

Axis Dynamic Bond Fund

(An open-ended dynamic debt scheme investing across duration. A relatively high-interest rate risk and moderate credit risk)



**For riskometer and Product Labelling, please refer slide no 16.*

Fixed Income Market Outlook

2024: The Year of Duration

Rally driven by favourable demand-supply dynamics and policy easing expectations

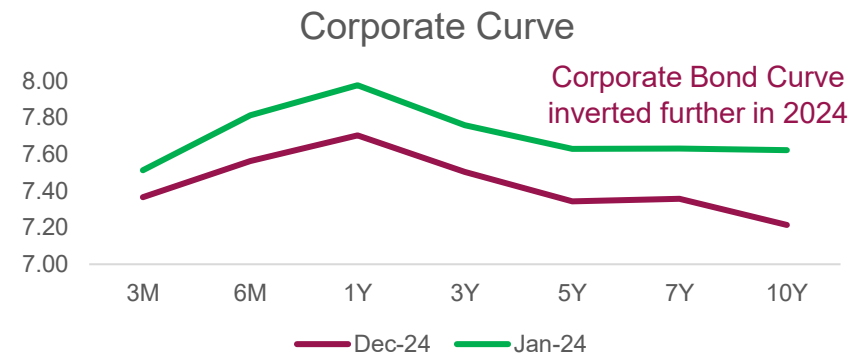
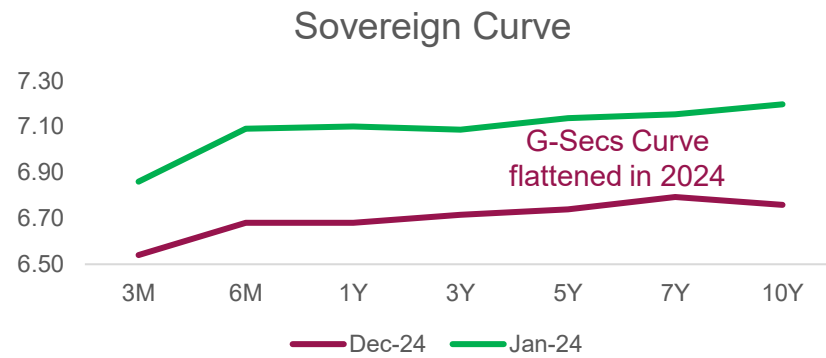
Inclusion in
JP Morgan
EM Bond
Index

Fiscal
Consolidation

Rate cut
expectations +
Tight banking
liquidity

**Long
Duration
Strategies**
outperformed

Flat G-Sec and SDL curves and inverted Corporate Bond Curve



2025: The Year of Abundant Liquidity

Rally driven by liquidity

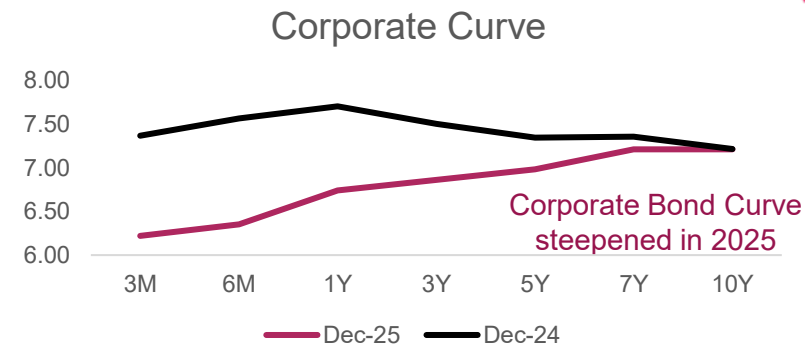
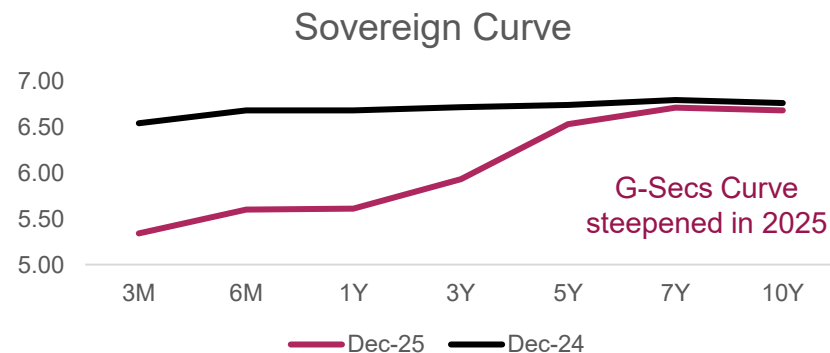
Monetary easing-
Lower GDP
and benign
CPI

