

Axis Short Duration Fund

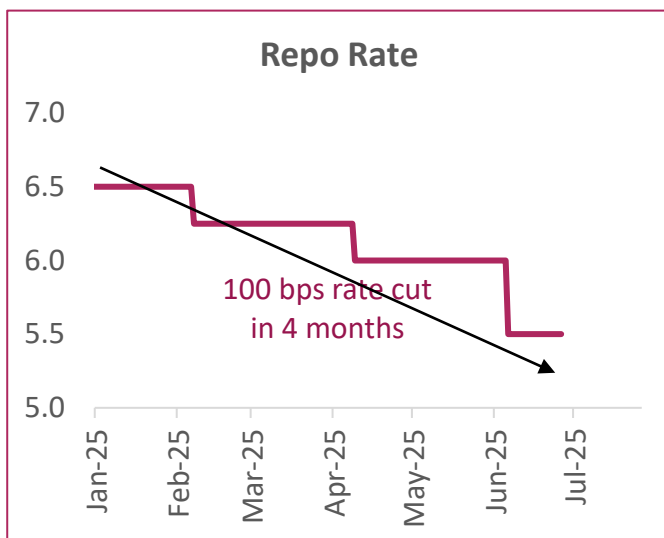
(An open ended short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 1 year to 3 years. A relatively high interest rate risk and moderate credit risk)

Fixed Income Market Update

Lower for Longer and Barbell

Front Loading of rate cuts & easing financial condition - Liquidity Infusion Tools and Tax Relief (Jan 2025)

Monitory Policy Tools



Liquidity Tool	Amount (INR Trillion)
VRR - 49 / 56 days	2
OMO Purchases	5
FX buy sell Swap – USD 25 BN	3.15
CRR Cut	2.5
Total Liquidity Support	12.65

Credit Impulse

- Monetary and fiscal tools **stimulating the economy through credit impulse**
- **Easing regulatory stance** - reversal of higher risk-weights for NBFCs/microfinance, diversification of funding sources, and lifting restrictions after corrective actions.

Fiscal Tools

	Impact on GDP
GST Reforms	+ 0.3–0.4%
Trade Policies	+ 0.2–0.3%

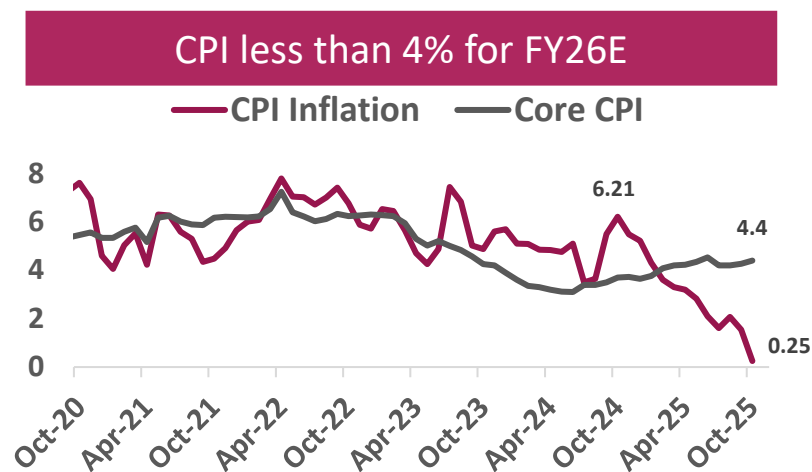
GST reforms expected to **lower Inflation by 50-70 bps**

Eyes on **Pay Commission** next year

Fiscal tools like **GST reforms and trade policies** will boost growth. Focus will also be on **Pay Commission** implementation.

Way Forward for Bond Markets

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



GDP for FY26E to remain below 6.5%

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

Category Of Investor	Total Demand for GSec + SDL	% of Long Bond Holding / Allocation	Demand for Long bonds (CG+SDL)- 10 year & above
Insurance Companies	5,50,000	60%	3,30,000
Provident Funds	3,80,000	90%	3,42,000
Pension Funds	2,00,000	55%	1,10,000
			7,82,000
Maturities Rollover			3,00,000
Total Gross Demand			10,82,000
Total Gross Supply			11,98,000
Demand Supply Gap			1,16,000

Heightened nervousness in Bond Markets due to the **imbalance in demand and supply dynamics**.

- ➡ Strong disinflationary impulse is expected to continue in 2026 due to GST cuts
- ➡ Growth is expected to moderate (6.2–6.5%), with patchy demand recovery.



