

fund snapshot

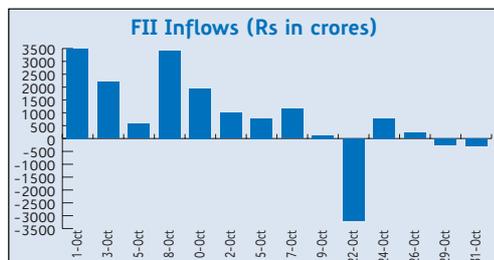
asset allocation	funds	gross return (CAGR*) (%) as on October 31, 2007				date of inception
		last 1 year	last 2 years	last 3 years	since inception	
100% equity	Ulip Equity	49.99%	55.17%	46.05%	44.84%	August, 2004
80% equity, 20% debt	Ulip Super Growth	N.A.	N.A.	N.A.	N.A.	May, 2007
60% equity, 40% debt	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	23.98%	24.69%	21.33%	20.57%	August, 2004
20% equity, 80% debt	Ulip Balanced	16.00%	15.63%	13.94%	13.38%	February, 2003
100% bond instruments	Ulip Corporate Bond	N.A.	N.A.	N.A.	N.A.	May, 2007
100% debt instruments	Ulip Pure Debt	N.A.	N.A.	N.A.	N.A.	May, 2007
100% govt. securities	Ulip Gilt	N.A.	N.A.	N.A.	N.A.	May, 2007
100% money market instruments	Ulip Money Market	N.A.	N.A.	N.A.	N.A.	May, 2007
100% money market instruments	Ulip Capital Secure	8.97%	7.64%	6.86%	6.18%	February, 2003

*CAGR: Compounded Annual Growth Rate

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.

equity market update-october 2007



Market Review

Markets scaled new highs during the month of October amid concerns over foreign flows. The Sensex closed the month gaining 14.7% at 19,837.99 points, while the Nifty closed at 5,900.65 points gaining 17.5%.

A blend of profit-booking and softness in global markets acted against the market uptrend at the beginning of the month. Markets reacted sharply to SEBI's proposed restriction (October 16, 2007) on unregistered entities participating in the Indian equity markets through Participatory Notes (P-Notes) route. However, positive trend of the earnings season and clarity over the P-Note regulations helped markets rally sharply. The Sensex touched the 20k mark during the end of the month.

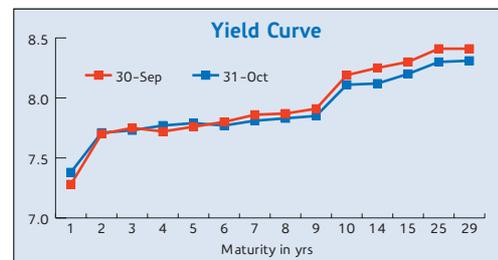
The SEBI, on October 25, 2007, approved the draft regulations on P-Notes. The regulator affirmed that sub-accounts would not be allowed to issue P-Notes and that FIIs will have to unwind P-Notes with derivatives as underlying in 18 months. SEBI further allowed both regulated and unregulated pension funds, endowments, university funds and charitable trusts to register as FIIs. It further clarified that the date for the calculation of Asset Under Custody (AUC) would be September 30, 2007.

FIIs were net buyers to the tune of Rs 20,590.9 crore. Mutual funds on the other hand were net sellers to the tune of Rs 1,704.1 crore. Stocks in sectors such as consumer goods, banking and metals registered gains, while technology sector underperformed.

Outlook

With quarterly numbers already out, the near term trend in the market will be dictated by inflows from foreign funds. With a further 25 basis point cut in interest rate by the US Federal Reserve, the liquidity in the emerging market is likely to increase. This in turn will ensure that FII inflow to India will continue but buying vigor may not be as strong as it was due to the recent restriction imposed by SEBI on P-Notes.

debt market update-october 2007



Market Review

The debt market remained range-bound on ample liquidity in the system and easing inflation. The 10-year G-sec yield closed the month at 7.84% as compared to 7.92% in the beginning of the month. Call rates traded in the range of 4.50%-6.20%.

Liquidity remained positive during the month. The RBI sucked some liquidity through the Market Stabilisation Scheme (MSS) and G-sec auctions during the month.

The rupee climbed to its strongest level as foreigners continued to pour funds into the booming economy, but suspected RBI intervention brought it down from its peak. The rupee ended the month at 39.322/325 per dollar.

The Index of Industrial Production (IIP) grew by 10.7% in August 2007 as against 10.3% in the same month of last year. Manufacturing output rose 10.4% in August 2007 from 11.9% in August last year. Mining production accelerated 17.1% versus just 1.7% in the year-ago period. Electricity output gained 9.2% compared to 4.9% in the corresponding month last year.

The Reserve Bank of India (RBI) in its mid-term review of the monetary policy on October 30, 2007 hiked the Cash Reserve Ratio (CRR) by 0.5% to 7.5% to suck out liquidity with effect from the fortnight beginning November 10, 2007. However the central bank left all other key rates unchanged. The central bank left the economic growth projection for 2007-08 unchanged at 8.5% and continued to focus on keeping low inflation.

Inflation data released during the month was in the range of 3.07%-3.42%. This was due to fall in prices of food and primary products. US 10-year yield closed the month at 4.47%. The Federal Reserve in its FOMC meeting on October 31, 2007 decided to cut its federal funds rate by 25 basis points to 4.5%. It also reduced its discount rate from 5.25% to 5.00%.

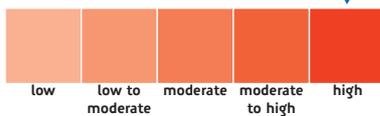
Outlook

We expect short term yields to rise as the CRR hike takes effect in November and credit offtake as part of the festive season picks up. This would drain excess liquidity from the banking system. RBI's action on MSS auctions would also keep short term yields volatile. We expect 10-year benchmark G-sec yields to remain in the range of 7.75% to 8.00% with an upward bias.

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.

fund risk profile



products

Reliance Market Return Plan-Equity Fund Option

Reliance Golden Year Plan-Equity Fund Option

Reliance Automatic Investment Plan-Equity Fund Option

ULIP Equity Fund

details as on October 31, 2007

fund performance

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	49.99%	57.61%	20.23%	22.85%	2.22	2.30
last 2 years (CAGR)	55.17%	57.76%	20.78%	21.80%	2.41	2.42
last 3 years (CAGR)	46.05%	48.92%	20.83%	21.62%	1.97	2.03
since inception (CAGR)	44.84%	48.50%	20.29%	20.94%	1.96	2.08
date of inception	august, 2004					

