

## Investment philosophy

Reliance Life Insurance seeks consistent and superior long term returns with a well-defined and disciplined investment approach symbolizing integrity and transparency to benefit all stakeholders.

# the analyst

## fund snapshot

asset allocation	funds	gross return (CAGR*) (%) as on June 30, 2007				date of inception
		last 1 year	last 2 years	last 3 years	since inception	
100 % equity	Ulip Equity	38.39%	38.80%	N.A	37.77%	August, 2004
60% equity, 40% debt	Ulip High Growth	N.A	N.A	N.A	N.A	March, 2007
50%equity, 50% debt	Ulip Growth Plus	N.A	N.A	N.A	N.A	March, 2007
40% equity, 60% debt	Ulip Growth	18.23%	18.16%	N.A	17.52%	August, 2004
20%equity, 80% debt	Ulip Balanced	12.64%	11.94%	11.91%	12.17%	February, 2003
100% money market instruments	Ulip Capital Secure	7.90%	6.93%	6.29%	5.92%	February, 2003
40% equity, 60% debt	Group Growth	15.18%	16.47%	N.A	16.35%	August, 2004
20% equity, 80% debt	Group Balanced	11.13%	11.18%	11.43%	11.84%	February, 2003
100% money market instruments	Group Capital Secure	7.19%	6.57%	6.09%	5.78%	February, 2003

\*CAGR- compounded annual growth rate

## Indian Economy: Update & Outlook

The latest figures released by CSO in May 07 showed that GDP during 4QFY07 rose 9.1%yoy; cumulative GDP for FY07 came in at 9.4% higher than the government's initial estimate of 9.2%. This growth was led by agriculture (+3.8%), industry (+11.2%) and services (+9.9%). Growth in the six core infrastructure industries was up 7.4% in April 2007, lower than the 10% growth seen last month but marginally higher than the 7.3% growth seen in Apr06. Industrial production in April 07 rose 13.6% beating expectations and higher than the 9.9% growth seen in April 06. Growth was led by manufacturing (up by 15.1%), electricity (up by 8.7%) and mining (up by 3.4%). Despite exports rising 18% in May, the trade deficit remained at US\$6bn largely due to higher non-oil imports (up by 41%). The rise of non-oil imports is indicative of the on-going growth in the economy. Close to 70% of the rise in non-oil imports is due to capital goods (up 39%), industrial raw materials (up 22%) – all of which support the investment story. The key sectors driving exports are engineering goods and petroleum products. Despite a widening trade deficit, in line with seasonal trends, India recorded a current account surplus in 4QFY07. For FY07 as a whole, India's current account deficit (CAD) came in at US\$9.6bn or 1% of GDP similar to what one had in FY06.

**Outlook:** GDP for FY08 is expected to be at around 8.50% on the back of continued strong domestic demand, strong export growth and high capital inflows.

## Debt Market: Update & Outlook

Overnight rates continued to remain at their lowest level ever on abundant banking system liquidity of around Rs 45000 cr. CBLO rates traded in the range of 0.01% to 0.10% for many days before they started rising towards the end of the month to around 7% on auction outflows and advance tax payments. The steep fall in overnight rates sustained the rally in short term g-secs and bonds and led to further steepening of the curve as the long end remained muted. Two scheduled auctions worth Rs 15000 cr were conducted in addition to a surprise borrowing of Rs 5000 cr in the 10 yr G-sec security. It was later clarified that the amount was raised to fund the government's acquisition of SBI's stake from RBI. The money so transferred is expected to come back to the government in the form of dividends in August. The Government also borrowed extra amounts in T-bills for the same reason. These factors caused bond prices to fall and the ten yr yield rose to 8.25% (the other ten yr security 7.4 GOI 2017 rose to a record of 8.40%) before closing the month at 8.14%, a rise of 6 bps over the previous month.

Inflation data released during the month came progressively lower on continued reduction in the prices of primary articles and the base effect. It was in the range of 4.03% to 5.06%. The rupee closed at 40.72 versus 40.62 the previous month.

In global events, the Federal Reserve in its meeting on 29th June maintained status quo on rates. However US treasury yields continued to rise during the month as investors pared expectation of a Fed rate cut in this fiscal on the back of improving economic data. The ten yr rose from 4.88% to close at 5.05% at the end of the month. The ECB decided to hike its key rate by 25 bps to 4%.

**Outlook:** RBI's actions would determine the course of bond yields; especially whether the rally at the short end would spread to the long end as well. The G-sec market is expected to rally if MSS auctions are not conducted as liquidity becomes abundant again. The Govt's tax revenue numbers have come better than expected and inflation is expected to be around 4%. These factors are expected to support bond prices. The rally in G-secs is expected to spread to corporate bonds as well. The ten-yr yield may trade in the range of 7.95% to 8.15% with a downward bias.

## Equity Market: Update & Outlook

Equity market for the month of June ended with modest gains as bulls managed to hold on to their gains led by the frontline stocks. The BSE Sensex appreciated by 106.05 points during the month to close at 14650.51, an increase of 0.73%. On the other hand the NSE Nifty appreciated by 0.52% to close at 4318.3 points; an increase of 22.5 points over the previous month's closing.

During the month there was a keen tussle between the bulls and the bears. A host of factors right from weak global markets, large IPOs in the pipeline sucking out liquidity, fears of a rate hike and lack of fresh buying led to volatility in the market during the month. Every attempt to scale higher levels gave ways to bouts of profit booking during the major part of the month.

At the end of the month, Finance Minister P Chidambaram's statement that the government would not interfere in cement prices and the decision of the Fed Reserve to keep the rates steady at 5.25% led to an upward rally in the market. The action was mainly noticed in the small-cap and mid-cap segments, with the BSE Mid-Cap index hitting an all time high. Along with the Mid-Cap index, Capital goods index, Bankex and Consumer Durables Index also scaled all time peaks.

FIs were net buyers during the month. The cumulative inflow of FIs in June 2007, aggregated to US\$ 400.9 mln (Rs 1643.1 crs). Mutual funds were also net buyers to the extent of Rs 452.30 crs.

**Outlook:** The upcoming earnings results season should reveal a rising divergence in corporate performance, given the constraints on supporting infrastructure, increased input cost pressure, and the impact of rupee appreciation. Going forward, we believe that the trend in global equities will continue to dictate share price movements. On the domestic front, the near term trigger for the market is the progress of the monsoon and Q1 (2007 - 08) results.

## fund objective

Provide high real rate of return in the long term through high exposure to equity investments, while recognizing that there is significant probability of negative returns in the short term. The risk appetite is 'high'.

## products

Reliance Market Return Plan-Equity Fund Option

Reliance Golden Years Plan-Equity Fund Option

## fund manager's report

The equity market for the month of June ended with modest gains. An upward rally was witnessed in the later part of the month with the inflation numbers coming under control and the Finance minister's statement of no government interference in cement prices. Taking comfort from the close of all major IPOs and putting concerns over inflation and interest rate to rest for a while, the holding in equities was kept at 98%.

