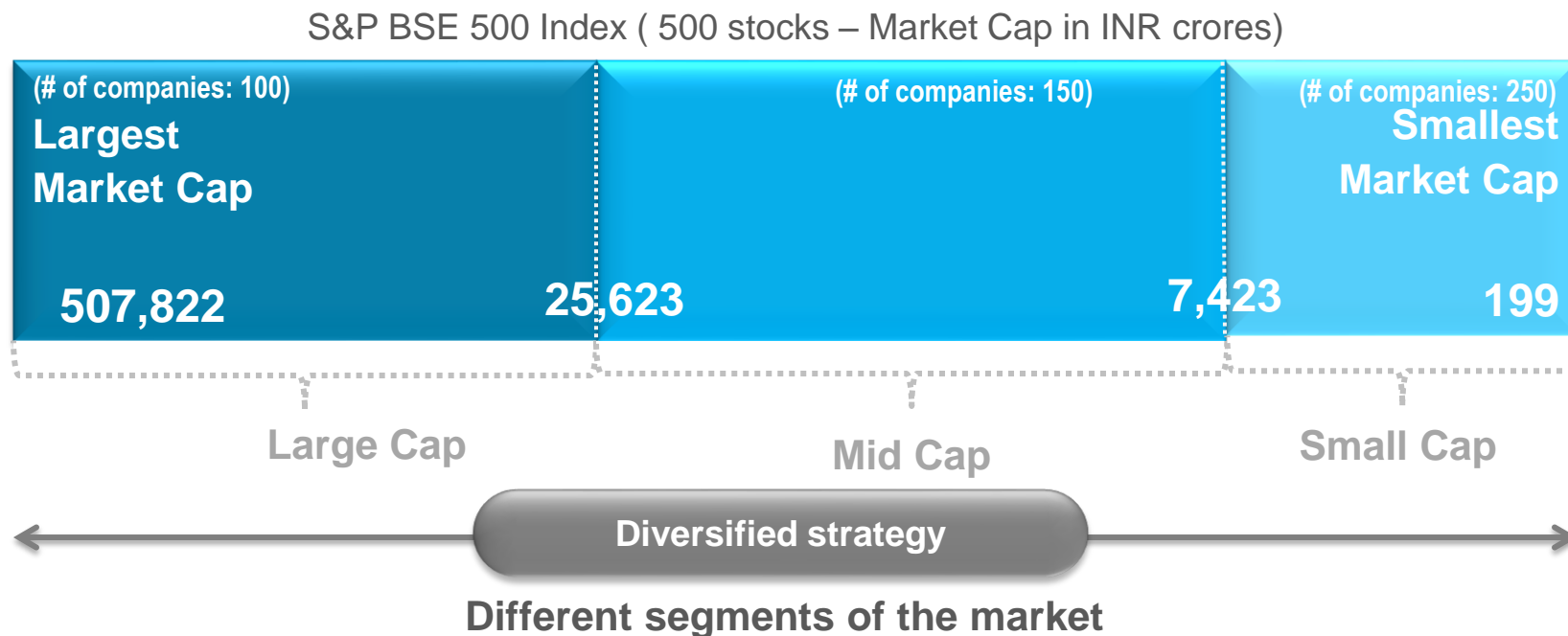




NFO : Axis Multicap Fund

(An Open-ended Equity Scheme investing across large cap, mid cap, small cap stocks)

Why Multicap : Offers participation in stocks across market cap spectrum



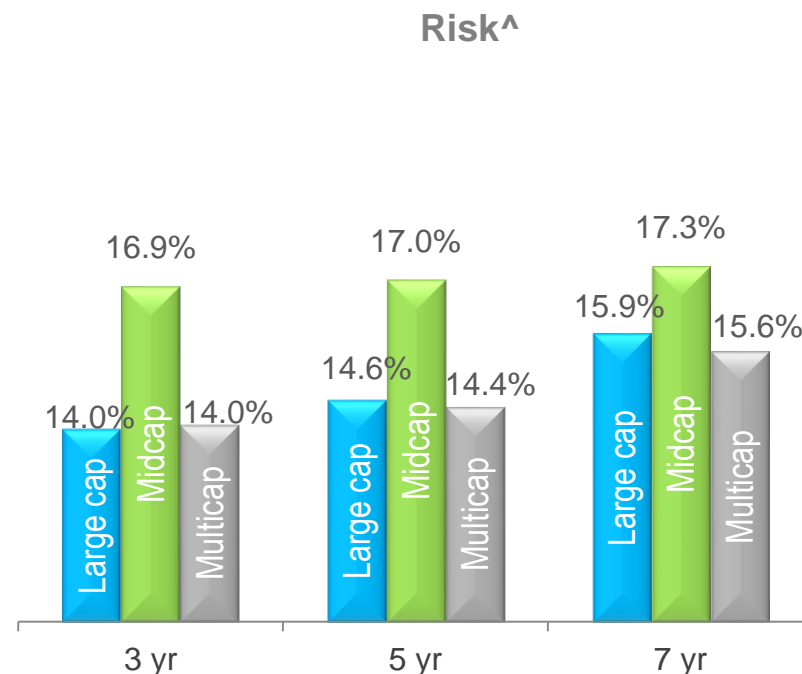
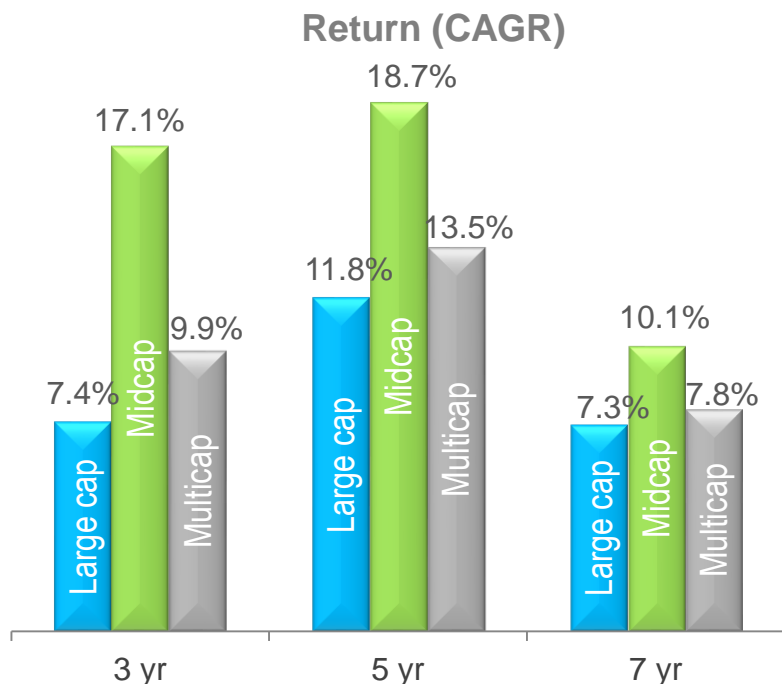
Source: Bloomberg. Market Cap numbers are as on 29th Sep 2017

