Axis Floating Interest Rates Fund

(An open-ended debt scheme predominantly investing in floating rate instruments (including fixed rate instruments converted to floating rate exposures using swaps/derivatives))

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

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

Registration Number: MF/061/09/02

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

AXIS MUTUAL FUND

Fixed Income Market Outlook

AXIS MUTUAL FUND

RBI steps up support for INR

AXIS MUTUAL FUND

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.

Source: Kotak Institutional Equities

RBI measures ensure Ample Banking Liquidity

AXIS MUTUAL FUND

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)**

Source: Bloomberg, RBI, Axis MF Research, data as on 15th October 2026

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)	Net Demand	Gap
₹21.5 Lakh Crs	₹19.6 Lakh Crs	-₹1.9 Lakh Crs

Supply (₹ Lakh Crs)

Component	Amount
Centre Net Supply	**11.7**
G-Sec Redemptions	4.4
Centre Gross Supply	**16.1**
State Net Supply	**9.8**
State Redemptions	4.0
State Gross Supply	**13.8**
Gross Supply (Centre + State)	**29.9**

Demand (FY27E)

Investor	Share	Demand
Banks	35%	7.5
Insurance Cos.	25%	5.4
Provident Funds	11%	2.4
RBI	10%	0.0
Pension Funds	5%	1.1
FPIs	2%	1.1
Others	12%	2.1
Total Estimated Demand		**19.6**

Potential offsets (Positives)

- Bloomberg Inclusion
- G-Secs buying due to FCNR flows

Risks (Negatives)

- 8th Pay Commission
- Lower Growth & Weaker Tax Collections
- Fiscal Slippage: Higher Subsidies

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

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.

Source: Axis MF Fixed Income house view, Sep 2026. For internal consumption only.

Interest Rate Outlook

AXIS MUTUAL FUND

+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

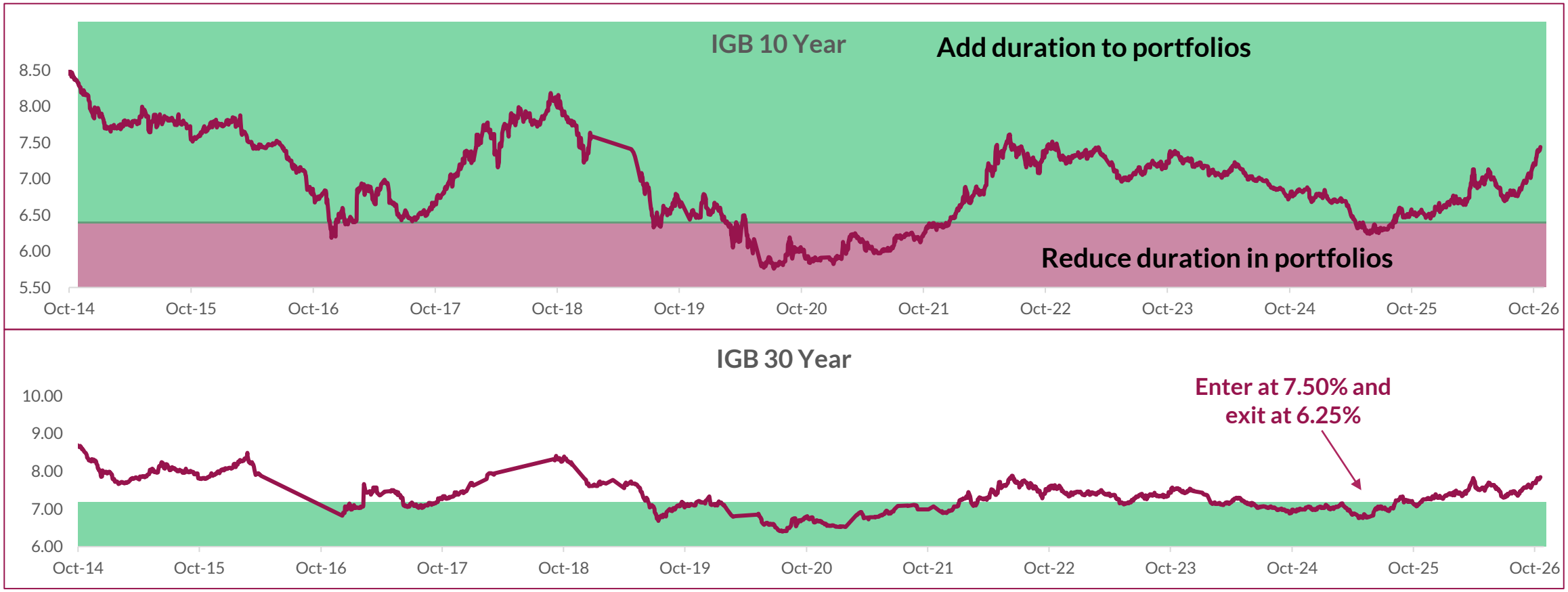
Source: Axis MF Fixed Income house view, Sep 2026. For internal consumption only.

