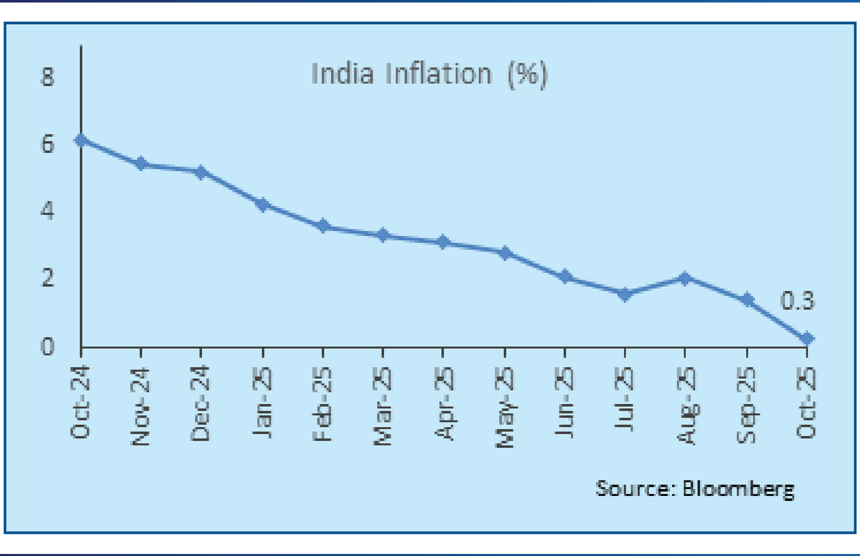
Market Outlook

HDFC Pension – Monthly update (November 2025)

