

# Axis Banking & PSU Debt Fund

(An Open Ended Debt Scheme Predominantly Investing In Debt Instruments Of Banks, Public Sector Undertakings & Public Financial Institutions. A relatively high interest rate risk and moderate credit risk)

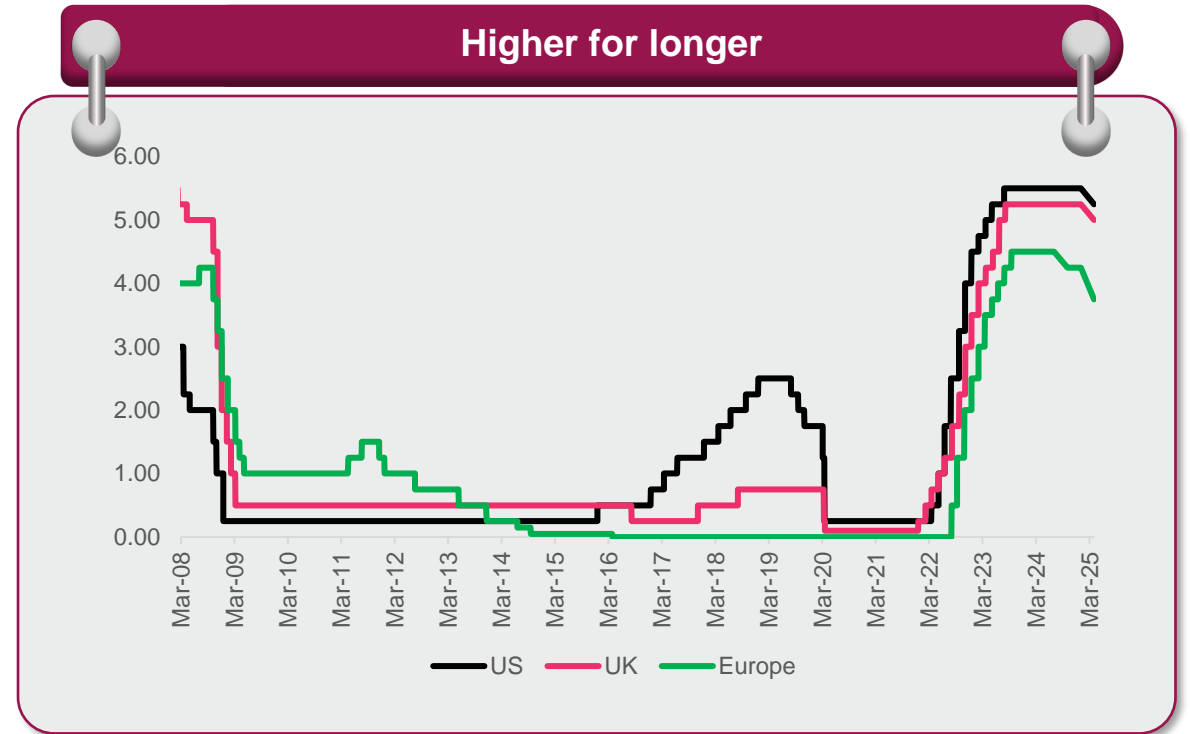
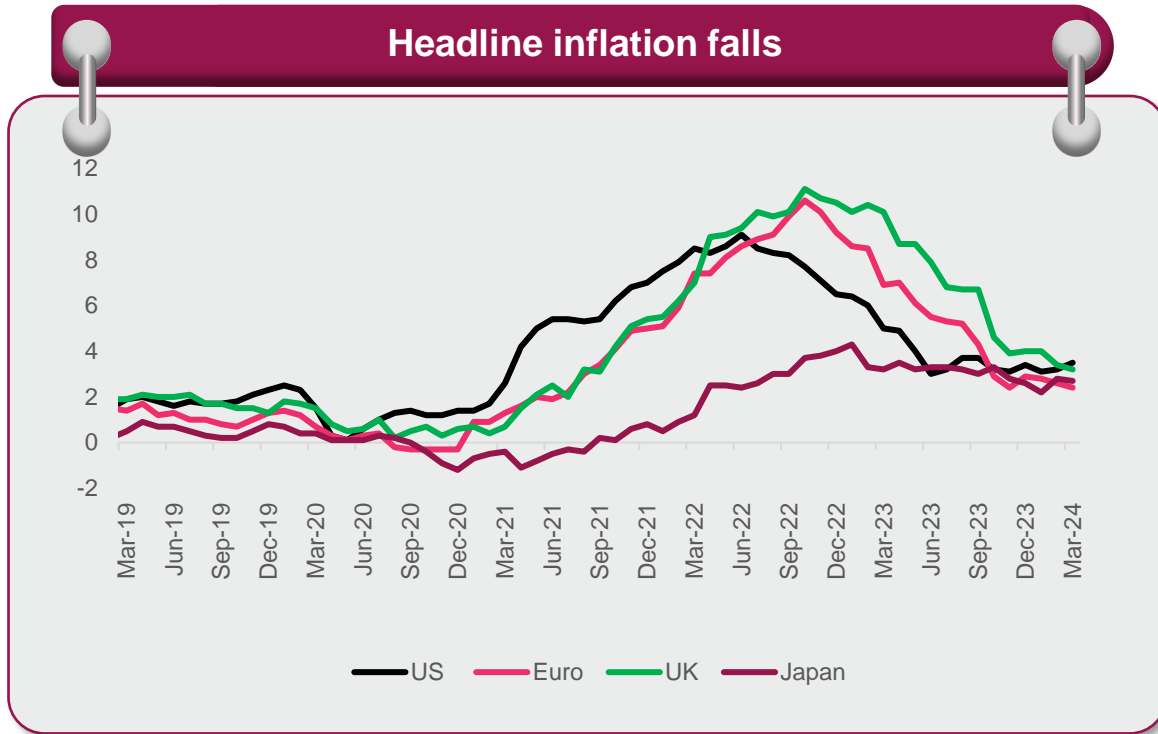


