

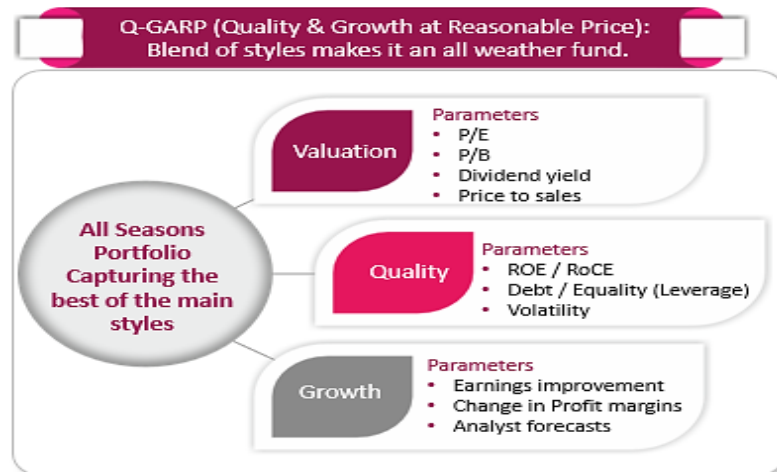
# Axis Quant Fund – Fund Update

An open ended equity scheme following a quantitative model

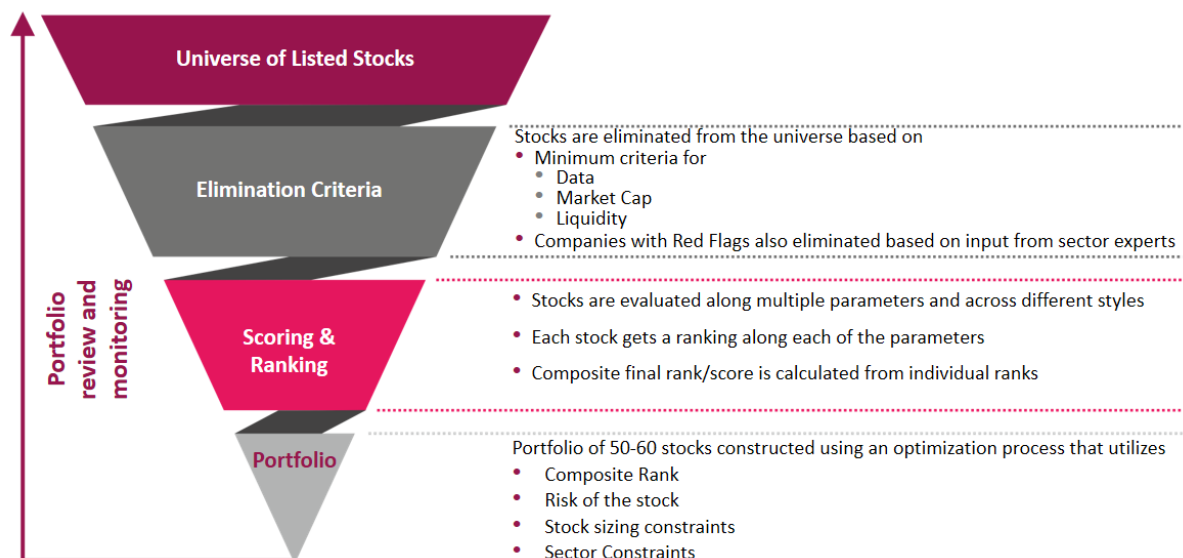
Fund Manager: Karthik Kumar, Ashish Naik, Krishnaa N

## Fund overview

Axis Quant Fund adopts philosophy that aims to identify Quality stocks in combination with the tenets of Growth and Value investing. The approach focuses on selecting a portfolio of Quality stocks with Growth but At a Reasonable Price (Q-GARP).



The parameters given above are for explaining quantitative model proposed to be used by the Scheme. The fund manager at his discretion may modify parameters to be used in quantitative model. Investors are requested to refer to detailed asset allocation and investment strategy given in Scheme Information Document for complete details. 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

