

invest care

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



August, 2025



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>	8
<i>Risk Management Practice For Unit Linked Portfolios</i>	12

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-Aug-25	31-Jul-25	Change (%)	31-Mar-25	Change (%)
₹/\$	87.60	87.60	▶ 0.00%	85.46	▶ -2.50%
Forex Res.(Bn- 1 Wk Lag)	\$ 690.72	\$ 698.19	▶ -1.07%	\$ 658.80	▶ 4.85%
Oil Price (\$/Barrel)	\$ 67.45	\$ 72.36	▶ -6.79%	\$ 73.63	▶ -8.39%
FII inflows (Net) - Crs (₹)					
Equity (monthly)	-34993	-17741	▶ 97.24%	-3973	▶ 780.77%
Debt (monthly)	12662	11812	▶ 7.20%	37789	▶ -66.49%

Indices

Particulars	31-Aug-25	31-Jul-25	Change (%)	31-Mar-25	Change (%)
BSE Sensex	79,809.65	81,185.58	▶ -1.69%	77,414.92	▶ 3.09%
S&P CNX Nifty	24,426.85	24,768.35	▶ -1.38%	23,519.35	▶ 3.86%
Dow Jones Industrial Avg	45,544.88	44,130.98	▶ 3.20%	42,001.76	▶ 8.44%
FTSE 100	9,187.34	9,132.81	▶ 0.60%	8,582.81	▶ 7.04%
Hang Seng Index	25,077.62	24,773.33	▶ 1.23%	23,119.58	▶ 8.47%
Nikkei 225	42,718.47	41,069.82	▶ 4.01%	35,617.56	▶ 19.94%
B S E Metal Index	30,388.49	30,885.69	▶ -1.61%	30,824.72	▶ -1.42%
B S E Power Index	6,392.75	6,698.21	▶ -4.56%	6,588.41	▶ -2.97%
B S E Realty Index	6,764.68	7,082.26	▶ -4.48%	6,601.58	▶ 2.47%
B S E Auto Index	55,959.85	52,901.32	▶ 5.78%	47,704.03	▶ 17.31%
B S E FMCG Index	20,610.64	20,567.26	▶ 0.21%	19,447.48	▶ 5.98%
B S E Bankex	60,025.39	62,099.81	▶ -3.34%	59,542.38	▶ 0.81%
B S E Healthcare Index	43,622.70	45,372.03	▶ -3.86%	41,421.50	▶ 5.31%
B S E Capital Goods Index	65,417.08	68,236.66	▶ -4.13%	62,724.28	▶ 4.29%
B S E Information Technology Index	34,437.32	34,808.58	▶ -1.07%	36,122.71	▶ -4.67%
B S E Oil & Gas Index	25,540.00	26,796.97	▶ -4.69%	25,133.51	▶ 1.62%

Primary Key Rates

Particulars	31-Aug-25	31-Jul-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 #	3.75%	4.00%	▶ -0.25%	4.00%	▶ -0.25%
SLR *#	18.00%	18.00%	▶ 0.00%	18.00%	▶ 0.00%
Call money rate	5.00%	5.05%	▶ -0.05%	5.80%	▶ -0.80%
Current Inflation Rate (WPI)	-0.58%	-0.13%	▶ -0.45%	2.38%	▶ -2.96%
Current Inflation Rate (CPI)	1.55%	2.10%	▶ -0.55%	3.61%	▶ -2.06%
IIP (WPI) % Y-O-Y	3.50%	1.50%	▶ 2.00%	5.00%	▶ -1.50%
AAA spread (bps)	51.00	53.00	▶ -3.77%	40.00	▶ 27.50%

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-Aug-25	31-Jul-25	Change (%)	31-Mar-25	Change (%)
91 days T - Bill	5.51%	5.40%	▶ 0.11%	6.45%	▶ -0.94%
364 days T - Bill	5.64%	5.57%	▶ 0.07%	6.54%	▶ -0.90%
5 Years G - Sec (Annualized)	6.41%	6.15%	▶ 0.26%	6.63%	▶ -0.22%
10 Years G - Sec (Annualized)	6.78%	6.51%	▶ 0.27%	6.78%	▶ 0.00%
30 Years G - Sec (Annualized)	7.42%	7.18%	▶ 0.24%	7.12%	▶ 0.30%

* 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

DEBT MARKET REVIEW AND OUTLOOK

Market Review

August 2025 – Up and Up we go in yields!

Benchmark 10-year treasury yields was much higher at 6.56% in August from 6.37% in July 2025. The US 10Y yield was at 4.37% at the end of July and it ended lower at 4.22% in August. INR was hit hard this month again amidst USD strength, giving way to a 0.7% depreciation from 87.6 to 88.2

India Macro Movers:

Retail inflation came in at 1.55% in July 2025, this is a multi-year low, falling close to 500 bps from last year. But a large part of this is because of a favourable base. The CPI will slowly start heading back now but should be under control at least on year-on-year basis. Core inflation continues to move above 0.4% month on month, if we leave aside gold prices. We expect the August 2025 CPI to come in close to 2%.