AXIS ASSET MANAGEMENT

# Market Outlook

# Global Policy Rates

The long pause continues



Even though inflation is heading lower, macros have taken a back seat in light of geopolitics. Policy rates are expected to come down globally in the second half of FY25.


The Federal Reserve has kept the target rate **unchanged at 5.25-5.50%**. However, based on Fed speak, markets now expect one to no rate cut by the end of 2024, tempering expectations of 5-6 cuts.

Fed announced plan to reduce the pace of balance sheet drawdowns by \$35 bn starting June 1

# RBI – Monetary Policy Minutes

## Assessment & Outlook

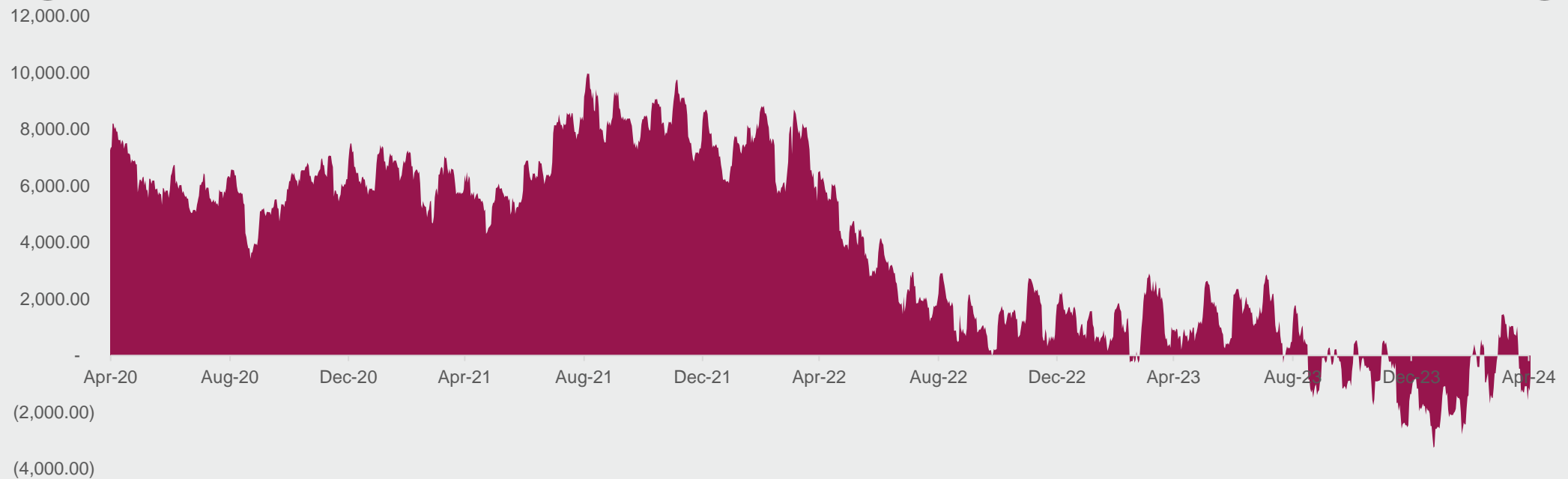
### Policy Decision

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- RBI kept the Repo rate unchanged at 6.50% for the seventh consecutive time in its April monetary policy meeting. Subsequently, the SDF & MSF rate remained unchanged at **6.25%** and **6.75%** respectively
