Axis Credit Risk Fund

(An open ended debt scheme predominantly investing in AA and below rated corporate bonds (excluding AA+ rated corporate bonds). A relatively high interest rate risk and relatively high credit risk)

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Registration Number: MF/061/09/02

For riskometer and Product Labelling, please refer slide no. 19

Fixed Income Market Update

Higher Crude Prices put a crack on macros

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Every $10/bbl rise adds ~50bps to CPI and ~27bps to the fiscal deficit; higher crude widens CAD and weakens BoP

Widening CAD

2.0–2.5%

Higher import bill widens current account deficit and pressures BoP

Fiscal Deficit Breach

+0.3–0.4%

Subsidy / excise support can push fiscal deficit above target path

Impact of Higher Crude Prices

Central macro shock transmitted across 4 channels

INR Depreciation

5–10%

Oil shock and outflows can pressure INR via external-account stress

CPI Inflation

~5.5%

Higher crude feeds into fuel, freight and broader inflation expectations

Crude below $90/bbl keeps the BoP equation manageable; a move toward $100/bbl materially widens CAD to ~2.2% of GDP and turns BoP negative.

Source: Bloomberg, Axis MF Research, data as on 20th Jul 2026

A Master Stroke from the Regulator

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Coordinated RBI and Government measures in response to widening external gap

PRESSURE ON EXTERNAL ACCOUNT

~$44Bn
Net FPI Outflow since Sep-24

~$30Bn
FY26 BoP Deficit

Crude-led CAD Pressure

External stress from FPI outflows, higher crude import bill and global allocator rotation toward developed markets.

RBI POLICY RESPONSE

$50–65Bn
FCNR(B) deposits

~$10Bn
ECB support

GOVERNMENT MEASURES

Tax neutrality

FAR expansion

Bloomberg Bond Index Inclusion

RBI and Government measures aim to pull durable debt flows back into India and cushion external-account pressure.

Policy Intervention

RBI's approach to attracting capital inflows is both timely and appropriate, and India's inclusion into Bloomberg Global Aggregate Bond Index; we expect these measures to collectively attract inflows to the tune of ~$80-100Bn

Source: Bloomberg, Axis MF Research, data as on 20th Jul 2026

RBI measures Keep Ample Banking Liquidity

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Oil remains the key trigger for any RBI liquidity absorption measures

Change in Durable Liquidity (July-Dec 2026, in INR Cr.)		
	Net Durable Liquidity as of June 2026	**500,000**
Outflows	Currency In circulation Growth (July- Dec 2026 Seasonal trend)	(100,000)
	Increase in CRR maintenance on Deposit Growth (3% on 12 Lacs Cr.)	(40,000)
	FX intervention ($40Bn FX forward Maturity up to 3 months)	(380,000)
Inflows	FCNR + ECB Deposit Mobilization (Assumed $65Bn)	617,500
	Closing Durable Liquidity as of Dec 2026	**597,500**
	Durable Liquidity required as per 1% of NDTL liquidity	250,000
	Excess Liquidity	**3,47,500**

- Policy measures to bring in foreign flows have improved the liquidity outlook
- **If oil prices remain above $90/ bbl, BoP drain can wipe out excess liquidity (around $30/35Bn)**
- **Any measures to absorb excess liquidity by RBI (OMO sales, CRR hike) likely to be contingent on inflationary risks (crude, el-nino)**

Source: Bloomberg, RBI, Axis MF Research, data as on 20th Jul 2026

Market Concerns & Volatility

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Oil and US policy risks to be key drivers of market volatility

Potential headwinds: oil risk premium ion and a hawkish Fed-led global yield volatility

OIL

Crude-led Volatility

MOU breached

- Brent moved from ~$70 to above $90 levels
- Hormuz risk premium is back

Raises inflation risk and limits room for policy easing

FED

Fed & Global Yields

Policy uncertainty

- New Fed Chair, policy pivot uncertainty and sticky inflation keep markets on edge
- US 10Y yields touched 4.62%

Higher global yields can cap FI and risk-asset rallies

Source: Bloomberg, Axis MF Internal Research; data as on 20th Jul 2026

Crude-led Volatility

Will Crude go above $100/bbl, again?

