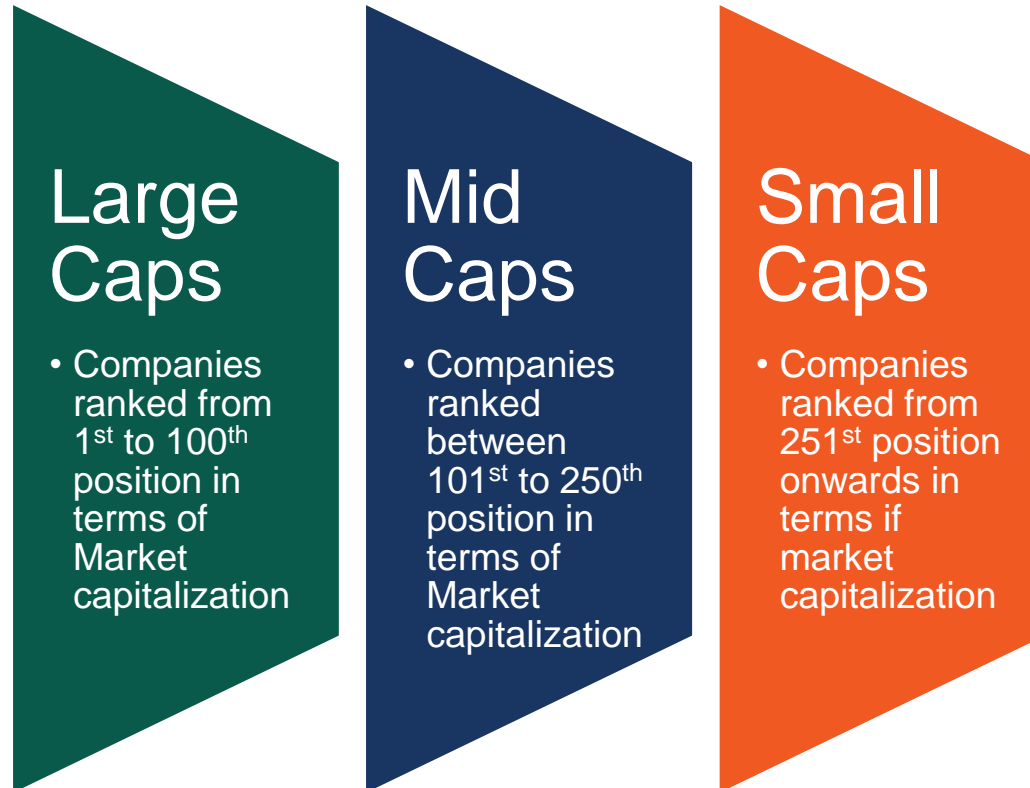


# Axis Small Cap Fund

(An open-ended equity scheme predominantly investing in small cap stocks)

# Small caps in India



Returns in INR			
Year	Large Cap	Mid Cap	Small Cap
2013	7.89	-1.28	-6.44
2014	34.88	62.67	71.66
2015	-1.26	9.70	11.27
2016	5.01	6.53	1.39
2017	32.88	55.73	58.47
2018	2.57	-12.62	-26.15
2019	11.83	0.62	-7.26
2020	16.08	25.56	26.46
2021	26.45	48.16	63.34
2022	4.94	3.91	-2.64
2023	21.2	44.6	49.1

Source: Axis MF. Large cap: Nifty 100 TRI, Midcap: Nifty Midcap 150 TRI, Small cap: Nifty Smallcap 250 TRI.

# Mortality rate in small caps is higher

What matters is ‘Good or Bad’ not ‘Large or Small’

Market cap buckets (Mar 2023)

	Large cap	Midcap	Small cap	Got Acquired or Delisted	Grand Total
No of companies that were large cap 10 years back are now	57	29	8	7	100
No of companies that were mid cap 10 years back are now	18	51	65	11	150
No of companies that were small cap 10 years back are now	1	11	198	40	250

Source: Bloomberg, NSE, Axis MF Internal Analysis.. Above illustration includes data for all listed companies only in Nifty 500 Index. For the above analysis, Top 100 companies by market cap are considered as large cap companies, 101st to 250th companies as midcap companies and the rest as small cap companies. Data period:31st Mar 2013 – 31st Mar 2023

