

Axis Nifty500 Value 50 Index Fund

(An Open-Ended Index Fund tracking Nifty500 Value 50 TRI)

NFO Opens : 4th Oct 2024

NFO Closes : 18th Oct 2024

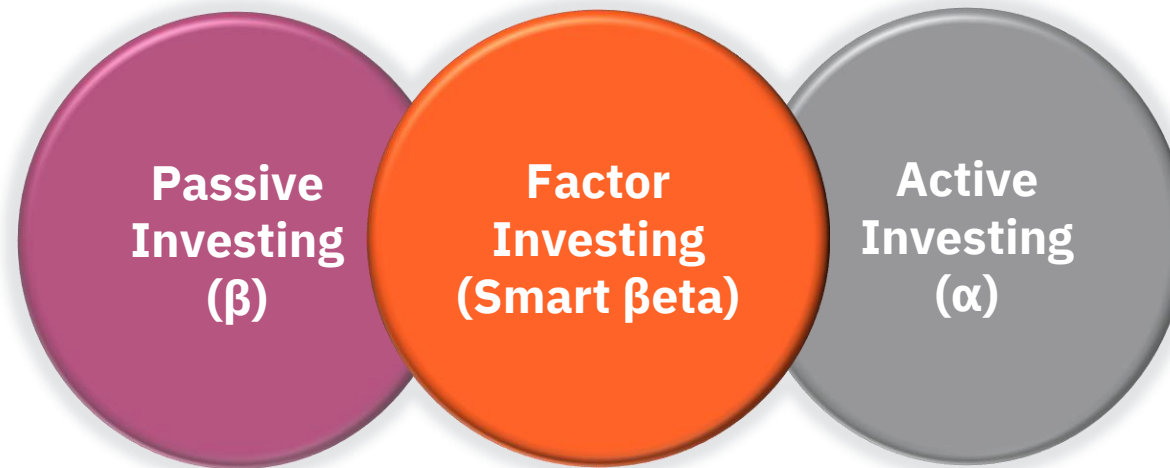


What is Factor Investing?



Factor Investing – Combination of both worlds

Factor investing sits between Active and Passive investing and looks to combine the best of both worlds



Passive Investing	Factor Investing	Active Investing
Market Return	Combination of both worlds (beta and alpha) (aka - Smart Beta / Factors)	Potential to outperform market
Low cost		Stock Selection based on stock attributes
Rule based framework		Fund Manager risk
Transparent		Identify factors to generate alpha

Chart above is to explain the concept of factor investing; however, the scheme (underlying) follows a passive investing strategy.

What are Factors?

A factor is any characteristic that helps explain the long-term risk and return of an asset/stock.

Among many, commonly **popular factors are Momentum, Low Volatility, Quality and Value.**

Like in cricket attacking, classic and defensive batsmen play an important role to build solid batting lineup; adding factor(s) to your portfolio, could make difference to your portfolio performance.

Attack



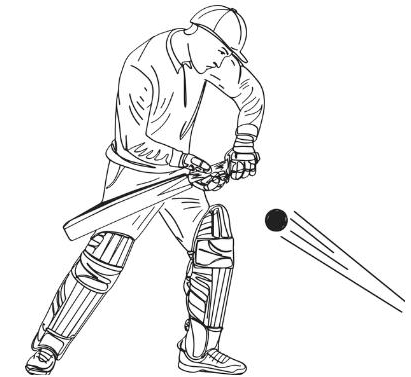
Momentum investing capitalizes aggressively during the bull markets, similar to an **attacking batsman**.

Class



Value investing relates to classic approach and performs during recovery phase like a **batsman's class** to build solid innings.

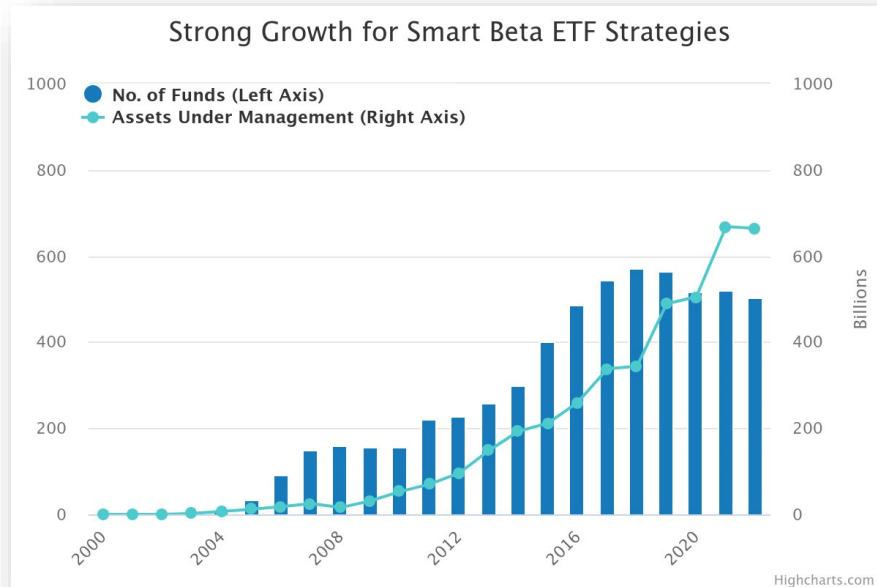
Defence



Low volatility & Quality investing aims for stable returns while reducing risk like a **defensive batsman** protecting their wicket.

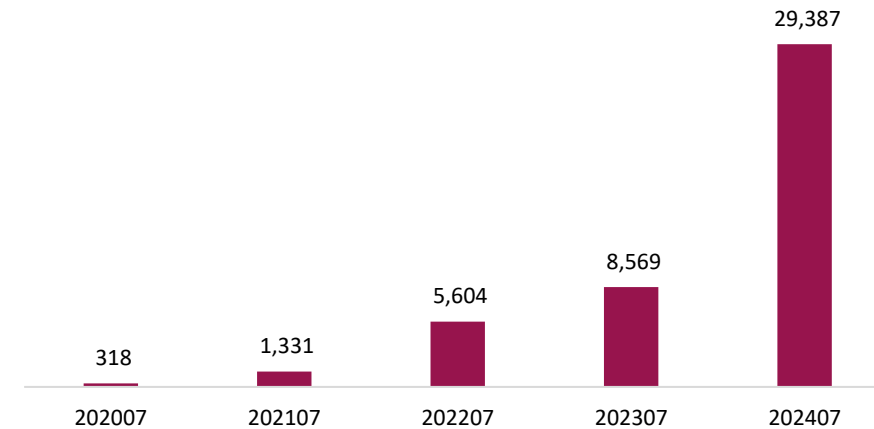
USD 664 Billion AUM tracking Factors in USA

India grew to INR 30,000 cr as of Jul 2024 from 700 cr in 2021



- Factor funds in US dates back as early as year 2000
- With 500+ factor funds, US has grown to USD 665 bln AUM as of Dec 2022

Growth of Factor Index Funds & ETFs in India



- Over last 4 years investors in India started showing interest in Factor based strategy.
- Today it is already INR 30,000 cr. from INR 300 cr. 4 year ago.

