



IndusInd Nippon Life

Investment risk in Investment portfolio is borne by the policyholders.

A Quarterly Newsletter by IndusInd Nippon Life Insurance

# INVESTMENT BULLETIN

APRIL 2026

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The escalation of the Middle East crisis has amplified volatility in global commodity markets, especially energy, driving up inflation expectations and dampening the global growth outlook. This is expected to exert pressure on the Indian economy via elevated imported inflation and softer external demand.

The RBI, in its recent projections, highlights these evolving dynamics. Growth is pegged at 6.9% in FY27, moderating from 7.6% in FY26. Inflation is expected at 4.6%, with risks tilted to the upside. We see inflation to range between 5.0% and 5.4%, driven by higher fuel prices and rising El Niño risks. Despite an upward bias, inflation is likely to remain within the RBI's tolerance band.

Against this backdrop, the MPC views status quo as an appropriate response. In its April 2026 meeting, the RBI's MPC maintained a neutral stance and kept the repo rate unchanged at 5.25%.

Early signs of stress are also visible in currency markets, with the rupee depreciating by 4.5% since the onset of the crisis. In response, the RBI has significantly widened its net short forward position to \$104 billion in March from \$77 billion in February.

Despite a weak external environment, domestic demand remains the cornerstone of growth. High-frequency indicators remain firm, supported by steady consumption trends and an improving labour market. Rural demand continues to hold up with strong auto sector sales, while urban consumption is gradually recovering, supported by healthy credit growth and policy measures such as GST rationalisation. Industrial performance, however, shows some moderation in March.

India's macroeconomic fundamentals—moderate inflation, controlled fiscal deficit, and stable growth—continue to provide a cushion against global shocks. However, these buffers are limited, particularly in the face of persistent energy price pressures, currency volatility, and weather-related risks. Overall, India's outlook remains cautiously constructive, with sustained growth dependent on a careful balance between inflation management and demand support in an increasingly uncertain global environment.

### Equity Market Outlook:

We started Q4FY26 on a promising note with better-than-expected corporate results as the benefits of GST cuts reflected in earnings growth. Moreover, FY27 budget was growth oriented with the government continuing its investment in capex, while keeping fiscal deficit under check. Announcement of India-US and India-EU trade deal was also cheered by the market as expectation of export recovery increased.

However, March'26 was highlighted by geopolitical risks in the middle East (US/Israel-Iran war) along with its spill over impact on commodity prices like crude and INR depreciation. Nifty50 declined by 14.5% in Q4FY26 while Nifty Midcap150 and Nifty Smallcap250 index also declined 12.8% and 14.4% during the same period. FII sold ~US\$16.1bn of equities in Q4, this was offset by DII buying worth US\$15.5bn in the quarter.

We believe the Indian growth story remains intact, with improving credit growth, green shoots of private sector capex, strong auto sales and GST collection numbers. We expect earnings for Indian corporates to remain strong in FY27. Nifty is currently trading at ~18x one yr forward earnings, which is at a discount to its 5year average and we believe the recent market correction offers an attractive entry point for investors.

## **Debt Market Outlook:**

Global macro conditions remain volatile, with intermittent relief on the trade front offset by renewed geopolitical risks. While the India–US tariff framework provided a temporary boost to sentiment, escalating tensions in the Middle East have led to a rebound in crude prices, reviving concerns around imported inflation and supply-side disruptions. Central banks continue to tread cautiously, prioritizing inflation stability over premature growth support, resulting in a likely ‘higher for longer’ rate environment.

Domestically, the RBI has maintained its pause in the February and April 2026 MPC meetings, aligning with the global policy narrative. However, its approach has been distinctly proactive on liquidity. Through sizable Open Market Operations (OMO) purchases (INR 3.5 lakh crore) and USD/INR buy-sell swaps (~USD 20 billion), the RBI has ensured adequate system liquidity, helping anchor short-end rates and maintain orderly market conditions.

While near-term volatility in bond yields may persist due to external uncertainties and commodity price movements, the RBI’s liquidity support and stable policy stance provide a constructive backdrop for the domestic bond market. We expect yields to remain range-bound with a mild downward bias, contingent on inflation trajectory and global cues. Accordingly, a calibrated duration strategy with a preference for high-quality accrual remains appropriate in the current environment.

