

Be part of the junior league
by investing in

AXIS NIFTY SMALLCAP 50 INDEX FUND

(An open-ended Index Fund tracking the NIFTY Smallcap 50 Index)

NFO period: 21st February to 7th March 2022



Product Labeling & Riskometer

Fund Name & Benchmark

AXIS NIFTY SMALLCAP 50 INDEX FUND

(An open ended Index Fund tracking the NIFTY Smallcap 50 Index)

Benchmark:

Nifty Smallcap 50 Index TRI

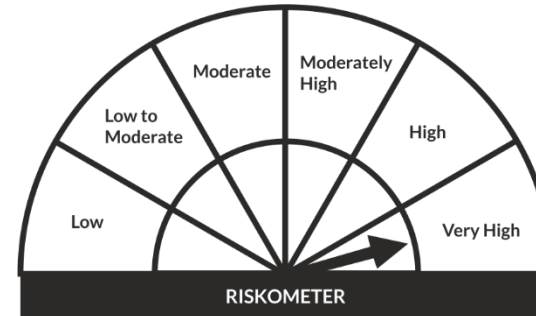
Product Labelling

This product is suitable for investors who are seeking*

- Long term wealth creation solution
- An index fund that seeks to track returns by investing in a basket of Nifty Smallcap 50 Index stocks and aims to achieve returns of the stated index, subject to tracking error.

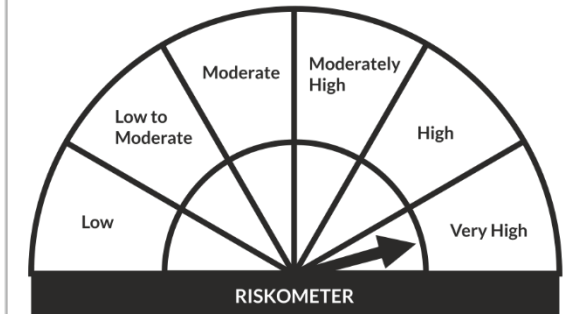
*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

Product Riskometer



Investors understand that their principal will be at very high risk

Benchmark Riskometer



Nifty Smallcap 50 Index TRI

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

What are the different market segments?

Understanding market capitalization



Large Cap

Defined as Top 100 companies by market capitalization in India



Mid Cap

Defined as the 101 to 250th companies by market capitalization in India



Small Cap

Defined as the 251st and lower companies by market capitalization in India

Market caps are defined as per SEBI regulations as below: a. Large Cap: 1st -100th company in terms of full market capitalization. b. Mid Cap: 101st -250th company in terms of full market capitalization. c. Small Cap: 251st company onwards in terms of full market capitalization.

What are the different market segments?

Understanding market capitalization



Large Cap

- Generally large, established businesses
- These companies dominate the industry and are stable
- Often less volatile and highly liquid



Mid Cap

- Midsized companies which are still getting established
- Generally, have higher growth prospects
- Slightly volatile and quite liquid






Small Cap

- Most high-risk segment with emerging companies
- Opportunity for huge growth but drawdowns also
- Highly volatile and not very liquid

What are the different market segments?

