

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.

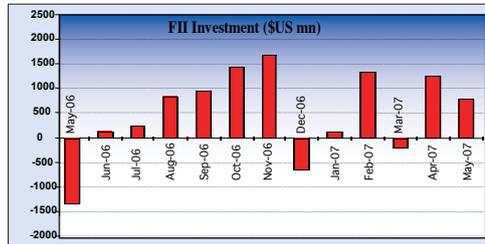
the analyst

fund snapshot

asset allocation	funds	gross return (CAGR*) (%) as on May 31, 2007				date of inception
		last 1 year	last 2 years	last 3 years	since inception	
100 % equity	Ulip Equity	36.97%	42.39%	N.A	38.09%	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	17.21%	19.25%	N.A	17.49%	August, 2004
20%equity, 80% debt	Ulip Balanced	11.77%	12.47%	11.68%	12.15%	February, 2003
100% money market instruments	Ulip Capital Secure	7.72%	6.75%	6.17%	5.86%	February, 2003
40% equity, 60% debt	Group Growth	15.70%	18.31%	N.A	16.82%	August, 2004
20% equity, 80% debt	Group Balanced	11.02%	12.13%	11.45%	11.99%	February, 2003
100% money market instruments	Group Capital Secure	7.32%	6.57%	6.05%	5.78%	February, 2003

*CAGR- compounded annual growth rate

equity market update- may 2007



Firm global markets, positive U.P election results and report of early onset of monsoon led to firm upward move in the month of May. The BSE Sensex appreciated by 682 points during the month to close at 14544.5 points, an increase of 4.84%. On the other hand NSE Nifty appreciated by 5.09% to close at an all time high of 4295.8 points; an increase of 208 points over previous month's closing. After a long time, we saw an upward rally extending to mid and small size companies.

The concern over an impending hung assembly in Uttar Pradesh was put to rest with Mayawati's BSP emerging as the single largest party to form the U.P government. This optimism was further fuelled with companies reporting good quarterly numbers and buoyant global markets.

Banking, media and oil companies were the major gainers during the month. On the other hand, software companies were major under performers due to continuous appreciation of the rupee.

FII were net buyers during the month. The cumulative inflow of FIIs in May 2007, aggregated to US\$ 942 mn (Rs 3959.70 crs). Mutual funds on the other hand were also net buyers to the extent of Rs 1887.20 crs.

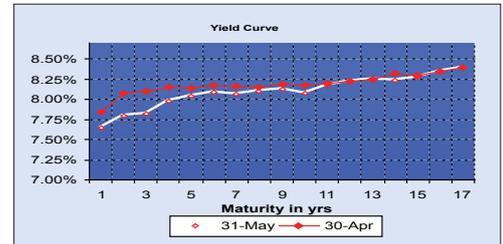
Outlook

We expect the market to consolidate at the current levels before making any big upward movements. Inflation, being a concern for quite a while now, has stabilized over the month. It fell to its lowest level in eight months mid May 2007 at 5.27%.The market is also nervous about big IPOs lined up in the next couple of days. It is believed to be the highest-ever capital mobilization. Lot of liquidity will be sucked off from the secondary market.

On the flip side, any further hike in CRR (which cannot be ruled out) can act as a sentiment dampener in the near term. The progress of the monsoon will also be watched closely by the market.

However, we believe that the fall will be cushioned as buying support will emerge at lower levels, backed by a fantastic set of March quarterly and annual results from India Inc.

debt market update- may 2007



Bond yields were volatile during the month with the ten-yr G-sec trading in the range of 8.07% to 8.15%. It ended the month at 8.08%, 9 bps lower than the previous month. The short end of the yield curve fell by 15 to 25 bps. Record liquidity in the banking system (over Rs 45000 cr) towards the last week saw overnight rates touch an all time low of 0.01%. This massive surge in liquidity was caused by the combined effect of a gilt redemption and dollar buying by RBI to curb rupee appreciation. The rupee closed the month at 40.62 compared to 41.21 in the previous month. In a surprise move, the RBI did not announce any MSS auction in long dated G secs on May 25 as it usually does every Friday of the week. Short term T-bills, CPs, CDs and G-sec yields fell by 20-100 bps.

RBI conducted two scheduled G-sec auctions worth Rs 18000 cr which were fully subscribed. Insurance companies and public sector banks invested in a big way. The SLR demand of banks was a key reason for auction demand and rally in the bond prices during the month.

Inflation data released during the month came progressively lower in the range of 5.25% to 5.75%. This was mainly due to a benign base effect and fall in prices of primary articles. Corporate bond yields fell by 10-25 bps in the short tenor upto 2 yrs albeit selectively for some issuers. NBFCs like Citifinancial, Cholamandalam and M&M Finance raised money in the primary market during the month. In the global arena, US treasury yields rose sharply during the month due to release of various economic data which were stronger than expected and waning expectations of Fed rate cuts. The ten-yr US treasury yield rose from 4.62% to end at 4.88% this month.

Outlook

RBI's actions would determine the course of bond yields, especially, the sustainability of the rally at the short end. MSS auctions in dated G-secs in the range of 5000-10000 cr during the month are expected. Liquidity may decline from current levels on auction outflows and advance tax payments. Overnight rates would continue to remain volatile. The ten-yr yield may trade in the range of 7.95% to 8.25% with a downward bias.

disclaimer

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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 May went up gradually after taking cues from the strong global markets and good quarterly numbers. Based on our view of the market, the holding in equities was kept at 98%, below the maximum level of 100%.

