Axis Strategic Bond 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 will be changed to Axis Medium Term Fund.

Registration Number: MF/061/09/02

For riskometer and Product Labelling, please refer slide no. 18

AXIS ASSET MANAGEMENT

Fixed Income Market Outlook

AXIS ASSET MANAGEMENT

Higher Crude Prices put a crack on macros

AXIS ASSET MANAGEMENT

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

AXIS ASSET MANAGEMENT

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

AXIS ASSET MANAGEMENT

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

AXIS ASSET MANAGEMENT

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

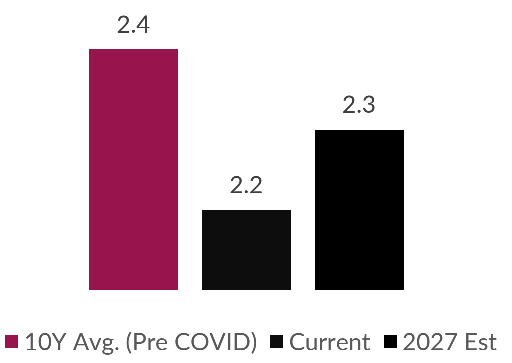
Source: Bloomberg, Axis MF Internal Research; data as on 20th Jul 2026

Crude-led Volatility

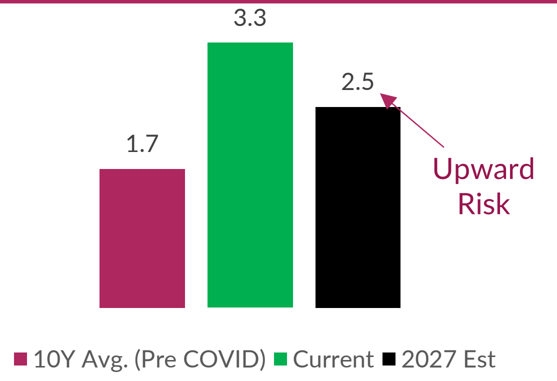
Will Crude go above $100/bbl, again?

