NOTICE-CUM-ADDENDUM TO THE SCHEME INFORMATION DOCUMENT(S) AND KEY INFORMATION MEMORANDUM(S) OF AXIS EQUITY FUND, AXIS MIDCAP FUND, AXIS TREASURY ADVANTAGE FUND, AXIS SHORT TERM FUND, AXIS REGULAR SAVINGS FUND, AXIS CORPORATE DEBT OPPORTUNITIES FUND, AXIS FIXED INCOME OPPORTUNITIES FUND, AXIS INCOME SAVER, AXIS TRIPLE ADVANTAGE FUND, AXIS CHILDREN'S GIFT FUND AND AXIS CONSTANT MATURITY 10 YEAR FUND.

SEBI had issued circular vide ref. no. SEBI/HO/IMD/DF3/CIR/P/2017/114 dated October 6, 2017 read with SEBI circular no. SEBI/HO/IMD/DF3/CIR/P/2017/126 dated December 04, 2017 on Categorization and Rationalization of Mutual fund Schemes ("SEBI Circular") to bring in uniformity in the characteristics of similar type of schemes launched by Mutual Funds. This would ensure that an investor of Mutual Funds is able to evaluate different investment options, before taking an informed decision to invest in a scheme.

Pursuant to the SEBI Circular, Axis Mutual Fund Trustee Ltd. ("AMFT"), Trustee to Axis Mutual Fund ("the Fund") has decided to modify the provisions of the Scheme Information Document (s) ("SID") and Key Information Memorandum(s) ("KIM") of scheme(s) given below to enable inclusion of provisions in SID & KIM of the scheme(s) to categorize the scheme(s) in line with the provisions of SEBI Circular. It may be noted that Axis Mutual Fund did not have any existing similar schemes, in accordance with the SEBI Circular and that none of the schemes are required to undergo any merger / winding up procedure etc. Modifications have also been carried out to include provisions in the SID & KIM of the scheme(s), enabling fund manager(s) to invest in various instruments / securities available in the securities market.

Further, AMFT has also decided to modify provisions of SID and KIM of Axis Constant Maturity 10 Year Fund ("ACM10YF") including name of the scheme, to enable active management of duration of ACM10YF instead of the current strategy of maintaining average maturity between 9-11 years and to include provisions in the SID & KIM of ACM10YF, enabling fund manager to invest in various instruments / securities available in the securities market in the interest of investors.

Accordingly, following changes in the provisions of the SID / KIM of the scheme(s) are proposed to be carried out:

A. Axis Equity Fund ("AEF")

Sr. No.	Existing Provisions	Revised Provisions (Effective from May 18, 2018)
1.	**Name of the Scheme** Axis Equity Fund	**Name of the Scheme** Axis Bluechip Fund
2.	**Type of scheme** An Open-ended Large Cap Equity scheme	**Type of scheme** An open ended equity scheme predominantly investing in large cap stocks
3.	**Definition** Following definition shall be replaced: Large Cap Companies - Large Cap companies are those companies which have their market capitalization greater than or equal to the market capitalization of 100th stock in Nifty 500 Index as per market capitalization. The measurement of applicable market cap for the 100th stock will be carried out periodically by the AMC at least on a quarterly basis. The AMC may compute the applicable threshold as an average of historical readings such that the same is not unduly volatile.	**Definition** Following definition shall be replaced: Large Cap Companies - 1st to 100th company in terms of full market capitalisation. The AMC would adopt the list of stocks prepared by AMFI in accordance with methodology prescribed by SEBI (or as per any other methodology as may be prescribed by SEBI from time to time). The list of Large Cap companies would be updated every six months based on data as on end of June and December of each year or as may be prescribed by SEBI. The data will be updated by AMC on being made available by AMFI. Subsequent to any updation in the list, the portfolios will be rebalanced (if required), within a period of one month.
4.	**Asset Allocation**	**Asset Allocation** Following para is added: The cumulative gross exposure through equity, debt and derivative position should 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.
	Repo in Corporate debt securities Not available	**Repo in Corporate debt securities** 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.
	Foreign Securities The Scheme may seek investment opportunities in foreign securities including ADRs / GDRs / Foreign equity and debt securities subject to SEBI (MF) Regulations. Such Investment shall not exceed 40% of the net assets of the Scheme.	**Foreign Securities** The Scheme may seek investment opportunities in foreign securities including ADRs / GDRs / Foreign equity and debt securities subject to SEBI (MF) Regulations. Such Investment shall not exceed 50% of the net assets of the Scheme.

B. Axis Midcap Fund ("AMF")

<table>
<tr><th>Sr. No.</th><th>Existing Provisions</th><th>Revised Provisions (Effective from May 18, 2018)</th></tr>
<tr><td>1.</td><td>Product Labeling
• capital appreciation over long term
• investing predominantly in equity & equity related instruments of mid size companies with focus on relatively larger companies within this category.</td><td>Product Labeling
• capital appreciation over long term
• investing predominantly in equity & equity related instruments of Mid Cap companies.</td></tr>
<tr><td>2.</td><td>Type of Scheme
An Open-ended Equity Scheme</td><td>Type of Scheme
An open ended equity scheme predominantly investing in Mid Cap stocks</td></tr>
<tr><td>3.</td><td>Investment Objective
To achieve long term capital appreciation by investing predominantly in equity & equity related instruments of mid size companies. The focus of the fund would be to invest in relatively larger companies within this category.</td><td>Investment Objective
To achieve long term capital appreciation by investing predominantly in equity & equity related instruments of Mid Cap companies.</td></tr>
<tr><td>4.</td><td>Definition
Mid-cap companies are defined to be those companies with a market cap less than or equal to the largest market cap of BSE Mid-cap & greater than or equal to the smallest market cap of the BSE Mid-Cap Index.
The range of capitalization will be monitored on an annual basis & will be an average of the previous 4 quarters. Annual here stands for 31st December of the respective year.</td><td>Definition
Mid Cap Companies - 101st - 250th company in terms of full market capitalization.
The AMC would adopt the list of stocks prepared by AMFI in accordance with methodology prescribed by SEBI (or as per any other methodology as may be prescribed by SEBI from time to time).
The list of Mid Cap companies would be updated every six months based on data as on end of June and December of each year or as may be prescribed by SEBI. The data will be updated by AMC on being made available by AMFI.
Subsequent to any updation in the list, the portfolios will be rebalanced (if required), within a period of one month.</td></tr>
<tr><td>5.</td><td>Asset Allocation Pattern
Under normal circumstances the asset allocation pattern will be:
<table>
<tr><th>Instruments</th><th>Indicative Allocation (% of net assets)</th><th>Risk Profile (Low/Medium/High)</th></tr>
<tr><td>Equity and Equity Related Instruments of Mid-cap companies</td><td>75-100</td><td>High</td></tr>
<tr><td>Equity and Equity Related Instruments of Non Mid-cap Companies</td><td>0-25</td><td>High</td></tr>
<tr><td>Debt* and Money Market Instruments</td><td>0-25</td><td>Low to Medium</td></tr>
</table>
*Investment in Securitized debt (excluding foreign securitized debt), if undertaken, would not exceed 20% of the net assets of the Scheme.</td><td>Asset Allocation Pattern
Under normal circumstances the asset allocation pattern will be:
<table>
<tr><th>Instruments</th><th>Indicative Allocation (% of net assets)</th><th>Risk Profile (Low/Medium/High)</th></tr>
<tr><td>Equity and Equity related instruments of Mid Cap companies</td><td>65-100</td><td>High</td></tr>
<tr><td>Equity and Equity related instruments of non Mid Cap companies</td><td>0-35</td><td>High</td></tr>
<tr><td>Debt* and Money Market instruments</td><td>0-35</td><td>Low to Medium</td></tr>
</table>
*Investment in Securitized debt (excluding foreign securitized debt), if undertaken, would not exceed 35% of the net assets of the Scheme.
The cumulative gross exposure through equity, debt and derivative position should 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.</td></tr>
<tr><td></td><td>Repo in Corporate debt securities
Not available</td><td>Repo in Corporate debt securities
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.</td></tr>
<tr><td></td><td>Foreign Securities
The Scheme may seek investment opportunities in foreign securities including ADRs / GDRs / Foreign equity and debt securities subject to SEBI (MF) Regulations. Such Investment shall not exceed 40% of the net assets of the Scheme.</td><td>Foreign Securities
The Scheme may seek investment opportunities in foreign securities including ADRs / GDRs / Foreign equity and debt securities subject to SEBI (MF) Regulations. Such Investment shall not exceed 50% of the net assets of the Scheme.</td></tr>
<tr><td>6.</td><td>Investment Strategies (select sections)
Larger mid-cap companies combine the flexible, innovative, high-growth features of mid and small size companies with the proven management and liquidity of larger companies.
Larger mid-cap companies are usually more flexible & are able to respond swiftly to opportunities in the market leading to higher growth as compared to large-caps. As a result, these companies have a better growth potential compared to their more established counterparts. Many of these have grown from their smaller cap roots through this superior growth profile. At the same time, Larger mid cap companies have established track-records, both financial and in products and services, along with experienced management teams, larger market shares, stronger name recognition, and global exposure. These aspects, in turn, make them less risky compared to smaller companies.
The Fund intends to benefit from this "best of both worlds" characteristic of larger mid-cap companies.</td><td>Investment Strategies
These paras are deleted.</td></tr>
</table>

C. Axis Treasury Advantage Fund ("ATAF")

Sr. No.	Existing Provisions	Revised Provisions (Effective from May 18, 2018)
1.	**Type of Scheme** An Open-ended Debt Scheme	**Type of Scheme** An open ended low duration debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 6 to 12 months
2.	**Asset Allocation** *Includes securitized debt (excluding foreign securitized debt) up to 30% of the net assets of the Scheme. The Scheme shall not invest in foreign securitized debt.	**Asset Allocation** *Includes securitized debt (excluding foreign securitized debt) up to 65% of the net assets of the Scheme. The Scheme shall not invest in foreign securitized debt. The cumulative gross exposure through debt and derivative positions should not exceed 100% of the net assets of the Scheme in accordance with SEBI circular no. Cir/IMD/DF/11/2010 dated August 18, 2010.
	Derivatives Investment in Derivatives – up to 50% of the net assets of the Scheme. Investment in derivatives shall be for hedging, portfolio balancing and such other purposes as may be permitted from time to time.	**Derivatives** Investment in Derivatives – up to 50% of the net assets of the Scheme. Investment in derivatives shall be for hedging, portfolio balancing and such other purposes as may be permitted from time to time. Derivative instruments include Interest Rate Swaps, Interest Rate Forwards, Interest Rate Futures, Forward Rate Agreements and any such other derivative instruments permitted by SEBI/RBI from time to time.
	The portfolio duration will undergo a change according to the expected movement in interest rates, liquidity conditions and other macro-economic factors. The average maturity for the Scheme will be maintained in the range of 3 months to 12 months depending on the interest rate view. The Scheme may review the above pattern of investments based on views on interest rates and asset liability management needs. However, at all times the portfolio will adhere to the overall investment objectives of the scheme.	The portfolio duration will undergo a change according to the expected movement in interest rates, liquidity conditions and other macro-economic factors. The Macaulay duration of the portfolio of the Scheme will be maintained between 6 months - 12 months depending on the interest rate view. The Scheme may review the above pattern of investments based on views on interest rates and asset liability management needs. However, at all times the portfolio will adhere to the overall investment objectives of the Scheme.
	The total exposure in a particular sector (excluding investments in Bank CDs, CBLO, Government Securities, T-Bills, short term deposits of scheduled commercial banks and AAA rated securities issued by Public Financial Institutions and Public Sector Banks) shall not exceed 25% of the net assets of the Scheme. Provided that an additional exposure to financial services sector (over and above the limit of 25%) not exceeding 15% of the net assets of the scheme shall be allowed by way of increase in exposure to Housing Finance Companies (HFCs) only. Provided further that the additional exposure to such securities issued by HFCs are rated AA and above and these HFCs are registered with National Housing Bank (NBH) and the total Investment/exposure in HFCs shall not exceed 25% of the net assets of the scheme. In terms of SEBI circular no. CIR/IMD/DF/05/2014 dated March 24, 2014, since the investments in short term deposits of scheduled commercial banks is allowed, pending deployment of funds of a scheme shall also be excluded while calculating sector exposure.	These are regulatory provisions forming part of the investment restrictions and hence being deleted from asset allocation section.

