Axis Gilt Fund

July 2026

AXIS ASSET MANAGEMENT

Registration Number: MF/061/09/02

**For riskometer and Product Labelling, please refer slide 16.*

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

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

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

Bond Market cheered RBI measures, MOU

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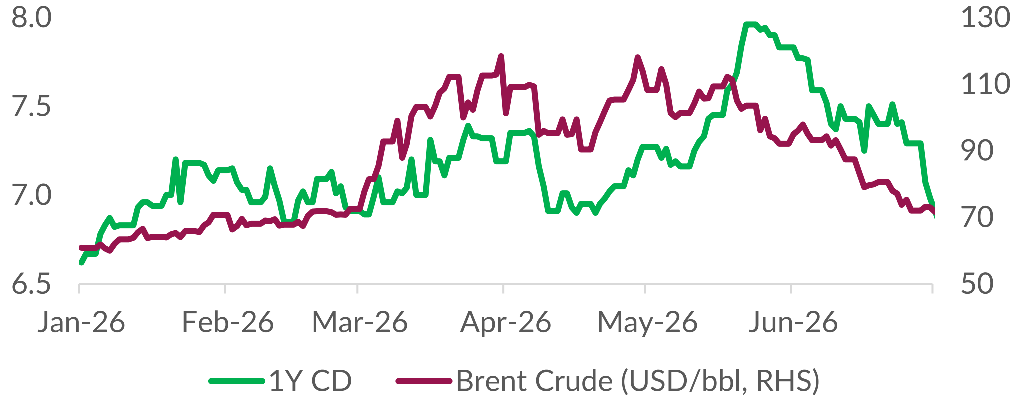
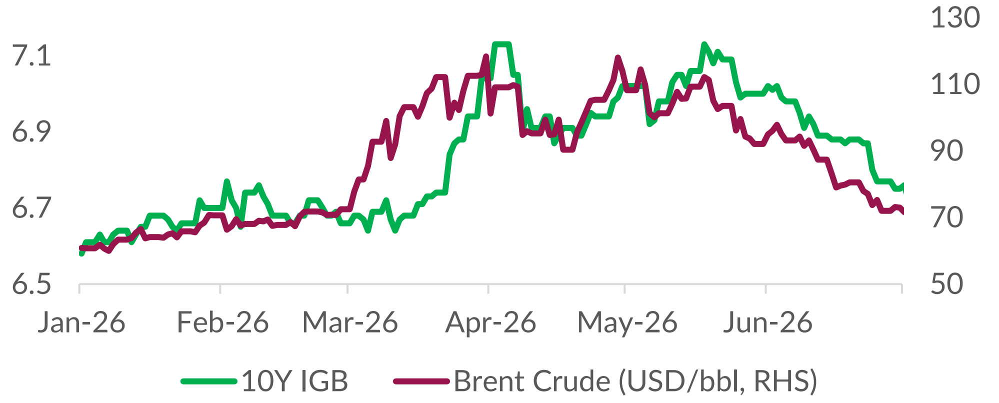
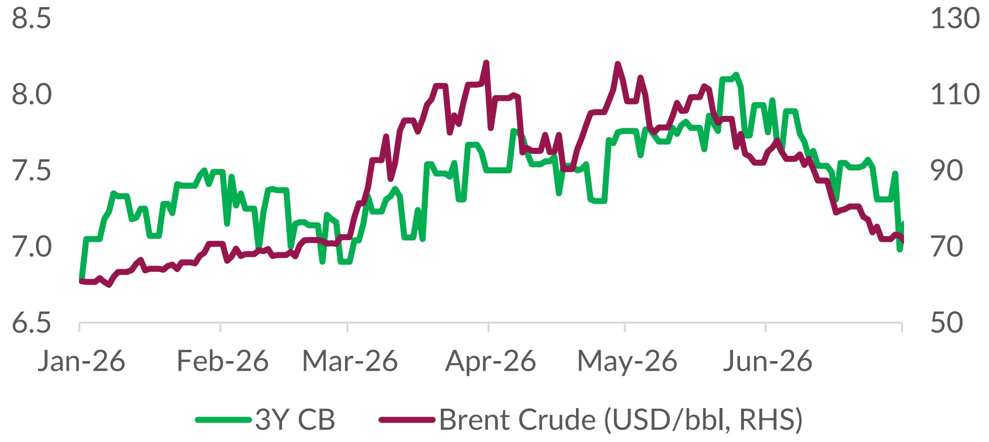
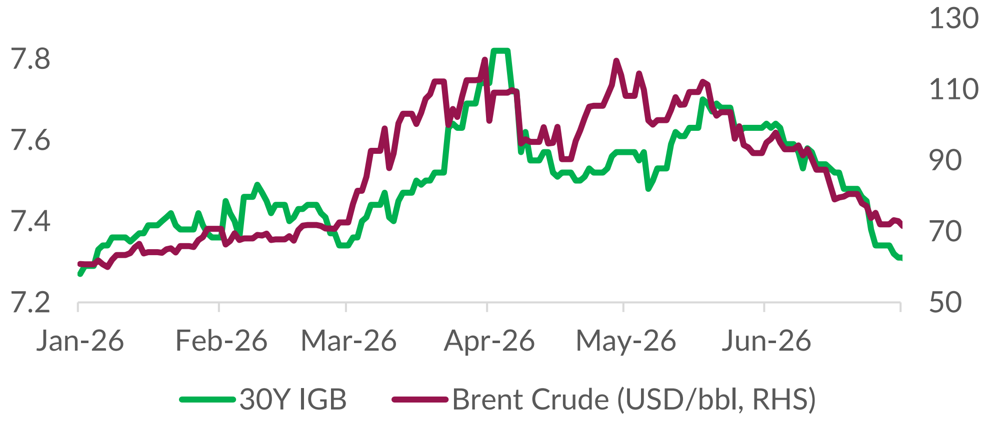
Bond yields moving in tandem with Crude prices









