

### fund snapshot

asset allocation	funds	gross return (CAGR*) (%) as on March 31, 2008				date of inception
		last 1 year	last 2 years	last 3 years	since inception	
100% equity	ULIP Equity (GR)	N.A.	N.A.	N.A.	N.A.	October, 2007
40% equity, 60% debt	ULIP Growth (GR)	10.41%	8.16%	13.89%	13.95%	August, 2004
20% equity, 80% debt	ULIP Balanced (GR)	11.03%	8.46%	10.74%	11.20%	February, 2003
100% bond	ULIP Corporate	N.A.	N.A.	N.A.	N.A.	October, 2007
instruments	Bond (GR)					
100% govt. securities	ULIP Gilt (GR)	N.A.	N.A.	N.A.	N.A.	October, 2007
100% money market	ULIP Money	N.A.	N.A.	N.A.	N.A.	November, 2007
instruments	Market (GR)					
100% money market	ULIP Capital Secure	8.90%	7.85%	7.09%	6.25%	February, 2003
instruments	(GR)					

\*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.

Economy Indicators	31st March 08	31st March 07	Absolute Change
Rs./\$	40.11	43.47	3.36
WPI Inflation	226.00	210.40	7.41%
Forex Reserves (\$ bn)	304.66	199.18	105.48
Oil Price (\$ per Barrel)	102.43	69.02	33.41
Gold (Rs. per 10gm)	12150	8710	3440

Investments	31st March 08	31st March 07	Absolute Change
FII (Rs Crs)	53403.80	25235.70	28168.10
MfI (Rs Crs)	15775.09	8509.39	7265.70

Indices	31st March 08	31st March 07	% Change
BSE Sensex	15,644.44	13,072.10	19.68
S&P CNX Nifty	4,734.50	3,821.55	23.89
CNX Mid Cap	6,240.65	4,850.05	28.67
BSE Small Cap	7,841.62	6,470.51	21.19

Sectoral Indices	31st March 08	31st March 07	% Change
CNX Infrastructure	4261.17	3099.52	37.48
CNX Energy	8580.92	5915.40	45.06
BSE Capital Goods	14009.02	9074.72	54.37
BSE Bankex	7717.61	6542.01	17.97
BSE Oil & Gas	10016.82	6419.18	56.05
BSE IT	3547.61	4899.39	-27.59

Fixed Income Indicator	31st March 08	31st March 07	Absolute Change
NSE Mibor (%)	9.16	68.27	-59.11
91 Day T-Bill (%)	7.23	7.98	-0.75
182 Day T-Bill (%)	7.36	7.99	-0.63
1 year GOI Benchmark (%)	7.54	7.68	-0.19
5 Year GOI Benchmark (%)	7.76	7.95	-0.19
5 Year Corp Bond Benchmark (%)	9.40	9.55	-0.15
10 Year GOI Benchmark (%)	7.93	8.01	-0.08

### Indian Economy: Update & Outlook

During the year GDP grew 8.4% y-o-y in Oct-Dec 07, boosted by services and manufacturing. The rate was down from 8.9% in July-Sept 07 and 9.3% during Apr-June. Compared to this GDP for FY07 was an 18-year high of 9.6%. Excluding the base effect, IIP moderated steadily to 5.35% y-o-y (Jan 08) compared to 14.77% in Mar 07. The primary drag was the rate-sensitive consumer durable goods sector, which decelerated to 1.7% during Apr-Jan from 10.6% for the same period last year. While the manufacturing sector in Apr-Jan period grew at 9.2%, the IIP cumulative growth for the same period stood at 8.7% lower than 11.2% in FY07. Core infrastructure output growth slowed to 4.2% y-o-y in Jan 08. During Apr-Jan 08, growth slowed to 5.5% as against 8.9% in FY07. Soft growth rate was seen across all the six core industries.

**Outlook:** GDP for FY08 is expected to be around 8.50% to 9.00% on the back of continued strong domestic demand, growth in the manufacturing and services sectors and high capital inflows. Higher than expected inflation, high interest rates and a slow down in industrial production is expected to impact growth adversely in FY09 and GDP growth maybe in the range of 7.50% to 8.00%

### Debt Market: Update & Outlook

Bonds markets have been quite volatile through the year. Ten-year benchmark yield moved in a range of 7.4%-8.4%, ending the fiscal at 7.93%, almost flat compared with 8% at the end of FY07.

RBI announced CRR hikes of 50 bps twice to 7.5% after a 50 bps hike on Mar 30, 2007 to 6.5%. On March 30, 2007, the RBI also hiked the LAF repo rate to 7.75% from 7.5% but kept reverse repo rate unchanged at 6%. The rates were kept steady thereafter.

