

AXIS MF EXPERTS LOUNGE

A compelling curation of facts, notes and
comparisons for financial experts.



Macroeconomic Stability – beginning of a virtuous cycle.



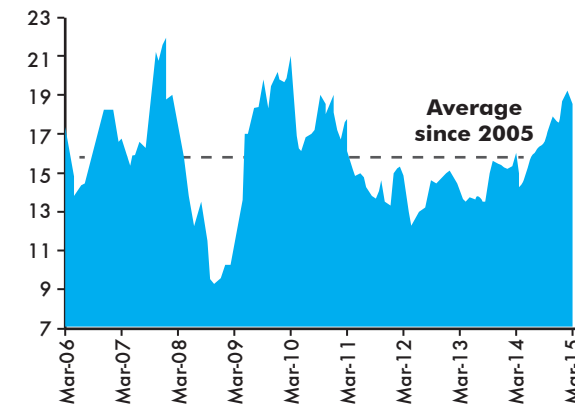
The economy has bottomed out last year, however growth seems to be reviving. We expect this economic revival to continue and strengthen in the coming future.

EQUITY

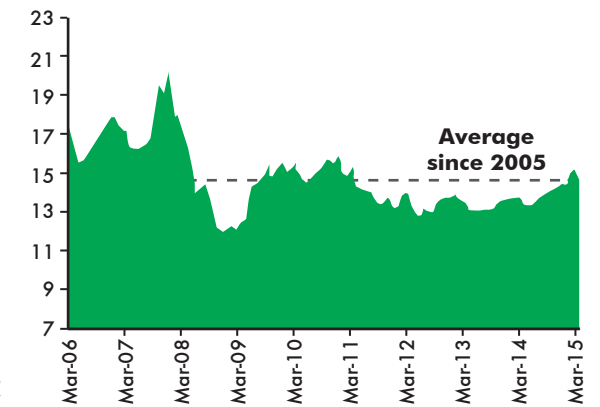


Valuations reasonable despite cyclically low margins.

CNX Nifty Forward P/E



CNX Nifty Forward P/B



Source: Bloomberg, P/E – Price to Earnings Ratio, P/B – Price to Book Ratio



PROBLEM
Equity is too risky and volatile.



SOLUTION
Increase investment horizon over 5 years and start investing through SIP.

OVER THE LONGER TERM, EQUITY TENDS TO BE LESS VOLATILE.

| Years | Min | Avg | Max |
|-------|------|-----|-----|
| 1 | -52% | 22% | 94% |
| 3 | -12% | 17% | 50% |
| 5 | -2% | 17% | 43% |
| 10 | 3% | 17% | 31% |
| 15 | 7% | 15% | 22% |

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

Source: Bloomberg, Data considered from Dec '80 – Dec '14. All returns compounded annualised. Equity is taken as S&P BSE SENSEX. Returns are compounded annualised for period more than a year.

Why should one invest in quality companies?

Variation in top and bottom stocks over the last 10 years

| | % CAGR (CY 04-14) |
|-----------------|-------------------|
| BSE 100 index | 15.0 |
| Top quartile | 26.2 |
| Bottom quartile | (3.6) |

Weak companies have destroyed significant investor wealth.

Source: Bloomberg, past performance may or may not be sustained in the future.

TAX APPLICABILITY ON EQUITY MUTUAL FUNDS

WITHDRAWAL IN LESS THAN ONE YEAR

WITHDRAWAL POST ONE YEAR



COMPLETELY TAX FREE!
(Including dividends)

Short-term capital gains @ 15% + applicable surcharge, if any + Education cess of 3% on tax and surcharge

Why are Equity-Linked Savings Schemes one of the ideal ways to save tax?

