

Volume 18, Issue 10

invest care

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



January, 2026



UNIT LINKED PRODUCTS FROM SBI LIFE INSURANCE CO. LTD.

Content

	Page
<i>Investment Objectives And Vision</i>	3
<i>Major Economic Indicators</i>	4
<i>Debt Market Review And Outlook</i>	5
<i>Equity Outlook</i>	12
<i>Risk Management Practice For Unit Linked Portfolios</i>	18

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-Jan-26	31-Dec-25	Change (%)	31-Mar-25	Change (%)
₹/\$	91.51	89.92	▶ -1.77%	85.46	▶ -7.08%
Forex Res.(Bn- 1 Wk Lag)	\$ 709.41	\$ 696.61	▶ 1.84%	\$ 658.80	▶ 7.68%
Oil Price (\$/Barrel)	\$ 66.29	\$ 61.51	▶ 7.77%	\$ 73.63	▶ -9.97%
FII inflows (Net) - Crs (₹)					
Equity (monthly)	-35962	-22611	▶ 59.05%	-3973	▶ 805.16%
Debt (monthly)	6013	-15399	▶ -139.05%	37789	▶ -84.09%

Indices

Particulars	31-Jan-26	31-Dec-25	Change (%)	31-Mar-25	Change (%)
BSE Sensex	82,269.78	85,220.60	▶ -3.46%	77,414.92	▶ 6.27%
S&P CNX Nifty	25,320.65	26,129.60	▶ -3.10%	23,519.35	▶ 7.66%
Dow Jones Industrial Avg	48,892.47	48,063.29	▶ 1.73%	42,001.76	▶ 16.41%
FTSE 100	10,223.54	9,931.38	▶ 2.94%	8,582.81	▶ 19.12%
Hang Seng Index	27,387.11	25,630.54	▶ 6.85%	23,119.58	▶ 18.46%
Nikkei 225	53,322.85	50,339.48	▶ 5.93%	35,617.56	▶ 49.71%
B S E Metal Index	38,845.17	36,811.73	▶ 5.52%	30,824.72	▶ 26.02%
B S E Power Index	6,392.47	6,503.30	▶ -1.70%	6,588.41	▶ -2.97%
B S E Realty Index	6,102.80	6,806.93	▶ -10.34%	6,601.58	▶ -7.56%
B S E Auto Index	59,303.45	62,556.63	▶ -5.20%	47,704.03	▶ 24.32%
B S E FMCG Index	18,738.15	20,345.14	▶ -7.90%	19,447.48	▶ -3.65%
B S E Bankex	67,069.05	66,759.93	▶ 0.46%	59,542.38	▶ 12.64%
B S E Healthcare Index	41,347.72	43,801.94	▶ -5.60%	41,421.50	▶ -0.18%
B S E Capital Goods Index	66,666.73	67,112.00	▶ -0.66%	62,724.28	▶ 6.29%
B S E Information Technology Index	36,615.48	36,735.18	▶ -0.33%	36,122.71	▶ 1.36%
B S E Oil & Gas Index	28,114.18	28,708.83	▶ -2.07%	25,133.51	▶ 11.86%

Primary Key Rates

Particulars	31-Jan-26	31-Dec-25	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	4.85%	5.30%	▶ -0.45%	5.80%	▶ -0.95%
Current Inflation Rate (WPI)	0.83%	-0.32%	▶ 1.15%	2.38%	▶ -1.55%
Current Inflation Rate (CPI)	1.33%	0.71%	▶ 0.62%	3.61%	▶ -2.28%
IIP (WPI) % Y-O-Y	7.80%	6.70%	▶ 1.10%	5.00%	▶ 2.80%
AAA spread (bps)	75.00	50.00	▶ 50.00%	40.00	▶ 87.50%

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-Jan-26	31-Dec-25	Change (%)	31-Mar-25	Change (%)
91 days T - Bill	5.50%	5.26%	▶ 0.24%	6.50%	▶ -1.00%
364 days T - Bill	5.74%	5.54%	▶ 0.20%	6.45%	▶ -0.71%
5 Years G - Sec (Annualized)	6.57%	6.51%	▶ 0.06%	6.45%	▶ 0.12%
10 Years G - Sec (Annualized)	6.89%	6.78%	▶ 0.11%	6.60%	▶ 0.29%
30 Years G - Sec (Annualized)	7.52%	7.41%	▶ 0.11%	6.91%	▶ 0.61%

* 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

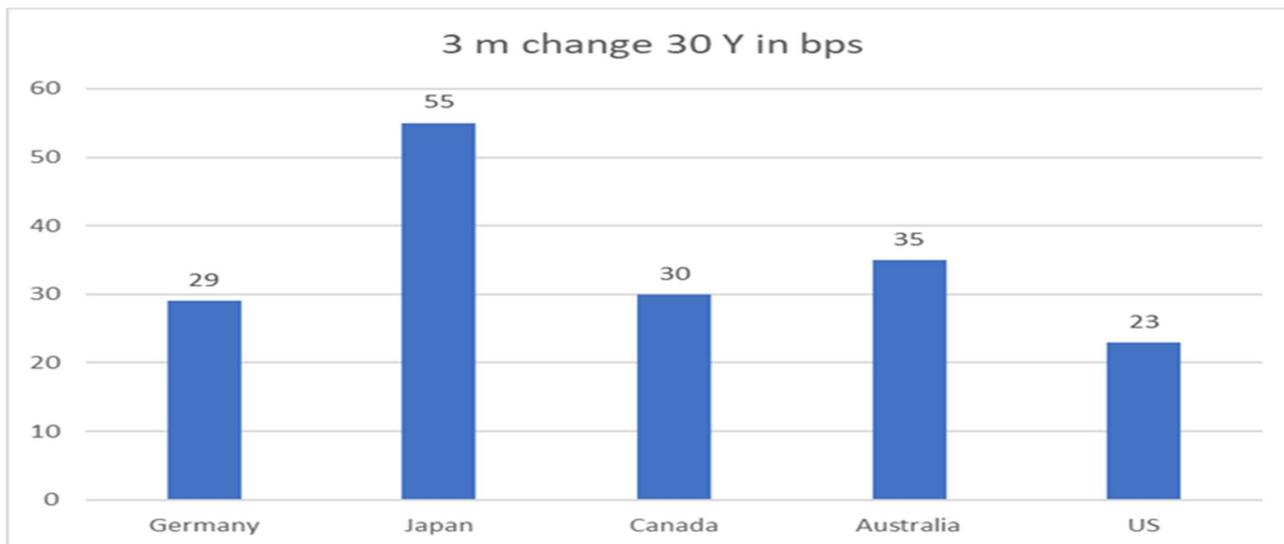
Market Review

January 2026 - what the new year hold? Trump, Trade, Treasuries.

