

# Axis Income Plus Arbitrage Active FOF

(An open-ended fund of funds scheme investing in debt oriented mutual fund schemes and arbitrage funds)





## Strained by Taxes

- Higher taxation on stable return products like fixed income

## Switch during cycle change

- Difficult to anticipate market cycles and timely portfolio rebalancing for individual investors, leading to sub-optimal asset allocation in different market cycles

## Stability against Equity downside

- Exposure to equity markets can lead to significant downside during market downturn or volatility

*The fund's flexibility to switch between debt mutual fund schemes and exposure to arbitrage funds aims to offer relatively stable and better post-taxation returns over a holding period of more than 24 months by efficiently navigating different market cycles and mitigating equity market risks.*

## Axis Income Plus Arbitrage Active FOF

Axis Income Plus Arbitrage Active FOF invests in a variety of **debt oriented mutual fund schemes** of different AMC's through a single fund. The fund actively manoeuvres duration and credit based on the prevailing market environment.

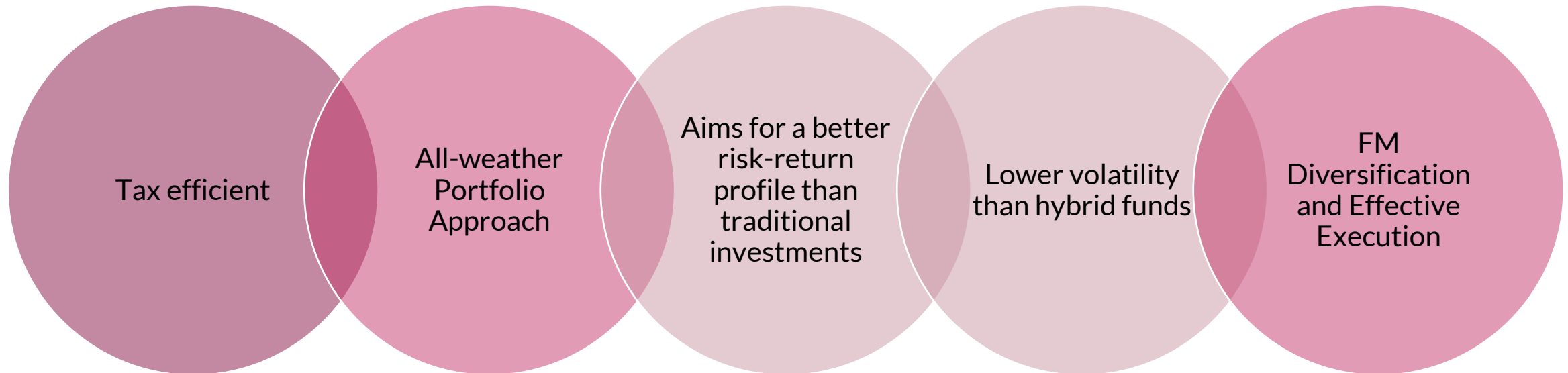
The fund also invests in units of **arbitrage funds with 35-50% allocation**, broadening its investment universe and making it tax-efficient as compared to debt mutual funds.

**50-65% Allocation**  
Debt Mutual fund schemes

**35-50% Allocation**  
Arbitrage Schemes

# Addressing Investor Challenges

## Product USP



The portfolio allocation would be based on prevailing market conditions and would be subject to changes depending on the fund managers views. Please refer SID for detailed asset allocation and investment strategy. In view of individual nature of tax consequences, each unit holder is advised to consult his/her own professional tax advisors.

