

fund snapshot

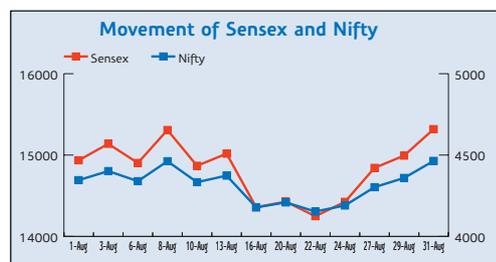
| asset allocation | funds | gross return (CAGR*) (%) as on August 31, 2007 | | | | date of inception |
|-------------------------------|---------------------|--|--------------|--------------|-----------------|-------------------|
| | | last 1 year | last 2 years | last 3 years | since inception | |
| 100 % equity | Ulip Equity | 29.99% | 37.64% | 38.74% | 36.99% | 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 | 15.76% | 18.16% | 18.17% | 17.52% | August, 2004 |
| 20% equity, 80% debt | Ulip Balanced | 11.82% | 12.23% | 12.19% | 12.29% | 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 | 8.43% | 7.29% | 6.58% | 6.05% | 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-august 2007



Market Review

Global markets dictated the trend on the Indian bourses in August. The Sensex closed the month by losing 1.5% at 15,319 points, while the Nifty closed at 4,464 points by losing 1.4%.

A host of factors like yen carry trade unwinding, FII selling and sub-prime concerns kept the market weak. A French bank freezing the funds that invested in the US sub-prime mortgages also added to the concerns. Political uncertainty on the Indo-US nuke deal also led to the volatility.

Strong GDP growth figures for the April-June quarter, declining inflation, easing of political worries and recovery in global markets boosted investor sentiment during the latter part of the month.

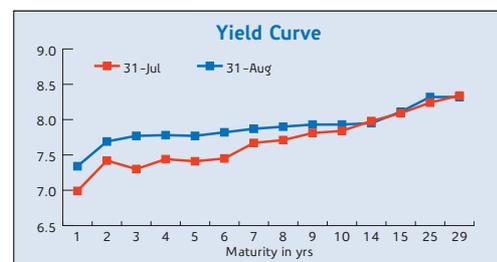
FII flows turned positive in the latter part of the month resulting in broad-based buying across segments, helping the indices trim their monthly losses. Stocks in sectors such as metal, banking and real estate performed well, while technology, FMCG and healthcare stocks were underperformers.

FII's were net sellers to the tune of Rs 7,770.50 crore. Mutual funds on the other hand were net buyers to the tune of Rs 4,179.50 crore. The Federal Reserve in response to concerns about the sub-prime lending crisis cut its discount rate (the interest rate it charges banks) by 50 basis point to 5.75% on August 17, 2007.

Outlook

Global market movements will continue to dictate the trend in the domestic market. Developments on the political front pertaining to the Indo-US nuclear deal will be keenly watched.

debt market update-august 2007



Market Review

The debt markets remained range-bound on ample liquidity in the system and easing inflation. The 10-year G-sec yield closed the month at 7.90% on back of higher overnight rates and bearish sentiment as compared to 7.85% in the beginning of the month. Call rates traded in the range of 0.10%-6.10%.

Liquidity remained positive during the month. The RBI sucked some liquidity through Market Stabilisation Scheme (MSS) and Rs 17,000 crore g-sec auction during the month.

Rupee remained mixed during the month amid a global sell-off fuelled by concerns about further deterioration in the US sub-prime credit markets. In latter part of the month the rupee appreciated as higher-than-expected economic growth figures raised market expectations of a pick up in capital flows. Rupee ended the month at 40.875/885 per dollar.

The domestic economy maintained its strong growth trajectory in the first quarter of 2007-08 by posting a real GDP growth of 9.3%. Industrial GDP maintained the trend of high growth rate, rising by 10.6% during the quarter. Since March 2006, the sector's quarterly growth has remained in double digit. All the segments of industrial sector recorded impressive growth in the first quarter of 2007-08. Manufacturing segment grew by 11.9%, as compared to 12.3% increase witnessed in the same quarter a year ago. Construction segment was up by 10.7%, showing a minor improvement over the 10.5% increase recorded during April-June 2006.

Inflation data released during the month was in the range of 3.94%-4.36%. This was due to fall in prices of food and primary products. US 10-year yield closed the month at 4.54% after Federal Reserve Chairman; Ben Bernanke reassured investors that the central bank would act as needed to limit the adverse effects of a credit crunch on the economy.

Outlook

Advance tax outflows during the month can make banking system liquidity tight and overnight rates may go up temporarily from current levels. We see short term rates of upto one year falling after touching high levels during August as fund based buying emerges. The 10-year benchmark yields may trade in the range of 7.75% to 8.00%.

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 August 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 | 29.99% | 30.76% | 14.90% | 14.49% | 1.68 | 1.78 |
| last 2 years (CAGR) | 37.64% | 36.82% | 20.61% | 20.61% | 1.58 | 1.54 |
| last 3 years (CAGR) | 38.74% | 39.86% | 19.50% | 19.33% | 1.73 | 1.80 |
| since inception (CAGR) | 36.99% | 38.58% | 19.37% | 19.14% | 1.65 | 1.75 |
| date of inception | | | august, 2004 | | | |

*CAGR: Compounded Annual Growth Rate

portfolio

security % to net assets 1-yr beta

equity

| | | |
|---------------------------------------|--------------|------|
| BANKING AND FINANCE | 15.20 | |
| ICICI BANK | 5.03 | 1.14 |
| STATE BANK OF INDIA | 4.86 | 1.24 |
| PUNJAB NATIONAL BANK | 3.28 | 1.19 |
| HDFC BANK | 2.03 | 1.01 |
| CAP GOODS/ENGINEERING | 14.88 | |
| ALSTOM PROJECTS INDIA | 3.82 | 1.28 |
| SIEMENS | 3.75 | 1.12 |
| LARSEN & TOUBRO | 3.66 | 1.12 |
| AREVA T&D INDIA | 3.29 | 1.07 |
| INGERSOLL RAND INDIA | 0.36 | 0.71 |
| METALS | 10.19 | |
| STERLITE | 4.03 | 1.31 |
| STEEL AUTHORITY OF INDIA | 3.82 | 1.31 |
| TATA STEEL | 2.34 | 1.21 |
| AUTOMOBILES | 9.91 | |
| MARUTI UDYOG | 6.07 | 0.96 |
| TATA MOTORS | 3.64 | 1.04 |
| PUNJAB TRACTORS | 0.20 | 0.38 |
| OIL REFINERIES | 9.23 | |
| RELIANCE INDUSTRIES | 8.17 | 1.00 |
| INDIAN OIL CORPORATION | 1.06 | 0.55 |
| PHARMACEUTICALS | 7.21 | |
| DIVIS LABORATORIES | 3.33 | 1.11 |
| RANBAXY LABORATORIES | 1.99 | 0.78 |
| CIPLA | 1.24 | 0.80 |
| LUPIN | 0.65 | 0.68 |
| IT | 6.92 | |
| INFOSYS TECHNOLOGIES | 3.79 | 0.77 |
| TATA CONSULTANCY SERVICES | 3.13 | 0.92 |
| CEMENT & CEMENT PRODUCTS | 5.41 | |
| GRASIM INDUSTRIES | 5.41 | 0.88 |
| OIL AND EXPLORATION | 4.86 | |
| ONGC CORPORATION | 4.86 | 0.94 |
| TELECOM | 3.91 | |
| BHARTI AIRTEL | 3.01 | 1.10 |
| RELIANCE COMMUNICATIONS | 0.90 | 1.35 |
| FMCG | 3.64 | |
| HINDUSTAN UNILEVER | 1.89 | 0.81 |
| ITC | 1.75 | 0.63 |
| FERTILIZERS | 2.69 | |
| GUJARAT NARMADA VALLEY FERTILIZERS | 1.45 | 0.99 |
| GUJARAT STATE FERTILIZERS & CHEMICALS | 1.24 | 0.76 |
| AUTO ANCILLARY | 1.53 | |
| AUTOMATIVE AXLES | 1.53 | 0.36 |
| AVIATION | 1.47 | |
| DECCAN AVIATION | 1.47 | 0.87 |
| TEXTILE | 1.42 | |
| ADITYA BIRLA NUVO | 1.42 | 0.89 |
| POWER | 0.39 | |
| NTPC | 0.39 | 0.67 |

