

# Axis Innovation Fund

(An open ended equity scheme investing in innovation theme)

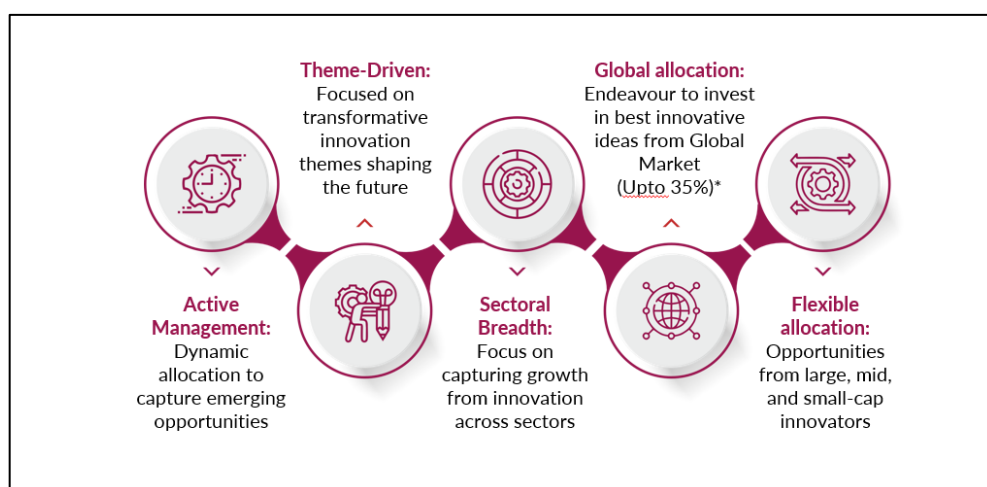
Fund Manager – Mr. Ashish Naik, Mr. Pratik Tibrewal and Ms. Krishnaa N (for foreign securities)

## Investment strategy and approach

Axis Innovation Fund follows a **diversified innovation-led investment strategy, investing in both domestic and global companies** where innovation is creating new business models, driving market-share gains, improving productivity or unlocking new growth opportunities. The strategy spans multiple structural themes, including digitalization and platform businesses, advanced manufacturing, healthcare innovation, defence and energy transition.

The fund focuses on identifying businesses with the potential to scale sustainably over the long term, supported by strong competitive positioning, improving profitability and cash-flow generation. Diversification across innovation themes allows the portfolio to participate in opportunities across consumption, investment and exports segments.

### Investment approach:



Further, newer business models entering markets, post listing, have provided an attractive avenue to access innovative companies. However, the fund's investment decision is driven by conviction in the underlying business rather than the timing of its listing. **The fund may participate at the IPO stage where there is sufficient visibility on the company's growth prospects, competitive positioning and path to sustainable profitability and cash flows (Eternal/Indo-MIM).** In other cases, the fund may choose to wait and build exposure only when there is greater clarity on the business model, its economics and execution, as was the case with Paytm. This selective approach allows the fund to participate in emerging innovation opportunities while maintaining a clear focus on business quality, scalability and sustainable profitability.

## How the strategy has evolved: 2021 v/s 2026

The portfolio has evolved meaningfully since 2021, reflecting the fund's active approach to identifying and allocating to emerging innovation opportunities across a diverse range of themes. In 2021, the opportunity set was more broadly spread across areas such as financial digitalization (banks/insurance), modern retail, and technology innovation (software). As these trends evolved and newer business models matured, the portfolio progressively shifted towards platform businesses and has expanded its participation in newer areas such as high-tech manufacturing (capital goods/auto/auto components), sustainable energy solutions (chemicals/Metals), AI/deep tech, data centers and semiconductors. This evolution reflects active management of the portfolio and identification of evolving structural themes across consumption, investment and export businesses in both domestic and international markets.

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## Theme allocation over time (% of fund)

