

# Axis Gilt Fund

September 2026

AXIS ASSET MANAGEMENT

Registration Number: MF/061/09/02

**For riskometer and Product Labelling, please refer slide 14.*

# Fixed Income Market Outlook

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# RBI steps up support for INR

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## 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

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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 (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

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## 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

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## +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.*

# Building your Fixed Income portfolio

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## Adapting to structural shifts and staying ahead of the curve

Money Market Fund




Gilt Fund

Income plus Arbitrage Omni FoF*
Corporate Bond Fund

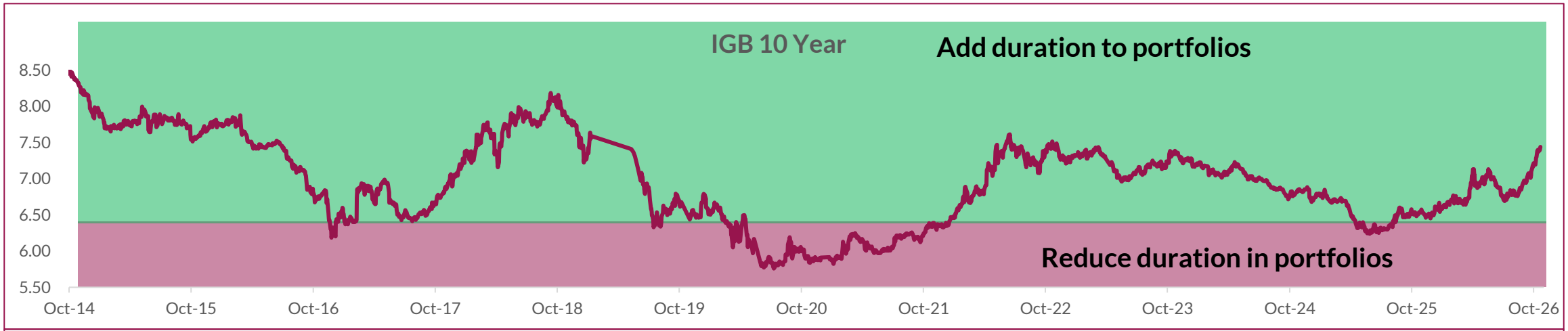
Investors will be bearing the recurring expenses of the scheme in addition to the expenses of other schemes in which Fund of Funds scheme makes investment. *Hybrid FoF investing up to 65% in debt-oriented schemes.

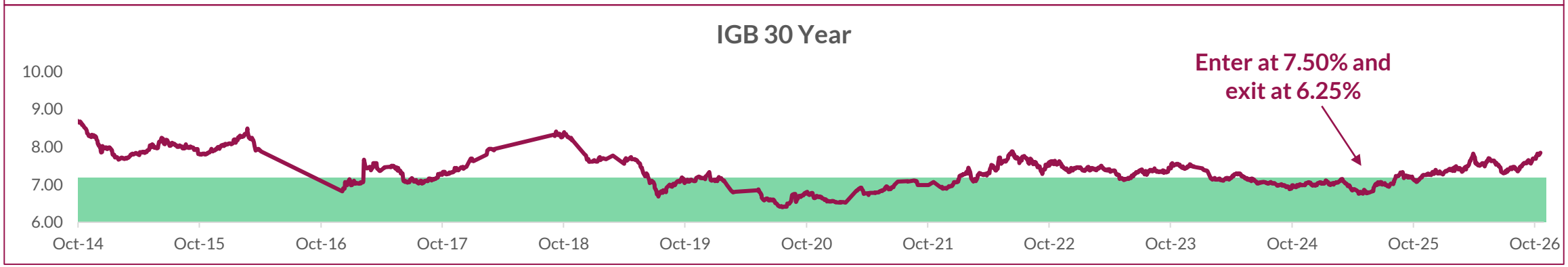
# Principle for better investor experience

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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 21st Oct 2026

# 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)

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# About the Fund

- 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

**30th September 2026**

| Quants | |
|---|---|
| Modified Duration | 6.85 years |
| Average Maturity | 13.56 years |
| YTM* | 7.13% |

| Asset Allocation | |
|---|---|
| Government Bond | 71.87% |
| Treasury Bill | 25.10% |
| Cash & Other receivables | 3.03% |

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

## 30th September 2026

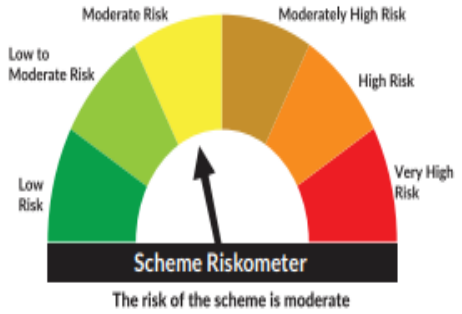
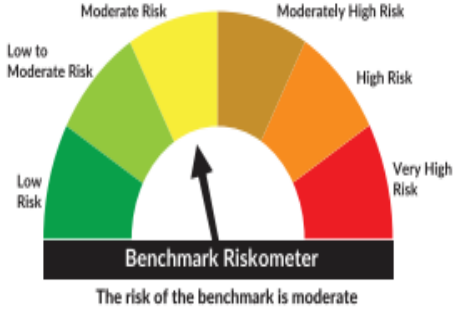
| | | 1 Year | | 3 Year | | 5 Year | | Since Inception | |
|---|---|---|---|---|---|---|---|---|---|
| | Inception | CAGR (%) | Current Value of investment of Rs. 10,000 | CAGR (%) | Current Value of investment of Rs.10,000 | CAGR (%) | Current Value of investment of Rs. 10,000 | CAGR (%) | Current Value of investment of Rs. 10,000 |
| Axis Gilt Fund - Regular Plan – Growth | 23-Jan-12 | 3.66% | 10,366 | 6.66% | 12,138 | 5.41% | 13,015 | 6.86% | 26,511 |
| CRISIL Dynamic Gilt Index (Benchmark) | | 2.66% | 10,266 | 6.57% | 12,107 | 5.57% | 13,114 | 7.47% | 28,835 |
| NIFTY 10 yr Benchmark G-Sec (Additional Benchmark) | | 1.76% | 10,176 | 6.38% | 12,044 | 5.05% | 12,795 | 6.37% | 24,792 |

**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_Sep_2026_b590564ebc.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

| Fund Name & Benchmark | Product Labelling | Product Riskometer | Benchmark Riskometer | Potential Risk Matrix (PRC) |
|---|---|---|---|---|
| **Axis Gilt Fund**<br><br>(An open ended debt scheme investing in government securities across maturity. A relatively high interest rate risk and relatively low credit Risk.)<br><br>**Benchmark:** CRISIL Dynamic Gilt Index | This product is suitable for investors who are seeking*<br><br>• Credit risk free returns over medium to long term.<br>• Investment mainly in Government securities across maturities.<br><br>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them | <br>The risk of the scheme is moderate | <br>The risk of the benchmark is moderate | **Potential Risk Class**<br><br>Credit Risk → / Interest Rate Risk ↓ \| Relatively Low (Class A) \| Moderate (Class B) \| Relatively High (Class C)<br>Relatively Low (Class I) \| \| \| \|<br>Moderate (Class II) \| \| \| \|<br>Relatively High (Class III) \| A-III \| \| \| |

# 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.

**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