

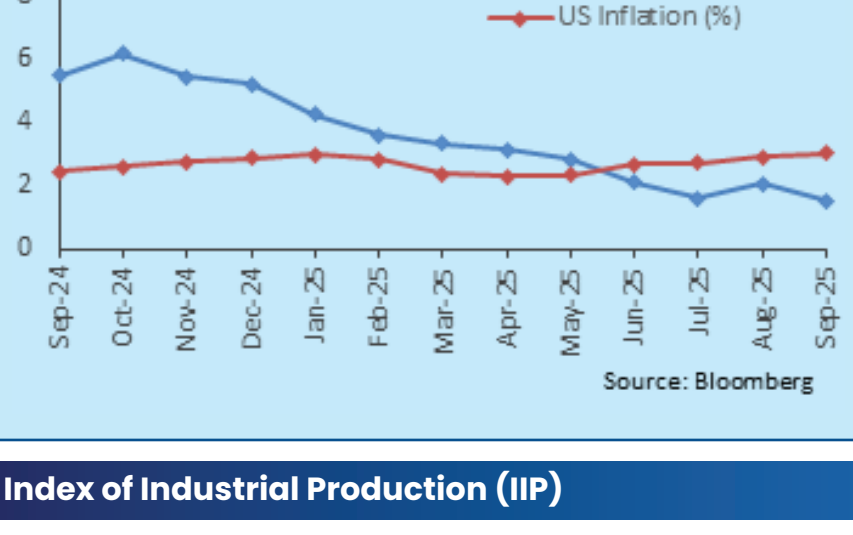
# Market Outlook

HDFC Pension – Monthly update (October 2025)



## Economic Overview

### Inflation %

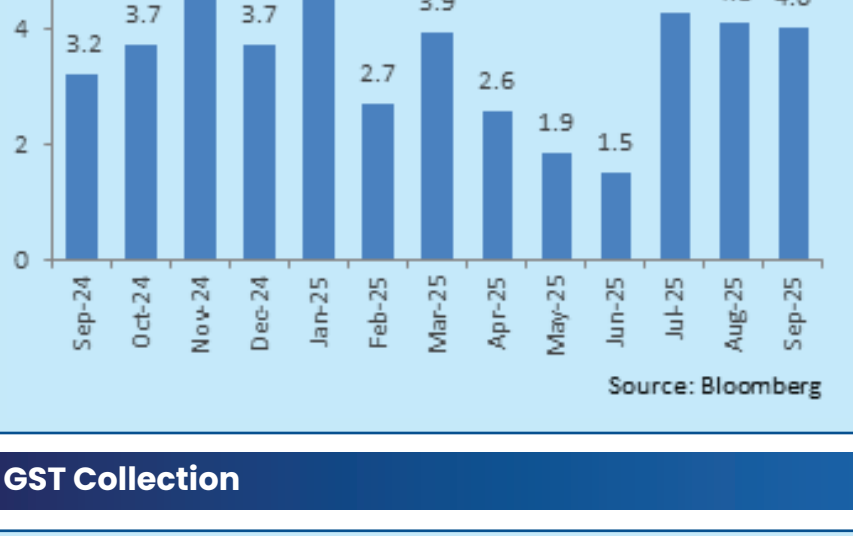


■ Headline Inflation (CPI) eased to 1.54% in September 2025, down from 2.1% in August, aligning with market expectations. The average inflation for Q2 FY2025-26 stood at 1.7%, under-shooting the RBI's projection by 10 basis points.

■ Core inflation (i.e. excluding food and fuel) rose to 4.5% vs previous month's reading of 4.1%.

■ Globally, US inflation rose marginally further to 3% in September 2025, however, came 10basis lower than market expectation.

