Volume 17, Issue 12

invest care

In unit linked policies, the investment risk in investment portfolio is borne by the policyholder

SBI Life
Apne liye. Apno ke liye.

March, 2025

UNIT LINKED PRODUCTS FROM SBI LIFE INSURANCE CO. LTD.

CIN: L99999MH2000PLC129113
IRDAI Regn. No. 111

Content

INVESTMENT OBJECTIVES AND VISION

(A) Investment Objectives:

The investment objectives of the Company are to maximize the risk adjusted returns and ensure reasonable liquidity at all times. Management of the investment portfolio is a crucial function as investment risk and returns, inter alia, determine the ability of the Company to competitively price its products, ensure solvency at all times and earn the expected profitability. The investment policy outlined in this document seeks to set the direction and philosophy for the Company's investment operations. The Policy outlined below conforms to the IRDAI Investment Regulations and the Insurance Act. The Policy covers investment parameters, exposure norms and other relevant factors that will assist in taking prudent investment decisions. The Policy framework also takes into account asset liability management, market risks, portfolio duration, liquidity considerations, and credit risk. To summarize the investment policy aims to achieve the following Investment Objectives:

a. To acquire and maintain quality assets that will meet the liabilities accepted by the Company;

b. To be able to meet the reasonable expectations of the policyholders taking into account the safety of their funds with optimum Return;

c. To adhere to all Regulatory provisions;

d. To conduct all the related activities in a cost effective and efficient manner; and

e. To achieve performance in line with benchmarks identified for the different investment portfolios.

The Company has also defined the Investment Objectives for each Fund separately, on the basis of aforesaid broader Investment objectives.

(B) Investment Vision:

"To invest the funds on the prudent principles of Safety, Liquidity & Returns, with an overall vision of meeting reasonable expectations of policy holders".

Source: SBI Life Investment Policy

Major Economic Indicators

Economic Indicators

Particulars	31-Mar-25	28-Feb-25	Change (%)	31-Mar-24	Change (%)
₹/$	85.46	86.64	1.36%	83.40	-2.47%
Forex Res.(Bn- 1 Wk Lag)	$ 658.80	$ 640.48	2.86%	$ 642.63	2.52%
Oil Price ($/Barrel)	$ 73.63	$ 72.81	1.13%	$ 86.84	-15.21%
FII inflows (Net) - Crs (`)					
Equity (monthly)	-3973	-34574	-88.51%	35098	-111.32%
Debt (monthly)	37789	10517	259.31%	13602	177.82%

Indices

Particulars	31-Mar-25	28-Feb-25	Change (%)	31-Mar-24	Change (%)
BSE Sensex	77,414.92	73,198.10	5.76%	73,651.35	5.11%
S&P CNX Nifty	23,519.35	22,124.70	6.30%	22,326.90	5.34%
Dow Jones Industrial Avg	42,001.76	43,840.91	-4.20%	39,807.37	5.51%
FTSE 100	8,582.81	8,809.74	-2.58%	7,952.62	7.92%
Hang Seng Index	23,119.58	22,941.32	0.78%	16,541.42	39.77%
Nikkei 225	35,617.56	37,155.50	-4.14%	40,369.44	-11.77%
B S E Metal Index	30,824.72	28,004.41	10.07%	28,196.08	9.32%
B S E Power Index	6,588.41	5,763.16	14.32%	6,701.74	-1.69%
B S E Realty Index	6,601.58	6,191.16	6.63%	7,108.37	-7.13%
B S E Auto Index	47,704.03	45,859.68	4.02%	49,142.11	-2.93%
B S E FMCG Index	19,447.48	18,382.82	5.79%	19,318.40	0.67%
B S E Bankex	59,542.38	54,852.37	8.55%	53,515.19	11.26%
B S E Healthcare Index	41,421.50	38,211.72	8.40%	35,052.84	18.17%
B S E Capital Goods Index	62,724.28	55,241.12	13.55%	60,943.12	2.92%
B S E Information Technology Index	36,122.71	36,679.01	-1.52%	35,644.77	1.34%
B S E Oil & Gas Index	25,133.51	22,573.53	11.34%	27,644.48	-9.08%

Primary Key Rates

Particulars	31-Mar-25	28-Feb-25	Change (%)	31-Mar-24	Change (%)
Repo Rate*	6.25%	6.25%	0.00%	6.50%	-0.25%
Reverse Repo Rate**	3.35%	3.35%	0.00%	3.35%	0.00%
CRR #	4.00%	4.00%	0.00%	4.50%	-0.50%
SLR *#	18.00%	18.00%	0.00%	18.00%	0.00%
Call money rate	5.80%	6.40%	-0.60%	6.10%	-0.30%
Current Inflation Rate (WPI)	2.38%	2.31%	0.07%	0.20%	2.18%
Current Inflation Rate (CPI)	3.61%	4.31%	-0.70%	5.09%	-1.48%
IIP (WPI) % Y-O-Y	5.00%	3.20%	1.80%	3.80%	1.20%
AAA spread (bps)	40.00	54.00	-25.93%	29.00	37.93%

Particulars	2021-22	2022-23	2023-24	Q1 FY25	Q2 FY25
Real GDP % (New Growth No. by CSO)	-7.30%	7.20%	7.76%	6.65%	5.36%

Interest Rates (FIMMDA)