*CAGR: Compounded Annual Growth Rate

portfolio

security % to net assets 1-yr beta

equity

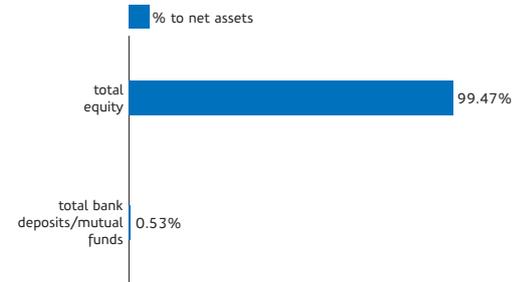
CAP GOODS/ENGINEERING	21.38	
SIEMENS	7.70	1.10
AREVA T&D INDIA	3.87	0.99
ALSTOM PROJECTS INDIA	3.51	1.11
LARSEN & TOUBRO	2.65	1.17
CUMMINS INDIA	1.75	0.94
TRIVENI ENGINEERING AND INDUSTRIES	1.69	0.58
INGERSOLL RAND INDIA	0.21	0.56
BANKING AND FINANCE	13.64	
ICICI BANK	5.83	1.12
STATE BANK OF INDIA	5.62	1.25
PUNJAB NATIONAL BANK	2.19	1.13
AUTOMOBILES	11.17	
MARUTI SUZUKI INDIA	4.87	1.01
TATA MOTORS	3.82	0.95
HERO HONDA	1.55	0.50
EICHER MOTORS	0.81	0.71
PUNJAB TRACTORS	0.12	0.28
OIL REFINERIES	8.98	
RELIANCE INDUSTRIES	7.38	1.05
INDIAN OIL CORPORATION	1.12	0.48
BHARAT PETROLEUM CORP	0.48	0.55
CEMENT & CEMENT PRODUCTS	7.44	
ACC	4.54	1.09
GRASIM INDUSTRIES	2.90	0.84
IT	7.35	
INFOSYS TECHNOLOGIES	3.91	0.59
TATA CONSULTANCY SERVICES	2.21	0.69
PATNI COMPUTERS	1.23	0.72
METALS	6.99	
STEEL AUTHORITY OF INDIA	4.25	1.50
HINDALCO	2.74	0.93
PHARMACEUTICALS	5.67	
DIVIS LABORATORIES	3.68	1.14
RANBAXY LABORATORIES	1.99	0.66
FERTILIZERS	3.17	
GUJARAT NARMADA VALLEY FERTILIZERS	3.17	0.93
OIL AND EXPLORATION	2.90	
ONGC CORPORATION	2.90	0.98
TELECOM	2.78	
BHARTI AIRTEL	1.95	1.12
RELIANCE COMMUNICATIONS	0.83	1.27
CONSTRUCTION	2.60	
GAMMON INDIA	2.60	0.80
HOTELS	1.70	
INDIAN HOTELS	1.70	0.71
POWER	1.36	
TATA POWER	1.36	1.01
AUTO ANCILLARY	1.23	
AUTOMATIVE AXLES	1.23	0.37
TEXTILES	1.11	
ADITYA BIRLA NUVO	1.11	0.91

total equity 99.47

total bank deposits/mutual funds 0.53

total net assets 100.00

asset allocation



fund characteristics as on October 31, 2007

Fund Beta: 0.99

NAV as on October 31, 2007

Reliance Market Return Plan (MRP) - Equity Fund Option: Rs 32.0455

Reliance Golden Year Plan (GYP) - Equity Fund Option: Rs 16.0087

Reliance Automatic Investment Plan (AIP) - Equity Fund Option: Rs 13.5510

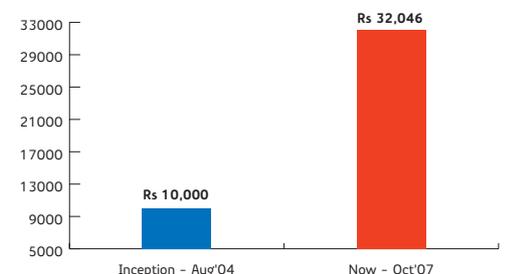
fund manager's report

The month of October saw the good performance coming from few sectors like power and banking. This helped the equity market reach new highs. But due to uncertainty on the P-Note regulation, the market saw high volatility. Looking at the appreciating rupee, exposure towards IT was reduced during the course of the month. Taking this into consideration and the risk profile of the scheme, the holding in equities was kept at 99.46%.

benchmark construction

S&P CNX Nifty: 100%

growth of initial investment of Rs 10,000 in MRP



ULIP Super Growth Fund details as on October 31, 2007

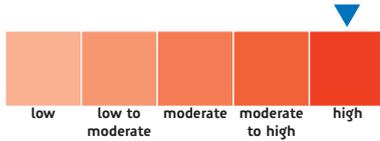
fund performance

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

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, which will be moderated through some exposure to debt. The risk appetite is 'high'.

fund risk profile



products

Reliance Automatic Investment Plan - A Option

portfolio

security	% to net assets	rating/1-yr beta
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corporate bonds

5.85% POWER FINANCE CORP 01-08-08	3.38	AAA
9.50% NABARD NPS BONDS SER IX I 15-10-12	2.78	AAA
7% POWER FINANCE CORP 24-12-09	2.66	AAA
8.65% HDFC 12-09-11	1.69	AAA
6.10% IRFC 13-05-10	1.62	AAA
10% NABARD SER IX 14-05-12	1.06	AAA
9.25% POWER GRID CORP 09-02-13	0.86	AAA
9.76% IRFC 03-07-12	0.71	AAA

total corporate bonds 14.76

gilts

		SOVEREIGN
7.38% GOI 03-09-15	1.18	
6.65% GOI 05-04-09	0.88	
11.99% GOI 07-04-09	0.36	
12% GOI 02-05-08	0.35	
8.07% GOI 15-01-17	0.35	
7.44% GOI SPL. OIL BOND 23-03-12	0.33	

total gilts 3.46

equity

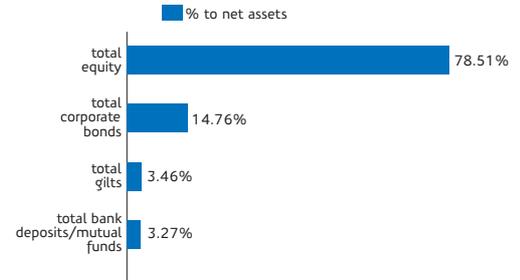
CAP GOODS/ENGINEERING	15.51	
SIEMENS	5.67	1.10
ALSTOM PROJECTS INDIA	3.40	1.11
AREVA T&D INDIA	2.26	0.99
CUMMINS INDIA	1.35	0.94
LARSEN & TOUBRO	1.34	1.17
TRIVENI ENGINEERING AND INDUSTRIES	1.33	0.58
INGERSOLL RAND INDIA	0.16	0.56
BANKING AND FINANCE	11.02	
ICICI BANK	4.86	1.12
STATE BANK OF INDIA	4.43	1.25
PUNJAB NATIONAL BANK	1.73	1.13
AUTOMOBILES	9.02	
MARUTI SUZUKI	4.04	1.01
TATA MOTORS	3.17	0.95
HERO HONDA	1.23	0.50
EICHER MOTORS	0.56	0.71
PUNJAB TRACTORS	0.02	0.28
OIL REFINERIES	7.69	
RELIANCE INDUSTRIES	6.24	1.05
INDIAN OIL CORPORATION	1.03	0.48
BHARAT PETROLEUM CORP	0.42	0.55
IT	6.38	
INFOSYS TECHNOLOGIES	3.47	0.59
PATNI COMPUTERS	0.94	0.72
TATA CONSULTANCY SERVICES	1.97	0.69
CEMENT & CEMENT PRODUCTS	6.25	
ACC	3.75	1.09
GRASIM INDUSTRIES	2.50	0.84
METALS	5.51	
STEEL AUTHORITY OF INDIA	3.47	1.5
HINDALCO	2.04	0.93
PHARMACEUTICALS	4.63	
DIVIS LABORATORIES	3.17	1.14
RANBAXY LABORATORIES	1.46	0.66
FERTILIZERS	2.46	
GUJARAT NARMADA VALLEY FERTILIZERS	2.43	0.93
GUJARAT STATE FERTILIZERS & CHEMICALS	0.03	0.64
OIL AND EXPLORATION	2.35	
ONGC CORPORATION	2.35	0.98
CONSTRUCTION	2.01	
GAMMON INDIA	2.01	0.8
TELECOM	1.69	
BHARTI AIRTEL	1.63	1.12
RELIANCE COMMUNICATIONS	0.06	1.27
HOTELS	1.34	
INDIAN HOTELS	1.34	0.71
POWER	1.04	
TATA POWER	1.04	1.01
TEXTILES	0.90	
ADITYA BIRLA NUVO	0.90	0.91
AUTO ANCILLARY	0.71	
AUTOMATIVE AXLES	0.71	0.37

total equity 78.51

total bank deposits/mutual funds 3.27

total net assets 100.00

asset allocation



fund characteristics as on October 31, 2007

M.Duration of debt portfolio:	2.14 years
YTM of debt portfolio:	8.22%
Beta of equity portfolio:	0.99

NAV as on October 31, 2007

Reliance Automatic Investment Plan (AIP) - A Option: Rs 12.7984

fund manager's report

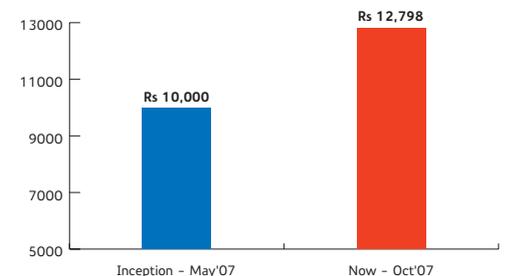
The month of October saw good performance from a few sectors like power and banking. This helped the equity market reach new highs. But due to uncertainty on the P-Note regulation, the market saw high volatility. Looking at the appreciating rupee, the exposure towards IT was reduced during the course of the month. Taking this into consideration and the risk profile of the scheme, the holding in equities was kept at 78.49%.

