

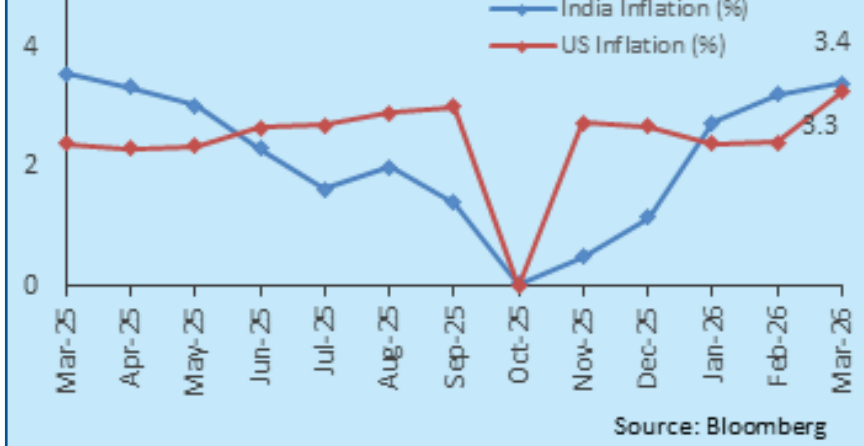
Market Outlook

HDFC Pension – Monthly update (April 2026)



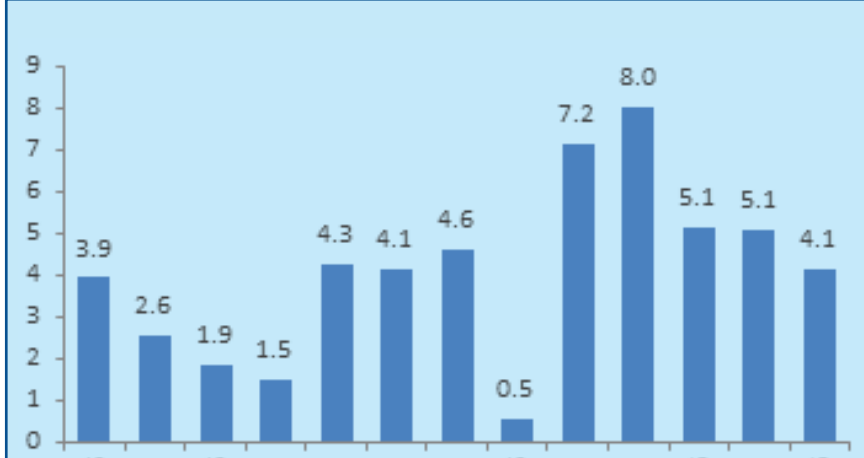
Economic Overview

Inflation %



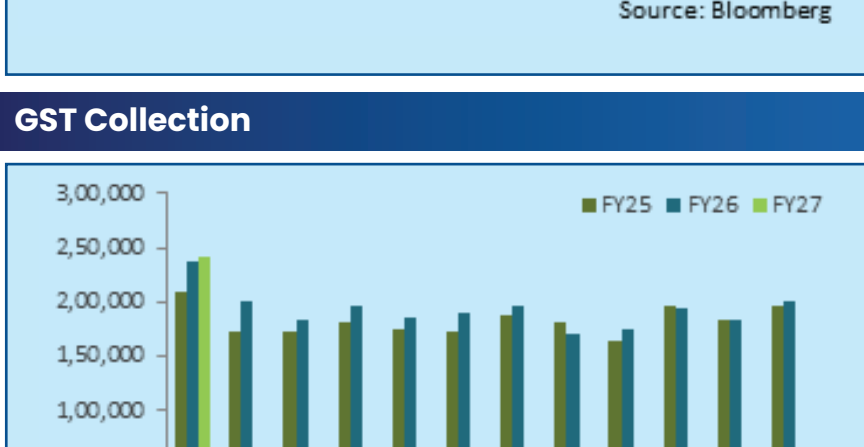
- Headline inflation (CPI) for March 2026 inched up further to 3.4% vs 3.2% last month, inline with market expectations. The higher headline CPI was largely driven by increase in food prices.
- Core inflation i.e. (CPI Ex Food and Ex-Fuel) was 3.5% as compared to 3.4% in the previous month.
- Globally, U.S. inflation firmed up at 3.3% in March 2026, but came 10bps lower than market expectations. Energy prices are the key driver of the uptick, amid geopolitical tensions in the Middle East.