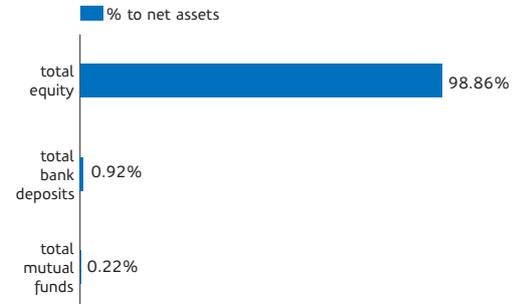
total equity 98.86

total bank deposits 0.92

total mutual funds 0.22

total net assets 100.00

asset allocation



fund characteristics as on August 31, 2007

Fund Beta: 1.02

NAV as on August 31, 2007

Reliance Market Return Plan(MRP) - Equity Fund Option: Rs 25.3676

Reliance Golden Year Plan(GYP)- Equity Fund Option: Rs 12.6417

Reliance Automatic Investment Plan(AIP) - Equity Fund Option: Rs 10.7017

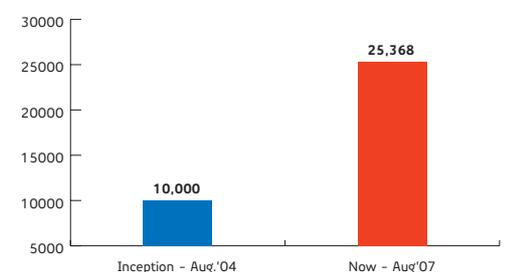
fund manager's report

Equity market remained highly volatile in the month of August. A meltdown in the global markets triggered a major sell-off on the domestic bourses. Keeping into consideration the risk profile of the scheme, the holding in equities was kept at 98.8%.

benchmark construction

S&P CNX Nifty: 100%

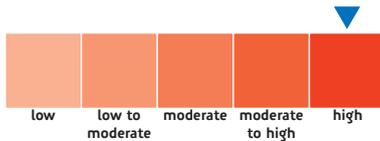
growth of initial investment of Rs 10,000 in MRP



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

fund manager's report

Equity market remained highly volatile in the month of August. A meltdown in the global markets triggered a major sell-off on the domestic bourses. Keeping into consideration the risk profile of the scheme, the holding in equities was kept at 77.56%.

This fund was recently launched. It has about 5% exposure to gilts, 15% exposure to corporate bonds and 5% exposure to short term assets like CDs and MFs. We may marginally increase the corporate bond exposure going forward.

benchmark construction

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

ULIP Super Growth Fund details as on August 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/1-yr beta |
|----------|-----------------|------------------|
|----------|-----------------|------------------|

corporate bonds

| | | |
|-----------------------------------|------|-----|
| 5.85% POWER FINANCE CORP 01-08-10 | 6.64 | AAA |
| 7% POWER FINANCE 24-12-11 | 3.25 | AAA |
| 10% NABARD NCD SER IX 14-05-12 | 2.08 | AAA |
| 9.25% POWER GRID CORP 09-02-13 | 1.68 | AAA |
| 9.76% IRFC 03-07-12 | 1.39 | AAA |

total corporate bonds 15.03

gilts

| | | SOVEREIGN |
|----------------------------------|------|-----------|
| 6.65% GOI 05-04-09 | 1.75 | |
| 11.99% GOI 07-04-09 | 0.73 | |
| 12% GOI 02-05-08 | 0.71 | |
| 8.07% GOI 15-01-17 | 0.69 | |
| 7.38% GOI 03-09-15 | 0.66 | |
| 7.44% GOI OIL SPL. BOND 23-03-12 | 0.66 | |

total gilts 5.20

equity

| | | |
|---------------------------------------|--------------|------|
| BANKING AND FINANCE | 12.40 | |
| ICICI BANK | 4.27 | 1.14 |
| STATE BANK OF INDIA | 3.86 | 1.24 |
| PUNJAB NATIONAL BANK | 2.46 | 1.19 |
| HDFC BANK | 1.81 | 1.01 |
| CAP GOODS/ENGINEERING | 10.60 | |
| ALSTOM PROJECTS INDIA | 3.55 | 1.28 |
| SIEMENS | 2.45 | 1.12 |
| LARSEN & TOUBRO | 2.19 | 1.12 |
| AREVA T&D INDIA | 2.14 | 1.07 |
| INGERSOLL RAND INDIA | 0.27 | 0.71 |
| AUTOMOBILES | 8.01 | |
| MARUTI UDYOG | 4.89 | 0.96 |
| TATA MOTORS | 3.09 | 1.04 |
| PUNJAB TRACTORS | 0.03 | 0.38 |
| OIL REFINERIES | 7.56 | |
| RELIANCE INDUSTRIES | 6.62 | 1.00 |
| INDIAN OIL CORPORATION | 0.94 | 0.55 |
| METALS | 7.55 | |
| STERLITE INDUSTRIES | 3.18 | 1.31 |
| STEEL AUTHORITY OF INDIA | 2.93 | 1.31 |
| TATA STEEL | 1.44 | 1.21 |
| IT | 5.82 | |
| INFOSYS TECHNOLOGIES | 3.15 | 0.77 |
| TATA CONSULTANCY SERVICES | 2.67 | 0.92 |
| PHARMACEUTICALS | 5.73 | |
| DIVIS LABORATORIES | 2.82 | 1.11 |
| RANBAXY LABORATORIES | 1.44 | 0.78 |
| CIPLA | 0.94 | 0.80 |
| LUPIN | 0.49 | 0.68 |
| SUN PHARMACEUTICALS | 0.04 | 0.60 |
| CEMENT & CEMENT PRODUCTS | 4.44 | |
| GRASIM INDUSTRIES | 4.44 | 0.88 |
| OIL AND EXPLORATION | 3.75 | |
| ONGC CORPORATION | 3.75 | 0.94 |
| FMCG | 3.25 | |
| HINDUSTAN UNILEVER | 1.66 | 0.81 |
| ITC | 1.59 | 0.63 |
| TELECOM | 2.52 | |
| BHARTI AIRTEL | 2.43 | 1.10 |
| RELIANCE COMMUNICATIONS | 0.09 | 1.35 |
| FERTILIZERS | 2.19 | |
| GUJARAT NARMADA VALLEY FERTILIZERS | 1.16 | 0.99 |
| GUJARAT STATE FERTILIZERS & CHEMICALS | 1.03 | 0.76 |
| AVIATION | 1.19 | |
| DECCAN AVIATION | 1.19 | 0.87 |
| TEXTILES | 1.13 | |
| ADITYA BIRLA NUVO | 1.13 | 0.89 |
| AUTO ANCILLARY | 1.11 | |
| AUTOMATIVE AXLES | 1.11 | 0.36 |
| POWER | 0.30 | |
| NTPC | 0.30 | 0.67 |

