

Axis Credit Risk Fund

(An open ended debt scheme predominantly investing in AA and below rated corporate bonds (excluding AA+ rated corporate bonds). A relatively high interest rate risk and relatively high credit risk)



**For riskometer and Product Labelling, please refer slide no. 18*

Fixed Income Market Update

2024: The Year of Duration

Rally driven by favourable demand-supply dynamics and policy easing expectations

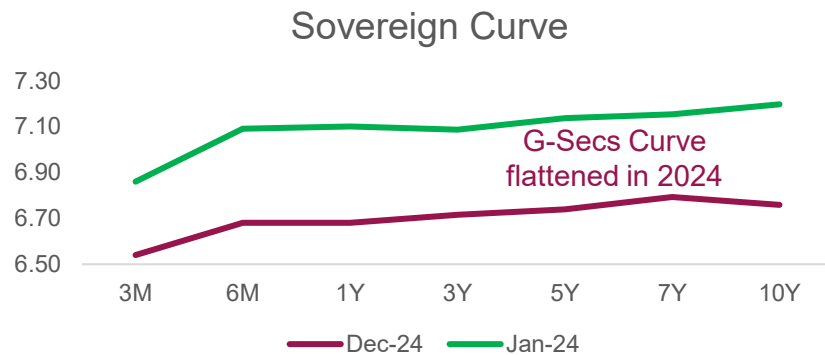
Inclusion in JP Morgan EM Bond Index

Fiscal Consolidation

Rate cut expectations + Tight banking liquidity

Long Duration Strategies
outperformed

Flat G-Sec and SDL curves and inverted Corporate Bond Curve



2025: The Year of Abundant Liquidity

Rally driven by liquidity

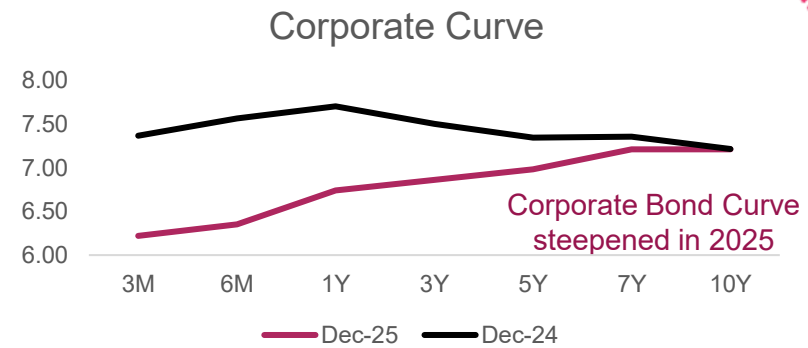
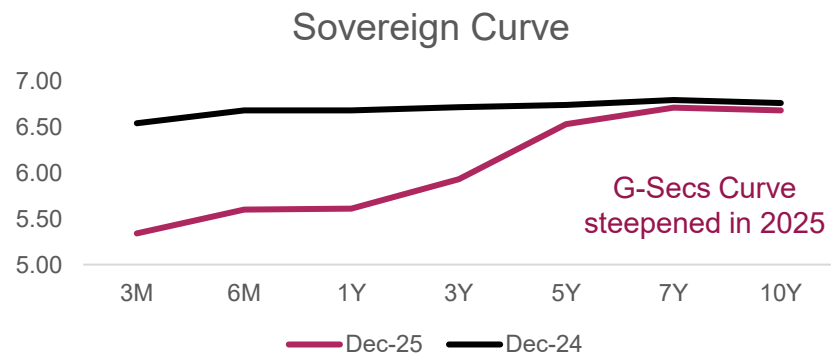
Monetary easing-
Lower GDP
and benign
CPI

