

FINOLOGY

BEST
NIPS
2025



Best Pension Fund Manager for 2025 NPS tier -1 A/c

What is the National Pension Scheme (NPS)?

The National Pension Scheme (NPS) is a government-backed retirement savings initiative that ensures financial stability during retirement. It is open to employees across public, private, and unorganised sectors (excluding the Armed forces).

Key features of NPS:

- NPS is managed by professional pension fund managers and is regulated by the Pension Fund Regulatory and Development Authority (PFRDA).
- Subscribers contribute regularly during their working years till their retirement.
- At maturity (after 60 years): You can withdraw up to 60% of your accumulated corpus tax-free, while the remaining 40% must be used to purchase an annuity.

Why Invest in NPS?

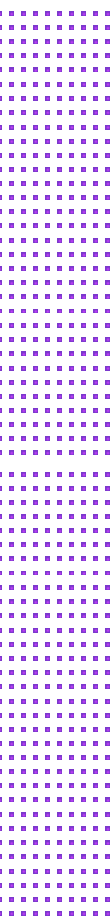
- **Disciplined Savings:** NPS is designed to build a retirement corpus with no upper limit on annual investment.
- **Lower Risk:** It is suitable for investors with a low to moderate risk appetite, ensuring a regular pension post-retirement.
- **Tax Benefits:**
 - Section 80C: **₹1.5 lakh deduction**
 - Section 80CCD(1B): **Additional ₹50,000 deduction**
- You can now select different fund managers for asset classes (Equity, Corporate Debt, Government Bonds, Alternative Investments). E.g., HDFC for Equity (Invest mostly in Large caps), SBI for Corporate Debt, LIC for Government Bonds

Eligibility for NPS:

- Indian citizens (residents and NRIs) aged 18–70 years
- **Exclusions:** Persons of Indian Origin (PIOs) and Hindu Undivided Families (HUFs)

Selection Process for NPS Fund Manager for SCHEME - E (tier 1)

Our analysts at the Finology Research Desk evaluated the 11 fund managers available for SCHEME - E (tier 1) using various criteria.



1st Criteria: Minimum 10 Years of Track Record

Proven experience in handling market cycles and generating consistent returns to build credibility and help gain investors' confidence.

Result: 6 out of 11 fund managers left

2nd criteria: AUM > 5000 Cr.

To ensure operational stability & business sustainability, smaller funds often struggle with the regulatory expense ratio cap of 0.09% for AUM up to ₹10,000 crore. This challenge can worsen during equity market downturns, causing potential AUM losses and operational inefficiencies.

Result: 4 out of 6 fund managers left

3rd Criteria: Average 5-Year Rolling Return Comparison

None of the fund managers outperformed the Nifty 50 index returns. **HDFC Pension Fund was the only one to deliver higher returns than the Nifty 100 index.**

10yr CAGR Returns of Top 4 Pension Fund Managers

Pension Fund Manager	Scheme E	Scheme G	Scheme C	Scheme A (7yr CAGR)
HDFC	12.80% (1st)	8.77% (3rd)	8.83% (1st)	8.79% (2nd)
ICICI	12.51% (2nd)	8.69% (4th)	8.72% (2nd)	7.32% (4th)
SBI	11.70% (3rd)	8.79% (2nd)	8.56% (3rd)	9.56% (1st)
LIC	11.51% (4th)	9.28% (1st)	8.48% (4th)	7.85% (3rd)
Benchmark Return	12.85%	8.34%	8.69	N/A

Source- NPS trust, Finology Research Desk

HDFC Pension Fund Manager is a clear leader in the NPS space. With over 11+ years of experience, they manage the largest AUM of ₹46,230 Cr. and 22+ lakh subscribers (as of Nov 2024), the highest among all the fund managers. Most of their schemes rank at the top, showing consistent performance across asset classes. Backed by the trusted HDFC brand, they are a reliable choice for anyone looking to build a strong retirement corpus by investing in NPS.

PFM Name	Scheme Name	Inception Date	Top 5 Holdings	Weightage of Top 5 Holdings	Top 4 Sectors
HDFC Pension Management Company Limited	HDFC Pension Management Company Limited Scheme E - Tier I	01/08/13	HDFC Bank Ltd; ICICI Bank Ltd; Reliance Industries Ltd.; Infosys Ltd; Bharti Airtel Ltd.	29.67%	Banks Oil & Gas IT Telecom

Source- NPS trust

NPS offers disciplined savings instruments only to build a retirement corpus but for potential higher returns, investing in stocks makes sense— provided you aren't doing it just for the thrills!



No portfolio circus



No unwanted risks



No frequent churns



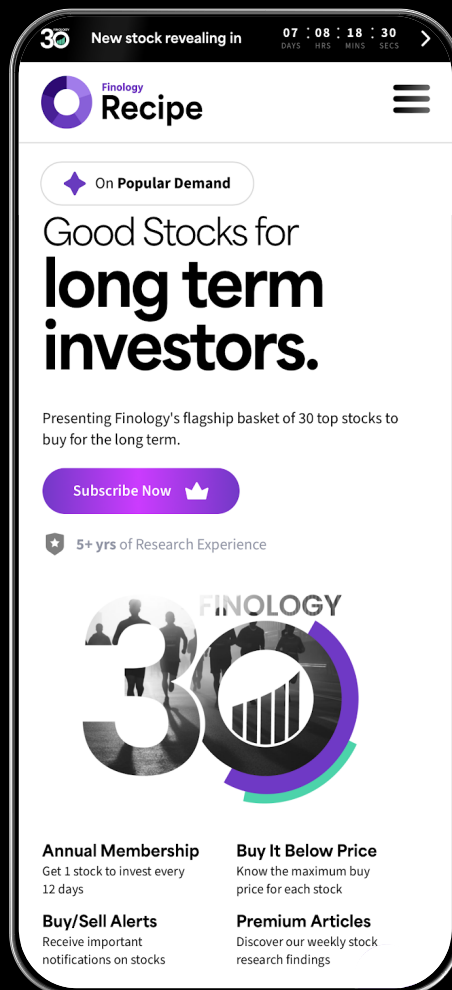
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