Key Characteristics

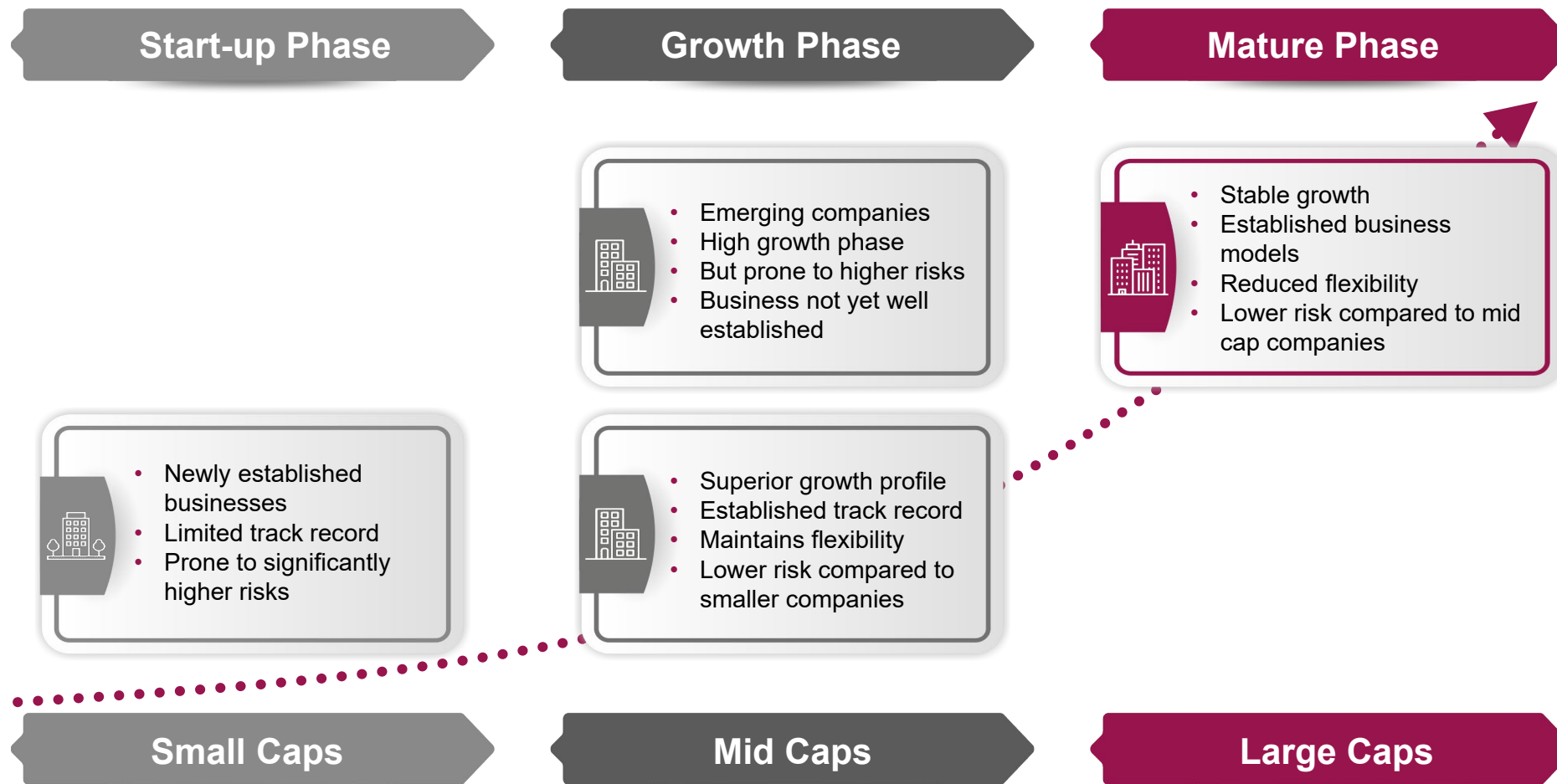
	 Large Cap (1-100)	 Mid Cap (101-250)	 Small Cap (251-Onwards)
Avg. daily traded value 6M	36,870	16,801	7,901
Total free float (Lakh Cr)	88	16	7
Total market cap (Lakh Cr)	177	41	23
Average FII holding	22%	14%	9%
Sector focus	Banks, Insurance, IT, Auto, Conglomerates	Industrials, MFI, NBFCs, Auto Ancillaries, Pharma API, Real Estate	Chemicals, Consumer Durables, Textiles

Source: Bloomberg, BSE, Axis MF Research.