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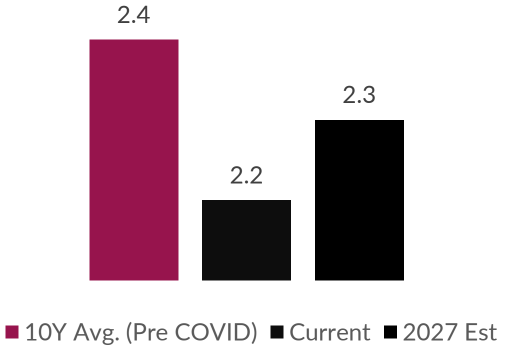
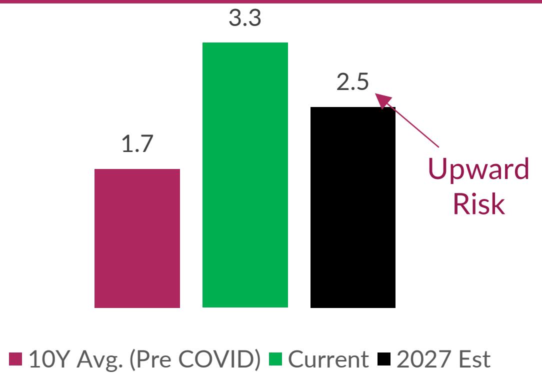
Why US can't afford a prolonged war

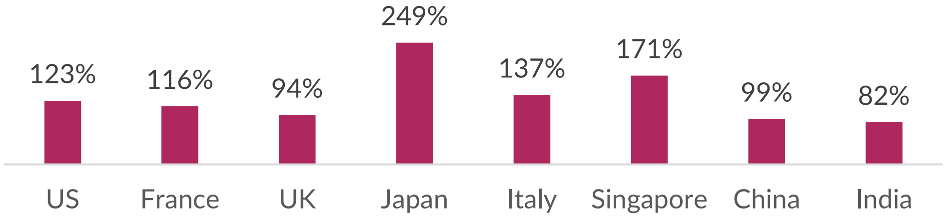
Moderating GDP growth



Inflation sticky



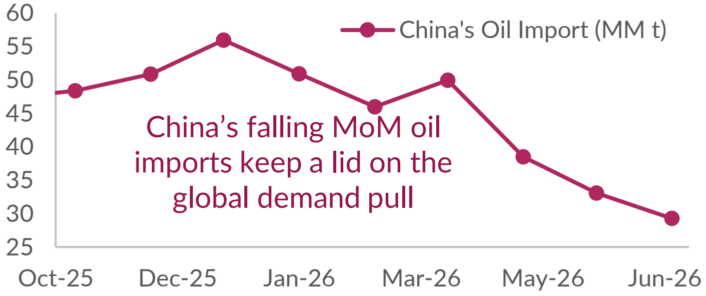
High Debt remain a concern



2026 Midterm Elections

A sustained energy-price shock is politically costly for US heading into 2026 midterms

China — A Demand Stabiliser



Supply Glut Building: Venezuela & OPEC+

- CY27 supply could outpace demand by ~5%
- Pre-war excess (~3.0) + UAE (post-OPEC exit) (+1.4) + Venezuela (+0.6)
- OPEC ramp-up adds further ~0.3%

US midterm elections, rising bond yields, slower growth, increasing debt and **expanding oil supply**—will make a sustained move above $100/bbl unlikely.