C. Axis Treasury Advantage Fund ("ATAF") *(Contd.)*

Sr. No.	Existing Provisions	Revised Provisions (Effective from May 18, 2018)
3.	**Investment Strategies (Select sections)** The fourth para is replaced : The Fund is likely to have higher maturity than a liquid fund, which means the Fund may have higher allocation to 3-6 months instruments and also some allocation towards instruments with more than 1 year maturity. As a result, the Fund stands to expose to market risk which can get captured partially by "mark to market component" thereby inducing a potential daily volatility. Also, the Fund will have a mix of credits with a moderately higher credit risk as compared to a liquid fund. The Fund will always aim at controlling risk by carrying a rigorous credit evaluation of the instruments proposed to be invested in. The credit evaluation will be carried out on the basis of the parameters mentioned above.	**Investment Strategies** The fourth para is replaced : The Macaulay duration of the portfolio of the Scheme will be maintained between 6 months - 12 months depending on the interest rate view. The Scheme stands to expose to market risk which can get captured partially by "mark to market component" thereby inducing a potential daily volatility. Also, the Scheme will have a mix of credits with a moderately higher credit risk as compared to a liquid fund. The Scheme will always aim at controlling risk by carrying a rigorous credit evaluation of the instruments proposed to be invested in. The credit evaluation will be carried out on the basis of the parameters mentioned above.
4.	**Annual Scheme Recurring Expenses**	**Annual Scheme Recurring Expenses**

Existing:

Expense Head	Axis Treasury Advantage Fund	Axis Treasury Advantage Fund - Retail Plan
	% of daily Net Assets	
Maximum total expense ratio (TER) permissible under Regulation 52 (6) (c) (i) and (6) (a)	Upto 2.15%	Upto 2.25%

Revised:

Expense Head	% of daily Net Assets
Maximum total expense ratio (TER) permissible under Regulation 52 (6) (c) (i) and (6) (a)	Upto 2.25%

D. Axis Short Term Fund ("ASTF")

Sr. No.	Existing Provisions	Revised Provisions (Effective from May 18, 2018)
1.	**Type of Scheme** An Open-ended Debt Scheme	**Type of Scheme** An open ended short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 1 year to 3 years
2.	**Product Labeling** • Regular income while maintaining liquidity over short to medium term. • Investment in debt and money market instruments.	**Product Labeling** • Regular income while maintaining liquidity over short term • Investment in debt and money market instruments
3.	**Asset Allocation** Under normal circumstances the asset allocation pattern will be:	**Asset Allocation** Under normal circumstances the asset allocation pattern will be:

Existing:

Instruments	Indicative Allocation (% of net assets) Minimum	Maximum	Risk Profile (Low/Medium /High)
Money market instruments and debt Instruments including government securities, corporate debt, securitized debt* and other debt instruments with maturity/average maturity/ residual maturity/interest rate resets less than or equal to 375 days or have put options within a period not exceeding 375 days.	30	100	Low
Debt instruments including government securities, corporate debt, securitized debt* and other debt instruments with maturity/average maturity/residual maturity/interest rate resets greater than 375 days	0	70	Low to Medium

*Includes securitized debt (excluding foreign securitized debt) up to 30% of the net assets of the Scheme. The Scheme shall not invest in foreign securitized debt.

Investment in Derivatives – up to 100% of the net assets of the Scheme. Investment in derivatives shall be for hedging, portfolio balancing and such other purposes as may be permitted from time to time.

Revised:

Instruments	Indicative Allocation (% of net assets) Minimum	Maximum	Risk Profile (Low/Medium /High)
Debt*and Money Market instruments	0	100	Low to Medium
Units issued by REITs & InvITs	0	10	Medium to high

*Includes securitized debt (excluding foreign securitized debt) up to 65% of the net assets of the Scheme. The Scheme shall not invest in foreign securitized debt.

Investment in Derivatives – up to 100% of the net assets of the Scheme. Investment in derivatives shall be for hedging, portfolio balancing and such other purposes as may be permitted from time to time. Derivative instruments include Interest Rate Swaps, Interest Rate Forwards, Interest Rate Futures, Forward Rate Agreements and any such other derivative instruments permitted by SEBI/RBI from time to time.

Sr. No.	Existing Provisions	Revised Provisions (Effective from May 18, 2018)
	The portfolio duration will undergo a change according to the expected movement in interest rates, liquidity conditions and other macro-economic factors. The endeavour will be to maintain the modified duration for the Fund in a range of 3 months to 3 years depending on the interest rate view. However, this can undergo a change in case the market condition warrant and according to the fund manager's view. The Scheme may review the above pattern of investments based on views on interest rates and asset liability management needs. However, at all times the portfolio will adhere to the overall investment objectives of the Scheme.	The portfolio duration will undergo a change according to the expected movement in interest rates, liquidity conditions and other macro-economic factors. The Macaulay duration of the portfolio of the Scheme will be maintained between 1 year and 3 years depending on the interest rate view. The Scheme may review the above pattern of investments based on views on interest rates and asset liability management needs. However, at all times the portfolio will adhere to the overall investment objectives of the Scheme.
	Repo in Corporate debt securities Not available	**Repo in Corporate debt securities** 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 total exposure in a particular sector (excluding investments in Bank CDs, CBLO, Government Securities, T-Bills, short term deposits of scheduled commercial banks and AAA rated securities issued by Public Financial Institutions and Public Sector Banks) shall not exceed 25% of the net assets of the Scheme. Provided that an additional exposure to financial services sector (over and above the limit of 25%) not exceeding 15% of the net assets of the Scheme shall be allowed by way of increase in exposure to Housing Finance Companies (HFCs) only. Provided further that the additional exposure to such securities issued by HFCs are rated AA and above and these HFCs are registered with National Housing Bank (NBH) and the total Investment/exposure in HFCs shall not exceed 25% of the net assets of the Scheme. In terms of SEBI circular no. CIR/IMD/DF/05/2014 dated March 24, 2014, since the investments in short term deposits of scheduled commercial banks is allowed, pending deployment of funds of a scheme shall also be excluded while calculating sector exposure.	These are regulatory provisions forming part of the investment restrictions and hence being deleted from asset allocation section.
4.	**Annual Scheme Recurring Expenses**	**Annual Scheme Recurring Expenses**

Existing:

Expense Head	Axis Short Term Fund	Axis Short Term Fund - Retail Plan
	% of daily Net Assets	
Maximum total expense ratio (TER) permissible under Regulation 52 (6) (c) (i) and (6) (a)	Upto 2.15%	Upto 2.25%

Revised:

Expense Head	% of daily Net Assets
Maximum total expense ratio (TER) permissible under Regulation 52 (6) (c) (i) and (6) (a)	Upto 2.25%

E. Axis Regular Savings Fund ("ARSF")

Sr. No.	Existing Provisions	Revised Provisions (Effective from May 18, 2018)
1.	**Name of the scheme** Axis Regular Savings Fund	**Name of the scheme** Axis Strategic Bond Fund
2.	**Type of Scheme** An Open-ended Debt Scheme	**Type of Scheme** An open ended medium term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 3 years to 4 years
3.	**Product Labeling** • Optimal returns over medium term • Investment in diversified portfolio of high quality debt and money market securities to generate optimal risk adjusted returns while maintaining liquidity.	**Product Labeling** • Optimal returns over medium term • Investment in diversified portfolio of debt and money market securities to generate optimal risk adjusted returns while maintaining liquidity.
4.	**Asset Allocation** *includes securitized debt up to 30% of the net assets of the Scheme Investments in derivatives shall be up to 75% of the net assets of the Scheme. Investment in derivatives shall be for hedging, portfolio balancing and such other purposes as maybe permitted from time to time.	**Asset Allocation** *Investment in Securitized debt (excluding foreign securitized debt), if undertaken, would not exceed 65% of the net assets of the Scheme. Investments in derivatives shall be up to 75% of the net assets of the Scheme. Investment in derivatives shall be for hedging, portfolio balancing and such other purposes as may be permitted from time to time. Derivative instruments include Interest Rate Swaps, Interest Rate Forwards, Interest Rate Futures, Forward Rate Agreements and any such other derivative instruments permitted by SEBI/RBI from time to time.
	The portfolio duration will undergo a change according to the expected movement in interest rates, liquidity conditions and other macro-economic factors. It is expected that the modified duration for the Fund will be in a range of 2-7 years depending on the interest rate view. However, this can undergo a change in case the market condition warrant and according to the fund manager's view. The Scheme may review the above pattern of investments based on views on interest rates and asset liability management needs. However, at all times the portfolio will adhere to the overall investment objectives of the Scheme.	The portfolio duration will undergo a change according to the expected movement in interest rates, liquidity conditions and other macro-economic factors. The Macaulay duration of the portfolio will be maintained between 3 years and 4 years depending on the interest rate view. Under anticipated adverse situations, the Portfolio Macaulay duration will be maintained between 1 year to 4 years. However, at all times the portfolio will adhere to the overall investment objectives of the Scheme.
	Repo in Corporate debt securities Not available	**Repo in Corporate debt securities** 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 total exposure in a particular sector (excluding investments in Bank CDs, CBLO, Government Securities, T-Bills, short term deposits of scheduled commercial banks and AAA rated securities issued by Public Financial Institutions and Public Sector Banks) shall not exceed 25% of the net assets of the Scheme. Provided that an additional exposure to financial services sector (over and above the limit of 25%) not exceeding 15% of the net assets of the Scheme shall be allowed by way of increase in exposure to Housing Finance Companies (HFCs) only. Provided further that the additional exposure to such securities issued by HFCs are rated AA and above and these HFCs are registered with National Housing Bank (NBH) and the total Investment/exposure in HFCs shall not exceed 25% of the net assets of the Scheme.	These are regulatory provisions forming part of the investment restrictions and hence being deleted from asset allocation section.
5.	**Investment Strategies (select sections)** The scheme proposes to invest in a diversified portfolio of high quality debt and money market securities to generate optimal risk adjusted returns in the medium term.	**Investment Strategies** The Scheme proposes to invest in a diversified portfolio of debt and money market securities to generate optimal risk adjusted returns in the medium term.

