



# Par Fund Investment Strategy Deck

Mar 2025



**Allianz** 

LIFE GOALS. DONE.



# 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	Moderate	Low to Moderate	Nil

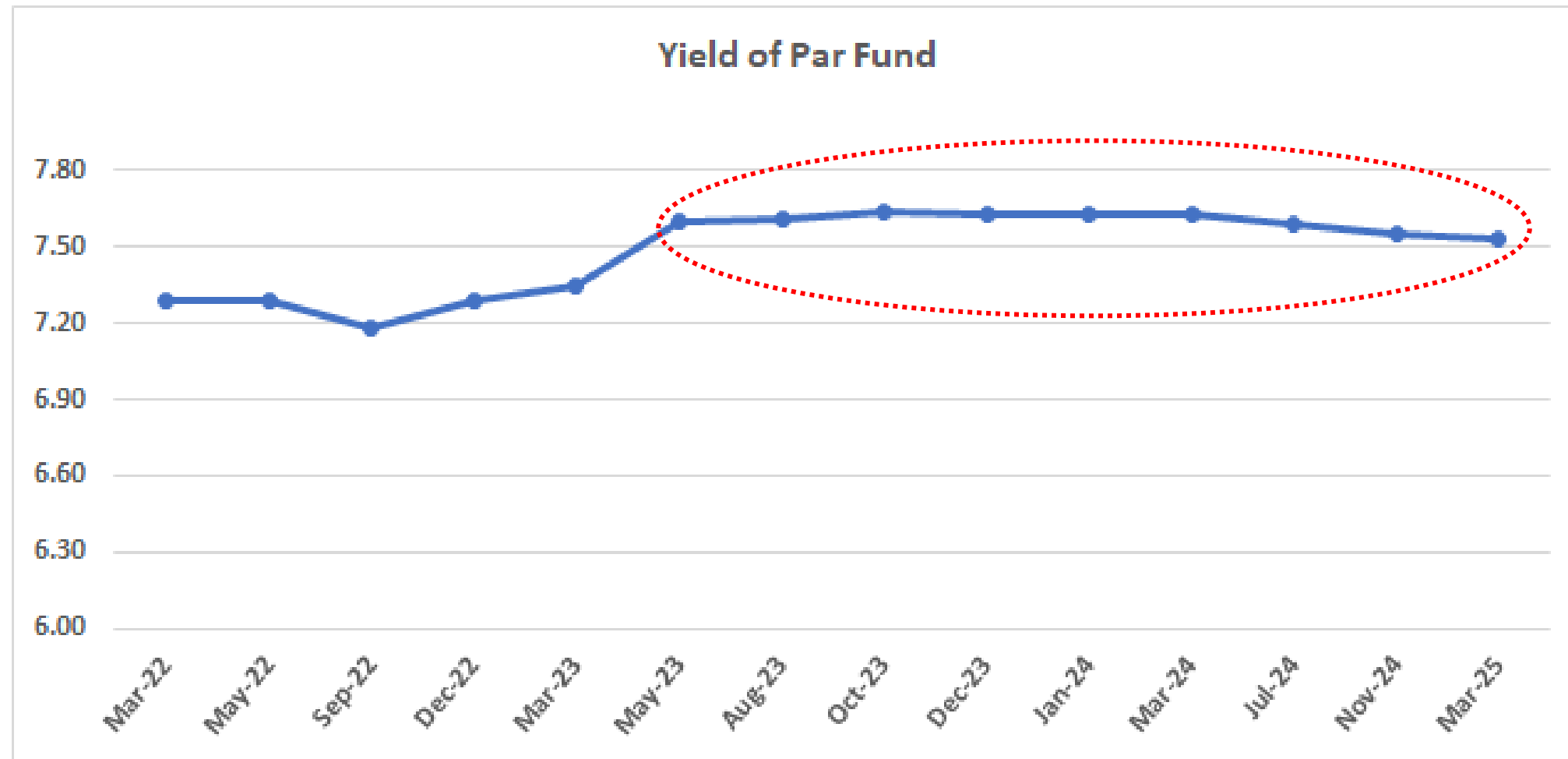


Par lies between both the extremes

- 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.



