

A little surprise,
a stronger relationship.

AXIS
HYBRID
FUND-Series 28

(1331 DAYS CLOSE ENDED DEBT SCHEME)

Just the potential positive surprise of
equity with the stability of debt.

This is not a capital protection oriented scheme.



NEW FUND OFFER: OCTOBER 27, 2015 - NOVEMBER 10, 2015



3 reasons to invest

The investment objective of the fund is to generate income by investing in high quality fixed income securities that are maturing on or before the maturity of the scheme whilst the secondary objective is to generate capital appreciation by investing in equity and equity related instruments*.



*However there is no assurance or guarantee that the investment objective of the scheme will be achieved. The scheme does not assure or guarantee any returns

How does the hybrid strategy work?

- ☛ Stability will be endeavored to be provided from the fixed income portion of the portfolio
- ☛ Investments will be made in fixed income instruments which mature in line with the maturity of the scheme

Illustration of the hybrid strategy

- ☛ Assuming an initial investment of Rs. 100 for 3.5 years
- ☛ Yield on fixed income instruments assumed to be 8.43% (3 year AAA yield as of 23rd Sep 2015)
- ☛ No tenor mismatch between the invested instrument & the period of investment
- ☛ For the fixed income portion to grow to Rs. 100 (net of annual recurring expenses), we will have to invest Rs. 83 in 3.5 years high quality debt instruments
- ☛ Remaining Rs. 17 will be invested in equity & equity related instruments including equity linked options
- ☛ The entire fixed income portion will be invested in NCDs & CDs maturing in line with the maturity of the scheme

The above data is only for illustration purposes, purely to explain the concept of the scheme and should not be taken as any indication of equity market returns/ debt market returns/ returns of the scheme. The actual allocation can be different within the Asset Allocation and Investment Pattern mentioned in the SID. Current yield mentioned may change at the time of launch/ portfolio structure. This is not a capital protection oriented scheme. Annual recurring expenses charged to the scheme shall be as per the limit defined in SEBI MF regulations, 1996. Source of data: Bloomberg

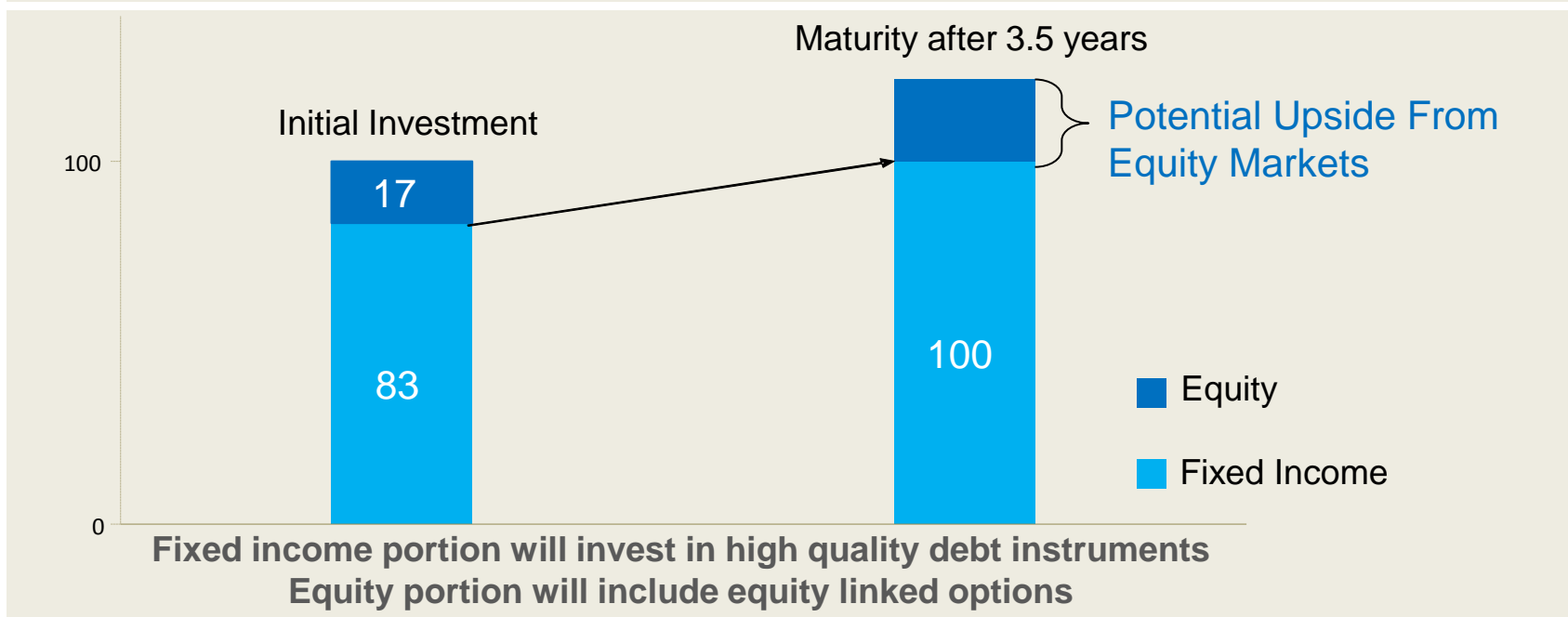
How does the hybrid strategy work?