F. Axis Corporate Debt Opportunities Fund ("ACDOF")

Sr. No.	Existing Provisions	Revised Provisions (Effective from May 18, 2018)
1.	**Name of the Scheme** Axis Corporate Debt Opportunities Fund	**Name of the Scheme** Axis Corporate Debt Fund
2.	**Type of Scheme** An Open-ended Debt Scheme	**Type of Scheme** An open ended debt scheme predominantly investing in AA+ and above rated corporate bonds.

F. Axis Corporate Debt Opportunities Fund ("ACDOF") *(Contd.)*

Sr. No.	Existing Provisions	Revised Provisions (Effective from May 18, 2018)
3.	**Asset Allocation Pattern** Under normal circumstances the asset allocation pattern will be: (see table 3-E below)	**Asset Allocation Pattern** Under normal circumstances the asset allocation pattern will be: (see table 3-R below)

Existing:

Instruments	Indicative Allocation (% of net assets)	Risk Profile (Low/Medium/High)
Corporate Debt*# including securitized debt	80-100	Low to Medium
Treasury Bills, Certificate of Deposits issued by Banks, CBLO and Repo and other money market instruments	0-20	Low
Units issued by REITs & InvITs	0-10	Medium to High

*Corporate Debt:
-include Debenture, Bonds, Commercial Papers and other instruments issued by Corporate entities (private institutions across sectors including NBFC's, Banks, Financial Institutions, Public Sector Undertakings, etc.), Securitized Debt and;
-excludes Government securities and State Development Loans.
#Corporate Debt shall also include securitised debt and investment in securitised debts shall not exceed 40% of the net assets of the Scheme.
Investments in derivatives shall be up to 50% of the net assets of the scheme. Investment in derivatives shall be for hedging, portfolio balancing and such other purposes as may be permitted from time to time.

Revised:

Instruments	Indicative Allocation (% of net assets)	Risk Profile (Low/Medium/High)
Corporate Debt rated AA + and above*#	80-100	Low to Medium
Other Debt# & Money Market Instruments	0-20	Low
Units issued by REITs & InvITs	0-10	Medium to High

*Corporate Debt includes Debenture, Bonds, Commercial Papers and other instruments issued by Corporate entities (private institutions across sectors including NBFC's, Banks, Financial Institutions, Public Sector Undertakings etc), Securitized Debt, etc. which are rated as higher than or equal to AA +, AAA and other equivalent highest rating.
#Investment in Securitized debt (excluding foreign securitized debt), if undertaken, would not exceed 65% of the net assets of the Scheme.
Investments in derivatives shall be up to 50% of the net assets of the scheme. Investment in derivatives shall be for hedging, portfolio balancing and such other purposes as maybe permitted from time to time. Derivative instruments include Interest Rate Swaps, Interest Rate Forwards, Interest Rate Futures, Forward Rate Agreements and any such other derivative instruments permitted by SEBI/RBI from time to time.
The cumulative gross exposure through debt, units issued by REITs & InvITs and derivative positions should not exceed 100% of the net assets of the Scheme in accordance with SEBI circular no. Cir/IMD/DF/11/2010 dated August 18, 2010.

Sr. No.	Existing Provisions	Revised Provisions (Effective from May 18, 2018)
	Foreign Securities Not available	**Foreign Securities** The Scheme can invest up to 50% of net assets in Foreign Securities.
4.	**Investment Strategies (select sections)** The Scheme shall not invest in Government securities and State Development Loans but may invest in T-Bills, Repo & CBLO up to the limit stated in the asset allocation pattern.	**Investment Strategies** The para is deleted.

G. Axis Fixed Income Opportunities Fund ("AFIOF")

Sr. No.	Existing Provisions	Revised Provisions (Effective from May 18, 2018)
1.	**Name of the scheme** Axis Fixed Income Opportunities Fund	**Name of the scheme** Axis Credit Risk Fund
2.	**Type of Scheme** An Open-ended Debt Scheme	**Type of Scheme** An open ended debt scheme predominantly investing in AA and below rated corporate bonds (excluding AA + rated corporate bonds)
3.	**Asset Allocation Pattern** Under normal circumstances the asset allocation pattern will be:	**Asset Allocation Pattern** Under normal circumstances the asset allocation pattern will be:

Existing:

Instruments	Indicative Allocation (% of net assets)	Risk Profile (Low/Medium/High)
Debt instruments & Money Market Instruments*	100	Low to Medium

*includes securitized debt up to 50% of the net assets of the Scheme.

Revised:

Instruments	Indicative Allocation (% of net assets)	Risk Profile (Low/Medium/High)
Corporate Debt rated AA^ and below*#	65-100	Low to Medium
Other Debt# & Money Market instruments	0-35	Low to Medium
Units issued by REITs & InvITs	0-10	Medium to High

*Corporate Debt includes Debenture, Bonds, Commercial Papers and other instruments issued by Corporate entities (private institutions across sectors including NBFC's, Banks, Financial Institutions, Public Sector Undertakings etc), Securitized Debt, etc. where the issuer rating is lower than or equal to AA or other equivalent rating.
#includes securitized debt (excluding foreign securitized debt) up to 65% of the net assets of the Scheme.
^ excludes AA + rated corporate bonds
The cumulative gross exposure through debt instruments, units issued by REITs & InvITs and derivative positions should not exceed 100% of the net assets of the Scheme in accordance with SEBI circular no. Cir/IMD/DF/11/2010 dated August 18, 2010.

Sr. No.	Existing Provisions	Revised Provisions (Effective from May 18, 2018)
	Derivatives Investments in derivatives shall be up to 50% of the net assets of the scheme. Investment in derivatives shall be for hedging, portfolio balancing and such other purposes as may be permitted from time to time.	**Derivatives** Investments in derivatives shall be up to 50% of the net assets of the scheme. Investment in derivatives shall be for hedging, portfolio balancing and such other purposes as maybe permitted from time to time. Derivative instruments include Interest Rate Swaps, Interest Rate Forwards, Interest Rate Futures, Forward Rate Agreements and any such other derivative instruments permitted by SEBI/RBI from time to time.
	Repo in Corporate debt securities Not available	**Repo in Corporate debt securities** 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.
	Foreign Securities Not available	**Foreign Securities** The Scheme may seek investment opportunities in foreign securities subject to the applicable Regulations. Such investment shall not exceed 50% of the net assets of the Scheme.
	The fund will invest a minimum of 20% in below AAA & equivalent rated issuers.	The para is deleted
	The total exposure in a particular sector (excluding investments in Bank CDs, CBLO, Government Securities, T-Bills, short term deposits of scheduled commercial banks and AAA rated securities issued by Public Financial Institutions and Public Sector Banks) shall not exceed 25% of the net assets of the Scheme. Provided that an additional exposure to financial services sector (over and above the limit of 25%) not exceeding 15% of the net assets of the scheme shall be allowed by way of increase in exposure to Housing Finance Companies (HFCs) only. Provided further that the additional exposure to such securities issued by HFCs are rated AA and above and these HFCs are registered with National Housing Bank (NBH) and the total Investment/exposure in HFCs shall not exceed 25% of the net assets of the scheme.	These are regulatory provisions forming part of the investment restrictions and hence being deleted from asset allocation section.

H. Axis Income Saver ("AIS")

Sr. No.	Existing Provisions	Revised Provisions (Effective from May 18, 2018)
1.	**Name of the scheme** Axis Income Saver Fund	**Name of the scheme** Axis Regular Saver Fund
2.	**Type of Scheme** An Open-ended Income Fund	**Type of Scheme** An open ended hybrid scheme investing predominantly in debt instruments.
3.	**Product Labeling** • Capital appreciation while generating income over medium to long term. • Investment in debt and money market instruments as well as equity and equity related instruments while managing risk through active asset allocation.	**Product Labeling** • Capital appreciation while generating income over medium to long term. • Investment in debt and money market instruments as well as equity and equity related instruments.
4.	**Investment objective** The Scheme seeks to generate regular income through investments in debt & money market instruments, along with capital appreciation through limited exposure to equity and equity related instruments. It also aims to manage risk through active asset allocation.	**Investment objective** The Scheme seeks to generate regular income through investments in debt & money market instruments, along with capital appreciation through limited exposure to equity and equity related instruments.
5.	**Asset Allocation Pattern** Under normal circumstances the asset allocation pattern will be:	**Asset Allocation Pattern** Under normal circumstances the asset allocation pattern will be:

Existing:

Instruments	Indicative Allocation (% of net assets)	Risk Profile (Low/Medium/High)
Debt* and money market instruments#	65-99	Low to Medium
Equity and Equity related instruments#	1-35	High
Units issued by REITs & InvITs	0-10	Medium to High

*Includes securitized debt (excluding foreign securitized debt) up to 65% of the net assets of the Scheme. The Scheme shall not invest in foreign securitized debt.
including derivative instruments to the extent of 100% of the Net Assets of the scheme. The Scheme may use fixed income derivative instruments subject to the guidelines as may be issued by SEBI and RBI from time to time. The Scheme may also use equity derivatives as permitted vide SEBI circular no. DNPD/Cir 29/2005 dated September 14, 2005, SEBI circular no. DNPD/Cir-30/2006 dated January 20, 2006 and SEBI circular no. SEBI/DNPD/Cir-31/2006 dated September 22, 2006. The Scheme may use derivatives for such purposes as may be 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.

Revised:

Instruments	Indicative Allocation (% of net assets)	Risk Profile (Low/Medium/High)
Debt* and Money Market instruments#	75-90	Low to Medium
Equity and Equity related instruments#	10-25	High
Units issued by REITs & InvITs	0-10	Medium to High

*Includes securitized debt (excluding foreign securitized debt) up to 90% of the net assets of the Scheme. The Scheme shall not invest in foreign securitized debt.
including derivative instruments to the extent of 100% of the Net Assets of the scheme. The Scheme may use fixed income derivative instruments subject to the guidelines as may be issued by SEBI and RBI from time to time. The Scheme may also use equity derivatives as permitted vide SEBI circular no. DNPD/Cir 29/2005 dated September 14, 2005, SEBI circular no. DNPD/Cir-30/2006 dated January 20, 2006, SEBI circular no. SEBI/DNPD/Cir-31/2006 dated September 22, 2006, SEBI circular no. Cir/IMD/DF/11/2010 dated August 18, 2010 and SEBI circular no. SEBI/HO/IMD/DF2/CIR/ P/2017/ 109 dated September 27, 2017. The Scheme may use derivatives for such purposes as may be permitted by the Regulations, including for the purpose of hedging and portfolio balancing and such other purposes as may be permitted, based on the opportunities available and subject to guidelines issued by SEBI from time to time. Derivative instruments include Interest Rate Swaps, Interest Rate Forwards, Interest Rate Futures, Forward Rate Agreements, stock options, Index options, Stock & Index futures/stock futures and any such other derivative instruments permitted by SEBI/RBI from time to time.