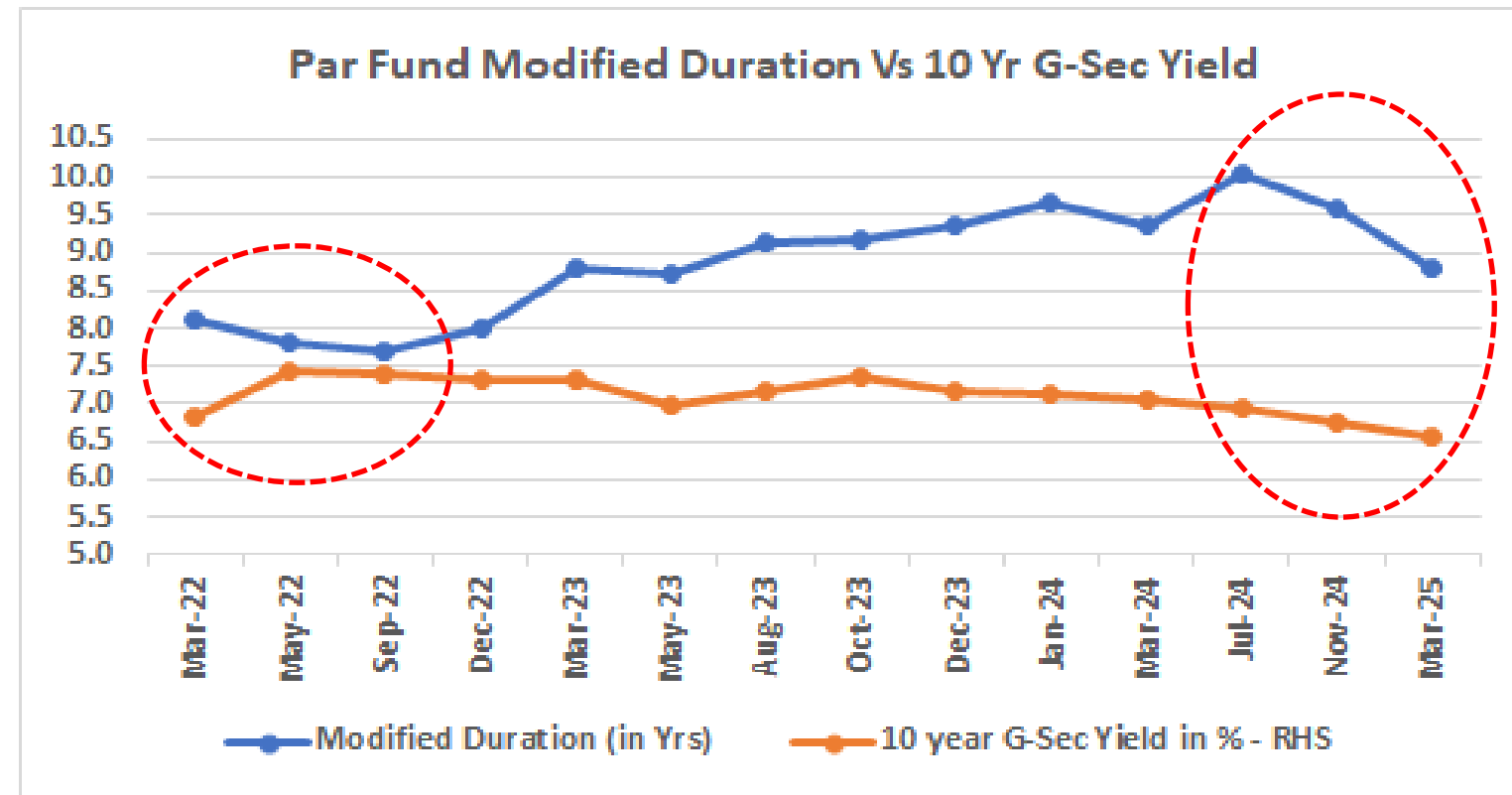
# Yield of Par Fund has been consistent & attractive historically



- 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.

