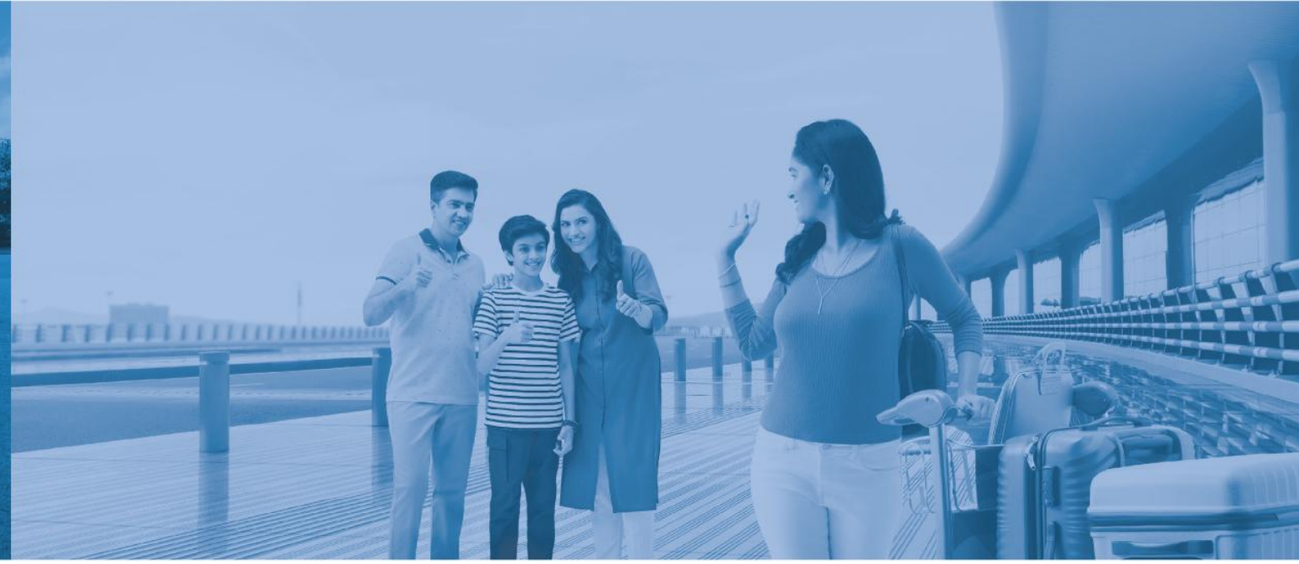

Par Fund Investment Strategy Deck

Mar 2026

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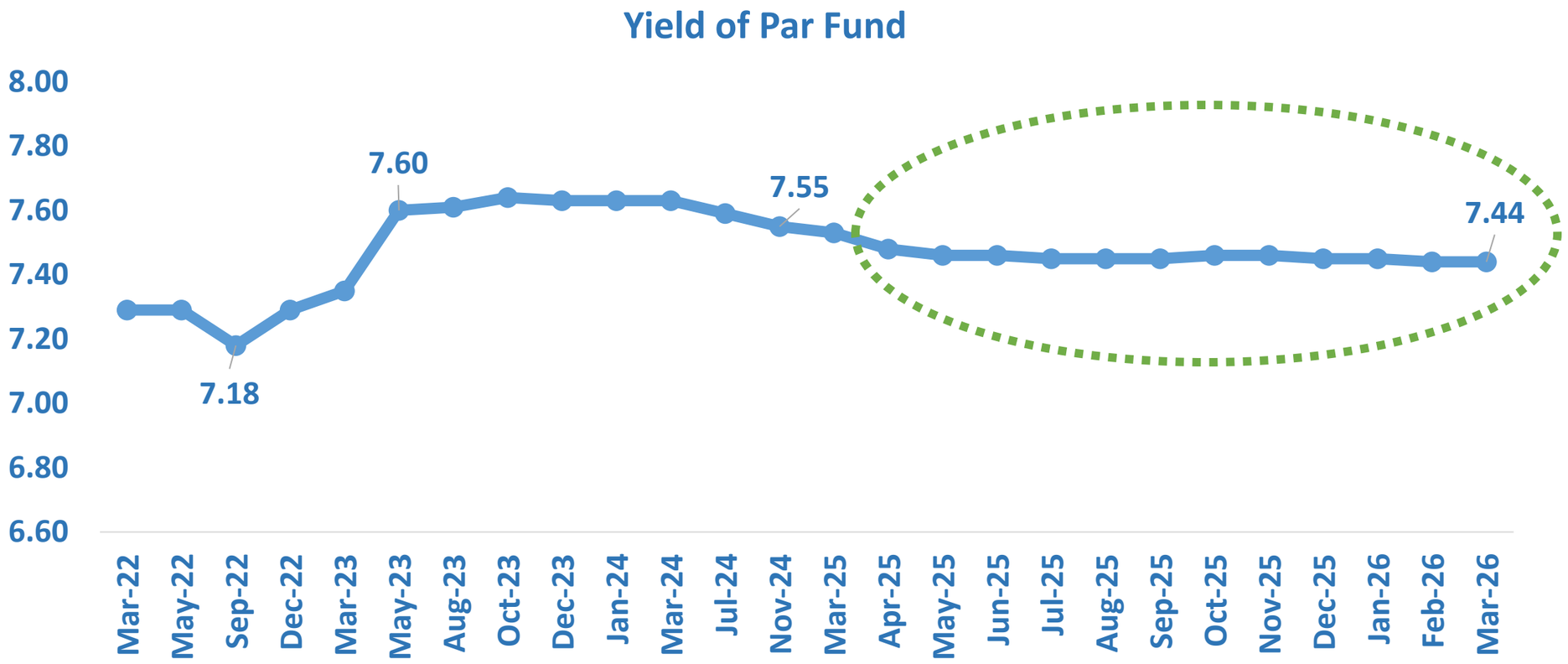
Risk Return Comparison – Different Product Lines

Product Lines	Level of initial Guarantees	Long Term Returns (Policyholder IRR)	Volatility in Maturity Values
Unit Linked	Nil	High	High
Participating	Low	Moderate	Low
Non-Participating	High	Moderate	Nil

Par Fund lies between both the extremes

- Participating Product structure intends to address the extremities in the “risk–reward” equation.
- There is low initial guarantee, however policyholders participate in the investment pool and gets credited with annual and terminal bonuses, thus increasing maturity IRRs. Once bonuses are credited, they cannot be reversed thus adding to the guarantees.
- With an investment strategy that usually allows equity investment, and with stable bonus rates, it generates optimum returns with considerably less volatility.