Liquidity and inflation were major factors that impacted bonds through the year. Yields fell despite generally tight liquidity conditions and robust economic data in the first earlier half of FY08. The spread between 1-year and 10-year bond yield ended at 70 bps from 10 bps in Mar 07, reflecting the extent of steepening in the yield curve.

Barring occasional panic situations, call rates were quoted in the range of 7%-8% during periods of tight cash conditions. Annual WPI inflation rate eased to near 3% by Nov'07 from 6% in Mar'07. Since the start of 2008, the rate picked up, spiking to 7.41% by end of Mar'08, way above the RBI's target of 5%.

Fiscal deficit target for FY09 has been estimated at 2.5% of GDP in the Budget compared to 3.1% in FY08. In the first half Apr-Sep period, Rs.96,000 crore would be borrowed via government securities. However, the debt waivers for farmers and the proposed pay hikes are likely to push up the fiscal deficit beyond the targeted 2.5% to 3% in FY 09.

### Outlook:

The yield curve has steepened considerably and we expect the spreads between the shorter and longer tenors to be maintained owing to higher quantum of Gsec auctions and inflation concerns. There is also a strong chance of a rate hike in the monetary policy this month, which would impact the yields unfavourably. The ten-yr benchmark g-sec yield may remain in the range of 7.75% to 8.25%.

### Equity Market: Update & Outlook

BSE Sensex finished FY08 at 15644.44, up 2572 points or 19.68%. NSE Nifty surged 23.89% or 913 points to 4734.50. While the indices showed strong positive returns over the end of FY07, the market was drastically lower from the peak hit in January 08. Sensex tested 21000 before facing a melt down as a succession of weak global economic indicators took a toll on sentiment. Domestic data also hinted that growth was slowing, in part affected by tighter policy over the last couple of years.

Earlier, the market weathered the storm raised by the US mortgage-market debacle that came to the fore in mid-August. Concurrently, political anxiety caused by the US-India nuclear deal weighed on the market. The government also announced curbs on foreign commercial borrowing. Backed by consistently robust corporate earnings reports, stock markets bounced back strongly. SEBI's policy changes on offshore derivatives and P-note holding caused brief volatility. Inflows were however boosted by lower US interest rates. FIIs purchased a net \$12.9 bn worth Indian equities in FY08, up from \$5.47 bn in FY07.

### Outlook:

After a series of bad news on international as well as domestic front, the sentiment in the market continues to be very cautious. Concerns over rising inflation and chances of rate hike by RBI, is currently acting as sentiment dampeners. The next major trigger for the market will be Q4 results of Indian companies and any fresh developments on the global front. This will determine the flow of liquidity from domestic as well as international institutions. Negative returns during the quarter ending June 2008 is a distinct possibility.

### fund performance

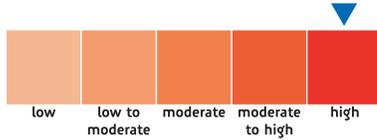
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	data not available as the fund has not completed a period of one year since inception					
date of inception	october, 2007					

\*CAGR: Compounded Annual Growth Rate

### 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 Group Leave Encashment (GLE)  
- Equity Fund Option

### portfolio

security % to net assets 1-yr beta

#### equity

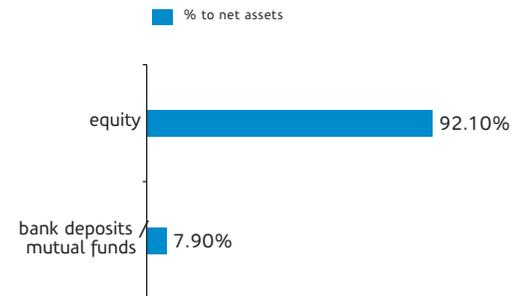
<b>CAP GOODS/ENGINEERING</b>	<b>15.02</b>	
LARSEN & TOUBRO	4.20	1.11
AREVA T & D INDIA	2.93	0.51
ALSTOM PROJECTS INDIA	2.56	1.17
SIEMENS	2.31	1.07
CUMMINS INDIA	1.57	0.76
TRIVENI ENGINEERING AND INDUSTRIES	1.45	1.56
<b>BANKING &amp; FINANCE</b>	<b>14.51</b>	
STATE BANK OF INDIA	5.42	0.93
ICICI BANK	3.44	1.48
HDFC	3.22	1.20
HDFC BANK	1.87	0.95
INDIABULLS SECURITIES	0.56	1.00
<b>OIL REFINERIES</b>	<b>13.21</b>	
RELIANCE INDUSTRIES	8.80	1.04
OIL & NATURAL GAS CORPORATION	4.41	0.83
<b>IT</b>	<b>8.53</b>	
INFOSYS TECHNOLOGIES	6.35	1.08
TATA CONSULTANCY SERVICES	2.18	0.84
<b>METALS</b>	<b>8.41</b>	
TATA STEEL	5.67	1.15
HINDALCO INDUSTRIES	2.74	1.28
<b>AUTOMOBILES</b>	<b>6.77</b>	
MARUTI SUZUKI INDIA	4.31	0.25
TATA MOTORS	2.10	0.57
EICHER MOTORS	0.36	0.14
<b>CEMENT &amp; CEMENT PRODUCTS</b>	<b>4.56</b>	
GRASIM INDUSTRIES	4.56	0.72
<b>TELECOM</b>	<b>4.44</b>	
BHARTI AIRTEL	4.06	0.48
RELIANCE COMMUNICATIONS	0.38	1.02
<b>POWER</b>	<b>3.70</b>	
TATA POWER	3.70	0.85
<b>PHARMACEUTICALS</b>	<b>3.60</b>	
DIVIS LABORATORIES	3.60	1.01
<b>FERTILIZERS</b>	<b>2.72</b>	
GUJARAT NARMADA VALLEY FERTILISERS	1.95	1.07
GUJARAT STATE FERTILIZERS & CHEMICALS	0.76	0.68
<b>HOTELS</b>	<b>2.55</b>	
INDIAN HOTELS	2.55	1.07
<b>AVIATION</b>	<b>2.13</b>	
DECCAN AVIATION	2.13	1.37
<b>AUTO ANCILLARY</b>	<b>1.03</b>	
AUTOMATIVE AXLES	1.03	0.48
<b>CONSTRUCTION</b>	<b>0.92</b>	
GAMMON INDIA	0.92	0.61