Are you a Factor investor?

Do you look for one or more of the following when selecting which stocks to invest in?



Introducing the 'Value' factor



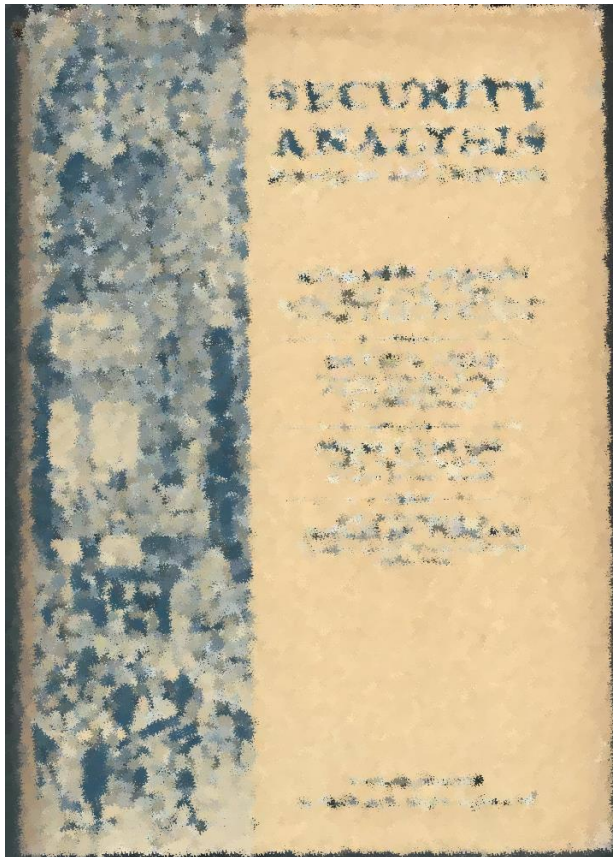
What is Value?

If you do any or all of the following, **you are a 'Value' investor**

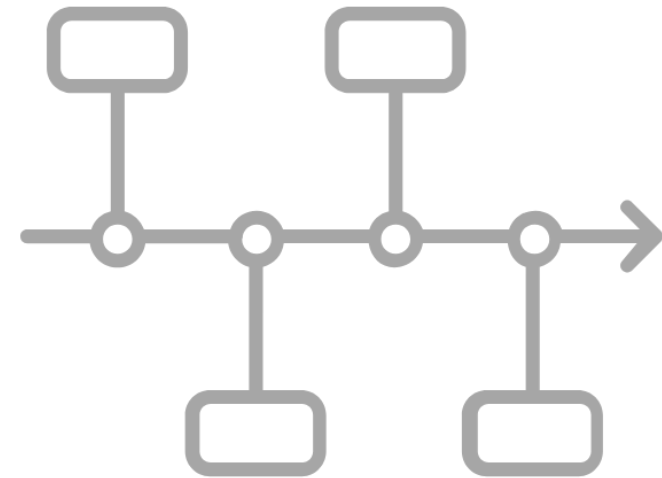
- Buying a mobile phone online – **wait till late night for prices to drop**
- Booking a flight ticket – **juggle between different credit cards for best offers**
- Shopping at town's popular mall – **wait for Monsoon or Diwali sale**
- Booking a table at fine dine restaurant – **book through an app that offers highest discount**
- **Investing in a company – prefer stocks at less expensive valuation multiples**

In essence, we are trying to get certain value at lower price.

Oldest styles of investing



- The **book “Security Analysis”** written by Benjamin Graham and David Dodd, **first published in 1934**.
- This book is **considered a foundational text** in the field of **value investing**.
- **It widely used factor globally as well as in India.**



Source:

https://web.archive.org/web/20170808215345id_/http://s3.amazonaws.com/zanran_storage/faculty.haas.berkeley.edu/ContentPages/2529798149.pdf

Principle of Value Investing

In the **realm of Investing**

Philosophy - The Value factor is based on a notion that **stocks that are inexpensive** relative to some measure of fundamental value, **outperform those that are pricier in the long term.**

At the core of value investing is the belief that “cheaply” valued assets tend to outperform “richly” valued assets over a long horizon.



How does Value Investing work?

1

**Buy stock that
are trading at
attractive
valuations**

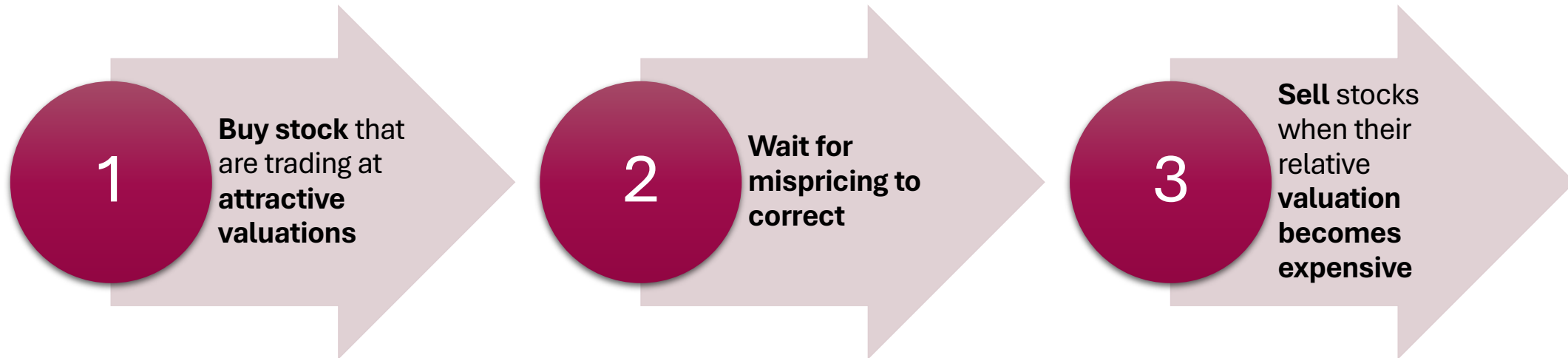
**"We know from experience that eventually the market catches up with value.
It realises it in one way or another." Benjamin Graham 1955.**

How does Value Investing work?



