ANNUAL OUTLOOK 2022

Prospects and themes to play for 2022

Commentaries from fund managers across different asset classes to give you a complete picture of how to play the year ahead

AXIS ASSET MANAGEMENT

2021: A mixed bag; 2022: Exciting times ahead

By Chandresh Nigam – MD & CEO

As we draw the curtains on another eventful year, there is no doubt that we have witnessed an accelerated evolution of the Mutual Fund industry over the past few years. The regulator's continued thrust on investor awareness, constant evolution of business models and policies, renewed pivot on customer experiences, increased focus on use of technology solutions, etc, all have been instrumental in changing the outlook of the Indian Mutual Fund industry. From a capital market point of view, 2021 has been a year where we witnessed the global central banks continued focus on providing ample liquidity, lowered interest rates, increasing rate of vaccination etc, factors that have all lead to positive contributions in one way or another.

Ever since the break out of the pandemic in Feb-20, sectors across the economy bore the brunt of decelerating or negative growth. Contrary to the trend, the BFSI sector, especially the Mutual Fund sector, witnessed path breaking growth. Not only did we witness benchmark indices (Sensex and Nifty) scaling record highs, we also saw retail investors joining the equity cult in a big way and supporting markets inspite of heavy outflows from foreign institutions.

As we step into a new-world order, let us look at some of the major learnings for the Mutual Fund industry during 2021:

1. **Digital is the way forward:** A major part of the last 2 years spent under lockdown. Inspite of all the hardships, we are witnessing new highs for our industry. This is testimony to the fact that, the industry is already geared for well-developed digital channels and a top-notch customer experience.

2. **Leveraging the Global Growth Story:** With the advancement of Technology and digitalization, investors have easy access to global markets and sunrise sectors, an idea which was a distant dream until a few years ago.

3. **Acceptance of Passive Investment Strategies:** In the new normal, investors' attitude towards wealth creation has evolved as well. While actively managed funds will continue to remain significant, we are also witnessing growing acceptance of passive investment strategies.

4. **Not Staying Invested is the Biggest Opportunity Cost:** The recovery in equities from the lows of March-20, has once again emphasised the importance of staying invested during testing times to reap the benefits over the long term.

As we gear up for the path to normalization, we continue to remain excited about India and its growth prospects. We say that with a lot of confidence as we believe, India has the necessary building blocks to achieve the next leg of growth.

Wishing you and your family a safe and a Happy 2022!

Chandresh

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If 2020 was the year of pain, 2021 was a year best described by volatility. Two Covid waves, a strong global economic comeback, a commodity boom and inflation have ensured investors remain on their toes.

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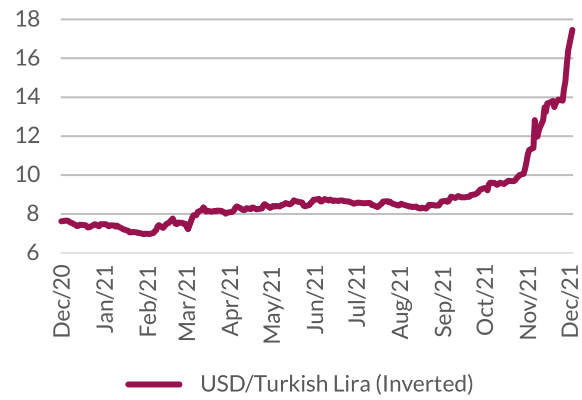
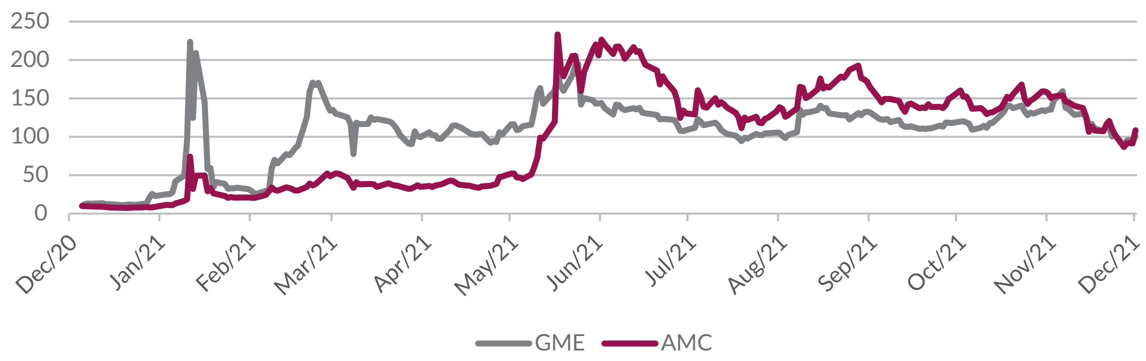


Retail outwits the Pros -Gamestop & AMC walk out of Bankruptcy as stock prices skyrocket



Source: Yahoo Finance, Axis MF Research, Data as of 18th December 2021.Gamestop Inc and AMC Entertainment prices normalized to 10. ***Past performance may or may not be sustained in the future.*** *Stocks/Sectors/asset classes mentioned are not a recommendation for investments.*

A Global Markets perspective

By Schroders

After a surge in activity in the first half of the year the world economy hit an air pocket in the third quarter. Bottlenecks in supply chains meant that delivery times soared and firms had to cut production due to a lack of parts. As a result, global growth stalled while inflation rose sharply.

Our near term view is that the third quarter slowdown in growth is temporary and the world economy will re-accelerate in the current quarter, led by the US. An easing of supply chain problems is supporting global industry where orders remain buoyant.

Looking further out into 2022, we see growth cooling as the massive policy stimulus in response to the pandemic fades. There will be support from consumer and corporate spending, but overall demand is set to ebb. Inflation should then moderate, but we will probably have to wait until the second half of next year to confirm that the rise has been transitory.

Both the Eurozone and UK have had their growth forecasts downgraded for 2022 as the spike in energy inflation is set to reduce the purchasing power of households. Despite this, growth remains strong as households are still expected to boost consumption and lower their savings rates.

However, differing labour market conditions will drive the UK and Eurozone to diverge on policy. The Bank of England is forecast to raise rates imminently, while fiscal policy is also being tightened. In contrast, the European Central Bank is likely to keep quantitative easing going, albeit with less purchases, but with fiscal policy still very stimulative for a number of years yet.

The roll-out of vaccines should ensure less disruption from Covid in emerging markets, but economic growth is set to slow as higher inflation and interest rates weigh on activity. China is ahead of most emerging markets in already experiencing a sharp slowdown. We expect looser policy to stabilise growth by mid-year, setting the scene for some recovery, but we are wary of downside risks stemming from the real estate sector.

