

NOTICE CUM ADDENDUM TO THE SCHEME INFORMATION DOCUMENT AND KEY INFORMATION MEMORANDUM OF AXIS US TREASURY DYNAMIC BOND ETF FUND OF FUND ('THE SCHEME')

Axis Mutual Fund Trustee Limited, Trustee to Axis Mutual Fund has decided to modify the features of Axis US Treasury Dynamic Bond ETF Fund of Fund (the Scheme). Accordingly, the following changes in the provisions of the Scheme Information Document ("SID") and Key Information Memorandum ("KIM") of the Scheme are proposed to be carried out:

The comparison between the existing features and the proposed features of Scheme Information Document ("SID") and Key Information Memorandum ("KIM") of the Scheme are as follows:

Particulars	Existing Scheme Features	Proposed Scheme Features (Effective from July 17, 2025)	
Name of Scheme	Axis US Treasury Dynamic Bond ETF Fund of Fund	Axis US Specific Treasury Dynamic Debt Passive ETF FOF	
Category*	-	Category	Overseas FOF
		Sub-category	Country specific Debt FOF
Option*	-	Passive Option	
Type of scheme*	An open ended fund of funds investing in ETFs wherein the underlying investments comprise of US treasury securities across duration.	An open ended fund of funds investing in overseas Index Funds and/or ETFs wherein the underlying investments comprise of US treasury securities across duration.	
Investment Objective*	The primary investment objective of the Scheme is to provide regular income by investing in units of overseas ETFs where the investment mandate is to invest in US treasury securities across duration. There is no assurance that the investment objective of the Scheme will be achieved.	The primary investment objective of the Scheme is to provide regular income by investing in units of overseas Index Funds and/or ETFs where the investment mandate is to invest in US treasury securities across duration. There is no assurance that the investment objective of the Scheme will be achieved.	