# Tax Efficient and Advantage over Traditional investments

Better Post Taxation returns with Arbitrage Allocation

| Tax Impact of 65% Debt & 35 Arbitrage Exposure*<br>(Investment Duration >24 Months) |  | Individual | Corporate |
|-------------------------------------------------------------------------------------|--|------------|-----------|
| Net YTM (Axis Income Plus Arbitrage Active FoF)*                                    |  | 6.73%      | 6.73%     |
| Post Tax return*                                                                    |  | 5.68%      | 5.79%     |
| Corporate FD                                                                        |  | 7.25%      | 7.25%     |
| Post Tax (plus surcharge) return                                                    |  | 4.53%      | 4.81%     |
| Traditional Investment Instruments                                                  |  | 6.95%      | 6.95%     |
| Post Tax (plus surcharge) return                                                    |  | 4.34%      | 4.61%     |

- **Tax-efficient returns over 24 months, LTCG taxed at 12.5%**
- Better risk-return profile than traditional investments.
  - Better post-tax returns
  - Ability to navigate credit cycles and leverage duration strategies
  - Flexibility to enter or exit at any time

*Taxation considered under new regime. Tax rate on Fund (Debt + Arb): 12.5%, Debt Funds and Traditional Instruments & FDs: 30% (tax slab). Surcharge on Individual Tax: 25%, Surcharge on Corporate Tax: 12%.*

*\*YTM (post underlying expenses) of Axis Income Plus Arbitrage Active FoF is considered solely for the purpose of comparing taxation impact and is not an indication of proposed allocation. Note that portfolio allocation would be based on prevailing market conditions and would be subject to changes depending on the fund managers' views. Please refer SID for detailed asset allocation and investment strategy. Corporate FD – 24 months FD rate (Shriram Finance). Traditional Investment Instrument – 2 years to less than 3 years Bank FD rate (SBI).*

*Portfolio YTM and FD rates considered as on 30th Sep 2025. For complete returns of the schemes in SEBI prescribed format, please refer slide 17.*

# Lower variability in returns across interest rate cycles

Different strategies perform in different market cycles

| Period  | Duration strategy | Short strategy | Credit strategy | Arbitrage | Conservative hybrid | Equity savings | 65% Debt + 35% Arb |
|---------|-------------------|----------------|-----------------|-----------|---------------------|----------------|--------------------|
| FY06-08 | 5.3%              | 5.6%           | 3.8%            | 7.7%      | 5.6%                | 7.0%           | 7.0%               |
| FY07-09 | 9.6%              | 7.1%           | 4.5%            | 7.2%      | 3.0%                | 6.1%           | 10.3%              |
| FY08-10 | 8.9%              | 6.3%           | 4.6%            | 5.0%      | 6.6%                | 6.9%           | 9.0%               |
| FY09-11 | 4.2%              | 4.4%           | 4.2%            | 5.1%      | 8.8%                | 8.2%           | 5.2%               |
| FY10-12 | 4.0%              | 5.0%           | 5.2%            | 6.7%      | 4.1%                | 5.7%           | 6.6%               |
| FY11-13 | 6.4%              | 6.6%           | 6.4%            | 7.7%      | 5.2%                | 6.6%           | 7.9%               |
| FY12-14 | 4.1%              | 6.5%           | 6.5%            | 8.2%      | 6.3%                | 6.1%           | 8.2%               |
| FY13-15 | 6.1%              | 6.7%           | 7.1%            | 8.0%      | 10.2%               | 9.7%           | 8.5%               |
| FY14-16 | 8.0%              | 6.5%           | 7.0%            | 6.9%      | 8.0%                | 7.6%           | 8.9%               |
| FY15-17 | 6.4%              | 5.9%           | 6.6%            | 5.7%      | 5.8%                | 6.9%           | 7.4%               |
| FY16-18 | 6.2%              | 5.4%           | 5.7%            | 5.4%      | 6.7%                | 8.4%           | 7.0%               |
| FY17-19 | 4.4%              | 4.4%           | 3.6%            | 5.4%      | 3.6%                | 5.0%           | 5.5%               |
| FY18-20 | 7.4%              | 4.4%           | 1.2%            | 5.4%      | 0.8%                | (0.8%)         | 7.9%               |
| FY19-21 | 6.5%              | 4.8%           | 2.1%            | 4.3%      | 5.5%                | 7.3%           | 6.8%               |
| FY20-22 | 2.4%              | 4.7%           | 5.5%            | 3.3%      | 9.8%                | 16.5%          | 5.6%               |
| FY21-23 | 1.9%              | 3.5%           | 4.8%            | 4.1%      | 4.4%                | 6.3%           | 5.3%               |
| FY22-24 | 4.2%              | 3.9%           | 5.3%            | 5.7%      | 5.8%                | 8.2%           | 6.3%               |
| FY23-25 | 7.5%              | 7.2%           | 8.8%            | 7.2%      | 10.7%               | 11.9%          | 7.5%               |