GST collections have been steadily dropping falling from INR 2.36 trn to INR 1.86 trn in the last 5 months. PMIs have either been rising or been steady, manufacturing rising from 59.1 to 59.3 in the latest month and services also making a big jump from 60.5 to 62.9 last month.

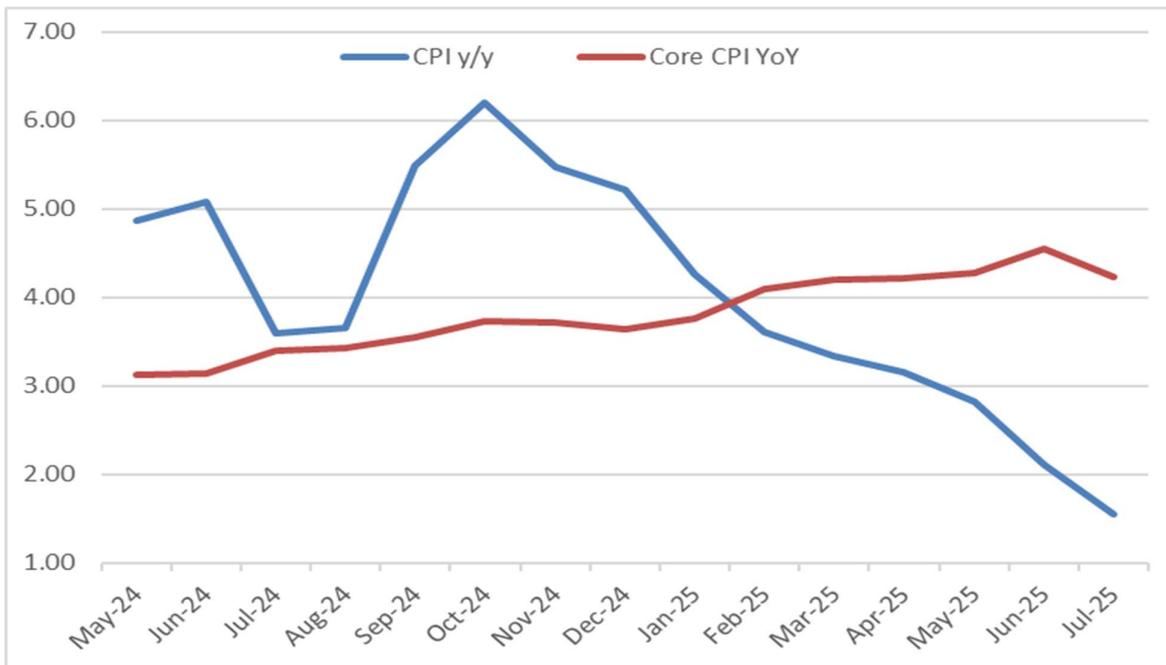
Global:

Economic data in the US started weakening in the month of August especially the biggest contributor to this bearish sentiment was the non-farm payrolls data which showed only 24000 job additions, which was much lower than the 75000 expected. The Bloomberg index for tracking potential rate cuts in the US puts 3 cuts this year and 3 for next year. US CPI had fallen from 3% in January 2025 to 2.3% in April 2025 but is back to 2.7% in July 2025. The markets are primed for a September rate cut by Fed and then with fresh guidance by the central bank, this could drive USD, UST and global yields accordingly.

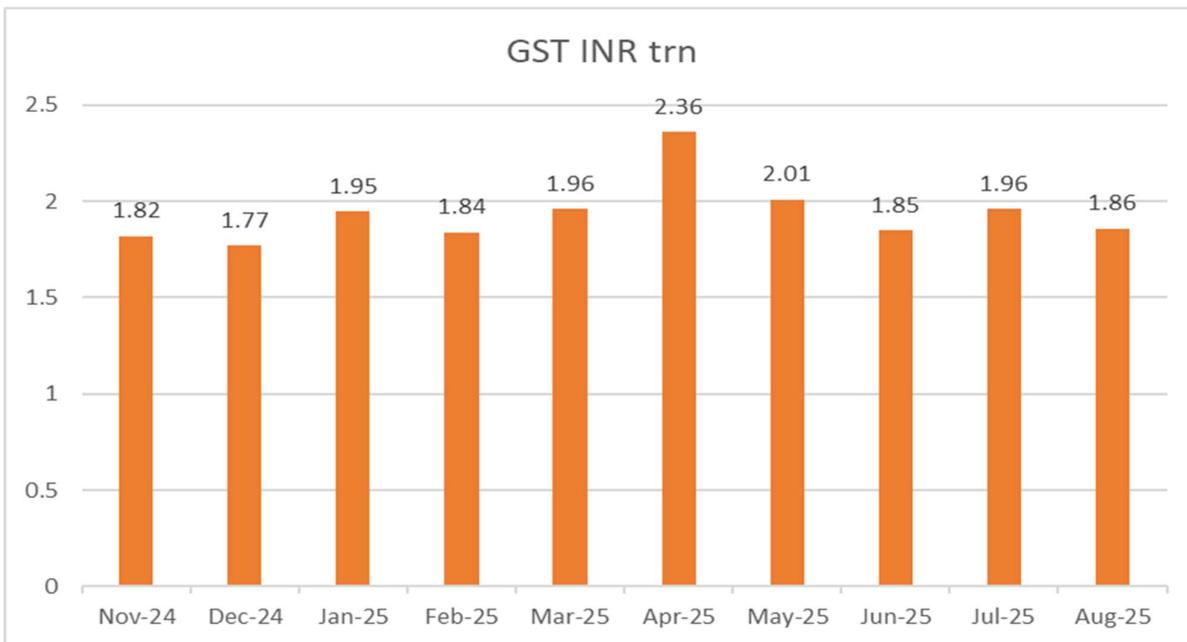
Outlook:

The 10 Y yield rose by close to 20 bps in August owing to many factors, all being domestic factor led. The MPC decided to keep rates at status quo and the statements did sound a bit hawkish, almost ruling any rate cuts soon. The low demand for G-secs especially the longer end bonds and the heavy supply that will once again hit in H2 seems to be the concern. There are rumours and expectations that the borrowing calendar will be tweaked in September end to help mark tensions ease. The CPI also has hit the bottom and so we will be awaiting higher food and core inflation in the coming months, all adding to bond market pressures. The earlier-than-expected rating upgrade by S&P to Indias sovereign status from BBB- to BBB, could hardly bring yields lower over a 2-day period. We expect 10 Year yield to range between 6.4% and 6.55%, with long end yields also to range between 7.15%-7.35%.

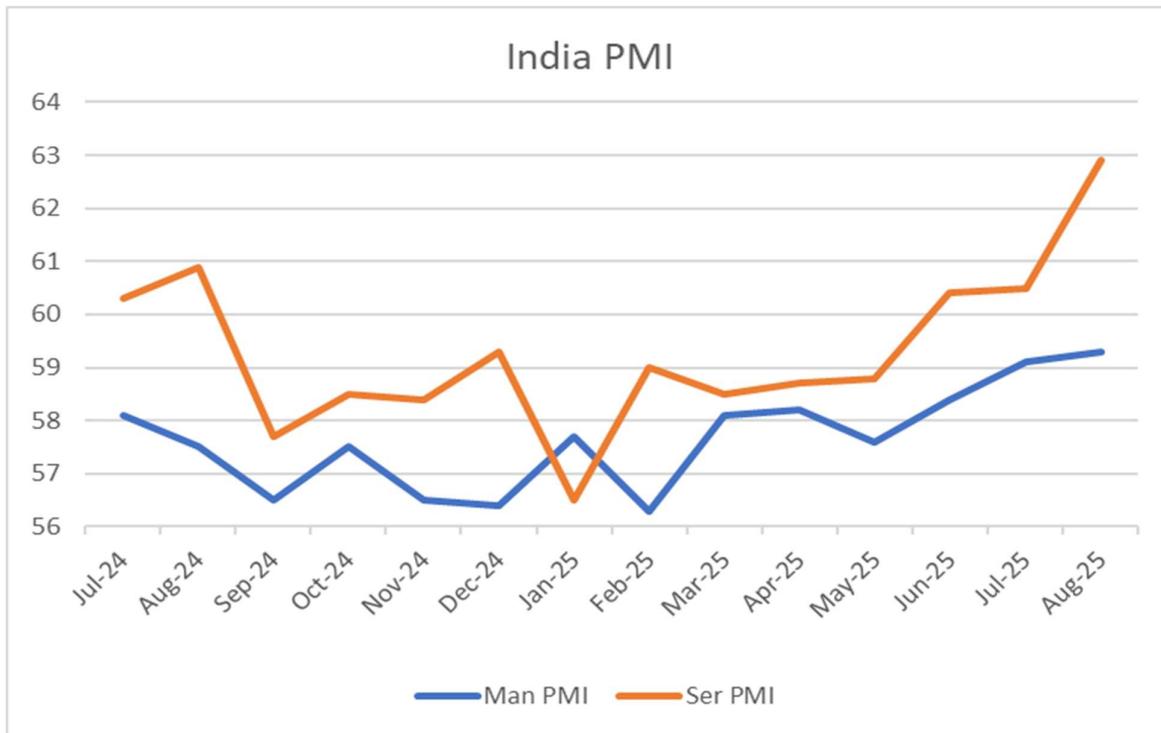
India CPI has hit a multi-year low, but helped largely by base effects,



