

Axis Growth Opportunities Fund

(An Open-ended Equity Scheme investing in both large cap and mid cap stocks)

Large & Midcap Equity Strategy with up to 30% allocation to overseas equities
Fund Manager: Jinesh Gopani & Hitesh Das

Investment Strategy

Domestic stocks are selected in the portfolio based on:

- Innovative & entrepreneurial companies with experienced management
- Market leaders in emerging industries or higher growth companies in established businesses

The Overseas allocation is based on advice from Schroders Investment Management and follows a high conviction alpha strategy. Stock ideas are based on

- Stocks where the current price doesn't reflect future prospects
- Companies expect to deliver future earnings growth above consensus over 3-5-year horizon.
- Material environmental, social and governance (ESG) factors

The Fund – Axis-Schroders Advantage

The domestic allocation is managed by Axis (70% to 80% of the portfolio)

The global allocation is managed by Axis based on advice from Schroders – who has strong long term track record of managing global equities (20% to 30% of the portfolio)

The mandate has been structured to ensure that both domestic and global allocations are constructed with the same approach and complement each other:

- Focusing on quality companies that can generate sustainable long term returns
- High conviction bottom-up based portfolio construction
- The domestic portfolio is balanced between large and mid-caps, while the global portfolio looks at large and mega caps

The real world experience

	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 Growth Opportunities Fund Regular Plan - Growth	-4.26%	9,574	19.10%	16,912	NA	NA	18.36%	19,990
NIFTY Large Midcap 250 TRI (Benchmark)	9.94%	10,994	21.24%	17,838	NA	NA	18.92%	20,386
Nifty 50 TRI (Additional Benchmark)	11.93%	11,193	17.22%	16,123	NA	NA	17.28%	19,254

Past performance may or may not be sustained in future. Since inception (22nd October 2018) returns is calculated on Rs. 10 invested at inception. Data as on 30th November 2022. Different plans have different expense structure. Plan of the scheme for which performance is given is indicated above. Jinesh Gopani is managing the scheme since 22nd October 2018 and he manages 14 schemes of Axis Mutual Fund & Hitesh Das is managing the scheme since 22nd October 2018 and he manages 16 schemes of Axis Mutual Fund. Returns greater than 1 year are Compounded Annual Growth Rates (CAGR).

Please click on link

https://www.axismf.com/cms/sites/default/files/Statutory/Annexure_Without%20Dir%20Scheme_Nov%202022.pdf to view the performance of other schemes currently managed by the fund manager. Note: In case you require physical copy of this document request you to kindly take the printout to review the fund manager's performance of other schemes managed by him from the above link given.

The recent underperformance has effected the last 3-year performance of our fund. But the fund is recovering since the last 6 months. During the FPI sell-offs and inflation, the fund was a beneficiary of the diversified recovery paths of the various countries as well as being able to pick and select the best positioned companies.

This performance is a function of both global diversification as well as alpha from active management of the two allocations.

Attribution

Domestic	
Contributors	Detractors
P I Industries Limited	Tata Elxsi Limited
Sundaram Finance Limited	Gland Pharma Limited
Tube Investments Of India Limited	Adani Total Gas Ltd.
Reliance Industries Limited	Avenue Supermarts Limited
CG Power & Industrial Solutions Ltd	Info Edge (India) Limited

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. Data as from June 1st 2022 to November 30th 2022

Risk Management

Since Inception	Axis Growth Opportunities Fund	Remarks
Std Dev (Fund)	18.1%	<ul style="list-style-type: none"> • Even as the fund contain international portion which is absent in the benchmark, the volatility of fund is lower than benchmark • Better risk-adjusted return as shown by the Sharpe ratio • Low beta also reinforces the quality of portfolio construction.
Std Dev (Bmk)	21.5%	
Sharpe ratio	0.71	
Beta	0.77	

Source: Internal Analysis. Data as on 30th Nov 2022. Above risk ratios are calculated based on daily return with daily rolling frequency since inception. Risk free rate: 6.25%, source: FIMMDA

The fund by design and by virtue of the two underlying strategies has much more superior risk and return characteristics, both the strategies have performed admirably on their own adding on to the superior risk profile of the fund.