Why Multicap: Offers a better risk return tradeoff

Multicaps tend to outperform Large cap index in bull market and controls downfall more than mid & small cap in bear market

Multi cap returns are better than large caps

.....with risk closer to large caps



Source: MFI . Large cap: Nifty 50 Index, Midcap : Nifty Free Float Midcap 100 Index, Small Cap : Nifty Free Float Small Cap 100 Index, Multicap: S&P BSE 200 Index. ^Risk is calculated as Standard deviation based on daily returns. **Past performance may or may not be sustained in future.** Data as on 25th Sep 2017

Why Multicap: Offers multi year opportunity

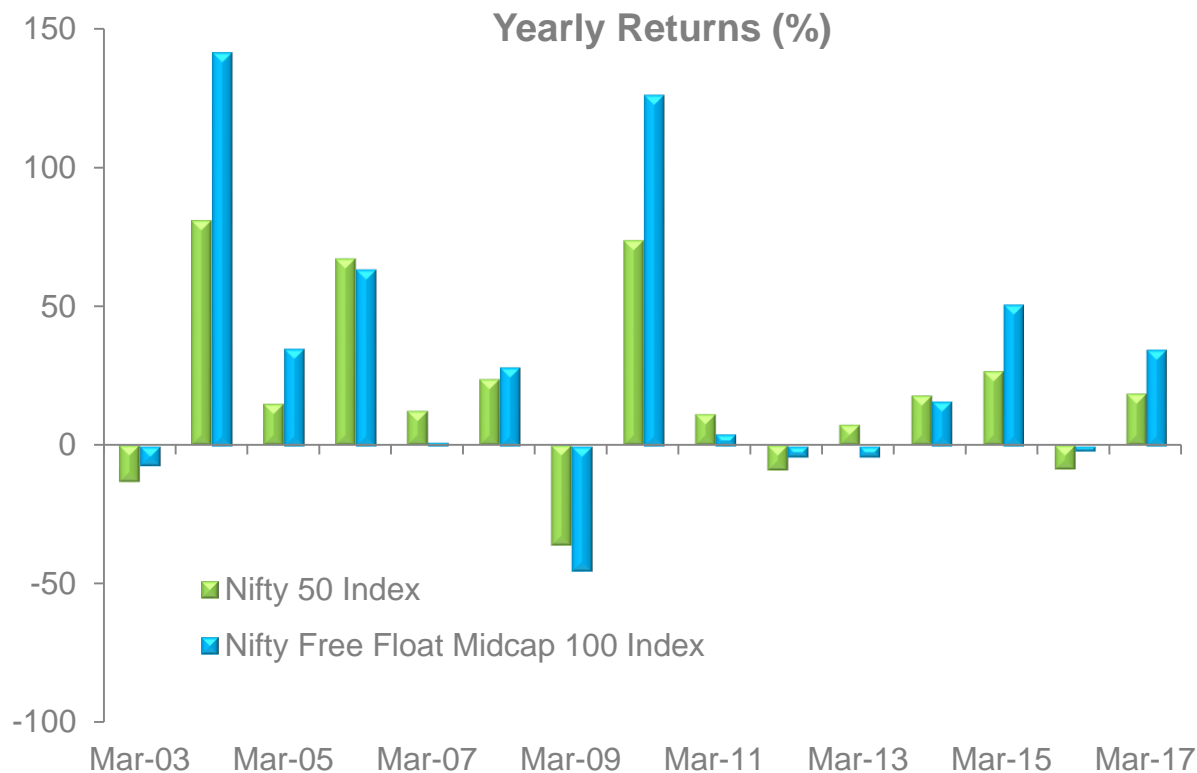
- Most companies don't scale up the market cap ladder
- Quality of a company matters more than size of the company. It is **Good or Bad** Vs. **Large or Small**
- Diversified strategy has the ability to pick up good ideas irrespective of size of the company

Current market cap buckets (Sep 2017)

	Large cap	Midcap	Small cap	Got Acquired or Delisted	Grand Total
No of companies that were large cap 10 years back are now	55	25	13	7	100
No of companies that were mid cap 10 years back are now	21	33	82	14	150
No of companies that were small cap 10 years back are now	3	27	184	36	250

Source: Bloomberg, NSE, Axis 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: 25th Sep 2007 – 25th Sep 2017

Why Multicap: Different segments of market perform at different times

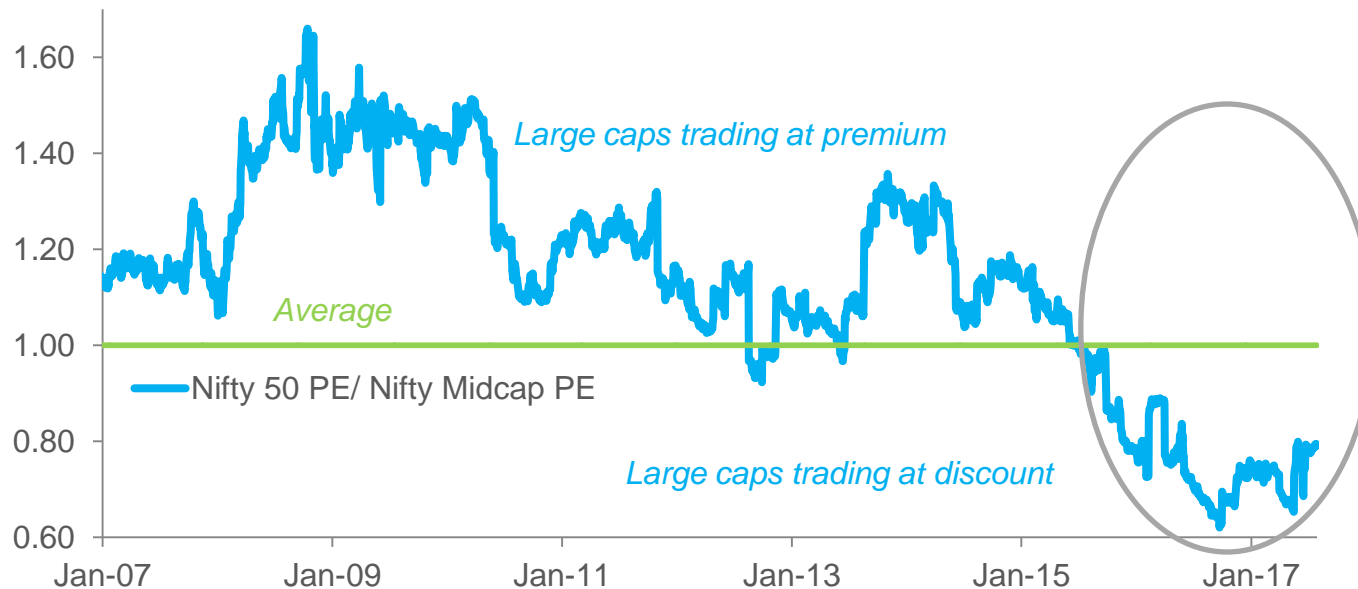


- In the last 15 years, large cap index outperformed midcap index 40% of the times (6 out of 15 years) while;
- Midcap index outperformed large cap index 60% of the times (9 out of 15 years)

Why Multicap now?

