

Axis Medium Term Fund

(An open ended medium term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 years to 4 years. A relatively high interest rate risk and relatively high credit risk)



Effective 26th August 2026, the name of the fund has been changed to Axis Medium Term Fund.

Registration Number: MF/061/09/02

**For riskometer and Product Labelling, please refer slide no. 15*

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)

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.



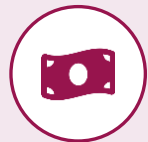
Concerns over inflation

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



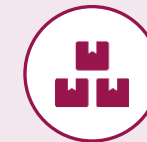
Global central banks hiking

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

Are Credits offering an opportunity?

Low default risk & Attractive Spreads



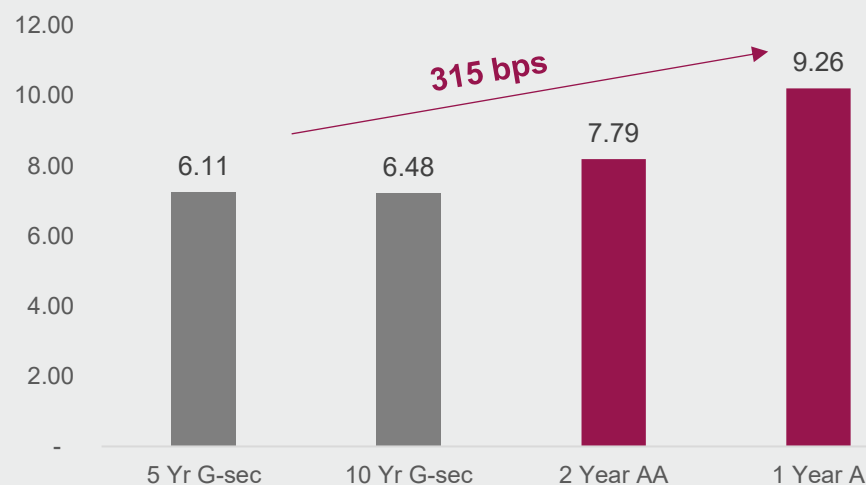
Opportunity for spread compression in 1–5-year corporate bonds



With ~264 bps of spread between a 5-Yr G-Sec and 1-Yr A rated paper, credits still offer a yield kicker to portfolios

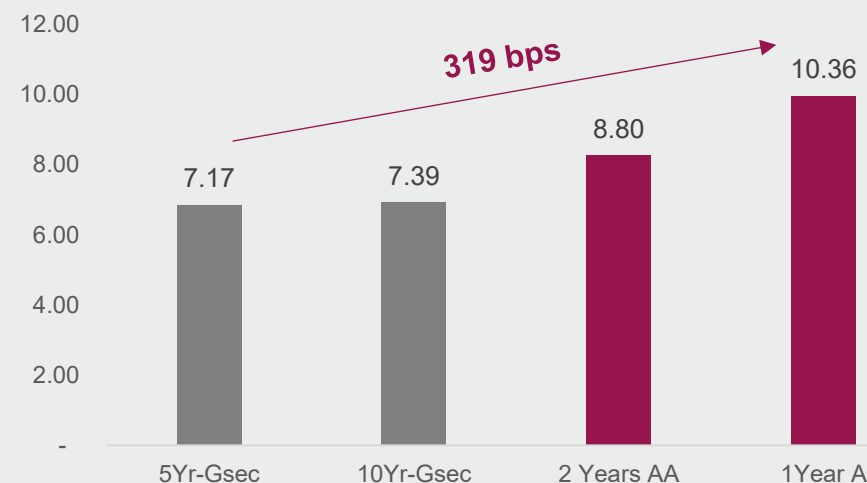
Previous Year Spreads

Oct-25



Current Spreads

Oct-26



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Approach to 'Credits'

We follow a clearly defined process targeting Risk



**Well researched
credit universe**

- Based on Liquidity analysis, In-depth review of company financials and regular interactions with the management



**Spread the exposure
across sectors**

- Very cautious at selecting sectors
- Diversifying the exposure to manage potential risk



**Lower maturity
credits**

- Pure accrual play with buy and hold approach
- No active duration call in lower rated papers



