Volume 18, Issue 01

invest care

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

SBI Life
Apne liye. Apno ke liye.

April, 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	30-Apr-25	31-Mar-25	Change (%)	31-Mar-24	Change (%)
₹/$	84.50	85.46	1.12%	83.40	-1.32%
Forex Res.(Bn- 1 Wk Lag)	$ 686.15	$ 658.80	4.15%	$ 642.63	6.77%
Oil Price ($/Barrel)	$ 62.33	$ 73.63	-15.35%	$ 86.84	-28.22%
FII inflows (Net) - Crs (`)					
Equity (monthly)	4223	-3973	-206.29%	35098	-87.97%
Debt (monthly)	-24384	37789	-164.53%	13602	-279.27%

Indices

Particulars	30-Apr-25	31-Mar-25	Change (%)	31-Mar-24	Change (%)
BSE Sensex		77,414.92	-100.00%	73,651.35	-100.00%
S&P CNX Nifty	80,242.24	23,519.35	241.18%	22,326.90	259.40%
Dow Jones Industrial Avg	40,669.36	42,001.76	-3.17%	39,807.37	2.17%
FTSE 100	8,494.85	8,582.81	-1.02%	7,952.62	6.82%
Hang Seng Index	22,119.41	23,119.58	-4.33%	16,541.42	33.72%
Nikkei 225	36,045.38	35,617.56	1.20%	40,369.44	-10.71%
B S E Metal Index	29,050.51	30,824.72	-5.76%	28,196.08	3.03%
B S E Power Index	6,647.59	6,588.41	0.90%	6,701.74	-0.81%
B S E Realty Index	6,864.71	6,601.58	3.99%	7,108.37	-3.43%
B S E Auto Index	49,960.45	47,704.03	4.73%	49,142.11	1.67%
B S E FMCG Index	20,453.82	19,447.48	5.17%	19,318.40	5.88%
B S E Bankex	62,622.04	59,542.38	5.17%	53,515.19	17.02%
B S E Healthcare Index	42,211.32	41,421.50	1.91%	35,052.84	20.42%
B S E Capital Goods Index	62,780.39	62,724.28	0.09%	60,943.12	3.01%
B S E Information Technology Index	35,050.61	36,122.71	-2.97%	35,644.77	-1.67%
B S E Oil & Gas Index	26,491.20	25,133.51	5.40%	27,644.48	-4.17%

Primary Key Rates

Particulars	30-Apr-25	31-Mar-25	Change (%)	31-Mar-24	Change (%)
Repo Rate*	6.00%	6.25%	-0.25%	6.50%	-0.50%
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	6.00%	5.80%	0.20%	6.10%	-0.10%
Current Inflation Rate (WPI)	2.05%	2.38%	-0.33%	0.20%	1.85%
Current Inflation Rate (CPI)	3.34%	3.61%	-0.27%	5.09%	-1.75%
IIP (WPI) % Y-O-Y	2.90%	5.00%	-2.10%	3.80%	-0.90%
AAA spread (bps)	55.00	40.00	37.50%	29.00	89.66%

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	31-Mar-25	Change (%)	31-Mar-24	Change (%)
91 days T - Bill	5.90%	6.45%	-0.55%	7.00%	-1.10%
364 days T - Bill	5.91%	6.54%	-0.63%	7.07%	-1.16%
5 Years G - Sec (Annualized)	6.12%	6.63%	-0.51%	7.05%	-0.94%
10 Years G - Sec (Annualized)	6.45%	6.78%	-0.33%	7.08%	-0.63%
30 Years G - Sec (Annualized)	6.78%	7.12%	-0.34%	7.12%	-0.34%

* 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

April 2025 – For New beginnings!

Benchmark 10-year treasury yields fell to 6.35% in April 2025 from 6.58% in March 2025. The US 10-year yield was at 4.16% at the end of April (-4 bps Month on Month). INR was a solid performer in April 2025, ending at a much stronger 84.49 versus 85.46 in the end of March 2025 (stronger by 1.1%)

India Macro Movers:

Retail inflation came in at 3.34% in March 2025, falling almost 300 bps from October's 6.21%. Core CPI has been steadily remaining under 4%, but it has slowly moved to 4.2%. Core inflation continues to move 0.3% month on month, if we leave aside gold prices.

