

Axis Income Plus Arbitrage Active FOF

(Formerly known as Axis Income Advantage Fund of Funds[#])

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

About the Fund

- The Axis Income Plus Arbitrage Active FOF allocates investments into both debt-oriented schemes and arbitrage schemes within a single fund.
- The fund is dynamically managed in terms of duration and accrual, adapting to the current market conditions and the insights of the fund manager.
- The fund invests in units of arbitrage funds with 35-50% allocation to ensure a tax-efficient optimal solution for investors with a horizon of 2 years or more.

Underlying Fund Selection Strategy

The Fund employs a top-down investment approach, conducting a comprehensive analysis of macroeconomic factors to select the fund positioning based on our duration and credit views. Factors such as the yield curve, inflation rates, GDP growth, spreads, monetary policy cycle, demand and supply of G-secs/corporate bonds and overall market liquidity determine the optimal duration for investments.

The underlying debt funds are selected based on their alignment with our macroeconomic views and strategy. Further, the assessment of the underlying debt funds includes evaluating the fund's corpus, track record of execution, consistency in performance, TER and exit load. We aim to prioritize funds from within the top 10 Debt AMCs, only considering options beyond this group if similar strategies are unavailable within the top 10.

Current Strategy

This actively managed fund primarily 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.

Due to the current favourable demand-supply dynamics and OMOs, we have had a higher bias towards government bonds in our portfolio. However, we are gradually reducing duration and building positions in the corporate bonds segment. Recently, the RBI has significantly infused liquidity into the system, amounting to approximately INR 9 lakh crore, a level last seen during the Covid period. Additionally, the RBI aims to maintain liquidity over 1% of NDTL at all times. This will drive asset demand, benefiting the 3-6 year segment. Furthermore, we believe the corporate bond segment will become more attractive due to the reduced supply of corporate bonds/CDs given the slowdown and the delay in implementing LCR guidelines.

Fund Suitability:

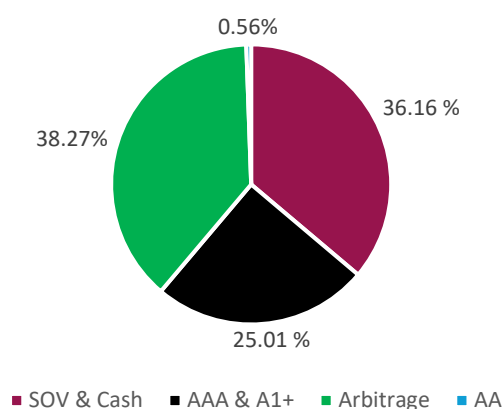
- Investors looking to benefit from debt-like stability but with efficient taxation (12.5% LTCG after 2 years)*.
- Suitable for investors with an investment horizon of 2 years or more.
- Investors seeking a multi-manager model to reduce FM bias and diversify the risk emanating from any credit events.

Portfolio Holdings as of 30th April 2025

Issuer / Instrument / Scheme Name	% of Net Assets
Axis Corporate Bond Fund	18.33%
Kotak Equity Arbitrage Fund	17.66%
Bandhan Arbitrage Fund	14.20%
Nippon India Corporate Bond Fund	10.84%
Axis Overnight Fund	10.84%
Axis Arbitrage Fund	6.41%
Axis Long Duration Fund	6.15%
Axis Ultra Short Duration Fund	3.46%
SBI Magnum Constant Maturity Fund	3.29%
Bandhan Government Securities Fund - Constant Maturity Plan	3.04%
Axis Floater Fund	1.01%
Net Current Assets	4.77%

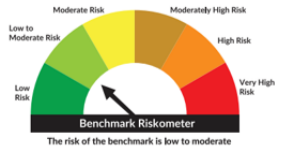
Quants for Debt Portion as of 30th April 2025

Average Maturity	4.53 years
Modified Duration	2.67 years
Mac Duration	2.70 years
YTM [^]	6.63%
Underlying Expenses	0.30%

Rating Allocation as of 30th April 2025**Key Scheme Details**

Benchmark	65% NIFTY Composite Debt Index +35% Nifty 50 Arbitrage TRI
AUM (Apr-25)	203.04 Cr.
Fund Manager (s)	Devang Shah, Hardik Shah, Anagha Darade, Karthik Kumar
Total Expense Ratio (FoFs) (08 th May 2025)	Direct – 0.05% Regular – 0.45%
Load Structure	Exit Load – Nil

Product Label

Product Label	Scheme Riskometer	Benchmark Riskometer
Axis Income Plus Arbitrage Active FOF (An open ended fund of funds scheme investing in debt oriented mutual fund schemes and arbitrage funds) Benchmark: 65% NIFTY Composite Debt Index +35% Nifty 50 Arbitrage TRI This product is suitable for investors who are seeking* • To generate optimal returns over medium term • Investment primarily in debt oriented mutual fund schemes and arbitrage funds *Investors should consult their financial advisers if in doubt about whether the product is suitable for them.	Fund  Scheme Riskometer The risk of the scheme is moderate	65% NIFTY Composite Debt Index +35% Nifty 50 Arbitrage TRI  Benchmark Riskometer The risk of the benchmark is low to moderate

Disclaimer

This note is prepared dated 09th May 2025. Source: RBI, ACE MF, AxisMF Research. Past performance may or may not be sustained in future.

#w.e.f. 09th May 2025, the name of the fund has been changed to Axis Income Plus Arbitrage Active FOF. ^Gross YTM calculation considers underlying funds’ debt quants as of Apr-end and arbitrage quants as of Mar-end for underlying funds.

*Investors are advised to check the portfolio of the scheme and consult their tax advisor to determine the taxation applicable.

Mutual Fund investments are subject to market risks, read all scheme-related documents carefully.