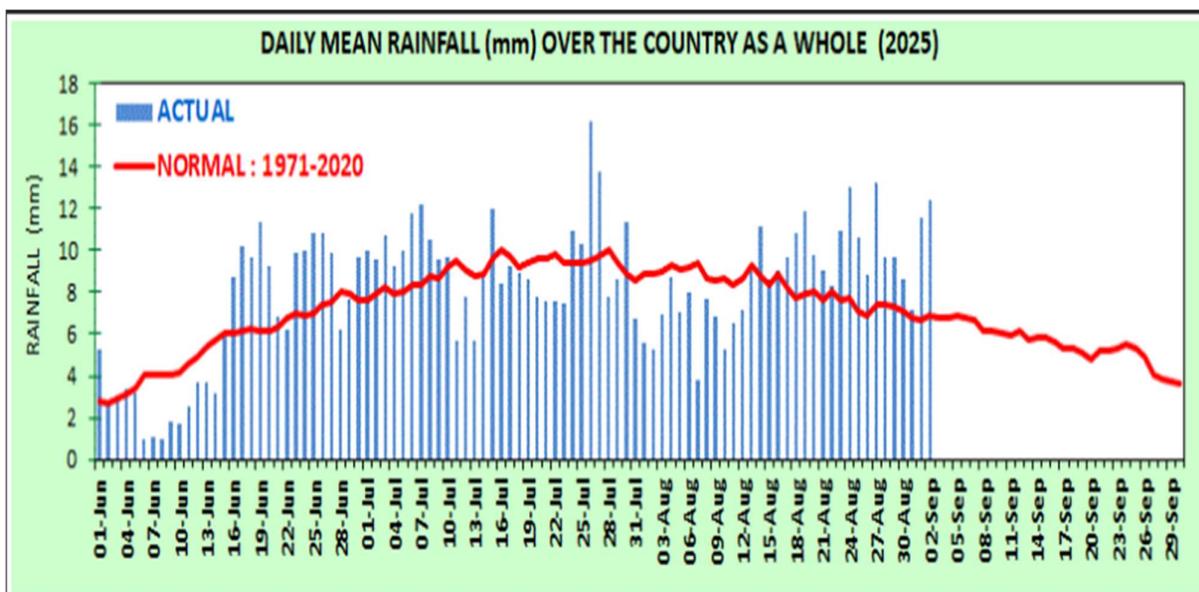
GST collections have slowed of late



PMIs don't show any sign of a slowdown



The monsoon rains keep improving



Equity Outlook

Equity Market Outlook for the Month of August 2025

Nifty and Sensex ended at 24,768 and 81,186 respectively, down 2.9% each for the month of July 2025. This month, global markets were roiled by another bout of USA trade policy uncertainty, as the deadline for Liberation Day deadline of July 4 passed and trade deals struck (or not struck) by major economies with the USA came into focus. Amid this, FIIs pulled out USD 4.4 billion from secondary equity markets in India, leading to downward pressure on stock prices – mitigated by DII inflows of USD 6.1 billion.

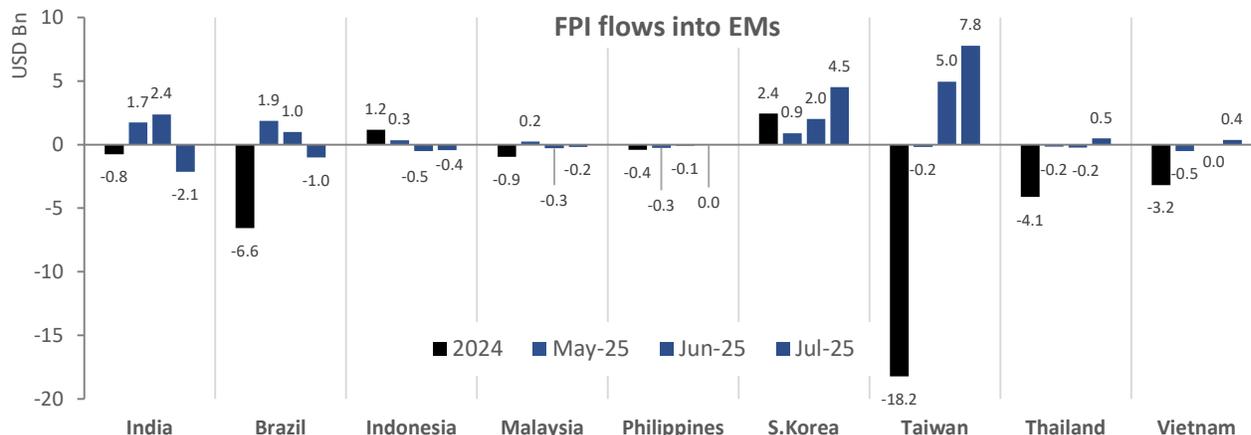
Broader markets in India fell sharply this month, with the NSE Mid-cap 100 index and NSE Small-cap 100 index down 4% and 6% respectively. Our markets underperformed US equity indices with the S&P 500 rising by 2.5% in July 2025. In India, Healthcare continued its run as the best performing sector with returns of 3% in July 2025. FMCG was the only other sector to post positive returns in July 2025 – a stark contrast with June during which it was the only sector to post losses. IT and Capital Goods were the worst performing sectors in July 2025, down 9% and 6% respectively.