15 YEARS

Public Provident Fund*

6 YEARS

NSC*

5 YEARS

Fixed Deposit*

3 TO 5 YEARS

Life Insurance Premium / ULIPs*

3 YEARS

ELSS*

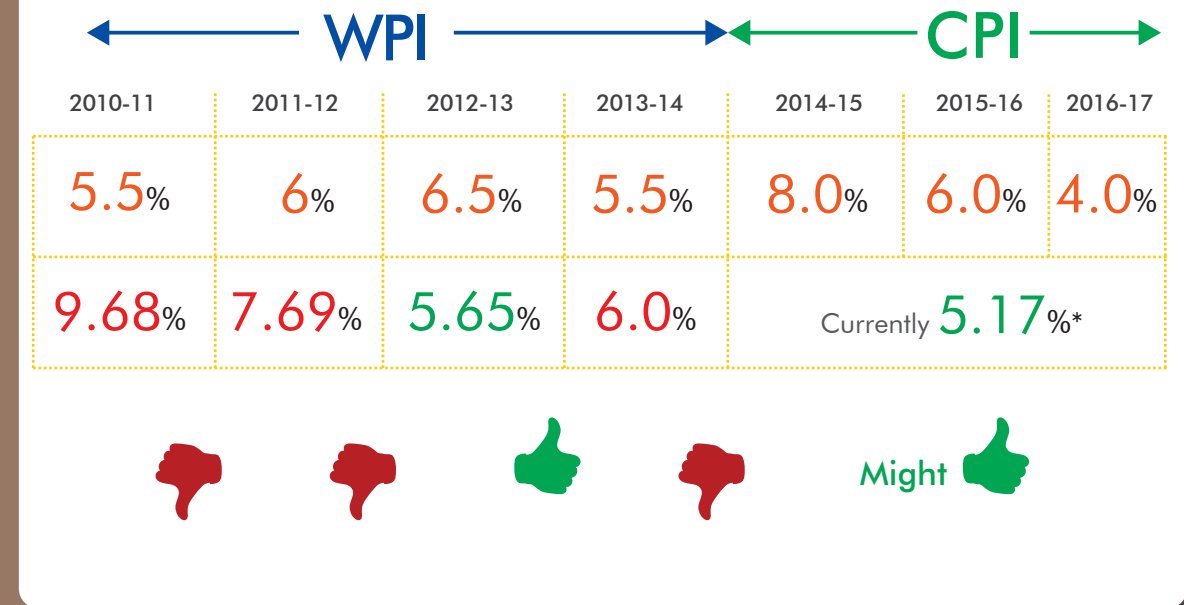
Offers one of the shortest lock-in period amongst Section 80C investment options of the Income Tax Act.

* Subject to applicable conditions.

FIXED INCOME

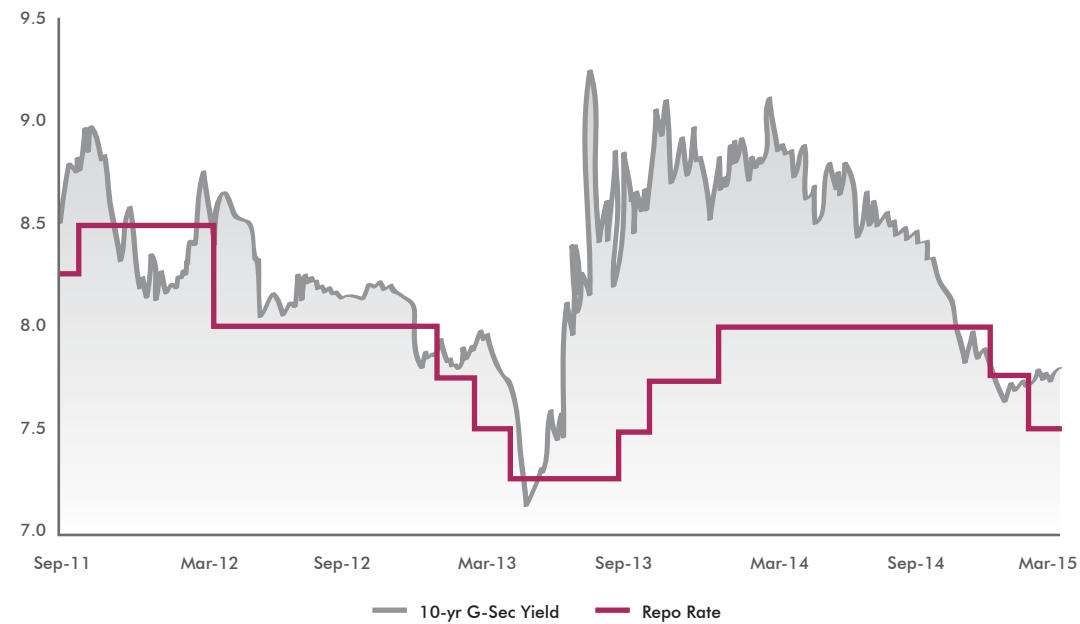


Inflation back in RBI's comfort zone.