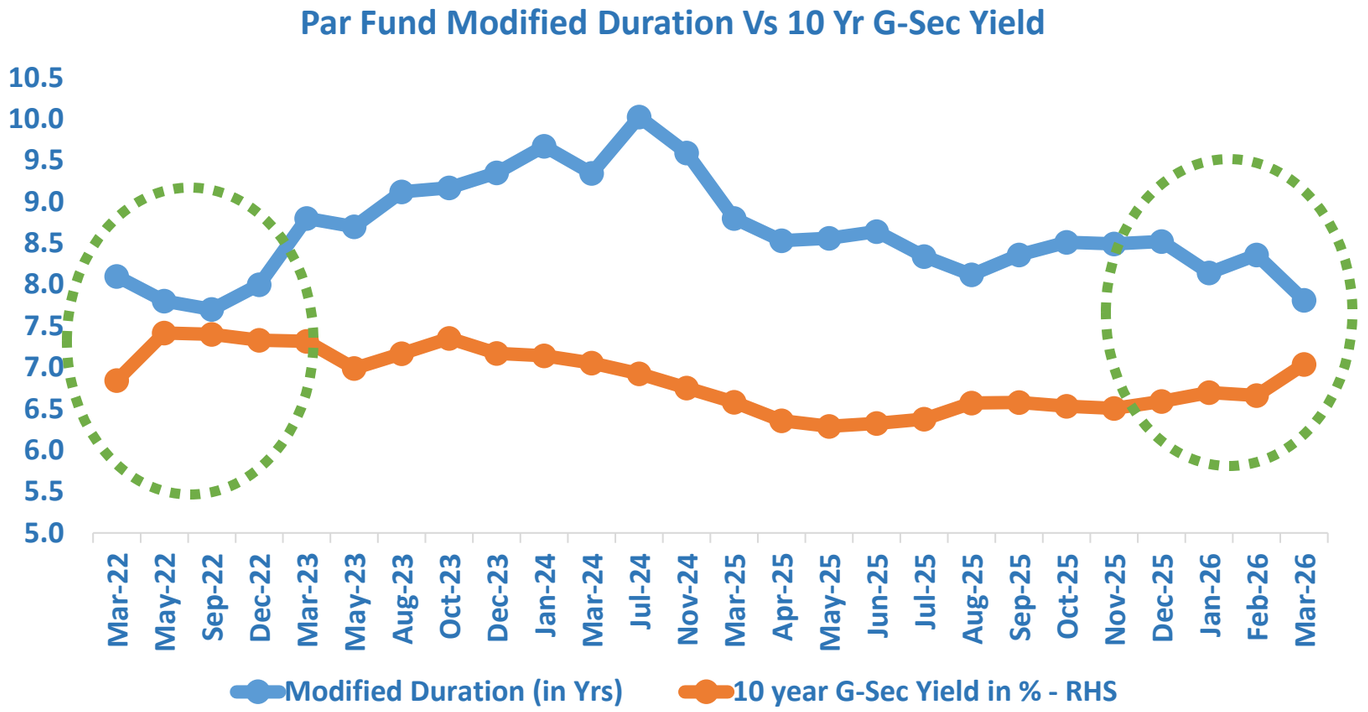
Consistent & Attractive Historical Fixed Income Yield



- The yield of Par Fund has been consistent historically and is now quite attractive.
- Across interest rate cycles, the yield of Par Fund has been maintained in-spite of fund inflows / outflows.
- With the market view that the interest rates nearing bottom, it is a good time for investors wanting to invest in Par fund to lock into relatively higher yields.

Well-Timed Duration Strategy Amid Volatile Yields

- % change in bond price = (Duration) * Change in interest rate (bond yield)
- For eg: If Modified Duration is 8 yrs , and if interest rate falls by 1%, then bond price will approx rise by 8%. Vice versa if interest rate rises.
- In a falling interest rate environment higher portfolio duration is preferred & vice-versa



- The fund has managed to time interest rate cycles well. In the past, portfolio duration was increased as bond yields / interest rates softened (during year 2019-20 & 2023-24).
  - Higher portfolio duration in a falling interest rate environment (in the past too) has benefited the portfolio returns.
- However, with bond yields hardening in 2022, the portfolio duration had been reduced to contain the interest rate risk.
- Reducing portfolio duration with the view that interest rates are nearing their bottom

Long-Term Average Shows 95%+ Exposure in Sovereign & AAA Bonds

Credit Rating Break-up Trend							
Credit Rating	**Mar-23**	**Dec-23**	**Mar-24**	**Nov-24**	**Mar-25**	**Dec-25**	**Mar-26**
Sovereign	74%	72%	79%	69%	61%	61%	58%
AAA	21%	23%	18%	28%	36%	36%	35%
AA	2%	2%	0%	1%	2%	2%	2%
A & below	**0.3%**	**0.3%**	**0.3%**	**0.5%**	**0.5%**	**0.3%**	**0.3%**
Others (Treps, FD, Money Mkt)	2%	3%	2%	1%	1%	1%	3%
Total Bond Portfolio	100%	100%	100%	100%	100%	100%	100%
Sovereign & AAA	**95%**	**95%**	**97%**	**97%**	**97%**	**96%**	**94%**

- Par fund has historically maintained high credit quality. Data in the table shows that historically 95%+ (above) of the bond portfolio has been allocated to top-rated Sovereign and AAA segment.

- Allocation to A (and below) rated segment has been miniscule part of the bond portfolio historically. As of Mar 2026, only 0.3% of the bond portfolio is in A (& below) rated segment, and there is no allocation to default rating paper in the par fund portfolio.

