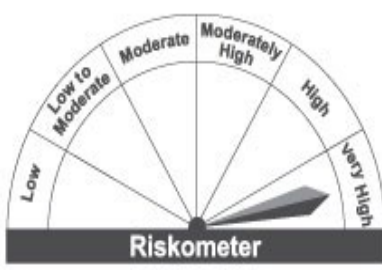



**Scheme Information Document**  
**AXIS S&P BSE SENSEX ETF**  
**An Open Ended Exchange Traded Fund Tracking S&P BSE Sensex TRI**

|  |  |   |
|--|--|---|
| <p><b>This product is suitable for investors who are seeking*:</b></p> <ul style="list-style-type: none"> <li>• Long term wealth creation solution</li> <li>• The Scheme that seeks to track returns by investing in a basket of S&amp;P BSE Sensex TRI stocks and aims to achieve returns of the stated index, subject to tracking error</li> </ul> | <p>Product Riskometer</p>  <p><b>Riskometer</b></p> <p>Investors understand that their principal will be at Very High risk</p> | <p>Benchmark</p>  <p><b>Riskometer</b></p> <p>S&amp;P BSE Sensex TRI</p> |
|--|--|---|

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

(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)

Offer of Units of Rs. 10/- per unit issued at a premium approximately equal to the difference between face value and allotment price during the New Fund Offer Period and at Intraday NAV based prices during Continuous offer.

New Fund Offer Opens on : March 10, 2023  
 New Fund Offer Closes on : March 15, 2023  
 Scheme re-opens on or before : Within five Business Days from the date of allotment

Name of Mutual Fund : : Axis Mutual Fund  
 Name of Asset Management Company : Axis Asset Management Company Limited  
 Name of Trustee Company : Axis Mutual Fund Trustee Limited  
 Addresses, Website of the entities : Axis House, 1<sup>st</sup> Floor, C-2, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai – 400 025  
[www.axismf.com](http://www.axismf.com)

The particulars of the Scheme have been prepared in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations 1996, (herein after referred to as SEBI (MF) Regulations or the Regulations) as amended till date, and filed with SEBI, along with a Due Diligence Certificate from the Asset Management Company (AMC). The units being offered for public Subscription have not been approved or recommended by SEBI nor has SEBI certified the accuracy or adequacy of the Scheme Information Document.

The Scheme Information Document sets forth concisely the information about the scheme that a prospective Investor ought to know before investing. Before investing, Investors should also ascertain about any further changes to this Scheme Information Document after the date of this Document from the Mutual Fund / Investor Service Centres / Website / Distributors or Brokers.

**The Investors are advised to refer to the Statement of Additional Information (SAI) for details of Axis Mutual Fund, Tax and Legal issues and general information on [www.axismf.com](http://www.axismf.com).**

**SAI is incorporated by reference (is legally a part of the Scheme Information Document). For a free copy of the current SAI, please contact your nearest Investor Service Centre or log onto [www.axismf.com](http://www.axismf.com).**

**The Scheme Information Document should be read in conjunction with the SAI and not in isolation.**

This Scheme Information Document is dated February 27, 2023

**Please refer to NSE & BSE disclaimer overleaf**

**NSE DISCLAIMER:**

"As required, a copy of this Scheme Information Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter NSE/LIST/5450 dated June 09, 2022 permission to the Mutual Fund to use the Exchange's name in this Scheme Information Document as one of the stock exchanges on which the Mutual Fund's units are proposed to be listed subject to, the Mutual Fund fulfilling various criteria for listing. The Exchange has scrutinized this Scheme Information Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Mutual Fund. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Scheme Information Document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Scheme Information Document; nor does it warrant that the Mutual Fund's units will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of the Mutual Fund, its sponsors, its management or any scheme of the Mutual Fund.

Every person who desires to apply for or otherwise acquire any units of the Mutual Fund may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever."

**BSE DISCLAIMER:**

"BSE Limited ("the Exchange") has given vide its letter dated June 08, 2022 permission to AXIS Mutual Fund to use the Exchange's name in this SID as one of the Stock Exchanges on which this Mutual Fund's Unit are proposed to be listed. The Exchange has scrutinized this SID for its limited internal purpose of deciding on the matter of granting the aforesaid permission to AXIS Mutual\_ Fund. The Exchange does not in any manner: -

warrant, certify or endorse the correctness or completeness of any of the contents of this SID; or

warrant that this scheme's unit will be listed or will continue to be listed on the Exchange; or take any responsibility for the financial or other soundness of this Mutual Fund, its promoters, its management or any scheme or project of this Mutual Fund;

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## **HIGHLIGHTS/SUMMARY OF THE SCHEME**

**Name of the Scheme : AXIS S&P BSE SENSEX ETF**

**Scheme Code –AXIS/O/O/EET/22/09/0073**

**\*\*BSE Scrip Code:**

**\*\*NSE Symbol:**

\*\*The scheme is proposed to be listed on BSE Limited and National Stock Exchange of India Limited. Post listing of the scheme on the stock exchange BSE Scrip Code and NSE Symbol shall be updated.

### **Investment Objective**

To provide returns before expenses that correspond to the total returns of the S&P BSE Sensex TRI subject to tracking errors.

However, there is no assurance that the investment objective of the scheme will be achieved.

### **Liquidity**

#### **On the exchange:**

The Units of the scheme will be listed on BSE Limited and National Stock Exchange of India Limited or any other recognized stock exchanges as may be decided by AMC from time to time. The Units of the scheme may be bought or sold on all trading days at prevailing listed price on such Stock Exchange(s).

#### **Directly with the Mutual Fund:**

The Scheme offers units for subscription / redemption directly with the Mutual Fund in Creation Unit Size to Authorized Participants / and Large Investors, at Intra day NAV based prices on all Business Days during an ongoing offer period. The redemption consideration shall normally be the basket of securities represented by S&P BSE Sensex TRI in the same weightage as in the Index and cash component.

### **Dematerialization**

The units of the Scheme will be available in dematerialized form only. Investors intending to invest in units of the Scheme are required to have a beneficiary account with the Depository Participant (DP) (registered with NSDL / CDSL as may be indicated by the Fund at the time of launch) and will be required to indicate in the application form the DP's name, DP ID Number and the beneficiary account number of the applicant with the DP at the time of purchasing units directly from the Fund on an ongoing basis in the Creation Unit Size.

The units of the Scheme will be issued, traded and settled compulsorily in dematerialized form.

### **Transfer of Units**

Units held in Demat form are freely transferable in accordance with the provisions of SEBI (Depositories and Participants) Regulations, as may be amended from time to time. Transfer can be made only in favor of transferees who are capable of holding units and having a Demat Account. The delivery instructions for transfer of units will have to be lodged with the DP in requisite form as may be required from time to time and transfer will be affected in accordance with such rules / regulations as may be in force governing transfer of securities in dematerialized mode.

### **Payment of Redemption Proceeds**

The AMC shall dispatch the Redemption proceeds within three working Days from the date of receipt of request from the unit holder. Redemption proceeds in the form of baskets of securities included in S&P BSE Sensex TRI in the same proportion will be credited to the designated DP account of the Authorized Participants / Large Investors. Any fractions in the number of securities transferable to Authorized Participants / Large Investors will be rounded off to the lower integer

and the value of the fraction will be added to the cash component payable. The cash component of the proceeds at applicable Intra day NAV will be paid by way of cheque or direct credit or through electronic mode i.e. RTGS/NEFT. However, only Authorized Participants/Market Makers and Large Investors can directly redeem from the AMC in Creation Unit Size.

**Benchmark**

S&P BSE Sensex TRI

**Transparency/ NAV Disclosure**

The AMC will calculate and disclose the first Net Asset Value within a period of 5 business days from the date of allotment. Subsequently, the AMC will calculate and disclose the NAV on all the Business Days. The AMC shall update the NAV on its website ([www.axismf.com](http://www.axismf.com)) and of the Association of Mutual Funds in India - AMFI ([www.amfiindia.com](http://www.amfiindia.com)) before 11.00 p.m. on every Business Day. If the NAV are not available before the commencement of Business Hours on the following day due to any reason, the Mutual Fund shall issue a press release giving reasons and explaining when the Mutual Fund would be able to publish the NAV.

Indicative NAV (iNAV) is the per unit NAV based on the current market value of its portfolio during the trading hours of the ETF. AMC will update the Indicative NAV periodically on its website and on Stock Exchange(s) (where units are listed and traded) within a maximum time lag of 15 seconds from underlying market. However, disclosure of Indicative NAV will be subject to availability of relevant services like receipt of index value, technological feasibility and other input requirements with respect to uploading of Indicative NAV on AMC's website. Indicative NAV will not have any bearing on the creation or redemption of units directly with the Fund by the Authorized Participants /Large Investors.

The AMC will disclose the portfolio of the Scheme (along with ISIN) as on the last day of the month/ half year on the website of the Mutual Fund and AMFI within 10 days from the close of each month/ half year (i.e. 31st March and 30th September) respectively in a user-friendly and downloadable spreadsheet format. Further, AMC shall publish an advertisement, in an all India edition of one national English daily newspaper and in one Hindi newspaper, every half year disclosing the hosting of the half-yearly statement of its schemes portfolio on the website of the Mutual Fund and AMFI and the modes through which unitholder can submit a request for a physical or electronic copy of the statement of scheme portfolios.

The AMC will also provide a dashboard, in a comparable, downloadable (spreadsheet) and machine readable format, providing performance and key disclosures like Scheme's AUM, investment objective, expense ratios, portfolio details, scheme's past performance etc. on its website.

The AMC will make available the Annual Report of the Scheme within four months of the end of the financial year on its website and on the website of AMFI along with a link.

**Loads**

**Entry Load:** Not Applicable

SEBI vide its circular no. SEBI/IMD/CIR No. 4/ 168230/09 dated June 30, 2009 has decided that there shall be no entry Load for all Mutual Fund Scheme.

**Exit Load:** Nil

**New Fund Offer Price**

The units being offered will have a face value of Rs. 10/- each and will be issued at a premium, if any, approximately equal to the difference between face value and allotment price.

On allotment, value of each unit will be approximately equal to 1/1000 of the value of underlying index.

**Minimum Application Amount  
During NFO period**

Rs. 5,000 and in multiples of Re. 1/- thereof.

**On Continuous basis –**

**Subscription / Redemption of Units directly with Mutual Fund:**

Authorized Participants/Market Makers / Large Investors can directly purchase / redeem in in Creation Unit Size on any business day.

**Purchase / Sale of Units on Stock Exchange:**

The units of the Scheme can be purchase / redeem in minimum lot of 1 unit on Stock exchange.

## **I. INTRODUCTION**

### **A. Risk Factors**

#### **i. Standard Risk Factors:**

- Investment in Mutual Fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal.
- As the price / value / interest rates of the securities in which the Scheme invests fluctuates, the value of your investment in the Scheme may go up or down.
- Past performance of the Sponsor/AMC/Mutual Fund does not guarantee future performance of the Scheme.
- The name of the Scheme does not in any manner indicate either the quality of the Scheme or its future prospects and returns.
- The sponsor is not responsible or liable for any loss resulting from the operation of the Scheme beyond the initial contribution of Rs. 1 lac made by it towards setting up the Fund.
- The present Scheme is not a guaranteed or assured return Scheme.

#### **ii. Scheme Specific Risk Factors**

##### **Risks associated with Investment in Exchange Traded Funds**

The Scheme are subject to the principal risks described below. Some or all of these risks may adversely affect Scheme's NAV, trading price, yield, total return and/or its ability to meet its objectives. These risks are associated with investment in equities.

##### **Market Risk**

The Scheme's NAV will react to the stock market movements. The Investor could lose money over short periods due to fluctuation in the Scheme's NAV in response to factors such as economic and political developments, changes in interest rates and perceived trends in stock prices and market movements, and over longer periods during market downturns.

##### **Regulatory Risk:**

Any changes in trading regulations by the stock exchange (s) or SEBI may affect the ability of Authorized Participant / Market Makers resulting into wider premium/ discount to NAV.

##### **Liquidity Risk**

Trading in units of Axis S&P BSE Sensex ETF on the Exchange may be halted because of market conditions or for reasons that in the view of the Market Authorities or SEBI, trading in units of the Scheme are not advisable. In addition, trading in units of Axis S&P BSE Sensex ETF are subject to trading halts caused by extraordinary market volatility and pursuant to NSE and SEBI "circuit filter" rules. There can be no assurance that the requirements of the Market necessary to maintain the listing of units of Axis S&P BSE Sensex ETF will continue to be met or will remain unchanged.

##### **Settlement Risk:**

In certain cases, settlement periods may be extended significantly by unforeseen circumstances. The inability of the Scheme to make intended securities purchases due to settlement problems could cause the Scheme to miss certain investment opportunities as in certain cases, settlement periods may be extended significantly by unforeseen circumstances. Similarly, the inability to sell securities held in the Schemes portfolio may result, at times, in potential losses to the Scheme, and there can be a subsequent decline in the value of the securities held in the respective Scheme's portfolio

##### **Passive Investments**



The Scheme will be a passively managed scheme by providing exposure to constituents of S&P BSE Sensex TRI and tracking its performance and yield, before expenses. The scheme performance may be affected by a general decline in the Indian markets relating to its underlying Index. The scheme invests in the underlying Index regardless of its investment merit.

**Risk pertaining to S&P BSE Sensex TRI**

S&P BSE Sensex TRI comprises of 30 stocks from the Sensex theme across a variety of sectors linked to end user Sensex. Equities are volatile in nature and are subject to price fluctuations on a daily basis. The volatility in the value of the equity instruments is due to various micro and macroeconomic factors affecting the securities markets. This may have an adverse impact on individual securities /sector and consequently on the NAV of Scheme. Since this is a sectoral index, adverse risks associated with the sector will also have an impact on the performance of the Index and hence the ETF.

**Risks associated with investments in equities**

- Equity and equity related securities are volatile and prone to price fluctuations on a daily basis. The liquidity of investments made in the Scheme may be restricted by trading volumes and settlement periods. Settlement periods may be extended significantly by unforeseen circumstances. The inability of the Scheme to make intended securities purchases, due to settlement problems, could cause the Scheme to miss certain investment opportunities. Similarly, the inability to sell securities held in the Scheme portfolio would result at times, in potential losses to the Scheme, should there be a subsequent decline in the value of securities held in the Scheme portfolio. Also, the value of the Scheme investments may be affected by interest rates, currency exchange rates, changes in law/policies of the government, taxation laws and political, economic or other developments which may have an adverse bearing on individual Securities, a specific sector or all sectors.
- Investments in equity and equity related securities involve a degree of risk and investors should not invest in the equity Scheme unless they can afford to take the risk of losing their investment.

**Risks associated with investments in derivatives**

- The Scheme may invest in derivative products in accordance with and to the extent permitted under the Regulations. Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but of the derivative itself.
- The derivatives market in India is nascent and does not have the volumes that may be seen in other developed markets, which may result in volatility to the values.
- Investment in derivatives also requires the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price or interest rate movements correctly. Even a small price movement in the underlying security could have an impact on their value and consequently, on the NAV of the Units of the Scheme.
- The Scheme may face execution risk, whereby the rates seen on the screen may not be the rate at which the ultimate execution of the derivative transaction takes place.
- Investments in stock futures face the same risk as the investments in a portfolio of shares representing an index. The extent of loss is similar to that of underlying stocks.
- The Scheme bears a risk that it may not be able to correctly forecast future market trends or the value of assets, indices or other financial or economic factors in establishing derivative positions for the Scheme.
- The risk of loss in trading futures contracts can be substantial, because of the low margin deposits required, the extremely high degree of leverage involved in futures pricing and the potential high volatility of the futures markets.
- Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

**Risks associated with investments in Fixed Income Securities**

The following are the risks associated with investment in fixed income securities:

**Interest-Rate Risk:** Fixed income securities such as government bonds, Money Market Instruments run price-risk or interest-rate risk. Generally, when interest rates rise, prices of existing fixed income securities fall and when interest rates drop, such prices increase. The extent of fall or rise in the prices depends upon the coupon and maturity of the security. It also depends upon the yield level at which the security is being traded.

**Re-investment Risk:** Investments in fixed income securities carry re-investment risk as interest rates prevailing on the coupon payment or maturity dates may differ from the original coupon of the bond.

**Liquidity Risk:** The liquidity of money market instruments may change, depending on market conditions leading to changes in the liquidity premium attached to the price of the instrument. At the time of selling the security, the security can become illiquid, leading to loss in value of the portfolio.

**Credit Risk:** This is the risk associated with the issuer of a Money Market Instrument defaulting on coupon payments or in paying back the principal amount on maturity. Even when there is no default, the price of a security may change with expected changes in the credit rating of the issuer. It is to be noted here that a Government Security is a sovereign security and is the safest.

**Settlement Risk:** Fixed income securities run the risk of settlement which can adversely affect the ability of the fund house to swiftly execute trading strategies which can lead to adverse movements in NAV

#### **Risk associated with Listing of units on Stock Exchange**

Listing of the units of the fund does not necessarily guarantee their liquidity and there can be no assurance that an active secondary market for the units will develop or be maintained. Consequently, the Fund may quote below its face value / NAV.

Trading in Units of the Scheme on the Exchange may be halted because of market conditions or for reasons that in view of Exchange Authorities or SEBI, trading in Units of the Scheme is not advisable. In addition, trading in Units of the Scheme is subject to trading halts caused by extraordinary market volatility and pursuant to Exchange and SEBI 'circuit filter' rules. There can be no assurance that the requirements of Exchange necessary to maintain the listing of Units of the Scheme will continue to be met or will remain unchanged. Any changes in trading regulations by the Stock Exchange(s) or SEBI may inter-alia result in wider premium/ discount to NAV. The Units of the Scheme may trade above or below their NAV. The NAV of the Scheme will fluctuate with changes in the market value of Scheme's holdings. The trading prices of Units of the Scheme will fluctuate in accordance with changes in their NAV as well as market supply and demand for the Units of the Scheme. The Units will be issued in demat form through depositories. The records of the depository are final with respect to the number of Units available to the credit of Unit holder. Settlement of trades, repurchase of Units by the Mutual Fund will depend upon the confirmations to be received from depository(ies) on which the Mutual Fund has no control.

The market price of the Units of the Scheme, like any other listed security, is largely dependent on two factors, viz., (1) the intrinsic value of the Unit (or NAV), and (2) demand and supply of Units in the market. Sizeable demand or supply of the Units in the Exchange may lead to market price of the Units to quote at premium or discount to NAV.

#### **Risks associated with Securities lending**

The risks in lending portfolio securities, as with other extensions of credit, consist of the failure of another party, to comply with the terms of agreement entered into between the lenders of securities i.e. any scheme and the approved intermediary/counterparty. Such failure to comply can result in the possible loss of rights in the collateral put up by the borrower of the securities, the inability of the approved intermediary/counterparty to return the securities deposited by the lender and the possible loss of any corporate benefits accruing to the lender from the securities

deposited with the approved intermediary. The Scheme may not be able to sell such lent securities and this can lead to temporary illiquidity.

### **Risk associated with Redemption**

Investors may note that even though this is an open-ended scheme, the Scheme would repurchase/redeem Units in Creation Unit Size only. The AMC will ensure liquidity on the exchanges where units are listed by empaneling 2 or more market makers. The AMC may also incentivize these market makers within prescribed regulations so as to create a fair and liquid secondary market for units of the ETF. In the event of insufficient liquidity outlined below the AMC may permit direct redemption in less than creation unit size for investors. Thus unit holdings less than the Creation Unit Size can only be sold through the secondary market on the Stock Exchange where these units are listed, subject to the rules and regulations of the Exchange.

### **Risks associated with Segregated portfolio**

1. Investor holding units of segregated portfolio may not be able to liquidate their holding till the time recovery of money from the issuer.
2. Security comprises of segregated portfolio may not realise any value.
3. Listing of units of segregated portfolio on recognised stock exchange does not necessarily guarantee their liquidity. There may not be active trading of units in the stock market. Further trading price of units on the stock market may be significantly lower than the prevailing NAV.

### **Risk Control & Risk Mitigation:**

The scheme aims to track the S&P BSE Sensex TRI before expenses. The index is tracked on a regular basis and changes to the constituents or their weights, if any, are replicated in the underlying portfolio with the purpose of minimizing tracking error.

Investments in equity securities and money market securities carry various risks such as inability to sell securities, trading volumes and settlement periods, interest rate risk, liquidity risk, default risk, reinvestment risk etc. Whilst such risks cannot be eliminated, they may be mitigated by diversification.

In order to mitigate the various risks, the portfolio of the Scheme will be constructed in accordance with the investment restriction specified under the Regulations which would help in mitigating certain risks relating to investments in securities market.

The AMC has incorporated adequate safeguards to manage risk in the portfolio construction process. Risk control would involve managing risk in order to keep it in line with the investment objective of the Scheme.

### **TRACKING ERROR Risk**

Tracking error is a measure of the difference in returns from the Scheme and the returns from the index. It is computed as the standard deviation of the difference between the daily returns of the underlying benchmark and the NAV of the Scheme on an annualized basis.

Tracking error could be the result of a variety of factors including but not limited to:

- Delay in the purchase or sale of stocks within the benchmark due to:
  - » Illiquidity in the stock,
  - » Delay in realisation of sale proceeds,
- The Scheme may buy or sell the stocks comprising the index at different points of time during the trading session at the then prevailing prices which may not correspond to its closing prices.
- The potential for trades to fail, which may result in the Scheme not having acquired the stocks at a price necessary to track the benchmark price.
- The holding of a cash position and accrued income prior to distribution of income and payment of accrued expenses.

- Disinvestments to meet redemptions, recurring expenses, etc.
- Execution of large buy / sell orders
- Transaction cost and recurring expenses
- Delay in realisation of Unit holders' funds
- Levy of margins by exchanges

The Scheme will endeavor to minimise the tracking error by:

- Rebalancing of the portfolio.
- Setting off of incremental subscriptions against redemptions.
- Use of derivatives for portfolio rebalancing and efficient portfolio management

The tracking error i.e. the annualised standard deviation of the difference in daily returns between S&P BSE Sensex TRI and the NAV of ETF based on past one year rolling over data (For ETFs in existence for a period of less than one year, annualized standard deviation shall be calculated based on available data) shall not exceed 2% or as may be prescribed by regulations from time to time.

In case of unavoidable circumstances in the nature of force majeure which are beyond the control of the AMCs, the tracking error may exceed 2%, and the same shall be brought to the notice of Trustees with corrective actions taken by the AMC, if any.

Under normal circumstances, such tracking errors are not expected to exceed 2% p.a. for daily 12 month rolling return. However, in case of events like, dividend received from underlying securities, rights issue from underlying securities and market volatility during rebalancing of the portfolio following the rebalancing of the underlying index, redemptions directly with the Scheme not in Creation Unit Size, etc. or in abnormal market circumstances, the tracking error may exceed the above limits. There can be no assurance or guarantee that the Scheme will achieve any particular level of tracking error relative to performance of the Index.

**Tracking difference** - The ETF Scheme shall also disclose the tracking difference i.e. the annualized difference of daily returns between the physical sliver and the NAV of the ETF shall also be disclosed on the website of the AMC and AMFI, on a monthly basis, for tenures 1 year, 3 year, 5 year, 10 year and since the date of allotment of units.

## **B. REQUIREMENT OF MINIMUM INVESTORS IN THE SCHEME**

The provisions of SEBI Circular No. SEBI/IMD/CIR No. 10/22701/03 dated December 12, 2003, with respect to minimum number of investors and no single investor shall account for more than 25% of the corpus of the Scheme are not applicable to exchange traded funds and hence do not apply to Axis S&P BSE Sensex ETF.

## **C. SPECIAL CONSIDERATIONS, if any**

- Prospective investors should study this Scheme Information Document and Statement of Additional Information carefully in its entirety and should not construe the contents hereof as advice relating to legal, taxation, financial, investment or any other matters and are advised to consult their legal, tax, financial and other professional advisors to determine possible legal, tax, financial or other considerations of subscribing to or redeeming Units, before making a decision to invest/redeem/hold Units.
- The Scheme related documents i.e. SID/ KIM/ SAI or the units of the Fund are not registered in any jurisdiction including the United States of America nor in any provincial/ territorial jurisdiction in Canada. The distribution of the Scheme related document in certain jurisdictions may be restricted or subject to registration requirements and, accordingly, persons who come into possession of the Scheme related documents are required to inform themselves about, and to observe any such restrictions. No persons receiving a copy of this Scheme related

documents or any accompanying application form in such jurisdiction may treat these Scheme related documents or such application form as constituting an invitation to them to subscribe for units, nor should they in any event use any such application form, unless in the relevant jurisdiction such an invitation could lawfully be made to them and such application form could lawfully be used without compliance with any registration or other legal requirements. Accordingly the Scheme related documents do not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation as per applicable law.

- The AMC, Trustee or the Mutual Fund have not authorized any person to issue any advertisement or to give any information or to make any representations, either oral or written, other than that contained in this Scheme Information Document or the Statement of Additional Information or as provided by the AMC in connection with this offering. Prospective Investors are advised not to rely upon any information or representation not incorporated in the Scheme Information Document or Statement of Additional Information or as provided by the AMC as having been authorized by the Mutual Fund, the AMC or the Trustee.
- Redemption due to change in the fundamental attributes of the Scheme or due to any other reasons may entail tax consequences. The Trustee, AMC, Mutual Fund, their directors or their employees shall not be liable for any such tax consequences that may arise due to such Redemptions.
- The Trustee, AMC, Mutual Fund, their directors or their employees shall not be liable for any of the tax consequences that may arise, in the event that the Scheme is wound up for the reasons and in the manner provided in 'Statement of Additional Information ('SAI')'.
- The tax benefits described in this Scheme Information Document and Statement of Additional Information are as available under the present taxation laws and are available subject to relevant conditions. The information given is included only for general purpose and is based on advise received by the AMC regarding the law and practice currently in force in India as on the date of this Scheme Information Document and the Unit holders should be aware that the relevant fiscal rules or their interpretation may change. As is the case with any investment, there can be no guarantee that the tax position or the proposed tax position prevailing at the time of an investment in the Scheme will endure indefinitely. In view of the individual nature of tax consequences, each Unit holder is advised to consult his / her own professional tax advisor.
- The Mutual Fund may disclose details of the investor's account and transactions there under to those intermediaries whose stamp appears on the application form or who have been designated as such by the investor. In addition, the Mutual Fund may disclose such details to the bankers, as may be necessary for the purpose of effecting payments to the investor. The Fund may also disclose such details to regulatory and statutory authorities/bodies as may be required or necessary.
- Pursuant to the provisions of Prevention of Money Laundering Act, 2002, if after due diligence, the AMC believes that any transaction is suspicious in nature as regards money laundering, on failure to provide required documentation, information, etc. by the unit holder the AMC shall have absolute discretion to report such suspicious transactions to FIU-IND and / or to freeze the folios of the investor(s), reject any application(s) / allotment of units.
- The applicant under the Scheme will be required to have a beneficiary account with a Depository Participant of NSDL/CDSL and will be required to indicate in the application the Depository Participants (DP's) name, DP ID Number and the beneficiary account number of the applicant.
- The Scheme is not sponsored, endorsed, sold or promoted by NSE Indices Limited ("NSE Indices"). NSE Indices does not make any representation or warranty, express or implied, to the owners of the Scheme or any member of the public regarding the advisability of investing in securities generally or in the Scheme particularly or the ability of the S&P BSE Sensex TRI to track general stock market performance in India. The relationship of NSE Indices to the Issuer is only in respect of the licensing of the Indices and certain trademarks and trade names associated with such Indices which is determined, composed and calculated by NSE Indices without regard to the Issuer or the Scheme. NSE Indices does not have any obligation to take the needs of the Issuer or the owners of the Scheme into consideration in determining, composing or

calculating the S&P BSE Sensex TRI. NSE Indices is not responsible for or has participated in the determination of the timing of, prices at, or quantities of the Scheme to be issued or in the determination or calculation of the equation by which the Scheme is to be converted into cash. NSE Indices has no obligation or liability in connection with the administration, marketing or trading of the Scheme.

