

Axis Dynamic Term Fund

(An open-ended dynamic debt scheme investing across duration. A relatively high-interest rate risk and moderate credit risk)

Effective 26th August 2026, the name of the fund will be changed to Axis Dynamic Term Fund.



Registration Number: MF/061/09/02

**For riskometer and Product Labelling, please refer slide no 16*

Fixed Income Market Outlook

RBI steps up support for INR

A coordinated package targets spot-dollar demand, speculative FX positioning and banking-system liquidity

MEASURES ANNOUNCED

1 PSU OMC dollar window

RBI meets the entire daily dollar requirement through designated banks from 12 Oct.

Removes US\$10–12bn of monthly demand from spot FX markets.

2 20% FERR on larger hedges

Applies to INR derivative contracts above US\$2mn where users buy FX.

Could lock up ₹400–500bn and lift hedging costs by 1–1.5%.

3 Rebooking restrictions

Cancelled INR-linked deliverable / non-deliverable contracts cannot be rebooked.

Reduces repeated positioning but also lowers hedging flexibility.

4 Lower no-underlying threshold

Threshold cut to US\$5mn from US\$100mn across dealers and exchanges.

Constrains positions not backed by genuine exposure.

5 Higher daily CRR maintenance

Daily maintenance raised to 99% from 90% from the 16 Oct fortnight.

Reduces banks' daily liquidity cushion and should align call rate closer to repo.

6 OMO sales

₹250bn announced for October, with scope for additional sales.

Withdraws durable liquidity while retaining flexibility.

EXPECTED TRANSMISSION

Policy impact map

Near-term relief, with medium-term vulnerabilities still present

SPOT FX DEMAND

US\$10–12bn

monthly demand shifted away from the spot market

DURABLE LIQUIDITY

> ₹1.5tn

potential monthly withdrawal from the system

USD–INR

97 → below 95

near-term support range described in the report

Watchpoint

Higher hedging costs may reduce importer hedging and defer some pressure to the spot market.

RBI measures ensure Ample Banking Liquidity



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 (USD 40 Bn FX forward Maturity up to 3 months)	(380,000)
	OMO supply	(125,000)
Inflows	FCNR + ECB Deposit Mobilization	12,35,000
	Closing Durable Liquidity as of Dec 2026	12,15,500
	Durable Liquidity required as per 1% of NDTL liquidity	250,000
	Excess Liquidity	13,20,500

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

Demand slightly below Net Supply

FY27E G-Sec Demand-Supply; Bloomberg inclusion remains the key positive offset to close the gap

Net Supply (Centre + State)
₹21.5 Lakh Crs

Net Demand
₹19.6 Lakh Crs

Gap
-₹1.9 Lakh Crs

Supply (₹ Lakh Crs)		Demand (FY27E)		
Component	Amount	Investor	Share	Demand
Centre Net Supply	11.7	Banks	35%	7.5
G-Sec Redemptions	4.4	Insurance Cos.	25%	5.4
Centre Gross Supply	16.1	Provident Funds	11%	2.4
State Net Supply	9.8	RBI	10%	0.0
State Redemptions	4.0	Pension Funds	5%	1.1
State Gross Supply	13.8	FPIs	2%	1.1
		Others	12%	2.1
Gross Supply (Centre + State)	29.9	Total Estimated Demand		19.6

Potential offsets
(Positives)

Risks (Negatives)

Bloomberg Inclusion

8th Pay Commission

G-Secs buying due to FCNR flows

Lower Growth & Weaker Tax Collections

Fiscal Slippage: Higher Subsidies

Macro Backdrop

Best of interest rate cycle is behind us



Rate-hike cycle beginning

The rate hike cycle has started, and we expect the RBI to raise rates by another 50-75 bps



Growth is strong

Resilient domestic activity gives the central bank room to prioritise inflation control.



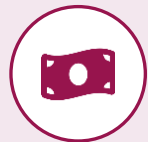
Concerns over inflation

Tailwind fading as crude, commodities and higher global food prices push prices up.



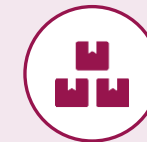
Global central banks hiking

Resilient US growth, sticky inflation and hawkish Fed expectations reinforced the higher-for-longer rates narrative



Potential fiscal slippages

Little room left to consolidate further; crude prices and pay commission adds to spending pressure.



Heavy H2 borrowing supply

H2 FY27 supply of ~Rs 8 lakh cr G-Sec and ~Rs 8 lakh cr SDL weighs on yields.

