Volume 18, Issue 07

# invest care

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

SBI Life
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October, 2025

## UNIT LINKED PRODUCTS FROM SBI LIFE INSURANCE CO. LTD.

CIN: L99999MH2000PLC129113
IRDAI Regn. No. 111

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# 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*

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## Major Economic Indicators

| Particulars | 31-Oct-25 | 30-Sep-25 | Change (%) | 31-Mar-25 | Change (%) |
|---|---|---|---|---|---|
| ₹/$ | 88.72 | 87.60 | -1.28% | 85.46 | -3.82% |
| Forex Res.(Bn- 1 Wk Lag) | $ 695.36 | $ 702.57 | -1.03% | $ 658.80 | 5.55% |
| Oil Price ($/Barrel) | $ 64.80 | $ 66.73 | -2.89% | $ 73.63 | -11.99% |
| **FII inflows (Net) - Crs ( ₹)** | | | | | |
| Equity (monthly) | -7587 | -23885 | -68.24% | -3973 | 90.96% |
| Debt (monthly) | 1147 | 12254 | -90.64% | 37789 | -96.96% |

**Indices**

| Particulars | 31-Oct-25 | 30-Sep-25 | Change (%) | 31-Mar-25 | Change (%) |
|---|---|---|---|---|---|
| BSE Sensex | 83,938.71 | 80,267.62 | 4.57% | 77,414.92 | 8.43% |
| S&P CNX Nifty | 25,722.10 | 24,611.10 | 4.51% | 23,519.35 | 9.37% |
| Dow Jones Industrial Avg | 47,562.87 | 46,397.89 | 2.51% | 42,001.76 | 13.24% |
| FTSE 100 | 9,717.25 | 9,350.43 | 3.92% | 8,582.81 | 13.22% |
| Hang Seng Index | 25,906.65 | 26,855.56 | -3.53% | 23,119.58 | 12.06% |
| Nikkei 225 | 52,411.34 | 44,932.63 | 16.64% | 35,617.56 | 47.15% |
| B S E Metal Index | 35,128.74 | 33,252.87 | 5.64% | 30,824.72 | 13.96% |
| B S E Power Index | 6,925.65 | 6,715.08 | 3.14% | 6,588.41 | 5.12% |
| B S E Realty Index | 7,360.12 | 6,740.13 | 9.20% | 6,601.58 | 11.49% |
| B S E Auto Index | 59,869.80 | 59,255.34 | 1.04% | 47,704.03 | 25.50% |
| B S E FMCG Index | 20,660.05 | 20,107.82 | 2.75% | 19,447.48 | 6.24% |
| B S E Bankex | 64,936.05 | 61,513.30 | 5.56% | 59,542.38 | 9.06% |
| B S E Healthcare Index | 44,529.77 | 43,075.69 | 3.38% | 41,421.50 | 7.50% |
| B S E Capital Goods Index | 70,404.39 | 68,289.99 | 3.10% | 62,724.28 | 12.24% |
| B S E Information Technology Index | 35,012.88 | 33,184.74 | 5.51% | 36,122.71 | -3.07% |
| B S E Oil & Gas Index | 28,640.52 | 26,910.13 | 6.43% | 25,133.51 | 13.95% |

**Primary Key Rates**

| Particulars | 31-Oct-25 | 30-Sep-25 | Change (%) | 31-Mar-25 | Change (%) |
|---|---|---|---|---|---|
| Repo Rate* | 5.50% | 5.50% | 0.00% | 6.25% | -0.75% |
| Reverse Repo Rate** | 3.35% | 3.35% | 0.00% | 3.35% | 0.00% |
| CRR # | 3.25% | 3.75% | -0.50% | 4.00% | -0.75% |
| SLR *# | 18.00% | 18.00% | 0.00% | 18.00% | 0.00% |
| Call money rate | 5.40% | 5.05% | 0.35% | 5.80% | -0.40% |
| Current Inflation Rate (WPI) | 0.13% | -0.52% | 0.65% | 2.38% | -2.25% |
| Current Inflation Rate (CPI) | 1.54% | 2.07% | -0.53% | 3.61% | -2.07% |
| IIP (WPI) % Y-O-Y | 4.00% | 4.00% | 0.00% | 5.00% | -1.00% |
| AAA spread (bps) | 64.00 | 52.00 | 23.08% | 40.00 | 60.00% |

| 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-Oct-25 | 30-Sep-25 | Change (%) | 31-Mar-25 | Change (%) |
|---|---|---|---|---|---|
| 91 days T - Bill | 5.46% | 5.49% | -0.03% | 6.45% | -0.99% |
| 364 days T - Bill | 5.58% | 5.60% | -0.02% | 6.54% | -0.96% |
| 5 Years G - Sec (Annualized) | 6.33% | 6.35% | -0.02% | 6.63% | -0.30% |
| 10 Years G - Sec (Annualized) | 6.61% | 6.72% | -0.11% | 6.78% | -0.17% |
| 30 Years G - Sec (Annualized) | 7.34% | 7.33% | 0.01% | 7.12% | 0.22% |

* 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

### October 2025 – Inflation keeps falling but not yields!

Benchmark 10-year treasury yields was flat at 6.53% in October 2025 from 6.57% in September 2025. The US 10-year yield was at 4.07% at the end October 2025 lower than 4.18% in September 2025. INR was stable in the month of October 2025 as it closed at 88.77 against September 2025 end's 88.78 versus the USD

### India Macro Movers:

India's the year-on-year CPI inflation for September 2025 was 1.44%. This is lower than last month's 2.07% and the 8th consecutive month of sub-4% inflation making the markets very confident of imminent rate cuts by MPC.

