Axis Floater Fund

(An open-ended debt scheme predominantly investing in floating rate instruments. A relatively high interest rate risk and moderate credit risk)

An all-weather floating rate strategy positioned for the ongoing interest rate environment

Effective 26th August 2026, the name of the fund will be changed to Axis Floating Interest Rates Fund.

AXIS MUTUAL FUND

Registration Number: MF/061/09/02
**For riskometer and Product Labelling, please refer slide no.19*

Fixed Income Market Outlook

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

Impact of Higher Crude Prices

Central macro shock transmitted across 4 channels

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

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

RBI POLICY RESPONSE

$50–65Bn
FCNR(B) deposits

~$10Bn
ECB support

GOVERNMENT MEASURES

Tax neutrality

FAR expansion

Bloomberg Bond Index Inclusion

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

Policy Intervention

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

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

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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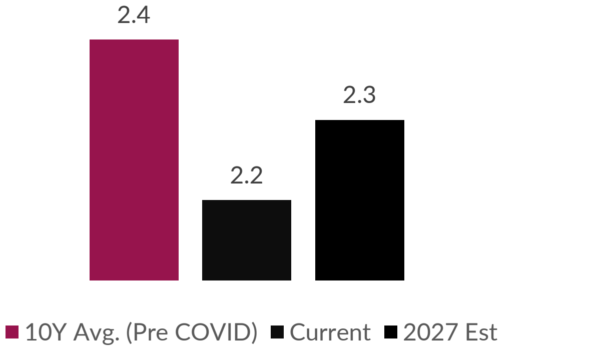
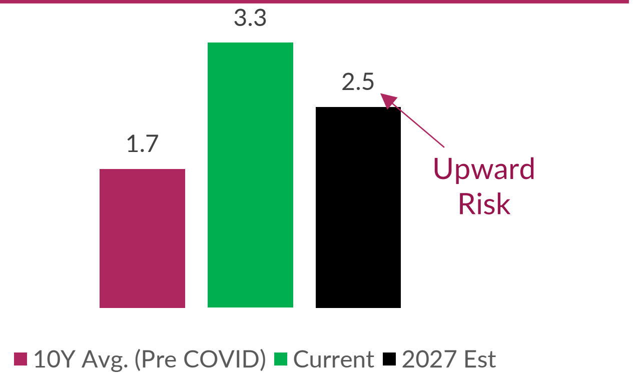
Why US can't afford a prolonged war