benchmark construction

S&P CNX Nifty: 100%

ULIP Equity Fund

details as on May 31, 2007

fund performance

period	benchmark return	fund return	benchmark standard deviation	fund standard deviation	benchmark sharpe ratio	fund sharpe ratio
last 1 year	39.88%	36.97%	15.04%	15.80%	2.32	2.17
last 2 years (CAGR)	43.45%	42.39%	20.39%	20.54%	1.89	1.94
since inception (CAGR)	40.71%	38.09%	19.72%	20.01%	1.81	1.77
date of inception	august, 2004					

portfolio

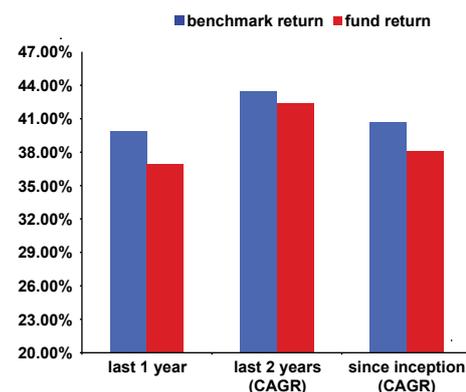
security	% of total assets	beta
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equity

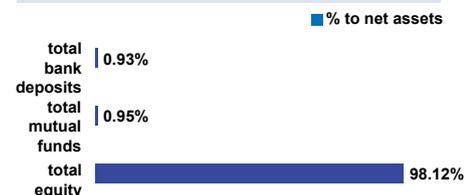
CAP GOODS/ENGINEERING	17.66	
LARSEN & TOUBRO	5.52	6.56
ALSTOM PROJECTS INDIA	3.92	5.08
AREVA T & D INDIA	2.42	2.31
BHEL	2.33	2.69
SIEMENS	1.93	2.24
CUMMINS INDIA	1.55	1.71
IT	16.29	
INFOSYS TECHNOLOGIES	6.57	5.75
TCS	6.39	6.13
SATYAM COMPUTERS	2.12	2.35
HCL TECHNOLOGIES	1.20	1.24
AUTOMOBILES	8.51	
TATA MOTORS	3.86	4.26
PUNJAB TRACTORS	1.57	0.84
MARUTI UDYOG	3.08	3.30
OIL REFINERIES	8.29	
RELIANCE INDUSTRIES	6.55	6.68
INDIAN OIL CORPORATION	1.74	1.45
BANKING AND FINANCE	8.01	
UTI BANK	0.68	0.73
STATE BANK OF INDIA	3.15	2.98
ICICI BANK	2.85	2.78
HDFC BANK	1.33	1.29
PHARMACEUTICALS	6.62	
SUN PHARMACEUTICALS	1.65	1.19
SUN PHARMA ADVANCE RESEARCH CO.	0.14	0.00
DIVIS LABORATORIES	2.93	2.75
CIPLA	0.95	0.75
AUROBINDO PHARMA	0.95	0.65
OIL AND EXPLORATION	6.22	
ONGC CORPORATION	6.22	5.25
FMCG	5.42	
ITC	2.16	1.84
HINDUSTAN LEVER	3.26	3.33
CEMENT & CEMENT PRODUCTS	5.22	
GRASIM INDUSTRIES	3.60	3.76
ACC	1.62	1.56
TELECOM	5.02	
RELIANCE COMMUNICATIONS	1.14	1.62
BHARTI AIRTEL	3.88	3.80
METALS	3.40	
TATA STEEL	2.22	2.75
JSW STEELS	1.18	1.19
CONSTRUCTION	2.05	
JAIPRAKASH ASSOCIATES	2.05	2.70
AUTO ANCILLARY	1.81	
AUTOMATIVE AXLES	1.81	0.89
PETROCHEMICALS	1.37	
RELIANCE PETROLEUM	1.37	0.64
AVIATION	1.24	
DECCAN AVIATION	1.24	1.22
FERTILISER	1.01	
GSFC	1.01	0.65

total equity	98.12
total bank deposits	0.93
total mutual funds	0.95
total net assets	100.00

fund return v/s benchmark return



asset allocation



fund beta : 0.9877

NAV as on 31 May, 2007

Reliance Market Return Plan-Equity
Fund Option: Rs 23.8690

Reliance Golden Years Plan-Equity
Fund Option: Rs 11.8746

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 May went up gradually after taking cues from the strong global markets and good quarterly numbers. Keeping in mind the risk profile of the fund and also based on our view of the market, the holding in equities was kept at 58.5%, below the maximum level of 60%.

The allocation to gilts was kept at 12%, around the same level as last month. The modified duration of the portfolio was increased further in line with our view that the yield levels may be peaking. The allocation to short term assets remained constant at 9%. The allocation to corporate bonds was kept at around 20% of the portfolio.

benchmark construction

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

ULIP High Growth Fund

details as on May 31, 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					

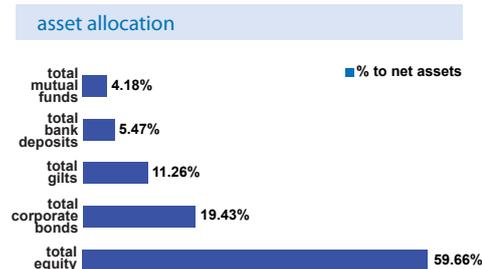
portfolio

security	% of total assets	rating
corporate bonds		
10.20% HDFC NCD 13-04-10	3.76	AAA
9.80% POWER FINANCE CORP 22-03-12	3.73	AAA
8.90% CITIFINANCIAL CONSUMER 05-08-09	3.60	AAA
6.31% EXIM BANK NCD 17-01-10	3.44	AAA
8.25% IDBI OMNI BOND SER III 26-05-11	1.69	AA+
10.75% IL & FS NCD SER XI 29-03-09	1.52	AAA
9.50% INDIAN HOTELS 28-02-12	1.46	AA+
7.10% POWER GRID CORP 18-02-09	0.22	AAA
total corporate bonds	19.4	

gilts		SOVEREIGN
9.39% GOI 02-07-11	3.95	
6.65% GOI 05-04-09	3.69	
7.37% GOI 16-04-14	3.62	
total gilts	11.26	