The fund has 3.5% exposure to gilts, 15% exposure to corporate bonds and 4% exposure to short term assets like CDs and MFs. We may marginally increase the corporate bond exposure and duration going forward.

benchmark construction

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

growth of initial investment of Rs 10,000 in AIP



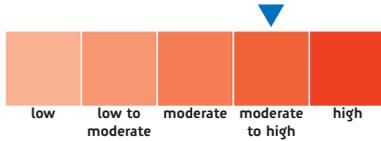
fund performance

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark 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					

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'.

fund risk profile



products

Reliance Money Guarantee Plan - F Option

fund manager's report

The month of October saw good performance from a few sectors like power and banking. This helped the equity market reach new highs. But due to uncertainty on the P-Note regulation, the market saw high volatility. Looking at the appreciating rupee the exposure towards IT was reduced during the course of the month. Taking this into consideration and the risk profile of the scheme, the holding in equities was kept at 60.43%.

The allocation to gilts was maintained at 10%. The allocation to short term assets also was reduced to 4% from 6% in the previous month. The allocation to corporate bonds was increased to around 24.5% of the portfolio. We intend to add corporate bonds as and when they are available.

benchmark construction

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

portfolio

security	% to net assets	rating/ 1-yr beta
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corporate bonds

10.20% HDFC 13-04-10	2.67	AAA
9.80% POWER FINANCE CORP 22-03-12	2.65	AAA
9.50% NABARD NPS BOND SER IX I 15-10-12	2.63	AAA
8.90% CITIFINANCIAL CONSUMER 05-08-09	2.55	AAA
6.31% EXIM BANK 17-01-10	2.47	AAA
9.68% IRFC 03-07-10	2.13	AAA
9.65% NABARD SER IX G 10-09-09	1.32	AAA
8.25% IDBI OMNI BOND SER III 26-05-11	1.21	AA+
10.75% IL&FS SER XI 29-03-09	1.06	AAA
9.50% INDIAN HOTELS 28-02-12	1.04	AA+
7.20% RECL 17-09-11	0.97	AAA
9.80% POWER FINANCE CORP SER XXXVIII 20-09-12	0.80	AAA
10.05% NABARD 11-06-14	0.54	AAA
10.10% POWER GRID CORP 12-06-11	0.54	AAA
10.10% POWER GRID CORP 12-06-12	0.54	AAA
9.76% IRFC 03-07-12	0.53	AAA
10% NABARD 18-06-10	0.53	AAA
7.60% ICICI BANK 30-12-15	0.28	AAA

total corporate bonds 24.45

gilts

6.65% GOI 05-04-09	3.08
7.37% GOI 16-04-14	3.05
9.39% GOI 02-07-11	2.72
7.38% GOI 03-09-15	1.01
8.07% GOI 15-01-17	0.09

total gilts 9.96

equity

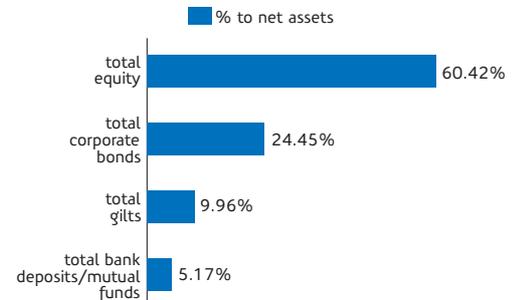
CAP GOODS/ENGINEERING	12.57	
SIEMENS	4.68	1.10
ALSTOM PROJECTS INDIA	2.29	1.11
AREVA T&D INDIA	1.67	0.99
LARSEN & TOUBRO	1.67	1.17
CUMMINS INDIA	1.10	0.94
TRIVENI ENGINEERING AND INDUSTRIES	1.03	0.58
INGERSOLL RAND INDIA	0.13	0.56
BANKING AND FINANCE	8.45	
STATE BANK OF INDIA	3.63	1.25
ICICI BANK	3.49	1.12
PUNJAB NATIONAL BANK	1.33	1.13
AUTOMOBILES	6.87	
MARUTI SUZUKI	2.97	1.01
TATA MOTORS	2.39	0.95
HERO HONDA	0.96	0.50
EICHER MOTORS	0.46	0.71
PUNJAB TRACTORS	0.09	0.28
OIL REFINERIES	5.64	
RELIANCE INDUSTRIES	4.59	1.05
INDIAN OIL CORPORATION	0.73	0.48
BHARAT PETROLEUM CORP	0.32	0.55
CEMENT & CEMENT PRODUCTS	4.68	
ACC	2.93	1.09
GRASIM INDUSTRIES	1.75	0.84
IT	4.60	
INFOSYS TECHNOLOGIES	2.45	0.59
TATA CONSULTANCY SERVICES	1.39	0.69
PATNI COMPUTERS	0.76	0.72
METALS	4.14	
STEEL AUTHORITY OF INDIA	2.56	1.50
HINDALCO	1.58	0.93
PHARMACEUTICALS	3.52	
DIVIS LABORATORIES	2.33	1.14
RANBAXY LABORATORIES	1.19	0.66
OIL AND EXPLORATION	1.90	
ONGC CORPORATION	1.90	0.98
FERTILIZERS	1.84	
GUJARAT NARMADA VALLEY FERTILIZERS	1.84	0.93
TELECOM	1.55	
BHARTI AIRTEL	1.09	1.12
RELIANCE COMMUNICATIONS	0.46	1.27
CONSTRUCTION	1.54	
GAMMON INDIA	1.54	0.80
HOTELS	1.04	
INDIAN HOTELS	1.04	0.71
POWER	0.82	
TATA POWER	0.82	1.01
TEXTILES	0.68	
ADITYA BIRLA NUVO	0.68	0.91
AUTO ANCILLARY	0.58	
AUTOMATIVE AXLES	0.58	0.37

total equity 60.42

total bank deposits/mutual funds 5.17

total net assets 100.00

asset allocation



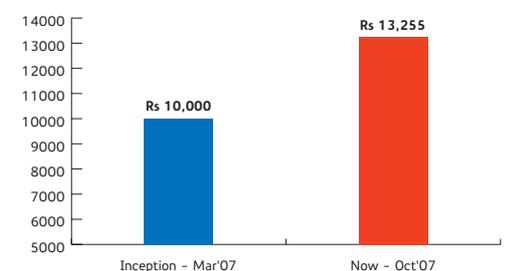
fund characteristics as on October 31, 2007

M.Duration of debt portfolio:	2.54 years
YTM of debt portfolio:	8.92%
Beta of equity portfolio:	0.99

NAV as on October 31, 2007

Reliance Money Guarantee Plan (MGP)- F Option: Rs 13.2553

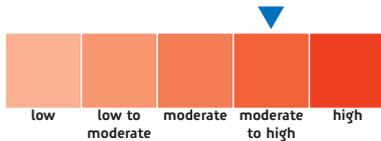
growth of initial investment of Rs 10,000 in MGP



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'.

fund risk profile



products

Reliance Money Guarantee Plan - E Option

Reliance Automatic Investment Plan - B Option

fund manager's report

The month of October saw good performance from a few sectors like power and banking. This helped the equity market reach new highs. But due to uncertainty on the P-Note regulation, the market saw high volatility. Looking at the appreciating rupee the exposure towards IT was reduced during the course of the month. Taking this into consideration and the risk profile of the scheme, the holding in equities was kept at 49.65%.