The emergence of the Omicron variant occurred after we finalised our forecasts, but clearly increases the risk of new restrictions on activity and renewed supply side disruption. At this stage it is too uncertain to judge the macro impact, only that it adds to the stagflationary risks in the world economy.

Equity Markets in India

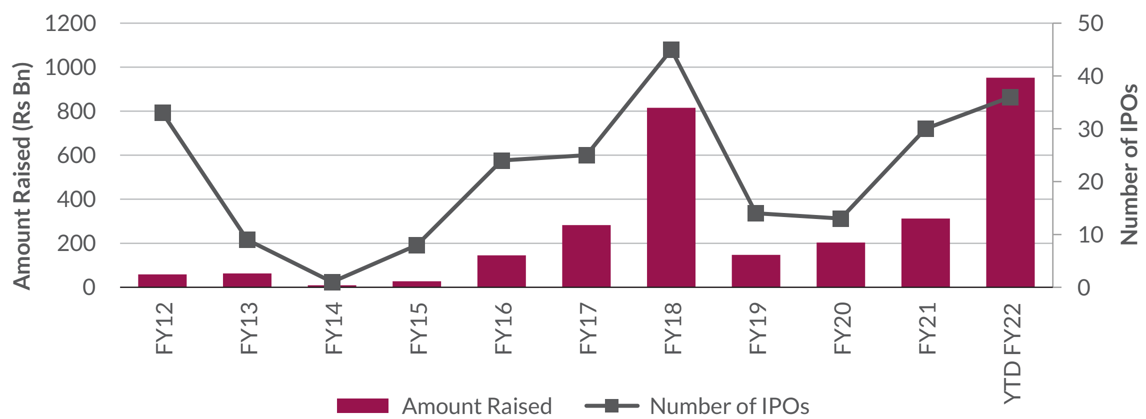
Equity markets this year saw a roller coaster ride driven by global tailwinds and rising favour for the India growth story. Amidst turbulence in the rest of the EM basket, India stood out as a favoured destination for global investors.

Source: Axis AMC Research, News Reports
Data as of 15th December 2021

IPO Bonanza

For the first time since 2017, primary markets saw a superlative year in terms of number of IPO's and the amount the IPOs raised. Marquee unlisted names transitioned to the capital markets as private equity and venture capitalists made strong exits underscoring the potential in this space.

FY 22 has been the best year for IPO's in a decade



Source: Citi, Prime Database, Axis MF Research. Data as of 30th November 2021

Fixed Income Markets

Major themes which played out last year are:

- Central banks flood global markets with liquidity in an attempt to spur growth, but fail
- Government deficits widen
- Inflation fears stoked by supply bottlenecks and lack of investment
- Credit cycle shows massive improvement
- Risk on trade bouyed by consumption & lending
- End of Accomodative monetary policy spook markets

The below table gives a summary of quick macro data trends and changes over the last 12 months:

	Macro Trends		
Macro data	**2020**	**2021**	**Trend**
GDP % Y-0-Y	0.40%	8.40%	↑
CPI India	4.50%	5.20%	↑
INR	73.3	75.5	↑
10 year Gov Bonds %	5.85	6.35	↑
5 Year Gov Bonds %	5.05	5.7	↑
3 year AAA %	4.75	5.5	↑
1 year Tbills %	3.5	4.15	↑
Banking durable Liquidity (In Rs Trillion)	8.5	11.2	↑
Trade Deficit (Monthly trend)in $	15.5 Bn	23.5 Bn	↑
FX reserves in $	580 Bn	640 Bn	↑
Brent in $	50$	75$	↑
UST 10 year %	0.90%	1.50%	↑
Vaccination rate (2 doses)	-	40%	↑
Credit Spreads			↓
AA over AAA for 3 year (in bps)	110	75	↓
A over AAA for 3 year (in bps)	~300	~275	↓

Data source: Bloomberg, RBI. 2020 data as on 31st December 2020. 2021 data as on 15th December 2021

Equity Markets – Bulls V/s Bears – An Even 2022

By Jinesh Gopani – Head Equity, Axis Asset Management

The mood of the markets has always fascinated me both as an investor and an equity strategist. As fickle as it can be, the mood of the market shifts on a dime. Looking back through the year, two themes worked very well – first half of the year was beta. The same beta rally however has been short circuited by a wave of negative news flow. In essence, investors who timed this rally at the start of the year and got out in time, had a great year to speak of. However, those that piled in looking at the rally were caught on the wrong foot as these very same stocks were pummelled towards October/November

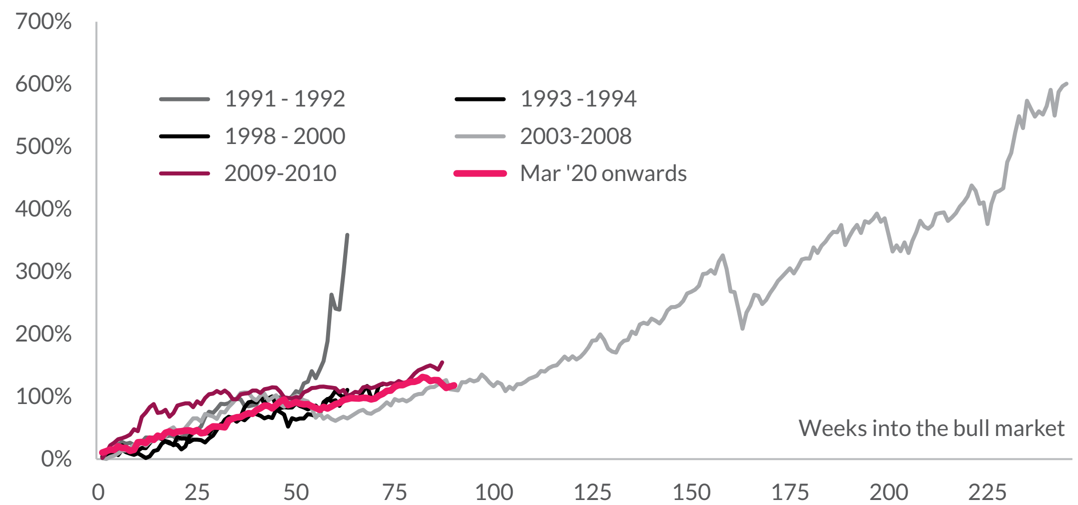
The moral of the story – Stay away from the fad.