Surplus
Liquidity

Steep Yield
Curve – fag
end of rate
cut cycle

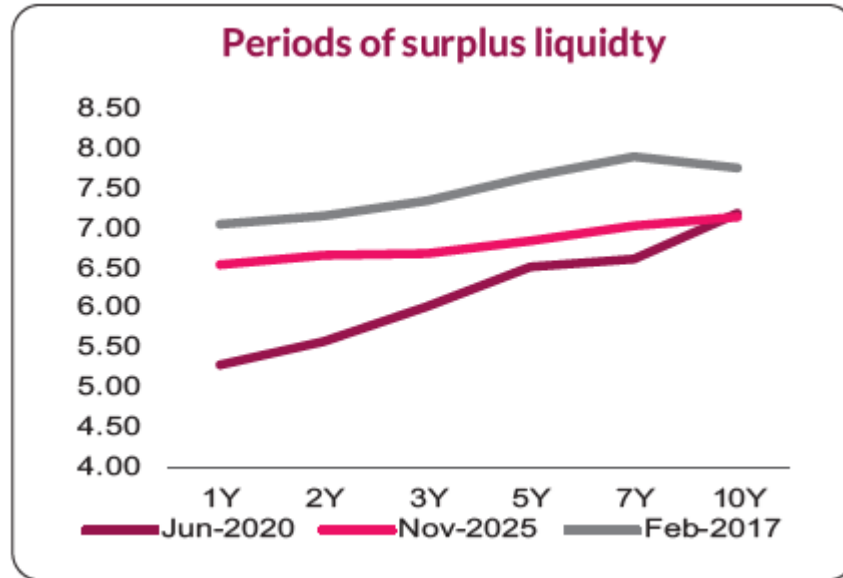
3 – 5 year
corporate
bonds
outperformed

G-Sec, SDL curves and Corporate Bond Curve Steepened



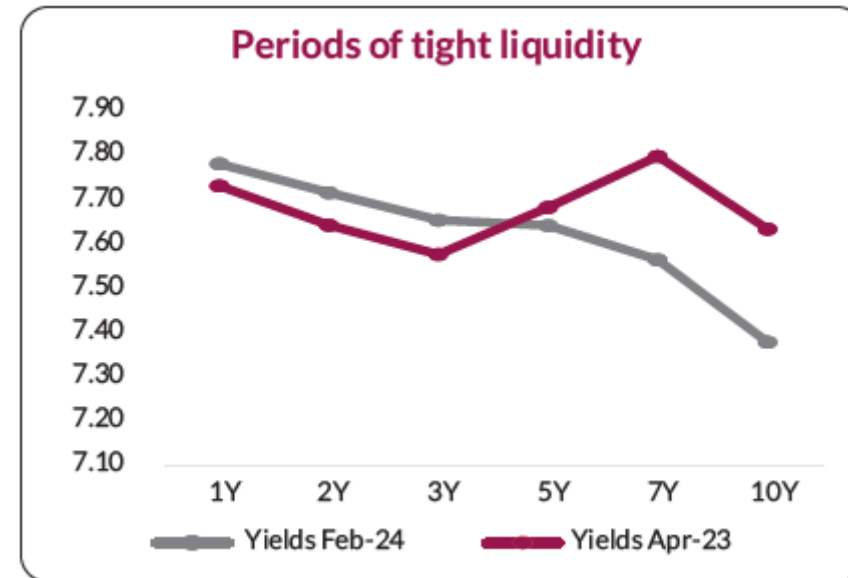
Yield Curve to flatten