Fig 1. FMCG and Healthcare were the only sectors to deliver positive returns in July

	1M		3M		6M		9M		12M	
	Returns	Rank								
Midcap	-4%	-	6%	-	7%	-	2%	-	-3%	-
Smallcap	-6%	-	9%	-	6%	-	-3%	-	-6%	-
Auto	-1%	3	6%	4	3%	8	-1%	4	-12%	7
Banking	-3%	6	-1%	11	10%	2	6%	2	5%	3
Cap Goods	-6%	10	9%	1	6%	5	-1%	5	-10%	6
FMCG	2%	2	1%	9	0%	10	-5%	9	-9%	5
Healthcare	3%	1	7%	2	9%	3	3%	3	12%	1
IT	-9%	11	-1%	10	-17%	11	-14%	10	-17%	9
Metal	-3%	4	6%	3	8%	4	-1%	6	-6%	4
Oil & Gas	-4%	8	1%	7	5%	6	-2%	7	-18%	10
Power	-3%	7	1%	8	2%	9	-14%	11	-21%	11
Financials	-3%	5	4%	5	14%	1	9%	1	10%	2
PSU	-5%	9	2%	6	4%	7	-4%	8	-16%	8

FPI flows into Indian equities were negative during July at -4.4 Bn USD, while DIIs pumped 6.1 Bn USD into Indian equities. Net FII flows into India’s secondary equity markets this fiscal year stand at -1.9 Bn USD.

Fig 2. EM flows to suffer again except for certain markets like S. Korea, Taiwan



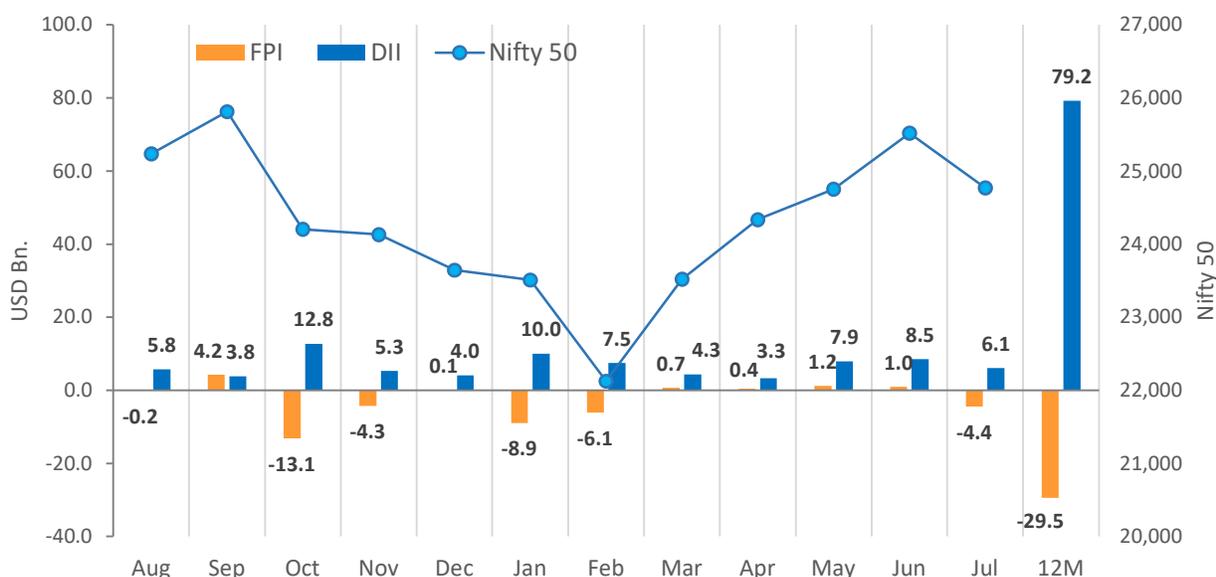
US market, Dow Jones, moved up 0.8% and S&P 500 was up 2.5%. For 3 months ending July 31st S&P500 has given a return of 14.3%. This indicates sharp reversal to trends that we saw initially when the new regime in US came into. 10-year yields in US closed for the month @ 4.37% against 4.2% last month with growth numbers recovering to 3% seasonally adjusted. DXY has accordingly strengthened to 99.96% from 96.87.

India’s CPI inflation continued to moderate with a print of 2.1% in June 2025, down from 2.8% in May. WPI inflation for June dropped to -0.1% against 0.4% for May 2025. Core inflation is at strong 4.2%. Food inflation continued its downward trajectory, measuring at -1.06% in June from 0.99% in May. GST collections for May 2025 stood at INR 1.96 lakh crore, a YoY increase of 7.5%, and GST collections for FY25 year to date have shown 10.7% Year-on-year growth.

In their early-June 2025 meeting, the RBI front loaded its accommodative policy actions with a 50-bps repo rate cut, 100 bps CRR cut beginning from September 2025 and a change in policy stance to neutral. The RBI has maintained since that the bar for further rate cuts will be high and indeed have followed up with no change to the prevailing repo rate in their August meeting.