Agility to shift over market caps considering valuations

- We can see the change in valuation gap between Large Cap and Midcap Segments
- Depressed earnings artificially boosting the PE multiple for the entire Midcap index
- Valuations look a bit rich standalone, but are reasonable if adjusted for the cycle



Source: Bloomberg, Axis Internal Analysis

Why Multicap now?

Provides opportunity to capture best sectors

2003-07

Huge boom in the economy -> Huge capex -> Cyclical sectors prospered

2007-17

Capex sensitive sectors suffered -> Consumption related sectors picked up

Sectors and themes also constantly keep evolving

	Nifty - Sectoral weightages (%)		
Sector	Mar 02	Mar 08	Mar 17
Consumer Discretionary	4.8	3.0	10.8
Consumer Staples	25.3	4.2	8.9
Energy	20.5	23.3	10.9
Financials	11.9	11.4	33.7
Health Care	8.8	2.4	5.6
Industrials	3.5	9.7	5.5
Information Technology	13.6	9.4	13
Materials	7.2	9.8	6.1
Real Estate	NA	5.8	NA
Telecommunication Services	2.7	11	1.9

Source: IIFL . Stock(s) / Issuer(s) / Sector(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).

Why Multicap now?

In heterogeneous growth scenarios, multicap offers opportunities across market cap

- Even in sector performance, there can be large dispersion
- Earnings recovery is heterogeneous
- Multicap offers opportunities to buy companies across market spectrum in few fast growing sectors

Secular

	EPS Growth (%)				
	FY13	FY14	FY15	FY16	FY17
Automobiles	(11.4)	23.5	1.3	13.2	(4.7)
Banking	21.9	6.0	14.6	(12.6)	16.9
Consumers	21.5	13.7	10.1	1.6	8.2
Media	22.2	22.4	(5.5)	25.9	27.7
Technology	22.7	32.6	7.8	9.5	9.3

Cyclical

	EPS Growth (%)				
	FY13	FY14	FY15	FY16	FY17
Cement	14.6	(28.3)	3.5	(6.5)	13.1
Energy	(3.9)	8.5	(12.8)	13.8	42.4
Industrials	3.9	(7.2)	(28.2)	26.8	43.0
Metals & Mining	20.6	(7.2)	(20.8)	(25.8)	45.5

Source: Kotak securities. EPS: Earnings per Share. Stock(s) / Issuer(s) / Sector(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).

Summary



Bottom-up stock selection is key for building credible portfolio


Risk return tradeoff is likely to be favorable in a multi-cap strategy

Good ideas can do better irrespective of its sector/theme/size


Multi-cap strategy has access to entire market spectrum and opportunities to focus on fast growing sectors

Introducing : Axis Multicap Fund

AXIS PHILOSOPHY

 **QUALITY**

High conviction ideas with improved risk- adjusted return characteristics

 **GROWTH**

Look for stocks that are expected to report the faster growth relative to the benchmark



FUND STRATEGY

 **INFLECTION POINT**

Aims to look for stocks that are at inflection point

 **DIVERSIFIED PORTFOLIO**

Invests across market cap spectrum

(Typically 50-100% in large cap & 0-50% in mid & small cap)*

*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. 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. * As per internal investment policy and subject to change at the discretion of the fund manager.*

Inflection point: Anchors for company selection



Identifies company with:

- Sustainable earnings growth potential
- Credible management
- Acceptable liquidity

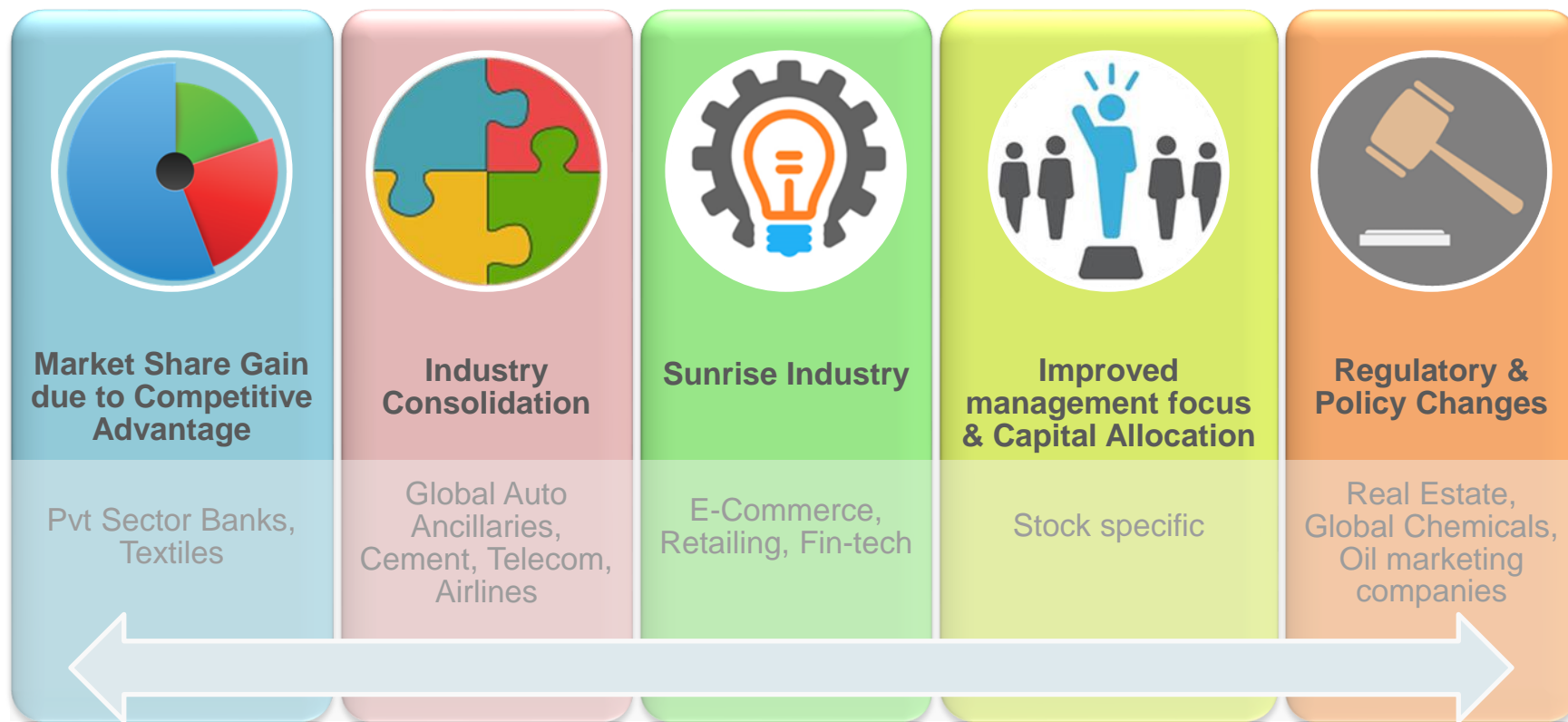
Helps to determine 'Why act now?' It looks at:

- Market Share Gain due to Competitive Advantage
- Industry Consolidation
- Sunrise Industry
- Improved management focus & Capital Allocation
- Regulatory & Policy Changes

Portfolio Characteristics

- Active Idea Generation
- Bottom up stock picking
- Benchmark/Sector Agnostic
- All cap focus

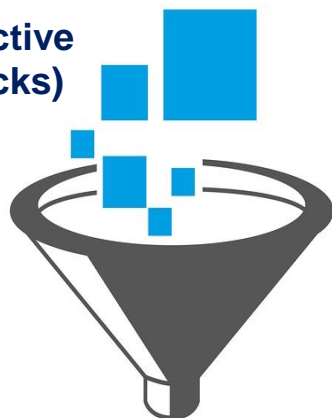
Inflection Points



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Investment approach

Universe of listed & active stocks (over 4000 stocks)



Axis Universe (around 370 stocks)



Axis Multicap Fund - Portfolio



Filter check:

Sustainable earnings, growth potential, Credible management and Acceptable liquidity of the company

Filter checks:

Stock at inflection point based on:

- Market Share Gain due to Competitive Advantage
- Industry Consolidation
- Sunrise Industry
- Improved management focus & Capital Allocation
- Regulatory & Policy Changes

- **Across market cap**
- **Across sectors**
- **Stocks that are expected to report faster growth relative to the benchmark**
- **Stocks that are at inflection point**

Features at glance

Scheme Name
**Axis Multicap
Fund**

Type
**An Open-ended Equity
Scheme investing
across large cap, mid
cap, small cap stocks**

