

Join India's Journey to \$5 Trillion Economy#

Invest in

AXIS INDIA

MANUFACTURING
FUND

(An open-ended equity scheme representing the India manufacturing theme)

AXIS MUTUAL FUND

Axis India Manufacturing Fund

(An open-ended equity scheme representing the India manufacturing theme)

Benchmark - NIFTY India Manufacturing TRI

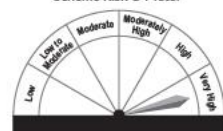
This product is suitable for investors who are seeking*

- Capital appreciation over long term.
- An equity scheme investing in Indian equity & equity related securities of companies engaged in manufacturing theme.

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

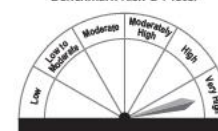
Riskometer

Scheme Risk O Meter



Investors understand that their principal will be at Very High Risk

Benchmark Risk O Meter



NIFTY India Manufacturing TRI

(The product labelling assigned during the New Fund Offer is based on internal assessment of the Scheme Characteristics or model portfolio and the same may vary post NFO when actual investments are made)

Source : https://www.rbi.org.in/Scripts/BS_SpeechesView.aspx?id=1385

Statutory Details: Axis Mutual Fund has been established as a Trust under the Indian Trust Act 1882, sponsored by Axis Bank Ltd. (liability restricted to ₹1 Lakh). **Trustee:** Axis Mutual Fund Trustee Ltd. **Investment Manager:** Axis Asset Management Co. Ltd. (the AMC) **Risk Factors:** Axis Bank Ltd. Is not liable or responsible for any loss or shortfall resulting from the operation of the scheme.

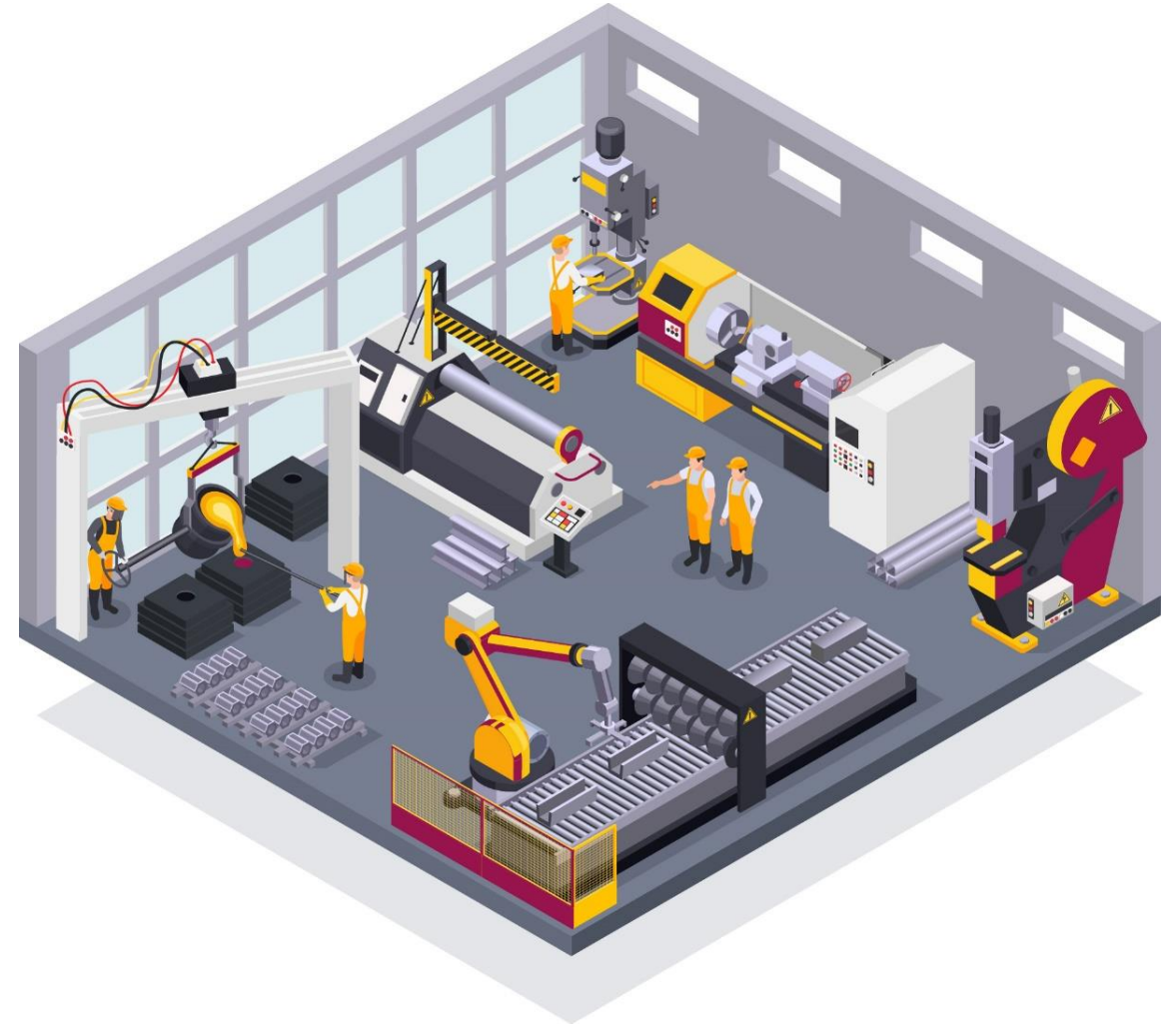
Mutual Fund Investments are subject to market risks, read all scheme related documents carefully.

Agenda

-  Introduction to Manufacturing
-  Growth of Manufacturing
-  Cause of the growth
-  Make In India, Make for the World
-  Demand : Domestic + Global
-  Manufacturing Eco-system
-  About Axis India Manufacturing Fund
-  Investment Approach

What is Manufacturing?

- Processing of raw materials or parts into finished goods using
 - Human Intervention
 - Machinery
 - Tools
- Allows businesses to sell finished products at a higher cost than the value of raw materials used
- Mass production through advanced technology and process
- Economies of scale using efficient manufacturing techniques