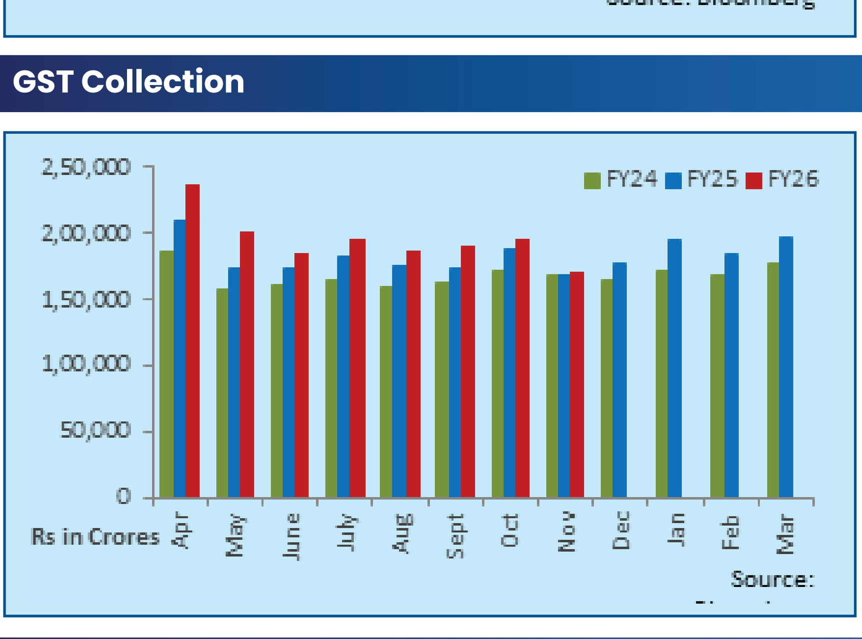
Economic Overview

Inflation %



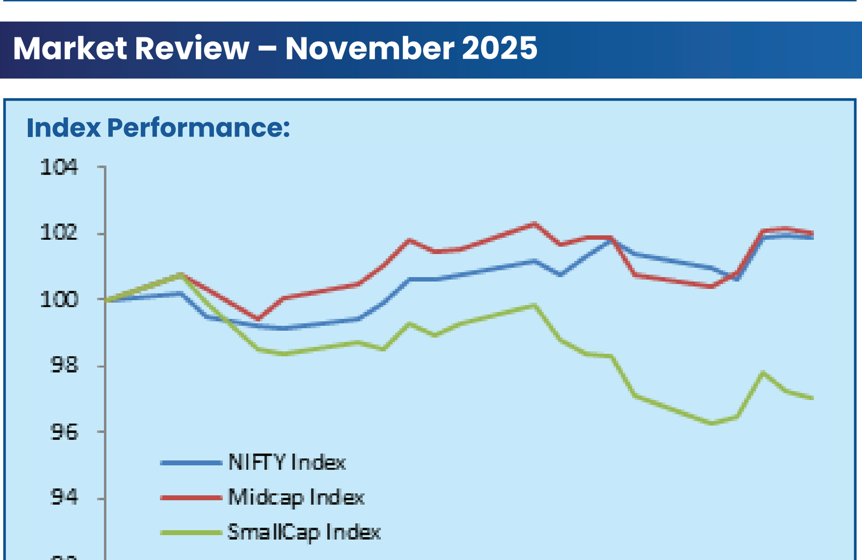
- Headline Inflation (CPI) eased further in October 2025 to 0.3%, down from 1.4% in September & for the first-time inflation has breached the 1% mark in the current series.
- The major drivers of this low print was a strong favorable base effect from October 2024 and a significant decline in food prices this month.
- Core inflation (i.e. excluding food and fuel), however rose further to 4.4% vs previous month's revised reading of 4.2%.
- Globally, inflation data for US has not been available due to US Government shutdown, however inflation print for September 2025 was at 3%.

Index of Industrial Production (IIP)



- Growth in Industrial Production (IIP) for October 2025 came at 0.4%, significantly lower than market expectations of 2.5%.
- Growth in manufacturing segment softened to 1.8% in October 2025, compared to 5.6% in the previous month, on annual basis. Electricity segment contracted by 6.9%, compared to 3.1% growth seen in September 2025 mainly due to subdued electricity demand. Mining segment further declined to 1.8% in October 2025, compared to a decline of 0.5% in the previous month.
- Sub-components of the manufacturing segment indicated a mixed trend as growth in 9 out of 23 sub-components registered positive year-on-year growth.

