

Axis Nifty Bank Index Fund

(An Open Ended Index Fund tracking the Nifty Bank TRI)

NFO Opens
3rd May 2024

NFO Closes
17th May 2024



AXIS ASSET MANAGEMENT

Why Nifty Bank Index?



Banking & Financial Services – A growing part of NIFTY 50

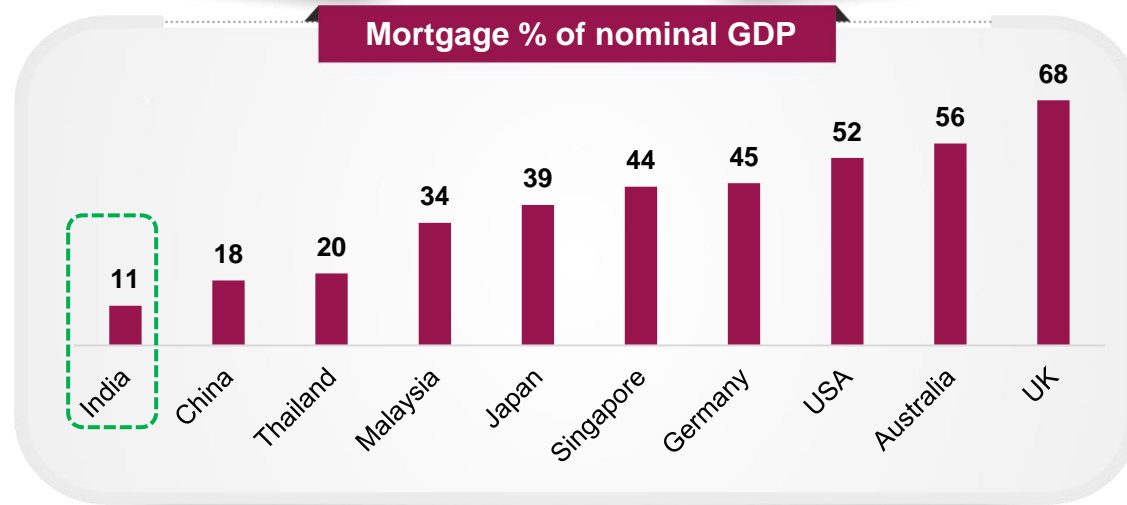
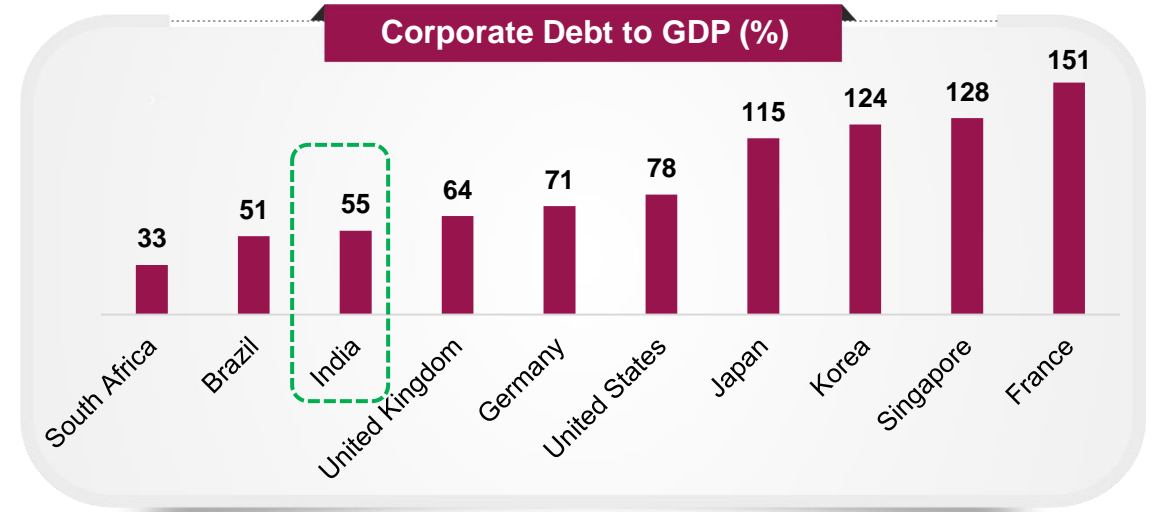
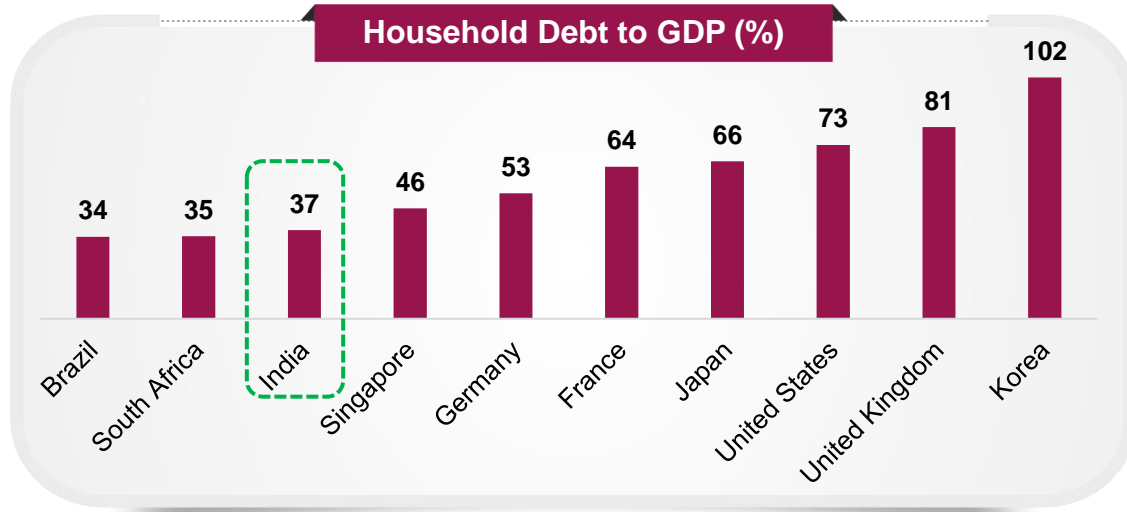
A play on the biggest market driver in India and its growth prospects

| Sector weightage (%) in NIFTY 50 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|----------------------------------|------|------|------|------|------|------|------|------|------|------|------|
| > Financial Services | 27 | 32 | 29 | 33 | 36 | 39 | 37 | 38 | 35 | 34 | 34 |
| > Information Technology | 16 | 17 | 18 | 13 | 12 | 14 | 15 | 17 | 18 | 15 | 13 |
| > Oil & Gas | 11 | 8 | 9 | 11 | 12 | 13 | 13 | 12 | 14 | 13 | 13 |
| > Consumer | 13 | 10 | 10 | 10 | 10 | 11 | 10 | 8 | 6 | 9 | 7 |
| > Autos & Logistics | 9 | 9 | 11 | 11 | 9 | 6 | 5 | 5 | 5 | 6 | 8 |

Source: Axis MF Research, Data for top 5 sectors in Nifty 50 as on 31st March 2024. Constituents as on March End of every Year.