Driven by neutral liquidity and increase in credit growth



Steep yield curve

Excess funds keep short-term rates suppressed




Flat yield curve

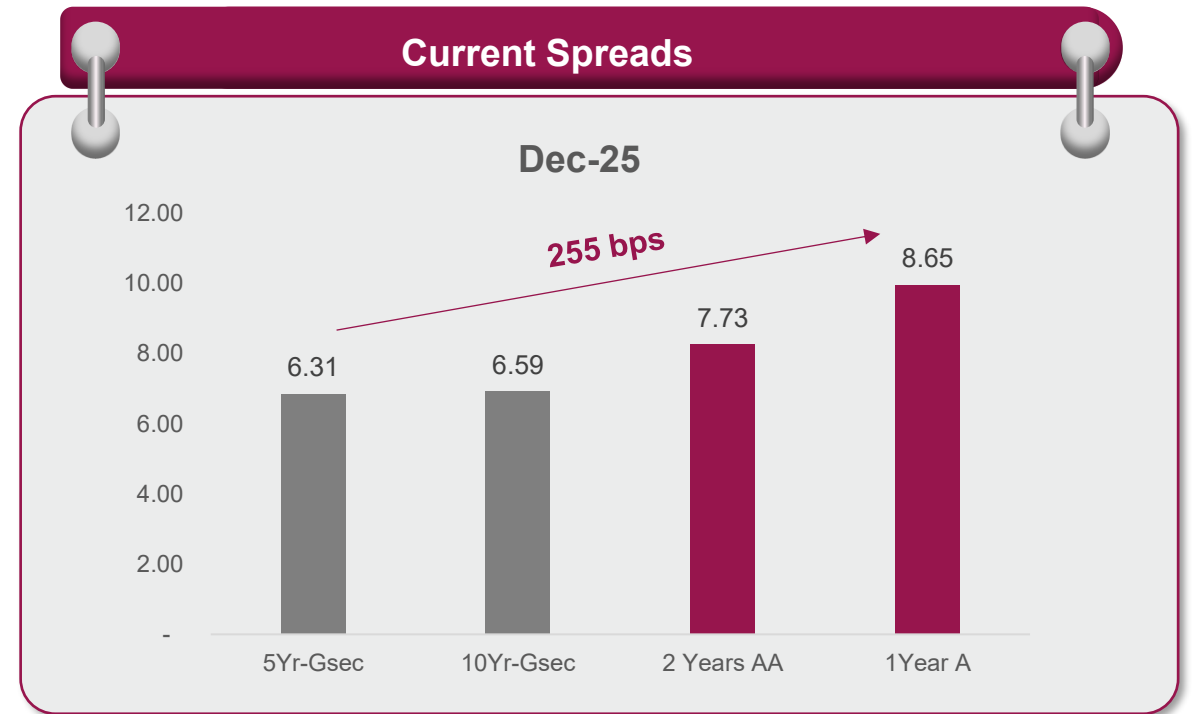
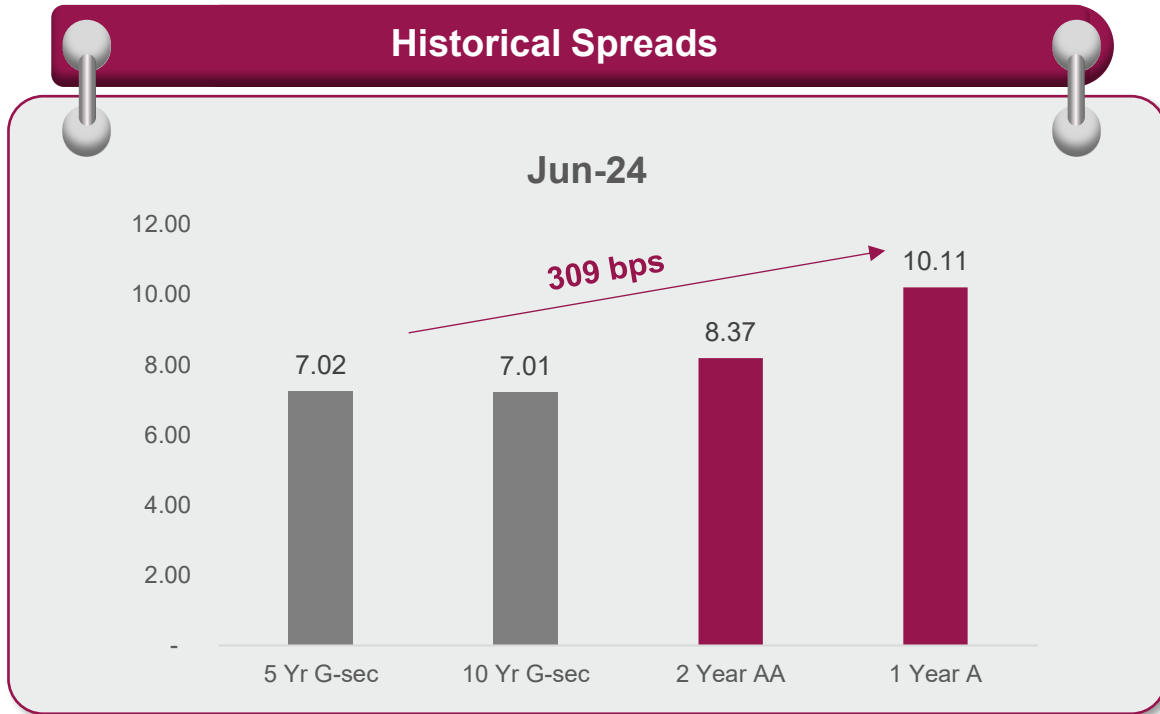
Short-term rates rise relative to long-term rates

Are Credits offering an opportunity?