# Small caps offer a higher breadth of opportunities

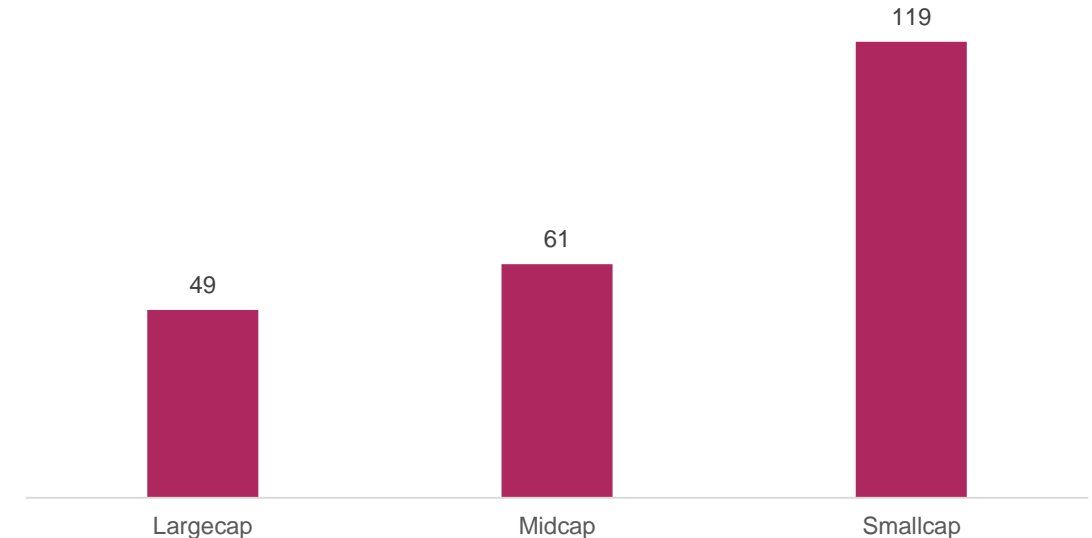
Sectors are more wide spread than in large caps

## Broader sector mix

Sector	Large Cap	Small cap
Financial Services	35.3	19.8
Capital Goods	1.2	14.5
Healthcare	3.6	9.0
Chemicals	1.5	6.4
Information Technology	12.9	6.3
Consumer Services	1.9	5.4
Consumer Durables	3.4	5.3
Fast Moving Consumer Goods	9.5	4.8
Services	0.7	4.5
Automobile and Auto Components	4.8	4.3
Construction	3.0	4.0
Oil, Gas & Consumable Fuels	11.0	2.8
Telecommunication	2.2	1.9
Realty	0.4	1.9
Metals & Mining	3.3	1.8
Media, Entertainment & Publication	0.2	1.8
Construction Materials	2.4	1.7
Textiles	0.3	1.7
Power	2.3	0.9
Forest Materials		0.7
Diversified		0.4

