

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-23	31-Mar-23	Change (%)	31-Mar-22	Change (%)
₹/\$	81.83	82.18	▶ 0.43%	75.79	▶ -7.97%
Forex Res.(Bn- 1 Wk Lag)	\$ 584.25	\$ 578.78	▶ 0.95%	\$ 617.65	▶ -5.41%
Oil Price (\$/Barrel)	\$ 79.39	\$ 79.94	▶ -0.69%	\$ 109.24	▶ -27.33%
Gold (₹/10 gm)	59,903	59,530	▶ 0.63%	51,317	▶ 16.73%
FII inflows (Net) - Crs (₹)					
Equity (monthly)	11631	7936	▶ 46.56%	-41123	▶ -128.28%
Debt (monthly)	8	-2505	▶ 100.32%	-5632	▶ -100.14%

Indices

Particulars	30-Apr-23	31-Mar-23	Change (%)	31-Mar-22	Change (%)
BSE Sensex	61,112.44	58,991.52	▶ 3.60%	58,568.51	▶ 4.34%
S&P CNX Nifty	18,065.00	17,359.75	▶ 4.06%	17,464.75	▶ 3.44%
Dow Jones Industrial Avg	34,098.16	33,274.15	▶ 2.48%	34,678.35	▶ -1.67%
FTSE 100	7,870.57	7,631.74	▶ 3.13%	7,515.68	▶ 4.72%
Hang Seng Index	19,894.57	20,400.11	▶ -2.48%	21,996.85	▶ -9.56%
Nikkei 225	28,856.44	28,041.48	▶ 2.91%	27,821.43	▶ 3.72%
B S E Realty Index	3,560.04	3,101.56	▶ 14.78%	3,681.83	▶ -3.31%
B S E Auto Index	30,325.51	28,246.92	▶ 7.36%	24,049.98	▶ 26.09%
B S E Capital Goods Index	36,738.88	34,369.70	▶ 6.89%	27,506.04	▶ 33.57%
B S E Bankex	48,981.83	46,031.95	▶ 6.41%	41,753.80	▶ 17.31%
B S E Healthcare Index	23,033.93	21,883.50	▶ 5.26%	24,303.83	▶ -5.23%
B S E Oil & Gas Index	18,271.28	17,383.40	▶ 5.11%	18,741.19	▶ -2.51%
B S E Metal Index	20,134.69	19,184.87	▶ 4.95%	22,368.34	▶ -9.99%
B S E FMCG Index	17,238.74	16,487.02	▶ 4.56%	13,334.89	▶ 29.28%
B S E Power Index	3,743.87	3,605.80	▶ 3.83%	4,043.63	▶ -7.41%
B S E Information Technology Index	27,503.49	28,478.99	▶ -3.43%	36,402.74	▶ -24.45%

Primary Key Rates

Particulars	30-Apr-23	31-Mar-23	Change (%)	31-Mar-22	Change (%)
Repo Rate*	6.50%	6.50%	▶ 0.00%	4.00%	▶ 2.50%
Reverse Repo Rate**	3.35%	3.35%	▶ 0.00%	3.35%	▶ 0.00%
CRR #	4.50%	4.50%	▶ 0.00%	4.00%	▶ 0.50%
SLR *#	18.00%	18.00%	▶ 0.00%	18.00%	▶ 0.00%
Call money rate	6.30%	6.20%	▶ 0.10%	3.87%	▶ 2.43%
Current Inflation Rate (WPI)	1.34%	3.85%	▶ -2.51%	13.11%	▶ -11.77%
Current Inflation Rate (CPI) (Mar 23)	5.66%	6.44%	▶ -0.78%	6.07%	▶ -0.41%
IIP (WPI) % Y-O-Y (Feb 23)	5.60%	5.20%	▶ 0.40%	1.30%	▶ 4.30%
AAA spread (bps)	15.00	22.00	▶ -31.82%	14.00	▶ 7.14%

Particulars	2019-20	2020-21	2021-22	Q4 FY22	Q3 FY23
Real GDP % (New Growth No. by CSO)	4.20%	-7.30%	9.10%	4.10%	4.40%

