

NATIONAL PENSION SYSTEM
(NPS)

RE-LIVE

When you Retire.

Investing + Tax Saving + Pension

MARKET OUTLOOK - MARCH 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

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.

Sustainable boost to Consumption critical for Markets and Economy

- A revival in consumption due to tax incentives and lower GST rates would be positive for Consumption oriented stocks
- We continue to remain overweight on sectors which are beneficiaries of Consumption growth

Playing the Consumption growth along with Capex Beneficiaries

- Our equity portfolio is oriented towards domestic consumption & capex cycle plays with our key overweight exposure being Auto, Capital goods, construction materials and Consumer services.

PUSH FOR DOMESTIC GROWTH AMIDST RISING EXTERNAL RISK

MULTIPLE TRIGGERS FOR GROWTH

Resiliency in Domestic Growth critical for Markets

- Growth momentum continues in GDP post the GST and income tax cuts
- Concerns over the growth rising due to external geopolitical risk

Monetary Policy support amidst rising inflation concerns

- Liquidity support by RBI important for interest rates and credit support in the economy
- Rising inflation and depreciating currency limits space for policy actions by RBI

Capex

Government capex to continue with private capex expected to pick up due to improved domestic demand outlook



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

- 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	30.50	31.29	-0.80
Oil, Gas & Consumable Fuels	6.67	9.14	-2.48
Automobile and Auto Components	8.36	7.15	1.21
Information Technology	7.20	7.67	-0.47
Fast Moving Consumer Goods	4.98	6.22	-1.24
Healthcare	5.30	5.79	-0.49
Capital Goods	7.81	5.22	2.58
Metals & Mining	2.85	4.69	-1.85
Telecommunication	3.33	4.13	-0.81
Power	4.29	3.89	0.41
Consumer Services	4.56	3.41	1.15
Construction	2.88	2.86	0.02
Consumer Durables	0.80	2.59	-1.79
Construction Materials	3.53	1.89	1.64
Services	1.10	1.60	-0.51
Realty	0.86	0.91	-0.06
Chemicals	0.00	1.40	-1.40
Textiles	0.00	0.13	-0.13
Grand Total	95.00	100.00	

Data as on 31st March 2026

EQUITY TIER 1 SCHEME – MARKET CAP EXPOSURE

Market Cap	Tata	Benchmark
Large Cap	83.69	82.49
Mid Cap	11.32	17.51
Grand Total	95.00	100.00

Market Cap Wise Grouping	Tata	Benchmark
Top 50	65.22	66.20
Next 50	18.47	16.29
Midcap 150	11.32	17.51
Grand Total	95.00	100.00

Data as on 31st March 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

Duration preference

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

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 (%)	7.64
Instruments	
G-Sec	71.63
SDL	23.46
Govt. Guaranteed Bonds	0.80
Total	95.89

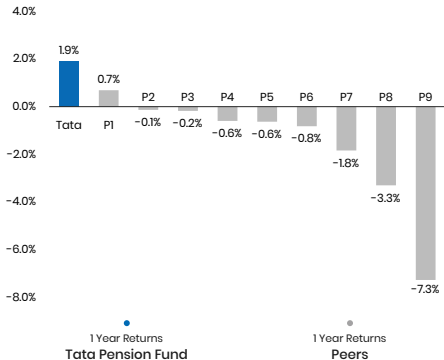
PORTFOLIO POSITIONING – DEBT – C1

Duration and Yields	Scheme C Tier 1
Modified Duration	4.04
Yield to Maturity (%)	7.83
Ratings Wise Exposure	
AAA	73.03
AA+	21.48
Total	94.51

Data as on 31st March 2026

Our confident results, your secure retirement.

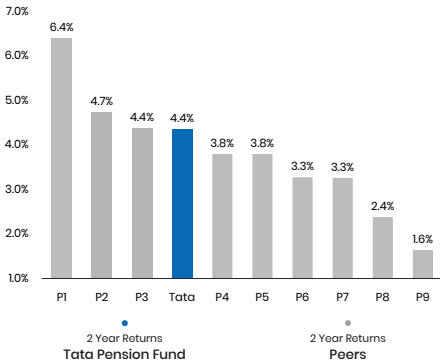
Equity Tier 1 (1 Year Returns)



*Source - NPS Trust
Data as of 27th March 2026

Our confident results, your secure retirement.

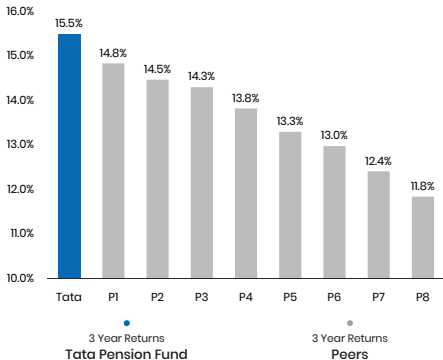
Equity Tier 1 (2 Year Returns)



*Source - NPS Trust
Data as of 27th March 2026

Our confident results, your secure retirement.

Equity Tier 1 (3 Year Returns)



*Source - NPS Trust
Data as of 27th March 2026

EVALUATING OUR FUND PERFORMANCE

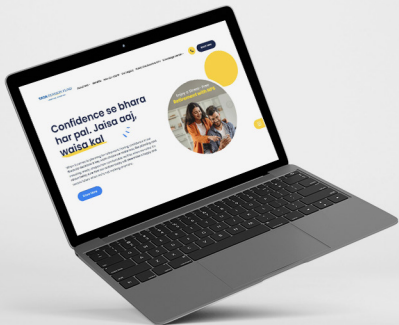
1-YEAR RETURNS

Schemes	Portfolio Returns(%)	Benchmark Return (%)	Out/Under performed over Benchmark
Scheme-E Tier I	0.06%	-3.13%	3.19%
Scheme-E Tier II	-0.33%	-3.13%	2.80%
Scheme-C Tier I	5.58%	5.21%	0.37%
Scheme-C Tier II	5.06%	5.21%	-0.15%
Scheme-G Tier I	-0.64%	0.66%	-1.30%
Scheme-G Tier II	-0.70%	0.66%	-1.36%
Tax Saver Tier-II	0.41%	1.88%	-1.47%

Source : NPS Trust website. Data as on 31st March 2026

- 1) National Pension System (NPS) is a defined contribution plan and the benefits would depend upon the contribution made by the subscribers, Investment Choice and the returns generated on the same till the time subscribers exit from NPS.
- 2) All investments in Pension Funds are subject to market risks and there can be no assurance or guarantee that the investment objectives shall be achieved. Past performance of the sponsor / Pension Fund Schemes / Pension Fund Manager is not necessarily indicative of future results.
- 3) Subscribers are advised to seek appropriate professional advice to determine the quantum of investment and the applicable tax treatment on the same.
- 4) Change in Tax Laws may affect the Return on Investment (ROI). Effective tax savings will vary from person to person depending on their tax bracket.
- 5) The Pension Fund schemes are subject to risk relating to credit, interest rates, liquidity, trading in Equity and Debt Derivatives (the specific risk could be credit, market illiquidity, judgmental error and interest rates).
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