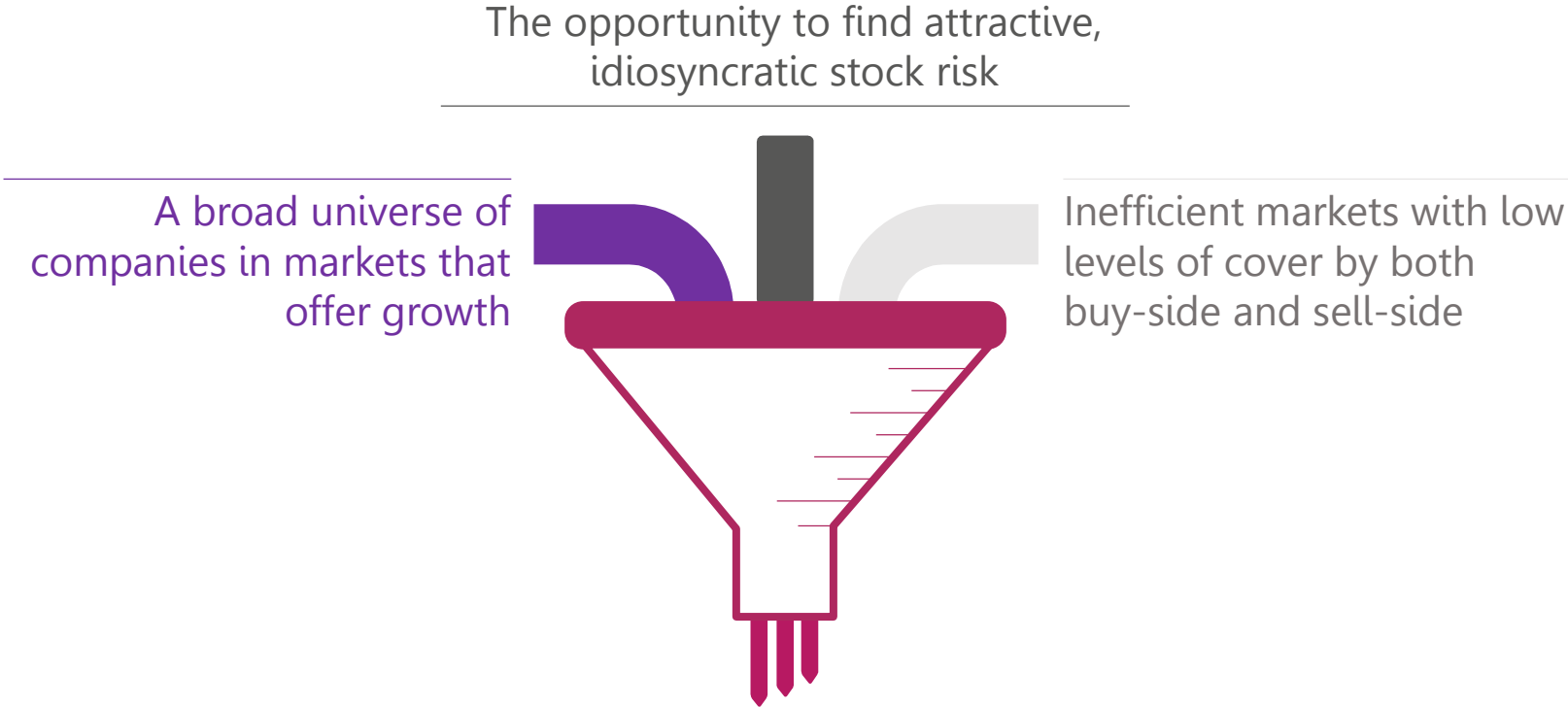
## Larger set of stocks to select from

No of stocks (exc. financials) in Nifty 500 Index with ROE >15%



Source: Bloomberg, Axis MF Internal Analysis, Value Research. Large cap : Nifty 50 Index, Smallcap : Nifty Small cap 100 Index,, Midcap: Nifty Midcap 100 Index. Past performance may or may not be sustained in the future. Sector(s) / Stock(s) / Issuer(s) mentioned above are for the purpose of illustration 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). Index Data as of 31<sup>st</sup> Mar 2023

# Opportunity To Generate Significant Alpha



**The Opportunity to Generate Alpha with a Diversified Portfolio of Stocks**

Source: Axis MF Internal Analysis

# There Is Huge Dispersion In Returns

Quality companies add value; weak names erode significantly

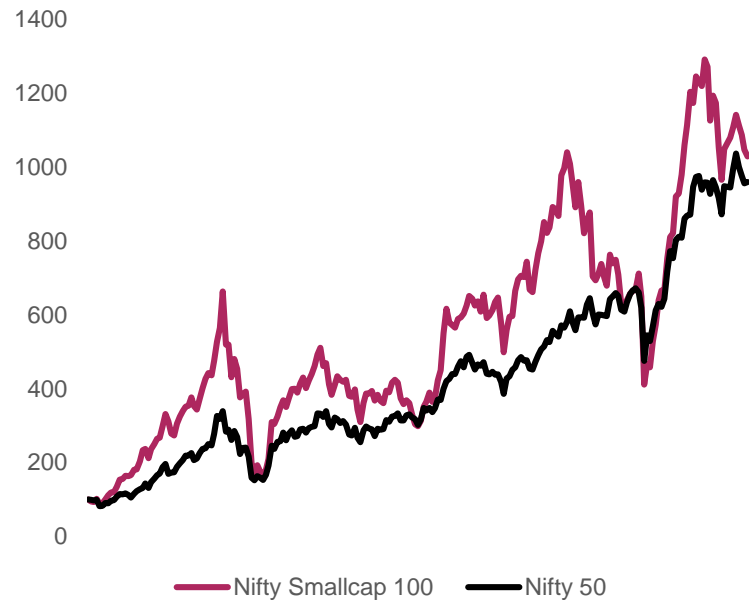
10 year Return (CAGR)	
Smallcap Index return <sup>^</sup>	17.9%
Top quartile (Average)*	40.9%
Bottom Quartile (Average)*	-0.1%

Source: Bloomberg, Axis MF Internal Analysis; Data as on 31st Mar 2023. <sup>^</sup>Small cap index: S&P BSE Smallcap Index, -. Above table is only for illustration purpose and does not indicate or represent future returns or returns for any Axis schemes. \*For top and bottom quartile returns, due to unavailability of index member data, Small cap stocks (from 251st stock as per market cap) in Nifty 500 Index are considered. Past performance may or may not be sustained in future.

# Benefits of investing in small caps

## The Performance Case

Volatility is a part of the ride



## The Inefficiency Case

Under Researched Segment

Index	Average Analyst Coverage
Nifty 50 Index	39
Nifty Midcap 100 Index	21
Nifty Smallcap 100 Index	8

## The Opportunity Case

- Improved capital availability for smaller companies from Private Equity Funds, Mutual Funds etc.
- New breed of professional & technical entrepreneurs

Past performance may or may not be sustained in the future. Source: Value research , Bloomberg, Axis MF Internal Analysis, Data As on 31<sup>st</sup> Mar 2023

# Key Learnings From Investing In Small Caps

- Simply selecting small caps as a category is not enough; bottom up stock selection is vital
- Both risk and return have to be considered
- Small cap investors should be willing to absorb short term volatility
- Patience is key



# Axis Small Cap Fund

(An open-ended equity scheme  
predominantly investing in small cap stocks)

# What do we look for?

## The Axis Advantage

### Quality

- Strong promoter pedigree, corporate governance and management with sound track record of execution
- Capable of sustaining good RoEs\* and RoCEs\*

