

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	30th June 08	31st March 08	Change
Rs./\$	43.03	40.11	-2.92
WPI Inflation	237.10	226.00	11.63%y-o-y
Forex Reserves (\$ bn)	311.79	304.66	7.13
Oil Price (\$ per Barrel)	138.04	102.43	35.61
Gold (Rs. per 10gm)	12920	12150	770.00

Investments	30th June 08	31st March 08	Absolute Change
FIIs (Rs Crs)	14032.50	11432.80	2599.70
MFs (Rs Crs)	3403.40	3134.40	269.00

Indices	30th June 08	31st March 08	% Change
BSE Sensex	13461.60	15,644.44	-13.95
S&P CNX Nifty	4040.55	4,734.50	-14.66
CNX Mid Cap	5238.85	6,240.65	-16.05
BSE Small Cap	6701.96	7,841.62	-14.53

Global Indices	30th June 08	31st March 08	% Change
Dow Jones	11350.01	12,638.32	-10.19
FTSE 100	5625.90	6,068.13	-7.29
Hang Seng	22102.02	24,533.12	-9.91
Nikkei	13481.38	14,338.54	-5.98

Sectoral Indices	30th June 08	31st March 08	% Change
CNX Infrastructure	3267.15	4261.17	-23.33
CNX Energy	7545.80	8580.92	-12.06
BSE Capital Goods	10080.69	14009.02	-28.04
BSE Bankex	5915.98	7717.61	-23.34
BSE Oil & Gas	9009.16	10016.82	-10.06
BSE IT	4019.82	3547.61	-13.31

Fixed Income Indicators	30th June 08	31st March 08	Absolute Change
NSE Mibor	8.77	9.16	-0.39
91 Day T-Bill	8.73	7.23	1.50
182 Day T-Bill	8.25	7.36	0.89
1 year GOI Benchmark	9.20	7.54	1.66
5 Year GOI Benchmark	8.90	7.76	1.14
5 Year Corp Bond Benchmark	10.72	9.40	1.32
10 Year GOI Benchmark	8.69	7.93	0.76
10 Year US Benchmark	3.98	3.43	0.55

fund snapshot

asset allocation	funds	gross return (CAGR*) (%) as on June 30, 2008				date of inception
		last 1 year	last 2 years	last 3 years	since inception	
100% equity	ULIP Equity	N.A.	N.A.	N.A.	N.A.	October, 2007
40% equity, 60% debt	ULIP Growth	-2.40%	6.05%	9.83%	11.27%	August, 2004
20% equity, 80% debt	ULIP Balanced	3.32%	7.16%	8.50%	10.03%	February, 2003
100% bond	ULIP Corporate	N.A.	N.A.	N.A.	N.A.	October, 2007
instruments	Bond					
100% govt. securities	ULIP Gilt	N.A.	N.A.	N.A.	N.A.	October, 2007
100% money market	ULIP Money Market	N.A.	N.A.	N.A.	N.A.	November, 2007
instruments						
100% money market	ULIP Capital Secure	9.17%	8.17%	7.43%	6.39%	February, 2003
instruments						

*CAGR: Compounded Annual Growth Rate

Indian economy

GDP growth was robust at 8.8% y-o-y in Jan-March quarter, underpinned by strong growth in construction and investment, though slower than the +9% growth recorded in the first two quarters of FY08. Full year FY08 GDP growth estimate was revised to 9% from 8.7%, taking up the average annual growth rate for the last five years to 8.8%.

IIP growth over the last few months showed volatility, reflecting the impact of monetary tightening over the last one year. Output in March fell to a shocking 3% y-o-y rate before later being revised to 3.9%. April growth however was better at 7% but much slower than the growth rates registered in the last fiscal.

Surging oil import bill pushed India's current account into a deficit of \$1.04 billion in the Jan-March quarter as against a \$4.25 billion surplus a year ago. The deficit was 1.5% of GDP in FY08. Oil imports surged 88.9% in the quarter as per DGCI&S data. Trade deficit in May hit a record high of \$10.8 billion with exports growth hitting a 14-month low of 12.9% y-o-y, reflecting the impact of a slowing global economy. Despite the slowdown in IIP and exports growth, direct tax collections showed an increase of 38.61% in the Apr-June quarter.

