

Axis Focused 25 Fund – Fund Update

An open ended equity scheme investing in maximum 25 stocks in large cap, mid cap and small cap companies

Fund Manager: Jinesh Gopani & Hitesh Das (for International securities)

Investment Strategy

- A multi cap strategy with no more than 25 stocks at any given point.
- Benchmark agnostic stock selection while maintaining a low portfolio beta
- **Bottom-up stock selection** process (Focus on appreciation potential of individual stocks from a fundamental perspective)
- Stocks are selected in the portfolio based on their ability to **grow earnings on a sustainable basis** while maintaining a **highly liquid and risk managed** portfolio.



Note: Current Portfolio Allocation is based on the prevailing market conditions and is subject to changes depending on the fund manager's view of the equity markets. Entry Load: Nil. Exit Load: 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.

Positioning– Portfolio Changes

Sector	Aug-22	Aug-21	Difference
CONSUMER	21.30%	8.60%	12.70%
CHEMICALS	10.00%	5.90%	4.10%
FINANCIAL SERVICES	31.70%	29.60%	2.20%
AUTOMOBILES & AUTO COMPONENTS	7.80%	6.50%	1.30%
POWER	2.00%	1.50%	0.50%
OIL, GAS & CONSUMMABLE FUELS	3.80%	3.90%	-0.10%
HEALTHCARE	8.30%	8.90%	-0.60%
CEMENT & CEMENT PRODUCTS	2.50%	3.20%	-0.70%
INDUSTRIAL MANUFACTURING	0.00%	4.50%	-4.50%
IT	9.1%	22.6%	-13.60%

Disclaimer: Exposure as % of Net assets. Data as on 31st Aug 2022. Source: ValueFY, ACEMF. 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.

Top 10	Aug-22	Top 10	Aug-21
Bajaj Finance Limited	9.71%	Bajaj Finance Limited	10.18%
Avenue Supermarts Limited	9.38%	Tata Consultancy Services Ltd	8.48%
Kotak Mahindra Bank Limited	7.54%	Info Edge (India) Ltd	7.88%
Tata Consultancy Services Ltd	6.98%	Avenue Supermarts Limited	7.83%
Pidilite Industries Limited	6.98%	Divi's Laboratories Limited	6.10%
Divi's Laboratories Limited	5.80%	Pidilite Industries Limited	5.88%
ICICI Bank Limited	5.77%	HDFC Limited	5.35%
Info Edge (India) Limited	5.71%	Kotak Mahindra Bank Ltd	4.72%
HDFC Limited	4.78%	Supreme Industries Limited	4.53%
Asian Paints Limited	4.10%	HDFC Bank Limited	4.12%

Disclaimer: Exposure as % of Net assets. Data as on 31st Aug 2022 Source: ValueFY, ACEMF. 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. The fund manager(s) may or may not choose to hold the stock mentioned, from time to time.

The portfolio has remained largely stable in terms of portfolio stocks although the allocation to stocks has changed. The fund has seen an increase in cash holdings on account of the volatile market environment. The portfolio positioning has helped minimize risks to the portfolio. Given the long term nature of the current portfolio, the short term underperformance is likely to give way to consistent performance as the market normalizes and the market recognizes undervaluation in quality stocks.

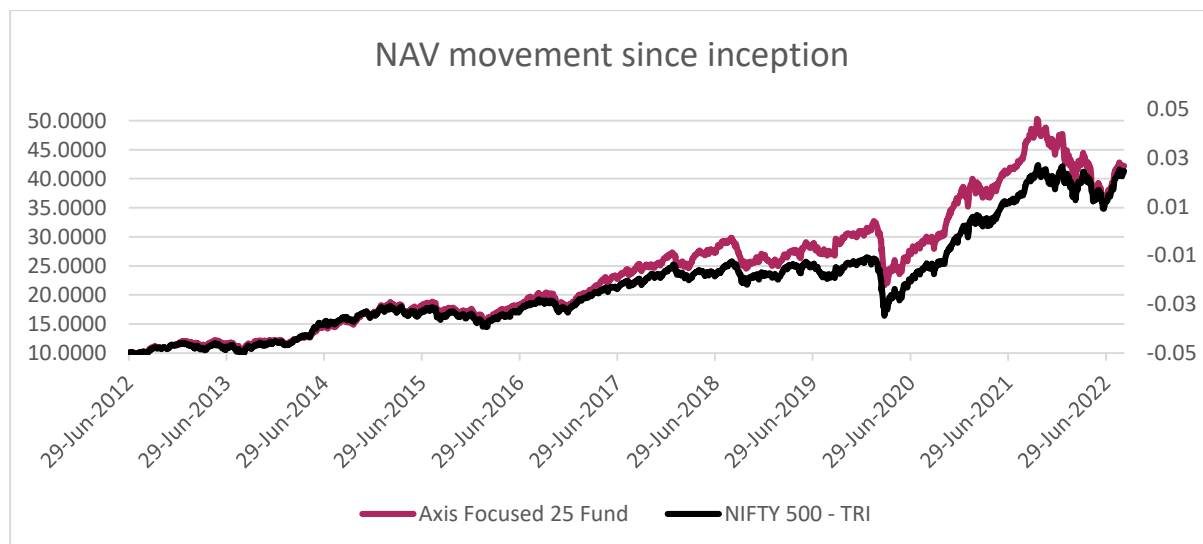
We are looking at companies who have the ability to pass on costs seamlessly and grab incremental market shares in their respective sectors. We believe, these are the types of companies that are likely to benefit disproportionately as and when normalcy returns. As long term investors, we are comfortable with companies taking their time in building levers for the next phase of growth and will continue to support portfolio companies in their respective growth agendas