Surplus
Liquidity

Steep Yield
Curve – fog
end of rate
cut cycle

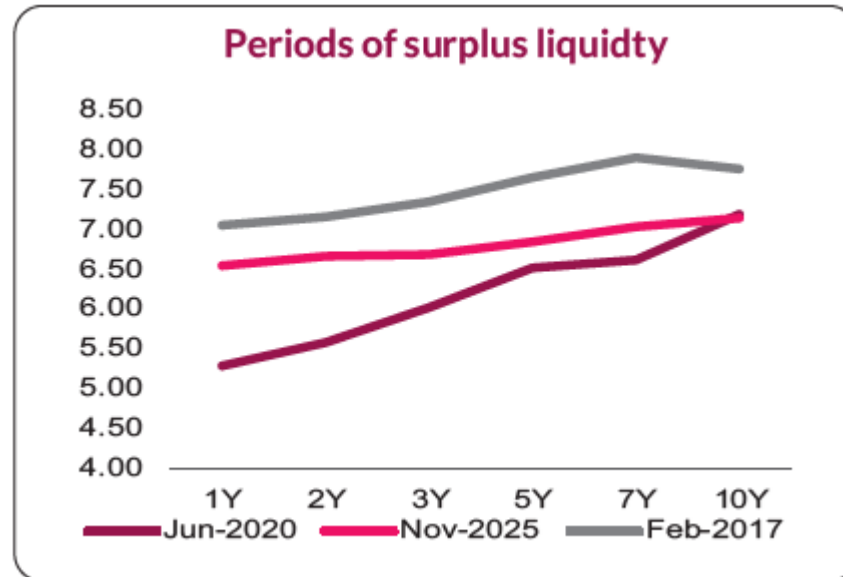
**3 – 5 year
corporate
bonds**
outperformed