Benchmark
**S&P BSE 200
Index**

Fund Manager
**Jinesh Gopani &
Shreyash Devalkar**

Minimum Investment
**Rs. 5,000 and in
multiples of Re. 1/-
thereafter**

Plan/Options
**Growth, Dividend
(Payout/Reinvest
ment)**

NFO PERIOD

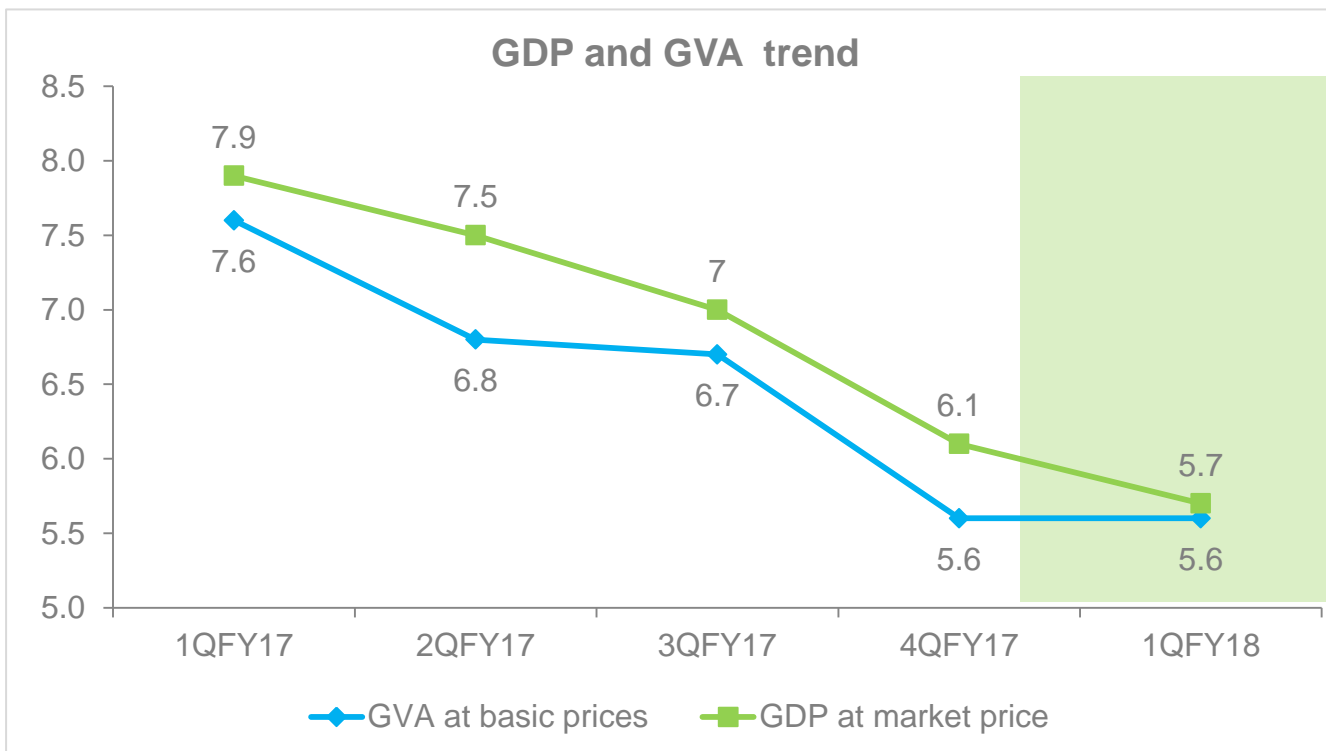
30th October 2017 – 13th Nov 2017

Equity Market Update

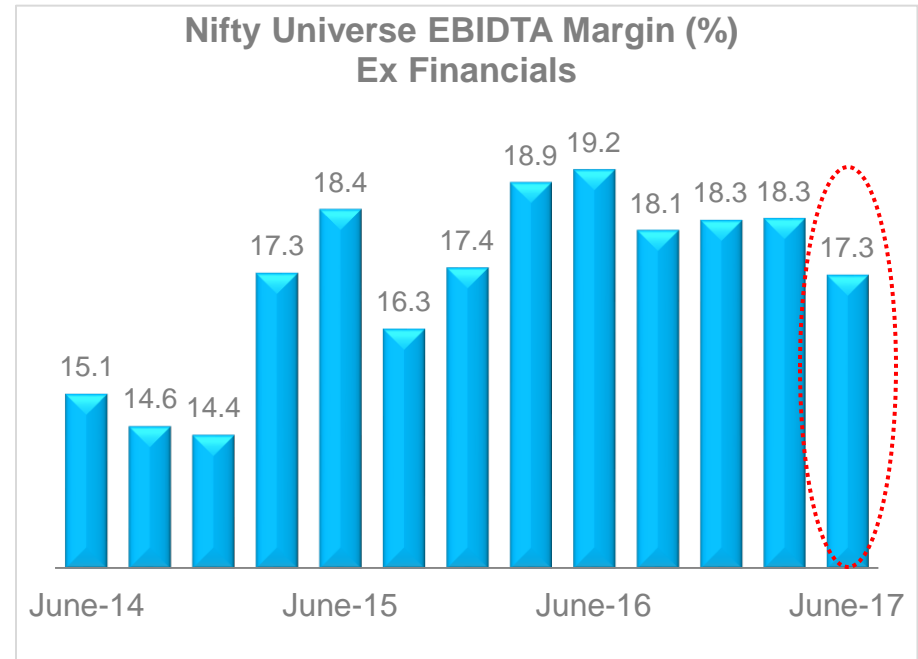
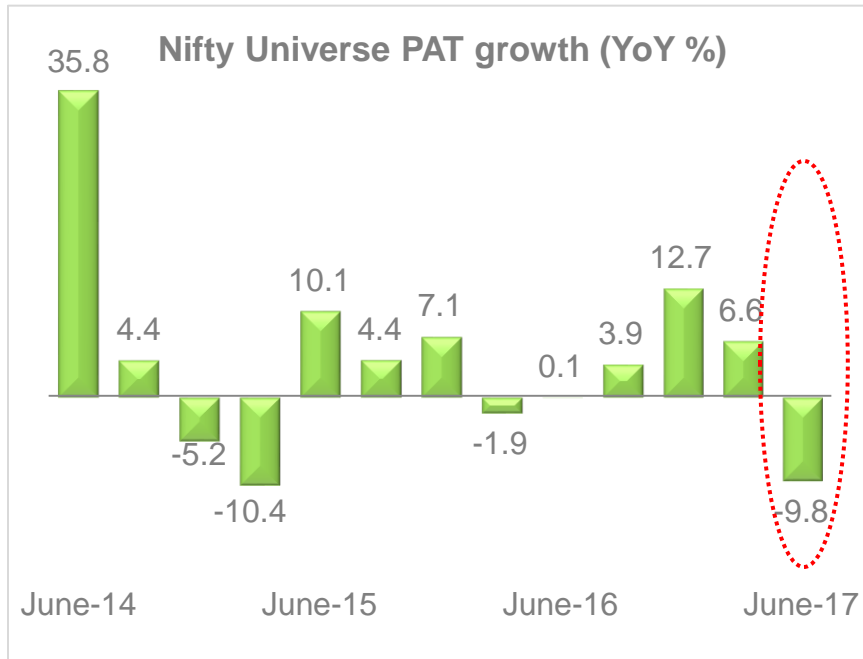
Summary

- Recent market corrections should be seen as part of a longer rally and not in isolation
- Economic growth has slowed down due to one-off event (GST)
- Q1FY18 results also impacted by GST; disappointments were driven more by margins than revenues
- FPI flows turning negative due to global geo-political tensions and anticipated Fed hike; domestic flows provide support
- Growth slowdown likely to be transient
- Valuations a bit rich standalone, but reasonable adjusted for the cycle
- Long term structural outlook on equities remains positive given low inflation, stable macro environment

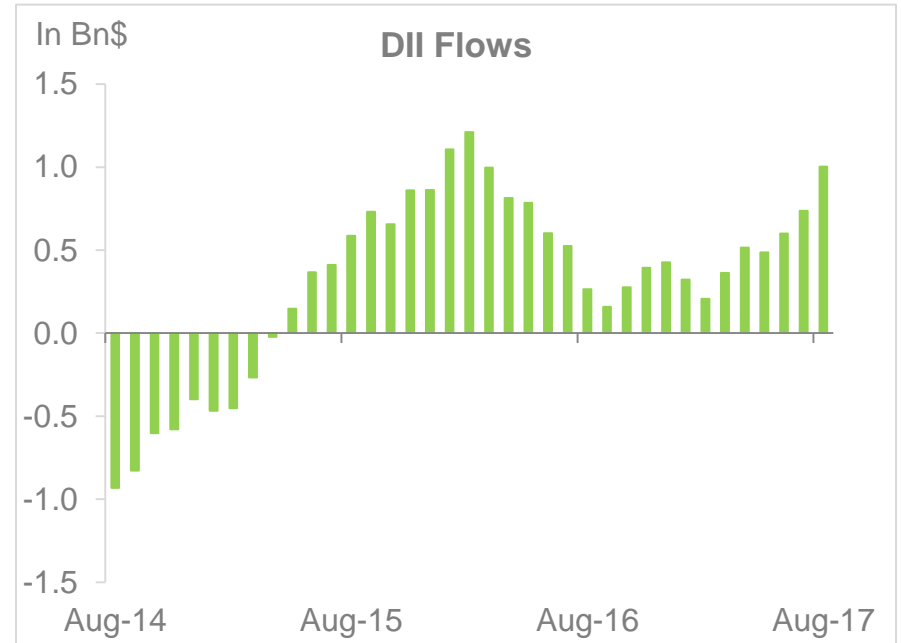
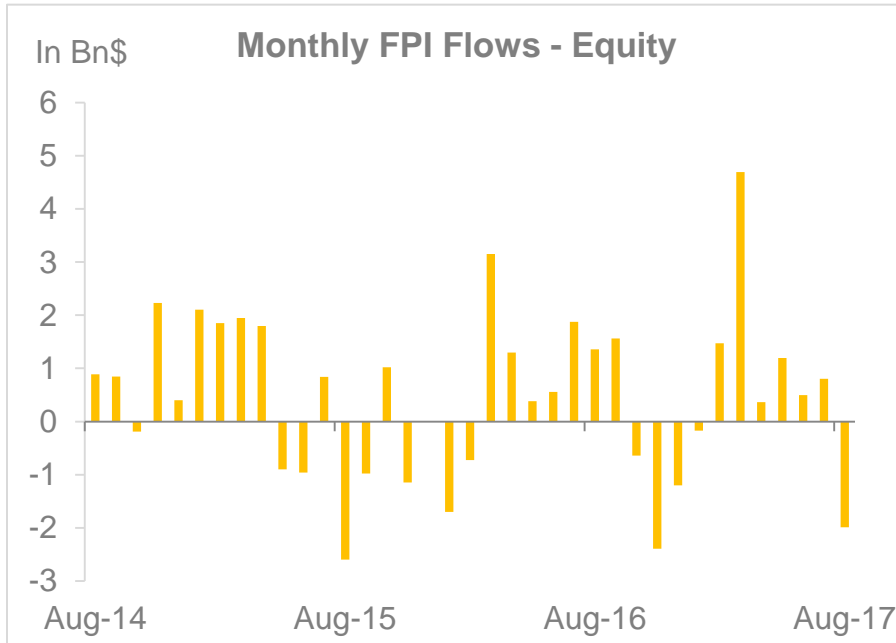
Recent weak growth is transitional as a result of one-offs



Q1 results impacted by sector specific headwinds and GST-related destocking in some B2C sectors



