NOTICE-CUM-ADDENDUM TO THE SCHEME INFORMATION DOCUMENT(S) AND KEY INFORMATION MEMORANDUM(S) OF AXIS EQUITY FUND, AXIS MIDCAP FUND, AXIS TREASURY ADVANTAGE FUND, AXIS SHORT TERM FUND, AXIS REGULAR SAVINGS FUND, AXIS CORPORATE DEBT OPPORTUNITIES FUND, AXIS INCOME SAVER, AXIS TRIPLE ADVANTAGE FUND, AXIS CHILDREN'S GIFT FUND AND AXIS CONSTANT MATURITY 10 YEAR FUND.

SBI had issued circular vide ref. no. SEBI/HO/IMDO/F15/CP/2017/114 dated October 6, 2017 read with SBI circular no. SB/Ho/HO/ID/75/CP/2017/126 dated December 04, 2017 on categorization and Rationalization of Mutual fund Scheme ("SEBI Circular") to bring in uniformity in the characteristics of similar type of schemes launched by Mutual Funds. This would ensure that an investor of Mutual Funds is able to evaluate different investment options, before taking an informed decision to invest in a scheme.

Pursuant to the SEBI Circular, Axis Mutual Fund Trustee Ltd. ("AMFT"), Trustee to Axis Mutual Fund ("the Fund") has decided to modify the provisions of the Scheme Information Document ("SID") and Key Information Memorandum ("KIM") of the (KIM) of the scheme(s) given below to enable inclusion of provisions in SID & KIM of the scheme(s) to categorise the scheme(s) in line with the provisions of SEBI Circular. It may be noted that Axis Mutual Fund (in any) have not have any existing schemes, in accordance with the SEBI Circular in which the provisions of the SID & KIM of the scheme(s) are required to undergo any merge / windup procedures. Amendments have also been carried out to include provisions in the SID & KIM of the scheme(s), enabling fund manager(s) to invest in various instruments / securities available in the securities market. Further, AMFT has decided to modify provisions of SID and KIM of Axis Constant Maturity 10 Year Fund ("ACM10YF") including name of the scheme, to enable active management of duration of ACM10YF instead of the current strategy of maintaining average maturity of the Scheme as per the provisions in the SID & KIM of ACM10YF, enabling fund manager to invest in various instruments / securities available in the securities market in the interest of investors.

Accordingly, following the changes in the provisions of SID / KIM of the scheme(s) are proposed to be carried out:

A. Axis Equity Fund ("AEF")

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Existing Provisions</th>
<th>Revised Provisions (Effective from May 18, 2018)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Type of Scheme</td>
<td>Name of the Scheme</td>
</tr>
<tr>
<td>2.</td>
<td>Type of scheme</td>
<td>Name of the scheme</td>
</tr>
<tr>
<td>3.</td>
<td>Definition</td>
<td>Definition</td>
</tr>
<tr>
<td>4.</td>
<td>Asset Allocation</td>
<td>Asset Allocation</td>
</tr>
<tr>
<td>5.</td>
<td>Types of Scheme</td>
<td>Types of scheme</td>
</tr>
<tr>
<td>6.</td>
<td>Investment Objective</td>
<td>Investment Objective</td>
</tr>
<tr>
<td>7.</td>
<td>Asset Allocation Ptn</td>
<td>Asset Allocation Ptn</td>
</tr>
</tbody>
</table>

B. Axis Midcap Fund ("AMF")

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Existing Provisions</th>
<th>Revised Provisions (Effective from May 18, 2018)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Product Labeling</td>
<td>Product Labeling</td>
</tr>
<tr>
<td>2.</td>
<td>Type of Scheme</td>
<td>Type of Scheme</td>
</tr>
<tr>
<td>3.</td>
<td>Investment Objective</td>
<td>Investment Objective</td>
</tr>
<tr>
<td>4.</td>
<td>Definition</td>
<td>Definition</td>
</tr>
<tr>
<td>5.</td>
<td>Types of Scheme</td>
<td>Types of Scheme</td>
</tr>
<tr>
<td>6.</td>
<td>Investment Objective</td>
<td>Investment Objective</td>
</tr>
<tr>
<td>7.</td>
<td>Asset Allocation Ptn</td>
<td>Asset Allocation Ptn</td>
</tr>
</tbody>
</table>