Data as on 31st January 2022, Values in INR. Market caps are defined as per SEBI regulations as below: a. Large Cap: 1st -100th company in terms of full market capitalization. b. Mid Cap: 101st -250th company in terms of full market capitalization. c. Small Cap: 251st company onwards in terms of full market capitalization. Sector(s) / Stock(s) / Issuer(s) mentioned above are for the purpose of illustration and should not be construed as recommendation. The fund manager(s) may or may not choose to hold the stock mentioned, from time to time. Investors are requested to consult their financial, tax and other advisors before taking any investment decision(s).

A company can be in different segments over their lifecycle

Traditional Life Cycle of a company



Market caps are defined as per SEBI regulations as below: a. Large Cap: 1st -100th company in terms of full market capitalization.
 b. Mid Cap: 101st -250th company in terms of full market capitalization. c. Small Cap: 251st company onwards in terms of full market capitalization.

Smallcaps are the stepping stones to Midcaps & Largecaps

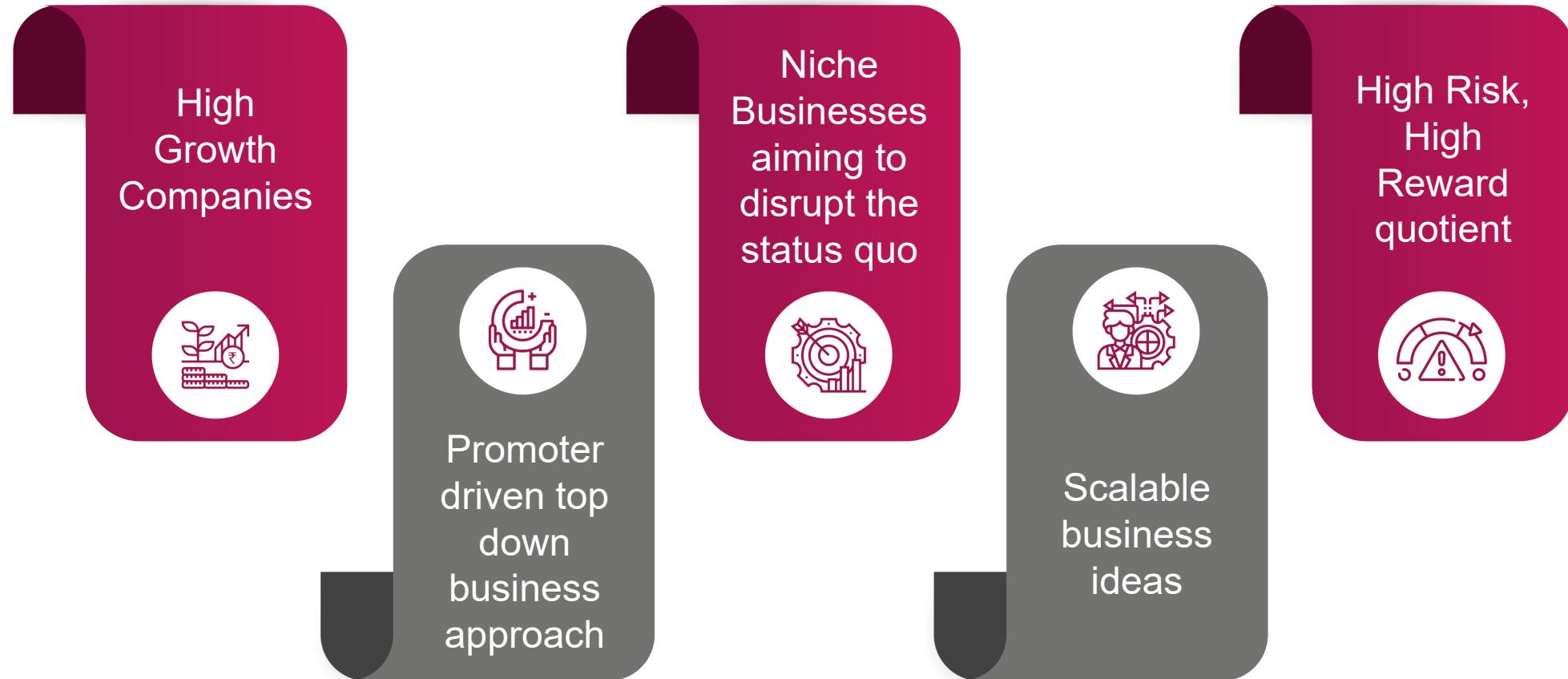
Only good companies are able to make the transition