  - Five members voted in favor of the pause, while one member voted for an interest rate cut.
  - RBI retained GDP growth for FY25 at 7% and Inflation at 4.5% but added that it will remain vigilant to the evolving outlook.
  - Geopolitical events and their impact on supply chains and commodity prices are key risks to inflation

RBI Projections	FY 2023-24	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	FY2024-25
Real GDP Growth	7.3%	7.1%	6.9%	7.0%	7%	7.0%
CPI Inflation	5.4%	4.9%	3.8%	4.6%	4.5%	4.5%

# RBI to deploy a mix of instruments to manage durable and frictional liquidity

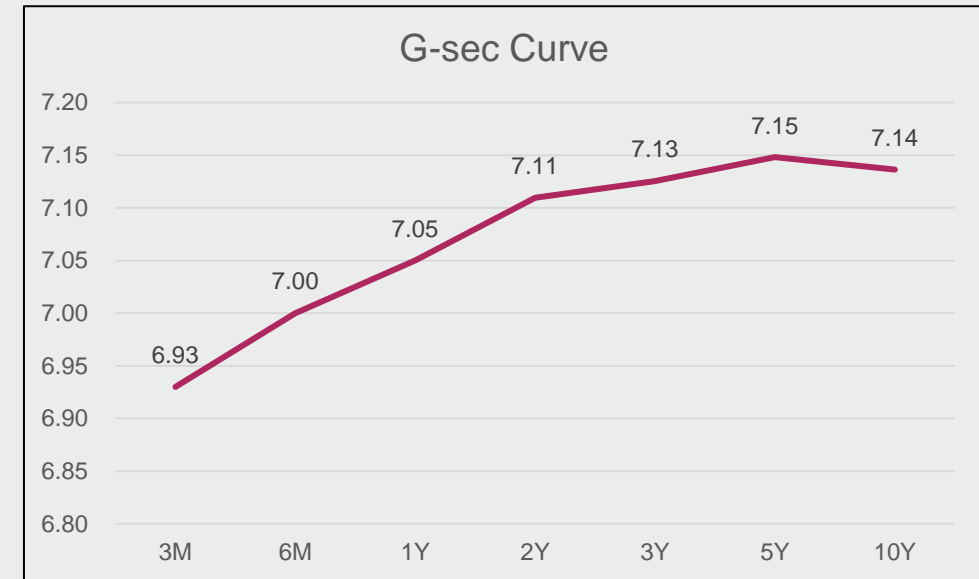
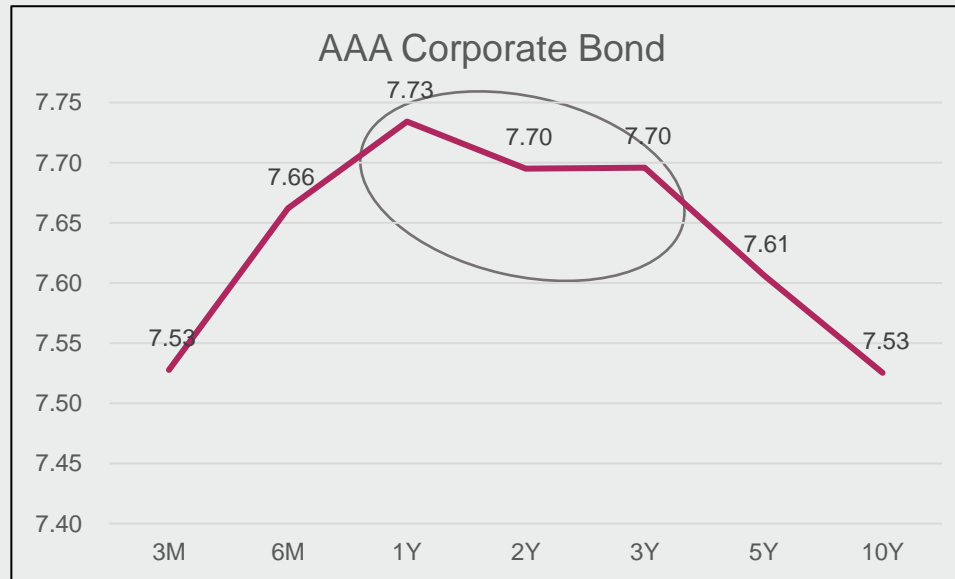
## Back to deficit in Banking Liquidity



