

Axis AAA Bond Plus SDL ETF - 2026 Maturity

(An open-ended Target Maturity Exchange Traded Fund investing predominantly in constituents of Nifty AAA Bond Plus SDL Apr 2026 50:50 Index)

NFO Opens

23rd April 2021

NFO Closes

7th May 2021



Introducing Target Maturity ETFs

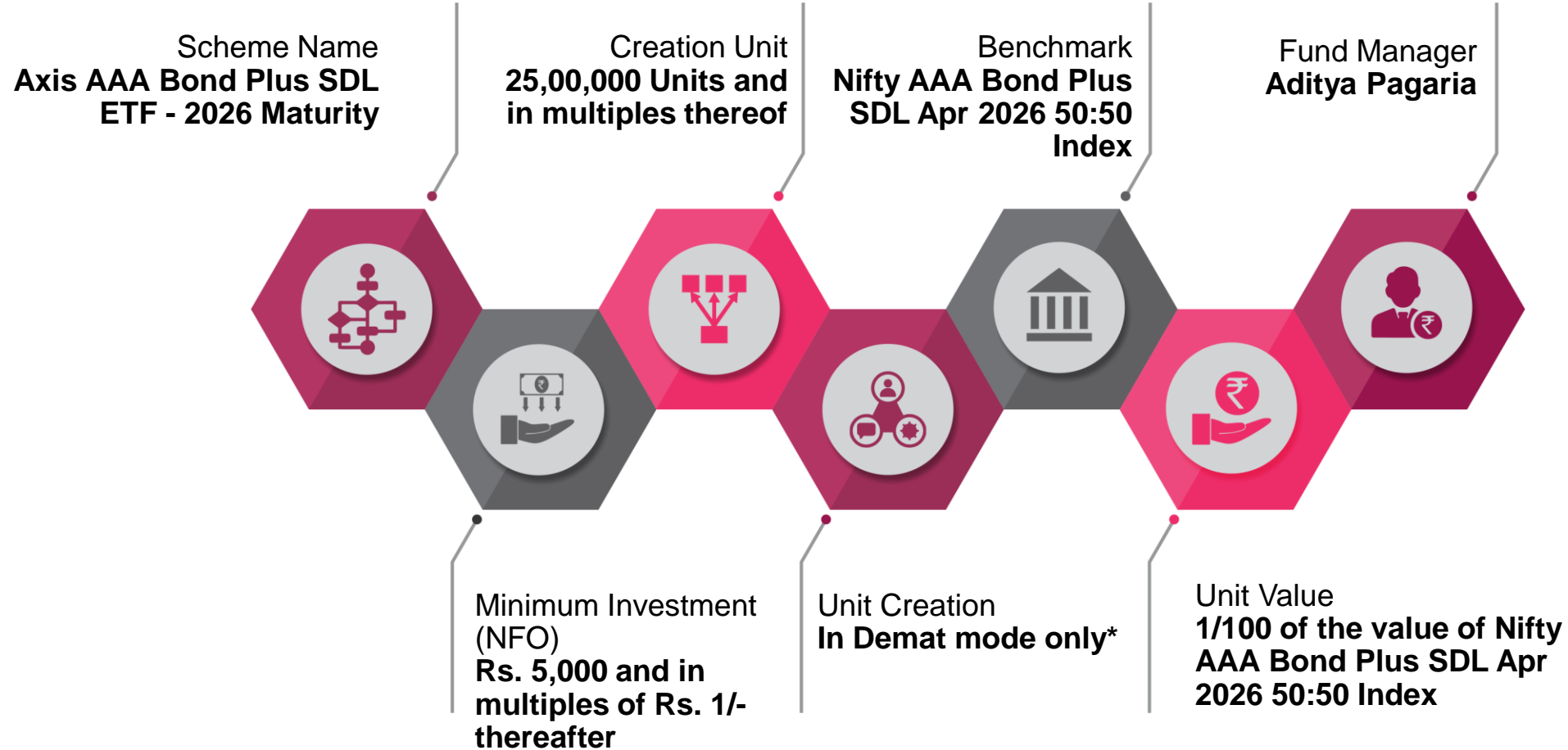
An Ideal Solution for investors with a set Investment horizon

- A target maturity ETF is a portfolio designed to terminate at a pre-defined date.
- The fund manager achieves this by buying securities with similar maturities as close to the defined maturity date and holds them to maturity.
- As time passes, the ETF may add securities that meet the methodology criteria
- As the ETF progresses the duration of the securities diminishes until the fund matures
- The strategy aims to negate any duration risk for investors who remain invested through the life of the ETF



Axis AAA Bond Plus SDL ETF - 2026 Maturity

About the ETF



*Units of the ETF will be available in Dematerialized (electronic) form only. The applicant will be required to have a beneficiary account with a Depository Participant of NSDL/CDSL and will be required to indicate it in the application form.

About the Index

Nifty AAA Bond Plus SDL Apr 2026 50:50 Index

Overview

- Nifty AAA Bond Plus SDL Apr 2026 50:50 Index is a portfolio of AAA rated bonds issued by government owned entities, HFCs, Corporates and State Development Loans (SDLs) maturing between May 01, 2025 to April 30, 2026.
- The index will be managed by NSE Indices Limited.