Core CPI has been steadily staying close to 4-4.5%. Core inflation continues to move 0.3% month on month, if we leave aside gold prices. Without gold Core CPI is just hovering around 3%. India's goods and services tax (GST) revenues rose 4.8% year-on-year to Rs 1.95 lakh crore in October, according to government data cited by Reuters, against 1.89 lakh crs in the prior month.

### Global:

Economic data in the US started weakening in the months of August and September, but the official US Govt shutdown has caused a delay in release of most economic data points. The jobs data has been the most deteriorating. The job revisions have been downgraded for 8-9 months continuously. The inflation however has been rising every month from a low of 2.3% to 2.9%. Even month on month rise has been uncomfortably picking up. The Fed had cut interest rates in September and October after maintaining a pause in 2025. Based on the inflation - growth dynamics, markets now expect the next cut to come only in 2026.

The data in Euro are, and UK continues to be that of weakness with centrals banks looking to do more cuts 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. However, all developed markets are seeing higher fiscal deficits and hence long end bond yields continue to rise.

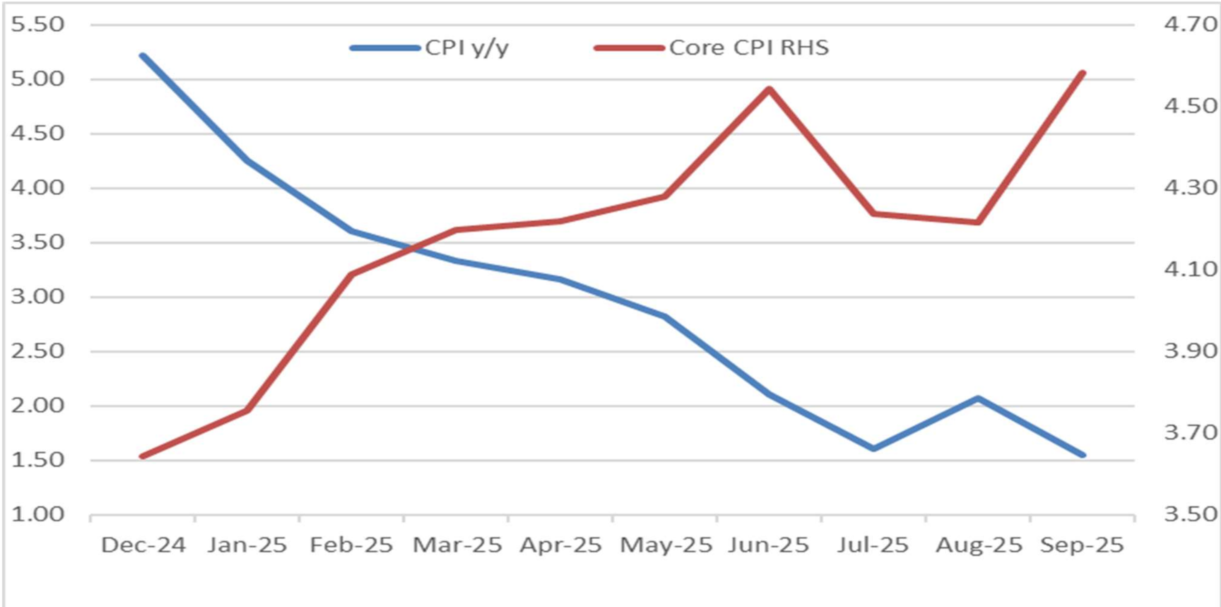
### Outlook:

RBI has done 100 bps of rate cuts with 50 bps done in June, and a pause in August and October along with 100 bps of CRR cuts (effective Sept-Nov). The RBI stance has been maintained as neutral. The central bank kept status quo with a 6-0 voting. Compared to previous policy statements the Governor has said that policy space could open up for more easing thanks to the trajectory of inflation.