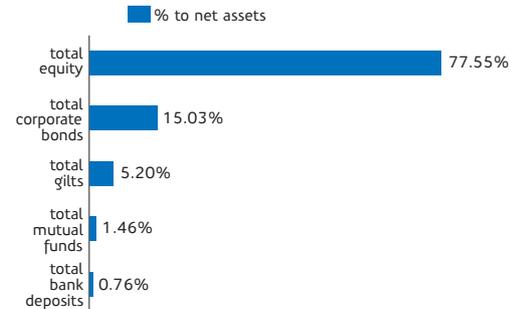
total equity 77.55

total bank deposits 0.76

total mutual funds 1.46

total net assets 100.00

asset allocation



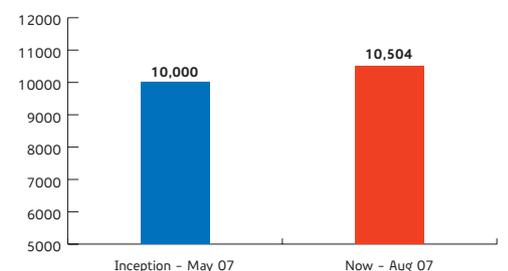
fund characteristics as on August 31, 2007

| | |
|-------------------------------|------------|
| M.Duration of debt portfolio: | 1.96 years |
| YTM of debt portfolio: | 8.80 % |
| Beta of equity portfolio: | 1.02 |

NAV as on August 31, 2007

Reliance Automatic Investment Plan (AIP)- A Option: Rs 10.6082

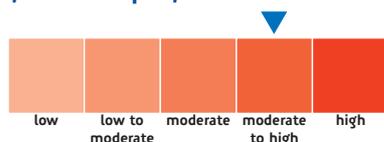
growth of initial investment of Rs 10,000 in AIP



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

Equity market remained highly volatile in the month of August. A meltdown in the global markets triggered a major sell-off on the domestic bourses. Keeping into consideration the risk profile of the scheme, the holding in equities was kept at 59.2%.

The allocation to gilts was reduced marginally to 10%. The allocation to short term assets also was at around 8%, similar to that of the previous month. The allocation to corporate bonds was also constant at around 21% of the portfolio. We intend to add corporate bonds as and when they become available.

benchmark construction

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

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 |
|----------|-----------------|----------------------|
|----------|-----------------|----------------------|

corporate bonds

| | | |
|---------------------------------------|------|-----|
| 10.20% HDFC 13-04-10 | 3.16 | AAA |
| 9.80% POWER FINANCE CORP 22-03-12 | 3.13 | AAA |
| 8.90% CITIFINANCIAL CONSUMER 25-08-09 | 3.03 | AAA |
| 6.31% EXIM BANK 17-01-10 | 2.91 | AAA |
| 8.25% IDBI OMNI BOND SER III 26-05-11 | 1.42 | AA+ |
| 10.75% IL&FS SER XI 29-03-09 | 1.27 | AAA |
| 9.50% INDIAN HOTELS 28-02-12 | 1.23 | AA+ |
| 7.20% RECL 17-09-11 | 1.15 | AAA |
| 10.05% NABARD 11-06-14 | 0.63 | AAA |
| 10.10% POWER GRID CORP 12-06-12 | 0.63 | AAA |
| 10.10% POWER GRID CORP 12-06-11 | 0.63 | AAA |
| 9.76% IRFC 03-07-12 | 0.63 | AAA |
| 10% NABARD 18-06-10 | 0.63 | AAA |
| 7.60% ICICI BANK 30-12-15 | 0.33 | AAA |

total corporate bonds 20.80

gilts

| | | SOVEREIGN |
|--------------------|------|-----------|
| 7.37% GOI 16-04-14 | 3.65 | |
| 9.39% GOI 02-07-11 | 3.26 | |
| 6.65% GOI 05-04-09 | 3.07 | |
| 8.07% GOI 15-01-17 | 0.11 | |

total gilts 10.09

equity

| | | N.A. |
|---------------------------------------|-------------|------|
| BANKING AND FINANCE | 9.47 | |
| STATE BANK OF INDIA | 3.28 | 1.24 |
| ICICI BANK | 3.08 | 1.14 |
| PUNJAB NATIONAL BANK | 1.87 | 1.19 |
| HDFC BANK | 1.24 | 1.01 |
| CAP GOODS/ENGINEERING | 8.52 | |
| ALSTOM PROJECTS INDIA | 2.38 | 1.28 |
| LARSEN & TOUBRO | 2.24 | 1.12 |
| SIEMENS | 2.14 | 1.12 |
| AREVA T&D INDIA | 1.55 | 1.07 |
| INGERSOLL RAND INDIA | 0.21 | 0.71 |
| AUTOMOBILES | 6.16 | |
| MARUTI UDYOG | 3.67 | 0.96 |
| TATA MOTORS | 2.35 | 1.04 |
| PUNJAB TRACTORS | 0.14 | 0.38 |
| METALS | 5.99 | |
| STERLITE INDUSTRIES | 2.43 | 1.31 |
| STEEL AUTHORITY OF INDIA | 2.19 | 1.31 |
| TATA STEEL | 1.37 | 1.21 |
| OIL REFINERIES | 5.51 | |
| RELIANCE INDUSTRIES | 4.85 | 1.00 |
| INDIAN OIL CORPORATION | 0.66 | 0.55 |
| PHARMACEUTICALS | 4.46 | |
| DIVIS LABORATORIES | 2.08 | 1.11 |
| RANBAXY LABORATORIES | 1.20 | 0.78 |
| CIPLA | 0.73 | 0.80 |
| LUPIN | 0.40 | 0.68 |
| SUN PHARMACEUTICALS | 0.05 | 0.60 |
| IT | 4.10 | |
| INFOSYS TECHNOLOGIES | 2.19 | 0.77 |
| TATA CONSULTANCY SERVICES | 1.91 | 0.92 |
| CEMENT & CEMENT PRODUCTS | 3.23 | |
| GRASIM INDUSTRIES | 3.23 | 0.88 |
| OIL AND EXPLORATION | 3.00 | |
| ONGC CORPORATION | 3.00 | 0.94 |
| FMCG | 2.31 | |
| HINDUSTAN UNILEVER | 1.27 | 0.81 |
| ITC | 1.04 | |
| TELECOM | 2.07 | |
| BHARTI AIRTEL | 1.68 | 1.10 |
| RELIANCE COMMUNICATIONS | 0.39 | 1.35 |
| FERTILIZERS | 1.63 | |
| GUJARAT NARMADA VALLEY FERTILIZERS | 0.87 | 0.99 |
| GUJARAT STATE FERTILIZERS & CHEMICALS | 0.76 | 0.76 |
| AVIATION | 0.88 | |
| DECCAN AVIATION | 0.88 | 0.87 |
| TEXTILES | 0.85 | |
| ADITYA BIRLA NUVO | 0.85 | 0.89 |
| AUTO ANCILLARY | 0.79 | |
| AUTOMATIVE AXLES | 0.79 | 0.36 |
| POWER | 0.23 | |
| NTPC | 0.23 | 0.67 |

