



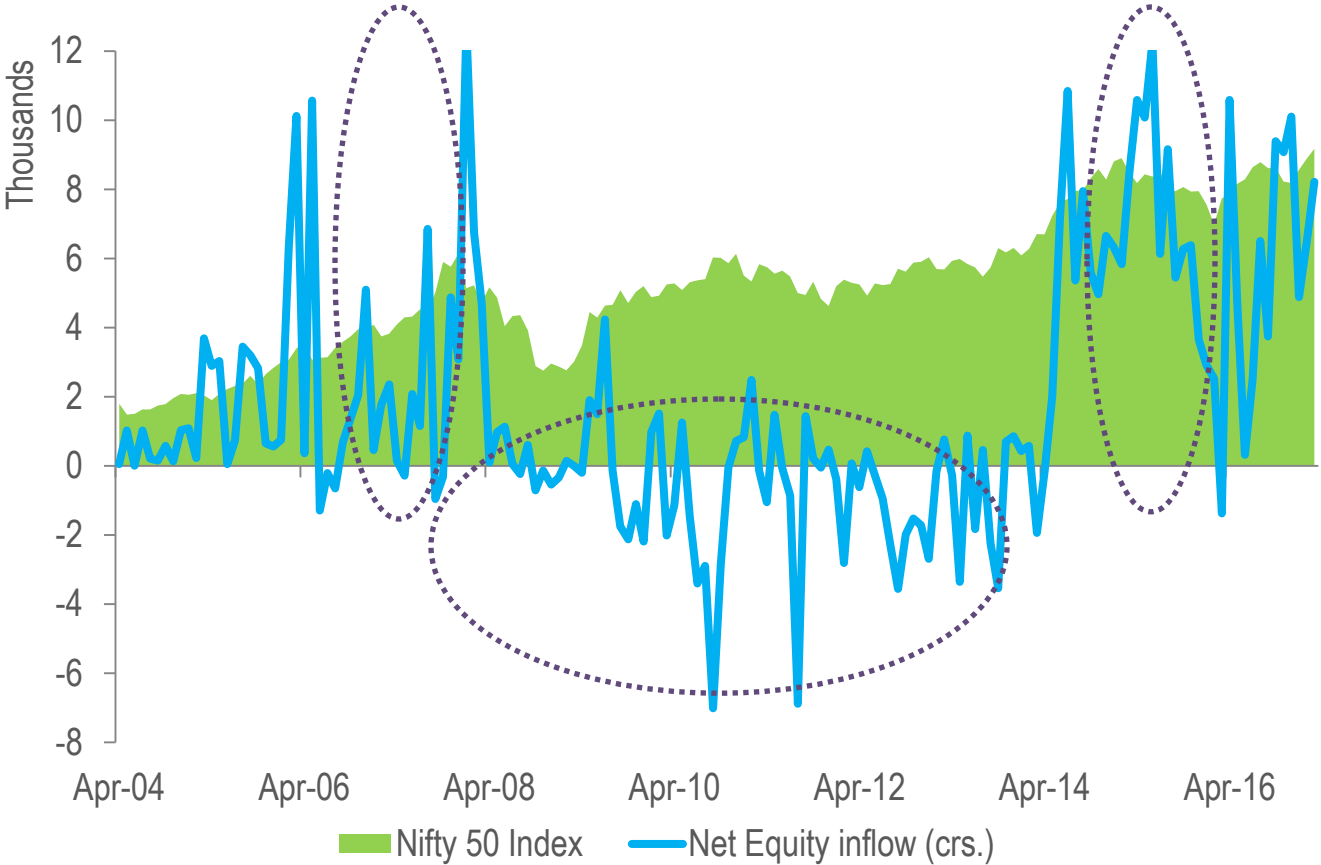
# NFO : Axis Dynamic Equity Fund

(An Open - ended Equity Scheme)

