



## HDFC Pension Fund Management Limited\*

(\* earlier known as HDFC Pension Management Company Limited)

### **Investment Policy**

Last reviewed & updated: **14th January 2026**

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## **Version Control**

<b>Version</b>	<b>Description</b>	<b>Date</b>	<b>Created / Updated by:</b>
1	Detailed descriptions of investment process	09 <sup>th</sup> April 2013	Ashish Narula
2	Detailed descriptions of investment process – Half yearly review	07 <sup>th</sup> October 2013	Ashish Narula
3	Detailed descriptions of investment process – Quarterly review	14 <sup>th</sup> January 2014	Ashish Narula
4	Detailed descriptions of investment process – Quarterly review	17 <sup>th</sup> April 2014	Ashish Narula
5	Detailed descriptions of investment process – Quarterly review	16 <sup>th</sup> April 2015	Ashish Narula
6	Detailed descriptions of investment process – Quarterly review	15 <sup>th</sup> October 2015	Ashish Narula
7.	Detailed descriptions of investment process	13 <sup>th</sup> July 2016	Ashish Narula
8	Detailed descriptions of investment process	13 <sup>th</sup> July 2017	Ashish Narula
9.	Updation of Corporate bond credit rating eligibility, Limit enhancement for daily trades and detailing of Asset class-wise investment eligibility and prudential exposure limits	16 <sup>th</sup> July 2018	Vishwas Katela
10.	Updation of change in investment guidelines for NPS schemes w.r.t Equity mutual funds	16 <sup>th</sup> October 2018	Vishwas Katela
11.	Updation of clarifications on change in investment guidelines for NPS schemes w.r.t Equity mutual funds	18 <sup>th</sup> January 2019	Vishwas Katela
12.	Updation of Credit Approval process and Limit enhancement for daily trades	19 <sup>th</sup> April 2019	Vishwas Katela
13.	Updation of Short term investments, Valuation of securities, Breach Report and Scope of Audit functions	20 <sup>th</sup> January 2020	Vishwas Katela
14.	Updation of stop loss policy	23 <sup>rd</sup> April 2020	Vishwas Katela
15.	Updation of authorized investment in Scheme G & C; Updation of allowed limits in Schemes for short term investments; Enhancement of investment limits in MFs and Securities trading limits	17 <sup>th</sup> July 2020	Vishwas Katela

<b>Version</b>	<b>Description</b>	<b>Date</b>	<b>Created / Updated by:</b>
16	Updation of NPS Tier II Tax Saving Scheme	15 <sup>th</sup> October 2020	Vishwas Katela
17	Updation of securities trading limits, equity, debt and mutual fund universe	22 <sup>nd</sup> April 2021	Vishwas Katela
18	Updation of new investment guidelines issued by PFRDA on 20 <sup>th</sup> July 2021	20 <sup>th</sup> October 2021	Vishwas Katela
19	Updation of amendment to investment guidelines issued by PFRDA on 30 <sup>th</sup> November 2021	18 <sup>th</sup> January 2022	Vishwas Katela
20	Updation of securities trading limits, credit limits, equity and debt universe; mutual fund limits; Segregation of Breaches/deviations	22 <sup>nd</sup> April 2022	Vishwas Katela
21	Updation of Short Term Investment category to include TREPS & Updation of Equity portfolio rebalancing period; as per PFRDA Circular issued on 28 <sup>th</sup> April 2022	13 <sup>th</sup> July 2022	Vishwas Katela
22	Updation of definitions of sponsor, group, net-worth, paid-up capital as per PFRDA guidelines; Investment criteria updation; Updation of approved equity universe, debt universe, debt broker and mutual Funds	18 <sup>th</sup> October 2022	Vishwas Katela
23	Updation of investment guidelines as per PFRDA Circular issued on 18 <sup>th</sup> November 2022; Updation of Group exposure norm (internal) for Equity segment	19 <sup>th</sup> January 2023	Vishwas Katela
24	Updation of investment guidelines as per PFRDA Circular issued on 18 <sup>th</sup> November 2022; Updation of approved equity universe, debt universe, debt broker and mutual Funds	25 <sup>th</sup> April 2023	Vishwas Katela
25	Updation of equity universe selection process, approved equity universe, debt universe and debt broker	20 <sup>th</sup> July 2023	Vishwas Katela
26	Updation of approved equity & debt universe	12 <sup>th</sup> October 2023	Vishwas Katela
27	Updation of investment guidelines as per PFRDA Circular; Updation of approved equity & debt universe	11 <sup>th</sup> January 2024	Vishwas Katela

<b>Version</b>	<b>Description</b>	<b>Date</b>	<b>Created / Updated by:</b>
28	Updation of approved equity universe, debt universe and limits and mutual funds limits	17 <sup>th</sup> April 2024	Vishwas Katela
29	Updation of the name of the company; Updation of approved equity universe, debt universe and limits, Updation of Broker list	14 <sup>th</sup> October 2024	Vishwas Katela
30	Updation of approved equity universe, broker list, debt universe and limits	14 <sup>th</sup> January 2025	Vishwas Katela
31	Updation of investment guidelines as per PFRDA Circular; Updation of approved equity & debt universe	16 <sup>th</sup> April 2025	Vishwas Katela
32	Updation of approved equity & debt universe	14 <sup>th</sup> July 2025	Vishwas Katela
33	Updation of investment guidelines as per PFRDA Circular;	14 <sup>th</sup> October 2025	Vishwas Katela
34	Updation of investment guidelines as per PFRDA master Circular dated 10 <sup>th</sup> December 2025; Updation of approved equity & debt universe	14 <sup>th</sup> January 2026	Vishwas Katela

## **1. INVESTMENT POLICY**

### **1.1. Introduction**

The Investment Policy for the Company outlines the process and the principles for the management of all the invested assets under different fund categories. Invested assets are all the investments made in market instruments using the Subscribers funds under various schemes and Shareholder Fund.

The Pension Fund Manager will maintain separate schemes, each investing in a different asset class –

#### **1) Equity Scheme (Asset class E)**

As per PFRDA investment guidelines, all the PFM's under this asset class shall invest in,

- i. Equity stocks which are constituents of NIFTY 250 Index are eligible for investments. However, constituent stocks of BSE 250 Index which are not part of NIFTY 250 are also eligible for investments
- ii. Units of equity schemes of mutual funds regulated by SEBI, which have minimum 65% of their investment in shares of body corporates listed on BSE or NSE.
- iii. Exchange Traded Funds (ETFs)/Index Funds regulated by SEBI that replicate the portfolio of either BSE Sensex Index or NSE Nifty 50 Index.
- iv. Exchange Traded Funds regulated by SEBI that are constructed specifically for disinvestment of shareholding of the Government of India in body corporates.
- v. Exchange Traded Derivatives regulated by SEBI having the underlying of any permissible listed stock or any of the permissible indices (BSE Sensex Index or NSE Nifty 50 Index), with the sole purpose of hedging.
- vi. Initial Public Offering (IPO), Follow on Public Offer (FPO) and Offer for Sale (OFS) of companies, approved by SEBI
- vii. Units issued by Real Estate Investment Trusts regulated by SEBI
- viii. Investment in SEBI Regulated Equity oriented 'Alternative Investment Funds' (Category I and Category II only)
- ix. Units issued by Gold and Silver ETF regulated by SEBI.

#### **2) Government Securities Scheme (Asset class G)**

Investments will be made only in Government securities, Government of India – Fully serviced bonds and securities which are unconditionally guaranteed by central or state government. All investments in this asset class would be subject to restrictions outlined by PFRDA.

#### **3) Corporate bond Scheme (Asset class C)**

This asset class contains bonds issued by any entity other than Government. This asset class will be invested in fixed deposits and credit rated debt securities. This includes rated bonds/securities of Public Financial Institutions and Public sector companies, rated municipal bodies/infrastructure bonds, rated bonds of INVITs and REITs, Rupee bonds issued by identified institutions, units of debt mutual funds and units of Debt ETFs launched by Government of India, units of Invit regulated by SEBI, debt oriented AIF's. Investments will be made in rated bonds / debentures of all companies, subject to risk limits and liquidity considerations. All investments in this asset class would be subject to restrictions outlined by PFRDA.

Each of the above schemes will have separate funds for Tier I and Tier II categories. All references, henceforth, to each of the schemes will apply uniformly to Tier I and Tier II categories independently (unless specified otherwise),

The Pension Fund Manager will also manage a composite scheme named “NPS Tier II Tax Saving Scheme (NPS-TSS)”. This is a composite scheme open to Central Government NPS subscribers with the following investment limits:

- a) Asset Class Equity: 10%-25%
- b) Asset Class Debt: 0-90%
- c) Cash/ Money Market / Liquid MFs: 0-20%

Investment guidelines for Asset Class Equity would be as applicable to Asset Class E Tier II Scheme and that applicable to Asset Class Debt would be same as applicable to Asset Class G Tier II and Asset Class C Tier II. The above exposure norm shall not be applicable till the scheme corpus is below Rs.5 crores.

## **1.2. Policy Review Process**

The Board shall review this investment policy and its implementation at least on a half-yearly basis and make such necessary modifications to bring it in tune with the requirements of law and regulations – in regard to protection of subscribers’ interest and pattern of investment laid down by PFRDA. The details of revisions/addendums in the Investment Policy or its review as periodically decided by the Board shall be submitted to the NPS Trust within 30 days of its decision.

## **1.3. Objective**

The aim of the document will be to –

- 1) Define the investment objectives and process across the funds in each of the schemes above
- 2) Set investment limits and prudential norms such that the portfolios are managed within acceptable levels of risk and meet all the regulatory compliance parameters.
- 3) Cover all aspects related to investments, viz –
  - a) Securities trading limits
  - b) Prudential exposure norms
  - c) Management of investment risks
  - d) Performance and risk reporting
  - e) Scope of audit of all the investment operations

PFRDA has laid down detailed guidelines and regulations regarding asset allocation and exposure limits across different investment options. These exposure norms will be the de jure policy norms regarding the exposure limits for the respective funds managed by the Company. Additional guidelines, limits as well as any norms along with the regulatory limits are laid out in the respective funds section.

## **2. INVESTMENT COMMITTEE**

### **2.1. Investment Committee (IC)**

The Board of Directors of the Company shall constitute an Investment Committee to oversee the investments of the Company. The responsibility for the selection and management of the invested assets rests in the first instance with the Investment Committee. The Investment Committee may delegate this investment authority subject to putting in place consistent control and monitoring mechanisms. This Investment Policy is defined by the Investment Committee to set the contours of the investment activity, process, prudential risk limits and performance objectives.

The Investment Committee oversees the activities of the investment function with regular monitoring of the investment exposures, performances, risk management, market developments and investment strategies. The reporting of the investment function to the IC shall take place once in every quarter. As per PFRDA regulations and amendments thereof, the Investment Committee should comprise of at least the following members.