The allocation to gilts was maintained at around 8% similar as previous month. Allocation to short term assets declined to 4% from 6% in September 2007. Therefore, allocation to corporate bonds was increased further to 38% in October from 36% in September. This was in line with our strategy of reducing cash and increasing allocation to corporate bonds which were giving an attractive yield over G-sec.

benchmark construction

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

fund performance

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark 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	% to net assets	rating/1-yr beta
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corporate bonds

5.85% POWER FINANCE CORP 01-08-08	6.81	AAA
9.65% NABARD SER IX G 10-09-09	4.04	AAA
9.20% IL&FS SER VI 23-04-08	4.00	AAA
8.65% HDFC 12-09-11	3.91	AAA
9.50% NABARD NPS BOND SER IX I 15-10-12	3.22	AAA
7% POWER FINANCE CORP 24-12-09	3.08	AAA
7.60% ICICI BANK 30-12-15	2.91	AAA
6.10% IRFC 13-05-10	2.25	AAA
6.10% POWER GRID CORP 17-07-10	1.86	AAA
9.35% IL&FS 22-10-10	1.61	AAA
8.50% EXIM BANK 26-09-11	1.56	AAA
10.10% POWER GRID CORP 12-06-11	1.03	AAA
10% NABARD SER IX 14-05-12	0.82	AAA
8.90% CITIFINANCIAL CONSUMER 05-08-09	0.80	AAA

total corporate bonds 37.89

gilts

7.38% GOI 03-09-15	2.72
7.37% GOI 16-04-14	1.95
6.65% GOI 05-04-09	1.57
12% GOI 02-05-08	1.06
7.44% GOI SPL. OIL BOND 23-03-12	0.77
11.99% GOI 07-04-09	0.23

total gilts 8.31

equity

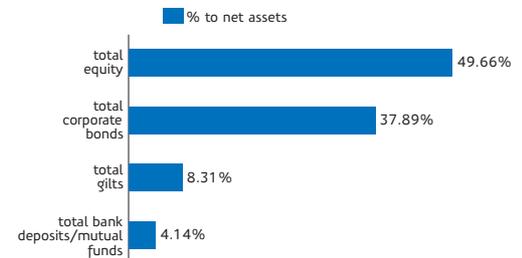
CAP GOODS/ENGINEERING	10.09	
SIEMENS	3.77	1.10
ALSTOM PROJECTS INDIA	1.93	1.11
AREVA T&D INDIA	1.39	0.99
LARSEN & TOUBRO	1.19	1.17
CUMMINS INDIA	0.87	0.94
TRIVENI ENGINEERING AND INDUSTRIES	0.84	0.58
INGERSOLL RAND INDIA	0.10	0.56
BANKING AND FINANCE	7.38	
ICICI BANK	3.45	1.12
STATE BANK OF INDIA	2.85	1.25
PUNJAB NATIONAL BANK	1.08	1.13
AUTOMOBILES	5.59	
MARUTI SUZUKI	2.50	1.01
TATA MOTORS	1.96	0.95
HERO HONDA	0.77	0.50
EICHER MOTORS	0.35	0.71
PUNJAB TRACTORS	0.01	0.28
OIL REFINERIES	4.78	
RELIANCE INDUSTRIES	3.89	1.05
INDIAN OIL CORPORATION	0.62	0.48
BHARAT PETROLEUM CORP	0.27	0.55
IT	3.88	
INFOSYS TECHNOLOGIES	2.08	0.59
TATA CONSULTANCY SERVICES	1.21	0.69
PATNI COMPUTERS	0.59	0.72
CEMENT & CEMENT PRODUCTS	3.79	
ACC	2.35	1.09
GRASIM INDUSTRIES	1.44	0.84
METALS	3.41	
HINDALCO	1.29	0.93
STEEL AUTHORITY OF INDIA	2.12	1.50
PHARMACEUTICALS	2.87	
DIVIS LABORATORIES	1.95	1.14
RANBAXY LABORATORIES	0.92	0.66
OIL AND EXPLORATION	1.59	
ONGC CORPORATION	1.59	0.98
FERTILIZERS	1.54	
GUJARAT NARMADA VALLEY FERTILIZERS	1.51	0.93
GUJARAT STATE FERTILIZERS & CHEMICALS	0.03	0.64
CONSTRUCTION	1.27	
GAMMON INDIA	1.27	0.80
TELECOM	1.00	
BHARTI AIRTEL	0.95	1.12
RELIANCE COMMUNICATIONS	0.05	1.27
HOTELS	0.85	
INDIAN HOTELS	0.85	0.71
POWER	0.64	
TATA POWER	0.64	1.01
TEXTILES	0.56	
ADITYA BIRLA NUVO	0.56	0.91
AUTO ANCILLARY	0.42	
AUTOMATIVE AXLES	0.42	0.37

total equity 49.66

total bank deposits/mutual funds 4.14

total net assets 100.00

asset allocation



fund characteristics as on October 31, 2007

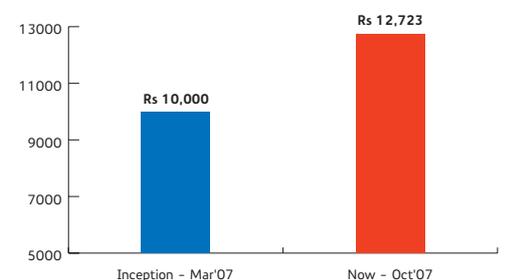
M. Duration of debt portfolio: 2.32 years
YTM of debt portfolio: 8.42%
Beta of equity portfolio: 0.99

NAV as on October 31, 2007

Reliance Money Guarantee Plan (MGP) - E Option: Rs 12.7229

Reliance Automatic Investment Plan (AIP) - B Option: Rs 11.9667

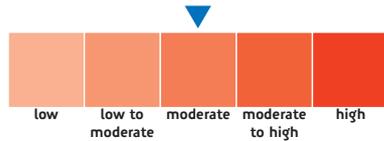
growth of initial investment of Rs 10,000 in MGP



fund objective

The investment objective of the fund is to 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'.

fund risk profile



products

Reliance Market Return Plan - Growth Fund Option

Reliance Golden Year Plan - Growth Fund Option

Reliance Money Guarantee Plan - D Option

fund manager's report

The month of October saw good performance from a few sectors like power and banking. This helped the equity market reach new highs. But due to uncertainty on the P-Note regulation, the market saw high volatility. Looking at the appreciating rupee, the exposure towards IT was reduced during the course of the month. Taking this into consideration and the risk profile of the scheme, the holding in equities was kept at 39.31%.

The allocation to corporate bonds was increased 40% in October from 38% in September as corporate bonds were at attractive yields. The G-sec allocation was maintained at 13% in October. The allocation to short term bank deposits and mutual funds was maintained at around 6% of the portfolio. We believe these changes will help improve the portfolio yield even further.

benchmark construction

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

ULIP Growth Fund

details as on October 31, 2007

fund performance

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	23.98%	26.05%	9.19%	9.80%	2.07	2.15
last 2 years (CAGR)	24.69%	25.26%	8.89%	8.99%	2.21	2.25
last 3 years (CAGR)	21.33%	21.56%	8.66%	8.78%	1.89	1.89
since inception (CAGR)	20.57%	20.89%	8.42%	8.50%	1.85	1.87
date of inception	august, 2004					

*CAGR: Compounded Annual Growth Rate

portfolio

security	% to net assets	rating/ 1-yr beta
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corporate bonds