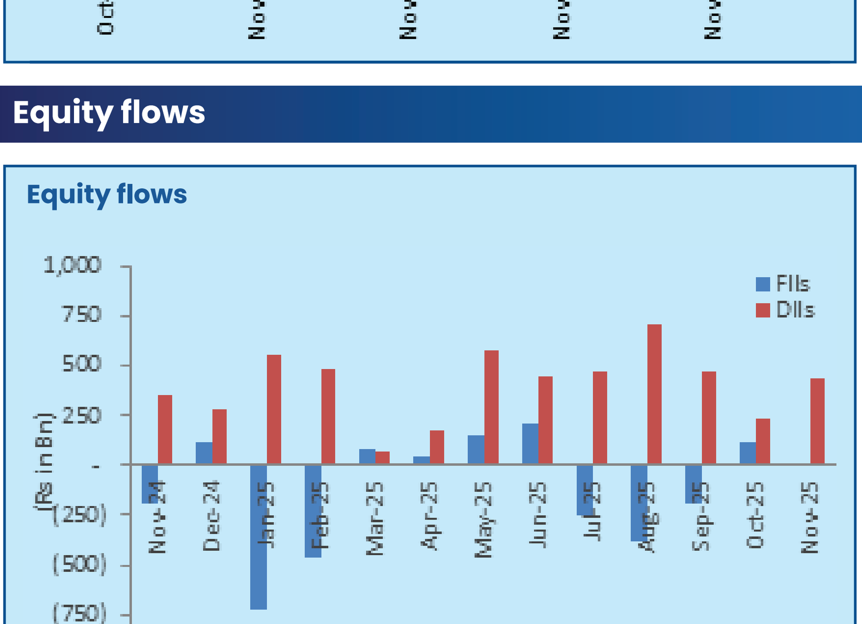
GST Collection



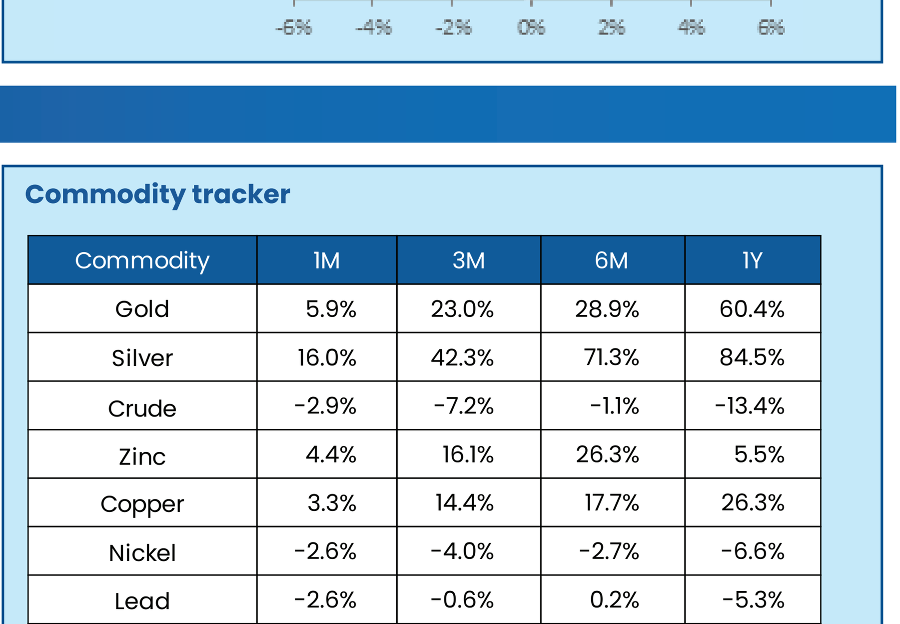
- Gross GST Collection for the month of November 2025 was at Rs.1.70 Lac crores, registering -13% MoM & +1% YoY growth.
- GST rate rationalization introduced in late September 2025 led to lower collections.

Market Review – November 2025

Index Performance:

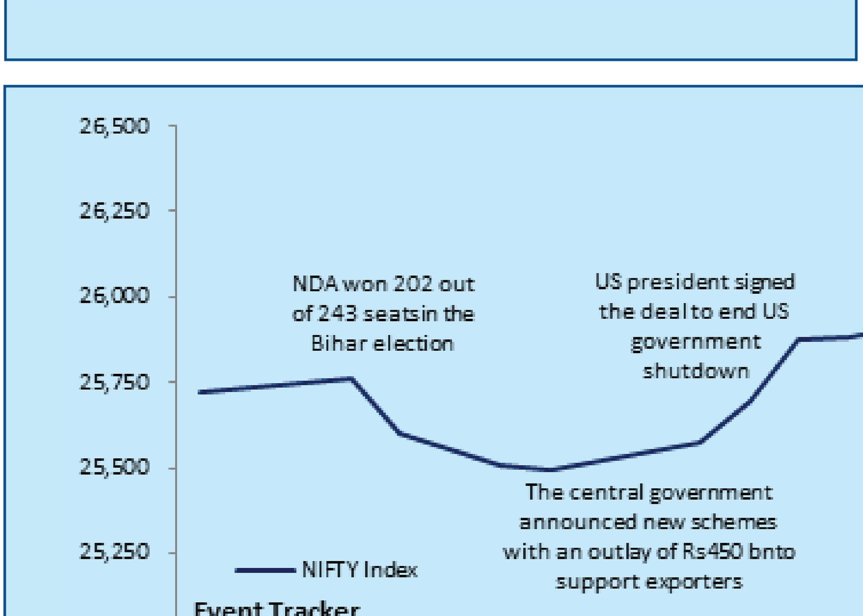


Sectoral Performance:



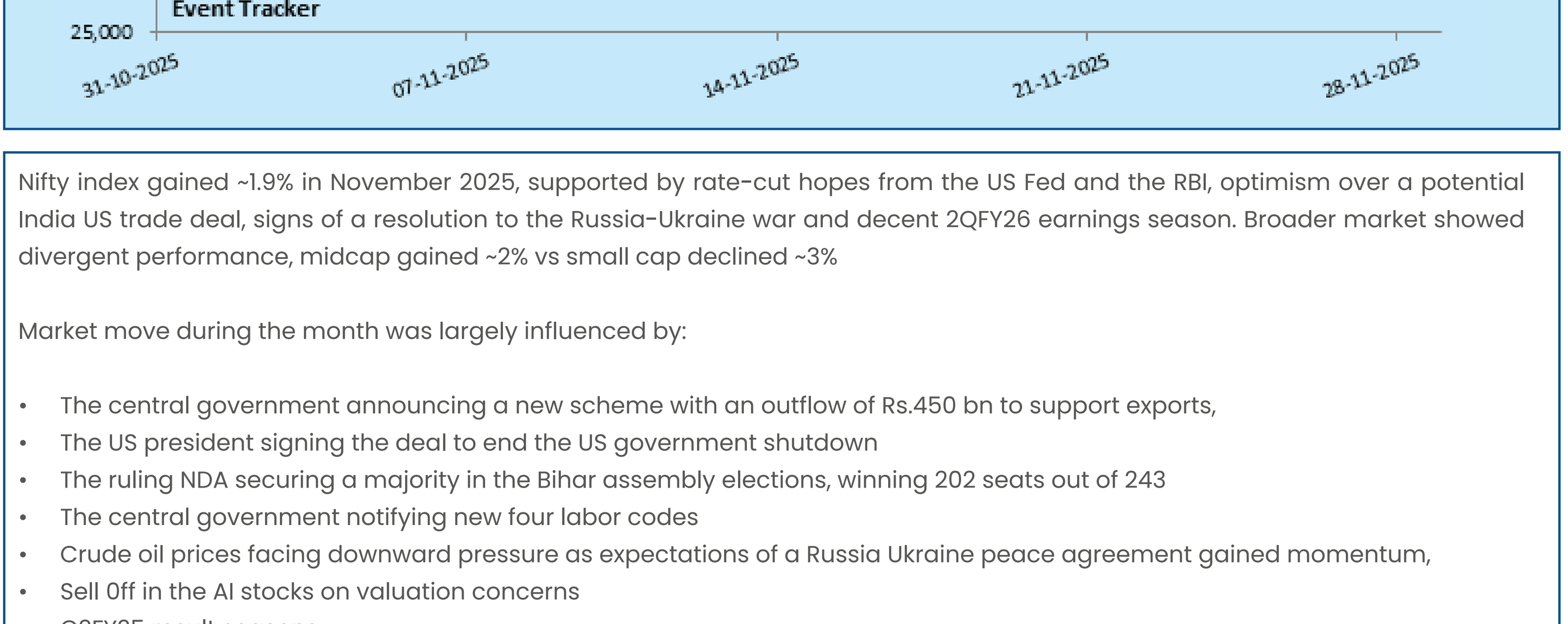
Equity flows

Equity flows



Commodity tracker

Commodity	1M	3M	6M	1Y
Gold	5.9%	23.0%	28.9%	60.4%
Silver	16.0%	42.3%	71.3%	84.5%
Crude	-2.9%	-7.2%	-1.1%	-13.4%
Zinc	4.4%	16.1%	26.3%	5.5%
Copper	3.3%	14.4%	17.7%	26.3%
Nickel	-2.6%	-4.0%	-2.7%	-6.6%
Lead	-2.6%	-0.6%	0.2%	-5.3%
Aluminum	-1.3%	8.5%	16.6%	10.3%
Tin	8.7%	11.6%	29.5%	36.9%