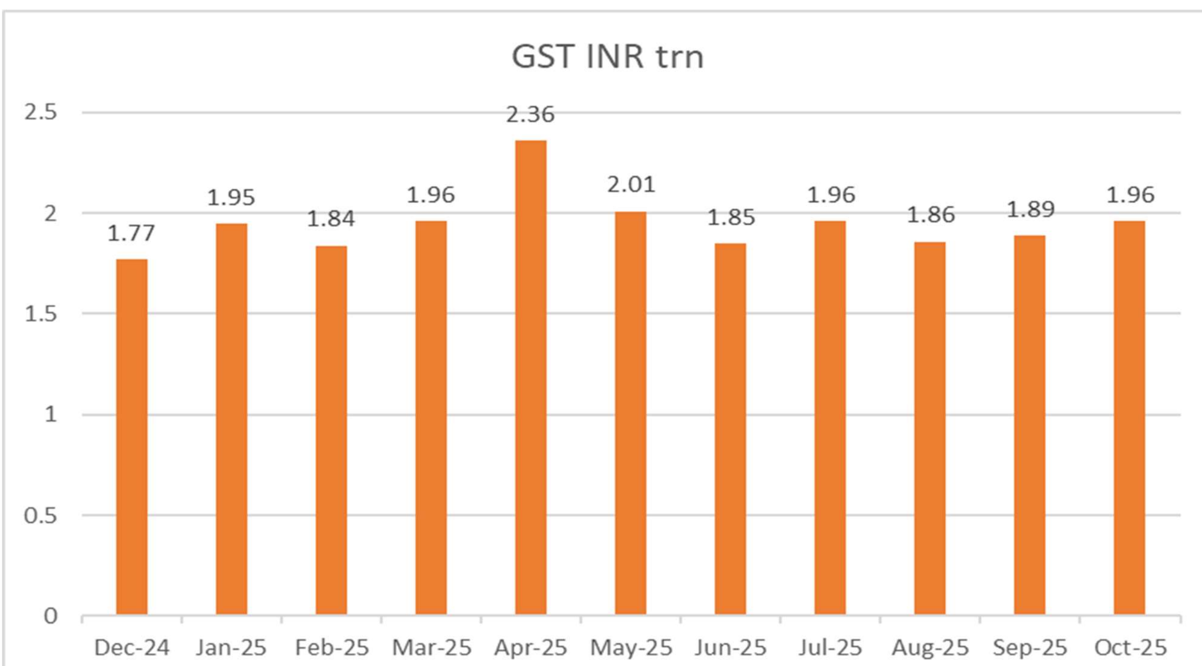
We don't expect anything more than one cut if at all, as the inflation looks moderate only on a year-on-year basis owing to base effects. We think 10 years has hit a low of 6.11 in this cycle and yields will remain in 6.25%-6.50% over the next few months based on growth and macro data. The lower end of this range could be seen if either RBI gives OMO buybacks in Q4, and/or we see one more rate cut in December 2025 or February 2026.

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 6 in larger funds in debt.

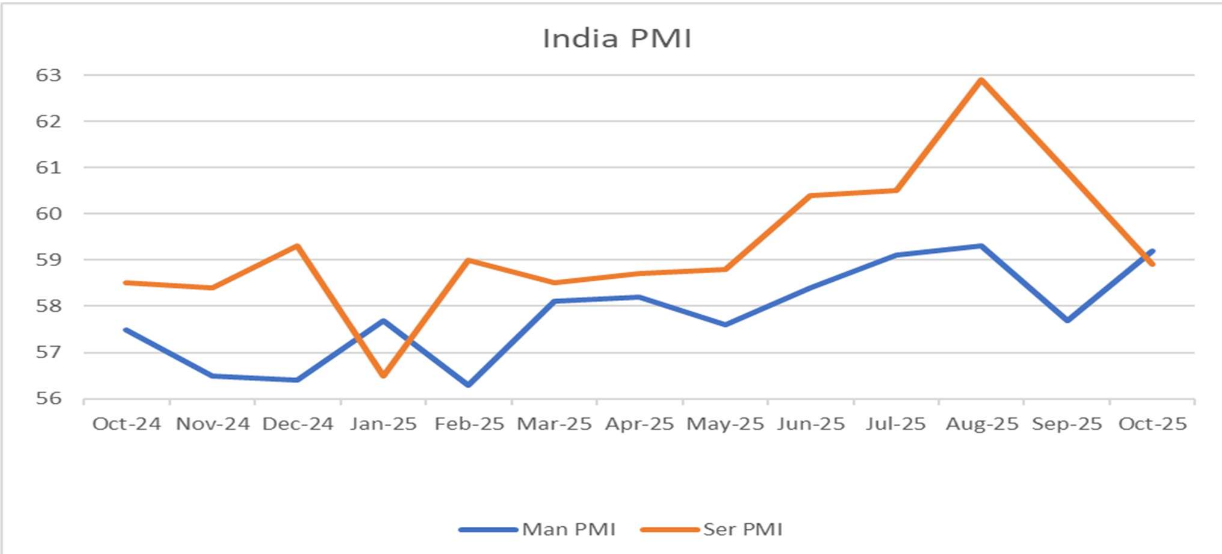
**India CPI has hit a multi-year low, but helped largely by base effects, Core stable**