NSE Indices do not guarantee the accuracy and/or the completeness of the S&P BSE Sensex TRI or any data included therein and NSE Indices shall have not have any responsibility or liability for any errors, omissions, or interruptions therein. NSE Indices does not make any warranty, express or implied, as to results to be obtained by the Issuer, owners of the Scheme, or any other person or entity from the use of the S&P BSE Sensex TRI or any data included therein. NSE Indices makes no express or implied warranties, and expressly disclaim all warranties of merchantability or fitness for a particular purpose or use with respect to the index or any data included therein. Without limiting any of the foregoing, NSE Indices expressly disclaim any and all liability for any claims, damages or losses arising out of or related to the Products, including any and all direct, special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

An investor, by subscribing or purchasing an interest in the Scheme, will be regarded as having acknowledged, understood and accepted the disclaimer referred to in Clauses above and will be bound by it.

**D. DEFINITIONS**

|  |   |
|--|---|
| <p>"Applications Supported by Blocked Amount" or "ASBA"</p>        | <p>An application containing an authorization given by the Investor to block the Amount" or "ASBA" application money in his specified bank account towards the subscription of Units offered during the NFO of the Scheme. If an investor is applying through ASBA facility, the application money towards the subscription of Units shall be debited from his specified bank account only if his/her application is selected for allotment of Units.</p>   |
| <p>"Authorized Participant / Market Makers"</p>                    | <p>Authorized Participant means the member of the National Stock Exchange of India Ltd. (NSE) or any other Recognized Stock Exchange(s) as defined under Section 2(f) of the Securities Contracts (Regulation) Act, 1956 and their nominated entities/persons or any person who are appointed by the AMC/Fund to act as Authorized Participant. Facilitate to provide continuous liquidity on the stock exchange platform.</p>  |
| <p>"AMC" or "Asset Management Company" or "Investment Manager"</p> | <p>Axis Asset Management Company Limited, incorporated under the provisions of the Companies Act, 1956 and approved by Securities and Exchange Board of India to act as the Asset Management Company for the scheme(s) of Axis Mutual Fund.</p>   |
| <p>"Beneficial owner"</p>  | <p>Beneficial owner as defined in the Depositories Act, 1996 (22 of 1996) means a person whose name is recorded as such with a depository.</p>  |
| <p>"Business Day"</p>  | <p>A day other than:</p> <ul style="list-style-type: none"> <li>(i) Saturday and Sunday;</li> <li>(ii) A day on which the banks in Mumbai and /or RBI are closed for business /clearing;</li> <li>(iii) A day on which the National Stock Exchange of India Limited and/or the Stock Exchange, Mumbai are closed;</li> <li>(iv) A day which is a public and /or bank Holiday at an Investor Service Centre/Official Point of Acceptance where the application is received;</li> <li>(v) A day on which Sale / Redemption / of Units is suspended by the AMC;</li> <li>(vi) A day on which normal business cannot be transacted due to storms, floods, bandhs, strikes or such other events as the AMC may specify from time to time.</li> </ul> <p>The AMC reserves the right to declare any day as a Business Day or otherwise at any or all Investor Service Centers/Official Points of Acceptance.</p> |
| <p>"Business Hours"</p>  | <p>Presently 9.30 a.m. to 5.30 p.m. on any Business Day or such other time as may be applicable from time to time.</p>  |
| <p>"Cash Component"</p>  | <p>Cash Component represents the difference between the Applicable NAV of Creation Unit and the market value of Portfolio Deposit. This difference will represent accrued interest, income earned by the Scheme, accrued annual charges including management fees and residual cash in the Scheme. In addition, the Cash Component will include transaction cost as charged by the Custodian/DP and other incidental expenses if any and will include the difference between the purchase price/sale price (in case of subscription/redemption) and closing price of Portfolio Deposit for creation/redemption of the ETF units in Creation Unit Size.</p> <p>In case of redemption, the cash component will include exit load, if applicable.</p>  |

|                                    |    |   |
|------------------------------------|----|---|
|                                    |    | The Cash Component will vary from time to time and will be decided and announced by the AMC. The Cash Component will be announced by the Asset Management Company on a daily basis and will be put up on its website i.e. <a href="http://www.axismf.com">www.axismf.com</a>  |
| "Creation Unit"                    |    | <p>Creation Unit is a fixed number of units of the Scheme, which is exchanged for a basket of securities of the underlying index called the Portfolio Deposit and a Cash component. For redemption of Units, it is vice versa i.e., fixed number of units of the Scheme and a cash component are exchanged for Portfolio Deposit.</p> <p>Creation Unit Size will be 40,000 units and in multiples thereof.</p> <p>Every creation unit shall have a monetary value in Rupee terms equivalent to that day's portfolio deposit and cash component.</p> <p>For redemption of Units it is vice versa i.e. fixed number of Units of the Scheme are exchanged for Portfolio Deposit and Cash Component, if any.</p> <p>The Portfolio Deposit and Cash Component will change from time to time and is discussed separately in this SID.</p> <p>The Mutual Fund may from time to time change the size of the Creation Unit in order to equate it with marketable lots of the underlying instruments.</p> |
| "Custodian"                        |    | A person who has been granted a certificate of registration to carry on the business of custodian of securities under the Securities and Exchange Board of India (Custodian) Regulations 1996, which for the time being is Deutsche Bank.   |
| "Deed of Trust"                    |    | The Deed of Trust dated June 27, 2009 made by and between Axis Bank Ltd. and Axis Mutual Fund Trustee Ltd. thereby establishing an irrevocable trust, called Axis Mutual Fund.  |
| "Depository"                       |    | Depository as defined in the Depositories Act, 1996 (22 of 1996).   |
| "Depository Participant" or "DP"   | or | Means a person registered as such under subsection (1A) of section 12 of the Securities and Exchange Board of India Act, 1992.  |
| "Depository Records"               |    | Depository Records as defined in the Depositories Act, 1996 (22 of 1996) includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the said Act from time to time.   |
| "Derivative"                       |    | Derivative includes (i) a security derived from a debt instrument, share, loan whether secured or unsecured, risk instrument or contract for differences or any other form of security; (ii) a contract which derives its value from the prices, or index of prices, or underlying securities.  |
| "Exchange Traded Fund"             |    | A mutual fund scheme that invests in securities in the same proportion as an index of securities and the units of exchange traded fund are mandatorily listed and traded on exchange platform   |
| "Exit Load"                        |    | Load on Redemption / Switch out of Units.   |
| "Foreign Portfolio Investor (FPI)" |    | FPI means a person who satisfies the eligibility criteria prescribed under Regulation 4 and has been registered under Chapter II of Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, which shall be deemed to be an intermediary in terms of the provisions of the Act.  |
| "Gilts" or "Government Securities" | or | Securities created and issued by the Central Government and/or a State Government (including Treasury Bills) or Government Securities as defined in Government Securities Act, 2006, as amended or re-enacted from time to time.  |
| "GOI"                              |    | Government of India   |



|                                      |  |
|--------------------------------------|--|
| "Holiday"                            | Holiday means the day(s) on which the banks (including the Reserve Bank of India) are closed for business or clearing in Mumbai or their functioning is affected due to a strike / bandh call made at any part of the country or due to any other reason.  |
| "Intra-day NAV"                      | <p>Intra-day NAV means the NAV applicable for subscription/redemption based on the executed price at which securities representing the underlying index are purchased /sold.</p> <p>Investors are requested to note that the applicability of Intra-day NAV for subscription of units of the Scheme will be subject to realization of funds or credit of portfolio deposits in physical form (including applicable Cash Component) in scheme account within the applicable cut off timing.</p> |
| "Investment Management Agreement"    | The agreement dated June 27, 2009 entered into between Axis Mutual Fund Trustee Limited and Axis Asset Management Company Limited, as amended from time to time.   |
| "Investor Service Centers" or "ISCs" | Offices of Axis Asset Management Company Limited or such other centers / offices as may be designated by the AMC from time to time.  |
| "Large investor"                     | Means investors who are eligible to invest in the Scheme and who would be subscribing to / redeeming the Units of the Scheme in Creation Unit Size.  |
| "Load"                               | <p>In the case of Redemption / Switch out of a Unit, the sum of money deducted from the Applicable NAV on the Redemption / Switch out (Exit Load) and in the case of Sale / Switch in of a Unit, a sum of money to be paid by the prospective investor on the Sale / Switch in of a Unit (Entry Load) in addition to the Applicable NAV.</p> <p>Presently, entry load cannot be charged by mutual fund scheme.</p>   |
| "Money Market Instruments"           | Include call or notice money, term money, repo, reverse repo, certificate of deposit, commercial usance bill, commercial paper, treasury bills, Government securities having an unexpired maturity up to one year and such other debt instrument of original or initial maturity up to one year as the RBI/ SEBI may specify from time to time.  |
| "Mutual Fund" or "the Fund"          | Axis Mutual Fund, a trust set up under the provisions of the Indian Trusts Act, 1882.  |
| "Net Asset Value" or "NAV"           | Net Asset Value per Unit calculated in the manner described in this Scheme Information Document or as may be prescribed by the SEBI (MF) Regulations from time to time.  |
| "NRI"                                | A Non-Resident Indian or a Person of Indian Origin residing outside India.   |
| "Official Points of Acceptance"      | Places, as specified by AMC from time to time where application for Subscription / Redemption / Switch will be accepted on ongoing basis.  |
| "Person of Indian Origin"            | A citizen of any country other than Bangladesh or Pakistan, if (a) he at any time held an Indian passport; or (b) he or either of his parents or any of his grandparents was a citizen of India by virtue of Constitution of India or the Citizenship Act, 1955 (57 of 1955); or (c) the person is a spouse of an Indian citizen or person referred to in sub-clause (a) or (b).   |
| "Portfolio Deposit"                  | "Portfolio Deposit" consists of predefined basket of securities that represent the underlining Index and announced by the AMC from time to time.   |
| "Overseas Citizen of India" / "OCI"  | A person registered as an Overseas Citizen of India Cardholder by the Central Government under section 7A of The Citizenship Act, 1955.  |
| "Rating"                             | Rating means an opinion regarding securities, expressed in the form of standard symbols or in any other standardized manner, assigned by a credit rating agency and used by the issuer of such securities, to comply with any requirement of the SEBI (Credit Rating Agencies) Regulations, 1999. as may be amended from time to time.   |
| "RBI"                                | Reserve Bank of India, established under the Reserve Bank of India Act, 1934, (2 of 1934)  |

|  |  |
|--|--|
| "Registrar and Transfer Agent" or "Registrar"  | KFin Technologies Ltd., Hyderabad, currently acting as registrar to the Scheme, or any other Registrar appointed by the AMC from time to time.   |
| "Redemption / Repurchase"                      | Redemption of Units of the Scheme, where permitted.  |
| "Regulatory Agency"                            | GOI, SEBI, RBI or any other authority or agency entitled to issue or give any directions, instructions or guidelines to the Mutual Fund  |
| "Repo"   | Sale/Purchase of Securities with simultaneous agreement to repurchase / resell them at a later date.   |
| "Statement of Additional Information" or "SAI" | The document issued by Axis Mutual Fund containing details of Axis Mutual Fund, its constitution, and certain tax, legal and general information. SAI is legally a part of the Scheme Information Document.  |
| "Sale / Subscription"                          | Sale or allotment of Units to the Unit holder upon subscription by the Investor / applicant under the scheme.  |
| "Scheme"                                       | Axis S&P BSE Sensex ETF  |
| "Scheme Information Document"                  | This document issued by Axis Mutual Fund, offering Units under the Scheme for subscription.  |
| "SEBI"   | Securities and Exchange Board of India, established under the Securities and Exchange Board of India Act, 1992.  |
| "SEBI (MF) Regulations" or "Regulations"       | Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended from time to time.   |
| "Sponsor"                                      | Axis Bank Limited  |
| "Stock Lending"                                | Lending of securities to another person or entity for a fixed period of time, at a negotiated compensation in order to enhance returns of the portfolio.   |
| "Switch"                                       | Redemption of a unit in any scheme (including the plans and options therein) of the Mutual Fund against purchase of a unit in another scheme (including the plans and options therein) of the Mutual Fund, subject to completion of Lock-in Period, if any.  |
| "Tri Party Repos"                              | Tri-party repo means a repo contract where a third entity (apart from the borrower and lender), called a Tri-Party Agent, acts as an intermediary between the two parties to the repo to facilitate services like collateral selection, payment and settlement, custody and management during the life of the transaction. |
| "Trustee" or "Trustee Company"                 | Axis Mutual Fund Trustee Limited incorporated under the provisions of the Companies Act, 1956 and approved by SEBI to act as the Trustee to the Scheme(s) of the Axis Mutual Fund.   |
| "Unit"   | The interest of the Unit holder which consists of each Unit representing one undivided share in the assets of the Scheme.  |
| "Unit holder" or "Investor"                    | A person holding Unit in the Scheme of Axis Mutual Fund offered under this Scheme Information Document.  |

#### INTERPRETATION

For all purposes of this Scheme Information Document, except as otherwise expressly provided or unless the context otherwise requires:

- all references to the masculine shall include the feminine and all references, to the singular shall include the plural and vice-versa.
- all references to "dollars" or "\$" refer to United States Dollars and "Rs" refer to Indian Rupees. A "crore" means "ten million" and a "lakh" means a "hundred thousand".
- all references to timings relate to Indian Standard Time (IST).
- References to a day are to a calendar day including a non Business Day.

**E. DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY****It is confirmed that:**

- (i) The Scheme Information Document forwarded to SEBI is in accordance with the SEBI (Mutual Funds) Regulations, 1996 and the guidelines and directives issued by SEBI from time to time.
- (ii) All legal requirements connected with the launching of the scheme as also the guidelines, instructions, etc., issued by the Government and any other competent authority in this behalf, have been duly complied with.
- (iii) The disclosures made in the Scheme Information Document are true, fair and adequate to enable the investors to make a well informed decision regarding investment in the proposed scheme.
- (iv) The intermediaries named in the Scheme Information Document and Statement of Additional Information are registered with SEBI and their registration is valid, as on date.

**Place: Mumbai**  
**Date: February 27, 2023**

**Signed: Sd/-**  
**Name: Darshan Kapadia**  
**Designation: Compliance Officer**

## **II. INFORMATION ABOUT THE SCHEME**

### **A. TYPE OF SCHEME**

An Open Ended Exchange Traded Fund tracking S&P BSE Sensex TRI.

### **B. WHAT IS THE INVESTMENT OBJECTIVE OF THE SCHEME?**

To provide returns before expenses that correspond to the total returns of the S&P BSE Sensex TRI Index subject to tracking errors.

However, there is no assurance that the investment objective of the scheme will be achieved

### **C. HOW WILL THE SCHEME ALLOCATE ITS ASSETS?**

Under normal circumstances, the asset allocation will be:

| <b>Instruments</b>                               | <b>Indicative Allocation (% of net assets)</b> |     | <b>Risk Profile</b> |
|--|--|-----|---------------------|
| Equity instruments covered by S&P BSE Sensex TRI | 95   | 100 | Very High           |
| Debt & Money Market Instruments                  | 0  | 5   | Low to Moderate     |

The Scheme may take an exposure to equity derivatives of constituents of the underlying index for short duration when securities of the index are unavailable, insufficient or for rebalancing at the time of change in index or in case of corporate actions, as permitted subject to rebalancing within 7 days (or as specified by SEBI from time to time). The exposure of scheme in derivative instruments shall be up to 20% of the net assets of the scheme.

The gross cumulative exposure through equity, debt and money market and derivative position should not exceed 100% of the net assets of the Scheme in accordance with SEBI circular no. Cir/MD/DF/11/2010 dated August 18, 2010 and March 04,2021 as amended from time to time.

The Scheme shall not carry out short selling, invest in securitized debt, in debt instruments having Structured Obligations / Credit Enhancements, invest in Overseas securities/ADR/GDR, Repo in corporate debt, invest in unrated debt instruments, Credit default swaps (CDS), securities covered under SEBI circular SEBI/HO/IMD/DF4/CIR/P/2021/032 dated March 10, 2021 or invest in REITs and InvITs.

#### **Stock Lending by the Fund**

The Scheme shall adhere to the following limits should it engage in Stock Lending:

- Not more than 20% of the net assets of the scheme can generally be deployed in stock lending and
- Not more than 5% of the net assets of the Scheme can generally be deployed in Stock Lending through a single intermediary, should it engage in stock lending.

#### **Investment in Units of Mutual Fund**

The Scheme may invest up to 5% of the net assets of the Scheme in units of debt and liquid mutual fund schemes of Axis AMC or in the Scheme of other mutual funds in conformity with the investment objective of the Scheme and in terms of the prevailing SEBI (MF) Regulations.

The net assets of the Scheme will be invested in stocks constituting the S&P BSE Sensex TRI. This would be done by investing in all the stocks comprising the S&P BSE Sensex TRI in the same weightage that they represent in the S&P BSE Sensex TRI. The Scheme may take exposure through derivative transactions in the manner and up to the limit as specified above. A small portion of the net assets of the Scheme will be invested in debt and money market instruments permitted by SEBI

/ RBI including call money market or in alternative investment for the call money market as may be provided by the RBI, to meet the liquidity requirements of the Scheme.

Being a passively managed exchange traded fund, change in investment pattern is normally not foreseen. However, for short durations part of the corpus may be pending for deployment, in cases of extreme market conditions, special events or corporate events, like declaration of dividend by the companies comprising the index.

Pending deployment of the funds in securities in terms of investment objective of the Scheme, the AMC may park the funds of the Scheme in short term deposits of the Scheduled Commercial Banks, subject to the guidelines issued by SEBI circular dated April 16, 2007, June 23, 2008, August 16, 2019 and September 20, 2019 as may be amended from time to time.

In terms of SEBI Circular dated January 10, 2019 which specifies the portfolio concentration norms as follows, shall be complied with respect to the underlying Index:

- The index has a minimum of 10 stocks as its constituents.
- No single stock in the index shall have more than 25% weight in the index.
- The weightage of the top three constituents of the index, cumulatively shall not be more than 65% of the Index.
- The individual constituent of the index shall have a trading frequency greater than or equal to 80% and an average impact cost of 1% or less over previous six months.

Due to market conditions, the AMC may invest beyond the range set out in the asset allocation. Such deviations shall normally be for a short term and defensive considerations as per SEBI Circular no. SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 4, 2021, and the fund manager will rebalance the portfolio within 7 calendar days (as the case may be) from the date of deviation.

In the event of deviation due to change in constituents of the index due to periodic review, in accordance with SEBI circular dated May 23, 2022 as amended from time to time, the portfolio of the Scheme shall be rebalanced within 7 calendar days from the date of such deviation.

Axis S&P BSE Sensex ETF, An Open Ended Exchange Traded Fund tracking S&P BSE Sensex TRI is a new scheme offered by Axis Mutual Fund and is not a minor modification of any other existing scheme/product of Axis Mutual Fund.

Differentiation is as follows:

Differentiation with existing Exchange Traded Funds of Axis Mutual Fund are as follows:

Data as on January 31, 2023 (in INR crores)

| Name of the existing scheme  | Asset Allocation Pattern<br>(Under normal circumstances)   | Primary Investment Objective & Investment Strategy | Differentiation                            | AUM | No. of Folios |         |         |                          |  |     |      |                 |  |    |    |                 |   |   |        |       |
|--|--|--|--|-----|---------------|---------|---------|--------------------------|--|-----|------|-----------------|--|----|----|-----------------|---|---|--------|-------|
| Axis Nifty 50 ETF  | <table border="1"> <thead> <tr> <th data-bbox="349 517 636 619" rowspan="2">Instruments</th> <th colspan="2" data-bbox="640 517 875 619">Indicative Allocation<br/>(% of net assets)</th> <th data-bbox="880 517 1010 619">Risk Profile</th> </tr> <tr> <th data-bbox="640 622 757 715">Minimum</th> <th data-bbox="759 622 875 715">Maximum</th> <th data-bbox="880 622 1010 715">High/<br/>Medium<br/>/ Low</th> </tr> </thead> <tbody> <tr> <td data-bbox="349 718 636 847">Equity &amp; Equity related instruments covered by Nifty 50 Index*</td> <td data-bbox="640 718 757 847">95%</td> <td data-bbox="759 718 875 847">100%</td> <td data-bbox="880 718 1010 847">Moderately High</td> </tr> <tr> <td data-bbox="349 850 636 1015">Debt &amp; Money Market Instruments with residual maturity not exceeding 91 days</td> <td data-bbox="640 850 757 1015">0%</td> <td data-bbox="759 850 875 1015">5%</td> <td data-bbox="880 850 1010 1015">Low to Moderate</td> </tr> </tbody> </table> | Instruments  | Indicative Allocation<br>(% of net assets) |     | Risk Profile  | Minimum | Maximum | High/<br>Medium<br>/ Low | Equity & Equity related instruments covered by Nifty 50 Index* | 95% | 100% | Moderately High | Debt & Money Market Instruments with residual maturity not exceeding 91 days | 0% | 5% | Low to Moderate | <p><b>Investment Objective</b><br/>The investment objective of the Scheme is to provide returns before expenses that closely correspond to the total returns of the Nifty 50 Index subject to tracking errors.</p> <p>However, there is no assurance or guarantee that the investment objective of the Scheme will be achieved.</p> <p><b>Investment Strategy:</b><br/>The Scheme would invest in stocks comprising the underlying index and shall endeavor to track the benchmark index. The Scheme may also invest in debt and money market instruments, in compliance with Regulations to meet liquidity and expense requirements. The Scheme endeavors to invest in stocks forming part of the underlying in the same ratio as per the index to the extent possible and to that extent follows a passive investment strategy, except to the extent of meeting liquidity and expense requirements. Events like the constituent stocks becoming illiquid in</p> | An open ended scheme replicating / tracking Nifty 50 index. | 147.75 | 9,311 |
| Instruments  | Indicative Allocation<br>(% of net assets)   |  | Risk Profile                               |     |               |         |         |                          |  |     |      |                 |  |    |    |                 |   |   |        |       |
|  | Minimum  | Maximum  | High/<br>Medium<br>/ Low                   |     |               |         |         |                          |  |     |      |                 |  |    |    |                 |   |   |        |       |
| Equity & Equity related instruments covered by Nifty 50 Index*               | 95%  | 100%   | Moderately High                            |     |               |         |         |                          |  |     |      |                 |  |    |    |                 |   |   |        |       |
| Debt & Money Market Instruments with residual maturity not exceeding 91 days | 0%   | 5%   | Low to Moderate                            |     |               |         |         |                          |  |     |      |                 |  |    |    |                 |   |   |        |       |

|  |  |   |  |  |  |
|--|--|---|--|--|--|
|  |  | cash market, the exchange changing the constituents, a large dividend going ex but lag in its receipts, etc. tend to increase the tracking error. In such events, it may be more prudent for the scheme to take exposure through derivatives of the index itself or its constituent stocks in order to minimize the long term tracking error. |  |  |  |
|--|--|---|--|--|--|

| Axis Nifty Bank ETF             | <table border="1"> <thead> <tr> <th data-bbox="349 256 636 357" rowspan="2">Instruments</th> <th colspan="2" data-bbox="636 256 875 357">Indicative Allocation (% of net assets)</th> <th data-bbox="875 256 1021 357">Risk Profile</th> </tr> <tr> <th data-bbox="636 357 757 458">Minimum</th> <th data-bbox="757 357 875 458">Maximum</th> <th data-bbox="875 357 1021 458">High/Medium / Low</th> </tr> </thead> <tbody> <tr> <td data-bbox="349 458 636 557">Equity instruments covered by Nifty Bank Index</td> <td data-bbox="636 458 757 557">95</td> <td data-bbox="757 458 875 557">100</td> <td data-bbox="875 458 1021 557">High</td> </tr> <tr> <td data-bbox="349 557 636 655">Debt &amp; Money Market Instruments</td> <td data-bbox="636 557 757 655">0</td> <td data-bbox="757 557 875 655">5</td> <td data-bbox="875 557 1021 655">Low to Moderate</td> </tr> </tbody> </table> |   |                 | Instruments       | Indicative Allocation (% of net assets) |  | Risk Profile | Minimum | Maximum | High/Medium / Low | Equity instruments covered by Nifty Bank Index | 95 | 100 | High | Debt & Money Market Instruments | 0 | 5 | Low to Moderate | <p><b>Investment Objective</b><br/>The investment objective of the Scheme is to provide returns before expenses that closely correspond to the total returns of the NIFTY Bank Index subject to tracking errors. However, there is no assurance or guarantee that the investment objective of the scheme will be achieved</p> <p><b>Investment Strategy:</b><br/>The Scheme would invest in stocks comprising the underlying index and shall endeavor to track the benchmark index. The Scheme may also invest in debt and money market instruments, in compliance with Regulations to meet liquidity and expense requirements. The Scheme endeavors to invest in stocks forming part of the underlying in the same ratio as per the index to the extent possible and to that extent follows a passive investment strategy, except to the extent of meeting liquidity and expense requirements. Events like the constituent stocks becoming illiquid in cash market, the exchange changing the constituents, a large dividend going ex but lag in its receipts, etc. tend to increase the tracking error. In such events, it may be more prudent for the Scheme to take exposure through derivatives of the index itself or its constituent stocks</p> | An Open Ended scheme replicating / tracking NIFTY Bank Index. | 101.99 | 2,109 |
|---------------------------------|---|---|-----------------|-------------------|---|--|--------------|---------|---------|-------------------|--|----|-----|------|---------------------------------|---|---|-----------------|--|---|--------|-------|
|                                 | Instruments   | Indicative Allocation (% of net assets) |                 |                   | Risk Profile                            |  |              |         |         |                   |  |    |     |      |                                 |   |   |                 |  |   |        |       |
|                                 |   | Minimum                                 | Maximum         | High/Medium / Low |   |  |              |         |         |                   |  |    |     |      |                                 |   |   |                 |  |   |        |       |
|                                 | Equity instruments covered by Nifty Bank Index  | 95                                      | 100             | High              |   |  |              |         |         |                   |  |    |     |      |                                 |   |   |                 |  |   |        |       |
| Debt & Money Market Instruments | 0   | 5                                       | Low to Moderate |                   |   |  |              |         |         |                   |  |    |     |      |                                 |   |   |                 |  |   |        |       |