	Market cap buckets (Dec 2021)				Grand Total
	Large cap	Midcap	Small cap	Merged/ Acquired/ Delisted	
No of companies that were large cap 10 years back are now	52	33	10	5	100
No of companies that were mid cap 10 years back are now	22	37	68	23	150
No of companies that were small cap 10 years back are now	2	11	202	35	251

Source: Bloomberg, NSE, Axis MF Internal Analysis.

Past performance may or may not be sustained in the future. Above illustration includes data for all listed companies only in Nifty 500 Index. For the above analysis, Top 100 companies by market cap are considered as large cap companies, 101st to 250th companies as midcap companies and the rest as small cap companies. Data period: 31st Dec 2011 – 31st Dec 2021.

Characteristics of Smallcap Stocks



Investors need to be picky in Smallcaps

What does Axis look for in Smallcaps?



Quality

- Strong promoter pedigree, corporate governance and management with sound track record of execution
- Capable of sustaining good RoEs* and RoCEs*



Scalability

- Business model with sustainable multi-year growth potential



Stability

- Offers sustainable return potential with lower volatility
- Ability to withstand event shocks
- Sound balance sheet

How do we achieve this in the passive context?

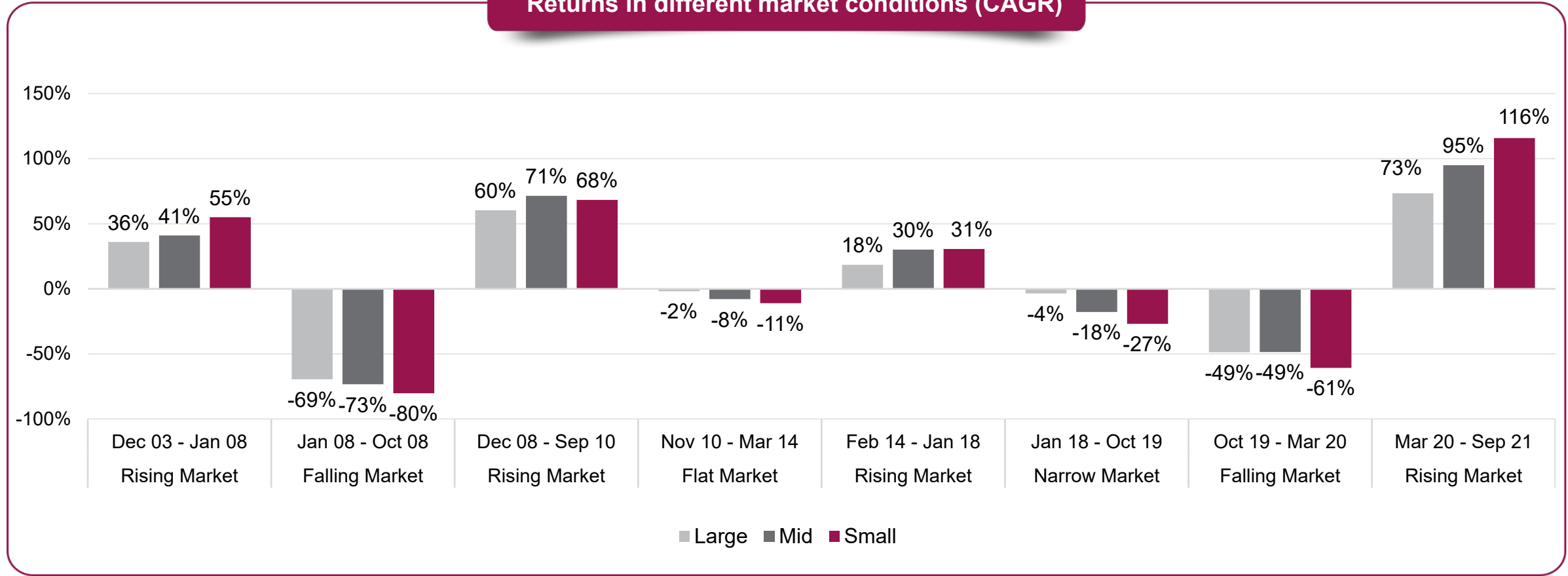
We rely on the market's ability to identify niche high performing growth businesses