**GST collections have stabilized**



PMIs just dipped in the latest month, but still higher than most of Asia and EM



## Equity Outlook

### Equity Market Outlook for the Month of November 2025

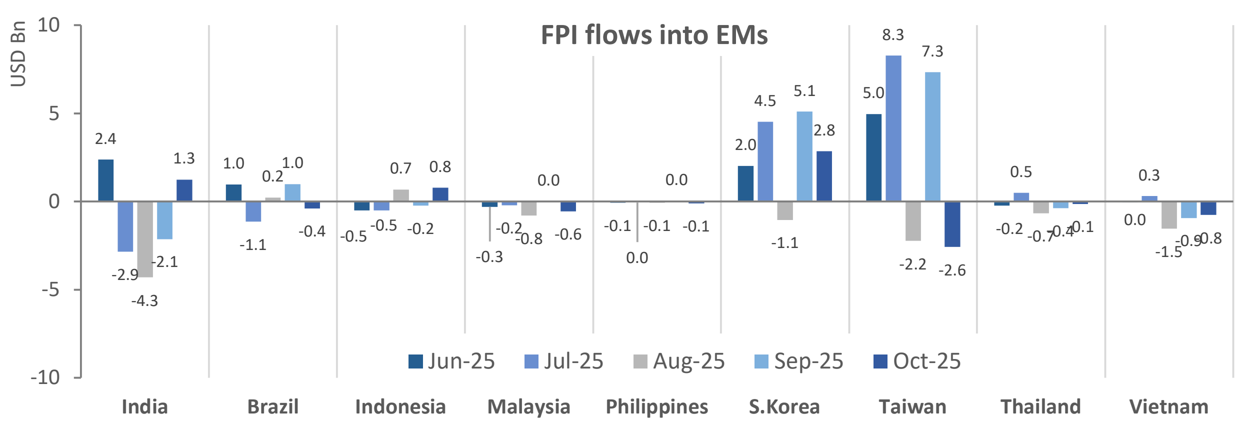
Nifty and Sensex ended at 25,722 and 83,939 respectively, up 4.5% and 3.4% respectively for the month of October 2025. Apart from Q2 earnings and the Fed rate cut towards the end of the month; Indian equities were influenced by festive demand as well as US sanctions on Russian oil companies that are major exporters to India.
Broader markets in India posted positive returns this month, with the NSE Mid-cap 100 index and NSE Small-cap 100 index up 5.8% and 4.7% respectively. Our markets underperformed East Asian equity indices with South Korea rising by 20%, Japan by 17%, and Taiwan by 9% in October, while the S&P 500 index was up 2.2%. In India, Realty appeared among the best performing sectors once again, with returns of 9% in October while IT rebounded with gains of 6% in October, having fallen 4% in September 2025.

**Fig 1. Realty outperformed and Automobiles underperformed in October 2025**

| | 1M | | 3M | | 6M | | 9M | | 12M | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Returns | Rank | Returns | Rank | Returns | Rank | Returns | Rank | Returns | Rank |
| Midcap | 6% | - | 4% | - | 11% | - | 11% | - | 7% | - |
| Smallcap | 5% | - | 2% | - | 12% | - | 9% | - | -1% | - |
| Auto | 1% | 12 | 13% | 2 | 20% | 2 | 16% | 3 | 12% | 3 |
| Banking | 6% | 4 | 5% | 5 | 4% | 10 | 15% | 4 | 11% | 4 |
| Cap. Goods | 3% | 10 | 3% | 8 | 12% | 3 | 9% | 7 | 2% | 7 |
| FMCG | 3% | 11 | 0% | 11 | 1% | 11 | 1% | 11 | -5% | 9 |
| Healthcare | 3% | 8 | -2% | 12 | 5% | 8 | 7% | 8 | 1% | 8 |
| IT | 6% | 5 | 1% | 10 | 0% | 12 | -17% | 12 | -13% | 12 |
| Metal | 6% | 3 | 14% | 1 | 21% | 1 | 23% | 1 | 12% | 2 |
| Oil & Gas | 6% | 2 | 7% | 4 | 8% | 5 | 13% | 5 | 4% | 5 |
| Power | 3% | 9 | 3% | 7 | 4% | 9 | 6% | 9 | -12% | 11 |
| Realty | 9% | 1 | 4% | 6 | 8% | 6 | 3% | 10 | -5% | 10 |
| Financials | 5% | 6 | 3% | 9 | 7% | 7 | 17% | 2 | 13% | 1 |
| PSU | 4% | 7 | 8% | 3 | 10% | 4 | 12% | 6 | 3% | 6 |

FIIs bought USD 1.25 Bn of Indian equities during October, breaking the streak of FII outflows in recent months. This was supported by a record month for IPOs with 10 large primary issues raising USD 5 Bn during October. DIIs continued their run of inflows with USD 5.9 Bn of equity purchases in October. Net FII flows into India's secondary equity markets this fiscal year stand at -7.3 Bn USD.