## benchmark construction

S&P CNX Nifty: 100%

# ULIP Equity Fund

details as on June 30, 2007

## fund performance

period	benchmark return	fund return	benchmark standard deviation	fund standard deviation	benchmark sharpe ratio	fund sharpe ratio
last 1 year	38.04%	38.39%	15.20%	15.70%	2.17	2.13
last 2 years (CAGR)	39.45%	38.80%	20.34%	20.31%	1.69	1.66
since inception (CAGR)	39.59%	37.77%	19.49%	19.72%	1.78	1.66
date of inception	august, 2004					

## portfolio

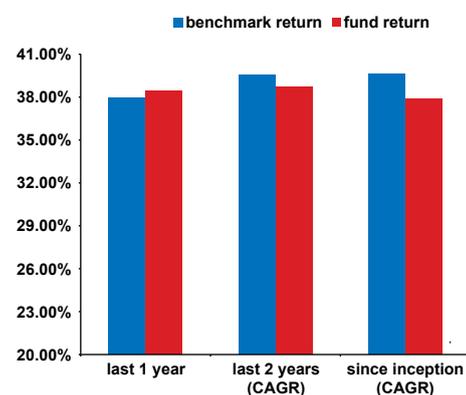
security	% of total assets	beta
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### equity

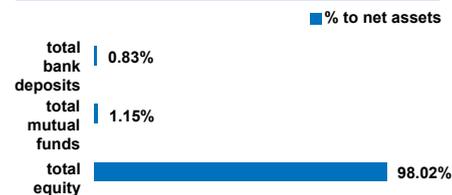
CAP GOODS/ENGINEERING	17.20	
SIEMENS	4.49	1.07
LARSEN & TOUBRO	4.31	1.14
AREVA T & D INDIA	3.69	1.04
ALSTOM PROJECTS	3.54	1.18
BHEL	1.18	1.05
IT	15.79	
INFOSYS TECHNOLOGIES	6.78	0.90
TATA CONSULTANCY SERVICES	5.61	0.97
SATYAM COMPUTERS	3.40	1.12
BANKING AND FINANCE	11.75	
STATE BANK OF INDIA	3.80	1.19
ICICI BANK	3.42	1.13
PUNJAB NATIONAL BANK	3.31	1.25
HDFC BANK	1.23	0.99
FMCG	7.36	
HINDUSTAN LEVER	4.05	0.88
ITC	3.32	0.79
OIL REFINERIES	7.11	
RELIANCE INDUSTRIES	5.59	0.98
INDIAN OIL CORPORATION	1.53	0.66
PHARMACEUTICALS	6.62	
DIVIS LABORATORIES	3.39	1.04
SUN PHARMACEUTICALS	1.40	0.67
CIPLA	1.19	0.86
LUPIN	0.52	0.61
SUN PHARMA ADVANCE RESEARCH CO.	0.13	0.00
AUTOMOBILES	6.48	
TATA MOTORS	3.16	1.15
MARUTI UDYOG	3.02	1.09
PUNJAB TRACTORS	0.30	0.31
CEMENT & CEMENT PRODUCTS	6.19	
GRASIM INDUSTRIES	4.55	0.88
ACC	1.64	1.00
OIL AND EXPLORATION	5.18	
ONGC CORPORATION	5.18	0.92
TELECOM	4.60	
BHARTI AIRTEL	3.52	1.08
RELIANCE COMMUNICATIONS	1.08	1.39
METALS	3.48	
TATA STEEL	1.71	1.08
JSW STEELS	1.10	0.86
STERLITE INDUSTRIES	0.67	1.26
AVIATION	1.82	
DECCAN AVIATION	1.08	1.01
JET AIRWAYS	0.74	0.95
AUTO ANCILLARY	1.43	
AUTOMATIVE AXLES	1.43	0.35
PETROCHEMICALS	1.27	
RELIANCE PETROLEUM	1.27	0.47
FERTILISER	1.05	
GSFC	1.05	0.51
MEDIA	0.66	
ZEE	0.66	0.99
RETAIL	0.02	
VISHAL RETAIL	0.02	0.00

total equity	98.02
total bank deposits	1.15
total mutual funds	0.83
total net assets	100.00

## fund return v/s benchmark return



## asset allocation



fund beta : 0.9891

## NAV as on 30 June, 2007

Reliance Market Return Plan-Equity  
Fund Option: Rs 24.5296

Reliance Golden Years Plan-Equity  
Fund Option: Rs 12.2159

## fund objective

Provide, in the long term, returns which are significantly higher than the inflation rate, through high exposure to equity investments, while recognizing that there is some probability of negative returns in the short term. The risk appetite is 'moderate to high'.

## products

Reliance Money Guarantee Plan-F Option

## fund manager's report

The equity market for the month of June ended with modest gains. An upward rally was witnessed in the later part of the month with the inflation numbers coming under control and the Finance minister's statement of no government interference in cement prices. Taking comfort from the close of all major IPOs and putting concerns over inflation and interest rate to rest for a while, the holding in equities was kept at 60%.

The allocation to gilts was marginally lower at 11% as compared to 12% last month. The allocation to short term assets decreased to 7% from 9% last month. The allocation to corporate bonds was marginally increased to 21% of the portfolio. We intend to add corporate bonds as and when available.

## benchmark construction

CRISIL ST Bond Index: 40%  
S&P CNX Nifty: 60%

# ULIP High Growth Fund

details as on June 30, 2007

## fund performance

period	benchmark return	fund return	benchmark standard deviation	fund standard deviation	benchmark sharpe ratio	fund sharpe ratio
last 1 year	data not available as the fund has not completed a period of one year since inception					
date of inception	march, 2007					

## portfolio

security	% of total assets	rating
<b>corporate bonds</b>		
10.20% HDFC NCD 13-04-10	3.53	AAA
9.80% POWER FINANCE CORP 22-03-12	3.49	AAA
8.90% CITIFINANCIAL CONSUMER 05-08-09	3.39	AAA
6.31% EXIM BANK NCD 17-01-10	3.24	AAA
8.25% IDBI OMNI BOND SER III 26-05-11	1.59	AA+
10.75% IL & FS NCD SER XI 29-03-09	1.43	AAA
9.50% INDIAN HOTELS 28-02-12	1.37	AA+
10.10% POWER GRID CORPORATION 12-06-12	0.71	AAA
10.10% POWER GRID CORPORATION 12-06-11	0.71	AAA
10% NABARD 18-06-10	0.70	AAA
10.05% NABARD 11-06-14	0.70	AAA
7.10% POWER GRID CORP 18-02-09	0.20	AAA