equity		N.A
CAP GOODS/ENGINEERING		
LARSEN & TOUBRO	3.41	
ALSTOM PROJECTS INDIA	2.16	
SIEMENS	1.59	
BHEL	1.45	
AREVA T & D INDIA	1.13	
CUMMINS INDIA	1.01	
IT	9.80	
INFOSYS TECHNOLOGIES	3.89	
TCS	3.89	
SATYAM COMPUTERS	1.23	
HCL TECHNOLOGIES	0.79	
AUTOMOBILES	5.38	
TATA MOTORS	2.46	
MARUTI UDYOG	1.90	
PUNJAB TRACTORS	1.01	
OIL REFINERIES	4.99	
RELIANCE INDUSTRIES	3.90	
INDIAN OIL CORPORATION	1.09	
BANKING AND FINANCE	5.38	
STATE BANK OF INDIA	2.32	
ICICI BANK	1.79	
HDFC BANK	0.84	
UTI BANK	0.42	
HDFC	0.01	
PHARMACEUTICALS	4.06	
DIVIS LABORATORIES	1.83	
SUN PHARMACEUTICALS	1.00	
AUROBINDO PHARMA	0.58	
CIPLA	0.58	
SUN PHARMA ADVANCE RESEARCH CO.	0.08	
OIL AND EXPLORATION	3.87	
ONGC CORPORATION	3.87	
FMCG	3.33	
HINDUSTAN LEVER	2.01	
ITC	1.32	
CEMENT & CEMENT PRODUCTS	3.30	
GRASIM INDUSTRIES	2.10	
ACC	1.20	
TELECOM	2.62	
BHARTI AIRTEL	2.19	
RELIANCE COMMUNICATIONS	0.44	
METALS	1.65	
JSW STEELS	0.83	
TATA STEEL	0.83	
CONSTRUCTION	1.28	
JAIPRAKASH ASSOCIATES	1.28	
AUTO ANCILLARY	1.03	
AUTOMATIVE AXLES	1.03	
PETROCHEMICALS	0.82	
RELIANCE PETROLEUM	0.82	
AVIATION	0.76	
DECCAN AVIATION	0.76	
FERTILISER	0.63	
GSFC	0.63	

total equity	59.66
total bank deposits	5.47
total mutual funds	4.18
total net assets	100.00



M. Duration of debt portfolio: 2.24 years

NAV as on 31 May, 2007

Reliance Money Guarantee Plan-F Option: Rs 10.8501

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 May went up gradually after taking cues from the strong global markets and good quarterly numbers. Keeping in mind the risk profile of the fund and also based on our view of the market, the holding in equities was kept below the maximum level at 47%

The allocation to gilts was reduced from 16% to 8%. Allocation to short term assets was increased from 15% to 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 27% of the fund. A Power Finance bond was added to the portfolio.

benchmark construction

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

ULIP Growth Plus Fund

details as on May 31, 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
corporate bonds		
5.85% POWER FINANCE CORP 01-08-10	15.56	AAA
8.90% CITIFINANCIAL CONSUMER 05-08-09	6.36	AAA
9.20% IL & FS NCD SR VI 23-04-08	5.23	AAA

total corporate bonds 27.15

gilts	SOVEREIGN
9.39% GOI 02-07-11	8.98

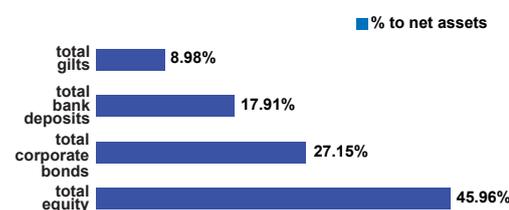
total gilt 8.98

equity N.A

CAP GOODS/ENGINEERING	8.27
LARSEN & TOUBRO	2.43
ALSTOM PROJECTS INDIA	1.67
SIEMENS	1.24
BHEL	1.18
AREVA T & D INDIA	0.90
CUMMINS INDIA	0.84
IT	7.69
TCS	3.04
INFOSYS TECHNOLOGIES	3.02
SATYAM COMPUTERS	0.94
HCL TECHNOLOGIES	0.70
BANKING AND FINANCE	4.05
STATE BANK OF INDIA	1.66
ICICI BANK	1.44
HDFC BANK	0.63
UTI BANK	0.31
HDFC	0.01
OIL REFINERIES	3.98
RELIANCE INDUSTRIES	3.11
INDIAN OIL CORPORATION	0.87
AUTOMOBILES	3.82
TATA MOTORS	1.92
MARUTI UDYOG	1.49
PUNJAB TRACTORS	0.41
PHARMACEUTICALS	3.11
DIVIS LABORATORIES	1.39
SUN PHARMACEUTICALS	0.77
AUROBINDO PHARMA	0.47
CIPLA	0.45
SUN PHARMA ADVANCE RESEARCH CO.	0.04
OIL AND EXPLORATION	2.98
ONGC CORPORATION	2.98
CEMENT & CEMENT PRODUCTS	2.60
GRASIM INDUSTRIES	1.64
ACC	0.96
FMCG	2.54
HINDUSTAN LEVER	1.55
ITC	1.00
TELECOM	2.06
BHARTI AIRTEL	1.77
RELIANCE COMMUNICATIONS	0.29
METALS	1.30
JSW STEELS	0.67
TATA STEEL	0.63
CONSTRUCTION	1.05
JAIPRAKASH ASSOCIATES	1.05
AUTO ANCILLARY	0.80
AUTOMATIVE AXLES	0.80
PETROCHEMICALS	0.60
RELIANCE PETROLEUM	0.60
AVIATION	0.60
DECCAN AVIATION	0.60
FERTILISER	0.50
GSFC	0.50

total equity	45.96
total bank deposits	17.91
total net assets	100.00

asset allocation



M. Duration of debt portfolio: 1.09 years

NAV as on 31 May, 2007

Reliance Money Guarantee Plan-E Option: Rs 10.6888

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 May went up gradually after taking cues from the strong global markets and good quarterly numbers. Keeping in mind the risk profile of the fund and also based on our view of the market, the holding in equities was kept below the maximum level at 39%.