India IIP came in lower at 2.7% year on year in February 2025 compared to last month's 5.2%. GST collections have been steadily picking up with the 3-month moving average of collections up from 1.76 trillion in September 2024 to 2.06 trillion as of April 2025. PMIs are doing better with Manufacturing PMI up from 57.7 to 58.2 in 4 months while services PMI rising from 56.5 to 58.7

Global:

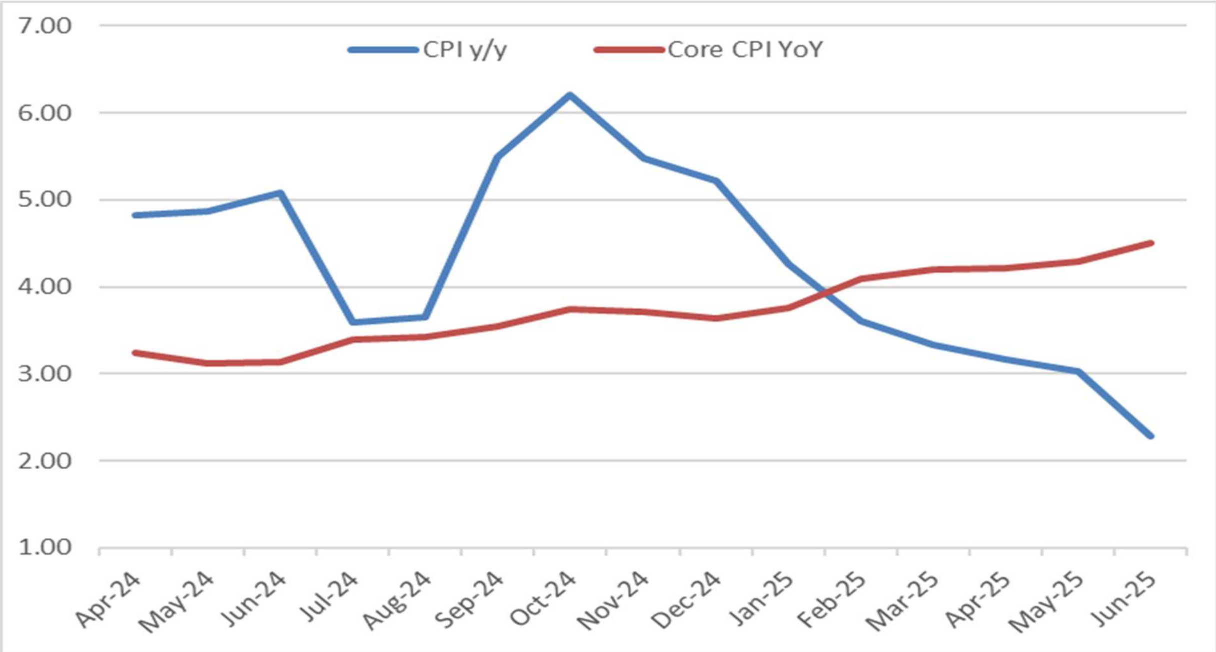
Economic data in the US started weakening in the month of February 2025, March 2025 and April 2025 with the Citi US economic surprise index falling from above 12.0 to -8 in February 2025 end. This shows that data has been below par suggesting a slightly moderating economy. The Bloomberg index for tracking potential rate cuts in the US in 2025 has gone from 1 to more than 3 in the month of April 2025, owing to the weak data and potential impact of tariffs. 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. 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

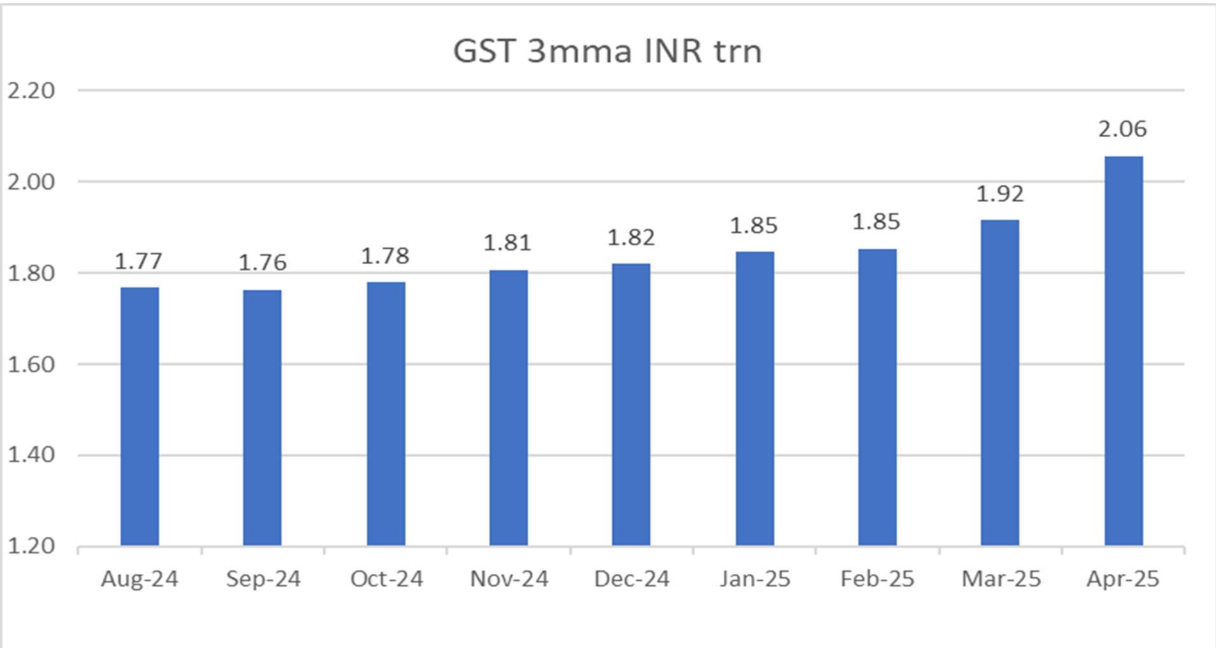
The MPC cut Repo rate by 25 bps in the February 2025 and April 2025 meetings with a unanimous call for cuts and then in the April 2025 policy meeting, the members of MPC even made a 6-0 call for the stance to shift from with neutral to accommodative. The RBI has announced more than 2.45 lac crs of OMO buybacks in April 2025 and May 2025 so far and this is on top of the 2.5 lac crs. done in March 2025. All this has led to a solid rally in Indian Govt. bonds.