How is the Index Constructed

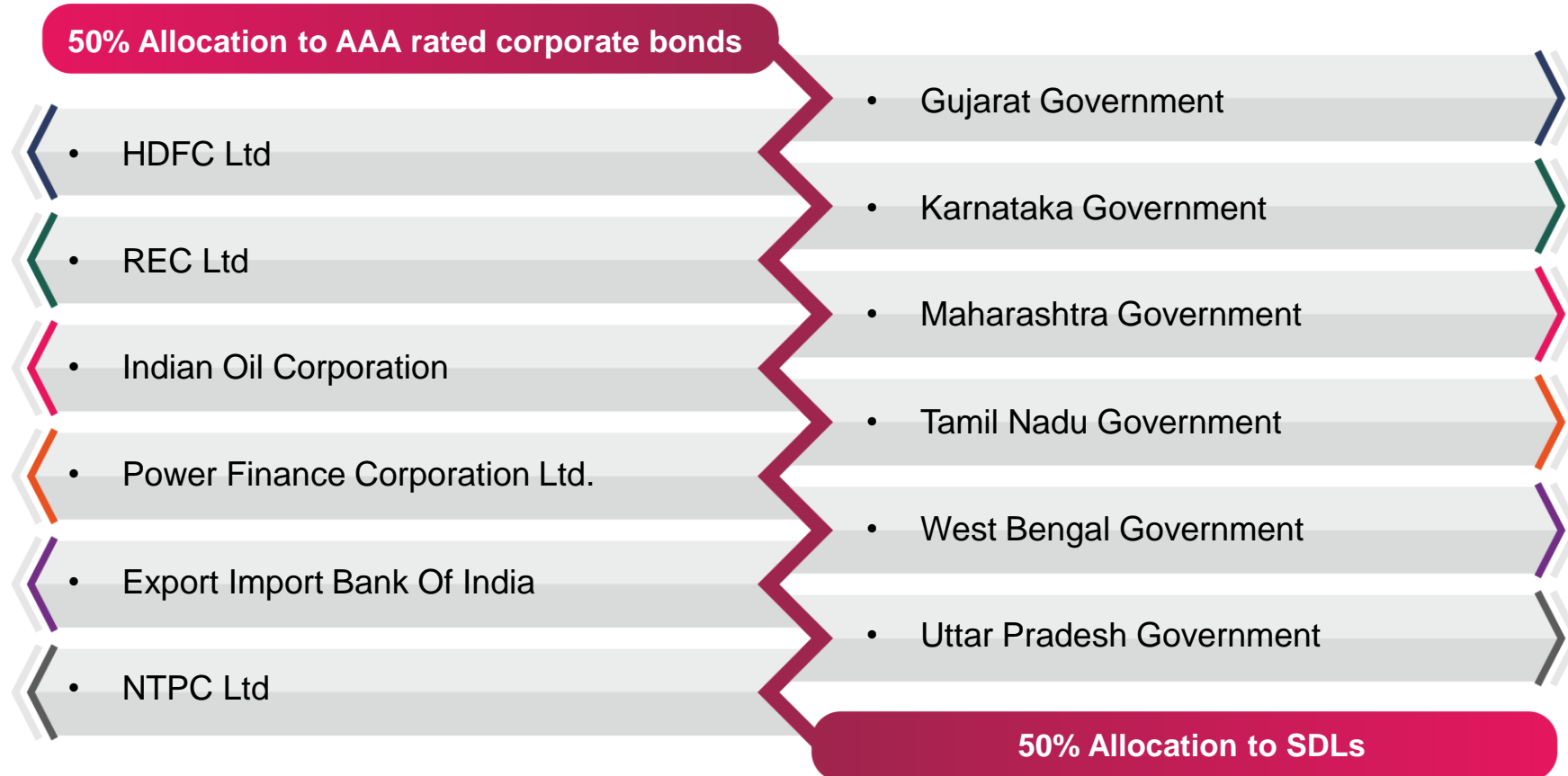
- The index contains 2 equal weighted components as on the base date of index
- AAA rated Bond component: Bonds issued by AAA rated government owned entities, HFCs, Corporates
- SDL component: SDLs with minimum outstanding amount of more than or equal to Rs 1,000 Cr.
- All Papers will mature on or before April 30th 2026
- Portfolio will consist of AAA/SOV rated securities only at the time of investment. The index will be rebalanced every quarter

Source: NSE Indices

Axis AAA Bond Plus SDL ETF - 2026 will endeavour to replicate the performance of this index subject to tracking errors by replicating the allocation of bonds & SDL's. For complete details on the index refer SID.