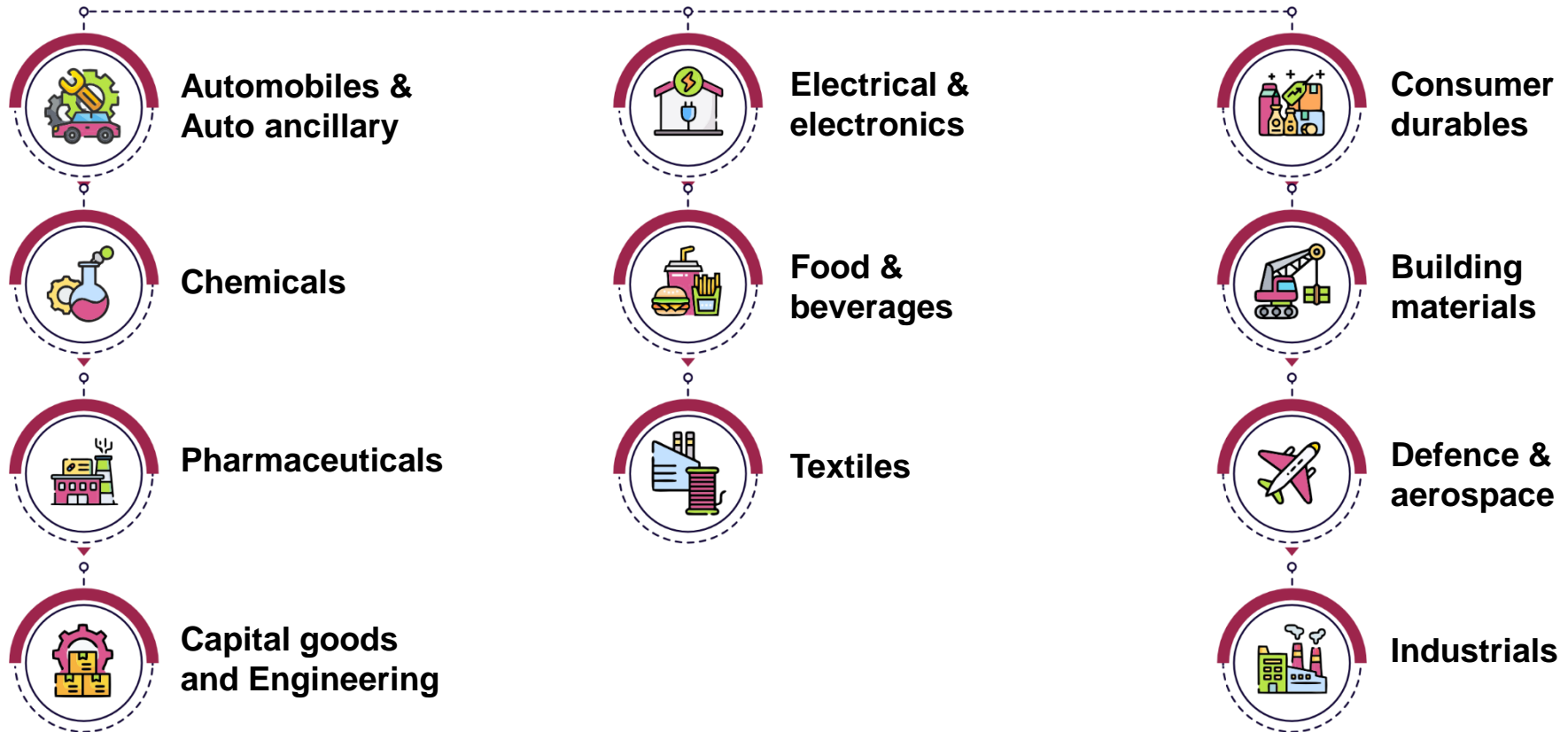


Manufacturing theme

Exposure to 11 sectors comprising of 66 industries



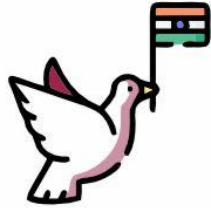
Manufacturing



Source: NSE methodology of Nifty India Manufacturing Index. Data as on 30th September 2023. 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).

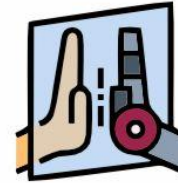
Journey of Manufacturing in India

The key to growth & innovation



Post Independence Era (1948 – 1990)

- Focus on basic & heavy industries through 5-year plans
- Industrial Policy Resolution 1956 forming the basis of Industrial Planning
- License Raj (1965-1980)



The Transformation (Post 1991)

- Opening markets to Global Competition
- Entry of private sector players
- Govt. policy measures boosted the service sector and MSMEs



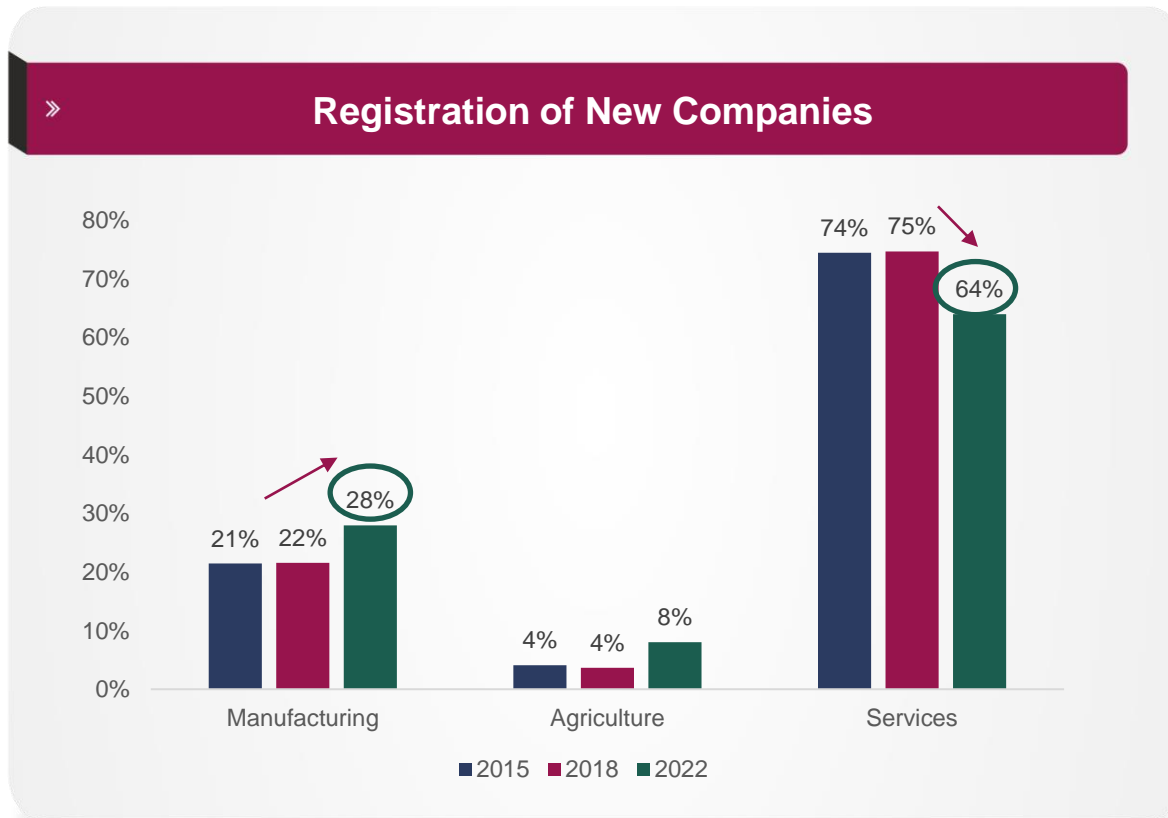
Way Forward (2020 onwards)

- Reforms & larger budgets to boost the manufacturing sector
- Aatmanirbhar Bharat, Make in India 2.0 & Vocal for Local
- Focus on exports & FDI inflows to enhance manufacturing as a proportion to GDP