Portfolio – Positioning and changes

The market dynamics have changed as so has our allocation in the portfolio. Our portfolios represent our conviction of the ongoing domestic demand ‘revival’ story. While we remain cautious of external headwinds, strong discretionary demand evident from high frequency indicators and stable government policies give us confidence that our portfolios are likely to weather the ongoing challenges

Sector	May-22	Nov-22	Change
Automobile and Auto Components	5.1%	9.6%	4.5%
Chemicals	14.9%	16.3%	1.4%
Consumer Services	10.6%	12.0%	1.4%
Capital Goods	5.6%	6.5%	0.9%
Oil, Gas & Consumable Fuels	0.0%	0.7%	0.7%
Construction Materials	0.3%	0.4%	0.2%
Consumer Durables	1.9%	2.0%	0.1%
Information Technology	11.2%	11.2%	-0.1%
Telecommunication	2.4%	2.1%	-0.3%
Power	5.0%	4.5%	-0.5%
Financial Services	25.4%	24.6%	-0.7%
Healthcare	9.4%	8.3%	-1.2%

Source: Axis MF Research. The sector mentioned herein are for general assessment purpose only and not a complete disclosure of every material fact. It should not be construed as investment advice to any party.

On the domestic portfolio front, the fund has a large cap bias given the relative safety amidst the current market environment. The midcap allocation in the fund favors companies with market leadership attributes and largely consumer facing business models. We believe these companies will be ideally placed to have the first mover advantage and benefit from the demand recovery.

Market cap	May-22	Nov-22
Large Cap	49.9%	54.3%
Mid Cap	38.8%	38.5%
Small Cap	4.9%	7.1%
Cash	6.5%	0.2%

Source: Axis MF Research

Top 10 Stocks (Domestic)	Nov-22
Bajaj Finance Limited	8.5%
PI Industries Limited	6.6%
Tata Elxsi Limited	4.7%
Avenue Supermarts Limited	4.7%
Torrent Power Limited	3.9%
Cholamandalam Investment and Finance Company Ltd	3.8%
Astral Limited	3.4%
Sundaram Finance Limited	3.1%
Coforge Limited	2.8%
Mahindra & Mahindra Limited	2.8%
Info Edge (India) Limited	2.8%

Source: Axis MF Research. The Stocks mentioned above are used to explain the concept and is for illustration purpose only and should not be used for development or implementation of any investment strategy. It should not be construed as investment advice to any party. The stocks may or may not be part of our portfolio/strategy/ schemes.

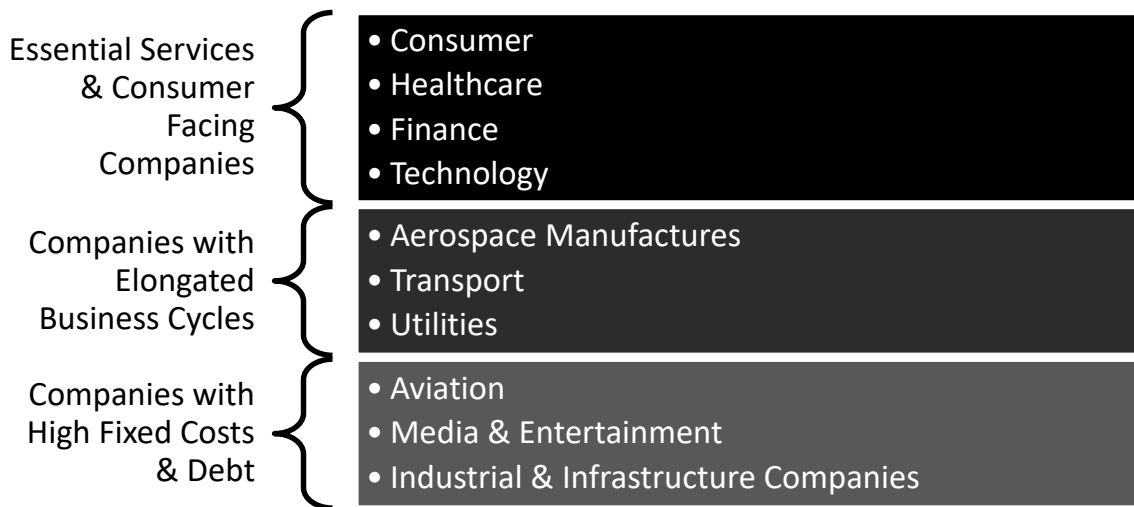
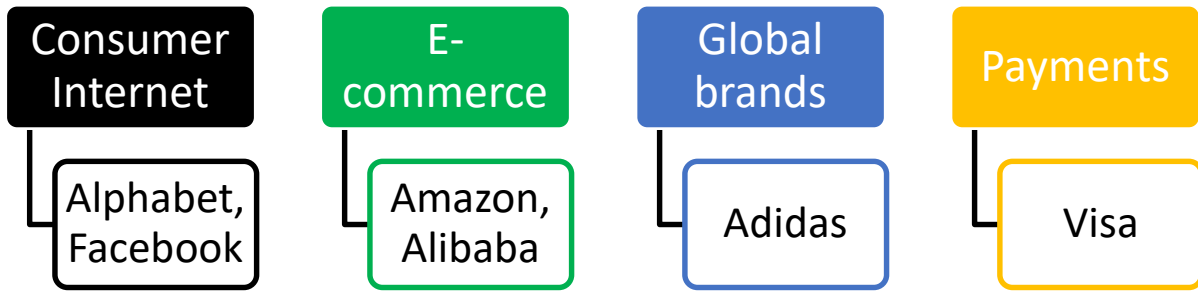
Fund Valuation