Current Index Constituents

As of April 12th 2021



Source: NSE Indices

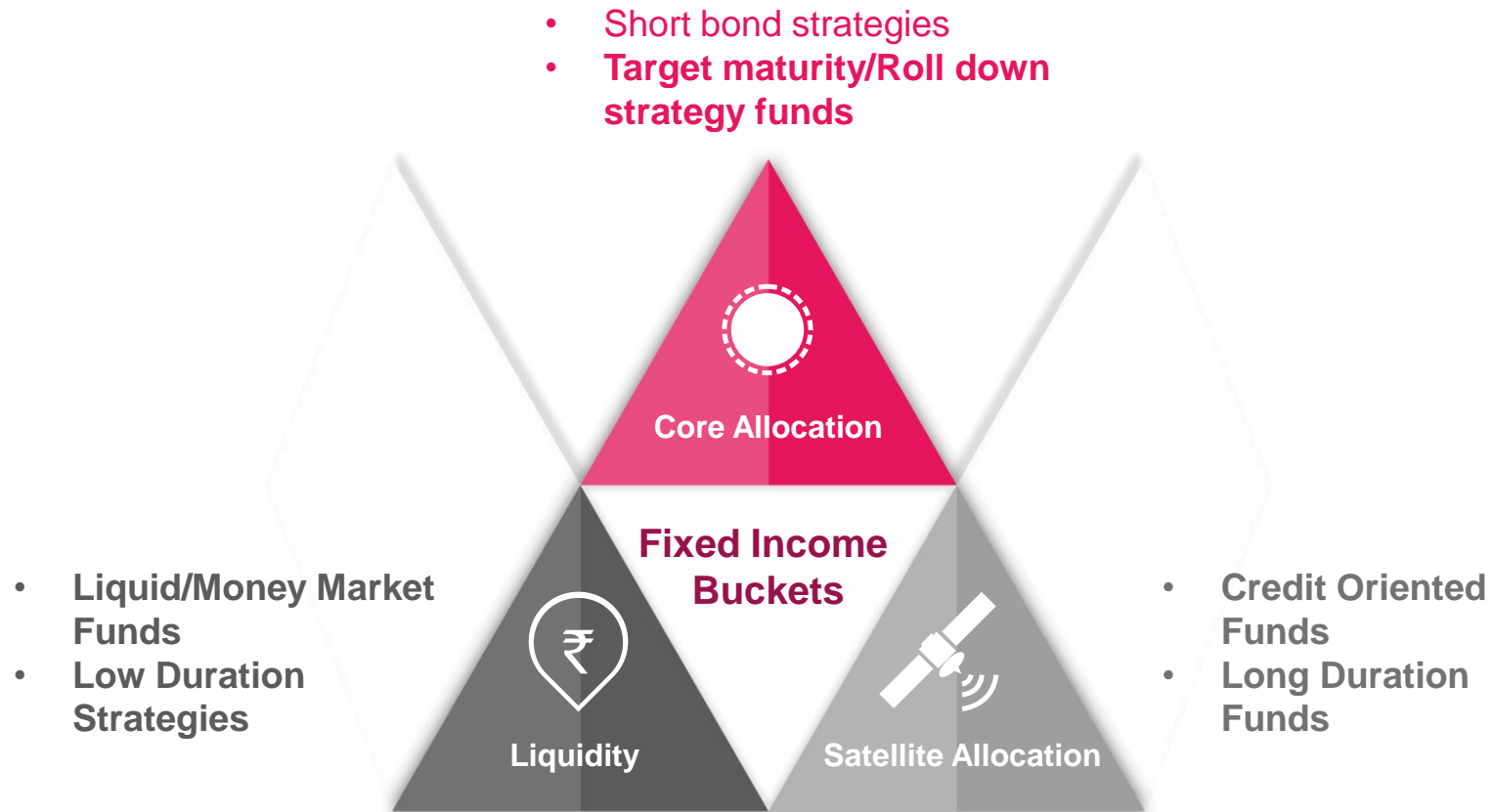
Axis AAA Bond Plus SDL ETF - 2026 will endeavour to replicate the performance of this index subject to tracking errors by replicating the allocation of bonds & SDL's. Issuers mentioned above are for illustrative purposes only. This document should not be treated as a recommendation to trade ins securities issued by the above mentioned issuers

Investment Thesis



Building Your Debt Portfolio

Target maturity products ideally suited to build core fixed income portfolio



Suggested allocation is for illustrative purposes only. Investors must consult their financial advisors regarding portfolio allocation and suitability of funds depending on the risk profile of the investor. Should not be treated as an investment recommendation

Identifying which product is right for you?

Selecting the right product is essential to meet your investment objectives

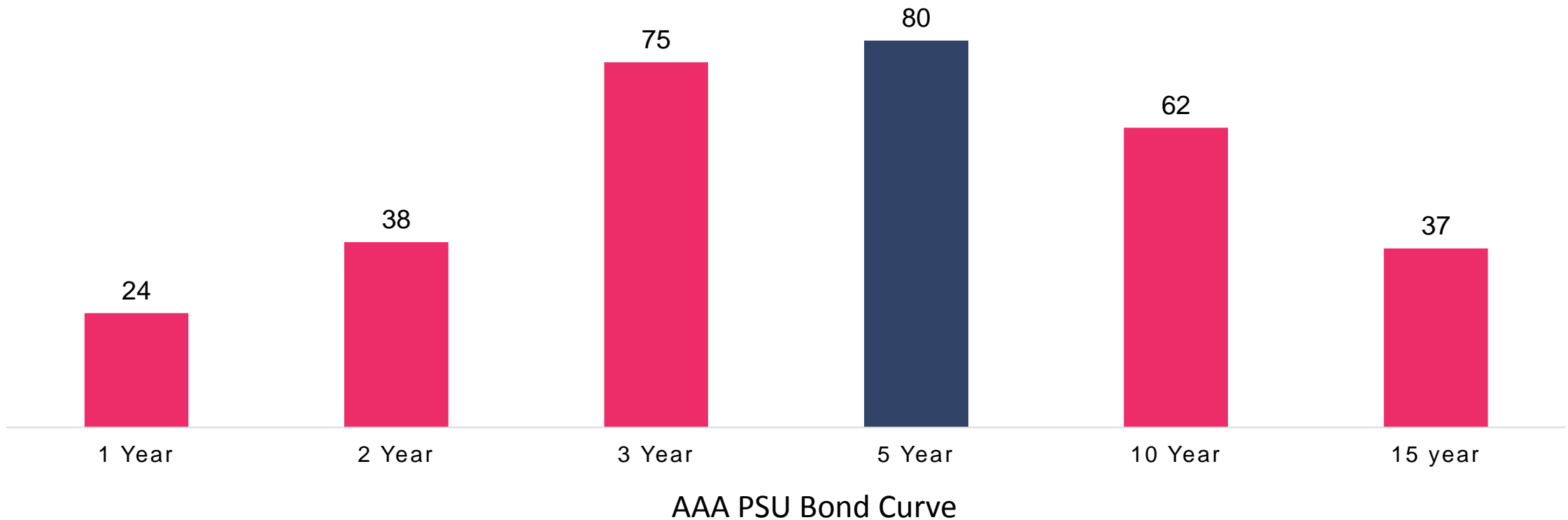
	Target Maturity ETFs	Actively Managed Debt Mutual Funds	Individual Bonds
Return Trajectory*	✓	✗	✓
Liquidity	✓	✓	✗ [#]
Diversification	✓	✓	✗
Professional Management	✓	✓	✗
Defined Maturity	✓	✗	✓
Frequency of Income	At the time of redemption/maturity	Depending on plan of investment	Determinant on coupon frequency. Some bonds pay out cumulatively on maturity
Tax Efficiency	Indexation features available for LTCG	Indexation features available for LTCG	Indexation features available for LTCG for select bonds