# Timed interest rate cycle well; increased portfolio duration as yields softened

- $\% \text{ change in bond price} = (\text{Duration}) * \text{Change in interest rate (bond yield)}$
- 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

# Superior credit quality; over 95% of bond portfolio in Sovereign & AAA rated bonds

Credit Rating Break-up Trend														
Credit Rating	Mar-22	May-22	Sep-22	Dec-22	Mar-23	May-23	Aug-23	Oct-23	Dec-23	Jan-24	Mar-24	Jul-24	Nov-24	Mar-25
Sovereign	71.7%	71.8%	69.1%	70.6%	73.9%	74.4%	71.7%	72.3%	71.8%	74.5%	79.1%	79.6%	69.1%	60.7%
AAA	24.2%	23.7%	23.7%	23.5%	21.4%	22.3%	26.0%	24.7%	23.0%	20.8%	18.3%	18.5%	27.8%	36.0%
AA	0.4%	0.4%	0.9%	2.4%	2.0%	1.9%	1.1%	1.1%	1.7%	1.4%	0.3%	0.2%	1.4%	1.8%
A & below	0.3%	0.3%	0.3%	0.5%	0.3%	0.3%	0.3%	0.3%	0.3%	0.5%	0.3%	0.2%	0.5%	0.5%
Others (Trops, FD, Money Mkt)	3.4%	3.8%	6.0%	3.0%	2.5%	1.1%	0.9%	1.8%	3.3%	2.8%	2.1%	1.5%	1.3%	1.4%
Total Bond Portfolio	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.3%
