

invest care

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



January, 2024



UNIT LINKED PRODUCTS FROM SBI LIFE INSURANCE CO. LTD.

Content

	Page
<i>Investment Objectives And Vision</i>	1
<i>Major Economic Indicators</i>	2
<i>Debt Market Review And Outlook</i>	3
<i>Equity Outlook</i>	6
<i>Risk Management Practice For Unit Linked Portfolios</i>	8

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-Jan-24	31-Dec-23	Change (%)	31-Mar-23	Change (%)
₹/\$	83.04	83.21	▶ 0.20%	82.18	▶ -1.05%
Forex Res.(Bn- 1 Wk Lag)	\$ 616.73	\$ 620.44	▶ -0.60%	\$ 578.78	▶ 6.56%
Oil Price (\$/Barrel)	\$ 81.49	\$ 76.68	▶ 6.27%	\$ 79.94	▶ 1.94%
FII inflows (Net) - Crs (`)					
Equity (monthly)	-25744	66135	▶ -138.93%	7936	▶ -424.40%
Debt (monthly)	19837	18302	▶ 8.39%	-2505	▶ -891.90%

Indices

Particulars	31-Jan-24	31-Dec-23	Change (%)	31-Mar-23	Change (%)
BSE Sensex	71,752.13	72,240.26	▶ -0.68%	58,991.52	▶ 21.63%
S&P CNX Nifty	21,725.70	21,731.40	▶ -0.03%	17,359.75	▶ 25.15%
Dow Jones Industrial Avg	38,150.30	37,689.54	▶ 1.22%	33,274.15	▶ 14.65%
FTSE 100	7,630.57	7,733.24	▶ -1.33%	7,631.74	▶ -0.02%
Hang Seng Index	15,485.07	17,047.39	▶ -9.16%	20,400.11	▶ -24.09%
Nikkei 225	36,286.71	33,464.17	▶ 8.43%	28,041.48	▶ 29.40%
B S E Oil & Gas Index	25,915.86	23,021.23	▶ 12.57%	17,383.40	▶ 49.08%
B S E Realty Index	6,766.41	6,186.94	▶ 9.37%	3,101.56	▶ 118.16%
B S E Power Index	6,317.35	5,818.64	▶ 8.57%	3,605.80	▶ 75.20%
B S E Healthcare Index	33,816.00	31,549.21	▶ 7.18%	21,883.50	▶ 54.53%
B S E Auto Index	43,995.00	42,229.04	▶ 4.18%	28,246.92	▶ 55.75%
B S E Information Technology Index	37,358.72	36,011.09	▶ 3.74%	28,478.99	▶ 31.18%
B S E Capital Goods Index	56,689.83	55,643.71	▶ 1.88%	34,369.70	▶ 64.94%
B S E Metal Index	26,760.68	26,990.69	▶ -0.85%	19,184.87	▶ 39.49%
B S E FMCG Index	19,892.86	20,467.98	▶ -2.81%	16,487.02	▶ 20.66%
B S E Bankex	51,999.08	54,378.31	▶ -4.38%	46,031.95	▶ 12.96%

Primary Key Rates

Particulars	31-Jan-24	31-Dec-23	Change (%)	31-Mar-23	Change (%)
Repo Rate*	6.50%	6.50%	▶ 0.00%	6.50%	▶ 0.00%
Reverse Repo Rate**	3.35%	3.35%	▶ 0.00%	3.35%	▶ 0.00%
CRR #	4.50%	4.50%	▶ 0.00%	4.50%	▶ 0.00%
SLR *#	18.00%	18.00%	▶ 0.00%	18.00%	▶ 0.00%
Call money rate	6.85%	6.70%	▶ 0.15%	6.20%	▶ 0.65%
Current Inflation Rate (WPI)	0.73%	0.26%	▶ 0.47%	3.85%	▶ -3.12%
Current Inflation Rate (CPI) (Dec 23)	5.69%	5.55%	▶ 0.14%	6.44%	▶ -0.75%
IIP (WPI) % Y-O-Y (Nov 23)	2.40%	11.70%	▶ -9.30%	5.20%	▶ -2.80%
AAA spread (bps)	40.00	36.00	▶ 11.11%	22.00	▶ 81.82%

Particulars	2020-21	2021-22	2022-23	Q1 FY24	Q2 FY24
Real GDP % (New Growth No. by CSO)	-7.30%	9.10%	7.20%	7.80%	7.60%

Interest Rates (FIMMDA)

