

Axis Dynamic Bond Fund

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



AXIS ASSET MANAGEMENT

Constructive on Bonds!!

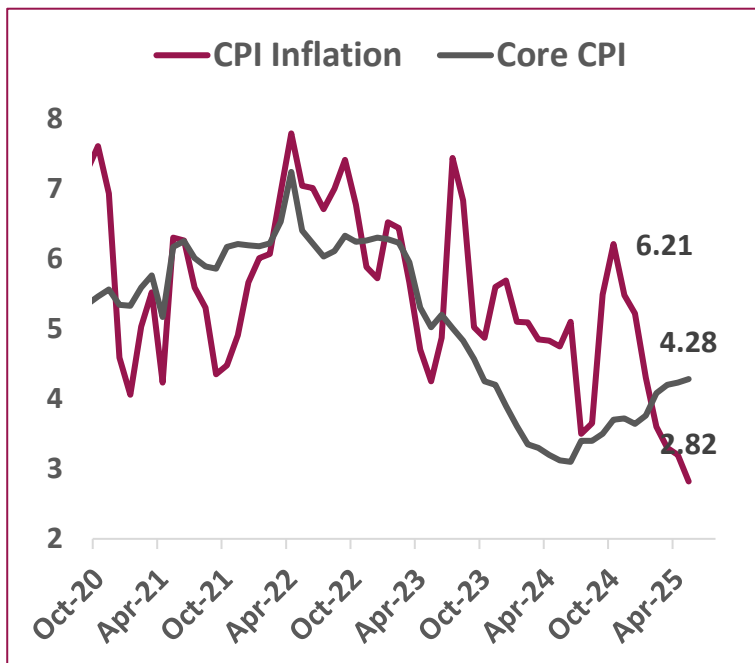
Way Forward

Local macros conducive for lower rates

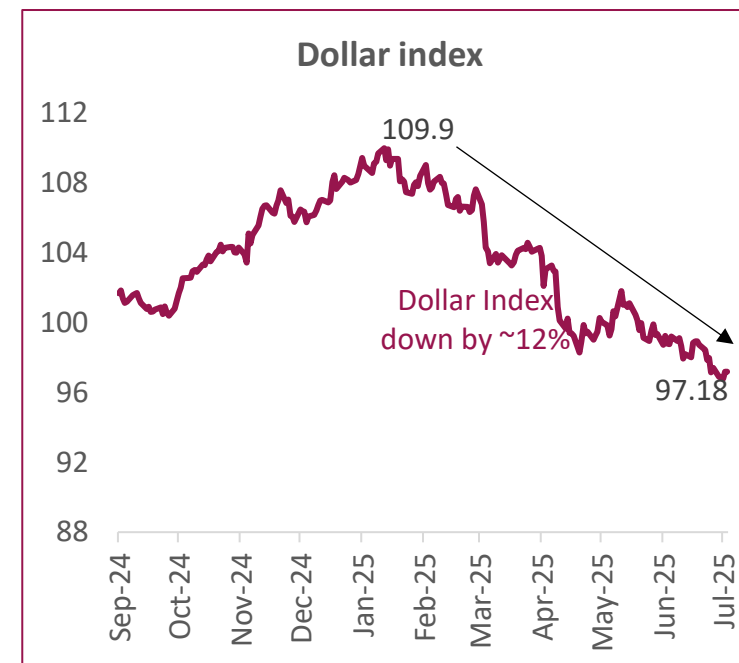
CPI less than 4% for FY26E

GDP for FY26E to remain below 6.5%

Rupee to remain stable



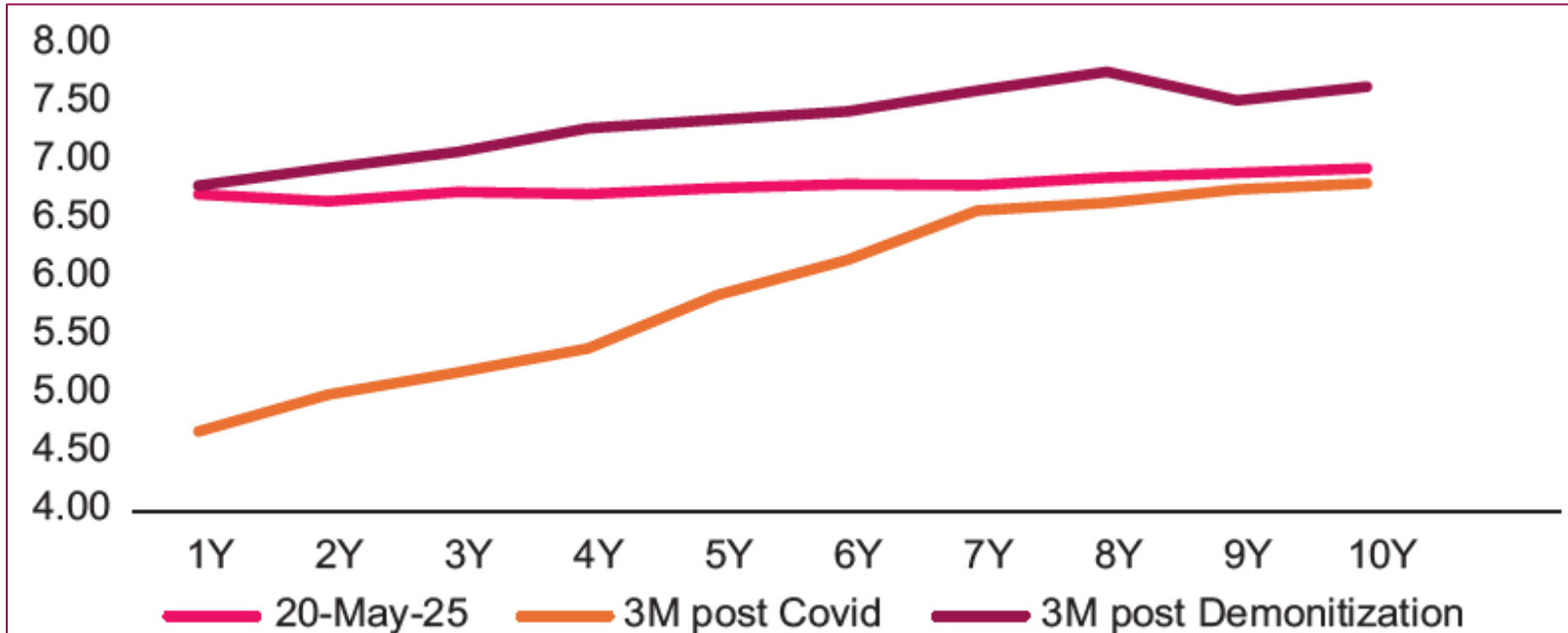
Tenure	GDP Growth Projection
FY22	9.7%
FY23	7.6%
FY24	9.2%
FY25	6.5%
FY26E	6.5% (Downward biased)



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

Implications of sustained Banking Liquidity

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



Spreads Over Repo Rate

Tenor	Feb-17	Jun-20	Jun-25
Repo	6.25	4.0	5.25*
6M	0.48	0.60	0.25
1Y	0.44	0.69	0.17
2Y	0.45	1.01	1.45
3Y	0.54	1.20	1.59
5Y	0.59	1.86	1.86

Past trends indicates that **yield curve tends to steepen over a period of 3- 6 months once sustained liquidity of more than 1% of NDTL is maintained** in the Banking system; Corporate bonds spreads over the Repo Rate compress due to a strong demand for short term assets



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

Strategy for Funds

Short term corporate bond to outperform

Short to Medium term funds with tactical allocation to Gilt funds can work well in current scenario