Outlook:

GDP for FY09 is expected to be in the range of 7.50% to 8.00%, lower than 9.00% for FY08 owing to high interest rates, double digit inflation and global slowdown in demand.

Debt markets:

Bond markets were extremely volatile under the weight of crude prices, inflation and tight cash conditions. The yield curve rose by over one percent at several tenors and extreme short-term uncertainty resulted in the curve turning inverted till the medium-term segment. Ten-year yield ended at 8.69% from 7.93% and its spread above the 1-year ended at -51 bps from +40 bps.

WPI inflation rose to 13-year peaks of 11.63% y-o-y from 7.71% in March, even as the government imposed fiscal measures and the RBI used monetary tools repeatedly in the attempt to cut inflationary expectations. RBI raised the LAF repo rate to 8.5% from 7.75% and CRR to 8.75% from 7.5% during the quarter. Petrol/diesel were raised by 10%.

Owing to higher rates and persistent FII divestments, the money market experienced continued cash deficit. Macro indicators showed slowing growth momentum but that did not aid bonds.

Fiscal deficit in the first two months of the fiscal was Rs 732 bln or 54.9% of the annual target in just two months of the fiscal. FM Chidambaram said that the fiscal deficit at the end of the year would remain within the 2.5% of GDP target thanks to robust tax collection.

Outlook:

With inflation in double digits, yields are expected to harden further. Liquidity is expected to remain tight owing to CRR hikes taking effect and also auction outflows in July. The ten-yr benchmark g-sec yield may remain in the range of 8.75% to 9.50%.

Equity markets:

BSE Sensex fell 13.95% to 13461.60 and NSE Nifty fell 14.66% to 4040.55 as selling pressure gathered steam after the market had come off record peaks in January. Sharp rise in inflation, political uncertainty and tighter monetary policies triggered selling activity in the stock market. FIIs were net sellers worth Rs 14032.50 crore of Indian equities, up from net sales worth Rs 11432.80 crore in the Jan-March quarter. MF activity was however positive with MFs being net buyers worth Rs 3403.40 crore from Rs 3134.40 crore.

Domestic data (IIP etc) continued to show a slowing trend, showing the impact of monetary policy while exports data also showed that global slowdown was hitting growth of exports. Major sectoral indices like BSE realty (-39.86%), power (-29.39%) and capital goods (-28.04%) bore the brunt of selling. Banking sector scrips also fell to 23.34%.

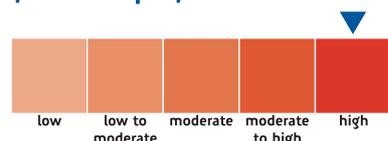
Outlook:

We believe that going ahead, equity markets in the near term may shift focus to the earnings season which are around the corner. With the sharp fall, our outlook is that valuations are slowly becoming attractive. However, tough macro economic environment comprising of high crude prices and rising interest rates will continue to weigh on the sentiments in the near term.

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

fund manager's report

The month of June saw markets losing momentum. The negative trend was influenced by weak global sentiments. The markets witnessed huge selling by the FIIs. The holding in equities was kept at 93.80%.

target asset allocation

Equity: 100%

benchmark construction

S&P CNX Nifty: 100%

ULIP Equity Fund

details as on June 30, 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 1-yr beta

