

NATIONAL PENSION SYSTEM
(NPS)

RE-LIVE

When you Retire.

Investing + Tax Saving + Pension

MARKET OUTLOOK - APRIL 2026



INVESTMENT PHILOSOPHY & PORTFOLIO APPROACH

EQUITY INVESTMENT PHILOSOPHY – GROWTH AT REASONABLE PRICE

DEEP VALUE

*Valuation is right,
timing may or may not be*

GROWTH AT REASONABLE PRICE

(Combining Best of Both
Value & Growth)

GROWTH AT ANY PRICE

*Typically associated with
high perceived quality*



PORTFOLIO POSITIONING

CURRENT PORTFOLIO POSITIONING – EQUITY

Medium Term Portfolio positioning

- Multiple Themes around India Growth Story
 - ▶ We remain optimistic over the medium-term India story and expect these trends to strengthen with multiple themes at play (financialization of savings, private capex revival, rising discretionary consumption, strengthening of real estate cycle, and the massive creation of digital and physical infrastructure).

Focus on 3 P's

- ▶ Investment strategy to focus on capturing the 3 Ps viz. Production (Manufacturing), Penetration (Consumption) and Premiumization (Services) as medium to long term theme for India.

Current Portfolio positioning

- The sharp surge in crude oil prices has materially weakened the outlook for India's growth and inflation.
- The RBI's anticipated rate cuts, which were broadly intended to support growth, are now complicated by imported inflation from energy prices and a depreciating rupee.
- In the current volatile market scenario, we would prefer to maintain a bias towards domestic consumption-oriented sectors vs the export dependent sectors through a diversified portfolio
- Sectors which are beneficiaries of Consumption growth and Capex like Auto, Financial services, construction materials, Power and Capital goods continue to be preferred by us.
- We continue to be under-weight on Metals and FMCG.

PUSH FOR DOMESTIC GROWTH AMIDST RISING EXTERNAL RISK

MULTIPLE TRIGGERS FOR GROWTH

Resiliency in Domestic Growth critical for Markets

- Domestic demand across sectors such as automobiles, premium consumption, financial services, hospitality, and industrials continues to remain healthy
- Demand supported by structural formalization, premiumization trends, and improving discretionary spending patterns

Capex

Capital expenditure intensity remains elevated across sectors reflecting long-term confidence in India's structural growth opportunity



PUSH FOR DOMESTIC GROWTH AMIDST RISING EXTERNAL RISK

MULTIPLE TRIGGERS FOR GROWTH

Concerns over Earnings outlook in FY27

Impact of higher input prices may restrain earnings growth expectations

Key Risk

- Commodity inflation, energy costs, logistics disruptions, and geopolitical uncertainties as near-term monitorable
- Increased risk of growth slowdown amid Geo-political and war related uncertainties
- Volatile FPI flows continue to put pressure on markets
- Higher inflation limiting space for any policy actions to support growth



SECTORAL EXPOSURE

Sector	Portfolio weights (%)	Benchmark weights (%)	OW/UW
Financial Services	31.13	31.04	0.09
Oil, Gas & Consumable Fuels	6.58	8.97	-2.39
Automobile and Auto Components	8.04	7.09	0.96
Capital Goods	7.95	6.19	1.76
Information Technology	6.45	7.02	-0.57
Fast Moving Consumer Goods	5.07	6.37	-1.30
Healthcare	5.27	5.55	-0.28
Power	3.96	4.24	-0.28
Consumer Services	4.64	3.49	1.15
Telecommunication	3.47	4.01	-0.54
Metals & Mining	2.75	4.20	-1.45
Construction	2.98	3.01	-0.03
Construction Materials	3.59	1.87	1.72
Consumer Durables	1.01	2.65	-1.63
Services	1.19	1.73	-0.54
Realty	0.92	1.02	-0.10
Chemicals		1.43	-1.43
Textiles		0.14	-0.14
Grand Total	95.01	100.00	

Data as on 30th April 2026

EQUITY TIER 1 SCHEME – MARKET CAP EXPOSURE

Market Cap	Tata	Benchmark
Large Cap	83.11	81.58
Mid Cap	11.90	18.42
Grand Total	95.01	100.00

Market Cap Wise Grouping	Tata	Benchmark
Top 50	64.80	65.55
Next 50	18.31	16.04
Midcap 150	11.90	18.42
Grand Total	95.01	100.00

Data as on 30th April 2026

DEBT INVESTMENT PHILOSOPHY

Approach to Debt Investments :

Focus on safety / capital preservation
while optimizing returns

DEBT INVESTMENT PHILOSOPHY

S**Safety**

Safety of the
portfolio

L**Liquidity**

Adequate Liquidity
in the portfolio

R**Returns**

Providing higher
risk adjusted
Returns

DEBT PORTFOLIO POSITIONING



Duration / Interest Rate risk:

Positioning portfolio risk based on outlook on rates.