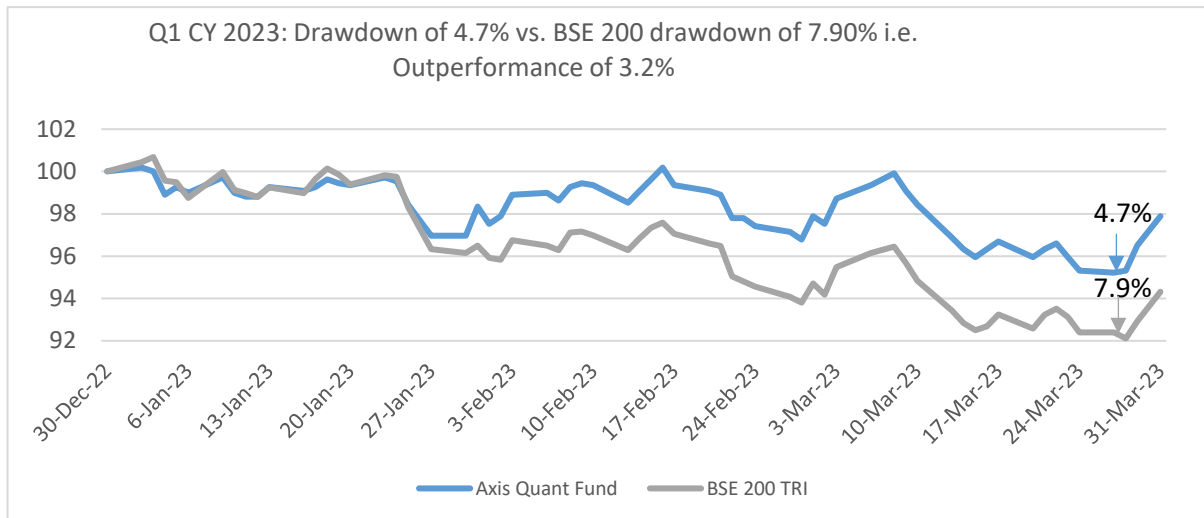


**Application of Q-GARP:** Each stock is assessed along all the dimensions of Q-GARP and a composite score is calculated based on the individual metrics. Higher the score, higher the probability of weight to a stock.

## Performance overview

Axis Quant Fund was launched in July-2021 and completed 3 years end of June 2024. While the year of 2022 was challenging, the last year & half starting Jan-2023 has been quite rewarding for the strategy with the Fund returning 50.6% and an outperformance of 6.38% over the BSE-200 TRI index.

Calendar Year	Axis Quant Fund	BSE 200 TRI	Outperformance
2023	30.78%	24.55%	6.23%
2024 YTD	15.33%	15.96%	-0.63%
From Jan-2023 to Jun-2024	50.64%	44.26%	6.38%



Source: MFIE. Data as on 28<sup>th</sup> June 2024. **Past performance may or may not be sustained in future** P2P Absolute Return for Regular Plan – Growth option is considered for the Fund. For detailed performance in SEBI prescribed format please refer page no. 4.

Fund's Q-GARP i.e. Quality and Growth at Reasonable Price approach coupled with emphasis on risk was well rewarded by the markets. For instance, while in the 1<sup>st</sup> quarter last year, the market i.e. BSE 200 TRI index fell by 7.9% the fund managed to navigate the environment better correcting by only 4.7% thus delivering an outperformance of 3.2% over that period. Effectively almost 50% of the annual outperformance was because we navigated the volatile period effectively while still managing to capture the upside over the rest of the year

## Sector Positioning

Sector Positioning	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24
Automobile And Auto Components	9.83	12.95	12.80	12.13	11.21	12.64	12.62
Capital Goods	10.18	11.42	10.61	10.57	2.36	0.36	12.38
Chemicals	7.03	2.80	2.80	1.59	3.10	3.09	1.62
Construction	0.00	0.00	0.00	3.51	6.41	7.01	3.01
Construction Materials	0.00	0.00	0.00	0.00	0.00	1.27	0.00
Consumer Services	0.71	0.00	1.39	0.00	2.01	3.05	4.11
Fast Moving Consumer Goods	8.77	10.70	14.58	14.38	13.64	10.01	9.86
Financial Services	29.50	30.05	28.89	27.33	27.79	26.97	25.33
Healthcare	7.73	6.19	4.80	10.43	10.43	10.56	10.19
Information Technology	7.73	7.32	6.25	5.99	6.53	5.40	3.84
Metals & Mining	0.00	1.06	0.00	0.00	0.00	0.00	0.00
Oil, Gas & Consumable Fuels	7.71	5.34	5.74	8.44	7.28	7.73	5.76
Power	8.06	7.60	6.87	2.07	7.85	8.18	5.15
Services	0.00	1.39	1.40	0.64	0.00	0.00	1.44
Telecommunication	0.00	0.00	0.00	0.00	0.00	1.27	1.99

Source: Factset. Data as on 28<sup>th</sup> June 2024. 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.