Index of Industrial Production (IIP)



- Industrial Production (IIP) growth for March 2026 came in at 4.1%, better than market expectation of 2.7% but below last month print of 5.1%.
- Manufacturing segment growth decreased to 4.3% in March 2026, as compared to 6% in the previous month, on an annual basis. Sub-components of the manufacturing segment indicated a mixed trend as 14 out of 23 sub-components registered positive YoY growth.
- Electricity output growth moderated further to 0.8% from 2.3% previously, was due to the delay in the onset of the summer.
- Mining segment increased by 5% in March 2026, compared to a 3.1% increase in the previous month.

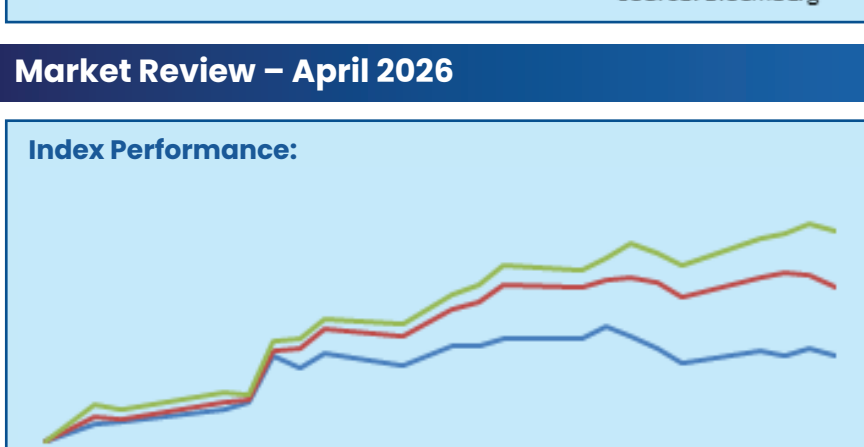
GST Collection



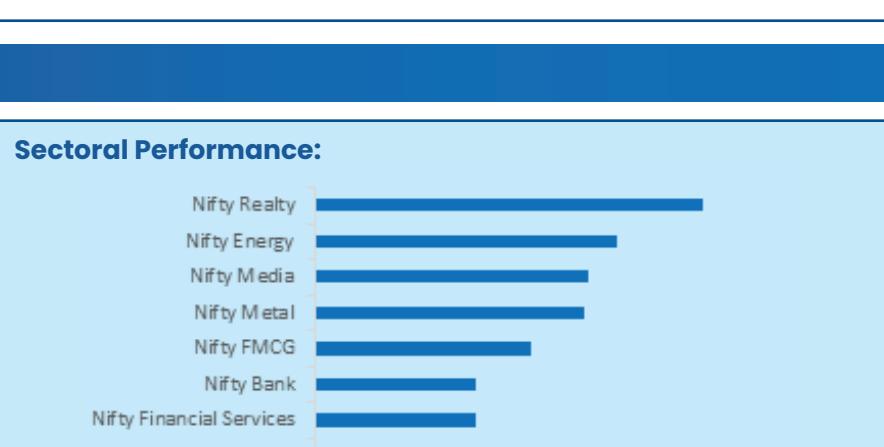
- Gross GST collections reached a record Rs.2.43 lakh crore, marking an 8.7% YoY increase from Rs.2.23 lakh crore in April 2025, underlying economic resilience, driven by stronger compliance and digital enforcement.
- Import-related IGST surged 25.8% YoY jump, significantly outpacing domestic growth and contributing meaningfully to overall collections, supported by higher imports and improved customs efficiency.