The benchmark 10-year has been steadily falling over the last couple of months and this could remain the theme in May 2025 with favourable liquidity and inflation numbers. The war-like scenario of early May 2025 did cause a shock to USD-INR and IGB yields, but with a ceasefire announced we are seeing some stability. If the geopolitical scenarios doesn't blow over and calmness persists, yields could remain steady with a downward bias.

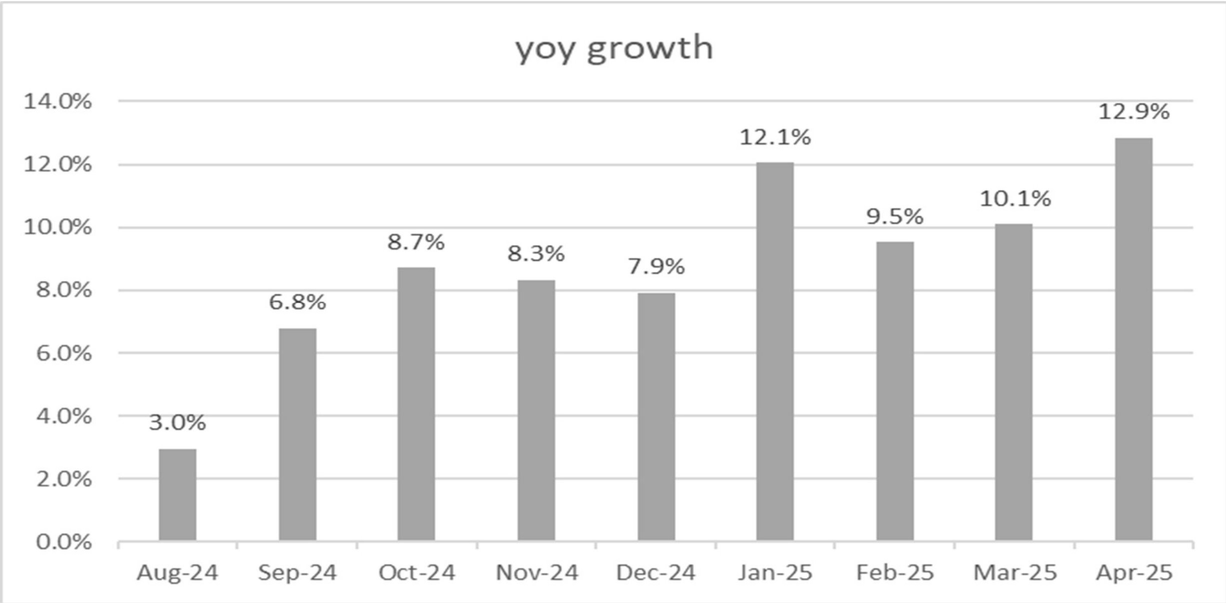
India headline rose easing back down due to lower food prices, Core CPI is stable



