

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	30-Nov-23	31-Oct-23	Change (%)	31-Mar-23	Change (%)
₹/\$	83.40	83.26	▶ -0.17%	82.18	▶ -1.48%
Forex Res.(Bn- 1 Wk Lag)		\$ 586.11	▶ -100.00%	\$ 578.78	▶ -100.00%
Oil Price (\$/Barrel)	\$ 83.60	\$ 86.77	▶ -3.65%	\$ 79.94	▶ 4.58%
Gold (₹/10 gm)	62,527	61,018	▶ 2.47%	59,530	▶ 5.03%
FII inflows (Net) - Crs (₹)					
Equity (monthly)	9001	-24548	▶ 136.67%	7936	▶ 13.42%
Debt (monthly)	-91	888	▶ -110.25%	-2505	▶ -96.37%

Indices

Particulars	30-Nov-23	31-Oct-23	Change (%)	31-Mar-23	Change (%)
BSE Sensex	66,988.44	63,874.93	▶ 4.87%	58,991.52	▶ 13.56%
S&P CNX Nifty	20,133.15	19,079.60	▶ 5.52%	17,359.75	▶ 15.98%
Dow Jones Industrial Avg	35,950.89	33,052.87	▶ 8.77%	33,274.15	▶ 8.04%
FTSE 100	7,453.75	7,321.72	▶ 1.80%	7,631.74	▶ -2.33%
Hang Seng Index	17,042.88	17,112.48	▶ -0.41%	20,400.11	▶ -16.46%
Nikkei 225	33,486.89	30,858.85	▶ 8.52%	28,041.48	▶ 19.42%
B S E Realty Index	5,656.79	4,776.55	▶ 18.43%	3,101.56	▶ 82.39%
B S E Oil & Gas Index	20,550.97	18,233.06	▶ 12.71%	17,383.40	▶ 18.22%
B S E Healthcare Index	30,374.52	27,271.79	▶ 11.38%	21,883.50	▶ 38.80%
B S E Power Index	4,920.85	4,431.42	▶ 11.04%	3,605.80	▶ 36.47%
B S E Auto Index	40,052.97	36,172.00	▶ 10.73%	28,246.92	▶ 41.80%
B S E Capital Goods Index	49,989.66	45,784.43	▶ 9.18%	34,369.70	▶ 45.45%
B S E Metal Index	24,239.95	22,238.64	▶ 9.00%	19,184.87	▶ 26.35%
B S E Information Technology Index	33,227.34	31,060.45	▶ 6.98%	28,478.99	▶ 16.67%
B S E Bankex	50,292.51	48,448.07	▶ 3.81%	46,031.95	▶ 9.26%
B S E FMCG Index	19,157.37	18,518.38	▶ 3.45%	16,487.02	▶ 16.20%




Primary Key Rates

Particulars	30-Nov-23	31-Oct-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	6.65%	6.75%	▶ -0.10%	6.20%	▶ 0.45%
Current Inflation Rate (WPI)	-0.52%	-0.26%	▶ -0.26%	3.85%	▶ -4.37%
Current Inflation Rate (CPI) (Oct 23)	4.87%	5.02%	▶ -0.15%	6.44%	▶ -1.57%
IIP (WPI) % Y-O-Y (Sept 23)	5.80%	10.30%	▶ -4.50%	5.20%	▶ 0.60%
AAA spread (bps)	31.00	24.00	▶ 29.17%	22.00	▶ 40.91%

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	30-Nov-23	31-Oct-23	Change (%)	31-Mar-23	Change (%)
91 days T - Bill	6.96%	6.93%	0.03%	7.28%	-0.32%
364 days T - Bill	7.15%	7.15%	0.00%	7.30%	-0.15%
5 Years G - Sec (Annualized)	7.26%	7.35%	-0.08%	7.18%	0.08%
10 Years G - Sec (Annualized)	7.32%	7.39%	-0.07%	7.31%	0.01%
30 Years G - Sec (Annualized)	7.50%	7.51%	-0.01%	7.39%	0.11%

 No change
 Negative change
 Positive change

* w.e.f Feb 08, 2023

** w.e.f May 22, 2020

w.e.f May 21, 2022

*# w.e.f Apr 09, 2020

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

November 2023 – Have peak rates been achieved?

Benchmark 10-year treasury yields averaged at 7.25% in November 2023 versus 7.34 % in October 2023. On month-end values, the 10-year yield was lower and ended the month at 7.28% (down 7 bps month on month). The US 10-year yield is at 4.19% (-31 bps month on month). INR depreciated over the month (down 0.2% month on month) and ended the month at US \$ 83.39 in November 2023.

