Date : April 13, 2022

Dear Sir / Madam,

SUB.: MERGER OF AXIS CAPITAL BUILDER FUND – SERIES 1 INTO AXIS FLEXI CAP FUND (REFERRED AS "THE SCHEMES")

This is with reference to your investment in the Scheme(s) of Axis Mutual Fund.

As you are aware that Axis Capital Builder Fund – Series 1 is a close ended equity scheme investing across Large Cap, Mid Cap, Small Cap Stocks and was launched on February 16, 2018 with a tenure of 1540 days from date of allotment. The Scheme is maturing on May 25, 2022.

It is proposed to merge Axis Capital Builder Fund – Series 1 ('Merging Scheme') with Axis Flexi Cap Fund ('Surviving Scheme').

Rationale for merger:

Axis Capital Builder Fund – Series 1 is a close ended equity scheme investing across large cap, mid cap, small cap stocks. The portfolio has been built utilizing a bottom-up stock selection process, focusing on appreciation potential of individual stocks from a fundamental perspective. The proposed merger with Axis Flexi Cap Fund is in keeping with the similar investments strategy and stock selection process. The merger is proposed with a view to provide investors a continuation of their equity investments with the added liquidity advantage of an open ended scheme.

Axis Flexi Cap Fund seeks to invest in high conviction ideas with improved risk-adjusted return characteristics. The fund manager looks for stocks that are expected to report faster growth relative to the benchmark without a market cap bias. The fund as such is sector agnostic and focuses on a bottom up approach to invest in stocks that are at an inflection point such as market share gain, industry consolidation, sunrise industries, improved management focus and capital allocation or regulatory & policy changes.

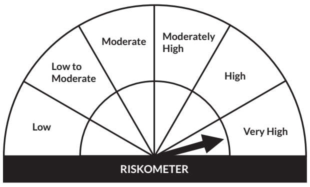
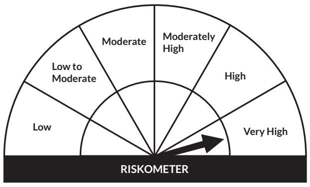
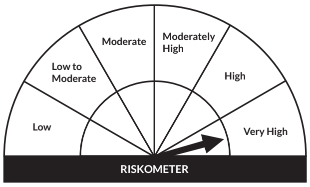
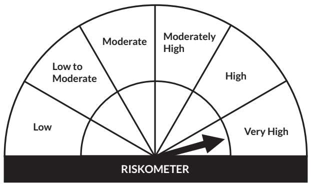
With Covid behind us and a gradual opening of the economy, we remain positive on equity markets. Our portfolio companies, today encompass a cross section of growth ideas ideally suited to benefit from gaps left by weaker incumbents and capture opportunities. The core portion of our portfolio consists of companies that emphasize quality which we continue to hold on to. The hallmark of our investment philosophy is the endeavour to identify consistent long term growth and the Axis Flexi Cap Fund portfolio is positioned accordingly.

The merger will not result in the emergence of any new scheme as Axis Capital Builder Fund – Series 1 will be merged in the Surviving Scheme, viz. Axis Flexi Cap Fund. The tenure of the Merging Scheme is 1540 days from allotment date. Post-merger, the investments under the Surviving Scheme will be in accordance with the investment objective and asset allocation of the Surviving Scheme.

As an investor in the Scheme(s), we would like to share with you the changes so that you can take an appropriate and informed decision.

These changes will be effective from closure of business hours on 25-05-2022 ("Effective Date").

The features of the Axis Capital Builder Fund – Series 1 and Axis Flexi Cap Fund are stated below for easy reference of the investors:

Sr. No.	Axis Capital Builder Fund – Series 1 (1540 Days) ('Merging Scheme')		Axis FLEXI CAP Fund ('Surviving Scheme') (Effective from closure of business hours on May 25, 2022)	
1	**Type of Scheme:** A close ended equity scheme investing across Large Cap, Mid Cap, Small Cap Stocks.		**Type of Scheme:** An open ended dynamic equity scheme investing across large cap, mid cap, small cap stocks.	
2	**Investment Objective:** The Scheme aims to generate income and long term capital appreciation by investing in a diversified portfolio of equity & equity related instruments across market capitalisation. However, there is no assurance or guarantee that the investment objective of the Scheme will be achieved. The Scheme does not assure or guarantee any returns.		**Investment Objective:** To generate long term capital appreciation by investing in a dynamic mix of equity and equity related instruments across market capitalizations. However, there is no assurance or guarantee that the investment objective of the Scheme will be achieved.	
3	**Product Labelling:** This product is suitable for investors who are seeking*: • Capital appreciation over long term. • Investment in a diversified portfolio of predominantly equity and equity related instruments across market capitalisation. *Investors should consult their financial advisers if in doubt about whether the product is suitable for them.		**Product Labelling:** This product is suitable for investors who are seeking*: • Capital appreciation over medium to long term. • Investment in a dynamic mix of equity and equity related instruments across market capitalization. *Investors should consult their financial advisers if in doubt about whether the product is suitable for them.	
	Product Riskometer	**Benchmark**	**Product Riskometer**	**Benchmark**
	 **Investors understand that their principal will be at very high risk**	 NIFTY 500 TRI	 **Investors understand that their principal will be at very high risk**	 NIFTY 500 TRI