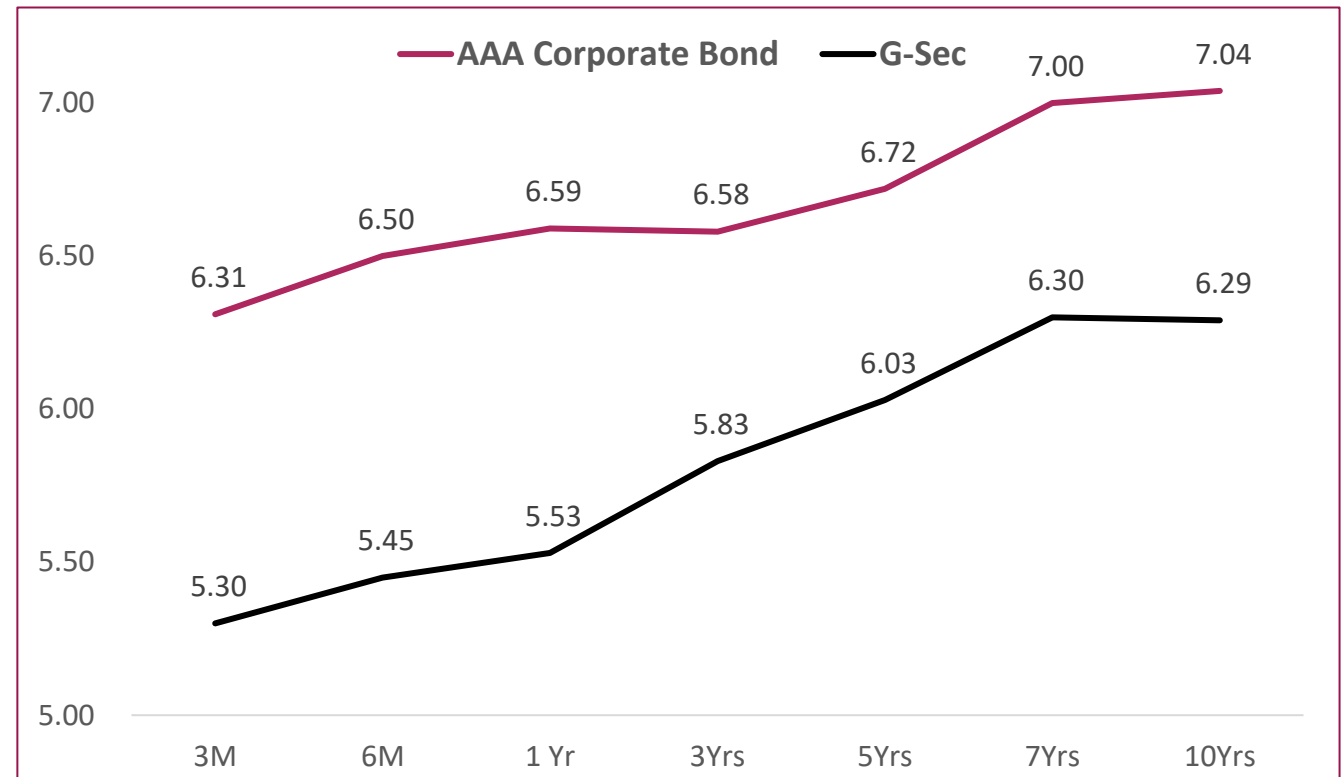
We were positive on long govt bonds throughout 2024 as demand supply dynamics for government bonds were favorable.

Going forward, **adding 1–5-year corporate bonds is advisable** due to:

- INR 10Tn liquidity by RBI, leading to surplus liquidity
- Attractive spreads and valuations

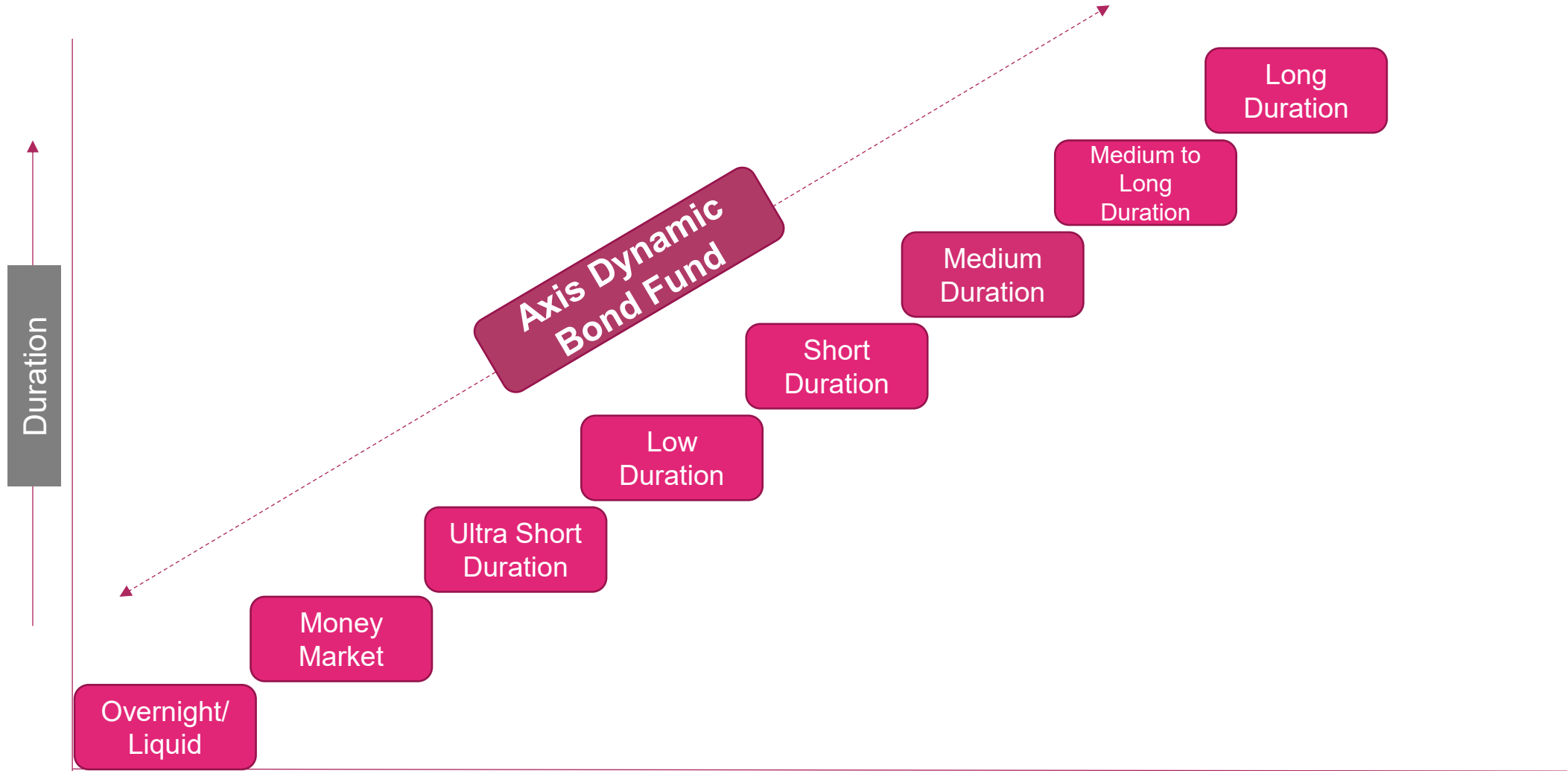
Incrementally, **short-term bonds may outperform long-term bonds** due to:

- surplus liquidity with improved visibility on CPI
- Shift in focus from govt debt to GDP growth targets



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?



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

High quality portfolio

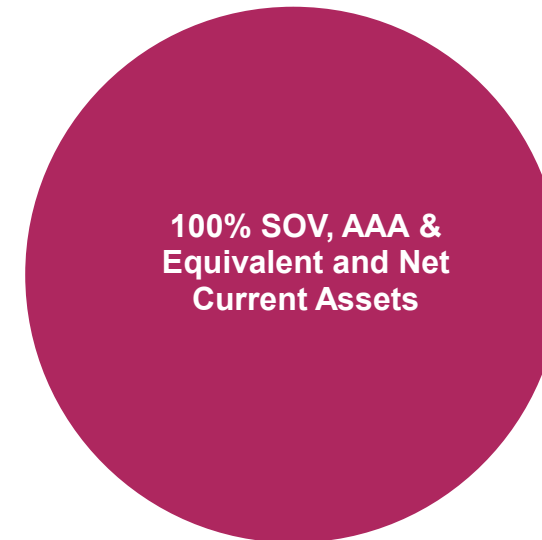
Positioned to benefit from
easing rates scenario

Investment Horizon:
3 years and beyond

Axis Dynamic Bond Fund

Rating Mix

Portfolio characteristics	As on 30 th June 2025
Residual Maturity	8.03 years
Modified Duration	4.72 years
Annualized YTM*	6.46%



Source: Axis MF Research. Data as of 30th June 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.

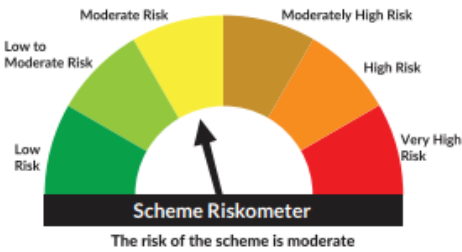
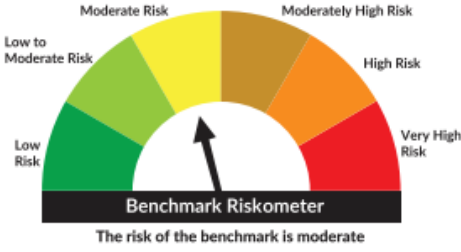
Performance

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 (%)
Axis Dynamic Bond Fund - Regular Plan – Growth			9.36%	10,942	8.16%	12,656	5.97%	13,368	7.97%
NIFTY Composite Debt Index A-III (Benchmark)	27-Apr-11		9.45%	10,950	8.29%	12,703	6.17%	13,494	7.98%
NIFTY 10 yr Benchmark G-Sec (Additional Benchmark)			11.25%	11,132	9.32%	13,070	5.51%	13,080	6.90%

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 16th March 2023 and he manages 21 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_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 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



Data as on 30th June 2025.

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