GST collections continue to recover from the lows and are rising thick and fast



GST collections growth also seems to have picked up of late



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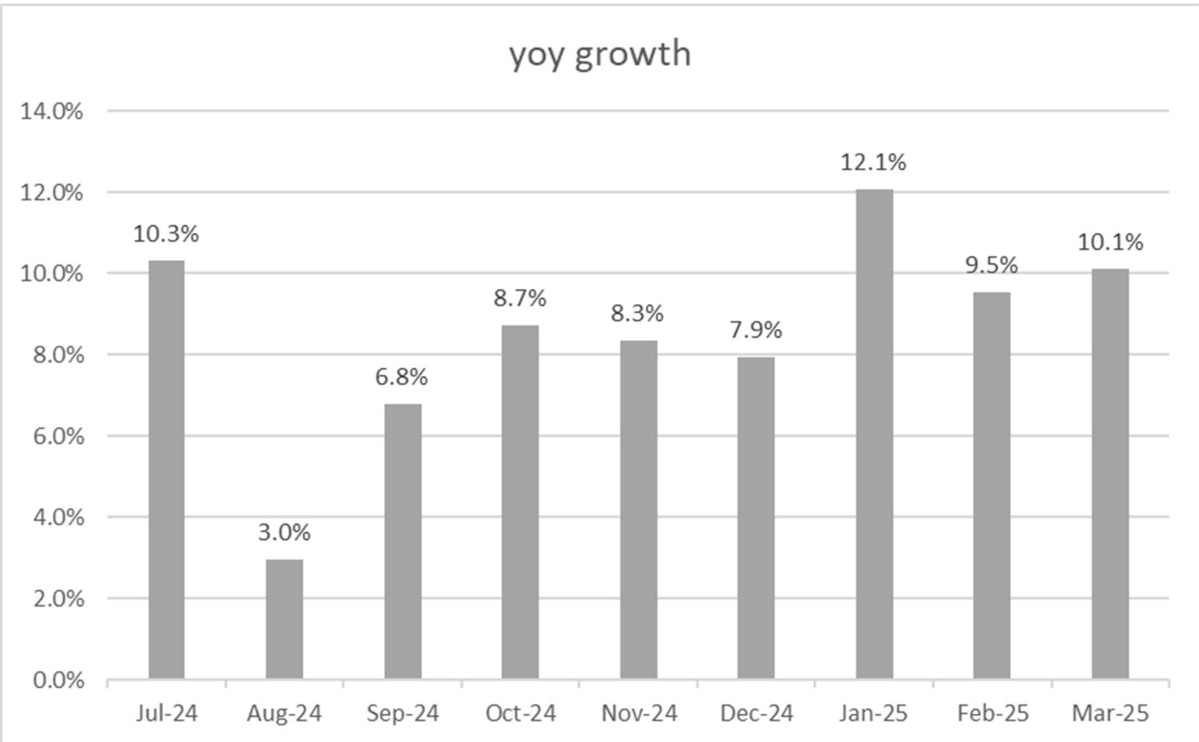


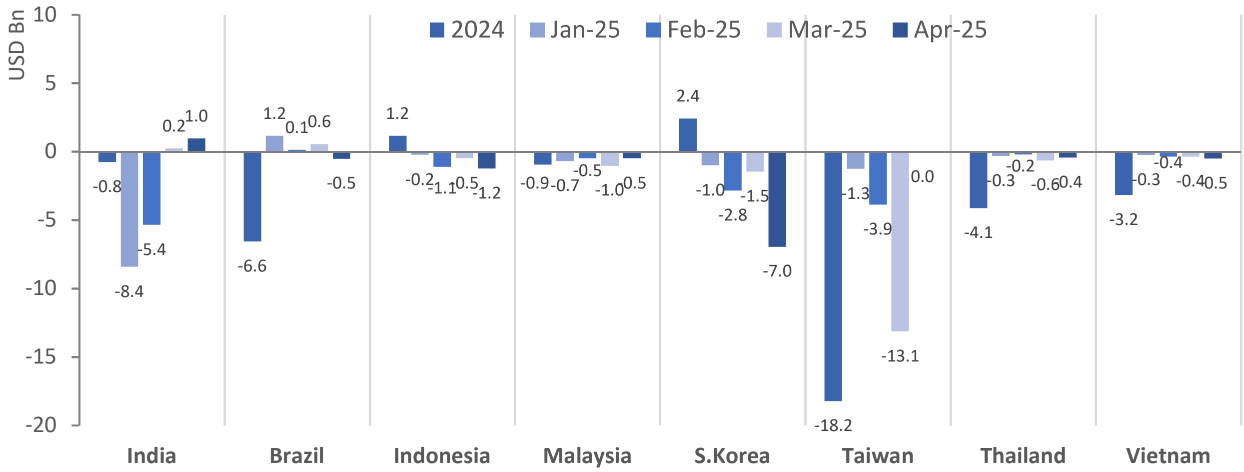
Equity Outlook

Equity Market Outlook for the Month of May, 2025

Nifty and Sensex ended at 24,334 and 80,242 respectively, up 3.5% and 3.65% for the month of March 2025, amid extremely volatile global markets that whipsawed throughout the month in reaction to fluctuating US tariff policies. FPI flows into Indian equities notably were positive this month at 395 million USD, with continuous daily inflows since the middle of April 2025. DII inflows continued this month, buying 3 billion USD of equities in April 2025.

Broad markets in India also rose in April 2025, with the NSE Small-cap 100 index up by 2.2% and NSE Mid-cap 100 index up 4.7%. Our markets outperformed US equity indices, with the S&P 500 falling by 0.9% in April. In India, Consumer Durables and Oil & Gas outperformed other sectors, with returns of 5.7% and 5.4% respectively, while IT and Metals underperformed with returns of -3.0% and -5.8%.