G-Sec, SDL curves and Corporate Bond Curve Steepened



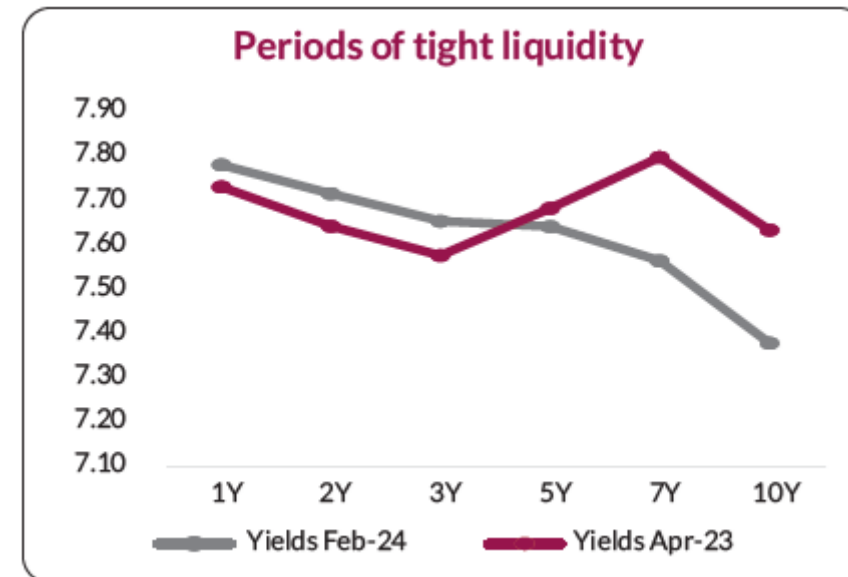
Yield Curve to flatten

Driven by neutral liquidity and increase in credit growth



Steep yield curve

Excess funds keep short-term rates suppressed



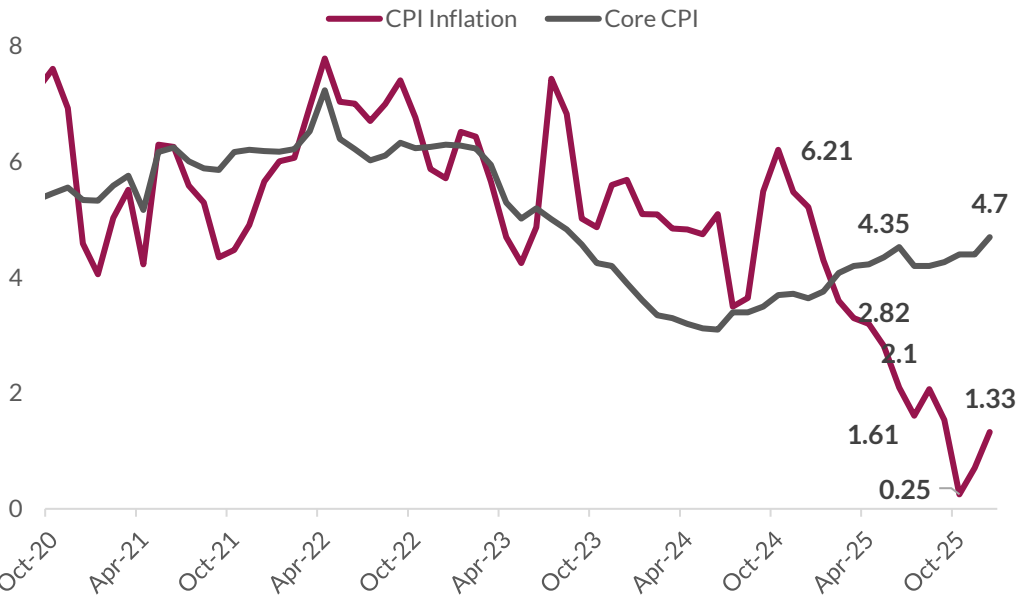
Flat yield curve

Short-term rates rise relative to long-term rates

Rates - Lower for Longer

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

CPI less than 4% for FY26E



GDP for FY26E revised upwards by RBI

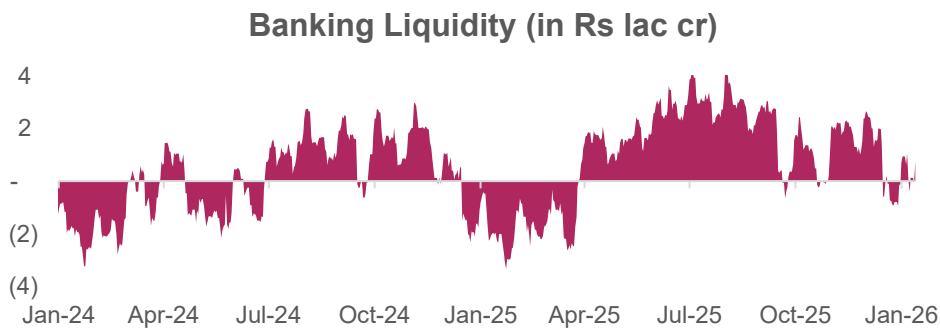
Tenure	GDP Growth Projection
FY22	9.7%
FY23	7.6%
FY24	9.2%
FY25	6.5%
FY26E	7.3% (upward bias)

The RBI raised its growth projections and FY26 growth is now expected at 7.3%, up from 6.8% (October policy) and Q1FY27 growth at 6.7%, up from 6.4%. Inflation is anticipated to rise over the next two quarters. FY26 and Q1FY27 projections have been revised down by 50–60 basis points. The inflation projection for FY26 now stands at 2%, down from 2.6% and for Q1FY27 at 3.9%, down from 4.5%, both comfortably below the RBI’s threshold.