2022 - A Year of Volatility

Year 2022 like the previous 2 years can be the one where volatility will be a key part of the markets. Markets have seen a one-way rally since 2021 driven by several tailwinds in the economy, the progress of the vaccination and the return of corporate profit growth. While these factors continue to play out, select pockets of the market have run up above expectations. This excess is what is correcting. With strong retail and non-institutional participation, many of these companies are trading at 'frothy' valuations. This is getting corrected. The market is a great equalizer. Long term investors who understand this have stayed away from many of these names.

The market as a whole will take intermittent breaks from time to time to digest information before the rally continues. In normal market conditions where there is positive optimism and the economy is growing, markets tend to follow the longer term trajectory of economic growth. Along the way frequent corrections are often considered healthy and investors should use these opportunities to top up their existing investments. From the market peaks, we are down ~10% which is not unusual. A typical bear market scenario is where you see index levels drop ~20% and we are a long way away from that scenario.

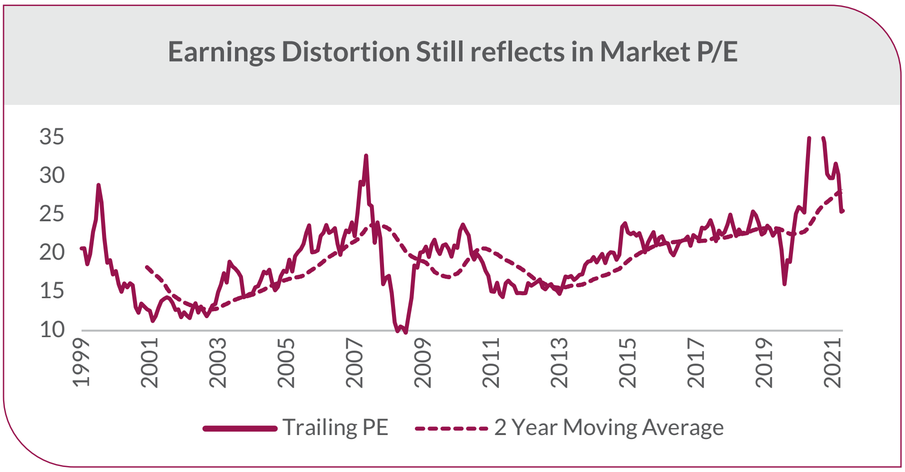
We are in Week 93 of the latest Bull market



Source: Morgan Stanley, Source: Bloomberg, Axis AMC Research. Data as on 30th November 2021.

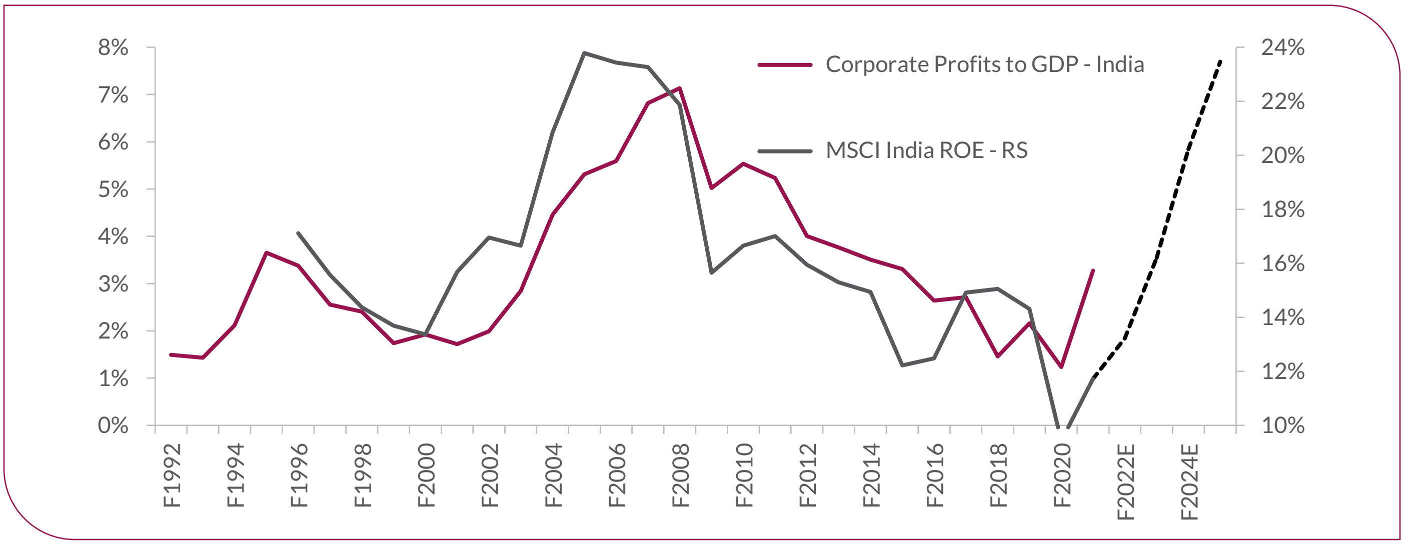
The Positives

The GDP data confirms positive demand momentum. With economic data stabilizing on a 2-year aggregate basis, investors may gradually go back to traditional valuation models and valuation metrics since seasonally adjusted data can incrementally reflect normal market conditions. NIFTY 50 P/E now stands at 24x in stark contrast with 35x in March 2021.



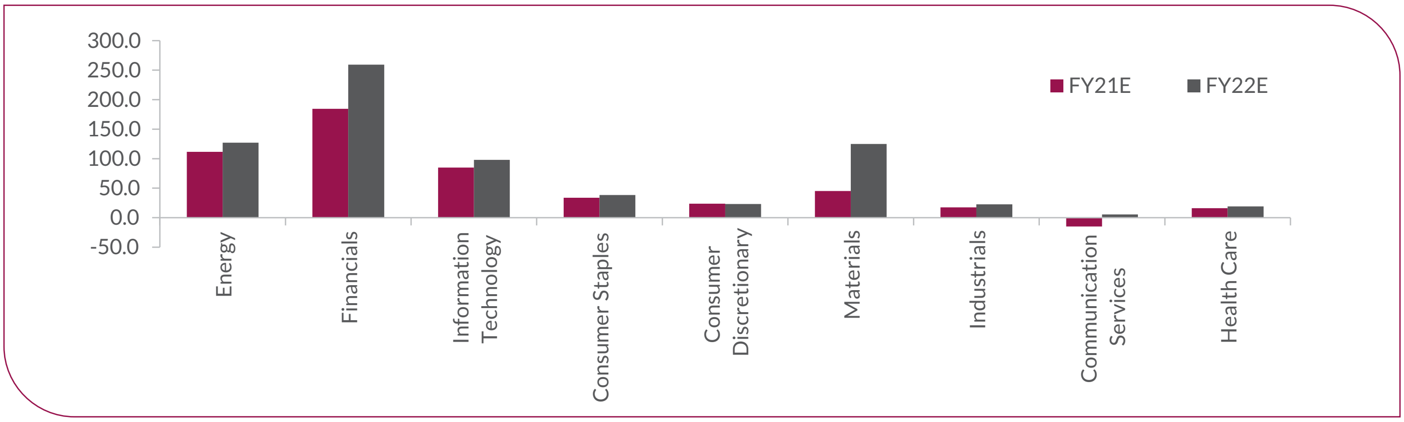
Source: Bloomberg, Axis AMC Research. Data as of 15th December 2021

Earnings thus far have been positive as most frontline companies have been able to match/outperform market consensus earnings. However, inflation has been debilitating for many companies who lack pricing power. Sectors and companies now have a new challenge to manage inflation.



