

Axis Credit Risk Fund

(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)

Fixed Income Market Update

Are Credits offering an opportunity?

Low default risk & Attractive Spreads



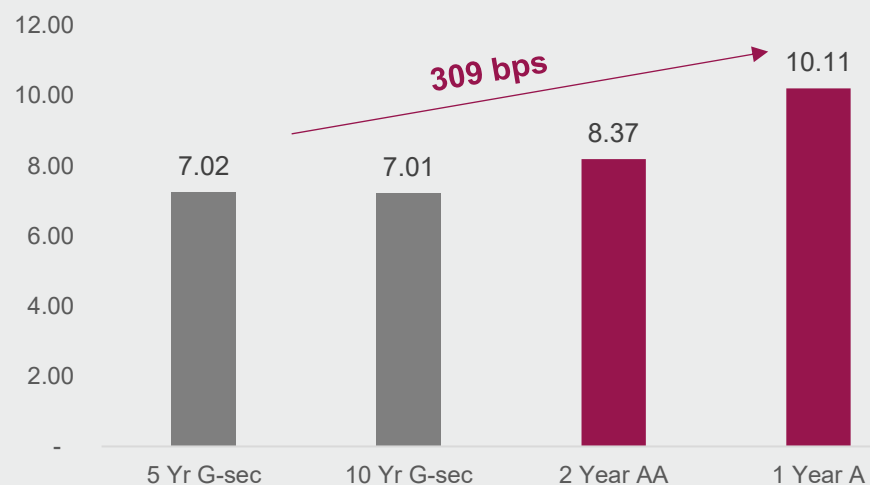
Opportunity for spread compression in 1–5-year corporate bonds



With ~233 bps of spread between a 10-Yr G-Sec and 1-Yr A rated paper, credits still offer a yield kicker to portfolios

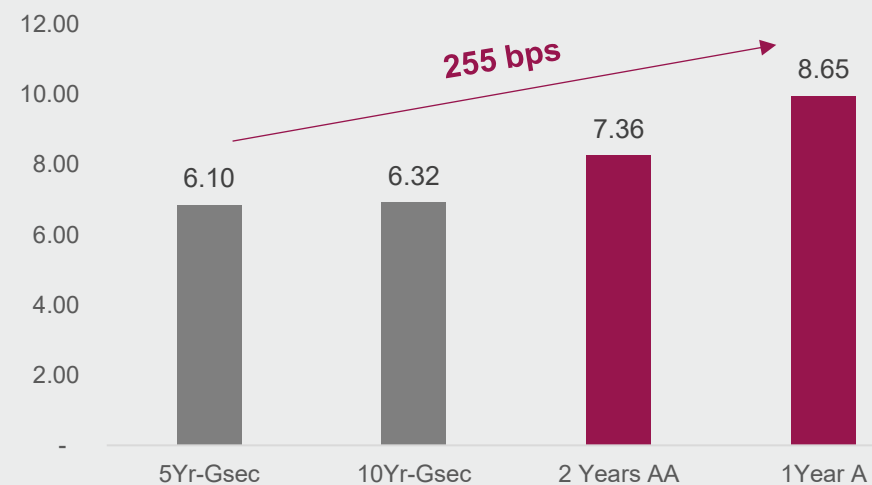
Historical Spreads

Jun-24



Current Spreads

Jun-25



Investing in Credits

Discipline is the key

Diversification



- Cautious at selecting sectors
- Diversifying the exposure to manage potential risk
- Strict issuer/ rating limits

Credit play different from duration play



- Pure 'carry' play with buy and hold approach
- No active duration call in lower rated papers

Valuation



- Look at credit exposure only during favorable valuation scenario



Headline inflation to remain near 3% or below over the next few months driven by benign food prices and due to favourable outlook for crop production



Limited rally in government bonds going forward, as we expect a shallow rate cut cycle and incremental OMO purchases to be limited to Rs 1-1.5 trillion



With the larger-than-expected repo rate cut, shift to “neutral stance”, the Central Bank has front-loaded rate cuts, and we do not anticipate further cuts in the next 3-6 months



Significant part of the bond market rally is behind us and expect macro indicators like GDP, CPI to remain soft for FY26

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Investment Strategy

The fund takes advantage of opportunities arising from the credit spectrum. Some of the strategies that we may follow are as follows:

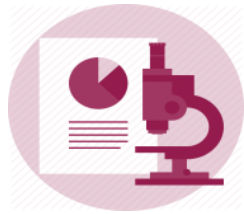
- Opportunity from credit spreads between AAA and AA rated fixed income instruments
- Opportunity from migration of ratings

Our accrual strategies follow 4 main traits

- Diversification
- Self-liquidating nature of portfolios
- Buy when the spreads between AA/A and AAA are attractive from risk reward perspective
- Buy & Hold approach

Approach to 'Credits'

We follow a clearly defined process targeting Risk



Well researched
credit universe

Spread the exposure
across sectors

Lower maturity
credits

Exposure Limits

- Based on Liquidity analysis, In-depth review of company financials and regular interactions with the management

- Very cautious at selecting sectors
- Diversifying the exposure to manage potential risk

- Pure accrual play with buy and hold approach
- No active duration call in lower rated papers

- Strict internal limits at issuer level and rating level

Axis Credit Risk Fund

Portfolio Construct



- An open-ended debt scheme predominantly investing in AA and below rated corporate bonds (excluding AA+ rated corporate bonds)
- Positioned in short to medium term space. Typical maturity range of 2-4 years
- Core book (>70%) in corporate debt instruments while 20-30% is managed dynamically based on market conditions
- Aims to capture higher yields / spread compression in 2-4 year corporate bonds

Strategy followed is based on the current market conditions and is subject to changes depending on the fund manager's view of the markets. Please refer to Scheme Information Document (SID) for detailed asset allocation and investment strategy on our website www.axismf.com.

Risk Management

- Tight Duration Range (3 years)
- Stringent credit review
- Control credit risk through diversification and strict limits on issuer weighting based on rating

Risk Mitigation Framework

Sector	Credit	Diversification	Duration	Liquidity
<ul style="list-style-type: none">• Controlled through diversification and stringent review of investable sectors;• Regulatory limits on sector Exposure	<ul style="list-style-type: none">• Focus on High Quality Issuer• Investment universe based on credit research	<ul style="list-style-type: none">• Exposure to each issuer limited by its rating	<ul style="list-style-type: none">• Strictly adhere to duration limits specified by the investment mandate & investment policy	<ul style="list-style-type: none">• Liquidity/impact cost part of security selection/portfolio construction. <p>Optimize balance of credit quality, returns and liquidity</p>

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Portfolio Granularity

Highly Diversified Corporate Bond Portfolio With Tight Position Limits

Top 10 non-AAA exposures (30th June 2025)

Issuer Name	Rating	% of NAV
Vedanta Limited	CRISIL AA/ICRA AA	4.65%
Birla Corporation Limited	ICRA AA	4.43%
Jubilant Bevco Limited	CRISIL AA	4.19%
Aditya Birla Renewables Limited	CRISIL AA	4.18%
Narayana Hrudayalaya Limited	ICRA AA	4.16%
Nirma Limited	CRISIL AA	4.15%
Infopark Properties Limited	CARE AA-	4.13%
Aditya Birla Real Estate Limited	CRISIL AA	4.11%
Aditya Birla Digital Fashion Ventures Limited	CRISIL AA-	4.10%
Delhi International Airport Limited	ICRA AA	4.09%

Top 10 Non-AAA constitute 42% of the portfolio. Total non-AAA exposure is 73%

Data is based on the current market conditions and is subject to changes depending on the fund manager's view of the markets. Please refer to the factsheet / visit www.axismf.com for full portfolio details of the scheme. Sector(s) / Stock(s) / Issuer(s) mentioned above are for the purpose of disclosure of the portfolio of the Scheme(s) and should not be construed as recommendation. The fund manager(s) may or may not choose to hold the stock mentioned, from time to time.