|   |  | in order to minimize the long term tracking error. |   |  |              |         |         |                   |   |    |     |      |                                 |   |   |                 |   |   |        |       |
|---|--|--|---|--|--------------|---------|---------|-------------------|---|----|-----|------|---------------------------------|---|---|-----------------|---|---|--------|-------|
| Axis Nifty IT ETF   | <table border="1"> <thead> <tr> <th rowspan="2">Instruments</th> <th colspan="2">Indicative Allocation (% of net assets)</th> <th>Risk Profile</th> </tr> <tr> <th>Minimum</th> <th>Maximum</th> <th>High/Medium / Low</th> </tr> </thead> <tbody> <tr> <td>Equity instruments covered by constituting Nifty IT Index</td> <td>95</td> <td>100</td> <td>High</td> </tr> <tr> <td>Debt &amp; Money Market Instruments</td> <td>0</td> <td>5</td> <td>Low to Moderate</td> </tr> </tbody> </table> | Instruments  | Indicative Allocation (% of net assets) |  | Risk Profile | Minimum | Maximum | High/Medium / Low | Equity instruments covered by constituting Nifty IT Index | 95 | 100 | High | Debt & Money Market Instruments | 0 | 5 | Low to Moderate | <p><b>Investment Objective</b><br/>To provide returns before expenses that closely correspond to the total returns of the NIFTY IT Index subject to tracking errors.</p> <p>However, there is no assurance or guarantee that the investment objective of the scheme will be achieved</p> <p><b>Investment Strategy:</b><br/>The Scheme would invest in stocks comprising the underlying index and shall endeavor to track the benchmark index. The Scheme may also invest in debt and money market instruments, in compliance with Regulations to meet liquidity and expense requirements. The Scheme endeavors to invest in stocks forming part of the underlying in the same ratio as per the index to the extent possible and to that extent follows a passive investment strategy, except to the extent of meeting liquidity and expense requirements. Events like the constituent stocks becoming illiquid in cash market, the exchange changing the constituents, a large dividend going ex but lag in its receipts, etc. tend to increase the tracking error. In such events, it may be more prudent for the Scheme to</p> | An Open Ended Exchange Traded Fund tracking NIFTY IT Index. | 149.57 | 3,345 |
| Instruments   | Indicative Allocation (% of net assets)  |  | Risk Profile                            |  |              |         |         |                   |   |    |     |      |                                 |   |   |                 |   |   |        |       |
|   | Minimum  | Maximum  | High/Medium / Low                       |  |              |         |         |                   |   |    |     |      |                                 |   |   |                 |   |   |        |       |
| Equity instruments covered by constituting Nifty IT Index | 95   | 100  | High                                    |  |              |         |         |                   |   |    |     |      |                                 |   |   |                 |   |   |        |       |
| Debt & Money Market Instruments                           | 0  | 5  | Low to Moderate                         |  |              |         |         |                   |   |    |     |      |                                 |   |   |                 |   |   |        |       |

|   |  | take exposure through derivatives of the index itself or its constituent stocks in order to minimize the long term tracking error. |   |  |              |         |         |                   |   |    |     |      |                                 |   |   |                 |   |   |       |       |
|---|--|--|---|--|--------------|---------|---------|-------------------|---|----|-----|------|---------------------------------|---|---|-----------------|---|---|-------|-------|
| Axis Nifty Healthcare ETF   | <table border="1"> <thead> <tr> <th rowspan="2">Instruments</th> <th colspan="2">Indicative Allocation (% of net assets)</th> <th>Risk Profile</th> </tr> <tr> <th>Minimum</th> <th>Maximum</th> <th>High/Medium / Low</th> </tr> </thead> <tbody> <tr> <td>Equity instruments covered by constituting Nifty Healthcare Index</td> <td>95</td> <td>100</td> <td>High</td> </tr> <tr> <td>Debt &amp; Money Market Instruments</td> <td>0</td> <td>5</td> <td>Low to Moderate</td> </tr> </tbody> </table> | Instruments  | Indicative Allocation (% of net assets) |  | Risk Profile | Minimum | Maximum | High/Medium / Low | Equity instruments covered by constituting Nifty Healthcare Index | 95 | 100 | High | Debt & Money Market Instruments | 0 | 5 | Low to Moderate | <p><b>Investment Objective</b><br/>To provide returns before expenses that closely correspond to the total returns of the NIFTY Healthcare Index subject to tracking errors.</p> <p>However, there is no assurance or guarantee that the investment objective of the scheme will be achieved.</p> <p><b>Investment Strategy:</b><br/>The Scheme would invest in stocks comprising the underlying index and shall endeavor to track the benchmark index. The Scheme may also invest in debt and money market instruments, in compliance with Regulations to meet liquidity and expense requirements. The Scheme endeavors to invest in stocks forming part of the underlying in the same ratio as per the index to the extent possible and to that extent follows a passive investment strategy, except to the extent of meeting liquidity and expense requirements. Events like the constituent stocks becoming illiquid in cash market, the exchange changing the constituents, a large dividend going ex but lag in its receipts, etc. tend to increase the</p> | An Open Ended Exchange Traded Fund tracking NIFTY Healthcare Index. | 18.20 | 4,278 |
| Instruments   | Indicative Allocation (% of net assets)  |  | Risk Profile                            |  |              |         |         |                   |   |    |     |      |                                 |   |   |                 |   |   |       |       |
|   | Minimum  | Maximum  | High/Medium / Low                       |  |              |         |         |                   |   |    |     |      |                                 |   |   |                 |   |   |       |       |
| Equity instruments covered by constituting Nifty Healthcare Index | 95   | 100  | High                                    |  |              |         |         |                   |   |    |     |      |                                 |   |   |                 |   |   |       |       |
| Debt & Money Market Instruments                                   | 0  | 5  | Low to Moderate                         |  |              |         |         |                   |   |    |     |      |                                 |   |   |                 |   |   |       |       |

|                                  |  |  |   |  |  |       |       |                          |
|----------------------------------|--|--|---|--|--|-------|-------|--------------------------|
|                                  |  |  | tracking error. In such events, it may be more prudent for the Scheme to take exposure through derivatives of the index itself or its constituent stocks in order to minimize the long term tracking error. |  |  |       |       |                          |
| Axis Nifty India Consumption ETF |  |  |   | <p><b>Investment Objective</b><br/>To provide returns before expenses that closely correspond to the total returns of the NIFTY India Consumption Index subject to tracking errors.</p> <p>However, there is no assurance or guarantee that the investment objective of the scheme will be achieved.</p> <p><b>Investment Strategy:</b><br/>The Scheme would invest in stocks comprising the underlying index and shall endeavor to track the benchmark index. The Scheme may also invest in debt and money market instruments, in compliance with Regulations to meet liquidity and expense requirements. The Scheme endeavors to invest in stocks forming part of the underlying in the same ratio as per the index to the extent possible and to that extent follows a passive investment strategy, except to the extent of meeting liquidity and expense requirements. Events like the constituent stocks becoming illiquid in cash market, the exchange</p> | An Open Ended Exchange Traded Fund tracking NIFTY India Consumption Index. | 11.17 | 2,066 |                          |
|                                  | <b>Instruments</b>   | <b>Indicative Allocation (% of net assets)</b> |   |  |  |       |       | <b>Risk Profile</b>      |
|                                  |  | <b>Minimum</b>                                 | <b>Maximum</b>  |  |  |       |       | <b>High/Medium / Low</b> |
|                                  | Equity instruments covered by constituting Nifty India Consumption Index | 95   | 100   |  |  |       |       | High                     |
| Debt & Money Market Instruments  | 0  | 5  | Low to Moderate   |  |  |       |       |                          |

|                                 |                                      |  |                 |   |  |  |      |      |
|---------------------------------|--------------------------------------|--|-----------------|---|--|--|------|------|
|                                 |                                      |  |                 | changing the constituents, a large dividend going ex but lag in its receipts, etc. tend to increase the tracking error. In such events, it may be more prudent for the Scheme to take exposure through derivatives of the index itself or its constituent stocks in order to minimize the long term tracking error. |  |  |      |      |
| Axis S&P<br>BSE Sensex<br>ETF   | <b>Instruments</b>                   | <b>Indicative Allocation (% of net assets)</b> |                 | <b>Risk Profile</b>   | <b>Investment Objective</b><br>The investment objective of the scheme is to provide returns before expenses that correspond to the total returns of the S&P BSE Sensex TRI subject to tracking errors.<br><br>However, there is no assurance that the investment objective of the scheme will be achieved. | An Open Ended Exchange Traded Fund tracking S&P BSE Sensex TRI | N.A. | N.A. |
|                                 |                                      | <b>Minimum</b>                                 | <b>Maximum</b>  | <b>High/Medium / Low</b>  |  |  |      |      |
|                                 | Stocks comprising S&P BSE Sensex TRI | 95   | 100             | High  |  |  |      |      |
| Debt & Money Market Instruments | 0                                    | 5  | Low to Moderate |   |  |  |      |      |

|  |  |   |  |  |  |
|--|--|---|--|--|--|
|  |  | <p><b>Investment Strategy:</b><br/> The scheme would invest in stocks comprising the underlying index and endeavor to track the benchmark index. The scheme may also invest in debt and money market instruments, in compliance with Regulations to meet liquidity and expense requirements. Axis S&amp;P BSE Sensex ETF endeavors to invest in stocks forming part of the underlying in the same ratio as per the index to the extent possible and to that extent follows a passive investment strategy, except to the extent of meeting liquidity and expense requirements. Events like the constituent stocks becoming illiquid in cash market, the exchange changing the constituents, a large dividend going ex but lag in its receipts, etc. tend to increase the tracking error. In such events, it may be more prudent for the fund to take exposure through derivatives of the index itself or its constituent stocks in order to minimize the long term tracking error.</p> |  |  |  |
|--|--|---|--|--|--|

#### **D. WHERE WILL THE SCHEME INVEST?**

The corpus of the Scheme will be invested in Equity & Equity related instruments forming part of the constituents of the underlying index. The Scheme will track the S&P BSE Sensex TRI and is a passively managed scheme. In case of any change in the index due to corporate actions or change in the constituents of S&P BSE Sensex TRI (as communicated by AIPL), the relevant investment decision will be determined considering composition of S&P BSE Sensex TRI.

The Scheme would invest in stocks comprising the underlying index. The Fund may also invest in debt and money market instruments, in compliance with Regulations to meet liquidity and expense requirements.

##### **Equity Instruments:**

1. Equity share is a security that represents ownership interest in a company.
2. Equity Related Instruments are securities which give the holder of the security right to receive Equity Shares on pre agreed terms. It includes convertible bonds, convertible debentures, equity warrants, convertible preference shares, etc. The Scheme shall invest in Equity shares of constituents of S&P BSE Sensex TRI, however it may be entitled to and receive Equity Related instruments of such entities by way of corporate action.
3. Equity Derivatives are financial instruments, generally traded on an exchange, the price of which is directly dependent upon (i.e., "derived from") the value of equity shares or equity indices. Derivatives involve the trading of rights or obligations based on the underlying, but do not directly transfer property. The Scheme will take exposure to equity derivatives through stock futures of constituents of the underlying index. The Scheme will not take any exposure in equity derivatives through Index futures or Index / stock options.

##### **Futures:**

Futures are exchange-traded contracts to sell or buy financial instruments for future delivery at an agreed price. There is an agreement to buy or sell a specified quantity of financial instrument on a designated future date at a price agreed upon by the buyer and seller at the time of entering into a contract. A futures contract involves an obligation on both the parties to fulfill the terms of the contract.

SEBI has permitted futures contracts on indices and individual stocks with maturity of 1 month, 2 months and 3 months on a rolling basis. The futures contracts are settled on last Thursday (or immediately preceding trading day if Thursday is a trading holiday) of each month. The final settlement price is the closing price of the underlying stock(s)/index.

##### **Debt and money market Instruments**

###### **Certificate of Deposit (CD)**

Certificate of Deposit (CD) is a negotiable money market instrument issued by scheduled commercial banks and select all-India Financial Institutions that have been permitted by the RBI to raise short term resources. The maturity period of CDs issued by the Banks is between 7 days to one year, whereas, in case of FIs, maturity is one year to 3 years from the date of issue.

###### **Commercial Paper (CP)**

Commercial Paper (CP) is an unsecured negotiable money market instrument issued in the form of a promissory note, generally issued by the corporates, primary dealers and all India Financial Institutions as an alternative source of short term borrowings. CP is traded in secondary market and can be freely bought and sold before maturity.

###### **Treasury Bill (T-Bill)**

Treasury Bills (T-Bills) are issued by the Government of India to meet their short term borrowing requirements. T-Bills are issued for maturities of 14 days, 91 days, 182 days and 364 days. The Scheme may also invest in Cash Management Bill (CMB) issued by the Government of India to

meet their short term borrowing requirements. CMB are generally issued for maturities of less than 91 days.

### **Commercial Usance Bills**

Bill (bills of exchange/promissory notes of public sector and private sector corporate entities) Rediscounting, usance bills and commercial bills.

### **Repos**

Repo (Repurchase Agreement) or Reverse Repo is a transaction in which two parties agree to sell and purchase the same security with an agreement to purchase or sell the same security at a mutually decided future date and price. The transaction results in collateralized borrowing or lending of funds. Presently in India, corporate debt securities, Government Securities, State Government Securities and T-Bills are eligible for Repo/Reverse Repo.

Tri-party repo means a repo contract where a third entity (apart from the borrower and lender), called a Tri-Party Agent, acts as an intermediary between the two parties to the repo to facilitate services like collateral selection, payment and settlement, custody and management during the life of the transaction.

The Scheme may undertake repo or reverse repo transactions in accordance with the directions issued by RBI and SEBI from time to time. Such investment shall be made subject to the guidelines which may be prescribed by the Board of Directors of the Asset Management Company and Trustee Company.

**Securities created and issued by the Central and State Governments** as may be permitted by RBI, securities guaranteed by the Central and State Governments (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills). State Government securities (popularly known as State Development Loans or SDLs) are issued by the respective State Government in co-ordination with the RBI.

### **Non -Convertible Debentures**

Non convertible debentures are securities issued by companies / institutions promoted / owned by the Central or State Governments and statutory bodies which may or may not carry a Central/State Government guarantee, Public and private sector banks, all India Financial Institutions and Private Sector Companies. These instruments may be secured or unsecured against the assets of the Company and generally issued to meet the short term and long term fund requirements. These instruments may have fixed or floating rate coupon. The Scheme may also invest in the non convertible part of convertible debt securities.

### **Short Term Deposits**

Pending deployment of funds as per the investment objective of the Scheme, the Funds the AMC may park the funds of the scheme in short term deposits of the Scheduled Commercial Banks, in terms of SEBI circular dated April 16, 2007, June 23, 2008, August 16, 2019 and September 20, 2019 as may be amended from time to time.

### **Units of Mutual Fund schemes**

The scheme may invest in units of debt and liquid mutual fund schemes of Axis AMC or in the Scheme of other mutual funds in conformity with the investment objective of the Scheme and in terms of the prevailing SEBI (MF) Regulations. Provided that such investment will be within the limits specified under SEBI (MF) Regulations and will be done for cash management purposes.

The securities / instruments mentioned above and such other securities the Scheme is permitted to invest in could be listed, unlisted, privately placed, secured, unsecured, rated or unrated and of any maturity (within the investment objective of the scheme).

The securities may be acquired through initial public offering (IPOs), secondary market, private placement, rights offers, negotiated deals. Further investments in fixed income securities will be in instruments which have been assigned investment grade rating by the Credit Rating Agency.

Investment in unrated debt instruments shall be subject to complying with the provisions of the Regulations and within the limit as specified in Schedule VII to the Regulations. The AMC may constitute committee(s) to approve proposals for investments in unrated debt instruments. The AMC Board and the Trustee shall approve the detailed parameters for such investments. However, in case any unrated debt security does not fall under the parameters, the prior approval of Board of AMC and Trustee shall be sought.

For applicable regulatory investment limits please refer paragraph "Investment Restrictions".

#### **E. WHAT ARE THE INVESTMENT STRATEGIES?**

The Scheme would invest in stocks comprising the underlying index and shall track the benchmark index. The Scheme may also invest in debt and money market instruments, in compliance with Regulations to meet liquidity and expense requirements. The Scheme shall invest in stocks forming part of the underlying Index in the same ratio as per the index to the extent possible and to that extent follows a passive investment strategy, except to the extent of meeting liquidity and expense requirements. Events like the constituent stocks becoming illiquid in cash market, the exchange changing the constituents, a large dividend going ex but lag in its receipts, etc. tend to increase the tracking error. In such events, it may be more prudent for the Scheme to take exposure through derivatives of its constituent stocks in order to minimize the long term tracking error.

##### **Portfolio Turnover:**

The Scheme being an open ended scheme, it is expected that there would be a number of subscriptions and redemptions on a daily basis by Authorized Participants and Large investors. Consequently, it is difficult to estimate with any reasonable measure of accuracy, the likely turnover in the portfolio.

##### **Derivatives Strategy:**

The Scheme may invest in various derivative instruments which are permissible under the applicable regulations. Such investments shall be subject to the investment objective and strategy of the Scheme and the internal limits if any, as laid down from time to time. These include but are not limited to futures (both stock and index).

Derivatives are financial contracts of pre-determined fixed duration, like stock futures and index futures, whose values are derived from the value of an underlying primary financial instrument.

For detailed risks associated with use of derivatives, please refer paragraph "Scheme Specific Risk Factors". Exchange traded derivatives Contracts in stocks and indices in India are currently cash settled at the time of maturity.

Concepts and Examples of derivatives which may be used by the fund manager:

##### **Futures**

Stock futures are contracts traded on the exchanges available on NSE, the primary exchanges in India. Stock Futures follow a weekly or monthly settlement cycle. These futures expire on the working Thursday of the week or the last working Thursday of the respective months.

##### **Illustration with Stock Futures**

In case the Reliance Industries near month future contract is trading at say, Rs. 2,600, and the fund manager has to reduce his exposure on account of rebalancing; the Scheme can initiate a sale transaction of Reliance futures at Rs. 2,600. On expiry, the fund can tender shares for physical settlement and exit the position.

Correspondingly, if the fund manager has to add shares to the portfolio on account of rebalancing, he may take long positions and request for physical delivery on expiry date.



The determinants to such trades may include one or more factors:

- The carrying cost,
- Liquidity of the stock, and
- The transaction cost
- Impact cost of the trade

The use of derivatives is aimed at executing rebalancing strategies in the most efficient manner and minimize tracking error.

Some strategies that employ stock /index futures and their objectives:

**(a) Use of derivatives for portfolio rebalancing and efficient portfolio management:**

**Buying/ Selling Stock/Index future:**

When the Scheme wants to initiate a long position in a stock whose spot price is at say, Rs.100 and futures is at 98, then the Scheme may just buy the futures contract instead of the spot thereby benefiting from a lower cost.

**Risk:** While the cash market stock price and the futures price have a high degree of correlation, they may often trade at premium/discount. Hence exposures via futures contract could impact the tracking error of the fund.

Investment in derivatives are subject to certain risks, details of which are enumerated under section 'Risks associated with investments in derivatives'.

**TRACKING ERROR**

Tracking error is a measure of the difference in returns from the Scheme and the returns from the index. It is computed as the standard deviation of the difference between the daily returns of the underlying benchmark and the NAV of the Scheme on an annualized basis.

Tracking error could be the result of a variety of factors including but not limited to:

- Delay in the purchase or sale of stocks within the benchmark due to:
  - » Illiquidity in the stock,
  - » Delay in realisation of sale proceeds,
- The Scheme may buy or sell the stocks comprising the index at different points of time during the trading session at the then prevailing prices which may not correspond to its closing prices.
- The potential for trades to fail, which may result in the Scheme not having acquired the stocks at a price necessary to track the benchmark price.
- The holding of a cash position and accrued income prior to distribution of income and payment of accrued expenses.
- Disinvestments to meet redemptions, recurring expenses, etc.
- Execution of large buy / sell orders
- Transaction cost and recurring expenses
- Delay in realisation of Unit holders' funds
- Levy of margins by exchanges

The Scheme will endeavor to minimise the tracking error by:

- Rebalancing of the portfolio.

- Setting off of incremental subscriptions against redemptions.
- Use of derivatives for portfolio rebalancing and efficient portfolio management

The tracking error i.e. the annualised standard deviation of the difference in daily returns between S&P BSE Sensex TRI and the NAV of ETF based on past one year rolling over data (For ETFs in existence for a period of less than one year, annualized standard deviation shall be calculated based on available data) shall not exceed 2% or as may be prescribed by regulations from time to time.

In case of unavoidable circumstances in the nature of force majeure which are beyond the control of the AMCs, the tracking error may exceed 2%, and the same shall be brought to the notice of Trustees with corrective actions taken by the AMC, if any.

Under normal circumstances, such tracking errors are not expected to exceed 2% p.a. for daily 12 month rolling return. However, in case of events like, dividend received from underlying securities, rights issue from underlying securities and market volatility during rebalancing of the portfolio following the rebalancing of the underlying index, redemptions directly with the Scheme not in Creation Unit Size, etc. or in abnormal market circumstances, the tracking error may exceed the above limits. There can be no assurance or guarantee that the Scheme will achieve any particular level of tracking error relative to performance of the Index.

**Tracking difference** - The ETF Scheme shall also disclose the tracking difference i.e. the annualized difference of daily returns between the physical sliver and the NAV of the ETF shall also be disclosed on the website of the AMC and AMFI, on a monthly basis, for tenures 1 year, 3 year, 5 year, 10 year and since the date of allotment of units.

## **F. INVESTMENT BY THE AMC IN THE SCHEME**

Subject to the applicable Regulations, the AMC may invest either directly or indirectly, in the Scheme during Ongoing Offer Period. However, the AMC shall not charge any investment management fee on such investments in the Scheme.

Further, in terms of requirement of the Regulations, the AMC shall invest such amounts in Scheme, based on the risks associated with the Scheme, as may be specified by the SEBI from time to time.

## **G. FUNDAMENTAL ATTRIBUTES**

Following are the Fundamental Attributes of the Scheme, in terms of Regulation 18 (15A) of the SEBI (MF) Regulations:

### **i. Type of a scheme**

An Open Ended Exchange Traded Fund tracking S&P BSE Sensex TRI

### **ii. Investment Objective**

Main Objective: To provide returns before expenses that correspond to the total returns of the S&P BSE Sensex TRI subject to tracking errors.

However, there is no assurance that the investment objective of the scheme will be achieved.

Investment Pattern: Please refer to sub - section C 'How will the Scheme Allocate its Assets?' under the section II 'INFORMATION ABOUT THE SCHEME'.

### **iii. Terms of Issue**

- Liquidity provisions such as listing, Repurchase, Redemption (please refer to relevant provisions on listing, repurchase, redemption in section III 'Units and Offer')
- Aggregate fees and expenses charged to the scheme (please refer to section IV "**FEES and EXPENSES**").
- Any safety net or guarantee provided. – Not applicable for the Scheme

In accordance with Regulation 18(15A) of the SEBI (MF) Regulations and SEBI Circular dated March 4, 2021, the Trustees shall ensure that no change in the fundamental attributes of the Scheme(s) and the Plan(s) / Option(s) thereunder or the trust or fee and expenses payable or any other change which would modify the Scheme(s) and the Plan(s) / Option(s) thereunder and affect the interests of Unitholders is carried out unless:

- SEBI has reviewed and provided its comment on the proposal
- a written communication about the proposed change is sent to each unitholder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the mutual fund is situated; and
- the unitholders are given an option to exit at the prevailing Net Asset Value without any exit load for a period of atleast 30 days

In addition to the conditions specified above, for effecting any change in the fundamental attributes of the scheme, trustees shall take comments of the SEBI and any change suggested by SEBI would be incorporated before carrying such proposed change(s).

## **H. HOW WILL THE SCHEME BENCHMARK ITS PERFORMANCE?**

S&P BSE Sensex TRI

### **Justification for use of benchmark**

As the Scheme primarily invests in constituents of S&P BSE Sensex TRI & the investment objective is to provide returns before expenses that correspond to the total returns of the S&P BSE Sensex TRI, the Scheme will be benchmarked against the S&P BSE Sensex TRI.

## ABOUT THE INDEX:

The S&P BSE Sensex TRI is designed to measure the performance of the 30 largest, most liquid and financially sound companies across key sectors of the Indian economy that are listed at BSE Ltd. The index is calculated based on float adjusted market cap weighted methodology.

### Eligibility Criteria for Selection of Constituent Stocks

The index is derived from the constituents of the S&P BSE 100. The inclusion of DVRs in the index will result in more than 30 stocks in the index. However, the number of companies in the index remains fixed at 30. Stocks in the eligible universe must satisfy the following eligibility factors in order to be considered for index inclusion:

- **Listing History.** Stocks must have a listing history of at least six months at BSE.
- **Trading Days.** The stock must have traded on every trading day at BSE during the six-month reference period.
- **Multiple Share Classes.** DVRs satisfying the above eligibility criteria are aggregated with the company's common stock and index construction is done based on the aggregated company data as detailed below.

### **Index Methodology-**

1. All companies meeting the eligibility factors are ranked based on their average six-month float adjusted market capitalization. The top 75 are identified.
2. All companies meeting the eligibility factors are ranked again based on their average six-month total market capitalization. The top 75 are identified.
3. All companies identified based on steps 1 and 2 are then combined and sorted based on their annualized traded value. Companies with a cumulative annualized traded value greater than 98% are excluded.
4. The remaining companies are then sorted by average six-month float-adjusted market capitalization. Companies with a weight of less than 0.5% are excluded.
5. The remaining companies from step 4 are then ranked based on their average six-month float adjusted market capitalization, and are selected for index inclusion according to the following rules:
  - a. The top 21 companies (whether a current index constituent or not) are selected for index inclusion with no sector consideration.
  - b. Existing constituents ranked 22 – 39 are selected in order of highest rank until the target constituent count of 30 is reached.
  - c. If after this step the target constituent count is not achieved, then non-constituents ranked 22 – 30 are selected by giving preference to those companies whose sector is underrepresented in the index as compared to the sector representation in the S&P BSE All Cap.
  - d. If after this step, the target constituent count is still not achieved, non-constituents are selected in order of highest rank until the target constituent count is reached.

Annualized traded value is calculated by taking the median of the monthly medians of the daily traded values over the six-month period. The annualization is calculated using 250 trading days in a year.

All additions and deletions are made at the discretion of index committee.

**Rebalancing :** Frequency of rebalancing is Semi-annual and is effective on Monday following the third Friday of June and December. The reference date is last trading day of April and October.