Sovereign & AAA	96.0%	95.5%	92.8%	94.1%	95.3%	96.7%	97.7%	96.9%	94.8%	95.4%	97.3%	98.1%	96.8%	96.7%

- Par fund has historically maintained high credit quality. Data in the table shows that historically 93% (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 2025, only 0.5% 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

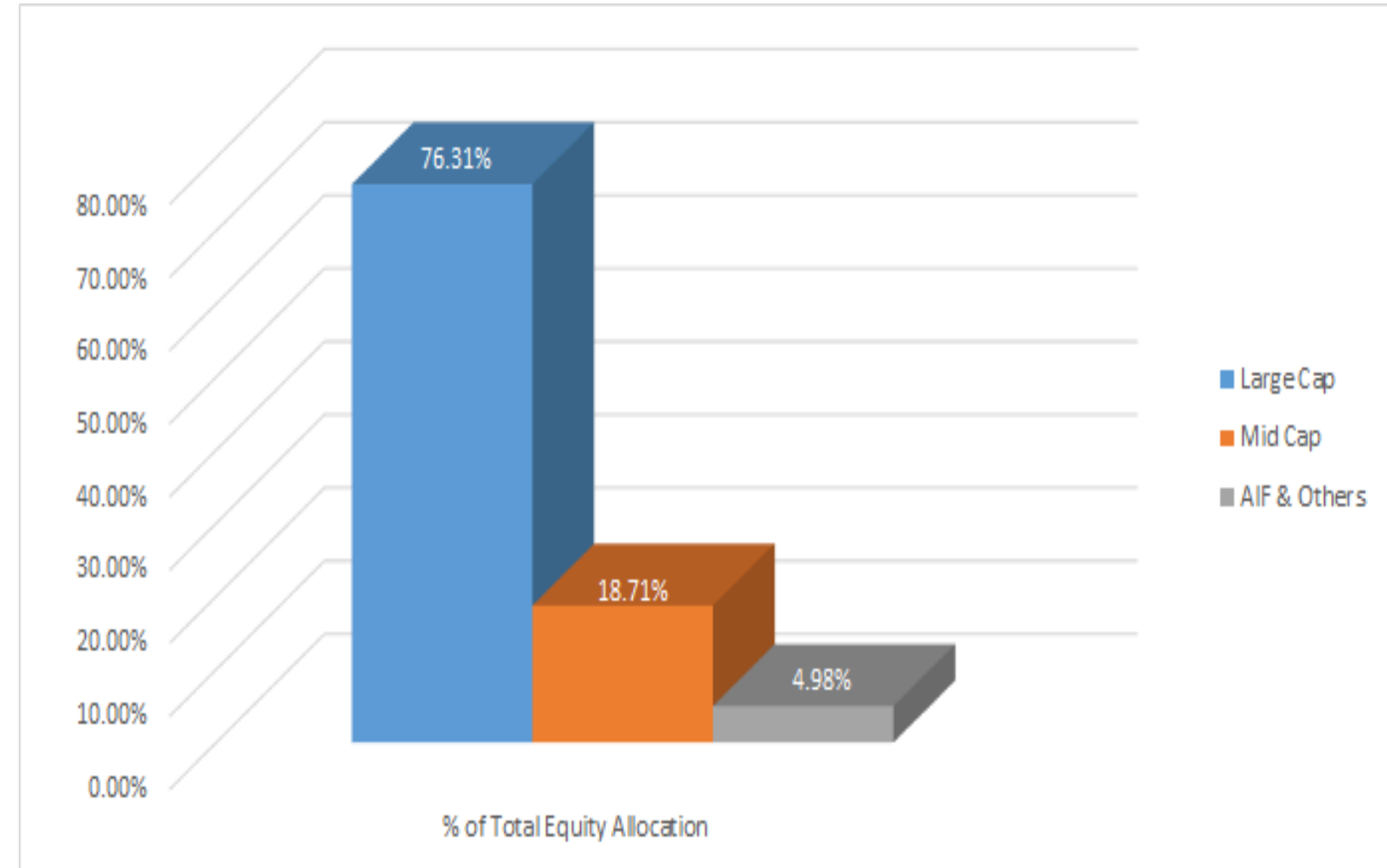
Asset Allocation Trend															
Asset Class	Mar-22	May-22	Sep-22	Dec-22	Feb-23	Mar-23	May-23	Aug-23	Oct-23	Dec-23	Jan-24	Mar-24	Jul-24	Nov-24	Mar-25
Equity	18.5%	17.3%	18.9%	18.7%	19.4%	21.8%	21.9%	23.4%	23.2%	23.5%	23.5%	24.2%	24.5%	23.7%	23.7%
Sovereign Debt	58.0%	59.0%	56.1%	57.4%	58.6%	57.8%	58.1%	54.9%	55.5%	55.0%	57.0%	60.0%	60.1%	52.7%	46.3%
Corporate Bonds	20.7%	20.5%	20.6%	21.3%	20.7%	18.5%	19.1%	21.0%	19.9%	19.0%	17.4%	14.8%	14.6%	22.6%	29.1%
Money Mkt, FD & Others	2.8%	3.2%	4.4%	2.6%	1.3%	1.9%	0.9%	0.7%	1.3%	2.5%	2.1%	1.1%	0.9%	1.0%	0.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