C. Axis Treasury Advantage Fund ("ATAF")

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Existing Provisions</th>
<th>Revised Provisions (Effective from May 18, 2018)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Type of Scheme</td>
<td>Type of Scheme</td>
</tr>
<tr>
<td>2.</td>
<td>Asset Allocation</td>
<td>Asset Allocation</td>
</tr>
<tr>
<td>3.</td>
<td>Derivatives</td>
<td>Derivatives</td>
</tr>
</tbody>
</table>
Investment Strategies

3. Investment Strategies (Select one(s))

The fourth para is replaced:
The Fund will have a mix of credits with a moderately higher credit risk as compared to a liquid fund. The Fund will always aim at controlling risk by carrying a rigorous credit evaluation of the securities proposed to be invested in. The credit evaluation will be carried out on the basis of the parameters mentioned above.

4. Annual Scheme Recurring Expenses

Annual Scheme Recurring Expenses

<table>
<thead>
<tr>
<th>Expense Head</th>
<th>Axis Treasury Advantage Fund</th>
<th>Axis Treasury Advantage Fund - Retail Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum total expense ratio (TER) permitted under Regulation 52 (d) (ii) and (ii) (a)</td>
<td>Upto 2.15%</td>
<td>Upto 2.25%</td>
</tr>
<tr>
<td>% of daily Net Assets</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5. C. Axis Treasury Advantage Fund (“ATAF”) (Contd.)

Name of the scheme

Name of the scheme

C. Axis Treasury Advantage Fund (“ATAF”)

Investment Strategies

The fourth para is replaced:
The Macaulay duration of the portfolio of the Scheme will be maintained between 6 months - 12 months depending on the interest rate view. The Scheme stands to expose to market risk which can get captured partially by “mark to market component” thereby inducing a potential daily volatility. Also, the Scheme will have a mix of credits with a moderately higher credit risk as compared to a liquid fund. The Scheme will always aim at controlling risk by carrying a rigorous credit evaluation of the securities proposed to be invested in. The credit evaluation will be carried out on the basis of the parameters mentioned above.

Annual Scheme Recurring Expenses

<table>
<thead>
<tr>
<th>Expense Head</th>
<th>% of daily Net Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum total expense ratio (TER) permitted under Regulation 52 (d) (ii) and (ii) (a)</td>
<td>Upto 2.25%</td>
</tr>
</tbody>
</table>

6. D. Axis Short Term Fund (“ASTF”)

Name of the scheme

Type of Scheme

An open ended debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 1 year to 3 years.

D. Axis Short Term Fund (“ASTF”)

Asset Allocation

Under normal circumstances the asset allocation pattern will be:

<table>
<thead>
<tr>
<th>Instruments</th>
<th>Indicative Allocation ( % of net assets)</th>
<th>Risk Profile</th>
<th>Low/Medium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money market instruments and debt instruments including government securities, corporate debt, securitized debt and other debt instruments with maturity/average maturity/residual maturity/interest rate resets less than or equal to 375 days or have put options within a period not exceeding 375 days</td>
<td>90</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Debt instruments excluding government securities, corporate debt, securitized debt* and other debt instruments with maturity/average maturity/residual maturity/interest rate resets greater than 375 days</td>
<td>10</td>
<td>Low to Medium</td>
<td></td>
</tr>
<tr>
<td>*Includes securitized debt (excluding foreign securitized debt) up to 30% of the net assets of the Scheme. The Scheme shall not invest in foreign securitized debt.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

7. C. Axis Regular Savings Fund (“ARSF”) (Contd.)

Name of the scheme

Type of Scheme

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.

C. Axis Regular Savings Fund (“ARSF”) (Contd.)

Asset Allocation

*Investment in Securitized debt (excluding foreign securitized debt), if undertaken, would not exceed 65% of the net assets of the Scheme. Investments in derivatives shall be up to 75% of the net assets of the Scheme. Investment in derivatives shall be for hedging, portfolio rebalancing and such other purposes as may be permitted from time to time. Derivative instruments will be used subject to the guidelines which may be prescribed by the Board of Directors of the Asset Management Company and Trustee Company.