Low default risk & Attractive Spreads

 Opportunity for spread compression in 1-5-year corporate bonds

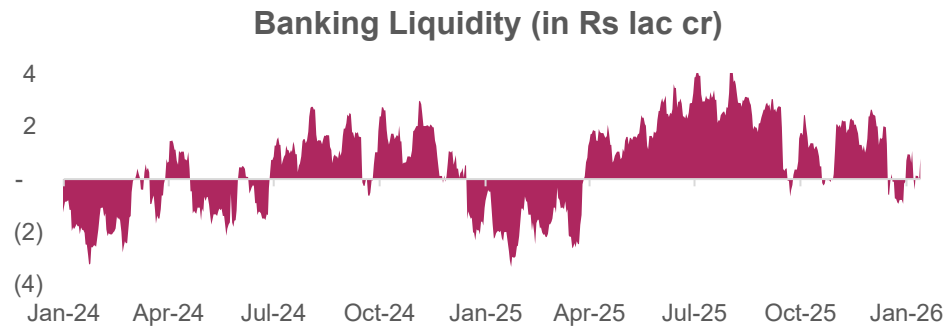
 With ~206 bps of spread between a 10-Yr G-Sec and 1-Yr A rated paper, credits still offer a yield kicker to portfolios



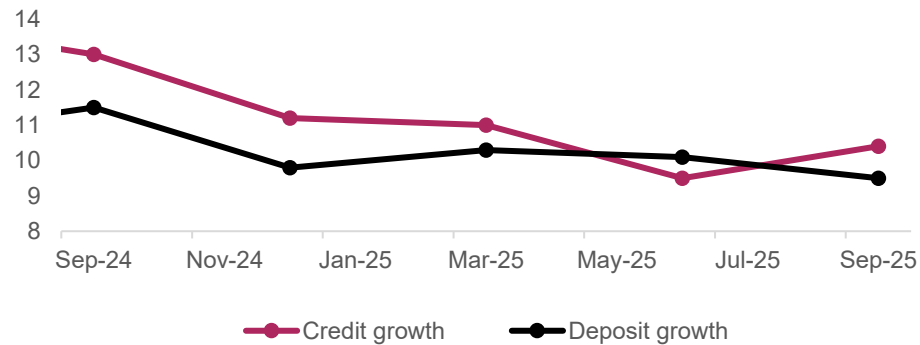
Best of Liquidity behind us?