1. Two Independent Directors
2. Chief Executive Officer
3. Chief Risk Officer
4. Chief Investment Officer

### **2.2. Functions of Investment Committee**

- 1) To draw up the Investment Policy, fund wise, and present the same to the Board of Directors for approval. The Investment Policy as approved by the Board shall be implemented by the Investment Committee. In framing such a policy, the board will be guided by Issues relating to liquidity, prudential norms, exposure limits, stop loss limits management of all investment & market risks, investment audit & investment statistics & provisions of PFRDA guidelines/directions.
- 2) To ensure that the Investment Policy is compliant with exposure limits, & other investment restrictions laid down by PFRDA
- 3) To ensure adequate return on subscribers & shareholders' funds consistent with the protection, safety and liquidity of such funds
- 4) To ensure that the funds are invested in equity shares and debt instruments rated as per investment regulations laid down by PFRDA
- 5) To ensure proper internal control of investment function and operations by clear segregation of functions into Front, Mid and Back Office.
- 6) To review the changes if any in the engagement team & any other matter relating to investments & forward its recommendation to the Board.

### **3. INVESTMENT PROCESS**

#### **3.1. Fixed Income Process**

Investment in Fixed income assets are largely made with one or more of the following objectives –

- Mandated investments as part of the fund objective definitions
- Utilize the cash flows to manage interest rate risks

- 1) The objectives of the fixed income investments and asset allocation restrictions between different categories of fixed income assets, if any, are part of the mandate of each fund. These mandates help define the broad structure of the fixed income portfolio.
- 2) The group, industry sector exposure limits define the limits on the exposure to different securities in the portfolio. These limits are defined in greater detail in the relevant sections of the Prudential Exposure.
- 3) Manage the active risks in the fixed income portfolios to meet the objectives for the funds. The primary active risks in the Fixed Income portfolios are Interest rate risk, Credit risk and Liquidity risk.

##### **3.1.1. Fixed Income Investment universe**

Fixed Income investments are made in Government securities in scheme G, Corporate bonds and Alternative Assets in scheme C

The authorized investments in the Government securities scheme (Asset class G) are

- 1) Government securities
- 2) Other securities {‘securities’ as defined in section 2(h) of the Securities Contract (regulation) Act, 1956} the principal whereof and interest whereon is,
  - a) Fully and unconditionally guaranteed by Central or any State Government &
  - b) Government of India – Fully Service bonds which are issued by PSUs under Extra Budgetary Resources after 3<sup>rd</sup> June 2020

Provided that the portfolio invested under this sub-category of securities shall not be in excess of 10% of the total portfolio of the scheme G

- 3) Units of Government Securities Mutual Funds, regulated by SEBI, provided that the portfolio invested in such mutual funds shall not exceed 5% of the AUM under Scheme / Asset Class G at any point of time.

The authorized investments in the Corporate bond scheme (Asset class C) are

- 1) Debt securities, which are listed or proposed to be listed, issued by bodies corporate, including banks and public financial institutions [as defined under Section 2 of the Companies Act, 2013].

Provided that investment in this sub-category with residual maturity period of less than three years on the date of investment, shall be limited to 10% of the investment made in Scheme / Asset Class C during preceding 12 months.

In case of securities where the principal is to be repaid in a single payout, the maturity of the securities shall mean residual maturity. In case the principal is to be repaid in more than one payout, then the maturity of the securities shall be calculated on the basis of weighted average maturity of the security.

The investment in this sub-category should be made in such securities having a credit rating of atleast AA or equivalent in the applicable rating scale from at least two credit rating agency registered with SEBI and if the securities/entities have been rated by more than two rating agencies, the two lowest of the ratings shall be considered.

However, Pension Fund can invest upto 10% of the total debt instruments portfolio in such securities with AA rating or above in the applicable rating scale that are rated by a single rated agency registered with SEBI.

- 2) The following infrastructure related debt instruments:

- a. Listed or proposed to be listed debt securities issued by body corporate engaged mainly in the business of development or operation and maintenance of infrastructure, or development, construction of finance of Affordable housing as defined under Government of India's harmonized master-list of infrastructure sub-sectors.

This shall also include securities issued by Indian Railways or any of the body corporate in which it has majority shareholding.

This shall also include securities issued by any authority of the Government which is not a body corporate and has been formed mainly with the purpose of promoting development of infrastructure.

Any structural obligation undertaken or letter of comfort issued by the Central Government, Indian Railways or any Authority of the Central Government, for any security issued by a body corporate engaged in the business of infrastructure, which notwithstanding the terms in the letter of comfort or the obligation undertaken, fails to enable its inclusion as security covered under category "Other Securities" in Scheme G above, shall be treated as an eligible security under this sub-category.

- b. Infrastructure & Affordable housing bonds issued by any scheduled commercial bank, which meets the conditions specified below for term deposits receipt.
- c. Listed or proposed to be listed securities issued by Infrastructure Debt Funds operating as NBFCs and regulated by RBI. For such securities credit ratings shall relate to the NBFC.
- d. Listed or proposed to be listed securities issued by Infrastructure Debt Funds operating as a Mutual Fund and regulated by SEBI

It is clarified that, barring exceptions mentioned above, for the purpose of this sub-category 2, a sector shall be treated as part of infrastructure as per Government of India's harmonized master-list of infrastructure sub- sectors.

The investment in this sub-category (except for sub-category 2(d) above) should be made in such securities having a credit rating of atleast AA or equivalent in the applicable rating scale from at least two credit rating agency registered with SEBI and if the securities/entities have been rated by more than two rating agencies, the two lowest of the ratings shall be considered.

However, Pension Fund can invest upto 10% of the total debt instruments portfolio in such securities with AA rating or above in the applicable rating scale that are rated by a single rated agency registered with SEBI.

Pension Fund can make investment in infrastructure companies rated not less than 'A' along with an Expected Loss Rating of 'EL1'.

3) Listed or proposed to be listed Credit Rated Municipal Bonds.

The investment in this sub-category should be made in such securities having a credit rating of atleast AA or equivalent in the applicable rating scale from at least two credit rating agency registered with SEBI and if the securities/entities have been rated by more than two rating agencies, the two lowest of the ratings shall be considered.

However, Pension Fund can invest upto 10% of the total debt instruments portfolio in such securities with AA rating or above in the applicable rating scale that are rated by a single rated agency registered with SEBI.

4) Term Deposits receipts of scheduled commercial banks not less than one year duration, which meets the regulatory requirement of Net-worth and Capital to Risk weighted Asset Ratio (CRAR) as stipulated by Reserve Bank of India and additionally satisfy the following conditions on the basis of published annual report(s) for the most recent years, as required to have been published by them under law:

- a) having declared profit in the immediately preceding three financial years;
- b) Having net non-performing assets of not more than 4% of the net advances;

Provided that Deposits with any one scheduled commercial bank including its subsidiaries should not be more than 10% of the portfolio of the scheme.

5) Units of Debt Mutual Funds as regulated by SEBI.

Provided that these schemes shall exclude schemes of mutual funds having investment in short term debt securities with Macaulay Duration of less than 1 year.

Provided further that the portfolio invested in such mutual funds shall not exceed 5% of the AUM under Scheme / Asset Class C at any point of time.

6) Rupee bonds issued by the International Bank for Reconstruction & Development, International Finance Corporation & Asian Development Bank.

Provided that investment in Rupee bonds with residual maturity period of less than three years on the date of investment, shall be limited to 10% of the investment made in Scheme / Asset Class C during preceding 12 months. For this sub-category a single rating of AA or above by a domestic or international rating agency will be acceptable.

In case of securities where the principal is to be repaid in a single payout, the maturity of the securities shall mean residual maturity. In case the principal is to be repaid in more than one payout, then the maturity of the securities shall be calculated on the basis of weighted average maturity of the security.

7) Debt securities issued by Real Estate Investment Trusts (REITs) regulated by the SEBI.

Provided that investment shall be made only in such securities which have minimum rating of AA or equivalent rating in the applicable rating scale of the Trust from at least two credit rating agencies registered by SEBI and if the securities/entities have been rated by more than two rating agencies, the two lowest of the ratings shall be considered.

8) Debt securities issued by Infrastructure Investment Trusts (InvITs) regulated by the SEBI.

Provided that investment shall be made only in such securities which have minimum rating of AA or equivalent rating in the applicable rating scale of the Trust from at least two credit rating agencies registered by SEBI and if the securities/entities have been rated by more than two rating agencies, the two lowest of the ratings shall be considered.

9) Units of Debt ETFs issued by Government of India specifically meant to invest in bonds issued by Government owned entities such as CPSEs, CPSUs/CPFIIs and other Government organizations, etc.

Provided that the portfolio invested in such Debt ETFs shall not exceed 5% of the Scheme AUM / Asset class C at any point of time.

10) Commercial mortgage-based securities or Residential mortgage-based securities.

Provided that investment under this sub-category shall be made only in such securities which have minimum 'AA' or equivalent rating in the applicable rating scale with rating from only one credit rating agency will be sufficient.

11) Asset Backed Securities regulated by SEBI.

Provided that investment under this sub-category shall be made only in such securities which have minimum 'AA' or equivalent rating scale with rating from only one credit rating agency will be sufficient.

12) Units of InvITs regulated by SEBI.

Provided that investment under this sub-category shall be made only in such securities which have minimum 'AA' or equivalent rating in the applicable rating scale of the Trust from at least two credit rating agencies registered with the SEBI and if the securities/entities have been rated by more than two rating agencies, the two lowest of the ratings shall be considered.

Provided further that the aggregate investment under this sub-category shall not exceed 5% of the AUM of Scheme / Asset Class C.

13) Investment in SEBI Regulated debt oriented ‘Alternative Investment Funds’ (Category I and Category II only).

Provided that, the investment under this sub-category is allowed subject to satisfaction of the following conditions: -

- i. The permitted funds under category I are Start-up Funds, infrastructure funds, SME funds, venture capital funds and social venture capital funds as detailed in Alternative Investment Funds Regulations, 2012 by SEBI.
- ii. For category II AIF as per Alternative Investment Funds Regulation 2012 by SEBI, at least 51% of the funds of such AIF shall be invested in either of the Start- up entities, infrastructure entities or SMEs or venture capital or social welfare entities
- iii. Investment will be made only in those AIFs whose corpus is equal to more than Rs100 crores
- iv. Exposure to single AIF shall not exceed 10% of the AIF size
- v. Funds shall not be invested in securities of the companies or funds incorporated and operated outside India in violation of section 25 of the PFRDA Act 2013
- vi. Sponsors of the Alternative Investment funds would not be the promoter in Pension fund or the promoter group of pension funds.
- vii. AIFs shall not be managed by investment manager, who is directly or indirectly controlled or managed by Pension fund or the promoter of the pension fund.

Provided further that the aggregate investment under this sub-category shall not exceed 5% of the AUM of Scheme / Asset Class C.

14) Listed (or proposed to be listed in case of initial offering) Basel III Tier-I bonds issued by scheduled commercial banks, AIFIs and Govt owned NBFCs under RBI guidelines.