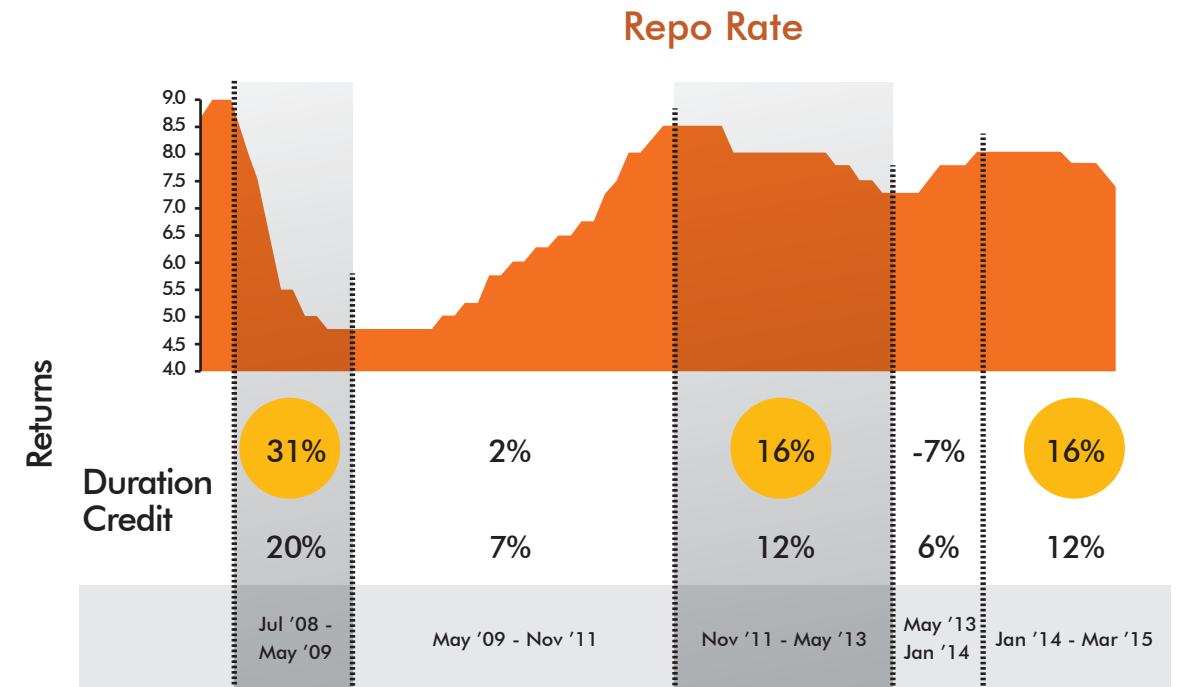
Source of Data: RBI – Monetary Policy Documents, Bloomberg, (for Mar '15)

Expectation of continued rate cuts are fuelling bond rally.



Source of Data: Bloomberg

Duration outperforms credit during rate cut cycles.



Duration: 10-yr G-Sec, credit: 3-year AA Corp bond, Source: Bloomberg Axis MF Analysis. *As on 4th March, 2015.

How change in interest rates have an impact on bond prices.

| Change in yields | | | | | |
|---------------------------|--------|--------|-------|-------|-------|
| | -1.00% | -0.50% | 0.00% | 0.50% | 1.00% |
| Price impact over 1 year | 14.65% | 11.18% | 7.85% | 4.65% | 1.58% |
| Price impact over 3 years | 9.55% | 8.69% | 7.84% | 7.01% | 6.19% |