RBI interventions will keep liquidity positive

Liquidity to remain positive till March 2026



Credit growth accelerating

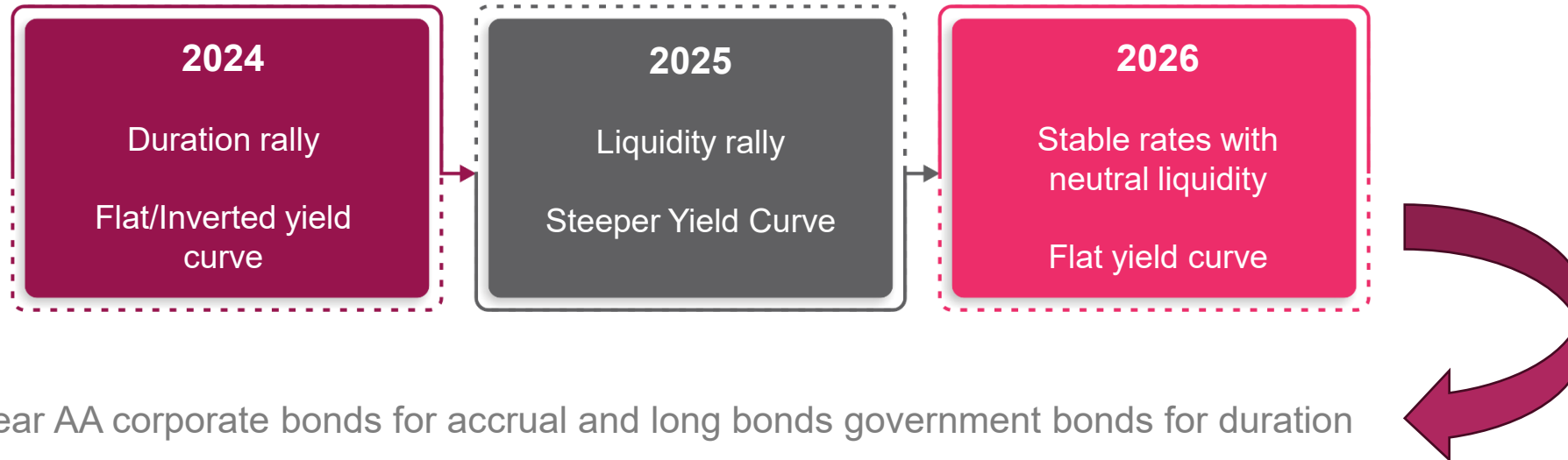


Durable liquidity by March 2026

	Particulars	Amt (In Rs Crs)
	Net Durable Liquidity - Dec 12, 2025	3,25,000
Inflow	FX Buy Sell \$10Bn + \$5Bn	1,35,000
	OMOs	3,00,000
Outflows	Expected CIC outflow (Dec 25 - Mar 26)	1,50,000
	Increase in CRR maintenance on Deposit Growth	50,000
	FX Intervention (Spot & forward)	2,50,000
	Durable Liquidity (expected) - March 2026	3,10,000

Shifting gears for 2026

Prefer Barbell Strategies



2-year AA corporate bonds for accrual and long bonds government bonds for duration

	Mod	Yield (21st Jan 2026)	1 Yr returns given change in Interest rates				
			-25 bps	-15 bps	0 bps	15 bps	25 bps
30 Year Gsec	11.25	7.42	10.18	9.08	7.42	5.75	4.64
10 Year Gsec	6.85	6.65	8.23	7.60	6.65	5.71	5.07
5 Year AAA Corp	4.65	7.23	8.22	7.82	7.23	6.63	6.23
3 Year AAA Corp	2.75	7.04	7.52	7.33	7.04	6.75	6.55
2 Year AA Corp	1.85	7.99	8.23	8.13	7.99	7.83	7.73

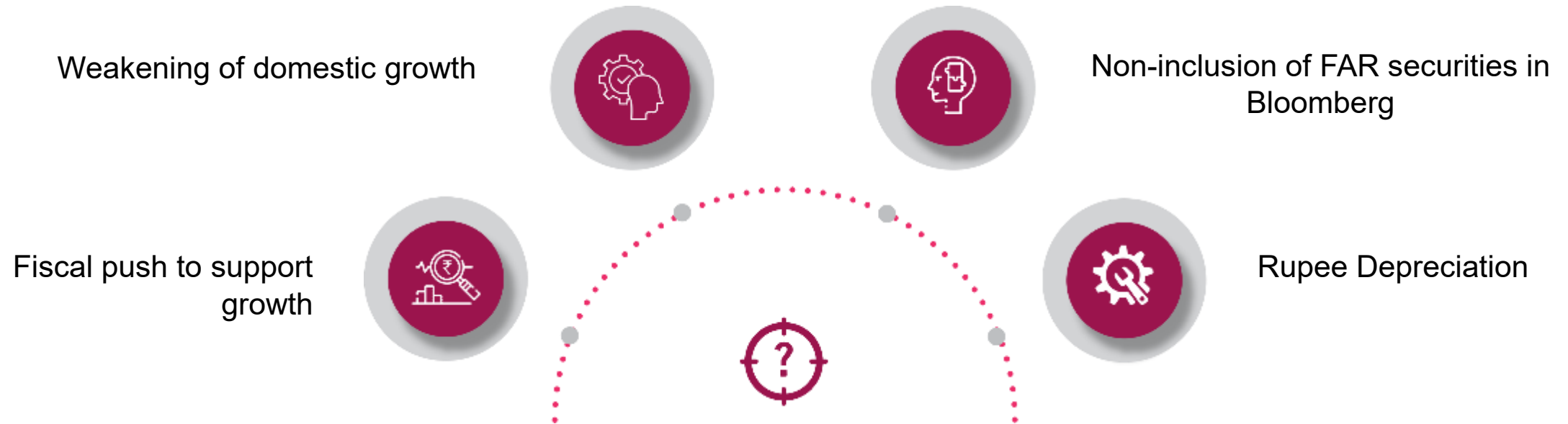
Accrual important in a lower rate regime