Market Review – April 2026

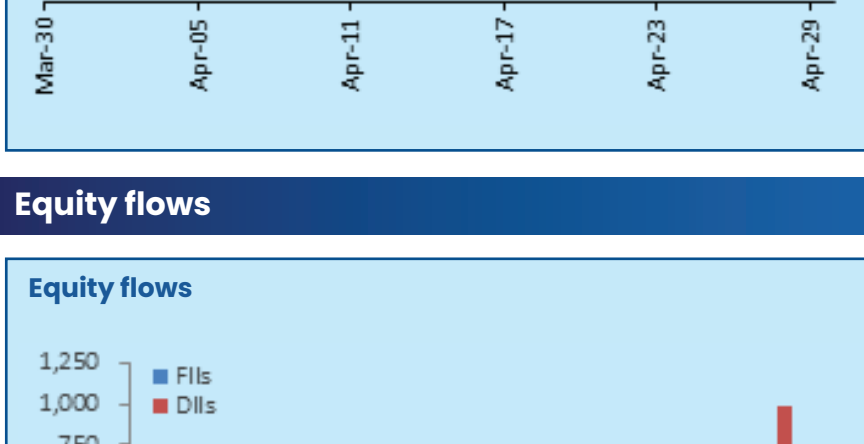
Index Performance:



Sectoral Performance:

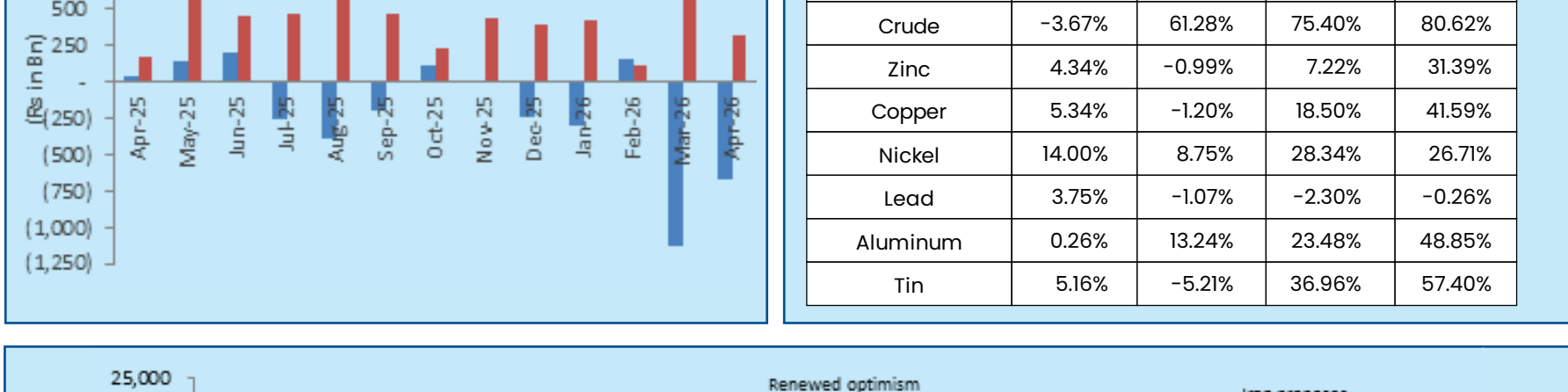


Equity flows



Commodity tracker

Commodity	1M	3M	6M	1Y
Gold	-1.08%	-5.65%	14.74%	40.42%
Silver	-1.89%	-13.44%	50.72%	126.10%
Crude	-3.67%	61.28%	75.40%	80.62%
Zinc	4.34%	-0.99%	7.22%	31.39%
Copper	5.34%	-1.20%	18.50%	41.59%
Nickel	14.00%	8.75%	28.34%	26.71%
Lead	3.75%	-1.07%	-2.30%	-0.26%
Aluminum	0.26%	13.24%	23.48%	48.85%
Tin	5.16%	-5.21%	36.96%	57.40%