<table>
<thead>
<tr>
<th>Instruments</th>
<th>Indicative Allocation ( % of net assets)</th>
<th>Risk Profile</th>
<th>Low/Medium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money market instruments and debt instruments including government securities, corporate debt, securitized debt* and other debt instruments</td>
<td>40</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Debt instruments excluding government securities, corporate debt, securitized debt* and other debt instruments</td>
<td>60</td>
<td>Low to Medium</td>
<td></td>
</tr>
<tr>
<td>*Includes securitized debt (excluding foreign securitized debt) up to 30% of the net assets of the Scheme. The Scheme shall not invest in foreign securitized debt.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

8. F. Axis Corporate Debt Opportunities Fund (“KODOF”)

Name of the scheme

Type of Scheme

An open ended short term debt scheme investing in AA- and above rated corporate bonds.
F. Axis Corporate Debt Opportunities Fund (“ACDOF”)

1. Name of the scheme
   Axis Corporate Debt Opportunities Fund

2. Type of Scheme
   A closed ended debt scheme

3. Asset Allocation Pattern
   Under normal circumstances the asset allocation pattern will be:

<table>
<thead>
<tr>
<th>Instruments</th>
<th>Indicative Allocation (%) of Net Assets</th>
<th>Risk Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Instruments &amp; Money Market instruments</td>
<td>65-99</td>
<td>Low to Medium</td>
</tr>
<tr>
<td>Other Debt &amp; Money Market instruments</td>
<td>0-35</td>
<td>Low to Medium</td>
</tr>
<tr>
<td>Corporate Debt rated AA &amp; above Sing.</td>
<td>0-10</td>
<td>Low to Medium</td>
</tr>
</tbody>
</table>

4. Investment Strategies
   - The Scheme may undertake repo transactions in corporate debt securities in accordance with the directions issued by SEBI and RBI from time to time. Such investment shall be made subject to the guidelines which may be prescribed by the Board of Directors of the Asset Management Company and Trustee Company.
   - The Scheme may undertake repo transactions in corporate debt securities in accordance with the directions issued by SEBI and RBI from time to time. Such investment shall be made subject to the guidelines which may be prescribed by the Board of Directors of the Asset Management Company and Trustee Company.

5. Asset Allocation Pattern
   Under normal circumstances the asset allocation pattern will be:

<table>
<thead>
<tr>
<th>Instruments</th>
<th>Indicative Allocation (%) of Net Assets</th>
<th>Risk Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Instruments &amp; Money Market instruments</td>
<td>34-65</td>
<td>Medium to High</td>
</tr>
<tr>
<td>Other Debt &amp; Money Market instruments</td>
<td>0-35</td>
<td>Low to Medium</td>
</tr>
<tr>
<td>Corporate Debt rated AA &amp; above Sing.</td>
<td>0-10</td>
<td>Low to Medium</td>
</tr>
</tbody>
</table>

6. Foreign Securities
   - Not available

7. Repo in Corporate debt securities
   - Not available

8. Indian Asset Saver Scheme (“IAS”)

1. Name of the scheme
   Axis Indian Asset Saver Scheme

2. Type of Scheme
   An Open-ended scheme

3. Product Labeling
   - Capital appreciation while generating income over medium to long term.
   - Investment in debt and money market instruments as well as equity and equity related instruments managing risk through active asset allocation.

4. Investment Objective
   The Scheme seeks to generate regular income through investments in debt & money market instruments, along with capital appreciation through limited exposure to equity and equity related instruments. It also aims to manage risk through active asset allocation.