**Mr. Yadnesh Chavan**

Chief Investment Officer

## KEY FUND PERFORMANCES

Funds	1 year	3 year	5 year	Since Inception
Life Equity Fund 3 Nifty 50 Index	-5.19% -5.05%	8.20% 8.76%	8.21% 8.74%	9.61% 9.33%
Life Pure Equity Fund 2 Benchmark	0.91% -1.23%	14.76% 12.60%	13.48% 11.77%	10.61% 9.66%
Life Infrastructure Fund 2 Benchmark	-0.48% 1.18%	16.57% 17.34%	15.25% 14.87%	7.23% 6.42%
Life Energy Fund 2 Benchmark	3.86% 5.72%	22.69% 21.20%	21.57% 19.95%	10.91% 10.04%
Life Midcap Fund 2 Benchmark	3.93% 2.90%	19.47% 20.96%	16.63% 17.21%	12.94% 10.99%
Life Balanced Fund 1 Composite Benchmark*	1.47% 1.97%	6.81% 7.31%	6.17% 6.49%	7.62% 7.76%
Life Money Market Fund 1 Crisil 91 day T bill Index	5.05% 5.69%	5.54% 6.66%	4.58% 5.83%	5.80% 6.71%
Life Corporate Bond Fund 1 Crisil Composite Bond Index	2.83% 3.58%	6.30% 6.85%	5.28% 5.76%	7.02% 7.56%
Life Gilt Fund 1 Crisil Dynamic Gilt Index	1.69% 2.04%	6.07% 6.80%	5.04% 5.76%	6.57% 7.82%

\* Composite Benchmark comprising of Crisil Composite Bond Index with 80% weight and Sensex 50 with 20% weight  
As on 31-Mar-2026

**Note** – Returns more than one year are CAGR returns

# FUND STRATEGY AND OUTLOOK - EQUITY

## Fund Strategy and Positioning - Equity:

To counter the risks in the Middle East and increasing crude prices, Indian policymakers have demonstrated a firm commitment to supporting the growth. Instead of passing the impact of higher crude on end consumers, govt has reduced taxes on petrol, diesel. Their proactive approach is laying the foundation for stronger, more sustainable long-term economic outcomes. Q4FY26 earnings have kick started with a firm footing as provisional results from banks, NBFCs and consumer companies are encouraging. Q4FY26 results are expected to remain strong for domestic consumption companies while export oriented corporates may take a back seat but are expected to bounce back in FY27 as benefit of trade agreements with US and EU kick in. Additionally, credit and deposits growth has improved for banks while early signals of private sector capex are visible. India's ability to navigate near-term challenges while staying focused on long-term structural improvements reinforces its potential as a compelling investment destination amid a complex global landscape.

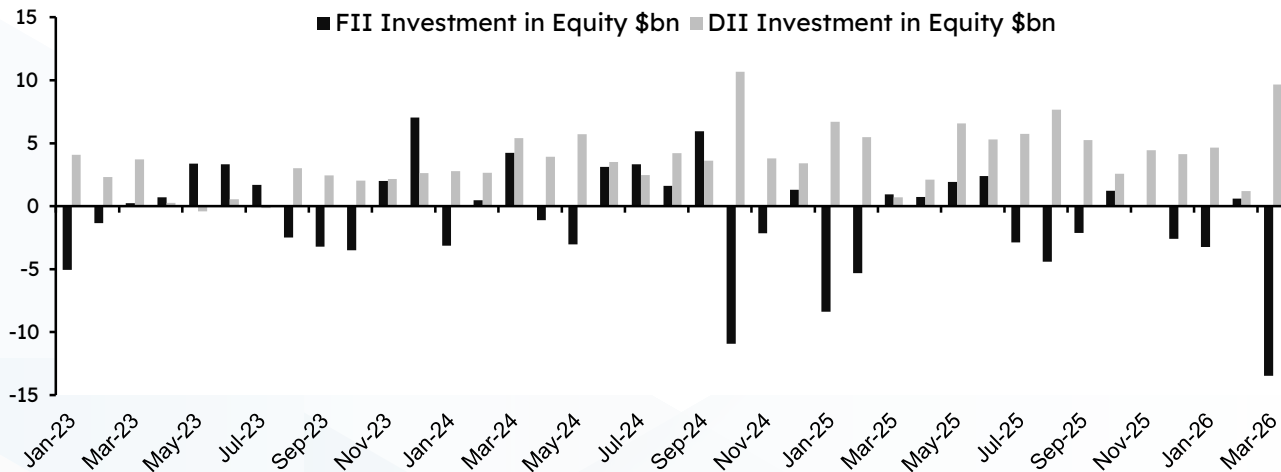
Looking ahead, the outlook for FY27 appears more constructive. First, the heavy policy support provided in FY26—(1) through RBI rate cuts (100bp), (2) liquidity measures, (3) tax relief, (4) GST reforms and (5) new trade agreements—is likely to translate into stronger demand and earnings with a lag. Second, after a year of underperformance and valuation correction, India's relative positioning versus other emerging markets has improved, creating a more favourable base. Third, the strong domestic liquidity framework remains intact, with DIIs continuing to provide stability, while any moderation or reversal in FII outflows could act as a key catalyst for market recovery.