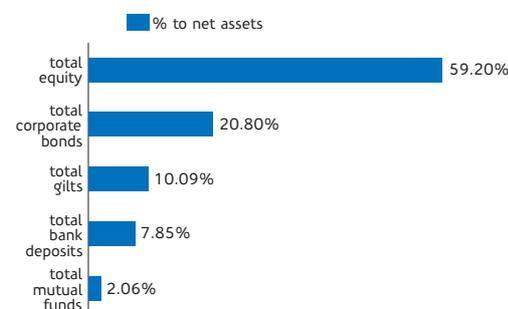
total equity 59.20

total bank deposits 7.85

total mutual funds 2.06

total net assets 100.00

asset allocation



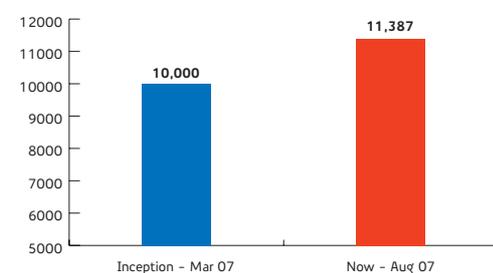
fund characteristics as on August 31, 2007

M.Duration of debt portfolio: 2.27 years
YTM of debt portfolio: 9.15 %
Beta of equity portfolio: 1.02

NAV as on August 31, 2007

Reliance Money Gurantee Plan (MGP)- F Option:
Rs 11.3871

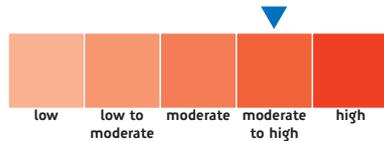
growth of initial investment of Rs 10,000 in MGP



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

Equity market remained highly volatile in the month of August. A meltdown in the global markets triggered a major sell-off on the domestic bourses. Keeping into consideration the risk profile of the scheme, the holding in equities was kept at 48.2%.

The allocation to gilts was declined from 16% to 9% as we switched to corporate bonds. Allocation to short term assets declined substantially to 8% from 19% in the previous month as inflows were deployed. Therefore allocation to corporate bonds was increased to 34% in August from 24% in July. This was in line with our strategy of reducing cash and increasing allocation to corporate bonds.

benchmark construction

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

ULIP Growth Plus Fund

details as on August 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 | march, 2007 | | | | | |

portfolio

| security | % to net assets | rating/1-yr beta |
|----------|-----------------|------------------|
|----------|-----------------|------------------|

corporate bonds

| | | |
|---------------------------------------|------|-----|
| 5.85% POWER FINANCE CORP 01-08-10 | 8.13 | AAA |
| 9.20% IL&FS SER VI 23-04-08 | 7.34 | AAA |
| 7% POWER FINANCE 24-12-11 | 5.59 | AAA |
| 7.60% ICICI BANK 30-12-15 | 5.24 | AAA |
| 8.50% EXIM BANK 26-09-11 | 2.83 | AAA |
| 10.10% POWER GRID CORP 12-06-11 | 1.86 | AAA |
| 10% NABARD SER IX 14-05-12 | 1.49 | AAA |
| 8.90% CITIFINANCIAL CONSUMER 05-08-09 | 1.46 | AAA |

total corporate bonds 33.94

gilts

| | | SOVEREIGN |
|---------------------------------|------|-----------|
| 7.37% GOI 16-04-14 | 3.58 | |
| 12% GOI 02-05-08 | 1.97 | |
| 7.38% GOI 03-09-15 | 1.43 | |
| 7.44% GOI SPL.OIL BOND 23-03-12 | 1.42 | |
| 11.99% GOI 07-04-09 | 0.42 | |

total gilts 8.82

equity

| | | |
|---------------------------------------|------|------|
| BANKING AND FINANCE | 8.15 | |
| ICICI BANK | 3.08 | 1.14 |
| STATE BANK OF INDIA | 2.48 | 1.24 |
| PUNJAB NATIONAL BANK | 1.50 | 1.19 |
| HDFC BANK | 1.09 | 1.01 |
| CAP GOODS/ENGINEERING | 6.80 | |
| ALSTOM PROJECTS INDIA | 1.99 | 1.28 |
| SIEMENS | 1.70 | 1.12 |
| LARSEN & TOUBRO | 1.66 | 1.12 |
| AREVA T&D INDIA | 1.28 | 1.07 |
| INGERSOLL RAND INDIA | 0.17 | 1.71 |
| AUTOMOBILES | 4.94 | |
| MARUTI UDYOG | 3.02 | 0.96 |
| TATA MOTORS | 1.90 | 1.04 |
| PUNJAB TRACTORS | 0.02 | 0.38 |
| METALS | 4.67 | |
| STERLITE | 1.98 | 1.31 |
| STEEL AUTHORITY OF INDIA | 1.78 | 1.31 |
| TATA STEEL | 0.91 | 1.21 |
| OIL REFINERIES | 4.63 | |
| RELIANCE INDUSTRIES | 4.07 | 1.00 |
| INDIAN OIL CORPORATION | 0.56 | 0.55 |
| PHARMACEUTICALS | 3.51 | |
| DIVIS LABORATORIES | 1.71 | 1.11 |
| RANBAXY LABORATORIES | 0.90 | 0.78 |
| CIPLA | 0.59 | 0.80 |
| LUPIN | 0.31 | 0.68 |
| IT | 3.39 | |
| INFOSYS TECHNOLOGIES | 1.79 | 0.77 |
| TATA CONSULTANCY SERVICES | 1.60 | 0.92 |
| CEMENT & CEMENT PRODUCTS | 2.61 | |
| GRASIM INDUSTRIES | 2.61 | 0.88 |
| OIL AND EXPLORATION | 2.44 | |
| ONGC CORPORATION | 2.44 | 0.94 |
| FMCG | 1.94 | |
| HINDUSTAN UNILEVER | 1.02 | 0.81 |
| ITC | 0.92 | 0.63 |
| TELECOM | 1.49 | |
| BHARTI AIRTEL | 1.42 | 1.10 |
| RELIANCE COMMUNICATIONS | 0.07 | 1.35 |
| FERTILIZERS | 1.35 | |
| GUJARAT NARMADA VALLEY FERTILIZERS | 0.71 | 0.99 |
| GUJARAT STATE FERTILIZERS & CHEMICALS | 0.64 | 0.76 |
| AVIATION | 0.73 | |
| DECCAN AVIATION | 0.73 | 0.87 |
| TEXTILES | 0.70 | |
| ADITYA BIRLA NUVO | 0.70 | 0.89 |
| AUTO ANCILLARY | 0.65 | |
| AUTOMATIVE AXLES | 0.65 | 0.36 |
| POWER | 0.19 | |
| NTPC | 0.19 | 0.67 |

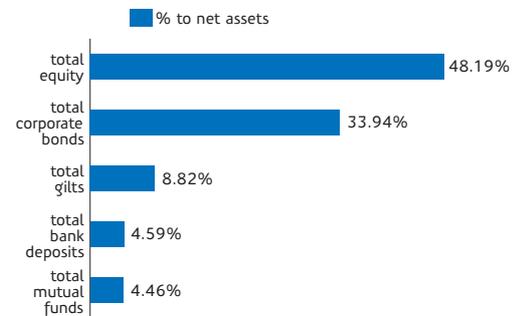
total equity 48.19

total bank deposits 4.59

total mutual funds 4.46

total net assets 100.00

asset allocation



fund characteristics as on August 31, 2007

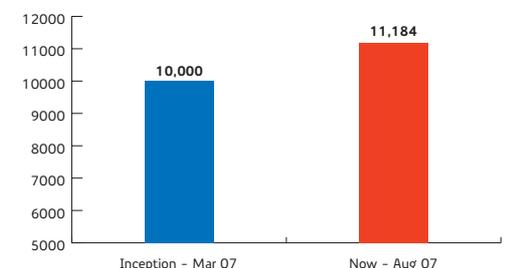
| | |
|-------------------------------|------------|
| M.Duration of debt portfolio: | 2.12 years |
| YTM of debt portfolio: | 8.74 % |
| Beta of equity portfolio: | 1.02 |

NAV as on August 31, 2007

Reliance Money Guarantee Plan (MGP)- E Option: Rs 11.1838

Reliance Automatic Investment Plan (AIP)- B Option: Rs 10.5223

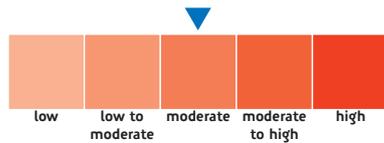
growth of initial investment of Rs 10,000 in MGP



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

Equity market remained highly volatile in the month of August. A meltdown in the global markets triggered a major sell-off on the domestic bourses. Keeping into consideration the risk profile of the scheme, the holding in equities was kept at 39.8%.