# Typically, what influences investors to invest?



# Results of manually trying to time the market



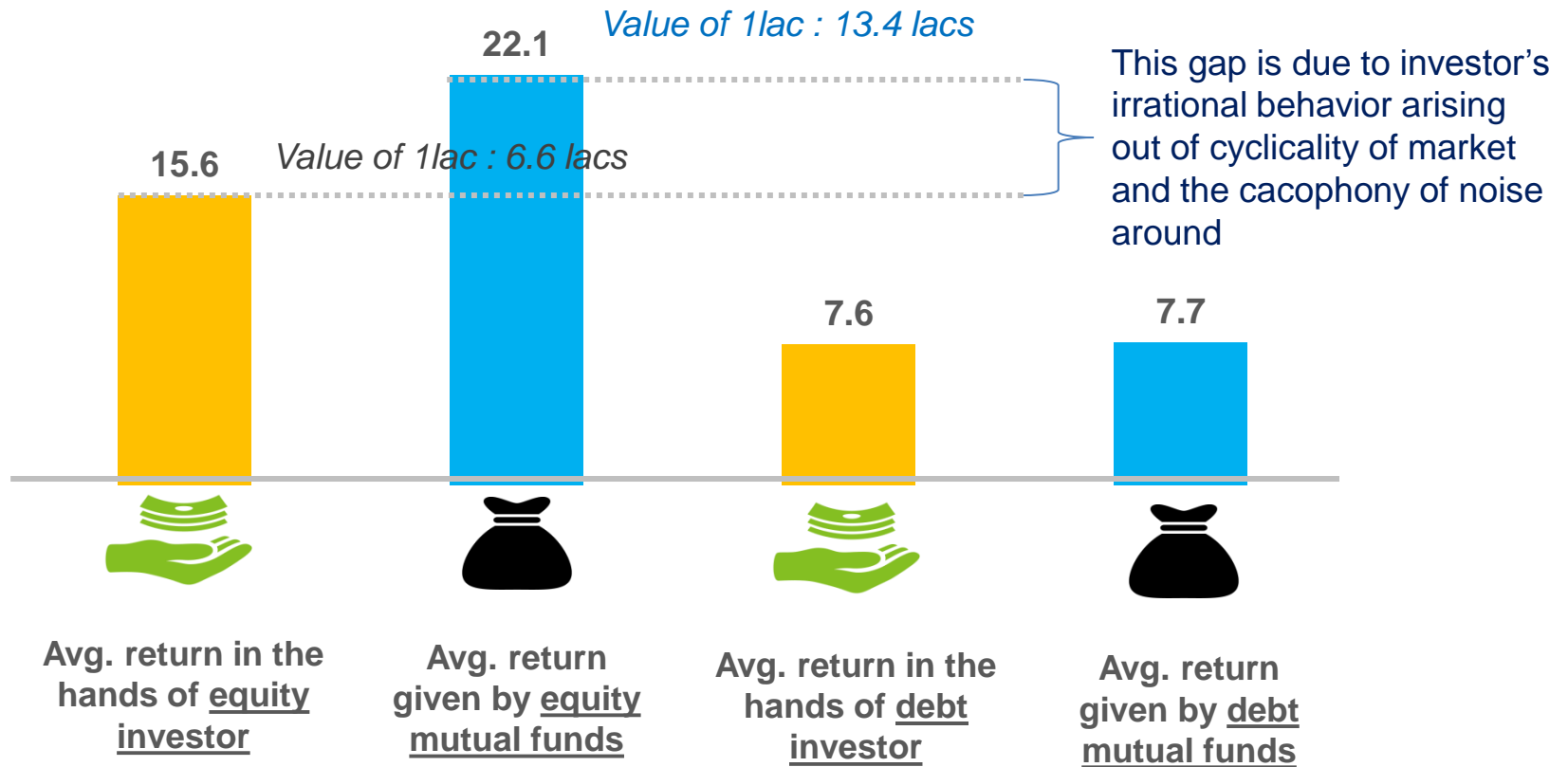
Human irrational behavior affects his/her investment decision



Investors ended up investing at market peak and redeeming at market lows

Source: ACEMF, AMFI and MFI Explorer. Past performance may or may not be sustained in the future

# Emotions can impact your investment decisions



Data period : 2003 – 2016, Source: Internal Analysis.. **Past performance may or may not be sustained in the future**

Analysis used regular growth plan returns for all actively managed diversified funds for which data was available during the period. All analysis was done using monthly AuM and return data. Equity Funds : All open-ended, actively managed diversified funds for which data was available during the period. Debt Funds : All open ended debt schemes excluding liquid, ultra short term and gilt schemes for which data was available during the period. Fund Returns: Asset weighted returns for all funds. Investor Returns: Consolidated returns that were realized by all investors adjusting for their inflows/outflows into individual schemes.