### Scalability

- Business model with sustainable multi-year growth potential

### Stability

- Offers sustainable return potential with lower volatility
- Ability to withstand event shocks
- Sound balance sheet

\* ROE: Return on equity , ROCE: Return On Capital Employed

# What we try to avoid?

Management quality, leverage, promoter challenges, ESG concerns



## **A Fruit Juice/ Beverages manufacture company**

Governance Issues (Auditor issue on not providing significant information)



## **EPC Company in residential, industrial, commercial and road projects**

Issues pertaining to bad clientele



## **Auto Components and Equipment's segment**

Single product company, posed risk of scaling up



## **Retail Private Sector Bank**

Governance issues (Moratorium was imposed)



## **Indian Pharmaceutical Company**

Poor cash flows through cycles

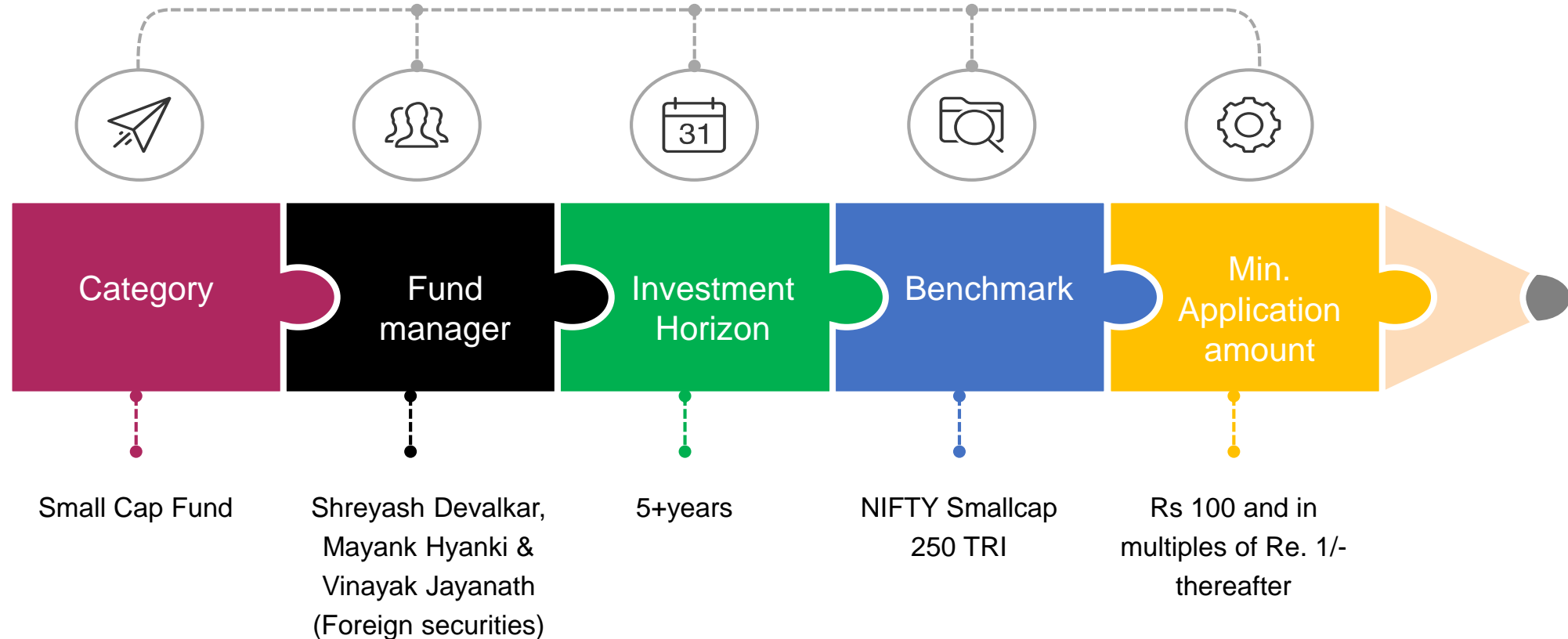


## **Housing Finance Company**

Sub optimal growth strategy

# Features At A Glance

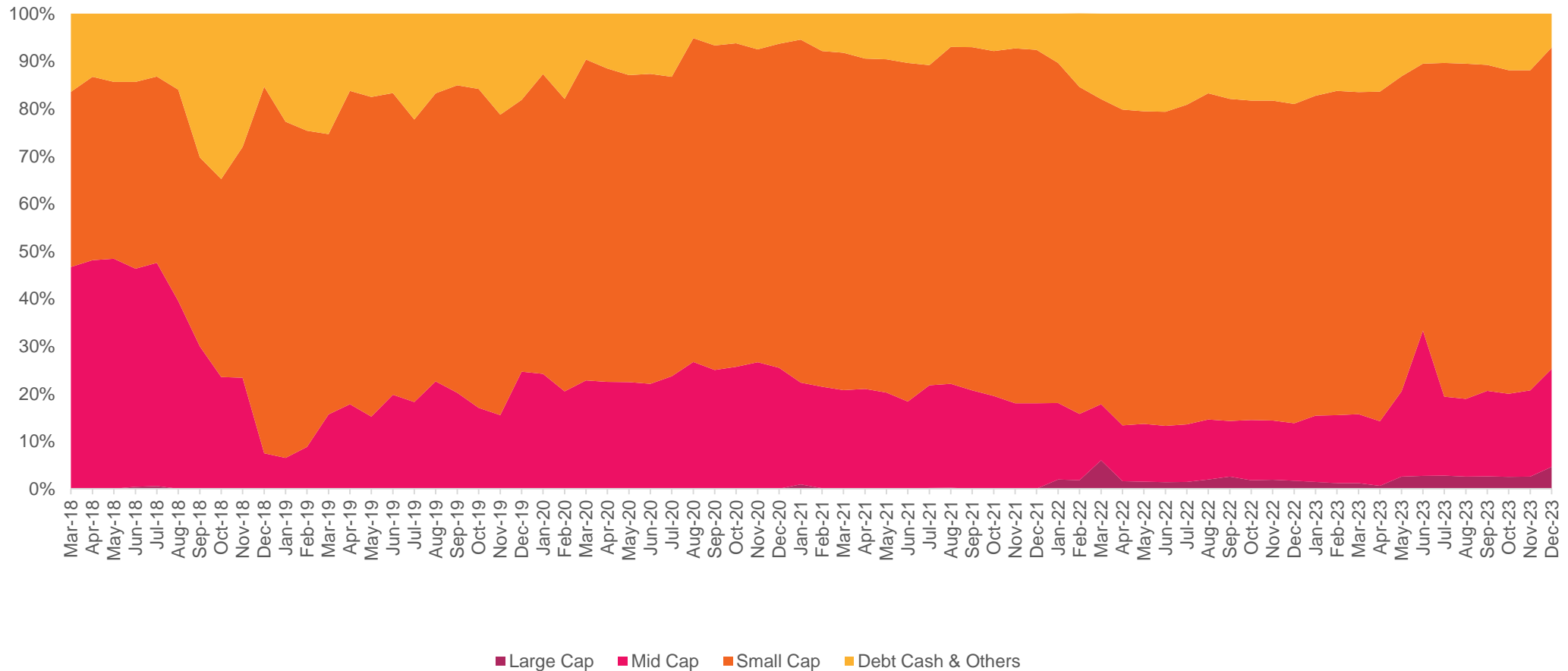
## Axis Small Cap Fund



Please note that w.e.f. November 29, 2018, the scheme has converted from close ended scheme to open ended scheme. Kindly refer to the notice cum addendum dated October 19, 2018 available on website [www.axismf.com](http://www.axismf.com)