Particulars	31-Mar-25	28-Feb-25	Change (%)	31-Mar-24	Change (%)
91 days T - Bill	6.50%	6.45%	0.05%	7.00%	-0.50%
364 days T - Bill	6.45%	6.54%	-0.09%	7.07%	-0.62%
5 Years G - Sec (Annualized)	6.45%	6.63%	-0.18%	7.05%	-0.60%
10 Years G - Sec (Annualized)	6.60%	6.78%	-0.19%	7.08%	-0.49%
30 Years G - Sec (Annualized)	6.91%	7.12%	-0.21%	7.12%	-0.21%

* w e f Feb 08, 2023
** w e f May 22, 2020
\# w e f May 21, 2022
*# w e f Apr 09, 2020
CSO (CHIEF STATISTICAL OFFICE)

CPI – Consumer Price Index
WPI – Wholesale Price Index
IIP – Index of Industrial Production

Data Sources
NSE
BSE
RBI
FIMMDA
Bloomberg & Reuters

DEBT MARKET REVIEW AND OUTLOOK

Market Review

March 2025 – A year ends, what lies in store!

Benchmark 10-year treasury yields fell to 6.58% in March from 6.73% in February 2025. The US 10-year yield was at 4.18% at the end of March 2025 (-2 bps MoM). INR was a solid performer in March 2025, ending at a much stronger 85.46 versus 87.51 in the end of February 2025 (stronger by 2.3%)

India Macro Movers:

Retail inflation came in at 3.61% against 4.26% in February 2025, falling almost 260 bps from October's 6.21%. Core CPI has been steadily remaining under 4%. The latest month saw Core CPI at 3.74%. Food prices have been easing with core CPI growing only 0.3% month on month. Core CPI was below 4% for 14 straight months and now for the first time rose to 4.05%

India IIP came in higher at 5.0% year on year in January 2025 compared to last month'3.5%. The IIP growth has been volatile. GST collections have been steadily picking up with the 3-month moving average of collections up from 1.85 to 1.92. PMIs have shown some improvement with Manufacturing PMI moving up from 57.7 to 58.1 while services PMI jumping from 56.5 to 57.7.

Global News

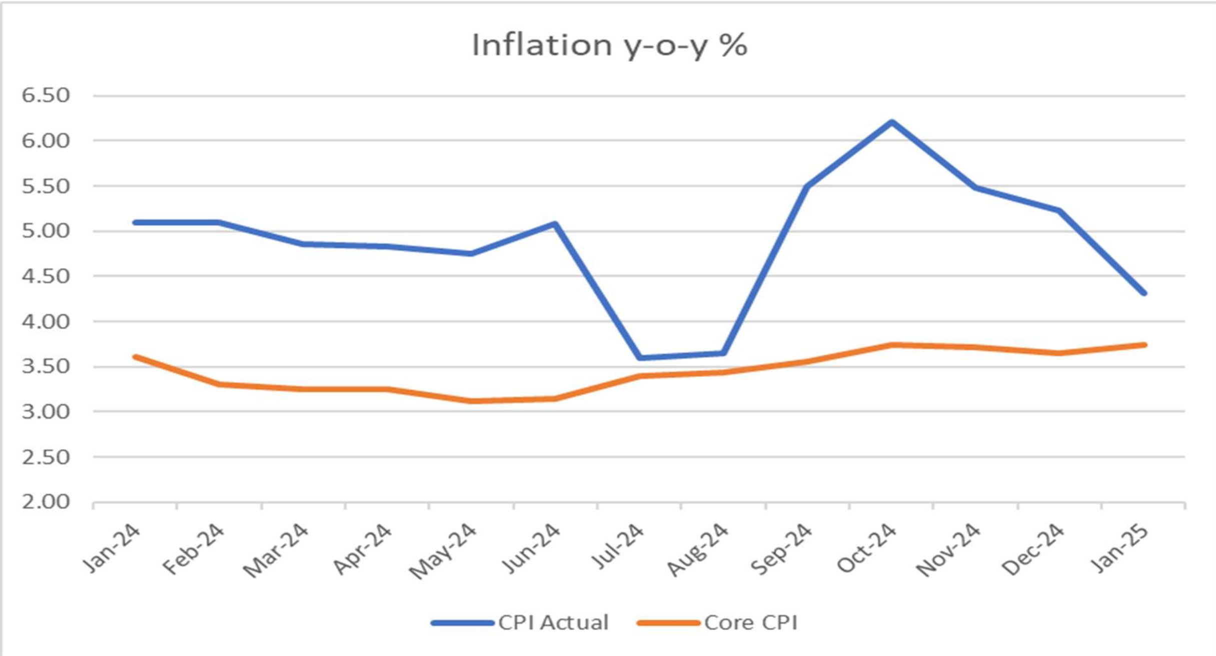
Economic data in the US started weakening in the month of February and March, with the Citi US economic surprise index falling from above 12.0 to -16 in February 2025 end. This shows that data has been below par suggesting a slightly moderating economy. The Bloomberg index for tracking potential rate cuts in the US in 2025 has gone from 1 to more than 3 in just 2 week's time owing to the weak data in February 2025 and March 2025 The data in Euro are and UK continues to be that of weakness with centrals banks looking to do more cuts than FED in 2025. This has given Dollar Index a lot of impetus. US yields, Global bond yields, currencies and markets will continue to be volatile in the short term as Trump Administration continues to unveil more tariff measures.