India Macro movers

Retail inflation eased to four month-low print of 4.9% in October 2023. More importantly, core inflation dropped to 4.3%, lowest since April 2020. Both the prints are supported by favorable base of last year. In annual terms, the broad-based moderation across all the major components is comforting; however, the sequential momentum has picked up across headline, food, fuel, and core inflation. After two consecutive months of negative growth, food inflation grew by 1.1% month on month mainly driven by the pickup in vegetable prices to 3.4% month on month. However, owing to higher onion prices we could see CPI heading back to 6% in November 2023.

Core Sector growth was pretty solid clocking more than 12% and also last month's number getting upgraded from 8% to 9% is another promising sign. Manufacturing PMI (Purchasing Managers Index) ticked up marginally from 55.5 to 56. However, Services PMI fell from 58.4 to 56.9.

GDP (Gross Domestic Product) for the quarter came in much higher at 7.6% versus expectations of 6.8%, and this was largely owing to high growth in Investments and Govt. Expenditure. The biggest share of GDP is formed by private consumption, but that component grew at just 3% and fallen from 6%, Similarly we have GVA (Gross value added) getting a push to 7.4% primarily by strong industrial growth of 13.2%, but the biggest contributor Services grew at 5.8% from 10.3% in the previous quarter.

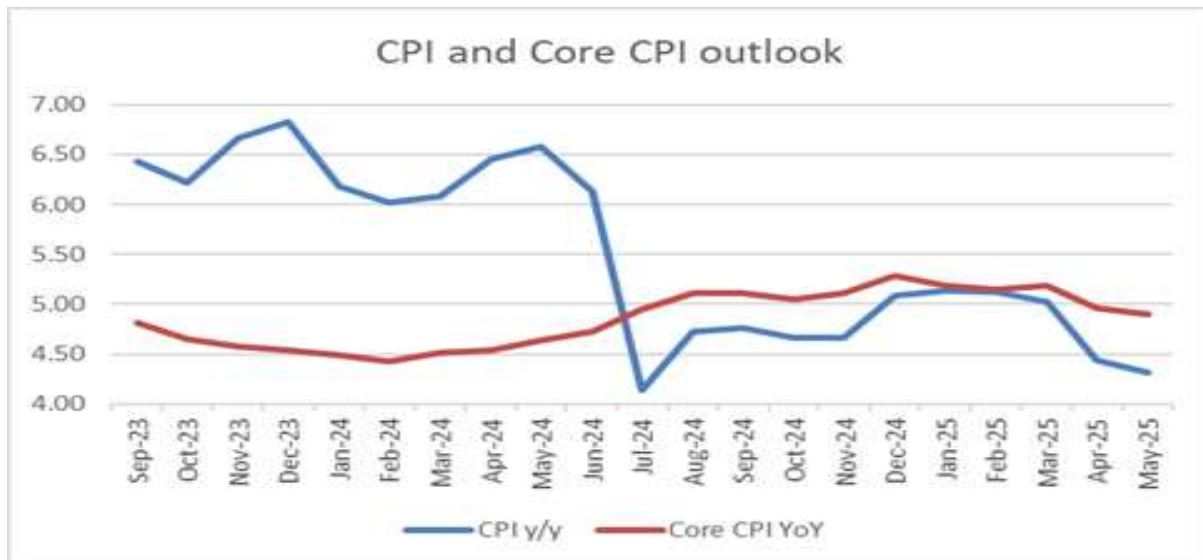
Global News

US yields fell after touching 5% on the 10-year bond in October 2023, as they eased by 40 bps in November 2023. This was owing to a dramatic drop in Fed (Federal Reserve) Funds Futures, with markets priding in 100 bps of rate cuts in 2024. The data also has started looking weaker in the US in November 2023. Oil eased with Brent crude settling at US \$ 77/bbl versus US \$ 90/bbl in October 2023. The situation in Gaza strip is sort of easing with some truce and exchange of prisoners happening. More dovish actions are also expected by European Central Bank and BoE (Bank of England) in 2024.

