

invest care

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



December, 2025



UNIT LINKED PRODUCTS FROM SBI LIFE INSURANCE CO. LTD.

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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

Particulars	31-Dec-25	30-Nov-26	Change (%)	31-Mar-25	Change (%)
₹/\$	89.92	89.46	▶ -0.51%	85.46	▶ -5.22%
Forex Res.(Bn- 1 Wk Lag)	\$ 696.61	\$ 688.10	▶ 1.24%	\$ 658.80	▶ 5.74%
Oil Price (\$/Barrel)	\$ 61.51	\$ 62.39	▶ -1.41%	\$ 73.63	▶ -16.46%
FII inflows (Net) - Crs (₹)					
Equity (monthly)	-22611	-3765	▶ 500.56%	-3973	▶ 469.12%
Debt (monthly)	-15399	4674	▶ -429.46%	37789	▶ -140.75%

Indices

Particulars	31-Dec-25	30-Nov-26	Change (%)	31-Mar-25	Change (%)
BSE Sensex	85,220.60	85,706.67	▶ -0.57%	77,414.92	▶ 10.08%
S&P CNX Nifty	26,129.60	26,202.95	▶ -0.28%	23,519.35	▶ 11.10%
Dow Jones Industrial Avg	48,063.29	47,716.42	▶ 0.73%	42,001.76	▶ 14.43%
FTSE 100	9,931.38	9,720.51	▶ 2.17%	8,582.81	▶ 15.71%
Hang Seng Index	25,630.54	25,858.89	▶ -0.88%	23,119.58	▶ 10.86%
Nikkei 225	50,339.48	50,253.91	▶ 0.17%	35,617.56	▶ 41.33%
B S E Metal Index	36,811.73	34,112.07	▶ 7.91%	30,824.72	▶ 19.42%
B S E Power Index	6,503.30	6,613.14	▶ -1.66%	6,588.41	▶ -1.29%
B S E Realty Index	6,806.93	7,014.79	▶ -2.96%	6,601.58	▶ 3.11%
B S E Auto Index	62,556.63	61,750.01	▶ 1.31%	47,704.03	▶ 31.13%
B S E FMCG Index	20,345.14	20,407.47	▶ -0.31%	19,447.48	▶ 4.62%
B S E Bankex	66,759.93	66,946.16	▶ -0.28%	59,542.38	▶ 12.12%
B S E Healthcare Index	43,801.94	44,883.80	▶ -2.41%	41,421.50	▶ 5.75%
B S E Capital Goods Index	67,112.00	69,208.59	▶ -3.03%	62,724.28	▶ 7.00%
B S E Information Technology Index	36,735.18	36,305.54	▶ 1.18%	36,122.71	▶ 1.70%
B S E Oil & Gas Index	28,221.65	28,207.28	▶ 0.05%	25,133.51	▶ 12.29%

Primary Key Rates

Particulars	31-Dec-25	30-Nov-26	Change (%)	31-Mar-25	Change (%)
Repo Rate*	5.25%	5.25%	▶ 0.00%	6.25%	▶ -1.00%
Reverse Repo Rate**	3.35%	3.35%	▶ 0.00%	3.35%	▶ 0.00%
CRR #	3.00%	3.00%	▶ 0.00%	4.00%	▶ -1.00%
SLR *#	18.00%	18.00%	▶ 0.00%	18.00%	▶ 0.00%
Call money rate	5.30%	5.76%	▶ -0.46%	5.80%	▶ -0.50%
Current Inflation Rate (WPI)	-0.32%	-1.21%	▶ 0.89%	2.38%	▶ -2.70%
Current Inflation Rate (CPI)	0.71%	0.25%	▶ 0.46%	3.61%	▶ -2.90%
IIP (WPI) % Y-O-Y	6.70%	4.00%	▶ 2.70%	5.00%	▶ 1.70%
AAA spread (bps)	50.00	59.00	▶ -15.25%	40.00	▶ 25.00%

Particulars	2021-22	2022-23	2023-24	2024-25	Q2 FY26
Real GDP % (New Growth No. by CSO)	-7.30%	7.20%	7.76%	6.50%	8.20%

Interest Rates (FIMMDA)

Particulars	31-Dec-25	30-Nov-26	Change (%)	31-Mar-25	Change (%)
91 days T - Bill	5.26%	5.36%	▶ -0.10%	6.45%	▶ -1.19%
364 days T - Bill	5.54%	5.53%	▶ 0.01%	6.54%	▶ -1.00%
5 Years G - Sec (Annualized)	6.51%	6.38%	▶ 0.13%	6.63%	▶ -0.12%
10 Years G - Sec (Annualized)	6.78%	6.66%	▶ 0.12%	6.78%	▶ 0.00%
30 Years G - Sec (Annualized)	7.41%	7.44%	▶ -0.03%	7.12%	▶ 0.29%

* 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

December 2025 – Will rates be eased?

Benchmark 10-year treasury yields was higher by 8 bps as it moved from 6.55% to 6.63%. US 10 year yield moved 18 bps higher in December 2025.

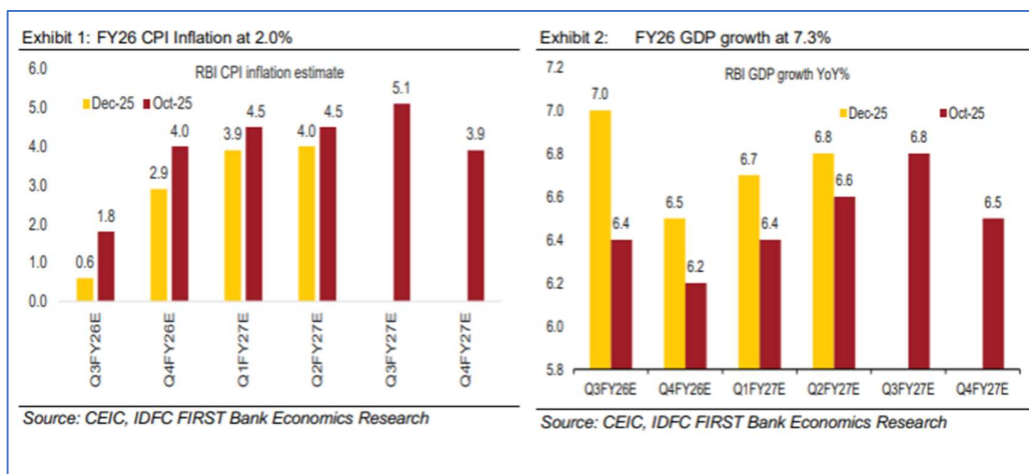
Global:

Economic data in the US has been declining at some point while also suddenly regaining some traction. That is the kind of year 2025 has been, with rate cuts by Fed helping a recovery and all the tariff related uncertainty applying some brakes and instigating domestic US inflation. We must wait and see if the 2 rate cuts predicted by traders in 2026 will transpire. We believe there is not much room for easing left in the US too as inflation will continue to pick up and high frequency US data shows some robust economic activity. The higher fiscal deficits and debt-GDP levels in DM economies has been pushing 10Y and 30 Y yields higher, with no respite, as the table below shows the rise in yields on the 30 Y over the last 6 months

bps	6m change
Japan	50
Germany	36
France	38
Australia	45
US	13

Indias apex bank eases rates

RBI has done 125 bps of rate cuts with 25 bps done in December. This could very well be the last cut in this cycle, unless growth falters in 2026. The RBI stance has been maintained as neutral, but what we need to keep tracking is the inflation-growth dynamics as they both followed different trajectories. Look at the chart below that shows the latest projections, with downgrades of inflation and upgrades of growth.



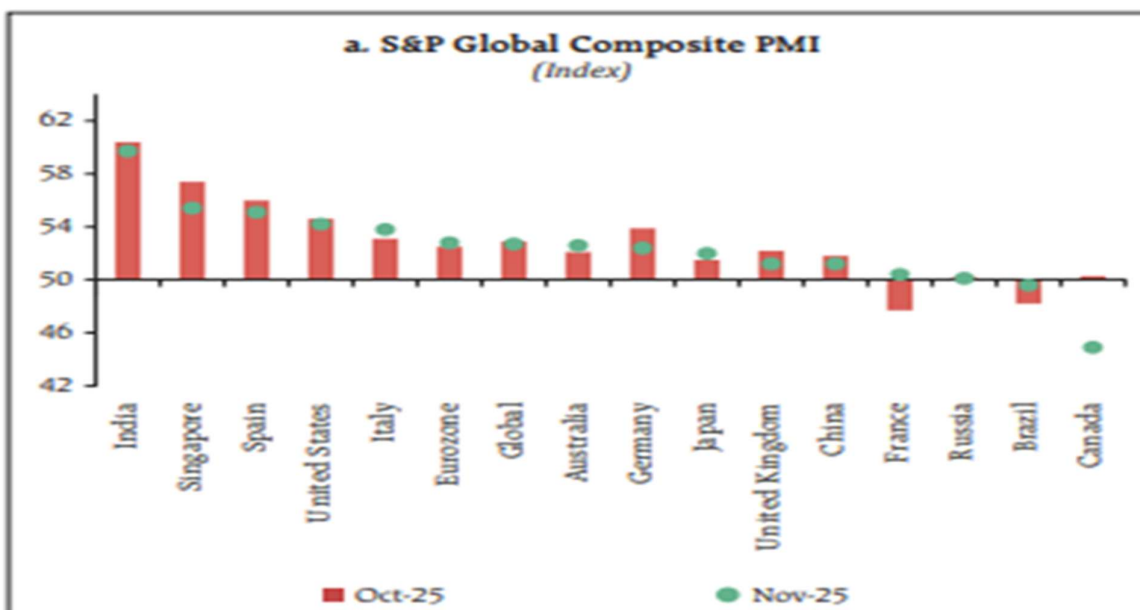
A year of divergent paths?

The high frequency data released by RBI as of November doesn't show any sign of moderation and some of the globally renowned and tracked soft indicators like PMI show well India is placed on a global comparison. This only makes us believe that data in early 2026 at least will not warrant any more monetary easing. Look at charts below to understand these points

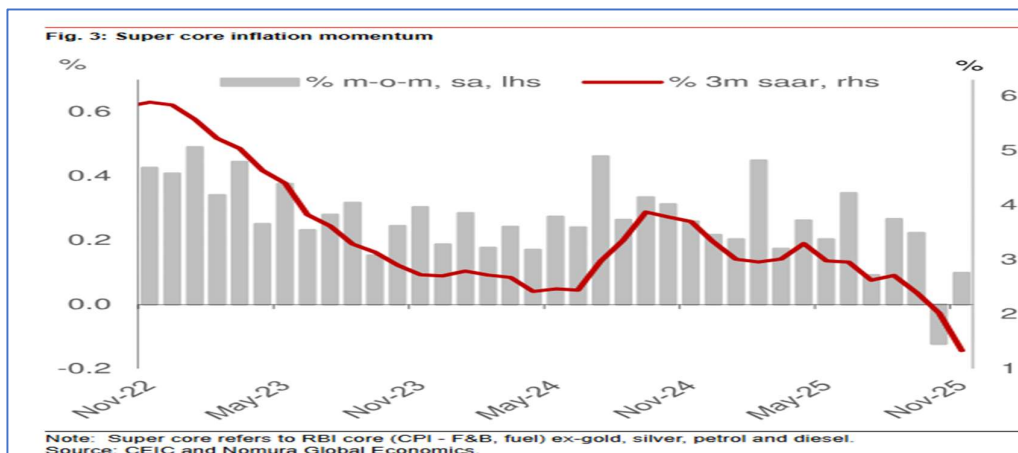
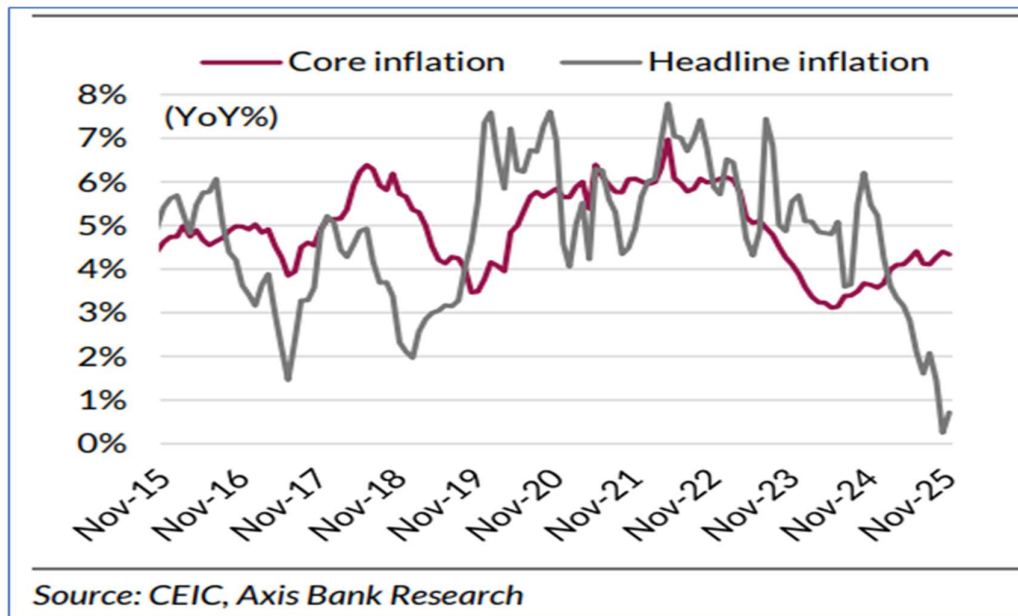
Table III.1: High Frequency Indicators of Overall Economic Activity