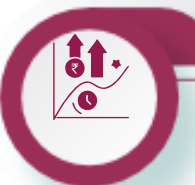
Inflation falls below 2% - Headline inflation eased to 1.54% in September vs 2.07% in August supported by a favourable base effect and continued moderation in food prices.



Looking ahead, with limited scope for further aggressive rate cuts, we expect the RBI to maintain its accommodative liquidity stance (+1% NDTL).



Uncertainty around tariffs and expectations of a softer inflation trajectory—partly due to anticipated GST rate rationalization—have created room for additional rate cut.



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

Favor Short term bonds for Accrual

A stable interest rate cycle, sustained liquidity normalization and the expected inclusion of FAR securities in the Bloomberg Global Aggregate Index are likely to result in a flatter yield curve in 2026.

Alongside this, the OMO's aimed at maintaining durable liquidity would further help bridge the gap between issuance and demand, ensuring smoother absorption of supply.

Long Bonds are now trading at neutral spreads over the 10-year benchmark G-Sec, with absolute yields in the 7.40–7.50% range and expectations of no rate hikes over the next 12 months, these instruments offer a compelling safety cushion for long term investors.

Moreover, with the curve-flattening theme gaining traction, we expect long bonds at 7.4–7.5% yields to provide meaningful protection in the current environment.

Securities	Yields (10th Nov 2025)	1 yr returns given change in Interest rates (Yields)				
		-25 bps	-15 bps	0 bps	15 bps	25 bps
30 Year Gsec	7.26	10.02	8.92	7.26	5.60	4.49
10 Year Gsec	6.49	8.06	7.43	6.49	5.54	4.91
5 Year AAA Corp	6.82	7.81	7.41	6.82	6.22	5.83
3 Year AAA Corp	6.69	7.17	6.98	6.69	6.40	6.20
2 Year AA Corp	7.53	7.78	7.68	7.53	7.38	7.28

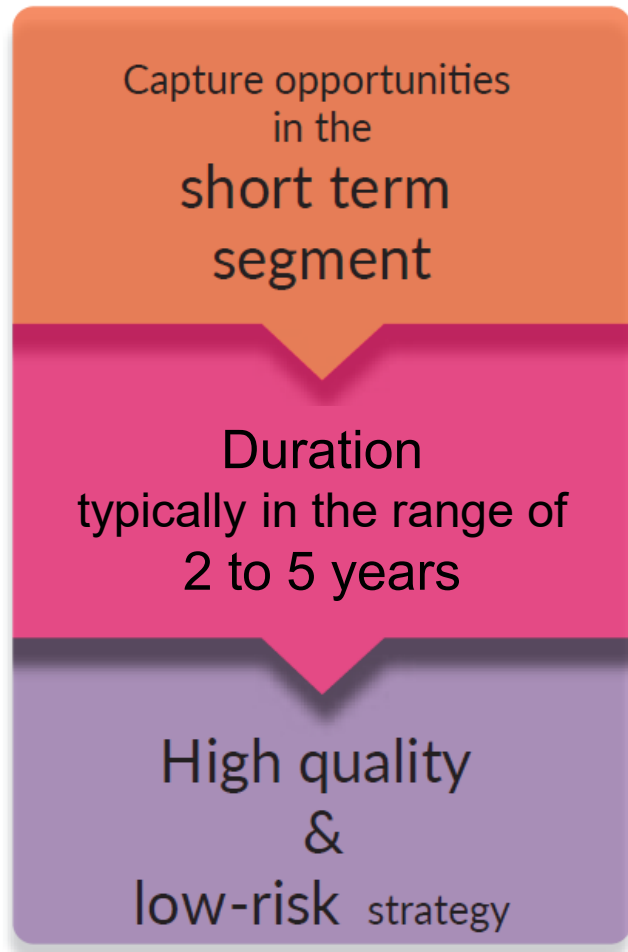
Against this backdrop, a barbell strategy—combining short-tenor bonds for accrual and long-duration bonds for tactical gains—will be the optimal approach, offering both steady accrual and potential upside. 2-year AA corporate bonds for accrual and long bonds government bonds for duration is the preferred strategy.