The allocation to corporates was marginally increased further to 25% in May from 23% the previous month. The G-sec allocation was around 20%, around the same level as that of the previous month. We intend to reduce the G-Sec allocation as and when good quality corporate bonds become available. The allocation to short term CDs and bank deposits was at 15% of the portfolio. We propose to further increase the duration of the fund in the coming month.

benchmark construction

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

ULIP Growth Fund

details as on May 31, 2007

fund performance

period	benchmark return	fund return	benchmark standard deviation	fund standard deviation	benchmark sharpe ratio	fund sharpe ratio
last 1 year	18.86%	17.21%	6.46%	6.80%	2.15	1.79
last 2 years (CAGR)	19.84%	19.25%	8.26%	8.38%	1.80	1.70
since inception (CAGR)	17.71%	17.49%	7.84%	8.06%	1.62	1.55
date of inception	august, 2004					

portfolio

security	% of total assets	rating
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corporate bonds

9.20% IL & FS NCD SR VI 23-04-08	4.63	AAA
9.50% INDIAN HOTELS 28-02-12	3.88	AA+
10.20% HDFC NCD 13-04-10	2.66	AAA
7.15% IND OIL BOND 10-06-12	2.65	AAA
8.25% IDBI OMNI BOND SER III 26-05-11	2.24	AA+
6.50% HINDALCO 06-09-09	2.22	AAA
11.03% TML FINANCIAL SERVICES 22-06-09	1.35	AA+
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	1.11	AA+
8.90% CITIFINANCIAL CONSUMER 05-08-09	0.78	AAA
7.10% POWER GRID CORP 18-02-09	0.25	AAA

total corporate bonds 25.47

gilts

		SOVEREIGN
7.44% GOI SPL. OIL BOND 23-03-12	5.47	
11.99% GOI 07-04-09	4.56	
8.07% GOI 15-01-17	3.32	
7.33% OIL COMP GOI BOND 07-03-09	2.66	
11.40% GOI 31-08-08	1.48	
6.65% GOI 05-04-09	1.30	
7.55% GOI 14-05-10	0.60	
9.39% GOI 02-07-11	0.21	
7.37% GOI 16-04-14	0.07	

total gilts 19.68

equity

		N.A
CAP GOODS/ENGINEERING	7.07	
LARSEN & TOUBRO	2.21	
ALSTOM PROJECTS INDIA	1.57	
AREVA T & D INDIA	0.97	
BHEL	0.93	
SIEMENS	0.77	
CUMMINS INDIA	0.62	
IT	8.07	
INFOSYS TECHNOLOGIES	2.63	
TCS	2.56	
BHARTI AIRTEL	1.55	
SATYAM COMPUTERS	0.85	
HCL TECHNOLOGIES	0.48	
AUTOMOBILES	3.64	
TATA MOTORS	1.55	
MARUTI UDYOG	1.23	
PUNJAB TRACTORS	0.86	
OIL REFINERIES	3.31	
RELIANCE INDUSTRIES	2.62	
INDIAN OIL CORPORATION	0.69	
BANKING AND FINANCE	3.21	
STATE BANK OF INDIA	1.26	
ICICI BANK	1.14	
HDFC BANK	0.53	
UTI BANK	0.27	
PHARMACEUTICALS	2.61	
DIVIS LABORATORIES	1.17	
SUN PHARMACEUTICALS	0.63	
AUROBINDO PHARMA	0.38	
CIPLA	0.38	
SUN PHARMA ADVANCE RESEARCH CO.	0.04	
OIL AND EXPLORATION	2.49	
ONGC CORPORATION	2.49	
FMCG	2.17	
HINDUSTAN LEVER	1.30	
ITC	0.87	
CEMENT & CEMENT PRODUCTS	2.09	
GRASIM INDUSTRIES	1.44	
ACC	0.65	
TELECOM	0.62	
RELIANCE COMMUNICATIONS	0.62	
METALS	1.36	
TATA STEEL	0.88	
JSW STEELS	0.47	
CONSTRUCTION	0.82	
JAIPRAKASH ASSOCIATES	0.82	
AUTO ANCILLARY	0.73	
AUTOMATIVE AXLES	0.73	
PETROCHEMICALS	0.55	
RELIANCE PETROLEUM	0.55	
AVIATION	0.50	
DECCAN AVIATION	0.50	
FERTILISER	0.40	
GSFC	0.40	

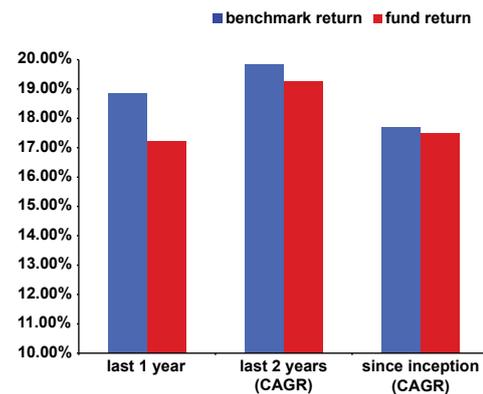
total equity 39.63

total bank deposits 7.37

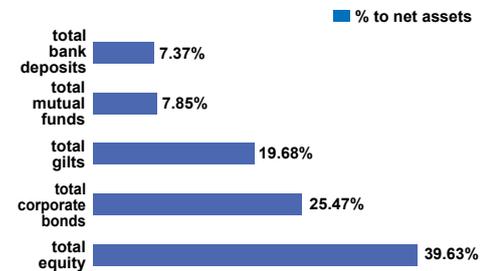
total mutual funds 7.85

total net assets 100.00

fund return v/s benchmark return



asset allocation



M. Duration of debt portfolio: 2.10 years

NAV as on 31 May, 2007

Reliance Money Guarantee Plan-D Option: Rs 10.6362

Reliance Market Return Plan-Growth Fund Option: Rs 15.0986

Reliance Golden Years Plan-Growth Fund Option: Rs 10.7478

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 May went up gradually after taking cues from the strong global markets and good quarterly numbers. Keeping in mind the risk profile of the fund and also based on our view of the market, the holding in equities was kept below the maximum level at 19%.