Sr. No.	Axis Capital Builder Fund – Series 1 (1540 Days) ('Merging Scheme')	Axis FLEXI CAP Fund ('Surviving Scheme') (Effective from closure of business hours on May 25, 2022)
4	Asset Allocation:	Asset Allocation:

Axis Capital Builder Fund – Series 1 (1540 Days) ('Merging Scheme') – Asset Allocation:

Instruments	Normal allocations (% of total assets)		Risk Profile
	Min	Max	High/ Medium/ Low
Equity and Equity Related Instruments[#]	80	100	High
Debt and Money Market Instruments*[#]	0	20	Low to Medium

[#]Including derivatives instruments to the extent of 50% of the Net Assets as permitted by SEBI Regulations from time to time.

The Scheme may also use derivatives for such purposes as maybe permitted by the Regulations, including for the purpose of hedging and portfolio balancing, based on the opportunities available and subject to guidelines issued by SEBI from time to time. The Scheme may also use fixed income derivative instruments subject to the guidelines as maybe issued by SEBI and RBI and for such purposes as maybe permitted from time to time.

*Investment in Securitized debt (excluding foreign securitized debt), if undertaken, would not exceed 20% of the net assets of the Scheme.

The cumulative gross exposure through equity, debt and derivative positions shall not exceed 100% of the net assets of the scheme.

The Scheme shall adhere to the following limits should it engage in Stock Lending:

1. Not more than 20% of the net assets of the Scheme can generally be deployed in Stock Lending.
2. Not more than 5% of the net assets of the Scheme can generally be deployed in Stock Lending to any single counter party.

The Scheme may engage in short selling of securities in accordance with the framework relating to short selling and securities lending and borrowing specified by SEBI.

The Scheme may undertake repo transactions in corporate debt securities in accordance with the directions issued by RBI and SEBI 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.

Pending deployment of the funds in securities in terms of investment objective of the Scheme, the AMC may park the funds of the Scheme in short term deposits of the Scheduled Commercial Banks, subject to the guidelines issued by SEBI vide its circular dated April 16, 2007, as may be amended from time to time.

The Scheme shall not invest in Credit Default Swaps and Foreign Securities.

The Scheme retains the flexibility to invest across all the securities in the equity, debt and Money Markets Instruments and mutual fund units. The portfolio may hold cash depending on the market condition.

The Scheme will invest in debt and money market instruments, which mature on or before the maturity of the Scheme.

The Scheme may have higher allocation towards cash or cash equivalents immediately post NFO closure or towards the maturity of the Scheme.

Subject to the Regulations, the asset allocation pattern indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. These proportions can vary substantially depending upon the perception of the fund manager; the intention being at all times to seek to protect the interests of the Unit holders. Such changes in the investment pattern will be for short term and for defensive considerations only. In the event of deviations, the fund manager will carry out rebalancing within 30 Days. Where the portfolio is not rebalanced within 30 Days, justification for the same shall be placed before the Investment Review Committee and reasons for the same shall be recorded in writing. The Investment Review committee shall then decide on the course of action. However, at all times the portfolio will adhere to the overall investment objectives of the Scheme.

Axis FLEXI CAP Fund ('Surviving Scheme') – Asset Allocation:

Instruments	Normal allocations (% of total assets)		Risk Profile
	Min	Max	High/ Medium/ Low
Equity and Equity Related Instruments[#$]	65	100	High
Debt and Money Market Instruments*	0	35	Low to Medium
Units issued by REITs & InvITs	0	10	Medium to High

[$]The Scheme shall invest in equity and equity related instruments of companies across market capitalization.

[#] Including derivatives instruments to the extent of 50% of the Net Assets as permitted by SEBI Regulations from time to time. The Scheme may use derivatives for such purposes as maybe permitted by the Regulations, including for the purpose of hedging and portfolio balancing, based on the opportunities available and subject to guidelines issued by SEBI from time to time. The Scheme may also use fixed income derivative instruments subject to the guidelines as maybe issued by SEBI and RBI and for such purposes as maybe permitted from time to time.

*Investment in Securitized debt (excluding foreign securitized debt), if undertaken, would not exceed 20% of the net assets of the Scheme.

The cumulative gross exposure through equity, debt, units issued by REITs & InvITs and derivative positions shall not exceed 100% of the net assets of the Scheme in accordance with SEBI circular no. Cir/MD/DF/11/2010 dated August 18, 2010 as amended from time to time.