Fig 1. Global flows are coming back to India after the large quantum of outflows up to March

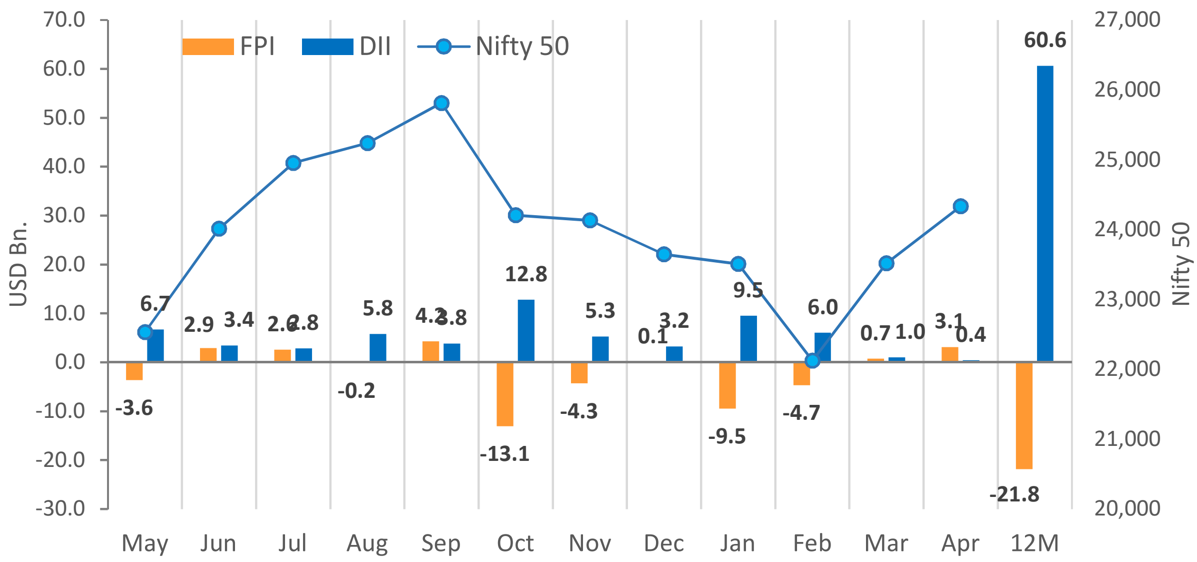


The month of April 2025 saw a reversal of recent trends. A weak US Dollar increases US inflation and reduces the possibility of rate cuts. Investments in the US by foreign entities is to the tune of 25 trillion, which made sense on the back of a strong US Dollar. These investments lose value with Dollar weakness, and thus, money may flow out of the country. American exceptionalism is now being questioned.

India's CPI inflation continued its downward trajectory to with a print of 3.3% in March 2025, down from 3.6% in February 2025. WPI inflation for March 2025 dropped to 2.0% against 2.4% for February 2025. Food inflation further cooled, measuring at 2.69% in March 2025 from 3.75% in February 2025. With IMD predicting an above-normal monsoon this year, food inflation should remain benign in the near future. GST collection of INR 2.37 lakh crore, an increase of 12% YoY hit a record high for the month of April, 2025. In the meantime, RBI further cut rates by 25 bps and has shifted its stance to accommodative, along with announcing further OMO purchases in May to inject liquidity in the banking system.

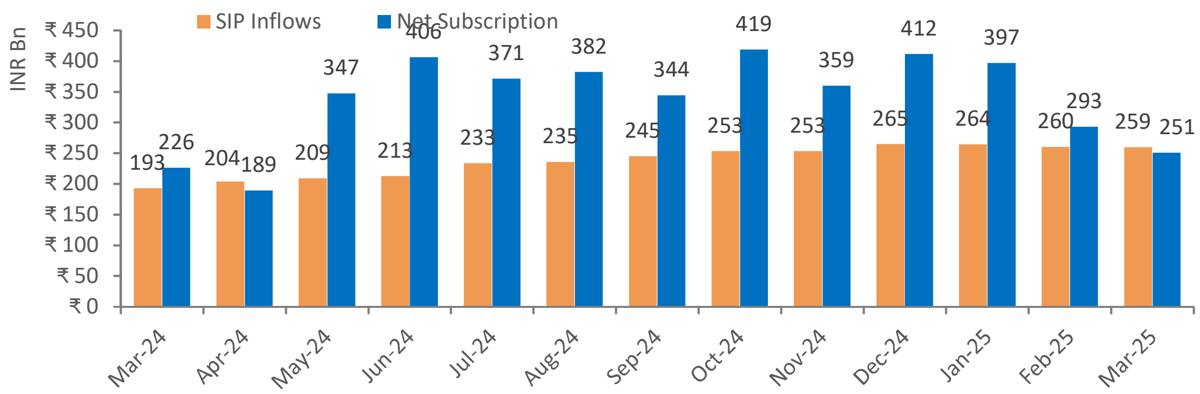
All eyes are on the Fed FOMC meeting in May, which will follow two straight meetings for which rates have been held steady in the wake of stagflation risks and uncertainties stemming from tariff hikes by the US. Following Fed Chair Jerome Powell's comments that tariff uncertainties have led the Fed to continue their wait and watch mode, the markets were treated to another bout of volatility as Donald Trump first responded negatively, threatening to fire Powell, and subsequently softening his stance. Meanwhile, the Dollar Index has fallen below 100, closing the month at 99.47 and the Indian Rupee, as of 5th May has risen to 84.24 (from a low of 87.58), which were levels seen around the US election in November last year.