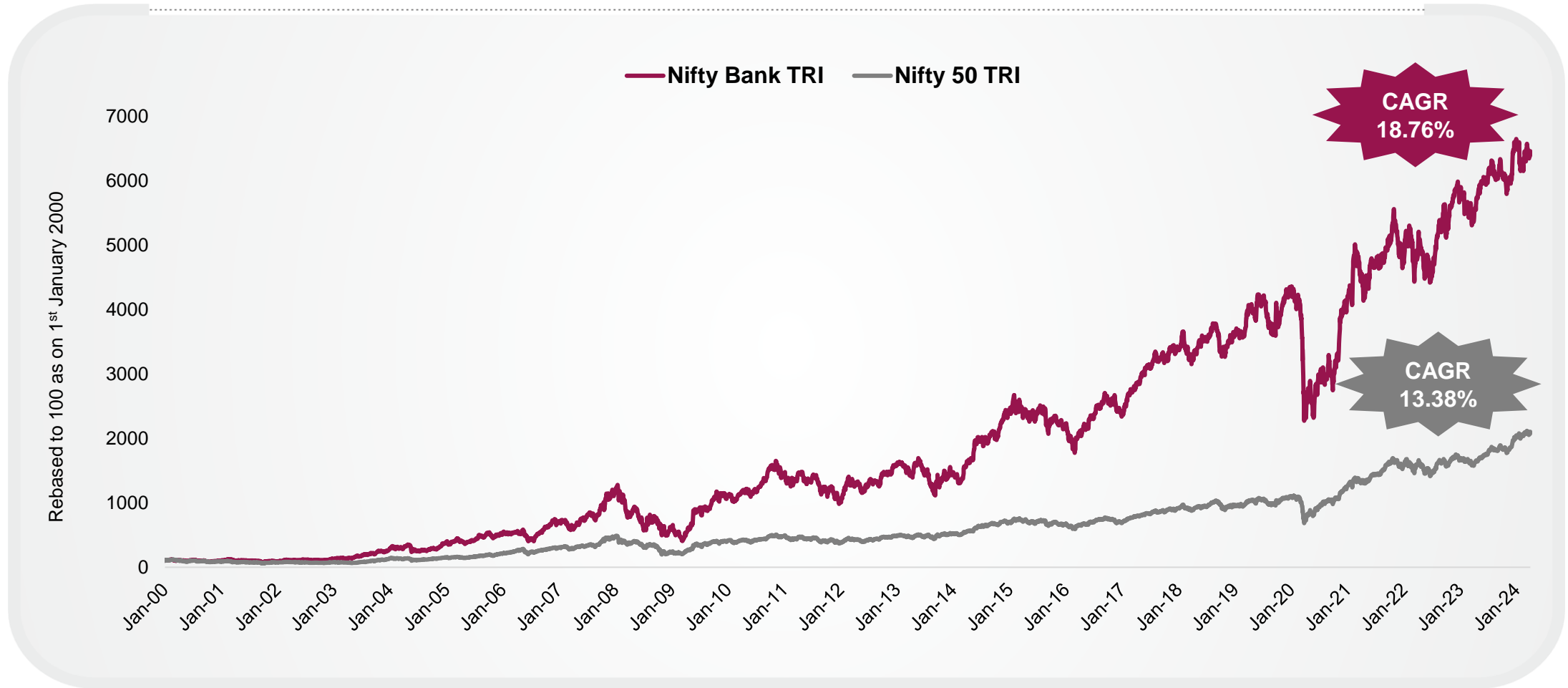
Past performance may or may not be sustained in the future. Sector(s) mentioned above are for the purpose of illustration and should not be construed as recommendation. Investors are requested to consult their financial, tax and other advisors before taking any investment decision(s).

Under-penetration of credit provides long term growth opportunity



Source: BIS, Axis MF Research, Jefferies, Data as on Q3 2023

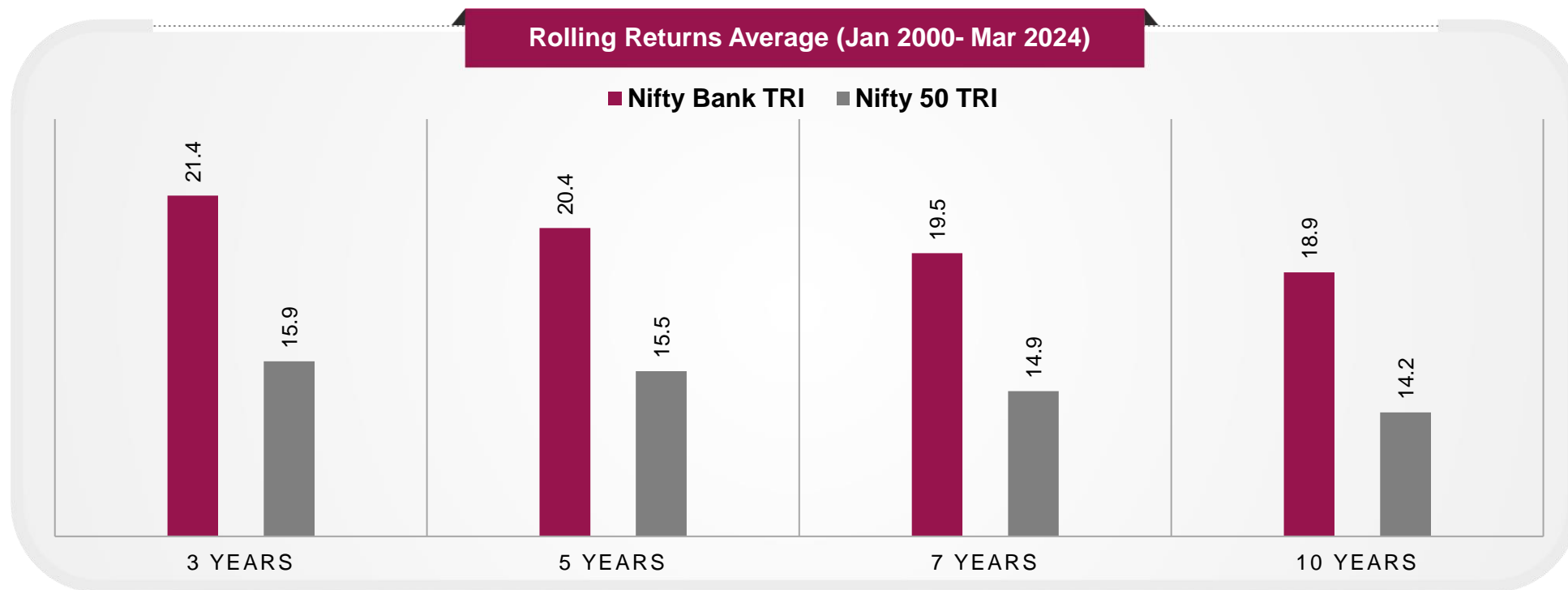
NIFTY Bank Index - A Long-Term Wealth Creator



Source: NSE, Axis MF Research. Data as of 31st March 2024. **Past performance may or may not be sustained in the future.**

Values normalized to 100 as on 1st January 2000 in the chart. CAGR Returns from 1st January 2000 to 31st March 2024. The performance figures pertain to the index and do not in any manner indicate the returns/performance of the scheme.