Why US can't afford a prolonged war

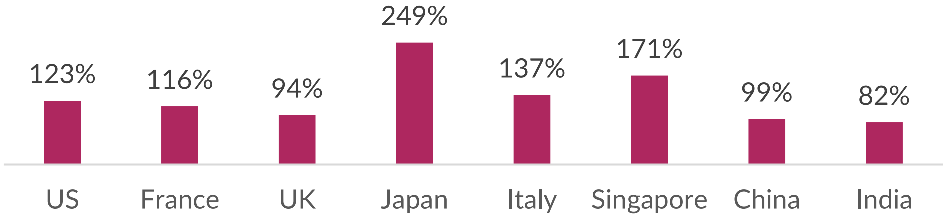
Moderating GDP growth



Inflation sticky



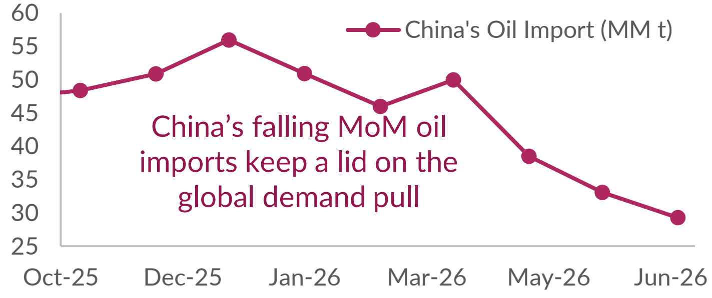
High Debt remain a concern



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

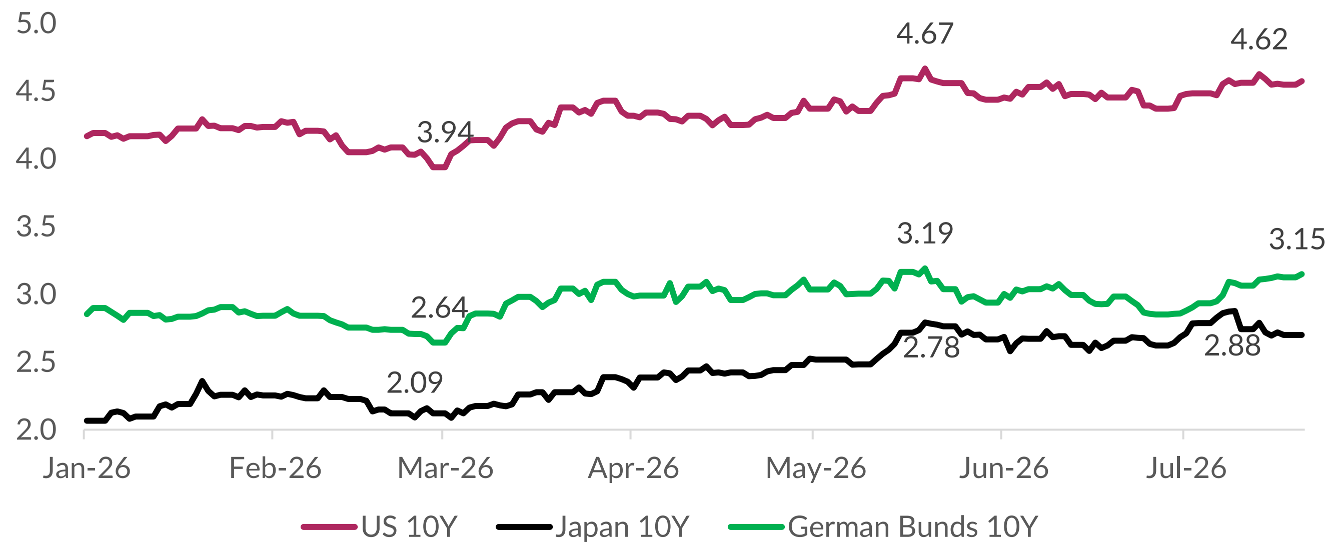
Policy Uncertainty: Fed & Global Yields

AXIS ASSET MANAGEMENT

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

AXIS ASSET MANAGEMENT

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

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

AXIS ASSET MANAGEMENT

Axis Strategic Bond 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)

Approach to 'Credits'

AXIS ASSET MANAGEMENT

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

AXIS ASSET MANAGEMENT

Risk Mitigation Framework

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

Sector

- Controlled through diversification and stringent review of investable sectors;
- Regulatory limits on sector Exposure

Credit

- Focus on High Quality Issuer
- Investment universe based on credit research

Diversification

- Exposure to each issuer limited by its rating

Duration

- Strictly adhere to duration limits specified by the investment mandate & investment policy

Liquidity

- Liquidity/impact cost part of security selection/portfolio construction.
- Optimize balance of credit quality, returns and liquidity

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 Strategic Bond Fund

Portfolio Construct

Actively managed; investing in ***medium-term corporate bonds*** in the 3–4-year space

Diversified portfolio
across fixed income market

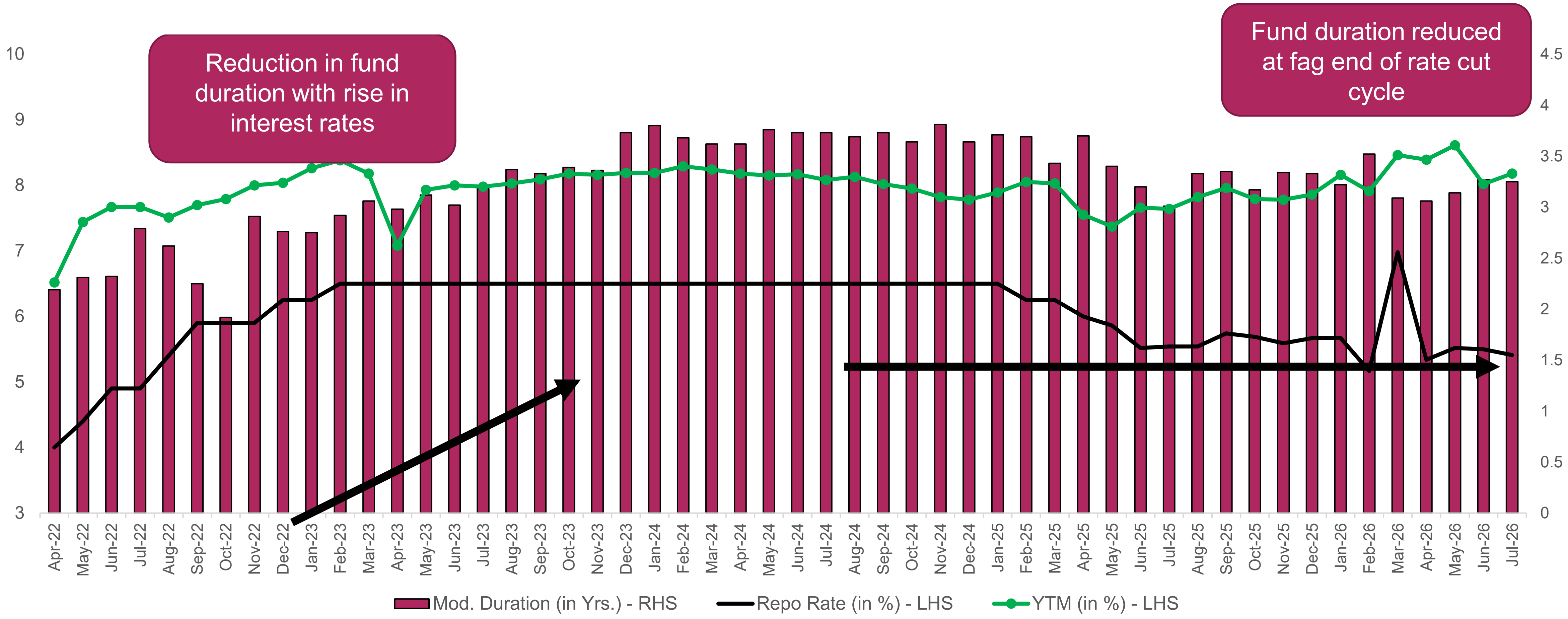
Targets ***stable risk-return*** profile

- 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.