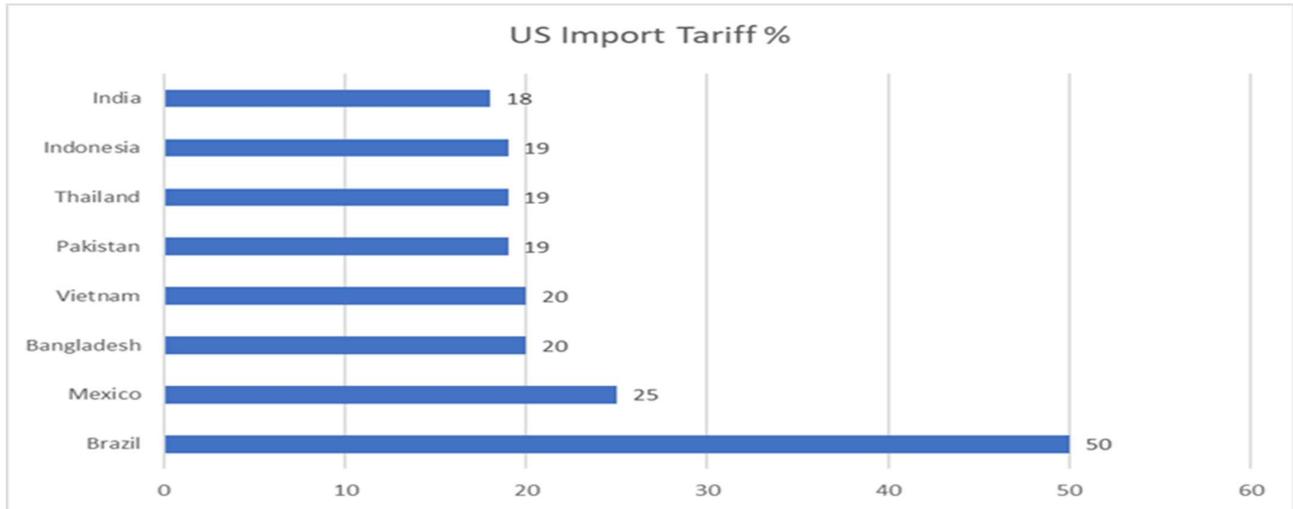
Benchmark 10-year treasury yields was higher by 14 bps as it moved from 6.56% to 6.70%. US 10-year yield moved 11 bps higher in January 2026 ending at 4.24%.

Global:

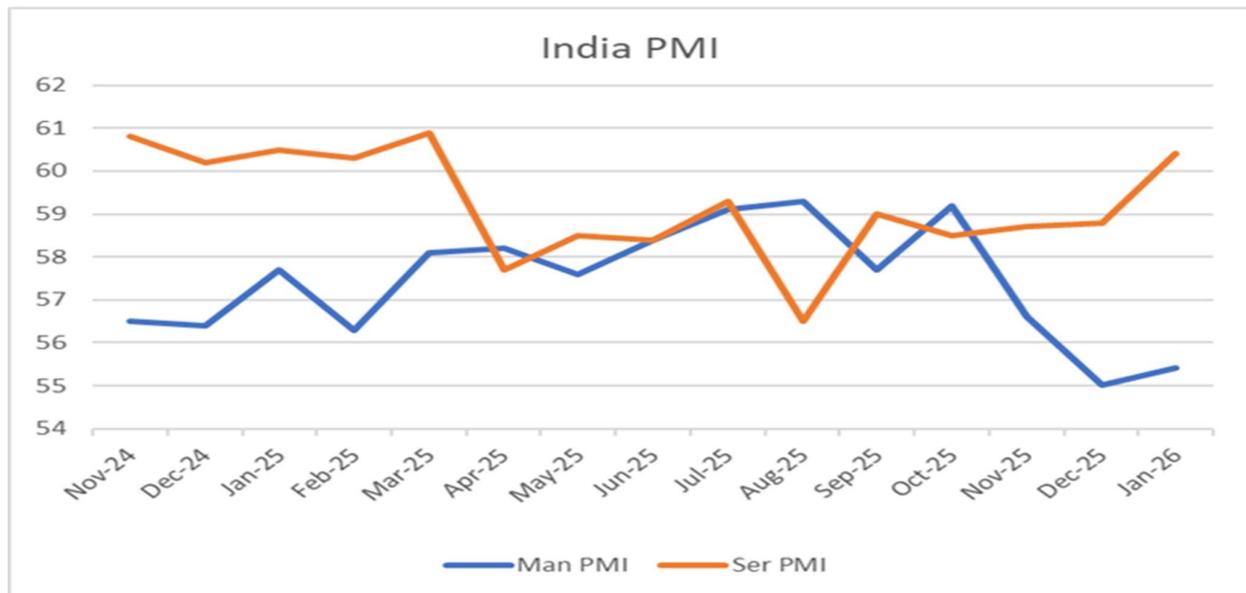
Economic data in the US has been declining at some point while also suddenly regaining some traction. That is the kind of year 2025 has been, with rate cuts by Fed helping a recovery and all the tariff related uncertainty applying some brakes and instigating domestic US inflation. We must wait and see 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 chart below shows the rise in yields on the 30 Y over the last 3 months



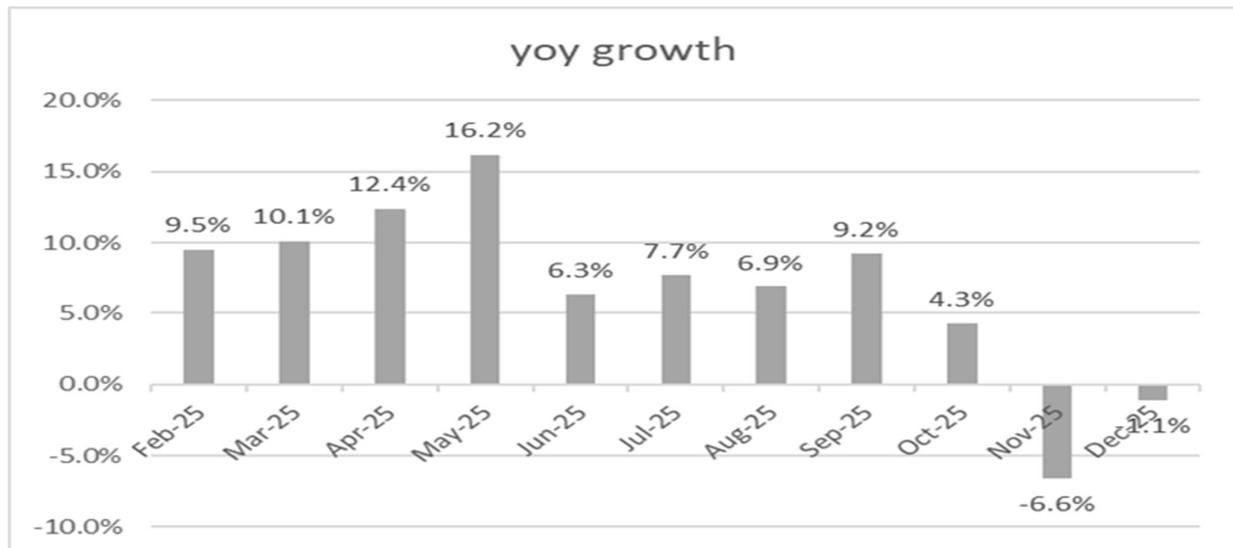
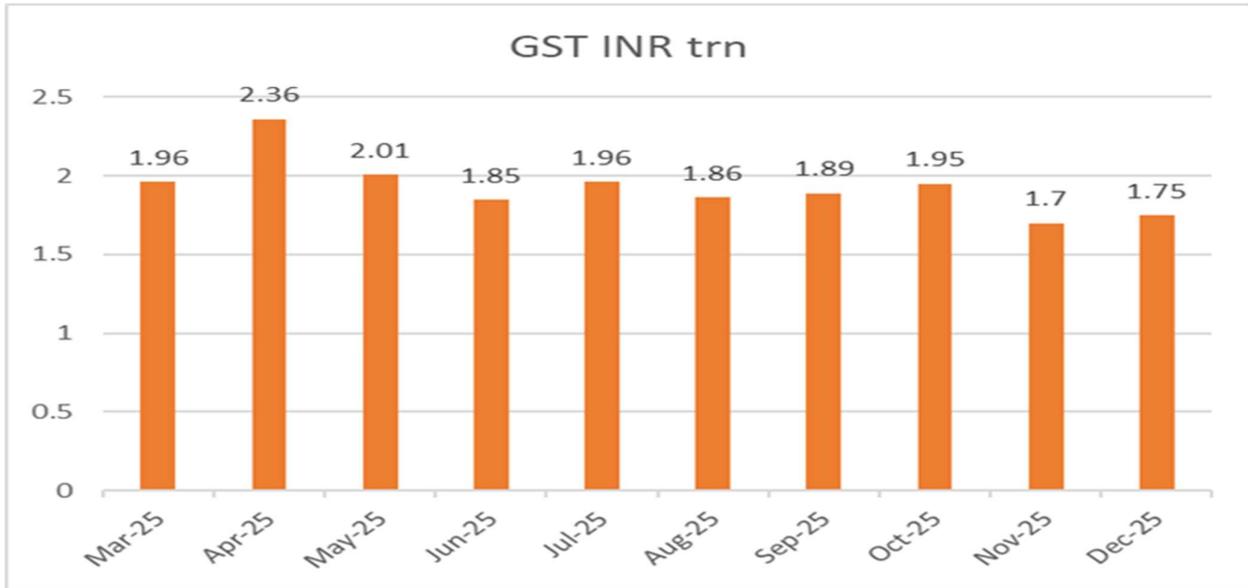
Markets will continue to face rampant volatility even after the end of the Union Budget on Feb 1st, markets could hardly catch any respite. The US - India trade deal was announced out of the blue and this puts many fears to rest but also incites uncertainty of other fronts. India now stands to benefit from a lower tariff of 18%. There is also a competitive advantage against other EM economies now.