**total equity 92.10**

**total bank deposits/mutual funds 7.90**

**total net assets 100.00**

### asset allocation



### fund characteristics as on March 31, 2008

Fund Beta 0.94

### NAV as on March 31, 2008

Reliance Group Leave Encashment (GLE) - Equity Fund Option: Rs. 7.5376

### fund manager's report

The year saw the markets remaining very volatile. After the markets touched new highs for the first nine months, in the later period the trend was influenced by increasing concerns of US economy slowing down. Looking at the volatile and the negative trend in the markets in the last three months and the risk profile of the scheme, the holding in equities was kept at 92.10%.

### asset allocation

Equity: 100%

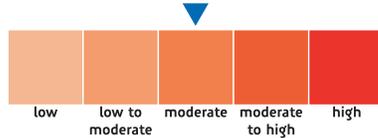
### benchmark construction

S&P CNX Nifty: 100%

## fund objective

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

## fund risk profile



## products

Reliance Group Gratuity-Growth Fund Option:

Reliance Group Superannuation-Growth Fund Option:

## fund manager's report

The year saw the markets remaining very volatile. After the markets touched new highs for the first nine months, in the later period the trend was influenced by increasing concerns of US economy slowing down. Looking at the volatile and the negative trend in the markets in the last three months and the risk profile of the scheme, the holding in equities was kept at 37.05%.

The allocation to corporate bonds was increased to 22.46% in March 08 from 5.87% in March 07 as the spreads widened. The allocation to gilts came down to 12.49% from 47.30% in March 07. Short term assets and cash was around 35.99% substantially higher from 8.72% in March 07 mainly to take advantage of higher yields in these instruments and keep a lower duration in order to protect the fund from rise in interest rates. We may increase the equities and bonds going forward as and when suitable opportunity comes.

## asset allocation

Debt.: 60%  
Equity: 40%

## benchmark construction

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

# ULIP Growth Fund (GR)

details as on March 31, 2008

## fund performance

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	10.41%	15.88%	13.94%	12.89%	0.39	0.84
last 2 years (CAGR)	8.16%	12.30%	11.37%	10.70%	0.28	0.68
last 3 years (CAGR)	13.89%	16.87%	10.65%	10.16%	0.84	1.17
since inception (CAGR)	13.95%	16.22%	9.89%	9.39%	0.91	1.19
date of inception			february, 2003			

\*CAGR: Compounded Annual Growth Rate

## portfolio

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

### corporate bonds

9.68% IRFC 03-07-10	6.79	AAA
9.80% POWER FIN. CORP SER XXXVIII 20-09-12	3.78	AAA
9.50% NABARD SER IX I 15-10-12	3.59	AAA
9.05% EXIM BANK 06-11-10	2.96	AAA
8.95% HDFC LTD 29-10-10	2.22	AAA
9.58% EXIM BANK 04-09-09	1.35	AAA
9.35% IL & FS LTD 22-10-10	0.75	AAA
8.65% HDFC LTD 12-09-11	0.73	AAA
10% NABARD SER IX 14-05-12	0.30	AAA
<b>total corporate bonds</b>	<b>22.46</b>	