Returns are compounded annualized for >1yr period

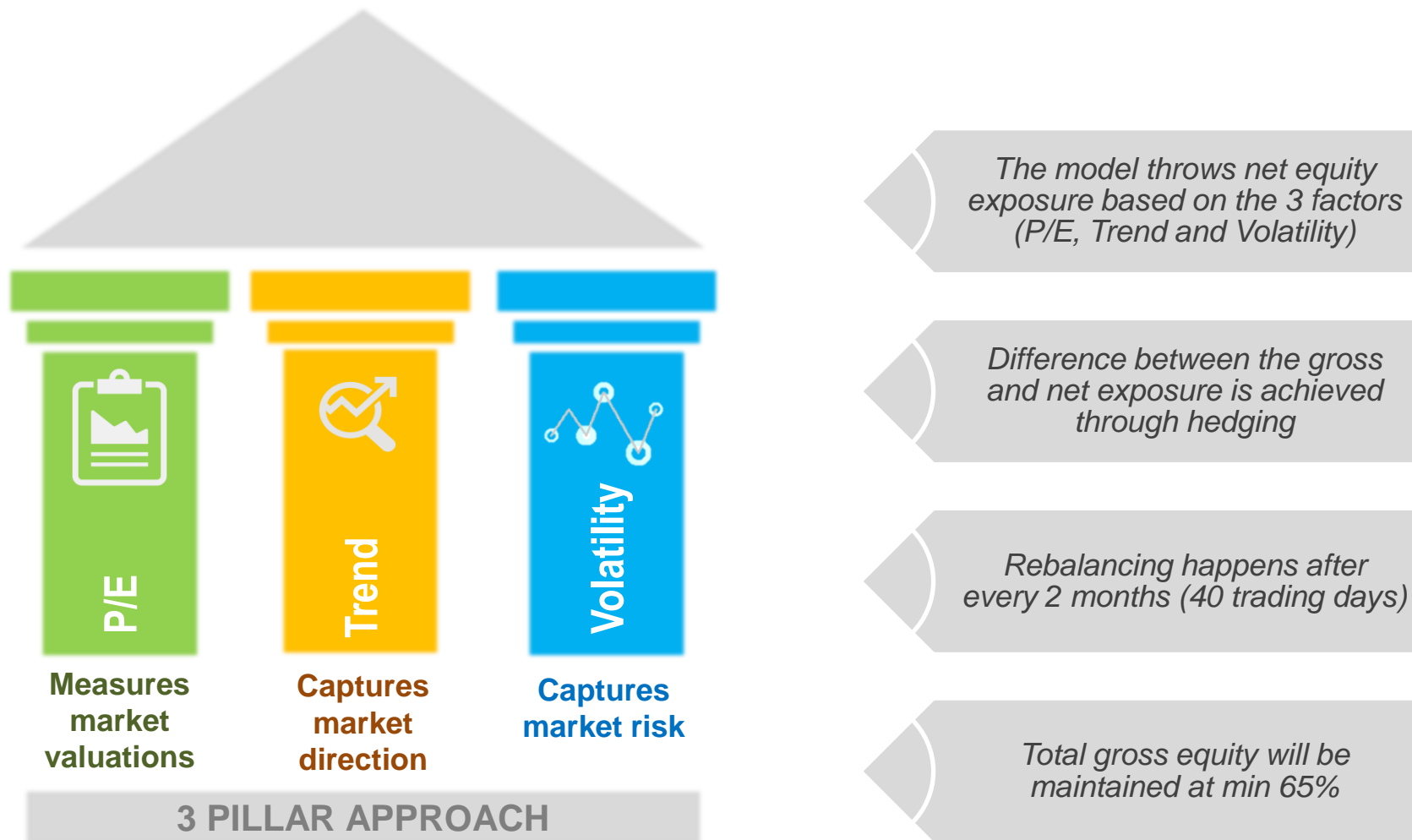
# Is there a scientific way to dynamically manage equity exposure?