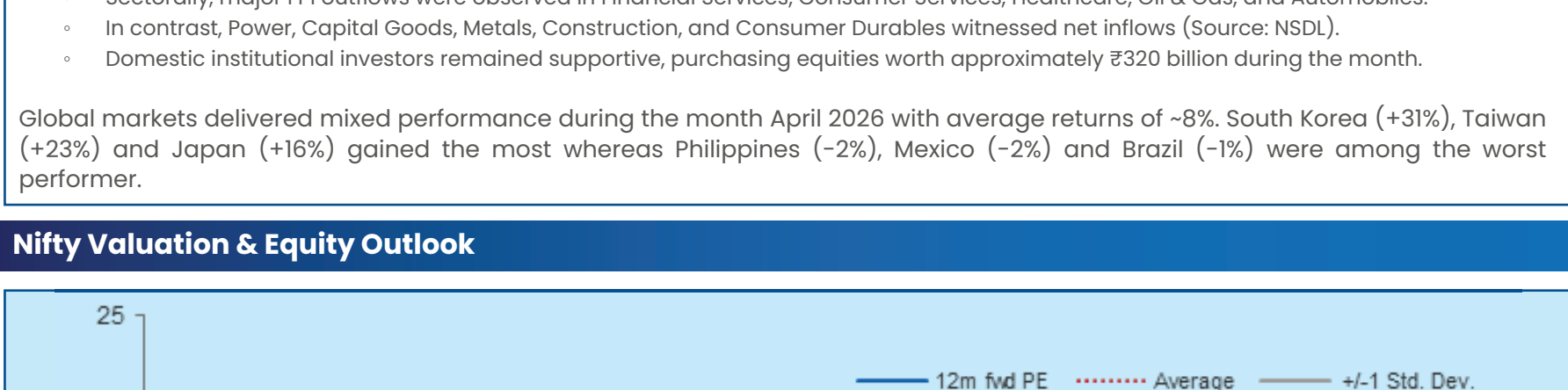
Following a sharp -11.3% single month decline in March 2026, Indian equity markets staged a partial recovery in April 2026, with the Nifty gaining -7.5%. The rebound was initially supported by optimism around U.S.–Iran negotiation headlines. However, sentiment turned volatile in the second half of the month as negotiations failed to progress. Equity markets remained under pressure amid volatile crude oil prices, a depreciating rupee, and persistent FPI outflows.

Market movements during the month were largely influenced by the following factors:

- Monetary policy:** The RBI's Monetary Policy Committee (MPC) voted unanimously to keep the repo rate unchanged at 5.25%.
- Weather outlook:** The India Meteorological Department (IMD) projecting a below-normal monsoon for India.
- Global growth outlook for India (FY2027):** The outlook remaining mixed, with divergent views across multilateral agencies.
 - The IMF raised India's FY2027 GDP growth forecast marginally to 6.5% from 6.4%.
 - The World Bank increased its FY2027 GDP growth estimate to 6.6% from 6.3%.
 - In contrast, Moody's lowered its FY2027 GDP growth forecast to 6.0% from 6.8%.
- Political developments:** Exit poll results for assembly elections indicating that incumbent governments are likely to retain power in Assam, Tamil Nadu, and Puducherry, while West Bengal is expected to witness a close contest.
- Global monetary policy:** The US Federal Reserve leaving its benchmark interest rate unchanged, maintaining the federal funds target range at 3.5%–3.75%.
- Market flows:**
 - Foreign Portfolio Investors (FPIs) were net sellers, with outflows of approximately ₹609 billion during the month, marking the second consecutive month of net selling.
 - Sectorally, major FPI outflows were observed in Financial Services, Consumer Services, Healthcare, Oil & Gas, and Automobiles.
 - In contrast, Power, Capital Goods, Metals, Construction, and Consumer Durables witnessed net inflows (Source: NSDL).
 - Domestic institutional investors remained supportive, purchasing equities worth approximately ₹320 billion during the month.