Any geopolitical resolution will be a key catalyst for Indian markets and will drive equities ahead. Stronger rupee, stability in crude prices, recovery in domestic cyclical sectors and discretionary spendings will drive Indian economy to the next leg of growth. Key sectors such as FMCG, Consumer Discretionary, NBFC, PSU Banks, and industrials remains in limelight. Key risks remain particularly the duration and resolution of the Iran-Israel/US conflict, which could impact sentiment and near-term earnings.

### Index performance

Return %	3 Month	6 Month	1 Year	Return %	3 Month	6 Month	1 Year
<b>Broad Based Indices</b>				<b>Sectoral Indian Indices</b>			
Sensex	-15.6%	-10.4%	-7.1%	Auto	-15.7%	-10.4%	11.6%
Nifty	-14.5%	-9.3%	-5.1%	Bankex	-15.6%	-8.0%	-2.5%
Nifty Next 50	-13.4%	-11.4%	-3.2%	FMCG	-17.9%	-16.8%	-15.0%
NSE 100	-14.3%	-9.6%	-4.9%	IT	-23.3%	-13.6%	-21.2%
NSE 200	-14.0%	-9.1%	-3.8%	Pharma	-2.2%	3.6%	5.2%
NSE 500	-14.0%	-9.7%	-3.8%	Metal	-0.3%	11.0%	22.5%
NSE Mid cap	-13.2%	-6.0%	2.9%	Energy	-1.3%	-0.4%	3.8%
NSE Small cap	-13.3%	-11.1%	-3.4%	PSU (State Owned Enterprises)	-3.0%	-2.5%	2.3%
				Chemical	-14.2%	-12.8%	-10.6%
				Realty	-25.8%	-24.9%	-23.5%
				Oil & Gas	-11.8%	-4.4%	2.3%

## ► Institutional Flows



## FUND STRATEGY AND OUTLOOK - DEBT

### Fund Strategy and Positioning - Debt:

The global backdrop has turned incrementally risk-averse, with the US dollar strengthening sharply amid flight-to-safety flows driven by geopolitical tensions. The RBI's MPC has projected FY27 CPI at ~4.6%, factoring in elevated crude prices and a favourable base effect. However, risks are skewed to the upside. The India Meteorological Department's forecast of below-normal monsoon (~92% of long-period average) due to El Niño conditions introduce uncertainty, with a severe shortfall potentially pushing inflation above the 5% threshold. From a supply perspective, the Union Government's calibrated reduction in gross borrowings for FY27, along with a shift towards shorter maturity issuances, has contributed to a flattening bias in the yield curve, compressing spreads between long and short tenors.

Against this backdrop, our portfolio strategy remains anchored in prudence and flexibility. We continue to maintain a high-quality bias, with 100% allocation to sovereign and AAA-rated instruments, thereby minimizing credit risk. At the same time, we capitalise opportunities in SDLs and high-grade corporate bonds, where spreads currently offer favourable risk-adjusted carry relative to central government securities. From a positioning standpoint, we remain tactically balanced on duration, with a preference for accrual strategies complemented by opportunistic duration exposure as clarity on inflation and global cues emerges.

### India's Debt Market Performance

Debt market indicators					Debt market indicators				
Money Market					Bond Market				
	Change (Q-o-Q)		Change (Q-o-Q)			Change (Q-o-Q)		Change (Q-o-Q)	
Tenure	CD	(bps)	CP	(bps)	Tenure	G-Sec	(bps)	AAA CB	(bps)
3M	7.30	132	7.55	115	3Y	6.52	45	7.60	68
6M	7.32	72	7.65	85	5Y	6.75	44	7.57	57
12M	7.19	48	7.75	73	10Y	7.04	45	7.28	37