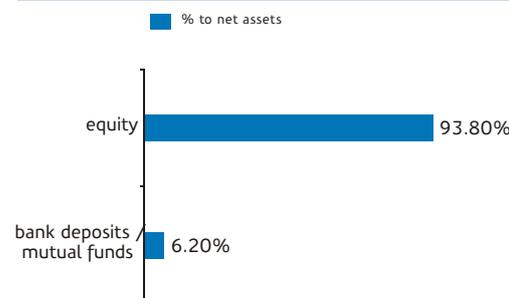
equity

OIL REFINERIES	18.89	
RELIANCE INDUSTRIES	10.08	1.13
OIL & NATURAL GAS CORPORATION	5.06	1.06
RELIANCE PETROLEUM	3.29	1.37
BHARAT PETROLEUM	0.46	0.70
CAP GOODS / ENGINEERING	12.39	
LARSEN & TOUBRO	4.46	1.05
BHARAT HEAVY ELECTRICALS	2.21	1.09
AREVA T & D INDIA	2.08	0.83
ALSTOM PROJECTS INDIA	1.42	1.07
SIEMENS	1.15	0.87
CUMMINS INDIA	1.07	0.68
BANKING & FINANCE	11.35	
ICICI BANK	3.62	1.14
HDFC	3.16	0.91
STATE BANK OF INDIA	2.21	0.99
HDFC BANK	1.65	0.94
BAJAJ FINSERV	0.70	1.00
IT	9.83	
TATA CONSULTANCY SERVICES	5.02	0.72
INFOSYS TECHNOLOGIES	2.77	0.63
WIPRO LTD	2.04	0.70
METALS	8.52	
TATA STEEL	3.64	1.11
HINDALCO INDUSTRIES	2.61	1.25
STEEL AUTHORITY OF INDIA	2.27	1.44
POWER	6.67	
TATA POWER	3.32	1.23
NTPC	1.74	1.21
SUZLON ENERGY	1.61	1.06
PHARMACEUTICALS	4.88	
DIVIS LABORATORIES	2.88	1.04
SUN PHARMACEUTICALS	1.08	0.39
CIPLA LIMITED	0.92	0.49
TELECOM	4.32	
BHARTI AIRTEL	4.32	0.77
AUTOMOBILES	3.90	
MARUTI SUZUKI INDIA	2.68	0.65
TATA MOTORS	1.22	0.74
FMCG	2.52	
HINDUSTAN UNILEVER	1.54	0.56
ITC LTD	0.98	0.68
REAL ESTATE	2.19	
DLF LIMITED	1.58	1.29
UNITTECH	0.62	1.55
FERTILIZERS	2.00	
GUJARAT NARMADA VALLEY FERTILISERS	1.30	1.16
GUJARAT STATE FERTILIZERS & CHEMICALS	0.71	0.84
CEMENT & CEMENT PRODUCTS	1.95	
GRASIM INDUSTRIES	1.22	0.77
ACC LTD	0.74	0.77
HOTELS	1.60	
INDIAN HOTELS	1.60	0.85
AVIATION	0.91	
DECCAN AVIATION	0.91	1.28
AUTO ANCILLARY	0.70	
AUTOMATIVE AXLES	0.70	0.49
MEDIA	0.68	
TELEVISION EIGHTEEN INDIA	0.68	0.68
CONSTRUCTION	0.48	
GAMMON INDIA	0.48	0.84
total equity	93.80	

total bank deposits/mutual funds 6.20

total net assets 100.00

asset allocation



fund characteristics as on June 30, 2008

Fund Beta 0.98

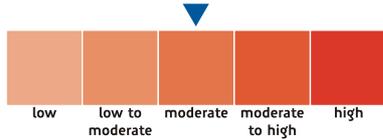
NAV as on June 30, 2008

Reliance Group Leave Encashment (GLE) - Equity Fund Option: Rs. 6.4731

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 month of June saw markets losing momentum. The negative trend was influenced by weak global sentiments. The markets witnessed huge selling by the FIIs. The holding in equities was kept at 35.83%.

The allocation to corporate bonds was increased slightly to 31.43% from 30.30% in May due to attractive yields in corporate bonds. Correspondingly, the G-sec allocation was at 10.49%, slightly lower from 12.89% in May. The allocation to short term bank deposits and mutual funds was at 22.24%. The portfolio is at its desired asset allocation.

target asset allocation

Debt.: 60%
Equity: 40%

benchmark construction

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

ULIP Growth Fund

details as on June 30, 2008

fund performance

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	-2.40%	3.03%	16.40%	15.60%	-0.45	-0.13
last 2 years (CAGR)	6.05%	10.55%	12.49%	11.84%	0.08	0.47
last 3 years (CAGR)	9.83%	13.16%	11.60%	11.15%	0.42	0.73
since inception (CAGR)	11.27%	13.58%	10.72%	10.24%	0.58	0.84
date of inception	august, 2004					