"We know from experience that eventually the market catches up with value. It realises it in one way or another." Benjamin Graham 1955.

How does Value Investing work?



"We know from experience that eventually the market catches up with value. It realises it in one way or another." Benjamin Graham 1955.

Finding Value Stocks

Know your 'Value' descriptors

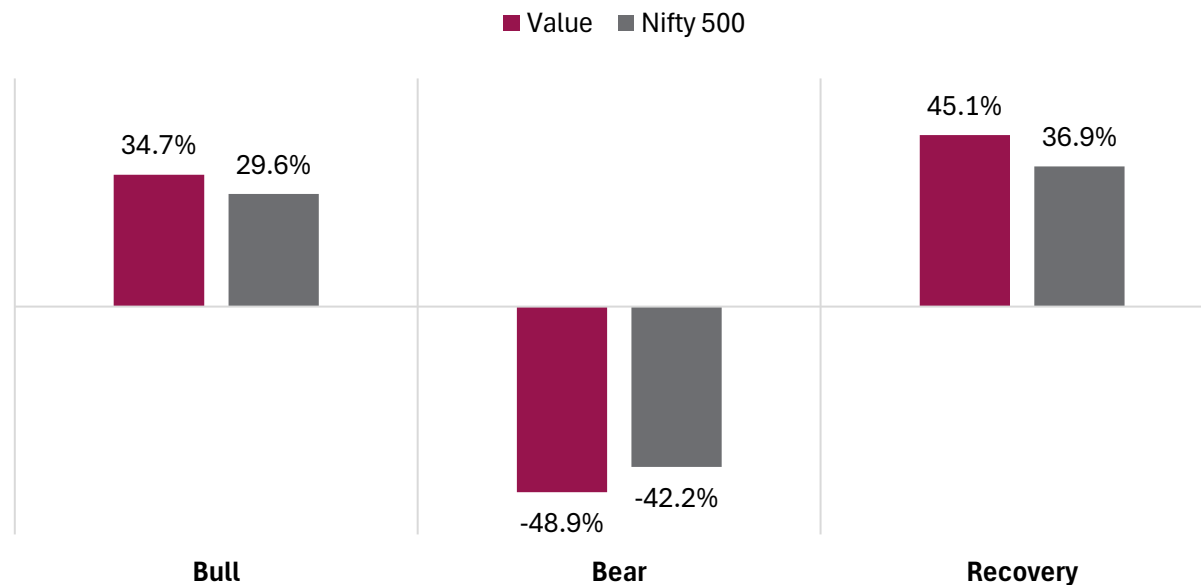
P/E Price to Earnings	P/BV Price to Book Value	P/S Price to Sales	Dividend Yield
<ul style="list-style-type: none">• Earnings per share (EPS) compared to stock's price• Lower P/E multiple indicates better earnings per share in relation to stock's price	<ul style="list-style-type: none">• Book Value per share compared to stock's price• Book Value of company indicates net worth of the company• Lower P/BV means higher book value for the stock price	<ul style="list-style-type: none">• Sales per share compared to stock's price• Lower P/S multiple indicates attractive valuation	<ul style="list-style-type: none">• Dividend per share compared to stock's price• Higher dividend paid per stock indicates good value stock
Lower the better	Lower the better	Lower the better	Higher the better

Explainer - *Book value is the value of a company's assets after netting out its liabilities. It approximates the total value shareholders would receive if the company were liquidated.

When does the 'Value' work?

Empirical evidence

Historical Performance of Value During Market Phases



'Value' works best during RECOVERY and BULL phase



Axis Nifty500 Value 50

Index Fund



Product Label

- Axis Nifty500 Value 50 Index Fund**

This product is suitable for investors who are seeking*:	Scheme Risk-o-meter	Benchmark Risk-o-meter Nifty500 Value 50 TRI
<ul style="list-style-type: none">Long term wealth creation solutionAn index fund that seeks to track returns by investing in a basket of Nifty500 Value 50 stocks and aims to achieve returns of the stated total return index, subject to tracking error.	 <p>Riskometer Investors understand that their principal will be at Very High risk</p>	 <p>Riskometer</p>



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

Scheme Details

Axis Nifty500 Value 50 Index Fund



Type of Scheme

An Open-Ended Index Fund tracking Nifty500 Value 50 TRI



Minimum Application size

- **During NFO:**

Rs. 100 and in multiples of Re. 1/- thereafter

- **On Continuous basis**

Rs. 100 and in multiples of Re. 1/- thereafter



Exit Load

0.25% - If redeemed / switch out within 15 days of allotment

Nil - If redeemed/ switched out after 15 days from the date of allotment



Benchmark

Nifty500 Value 50 TRI



Investment Objective

To provide returns before expenses that correspond to the Nifty500 Value 50 TRI subject to tracking error.

There is no assurance that the investment objective of the scheme will be achieved.



Inception Date

To be announced



Fund Manager

- Mr. Karthik Kumar
- Mr. Hitesh Das



Total Expense Ratio

To be announced

NFO Opens : 4th Oct 2024

NFO Closes : 18th Oct 2024

For complete details, read Scheme Information Document (SID), or reach out to your financial advisor