Foreign Securities

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 50% of the net assets of the Scheme.

The Scheme shall not invest in foreign securitized debt and Credit Default Swaps. The Scheme may engage in Short Selling of securities in accordance with the framework relating to Short Selling and securities lending and borrowing specified by SEBI.

The Scheme may undertake repo transactions in corporate debt securities in accordance with the directions issued by RBI and SEBI 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 retains the flexibility to invest across all the securities in the equity, debt and Money Markets Instruments and mutual fund units. The portfolio may hold cash depending on the market condition.

Stock Lending

The Scheme shall adhere to the following limits should it engage in Stock Lending:

1. Not more than 20% of the net assets of the Scheme can generally be deployed in Stock Lending.
2. Not more than 5% of the net assets of the Scheme can generally be deployed in Stock Lending to any single counter party (as may be applicable).

Credit Enhancement / Structured Obligations:

The scheme will invest in debt instruments having structured obligations / credit enhancement as per limit prescribed by SEBI and as amended from time to time.

Debt instruments having Special Features

The Scheme shall invest in debt instruments with special features viz. subordination to equity (absorbs losses before equity capital) and /or convertible to equity upon trigger of a pre-specified event for loss absorption referred in SEBI circular March 10, 2021. The Scheme shall not invest more than 10% of its NAV of the debt portfolio of the scheme in such instruments and not more than 5% of its NAV of the debt portfolio of the Scheme in such instruments issued by a single issuer or within such limits as may be revised by SEBI from time to time.

Pending deployment of the funds in securities in terms of investment objective of the Scheme, the AMC may park the funds of the Scheme in short term deposits of the Scheduled Commercial Banks, subject to the guidelines issued by SEBI from time to time.

<table>
<tr><th>Sr. No.</th><th>Axis Capital Builder Fund – Series 1 (1540 Days)
(‘Merging Scheme’)</th><th>Axis FLEXI CAP Fund (‘Surviving Scheme’)
(Effective from closure of business hours on May 25, 2022)</th></tr>
<tr><td>5</td><td>E. WHAT ARE THE INVESTMENT STRATEGIES:
The Scheme aims to provide long term capital growth by investing in a well-diversified portfolio of equity and equity related securities across market capitalisation and sectors.
Equity portfolio will be run as a diversified portfolio without any capitalization bias. The portfolio will be built utilizing a bottom-up stock selection process, focusing on appreciation potential of individual stocks from a fundamental perspective. The AMC employs a "Fair value" based research process to analyze the appreciation potential of each stock in its universe (Fair value is a measure of the intrinsic worth of a company).
The universe of stocks is carefully selected to include companies having a robust business models and enjoying sustainable competitive advantages as compared to their competitors.
The Scheme by utilizing 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
i. Quality Risk - Risk of investing in unsustainable / weak companies.
ii. Price Risk - Risk of overpaying for a company
iii. Liquidity Risk - High Impact cost of entry and exit
iv. Volatility Risk - Volatility in price due to company or portfolio specific factors
v. Event Risk - Price risk due to a company / sector specific or market event</td><td>E. WHAT ARE THE INVESTMENT STRATEGIES:
The Scheme aims to generate long term capital appreciation by investing in a dynamic mix of equity and equity related instruments across market capitalizations.
The Scheme will target undervalued companies that offer opportunities to generate superior capital gains from a medium-to-long term perspective.
An indicative set of companies which can offer such potential include – companies whose growth potential is not fully priced by the market, quality companies that are going through near term challenges but with strong long term potential, companies trading at a steep discount to their fair value.
The portfolio will be built utilising a bottom-up stock selection process, focusing on appreciation potential of individual stocks from a fundamental perspective. The AMC employs a "Fair value" based research process to analyse the appreciation potential of each stock in its universe (Fair value is a measure of the intrinsic worth of a company). The universe of stocks is carefully selected to include companies having a robust business models and enjoying sustainable competitive advantages as compared to their competitors.
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i. Quality Risk - Risk of investing in unsustainable / weak companies.
ii. Price Risk - Risk of overpaying for a company
iii. Liquidity Risk - High Impact cost of entry and exit
iv. Concentration risk - Invest across the market capitalization spectrum and industries/ sectors
v. Volatility Risk - Volatility in price due to company or portfolio specific factors
vi. Event Risk - Price risk due to a company / sector specific or market event</td></tr>
<tr><td></td><td>Benchmark
Nifty 500 TRI</td><td>Benchmark
Nifty 500 TRI</td></tr>
<tr><td></td><td>Plans / Options under the Scheme
• Axis Capital Builder Fund – Series 1 (1540 Days) - Regular Plan – Growth Option
• Axis Capital Builder Fund – Series 1 (1540 Days) - Direct Plan – Growth Option
• Axis Capital Builder Fund – Series 1 (1540 Days) - Regular Plan – IDCW payout Option
• Axis Capital Builder Fund – Series 1 (1540 Days) - Direct Plan – IDCW payout Option</td><td>Plans / Options under the Scheme
• Axis Flexi Cap Fund – Regular Plan – Growth Option
• Axis Flexi Cap Fund – Regular Plan – IDCW*
• Axis Flexi Cap Fund – Direct Plan – Growth Option
• Axis Flexi Cap Fund – Direct Plan - IDCW*</td></tr>
<tr><td></td><td>Exit Load under the Scheme
Not Applicable</td><td>Exit Load under the Scheme
• If redeemed / switched-out within 12 months from the date of allotment:
  • For 10% of investments: NIL
  • For remaining investments: 1%
• If redeemed / switched-out after 12 months from the date of allotment: NIL</td></tr>
<tr><td></td><td>Name of the Fund Manager
Mr. Anupam Tiwari and Mr. Ashish Naik</td><td>Name of the Fund Manager
Mr. Shreyash Devalkar and Mr. Hitesh Das (for Foreign Securities)</td></tr>
<tr><td></td><td>Total Expense Ratio (TER)
The AMC has estimated that upto 1.25% of the daily net assets of the Scheme will be charged to the Scheme as expenses.
TER as on March 31, 2022:
Regular Plan – 1.33%**
Direct Plan – 0.59%**</td><td>Total Expense Ratio (TER)
The recurring expenses of the Scheme (including the Investment Management and Advisory Fees) shall be as per the limits prescribed under the SEBI (MF) Regulations. These are as follows:
<table>
<tr><th>Assets under management Slab (In ₹ crore)</th><th>Total expense ratio limits</th></tr>
<tr><td>On the first ₹ 500 crores of the daily net assets</td><td>2.25%</td></tr>
<tr><td>On the next ₹ 250 crores of the daily net assets</td><td>2.00%</td></tr>
<tr><td>On the next ₹ 1250 crores of the daily net assets</td><td>1.75%</td></tr>
<tr><td>On the next ₹ 3000 crores of the daily net assets</td><td>1.60%</td></tr>
<tr><td>On the next ₹ 5000 crores of the daily net assets</td><td>1.50%</td></tr>
</table></td></tr>
</table>