### gilts

		SOVEREIGN
7.99% GOI 09-07-17	9.36	
7.27% GOI 03-09-13	2.34	
8.33% GOI 07-06-36	0.74	
8.35% GOI 14-05-22	0.05	
<b>total gilts</b>	<b>12.49</b>	

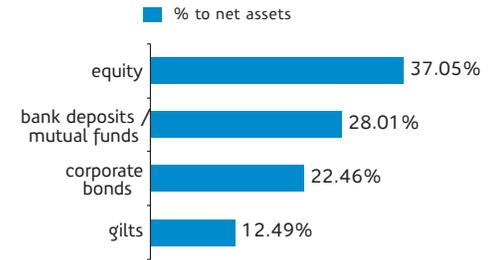
### equity

<b>OIL REFINERIES</b>	<b>6.46</b>	
RELIANCE INDUSTRIES	4.40	1.04
OIL & NATURAL GAS CORPORATION	2.06	0.83
<b>BANKING &amp; FINANCE</b>	<b>5.76</b>	
STATE BANK OF INDIA	2.20	0.93
ICICI BANK	1.88	1.48
HDFC	0.95	1.20
HDFC BANK	0.72	0.95
INDIABULLS SECURITIES	0.02	1.00
<b>CAP GOODS/ENGINEERING</b>	<b>5.58</b>	
LARSEN & TOUBRO	1.63	1.11
SIEMENS	1.47	1.07
AREVA T & D INDIA	0.76	0.51
CUMMINS INDIA	0.68	0.76
ALSTOM PROJECTS INDIA	0.68	1.17
TRIVENI ENGINEERING AND INDUSTRIES	0.37	1.56
<b>METALS</b>	<b>4.30</b>	
TATA STEEL	2.66	1.15
HINDALCO INDUSTRIES	1.01	1.28
STEEL AUTHORITY OF INDIA	0.62	1.46
<b>IT</b>	<b>3.95</b>	
INFOSYS TECHNOLOGIES	2.68	1.08
TATA CONSULTANCY SERVICES	1.28	0.84
<b>AUTOMOBILES</b>	<b>2.82</b>	
MARUTI SUZUKI INDIA	1.75	0.25
TATA MOTORS	1.05	0.57
EICHER MOTORS	0.01	0.14
<b>TELECOM</b>	<b>1.81</b>	
BHARTI AIRTEL	1.79	0.48
RELIANCE COMMUNICATIONS	0.02	1.02
<b>POWER</b>	<b>1.58</b>	
TATA POWER	1.58	0.85
<b>CEMENT &amp; CEMENT PRODUCTS</b>	<b>1.52</b>	
GRASIM INDUSTRIES	1.52	0.72
<b>PHARMACEUTICALS</b>	<b>0.98</b>	
DIVIS LABORATORIES	0.98	1.01
<b>FERTILIZERS</b>	<b>0.80</b>	
GUJARAT NARMADA VALLEY FERTILISERS	0.58	1.07
GUJARAT STATE FERTILIZERS & CHEMICALS	0.23	0.68
<b>HOTELS</b>	<b>0.74</b>	
INDIAN HOTELS	0.74	1.07
<b>CONSTRUCTION</b>	<b>0.39</b>	
GAMMON INDIA	0.39	0.61
<b>AVIATION</b>	<b>0.34</b>	
DECCAN AVIATION	0.34	1.37
<b>AUTO ANCILLARY</b>	<b>0.03</b>	
AUTOMATIVE AXLES	0.03	0.48
<b>total equity</b>	<b>37.05</b>	

**total bank deposits/mutual funds 28.01**

**total net assets 100.00**

## asset allocation



## fund characteristics as on March 31, 2008

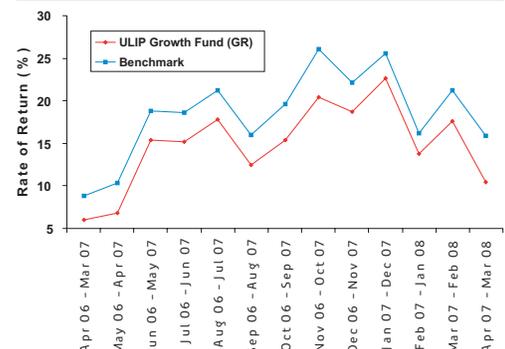
M.Duration of debt portfolio: 1.94 years  
YTM of debt portfolio: 8.34%  
Beta of equity portfolio: 0.96

## NAV as on March 31, 2008

Reliance Group Gratuity-Growth Fund Option: Rs. 10.6161

Reliance Group Superannuation-Growth Fund Option: Rs. 9.0364

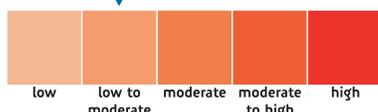
## rolling yearly performance



## fund objective

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

## fund risk profile



## products

Reliance Group Gratuity - Balanced Fund Option

Reliance Group Superannuation - Balanced Fund Option

## fund manager's report

The year saw the markets remaining very volatile. After the markets touched new highs for the first nine months, in the later period the trend was influenced by increasing concerns of US economy slowing down. Looking at the volatile and the negative trend in the markets in the last three months and the risk profile of the scheme, the holding in equities was kept at 18.85%.