Source: Bloomberg, Axis AMC Research. Data as on 30th November 2021

Traditional allocations in consumer and finance are ideally positioned to benefit from the demand recovery theme that has played out thus far. As consumption continues to recover we anticipate further benefits accruing to portfolio companies and hence continue to hold them across portfolios. Emphasising on our conviction on digital trends currently playing out across the economic landscape, we have increased our allocations in select companies which we believe should benefit disproportionately over the medium term.



Source: Citi, Axis AMC Internal Research, estimated earnings are Bloomberg consensus estimates

What can go wrong? (Risks to the view)

Omicron

- Dempening economic sentiment will have a ripple effect on earnings projections and cascade into stock prices over the next few quarter

Investor Expectations

- Earnings projections thus far factor strong growth recovery despite headwinds from Omicron
- Weakness in earnings delivery could severly affect investor sentiment, forcing a rerating of stocks

End of Easy Monetary Policy

- The last 10 years has seen a strong bull market on the back of easy monetary policies across the globe
- As central banks end easy liquidity policies, asset prices will have to adjust for normal monetary policies

Key Themes for 2022

Earnings

- Price Makers
- Consistent Growth Generators

Demand Recovery

- Likely Market share Gainers
- Buisnesses with new demand verticles

Digital

- Disruption Theme
- Digital enablers & adapters

Focus Products for 2022	Current Positioning
Axis Multicap Fund (An open ended equity scheme investing across large cap, mid cap, small cap stocks)	A fund which captures opportunities across the market cap spectrum with a minimum 25% allocation to Large, Mid and Small caps
Axis Special Situations Fund (An open ended equity scheme following special situations theme)	A diversified fund which looks to capture disruptive growth opportunities both in India & abroad.
Axis Quant Fund (An open ended equity scheme following a quantitative model)	A fundamentally driven quant based approach which blends traditional research based approach with rules based criteria to identify stocks within a well-established quality framework

Large Cap: 1st -100th company in terms of full market capitalization, Mid Cap: 101st -250th company in terms of full market capitalization, Small Cap: 251st company onwards in terms of full market capitalization.

Equity markets from a factor perspective

By Karthik Kumar – Portfolio Manager - Alternatives

While the markets rallied for most of 2021, beneath the surface, it was quite an interesting year. This is especially from a style perspective as inter-style rotation kept all market participants on their toes. Value had an explosive start to the year and especially commodity related names benefited considering that they were driven by a strong rally in underlying commodity prices. But since mid-year, with central banks becoming increasingly concerned about inflation, tighter monetary policy outlook across the globe and concerns surrounding newer variants of covid have resulted in a cooling off in that rally. As a result, Value suffered and Quality followed by Price Momentum have taken the leadership mantle since then. Lastly, a broader market rally also meant that Small Caps outperform large caps by an impressive margin.

The strong bounce back in markets from the Covid lows in March 2020 and the rally this year means that the market is already pricing in the strong recovery and growth rates at an aggregate level. Consequently, stock selection will be the key discriminating factor going forward from a performance perspective. It is here that we are beginning to notice interesting trends. For instance, Quality, from a Quant perspective, has been traditionally associated with stocks from specific sectors & with high valuations. However, now we are beginning to see improvement in the quality score of value stocks. As a result, the basket of quality stock is no longer as costly from a relative valuation perspective as it was about 12 months ago. Higher commodity prices, recovery in the business environment and controlled capex spending have helped heal the balance sheet, as reflected in the improved quality scores. Growth is also pointing towards a diverse mix across different sectors. Hence we believe the environment is better placed to deliver superior returns through stock selection rather than through beta plays / passive strategies.

Fixed Income 2022 – The Year where central banks would feel behind the curve

By Devang Shah – Co-Head Fixed Income

Writing the year end note is giving me a feeling of Deja vu as exactly same time last year we were showing signs of victory over Covid and economic rebound and then we saw massive pain of the second wave not only impacting human lives extensively but also extending the uncertainty and volatility in market across asset classes.

Analysing high frequency indicators, trade deficits, price pressures both input and output prices and buoyancy across sectors in festive season we feel that economic cycle is almost back to pre covid levels. But at the same time there is noise of new variant "Omicron" and again bouts of uncertainty and volatility.

With uncertainty still glooming, decision making for central banks and investment options for investors continue to remain challenging.

What Macro is telling us?

GDP for full year would be upwards of 9% in real terms and trend for next year too would be ~6%. Macro data has started showing massive improvement, what needs to attract attention is the growing trend of Trade deficit, increased trend in local trade data (proxy of consumer demand) over the festive season, petroleum products consumptions, PMI trends, improving trends in gross fixed capital formation and increasing capacity utilization levels.

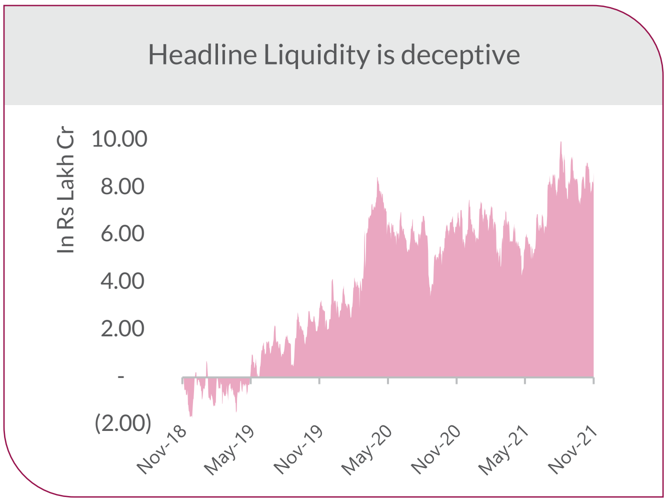
Inflation has started to become a worry across all economies including India. The major signs of concern for inflation are:

- Bottoming out| of food inflation globally
- Rising and persistent commodities inflation
- Service inflation trends showing uptrend, services l ike telecom, GST increases etc will lead to uptick in services inflation
- Supply side deficits can keep inflation elevated

We believe that CPI for CY 22 would be higher than RBI projections and would put pressure on RBI to be faster in reversal in rate hikes then communicated now.