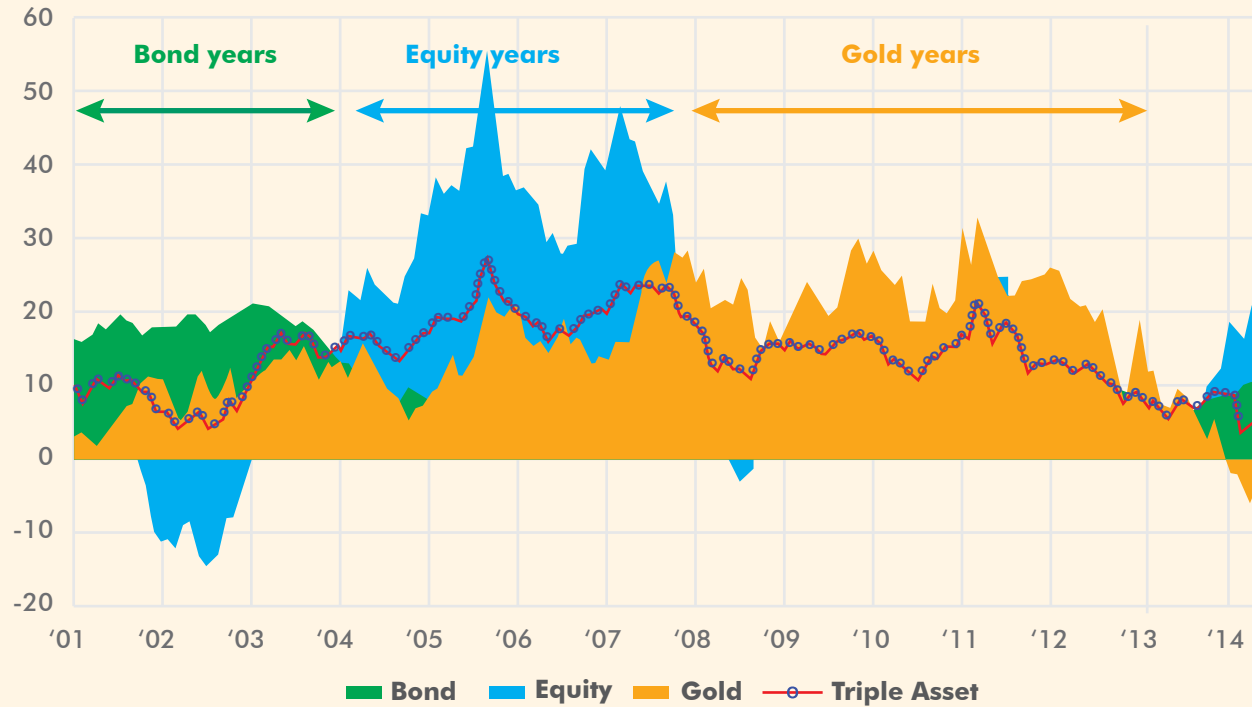
Illustration assumes a 10-yr G-Sec security with modified duration of 6.72 yrs and YTM of 7.7%.

This is only for illustration purpose and does not indicate any future returns. The above data is taken above 10-year maturity paper with a roll down maturity while the fund can't take exposure to any maturities as well based on the fund manager's view on the fixed income market.

ASSET ALLOCATION



For consistent results, multiple assets are the way to go!



Past performance may or may not be sustained in the future. Stocks are represented by the CNX Nifty and Bonds by the I-Sec Sovereign Bond Index, Gold by INR Price of Gold, Triple Asset comprises of Stocks, Bonds and Gold weighted equally and rebalanced monthly. Triple Asset is a stimulated portfolio. Source of data: Bloomberg.

Best and worst performer changes but 2 of 3 are positive in most years.