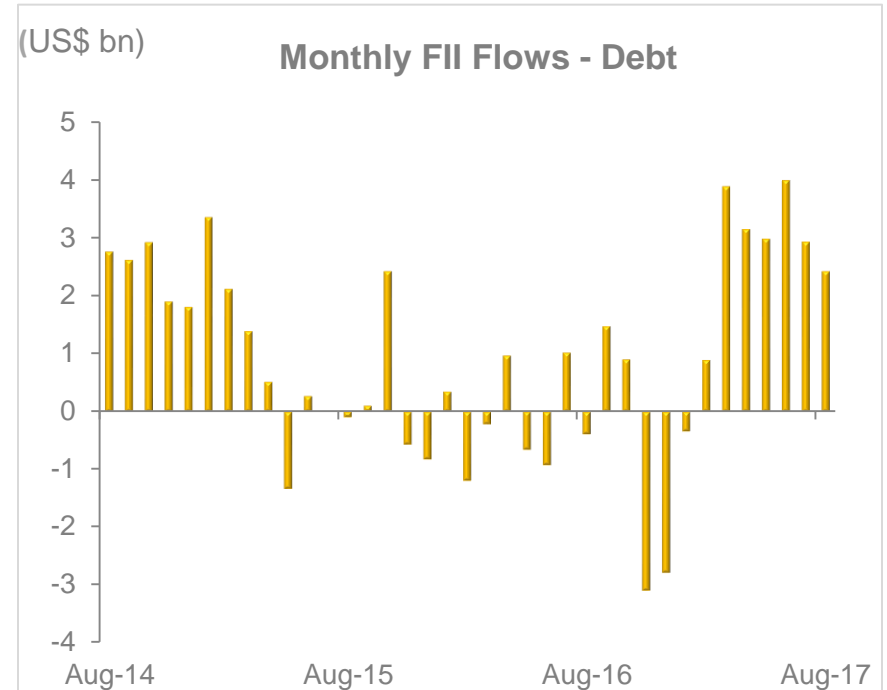
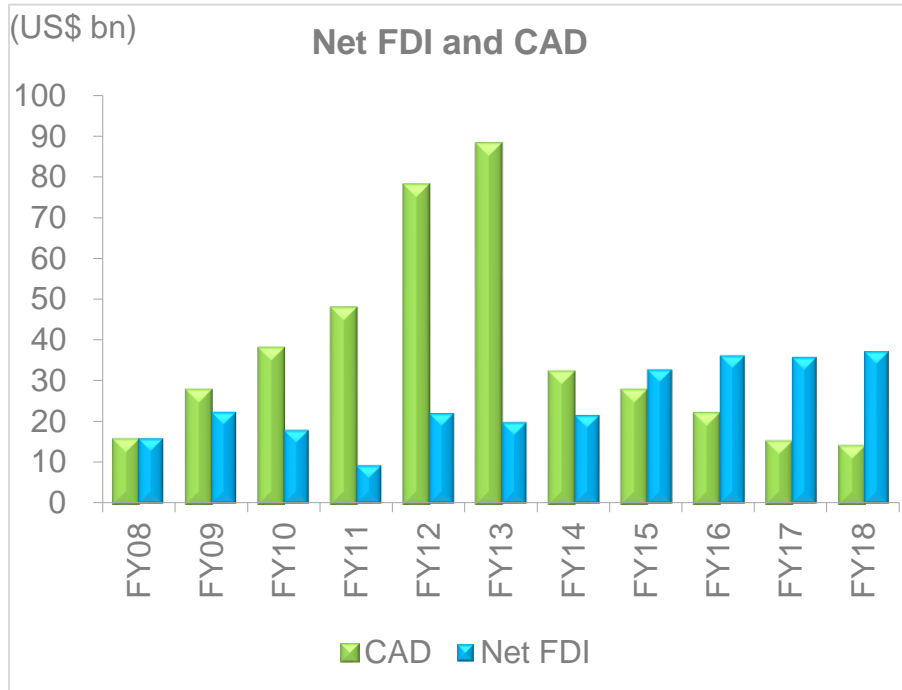
As FPI flows turn negative due to global geo-political tensions, DIIs provide support



Source: NSDL, Bloomberg.

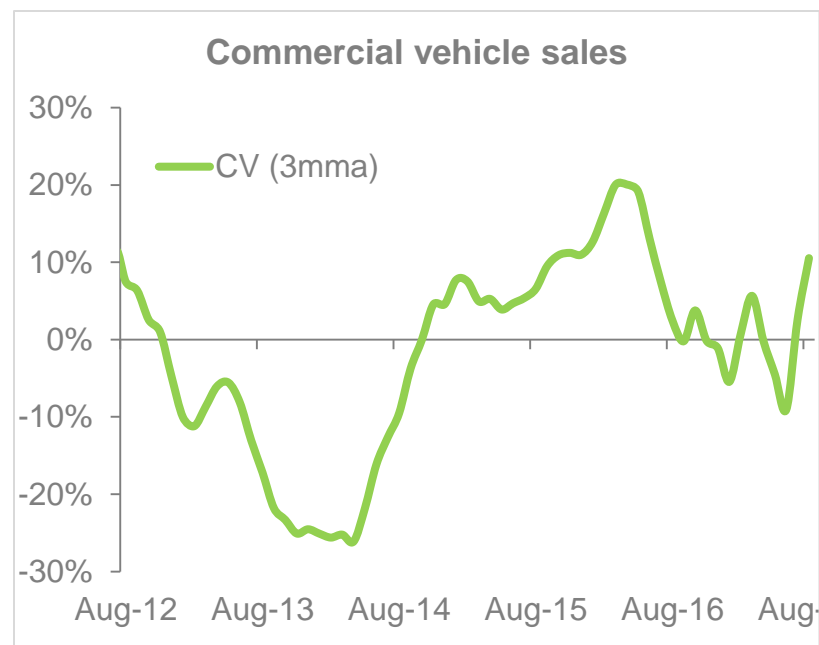
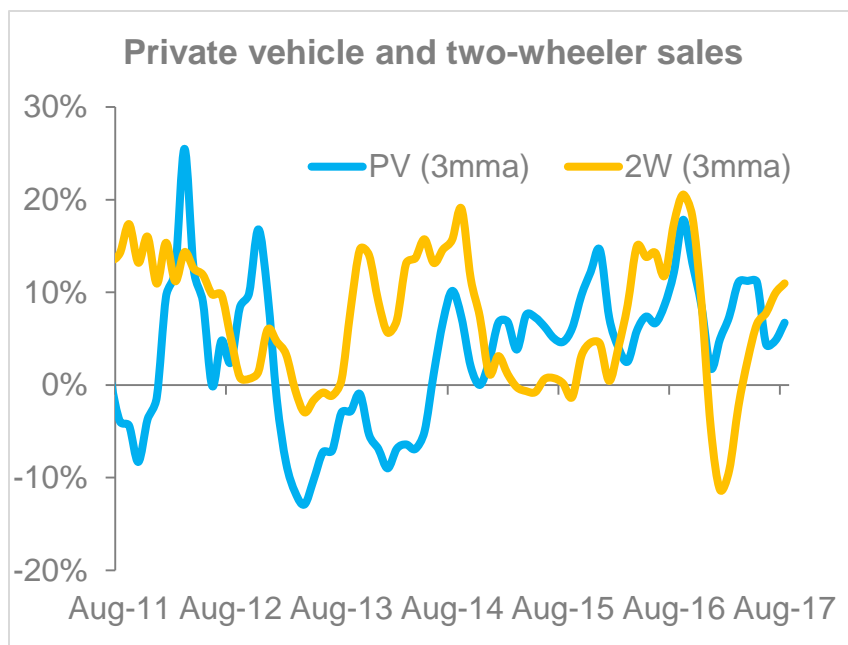
Past performance may or may not be sustained in future.