As on 31st July 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.
Please refer to Scheme Information Document (SID) for detailed asset allocation and investment strategy on our website www.axismf.com

Active Management

Fund management in various interest rate scenarios



Data as on 31st July 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

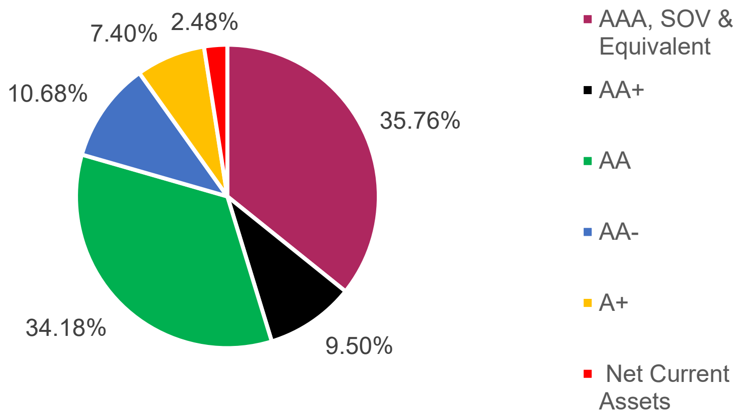
31st July 2026

AXIS ASSET MANAGEMENT

Features	Axis Strategic Bond Fund
Residual Maturity	4.67 years
Macaulay Duration	3.39 years
Modified Duration	3.25 years
Annualized Portfolio YTM*	8.18%
Asset Mix	Corporate Bond 54.75% Government Bond 24.31% Zero Coupon Bond 10.36% INVIT 3.17% Floating Rate Note 2.38% Pass Through Cert 2.33% REIT 0.30% NCA 2.39%

Maturity Bucket	Axis Strategic Bond Fund
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%

Rating Profile



*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

31st July 2026

	Inception	1 Year CAGR (%)	1 Year Current Value of investment of Rs. 10,000	3 Year CAGR (%)	3 Year Current Value of investment of Rs.10,000	5 Year CAGR (%)	5 Year Current Value of investment of Rs. 10,000	Since Inception CAGR (%)	Since Inception Current Value of investment of Rs. 10,000
Axis Strategic Bond Fund - Regular Plan – Growth	28-Mar-12	6.32%	10,632	7.82%	12,537	6.80%	13,902	7.97%	30,037
NIFTY Medium Duration Debt Index A-III (Benchmark)		3.92%	10,392	6.92%	12,225	5.74%	13,222	7.80%	29,381
NIFTY 10 yr Benchmark G-Sec (Additional Benchmark)		2.71%	10,271	7.06%	12,274	5.50%	13,075	6.72%	25,443

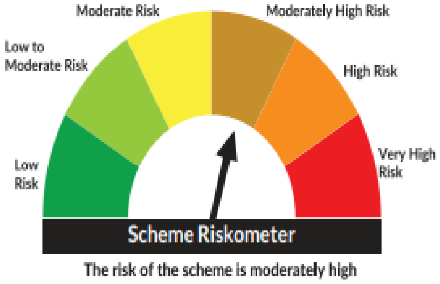
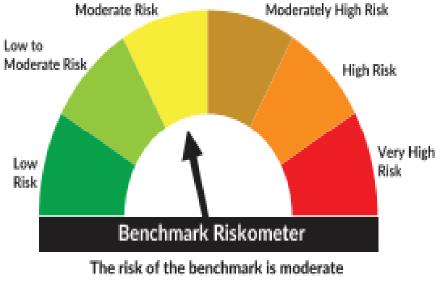
Past performance may or may not be sustained in future. Different plans have different expense structure. Devang Shah is managing the scheme since 5th November 2012 and he manages 23 schemes of Axis Mutual Fund & Akhil Thakker is managing the scheme since 1st February 2023 and he manages 3 schemes of Axis Mutual Fund & Sachin Jain is managing the scheme since 1st February 2023 and he manages 11 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_Jul_2026.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

AXIS ASSET MANAGEMENT

Fund Name & Benchmark	Product Labelling	Product Riskometer	Benchmark Riskometer	Potential Risk Matrix (PRC)
Axis Strategic Bond 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.) **Benchmark:** NIFTY Medium Duration Debt Index A-III	This product is suitable for investors who are seeking* • Optimal returns over medium term • Investment in diversified portfolio of debt and money market securities to generate optimal risk adjusted returns while maintaining liquidity. *Investors should consult their financial advisers if in doubt about whether the product is suitable for them			See Potential Risk Class table 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)			C-III

Statutory Details and Risk Factors

AXIS ASSET MANAGEMENT

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.

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

AXIS ASSET MANAGEMENT