- Historically, around 55% (or more) of the portfolio has been allocated to sovereign debt (government bonds). However, the exposure to G-Sec has been reduced as yields are expected to nearing its bottom soon.
- Historically, up to 20% of the portfolio has been allocated to corporate bonds (mostly higher rated AAA bonds). However, in the recent past, the allocation has been increased as the spread over long-term government securities is more attractive.
- In 2023, equity exposure has been increased (18.7% in Dec'22 to 23-24% till Mar'25), this has benefited the overall PAR portfolio.

# Equity Portfolio of Par fund – Top Holdings

## Top 15 Equity Holdings

Sr.No	Security	Portfolio Weight
1	HDFC Bank Ltd	2.27%
2	Reliance Industries Ltd	2.02%
3	ICICI Bank Ltd	1.86%
4	Tata Consultancy Services Ltd	1.33%
5	Infosys Ltd	1.32%
6	Axis Bank Ltd	1.22%
7	Maruti Suzuki India Ltd	0.92%
8	Larsen & Toubro Ltd	0.87%
9	ITC Ltd	0.85%
10	State Bank of India	0.79%
11	Dr Reddys Laboratories Ltd	0.68%
12	Hindustan Unilever Ltd.	0.68%
13	Asian Paints Ltd	0.58%
14	Larsen & Toubro Infotech Mindtree Limited	0.43%
15	SBI Life Insurance Company Limited	0.42%
Total		16.24%



- 76% of the overall equity portfolio is Large Cap dominated.
- 16% out of 23.7% equity portfolio allocation (as on 31<sup>st</sup> Mar 2025) is spread across top 15 stocks.

