TATA PENSION FUND
Jaisa Aaj, Waisa Kal

NATIONAL PENSION SYSTEM
(NPS)

RE-LIVE
When you **Retire.**

Investing + Tax Saving + Pension

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.
- Investment Universe of Top 200 Stocks.

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

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

EVALUATING OUR FUND PERFORMANCE

1-YEAR RETURNS

Schemes	Portfolio Returns(%)	Benchmark Return (%)	Out/Under performed over Benchmark
Scheme-E Tier I	14.81%	14.72%	0.09%
Scheme-E Tier II	15.02%	14.72%	0.30%
Scheme-C Tier I	9.75%	8.74%	1.01%
Scheme-C Tier II	9.81%	8.74%	1.07%
Scheme-G Tier I	10.54%	11.15%	-0.61%
Scheme-G Tier II	10.38%	11.15%	-0.77%
Scheme A - Tier I	9.13%	NA	NA
Tax Saver Tier - II	10.63%	10.92%	-0.29%

Source : NPS Trust website. Data as on 31st December 2024

Equity Tier - 1

*Source - NPS Trust
Data as of 3rd January, 2025

*P - Peers

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Corporate Bonds Tier - 1

*Source - NPS Trust
Data as of 3rd January, 2025

*P - Peers

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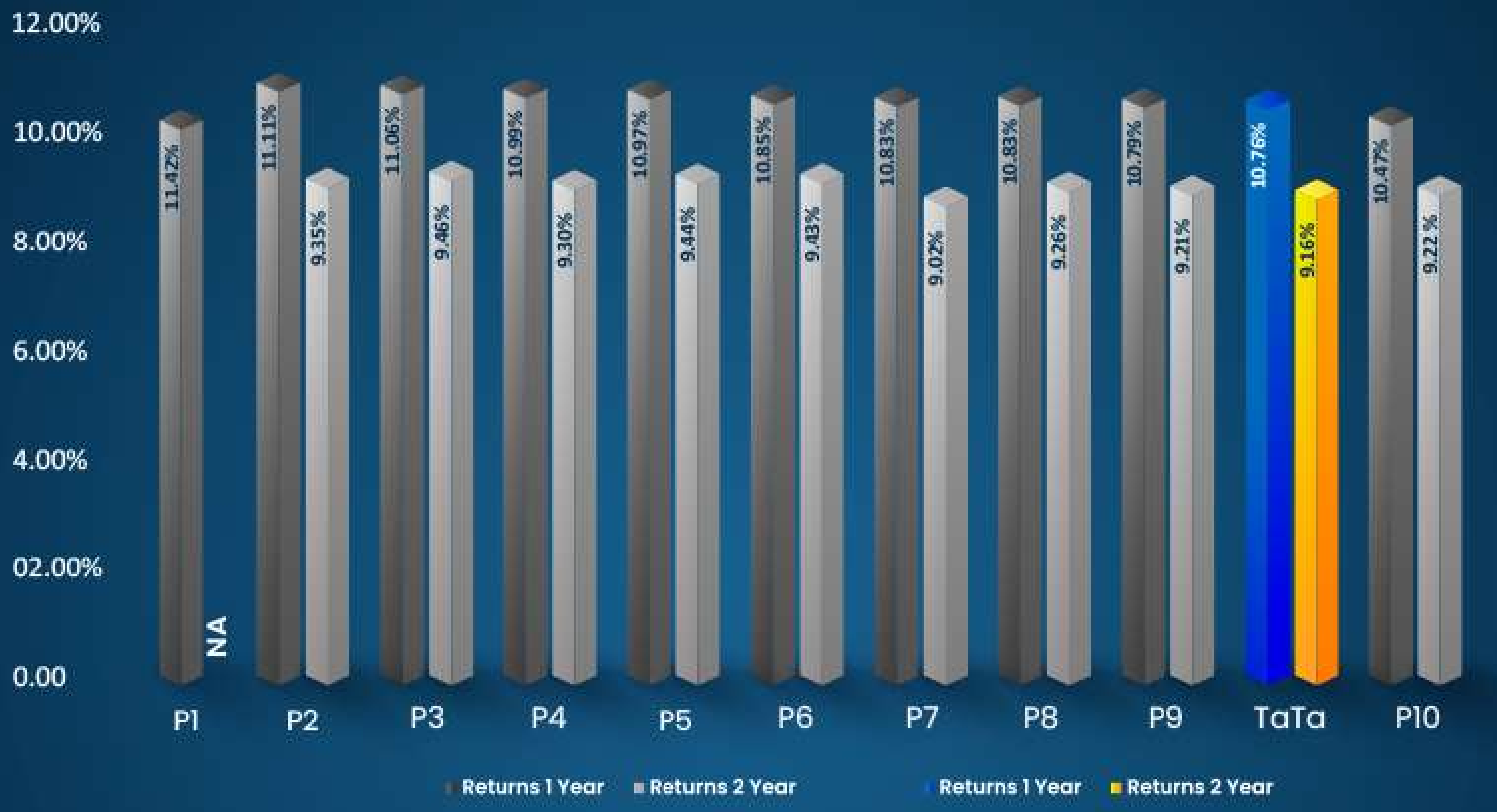
Government Securities Tier - 1