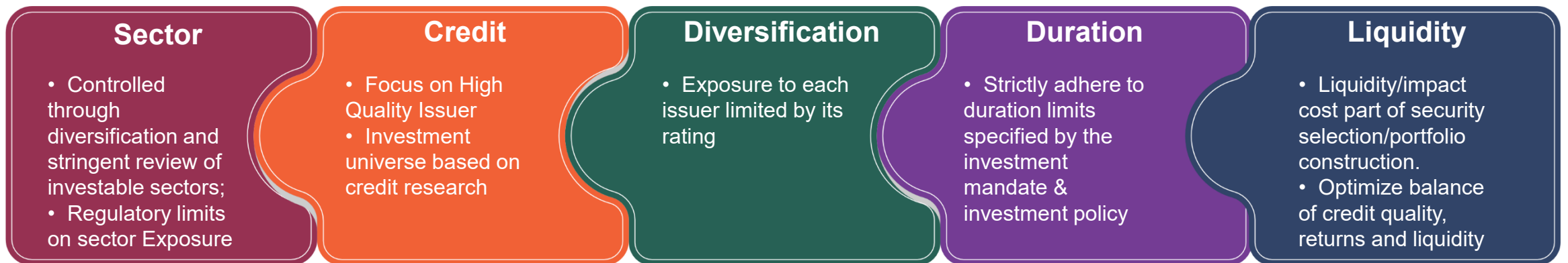
Exposure Limits

- Strict internal limits at issuer level and rating level

Risk Management

Risk Mitigation Framework

- **Tight Duration Range**
- **Stringent credit review**
- **Control credit risk through diversification and strict limits on issuer weighting based on rating**



Strategy followed is based on the current market conditions and is subject to changes depending on the fund manager's view of the markets.

Axis Medium Term Fund

Portfolio Construct

Actively managed; investing in **medium-term corporate bonds**

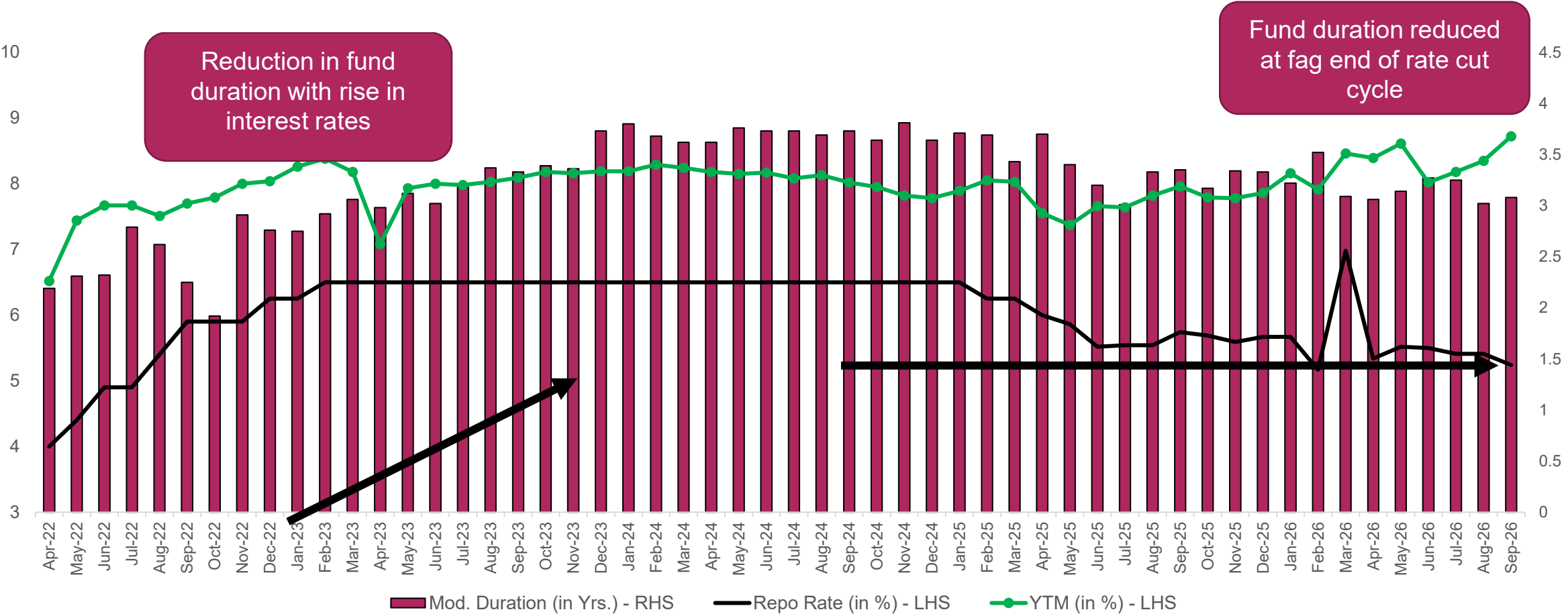
Diversified portfolio
across fixed income market

Targets **stable risk-return** profile

- The fund, as part of its investment mandate, aims to invest 40-60% in AAA bonds with the rest in a well-diversified credit portfolio, with an overall duration target range of 3-4 years
- The portfolio design should help generate stable returns while bringing down volatility relative to a longer duration fund.
- The fund focuses on selective exposure to credits and maintain a diversified portfolio. Incremental allocations to non-AAA asset securities, depending on the attractiveness of spreads.