The allocation to corporate bonds was maintained at 30.5% in August. The G-sec allocation was around 25%. The allocation to short term bank deposits and mutual funds was brought down further to 4% from 5% of the portfolio. We intend to add bonds during the month to take advantage of the attractive spread over G-secs.

benchmark construction

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

ULIP Growth Fund

details as on August 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 | 15.76% | 15.99% | 6.99% | 6.48% | 1.54 | 1.70 |
| last 2 years (CAGR) | 18.16% | 17.83% | 8.58% | 8.42% | 1.53 | 1.52 |
| last 3 years (CAGR) | 18.17% | 17.73% | 7.99% | 7.73% | 1.65 | 1.65 |
| since inception (CAGR) | 17.52% | 17.23% | 7.94% | 7.66% | 1.58 | 1.60 |
| date of inception | | | august, 2004 | | | |

*CAGR: Compounded Annual Growth Rate

portfolio

| security | % to net assets | rating/ 1-yr beta |
|----------|-----------------|----------------------|
|----------|-----------------|----------------------|

corporate bonds

| | | |
|--|------|-----|
| 9.20% IL&FS SER VI 23-04-08 | 4.36 | AAA |
| 9.50% INDIAN HOTELS 28-02-12 | 3.67 | AA+ |
| 7.15% IND OIL BOND 10-06-12 | 2.53 | AAA |
| 10.05% NABARD 11-06-14 | 2.53 | AAA |
| 10.20% HDFC 13-04-10 | 2.52 | AAA |
| 8.25% IDBI OMNI BOND SER III 26-05-11 | 2.13 | AA+ |
| 6.50% HINDALCO 06-09-09 | 2.11 | AA |
| 11.03% TML FINANCIAL SERVICES 22-06-09 | 1.65 | AA+ |
| 10.10% POWER GRID CORP 12-06-12 | 1.27 | AAA |
| 10% NABARD SER IX 14-05-12 | 1.26 | AAA |
| 9% TATA SONS 27-07-10 | 1.23 | AAA |
| 8.40% EXIM BANK 28-09-10 | 1.21 | AAA |
| 7.39% POWER GRID CORP 22-09-11 | 1.15 | AAA |
| 9.00% SUNDARAM FINANCE 17-08-09 | 1.11 | AA+ |
| 6.25% ULTRATECH CEMENT 25-06-09 | 1.06 | AA+ |
| 7.60% ICICI BANK 30-12-15 | 0.55 | AAA |

total corporate bonds 30.33

gilts

| | | SOVEREIGN |
|----------------------------------|------|-----------|
| 7.44% GOI SPL.OIL BOND 23-03-12 | 5.18 | |
| 11.99% GOI 07-04-09 | 3.50 | |
| 7.49% GOI 16-04-17 | 3.02 | |
| 7.37% GOI 16-04-14 | 2.77 | |
| 7.33% GOI OIL COMP BOND 07-03-09 | 2.51 | |
| 11.40% GOI 31-08-08 | 1.29 | |
| 7.38% GOI 03-09-15 | 0.56 | |

total gilts 18.84

equity

| | | |
|---------------------------------------|-------------|------|
| BANKING AND FINANCE | 6.07 | |
| ICICI BANK | 2.03 | 1.14 |
| STATE BANK OF INDIA | 1.95 | 1.24 |
| PUNJAB NATIONAL BANK | 1.28 | 1.19 |
| HDFC BANK | 0.81 | 1.01 |
| CAP GOODS/ENGINEERING | 5.78 | |
| ALSTOM PROJECTS INDIA | 1.72 | 1.28 |
| LARSEN & TOUBRO | 1.46 | 1.12 |
| AREVA T&D INDIA | 1.23 | 1.07 |
| SIEMENS | 1.23 | 1.12 |
| INGERSOLL RAND INDIA | 0.14 | 0.71 |
| AUTOMOBILES | 4.08 | |
| MARUTI UDYOG | 2.43 | 0.96 |
| TATA MOTORS | 1.52 | 1.04 |
| PUNJAB TRACTORS | 0.13 | 0.38 |
| METALS | 4.03 | |
| STERLITE | 1.64 | 1.31 |
| STEEL AUTHORITY OF INDIA | 1.47 | 1.31 |
| TATA STEEL | 0.92 | 1.21 |
| OIL REFINERIES | 3.70 | |
| RELIANCE INDUSTRIES | 3.28 | 1.00 |
| INDIAN OIL CORPORATION | 0.42 | 0.55 |
| PHARMACEUTICALS | 2.92 | |
| DIVIS LABORATORIES | 1.36 | 1.11 |
| RANBAXY LABORATORIES | 0.81 | 0.78 |
| CIPLA | 0.49 | 0.80 |
| LUPIN | 0.26 | 0.68 |
| IT | 2.76 | |
| TATA CONSULTANCY SERVICES | 1.26 | 0.77 |
| INFOSYS TECHNOLOGIES | 1.50 | 0.92 |
| CEMENT & CEMENT PRODUCTS | 2.20 | |
| GRASIM INDUSTRIES | 2.20 | 0.88 |
| OIL AND EXPLORATION | 1.96 | |
| ONGC CORPORATION | 1.96 | 0.94 |
| TELECOM | 1.83 | |
| BHARTI AIRTEL | 1.20 | 1.10 |
| RELIANCE COMMUNICATIONS | 0.63 | 1.35 |
| FMCG | 1.52 | |
| HINDUSTAN UNILEVER | 0.83 | 0.81 |
| ITC | 0.69 | 0.63 |
| FERTILIZERS | 1.09 | |
| GUJARAT NARMADA VALLEY FERTILIZERS | 0.59 | 0.99 |
| GUJARAT STATE FERTILIZERS & CHEMICALS | 0.50 | 0.76 |
| AVIATION | 0.58 | |
| DECCAN AVIATION | 0.58 | 0.87 |
| AUTO ANCILLARY | 0.58 | |
| AUTOMATIVE AXLES | 0.58 | 0.36 |
| TEXTILES | 0.57 | |
| ADITYA BIRLA NUVO | 0.57 | 0.89 |
| POWER | 0.16 | |
| NTPC | 0.16 | 0.67 |