Asset allocation Pattern*	Instruments		Indicative allocation (% of total assets)																																			
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	Units of overseas ETFs wherein the underlying investments comprise of US treasury securities*		95	100																																		
	Debt and Money market instruments		0	5																																		
residual maturity of the underlying securities in which investments shall be made shall not exceed 15 years. The Scheme shall invest in Overseas Exchange Traded Funds (“ETFs”) in accordance with Para 12.19 of SEBI Master Circular for Mutual Funds and as amended by SEBI from time to time. Under normal circumstances, at least 95% of the Net assets of the Scheme will be invested in Units of overseas ETFs subject to the availability of Eligible Investment Amount. The indicative list of overseas Exchange Traded Funds in which the Scheme proposes to invest is as follows: - iShares Short Treasury Bond ETF - iShares 1-3 Year Treasury Bond ETF - iShares 7-10 Year Treasury Bond ETF SPDR® Bloomberg 1-10 TIPSETF iShares \$ Treasury Bond 0-1yr UCITSETF iShares \$ Treasury Bond 3-7yr UCITSETF *The list of overseas Exchange Traded Funds provided is indicative and the Scheme can invest in any other overseas Exchange Traded Fund which shall have similar investment objective, investment strategy and benchmark. Investments made for the purpose of ensuring liquidity (debt and money market instruments) are those that fall within the definition of liquid assets. In line with Para 12.19.1.2 of SEBI Master Circular for Mutual Fund, Mutual Funds can make investments in overseas ETFs subject to a maximum of US \$300 million within the overall industry limit of US \$ 1 billion or such other limits as prescribed by SEBI from time to time. The intended amount for investment in overseas ETFs is US \$100 million. The said limits shall be valid for a period of six months from the date of closure of NFO. Thereafter the unutilized limit, if any, shall not be available to the Mutual Fund for investment in Overseas ETFs and shall be available towards the unutilized industry wide limits. Further, investments after the period of six months from the date of closure of NFO will follow the norms for ongoing schemes. Para 12.19.1.3 of SEBI Master Circular for Mutual Funds has clarified that the aforesaid limits are soft limits for investment in overseas securities for purpose of reporting only on a monthly basis to SEBI. The cumulative gross exposure through units of Overseas ETFs and Debt and Money market instrument shall not exceed 100% of the net assets of the Scheme in accordance Para 12.24 of SEBI Master Circular for Mutual Funds. Cash or cash equivalents with residual maturity of less than 91 days shall be treated as not creating any exposure. SEBI vide letter dated November 3, 2021 has clarified that Cash Equivalent shall consist of Government Securities, T-Bills and Repo on Government Securities having residual maturity of less than 91 days. The Scheme shall not invest in REIT and InVITs, Securitized Debt, Repo in Corporate Debt Instruments, Derivatives, Credit Default Swaps, Stock Lending, debt instruments having Structured obligations / Credit enhancements and instruments with special features as specified in Para12.2 of SEBI Master Circular for Mutual Fund. The Scheme shall not carry out short selling. The Scheme will be investing in Overseas ETF only and not in overseas securities. Investment in Units of Mutual Fund The Scheme may invest upto 5% of the net assets of the Scheme in units of debt and liquid mutual fund schemes of Axis AMC or other domestic mutual funds in conformity with the investment objective of the Scheme and in terms of the prevailing SEBI (MF) Regulations. Investment in Short Term Deposits 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 Para 12.16 of SEBI Master Circular for Mutual Funds. Indicative Table (Actual instrument/percentages may vary subject to applicable SEBI circulars) <table><tr><th>Sr. No.</th><th>Type of Instrument</th><th>Percentage of exposure</th><th>Circular references</th></tr><tr><td>1.</td><td>Overseas Securities</td><td>Upto 100% of Net Assets in Units of overseas ETFs wherein the underlying investments comprise of US treasury securities</td><td>Para 12.19 of SEBI Master Circular for Mutual Funds.</td></tr><tr><td>2.</td><td>Tri party Repo</td><td>Allocation may be made to TREPS from any amounts that are pending deployment or on account of any adverse market situation.</td><td>-</td></tr><tr><td>3.</td><td>Mutual Fund Units</td><td>The Scheme may invest upto 5% of the net assets of the Scheme in units of debt and liquid mutual fund schemes of Axis AMC or other domestic mutual funds in conformity with the investment objective of the Scheme and in terms of the prevailing SEBI (MF) Regulations.</td><td>Clause 4 of Seventh Schedule of SEBI (MF) Regulations</td></tr></table> The limits given above shall be subject to Schedule VII of the Regulations / circulars issued by SEBI and shall stand revised to the extent of changes in the Regulations/ circulars from time to time. The Scheme shall not invest in following instruments: <table><tr><th>Sr.No.</th><th>Type of Instrument</th></tr><tr><td>1</td><td>Credit default swaps</td></tr><tr><td>2</td><td>REITs and InVITS</td></tr><tr><td>3</td><td>Securitized Debt</td></tr><tr><td>4</td><td>Debt instruments with special features AT1 & AT2 Bonds</td></tr><tr><td>5</td><td>Credit Enhancement /Structured Obligations</td></tr><tr><td>6</td><td>Repo and Reverse repo in corporate debt securities</td></tr><tr><td>7</td><td>Securities Lending and borrowing and short selling</td></tr><tr><td>8</td><td>Derivatives</td></tr></table>					Sr. No.	Type of Instrument	Percentage of exposure	Circular references	1.	Overseas Securities	Upto 100% of Net Assets in Units of overseas ETFs wherein the underlying investments comprise of US treasury securities	Para 12.19 of SEBI Master Circular for Mutual Funds.	2.	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Product Labelling*	Axis US Treasury Dynamic Bond ETF Fund of Fund (An open ended fund of fund investing in ETFs wherein the underlying investments comprise of US treasury securities across duration) Benchmark: Bloomberg US Intermediate Treasury TRI This product is suitable for investors who are seeking*: - Regular income over long term. - Investments in overseas ETFs wherein the underlying investment comprise of US treasury securities across duration.																																					

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In line with Para 12.19.1.1 of SEBI Master Circular for Mutual Fund, Mutual Funds can make overseas investments subject to a maximum of US \$ 1 billion per Mutual Fund, within the overall industry limit of US \$ 7 billion or such other limits as prescribed by SEBI from time to time. Further in line with Para 12.19.1.2 of SEBI Master Circular for Mutual Fund, Mutual Funds can make overseas investments in ETFs subject to a maximum of US \$300 million per Mutual Fund, within the overall industry limit of US \$ 1 billion, or such other limits as prescribed by SEBI from time to time. The intended amount for investment in overseas ETFs is US \$100 million. The said limits shall be valid for a period of six months from the date of closure of NFO. Thereafter the unutilized limit, if any, shall not be available to the Mutual Fund for investment in Overseas ETFs and shall be available towards the unutilized industry wide limits. 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Investment Strategy*	The scheme follows an active investment strategy. The primary investment objective of the Scheme is to provide regular income by investing in units of overseas Index Funds and/or ETFs where the investment mandate is to invest in US treasury securities across duration. There is no assurance that the investment objective of the Scheme will be achieved. The Scheme will seek to invest in one or a combination of overseas Index Funds and/or ETFs from the list provided under the asset allocation pattern where the investment mandate of the underlying fund will be to deploy primarily in securities issued by the US government with a residual maturity cap of up to 15 years. The investment in a fund or a combination of funds will be made with the intent to efficiently manage risks associated with such investments and the available market opportunities. The fund manager may actively deploy across multiple funds to achieve the intended duration profile basis his/her market view. While selecting funds, the fund manager and the AMC will evaluate various fund parameters including but not restricted to the fund size, maturity profiles of the funds, fund vintage, and other parameters.																																				
Product Labelling*	Axis US Specific Treasury Dynamic Debt Passive FoF (An open ended fund of fund investing in Index Funds and/or ETFs wherein the underlying investments comprise of US treasury securities across duration) Benchmark: Bloomberg US Intermediate Treasury TRI This product is suitable for investors who are seeking*: - Regular income over long term. - Investments in Index Funds and/or ETFs wherein the underlying investment comprise of US treasury securities across duration.																																				