Particulars	31-Jan-24	31-Dec-23	Change (%)	31-Mar-23	Change (%)
91 days T - Bill	7.04%	6.93%	▶ 0.11%	7.28%	▶ -0.24%
364 days T - Bill	7.15%	7.13%	▶ 0.02%	7.30%	▶ -0.15%
5 Years G - Sec (Annualized)	7.03%	7.09%	▶ -0.05%	7.18%	▶ -0.15%
10 Years G - Sec (Annualized)	7.18%	7.19%	▶ -0.01%	7.31%	▶ -0.13%
30 Years G - Sec (Annualized)	7.27%	7.41%	▶ -0.14%	7.39%	▶ -0.13%

* 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

January 2024 – New Year, New Hope

Benchmark 10-year treasury yields ended at 7.14% in January 2024 versus 7.17 % in December 2024. The US 10-year yield is at 3.91% (+4 bps month on month). INR appreciated over the month (0.2% month on month) and ended the month at US \$ 83.04 in January 2024.

India Macro Movers

Retail inflation fell to a print of 5.1% in January 2024, from December's 5.6%. It is still lower than the 6.5% level in January 2023. More importantly, core inflation dropped to 3.6%, lowest in 50 months, in fact it has dropped from 6.3% in January 2023.

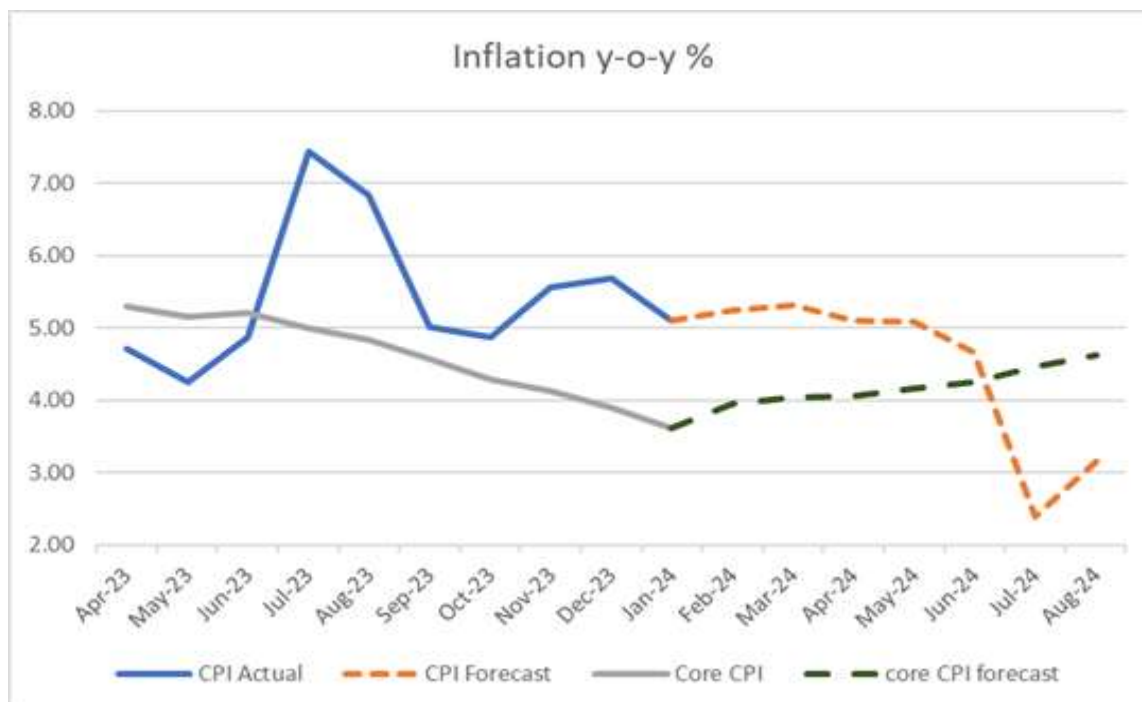
Global News

Economic data in the US, continues to be stable but the CITI economic surprise index has started once again rising. This suggests that some slight pickup in US economic strength. The US employment data also has been surprising on the uptrend, with jobs continuing to be created above 300000. Recent rise in services CPI also makes matters a little worse for bond bulls. Markets are now pricing in 4 cuts and they were at 6 cuts for 2024, while the Fed (Federal Reserve) is at 3 cuts according to its estimates.