- RBI has shifted its stance on liquidity from ultra-cautious (hawkish) to neutral, which has led to shift in operative rate from 6.75% to 6.5%.
- The Macro outlook both globally and locally has undergone a significant shift in the last quarter, which in turn has given RBI comfort to move to neutral liquidity stance

# Current opportunity set

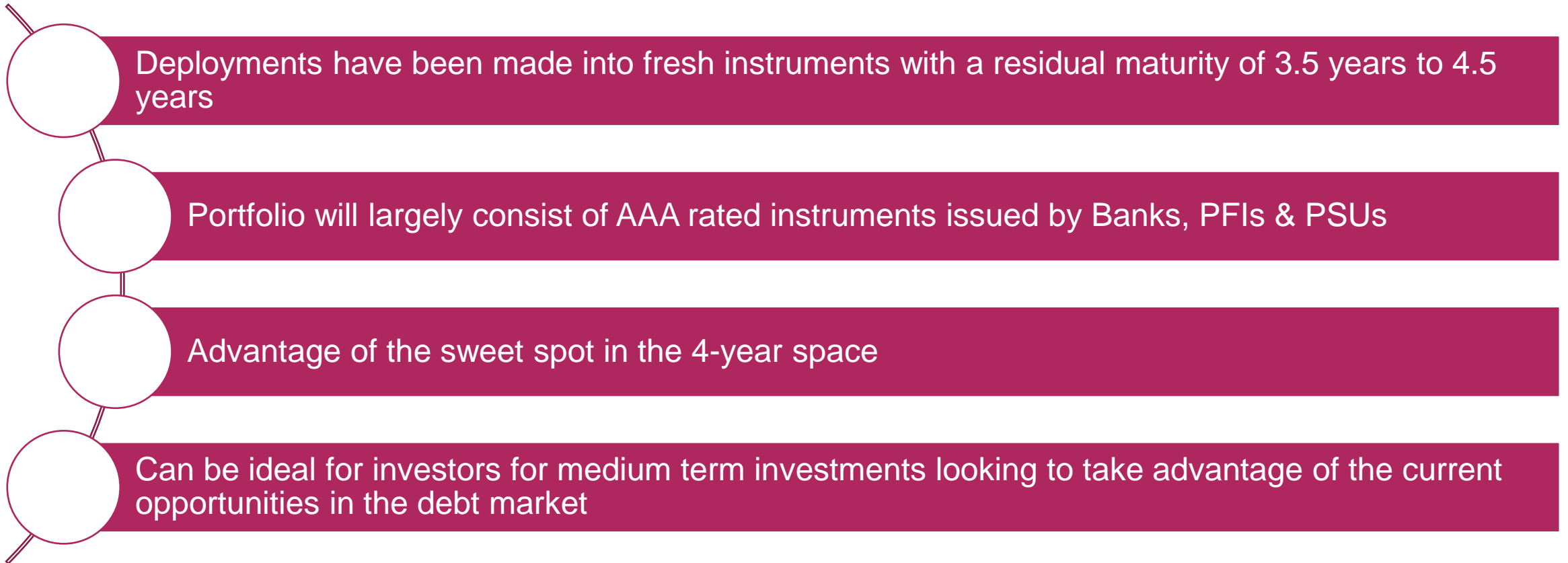
## “Carry” and “Long duration” given current market scenario