The exposure to corporate bonds was increased to 37.64% from 18.51% in March 07 in order to benefit from high spreads. Corporate bonds yields were at a spread of 160 bps to G sec at end of Mar 08. The allocation to gilts was reduced to 19.08% from 41.04%. The allocation to short-term bank deposits and CDs was at 23.70% slightly higher than previous year. With this the portfolio is at the desired target asset allocation. The fund has been managed actively throughout the year to take advantage of interest rate movements.

## asset allocation

Debt.: 80%  
Equity: 20%

## benchmark construction

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

# ULIP Balanced Fund (GR)

details as on March 31, 2008

## fund performance

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	11.03%	12.51%	7.54%	6.73%	0.80	1.12
last 2 years (CAGR)	8.46%	9.90%	6.29%	5.63%	0.55	0.87
last 3 years (CAGR)	10.74%	11.50%	5.77%	5.25%	0.99	1.24
since inception (CAGR)	11.20%	10.46%	4.90%	4.79%	1.27	1.14
date of inception			february, 2003			

\*CAGR: Compounded Annual Growth Rate

## portfolio

security % to net assets rating/1-yr beta

### corporate bonds

9.50% NABARD SER IX I 15-10-12	2.38	AAA
9% TATA SONS 27-07-10	1.94	AAA
9.35% LIC HOUSING FINANCE LTD 23-11-12	1.80	AAA
9.68% IRFC 03-07-10	1.80	AAA
10% NABARD SER IX 14-05-12	1.57	AAA
9.80% POWER FIN. CORP SER XXXVIII 20-09-12	1.53	AAA
9.80% POWER FINANCE CORP 22-03-12	1.53	AAA
10% CITIFINANCIAL CONSUMER 27-09-10	1.52	AAA
9.68% IRFC 03-07-08	1.51	AAA
9.65% NABARD SER IX 10-09-10	1.51	AAA
9.24% L & T FINANCE 30-07-10	1.50	AA+
8% EXIM BANK 27-09-09	1.50	AAA
10.35% HDFC LTD 16-05-17	1.49	AAA
8.50% HDFC LTD 29-08-09	1.49	AAA
0% IDFC 27-06-08	1.48	AAA
8.40% EXIM BANK 28-09-10	1.47	AAA
0% HDFC 22-09-08	1.44	AAA
8.50% EXIM BANK MD 26-09-11	1.26	AAA
9.50% INDIAN HOTEL 28-02-12	1.23	AA+
10.10% POWER GRID CORP 12-06-11	1.11	AAA
0% CITIFINANCIAL CONSUMER 23-07-10	1.02	AAA
6.50% HINDALCO LTD 06-09-09	0.92	AA
5.75% IDFC 08-08-08	0.89	AAA
9.76% IRFC 03-07-12	0.89	AAA
7.20% HDFC 03-06-10	0.87	AAA
9.80% ICICI BANK LTD 10-02-13	0.78	AAA
10% NABARD 18-06-10	0.61	AAA
9.20% HDFC LTD 09-02-12	0.60	AAA

total corporate bonds 37.64

### gilts

		SOVEREIGN
7.99% GOI 09-07-17	5.71	
7.27% GOI 03-09-13	3.24	
7.37% GOI 16-04-14	3.06	
7.38% GOI 03-09-2015	1.63	
5.48% GOI 12-06-09	1.47	
7.44% GOI SPL OIL BOND 23-03-12	1.45	
7.33% OIL COMP GOI BOND 07-03-09	1.04	
8.33% GOI 07-06-36	0.60	
5.87% GOI 02-01-10	0.59	
9.39% GOI 02-07-11	0.30	