**65% Debt and 35% Arbitrage** allocation gives consistent post-tax returns across interest rate cycle compared to other strategies.

Past performance may or may not sustain in future. This is for illustration purpose only.

Data as on 30<sup>th</sup> Sep 2025. Source: Axis MF Internal Analysis. Proxies considered for Arbitrage, Duration, Short, Credit, Conservative Hybrid and Equity Savings Strategy – Average returns of all the active funds in the category during the time-period considered. 65% Debt + 35% Arb – 65% Debt: 65% in performing category fund across Duration, Short and Credit based on market cycles; 35% Arbitrage: category average.

# Different Segments perform during different times

Flexibility to invest across the fixed income curve and take advantage of duration and credit cycle enabling fund to capture opportunities in all market scenarios. **Fund has invested on an average more than 75% in top 2 best performing strategy.**

## Category – Wise Annualized Performance

| Calendar Year | Duration | Credit | Short Term<br>(including Rolldown) | Money Market | Fund allocation** |
|---------------|----------|--------|------------------------------------|--------------|-------------------|
| 2020*         | 9.04%    | 10.39% | 10.10%                             | 4.70%        | ~70%              |
| 2021          | 1.33%    | 7.05%  | 4.07%                              | 3.36%        | ~67%              |
| 2022          | 0.42%    | 6.25%  | 3.75%                              | 4.69%        | ~88%              |
| 2023          | 8.08%    | 8.68%  | 7.22%                              | 7.28%        | ~68%              |
| 2024          | 9.53%    | 7.84%  | 7.65%                              | 7.58%        | ~98%              |

Data as of 30<sup>th</sup> Sep 2024, for last 5 calendar years. Source: AMFI, Axis MF Internal Analysis. \*Annualized returns for CY20 from 28th Jan 2020 (Scheme Inception) to 31st Dec 2020. Past performance may or may not sustain in future. Nifty 10-year benchmark G-Sec Index, NIFTY Credit Risk Bond Index B-II, Nifty Short Duration Debt Index and CRISIL Low Duration Debt Index are considered as proxy for Duration, Credit, Short Term and Money Market Strategies, respectively. \*\*avg allocation to highlighted sub-asset classes. \*\*Allocation to best performing category

# Strategy Diversification and Effective Execution

## Advantages of Multi Strategy Fund over Single Strategy Funds

### Single Strategy Funds

- Portfolio rebalancing is difficult given the stringent fund mandates
- Investor allocations to duration often tend to chase past returns rather than market trend / view
- Challenges in taking corrective action in case of credit event / adverse situations
- Taxation impact in case of rebalancing / switch by investors

