

NATIONAL PENSION SYSTEM  
(NPS)

# RE-LIVE

## When you Retire.

Investing + Tax Saving + Pension

MARKET OUTLOOK – JANUARY 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*



# EQUITY PORTFOLIO POSITIONING

## Prefer Top-down over Bottom-Up Stock Picking –

- Focus on getting Sector selection right to provide greater margin of safety to portfolio
- Sectors would be selected on the basis of macro economic factors along with growth potential and positioning in business cycles.

## Types of Stocks in the Portfolio –

- Fund Manager would prefer companies which are low debt, high free cash flows & higher efficiency ratios etc. and have potential for growth.

## Prefer Stocks with higher sustainable Growth –

- Prefer companies that have high growth, sustainable business models (businesses that have long shelf life and relevance), low debt and market leadership etc. among other factors.



# EQUITY PORTFOLIO POSITIONING

## Allocation across market caps

- Portfolio shall be biased towards large caps. We may make tactical allocation decision between Large and Mid caps depending upon the market cycle & growth opportunities.
- Universe of equity stocks – Top 250 stocks by Market Capitalisation

## Sectors Avoided

- Portfolio may avoid sectors with potential for high debt with low return ratios and high regulatory risks.
- Sectors facing business growth risk due to changing business cycle.

## Portfolio Turnover

- Prefer low churn in the portfolio and biased towards a buy and hold approach.

## Reasonable Active Share

- The Portfolio shall have reasonable proportion of active bets as compared to the relevant benchmark.



# **PUSH FOR DOMESTIC GROWTH AMIDST RISING EXTERNAL RISK**

## **MULTIPLE TRIGGERS FOR GROWTH**

### **Strong GDP Growth**

India's real GDP is expected to grow at ~7%, supported by favourable inflation and a healthy pickup in domestic consumption trends, driven by government reforms in GST.

### **Reforms in Manufacturing**

A combination of fiscal measures, sustained infrastructure spending, and forward-looking policy reforms to aid robust environment for sectors such as manufacturing, semiconductors, energy and logistics.

### **Consumption**

A sustained domestic consumption growth continues to be a key driver of returns along with Capex beneficiaries.

### **Export Opportunities**

India's proactive trade diplomacy including recent agreements with the US, EU, Australia, UAE — is unlocking new export markets for sectors like manufacturing, IT services and pharmaceuticals.



# **PUSH FOR DOMESTIC GROWTH AMIDST RISING EXTERNAL RISK**

## **MULTIPLE TRIGGERS FOR GROWTH**

### **Earnings push in FY27**

Earnings are expected to recover in FY27 as global uncertainties abate, and domestic consumption continues to recover. A favourable monsoon could further boost rural sentiment, supporting overall GDP growth.

### **Key Risk**

- Softer nominal GDP could pose challenges for earnings growth.
- Volatile FPI outflows continue to put pressure on markets.
- Fiscal slippage could translate into higher borrowing costs and impact GDP growth.



# 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.

### Boost to Consumption from GST & Income Tax relaxations and Rate cuts

- 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.



# SECTORAL EXPOSURE

Sector	Portfolio weights (%)	Benchmark weights (%)	ow/uw
Financial Services	30.36	32.69	-2.33
Automobile and Auto Components	8.56	7.14	1.42
Capital Goods	9.02	4.91	4.11
Oil, Gas & Consumable Fuels	6.71	8.57	-1.86
Information Technology	6.76	8.96	-2.21
Healthcare	4.43	5.00	-0.57
Fast Moving Consumer Goods	5.05	6.27	-1.22
Consumer Services	3.30	3.46	-0.16
Construction Materials	3.94	1.95	2.00
Telecommunication	3.63	4.00	-0.36
Construction	3.20	2.87	0.33
Power	3.64	3.22	0.42
Metals & Mining	2.90	4.42	-1.52
Services	1.06	1.60	-0.53
Consumer Durables	0.89	2.42	-1.53
Realty	0.96	0.98	-0.03
Chemicals	-	1.41	-1.41
Textiles	-	0.12	-0.12
<b>Grand Total</b>	<b>94.42</b>	<b>100.00</b>	

Data as on 30<sup>th</sup> January 2026

# EQUITY TIER 1 SCHEME – MARKET CAP EXPOSURE

Market Cap	Tata	Benchmark
Large Cap	83.05	82.74
Mid Cap	11.37	17.26
<b>Grand Total</b>	<b>94.42</b>	<b>100.00</b>

Market Cap Wise Grouping	Tata	Benchmark
Top 50	65.42	66.70
Next 50	17.63	16.04
Midcap 150	11.37	17.26
<b>Grand Total</b>	<b>94.42</b>	<b>100.00</b>