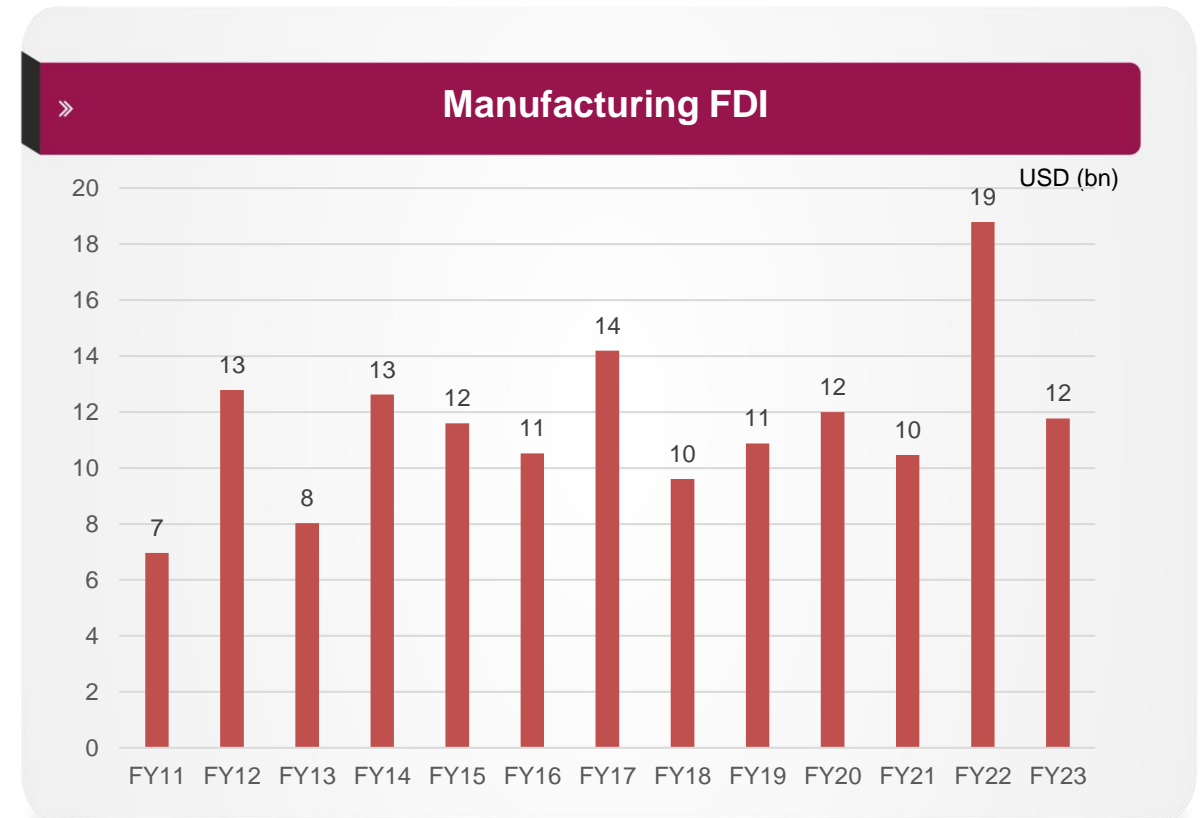
Growth of Manufacturing Companies

New companies and new investments

Registration proportion of manufacturing companies up to 28% in CY22 vs 22% in CY18



Manufacturing is the largest gainer of FDI flows



Data as on 30th September 2023. Source: Bloomberg, Axis MF Research, Aventus Spark. The above graphs are used to explain the concept and is for illustration purpose only and should not be used for development or implementation of an investment strategy

Why has this happened?

Government initiatives have been a key driver

Make in India (2014): To turn India into centre for manufacturing, design and innovation



PM Gati Shakti - NMP: Multi-modal infrastructure platform. Monetization plan aimed at creating a circular financing model

Industrial corridor development programme (11 corridors): To improve the connectivity and logistics



PLI schemes: Various schemes for 14 sectors to enhance manufacturing capabilities and exports

India Stack: Leveraging technology to ease economic bottlenecks and provide services at scale