**total corporate bonds** 21.07

gilts		SOVEREIGN
9.39% GOI 02-07-11	4.22	
6.65% GOI 05-04-09	3.46	
7.37% GOI 16-04-14	3.38	

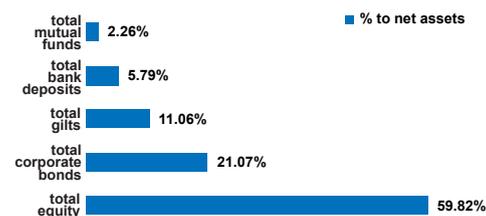
**total gilts** 11.06

**equity** N.A

CAP GOODS/ENGINEERING	10.12
LARSEN & TOUBRO	2.70
SIEMENS	2.51
ALSTOM PROJECTS INDIA	2.25
AREVA T & D INDIA	1.74
BHEL	0.92
IT	9.57
INFOSYS TECHNOLOGIES	4.05
TATA CONSULTANCY SERVICES	3.48
SATYAM COMPUTERS	2.04
BANKING AND FINANCE	7.64
STATE BANK OF INDIA	2.77
ICICI BANK	2.19
PUNJAB NATIONAL BANK	1.89
HDFC BANK	0.79
FMCG	4.50
HINDUSTAN LEVER	2.57
ITC	1.93
OIL REFINERIES	4.34
RELIANCE INDUSTRIES	3.37
INDIAN OIL CORPORATION	0.97
PHARMACEUTICALS	4.15
DIVIS LABORATORIES	2.19
SUN PHARMACEUTICALS	0.86
CIPLA	0.71
LUPIN	0.32
SUN PHARMA ADVANCE RESEARCH CO.	0.08
AUTOMOBILES	4.14
TATA MOTORS	2.05
MARUTI UDYOG	1.89
PUNJAB TRACTORS	0.20
CEMENT & CEMENT PRODUCTS	3.99
GRASIM INDUSTRIES	2.75
ACC	1.24
OIL AND EXPLORATION	3.30
ONGC CORPORATION	3.30
TELECOM	2.44
BHARTI AIRTEL	2.03
RELIANCE COMMUNICATIONS	0.42
METALS	1.82
JSW STEELS	0.79
TATA STEEL	0.62
STERLITE INDUSTRIES	0.41
AVIATION	1.13
DECCAN AVIATION	0.67
JET AIRWAYS	0.46
AUTO ANCILLARY	0.82
AUTOMATIVE AXLES	0.82
PETROCHEMICALS	0.79
RELIANCE PETROLEUM	0.79
FERTILISER	0.66
GSFC	0.66
MEDIA	0.40
ZEE	0.40
RETAIL	0.01
VISHAL RETAIL	0.01

<b>total equity</b>	<b>59.82</b>
<b>total bank deposits</b>	<b>5.79</b>
<b>total mutual funds</b>	<b>2.26</b>
<b>total net assets</b>	<b>100.00</b>

## asset allocation



M. Duration of debt portfolio: 2.58 years

NAV as on 30 June, 2007

Reliance Money Guarantee Plan-F Option: Rs 11.0612

## fund objective

Provide, in the long term, returns which are significantly higher than the inflation rate, through high exposure to equity investments, while recognizing that there is some probability of negative returns in the short term. The risk appetite is 'moderate to high'.

## products

Reliance Money Guarantee Plan-E Option

## fund manager's report

The equity market for the month of June ended with modest gains. An upward rally was witnessed in the later part of the month with the inflation numbers coming under control and the Finance minister's statement of no government interference in cement prices. Taking comfort from the close of all major IPOs and putting concerns over inflation and interest rate to rest for a while, the holding in equities was kept at 47%.

The allocation to gilts was increased from 8% to 13% to deploy fresh inflows. Allocation to short term assets was increased from 20% from 18% as the fund received fresh inflows during the month and there was a lack of attractive investment avenues. Allocation to corporate bonds was at 18% of the fund. We propose to further add bonds during the month.

## benchmark construction

CRISIL ST Bond Index: 50%  
S&P CNX Nifty: 50%

# ULIP Growth Plus Fund

details as on June 30, 2007

## fund performance

period	benchmark return	fund return	benchmark standard deviation	fund standard deviation	benchmark sharpe ratio	fund sharpe ratio
last 1 year	data not available as the fund has not completed a period of one year since inception					
date of inception	march, 2007					

## portfolio

security	% of total assets	rating
<b>corporate bonds</b>		
5.85% POWER FINANCE CORP 01-08-10	8.24	AAA
10.10% POWER GRID CORPORATION 12-06-12	4.28	AAA
8.90% CITIFINANCIAL CONSUMER 05-08-09	3.36	AAA
9.20% IL & FS NCD SR VI 23-04-08	2.75	AAA

**total corporate bonds** 18.64

## gilts

7.37% GOI 16-04-14	4.92
9.39% GOI 02-07-11	4.72
7.38% GOI 03-09-15	3.26
11.99% GOI 07-04-09	0.98

**total gilt** 13.90

## equity

IT	7.57
INFOSYS TECHNOLOGIES	3.17
TATA CONSULTANCY SERVICES	2.78
SATYAM COMPUTERS	1.61
CAP GOODS/ENGINEERING	7.43
LARSEN & TOUBRO	1.93
SIEMENS	1.90
ALSTOM PROJECTS	1.83
AREVA T & D INDIA	1.38
BHEL	0.39
BANKING AND FINANCE	6.44
ICICI BANK	2.47
STATE BANK OF INDIA	1.92
PUNJAB NATIONAL BANK	1.44
HDFC BANK	0.61
OIL REFINERIES	3.56
RELIANCE INDUSTRIES	2.77
INDIAN OIL CORPORATION	0.80
FMCG	3.51
HINDUSTAN LEVER	2.04
ITC	1.47
PHARMACEUTICALS	3.20
DIVIS LABORATORIES	1.72
SUN PHARMACEUTICALS	0.67
CIPLA	0.54
LUPIN	0.25
SUN PHARMA ADVANCE RESEARCH CO.	0.02
AUTOMOBILES	3.19
TATA MOTORS	1.64
MARUTI UDYOG	1.51
PUNJAB TRACTORS	0.04
CEMENT & CEMENT PRODUCTS	3.13
GRASIM INDUSTRIES	2.12
ACC	1.01
OIL AND EXPLORATION	2.59
ONGC CORPORATION	2.59
TELECOM	1.83
BHARTI AIRTEL	1.68
RELIANCE COMMUNICATIONS	0.16
METALS	1.45
JSW STEELS	0.65
TATA STEEL	0.48
STERLITE INDUSTRIES	0.32
AVIATION	0.90
DECCAN AVIATION	0.55
JET AIRWAYS	0.36
AUTO ANCILLARY	0.65
AUTOMATIVE AXLES	0.65
PETROCHEMICALS	0.59
RELIANCE PETROLEUM	0.59
FERTILISER	0.54
GSFC	0.54
MEDIA	0.30
ZEE	0.30