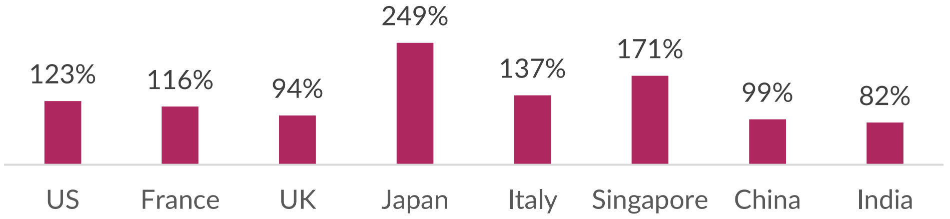
Moderating GDP growth



Inflation sticky



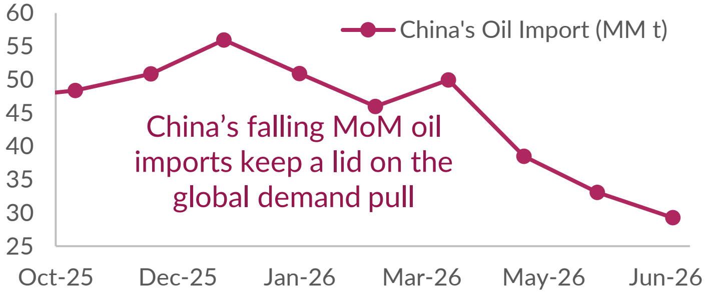
High Debt remain a concern



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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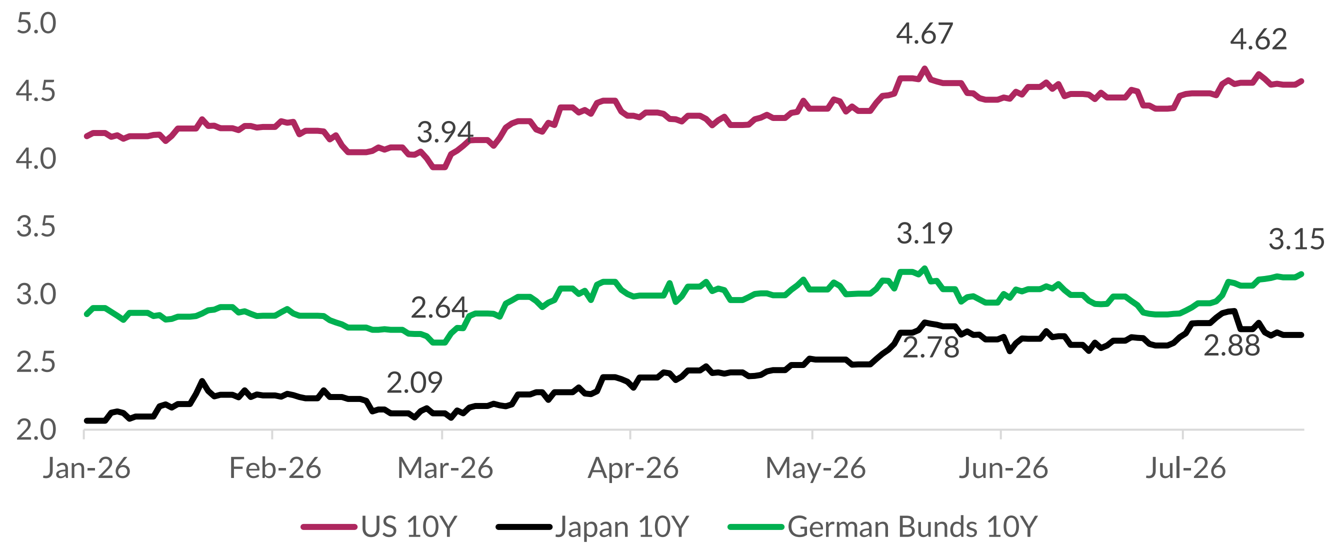
Global Rise in Bond Yields: Still a Crude Story

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

Portfolio Positioning

Overweight 3–5-year Corporate Bonds; cautious on Long Bonds

OVERWEIGHT

3–5Y Corporate Bonds & SDLs

- Lack of CD issuance
- Ample liquidity remains supportive
- Potential asset purchases can aid demand

NEUTRAL / TACTICAL

Government Securities

- (Positive) Asset Purchase due to FCNR flows
- (Negative) Deferment of Bloomberg inclusion
- (Negative) No immediate OMO purchases
- (Negative) Fiscal breach risk