Particulars	Existing Scheme Features	Proposed Scheme Features (Effective from July 17, 2025)
Product Labelling* (Contd.,)	Riskometer	Riskometer
	Fund	Fund
	Bloomberg US Intermediate Treasury TRI	Bloomberg US Intermediate Treasury TRI
	*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.	*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.
SPECIAL CONSIDERATIONS, if any	The investors will bear the recurring expenses of the Underlying Fund in addition to the recurring expenses charged by Axis US Treasury Dynamic Bond ETF Fund of Fund. The Scheme will invest in permissible overseas Exchange Traded Funds in accordance with the provisions of Para 12.19 of SEBI Master Circular for Mutual Funds as amended from time to time and further circulars issued by SEBI from time to time, subject to a maximum of US\$ 300 million per mutual fund a or such limits as amended from time to time / RBI, and commensurate with the Scheme objectives,, the limit of 5% of Net Assets and the prohibition of charging of fees shall not be applicable to investments in mutual funds in foreign countries made in accordance with the guidelines as per the above circular. However, management fees and other expenses charged by the mutual fund(s) in foreign countries along with the management fee and recurring expenses charged to the domestic mutual fund shall not exceed the total limit on expenses as prescribed under Regulation 52 (6)(a).	The investors will bear the recurring expenses of the Underlying Fund in addition to the recurring expenses charged by Axis US Specific Treasury Dynamic Debt Passive FOF The Scheme will invest in permissible overseas Index Funds and/or Exchange Traded Funds. In accordance with the provisions of Para 12.19 of SEBI Master Circular for Mutual Funds as amended from time to time and further circulars issued by SEBI from time to time, Mutual Funds can make overseas investments subject to a maximum of US\$ 1 billion and overseas investments in ETFs subject to maximum US\$ 300 million per mutual fund or such limits as amended from time to time / RBI. Such investments would be commensurate with the Scheme objectives, the limit of 5% of Net Assets and the prohibition of charging of fees shall not be applicable to investments in mutual funds in foreign countries made in accordance with the guidelines as per the above circular. However, management fees and other expenses charged by the mutual fund(s) in foreign countries along with the management fee and recurring expenses charged to the domestic mutual fund shall not exceed the total limit on expenses as prescribed under Regulation 52 (6)(a).
WHERE WILL THE SCHEME INVEST? Section I	The corpus of the Scheme, will be investing in units of overseas ETFs wherein the underlying investments comprise of US treasury securities. The indicative list of overseas exchange-traded funds are as follows: • iShares Short Treasury Bond ETF • iShares 1-3 Year Treasury Bond ETF • iShares 7-10 Year Treasury Bond ETF • SPDR® Bloomberg 1-10 TIPSETF • iShares \$ Treasury Bond 0-1yr UCITSETF • iShares \$ Treasury Bond 3-7yr UCITSETF The Scheme may also invest in similar overseas Exchange Traded Funds which shall have similar investment objective, investment strategy, benchmark. All these details shall be disclosed in the Scheme Information Document in respect of the underlying schemes as and when the scheme invests in such underlying schemes. Also, when a new underlying fund is added, details of underlying fund such as investment strategy, objective etc shall be disclosed by way of a notice cum addendum to Scheme Information Document. The Scheme will invest in following instruments: • Debt & Money Market instruments • Foreign Securities • Short Term Deposit • Units of Mutual Fund Schemes. Investment in overseas securities shall be made in accordance with the requirements stipulated by SEBI and RBI from time to time. The Scheme shall invest in any other instruments as may be permitted by SEBI/RBI from time to time. Kindly refer detailed definitions and applicable regulations/guidelines for each instruments in the Section II.	The corpus of the Scheme will be investing in units of overseas Index Funds and/or ETFs wherein the underlying investments comprise of US treasury securities. The underlying Index Funds and/or ETFs may also have exposure to derivatives and Repo and Reverse repo in corporate debt securities. The indicative list* of overseas Index Funds and/or ETFs are as follows: • iShares Short Treasury Bond ETF • iShares 1-3 Year Treasury Bond ETF • iShares 7-10 Year Treasury Bond ETF • SPDR® Bloomberg 1-10 TIPSETF • iShares \$ Treasury Bond 0-1yr UCITSETF • iShares \$ Treasury Bond 3-7yr UCITSETF • Vanguard U.S. Treasury Inflation-Protected Securities Index Fund • Mercer Passive US Treasury 1-3 Year Bond Fund • Mercer Passive US Treasury 3-7 Year Bond Fund *The above list may be modified subject to necessary approvals