Higher net FDI inflows as well as portfolio investments keep BoP position funded



GST has been off to a decent start; normalisation underway

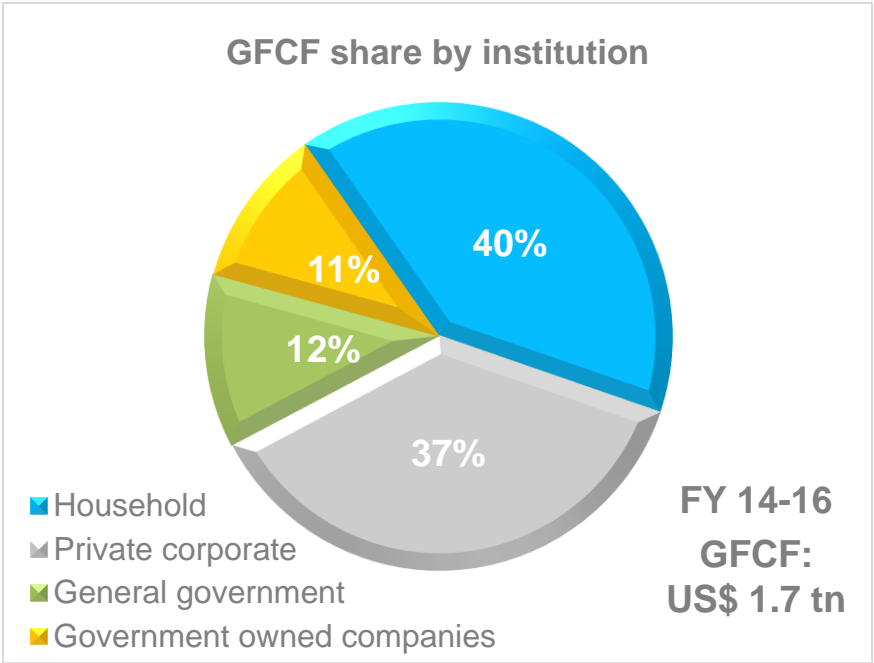
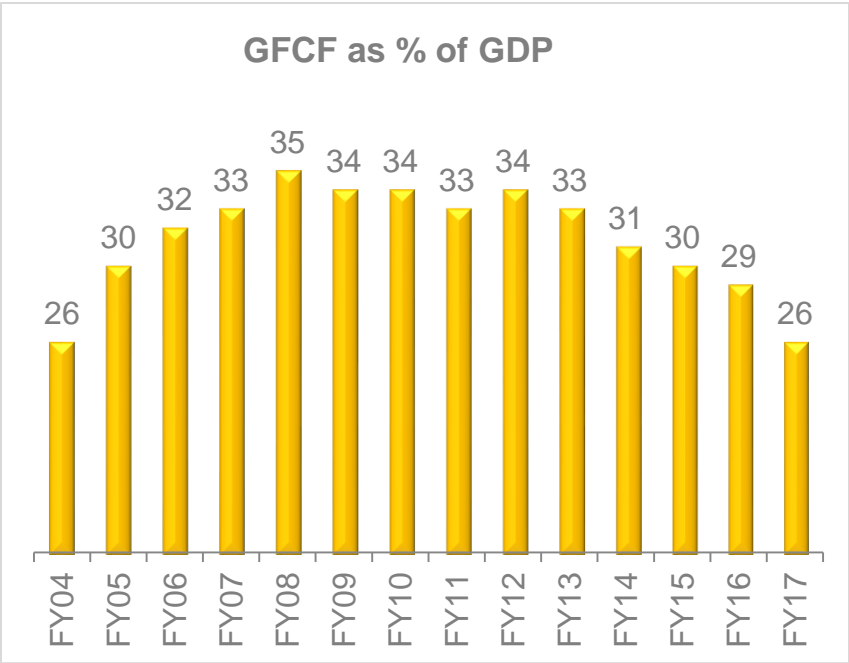
- Tax collections for the first month of GST rollout higher than break-even rate
- Inventory normalisation resumed through re-stocking
- Rising compliance likely as GST has 'network effect' on compliance



Sustained resurgence needs capex recovery

Private corporate sector hit by low capacity utilization

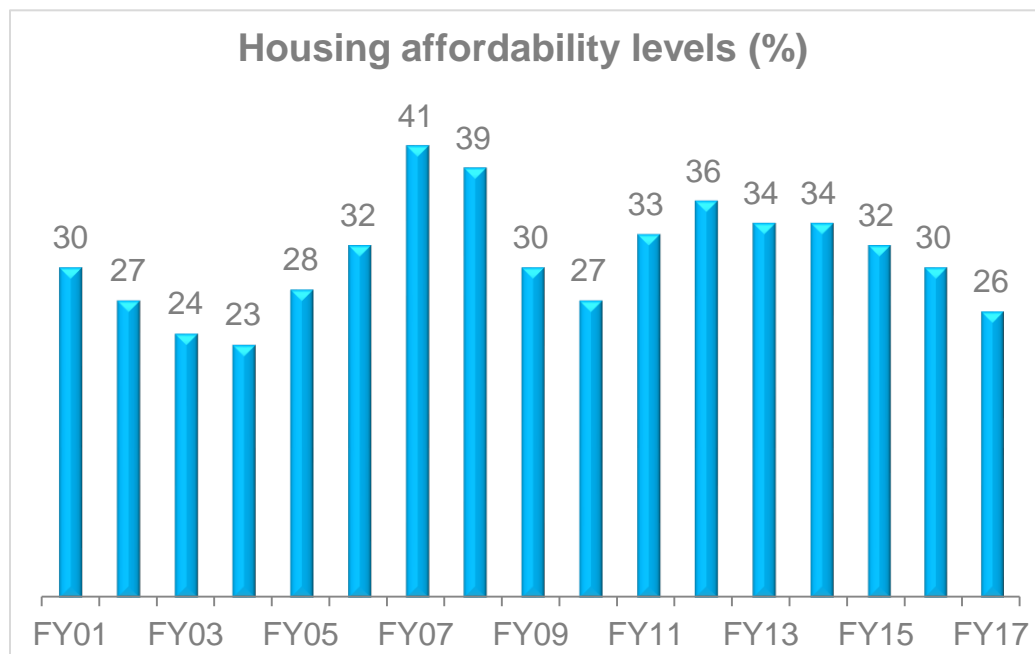
Household capex (property) has also been slow



