Axis Services Opportunities Fund

(An open-ended equity scheme investing in services theme.) Axis Mutual Fund - MF/061/09/02

Fund Manager – Mr. Sachin Relekar, Mr. Nikhil Walecha and Ms. Krishnaa N (for foreign securities)

Axis Services Opportunities Fund is an actively managed, quality-focused fund. It uses a bottom-up, flexi-cap approach to find businesses set to benefit from India's growing services economy.

Key long-term themes:

- Formalization
- Digital adoption
- Premiumization of consumption
- Growing share of organized service providers

These trends can support steady revenue growth, market share gains and better profitability.

The portfolio is built on the fund manager's highest-conviction ideas in high-quality, structurally strong and emerging businesses, not on benchmark weights. This gives a high active share and meaningful sector convictions.

Investment Philosophy

- **Scalable business models:** Companies that can expand their customer base and revenues without a proportionate increase in capital or operating costs.
- **Sustainable competitive advantages:** Businesses with differentiated offerings, strong market positions, distribution advantages or customer relationships that can support long-term competitiveness.
- **Quality growth:** Companies with sound business fundamentals, healthy growth prospects and steady earnings.
- **Capital efficiency:** Businesses that deploy capital productively and demonstrate the potential to generate attractive returns on invested capital.
- **Valuation discipline:** Assessing the price paid relative to the company's fundamentals and long-term growth potential.

Positioning: Portfolio Changes

The Fund is positioned to capture the next phase of India's services-led growth through a high-conviction portfolio with an active share of **60.7%**, highlighting meaningful differentiation from the benchmark. Rather than replicating index weights, the portfolio is constructed around segments where the fund manager sees a superior combination of earnings growth, structural tailwinds and valuation support.

The portfolio has deliberately increased exposure to **Consumer Services**, **Healthcare** and **Financial Services**, while maintaining a relatively lower allocation to benchmark-heavy sectors such as **Information Technology**, **Power** and **Telecommunication**. This positioning reflects the fund manager's conviction in businesses benefiting from formalization, digitization, premiumization of consumption and increasing penetration of organized services across the Indian economy.

Sectors	Axis Services Opportunities	Nifty Services Sector Index	OW/UW
CONSUMER SERVICES	24.7%	8.8%	15.9%
HEALTHCARE	16.6%	4.4%	12.2%
FINANCIAL SERVICES	37.5%	28.6%	9.0%
CONSUMER DURABLES	0.3%	-	0.3%
SERVICES	4.2%	7.5%	-3.3%
TELECOMMUNICATION	4.9%	10.6%	-5.8%
POWER	-	11.9%	-11.9%
INFORMATION TECHNOLOGY	7.1%	28.2%	-21.1%

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

Highest Conviction Overweight segments as of October 2026:

- **Consumer services:** This segment is positioned to benefit from rising discretionary incomes, growing travel demand, expanding digital adoption and the continued shift towards organised consumption. The fund's highest-conviction overweight is in Consumer Services sector, with significant exposures to businesses such as Eternal, Indian Hotels, FSN E-Commerce (Nykaa), Chalet Hotels, TBO Tek and Meesho. The Scheme portfolio also provides exposure to several companies in the Sector that remain underrepresented in benchmark indices currently such as Nykaa, TBO Tek, Meesho etc.
- **Healthcare**: The fund continues to maintain a high-conviction overweight in Healthcare Services, particularly leading hospital operators such as Apollo Hospitals, Fortis Healthcare, KIMS, Rainbow Children's Medicare and Global Health. The sector continues to benefit from favourable demographics, increasing insurance penetration, capacity constraints and growing demand for quality healthcare services. While recent regulatory discussions around hospital pricing practices have created near-term uncertainty and may weigh on sentiment, the fund manager believes the long-term earnings opportunity remains compelling. The portfolio remains focused on quality operators with strong execution capabilities and sustainable competitive advantages, while closely monitoring the evolving regulatory landscape and its implications for industry profitability.
- **Financial Services:** The portfolio is positioned towards beneficiaries of India's financialization theme through BSE Ltd., Central Depository Services (India) Limited, PB Fintech Limited, Bajaj Finance Limited, Cholamandalam Investment and Finance Co. Ltd. and Go Digit General Insurance Limited, rather than relying solely on benchmark-heavy banks. The sector is supported by healthy system credit growth, industry consolidation, and attractive risk-reward across private sector banks and NBFCs. Exposure remains selective, avoiding long-tail PSU banks.