Outlook

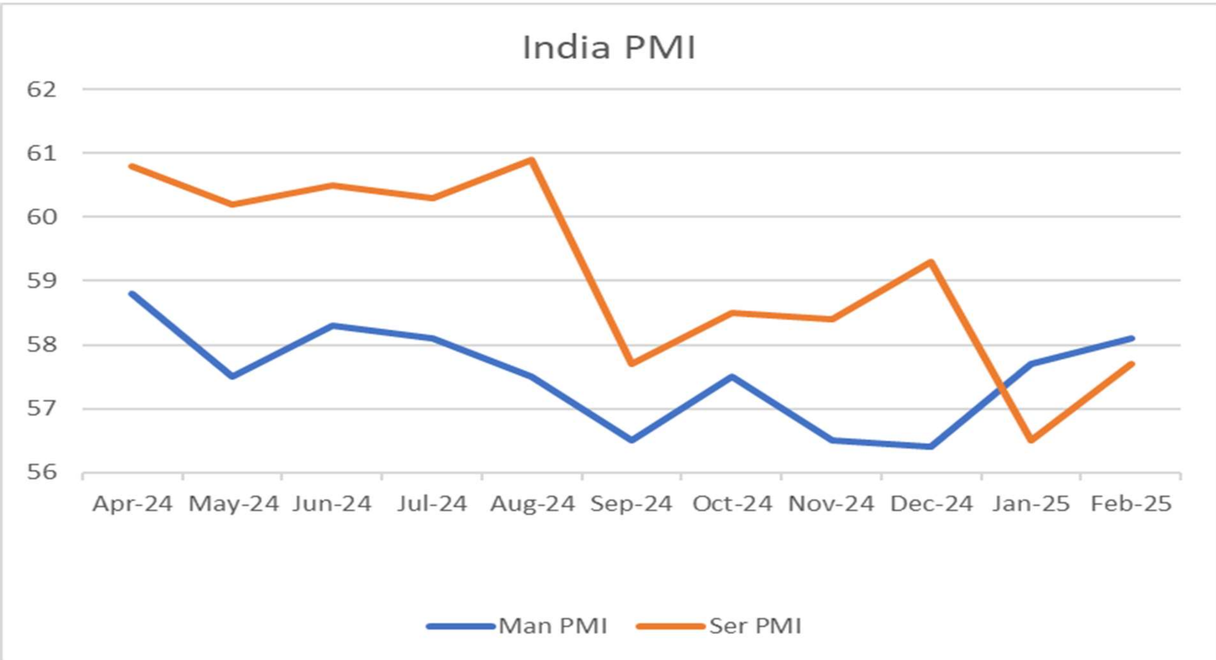
The MPC cut Repo rate by 25 bps in the February 2025 meeting with around 60% of market participant expecting such an action. It was a 6-0 vote on the rate cut and there were definite signs of dovishness in the language as the members talked about the need to push growth up and also exhibited confidence in headline inflation moderating. The chances for an April rate cut of 25 bps are high thanks to stronger Rupee, weaken global and India data, softer crude oil and domestic inflation.

The benchmark 10 year had been steady at 6.7% and not reacting favourably to any of the positive events or data. But all that changed in the last 10 days of March 2025 with more than 2.5 lac crs OMO buybacks by RBI, with 10 year closing at 6.58%. If RBI continues to do OMO buybacks like 80k was just announced on 1st April (to be done in 4 tranches in April) and cuts rates by 25 bps in the MPC meeting, one can yield to stay closer to the 6.4-6.5% range.

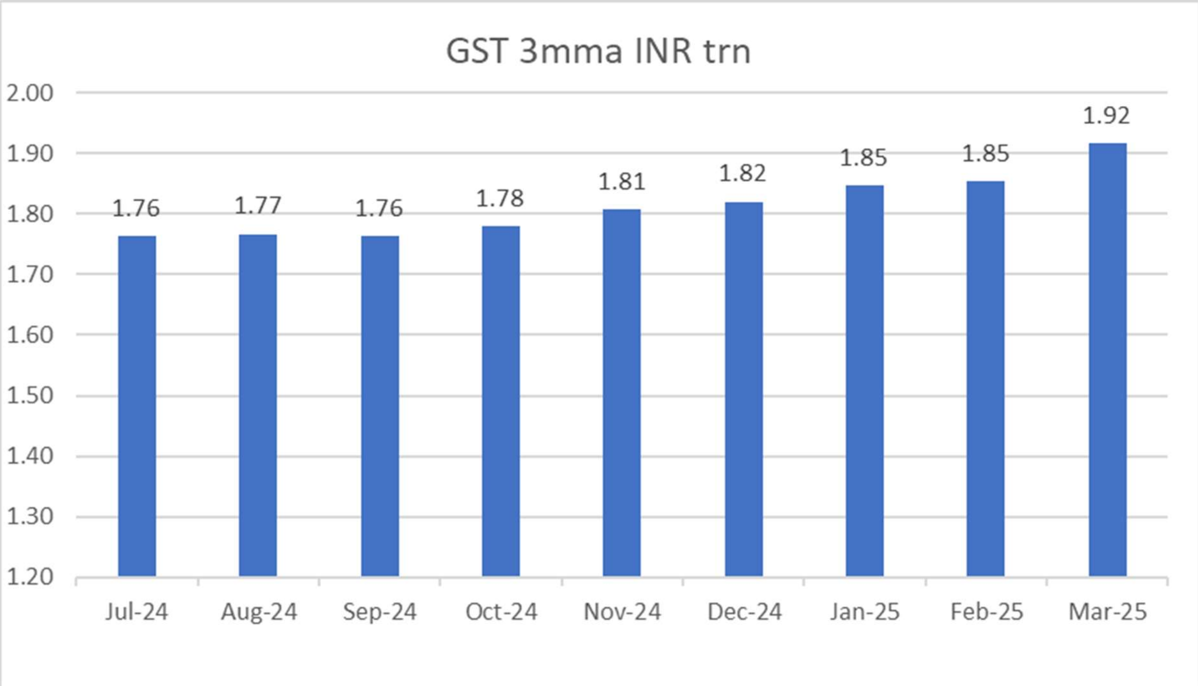
India headline rose easing back down due to lower food prices, Core CPI is stable