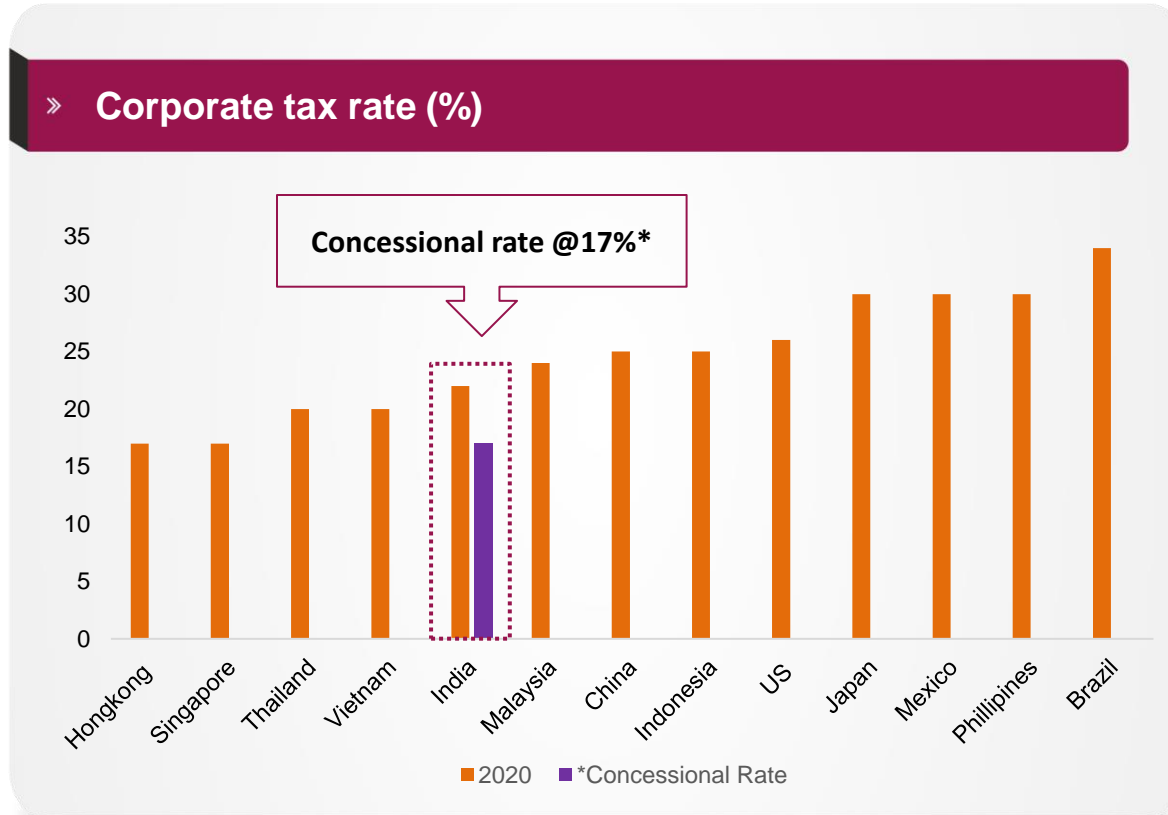


Aatmanirbhar Bharat: Encourage import substitution

... making India globally competitive

Labour and tax reforms key to making India a global manufacturing hub

Tax rates – India globally competitive



Aided by cost competitiveness

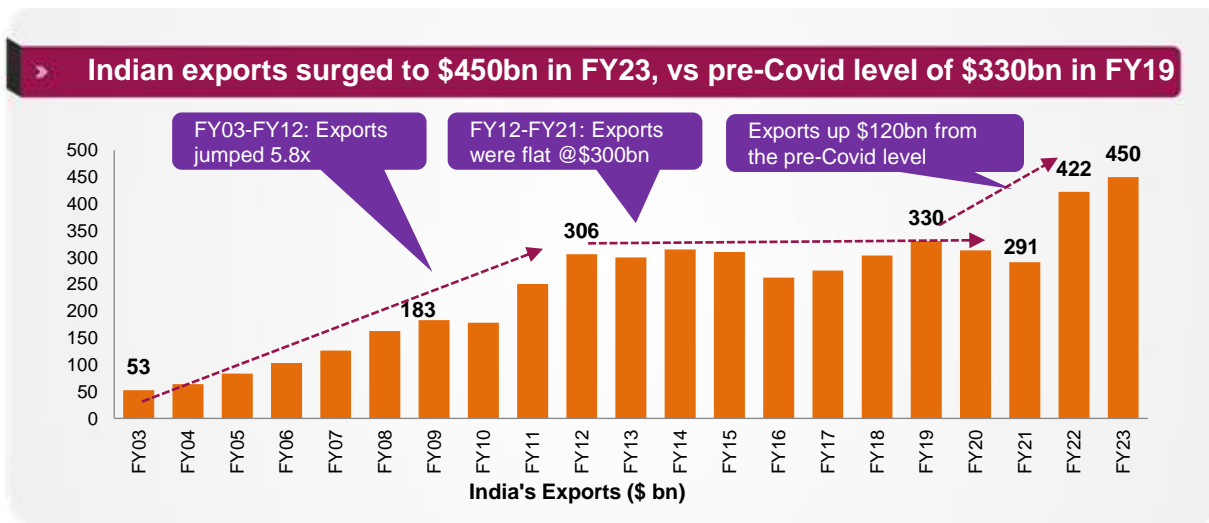
	Average landed cost (%)
Mexico	81
Southeast Asia	82
India	85
South America	92
Eastern Europe and Mediterranean	97
Japan and South Korea	97
US and Canada	100
Australia	110
Western Europe	113
China	121

Source: Axis MF Research. Data as on 30th September 2023. Concessional tax regime states that newly set up companies (after 30 September 2019 and before 31st March 2024) engaged in manufacturing are eligible for concessional tax rate of ~17 per cent* subject to certain conditions. The above graphs are used to explain the concept and is for illustration purpose only and should not be used for development or implementation of an investment strategy

Make in India, Make for the World

Indian goods have multiple demand centers globally

... tailwinds have begun showing results, but India still has a long way to go



India is also using its geo-political standing to advance trade talks and sign new free trade agreements (FTA's) with key trading partners

Source: Aventus Spark. Data as at 31 August 2023. The above graphs are used to explain the concept and is for illustration purpose only and should not used for development or implementation of an investment strategy

Domestic Demand

A Unique demand center for Indian products

- India is the largest aspirational population in the world
- Unlike other manufacturing centers, Indian economy is heavily dependent on consumption
- Large middle class, demands internationally competitive goods
- Domestic + export demand makes manufacturing in India viable
- This also makes Indian manufacturing less cyclical to global economic vagaries

Why is domestic demand growing now?

Virtuous Investment Cycle

Improving economic sentiment creates demand for products

High-capacity utilization creating economies of scale

Additional Capex needed to meet **global + domestic** demand



Discretionary spending to gain ground

Increasing incomes leading to premiumization

	FY 12	FY 22	FY 32e
» Nominal GDP	\$1,826bn	\$3,174bn	\$7,903bn
» Manufacturing share of GDP	\$310bn	\$500bn	\$1,700bn
» Consumption share of GDP	\$1,026bn	\$1,883bn	\$4,544bn
Retail Market	\$461bn 45%	\$781bn 42%	\$1,834bn 40%
Non-Retail Consumption (automotive, leisure, hotels, education, health etc.)	\$565bn 55%	\$1,102bn 59%	\$2,710bn 60%

Allocation of spends to shift in favour of discretionary categories

Manufacturing eco-system

FDI creating a sustainable eco-system

Key Investments by global manufacturing giants

Name of Company	Sector	Investment (Rs. bn)
General Electric and HAL MoU	Industrials	90.0
Micron Technology, Inc.	Semiconductor	68.3
Hyundai Motor India (HMIL)	Auto	Not Disclosed
Carrier Global Corp	Industrials	1090.3
Transmashholding (TMH)	Industrials	538.1
Vivo	Electronics	11.0
Ciena	Electronics	8.3
Mondelez India	Consumer Staples	16.0
Procter & Gamble India	Consumer Staples	20.0
Omron	Electronics	1.3
ABB India	Engineering services	10.0
AMD	Semiconductor	33.1
HonorTech	Electronics	10.0
International Battery Company (IBC)	Industrials	80.0
Pou Chen Group	Footwear manufacturing	23.2
ExxonMobil	Energy	9.1

Process of Indigenization:

Foreign vendor sets up greenfield facility along with empaneled suppliers

Indian manufacturers co-invest to form technological and service partnerships

Over time local manufacturers achieve skill & competitiveness

Foreign vendors increasingly use local manufacturers to supply components

Our fund will invest in listed local manufacturers suppliers to participate in the manufacturing story

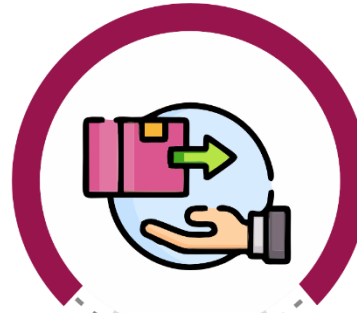
Source: News reports, Axis MF Research. Data as on 30th September 2023. Sector(s) / Stock(s) / Issuer(s) mentioned above are for the purpose of disclosure of the portfolio of the Scheme(s) and should not be construed as recommendation. The fund manager(s) may or may not choose to hold the stock mentioned, from time to time. Investors are requested to consult their financial, tax and other advisors before taking any investment decision(s).