PE (Price to Earnings Ratio) : Widely used measure to gauge the market status in terms of valuation

PE Buckets	Average of Nifty 3 year hence return
<15	31.67
15-18	16.89
18-21	9.73
21-24	0.96
>24	-4.74

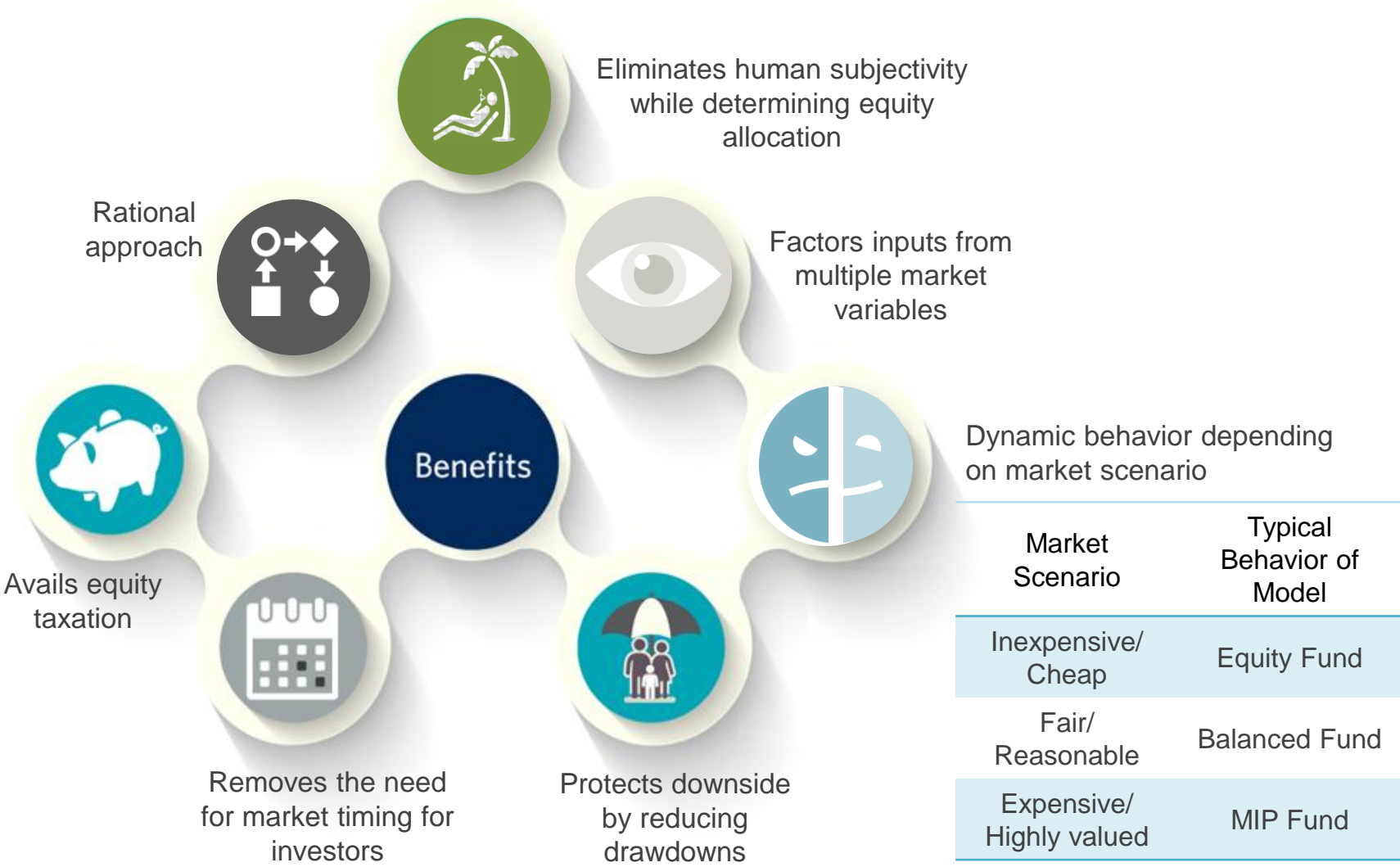
While PE is critical, only PE is not enough. It is also important to capture market trend and risk.