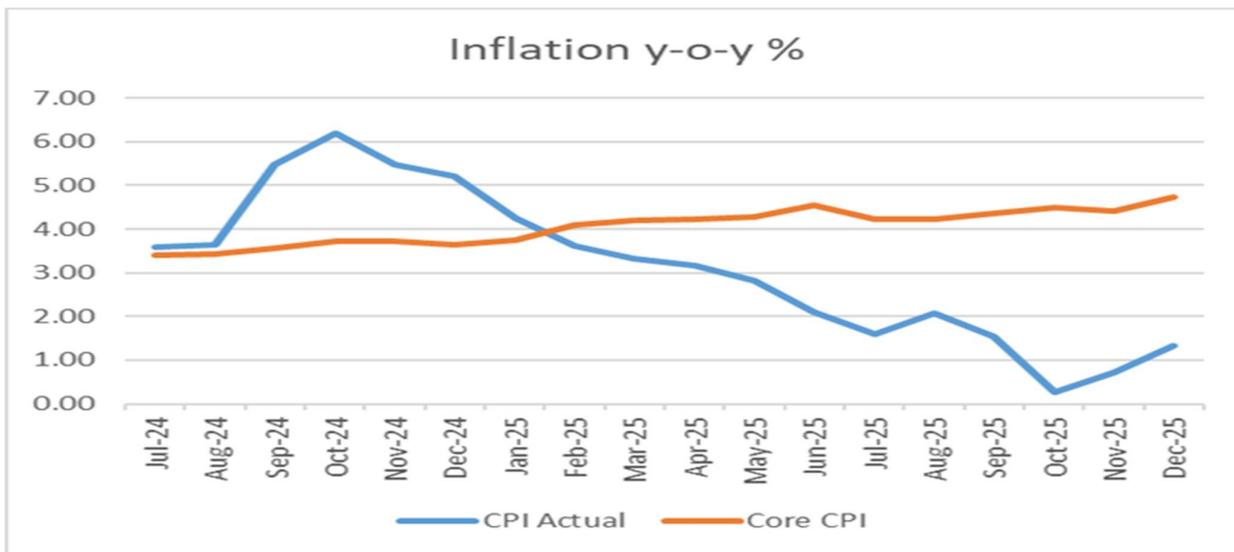
RBI has done 125 bps of rate cuts with 25 bps done in December. This could very well be the last cut in this cycle, unless growth falters in 2026. The RBI stance has been maintained as neutral, but what we need to keep tracking is the inflation-growth dynamics as they both followed different trajectories. February could be a time when MPC decides to keep rates steady and observe more incoming data.



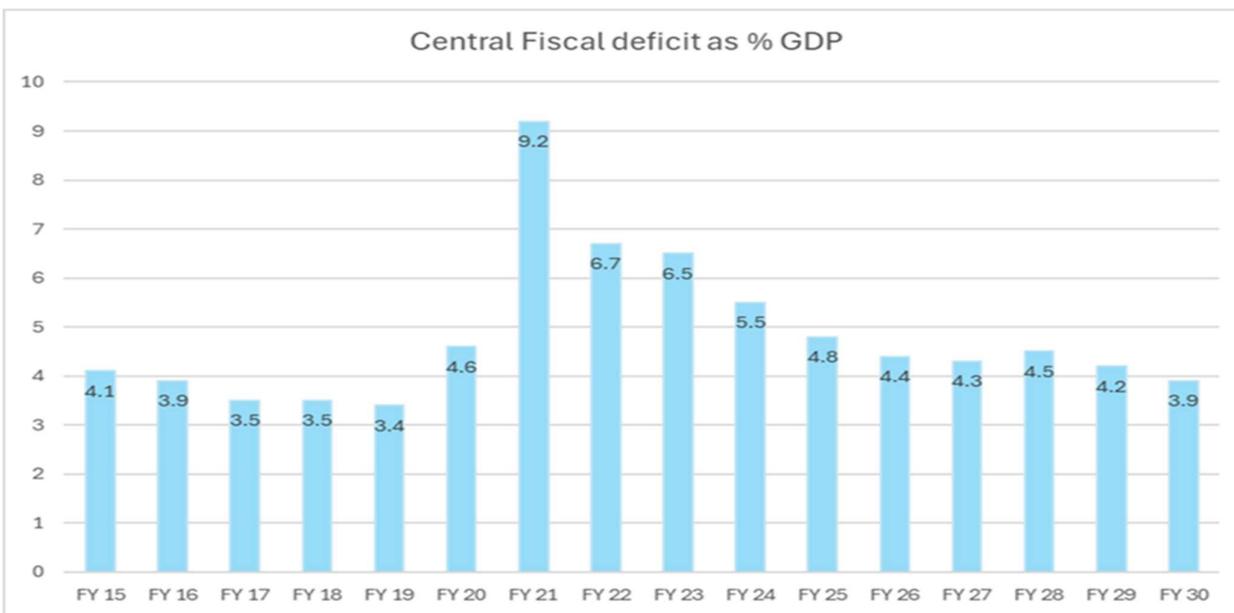
India's PMI did fall a few months in a row, but we have suddenly had a blip as you can see in the chart above, with both services and manufacturing PMIs showing an early recovery of sorts. As against this data point, we have had some sluggishness elsewhere like GST collections. The monthly numbers are down in absolute terms and the annual growth