Playing the short end of corporate bond for “carry” and long end of Gsec for “duration”

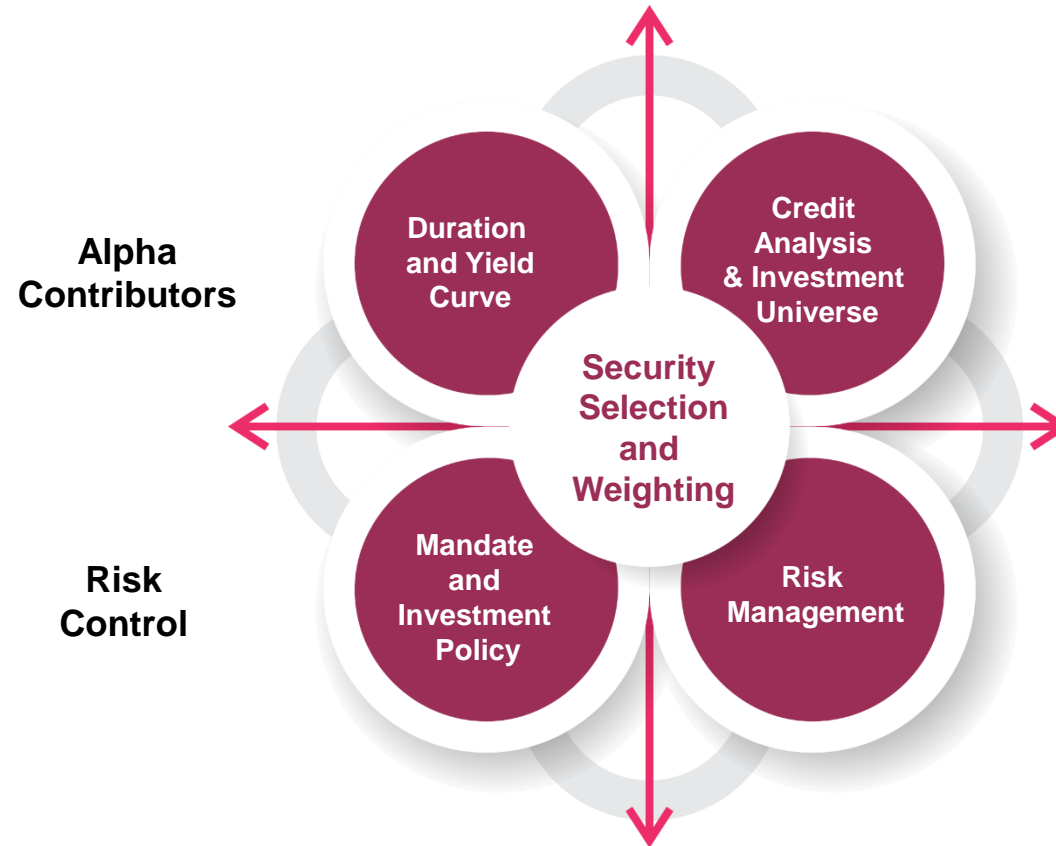
# Axis Banking & PSU Debt Fund

## Repositioning Strategy



# Portfolio Construction

## Emphasis on Consistency



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 Characteristics

30th Apr 2024

High quality & low-risk strategy

Roll Down Strategy aimed at locking in medium term rates

Can be ideal for investors with a 1-3 year investment horizon

## Portfolio Characteristics (30th Apr 2024)

Residual Maturity	2.27 Years
Macaulay Duration	2.06 years
Modified Duration	1.92 years
Annualized Portfolio YTM*	7.62%