and compliance with applicable regulations, circulars and guidelines. All these details shall be disclosed in the Scheme Information Document in respect of the underlying schemes as and when the scheme invests in such underlying schemes. Also, when a new underlying fund is added, details of underlying fund such as investment strategy, objective etc shall be disclosed by way of a notice cum addendum to Scheme Information Document. The Scheme will invest in following instruments: • Overseas Index Funds and/or ETFs • Debt & Money Market instruments • Foreign Securities • Short Term Deposit • Units of debt and liquid Mutual Fund Schemes Investment in overseas securities shall be made in accordance with the requirements stipulated by SEBI and RBI from time to time. The Scheme shall invest in any other instruments as may be permitted by SEBI/RBI from time to time. Kindly refer detailed definitions and applicable regulations/guidelines for each instrument in the Section II.
WHERE WILL THE SCHEME INVEST? Section II	1. Foreign Securities The Scheme shall invest only in Overseas ETFs investing in securities in terms of Para 12.19 of Master Circular for Mutual Fund as amended from time to time. Mutual funds can make investment in overseas investments ETF subject to a maximum \$300 million or such limits as amended from time to time by SEBI/ RBI, and commensurate with the Scheme objectives. The Mutual Fund may also appoint overseas investment advisors and other service providers, to the extent permissible under the Regulations. The Mutual Fund may open one or more foreign currency accounts abroad either directly, or through the custodian/sub-custodian, to facilitate investments and to enter into/deal in forward currency contracts, currency futures, interest rate futures / swaps, currency options for the purpose of hedging the risks of assets of a portfolio or for its efficient management. However, the use of such instruments shall be as permitted from time to time. All the requirements of the Para 12.19 of Master Circular for Mutual Fund as amended from time to time, would be adhered to by the AMC for investment in Overseas ETFs. The intended amount for investment in overseas ETFs is US \$100 million. The said limits shall be valid for a period of six months from the date of closure of NFO. Thereafter the unutilized limit, if any, shall not be available to the Mutual Fund for investment in Overseas ETFs and shall be available towards the unutilized industry wide limits. Further, after 6 months of closure of New fund offer norms as applicable for investment in overseas securities for ongoing scheme as specified in the applicable SEBI circulars shall be followed by the Scheme. Para 12.9.1.3 has clarified that the aforesaid limits are soft limits for purpose of reporting only on a monthly basis to SEBI.	The following provision under Where will the scheme invest shall stand modified: 1. Foreign Securities: The Scheme shall invest only in Overseas Index Funds and/or ETFs investing in securities: In terms of Para 12.19 of Master Circular for Mutual Fund as amended from time to time, mutual funds can make investment in overseas investments subject to a maximum US\$ 1 billion and overseas investments in ETFs subject to maximum \$300 million per mutual fund or such limits as amended from time to time by SEBI/ RBI, and commensurate with the Scheme objectives. The Mutual Fund may also appoint overseas investment advisors and other service providers, to the extent permissible under the Regulations. The Mutual Fund may open one or more foreign currency accounts abroad either directly, or through the custodian/sub-custodian, to facilitate investments and to enter into/deal in forward currency contracts, currency futures, interest rate futures / swaps, currency options for the purpose of hedging the risks of assets of a portfolio or for its efficient management. However, the use of such instruments shall be as permitted from time to time. All the requirements of the Para 12.19 of Master Circular for Mutual Fund as amended from time to time, would be adhered to by the AMC for investment in Overseas Index Funds and/or ETFs. The intended amount for investment in overseas ETFs is US \$100 million. The said limits shall be valid for a period of six months from the date of closure of NFO. Thereafter the unutilized limit, if any, shall not be available to the Mutual Fund for investment in Overseas ETFs and shall be available towards the unutilized industry wide limits. Further, after 6 months of closure of New fund offer norms as applicable for investment in overseas securities for ongoing scheme as specified in the applicable SEBI circulars shall be followed by the Scheme. Para 12.9.1.3 has clarified that the aforesaid limits are soft limits for purpose of reporting only on a monthly basis to SEBI. 2. The details of the proposed underlying funds shall be added in the SID.