| Theme                        | % of fund    |              |                 |              |
|------------------------------|--------------|--------------|-----------------|--------------|
|                              | Domestic (A) | Overseas (B) | Sept - 26 (A+B) | Dec-21       |
| <b>Platform</b>              | <b>39.7%</b> | <b>4.6%</b>  | <b>44.3%</b>    | <b>15.9%</b> |
| Consumer Tech Online         | 27.3%        | 1.6%         | 28.8%           | 8.8%         |
| Fintech                      | 9.3%         | 0.2%         | 9.5%            | 2.7%         |
| Media & Travel Tech          | 3.2%         | 2.8%         | 6.0%            | 3.6%         |
| B2B Online Tech              |              |              |                 | 0.9%         |
| <b>AI ecosystem</b>          | <b>4.5%</b>  | <b>6.0%</b>  | <b>10.4%</b>    | <b>8.3%</b>  |
| AI/Deep tech                 | 3.1%         | 1.8%         | 4.9%            | 5.4%         |
| Data Center                  | 1.4%         |              | 1.4%            |              |
| Semiconductors               |              | 4.2%         | 4.2%            | 2.9%         |
| <b>Diverse Innovations</b>   | <b>32.7%</b> | <b>0.8%</b>  | <b>33.5%</b>    | <b>61.4%</b> |
| Hi-tech Manufacturing        | 16.2%        | 0.6%         | 16.7%           | 11.5%        |
| Sustainable Energy Solutions | 9.8%         | -            | 9.8%            | 6.6%         |
| Health tech                  | 5.2%         | -            | 5.2%            | 6.4%         |
| Financial Digitalization     | 1.6%         | -            | 1.6%            | 22.1%        |
| Offline Modern retail        | -            | 0.2%         | 0.2%            | 5.4%         |
| Tech Innovation              |              |              |                 | 9.4%         |
| <b>Others</b>                | <b>3.9%</b>  | <b>0.2%</b>  | <b>4.2%</b>     | <b>12.1%</b> |
| <b>Grand Total</b>           | <b>80.8%</b> | <b>11.6%</b> | <b>92.4%</b>    | <b>97.7%</b> |

| Portfolio Details                | Dec-21     | Sept-26    |
|----------------------------------|------------|------------|
| <b>Domestic equity (of fund)</b> | <b>74%</b> | <b>80%</b> |
| Consumption                      | 47%        | 42%        |
| Investment                       | 12%        | 23%        |
| Exports                          | 18%        | 15%        |

Source: Axis MF Internal Research. Theme classification is internal. Sept-26

## Where the fund is invested today, and why

### 1. Platform businesses - 44.3% of the fund

Platforms businesses are the most significant change in the portfolio, up from 15.9% in Dec 2021 to 44% in Sept 2026, reflecting evolving opportunities within India's digital economy.

These businesses benefit from network effects, asset-light models and rising digital adoption. India has seen rapid uptake of digital commerce, online payments, food delivery, travel booking, insurance distribution and quick commerce, and many platforms have now moved beyond customer acquisition into a phase of improving profitability and cash generation.

Within this theme:

- **Consumer tech online** increased from 8.8% → 28.8% (Eternal, Nykaa, Lenskart, Meesho)
- **Fintech** exposure increased from 2.7% → 9.5% (Paytm, Groww)
- **Media & travel tech** increased from 3.6% → 6.0% (TBO Tek, Meta)

### 2. Hi-tech manufacturing, Health tech & Sustainable energy - 31.6% of the fund

While digital businesses dominated the innovation conversation in 2021, the fund recognised the emergence of a new opportunity set driven by India's manufacturing transformation and increased exposure from 25% to 32%. The theme

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includes companies benefitting from precision engineering, industrial automation, aerospace and defence manufacturing, CDMO, energy-infrastructure modernisation and the revival in capital expenditure.

Holdings such as Aether Industries, PTC Industries, Sona BLW Precision Forgings, Siemens, and Indo-MIM reflect the fund's view that innovation in India is now increasingly happening on factory floors and in industrial ecosystems, not just in services.

The fund is overweight on sustainable energy solutions, with exposure to businesses such as Ather Energy, Linde India, Neogen Chemicals, etc. These companies are key enablers of India's energy transition through electric mobility, specialty chemicals, industrial efficiency and recycling. The fund believes these areas are supported by strong long-term structural drivers, including electrification, decarbonization and resource efficiency, creating attractive opportunities for sustainable growth.

### 3. AI ecosystem - 10.4% of the fund

Artificial intelligence is one of the defining innovation themes of this decade, and India offers limited listed exposure to its core building blocks (AI enablers). The fund therefore uses its global allocation to access large players in this segment in close consultation with the Schroders team: semiconductor manufacturers, chip-equipment makers, cloud infrastructure providers and digital platforms such as Nvidia, Broadcom, ASML and Microsoft. Of the 10.4% AI exposure, 6.0% is overseas and 4.5% is domestic – the domestic businesses here include data-centres and deep-tech businesses such as GE Vernova T&D India, Capillary Technologies India Limited etc

### Sector positioning vs Nifty 500

The sector tilts follow directly from the themes. The fund is overweight where innovation is driving market-share gains and underweight where it is not, which is why its sector mix looks very different from the benchmark.