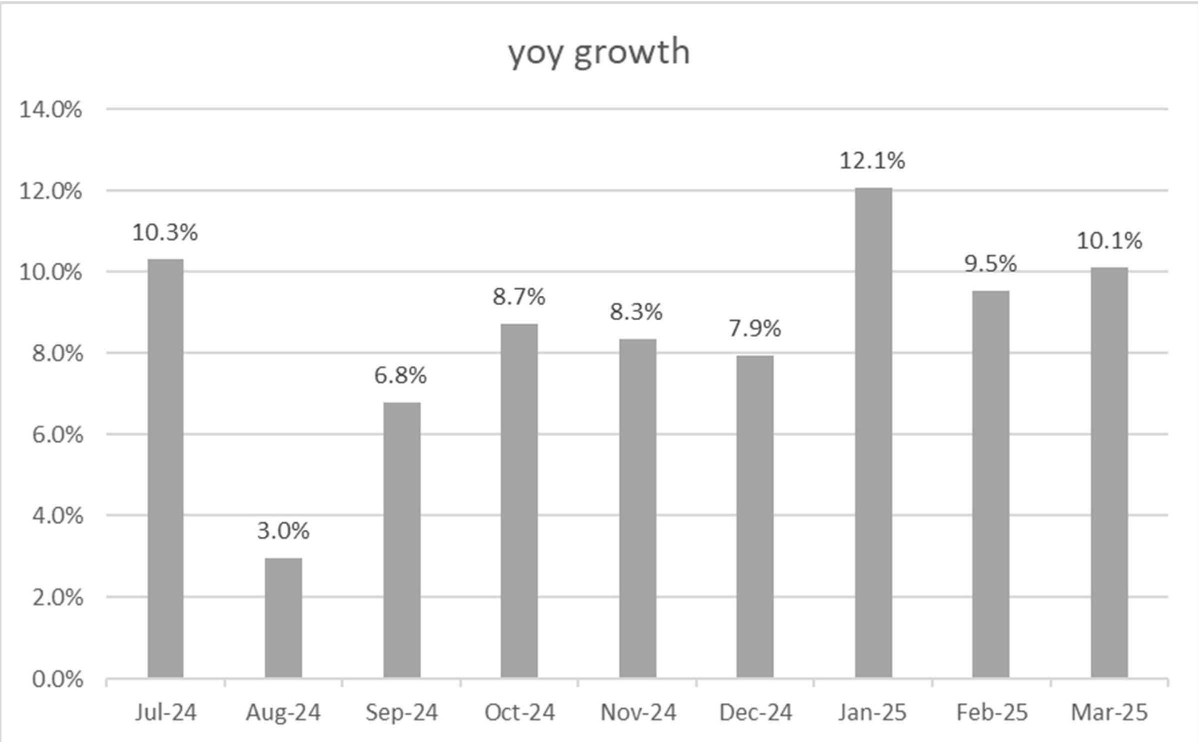
PMIs show mixed signals, with manufacturing dipping, and services suddenly showing a spike



GST collections continue to recover from the lows



GST collections growth also seems to have picked up of late



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Equity Outlook

Equity Market Outlook for the Month of April, 2025

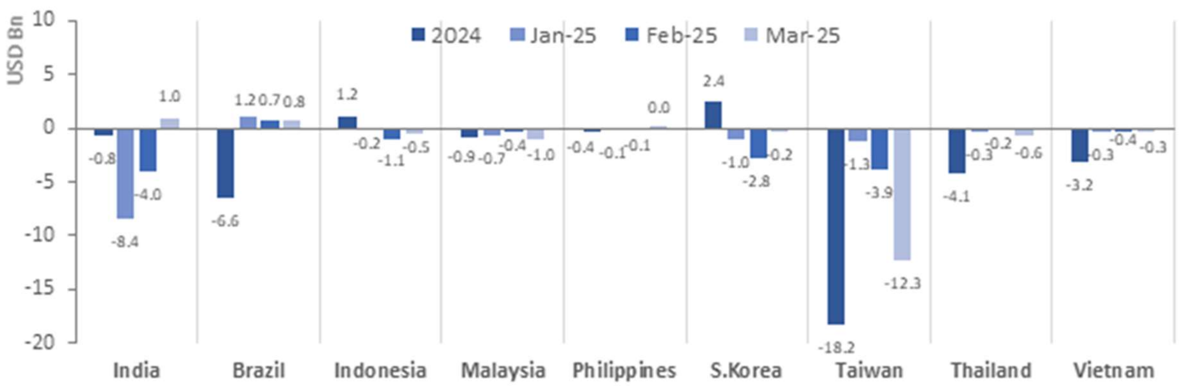
Nifty and Sensex ended at 23,519 and 77,415 respectively, up 6.3% and 5.8% for the month of March 2025. Returns this month were driven by a halt in FPI outflows from secondary markets, with 737 million USD of inflows by FPIs. DIIs inflows continued unabated, buying 975 million USD of equities in February 2025.