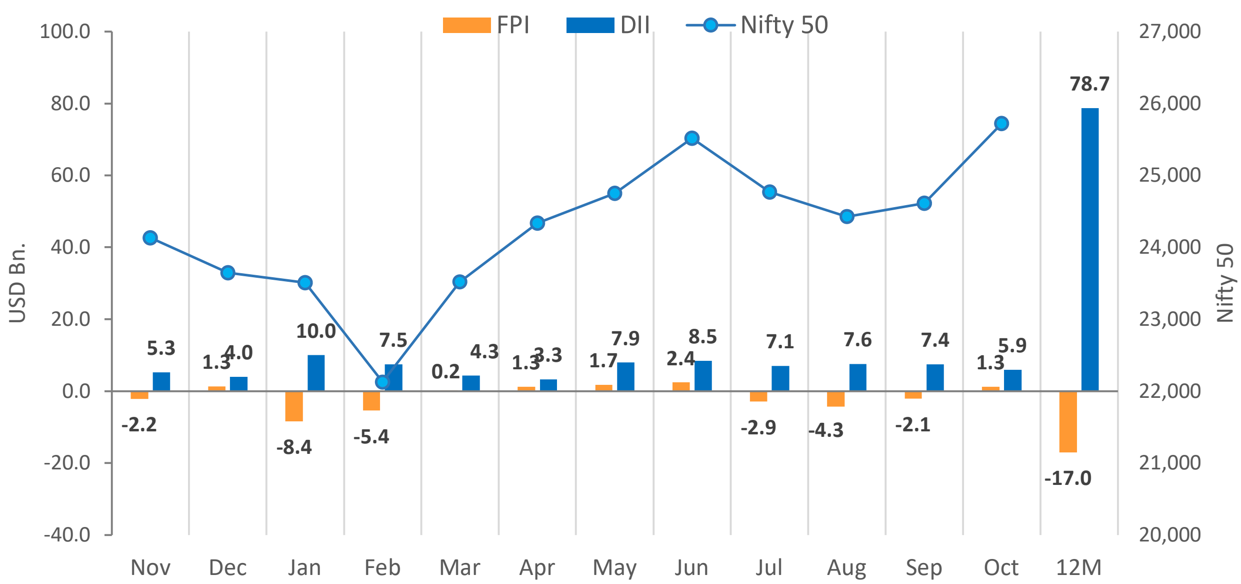
**Fig 2. EM flows diverge across geographies – India sees a reversal in Oct driven by IPOs**



India's CPI inflation moderated to 1.54% in September 2025, easing from 2.07% in August 20250 while WPI inflation was 0.13 % for September 2025, compared to 0.52% in August. Food inflation turned negative, falling to -2.28% in September 2025 from 0.21% in August. GST collections for October 2025 rose 4.6% Year on year to INR 1.95 lakh crore, which is a slowdown from the growth during preceding months driven by GST slab rationalization. The government's reform, effective September 22, consolidated the previous six-tier GST structure into four slabs, aimed at boosting consumption and simplifying compliance.

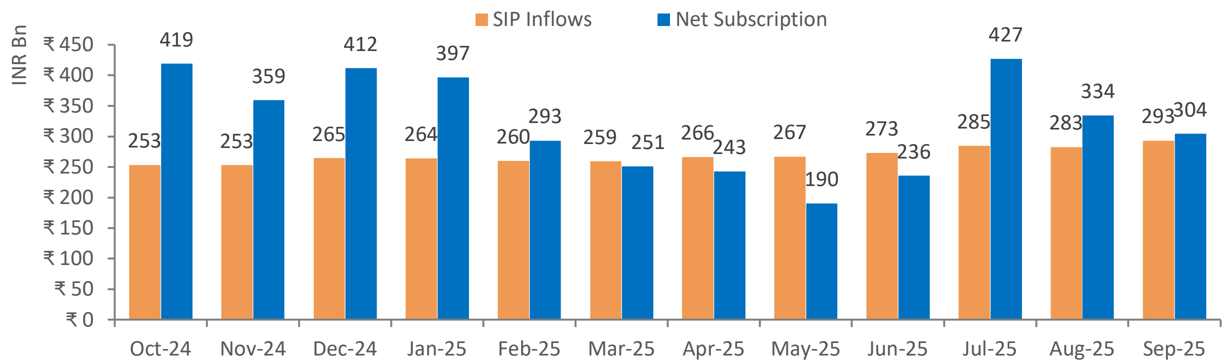
In its September-October MPC meeting, the RBI maintained the repo rate at 5.5%, with Governor Sanjay Malhotra reiterating optimism about India's growth outlook, citing robust monsoon performance, festive season demand, and supportive policy conditions. Meanwhile, Brent Crude ended October at USD 65/bbl, down 4% from September 2025, while gold extended its rally, gaining 3.2% in October 2025 and up 45% over the past 12 months.

**Fig 3. DII and FII flows from Nov '2024 to Oct '2025**




Mutual fund inflows into equity-oriented funds in September rose from August levels, standing at 304 Bn INR, showing continuing the strength in equity fund inflows. SIP inflows in September 2025 remained steady at 293 billion INR.