Opportunity For India Manufacturing

Manufacturing sector – 3-Pronged Opportunity

Demand

Aspirational domestic demand + export opportunities



India's
Manufacturing
Sector

FY23: USD440bn  FY33E: USD1,800bn

Supply

Optimizing supply capabilities and healthy competition among states to attract manufacturing investments



Geo-politics

Multi-polar world and India's growing geopolitical cloud



Introducing
**Axis India Manufacturing
Fund**

(An open ended equity scheme representing the India manufacturing theme)



Manufacturing theme vs Broad markets

Focus on the domestic economy

	Nifty India Manufacturing Index	Nifty 500 Index	Nifty 50 Index
Automobile and Auto Components	27.02	6.21	6.05
Capital Goods	21.13	4.75	0
Healthcare	15.24	5.48	4.09
Metals & Mining	11.84	3.31	3.7
Chemicals	10.41	2.59	0.35
Oil, Gas & Consumable Fuels	7.26	8.57	11.35
Consumer Durables	5.18	3.67	3.24
Textiles	1.48	0.41	0

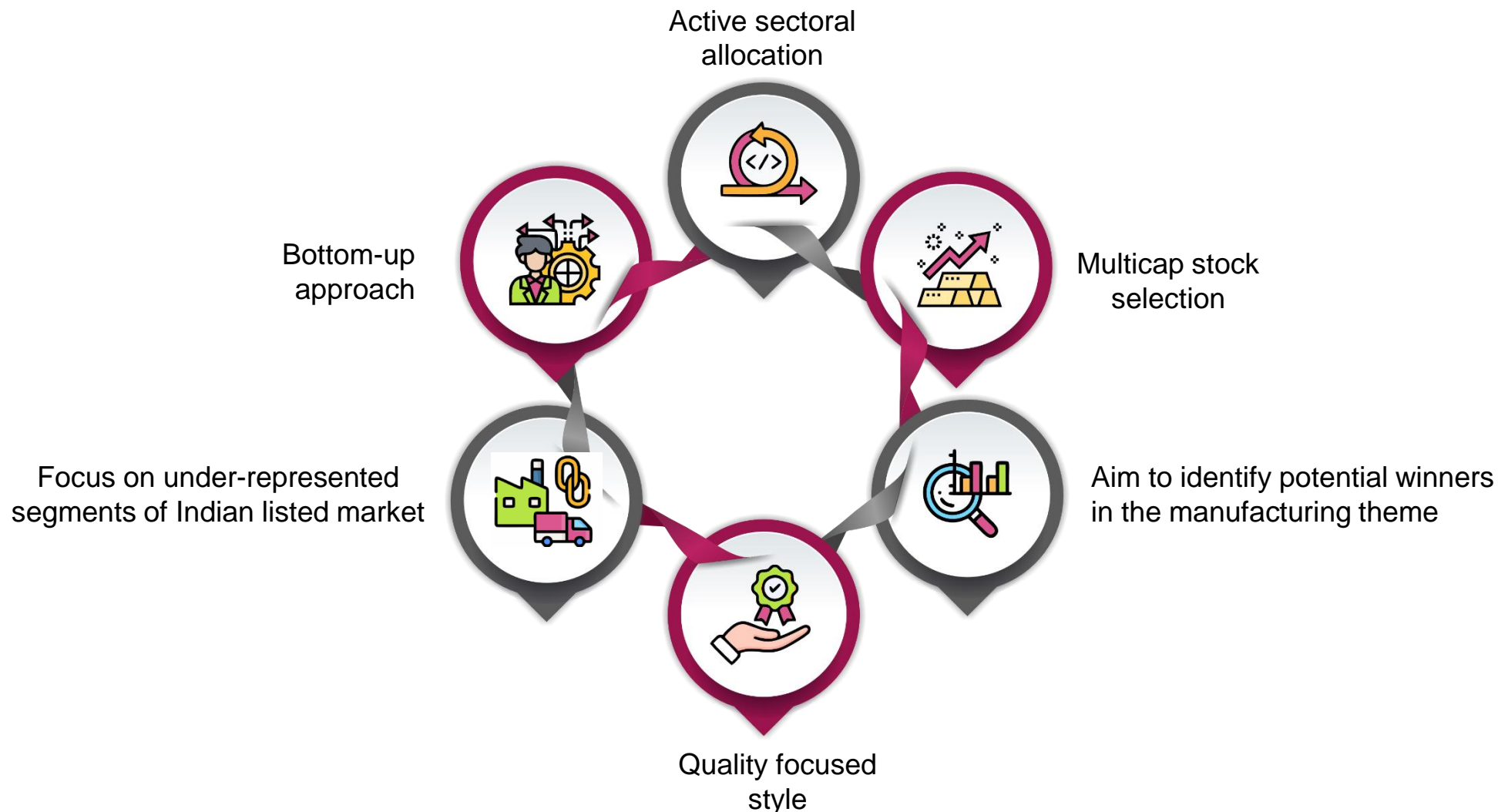
Current equity markets landscape, allocations are heavily skewed towards the service sector

A dedicated allocation to high growth stories in the manufacturing space could be taken via a dedicate thematic fund like Axis India Manufacturing Fund

The fund will invest 100% of its assets in India

Data as on 30th September 2023. Source: NSE. 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).

What to Expect from Axis India Manufacturing Fund?



Investment approach

The fund will aim to identify companies across 3 segments of the Indian economy



Investments

Manufacturers investing in factory equipment and R&D to build production capacity



Consumption

Industries with rising demand trajectory due to domestic consumption and premiumization narrative

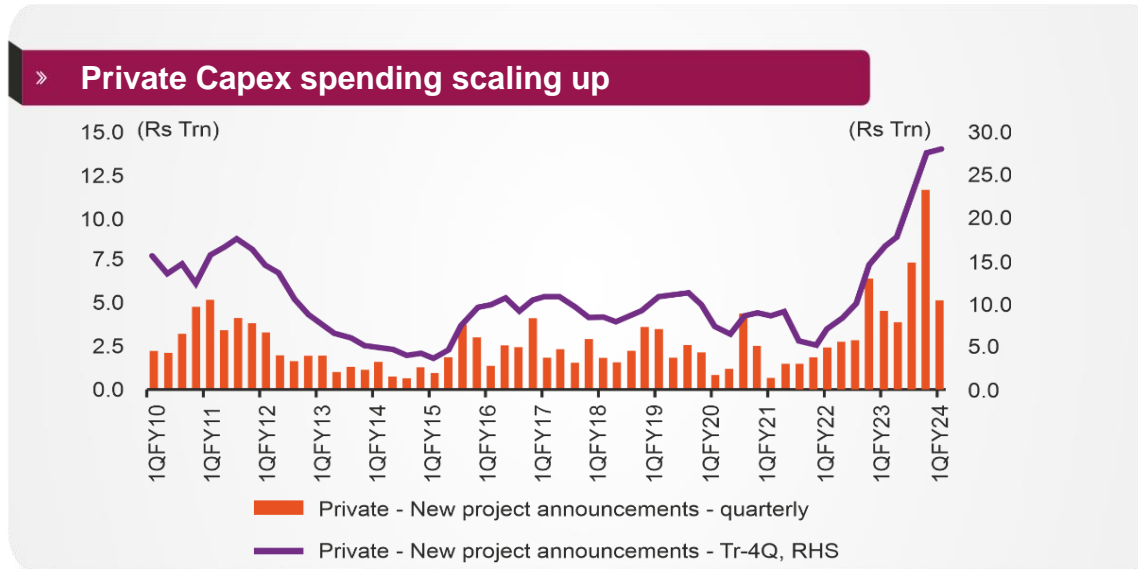
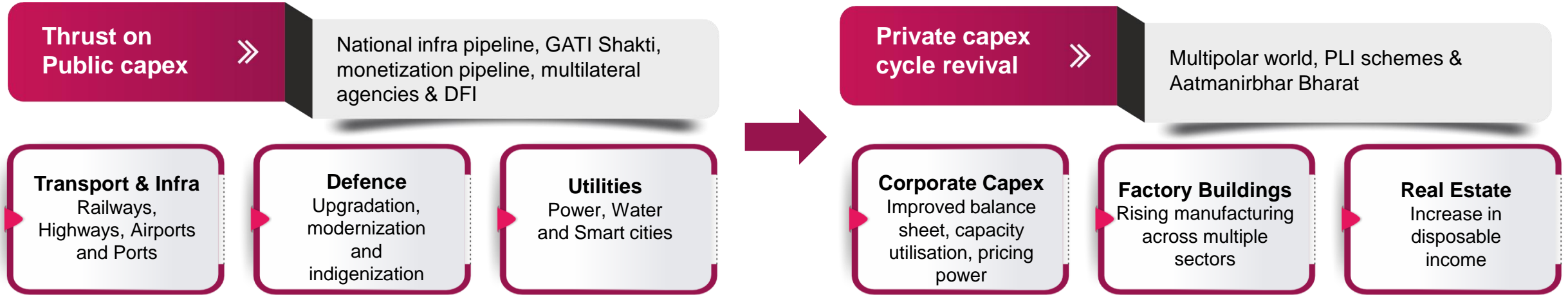