Axis Short Duration Fund

(An open-ended short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 1 year to 3 years. A relatively high-interest rate risk and moderate credit risk)

Axis Short Duration Fund

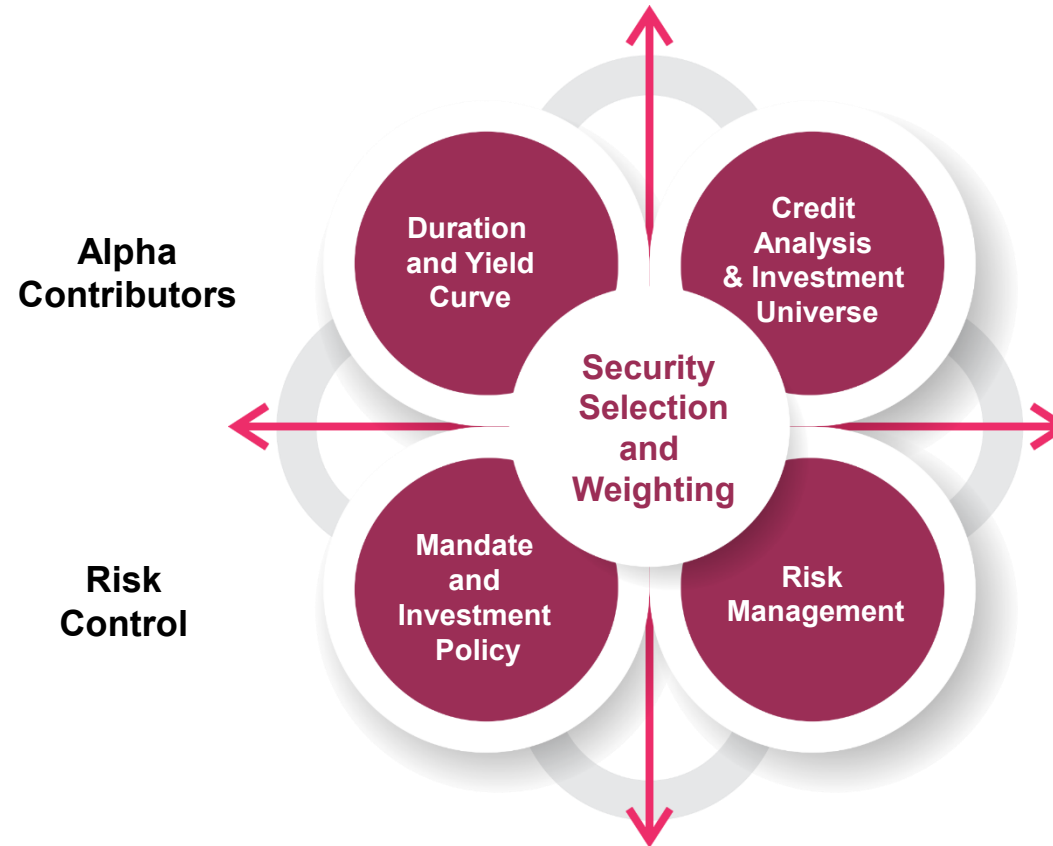
An Introduction



- The fund is a combination of short duration as well as carry that can help mitigate interest rate risk and deliver a balanced return over a long run.
- Actively managed strategy with allocation primarily to 2 - 5 years corporate bonds and G-Secs, with no restriction on maturity of individual securities.
- The fund tracks corporate bonds, government securities and money market instruments' spreads and takes an active view on the rates and liquidity to decide the allocation.
- The fund maintains a high proportion of AAA/SOV/A1+ & equivalents assets in the portfolio.
- Long term rating: Sub AAA assets (excl bank CDs) $\leq 20\%$, no exposure to below AA rated assets.

Portfolio Construction

Emphasis on Consistency



Strategy followed is based on the current market conditions and is subject to changes depending on the fund manager's view of the markets.

Decision Factors - Rates

Fundamental Analysis



- Macro variables (growth, inflation)
- Monetary policy
- Fiscal stance
- Global macro
- External sector
- Corporate performance

Valuation



- Yield curve slopes
- Real yields
- Credit spreads
- Cross country valuation

Technical Factors



- Liquidity
- Flows, domestic and FPI
- Market positioning

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Portfolio Construction

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

VALUATION



- Look at credit exposure only during favorable valuation scenario

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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Fund Positioning

