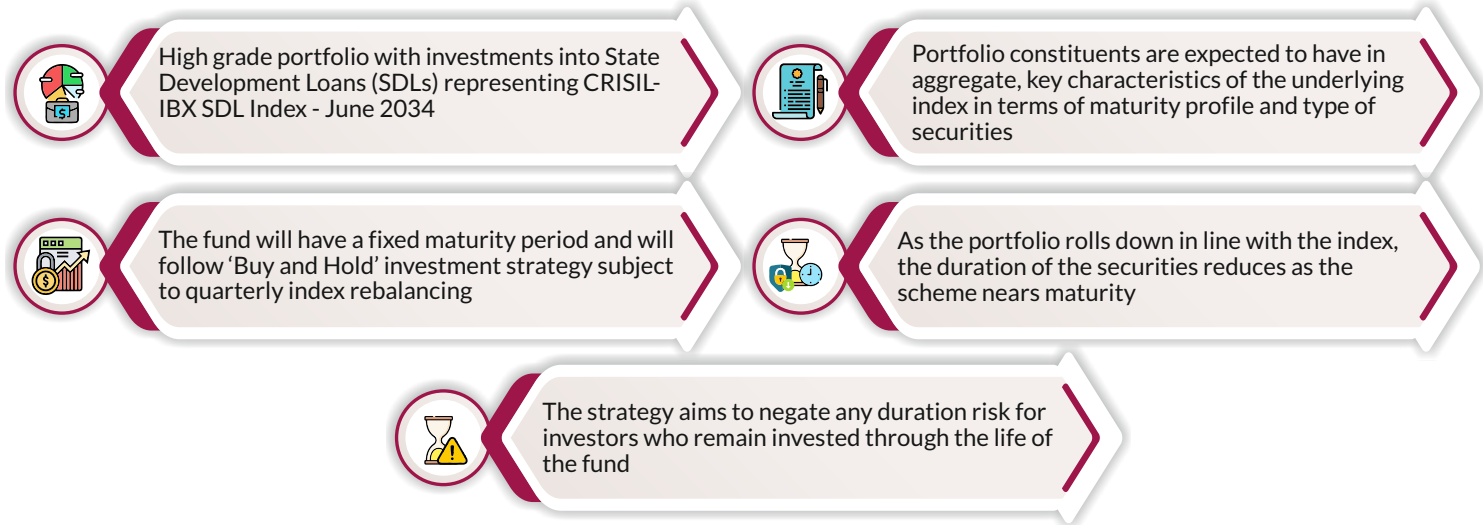
Source: Axis MF Research; Data as on 21st Feb 2024; Past performance may or may not be sustained in the future.

Spread Compression



- Historically, average spread between 10 year G-sec and SDL is ~45-55 bps
- In Apr - Jun 2024, we expect the spreads to compress from the current levels
- Drivers for spread compression
 - Fiscal consolidation efforts
 - Lower corporate bond supply
 - Past trends of lower SDL issuances in H1 FY25
 - Higher demand anticipated from banks due to revised RBI guidelines on HTM investments

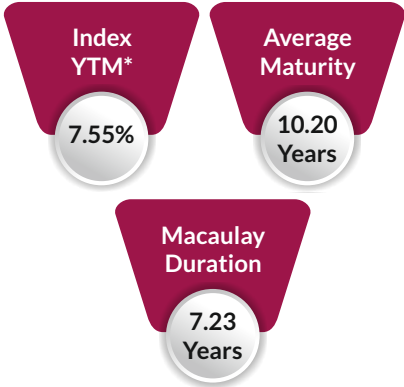
Axis CRISIL IBX SDL June 2034 Debt Index Fund- Investment Strategy



For detailed Investment strategy please refer SID/KIM of the Scheme available on the website