Fresh/ new registrations through Systematic Investment Plan ("SIP") or Systematic Transfer Plan ("STP") or such other special product will be allowed/ accepted wherein the value of per installment would be less than or equal to Rs 5 Lakhs per investor (across all folios) till further notice, from the effective date.(October 1, 2021)

# Portfolio Allocation: Invests primarily in small cap companies



Current Portfolio Allocation is based on the prevailing market conditions and is subject to changes depending on the fund manager's view of the equity markets. Market caps are defined as per SEBI regulations as below: a. Large Cap: 1st -100th company in terms of full market capitalization. b. Mid Cap: 101st -250th company in terms of full market capitalization. c. Small Cap: 251st company onwards in terms of full market capitalization. For detailed asset allocation, please refer to the scheme information document (SID)

Data as on 29th December 2023

# Portfolio Changes

## Changes made to the portfolio over the last 1 year

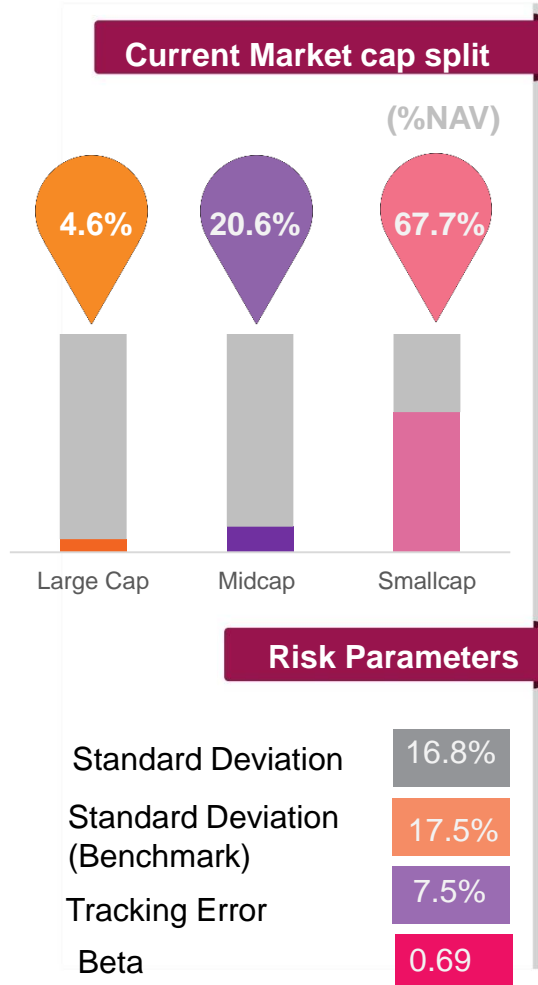
Top stocks with increased exposure/entries	Change in exposure (%) over last year
Cholamandalam Financial Holdings Limited	2.06%
CreditAccess Grameen Limited	1.57%
Kaynes Technology India Limited	1.53%
Tata Motors Limited	1.52%
JB Chemicals & Pharmaceuticals Limited	1.50%