- Selecting the most liquid small caps by average daily turnover over a 6 month period – **Liquidity reduces the risk of getting stuck**
- Higher weights assigned to companies with larger float. – **Greater non promoter ownership, better business practices**
- Securities excluded if stock falls below the 130th rank based on full market cap – **Weeding out non performing businesses**

Different segments work in different phases

Large caps provide cushion during tough market conditions while Mid and Small help drive alpha

Returns in different market conditions (CAGR)



Source: Bloomberg, Axis MF Research.

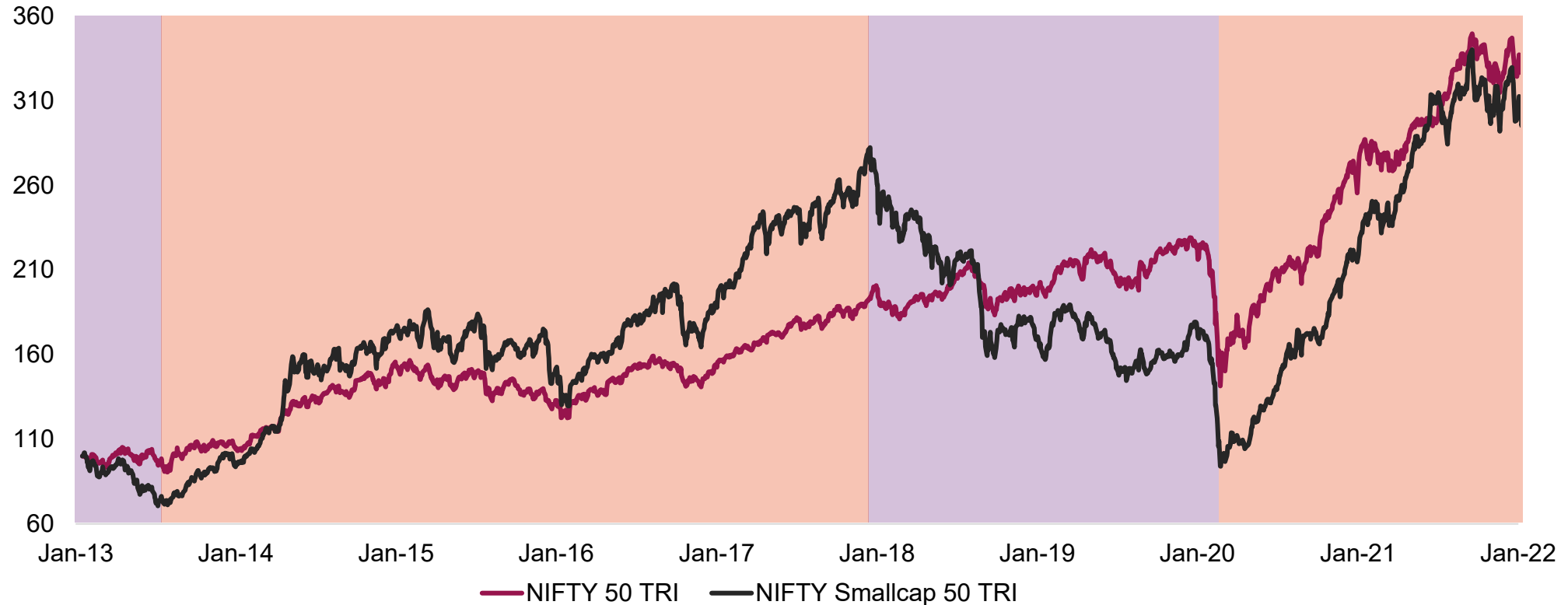
Past performance may or may not be sustained in future. Data for last 15 years. Data As on 30th September 2021.