Source: Bloomberg, Reuters, Avendus Spark, Axis MF Internal Research; data as on 20th Jul 2026

Policy Uncertainty: Fed & Global Yields

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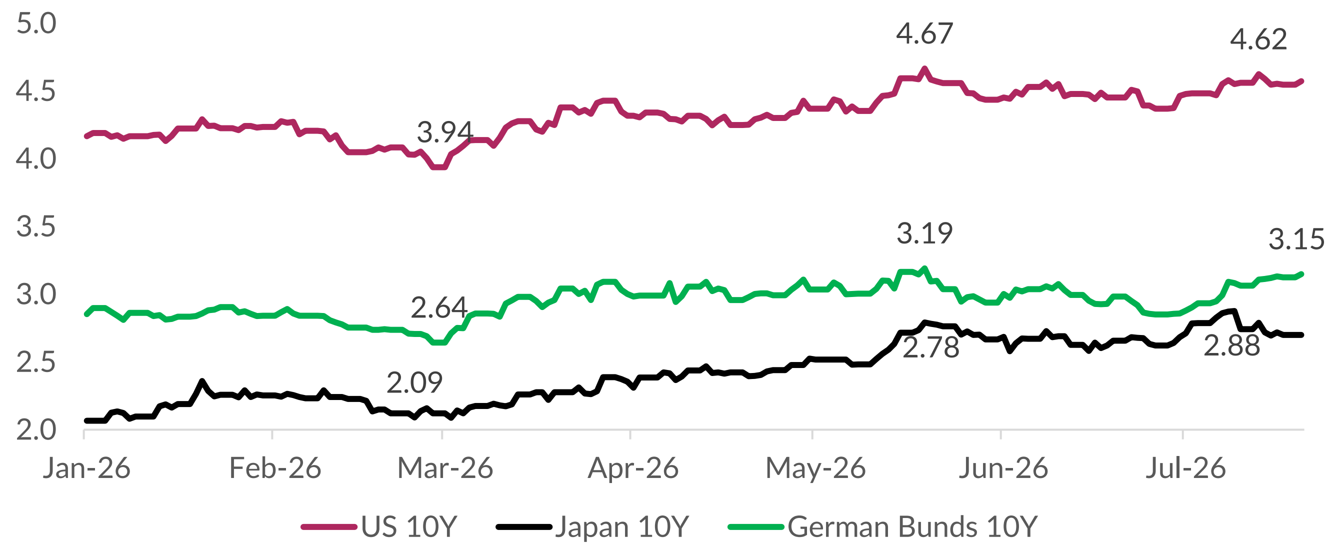
Global Rise in Bond Yields: Still a Crude Story

The next leg in global yields is likely to be driven less by growth and more by oil-linked inflation risk.

Global Benchmark Yields



Change in Global Yields (since Feb-26)

Market	Benchmark	Change
US	10Y Treasury	**~+75 bps**
Japan	10Y JGB	**~+80 bps**
Germany	10Y Bund	**~+55 bps**

What it means?

- Higher oil can delay the disinflation path
- Central banks may stay cautious on easing
- Higher discount rates cap FI and risk-asset rallies

Unless the oil shock fades quickly; global yields may remain sticky — limiting the scope for a sustained rally in bonds and broader risk assets.

Source: Bloomberg, Avendus Spark, Axis MF Internal Research; data as on 20th Jul 2026

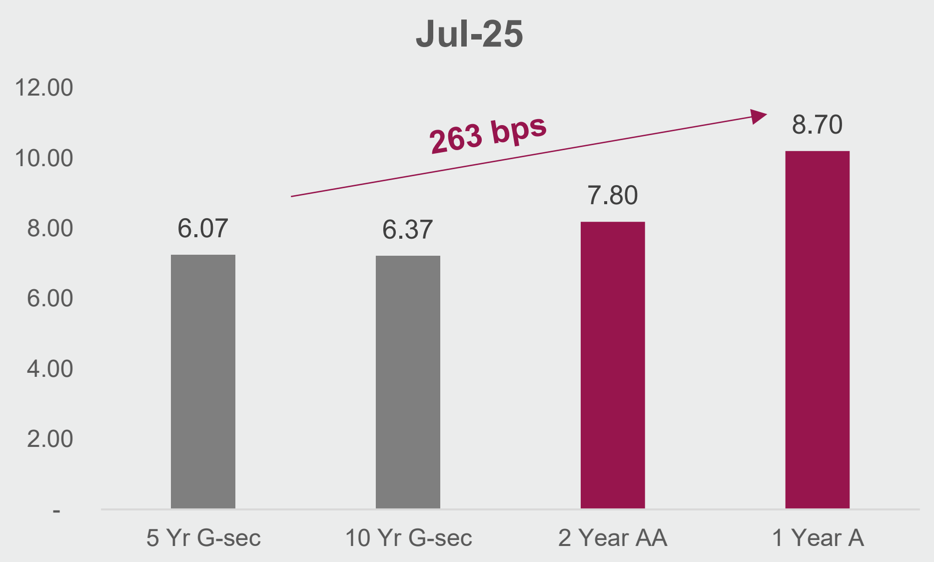
Are Credits offering an opportunity?