<table>
<tr><th>Sr. No.</th><th>Axis Capital Builder Fund – Series 1 (1540 Days) (‘Merging Scheme’)</th><th colspan="2">Axis FLEXI CAP Fund (‘Surviving Scheme’) (Effective from closure of business hours on May 25, 2022)</th></tr>
<tr><td>5</td><td>Total Expense Ratio (TER) (Contd.)</td><td colspan="2">Total Expense Ratio (TER) (Contd.)</td></tr>
<tr><td></td><td></td><td>Assets under management Slab (In ₹ crore)</td><td>Total expense ratio limits</td></tr>
<tr><td></td><td></td><td>On the next ₹ 40,000 crores of the daily net assets</td><td>Total expense ratio reduction of 0.05% for every increase of ₹ 5,000 crores of daily net assets or part thereof.</td></tr>
<tr><td></td><td></td><td>On the balance of the assets</td><td>1.05%</td></tr>
<tr><td></td><td></td><td colspan="2">TER as on March 31, 2022:
Regular Plan – 1.72%**
Direct Plan – 0.57%**</td></tr>
</table>

*IDCW – Income Distribution cum Capital Withdrawal

**Includes Total Expense Ratio permissible under regulation 52(6)(c), Additional expenses under Regulation 52(6A)(c) and Additional expenses for gross new inflows from specified cities under Regulation 52(6A)(b) (wherever applicable) and includes GST on Investment Management fees.

ADDITIONAL DISCLOSURES :

A. REIT & InvITs

Risk Factors associated with Investments in REITs and InvITS

Price-Risk or Interest-Rate Risk: REITs & InvITs run price-risk or interest-rate risk. Generally, when interest rates rise, prices of existing securities fall and when interest rates drop, such prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of interest rates.

Credit Risk: In simple terms this risk means that the issuer of a debenture/ bond or a money market instrument may default on interest payment or even in paying back the principal amount on maturity. REITs & InvITs are likely to have volatile cash flows as the repayment dates would not necessarily be pre scheduled.

Liquidity or Marketability Risk: This refers to the ease with which a security can be sold at or near to its valuation yield-to-maturity (YTM). The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. As these products are new to the market they are likely to be exposed to liquidity risk.

Reinvestment Risk: Investments in REITs & InvITs may carry reinvestment risk as interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the bond. Consequently, the proceeds may get invested at a lower rate.