Asset Allocation Trend of Par fund Portfolio

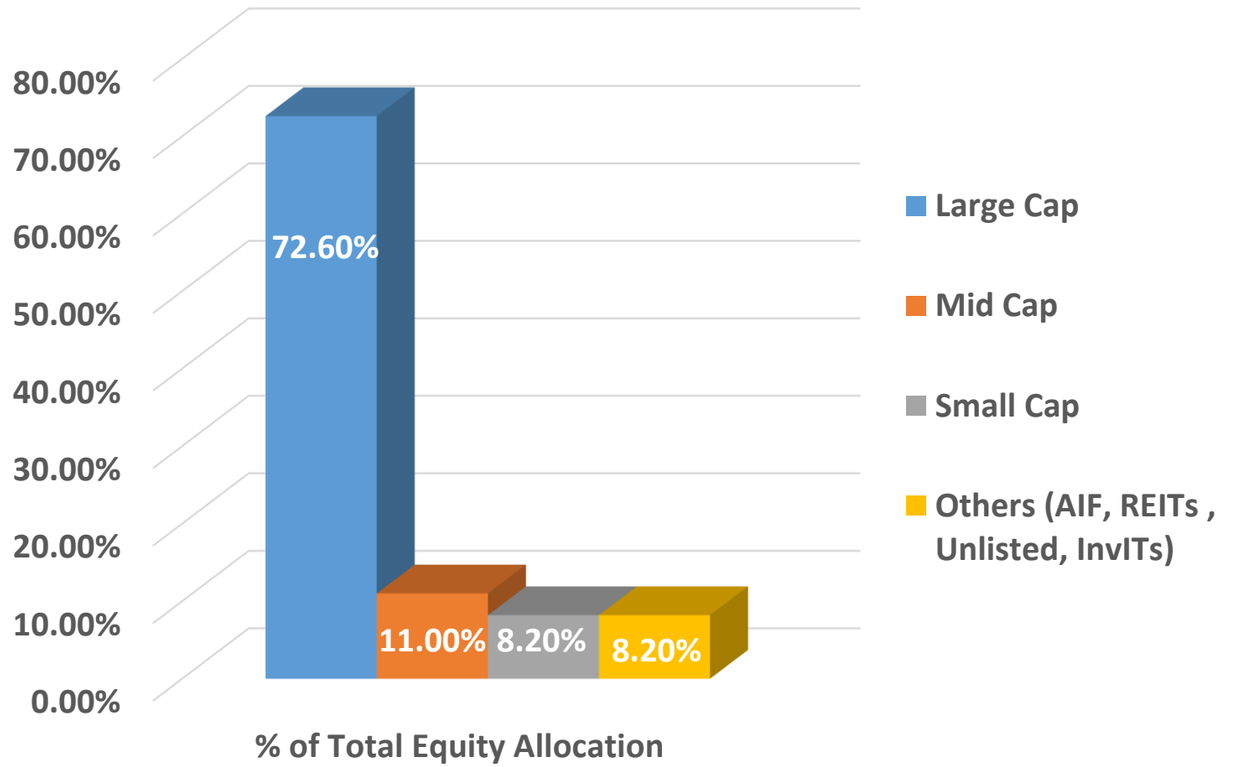
Asset Allocation Trend								
Asset Class	**Mar-22**	**Dec-22**	**Mar-23**	**Dec-23**	**Nov-24**	**Mar-25**	**Dec-25**	**Mar-26**
Equity	**18%**	**19%**	**22%**	**23%**	**24%**	**24%**	**24%**	**20%**
Sovereign Debt	58%	57%	58%	55%	53%	46%	47%	47%
Corporate Bonds	21%	21%	18%	19%	23%	29%	29%	31%
Money Mkt, FD & Others	3%	3%	2%	3%	1%	1%	1%	3%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

- Historically, a significant portion of the portfolio has remained allocated to Sovereign Debt / G-Secs, which consistently constituted ~50%+ of the portfolio across most periods, reflecting a strong focus on portfolio stability and credit quality.
- Over the recent periods, allocation towards Corporate Bonds has gradually increased (21% in Mar'22 to 31% in Mar'26), primarily driven by attractive spreads over G-Secs, while maintaining focus on high credit quality instruments (predominantly AAA-rated bonds).
- Equity exposure, which had increased to ~24% during stronger market phases, has been tactically reduced to 20% by Mar'26 amid recent market volatility/correction, supporting overall portfolio stability and downside management within the PAR fund.