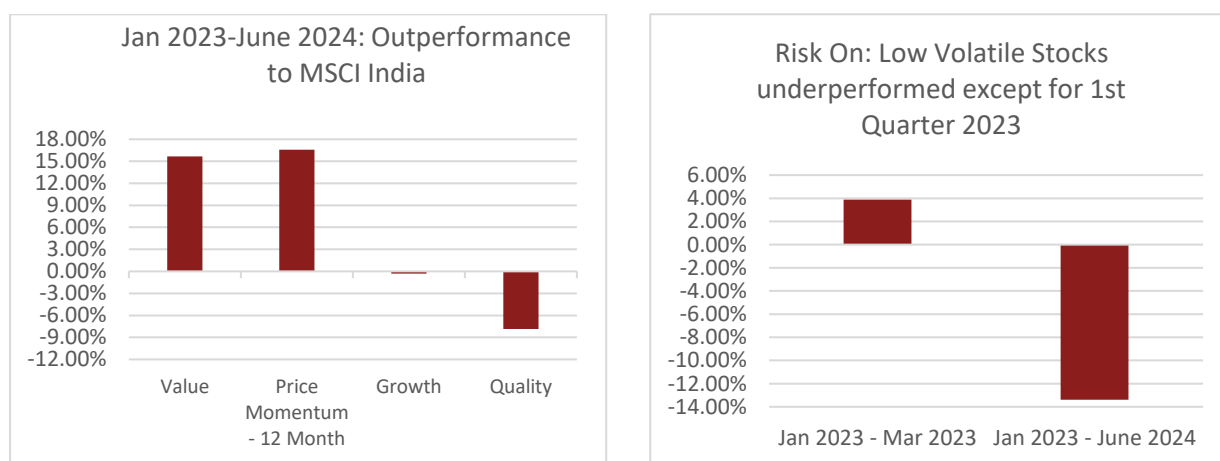
Over the period under review the fund has been **overweight Auto & Ancillary** sector through a diverse mix of 4 / 2 Wheelers & ancillary stocks. Further this has also been a sizable contributor to outperformance. That aside, other sectors that the strategy has been consistently bullish include **Capital Goods, HealthCare** – dominated by pharma companies and Power plays.

On the other hand, the fund has remained **underweight Technology** primarily driven by an uncertain & subdued growth outlook. Other sectors where the fund has had **lower exposures include Commodities** plays like metals, mining, cement and oil stocks.

Incrementally over the year, the fund has **added exposure to Telecom and Consumer Staples**.

## Style Trends in 2023 – 2024 YTD

Momentum and Value were stand out factors while Quality continued to struggle for yet another year. Growth as a style managed to keep up with the markets. While valuation of the Quality basket vis-à-vis the markets has moderated but lacks the growth outlook support that is required for a rebound.



Source: Bernstein Research, Axis Asset Management – Internal Research. Data as on 30<sup>TH</sup> June 2024.

From a risk perspective, Low volatility did particularly well in first quarter of last year but then ceded the lead back to high volatile stocks over rest of the year. The fund continues to have favorable exposures to styles that reward consistently in the long run with a moderate risk profile. In that context, analysis of market cycles has shown that while high volatility stocks can have periods of outperformance but in the longer run it lags markets and hence we remain positioned accordingly.

## Performance Analysis

Fund's bets at a sectoral level paid off as **Capital Goods was one of the best performing** while superior stock selection in **Power, Auto and FMCG contributed to the gains**.

In Autos, initially the exposure was largely dominated by 4-wheeler companies but subsequently have also added auto ancillary and 2-wheeler firms.

Lastly, while the fund was bearish on tech over this period, good stock picks especially in the mid-cap space paid rich dividends.

### 2023: Top Sectoral Contributors

Information Technology

Capital Goods

Power

Automobile And Auto Components

Fast Moving Consumer Goods

Source: Factset. Data as on 31<sup>st</sup> December 2023.

## Outlook & Portfolio Positioning

Our markets seem to be fully valued and incrementally stock selection & sector positioning become critical. Globally, the US will dominate the narrative as we inch closer to elections. That aside economic outlook, inflation data and interest rate policy in the US will have global repercussions. The markets expect Fed to reverse course soon given slowing economic outlook and moderating inflation data which in turn can translate into higher volatility across market classes. Our fund is well positioned to navigate this environment given moderate valuations and lower portfolio beta.

Portfolio Characteristics	Axis Quant Fund	BSE 200
# of Securities	46	201
Dividend Yield	1.17	1.00
Price/Earnings (Historic)	23.95	24.76
P/E - FY2025	23.15	23.42

Source: Factset. Data as on 28<sup>th</sup> June 2024.