Net Exports

Focus on companies benefiting from India's integration into the global supply chain

Sub theme 1: Investments

India Industrials: Capex Cycle



Data as on 30th September 2023. Source: Morgan Stanley, Axis MF Research. The above graphs are used to explain the concept and is for illustration purpose only and should not be used for development or implementation of an investment strategy

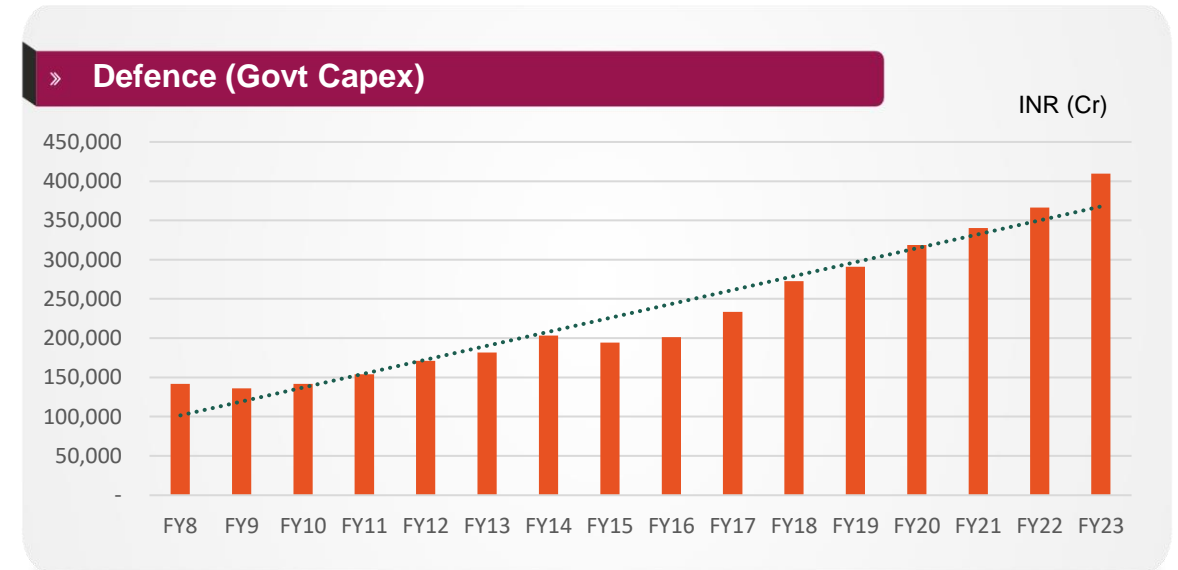
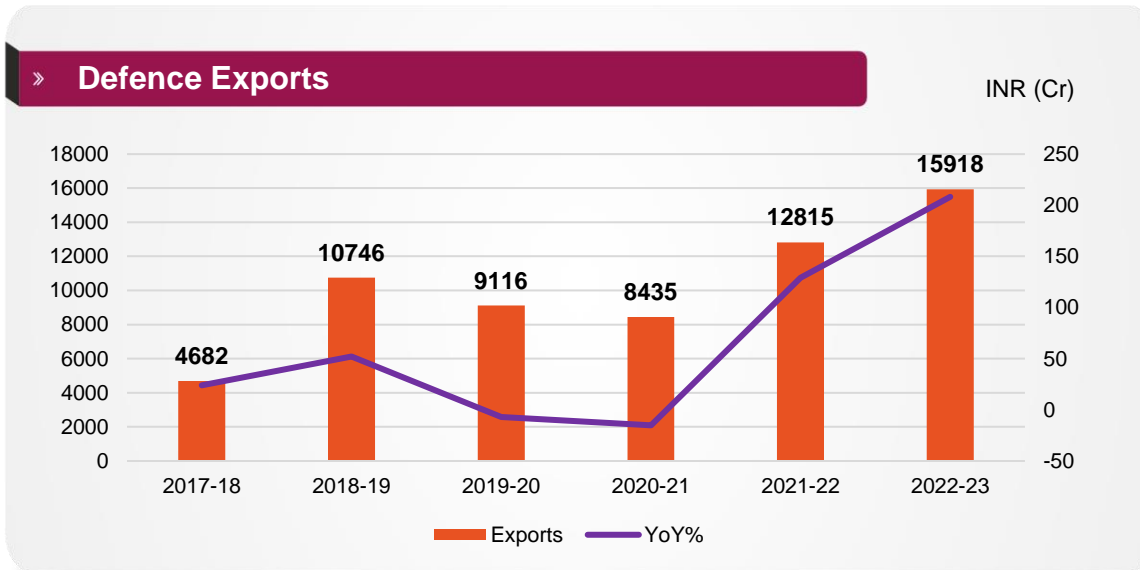
Sub theme 1: Investments

Case Study »

Rise of Indian Defence industry

- Union Budget for FY 2023-24 envisages an outlay of Rs. 6 lakh Cr which is 13% of the total budget
- Target of achieving a turnover of Rs. 2 lakh Cr in aerospace and defence manufacturing by 2025
- Emphasis by armed forces on indigenous production
- Indigenous defence production aimed at incubating large potential industry over 5-10 years