### Axis Income Plus Arbitrage Active FOF (Multi Strategy)

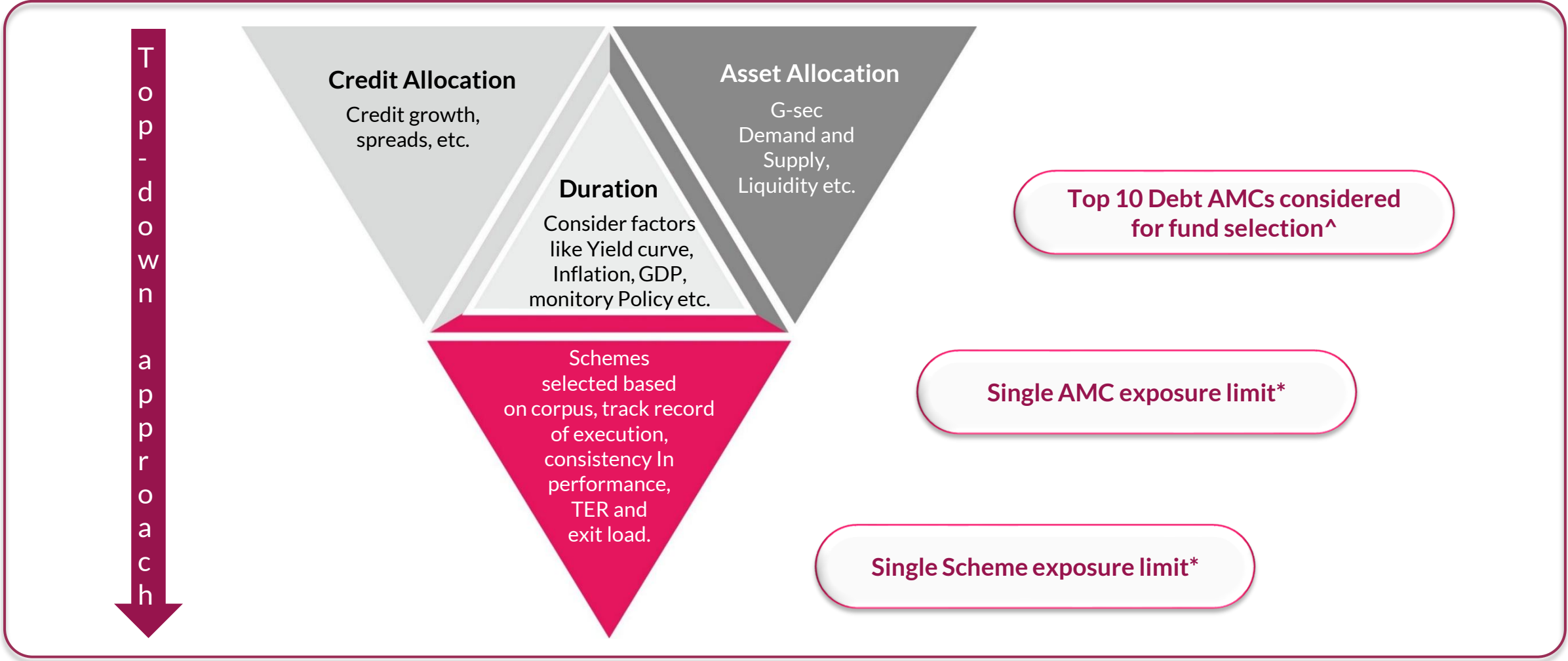
- No tax impact to investor when a Fund of Funds redeems from one fund to shift to another.
- Ease of rebalancing portfolio based on market changes
- Better diversification & lower single manager risk in case of credit events
- Fund Manager Diversification with our overlay on the overall duration and credit risk of the fund
- Better post-tax returns over a holding period of 24 months

# Fund Stats



# Fund Philosophy

## Top-Down Approach



The portfolio allocation would be based on prevailing market conditions and subject to changes depending on the fund managers views. Please refer SID for detailed asset allocation and investment strategy. In view of individual nature of tax consequences, each unit holder is advised to consult his/her own professional tax advisors.\*These are internal limits, excludes Axis funds and Liquid, Overnight, Money Market schemes with <1 year duration and Arbitrage schemes. ^only considering options beyond this group if similar strategies are unavailable within the top 10 AMC's.

# Current Strategy

Shift to corporate bond funds

## Current Strategy

The fund aims to build a core portfolio with a duration of 3-6 years. However, due to its active management approach, the fund may adjust its duration based on the prevailing macroeconomic environment.