***Considered as Fundamental Attribute Change**
Subsequently, the following provisions stand inserted / modified in the relevant sections of the Scheme Information Document of the Scheme:

- A. Section II - RISK FACTORS**
- Scheme Specific Risk Factors**
- **Risk factors for a Fund of Funds Scheme**
Besides recurring expenses of the scheme, the Unit Holders shall also bear the applicable expenses of the underlying **ETF(s)/Index Fund(s)**. Therefore, the returns for the Unit Holders of the scheme may be impacted or may, at times, be lower than the returns that a Unit Holder, who is directly investing in the same underlying **ETF(s)/Index Fund(s)**, could obtain.
 - **Risks associated with investments in Fixed Income Securities**
Rating Migration Risk
Fixed income securities are subject to rating migration risk, which can influence their prices due to changes in credit ratings. For example, a one-notch downgrade of a sovereign or AAA-rated issuer will negatively affect the security's price, while an upgrade of an AA+ issuer will have a positive impact.
- Risk associated with floating rate securities**
- Basis Risk:** The underlying benchmark of a floating rate security or a swap might become less active or may cease to exist and thus may not be able to capture the exact interest rate movements, leading to loss of value of the portfolio.
- Interest Rate Risk:** Typically, floating rate instruments have limited interest rate risk compared to fixed rate instruments. Changes in prevailing interest rates will likely affect the value of the Scheme's holdings until the next reset date, impacting the value of the Scheme's Units. The value of securities held by the Scheme generally varies inversely with changes in prevailing interest rates. The Mutual Fund Scheme could be exposed to interest rate risk due to the time gap in resetting benchmark rates and if the benchmark index fails to capture interest rate changes appropriately.
- Spread Risk:** In floating rate securities, the coupon is expressed as a spread or markup over a benchmark rate. During the life of the security, this spread may widen adversely, leading to a loss in the portfolio's value. While the yield of the underlying benchmark might remain unchanged, an increase in the spread over the benchmark can result in a decrease in the security's value.
- Settlement Risk (Counterparty Risk):** Specific floating rate assets can be created by swapping a fixed return for a floating rate return. In such swaps, there is a risk that the counterparty (who pays the floating rate return and receives the fixed rate return) may default.
- Liquidity Risk:** The market for floating rate securities is still evolving and can become illiquid from time to time, impacting the scheme's investments. Government-issued floating rate securities, with coupons linked to treasury bill benchmarks or inflation-linked bonds, are less sensitive to interest rate changes compared to fixed rate securities.
- **Risks associated with investing in foreign securities/overseas investments/offshore securities:**
The scheme's ability to invest in overseas securities is subject to SEBI and RBI limits, which may change. If these limits are reached or restrictions are imposed, the scheme may be unable to invest in overseas securities. In such cases, the AMC will reallocate funds to other permissible investments as specified in the scheme document.
- Index-Related Risk:** There is no guarantee that the underlying ETF/Index Fund will closely track the Underlying Index or achieve its investment objective. Several Factors like market disruptions and regulatory restrictions may adversely affect the ETF/Mutual Fund's ability to adjust its exposure to the required levels to track the Index.
- Passive Investment Risk:** The underlying ETF/Index Fund is not actively managed, and the fund manager typically does not attempt to take defensive positions, even in declining markets.
- Tracking Error/Tracking difference Risk:** The underlying ETF/Index Fund may be subject to tracking error/tracking difference, which is the divergence from the Underlying Index's performance. Additionally, the ETF/Index Fund incurs fees and expenses, unlike the Underlying Index.
- Financial Markets, Counterparties and Service Providers:** The underlying ETFs/Mutual Funds may be exposed to finance sector companies acting as service providers or counterparties for financial contracts. During extreme market volatility, these