Source of data: CLSA, GFCF: Gross Fixed Capital Formation

Housing sector to drive capex

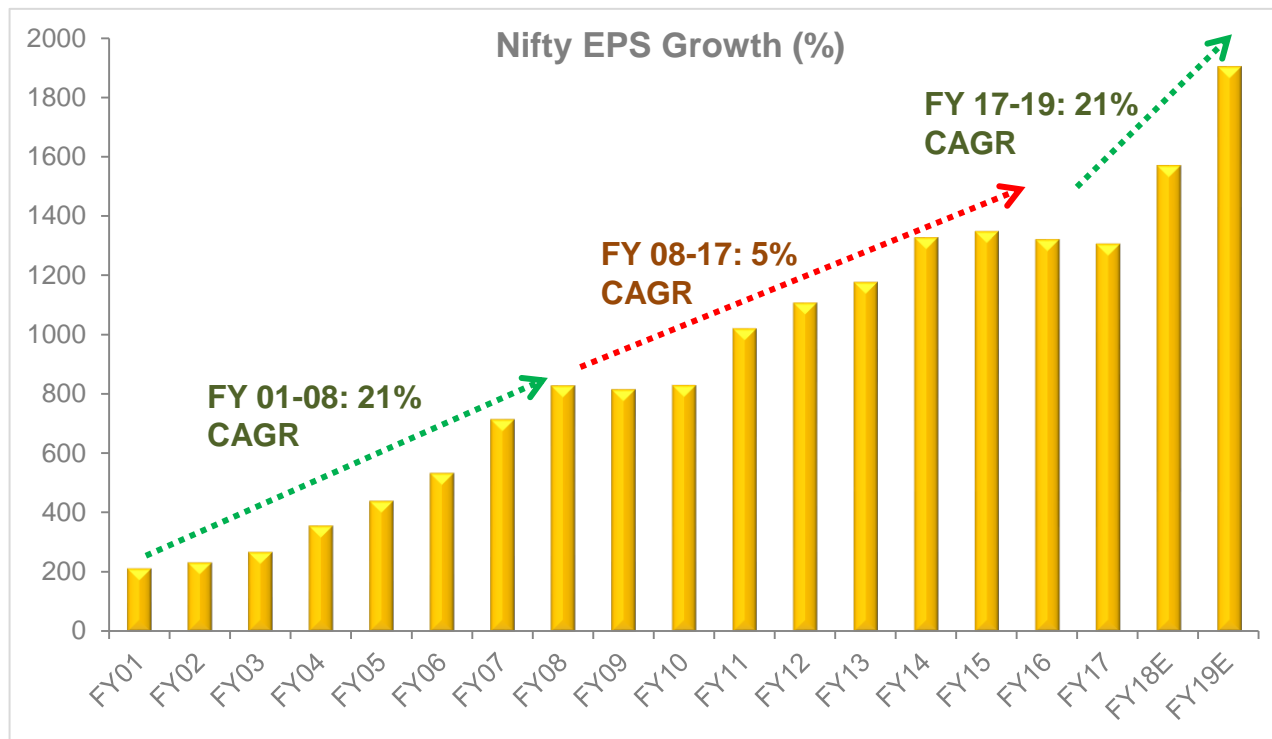
- Social housing boom to end property slowdown with affordability at best ever affordability levels
- Government support favourable : Housing for All by 2022 is the vision



Long term structural outlook on equities remains positive given low inflation, stable macro environment

	2007 peak	2013	Now
Inflation	Around 6%	Volatile	Around 4%
Interest- rate cycle	Rising	Falling in first half & unexpected reversal in the second	Falling
Capex cycle	Strong/rising	Weak	Weak/Bottoming
Property cycle	Exuberant	Weak affordability	Improved affordability
Flows	FII-driven	FII-driven	Sticky domestic driven
Corporate earnings	Strong momentum	Weak	Cyclical low
Political stability	Coalition/ weak outlook	Uncertain/Pre Election	Stable outlook
Valuations	Close to highs	Close to long term average	Close to highs on low cycle earnings

Overall trend positive; acceleration to be seen over next few years



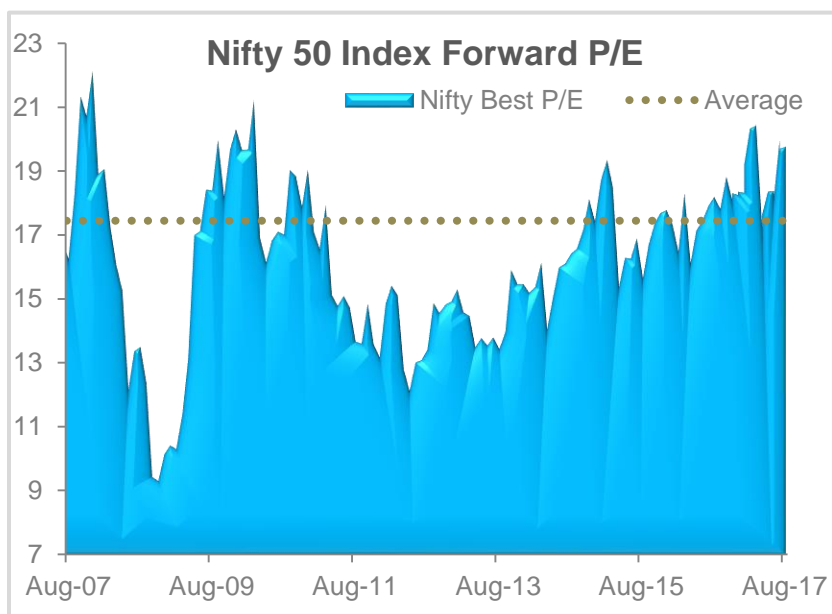
Large dispersion in sector specific earnings

Active sector allocation is key to alpha generation

Nifty EPS Growth Sector –wise dispersion (%)					
	FY13	FY14	FY15	FY16	FY17
Automobiles	(11.4)	23.5	1.3	13.2	(4.7)
Banking	21.9	6.0	14.6	(12.6)	16.9
Cement	14.6	(28.3)	3.5	(6.5)	13.1
Consumers	21.5	13.7	10.1	1.6	8.2
Energy	(3.9)	8.5	(12.8)	13.8	42.4
Industrials	3.9	(7.2)	(28.2)	26.8	43.0
Infrastructure	42.2	12.0	(29.9)	137.6	35.0
Media	22.2	22.4	(5.5)	25.9	27.7
Metals & Mining	20.6	(7.2)	(20.8)	(25.8)	45.5
Pharmaceuticals	39.3	51.7	(0.6)	8.6	5.4
Technology	22.7	32.6	7.8	9.5	9.3
Telecom	(37.4)	46.9	89.5	(21.7)	4.4
Utilities	19.7	(2.2)	(4.4)	13.9	14.6

Valuations a bit rich standalone, but reasonable adjusted for the cycle

Operating leverage likely to kick in as demand revives

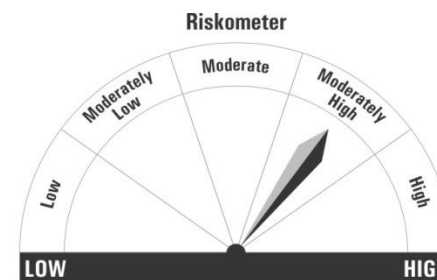


Riskometer, Statutory Details and Risk Factors

This product is suitable for investors who are seeking*:

- capital appreciation over medium to long term
- investment in a diversified portfolio consisting of equity and equity related instruments across market capitalization.

**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 moderately high risk

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 explanation 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. The material is prepared for general communication and should not be treated as research report..

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