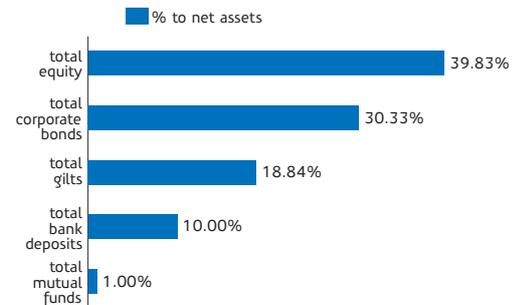
total equity 39.83

total bank deposits 10.00

total mutual funds 1.00

total net assets 100.00

asset allocation



fund characteristics as on August 31, 2007

| | |
|-------------------------------|------------|
| M.Duration of debt portfolio: | 2.66 years |
| YTM of debt portfolio: | 8.84 % |
| Beta of equity portfolio: | 1.02 |

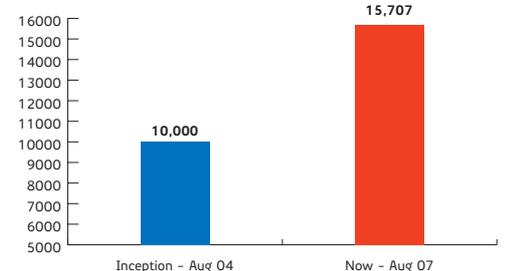
NAV as on August 31, 2007

Reliance Market Return Plan (MRP) - Growth Fund Option: Rs 15.7074

Reliance Golden Year Plan (GYP) - Growth Fund Option: Rs 12.5035

Reliance Money Guarantee Plan (MGP) - D Option : Rs 11.0741

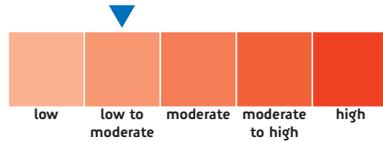
growth of initial investment of Rs 10,000 in MRP



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

Equity market remained highly volatile in the month of August. A meltdown in the global markets triggered a major sell-off on the domestic bourses. Keeping into consideration the risk profile of the scheme, the holding in equities was kept at 20%.

The allocation to gilts was reduced further to 22% compared to 28% earlier as we sold g-secs and added high yielding bonds. As a result the allocation to corporate bonds was increased further to 47% from 42% in July 2007 as bonds continued to give attractive spreads of around 150 bps over gilts. New bonds of Exim Bank and IRFC were added to the portfolio. The allocation to short-term bank deposits and mutual funds was reduced to around 6%. We plan to further increase the bond portfolio as fresh inflows are expected during the month of September.

benchmark construction

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

ULIP Balanced Fund

details as on August 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 | 11.82% | 11.27% | 4.54% | 3.87% | 1.50 | 1.62 |
| last 2 years (CAGR) | 12.23% | 11.69% | 4.85% | 4.44% | 1.49 | 1.51 |
| last 3 years (CAGR) | 12.19% | 11.50% | 4.43% | 4.05% | 1.62 | 1.61 |
| since inception (CAGR) | 12.29% | 10.54% | 4.16% | 4.23% | 1.75 | 1.31 |
| date of inception | | | february, 2003 | | | |

*CAGR: Compounded Annual Growth Rate

portfolio

| security | % to net assets | rating/ 1-yr beta |
|----------|-----------------|----------------------|
|----------|-----------------|----------------------|

corporate bonds

| | | |
|--|------|-----|
| 8.40% EXIM BANK 28-09-10 | 3.52 | AAA |
| 9.50% INDIAN HOTELS 28-02-12 | 3.46 | AA+ |
| 10.10% POWER GRID CORP 12-06-12 | 3.15 | AAA |
| 10.20% HDFC 13-04-10 | 3.15 | AAA |
| 11.03% TML FINANCIAL SERVICES 22-06-09 | 2.64 | AA+ |
| 8.25% IDBI OMNI BOND SER III 26-05-11 | 2.26 | AA+ |
| 9.68% IRFC 03-07-10 | 2.19 | AAA |
| 7.39% POWER GRID CORP 22-09-11 | 2.11 | AAA |
| 10.05% NABARD 11-06-14 | 2.10 | AAA |
| 10% NABARD 18-06-10 | 2.09 | AAA |
| 8.90% CITIFINANCIAL CONSUMER 05-08-09 | 2.07 | AAA |
| 9% TATA SONS 27-07-10 | 2.04 | AAA |
| 9.80% POWER FINANCE CORP 22-03-12 | 1.98 | AAA |
| 6.25% ULTRATECH CEMENT 25-06-09 | 1.95 | AA+ |
| 0% IDFC 27-06-08 | 1.92 | AAA |
| 9.00% SUNDARAM FINANCE 17-08-09 | 1.84 | AA+ |
| 10.75% IL&FS SER XI 29-03-09 | 1.58 | AAA |
| 10% NABARD SER IX 14-05-12 | 1.57 | AAA |
| 7.15% IND OIL BOND 10-06-12 | 1.56 | AAA |
| 7.60% ICICI BANK 30-12-15 | 1.38 | AAA |
| 9.20% IL&FS SER VI 23-04-08 | 1.03 | AAA |
| 7.20% RECL 17-09-11 | 0.95 | AAA |
| 9.76% IRFC 03-07-12 | 0.94 | AAA |

total corporate bonds 47.51

gilts

| | | SOVEREIGN |
|---------------------------------------|------|-----------|
| 7.37% GOI 16-04-14 | 6.15 | |
| 7.44% GOI SPL.OIL BOND 23-03-12 | 3.04 | |
| 7.49% GOI 16-04-17 | 2.51 | |
| 7.38% GOI 03-09-15 | 2.01 | |
| 8.07% GOI 15-01-17 | 1.99 | |
| 7.33% GOI OIL COMP BOND 07-03-09 | 1.92 | |
| 6.65% GOI 05-04-09 | 1.53 | |
| 6.96% GOI OIL COMP SPL. BOND 30-03-09 | 0.97 | |
| 11.99% GOI 07-04-09 | 0.90 | |
| 11.40% GOI 31-08-08 | 0.82 | |
| 9.39% GOI 02-07-11 | 0.22 | |

total gilts 22.06

equity

| | | |
|---------------------------------------|------|------|
| BANKING AND FINANCE | | |
| ICICI BANK | 1.04 | 1.14 |
| STATE BANK OF INDIA | 1.00 | 1.24 |
| PUNJAB NATIONAL BANK | 0.68 | 1.19 |
| HDFC BANK | 0.42 | 1.01 |
| CAP. GOODS/ENGINEERING | | |
| ALSTOM PROJECTS INDIA | 0.88 | 1.28 |
| LARSEN & TOUBRO | 0.75 | 1.12 |
| AREVA T&D INDIA | 0.62 | 1.07 |
| SIEMENS | 0.62 | 1.12 |
| INGERSOLL RAND INDIA | 0.07 | 0.71 |
| AUTOMOBILES | | |
| MARUTI UDYOG | 1.24 | 0.96 |
| TATA MOTORS | 0.78 | 1.04 |
| PUNJAB TRACTORS | 0.05 | 0.38 |
| METALS | | |
| STERLITE INDUSTRIES | 0.83 | 1.31 |
| STEEL AUTHORITY OF INDIA | 0.74 | 1.31 |
| TATA STEEL | 0.46 | 1.21 |
| OIL REFINERIES | | |
| RELIANCE INDUSTRIES | 1.67 | 1.00 |
| INDIAN OIL CORPORATION | 0.22 | 0.55 |
| PHARMACEUTICALS | | |
| DIVIS LABORATORIES | 0.70 | 1.11 |
| RANBAXY LABORATORIES | 0.41 | 0.78 |
| CIPLA | 0.25 | 0.80 |
| LUPIN | 0.13 | 0.68 |
| IT | | |
| INFOSYS TECHNOLOGIES | 0.77 | 0.77 |
| TATA CONSULTANCY SERVICES | 0.65 | 0.92 |
| CEMENT & CEMENT PRODUCTS | | |
| GRASIM INDUSTRIES | 1.12 | 0.88 |
| OIL AND EXPLORATION | | |
| ONGC CORPORATION | 1.00 | 0.94 |
| FMCG | | |
| HINDUSTAN UNILEVER | 0.44 | 0.81 |
| ITC | 0.35 | 0.63 |
| TELECOM | | |
| BHARTI AIRTEL | 0.62 | 1.10 |
| RELIANCE COMMUNICATIONS | 0.13 | 1.35 |
| FERTILIZERS | | |
| GUJARAT NARMADA VALLEY FERTILIZERS | 0.30 | 0.99 |
| GUJARAT STATE FERTILIZERS & CHEMICALS | 0.26 | 0.76 |
| AVIATION | | |
| DECCAN AVIATION | 0.30 | 0.87 |
| AUTO ANCILLARY | | |
| AUTOMATIVE AXLES | 0.30 | 0.36 |
| TEXTILES | | |
| ADITYA BIRLA NUVO | 0.29 | 0.89 |
| POWER | 0.08 | |
| NTPC | 0.08 | 0.67 |