On 8 July, fresh tensions in the Gulf region reignite concerns over the breach of the US-Iran MOU and led to crude rising from ~$70 to $90+ levels.

Source: Bloomberg, Axis MF Internal 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

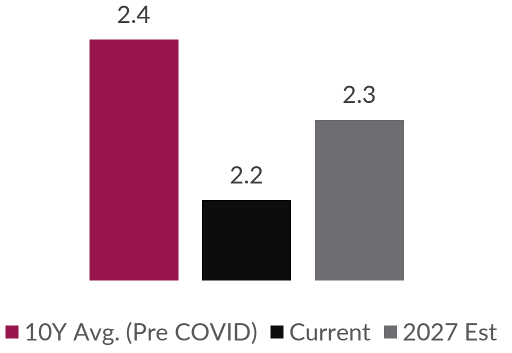
Source: Bloomberg, Axis MF Internal Research; data as on 20th Jul 2026

Crude-led Volatility

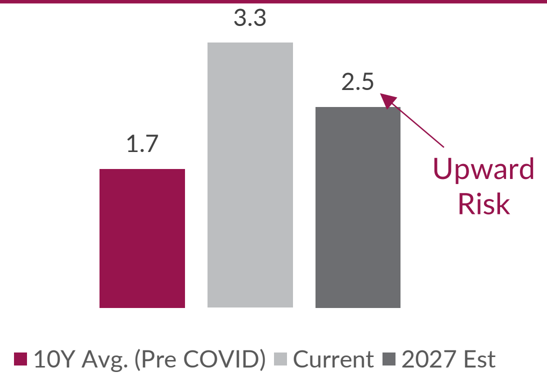
Will Crude go above $100/bbl, again?