INR had been stellar performer over last many years (FX reserves US$ 450bn 2019 to US$650bn Nov 2021) we believe that with US economy growing and worsening trade data INR appreciation looks very difficult and in fact we can see marginal depreciation in INR which can also be a worry in rising trade deficits trends.

Fiscal support from the Government over the last 2 years have supplemented India's recovery well, in fact fiscal impetus (excess spending over the revenue shortfall over the last 2 years) would be well the reason for near term positive surprise in the Growth cycle for India. We had a significantly higher than expected fiscal for the year @6.8% (likelihood to go above 7%) which led to bond yields especially long bonds to be under pressure for most part of the year. We believe that next year too government will refrain from a big fiscal consolidation expect fiscal to be ~ 6% - 6.2% of GDP. In fact, would continue to be fiscally expansionary which will continue to be positive for the Growth cycle and keep continued pressure on bond yields.



Managing Liquidity Discreetly

Banking Liquidity	₹ 8.23 lakh Cr
Non-bank liquidity	₹ 3.02 lakh Cr
System Liquidity	**₹ 11.25 lakh Cr**
Shadow Absorption	
14/28 Days VRRR	₹ 6.5 lakh Cr
Fine tuning operations	₹ 2 lakh Cr
Net Liquidity	**₹ 2.75 lakh Cr**

Source: RBI, Axis AMC Research. Data as on 15th December 2021

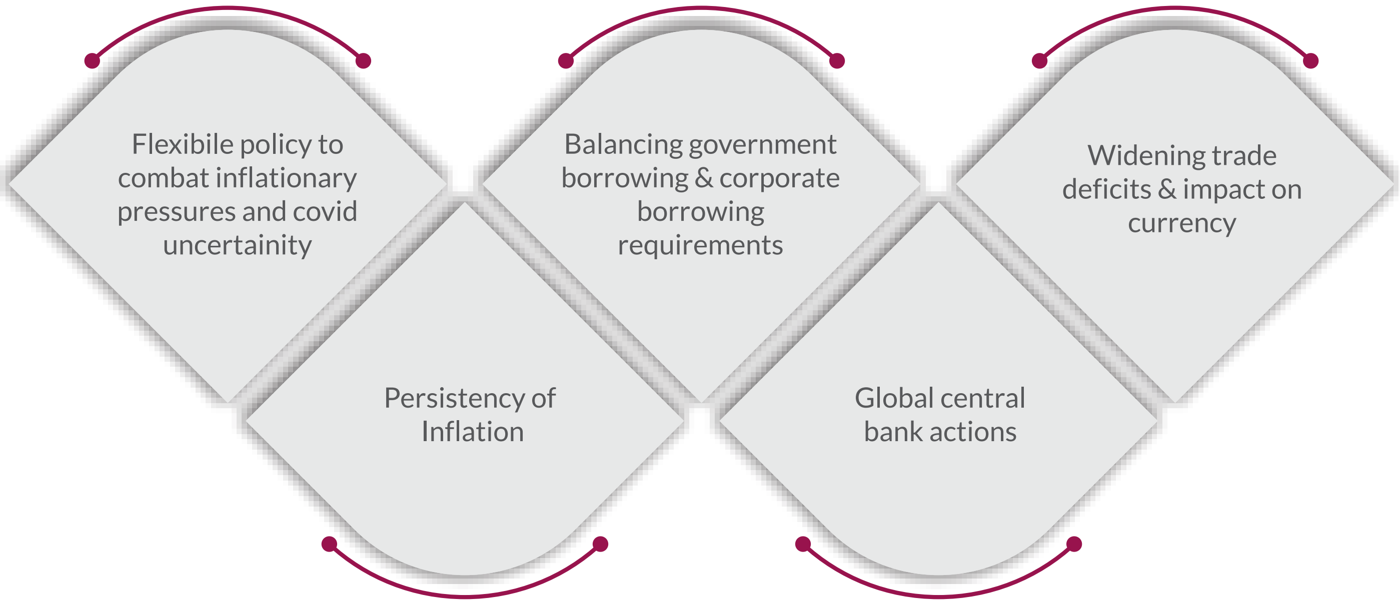
Banking liquidity though the absolute durable liquidity has shown an uptick YoY from Rs 8.5 lakh Cr to Rs 11 lakh Cr we believe that abundant liquidity is a mirage as RBI through its liquidity glide path has started to absorb most of surplus liquidity through long 14 & 28 days VRRR auctions and accordingly the operative rate would start moving towards 3.75% without RR hikes.

Global Macro data had mixed trends across the world, with US showing signs of strong growth and inflationary pressures, Most of Europe and China showing macro weakness, some EM's showing rising inflation trends and currency pressures and commodities and covid showing volatile trends

What will RBI do?

RBI has done a stupendous job of managing Growth – Inflation dynamics along with ensuring no pressures on external sector for last 2 years. We feel central banks across will face challenges in 2022 and RBI too will be a party to the same

Major challenges for RBI are as under:



We believe that despite a very dovish guidance from RBI MPC and new covid strains (Omicron), RBI would still might be forced to fasten both normalization and rate hike process than their current guidance. Unless the new variant shows wide spread impact and leads to severe lockdowns, growth won't be impacted and hence persistence price pressures (inflation) would lead to faster pace of reversal. We pencil in normalization to 25 bps narrow corridor by April 2022 and 2-3 repo rate hikes by end of 2022. Operative rate to move to 4.50-4.75 % by Dec 2022.

Impact on Markets

We believe that like last year, for major part of the year "Carry" was the theme, this year the theme would be curve flattening (Spreads and term premium across would compress). Gradual liquidity withdrawal with hikes in RR and Repo rate, along with pick up in credit growth and high fiscal deficits will lead to yields trending higher across the curve with sell off ore in short end and hence curve would flatten.

Inclusion of sovereign bonds in Global indices should happen in CY 22 and can lead to some tactical rallies of 15-20 bps in long Govt bonds beyond 5 years. Any delay in inclusion would continue to add pressure on long bonds yields.