The latest earnings disclosures by companies point to a healthy outlook for the markets in contrast to consensus analyst expectations. This gives us confidence that H2 will likely be better than H1.

Performance

The true test of any portfolio is in times of market uncertainty. But the aim to also capture any upsides that may arise during a market upswing. Our focus has remained on alpha generation and fundamentals of our investee companies. Amidst heightened volatility, we believe our portfolios have remained relatively sheltered as we have effectively managed our exposure to beta.

The scheme generated an alpha of 0.92% since inception. The short term narrow markets have dragged the alpha down by 5.84% i.e., the alpha as of 31st December 2021 was 6.76%



	1 Year		3 Year		5 Year		Since Inception	
	CAGR (%)	Current Value of investment of Rs. 10,000	CAGR (%)	Current Value of investment of Rs. 10,000	CAGR (%)	Current Value of investment of Rs. 10,000	CAGR (%)	Current Value of investment of Rs. 10,000
Axis Focused 25 Fund - Regular Plan - Growth	-8.18%	9,184	15.45%	15,395	11.64%	17,344	15.23%	42,320
Nifty 500 TRI (Benchmark)	6.70%	10,668	20.83%	17,652	13.31%	18,682	14.98%	41,374
Nifty 50 TRI (Additional Benchmark)	5.16%	10,514	18.63%	16,701	13.78%	19,071	14.07%	38,186

Data as on 31st Aug 2022. Past performance may or may not be sustained in future. Different plans have different expense structure. Jinesh Gopani is managing the scheme since 7th June 2016 and he manages 14 schemes of Axis Mutual Fund & Hitesh Das is managing the scheme since 2nd November 2020 and he manages 16 schemes of Axis Mutual Fund. Returns greater than 1-year period are compounded annualized (CAGR). Face Value per unit: ₹10. Past performance may or may not be sustained in future. Please click on the below link to view other schemes currently managed by the fund manager & relevant schemes for performance.

https://www.axismf.com/cms/sites/default/files/Statutory/Annexure_withDirectPlan.pdf

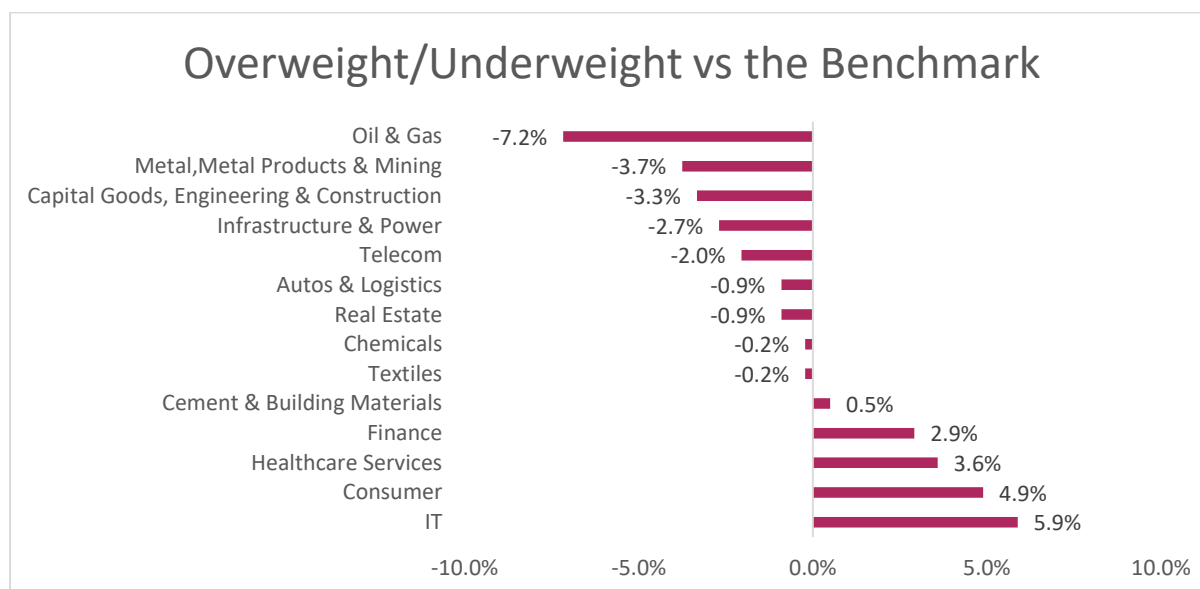
Company Name	
Top Alpha Generators	Top Detractors
Infosys Limited	Info Edge (India) Limited
Motherson Sumi Wiring India Limited	Divi's Laboratories Limited
Pidilite Industries Limited	SRF Limited
Avenue Supermarts Limited	Gland Pharma Limited
Tata Steel Limited	Samvardhana Motherson International Ltd.
Sector	
Top Alpha Generators	Top Detractors
Consumer	IT
Metal, Metal Products & Mining	Autos & Logistics
Retailing	Agro Inputs & Chemicals
Cement	Infrastructure & Power
Construction	Healthcare Services