Equity Portfolio of Par fund – Top Holdings

Top 15 Equity Holdings

Sr. No	Security	Portfolio Weight
1	ICICI Bank Ltd	1.45%
2	Reliance Industries Ltd	1.37%
3	HDFC Bank Ltd	1.23%
4	State Bank of India	1.22%
5	Infosys Ltd	1.19%
6	Axis Bank Ltd	0.85%
7	Tata Consultancy Services Ltd	0.79%
8	ITC Ltd	0.64%
9	Dr Reddys Laboratories Ltd	0.56%
10	NTPC Ltd	0.55%
11	Asian Paints Ltd	0.55%
12	Maruti Suzuki India Ltd	0.52%
13	Kotak Mahindra Bank Ltd	0.50%
14	ICICI Prudential Life Insurance Company Ltd	0.49%
15	JSW Steel Ltd	0.40%
Total		**12.31%**



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Overall Par fund – Top Holdings

Sr. No	Security	Issue Type	Portfolio Weight
1	7.46% GOI (MD 06/11/2073)	Sovereign	9.60%
2	7.25% GOI (MD 12/06/2063)	Sovereign	7.41%
3	6.90% GOI (MD 15/04/2065)	Sovereign	6.17%
4	6.95% GOI (MD 16/12/2061)	Sovereign	3.76%
5	7.72% GOI (MD 26/10/2055)	Sovereign	2.75%
6	9.11% Bajaj Finance Ltd (U) NCD (MD 02/11/2033)	Corporate Bond	1.99%
7	7.35% National Housing Bank (U) NCD (MD 02/01/2032)	Corporate Bond	1.92%
8	7.09% GOI (MD 25/11/2074)	Sovereign	1.80%
9	7.40% GOI (MD 19/09/2062)	Sovereign	1.78%
10	7.67% LIC HF Ltd (S) NCD (MD 15/04/2033) (P 15/05/2026)	Corporate Bond	1.75%
11	8.24% GOI (MD 10/11/2033)	Sovereign	1.72%
12	ICICI Bank Ltd	Equity	1.45%
13	6.99% GOI (MD 15/12/2051)	Sovereign	1.40%
14	Reliance Industries Ltd	Equity	1.37%
15	7.55% Kotak Mahindra Bank Ltd (U) NCD (MD 24/06/2030)	Corporate Bond	1.27%
16	7.66% LIC HF Ltd Tr. 451 (S) NCD (MD 11/12/2029)	Corporate Bond	1.27%
17	7.29% GOI SGRB (MD 27/01/2033)	Sovereign	1.26%
18	HDFC Bank Ltd	Equity	1.23%
19	State Bank of India	Equity	1.22%
20	Infosys Ltd	Equity	1.19%
Total			**52.31%**