Broad markets in India rallied in March, with the NSE Small-cap 100 index up by 9.5% and NSE Mid-cap 100 index up 7.8%. Our markets outperformed US equity indices amid a reversal of global flows that saw the S&P 500 falling by 6.3% in March. In India, Power stocks and PSUs outperformed other sectors, with returns of 14.3% and 14.1% respectively, while IT posted the only negative sectoral returns of the month at -1.5%.

Fig 1. 1M Sectoral Returns positive, but all sectors remain red over a 6M trailing period

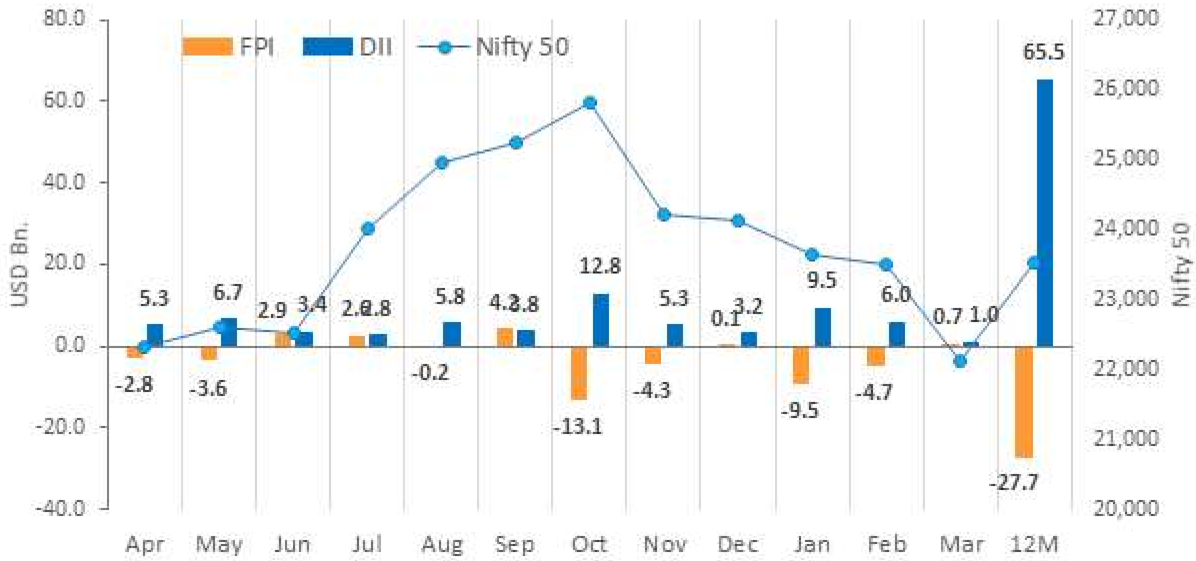
	1M		3M		6M		9M		12M	
	Returns	Rank	Returns	Rank	Returns	Rank	Returns	Rank	Returns	Rank
Midcap	8%	-	-10%	-	-14%	-	-7%	-	7%	-
Smallcap	9%	-	-14%	-	-16%	-	-12%	-	5%	-
Auto	4%	10	-7%	9	-22%	10	-17%	10	-3%	10
Banking	9%	6	3%	2	-1%	1	0%	3	11%	3
Capital Goods	14%	3	-6%	8	-14%	5	-13%	7	3%	5
FMCG	6%	9	-6%	7	-18%	8	-5%	5	1%	7
Healthcare	8%	7	-8%	10	-6%	3	12%	1	18%	1
IT	-2%	11	-17%	11	-15%	6	-2%	4	1%	6
Metal	10%	5	8%	1	-11%	4	-7%	6	9%	4
Oil & Gas	11%	4	-3%	4	-21%	9	-15%	9	-9%	11
Power	14%	1	-5%	6	-24%	11	-17%	11	-2%	9
Financials	8%	8	1%	3	-3%	2	1%	2	12%	2
PSU	14%	2	-3%	5	-15%	7	-14%	8	-1%	8

Fig 2. India has seen some of the largest quantum of FPI outflows in CY 2025 among EMs