* At Maturity #Bond liquidity may vary due to vagaries of debt markets
Investors must consult their financial advisors/ tax advisors regarding portfolio allocation and suitability of funds depending on the risk profile of the investor.

Why A Target Maturity Strategy Now?

Curve normalization has led to a significant retracement in the 5 Year space

5 Year Yields have seen the maximum retracement since December 2020 (In bps)

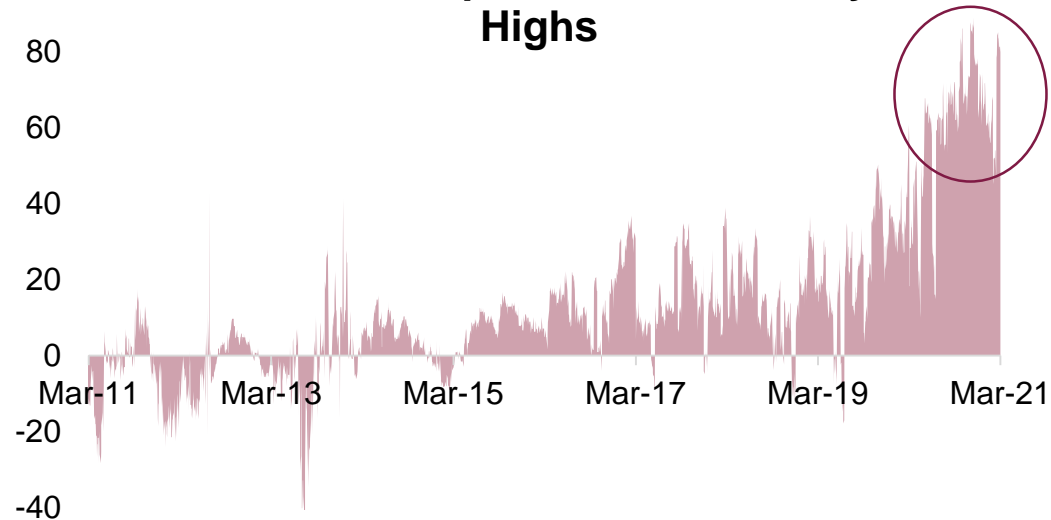


5 year AAA & SDLs – The Opportunity

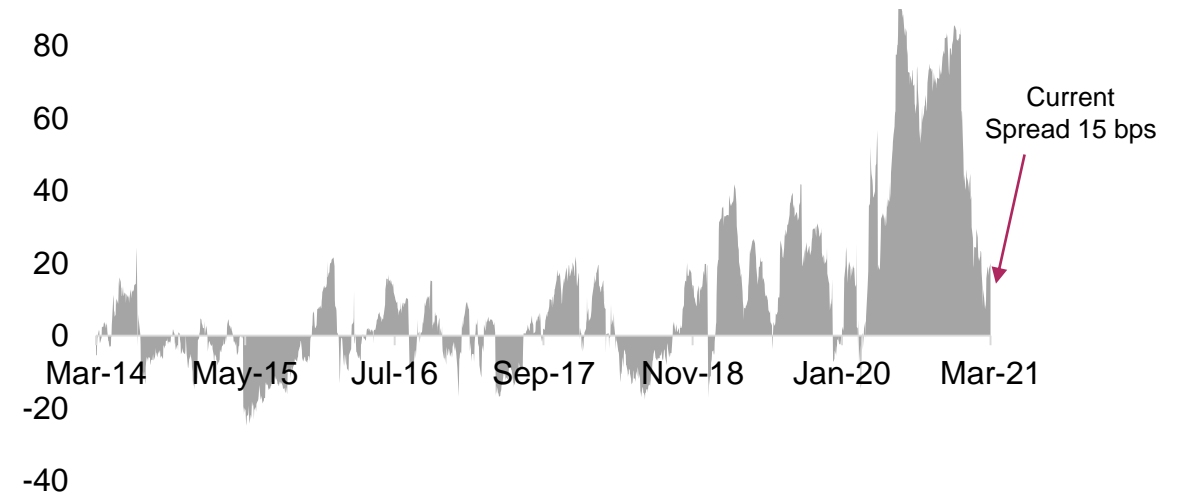
Post retracement, 5 year space looks attractive

- The run up in yields has resulted in the spread between 3 year AAA & 5 Year AAA papers trade at its highest level in 2 years.
- Even for Investors with a longer investment horizon the 5 Year Space is a compelling alternative since 5 year levels are trading at levels similar to comparable 10 Year instruments
- High quality SDL's also offer significant opportunities given that they trade at levels higher than AAA – PSU's currently

3X5 Year AAA Spreads Trade at 10 year Highs



5X10 Year Spreads at ~15 bps levels



Source: Bloomberg, Axis MF Research. Data as of March 31st 2021
 Past performance may or may not be sustained in the future.