## Performance

Fund Name	Date of inception	1 Year		3 Years		5 Years		Since Inception	
		CAGR (%)	Point-to-Point returns on Standard Investment of Rs. 10,000/-	CAGR (%)	Point-to-Point returns on Standard Investment of Rs. 10,000/-	CAGR (%)	Point-to-Point returns on Standard Investment of Rs. 10,000/-	CAGR (%)	Point-to-Point returns on Standard Investment of Rs. 10,000/-
Axis Quant Fund - Regular Plan - Growth	1-Jul-21	33.77%	13,366	NA	NA	NA	NA	17.96%	16,400
BSE 200 TRI (Benchmark)		36.04%	13,592	NA	NA	NA	NA	19.33%	16,978
Nifty 50 TRI (Additional Benchmark)		26.74%	12,666	NA	NA	NA	NA	16.67%	15,868

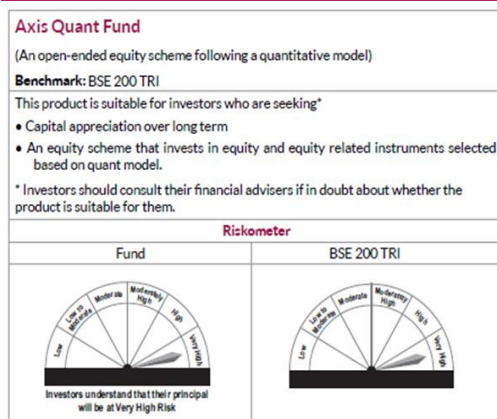
**Past performance may or may not be sustained in future.** Different plans have different expense structure. Karthik Kumar is managing the scheme since 3rd July 2023 and he manages 17 schemes. Ashish Naik is managing the scheme since 4th May 2022 and he manages 18 schemes of Axis Mutual Fund. Krishnaa N is managing the scheme since 1st March 2024 and she manages 18 schemes of Axis Mutual Fund. Face value 10 per unit. Please refer return table for performance of all schemes managed by the fund manager. @The performance data for 3 & 5 years period has not been provided, since scheme is in existence for less than 3 years. ^^The benchmark name has been changed w.e.f 1st June 2024. Please click on link [https://www.axismf.com/cms/sites/default/files/Statutory/ALL\\_ANNEXURE\\_June%2024.pdf](https://www.axismf.com/cms/sites/default/files/Statutory/ALL_ANNEXURE_June%2024.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. Karthik Kumar is managing Axis Quant Fund, Axis Arbitrage Fund Since 3rd July, 2023. & Axis NIFTY IT ETF, Axis NIFTY Healthcare ETF, Axis Nifty 50 Index Fund, Axis Nifty Next 50 Index Fund, Axis Nifty Smallcap 50 Index Fund, Axis Nifty Midcap 50 Index Fund, Axis Nifty 100 Index Fund, Axis NIFTY 50 ETF, Axis NIFTY Bank ETF, Axis Equity ETFs FOF, Axis NIFTY India Consumption ETF since 01<sup>st</sup> September 2023. Axis NIFTY Bank Index

Ashish Naik is Managing Axis Multi Asset Allocation Fund, Axis Regular Saver Fund since 22nd Jun, 2016, Axis Childrens Gift Fund since 6th Jul, 2016, Axis NIFTY 50 ETF since 3rd Jul, 2017, Axis Equity Hybrid funds since 9th Aug, 2018, Axis Nifty 100 Index Fund since 18th Oct, 2019, Axis Special Situations Fund since 24th Dec, 2020, Axis Arbitrage Fund, Axis NIFTY Bank ETF, Axis Quant Fund and Axis NIFTY India Consumption ETF since 4th May, 2022, Axis Business Cycles Fund since 22nd Feb, 2023, Axis Balanced Advantage Fund since 1st Mar, 2023, Axis BSE SENSEX ETF since 24th Mar, 2023, Axis BlueChip Fund, Axis ELSS Tax Saver Fund since 3rd Aug, 2023, Axis BSE Sensex Index Fund since 27th Feb, 2024 and Axis Nifty Bank Index Fund since 24th May, 2024.

Krishnaa N is Managing Axis BlueChip Fund, Axis Focused Fund, Axis Midcap Fund, Axis Flexi Cap Fund, Axis Growth Opportunities Fund, Axis Small Cap Fund, Axis ESG Integration Strategy Fund, Axis Global Equity Alpha Fund of Fund, Axis Special Situations Fund, Axis Greater China Equity Fund of Fund, Axis Global Innovation Fund of Fund, Axis Quant Fund, Axis Value Fund, Axis NASDAQ 100 Fund of Fund and Axis US Treasury Dynamic Bond ETF Fund of Fund since 1st Mar, 2024 and Axis Retirement Savings Fund - Dynamic Plan, Axis Retirement Savings Fund - Conservative Plan and Axis Retirement Savings Fund - Aggressive Plan since 5th Apr, 2024

## Product Labelling & Disclaimers



Data updated As on 30<sup>th</sup> June 2024

**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. 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. Past performance may or may not be sustained in future

**Statutory Details:** Axis Mutual Fund has been established as a Trust under the Indian Trusts Act, 1882, sponsored by Axis Bank Ltd. (liability restricted to Rs. 1 Lakh). Trustee: Axis Mutual Fund Trustee Ltd. Investment Manager: Axis Asset Management Co. Ltd. (the AMC). Risk Factors: Axis Bank Limited 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.**