- companies may be adversely affected, leading to negative impact on returns. Regulators and exchanges can take extraordinary actions during market emergencies, which could have substantial and adverse effects.
- Global Financial Market Crisis and Governmental Intervention:** Since 2007, global financial markets have faced significant disruption and instability, leading to governmental intervention. Regulators have implemented or proposed emergency measures, often unclear in scope, causing confusion and hindering market efficiency. Future restrictions and their impact on a Fund's investment objective are unpredictable. The effectiveness of current or future regulatory actions in stabilizing markets is unknown.
- Term Structure of Interest Rates (TSIR) Risk:** When ETFs/Index Funds invest in fixed income securities, their NAV is influenced by interest rate changes. A decline in interest rates generally increases the value of these securities, while a rise in interest rates typically decreases their value.
- Risk of Investing in Sovereign Treasury STRIPS:** Due to their structure, Sovereign STRIPS are more volatile and respond to greater extent to the interest rate changes than other fixed-income securities with similar maturities and credit quality, generally losing value when interest rates rise. Since they do not pay interest, funds may need to liquidate assets to meet income dividend distribution requirements, potentially at inopportune times.
- Restrictions on Foreign Investment:** Some countries impose significant restrictions on foreign investments. These may include requiring governmental approval, limiting investment amounts, or restricting investments to specific classes of securities with less favourable terms. In addition, certain countries implement quota restrictions on foreign ownership of certain onshore investments.
- Valuation Risk:** The sale price of a security or asset by the underlying ETF/Index Fund may differ from its valuation and the value used by the Underlying Index, especially in low volume or volatile markets, or when fair value methodology is applied due to trade suspensions or other reasons. Technological issues or errors by pricing services or third-party providers can also impact the ETF/Index Fund's ability to value investments.
- Risks Associated with Derivatives:** The Underlying ETF/Index Fund may use derivatives, which are leveraged instruments that can lead to disproportionate gains or losses. Using derivatives for hedging, risk management, or income generation may not always be successful, potentially reducing returns and increasing the risk of loss.
- Legal Risk:** OTC derivatives, repurchase and reverse repurchase transactions, securities lending, and reused collateral carry risks of termination due to bankruptcy, illegality, or changes in tax or accounting laws, potentially requiring the ETF/Index Fund to cover losses.
- Securities Lending:** Underlying ETFs/Index Funds may engage in securities lending, exposing them to credit risk from counterparties. If a counterparty defaults and the collateral value falls below the value of the lent securities, it could reduce the value of the underlying ETF/Index Fund.
- Operational Risk:** Underlying ETFs/Index Funds face operational risks from various factors, including human error, processing and communication mistakes, service provider or counterparty errors, and failures in processes, technology, or systems.
- Counterparty Risk:** An underlying ETF/Index Fund faces credit risk from its transaction parties and the risk of settlement default. Credit risk arises when a counterparty fails to meet its obligations, affecting derivatives, repurchase/reverse repurchase agreements, or securities lending agreements. Trading in uncollateralized derivatives increases direct counterparty exposure.
- Risk factors related to Taxation of overseas investments**
- Investors should be aware that proceeds from the sale of securities, dividends, and other income in some markets may be subject to taxes, levies, duties, or other charges, including withholding taxes. This could result in additional taxation for the Underlying ETF/Mutual Fund and the Scheme. Additional taxes or charges may apply depending on the location of the asset and its jurisdiction. The ability of the investment managers to provide tax information and audited accounts to Unit Holders depends on timely receipt of relevant information, which may cause delays.
- Risk Factors associated with investments in Cash and Cash Equivalents:**
- Price-Risk or Interest-Rate Risk:** Generally, when interest rates rise, prices of existing securities fall, and when rates drop, prices increase. The extent of this change depends on the coupon, days to maturity, and interest rate fluctuations.
- Liquidity or Marketability Risk:** This refers to how easily a security can be sold at or near its valuation Yield-to-Maturity (YTM). The primary measure of liquidity risk is the spread between the bid and offer prices quoted by a dealer.



AXIS MUTUAL FUND

NOTICE CUM ADDENDUM TO THE SCHEME INFORMATION DOCUMENT AND KEY INFORMATION MEMORANDUM OF AXIS US TREASURY DYNAMIC BOND ETF FUND OF FUND (“THE SCHEME”) (Contd.,)

Reinvestment Risk: Investments in cash and cash equivalents may carry reinvestment risk if interest rates on due dates differ from the original bond coupon, potentially leading to reinvestment at lower rates.

Pre-payment Risk: Some cash and cash equivalents allow issuers to call back securities before maturity during periods of declining interest rates. This may force the fund to reinvest proceeds in lower-yield securities, reducing interest income.

Risks associated with investing in Tri Party Repo (TREPS)

Axis Mutual Fund is a member of Securities segment and Tri-party Repo trade settlement of the Clearing Corporation of India Limited (CCIL). CCIL centrally settles all transactions in government securities and Tri-party Repo trades, reducing settlement and counterparty risks through robust risk management processes. CCIL maintains margin and default fund contributions from each member to cover potential losses from defaults.

If a clearing member fails to meet settlement obligations, the margin and default fund are used to complete the settlement. After utilizing the defaulter’s margins and contributions, CCIL’s own funds are used, followed by contributions from non-defaulting members if needed. This exposes the scheme to the risk of its contributions being used in case of settlement failures. Additionally, the scheme’s contributions may cover residual losses from other defaulting members.