total gilts 19.08

### equity

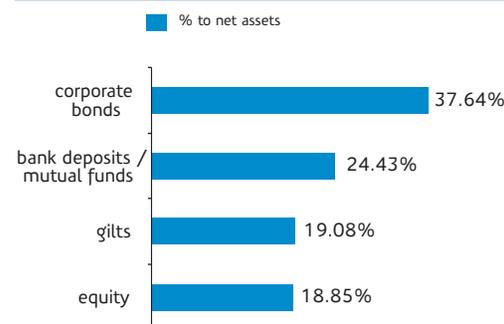
OIL REFINERIES	3.03	
RELIANCE INDUSTRIES	2.10	1.04
OIL & NATURAL GAS CORPORATION	0.93	0.83
CAP GOODS/ENGINEERING	2.99	
LARSEN & TOUBRO	0.86	1.11
SIEMENS	0.77	1.07
AREVA T & D INDIA	0.44	0.51
ALSTOM PROJECTS INDIA	0.36	1.17
CUMMINS INDIA	0.32	0.76
TRIVENI ENGINEERING AND INDUSTRIES	0.24	1.56
BANKING & FINANCE	2.92	
STATE BANK OF INDIA	1.15	0.93
ICICI BANK	0.79	1.48
HDFC	0.54	1.20
HDFC BANK	0.35	0.95
INDIABULLS SECURITIES	0.09	1.00
METALS	1.99	
TATA STEEL	1.31	1.15
HINDALCO INDUSTRIES	0.48	1.28
STEEL AUTHORITY OF INDIA	0.20	1.46
IT	1.65	
INFOSYS TECHNOLOGIES	1.18	1.08
TATA CONSULTANCY SERVICES	0.47	0.84
AUTOMOBILES	1.35	
MARUTI SUZUKI INDIA	0.77	0.25
TATA MOTORS	0.50	0.57
EICHER MOTORS	0.07	0.14
TELECOM	0.99	
BHARTI AIRTEL	0.90	0.48
RELIANCE COMMUNICATIONS	0.09	1.02
CEMENT & CEMENT PRODUCTS	0.92	
GRASIM INDUSTRIES	0.92	0.72
POWER	0.80	
TATA POWER	0.80	0.85
PHARMACEUTICALS	0.59	
DIVIS LABORATORIES	0.59	1.01
FERTILIZERS	0.48	
GUJARAT NARMADA VALLEY FERTILISERS	0.34	1.07
GUJARAT STATE FERTILIZERS & CHEMICALS	0.14	0.68
HOTELS	0.45	
INDIAN HOTELS	0.45	1.07
AVIATION	0.34	
DECCAN AVIATION	0.34	1.37
CONSTRUCTION	0.19	
GAMMON INDIA	0.19	0.61
AUTO ANCILLARY	0.16	
AUTOMATIVE AXLES	0.16	0.48

total equity 18.85

total bank deposits/mutual funds 24.43

total net assets 100.00

## asset allocation



## fund characteristics as on March 31, 2008

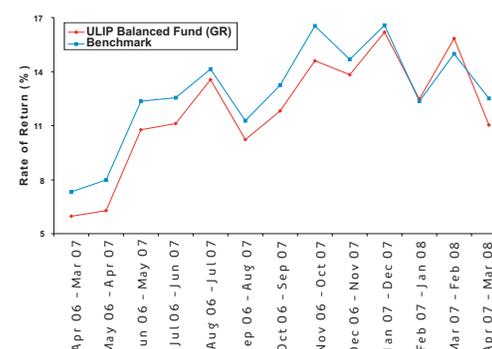
M.Duration of debt portfolio: 2.19 years  
YTM of debt portfolio: 8.57%  
Beta of equity portfolio: 0.95

## NAV as on March 31, 2008

Reliance Group Gratuity - Balanced Fund Option: Rs. 10.8503

Reliance Group Superannuation - Balanced Fund Option: Rs. 13.8124

## rolling yearly performance



### fund performance

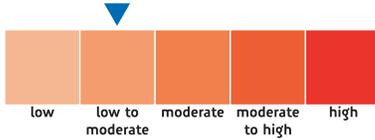
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	data not available as the fund has not completed a period of one year since inception					
date of inception	october, 2007					

\*CAGR: Compounded Annual Growth Rate

### 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 Group Leave Encashment (GLE)  
- Corporate Bond Fund Option

### portfolio

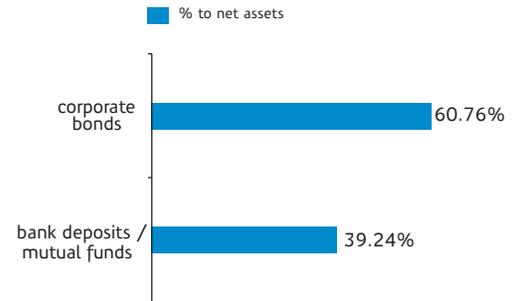
security	% to net assets	rating
<b>corporate bonds</b>		
9.40% TATA TEA LTD 08-11-10	11.64	AA+
9.05% EXIM BANK 06-11-10	11.62	AAA
8.88% IDFC 07-01-11	11.57	AAA
10.05% NABARD 11-06-14	7.23	AAA
7.39% POWER GRID CORP 22-09-11	3.97	AAA
9.20% HDFC LTD 09-02-12	2.33	AAA
8.75% IRFC 07-01-13	2.30	AAA
0% HDFC 22-09-08	2.24	AAA
6.25% ULTRATECH CEMENT 25-06-09	2.03	AAA
7.10% POWER GRID CORP 18-02-09	1.61	AAA
9.76% IRFC 03-07-12	1.19	AAA
9.50% NABARD 29-06-10	1.17	AAA
8.65% HDFC LTD 12-09-11	1.15	AAA
9.25% EXIM BANK 13-12-02	0.70	AAA