Provided that, the investment under this sub-category is allowed only if,

- i. Investment shall be made in such bonds of a scheduled commercial bank from the secondary market only if such Tier-1 bonds are listed
- ii. In case of Initial offering of the bonds, investment shall be made only in such Tier-1 bonds which are proposed to be listed.
- iii. Total portfolio invested in this sub-category, at any time, shall not exceed of 5% of the total AUM managed by the pension fund under Scheme / Asset class G, C & E for both Tier-I & Tier-II
- iv. No investment in this sub-category in initial offering shall exceed 20% of the initial offering. Further, at any point of time, the aggregate value of Tier-1 bonds of any particular bank held across all schemes managed by the Pension Fund shall not exceed 20% of such Tier I Bonds issued by that Bank/AIFI/Govt owned NBFC.
- v. The investment by pension fund in a single issuer shall not exceed 10% of the AUM under scheme / Asset class C

Provided further that investment under this sub-category shall be made only in such securities which have minimum 'AA' or equivalent rating in the applicable rating scale from at least two credit rating agencies registered with the SEBI and if the securities/entities have been rated by more than two rating agencies, the two lowest of the ratings shall be considered.

Provided further that the aggregate investment under this sub-category shall not exceed 5% of the AUM of Scheme / Asset Class C.

Provided that investment shall only be in listed instruments or fresh issues that are proposed to be listed except in case of sub-category (10), (11) and (13) (i.e., CMBS/RMBS, ABS and debt-oriented AIFs) above.

Further, though investments in Scheme/Asset Class C require at least AA rating as specified above, Pension Fund can invest in securities having investment grade rating below 'AA', provided that, investments in securities rated from 'AA-' to 'A' shall not exceed 10% of the AUM under Scheme/Asset Class C while making such investment. Any investments in securities rated below 'AA' in excess of 10% of the AUM under Scheme/Asset Class C the risk of default for such securities shall be fully covered with Credit Default Swaps (CDSs) issued under Guidelines of the RBI and purchased along with the underlying securities. Purchase amount of such Swaps shall be considered to be investment made under this category.

It is clarified that debt securities covered under 'Other Securities of Scheme/Asset Class G' are excluded from Scheme/Asset Class C. However, "Govt. of India - Fully Serviced Bonds" issued by Public Sector Undertakings under Extra Budgetary Resources prior to 3rd Jun 2020 may be retained under this category.

The value of funds invested by Pension Fund in any mutual funds mentioned in any of the categories or ETFs or Index Funds shall be reduced from the respective scheme AUM, before computation of investment management fees payable to them, to avoid double incidence of costs. However, investments made by Pension Funds in MFs (until the Scheme AUM reached Rs. 5 crores), in ETFs/Index Funds for the purpose of disinvestment of shareholding of the Government of India in body corporates, Bharat Bond ETF/Debt ETF issued by Government of India in respect of bonds issued by CPSEs, CPSUs, CPFIs and other Government organizations, Gold and Silver ETFs and all short duration mutual funds (liquid mutual fund, overnight fund ultra-short duration fund etc.) as permitted by SEBI, would be eligible for payment of investment management fee.

The exposure norms for investment in InvITs/REITs would be as under:

- i) The cumulative Investments in Units and Debt instruments of InvITs and REITs shall not exceed 3% of total AUM of the Pension Fund at any point of time.
- ii) The Pension Fund shall not invest in more than 15% of the total outstanding debt instruments issued by single InvIT/REIT issuer.
- iii) Pension Fund shall not invest more than 5% of the Units issues by a single InvIT / REIT issue.

The following limits will be applicable to all the investments in the Asset Class C

<b>Credit Rating issued by at least two Rating Agency</b>	<b>Exposure Limit</b>
AA or higher rated instruments including money market instruments/ cash and cash equivalents	At least 90% of AUM
A to AA- Rated instruments	Not more than 10% of AUM

In case of any instruments mentioned above being rated and their rating falling below A, the option of exit would be considered and exercised, as appropriate, in a manner that is in the best interest of the subscriber.

A quarterly statement on the investment made in securities which have a minimum rating of 'A' and their performance including downgrades in this category, if any, to NPS Trust for monitoring of such investments.

### **3.1.2. Fixed Income & Alternative Asset class Securities Selection Process**

#### **Asset Class G**

As stipulated by PFRDA, the investments in this asset class should be made in Government Securities issued by RBI or other securities which are fully and unconditionally guaranteed by central or state government or Government of India – Fully serviced bonds. The selection of securities should be based on the view of the investment team on the interest rates, liquidity condition & managing the duration of the portfolio.

#### **Asset Class C**

Credit risk is a key risk in Bond Portfolio Management. Credit risk arises from the possibility that a borrowing entity will be unable to meet its interest and / or principal repayment obligations on a bond within the timelines set in the bond indentures. Hence a careful analysis and scrutiny is required at the time of setting up limits, on the amount of exposures that can be taken to a single borrower, as well as monitoring the financial health on an ongoing basis.

Any investment in non-Govt Securities assets has to follow the process of application for credit limits, evaluation, approval and regular monitoring, as described below.

1. All proposals for setting up credit limits for any borrower, other than Central & State Government Securities, have to be initiated by the Investment team.
2. The team will study the financial and business health of the borrower and submit a credit rationale for setting up limits for the borrower. Any credit appraisal should address the following areas:
  - a) Industry characteristics and the company's competitive position in the industry
  - b) Review of the financial data including topline growth, cost structure, trends in profitability, cash flow, leverage, debt coverage ratios, debt repayment schedule.
  - c) Key business and financial risks and mitigants if any.
  - d) Comments on the management track record.
  - e) Key data points to be monitored.
  - f) If required, stress test the assumptions made for forecasting the company's earnings and debt repayment capacity, to verify the soundness of the company's capital structure.
3. The CIO shall present the credit proposal to the Investment Committee for approval. After studying and debating the merits of the credit exposure, the committee may approve or reject the proposal. If a proposal is accepted, the limits will be allocated for the exposure.
4. Alternatively, the credit proposal will be circulated to the CEO & the non-executive directors for discussion & approval. The investments will be made only after the approvals from the CEO & the non-executive directors are obtained. The exposure limit for the approval would be in line with approved credit limits for the respective ratings approval. The investments thus made shall be taken up in the subsequent Investment committee meeting for ratification and noting.
5. The Investment team shall maintain the records of all the credit limits approved by the Investment committee.
6. The actual investment in any particular credit shall in all cases be subject to the regulatory limits/internal limits, whichever is lower.

## **Alternative Investments**

All risks including liquidity risk, integrity risk, operational risk and control issues and conflicts of interest needs to be considered while making a decision to invest in Alternate investments and these are to be documented while making such decisions. Hence a careful analysis and scrutiny is required at the time of approving a new investment as well as monitoring the financial health on an ongoing basis.

Any investment in Alternative investment has to follow the process of evaluation, approval and regular monitoring, as described below.

1. All proposals for fresh investment proposal have to be initiated by the Investment team.
2. The team will study the financial and business health of the investee securities and submit a rationale for investment. Any investment proposal should address the following areas:
  - a) Industry characteristics and the company's competitive position in the industry
  - b) Review of the financial data including topline growth, cost structure, trends in profitability, cash flow, leverage, debt coverage ratios, debt repayment schedule.
  - c) Key business and financial risks and mitigants if any.
  - d) Comments on the management track record.
  - e) Key data points to be monitored.
  - f) If required, stress test the assumptions made for forecasting the company's earnings and debt repayment capacity, to verify the soundness of the company's capital structure.
3. The CIO shall present the investment proposal to the Investment Committee for approval. After studying and debating the merits the committee may approve or reject the proposal. If a proposal is accepted, the investment limits will be allocated for the exposure.
4. Alternatively, the investment proposal will be circulated to the CEO & the non-executive directors for discussion & approval. The investments will be made only after the approvals from the CEO & the non-executive directors are obtained. The exposure limit for the approval would be in line with approved credit limits for the respective ratings approval. The investments thus made shall be taken up in the subsequent Investment committee meeting for ratification and noting.
5. The Investment team shall maintain the records of all the investment approved by the Investment committee.

The actual investment in any particular securities shall in all cases be subject to the regulatory limits/internal limits, whichever is lower.

### **3.1.3. Credit / Investment Limits Review Process – Scheme C/MSF Schemes**

- 1) Once a credit/investment limit has been approved, the Investment team shall maintain an ongoing watch for any developments that affect the credit/investment quality of the borrower.
- 2) The Investment team will need to submit a proposal for a review of existing limits, necessarily after material events like a ratings change or management structure change. Any change in the external rating downgrade will be communicated to the IC in the subsequent meeting.
- 3) The Investment Committee shall monitor the following credit/ investment risk parameters at each of their meeting:
  - a. Exposure and the approved limits for each issuer/ investment
  - b. Rating wise exposure for various funds
  - c. Any approvals/limit changes since the previous meeting
  - d. Any significant credit/ investment development for any of the holdings since the previous meeting

### **3.2. Equity Process**

Equity investments are a natural asset class for pension funds which have a long horizon of investment. Equity investments are usually more volatile than fixed income and, crucially, do not throw up a fixed or known stream of cash flows. The higher volatility in equities also results in higher expected returns from these investments. Equity investments are made as per mandate requirements

- 1) The benchmark index composition with regards to the stocks as well as sector distribution forms the initial mandate for the portfolio construction.
- 2) The group, industry sector exposure limits define the limits on the exposure to different stocks in the portfolio.

#### **3.2.1. Equity Universe :**

Equity investments, in Scheme E/MSF Schemes, as stipulated by PFRDA shall be made in.

- 1) Stocks which are constituents of NIFTY 250 Index are eligible for investments. However, constituent stocks of BSE 250 Index which are not part of NIFTY 250 are also eligible for investments. Provided that 90% of the Asset Class / Scheme AUM shall be invested only in to the top 200 stocks of NIFTY 250 Index with flexibility to invest up to 10% in the remaining eligible stocks.
- 2) Exchange Traded Funds (ETFs)/ Index Funds, regulated by SEBI, which replicate the portfolio of either BSE Sensex index or NSE Nifty 50 index.
- 3) Units of equity schemes of mutual funds, regulated by SEBI, which have minimum 65% of their investment in shares of body corporate listed on BSE or NSE.

Provided that investment under such mutual funds shall not exceed 5% of the AUM under Scheme/Asset Class E at any point in time and the fresh investment in such mutual funds shall not exceed 5% of the fresh inflows invested in the year.

- 4) ETFs regulated by SEBI, constructed specifically for disinvestment of shareholding of the Government of India in body corporate.
- 5) Exchange traded derivatives, regulated by SEBI, having the underlying of any permissible listed stock or any of the permissible indices (BSE Sensex Index or NSE Nifty 50 Index), with the sole purpose of hedging.

Provided that the portfolio invested in derivatives in terms of contract value no exceed 5% of the AUM under scheme / Asset Class E at any point of time.