Interest Rates (FIMMDA)

Particulars	30-Apr-23	31-Mar-23	Change (%)	31-Mar-22	Change (%)
91 days T - Bill	6.82%	7.28%	▶ -0.46%	3.84%	▶ 2.98%
364 days T - Bill	7.00%	7.30%	▶ -0.30%	4.58%	▶ 2.42%
5 Years G - Sec (Annualized)	6.99%	7.18%	▶ -0.19%	6.02%	▶ 0.98%
10 Years G - Sec (Annualized)	7.12%	7.31%	▶ -0.19%	6.86%	▶ 0.25%
30 Years G - Sec (Annualized)	7.26%	7.39%	▶ -0.13%	7.27%	▶ 0.00%

-  No change
-  Negative change
-  Positive change

* w.e.f Feb 08, 2023

** w.e.f May 22, 2020

w.e.f May 21, 2022

*# w.e.f Apr 09, 2020

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 2023 – Which way to go?

Benchmark 10-year treasury yields averaged at 7.19% in April 2023 (down 17bps month on month versus the March 2023 average). On month-end values, the 10-Year yield was up and ended the month at 7.12% (down 19bps month on month). The US 10-Year yield is at 3.42% (-5bps month on month, +49bps year on year).

India Macro movers

CPI expectedly gaps down; IP surprises to the upside. Helped by favourable base effects and some sequential softening of food prices, March 2023 CPI expectedly gapped down to 5.7% from 6.4% in February 2023. Food price momentum was a mixed bag. Wheat prices, which had been a key source of pressure since the War broke out last year, have provided much-needed relief in recent months. After increasing sequentially for 18 consecutive months, wheat prices fell by 2.6% month on month in March 2023. And there are indications that they would drop again in April 2023. Meanwhile, vegetable prices rose more sharply than the daily-data had suggested. All told, however, food prices momentum softened 0.2% sequentially in March 2023 from 0.6% in February 2023.

Core sector activity was solid in March 2023, with all sectors except fertilizers delivery a positive sequential jump. PMIs (Purchasing Managers Index) were also solid with service sector reaching 62 which is the highest in 13 years.

Global News

Global equities were mixed across regions (MSCI World (Morgan Stanley Capital International) +1.3% month on month, +8.2% year till date). MSCI China was the weakest performer in the month (-5.2% month on month) while the US gained (+1.2% month on month). India was the leader across regions (+4.1% month on month). We believe Growth and Defensives will be favored in 2nd Half. There is some rotation evident. Post a poor start in January – February 2023, key Defensive sectors, such as Staples, Utilities and Healthcare, appear to be finding their footing. We upgraded our overweight on growth in emerging markets equities from tactical to structural as an eventual Fed (Federal Reserve) pause materializes by 2nd quarter 2023.

As the recession likelihood is likely increasing again for 2nd Half of this year but it could very well be a soft landing. Credit is tightening, but fading drags are lifting global growth. We anticipate an end to the global expansion by 2024 as inflation fails to return to central bank comfort zones and requires further monetary tightening to induce a recession.

Economic data in the US has been quite robust with employment generation beating estimates again, durable goods manufacturing and PMIs all surprising markets positively. Unemployment rate has just marginally moved down by 10 bps it is still at multi-decadal low. There are still 1.6 job openings for every unemployed person, against a pre-pandemic level of 1.1. The debt ceiling crisis is looming large and this could keep uncertainty high for the whole month of May 2023.