*Source - NPS Trust
Data as of 3rd January, 2025

*P - Peers

MARKET OUTLOOK

DOMESTIC SLOWDOWN CONCERN WITH EXTERNAL RISK RISING

KEY POSITIVES

- Economic activity and GDP growth expected to pick up in the second half of FY25
- Impact of Food inflation receding and inflation outlook positive
- Stable policy environment
- Gov't capex to gain pace with private capex after a lackluster first half of FY25
- Early signs of revival in mass and rural consumption positive for revenue growth for consumption-oriented sectors
- Reducing inflation increasing the probability of a rate cuts in 2025

KEY RISK AREAS

- Concerns over earnings growth in Q3FY25
- Record FPI outflows increasing pressure on markets
- Rising global uncertainty post US elections
- Softer GDP growth due to subdued demand growth
- Delay in rate cut due to elevated US yields and exchange rate volatility

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TIME FOR DURATION

- Inflation seen moderating over the medium term although short term concerns remain
- Fiscal consolidation strengthening with government finances improving
- Change in stance by RBI increasing the probability of rate cuts in the near term
- Foreign fund flows into government securities lowering upside risk in yield movement
- Continued government focus on fiscal consolidation
- Expect increased volatility in yields due to global uncertainty post US elections and rising US yields
- Overall, as the yield curve steepens it will be a good time to accumulate duration in the portfolio from a medium-term perspective.

PORTFOLIO POSITIONING

CURRENT PORTFOLIO POSITIONING - EQUITY

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

CURRENT PORTFOLIO POSITIONING - EQUITY

Multiple Themes around India Growth Story

- We remain optimistic on 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).

Playing the Capex Beneficiaries

- Our equity portfolio is oriented towards domestic cyclicals & capex cycle plays with our key overweight exposure being Banks, Power, Industrials, Construction materials & Real estate.

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.

Monitoring Sectors with signs of growth recovery

- A revival in rural consumption would be a positive for Autos and Consumption oriented stocks
- Constructive on Information Technology while demand conditions are still evolving

SECTORAL EXPOSURE

Sector	Portfolio weights (%)	Benchmark weights (%)	OW/UW
Automobile and Auto Components	6.64	6.98	-0.34
Capital Goods	6.54	4.24	2.30
Chemicals	-	1.44	-1.44
Construction	2.99	2.84	0.15
Construction Materials	4.48	2.04	2.44
Consumer Durables	1.18	2.56	-1.38
Consumer Services	4.27	3.94	0.33
Diversified	-	0.05	-0.05
Fast Moving Consumer Goods	5.40	7.44	-2.04
Financial Services	29.50	30.08	-0.58
Healthcare	6.58	5.62	0.96
Information Technology	8.21	11.33	-3.12
Metals & Mining	2.87	3.42	-0.55
Oil, Gas & Consumable Fuels	8.85	8.26	0.59
Power	4.00	3.52	0.49
Realty	2.21	1.34	0.87
Services	1.46	1.52	-0.06
Telecommunication	3.03	3.18	-0.15
Textiles	-	0.19	-0.19
Grand Total	98.22	100.00	

Data as on 31st December 2024

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EQUITY TIER 1 SCHEME – MARKET CAP EXPOSURE

Market Cap	Tata	Benchmark
Large Cap	85.16	81.91
Mid Cap	13.06	18.09
Grand Total	**98.22**	**100.00**

Market cap wise grouping	Tata	Benchmark
Top 50	64.70	66.79
Next 50	20.47	15.12
Midcap 100	13.05	18.09
Grand Total	**98.22**	**100.00**

