

Axis Treasury Advantage Fund

(An open ended low duration debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 6 to 12 months. A relatively high interest rate risk and moderate credit risk)

Fixed Income Market Update

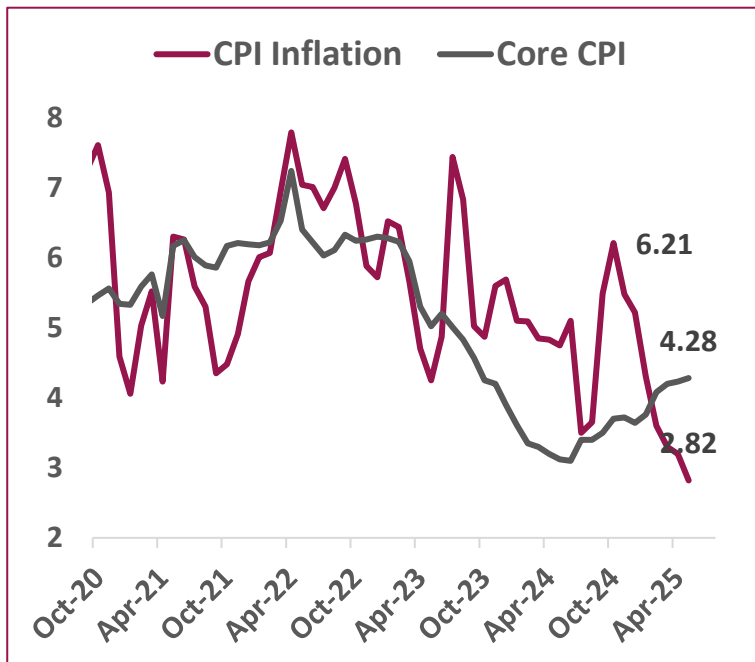
Way Forward

Local macros conducive for lower rates

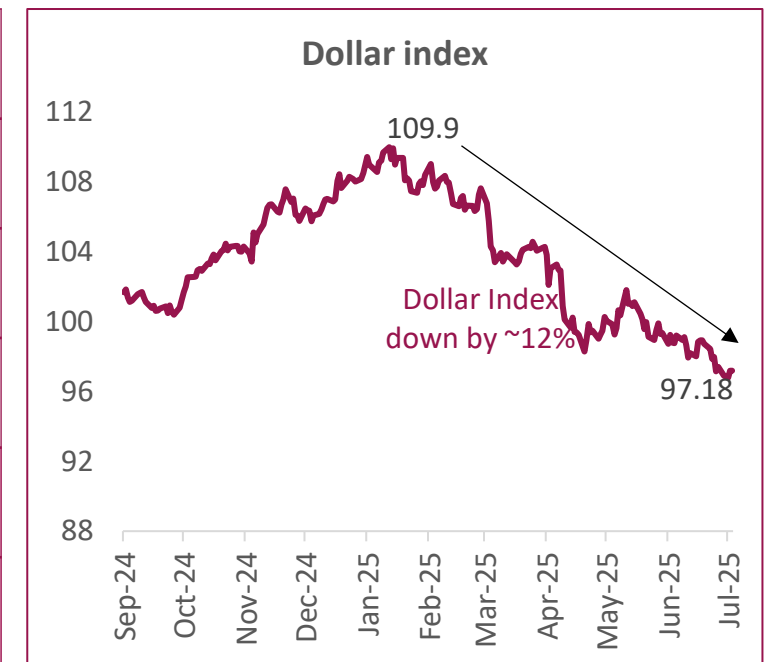
CPI less than 4% for FY26E

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**.

RBI's Liquidity Playbook

Banking system at INR 6Tn Liquidity post RBI dividend

Open Market Operations (OMOs) Purchases / FX buy sell required to maintain more than 1% NDTL Liquidity

Changes in Durable liquidity	Amt (In 000crs)
Net Durable Liquidity as of May 2025	3,20,500
M0 Creation (to Take Y-o-Y Growth to 10%)	-2,00,000
RBI Dividend (Expected in May/Jun 2025)	3,00,000
Currency In circulation Growth (May- Sept 2025)	-20,000
Increase in CRR maintenance on Deposit Growth	-50,000
FX intervention (USD 25 Bn FX swap Maturity upto 3 months)	-2,12,500
Closing Durable Liquidity as of Sept, 2025	1,38,000
Durable Liquidity as per 1% of NDTL liquidity	2,50,000
OMO purchases/ FX buy sell Swap facility required to maintain 1% NDTL liquidity	1,12,000