Allocation & maturity is based on the current market conditions and is subject to changes depending on the fund manager's view of the markets. \* in case of semi annual YTM, it will be annualised. The yield to maturity given above is based on the portfolio of funds as on date given above. This should not be taken as an indication of the returns that maybe generated by the fund and the securities bought by the fund may or may not be held till their respective maturities. The calculation is based on the invested corpus.

# Performance

30th Apr 2024

	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 Banking & PSU Debt Fund - Regular Plan - Growth		6.27%	10,633	4.99%	11,574	6.58%	13,755	7.62%	23,976
Nifty Banking & PSU Debt Index A-II (Benchmark)	8-Jun-12	6.68%	10,673	4.93%	11,555	6.56%	13,744	7.54%	23,747
NIFTY 10 yr Benchmark G-Sec (Additional Benchmark)		6.08%	10,613	3.60%	11,121	5.86%	13,296	6.42%	20,980

**Past performance may or may not be sustained in future.** Different plans have different expense structure. Aditya Pagaria is managing the scheme since 13<sup>th</sup> August 2016. Aditya manages 17 schemes at Axis Mutual Fund & Hardik Shah is managing the scheme since 03<sup>rd</sup> July 2023. Hardik manages 17 schemes at Axis Mutual Fund. Returns greater than 1 year are Compounded Annual Growth Rates (CAGR). Face Value per unit is Rs 1,000. Please click on link [https://www.axismf.com/cms/sites/default/files/Statutory/WDP\\_ANNEXURE\\_Apr%2024.pdf](https://www.axismf.com/cms/sites/default/files/Statutory/WDP_ANNEXURE_Apr%2024.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.

# Disclaimers & Risk Factors

# Product Labelling

Fund Name & Benchmark	Product Labelling	Product Riskometer	Benchmark Riskometer	Potential Risk Matrix (PRC)																				
<p><b>Axis Banking &amp; PSU Debt Fund</b></p> <p>(An open ended debt scheme predominantly investing in debt instruments of Banks, Public Sector Undertakings &amp; Public Financial Institutions. A relatively high interest rate risk and moderate credit risk.)</p> <p><b>Benchmark:</b> Nifty Banking &amp; PSU Debt Index A-II</p>	<p>This product is suitable for investors who are seeking*</p> <ul style="list-style-type: none"> <li>Regular income over short to medium term</li> <li>Investment in debt and money market instruments issued by Banks, PFIs &amp; PSUs.</li> </ul> <p>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</p>	 <p>Investors understand that their principal will be at Moderate Risk</p>		<table border="1"> <tr> <td data-bbox="1898 529 2048 601">Credit Risk →</td> <td data-bbox="2048 529 2173 601">Relatively Low (Class A)</td> <td data-bbox="2173 529 2298 601">Moderate (Class B)</td> <td data-bbox="2298 529 2423 601">Relatively High (Class C)</td> </tr> <tr> <td data-bbox="1898 601 2048 672">Interest Rate Risk ↓</td> <td></td> <td></td> <td></td> </tr> <tr> <td data-bbox="1898 672 2048 743">Relatively Low (Class I)</td> <td></td> <td></td> <td></td> </tr> <tr> <td data-bbox="1898 743 2048 815">Moderate (Class II)</td> <td></td> <td></td> <td></td> </tr> <tr> <td data-bbox="1898 815 2048 886">Relatively High (Class III)</td> <td></td> <td data-bbox="2173 815 2298 886"><b>B-III</b></td> <td></td> </tr> </table>	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)		<b>B-III</b>	
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# Performance disclaimer