Sr. No.	Existing Provisions	Revised Provisions (Effective from May 18, 2018)
	Repo in Corporate debt securities Not available	**Repo in Corporate debt securities** 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 total exposure in a particular sector (excluding investments in Bank CDs, CBLO, Government Securities, T-Bills, short term deposits of scheduled commercial banks and AAA rated securities issued by Public Financial Institutions and Public Sector Banks) shall not exceed 25% of the net assets of the Scheme. Provided that an additional exposure to financial services sector (over and above the limit of 25%) not exceeding 15% of the net assets of the scheme shall be allowed by way of increase in exposure to Housing Finance Companies (HFCs) only. Provided further that the additional exposure to such securities issued by HFCs are rated AA and above and these HFCs are registered with National Housing Bank (NBH) and the total Investment/exposure in HFCs shall not exceed 25% of the net assets of the scheme.	These are regulatory provisions forming part of the investment restrictions and hence being deleted from asset allocation section.

H. Axis Income Saver ("AIS") *(Contd.)*

Sr. No.	Existing Provisions	Revised Provisions (Effective from May 18, 2018)

5.

Existing Provisions

Asset Allocation Pattern *(Contd.)*

Investment Strategies

The scheme has dual objectives of generating income and capital gains while attempting to manage the risk from the market. In order to achieve the twin objectives, the scheme intends to follow a top-down and bottom-up investment strategy. The top-down process would lead to the asset-allocation between equities and fixed income and the bottom-up process would lead to construction of the portfolio using specific securities.

The scheme would invest both in equities and fixed income instruments. Allocation between the two asset classes will be done using a quantitative asset allocation methodology. This methodology will be the primary tool to manage the overall risk of the portfolio in such a way as to achieve the objective of managing risk. The quantitative tool has been simulated (as described below) with a target of limiting the downside to 5% in a calendar year. Within equities and fixed income, the portfolio would be actively managed to optimize returns within the respective asset class.

Quantitative Asset Allocation Methodology

Quantitative asset allocation methodology will be used to allocate the assets between equity & fixed income. This will be done on the basis of four parameters viz., year to date (YTD) returns, 5% downside limit of the NAV, volatility expectation of the equity markets & 35% cap on equity allocation. The parameters influence the asset allocation in the following manner:

Change in Parameter	Effect on Asset Allocation
Increase in YTD returns	Higher allocation to equity
Decrease in the gap between the current NAV & the 5% downside limit	Lower allocation to equity
Increase in the expected volatility of the equity markets	Lower allocation to equity

Along with the above parameters, the overall allocation of the portfolio will be subject to the indicative asset allocation mentioned above.

Also, depending on the movements of the above, the asset allocation will be re-balanced periodically (weekly to monthly).

The process of asset allocation was simulated on historic data for the period 1 Jan 2004 to 31 December 2009. For the purpose of simulation, the equity allocation was simulated using the Nifty Index and the Fixed Income allocation was simulated with money market yields during each year. This simulation was done to assess the performance of the asset allocation model in containing the maximum drawdown to less than 5% during each year. The following table illustrates the results of the simulation:

Year	Maximum Drawdown of Model	Maximum Drawdown of Benchmark	Returns from Model	Returns from Benchmark
2004	-3.02%	-3.69%	3.10%	2.03%
2005	-1.27%	-1.14%	10.52%	9.19%
2006	0.00%	0.00%	10.59%	9.13%
2007	-1.43%	-1.68%	13.11%	13.51%
2008	-3.47%	-10.43%	-0.96%	-2.31%
2009	-2.34%	-2.65%	12.94%	12.99%

As may be seen from the above table, the model has delivered returns higher than the benchmark in 4 out of 6 years. In addition, by and large the model has had a lower downside risk as compared to the benchmark.

However, investors may note that the results of the simulation may or may not be achieved in the performance of the scheme. In particular, the scheme does not provide any assurance / guarantee regarding returns or capital protection.

Fixed Income Strategy:

The Scheme proposes to invest in a diversified portfolio of high quality debt and money market instruments to generate regular income. The fund manager will allocate the assets of the scheme taking into consideration the prevailing interest rate scenario & the liquidity of the different instruments.

The portfolio duration and credit exposures will be decided based on a thorough research of the general macroeconomic condition, political and fiscal environment, systemic liquidity, inflationary expectations, corporate performance and other economic considerations. The fund manager will keep in mind the yield structure of different asset classes (e.g. the sovereign yield curve and the corporate bond yield curve) as well as the kinks within a particular yield curve (e.g. the different points of the sovereign yield curve) while making investment decisions.

Equity related Strategy:

The equity allocation will be managed actively. The focus would be to build a diversified portfolio of strong growth companies, reflecting our most attractive investment ideas, at all points of time.

The portfolios 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. The Fund will have the flexibility to invest across the market capitalisation spectrum.

The Fund by utilising a holistic risk management strategy will endeavor to manage risks associated with investing in equity markets. The Fund 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

Revised Provisions (Effective from May 18, 2018)

Asset Allocation Pattern *(Contd.)*

Investment Strategies

The Scheme seeks to generate regular income through investments in debt & money market instruments, along with capital appreciation through equity and equity related instruments. Within equities and fixed income, the portfolio would be actively managed to optimize returns within the respective asset class.

Fixed Income Strategy:

The Scheme proposes to invest in a diversified portfolio of high quality debt and money market instruments to generate regular income. The fund manager will allocate the assets of the scheme taking into consideration the prevailing interest rate scenario & the liquidity of the different instruments.

The portfolio duration and credit exposures will be decided based on a thorough research of the general macroeconomic condition, political and fiscal environment, systemic liquidity, inflationary expectations, corporate performance and other economic considerations. The fund manager will keep in mind the yield structure of different asset classes (e.g. the sovereign yield curve and the corporate bond yield curve) as well as the kinks within a particular yield curve (e.g. the different points of the sovereign yield curve) while making investment decisions.

Equity related Strategy:

The equity allocation will be managed actively. The focus would be to build a diversified portfolio of strong growth companies, reflecting our most attractive investment ideas, at all points of time.

The portfolios 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. The Scheme will have the flexibility to invest across the market capitalisation spectrum.

The Scheme by utilising 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

I. Axis Triple Advantage Fund ("ATRAF")

Sr. No.	Existing Provisions	Revised Provisions (Effective from May 18, 2018)
1.	**Type of Scheme** An Open-ended hybrid fund	**Type of Scheme** An open ended scheme investing in equity, debt and gold

2.

Existing Provisions

Asset Allocation Pattern

Under normal circumstances the asset allocation pattern will be:

Instruments	Indicative Allocation (% of net assets)	Risk Profile (Low/Medium/High)
Equity and Equity Related Instruments#	30-40	High
Debt and Money Market Instruments*#	30-40	Low to Medium
Gold Exchange Traded Funds	20-30	Medium
Units issued by REITs & InvITs	0-10	Medium to High

*Investment in Securitized debt (excluding foreign securitized debt), if undertaken, would not exceed 40% of the net assets of the Scheme.

Including derivatives instruments to the extent of 80% of the Net Assets as permitted vide SEBI circular no. DNPD/Cir 29/2005 dated September 14, 2005, SEBI circular no. DNPD/Cir-30/2006 dated January 20, 2006 and SEBI circular no. SEBI/DNPD/Cir-31/2006 dated September 22, 2006. The Scheme may use derivatives for such purposes as may be 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 may be issued by SEBI and RBI and for such purposes as may be permitted from time to time.

Repo in Corporate debt securities

Not available

Revised Provisions (Effective from May 18, 2018)

Asset Allocation Pattern

Under normal circumstances the asset allocation pattern will be:

Instruments	Indicative Allocation (% of net assets)	Risk Profile (Low/Medium/High)
Equity and Equity related instruments#	65-80	High
Debt* and Money Market instruments#	10-30	Low to Medium
Gold Exchange Traded Funds	10-30	Medium
Units issued by REITs & InvITs	0-10	Medium to High

*Investment in Securitized debt (excluding foreign securitized debt), if undertaken, would not exceed 30% of the net assets of the Scheme.

#Including derivatives instruments to the extent of 80% of the Net Assets of the scheme. The Scheme may also use fixed income derivative instruments subject to the guidelines as may be issued by SEBI and RBI and for such purposes as may be permitted from time to time. The Scheme may also use equity derivatives as permitted vide SEBI circular no. DNPD/Cir 29/2005 dated September 14, 2005, SEBI circular no. DNPD/Cir-30/2006 dated January 20, 2006, SEBI circular no. SEBI/DNPD/Cir-31/2006 dated September 22, 2006 and SEBI circular no. Cir/IMD/DF/11/2010 dated August 18, 2010. The Scheme may use derivatives for such purposes as may be permitted by the Regulations, including for the purpose of hedging and portfolio balancing and such other purposes as may be permitted, based on the opportunities available and subject to guidelines issued by SEBI from time to time. Derivative instruments include Interest Rate Swaps, Interest Rate Forwards, Interest Rate Futures, Forward Rate Agreements, stock options, Index options, Stock & Index futures/stock futures and any such other derivative instruments permitted by SEBI/RBI from time to time.

Repo in Corporate debt securities

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.

J. Axis Children's Gift Fund ("ACGF")

Sr. No.	Existing Provisions	Revised Provisions (Effective from May 18, 2018)
1.	**Type of Scheme** An Open Ended Balanced Scheme	**Type of Scheme** An open ended fund, for investment for children, having a lock-in of 5 years or till the child attains age of majority (whichever is earlier).
2.	**Product Labeling** • Capital appreciation & generating income over medium to long term. • Investment in debt and money market instruments as well as equity and equity related instruments	**Product Labeling** • Capital appreciation & generating income over long term. • Investment in debt and money market instruments as well as equity and equity related instruments.
3.	**Sub-Plans** **Compulsory Lock-in** Investment will be locked-in till the unitholder (being the beneficiary child) is 18 years of age. Investment may be redeemed after the unitholder is 18 years of age or 3 years from the date of allotment, whichever is later **No Lock-in** Investment will not be locked-in & can be redeemed at any point of time at NAV based prices subject to exit load	**Sub-Plans** **Compulsory Lock-in** Investment will be locked-in for 5 years from the date of allotment or till the child attains the age of majority (which ever is earlier). The aforesaid revised lock-in period would not be applicable to any existing investment by an investor, registered SIPs and incoming STPs in the Sub-Plan as on the effective date of aforesaid change i.e. May 18, 2018. Such investments may be redeemed after the unitholder is 18 years of age or after 3 years from the date of allotment, whichever is later. **No Lock-in*** Subsequent to Fundamental Attribute change there will be only one sub-plan under the Scheme i.e. Compulsory Lock-in. Accordingly the sub-plan 'No Lock-in' shall be discontinued for all subscriptions (whether by way of fresh subscription or additional purchase or under systematic transactions). The existing units in respect of existing unitholders under the No-lock-in shall continue till all the units under the Scheme are redeemed and subsequently the aforesaid sub-plan shall be closed. *Unitholder's of above plan willing to switch their investment into 'Compulsory Lock in' Plan or any other scheme of the Fund may do so by submitting the switch request.