Risk factors may change if CCIL allows securities other than Government of India securities as collateral.

Risks Associated with Transaction in Units Through Stock Exchange Mechanism

Transactions in Units of the Scheme through NSE, BSE, or any other recognized stock exchange depend on the order processing and settlement by these exchanges and their clearing corporations, which are beyond the Mutual Fund’s control. Additionally, such transactions are governed by the operating guidelines and directives issued by these exchanges.

The securities exchange listing the shares of the Underlying ETF/Mutual Fund may suspend or limit trading in any/all listed securities. Such a suspension could lead to losses and delays in the underlying ETF/Mutual Fund’s ability to redeem shares.

RISK MITIGATION STRATEGIES

Risk control measures with respect to investment in units of overseas Index Funds and/or ETFs

Market Risk: The scheme is vulnerable to movements in the prices of US treasury securities invested by the underlying scheme, which could have a material bearing on the overall returns from the scheme. Investments in US treasury securities are subject to price fluctuation on daily basis.

Mitigation – Index Funds and ETFs being passively managed carry lesser risk compared to active management. The underlying Index Funds and ETF(s) where the Scheme intends to invest follow the underlying benchmarks and therefore the level of portfolio volatility would be same as that of the underlying benchmark. The fund manager would also endeavour to keep minimal cash levels to keep performance deviation from the underlying Index Funds and ETFs to minimal.

Currency Risk: As the underlying Index Funds or ETFs will invest in US treasury securities which are denominated in foreign currencies, fluctuations in the exchange rates of these foreign currencies may have an impact on the income and value of the underlying or ETFs. The repatriation of capital to India may also be hampered by changes in the regulations concerning exchange controls or political circumstances as well as the application to it of other restriction on investment.

Mitigation: The scheme shall have the option to enter into permissible instruments (subject to applicable regulations by SEBI/RBI) for the purposes of hedging against the foreign exchange fluctuations.

Liquidity Risk: This refers to the ease with which a security can be sold at or near to its valuation yield-to maturity (YTM).

Mitigation: The Scheme will invest in units of the underlying scheme which will invest in US treasury securities and the liquidity risk for these units / securities will be relatively low.

Risk associated with the investment objective of the underlying scheme: The scheme will invest in funds which have similar investment objectives to the domestic funds in India. However, there exists possibility that there is a change in the fundamental attributes of the underlying scheme.

Mitigation: The fund manager will seek to invest in other overseas funds, which have the same investment objective as the domestic fund.

Risk control measures with respect to Debt Investments – i.e. investment in Debt, Money Market Instruments

Credit risk or default risk: It refers to the risk that an issuer of a fixed income security may default (i.e., will be unable to make timely principal and interest payments on the security). Normally, the value of a fixed income security will fluctuate depending upon the changes in the perceived level of credit risk as well as any actual event of default. The greater the credit risk, the greater the yield required for someone to be compensated for the increased risk.

Mitigation: Apart from the basic examination, management’s past track record will also be studied. In order to assess financial risk a detailed assessment of the issuer’s financial statements will be undertaken to review its ability to undergo stress on cash flows and asset quality. A detailed evaluation of accounting policies, off-balance sheet exposures, notes, auditors’ comments and disclosure standards will also be made to assess the overall financial risk of the potential borrower.

All other features of the Scheme except those mentioned above will remain unchanged.

- 1) The Board of Directors of Axis Asset Management Company Ltd. (“AMC”) and the Board of Directors of Axis Mutual Fund Trustee Ltd. (“AMFT”), have approved the above proposed changes. Further, SEBI email dated May 23, 2025, has communicated its no-objection for the proposed changes.
- 2) In line with regulatory requirements, for scheme where a change in fundamental attributes is being proposed, we are offering an exit window (“Exit Option”) of 30 days to the Unit holders from June 17, 2025 to July 16, 2025 (both days inclusive) (“Exit Option Period”). These changes will be effective from July 17, 2025 (“Effective Date”). During the Exit Option Period, unit holders not consenting to the change may either switch to any other scheme of Axis mutual fund or redeem their investments at applicable Net Asset Value without payment of exit load subject to provisions of applicable cut-off time as stated in the Scheme Information Document of the scheme. All transaction requests received after 3.00 pm on July 16, 2025 will be subject to applicable exit load (if any), as may be applicable to the Scheme mentioned above.