Long bonds provide meaningful protection at current levels

Inclusion in Bloomberg Global Aggregate Index could attract US\$25-30 bn inflows could lead to tactical rally in bond markets

Key Risks to our view

Potential Headwinds



Axis Credit Risk Fund

(An open ended debt scheme predominantly investing in AA and below rated corporate bonds (excluding AA+ rated corporate bonds). A relatively high interest rate risk and relatively high credit risk)

Investment Strategy

The fund takes advantage of opportunities arising from the credit spectrum. Some of the strategies that we may follow are as follows:

- Opportunity from credit spreads between AAA and AA rated fixed income instruments
- Opportunity from migration of ratings

Our accrual strategies follow 4 main traits

- Diversification
- Self-liquidating nature of portfolios
- Buy when the spreads between AA/A and AAA are attractive from risk reward perspective
- Buy & Hold approach

Investing in Credits

Discipline is the key

Diversification



- Cautious at selecting sectors
- Diversifying the exposure to manage potential risk
- Strict issuer/ rating limits

Credit play different from duration play



- Pure 'carry' play with buy and hold approach
- No active duration call in lower rated papers

Valuation

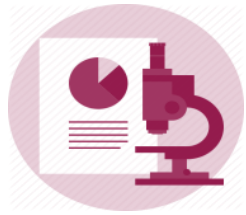


- Look at credit exposure only during favorable valuation scenario

Strategy followed is based on the current market conditions and is subject to changes depending on the fund manager's view of the markets.

Approach to 'Credits'

We follow a clearly defined process targeting Risk



- Based on Liquidity analysis, In-depth review of company financials and regular interactions with the management

- Very cautious at selecting sectors
- Diversifying the exposure to manage potential risk

- Pure accrual play with buy and hold approach
- No active duration call in lower rated papers

- Strict internal limits at issuer level and rating level

Axis Credit Risk Fund

Portfolio Construct



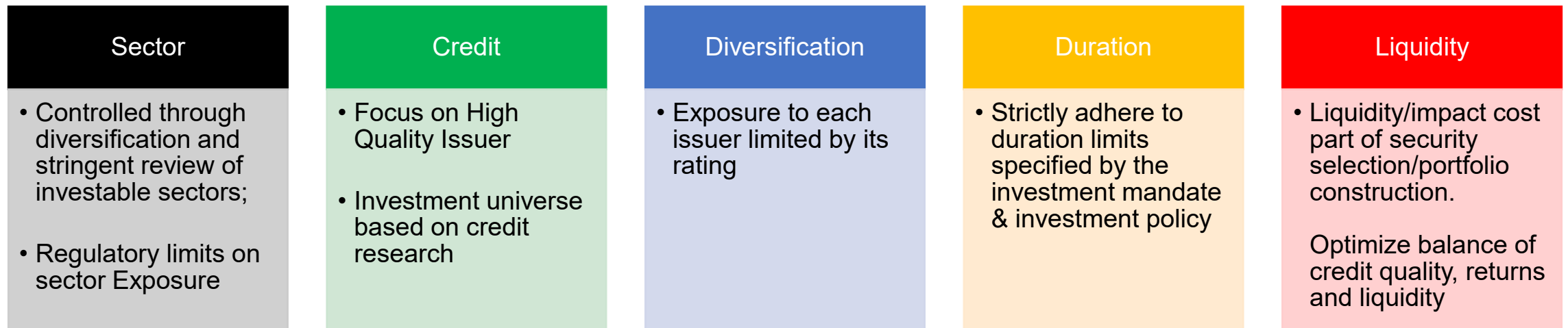
- An open-ended debt scheme predominantly investing in AA and below rated corporate bonds (excluding AA+ rated corporate bonds)
- Positioned in short to medium term space. Typical maturity range of 2-4 years
- Core book (>70%) in corporate debt instruments while 20-30% is managed dynamically based on market conditions
- Aims to capture higher yields / spread compression in 2-4 year corporate bonds

Strategy followed is based on the current market conditions and is subject to changes depending on the fund manager's view of the markets. Please refer to Scheme Information Document (SID) for detailed asset allocation and investment strategy on our website www.axismf.com.