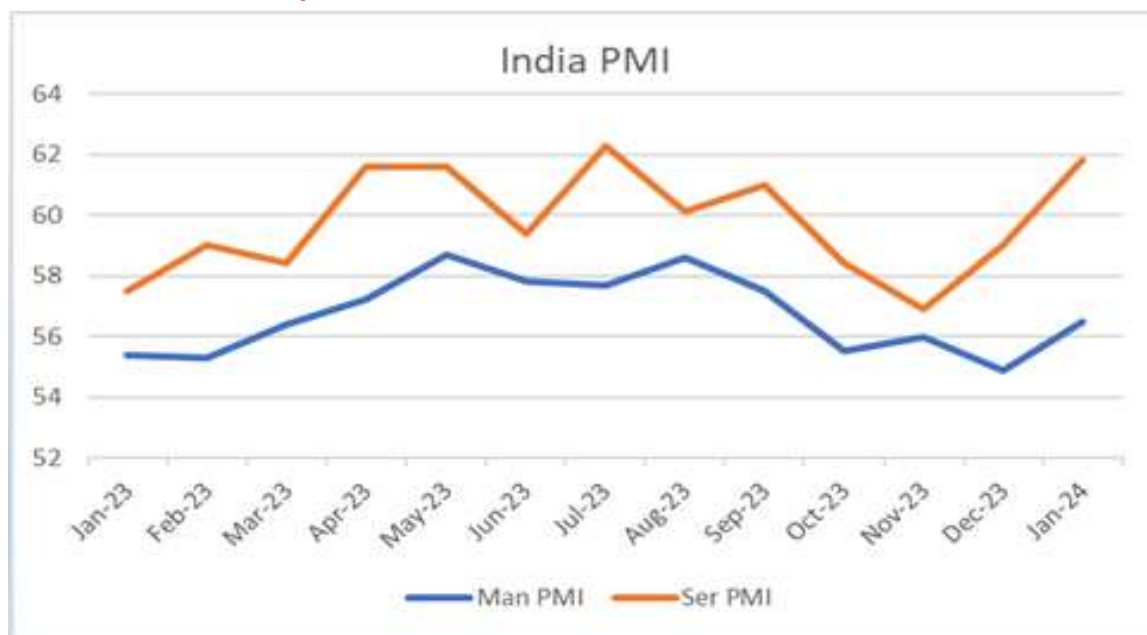
Outlook

We expect benchmark 10-year to go to 6.50% on lower Gross borrowing and Bond Inclusion, and yield curve to remain flat (30-year vs 10-year) for major part of the year unless RBI tweaks borrowing calendar. The Flat curve will create demand for SDL (State Development Loan) leading to lower SDL vs G-sec spreads. Lower fiscal deficit and stable inflation will give comfort to RBI to change guard on liquidity. MPC (Monetary Policy Committee) to cut rates by 50 bps after Fed start cutting rates. Fiscal deficit coming down from 5.9% to 5.1%, is a huge positive surprise. The actual fiscal deficit lower by 1 lac crs, positive surprises in FY 24 RE especially direct tax collections, FY 25 BE small savings estimates etc. can bring yields lower.

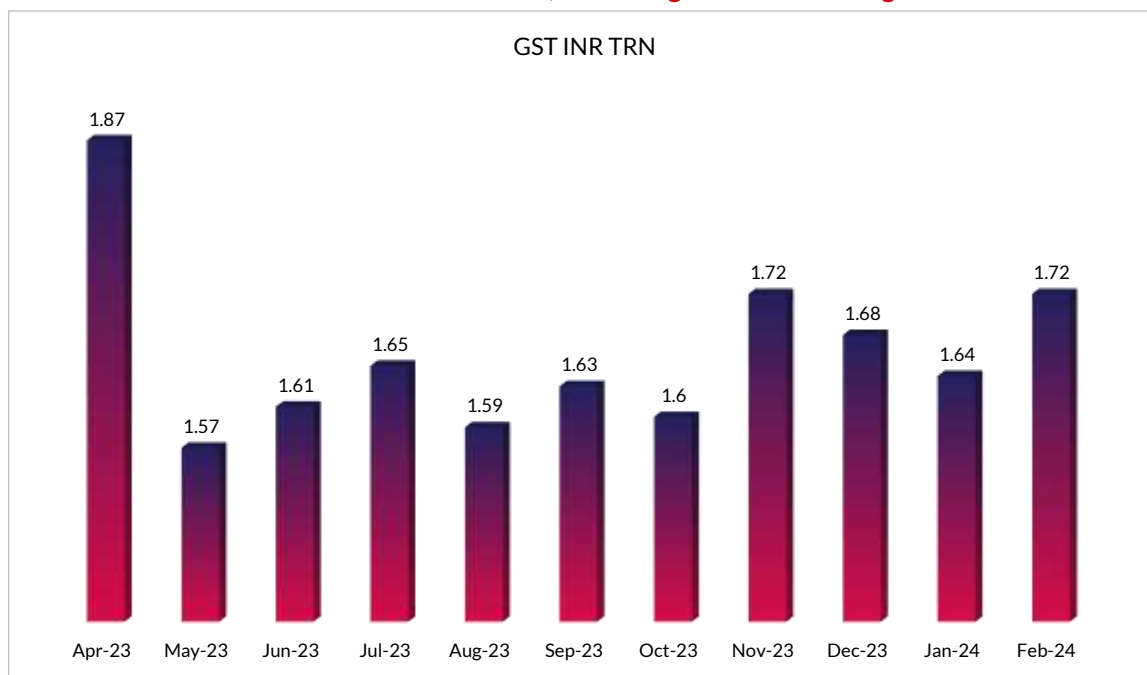
India headline and Core CPI will see moderation in 2024