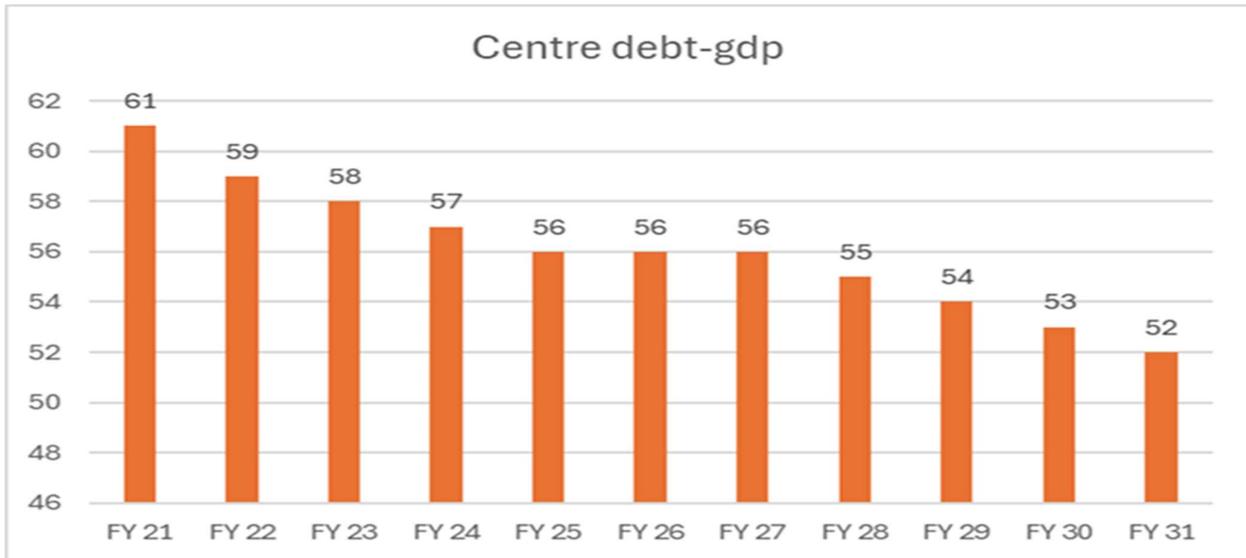


India has been getting a lot of help from lower CPI as the chart shows, partly thanks to lower food prices and some favourable base effects. Both these factors could turn against the future CPI trajectory; this is the reason RBI also could take a long pause on its rate setting.



The fiscal deficit consolidation will start slowing down, as the focus will shift to debt-gdp targeting

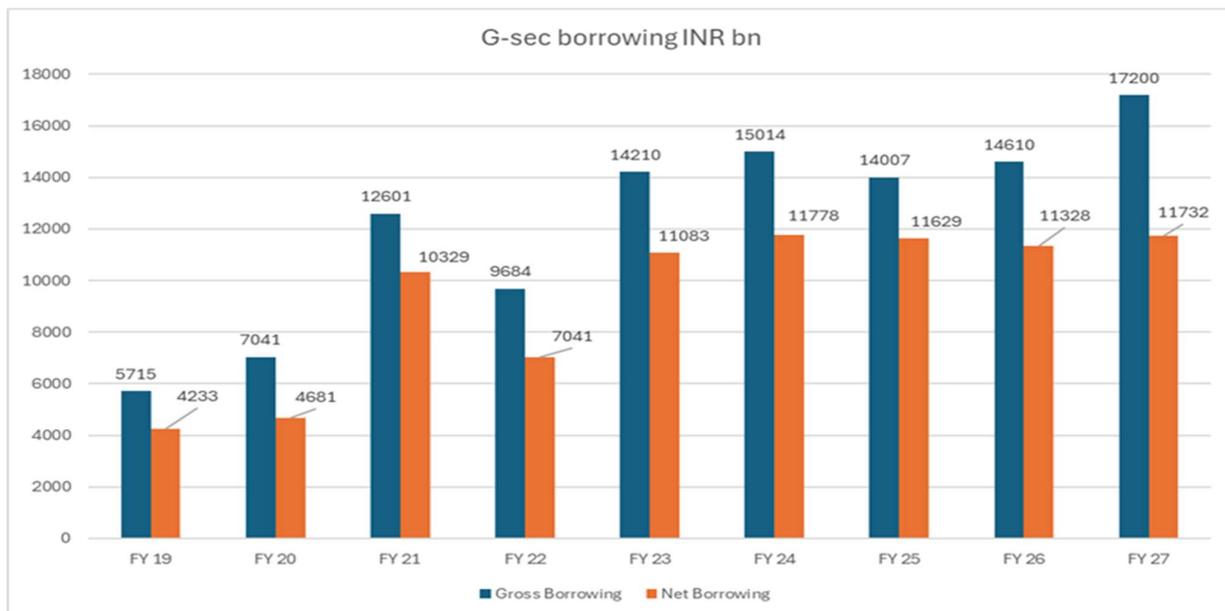




Our View on rates

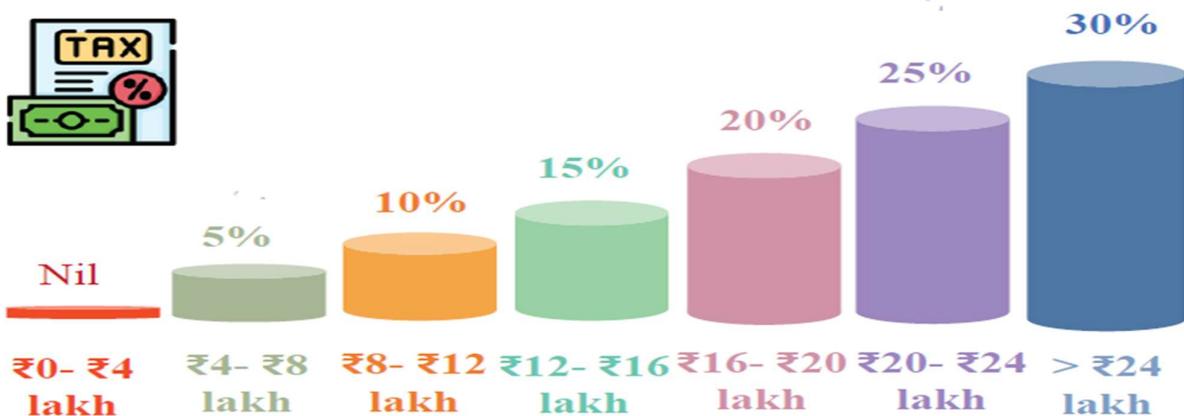
We think 10 Year has hit a low of 6.11 in this cycle and yields will remain in 6.60%-6.90% range over the next few months based on growth and macro data. The budget for FY 2027 also shows a very big jump in gross market borrowing, adding to the pressure on yields. Yield curve has already steepened and 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. Some respite is due for INR as FPI flows could pick after the US-India trade deal.