Post RBI dividend announcement, pace of OMOs' purchases could fall significantly; **We do not anticipate more than INR 1-1.5 trillion of OMO's until September 2025**, unless there are substantial FX outflows, which could negatively impact govt. bonds, particularly long duration govt. bonds



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

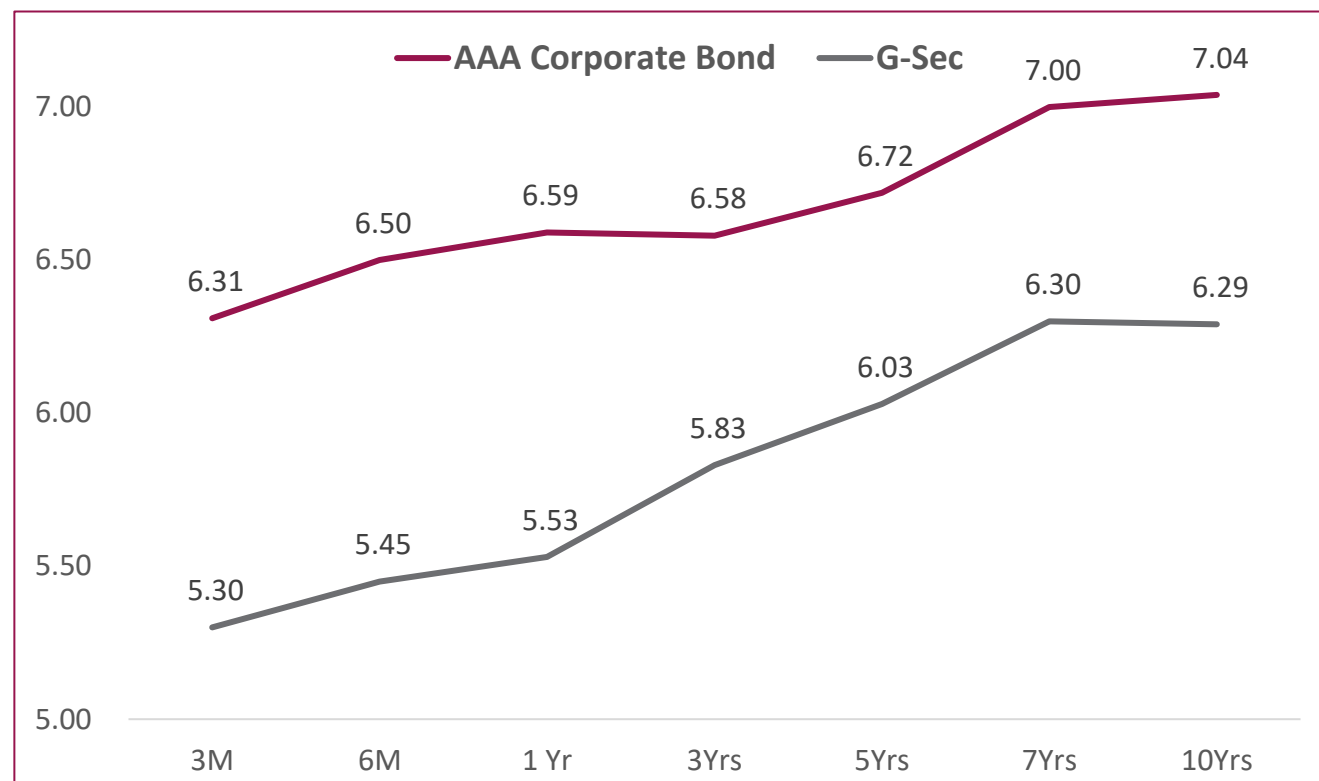
We were positive on long govt bonds throughout 2024 as demand supply dynamics for government bonds were favorable.

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



Introducing Axis Treasury Advantage Fund

(An open ended low duration debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 6 to 12 months.. A relatively high interest rate risk and moderate credit risk)

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>

Axis Treasury Advantage Fund



- The fund is well diversified with a portfolio mix of corporate bonds, certificate of deposits, commercial papers and government bonds.
- The fund will typically maintain duration in the range of 6 months to 1 year.
- Fund tracks corporate bond and Money market instruments spreads closely while making its allocations.
- The fund is likely to benefit from steepness of the rate/liquidity curve and its high accrual vs Money Market Funds.
- Long term rating: Sub AAA assets (excl. bank CDs) $\leq 20\%$, no exposure to below AA rated assets.
- The fund is ideally positioned for the current interest rate environment and has added duration to the portfolio as interest rate hike cycle has peaked.