5. Asset Allocation Pattern
   Under normal circumstances the asset allocation pattern will be:

<table>
<thead>
<tr>
<th>Instruments</th>
<th>Indicative Allocation (%) of Net Assets</th>
<th>Risk Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Instruments &amp; Money Market instruments</td>
<td>34-65</td>
<td>Medium to High</td>
</tr>
<tr>
<td>Other Debt &amp; Money Market instruments</td>
<td>0-35</td>
<td>Low to Medium</td>
</tr>
<tr>
<td>Corporate Debt rated AA &amp; above Sing.</td>
<td>0-10</td>
<td>Low to Medium</td>
</tr>
</tbody>
</table>

6. Foreign Securities
   - Not available

7. Repo in Corporate debt securities
   - Not available

   - The total exposure in a particular sector (excluding investments in Bank CDs, CBLO, Government Securities, T-Bills, etc) may not exceed 25% of the net assets of the scheme.
   - The total exposure in any one sector may not exceed 50% of the net assets of the scheme subject to the guidelines as may be prescribed by the Board of Directors of the Asset Management Company and Trustee Company.
   - The Scheme may undertake repo transactions in corporate debt securities in accordance with the directions issued by SEBI and RBI from time to time. Such investment shall be made subject to the guidelines which may be prescribed by the Board of Directors of the Asset Management Company and Trustee Company.

9. Revised Provisions (Effective from May 18, 2018)
   - The Scheme may undertake repo transactions in corporate debt securities in accordance with the directions issued by SEBI and RBI from time to time. Such investment shall be made subject to the guidelines which may be prescribed by the Board of Directors of the Asset Management Company and Trustee Company.

These are regulatory provisions forming part of the investment restrictions and hence being deleted from asset allocation section.

II. Non-Indian Asset Saver Scheme

1. Name of the scheme
   Axis Non-Indian Asset Saver Scheme

2. Type of Scheme
   An Open-ended scheme

3. Product Labeling
   - Capital appreciation while generating income over medium to long term.
   - Investment in debt and money market instruments as well as equity and equity related instruments managing risk through active asset allocation.

4. Investment Objective
   The Scheme seeks to generate regular income through investments in debt & money market instruments, along with capital appreciation through limited exposure to equity and equity related instruments. It also aims to manage risk through active asset allocation.

5. Asset Allocation Pattern
   Under normal circumstances the asset allocation pattern will be:

<table>
<thead>
<tr>
<th>Instruments</th>
<th>Indicative Allocation (%) of Net Assets</th>
<th>Risk Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Instruments &amp; Money Market instruments</td>
<td>0-65</td>
<td>Medium to High</td>
</tr>
<tr>
<td>Other Debt &amp; Money Market instruments</td>
<td>0-35</td>
<td>Low to Medium</td>
</tr>
<tr>
<td>Corporate Debt rated AA &amp; above Sing.</td>
<td>0-10</td>
<td>Low to Medium</td>
</tr>
</tbody>
</table>

6. Foreign Securities
   - Not available

7. Repo in Corporate debt securities
   - Not available

   - The total exposure in any particular sector (excluding investments in Bank CDs, CBLO, Government Securities, T-Bills, etc) may not exceed 25% of the net assets of the scheme.
   - The total exposure in any one sector may not exceed 50% of the net assets of the scheme subject to the guidelines as may be prescribed by the Board of Directors of the Asset Management Company and Trustee Company.
   - The Scheme may undertake repo transactions in corporate debt securities in accordance with the directions issued by SEBI and RBI from time to time. Such investment shall be made subject to the guidelines which may be prescribed by the Board of Directors of the Asset Management Company and Trustee Company.

9. Revised Provisions (Effective from May 18, 2018)
   - The Scheme may undertake repo transactions in corporate debt securities in accordance with the directions issued by SEBI and RBI from time to time. Such investment shall be made subject to the guidelines which may be prescribed by the Board of Directors of the Asset Management Company and Trustee Company.

These are regulatory provisions forming part of the investment restrictions and hence being deleted from asset allocation section.
The scheme has dual objectives of generating income and capital gains while attempting to manage the risk from the market. In order to achieve the twin objectives, the scheme intends to take a top-down and bottom-up investment strategy. The top-down process would lead to the asset-allocation between equities and fixed income and the bottom-up process would lead to the construction of the portfolio specific for equities. The scheme would invest both in equities and fixed income instruments. Allocation between the two asset classes would be done using a quantitative asset allocation methodology. This methodology will be the primary tool to manage the overall risk of the portfolio in such a way as to achieve the objective of managing risks. The quantitative tool has been implemented (as described below) with a target of limiting the downside to 5% in a calendar year. Within equities and fixed income, the portfolio would be actively managed to optimize returns within the respective asset class.