- 6) Initial Public Offering (IPO), Follow on Public Offer (FPO) and Offer for Sale (OFS) of companies, approved by SEBI subject to fulfilment of the following conditions,
  - i) Equity offering through IPO are proposed to be “listed” in BSE or NSE and full float market capitalization calculated at lower band of IPO issue price should be equivalent or greater than the market capitalization of the 250th company as per the NIFTY 250 Index list.
  - ii) Shares offered under Follow on Public Offer (FPO)/Offer for Sale (OFS) should be listed on BSE or NSE and constituent in the list of Top 250 stocks as per the Nifty 250 Index.

- iii) Board approved Investment Policy of Pension Funds should contain detailed guidelines/procedure for investments in IPO. Investments in Equity Shares through IPO/FPO or OFS shall be reported to NPS Trust within 30 days from the date of investment.
- iv) In case a Pension Fund has invested through IPO and it fails to be in the latest published list of NIFTY 250 Index, a time period of maximum one year from the date of listing shall be provided to the Pension Fund for making a decision on exiting such shares.
- v) PFs are allowed to invest in Shares through Secondary Market, eligible under i & ii.

7) Units issued by Real Estate Investment Trusts regulated by SEBI.

Provided further that under this sub category, the Trust should have minimum rating of 'AA' or equivalent rating in the applicable rating scale from at least two credit rating agencies registered by SEBI and if the securities/entities have been rated by more than two rating agencies, the two lowest of the ratings shall be considered.

Provided that the aggregate investment under this sub category shall not exceed 5% of the AUM of Scheme / Asset Class E.

8) Investment in SEBI Regulated Equity oriented 'Alternative Investment Funds' (Category I and Category II only).

Provided that investment under this sub category, shall only be in listed instruments or fresh issues that are proposed to be listed and investment is allowed subject to,

- i) The permitted funds under category I are Start-up Funds, Infrastructure Funds, SME Funds, Venture Capital Funds and Social Venture Capital Funds as detailed in Alternative Investment Funds Regulations, 2012 by SEBI.
- ii) For category II AIF as per Alternative Investment Funds Regulations, 2012 by SEBI, at least 51% of the funds of such AIF shall be invested in either of the Start up entities, infrastructure entities or SMEs or venture capital or social welfare entities.
- iii) Pension Fund shall invest only in those AIFs whose corpus is equal to or more than Rs.100 crore.
- iv) The exposure to single AIF shall not exceed 10% of the AIF size.
- v) Pension Funds to ensure that funds should not be invested in securities of the companies or Funds incorporated and operated outside the India in violation of Section 25 of the PFRDA Act 2013.
- vi) The sponsors of the Alternative investment funds should not be the promoter in Pension Fund or the promoter group of the Pension Fund.
- vii) The AIFs shall not be managed by Investment manager, who is directly or indirectly controlled or managed by Pension Fund or the promoter group of the Pension Fund.

Provided that the aggregate investment under this sub category shall not exceed 5% of the AUM of Scheme / Asset Class E.

9) Units issued by Gold and Silver ETF regulated by SEBI.

Provided that the aggregate investment under this sub category shall not exceed 5% of the AUM of Scheme / Asset Class E.

Subsequent to any changes in the Nifty 250 Index, Pension Funds would have to rebalance their portfolios (if required) in line with updated index , within a period of six months.

The value of funds invested by Pension Fund in any mutual funds mentioned in any of the categories or ETFs or Index Funds shall be reduced from the respective scheme AUM, before computation of investment management fees payable to them, to avoid double incidence of costs. However, investments made by Pension Funds in MFs (until the Scheme AUM reached Rs. 5 crores), in ETFs/Index Funds for the purpose of disinvestment of shareholding of the Government of India in body corporates, Bharat Bond ETF/Debt ETF issued by Government of India in respect of bonds issued by CPSEs, CPSUs, CPFIs and other Government organizations, Gold and Silver ETFs and all short duration mutual funds (liquid mutual fund, overnight fund ultra-short duration fund etc.) as permitted by SEBI, would be eligible for payment of investment management fee.

### **3.2.2. Equity Stock Selection Process**

- 1) The stocks which meet the above mentioned criteria become a part of our investible universe. All stocks which are constituents of NIFTY 250 Index and stocks of BSE 250 Index which are not part of NIFTY 250 automatically become a part of our investible universe provided it meets all the investment criteria.
- 2) Of the investible universe, the investment team shall identify the stocks where the investments are likely to be made. A detailed research note will be prepared on these names. The research note should encompass the following aspects
  - a. Company description – Promoters & professional management, product prospects, past performance, (trend analysis), projections and the future plans, policies of the government, management and its impact.
  - b. Emphasis on quality management, its track record & policies should be highest
  - c. Industry Scenario – Market share of the company should be analyzed
  - d. Valuation of the company vis-à-vis the industry based on past financials and future projections
- 3) The research note will be circulated to the CEO & the non-executive directors for discussion & approval. The investments will be made only after the approvals from the CEO & the non-executive directors are obtained. The investments thus made shall be taken up in the subsequent Investment committee meeting for ratification and noting.
- 4) Once the investment in a particular stock is made, the investment team has to keep an ongoing watch on any developments or changes in the fundamentals of the company.
- 5) Industries and companies are monitored and reviewed on a regular basis with a view to increase / decrease the portfolio's exposure to them, The stocks in the portfolio are reviewed based on certain criteria like:
  - a. Fundamental changes in the company
  - b. Company valuations
  - c. Risk to Earning forecast

- 6) Special emphasis should be placed on the quality and consistency of the management, the quality of earnings, their expected growth and the liquidity of the company's shares.
- 7) For IPOs, similar process would be followed and a detailed research note covering the above aspects and the details of the IPO would be made and only after the approvals, as per above identified process, the investments would be made.

Any stock that is approved/ ratified by the Investment Committee (IC) would continue to remain part of the list of Approved Equity stocks for investment (Annexure 1). The investment in the same would only be made if the stock also forms part of NIFTY 250 Index and / or BSE 250 Index (which is not part of the NIFTY 250 Index).

### **3.3. Other Investment**

#### **3.3.1. Short term debt instruments & related investments**

In addition to the permissible instruments of investments mentioned above for each Scheme/Asset Class, Pension Fund can temporarily park the inflows / funds pending deployment in short-term debt instruments and related investments as noted below, subject to the following limits;

- i) 10% of AUM for each of the Scheme/Asset Class under NPS Tier-I
- ii) 20% of AUM for each of the Scheme/Asset Class under NPS Tier-II
- iii) The aforesaid limits shall not be applicable till the AUM of the respective Scheme/Asset Class reaches Rs 5 crore.

#### **3.3.1.1. Money market instruments**

Money market instruments comprising of Treasury Bills, Commercial Paper and Certificates of Deposit.

Provided that investment in Commercial Paper issued by body corporates shall be made only in instruments which have minimum rating of A1 + by at least two credit rating agencies registered with the SEBI. Provided further that if Commercial Paper has been rated by more than two rating agencies, the two lowest of the ratings shall be considered.

Provided further that investment in this sub-category in Certificates of Deposit of up to one year duration issued by scheduled commercial banks, which meets the regulatory requirement of Net-worth and Capital to Risk weighted Asset Ratio (CRAR) as stipulated by Reserve Bank of India and additionally satisfy the following conditions on the basis of published annual report(s) for the most recent years, as required to have been published by them under law:

- i) Having declared profit in the immediately preceding three financial years;
- ii) Having net non-performing assets of not more than 4% of the net advances;

Provided that Deposits with any one scheduled commercial bank including its subsidiaries should not be more than 10% of the portfolio of the scheme.

### **3.3.1.2. Term Deposit Receipts**

Term Deposit Receipts of up to one year duration issued by such scheduled commercial banks, which meets the regulatory requirement of Net-worth and Capital to Risk weighted Asset Ratio (CRAR) as stipulated by Reserve Bank of India and additionally satisfy the following conditions on the basis of published annual report(s) for the most recent years, as required to have been published by them under law:

- i) Having declared profit in the immediately preceding three financial years;
- ii) Having net non-performing assets of not more than 4% of the net advances;

Provided that Deposits with any one scheduled commercial bank including its subsidiaries should not be more than 10% of the portfolio of the scheme.

### **3.3.1.3. Mutual Funds**

Investments in units of a debt scheme of a mutual fund as regulated by SEBI where investment is in short term securities with Macaulay duration of less than 1 year viz. Overnight fund, Liquid Fund, Ultra Short Duration Fund and Low duration fund with the condition that the average total asset under management of AMC for the most recent six-month period should be at least Rs. 5,000 crores.

Investments are made with a very short term objective of cash management in the funds from which such investments are made.

Investments shall be made only in the Liquid Funds, Overnight Funds and all such short duration funds, for which limits have been approved by the Board of Directors. The total AUM of the Liquid Fund, total AUM of all debt schemes managed by the Mutual Fund house, parentage, past performance etc are some of the key parameters for proposing investment limits for the Funds.

### **3.3.1.4. Triparty Repo**

Investments in Government Securities as Lender in Triparty Repo conducted over the Triparty Repo (Dealing) System (TREPS) provided by RBI through Clearing Corporation of India Limited (CCIL).

Also, Pension Fund are permitted to keep securities as margin with the CCIL for margin requirements for investment in Government securities and Triparty Repo (Dealing) System (TREPS).

### **3.3.2. Investment in Derivatives:**

Investments in derivatives will be made in all instruments as approved by PFRDA and the Board of Directors. Reference may be made to the separate Derivative Policy, as and when it is framed and approved by the board, for the use and management of derivatives in the company's investments.

### **3.3.3. Application in IPO/FPO/OFS:**

Investments in an Initial Public Offering (IPOs) / Follow On Public Offer (FPO's) and Offer For Sale (OFS) are allowed in the respective asset classes.

Equity offering through IPO are proposed to be “listed” in BSE or NSE and full float market capitalization calculated at lower band of IPO issue price should be equivalent or greater than the market capitalization of the 250th company as per the NIFTY 250 Index list.

Shares offered under Follow on Public Offer (FPO)/Offer for Sale (OFS) should be listed on BSE or NSE and constituent in the list of Top 250 stocks as per the Nifty 250 Index.

If the allotment of shares is received in the IPO, the fund can acquire fresh shares of the same company as long as the investment meets the conditions prescribed in the investment guidelines.

If the investment is done in equity shares of any company through an IPO and if the equity shares fails to be in the latest published list of Nifty 250 Index, a time period of maximum one year from the date of listing shall be available for making decision on selling/holding such stock. At the time of completion of one year, if no decision to sell such stock was made, the said stock shall be sold if it does not fall in the latest published list of Nifty 250 Index.

PFs are allowed to invest in Shares through Secondary Market, for IPO/FPO companies qualifying above conditions

### **3.3.4. Leverage in the schemes:**

No leverage, in any manner, is allowed in any of the schemes. The PFM shall be deemed to have leveraged the portfolio if it:

- 1) Enters borrowings or other financial arrangements or creates or purports or attempts to create any security, charge, mortgage, pledge, lien or encumbrance of any kind whatsoever on the assets of the portfolio or any part thereof;
- 2) Undertakes any transaction, the result of which would overdraw the account maintained by the Custodian on behalf of the PFM for the purpose of settling transactions;
- 3) Commits the Trustee to supplement the assets of the portfolio or the account maintained by the Custodian on behalf of the PFM for the purpose of settling transactions without the prior written consent of the Trustee by a Proper Instruction, either by borrowing in the name of the PFM or the Trustee or by committing the PFM or the Trustee to a contract which may require the Trustee to supplement those assets; or
- 4) Allows market movement to result in a leveraged position.