Large: Nifty 50, Mid: Nifty Midcap 100, Small: Nifty Smallcap 100. The performance figures pertain to the Index and do not in any manner indicate the returns/performance of the Scheme.

Performance

Smallcaps perform in times of broad based market conditions

Smallcaps are often Cyclical stories



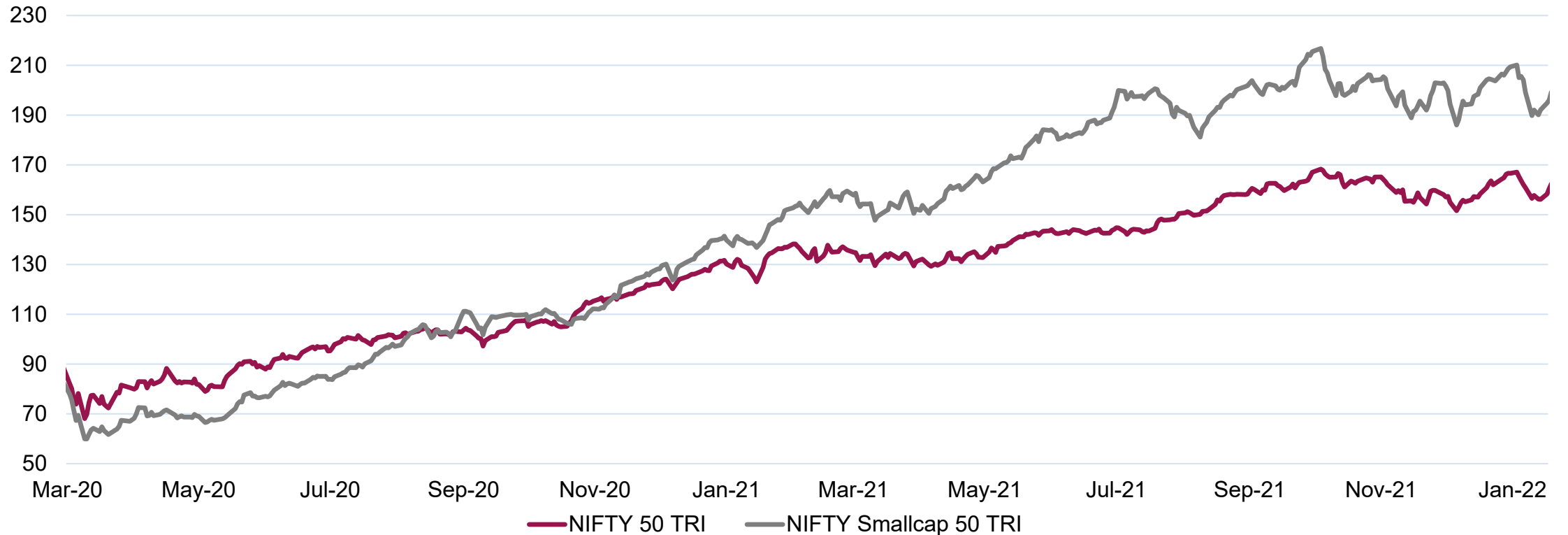
Source: NSE. Axis MF Research.

Data as of 31st January 2022. Index values normalized to 100 on 1st January 2013. Market cycles based on index performance and are intended for illustrative purposes only. **Past performance may or may not be sustained in the future.** The performance figures pertain to the Index and do not in any manner indicate the returns/performance of the Scheme.