### Quantitative Asset Allocation Methodology

Quantitative asset allocation methodology will be used to allocate the assets between equity & fixed income. This will be done on the basis of four parameters viz., year to date (YTD) returns, 5% downside limit of the NAV, volatility impact on the benchmark & the market & 35% cap on equity allocation. The parameters influence the asset allocation in the following manner:

<table>
<thead>
<tr>
<th>Parameters</th>
<th>Effect on Asset Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>YTD returns</td>
<td>Higher allocation to equity</td>
</tr>
<tr>
<td>5% Downside Limit of NAV</td>
<td>Higher allocation to fixed income</td>
</tr>
<tr>
<td>Volatility Impact on Benchmark</td>
<td>Lower allocation to equity</td>
</tr>
<tr>
<td>Market &amp; 35% Cap on Equity Allocation</td>
<td>Lower allocation to fixed income</td>
</tr>
</tbody>
</table>

Along with the above parameters, the overall asset allocation of the portfolio will be subject to the specific asset allocation mentioned above.

### Fixed Income Strategy

The scheme proposes to invest in a diversified portfolio of high quality debt and money market instruments to generate income. The fund manager will allocate the assets under the scheme taking into consideration the prevailing interest rate scenario and the liquidity of the different instruments. The portfolio duration and credit exposures will be decided based on a thorough research of the general economic condition, political and fiscal environment, systemic liquidity, inflationary expectations, corporate performance and other economic considerations. The fund manager will keep in mind the yield structure of different asset classes (e.g. the yield curve and the corporate bond yield curve) as well as the kinks within a particular yield curve (e.g. the different points of the sovereign yield curve) while making investment decisions.

### Equity Related Strategies

- **Risk Management Strategy:** The scheme will use a holistic risk management strategy to manage risks associated with investing in equity markets. The scheme will analyse the portfolio's risk exposure and adopt assets that will help in achieving the objective of managing risk.
- **Quality Risk:** The fund manager will focus on investing in sustainable companies having a robust business model and earnings. The scheme may also invest in fixed income derivatives subject to the guidelines as may be issued by SEBI and RBI for such purposes as may be permitted from time to time.
- **Volatility Risk:** Volatility in price due to company or portfolio specific factors
- **Event Risk:** Risk of investing in unsustainable/weak companies.
- **Liquidity Risk:** Risk of investing in illiquid securities.
- **Credit Risk:** Risk of investing in companies having high credit risk.
- **Interest Rate Risk:** Risk of changes in interest rates affecting the asset value.
- **Currency Risk:** Risk of changes in foreign exchange rates affecting the asset value.

The scheme by utilising a holistic risk management strategy will endeavor to manage risks associated with investing in equity markets. The scheme has identified the following risks and designed risk management strategies, which are embedded in the investment process to manage these risks.

### Indicative Allocation Risk Profile

<table>
<thead>
<tr>
<th>Indicative Allocation Risk Profile</th>
<th>Instruments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicative Allocation Risk Profile</td>
<td>Equity &amp; Equity Related Instruments</td>
</tr>
<tr>
<td>Indicative Allocation Risk Profile</td>
<td>Fixed Income Instruments</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Instruments</th>
<th>Risk Profile (Low/Medium/High)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity &amp; Equity Related Instruments</td>
<td>50-60 High</td>
</tr>
<tr>
<td>Fixed Income Instruments</td>
<td>50-60 Medium</td>
</tr>
</tbody>
</table>