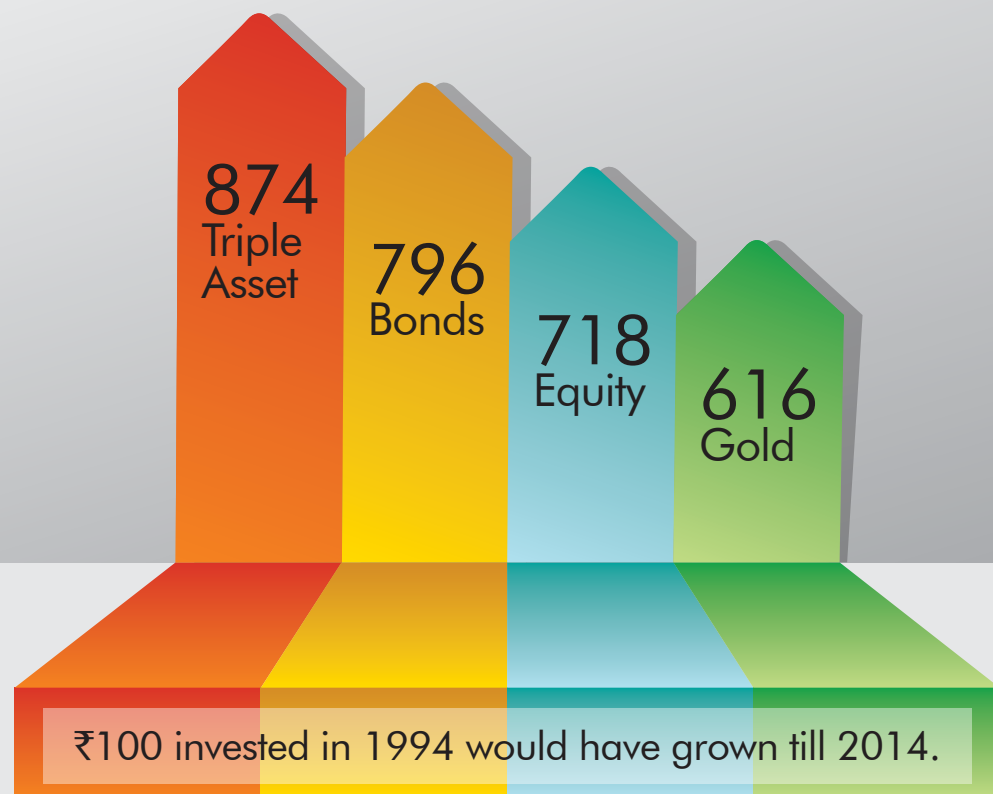
| Year | Stocks | Gold | Bonds | Average |
|------|--------|------|-------|---------|
| 1995 | -23 | 14 | 3 | -2 |
| 1996 | -1 | -3 | 13 | 3 |
| 1997 | 20 | -14 | 24 | 10 |
| 1998 | -18 | 8 | 8 | 0 |
| 1999 | 67 | 2 | 16 | 28 |
| 2000 | -15 | 1 | 13 | 0 |
| 2001 | -16 | 6 | 25 | 5 |
| 2002 | 3 | 24 | 23 | 17 |
| 2003 | 72 | 13 | 1 | 32 |
| 2004 | 11 | 1 | -1 | 4 |
| 2005 | 36 | 22 | 6 | 21 |
| 2006 | 40 | 21 | 6 | 22 |
| 2007 | 55 | 17 | 7 | 26 |
| 2008 | -52 | 31 | 27 | 2 |
| 2009 | 76 | 19 | -6 | 30 |
| 2010 | 18 | 24 | 6 | 16 |
| 2011 | -25 | 31 | 6 | 4 |
| 2012 | 28 | 9 | 12 | 16 |
| 2013 | 6 | -18 | 2 | -3 |
| 2014 | 32 | 2 | 18 | 17 |

18 out of 20 years positive returns.

In 2008, even a 52% fall in stocks was balanced by gains in bonds and gold.

Data is historical. Past performance may or may not be sustained in the future. Stocks: CNX Nifty, Bonds: I-Sec Sovereign Bond Index Gold: INR Price of Gold, Source of data: Bloomberg.

Triple asset appreciated the most.



This is historical data for the period 31st Dec, 1994 to 31st Mar, 2015 and is rebased to 100. Past performance may or may not be sustained in the future. Stocks are represented by the CNX Nifty and Bonds by the I-Sec Sovereign Bond Index, Gold by INR Price of Gold; Triple Asset comprises of Stocks, Bonds and Gold weighted equally and rebalanced monthly. Triple Asset is a simulated portfolio. Source of data: Bloomberg.

Single Asset Investing

Specific view required on each asset class



Asset class specific view

Each asset performs under different market conditions



Cyclical

Higher Volatility



Typical Volatility

Possibility of higher downside as specific asset call is taken



Downside

Multi Asset Investing

No specific view on any asset class

All weather long-term Investing method

Less volatile due to diversification

Lower downside due to diversification



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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:** The sponsor is not liable or responsible for any loss or shortfall resulting from the operation of the scheme. **Mutual Fund Investments are subject to market risks, read all scheme related documents carefully.**