

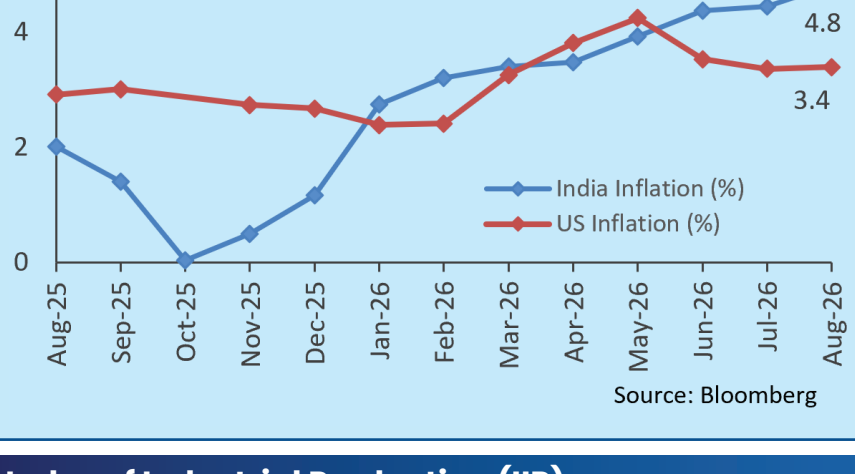
Market Outlook

HDFC Pension – Monthly update (September 2026)



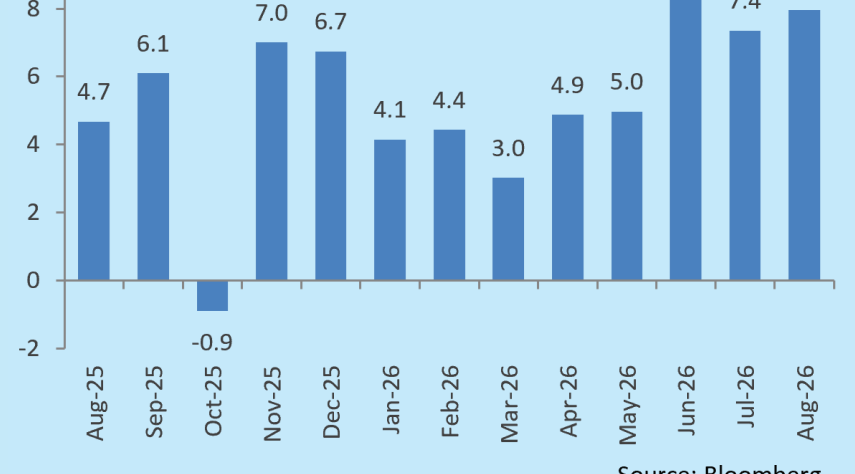
Economic Overview

Inflation %



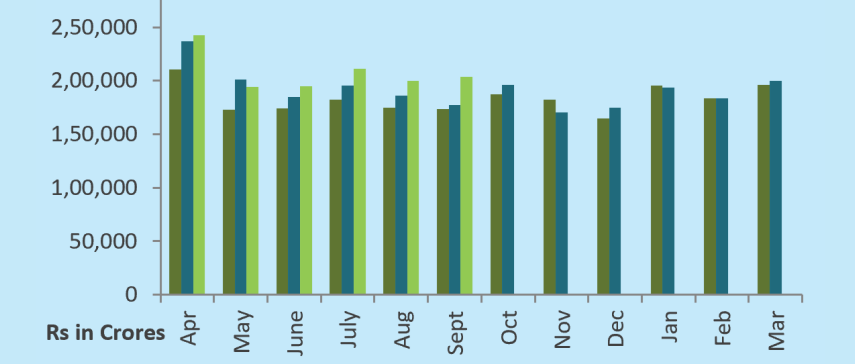
- Headline CPI rose further to 4.8% in August 2026, marking a 20-month high and staying above the RBI's 4% target for the third consecutive month.
- The increase was led by higher vegetable prices on account of uneven monsoon and elevated input costs.
- Core inflation also jumped to 4.1% on account of steep increases in non-tradable inflation and an increase in gold prices in August.
- The inflation print reflects the impact of patchy monsoons and commodity-linked volatility, while underlying price pressures remain contained.