Underweight segments:

- **Information Technology**: The fund remains significantly underweight Information Technology, reflecting a relatively weaker earnings growth outlook compared with several domestic-oriented services segments. While sector valuations have moderated, growth remains constrained by a subdued global demand environment, pressure on discretionary technology spending and uncertainty surrounding evolving technology architectures and AI-led disruption. Exposure is therefore limited to select opportunities where company-specific growth drivers and improving execution provide a more attractive risk-reward profile than the broader sector.
- **Power**: The fund currently has no exposure to the Power sector, as the fund manager prefers allocating capital to asset-light, service-oriented businesses with stronger earnings growth visibility and superior long-term compounding potential.
- **Telecommunication**: The fund remains underweight Telecommunications as the sector offers relatively lower long-term growth potential compared with other areas of the services economy. While industry consolidation and periodic tariff increases are expected to support earnings growth, the scope for sustained market expansion appears more limited.

Sector allocation changes since inception: Fund Inception date: 24th July 2025

Since inception, the portfolio has evolved in line with the fund manager's highest-conviction ideas, with increased allocations to Retailing (13.3% to 16.6%), Leisure Services (5.9% to 8.2%) and Healthcare Services (13.3% to 16.6%). Within Financial Services, exposure has become more selective, with capital increasingly allocated towards differentiated opportunities across capital markets, fintech and insurance businesses. These additions have been funded through lower exposure to Telecommunications (6.9% to 4.9%), Banks (17.8% to 15.3%) and the complete exit from traditional IT Services. As a result, the portfolio has become more focused and differentiated, emphasizing businesses with stronger earnings visibility and long-term growth potential.

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Sectors	Aug-25	Dec-25	Apr-26	Jul-26	Oct-26
Healthcare Services	13.3	13.0	15.9	17.8	16.6
Retailing	13.3	14.1	11.8	13.1	16.6
Banks	17.8	19.7	16.3	17.4	15.3
Finance	8.2	10.2	9.9	11.8	8.5
Leisure Services	5.9	6.3	6.2	7.0	8.2
IT - Software	3.3	4.4	3.5	2.4	7.1
Capital Markets	6.2	6.5	8.9	8.5	4.9
Financial Technology (Fintech)	3.6	5.1	5.4	5.4	4.9
Telecom - Services	6.9	8.2	7.6	4.7	4.9
Insurance	4.3	4.6	4.9	4.4	4.1
Transport Services	4.1	3.2	3.0	3.6	3.1
Commercial Services & Supplies	0.8	0.9	0.6	0.9	1.1
Consumer Durables	0.0	0.3	0.3	0.3	0.3
IT - Services	1.5	1.7	2.0	1.8	0.0

Source: Axis MF Internal Research, MFI Explorer. Data as on 30th Oct 2026.

Key portfolio changes: last 12 months

New entries	% of NAV (Oct-26)	Exits	% of NAV (Oct-26)
Coforge Ltd.	1.82	Inventurus Knowledge Solutions Ltd.	1.58%
Tech Mahindra Ltd.	1.23	Swiggy Ltd.	2.10%
Meesho Ltd.	1.19		
SS Retail Ltd.	1.14		
Mphasis Ltd.	1.01		
Capillary Technologies India Ltd.	0.67		
Kotak Mahindra Bank Ltd.	0.51		
Union Bank Of India	0.51		
PNB Housing Finance Ltd.	0.45		
RBL Bank Ltd.	0.40		
DCB Bank Ltd.	0.40		
Wakefit Innovations Ltd.	0.34		
Jio Platforms Ltd.	0.08		

Source: Axis MF Internal Research. Data as on 30th Oct 2026 (Oct 2026 vs Oct 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

Market-cap allocation

The fund follows a flexi-cap investment approach, providing the flexibility to allocate capital across large-cap, mid-cap and small-cap companies. The fund has progressively increased its allocation to mid and small-cap companies, with the combined exposure rising from **37.2% to 44.3%** over the past year. The increase in mid and small-cap exposure underscores the portfolio's focus on identifying businesses at an earlier stage of their growth cycle, where earnings growth and market-share gains have the potential to be significantly higher than mature large-cap businesses.

Many of these companies continue to offer attractive growth-to-valuation opportunities, supported by structural themes which are expected to drive earnings growth over the medium to long term.

Market cap	Oct-2026	Oct-2025	Change
Large cap	51.12%	56.4%	-5.28%
Mid cap	26.44%	24.4%	2.04%
Small cap	17.86%	12.8%	5.06%
Mid + small cap	**44.3%**	**37.2%**	7.10%

Top contributors and detractors (Oct 2025 – Oct 2026)

Key contributors	Key detractors
HDFC Bank Limited (UW)	PB Fintech Limited (no wt. in benchmark)
Federal Bank Ltd. (India) (OW)	Fortis Healthcare Ltd. (no wt. in benchmark)
BSE Ltd. (OW)	Tech Mahindra Limited (UW)
Eternal Limited (OW)	State Bank of India (No wt. in port)
Indian Hotels Co. Ltd. (OW)	Kotak Mahindra Bank Limited (no wt. in port.)