Fund Positioning

30th June 2025

Duration in the range of 1 year

High quality & low-risk strategy

Capture opportunities in the short-term segment

Medium term horizon

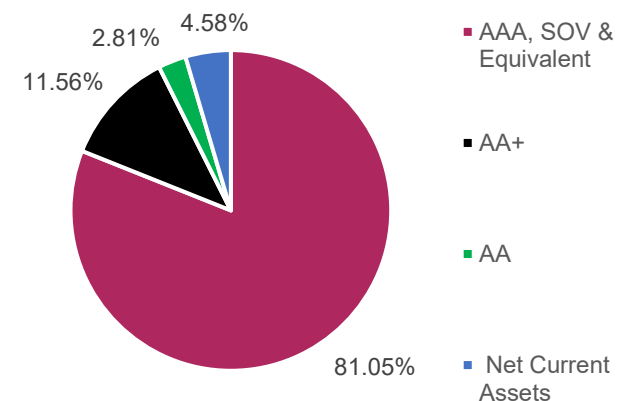
Portfolio Characteristics

Residual Maturity	422 days
Macaulay Duration	365 days
Modified Duration	344 days
Annualized Portfolio YTM [^]	6.68%

Allocation

AAA, SOV & Equivalent	81.05%
AA+/AA	14.37%
Net Current Assets	4.58%

Rating Profile



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. For additional details, refer SID/KIM on our website www.axismf.com

Performance

30th June 2025

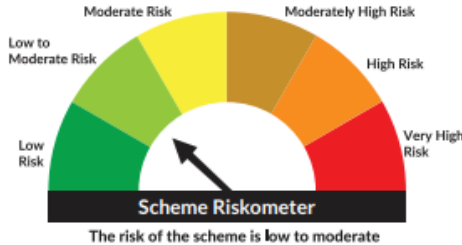
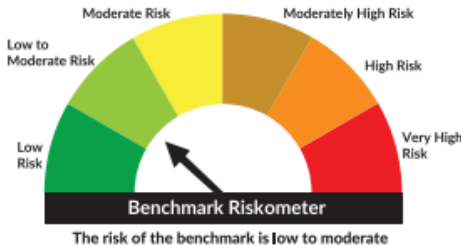
		1 Year		3 Year		5 Year		Since Inception	
		Inception	CAGR (%)	Current Value of investment of Rs. 10,000	CAGR (%)	Current Value of investment of Rs. 10,000	CAGR (%)	Current Value of investment of Rs. 10,000	CAGR (%)
Axis Treasury Advantage Fund - Regular Plan - Growth			8.21%	10,826	7.32%	12,363	5.99%	13,380	7.46%
NIFTY Low Duration Debt Index A-I (Benchmark)	9-Oct-09		7.90%	10,794	7.30%	12,357	5.76%	13,235	7.39%
NIFTY 1 Year T-Bill Index (Additional Benchmark)			7.42%	10,746	6.77%	12,173	5.48%	13,058	6.51%

Past performance may or may not be sustained in future. Different plans have different expense structure. Devang Shah is managing the scheme since 7th June 2016 and he manages 21 schemes & Aditya Pagaria is managing the scheme since 13th August 2016 and he manages 21 schemes.

Calculations are based on Regular Plan - Growth Option NAV and Direct Plan - Growth Option NAV, as applicable. Different plans have different expense structure.

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. Returns greater than 1 year are Compounded Annual Growth Rates (CAGR). Face Value per unit is Rs 1,000. 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 Treasury Advantage Fund</p> <p>(An open ended low duration debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 6 to 12 months. A relatively high interest rate risk and moderate credit risk)</p> <p>Benchmark: NIFTY Low Duration Debt Index A-I</p>	<p>This product is suitable for investors who are seeking*</p> <ul style="list-style-type: none">Regular income 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>	 <p>Scheme Riskometer The risk of the scheme is low to moderate</p>	 <p>Benchmark Riskometer The risk of the benchmark is low to 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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Statutory Details and Risk Factors



Data updated As on 30th June 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