Disclaimer: Data as on 31st Aug 2022. Exposure as % of Net assets. Source: ValueFY, ACEMF. 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. The fund manager(s) may or may not choose to hold the stock mentioned, from time to time.

Going Forward

Inflation remains a key risk to equity markets. While the RBI has successfully managed domestic inflation through monetary policy thus far, roaring inflation across the developed world continues to remain worrisome. Despite hawkish policies, inflation across developed markets continues to remain at record levels. Extreme effects of inflation and hawkish monetary policy can potentially ravage demand economics in these countries, resulting in knock on effects to countries like India

Going forward, we believe, oil, food inflation and currency will be key metrics to decide the trend for the Indian economy. While we keep a caution eye out for short term headwinds, we are now optimistic of an improving market trajectory.



Source: Asia Index Pvt Limited, Axis MF Research. The benchmark for the scheme is S&P BSE Midcap 150 TRI. Data collated as on Aug 31st 2022. Exposure as % of Net Assets 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

Our philosophy consciously targets companies with strong earnings growth and sustainable business models. These qualities in our opinion are key ingredients for long term wealth creation.

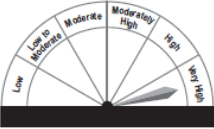

The fund is overweight in Consumer and Pharmaceuticals and some cement names while it is underweight in Metals, Infrastructure & Power and IT. The positioning on latter has flipped as margin compression and demand concerns from a slowdown in western markets have clouded the growth outlook for the IT sector.

Risk Management

Risk Ratios	Axis Focused 25 Fund	NIFTY 500 TRI	Remarks
Standard Deviation	19.8%	22.8%	Alpha generation over 3 years without compromising on risk metrics at a portfolio level. This has resulted in favourable risk adjusted return. Low beta also reinforces the quality of portfolio construction.
Beta	0.94		
Sharpe Ratio	0.54		
Information Ratio	-1.69		

Source: Internal Analysis. Data as on 31st Aug 2022. Above risk ratios are calculated based on daily return with daily rolling frequency for last 3-year period ending 30th June 2022. Risk free rate assumed to be 5.25% (MIBOR as on 31-08-2022), Source: www.fimmda.org. Please note that as per AMFI guidelines for factsheet, the ratios are calculated based on month rolling returns (absolute) for last 3 years. Past performance may or may not be sustained in the future.

Product Labelling & Disclaimers

Axis Focused 25 Fund (An open Ended equity scheme investing in maximum 25 stocks investing in large cap, mid cap and small cap companies) Benchmark: NIFTY 500 TRI This product is suitable for investors who are seeking* <ul style="list-style-type: none"> • Capital appreciation over long term • Investment in a concentrated portfolio of equity & equity related instruments of up to 25 companies. * Investors should consult their financial advisers if in doubt about whether the product is suitable for them.	
Riskometer	
Fund	NIFTY 500 TRI
 <p>Investors understand that their principal will be at Very High Risk</p>	

Data updated as on 31st Aug 2022. **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.

Note: Investors are hereby informed that as advised by SEBI vide email dated January 28, 2022, wherein, in order to avoid breach of industry-wide overseas limits as allowed by RBI and in terms of SEBI Circular no. SEBI/HO/IMD/IMD-II/DOF3/P/CIR/2021/571 dated June03,2021; lump-sum subscription, switch-ins and fresh registration of Systematic Investment Plan(SIP)/ Systematic Transfer Plan(STP) or such other special product (where one of the below mentioned schemes is the target scheme) are being temporarily suspended with effect from February 02, 2022: 1.Axis Global Equity Alpha Fund of Fund, 2.Axis Global Innovation Fund of Fund, 3.Axis Greater China Equity Fund of Fund 4.Axis Growth Opportunities Fund 5.Axis Special Situations Fund 6.Axis ESG Equity Fund. Further there will be no restriction on redemption/intra scheme switches between Plan(s) and Option(s) in the same scheme, registration of fresh systematic withdrawal plan and instalments of existing systematic withdrawal plan where one of the aforesaid schemes is the source scheme and to the existing registered SIP/STP or such other special product of the above mentioned Schemes.

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.