Key contributors	Key detractors
Consumer Services (OW)	Information Technology (UW)
Power (UW)	Financial Services (UW)
	Services (OW)
	Healthcare (OW)
	Telecommunication (UW)

Source: Axis MF Internal Research, Factset. Data as on 30th Oct 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

Way forward:

While manufacturing and industrial themes have delivered substantial outperformance and undergone a period of leadership, market leadership is poised to rotate toward domestic-oriented services. Following an extended period of consolidation, domestic services businesses now benefit from supportive macro tailwinds, improving earnings visibility, and reasonable valuations, positioning the theme to emerge as a primary growth driver over the medium-to-long term.

We expect inflationary pressures and the rate-hike cycle to persist in the near term, although domestic macroeconomic conditions should remain resilient. A stabilization in the currency and a further decline in crude oil prices could drive a strong rebound Financials. Financials remain our largest overweight, underpinned by strong credit growth, stable asset quality trends and earnings upgrades.

In IT, we remain selective as we assess AI-related headwinds, preferring companies with better medium-term earnings visibility. We continue to be positive on hospitals and hotels as a domestic consumption story supported by the potential for further earnings upgrades and selectively favor high-growth consumer platform businesses.
We maintain overall preference for domestic-led sectors, while potential easing global headwinds are set to benefit undervalued sectors like financials with better earnings prospects.

While recent performance was impacted by a few stock-specific factors, the fund manager remains confident that the portfolio's active positioning and differentiated stock selection will be rewarded over a longer investment horizon. With a high active share, the strategy continues to seek alpha through conviction-led allocations instead of benchmark replication. This would also mean that interim periods will see the performance of funds diverge from the benchmark, but the aim is to outperform the benchmark over medium to long term.

Reasons for Underperformance

The fund has underperformed the benchmark but did better than the bellwether index (Nifty 50 TRI). The gap to the benchmark is largely the result of deliberate active positioning, which tends to cause short-term divergence, rather than a change in the investment thesis.

The recent performance was primarily impacted by the fund's underweight stance in **Information Technology** (when Indian IT stocks rebounded) and stock selection within **Financial Services** and **Healthcare**. While these positions affected the performance, the portfolio continues to be aligned with long-term structural themes. Encouragingly, our high-conviction exposures in consumer services delivered strong alpha during the period, reinforcing our confidence in the portfolio's long-term positioning.

Scheme / benchmark	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 Services Opportunities Fund - Regular Plan - Growth Option	24-July-2025	-8.22%	9,180	NA	NA	NA	NA	-5.64%	9,290
Nifty Services Sector TRI (Benchmark)		-5.97%	9,404	NA	NA	NA	NA	-4.61%	9,419
Nifty 50 TRI (Additional Benchmark)		-9.47%	9,055	NA	NA	NA	NA	-5.36%	9,325

Performance as of 30th October 2026. Past performance may or may not be sustained in future. Different plans have different expense structure. Sachin Relekar is managing the scheme since 24th July 2025, and he manages 3 schemes of Axis Mutual Fund & Krishnaa N is managing the scheme since 24th July 2025 and she manages 24 schemes of Axis Mutual Fund & Nikhil Walecha is managing the scheme since 1stOctober2026 and he manages 1schemes of Axis Mutual Fund. Returns greater than 1 year period is compounded annualised (CAGR). Face Value per unit: ₹10. @ -Regular Plan Growth Option and @@ -Direct Plan Growth option.

Please click on this link https://www.axismf.com/1/5/464/627/ALL_Annexure_Oct_2026_44fa7fc91e.pdf to view the performance of other schemes currently managed by the fund manager.

Product labelling & disclaimers

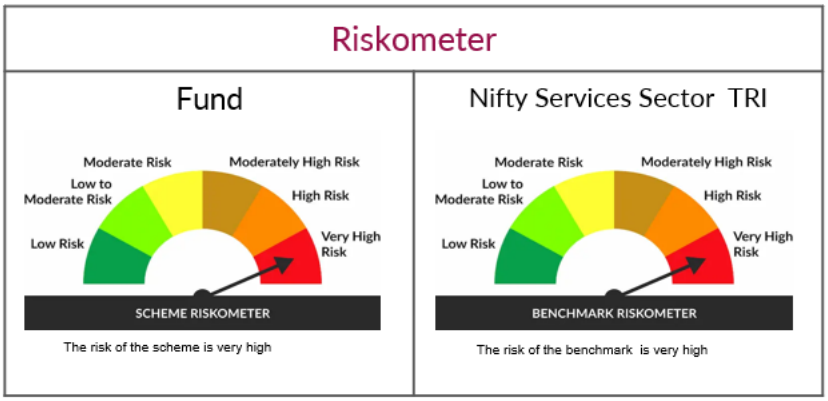
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(An open-ended equity scheme following services theme)

Benchmark: NIFTY Services Sector TRI

This product is suitable for investors who are seeking*:

- Capital appreciation over long term
- An equity scheme investing in equity & equity related securities based on the theme that focuses on services industry.



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