The allocation to gilts was around the same levels at 30% as earlier. The allocation to corporate bonds was increased further to 33% in May 07 as bonds were giving attractive spread of around 200 bps over gilts. The allocation to short term bank deposits and mutual funds remained constant at around 16%. 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 May 31, 2007

fund performance

period	benchmark return	fund return	benchmark standard deviation	fund standard deviation	benchmark sharpe ratio	fund sharpe ratio
last 1 year	12.36%	11.77%	3.63%	3.94%	2.03	1.72
last 2 years (CAGR)	12.43%	12.47%	4.27%	4.49%	1.74	1.67
last 3 years (CAGR)	11.11%	11.68%	3.98%	4.17%	1.53	1.60
since inception (CAGR)	10.54%	12.15%	4.27%	4.07%	1.30	1.76
date of inception	february, 2003					

portfolio

security	% of total assets	rating
corporate bonds		
9.50% INDIAN HOTELS 28-02-12	3.81	AA+
10.20% HDFC 13-04-10	3.46	AAA
8.25% IDBI OMNI BOND SER III 26-05-11	2.48	AA+
11.03% TML FINANCIAL SERVICES 22-06-09	2.34	AA+
7.39% POWER GRID CORP 22-09-11	2.31	AAA
8.90% CITIFINANCIAL CONSUMER NCD 05-08-09	2.27	AAA
9.80% POWER FINANCE CORP 22-03-12	2.17	AAA
6.25% ULTRATECH CEMENT 25-06-09	2.14	AA+
0% IDFC ZCB 27-06-08	2.08	AAA
9.00% SUNDARAM FINANCE 17-08-09	2.02	AA+
10.75% IL & FS NCD SR XI 29-03-09	1.75	AAA
10% NABARD NCD SR IX 14-05-12	1.73	AAA
9.20% IL & FS NCD SR VI 23-04-08	1.15	AAA
7.15% IND OIL BOND 10-06-12	1.96	AAA
8.05% IRFC 15-07-07	0.92	AAA
6.50% HINDALCO 06-09-09	0.75	AAA
5.85% POWER FINANCE CORP 01-08-10	0.66	AAA
7.10% POWER GRID CORP 18-02-09	0.22	AAA
total corporate bonds	33.21	
gilts		
6.96% GOI OIL COMP SPL. BOND 30-03-09	5.65	SOVEREIGN
8.07% GOI 15-01-17	5.07	
7.44% GOI SPL. OIL BOND 23-03-12	3.35	
7.37% GOI 16-04-14	3.02	
9.39% GOI 02-07-11	2.94	
7.55% GOI 14-05-10	2.47	
182 DAYS TBILL 01-06-07	2.36	
6.65% GOI 05-04-09	2.13	
11.99% GOI 07-04-09	1.19	
12.25% GOI 08-09-08	1.07	
11.40% GOI 31-08-08	0.91	
total gilts	30.17	
equity		
		N.A

total corporate bonds 33.21

gilts

6.96% GOI OIL COMP SPL. BOND 30-03-09	5.65
8.07% GOI 15-01-17	5.07
7.44% GOI SPL. OIL BOND 23-03-12	3.35
7.37% GOI 16-04-14	3.02
9.39% GOI 02-07-11	2.94
7.55% GOI 14-05-10	2.47
182 DAYS TBILL 01-06-07	2.36
6.65% GOI 05-04-09	2.13
11.99% GOI 07-04-09	1.19
12.25% GOI 08-09-08	1.07
11.40% GOI 31-08-08	0.91

total gilts 30.17

equity

CAP GOODS/ENGINEERING	3.48
LARSEN & TOUBRO	1.09
ALSTOM PROJECTS INDIA	0.77
AREVA T & D INDIA	0.48
BHEL	0.46
SIEMENS	0.38
CUMMINS INDIA	0.30
IT	3.20
INFOSYS TECHNOLOGIES	1.29
TCS	1.26
SATYAM COMPUTERS	0.42
HCL TECHNOLOGIES	0.24
AUTOMOBILES	1.75
TATA MOTORS	0.76
MARUTI UDYOG	0.61
PUNJAB TRACTORS	0.39
OIL REFINERIES	1.63
RELIANCE INDUSTRIES	1.29
INDIAN OIL CORPORATION	0.34
BANKING AND FINANCE	1.58
STATE BANK OF INDIA	0.62
ICICI BANK	0.56
HDFC BANK	0.26
UTI BANK	0.13
PHARMACEUTICALS	1.29
DIVIS LABORATORIES	0.58
SUN PHARMACEUTICALS	0.31
AUROBINDO PHARMA	0.19
CIPLA	0.19
SUN PHARMA ADVANCE RESEARCH CO.	0.03
OIL AND EXPLORATION	1.22
ONGC CORPORATION	1.22
FMCG	1.07
HINDUSTAN LEVER	0.64
ITC	0.43
CEMENT & CEMENT PRODUCTS	1.03
GRASIM INDUSTRIES	0.71
ACC	0.32
TELECOM	0.90
BHARTI AIRTEL	0.76
RELIANCE COMMUNICATIONS	0.14
METALS	0.67
TATA STEEL	0.44
JSW STEELS	0.23
CONSTRUCTION	0.40
JAIPRAKASH ASSOCIATES	0.40
AUTO ANCILLARY	0.36
AUTOMATIVE AXLES	0.36
PETROCHEMICALS	0.27
RELIANCE PETROLEUM	0.27
AVIATION	0.24
DECCAN AVIATION	0.24
FERTILISER	0.20
GSFC	0.20