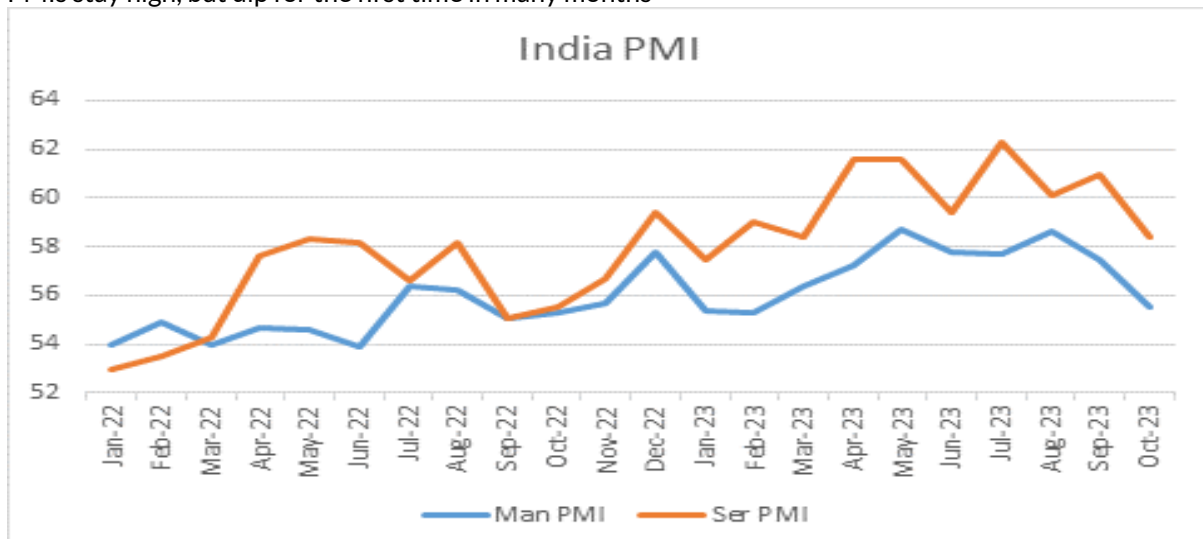
Outlook

- MPC (Monetary Policy Committee) kept rates steady in December 2023, Growth revised upwards, and Inflation projection maintained
- MPC in December 2023 was less hawkish than October 2023, with Brent down US \$ 10/bbl, UST 10-year yields down 55 bps, India CPI down by 200 bps
- Food price shocks and geopolitical shock will keep RBI worried on Inflation
- Crude hovering below US \$ 80/bbl will be a positive along with stable and moderating Core CPI, and will prevent any extreme hawkishness from MPC in the coming months
- OMO (Open Market Operations) sale expectations have moderated with MPC not mentioning in December 2023 and also with liquidity surplus expectations tamed
- We expect 10-year to range between 7.20% and 7.35% in the near term, and Q4 FY 2024 could see rates coming down if growth moderates amid stable inflation.