AVOID / UNDERWEIGHT

Long SDLs

- High SDL supply likely to keep yields elevated
- Spread compression limited

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

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

Principle for better investor experience

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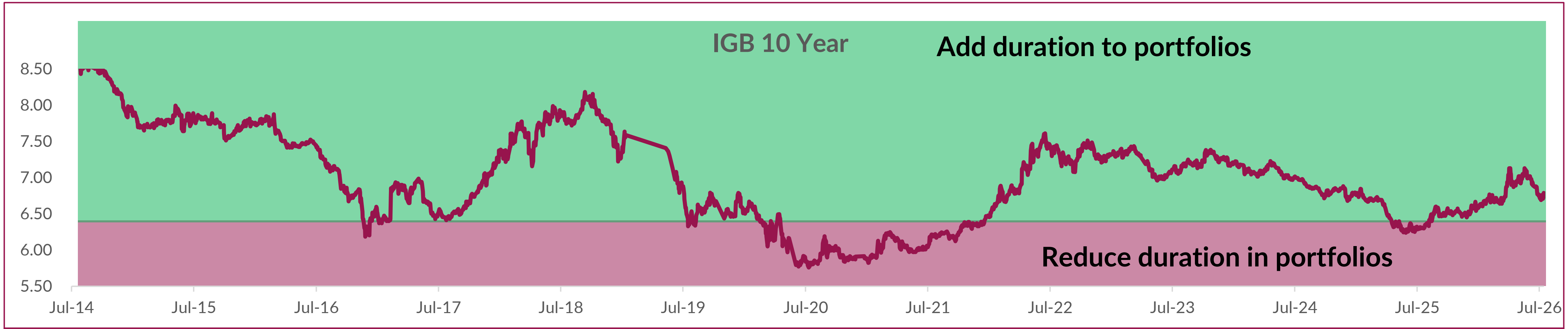
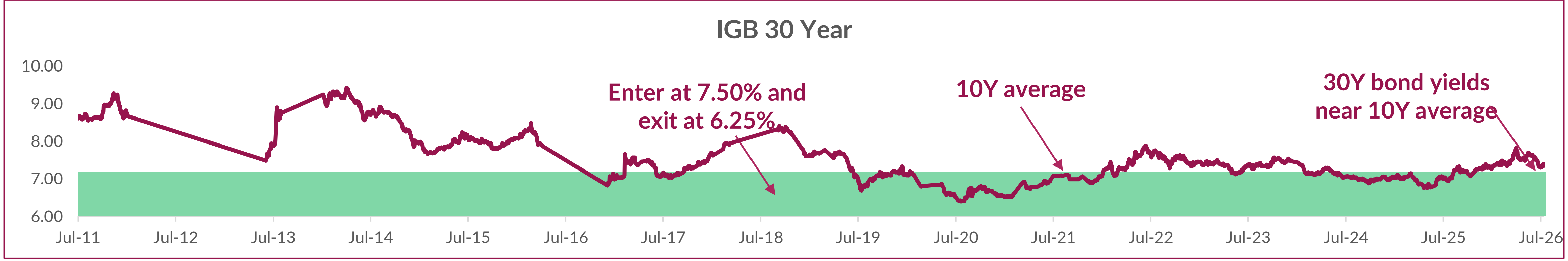
Enter at 7.50% and exit at 6.25%

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





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

Axis Floater Fund

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Introduction to floaters

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Variable rate debt instruments linked to market prices

- A floating-rate bond (FRB) offers a coupon tied to a benchmark rate like the repo or the 3month T-Bill.
- The coupon resets periodically to factor changes to the interest rate based on the movement in interest rates.
- Prices of typical fixed rate bonds have an inverse relationship with changes in interest rates - as interest rates rise, prices of bonds fall and vice versa.
- Since floater coupons adjust periodically, the prices of these bonds do not follow the same price/yield relationship.

To illustrate, consider a 3 Year AAA floating rate bond priced at 3M T-Bill +1.2%

	3M T-Bill	Effective Coupon
Year 1	4.9%	6.1%
Year 2	5.5%	6.7%
Year 3	6.5%	7.7%

Hence an FRB provides a market linked return and works well for those looking to hedge interest rate risks in a rising rate environment.

For illustrative purposes only. Floating rate bonds may experience varying degrees of correlation depending on their construct and market factors. The illustration should not be construed as investment advice.

Swaps

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How do they work?

A Swap is a derivative contract whereby the holder of a fixed rate bond can convert a fixed rate exposure into a market linked floating rate exposure thereby reducing any interest rate risk associated with the fixed rate instrument.

