Axis Ultra Short to Short Term Fund

(An open-ended debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 6 months to 12 months. A relatively high-interest rate risk and moderate credit risk.)

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

AXIS ASSET MANAGEMENT

Registration Number: MF/061/09/02

**For riskometer and Product Labelling, please refer slide no. 11*

Fixed Income Market Outlook

AXIS ASSET MANAGEMENT

RBI steps up support for INR

AXIS ASSET MANAGEMENT

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 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 (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

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 ASSET MANAGEMENT

+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

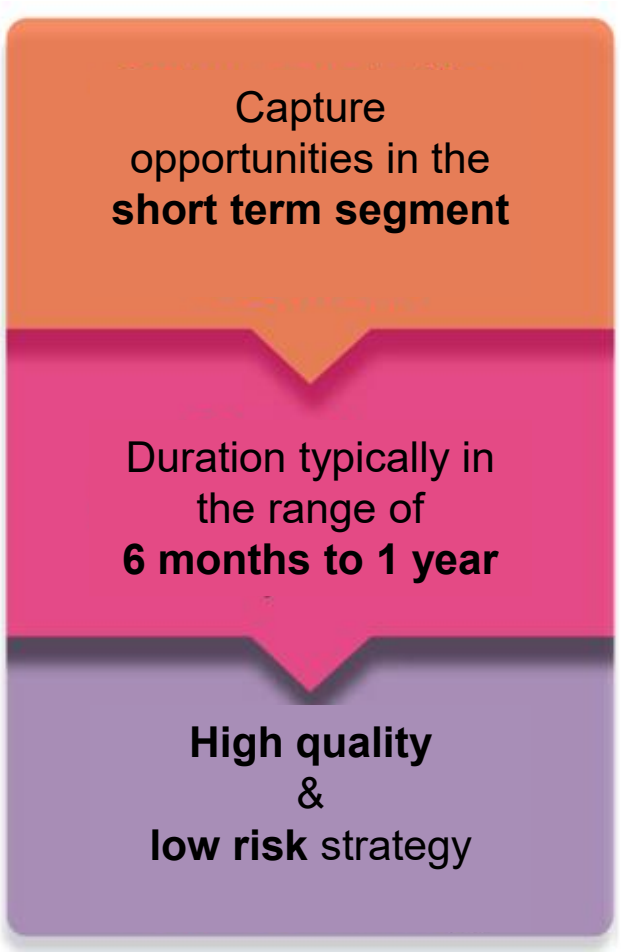
Source: Axis MF Fixed Income house view, Sep 2026. For internal consumption only.

AXIS ASSET MANAGEMENT

Introducing Axis Ultra Short to Short Term Fund

(An open-ended debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 6 months to 12 months. A relatively high-interest rate risk and moderate credit risk.)

Axis Ultra Short to Short Term Fund



- The fund is well diversified with a portfolio mix of corporate bonds, certificate of deposits, commercial papers and government bonds.
- The fund will typically maintain duration in the range of 6 months to 1 year.
- Fund tracks corporate bond and Money market instruments spreads closely while making its allocations.
- The fund is likely to benefit from steepness of the rate/liquidity curve and its high accrual vs Money Market Funds.
- Long term rating: Sub AAA assets (excl. bank CDs) ≤ 20%, no exposure to below AA rated assets.
- The fund is ideally positioned for the current interest rate environment and has added duration to the portfolio as interest rate hike cycle has peaked.

Fund Positioning

AXIS ASSET MANAGEMENT

30th September 2026

Duration in the range of 1 year

High quality & low-risk strategy

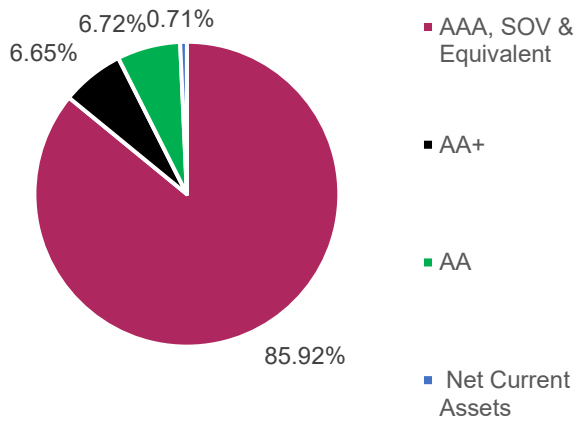
Capture opportunities in the short-term segment

Medium term horizon

Portfolio Characteristics	
Residual Maturity	326 days
Macaulay Duration	288 days
Modified Duration	269 days
Annualized Portfolio YTM^	7.36%

Allocation	
AAA, SOV & Equivalent	**85.92%**
AA+/AA	**13.37%**
Net Current Assets	**0.71%**

Rating Profile



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 additional details, refer SID/KIM on our website www.axismf.com

Performance

AXIS ASSET MANAGEMENT

30th September 2026

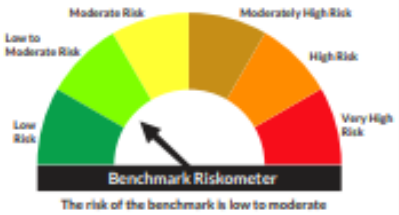
		1 Year		3 Year		5 Year		Since Inception	
	Inception	CAGR (%)	Current Value of investment of Rs. 10,000	CAGR (%)	Current Value of investment of Rs.10,000	CAGR (%)	Current Value of investment of Rs. 10,000	CAGR (%)	Current Value of investment of Rs. 10,000
Axis Ultra Short to Short Term Fund - Regular Plan – Growth	9-Oct-09	5.94%	10,594	7.06%	12,274	6.34%	13,600	7.35%	33,343
NIFTY Low Duration Debt Index A-I (Benchmark)		6.31%	10,631	7.09%	12,288	6.35%	13,607	7.30%	33,105
NIFTY 1 Year T-Bill Index (Additional Benchmark)		5.13%	10,513	6.39%	12,046	5.76%	13,234	6.42%	28,778

Past performance may or may not be sustained in future. Different plans have different expense structure. Devang Shah is managing the scheme since 7th June 2016 and he manages 23 schemes & Aditya Pagaria is managing the scheme since 13th August 2016 and he manages 20 schemes.

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. Returns greater than 1 year are Compounded Annual Growth Rates (CAGR). Face Value per unit is Rs 1,000. 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 Ultra Short to Short Term Fund (An open ended debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 6 months to 12 months. A relatively high interest rate risk and moderate credit risk.) **Benchmark:** NIFTY Low Duration Debt Index A-I	This product is suitable for investors who are seeking* • Regular income over short term • Investment in debt and money market instruments *Investors should consult their financial advisers if in doubt about whether the product is suitable for them	 The risk of the scheme is low to moderate	 The risk of the benchmark is low to 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**

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.

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