Indicative Asset Allocation:

Debt Instruments including securitized debt (not including Money Market Instruments)*(@) : 70%-95%

Money Market Instruments : 0%-25%

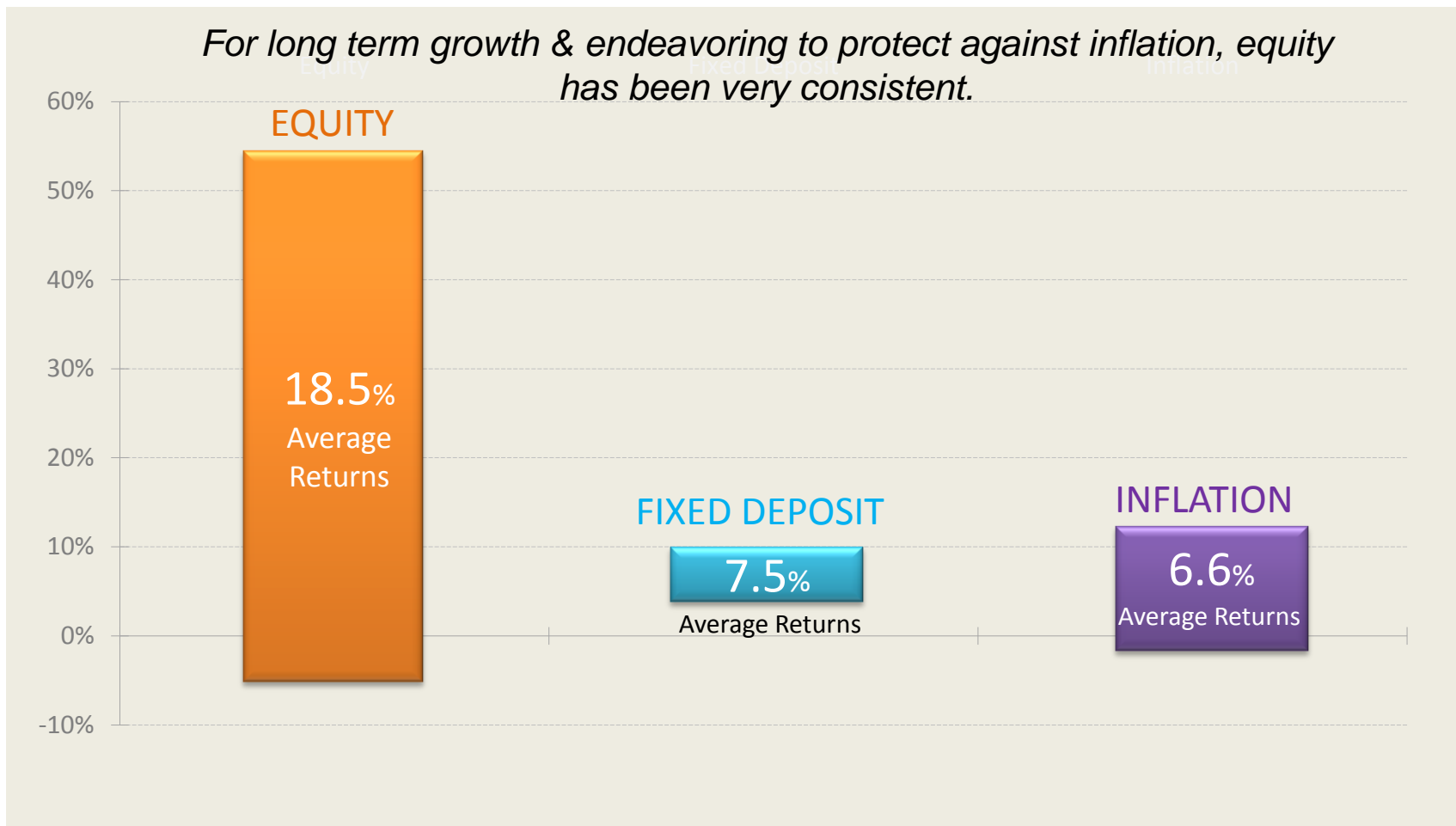
Equity & Equity related instruments# : 5%-30%