Last year we witnessed yields across the curve to move up by 70-75 bps in short end and 30-50 bps in long end. This year too we expect short end (1-3 year) to move upwards by 75-100 bps and long bonds (5-15 year) by 30-45 bps. We can see the GOI 10 year yields ~6.60-6.75%. Corporate bonds spreads to widen across tenures is what we anticipate as we believe that credit cycle will -pick up and would see large corporate bond issuances next year.

What should investors do?

Curve flattening i.e. technically Barbell strategy with lower duration products to protect investors return would be best theme to invest in 2022. Use of floating rate bonds and accrual funds would also provide a hedge against rising interest rate cycle.

What can go wrong? (Risks to the view)

1) Wide spread of the new variant Omicron and consequent lockdowns in India and across the world can lead to tactically rallies and steepness in the curve against expectations of curve flattening
2) Global meltdown especially in China which can put a lid on commodities inflation and give some breathing space to RBI for reversal of rates
3) Fiscal consolidation might lead to lower than anticipated borrowing especially on long bonds which can lead to some rally in long bonds and can have a negative impact on growth cycle
4) No Booster shots announced and substantial reduction in immunity which makes the world vulnerable to strains of Covid again can lead to slower reversal of rates cycle by central banks

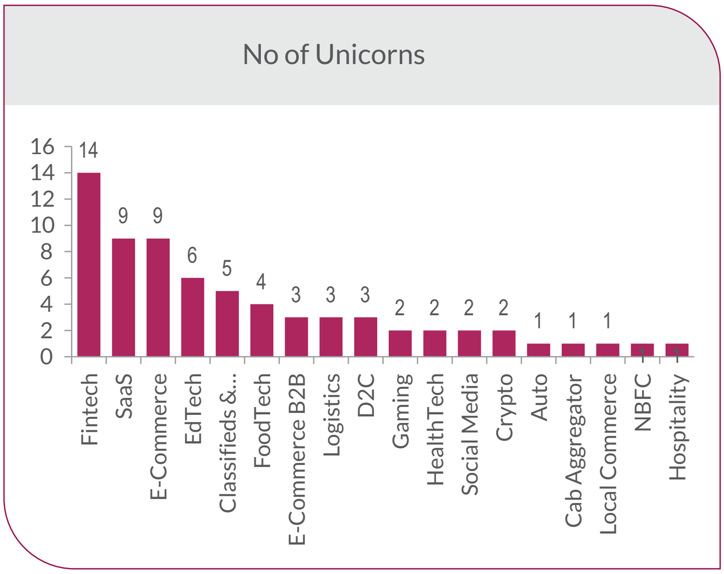
Focus Products for 2022	Macaulay Duration	Current Positioning
Axis Floater Fund (An open ended debt scheme predominantly investing in floating rate instruments. A relatively high interest rate risk and moderate credit risk)	0.78 Years	Actively managed floating rate strategy. 80:20 strategy aims to mitigate duration & interest rate risks.
Axis Short Term Fund (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. A relatively high interest rate risk and moderate credit risk)	1.63 Years	Actively managed short strategy currently following a high quality focused barbell strategy
Axis Strategic Bond Fund (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. A relatively high interest rate risk and relatively high credit risk)	2.45 Years	50% AAA % 50% AA portfolio currently running a barbell strategy
Axis Dynamic Bond Fund (An open ended dynamic debt scheme investing across duration. A relatively high interest rate risk and moderate credit risk)	6.16 Years	100% AAA fund with a 8 year Corporate Bond Strategy

Allocation and strategy is based on the current market conditions and is subject to changes depending on the fund manager's view of the markets. Data as on 30th November 2021.

Private Capital Markets – A Burgeoning Ecosphere

By Debojyoti Ghosh – Fund Manager- AIF

2021 turned out to be the most spectacular year for the Indian start up ecosystem and we believe, this is just the beginning. It was a defining moment for India when inMobi became India's first Unicorn in 2011. A decade later, India is home to 79 Unicorns with a valuation of close to $260.5 billion, 42 of which were born in 2021 alone. A rise in high-quality start-ups, increased technological efficiency, buoyant public markets and rising local investor interest have all contributed to the positive sentiment. And, that's precisely why we feel the boom is also sustainable. What is also encouraging to see is that start-ups across sectors have seen Unicorns being created with funding available right from early stage to Pre-IPO rounds.



Stages of Funding	US$ mn	Count	Average (US$/Deal)
Early	1,657	452	4
Growth	12,781	246	52
Late	8,828	42	210
Pre-IPO	880	3	293

Source: Citi, VCEdge, Axis AMC Research. Data as on 30th November 2021

The Covid crisis has brought about an urgent need for traditional business to revamp existing business structures as the pandemic forced us into doing business the new way. At the heart of this change, was the need to develop technological solutions which will go beyond the physical touchpoints and derive innovative solutions to meet customer needs.

With start-ups turning into an asset class, inflow of investments and capital has increased significantly from global investors. However, the only way to sustain this growth is by staying the course and innovating offerings with technology at the heart of the business. With the right tailwinds, and the inclination of Indian consumers to move to digital as a result of the pandemic, start-ups will continue to thrive

There is no doubt about India continuing to be an investor favourite in the coming years and the coming decade may see innovative solutions as well as new age businesses challenging the established ones in their respective sectors. Increasing confidence amongst investors, better business models, favourable demography and futuristic policies are sure to further consolidate India's position in the global start-up arena.

Real Estate – Breaking the Shackles of Pessimism

By Balaji Rao – Head, Real Estate

Curbside – The year gone by

The real estate sector remained resilient despite the challenging environment brought about by the stringent nationwide lockdown to curb the spread of Covid-19 pandemic. As the economy opened up in phases, both residential and commercial sectors started showing positive signs of revival from CY Q3 2020. Reduction in home loan rates, regulatory interventions such as the further relaxations in RERA completion deadlines and stamp duty cut by few of the state governments have helped the market survive and sustain during this difficult period. The industry continues to consolidate with developments steadily shifting into the hands of stronger developers who have been able to weather the economic storm created by the pandemic.

