TATA PENSION FUND
Jaisa Aaj, Waisa Kal™

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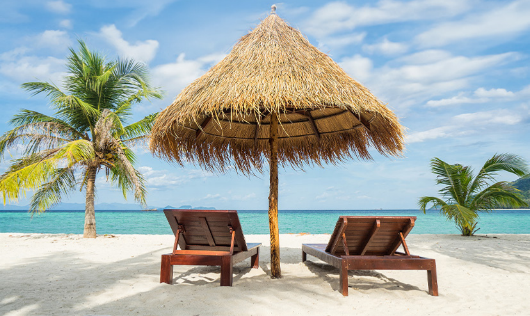
NATIONAL PENSION SYSTEM
(NPS)

RE-LIVE
When you **Retire.**

Investing + Tax Saving + Pension

MARKET OUTLOOK - JUNE 2026



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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.

PORTFOLIO POSITIONING

CURRENT PORTFOLIO POSITIONING – EQUITY

Current Portfolio positioning

- Demand remains steady with credit growth indicating continued business optimism and earnings growth outlook
- The sharp surge in commodity input prices raises concerns over the outlook for earnings growth
- With resumption of hostilities in west Asia and rising probability of EL Nino, we remain cautiously optimistic with a focus on clear and strong revenue and earnings growth visibility over the next few years.
- 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 and turning neutral on IT due to valuation comfort.

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 however, indication of recovery in earnings is seen

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
- Monsoon deficiency may lead to higher inflation and slower growth
- Volatile FPI flows continue to put pressure on markets while steps by RBI and Government provides support

SECTORAL EXPOSURE

Sector	Portfolio weights (%)	Benchmark weights (%)	OW/UW
Financial Services	32.42	32.54	-0.12
Oil, Gas & Consumable Fuels	6.81	8.10	-1.29
Automobile and Auto Components	8.29	7.14	1.15
Capital Goods	8.86	6.26	2.60
Information Technology	5.31	6.11	-0.79
Fast Moving Consumer Goods	4.08	5.88	-1.80
Healthcare	6.08	5.89	0.19
Power	4.53	3.94	0.60
Consumer Services	4.69	3.81	0.88
Telecommunication	3.35	4.20	-0.86
Metals & Mining	2.51	4.00	-1.49
Construction	3.58	3.04	0.53
Construction Materials	3.20	1.89	1.31
Consumer Durables	0.37	2.75	-2.38
Services	1.48	1.86	-0.38
Realty	0.86	1.06	-0.20
Chemicals	-	1.38	-1.38
Textiles	-	0.16	-0.16
Grand Total	**96.42**	**100.00**	

Data as on 30th June 2026

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EQUITY TIER 1 SCHEME – MARKET CAP EXPOSURE

Market Cap	Tata	Benchmark
Large Cap	87.32	81.32
Mid Cap	9.09	18.68
Grand Total	**96.42**	**100.00**

Market Cap Wise Grouping	Tata	Benchmark
Top 50	66.26	64.39
Next 50	19.80	16.93
Midcap 150	10.35	18.68
Grand Total	**96.42**	**100.00**

Data as on 30th June 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 MODERATION IN DURATION

- RBI announced various measures to attract capital inflows during its policy meeting (more bonds under FAR route, removal of certain limits under the general route). Further, the Centre removed capital gains and withholding tax on G-secs
- Above measures are positive for the debt market ahead of the Bloomberg Index inclusion (USD 20- 25bn). In addition, concessional swaps for ECBs and FCNR(B) deposits may also bring in ~USD 50bn
- Inflation risk rising due to increasing commodity prices amidst geopolitical concerns and weak monsoon due to rising El-Nino risk thereby, reducing scope for any further easing by the RBI
- Balanced borrowing calendar for FY27 and demand outlook in FY27 is slightly better for yields however, concerns remain over slower growth leading higher fiscal deficit
- Ample provision of Liquidity and balanced supply of papers will be critical for the yields to moderate and we expect RBI to provide support on both the parameters.
- 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

- Delay in normalization of Oil and trade supply issues, weak monsoon due to stronger El-Nino raises uncertainty with an upward bias on rates 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 increased probability of a rate hike 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 (%)	7.18
Instruments	
G-Sec	68.77
SDL	28.09
Govt. Guaranteed Bonds	0.66
Total	**97.52**

PORTFOLIO POSITIONING - DEBT - C1

Duration and Yields	Scheme C Tier 1
Modified Duration	3.83
Yield to Maturity (%)	7.62
Ratings Wise Exposure	
AAA	77.02
AA+	17.92
Total	**94.93**

Data as on 30th June 2026

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EVALUATING OUR FUND PERFORMANCE

1-YEAR RETURNS

Schemes	Portfolio Returns(%)	Benchmark Return (%)	Out/Under performed over Benchmark
Scheme-E Tier I	-0.72	-2.69	1.97
Scheme-E Tier II	-1.34	-2.69	1.35
Scheme-C Tier I	5.60	5.89	-0.29
Scheme-C Tier II	5.10	5.89	-0.79
Scheme-G Tier I	3.13	3.84	-0.71
Scheme-G Tier II	3.52	3.84	-0.32
Tax Saver Tier-II	1.70	3.47	-1.77

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

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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.

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