### Investment Strategies

- **Asset Allocation Pattern:** The scheme will invest in a diversified portfolio of high quality debt and money market instruments to generate income. The fund manager will allocate the assets under the scheme taking into consideration the prevailing interest rate scenario and the liquidity of the different instruments. The portfolio duration and credit exposures will be decided based on a thorough research of the general economic condition, political and fiscal environment, systemic liquidity, inflationary expectations, corporate performance and other economic considerations. The fund manager will keep in mind the yield structure of different asset classes (e.g. the sovereign yield curve and the corporate bond yield curve) as well as the kinks within a particular yield curve (e.g. the different points of the sovereign yield curve) while making investment decisions.
- **Fixed Income Strategy:** The scheme proposes to invest in a diversified portfolio of high quality debt and money market instruments to generate income. The fund manager will allocate the assets under the scheme taking into consideration the prevailing interest rate scenario and the liquidity of the different instruments. The portfolio duration and credit exposures will be decided based on a thorough research of the general economic condition, political and fiscal environment, systemic liquidity, inflationary expectations, corporate performance and other economic considerations. The fund manager will keep in mind the yield structure of different asset classes (e.g. the sovereign yield curve and the corporate bond yield curve) as well as the kinks within a particular yield curve (e.g. the different points of the sovereign yield curve) while making investment decisions.
- **Equity Related Strategies:** The scheme will use a holistic risk management strategy to manage risks associated with investing in equity markets. The scheme has identified the following risks and designed risk management strategies, which are embedded in the investment process to manage these risks.
- **Quality Risk:** The fund manager will focus on investing in sustainable companies having a robust business model and earnings. The scheme may also invest in fixed income derivatives subject to the guidelines as may be issued by SEBI and RBI for such purposes as may be permitted from time to time.
- **Volatility Risk:** Volatility in price due to company or portfolio specific factors
- **Event Risk:** Risk of investing in unsustainable/weak companies.
- **Liquidity Risk:** Risk of investing in illiquid securities.
- **Credit Risk:** Risk of investing in companies having high credit risk.
- **Interest Rate Risk:** Risk of changes in interest rates affecting the asset value.
- **Currency Risk:** Risk of changes in foreign exchange rates affecting the asset value.
- **Credit Risk:** Risk of investing in companies having high credit risk.
1. Asset Allocation:

Under normal circumstances the asset allocation pattern will be:

<table>
<thead>
<tr>
<th>Instruments</th>
<th>Percentage Allocation (%) of Net Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Securities, Treasury Bills, Repo &amp; CBLO</td>
<td>100</td>
</tr>
</tbody>
</table>

The scheme will aim to maintain an average maturity in the range of 5 to 11 years.

2. Type of Scheme:

An Open-Ended gilt scheme

3. Product Labeling:

\- Credit risk-free return over medium to long term
\- Investment mainly in Government securities across maturities

4. Investment Objective:

The Scheme will aim to generate credit risk-free returns through investments in sovereign securities issued by the Central Government and/or State Government.

5. Asset Allocation Pattern:

In normal circumstances the asset allocation pattern will be:

<table>
<thead>
<tr>
<th>Instruments</th>
<th>Percentage Allocation (%) of Net Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Securities, Treasury Bills, Repo &amp; CBLO</td>
<td>100</td>
</tr>
</tbody>
</table>

The scheme will aim to maintain an average maturity in the range of 5 to 11 years.

6. Investment Strategy:

The Scheme will aim to generate credit risk-free returns through investments in sovereign securities issued by the Central Government and/or State Government.

The Scheme may seek investment opportunities in foreign securities including ADRs / GDRs / Foreign equity and debt securities subject to the Regulations. Such investment shall not exceed 5% of the net assets of the Scheme.

The Scheme may undertake repo transactions in corporate debt securities in accordance with the directions issued by RBI and SEBI from time to time. Derivative instruments including Interest Rate Swaps, Interest Rate Forwards, Interest Rate Futures and Forward Rate Agreements may be used for such purposes as may be permitted from time to time. Derivative instruments including Interest Rate Swaps, Interest Rate Forwards, Interest Rate Futures and Forward Rate Agreements may be used for such purposes as may be permitted from time to time.

The Scheme may undertake repo transactions in corporate debt securities in accordance with the directions issued by RBI and SEBI from time to time. Derivative instruments including Interest Rate Swaps, Interest Rate Forwards, Interest Rate Futures and Forward Rate Agreements may be used for such purposes as may be permitted from time to time.
L. HIGHLIGHTS OF THE SCHEME

Application Date: May 06, 2009
Conception of Macaulay duration is a measure of the average life of a bond’s sensitivity to interest rate changes. It is a measure of the average length of time until the cash flows of a bond are reinvested at the prevailing interest rates. The longer the duration, the greater the bond's sensitivity to interest rate changes.