India headline and Core CPI will see moderation in 2024



PMIs stay high, but dip for the first time in many months



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



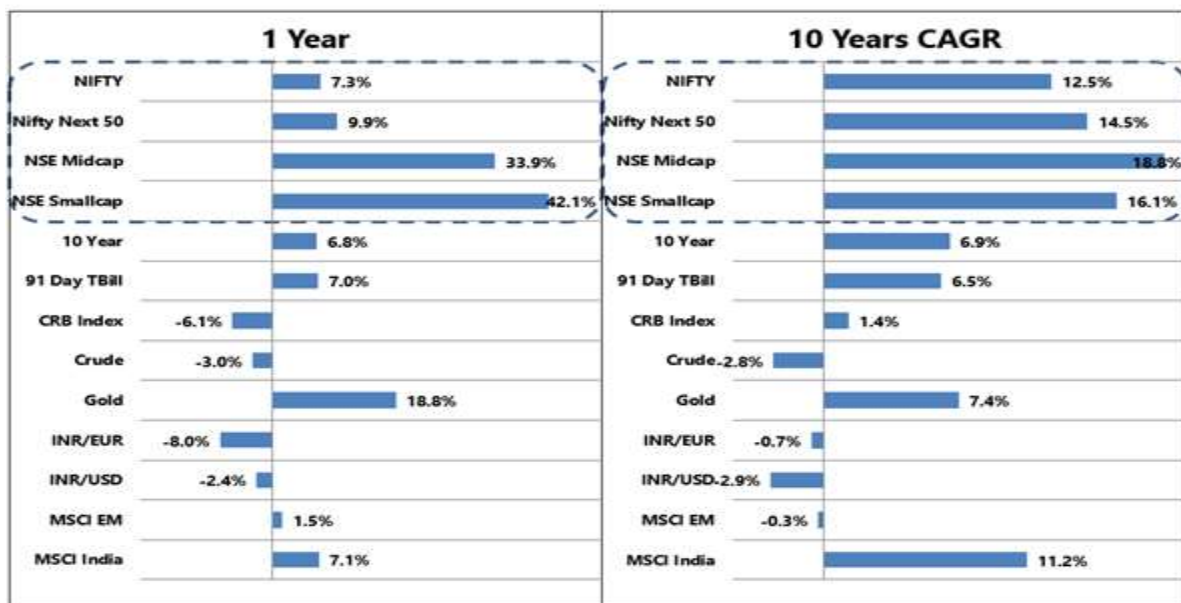
Equity Outlook

Equity Market Outlook for the Month of December, 2023

Indices marched decisively in the month of November, 2023 by 4.9% to 5.5%. Sensex moved 4.9% to end at 66988 and Nifty 5.5% to 20133. Markets took a decisive stance on no more rate hikes in major economies of the world like US which augurs well for equity. Markets ignored prediction of probable loosing by the ruling party in state elections. Though the results came in otherwise.

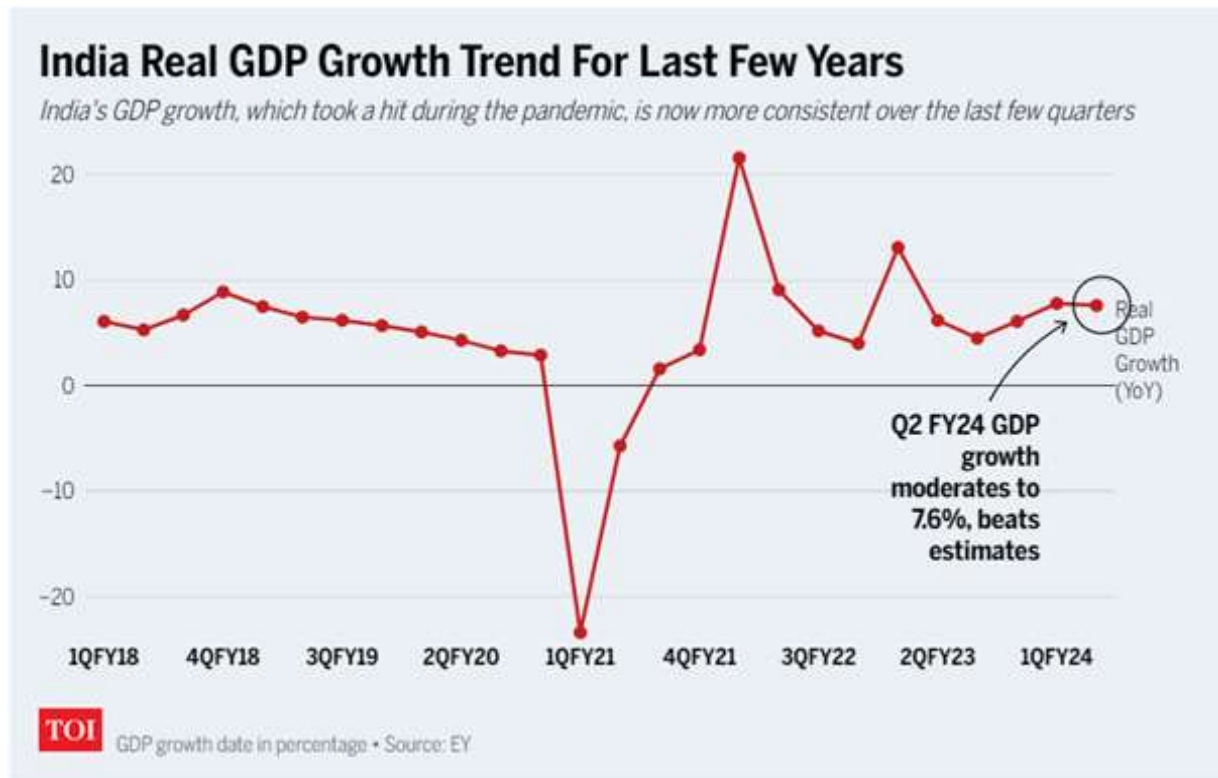
Broader markets were positive with NSE Mid Cap Index gaining 10.4% to end at 42909 and NSE Small Cap gaining 12% to end at 14171. Within the sectoral side BSE Realty gained 18.4%, BSE Oil & Gas 12.7% & BSE Healthcare 11.4%. Our markets underperformed the other major emerging markets like Brazil that moved 12.1%, Korea 11.3% and Germany 9.7%.