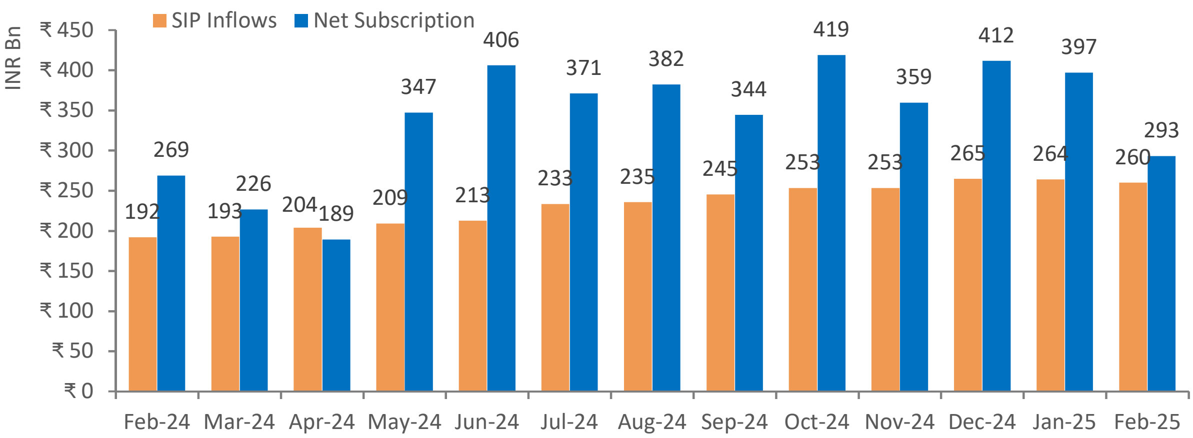
India's CPI inflation continued its downward trajectory to with a print of 3.6% in February 2025, down from 4.3% in January 2025. WPI inflation for February 2025 increased to 2.38% against 2.31% for January 2025. Food inflation further cooled, measuring at 3.75% in February 2025 from 5.9% in January 2025. In their meeting in March, the US Fed held rates at 4.25-4.50% for their second straight meeting in the wake of stagflation risks and uncertainties stemming from tariff hikes by the US. Following this announcement, the rupee rose to a level of 85.47 as of March end, gaining 2.4% during the month, and FPI flows into Indian equities for the month turned positive. Meanwhile, the Dollar Index has retreated from its highs to a level of 104.21 as of March end erasing all the gains it did since Sep 24 indicating uncertainty. At the same time the Holy Gold had rallied which further indicates the same.

Fig 3. DII and FII flows from Mar '24 to Feb '25



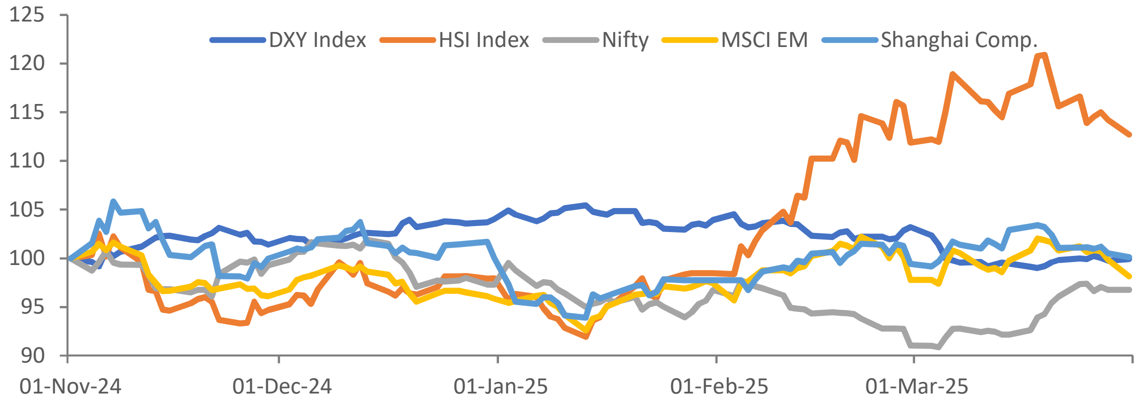
Mutual fund inflows into equity-oriented funds fell to a 10-month low but yet remained at robust levels in February 2025, while SIP inflows at INR 260 billion were at a 3-month low.

Fig 4. Total Net subscription to domestic equity-oriented mutual funds and monthly SIP flows



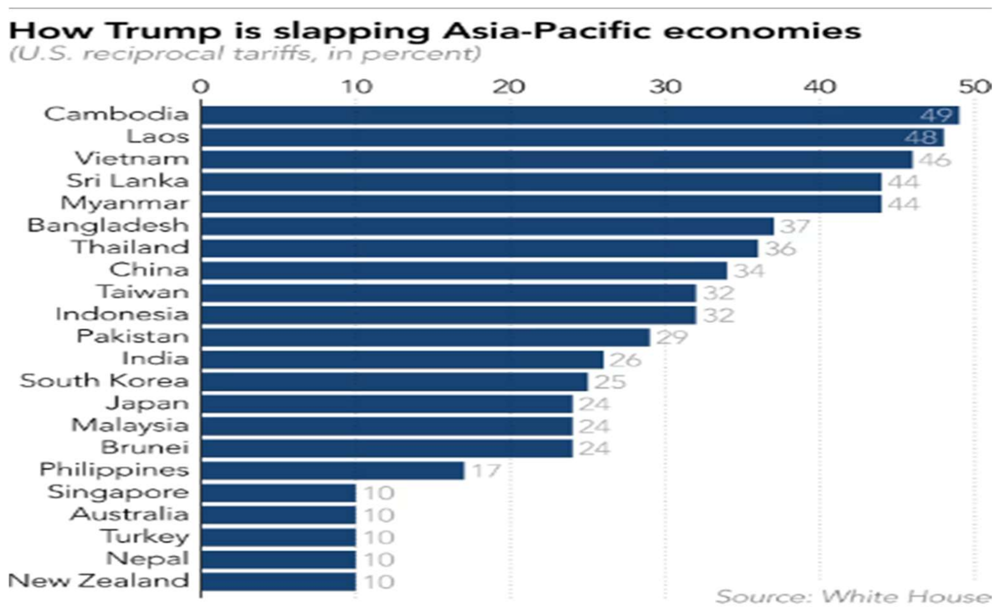
After a turbulent February 2025, global markets were a mixed bag in March 2025, with most emerging markets seeing positive equity returns while developed markets largely saw equities fall. Among EMs, Brazil (up 7.4%) and India were outperformers while Malaysia (down 3.9%) and Thailand (down 2.3%) fell. US indices saw pressure in March 2025 due to whipsawing tariff policies and disappointing economic data that have driven the Fed to reduce forecasts for economic growth and take a cautious stance on inflation. The Nasdaq-100 ended March at 14.4% below its 52-week high, having fallen 8% during the month.