Currently, focus is on the short-term 2-5-year corporate bonds in the portfolio as we expect surplus banking liquidity, lower supply of corporate bonds/ CDs due to slowdown and delay in implementation of LCR guidelines and attractive spreads and valuations.

While uncertainty around tariffs and expectations of a softer inflation trajectory have created room for monetary easing. We believe with 100 bps of repo rate cuts already delivered, majority of RBI's rate easing and best of duration play is now behind us.

Short term bonds are expected to outperform long bonds from risk-reward perspective due to a shallow rate cut cycle, lower OMO purchases in the second half of the year and a shift in focus from government debt to GDP targets.

As of 30th Sep 2025, underlying debt schemes have 100% AAA/SOV rated portfolio

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# Fund Suitability

## An All-Seasons Proposition



### Fund Suitability

Investors looking to benefit from debt-like stability with efficient taxation (12.5% LTCG after 2 years)

Suitable for investors with an investment horizon of 2 years or more

Investors seeking a multi-manager model to reduce FM bias and diversify the risk emanating from any credit events

The portfolio allocation would be based on prevailing market conditions and would be subject to changes depending on the fund managers views. Please refer SID for detailed asset allocation and investment strategy. In view of individual nature of tax consequences, each unit holder is advised to consult his/her own professional tax advisors. Investors are advised to check the portfolio of the scheme and consult their tax advisor to determine the taxation applicable.

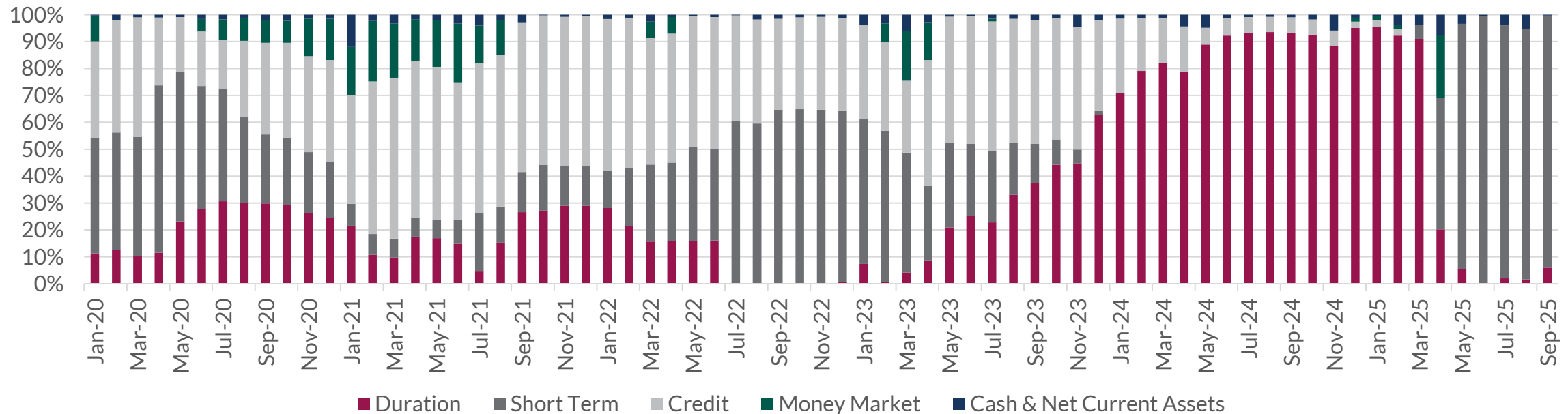
# Historical Asset Allocation

Active debt management through dynamic allocations to top performing strategies



The fund is dynamically managed, allowing us to adjust our asset allocation in response to changing market conditions. Since May-24, we had maintained over 85% of debt portfolio allocation to duration strategy, however, we gradually reduced duration from Mar-25 in response to the rate cut cycle and built positions in the corporate bonds segment (2-5 years) in line with current favorable demand-supply dynamics and OMOs, significant infusion of liquidity into the system by RBI and our view that corporate bond segment will become more attractive due to reduced supply of corporate bonds/CDs given the slowdown and delay in implementing LCR guidelines.