**total equity** 46.90

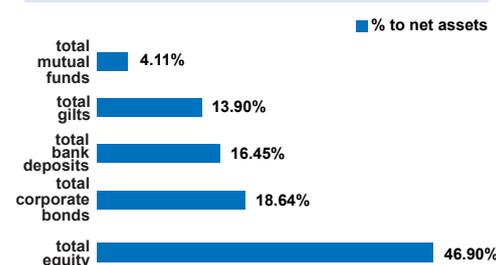
**total bank deposits** 16.45

**total mutual fund** 4.12

**total net assets** 100.00

## SOVEREIGN

## asset allocation



M. Duration of debt portfolio: 1.84 years

NAV as on 30 June, 2007

Reliance Money Guarantee Plan-E Option: Rs 10.8544

## fund objective

Provide investment returns that exceed the rate of inflation in the long term while maintaining moderate probability of negative returns in the short term. The risk appetite is defined as 'moderate'.

## products

Reliance Market Return Plan-Growth Fund Option

Reliance Golden Years Plan-Growth Fund Option

Reliance Money Guarantee Plan-D Option

## fund manager's report

The equity market for the month of June ended with modest gains. An upward rally was witnessed in the later part of the month with the inflation numbers coming under control and the Finance minister's statement of no government interference in cement prices. Taking comfort from the close of all major IPOs and putting concerns over inflation and interest rate to rest for a while, the holding in equities was kept at the maximum level of 40%.

The allocation to corporate bonds was increased further to 29% in June from 25% the previous month. The G-sec allocation was also increased to 24% from 20% in May 07. The allocation to short term bank deposits and mutual funds was brought down to 6% from 15% of the portfolio. This was in line with our view to increase duration and reduce cash.

## benchmark construction

CRISIL ST Bond Index: 60%  
S&P CNX Nifty: 40%

# ULIP Growth Fund

details as on June 30, 2007

## fund performance

period	benchmark return	fund return	benchmark standard deviation	fund standard deviation	benchmark sharpe ratio	fund sharpe ratio
last 1 year	18.61%	18.23%	6.48%	6.75%	2.10	1.96
last 2 years (CAGR)	18.60%	18.16%	8.23%	8.27%	1.65	1.59
since inception (CAGR)	17.44%	17.52%	7.74%	7.94%	1.61	1.58
date of inception	august, 2004					

## portfolio

security	% of total assets	rating
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### corporate bonds

9.20% IL & FS NCD SRVI 23-04-08	4.64	AAA
9.50% INDIAN HOTELS 28-02-12	3.88	AA+
10.20% HDFC NCD 13-04-10	2.67	AAA
7.15% IND OIL BOND 10-06-12	2.66	AAA
10.05% NABARD 11-06-14	2.66	AAA
8.25% IDBI OMNI BOND SER III 26-05-11	2.24	AA+
6.50% HINDALCO 06-09-09	2.23	AA
11.03% TML FINANCIAL SERVICES 22-06-09	1.35	AA+
10.10% POWER GRID CORP 12-06-12	1.33	AAA
10% NABARD NCD Sr IX 14-05-12	1.33	AAA
7.39% POWER GRID CORP 22-09-11	1.21	AAA
9.00% SUNDARAM FINANCE 17-08-09	1.17	AA+
6.25% ULTRATECH CEMENT 25-06-09	1.12	AA+
8.90% CITIFINANCIAL CONSUMER 05-08-09	0.78	AAA
7.10% POWER GRID CORP 18-02-09	0.13	AAA

**total corporate bonds** 29.41

### gilts

SOVEREIGN

7.44% GOI SPL. OIL BOND 23-03-12	5.47
7.44% GOI SPL. OIL BOND 23-03-12	5.51
6.65% GOI 05-04-09	4.56
11.99% GOI 07-04-09	3.75
8.07% GOI 15-01-17	3.31
7.33% OIL COMP GOI BOND 07-03-09	2.67
7.37% GOI 16-04-14	1.64
11.40% GOI 31-08-08	1.48
7.55% GOI 14-05-10	0.60
7.38% GOI 03-09-15	0.58
9.39% GOI 02-07-11	0.21

**total gilts** 24.32

### equity

N.A

CAP GOODS/ENGINEERING	6.70
LARSEN & TOUBRO	1.75
ALSTOM PROJECTS	1.68
AREVA T & D INDIA	1.39
SIEMENS	1.39
BHEL	0.49
IT	6.45
INFOSYS TECHNOLOGIES	2.75
TATA CONSULTANCY SERVICES	2.30
SATYAM COMPUTERS	1.39
BANKING AND FINANCE	4.78
STATE BANK OF INDIA	1.56
ICICI BANK	1.42
PUNJAB NATIONAL BANK	1.30
HDFC BANK	0.50
FMCG	2.97
HINDUSTAN LEVER	1.69
ITC	1.28
OIL REFINERIES	2.90
RELIANCE INDUSTRIES	2.28
INDIAN OIL CORPORATION	0.62
AUTOMOBILES	2.71
TATA MOTORS	1.30
MARUTI UDYOG	1.24
PUNJAB TRACTORS	0.18
PHARMACEUTICALS	2.69
CIPLA	0.47
DIVIS LABORATORIES	1.42
SUN PHARMACEUTICALS	0.55
LUPIN	0.21
SUN PHARMA ADVANCE RESEARCH CO.	0.04
CEMENT & CEMENT PRODUCTS	2.54
ACC	0.67
GRASIM INDUSTRIES	1.87
OIL AND EXPLORATION	2.13
ONGC CORPORATION	2.13
TELECOM	2.08
BHARTI AIRTEL	1.45
RELIANCE COMMUNICATIONS	0.64
METALS	1.44
TATA STEEL	0.72
JSW STEELS	0.45
STERLITE INDUSTRIES	0.28
AVIATION	0.75
DECCAN AVIATION	0.44
JET AIRWAYS	0.30
AUTO ANCILLARY	0.59
AUTOMATIVE AXLES	0.59
PETROCHEMICALS	0.53
RELIANCE PETROLEUM	0.53
FERTILISER	0.43
GSFC	0.43
MEDIA	0.27
ZEE	0.27
RETAIL	0.01
VISHAL RETAIL	0.01