India's Defence exports rose 24% in FY23, and tenfold in six years



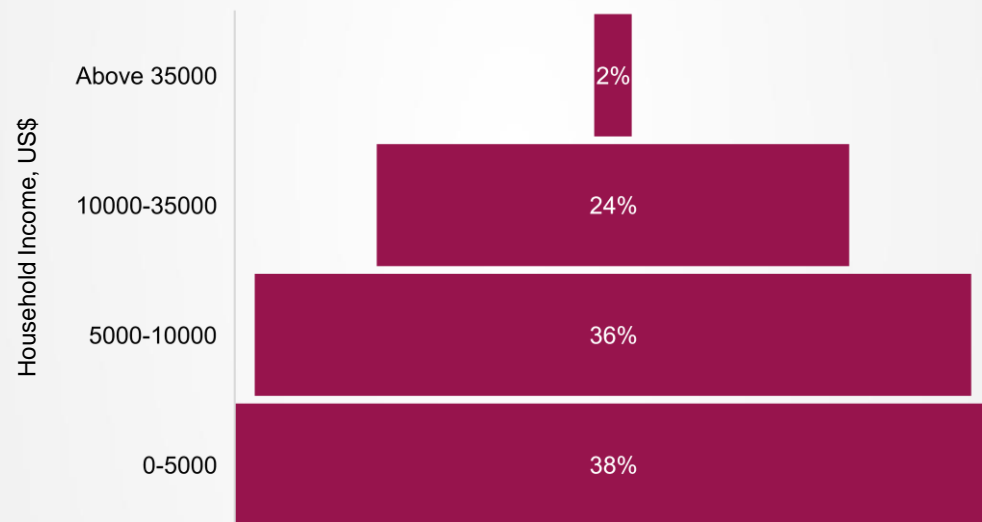
Source: Invest India Website, Nomura Research. Data as on 31st March 2023. The above graphs are used to explain the concept and is for illustration purpose only and should not used for development or implementation of an investment strategy.

Sub theme 2: Consumption

Increasing income leads to premiumization

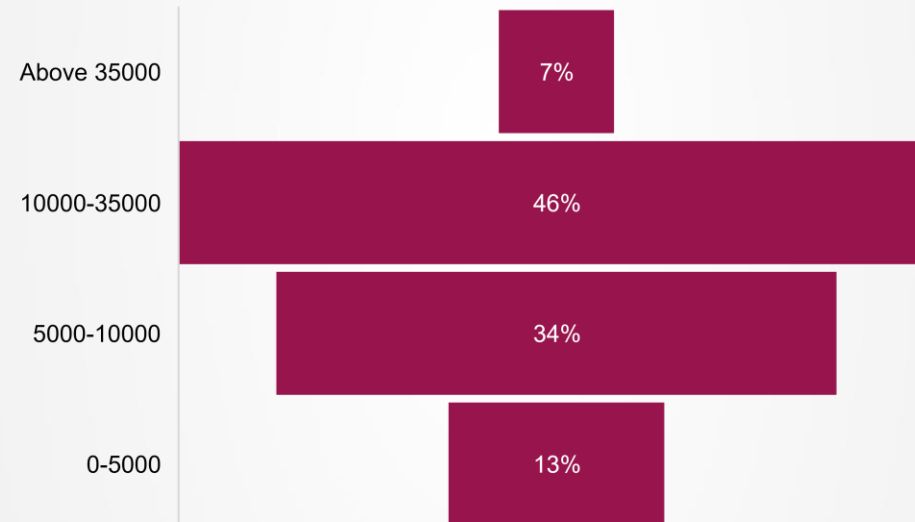
» 2021 Households by Income Distribution

Households: 294.8mn
GDP per capita: \$2278



» 2031e Households by Income Distribution

Households: 360.5mn
GDP per capita: \$5242



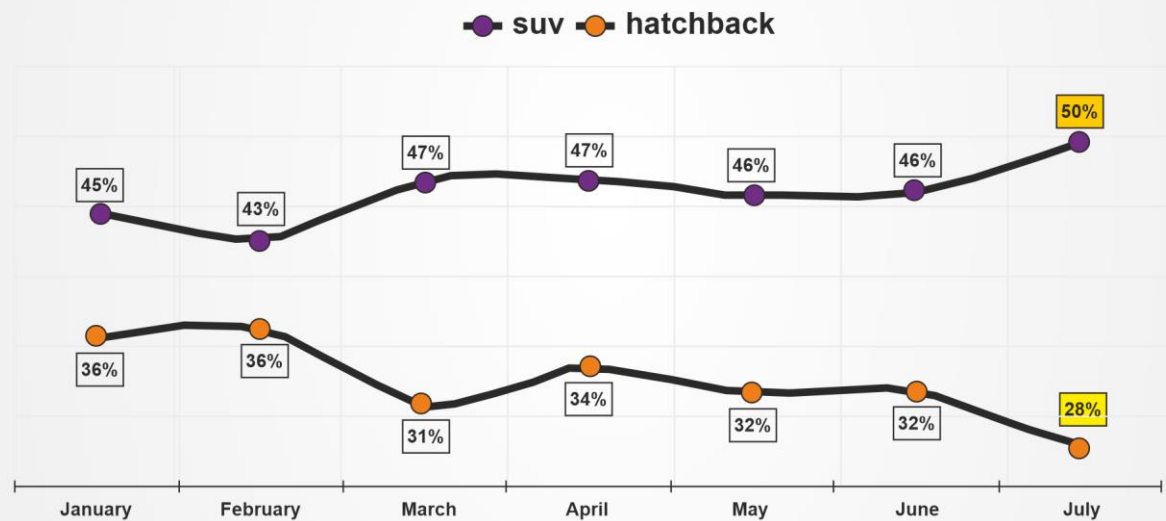
Source: Morgan Stanley, Axis MF Research. Data as on 31st May 2023. The above graphs are used to explain the concept and is for illustration purpose only and should not used for development or implementation of an investment strategy. Estimates of future performance are based on assumptions that may not be realized.

Sub theme 2: Consumption

Case Study »

Premiumisation of Automotive Sector

» 2023 Indian PV market - Body style share



How are companies adapting

- New launches skewed towards entry level & premium SUVs
- Blending hybrid and electric variants into existing platforms
- **Capacity expansion:** Indian carmakers commit US\$ 10 billion to add new capacity of 2.2 to 3 million units