Global markets delivered mixed performance during the month April 2026 with average returns of -8%. South Korea (+31%), Taiwan (+23%) and Japan (+16%) gained the most whereas Philippines (-2%), Mexico (-2%) and Brazil (-1%) were among the worst performer.

Nifty Valuation & Equity Outlook



Nifty's 12 month forward P/E improved to 18.5x in April 2026 from 16.9x as of March 31, 2026, largely driven by the ~7.5% rally in the index, even as forward earnings witnessed a marginal downgrade.

Investor sentiment remained cautious globally amid ongoing geopolitical uncertainties and elevated crude prices hovering above USD 100/bbl, which continue to heighten near term inflation risks and raise concerns over margin pressures across multiple sectors.

Despite the near term risk aversion, valuation correction during the quarter has helped ease excess froth, with forward market multiples moderating to more reasonable levels. This has partially improved the risk reward profile, even as geopolitical risks, higher energy prices, and inflationary pressures continue to influence investor positioning. At the same time, given the higher energy prices and strain in global supply chain, the downside revision to FY27 earnings estimates is a key risk in coming quarters.

Going ahead, portfolio returns are expected to be driven primarily by earnings growth rather than valuation re-rating. While markets may remain volatile in the near term due to external uncertainties, the long-term outlook for Indian equities remains positive, supported by improving fundamentals and selective opportunities at reasonable valuations.

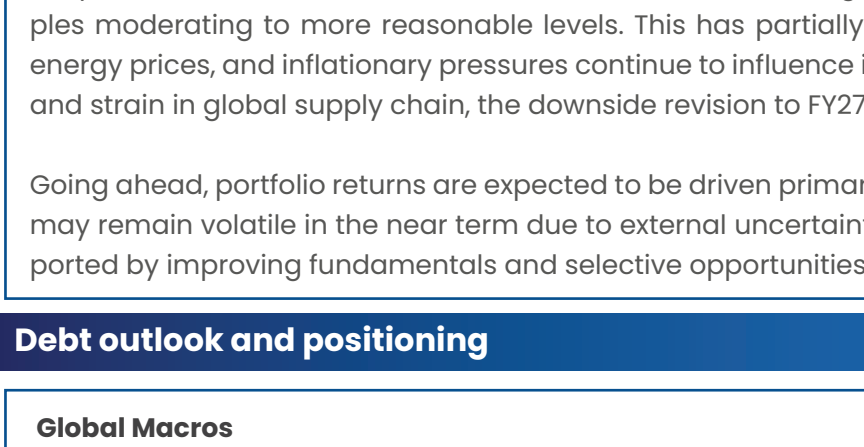
Debt outlook and positioning

Global Macros

US Fed maintained rates unchanged at 3.50–3.75% in its April 2026 meeting, but the stance turned more data-dependent with visible internal divergence, as policymakers balanced persistent inflation risks against early signs of growth moderation. US 10-year yields largely consolidated in April, trading in a ~4.15%–4.40% range and closing broadly stable at 4.35% after March's sharp repricing. The ECB broadly maintained its cautious stance, signaling potential policy tightening bias amid upward revisions to inflation forecasts, even as growth risks increased due to elevated energy costs and geopolitical uncertainty. The Bank of England similarly retained its pause stance, with inflation risks from energy prices continuing to delay near-term easing expectations. Global inflation dynamics remained sensitive to energy prices, with crude oil trading at elevated but volatile levels through the month. The temporary US–Iran ceasefire in early April provided short-term relief, leading to some moderation in oil prices; however, continued supply disruptions and constrained shipping through the Strait of Hormuz kept inflation risks elevated and persistent. US CPI rose to 3.3% YoY in March 2026 vs 2.4% in February, reflecting a sharp uptick driven by energy-led inflation, while core CPI inched up to 2.6% from 2.5%. For April 2026, ADP NER Pulse indicated private hiring improved to ~39,000 jobs per week, signalling a recovery and stabilization in labour market momentum.