### Index of Industrial Production (IIP)

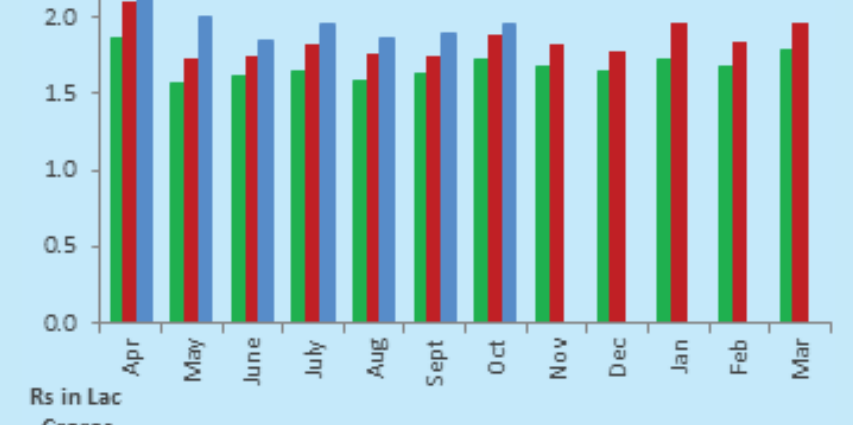


■ Index of Industrial Production (IIP) for September 2025 came at 4%, lower than previous month's reading of 4.1%, however better than market expectations of 2.9%.

■ Growth in the manufacturing segment improved to 4.8%, compared to 3.8% in the previous month. In contrast, the mining segment recorded a sharp slowdown, with growth easing to 0.5% from 6.6% earlier. Similarly, the electricity segment witnessed moderation in growth, declining to 3.1% from 4.2% in the previous month.

■ Out of 23 manufacturing sub-segments, 13 sub-segments witnessed an increase in YoY growth.

### GST Collection

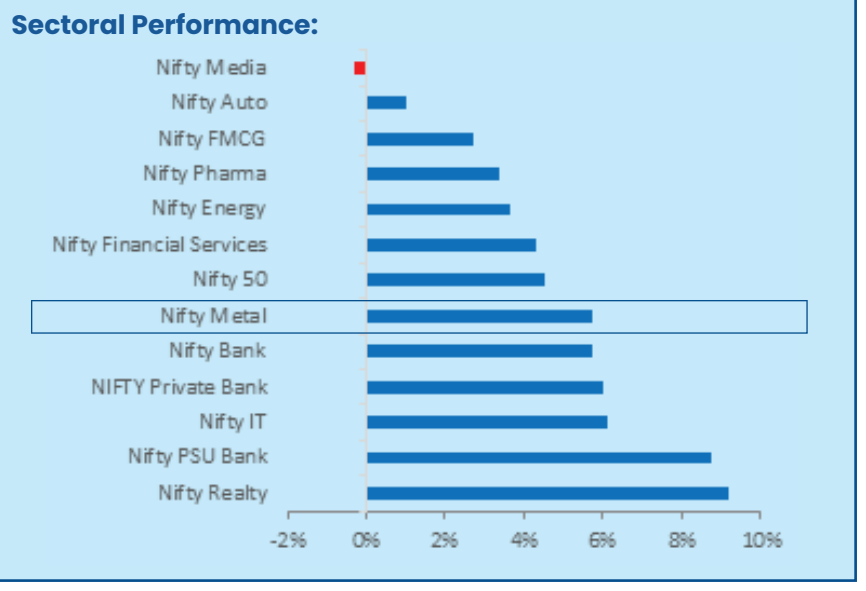
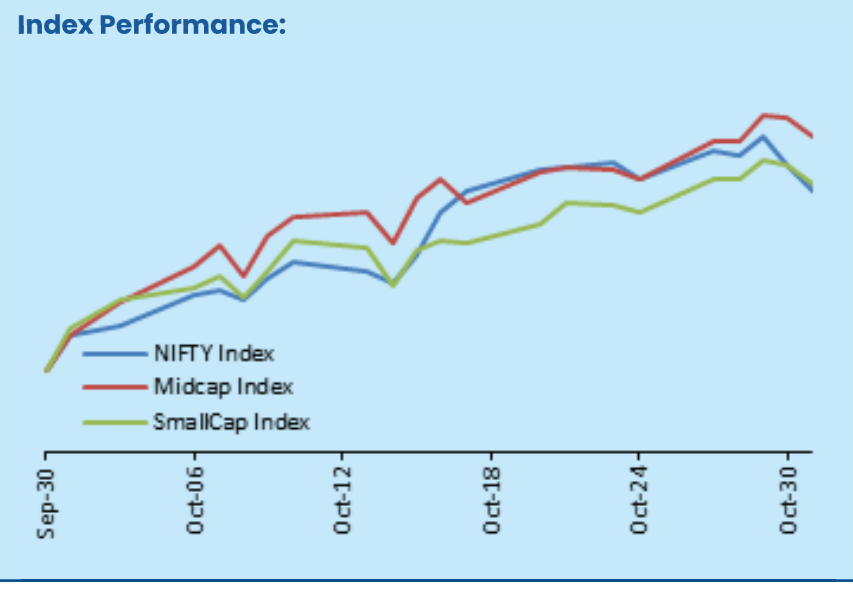