Principle for better investor experience

AXIS MUTUAL FUND

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 21st Oct 2026

Axis Floating Interest Rates Fund

((An open-ended debt scheme predominantly investing in floating rate instruments (including fixed rate instruments converted to floating rate exposures using swaps/derivatives))

AXIS ASSET MANAGEMENT

Introduction to Floating Interest Rates

AXIS ASSET MANAGEMENT

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

How do they work?

AXIS ASSET MANAGEMENT

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%

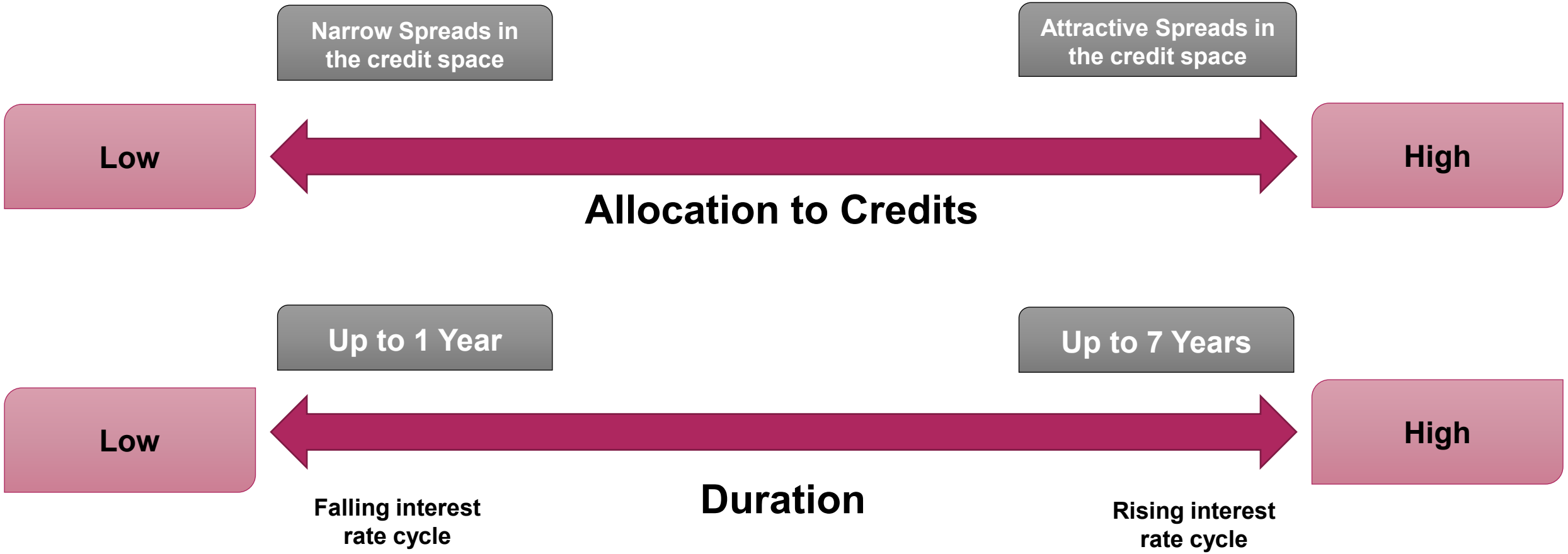
Fund also contracts an investment bank to swap the bond for a floating structure

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

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 Floating Interest Rates 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

- The 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
- The 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

Axis Floating Interest Rates Fund

(An open-ended debt scheme predominantly investing in floating rate instruments (including fixed rate instruments converted to floating rate exposures using swaps/derivatives))

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

6.53 Years

Macaulay Duration

3.32 Years

Annualized Portfolio YTM*

7.60%

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 30th September 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

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 Floating Interest Rates Fund - Regular Plan – Growth	29-Jul-21	6.67%	10,667	7.92%	12,576	6.79%	13,890	6.72%	14,003
Nifty Medium to Long Duration Debt Index A-III		1.82%	10,182	6.02%	11,922	5.14%	12,847	5.31%	13,069
NIFTY 10 yr Benchmark G-Sec (Additional Benchmark)		1.76%	10,176	6.38%	12,044	5.05%	12,795	5.06%	12,911

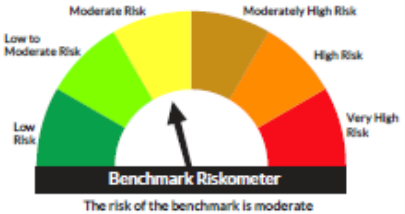
Past performance may or may not be sustained in future. Since the scheme has not completed 5 years, 5 years performance has not been provided.

Different plans have different expense structure. Aditya Pagaria is managing the scheme since 29th July 2021 and he manages 20 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_Sep_2026_b590564ebc.pdf to view the performance of other schemes currently managed by the fund manager. Source: AxisMF Research.

Product Labelling

AXIS ASSET MANAGEMENT

Fund Name & Benchmark	Product Labelling	Product Riskometer	Benchmark Riskometer	Potential Risk Matrix (PRC)
Axis Floating Interest Rates Fund (An open ended debt scheme predominantly investing in floating rate instruments(including fixed rate instruments converted to floating rate exposures using swaps/derivatives)) **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	 The risk of the scheme is moderately high	 The risk of the benchmark is moderate	

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.

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