*CAGR: Compounded Annual Growth Rate

portfolio

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

9.68% IRFC 03-07-10	3.77	AAA
8.25% IDBI OMNI BOND SER III 26-05-11	3.25	AA+
9.58% EXIM BANK 04-09-09	2.86	AAA
9.50% NABARD SER IX I 15-10-12	2.72	AAA
10.35% HDFC LTD 16-05-17	2.69	AAA
8.95% HDFC LTD 29-10-10	2.52	AAA
7.15% IND OIL BOND 10-06-12	2.15	AAA
9.80% POWER FINANCE CORP SER XXXVIII 20-09-12	1.96	AAA
7.39% POWER GRID CORP 22-09-11	1.69	AAA
9.80% TATA STEEL 07-05-11	1.69	AAA
9.50% INDIAN HOTEL 28-02-12	1.66	AA+
9.90% TATA SONS 20-05-11	1.14	AAA
9.05% EXIM BANK 06-11-10	1.12	AAA
8.65% HDFC LTD 12-09-11	0.82	AAA
9% TATA SONS 27-07-10	0.56	AAA
8.40% EXIM BANK 28-09-10	0.55	AAA
9.35% IL & FS LTD 22-10-10)	0.28	AAA

total corporate bonds 31.43

gilts

		SOVEREIGN
7.44% GOI SPL OIL BOND 23-03-12	2.32	
7.49% GOI 16-04-17	1.32	
7.37% GOI 16-04-14	1.22	
7.33% OIL COMP GOI BOND 07-03-09	1.15	
5.48% GOI 12-06-09	1.12	
7.38% GOI 03-09-2015	1.05	
7.27% GOI 03-09-13	0.85	
5.87% GOI 02-01-10	0.71	
11.40% GOI 31-08-08	0.45	
8.24% GOI 22-04-18	0.28	
8.35% GOI 14-05-22	0.02	

total gilts 10.49

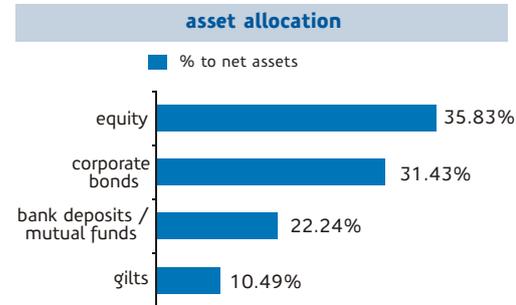
equity

OIL REFINERIES	6.68	
RELIANCE INDUSTRIES	3.71	1.13
OIL & NATURAL GAS CORPORATION	1.66	1.06
RELIANCE PETROLEUM	1.13	1.37
BHARAT PETROLEUM	0.18	0.70
IT	4.28	
INFOSYS TECHNOLOGIES	1.89	0.63
TATA CONSULTANCY SERVICES	1.25	0.72
SATYAM COMPUTERS	0.68	0.62
WIPRO LTD	0.46	0.70
CAP GOODS / ENGINEERING	4.13	
LARSEN & TOUBRO	1.39	1.05
BHARAT HEAVY ELECTRICALS	0.79	1.09
AREVA T & D INDIA	0.50	0.83
CUMMINS INDIA	0.33	0.68
ALSTON PROJECTS INDIA	0.32	1.07
CROMPTON GREAVES	0.32	0.88
ABB	0.24	0.83
SIEMENS	0.24	0.87
BANKING & FINANCE	3.99	
ICICI BANK	1.01	1.14
HOUSING DEVELOPMENT FINANCE CORPORATION	0.84	0.91
STATE BANK OF INDIA	0.74	0.99
HDFC BANK	0.57	0.94
FEDERAL BANK	0.46	0.65
AXIS BANK	0.38	1.00
METALS	2.84	
TATA STEEL	1.07	1.11
HINDALCO INDUSTRIES	0.68	1.25
STEEL AUTHORITY OF INDIA	0.59	1.44
STERLITE INDUSTRIES	0.50	1.25
POWER	2.75	
NTPC	1.51	1.21
TATA POWER	0.99	1.23
SUZLON ENERGY	0.25	1.06
TELECOM	2.33	
BHARTI AIRTEL	1.68	0.77
RELIANCE COMMUNICATIONS	0.65	1.17
PHARMACEUTICALS	2.13	
DIVIS LABORATORIES	0.95	1.04
SUN PHARMACEUTICALS	0.42	0.39
CIPLA LIMITED	0.40	0.49
JUBLANT ORGANOSYS	0.35	0.42
AUTOMOBILES	1.15	
MARUTI SUZUKI INDIA	0.56	0.65
MAHINDRA & MAHINDRA LTD	0.34	0.73
TATA MOTORS	0.25	0.74
FMCG	0.91	
HINDUSTAN UNILEVER	0.52	0.56
ITC LTD	0.40	0.68
REAL ESTATE	0.77	
REAL ESTATE DLF LIMITED	0.55	1.29
UNITECH	0.23	1.55
CEMENT & CEMENT PRODUCTS	0.64	
GRASIM INDUSTRIES	0.40	0.77
ACC LTD	0.23	0.77
CONSTRUCTION	0.55	
JAIPRAKASH ASSOCIATES	0.35	1.55
GAMMON INDIA	0.20	0.84
OIL EXPLORATION	0.43	
CAIRN INDIA	0.43	0.95
LOGISTICS	0.33	
CONTAINER CORPORATION OF INDIA	0.33	0.26
RETAIL	0.33	
PANTALON RETAIL	0.33	1.06
TEXTILE	0.32	
ADITYA BIRLA NUVO	0.32	0.88
FERTILIZERS	0.32	
GUJARAT NARMADA VALLEY FERTILISERS	0.32	1.16
MEDIA	0.30	
ZEE ENTERTAINMENT ENTERPRISES	0.30	0.71
HOTELS	0.29	
INDIAN HOTELS	0.29	0.85
AVIATION	0.19	
DECCAN AVIATION	0.19	1.28
GAS	0.17	
GAIL (INDIA)	0.17	0.96