**Fig 4. Total Net subscription to domestic equity-oriented mutual funds and monthly SIP flows**

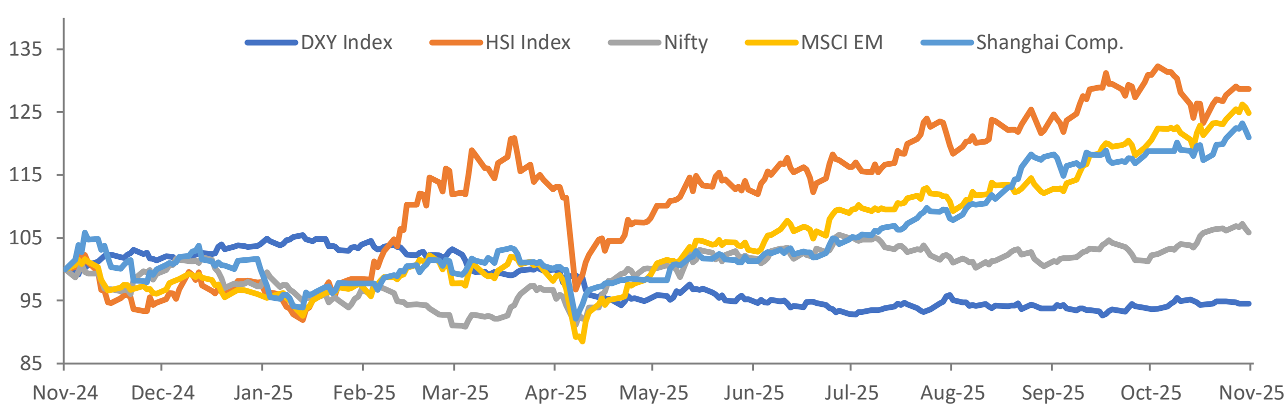



In the United States, the Federal Reserve implemented a 25-bps rate cut at its October FOMC meeting. Fed Chair Jerome Powell cited elevated inflation and the ongoing government shutdown, which disrupted access to key economic data, as factors influencing the decision. He also cautioned that future rate moves will depend on the evolving economic outlook and incoming data, and that a December cut is "not a foregone conclusion". This has cast a shadow on December rate expectations, with markets now pricing in a probability of around 67% of a cut materializing in the Fed's December meeting.

US equities showed resilience despite the government shutdown - the DJIA and S&P 500 both gained 2.2%. Treasury yields declined, with the 10-year note closing at 4.08%, and the dollar index gained 2% ending at 99.8.

On the global trade front, US sanctions on Russian oil firms in October have turned Indian refiners wary of secondary sanctions. Crude oil imports from Russia tapered towards the end of October, with imports dropping to 1.19 million barrels per day between October 22 and 27 (post the announcement of sanctions), compared to 1.95 million bpd in the preceding weeks. Trade negotiations with the US continue and hopeful commentary has been mixed with dismal data showing a 37.5% dip in Indian exports to the US during May-September 2025.

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



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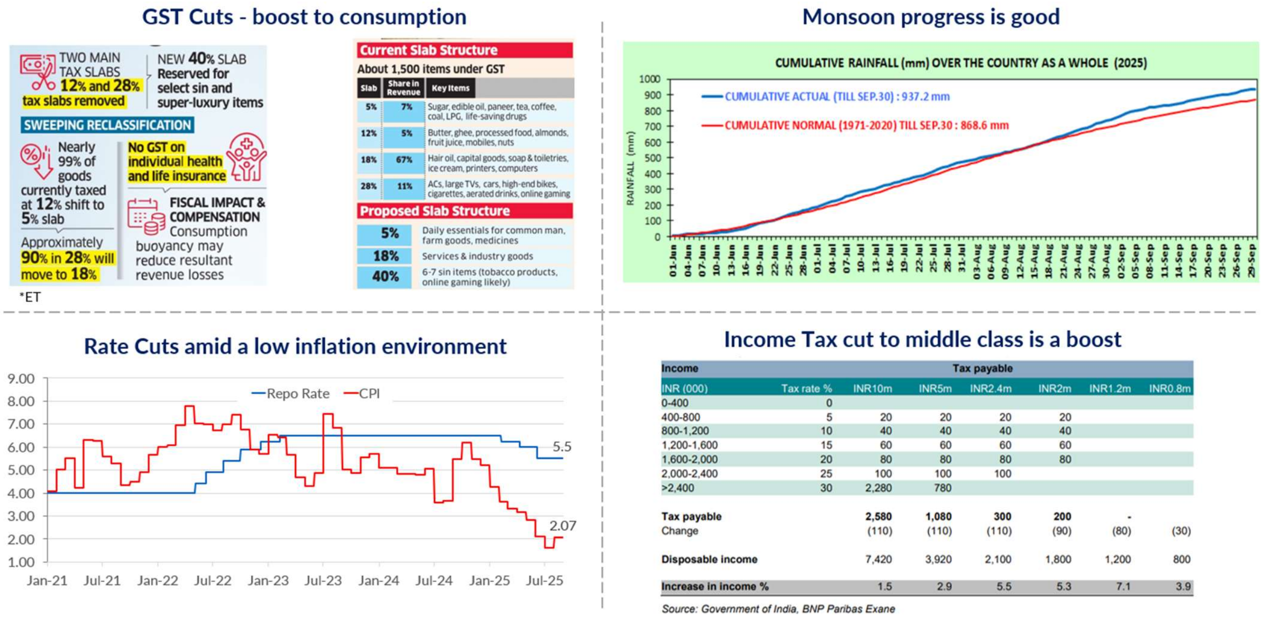
Results declared by a few companies during the month gone by has been satisfying & trajectory of earnings downgrades seem to be ending. The four pillars of growth in terms of interest rates, income tax, GST rationalization and Monsoon should offer good impetus to coming quarters in terms of growth. Valuations are stretched though.