But aren't yields volatile?

Current levels provide adequate buffer for even shorter term investors

- Lets examine a AAA bond with a current YTM of 6.25%
- The below table highlights the sensitivity of your investment to interest rate fluctuations

Change In Yields (in Bps)	Period of Investment		
	1 Year	3 Year	5 Year
-75bps	10.89%	7.80%	6.25%
-50bps	9.35%	7.28%	6.25%
-25bps	7.80%	6.77%	6.25%
+25bps	4.70%	5.73%	6.25%
+50bps	3.15%	5.22%	6.25%
+75bps	1.61%	4.70%	6.25%

} **Ideal environment**

Source: Refinitiv, Axis MF Research. Data as of 31st March 2021

The scenarios are based on hypothetical assumption of changes in interest rates and theoretical movements in bond yields. Simulation is assumed pre-expenses. Past performance may or may not be sustained in future. Yields given above is based on the market data as on date given above. This should not be taken as an indication of the returns that maybe generated by the fund and the securities bought by the fund may or may not be held till their respective maturities.

Coupled with the Power of Indexation

The ETF will offer investors 5 indexations during its lifetime.

	5 Year Traditional Savings Scheme	Axis AAA Bond Plus SDL ETF - 2026 Maturity
Investment Amount	100,000	100,000
Rate of Return (%) (Assumed)	6.25%	6.25%
Return on Maturity	135,407	135,407
Indexation Available	No	Yes
Indexed Value	NA	127,627
Taxable Income	35,407	7,780
Tax Payable	10,622*	1,556**
Post Tax Return	24,785	33,851
Effective Post tax Return (CAGR)	4.53%	6.00%

Data as on 31st March 2021. *Tax Rate considered 30% exclusive of applicable surcharges & cess. ** Tax as per LTCG income tax provisions exclusive of applicable surcharges & cess. This computation is for resident individual investors. Cost inflation index assumed at 5%p.a. Fund related expenses ignore for this illustration. Investors are advised to consult their tax advisors for taxation related matters. To be used for illustrative purposes only. Actual tax implications may differ basis prevailing tax laws

To Summarize

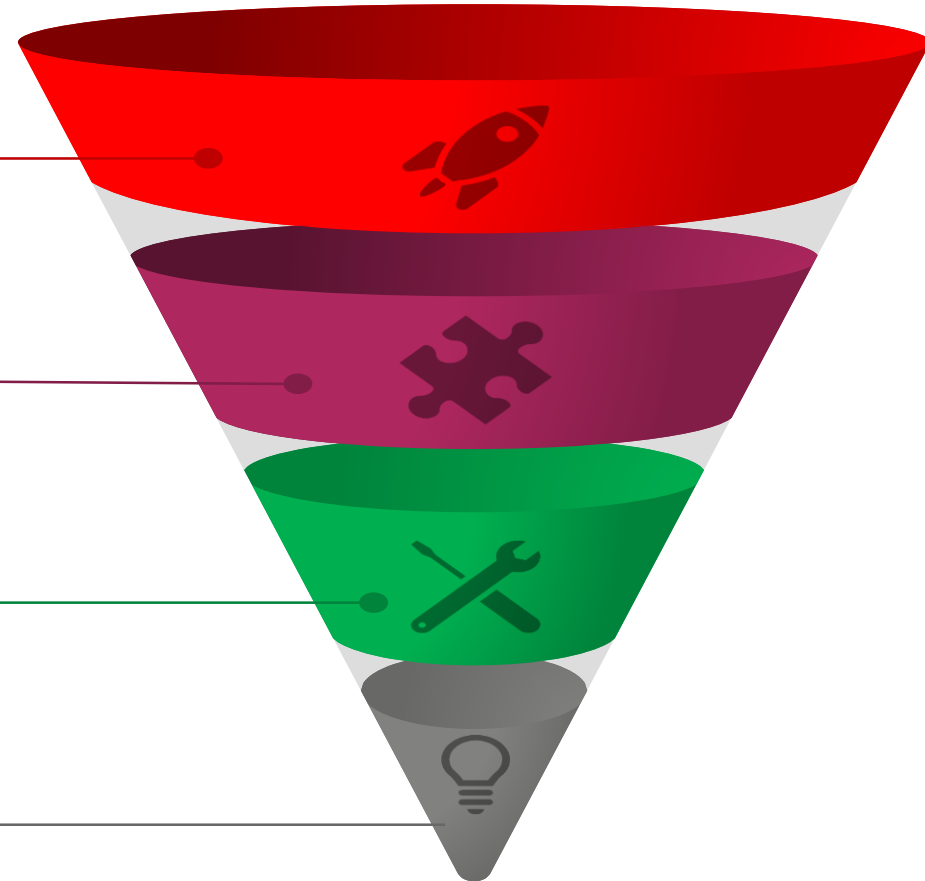
Why Invest in Axis AAA Bond Plus SDL ETF - 2026 Maturity?