Returns



As on 30th Nov 2023

Good news on the economic front. CPI inflation for the month of October 2023 came at 4.87% versus 5.02% the previous month. WPI continued in the negative territory at 0.5%. IIP growth came tepid at 5.8% for September 2023 versus 10.35 for August 2023. GDP growth for 2Q was robust at 7.6%, higher than expectations.



Liquidity was good. After selling US \$ 2.2 and 2.6 billion worth of stocks, FPI's (Foreign Portfolio Investors) bought stocks worth 1.1 billion in the month of November, 2023. FPI's bought stocks to the extent of US \$ 2.43 billion whereas Domestics bought to the Extent of US \$ 1.4 billion.

Fed maintained its policy rates at 5.25% to 5% during the policy meet held in the month of November 2023. Despite central banks warning in terms of higher interest rates for longer, US markets have gained in the last month. S&P 500 gained 8.5%.

Back home, central bank indicated a possible positive surprise on GDP numbers (for the second quarter) during the month & S&P Global increased India Growth by 0.4% to 6.4%. Moody's reduced US outlook to negative from stable. To maintain discipline in credit cost that may arise, RBI tightened the capital requirements for personal loans as portfolio was growing at a faster pace. GST (Goods & Services Tax) collection went on at a robust pace showing good growth in the economy. The high frequency indicators especially the manufacturing and services PMI showed a robust 55% & a 58%.

Election results gave the ruling party a decisive victory. This clears uncertainty on political front for the next 5 months. More volatility will be witnessed near to the general elections if any. Markets generally like a majority party to come to power as it understands this will lead to policy stability. Markets also like single party led government than coalition as it presumes coalition may break up.

State	Seats		Vote Share	
	2023	2018	2023	2018
MP	166.0	109.0	41.0	49.0
Rajasthan	115.0	73.0	38.0	41.9
Chhattisgarh	56.0	15.0	34.0	46.0
Telangana	1.0	8.0	7.0	13.8

Exhibit 9: Market behavior into and post LS Elections

General Election	Year	Political party	Nifty Closing						Nifty performance				
			6 months before Result date	Result Date	On Result day	1 months after Result date	3 months after Result date	6 months after Result date	6 months before result date	1 month after results	3 month after results	6 month after results	Election results period change
10th	1991	Congress	382	15-Jun-91	398	429	549	541	4%	8%	38%	36%	12%
11th	1996	BJP	953	9-May-96	1,091	1,133	1038	885	14%	4%	-5%	-19%	19%
12th	1998	BJP	1,117	2-Mar-98	1,098	1,157	1020	843	-2%	5%	-7%	-23%	4%
13th	1999	BJP led NDA	1,024	6-Oct-99	1,393	1,365	1618	1,453	36%	-2%	16%	4%	33%
14th	2004	Congress led UPA	1,580	13-May-04	1,718	1,508	1598	1,873	9%	-12%	-7%	9%	-5%
15th	2009	Congress led UPA	2,810	16-May-09	3,672	4,518	4580	5,058	31%	23%	25%	38%	61%
16th	2014	BJP led NDA	6,056	16-May-14	7,203	7,534	7792	8,390	19%	5%	8%	16%	24%
17th	2019	BJP led NDA	10,527	23-May-19	11,657	11,724	10829	11,914	11%	1%	-7%	2%	11%

Source: MOFSL,NSE

Our stance on equity large caps strengthens with economic growth and political stability comes through. We have been shifting focus on large caps compared to mid and small caps. We still presume the same.

Our visibility on interest rate movement to move south towards the CY 2024 is more clearer, now that 2-year and 5-year yields in US markets have melted more.

Developments in the last month makes us shift focus towards equity large cap as mentioned. We prefer Balance Fund, Bond Fund and Equity Fund now.

Our long term returns historically.

US and India CPI over last 12 months-

BSE Sensex (since 1980): Yearly performance +ve in Nov (+ve 33 out of 44 years)

				2012		
				2010		
				2019		
				2022		
				2018	2014	
		1989		2020	1992	
		2002		1984	2021	
		1996		2013	1993	1991
		2015		1982	1994	2003
		2000		2023	2017	2006
		1987		1983	2004	1981
	1998	2011		2016	1997	2007
2008	1995	2001		1986	1980	2005
-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.

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- 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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