Index of Industrial Production (IIP)



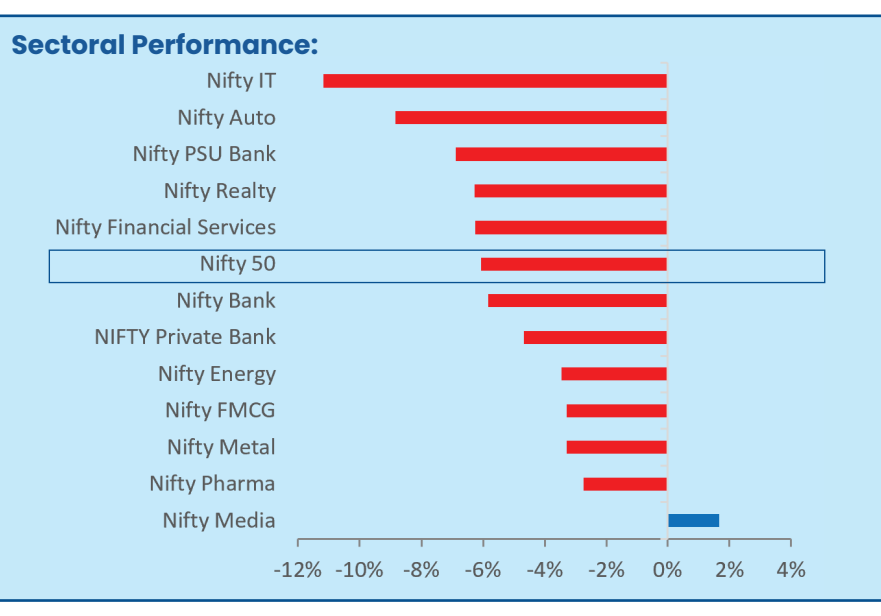
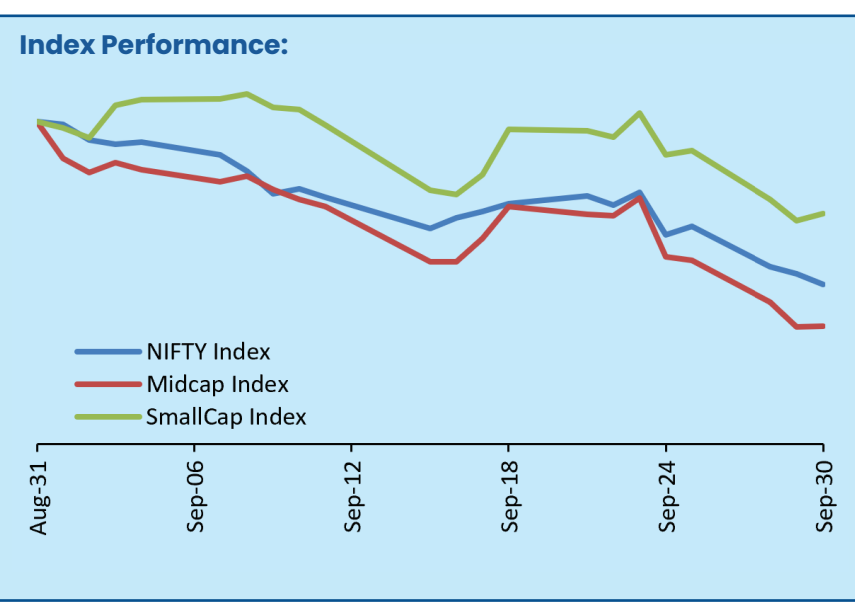
- IIP grew at 8% in August 2026 compared 7.4% in July 2026, revised reading and higher than market expectations, showing a strong overall activity.
- Manufacturing segment increased to 9% in August 2026, as compared to 8.2% in the previous month, on annual basis. Sub-components of the manufacturing segment indicated a largely positive trend as 18 out of 24 sub-components registered positive YoY growth.
- Electricity segment increased to 12.3%, as compared to a growth of 8.7% in the previous month. However, Mining segment saw growth of -5.6%, compared to a growth of -0.9% in the previous month.
- Domestic activity remains resilient, though uneven monsoon patterns and rising inflation could weigh on growth in coming months.