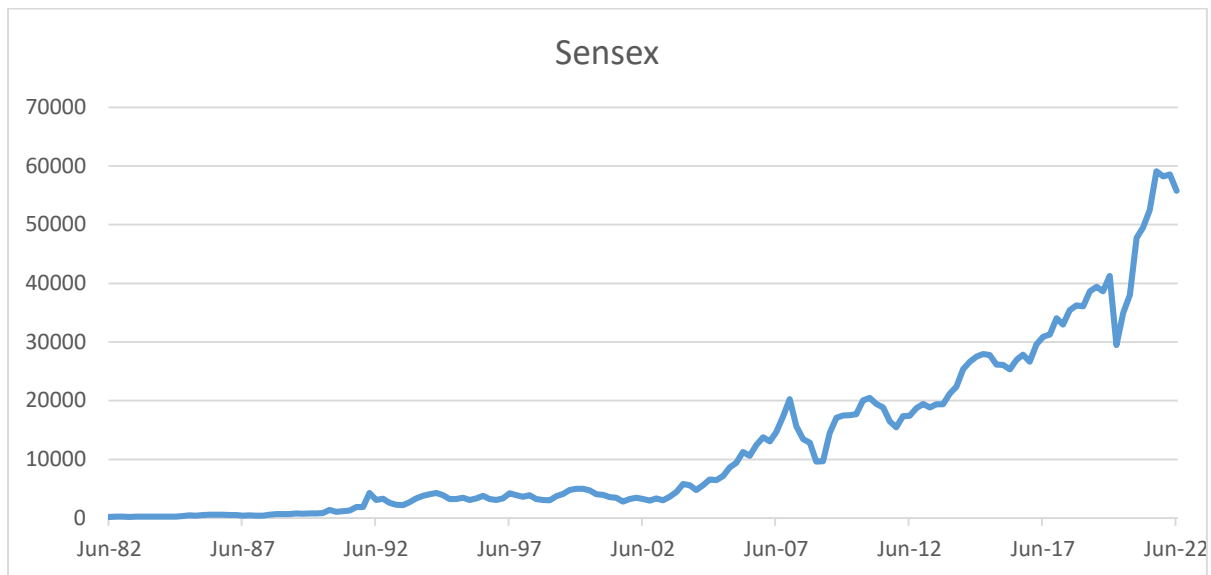
### **Constituents of S&P BSE Sensex TRI as on February 21, 2023**

| Index Name     | Effective Date | Constituent Name        | Tick er | ISIN         | Index Weight | Impact Cost |
|----------------|----------------|-------------------------|---------|--------------|--------------|-------------|
| S&P BSE SENSEX | 20230221       | Reliance Industries Ltd | 500325  | INE002A01018 | 12.160%      | 0.01%       |
| S&P BSE SENSEX | 20230221       | HDFC Bank Ltd           | 500180  | INE040A01034 | 10.499%      | 0.01%       |

|                |          |                                   |            |              |        |       |
|----------------|----------|-----------------------------------|------------|--------------|--------|-------|
| S&P BSE SENSEX | 20230221 | ICICI Bank Ltd                    | 5321<br>74 | INE090A01021 | 8.620% | 0.02% |
| S&P BSE SENSEX | 20230221 | Infosys Ltd                       | 5002<br>09 | INE009A01021 | 8.369% | 0.02% |
| S&P BSE SENSEX | 20230221 | Housing Development Finance Corp  | 5000<br>10 | INE001A01036 | 7.019% | 0.01% |
| S&P BSE SENSEX | 20230221 | Tata Consultancy Services Ltd     | 5325<br>40 | INE467B01029 | 5.116% | 0.02% |
| S&P BSE SENSEX | 20230221 | ITC Ltd                           | 5008<br>75 | INE154A01025 | 4.874% | 0.02% |
| S&P BSE SENSEX | 20230221 | Kotak Mahindra Bank Ltd           | 5002<br>47 | INE237A01028 | 3.577% | 0.01% |
| S&P BSE SENSEX | 20230221 | Axis Bank Ltd                     | 5322<br>15 | INE238A01034 | 3.379% | 0.02% |
| S&P BSE SENSEX | 20230221 | Larsen & Toubro Ltd               | 5005<br>10 | INE018A01030 | 3.898% | 0.02% |
| S&P BSE SENSEX | 20230221 | State Bank of India               | 5001<br>12 | INE062A01020 | 2.839% | 0.02% |
| S&P BSE SENSEX | 20230221 | Hindustan Unilever Ltd            | 5006<br>96 | INE030A01027 | 3.252% | 0.01% |
| S&P BSE SENSEX | 20230221 | Bharti Airtel Ltd                 | 5324<br>54 | INE397D01024 | 2.761% | 0.02% |
| S&P BSE SENSEX | 20230221 | Bajaj Finance Ltd                 | 5000<br>34 | INE296A01024 | 2.461% | 0.01% |
| S&P BSE SENSEX | 20230221 | Asian Paints Ltd                  | 5008<br>20 | INE021A01026 | 1.838% | 0.01% |
| S&P BSE SENSEX | 20230221 | Mahindra & Mahindra Ltd           | 5005<br>20 | INE101A01026 | 1.873% | 0.01% |
| S&P BSE SENSEX | 20230221 | Maruti Suzuki India Ltd           | 5325<br>00 | INE585B01010 | 1.668% | 0.02% |
| S&P BSE SENSEX | 20230221 | HCL Technologies Ltd              | 5322<br>81 | INE860A01027 | 1.694% | 0.02% |
| S&P BSE SENSEX | 20230221 | Titan Co Ltd                      | 5001<br>14 | INE280A01028 | 1.488% | 0.02% |
| S&P BSE SENSEX | 20230221 | Sun Pharmaceutical Industries Ltd | 5247<br>15 | INE044A01036 | 1.518% | 0.02% |
| S&P BSE SENSEX | 20230221 | Bajaj Finserv Ltd                 | 5329<br>78 | INE918I01026 | 1.253% | 0.03% |
| S&P BSE SENSEX | 20230221 | Tata Steel Ltd                    | 5004<br>70 | INE081A01020 | 1.321% | 0.03% |
| S&P BSE SENSEX | 20230221 | UltraTech Cement Ltd              | 5325<br>38 | INE481G01011 | 1.228% | 0.03% |
| S&P BSE SENSEX | 20230221 | IndusInd Bank Ltd                 | 5321<br>87 | INE095A01012 | 1.039% | 0.03% |
| S&P BSE SENSEX | 20230221 | NTPC Ltd                          | 5325<br>55 | INE733E01010 | 1.191% | 0.03% |
| S&P BSE SENSEX | 20230221 | Power Grid Corp of India Ltd      | 5328<br>98 | INE752E01010 | 1.074% | 0.03% |
| S&P BSE SENSEX | 20230221 | Nestle India Ltd                  | 5007<br>90 | INE239A01016 | 0.973% | 0.03% |
| S&P BSE SENSEX | 20230221 | Tata Motors Ltd                   | 5005<br>70 | INE155A01022 | 1.112% | 0.02% |
| S&P BSE SENSEX | 20230221 | Tech Mahindra Ltd                 | 5327<br>55 | INE669C01036 | 1.039% | 0.03% |
| S&P BSE SENSEX | 20230221 | Wipro Ltd                         | 5076<br>85 | INE075A01022 | 0.864% | 0.02% |

|  |  |  |  |                              |  |       |
|--|--|--|--|------------------------------|--|-------|
|  |  |  |  | Blended Index<br>Impact Cost |  | 0.02% |
|--|--|--|--|------------------------------|--|-------|

## Performance of Index



### Index Service Provider

ASIA INDEX PRIVATE LIMITED, a company incorporated under laws of India having its registered office at 14<sup>th</sup> Floor , P.J. Towers , Dalal Street, Fort, Mumbai – 400001, Maharashtra, India (“AIPL”)

BSE Limited (“BSE”) and S&P Dow Jones Indices LLC (“SODJI”) are engaged in the business of, inter alia, developing, computing, distributing, marketing & maintaining indices and data products relating to capital, financial and commodity markets in India, South Asia and other markets around the world

### INTRODUCTION TO EXCHANGE TRADED FUNDS

An ETF is a passively managed product that provides exposure to an index or a basket of securities with the objective of generating returns tracking the underlying index. The key benefit of an ETF over traditional open-ended index funds is liquidity and availability of real-time market price on stock exchange. They can be bought and sold on the exchange at real time prices. ETFs provide investors a fund that tracks the performance of an index with the ability to buy/sell on an intra-day basis. ETFs are structured in a manner which allows to create new units (called creation units) and redeem outstanding units directly with the fund, thereby ensuring that ETFs trade at iNAV.

ETFs are usually passively managed funds wherein subscription/redemption of units work on the concept of exchange with underlying securities. In other words, large investors/institutions can purchase units by depositing the underlying securities with the mutual fund/AMC and can redeem by receiving the underlying shares in exchange of units. Units can also be bought and sold directly on the exchange. ETFs have all the benefits of indexing such as diversification, low cost and transparency. As ETFs are listed on the exchange, costs of distribution are much lower and the reach is wider. These savings in cost are passed on to the investors in the form of lower costs. Furthermore, exchange traded mechanism helps reduce minimal collection, disbursement and other processing charges.

Tracking Error of ETFs is likely to be low as compared to a normal index fund. Due to the Creation/Redemption of units through the in-kind mechanism the mutual fund can keep lesser funds in cash. Also, time lag between buying/selling units and the underlying shares is much lower.

### Benefits of ETFs

- Can be easily bought / sold like any other stock on the exchange through terminals spread across the country.
- Can be bought / sold anytime during market hours at prices that are expected to be at iNAV of the Scheme. Thus, investor invests at real-time prices as opposed to end of day prices.
- Ability to put limit orders.
- Protects long-term investors from the inflows and outflows of short-term investors. This is because the fund does not bear extra transaction cost when buying/selling due to frequent subscriptions and redemptions.

Market for ETFs: The assets-under-management for ETFs which was approx. Rs 3,800 crores as of September 2010 has grown to over Rs. 1,70,000 crores in February 2020. The primary categories of ETFs in India are: ETFs tracking frontline indices like NIFTY 50, Sensex & NIFTY Bank. In addition, ETF's designed specifically as part of the government divestment programme like the Bharat 22 & Central Public Sector Enterprises (CPSE) continue to manage significant assets within the ETF space. In all currently the Indian ETF market consists of 80 ETF's tracking indices across Equity, debt and gold. With the guidelines for Provident Funds being liberalized, ETFs have been the preferred mode for long-term retirement funds to access the equity markets in a hassle free manner. Also, given the ETF market globally has grown significantly over the past few years, there is a strong case that the size and breadth of the ETF market has a potential go up in India in years to come.

### I. WHO MANAGES THE SCHEME?

| Name of Fund Manager | Ages and Qualification   | Experience of the Fund Manager   | Names of other schemes under his management   | Tenure as Fund Manager of the Scheme |
|----------------------|--|--|---|--------------------------------------|
| Mr. Ashish Naik      | 39 years<br>BE Computers (Mumbai University), PGDBM (XLRI), FRM (GARP) | <ul style="list-style-type: none"> <li>Equity Analyst - Axis Asset Management Company Ltd. (August 2009 to June 21, 2016)</li> <li>Business Analyst - Goldman Sachs India Securities Ltd. (April 2007 to July 2009)</li> <li>Software Engineer - Hexaware Technologies Ltd. (August 2003 to May 2005)</li> <li>The fund manager has overall 19 years' experience.</li> </ul> | Axis Triple Advantage Fund (Along with Mr. R. Sivakumar & Mr. Hardik Shah), Axis Children's Gift Fund (along with Mr. R. Sivakumar and Mr. Kaustubh Sule), Axis Nifty ETF (along with Mr. Viresh Joshi), Axis Capital Builder Fund – Series 1 (Along with Mr. Anupam Tiwari), Axis Regular Saver Fund (Along with Mr. Devang Shah and Mr. Sachin Jain), Axis Special Situations Fund (along with Mr. Hitesh Das) Axis Equity Hybrid Fund (along with Mr. R. Sivakumar and Mr. Kaustubh Sule), | Since Inception                      |

|  |  |  |                           |  |
|--|--|--|---------------------------|--|
|  |  |  | Axis Nifty 100 Index Fund |  |
|--|--|--|---------------------------|--|

## J. WHAT ARE THE INVESTMENT RESTRICTIONS?

The following are the restrictions as are laid out in Schedule Seven to the SEBI (Mutual Funds) Regulations, 1996.

1. The Mutual Fund under all its Scheme(s) shall not own more than ten per cent of any company's paid up capital carrying voting rights. Provided, investment in the asset management company or the trustee company of a mutual fund shall be governed by clause (a), of sub-regulation (1), of regulation 7B.

2. No mutual fund scheme shall invest more than 10 per cent of its NAV in the equity shares or equity related instruments of any company:

**Provided** that, the limit of 10 per cent shall not be applicable for investments in case of index fund or exchange traded fund or sector or industry specific scheme.

3. All investments by a mutual fund scheme in equity shares and equity related instruments shall only be made provided such securities are listed or to be listed.

4. The Scheme shall not invest in unlisted debt instruments including commercial papers, except Government Securities and other money market instruments:

Provided that the Scheme may invest in unlisted non-convertible debentures up to a maximum of 10% of the debt portfolio of the Scheme subject to such conditions as may be specified by the Board from time to time:

Note: According to the Asset Allocation of the Scheme, the indicative allocation of the Scheme to Debt and Money market instruments shall be in the range of 0% to 5% of the net assets of the Scheme, subject to conditions specified.

5. The Scheme shall not invest more than 10% of its NAV in debt instruments comprising money market instruments and non-money market instruments issued by a single issuer which are rated not below investment grade by a credit rating agency authorized to carry out such activity under the SEBI Act, 1992. Such investment limit may be extended to 12% of the NAV of the Scheme with the prior approval of the Trustee and the Board of Directors of AMC.

Such limit shall not be applicable for investment in Government Securities, treasury bills and triparty repo on Government securities or treasury bills.

Considering the nature of the Scheme, investments in such instruments will be permitted up to 5% of its NAV.

6. In accordance with the SEBI circular no. SEBI/HO/IMD/ IMD-1 DOF2/P/CIR/2022/164 dated November 29, 2022 as amended from time to time, the scheme shall not invest more than:
  - a. 10% of its NAV in debt and money market securities rated AAA; or
  - b. 8% of its NAV in debt and money market securities rated AA; or
  - c. 6% of its NAV in debt and money market securities rated A and below issued by a single issuer.

The above investment limits may be extended by up to 2% of the NAV of the scheme with prior approval of the Board of Trustees and Board of Directors of the AMC, subject to compliance with the overall 12% limit specified in clause 1 of Seventh Schedule of MF Regulation.



The long term rating of issuers shall be considered for the money market instruments. However, if there is no long term rating available for the same issuer, then based on credit rating mapping of CRAs between short term and long term ratings, the most conservative long term rating shall be taken for a given short term rating. Exposure to government money market instruments such as TREPS on G-Sec/ T-bills shall be treated as exposure to government securities.

Note: According to the Asset Allocation of the Scheme, the indicative allocation of the Scheme to Debt and Money market instruments shall be in the range of 0% to 5% of the net assets of the Scheme, subject to conditions specified.

7. The Scheme may invest in other schemes of the Mutual Fund or any other mutual fund (restricted to only debt and liquid funds) without charging any fees, provided the aggregate inter-scheme investment made by all the schemes under the same management or in schemes under the management of any other asset management company shall not exceed 5% of the Net Asset Value of the Mutual Fund.
8. The Scheme shall not make any investment in:
  - a. any unlisted security of an associate or group company of the sponsor; or
  - b. any security issued by way of private placement by an associate or group company of the sponsor; or
  - c. the listed securities of group companies of the sponsor which is in excess of 25% of the net assets.
9. The Mutual Fund shall get the securities purchased transferred in the name of the Fund on account of the concerned Scheme, wherever investments are intended to be of a long-term nature.
10. Transfer of investments from one scheme to another scheme in the same Mutual Fund is permitted provided:
  - a. such transfers are done at the prevailing market price for quoted instruments on spot basis (spot basis shall have the same meaning as specified by a Stock Exchange for spot transactions); and
  - b. the securities so transferred shall be in conformity with the investment objective of the Scheme to which such transfer has been made.Further, inter scheme transfers shall be in accordance with the guidelines issued by SEBI circular no. SEBI/HO/IMD/DF4/CIR/P/2020/202 dated October 08, 2020 as amended from time to time.
11. The Mutual Fund shall buy and sell securities on the basis of deliveries and shall in all cases of purchases, take delivery of relevant securities and in all cases of sale, deliver the securities:

The scheme shall not engage in in short selling of securities or carry forward transactions.

Provided that the Mutual Fund may engage in securities lending and borrowing specified by SEBI.

Provided further that the Mutual Fund may enter into Derivatives transactions in a recognized stock exchange, subject to the framework specified by SEBI.

Provided further that sale of government security already contracted for purchase shall be permitted in accordance with the guidelines issued by the RBI in this regard.

12. The Scheme shall not make any investment in any fund of funds scheme.

13. Pending deployment of the funds of the Scheme in securities in terms of the investment objective of the Scheme, the AMC may park the funds of the Scheme in short term deposits of scheduled commercial banks, subject to the guidelines issued by SEBI circular dated April 16, 2007, June 23, 2008, August 16, 2019 and September 20, 2019 as may be amended from time to time:

The Scheme will comply with the following guidelines/restrictions for parking of funds in short term deposits:

- i. "Short Term" for such parking of funds by the Scheme shall be treated as a period not exceeding 91 days. Such short-term deposits shall be held in the name of the Scheme.
- ii. The Scheme shall not park more than 15% of the net assets in short term deposit(s) of all the scheduled commercial banks put together. However, such limit may be raised to 20% with prior approval of the Trustee.
- iii. Parking of funds in short term deposits of associate and sponsor scheduled commercial banks together shall not exceed 20% of total deployment by the Mutual Fund in short term deposits.
- iv. The Scheme shall not park more than 10% of the net assets in short term deposit(s), with any one scheduled commercial bank including its subsidiaries.
- v. The Scheme shall not park funds in short term deposit (STD) of a bank which has invested in that Scheme. Further Trustees/ AMCs shall also ensure that the bank in which the Scheme has STD do not invest in the said scheme until the Scheme has STD with such bank.
- vi. The AMC will not charge any investment management and advisory fees for funds parked in short term deposits of scheduled commercial banks

However, the above provisions will not apply to term deposits placed as margins for trading in cash and Derivatives market.

14. The Scheme shall not advance any loans.
15. The Fund shall not borrow except to meet temporary liquidity needs of the Fund for the purpose of Repurchase/Redemption of Unit or payment of interest to the Unit holder.

The Fund shall not borrow more than 20% of the net assets of the individual Scheme and the duration of the borrowing shall not exceed a period of 6 months.

16. Pursuant to SEBI Circular no. SEBI/HO/IMD/DF3/CIR/P/2019/147 dated November 29, 2019, In terms of SEBI Circular dated January 10, 2019 which specifies the portfolio concentration norms as follows, shall be complied with respect to the underlying Index:

- The index has a minimum of 10 stocks as its constituents.
- No single stock in the index shall have more than 25% weight in the index.
- The weightage of the top three constituents of the index, cumulatively shall not be more than 65% of the Index.
- The individual constituent of the index shall have a trading frequency greater than or equal to 80% and an average impact cost of 1% or less over previous six months.

17. The Scheme will comply with the following restrictions for trading in exchange traded derivatives, as specified by SEBI vide its circular DNPDP/Cir-29/2005 dated September 14, 2005, as amended from time to time:

**Position limit for Mutual Fund for stock based derivative contracts**

The combined futures position limit shall be 20% of the applicable Market Wide Position Limit (MWPL).

### **Position limit for each scheme of a Mutual Fund**

The scheme-wise position limit / disclosure requirements shall be:

- i. For stock futures contracts, the gross open position across all derivative contracts on a particular underlying stock of a scheme of a Mutual Fund shall not exceed the higher of 1% of the free float market capitalization (in terms of number of shares)  
**or**  
5% of the open interest in the derivative contract on a particular underlying stock (in terms of number of contracts).
- ii. This position limits shall be applicable on the combined position in all derivative contracts on an underlying stock at a Stock Exchange.
- iii. For index based contracts, Mutual Funds shall disclose the total open interest held by its scheme or all schemes put together in a particular underlying index, if such open interest equals to or exceeds 15% of the open interest of all derivative contracts on that underlying index.

18. The gross cumulative exposure through equity, debt and derivative position should not exceed 100% of the net assets of the Scheme in accordance with SEBI circular no. Cir/MD/DF/11/2010 dated August 18, 2010 as amended from time to time

The Scheme will comply with the other Regulations applicable to the investments of Mutual Funds from time to time.

All the investment restrictions will be applicable at the time of making investments.

The AMC/Trustee may alter these above stated restrictions from time to time to the extent of the Regulations change.

## **Debt and Money Markets in India**

The Indian debt market is today one of the largest in Asia and includes securities issued by the Government (Central & State Governments), public sector undertakings, other government bodies, financial institutions, banks and corporates. Government and public sector enterprises are the predominant borrowers in the markets. The major players in the Indian debt markets today are banks, financial institutions, mutual funds, insurance companies, primary dealers, trusts, pension funds and corporates. The Indian debt market is the largest segment of the Indian financial markets. The debt market comprises broadly two segments, viz. Government Securities market or G-Sec market and corporate debt market. The latter is further classified as market for PSU bonds and private sector bonds.

The Government Securities (G-Secs) market, consists of G-Sec outstanding of Rs. 81,94,730.225 cr as on May 09, 2022 (State Govt securities - Rs 42,19,393.100 cr, (as on Mar'22) Source: CCIL), is the oldest and the largest component (50% share in market cap) of the Indian debt market in terms of market capitalization, outstanding securities and trading volumes. The G-Secs market plays a vital role in the Indian economy as it provides the benchmark for determining the level of interest rates in the country through the yields on the Government Securities which are referred to as the risk-free rate of return in any economy. Over the years, there have been new products introduced by the RBI like zero coupon bonds, floating rate bonds, inflation indexed bonds, etc.

The corporate bond market, in the sense of private corporate sector raising debt through public issuance in capital market, is only an insignificant part of the Indian Debt Market. A large part of the issuance in the non-Government debt market is currently on private placement basis.

The money markets in India essentially consist of the call money market (i.e. market for overnight and term money between banks and institutions), repo transactions (temporary sale with an agreement to buy back the securities at a future date at a specified price), commercial papers (CPs, short term unsecured promissory notes, generally issued by corporates), certificate of deposits (CDs, issued by banks) and Treasury Bills (issued by RBI). In a predominantly institutional market, the key money market players are banks, financial institutions, insurance companies, mutual funds, primary dealers and corporates. In money market, activity levels of the Government and nongovernment debt vary from time to time. Instruments that comprise a major portion of money market activity include but not limited to:

- Overnight Call
- Tri Party Repo
- Repo/Reverse Repo Agreement
- Treasury Bills
- Government securities with a residual maturity of < 1 year.
- Commercial Paper
- Certificate of Deposit

Apart from these, there are some other options available for short tenure investments that include MIBOR linked debentures with periodic exit options and other such instruments. Though not strictly classified as Money Market Instruments, PSU / DFI / Corporate paper with a residual maturity of < 1 year, are actively traded and offer a viable investment option.

The market has evolved in past 2-3 years in terms of risk premia attached to different class of issuers. Bank CDs have clearly emerged as popular asset class with increased acceptability in secondary market. PSU banks trade the tightest on the back of comfort from majority government holding. Highly rated manufacturing companies also command premium on account of limited supply. However, there has been increased activity in papers issued by private/foreign banks/NBFCs/companies in high-growth sector due to higher yields offered by them. Even though companies across these sectors might have been rated on a same scale, the difference in the yield on the papers for similar maturities reflects the perception of their respective credit profiles.

The following table gives approximate yields prevailing on January 23, 2023 on some of the instruments and further illustrates this point.

| <b>Instrument</b>          | <b>Current Yield range (%)</b> |
|----------------------------|--------------------------------|
| Tri-party Repo             | 6.25 - 6.30                    |
| Repo                       | 6.25- 6.30                     |
| 3M T-bill                  | 6.45 - 6.50                    |
| 1Y T-bill                  | 6.90 - 6.95                    |
| 10Y G-sec                  | 7.35 - 7.40                    |
| 3m PSU Bank CD             | 7.20 - 7.25                    |
| 3m Manufacturing co. CP    | 7.30 - 7.35                    |
| 1Y PSU Bank CD             | 7.70 - 7.75                    |
| 1Y NBFC CP                 | 7.90 - 8.00                    |
| 1Y Manufacturing co. CP    | 7.75 - 7.85                    |
| 5Y AAA Institutional Bond  | 7.60 - 7.65                    |
| 10Y AAA Institutional Bond | 7.60 - 7.65                    |

Source: Bloomberg

These yields are indicative and do not indicate yields that may be obtained in future as interest rates keep changing consequent to changes in macro-economic conditions and RBI policy. The price and yield on various debt instruments fluctuate from time to time depending upon the macro economic situation, inflation rate, overall liquidity position, foreign exchange scenario etc. Also, the price and yield vary according to maturity profile, credit risk etc.

#### **K. CREATION OF SEGREGATED PORTFOLIO**

Creation of segregated portfolio shall be subject to guidelines specified by SEBI from time to time and includes the following:

In this regard, the term 'segregated portfolio' shall mean a portfolio comprising of debt or money market instrument affected by a credit event, that has been segregated in a mutual fund scheme. The term 'main portfolio' shall mean the scheme portfolio excluding the segregated portfolio. The term 'total portfolio' shall mean the scheme portfolio including the securities affected by the credit event.

#### **Credit Event**

##### **a. For rated debt or money market instruments**

- 1) Segregated portfolio may be created, in case of a credit event at issuer level i.e. downgrade in credit rating by a SEBI registered Credit Rating Agency (CRA), as under:
  - a. Downgrade of a debt or money market instrument to 'below investment grade', or
  - b. Subsequent downgrades of the said instruments from 'below investment grade', or
  - c. Similar such downgrades of a loan rating
- 2) In case of difference in rating by multiple CRAs, the most conservative rating shall be considered. Creation of segregated portfolio shall be based on issuer level credit events as mentioned above and implemented at the ISIN level.
- 3) Creation of segregated portfolio is optional and is at the discretion of Axis Asset Management Company Ltd. ('**Axis AMC**'/ '**the AMC**')

##### **b. For unrated debt or money market instruments**

Segregated portfolio of unrated debt or money market instruments may be created only in case of actual default of either the interest or principal amount by the issuer. Credit event in this case shall be 'actual default' by the issuer of such instruments and shall be considered for creation of segregated portfolio.

### **Process for Creation of Segregated Portfolio**

- 1) On the date of credit event, the AMC shall decide on creation of segregated portfolio. Once AMC decides to segregate portfolio, it shall:
  - a. seek approval of trustees prior to creation of the segregated portfolio.
  - b. immediately issue a press release disclosing its intention to segregate such debt and money market instrument and its impact on the investors. Axis Mutual Fund shall disclose that the segregation shall be subject to Trustee approval. Additionally, the said press release shall be prominently disclosed on the website of the AMC.
  - c. ensure that till the time the Trustee approval is received, which in no case shall exceed 1 business day from the day of credit event, the subscription and redemption in the Scheme shall be suspended for processing with respect to creation of units and payment on redemptions.
- 2) Once Trustee approval is received by the AMC:
  - a. Segregated portfolio shall be effective from the day of credit event
  - b. AMC shall issue a press release immediately with all relevant information pertaining to the segregated portfolio. The said information will also be submitted to SEBI.
  - c. An e-mail or SMS shall be sent to all unit holders of the Scheme.
  - d. The NAV of both segregated and main portfolios shall be disclosed from the day of the credit event.
  - e. All existing investors in the Scheme as on the day of the credit event shall be allotted equal number of units in the segregated portfolio as held in the main portfolio.
  - f. No redemption and subscription shall be allowed in the segregated portfolio. AMC shall enable listing of units of segregated portfolio on the recognized stock exchange within 10 working days of creation of segregated portfolio and also enable transfer of such units on receipt of transfer requests
- 3) If the trustees do not approve the proposal to segregate portfolio, AMC will issue a press release immediately informing investors of the same.