8.25% IDBI OMNI BOND SER III 26-05-11	3.86	AA+
9.58% EXIM BANK 04-09-09	3.80	AAA
9.20% IL&FS SER VI 23-04-08	3.78	AAA
9.50% INDIAN HOTELS 28-02-12	3.21	AA+
9.68% IRFC 03-07-10	2.31	AAA
10.05% NABARD 11-06-14	2.23	AAA
7.15% INDIAN OIL BOND 10-06-10	2.22	AAA
10.20% HDFC 13-04-10	2.21	AAA
9.50% NABARD NPS BONDS SER IX I 15-10-12	2.17	AAA
7.20% HDFC 03-06-10	1.86	AAA
6.50% HINDALCO 06-09-09	1.85	AA
9.80% POWER FINANCE CORP SER XXXVIII 20-09-12	1.65	AAA
8.65% HDFC 12-09-11	1.58	AAA
11.03% TML FINANCIAL SERVICES 22-06-09	1.44	AA+
10.10% POWER GRID CORP 12-06-12	1.11	AAA
10% NABARD SER IX 14-05-12	1.10	AAA
9% TATA SONS 27-07-10	1.08	AAA
8.40% EXIM BANK 28-09-10	1.06	AAA
7.39% POWER GRID CORP 22-09-11	1.01	AAA

total corporate bonds 39.51

gilts

7.44% GOI SPL. OIL BOND 23-03-12	4.48
7.49% GOI 16-04-17	2.62
7.37% GOI 16-04-14	2.40
7.33% OIL COMP BOND 07-03-09	2.17
11.40% GOI 31-08-08	1.11
7.38% GOI 03-09-15	0.48

total gilts 13.27

equity

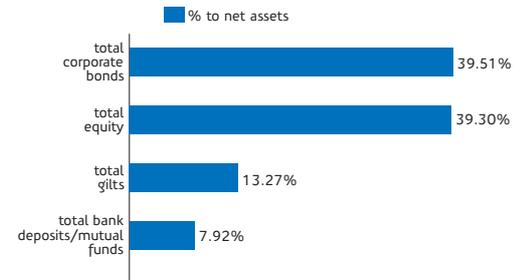
CAP GOODS/ENGINEERING	8.16	
SIEMENS	2.80	1.10
ALSTOM PROJECTS INDIA	1.59	1.11
AREVA T&D INDIA	1.27	0.99
LARSEN & TOUBRO	1.02	1.17
CUMMINS INDIA	0.73	0.94
TRIVENI ENGINEERING AND INDUSTRIES	0.67	0.58
INGERSOLL RAND INDIA	0.08	0.56
BANKING AND FINANCE	5.23	
ICICI BANK	2.22	1.12
STATE BANK OF INDIA	2.13	1.25
PUNJAB NATIONAL BANK	0.88	1.13
AUTOMOBILES	4.40	
MARUTI SUZUKI	1.89	1.01
TATA MOTORS	1.51	0.95
HERO HONDA	0.63	0.50
EICHER MOTORS	0.29	0.71
PUNJAB TRACTORS	0.08	0.28
OIL REFINERIES	3.65	
RELIANCE INDUSTRIES	2.99	1.05
INDIAN OIL CORPORATION	0.45	0.48
BHARAT PETROLEUM CORP	0.21	0.55
CEMENT & CEMENT PRODUCTS	3.07	
ACC	1.92	1.09
GRASIM INDUSTRIES	1.15	0.84
IT	2.97	
INFOSYS TECHNOLOGIES	1.60	0.59
TATA CONSULTANCY SERVICES	0.88	0.69
PATNI COMPUTERS	0.49	0.72
METALS	2.67	
STEEL AUTHORITY OF INDIA	1.64	1.50
HINDALCO	1.03	0.93
PHARMACEUTICALS	2.23	
DIVIS LABORATORIES	1.46	1.14
RANBAXY LABORATORIES	0.77	0.66
TELECOM	1.53	
RELIANCE COMMUNICATIONS	0.77	1.27
BHARTI AIRTEL	0.76	1.12
FERTILIZERS	1.19	
GUJARAT NARMADA VALLEY FERTILIZERS	1.19	0.93
OIL AND EXPLORATION	1.16	
ONGC CORPORATION	1.16	0.98
CONSTRUCTION	1.00	
GAMMON INDIA	1.00	0.80
HOTELS	0.68	
INDIAN HOTELS	0.68	0.71
POWER	0.52	
TATA POWER	0.52	1.01
TEXTILES	0.44	
ADITYA BIRLA NUVO	0.44	0.91
AUTO ANCILLARY	0.40	
AUTOMATIVE AXLES	0.40	0.37

total equity 39.30

total bank deposits/mutual funds 7.92

total net assets 100.00

asset allocation



fund characteristics as on October 31, 2007

M.Duration of debt portfolio:	2.56 years
YTM of debt portfolio:	8.49%
Beta of equity portfolio:	0.99

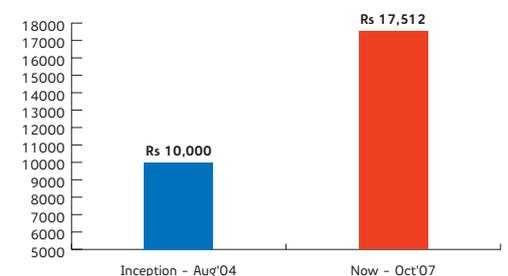
NAV as on October 31, 2007

Reliance Market Return Plan (MRP) - Growth Fund Option: Rs 17.5121

Reliance Golden Year Plan (GYP) - Growth Fund Option: Rs 13.9543

Reliance Money Guarantee Plan (MGP) - D Option: Rs 12.3455

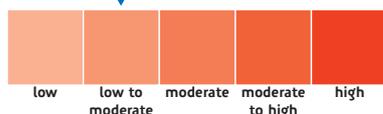
growth of initial investment of Rs 10,000 in MRP



fund objective

The investment objective of the fund is to 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'.

fund risk profile



products

Reliance Market Return Plan - Balanced Fund Option

Reliance Golden Year Plan - Balanced Fund Option

Reliance Automatic Investment Plan - C Option

fund manager's report

The month of October saw good performance from a few sectors like power and banking. This helped the equity market reach new highs. But due to uncertainty on the P-Note regulation, the market saw high volatility. Looking at the appreciating rupee the exposure towards IT was reduced during the course of the month. Taking this into consideration and the risk profile of the scheme, the holding in equities was kept at 19.60%.

The allocation to gilts came down from 20% to 17% in October as we bought more corporate bonds. The allocation to corporate bonds was at 48%. A new bond of Exim Bank was added to the portfolio. The allocation to short-term bank deposits and mutual funds was maintained at around 9%. We plan to further deploy the fresh inflows received during the month by buying more corporate bonds and when suitable opportunities are available.

benchmark construction

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

ULIP Balanced Fund

details as on October 31, 2007

fund performance

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	16.00%	16.52%	5.53%	5.50%	1.99	2.09
last 2 years (CAGR)	15.63%	15.47%	5.05%	4.80%	2.11	2.18
last 3 years (CAGR)	13.94%	13.59%	4.80%	4.63%	1.86	1.86
since inception (CAGR)	13.38%	11.85%	4.35%	4.56%	1.92	1.50
date of inception			february, 2003			

*CAGR: Compounded Annual Growth Rate

portfolio

security	% to net assets	rating/1-yr beta
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corporate bonds