Interest Rate Outlook



+75 bps

Expected policy rate hikes over the next 6-12 months



+20-30 bps

Expected rise in absolute yields on G-Sec and corporate bonds



Flatter

Yield curve expected to flatten as the short-end reprices faster



Excess FCNR liquidity will be drained by the RBI

Over the next 2-3 months the surplus liquidity from FCNR flows is expected to be absorbed through **OMO sales** and **FX sell-buy swaps** — reinforcing the tightening bias at the short end.

Key Risks to our view



Prolonged West Asia conflict



Hawkish Fed and global rise in yields



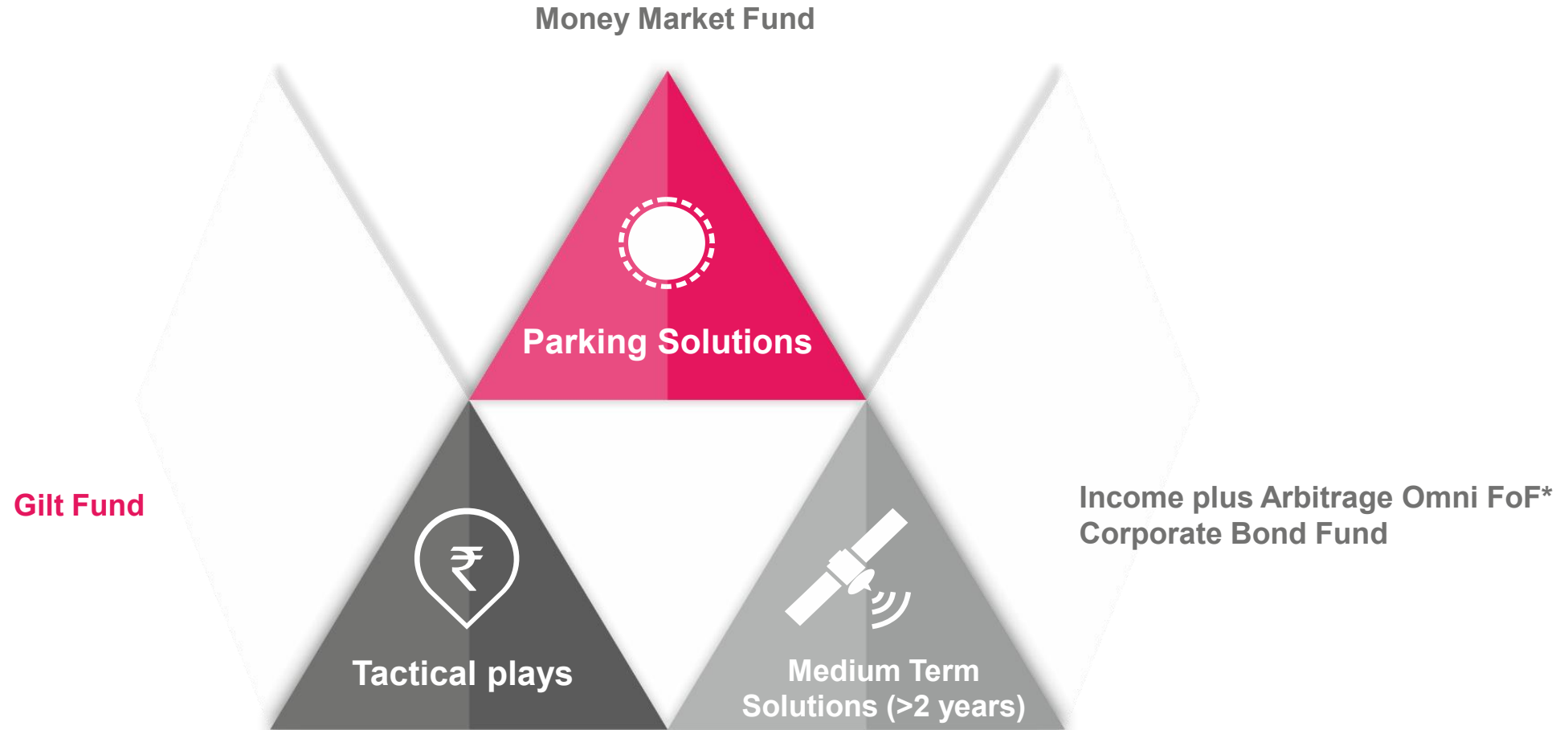
Hawkish Fed policy



Excessive Rupee depreciation

Building your Fixed Income portfolio

Adapting to structural shifts and staying ahead of the curve