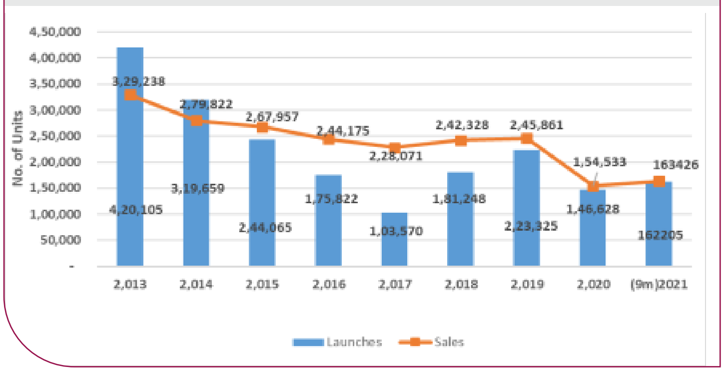
Like all other industries, the real estate industry is cyclic in nature. It goes through a cycle that has a duration of about 10-12 years, where it goes up for 2 to 3 years, stabilises and then goes into a slump before it recovers again. Experts are of the opinion that having hit the bottom of the cycle in 2020, we are now on the cusp of revival.

The year 2022 is expected to be a year of cautious optimism. India's growth trajectory will depend on the COVID situation and whether we get hit by further waves of the infection. Though there remain lingering uncertainties around the pandemic, a majority of the market experts expect 2022 to pan out better than the preceding year.

Residential Markets – Momentum Buy!

The last decade has seen a lot of changes in the residential sector. After facing a series of structural changes with the introduction of legislations on demonetisation, Goods and Services Tax and RERA Regulation during the second half of this decade, the pandemic arrived as another blow for the real estate sector. However, due to encouraging government and central bank interventions at rapid intervals, the market witnessed a resurgence of pent-up demand in the later part of 2020.

Residential Sales & Launches



Source : Knight Frank research. Data as on 30th November 2021

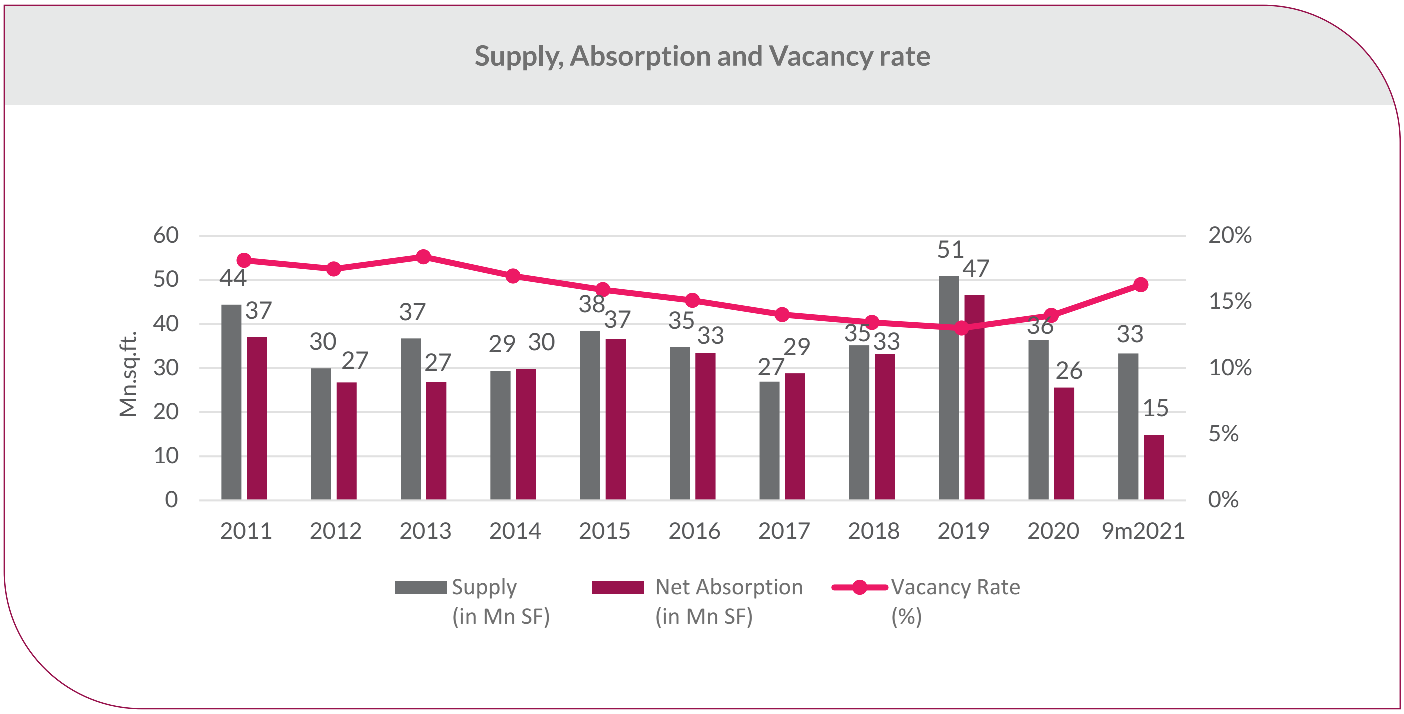
The pandemic reinforced the fact that owning a home is significantly better than dealing with the uncertainties of living in rented accommodation. A greater need for home ownership was seen as people spent more time indoors due to the restricted mobility during the pandemic. This translated into strong demand for bigger and better houses. With the easing of the lockdown, the sales volumes have shown a strong growth since Q3 of 2020 and the trend has continued till Q3 2021.

Experts believe the sales momentum to continue in 2022 as prospective homebuyers' preferences for bigger homes, better amenities and attractive pricing will keep them interested to seal the deals. With enhanced penetration of institutional players on development as well as financial side, price rise is expected to be gradual and timed by well deliberated project performance milestones.

Commercial Real Estate – Evolving for Phygital

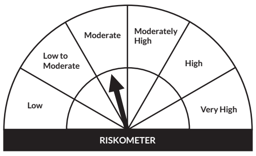
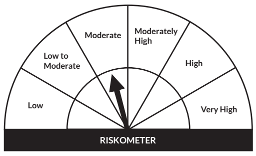
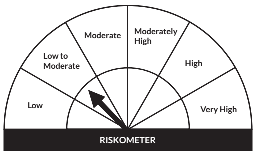
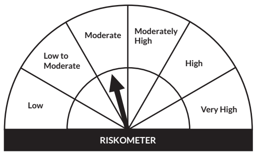
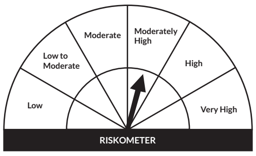
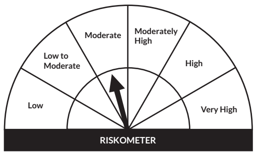
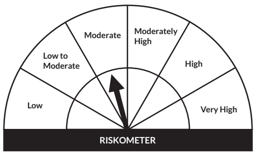
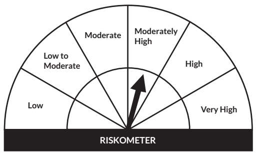
The office market set new benchmarks even when the GDP growth slowed and slumped to a 6-year low in the third quarter of 2019. The office market in India reached its peak in 2019, with net absorption of Grade A spaces crossing 47 mn.sq.ft. (growth of 40% Y-o-Y) and supply reaching 51 mn.sq.ft. With the outbreak of the first wave of COVID-19 towards the fag end of Q1 2020, occupiers in the IT sector started to review their office space strategies. The office space consumption by the IT sector reduced considerably during the lockdown impacted quarters of Q2 2020 and Q3 2020. However, with a return of normalcy in Q4 2020, the space take-up by this sector rose sharply to 8 mn sq ft. A similar trend has been unfolding in 2021 too.