	ROE(%)		EPS Growth	
	FY22	FY23E	FY22	FY23E
Axis Growth Opportunities Fund	15.6	17.3	9.9%	33.2%
NIFTY 50 (Additional Benchmark)	12.7	13.8	7.0%	23.5%

Source: Axis MF Research; Data as on 31st October 2022

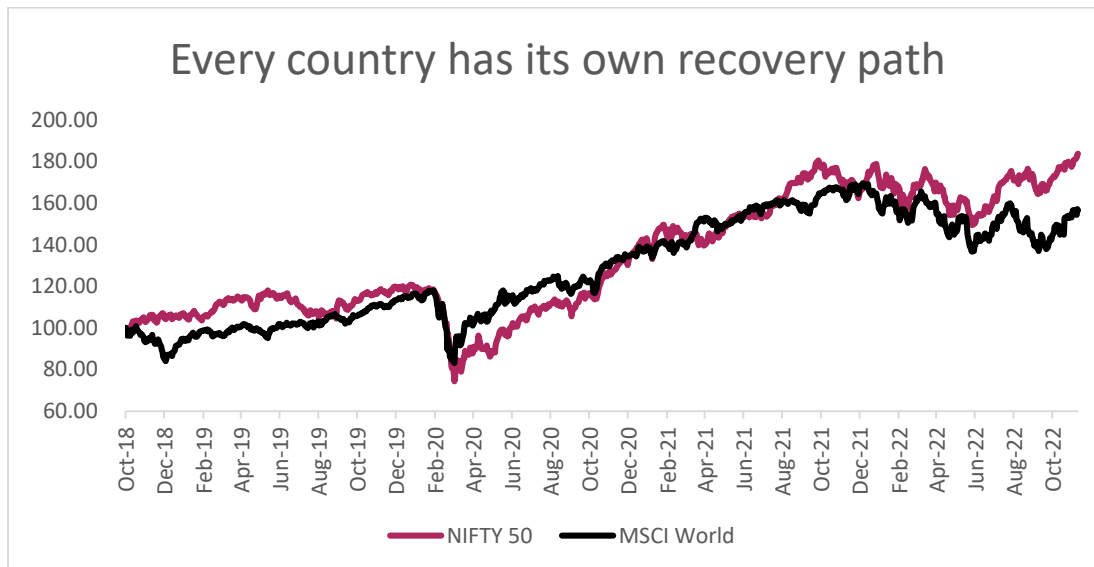
Why look at global allocation?

Global portfolio provides access to themes and companies that are not available in India



Source: Schroders, Axis MF Research

A global equity allocation makes the portfolio more resilient



Source: Bloomberg, Axis AMC Research. Past performance may or may not be sustained in the future. Data as on 30th November 2022. Data in INR

Index	CY11	CY12	CY13	CY14	CY15	CY16	CY17	CY18	CY19	CY20	CY21	YTD
Nifty 50	-25%	28%	7%	31%	-4%	3%	29%	3%	12%	15%	24%	8%
MSCI World	10%	17%	40%	5%	2%	8%	13%	-2%	28%	11%	23%	-6%

Source: Axis AMC Research. Past performance may or may not be sustained in the future. Data as on 30th November 2022. Data in INR

Summary: Global equity allocation improves the risk-return profile for an Indian equity portfolio

	Return (CAGR)	Risk (Std Dev)	Minimum 1 year return
Domestic Portfolio (Nifty 50 Index)	13.2%	16.1%	-33.7%
Global Portfolio (MSCI World Index)	13.9%	14.2%	-17.0%
70 Domestic + 30 Global	13.7%	12.3%	-25.8%

Source: Bloomberg, Axis AMC Research. Period: 31st Jul-12 to 30th November 2022. Past performance may or may not be sustained in the future. Data in INR

On the global front, the quality bias in the portfolio has contributed to portfolio resilience during the sell-off season. But due to the rise in interest rates and inflation, the team retains a moderately cautious near term view. There have been some changes in the portfolio to reflect the same outlook.

New Stocks Added – May 22 to Nov 22 (International)	
Advanced Micro Devices Inc	Capital Goods
Elevance Health Incorporation	Healthcare

Source: Axis MF Research. The Stocks mentioned above are used to explain the concept and is for illustration purpose only and should not be used for development or implementation of any investment strategy. It should not be construed as investment advice to any party. The stocks may or may not be part of our portfolio/strategy/ schemes.