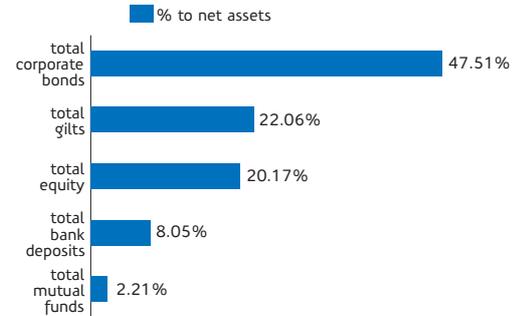
total equity 20.17

total bank deposits 8.05

total mutual funds 2.21

total net assets 100.00

asset allocation



fund characteristics as on August 31, 2007

| | |
|-------------------------------|------------|
| M.Duration of debt portfolio: | 2.72 years |
| YTM of debt portfolio: | 9.25 % |
| Beta of equity portfolio: | 1.02 |

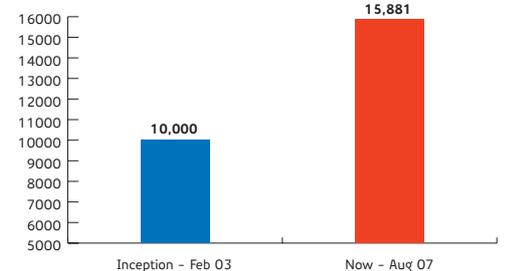
NAV as on August 31, 2007

Reliance Market Return Plan (MRP) - Balanced Fund Option: Rs 13.5692

Reliance Golden Year Plan (GYP) - Balanced Fund Option: Rs 13.5745

Reliance Money Guarantee Plan-D Option: Rs 10.3764

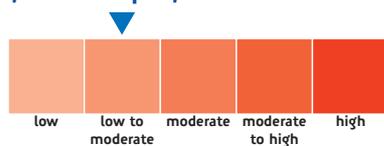
growth of initial investment of Rs 10,000 in MRP



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

This fund was launched in May 2007. This fund mainly invests in corporate bonds as the name suggests. The exposure to corporate bonds is at around 67% as on August. The balance amount of 33% is 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 as the fund has volatile flows.

benchmark construction

CRISIL Composite Bond Index:100%

ULIP Corporate Bond Fund

details as on August 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

| | | |
|-----------------------------------|-------|-----|
| 5.85% POWER FINANCE CORP 01-08-10 | 36.96 | AAA |
| 7.10% POWER GRID CORP 18-02-09 | 17.85 | AAA |
| 10% NABARD NCD SER IX 14-05-12 | 6.21 | AAA |
| 7% POWER FINANCE 24-12-11 | 5.84 | AAA |

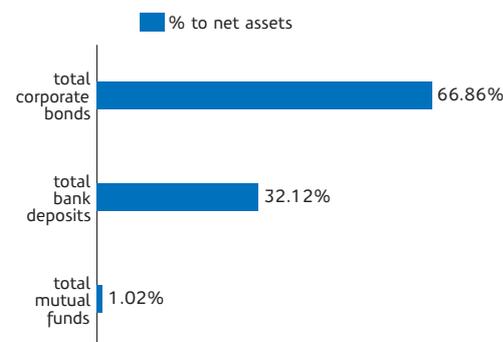
total corporate bonds 66.86

total bank deposits 32.12

total mutual funds 1.02

total net assets 100.00

asset allocation



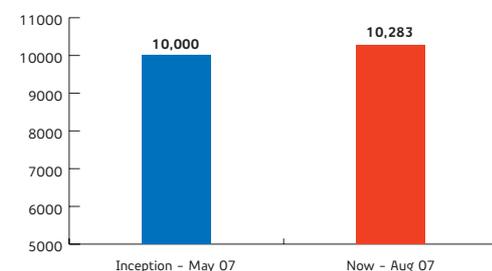
fund characteristics as on August 31, 2007

M.Duration of debt portfolio: 0.98 years
YTM of debt portfolio: 9.09 %

NAV as on August 31, 2007

Reliance Automatic Investment Plan (AIP)- Corporate Bond Fund Option: Rs 10.2936

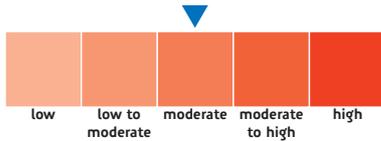
growth of initial investment of Rs 10,000 in AIP



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

In line with our strategy, the exposure to gilts was reduced to 31% in August from 35% in the previous month and the exposure to corporate bonds was increased from 44% in July to 50% in August. The exposure to short term assets was marginally reduced to around 17%. We intend to switch from G-secs to bonds as and when attractive investments are available.

benchmark construction

CRISIL Composite Bond Index:100%

ULIP Pure Debt Fund

details as on August 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

| | | |
|--|-------|-----|
| 5.85% POWER FINANCE CORP 01-08-10 | 19.43 | AAA |
| 6% RECL 31-01-10 | 13.75 | AAA |
| 9% TATA SONS 27-07-10 | 5.71 | AAA |
| 8.50% EXIM BANK 26-09-11 | 5.58 | AAA |
| 10.10% POWER GRID CORP 12-06-11 | 2.94 | AAA |
| 11.03% TML FINANCIAL SERVICES 22-06-09 | 2.36 | AA+ |

total corporate bonds 49.77

gilts

| | | SOVEREIGN |
|---------------------|-------|-----------|
| 12% GOI 02-05-08 | 17.90 | |
| 6.65% GOI 05-04-09 | 10.15 | |
| 11.99% GOI 07-04-09 | 1.60 | |
| 11.40% GOI 31-08-08 | 1.32 | |

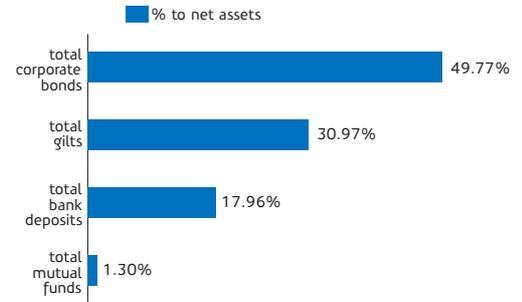
total gilts 30.97

total bank deposits 17.96

total mutual funds 1.30

total net assets 100.00

asset allocation



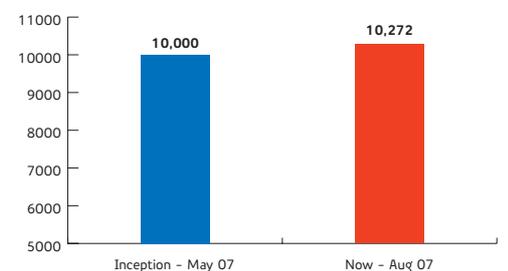
fund characteristics as on August 31, 2007