# Introducing : Holistic approach to dynamic equity investing



Please refer the investment strategy section of the SID for details of the model

# Benefits of the dynamic equity allocation approach



# Axis Dynamic Equity Fund

- Uses back-tested model to decide equity exposure

Instruments	Typical Range of Investment
Net Equity	30 – 100%
Hedged Equity	0 – 35%
Fixed Income / Cash	0 – 35%

- Rebalancing happens every ~2 months (40 trading days)
- At all times, min gross equity will be maintained at 65%



# Investment approach

*Once, the model throws the equity allocation, the fund manager, at his own discretion, will decide stock portfolio based on our philosophy.*

## Equity

- Multi-cap portfolio
- Bottom-up stock selection approach
- High quality portfolio

## Fixed Income

- Investment in short term spectrum of fixed income market to maintain liquidity
- High quality portfolio







## Hedged Equity

- Creating hedges using appropriate derivative instruments

*Please refer to SID for detailed asset allocation and Investment Strategy. Subject to provisions of SID, portfolio Allocation/Positioning will be based on the prevailing market conditions and may change depending on the fund manager's view. For equity high quality implies companies with Sound management pedigree and a track record to manage business in all economic cycles and Good corporate governance.*

# Back testing: How does the model fare in different market scenarios?

- The model might not outperform in rising market, but it has beaten the market in all other market scenarios

Market Scenario	Time Period	Nifty 50	**Model	Out/Under Performance
 Flat market	Jun 99 - Jul 03	0%	12%	✓
 Rising Market	Jul 03 - Jan 08	46%	38%	✗
 Falling Market	Jan 08 - Oct 08	-60%	-21%	✓
 Rising Market	Oct 08 - Nov 10	52%	30%	✗
 Flat Market	Nov 10 - Dec 13	0%	3%	✓
 Volatile market	Dec 13 - Mar 17	12%	14%	✓
<b>Overall return (99 - 17)</b>		<b>12.2%</b>	<b>16.6%</b>	✓

**Shows 4.2% p.a. outperformance**

Source: MFI Explorer, Internal Analysis. \*\* Model refers to the quantitative model that determines equity allocation in the range of 30% - 100% using three parameters – momentum, volatility and valuations. For complete details on the model refer to the SID. Returns are based on the back tested values. Model performance is calculated using Nifty 50 Index for equity and CRISL Short Term Bond Fund Index for debt. No expense/alpha is considered in the above illustration. Returns are compounded annualized for >1yr period.