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 5.3 in larger funds in debt against a benchmark duration of 5.2 expecting interest rates to slowly rise in FY 2027. The chart below shows the extent of rise in gross market borrowing

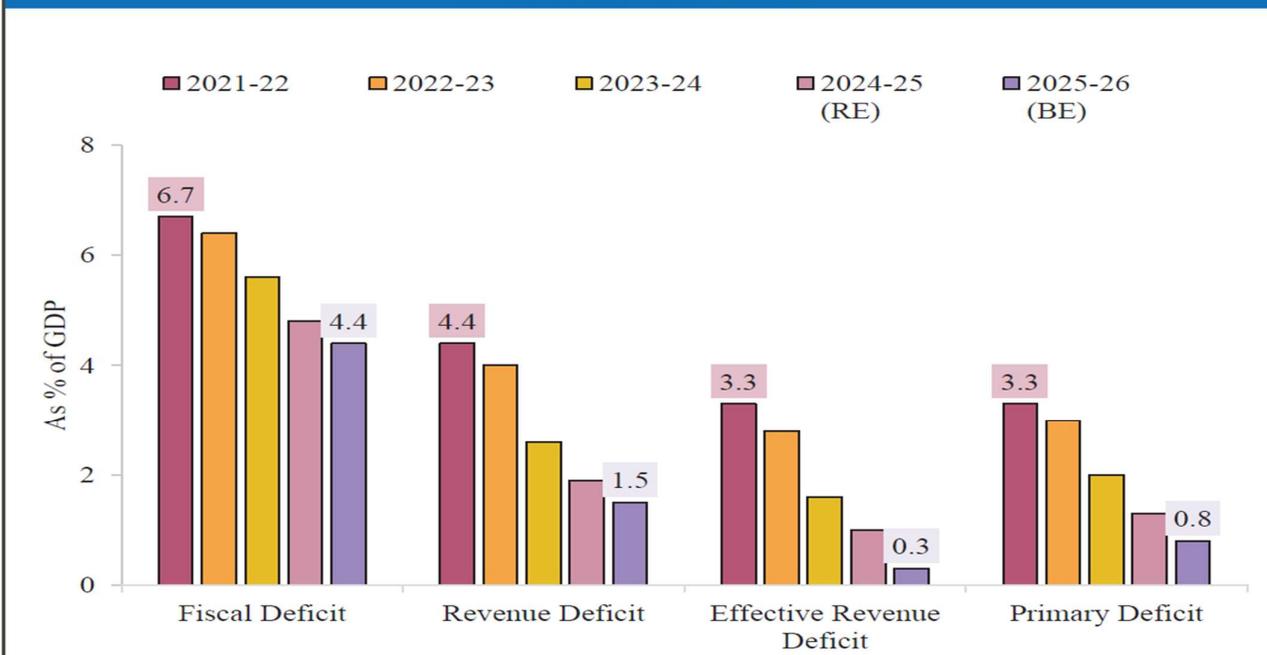


Budget on Personal Income Tax / Key deficit Numbers and Income Exp expectations.

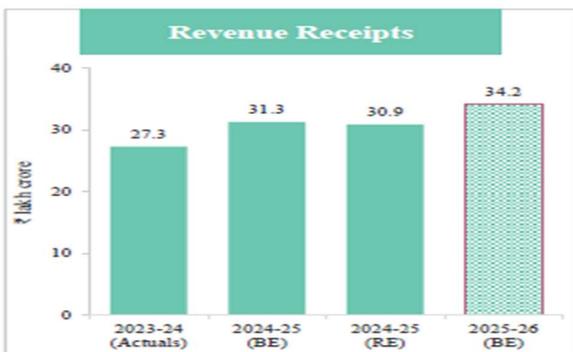
Personal Income Tax reforms with special focus on the middle class



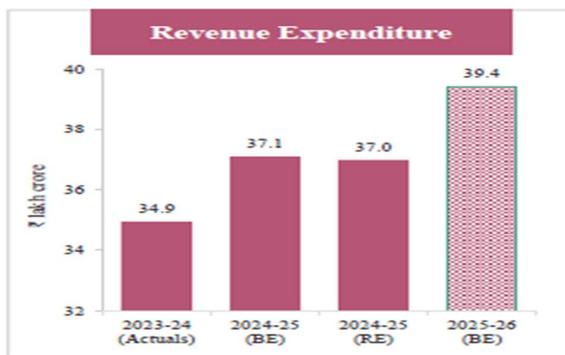
Deficit Trends



Receipts



Expenditure



Equity Outlook

Equity Market Outlook for the Month of February 2026

Nifty and Sensex ended at 25,321 and 85,221 respectively, down 3.1% and 3.46% respectively for the month of January 2026. Global uncertainties took centre stage during January, resulting in a month that saw historic volatility in major assets including Japanese Govt. Bonds and Gold. This volatility spilled over into Indian markets, pushing the rupee beyond 92 Rs per USD, and leaving Indian equity markets reeling. FPI selloffs intensified in January, with USD 3.97 Bn of outflows during the month. The volatility of January was followed up with a pleasant start to February with the announcement of the US-India trade deal, on the heels of the Union Budget for FY27.

Broader markets in India posted losses in January, with the NSE Mid-cap 100 index down 3.4% and NSE Small-cap 100 index down 4.7%. Indian equities underperformed US equities as well as global EM equities, with the US S&P 500 up 1.3%, South Korea up 24% and Taiwan up 10.7% in January. In India, Metals was the best performing sector, gaining 5.5% in December, reflecting a global rally in base and precious metal prices. The Realty index fell by 10.3% and was the worst performer amid weak pre-sales numbers and outlook.

Fig 1. Metals outperformed and Realty underperformed in January

	1M		3M		6M		9M		12M	
	Returns	Rank								
Midcap	-3.4%	-	-2.3%	-	1.8%	-	8.0%	-	8.8%	-
Smallcap	-4.7%	-	-8.2%	-	-6.1%	-	2.6%	-	-0.2%	-
Auto	-5.2%	9	-0.9%	6	12.1%	3	18.7%	2	15.1%	5
Banking	0.5%	3	3.3%	4	8.0%	4	7.1%	4	19.2%	2
Cap. Goods	-0.7%	5	-5.3%	8	-2.3%	8	6.2%	6	3.3%	7
FMCG	-7.9%	11	-9.3%	11	-8.9%	11	-8.4%	11	-8.8%	10
Healthcare	-5.6%	10	-7.1%	9	-8.9%	10	-2.0%	9	-1.1%	8
IT	-0.3%	4	4.6%	2	5.2%	5	4.5%	8	-12.7%	11
Metal	5.5%	1	10.6%	1	25.8%	1	33.7%	1	36.0%	1
Oil & Gas	-2.1%	8	-1.8%	7	4.9%	6	6.1%	7	10.6%	6
Power	-1.7%	6	-7.7%	10	-4.6%	9	-3.8%	10	-2.5%	9
Realty	-10.3%	12	-17.1%	12	-13.7%	12	-10.8%	12	-14.4%	12
Financials	-1.8%	7	-0.2%	5	3.0%	7	6.8%	5	17.0%	3
PSU	4.5%	2	4.4%	3	12.7%	2	15.1%	3	16.8%	4

FII sold USD 3.97 Bn of Indian equities during January, with secondary market selling of USD 4.28 Bn offset by USD 304 Mn of primary market buying. DII continued their run of inflows with USD 7.6 Bn of equity purchases in January. Net FII flows into India's equity markets (both primary and secondary) this fiscal year stand at -9.4 billion USD.