## **3.4 Multiple Scheme Framework (MSF).**

**(as per PRFDA circular no - PFRDA/2025/09/REG-PF/01 dated 16.09.25)**

Multiple Scheme framework has been developed under the enabling provisions of Section 20(2) of the PFRDA Act, 2013, which permits subscribers to access multiple schemes under the NPS. Under MSF, PFs are permitted to design schemes that are tailored. Such schemes are available to all new and existing subscribers through both Tier I (retirement-focused) with a vesting period and Tier II (voluntary savings) wherein vesting period is optional.

Investment Framework –

1. All schemes must adhere to NPS investment norms applicable, prescribed by PFRDA from time to time
2. Investment Guidelines issued by PFRDA for non-Government sector shall be applicable as amended from time to time, including asset allocation limits, issuer exposure norms, and credit safeguards.
3. Permissible allocations in each Asset class: As per investment guidelines as state above in point 3.1 to 3.3
4. In case of winding up of any scheme by PFs, the choice shall be provided to the Subscribers to migrate to any Common or Section 20(2) scheme.

The salient features of the Schemes launched under MSF by HPFM are listed in Annexure 6.

### **3.5 Broker empanelment**

All secondary market trading should be channeled through multiple brokers empanelled by the company, to reduce the concentration risk of placing trades through a few brokers. PFRDA guidelines stipulate that the company shall transact (purchase or sell securities) through any empanelled broker and that not more than 5% of the total volume of trades of all the schemes in a block of twelve months should be transacted through any single broker.

All business will be transacted through empanelled brokers only. Brokers who wish to be part of the empanelled list, should apply as such along with the following documents—

- 1) Application form in the Prescribed format
- 2) Client Broker Agreement duly stamped & signed in the prescribed format
- 3) SEBI registration Certificate of NSE/BSE
- 4) Membership Certificate of NSE/BSE
- 5) Status report of NSE/BSE
- 6) Latest Net worth Certificate
- 7) Memorandum & Article of Association
- 8) Audited Annual Report for Last 3 Years
- 9) Copy of Latest Income Tax Return Acknowledgement.
- 10) Broker Agreement Stamp Paper as per prevalent Stamp duty act requirement & acceptance on letter head.
- 11) Directors Profile.

The investment operation function has to verify the documents to check that all requirements are in order. The Investment operation along with the compliance has to review the history of any penalties imposed on the firm by the exchanges and verify that the firm has not been declared as a defaulter nor has it been indicted for any economic offenses, as part of the appraisal process.

The selection of broker depends upon the following criteria

- 1) Broker to have minimum networth of Rs 5 Crs
- 2) The Broker should be empanelled with at least 10 other Institutions / Insurance Companies / Mutual Funds
- 3) The broker has never been declared a defaulter or membership has never been suspended to trade by SEBI of any Exchange
- 4) Quality of Servicing in terms of Research & trade execution

If they are collectively satisfied that the broker is eligible for empanelment, the proposal has to be sent to the Investment Committee for approval. After the Investment Committee approves the empanelment, the broker will be added to the list of empanelled brokers and the dealers may transact deals through the broker.

For equity investments through stock brokers, the amount of brokerage that can be debited to the schemes shall not exceed 0.03% of the equity transaction amount inclusive of stamp duty and applicable taxes.

The Company's fixed income trades may be executed through a broker on an exchange or directly with counterparty.

The PF shall not utilize the services of the sponsor or any of its associate, employees or their relatives for the purpose of any securities transaction. The PF may utilize such services only after obtaining prior permission of the Trustees.

On an annual basis, the Investment operations along with compliance has to review the financials of all the empanelled brokers and verify the following documents –

- 1) Net worth Certificate for Mar
- 2) Status report for BSE / NSE for Mar
- 3) Audited Annual Report

The list of brokers empanelled for the Debt and the Equity segments is detailed in Annexure 4.

## **4. MANAGEMENT OF INVESTMENT RISKS**

The broad risks in the investment portfolios can be classified under –

- 1) Interest rate risk
- 2) Credit Risk
- 3) Re-investment risk
- 4) Liquidity Risk (Market & Funding)
- 5) Asset Liability Mismatch Risk
- 6) Market Risk

These risks are the active risks that are to be managed through Investment management.

### **4.1 Liquidity Risk**

Market liquidity risks arise due to the inability to buy or sell the required quantum of securities at the market prices without any impact on the market price of the securities whereas funding liquidity Risk is inability to meet short term obligations.

#### **4.1.1 Fixed Income securities:**

Liquidity risks are high in the fixed income market. A large portion of the traded volumes in the market can be attributed to a few ‘on-the-run’ benchmark securities. The rest of the securities are largely ‘illiquid’. Hence, liquidity risks are inherent in all fixed income portfolios.

Liquidity management in the fixed income portfolios depend on the fund objectives: Fixed income funds have a more active duration management and hence have higher level of portfolio turnover. Though there are no limits prescribed, the fixed income investments in these funds should endeavor to allocate a high proportion of the investments to ‘liquid’ on-the-run benchmark securities among Central Government & State Government securities. Investment in Corporate bonds should aim to invest a higher proportion in ‘liquid’ on-the-run bonds issued by highly rated companies in benchmark sizes and benchmark maturities.

#### **4.1.2 Equity securities:**

A large proportion of the equity cash market volumes are accounted for by the large cap index stocks. Liquidity in these large cap index stocks is very good with a good depth in the market to absorb large volumes. However, the market depth in most mid cap and small cap stocks is low and trading volumes are also low.

Liquidity in the equity portfolios is important & that is why the equity positions are mostly in the large cap names forming a part of the benchmark index. The level of liquidity risks should be assessed by the investment team to ensure that the equity portfolios do not have a high number of illiquid holdings. A liquidity report should be prepared at the end of every month to assess the liquidity position of the equity portfolio.

### **4.2 Interest Rate Risk**

Interest rate risks arise in the Fixed Income portfolios from the changes in the value of securities due to changes in the interest rates.

Interest rate risk is the key risk for active management of fixed income portfolios. The level of interest rate risk is derived from the fund management team’s views on interest rates and portfolio positioning.

### **4.3 Re-investment Risk**

Re-investment risks arise in portfolios due to the changes in future interest rate levels such that future cash flows are invested at yields different from prevailing levels. Re-investment risks are acute when yields fall down such that the future cash flows in the form of regular subscription amounts and coupon payments are re-invested at lower yields and reduce the total investment return from the initial estimates.

### **4.4 Credit Risk**

Credit risk is an active risk that is managed by the fund management team based on market and credit views. Credit risks stem from a possible failure by an issuer of bonds to make the contracted payments in full at the specified time. Such failure results in a loss of returns and / or principal of the investment. Government securities are considered free from credit risks. All other securities have credit risks associated with the investments. All investments in instruments apart from Government securities have to be made in rated instruments only. The credit rating has to be assigned by a SEBI registered rating agency only.

The credit rating of a bond is the key indicator of the credit risk level of the bond investment. PFRDA regulations stipulate that apart from securities issued by state & central government, all the investments in Scheme C have to be rated A or above by atleast two credit rating agencies. These limits restrict the investments in lower rated instruments and mitigate the credit risk inherent in fixed income portfolios.

### **4.5 Asset Liability Mismatch Risk**

Asset liability mismatch risk arises due to adverse liquidity and interest rate conditions on the financial statements due to unmatched asset and liability cash flows. The liability for the scheme is backed by assets held in the scheme. To ensure appropriate asset liability management, the assets of each scheme would be invested following the investment objective and liability profile.

### **4.6 Market Risk**

Market risk arises from an adverse movement in the general levels of the equity or fixed income markets, possibly due to changes in the macro-economic conditions or any other factors that affect the market as a whole.

In fixed income portfolios with asset-liability matching these risks are minimal as long as the effect applies to both the assets as well as the liabilities.

Market risk is a key active risk that is managed by the funds management team in linked funds in both the Asset class E as well as Asset class G, C/MSF & portfolios. These risks are managed based on market views and fund positioning.

#### **4.6.1 Stop Loss Policy**

Most equity investments are made with a medium to long term investment horizon. Fund managers implement their portfolio strategies based on market developments and fundamental research. Equity investments are volatile and may, at times, be influenced by short term developments which are not anticipated by the CIO/Fund Manager. Stop loss policy applicable to all equity investments in Asset Class E and all corporate bond investments in Asset Class C is covered under a separate Stop Loss policy.

## **5. SECURITIES TRADING LIMITS**

The securities trading limits are defined separately for fixed income and equity assets. The current Authorization Limits for the Chief Investment Officer are as follows

- 1) Equity transactions
  - a. Limit of upto Rs.1,250 crores per transaction &
  - b. Limit of Rs.4,000 crores worth of transactions per day
- 2) Fixed Income Transactions
  - a. Limit of upto Rs.2,500 crores per transactions &
  - b. Limit of Rs.5,000 crores worth of transactions per day

Any transaction in excess of the above mentioned limits requires approval from the CEO / Non-Executive directors of the company

## **6. PRUDENTIAL EXPOSURE LIMITS**

### **6.1 Exposure limits**

The following restrictions/filters/exposure norms would be applicable to reduce concentration risks. It would, however, not be applicable to any of the Scheme/Asset Class under NPS Tier-I & II till the Scheme/Asset Class AUM reaches Rs 5 crore.

The PFRDA stipulated exposure norms for single company, group<sup>1</sup> and industry sector are-

<b>Type of Asset Class</b>			<b>Limit for entire 'group' of the investee company</b>		<b>Limit for Industry Sector to which the investee company belongs</b>
			<b>Sponsor<sup>2</sup> Group</b>	<b>Non Sponsor Group</b>	
<b>Asset Class E</b>			5% of Equity Paid up capital <sup>3</sup> of all sponsor group companies or 5% of Total AUM excluding AUM under Tax Tier II scheme managed by the pension fund, whichever is lower. The said limit is being monitored scheme wise.	15% of Equity Paid up capital of all non-sponsor group companies or 15% of Scheme AUM excluding AUM under Tax Tier II scheme under equity exposure, whichever is lower. The said limit is monitored scheme wise.	Investment by the Pension Fund Manager in any industrial sector shall not exceed 15% of its total AUM across various schemes as per Level 5 of NIC classification. Investment in scheduled commercial bank FDs would be exempted from exposure to Banking Sector.