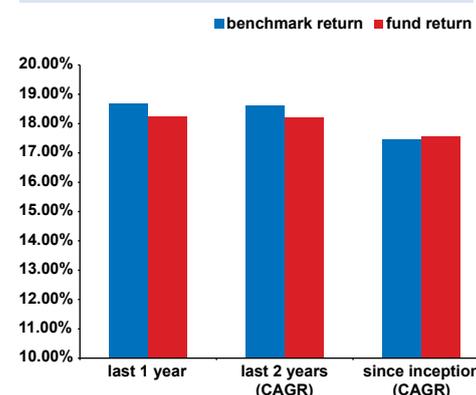
**total equity** 39.97

**total bank deposits** 3.90

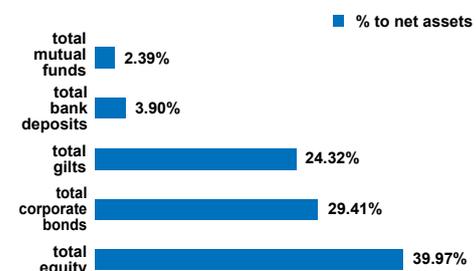
**total mutual funds** 2.39

**total net assets** 100.00

## fund return v/s benchmark return



## asset allocation



M. Duration of debt portfolio: 2.57 years

NAV as on 30 June, 2007

Reliance Money Guarantee Plan-D Option: Rs 10.7984

Reliance Market Return Plan-Growth Fund Option: Rs 15.3273

Reliance Golden Years Plan-Growth Fund Option: Rs 12.1899

## fund objective

Provide investment returns that exceed the rate of inflation in the long term while maintaining a low probability of negative returns in the short term. The risk appetite is defined as 'low to moderate'.

## products

Reliance Market Return Plan-Balanced Fund Option

Reliance Golden Years Plan-Balanced Fund Option

## fund manager's report

The equity market for the month of June ended with modest gains. An upward rally was witnessed in the later part of the month with the inflation numbers coming under control and the Finance minister's statement of no government interference in cement prices. Taking comfort from the close of all major IPOs and putting concerns over inflation and interest rate to rest for a while, the holding in equities was kept at the maximum level of 20%.

The allocation to gilts was around the same levels at 30% as earlier. The allocation to corporate bonds was increased further to 39% from 33% in May 07 as bonds were giving an attractive spread of around 200 bps over gilts. A new bond of Power Grid Corporation was added to the portfolio. The allocation to short term bank deposits and mutual funds came down to 10% from 16% in May 2007. This is in line with our view of increasing exposure to medium and long term securities. We intend to increase exposure to good quality corporate bonds as and when they become available.

## benchmark construction

CRISIL ST Bond Index: 80%  
S&P CNX Nifty: 20%

# ULIP Balanced Fund

details as on June 30, 2007

## fund performance

period	benchmark return	fund return	benchmark standard deviation	fund standard deviation	benchmark sharpe ratio	fund sharpe ratio
last 1 year	12.54%	12.64%	3.61%	3.87%	2.09	1.98
last 2 years (CAGR)	11.95%	11.94%	4.24%	4.42%	1.64	1.57
last 3 years (CAGR)	11.39%	11.91%	3.95%	4.15%	1.62	1.66
since inception (CAGR)	10.52%	12.17%	4.23%	4.03%	1.31	1.78
date of inception	february, 2003					

## portfolio

security	% of total assets	rating
----------	-------------------	--------

### corporate bonds

9.50% INDIAN HOTEL 28-02-12	3.61	AA+
10.20% HDFC 13-04-10	3.29	AAA
10.10% POWER GRID CORPORATION 12-06-12	3.28	AAA
8.25% IDBI OMNI BOND SER III 26-05-11	2.35	AA+
11.03% TML FINANCIAL SERVICES 22-06-09	2.22	AA+
7.39% POWER GRID CORP 22-09-11	2.19	AAA
10% NABARD NCD 18-06-10	2.18	AAA
10.05% NABARD NCD 11-06-14	2.18	AAA
8.90% CITIFINANCIAL CONSUMER NCD 05-08-09	2.17	AAA
9.80% POWER FINANCE CORP 22-03-12	2.06	AAA
6.25% ULTRATECH CEMENT 25-06-09	2.04	AA+
0% IDFC ZCB 27-06-08	2.00	AAA
9.00% SUNDARAM FINANCE 17-08-09	1.93	AA+
10.75% IL & FS NCD SR IX 29-03-09	1.66	AAA
10% NABARD NCD Sr IX 14-05-12	1.64	AAA
9.20% IL & FS NCD SR VI 23-04-08	1.09	AAA
7.15% IND OIL BOND 10-06-12	0.91	AAA
8.05% IRFC 15-07-07	0.87	AAA
6.50% HINDALCO 06-09-09	0.71	AA
5.85% POWER FINANCE CORP 01-08-10	0.62	AAA
7.10% POWER GRID CORP 18-02-09	0.10	AAA

total corporate bonds 39.10

### gilts

SOVEREIGN

6.65% GOI 05-04-09	5.46
7.37% GOI 16-04-14	5.34
8.07% GOI 15-01-17	4.79
7.44% GOI SPL OIL BOND 23-03-12	3.20
9.39% GOI 02-07-11	2.86
7.55% GOI 14-05-10	2.35
7.33% OIL COMP GOI BOND 07-03-09	2.02
7.38% GOI 03-09-15	1.04
6.96% GOI OIL COMP SPL BOND 30-03-09	1.02
11.99% GOI 07-04-09	0.95
11.40% GOI 31-08-08	0.86

total gilts 29.89

### equity

N.A

CAP GOODS/ENGINEERING	3.37
ALSTOM PROJECTS	0.85
AREVA T & D INDIA	0.70
BHEL	0.24
LARSEN & TOUBRO	0.88
SIEMENS	0.70
IT	3.26
INFOSYS TECHNOLOGIES	1.39
SATYAM COMPUTERS	0.70
TATA CONSULTANCY SERVICES	1.16
BANKING AND FINANCE	2.45
HDFC BANK	0.26
ICICI BANK	0.72
PUNJAB NATIONAL BANK	0.69
STATE BANK OF INDIA	0.78
FMCG	1.50
HINDUSTAN LEVER	0.85
ITC	0.65
OIL REFINERIES	1.47
RELIANCE INDUSTRIES	1.15
INDIAN OIL CORPORATION	0.32
PHARMACEUTICALS	1.37
CIPLA	0.24
DIVIS LABORATORIES	0.72
LUPIN	0.11
SUN PHARMA ADVANCE RESEARCH CO.	0.03
SUN PHARMACEUTICALS	0.28
AUTOMOBILES	1.36
MARUTI UDYOG	0.62
PUNJAB TRACTORS	0.08
TATA MOTORS	0.66
CEMENT & CEMENT PRODUCTS	1.28
ACC	0.34
GRASIM INDUSTRIES	0.94
OIL AND EXPLORATION	1.08
ONGC CORPORATION	1.08
TELECOM	0.86
BHARTI AIRTEL	0.73
RELIANCE COMMUNICATIONS	0.13
METALS	0.73
JSW STEELS	0.23
STERLITE INDUSTRIES	0.14
TATA STEEL	0.37
AVIATION	0.38
DECCAN AVIATION	0.22
JET AIRWAYS	0.15
AUTO ANCILLARY	0.30
AUTOMATIVE AXLES	0.30
PETROCHEMICALS	0.27
RELIANCE PETROLEUM	0.27
FERTILISER	0.22
GSFC	0.22
MEDIA	0.13
ZEE	0.13
RETAIL	0.01
VISHAL RETAIL	0.01