*securitized debt up to 50% of the net assets of the Scheme. The Scheme shall not invest in foreign securitized debt. @ Includes CDs issued by All India Financial Institutions recognized by RBI, such as NABARD, SIDBI, Exim Bank, NHB for tenors in excess of one year. # Including derivatives instruments to the extent of 30% of the Net Assets. The above chart is only for illustration purposes, purely to explain the concept of the scheme and should not be taken as any indication of equity market return/ returns that maybe generated by the scheme. The fixed income portion does not offer any assured returns/ capital protection. It is subject to market risks including risk of issuer default. The actual allocation can be different within the Asset Allocation and Investment Pattern mentioned in the SID .

Equities are usually the best long term bet

For long term growth & endeavoring to protect against inflation, equity has been very consistent.



High, Low and Average rolling 3.5-Year returns is for the period 31st Dec 2004 to 31st Dec 2014. Equity is taken as S&P BSE Sensex. Returns are compounded annualized. Fixed Deposit is taken as 3 year SBI Fixed Deposit rate. Average inflation rate in the last 10 years. Source of Data: Bloomberg

But equity markets tend to be volatile

*What is the risk of negative returns from equities over a 3.5 year holding period?
Answer: Historically about 1 in 27 times*

Period: 31 st Dec 2004 to 31 st Dec 2014	Rolling 3.5 year S&P BSE Sensex returns (% p.a.)
Average Returns	18.5%
Maximum Return	52.7%
Minimum Return	-2.5%
% times negative returns	4%

Is there a strategy that participates in equities without the risk of negative market returns?

Past performance may or may not be sustained in future.

Equity is taken as S&P BSE Sensex. Returns are compounded annualized. Source of Data: Bloomberg



What is an Option Strategy ? How does it work?

When you buy a call option, you purchase the right to buy the Index at a specified future date and specified price.