Fig 2. FPI outflows from India intensified in January, contrasting with other EMs

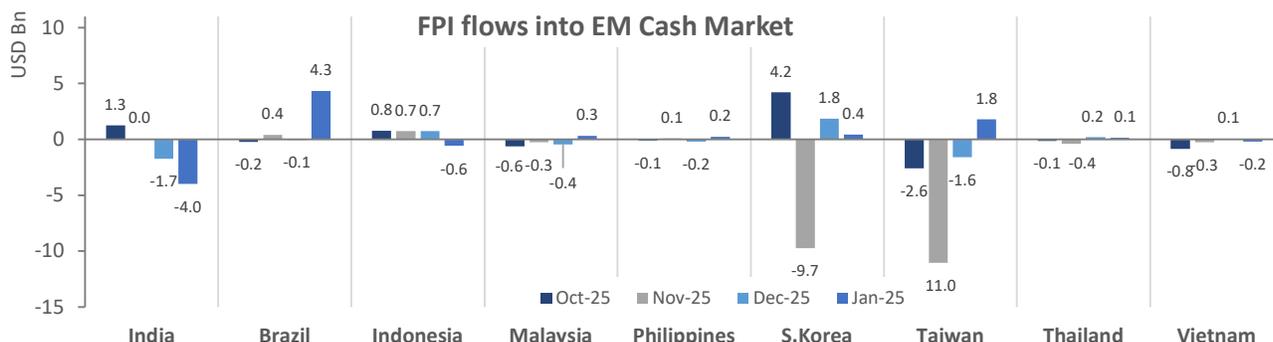


Fig 3. FII Net flows into Indian equities at their lowest in CY25

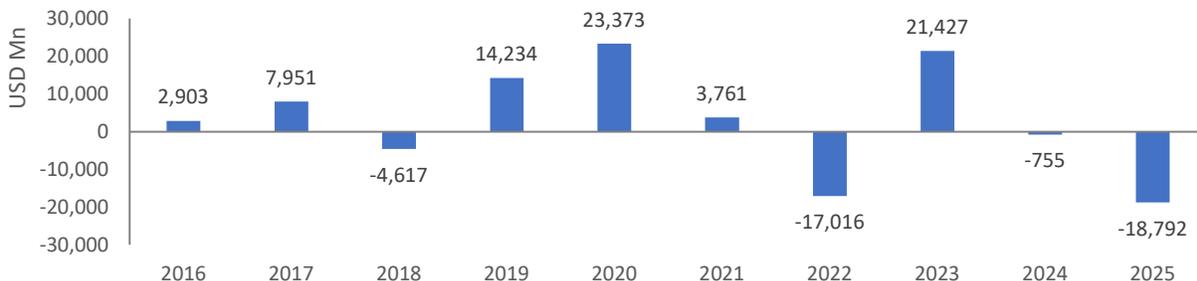
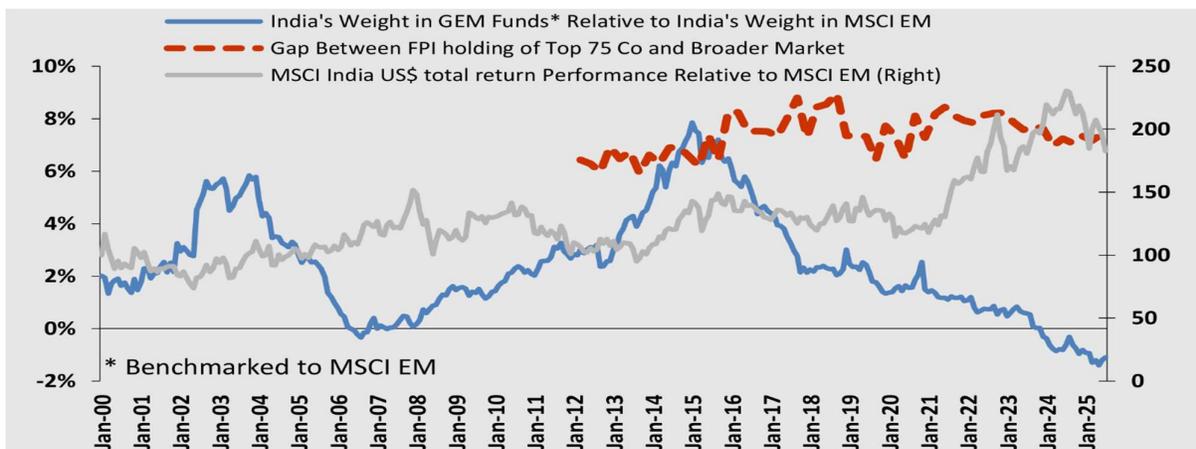


Fig 4. FIIs are more underweight on Indian Equities than ever before (Morgan Stanley)

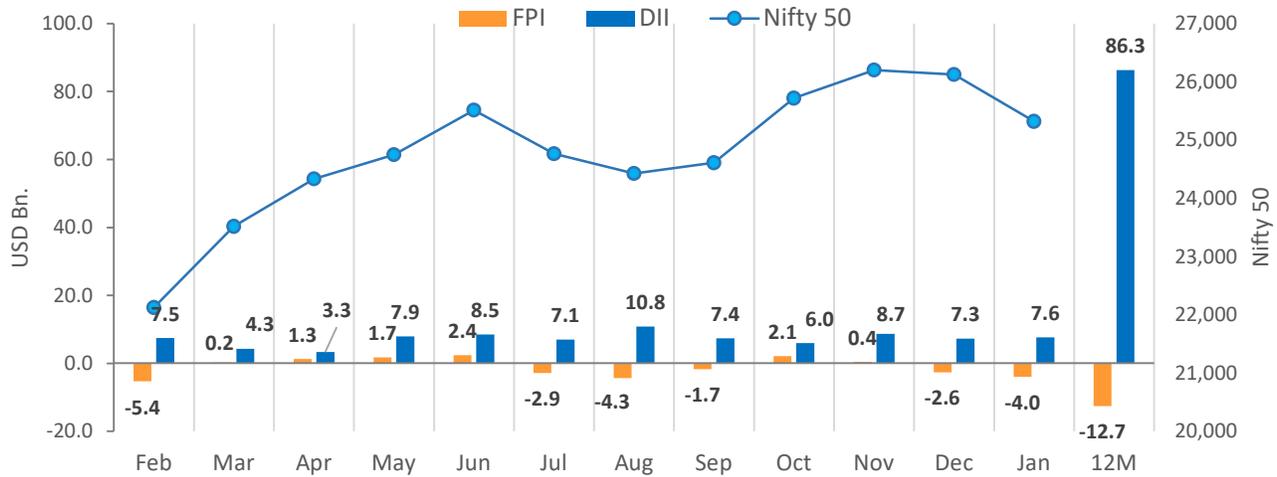


India’s CPI inflation increased to 1.3% in December 2025, from 0.71% in November 2025 while WPI inflation was 0.8% for December, compared to -0.3% in November. Food inflation returned to positive territory, rising to 1.33% in December. Gross GST collections for January 2026 rose 6.2% YoY, reflecting improved collections despite the GST cut in September.

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. In their February meeting, they are expected to hold rates at current levels.