Fig 5. Performance of selected global assets since 2024 US elections – HK indices have outperformed



Geopolitical risks remain high – the fragile ceasefire between Israel and Hamas has collapsed in its 2nd phase, and hostilities have resumed. This time, the US is involving itself via military operations against Houthi rebels in Yemen that will have implications on global trade and shipping through the Red Sea. Russia and Ukraine, on the other hand, have agreed to a partial peace deal in which energy infrastructure would not be targeted, however hostilities have continued unabated.

The US administration has announced reciprocal tariffs to begin on April 2nd against multiple global trading partners, including India. Further, a separate tariff of 25% on all automobile imports was announced by the USA, coming into effect on April 3rd. 25% tariffs on all steel and aluminium imports into the US have been in force since March 12th. These developments follow earlier tariff announcements against Canada, Mexico and China which had marked the beginning of a global trade war. Come April, events are unfolding like quick sand. Actual Tariffs have come in much higher than expected.



CY 2025 till date, 4th April, 2025 markets have melted down substantially (Nasdaq 100 down 17.2%, S&P500 down 13.7%, Taiwan down 7.5%). US 10-year yield has softened from 4.8% to 3.9% from 14th of January 2025 to 3rd of April, 2025 indicating the uncertainty again and the slowdown in economy coming through.

With trade wars the likelihood of global growth slowing is clearly coming through. JP Morgan expects US growth to fall from 2.8% in PY 2024 to 1.9% in CY2025 and inflation to rise to 2.9%. Analysts expect more cuts to interest rates to come through.

We therefore would like to look at Balance Fund which can give upside of rates moving down and benefits of large cap stocks. Valuation charts, Respective fund returns and Index returns enclosed herewith.

Fig 6. Forward P/E levels across Large-Caps, Mid-Caps and Small-Caps – Large caps attractive now

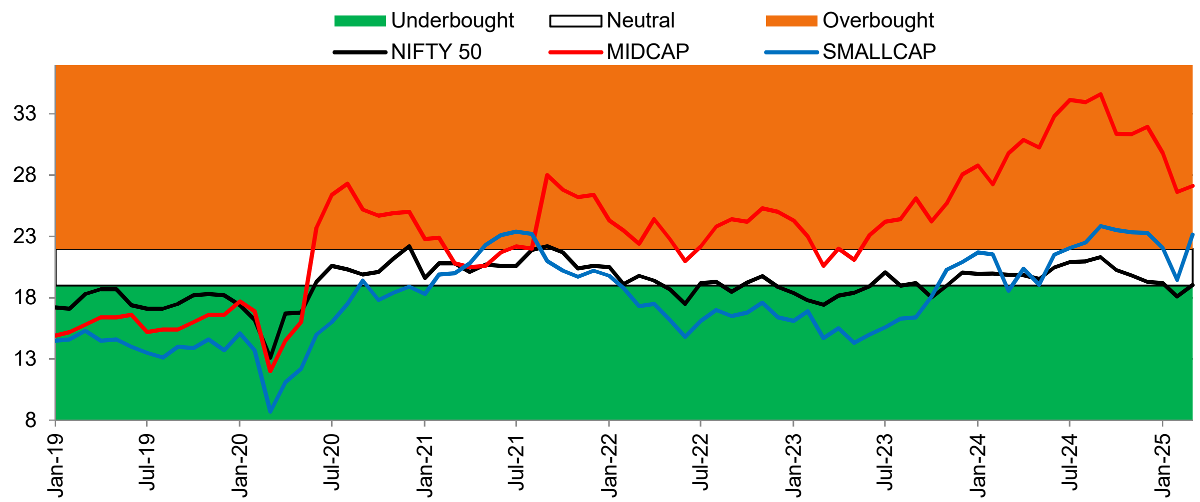


Fig 7. Major events and Nifty50 movements during March 2025

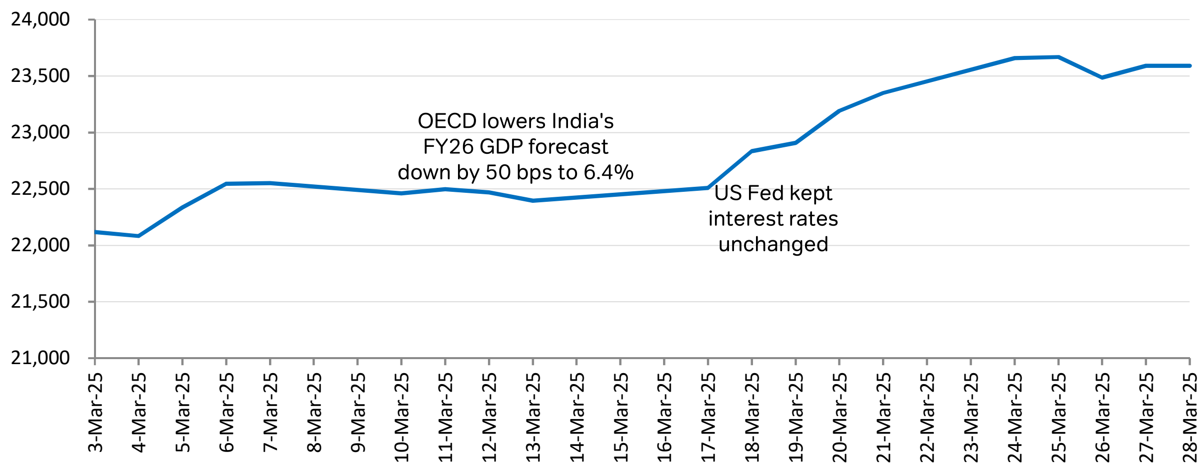


Fig 8. Fund Returns – AUM Mix and Performance (CAGR)