GST Collection

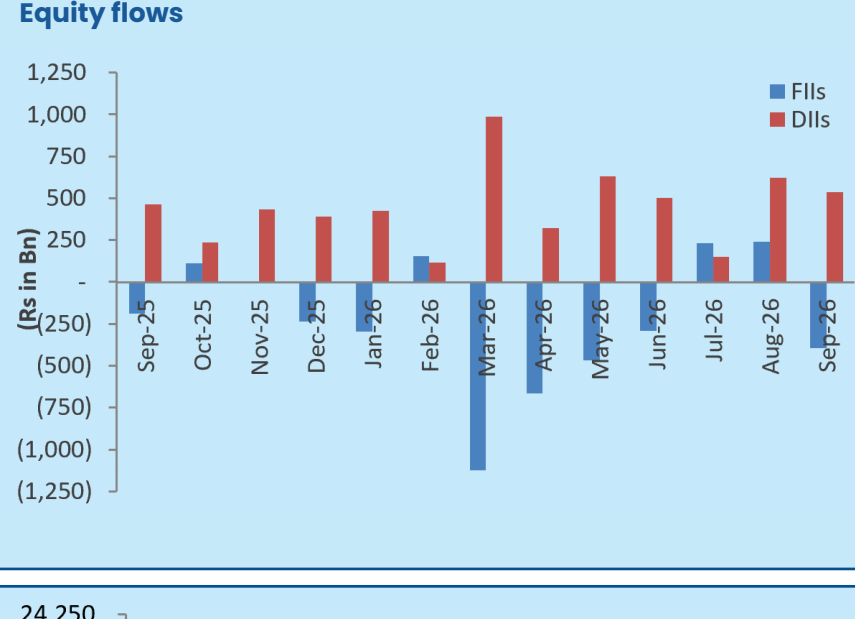


- Gross GST collections stood at Rs.2.03 lakh crore in September 2026, marking a 15% YoY increase driven by strong import-related revenues and steady domestic activity.
- Domestic GST revenue grew 10% YoY to Rs.1.37 lakh crore, while GST from imports rose sharply by 26% reflecting firm trade momentum.
- Overall, collections remained within close range of Rs.2 lakh crore mark, indicating resilience in consumption and compliance despite elevated global uncertainties.