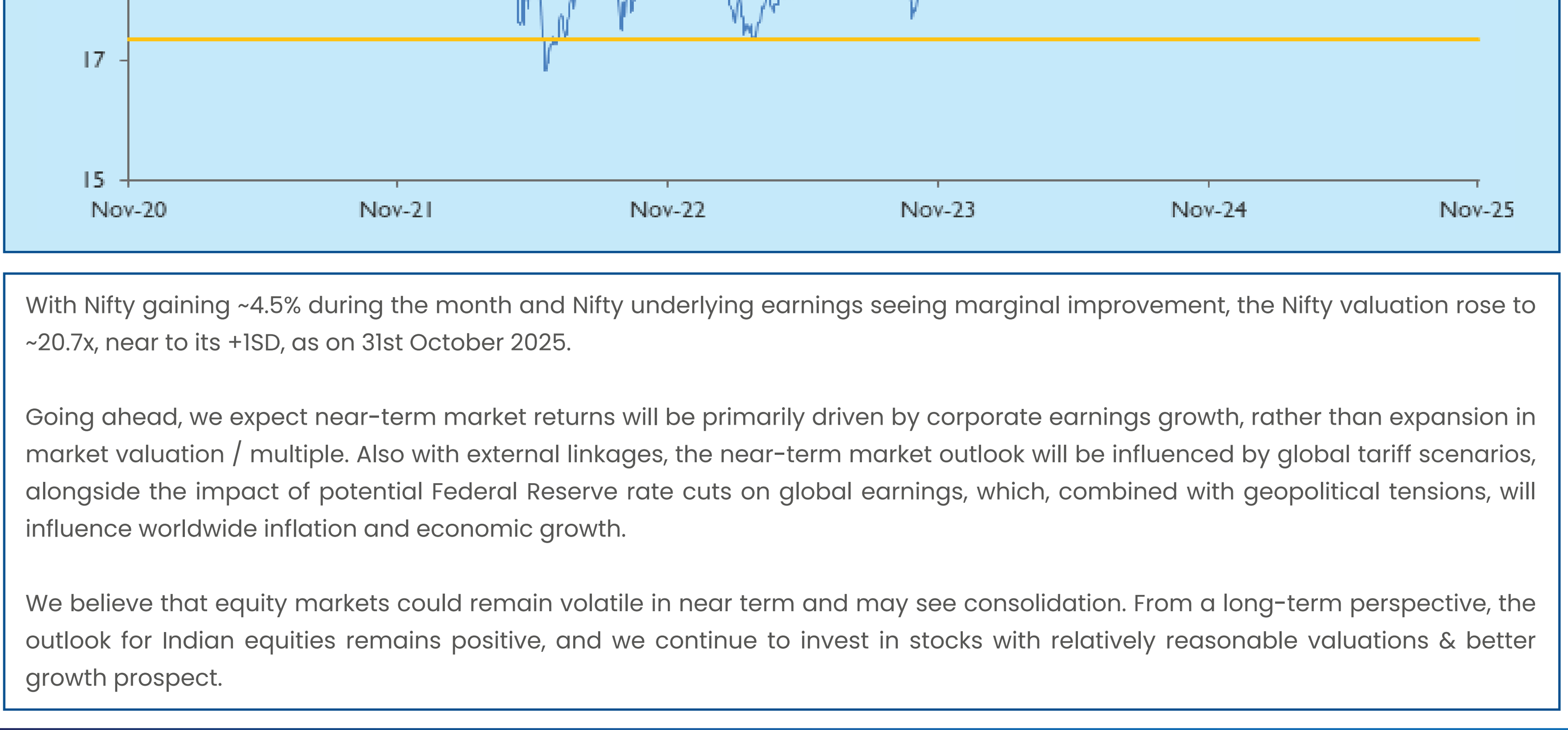
Nifty index gained ~1.9% in November 2025, supported by rate-cut hopes from the US Fed and the RBI, optimism over a potential India US trade deal, signs of a resolution to the Russia-Ukraine war and decent 2QFY26 earnings season. Broader market showed divergent performance, midcap gained ~2% vs small cap declined ~3%

Market move during the month was largely influenced by:

- The central government announcing a new scheme with an outflow of Rs.450 bn to support exports,
- The US president signing the deal to end the US government shutdown
- The ruling NDA securing a majority in the Bihar assembly elections, winning 202 seats out of 243
- The central government notifying new four labor codes
- Crude oil prices facing downward pressure as expectations of a Russia Ukraine peace agreement gained momentum,
- Sell 0ff in the AI stocks on valuation concerns
- Q2FY25 result seasons
- FPI inflows – During the month FPI bought ~Rs.55bn, second consecutive month of inflow. During the month, sectorally major inflows were seen in Telecom, Oil & Gas, Capital goods, Consumer durable & Healthcare. On flip side major outflows were seen in FMCG, Financial services, Consumer services, Realty & IT (Source: NSDL). Domestic institutions remained buyers & have bought stocks worth ~Rs.435bn during the month.

