Axis Ultra Short Duration Fund

(An open ended ultra-short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 months and 6 months. A moderate interest rate risk and moderate credit risk)

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Way Forward

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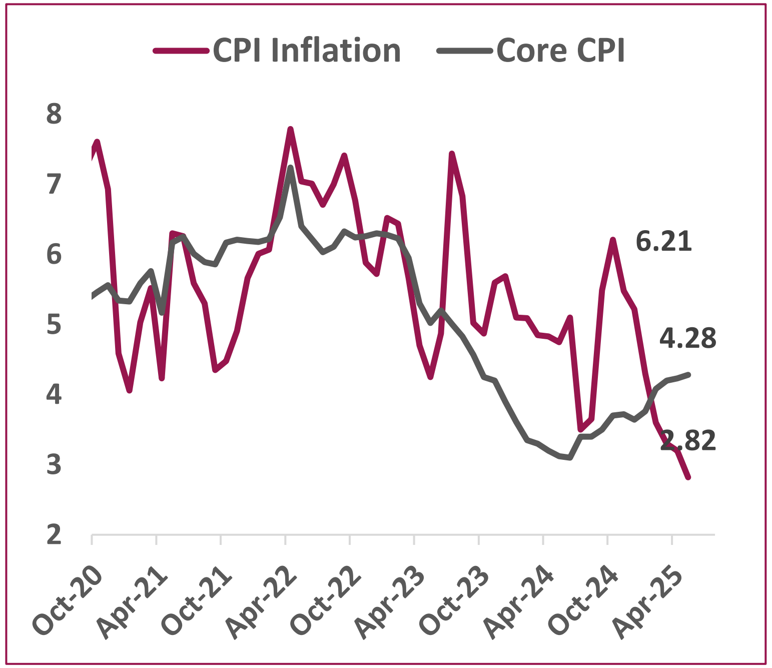
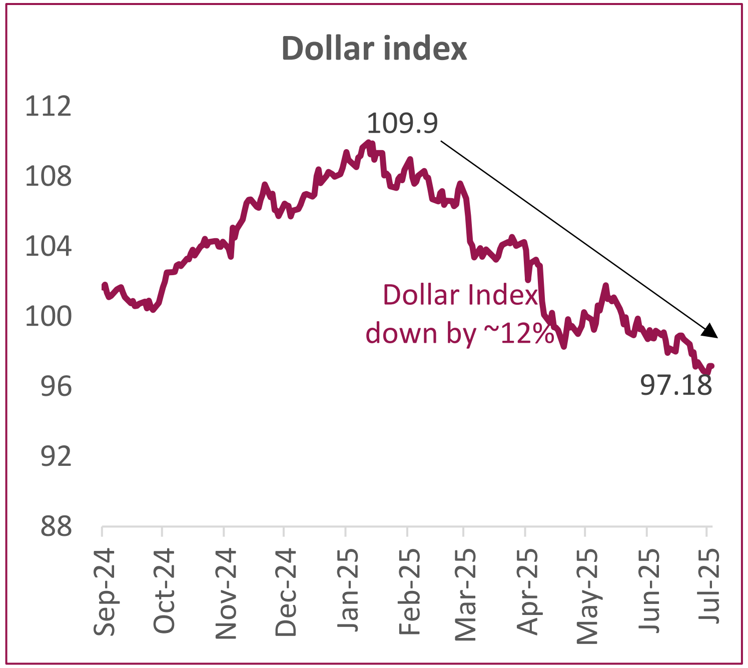
Local macros conducive for lower rates

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**.

Source: Bloomberg, RBI, Axis MF Research, data as on 30th June 2025

RBI’s Liquidity Playbook

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Banking system at INR 6Tn Liquidity post RBI dividend

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

Changes in Durable liquidity	Amt (In 000 crs)
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 Liqudity 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

Source : RBI website, Bloomberg, Internal Models

Market View

- 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

Source: Axis MF Research, Bloomberg

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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 carry 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

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Tight Duration Range

Stringent credit review

Control through diversification and strict limits on issuer weighting based on rating

Risk Mitigation Framework

Sector
- Controlled through diversification and stringent review of investable sectors;
- Regulatory limits on sector Exposure

Credit
- Focus on High Quality Issuer
- Investment universe based on credit research

Diversification
- Exposure to each issuer limited by its rating

Duration
- Strictly adhere to duration limits specified by the investment mandate & investment policy

Liquidity
- Liquidity/impact cost part of security selection/portfolio construction
- Optimize balance of credit quality, returns and liquidity

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

Fund Positioning

Differentiation from other products

Short Term

Portfolio duration between 1 year and 3 years

Low Duration

Portfolio duration between 6 months and 12 months

Liquid

Investment in securities with maturity of up to 91 days only

Ultra Short Term

Axis Ultra Short Duration Fund

Portfolio duration between 3 months and 6 months

Portfolio Positioning

Axis Ultra Short Duration Fund

DURATION

Targets an indicative portfolio duration of 3 – 6 months

QUALITY

High quality portfolio with selective Sub AAA exposure: Sub AAA assets (excl bank CDs) ≤ 30%

INVESTMENT HORIZON

Investment horizon of 3-6 months

PORTFOLIO

The fund aims for a low duration with low volatility and relatively higher carry.