NIFTY Bank Index – Better returns potential



% of times
Nifty Bank
Index >
Nifty 50



70%

79%

90%

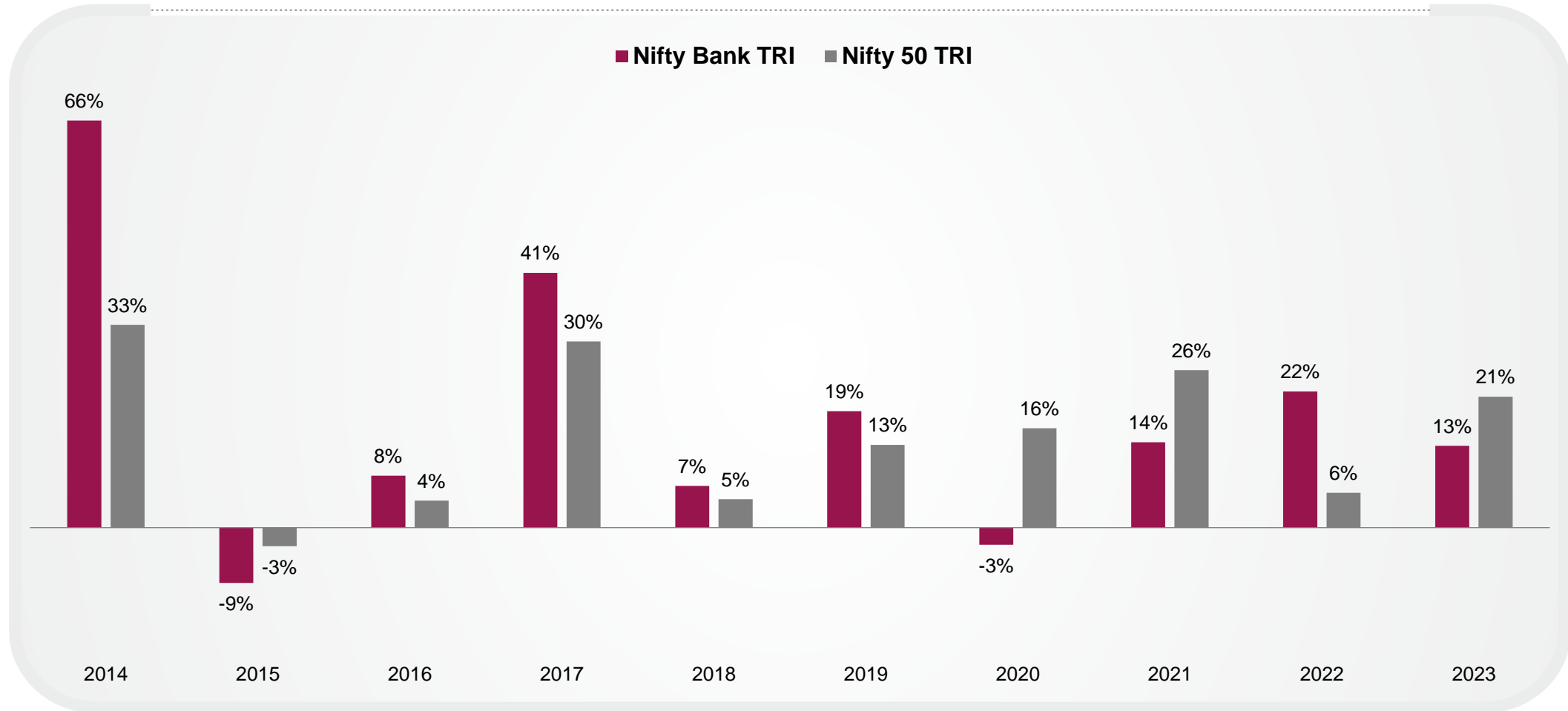
98%

Source: MFI explorer, Axis MF Research. Data as on 31st March 2024

Past performance may or may not be sustained in the future. Rolling returns calculated on daily basis. All returns in CAGR. The performance figures pertain to the index and do not in any manner indicate the returns/performance of the scheme.

Calendar Year Returns

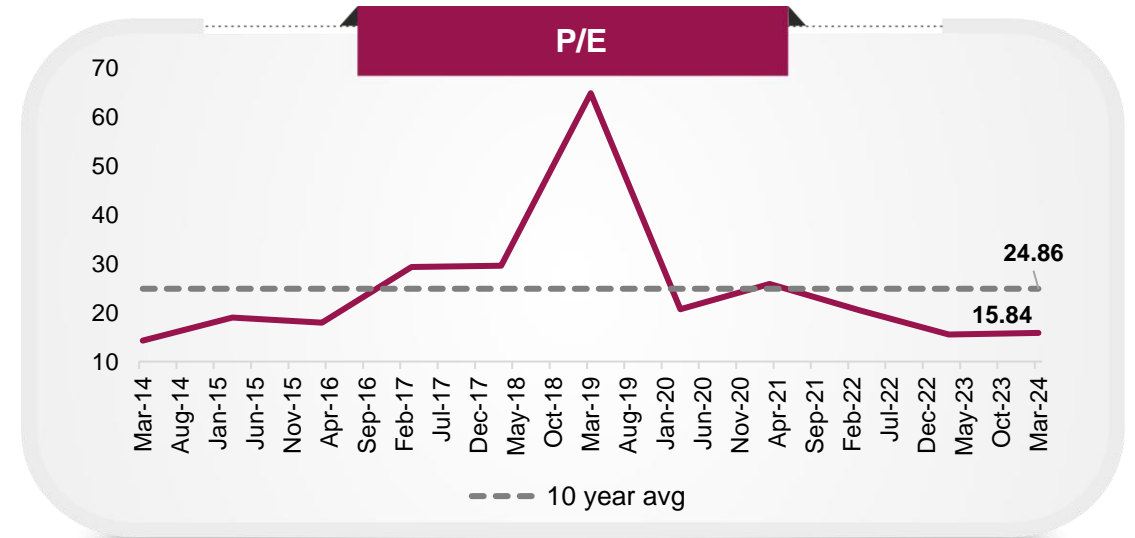
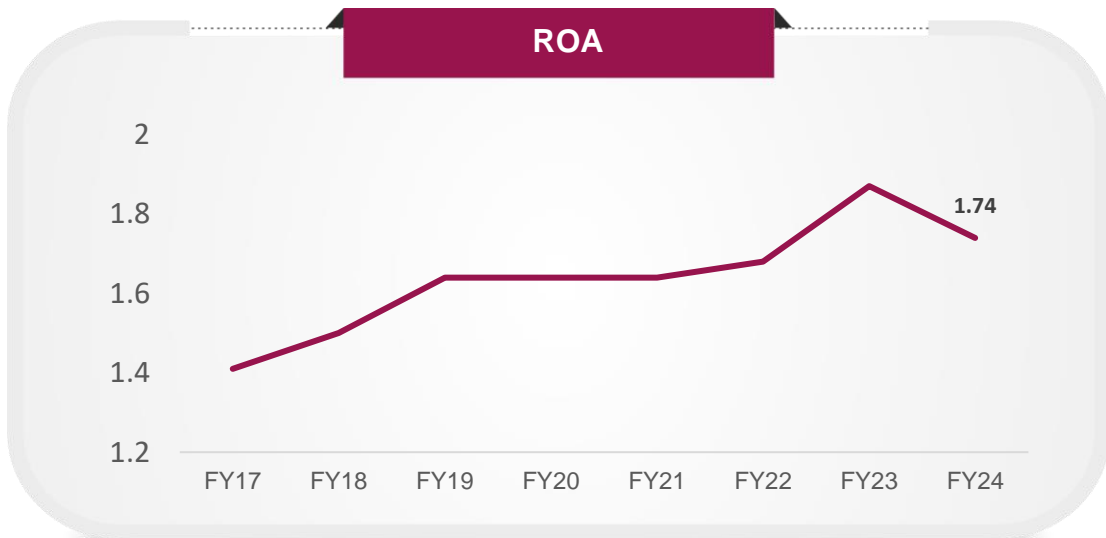
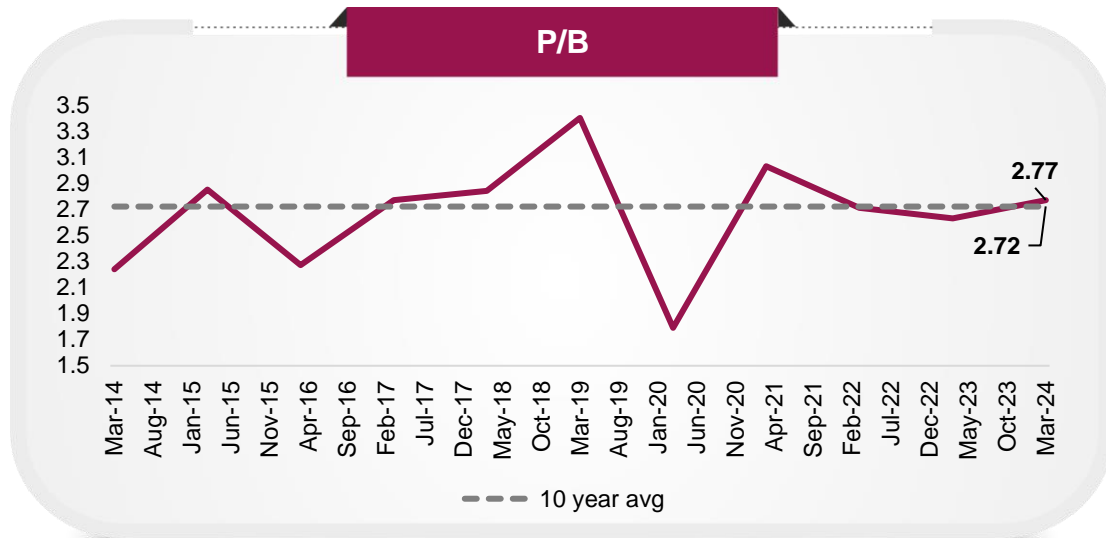
Outperformed Nifty 50 in 6 out of last 10 calendar years



Source: ACE MF, Axis MF Research.