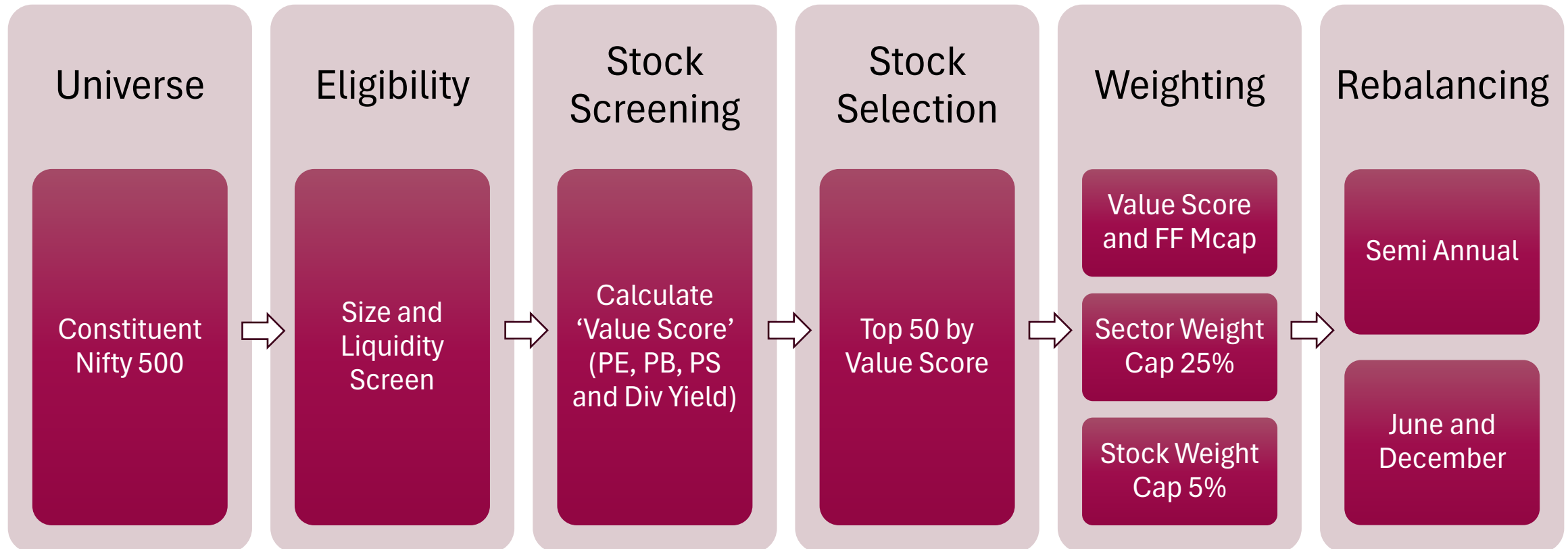
Nifty500 Value 50 Index

Deep Dive



Index Methodology

Snapshot

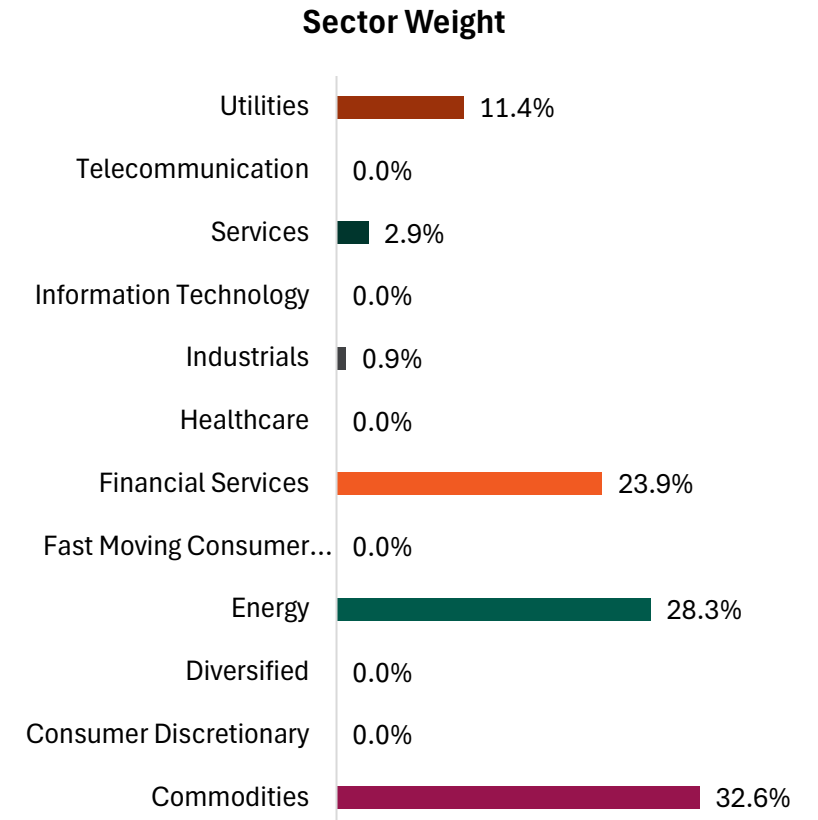
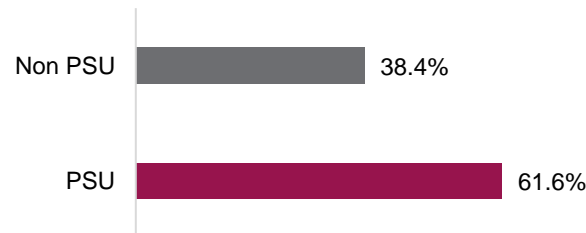