PMIs have risen from a recent dip



GST collections remain solid and at around 1.6 lac crs, will be higher than the budget



These are important macroeconomic indicators for India

India	2021	2022	2023	2024e	2025e
Real GDP % yoy	-5.8	9.1	6.5	7	6.4
CPI % yoy	5.1	6.7	5.4	5.4	4.6
Fiscal balance/GDP %	-6.3	-6.8	-6.4	-5.9	-5.3
Policy rate %	4	6.25	6.5	6	5.75
Curr Acc Balance/GDP %	-1.1	-2.4	-2	-1.5	-1.6

These are the important macroeconomic indicators for US

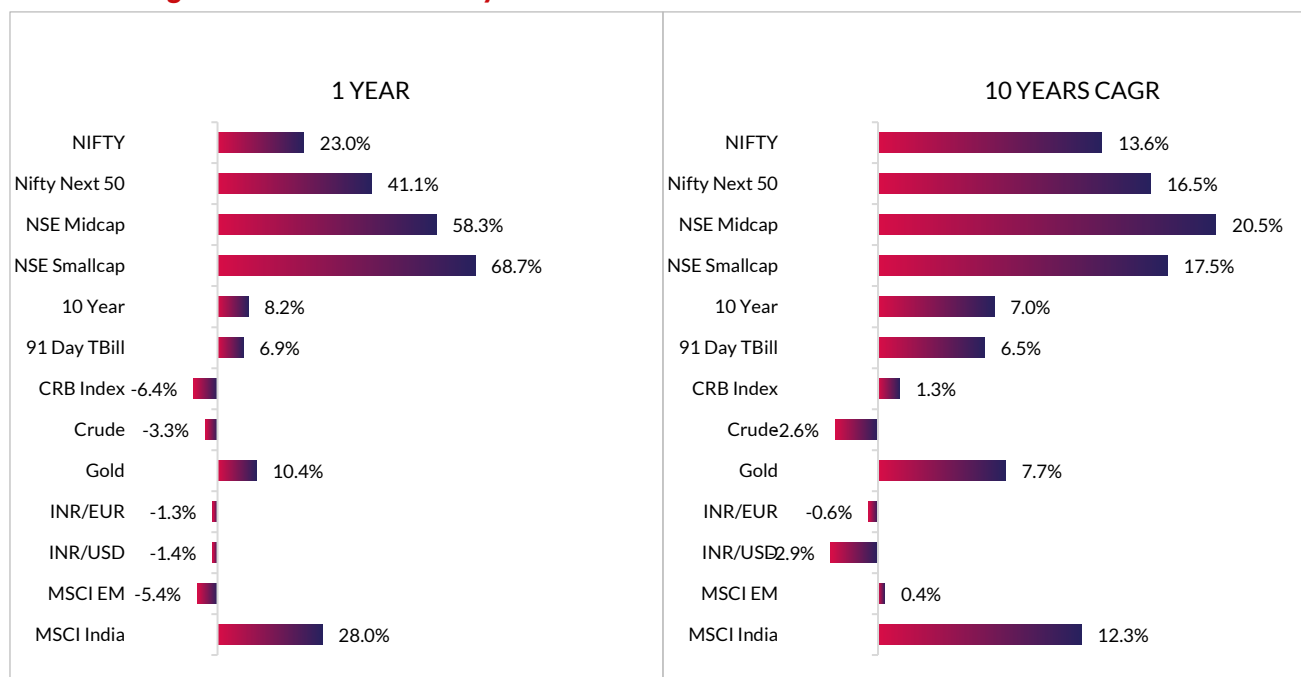
US	2021	2022	2023	2024e	2025e
Real GDP % yoy	5.8	1.9	2.4	1.3	1.7
CPI % yoy	4.7	8	4.1	2.6	2.3
Fiscal balance/GDP %	-10.6	-5.4	-5.9	-5.9	-6
Policy rate %	0.25	4.5	5.5	4.25	3.25
Curr Acc Balance/GDP %	-3.5	-3.8	-3.2	-3.1	-3