Top stocks with reduced exposure/ exits	Change in exposure (%) over last year
Fine Organic Industries Limited	-2.00%
City Union Bank Limited	-1.21%
RHI Magnesita India Limited	-1.14%
JK Lakshmi Cement Limited	-1.13%
Galaxy Surfactants Limited	-0.89%

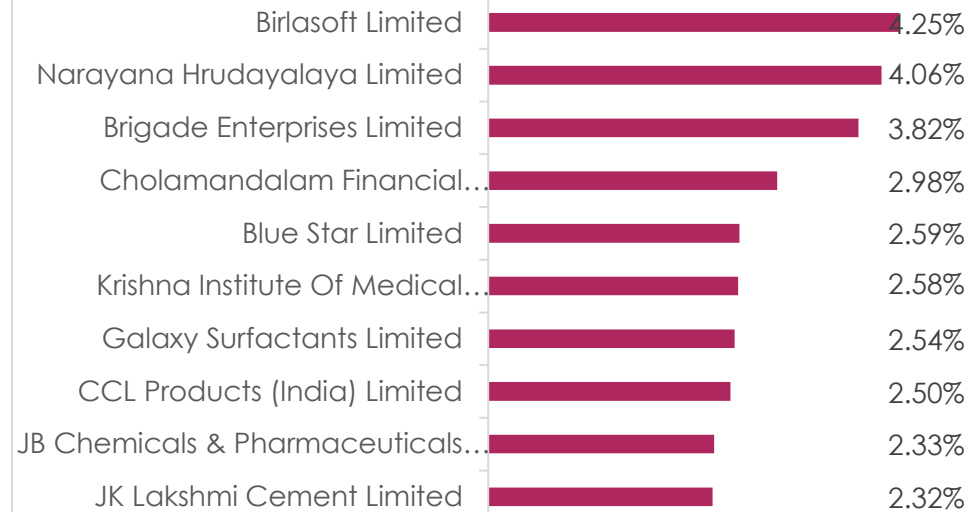
Exposure as % of Net assets. Source : ValueFY, ACEMF. Note: Current Portfolio Allocation is based on the prevailing market conditions and is subject to changes depending on the fund manager's view of the equity markets. Market caps are defined as per SEBI regulations as below: a. Large Cap: 1st -100th company in terms of full market capitalization. b. Mid Cap: 101st -250th company in terms of full market capitalization. c. Small Cap: 251st company onwards in terms of full market capitalization. Past performance may or may not be sustained in the future. Stock(s) / Issuer(s)/ Top stocks with increased or decreased exposure mentioned above are for the purpose of disclosure of the portfolio of the Scheme(s) and should not be construed as recommendation to buy/sell/ hold. The fund manager(s) may or may not choose to hold the stock mentioned, from time to time. Data As on 29th December 2023.

# Current portfolio

As on 29th December 2023



### Top 10 Stocks



### Top 5 Sectors



Exposure as % of Net assets. Source : ValueFY, ACEMF. Note: Current Portfolio Allocation is based on the prevailing market conditions and is subject to changes depending on the fund manager's view of the equity markets. Market caps are defined as per SEBI regulations as below: a. Large Cap: 1st -100th company in terms of full market capitalization. b. Mid Cap: 101st -250th company in terms of full market capitalization. c. Small Cap: 251st company onwards in terms of full market capitalization. Past performance may or may not be sustained in the future. Stock(s) / Issuer(s) / Top stocks with increased or decreased exposure mentioned above are for the purpose of disclosure of the portfolio of the Scheme(s) and should not be construed as recommendation to buy/sell/ hold. The fund manager(s) may or may not choose to hold the stock mentioned, from time to time. Data As on 29th December 2023.