Risk of lower than expected distributions: The distributions by the REIT or InvIT will be based on the net cash flows available for distribution. The amount of cash available for distribution principally depends upon the amount of cash that the REIT/ InvITs receives as dividends or the interest and principal payments from portfolio assets.

The above are some of the common risks associated with investments in REITs & InvITs. There can be no assurance that investment objectives will be achieved, or that there will be no loss of capital. Investment results may vary substantially on a monthly, quarterly or annual basis.

B. Debt instruments with special features referred in SEBI circular March 10, 2021

1. Risk Factor associated with investing in Tier I and Tier II Bonds:

Tier I and Tier II Bonds are unsecured and the RBI prescribes certain restrictions in relation to the terms of these Bonds:

Tier I and Tier II bonds are unsecured in nature. The claims of the Bondholders shall (i) be subordinated to the claims of all depositors and general creditors of the Bank; (ii) neither be secured nor covered by any guarantee of the Issuer or its related entity or other arrangement that legally or economically enhances the seniority of the claim vis-a-vis creditors of the Bank; (iii) Unless the terms of any subsequent issuance of bonds/debentures by the Bank specifies that the claims of such subsequent bond holders are senior or subordinate to the Bonds issued under the Disclosure Document or unless the RBI specifies otherwise in its guidelines, the claims of the Bondholders shall be pari passu with claims of holders of such subsequent debentures/bond issuances of the Bank; (iv) rank pari passu without preference amongst themselves and other subordinated debt eligible for inclusion in Tier 1 / Tier 2 Capital as the case may be. The Bonds are not redeemable at the option of the Bondholders or without the prior consent of RBI.

The Bonds (including all claims, demands on the Bonds and interest thereon, whether accrued or contingent) are issued subject to loss absorbency features applicable for non-equity capital instruments issued in terms of Basel III Guidelines including in compliance with the requirements of Annex 5 thereof and are subject to certain loss absorbency features as described in bond prospectus and required of Tier 1 / Tier 2 instruments at the Point of Non Viability as provided for in Annex 16 of the aforesaid Basel III Guidelines as amended from time to time.

The Bonds are essentially non-equity regulatory instruments, forming part of a Bank's capital, governed by Reserve Bank of India (RBI) guidelines and issued under the issuance and listing framework given under Chapter VI of the SEBI (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013 (“NCRPS Regulations”). These instruments have certain unique features which, inter-alia, grant the issuer (i.e. banks, in consultation with RBI) a discretion in terms of writing down the principal / interest, to skip interest payments, to make an early recall etc. without commensurate right for investors to legal recourse, even if such actions of the issuer might result in potential loss to investors. Payment of coupon on the Bonds is subject to the terms of Information Memorandum, including Coupon Discretion, Dividend Stopper Clause, Loss Absorption as contained in the Information Memorandum. The Bonds are subject to loss absorption features as per the guidelines prescribed by RBI.

There may be no active market for the Bonds on the platform of the Stock Exchanges. As a result, the liquidity and market prices of the Bonds may fail to develop and may accordingly be adversely affected:

There is no assurance that a trading market for the Bonds will exist and no assurance as to the liquidity of any trading market. Although an application will be made to list the Bonds on the NSE and/or BSE, there can be no assurance that an active market for the Bonds will develop, and if such a market were to develop, there is no obligation on the issuer to maintain such a market. The liquidity and market prices of the Bonds can be expected to vary with changes in market and economic conditions, financial condition and prospects and other factors that generally influence market price of such instruments. Such fluctuations may significantly affect the liquidity and market price of the Bonds, which may trade at a discount to the price at which one purchases these Bonds.

Issuer is not required to and will not create or maintain a Debenture Redemption Reserve (DRR) for the Bonds issued under this Disclosure Document:

As per the Companies (Share Capital and Debentures) Rules, 2014, as amended, no Debenture Redemption Reserve is required to be created by Banking Companies issuing debentures.

There is no assurance that the Tier I / Tier II bonds will not be downgraded:

The Rating agencies, which rate the Bonds, have a slightly different rating methodology for Tier I and Tier II bonds. In the event of deterioration of the financial health of the Issuer or due to other reasons, the rating of the Bonds may be downgraded whilst the ratings of other bonds issued by the issuer may remain constant. In such a scenario, for Tier I and Tier II Bond holders may incur losses on their investment.

2. **Provisions related to Creation of Segregated Portfolio with respect to debt instruments with special features referred in SEBI circular March 10, 2021:**

Credit event: For debt instruments having special features

In case, of the Scheme having investments in debt instruments with special features viz. subordination to equity (absorbs losses before equity capital) and /or convertible to equity upon trigger of a pre-specified event for loss absorption referred in SEBI circular March 10, 2021, the trigger date shall be considered as follows:

- If the said instrument is to be written off or converted to equity pursuant to any proposal, the date of said proposal may be treated as the trigger date.
- If the said instruments are written off or converted to equity without proposal, the date of write off or conversion of debt instrument to equity may be treated as the trigger date.