J. Axis Children's Gift Fund ("ACGF") *(Contd.)*

<table>
<tr><th>Sr. No.</th><th>Existing Provisions</th><th>Revised Provisions (Effective from May 18, 2018)</th></tr>
<tr><td>4.</td><td>Asset Allocation
Under normal circumstances the asset allocation pattern will be:
<table>
<tr><th rowspan="2">Instruments</th><th colspan="2">Indicative Allocation (% of net assets)</th><th rowspan="2">Risk Profile (Low/Medium /High)</th></tr>
<tr><th>Minimum</th><th>Maximum</th></tr>
<tr><td>Debt* and money market instruments#</td><td>25</td><td>55</td><td>Low to Medium</td></tr>
<tr><td>Equity and Equity related instruments</td><td>40</td><td>60</td><td>High</td></tr>
<tr><td>Equities, equity related instruments and derivatives including index futures, stock futures, index options, & stock options, etc. as part of hedged / arbitrage exposure#</td><td>5</td><td>15</td><td>Medium to High</td></tr>
<tr><td>Units issued by REITs & InvITs</td><td>0</td><td>10</td><td>Medium to High</td></tr>
</table>
*Includes securitized debt (excluding foreign securitized debt) up to 35% of the net assets of the Scheme. The Scheme shall not invest in foreign securitized debt.</td><td>Asset Allocation
Under normal circumstances the asset allocation pattern will be:
<table>
<tr><th rowspan="2">Instruments</th><th colspan="2">Indicative Allocation (% of net assets)</th><th rowspan="2">Risk Profile (Low/Medium /High)</th></tr>
<tr><th>Minimum</th><th>Maximum</th></tr>
<tr><td>Debt* and money market instruments#</td><td>25</td><td>60</td><td>Low to Medium</td></tr>
<tr><td>Equity and Equity related instruments#</td><td>40</td><td>75</td><td>High</td></tr>
<tr><td>Units issued by REITs & InvITs</td><td>0</td><td>10</td><td>Medium to High</td></tr>
</table>
*Includes securitized debt (excluding foreign securitized debt) up to 60% of the net assets of the Scheme. The Scheme shall not invest in foreign securitized debt.</td></tr>
<tr><td></td><td>#Equity allocation is measured as the Gross exposure to equities, equity related instruments and derivatives. The scheme will enter into derivatives transactions for hedging. The derivative positions will be hedged against corresponding positions in either equity or derivative markets depending on the strategies involved and execution costs. On the total portfolio level the scheme does not intend to take a net short exposure to equity markets. Unhedged positions in the portfolio (investments in equity shares without corresponding exposure to equity derivative) shall not exceed 60% of the net assets.</td><td>These para is deleted.</td></tr>
<tr><td></td><td>#including derivative instruments to the extent of 50% of the Net Assets of the scheme. The Scheme may use fixed income derivative instruments subject to the guidelines as may be issued by SEBI and RBI from time to time. The Scheme may also use equity derivatives as permitted vide SEBI circular no. DNPD/Cir 29/2005 dated September 14, 2005 and SEBI circular no. DNPD/Cir-30/2006 dated January 20, 2006 and SEBI circular no. SEBI/DNPD/Cir-31/2006 dated September 22, 2006. The Scheme may use derivatives for such purposes as may be 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.</td><td>#including derivative instruments to the extent of 75% of the Net Assets of the Scheme. The Scheme may use fixed income derivative instruments subject to the guidelines as may be issued by SEBI and RBI from time to time. The Scheme may also use equity derivatives as permitted vide SEBI circular no. DNPD/Cir 29/2005 dated September 14, 2005 and SEBI circular no. DNPD/Cir-30/2006 dated January 20, 2006, SEBI circular no. SEBI/DNPD/Cir-31/2006 dated September 22, 2006, SEBI circular no. Cir/IMD/DF/11/2010 dated August 18, 2010 and SEBI circular no. SEBI/HO/IMD/DF2/CIR/ P/2017/ 109 dated September 27, 2017. The Scheme may use derivatives for such purposes as may be permitted by the Regulations, including for the purpose of hedging and portfolio balancing and such other purposes as may be permitted, based on the opportunities available and subject to guidelines issued by SEBI from time to time. Derivative instruments include Interest Rate Swaps, Interest Rate Forwards, Interest Rate Futures, Forward Rate Agreements, stock options, Index options, Stock & Index futures/stock futures and any such other derivative instruments permitted by SEBI/RBI from time to time.</td></tr>
<tr><td></td><td>Foreign Securities
The scheme will also not invest in foreign securities.</td><td>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.</td></tr>
<tr><td></td><td>Short Selling
The Scheme shall not carry out Short Selling and securities lending and borrowing.</td><td>Short Selling
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.</td></tr>
<tr><td></td><td>Securities Lending
Not available</td><td>Stock Lending
The Scheme shall adhere to the following limits should it engage in Stock Lending.
1. Not more than 25% 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.</td></tr>
<tr><td></td><td>Repo in Corporate debt securities
Not available</td><td>Repo in Corporate debt securities
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.</td></tr>
<tr><td></td><td>The total exposure in a particular sector (excluding investments in Bank CDs, CBLO, Government Securities, T-Bills, short term deposits of scheduled commercial banks and AAA rated securities issued by Public Financial Institutions and Public Sector Banks) shall not exceed 25% of the net assets of the Scheme. Provided that an additional exposure to financial services sector (over and above the limit of 25%) not exceeding 15% of the net assets of the scheme shall be allowed by way of increase in exposure to Housing Finance Companies (HFCs) only. Provided further that the additional exposure to such securities issued by HFCs are rated AA and above and these HFCs are registered with National Housing Bank (NBH) and the total Investment/exposure in HFCs shall not exceed 25% of the net assets of the scheme.</td><td>These are regulatory provisions forming part of the investment restrictions and hence being deleted from asset allocation section.</td></tr>
</table>

K. Axis Constant Maturity 10 Year Fund ("ACM10YF")

<table>
<tr><th>Sr. No.</th><th>Existing Provisions</th><th>Revised Provisions (Effective from May 18, 2018)</th></tr>
<tr><td>1.</td><td>Name of the Scheme
Axis Constant Maturity 10 Year Fund</td><td>Name of the Scheme
Axis Gilt Fund</td></tr>
<tr><td>2.</td><td>Type of Scheme
An Open Ended Gilt Scheme</td><td>Type of Scheme
An open ended debt scheme investing in government securities across maturity</td></tr>
<tr><td>3.</td><td>Product Labeling
• credit risk free returns over medium to long term
• Investment mainly in Government securities to generate returns similar to that of 10 year government bonds</td><td>Product Labeling
• credit risk free returns over medium to long term
• Investment mainly in Government securities across maturities</td></tr>
<tr><td>4.</td><td>Investment objective
To generate returns similar to that of 10 year government bonds.</td><td>Investment objective
The Scheme will aim to generate credit risk-free returns through investments in sovereign securities issued by the Central Government and/or State Government.</td></tr>
<tr><td>5.</td><td>Asset Allocation Pattern
Under normal circumstances the asset allocation pattern will be:
<table>
<tr><th>Instruments</th><th>Indicative Allocation (% of net assets)</th><th>Risk Profile (Low/Medium/High)</th></tr>
<tr><td>Government Securities, Treasury Bills, Repo & CBLO</td><td>100</td><td>Low to Medium</td></tr>
</table></td><td>Asset Allocation Pattern
Under normal circumstances the asset allocation pattern will be:
<table>
<tr><th>Instruments</th><th>Indicative Allocation (% of net assets)</th><th>Risk Profile (Low/Medium/High)</th></tr>
<tr><td>Government Securities and Treasury Bills</td><td>80-100</td><td>Low</td></tr>
<tr><td>Debt & Money market instruments</td><td>0-20</td><td>Low to Medium</td></tr>
</table></td></tr>
<tr><td></td><td>The scheme will aim to maintain an average maturity in the range of 9 to 11 years</td><td>The para is deleted.</td></tr>
<tr><td></td><td>Derivatives
Not available</td><td>Derivatives
Investments in derivatives shall be up to 50% of the net assets of the scheme. Investment in derivatives shall be for hedging, portfolio balancing and such other purposes as may be permitted from time to time. Derivative instruments include Interest Rate Swaps, Interest Rate Forwards, Interest Rate Futures, Forward Rate Agreements and any such other derivative instruments permitted by SEBI/RBI from time to time.</td></tr>
<tr><td></td><td>Repo in Corporate debt securities
Not available</td><td>Repo in Corporate debt securities
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.</td></tr>
<tr><td></td><td>The total exposure in a particular sector (excluding investments in Bank CDs, CBLO, Government Securities, T-Bills, short term deposits of scheduled commercial banks and AAA rated securities issued by Public Financial Institutions and Public Sector Banks) shall not exceed 25% of the net assets of the Scheme. Provided that an additional exposure to financial services sector (over and above the limit of 25%) not exceeding 15% of the net assets of the scheme shall be allowed by way of increase in exposure to Housing Finance Companies (HFCs) only. Provided further that the additional exposure to such securities issued by HFCs are rated AA and above and these HFCs are registered with National Housing Bank (NBH) and the total Investment/exposure in HFCs shall not exceed 25% of the net assets of the scheme.
In terms of SEBI circular no. CIR/IMD/DF/05/2014 dated March 24, 2014, since the investments in short term deposits of scheduled commercial banks is allowed, pending deployment of funds of a scheme shall also be excluded while calculating sector exposure.</td><td>These are regulatory provisions forming part of the investment restrictions and hence being deleted from asset allocation section.</td></tr>
<tr><td>6.</td><td>Investment strategy (select section)
The Scheme will aim to generate returns similar to the 10 year government bond through investments predominantly in government securities.
The Scheme will endeavor to maintain an average maturity of close to 10 years. The normal range of average maturity for the scheme would be between 9 and 11 years. The scheme does not intend to actively manage the duration.
By investing predominantly in government securities, the scheme aims to maintain a high degree of credit quality and liquidity.</td><td>Investment strategy
The Scheme will aim to generate credit risk-free returns through investments in sovereign securities issued by the Central Government and/or State Government.
The Scheme shall invest in Government Securities, which provide reasonable returns generally construed to be without any Credit Risk. The Scheme shall invest in various State and Central Government securities including securities which are supported by the ability to borrow from the treasury or supported only by the sovereign guarantee or of the state government or supported by GOI /state government in any other way as may be permitted by SEBI. It may also invest in repos/ reverse repos in such securities, as and when permitted by RBI.
The Scheme will also invest in money market securities from time to time upto the prescribed limit. Investment views/decisions will be based on analysis of macro-economic factors to estimate the direction of interest rates and level of liquidity and will be taken on the basis of factors like, prevailing interest rate scenario, Government borrowing program, level of liquidity in the banking system, inflation level, returns offered relative to alternative investments opportunities, quality of the security/instrument, maturity profile of the instrument, liquidity of the security and any other factor considered relevant in the opinion of the fund manager.
The Scheme will purchase securities in the public offerings, as well as those traded in the secondary markets. On occasions, if deemed appropriate, the Scheme may also participate in auction of Government Securities. The Mutual Fund will seek to underwrite issuance of Government Securities if and when permitted by SEBI/RBI and subject to the prevailing rules and regulations specified in this respect and may also participate in their auction from time to time.
The Scheme may also use derivatives instruments like Interest Rate Swaps, Forward Rate Agreements or such other derivative instruments as may be introduced from time to time for the purpose of hedging and portfolio balancing within the limits permitted by the Regulations from time to time.</td></tr>
</table>

In addition to the above changes, following paragraphs as indicated will be added in the respective sections of SID/KIM of the respective scheme(s):

L. HIGHLIGHTS/SUMMARY OF THE SCHEME

(Applicable to ATAF, ASTF and ARSF)

Concept of Macaulay duration

The Macaulay duration is a measure of a bond's sensitivity to interest rate changes. It is a measure of the average life of the bond taking into account the coupon payments as well as the repayment of principal. The weight of each cash flow is determined by dividing the present value of the cash flow by the price. Because it takes into account both coupons and maturity cash flows, it better reflects the relationship between interest rates and price of the bond.