Why US can't afford a prolonged war

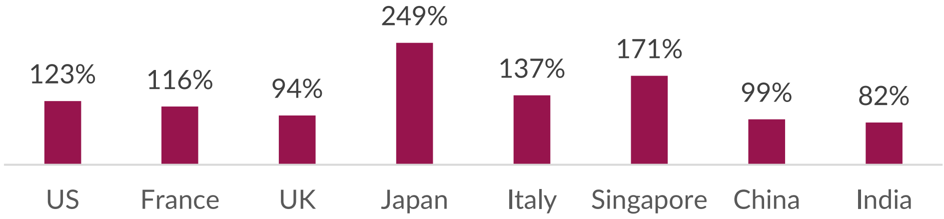
Moderating GDP growth



Inflation sticky



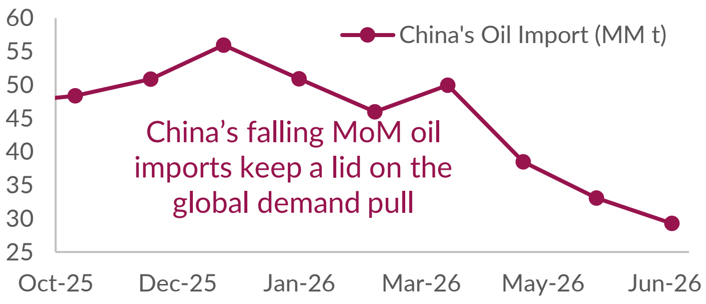
High Debt remain a concern



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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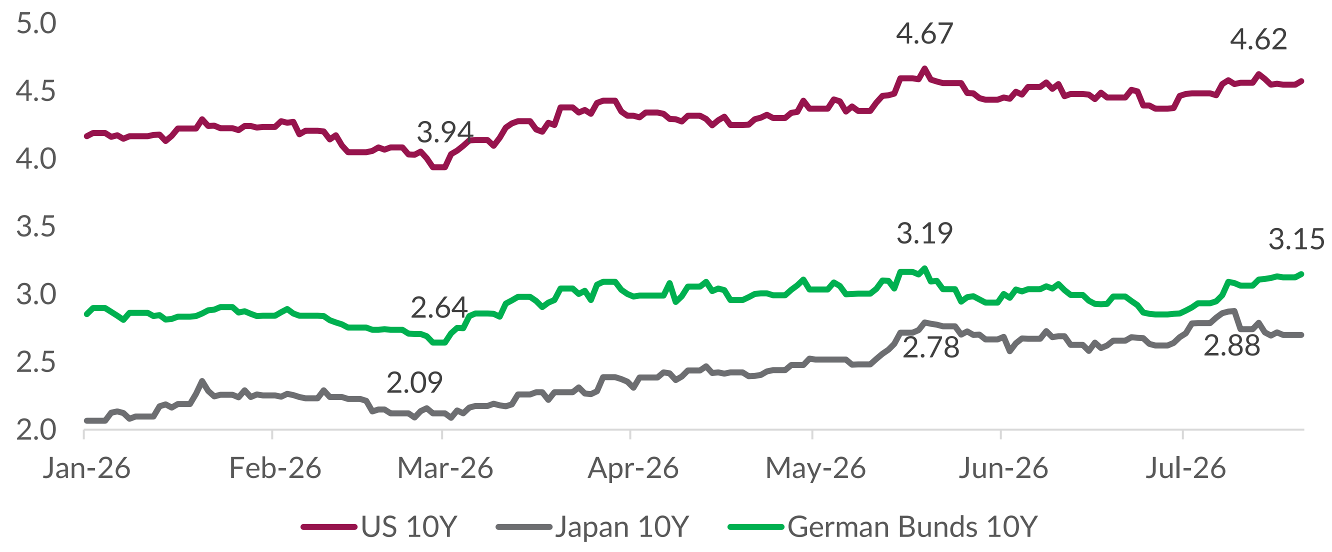
Global Rise in Bond Yields: Still a Crude Story

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

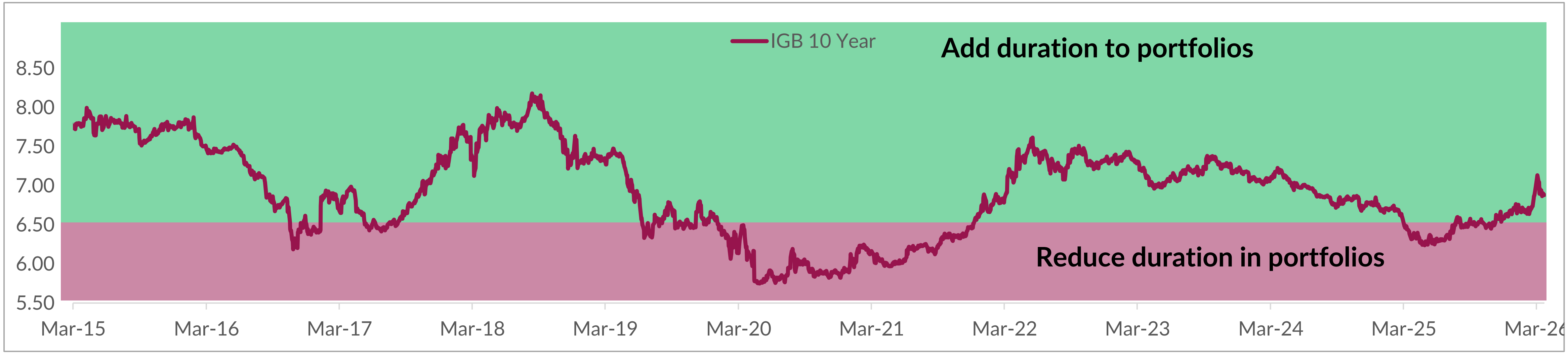
Unless the oil shock fades quickly; global yields may remain sticky — limiting the scope for a sustained rally in bonds and broader risk assets.