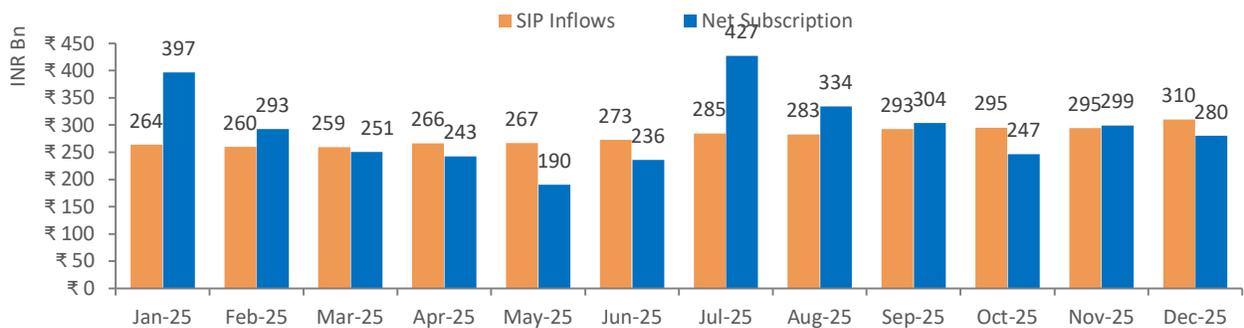
Commodity markets were in focus this month. Brent Crude ended January at USD 70.69/bbl, shooting up 16% from December end. This was mainly due to the possibility of US intervention in Iran’s civil unrest, and the subsequent buildup of US naval forces near Iran and the winter storm Fern, which disrupted US supplies of crude oil. Metals stole the show with silver up 11.7%, gold up 12%, Copper up 8.6% and Aluminium up 7.7% in a historic month that saw an unending march upwards end in a record-setting meltdown. On the final trading day of the month, a surge of selling post the announcement of Trump’s nominee for the next Fed Governor led to a crash of 26.4% in silver and 9% in gold, with sharp up and down swings continuing since then.

Fig 5. DII and FII flows from Feb '25 to Jan '26



Mutual fund inflows into equity-oriented funds in December rose from January levels, standing at INR 280 billion, with CY 2025 inflows at INR 3,498 billion. SIP inflows in December remained steady at INR 310 Billion

Fig 6. Total Net subscription to domestic equity-oriented mutual funds and monthly SIP flows



In the United States, the Federal Reserve held interest rates steady at their January FOMC meeting, as was widely expected. The nominee for the next Governor of the Fed was revealed to be Kevin Warsh, widely seen as the prudent pick from the list of potential candidates considered by Trump. A former member of the Fed Board of Governors, Warsh was previously known for being an inflation hawk but has since changed his stance to prefer lower interest rates in the face of potential disinflationary pressures (due to technological advancements like AI), which was seen favourably by Trump.

The announcement capped an extremely volatile month that saw traditional safe havens melt down amid a blazing metals rally. Fresh from the successful "takeover" of Venezuela, an emboldened Trump took the world by surprise with renewed demands of control over Greenland, citing strategic importance and neglect by Denmark. On receiving pushback from Europe, Trump threatened tariffs on major EU nations, which went against the trade deal concluded with the EU earlier. This only served to rally EU leaders, whose opposition to Trump led to him backing down in his claims on Greenland. The whole episode ended in nought, leaving world trade and global markets as victims.

Japanese Government Bonds saw unprecedented volatility due to the sudden announcement of a snap election in Japan coupled with election promises of a tax cut, which spread fears of a rapid unwinding of carry trades that borrow in yen and

buy foreign high yielding assets. This accompanied a sudden rise in the Yen which then seesawed on Central Bank intervention and rumours of US Government intervention to steady the Japanese currency. Volatility continued in global currencies following comments by Trump that seemed to endorse weakness in the US Dollar – further fuelling the metals rally. US Treasury yields rose, with the 10-year note closing at 4.23%, and the dollar index falling 1.35% ending at 96.99.

In India, a fruitful month saw the announcement of the India EU trade deal on 2nd April followed by the Union Budget was on 1st February. Increase in STT in derivatives was received sourly by the markets. Shortly after, long-awaited US-India trade deal, which cut US tariffs on India from 50% to 18% was made known to the market. In terms of Fiscal Deficit expected @ 4.36% for FY 2026 revised numbers (revised down by 4 basis points) and 4.31% for FY 2027, looks achievable. Budgeted numbers for revenue and expenditure are practical.

With these two anticipated events concluded, the remaining overhangs on Indian equities like corporate earnings and high valuations in comparison with regional peers got subdued.

Few reasons for FPI selling included no conclusion of US India Trade Deal, low earnings growth and returns in developed and developing markets doing well.

First reason is behind us with the announcement of trade deal as mentioned above. Budget did dampen the sentiments initially; however some sanity prevailed subsequently with investors realizing there is not much of dent on corporate profitability because of Budget proposals.

Corporate profitability yet has to improve in terms of growth rate. This may not be seen immediately. Therefore, the concern here and the concern with reference to other markets doing well would yet continue. We are hopeful though.

With no change in tax structure for fixed income, we expect money to chase Equity as a asset class. For long term investors large cap equity-oriented funds should provide better results.

Fig 7. Forward P/E levels across Large-Caps, Mid-Caps and Small-Caps

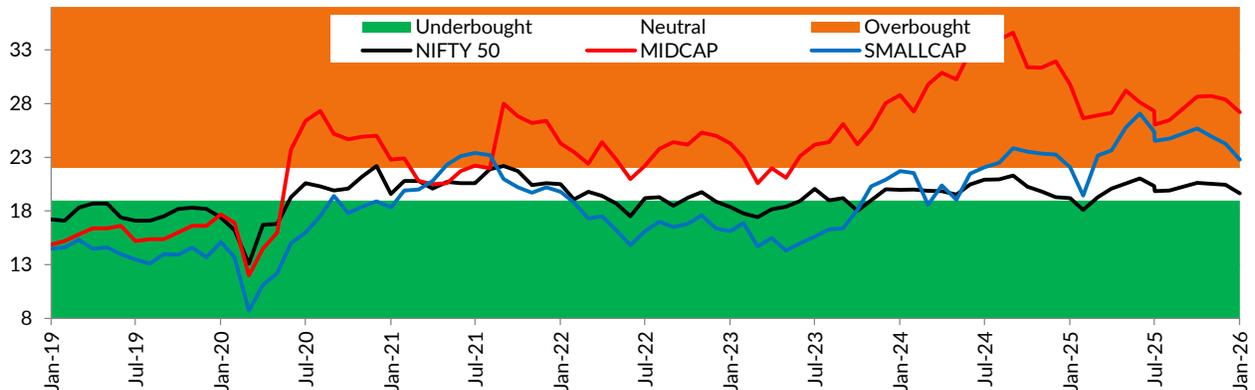


Fig 8. Major events and Nifty50 movements during January 2026

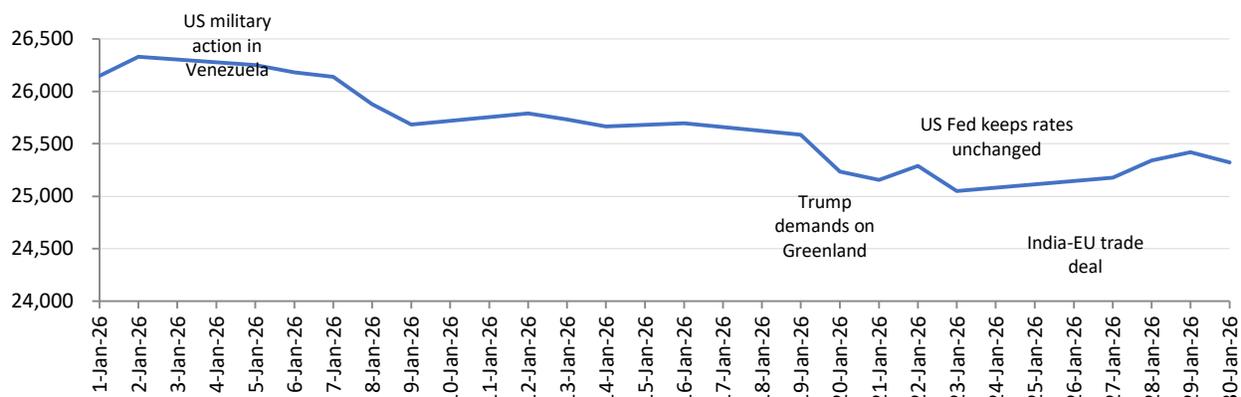


Fig 9. Fund Returns – AUM Mix and Performance (CAGR)