### **Valuation**

Notwithstanding the decision to segregate the debt and money market instrument, the valuation shall take into account the credit event and the portfolio shall be valued based on the principles of fair valuation (i.e. realizable value of the assets) in terms of the relevant provisions of SEBI (Mutual Funds) Regulations, 1996 and circular(s) issued thereunder.

### **Processing of Subscription and Redemption Proceeds**

All subscription and redemption requests for which NAV of the day of credit event or subsequent day is applicable will be processed as under:

- i. Upon trustees' approval to create a segregated portfolio -
  - Investors redeeming their units will get redemption proceeds based on the NAV of main portfolio and will continue to hold the units of segregated portfolio.
  - Investors subscribing to the Scheme will be allotted units only in the main portfolio based on its NAV.
- ii. In case trustees do not approve the proposal of segregated portfolio, subscription and redemption applications will be processed based on the NAV of total portfolio.

### **Disclosure**

In order to enable the existing as well as the prospective investors to take informed decision, the following shall be adhered to:

- a. A statement of holding indicating the units held by the investors in the segregated portfolio along with the NAV of both segregated portfolio and main portfolio as on the day of the credit event shall be communicated to the investors within 5 working days of creation of the segregated portfolio.
- b. Adequate disclosure of the segregated portfolio shall be made in all scheme related documents, in monthly and half-yearly portfolio disclosures and in the annual report of the mutual fund and the Scheme.

- c. The Net Asset Value (NAV) of the segregated portfolio shall be declared on daily basis.
- d. The information regarding number of segregated portfolios created in the Scheme shall appear prominently under the name of the Scheme at all relevant places such as SID, KIM-cum-Application Form, advertisement, AMC and AMFI websites, etc.
- e. The Scheme performance required to be disclosed at various places shall include the impact of creation of segregated portfolio. The Scheme performance should clearly reflect the fall in NAV to the extent of the portfolio segregated due to the credit event and the said fall in NAV along with recovery(ies), if any, shall be disclosed as a footnote to the Scheme performance.
- f. The disclosures at paragraph (d) and (e) above regarding the segregated portfolio shall be carried out for a period of at least 3 years after the investments in segregated portfolio are fully recovered/ written-off.
- g. The investors of the segregated portfolio shall be duly informed of the recovery proceedings of the investments of the segregated portfolio. Status update may be provided to the investors at the time of recovery and also at the time of writing-off of the segregated securities.

#### **TER for the Segregated Portfolio**

- 1) Axis AMC shall not charge investment and advisory fees on the segregated portfolio. However, TER (excluding the investment and advisory fees) can be charged, on a pro-rata basis only upon recovery of the investments in segregated portfolio.
- 2) The TER so levied shall not exceed the simple average of such expenses (excluding the investment and advisory fees) charged on daily basis on the main portfolio (in % terms) during the period for which the segregated portfolio was in existence.
- 3) The legal charges related to recovery of the investments of the segregated portfolio may be charged to the segregated portfolio in proportion to the amount of recovery. However, the same shall be within the maximum TER limit as applicable to the main portfolio. The legal charges in excess of the TER limits, if any, shall be borne by the AMC.
- 4) The costs related to segregated portfolio shall in no case be charged to the main portfolio.

#### **Monitoring by Trustees**

In order to ensure timely recovery of investments of the segregated portfolio, Trustees shall ensure that:

- a. The AMC puts in sincere efforts to recover the investments of the segregated portfolio.
- b. Upon recovery of money, whether partial or full, it shall be immediately distributed to the investors in proportion to their holding in the segregated portfolio. Any recovery of amount of the security in the segregated portfolio even after the write off shall be distributed to the investors of the segregated portfolio.
- c. The Trustees shall monitor the compliance of this circular and disclose in the half-yearly trustee reports filed with SEBI, the compliance in respect of every segregated portfolio created.

In order to avoid mis-use of segregated portfolio, Trustees shall ensure to have a mechanism in place to negatively impact the performance incentives of Fund Managers, Chief Investment Officers (CIOs), etc. involved in the investment process of securities under the segregated portfolio, mirroring the existing mechanism for performance incentives of the AMC, including claw back of such amount to the segregated portfolio of the Scheme.

#### **Illustration of segregated portfolio**

The below table shows how a security affected by a credit event will be segregated and its impact on investors:

|                |               |
|----------------|---------------|
| Portfolio Date | July 22, 2019 |
| Downgrade      | July 22, 2019 |
| Event Date     |               |

Mr. X is holding 1,000 units of the scheme for an amount of Rs. 11,31,993.87 (1,000 \* 1,131.9939)

#### **Portfolio before downgrade event**

| Security                   | Rating            | Type of the security | Quantity | Market Price Per Unit (Rs.) | Market Value (Rs.) | % of Net Assets |
|----------------------------|-------------------|----------------------|----------|-----------------------------|--------------------|-----------------|
| 9.60% A Ltd.               | CRISIL AAA        | NCD                  | 5,000    | 103.2232                    | 5,16,116.00        | 45.59%          |
| 8.80% B Ltd.               | CRISIL AA+        | NCD                  | 2,000    | 99.4678                     | 1,98,935.60        | 17.57%          |
| 9.80% C Ltd.               | ICRA A1+          | CP                   | 1,200    | 98.3421                     | 1,18,010.52        | 10.43%          |
| <b>7.70% D Ltd.</b>        | <b>CRISIL AA+</b> | <b>NCD</b>           | 2,000    | <b>99.0000</b>              | 1,98,000.00        | 17.49%          |
| 8.80% E Ltd.               | CRISIL AA         | NCD                  | 500      | 101.2211                    | 50,610.55          | 4.47%           |
| Cash & cash equivalents    |                   |                      |          |                             | 50,321.20          | 4.45%           |
| Net Assets                 |                   |                      |          |                             | 11,31,993.87       | 100.00%         |
| Unit capital (no of units) |                   |                      |          |                             | 1000.000           |                 |
| NAV (In Rs.)               |                   |                      |          |                             | 1131.9939          |                 |

|                          |              |  |
|--------------------------|--------------|--|
| Security downgraded      | 7.70% D Ltd. | from AA+ to D  |
| Valuation Marked down by | 75.00%       | Valuation agencies shall be providing the valuation price post consideration of standard haircut matrix. |

**Total Portfolio as on Jul. 22, 19**

| Security                   | Rating          | Type of the security | Quantity | Market Price Per Unit (Rs.) | Market Value (Rs.) | % of Net Assets |
|----------------------------|-----------------|----------------------|----------|-----------------------------|--------------------|-----------------|
| 9.60% A Ltd.               | CRISIL AAA      | NCD                  | 5,000    | 103.2232                    | 5,16,116.00        | 52.45%          |
| 8.80% B Ltd.               | CRISIL AA+      | NCD                  | 2,000    | 99.4678                     | 1,98,935.60        | 20.22%          |
| 9.80% C Ltd.               | ICRA A1+        | CP                   | 1,200    | 98.3421                     | 1,18,010.52        | 11.99%          |
| <b>7.70% D Ltd.</b>        | <b>CRISIL D</b> | <b>NCD</b>           | 2,000    | <b>25.0000</b>              | 50,000.00          | 5.08%           |
| 8.80% E Ltd.               | CRISIL AA       | NCD                  | 500      | 101.2211                    | 50,610.55          | 5.14%           |
| Cash & cash equivalents    |                 |                      |          |                             | 50,321.20          | 5.11%           |
| Net Assets                 |                 |                      |          |                             | 9,83,993.87        | 100.00%         |
| Unit capital (no of units) |                 |                      |          |                             | 1000.000           |                 |
| NAV (In Rs.)               |                 |                      |          |                             | 983.9939           |                 |

**Main Portfolio as on Jul. 22, 19**

| Security                   | Rating     | Type of the security | Quantity | Market Price Per Unit (Rs.) | Market Value (Rs.) | % of Net Assets |
|----------------------------|------------|----------------------|----------|-----------------------------|--------------------|-----------------|
| 9.60% A Ltd.               | CRISIL AAA | NCD                  | 5,000    | 103.2232                    | 5,16,116.00        | 55.26%          |
| 8.80% B Ltd.               | CRISIL AA+ | NCD                  | 2,000    | 99.4678                     | 1,98,935.60        | 21.30%          |
| 9.80% C Ltd.               | ICRA A1+   | CP                   | 1,200    | 98.3421                     | 1,18,010.52        | 12.64%          |
| 8.80% E Ltd.               | CRISIL AA  | NCD                  | 500      | 101.2211                    | 50,610.55          | 5.42%           |
| Cash & cash equivalents    |            |                      |          |                             | 50,321.20          | 5.39%           |
| Net Assets                 |            |                      |          |                             | 9,33,993.87        | 100.00%         |
| Unit capital (no of units) |            |                      |          |                             | 1000.000           |                 |
| NAV (In Rs.)               |            |                      |          |                             | 933.9939           |                 |

**Segregated Portfolio as on Jul. 22, 19**

| Security | Rating | Type of the security | Quantity | Market Price Per Unit (Rs.) | Market Value (Rs.) | % of Net Assets |
|----------|--------|----------------------|----------|-----------------------------|--------------------|-----------------|
|----------|--------|----------------------|----------|-----------------------------|--------------------|-----------------|



|                            |                 |            |       |                |           |         |
|----------------------------|-----------------|------------|-------|----------------|-----------|---------|
| <b>7.70% D Ltd.</b>        | <b>CRISIL D</b> | <b>NCD</b> | 2,000 | <b>25.0000</b> | 50,000.00 | 100.00% |
| Net Assets                 |                 |            |       |                | 50,000.00 | 100.00% |
| Unit capital (no of units) |                 |            |       |                | 1000.000  |         |
| NAV (In Rs.)               |                 |            |       |                | 50.0000   |         |

Net impact on value of holding of Mr. X after creation of segregation portfolio

|                      | <b>Main Portfolio</b> | <b>Segregated Portfolio</b> | <b>Total Value</b> |
|----------------------|-----------------------|-----------------------------|--------------------|
| No. of Units         | 1,000                 | 1,000                       |                    |
| NAV (in Rs.)         | 933.9939              | 50.0000                     |                    |
| Total Value (in Rs.) | 9,33,993.87           | 50,000.00                   | 9,83,993.87        |

#### L. HOW HAS THE SCHEME PERFORMED?

This scheme is a new scheme and does not have any performance track record.

#### M. ADDITIONAL SCHEME RELATED DISCLOSURES

##### a. Scheme's portfolio holdings

Not applicable as the scheme is a new fund to be launched

##### Fund allocation towards various Sectors

Not applicable as the scheme is a new fund to be launched

##### Website link for Monthly Portfolio Holding

Please visit [www.axismf.com](http://www.axismf.com) to obtain Scheme's latest monthly portfolio holding statement.

##### b. Portfolio Turnover

Portfolio turnover ratio: Not applicable as the scheme is a new fund to be launched.

##### c. Aggregate investment in the Scheme of certain categories of persons:

| <b>Sr. No.</b> | <b>Category of Persons</b>         | <b>Net Asset Value of Units held</b> |
|----------------|------------------------------------|--------------------------------------|
| i              | AMC's Board of Directors           | Not Applicable                       |
| ii             | Concerned scheme's Fund Manager(s) | Not Applicable                       |
| iii            | Other key managerial personnel     | Not Applicable                       |

Note:

- Investment of Managing Director & Chief Executive Officer of AMC, if any, is included in investments of "Other key managerial personnel".
- Investment of Fund Manager of the Scheme is not included in investments of "Other key managerial personnel".

Since the scheme is a new fund to be launched, the above disclosure is not applicable

### **III. UNITS AND OFFER**

This section provides details you need to know for investing in the scheme.

#### **A. New Fund Offer (NFO)**

|  |  |
|--|--|
| <p>New Fund Offer Period<br/>This is the period during which a new Scheme sells its unit to the Investors.</p>   | <p>NFO opens on: March 10, 2023<br/>NFO closes on: March 15, 2023</p> <p>The AMC/Trustee reserves the right to close the NFO of the Scheme before the above mentioned date.</p> <p>The AMC/Trustee reserves the right to extend the closing date of the New Fund Offer Period, subject to the condition that the New Fund Offer shall not be kept open for more than 15 days.</p> <p>Any such changes shall be announced by way of a newspaper advertisement in one vernacular daily of Mumbai and one English national daily.</p> |
| <p>New Fund Offer Price:<br/>This is the price per unit that the Investors have to pay to invest during the NFO.</p>   | <p>The units being offered will have a face value of Rs. 10/- each and will be issued at a premium, if any, approximately equal to the difference between face value and allotment price.</p> <p>On allotment, value of each unit will be approximately equal to 1/1000<sup>th</sup> of the value of underlying index.</p>   |
| <p>Minimum Amount for Application in during the NFO</p>  | <p>Rs. 5,000 and in multiples of Re. 1/- thereof.</p>  |
| <p>Minimum Target amount</p> <p>This is the minimum amount required to operate the Scheme and if this is not collected during the NFO period, then all the Investors would be refunded the amount invested without any return. However, if AMC fails to refund the amount within 5 business days, interest as specified by SEBI (currently 15% p.a.) will be paid to the Investors from the expiry of 5 business days from the date of closure of the Subscription period.</p> | <p>Rs. 5 crore</p>   |
| <p>Maximum Amount to be raised (if any)<br/>This is the maximum amount which can be collected during the NFO period, as decided by the AMC.</p>  | <p>Not applicable</p>  |
| <p>Plans / Options offered</p>   | <p>None</p>  |
| <p>Allotment</p>   | <p>Allotment will be made to all applicants in the New Fund Offer provided the applications are complete in all respects and are in order. Application for issue of Units will not be binding</p>  |

|  |  |  |           |                 |           |                          |            |                         |             |
|--|--|--|-----------|-----------------|-----------|--------------------------|------------|-------------------------|-------------|
|  | <p>on the Fund and may be rejected on account of failure to fulfill the requirements as specified in the application form.</p> <p>Upon allotment, an Allotment Advice will be sent by ordinary post to each unit-holder, stating the number of units allotted, not later than 5 working days from the date of closure of NFO and the units will be credited to the DP account of the applicant as per the details provided in the application form. Any excess amount, if any, would be refunded to the investor.</p> <p>All Units would be allotted in whole numbers and no fractional Units will be allotted.</p> <p>The Scheme will determine the allotment price as follows:</p> <p>No. of Units to be Allotted = Net Assets in the Scheme on the date of allotment / <b>1000th</b> of the benchmark Index on the date of Allotment</p> <p>Allotment Price =<br/>Amount Collected in the NFO – Refunds on account of application rejections, if any / Number of Units to be allotted in the NFO</p> <p>The allotment price will then be applied to the NFO proceeds collected from each Investor to arrive at the number of Units to be allotted. The Scheme will allot whole Units and balance amount will be refunded.</p> <p>Following is an example of Units allotted during the NFO Period (based on the assumption that the allotment price, is Rs. 59.37):</p> <table border="1" data-bbox="639 1240 1433 1464"> <tr> <td>Amount of Investment after deduction of transaction charges of Rs. 100/- on application of Rs. 10000/-</td> <td>Rs. 9,900</td> </tr> <tr> <td>Allotment Price</td> <td>Rs. 59.74</td> </tr> <tr> <td>Number of Units allotted</td> <td>units 165*</td> </tr> <tr> <td>Value of Units allotted</td> <td>Rs. 9857.92</td> </tr> </table> <p>*Units would be allotted in whole numbers and no fractional Units will be allotted. Excess amount, if any, would be refunded to the Investor.</p> | Amount of Investment after deduction of transaction charges of Rs. 100/- on application of Rs. 10000/- | Rs. 9,900 | Allotment Price | Rs. 59.74 | Number of Units allotted | units 165* | Value of Units allotted | Rs. 9857.92 |
| Amount of Investment after deduction of transaction charges of Rs. 100/- on application of Rs. 10000/- | Rs. 9,900  |  |           |                 |           |                          |            |                         |             |
| Allotment Price  | Rs. 59.74  |  |           |                 |           |                          |            |                         |             |
| Number of Units allotted   | units 165*   |  |           |                 |           |                          |            |                         |             |
| Value of Units allotted  | Rs. 9857.92  |  |           |                 |           |                          |            |                         |             |
| Income Distribution cum Capital Withdrawal (IDCW) Policy   | No IDCW will be declared under the Scheme.   |  |           |                 |           |                          |            |                         |             |
| Refund   | <p>The Fund will refund the application money to applicants whose applications are found to be incomplete, invalid or have been rejected for any other reason whatsoever. Refund instruments will be dispatched within 5 working days of the closure of the NFO period. In the event of delay beyond 5 business days, the AMC shall be liable to pay interest at 15% per annum or such other rate of interest as maybe prescribed from time to time. Refund orders will be marked "A/c Payee only" and drawn in the name of the applicant (in the case of a sole applicant) and in the name of the first applicant in all other cases. All refund orders will be sent by registered post or</p>  |  |           |                 |           |                          |            |                         |             |

|  |   |
|--|---|
|  | <p>by any other mode of payment as authorized by the applicant or as permitted by Regulations.</p> <p>Further, no fractional units will be allotted and excess amount, if any, would be refunded to the investor.</p>   |
| <p><b>Who can invest</b></p> <p>This is an indicative list and you are requested to consult your financial advisor to ascertain whether the Scheme is suitable to your risk profile.</p> | <p>The following persons (subject to, wherever relevant, purchase of unit of Mutual Funds, being permitted under respective constitutions, and relevant statutory regulations) are eligible and may apply for Subscription to the Unit of the Scheme:</p> <ol style="list-style-type: none"> <li>1. Resident adult individuals either singly or jointly (not exceeding three) on an Anyone or Survivor basis;</li> <li>2. Hindu Undivided Family (HUF) through Karta;</li> <li>3. Minor (as the first and the sole holder only) through a natural guardian (i.e. father or mother, as the case may be) 26 or a court appointed legal guardian. There shall not be any joint holding with minor investments;</li> <li>4. Partnership Firms;</li> <li>5. Limited Liability Partnerships</li> <li>6. Proprietorship in the name of the sole proprietor;</li> <li>7. Companies, Bodies Corporate, Public Sector Undertakings (PSUs.), Association of Persons (AOP) or Bodies of Individuals (BOI) and societies registered under the Societies Registration Act, 1860 (so long as the purchase of Unit is permitted under the respective constitutions);</li> <li>8. Banks (including Co-operative Banks and Regional Rural Banks) and Financial Institutions;</li> <li>9. Religious and Charitable Trusts, Wakfs or endowments of private trusts (subject to receipt of necessary approvals as "Public Securities" as required) and Private trusts authorized to invest in mutual fund schemes under their trust deeds;</li> <li>10. Non-Resident Indians (NRIs) / Persons of Indian origin (PIOs) / overseas Citizen of India (OCI) residing abroad on repatriation basis or on non-repatriation basis;</li> <li>11. Foreign Portfolio Investor (FPI), registered with SEBI, Qualified Foreign Investors on repatriation basis. These investments shall be subject to the conditions prescribed by SEBI, RBI, Income Tax authorities and the AMC, from time to time;</li> <li>12. Army, Air Force, Navy and other para-military units and bodies created by such institutions;</li> <li>13. Scientific and Industrial Research Organizations;</li> <li>14. Multilateral Funding Agencies / Bodies Corporate incorporated outside India with the permission of Government of India / RBI</li> <li>15. Provident/ Pension/ Gratuity Fund to the extent they are permitted;</li> <li>16. Other schemes of Axis Mutual Fund or any other mutual fund subject to the conditions and limits prescribed by SEBI Regulations;</li> <li>17. Schemes of Alternative Investment Funds;</li> <li>18. Trustee, AMC or Sponsor or their associates may subscribe to Units under the Scheme(s);</li> <li>19. Such other category of person(s) permitted to make investments and as may be specified by the AMC / Trustee from time to time.</li> </ol> <p>Subject to SEBI (Mutual Funds) Regulations, 1996, any application for subscription of units may be rejected if the</p> |

application is found to be incomplete or due to unavailability of underlying security

Note: Following is the process for investments made in the name of a Minor through a Guardian: -

- Payment for investment by means of Cheque, Demand Draft or any other mode shall be accepted from the bank account of the minor or from a joint account of the minor with the guardian only.
- Mutual Fund will send an intimation to Unit holders advising the minor (on attaining majority) to submit an application form along with prescribed documents to change the status of the account from 'minor' to 'major'.
- All transactions / standing instructions / systematic transactions etc. will be suspended i.e. the Folio will be frozen for operation by the guardian from the date of beneficiary child completing 18 years of age, till the status of the minor is changed to major. Upon the minor attaining the status of major, the minor in whose name the investment was made, shall be required to provide all the KYC details, updated bank account details including cancelled original cheque leaf of the new bank account.
- No investments (lumpsum/SIP/ switch in/ STP in etc.) in the scheme would be allowed once the minor attains majority i.e. 18 years of age

**Email ID & Mobile Number**

Investors should provide their own email address and mobile number to enable Axis AMC for speed and ease of communication in a convenient and cost-effective manner, and to help prevent fraudulent transactions.

**Ultimate Beneficial Ownership details:**

SEBI vide its circular no. CIR/MIRSD/2/2013 dated January 24, 2013 further read with AMFI Best practices guidelines circular no. 62/2015-16 dated September 18, 2015 and other applicable regulations has prescribed guidelines, for identification of Beneficial Ownership to be followed by the intermediaries. A 'Beneficial owner' is defined as a natural person or persons who ultimately own, control or influence a client and/or persons on whose behalf a transaction is being conducted, and includes a person who exercises ultimate effective control over a legal person or arrangement. In this regard, all categories of investors (including all new / existing investors / unitholders) (except individuals, companies listed on a stock exchange or majority-owned subsidiary of such companies) are mandatorily required to provide beneficial ownership details for all investments. Failing which, fund reserves the right to reject applications / subscription requests / additional subscription requests (including switches) / restrict further investments or seek additional information from investors who have not provided the requisite information on beneficial ownership. In the event of change in beneficial ownership, investors are requested to immediately update the details with the Fund/Registrar.

**Foreign Account Tax Compliance Act ('FATCA') and Common Reporting Standards (CRS) requirements:**

As a part of various ongoing tax and regulatory developments around the globe [e.g. information exchange laws such as Foreign Account Tax Compliance Act ('FATCA') and Common Reporting Standard ('CRS')], financial institutions like Axis Mutual Fund ('Axis MF' or 'the Fund') are being cast with additional investor and counterparty account related due diligence requirements.

The Central Board of Direct Taxes (CBDT) has notified Rules 114F to 114H, as part of the Income-tax Rules, 1962, which Rules require Indian financial institutions such as the Banks, Mutual Funds, etc. to seek additional personal, tax and beneficial owner information and certain certifications and documentation from all our investors and counterparties. According to the FATCA-CRS Rules, financial institutions in India are required to report tax information about account holders that are tax resident of U.S. and other foreign countries, to the CBDT/ Indian Government which will, in turn, relay that information to the US Internal Revenue Service (IRS) and governments of other foreign countries.

These developments have resulted in compliance and reporting obligations on Financial Institutions like Axis MF. In relevant cases, information will have to be reported to tax authorities/appointed agencies. In this respect, Axis MF would rely on the relevant information provided by its Registrar and would also use its discretion. Towards compliance, the Fund may also be required to provide information to any institutions such as withholding agents for the purpose of ensuring appropriate withholding from the account or any proceeds in relation thereto. As may be required by domestic or overseas regulators/ tax authorities, we may also be constrained to withhold and pay out any sums from your account or close or suspend your account(s). Axis MF may also have to comply with other similar laws as and when applicable.

Prospective investors and Unit holders will therefore be required to comply with the request of the Fund to furnish such information / documentation / declarations as and when deemed necessary by the Investment Manager in accordance with Applicable Laws. In case prospective investor / Unit holder fails to furnish the relevant information / documentation / declarations in accordance with Applicable Laws, the Fund reserves the right to reject the application or redeem the Units held directly or beneficially and may also require reporting of such accounts and/or levy of withholding tax on payments made to the Unit holders / investor and/or take any other action/s in accordance with Applicable Laws. FATCA-CRS provisions are relevant not only at on-boarding stage of Unit holders but also throughout the life cycle of investment with the Fund. Unit holders therefore should intimate to the Fund/the Investment Manager, any change in their status with respect to any FATCA-CRS related information / documentation / declarations provided by them previously, including but not limited to any declarations

provided in respect of residency of the Unit holders for tax purposes promptly, i.e. within 30 days. Further, if the Fund and/or the Investment Manager is required by Applicable Laws, to provide information regarding the Fund and/or the unit holders / investors to any regulatory authority and/or the Fund Investments and/or income therefrom, and the Fund and/or the Investment Manager complies with such request in good faith, whether or not it was in fact enforceable, they shall not be liable to the Unit holders / investors or to any other party as a result of such compliance or in connection with such compliance.

Prospective investors / Unit holders should consult their own advisors to understand the implications of FATCA-CRS provisions/requirements. Please note that Axis MF will be unable to provide advice to any investor or counterparty about their tax status or FATCA/CRS classification relevant to their account. It is the responsibility of the investor or counterparty to ensure that they record their correct tax status / FATCA/ CRS classification. Investor/ counterparty may seek advice from their tax advisor in this regard. The onus to provide accurate, adequate and timely inputs in this regard would be that of the investor or counterparty. Any changes in earlier information provided must be intimated within 30 days of such change.

Investors are requested to provide all the necessary information / declarations to facilitate compliance, considering India's commitment to implement CRS and FATCA under the relevant international treaties.

**Implementation of KYC requirements:**

SEBI vide circular no. MIRSD/SE/Cir-21/2011 dated October 5, 2011 had mandated (i) Standard KYC form with uniform KYC guidelines and supporting documents to be used by SEBI registered intermediaries and (ii) Centralized KYC registration through KYC Registration Agencies (KRAs) registered with SEBI, w.e.f. January 1, 2012, to bring about uniform KYC process in the securities market, based on SEBI prescribed norms and the KYC details are shared with all SEBI registered intermediaries by the KRAs.

Subsequently, SEBI, vide its circular no. MIRSD/Cir-5/2012 dated April 13, 2012 advised various intermediaries to upload KYC data of its existing customers into the KRA system. While uploading KYC data into the KRA system, intermediaries were also required to highlight such 'Missing/Not Available' KYC information of a customer, which was either not required or not taken previously, but was mandatory as per uniform KYC guidelines issued by SEBI.

In accordance with AMFI best practices guidelines circular no. 62/2015-16 dated September 18, 2015, it is mandatory for all new/existing investors to provide additional KYC information such as Income details, Occupation, association with politically exposed person, net worth etc. as mentioned in the application form. Subscription requests, without providing these details, are liable to be rejected. No

subscriptions (whether fresh or additional) and switches pertaining to 'KYC on-hold' cases are accepted, unless the investor / unitholder also submits relevant KYC missing / updated information, which is appropriately updated on the KRA - KYC.

Further, it is mandatory for existing customers to complete In-Person Verification process and provide the missing KYC information failing which their applications / transaction requests for additional subscription (including switches) is liable to be rejected.