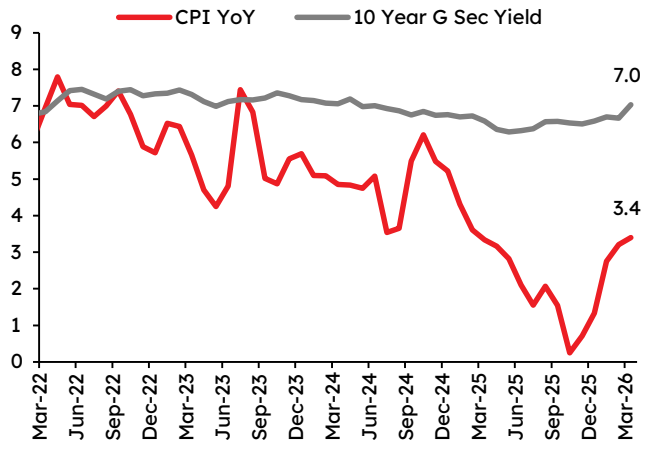
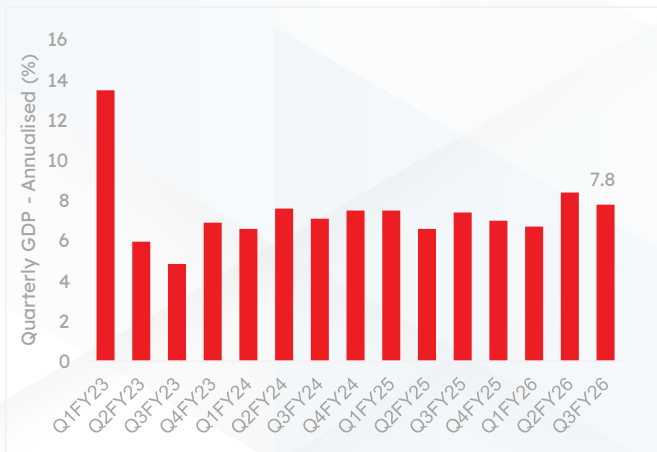
Note – Q-o-Q change is over Dec 2025 to Mar 2026

Data Source – Bloomberg

# OTHER MARKET AND ECONOMIC INDICATORS

GDP for Q3FY26 grew 7.8% YoY supported by a growth in both Manufacturing and Services sector.

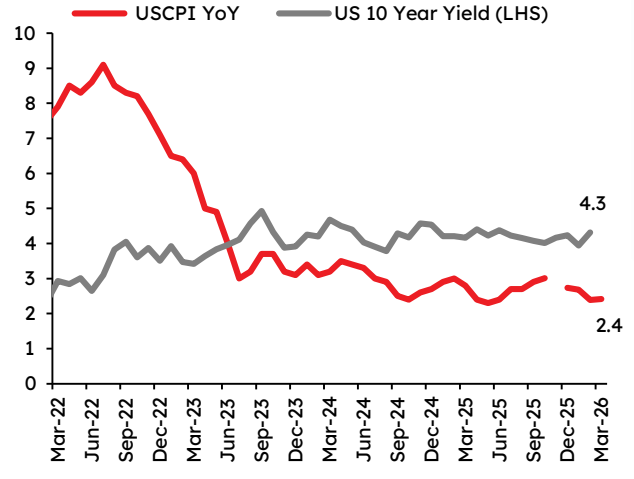
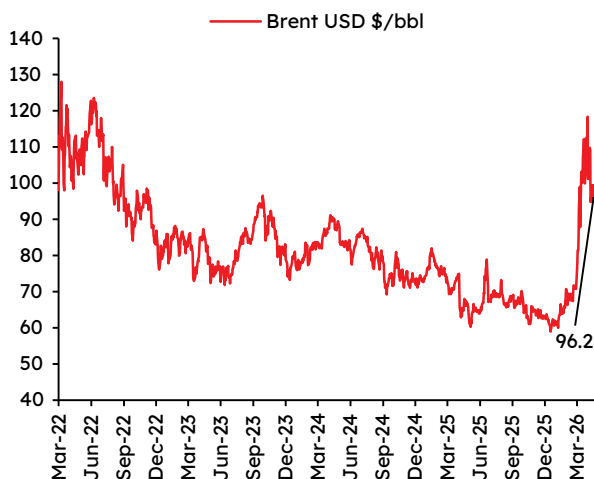
10 Year G-Sec Yield remained elevated at 7% in March 2026, CPI inched up to 3.4% led by higher food inflation.



Source: Bloomberg, MOSPI

Brent crude oil prices volatile amidst the middle east crisis.