Most Global markets were mixed in terms of performance during the month November 2025 with average returns of ~5% negative returns, with strong gains in Brazil (+6%), Indonesia (+4%) and Singapore (+2%), whereas South Korea (-4%), Japan (-4%) and Thailand (-4%) were the top losers.

Nifty Valuation & Equity Outlook



With Nifty gaining ~4.5% during the month and Nifty underlying earnings seeing 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.

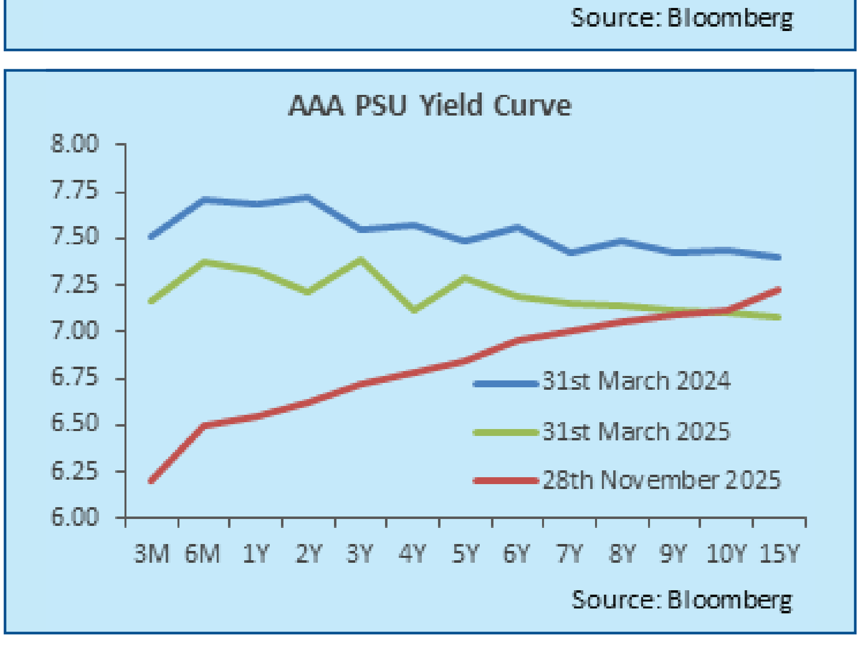
We believe that equity markets could remain volatile in near term and may see consolidation. From a long-term perspective, the outlook for Indian equities remains positive, and we continue to invest in stocks with relatively reasonable valuations & better growth prospect.