Low default risk & Attractive Spreads

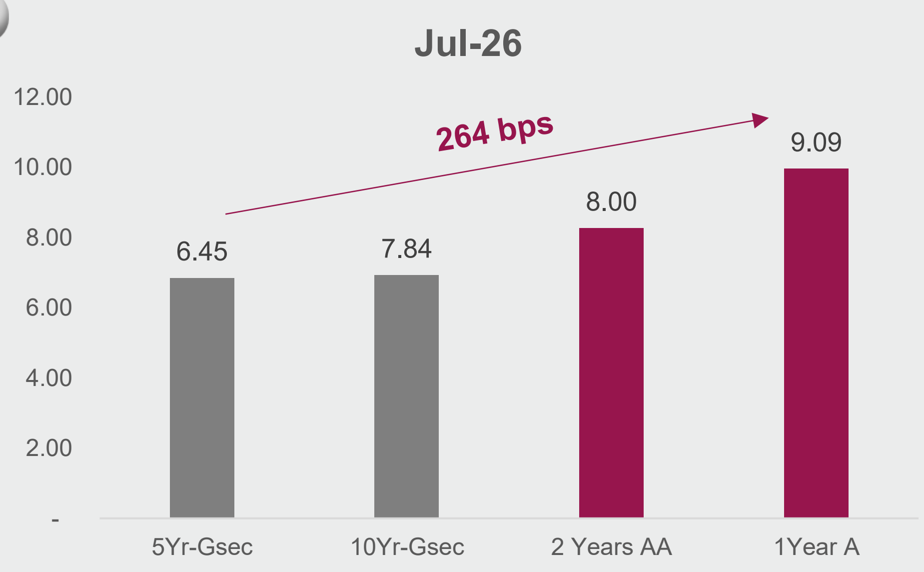
Opportunity for spread compression in 1–5-year corporate bonds

With ~264 bps of spread between a 5-Yr G-Sec and 1-Yr A rated paper, credits still offer a yield kicker to portfolios

Previous Year Spreads



Current Spreads



Data as of 31st Jul 2026. Source: Bloomberg, CRISIL. The above graph is used to explain the concept and is for illustration purpose only and should not used for development or implementation of an investment strategy. YTMs are not an indication of return.

Key Risks to our view

Potential Headwinds

- Hawkish Fed and global rise in yields
- Fiscal slippage due to lower growth
- Risks to Red Sea disruptions
- Policy Risks; Excessive Rupee depreciation

Source: Axis MF Internal Research; views as on 20th Jul 2026

Axis Credit Risk Fund

(An open ended debt scheme predominantly investing in AA and below rated corporate bonds (excluding AA+ rated corporate bonds). A relatively high interest rate risk and relatively high credit risk)

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Investment Strategy

The fund takes advantage of opportunities arising from the credit spectrum. Some of the strategies that we may follow are as follows:

- Opportunity from credit spreads between AAA and AA rated fixed income instruments
- Opportunity from migration of ratings

Our accrual strategies follow 4 main traits

- Diversification
- Self-liquidating nature of portfolios
- Buy when the spreads between AA/A and AAA are attractive from risk reward perspective
- Buy & Hold approach

Investing in Credits

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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

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

Approach to ‘Credits’

