TATA PENSION FUND
Jaisa Aaj, Waisa Kal™

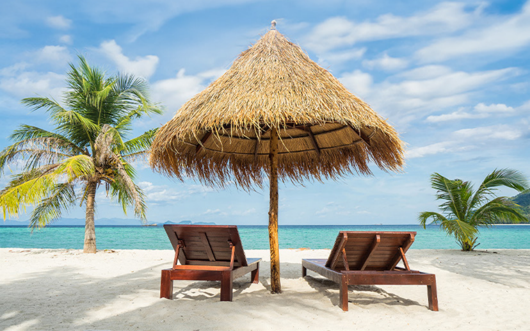
TATA

NATIONAL PENSION SYSTEM
(NPS)

RE-LIVE
When you Retire.

Investing + Tax Saving + Pension

MARKET OUTLOOK - JULY 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

MARKET OUTLOOK

EQUITY

Domestic Growth Engine

- **Demand strong** across autos, premium consumption, financial services, hospitality & industrials
- **Formalization & premiumization** lift discretionary spending
- **Strong capex** signals confidence in India's long-term growth
- **Private capex** recovery is driving credit demand
- **FY27 earnings:** input costs may cap growth, recovery visible
- **RBI & Government measures** provide support

Key Risks to Watch

- **Commodity inflation,** energy costs, logistics & geopolitics
- **Growth slowdown** from wars and geopolitical uncertainty
- **Weak monsoon** > higher inflation and slower growth
- **Volatile FPI flows** pressure markets

PORTFOLIO POSITIONING

CURRENT PORTFOLIO POSITIONING – EQUITY

India Growth Story: financialization, private capex, consumption, real estate & infrastructure

Focus on 3 P's:

· Production (Manufacturing)
· Penetration (Consumption)
· Premiumization (Services)

Equity Positioning

- **Steady demand & credit growth** support the earnings outlook
- **Commodity inflation** may pressure FY27 earnings
- **Cautiously optimistic** amid West Asia tensions and El Niño risks
- **Prefer domestic consumption** over export-led sectors
- **Preferred:** Auto, Financial Services, Construction Materials, Power & Capital Goods
- **Underweight:** Metals & FMCG | Neutral: IT

SECTORAL EXPOSURE

EQUITY

Sector	Portfolio weights (%)	Benchmark weights (%)	OW/UW
Financial Services	32.87	31.84	1.02
Oil, Gas & Consumable Fuels	7.30	7.97	-0.67
Automobile and Auto Components	8.49	7.52	0.97
Capital Goods	8.76	5.89	2.87
Information Technology	5.88	6.92	-1.03
Fast Moving Consumer Goods	3.78	5.76	-1.98
Healthcare	6.14	6.04	0.10
Power	4.14	3.76	0.37
Consumer Services	4.50	3.89	0.61
Telecommunication	3.64	4.28	-0.65
Metals & Mining	2.36	4.07	-1.72
Construction	3.23	2.82	0.41
Construction Materials	3.12	1.90	1.22
Consumer Durables	0.73	2.96	-2.23
Services	1.26	1.76	-0.50
Realty	0.88	1.12	-0.23
Chemicals	-	1.35	-1.35
Textiles	-	0.15	-0.15
Grand Total	**97.07**	**100.00**	

Data as on 31st July 2026

EQUITY TIER 1 SCHEME – MARKET CAP EXPOSURE

Market Cap	Tata	Benchmark
Large Cap	85.05	80.40
Mid Cap	12.02	19.60
Grand Total	**97.07**	**100.00**

Market Cap Wise Grouping	Tata	Benchmark
Top 50	69.44	65.28
Next 50	15.61	15.12
Midcap 150	12.02	19.60
Grand Total	**97.07**	**100.00**

Data as on 31st July 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

MARKET OUTLOOK DEBT

Debt Positioning

- **Oil, trade disruptions & weak monsoon** raise inflation and rate risks
- **Strong banking liquidity** may ease pressure on short-term yields
- **Accrual income** remains the key return driver
- **High-carry, accrual-focused portfolios** preferred over aggressive duration
- **Moderate duration** across G-sec and Corporate Bond portfolios
- **High-quality issuers;** optimized mix to enhance carry

Debt & Duration

- **RBI measures & G-Sec tax relief** support capital inflows
- **Bloomberg index delay** offset by strong ECB/FCNR(B) inflows
- **Inflation risks** from commodities, geopolitics & monsoon may limit easing
- **FY27 borrowing & demand** outlook supports yields
- **Liquidity + balanced supply** key to yield moderation

PORTFOLIO POSITIONING

CURRENT PORTFOLIO POSITIONING – DEBT

- 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

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PORTFOLIO POSITIONING – DEBT

DEBT - G1

Duration and Yields	Scheme G Tier 1
Modified Duration	8.77
Yield to Maturity (%)	7.27
Instruments	
G-Sec	68.61
SDL	26.51
Govt. Guaranteed Bonds	0.59
Total	**95.71**

DEBT - C1

Duration and Yields	Scheme C Tier 1
Modified Duration	3.86
Yield to Maturity (%)	7.70
Ratings Wise Exposure	
AAA	77.63
AA+	16.94
Total	**94.57**

Data as on 31st July 2026

FUND PERFORMANCE

1-YEAR RETURNS

Schemes	Portfolio Returns(%)	Benchmark Return (%)	Out/Under performed over Benchmark
Scheme-E Tier I	4.35	2.60	1.75
Scheme-E Tier II	3.74	2.60	1.14
Scheme-C Tier I	5.31	5.46	-0.15
Scheme-C Tier II	4.99	5.46	-0.47
Scheme-G Tier I	2.41	3.34	-0.93
Scheme-G Tier II	2.54	3.34	-0.80
Tax Saver Tier-II	2.31	4.20	-1.89

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

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