Market Review – September 2026

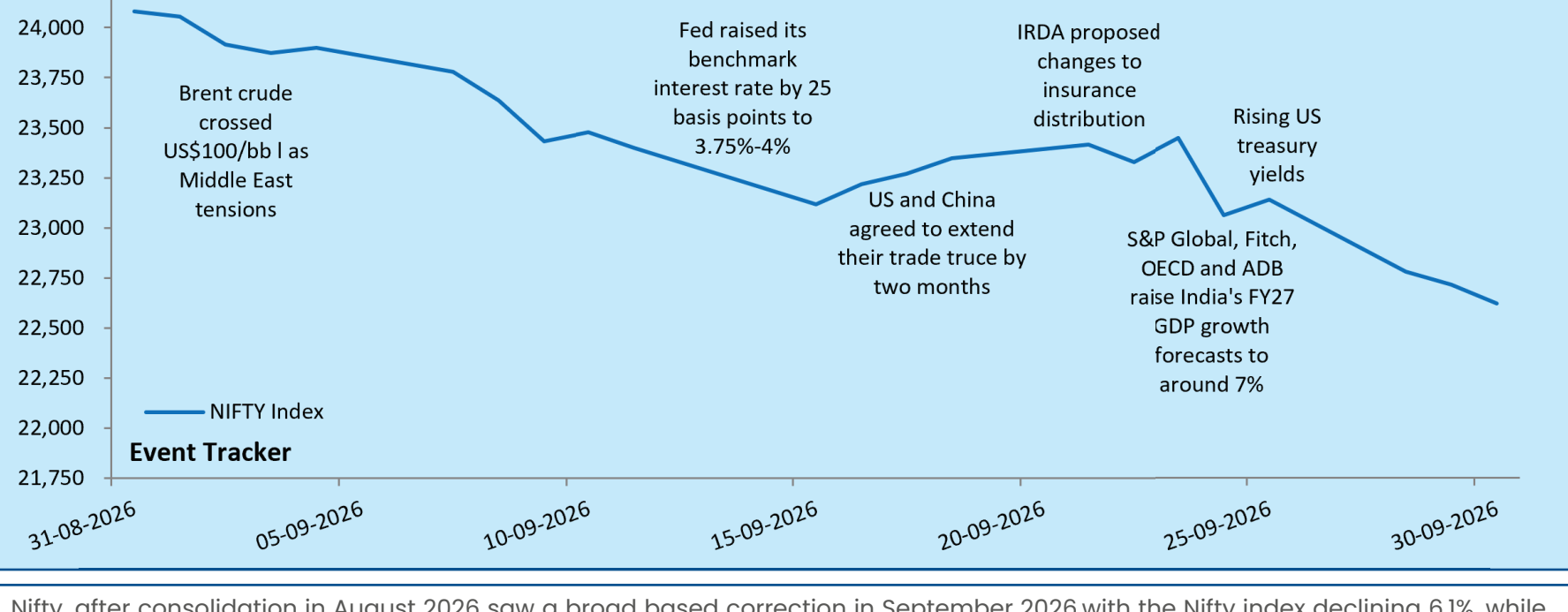


Equity flows



Commodity tracker

Commodity	1M	3M	6M	7.7%
Gold	-6.3%	-3.7%	-10.9%	7.7%
Silver	-9.2%	-3.1%	-19.6%	29.5%
Crude	14.4%	42.0%	12.5%	54.5%
Zinc	-4.1%	9.6%	21.6%	29.8%
Copper	0.1%	8.3%	17.9%	41.3%
Nickel	-5.8%	-2.2%	-7.0%	4.6%
Lead	-1.9%	0.0%	-1.9%	-5.6%
Aluminum	-2.3%	2.9%	-10.3%	17.9%
Tin	-2.0%	5.1%	15.3%	51.7%



Nifty, after consolidation in August 2026 saw a broad based correction in September 2026, with the Nifty index declining 6.1%, while the Midcap Index and Smallcap index fell 7.6% and 3.4% respectively.

Market sentiment remained weak during the month as rising crude prices, persistent uncertainty over the US-Iran war and elevated global interest rates led to a broad-based risk aversion. Market movements during the month were largely influenced by the following factors:

- **Crude oil spike:** Brent surged above USD 103-107/bbl due to a Saudi pipeline shutdown and geopolitical tensions around the Strait of Hormuz, raising India's import and inflation risk.
- **US Bond yields:** US Treasury yields climbed above 5.2%, weakening global emerging market risk appetite.
- **Global Monetary policy action:** The FOMC hiked Fed funds rate by 25bps to 3.75-4%, in line with market expectations, the European Central Bank raised policy rates by 25bps in the September policy and the Bank of Japan raised benchmark policy rates by 25 bps to 1.25%.
- **Rupee weakness:** Rupee traded near 96/USD amid elevated energy costs and external stress.
- **India GDP forecast:** Major global agencies upgraded India's FY2027 GDP growth forecasts to around 7%.
- **Primary market:** Activity remained strong despite weak secondary market conditions, with 32 IPOs raising US\$4.1bn during September 2026.
- **Market flows:**
 - Foreign Portfolio Investors (FPIs) after two consecutive months of buying, net sold Rs. 359 billion during the September 2026 month.
 - Sectorally, major FPI outflow were Financial services, Oil & Gas, Autos, Telecom & Metals. In contrast Consumer services, Services, Healthcare, Construction & Textile witnessed net inflow. (Source: NSDL).
 - Domestic institutional investors remained supportive, purchasing equities worth approximately Rs.538 billion during the month.

Global markets were mixed. Brazil (+5%), Taiwan (+3.9%) and Malaysia (+3.8%), outperformed, while the Philippines (-4.6%), China (-5.8%) and Indonesia (-7%) corrected.

Nifty Valuation & Equity Outlook



Nifty's 12-month forward PE declined further to ~17x below 2SD levels relative to 5-year average as of September 2026 month end, on account of ~6% fall in Nifty index levels while Nifty earnings largely unchanged MoM.