Top 10 Stocks (International)	Nov-22
Microsoft Corp	0.98%
Merck & Co. Inc	0.95%
Unitedhealth Group Inc	0.83%
Autozone Inc	0.80%
Astrazeneca PLC	0.80%
Elevance Health Inc	0.78%
Alphabet Inc A	0.75%
Visa Inc	0.71%
Procter & Gamble Ord	0.67%
Nestle Ltd ADR	0.64%

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Market Outlook

Global

- Recessions in the advanced economies necessary to tame inflation.
- Rate hikes could become cuts in US by end of 2023
- Risks skewed towards stagflation

Concerns over rising inflation, global supply chain problems, high energy prices and the changing regulatory environment in some countries are creating market uncertainty.

The challenges of the current environment continue to underpin the importance of strong stakeholder management and long-term thinking by companies. Against this uncertain backdrop, we maintain a balanced approach and remain focused on companies that have strong pricing power that can pass through rising costs.

There is potentially more opportunity within equities. After years of unrelenting outperformance by the US, driven by the strength of the technology sector, markets outside the US now look very cheap.

We'll be looking around the world as to which countries might be vulnerable and which are the strongest 'sovereigns' with the better financial positions. This is occurring at a time when interest payments are now becoming very significant for the most heavily indebted countries and putting public finances under further stress.

The outcome could well create a more difficult dynamic between the governments and the central banks, as long as the banks remain focussed on price stability and enjoy the required independence to get inflation under control. Central banks will want to resist political pressure and not repeat the mistakes of past when they've cut interest rates too soon, only to have to start hiking again as inflation returned.

Domestic

We find the current fundamentals of India a mixed bag. Growth outlook looks good but other parameters like fiscal deficit and trade/CA look mediocre. India's macro-economic situation can deteriorate meaningfully at higher energy prices; current oil prices provide a fair bit of respite but fresh pressures could exert incremental pressures. Inflation and commodity prices especially oil are likely to remain key triggers for the markets.

Foreign investors usually like large and quality companies in which we have seen outflows over the last year. Tracking foreign fund flows have become important as flows have increasingly provided directional guidance for global equities. The latest foreign funds flows seem to confirm that capital is returning to EMs. Reversal of the trend (FPI inflows) as well as the stability in the flows might be seen in few months.

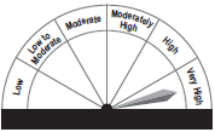
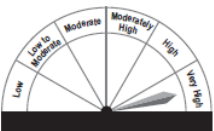
Growth in domestic-oriented high-frequency indicators continues to hold up amid slowing global growth. Factors supporting domestic demand include reopening vibrancy, pent-up demand, favorable starting points for private and financial sector balance sheets, and healthy labor market coupled with favorable policy mix to support investment growth. However, export growth has slowed at a quick pace

Valuations are quite rich for the market from an overall standpoint. We note, select pockets of the markets especially the one's over-owned by retail and domestic funds have begun to show signs of froth. Further, the valuation premia offered to select companies where growth is lacking is increasingly unjust especially as base effects wean away super normal growth. The last month's move is characteristic of a narrow market, with 4 stocks accounting for ~45% of the entire market rally. We had last seen this phenomenon in 2019.

Our portfolios favour large caps where companies continue to deliver on growth metrics. Corporate earnings of our portfolio companies continue to give us confidence in the strength of our portfolio companies. From a risk perspective, in the current context, given rising uncertainties our attempt remains to minimize betas in our portfolios. The markets have kept 'quality' away from the limelight for over 18 months, making valuations of these companies relatively cheap both from a historical context and a relative market context.

While we remain cautious of external headwinds, strong discretionary demand evident from high frequency indicators and stable government policies give us confidence that our portfolios are likely to weather the ongoing challenges. Markets at all-time highs also point to a valuation risk in select pockets which we will look to avoid.

Product Labelling & Disclaimers

Axis Growth Opportunities Fund (An open Ended equity scheme investing in both large cap and mid cap stocks) Benchmark: NIFTY Large Midcap 250 TRI	
This product is suitable for investors who are seeking* <ul style="list-style-type: none"> • Capital appreciation over long term • Investment in a diversified portfolio predominantly consisting of equity and equity related instruments both in India as well as overseas. * Investors should consult their financial advisers if in doubt about whether the product is suitable for them.	
Riskometer	
Fund	NIFTY Large Midcap 250 TRI
 <p>Investors understand that their principal will be at Very High Risk</p>	

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

Disclaimer

Past performance may or may not be sustained in the future. Data updated as on 30th November 2022. Market caps are defined as per SEBI regulations as below: a. Large Cap: 1st -100th company in terms of full market capitalization. b. Mid Cap: 101st -250th company in terms of full market capitalization. c. Small Cap: 251st company onwards in terms of full market capitalization.

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.