Performance

Post Covid Recovery testament to Smallcap Performance

Smallcap Stocks have outperformed Largecap Peers



Source: NSE. Axis MF Research

Data captured from the first Covid national lockdown in India on March 23rd 2020 till 31st January 2022. Index values normalized to 100 on 1st March 2020. **Past performance may or may not be sustained in the future.** The performance figures pertain to the Index and do not in any manner indicate the returns/performance of the Scheme.

Introducing NIFTY Smallcap 50 Index

- The index represents top 50 companies selected based on average daily turnover from the top 100 companies selected based on full market capitalization in NIFTY Small cap 250 Index
- NIFTY Small cap 50 Index is computed using free float market capitalization method, wherein the level of the index reflects the total free float market value of all the stocks in the index relative to particular base market capitalization value
- Index is re-balanced on semi-annual basis

Sector Representation

Sector	Weight (%)
Financial Services	34.54
IT	18.31
Consumer Goods	10.25
Pharma	6.78
Media, Entertainment & Fertilisers & Pesticides	4.79
Industrial Manufacturing	4.19
Chemicals	3.99
Textiles	3.91
Construction	3.47
Power	2.77
Cement & Cement Products	2.32
Telecom	1.67
Automobile	1.61
Services	1.01
	0.39

Top constituents by weightage

Company's Name	Weight (%)
Indian Energy Exchange Ltd.	7.75
Central Depository Services (India) Ltd.	5.42
IDFC Ltd.	3.74
Radico Khaitan Ltd.	3.72
Multi Commodity Exchange of India Ltd.	3.38
Birlasoft Ltd.	3.37
Cyient Ltd.	3.34
Computer Age Management Services Ltd.	3.24
Indiabulls Housing Finance Ltd.	3.17
Happiest Minds Technologies Ltd.	3.13

Source: NIFTY Indices. Data as of 31st January 2022.

Stocks/sectors mentioned are meant for illustrative purposes only and should not be considered as investment advice.

Index Methodology

Leveraging the market's ability to identify the best Smallcap ideas

Inclusion Factors

- Companies must form part of NIFTY Smallcap 250
- Preference for top 30 companies by average daily turnover from the 100 largest Smallcap companies by full float market cap

Exclusion Factors

- Rank based on full market capitalization falls below 130 in NIFTY Smallcap 250
- Average daily turnover rank falls below 80 out of top 130 constituents
- Exclusion from NIFTY Smallcap 250 Index

Special factor for Newly listed Companies

Criteria checked based on the data for a three-month period instead of normal six-month period for older listed companies

Performance

Smallcaps have been alpha generators in Growth Cycles

Smallcaps have outperformed in 8/16 years

CY	NIFTY 50 TRI	NIFTY Smallcap 50 TRI	Period
2006	41.90%	24.41%	Growth
2007	56.80%	122.07%	Growth
2008	-51.32%	-72.60%	Down cycle
2009	73.24%	112.33%	Recovery
2010	19.22%	8.73%	Uncertainty
2011	-23.81%	-39.49%	Uncertainty
2012	29.43%	36.19%	Recovery
2013	7.24%	-10.57%	Uncertainty
2014	32.95%	62.88%	Growth
2015	-3.03%	3.12%	Growth
2016	4.17%	-1.02%	Growth
2017	30.27%	55.31%	Growth
2018	5.59%	-32.53%	Uncertainty
2019	12.98%	-10.50%	Uncertainty
2020	16.01%	26.12%	Recovery
2021	25.59%	52.04%	Growth
CYTD 2022	-0.06%	-3.05%	Uncertainty

Growth Cycle is currently underway

	NIFTY 50 TRI	NIFTY Smallcap 50 TRI
YTD	-0.06%	-3.05%
1 Year	20.58%	27.22%
3 Year	18.36%	21.48%
5 Year	16.61%	10.24%

Source: NIFTY Indices. Axis MF Research.