<b>Asset Class C</b>	The Pension Fund shall not invest more than 15% of the total Outstanding Debt instruments issued by single InvIT/REIT issuer.	The cumulative investments in Units and Debt Instruments of InvITs and REITs shall not exceed 3% of total AUM of the Pension Fund at any point of time.	5% of the networth <sup>4</sup> of all sponsor group companies or 5% of the Scheme AUM, whichever is lower in each respective scheme	10% of the networth of all non-sponsor group companies or 10% of Scheme AUM whichever is lower, in each respective scheme.	
<b>Asset Class G</b>	Atleast 90% investments in Central or State Government Securities		Other securities which are – i) fully & unconditionally guaranteed by central or state government ii) Government of India – Fully Service bonds which are issued by PSUs on behalf of Government of India to raise Extra Budgetary Resources - limited to maximum 10% of AUM of Scheme		

- Group:** Group means two or more individuals, association of individuals, firms, trusts, trustees or bodies corporate, or any combination thereof, which exercises, or is established to be in a position to exercise, significant influence and / or control, directly or indirectly, over any associate as defined in Accounting Standard (AS), body corporate, firm or trust, or use of common brand names, associated persons, as may be stipulated by the PFRDA, from time to time, by issuance of guidelines. (Explanation: Use of common brand names in conjunction with other parameters of significant influence and / or control whether direct or indirect shall be reckoned for determination for inclusion as forming part of the group or otherwise.)
- Sponsor:** Sponsor shall mean an entity described as “Sponsor” under Pension Fund Regulatory and Development Authority (Pension Fund) Regulations, 2015 and subsequent amendments thereto.
- Paid-up capital:** Paid-up share capital means market value of paid up and subscribed equity capital.
- Net-worth:** Net worth would comprise of Paid-up capital plus Free Reserves including Share Premium but excluding Revaluation Reserves, plus Investment Fluctuation Reserve and credit balance in Profit & Loss Account, less debit balance in Profit & Loss account, Accumulated Losses and Intangible Assets
- For investments made in Index Funds/ETF/Debt MF, the exposure limits under such Index Funds/ETF/Debt MF shall not be considered for compliance of the prescribed Industry Concentration, Sponsor/ Non-Sponsor group norms under these guidelines.

## 6.2 Other Investment restrictions

- 1) The assets are not to be encumbered
- 2) The PF shall buy and sell securities on the basis of deliveries and shall in all cases of purchases, take delivery of the securities and in all cases of sale, deliver the securities and shall in no case put itself in a position whereby it has to make short sale or carry forward transaction or engage in badla finance (except as permitted under the extant regulations, from time to time).
- 3) No investment in any unlisted security of an associate or group company is allowed.
- 4) No loans for any purpose can be advanced by the PF.
- 5) Pending deployment of funds of a scheme in securities in terms of investment objectives of the scheme, the PF can invest the funds of the scheme in short-term deposits of scheduled commercial banks or in call deposits or in short term money market instruments or other liquid instruments or liquid schemes of mutual funds up to 10% of the Tier I scheme corpus on temporary basis. For Tier II schemes the limit for the same will be up to 20% of the scheme corpus.
- 6) NPS Funds shall not be used to buy securities/bonds held by the PF or its subsidiary in their own investment portfolio or any other portfolio held by them.
- 7) Transfer of securities within schemes or inter scheme are allowed only if,
  - a. such transfers are made at the prevailing market price for traded instruments or at the valuation price for non-traded instruments and
  - b. the Securities so transferred shall be in conformity with the investment objective of the Scheme to which such transfer has been made.

Such transfers may be allowed in following scenarios:

1. To meet liquidity requirement in a scheme in case of unanticipated redemption pressure
2. To adjust securities received through corporate action.

The inter scheme transfers are allowed only on exceptional basis. The Pension Fund shall inform NPS Trust and Authority upon exercise of this option.

- 8) Investments in Credit Default Swaps are also permitted only in accordance with the guidelines issued by SEBI
- 9) Suitable steps to be taken to control and optimize the cost of management of the fund.
- 10) A list of group companies of the fund and those of the sponsor shall be published on the Pension Fund's website

### 6.3 Exposure limits for Shareholders Funds

The Exposure limits for the shareholders funds is as follows

S. No	Asset Type	Description/Tenor	Exposure Limit
1	Government Securities	GSECs: upto 15 years maturity  SDLs, GOI guarantee and GOI Serviced bonds: upto 10 years maturity	40%-60%
2	Corporate Debentures (AAA rated)	0 to 10 year maturity	30%-60%
3	Cash & cash Equivalents including Bank Fixed Deposits	Liquid funds, overnight funds or 0 to 6m FD	0%-30%

1. Liquidity of the investments should be the key parameter for the choice of instruments in this portfolio.
2. Interest rate risk is low in the fund due to the limited duration exposure.
3. Credit risk is a major risk inherent in this fund, hence the investments are to be made in highly liquid instruments, it is recommended that the all investments in Corporate Debentures are made in ‘AAA’ or equivalent rated instruments only.

## **7. VALUATION OF SECURITIES**

The valuations of securities are done based on the security level valuation provided by the Valuation Agency appointed by Authority. Any AMFI approved third party valuation agency can be appointed by NPS trust in consultation with all pension funds for providing valuation services for the schemes under NPS. The valuation policy of the Valuation Agency is based on valuation guidelines issued by PFRDA and as amended from time to time. Mutual fund units are valued at the latest available / previous day net asset values from AMFI website.

Income recognition, Asset classification and provisioning for all the investments in assets class E / C / G and any other scheme approved by PFRDA are covered under Standard Operating procedures (SOP).

## **8. PERFORMANCE AND RISK REPORTING**

The investment objectives for the three asset classes are outlined below:

### **8.1 Asset class E (Equity Scheme)**

#### **8.1.1 Benchmark**

The performance of the scheme will be measured by reference to the total performance (dividends reinvested) of BSE 200 Total Return Index.

#### **8.1.2 Performance objective**

The investment objective is to optimise returns while investing in the chosen index over a rolling annual basis.

### **8.2 Asset class G (Government securities scheme)**

#### **8.2.1 Performance objective**

The investment objective is to optimise returns.

#### **8.2.2 Risk**

The PF should identify and justify the additional risks relative to the return, while managing the portfolio on an absolute return basis.

### **8.3 Asset class C (Corporate bond scheme)**

#### **8.3.1 Performance objective**

The investment objective is to optimise returns.

#### **8.3.2 Risk**

The PF should identify and justify the additional risks relative to the return, while managing the portfolio on an absolute return basis.

Performance measurement and communication is an important aspect of the investment function.

All funds have a daily NAV that includes the income earned by the fund from interest, dividends, profits and losses from sale of securities and the unrealized gains and losses on securities due to changes in the mark-to-market values of the securities in the funds. The change in the NAV, during the period for which the fund performance is being measured, gives the returns from the fund.

To avoid any conflict of interest, all performance measurement and reporting will be made by the operations department personnel independent of any front-office inputs.

All Funds performances are to be reported along with the relevant benchmark returns, for all the periods that the performances of the funds are reported.

Performance reporting forms a part of the risk reporting as well. The out-performance of the funds over the relevant benchmark returns quantifies the outcome of the active risk management in the portfolios. The key active risks are Interest rate risk, Market risk and Credit risk.

## 8.4 Breach/Deviation Reporting

Nature of Exception	Regularization Period
<p>I Active Breach:</p> <p>Active breach of investment are such where the breach has happened, due to non adherence of regulations / guidelines/ circular issued by the PFRDA except arising out of corporate action/events or due to extreme market fluctuations.</p>	Such breaches have to be regularize immediately within 3 business days from the date of the Active breach
<p>II Passive Breach:</p> <p>All other deviations which are not Active shall be treated as Passive breach.</p>	Such breaches have to be regularize on priority

All deviations / breaches, if any have to be reported by Pension Fund in its periodic reporting to NPS Trust, along with the date on which breach happened & the date of regularization.

Instances which could be treated as Breach/Deviation:

Active Breach	Passive Breach/Deviation
Failure of Monitoring system resulted in exceeding the limits of investment in a particular asset class.	Any deviation which takes place due to Corporate action
Failure to take appropriate action on time when the limits are very much closer of exceeding the investment limit	<p>Temporary deviation in asset class exposure arising due to extreme market fluctuation</p> <ul style="list-style-type: none"> <li>- Extreme market fluctuation are,</li> <li>1) Equity indices (Nifty 50) movement of more than 2% OR</li> <li>2) 10 year benchmark GOI yield movement of more than 25 basis points,</li> </ul> <p>On closing basis, on date of breach/deviation</p>

<b>Active Breach</b>	<b>Passive Breach/Deviation</b>
<p>Non-adherence of / to,</p> <ol style="list-style-type: none"> <li>1) Issuer / exposure limits</li> <li>2) Sectoral / Industry limits</li> <li>3) Sub-limits of particular asset class</li> <li>4) Sponsor/Non-sponsor group exposure limits</li> <li>5) Credit rating requirement prescribed in the investment guidelines</li> <li>6) Broker limits</li> <li>7) Disclosure norms within the prescribed timelines on case to case basis</li> </ol>	Any other breach/deviation recommended by NPS trust on case to case basis
Breaches due to incorrect classification of investments in different asset classes across schemes resulting into deviation of the limits	
Making new investments in the securities which are not in the Investment universe	
Non disclosure / Non reporting of breaches to NPS trust as per prescribed timeline	

## Exception Approval Matrix

Nature of Exception	Approvals Required	Justification for Breach
Passive Breaches	Approval from CEO if the passive breach continues beyond one month of its occurrence.	<p>While passive breaches have to be rectified on priority, there is no specified timeline for the same, as per PFRDA regulations.</p> <p>Investment team would try to rectify any passive breach in the portfolios within one month of its occurrence.</p> <p>If the passive breach is not rectified within one month, the investment team would put up a justification note for the same.</p>
Extreme Circumstances – Any active breach arising out of fund management action/ decision	Prior approval from any of Compliance Officer, CRO, CEO, Non Executive Directors	Such exceptions shall be allowed in Extreme scenarios only and justification shall be recorded in writing along with prior approval of the deviation.

## **9. SCOPE OF AUDIT OF INVESTMENT FUNCTION**

### **9.1 Scope**

The scope of audit of the investment front office shall at least cover the following –

- To ensure compliance with applicable PFRDA guidelines and circulars and directives issued from time to time in respect of all Investment activities.
- Concurrent audit of all Investment activities covering Front Office operations, Back Office operations and Fund Accounting activities to be undertaken (including compliance with the delegation of financial powers, Limits monitoring, Risk mitigation, etc)
- Concurrent audit of all transactions/deals along with supporting documents viz. deal tickets, equity and bond master creation as per term sheet or company information memorandum, broker notes and also with respect to Authority Limits and Investment Policy as defined from time to time.
- Daily checking of NAV (including initialing of the NAV report on daily basis by the audit team leader) for all the schemes.
- Review of overall Investment related activities dealing with empanelment of brokers, segregation of responsibilities, code of conduct for dealers, allocation of expenses to various funds/Investments etc
- Review of Investment Policy and implementation thereof.
- Compliance to Employee Dealing Guidelines

### **9.2 Other areas**

- Standard Operating Procedure review
- Delegation of Authority
- Front Office – Investment Operations – Segregation of duties
- Maintenance of voice recorder for transactions done
- Custodian Controls
- Exposure/Prudential/Other norms – Company/Group/Sector/Industry
- Non-performing Investments
- Inter Fund Transfers
- Controls & Compliance with Regulations for different types of Investments
- Investments in Debt instruments
- Investible Surplus determination
- Accounting policy adherences vis-à-vis the investment function
- Minimum Risk management system and Process review
- Investment in promoter groups
- Back up and restoration of the Investment System data is as per the Backup Management Policy
- Review of follow-up on PFRDA inspection reports
- Review of follow-up for recovery of overdue
- Follow-up on previous Audit Reports
- Review of half yearly and yearly scheme financials.