| Sectors                            | Fund   | Nifty 500 | OW/UW   |
|------------------------------------|--------|-----------|---------|
| Consumer Services                  | 21.03% | 4.07%     | 16.96%  |
| Chemicals                          | 9.92%  | 1.99%     | 7.93%   |
| Information Technology             | 11.64% | 6.02%     | 5.62%   |
| Capital Goods                      | 12.12% | 7.50%     | 4.62%   |
| Media, Entertainment & Publication | 2.16%  | 0.13%     | 2.03%   |
| Services                           | 3.52%  | 2.16%     | 1.36%   |
| Textiles                           | 1.35%  | 0.26%     | 1.09%   |
| Consumer Durables                  | 3.41%  | 2.80%     | 0.61%   |
| Automobile and Auto Components     | 7.99%  | 7.42%     | 0.57%   |
| Healthcare                         | 5.57%  | 7.31%     | -1.74%  |
| Metals & Mining                    | 1.53%  | 4.53%     | -3.00%  |
| Fast Moving Consumer Goods         | 0.19%  | 5.26%     | -5.07%  |
| Financial Services                 | 12.37% | 30.58%    | -18.21% |

Source: Axis MF Internal Research. Data as on 30th September 2026. OW/UW = overweight/underweight vs Nifty 500.

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## Key portfolio changes: last 12 months

| New entries                       | % of NAV | Exits                              | % of NAV |
|-----------------------------------|----------|------------------------------------|----------|
| Capillary Technologies India Ltd. | 1.74%    | Samvardhana International Ltd.     | 1.28%    |
| Wakefit Innovations Ltd.          | 1.67%    | Motherson                          |          |
| PI Industries Ltd.                | 1.65%    | Sun Pharmaceutical Industries Ltd. | 1.24%    |
|                                   |          | Cohance Lifesciences Ltd.          | 1.21%    |
| Increased allocation              | Change   | Decreased allocation               | Change   |
| Eternal Ltd.                      | +2.29%   | Info Edge (India) Ltd.             | -2.28%   |
| Ather Energy Ltd.                 | +1.78%   | Dixon Technologies (India) Ltd.    | -1.01%   |
| FSN E-Commerce Ventures Ltd.      | +1.48%   | Linde India Ltd.                   | -0.75%   |

Source: Axis MF Internal Research. Data as on 30th September 2026 (Sep 2026 vs Sep 2025). Current portfolio allocation is based on the prevailing market conditions and is subject to changes depending on the fund manager's view of the equity markets. For viewing complete portfolio, please refer website [www.axismf.com](http://www.axismf.com)

## Market-cap allocation

The portfolio's allocation to **mid-cap and small cap companies increased from 41.3% a year ago to 63.6% in the latest period**. This reflects the fund's flexible, opportunity-led investment approach, where most new-age and hi-tech manufacturing businesses are available in the mid and small-cap space. While valuations in parts of this space could be elevated, the fund remains selective, with a focus on identifying businesses where growth potential is supported by sustainable business models and long-term earnings visibility.

| Market cap             | Sep-2026     | Sep-2025     | Change        |
|------------------------|--------------|--------------|---------------|
| Large cap              | 29.2%        | 58.1%        | -28.9%        |
| Mid cap                | 28.7%        | 17.9%        | +10.8%        |
| Small cap              | 34.9%        | 23.4%        | +11.5%        |
| <b>Mid + small cap</b> | <b>63.6%</b> | <b>41.3%</b> | <b>+22.3%</b> |

## Top contributors and detractors (Sep 2025 – Sep 2026)

| Key contributors                       | Key detractors                |
|----------------------------------------|-------------------------------|
| Ather Energy Ltd (OW)                  | PB Fintech Ltd (OW)           |
| Aether Industries Ltd (OW)             | Swiggy Ltd (OW)               |
| Billionbrains Garage Ventures Ltd (OW) | Cohance Lifesciences Ltd (OW) |
| HDFC Bank Ltd (UW)                     | Affle 3i Ltd (OW)             |
| Lenskart Solutions Ltd (OW)            | Hyundai Motor India Ltd (OW)  |

Source: Axis MF Internal Research, Factset. Data as on 30<sup>th</sup> Sept 2026 The current portfolio allocation is based on the prevailing market conditions and is subject to changes depending on the fund manager's view of the equity markets. 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. For complete portfolio and other details please refer [www.axismf.com](http://www.axismf.com).