Composition

Top 10 Stocks, Size and Sector weights

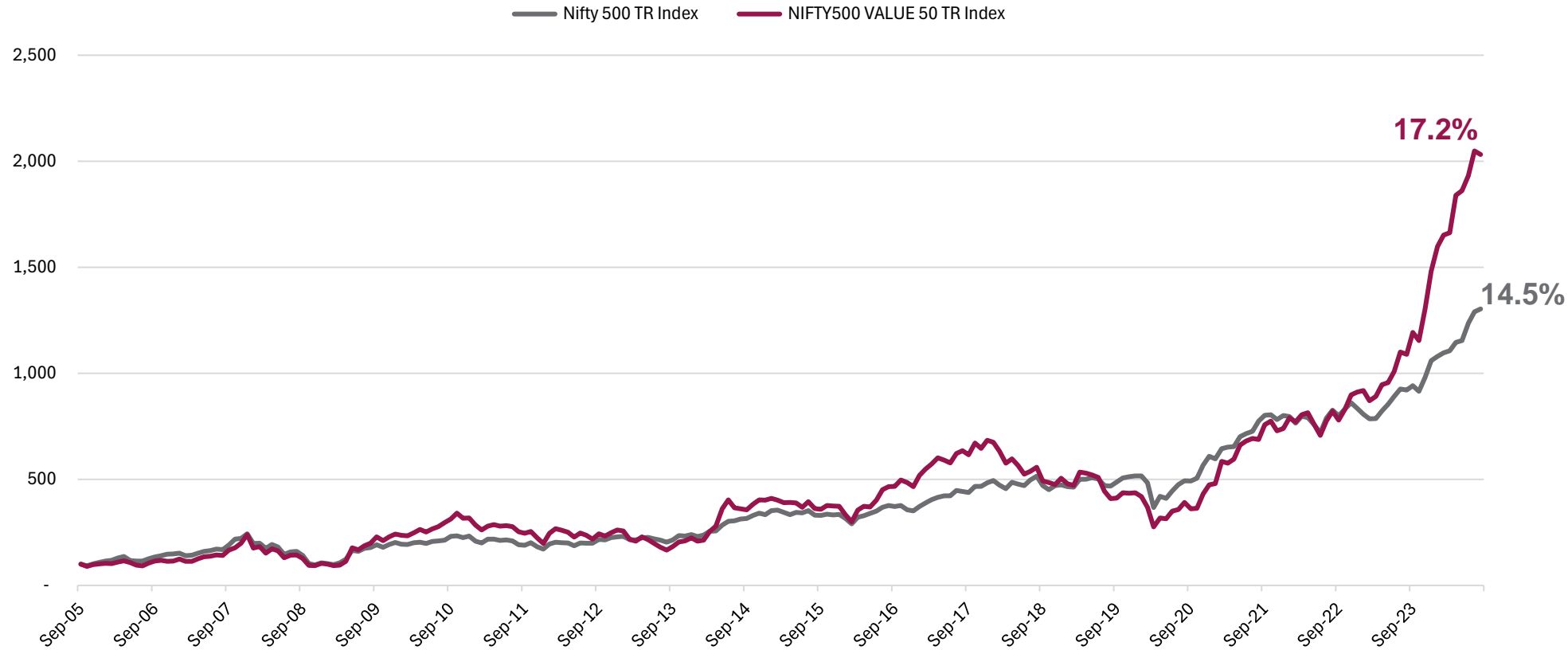
	Stock Name	Weight	SIZE	SECTOR
1	Oil & Natural Gas Corporation Ltd.	5.9%	Large Cap	Energy
2	NTPC Ltd.	5.5%	Large Cap	Utilities
3	Coal India Ltd.	5.3%	Large Cap	Energy
4	Grasim Industries Ltd.	5.1%	Large Cap	Commodities
5	Vedanta Ltd.	4.9%	Large Cap	Commodities
6	Power Grid Corporation Of India Ltd.	4.9%	Large Cap	Utilities
7	Hindalco Industries Ltd.	4.8%	Large Cap	Commodities
8	State Bank Of India	4.6%	Large Cap	Financial Services
9	Indian Oil Corporation Ltd.	4.3%	Large Cap	Energy
10	Tata Steel Ltd.	4.1%	Large Cap	Commodities
Total		49.3%		

Size (SEBI)	Weight
Large Cap	67.4%
Mid Cap	19.3%
Small Cap	13.4%
Total	100.0%



Performance – Line Chart

Nifty500 Value 50 has outperformed Nifty 500 over long term



Source: NSE and BSE Indices, Data from 16-Sep-2005 to 30-Aug-2024; Past performance may or may not be sustained in the future. The above information should not be construed as promise, guarantee or forecast of returns. Table / Charts mentioned above are used to explain the concept and is for illustration purpose only.

Performance - Risk-Return Profile

	Data Label	Nifty 50 TR Index	Nifty 500 TR Index	NIFTY500 Value 50 TR Index
CAGR	1 Year	32.6%	41.6%	86.6%
	3 Year	15.2%	18.9%	43.5%
	5 Year	19.4%	22.7%	37.8%
	10 Year	13.6%	15.3%	18.9%
	15 Year	13.3%	14.2%	16.8%
	Since Sep 2005	14.1%	14.5%	17.2%
Risk / Volatility	1 Year	13.2%	14.3%	25.6%
	3 Year	14.1%	14.5%	21.4%
	5 Year	19.2%	18.6%	24.9%
	10 Year	16.5%	16.4%	23.6%
	15 Year	16.8%	16.4%	23.8%
	Since Sep 2025	21.4%	20.8%	26.4%

- Value is traditional and one of the oldest factor
- It has outperformed Nifty500 amid more volatility