**total corporate bonds 60.76**

**total bank deposits/mutual funds 39.24**

**total net assets 100.00**

### asset allocation



### fund characteristics as on March 31, 2008

M.Duration of debt portfolio: 1.52 years  
YTM of debt portfolio: 8.90%

### NAV as on March 31, 2008

Reliance Group Leave Encashment (GLE) -  
Corporate Bond Fund Option: Rs. 10.2560

### fund manager's report

This fund was launched in October 07. As on 31st Mar 08, the fund has exposure to corporate bonds to the extent of 60.72%. Around 39.24% is invested in short term bank FDs, CDs and mutual funds to take benefit of higher yields. As interest rates were rising during last two months a higher percentage was invested in short term assets to protect the portfolio.

### asset allocation

Bond Instruments: 100%

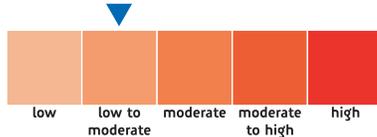
### benchmark construction

CRISIL Composite Bond Index: 100%

## fund objective

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

## fund risk profile



## products

Reliance Group Leave Encashment (GLE)  
- Gilt Fund Option

## fund manager's report

The fund was launched in October 07. As on 31st Mar 08 the allocation to gilts was around 68.72%. The allocation to short term assets like Bank FDs, CDs and MFs was around 31.28% of the portfolio. The fund was managed actively during the year in order to take advantage of interest rate movements. As the fund faces volatile flows, a higher percentage of cash is kept.

### asset allocation

Government Securities: 100%

### benchmark construction

I-Sec Composite Sovereign Bond Index: 100%

# ULIP Gilt Fund (GR)

details as on March 31, 2008

## fund performance

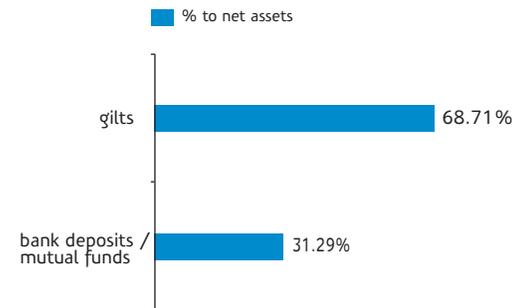
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	data not available as the fund has not completed a period of one year since inception					
date of inception	october, 2007					

\*CAGR: Compounded Annual Growth Rate

## portfolio

security	% to net assets	rating
<b>gilts</b>		
SOVEREIGN		
7.99% GOI 09-07-17	26.97	
5.87% GOI 02-01-10	15.70	
9.39% GOI 02-07-11	11.17	
7.27% GOI 03-09-13	6.31	
8.33% GOI 07-06-36	3.20	
364 DAYS TBILL 29-08-08	3.14	
11.40% GOI 31-08-08	2.13	
9.85% GOI 16-10-15	0.11	
<b>total gilts</b>	<b>68.71</b>	
<b>total bank deposits/mutual funds</b>	<b>31.29</b>	
<b>total net assets</b>	<b>100.00</b>	

## asset allocation



## fund characteristics as on March 31, 2008

M.Duration of debt portfolio: 2.94 years  
YTM of debt portfolio: 7.90%

## NAV as on March 31, 2008

Reliance Group Leave Encashment (GLE) - Gilt Fund Option: Rs. 10.2406

## ULIP Money Market Fund (GR)

details as on March 31, 2008

### fund performance

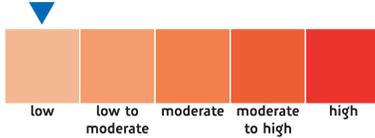
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	data not available as the fund has not completed a period of one year since inception					
date of inception	november, 2007					

\*CAGR: Compounded Annual Growth Rate

### 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



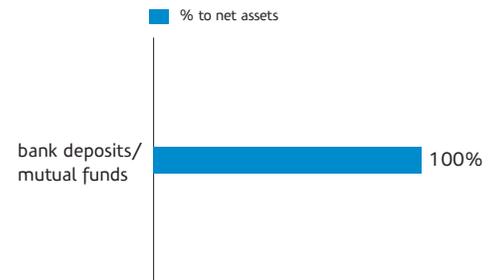
### products

Reliance Group Leave Encashment (GLE) - Money Market Fund Option

### portfolio

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

### asset allocation



### fund characteristics as on March 31, 2008

M.Duration of debt portfolio:	0.33 years
YTM of debt portfolio:	8.90%

### NAV as on March 31, 2008

Reliance Group Leave Encashment (GLE) - Money Market Fund Option: Rs. 10.3073

### fund manager's report

The fund was launched in November 07. Presently the investments of this fund are mostly in Certificate of deposits at around 72% of the portfolio which is giving the highest yield among money market instruments. The balance is in short term assets like CBLO. The fund has outperformed the benchmark during the year.