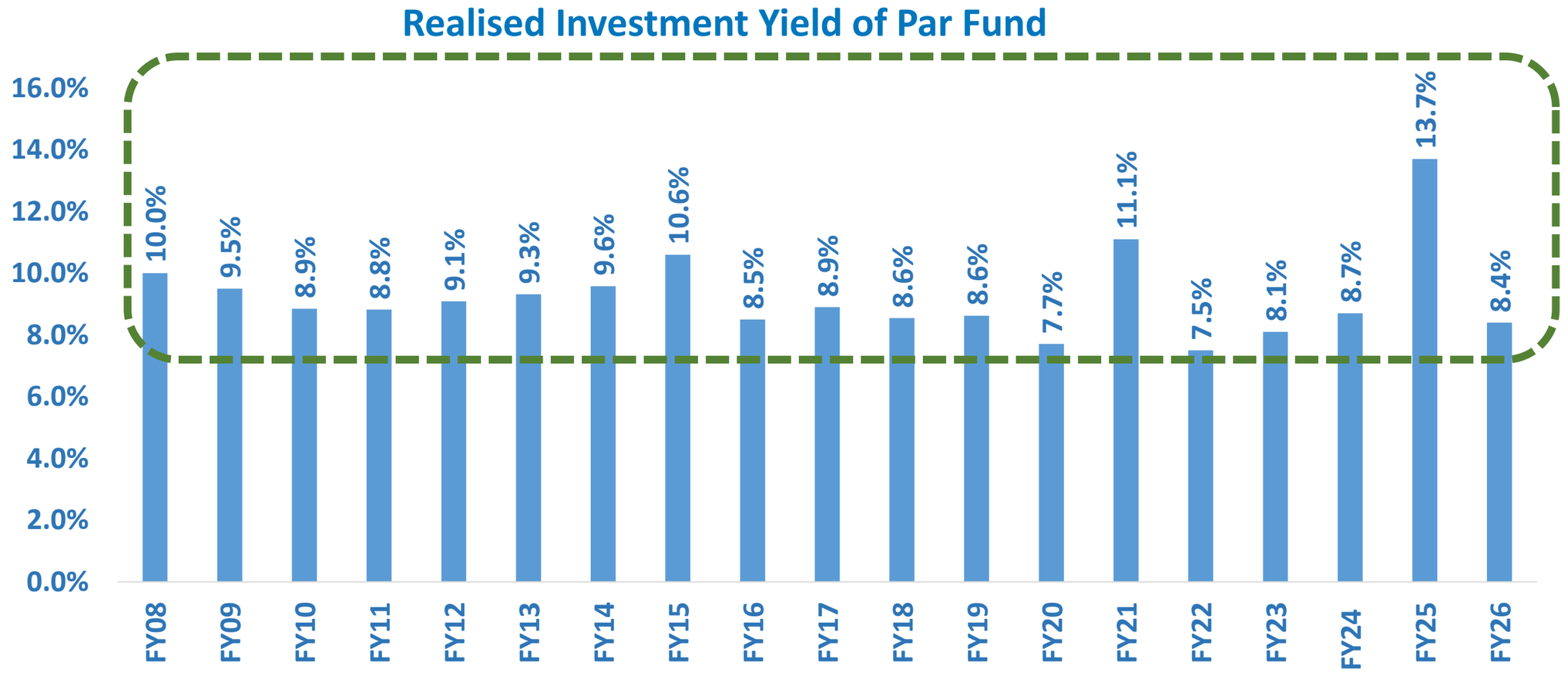
Top 20 holdings (spread across debt and equity) constitute more than 52% of the Par Fund portfolio.

Majority Debt instruments are either SOV or AAA rated

Debt Rating	Debt Portfolio Weight
SOV	60.70%
AAA	36.02%
TREPs'	1.18%
AA+	0.94%
AA	0.81%
FD	0.22%
A+	0.11%
A	0.02%
B	0.00%
Total	**100.00%**

PAR fund's credit quality remains high, Sovereign & AAA rated securities constituting ~97% of debt portfolio (as on 31st Mar 2026).

Par fund has delivered consistently healthy investment yield historically



Data Source :- Public Disclosure

Disclaimer: Past performance is not indicative of future performance.

Bonus rates declared by the company are different from the investment yield shown above.

The displayed return is the realized investment yield of master par fund and doesn't include product level expenses/charges.