Indicator	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25
GST E-way bills	16.3	17.6	23.1	14.7	20.2	23.4	18.9	19.3	25.8	22.4	21.0	8.2	27.6
GST revenue	0.6	7.3	12.3	9.1	9.9	12.6	16.4	6.2	7.5	6.5	9.1	4.6	0.7
Toll collection	11.9	9.8	14.8	18.7	11.9	16.6	16.4	15.5	14.8	12.7	4.5	4.6	2.9
Electricity demand	3.7	5.1	1.3	2.4	5.7	2.8	-4.8	-2.3	2.6	3.8	3.5	-5.8	-0.6
Petroleum consumption	10.6	2.0	3.0	-5.2	-3.1	0.2	1.1	0.5	-4.4	4.8	7.6	-0.4	3.0
Of which													
Petrol	9.6	11.1	6.7	5.0	5.7	5.0	9.2	6.8	5.9	5.5	8.0	7.4	2.6
Diesel	8.5	5.9	4.2	-1.3	0.9	4.2	2.1	1.5	2.4	1.2	6.6	-0.3	4.7
Aviation turbine fuel	8.5	8.7	9.4	4.2	5.7	3.9	4.4	3.3	-2.3	-2.9	-0.8	2.1	5.4
Digital payments - Volume	30.1	33.1	33.0	26.7	30.8	30.0	29.2	28.3	30.9	31.1	28.1	21.5	27.2
Digital payments - Value	9.5	19.6	18.6	9.5	17.3	18.4	12.6	17.4	16.6	5.3	13.4	8.8	14.9

<<Contraction ----- Expansion>>

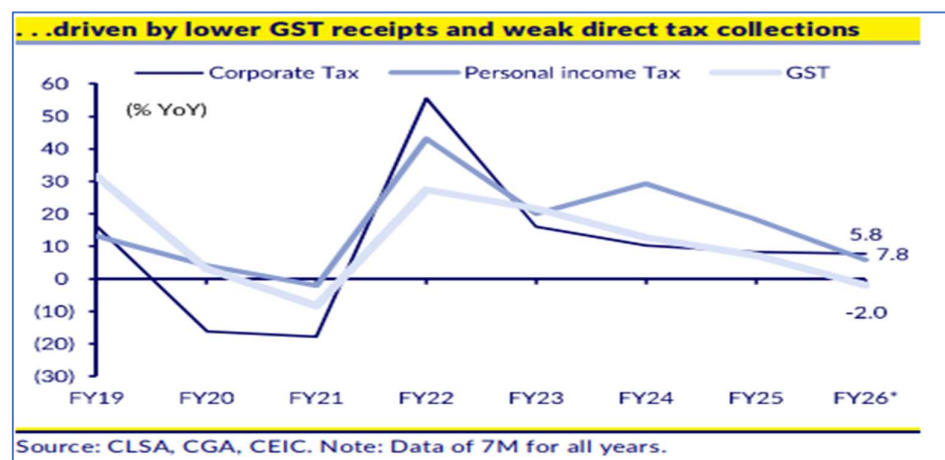
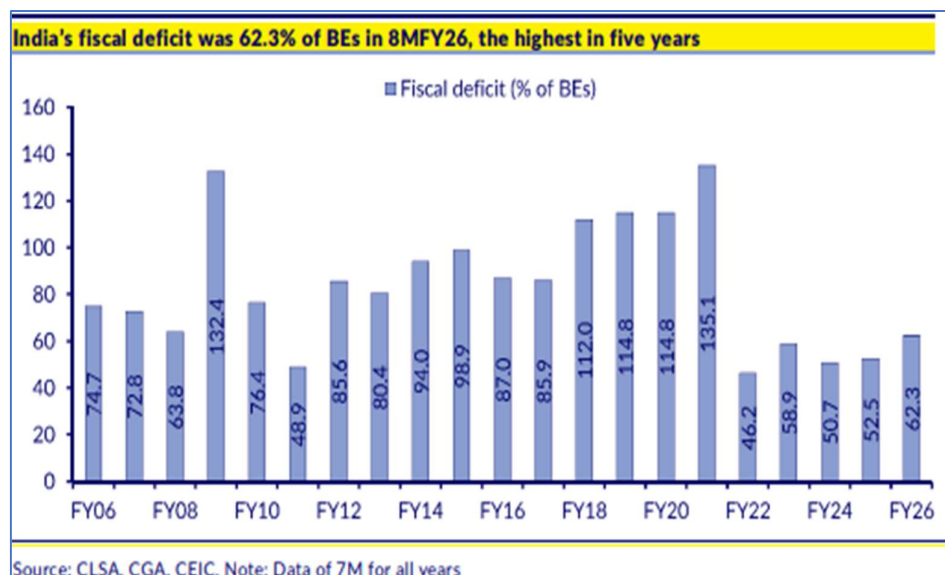


The market will remain volatile for the simple reason that inflation outlooks seem very benign despite all the strong growth. A depiction of the soft inflation both from broad-based and internal elements are shown below.