**Central KYC Process**

Central Registry of Securitization and Asset Reconstruction and Security interest of India ('CERSAI') has been authorized by Government of India to act as Central KYC Records Registry under Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 ('PMLA Rules').

SEBI vide its circular no. CIR/MIRSD/66/2016 dated July 21, 2016 and circular no. CIR/MIRSD/120/2016 dated November 10, 2016 has prescribed that the Mutual Fund/ AMC should capture KYC information for sharing with CKYCR as per the KYC template prescribed by CERSAI for uniform and smooth implementation of CKYC norms for onboarding of new investors in Mutual Funds.

In accordance with the aforesaid SEBI circulars and AMFI best practice guidelines for implementation of CKYC norms with effect from February 1, 2017:

- a) Individual investors who have never done KYC process under KRA regime i.e. a new investor who is new to KRA system and whose KYC is not registered or verified in the KRA system shall be required to provide KYC details in the CKYC Form to the Mutual Fund/ AMC.
- b) Individual investor who fills old KRA KYC Form, should provide additional / missing information using Supplementary KYC Form or fill CKYC Form. The said form is available on Axis Mutual Fund website [www.axismf.com](http://www.axismf.com).
- c) Details of investors shall be uploaded on the system of CKYCR and a 14 digit unique KYC Identification Number ('KIN') will be generated for such customer.
- d) New investors, who have completed CKYC process & have obtained KIN may quote their KIN in the application form instead of submitting CKYC Form/ Supplementary KYC Form.
- e) AMC/ Mutual Fund shall use the KIN of the investor to download the KYC information from CKYCR system and update its records.
- f) If the PAN of investor is not updated on CKYCR system, the investor should submit self-certified copy of PAN card to the Mutual Fund/ AMC.

The AMC reserves the right to reject transaction application in case the investor(s) fails to submit information and/or documentation as mentioned above. In the event of non-compliance of KYC requirements, the Trustee / AMC reserves the right to freeze the folio of the investor(s).



|   |  |
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|   | <p><b>Submission of Aadhar Number</b></p> <p>Pursuant to requirement under Prevention of Money Laundering (Maintenance of Records) Rules, 2005 as amended from time to time, proof of possession of Aadhar can be accepted as a valid document for proof of address or proof of identity of investors, provided the investor redact or blackout his Aadhar number while submitting the applications for investments.</p> <p>The aforesaid guidelines will be subject to change as per the directives issued by the concerned regulatory/ government authority from time to time.</p> <p>For further details refer to SAI.</p>  |
| <p>Who cannot invest</p>                                | <ol style="list-style-type: none"> <li>1. Any individual who is a foreign national or any other entity that is not an Indian resident under the Foreign Exchange Management Act, 1999 (FEMA Act) except where registered with SEBI as a FPI or otherwise explicitly permitted under FEMA Act/ by RBI/ by any other applicable authority.</li> <li>2. Pursuant to RBI A.P. (DIR Series) Circular No. 14 dated September 16, 2003, Overseas Corporate Bodies (OCBs) cannot invest in Mutual Funds.</li> <li>3. NRIs residing in Non-Compliant Countries and Territories (NCCTs) as determined by the Financial Action Task Force (FATF), from time to time.</li> <li>4. U.S. Persons and Residents of Canada as defined under the applicable laws of U.S. and Canada except the following: <ol style="list-style-type: none"> <li>a. subscriptions received by way of lump sum / switches /systematic transactions received from Non-resident Indians (NRIs) / Persons of Indian origin (PIO) / Overseas Citizen of India (OCI) who at the time of such investment, are present in India and</li> <li>b. FPIs</li> </ol> <p>These investors need to submit a physical transaction request along with such documents as may be prescribed by the AMC/ the Trustee/ the Fund from time to time.</p> <p>The AMC reserves the right to put the transaction requests on hold/reject the transaction request/reverse allotted units, as the case may be, as and when identified by the AMC, which are not in compliance with the terms and conditions notified in this regard.</p> <p>The Trustee / the AMC /the Fund reserve the right to change/ modify the above provisions at a later date.</p> </li> <li>5. Such other persons as may be specified by AMC from time to time.</li> </ol> |
| <p>Where can you submit the filled up applications.</p> | <p>During the NFO period the applications filled up and duly signed by the applicants should be submitted at the office of the Collection Centers / ISCs / Official Points of Acceptance,</p>  |

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|  | <p>whose addresses are mentioned in the back cover page of the SID.</p> <p>The Investors can also purchase Units of the Scheme during NFO by placing an order with the members (stock brokers) of stock exchanges or through Channel Distributors. Please refer to section "Special Products available during the NFO" for more details.</p> <p>Further, Investors may also apply through Applications Supported by Blocked Amount (ASBA) process during the NFO period of the Scheme by filling in the ASBA form and submitting the same to their respective banks, which in turn will block the amount in the account as per the authority contained in ASBA form, and undertake other tasks as per the procedure specified therein. For complete details and ASBA process, refer SAI.</p>  |
| How to Apply   | <p>Application form and Key Information Memorandum may be obtained from the Official Points of Acceptance(OPAs) of AMC or downloaded from the website of AMC viz. <a href="http://www.axismf.com">www.axismf.com</a></p> <p><b>Please refer to the SAI and Application form for the instructions..</b></p>  |
| Listing  | <p>Being an Exchange Traded Fund, the Units of the Scheme will be listed on the NSE and/or any other stock exchange within such time as the Exchange may allow or within such time as the Regulations permit. An investor can buy/sell Units on the Exchange during the trading hours like any other publicly traded stock.</p> <p>The AMC has proposed to engage Authorized Participants/Market Makers for creating liquidity for the ETF on the Stock Exchange(s) so that investors other than Authorized Participants / Market Makers and Large Investors are able to buy or redeem units on the Stock Exchange(s) using the services of a stock broker.</p> <p>The AMC may also decide to delist the Units from a particular Exchange, provided that the Units are listed on at least one Exchange.</p> <p>The price of the Units in the market on Exchange will depend on demand and supply and market factors and forces. There is no minimum investment amount for investment through Exchange, although Units dealt in minimum in lot of 1.</p> |
| Special Products / facilities available during the NFO | <p>Following facility will be available only during NFO</p> <ol style="list-style-type: none"> <li>1. Switch in facility</li> <li>2. <b>Transaction in Units through the trading platforms of NSE</b></li> </ol> <p>The investors may be made available facility to transact in the Units of the Scheme through the mutual fund trading platforms of the National Stock Exchange ("NSE"), Bombay Stock Exchange only in DEMAT mode – with NSDL and CDSL as depositories for such units of the mutual fund.</p> <p>NSE has introduced Mutual Fund Service System (MFSS) Platform and BSE has introduced the Star platform.</p> <p>The following are the salient features of the facility introduced:</p>   |

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|  | <ol style="list-style-type: none"> <li>1. The facility i.e. purchase is available for both existing and new investors.</li> <li>2. All trading members of BSE &amp; NSE who are registered with AMFI as Mutual Fund Distributor and also registered with BSE &amp; NSE as Participants ("AMFI registered stock exchange brokers") will be eligible to offer this facility to investors and shall be treated as official point of acceptance. <p style="margin-left: 40px;">Units of mutual fund schemes shall be permitted to be transacted through clearing members of the registered Stock Exchanges.</p> <p style="margin-left: 40px;">Clearing members and Depository participants will be considered as Official Points of Acceptance (OPA) of Axis Mutual Fund and conditions stipulated in SEBI Circular No. SEBI /IMD / CIR No.11/183204/2009 dated November 13, 2009 for stock brokers viz. AMFI /NISM certification, code of conduct prescribed by SEBI for Intermediaries of Mutual Fund, shall be applicable for such Clearing members and Depository participants as well.</p> </li> <li>3. The window for purchase of units on BSE Star &amp; NSE MFSS will be available between 9 a.m. and 3 p.m.</li> <li>4. Investors shall hold the units in dematerialized form only.</li> <li>5. Investors will be able to purchase units in the scheme in the following manner: <ol style="list-style-type: none"> <li>(i) Units shall be credited by the AMC/ Mutual Fund into broker/clearing member's pool account (in case of purchase) and broker/clearing member in turn shall credit the units to the respective investor's demit account.</li> <li>(ii) In case of purchase of units, crediting units into broker/clearing member pool account shall discharge AMC/Mutual Fund of its obligation to allot units to individual investor.</li> </ol> </li> <li>6. Applications for purchase of units which are incomplete /invalid are liable to be rejected.</li> <li>7. For all the transactions done through these platforms, separate Folio. No. shall be allotted to the existing and the new investors. The bank a/c number, address, nomination details etc. shall be the same as per the Demat account of the investor. In case of non-financial requests/applications such as change of address, change of bank details, etc. investors should approach the respective Depository Participant(s).</li> <li>8. Investors will have to comply with Know Your Customer (KYC) norms as prescribed by BSE/NSE/ CDSL/ NSDL and Axis Mutual Fund to participate in this facility.</li> </ol> |
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|  | <p>9. Investors should get in touch with Investor Service Centers (ISCs) of Axis Mutual Fund for further details.</p> <p><b>Online Transactions</b><br/>Axis Mutual Fund may allow Transactions by electronic mode through the AMC web –site. The Subscription proceeds, when invested through this mode, are by way of direct debits to the designated bank through payment gateway. The Redemption proceeds, (subject to deduction of tax at source, if any) through this mode, are directly credited to the bank account of the Unitholders who have an account at the designated banks with whom the AMC has made arrangements from time to time or through NEFT/RTGS or through cheque/ Pay order/ Demand draft issuance. The AMC will have right to modify the procedure of transaction processing without any prior intimation to the Investor/ unitholder.</p> <p>Investment amount through this facility may be restricted by the AMC from time to time in line with prudent risk management requirements and to protect the overall interest of the Unitholders.</p> <p>For details of the facility, investors/ unitholders are requested to refer to the website of the AMC.</p>                                      |
| <p>The policy regarding reissue of Repurchased Unit, including the maximum extent, the manner of reissue, the entity (the Scheme or the AMC) involved in the same.</p> | <p>The Scheme does not propose to reissue redeemed units. The number of Units held by the Unit holder in his Beneficiary (Demat) account will stand reduced by the number of Units redeemed.</p>   |
| <p>Restrictions, if any, on the right to freely retain or dispose of units being offered.</p>  | <p>Units held in Demat form are transferable in accordance with the provisions of SEBI (Depositories and Participants) Regulations, as may be amended from time to time. Transfer can be made only in favor of transferees who are capable of holding units and have a Demat Account. The delivery instructions for transfer of units will have to be lodged with the DP in requisite form as may be required from time to time and transfer will be affected in accordance with such rules / regulations as may be in force governing transfer of securities in dematerialized mode. The Mutual Fund will not be bound to recognize any other transfer.</p> <p>In case a person (i.e. a transferee) becomes a holder of the units by operation of law or upon enforcement of pledge, then the AMC shall, subject to production of such satisfactory evidence and submission of such documents, proceed to effect the transfer, if the intended transferee is otherwise eligible to hold the units of the Scheme.</p> <p>The units held in demat mode can be pledged and hypothecated as per the provisions of Depositories Act, 1996 and Depositories Rules and Regulations.</p> <p><b>Pledge or Hypothecation of Units</b></p> |

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|  | <p>The Units held in demat mode can be pledged and hypothecated as per the provisions of Depositories Act and Depositories Rules and Regulations.</p> <p><b>Manner of creating pledge or hypothecation:</b></p> <p>1) If a beneficial owner intends to create a pledge on a security owned by him he shall make an application to the depository through the participant who has his account in respect of such securities.</p> <p>2) The participant after satisfaction that the securities are available for pledge shall make a note in its records of the notice of pledge and forward the application to the depository.</p> <p>3) The depository after confirmation from the pledger that the securities are available for pledge with the pledger shall within fifteen days of the receipt of the application create and record the pledge and send an intimation of the same to the participants of the pledger and the pledgee.</p> <p>4) On receipt of the intimation under Clause (3) the participants of both the pledger and the pledgee shall inform the pledger and the pledgee respectively of the entry of creation of the pledge.</p> <p>5) If the depository does not create the pledge, it shall send along with the reasons an intimation to the participants of the pledger and the pledgee.</p> <p>6) The entry of pledge made under Clause (3) may be cancelled by the depository if pledger or the pledgee makes an application to the depository through its participant: Provided that no entry of pledge shall be cancelled by the depository without prior concurrence of the pledgee.</p> <p>7) The depository on the cancellation of the entry of pledge shall inform the participant of the pledger.</p> <p>8) Subject to the provisions of the pledge document, the pledgee may invoke the pledge and on such invocation, the depository shall register the pledgee as beneficial owner of such securities and amend its records accordingly.</p> <p>9) After amending its records under Clause (8) the depository shall immediately inform the participants of the pledger and pledgee of the change who in turn shall make the necessary changes in their records and inform the pledger and pledgee respectively.</p> <p>10) (a) If a beneficial owner intends to create a hypothecation on a security owned by him he may do so in accordance with the provisions of Clauses (1) to (9).<br/> (b) The provisions of Clauses (1) to (9) shall mutatis mutandis apply in such cases of hypothecation:</p> <p>Provided that the depository before registering the hypothecatee as a beneficial owner shall obtain the prior concurrence of the hypothecator.</p> <p>11) No transfer of security in respect of which a notice or entry of pledge or hypothecation is in force shall be effected by a participant without the concurrence of the pledgee or the hypothecatee, as the case may be.</p> <p><b>Suspension/Restriction on Redemption of Units of the Scheme(s)</b></p> |
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|   | <p>Subject to the approval of the Boards of the AMC and of the Trustee and subject also to necessary communication of the same to SEBI, the redemption of / switch-out of Units of Scheme(s) of the Fund, may be temporarily suspended/ restricted. In accordance with SEBI circular ref. no. SEBI/HO/IMD/DF2/CIR/P/2016/57 dated May 31, 2016 and subject to prevailing regulations, restriction on/suspension of redemptions / switch-out of Units of the Scheme(s) of the Fund, may be imposed when there are circumstances leading to systemic crisis or event that severely constricts market liquidity or the efficient functioning of markets such as:</p> <p>a) <b>Liquidity issues:</b> when market at large becomes illiquid affecting almost all securities rather than any issuer specific security;</p> <p>b) <b>Market failures, exchange closures:</b> when markets are affected by unexpected events which impact the functioning of exchanges or the regular course of transactions. Such unexpected events could also be related to political, economic, military, monetary or other emergencies;</p> <p>c) <b>Operational issues:</b> when exceptional circumstances are caused by force majeure, unpredictable operational problems and technical failures (e.g. a black out).</p> <p>Restriction on / suspension of redemption of Units of the Scheme(s) may be imposed for a specified period of time not exceeding 10 working days in any 90 days period.</p> <p>When restriction on / suspension of redemption of Units of the Scheme(s) is imposed, the following procedure shall be applied</p> <p>i. No redemption / switch-out requests up to Rs. 2 lakhs shall be subject to such restriction.</p> <p>ii. Where redemption / switch-out requests are above Rs. 2 lakhs, the AMC shall redeem the first Rs. 2 lakhs without such restriction and remaining part over and above Rs. 2 lakhs shall be subject to such restriction.</p> <p>In addition to the above, the AMC / Trustee may restrict / suspend redemptions / switch-out of Units of the Scheme(s) pursuant to direction/ approval of SEBI.</p> <p>In case of any of the above eventualities, the general time limits for processing requests for redemption of Units will not be applicable.</p> <p>Also refer to the section 'Suspension of Purchase and Redemption of Units' in the Statement of Additional Information.</p> |
| Third Party Payment Avoidance and additional documents / declaration required | Please refer SAI for details.  |
| Cash Investments in mutual funds  | In order to help enhance the reach of mutual fund products amongst small investors, who may not be tax payers and may not have PAN/bank accounts, such as farmers, small traders/businessmen/workers, SEBI has permitted receipt of  |

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|   | <p>cash transactions for fresh purchases/ additional purchases to the extent of Rs. 50,000/- per investor, per financial year shall be allowed subject to:</p> <p>i. compliance with Prevention of Money Laundering Act, 2002 and Rules framed there under; the SEBI Circular(s) on Anti Money Laundering (AML) and other applicable Anti Money Laundering Rules, Regulations and Guidelines; and</p> <p>ii. sufficient systems and procedures in place.</p> <p>However, payment towards redemptions, etc. with respect to aforementioned investments shall be paid only through banking channel.</p> <p>The Fund/ AMC is currently in the process of setting up appropriate systems and procedures for the said purpose. Appropriate notice shall be displayed on its website viz. as well as at the Investor Service Centers, once the facility is made available to the investors.</p>   |
| <p>MF Central as Official Point of Acceptance</p>   | <p>Investors are requested to note that pursuant to SEBI circular no SEBI/HO/IMD/IMD- II DOF3/P/CIR/2021/604 dated July 26, 2021, to comply with the requirements of RTA inter-operable Platform for enhancing investors' experience in Mutual Fund transactions / service requests, the QRTA's, KFin Technologies Limited and Computer Age Management Services Limited (CAMS) have jointly developed MFCentral – A digital platform for Mutual Fund investors.</p> <p>MFCentral is created with an intent to be a one stop portal / mobile app for all Mutual fund investments and service-related needs that significantly reduces the need for submission of physical documents by enabling various digital / physical services to Mutual fund investors across fund houses subject to applicable T&amp;Cs of the Platform. MFCentral will be enabling various features and services in a phased manner. MFCentral may be accessed using <a href="https://mfcentral.com/">https://mfcentral.com/</a> and a Mobile App in future.</p> <p>With a view to comply with all provisions of the aforesaid circular and to increase digital penetration of Mutual funds, Axis Mutual Fund designates MFCentral as its Official point of acceptance (OPA) w.e.f. 23rd September 2021.</p> <p>Any registered user of MFCentral, requiring submission of physical document as per the requirements of MFCentral, may do so at any of the designated Investor Service centers or collection centers of KFin Technologies Ltd. or CAMS.</p> |
| <p>Facility to transact in units of the Schemes through MF Utility portal &amp; MFUI Points of Services pursuant to appointment of MF Utilities India Pvt. Ltd.</p> | <p>AMC has entered into an Agreement with MF Utilities India Private Limited ("MFUI"), a "Category II – Registrar to an Issue" under SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, for usage of MF Utility ("MFU") - a shared services initiative of various Asset Management Companies, which acts as a transaction aggregation portal for transacting in multiple Schemes of various Mutual Funds with a single form and a single payment instrument.</p> <p>Accordingly, investors are requested to note that in addition to the existing official points of acceptance ("OPA") for</p>   |

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|              | <p>accepting NFO applications forms transactions in the units of the schemes of the Axis Mutual Fund as disclosed in the SID, www.mfuonline.com i.e. online transaction portal of MFU and the authorized Points of Service ("POS") designated by MFUI shall also be the OPA for NFO with effect from the dates as may be specified by MFUI on its website/AMC by issuance of necessary communication.</p> <p>All financial and non-financial transactions pertaining to Schemes of Axis Mutual Fund can be done through MFU either electronically on www.mfuonline.com as and when such a facility is made available by MFUI or physically through the POS of MFUI with effect from the respective dates as published on MFUI website against the respective POS locations. The list of POS of MFUI is published on the website of MFUI at www.mfuindia.com. This will be updated from time to time.</p> <p>The uniform cut-off time as prescribed SEBI (Mutual Fund) Regulations 1996, circulars issued by SEBI and as mentioned in the SID / KIM of respective schemes shall be applicable for applications received on the portal of MFUI i.e. www.mfuonline.com. However, investors should note that transactions on the MFUI portal shall be subject to the terms &amp; conditions (including those relating to eligibility of investors) as stipulated by MFUI / Axis Mutual Fund / the AMC from time to time and in accordance to the laws applicable.</p> <p>MFUI will allot a Common Account Number ("CAN"), a single reference number for all investments in the Mutual Fund industry, for transacting in multiple Schemes of various Mutual Funds through MFU and to map existing folios, if any. Investors can create a CAN by submitting the CAN Registration Form (CRF) and necessary documents at the MFUI POS. The AMC and / or its Registrar and Transfer Agent (RTA) shall provide necessary details to MFUI as may be needed for providing the required services to investors / distributors through MFU.</p> |
| Rounding Off | While allotting the Units, based on the Allotment Price, the number of Units may be rounded off to the nearest whole number on the lower side if the trustees feel so, with a view to avoid creation of fractional units. The amount due to rounding off may be refunded to the investor.  |

### B. Ongoing Offer Details

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| Ongoing Offer Period<br>This is the date from which the Scheme will reopen for Subscriptions / Redemptions after the closure of the NFO period. | The Scheme shall reopened for continuous subscription and redemption from date of allotment.   |
| Ongoing price for purchase and sale or creation/redemption of Units by investors. This is the price you need to pay for purchase/redemption.    | <p><b>SUBSCRIPTION ON THE EXCHANGE</b></p> <p>As the units of the Scheme are proposed to be listed on NSE, the investor can buy units on an ongoing basis on the capital market segment of NSE &amp; BSE at the traded prices in a minimum size of 1 unit and in multiples thereof.</p> <p>All categories of Investors may purchase the units through secondary market on any trading day.</p> |



**DIRECTLY WITH THE FUND:**

Ongoing purchases directly from the Mutual Fund would be restricted to Authorized Participants/Large Investors provided the value of units to be purchased is in Creation Unit Size. Authorized Participants/Market Makers/Large Investors may buy the units on any Business day of the scheme directly from the Mutual Fund by paying applicable transaction handling charges and cash component in cash and by depositing the prescribed basket of securities comprising S&P BSE Sensex TRI. Units may be allotted only after realization of cheque where the full consideration for creation unit is paid by cheque.

In line with SEBI circular dated October 11, 2006 read with circular dated July 30, 2021, for transactions in units of the Scheme by Authorized Participants / Market Makers / Large Investors, directly with the AMC, shall be at intra-day NAV, based on the executed price at which the securities representing the underlying index are purchased.

The number of Units of the Scheme that Investors can create in exchange of the Portfolio Deposit and Cash Component is on the basis of Creation Unit Size of the Scheme. Units of the Scheme in less than Creation Unit Size cannot be purchased directly with the Fund.

The Fund may allow cash Purchases of Units of the Scheme in Creation Unit Size by Large Investors/Authorized Participants/Market Makers. Purchase request for Creation Unit shall be made by such Investors to the Fund/AMC where upon the Fund/ AMC will arrange to buy the underlying portfolio Securities on behalf of the Investor. The Portfolio Deposit and Cash Component will be exchanged for the Units of the Scheme in Creation Unit Size.

'Creation Unit' is fixed number of units of the Scheme, which is exchanged for a basket of shares underlying the Index called the Portfolio Deposit and a Cash Component. Creation Unit Size fixed for Axis S&P BSE Sensex ETF is 40,000 units and in multiples thereof

The number of units of the Scheme that investors can create in exchange of the Portfolio Deposit and Cash Component is 40,000 units and in multiples thereof.

AMC / Trustees reserves the right to change the size of Creation of units in order to equate it with marketable lot of the underlying instrument.

No credit facility would be extended to Authorized Participant/ Large investors. Also Authorized participants or Large investors will get the NAV as and when they bring the Portfolio Deposit/ equivalent amount of cash and Cash Component

Note :

a)In addition to the NAV, any person transacting with the fund will have to reimburse charges pertaining to transaction - brokerage, STT, NSDL charges etc.