■ Gross GST Collection for the month of October 2025 was at Rs.1.96 Lac crores, registering +4% MoM & +5% YoY growth.

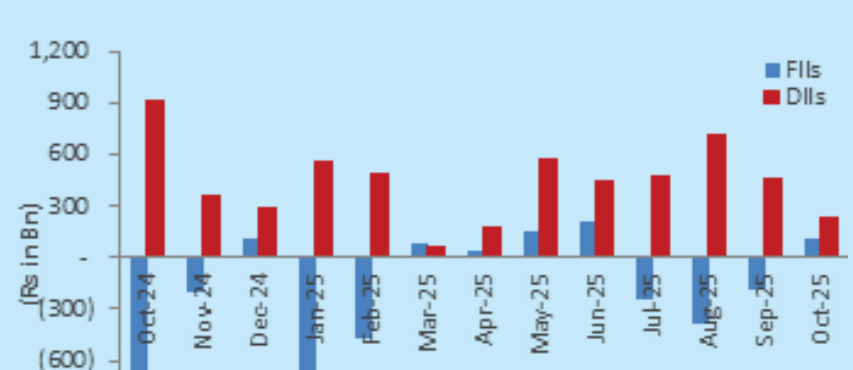
■ E-way bill generation hit a record ~13.2 crore in September 2025, up ~21% YoY & ~2% MoM, highlighting robust goods movement into the festive quarter.

■ Festive season demand and GST rate rationalization implemented in late September 2025 boosted consumption and compliance.