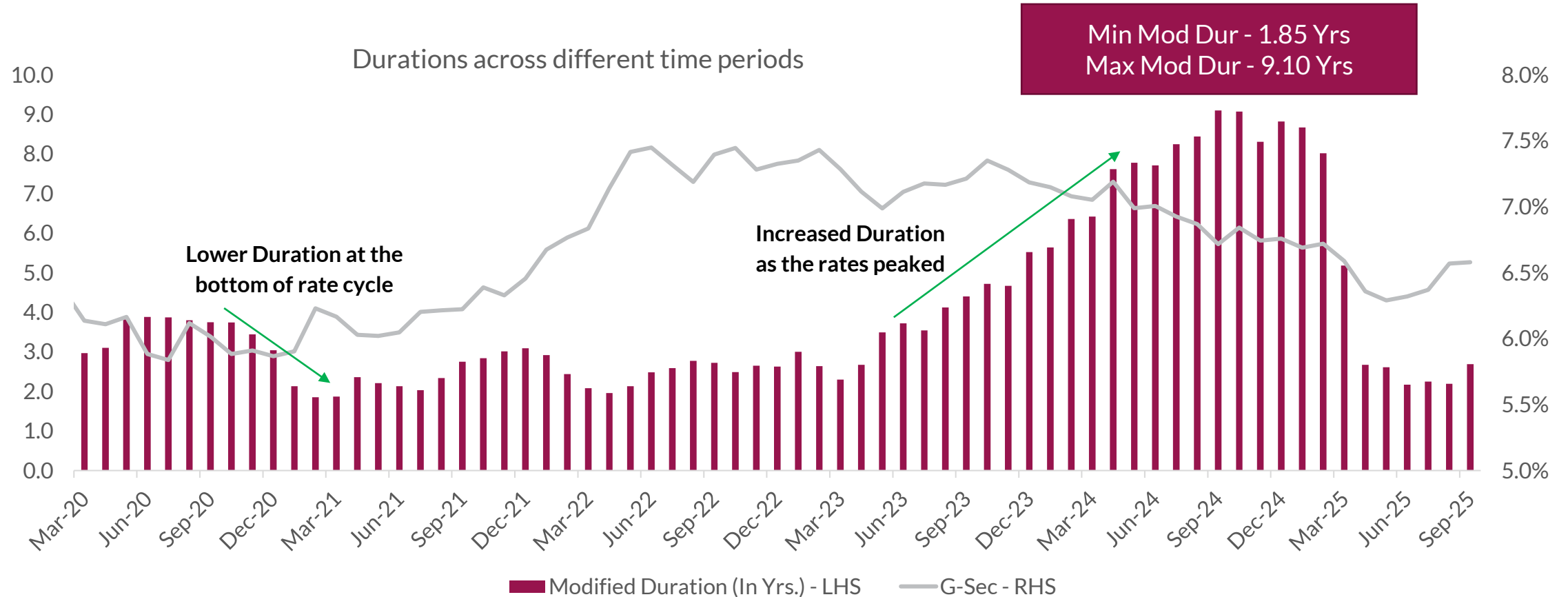
Jan'20 - Sep'25 (Allocation to different categories)



Source: Axis MF Internal Analysis. Data as on 30<sup>th</sup> Sep 2025. The above graph is for illustration purpose only. The above portfolio allocation would be based on prevailing market conditions and would be subject to changes depending on the fund managers views. Please refer SID for detailed asset allocation and investment strategy. For complete portfolio please refer to our website [www.axismf.com](http://www.axismf.com).

# Navigating through interest rate cycles

Playing duration to manage the impact of interest rate cycles



Source: Axis MF Internal Analysis. Data as on 30<sup>th</sup> Sep 2025. The above graph is for illustration purpose only. The above portfolio allocation would be based on prevailing market conditions and would be subject to changes depending on the fund managers views. Please refer SID for detailed asset allocation and investment strategy. For complete portfolio, refer to our website.