	Equity % in Fund	1M	1Y	3Y	5Y
Midcap Fund	95%	8.59 %	10.60 %	18.79 %	30.24 %
Benchmark		*7.84 %*	*7.48 %*	*20.28 %*	*34.58 %*
Bond Fund	0%	1.96 %	8.32 %	6.50 %	6.12 %
Benchmark		*2.10 %*	*8.79 %*	*6.93 %*	*6.58 %*
Equity Fund	99%	6.50 %	6.78 %	11.50 %	22.04 %
Benchmark		*6.30 %*	*5.34 %*	*10.43 %*	*22.29 %*
Balance Fund	51%	4.11 %	6.91 %	8.73 %	13.81 %
Benchmark		*4.44 %*	*7.30 %*	*8.88 %*	*14.53 %*

Fig 9. Major Index and Asset Class Returns

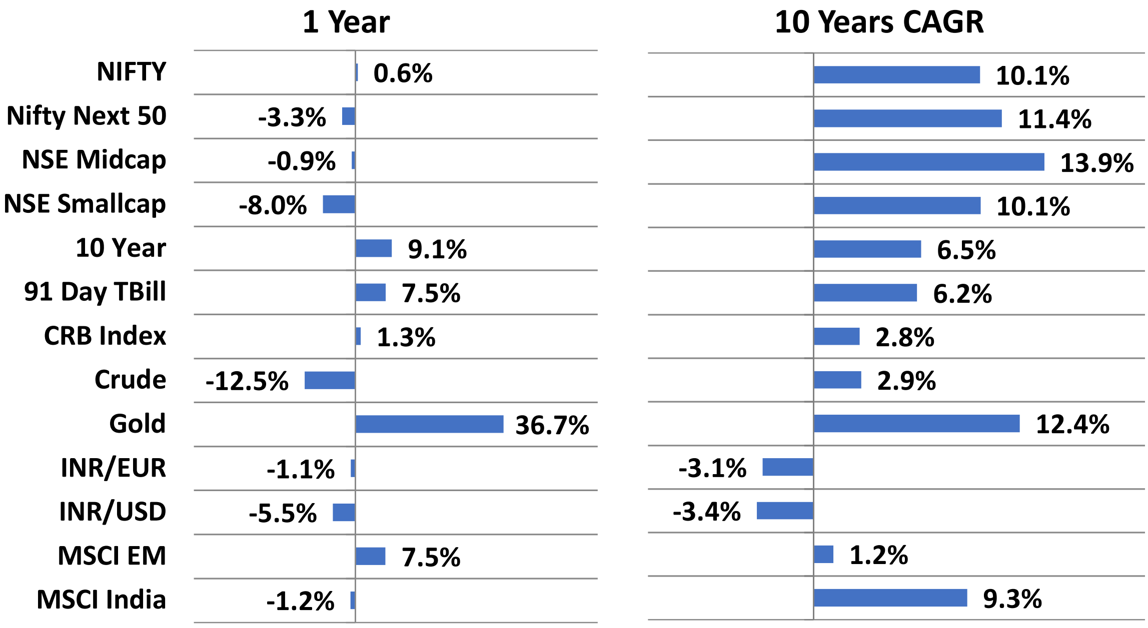


Fig 10. Sensex yearly Performance in March (percent)

-30 and below	-30 to -20	-20 to 0	0 to +20	20 to 40	40 to 60	60 and above
			2023			
			1996			
			2025			
			2013			
			1990			
			2011			
			2018			
		1995	1998			
		2003	2007			1986
		1987	1984			1994
		2012	2005			2021
		2016	2017	2024		2006
		1983	2019	2015		1989
	2001	1999	2022	1982		2010
1993	2020	2002	2014	1981	1985	2004
2009	1988	1997	2008	2000	1991	1992

Sensex yearly Performance in percent

RISK MANAGEMENT PRACTICE FOR UNIT LINKED PORTFOLIOS

Company's investment exposure to any sector is as per limits prescribed by IRDAI under Investment Regulations and the same is monitored on a daily basis. In addition, the company also follows stringent asset allocation metrics as per policy features communicated to the policy holder and the same is adhered to while making investment decisions. In case of guaranteed products, investments are made in suitable asset classes taking into account market and credit risk, and liquidity of the investment to ensure fulfilment of guarantee promised. There is an efficient stop loss policy in place, which is triggered every time the stock price breaches a specific threshold level. This warrants review of investment decision and establishes the rationale for continuance or discontinuance of the specific investment thus preventing sharp fall in value of our holdings and prolonged underperformance of the portfolio. Significant importance is given to asset liability management and accordingly, portfolios are reviewed on a monthly basis to ensure adherence.

Disclaimer:

1) This newsletter only gives an overview of economy and should not be construed as financial advice

2) SBI Life Insurance Co. Ltd however makes no warranties, representations, promises or statements that information contained herein are correct and accurate. Please consult your Advisor/Consultant before making the investment decision

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