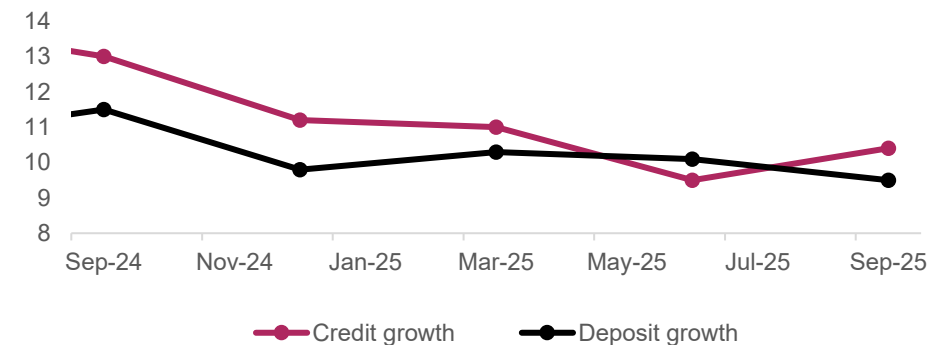
Best of Liquidity behind us?

RBI interventions will keep liquidity positive

Liquidity to remain positive till March 2026



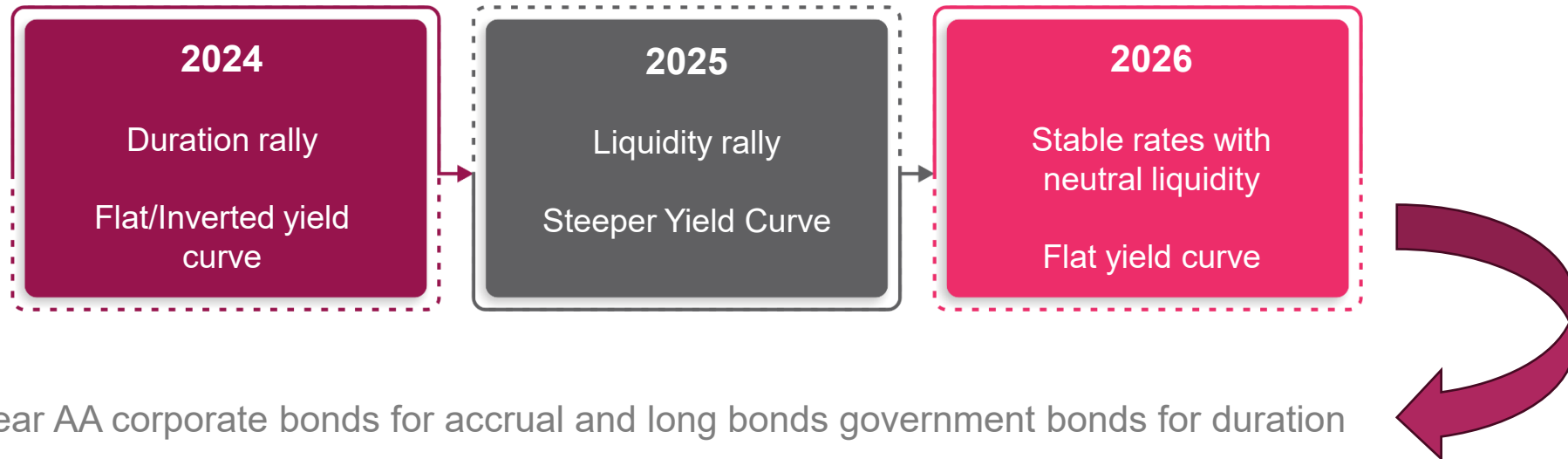
Credit growth accelerating



Durable liquidity by March 2026		
	Particulars	Amt (In Rs Crs)
	Net Durable Liquidity - Dec 12, 2025	3,25,000
Inflow	FX Buy Sell \$10Bn + \$5Bn	1,35,000
	OMOs	3,00,000
Outflows	Expected CIC outflow (Dec 25 - Mar 26)	1,50,000
	Increase in CRR maintenance on Deposit Growth	50,000
	FX Intervention (Spot & forward)	2,50,000
	Durable Liquidity (expected) - March 2026	3,10,000