Advantage options:

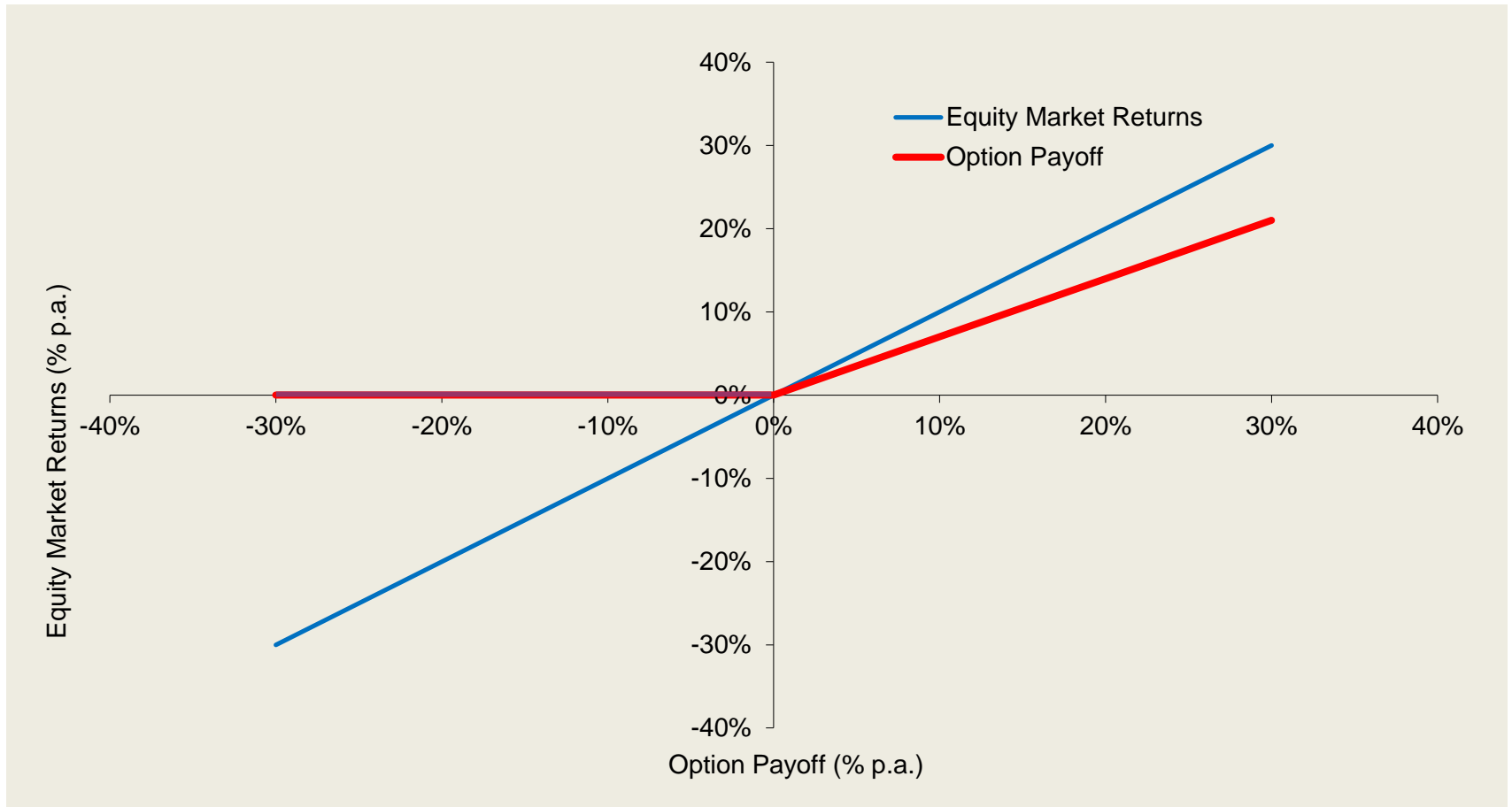
In case of positive returns, it delivers returns in line with markets.

In case of negative returns the option payoff is nil, i.e. there is no negative participation.