Performance - Index SIP Returns

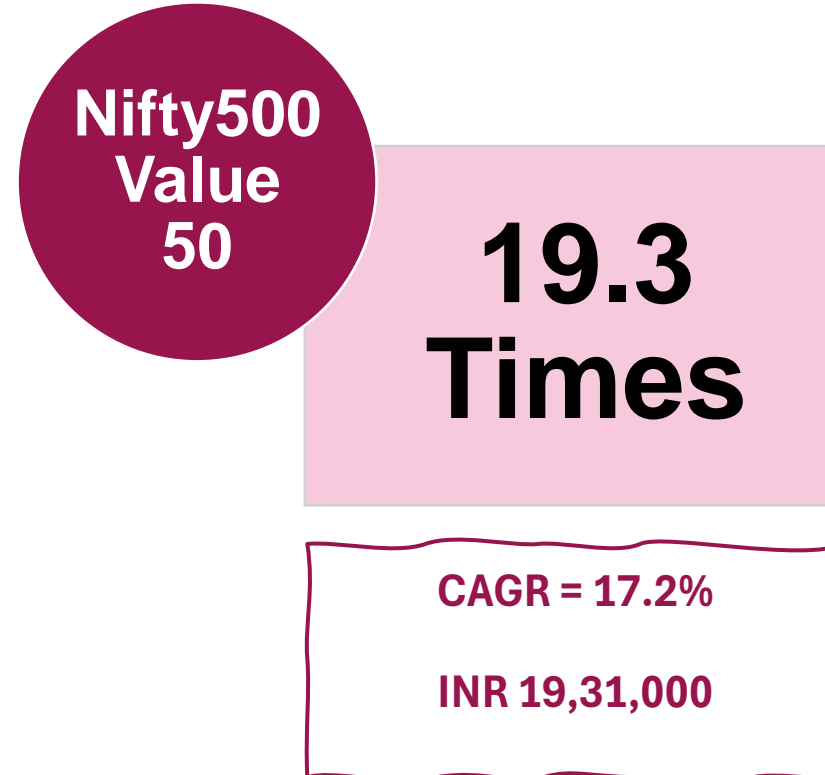
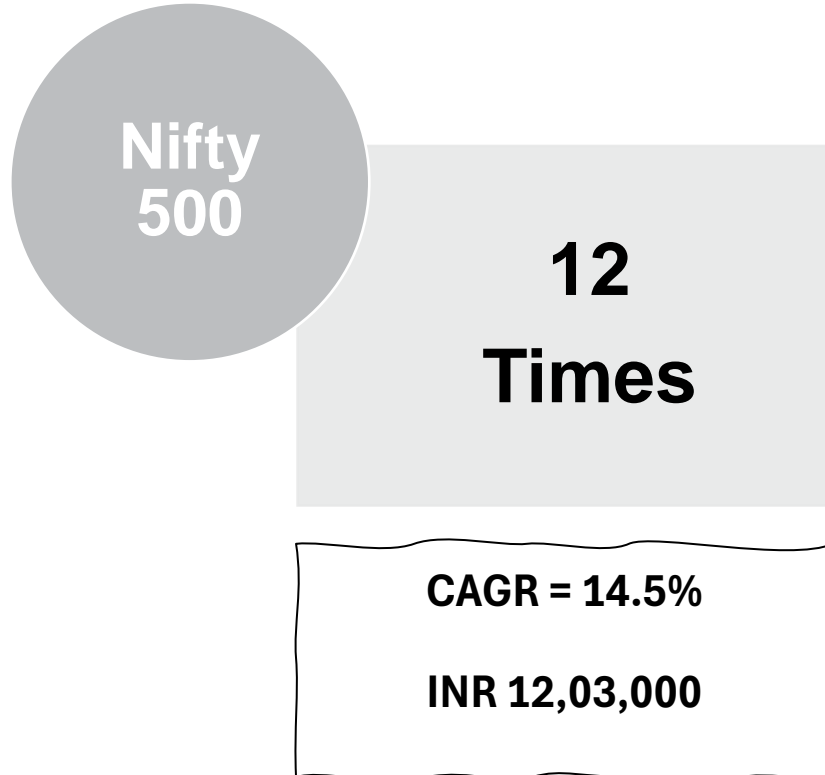
Description	1 Year	3 Year	5 Year	10 Year
XIRR (Returns)	67.6%	53.8%	48.1%	25.1%
Amount Invested	1,20,000	3,60,000	6,00,000	12,00,000
Market Value	1,60,168	7,48,056	19,01,233	45,38,805

Nifty500 Value 50 TR Index noted the **XIRR of 25.1%** over last 10 years.

Data as 30-Aug-2024, for SIP returns, monthly investment of INR 10,000 invested on the first business day of every month has been considered. Performance is calculated using Total Return Index (TRI), with zero cost / expenses and tracking difference / error. Past Performance may or may not be sustained in future.

Staying long term helps

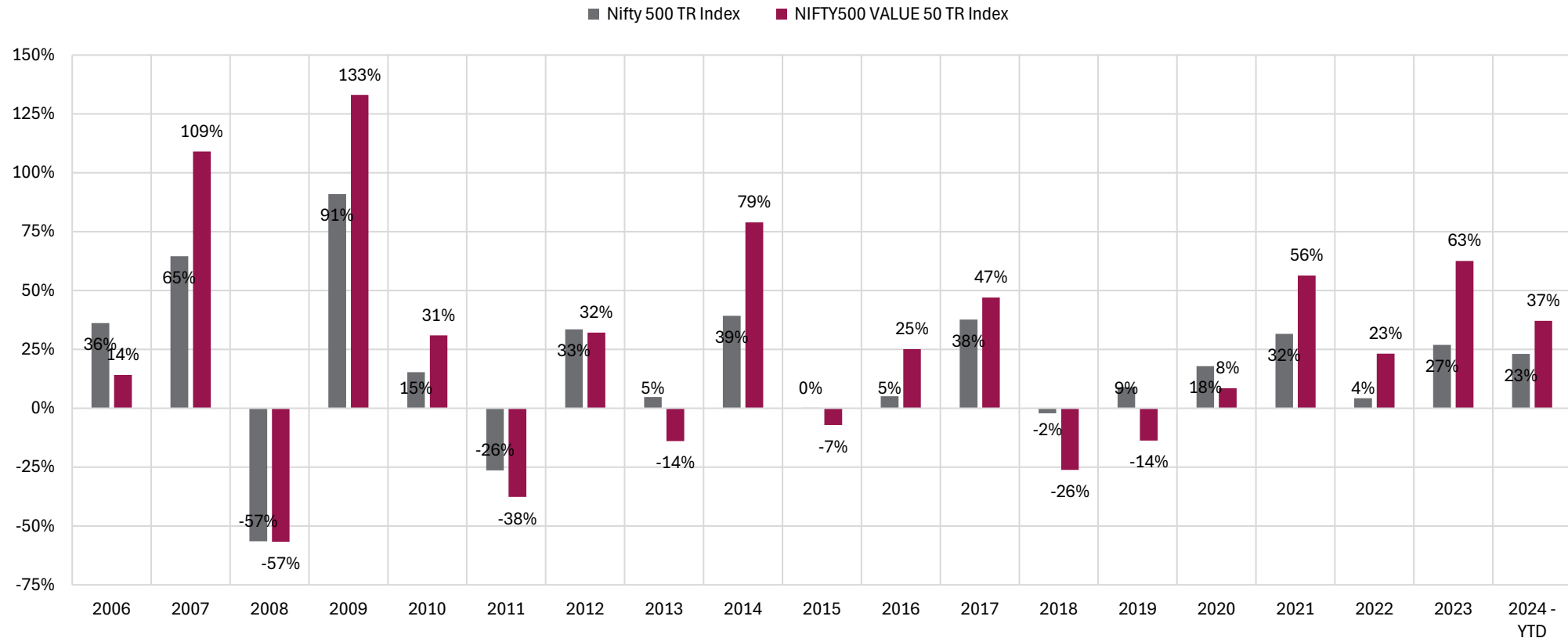
Value of 1,00,000 investing in Sep 2005



Source: NSE and BSE Indices, Data from 30-Sep-2005 to 30-Aug-2024; Past performance may or may not be sustained in the future. The above information should not be construed as promise, guarantee or forecast of returns. Table / Charts mentioned above are used to explain the concept and is for illustration purpose only.