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Reasonable Valuations



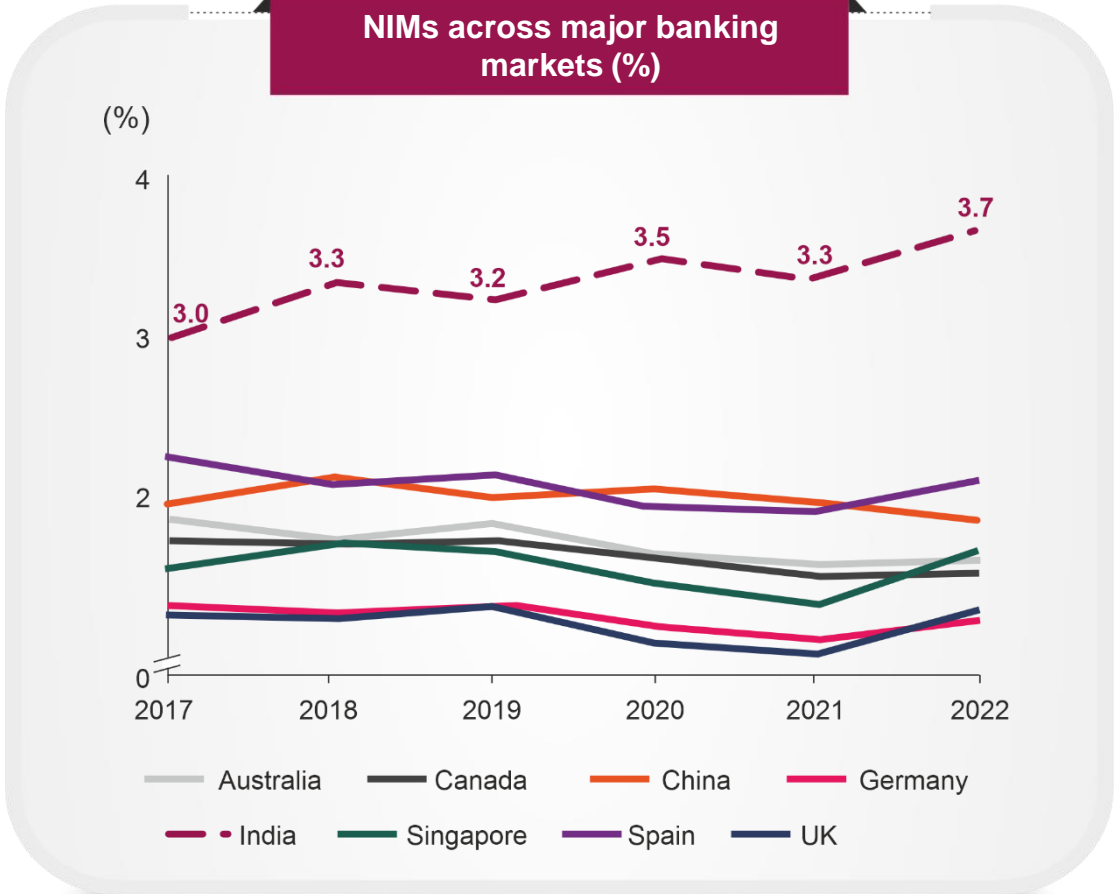
- Nifty Bank Index ROA has improved from 1.41 in FY17 to 1.74 in FY24.
- Nifty Bank Index is trading at P/B of 2.77, in line with 10-year average of 2.72.

Indian Banking Sector: Resilient across Market Cycles

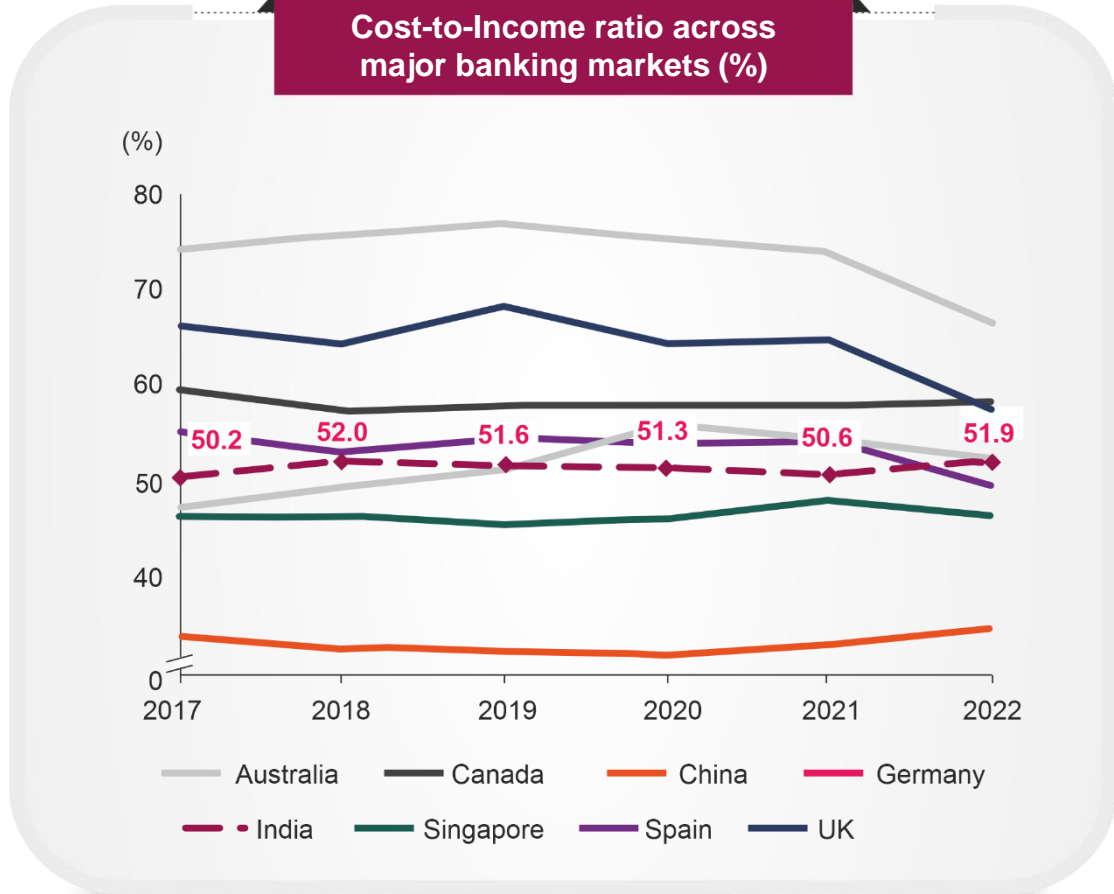


Well placed amongst the global peers

NIMs across major banking markets (%)