Principle for better investor experience



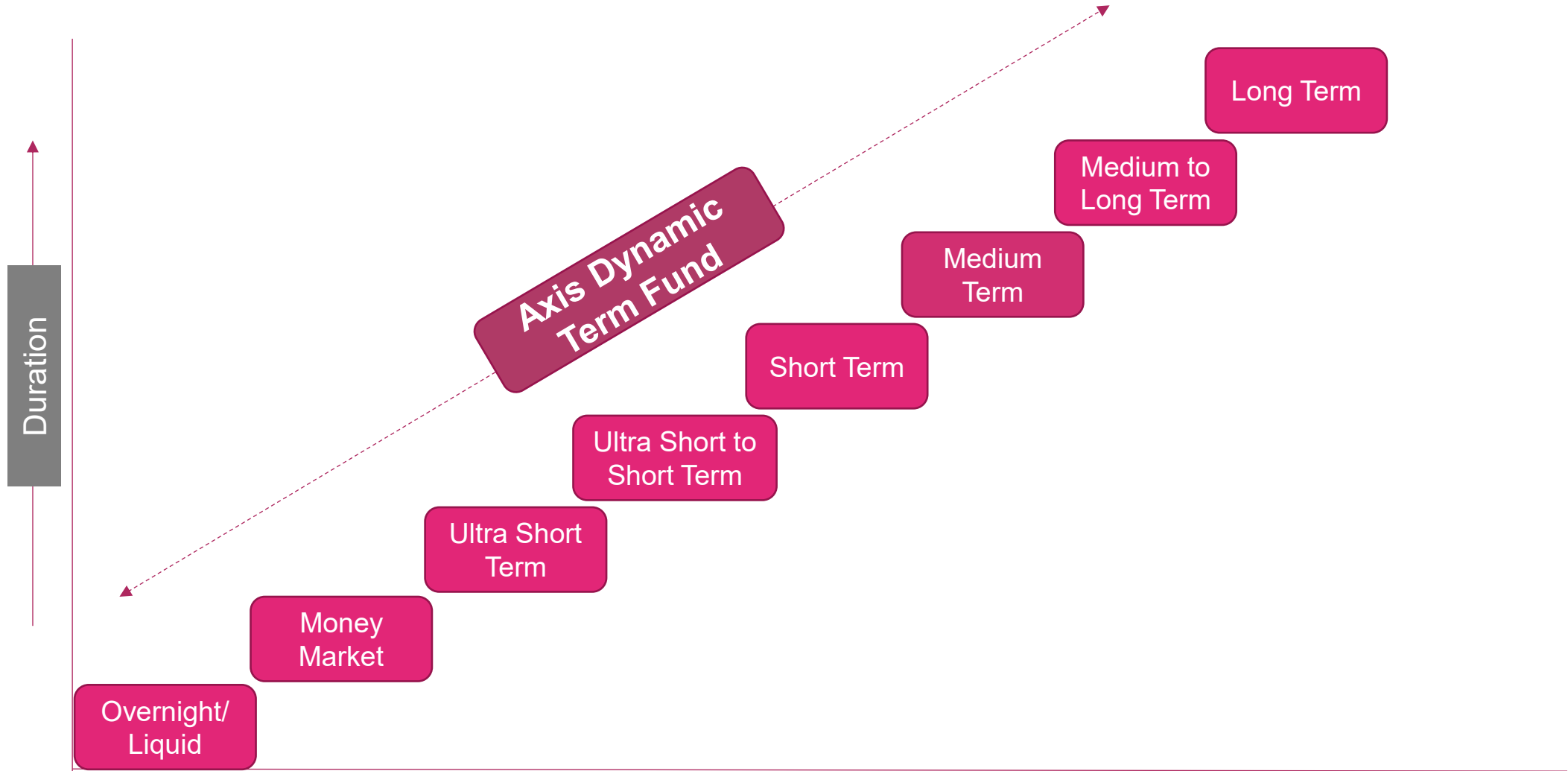
Enter at 7.50% and exit at 6.25%

CPI (4-6%) + Real Rate (100-200bps) → Repo (5.50-7%) + Term Premia (50-100 bps) → G-Secs (6.25-7.50%)



Axis Dynamic Term Fund

Unique Positioning



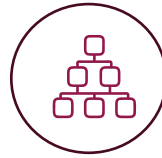
Portfolio Construct

Dynamically managed High-quality Portfolio



Duration

Duration will be actively managed in line with evolving interest rate scenario.



Individual Securities

No restriction on maturity of individual securities.



Asset Quality

Portfolio will be quality biased with 100% AAA/SOV rated assets.



Asset Allocation

Investment across Corporate Bonds, G-Secs, SDLs, etc. based on the market opportunity / spreads.