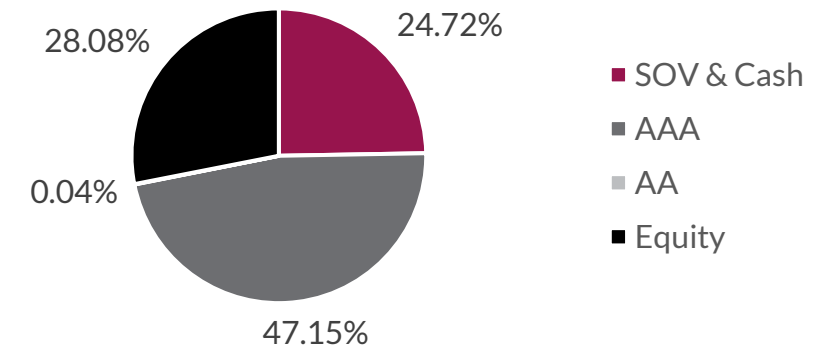
# Portfolio Stats

As on 30<sup>th</sup> Sep 2025

| Fund Name                                 | % of NAV     |
|-------------------------------------------|--------------|
| <b>Mutual Fund Units</b>                  |              |
| Axis Corporate Bond Fund                  | 28.81%       |
| Axis Arbitrage Fund                       | 18.73%       |
| Nippon India Corporate Bond Fund          | 17.46%       |
| Aditya Birla Sun Life Corporate Bond Fund | 12.84%       |
| Kotak Arbitrage Fund                      | 12.01%       |
| Aditya Birla Sun Life Arbitrage Fund      | 6.17%        |
| Axis Gilt Fund                            | 2.27%        |
| ICICI Prudential Gilt Fund                | 1.51%        |
| <b>Net Current Assets</b>                 |              |
| Cash & NCAs                               | <b>0.20%</b> |

| Quants              |           |
|---------------------|-----------|
| Average Maturity    | 4.0 Years |
| Modified Duration   | 2.7 Years |
| Mac Duration        | 2.8 Years |
| YTM                 | 6.73%     |
| Underlying Expenses | 0.36%     |

## Rating Allocation



# Key Scheme Details



## Scheme Name

**Axis Income Plus Arbitrage Active FOF**  
(formerly known as Axis Income Advantage Fund of Funds)



## Fund Manager

Devang Shah, Hardik Shah, Anagha Darade,  
Karthik Kumar



**Exit load**  
Nil



## Benchmark

**65% NIFTY Composite Debt Index + 35% Nifty 50  
Arbitrage TRI**



## TER

0.05% (Direct), 0.45% (Regular)



## Asset Allocation

Units of Mutual Fund Schemes: 95-100%, of which:  
Units of Debt Oriented Mutual Fund Schemes: **50-65%**  
**Units of Arbitrage Funds: 35-50%**  
Money Market Instruments: 0-5%