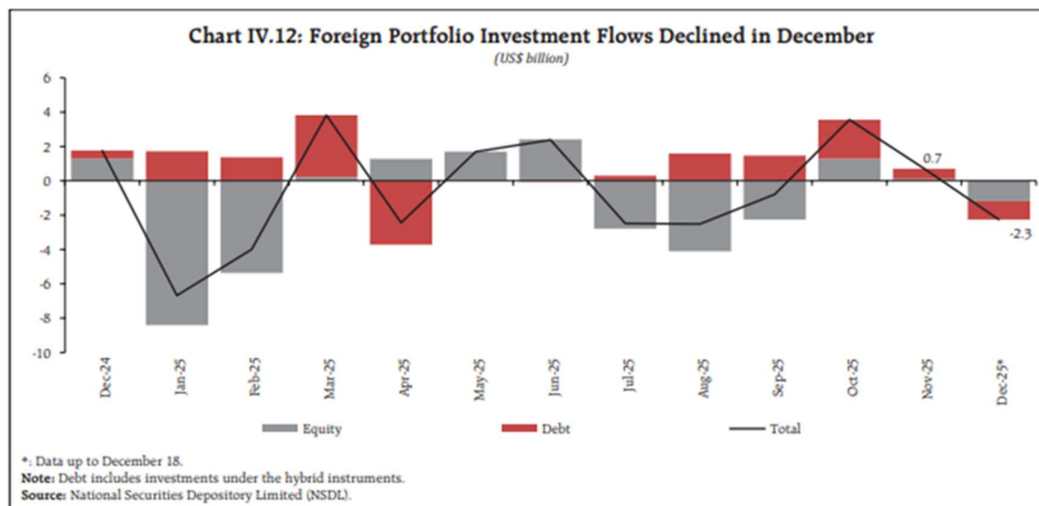


Our View on rates

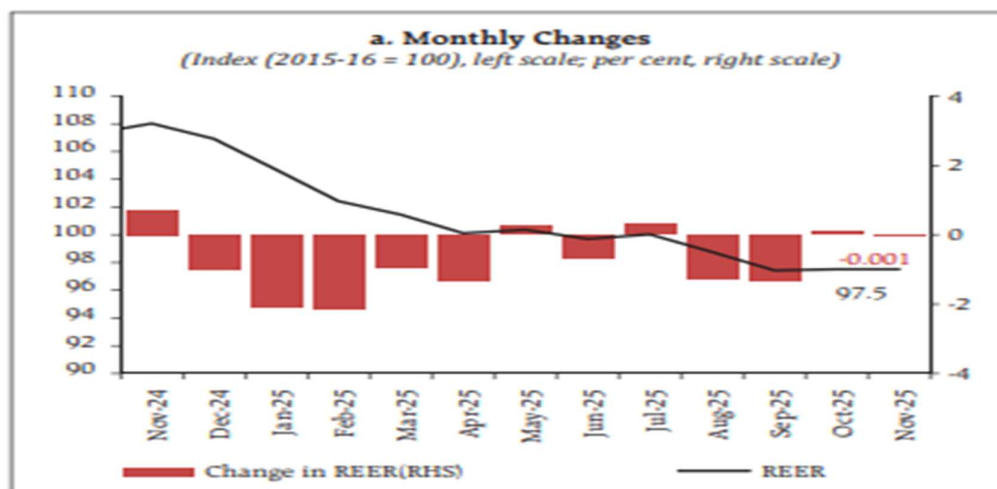
We think 10Year has hit a low of 6.11 in this cycle and yields will remain in 6.45%-6.70% range over the next few months based on growth and macro data. The budget for FY 2026 could very well see a big decline in revenues against budget estimates owing to shortfalls in tax revenues, many expecting the shortfall to be as large as 1 lac crs. The chart below shows that at the 8 months we have the widest fiscal deficit in 5 years.



Yield curve has already steepened and further chances of steepening amidst low demand for long end G-sec and poor fiscal progress. The pressure on INR has been immense with USDINR being the worst currency pairs in Asia in 2025, weakening by 4.7%, 2025 being a year of Dollar weakness and EM FX doing well. The portfolio outflows have been heavy leading to pressure on IGB yields as well.



Our strategy given the above will be to add spread assets that offer better yield and carry in Non ULIP funds, while maintaining duration. We intend to keep cash levels at around 3-5%. In ULIP we aim to keep modified duration at around 5.5 in larger funds in debt against a benchmark duration of 5.2 expecting interest rates to slowly rise in FY 2027. INR could seem positive reversal looking at the way INR has been remaining so undervalued on a REER basis



Equity Outlook

Equity Market Outlook for the Month of January 2026

Nifty and Sensex ended at 26,203 and 85,707 respectively, up 1.9% and 2.1% respectively for the month of November 2025. Nifty and Sensex ended at 26,130 and 85,221 respectively, down 28 bps and 57 bps respectively for the month of December 2025. Interest rate cuts by the RBI in India and Federal Reserve in the US drove equity markets here, along with the notable lack of a US-India trade deal. FPIs continued to sell Indian equities in December, selling USD 2.6 Bn during the month. In a year of relentless FPI selling and underperformance of Indian equities in comparison with global EM Equities, the Indian Rupee continued its downward slide, crossing the 90 Re/USD mark early in December 2026.

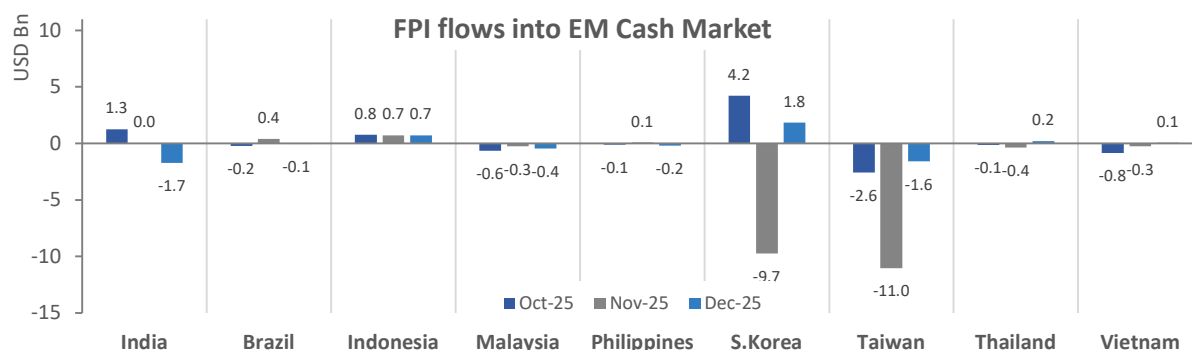
Broader markets in India posted losses this month, with the NSE Mid-cap 100 index down 0.9% and NSE Small-cap 100 index down 0.6%. Indian equities underperformed US equities as well as global EM equities, with the US S&P 500 up 0.7%, South Korea up 7%, Taiwan up 5% and Malaysia up 5% in December. In India, Metals was the best performing sector, gaining 7.9% in December, reflecting a global rally in base and precious metal prices. The Capital Goods sector fell by 1.7% and was the worst performer.