Performance - Calendar Year

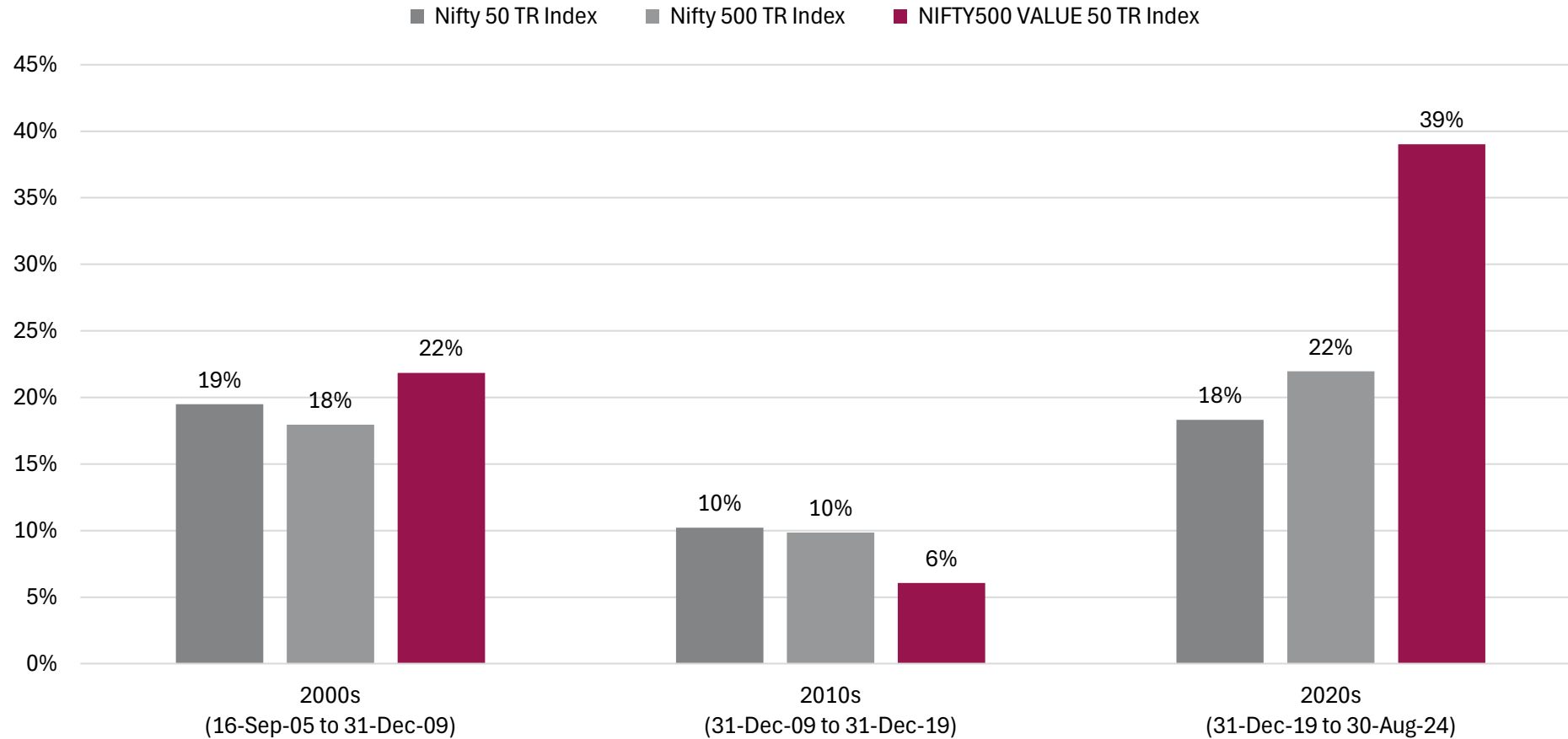
Nifty500 Value 50 noted outperformance in 10 out of 19 CY performances



Source: NSE and BSE Indices, Data from 31-Dec-2005 to 30-Aug-2024; Past performance may or may not be sustained in the future. The above information should not be construed as promise, guarantee or forecast of returns. Table / Charts mentioned above are used to explain the concept and is for illustration purpose only.