Despite Lower Total Return in FY26, Par Fund returns have been consistent

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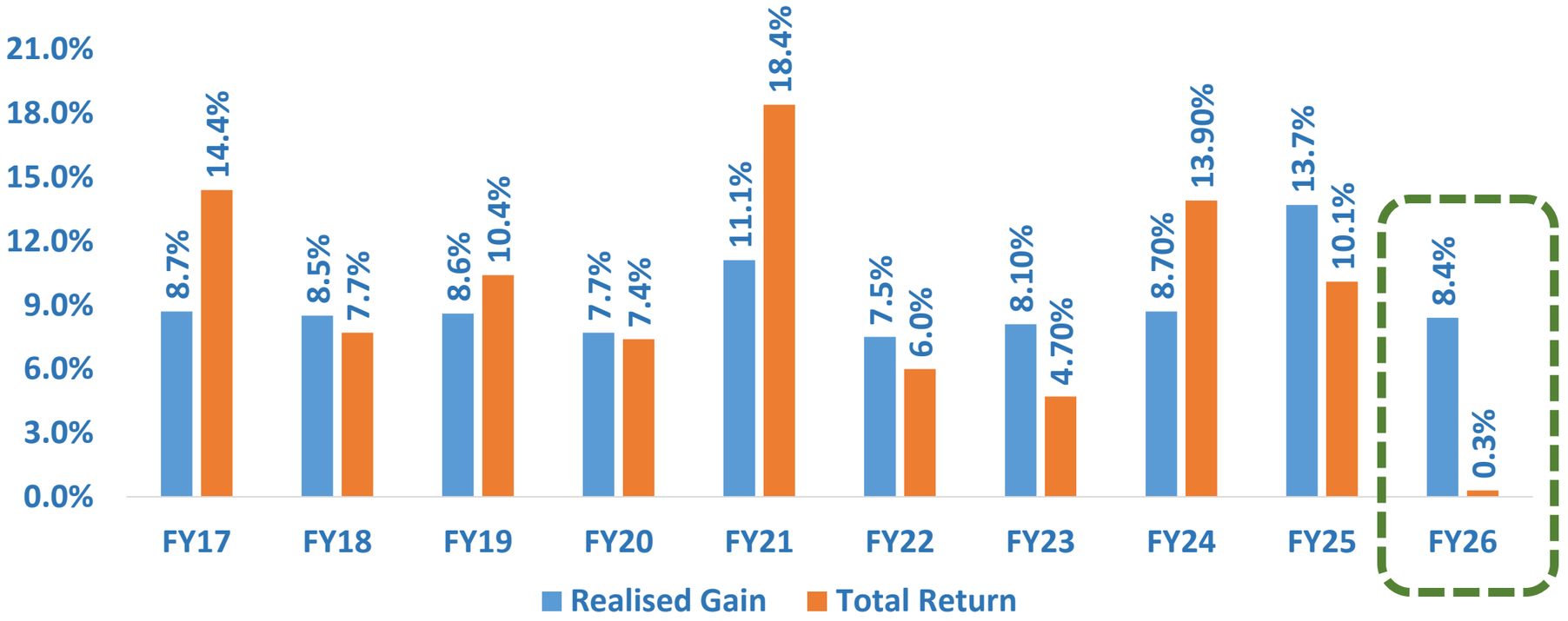
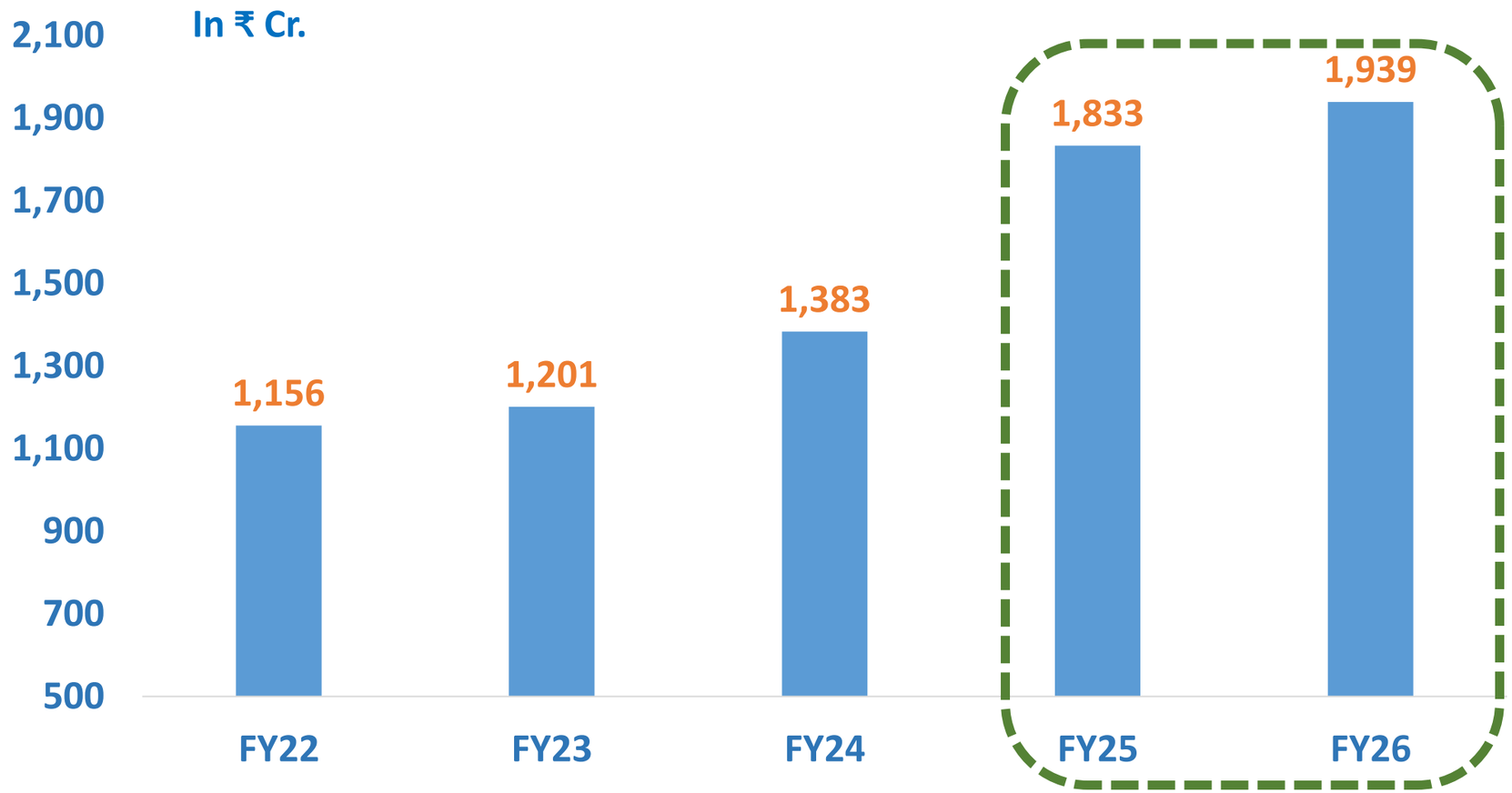
Par Fund Realised Gain Vs Total Return