## Market Review – October 2025

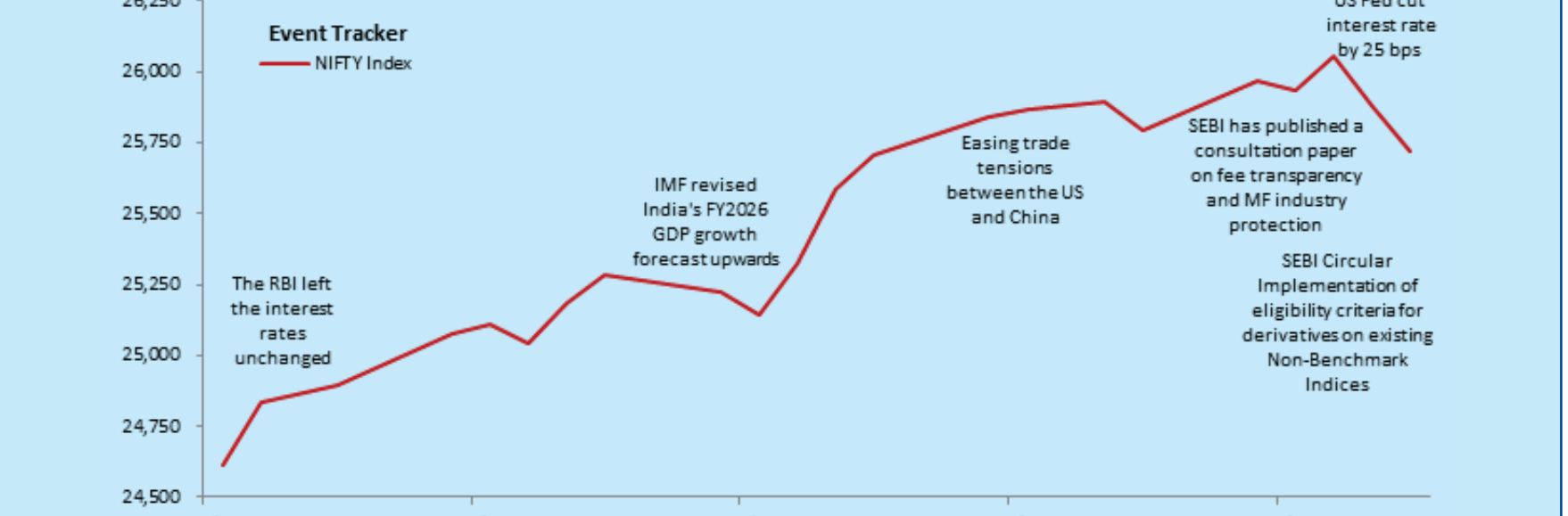


### Equity flows



### Commodity tracker

| Commodity | 1M    | 3M     | 6M    | 1Y     |
|-----------|-------|--------|-------|--------|
| Gold      | 3.7%  | 21.7%  | 21.7% | 45.9%  |
| Silver    | 4.4%  | 32.6%  | 49.3% | 49.1%  |
| Crude     | -2.9% | -10.3% | -3.1% | -11.1% |
| Zinc      | 4.1%  | 14.1%  | 22.8% | 3.6%   |
| Copper    | 6.3%  | 13.7%  | 19.2% | 16.0%  |
| Nickel    | -0.2% | 1.9%   | -1.3% | -2.8%  |
| Lead      | 2.3%  | 3.2%   | 2.2%  | 0.6%   |
| Aluminum  | 7.5%  | 12.3%  | 21.4% | 11.1%  |
| Tin       | 1.9%  | 10.5%  | 16.0% | 16.5%  |