Fixed Income Allocation (Rs.)	83	83	83	83	83	83	83
Fixed Income component at maturity (A)	100	100	100	100	100	100	100
Option Premium Paid (to obtain 70% notional exposure)	17	17	17	17	17	17	17
Equity Market Returns (% p.a.)	-30%	-20%	-10%	0%	10%	20%	30%
Equity Market Total Returns for 3.5 Years	-71%	-54%	-31%	0%	40%	89%	150%
Option Payoff (absolute) at Maturity (Rs.) (B)	0	0	0	0	28	63	105
Total Fund Value at Maturity (A) + (B)	100	100	100	100	128	163	205

The above table is only for illustration purposes, purely to explain the concept of the option strategy and should not be taken as any indication of equity market returns. The actual allocation can be different within the Asset Allocation and Investment Pattern mentioned in the SID .Source of data: Bloomberg. Assumes Rs. 17 invested in 3.5 year exchange traded options. In this strategy, to get the Rs. 70 exposure, it is assumed that a premium of Rs. 17 is paid.

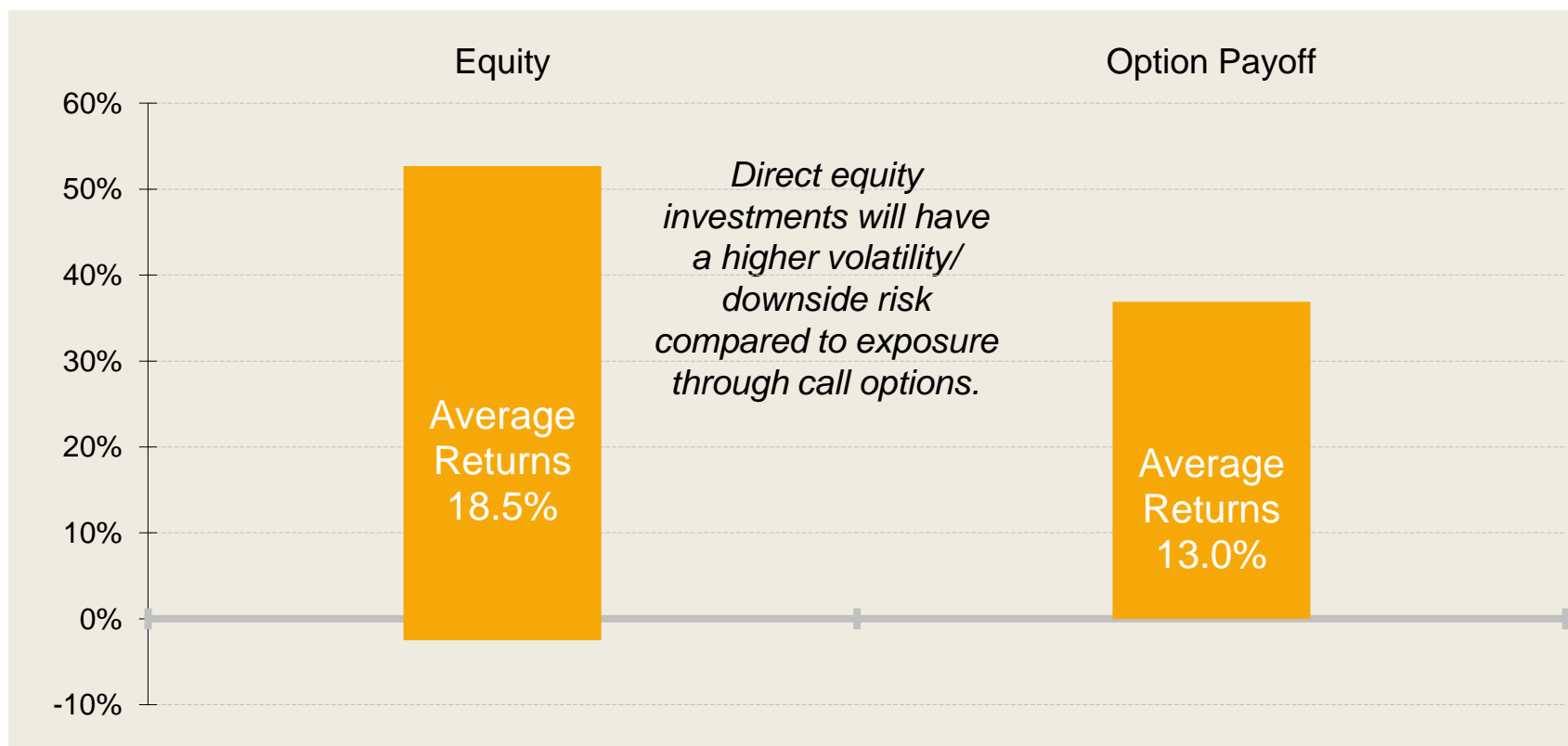
Equity v/s Option payoff



Assumes 70% equity participation through options. Option premium is the cost of implementing the strategy. The above table is only for illustration purposes, purely to explain the concept of the option strategy and should not be taken as any indication of equity market returns. The actual allocation can be different within the Asset Allocation and Investment Pattern mentioned in the SID. Source of data: Bloomberg. Assumes Rs. 17 invested in 3.5 year exchange traded options. In this strategy, to get the Rs. 70 exposure, it is assumed that a premium of Rs. 17 is paid.

Why do an Option Strategy?

Buying call options gives the right without the obligation to buy the index at a future date and a specified price.



The option premium paid will be the cost of implementing the strategy.

Data as on 31st Dec 2014. High, Low and Average rolling 3.5-Year equity returns is for the period 31st Dec 2004 to 31st Dec 2014. Returns are compounded annualized. Source of Data: Bloomberg

The option payoff is purely to explain the concept of the option strategy and should not be taken as any indication of either capital protection or equity market returns.

Introducing Axis Hybrid Fund – Series 28

A blend of equity returns with stability