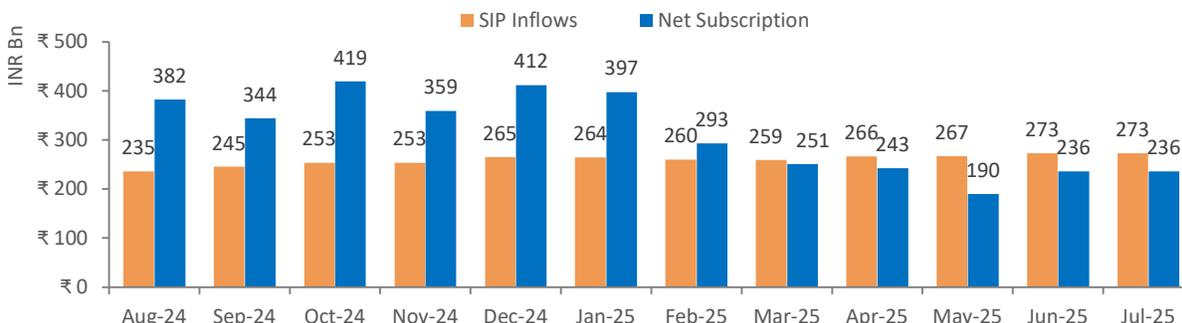
Meanwhile, Brent Crude closed July at USD 74/bbl, up 8.4% in the month following sanctions by the EU on Russian entities, (including Nayara energy – a refiner based in India owned partly by the Russian Gas major Rosneft) as well as tariff threats by the US on importers of Russian oil.

Fig 3. DII and FII flows from Jun '24 to Jul '25



Mutual fund inflows into equity-oriented funds in June rose from May levels, standing at 236 billion INR, providing respite from the recent downward trend in equity fund inflows. SIP inflows in June remained steady at 273 billion INR.

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

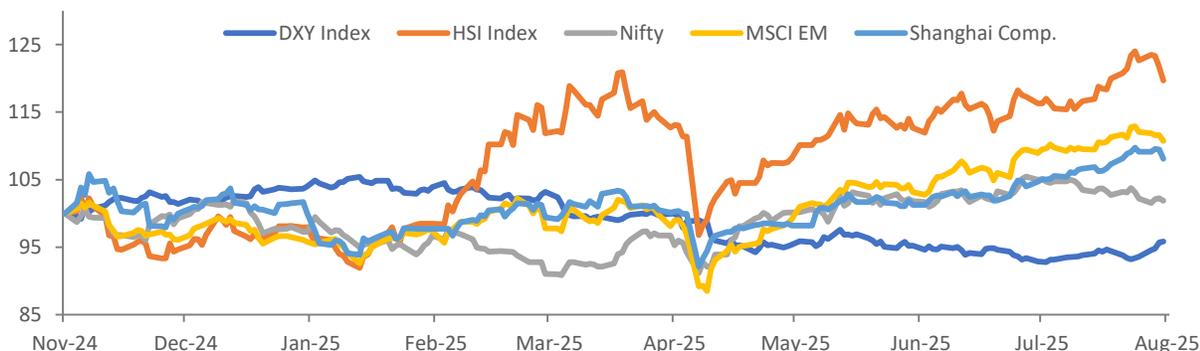


Developments in the USA took precedence on the geopolitical front in July. With the Iran-Israel war in their rear-view mirror, the Trump administration refocused on tariffs and trade deals amid the looming July deadline for Liberation Day tariffs. However, given the paucity of deals it was widely expected that the deadline would be deferred, which indeed it was to the date of August 1 (later further deferred by a week). During the month, FPIs repositioned their portfolios globally, pulling out money from Indian equities to the tune of USD 4.4 billion, as trade deal talks between US and India were not happening the way it was earlier thought. This takes FPI outflows from India in CY25 to USD 16.2 billion.

Further, the US administration has intensified its efforts to bring a close to the Russia-Ukraine war, while also growing increasingly disillusioned with conversations with Russian leaders. Trump has since given Russia a 50-day deadline for a ceasefire, threatening sanctions and tariffs in the event of continued conflict. Further, he has begun to target importers of Russian oil, including India, with threats of steep “penalty” tariffs in the event of continued economic ties with Russia. This poses another overhang on Indian equity markets and global energy prices.

In the midst of this, the Federal Reserve kept rates unchanged in their July meeting, amid months-long speculation that the Fed Chair may be replaced with a person more amenable to Trump’s views on rate cuts. As the current chair’s term draws closer to its end in May 2026, it is anyone’s guess on who could replace the Fed Chair eventually – Trump has however clarified that he is highly unlikely to end the term prematurely.

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



Results declared by a few companies during the month gone by has not been satisfying for the valuations we hold now with downward revision in earnings in many company’s coming through.

Though markets have corrected with short term headwinds of 25% tariff and penalty of 25% tariff recently announced. It will be ideal to wait before taking a decision to plunge for the final verdict and to see what will be the impact on tariff related to other areas like Pharmaceuticals.