Why consider Axis Dynamic Term Fund?



An all-weather proposition
aiming to generate optimal
risk adjusted returns
across market cycles

High quality portfolio

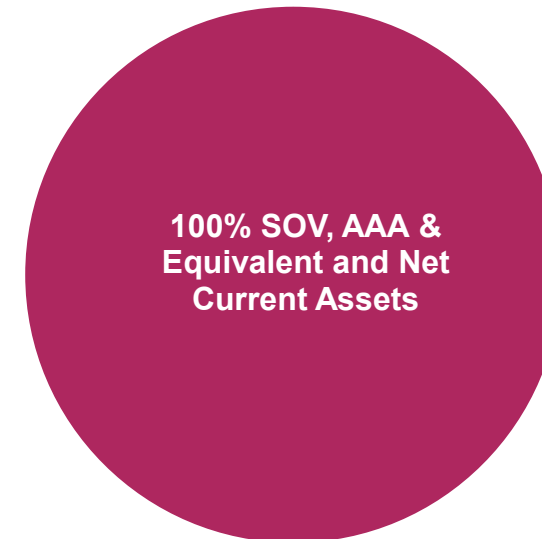
Positioned to benefit from
easing rates scenario

Investment Horizon:
3 years and beyond

Axis Dynamic Term Fund

Portfolio characteristics	As on 30 th Sept 2026
Residual Maturity	5.11 years
Modified Duration	2.79 years
Macaulay Duration	2.92 years
Annualized YTM*	6.80%

Rating Mix



Source: Axis MF Research. Data as of 30th September 2026

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.

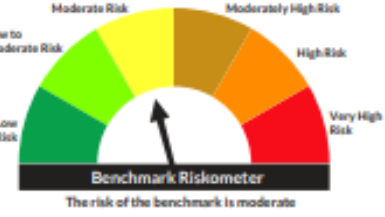
Performance

30th September 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 Dynamic Term Fund - Regular Plan – Growth		5.88%	10,588	7.05%	12,274	5.79%	13,251	7.72%	31,541
NIFTY Composite Debt Index A-III (Benchmark)	27-Apr-11	2.59%	10,259	6.25%	12,000	5.39%	13,004	7.53%	30,674
NIFTY 10 yr Benchmark G-Sec (Additional Benchmark)		1.76%	10,176	6.38%	12,044	5.05%	12,795	6.43%	26,181

Past performance may or may not be sustained in future. Since inception (27 April 2011) Different plans have different expense structure. Devang Shah is managing the scheme since 5th November 2012 and he manages 23 schemes of Axis Mutual Fund. Hardik Shah is managing the scheme since 5th April 2024 and he manages 16 schemes of Axis Mutual Fund. Please click on link https://www.axismf.com/1/5/464/627/WDP_Annexure_Sep_2026_b590564ebc.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: Axis MF Research.

Product Labelling

Fund Name & Benchmark	Product Labelling	Product Riskometer	Benchmark Riskometer	Potential Risk Matrix (PRC)																								
Axis Dynamic Term Fund (An Open-Ended Dynamic Debt Scheme Investing Across Duration. A relatively high interest rate risk and moderate credit risk..) Benchmark: NIFTY Composite Debt Index A-III	<p>This product is suitable for investors who are seeking*</p> <ul style="list-style-type: none">• Optimal Returns over medium to long term• To generate stable returns while maintaining liquidity through active management of a portfolio of 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><th>Credit Risk →</th><th>Relatively Low (Class A)</th><th>Moderate (Class B)</th><th>Relatively High (Class C)</th></tr><tr><th>Interest Rate Risk ↓</th><td></td><td></td><td></td></tr><tr><th>Relatively Low (Class I)</th><td></td><td></td><td></td></tr><tr><th>Moderate (Class II)</th><td></td><td></td><td></td></tr><tr><th>Relatively High (Class III)</th><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	
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																										

Benchmark: NIFTY Composite Debt Index A-III

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them

Disclaimer and Risk Factors



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.

This document represents the views of Axis Asset Management Co. Ltd. and must not be taken as the basis for an investment decision. Neither Axis Mutual Fund, Axis Mutual Fund Trustee Limited nor Axis Asset Management Company Limited, its Directors or associates shall be liable for any damages including lost revenue or lost profits that may arise from the use of the information contained herein. No representation or warranty is made as to the accuracy, completeness or fairness of the information and opinions contained herein. The AMC reserves the right to make modifications and alterations to this statement as may be required from time to time.

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

Thank You



AXIS ASSET MANAGEMENT