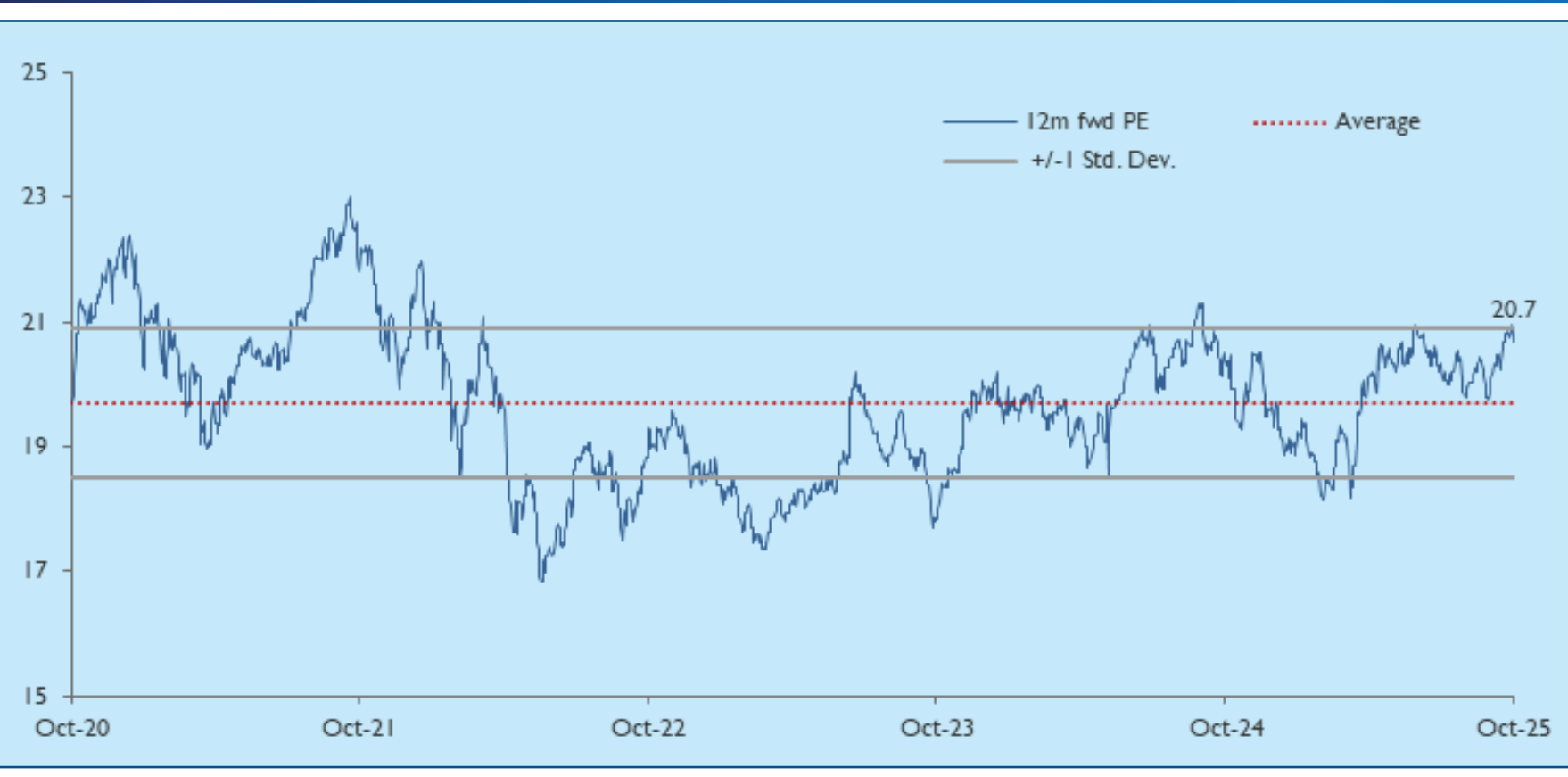
Nifty index gained ~4.5% in October 2025, supported by easing global trade tensions and decent 2QFY26 earnings season. Broader market outperformed large caps, with mid cap and small cap indices gaining ~5.8% and ~4.7%, respectively.

Market move during the month was largely influenced by:

- The RBI MPC unanimously kept the policy repo rate unchanged at 5.5%, while maintaining the stance at neutral,
- IMF revised India's FY2026 GDP growth forecast to 6.6% from 6.4%,
- The SEBI has published a consultation paper aimed at areas such as fee transparency and protection for the mutual fund industry,
- SEBI Circular Implementation of eligibility criteria for derivatives on existing Non-Benchmark Indices
- The 2QFY26 earnings season – Better than expectation and
- IPO Activity – Primary market witnessed highest-ever IPO activity in a single month, there were 11 IPOs raising ~Rs.43,000 Crs
- FPI inflow – FPIs after three consecutive month of selling, during October 2025, they net bought ~Rs. 146bn. During the month, sectorally major inflows were seen in Financials, Oil & Gas, Metals & Mining, Construction & Telecom. On flip side major outflows were seen in FMCG, Consumer services, Healthcare, IT & Consumer durables (Source: NSDL). Domestic institutions remained buyers & have bought stocks worth ~Rs.236bn during the month.

Most Global markets gave average ~3.7% positive returns, with strong gains in South Korea (+20%), Japan (+17%) and Taiwan (+9%) Made significant gains. On flip side Mexico (-0.2%), Philippines (-0.4%) & Hongkong (-3.5%) were among the worst performing markets during the month October 2025.

## Nifty Valuation & Equity Outlook



With Nifty gained ~4.5% during the month with Nifty underlying earnings saw marginal improvement, the Nifty valuation rose to ~20.7x, near to its +1SD, as on 31st October 2025.

Going ahead, we expect near-term market returns will be primarily driven by corporate earnings growth, rather than expansion in market valuation / multiple. Also with external linkages, the near-term market outlook will be influenced by global tariff scenarios, alongside the impact of potential Federal Reserve rate cuts on global earnings, which, combined with geopolitical tensions, will influence worldwide inflation and economic growth.