01

Issuer Selection:

Focus on fundamentally strong issuers with low credit risk.

02

Security Selection:

Liquidity, pricing, demand & supply dynamics.

03

Risk Monitoring:

Independent risk department monitoring risk guidelines real time basis.

04

TIME FOR DURATION

- Domestic bond yields continue to see upside pressure due to elevated oil prices and foreign outflows amidst the Middle East conflict
- Inflation risk rising due to increasing commodity prices amidst geopolitical concerns
- Gross borrowing for FY27 has been revised lower to INR 16.1tn as against Budgeted Estimate of INR 17.2tn with switch operations
- Balanced borrowing calendar for FY27 and demand outlook in FY27 is slightly better for yields
- With front loaded rate cuts, scope for further easing will depend on growth trajectory of the economy and inflation
- Ample provision of Liquidity and lower supply of papers will be critical for the yields to moderate and we expect RBI to provide support on both the parameters. However, a rising inflation may limit the options available to the RBI.
- Overall, with growth and inflation outlook concerns, we prefer a moderate duration bias strategy in the portfolio from the medium-term perspective

PORTFOLIO POSITIONING

CURRENT PORTFOLIO POSITIONING – DEBT

Debt Portfolio Positioning

- Due to higher expectations of extended period of middle east conflict and the delay in normalization of Oil and trade supply issues, the interest rate outlook has become uncertain with an upward bias due to risk of inflation.

With yields confined to a narrow range, accrual rather than duration led capital gains has been the primary driver of returns.

The absence of a clear and sustained rate cut cycle has lowered the attractiveness of aggressive duration strategies, making high carry, accrual focused portfolios better suited to the current phase.

Duration preference

- Current Portfolio is geared towards moderate duration in both the G-sec and Corporate Bond Portfolios.



PORTFOLIO POSITIONING

CURRENT PORTFOLIO POSITIONING – DEBT

Accrual Focus

- Portfolio targets a judicious mix of instrument to enhance the carry/ yield of the portfolio.

Quality of Portfolio

- Corporate Bond Portfolio remains biased towards high quality issuers and on optimizing the mix of issuers to enhance accrual income to the portfolio while moderating duration risk.



PORTFOLIO POSITIONING – DEBT

PORTFOLIO POSITIONING – DEBT – G1

Duration and Yields	Scheme G Tier 1
Modified Duration	8.67
Yield to Maturity (%)	7.58
Instruments	
G-Sec	70.44
SDL	25.95
Govt. Guaranteed Bonds	0.73
Total	97.11

PORTFOLIO POSITIONING – DEBT – C1

Duration and Yields	Scheme C Tier 1
Modified Duration	3.94
Yield to Maturity (%)	7.83
Ratings Wise Exposure	
AAA	76.11
AA+	18.12
Total	94.23

Data as on 30th April 2026

EVALUATING OUR FUND PERFORMANCE

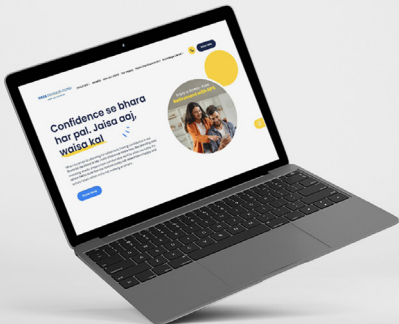
1-YEAR RETURNS

Schemes	Portfolio Returns(%)	Benchmark Return (%)	Out/Under performed over Benchmark
Scheme-E Tier I	4.26%	2.51%	1.75%
Scheme-E Tier II	3.58%	2.51%	1.07%
Scheme-C Tier I	4.54%	4.42%	0.57%
Scheme-C Tier II	3.97%	4.42%	5.57%
Scheme-G Tier I	-1.60%	-0.39%	-1.21%
Scheme-G Tier II	-1.55%	-0.39%	-1.16%
Tax Saver Tier-II	0.97%	2.33%	-1.36%

Source : NPS Trust website. Data as on 30th April 2026

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