



YOUR MONEY

PENSION FUND MANAGERS

Performance consistency and portfolio risk should guide your choice

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Currently 10 pension fund managers manage the funds of subscribers in the National Pension System (NPS). Another one, PPFAS Asset Management, has received approval to begin operations soon, which will take the number up to 11. Since this is a long-term investment, investors must do their homework and choose a fund manager carefully.

Regulations allow subscribers to choose up to three different fund managers for the four asset classes available.

Selecting Fund E

Investors should consider several factors while selecting an equity fund (E) manager. The first is returns. **“Look for consistency in returns across periods ranging from six months to 10 years,”** says Vishal Dhawan, founder and chief executive officer (CEO), Plan Ahead Wealth Advisors.

Check how the fund has performed against its benchmark.

Those who have access to advisors should ask them to calculate the rolling returns of these funds and use that as an assessment criterion.

Next, examine portfolio concentration for each fund (available in portfolio disclosures of individual pension fund managers). **“Prefer a diversified portfolio rather than one that is too concentrated in a sector or a few stocks,”** says Vishwajeet Goel, head of Pensionbazaar. Goel also suggests that

investors should consider fund management fees as one of the factors in their evaluation.

Selecting Fund C

The critical element in corporate bond funds (C) is credit risk management. **“Assess whether the manager is able to generate decent returns without compromising too much on credit quality,”** says Dhawan. Check the credit quality data disclosed by pension fund managers in their scheme portfolio disclosures. Also, evaluate the returns of these funds (as explained for equity funds).

Selecting Fund G

The key risk in government securities (G) funds comes from interest-rate movements. **“Assess the level of portfolio maturity you are comfortable with,”** says Dhawan. He adds that investors who are comfortable with volatility in the G segment may choose managers with higher average maturity in their portfolios, and vice versa. Evaluate returns as well.

Decide the mix between G and C based on your comfort with credit risk. **“If you want less**

credit risk, allocate more to a G fund manager rather than a C fund,” says Dhawan.

When to avoid a fund manager

Consistent underperformance is a red flag. **“Fund managers with excessive concentration in the portfolio and questionable credit quality should also be avoided,”** says Dhawan.

Check whether a fund manager is delivering returns by taking higher risk. Avoid one whose portfolio does not align with your risk appetite. **“Review downside performance in bad market periods to judge risk management,”** says Kurian Jose, CEO, Tata Pension Management.

When to switch

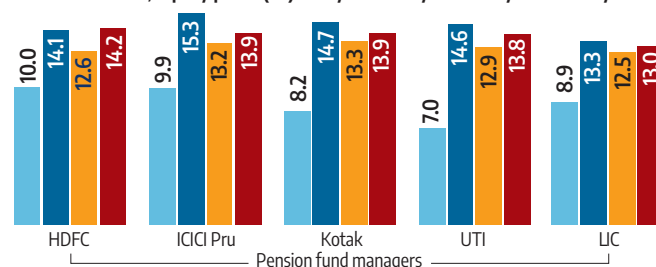
Ideally, investors should review performance once or twice a year. **“Checking too often can cause panic over temporary dips that are normal,”** says Jose. Investors are allowed to switch their pension fund managers once in a financial year. **“Do a separate assessment for each asset class,”** says Arnav Pandya, founder, Moneyeduschool.

Investors should not react to short-term volatility and should allow adequate time for market conditions to turn favourable before deciding on a change. **“Ideally, one should give a fund manager at least three to five years before considering a change,”** says Pandya.

Switching should be based on long-term considerations. **“Consistent underperformance versus benchmark and peers over a reasonable period is a reason to shift,”** says Jose. Pandya suggests that investors may also switch if the fund manager has a portfolio they do not want exposure to.

Five best performers over 10 years

Returns of Tier-I, equity plans (%) ■ 1-year ■ 3-year ■ 5-year ■ 10-year



Above one-year returns are annualised; Returns as on April 9, 2026

Source: Value Research