OPPORTUNITY
 5 Year space has seen yields rise by over 80 bps since its low December 2020. Yields attractive as compared to other tenors

CORE ALLOCATION
 Ideal solution for investors looking to invest with a 5 year investment horizon

PRODUCT MECHANICS
 Low cost hassle free solution for investors looking to build their core fixed income portfolio

SIMPLE & EASY
 Exchange traded, high quality portfolio with the benefit of 5 years indexation[#]



[#] Investors are advised to consult their tax advisors for advice on taxation matters relating to your portfolio and suitability of the product

Passive Investing With Axis MF



Introduction to Passive Investing

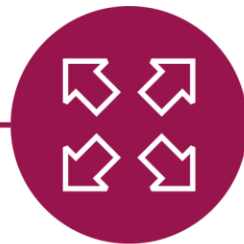
Passive Investing is a low friction investment strategy tracking a specific index as closely as possible



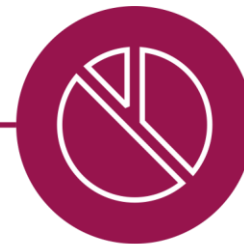
Efficient low cost strategy



Removes the risk of security selection



Relies on broader market wisdom



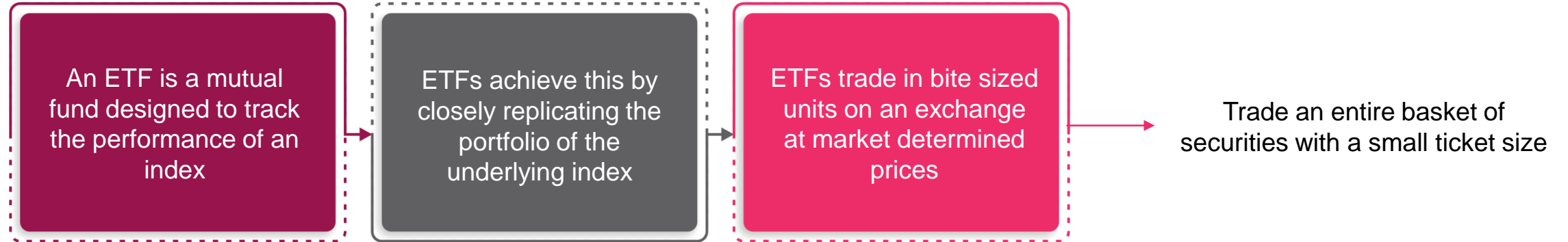
Participates in the constituents in the same proportion as the index



ETFs and Index Funds are popular vehicles to passive investing

What is an ETF?

The Basics

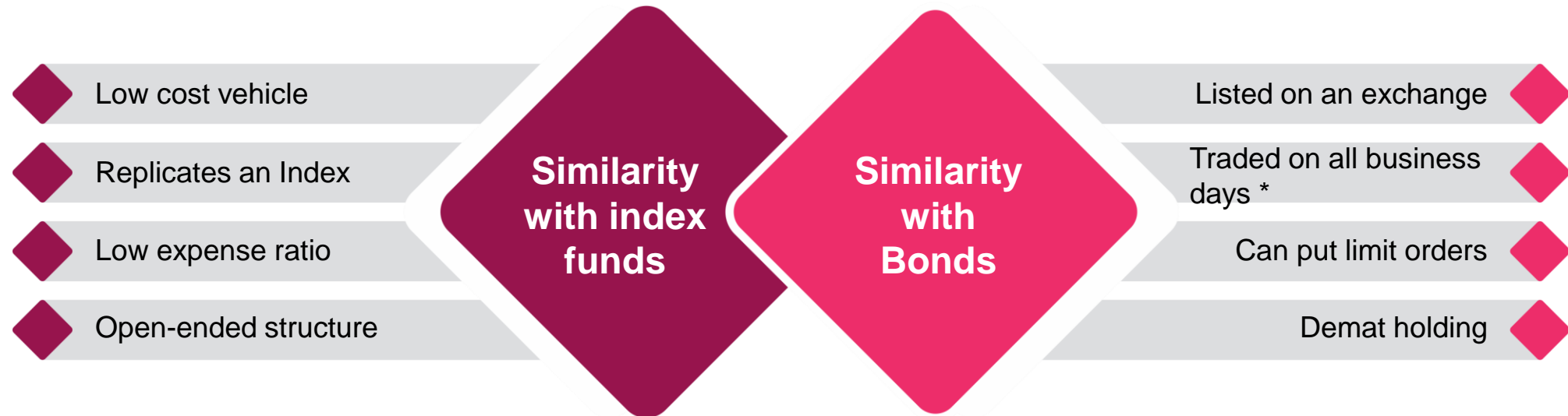


Key Differences	ETFs	Active Mutual Funds
What's on Offer?	Track an Index	Portfolio aimed to beat broad market indices
Trading Frequency	Actively traded on an exchange	Trade once a day on NAV Prices
Style of Management	Passive	Active
Costs	Less Expensive	More Expensive

ETF Investing

The best of both worlds

Combines benefits of index based investing with stock listing



Benefits of ETFs



Exchange-traded

Investor invests at nearly the real-time prices as opposed to end of day price



Removes bias

Best suited to earn asset class performance-linked return



Efficient

Protects long-term investors from the inflows and outflows of short-term investors