Near-term fluctuations may persist reaction to global headlines - particularly crude price movements, currency shifts and geopolitical developments. However, domestic fundamentals remain supportive: steady consumption trends, sustained capex momentum, healthy tax collections and resilient credit growth continue to anchor the medium-term outlook.

Market valuations have moderated from earlier peaks and remain broadly reasonable relative to long-term growth prospects.

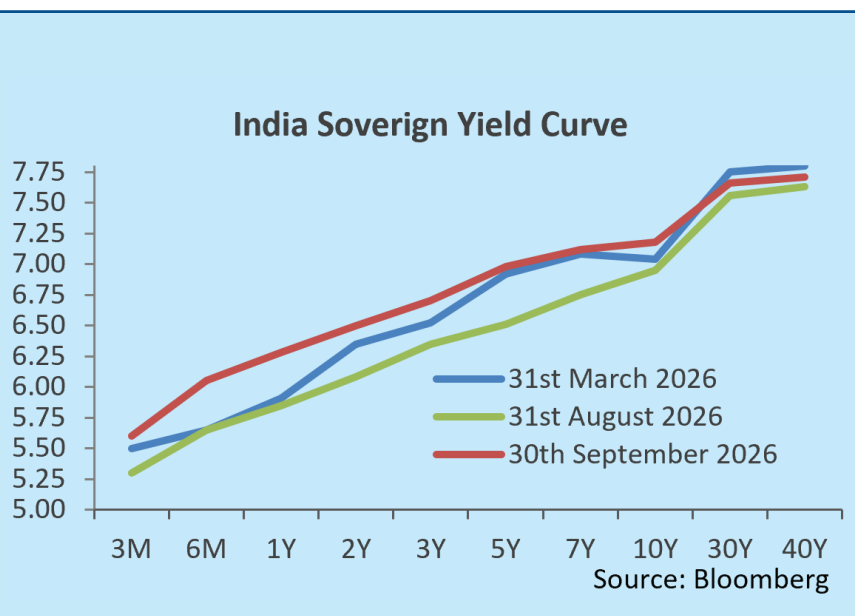
Going forward, Indian equities may experience intermittent volatility due to external uncertainties; however, the medium- to long-term outlook remains constructive, supported by resilient economic growth, improving corporate earnings trajectory, continued domestic investor participation and opportunities for disciplined stock selection at reasonable valuations.