M.Duration of debt portfolio: 0.98 years
YTM of debt portfolio: 8.40 %

NAV as on August 31, 2007

Reliance Money Guarantee Plan (MGP) – Return Shield Option: Rs 10.3009

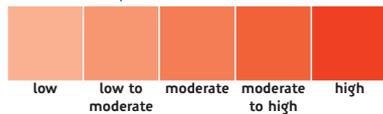
growth of initial investment of Rs 10,000 in MGP



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 constant at around 68% at the end of August. The allocation to short term assets like Bank FDs, CDs and MFs was at around 32% of the portfolio. The percentage to cash has been kept high as investors have the option to switch over to other funds every week and therefore the liquidity requirement is higher than that of the other funds. We intend to actively manage duration of this fund which is currently on the lower side.

benchmark construction

I-Sec Composite Sovereign Bond Index: 100%

ULIP Gilt Fund

details as on August 31, 2007

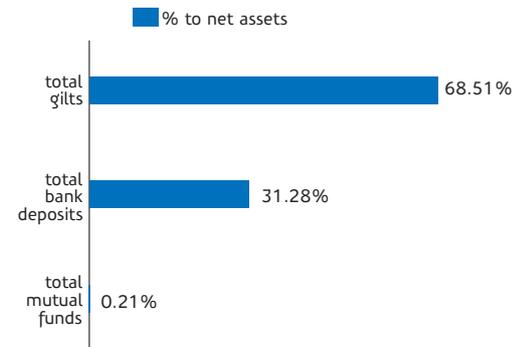
fund performance

| 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 | |
| 12% GOI 02-05-08 | 20.23 |
| 11.99% GOI 07-04-09 | 17.41 |
| 9.39% GOI 02-07-11 | 16.52 |
| 8.07% GOI 15-01-17 | 9.87 |
| 11.40% GOI 31-08-08 | 4.48 |
| total gilts | 68.51 |
| total bank deposits | 31.28 |
| total mutual funds | 0.21 |
| total net assets | 100.00 |

asset allocation



fund characteristics as on August 31, 2007

M.Duration of debt portfolio: 1.60 years
YTM of debt portfolio: 7.18 %

NAV as on August 31, 2007

Reliance Automatic Investment Plan (AIP)- Gilt Fund Option: Rs 10.1338

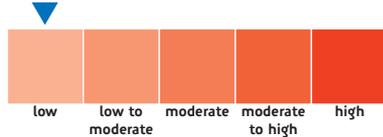
growth of initial investment of Rs 10,000 in AIP



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

This fund was launched in May 2007. This fund mainly invests in money market instruments as the name suggests. Presently the investments of this fund are mostly (around 99%) in Certificate of deposits which are giving the highest yield among money market instruments. We intend to deploy 90% or more in high yielding CDs and bank FDs going forward.

benchmark construction

CRISIL Liquid Bond Index:100%

ULIP Money Market Fund

details as on August 31, 2007

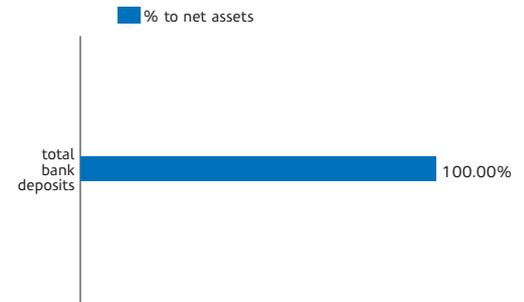
fund performance

| 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 | 100.00 |
| total net assets | 100.00 |

asset allocation



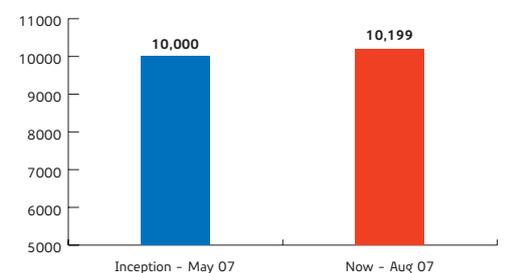
fund characteristics as on August 31, 2007

M.Duration of debt portfolio: 0.43 years
YTM of debt portfolio: 8.42 %

NAV as on August 31, 2007

Reliance Automatic Investment Plan (AIP) – Money Market Fund Option: Rs 10.2063

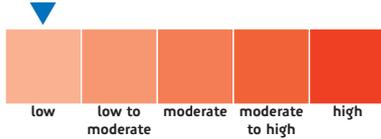
growth of initial investment of Rs 10,000 in AIP



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 nearly 100% to take advantage of high yields in these instruments.

benchmark construction

Yield on 182-day T.Bills

ULIP Capital Secure Fund

details as on August 31, 2007

fund performance

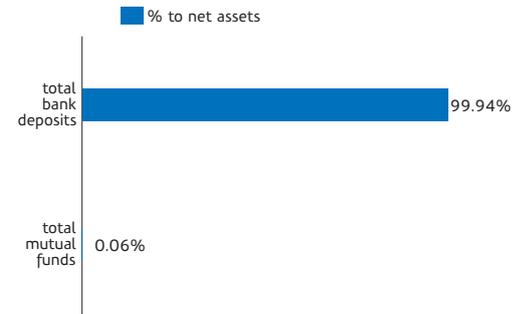
| period | gross fund return | benchmark return | fund standard deviation | benchmark standard deviation | fund sharpe ratio | benchmark sharpe ratio |
|------------------------|-------------------|------------------|-------------------------|------------------------------|-------------------|------------------------|
| last 1 year | 8.43% | 7.44% | 0.38% | 0.19% | 8.96 | 12.84 |
| last 2 years (CAGR) | 7.29% | 6.92% | 0.43% | 0.23% | 5.36 | 8.45 |
| last 3 years (CAGR) | 6.58% | 6.39% | 0.45% | 0.28% | 3.54 | 4.94 |
| since inception (CAGR) | 6.05% | 5.52% | 0.43% | 0.42% | 2.43 | 1.22 |
| date of inception | | | february, 2003 | | | |

*CAGR: Compounded Annual Growth Rate

portfolio

| security | % to net assets |
|---------------------|-----------------|
| total bank deposits | 99.94 |
| total mutual funds | 0.06 |
| total net assets | 100.00 |

asset allocation



fund characteristics as on August 31, 2007

M.Duration of debt portfolio: 0.29 years
YTM of debt portfolio: 8.61 %

NAV as on August 31, 2007

Reliance Market Return Plan (MRP) - Capital Secure Fund: Rs 11.6192

Reliance Golden Year Plan (GYP)- Capital Secure Fund Option: Rs 11.6025

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 a risk point of view.

The excess return generated by a fund for a particular time period 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 the 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 the 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 for 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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work, while i relax



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Reliance Life Insurance Company Limited (Reg. No. 121)

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UIN for Term Insurance Benefit Rider: 121C009V01, Accidental Death & Total and Permanent Disability Rider: 121C002V01, Reliance Automatic Investment Plan: 121L024V01

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