India CPI inflation edged up to 3.40% YoY in March 2026 from 3.21% in February, driven mainly by a pickup in food prices while remaining below the RBI's 4% target. In India, inflation risks remained contained in the near term, but the outlook was skewed upward due to imported inflation from crude, while growth risks persisted. RBI held rates at 5.25% with a neutral stance in April 2026, largely maintaining its inflation outlook while flagging upside risks from global energy prices. The US–Iran war since late February 2026 with disruptions in shipping lane at the Strait of Hormuz, driving crude till \$114/bbl and reviving global inflation concerns. Higher oil prices and risk-off flows weakened the rupee and lifted the 10-year G-sec above 7%. The US 10 Year closed at 4.35% as on 30th April 2026 vs 4.32% on 31st March 2026. DXY declined through April 2026, slipping from -100 at the start to -98 by month-end, with a mid-month low near 97.8 indicating a gradual USD weakness after an early safe-haven spike.

Debt Outlook



Scheme G:
The US 10 Year closed at 4.35% as on 30th April 2026 vs 4.32% on 31st March 2026. 10-year G-Sec ranged between 6.96% and 7.13% in April 2026, closing at 7.02% on 30th April 2026. G-sec yields were volatile but range-bound in April, with an early sell-off driven by crude and geopolitics followed by stabilization on policy support and easing risk sentiment. The 10y–30y G-Sec spread decreased to 56 bps vs 71 bps earlier. Long-end outperformance was aided by easing risk premium, compression in term premium, and strong investor demand enabling smooth absorption of supply. RBI maintained a pause stance, policy guidance stayed cautious, as uncertainty around global commodity prices, currency stability, and the lagged impact on inflation and growth kept markets range-bound with a slight upward bias to yields



Scheme C:
Yields at the shorter end spiked by 15–20 bps, while the 10-year remained relatively anchored, resulting in a bear flattening of the curve. 5 Year NABARD traded at 7.74%, 10 Year NABARD at 7.75% and 15 Year at 7.75%. We expect the We expect 3–5 y segment to outperform. We aim to increase exposure in quality AA and AA+ credits and increase exposure in expanded universe (Invnt, AIF). We will look to deploy tactically to achieve optimum risk reward on the portfolio to take advantage of both capital gains and accruals. We will continue to look to add new names to diversify the portfolio.

Performance Indicator (as on 30th April 2026)

HDFC Pension	3 years	5 years	7 years	SI
Scheme Equity (E)	13.69%	13.09%	13.24%	14.79%
Scheme Corporate Bond (C)	7.75%	6.79%	8.22%	9.49%
Scheme Government Bond (G)	6.05%	5.50%	7.41%	8.83%

If a subscriber had invested Rs.50,000 on the last day of each year since March 2014, the corpus of the subscriber as on 30th April 2026 would have been:

Asset Allocation*	Aggressive	Moderate	Conservative
Invested Amount (in Rs)	6,50,000	6,50,000	6,50,000
Corpus as on 30th April 2026 (in Rs)	14,34,285	13,15,014	11,93,001

* Note: Asset Allocation
1. Aggressive: E-75%; C-10%; G-15%
2. Moderate: E-50%; C-30%; G-20%
3. Conservative: E-25%; C-45%; G-30%

Thus, over long term, investment with higher equity proportions tends to give better returns and helps to accumulate bigger retirement corpus for the subscribers.