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|   | <p>b)Charges related to transactions payable by the investor is per creation request and will be as determined by the AMC at the time of transaction.</p> <p>c)Switches are not allowed under the scheme. Units of the Scheme in less than Creation Unit cannot be purchased directly with the Fund.</p> <p>d)Extension of credit facilities during creation of units would not be allowed.</p> <p><b>Example of Creation of Units as on:</b></p> <table border="1" data-bbox="580 501 1474 958"> <tr> <td>A</td> <td>Closing Price of S&amp;P BSE Sensex TRI – February 22, 2023</td> <td>59744.98</td> </tr> <tr> <td>B</td> <td>Hypothetical NAV (1/1000th of Index)</td> <td>59.74</td> </tr> <tr> <td>C</td> <td>Unit Creation Size</td> <td>40,000</td> </tr> <tr> <td>D</td> <td>Portfolio Value</td> <td>23,89,799</td> </tr> <tr> <td>E</td> <td>Closing Value of Portfolio (Assumed)</td> <td>23,71,252</td> </tr> <tr> <td>F</td> <td>Cash Component per creation unit size (D-E)</td> <td>18,547</td> </tr> </table> <p><b>REDEMPTION:<br/>ON THE EXCHANGE:</b><br/>As the Scheme would be listed on NSE &amp; BSE, the investor can sell units on an ongoing basis on the NSE at the traded prices in multiples of 1 unit.</p> <p><b>DIRECTLY WITH THE FUND:</b><br/>The Authorized Participant / Market Makers / Large Investor can redeem the units of the Scheme directly with the Mutual Fund only in Creation Unit Size at the applicable Intraday NAV of the Scheme, subject to exit load, if any. The number of units of the Scheme that Authorized Participant/ Market Makers / large investor can redeem is 40,000 units and in multiples thereafter.</p> <p>In line with SEBI circular dated October 11, 2006 read with circular dated July 30, 2021, for transactions in units of the Scheme by Authorized Participants / Market Makers / Large Investors, directly with the AMC, shall be at intra-day NAV, based on the executed price at which the securities representing the underlying index are sold.</p> | A         | Closing Price of S&P BSE Sensex TRI – February 22, 2023 | 59744.98 | B | Hypothetical NAV (1/1000th of Index) | 59.74 | C | Unit Creation Size | 40,000 | D | Portfolio Value | 23,89,799 | E | Closing Value of Portfolio (Assumed) | 23,71,252 | F | Cash Component per creation unit size (D-E) | 18,547 |
| A   | Closing Price of S&P BSE Sensex TRI – February 22, 2023  | 59744.98  |   |          |   |                                      |       |   |                    |        |   |                 |           |   |                                      |           |   |   |        |
| B   | Hypothetical NAV (1/1000th of Index)   | 59.74     |   |          |   |                                      |       |   |                    |        |   |                 |           |   |                                      |           |   |   |        |
| C   | Unit Creation Size   | 40,000    |   |          |   |                                      |       |   |                    |        |   |                 |           |   |                                      |           |   |   |        |
| D   | Portfolio Value  | 23,89,799 |   |          |   |                                      |       |   |                    |        |   |                 |           |   |                                      |           |   |   |        |
| E   | Closing Value of Portfolio (Assumed)   | 23,71,252 |   |          |   |                                      |       |   |                    |        |   |                 |           |   |                                      |           |   |   |        |
| F   | Cash Component per creation unit size (D-E)  | 18,547    |   |          |   |                                      |       |   |                    |        |   |                 |           |   |                                      |           |   |   |        |
| <p>Procedure for creation and redemption of units of the scheme in Creation Unit Size</p> | <p><b>Procedure for creation in Creation Unit Size:</b><br/>The requisite securities constituting the Portfolio Deposit have to be transferred to the Fund's DP account while the Cash Component has to be paid to the Custodian/AMC. On confirmation of the same by the Custodian/AMC, the AMC will transfer the respective number of units of the Scheme into the investor's DP account.</p> <p>The Fund may, at its discretion allow cash purchases of units of the Scheme in Creation Unit Size by Large Investors/Authorized Participants/Market Makers. Purchase request for Creation Unit shall be made by such investor to the Fund/AMC where upon the Fund/AMC will arrange to buy the underlying portfolio securities. The</p>   |           |   |          |   |                                      |       |   |                    |        |   |                 |           |   |                                      |           |   |   |        |

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|   | <p>portfolio deposit and cash component will be exchanged for the units of the Scheme in Creation Unit Size.</p> <p>The AMC has the right to collect any cost incurred by the AMC in terms of the transaction charges, other incidental charges, the difference between the acquisition cost and closing prices of securities comprising of the Portfolio Deposit of each business day etc. Such costs may be adjusted by allotting proportionately lesser number of units to the investor.</p> <p>The AMC may levy a fee/charges, which may vary from time to time, for providing/arranging this facility.</p> <p><b>Procedure for redeeming units of the Scheme in Creation Unit Size:</b><br/>The Units of the Scheme in less than Creation Unit cannot be redeemed with the Fund.</p> <p>The Authorized Participant/Market Makers / Large Investor would transfer the requisite number of units of the Scheme equaling the creation unit to the Fund's designated DP account.</p> <p>The AMC has the right to collect any cost incurred by the AMC in terms of the transaction charges, other incidental charges, the difference between the sales proceeds and closing prices of securities comprising of the Portfolio Deposit of each business day etc. Such costs may be adjusted by redeeming proportionately additional number of units to the investor.</p> <p>Redemption proceeds in the form of basket of securities included in the S&amp;P BSE Sensex TRI in the same proportion will be credited to the designated DP account of the Authorized Participant/Market Makers/Large Investor. Any fractions in the number of securities transferable to Authorized Participant/Market Makers/Large Investor will be rounded off to the lower integer and the value of the fractions will be added to the cash component payable.</p> <p>The Fund may, at its discretion, allow cash redemption of the units of the Scheme in Creation Unit Size by Large Investor/Market Makers/Authorized Participant. Redemption request shall be made by such investor to the Fund whereupon the Fund shall arrange to sell the underlying portfolio of securities on behalf of the investor.</p> <p>The AMC may levy a fee/ charges, which may vary from time to time, for providing/arranging this facility.<br/>In such a scenario, valid applications received by Mutual Fund up to 3 P.M. will be processed. The redemption request shall be processed on the basis of the closing NAV of the day of receipt of application. In case of redemptions by NRIs, requisite TDS will be deducted from the respective redemption proceeds.</p> <p>Such instances shall be tracked by the AMC on an ongoing basis and in case if any of the above mentioned scenario arises, the same shall be disclosed on the website of the AMC.</p> |
| <p>Role of Participant / Authorized Market Makers</p> | <p>The role of Authorized Participants is to offer liquidity of the units of the Scheme on the Stock Exchange where the Units are listed. AMC will empanel at least two Authorized Participants/ Market Makers. Authorized Participants/ Market Makers may offer to buy and sell quotes (bid and ask quotes) on the Exchanges such that buy and sell</p>   |

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|   | <p>orders get executed in the market subject to price compatibility. Authorized Participants/ Market Makers may for the purpose of creating liquidity subscribe or redeem the units of the Scheme directly with the Mutual Fund.</p> <p>The AMC will empanel the Authorized Participants/ Market Makers at the time of launch of the Scheme.</p> <p>The AMC reserves right to appoint / remove any Authorized Participants/ Market Makers.</p>  |
| <p><b>Liquidity window for Investors</b></p>  | <p>Investors can directly approach the AMC for redemption of units of ETFs, for transaction of up to INR 25 Cr without any exit load, in case of the following scenarios:</p> <ol style="list-style-type: none"> <li>i. Traded price (closing price) of the ETF units is at discount of more than 1% to the day end NAV for 7 continuous trading days, or</li> <li>ii. No quotes for such ETFs are available on stock exchange(s) for 3 consecutive trading days, or</li> <li>iii. Total bid size on the exchange is less than half of creation units size daily, averaged over a period of 7 consecutive trading days.</li> </ol> <p>In case of the above scenarios, applications received from investors for redemption up to 3.00 p.m. on any trading day, shall be processed by the AMC at the closing NAV of the day.</p> <p>The above instances shall be tracked by the AMC on a continuous basis and in case if any of the above mentioned scenario arises, the same shall be disclosed on the website of AMC.</p>   |
| <p><b>Settlement of purchase / sale of Units of the Scheme on NSE and/or any other stock exchange</b></p> | <p><b>Settlement of purchase / sale of Units of the Scheme on NSE and/or any other stock exchange:</b></p> <p>Buying/Selling of Units of the Scheme on NSE and/or any other stock exchange is just like buying/selling any other normal listed security. If an investor has bought Units, an investor has to pay the purchase amount to the broker/sub-broker such that the amount paid is realized before the funds pay-in day of the settlement cycle on the Stock Exchange(s). If an investor has sold Units, an investor has to deliver the Units to the broker/sub-broker before the securities pay in day of the settlement cycle on the Stock Exchange(s). The Units (in the case of Units bought) and the funds (in the case of Units sold) are paid out to the broker on the pay-out day of the settlement cycle on the Stock Exchange(s). The Stock Exchange(s) regulations stipulate that the trading member should pay the money or Units to the investor within 24 hours of the pay-out.</p> <p>If an investor has bought Units, he should give standing instructions for 'Delivery-In' to his /her/its DP for accepting Units in his/her/its beneficiary account. An investor should give the details of his/her beneficiary account and the DP-ID of his/her/its DP to his/ her/its trading member. The trading member will transfer the Units directly to his/her/ its beneficiary account on receipt of the same from NSE's and/or any other stock exchange's Clearing Corporation.</p> <p>An investor who has sold Units should instruct his/her/its Depository Participant (DP) to give 'Delivery Out' instructions to transfer the Units from his/her/its beneficiary account to the Pool Account of his/her/its trading member through whom he/she/it have sold the Units. The</p> |

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|   | <p>details of the Pool A/C (CM-BP-ID) of his/her trading member to which the Units are to be transferred, Unit quantity etc. should be mentioned in the Delivery Out instructions given by him/her to the DP. The instructions should be given well before the prescribed securities pay-in day. SEBI has advised that the Delivery Out instructions should be given at least 24 hours prior to the cut-off time for the prescribed securities pay-in to avoid any rejection of instructions due to data entry errors, network problems, etc.</p> <p><b>Rolling Settlement</b><br/>As per the SEBI's circular dated March 4, 2003, the rolling settlement on T+2 basis for all trades has commenced from April 1, 2003 onwards. The Pay-in and Pay-out of funds and the Units will take place within 2 working days after the trading date.</p> <p>The pay-in and pay-out days for funds and securities are prescribed as per the Settlement Cycle. A typical Settlement Cycle of Rolling Settlement is given below:</p> <p><b>Day Activity</b></p> <table border="1" data-bbox="580 815 1385 1088"> <tr> <td>T</td> <td>The day on which the transaction is executed by a trading member</td> </tr> <tr> <td>T+1</td> <td>Confirmation of all trades including custodial trades by 11.00 a.m.</td> </tr> <tr> <td>T+1</td> <td>Processing and downloading of obligation files to brokers/custodians by 1.30 p.m.</td> </tr> <tr> <td>T+2</td> <td>Pay-in of funds and securities by 11.00 a.m.</td> </tr> <tr> <td>T+2</td> <td>Pay out of funds and securities by 1.30 p.m.</td> </tr> </table> <p>While calculating the days from the Trading day (Day T), weekend days (i.e. Saturday and Sundays) and bank holidays are not taken into consideration.</p> | T | The day on which the transaction is executed by a trading member | T+1 | Confirmation of all trades including custodial trades by 11.00 a.m. | T+1 | Processing and downloading of obligation files to brokers/custodians by 1.30 p.m. | T+2 | Pay-in of funds and securities by 11.00 a.m. | T+2 | Pay out of funds and securities by 1.30 p.m. |
| T   | The day on which the transaction is executed by a trading member   |   |  |     |   |     |   |     |  |     |  |
| T+1   | Confirmation of all trades including custodial trades by 11.00 a.m.  |   |  |     |   |     |   |     |  |     |  |
| T+1   | Processing and downloading of obligation files to brokers/custodians by 1.30 p.m.  |   |  |     |   |     |   |     |  |     |  |
| T+2   | Pay-in of funds and securities by 11.00 a.m.   |   |  |     |   |     |   |     |  |     |  |
| T+2   | Pay out of funds and securities by 1.30 p.m.   |   |  |     |   |     |   |     |  |     |  |
| Where can the applications for purchase/redemption Switches be submitted? | Refer Back Cover Page  |   |  |     |   |     |   |     |  |     |  |
| Minimum balance to be maintained and consequences of non-maintenance.     | Not applicable   |   |  |     |   |     |   |     |  |     |  |
| Special Products available  | None   |   |  |     |   |     |   |     |  |     |  |
| Account Statement   | <ul style="list-style-type: none"> <li>• On acceptance of the application for subscription, an allotment confirmation specifying the number of units allotted by way of e-mail and/or SMS within 5 business days from the date of receipt of transaction request/allotment will be sent to the Unit Holders registered e-mail address and/or mobile number.</li> <li>• As the units of the Scheme will be issued, traded and settled compulsorily in dematerialized (electronic) form, the statement provided by the Depository Participant will be equivalent to the account statement.</li> <li>• For those Unit holders who have provided an e-mail address, the AMC will send the account statement by e-mail.</li> <li>• Unit holders will be required to download and print the documents after receiving e-mail from the Mutual Fund. Should the Unit holder experience any difficulty in accessing the electronically delivered documents, the Unit holder shall promptly advise the Mutual Fund to enable the Mutual Fund to make the delivery through alternate means. It is deemed that the Unit</li> </ul>   |   |  |     |   |     |   |     |  |     |  |

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|  | <p>holder is aware of all security risks including possible third party interception of the documents and contents of the documents becoming known to third parties.</p> <ul style="list-style-type: none"> <li>• The Unit holder may request for a physical account statement by writing/calling the AMC/ISC/Registrar. In case of specific request received from the Unit Holders, the AMC/Fund will provide the Account Statement to the Investors within 5 business days from the receipt of such request.</li> <li>• The AMC shall issue Unit certificates within 5 business days from the date of receipt of request where the applicant so desires.</li> </ul> <p><b>CONSOLIDATED ACCOUNT STATEMENT (CAS)</b></p> <p>CAS is an account statement detailing all the transactions and holding at the end of the month including transaction charges paid to the distributor, across all schemes of all mutual funds. CAS issued to investors shall also provide the total purchase value/cost of investment in each scheme.</p> <p>Further, CAS issued for the half-year (September/ March) shall also provide</p> <ol style="list-style-type: none"> <li>a. The amount of actual commission paid by AMC/Mutual Fund to distributors (in absolute terms) during the half-year period against the concerned investor's total investments in each scheme.</li> <li>b. The scheme's average Total Expense Ratio (in percentage terms) along with the break up between Investment and Advisory fees, Commission paid to the distributor and Other expenses for the period for each scheme's applicable plan (regular or direct or both) where the concerned investor has actually invested in.</li> </ol> <p>Further, whenever distributable surplus is distributed, a clear segregation between income distribution (appreciation on NAV) and capital distribution (Equalization Reserve) shall be suitably disclosed in the CAS.</p> <p>The word transaction will include purchase, redemption, switch, IDCW payout, IDCW reinvestment, systematic investment plan, systematic withdrawal plan and systematic transfer plan.</p> <p><b>For Unitholders holding Demat Account:</b></p> <p>SEBI vide its circular no. CIR/MRD/DP/31/2014 dated November 12, 2014 read with other applicable circulars issued by SEBI from time to time, in order to enable a single consolidated view of all the investments of an investor in Mutual Fund and securities held in demat form with Depositories, has required Depositories to generate and dispatch a single CAS for investors having mutual fund investments and holding demat accounts.</p> <p>In view of the aforesaid requirement, for investors who hold demat account, for transactions in the schemes of Axis Mutual Fund a CAS, based on PAN of the holders, will be sent by Depositories to investors holding demat account, for each calendar month within 15th day of the succeeding month to the investors in whose folios transactions have taken place during that month.</p> <p>CAS will be sent by Depositories every half yearly (September/March), on or before 21st day of succeeding month, detailing holding at the end of the six month, to all such investors in whose folios and demat accounts there have been no transactions during that period.</p> |
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|  | <p>CAS sent by Depositories is a statement containing details relating to all financial transactions made by an investor across all mutual funds viz. purchase, redemption, switch, IDCW payout, IDCW reinvestment, systematic investment plan, systematic withdrawal plan, systematic transfer plan (including transaction charges paid to the distributor) and transaction in dematerialized securities across demat accounts of the investors and holding at the end of the month.</p> <p>In case of demat accounts with nil balance and no transactions in securities and in mutual fund folios, the depository shall send account statement in terms of regulations applicable to the depositories. Investors whose folio(s)/ demat account(s) are not updated with PAN shall not receive CAS.</p> <p>Consolidation of account statement is done on the basis of PAN. Investors are therefore requested to ensure that their folio(s)/ demat account(s) are updated with PAN. In case of multiple holding, it shall be PAN of the first holder and pattern of holding.</p> <p>For Unit Holders who have provided an e-mail address to the Mutual Fund or in KYC records, the CAS is sent by e-mail. However, where an investor does not wish to receive CAS through email, option is given to the investor to receive the CAS in physical form at the address registered in the Depository system.</p> <p>Investors who do not wish to receive CAS sent by depositories have an option to indicate their negative consent. Such investors may contact the depositories to opt out. Investors who do not hold demat account continue to receive CAS sent by RTA/AMC, based on the PAN, covering transactions across all mutual funds as per the current practice.</p> <p>In case an investor has multiple accounts across two depositories; the depository with whom the account has been opened earlier will be the default depository.</p> <p>The dispatches of CAS by the depositories constitute compliance by the AMC/ the Fund with the requirement under Regulation 36(4) of SEBI (Mutual Funds) Regulations. However, the AMC reserves the right to furnish the account statement in addition to the CAS, if deemed fit in the interest of investor(s).</p> <p>Investors whose folio(s)/demat account(s) are not updated with PAN shall not receive CAS. Investors are therefore requested to ensure that their folio(s)/demat account(s) are updated with PAN.</p> <p>For folios not included in the CAS (due to non-availability of PAN), the AMC shall issue monthly account statement to such Unit holder(s), for any financial transaction undertaken during the month on or before 15th of succeeding month by mail or email.</p> <p>For folios not eligible to receive CAS (due to non-availability of PAN), the AMC shall issue an account statement detailing holding across all schemes at the end of every six months (i.e. September/March), on or before 21<sup>st</sup> day of succeeding month, to all such Unit holders in whose folios no transaction has taken place during that period shall be sent by mail/e-mail.</p> |
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|   | <p><b>Transferability of units:</b></p> <p>Units unless otherwise restricted or prohibited shall be freely transferable by act of parties or by operation of law. The asset management company shall on production of instrument of transfer together with the relevant unit certificates, register the transfer and return the unit certificates to the transferee within timelines prescribed by SEBI from time to time.</p>  |
| Income Distribution cum Capital Withdrawal (IDCW) | No IDCW will be declared under the Scheme.  |
| Redemption  | <p><b>How to Redeem</b></p> <p>Investors may kindly note that Units can be redeemed with the fund house only in Creation Unit Size.</p> <p>A Transaction Slip can be used by the Unit Holder to request for Redemption. The requisite details should be entered in the Transaction Slip and submitted at an ISC/Official Point of Acceptance as defined for this scheme. Transaction Slips can be obtained from any of the Designated ISCs/Official Points of Acceptance.</p> <p><b>Procedure for payment of redemption.</b></p> <p><b>1. Resident Investors</b></p> <p>Redemption proceeds will be paid to the investor through Real Time Gross Settlement (RTGS), NEFT, Direct Credit, Cheque or Demand Draft, etc. or any other mode allowed by Reserve Bank of India from time to time.</p> <ul style="list-style-type: none"> <li>a) If investor has provided IFSC code in the application form, by default redemption proceeds shall be to be credited to Investor's account through RTGS/NEFT.</li> <li>b) If Investor has neither provided IFSC code nor the NEFT code but have a bank account with Banks with whom the Fund would has an arrangement for Direct Credit from time to time, the proceeds will be paid through direct credit.</li> <li>c) Incase if investor bank account does not fall in the above a to b categories, redemption proceeds will be paid by cheques/demand drafts, marked "Account Payee only" and drawn in the name of the sole holder / first-named holder (as determined by the records of the Registrar).</li> </ul> <p>The bank name and bank account number, as specified in the Registrar's records, will be mentioned in the cheque/demand draft. The cheque will be payable at par at all bank branch or specific cities. If the Unit Holder resides in any other city, he will be paid by a demand draft payable at the city of his residence and the demand draft charges shall be borne by the AMC (please refer SAI for details).</p> <p>The redemption proceeds will be sent by courier or (if the addressee city is not serviced by the courier) by registered post/UCP. The dispatch for the purpose of delivery through the courier / postal</p> |



department, as the case may be, shall be treated as delivery to the investor. The AMC / Registrar are not responsible for any delayed delivery or non-delivery or any consequences thereof, if the dispatch has been made correctly as stated in this paragraph.

The AMC reserves the right to change the sequence of payment from (a) to (c) without any prior notice

For Unit holders who have given specific request for Cheque/Demand Draft Redemption proceeds will be paid by cheque/demand drafts and payments will be made in favor of the Unit holder with bank account number furnished to the Mutual Fund

(Please note that it is mandatory for the Unit holders to provide the Bank account details as per the directives of SEBI). Redemption cheques will be sent to the Unit holder's address.

The Trustee, at its discretion at a later date, may choose to alter or add other modes of payment.

## **2. Non-Resident Investors / PIO / OCI**

For NRIs, Redemption proceeds will be remitted depending upon the source of investment as follows:

### **(i) Repatriation basis**

When Units have been purchased through remittance in foreign exchange from abroad or by cheque / draft issued from proceeds of the Unit Holder's FCNR deposit or from funds held in the Unit Holder's Non Resident (External) account kept in India, The proceeds can also be sent to his Indian address for crediting to his NRE / FCNR / non-resident (Ordinary) account, if desired by the Unit Holder.

### **(ii) Non-Repatriation basis**

When Units have been purchased from funds held in the Unit Holder's non-resident (Ordinary) account, the proceeds will be sent to the Unit Holder's Indian address for crediting to the Unit Holder's non-resident (Ordinary) account.

### **(iii) FPIs**

For FPIs, the designated branch of the authorized dealer may allow remittance of net sale / maturity proceeds (after payment of taxes) or credit the amount to the Foreign Currency account or Non-resident Rupee account of the FPI maintained in accordance with the approval granted to it by the RBI.

The Fund will not be liable for any delays or for any loss on account of any exchange fluctuations, while converting the rupee amount in foreign exchange in the case of transactions with NRIs / FPIs. The Fund may make other arrangements for effecting payment of redemption proceeds in future.

### **Effect of Redemptions**

The number of Units held by the Unit Holder in his / her / its folio will stand reduced by the number of Units Redeemed. Units once redeemed will be extinguished and will not be re-issued.

The normal processing time may not be applicable in situations where such details are not provided by investors/Unit holders. The AMC will

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|  | <p>not be responsible for any loss arising out of fraudulent encashment of cheques and/or any delay/loss in transit.</p> <p><b>Signature mismatches</b><br/>If the AMC / Registrar finds a signature mismatch, while processing the redemption/ switch out request, then the AMC/ Registrar reserves the right to process the redemption only on the basis of supporting documents confirming the identity of the investors. List of such documents would be notified by AMC from time to time on its website.</p> <p><b>Important Note:</b> All applicants for Purchase of Units /Redemption of Units must provide a bank name, bank account number, branch address, and account type in the Application Form.</p> <p>For investors holding units in demat mode, the procedure for change in bank details would be as per the instructions given by their respective Depository Participant(s).</p> <p><b>Unclaimed Redemptions and IDCW</b><br/>As per circular no. MFD / CIR / 9 / 120 / 2000, dated November 24, 2000 issued by SEBI, the unclaimed Redemption and IDCW amounts shall be deployed by the Fund in money market instruments and such other instruments/securities as maybe permitted from time to time. The unclaimed Redemption and IDCW amounts shall be deployed in money market instruments and such other instruments/securities as maybe permitted from time to time. The investment management fee charged by the AMC for managing such unclaimed amounts shall not exceed 50 basis points. The circular also specifies that investors who claim these amounts during a period of three years from the due date shall be paid at the prevailing NAV. Thus, after a period of three years, this amount can be transferred to a pool account and the investors can claim the said amounts at the NAV prevailing at the end of the third year. In terms of the circular, the onus is on the AMC to make a continuous effort to remind investors through letters to take their unclaimed amounts. The details of such unclaimed amounts shall be disclosed in the annual report sent to the Unit Holders.</p> <p>AMC reserves the right to provide the facility of redeeming Units of the Scheme through an alternative mechanism including but not limited to online transactions on the Internet, as may be decided by the AMC from time to time. The alternative mechanism may also include electronic means of communication such as redeeming Units online through the AMC Website or any other website, etc. The alternative mechanisms would be applicable to only those investors who opt for the same in writing and/or subject to investor fulfilling such conditions as AMC may specify from time to time.</p> <p>Further, according to circular no. SEBI/HO/IMD/DF2/CIR/P/ 2016/37 dated February 25, 2016 as amended from time to time the unclaimed Redemption and IDCW amounts may be deployed in separate plan of Overnight schemes/Liquid scheme/Money market mutual fund scheme floated by Mutual Funds specifically for deployment of the unclaimed Redemption and IDCW amounts.</p> |
| Delay in payment of Redemption / Repurchase proceeds | The AMC shall be liable to pay interest to the Unit holders at 15% or such other rate as may be prescribed by SEBI from time to time, in case the proceeds are not made within 3 (three) working days of the   |

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|  | <p>date of redemption. However, the AMC will not be liable to pay any interest or compensation or any amount otherwise, in case the AMC / Trustee is required to obtain from the Investor / Unit holders verification of identity or such other details relating to Subscription for Units under any applicable law or as may be requested by a Regulatory Agency or any government authority, which may result in delay in processing.</p> |
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### C. Periodic Disclosures

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| <p><b>Net Asset Value</b></p> <p>This is the value per unit of the scheme on a particular day. You can ascertain the value of your investments by multiplying the NAV with your unit balance.</p>   | <p>The AMC will calculate and disclose the first NAV of the Scheme within a period of 5 business days from the date of allotment. Subsequently, NAV will be calculated and disclosed on all the Business Days. The AMC shall update the NAV on the website of the AMC (<a href="http://www.axismf.com">www.axismf.com</a>) and of the Association of Mutual Funds in India - AMFI (<a href="http://www.amfiindia.com">www.amfiindia.com</a>) before 11.00 p.m. on every Business Day. If the NAV are not available before the commencement of Business Hours on the following day due to any reason, the Mutual Fund shall issue a press release giving reasons and explaining when the Mutual Fund would be able to publish the NAV. Further,</p> <p>Indicative NAV (iNAV) is the per unit NAV based on the current market value of its portfolio during the trading hours of the ETF. AMC will update the Indicative NAV periodically on its website and on Stock Exchange(s) (where units are listed and traded) within a maximum time lag of 15 seconds from underlying market. However, disclosure of Indicative NAV will be subject to availability of relevant services like receipt of index value, technological feasibility and other input requirements with respect to uploading of Indicative NAV on AMC's website. Indicative NAV will not have any bearing on the creation or redemption of units directly with the Fund by the Authorized Participants / Large Investors.</p> <p>Information regarding NAV can be obtained by the Unit holders / Investors by calling or visiting the nearest ISC.</p> |
| <p><b>Monthly and Half yearly Disclosures: Portfolio / Financial Results</b></p> <p>This is a list of securities where the corpus of the scheme is currently invested. The market value of these investments is also stated in portfolio disclosures.</p> | <p>The AMC will disclose the portfolio of the Scheme (along with ISIN) as on the last day of the month / half year on the website of the Mutual Fund and AMFI within 10 days from the close of each month/ half year (i.e. 31st March and 30th September) respectively in a user-friendly and downloadable spreadsheet format. Further, AMC shall publish an advertisement in an all India edition of one national English daily newspaper and one Hindi newspaper, every half year, disclosing the hosting of the half-yearly statement of its schemes' portfolio on the website of the Mutual Fund and AMFI and the modes through which unitholder(s) can submit a request for a physical or electronic copy of the statement of scheme portfolio.</p> <p>The AMC will also provide a dashboard, in a comparable, downloadable (spreadsheet) and machine readable format, providing performance and key disclosures like Scheme's AUM, investment objective, expense ratios, portfolio details, scheme's past performance etc. on website.</p>   |
| <p><b>Half Yearly Results</b></p>   | <p>The Mutual Fund shall within one month from the close of each half year, that is on 31st March and on 30th September, host a soft copy of its unaudited financial results on the website of the AMC and AMFI.</p>   |

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|               | <p>The mutual fund shall publish an advertisement disclosing the hosting of such financial results on their website, in at least one English daily newspaper having nationwide circulation and in a newspaper having wide circulation published in the language of the region where the Head Office of the Mutual Fund is situated.</p> <p>The unaudited financial results will also be displayed on the website of the AMC and AMFI.</p>   |
| Annual Report | <p>The Scheme annual report or an abridged summary thereof shall be mailed (emailed, where e mail id is provided unless otherwise required)) to all Unit holders not later than four months (or such other period as may be specified by SEBI from time to time) from the date of closure of the relevant accounting year (i.e. 31st March each year) and full annual report shall be available for inspection at the Head Office of the Mutual Fund and a copy shall be made available to the Unit holders on request on payment of nominal fees, if any. Scheme wise annual report shall also be displayed on the website of the Mutual Fund (<a href="http://www.axismf.com">www.axismf.com</a>) and on the website of Association of Mutual Funds in India (<a href="http://www.amfiindia.com">www.amfiindia.com</a>).</p> <p>Unitholders whose email addresses are not registered with the Mutual Fund may 'opt-in' to receive a physical copy of the annual report or an abridged summary thereof.</p> <p>Further, AMC shall provide a physical copy of the abridged summary of the Annual Report, without charging any cost, on a specific request received from a unitholder.</p> <p>AMC shall also publish an advertisement every year, in an all India edition of one national English daily newspaper and in one Hindi newspaper, disclosing the hosting of the scheme wise annual report on the website of the Mutual Fund and AMFI and the modes through which a unitholder can submit a request for a physical or electronic copy of the annual report or abridged summary thereof.</p> |
| Risk-o-meter  | <p>The AMC shall review Risk-o-meters on a monthly basis based on evaluation of risk level of Scheme's month end portfolio. Changes in Risk-o-meter, if any, shall be communicated by way of Notice cum Addendum. Investors may also refer to the website/portfolio disclosure for the latest Risk-o-meter of the Scheme.</p>   |

| <p>Taxation<br/><b>Rates applicable for the FY 22-23</b></p>  | <p>The information is provided for general information only. However, in view of the individual nature of the implications, each investor is advised to consult his or her own tax advisors/authorised dealers with respect to the specific amount of tax and other implications arising out of his or her participation in the schemes.</p> |   |  |
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|   | <b>Taxability in the hands of Individuals / Non-corporates / Corporates</b>  |   |  |
|   | <b>Particulars</b>   | <b>Resident</b>   | <b>Non-Resident</b>  |
|   | <b>Tax on Dividend</b>   | Taxed in the hands of unitholders at applicable rate under the provisions of the Income-tax Act, 1961 (Act) | Taxed in the hands of unitholders at the rate of 20% u/s 115A of the Act. (plus applicable surcharge and cess) |
|   | <b>Long Term Capital Gains:</b><br>(Held for a period of more than 12 Months)  | 10% (plus applicable surcharge and cess) without indexation (Refer Note 5)                                  | 10% (plus applicable surcharge and cess) without indexation (Refer Note 5)                                     |
| <b>Short Term Capital Gains</b><br>(Held for a period of 12 months or less)   | 15% (plus applicable surcharge and cess)   | 15% (plus applicable surcharge and cess)  |  |
| <p><b>Notes –</b></p> <ol style="list-style-type: none"> <li>1. Axis Mutual Fund is a Mutual Fund registered with the Securities &amp; Exchange Board of India and hence the entire income of the Mutual Fund will be exempt from income tax in accordance with the provisions of Section 10(23D) of the Act.</li> <li>2. Surcharge at the following rate to be levied in case of individual /HUF / non-corporate non-firm unit holders for equity oriented mutual fund:</li> </ol> |  |   |  |

|  | <b>Income</b>  | <b>Individual /HUF / non-corporate non-firm unit holders</b> |
|--|--|--|
|  | (a) Rs 50 lakh to 1 crore (including dividend income and capital gains income under section 111A, 112 and 112A of the Act)   | 10%  |
|  | (b) Above Rs 1 crore up to Rs 2 crores (including dividend income and capital gains income under section 111A and 112A of the Act)   | 15%  |
|  | (c) Above Rs 2 crores up to Rs 5 crores [excluding dividend income (dividend received from domestic companies only) and capital gains income under section 111A, 112 and 112A of the Act]                        | 25%  |
|  | (d) Above Rs 5 crores [excluding dividend income (dividend received from domestic companies only) and capital gains income under section 111A, 112 and 112A of the Act]  | 37%  |
|  | (e) Above 2 crores [including dividend income (dividend received from domestic companies only) and capital gains income under section 111A, 112 and 112A of the Act]] but not covered in point (c) and (d) above | 15%  |

3. Surcharge rates for Companies/ firm

| <b>Total Income</b>                 | <b>Rate of Surcharge for Domestic companies</b> | <b>Rate of Surcharge for Foreign Companies</b> |
|-------------------------------------|---|--|
| Above Rs 1 crore up to Rs 10 crores | 7%  | 2%   |
| Above Rs 10 crores                  | 12%   | 5%   |

\*Surcharge rate shall be 10% in case resident companies opting taxation under section 115BAA and section 115BAB of the Act on any income earned.