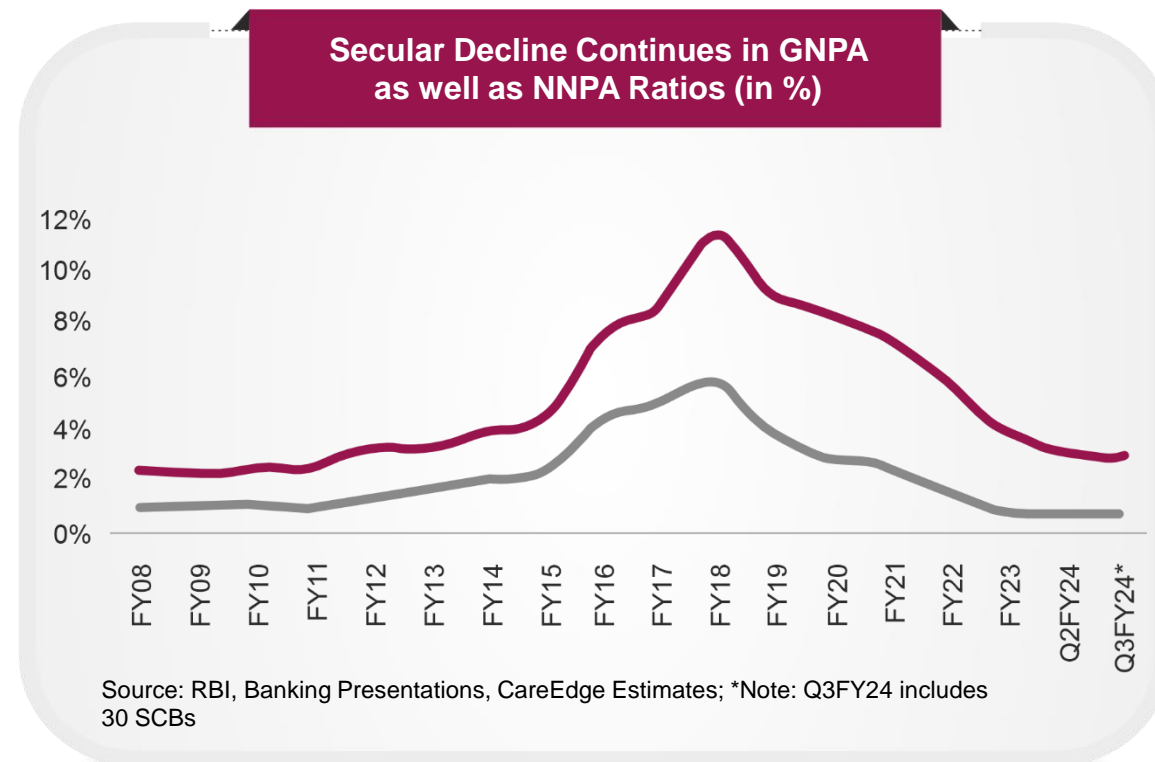
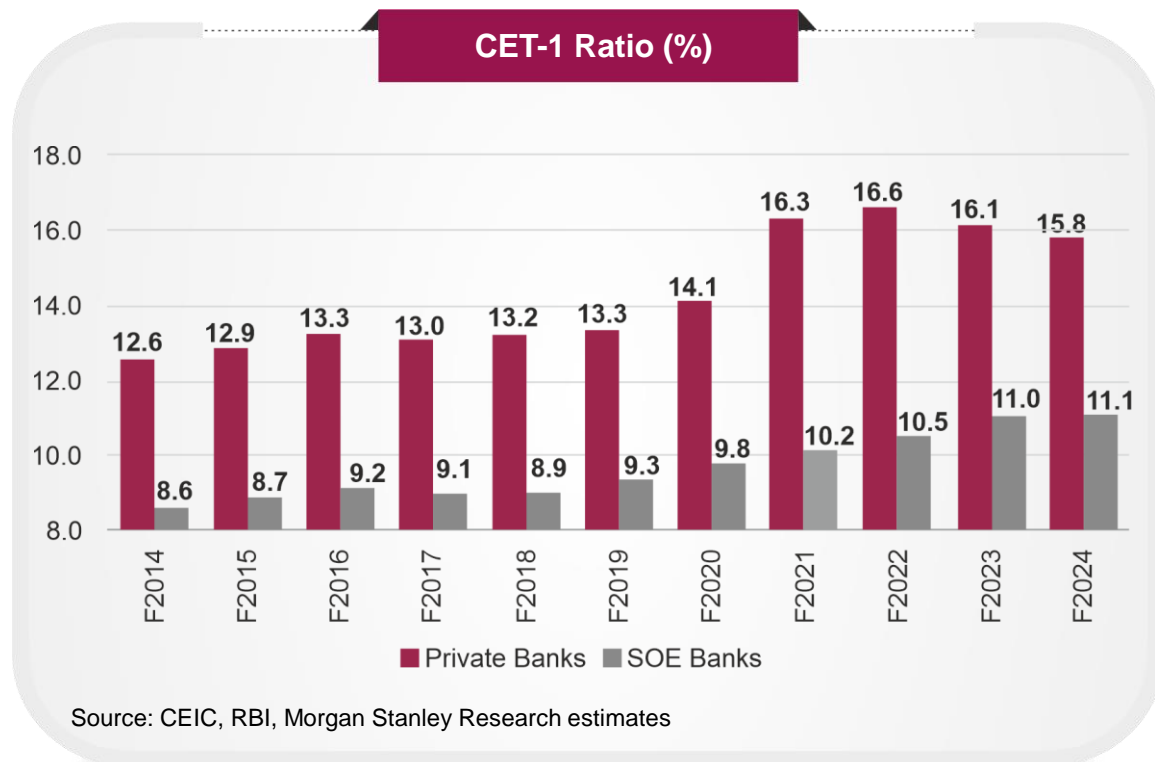


Cost-to-Income ratio across major banking markets (%)



Sources: Capitaline IQ pro, BCG Analysis
 Past performance may or may not be sustained in future.

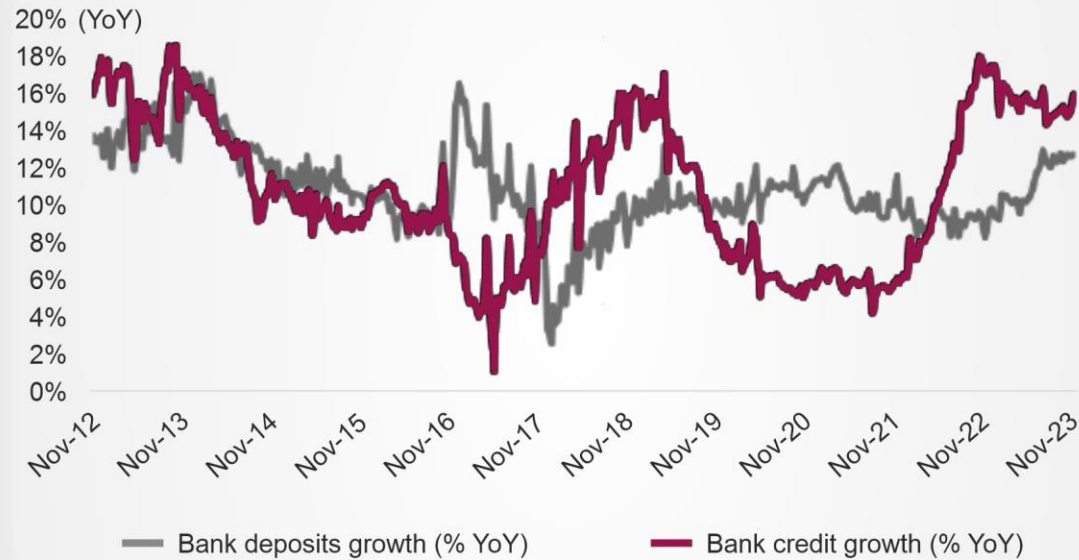
Robust Balance Sheets



- Banks are well capitalized with Capital Ratios significantly higher than historic levels
- Despite multiple headwinds like Covid, IL&FS default, etc. asset quality of Indian banks has remained resilient across cycles
- Proactive systemic controls by the regulator has helped to keep a tab on the asset quality of the banks