## **Past Performance may or may not be sustained in future.**

Data As on 30th Apr 2024

- **Past performance may or may not be sustained in future.** Calculations are based on Regular Plan - Growth Option NAV and Direct Plan - Growth Option NAV, as applicable. Face Value per unit: 1,000/- for Axis Liquid Fund, Axis Treasury Advantage Fund, Axis Money Market Fund, Axis Overnight Fund and Axis Banking & PSU Debt Fund, Rs. 1/- for Axis Gold ETF, Axis Nifty AAA Bond Plus SDL Apr 2026 50:50 ETF, Rs. 10/- for Axis Nifty 50 ETF, Axis Nifty Healthcare ETF, Rs. 100/- for Axis Nifty Bank ETF, Axis Nifty IT ETF and Rs. 10/- for all other schemes. Different plans have different expense structure.
- Aditya Pagaria is managing Axis Ultra short-term Fund since 10th Sep 2018, Axis Overnight Fund since 15th March 2019, Axis Money Market Fund since 6th Aug 2019, Axis Floater Fund since 29th July 2021, Axis Nifty AAA Bond Plus SDL Apr 2026 50:50 ETF since 11th May 2021, Axis Nifty AAA Bond Plus SDL Apr 2026 50:50 ETF FOF since 20th Oct 2021, Axis Silver Fund of Fund 21st Sep 2022, Axis Liquid Fund, Axis Treasury Advantage Fund and Axis Banking and PSU Debt Fund since 13th August, 2016, Axis Gold Fund since 9th November 2021, Axis CRISIL IBX SDL May 2027 Index Fund since 1st Feb, 2023, Axis Nifty SDL September 2026 Debt Index Fund since 22th November, 2022, Axis Equity Hybrid fund since 1st February, 2023, Axis CRISIL IBX50:50 Gilt Plus SDL Sep 2027 Index Fund since 27th February 2023, Axis Fixed Term Plan - Series 113 (1228 Days) since 21st Mar 2023, Axis Short term Fund since 3rd July. 2023.
- Hardik Shah is managing Axis Balanced Advantage Fund, Axis Corporate Debt Fund and Axis Floater Fund since 31st January 2022, Axis CRISIL IBX SDL May 2027 Index Fund since 23th February, 2022, Axis Long Duration Fund since 27th July, December, 2022, Axis CRISIL IBX 50:50 Gilt Plus SDL June 2028 Index Fund since 24th January, 2023, Axis Equity Saver Fund, Axis Children's Gift Fund since 1st February, 2023, Axis Fixed Term Plan - Series 112 (1143 Days) since 01st March 2023, Axis Banking and PSU Debt Fund since 3rd July, 2023, Axis CRISIL IBX SDL June 2034 Debt Index Fund since 21st March, 2024, Axis Dynamic Bond Fund, Axis All Seasons Debt Fund of Funds, Axis Multi Asset Allocation Fund, Axis Retirement Savings Fund - Aggressive Plan, Axis Retirement Savings Fund - Dynamic Plan and Axis Retirement Savings Fund - Conservative Plan since 5th April, 2024.

# Disclaimer and Risk Factors



**Disclaimer: 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. Investors are requested to consult their financial, tax and other advisors before taking any investment decision(s).

**Statutory Details:** Axis Mutual Fund has been established as a Trust under the Indian Trusts Act, 1882, sponsored by Axis Bank Ltd. (liability restricted to Rs. 1 Lakh).

**Trustee:** Axis Mutual Fund Trustee Ltd.

**Investment Manager:** Axis Asset Management Co. Ltd. (the AMC).

**Risk Factors:** Axis Bank Limited is not liable or responsible for any loss or shortfall resulting from the operation of the scheme. This document represents the views of Axis Asset Management Co. Ltd. and must not be taken as the basis for an investment decision. Neither Axis Mutual Fund, Axis Mutual Fund Trustee Limited nor Axis Asset Management Company Limited, its Directors or associates shall be liable for any damages including lost revenue or lost profits that may arise from the use of the information contained herein. No representation or warranty is made as to the accuracy, completeness or fairness of the information and opinions contained herein. The AMC reserves the right to make modifications and alterations to this statement as may be required from time to time.

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

**Thank You**