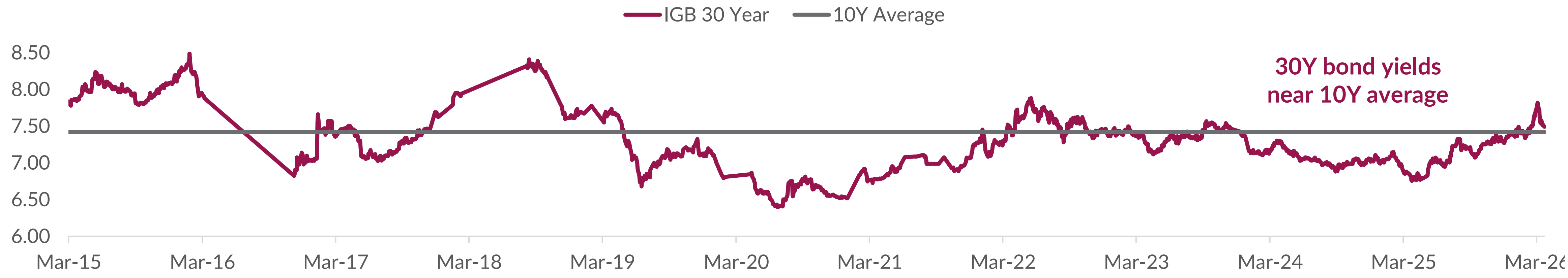
Source: Bloomberg, Avendus Spark, Axis MF Internal Research; data as on 20th Jul 2026

Navigating Duration Playbook

"Enter at 7½% and exit at 6¼%

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





Source: RBI, Bloomberg, Axis MF Research; Data as on 21st April 2026

Key Risks to our view

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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 ASSET MANAGEMENT

Axis Gilt Fund

(An open-ended debt scheme investing in government securities across maturity. A relatively high-interest rate risk and relatively low credit Risk)

About the Fund

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- Investment in government securities issued by Central and State Governments across the curve
- The fund may also invest in bonds backed by the central government or respective state governments
- The fund manager strives to enhance portfolio returns by actively managing interest rate risks

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.

Portfolio Attributes

31st July 2026

Quants	
Modified Duration	8.98 years
Average Maturity	22.64 years
YTM*	7.25%

Asset Allocation	
Government Bond	90.57%
Cash & Other receivables	9.43%

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. For all scheme related information, please refer to SID/KIM on our website www.axismf.com

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 Gilt Fund - Regular Plan – Growth	23-Jan-12	3.97%	10,397	7.11%	12,292	5.90%	13,322	6.98%	26,665
CRISIL Dynamic Gilt Index (Benchmark)		3.43%	10,343	7.21%	12,327	6.18%	13,498	7.64%	29,140
NIFTY 10 yr Benchmark G-Sec (Additional Benchmark)		2.71%	10,271	7.06%	12,274	5.50%	13,075	6.54%	25,099

Past performance may or may not be sustained in future. Since inception (22nd Jan 2012). 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 & Sachin Jain is managing the scheme since 1st February 2023 and he manages 10 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.

Calculations are based on Regular Plan - Growth Option NAV and Direct Plan - Growth Option NAV, as applicable. Different plans have different expense structure.

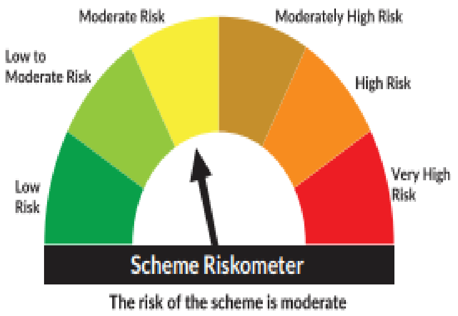
Note: In case you require physical copy of this document request you to kindly take the printout to review the fund managers performance of other schemes managed by him from the above link given. Source: AxisMF Research.

Product Labelling

<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 Gilt Fund

(An open ended debt scheme investing in government securities across maturity. A relatively high interest rate risk and relatively low credit Risk.)

Benchmark: CRISIL Dynamic Gilt Index</td>
<td>This product is suitable for investors who are seeking*
• Credit risk free returns over medium to long term.
• Investment mainly in Government securities across maturities.

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them</td>
<td>
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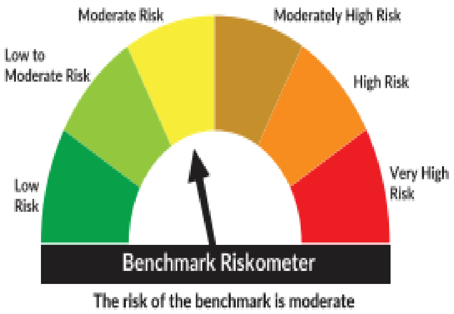
<td>
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<tr><th colspan="4">Potential Risk Class</th></tr>
<tr><td>Credit Risk →
Interest Rate Risk ↓</td><td>Relatively Low (Class A)</td><td>Moderate (Class B)</td><td>Relatively High (Class C)</td></tr>
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<tr><td>Moderate (Class II)</td><td></td><td></td><td></td></tr>
<tr><td>Relatively High (Class III)</td><td>A-III</td><td></td><td></td></tr>
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Statutory Details and Risk Factors

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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