	Equity % in Fund	1M	1Y	3Y	5Y
Midcap Fund	95%	-2.62 %	8.70 %	22.77 %	21.15 %
<i>Benchmark</i>		-3.39 %	8.79 %	23.96 %	22.82 %
Bond Fund	0%	-0.27 %	5.46 %	7.08 %	5.26 %
<i>Benchmark</i>		-0.13 %	5.95 %	7.48 %	5.78 %
Equity Fund	99%	-3.68 %	4.04 %	13.32 %	13.06 %
<i>Benchmark</i>		-3.10 %	7.66 %	12.76 %	13.18 %
Balance Fund	51%	-1.80 %	6.26 %	10.14 %	9.31 %
<i>Benchmark</i>		-1.62 %	6.99 %	10.27 %	9.67 %

Fig 10. Major Index and Asset Class Returns

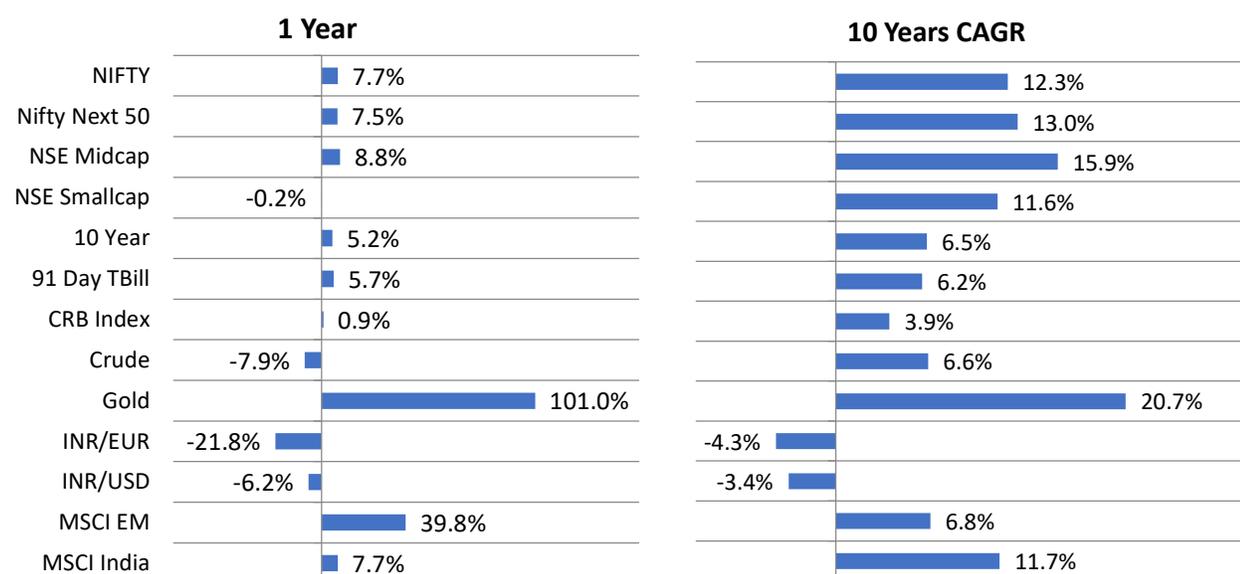
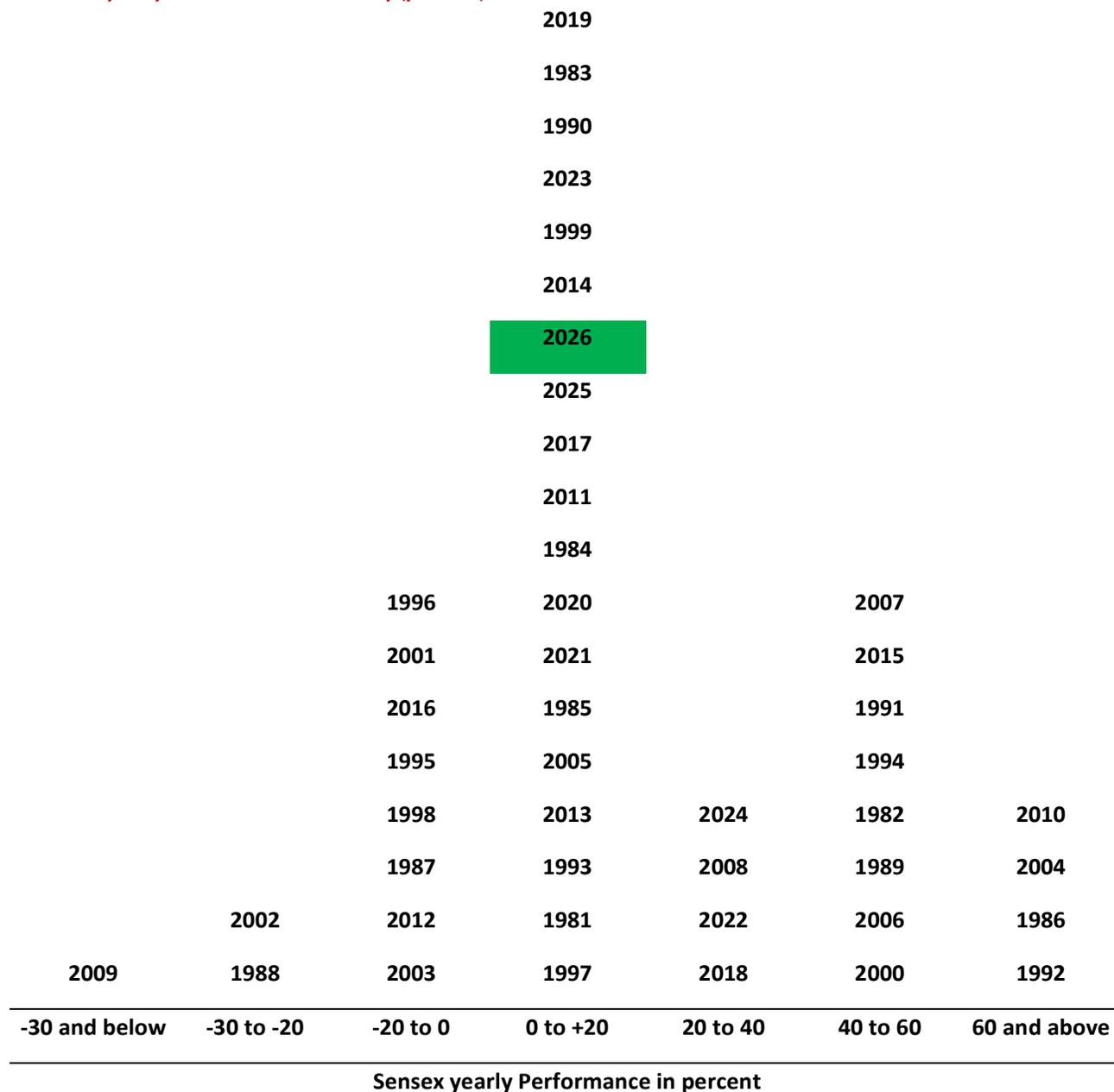


Fig 11. Sensex yearly Performance in January (percent)



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

**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