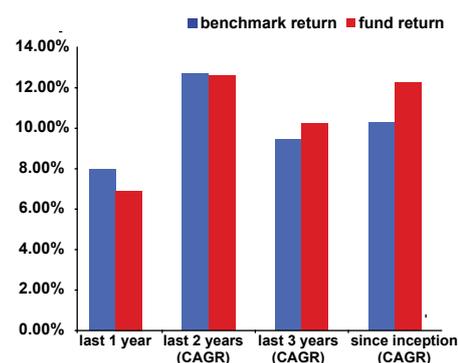
total equity 19.28

total bank deposits 7.68

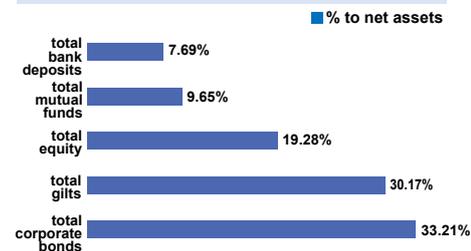
total mutual funds 9.65

total net assets 100.00

fund return v/s benchmark return



asset allocation



M. Duration of debt portfolio : 2.03 years

NAV as on 31 May, 2007

Reliance Market Return Plan-Balanced Fund Option: Rs 13.1505

Reliance Golden Years Plan-Balanced Fund Option: Rs 13.1379

fund performance

period	benchmark return	fund return	benchmark standard deviation	fund standard deviation	benchmark sharpe ratio	fund sharpe ratio
last 1 year	7.35%	7.72%	0.15%	0.38%	15.21	6.53
last 2 years (CAGR)	6.65%	6.75%	0.26%	0.39%	6.37	4.52
last 3 years (CAGR)	6.16%	6.16%	0.29%	0.40%	4.00	2.90
since inception (CAGR)	5.41%	5.86%	0.41%	0.38%	0.99	2.26
date of inception	february, 2003					

portfolio

security	% of total assets	rating
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bank deposits

STATE BANK OF HYDERABAD CD 07-06-07	40.43	A1+
STATE BANK OF BIKANER AND JAIPUR CD 07-06-07	18.18	P1+
9.75% ING VYSYA BANK FD 11-06-07	17.34	
ICICI BANK CD 17-08-07	15.19	A1+
10% CITI BANK FD 17-08-07	8.67	
CASH AND CASH RECEIVABLES	0.10	

total bank deposits	99.91
total mutual funds	0.09
total net assets	100.00

fund objective

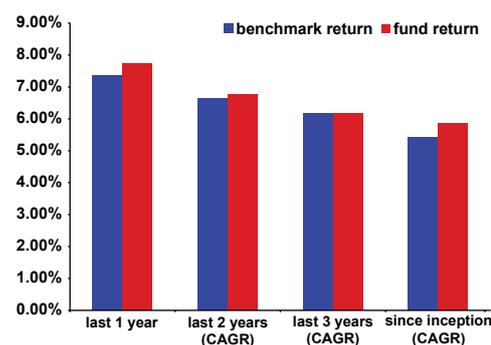
Maintain the capital value of all contributions (net of charges) and all interest additions, at all times. The risk appetite is 'extremely low'.

products

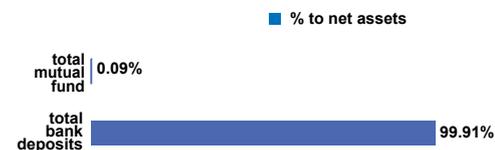
Reliance Market Return Plan-Capital Secure Fund Option

Reliance Golden Years Plan-Capital Secure Fund Option

fund return v/s benchmark return



asset allocation



M. Duration of debt portfolio : 0.04 years

NAV as on 31 May, 2007

Reliance Market Return Plan-Capital Secure
Fund Option: Rs 11.4092

Reliance Golden Years Plan-Capital Secure
Fund Option: Rs 11.3952

fund manager's report

The allocation to CDs (certificate of Deposits) and bank fixed deposits was at 99% 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 May went up gradually after taking cues from the strong global markets and good quarterly numbers. Keeping in mind the risk profile of the fund and also based on our view of the market, the holding in equities was kept at 39.36%, marginally below the maximum level of 40%.

The allocation to corporate bonds was further increased during the month to 14% from 9% in April. The allocation to gilts was marginally lower at 41%. The allocation to short term bank deposits and CDs was reduced from 10% in April to 5%. 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. Tata Motor Finance and Nabard were the new bonds added to the portfolio during the month.

benchmark construction

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

Group Growth Fund

details as on May 31, 2007

fund performance

period	benchmark return	fund return	benchmark standard deviation	fund standard deviation	benchmark sharpe ratio	fund sharpe ratio
last 1 year	18.86%	15.70%	6.46%	6.59%	2.15	1.62
last 2 years (CAGR)	19.84%	18.31%	8.26%	8.28%	1.80	1.61
since inception (CAGR)	17.71%	16.82%	7.84%	7.98%	1.62	1.48
date of inception	august, 2004					

portfolio

security	% of total assets	rating
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corporate bonds

10% NABARD NCD Sr IX 14-05-12	3.66	AAA
9.50% INDIAN HOTELS 28-02-12	3.56	AA+
10.35% HDFC 16-05-17	1.48	AAA
8.25% IDBI OMNI BOND SER III 26-05-11	1.37	AA+
6.50% HINDALCO 06-09-09	1.36	AAA
7.15% IND OIL BOND 10-06-12	1.35	AAA
6.25% ULTRATECH CEMENT 25-06-09	0.68	AA+
7.39% POWER GRID CORP 22-09-11	0.67	AAA

total corporate bonds 14.13

gilts

		SOVEREIGN
9.39% GOI 02-07-11	34.83	
7.44% GOI Spl OIL BOND 23-03-12	3.19	
7.33% OIL COMP GOI BOND 07-03-09	1.56	
11.40% GOI 31-08-08	0.87	
6.65% GOI 05-04-09	0.72	