Flexible

Tool for gaining instant exposure to the markets, equitizing cash

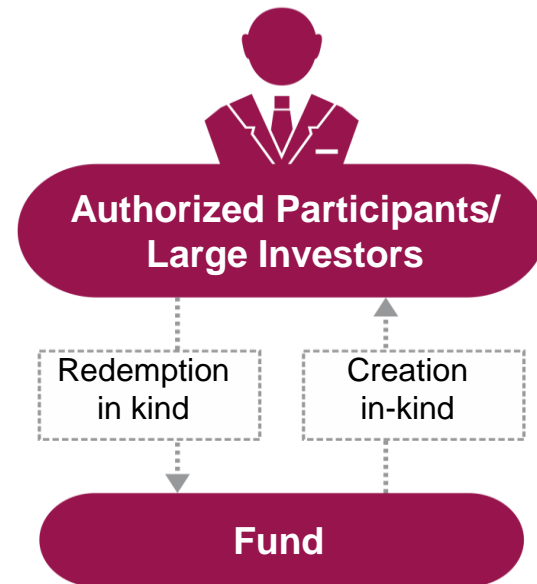


Cost

Low expense ratio

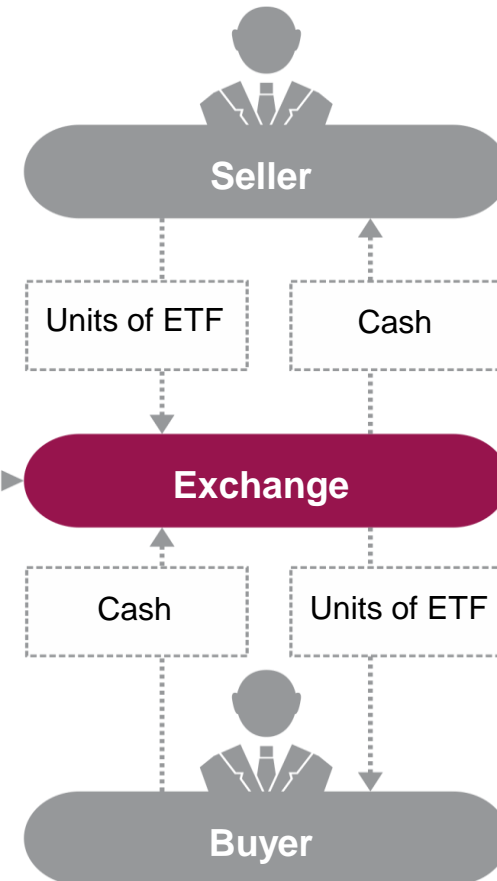
The ETF Mechanism

Primary Market



Market Making
Buy/Sell

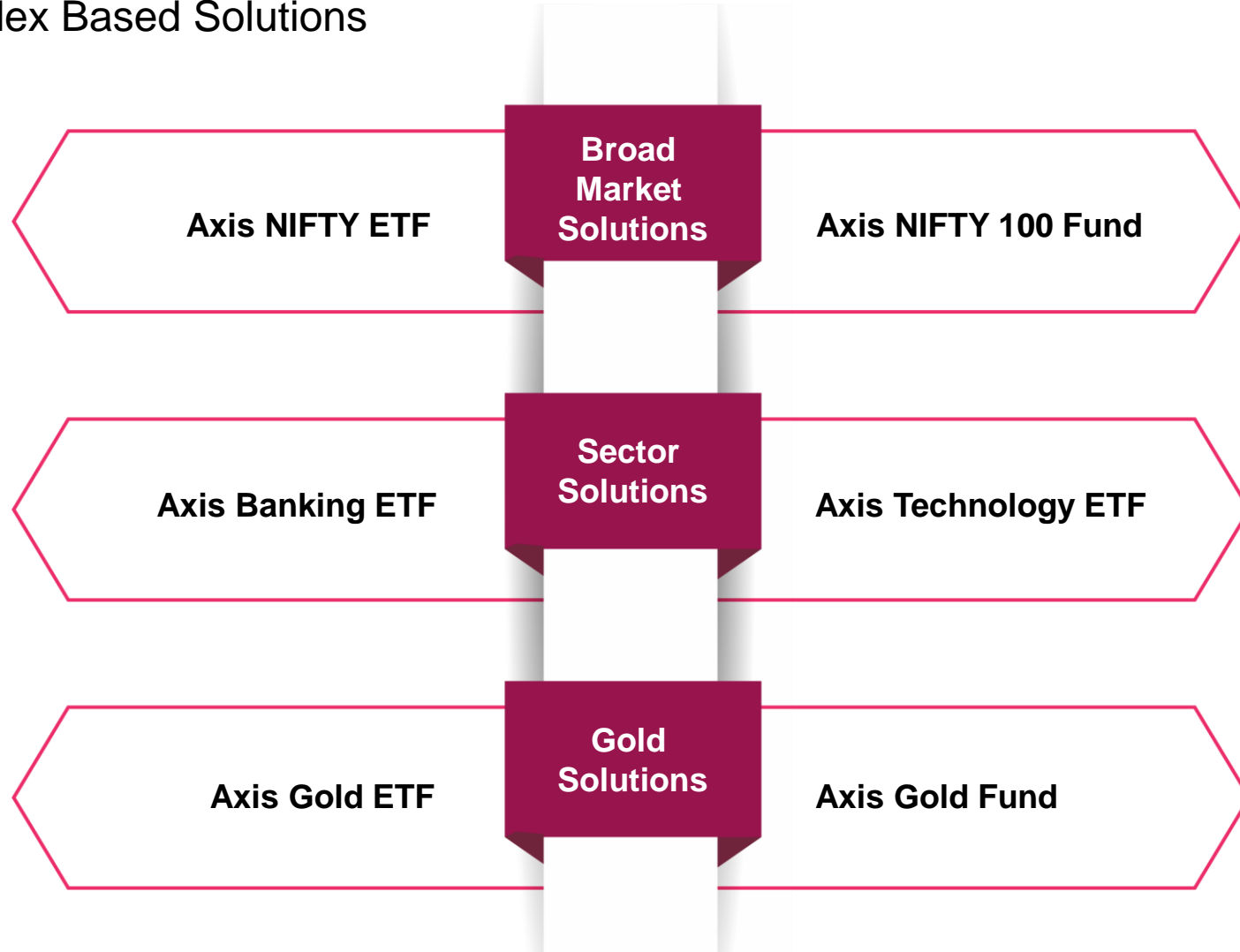
Secondary Market



The process outlined will be in effect once the fund reopens post the NFO launch. During the NFO investors may subscribe through all physical channels and through distribution agents of Axis Mutual Fund and at ISCs.

Axis MF Product Basket

Growing Range of Index Based Solutions



Note: Investors will be bearing the recurring expenses of the ETF, in addition to the expenses of the schemes, in which Fund of Funds schemes make investments.

Product Labelling

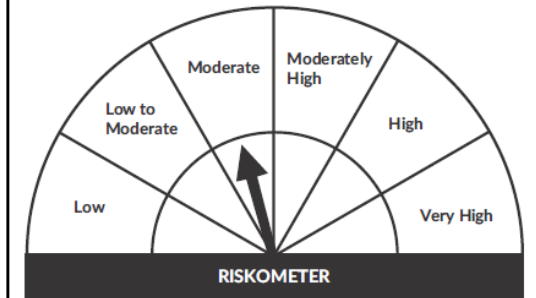
Axis AAA Bond Plus SDL ETF - 2026 Maturity

(An open-ended Target Maturity Exchange Traded Fund investing predominantly in constituents of Nifty AAA Bond Plus SDL Apr 2026 50:50 Index)

This product is suitable for investors who are seeking*:



- Income over long term
- Investment in AAA rated Corporate Bonds & State Development Loans (SDLs) as represented by Nifty AAA Bond Plus SDL Apr 2026 50:50 Index, subject to tracking errors.

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



Investors understand that their principal will be at moderate risk

Product Labelling

Fund Name	Riskometer	Product Labelling
Axis Gold ETF (An open ended scheme replicating/tracking Domestic Price of Gold)	 <p>Investors understand that their principal will be at moderately high risk</p>	This product is suitable for investors who are seeking* <ul style="list-style-type: none"> • Capital appreciation over medium to long term • Investment predominantly in gold in order to generate returns similar to the performance of gold, subject to tracking error
Axis Gold Fund (An open ended fund of fund scheme investing in Axis Gold ETF)		This product is suitable for investors who are seeking* <ul style="list-style-type: none"> • Capital appreciation over medium to long term • Investment predominantly in Axis Gold ETF in order to generate returns similar to the underlying fund, subject to tracking error