- Even though total return in Par fund has varied from Year to Year due to adverse market conditions, our endeavour is to maintain stability in the realised gain, so that dividends to investors remain steady.
  - For example, in FY22 & FY23 the total portfolio returns of Par fund were 6% & 4.7% but the realised gains were higher at 7.5%, & 8.1%, respectively.
  - **In FY26, the Total return was just 0.3% however released gain was higher at 8.4%.**

Data Source :- Public Disclosure, Disclaimer - Past performance is not indicative of future performance. The displayed return is the investment return of master par fund and doesn't include product level expenses/charges.

PAR Fund Delivered Robust Bonus Despite Elevated Market Volatility



PAR Fund bonus distribution has demonstrated a strong and consistent upward trajectory, increasing ~68% from FY22 to FY26, reflecting resilient fund performance and disciplined portfolio management across market cycles.

Data Source :- Public Disclosure, Disclaimer - Past performance is not indicative of future performance. The displayed return is the investment return of master par fund and doesn't include product level expenses/charges.

All about Bonus

What is Bonus

- An additional benefit

When is it Payable?

- When the actual experience is better than assumed

How much is Payable?

- 90% of Surplus declared is paid as Bonus

How it is calculated?

All Participating plan premiums are invested in “Pooled Fund”

From the fund:

- Expenses are deducted
- Claims paid

From Surplus:

- 90% paid as Bonus
- 10% to Shareholders

New Business Premium / Renewal Premium received by BALIC

BALIC invests the “Pooled Fund” and earns “Investment Returns”

Surplus left post all payouts

Thank you