Fig 2. DII and FII flows from May '24 to Apr '25



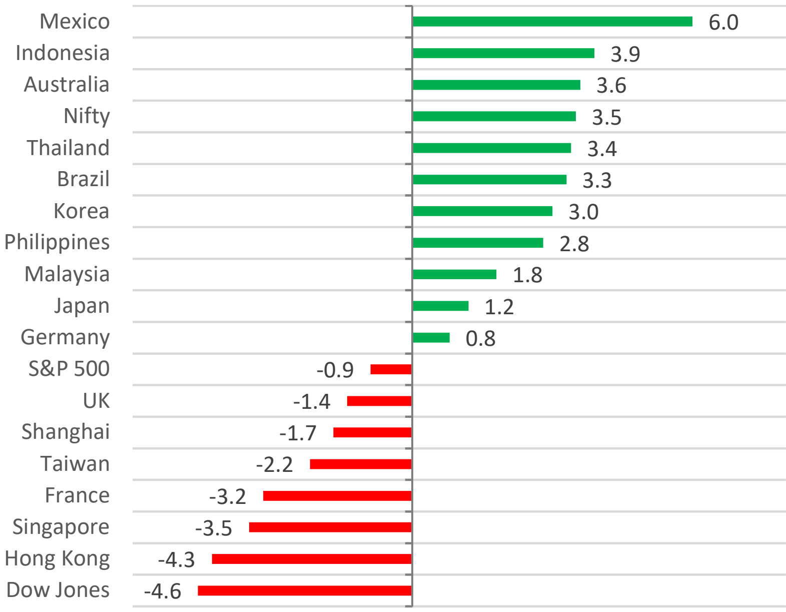
Mutual fund inflows into equity-oriented funds fell to a 11-month low but yet remained at robust levels in March, while SIP inflows at INR 259 Bn were at a 4-month low.

Fig 3. Total Net subscription to domestic equity-oriented mutual funds and monthly SIP flows



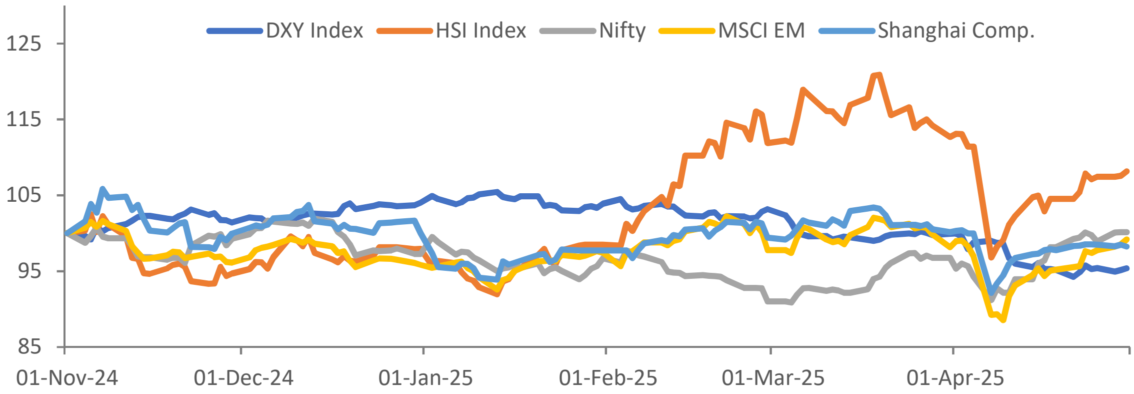
Global markets saw unprecedented volatility on the back of US Liberation Day tariffs that came into force on 2nd April and were postponed soon after for a period of 90 days for all countries except China (a baseline 10% tariff remains on all goods imported by the US). As a result, the US and China have slapped tit-for-tat tariffs on each other ending with a 145% tariff by the US on Chinese products (excluding certain categories like cell phones and computers) and a 125% tariff by China on US products. Amid this, global equity indices whipsawed sharply in response to tariff policy.

Fig 4. Equity Index performance across countries for April 2025



US Tariffs of 10% is a reality now, and in the near future, we will know where the country specific tariffs will settle at. One more thing that is gaining certainty is US inflation, which is likely to move up. The S&P 500 & the US 2/5 year yields are at same level as they were on April 2, 2025 or better, which means things are normal. However, it is difficult to read this when seen together with Gold and Dollar index which has indicated forthcoming risks.