Axis Nifty ETF (An open ended Scheme replicating/ tracking Nifty 50 Index)	 <p>Investors understand that their principal will be at very high risk</p>	This product is suitable for investors who are seeking* <ul style="list-style-type: none"> • Capital appreciation over medium to long term • Investments in Equity & Equity related instruments covered by Nifty 50 Index
Axis NIFTY 100 Index Fund (An Open Ended Index Fund tracking the NIFTY 100 Index)		This product is suitable for investors who are seeking* <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 100 Index stocks and aims to achieve returns of the stated index, subject to tracking error.
Axis Technology ETF (An Open Ended Exchange Traded Fund tracking NIFTY IT Index)		This product is suitable for investors who are seeking*: <ul style="list-style-type: none"> • Long term wealth creation solution • The fund that seeks to track returns by investing in a basket of NIFTY IT Index stocks and aims to achieve returns of the stated index, subject to tracking error
Axis Banking ETF (An Open Ended scheme replicating / tracking NIFTY Bank Index)		This product is suitable for investors who are seeking* <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 Index stocks and aims to achieve returns of the stated index, subject to tracking error

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

Statutory Details and Risk Factors

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. The fund manager(s) may or may not choose to hold the stock mentioned, from time to time.

Axis AAA Bond Plus SDL ETF - 2026 Maturity offered by Axis Mutual Fund is not sponsored, endorsed, sold or promoted by NSE INDICES LIMITED (formerly known as India Index Services & Products Limited (IISL)). NSE INDICES LIMITED does not make any representation or warranty, express or implied (including warranties of merchantability or fitness for particular purpose or use) and disclaims all liability to the owners of Axis AAA Bond Plus SDL ETF - 2026 or any member of the public regarding the advisability of investing in securities generally or in the Axis AAA Bond Plus SDL ETF - 2026 Maturity linked to the Nifty AAA Bond Plus SDL Apr 2026 50:50 Index or particularly in the ability of the Nifty AAA Bond Plus SDL Apr 2026 50:50 Index to track general stock market performance in India. Please read the full Disclaimers in relation to the Nifty AAA Bond Plus SDL Apr 2026 50:50 Index in the in the Offer Document / Prospectus / Information Statement.

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.

Thank You