Facts about the Indian Auto Sector

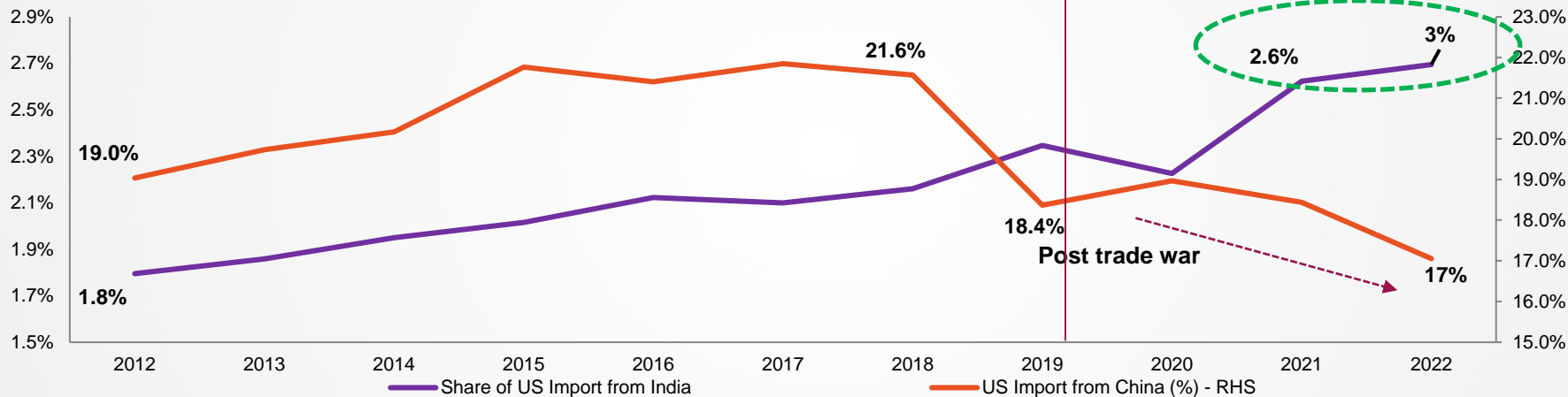
- Top 25 selling cars in India accounted for 75% of the car sales in Aug-2023
- 16 of the top 25 selling cars (YoY trend) are SUVs/MUVs taking their share to **more than 60%**

Sub theme 3: Net exports

Focus on import substitution

- Narrative driven by Make In India since 2014
- Series of policies aimed at strengthening Indian companies in global markets
- Incentives like PLI fostering manufacturing ecosystem across sectors
- Effects visible in sectors like Cables & Wires, Electronics, Industrial products, Chemicals, Pharma (China+1 narrative)

» China has lost share in US imports while India has been one of the beneficiaries of this change



Source: MEITY, MoC, Spark Research. Data as on 31st March 2023. The above graph is used to explain the concept and is for illustration purpose only and should not be used for development or implementation of an investment strategy. 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

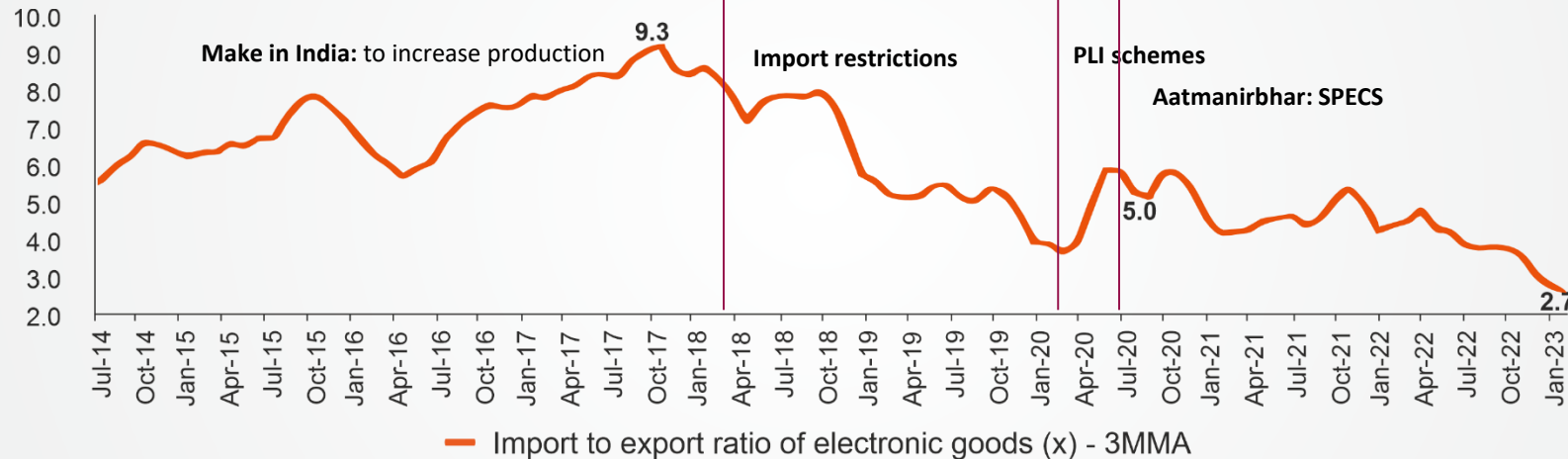
Sub theme 3: Net exports

Case Study »

Electronic Companies: Visible traction

- China+1 narrative is opening India's manufacturing and component ecosystem
- India has adopted import restrictions to curb imports from China and to create demand for domestic products
- Growth driven by significant manufacturing opportunity in segments such as railways, automotive, industrial, telecom, medical, mobile phones
- Government is focusing on developing component ecosystem relating to manufacturing of semiconductor + assembly

» #2: Electronic imports to exports ratio continues to decline



Source: MEITY, MoC, Spark Research, 3MMA - 3 month moving average, SPECS - Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors. Data as on 31st March 2023. The above graph is used to explain the concept and is for illustration purpose only and should not be used for development or implementation of an investment strategy. 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

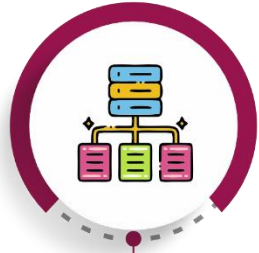
Fund Facts



Category
Thematic



Typical Investment Horizon:
5+ years



Benchmark
NIFTY India Manufacturing TRI



Min. application amount:
Rs. 500 and in multiples of Rs. 1 thereafter

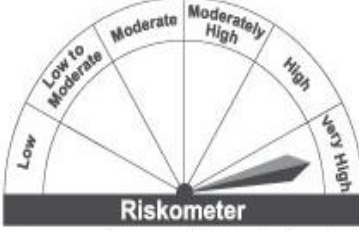
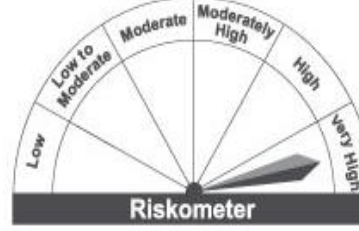


Fund Manager
**Mr. Shreyash Devalkar
and Mr. Nitin Arora**



NFO Period:
**1st December 2023 to
15th December 2023**

Product Labelling

Fund Name & Benchmark	Product Labelling	Product Risk-o-meter	Benchmark Risk-o-meter
<p>AXIS INDIA MANUFACTURING FUND</p> <p>(An open-ended equity scheme representing the India manufacturing theme)</p> <p>Benchmark: NIFTY India Manufacturing TRI</p>	<p>This product is suitable for investors who are seeking*</p> <ul style="list-style-type: none"> • Capital appreciation over long term • An equity scheme investing in Indian equity & equity related securities of companies engaged in manufacturing 	 <p>Riskometer</p> <p>Investors understand that their principal will be at Very High risk</p>	 <p>Riskometer</p> <p>NIFTY India Manufacturing TRI</p>

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Disclaimer and Risk Factors

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Trustee: Axis Mutual Fund Trustee Ltd.

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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.

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Thank You