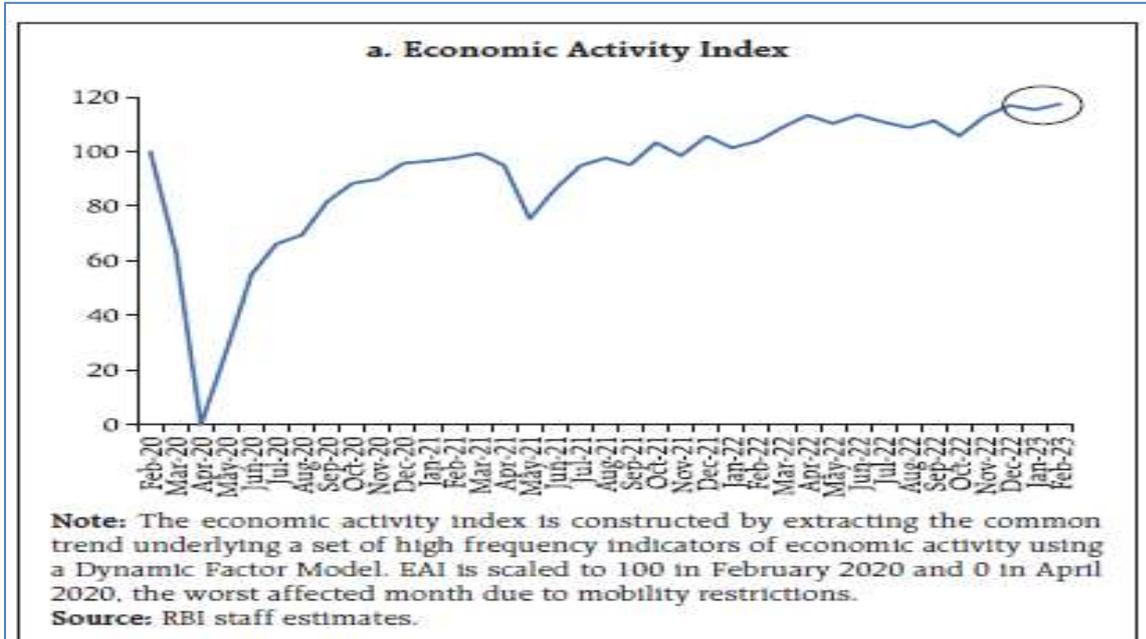
Outlook

In April 2023 policy, MPC (Monetary Policy Committee) left the repo rate unchanged at 6.50% against consensus view of 25 bps hike. April 2023 and May 2023 CPI inflation numbers to come will be under 5%, giving MPC no room to sound hawkish, let alone hike! Strong growth fundamentals mean that rate cut hopes in current year 2023 will be low. End of rate hike cycle by Fed and MPC mean that interest rates will be capped, with OMO (Open Market Operations) purchase possibilities also emerging in 2nd Half of financial year 2024 by RBI Lower Crude oil prices amidst a slowing growth and demand outlook globally will keep IGBs (Indian government bonds) in bullish mode. Our Range for 10-year G-sec is 6.95%-7.15. Risks like El Nino and rate hikes by Fed should be closely monitored.

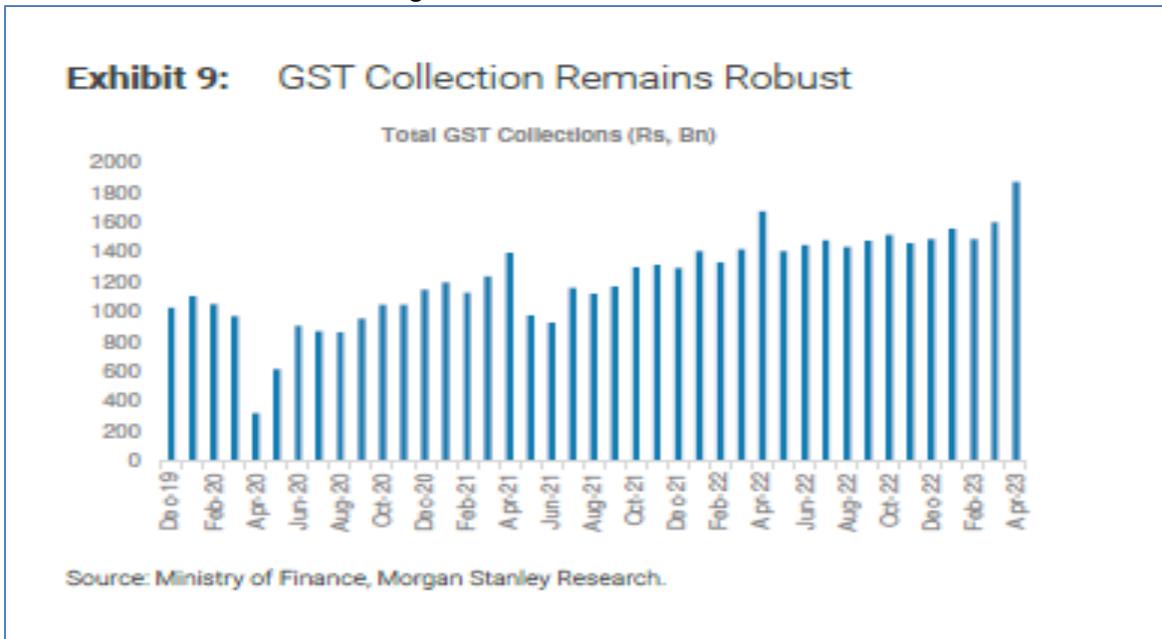
El Nino years tend to cause drought and inflation surge especially in food. But the impact in the latest episode was subtle -