We follow a clearly defined process targeting Risk

Well researched credit universse

- Based on Liquidity analysis, In-depth review of company financials and regular interactions with the management

Spread the exposure across sectors

- Very cautious at selecting sectors
- Diversifying the exposure to manage potential risk

Lower maturity credits

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

Exposure Limits

- Strict internal limits at issuer level and rating level

Axis Credit Risk Fund

Portfolio Construct

- An open-ended debt scheme predominantly investing in AA and below rated corporate bonds (excluding AA+ rated corporate bonds)
- Positioned in short to medium term space. Typical maturity range of 2-4 years
- Core book (>70%) in corporate debt instruments while 20-30% is managed dynamically based on market conditions
- Aims to capture higher yields / spread compression in 3-5 year corporate bonds

Strategy followed is based on the current market conditions and is subject to changes depending on the fund manager's view of the markets. Please refer to Scheme Information Document (SID) for detailed asset allocation and investment strategy on our website www.axismf.com.

Risk Management

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- 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
• Controlled through diversification and stringent review of investable sectors; • Regulatory limits on sector Exposure	• Focus on High Quality Issuer • Investment universe based on credit research	• Exposure to each issuer limited by its rating	• Strictly adhere to duration limits specified by the investment mandate & investment policy	• 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.

Portfolio Granularity

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Highly Diversified Corporate Bond Portfolio With Tight Position Limits

Top 10 non-AAA exposures (31st July 2026)		
Issuer Name	**Rating**	**% of NAV**
Jubilant Bevco Limited	CRISIL AA	4.45%
Narayana Hrudayalaya Limited	ICRA AA	4.00%
Aditya Birla Digital Fashion Ventures Limited	CRISIL AA-	3.99%
Vedanta Aluminium Metal Limited	ICRA AA+	3.21%
GMR Airports Limited	CRISIL A+	2.81%
Delhi International Airport Limited	ICRA AA	2.75%
JSW Kalinga Steel Limited	CRISIL AA	2.75%
GMR Hyderabad International Airport Limited	ICRA AA+	2.75%
Bamboo Hotel And Global Centre (Delhi) Private limited	ICRA A+(CE)	2.68%
Veritas Finance Private Limited	CARE AA-	2.67%

Top 10 Non-AAA constitute ~32% of the portfolio. Total non-AAA exposure is ~67%.

Maturity Profile & Rating Transition

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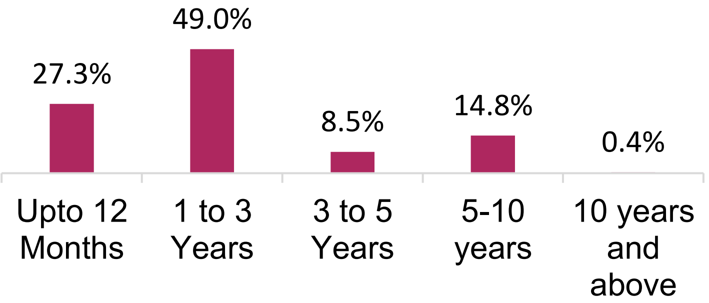
Endeavour to build Self Liquidating Credit Portfolios

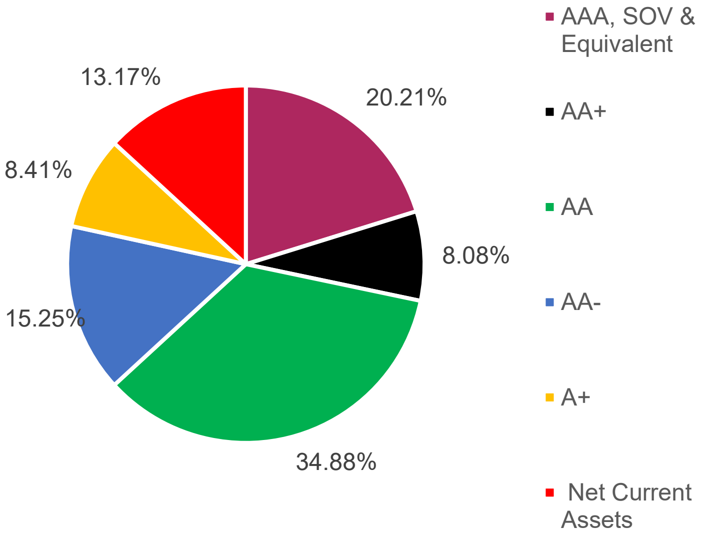
- Credit exposure is typically through short tenor instruments with frequent resets. This ensures frequent liquidity events in the portfolio
- Duration management is achieved through exposure in Sovereign/AAA Securities