Data as on 31st December 2024

PORTFOLIO POSITIONING – DEBT

PORTFOLIO POSITIONING - DEBT - G1

Duration and Yields	Scheme G Tier 1
Modified Duration	10.47
Yield to Maturity (%)	7.13
Instruments	
G-Sec	77.12
SDL	18.10
Govt. Guaranteed Bonds	1.23
Total	**96.45**

PORTFOLIO POSITIONING - DEBT - C1

Duration and Yields	Scheme C Tier 1
Modified Duration	5.14
Yield to Maturity (%)	7.59
Ratings wise exposure	
AAA	77.93
AA+	16.51
Total	**94.44**

Data as on 31st December 2024

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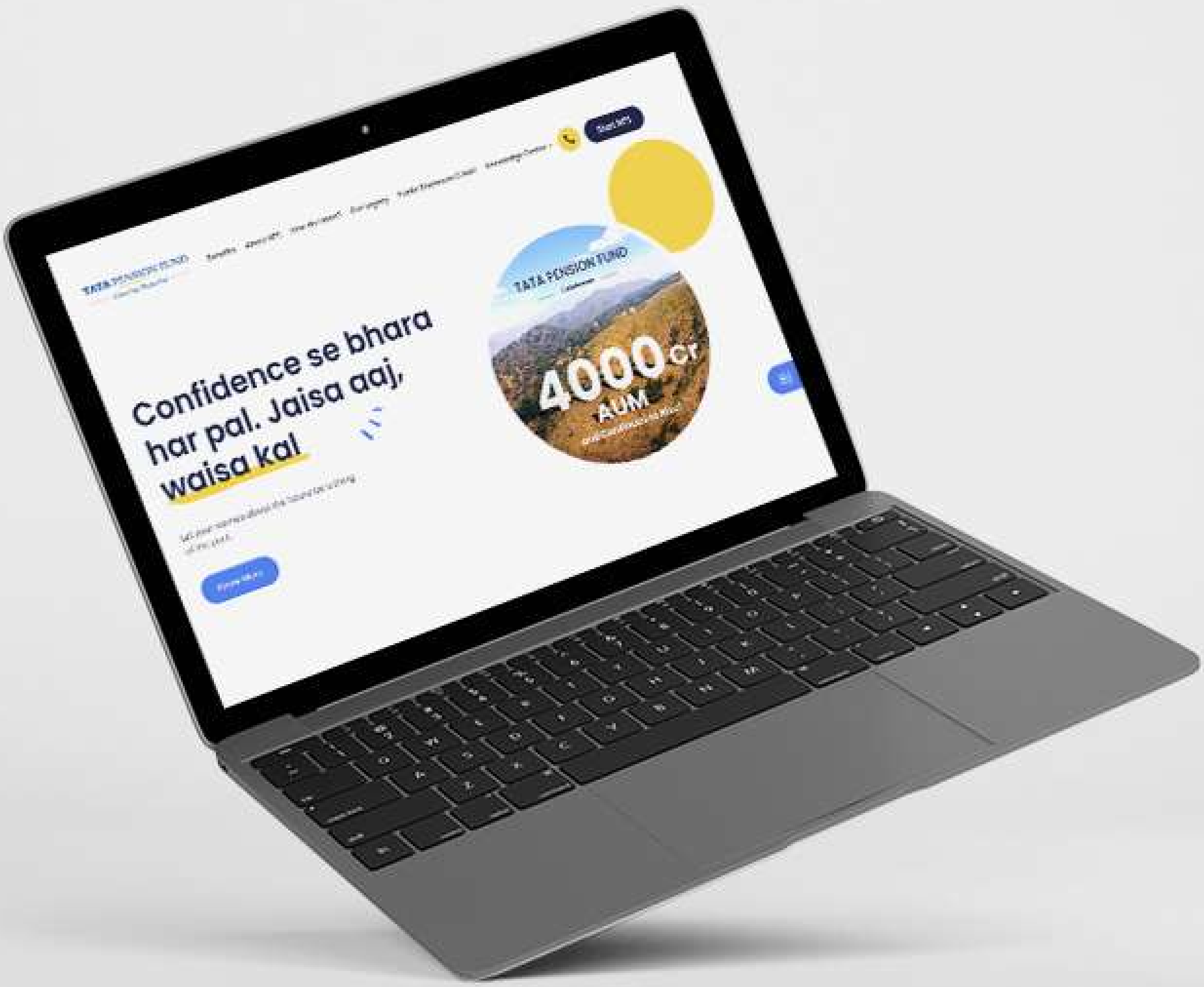
EXPLORE NPS WITH TATA PENSION



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