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

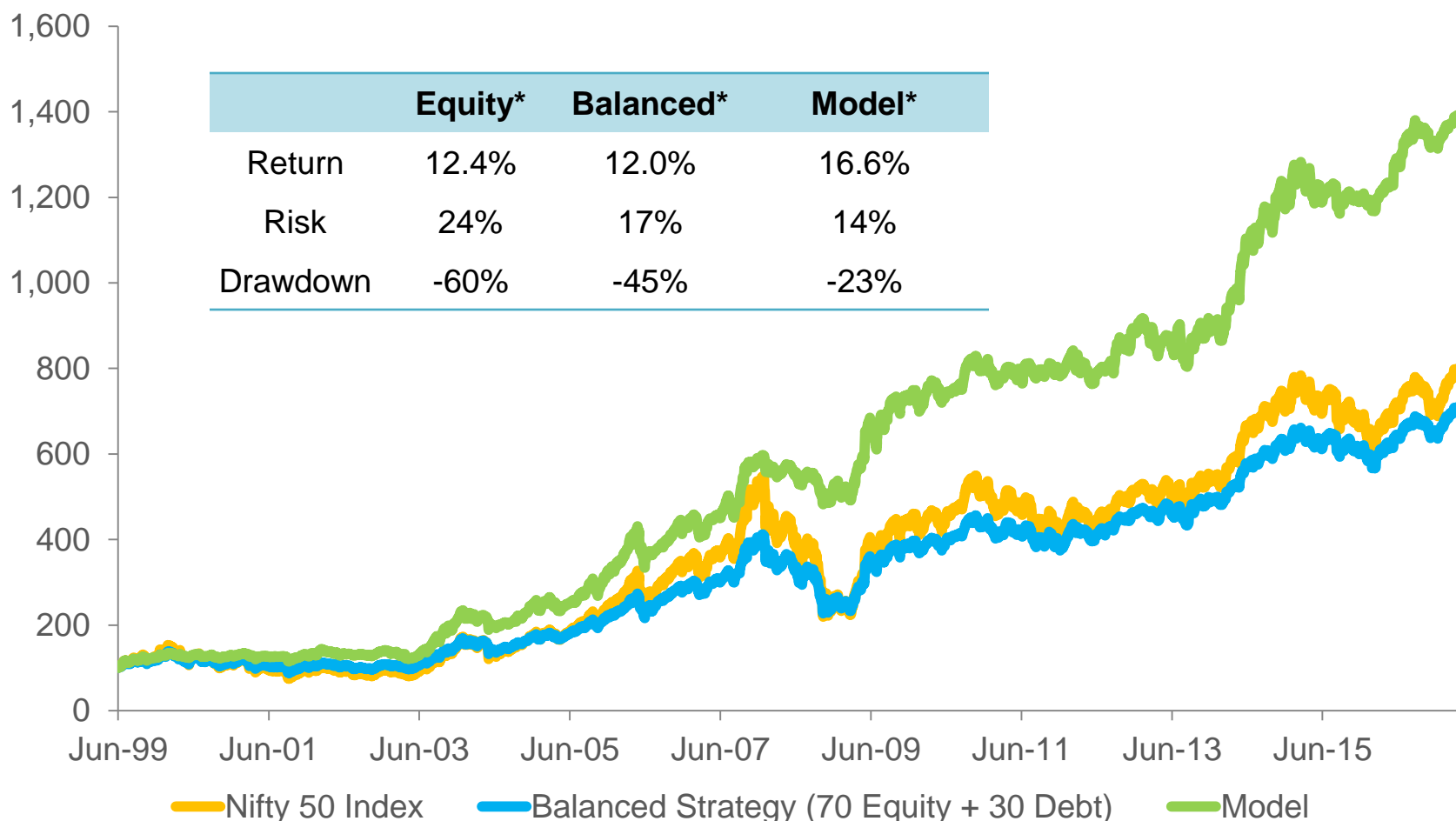
# Dynamically manages equity exposure

Calendar Year	Average equity allocation	3 year hence returns (%)		(%)
		Nifty 50	Model*	Outperformance/Underperformance
1999	64%	-9.6	7.7	17.3
2000	30%	14.1	24.5	10.4
2001	40%	25.2	25.7	0.5
2002	66%	37.4	32.5	-4.9
2003	88%	28.3	24.2	-4.1
2004	72%	43.4	32.3	-11.1
2005	93%	1.4	16.0	14.6
2006	76%	9.4	18.4	8.9
2007	59%	0.0	10.7	10.7
2008	33%	16.1	14.0	-2.0
2009	58%	4.3	6.1	1.8
2010	59%	0.9	3.6	2.7
2011	39%	21.4	15.4	-6.0
2012	81%	10.4	10.9	0.5
2013	77%	9.1	13.9	4.8
<b>Total period (99 – 17)</b>	<b>62%</b>	<b>12.4</b>	<b>16.6</b>	<b>4.2</b>
<b>Risk (Std Dev)</b>		<b>23.9</b>	<b>14.1</b>	
<b>Max Drawdown</b>		<b>-60%</b>	<b>-23%</b>	

Source: MFI Explorer, Internal Analysis. . \*\* Model refers to the quantitative model that determines equity allocation in the range of 30% - 100% using three parameters – momentum, volatility and valuations. For complete details on the model refer to the SID. Returns are based on the back tested values. Model performance is calculated using Nifty 50 Index for equity and CRISL Short Term Bond Fund Index for debt. No expense/alpha is considered in the above illustration.