# Overall Par fund – Top Holdings

Sr.No	Security	Issue Type	Portfolio Weight
1	7.46% GOI (MD 06/11/2073)	Sovereign	12.25%
2	7.25% GOI (MD 12/06/2063)	Sovereign	7.90%
3	6.95% GOI (MD 16/12/2061)	Sovereign	4.01%
4	7.72% GOI (MD 26/10/2055)	Sovereign	2.94%
5	8.24% GOI (MD 10/11/2033)	Sovereign	2.51%
6	7.30% GOI (MD 19/06/2053)	Sovereign	2.36%
7	HDFC Bank Ltd	Equity	2.27%
8	9.11% Bajaj Finance Limited (U) (MD 02/11/2033)	Corporate Bond	2.12%
9	Reliance Industries Ltd	Equity	2.02%
10	7.40% GOI (MD 19/09/2062)	Sovereign	1.90%
11	7.67% LIC Housing Finance Ltd NCD (S(MD 15/04/2033)P(150526)	Corporate Bond	1.87%
12	ICICI Bank Ltd	Equity	1.86%
13	7.35% National Housing Bank NCD (U) (MD 02/01/2032)	Corporate Bond	1.70%
14	6.99% GOI (MD 15/12/2051)	Sovereign	1.49%
15	7.66% LIC Housing Finance Ltd. Tr. 451 (S) (MD 11/12/2029)	Corporate Bond	1.36%
16	7.55% Kotak Mahindra Bank Ltd Series I(U)NCD (MD 24/06/2030)	Corporate Bond	1.36%
17	7.29% GOI SGRB (MD 27/01/2033)	Sovereign	1.35%
18	Tata Consultancy Services Ltd	Equity	1.33%
19	Infosys Ltd	Equity	1.32%
20	8.30% GOI (MD 31/12/2042)	Sovereign	1.25%
<b>Total</b>			<b>55.16%</b>

- Top 20 holdings (across debt and equity) constitute more than 55% of the Par Fund portfolio.



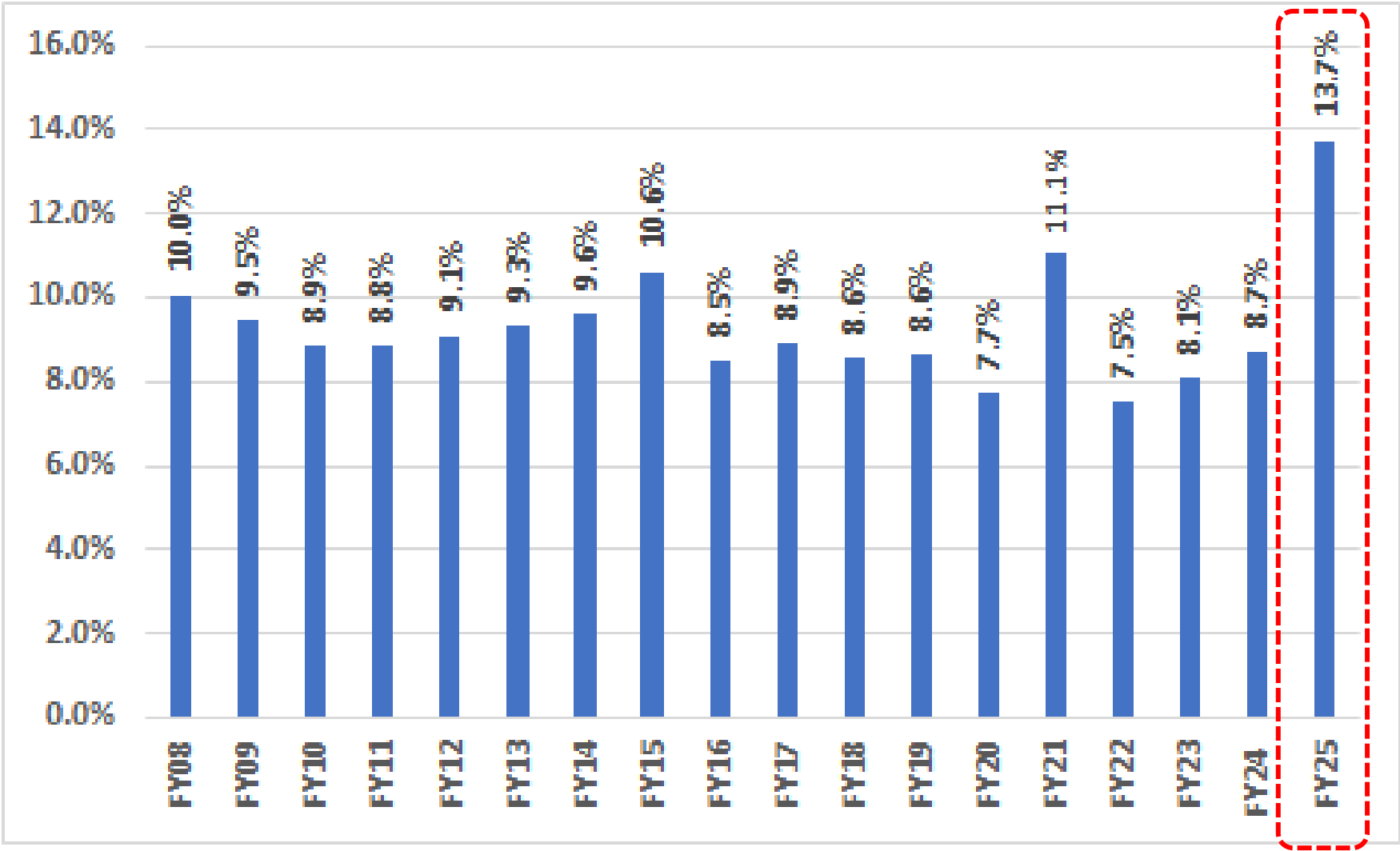
# Majority Debt instruments are either SOV or AAA rated