Shifting gears for 2026

Prefer Barbell Strategies



	Mod	Yield (21st Jan 2026)	1 Yr returns given change in Interest rates				
			-25 bps	-15 bps	0 bps	15 bps	25 bps
30 Year Gsec	11.25	7.42	10.18	9.08	7.42	5.75	4.64
10 Year Gsec	6.85	6.65	8.23	7.60	6.65	5.71	5.07
5 Year AAA Corp	4.65	7.23	8.22	7.82	7.23	6.63	6.23
3 Year AAA Corp	2.75	7.04	7.52	7.33	7.04	6.75	6.55
2 Year AA Corp	1.85	7.99	8.23	8.13	7.99	7.83	7.73

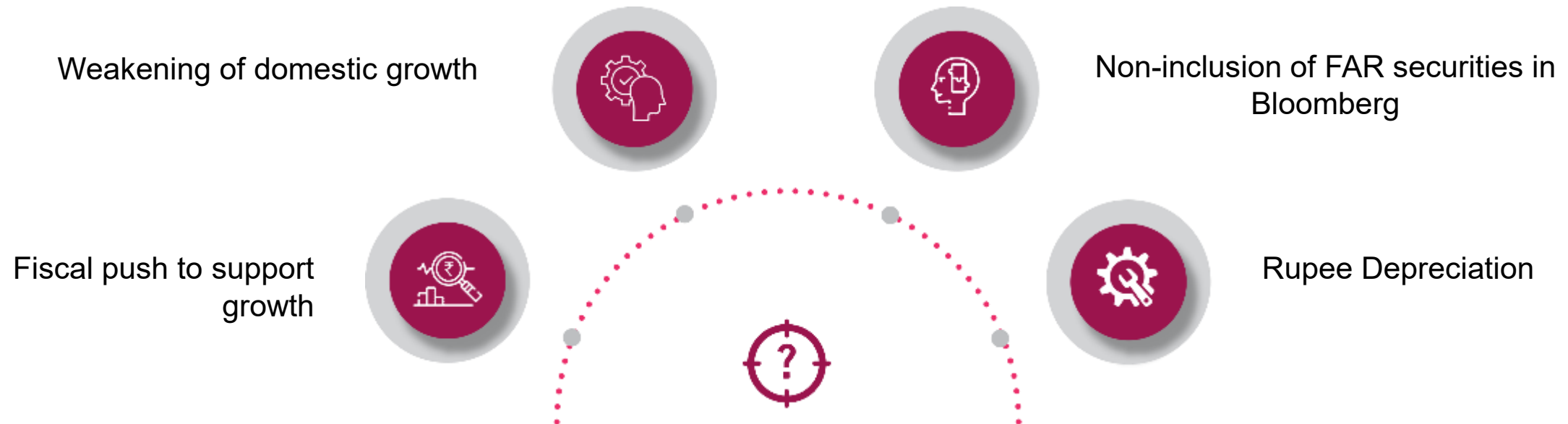
Accrual important in a lower rate regime

Long bonds provide meaningful protection at current levels

Inclusion in Bloomberg Global Aggregate Index could attract US\$25-30 bn inflows could lead to tactical rally in bond markets