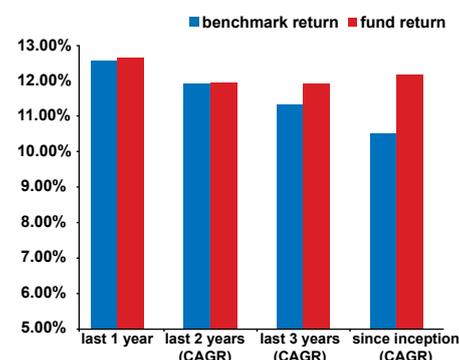
total equity 20.04

total bank deposits 6.12

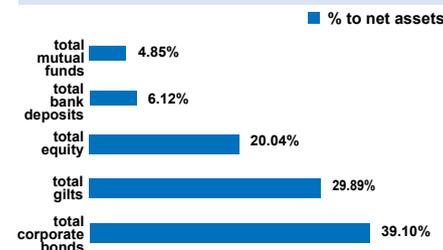
total mutual funds 4.85

total net assets 100.00

## fund return v/s benchmark return



## asset allocation



## M. Duration of debt portfolio : 2.51 years

## NAV as on 30 June, 2007

Reliance Market Return Plan-Balanced Fund Option: Rs 13.2744

Reliance Golden Years Plan-Balanced Fund Option: Rs 13.2659

## fund objective

Maintain the capital value of all contributions (net of charges) and all interest additions, at all times. The risk appetite is 'extremely low'.

## products

Reliance Market Return Plan-Capital Secure Fund Option

Reliance Golden Years Plan-Capital Secure Fund Option

# ULIP Capital Secure Fund

details as on June 30, 2007

## fund performance

period	benchmark return	fund return	benchmark standard deviation	fund standard deviation	benchmark sharpe ratio	fund sharpe ratio
last 1 year	7.44%	7.90%	0.15%	0.39%	16.53	7.42
last 2 years (CAGR)	6.76%	6.93%	0.26%	0.40%	6.85	4.85
last 3 years (CAGR)	6.27%	6.29%	0.29%	0.41%	4.36	3.12
since inception (CAGR)	5.47%	5.92%	0.42%	0.40%	1.10	2.32
date of inception	february, 2003					

## portfolio

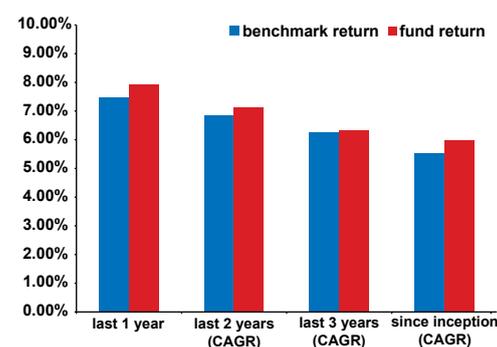
security	% of total assets	rating
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### bank deposits

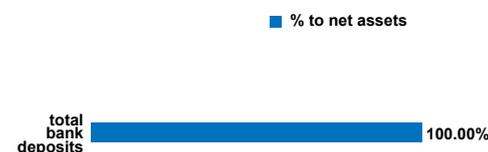
STATE BANK OF PATIALA CD 9-11-07	48.93	A1+
STATE BANK OF INDORE CD 28-12-07	16.12	P1+
ICICI BANK CD 17-08-07	15.50	A1+
10.00% CITIBANK FD 17-08-07	10.46	
8.25% ING VYSYA BANK FD 05-09-07	8.99	

<b>total bank deposits</b>	<b>100.00</b>
<b>total net assets</b>	<b>100.00</b>

## fund return v/s benchmark return



## asset allocation



M. Duration of debt portfolio : 0.27 years

NAV as on 30 June, 2007

Reliance Market Return Plan-Capital Secure Fund Option: Rs 11.4675

Reliance Golden Years Plan-Capital Secure Fund Option: Rs 11.4555

## fund manager's report

The allocation to CDs (certificate of Deposits) and bank fixed deposits was at 100% to take advantage of high yields in these instruments.

## benchmark construction

Yield on 182-day T. Bills

## fund objective

Provide investment returns that exceed the rate of inflation in the long term while maintaining moderate probability of negative returns in the short term. The risk appetite is defined as 'moderate'.

## products

Employee Benefit Plans  
(Reliance Group Gratuity & Reliance Group Superannuation)

## fund manager's report

The equity market for the month of June ended with modest gains. An upward rally was witnessed in the later part of the month with the inflation numbers coming under control and the Finance minister's statement of no government interference in cement prices. Taking comfort from the close of all major IPOs and putting concerns over inflation and interest rate to rest for a while, the holding in equities was kept at the maximum level of 40%.

The allocation to corporate bonds was retained at around the same level of 14% during the month. The allocation to gilts was also constant at around 41%. The allocation to short term bank deposits and CDs was further reduced from 5% in May to 3%. With these changes the asset allocation has reached our targeted levels. The duration of the debt portfolio has been further increased marginally to around 3 yrs. The fund got the benefit of the rise in G sec prices, the most notable one being the 9.39 GOI 2011 security.

## benchmark construction

CRISIL ST Bond Index: 60%  
CNX Nifty: 40%

# Group Growth Fund

details as on June 30, 2007

## fund performance

period	benchmark return	fund return	benchmark standard deviation	fund standard deviation	benchmark sharpe ratio	fund sharpe ratio
last 1 year	18.61%	15.18%	6.48%	6.60%	2.10	1.45
last 2 years (CAGR)	18.60%	16.47%	8.23%	8.19%	1.65	1.30
since inception (CAGR)	17.44%	16.35%	7.74%	7.87%	1.61	1.33
date of inception			august, 2004			

## portfolio

security	% of total assets	rating
<b>corporate bonds</b>		
10% NABARD NCD Sr IX 14-05-12	3.69	AAA
9.50% INDIAN HOTELS 28-02-12	3.60	AA+
10.35% HDFC 16-05-17	1.50	AAA
8.25% IDBI OMNI BOND SER III 26-05-11	1.39	AA+
6.50% HINDALCO 06-09-09	1.38	AA
7.15% IND OIL BOND 10-06-12	1.38	AAA
6.25% ULTRATECH CEMENT 25-06-09	0.69	AA+
7.39% POWER GRID CORP 22-09-11	0.68	AAA