Fig 6. Forward P/E levels across Large-Caps, Mid-Caps and Small-Caps – Small-caps back in overvalued zone

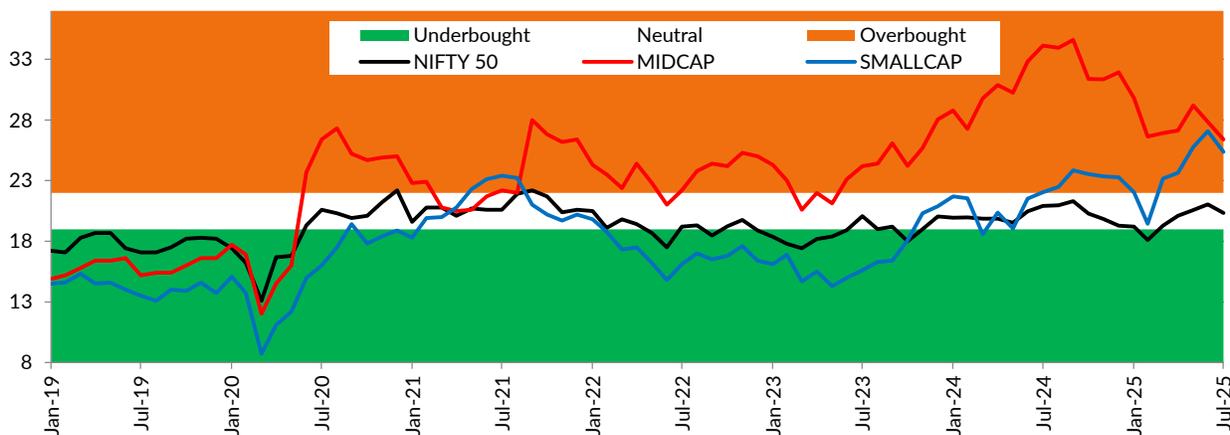


Fig 7. Major events and Nifty50 movements during July 2025

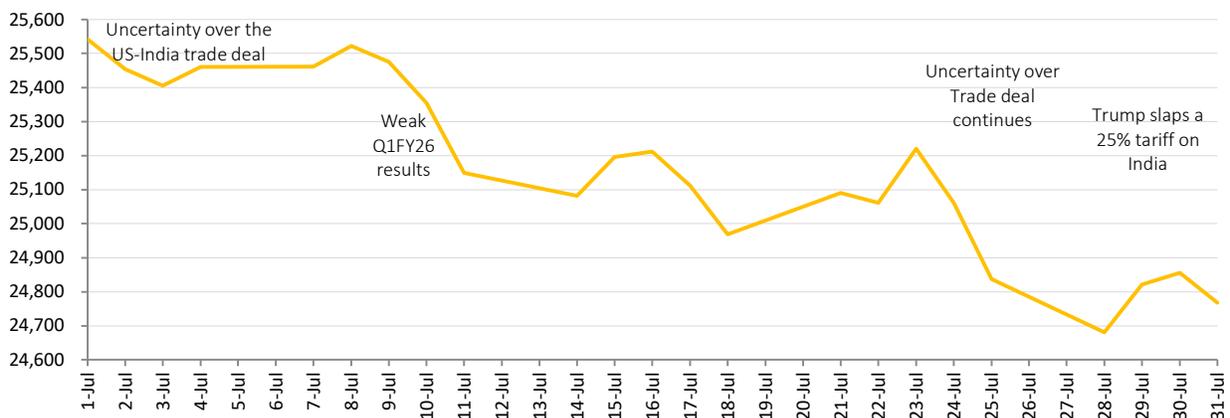


Fig 8. Fund Returns – AUM Mix and Performance (CAGR)

	Equity % in Fund	1M	1Y	3Y	5Y
Midcap Fund	95%	-3.03 %	-1.80 %	23.17 %	26.74 %
<i>Benchmark</i>		-3.92 %	-2.70 %	24.65 %	29.98 %
Bond Fund	0%	0.48 %	8.41 %	7.62 %	5.52 %
<i>Benchmark</i>		0.53 %	8.76 %	8.22 %	6.00 %
Equity Fund	99%	-3.49 %	-2.13 %	14.32 %	17.50 %
<i>Benchmark</i>		-2.93 %	-0.73 %	13.02 %	17.47 %
Balance Fund	51%	-1.31 %	3.18 %	10.55 %	11.37 %
<i>Benchmark</i>		-1.21 %	4.13 %	10.80 %	11.88 %