# Performance

Axis Small Cap Fund has created wealth for its investors since launch



Fund Name	Date of inception	1 Year		3 Years		5 Years		Since Inception	
		CAGR (%)	Point-to-Point returns on Standard Investment of Rs. 10,000/-	CAGR (%)	Point-to-Point returns on Standard Investment of Rs. 10,000/-	CAGR (%)	Point-to-Point returns on Standard Investment of Rs. 10,000/-	CAGR (%)	Point-to-Point returns on Standard Investment of Rs. 10,000/-
Axis Small Cap Fund - Regular Plan - Growth		34.15%	13,404	29.65%	21,764	26.04%	31,792	23.70%	85,490
NIFTY Smallcap 250 TRI (Benchmark)	29-Nov-13	49.26%	14,909	33.42%	23,710	22.71%	27,806	20.86%	67,614
Nifty 50 TRI (Additional Benchmark)		21.36%	12,130	17.24%	16,101	16.25%	21,220	14.66%	39,742

**Past performance may or may not be sustained in future.** Since inception (29th November 2013). Different plans have different expense structure. Vinayak Jayanath is managing the scheme since 17th January, 2023 and he manages 18 schemes of Axis Mutual Fund. Shreyash Devalkar is managing the scheme since 1st March 2023 and he manages 17 schemes of Axis Mutual Fund. Mayank Hyanki is managing the scheme since 3rd August 2023 and he manages 1 scheme of Axis Mutual Fund. Returns greater than 1 year period are compounded annualised (CAGR). Face value `10 per unit. Please refer return table for performance of all schemes managed by the fund manager. Fresh/ new registrations through Systematic Investment Plan (“SIP”) or Systematic Transfer Plan (“STP”) or such other special product will be allowed/ accepted wherein the value of per installment would be less than or equal to Rs 5 Lakhs per investor (across all folios) till further notice, from the effective date. (October 1, 2021). Please click on link [https://www.axismf.com/cms/sites/default/files/Statutory/WDP\\_ANNEXURE\\_Dec%2023.pdf](https://www.axismf.com/cms/sites/default/files/Statutory/WDP_ANNEXURE_Dec%2023.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.



# SIP Performance

29th December 2023

SIP Investments	Since Inception SIP	5 Year SIP	3 Year SIP	1 Year SIP
Total Amount Invested	12,20,000	6,00,000	3,60,000	1,20,000
Market value as on December 29, 2023	39,84,296	12,21,838	5,23,225	1,46,887
Returns (Annualized)	22.01%	28.96%	25.95%	44.52%
Benchmark Returns (Annualized)	19.43%	32.14%	31.78%	71.28%
Additional Benchmark Returns (Annualized)	14.95%	18.84%	17.49%	33.54%

**Past performance may or may not be sustained in future.** Since inception returns is calculated on Rs. 10 invested at inception. Different plans have different expense structure. Plan of the scheme for which performance is given is indicated above. Plan of the scheme for which performance is given is indicated above. Mr. Shreyash Devalkar is managing the scheme since 01<sup>st</sup> March 2023 and he manages 17 schemes of Axis Mutual Fund. Mayank Hyanki is managing the scheme since 3<sup>rd</sup> August 2023 and he manages 1 scheme of Axis Mutual Fund. Vinayak Jayanath is managing the scheme since 17<sup>th</sup> January 2023 and he manages 18 schemes of Axis Mutual Fund. Returns greater than 1 year period are compounded annualised (CAGR) Above investment simulation is for illustration purpose only and should not be construed as a promise on minimum returns and safeguard of capital. Above calculation is based on Regular Plan - Growth Option NAV. Assuming Rs. 10,000 invested systematically on the first business day of every month over a period of time. SIP returns are computed after accounting for the cash flow by using XIRR method (investment internal rate of return). Fresh/ new registrations through Systematic Investment Plan ("SIP") or Systematic Transfer Plan ("STP") or such other special product will be allowed/ accepted wherein the value of per installment would be less than or equal to Rs 5 Lakhs per investor (across all folios) till further notice, from the effective date. (October 1, 2021). Please click on link [https://www.axismf.com/cms/sites/default/files/Statutory/WDP\\_ANNEXURE\\_Dec%2023.pdf](https://www.axismf.com/cms/sites/default/files/Statutory/WDP_ANNEXURE_Dec%2023.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 To refer scheme performance please refer slide 16.

# Product Labelling

## Axis Small Cap Fund

(An open ended equity scheme predominantly investing in small cap stocks)