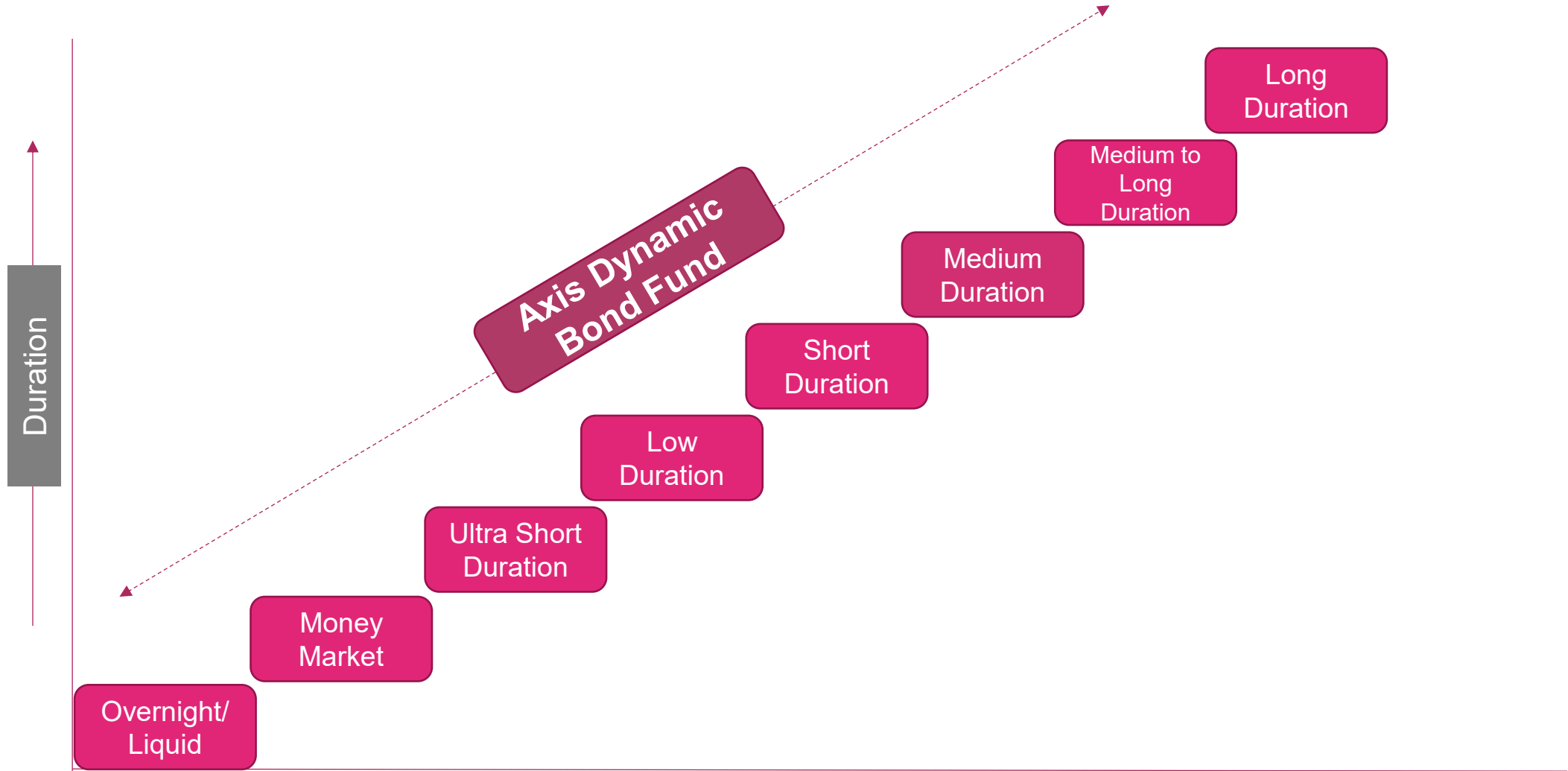
Key Risks to our view

Potential Headwinds



Axis Dynamic Bond Fund Overview

Unique Positioning



Portfolio Construct

Dynamically managed High-quality Portfolio



Duration

Duration will be actively managed in line with evolving interest rate scenario.



Individual Securities

No restriction on maturity of individual securities.