M. RISK FACTORS

a. Risk associated with Investments in REITs and InvITs

(Applicable to ASTF & AFIOF)

- **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. Risks associated with investing in foreign securities/ overseas investments/ offshore securities

(Applicable to ACDOF, AFIOF & ACGF)

- Subject to necessary approvals and within the investment objectives of the Scheme, the Scheme may invest in overseas markets which carry risks related to fluctuations in the foreign exchange rates, the nature of the securities market of the country, repatriation of capital due to exchange controls and political circumstances.
- Since the Scheme would invest only partially in foreign securities, there may not be readily available and widely accepted benchmarks to measure performance of such Scheme. To manage risks associated with foreign currency and interest rate exposure, the Scheme may use derivatives for efficient portfolio management and hedging and portfolio rebalancing and in accordance with conditions as may be stipulated under the Regulations and by RBI from time to time.
- Investment in Foreign Securities involves a currency risk. To the extent that the assets of the Scheme will be invested in securities denominated in foreign currencies, the Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by changes in the value of certain foreign currencies relative to the Indian Rupee. The repatriation of capital to India may also be hampered by changes in regulations concerning exchange controls or political circumstances as well as the application to it of other restrictions on investment.

c. Risks associated with Short Selling & Securities Lending

(Applicable to ACGF)

Securities Lending is lending of securities through an approved intermediary to a borrower under an agreement for a specified period with the condition that the borrower will return equivalent securities of the same type or class at the end of the specified period along with the corporate benefits accruing on the securities borrowed. There are risks inherent in securities lending, including the risk of failure of the other party, in this case the approved intermediary to comply with the terms of the agreement. Such failure can result in a possible loss of rights to the collateral, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of corporate benefits accruing thereon.

Short-selling is the sale of shares or securities that the seller does not own at the time of trading. Instead, he borrows it from someone who already owns it. Later, the short seller buys back the stock/security he shorted and returns the stock/security to the lender to close out the loan. The inherent risks are Counterparty risk and liquidity risk of the stock/security being borrowed. The security being short sold might be illiquid or become illiquid and covering of the security might occur at a much higher price level than anticipated, leading to losses.

d. Risks associated with Derivatives Transactions

(Applicable to ACM10YF)

Credit Risk: The credit risk is the risk that the counter party will default in it's obligations and is generally small as in a Derivative transaction there is generally no exchange of the principal amount.

Interest rate risk: Derivatives carry the risk of adverse changes in the price due to change in interest rates.

Basis Risk: When a bond is hedged using a Derivative, the change in price of the bond and the change in price of the Derivative may not be fully correlated leading to basis risk in the portfolio.

Liquidity risk: During the life of the Derivative, the benchmark might become illiquid and might not be fully capturing the interest rate changes in the market, or the selling, unwinding prices might not reflect the underlying assets, rates and indices, leading to loss of value of the portfolio.

Model Risk: The risk of mis–pricing or improper valuation of Derivatives.

Trade Execution: Risk where the final execution price is different from the screen price leading to dilution in the spreads and hence impacting the profitability of the reverse arbitrage strategy.

Systemic Risk: For Derivatives, especially OTC ones the failure of one Counter Party can put the whole system at risk and the whole system can come to a halt.

Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the Investor. Execution of strategies depends upon the ability of the fund manager to identify such opportunities. Identification and execution of the strategies to be pursued by the fund manager involve uncertainty and decision of fund manager may not always be profitable. No assurance can be given that the fund manager will be able to identify or execute such strategies.

The risks associated with the use of Derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments.

N. DEFINITIONS

(Applicable to ASTF & AFIOF)

a. "Infrastructure Investment Trust" or "InvIT"

InvIT shall have the meaning assigned in clause (za) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014.

b. "Real Estate Investment Trust" or "REIT"

REIT shall have the meaning assigned in clause (zm) of sub-regulation 1 of regulation 2 of the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014.

O. WHERE WILL THE SCHEME INVEST?

a. Real Estate Investment Trust (REITs) & Infrastructure Investment Trust (InvIT)

(Applicable to ASTF & AFIOF)

REIT/ InvITs is a trust which holds real estate or infrastructure assets respectively which is managed by an investment manager. The unitholders in the trust have proportional interest in the underlying holdings of the trust.

b. Investment in Foreign Securities

(Applicable to ACDOF, AFIOF & ACGF)

The Scheme may also invest in suitable investment avenues in foreign securities in overseas financial markets for the purpose of diversification, commensurate with the Scheme objectives and subject to necessary stipulations by SEBI / RBI. Towards this end, the Mutual Fund may also appoint overseas investment advisors and other service providers, to the extent permissible under the Regulations.

The Scheme may, with the approval of SEBI / RBI, where required invest in :

- Initial and follow on public offerings for listing at recognized stock exchanges overseas
- Foreign debt securities in the countries with fully convertible currencies, short term as well as long term debt instruments with rating not below investment grade by accredited/registered credit rating agencies
- Money market instruments rated not below investment grade
- Repos in the form of investment, where the counterparty is rated not below investment grade; repos shall not however, involve any borrowing of funds by the mutual funds
- Government securities where the countries are rated not below investment grade
- Derivatives traded on recognized stock exchanges overseas only for hedging and portfolio balancing with underlying as securities
- Short term deposits with banks overseas where the issuer is rated not below investment grade
- Units/securities issued by overseas mutual funds or unit trusts registered with overseas regulators and investing in (a) aforesaid securities, or (b) unlisted overseas securities (not exceeding 10% of their net assets).

In addition to the above ACGF may, with the approval of SEBI / RBI, where required invest in:

- ADRs (American Depository Receipts)/ GDRs (Global Depository Receipts) issued by Indian or foreign companies
- Equity of overseas companies listed on recognized stock exchanges overseas

Note: The Scheme will not invest in foreign securitized debt.

As per SEBI Circular SEBI/IMD/CIR No.7/104753/07 dated September 26, 2007, mutual funds can make overseas investments subject to a maximum of US $300 million or such limits as may be prescribed by SEBI from time to time. Subject to the approval of RBI / SEBI and conditions as may be prescribed by them, the Mutual Fund may open one or more foreign currency accounts abroad either directly, or through the custodian/sub-custodian, to facilitate investments and to enter into/deal in forward currency contracts, currency futures, interest rate futures / swaps, currency options for the purpose of hedging the risks of assets of a portfolio or for its efficient management. However, the use of such instruments shall be as permitted from time to time. All the requirement of the SEBI circular dated September 26, 2007, would be adhered to by the AMC for investment in foreign securities.

Investment in overseas securities shall be made in accordance with the requirements including appointment of a dedicated Fund Manager stipulated by SEBI and RBI from time to time.

c. Investments in Debt derivative instruments

(Applicable to ACM10YF)

Interest Rate Swap

An Interest Rate Swap (IRS) is a financial contract between two parties exchanging or swapping a stream of interest payments for a "notional principal" amount on multiple occasions during a specified period. Such contracts generally involve exchange of a "fixed to floating" or "floating to fixed rate" of interest. Accordingly, on each payment date that occurs during the swap period, cash payments based on fixed/ floating and floating rates are made by the parties to one another.

Forward Rate Agreement

A Forward Rate Agreement (FRA) is a financial contract between two parties to exchange interest payments for a 'notional principal' amount on settlement date, for a specified period from start date to maturity date. Accordingly, on the settlement date, cash payments based on contract (fixed) and the settlement rate, are made by the parties to one another. The settlement rate is the agreed bench-mark/ reference rate prevailing on the settlement date.

Interest Rate Futures

A futures contract is a standardized, legally binding agreement to buy or sell a commodity or a financial instrument in a designated future month at a market determined price (the futures price) by the buyer and seller. The contracts are traded on a futures exchange. An Interest Rate Future is a futures contract with an interest bearing instrument as the underlying asset.

<u>Characteristics of Interest Rate Futures</u>

1. Obligation to buy or sell a bond at a future date
2. Standardized contract.
3. Exchange traded
4. Physical settlement
5. Daily mark to market

P. DERIVATIVES STRATEGY

(Applicable to ACM10YF)

The Scheme may use Derivative instruments like interest rate swaps like Overnight Indexed Swaps ("OIS"), forward rate agreements, interest rate futures (as and when permitted) or such other Derivative instruments as may be permitted under the applicable regulations. Derivatives will be used for the purpose of hedging, and portfolio balancing or such other purpose as may be permitted under the regulations and guidelines from time to time.

The Scheme will be allowed to take exposure in interest rate swaps only on a non-leveraged basis. A swap will be undertaken only if there is an underlying asset in the portfolio. In terms of circular no.MFD.BC.191/07.01.279/1999-2000 and MPD.BC.187/07.01.279/1999- 2000 dated November 1, 1999 and July 7, 1999 respectively issued by RBI permitting participation by Mutual Funds in interest rate swaps and forward rate agreements, the Scheme will use Derivative instruments for the purpose of hedging and portfolio balancing. The Scheme may also use derivatives for such purposes as may be permitted from time to time. Further, the guidelines issued by RBI from time to time for forward rate agreements and interest rate swaps and other derivative products would be adhered to by the Mutual Fund.

IRS and FRA do also have inherent credit and settlement risks. However, these risks are substantially reduced as they are limited to the interest streams and not the notional principal amounts.

Investments in Derivatives will be in accordance with the extant Regulations / guidelines. Presently Derivatives shall be used for hedging and / or portfolio balancing purposes, as permitted under the Regulations. The circumstances under which such transactions would be entered into would be when, for example using the IRS route it is possible to generate better returns / meet the objective of the Scheme at a lower cost. e.g. if buying a 2 Yr Mibor based instrument and receiving the 2 Yr swap rate yields better return than the 2 Yr AAA corporate, the Scheme would endeavor to do that. Alternatively, the Scheme would also look to hedge existing fixed rate positions if the view on interest rates is that it would likely rise in the future.

The following information provides a basic idea as to the nature of the Derivative instruments proposed to be used by the Scheme and the benefits and risks attached therewith. Please note that the examples have been given for illustration purposes only.