The finalization of the scope of work for the audit of the Investment function falls within the ambit of the Board of Directors of the Company.

## **10. EMPLOYEES' CODE OF CONDUCT**

All employees of the Company are required, as part of their contracts of employment, to abide by the company's code of conduct, so as to enable the Company to ensure that there is no conflict of interest between transactions of employees and the Company and interest of the policyholders and stakeholders.

### **10.1 Objective**

The purpose of the policy is to specify minimum guidelines and ensure that:

- All personal securities transactions are conducted in such a manner so as to avoid any actual or potential conflict of interest vis-à-vis investment transactions by HDFC PFM
- Key Personnel should not take undue advantage of any price-sensitive information that they may have in the course of working with HDFC PFM
- The interests of the subscribers are not adversely affected.
- To guide employees in maintaining a high standard of probity that one would expect from an employee in a position of responsibility.

### **10.2 Investments Covered**

- These guidelines cover transactions for purchase or sale of any securities in the primary, secondary market made in the employee's name, immediate family members either individually/jointly and/or as a member of HUF or as a nominee.

A complete description of the Code of Conduct and Employee Dealing Policy is part of the Compliance function and the reference may be made to the complete document for all the details regarding specific restrictions, safe-guards, approvals and disclosures.

**Annexure 1**

**Approved Equity stocks for Asset Class E\***

<b>Sr. No.</b>	<b>Scrip Name</b>	<b>Sr. No.</b>	<b>Scrip Name</b>
1	Tata Consultancy Services Ltd	34	Adani Ports & Special Economic Zone Ltd
2	Reliance Industries Ltd	35	Indus Towers Ltd
3	HDFC Bank Ltd	36	Lupin Ltd
4	ITC Ltd	37	Hero MotoCorp Ltd
5	Oil & Natural Gas Corporation Ltd	38	GAIL India Ltd
6	State Bank of India	39	Shree Cement Ltd
7	Infosys Ltd	40	Godrej Consumer Products Ltd
8	Indian Oil Corporation Ltd	41	Hindustan Petroleum Corporation Ltd
9	Hindustan Unilever Ltd	42	Samvardhana Motherson International Ltd
10	Maruti Suzuki India Ltd	43	Dabur India Ltd
11	Coal India Ltd	44	Zee Entertainment Enterprises Ltd
12	Sun Pharmaceutical Industries Ltd	45	Grasim Industries Ltd
13	ICICI Bank Ltd	46	Ambuja Cements Ltd
14	Kotak Mahindra Bank Ltd	47	Cipla Ltd
15	Larsen & Toubro Ltd	48	Zydus Lifesciences Ltd
16	Bharti Airtel Ltd	49	Siemens Ltd
17	NTPC Ltd	50	Tata Steel Ltd
18	Tata Motors Ltd	51	Dr. Reddy's Laboratories Ltd
19	Axis Bank Ltd	52	Tech Mahindra Ltd
20	Wipro Ltd	53	Britannia Industries Ltd
21	HCL Technologies Ltd	54	Bank of Baroda
22	UltraTech Cement Ltd	55	Bharat Electronics Ltd
23	Bharat Petroleum Corporation Ltd	56	Hindalco Industries Ltd
24	Power Grid Corporation of India Ltd	57	UPL Ltd
25	Asian Paints Ltd	58	Punjab National Bank
26	IndusInd Bank Ltd	59	Petronet LNG Ltd
27	Bajaj Auto Ltd	60	Vodafone Idea Ltd
28	Mahindra & Mahindra Ltd	61	Havells India Ltd
29	Vedanta Ltd	62	Cummins India Ltd
30	Bosch Ltd	63	MRF Ltd
31	Eicher Motors Ltd	64	United Spirits Ltd
32	Bajaj Finance Ltd	65	Shriram Finance Ltd
33	Yes Bank Ltd	66	Ashok Leyland Ltd

Sr. No.	Scrip Name	Sr. No.	Scrip Name
67	TVS Motor Company Ltd	100	Container Corporation Of India Ltd
68	Divi's Laboratories Ltd	101	Balkrishna Industries Ltd.
69	Indraprastha Gas Ltd	102	Apollo Hospitals Enterprise Ltd.
70	Bajaj Finserv Ltd	103	ABB India Ltd
71	Cholamandalam Investment & Finance Company Ltd	104	Schaeffler India Ltd
72	ICICI Prudential Life Insurance Company Limited	105	Varun Beverages Ltd
73	Nestle India Ltd	106	Jubilant Foodworks Ltd
74	Pidilite Industries Ltd	107	PI Industries Ltd
75	Voltas Ltd	108	Uno Minda Ltd
76	Titan Company Limited	109	Coforge Ltd
77	SBI Life Insurance Company Ltd	110	Coromandel International Ltd
78	Colgate Palmolive (India) Ltd.	111	Mahindra & Mahindra Financial Services Ltd
79	ICICI Lombard General Insurance Company Ltd	112	Star Health & Allied Insurance Company Ltd
80	Gland Pharma Ltd	113	Persistent Systems Ltd
81	Alkem Laboratories Ltd	114	Dalmia Bharat Ltd
82	Gujarat Gas Ltd	115	Canara bank
83	LTIMindtree Ltd	116	Union Bank of India
84	Mphasis Ltd	117	Power Finance Corporation Limited
85	SBI Cards and Payment Services Ltd	118	REC Ltd
86	Crompton Greaves Consumer Electricals Ltd	119	DLF Limited
87	Astral Ltd	120	The Indian Hotel Company Limited
88	Bharat Forge Ltd	121	Jio Financial Services Limited
89	ACC Ltd	122	Tata Elxsi Ltd
90	Aditya Birla Fashion And Retail Ltd	123	L&T Technologies Services Ltd
91	CG Power And Industrial Solutions Ltd	124	Tata Technologies Ltd
92	Marico Ltd	125	InterGlobe Aviation Ltd
93	Trent Ltd	126	Tata Consumer Products Ltd
94	Page Industries Ltd	127	APL Apollo Tubes Ltd
95	SRF Ltd	128	3M India Ltd
96	Tata Power Co Ltd	129	Mankind Pharma Ltd
97	Oberoi Realty Ltd	130	Max Healthcare Institute Ltd
98	Avenue Supermarts Limited	131	KPIT Technologies Ltd
99	Sona BLW Precision Forgings Ltd	132	Macrotech Developers Ltd

Sr. No.	Scrip Name	Sr. No.	Scrip Name
133	Eternal Ltd	157	Torrent Pharmaceuticals Limited
134	JSW Energy Ltd	158	Siemens Energy India Ltd
135	Bharat Heavy Electricals Ltd	159	Solar Industries India Limited
136	Torrent Power Ltd	160	FSN E-Commerce Ventures Limited
137	IDFC First Bank Ltd	161	Fortis Healthcare Ltd
138	Jindal Steel & Power Ltd	162	Vishal Mega Mart Limited
139	Bharti Hexacom Ltd	163	GE Vernova T&D India Limited
140	Prestige Estates Projects Ltd	164	Tata Capital Limited
141	Dixon Technologies India Ltd	165	LG Electronics India Limited
142	Bajaj Housing Finance Ltd	166	Hindustan Aeronautics Limited
143	Info Edge (India) Ltd	167	Abbott India Ltd.
144	Aurobindo Pharma Ltd	168	Lenskart Solutions Limited
145	PB Fintech Ltd	169	ICICI Prudential Asset Management Company Limited
146	Godrej Properties Ltd	170	Biocon Limited
147	Waaree Energies Ltd	171	Ajanta Pharma Limited
148	NTPC Green Energy Ltd	172	Thermax Limited
149	Hyundai Motor India Limited	173	Emami Limited
150	Premier Energies Limited	174	Muthoot Finance Limited
151	Hitachi Energy India Limited	175	Aditya Birla Capital Limited
152	Cochin Shipyard Limited	176	Max Financial Services Limited
153	Swiggy Limited	177	JK Cement Limited
154	BSE Ltd.	178	Blue Star Limited
155	Tube Investments of India Limited	179	Tata Communications Limited
156	Indian Bank	180	Polycab India Limited

\* The above list is approved by the Investment Committee. Investments in above stocks are made only if the stock is part of NIFTY250 Index and in addition BSE250 Index stocks which are not part of NIFTY250 Index.

**Annexure 2**

**Approved credit limits for Asset Class C**

<b>Sr.No.</b>	<b>Issuer Name</b>	<b>Approved IC Limit (Face Value Rs cr)</b>
1	Axis Bank Ltd.	3,600
2	Bajaj Finance Ltd.	3,600
3	Export Import Bank Of India	250
4	Food Corporation of India Ltd.	500
5	Hindalco Industries Ltd.	150
6	ICICI Bank Ltd.	500
7	IDFC First Bank Ltd	250
8	Indian Railway Finance Corporation Ltd.	3,600
9	Indusind Bank Ltd	150
10	Infrastructure Leasing And Financial Services Ltd.	NA
11	L&T Finance Ltd	1,400
12	L&T Limited	2,200
13	Lic Housing Finance Ltd.	3,600
14	Mahindra and Mahindra Financial Services Limited	500
15	National Bank for Agriculture & Rural Development	1,500
16	National Hydro Electric Power Corp	450
17	National Thermal Power Corporation Ltd.	600
18	Nuclear Power Corporation of India Limited	1,000
19	Power Finance Corporation Ltd./ Rural Electrification Corporation Ltd	3,600
20	Power Grid Corporation of India Ltd.	1,500
21	Reliance Industries Ltd.	1,500
22	Sikka Ports & Terminals Ltd.	450
23	Shriram Finance Ltd.	1400
24	State Bank of India	1,000
25	Tata Sons Ltd.	250
26	Bharat Petroleum Corporation Ltd	250
27	Grasim Industries Ltd	600
28	Hindustan Petroleum Corporation Ltd	450
29	Kotak Mahindra Prime Ltd	500
30	Sundaram Finance Ltd	1000
31	Ultratech Cements Ltd	250
32	Tata Capital Limited	2800
33	National Highway Authority of India	600
34	HUDCO Government of India Serviced bonds	250