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



While geopolitical uncertainty remains on the Israel-Hamas as well as Russia-Ukraine fronts, it has now hit home in the aftermath of the Pahalgam terrorist attacks on 22nd April 2025. Tensions have risen between India and Pakistan and diplomatic relations have been downgraded amid heightened military activity on the border. Indian markets have seen jitters on the back of a promise of retribution from the Indian Government, but have largely been stable amid these events.

As mentioned above, the dollar losing value may be a solution to what the US ultimately wants, with the unwanted flipside of losing financial investments into the country. If this is to occur, other markets including EMs are likely to be the beneficiaries of inflows resulting from global reallocation. On tariffs, the effective rates slapped on India, which are likely to be much lower than that of China, too throw a lot of opportunities on manufacturing and exporting side. Softening inflation and slowing growth will help rate cuts.

On the other side Chinese manufacturers will look for buyers across, and dumping risks will increase. Escalation of tensions between India and Pakistan is something which the markets will consider too.

First set of corporate results indicate no surprise, with numbers coming in line with the expectations. With markets having priced all the risks, the ball is tilting towards equities with expected bigger flows. If this were to slow for some reason, we may see a fall. Rate cuts are also a possibility, but the Bond markets look to have discounted majority of the news.

We would like to look at Balance Fund which can give upside of rates moving down and benefits of large cap stocks. For those who have a higher horizon beyond 3 years may have a look at Equity fund to invest. 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

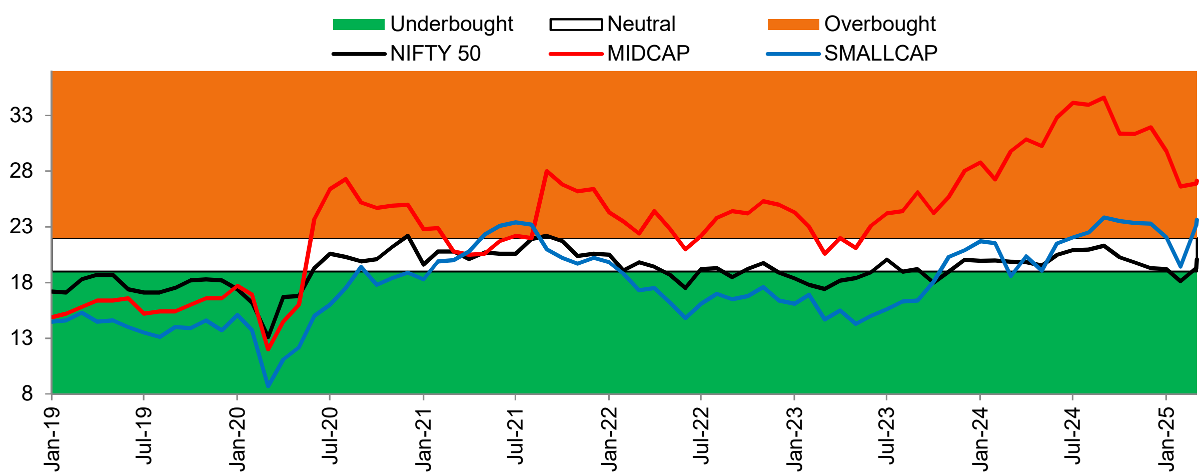


Fig 7. Major events and Nifty50 movements during April 2025

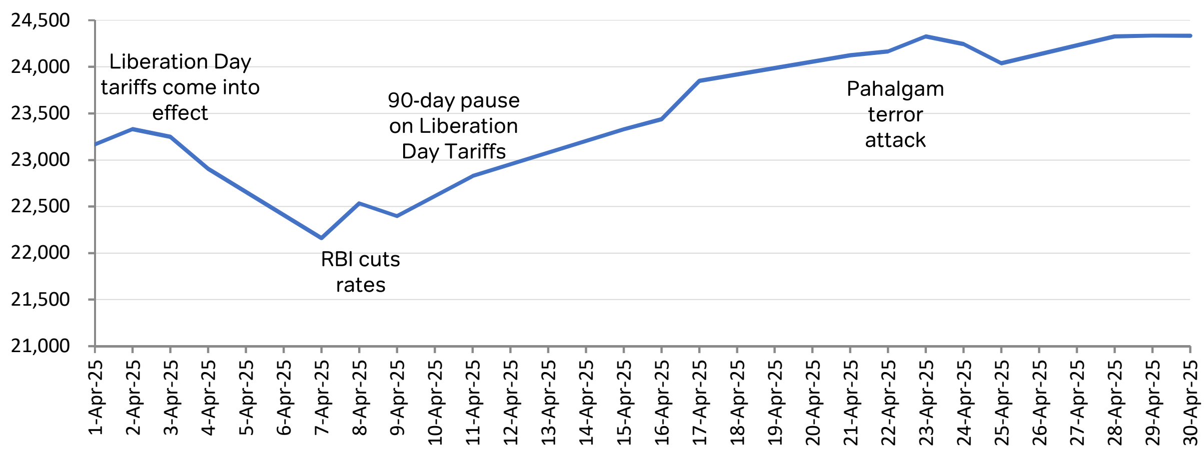


Fig 8. Fund Returns – AUM Mix and Performance (CAGR)