- 3) Redemption / Switch requests, if any, may be lodged at any of the Official Points of Acceptance /Investor Service Centres of Axis Mutual Fund or the Registrar and Transfer Agents of the Fund viz. KFin Technologies Ltd.
- 4) The above information is also available on the website of Axis Mutual viz., <https://www.axismf.com>
- 5) Notice detailing the proposed fundamental attribute change has also been / is being published in Financial Express (English daily newspaper having nationwide circulation) and Navshakti (Marathi newspaper) for the benefit of the Unit holders.
- 6) Further, the option to exit the Scheme is available to all Unit holders except for:
 - (i) Unit holders who have pledged / encumbered their units will not have the option to exit unless they submit a letter of release of their pledges / encumbrances prior to submitting their redemption / switch requests.
 - (ii) Unitholders whose units are marked under lien/injunction in accordance with the instructions of any Court of Law/Income Tax Authority/other Regulatory Authority unless they get the vacation order before exercising their exit option.
- 7) Investors who have registered for Systematic Investment Plan (SIP) in the Scheme and who do not wish to continue their future investments must apply for cancellation of their SIP registrations.
- 8) The redemption warrant/cheque will be mailed or the amount of redemption will be credited to the unit holders bank account (as registered in the records of the Registrar) within 5 (five) working days from the date of receipt of redemption request.
- 9) I) It may be noted that the offer to exit is purely optional and not compulsory. If the Unit holder has no objection to the aforesaid change, no action is required to be taken and it would be deemed that such Unit holder has consented to the aforesaid change.
II) whose units are marked under lien/injunction in accordance with the instructions of any Court of Law/Income Tax Authority/other Regulatory Authority unless they get the vacation order before exercising their exit option.
- 10) Please note that unit holders who do not opt for redemption on or before July 16, 2025 (upto 3 p.m.) shall be deemed to have consented to the changes specified herein above and shall continue to hold units in the scheme of Axis Mutual Fund. All transaction requests received after 3 p.m. on 16 July, 2025 will be subject to applicable exit load (if any), as may be applicable to the Scheme mentioned above. In case the unit holders disagree with the aforesaid changes, they may redeem all or part of the units in the Scheme of Axis Mutual Fund by exercising the Exit Option, without exit load within the Exit Option Period by submitting a redemption request online or through a physical application form at any official point of acceptance/investor service centres of the AMC or to the depository participant (DP) (in case of units held in Demat mode). Unit holders can also submit the normal redemption form for this purpose.
- 11) The option to redeem the Units without exit load during the Exit Option Period can be exercised in the following manner:
 - a. Unit holders can submit redemption requests online or via duly completed physical application form at any official points of acceptance/investor service centres of the AMC or to the DP (in case of units held in Demat mode).
 - b. The redemption/ switch requests shall be processed at applicable NAV as per time stamping provisions contained in the SID of the Scheme.
 - c. Unit holders should ensure that any changes in address or pay-out bank details required by them, are updated in Axis Mutual Fund’s records at least 10 (Ten) working days before exercising the Exit Option. Unit holders holding Units in dematerialized form may approach their DP for such changes.
- 12) The expenses related to the proposed changes and other consequential changes as outlined above will not be charged to the unit holders of the Scheme.
- 13) **Tax Consequences:**
Redemption / switch-out of units from the Scheme may entail capital gain/loss in the hands of the unitholder. For unit holders who redeem their investments during the Exit Option Period, the tax consequences as set forth in the Statement of Additional Information of Axis Mutual Fund and Scheme Information Document of relevant scheme of Axis Mutual Fund would be applicable. In case of NRI investors, TDS shall be deducted from the redemption proceeds in accordance with the prevailing income tax laws. In view of the individual nature of tax consequences, Unitholders are advised to consult their professional tax advisors for tax advice
Unit holders who require any further information may contact:
Address : Axis Asset Management Company Ltd.
One Lodha Place, 22nd & 23rd Floor, Senapati Bapat Marg, Lower Parel, Mumbai, Maharashtra, Pin Code - 400013.
Phone no.: 022- 6649 6102
Email : customerservice@axismf.com
For any assistance/clarification, Unit holders may contact any of our Investor Service Centres
The relevant sections of SID/ KIM of the Scheme shall stand modified in accordance with the above.
This addendum forms an integral part of the Scheme Information Document and Key Information Memorandum of the Scheme of Axis Mutual Fund.
Investors are requested to kindly take note of the above.

For Axis Asset Management Company Limited
(CIN - U65991MH2009PLC189558)
(Investment Manager to Axis Mutual Fund)

Place : Mumbai
Date : June 09, 2025
No. : 30/2025-26

Sd/-
Gop Kumar Bhaskaran
Managing Director & Chief Executive Officer

Axis Bank Ltd. 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.