	El Nino	Inflation in drought year %	Inflation 1 year later %	avg 2 year inflation %
1965-66	strong	6	17	11.5
1972-73	strong	15	19	17
1979-80	weak	16	22	19
1982-83	strong	6	12	9
1986-87	moderate	10	9	9.5
1987-88	strong	9	8	8.5
1991-92	strong	17	11	14
2002-03	moderate	2	4	3
2004-05	weak	3	3	3
2009-10	moderate	14	11	12.5
2014-15	weak	4	1	2.5
2015-16	strong	1	6	3.5

RBI's economic activity index has been rising steadily -



GST collections reach an all-time high -

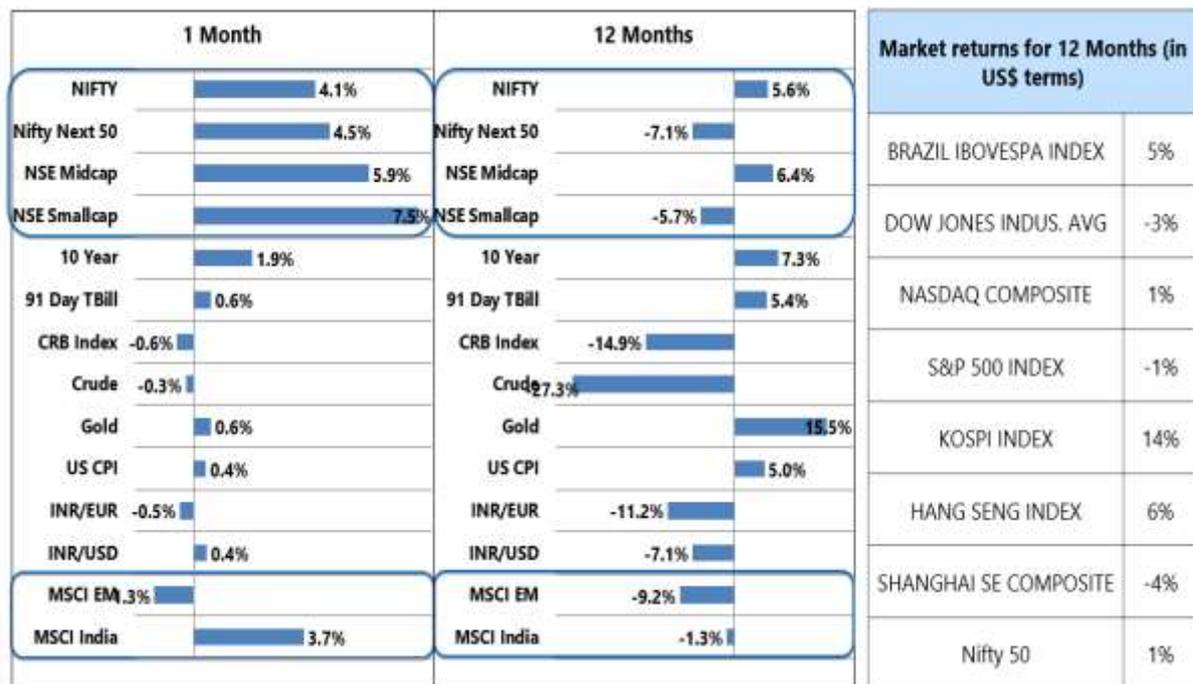


Equity Outlook

Equity Market Outlook for May 2023

Nifty and Sensex gave a return of 3.6% and 4.1% for the month of April, 2023 with FPI's (Foreign Portfolio Investors) buying with a bang (China Market confusion), RBI giving rate increases a pause and results showing a mixed trend.