M. RISK FACTORS

A. Risks associated with Investments in REITs and InvITs

(Refer to ASITF & AIF) The Scheme may use Derivative instruments like interest rate swaps, which are financial instruments used to hedge against interest rate risk. Derivatives carry the risk of adverse changes in the value of the underlying security, as well as the risk of counterparty default.

B. Risks associated with Debt derivative instruments

a. "Infrastructure Investment Trust" or "InvIT"

C. Liquidity or Marketability Risk: This refers to the ease with which a security can be sold or to near term valuation to maturity (YTM). The primary measure of liquidity in the spread between the bid price and the offer price of a security.

D. Reinvestment Risk: Investments in REITs & InvITs may carry reinvestment risk resulting in the reinvestment of declares realized at a lower rate. The value of the cash flows may be reduced.

E. Risks associated with Derivatives Transactions

The Scheme will also be required to ensure that the appropriate measures are taken to mitigate the risks associated with Derivatives Transactions.

F. Risks associated with Short Selling & Securities Lending

The Scheme may also invest in suitable investment avenues in foreign securities in overseas financial markets for the purpose of hedging and portfolio balancing in accordance with the investment objectives of the Scheme.

G. Risks associated with NRI investments

The Scheme can enter into a swap agreement only on a non-leveraged basis. A swap will be an agreement between two parties to exchange the notional amount of one currency for that of another.

H. Basis Risk:

(Refer to AIF and AIF 10YF)

I. Credit Risk:

In simple terms this risk means that the issuer of a debenture/ bond or a money market instrument may not fulfill its obligation to pay the interest or principal due dates. The creditworthiness of the issuer is thus a key factor in assessing this risk.

J. Daily mark to market

The Scheme is entitled to receive interest on Rs. 20 Crores at 12% for 6 days, and if the counterparty pays the Scheme the difference.

K. Forward Rate Agreement

(ll) A swap is an agreement between two parties to exchange the notional amount of one currency for that of another. A swap agreement is a contract for the exchange of amounts determined as specified in a currency swap contract.

M. Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses.

N. Credit Risk:

Derivatives carry the risk of adverse changes in the value of the underlying security, as well as the risk of counterparty default.

O. Risk of lower than expected distributions:

When a fund invests in structured notes or similar instruments, it may be exposed to the risk of lower than expected distributions.

P. Interest Rate Swap

In simple terms this risk means that the issuer of a debenture/ bond or a money market instrument may not fulfill its obligation to pay the interest or principal due dates. The creditworthiness of the issuer is thus a key factor in assessing this risk.

Q. Risk of Reinvestment:

The Scheme is entitled to receive interest on Rs. 20 Crores at 12% for 6 days, and if the counterparty pays the Scheme the difference.

R. Risk of Negative Interest Rates

(Refer to AIF and AIF 10YF)

If the Scheme invests in a bond with a negative interest rate, it will be facing the risk of negative returns on its investment.

S. Risk of Counterparty Default

In simple terms this risk means that the issuer of a debenture/ bond or a money market instrument may not fulfill its obligation to pay the interest or principal due dates. The creditworthiness of the issuer is thus a key factor in assessing this risk.

T. Risk of Wrong Counterparty

The Scheme is entitled to receive interest on Rs. 20 Crores at 12% for 6 days, and if the counterparty pays the Scheme the difference.

U. Risk of Interest Rate Risk

(Refer to AIF and AIF 10YF)

V. Risk of Basis Risk

In simple terms this risk means that the issuer of a debenture/ bond or a money market instrument may not fulfill its obligation to pay the interest or principal due dates. The creditworthiness of the issuer is thus a key factor in assessing this risk.

W. Risk of Wrong Timing

The Scheme is entitled to receive interest on Rs. 20 Crores at 12% for 6 days, and if the counterparty pays the Scheme the difference.

X. Risk of Bidding Risk

In simple terms this risk means that the issuer of a debenture/ bond or a money market instrument may not fulfill its obligation to pay the interest or principal due dates. The creditworthiness of the issuer is thus a key factor in assessing this risk.

Y. Risk of Rollover Risk

The Scheme is entitled to receive interest on Rs. 20 Crores at 12% for 6 days, and if the counterparty pays the Scheme the difference.