Fig 9. Major Index and Asset Class Returns

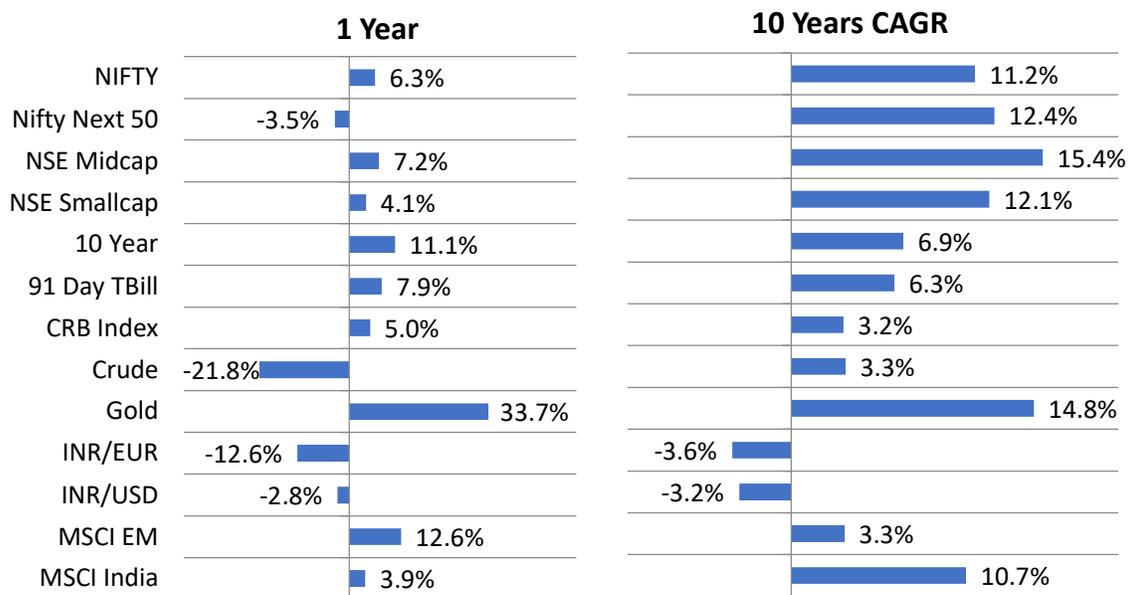
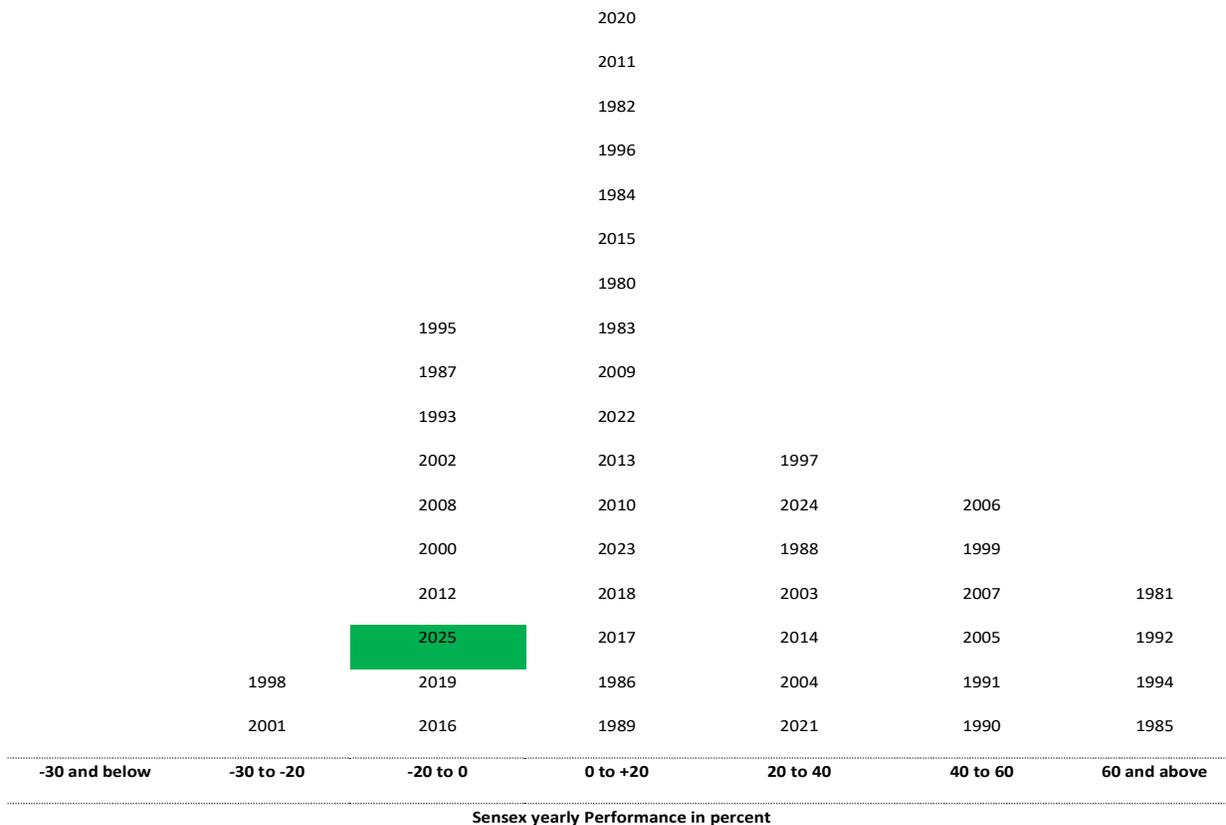


Fig 11. Sensex yearly Performance in June (percent)



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
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