**Fig 6. Four pillars of growth are in favour for the upcoming quarters**




| Income | | Tax payable | | | | | |
|---|---|---|---|---|---|---|---|
| INR (000) | Tax rate % | INR10m | INR5m | INR2.4m | INR2m | INR1.2m | INR0.8m |
| 0-400 | 0 | | | | | | |
| 400-800 | 5 | 20 | 20 | 20 | 20 | | |
| 800-1,200 | 10 | 40 | 40 | 40 | 40 | | |
| 1,200-1,600 | 15 | 60 | 60 | 60 | 60 | | |
| 1,600-2,000 | 20 | 80 | 80 | 80 | 80 | | |
| 2,000-2,400 | 25 | 100 | 100 | 100 | | | |
| >2,400 | 30 | 2,280 | 780 | | | | |
| **Tax payable** | | **2,580** | **1,080** | **300** | **200** | **-** | |
| Change | | (110) | (110) | (110) | (90) | (80) | (30) |
| **Disposable income** | | 7,420 | 3,920 | 2,100 | 1,800 | 1,200 | 800 |
| **Increase in income %** | | 1.5 | 2.9 | 5.5 | 5.3 | 7.1 | 3.9 |

*Source: Government of India, BNP Paribas Exane*

Markets have moved with an eye on penal tariffs going off & likely positive commentary from consumer and banking companies predominantly. Banking numbers are satisfying as far as asst quality goes, but the consumer company numbers are mixed.

Indices will need sentiment boost coming from international markets. FPI buying trend which is positive needs to continue. Head winds in the form of excessive AI spending by FAANG/ Mag 7 & lifting of debt ceiling by US government continues.

Risk reward considering a 3-year view favours equity as asset class. Depending on appetite to absorb the volatility a large cap-oriented fund should be appropriate.

**Fig 7. Forward P/E levels across Large-Caps, Mid-Caps and Small-Caps – Small-caps back in overvalued zone**

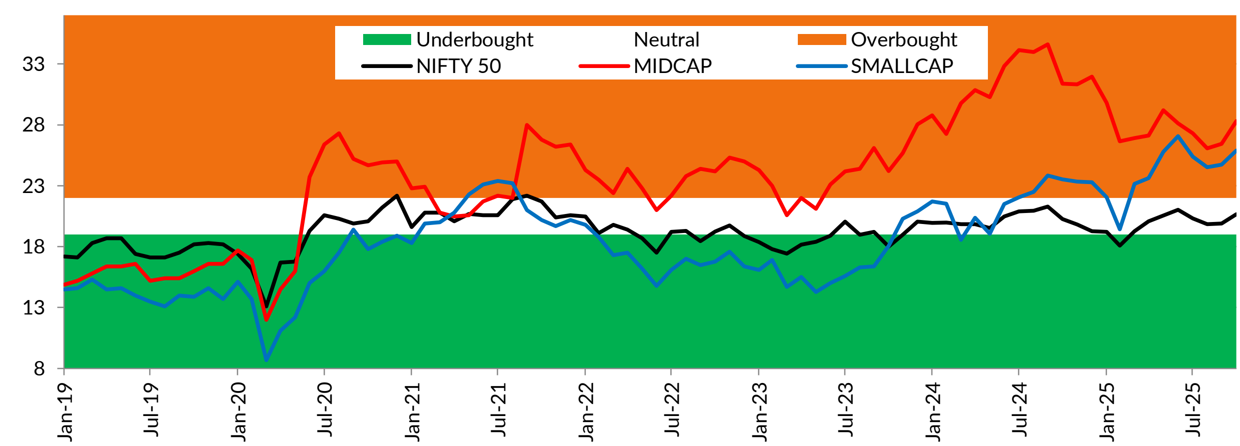


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**Fig 8. Major events and Nifty50 movements during October 2025**