Above mentioned positioning aspects of the portfolio (Current Portfolio Allocation) are based on the prevailing market conditions and are subject to changes depending on the fund manager’s view of the markets

Benefits and Suitability

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BENEFITS

BETTER CARRY	LOWERED RISK	RISK/ REWARD
Elevated short-term spreads offer higher yields at the shorter end of the curve.	High quality portfolio with selective Sub AAA exposure	Attempts to offer better risk reward opportunity over other traditional alternatives in short term space

SUITABILITY

ROBUST CASH MANAGEMENT	EFFICIENT WAY TO PARK MONEY	SUITABLE FOR STPs
Efficient cash management vehicle with limited impact from interest rate changes (due to low duration risk)	Suitable to park money for short term (3-6 months)	Can be invested for STPs in Equity Funds

Features at a glance

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Category	Ultra Short Duration Fund
Fund Manager	Sachin Jain & Hardik Shah
Exit Load	Nil
Benchmark	NIFTY Ultra Short Duration Debt Index A-I
Min. Application Amount	Rs. 5,000/- and in multiples of Rs. 1/- thereafter

*With effect from November 04, 2024, Fund Manager of the fund has been changed to Hardik Shah

Portfolio Statistics

30th June 2025

Debt Quants	
Average Maturity	179 days
Modified Duration	165 days
Macaulay Duration	175 days
Yield to Maturity (%)	6.55%

Rating Allocation	% of NAV
AAA, SOV & Equivalent	80.73%
AA+	10.61%
AA	2.17%
AA-	1.91%
Net Current Assets	4.58%

Asset Mix	% of NAV
Certificate of Deposit	36.72%
Corporate Bond	31.36%
Commercial Paper	15.05%
State Government Bond	6.93%
Pass Through Certificate	3.23%
Treasury Bill	2.13%
Net Current Assets	4.58%

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. #High Rated Papers refers to instruments which are rated AAA/A1+ & equivalent or G-sec. For all scheme related information, please refer to 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 (%)	Current Value of investment of Rs. 10,000
Axis Ultra Short Duration Fund - Regular Plan – Growth	10-Sep-18	7.19%	10,723	6.63%	12,126	5.35%	12,977	5.86%	14,741
NIFTY Ultra Short Duration Debt Index A-I (Benchmark)		7.68%	10,772	7.34%	12,369	5.87%	13,304	6.36%	15,216
NIFTY 1 Year T-Bill Index (Additional Benchmark)		7.42%	10,746	6.77%	12,173	5.48%	13,058	6.16%	15,027

Past performance may or may not be sustained in future. Since inception 10th September 2018. Different plans have different expense structure. Hardik Shah is managing the scheme since inception and he manages 18 schemes. Sachin Jain is managing the scheme since 4th September 2020 and he manages 13 schemes. Please refer return table for performance of all schemes managed by the fund manager.

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 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 period are compounded annualized (CAGR). Face Value per unit Rs. 10. 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

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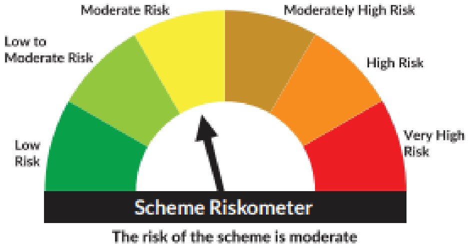
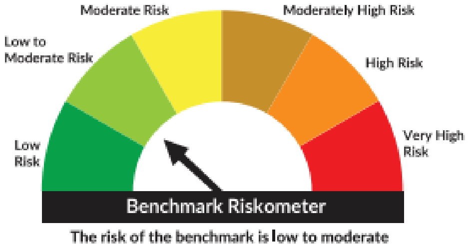
Fund Name & Benchmark	Product Labelling	Product Riskometer	Benchmark Riskometer	Potential Risk Matrix (PRC)
Axis Ultra Short Duration Fund (An open ended ultra-short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 months and 6 months. A moderate interest rate risk and moderate credit risk.) **Benchmark:** NIFTY Ultra Short Duration Debt Index A-I	This product is suitable for investors who are seeking* • Regular income over short term. • Investment in Debt and Money Market instruments such that Macaulay duration of the portfolio is between 3 months - 6 months. *Investors should consult their financial advisers if in doubt about whether the product is suitable for them			see table below

Potential Risk Class			
Credit Risk → Interest Rate Risk ↓	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Relatively Low (Class I)			
Moderate (Class II)		B-II	
Relatively High (Class III)			

Disclaimer and Risk Factors

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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

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