Risk Management

- Tight Duration Range (3 years)
- Stringent credit review
- Control credit risk through diversification and strict limits on issuer weighting based on rating

Risk Mitigation Framework



Strategy followed is based on the current market conditions and is subject to changes depending on the fund manager's view of the markets.

Portfolio Granularity

Highly Diversified Corporate Bond Portfolio With Tight Position Limits

Top 10 non-AAA exposures (31st December 2025)

Issuer Name	Rating	% of NAV
Vedanta Limited	ICRA AA/CRISIL AA	4.65%
Jubilant Bevco Limited	CRISIL AA	4.38%
JTPM Metal Traders Limited	CRISIL AA	4.20%
Narayana Hrudayalaya Limited	ICRA AA	4.13%
Aditya Birla Renewables Limited	CRISIL AA	4.12%
Infopark Properties Limited	CARE AA-	4.09%
Aditya Birla Digital Fashion Ventures Limited	CRISIL AA-	4.09%
Jubilant Beverages Limited	CRISIL AA	2.91%
Delhi International Airport Limited	ICRA AA	2.80%
GMR Airports Limited	CRISIL A+	2.77%

Top 10 Non-AAA constitute 38% of the portfolio. Total non-AAA exposure is 77%

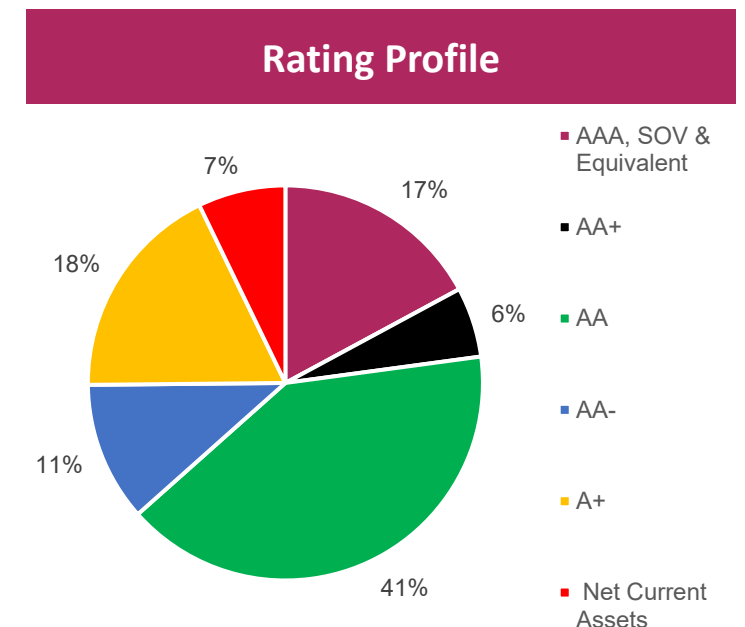
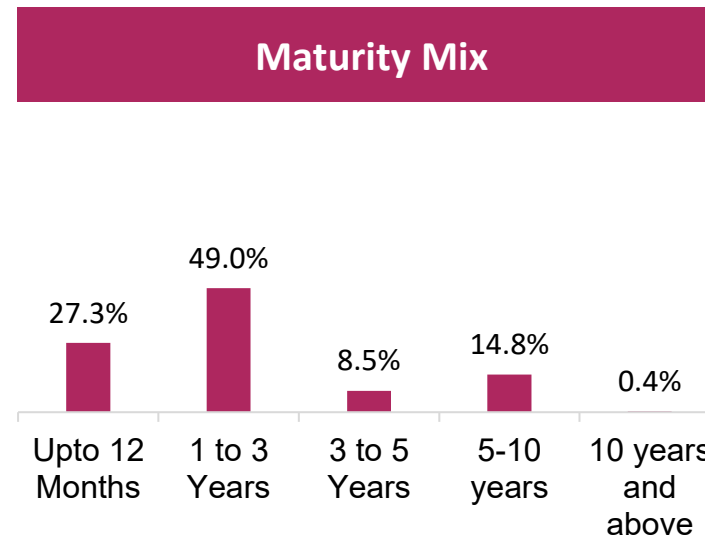
Data is based on the current market conditions and is subject to changes depending on the fund manager's view of the markets. Please refer to the factsheet / visit www.axismf.com for full portfolio details of the scheme. Sector(s) / Stock(s) / Issuer(s) mentioned above are for the purpose of disclosure of the portfolio of the Scheme(s) and should not be construed as recommendation. The fund manager(s) may or may not choose to hold the stock mentioned, from time to time.