Let's illustrate

Fund buys a fixed rate bond with a coupon of 5.25%

Fund also contracts an investment bank to swap the bond for a floating structure

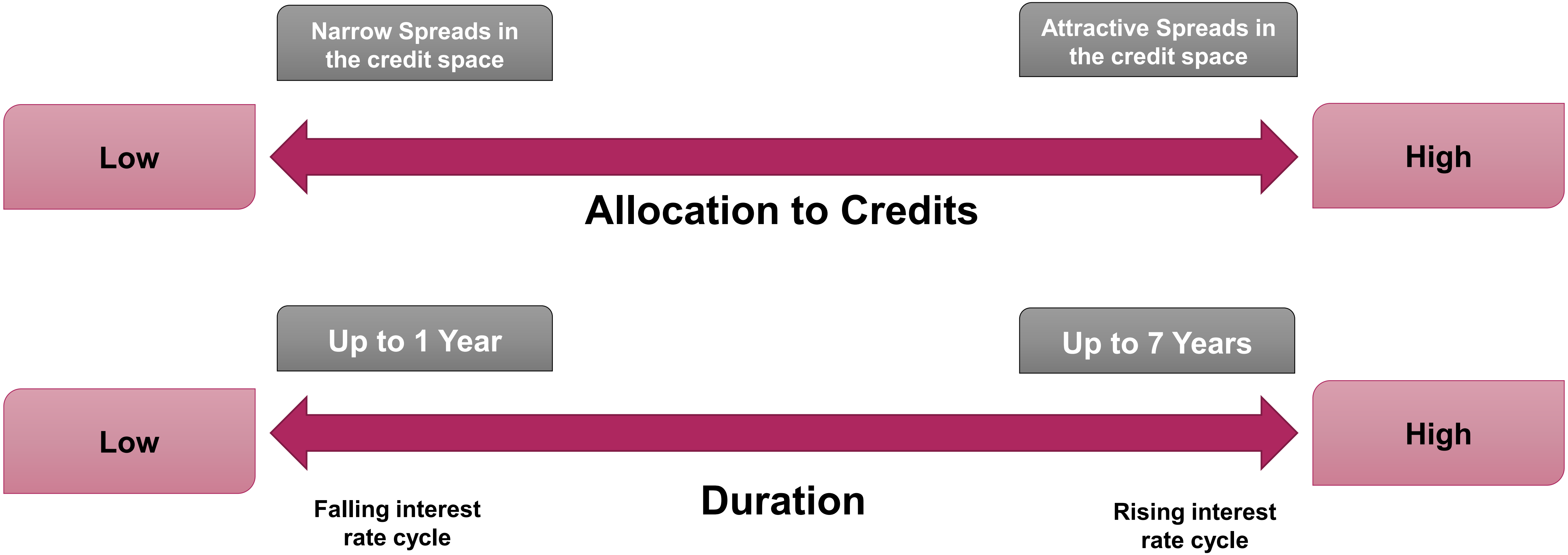
The counterparty agrees to provide a MIBOR +3% payout structure for the swap in exchange for the fixed coupon of the bond

Fixed Rate Bond → **Counterparty** → **Floating Structure**

Thus, the fund can convert its fixed rate exposure by swapping it for a floating rate structure where the counterparty will pay the fund a periodic market linked payout in exchange the fixed coupon from the fixed rate bond held by the fund.

The above is only to illustrate working of bond swaps in funds. The illustration does not take into account various aspects such as accruals, expenses, market factors, etc. MIBOR – Mumbai Interbank offered rate.

Axis Floater Fund - Strategy



Above mentioned positioning aspects of the portfolio are based on the prevailing market conditions and are subject to changes depending on the fund manager's view of the markets. Please refer to the Scheme Information Document for detailed asset allocation and investment strategy on our website www.axismf.com.