Using Overnight Indexed Swaps

In a rising interest rate scenario, the Scheme may enhance returns for the Investor by hedging the risk on its fixed interest paying assets by entering into an OIS contract where the Scheme agrees to pay a fixed interest rate on a specified notional amount, for a pre-determined tenor and receives floating interest rate payments on the same notional amount. The fixed returns from the Scheme assets and the fixed interest payments to be made by the Scheme on account of the OIS transaction offset each other and the Scheme benefits on the floating interest payments that it receives. The Scheme may enter into an opposite position in case of a falling interest rate scenario, i.e. to hedge the floating rate assets in its portfolio the Scheme enters into an OIS transaction wherein it receives a fixed interest rate on a specified notional amount for a specified time period and pays a floating interest rate on the same notional amount. The floating interest payments that the Scheme receives on its floating rate securities and the floating interest payments that the Scheme has to pay on account of the OIS transaction offset each other and the Scheme benefits on the fixed interest payments that it receives in such a scenario.

Swap

Assume that the Scheme has a Rs. 20 crore floating rate investment linked to MIBOR (Mumbai Inter Bank Offered Rate). Hence, the Scheme is currently running an interest rate risk and stands to lose if the interest rate moves down. To hedge this interest rate risk, the Scheme can enter into a 6 month MIBOR swap. Through this swap, the Scheme will receive a fixed predetermined rate (assume 12%) and pays the "benchmark rate" (MIBOR), which is fixed by the NSE ("National Stock Exchange of India Limited") or any other agency such as Reuters. This swap would effectively lock-in the rate of 12% for the next 6 months, eliminating the daily interest rate risk. This transaction is usually routed through an intermediary who runs a book and matches deals between various counterparties. The steps will be as follows:

Assuming the swap is for Rs. 20 Crores for June 1, 2009 to December 1, 2009. The Scheme is a fixed rate receiver at 12% and the counterparty is a floating rate receiver at the overnight rate on a compounded basis (say NSE MIBOR).

On June 1, 2009 the Scheme and the counterparty will exchange only a contract of having entered this swap. This documentation would be as per International Swap Dealers Association ("ISDA") norms.

On a daily basis, the benchmark rate fixed by NSE will be tracked by them.

On December 1, 2009 they will calculate the following :

- The Scheme is entitled to receive interest on Rs. 20 Crores at 12% for 184 days i.e. Rs. 1.21 Crores, (this amount is known at the time the swap was concluded) and will pay the compounded benchmark rate.
- The counterparty is entitled to receive daily compounded call rate for 184 days & pay 12% fixed.
- On December 1, 2009, if the total interest on the daily overnight compounded benchmark rate is higher than Rs. 1.21 Crores, the Scheme will pay the difference to the counterparty. If the daily compounded benchmark rate is lower, then the counterparty will pay the Scheme the difference.
- Effectively the Scheme earns interest at the rate of 12% p.a. for six months without lending money for 6 months fixed, while the counterparty pays interest @ 12% p.a. for 6 months on Rs. 20 Crores, without borrowing for 6 months fixed.

The above example illustrates the use of Derivatives for hedging and optimizing the investment portfolio. Swaps have their own drawbacks like credit risk, settlement risk. However, these risks are substantially reduced as the amount involved is interest streams and not principal.

Forward Rate Agreement

Assume that on June 30, 2009, the 30 day commercial paper (CP) rate is 4% and the Scheme has an investment in a CP of face value Rs. 50 Crores, which is going to mature on July 31, 2009. If the interest rates are likely to remain stable or decline after July 31, 2009, and if the fund manager, who wants to re-deploy the maturity proceeds for 1 more month does not want to take the risk of interest rates going down, he can then enter into a following Forward Rate Agreement (FRA) say as on June 30, 2009:

He can receive 1 X 2 FRA on June 30, 2009 at 4.00% (FRA rate for 1 months lending in 1 months time) on the notional amount of Rs. 50 Crores, with a reference rate of 30 day CP benchmark. If the CP benchmark on the settlement date i.e. July 30, 2009 falls to 3.75%, then the Scheme receives the difference 4.00 – 3.75 i.e. 25 basis points on the notional amount Rs. 50 Crores.

Interest Rate Futures

Assume that the Scheme holds an Indian ten year benchmark and the fund manager has a view that the yields will go up in the near future leading to decrease in value of the investment and subsequent decrease in Net Asset Value (NAV) of the Scheme. The fund house decides to use Interest Rate Futures to mitigate the risk of decline of Net Asset Value (NAV) of the Scheme.

12th October 2009

- The benchmark ten year paper 6.88 2009, is trading at INR 98.00 at a yield of 7.19%.
- December 2009 futures contract on the ten year notional 7% coupon bearing Government paper is trading at a yield of 7.29% at a price of INR 98.50.
- The mutual fund decides to hedge the exposure by taking a short position in December 2009 interest rate futures contract.

25th November 2009

- As expected by the fund manager the yield of the benchmark ten year paper has increased to 8% and the price has decreased to 92.70.
- The December 2009 futures contract is trading at a price of INR 93.17 indicating a yield of 8.05%
- The mutual fund unwinds the short position by buying the December 2009 futures contract. The transaction results in profit from the futures position, against the corresponding loss from the Government of India security position.

Certain risks are inherent to Derivative strategies viz. lack of opportunities, inability of Derivatives to correlate perfectly with the underlying and execution risks, whereby the rate seen on the screen may not be the rate at which the transaction is executed. For details of risk factors relating to use of Derivatives, the investors are advised to refer to Scheme Specific Risk Factors.

Q. DERIVATIVES STRATEGY (ADDITIONAL PARAS)

(Applicable to ATAF, ASTF, ARSF, ACDOF, AFIOF, AIS, ATRAF, ACGF and ACM10YF)

<u>Directional Trading</u>

As there is an inverse relationship between interest rate movement and underlying bond prices, the futures price also moves in tandem with the underlying bond prices. If one has a strong view that interest rates will rise in the near future and wants to benefit from rise in interest rates; one can do so by taking short position in IRF contracts.

Example: A trader expects long-term interest rate to rise. He decides to sell Interest Rate Futures contracts as he shall benefit from falling future prices.

Expectation	Position
Interest Rates going up	Short Futures
Interest Rates going down	Long Futures

- Trade Date - 1st December 2015
- Futures Delivery date - 1st January 2016
- Current Futures Price - Rs. 97.50
- Futures Bond Yield - 8.21%
- Trader sell 250 contracts of the January 2016- 10 Year futures contract on NSE on 1st December 2015 at Rs. 97.50

Assuming the price moves to Rs. 97.15 on December 9, 2015, net MTM gain would be Rs. 1,75,000 (250*2000*97.50-97.15) (I)

Closing out the Position

- 10th December 2015 - Futures market Price - Rs. 96.70
- Trader buys 250 contracts of January 2016 at Rs. 96.70 and squares off his position
- Therefore total profit for trader 250*2000*(97.15-96.70) is Rs.2,25,000 (II)
- Total Profit on the trade = INR 4,00,000 (I & II)

Hedging

Holders of the GOI securities are exposed to the risk of rising interest rates, which in turn results in the reduction in the value of their portfolio. So in order to protect against a fall in the value of their portfolio due to falling bond prices, they can take short position in IRF contracts.

Example:
Date: 01-December 2015
Spot price of GOI Security: Rs 105.05
Futures price of IRF Contract: Rs 105.12

On 01-December 2015 XYZ bought 2000 GOI securities from spot market at Rs 105.07. He anticipates that the interest rate will rise in near future. Therefore to hedge the exposure in underlying market he may sell January 2016 Interest Rate Futures contracts at Rs 105.12

On 16-January 2016 due to increase in interest rate:
Spot price of GOI Security: Rs 104.24
Futures Price of IRF Contract: Rs 104.28
Loss in underlying market will be (104.24 - 105.05)*2000 = Rs 1620
Profit in the Futures market will be (104.28 - 105.12)*2000 = Rs 1680

Imperfect Hedging

The Scheme may use Interst Rate Future for imperfect hedging in accordance with the SEBI (Mutual Funds) Regulations, 1996 as amended from time to time. In such cases, the Underlying being hedged and the IRF contract has a 90-day correlation of closing prices of more than 90%. In case of correlation breaking at any time the derivative position would be counted as an exposure. SEBI allows maximum of 20% imperfect hedging.

For example, assume a portfolio comprising the following structure:

Security	Amount (crs)	Price (Rs)
IGB 7.17% 2028	100	97.5
IGB 6.79% 2027	50	94.07
IGB 8.33% 2026	25	103.05
Cash	25	
Total	**200**	

Assuming the fund manager intends to hedge the portfolio using IRF and uses contracts on IGB 6.79% 2027 as it is most liquid.

Maximum imperfect hedging allowed, based on SEBI limit of 20% for the above fund is 200*20% = 40 crs

Maximum perfect hedging using 6.79% 2027 is 100 crs (as amount of 6.79% 2027 in the fund is 100 crs)

Total hedge the fund can do = 100 crs + 40 crs = 140 crs

Assuming the 90-day historical correlation between the instruments in the portfolio are as follows

90 day historical correlation	IGB 7.17% 2028	IGB 6.79% 2027	IGB 8.33% 2026
IGB 7.17% 2028	1	0.95	0.80
IGB 6.79% 2027	0.95	1	0.75
IGB 8.33% 2026	0.80	0.75	1

Given that we are using IRF on 7,17% 2028, we can hedge 7.17% 2028 using IRFs as correlation is more than 90% up to 40 crs (based on the 20% limit of imperfect hedging).

Since one contract of IRF has a notional of Rs. 2 lakhs, in this example the fund manager sells Rs. 140 crores/2 lakhs = 7000 contracts, to hedge his position.

Hence after hedging the fund is as shown below:

Security	Amount (crs)	Price (Rs)	Comments
IGB 7.17% 2028	100	97.5	100% hedged - Perfect hedging
IGB 6.79% 2027	50	94.07	40% hedged - Imperfect hedging
IGB 8.33% 2026	25	103.05	Unhedged
Cash	25		Unhedged
IGB 7.17% 2028	140	97.45	
Total	**200**		

At maturity of the Interest Rate Futures

Case 1: bonds close higher than at the time the hedge was entered into

Security	Amount (crs)	Price before hedging(Rs)	Price on maturity of hedge (Rs)	Gain	Net Gain (lakhs)
IGB 7.17% 2028	100	97.5	97.6	0.1	10.00
IGB 6.79% 2027	50	94.07	94.22	0.15	7.50
IGB 8.33% 2026	25	103.05	103.10	0.05	1.25
Cash	25				-
Without IRF					**18.75**
IGB 7.17% 2028	140	97.45	100.6	-0.15	(21.00)
Total With IRF	**200**				**(2.25)**

Case 2: bonds close lower than at the time the hedge was entered into

Security	Amount (crs)	Price before hedging(Rs)	Price on maturity of hedge (Rs)	Gain	Net Gain (lakhs)
IGB 7.17% 2028	100	97.5	97.4	-0.1	(10.00)
IGB 6.79% 2027	50	94.07	93.95	-0.12	(6.00)
IGB 8.33% 2026	25	103.05	103.00	-0.05	(1.25)
Cash	25				-
Without IRF					**(17.25)**
IGB 7.17% 2028	140	97.45	97.4	0.05	7.00
Total With IRF	**200**				**(10.25)**

As can be seen in the cases above, in case yields move higher, IRFs help in reducing the loss to the fund.