Valuation: Notwithstanding the decision to segregate the debt and money market instrument, the valuation shall take into account the credit event and the portfolio shall be valued based on the principles of fair valuation (i.e. realizable value of the assets) in terms of the relevant provisions of SEBI (Mutual Funds) Regulations, 1996 and circular(s) issued thereunder.

Further, for valuation of debt instruments having special features referred in SEBI circular March 10, 2021, the financial stress of the issuer and the capabilities of issuer to repay the dues/borrowings shall be reflected in the valuation of the securities from the trigger date onwards.

3. **Investment Restrictions applicable to debt instruments with special features referred in SEBI circular March 10, 2021**

In terms of requirement of SEBI circular ref. no. SEBI/HO/IMD/DF4/CIR/P/2021/032 dated March 10, 2021 prescribing norms for investments in debt instruments with special features viz. subordination to equity (absorbs losses before equity capital) and /or convertible to equity upon trigger of a pre-specified event for loss absorption (Additional Tier I bonds and Tier 2 bonds issued under Basel III framework are some instruments which may have above referred special features), the following limit shall be applicable:

a) No Mutual Fund under all its schemes shall own more than 10% of such instruments issued by a single issuer.

b) The scheme shall not invest –

i. more than 10% of its NAV of the debt portfolio of the scheme in such instruments; and

ii. more than 5% of its NAV of the debt portfolio of the scheme in such instruments issued by a single issuer.

The above investment limit for a mutual fund scheme shall be within the overall limit for debt instruments issued by a single issuer.

Consequences of Merger:

- Consequent to aforesaid merger, there will be no change in the name or other attributes of the Surviving Scheme and accordingly, interest of unitholders of Surviving Scheme are not adversely a ected. The investment objective, asset allocation, investment pattern, annual scheme recurring expenses and all other provisions as contained in the Scheme Information Document of the Surviving Scheme will remain unchanged post the merger. Thus, no new scheme will come into existence as a result of the aforesaid merger.
- On the effective date of the merger of schemes, the unit holders of Merging Scheme as at the close of business hours, who has provided their consent for merger, will be allotted units under the corresponding option of the Surviving Scheme at the last available applicable Net Asset Value ("NAV") on the effective date.

  Provided that, where units are held without distributor code in the Option /Plan of the Merging Scheme, such Unit holders will be allotted corresponding units in the Direct Option / Plan of the respective Merged Scheme. In case of any pledge / lien / other encumbrance marked on any units in the Merging Options, the same shall be marked on the corresponding number of units allotted in the respective Merged scheme.
- A fresh account statement reflecting the new units allotted under the Merged Scheme, will be sent by the Fund to the Unit holders of the Merging Scheme. Upon allotment of units in the Merged Scheme, all provisions under the Merged Scheme will apply. However, the period of holding for the purpose of exit load, if any, will be computed from the date of allotment of corresponding original units in the Merging Scheme.

Impact of the Merger with respect to allocation of units to the unitholders of the Merging Scheme:

- On the effective date of the merger of schemes,- the Merging Scheme will cease to exist and the unit holders of Merging Scheme as at the close of business hours will be allotted units under the corresponding option of the Surviving Scheme at the last available applicable Net Asset Value ("NAV") on the effective date. For example:

Scheme	Particulars	Regular Growth	Direct Growth
Axis Capital Builder Fund - Series 1 (Merging Scheme)	No. of Units **(a)**	10,000	5,000
	NAV per unit as on 31st March 2022 **(b)**	15.65	16.27
	Net Asset value **(c) = (a*b)**	1,56,500.00	81,350.00
Axis Flexi Cap Fund (Surviving Scheme)	NAV per unit as on 31st March 2022 **(d)**	18.52	19.74
	Units to be allotted **(e) = (c/d)**	8,450.32	4,121.07

The above details are for illustration purpose only.

Plan/option wise allocation of units will be as follows:

Holding in Plan and option under the Merging Scheme	Allocation in Plan and option under the Surviving Scheme
Axis Capital Builder Fund – Series 1 – Regular Plan – Growth Option	Axis Flexi Cap Fund – Regular Plan – Growth Option
Axis Capital Builder Fund – Series 1 – Direct Plan – Growth Option	Axis Flexi Cap Fund – Direct Plan – Growth Option
Axis Capital Builder Fund – Series 1 – Regular Plan – IDCW Payout	Axis Flexi Cap Fund – Regular Plan – IDCW Payout
Axis Capital Builder Fund – Series 1 – Direct Plan – IDCW Payout	Axis Flexi Cap Fund – Direct Plan – ICW Payout

- Percentage of total exposure to securities classified as below investment grade or default and total illiquid assets in the Merging Scheme and the Surviving Scheme: Amount of illiquid assets - NIL and percentage of illiquid assets – Nil as on March 31,2022.
- Tax impact on consolidation of Schemes:

  The following provisions would apply in case of consolidation of mutual fund schemes.