Benefits and Suitability

AXIS MUTUAL FUND

Benefits

- Axis Floater Fund has no restriction on the Macaulay duration of the fund and can therefore go to extreme ends of duration as per the ongoing interest rate environment
- As markets have priced in much of the rate hike significantly, longer duration instruments will gain more than shorter duration assets
- Attempts to offer better risk reward opportunity than other actively managed products
- Axis Floater Fund does not have an exit load and thereby gives investors the option of exiting from the fund in case of contingencies

Suitability

- Efficient solution for investors looking to stay invested for medium to long term horizon
- Investors who are looking at a dynamically managed strategy in the current interest rate environment
- Can be Ideal for those looking at a high quality portfolio as the fund aims to invest in high quality instruments with select names in the credit space
- Investors looking for a “Go-Anywhere” Fund in terms of duration, asset allocation & rating allocation

Please refer to the Scheme Information Document for detailed asset allocation and investment strategy on our website www.axismf.com

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Category

Floating Rate Fund

About the Fund

A high-quality actively managed debt strategy which endeavors to dynamically change its duration in accordance with the interest rate cycle.
The fund aims at maintaining its floating rate exposure via short term interest rate swaps.

Fund Manager

Aditya Pagaria & Hardik Shah

Fund Facts

Inception Date

29th July 2021

Benchmark

NIFTY Medium to Long Duration Debt Index A-III

Exit Load

NIL

Residual Maturity

9.53 Years

Macaulay Duration

4.85 Years

Annualized Portfolio YTM*

7.87%

Portfolio Mix

Corporate Bonds + G-Secs. Floating exposure through OIS

Source: Axis MF Internal Research. Category of Fund is as per SEBI Categorization of Mutual Funds. Data as on 31st July 2026. 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 may be generated by the fund and the securities bought by the fund may or may not be held till their respective maturities. The calculations are based on the invested corpus. *In case of semi annual YTM, it will be annualized. Current portfolio allocation, maturity & duration is based on the current market conditions and is subject to changes depending on the fund manager's view of the markets.

Performance

31st July 2026

	Inception	1 Year		3 Year		5 Year		Since 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 Floater Fund - Regular Plan – Growth	29-Jul-21	6.45%	10,645	8.08%	12,627	6.87%	13,947	6.87%	13,947
Nifty Medium to Long Duration Debt Index A-III		3.06%	10,306	6.79%	12,181	5.78%	13,249	5.78%	13,252
NIFTY 10 yr Benchmark G-Sec (Additional Benchmark)		2.71%	10,271	7.06%	12,274	5.50%	13,075	5.49%	13,071

Past performance may or may not be sustained in future. Since the scheme has not completed 5 years, 5 years performance has not been provided.

Different plans have different expense structure. Aditya Pagaria is managing the scheme since 29th July 2021 and he manages 22 schemes. Hardik Shah is managing the scheme since 31st January 2022 and he manages 16 schemes of Axis Mutual Fund. Returns greater than 1 year are Compounded Annual Growth Rates (CAGR). Face value _10 per unit. Please refer return table for performance of all schemes managed by the fund manager.

Please click on 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.
Source: AxisMF Research.

Product Labelling

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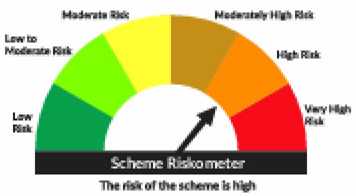
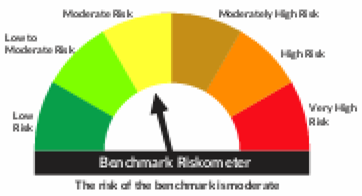
Fund Name & Benchmark	Product Labelling	Product Riskometer	Benchmark Riskometer	Potential Risk Matrix (PRC)
Axis Floater Fund (An open ended debt scheme predominantly investing in floating rate instruments. A relatively high interest rate risk and moderate credit risk.) **Benchmark:** NIFTY Medium to Long Duration Debt Index A-III	This product is suitable for investors who are seeking* • Regular income over short term investment horizon • To invest predominantly in floating rate instruments (including fixed rate instruments converted to floating rate exposures using swaps/derivatives) *Investors should consult their financial advisers if in doubt about whether the product is suitable for them			See Potential Risk Class 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)			
Relatively High (Class III)		B-III	

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.

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

Thank You

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