8% EXIM BANK 27-09-08	3.93	AAA
9.35% IL&FS 22-10-10	3.03	AAA
8.40% EXIM BANK 28-09-10	2.72	AAA
9.50% INDIAN HOTELS 28-02-12	2.67	AA+
10.10% POWER GRID CORP 12-06-12	2.44	AAA
10.20% HDFC 13-04-10	2.43	AAA
9.50% NABARD NPS BOND SER IX I 15-10-12	2.39	AAA
11.03% TML FINANCIAL SERVICES 22-06-09	2.03	AA+
8.25% IDBI OMNI BOND SER III 26-05-11	1.76	AA+
9.68% IRFC 03-07-10	1.69	AAA
10.05% NABARD 11-06-14	1.64	AAA
7.39% POWER GRID CORP 22-09-11	1.63	AAA
10% NABARD 18-06-10	1.61	AAA
9.80% POWER FINANCE CORP SER XXXVIII 20-09-12	1.61	AAA
8.90% CITIFINANCIAL CONSUMER 05-08-09	1.59	AAA
9% TATA SONS 27-07-10	1.58	AAA
9.80% POWER FINANCE CORP 22-03-12	1.53	AAA
6.25% ULTRATECH CEMENT 25-06-09	1.51	AA+
0% IDFC 27-06-08	1.50	AAA
9.00% SUNDARAM FINANCE 17-08-09	1.42	AA+
10% NABARD SER IX 14-05-12	1.21	AAA
10.75% IL&FS SER XI 29-03-09	1.21	AAA
7.15% INDIAN OIL BOND 10-06-10	1.21	AAA
9.58% EXIM BANK 04-09-09	1.20	AAA
7.60% ICICI BANK 30-12-15	1.08	AAA
9.20% IL&FS SER VI 23-04-08	0.79	AAA
7.20% RECL 17-09-11	0.74	AAA

total corporate bonds 48.14

gilts

		SOVEREIGN
7.37% GOI 16-04-14	4.70	
7.38% GOI 03-09-15	2.69	
7.44% GOI SPL. OIL BOND 23-03-12	2.32	
7.49% GOI 16-04-17	1.92	
8.07% GOI 15-01-17	1.92	
7.33% GOI OIL COMP BOND 07-03-09	1.47	
6.65% GOI 05-04-09	1.17	
6.96% GOI OIL COMP SPL. BOND 30-03-09	0.74	
11.40% GOI 31-08-08	0.62	
9.39% GOI 02-07-11	0.17	

total gilts 17.33

equity

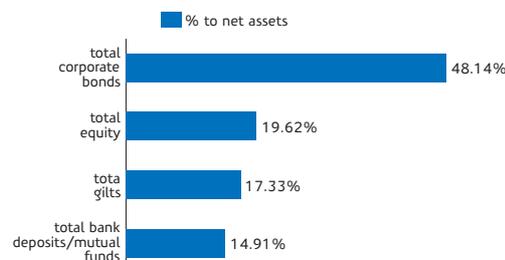
CAP GOODS/ENGINEERING	4.12	
SIEMENS	1.40	1.10
ALSTOM PROJECTS INDIA	0.81	1.11
AREVA T&D INDIA	0.66	0.99
LARSEN & TOUBRO	0.53	1.17
CUMMINS INDIA	0.34	0.94
TRIVENI ENGINEERING AND INDUSTRIES	0.34	0.58
INGERSOLL RAND INDIA	0.04	0.56
BANKING AND FINANCE	2.66	
ICICI BANK	1.13	1.12
STATE BANK OF INDIA	1.09	1.25
PUNJAB NATIONAL BANK	0.44	1.13
AUTOMOBILES	2.19	
MARUTI SUZUKI	0.97	1.01
TATA MOTORS	0.76	0.95
HERO HONDA	0.30	0.50
EICHER MOTORS	0.15	0.70
PUNJAB TRACTORS	0.01	0.28
OIL REFINERIES	1.85	
RELIANCE INDUSTRIES	1.51	1.05
INDIAN OIL CORPORATION	0.23	0.48
BHARAT PETROLEUM CORP	0.11	0.55
CEMENT & CEMENT PRODUCTS	1.55	
ACC	0.97	1.09
GRASIM INDUSTRIES	0.58	0.84
IT	1.52	
INFOSYS TECHNOLOGIES	0.82	0.59
TATA CONSULTANCY SERVICES	0.45	0.69
PATNI COMPUTERS	0.25	0.72
PHARMACEUTICALS	1.13	
DIVIS LABORATORIES	0.74	1.14
RANBAXY LABORATORIES	0.39	0.66
METALS	1.36	
STEEL AUTHORITY OF INDIA	0.85	1.50
HINDALCO	0.51	0.93
OIL AND EXPLORATION	0.60	
ONGC CORPORATION	0.60	0.98
FERTILIZERS	0.60	
GUJARAT NARMADA VALLEY FERTILIZERS	0.60	0.93
TELECOM	0.53	
BHARTI AIRTEL	0.39	1.12
RELIANCE COMMUNICATIONS	0.14	1.27
CONSTRUCTION	0.50	
GAMMON INDIA	0.50	0.80
HOTELS	0.33	
INDIAN HOTELS	0.33	0.71
POWER	0.26	
TATA POWER	0.26	1.01
TEXTILES	0.22	
ADITYA BIRLA NUVO	0.22	0.91
AUTO ANCILLARY	0.20	
AUTOMATIVE AXLES	0.20	0.37

total equity 19.62

total bank deposits/mutual funds 14.91

total net assets 100.00

asset allocation



fund characteristics as on October 31, 2007

M.Duration of debt portfolio: 2.60 years
YTM of debt portfolio: 8.57%
Beta of equity portfolio: 0.99

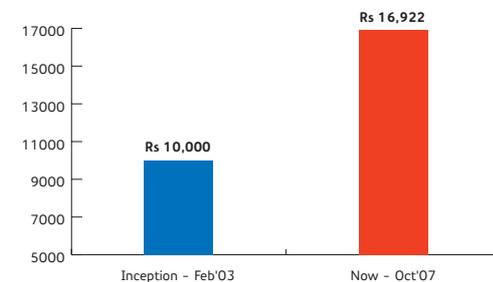
NAV as on October 31, 2007

Reliance Market Return Plan (MRP) - Balanced Fund Option: Rs 14.4584

Reliance Golden Year Plan (GYP) - Balanced Fund Option: Rs 14.4580

Reliance Automatic Investment Plan (AIP) - C Option : Rs 11.0620

growth of initial investment of Rs 10,000 in MRP



fund objective

Provide returns that exceed the inflation rate, while taking some credit risk (through investments in corporate debt instruments) and maintaining a moderate probability of negative return in the short-term. The risk appetite is 'low to moderate'.

fund risk profile



products

Reliance Automatic Investment Plan - Corporate Bond Fund Option

fund manager's report

The exposure to corporate bonds was increased to around 72% as at the end of October. The balance of 28% was invested in short term bank FDs, CDs and mutual funds. We intend to keep exposure to corporate bonds at around 60-90% to meet the investment objectives of the fund.

benchmark construction

CRISIL Composite Bond Index:100%

ULIP Corporate Bond Fund details as on October 31, 2007

fund performance

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

portfolio

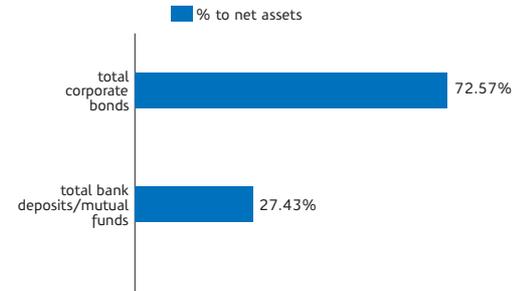
security	% to net assets	rating
corporate bonds		
6.25% ULTRATECH CEMENT 25-06-09	14.22	AA+
7.10% POWER GRID CORP 18-02-09	11.31	AAA
5.85% POWER FINANCE CORP 01-08-08	10.05	AAA
9.76% IRFC 03-07-12	8.48	AAA
8.65% HDFC 12-09-11	8.10	AAA
7.60% ICICI BANK 30-12-15	7.53	AAA
9.50% NABARD NPS BOND SER IXI 15-10-12	3.33	AAA
7.15% INDIAN OIL BOND 10-06-10	3.17	AAA
6.10% IRFC 13-05-10	3.10	AAA
10% NABARD SER IX 14-05-12	1.69	AAA
7% POWER FINANCE CORP 24-12-09	1.59	AAA

total corporate bonds 72.57

total bank deposits/mutual funds 27.43

total net assets 100.00

asset allocation



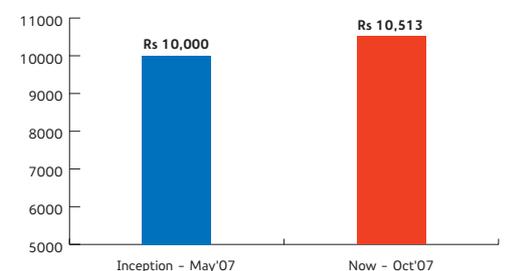
fund characteristics as on October 31, 2007