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 31<sup>st</sup> Mar 2025).

# Par fund has delivered healthy investment yield historically

Realised Investment Yield of Par Fund



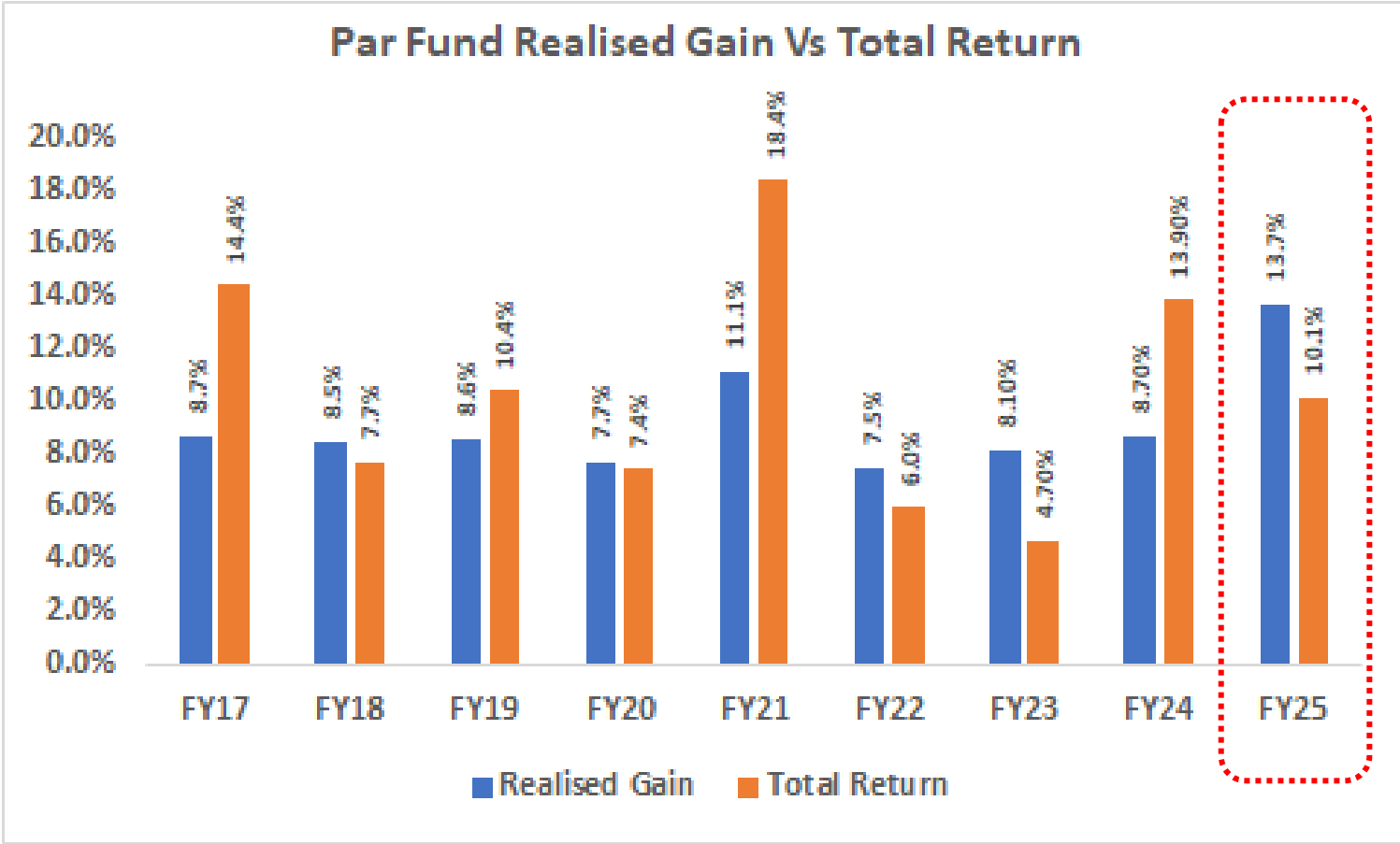
Data Source :- Public Disclosure

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.

# BALIC Par Fund investment returns have been consistent



- Even though total return in Par fund has varied from Year to Year due to market conditions, our endeavor 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.
  - On the hand, in FY25, the Total return was 10.1% however released gain was even higher 13.7%.
- In last 5 Year (as of 31<sup>st</sup> Mar 2025) Par Fund has delivered 11% & 10% CAGR Total & Realised returns, respectively,

**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. Data Source :- Public Disclosure**

# Realised Gain Vs Total Return Comparison

Insurer	5 years average as of 31 <sup>st</sup> Mar 2024	
	Realised Gain	Total Return
TATA	10.1%	11.1%
BALIC	8.6%	10.1%
SBI	8.9%	9.9%
Max Life	8.6%	9.8%
IPru	8.4%	9.6%
HDFC	7.8%	9.2%

Data Source :- Public Disclosure

- While delivering historically consistent return, BALIC Par Fund’s Realised Gain remains relatively higher vs peer.

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.