In case of firm with total income exceeding Rs 1 crore, surcharge rate shall be 12%.

4. Health and Education cess @ 4% on aggregate of base tax and surcharge.

5. As per section 112A of the Act, long-term capital gains, exceeding INR 100,000, arising from transfer of equity oriented mutual funds, shall be chargeable at the rate of 10% (plus applicable surcharge and cess).

6. The Scheme will attract securities transaction tax (STT) at 0.001% on the redemption value.

|   |   |
|---|---|
|   | <p>7. Withholding of Taxation by Mutual Fund will as per applicable withholding tax rate.</p> <p>8. All the above non-resident investors may also claim the tax treaty benefits available, if any.</p> <p><b>For further details on taxation please refer to the clause on Taxation in the SAI</b></p>  |
| <p><b>Stamp Duty</b></p>                      | <p>Pursuant to Notification No. S.O. 1226(E) and G.S.R. 226(E) dated March 30, 2020 issued by Department of Revenue, Ministry of Finance, Government of India, read with Part I of Chapter IV of Notification dated February 21, 2019 issued by Legislative Department, Ministry of Law and Justice, Government of India on the Finance Act, 2019, stamp duty @0.005% of the transaction value would be levied on applicable mutual fund transactions.</p> <p>Accordingly, pursuant to levy of stamp duty, the number of units allotted on purchase transactions (including IDCW reinvestment) to the unitholders would be reduced to that extent.</p>  |
| <p>Investor services</p>                      | <p>Investors can lodge any service request or complaints or enquire about NAV, Unit Holdings, etc. by calling the Investor line of the AMC at "<b>1800 221322</b> (toll-free numbers) and additional contact number 8108622211 from 9.00 am to 6.00 pm (Monday to Saturday) or <b>4325 5100</b> (at local call rate for enquiring at AMC ISC's) or email – <a href="mailto:customerservice@axismf.com">customerservice@axismf.com</a>. The service representatives may require personal information of the Investor for verification of his / her identity in order to protect confidentiality of information. The AMC will at all times endeavor to handle transactions efficiently and to resolve any investor grievances promptly.</p> <p>Any complaints should be addressed to Mr. C P Shivkumar Nair who has been appointed as the Investor Relations Officer and can be contacted at:</p> <p>Address : Axis Asset Management Company Ltd.<br/>Axis House, 1<sup>st</sup> Floor, C-2, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai – 400 025<br/>Phone no.: 022 43254123<br/>Email – <a href="mailto:customerservice@axismf.com">customerservice@axismf.com</a></p> |
| <p>Tracking error and tracking difference</p> | <p>The tracking error i.e. the annualised standard deviation of the difference in daily returns between S&amp;P BSE Sensex TRI and the NAV of ETF based on past one year rolling over data (For ETFs in existence for a period of less than one year, annualized standard deviation shall be calculated based on available data) shall not exceed 2% or as may be prescribed by regulations from time to time.</p> <p>Tracking difference - the ETF Scheme shall also disclose the tracking difference i.e. the annualized difference of daily returns between the physical sliver and the NAV of the ETF shall also be disclosed on the website of the AMC and AMFI, on a monthly basis, for tenures 1 year, 3 year, 5 year, 10 year and since the date of allotment of units.</p>   |

|  |   |
|--|---|
| Disclosure Norms as per SEBI Circular dated May 23, 2022 | <p>The Fund shall disclose the following on monthly basis:</p> <ol style="list-style-type: none"> <li>I. Name and exposure to top 7 issuers and stocks respectively as a percentage of NAV of the scheme</li> <li>II. Name and exposure to top 7 groups as a percentage of NAV of the scheme.</li> <li>III. Name and exposure to top 4 sectors as a percentage of NAV of the scheme.</li> </ol> <p>Change in constituents of the index, if any, shall be disclosed on the AMC website (i.e. <a href="http://www.axismf.com/">www.axismf.com/</a>) on the day of change.</p> |
|--|---|

#### **D. Computation of NAV**

The Net Asset Value (NAV) of the units issued under the scheme shall be calculated by determining the value of the assets of the fund and subtracting there from the liabilities of the fund taking into consideration the accruals and provisions.

The NAV per unit shall be calculated by dividing the NAV of the fund by the total number of units issued and outstanding on the valuation day. NAV of the Units under the Scheme shall be calculated as shown below:-

$$\text{NAV (Rs.)} = \frac{\text{Market or Fair Value of Scheme's Investments} + \text{Current Assets including Accrued Income} - \text{Current Liabilities and Provisions}}{\text{No. of Units outstanding under Scheme on the Valuation Day}}$$

The NAV shall be calculated up to four decimal places. However, the AMC reserves the right to declare the NAV up to additional decimal places as it deems appropriate.

The AMC will calculate and disclose the first NAV of the Scheme within a period of 5 business days from the date of allotment. Subsequently, the NAV will be calculated and disclosed on all the Business Days.



#### **IV. FEES AND EXPENSES**

This section outlines the expenses that will be charged to the Scheme.

##### **A. New Fund Offer (NFO) Expenses**

These expenses are incurred for the purpose of various activities related to the NFO like sales and distribution fees paid marketing and advertising, Registrar & Transfer Agent expenses, printing and stationary, bank charges etc.

In accordance with the provisions of SEBI Circular no. SEBI/ IMD/CIR No. 1/64057/06 dated April 04, 2006 and SEBI/IMD/CIR No. 4/ 168230/09 dated June 30, 2009, the NFO expenses shall be borne by the AMC/Sponsor.

##### **B. Annual Scheme Recurring Expenses**

These are the fees and expenses for operating the Scheme. These expenses include but are not limited to Investment Management and Advisory Fee charged by the AMC, Registrar and Transfer Agents' fee, marketing and selling costs etc. as given in the table below:

The AMC has estimated that the following expenses will be charged to the Scheme as permitted under Regulation 52 of SEBI (MF) Regulations. For the actual current expenses being charged, the Investor should refer to the website of the AMC.

| <b>Expense Head</b>  | <b>% of daily Net Assets</b> |                    |
|--|------------------------------|--------------------|
| Investment Management and Advisory Fees  | Up to 1.00%                  |                    |
| Trustee fee  |                              |                    |
| Audit fees   |                              |                    |
| Custodian fees   |                              |                    |
| RTA Fees   |                              |                    |
| Marketing & Selling expense incl. agent commission, if any   |                              |                    |
| Cost related to investor communications  |                              |                    |
| Cost of fund transfer from location to location  |                              |                    |
| Cost of providing account statements and redemption cheques and warrants                                 |                              |                    |
| Costs of statutory Advertisements  |                              |                    |
| Cost towards investor education & awareness (at least 1 bps)   |                              |                    |
| Brokerage & transaction cost over and above 12 bps and 5 bps for cash and derivative market trades resp. |                              |                    |
| Listing Fees   |                              |                    |
| Goods and Services tax (GST) on expenses other than investment and advisory fees                         |                              |                    |
| GST on brokerage and transaction cost  |                              |                    |
| <b>Maximum total expense ratio (TER) permissible under Regulation 52 (6)(b)</b>                          |                              | <b>Up to 1.00%</b> |

No distribution expenses/ commission would be paid by the Scheme.

These estimates have been made in good faith as per the information available to the Investment Manager and are subject to change inter-se or in total subject to prevailing Regulations.

The expenses towards Investment Management and Advisory Fees under Regulation 52 (2) and the various sub-heads of recurring expenses mentioned under Regulation 52 (4) of SEBI (MF) Regulations can be apportioned under various expense heads/ sub heads without any sub limit, as permitted under the applicable regulations. Thus, there shall be no internal sub-limits within the expense ratio for expense heads mentioned under Regulation 52 (2) and (4) respectively. Further, the additional expenses under Regulation 52(6A) may be incurred either towards investment & advisory fees and/or towards other expense heads as stated above.

The total expenses of the Scheme including the investment management and advisory fee shall not exceed 1.00% of the daily net assets.

The total expenses of the Scheme including the investment management and advisory fee shall not exceed the limit stated in Regulation 52(6) of the SEBI (MF) Regulations and amendments thereto.

### **Expenses charged to the Scheme**

- . In addition to the limits as specified in Regulation 52(6) of SEBI (Mutual Funds) Regulations 1996 ['SEBI Regulations'] or the Total Recurring Expenses (Total Expense Limit) as specified above, the following costs or expenses may be charged to the scheme namely-

### **Additional expenses under regulation 52 (6A)**

(a) GST payable on investment and advisory service fees ('AMC fees') charged by Axis Asset Management Company Limited ('Axis AMC');

Further, brokerage and transaction costs which are incurred for the purpose of execution of trade and is included in the cost of investment shall not exceed 0.12 per cent in case of cash market transactions and 0.05 per cent in case of derivatives transactions.

A. Within the Total Expense Limit chargeable to the scheme, following will be charged to the Scheme:

(a) GST on other than investment and advisory fees, if any, (including on brokerage and transaction costs on execution of trades) shall be borne by the Scheme

(b) Investor education and awareness initiative fees of at least 1 basis points on daily net assets of Scheme.

(c) Incentives, if any, to Market Makers shall be charged to the Scheme within maximum permissible limit of TER.

B. AMC fees charged by Axis AMC to the Scheme will be within the Total Expense Limit as prescribed by SEBI Regulations, as amended from time to time.

The mutual fund would update the current expense ratios on its website ([www.axismf.com](http://www.axismf.com)) at least three working days prior to the effective date of the change. Investors can refer 'Total Expense Ratio of Mutual Fund Schemes' section on <https://www.axismf.com/total-expense-ratio> for Total Expense Ratio (TER) details.

In accordance with the SEBI circular dated May 23, 2022, Incentives, if any, to Market Makers shall be charged to the Scheme within maximum permissible limit of TER.

### **a) Guiding Principles for incentive structure for Market Makers**

Incentives to market maker will be linked to performance of the market maker in terms of generating liquidity in units of ETFs. Incentives, if any, to MM shall be charged to the scheme within the maximum permissible limit of Total Expense Ratio ("TER").

### **b) Determination of incentive for Market maker**

It will be determined basis any or all of the below mentioned criteria:

- i. It will be based on volume carried out by market maker on the exchange as compared to total volume of respective ETFs on exchange.
- ii. Availability of bid & Ask as per the SEBI guidelines
- iii. Average Spread between Bid & Ask
- iv. Any other performance-based metric.

Incentives to market maker shall be at the discretion of the AMC & to be decided between the AMC and the MM which may be variable in nature or fixed amount basis agreed performance standards and will adhere to maximum permissible limit of TER.

All scheme related expenses including commission paid to distributors, by whatever name it may be called and in whatever manner it may be paid, shall necessarily be paid from the scheme only within the regulatory limits and not from the books of AMC, its associate, sponsor, trustees or any other entity through any route in terms of SEBI circulars and clarification issued thereon .

### Illustration of impact of expense ratio on scheme's returns

For any scheme, NAV is computed on a daily basis factoring in all the assets as well as liabilities of the scheme (including expenses charged). Expenses charged to the scheme bring down its NAV and hence the investor's net returns on a corresponding basis.

For any scheme, NAV is computed on a daily basis factoring in all the assets as well as liabilities of the Scheme (including expenses charged). Expenses charged to the Scheme bring down its NAV and hence the investor's net returns on a corresponding basis.

Illustration:

| Particulars  | Amount (in Rs.) | No of units | NAV per unit (in Rs.) |
|--|-----------------|-------------|-----------------------|
| Invested on March 31, 2016 (A)   | 10,000          | 1,000       | 10.00                 |
| Value of above investment as on March 31, 2017 (gross of all expenses) (B)       | 11,500          | 1,000       | 11.50                 |
| Total Expenses charged during the year @1% p.a. (assumed) (C)                    | 100             |             | 0.10                  |
| Value of above investment as on March 31, 2017 (net of all expenses) (D) = (B-C) | 11,400          | 1,000       | 11.40                 |
| Returns (%) (gross of all applicable expenses) (E) = ((B/A)-1)                   |                 |             | 15.0%                 |
| Returns (%) (net of all applicable expenses) (F) = ((D/A)-1)                     |                 |             | 14.0%                 |

Please Note:

- The purpose of the above illustration is purely to explain the impact of expense ratio charged to the Scheme. The Total Expenses considered in the illustration is an hypothetical number and the actual expense may vary from the same. The Illustration should not be construed as providing any kind of investment advice or guarantee of returns on investments.
- Calculations are based on assumed NAV, and actual returns on your investment may be more, or less.
- Any tax impact has not been considered in the above example, in view of the individual nature of the tax implications. Each investor is advised to consult his or her own financial advisor.

### C. Load Structure

Load is an amount which is presently paid by the investor to redeem the Units from the Scheme. This amount is used by the AMC to pay commission to the distributors and to take care of other marketing and selling expenses. Load amounts are variable and are subject to change from time to time. For the current applicable structure, Investors may refer to the website of the AMC ([www.axismf.com](http://www.axismf.com)) or may call at **1800 221 322** (toll-free number) and additional contact number 8108622211 (chargeable) from 9.00 am to 6.00 pm (Monday to Saturday) or you can contact your distributor.

SEBI vide its circular No. SEBI/IMD/CIR No. 4/ 168230/09 dated June 30, 2009 has decided that there shall be no entry Load for all Mutual Fund Schemes.

| Type of Load | Load chargeable (as %age of NAV) |
|--------------|----------------------------------|
| Entry Load   | NA                               |
| Exit Load    | Nil                              |

The above mentioned load structure shall be equally applicable to the special products such as switches, etc. offered by the AMC.

The Investor is requested to check the prevailing Load structure of the Scheme before investing.

For any change in Load structure AMC will issue an addendum and display it on the website/Investor Service Centers.

Under the Scheme, the AMC/Trustee reserves the right to change / modify the Load structure if it so deems fit in the interest of smooth and efficient functioning of the Mutual Fund. The AMC/Trustee reserves the right to introduce /modify the Load depending upon the circumstances prevailing at that time subject to maximum limits as prescribed under the Regulations.

The Redemption Price however, will not be lower than 95% of the NAV. Any imposition or enhancement of Load in future shall be applicable on prospective investments only.

At the time of changing the Load Structure:

1. An Addendum detailing the changes will be attached to Scheme Information Document (s) and Key Information Memorandum. The addendum may be circulated to all the distributors / brokers so that the same can be attached to all Scheme Information Documents and Key Information Memoranda already in stock.
2. The addendum will be displayed on the website of the AMC and arrangements will be made to display the addendum in the form of a notice in all the Investor Service Centers and distributors / brokers' office.
3. The introduction of the Exit Load/ CDSC along with the details may be stamped in the acknowledgement slip issued to the Investors on submission of the application form and may also be disclosed in the statement of accounts issued after the introduction of such Load/CDSC.
4. A public notice shall be given in respect of such changes in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of region where the Head Office of the Mutual Fund is situated.
5. Any other measure which the Mutual Fund may consider necessary.

Any change in Load structure shall be only on a prospective basis i.e. any such changes would be chargeable only for Redemptions from prospective purchases (applying first in first out basis).

#### **Transaction Charge:**

In terms of SEBI circular no. CIR/ IMD/ DF/ 13/ 2011 dated August 22, 2011, as amended from time to time, Transaction Charge per subscription of Rs.10, 000/- and above shall be charged from the investors and shall be payable to the distributors/ brokers (who have opted in for charging the transaction charge based on the type of the product) in respect of applications routed through distributor/ broker relating to Purchases / subscription / new inflows only (lump sum and SIP), subject to the following:

- For Existing / New investors: Rs.100 / Rs.150 as applicable per subscription of Rs. 10,000/- and above
- Transaction charge for SIP shall be applicable only if the total commitment through SIP amounts to Rs.10,000/- and above. In such cases the transaction charge would be recovered in maximum 4 successful installments.
- There shall be no transaction charge on subscription below Rs.10,000/-.
- There shall be no transaction charges on direct investments.

The requirement of minimum application amount shall not be applicable if the investment amount falls below the minimum amount required due to deduction of transaction charges from the subscription amount.

The Transaction Charge as mentioned above shall be deducted by the AMC from the subscription amount of the Unit Holder and paid to the distributor and the balance shall be invested in the

Scheme. The statement of account shall clearly state that the net investment as gross subscription less transaction charge and give the number of units allotted against the net investment.'

**D. Waiver of Load For Direct Applications**

*Not applicable*

**V. RIGHTS OF UNITHOLDERS**

Please refer to the SAI for details.

## **VI. PENALTIES, PENDING LITIGATION OR PROCEEDINGS, FINDINGS OF INSPECTIONS OR INVESTIGATIONS FOR WHICH ACTION MAY HAVE BEEN TAKEN OR IS IN THE PROCESS OF BEING TAKEN BY ANY REGULATORY AUTHORITY**

This section shall contain the details of penalties, pending litigation, and action taken by SEBI and other regulatory and Govt. Agencies.

1. All disclosures regarding penalties and action(s) taken against foreign Sponsor(s) may be limited to the jurisdiction of the country where the principal activities (in terms of income / revenue) of the Sponsor(s) are carried out or where the headquarters of the Sponsor(s) is situated. Further, only top 10 monetary penalties during the last three years shall be disclosed.

### **Not Applicable**

2. In case of Indian Sponsor(s), details of all monetary penalties imposed and/ or action taken during the last three years or pending with any financial regulatory body or governmental authority, against Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company; for irregularities or for violations in the financial services sector, or for defaults with respect to shareholders or debenture holders and depositors, or for economic offences, or for violation of securities law. Details of settlement, if any, arrived at with the aforesaid authorities during the last three years shall also be disclosed.

- a. RBI had issued Show Cause Notice vide its letter dated 27.7.2018 with respect to dispensation of two Children Bank Play Notes of Rs.500 each dispensed to two customers from ATM at Kidwai nagar branch, Kanpur in non-compliance to its Master Circular on Detection and Impounding of Counterfeit Notes dated July 20, 2017 and, the Circular on Sorting of Notes – Installation of Note Sorting Machines dated November 19, 2009 and the Bank submitted the response on 16.8.2018. The RBI vide its letter dated 30.1.2019 imposed a penalty of Rs.20 lakhs and the Bank paid the same on 5.2.2019.
- b. The RBI had issued Show Cause Notice vide its letter dated 29.8.2018 to the Bank for wrongfully collecting 105 DDs, each for the amount exceeding Rs.50,000, aggregating Rs.5.56 crores in the account of Satkar Co-operative Credit Society Ltd. in non-compliance to its Master Circular on 'Collection of Account Payee Cheques - Prohibition on Crediting Proceeds to Third Party Account' dated January 22, 2014 and for the delay in reporting of above fraud in non-compliance to Master Directions on 'Frauds - Classification and Reporting by commercial banks and select FIs' dated July 1, 2016. The Bank submitted the response on 17.9.2018. The RBI vide its letter dated 30.1.2019 imposed a penalty of Rs.2 Crore and the Bank has paid the same on 16.2.2019.
- c. The RBI had issued Show cause notice vide its letter dated 23.8.2018 to the Bank with respect to non-compliance to guidelines issued dated 20.2.2018 on 'Time-bound implementation & Strengthening of SWIFT related operational controls and the Bank submitted the response on 5.9.2018. The RBI vide its letter dated 25.2.2019 cautioned the Bank stating that any deficiency in this regard will attract penal action in future.
- d. RBI vide letter dated December 4, 2020 has imposed penalty of Rs.5 lakhs on the Bank with reference to bouncing of SGL for Rs.181.192 crores on November 20, 2020
- e. RBI vide letter dated January 07, 2021 issued Show Cause Notice (SCN) stating the Bank failed to put in place mandatory additional method of authentication (2 factor authentication) for the cases involving Straight Through Processing (STP) between Bank and Co-operative banks, which led to processing of 47 unauthorized transactions aggregating Rs.3.72 crores in respect of three Co-operative banks.
- f. RBI vide letter dated 18.01.2021 issued Show Cause Notice to the Bank stating non-compliance to directions issued by Cyber Security and Information Technology Examination (CSITE) Cell of Department of Supervision, RBI in the matter of fraud perpetrated by the employees of M/s. Eikon India Pvt. Ltd. (Vendor) (developer of FASTag application).
- g. RBI vide letter dated 21.01.2021 issued Show Cause Notice to the Bank stating the non-compliances observed and reported in Risk Assessment Reports of FY 2017, 2018 & 2019.

- h. The Reserve Bank of India (RBI) has imposed, by an order dated July 28, 2021, a monetary penalty of ₹5.00 crore (Rupees Five crore only) on Axis Bank Limited (the bank) for contravention of / non-compliance with certain provisions of directions issued by RBI on 'Strengthening the Controls of Payment Ecosystem between Sponsor Banks and SCBs/UCBs as a Corporate Customer' dated May 9, 2019, 'Cyber Security Framework in Banks' dated June 2, 2016, 'Reserve Bank of India (Financial Services provided by Banks) Directions, 2016' dated May 26, 2016 (Updated as on September 25, 2017), 'Financial Inclusion- Access to Banking Services – Basic Savings Bank Deposit Account' dated August 10, 2012 and 'Frauds – Classification and Reporting' dated July 02, 2012.
- i. The Reserve Bank of India (RBI) has imposed, by an order dated September 01, 2021, a monetary penalty of ₹25 lakh (Rupees Twenty five lakh only) on Axis Bank Limited (the bank) for contravention of/non-compliance with certain provisions of directions issued by RBI contained in the Reserve Bank of India – (Know Your Customer (KYC)) Direction, 2016.
- j. RBI has issued a Show Cause Notice dated 10.08.2021 to Axis Bank for Contravention / Non-compliance with Reserve Bank directions observed during statutory inspection with reference to financial position as on 31.03.2021. Axis Bank has submitted response vide e-mail dated 14.09.2021.
- k. Certain Advisory letter issued by RBI:
  - i) RBI has issued an advisory letter dated 23.06.2021, w.r.t. certain gaps observed by RBI in implementation of LEI system used by Axis Bank for borrowers of banks / reporting system
  - ii) RBI vide their letter dated 21.09.2021 expressed displeasure on the failure by the Bank in adhering to extant instructions concerning the reporting procedure and for not reporting the incidents in a timely manner.
  - iii) RBI issued letter dated September 28, 2021 w.r.t. High Percentage of rejection in cases forwarded to RBI on FIRMS Portal Non Compliance to instructions issued under FEMA.
  - iv) RBI vide their letter dated 16.12.2021 has referred to the incidents reported by bank on 05.08.2021 regarding detection of local intrusion/ malware in various ATMs.
  - v) RBI vide letter dated 16.12.2021 to the Bank with respect to FX- Retail Platform. RBI has been asking banks to take steps to increase awareness and participation on FX-Retail platform. In this regard, the bank has been advised to take urgent measures to facilitate use of the platform by desirous customers, sensitize banks dealing officials about the platform and take steps to offer it in a fair manner.

3. Details of all enforcement actions taken by SEBI in the last three years and/ or pending with SEBI for the violation of SEBI Act, 1992 and Rules and Regulations framed there under including debarment and/ or suspension and/ or cancellation and/ or imposition of monetary penalty/adjudication/enquiry proceedings, if any, to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel (especially the fund managers) of the AMC and Trustee Company were/ are a party. The details of the violation shall also be disclosed.

**Nil**

4. Any pending material civil or criminal litigation incidental to the business of the Mutual Fund to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel are a party should also be disclosed separately.

**Nil**

5. Any deficiency in the systems and operations of the Sponsor(s) and/ or the AMC and/ or the Board of Trustees/Trustee Company which SEBI has specifically advised to be disclosed in the SID, or which has been notified by any other regulatory agency, shall be disclosed.

**Nil**



The Scheme under this Scheme Information Document was approved by the Trustee Company on June 03, 2022. The Trustee has ensured that the Scheme is a new product offered by Axis Mutual Fund and is not a minor modification of its existing schemes. Further, the Trustee granted its approval for the listing the Units of the Scheme in dematerialized form. It is ensured by the Trustee that the Scheme has received in-principle approval for listing on June 9, 2022 & June 8, 2022 from National Stock Exchange of India Limited & Bombay Stock Exchange respectively and that the appropriate disclosures pertaining to listing of Units is made in this Scheme Information Document.

**Notwithstanding anything contained in this Scheme Information Document, the provisions of the SEBI (Mutual Funds) Regulations, 1996 (MF Regulations) and circulars issued from time to time will prevail.**

**for and on behalf of  
Axis Asset Management Company Limited**

**Sd/-  
Chandresh Kumar Nigam  
Managing Director &  
Chief Executive Officer**

**Date: February 27, 2023**