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## Differentiated Approach – Limited overlap with diversified funds

Given its emphasis on innovation-driven themes and select global exposures, **the fund has relatively low overlap with many broader diversified Axis equity strategies, reflecting the portfolio's distinct composition.** Consequently, the fund may be viewed as a complementary source of exposure for investors seeking access to emerging innovation themes and international exposure.

| Overlap %            | Axis Large Cap Fund | Axis Focused Fund | Axis Large & Mid Cap Fund | Axis Midcap Fund | Axis Multicap Fund | Axis Flexi Cap Fund | Axis Small Cap Fund | Axis ELSS- Tax Saver Fund | Axis Value Fund |
|----------------------|---------------------|-------------------|---------------------------|------------------|--------------------|---------------------|---------------------|---------------------------|-----------------|
| Axis Innovation Fund | 8.06                | 10.32             | 18.55                     | 20.53            | 20.54              | 14.90               | 8.59                | 18.40                     | 9.40            |

Source: Axis MF Internal Research. Portfolio overlap with Axis Innovation Fund

## Way forward:

Innovation is expected to remain a broad and evolving investment opportunity, extending beyond traditional technology businesses into areas where technology, new business models and changing industry structures are reshaping existing markets. The fund will continue to seek businesses where innovation can translate into sustained market-share gains, improving unit economics and scalable cash flows. Currently, the opportunities are expected to span digital platforms, advanced and high-tech manufacturing, AI and digital infrastructure, defence, energy transition and healthcare innovation, while remaining open to new themes as the innovation landscape evolves.

The portfolio will continue to be actively managed, with allocations reflecting where the fund finds the most compelling play on innovative themes, irrespective of the market cap segment.

Over the medium to long term, the portfolio is likely to continue evolving, just as it has shifted over the past five years from financial digitalization and modern retail towards platforms, high-tech manufacturing and newer areas such as AI infrastructure. This flexibility remains central to the fund's approach to capturing innovation across segments of economy.

## Performance

The fund has outperformed the benchmark across all periods. Strong stock selection and portfolio repositioning have helped **the fund outperform the benchmark by 16.35% (1 year) and 7.59% (3 years).**

| Scheme Name                                  | Date of inception | 1 Year   |                  | 3 Years  |                  | 5 Years  |                  | Since Inception |                  |
|----------------------------------------------|-------------------|----------|------------------|----------|------------------|----------|------------------|-----------------|------------------|
|                                              |                   | CAGR (%) | Value of ₹10,000 | CAGR (%) | Value of ₹10,000 | CAGR (%) | Value of ₹10,000 | CAGR (%)        | Value of ₹10,000 |
| Axis Innovation Fund – Regular Plan – Growth | 20-Dec-2020       | 14.32%   | 11,432           | 17.09%   | 16,066           | 10.36%   | 16,375           | 14.02%          | 21,320           |
| Nifty 500 TRI (Benchmark)                    |                   | -2.03%   | 9,797            | 9.50%    | 13,135           | 9.04%    | 15,418           | 13.41%          | 20,669           |
| Nifty 50 TRI (Additional Benchmark)          |                   | -7.09%   | 9,291            | 6.05%    | 11,931           | 6.37%    | 13,621           | 10.32%          | 17,623           |

Data as of 30th September 2026. Past performance may or may not be sustained in future. Different plans have different expense structure. Ashish Naik is managing the scheme since 24th December 2020 and he manages 4 schemes of Axis Mutual Fund & Krishna N is managing the scheme since 1st March 2024 and she manages 24 schemes of Axis Mutual Fund & Pratik Tibrewal is managing the scheme since 26th August 2026 and he manages 26 schemes of Axis Mutual Fund. Please refer to annexure on Page 143 for performance of all schemes managed by the fund manager. Returns greater than 1 year period are compounded annualised (CAGR). Face Value per unit : ₹10.

Please click on link [https://www.axismf.com/1/5/464/627/WDP\\_Annexure\\_Sep\\_2026\\_b590564ebc.pdf](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.

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## Product labelling & disclaimers

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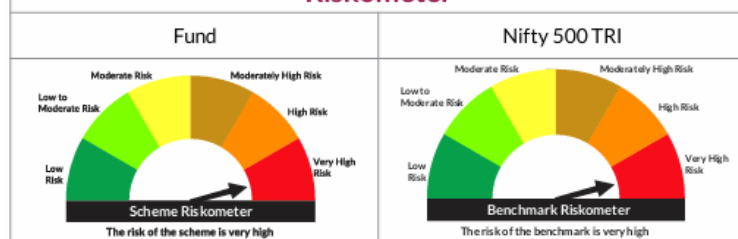
**Benchmark:** Nifty 500 TRI

This product is suitable for investors who are seeking\*

- Capital appreciation over long term
- Investment in stocks based on innovation theme.

\*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

### Riskometer



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**Mutual Fund Investments are subject to market risks, read all scheme related documents carefully.**