Arbitrage

Arbitrage is the price difference between the bonds prices in underlying bond market and IRF contract without any view about the interest rate movement. One can earn the risk-less profit from realizing arbitrage opportunity and entering into the IRF contract.

Example:
On 18th December 2015 buy 6.35% GOI '20 at the current market price of Rs. 97.2485

Step 1 - Short the futures at the current futures price of Rs. 100.00 (9.00% Yield)
Step 2 - Fund the bond by borrowing up to the delivery period (assuming borrowing rate is 8.00%)
Step 3 - On 10th January 2016, give a notice of delivery to the exchange

Assuming the futures settlement price of Rs. 100.00, the invoice price would be
= 100 * 0.9780
= Rs. 97.8000

Under the strategy, the trader has earned a return of
= (97.800 – 97.2485) / 97.2485 * 365 / 23
= 9.00 % (implied repo rate)

(Note: For simplicity accrued interest is not considered for calculation)
Against its funding cost of 8.00% (borrowing rate), thereby earning risk free arbitrage.

Regulatory Exposure Limits:

SEBI vide its circular no. Cir/IMD/DF/11/2010 dated August 18, 2010 and SEBI/HO/IMD/DF2/CIR/P/2017/ 109 dated September 27, 2017 have prescribed the following investment restrictions w.r.t. investment in derivatives:

i. Mutual Funds may enter into plain vanilla interest rate swaps for hedging purposes. The counter party in such transactions has to be an entity recognized as a market maker by RBI. Further, the value of the notional principal in such cases must not exceed the value of respective existing assets being hedged by the scheme. Exposure to a single counterparty in such transactions should not exceed 10% of the net assets of the scheme.

ii. To reduce interest rate risk in a debt portfolio, mutual funds may hedge the portfolio or part of the portfolio (including one or more securities) on weighted average modified duration basis by using Interest Rate Futures (IRFs). The maximum extent of short position that may be taken in IRFs to hedge interest rate risk of the portfolio or part of the portfolio, is as per the formula given below:

$$\frac{\text{(Portfolio Modified Duration*Market Value of the Portfolio)}}{\text{(Futures Modified Duration*Futures Prices/PAR)}}$$

iii. In case the IRF used for hedging the interest rate risk has different underlying security(s) than the existing position being hedged, it would result in imperfect hedging.

iv. Imperfect hedging using IRFs may be considered to be exempted from the gross exposure, upto maximum of 20% of the net assets of the scheme, subject to the following:

a. Exposure to IRFs is created only for hedging the interest rate risk based on the weighted average modified duration of the bond portfolio or part of the portfolio.

b. Mutual Funds are permitted to resort to imperfect hedging, without it being considered under the gross exposure limits, if and only if, the correlation between the portfolio or part of the portfolio (excluding the hedged portions, if any) and the IRF is atleast 0.9 at the time of initiation of hedge. In case of any subsequent deviation from the correlation criteria, the same may be rebalanced within 5 working days and if not rebalanced within the timeline, the derivative positions created for hedging shall be considered under the gross exposure computed in terms of Para 3 of SEBI circular dated August 18, 2010. The correlation should be calculated for a period of last 90 days.

Explanation: If the fund manager intends to do imperfect hedging upto 15% of the portfolio using IRFs on weighted average modified duration basis, either of the following conditions need to be complied with:

i. The correlation for past 90 days between the portfolio and the IRF is at least 0.9 or

ii. The correlation for past 90 days between the part of the portfolio (excluding the hedged portions, if any) i.e. at least 15% of the net asset of the scheme (including one or more securities) and the IRF is at least 0.9.

c. At no point of time, the net modified duration of part of the portfolio being hedged should be negative.

d. The portion of imperfect hedging in excess of 20% of the net assets of the scheme should be considered as creating exposure and shall be included in the computation of gross exposure in terms of Para 3 of SEBI circular dated August 18, 2010.

v. The basic characteristics of the scheme should not be affected by hedging the portfolio or part of the portfolio (including one or more securities) based on the weighted average modified duration.

Explanation: In case of long term bond fund, after hedging the portfolio based on the modified duration of the portfolio, the net modified duration should not be less than the minimum modified duration of the portfolio as required to consider the fund as a long term bond fund.

vi. The interest rate hedging of the portfolio should be in the interest of the investors.

Risks Associated with Interest Rate Futures

Although hedging with interest rate futures allows investors to reduce interest rate risk, it generally cannot completely eliminate risk. All hedges generally contain some residual, or basis, risk. Moreover, hedging also introduces some other risks. Some of those risks are credit risk, marking to market risk, and managerial risk.

Basis risk:

The risk that remains after an investor hedges his portfolio is called basis risk. An investor who hedges his portfolio with interest rate futures bears basis risk because, when interest rates change, the change in the price of the futures contract does not perfectly offset the change in the price of the asset being hedged. Fixed income asset prices can change for reasons other than changes in interest rates. As a result, the basis risk in a hedge will be relatively high when factors other than interest rates are an important source of the changes in the price of the asset being hedged.

For example, an asset's price will fall if the issuer's credit rating falls or if the asset is relatively illiquid and a large amount is sold. Since these factors would not affect the prices of interest rate futures, such as Treasury bond futures, interest rate futures cannot offset price changes caused by such factors. In fact, that is why Treasury bond futures proved to be a less effective hedging instrument for the corporate bond than for the Treasury bond portfolio.

Credit risk:

Individuals do not have to be concerned about the opposite party defaulting on a futures contract because every futures exchange has a clearing organization that is a party to every futures contract in order to guarantee the integrity of the contract. That is, the clearing house is the seller in every contract bought and the buyer in every contract sold. But the risk remains that an investor will end up with an un-hedged open futures position if there is a default on the asset being hedged.

For example, suppose an investor in corporate bonds hedges his portfolio against changes in interest rates by selling interest rate futures. If interest rates fall, the prices of the bond and futures will rise. Since futures were sold, the investor would suffer losses on the futures, but those losses would be offset by the gains on the bonds. If the bond issuer defaults, though, the investor would have the losses on his futures position but no gains to offset the losses.

R. RISK MITIGATION STRATEGIES

(Applicable to KIM of ACM10YF)

The Scheme invests predominantly in government securities which are actively traded and thereby liquid. The portfolio will be actively managed, based on the interest rate view, shape of the yield curve and the spread between the corporate bonds and gilt securities. This could lead to high turnover in the portfolio to help achieve the investment objective of the Scheme. However, reasonable investments can be made at the shorter end of the yield curve and in the on-the-run securities which are the most actively traded segment in the secondary market. This would help to manage liquidity requirement of portfolio.

S. HOW WILL THE SCHEME BENCHMARK ITS PERFORMANCE?

(Applicable to ATRAF)

The Scheme performance would be benchmarked against a customized composite benchmark comprising of Nifty 50, CRISIL Composite Bond Fund Index and INR Price of Gold.

The Composition of the benchmark would be:

Asset Class/Instruments	Benchmark	Percentage
Equity and Equity Related Instruments	Nifty 50	65
Debt and Money Market Instruments	CRISIL Composite Bond Fund Index	20
Gold Exchange Traded Funds	INR Price of Gold	15

As the Scheme intends to invest in a basket of equity, fixed income & gold ETFs, a customized benchmark has been created to compare its performance.

Nifty 50, being a well-diversified index accounting for 13 sectors of the economy, is a suitable benchmark for the equity part of the Scheme. CRISIL Composite Bond Fund Index is an index which tracks the return on a composite portfolio of corporate bonds, commercial papers, certificate of deposits, government securities & CBLO making it a suitable benchmark for the debt portion of scheme. As Gold ETFs are primarily invested in physical gold, the gold ETF component of the scheme will be benchmarked against the INR price of gold.

The Trustee may change the benchmark in future if a benchmark better suited to the investment objective of the Scheme is available.

Justification for change of benchmark

The benchmark is being aligned with the exposure to various securities in asset allocation of the Scheme. The benchmark optimally captures the investible universe for the proposed asset allocation of the Scheme.

In addition to the above, the relevant provisions of the SID and KIM of the Scheme(s) will be suitably modified to reflect the aforesaid changes.

Exit Option to Unitholders

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 October 24, 2017 and October 25, 2017 respectively. SEBI has also vide its letter dated March 08, 2018 provided it's no objection to the above changes in the SID & KIM of the Scheme(s).

The changes proposed in the SID & KIM of the Scheme(s) amount to changes in the fundamental attributes of the Scheme(s). Hence, in accordance with Regulation 18(15A) of the SEBI (Mutual Funds) Regulations, 1996, all the existing unit holders under the Scheme(s) 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 attributes of the Scheme(s) will be effective from May 18, 2018.

Unit holders under the Scheme(s) are being sent a communication in this regard, through an appropriate mode of communication (post or courier or registered email id, etc). For any assistance/clarification, Unit holders may contact any of our Investor Service Centres. In case any existing unitholder has not received an exit option letter, they are advised to contact any of the Investor Services Centres of Axis Asset Management Company Ltd. ("Axis AMC").

The aforesaid changes are being carried out pursuant to regulatory requirements (except for ACM10YF). Axis AMC shall continue to manage the Scheme(s) in accordance with the existing investment philosophies and strategies. 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 does not agree to the same, he has the option to redeem/ switch-out units held by them under the Scheme(s) 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. Karvy Computershare Pvt. Ltd. between April 18, 2018 to May 17, 2018. Alternatively, Unit holders may submit redemption/ switch-out request through other modes of redemption/ switch-out specified in SID of the Scheme(s). The unitholder who do not exercise the exit option by 3.00 p.m. on May 17, 2018 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(s) for redemptions/switch-outs received under the Scheme(s) shall be processed at applicable NAV, without payment of exit load.

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

i. who have pledged or encumbered their units, unless they procure release of their pledges or encumbrances before exercising their exit option.

ii. 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.

Redemption/switch-out transaction in the Scheme(s) may entail tax consequences/capital gain/loss in the hands of unitholders. In case of Non Resident Indians tax, if any at applicable rates will be withheld by Axis MF/ Axis AMC. In view of individual nature of tax implications, Unit Holders are advised to consult their tax advisor / other advisors before submitting the request.

This addendum shall form an integral part of the SID & KIM of the above Scheme(s). All the other terms and conditions of the SID & KIM of the above Scheme(s) remain unchanged.

For Axis Asset Management Company Limited
(CIN - U65991MH2009PLC189558)
(Investment Manager to Axis Mutual Fund)

Place : Mumbai
Date : April 13, 2018
No. : 02/2018-19

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

Axis House, First Floor, C2, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai - 400 025, India. TEL : (022) 4325-5161, FAX : (022) 4325-5199, EMAIL : customerservice@axismf.com, WEBSITE : www.axismf.com, EasyCall : 1800 221 322 or 1800 3000 3300