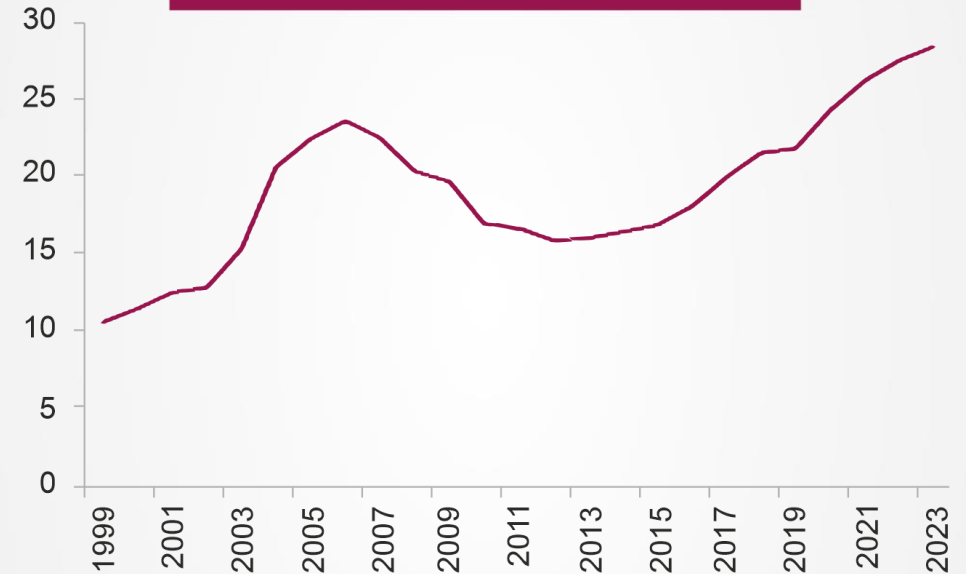
Healthy Credit Demand

Bank Deposit and Credit Growth



Source: RBI, Jefferies

**Share of Retail Credit in Bank Credit
(In per cent)**



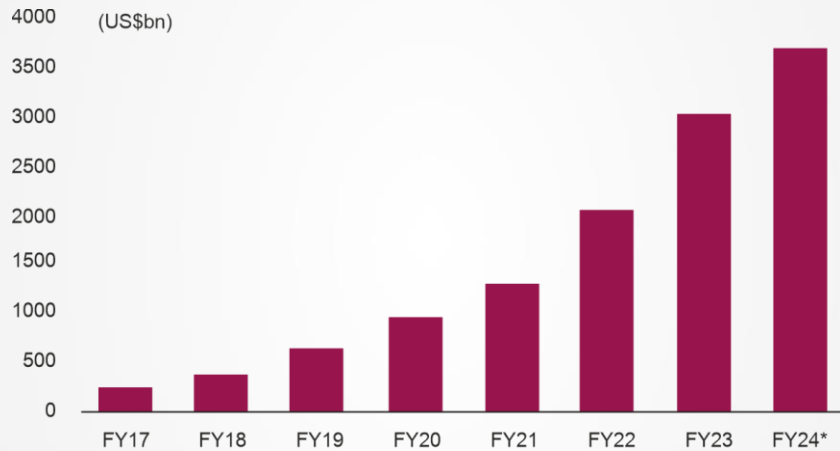
Source: Handbook of the India Economy - Reserve Bank of India, CEIC, and staff calculations

- CD ratio may be a concern for a while. However, credit growth continues to be broad based and healthy
- Retail credit growth to be aided by rising disposable income, increasing consumerism and easier access to credit
- With healthy corporate balance sheets and higher capacity utilization, robust private capex sanctions momentum may continue

Note: Credit growth and deposit growth is adjusted for HDFC Bank merger. Past performance may or may not be sustained in future.

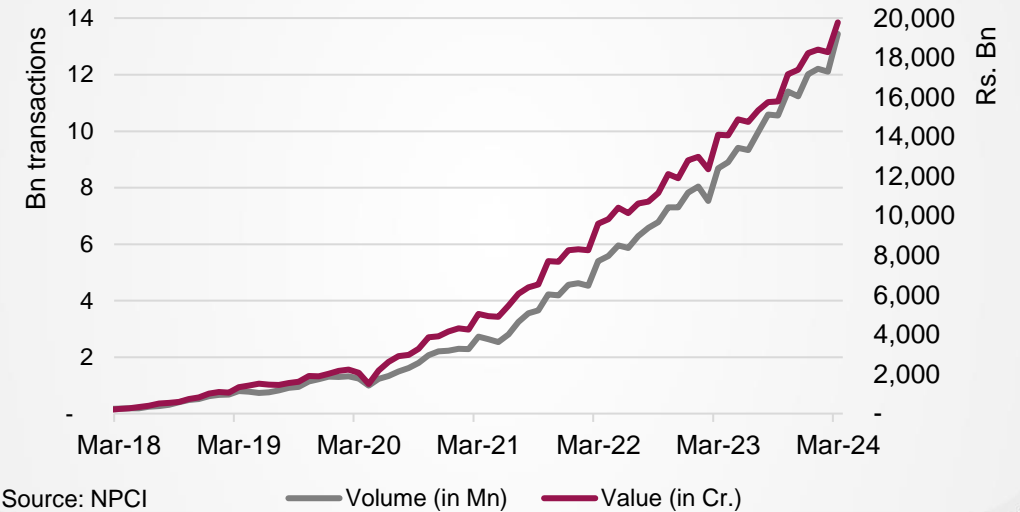
Digital Transformation

Trend in retail digital payments in India



Source: RBI, Jefferies (*FY24 numbers annualized basis latest data | Others includes AePS, ABPS, NACH, NETC, etc.)

UPI Transactions by volume and value

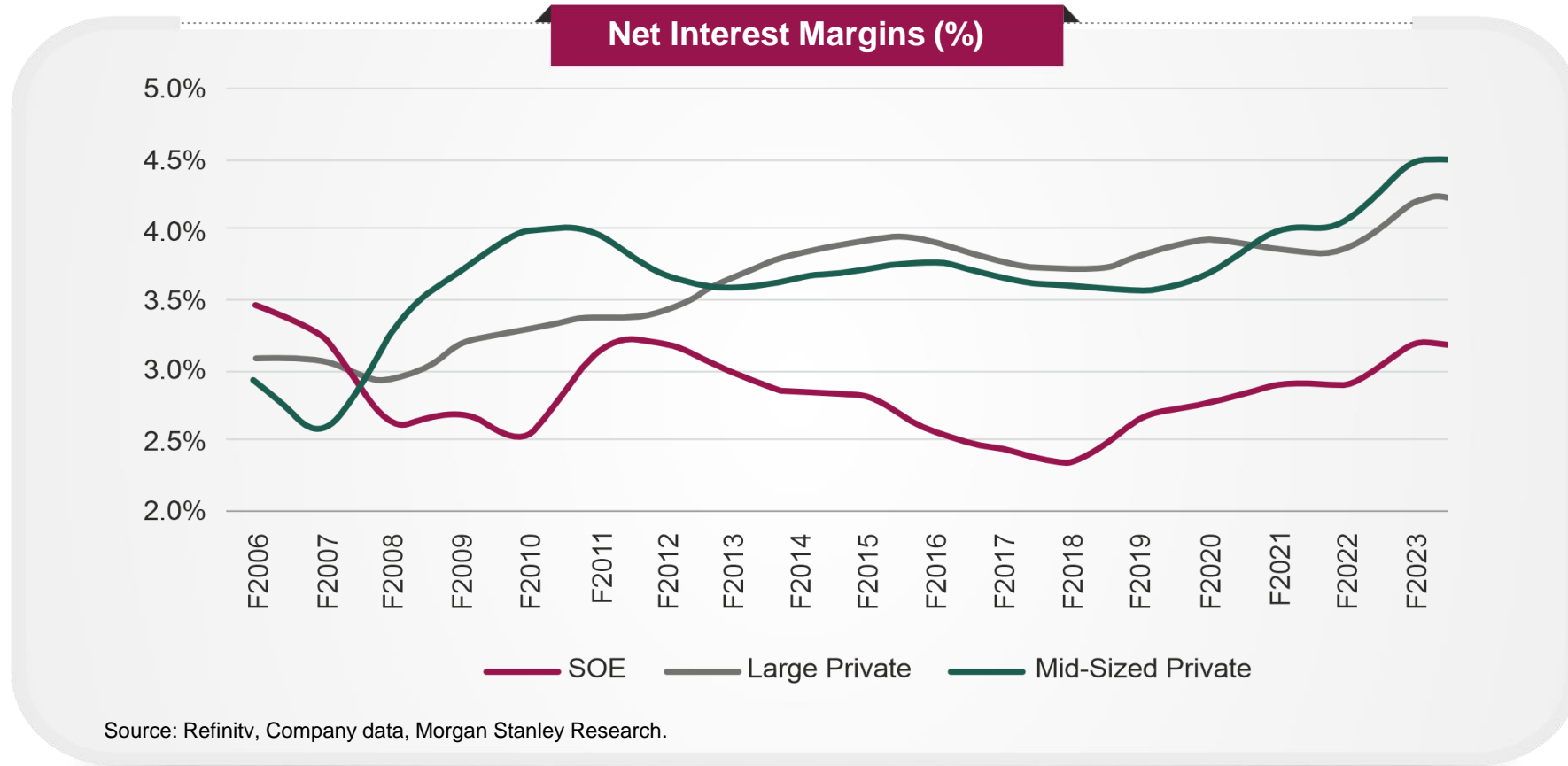


Source: NPCI

Digital Banking Maturity

| | Account Opening | Mobile Banking | Internet Banking |
|----------------|-----------------|----------------|------------------|
| India | 65% | 41% | 43% |
| Global Average | 49% | 38% | 42% |