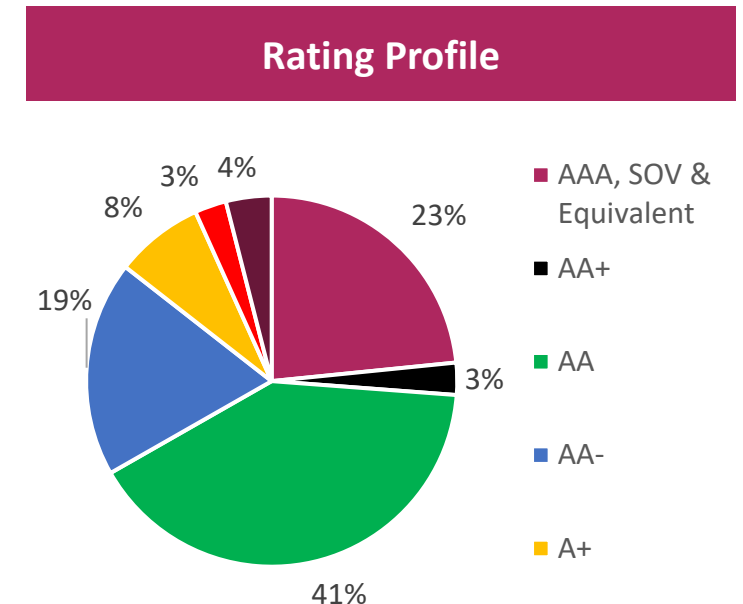
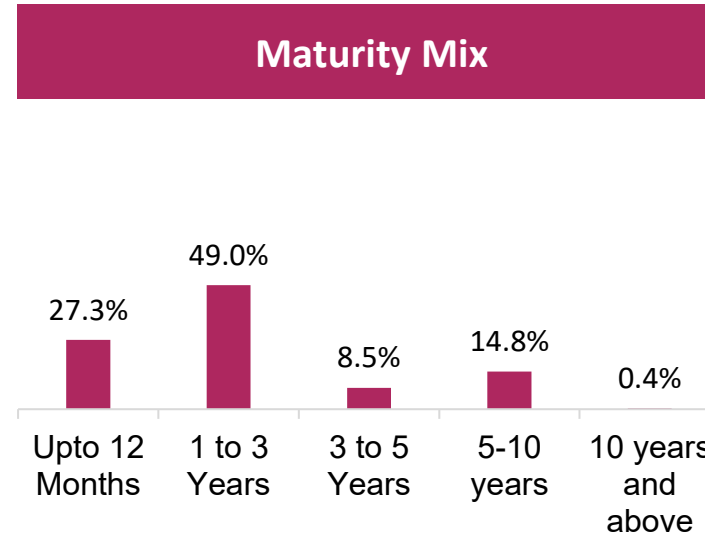
Maturity Profile & Rating Transition



Endeavour to build Self Liquidating Credit Portfolios

- Credit exposure is typically through short tenor instruments with frequent resets. This ensures frequent liquidity events in the portfolio
- Duration management is achieved through exposure in Sovereign/AAA Securities

Rating	% of NAV (30 th June 2025)	Target
AAA, Sovereign & Equivalent	27%	30-40%
AA(+/-)	62%	50-60%
A(+/-)	11%	10-20%



Performance


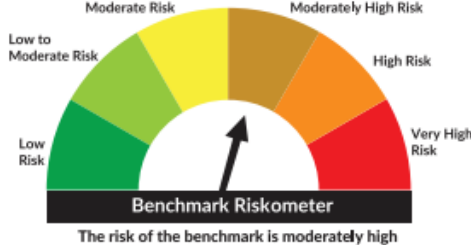
30th June 2025

	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	CAGR (%) Current Value of investment of Rs. 10,000	CAGR (%) Current Value of investment of Rs. 10,000		
Axis Credit Risk Fund - Regular Plan - Growth		9.03% 10,908	7.71% 12,499	6.93% 13,982	7.21% 21,454				
CRISIL Credit Risk Debt B-II Index (Benchmark)	15-Jul-14	9.21% 10,926	8.46% 12,763	7.53% 14,380	8.43% 24,294				
NIFTY 10 yr Benchmark G-Sec (Additional Benchmark)		11.25% 11,132	9.32% 13,070	5.51% 13,080	7.34% 21,744				

Past performance may or may not be sustained in future. Since inception (15th July 2014). Different plans have different expense structure. Devang Shah is managing the scheme since 15th July 2014, and he manages 21 schemes of Axis Mutual Fund & Akhil Thakker is managing the scheme since 9th November 2021 and he manages 2 schemes of Axis Mutual Fund .Returns greater https://www.axismf.com/cms/sites/default/files/Statutory/WDP_Annexure_Jun.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 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>	 <p>Scheme Riskometer The risk of the scheme is high</p>	 <p>Benchmark Riskometer The risk of the benchmark is moderately high</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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Statutory Details and Risk Factors



Data updated As on 30th June 2025.

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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