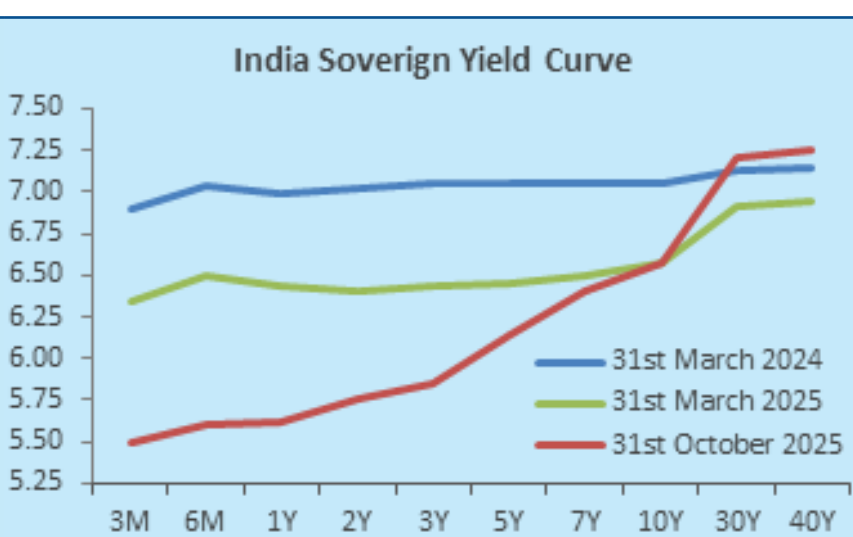
We believe that equity markets could remain volatile in near term and may see consolidation. From a long-term perspective, the outlook for Indian equities remains positive, and we continue to invest in stocks with relatively reasonable valuations & better growth prospect.

## Debt outlook and positioning

### Global Macros

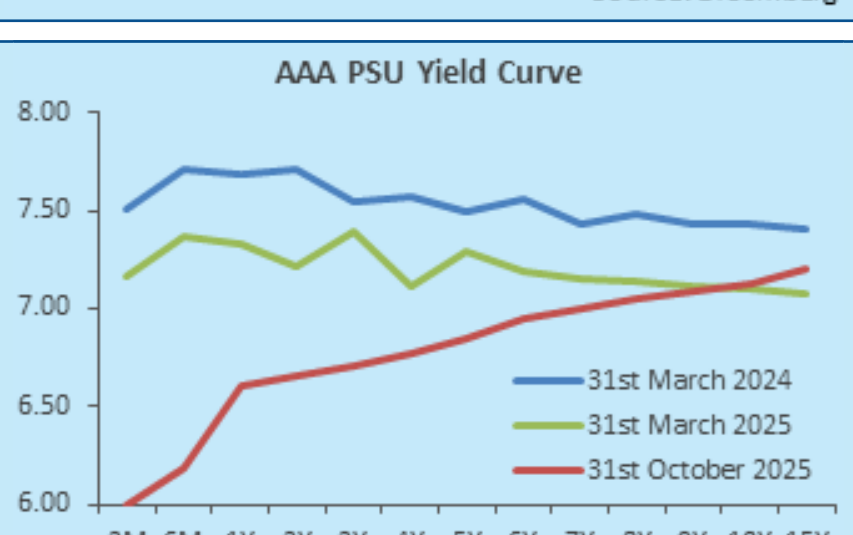
The Federal Reserve cut the Fed Funds Rate by 25 basis points to 3.75–4.00%, marking the second consecutive rate cut in 2025 aimed at supporting a weakening labor market and addressing risks from a partial government shutdown. US 10-year yields traded in the 4.00%–4.18% range, reflecting fiscal concerns, slightly improved, and sticky inflation. ECB Rates held steady after a year-long easing cycle; inflation near target, growth outlook resiliently improved. UK long term gilt yields remain elevated, pressured by fiscal uncertainty, political risk, and persistent inflation above 4%. Bank of Japan held rates at 0.50% but signaled tightening ahead, with two board members voting for a hike and plans to divest ETF and J-REIT holdings. U.S. inflation rate for October 2025 (CPI, year-over-year) came in at 2.8%, down from 3.0% in September 2025. Core CPI (excluding food and energy) eased to 3.1% YoY, its lowest level since early in 2024. During the ongoing U.S. government shutdown, the official nonfarm payroll and unemployment data from the Bureau of Labor Statistics (BLS) has not been released. Headline Inflation (CPI) eased to 1.54% in September 2025, down from 2.1% in August, aligning with market expectations. RBI conducted Open Market Operations (OMO), variable rate repo (VRR) and reverse repo (VRRR) auctions to fine-tune liquidity. Forex swaps deployed to balance rupee liquidity amid global dollar strength. System Liquidity stayed in deficit mode due to advance tax outflows and festive currency demand, but RBI interventions kept overnight rates aligned with the repo rate. The October 2025 RBI policy was a status quo decision: rates unchanged, stance neutral, inflation outlook softer, and growth outlook brighter. The situation remains fluid, with ongoing U.S.–India trade discussions. The US 10 Year closed at 4.11% as on 31st October vs 4.16% on 30th September 2025. The DXY rose from 97.8 to 99.3 (+1.5%), rebounding late in the month as Fed caution, safe-haven flows, and weakness in the euro, yen, and pound offset early pressure from rate-cut bets and shutdown worries.