Active Management

Fund management in various interest rate scenarios



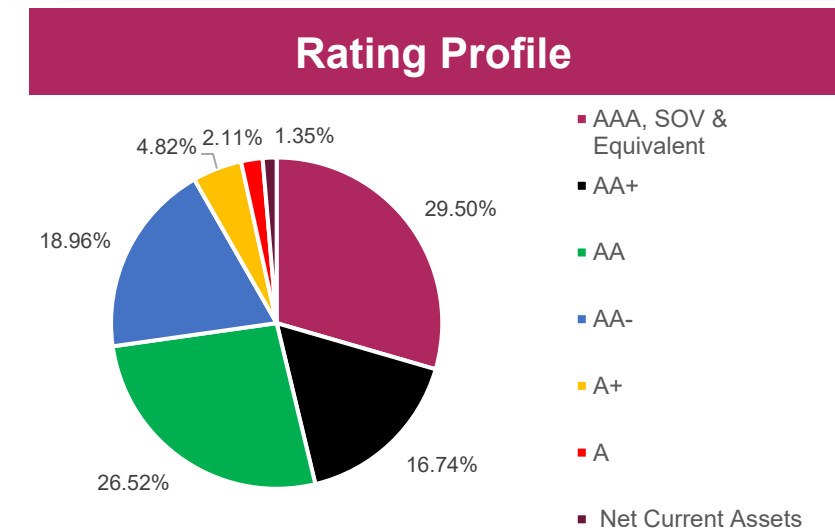
Data as on 30th September 2026. Strategy followed is based on the current market conditions and is subject to changes depending on the fund manager's view of the markets.

Portfolio Facts

30th September 2026

Particular	Axis Medium Term Fund
Residual Maturity	4.50 years
Macaulay Duration	3.22 years
Modified Duration	3.08 years
Annualized Portfolio YTM*	8.72%
Asset Mix	Corporate Bond 56.18%
	Government Bond 20.99%
	Zero Coupon Bond 10.57%
	Floating Rate Note 4.82%
	INVIT 3.41%
	Pass Through Cert 2.42%
	REIT 0.30%
	NCA 1.30%

Maturity Bucket	% of NAV
0-1 years	19.42%
1-3 years	36.99%
3-5 years	13.42%
5-10 Years	29.86%
10 Years and above	0.31%



*In case of semi-annualized YTM, it will be annualized. Data 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 the factsheet / visit www.axismf.com for full portfolio details of the scheme. \$AAA & Equivalent includes AAA/A1+-rated papers.

Performance

30th September 2026

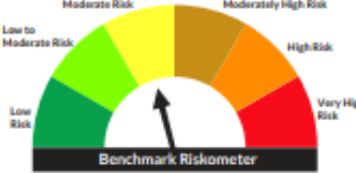
		1 Year		3 Year		5 Year		Since Inception	
	Inception	CAGR (%)	Current Value of investment of Rs. 10,000	CAGR (%)	Current Value of investment of Rs.10,000	CAGR (%)	Current Value of investment of Rs. 10,000	CAGR (%)	Current Value of investment of Rs. 10,000
Axis Medium Term Fund - Regular Plan – Growth		5.82%	10,582	7.62%	12,469	6.57%	13,750	7.89%	30,116
NIFTY Medium Duration Debt Index A-III (Benchmark)	28-Mar-12	2.80%	10,280	6.39%	12,047	5.31%	12,957	7.66%	29,192
NIFTY 10 yr Benchmark G-Sec (Additional Benchmark)		1.76%	10,176	6.38%	12,044	5.05%	12,795	6.55%	25,131

Past performance may or may not be sustained in future. 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 & Akhil Thakker is managing the scheme since 1st February 2023 and he manages 3 schemes of Axis Mutual Fund & Sachin Jain is managing the scheme since 1st February 2023 and he manages 10 schemes of Axis Mutual Fund Inception date of the fund 28th March 2012.

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

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: AxisMF Research.

Product Labelling

Fund Name & Benchmark	Product Labelling	Product Riskometer	Benchmark Riskometer	Potential Risk Matrix (PRC)																					
<p>Axis Medium Term Fund</p> <p>(An open ended medium term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 years to 4 years. A relatively high interest rate risk and relatively high credit risk.)</p> <p>Benchmark: NIFTY Medium Duration Debt Index A-III (AMFI tier I Benchmark)</p>	<p>This product is suitable for investors who are seeking*</p> <ul style="list-style-type: none">• Optimal Returns over medium• Investment in diversified portfolio of debt and money market securities to generate optimal risk adjusted returns while maintaining liquidity <p><small>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them</small></p>	 <p>The risk of the scheme is moderately high</p>	 <p>The risk of the benchmark is moderate</p>	<table><tr><th colspan="4">Potential Risk Class</th></tr><tr><td>Credit Risk →</td><td rowspan="2">Relatively Low (Class A)</td><td rowspan="2">Moderate (Class B)</td><td rowspan="2">Relatively High (Class C)</td></tr><tr><td>Interest Rate Risk ↓</td></tr><tr><td>Relatively Low (Class I)</td><td></td><td></td><td></td></tr><tr><td>Moderate (Class II)</td><td></td><td></td><td></td></tr><tr><td>Relatively High (Class III)</td><td></td><td></td><td>C-III</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)			C-III
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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.

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