NSE Mid and NSE Small Cap index moved 5.9% and 7.3% in a surprise indicating risk appetite is strongly back. Our indices gave on local currency the best returns compared to any other emerging and developed markets.

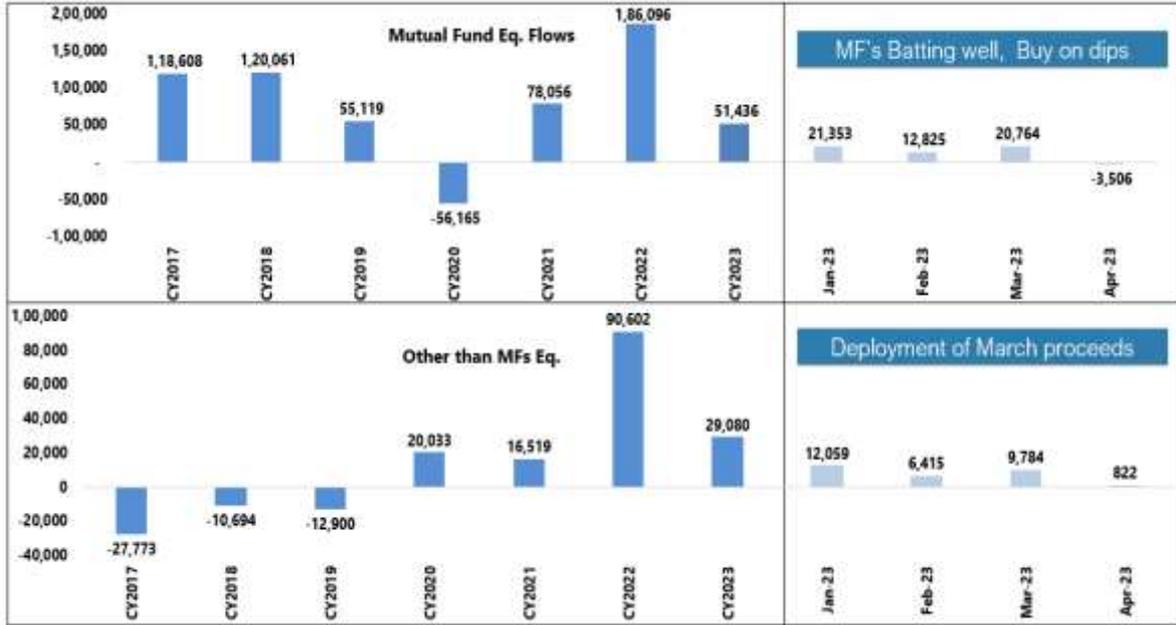


Sectoral move indicates better results compared to expectations led the Rally. Sectors that came out with results include Automobile (7% up) Capital Goods (6% up) Banking (6% up) Pharma (5% up) & Oil & Gas (5% up). Investors were impacted with companies in IT sector that projected a bleak outlook.

	1M		3M		6M		9M		12M	
	Returns	Rank								
Auto	7%	1	0%	5	-1%	5	6%	5	20%	3
Banking	6%	3	6%	3	3%	4	14%	2	18%	4
Capital Goods	7%	2	9%	1	10%	1	24%	1	34%	1
FMCG	4%	7	8%	2	8%	2	13%	3	25%	2
Healthcare	5%	5	2%	4	-5%	7	-1%	6	-6%	6
IT	-3%	9	-7%	9	-4%	6	-5%	8	-12%	8
Metal	5%	6	-5%	8	6%	3	11%	4	-7%	7
Oil & Gas	5%	4	-1%	6	-6%	8	-4%	7	-6%	5
Power	4%	8	-4%	7	-23%	9	-18%	9	-22%	9