Performance – Decadal

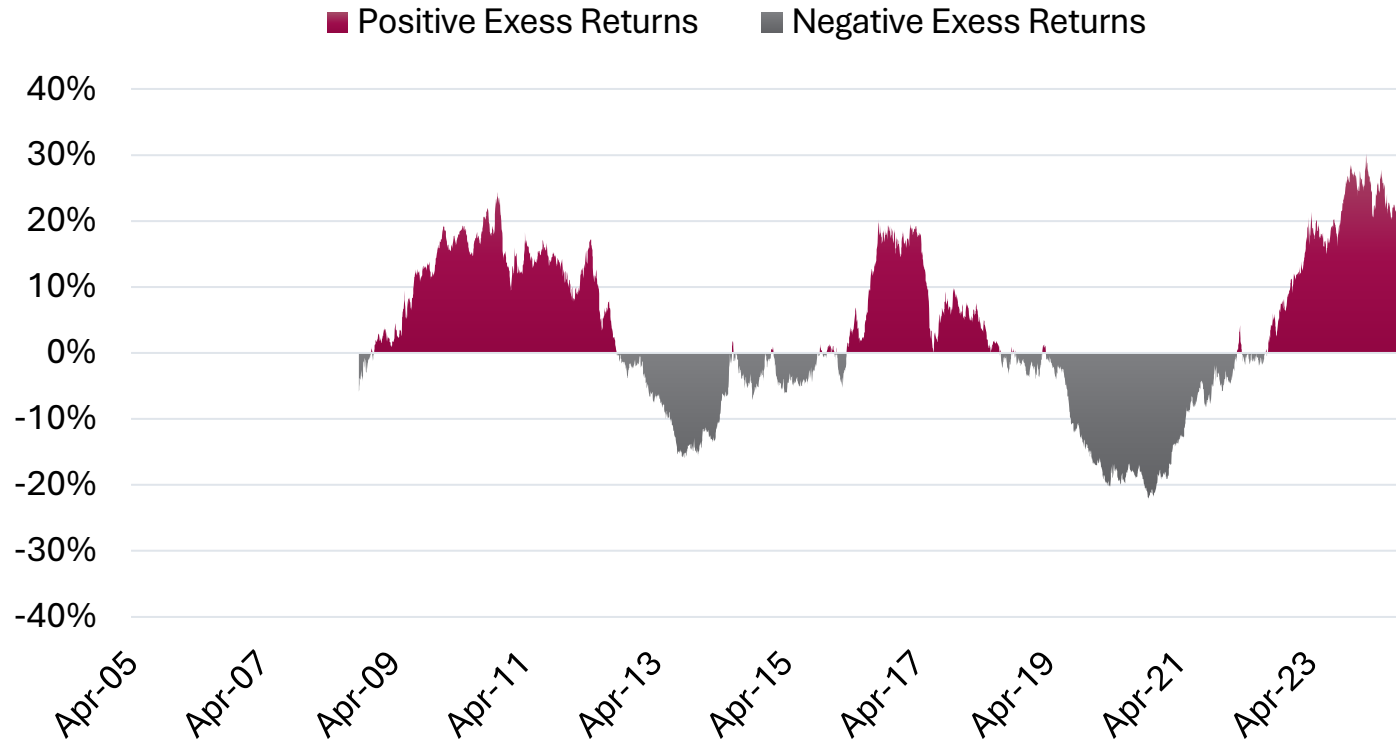
Strong recovery after lost decade



Source: NSE and BSE Indices, Data from 16-Sep-2005 to 30-Aug-2024; Past performance may or may not be sustained in the future. The above information should not be construed as promise, guarantee or forecast of returns. Table / Charts mentioned above are used to explain the concept and is for illustration purpose only.

Performance - 3 Year Rolling Excess Returns

vs Nifty 500 TR Index

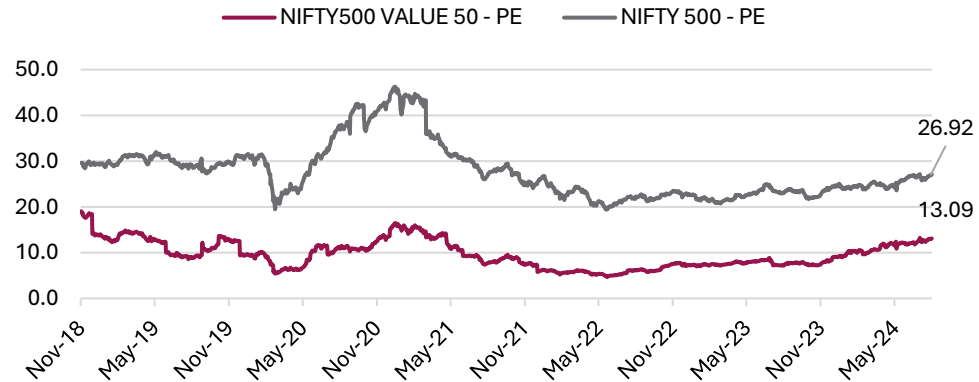


- On 3 year rolling basis Nifty500 Value 50 TR Index has noted sharp performances away from Nifty500 TR Index.
- Despite higher volatility, Nifty500 Value 50 TR Index exhibited a greater number (53%) of positive excess returns on 3 year rolling basis.

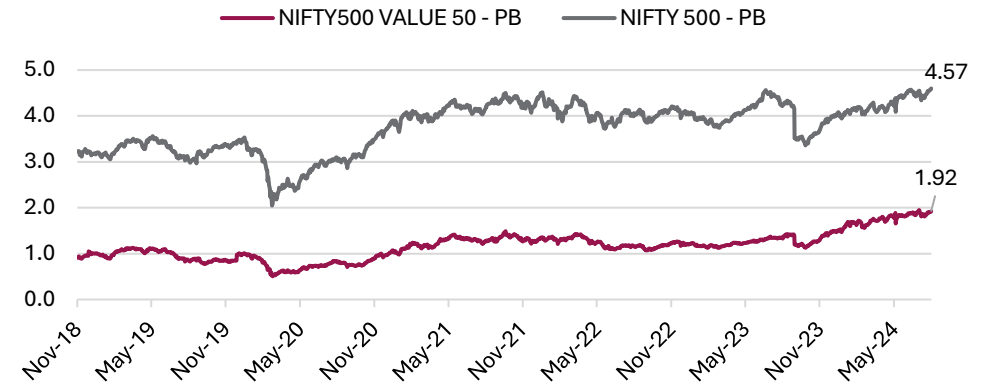
Valuation Multiples

PE, PB and Dividend Yield

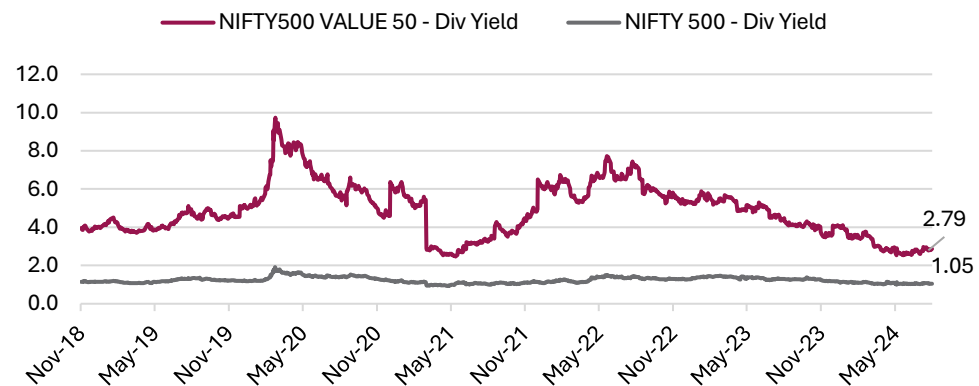
Earnings Multiple



Book Value Multiple



Dividend Yield %



- **The valuation multiples of Nifty500 Value 50 Index has offered less multiple to earning and book value.**
- **Further Dividend Yield has always remained high for the index as expected.**

Source: NSE, Data from Oct 2018 to Aug-2024; Past performance may or may not be sustained in the future. The above information should not be construed as promise, guarantee or forecast of returns. Table / Charts mentioned above are used to explain the concept and is for illustration purpose only. c

Key Take Away

Why consider investing in Axis Nifty500 Value 50 Index Fund and ETF

1. The **factor 'Value'** is one of the **oldest and widely used factor** globally
2. The Nifty500 Value 50 Index offer **'True to Label'** exposure to 'Value' factor
3. The **stocks are selected from the universe of large, mid and small cap** stocks
4. Historically **Nifty500 Value 50 TR Index has outperformed the Nifty500** despite its decadal (2009-2019) underperformance
5. Historically, a large portion of Value portfolio tend **include PSU stocks**

Thank You!



Disclaimer

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.

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