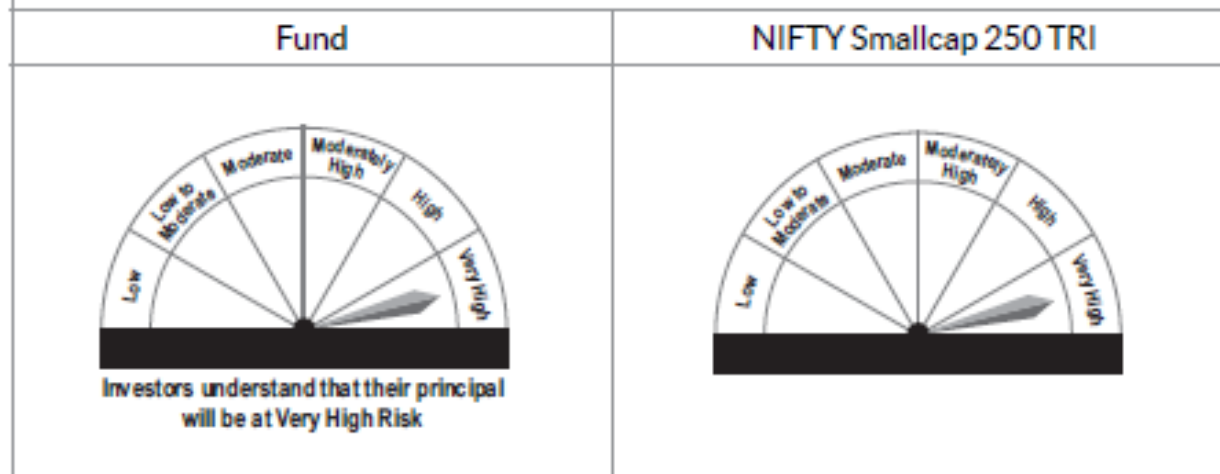
**Benchmark:** NIFTY Smallcap 250 TRI

This product is suitable for investors who are seeking\*

- Capital appreciation over long term
- Investment in a diversified portfolio predominantly consisting of equity and equity related instruments of small cap companies

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

### Riskometer



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

# Disclaimer & Risk Factors



## Data As on 29th December 2023

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.

Vinayak Jayanath is managing Axis Global Equity Alpha Fund of Fund, Axis Greater China Equity Fund of Fund, Axis Global Innovation Fund of Fund, Axis NASDAQ 100 Fund of Fund, Axis BlueChip Fund, Axis Focused 25 Fund, Axis Midcap Fund, Axis Flexi Cap Fund, Axis Growth Opportunities Fund, Axis Small Cap Fund, Axis Special Situations Fund, Axis Quant Fund, Axis Value Fund, Axis Retirement Savings Fund which includes Aggressive Plan, Conservative Plan & Dynamic Plan, Axis ESG Equity Fund since 17th January, 2023, Axis US Treasury Dynamic Bond ETF Fund of Fund since 27th Dec, 2023.

Shreyash Devalkar is managing Axis Bluechip Fund, Axis Midcap Fund since 23rd November, 2016 and Axis Flexi Cap Fund since 20th November, 2017 and Axis Equity ETFs FoF since inception, Axis Small Cap Fund, Axis Multicap Fund Since 1st March, 2023, Axis ELSS Tax Saver Fund, Axis Focused 25 Fund, Axis Growth Opportunities Fund, Axis NIFTY 50 Index Fund, Axis NIFTY Next 50 Index Fund, Axis Nifty Smallcap 50 Index Fund, Axis Nifty Midcap 50 Index Fund, Axis NIFTY IT ETF, Axis NIFTY Healthcare ETF, Axis ESG Equity Fund since 4th Aug, 2023, Axis India Manufacturing Fund since 27th Dec, 2023.

Mayank Hyanki is Managing Axis Small Cap Fund since 3rd Aug, 2023.

It has been decided to revise the limit for subscription of units under Axis Small Cap Fund, an open ended equity scheme predominantly investing in small cap stocks, effective from May 15, 2023. • Fresh/ additional subscriptions/switch-ins will be allowed/ accepted only for an amount less than or equal to Rs. 1 crore per investor per day (across all folios), till further notice; Fresh/ new registrations through Systematic Investment Plan (“SIP”) or Systematic Transfer Plan (“STP”) or such other special product will be allowed/ accepted wherein the value of per installment would be less than or equal to Rs. 1 Crore per investor (across all folios) till further notice, from the effective date

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.**

# Performance Disclaimer and Risk factors

## **Past performance may or may not be sustained in the future.**

The presentation dated 29<sup>th</sup> December, 2023 has been prepared by Axis Asset Management Company Limited (Axis AMC) based on internal data, publicly available information and other sources believed to be reliable. Any calculations made are approximations, meant as guidelines only, which you must confirm before relying on them. The information given is for general purposes only. Past performance may or may not be sustained in future. The current investment strategies are subject to change depending on market conditions. The statements are given in summary form and do not purport to be complete. The views / information provided do not have regard to specific investment objectives, financial situation and the particular needs of any specific person who may receive this information. The information/ data herein alone are not sufficient and should not be used for the development or implementation of an investment strategy. The statements contained herein may include statements of future expectations and other forward-looking statements that are based on our current views and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Stocks/Sectors referred in the presentation are illustrative and should not be construed as an investment advice or a research report or a recommended by Axis Mutual Fund / AMC. The Fund may or may not have any present or future positions in these sectors. Axis Mutual Fund/AMC is not guaranteeing any returns on investments made in the Scheme(s). The data/statistics are given to explain general market trends in the securities market, it should not be construed as any research report/research recommendation. Neither Axis AMC and Axis Mutual Fund nor any person connected with them, accepts any liability arising from the use of this document. The recipient(s) before acting on any information herein should make his/her/their own investigation and seek appropriate professional advice and shall alone be fully responsible / liable for any decision taken on the basis of information contained herein. For complete portfolio/details refer to our website <https://www.axismf.com/>.

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# Thank You