Data as on 30<sup>th</sup> January 2026

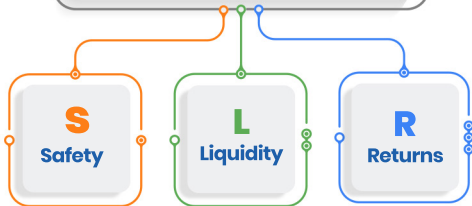


# DEBT INVESTMENT PHILOSOPHY

## Approach to Debt Investments :

Focus on safety / capital preservation  
while optimizing returns

### DEBT INVESTMENT PHILOSOPHY



# 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

- Inflation seen moderating over the medium term is a positive for fixed income market
- Continued government focus on fiscal consolidation
- With front loaded rate cuts, scope for further easing will depend on growth trajectory of the economy and inflation
- Lower than anticipated supply of long duration papers is expected to help easing of elevated spreads providing investment opportunity in the longer end of the yield curve from medium term investment horizon basis
- 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
- Overall, with improving liquidity conditions and inflation outlook, we prefer a duration bias strategy in the portfolio from a medium-term perspective



# PORTFOLIO POSITIONING

## CURRENT PORTFOLIO POSITIONING – DEBT

### Duration preference

- Current Portfolio is geared towards moderate to high 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.



# PORTFOLIO POSITIONING – DEBT

## PORTFOLIO POSITIONING – DEBT – G1

Duration and Yields	Scheme G Tier 1
Modified Duration	9.58
Yield to Maturity (%)	7.38
Instruments	
G-Sec	71.27
SDL	22.72
Govt. Guaranteed Bonds	0.90
<b>Total</b>	<b>94.89</b>

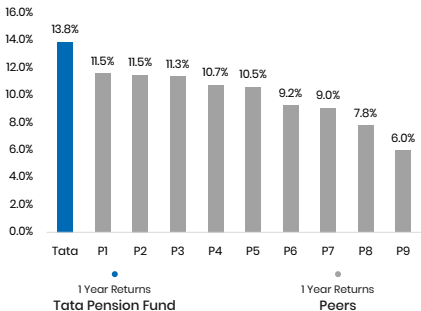
## PORTFOLIO POSITIONING – DEBT – C1

Duration and Yields	Scheme C Tier 1
Modified Duration	4.26
Yield to Maturity (%)	7.56
Ratings Wise Exposure	
AAA	68.85
AA+	21.54
<b>Total</b>	<b>90.39</b>

Data as on 30<sup>th</sup> January 2026

# Our confident results, your secure retirement.

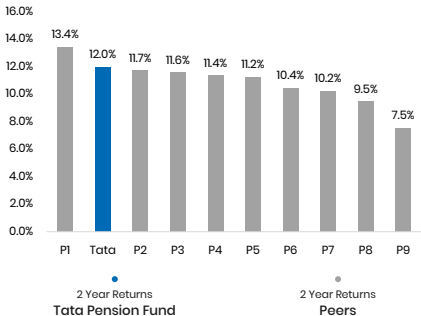
## Equity Tier 1 (1 Year Returns)



\*Source - NPS Trust  
Data as of 30<sup>th</sup> January 2026

# Our confident results, your secure retirement.

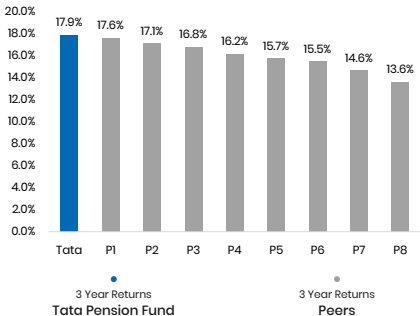
## Equity Tier 1 (2 Year Returns)



\*Source - NPS Trust  
Data as of 30<sup>th</sup> January 2026

# Our confident results, your secure retirement.

## Equity Tier 1 (3 Year Returns)



\*Source - NPS Trust  
Data as of 30<sup>th</sup> January 2026

# EVALUATING OUR FUND PERFORMANCE

## 1-YEAR RETURNS

Schemes	Portfolio Returns(%)	Benchmark Return (%)	Out/Under performed over Benchmark
Scheme-E Tier I	12.64%	8.55%	4.09%
Scheme-E Tier II	12.36%	8.55%	3.81%
Scheme-C Tier I	7.09%	6.77%	0.32%
Scheme-C Tier II	6.68%	6.77%	-0.09%
Scheme-G Tier I	3.57%	4.62%	-1.05%
Scheme-G Tier II	3.66%	4.62%	-0.96%
Tax Saver Tier-II	6.11%	6.37%	-0.26%

Source : NPS Trust website. Data as on 30<sup>th</sup> January 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.
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