  As per section 47(xviii) of Income Tax Act, 1961 (the Act), any transfer of units held by the investor in the consolidating scheme of the mutual fund in consideration of allotment of units in the consolidated scheme, shall not to be regarded as a taxable transfer, provided that the consolidation is of two or more schemes of an equity oriented fund or two or more schemes of a fund other than equity oriented fund.

  Further, as per section 49(2AD) of the Act, the cost of acquisition of units in the consolidated scheme shall be deemed to be the cost of acquisition of the units in the consolidating scheme. Also, as per section 2(42A) of the Act, the period of holding of the units in the consolidated scheme shall include the period of holding of the units in the consolidating scheme.

  'Consolidating scheme' has been defined under section 47(xviii) of the Act as the scheme of a Mutual Fund which merges under the process of consolidation of the schemes of mutual fund in accordance with the SEBI (Mutual Funds) Regulations, 1996. 'Consolidated scheme' has been defined as the scheme with which the consolidating scheme merges or which is formed as a result of such merger.
- Unclaimed IDCW and redemptions

  In view of the decision to transfer the balance remaining unclaimed on account of IDCW in the accounts from Axis Capital Builder Fund – Series 1 to Axis Flexi Cap Fund, set out are the details of the unclaimed IDCW and redemption amounts in Axis Capital Builder Fund – Series 1 and Axis Flexi Cap Fund as on March 31, 2022.

Name of the Scheme	Unclaimed IDCW (₹)	Unclaimed Redemption (₹)
Axis Capital Builder Fund – Series 1	Nil	Nil
Axis Flexi Cap Fund	20,83,173.06	1,16,14,353.87

The request for reissue/ revalidation of instruments towards unclaimed redemption / IDCW should be made by the unit holder to the registrar to the schemes of Axis Mutual Fund, or to the nearest branch of the AMC.

The latest portfolios of Merging Scheme and Surviving Scheme are given in Annexure I & II respectively. For further details on both Merging and Surviving Schemes, Unitholders are requested to refer Scheme Information Document and Key Information Memorandum which is available on our website www.axismf.com

For Performance of Merging Scheme and Surviving Scheme please refer Annexure III.

Exit option to the Unit holders of Surviving Scheme:

Merger of Scheme is considered as a change in the fundamental attributes of the Scheme as per circular no. SEBI/MFD/Cir No. 05/12031/03 dated June 23, 2003 issued by SEBI necessitating compliance with the requirements as per Regulation 18(15A) of the SEBI (Mutual Funds) Regulations, 1996 ("MF Regulations"). As per Regulation 18(15A) of the MF Regulations, change in fundamental attributes can be carried out only after the unit holders of the Scheme have been informed of the change via written communication and an option to exit the Scheme within a period of 30 days at the prevailing NAV without any exit load is provided to them.

The Board of Directors of Axis Asset Management Company Ltd. ("AMC") and Axis Mutual Fund Trustee Ltd. ("AMFT") have approved the proposal contained in this letter on December 7, 2021 and December 8, 2021 respectively. SEBI has also vide its letter dated April 6, 2022 provided it's no objection to the above changes in the SID & KIM of the Schemes.

In accordance with Regulation 18(15A) of the SEBI (Mutual Funds) Regulations, 1996, all the existing unit holders under the Scheme are given an option to exit the Scheme at the applicable Net Asset Value without any exit load on such redemption. This option is valid for a period of 30 days. The above change in the fundamental attribute of the Scheme is effective from May 25, 2022

Notice detailing the proposed changes to the Scheme has also been / is being published in Financial Express (English daily newspaper having nationwide circulation) and Nav Shakti (Marathi newspaper) for the benefit of the Unit holders.

If a Unit holder has no objection to the above proposal, no action needs to be taken by him and it would be deemed that such Unit holder has consented to the above proposal.

In case the Unit holder of Surviving Scheme does not agree to the same, he has the option to redeem/ switch-out units held by them under the Scheme by filling out the redemption/switch-out transaction slip and submitting the same to any of the Official Points of Acceptance/Investor Service Centres of Fund or the Registrar and Transfer Agents of the Fund viz. KFin Technologies Pvt. Ltd. between April 25, 2022 to May 25, 2022. Alternatively, Unit holders may submit redemption/ switch-out request through other modes of redemption/ switch-out specified in SID of the Scheme. The unitholder who do not exercise the exit option by 3.00 p.m. on May 25, 2022, would be deemed to have consented to the proposed modification. If the units are held in dematerialized form, investors may submit redemption request to their Depository Participant. The unitholder who do not exercise the exit option by 3.00 p.m. on May 25, 2022, would be deemed to have consented to the proposed modification. Unit holders are requested to note that the offer to exit is purely optional and not compulsory. All the valid application for redemptions/switch-outs received under the Scheme shall be processed at applicable NAV, without payment of exit load. The AMC shall dispatch the redemption proceeds within 10 Business Days from the date of receipt of valid redemption request from the Unit holder.