### asset allocation

Money Market Instruments: 100%

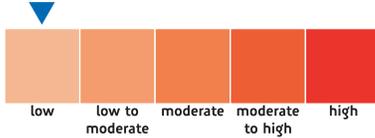
### benchmark construction

CRISIL Liquid Bond Index: 100%

## 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 Group Gratuity – Capital Secure Fund Option

Reliance Group Superannuation–Capital Secure Fund Option

## fund manager's report

The allocation to CDs (Certificate of Deposits) and bank fixed deposits was maintained at 98.98% in March 08 slightly higher than 95.58% in March 07 to take advantage of high yields in these instruments. Allocation to gilts was reduced from 3.88% to 0%. The balance was invested in CBLO. The portfolio is at the desired target asset allocation and we expect the fund to continue to outperform the benchmark.

## asset allocation

Money Market Instruments: 100%

## benchmark construction

Yield on 182-day T.Bills

# ULIP Capital Secure Fund (GR)

details as on March 31, 2008

## fund performance

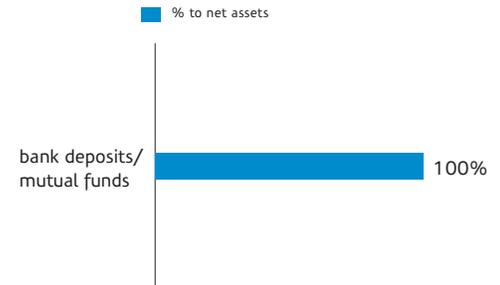
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	8.90%	7.69%	0.19%	0.17%	20.59	15.82
last 2 years (CAGR)	7.85%	7.38%	0.42%	0.17%	6.84	14.26
last 3 years (CAGR)	7.09%	6.84%	0.49%	0.27%	4.27	6.83
since inception (CAGR)	6.25%	5.76%	0.51%	0.44%	2.48	1.71
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 March 31, 2008

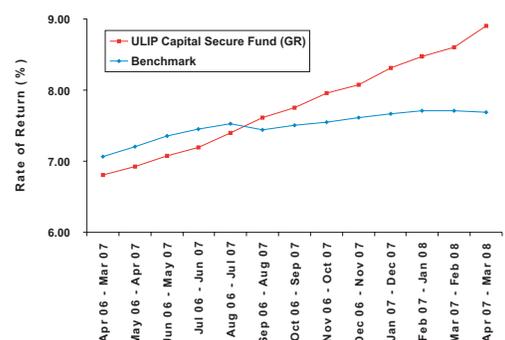
M.Duration of debt portfolio: 0.17 years  
YTM of debt portfolio: 9.45%

## NAV as on March 31, 2008

Reliance Group Gratuity – Capital Secure Fund Option: Rs. 10.9271

Reliance Group Superannuation–Capital Secure Fund Option : Rs 10.0157

## rolling yearly performance



- ✓ 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 Sharp 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

"While every care has been taken in the preparation of this document, Reliance Life Insurance Company Ltd makes no representation or warranty about the accuracy or completeness of any statement in it including, without limitation, any forecasts. Past performance is not a reliable indicator of future performance. This document has been prepared for the purpose of providing general information, without taking account of any particular investor's objectives, financial situation or needs. An investor should, before making any investment decisions, consider the appropriateness of the information in this document, and seek professional advice, having regard to the investor's objectives, financial situation and needs. This document is solely for the use of the party to whom it is provided."

"The premium paid in Unit Linked Life Insurance policies are subject to investment risks associated with capital markets and the NAVs of the units may go up or down based on the performance of fund and factors influencing the capital market and the insured is responsible for his/her decisions."

"Reliance Life Insurance Company Limited is only the name of the Insurance Company and the specified Unit Linked funds do not in any way indicate the quality of the contract, its future prospects or returns."

"For more details on RLIC products and respective risk factors, terms and conditions please read respective sales brochure documents carefully before concluding a sale. The respective sales brochure documents for various products are published in the website "[www.reliancelife.co.in](http://www.reliancelife.co.in)"

"Insurance is the subject matter of solicitation. Reliance Life Insurance Company Limited is a licensed life insurance company registered with the Insurance Regulatory and Development Authority (Registration No: 121) in accordance with the provisions of the Insurance Act 1938."