31st October 2025

Duration in
the range of
1 to 3 years

High quality & moderate-risk
strategy

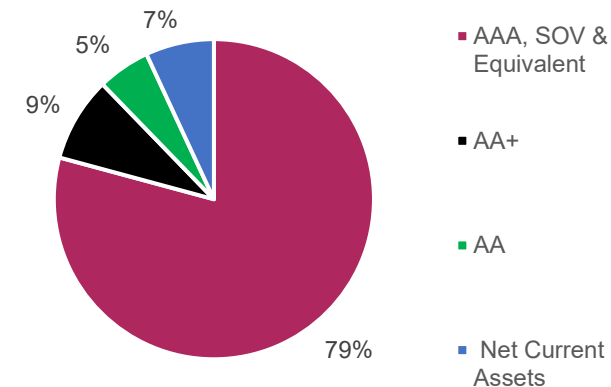
Capture opportunities in the
short-term segment

Medium term horizon

Portfolio Characteristics

Average Maturity	2.74 years
Macaulay Duration	2.34 years
Modified Duration	2.22 years
Yield to Maturity [^]	6.88%

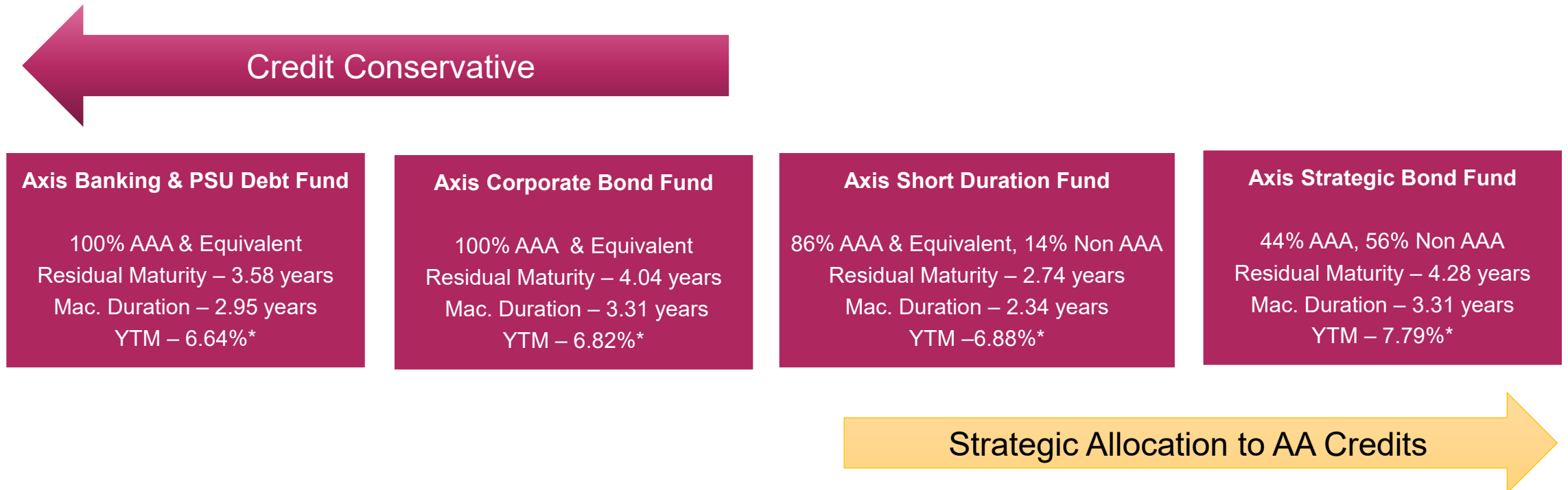
Rating Profile



Data As on 31st October 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. [^]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.

Product Offerings

Fund Positioning



Current Portfolio Allocation/Positioning is based on the prevailing market conditions and is subject to changes depending on the fund manager's view of the fixed income markets without any notice to investors. Please refer SID of respective schemes for detailed investment strategies. *The yield to maturity and Macaulay duration given above is based on the portfolio of funds As on 31st October 2025. This should not be taken as an indication of the returns that may be generated by the fund and the securities bought by the fund may or may not be held till their respective maturities.