M.Duration of debt portfolio: 1.78 years
YTM of debt portfolio: 8.34%

NAV as on October 31, 2007

Reliance Automatic Investment Plan (AIP) - Corporate Bond Fund Option: Rs 10.5133

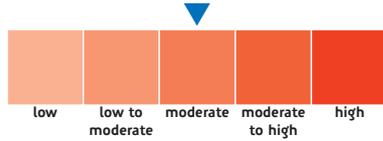
growth of initial investment of Rs 10,000 in AIP



fund objective

Provide steady investment returns achieved through 100% investment in debt securities, while maintaining moderate probability of negative returns in the short-term. The risk appetite is defined as 'moderate'.

fund risk profile



products

Reliance Money Guarantee Plan – Return Shield Option

fund manager's report

As the fund received fresh inflows during the month, the exposure to gilts was increased to 30% in October. Overall exposure to corporate bonds was maintained at 45% in October as the fund received fresh inflows. The exposure to short term assets was reduced to 18% from 25% in September. We intend to purchase bonds as and when attractive investment opportunities are available.

benchmark construction

CRISIL Composite Bond Index:100%

ULIP Pure Debt Fund

details as on October 31, 2007

fund performance

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

portfolio

security	% to net assets	rating
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corporate bonds

5.85% POWER FINANCE CORP 01-08-08	8.05	AAA
8.65% HDFC 12-09-11	6.98	AAA
6% RECL 31-01-08	5.66	AAA
9.65% NABARD SER IX G 10-09-09	4.80	AAA
10% NABARD SER IX 14-05-12	3.40	AAA
9.35% IL&FS 22-10-10	2.39	AAA
9% TATA SONS 27-07-10	2.37	AAA
8.40% EXIM BANK 28-09-10	2.34	AAA
8.50% EXIM BANK 26-09-11	2.31	AAA
9.76% IRFC 03-07-12	1.95	AAA
9.50% NABARD NPS BONDS SER IX I 15-10-12	1.44	AAA
10.10% POWER GRID CORP 12-06-11	1.22	AAA
11.03% TML FINANCIAL SERVICES 22-06-09	0.98	AA+
7.20% HDFC 03-06-10	0.91	AAA

total corporate bonds 44.80

gilts

SOVEREIGN

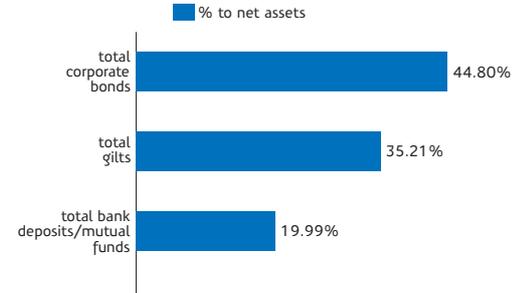
6.65% GOI 05-04-09	12.96
12% GOI 02-05-08	7.28
9.39% GOI 02-07-11	5.00
364 T. BILLS 29-08-08	4.47
7.38% GOI 03-09-15	4.62
11.40% GOI 31-08-08	0.88

total gilts 35.21

total bank deposits/mutual funds 19.99

total net assets 100.00

asset allocation



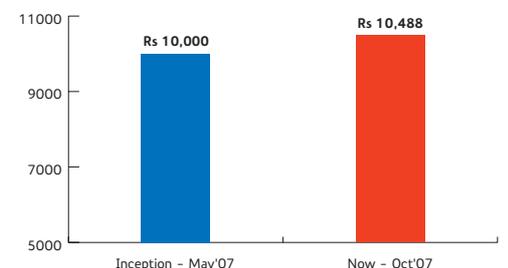
fund characteristics as on October 31, 2007

M.Duration of debt portfolio: 1.61 years
YTM of debt portfolio: 7.90%

NAV as on October 31, 2007

Reliance Money Guarantee Plan (MGP) – Return Shield Option: Rs 10.4878

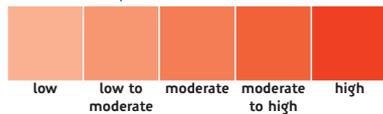
growth of initial investment of Rs 10,000 in MGP



fund objective

Provide returns that exceed the inflation rate, without taking any credit risk (sovereign risk only) and maintaining a low probability of negative return in the short-term. The risk appetite is 'low to moderate'.

fund risk profile



products

Reliance Automatic Investment Plan – Gilt Fund Option

fund manager's report

The allocation to gilts was at around 87% at the end of October. The allocation to short term assets like Bank FDs, CDs and MFs was around 13% of the portfolio. We intend to increase the duration of this fund as and when opportunities are available.

benchmark construction

I-Sec Composite Sovereign Bond Index: 100%

ULIP Gilt Fund

details as on October 31, 2007

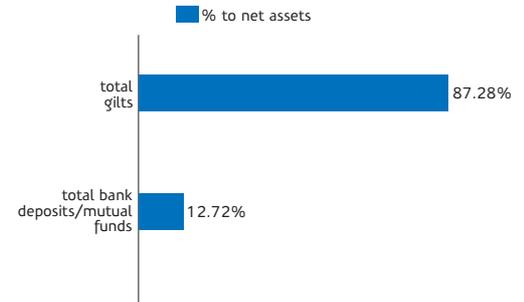
fund performance

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

portfolio

security	% to net assets
gilts	
SOVEREIGN	
9.39% GOI 02-07-11	31.76
6.65% GOI 05-04-09	18.01
12% GOI 02-05-08	10.65
364 T. BILLS 29-08-08	8.60
11.99% GOI 07-04-09	8.06
11.40% GOI 31-08-08	5.28
8.07% GOI 15-01-17	4.61
9.85% GOI 16-10-15	0.30
total gilts	87.28
total bank deposits/mutual funds	12.72
total net assets	100.00

asset allocation



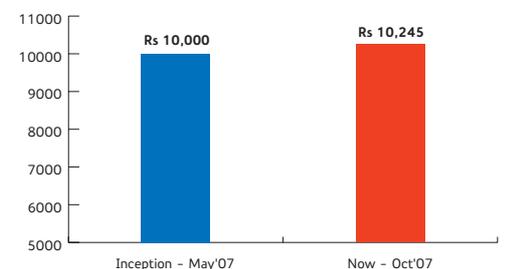
fund characteristics as on October 31, 2007

M.Duration of debt portfolio:	1.79 years
YTM of debt portfolio:	7.40%

NAV as on October 31, 2007

Reliance Automatic Investment Plan (AIP) – Gilt Fund Option: Rs 10.2447

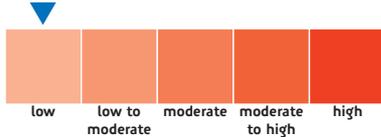
growth of initial investment of Rs 10,000 in AIP



fund objective

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

fund risk profile



products

Reliance Automatic Investment Plan – Money Market Fund Option

fund manager's report

Presently the investments of this fund are mostly in CDs (Certificate of Deposits) at around 77% of the portfolio which is giving the highest yield among money market instruments.

benchmark construction

CRISIL Liquid Bond Index:100%

ULIP Money Market Fund details as on October 31, 2007

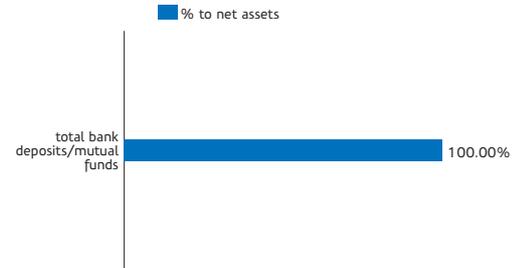
fund performance

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

portfolio

security	% to net assets
total bank deposits/mutual funds	100.00
total net assets	100.00

asset allocation



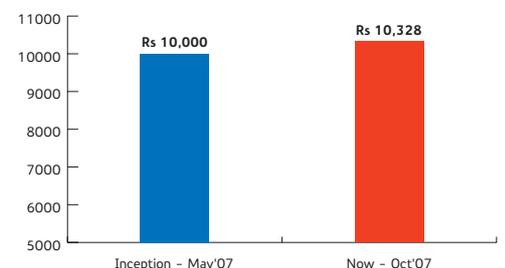
fund characteristics as on October 31, 2007