<b>Sr.No.</b>	<b>Issuer Name</b>	<b>Approved IC Limit (Face Value Rs cr)</b>
35	HDFC Credila Financial Services Pvt Ltd	250
36	SBI Cards and Payment Services Private Limited	500
37	ICICI Home Finance Co Ltd	1,000
38	Mangalore Refinery and Petrochemicals Limited	2,800
39	BSNL GoI guaranteed bonds	1,000
40	ICICI Pru Life	1,000
41	Bank of Baroda	250
42	Cholamandalam Investment & Finance Co	650
43	SIDBI	1,000
44	NHB	600
45	Axis Max Life Insurance Limited (Axis Max life)	600
46	Jamnagar Utilities & Power Private Limited	450
47	HDFC Ergo General Insurance Co Ltd	500
48	Muthoot Finance Limited (MFL)	1400
49	India Grid Trust (Indigrid) InVIT (NCD)	450
50	Canara Bank	500
51	Indian Bank	250
52	Bajaj Housing Finance Limited	450
53	Indian Oil Corporation Limited	600
54	AU Small Finance Bank	100
55	Punjab National Bank	100
56	Can Fin Homes Ltd	500
57	HDFC Bank	2800
58	Mindspace Business Parks REIT (NCD)	700
59	GAIL India Ltd	1,000
60	Sundaram Home Finance Ltd	1,000
61	National Highways Infra Trust (NCD)	1,000
62	DME Development Limited (DMEDL)	1,500
63	Kotak Mahindra Investments Ltd (KMIL)	450
64	Nexus Select Trust REIT (NCD)	500
65	National Bank for Financing Infrastructure and Development (NaBFID)	3,600
66	Embassy Office REIT (NCD)	1,400
67	Union Bank of India	500
68	SBI General Insurance Company Limited	250
69	Samvardhana Motherson International Limited	200
70	Poonawalla Fincorp Limited (PFL)	750
71	ICICI Securities Primary Dealership Limited (ISPD)	190

<b>Sr.No.</b>	<b>Issuer Name</b>	<b>Approved IC Limit (Face Value Rs cr)</b>
72	Altius Telecom InVIT (NCD)	1,000
73	NIIF Infrastructure Finance Ltd. (NIIF IFL)	500
74	Mankind Pharma Limited (Mankind)	900
75	Bharti Telecom Limited (BTL)	1400
76	The Federal Bank Limited (FBL)	1,100
77	Jio Finance Limited	1,000
78	L&T Metro Rail (Hyderabad) Limited	1,000
79	Aditya Birla Sun life Insurance limited	400
80	Tata capital housing finance limited	2,800
81	Lodha Developers Ltd (erstwhile Macrotech Developers Ltd)	400
82	DLF Cybercity Development Ltd	800
83	Torrent Investment Ltd	1,400
84	Numaligarh Refinery limited	1,500
85	Axis Finance Limited	500
86	Torrent Pharmaceuticals Limited	1,800
87	Toyota Financial Services India Limited	400

### Annexure 3

#### Approved investment universe for Alternate investments

Sr.No.	Issuer Name	Asset Type
1	Embassy REIT	REIT
2	Mindspace REIT	REIT
	Powergrid InVIT	InVIT
4	Indigrid InVIT	InVIT
5	Nexus Select Trust REIT	REIT
6	Brookfield India Real Estate REITs	REIT
7	Knowledge Realty Trust	REIT
8	Nippon India ETF Gold BeEs	Gold ETF
9	ICICI Prudential Gold ETF	Gold ETF
10	SBI Gold ETF	Gold ETF
11	Kotak Gold ETF	Gold ETF
12	Axis Gold ETF	Gold ETF
13	UTI Gold ETF	Gold ETF
14	Nippon India Silver ETF	Silver ETF
15	ICICI Prudential Silver ETF	Silver ETF
16	SBI Silver ETF	Silver ETF
17	Kotak Silver ETF	Silver ETF
18	Aditya Birla Sun Life Silver ETF	Silver ETF

#### **Annexure 4**

List of empanelled brokers

##### **A) Equity segment**

<b>S. No.</b>	<b>Name of the Broker</b>
1	Kotak Securities
2	Morgan Stanley India Company Pvt Ltd
3	Nuvama Wealth Management Limited
4	IIFL Securities Ltd
5	Motilal Oswal Securities Ltd
6	JM Financial Institutional Securities Pvt. Ltd.
7	Ambit Capital Private Limited
8	Anand Rathi Share and Stock Brokers Limited
9	Emkay Share and Stock Brokers P Ltd
10	Antique Stock Broking Limited
11	ICICI Broking
12	Dhanki Securities P Ltd
13	Prabhudas Lilladher Pvt, Ltd
14	Axis Capital Ltd
15	Asian Markets Securities Pvt Limited.
16	Daiwa Capital Markets India Private Limited
17	PhillipCapital (India) Pvt Ltd
18	B&K Securities India Pvt Ltd
19	Nirmal Bang Equities Pvt Ltd
20	Damani Financial Services Pvt Ltd
21	Mangal Keshav Capital Ltd
22	Centrum Broking Limited
23	BOB Capital Markets Limited
24	Jefferies India Private Limited
25	Equirus Securities Private Limited
26	Yes Securities
27	Elara Securities
28	Dolat Capital Private Limited
29	Sanford C.Bernstein (India) Private Limited
30	Spark Institutional Equities Pvt. Ltd
31	Haitong Securities India Private Limited

<b>S. No.</b>	<b>Name of the Broker</b>
32	Investec Capital Services (India) Private Limited
33	Wallfort Financial Services Ltd
34	IDBI Capital Markets & Securities Ltd
35	UBS Securities India Pvt Ltd
36	BNP Paribas Securities India Pvt Ltd
37	CLSA India Ltd.
38	Mirae Asset Capital Markets (India) Pvt. Ltd.
39	Incred Capital Wealth Portfolio Managers Pvt Ltd

## **B) Debt Segment**

<b>Sr. No.</b>	<b>Name of the Broker</b>
1	Derivium Tradition Securities (India) Pvt.Ltd.
2	A.K. Stockmart Private Limited
3	ICAP India Pvt Ltd.
4	Crest Finserv Ltd
5	Trust Financial Consultancy Ser Pvt Limited (DEBT)
6	Arete Securities Ltd (Debt)
7	LKP Securities
8	Nuvama Wealth Management Limited (Debt)
9	Taurus Corporate Advisory Services Ltd
10	Sunidhi Securities and Finance Ltd
11	Phronesis Capital Limited
12	Incred Capital Wealth Portfolio Managers Private Limited

### **Annexure 5**

List of approved Liquid and Overnight Mutual Funds and investment limits

<b>Name of Fund</b>	<b>Investment Limits (in Rs)</b>
ICICI Prudential Liquid Fund – Direct plan – Growth / ICICI Prudential Overnight Fund – Direct Plan – Growth	2200 crs
Kotak Liquid Fund – Direct Plan – Growth Option/ Kotak Overnight Fund -Direct Plan-Growth Option	2200 crs
Aditya Birla Sun Life Liquid Fund – Growth - Direct Plan/ Aditya Birla Sun Life Overnight Fund-Direct Plan-Growth	2200 crs
SBI Liquid Fund – Direct Plan – Growth / SBI Overnight Fund - Direct Plan – Growth	2200 crs
Invesco India Liquid Fund – Direct – Growth / Invesco India Overnight Fund-Direct-Growth	600 crs
Axis Liquid Fund(G)-Direct Plan / Axis Overnight Fund(G)-Direct Plan	2200 crs
UTI Liquid Cash Plan -Dir- Growth/ UTI Overnight Fund - Dir – Growth	1500 crs
Nippon India Liquid Fund – Direct – Growth / Nippon India Overnight Fund-Direct-Growth	1500 crs

Combined limit of the liquid mutual fund and overnight mutual fund for each of AMC would be as given under investment limits above.

## Annexure 6

### Salient features of Schemes launched under Multiple Scheme Framework (MSF)

#### 1. HDFC Pension NPS Equity Advantage Fund

Scheme Type (Tier I / Tier II)	Tier I
Risk Variant (Moderate / High / Low/ Other)	Very High
Investment Objective	A growth-oriented pension fund for investors with high-risk appetite. This scheme offers up to 100% equity exposure with potential for high growth and wealth accumulation.
Asset Allocation (E, C, G, A %)	<ul style="list-style-type: none"><li>• Equity (E): 85–100%</li><li>• Alternate Investments (A): 0-5%</li><li>• Money Market/Cash and Cash equivalents: 0–10%</li></ul>
Vesting Period (min 15 years)	Minimum vesting period of 15 years, subject to option to exit at age 60 or at the time of retirement.
Applicable vesting period, if any (Tier II)	Not applicable
Benchmark Index	BSE 200 TRI

## 2. HDFC Pension NPS Surakshit Income Fund

Scheme Type (Tier I / Tier II)	Tier I
Risk Variant (Moderate / High / Low/ Other)	High
Investment Objective	A fund designed for growth-seeking investors, offering diversification across equity, debt, and alternate assets. The fund balances <b>growth potential through equity</b> by combining <b>capital stability through high-quality debt</b> with <b>long-term wealth creation opportunities</b> across multiple asset classes.
Asset Allocation (E, C, G, A %)	<ul style="list-style-type: none"> <li>• Equity(E) : 55-75%</li> <li>• Government Bond(G) : 0-45%</li> <li>• Corporate Bond(C) : 0-30%</li> <li>• Alternate Investments(A) : 0-5%</li> </ul> <p>Money Market/Cash and Cash equivalents: 0-10%</p>
Vesting Period (min 15 years)	Vesting period of 15 years, subject to option to exit at age 60 or at the time of retirement.
Applicable vesting period, if any (Tier II)	<ul style="list-style-type: none"> <li>• Not Applicable</li> </ul>
Benchmark Index	Custom Composite: BSE 200 TRI- 65% NPS Government Securities Index-25% NPS Corporate Bond Index-10%

### 3. HDFC Pension NPS Surakshit Income Fund

Scheme Type (Tier I / Tier II)	Tier II
Risk Variant (Moderate / High / Low/ Other)	Moderately high
Investment Objective	<p>The primary investment objective of the scheme is to generate steady returns with the potential for moderate capital appreciation over the medium to long term. The scheme seeks to achieve this by:</p> <ul style="list-style-type: none"> <li>• Maintaining a core allocation to high-quality corporate bonds to deliver stable accrual income,</li> <li>• Dynamically allocating to government securities to manage interest rate risk and provide liquidity,</li> <li>• Taking measured exposure to equities (up to 25%) to enhance overall returns and provide long-term growth potential.</li> </ul>
Asset Allocation (E, C, G, A %)	<ul style="list-style-type: none"> <li>• Equity(E) : 0-25%</li> <li>• Government Bond(G) : 0-50%</li> <li>• Corporate Bond(C) : 50-100%</li> <li>• Alternate Investments(A) : 0-5%</li> <li>• Money Market/Cash and Cash equivalents: 0-10%</li> </ul>
Vesting Period (min 15 years)	Not applicable.
Applicable vesting period, if any (Tier II)	Nil
Benchmark Index	<p>Custom Composite:          BSE 200 TRI- 15%          NPS Government Securities Index-25%          NPS Corporate Bond Index-60%</p>