Calendar year : 31st of previous year to 31st Dec of current year. Returns are for a 3 year period strating from 31st December of each corresponding Year. Returns are compounded annualized. *Past performance may or may not be sustained in the future.*

# Illustration: Model performance Vs. Other Strategies



Source: Bloomberg, Internal Analysis. \* Equity : Nifty 50 Index, Balanced: 70% Nifty 50 Index and 30% Crisil Composite Bond Fund Index, . \*\*Model refers to the quantitative model that determines equity allocation in the range of 30% - 100% using three parameters – momentum, volatility and valuations. For complete details on the model refer to the SID. Returns are based on the back tested values. Model performance is calculated using Nifty 50 Index for equity and CRISL Short Term Bond Fund Index for debt. No expense/alpha is considered in the above illustration. . *Past performance may or may not be sustained in the future. Returns are compounded annualized for >1yr period*

## Illustration: Model performance Vs. Other Strategies... (Contd.)

- Beats the balanced strategy with equal average equity exposure over the period
- Protects downside and reduces volatility as compared to pure equity strategy

	3 Year Period			5 Year Period		
	CRISIL Balanced Fund - Aggressive Index	Model*	Nifty 50	CRISIL Balanced Fund - Aggressive Index	Model*	Nifty 50
Minimum Return	0.98	1.79	-3.49	2.96	7.78	-0.57
Maximum Return	33.57	49.32	55.64	28.41	35.68	43.97
Average Return	13.19	17.92	16.74	12.06	16.53	14.49
Avg equity exposure	65%	65%	100%	65%	65%	100%

- Please note that no expense/alpha is considered in the above illustration. It is purely based on index values

Source: MFI Explorer, Axis Research. Data period : 2002 – 2017.\*\* Model refers to the quantitative model that determines equity allocation in the range of 30% - 100% using three parameters – momentum, volatility and valuations. For complete details on the model refer to the SID. Returns are based on the back tested values. Model performance is calculated using Nifty 50 Index for equity and CRISL Short Term Bond Fund Index for debt. No expense/alpha is considered in the above illustration. *Past performance may or may not be sustained in the future. Returns are compounded annualized for >1yr period*

## Features at glance

<p>Scheme Name <b>Axis Dynamic Equity Fund</b></p>	<p>Type <b>Open-Ended Equity Scheme</b></p>	<p>Benchmark <b>CRISIL Balanced Fund Index</b></p>
<p>Fund Manager <b>Anupam Tiwari, Ashwin Patni &amp; R. Sivakumar</b></p>	<p>Minimum Investment <b>Rs. 5,000 and in multiples of Re. 1/- thereafter</b></p>	<p>Plan/Options <b>Growth, Dividend (Payout/Reinvest ment)</b></p>

### NFO PERIOD

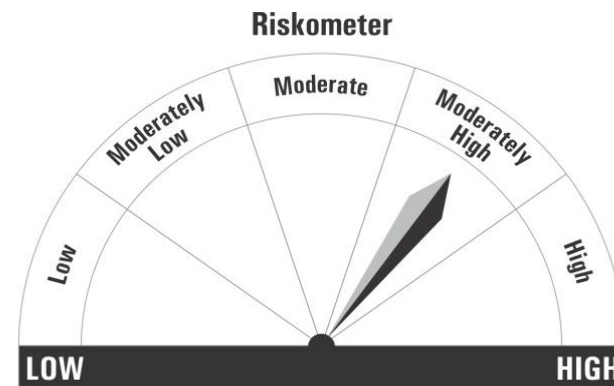
**11<sup>th</sup> July 2017 – 25<sup>th</sup> July 2017**

# Riskometer, Statutory Details and Risk Factors

**This product is suitable for investors who are seeking\*:**

- Capital appreciation while generating income over medium to long term
- Investment in equity and equity related instruments as well as debt and money market instruments while managing risk through active asset allocation

*\*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.**

**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.

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