Debt outlook and positioning

Global Macros

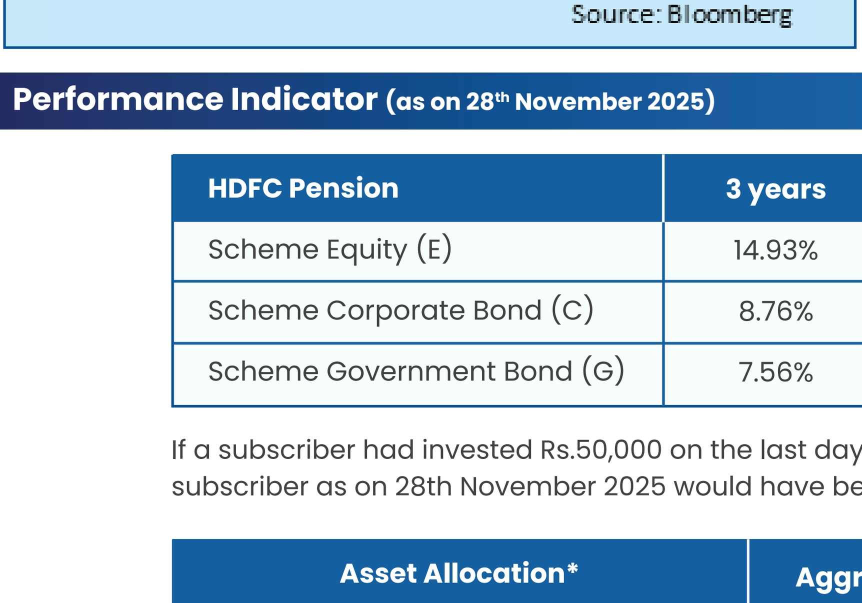
After 25 bps cuts in September and October (target 3.75–4.00%), November saw dovish Fed communication most notably NY Fed's John Williams signaling "near-term" scope for cuts—pushing odds higher ahead of the Dec 9–10 policy meeting. The UST 10Y yield edged lower mid-month (~4.06% ~4.01%) on Williams' comments and broader easing expectations, with a bull-flattening pattern observed. The ECB held rates steady after a year-long easing cycle as inflation neared target; growth signals were mixed, with Eurozone activity stabilizing but remaining subdued. The Bank of England held at 4.00% with a tight vote, signaling gradual easing ahead. The Bank of Japan kept its short-term policy rate near 0.5% in November, but long-end JGB yields surged to multi-decade highs (10Y near 1.9%, 30Y above 3.3%) amid reduced bond purchases and fiscal stimulus expectations; to ease collateral stress in repo markets, the BOJ relaxed terms under its Securities Lending Facility on November 28.October CPI and jobs reports were canceled due to a prolonged U.S. government shutdown, and November CPI was delayed to December 18—after the Fed's December meeting. Weekly ADP data showed rising job losses, while pending home sales improved on lower prices. Conference Board consumer confidence fell on weaker labor and business expectations. In India headline inflation eased further in October to 0.3%, down from 1.4% in September—breaching the 1% mark for the first time in the series. In India, RBI managed liquidity in November by absorbing excess funds through SDF and reverse repos, conducting VRRR auctions, and using short-term repos and SLF to keep money market rates near the 5.50% policy rate. India's Q2 FY26 GDP posted a strong 8.2% YoY growth, led by robust consumption and investment, reinforcing economic resilience and a positive demand outlook. The December RBI policy cut the repo rate to 5.25% from 5.50% and retained a neutral stance, supported by ₹1 lakh crore OMO purchases and a $5B FX swap to maintain liquidity and aid transmission. The situation remains fluid, with ongoing U.S.–India trade discussions. The U.S. 10Y closed at 4.00% on Nov 28 vs 4.11% on Oct 31. The DXY opened November near 99.7 and closed around 100.9, gaining roughly 1.1% after swinging between 98.7 and 102.3—driven by early safe-haven demand and later capped by dovish Fed signals and rising rate-cut expectations.

Debt Outlook



Scheme G:

The US 10 Year closed at 4.00% as on 28th Nov 2025 vs 4.11% on 31st Oct 2025. The 10-year G-sec yield was largely unchanged during November, rising slightly from 6.53% on October 31 to 6.54% on November 28, 2025. Gsec yield curve spread for 10X30 increased to 77 bps on 28th Nov 2025. The yield curve further steepened driven by remarkable domestic growth, rupee depreciation, supply-demand imbalances, and heightened market volatility. A 25bps rate cut is likely in February or April 2026, contingent on a slowdown in growth, as inflation is expected to remain under control through the year. We expect long bonds to outperform on a total return basis.



Scheme C:

Yields across the curve remained flat with 10y+ AAA PSU underperforming the curve. 5 Year NABARD traded at 6.85%, 10 Year NABARD at 7.12% and 15 Year at 7.23%. Corporate bond yields steepen further with surplus liquidity. Corporate bonds witnessed strong demand in the up-to-five-year segment, as investors sought to lock in higher short-term yields ahead of anticipated 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 28th November 2025)

HDFC Pension	3 years	5 years	7 years	SI
Scheme Equity (E)	14.93%	17.43%	15.37%	16.16%
Scheme Corporate Bond (C)	8.76%	7.08%	8.92%	9.92%
Scheme Government Bond (G)	7.56%	5.60%	8.06%	9.29%

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 28th November 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 28th November 2025 (in Rs)	14,50,558	13,07,879	11,62,786

* 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.

HDFC PENSION

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