Equity Outlook

Equity Outlook for the month of February, 2024

After two consecutive months of gains, Equity markets remained flat in January 2024 due to apprehension around the rate cuts in US and geo political situations. Sensex and Nifty ended at 71752 and 21726 respectively. Broader indices like CNX 500 were up 1.9%. NSE Mid Cap and NSE Small Cap were up 5.2% and 5.8% each respectively to end at 48569 and 16026. One Year return for Sensex came in at 20.5% and Nifty at 23.0%.

Asset Return - Long Term Returns are Healthy



Sector wise, BSE Oil & Gas and BSE PSU continued its positive momentum as these indices went up by 12.6% and 11.2% respectively during the month. These sectors have generated superior returns in the last one year led by government thrust on capex and plans of respective companies on the capacity additions going forward. The one-year return for these indices were 39.9% and 77.4% respectively. Capital Goods is another sector which has clocked one-year return of 67.7% on the similar theme.

Economic developments were good. India's GST (Goods & Services Tax) revenue for January 2024 has surged to ₹1.72L crore, indicating 10.4% year on year growth. December 2023 Trade deficit was largely stable at US \$ 19.8 billion. CPI for December 2023 came in at 5.69% versus 5.55% & the WPI increased to 0.73% versus 0.26% in the previous month. Signs of Interest rate peaking are visible. 10-year bond yield has declined from 7.34% in January 2023 to 7.14%.

In its interim budget for FY 2025, Government continued its emphasis on fiscal consolidation (at 5.1% fiscal deficit) and rationalisation of expenditure to improve the quality of the fiscal as capex is expected to grow at 17% year on year indicating a sustained capex push.

FPIs (Foreign Portfolio Investors) sold US \$ 3.6 billion of Indian equities in the secondary market, whereas DIIs (Direct Institutional Investors) bought US \$ 3.3 billion during the month of January 2024. Brent crude rose by 7% to 81.7 US \$ per barrel for the month and rupee was stable at 83.0 / US \$. Overall gains for the markets are reflected in the underlying fundamentals of the economy.

As per IMF (International Monetary Fund), Global growth rates are expected to remain at 3.1% in the Calendar year 2024. Projected growth for US, China & Japan is expected to fall from 2.5%, 5.2% and 1.9% to 2.1%, 4.6% and 0.9% respectively for 2024, while the GDP (Gross Domestic Product) growth for India is expected to be at 6.5%.

Central banks policy rates are likely to be on hold for some time and start easing towards the second half of the CY 2024 depending on the growth and inflation trajectory.

Markets have given good returns and are at the higher end of valuations. Corporate results have been in line with expectations and growth is holding on. There are stronger signs of interest rates easing in the second half of next year. The investors would keenly monitor the events of rate cuts in US and Elections which are likely to be held in 40 countries in the globe with India and US being one of them.

We strongly urge our investors to switch to Bonds. Our likely pecking order of funds is Bond fund followed by Balance Fund.

BSE Sensex (since 1981): Yearly performance +ve in Jan (+ve 33 out of 43 years)

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

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 fulfillment 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

**BEWARE OF SPURIOUS
PHONE CALLS AND FICTIOUS /
FRADULENT OFFERS**

IRDAI is not involved in activities like selling insurance policies, announcing bonus or investment of premiums. Public receiving such phone calls are requested to lodge a police complaint.

Trade logo displayed above belongs to State Bank of India and is used by SBI Life under license.

SBI Life Insurance Co. Ltd.

To know more about us

Visit us at www.sbilife.co.in or

Call Toll Free No. 1800 267 9090 (24x7)

Registered Office and Corporate Office: "Natraj", M.V Road & Western Express Highway Junction, Andheri (E), Mumbai-400069

CIN: L99999MH2000PLC129113

Email: info@sbilife.co.in

IRDAI Regn. No. 111

For more details on Risk Factors, Terms & Conditions, please read the sales brochure carefully before concluding a sale