Portfolio Stats	
Average Maturity	2.64 Years
Modified Duration	2.16 Years
YTM	8.17%

Maturity Mix



Rating Profile



Strategy followed & Target Range is based on the current market conditions and is subject to changes depending on the fund manager’s view of the markets. AAA & Equivalent includes SOV, AAA/A1+ rated papers. Data as on 31st July 2026

Performance

31st July 2026

		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 Credit Risk Fund - Regular Plan - Growth	15-Jul-14	7.87%	10,787	8.04%	12,615	6.89%	13,961	7.26%	23,281
CRISIL Credit Risk Debt B-II Index (Benchmark)		7.13%	10,713	8.03%	12,610	7.27%	14,212	8.33%	26,228
NIFTY 10 yr Benchmark G-Sec (Additional Benchmark)		2.71%	10,271	7.06%	12,274	5.50%	13,075	6.90%	22,355

Past performance may or may not be sustained in future. Since inception (15th July 2014). Different plans have different expense structure. Devang Shah is managing the scheme since 15th July 2014, and he manages 23 schemes of Axis Mutual Fund & Akhil Thakker is managing the scheme since 9th November 2021 and he manages 3 schemes of Axis Mutual Fund .Returns greater https://www.axismf.com/1/5/464/627/WDP_Annexure_Jul_2026.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. Source: AxisMF Research.

Product Labelling

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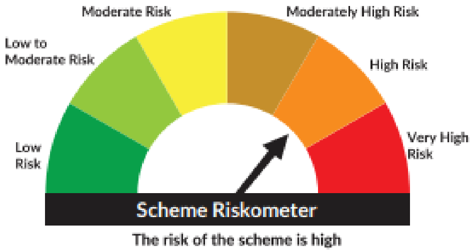
<table>
<tr><th>Fund Name & Benchmark</th><th>Product Labelling</th><th>Product Riskometer</th><th>Benchmark Riskometer</th><th>Potential Risk Matrix (PRC)</th></tr>
<tr>
<td>Axis Credit Risk Fund

(An Open Ended Debt Scheme Predominantly Investing In AA And Below Rated Corporate Bonds (Excluding AA+ Rated Corporate Bonds). A relatively high interest rate risk and relatively high credit risk))

Benchmark: CRISIL Credit Risk Debt B-II Index</td>
<td>This product is suitable for investors who are seeking*
Stable returns in the short to medium term.
Investment in debt and money market instruments across the yield curve and credit spectrum
*Investors should consult their financial advisers if in doubt about whether the product is suitable for them</td>
<td>
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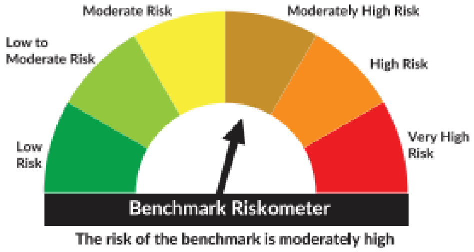
<td>
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<tr><th colspan="4">Potential Risk Class</th></tr>
<tr><td>Credit Risk →
Interest Rate Risk ↓</td><td>Relatively Low (Class A)</td><td>Moderate (Class B)</td><td>Relatively High (Class C)</td></tr>
<tr><td>Relatively Low (Class I)</td><td></td><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>
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Statutory Details and Risk Factors

Data updated As on 31st July 2026.

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.

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

Thank You

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