Fig 1. Metals outperformed and Cap Goods underperformed in December

	1M		3M		6M		9M		12M	
	Returns	Rank	Returns	Rank	Returns	Rank	Returns	Rank	Returns	Rank
Midcap	-0.9%	-	7.0%	-	1.2%	-	17.1%	-	5.7%	-
Smallcap	-0.6%	-	0.9%	-	-7.1%	-	10.1%	-	-5.6%	-
Auto	1.3%	3	5.6%	6	16.9%	1	31.1%	1	21.1%	2
Banking	-0.3%	6	8.5%	3	4.0%	3	12.1%	6	15.6%	4
Cap. Goods	-3.0%	12	-1.7%	11	-7.2%	11	7.0%	7	-1.0%	7
FMCG	-0.3%	7	1.2%	9	0.5%	7	4.6%	9	-2.1%	8
Healthcare	-2.4%	10	1.7%	8	-1.0%	8	5.7%	8	-3.3%	9
IT	1.2%	4	10.7%	2	-3.6%	9	1.7%	11	-14.9%	11
Metal	7.9%	1	10.7%	1	16.1%	2	19.4%	2	27.4%	1
Oil & Gas	1.8%	2	6.7%	4	3.0%	4	14.2%	3	10.1%	5
Power	-1.7%	9	-3.2%	12	-6.3%	10	-1.3%	12	-6.6%	10
Realty	-3.0%	11	1.0%	10	-10.7%	12	3.4%	10	-17.1%	12
Financials	-0.6%	8	6.5%	5	2.0%	6	13.8%	4	15.7%	3
PSU	1.1%	5	4.1%	7	2.7%	5	13.3%	5	9.0%	6

FII sold USD 2.6 Billion of Indian equities during December, with secondary market selling of USD 3.5 Billion offset by USD 852 Mn of primary market buying (including the IPOs of ICICI Prudential AMC, Meesho, etc.). DII continued their run of inflows with USD 8.1 Billion of equity purchases in December. Net FII flows into India's equity markets (both primary and secondary) this fiscal year stand at -18.8 Bn USD.

Fig 2. EM flows diverge across geographies



Why are FPIs selling Indian equities? The probable reasons include stronger growth in other major economies, corporate earnings trends, and subsequent market behaviour. It may also be related to selling in U.S. Treasuries, alongside appreciation in gold and other commodity markets. Below is a depiction of how these markets have performed.

Fig 3. Nifty has underperformed Precious Metals and other EM Equities over last 3 Years
(Performance indexed to 100)

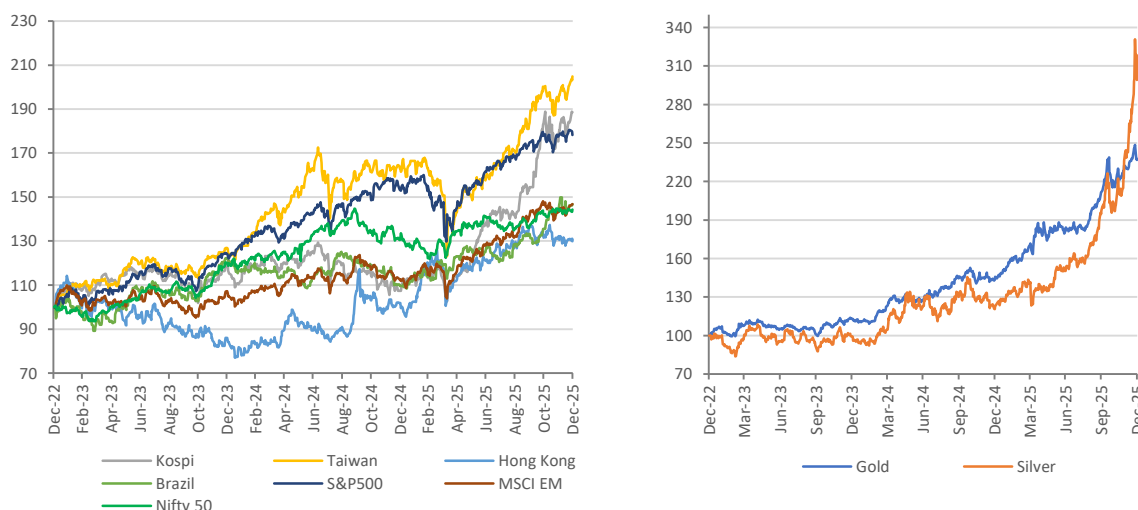


Fig 4. FII Net flows into Indian equities at their lowest in CY25

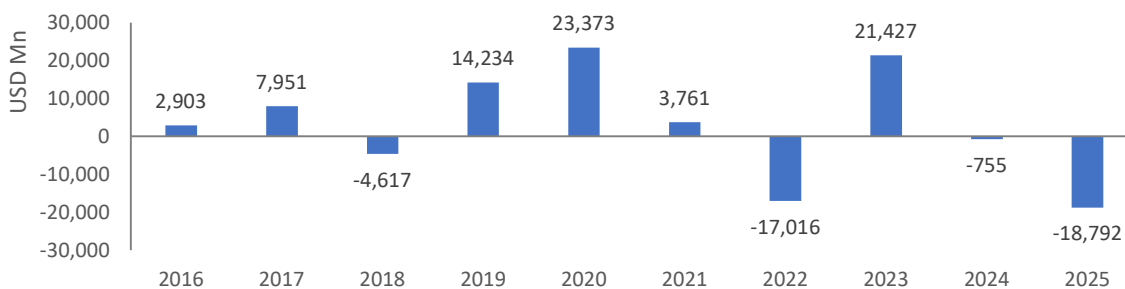
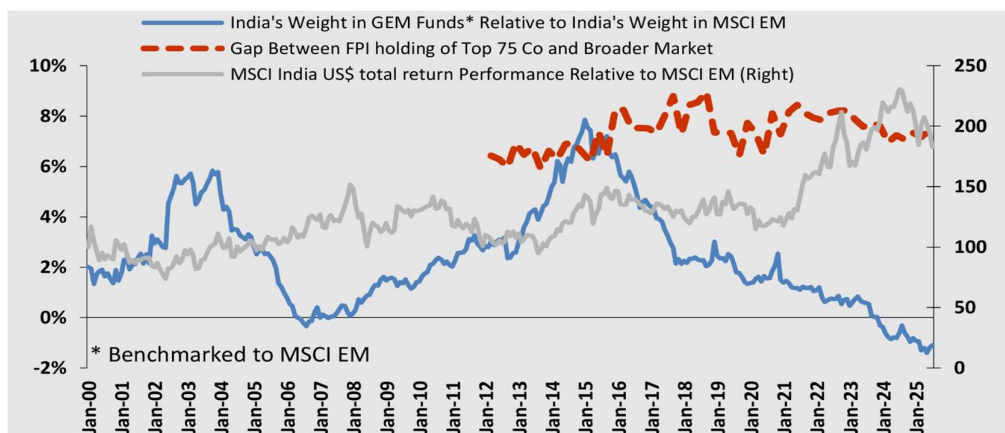