	Equity % in Fund	1M	1Y	3Y	5Y
Midcap Fund	95%	1.92 %	6.01 %	20.15 %	27.55 %
Benchmark		*4.75 %*	*6.40 %*	*21.90 %*	*32.01 %*
Bond Fund	0%	1.68 %	10.60 %	7.42 %	6.25 %
Benchmark		*1.65 %*	*10.72 %*	*7.85 %*	*6.78 %*
Equity Fund	99%	2.45 %	6.65 %	13.69 %	19.60 %
Benchmark		*3.46 %*	*7.65 %*	*12.47 %*	*19.80 %*
Balance Fund	51%	2.24 %	8.55 %	10.15 %	12.75 %
Benchmark		*2.60 %*	*9.46 %*	*10.36 %*	*13.42 %*

Fig 9. Major Index and Asset Class Returns

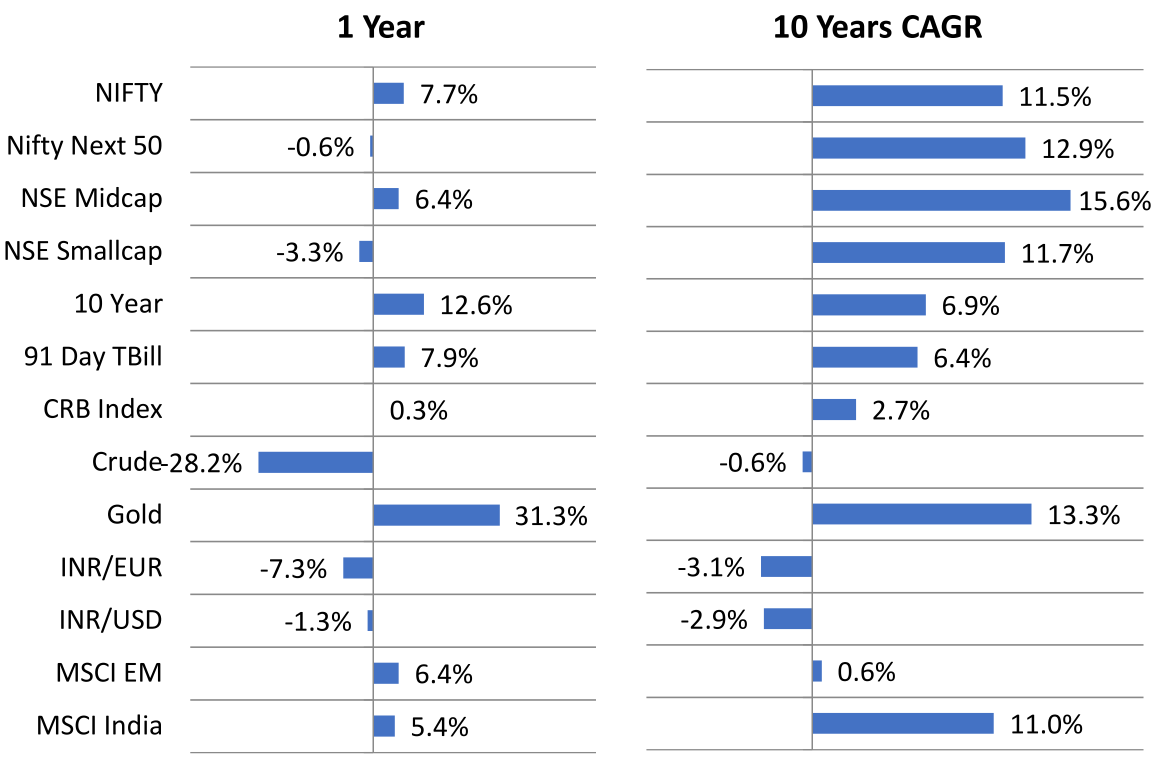


Fig 10. Sensex yearly Performance in April (percent)

			1980			
			1997			
			1990			
			1998			
			2023			
			2025			
			2005			
		1999	2011			
		1995	1984			
		2020	2019			
		2003	2013		2000	1985
		2012	2014	2015	2021	1989
		2016	2007	1982	1981	1994
		1983	2017	2024	2010	2004
1993	2001	2002	2022	1996	1991	2006
2009	1987	1988	2018	2008	1986	1992
2009	1988	1997	2008	2000	1991	1992
-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 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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