Z. Risk of Operational Risk

In simple terms this risk means that the issuer of a debenture/ bond or a money market instrument may not fulfill its obligation to pay the interest or principal due dates. The creditworthiness of the issuer is thus a key factor in assessing this risk.
iv. Imperfect hedging using IRFs may be considered to be exempted from the gross exposure, upto maximum of 20% of
the fund’s net asset value. (Note: For simplicity accrued interest is not considered for calculation)

\[
\text{Gain} = (\text{P}_{\text{Sett}} - \text{P}_{\text{Fut}}) \times \text{Quantity}
\]

\[
\text{P}_{\text{Sett}} = 100 \times 0.9780
\]

Assuming the futures settlement price of Rs. 100.00, the invoice price would be

Step 3 - On 10th January 2016, give a notice of delivery to the exchange

Hence after hedging the fund is as shown below:

Since one contract of IRF has a notional of Rs. 2 lakhs, in this example the fund manager sells Rs. 140 crores/2 lakhs = 7000
contracts in IRF. Moreover, as amended from time to time. In such cases, the Underlying being hedged and the IRF contract has a 90% correlation of
closing prices of more than 90%. In case of correlation breaking at any time the derivative position would be counted as an
exposure. SEBI allows maximum of 20% imperfect hedging.

vi. Interest rate hedging of the portfolio should be in the interest of the investors.

Risk Associated with Interest Rate Futures

Although hedging with interest rate futures allows investors to reduce interest rate risk, it generally cannot completely
eliminate risk. All hedging strategies contain both benefits and risks. Moreover, hedging also introduces some other risks. Some of those risks are
credit risk, market to market risk, and managerial risk.

Credibility:

Investors should not have to be concerned about the opposite party defaulting on a future contract because every future
exchange has a clearing organization that is a party to every future contract in order to guarantee the integrity of the
contract. That is, the clearing house in every contract is a bank in every contract and the buyer in every contract is also a
seller. But the risk that remains is that the investor will still not have received an open futures position if there is a default on the asset being
hedged.

For example, suppose a investor exists in a high correlation with the bond portfolio. And suppose the investor is going to
sell short a bond portfolio that is out of the money futures but will make a profit if that bond portfolio increases in price over the
future. If the investor fails, the price of the bond and future will rise. Since future were sold, the investor would suffer
the loss. But the clearing house would provide the matching counterparty, but the investor would not have received the
return from their hedge

5. HOW WILL THE SCHEME BENCHMARK ITS PERFORMANCE?

The benchmark is being aligned with the exposure to various securities in asset allocation of the Scheme. The benchmark
optimally captures the investible universe for the proposed asset allocation of the Scheme.

In addition to the above, the relevant provisions of the SID and KIM of the Scheme(s) will be suitably modified to reflect
the aforesaid changes.

Self-Option Mechanism

The aforesaid changes are being carried out pursuant to regulatory requirements (except for ACM10YF). Axis AMC shall
continue to manage the Scheme in accordance with the existing investment philosophies and strategies. If a Unit holder has
no objection to the above proposal, no further action needs to be taken by him and it would be deemed that each Unit holder has
consented to the proposed amendment.

Further, the option to exit the Scheme is available to all Unit holders except for Unit holders:

- whose units are marked under lien/injunction in accordance with the instructions of any Court of Law/Income Tax

In case the Unit holder does not agree to the same, he has the option to redeem/switch-out units held by them under the
Scheme(s) within 30 days of the aforesaid changes. This option is valid for a period of 30 days. The above change in the fundamental attributes of the Scheme(s) will
be effective from May 18, 2018.

The Unit holders under the Scheme(s) are being sent a communication in this regard, through an appropriate mode of
delivery. Any question/clarification may be directed in writing to any of the Investor Services Centres of Axis Asset Management
Company Ltd. (“Axis AMC”).

The aforesaid changes are being suitably reflected in the investment objective of the Scheme to avoid any conflict of
interest.

As per the aforesaid changes, Axis AMC shall continue to manage the Scheme(s) in accordance with the existing investment
philosophies and strategies. If a Unit holder has no objection to the above proposal, no further action needs to be taken by him and it would be deemed that each Unit holder has
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