Source: Deloitte



- In the last 3 years, banks witnessed strong improvement in NIMs led by higher rates and mix shift towards higher margin loans
- As the rate cut cycle starts, NIMs may compress as the repo-linked portfolios of the banks reprice instantaneously, while the cost of deposits moderates with a lag

Introducing **Axis Nifty Bank Index Fund**



About NIFTY Bank Index

Captures the capital market performance of Indian banks

- The NIFTY Bank Index is designed to track the performance of the most liquid and large banks listed on NSE
- Nifty Bank Index is computed using free float market capitalization method.
- Only those companies that are allowed to trade in F&O segment are eligible to be constituent of the index
- The Index comprises of maximum 12 companies.
- Semi-annual re-balancing: January and July

| Parameters | NIFTY Bank Index |
|----------------------------|------------------|
| Index Inception Date | 15-Sep 2003 |
| Average Market Cap | 2,50,120 Cr. |
| Number of Stocks | 12 |
| Top Stock Weight (%) | 29.00% |
| Top 3 Stocks Weight (%) | 61.92% |
| Top 5 Stocks Weight (%) | 80.17% |
| Correlation (NIFTY 50, 1Y) | 0.82 |
| Beta (Nifty 50, 1Y) | 1.05 |

Index Constituents

As on 31st March 2024

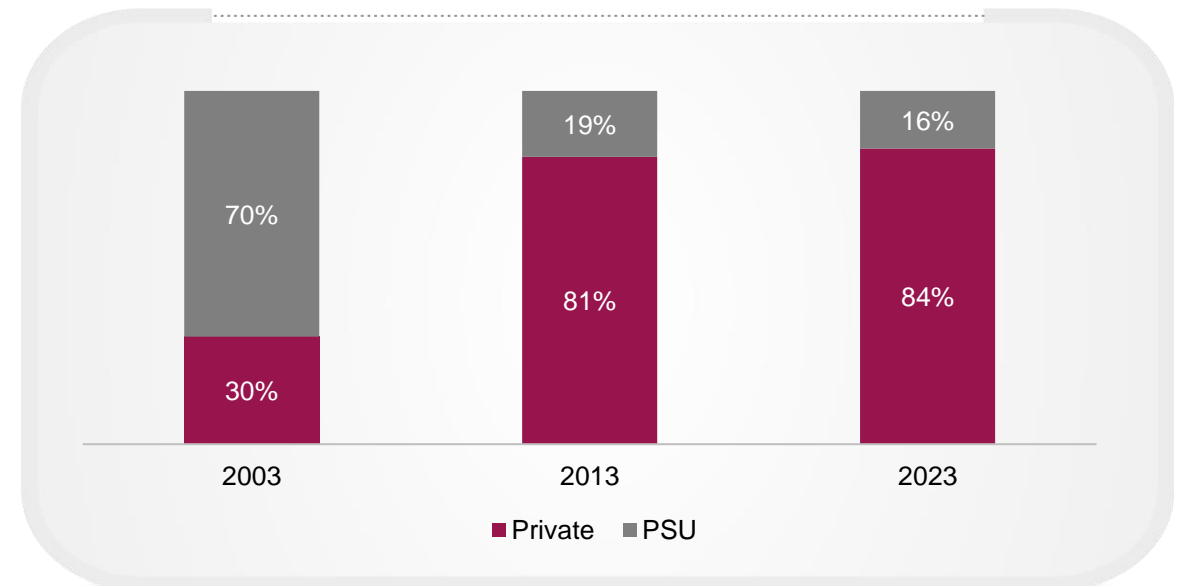
| Security Name | Weight (%) |
|----------------------------|------------|
| HDFC Bank Ltd. | 29.00 |
| ICICI Bank Ltd. | 23.73 |
| Axis Bank Ltd. | 9.19 |
| State Bank of India | 9.14 |
| Kotak Mahindra Bank Ltd. | 9.11 |
| IndusInd Bank Ltd. | 6.92 |
| Bank of Baroda | 3.31 |
| Punjab National Bank | 2.49 |
| Federal Bank Ltd. | 2.27 |
| IDFC First Bank Ltd. | 2.01 |
| AU Small Finance Bank Ltd. | 1.83 |
| Bandhan Bank Ltd. | 1.00 |

Market Cap break up:

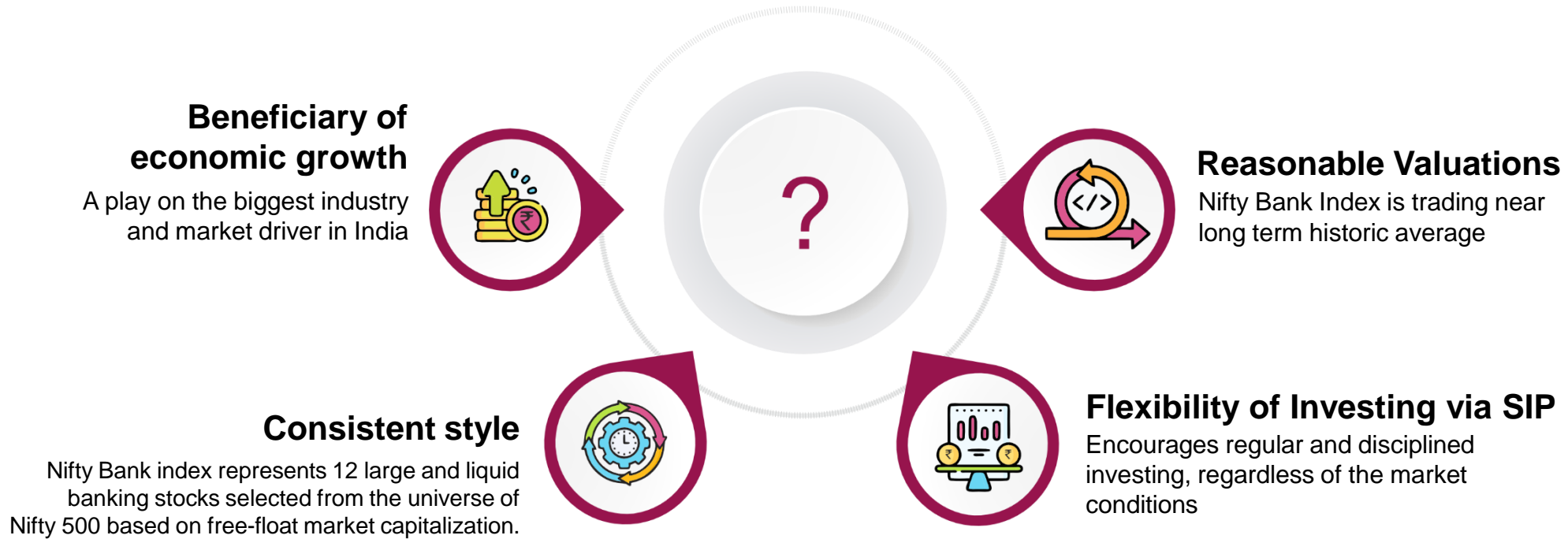
- Large Cap: 92.89%
- Mid Cap: 7.11%

Ownership:

- Private Banks: 85.06%
- PSU Banks: 14.94%

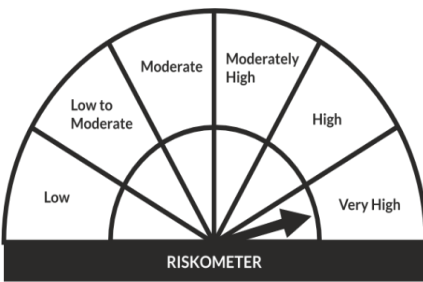
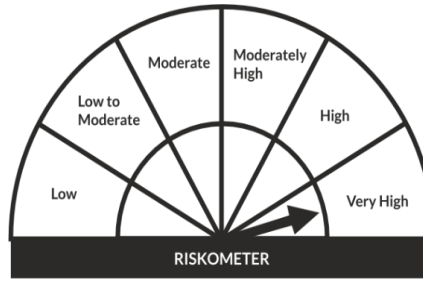


Why invest in Axis Nifty Bank Index Fund?