### Debt Outlook



### Scheme G:

The US 10 Year closed at 4.11% as on 31st Oct 2025 vs 4.16% on 30th Sept 2025. 10y Gsec moved from 6.57% on 30th Sept to 6.53% on 31st Oct 2025. Gsec yield curve spread for 10X30 increased to 70 bps on 31st Oct 2025. U.S. 10-year Treasury yield moved within a tight band of 4.00%–4.18%. The yield curve steepened driven by GST-related fiscal concerns, supply-demand imbalances, and heightened market volatility. A 25bps rate cut is likely between December and March 2026, contingent on a slowdown in growth, as inflation is expected to remain under control through the year. We expect 10y bonds to outperform on a total return basis.



### Scheme C:

Yields across the curve declined by ~10bps with 10y+ AAA PSU underperforming the curve. 5 Year NABARD traded at 6.85%, 10 Year NABARD at 7.12% and 15 Year at 7.20%. Corporate bond yields steepen further with surplus liquidity. Corporate bond yields declined largely to lock in higher short-term yields before further rate cuts. We expect 3y–5y AA and AA+ bonds to outperform, while 7y–15y AAA PSU bonds may underperform. 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 31st October 2025)

| HDFC Pension               | 3 years | 5 years | 7 years | SI     |
|----------------------------|---------|---------|---------|--------|
| Scheme Equity (E)          | 15.52%  | 19.53%  | 15.79%  | 15.05% |
| Scheme Corporate Bond (C)  | 8.85%   | 7.13%   | 9.04%   | 9.30%  |
| Scheme Government Bond (G) | 8.14%   | 5.77%   | 8.53%   | 8.77%  |

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 31st October 2025 would have been:

| Asset Allocation*                      | Aggressive | Moderate  | Conservative |
|----------------------------------------|------------|-----------|--------------|
| Invested Amount (in Rs)                | 6,00,000   | 6,00,000  | 6,00,000     |
| Corpus as on 31st October 2025 (in Rs) | 14,30,392  | 12,92,952 | 11,53,474    |

\* 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.



Returns under NPS are subject to market risk and fluctuations based on the state of the financial market. Tax Laws are subject to change.

**HDFC Pension Fund Management Limited (formerly known as HDFC Pension Management Company Ltd)**

Registered Office Address: 1st Floor, Lodha Excelus, Apollo Mills Compound, N.M. Joshi Marg, Mahalaxmi, Mumbai – 400011.

CIN:U66020MH2011PLC218824.Telphone No.: +91 22 6751 7777. Email id: contactus@hdfcpension.com.

Website: www.hdfcpension.com. POP Registration No.: 246022019