**total corporate bonds** 14.30

gilts		SOVEREIGN
9.39% GOI 02-07-11	35.23	
7.44% GOI Spl OIL BOND 23-03-12	3.25	
7.33% OIL COMP GOI BOND 07-03-09	1.58	
11.40% GOI 31-08-08	0.87	
6.65% GOI 05-04-09)	0.73	

**total gilts** 41.66

**equity** N.A.

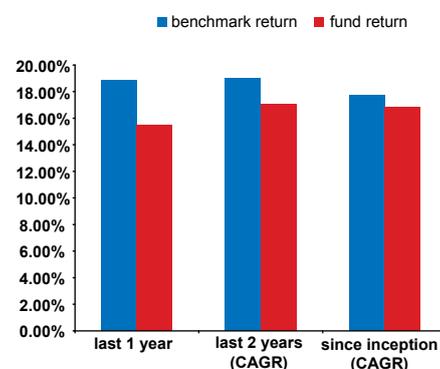
IT	8.51
TATA CONSULTANCY SERVICES	3.58
INFOSYS TECHNOLOGIES	3.50
SATYAM COMPUTERS	1.44
CAP GOODS/ENGINEERING	5.46
LARSEN AND TOUBRO	3.57
SIEMENS	1.19
BHARAT HEAVY ELECTRICALS	0.70
BANKING AND FINANCE	5.36
STATE BANK OF INDIA	2.13
PUNJAB NATIONAL BANK	1.32
ICICI BANK	1.31
HDFC BANK	0.60
OIL REFINERIES	5.01
RELIANCE INDUSTRIES	3.78
INDIAN OIL CORPORATION	1.23
FMCG	3.60
HINDUSTAN LEVER	2.31
ITC	1.29
AUTOMOBILES	3.51
TATA MOTORS	1.93
MARUTI UDYOG	1.42
PUNJAB TRACTORS	0.16
CEMENT & CEMENT PRODUCTS	2.80
GRASIM INDUSTRIES	1.75
ACC	1.05
OIL AND EXPLORATION	2.77
ONGC CORPORATION	2.77
PHARMACEUTICALS	1.27
SUN PHARMACEUTICALS	0.52
CIPLA	0.50
LUPIN LIMITED	0.21
SUN PHARMA ADVANCE RESEARCH CO.	0.05
METALS	1.48
TATA STEEL	1.19
STERLITE INDUSTRIES	0.29
AUTO ANCILLARY	0.70
AUTOMATIVE AXLES	0.70
MEDIA	0.27
ZEE	0.27

**total equity** 40.75

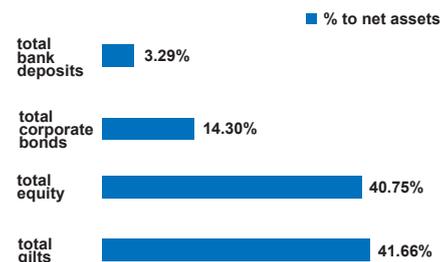
**total bank deposits** 3.29

**total net assets** 100.00

## fund return v/s benchmark return

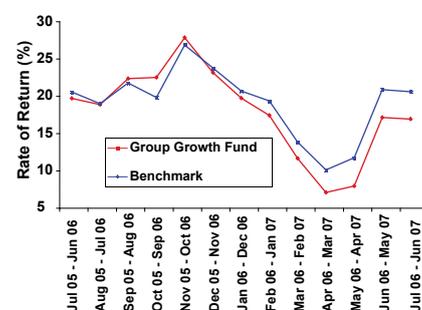


## asset allocation



Duration of debt portfolio: 3.08 years

## Rolling Yearly Performance



## fund objective

Provide investment returns that exceed the rate of inflation in the long term while maintaining a low probability of negative returns in the short term. The risk appetite is defined as 'low to moderate'.

## products

Employee benefit plans  
(Reliance Group Gratuity and Reliance Group Superannuation)

## fund manager's report

The equity market for the month of June ended with modest gains. An upward rally was witnessed in the later part of the month with the inflation numbers coming under control and the Finance minister's statement of no government interference in cement prices. Taking comfort from the close of all major IPOs and putting concerns over inflation and interest rate to rest for a while, the holding in equities was kept at 19.7%, near the maximum level of 20%.

The allocation to corporate bonds was increased marginally during the month to 23% from 22% in May. The allocation to gilts was also higher at 46% as compared to 44% in May. The allocation to short-term bank deposits and CDs was reduced further from 13% in May to 10% in June. This is in line with our strategy of increasing duration and reducing exposure to short term assets. Power Grid Corporation was the new bond added to the portfolio during the month. We intend to increase exposure to corporate bonds as and when the opportunity is available.

## benchmark construction

CRISIL ST Bond Index: 80%  
CNX Nifty: 20%

# Group Balanced Fund

details as on June 30, 2007

## fund performance

period	benchmark return	fund return	benchmark standard deviation	fund standard deviation	benchmark sharpe ratio	fund sharpe ratio
last 1 year	12.54%	11.13%	3.61%	5.20%	2.09	1.09
last 2 years (CAGR)	11.95%	11.18%	4.24%	5.04%	1.64	1.11
last 3 years (CAGR)	11.39%	11.43%	3.95%	4.59%	1.62	1.26
since inception (CAGR)	10.52%	11.84%	4.23%	4.33%	1.31	1.42
date of inception	february, 2003					

## portfolio

security	% of total assets	rating
<b>corporate bonds</b>		
10.35% HDFC 16-05-17	2.71	AAA
10.10% POWER GRID CORP 12-06-11	2.56	AAA
9.50% INDIAN HOTELS 28-02-12	2.47	AA+
9.80% POWER FINANCE CORP 22-03-12	2.17	AAA
10% NABARD NCD Sr IX 14-05-12	2.11	AAA
0% IDFC ZCB 27-06-08	1.93	AAA
10% NABARD NCD 18-06-10	1.41	AAA
8.25% IDBI OMNI BOND SER III 26-05-11	1.12	AA+
7.39% POWER GRID CORP 22-09-11	1.09	AAA
10.75% IL & FS NCD SR XI 29-03-09	1.07	AAA
8.90% CITIFINANCIAL CONSUMER 05-08-09	1.04	AAA
6.25% ULTRATECH CEMENT 25-06-09	0.92	AA+
9.00% SUNDARAM FINANCE 17-08-09	0.83	AA+
11.03% TML FINANCIAL SERVICES 22-06-09	0.57	AA+
7.15% IND OIL BOND 10-06-12	0.46	AAA
8.05% IRFC 15-07-07	0.39	AAA
6.50% HINDALCO 06-09-09	0.33	AA
9.20% IL & FS NCD SR VI 23-04-08	0.22	AAA