## What is Bonus

- An additional benefit

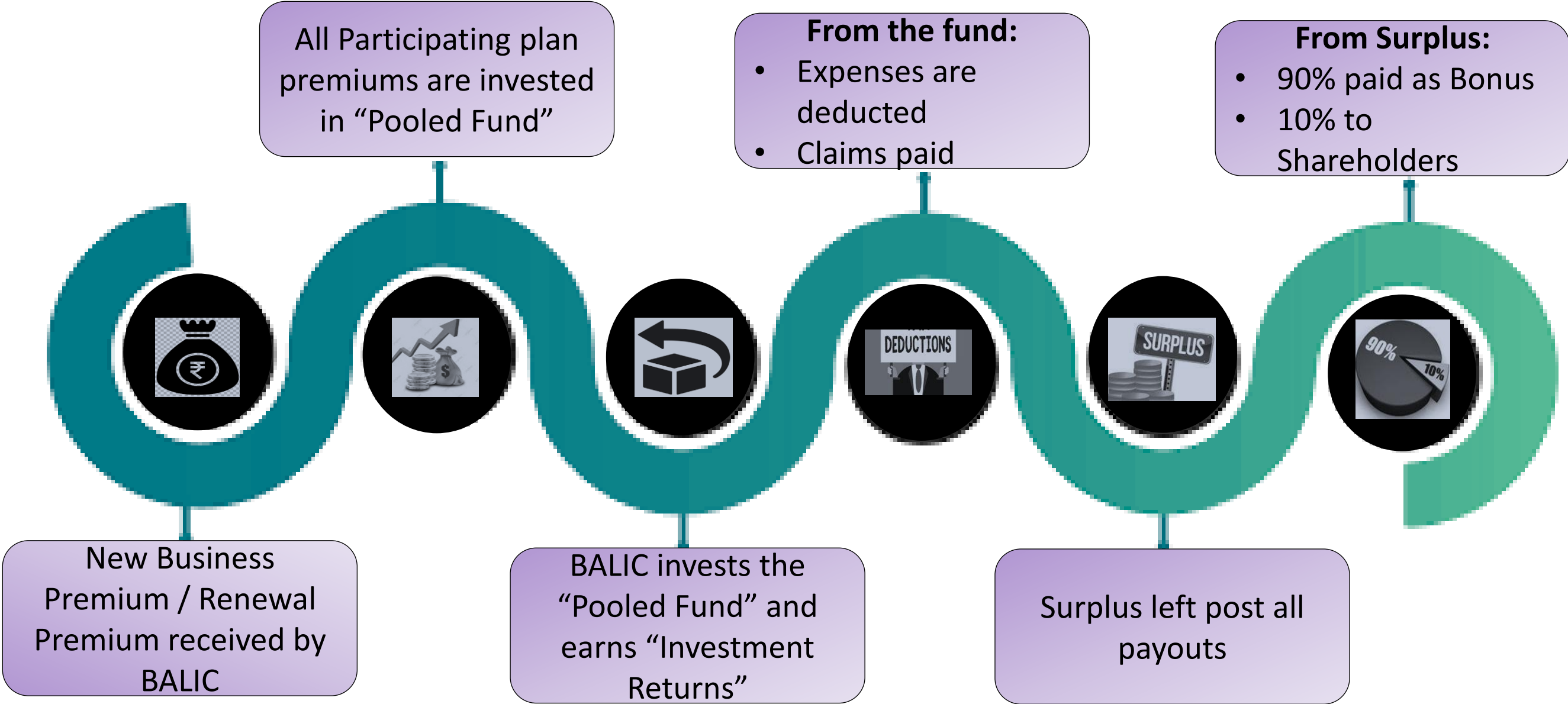
## When is it Payable?

- When the actual experience is better than assumed

## How much is Payable?

- 90% of Surplus declared is paid as Bonus

# How it is calculated?



# Thank You

**DISCLAIMER:** The contents of this presentation is confidential, may contain proprietary or privileged information and is intended for reserved recipient(s) for information Purpose only. Unintended recipients are prohibited from taking action on the basis of information in this presentation and must delete all copies. The information provided is on “as is” basis and Bajaj Allianz disclaims any warranty, responsibility or liability for the accuracy or completeness of this presentation and assumes no responsibility or liability for errors or omissions in the contents of the presentation. Bajaj Allianz reserves the right to make additions, deletions, or modification to the contents of the presentation at any time without prior notice. In no event shall Bajaj Allianz be liable to any entity or individual for any direct, indirect, special, consequential, or incidental claims or damages or any claims/damages whatsoever, whether in an action of contract, negligence or other tort, arising out of or in connection with the use of this Presentation or the contents of this Presentation. Any reference to the aforesaid content shall be subject to formal written confirmation by Bajaj Allianz. No confidentiality or privilege is waived or lost by Bajaj Allianz by any mis-transmission of this presentation. Any reference to "Bajaj Allianz" is a reference to Bajaj Allianz Life Insurance Company Limited. The Logo of Bajaj Allianz Life Insurance Co. Ltd. is provided on the basis of license given by Bajaj Finserv Ltd. to use its “Bajaj” Logo and Allianz SE to use its “Allianz” logo. The Presentation is not intended to be construed as any advisory from Bajaj Allianz for any investment or any other purpose. Any reliance of the same by the individual for any purpose, is on the sole independent understanding and requirement of the individual. The Public is advised to consult their advisor in regards to their investment. © Bajaj Allianz Life Insurance Co. Ltd. 2024.

**Bajaj Allianz Life Insurance Co. Ltd., Regd. Office Address: Bajaj Allianz House, Airport Road, Yerawada, Pune – 411006, IRDAI Reg. No: 116, CIN : U66010PN2001PLC015959, Mail us : [customercare@bajajallianz.co.in](mailto:customercare@bajajallianz.co.in), Call on : Toll free no. 1800 209 7272/ Fax No: 02066026789**