RBI kept the rate increases on hold against the expectations by the market. This had a big positive impact on the 10-year gilt yields. Yields moved 20 basis lower during the month. CPI inflation for the month of March 2023 came in at 5.66% as against 6.44% for February 2023 a sharp fall. WPI inched down to 1.34% versus 3.85% for the same period indicating rate hikes and base effect playing. S&P Global Services and Manufacturing PMI for India for April 2023 versus March 2023 was robust. Services PMI was at 62% for versus 57.8% & Manufacturing PMI was at 57.2% versus 56.4% indicating strong trend to come up in output.

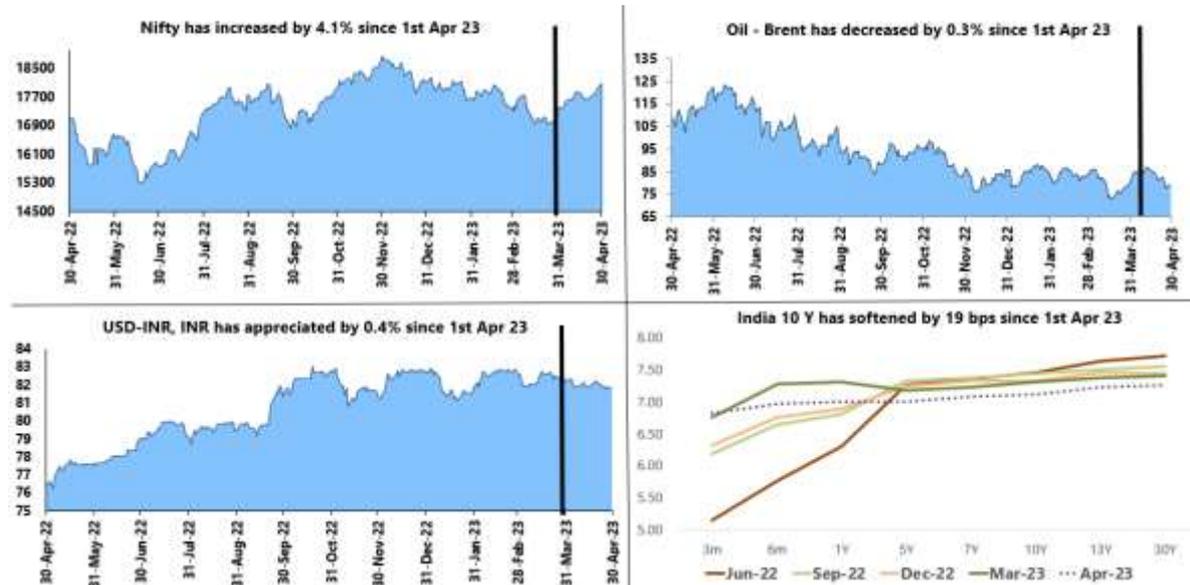
It's a very healthy trend for the markets. Mutual Funds in Active side have sold stocks worth Rs. 3506 crores and on the Index side they have bought stocks worth Rs. 822 crores. The cash that they hold helps stem the fall as and when it happens assuming that the selling is not on withdrawals. Mutual funds hold around 6% cash which also will act as a cushion. FPI's on the other hand have bought stocks worth Rs.9792 crores.



Nifty One year forward multiple has inched up to 18.2. Market is taking cue from pause on rate cut. FPI buying is opportunistic as China bets have not worked out. Results indicate a mixed bag. Some of them stand out. Exports and companies dependant on international markets like IT have indicated tough times ahead. Monsoon and its spread will play a crucial role in farm output and food inflation.

However, substantial melt down in crude oil prices, pause by RBI and healthy domestic growth is a strong signal for markets. Oil meltdown indicates a possible CAD (Current Account Deficit) under control and as a result exchange rate too.

Low hanging fruits on Debt markets are not yet ripe despite yields coming off. We continue to like and recommend investors to prefer Balance Fund, Bond Optimizer fund followed by Bond Fund.



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 fulfillment 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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