Debt outlook and positioning

Global Macros

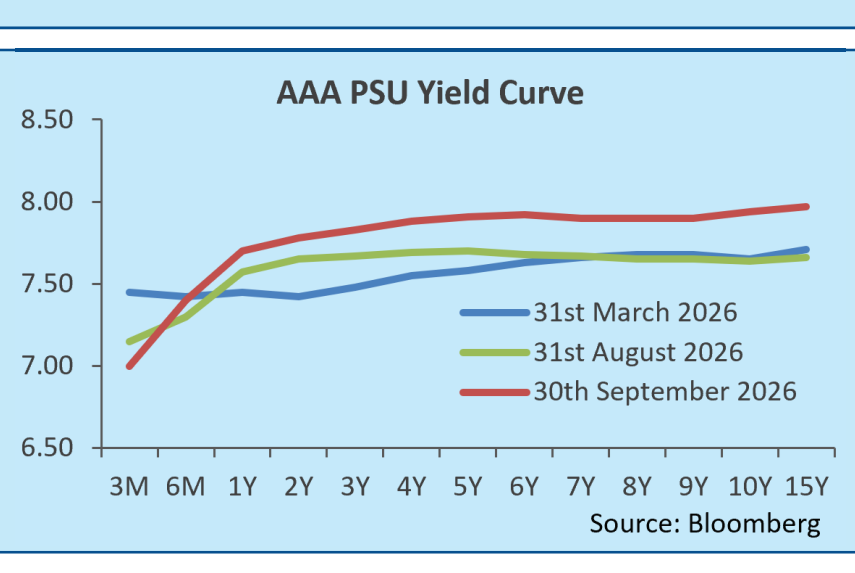
The Fed raised rates by 25 bps to 3.75-4.00%, driven by persistent inflation pressures, higher oil prices, and resilient economic activity. The Committee indicated readiness to tighten further if sticky data failed to show meaningful disinflation. US 10-year yields jumped from ~4.79% to ~5.29% in September 2026, driven by sticky inflation, elevated crude, and the Fed's 25-bps hike, which lifted term premium and pushed long-end yields to their highest levels since 2007. The ECB hiked rates by 25 bps in its September 2026 meeting, taking the deposit rate to 2.50% as inflation stayed elevated due to energy-driven pressures and geopolitical tensions. Growth was revised modestly higher, but risks remained tilted toward higher inflation, and the ECB reiterated a fully data-dependent stance. The BoE held rates at 3.75% with a 6-3 split, as elevated energy-linked inflation kept risks biased upward. Policy guidance stayed fully data-dependent, with tightening still on the table. West Asia tensions remain high as US-Iran confrontation intensifies, with fresh US warnings and ongoing missile, drone, and shipping attacks around the Strait of Hormuz. US inflation stayed firm, with headline CPI at 0.4% MoM and 3.4% YoY in August, driven by higher gasoline and energy costs, while core CPI held at a moderate 2.4%. US ADP reported a solid 90,000 private-sector job gain in September 2026, beating expectations and led by strength in education & health services, leisure, and manufacturing. India's Headline CPI climbed to 4.82% in August 2026 with food inflation at 5.95%, reflecting renewed price pressure after a steady rise through June and July. RBI unanimously raised the repo rate by 25 bps to 5.5% and shifted its stance to calibrated tightening. Growth and inflation projections have been revised higher, with FY27 GDP now estimated at 7.1% and headline inflation at 5.2%. We expect another 50 bps of tightening ahead, with risks driven by food and fuel price shocks. The US 10-year yield rose sharply from about 4.76% at the end of August 2026 to roughly 5.29% on 30 September 2026, reflecting a strong bear-move in long-end rates. DXY firmed through September 2026, opening near 99.67, dipping toward 98.75 mid-month, and then strengthening to close at 101.45 — supported by a hawkish Fed stance and rising US yields after the September rate hike.

Debt Outlook



Scheme G:

The US 10-year closed at 5.27% on 30 September 2026 versus 4.75% on 31 August 2026. US yields climbed up in Sept 2026, due to hot inflation prints, surging crude prices, and heavy Treasury supply, which pushed markets to price in further Fed tightening. 10-year G-Sec ranged between 6.95% and 7.20% in Sept 2026, closed higher at 7.18% on 30th Sept 2026 reflecting a clear upward shift of ~20-25 bps. Yields hardened through September 2026 mainly due to crude strength, global yield pressure, and tighter-policy expectations, with the Centre's large H2 borrowing plan adding to supply-side concerns. The spread between 10-year and 30-year G-Sec yields compressed to 50 bps vs 60 bps last month. RBI unanimously raised the repo rate by 25 bps to 5.5% and shifted its stance to calibrated tightening. With higher growth and inflation projections, we expect another 50 bps of tightening ahead, with risks driven by food and fuel price pressures.



Scheme C:

The corporate bond curve exhibited a bear-flattening bias in September 2026, with PSU yields rising 15-22 bps and NBFCs hardening more sharply by 20-35 bps. The front-end and belly (3-5-year segment) saw the strongest upward move, driven by global yield pressure and tighter-policy expectations, while the 5-10-year bucket flattened. 5 Year NABARD traded at 7.91%, 10 Year NABARD at 7.94% and 15 Year at 7.96%. We remain constructive in the 3-5-year segment and will increase exposure to high-quality AA/AA+ credits and strong PSU issuers to enhance yield, diversify better, and improve risk-adjusted returns.

Performance Indicator (30th September 2026)

HDFC Pension	3 years	5 years	7 years	SI
Scheme Equity (E)	8.57%	7.92%	12.58%	13.19%
Scheme Corporate Bond (C)	7.58%	6.59%	7.61%	8.92%
Scheme Government Bond (G)	6.18%	5.50%	6.55%	8.31%

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 September 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 September 2026 (in Rs)	13,91,569	12,95,068	11,95,756

* 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.