total gilts 41.16

equity

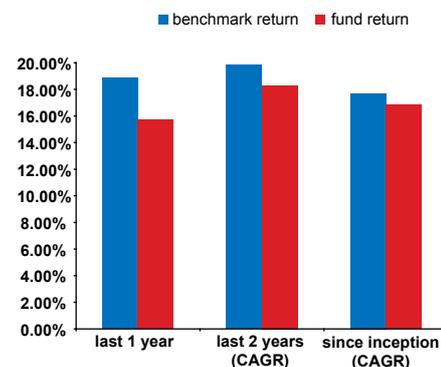
		N.A.
IT	8.19	
TATA CONSULTANCY SERVICES	3.80	
INFOSYS TECHNOLOGIES	3.26	
SATYAM COMPUTERS	0.84	
HCL TECHNOLOGIES	0.29	
CAP GOODS/ENGINEERING	6.86	
LARSEN AND TOUBRO	3.84	
BHARAT HEAVY ELECTRICALS	1.26	
CUMMINS INDIA	1.23	
SIEMENS	0.53	
OIL REFINERIES	5.40	
RELIANCE INDUSTRIES	4.09	
INDIAN OIL CORPORATION	1.31	
AUTOMOBILES	4.35	
TATA MOTORS	2.20	
MARUTI UDYOG	1.39	
PUNJAB TRACTORS	0.76	
BANKING AND FINANCE	3.49	
STATE BANK OF INDIA	1.71	
ICICI BANK	0.90	
HDFC BANK	0.61	
UTI BANK	0.28	
OIL AND EXPLORATION	3.05	
ONGC CORPORATION	3.05	
FMCG	2.70	
HINDUSTAN LEVER	1.90	
ITC	0.81	
CEMENT & CEMENT PRODUCTS	2.22	
GRASIM INDUSTRIES	1.26	
ACC	0.97	
PHARMACEUTICALS	1.39	
SUN PHARMACEUTICALS	0.57	
AUROBINDO PHARMA	0.39	
CIPLA	0.39	
SUN PHARMA ADVANCE RESEARCH CO.	0.05	
METALS	1.36	
TATA STEEL	1.36	
AUTO ANCILLARY	0.83	
AUTOMATIVE AXLES	0.83	

total equity 39.84

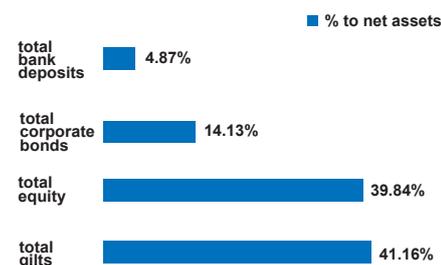
total bank deposits 4.87

total net assets 100.00

fund return v/s benchmark return

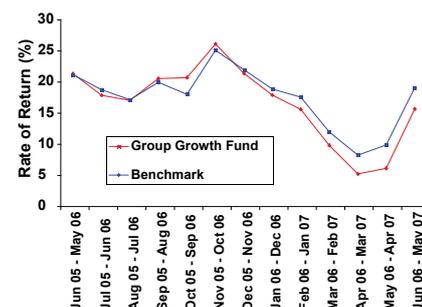


asset allocation



Duration of debt portfolio: 3.07 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 May went up gradually after taking cues from the strong global markets and good quarterly numbers. Keeping in mind the risk profile of the fund and also based on our view of the market, the holding in equities was kept at 19.5%, below the maximum level of 20%.

The allocation to corporate bonds was further increased during the month to 22% from 18% in April. The allocation to gilts was lower at 44% as compared to 47% in April. The allocation to short-term bank deposits and CDs was reduced from 15% in April to 13%. The duration of the debt portfolio has been further increased marginally to around 3 yrs. Tata Motor Finance and Nabard were the new bonds 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 May 31, 2007

fund performance

period	benchmark return	fund return	benchmark standard deviation	fund standard deviation	benchmark sharpe ratio	fund sharpe ratio
last 1 year	12.36%	11.02%	3.63%	5.24%	2.03	1.15
last 2 years (CAGR)	12.43%	12.13%	4.27%	5.10%	1.74	1.40
last 3 years (CAGR)	11.11%	11.45%	3.98%	4.60%	1.53	1.40
since inception (CAGR)	10.54%	11.99%	4.27%	4.37%	1.30	1.60
date of inception	february, 2003					

portfolio

security	% of total assets	rating
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corporate bonds

10.35% HDFC 16-05-17	3.16	AAA
9.50% INDIAN HOTELS 28-02-12	2.88	AA+
9.80% POWER FINANCE CORP 22-03-12	2.52	AAA
10% NABARD NCD Sr IX 14-05-12	2.46	AAA
0% IDFC ZCB 27-06-08	2.23	AAA
8.25% IDBI OMNI BOND SER III 26-05-11	1.31	AA+
7.39% POWER GRID CORP 22-09-11	1.27	AAA
10.75% IL & FS NCD SR XI 29-03-09	1.24	AAA
8.90% CITIFINANCIAL CONSUMER 05-08-09	1.20	AAA
6.25% ULTRATECH CEMENT 25-06-09	1.07	AA+
9.00% SUNDARAM FINANCE 17-08-09	0.96	AA+
11.03% TML FINANCIAL SERVICES 22-06-09	0.67	AA+
7.15% IND OIL BOND 10-06-12	0.53	AAA
8.05% IRFC 15-07-07	0.45	AAA
6.50% HINDALCO 06-09-09	0.38	AAA
9.20% IL & FS NCD SR VI 23-04-08	0.25	AAA

total corporate bonds 22.59

gilts

		SOVEREIGN
9.39% GOI 02-07-11	11.54	
8.07% GOI 15-01-17	6.64	
7.55% GOI 14-05-10	6.01	
7.37% GOI 16-04-14	5.67	
11.99% GOI 07-04-09	4.73	
182 DAYS TBIL 01-06-07	2.88	
6.65% GOI 05-04-09	2.58	
7.44% GOI Spl OIL BOND 23-03-12	1.75	
6.96% OIL COMP GOI Spl. BOND 30-03-09	1.24	
7.33% OIL COMP GOI Spl. BOND 07-03-09	1.11	
11.40% GOI 31-08-08	0.48	
91 DAYS TBIL 29-06-07	0.08	