Maturity Profile & Rating Transition

Endeavour to build Self Liquidating Credit Portfolios

- Credit exposure is typically through short tenor instruments with frequent resets. This ensures frequent liquidity events in the portfolio
- Duration management is achieved through exposure in Sovereign/AAA Securities

Portfolio Stats	
Average Maturity	2.49 Years
Modified Duration	2.16 Years
YTM	8.22 Years



Performance



31st December 2025

	Inception	1 Year		3 Year		5 Year		Since Inception	
		CAGR (%)	Current Value of investment of Rs. 10,000	CAGR (%)	Current Value of investment of Rs.10,000	CAGR (%)	Current Value of investment of Rs. 10,000	CAGR (%)	Current Value of investment of Rs. 10,000
Axis Credit Risk Fund - Regular Plan - Growth		8.75%	10,875	7.92%	12,574	6.74%	13,861	7.22%	22,260
CRISIL Credit Risk Debt B-II Index (Benchmark)	15-Jul-14	8.98%	10,898	8.50%	12,778	7.29%	14,222	8.40%	25,233
NIFTY 10 yr Benchmark G-Sec (Additional Benchmark)		6.85%	10,685	8.14%	12,651	5.17%	12,871	7.07%	21,893

Past performance may or may not be sustained in future. Since inception (15th July 2014). Different plans have different expense structure. Devang Shah is managing the scheme since 15th July 2014, and he manages 23 schemes of Axis Mutual Fund & Akhil Thakker is managing the scheme since 9th November 2021 and he manages 2 schemes of Axis Mutual Fund .Returns greater https://www.axismf.com/cms/sites/default/files/Statutory/WDP_Annexure_Dec.pdf to view the performance of other schemes currently managed by the fund manager.

Note: In case you require physical copy of this document request you to kindly take the printout to review the fund managers performance of other schemes managed by him from the above link given.

Product Labelling

Fund Name & Benchmark	Product Labelling	Product Riskometer	Benchmark Riskometer	Potential Risk Matrix (PRC)																								
<p>Axis Credit Risk Fund</p> <p>(An Open Ended Debt Scheme Predominantly Investing In AA And Below Rated Corporate Bonds (Excluding AA+ Rated Corporate Bonds). A relatively high interest rate risk and relatively high credit risk))</p> <p>Benchmark: CRISIL Credit Risk Debt B-II Index</p>	<p>This product is suitable for investors who are seeking*</p> <ul style="list-style-type: none"> Stable returns in the short to medium term. Investment in debt and money market instruments across the yield curve and credit spectrum <p>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them</p>	 <p>Scheme Riskometer The risk of the scheme is high</p>	 <p>Benchmark Riskometer The risk of the benchmark is moderately high</p>	<table border="1"> <thead> <tr> <th colspan="4">Potential Risk Class</th> </tr> <tr> <th>Credit Risk →</th> <th>Relatively Low (Class A)</th> <th>Moderate (Class B)</th> <th>Relatively High (Class C)</th> </tr> </thead> <tbody> <tr> <td>Interest Rate Risk ↓</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Relatively Low (Class I)</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Moderate (Class II)</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Relatively High (Class III)</td> <td></td> <td></td> <td>C-III</td> </tr> </tbody> </table>	Potential Risk Class				Credit Risk →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)	Interest Rate Risk ↓				Relatively Low (Class I)				Moderate (Class II)				Relatively High (Class III)			C-III
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Statutory Details and Risk Factors



Data updated As on 31st December 2025.

Past performance may or may not be sustained in the future. Sector(s) / Stock(s) / Issuer(s) mentioned above are for the purpose of disclosure of the portfolio of the Scheme(s) and should not be construed as recommendation. The fund manager(s) may or may not choose to hold the stock mentioned, from time to time.

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Mutual Fund Investments are subject to market risks, read all scheme related documents carefully.

Thank You