US 10-year treasury yield stood at 4.3% in Mar 2026. CPI inflation eased to 2.4% YoY in Mar 2026



Source: Bloomberg

## ECONOMIC INDICATORS HEAT MAP

Economic indicators heat map													
Indicators	Feb-26	Jan-26	Dec-25	Nov-25	Oct-25	Sep-25	Aug-25	Jul-25	Jun-25	May-25	Apr-25	Mar-25	Feb-25
<b>Industrial Sector</b>													
Manufacturing PMI	56.90	55.40	55.00	56.60	59.20	57.70	59.30	59.10	58.40	57.60	58.20	58.10	56.30
8 Core Industries (YoY)	2.27%	4.72%	4.66%	2.07%	-0.06%	3.28%	6.53%	3.75%	2.20%	1.19%	0.99%	4.51%	2.27%
IIP Index (YoY)	5.23%	5.14%	8.04%	7.16%	0.53%	4.63%	4.12%	4.27%	1.52%	1.87%	2.57%	3.94%	2.72%
<b>Consumer Economy</b>													
Passenger Vehicle Sales (YoY)	10.59%	12.58%	26.76%	18.67%	17.17%	4.40%	-8.81%	-0.22%	-7.37%	-0.82%	3.94%	3.60%	1.86%
Two-Wheeler Sales (YoY)	35.16%	26.17%	39.39%	21.17%	2.15%	6.66%	7.14%	8.71%	-3.36%	2.21%	-16.71%	11.38%	-8.95%
Tractor Sales (YoY)	30.69%	40.07%	34.94%	30.34%	14.41%	42.94%	24.63%	7.13%	10.21%	8.36%	6.96%	21.64%	30.88%
Domestic Air Passenger Traffic (YoY)	-0.41%	3.72%	-4.15%	6.92%	2.72%	-2.95%	-1.39%	-2.93%	3.02%	1.88%	8.44%	8.78%	11.63%
<b>Inflation</b>													
CPI inflation (YoY)	3.21%	2.74%	1.17%	0.49%	0.04%	1.41%	2.01%	1.62%	2.31%	3.03%	3.34%	3.56%	3.49%
WPI inflation (YoY)	2.13%	1.81%	0.83%	-0.31%	-1.21%	0.13%	0.52%	-0.58%	-0.13%	0.39%	0.85%	2.25%	2.45%
<b>Deficit Statistic</b>													
Trade Balance (USD billion)	-27.1	-34.7	-25.0	-24.5	-41.7	-32.2	-26.5	-27.4	-18.8	-21.9	-26.4	-21.7	-14.4
Fiscal Deficit (Rs Billion)	2,712	1,256	-1,208	1,515	2,520	-250	1,297	1,877	2,676	-1,732	1,863	2,304	1,773
<b>GST</b>													
GST collections (Rs Trillion)	1.8	1.9	1.7	1.7	2	1.9	1.9	2	1.8	2	2.4	1.8	1.7

Source: Bloomberg, MOSPI, S&P Global, PIB, SIAM, TMA, DGCA, CGA

- Feb 26 Manufacturing PMI stood at 56.9, an improvement from the past three months.
- Auto sector clocks strong sales in Feb 26, averaging to nearly 25.5 per cent, indicating strong demand.
- CPI inflation edged up to 3.2% in Feb 26, with food inflation at 3.5% and core inflation at 3.4%.
- Fiscal discipline remained on track throughout this fiscal despite external headwinds. And GST collections see a rebound after the GST rate rationalisation.

SFIN	Fund Name
ULIF04201/01/10LEQUITYF03121	Life Equity Fund 3
ULIF07101/12/19LLARGCAPEQ121	Life Large Cap Equity Fund
ULIF02510/06/08LEQUITYF02121	Life Equity Fund 2
ULIF04601/01/10LPUEQUTY02121	Life Pure Equity Fund 2
ULIF04401/01/10LINFRAST02121	Life Infrastructure Fund 2
ULIF04101/01/10LEENERGYF02121	Life Energy Fund 2
ULIF04501/01/10LMIDCAPF02121	Life Midcap Fund 2
ULIF06924/03/15LMAKEINDIA121	Make In India Fund
ULIF00128/07/04LBALANCE01121	Life Balanced Fund 1
ULIF02910/06/08LMONMRKT01121	Life Money Market Fund 1
ULIF02310/06/08LCORBOND01121	Life Corporate Bond Fund 1
ULIF02610/06/08LGILTFUN01121	Life Gilt Fund 1

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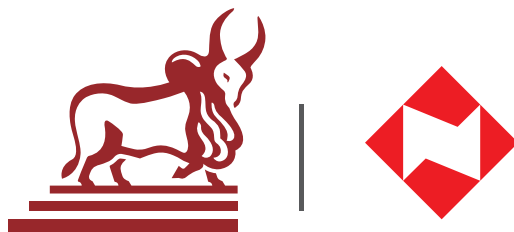


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