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

1. who have pledged their units, unless they procure release of their pledges before exercising their exit option.
2. whose units are marked under lien/injunction in accordance with the instructions of any Court of Law/Income Tax Authority/other Regulatory Authority unless they get the vacation order before exercising their exit option.

Unit holders should ensure that any change in address or bank mandate are updated in the Fund's records before exercising the exit option.

Existing Unit holders for the units held by them as on April 13, 2022 will be eligible for the exit without any exit load by redeeming the units. For any further assistance/clarification, Unit holders may contact any of our Investor Service Centres.

Redemption/switch-out of units from the Scheme, during the exit period, may entail capital gain/loss in the hands of the Unit Holder. Similarly, in case of NRI investors, TDS shall be deducted in accordance with the applicable Tax laws, upon exercise of exit option by the Unit Holder and the same would be required to be borne by such investor only. In view of individual nature of tax implications, unitholders are advised to consult their tax advisors. The redemption / switch-out of units from the Scheme are liable for deduction of Securities Transaction Tax (STT), wherever applicable; however, such STT shall be borne by AMC and will not be borne by the investor.

Consent of Unitholders of Merging Scheme:

In case, Unitholders of Merging Scheme are in agreement with the proposed merger, then they are required to fill the consent letter / provide consent (either by signing / emailing / any other mode as informed by Axis AMC) as per format enclosed in the letter to unitholders and made available on website and submit the same between April 25, 2022 to May 25, 2022 latest by 3.00 p.m. on closure of business hours at the nearest Investor Service Centre of Axis Asset Management Company Ltd. or of Kfin Technologies Private Limited, or any other mode's made available by Axis AMC.

In case unitholder who are not in agreement with the aforesaid merger, no action is required from unitholder(s) end. In such case the investment held under the Merging Scheme shall be redeemed at applicable NAV on the maturity date and the redemption proceeds shall be remitted/ dispatched to Unitholders of the Merging Scheme within 10 (ten) working days from the effective date mentioned in above table. If the units are held in dematerialized form, the unitholders are requested to contact their Depository participant.

Unitholders who have pledged or encumbered their units will not have the option to provide consent unless they procure a release of their pledges / encumbrances.

Communication to Unitholders of Merging Scheme & Surviving Scheme:

Written communication is being sent to the all existing unitholders of Merging Scheme & Surviving Scheme informing the existing Unit holders details about the merger including, basis of allocation of Units into Surviving Scheme, tax implication, financial information and features of the Scheme etc. In case any existing Unit holder has not received the Letter, they are advised to contact any of the Investor Service Centres of Axis AMC.

For any assistance/clarification, Unit holders may contact any of our Investor Service Centres.

We thank you for your investments with Axis Mutual Fund.

Yours truly,

Sd/-
Chandresh Kumar Nigam
Managing Director & Chief Executive Officer

Place : Mumbai
Date : April 13, 2022

Annexure IV - Consent Letter

APPLICATION FOR MERGER

To

I/We have read and understood the terms and conditions of the merger and agree to abide by the same for merger of Axis Capital Builder Fund – Series 1 (merging scheme) Into Axis Flexi Cap Fund (surviving scheme) for the following units / amount:

FOLIO NO / DEMAT ACCOUNT NO.		
AMOUNT / UNITS [Please tick appropriate box]	Option A: Entire amount or All Units **OR** Option B: No Units _____________ or Amount in ₹ ______________________________/-	
Signature(s) [Please sign as per mode of holding]		
Sole/First Unit Holder	Second Unit Holder	Third Unit Holder

I/We hereby agree and confirm that (i) the declaration(s) furnished by me/us to Axis Asset Management Company Limited/Axis Mutual Fund Trustee Limited under the initial Application Form for the Scheme shall continue to be binding on me/us and (ii) I/We have read and understood the contents of the letter intimating the merger of Schemes and shall abide by the terms of merger.

Note: The approval slip can be submitted either at the nearest branch of Axis Asset Management Company Ltd. or at any of the Investor service centers of Kfin Technologies Private Limited.

The duly filled application for merger should be submitted latest by 3.00 p.m. at the Official Points of Acceptance of Axis Asset Management Company Limited, ('AMC') on or before closure of business hours on May 25, 2022.

Axis Asset Management Company Limited
Axis House, 1st Floor, C-2, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai - 400025.
Phone no.: 022 4325 4123 **Fax No:** 022 4325 5199. **Toll Free:** 1800 221322 **Email:** customerservice@axismf.com