Asset Quality

Portfolio will be quality biased with 100% AAA/SOV rated assets.



Asset Allocation

Investment across Corporate Bonds, G-Secs, SDLs, etc. based on the market opportunity / spreads.

Why consider Axis Dynamic Bond Fund? **AXIS ASSET MANAGEMENT**

An all-weather proposition
aiming to generate optimal
risk adjusted returns
across market cycles

High quality portfolio

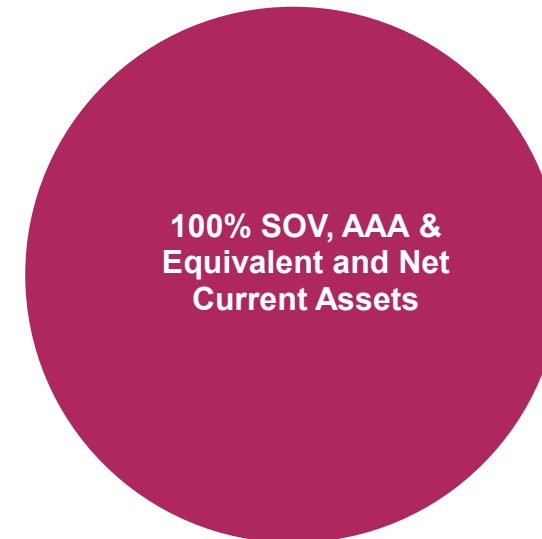
Positioned to benefit from
easing rates scenario

Investment Horizon:
3 years and beyond

Axis Dynamic Bond Fund

Rating Mix

Portfolio characteristics	As on 31 st December 2025
Residual Maturity	10.42 years
Modified Duration	5.46 years
Annualized YTM*	6.70%



Source: Axis MF Research. Data as of 31st December 2025

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.

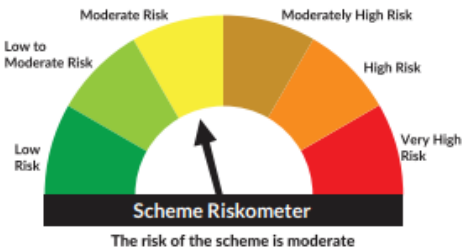
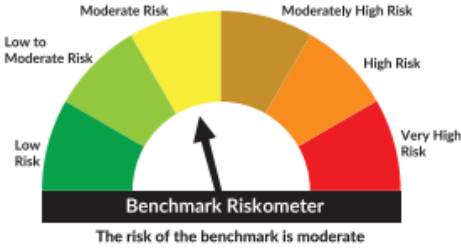
Performance

31st December 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 (%)
Axis Dynamic Bond Fund - Regular Plan – Growth			7.08%	10,708	7.39%	12,389	5.61%	13,142	7.84%
NIFTY Composite Debt Index A-III (Benchmark)	27-Apr-11		7.02%	10,702	7.59%	12,461	5.71%	13,201	7.83%
NIFTY 10 yr Benchmark G-Sec (Additional Benchmark)			6.85%	10,685	8.14%	12,651	5.17%	12,871	6.71%

Past performance may or may not be sustained in future. Since inception (27 April 2011) Different plans have different expense structure. Devang Shah is managing the scheme since 5th November 2012 and he manages 23 schemes of Axis Mutual Fund. Hardik Shah is managing the scheme since 5th April 2024 and he manages 18 schemes of Axis Mutual Fund. Please click on link https://www.axismf.com/cms/sites/default/files/Statutory/WDP_Annexure_Dec.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 Dynamic Bond Fund</p> <p>(An Open-Ended Dynamic Debt Scheme Investing Across Duration. A relatively high interest rate risk and moderate credit risk.)</p> <p>Benchmark: NIFTY Composite 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 to long termTo generate stable returns while maintaining liquidity through active management of a portfolio of 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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Disclaimer and Risk Factors



Disclaimer: Past performance may or may not be sustained in the future. 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. Investors are requested to consult their financial, tax and other advisors before taking any investment decision(s).

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