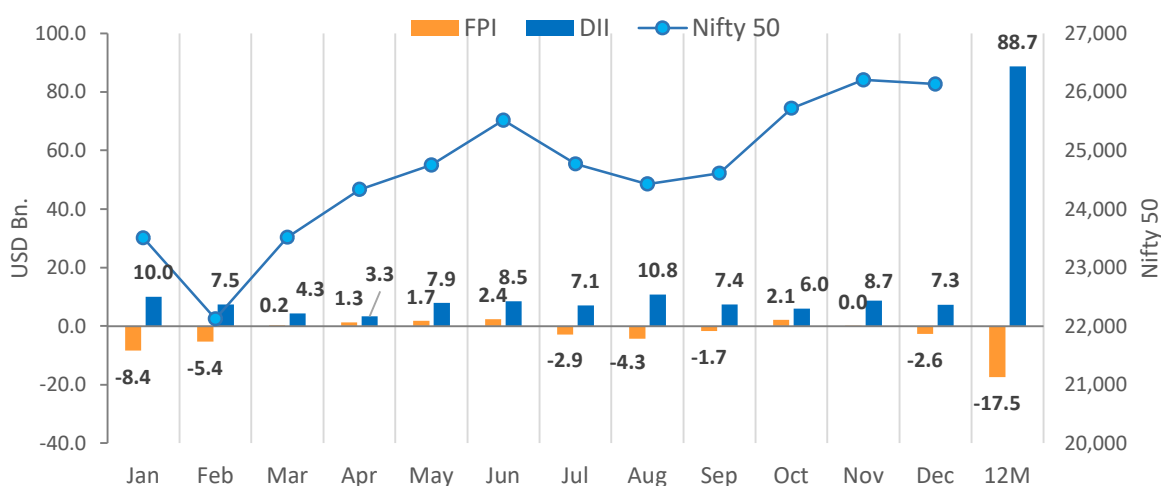
Fig 5. FIIs are more underweight on Indian Equities than ever before (Morgan Stanley)



India's CPI inflation increased to 0.71% in November 2025, from 0.25% in October 2025 while WPI inflation was -0.3 % for November 2025, compared to -1.2% in October 2025. Food inflation remained in the negative territory, falling to -3.91% in November. Gross GST collections for December 2025 rose 6% Year on Year, reflecting improved collections despite the GST cut in September 2025.

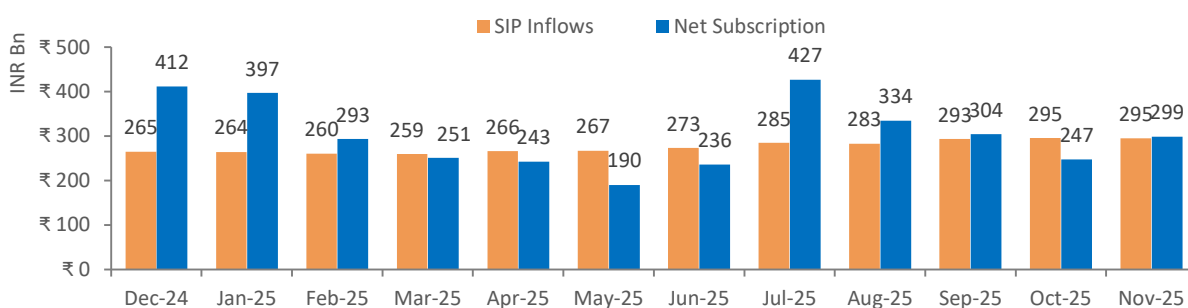
The RBI delivered a rate cut in their December meeting and followed up with several liquidity enhancing measures later in the month to address tight liquidity in the banking system. These measures include 4 tranches of OMO purchases amounting to INR 2 Tn as well as a Forex Swap auction to be held in January 2026. Meanwhile, Brent Crude ended December 2025 at USD 62/bbl, down 3% from November 2025. Metals stole the show with silver up 27.2%, gold up 1.6%, Copper up 12.1% and Aluminium up 3.7% in December. These December gains take the Current Year 2025 returns of silver to 148.6% and gold to 64%.

Fig 6. DII and FII flows from January 2025 to December 2025



Mutual fund inflows into equity-oriented funds in November rose from October 2025 levels, standing at INR 298 Billion, with YTD inflows at INR 3,218 Billion. SIP inflows in November remained steady at INR 294.55 Billion

Fig 7. Total Net subscription to domestic equity-oriented mutual funds and monthly SIP flows



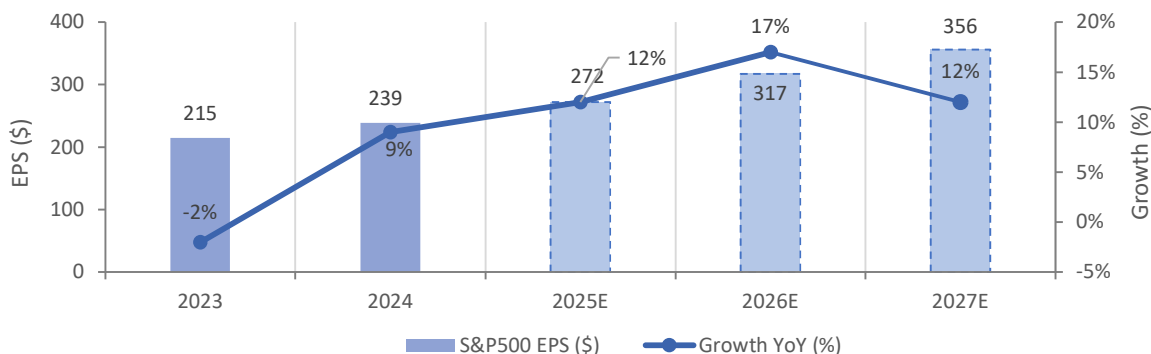
In the United States, the Federal Reserve cut interest rates by 25-bps rate cut at their December FOMC meeting after weeks of see-sawing expectations driven by commentary from Fed Board members. In the aftermath of the longest US Government shutdown, key economic datapoints were delayed, and market confidence in the newest numbers (including the latest CPI report) remains weak leading to subdued market reactions. As the current Fed Governor Powell's term comes to a close, Trump's pick for the next Governor is likely to be revealed in January and will give a sign of things to come – it is however clear that the US President expects the incoming Governor to cut rates aggressively and will screen candidates accordingly.