Scheme Details

| | |
|---|---|
|  <p>Scheme Name Axis Nifty Bank Index Fund</p> |  <p>Minimum Investment (NFO) Rs. 500 and in multiples of Re. 1/- thereafter</p> |
|  <p>Face Value Rs. 10</p> |  <p>Fund Manager Karthik Kumar, Ashish Naik</p> |
|  <p>Benchmark Nifty Bank TRI</p> |  <p>Exit Load 0.25% if redeemed/ switched out within 7 days from the date of allotment/ Investment</p> |

| Fund Name & Benchmark | Product Labelling | Product Risk-o-meter | Benchmark Risk-o-meter |
|--|---|--|--|
| <p>Axis Nifty Bank Index Fund (An Open Ended Index Fund tracking the Nifty Bank TRI)</p> <p>Benchmark: Nifty Bank TRI</p> | <p>This product is suitable for investors who are seeking*</p> <ul style="list-style-type: none"> • Long term wealth creation solution • An index fund that seeks to track returns by investing in a basket of Nifty Bank TRI stocks and aims to achieve returns of the stated index, subject to tracking error |  <p>RISKOMETER</p> <p>Investors understand that their principal will be at very high risk</p> |  <p>RISKOMETER</p> <p>Nifty Bank TRI</p> |

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.
(The product labelling assigned during the New Fund Offer is based on internal assessment of the Scheme Characteristics or model portfolio and the same may vary post NFO when actual investments are made.)

All about Passive Investing



What is Passive Investing?

Low friction investment strategy tracking a pre-specified benchmark/index as closely as possible



Efficient low cost strategy



Participates in the constituents in the same proportion as the index



Removes the risk of security selection

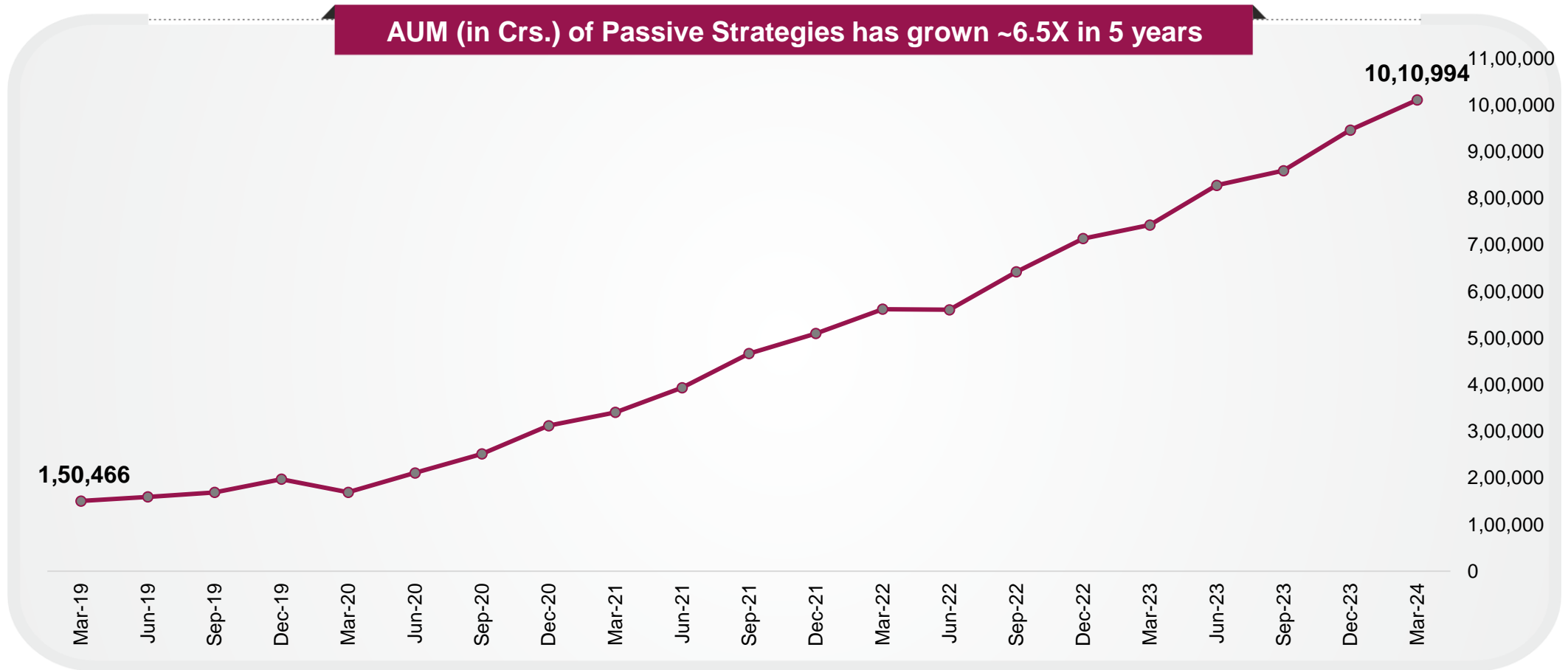


ETFs and Index Funds are popular vehicles to passive investing



Relies on broader market wisdom

Rising popularity of Passive Strategies in India



Source: MFI Explorer, Axis MF Research Data as on 31st March 2024. Includes Exchange Traded Funds, Fund of Funds (Domestic and Overseas) and Index Funds as categorized by AMFI. The above graph is used to explain the concept and is for illustration purpose only and should not be used for development or implementation of an investment strategy. Past performance may or may not be sustained in future.

Passive strategies: ETFs and Index Funds

| | Exchange Traded Funds | Index Funds |
|----------------------------------|--|---|
| What are they? | Passive funds tracking an index | |
| How to invest? | Trade like a stock on the exchange | NAV based investment like Mutual Fund |
| Cost of investing | Fund TER + trading costs (brokerage etc.) | Fund TER (Direct/Regular plan) |
| Brokerage Account | Brokerage account is required to trade in ETFs | Not required |
| MF special products availability | Not available | Along with lumpsum, facilities such as SIP, STP, SWP etc. are available |

Source: Axis AMC Internal Analysis. TER: Total Expense Ratio, ETF: Exchange Traded Fund, SIP: Systematic Investment Plan, STP: Systematic Transfer Plan, SWP: Systematic Withdrawal Plan. Please refer respective Index Fund schemes SID/KIM uploaded on www.axismf.com for detail pertaining to special products availability

Why invest in an index fund?

Because you want to have...

Lower expenses

Broad diversification

Consistent style

Market-linked returns



Because you want to avoid...

Actively managed portfolios

Fund manager's biasness

Uncertainty on potential alpha

Product Labelling & Riskometer

| Fund Name & Benchmark | Product Labelling | Product Risk-o-meter | Benchmark Risk-o-meter |
|--|---|--|--|
| <p>Axis Nifty Bank Index Fund (An Open Ended Index Fund tracking the Nifty Bank TRI)</p> <p>Benchmark: Nifty Bank TRI</p> | <p>This product is suitable for investors who are seeking*</p> <ul style="list-style-type: none"> • Long term wealth creation solution • An index fund that seeks to track returns by investing in a basket of Nifty Bank TRI stocks and aims to achieve returns of the stated index, subject to tracking error |  <p>RISKOMETER</p> <p>Investors understand that their principal will be at very high risk</p> |  <p>RISKOMETER</p> <p>Nifty Bank TRI</p> |

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Disclaimer, Statutory Details and Risk Factors

Disclaimer: Past performance may or may not be sustained in the future. 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.

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The fund manager(s) may or may not choose to hold the stock mentioned, from time to time. Investors are requested to consult their financial, tax and other advisors before taking any investment decision(s).

Statutory Details: Axis Mutual Fund has been established as a Trust under the Indian Trusts Act, 1882, sponsored by Axis Bank Ltd. (liability restricted to Rs.1 Lakh). **Trustee:** Axis Mutual Fund Trustee Ltd. **Investment Manager:** Axis Asset Management Co. Ltd. (the AMC). **Risk Factors:** Axis Bank Limited 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.

Disclaimer and Risk Factors

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Thank You