# Performance

30<sup>th</sup> Sep 2025

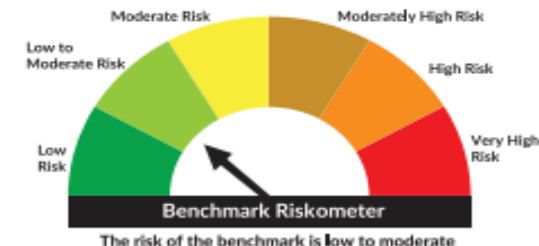


|                                                                         |             | 1 Year    |          | 3 Year                                    |          | 5 Year                                   |          | Since Inception                           |          |
|-------------------------------------------------------------------------|-------------|-----------|----------|-------------------------------------------|----------|------------------------------------------|----------|-------------------------------------------|----------|
|                                                                         |             | 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 Income Plus Arbitrage Active FOF - Regular Plan - Growth           |             |           | 6.89%    | 10,689                                    | 7.82%    | 12,538                                   | 6.59%    | 13,761                                    | 7.02%    |
| 65% NIFTY Composite Debt Index +35% Nifty 50 Arbitrage TRI (Benchmark)* | 28-Jan-2020 |           | 6.92%    | 10,692                                    | 7.62%    | 12,467                                   | 6.13%    | 13,464                                    | 6.60%    |
| NIFTY 10 yr Benchmark G-Sec (Additional Benchmark)                      |             |           | 7.29%    | 10,729                                    | 8.63%    | 12,821                                   | 5.43%    | 13,031                                    | 6.19%    |

**Past performance may or may not be sustained in future.** Different plans have different expense structure. Returns greater than 1 year period are compounded annualized (CAGR). The performance of the fund may not be strictly comparable to its benchmark currently since the scheme did not have allocation to arbitrage strategies during the above-mentioned periods.

W.e.f. 14th Feb 2025, the scheme is managed by Devang Shah, Hardik Shah, Anagha Darade and Karthik Kumar. Devang Shah is managing scheme since 1st February 2023, and he manages 22 schemes of Axis Mutual Fund, Hardik Shah is managing the scheme since 5th April 2024, and he manages 18 schemes of Axis Mutual Fund, Anagha Darade is managing the scheme since 5th April 2024, and she manages 1 schemes of Axis Mutual Fund, Karthik Kumar is managing the scheme since 14th Feb 2025, and he manages 21 schemes of Axis Mutual Fund. Refer [https://www.axismf.com/cms/sites/default/files/Statutory/WDP\\_Annexure\\_Sep.pdf](https://www.axismf.com/cms/sites/default/files/Statutory/WDP_Annexure_Sep.pdf) to view the performance of other schemes currently managed by the fund manager. Note: In case physical copy of this document is required, kindly take the printout from the above link to review the performance of other schemes managed by the fund managers. Calculations are based on Regular Plan - Growth Option NAV and Direct Plan - Growth Option NAV, as applicable. Face Value per unit: ₹10/-.

# Product Labelling

| Product Label                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Scheme Riskometer                                                                                                                                                             | Benchmark Riskometer                                                                                                                                                                                                                             |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Axis Income Plus Arbitrage Active FOF</b></p> <p>(An open ended fund of funds scheme investing in debt oriented mutual fund schemes and arbitrage funds)</p> <p><b>Benchmark:</b> 65% NIFTY Composite Debt Index +35% Nifty 50 Arbitrage TRI</p> <p>This product is suitable for investors who are seeking*</p> <ul style="list-style-type: none"><li>• To generate optimal returns over medium term</li><li>• Investment primarily in debt oriented mutual fund schemes and arbitrage funds</li></ul> <p>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</p> | <p><b>Fund</b></p>  <p><b>Scheme Riskometer</b><br/>The risk of the scheme is moderate</p> | <p><b>65% NIFTY Composite Debt Index +35% Nifty 50 Arbitrage TRI</b></p>  <p><b>Benchmark Riskometer</b><br/>The risk of the benchmark is low to moderate</p> |

# Statutory Details and Risk Factors

Data as on 30<sup>th</sup> Sep 2025 (unless otherwise specified).

**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 will be bearing the recurring expenses of the scheme in addition to the expenses of other schemes in which Fund of Funds scheme makes investment.

**Axis Bank Ltd. is not liable or responsible for any loss or shortfall resulting from the operation of the scheme.**

This document represents the views of Axis Asset Management Co. Ltd. and must not be taken as the basis for an investment decision. Neither Axis Mutual Fund, Axis Mutual Fund Trustee Limited nor Axis Asset Management Company Limited, its Directors or associates shall be liable for any damages including lost revenue or lost profits that may arise from the use of the information contained herein. No representation or warranty is made as to the accuracy, completeness or fairness of the information and opinions contained herein. The AMC reserves the right to make modifications and alterations to this statement as may be required from time to time.

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

**Thank You!**