Global equities faced another turbulent month as debates around a potential AI bubble took hold of the market. Oracle shares were in focus as the stock dropped 17% over 3 days on missing earnings estimates and guiding for higher capital expenditure only to recover from its lows over the following week. US Treasury yields fell, with the 10-year note closing at 4.17%, and the dollar index falling 1.1% bps ending at 98.32.

In geopolitics, peace talks between Ukraine and Russia continue to be mediated by the US, and developments have been an additional source of volatility to Crude oil prices. Meanwhile the US has followed up its military buildup near Venezuela with action, seizing control of the country and capturing its President. With the US now calling the shots in Venezuela, the long-term impact on Crude prices remains to be seen, although the immediate impact on Brent Crude has been subdued.

Over the past 9 months, markets have been waiting for an India-US trade deal to materialize and remain hopeful that it will be finalized in the near future. Global growth in several developed markets shows strong momentum, and therefore, there should be no reason for corporate earnings to disappoint. As a result, FPI inflows may only trickle in.

Fig 8. S&P500 EPS estimated to grow 17% in Current Year 2026 (Morgan Stanley)



A large quantum of MF inflows from retail investors occurred during FY 2023 and FY 2024, when markets were at their peaks. This money may not have generated strong returns, which could lead to a recalibration of retail flows in the current year.

With one more rate cut, growth in the top line for the banking industry—which carries a ~30% weight—is likely to be deferred by another quarter. Consequently, the bottom line for the Nifty may not show growth, not only in the current quarter but also in the upcoming March quarter.

Given that banking industry earnings growth is expected to be pushed further out, and FPIs are unlikely to return soon due to strong growth projections in developed markets, we anticipate that sentiment recovery in Indian markets will be delayed by at least two more quarters. Much will depend on the upcoming Budget and the progress of the trade deal. The wait, therefore, may be extended. FY 2027 earnings is projected to grow 14% plus on a low base. Large cap-oriented equity funds allocation may do better on a risk adjusted basis.

Fig 9. Forward P/E levels across Large-Caps, Mid-Caps and Small-Caps

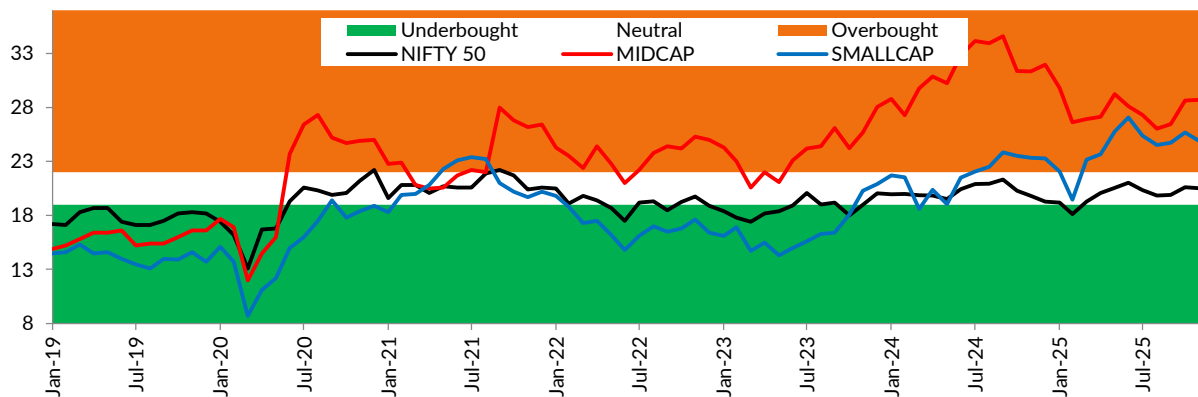


Fig 10. Major events and Nifty50 movements during December 2025

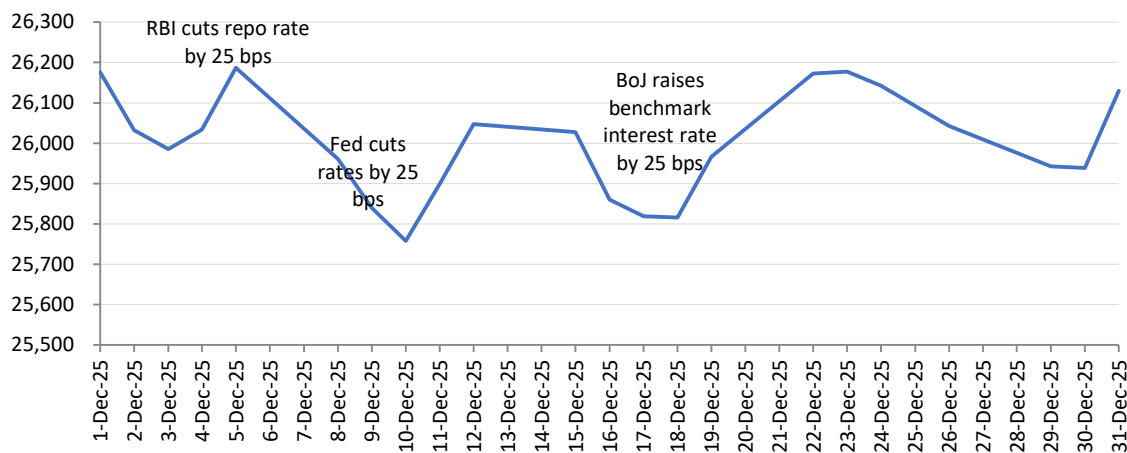


Fig 11. Fund Returns – AUM Mix and Performance (CAGR)