Investment Objective	To generate income by investing in high quality fixed income securities that are maturing on or before the maturity of the scheme whilst the secondary objective is to generate capital appreciation by investing in equity & equity related instruments*
Equity Portion	<ul style="list-style-type: none">- Allocated to equity & equity related instruments including exchange traded index options- Investing in equity exchange traded options restricts the maximum loss from equity to the premium paid for purchasing the option
Fixed Income Portion	<ul style="list-style-type: none">- Passive investment strategy- Invests in fixed income securities which mature largely in line with the maturity of the scheme- Uses the cushion of income earned through fixed income securities to bring down the downside risk from equity allocations.
Hybrid	<ul style="list-style-type: none">- In case investment is made in options, will be able to recover all or part of the cost of the premium from the coupon received on the fixed income allocation

*However there is no assurance or guarantee that the investment objective of the scheme will be achieved. The scheme does not assure or guarantee any returns

Key Features

Type of Scheme	A 1331 days close ended debt scheme
Tenure	1331 days from the date of allotment including the date of allotment
Benchmark	Crisil Composite Bond Fund Index (85%) + CNX Nifty Index (15%)
Fund Manager	Devang Shah – Fund Manager, Fixed Income Ashwin Patni – Fund Manager, Equity
New Fund Offer (NFO) Period	Oct 27, 2015 – Nov 10, 2015
Minimum Application Amount	Rs. 5,000 and in multiples of Rs. 10 thereafter
Plans/ Options Offered	Plans: Regular & Direct Options under each plan: Growth & Dividend Payout Facility
Liquidity	No redemption / repurchase of units shall be allowed by the mutual fund, prior to the maturity of the scheme. The units of the scheme are proposed to be listed on the BSE to provide liquidity to investors post the NFO period.

Disclosures & Statutory Details:

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

Axis Hybrid Fund - Series 28 (1331 days close ended debt scheme)

This product is suitable for investors who are seeking³

- Capital appreciation while generating income over medium to long term
- Investment in debt and money market instruments as well as equity and equity related instruments

³Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