Strong market fundamentals in the form of sustained IT sector growth, increasing demand from sectors such as e-commerce, healthcare, FMCG and the growing presence of institutional investors will continue to drive the office market in 2022. Experts estimate that the demand is slated to pick up at 34.5 mn sq ft in 2022 and 42 mn sqft in 2023. (Source : JLL research) COVID-19 has underscored the strength of Grade A office spaces yet again.

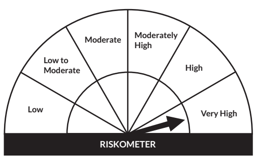
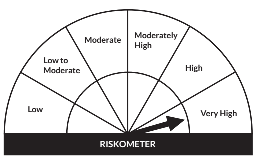
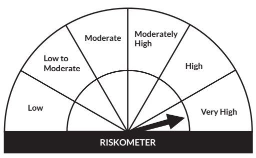
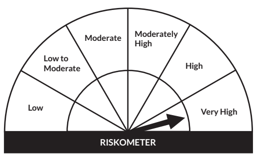
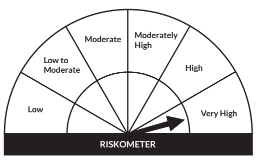
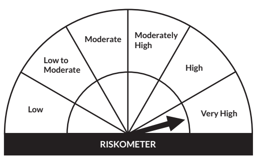


Source : JLL research

Disclaimers & Product Labelling

Fund Name & Benchmark	Product Labelling	Product Risk-o-meter	Benchmark Risk-o-meter	Potential Risk Class Matrix
Axis Dynamic Bond Fund (An open ended dynamic debt scheme investing across duration. A relatively high interest rate risk and moderate credit risk) **Benchmark:** NIFTY Composite Debt Index	This product is suitable for investors who are seeking*: • Optimal returns over medium to long term. • To generate stable returns while maintaining liquidity through active management of a portfolio of debt and money market instruments.	 Investors understand that their principal will be at moderate risk	 Investors understand that their principal will be at moderate risk	POTENTIAL RISK CLASS MATRIX Credit Risk → / Interest Rate Risk ↓ | Relatively Low (Class A) | Moderate (Class B) | Relatively High (Class C) Relatively Low (Class I) | | | Moderate (Class II) | | | Relatively High (Class III) | | B-III |
Axis Short Term Fund (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. A relatively high interest rate risk and moderate credit risk) **Benchmark:** Nifty Short Duration Debt Index	This product is suitable for investors who are seeking*: • Regular income while maintaining liquidity over short term. • Investment in debt and money market instruments.	 Investors understand that their principal will be at low to moderate risk	 Investors understand that their principal will be at moderate risk	POTENTIAL RISK CLASS MATRIX Credit Risk → / Interest Rate Risk ↓ | Relatively Low (Class A) | Moderate (Class B) | Relatively High (Class C) Relatively Low (Class I) | | | Moderate (Class II) | | | Relatively High (Class III) | | B-III |
Axis Strategic Bond Fund (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. A relatively high interest rate risk and relatively high credit risk) **Benchmark:** NIFTY Medium Duration Debt Index	This product is suitable for investors who are seeking*: • Optimal returns over medium term. • Investment in diversified portfolio of debt and money market securities to generate optimal risk adjusted returns while maintaining liquidity.	 Investors understand that their principal will be at moderately high risk	 Investors understand that their principal will be at moderate risk	POTENTIAL RISK CLASS MATRIX Credit Risk → / Interest Rate Risk ↓ | Relatively Low (Class A) | Moderate (Class B) | Relatively High (Class C) Relatively Low (Class I) | | | Moderate (Class II) | | | Relatively High (Class III) | | | C-III
AXIS FLOATER FUND (An open ended debt scheme predominantly investing in floating rate instruments. A relatively high interest rate risk and moderate credit risk) **Benchmark:** CRISIL Low Duration Debt Index	This product is suitable for investors who are seeking*: • Regular income over short term investment horizon. • To invest predominantly in floating rate instruments (including fixed rate instruments converted to floating rate exposures using swaps/derivatives)	 Investors understand that their principal will be at moderate risk	 Investors understand that their principal will be at moderately high risk	POTENTIAL RISK CLASS MATRIX Credit Risk → / Interest Rate Risk ↓ | Relatively Low (Class A) | Moderate (Class B) | Relatively High (Class C) Relatively Low (Class I) | | | Moderate (Class II) | | | Relatively High (Class III) | | B-III |

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

Fund Name, product labelling & Benchmark	Product Risk-o-meter	Benchmark Risk-o-meter
Axis Multicap Fund (An open-ended equity scheme investing across large cap, mid cap, small cap stocks) Benchmark: NIFTY 500 Multicap 50:25:25 Index This product is suitable for investors who are seeking* • Capital appreciation over long term • Investment in a portfolio of large, mid and small cap equity and equity related securities. * Investors should consult their financial advisers if in doubt about whether the product is suitable for them.	 Investors understand that their principal will be at very high risk	 NIFTY 500 Multicap 50:25:25 Index
Axis Special Situations Fund (An open ended equity scheme following special situaons theme) Benchmark: NIFTY 500 TRI This product is suitable for investors who are seeking* • Capital appreciation over long term • Investment in stocks based on special situations theme. * Investors should consult their financial advisers if in doubt about whether the product is suitable for them.	 Investors understand that their principal will be at very high risk	 NIFTY 500 TRI
Axis Quant Fund (An open-ended equity scheme following a quantitative model) S&P BSE 200 TRI This product is suitable for investors who are seeking* • Capital appreciation over long term • An equity scheme that invests in equity and equity related instruments selected based on quant model. * Investors should consult their financial advisers if in doubt about whether the product is suitable for them.	 Investors understand that their principal will be at very high risk	 S&P BSE 200 TRI

Disclaimers

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