Data as of 31st January 2022. **Past performance may or may not be sustained in the future.** The performance figures pertain to the Index and do not in any manner indicate the returns/performance of the Scheme.

Valuation Metrics

As of 31st January 2022

Index	P/E	P/B	Div yield	StDev (1 Yr)	Beta (1 Yr)
NIFTY 50	23.42	4.37	1.2	15.68%	1
NIFTY NEXT 50	22.13	4.19	1.36	16.26%	0.83
Nifty Midcap 50	28.52	3.25	1.05	21.84%	1.09
Nifty Smallcap 50	33.05	3.6	0.86	19.95%	0.86

Source: NIFTY Indices. Axis MF Research

Past performance may or may not be sustained in the future. Indices are representative of the relative valuations of largecaps midcaps and smallcaps. The data should not be construed as a recommendation or advise to invest in particular equity segments. The performance figures pertain to the Index and do not in any manner indicate the returns/performance of the Scheme.

P/E – Price to Earnings, P/B – Price to book, Standard deviation is a measure of 1 year volatility in performance,

Why invest in an index fund?

Because you want to have...

Because you want to avoid...

Rule Based Investing

01

Actively managed portfolios

Consistent & Transparent style

02

Fund manager value addition

Low Churn Stable Portfolio

03

Uncertainty on potential alpha

Market-linked returns

04

Scheme Facts



Category
Index Fund



Fund manager
Jinesh Gopani



Exit Load
Nil



Benchmark
NIFTY Smallcap 50 TRI Index



Min. Application amount
Rs. 5,000 and in multiples of Re. 1/- thereafter

Disclaimer, Statutory Details and Risk Factors

Data updated As on 31st January 2022.

NSE Disclaimer: It is to be distinctly understood that the 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 certify the correctness or completeness of any of the contents of the Scheme Information Document. The investors are advised to refer to the Scheme Information Document for the full text of the 'Disclaimer Clause of NSE.

The Axis Smallcap 50 Index Fund offered by “the issuer” is not sponsored, endorsed, sold or promoted by NSE Indices Limited (formerly known as India Index Services & Products Limited (IISL)). NSE Indices Limited does not make any representation or warranty, express or implied (including warranties of merchantability or fitness for particular purpose or use) and disclaims all liability to the owners of Axis Nifty Smallcap 50 Index Fund or any member of the public regarding the advisability of investing in securities generally or in the Axis Smallcap 50 Index Fund linked to Nifty Smallcap 50 Index TRI or particularly in the ability of the Nifty Smallcap 50 Index TRI to track general stock market performance in India. Please read the full Disclaimers in relation to the Nifty Smallcap 50 Index TRI in the in the Offer Document/ Prospectus/ Scheme Information Document.

Sector(s)/ Stock(s)/ Issuer(s) mentioned above are for the purpose of disclosure of the portfolio of the Scheme(s) and should not be construed as recommendation. The fund manager(s) may or may not choose to hold the stock mentioned, from time to time. Investors are requested to consult their financial, tax and other advisors before taking any investment decision(s). **Statutory Details:** Axis Mutual Fund has been established as a Trust under the Indian Trusts Act, 1882, sponsored by Axis Bank Ltd. (liability restricted to Rs. 1 Lakh). **Trustee:** Axis Mutual Fund Trustee Ltd. **Investment Manager:** Axis Asset Management Co. Ltd. (the AMC). **Risk Factors:** Axis Bank Limited is not liable or responsible for any loss or shortfall resulting from the operation of the scheme. This document represents the views of Axis Asset Management Co. Ltd. and must not be taken as the basis for an investment decision. Neither Axis Mutual Fund, Axis Mutual Fund Trustee Limited nor Axis Asset Management Company Limited, its Directors or associates shall be liable for any damages including lost revenue or lost profits that may arise from the use of the information contained herein. No representation or warranty is made as to the accuracy, completeness or fairness of the information and opinions contained herein. The AMC reserves the right to make modifications and alterations to this statement as may be required from time to time.

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

Thank You