Index Constituents

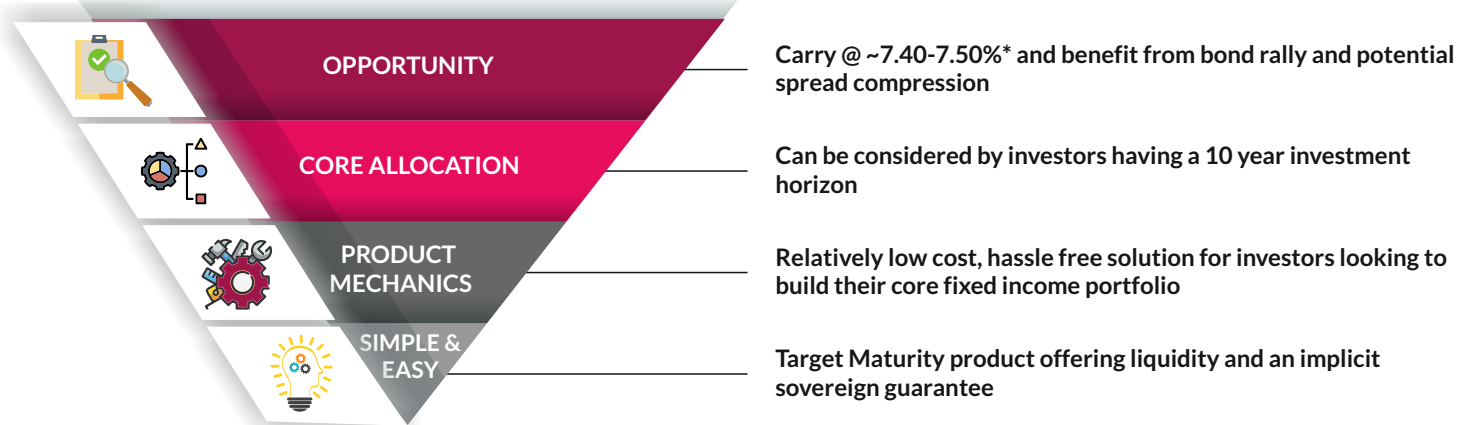
Issuer	Date of Maturity	Weightage	Annualised YTM
Uttar Pradesh	14-Jun-34	20.62%	7.56%
Maharashtra	25-May-34	16.87%	7.56%
Tamil Nadu	31-Jan-34	15.77%	7.54%
Karnataka	02-Feb-34	14.96%	7.55%
Rajasthan	26-Jun-34	11.44%	7.56%
Haryana	29-Jun-34	6.96%	7.56%
Madhya Pradesh	14-Jun-34	5.18%	7.54%
Andhra Pradesh	01-Jun-34	5.32%	7.55%
Punjab	28-Jun-34	2.87%	7.54%



Data as on 21 Feb 2024
*Annualised YTM
Source: CRISIL Indices
Axis CRISIL IBX SDL June 2034 Debt Index Fund will endeavour to replicate the performance of this index subject to tracking errors by replicating the composition CRISIL IBX SDL June 2034 Debt Index . Issuers mentioned above are for illustrative purposes only. This document should not be treated as a recommendation to trade in securities issued by the above mentioned issuers. The YTM provided is of the Index and not that of the Scheme. The Scheme is neither a Capital Protected nor a Guaranteed Return Product and may or may not generate return in line with Index.

To Summarize

Why Invest in Axis CRISIL IBX SDL June 2034 Debt Index Fund ?



*Annualised YTM

Source: RBI, Axis MF Research; Past performance may or may not be sustained in the future.

Product Label

Fund Name & Benchmark	Product Risk-o-meter	Benchmark Risk-o-meter	Potential Risk Class Matrix																								
Axis CRISIL IBX SDL June 2034 Debt Index Fund (An open-ended Target Maturity index fund investing in constituents of CRISIL IBX SDL Index – June 2034. A Relatively High Interest Rate Risk and Relatively Low Credit Risk) Benchmark: CRISIL IBX SDL Index – June 2034 This product is suitable for investors who are seeking*: <ul style="list-style-type: none"> income over long term Investments in state government securities (SDLs) similar to the composition of CRISIL IBX SDL Index – June 2034, subject to tracking errors *Investors should consult their financial advisers if in doubt about whether the product is suitable for them.	<p>Investors understand that their principal will be at moderate risk</p>	<p>CRISIL IBX SDL Index – June 2034</p>	<table border="1"> <thead> <tr> <th colspan="4">POTENTIAL RISK CLASS</th> </tr> <tr> <th>Credit Risk →</th> <th>Relatively Low (Class A)</th> <th>Moderate (Class B)</th> <th>Relatively High (Class C)</th> </tr> </thead> <tbody> <tr> <th>Interest Rate Risk ↓</th> <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>A-III</td> <td></td> </tr> </tbody> </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)		A-III	
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(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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