	Equity % in Fund	1M	1Y	3Y	5Y
Midcap Fund	95%	-0.49 %	3.88 %	22.80 %	21.74 %
Benchmark		-0.92 %	5.74 %	24.28 %	23.75 %
Bond Fund	0%	0.12 %	6.57 %	7.29 %	5.32 %
Benchmark		0.23 %	6.82 %	7.69 %	5.77 %
Equity Fund	99%	-0.36 %	4.78 %	13.81 %	13.35 %
Benchmark		-0.28 %	10.51 %	13.01 %	13.32 %
Balance Fund	51%	0.08 %	8.13 %	10.49 %	9.42 %
Benchmark		-0.02 %	8.84 %	10.50 %	9.74 %

Fig 12. Major Index and Asset Class Returns

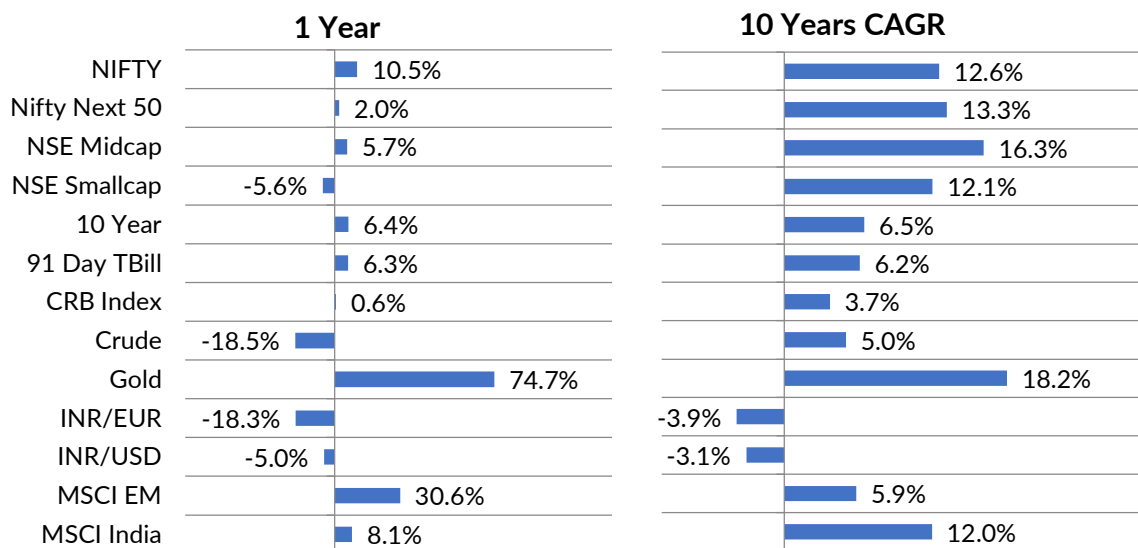
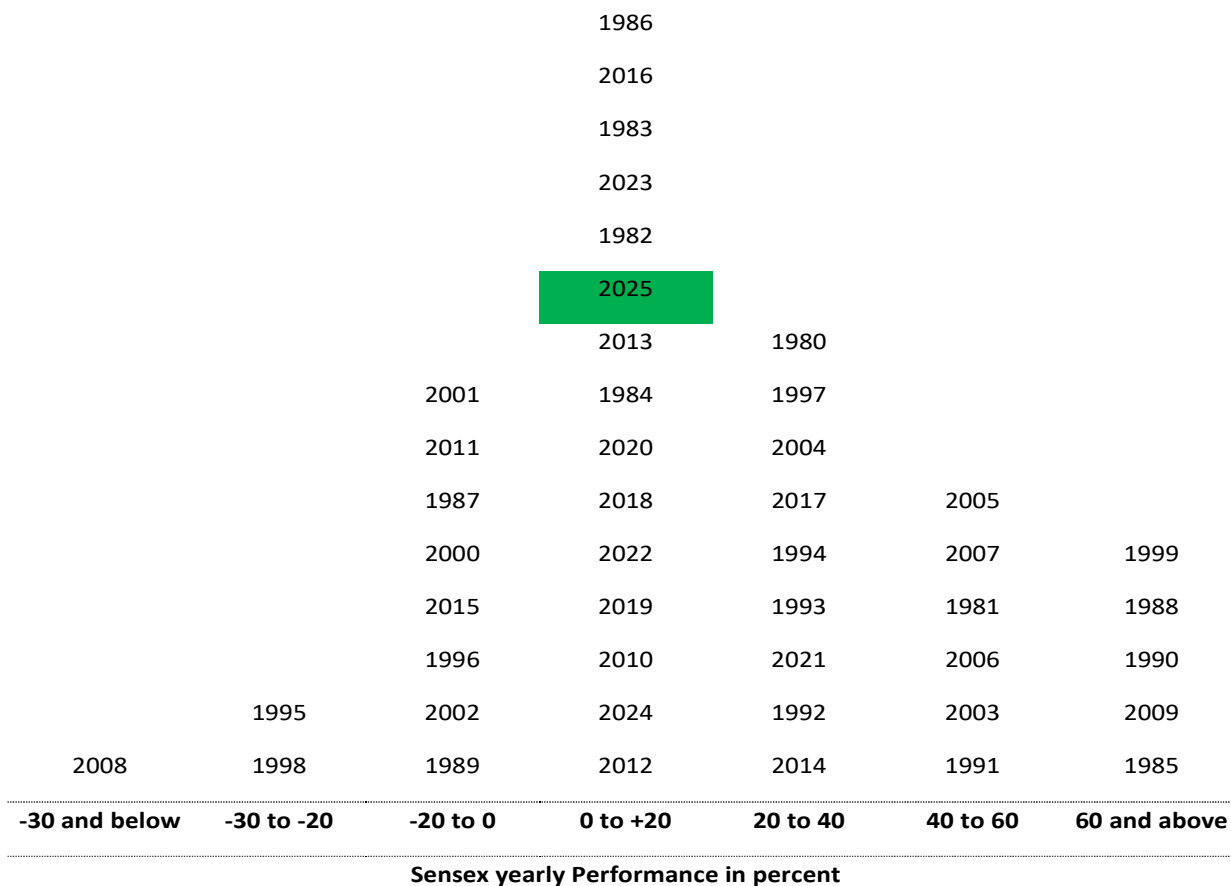


Fig 13. Sensex yearly Performance in December 2025 (percent)



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.



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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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