M.Duration of debt portfolio: 0.19 years
YTM of debt portfolio: 7.79%

NAV as on October 31, 2007

Reliance Automatic Investment Plan (AIP) – Money Market Fund Option: Rs 10.3282

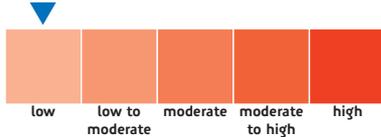
growth of initial investment of Rs 10,000 in AIP



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'.

fund risk profile



products

Reliance Market Return Plan - Capital Secure Fund Option

Reliance Golden Year Plan - Capital Secure Fund Option

fund manager's report

The allocation to CDs (Certificate of Deposits) and bank fixed deposits was at 92% to take advantage of high yields in these instruments. 8% was deployed in CBLO and mutual fund units.

benchmark construction

Yield on 182-day T.Bills

ULIP Capital Secure Fund

details as on October 31, 2007

fund performance

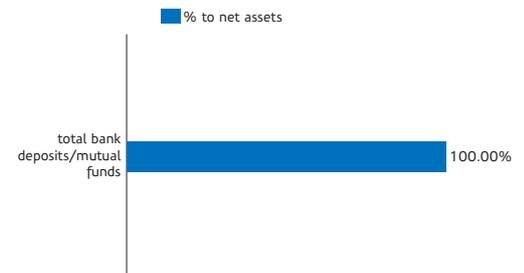
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	8.97%	7.55%	0.31%	0.18%	12.64	14.26
last 2 years (CAGR)	7.64%	7.10%	0.44%	0.19%	6.05	11.08
last 3 years (CAGR)	6.86%	6.53%	0.47%	0.27%	3.98	5.58
since inception (CAGR)	6.18%	5.59%	0.47%	0.43%	2.54	1.37
date of inception			february, 2003			

*CAGR: Compounded Annual Growth Rate

portfolio

security	% to net assets
total bank deposits/mutual funds	100.00
total net assets	100.00

asset allocation



fund characteristics as on October 31, 2007

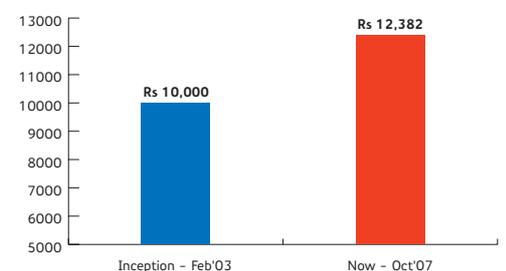
M.Duration of debt portfolio: 0.14 years
YTM of debt portfolio: 8.17%

NAV as on October 31, 2007

Reliance Market Return Plan (MRP) - Capital Secure Fund Option: Rs 11.7738

Reliance Golden Year Plan (GYP) - Capital Secure Fund Option: Rs 11.7464

growth of initial investment of Rs 10,000 in MRP



- ✓ Gross Fund Return
- ✓ Benchmark Return
- ✓ Fund Standard Deviation
- ✓ Fund Sharpe Ratio
- ✓ Benchmark Sharpe Ratio
- ✓ Modified Duration of Debt Portfolio
- ✓ Fund Beta

Gross Fund Return

This is the return calculated on an NAV basis plus the fund management fees which are debited periodically to the fund. We calculate gross fund returns in order to give uniformity while evaluating fund management performance as the fund management fees vary from company to company.

Benchmark Return

A benchmark is a standard against which the investment performance of a fund can be measured. Benchmarks are pre-determined primarily on the basis of the asset allocation structure of the fund. Benchmarks can be readily available in the market or have to be constructed. The CNX Nifty is a readily available benchmark for our equity portfolio manager as the equity fund primarily invests in equities.

Fund Standard Deviation

Risk of investing in a fund is identified by the volatility of the fund's periodic returns. Standard deviation measures the volatility of the fund's returns. Standard Deviation for a particular time period gives us the deviation from the mean returns for that fund during that period. Higher the standard deviation greater is the volatility and therefore, greater is the risk of investing in that fund.

Fund Sharpe Ratio

Sharpe Ratio of a fund tells us how much return the fund has been able to generate per unit of risk. The higher the Sharpe Ratio, the better the performance of a fund from the risk point of view.

The excess return generated by a fund for a particular time is first calculated by subtracting the risk free rate from the rate of return generated by that fund. Dividing this result by the standard deviation of the fund return, one can obtain the Sharpe Ratio.

Benchmark Sharpe Ratio

Just as fund returns are compared to a benchmark return, the Sharpe Ratio of the fund is also compared to the benchmark's Sharpe Ratio in order to evaluate the risk-adjusted performance.

Modified Duration of Debt Portfolio

Modified duration indicates the sensitivity of the value of the debt portfolio to any given change in interest rates. Modified duration represents a weighted average of the time periods to maturity. The weights for each time period are equal to the present values of the cash flows in each time periods. Modified duration gives one a 'rule of thumb' - the percentage change in the price of a bond is the duration multiplied by the change in interest rates.

Fund Beta

Beta measures the risk of a security (say a particular stock) in relation to its broad market. The broad market is generally defined as the specified benchmark index. The beta assigned to the benchmark index is 1. Beta of the stock describes the sensitivity of the price of the stock to the benchmark index. The fund beta is the sum of the weighted individual stock betas in the portfolio.

- ✓ Macro Analysis
- ✓ Appreciation of market dynamics
- ✓ Meeting investment objectives vis-à-vis risk appetite
- ✓ Asset Allocation strategy
- ✓ Security selection – portfolio construction
- ✓ Benchmarks
- ✓ Risk management / Portfolio evaluation/ diagnostics
- ✓ Governance and processes

investment strategy and risk control

Macro analysis of the economy is carried out by tracking the trends in key economic indicators.

Market Dynamics are also studied apart from the above to determine our view of the changes likely in the interest rate scenario and equity market movements. Price movements in the market are monitored at all times along with factors that affect them such as the prevailing market sentiments, cash flows in the market and views/actions of key market participants including institutional investors like FIIs and mutual funds. For analyzing the debt markets, yield curve movements and changes in its shape are also studied.

The **risk appetite and investment objective** is clearly defined for each fund keeping in mind the investment horizon, liquidity requirements etc.

A range of acceptable holdings under each asset class is determined at the investment policy level. The **asset allocation** primarily takes into account, the investment objectives, regulatory issues and the likely risk return matrix to obtain a potential return which is the highest achievable for the risk that is assumed. Within the strategic asset allocation, the fund managers determine the weights of the various asset classes; primarily factoring in the developing market scenarios.

Based on the investment objectives of each fund option, a rigorous **security selection** process is followed. The fixed income fund manager identifies cheaper securities across the yield curve and builds a basket of securities to arrive at the optimum level of yield within the range of pre-determined 'duration' for the entire portfolio after paying particular attention to the liquidity position and the liquidity premium on the securities. An active fund management style is followed on the equity portfolios. A core portfolio of stocks is first created driven by a top-down approach and a research based bottom-up stock selection method is followed.

Benchmarks are pre-determined for each fund based on the most appropriate indices available in the market or by constructing proxy benchmarks out of multiple indices. Performance of each fund is continuously tracked based on the benchmarks and recalibrated.

A statistical analysis is carried out to determine that the **risk levels** are in tune with the risk appetite of the particular fund. Statistical tools such as the standard deviation and risk-adjusted return measures such as the Sharpe Ratio are calculated in order to compare the returns generated per unit of risk vis-à-vis benchmarks.

The investment policy has been designed by the **Board** to cover regulatory guidelines, the various product investment objectives, risk appetite strategic asset allocation and the investment style. It is ensured that the portfolio is always kept compliant with the relevant regulations. Our rigorous processes and risk/compliance controls are well documented.

the analyst

Disclaimer

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