total gilts 44.70

equity

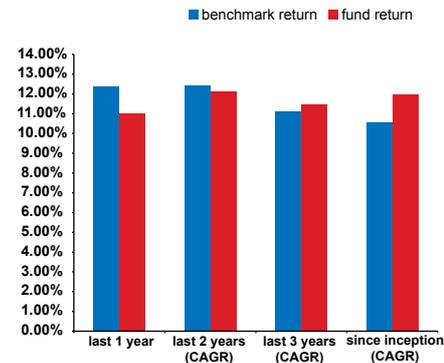
		N.A.
IT	4.03	
TATA CONSULTANCY SERVICES	1.84	
INFOSYS TECHNOLOGIES	1.61	
SATYAM COMPUTERS	0.42	
HCL TECHNOLOGIES	0.16	
CAP GOODS/ENGINEERING	3.54	
LARSEN AND TOUBRO	1.85	
CUMMINS INDIA	0.73	
BHARAT HEAVY ELECTRICALS	0.56	
SIEMENS	0.40	
OIL REFINERIES	2.46	
RELIANCE INDUSTRIES	1.82	
INDIAN OIL CORPORATION	0.64	
AUTOMOBILES	2.21	
TATA MOTORS	1.10	
MARUTI UDYOG	0.69	
PUNJAB TRACTORS	0.43	
BANKING AND FINANCE	1.68	
STATE BANK OF INDIA	0.78	
ICICI BANK	0.45	
HDFC BANK	0.31	
UTI BANK	0.14	
OIL AND EXPLORATION	1.51	
ONGC CORPORATION	1.51	
FMCG	1.40	
HINDUSTAN LEVER	0.94	
ITC	0.46	
CEMENT & CEMENT PRODUCTS	1.39	
GRASIM INDUSTRIES	1.02	
ACC	0.37	
METALS	0.64	
TATA STEEL	0.64	
PHARMACEUTICALS	0.64	
SUN PHARMACEUTICALS	0.24	
AUROBINDO PHARMA	0.19	
CIPLA	0.19	
SUN PHARMA ADVANCE RESEARCH CO.	0.02	
AUTO ANCILLARY	0.38	
AUTOMATIVE AXLES	0.38	

total equity 19.88

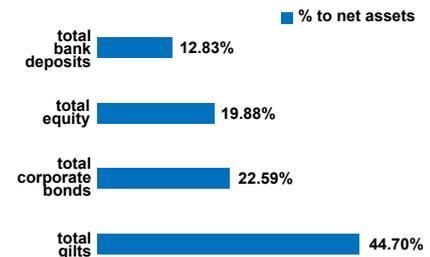
total bank deposits 12.82

total net assets 100.00

fund return v/s benchmark return

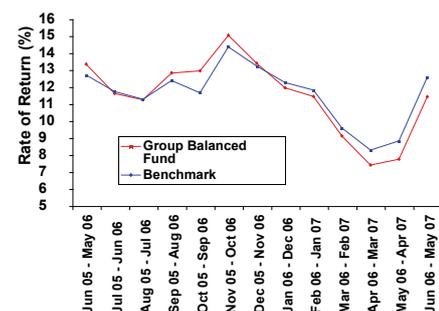


asset allocation



Duration of debt portfolio: 2.77 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)

Group Capital Secure Fund

details as on May 31, 2007

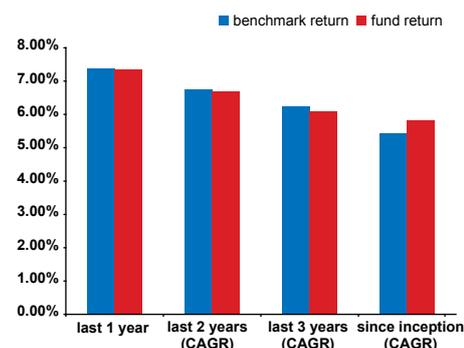
fund performance

period	benchmark return	fund return	benchmark standard deviation	fund standard deviation	benchmark sharpe ratio	fund sharpe ratio
last 1 year	7.35%	7.32%	0.15%	0.26%	15.35	8.93
last 2 years (CAGR)	6.65%	6.57%	0.26%	0.29%	6.37	5.39
last 3 years (CAGR)	6.16%	6.05%	0.29%	0.32%	4.00	3.25
since inception (CAGR)	5.41%	5.78%	0.42%	0.32%	0.99	2.45
date of inception	february, 2003					

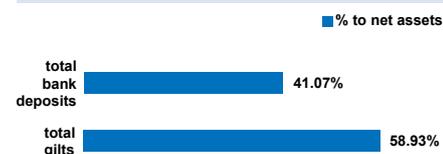
portfolio

security	% of total assets	rating
gilts SOVEREIGN		
91 DAYS TBIL 29-06-07	58.93	
total gilts	58.93	
bank deposits		
STATE BANK OF HYDERABAD CD 07-06-07	41.00	A1+
STATE BANK OF INDORE CD 21-05-07	0.07	
total bank deposits	41.07	
total net assets	100.00	

fund return v/s benchmark return

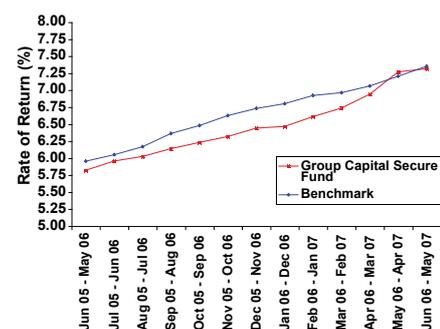


asset allocation



Duration of debt portfolio: 0.05 years

Rolling Yearly Performance



fund manager's report

The allocation to CDs (Certificate of Deposits) and bank fixed deposits was at 41% to take advantage of high yields in these instruments. The allocation to G-secs was increased to 59% during the month.

benchmark construction

Yield on 182-day T. Bills