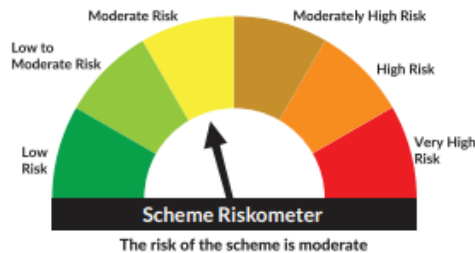
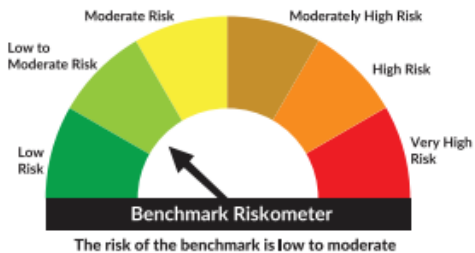
Performance

31st October 2025


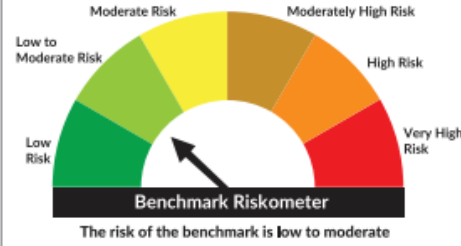
		1 Year		3 Year		5 Year		Since Inception	
	Inception	CAGR (%)	Current Value of investment of Rs. 10,000	CAGR (%)	Current Value of investment of Rs.10,000	CAGR (%)	Current Value of investment of Rs. 10,000	CAGR (%)	Current Value of investment of Rs. 10,000
Axis Short Duration Fund - Regular Plan – Growth		8.58%	10,858	7.77%	12,518	6.04%	13,413	7.58%	31,667
NIFTY Short Duration Debt Index A-II (Benchmark)	22-Jan-10	7.61%	10,761	7.53%	12,437	5.87%	13,309	7.50%	31,317
NIFTY 10 yr Benchmark G-Sec (Additional Benchmark)		8.27%	10,827	8.82%	12,888	5.28%	12,940	6.44%	26,782

Past performance may or may not be sustained in future. Since inception (22 January 2010). Different plans have different expense structure. Devang Shah is managing the scheme since 5th November 2012 and he manages 21 schemes of Axis Mutual Fund & Aditya Pagaria is managing the scheme since 03rd July 2023 and he manages 22 schemes of Axis Mutual Fund. Returns greater than 1 year are Compounded Annual Growth Rates (CAGR). Face Value per unit is Rs 10. Please click on link https://www.axismf.com/cms/sites/default/files/Statutory/WDP_Annexure_Oct.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 Short Duration Fund</p> <p>(An open ended short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 1 year to 3 years. A relatively high interest rate risk and moderate credit risk)</p> <p>Benchmark: NIFTY Short Duration Debt Index A-II</p>	<p>This product is suitable for investors who are seeking*</p> <ul style="list-style-type: none">Regular income while maintaining liquidity over short term.Investment in 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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<p>Axis Banking & PSU Debt Fund</p> <p>(An Open Ended Debt Scheme Predominantly Investing In Debt Instruments Of Banks, Public Sector Undertakings & Public Financial Institutions. A relatively high interest rate risk and moderate credit risk.)</p> <p>Benchmark: Nifty Banking & PSU Debt Index A-II</p>	<p>This product is suitable for investors who are seeking*</p> <ul style="list-style-type: none">Regular income over short to medium term.Investment in debt and money market instruments issued by Banks, PFIs & PSUs. <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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<p>Axis Corporate Bond Fund</p> <p>(An Open Ended Debt Scheme Predominantly Investing In AA+ And Above Rated Corporate Bonds. A relatively high interest rate risk and moderate credit risk)</p> <p>Benchmark: NIFTY Corporate Bond Index A-II</p>	<p>This product is suitable for investors who are seeking*</p> <ul style="list-style-type: none">Regular income over short to medium termPredominantly investing in corporate debt <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 moderate</p>	 <p>Benchmark Riskometer The risk of the benchmark is moderate</p>	<table><tr><th colspan="4">Potential Risk Class</th></tr><tr><td>Credit Risk →</td><td rowspan="2">Relatively Low (Class A)</td><td rowspan="2">Moderate (Class B)</td><td rowspan="2">Relatively High (Class C)</td></tr><tr><td>Interest Rate Risk ↓</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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<p>Axis Strategic Bond Fund</p> <p>(An open ended medium term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 years to 4 years. A relatively high interest rate risk and relatively high credit risk.)</p> <p>Benchmark: NIFTY Medium Duration 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 term• Investment in diversified portfolio of debt and money market securities to generate optimal risk adjusted returns while maintaining liquidity. <p>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them</p>	 <p>The risk of the scheme is moderately high</p>	 <p>The risk of the benchmark is moderate</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 31st October 2025

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.

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