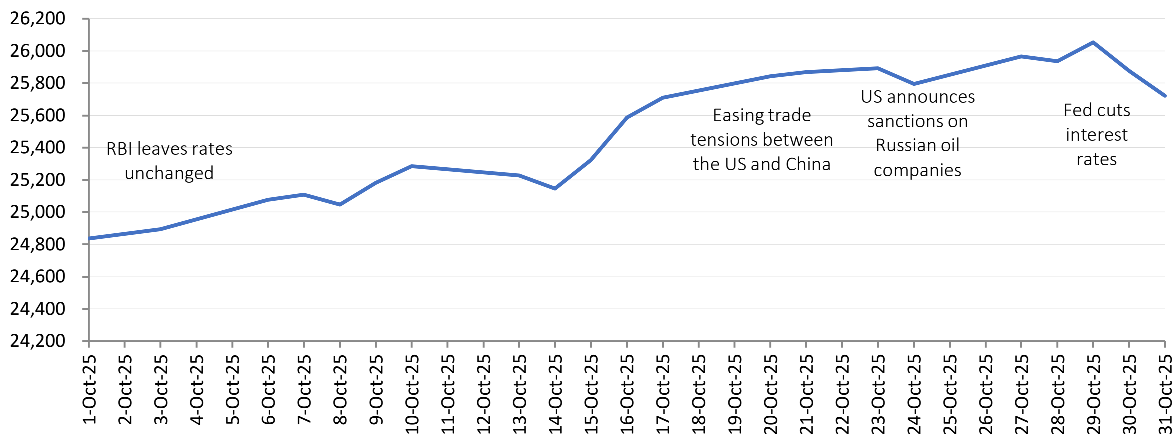


**Fig 9. Fund Returns – AUM Mix and Performance (CAGR)**

| | Equity % in Fund | 1M | 1Y | 3Y | 5Y |
|---|---|---|---|---|---|
| Midcap Fund | 95% | 4.57 % | 4.04 % | 22.03 % | 25.85 % |
| *Benchmark* | | *5.83 %* | *6.62 %* | *23.93 %* | *28.51 %* |
| Bond Fund | 0% | 0.69 % | 6.88 % | 7.67 % | 5.46 % |
| *Benchmark* | | *0.60 %* | *7.30 %* | *8.10 %* | *5.88 %* |
| Equity Fund | 99% | 4.26% | 2.52 % | 13.37 % | 17.14 % |
| *Benchmark* | | *4.51 %* | *6.27 %* | *12.61 %* | *17.18 %* |
| Balance Fund | 51% | 2.69% | 6.15% | 10.25% | 11.25 % |
| *Benchmark* | | *2.59 %* | *6.99 %* | *10.53 %* | *11.66 %* |

**Fig 10. Major Index and Asset Class Returns**

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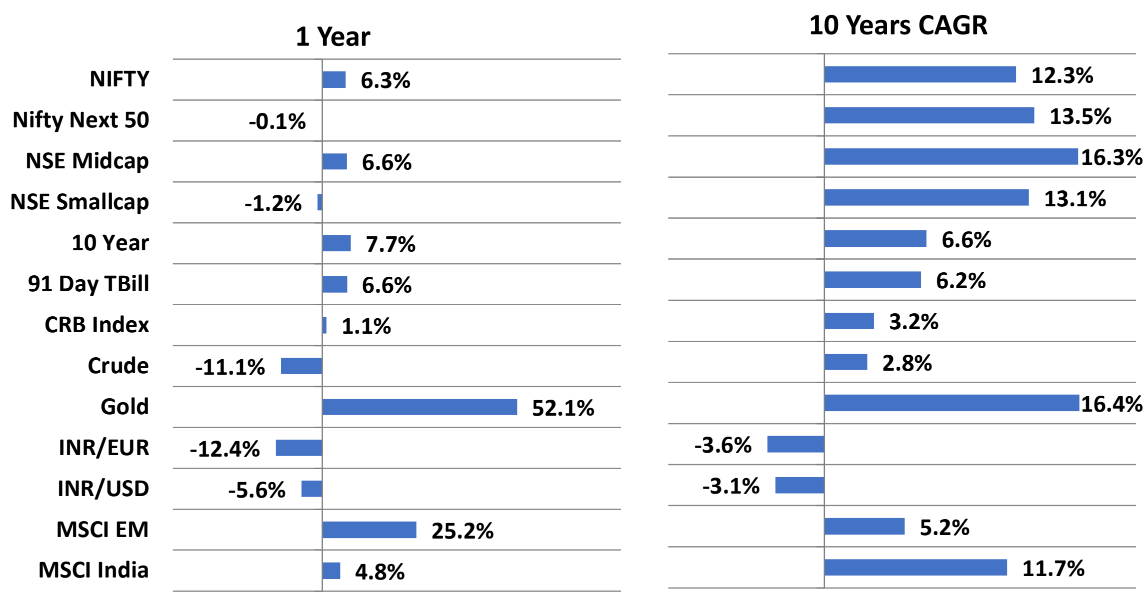


**Fig 11. Sensex yearly Performance in October (percent)**

| -30 and below | -30 to -20 | -20 to 0 | 0 to +20 | 20 to 40 | 40 to 60 | 60 and above |
|---|---|---|---|---|---|---|
| | | | 2022 | | | |
| | | | 2018 | | | |
| | | | 2012 | | | |
| | | | 2016 | | | |
| | | | 2023 | | | |
| | | | 2025 | | | |
| | | 1995 | 1980 | | | |
| | | 2001 | 1982 | | 1991 | |
| | | 2000 | 1983 | | 2021 | |
| | | 2011 | 1989 | 1997 | 1992 | |
| | | 1996 | 1984 | 1986 | 1988 | 2009 |
| | | 1993 | 2013 | 2024 | 2007 | 2006 |
| | | 2015 | 2004 | 2010 | 1999 | 2003 |
| | 1998 | 2002 | 2019 | 2014 | 1981 | 1990 |
| 2008 | 1987 | 2020 | 2017 | 2005 | 1994 | 1985 |

**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.**

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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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