**total corporate bonds** 23.40

gilts		SOVEREIGN
9.39% GOI 02-07-11	9.92	
8.07% GOI 15-01-17	5.68	
6.65% GOI 05-04-09	5.67	
7.55% GOI 14-05-10	5.16	
7.37% GOI 16-04-14	4.85	
11.99% GOI 07-04-09	4.38	
7.38% GOI 03-09-15	3.36	
182 DAYS TBIL 01-06-07	3.20	
7.44% GOI Spl OIL BOND 23-03-12	1.51	
6.96% OIL COMP GOI Spl. BOND 30-03-09	1.07	
7.33% OIL COMP GOI Spl. BOND 07-03-09	0.95	
11.40% GOI 31-08-08	0.41	

**total gilts** 46.16

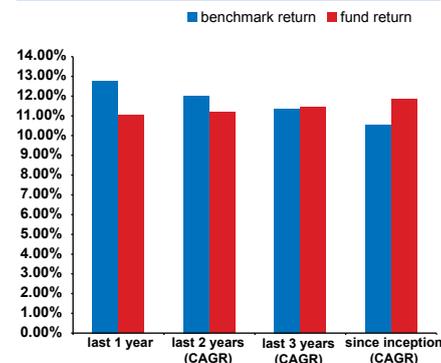
equity		N.A.
IT	4.08	
TATA CONSULTANCY SERVICES	1.69	
INFOSYS TECHNOLOGIES	1.69	
SATYAM COMPUTERS	0.70	
CAP GOODS/ENGINEERING	2.69	
LARSEN AND TOUBRO	1.68	
SIEMENS	0.73	
BHARAT HEAVY ELECTRICALS	0.28	
BANKING AND FINANCE	2.52	
STATE BANK OF INDIA	0.96	
PUNJAB NATIONAL BANK	0.65	
ICICI BANK	0.61	
HDFC BANK	0.30	
OIL REFINERIES	2.23	
RELIANCE INDUSTRIES	1.64	
INDIAN OIL CORPORATION	0.59	
FMCG	1.81	
HINDUSTAN LEVER	1.12	
ITC	0.68	
AUTOMOBILES	1.71	
TATA MOTORS	0.94	
MARUTI UDYOG	0.69	
PUNJAB TRACTORS	0.08	
CEMENT & CEMENT PRODUCTS	1.65	
GRASIM INDUSTRIES	1.25	
ACC	0.40	
OIL AND EXPLORATION	1.34	
ONGC CORPORATION	1.34	
PHARMACEUTICALS	0.58	
CIPLA	0.24	
SUN PHARMACEUTICALS	0.21	
LUPIN LIMITED	0.10	
SUN PHARMA ADVANCE RESEARCH CO.	0.01	
METALS	0.67	
TATA STEEL	0.55	
STERILITE INDUSTRIES	0.12	
AUTO ANCILLARY	0.31	
AUTOMATIVE AXLES	0.31	
MEDIA	0.13	
ZEE	0.13	

**total equity** 19.70

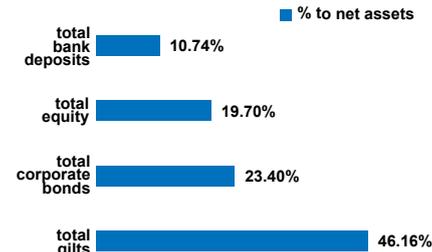
**total bank deposits** 10.74

**total net assets** 100.00

## fund return v/s benchmark return

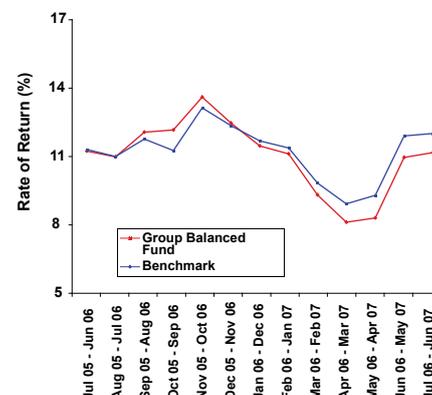


## asset allocation



Duration of debt portfolio: 2.81 years

## Rolling Yearly Performance



## fund objective

Maintain the capital value of all contributions (net of charges) and all interest additions, at all times. The risk appetite is 'extremely low'.

## products

Employee Benefit Plans (Reliance Group Gratuity and Reliance Group Superannuation)

## fund manager's report

The allocation to CDs (Certificate of Deposits) and bank fixed deposits was increased to 55% to take advantage of high yields in these instruments. The allocation to G-secs was decreased to 45% during the month.

## benchmark construction

Yield on 182-day T. Bills

# Group Capital Secure Fund

details as on June 30, 2007

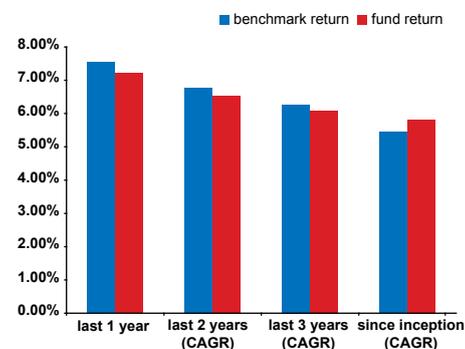
## fund performance

period	benchmark return	fund return	benchmark standard deviation	fund standard deviation	benchmark sharpe ratio	fund sharpe ratio
last 1 year	7.45%	7.19%	0.15%	0.30%	16.72	5.81
last 2 years (CAGR)	6.75%	6.57%	0.26%	0.32%	6.75	3.05
last 3 years (CAGR)	6.25%	6.09%	0.29%	0.35%	4.33	1.27
since inception (CAGR)	5.46%	5.78%	0.42%	0.34%	1.09	0.29
date of inception	february, 2003					

## portfolio

security	% of total assets	rating
<b>gilts</b>		
182 DAYS TBIL 28-12-07	44.69	SOVEREIGN
<b>total gilts</b>	<b>44.69</b>	
<b>bank deposits</b>		
ICICI BANK CD 17-08-07	38.20	A1+
STATE BANK OF PATIALA CD 29-11-07	13.87	A1+
CBLO 03-07-07	3.20	
CASH AND CASH RECEIVABLES	0.05	
<b>total bank deposits</b>	<b>55.31</b>	
<b>total net assets</b>	<b>100.00</b>	

## fund return v/s benchmark return

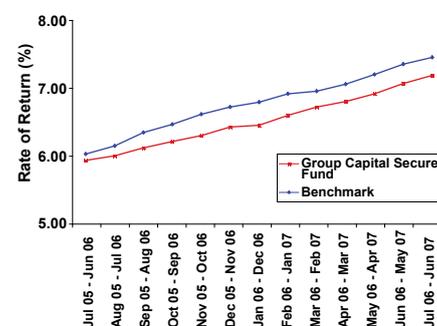


## asset allocation



Duration of debt portfolio: 0.25 years

## Rolling Yearly Performance



# the analyst

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