total equity 35.83

total bank deposits/mutual funds 22.24

total net assets 100.00



fund characteristics as on June 30, 2008

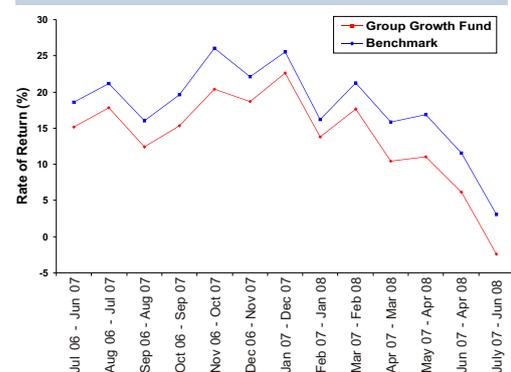
M.Duration of debt portfolio: 1.85 years
YTM of debt portfolio: 9.69%
Beta of equity portfolio: 0.97

NAV as on June 30, 2008

Reliance Group Gratuity-Growth Fund Option: Rs. 9.9644

Reliance Group Superannuation-Growth Fund Option: Rs. 8.4600

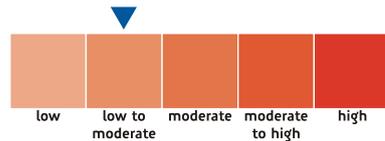
rolling yearly performance



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 month of June saw markets losing momentum. The negative trend was influenced by weak global sentiments. The markets witnessed huge selling by the FIIs. The holding in equities was kept at 17.70%.

The allocation to gilts at 16.68% and to corporate bonds at 36.02% was similar to the previous month's allocation. The allocation to short-term bank deposits and mutual funds was increased slightly to 29.60% from 25.05% in the previous month, owing to higher yields in these instruments. The portfolio is at the desired asset allocation with these changes. However we propose to buy gilts and bonds as and when attractive opportunities are available.

target asset allocation

Debt.: 80%
Equity: 20%

benchmark construction

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

ULIP Balanced Fund

details as on June 30, 2008

fund performance

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	3.32%	5.29%	9.13%	8.29%	-0.18	0.04
last 2 years (CAGR)	7.16%	8.86%	6.99%	6.33%	0.31	0.61
last 3 years (CAGR)	8.50%	9.68%	6.36%	5.84%	0.55	0.80
since inception (CAGR)	10.03%	9.54%	5.33%	5.16%	0.94	0.88
date of inception	february, 2003					

*CAGR: Compounded Annual Growth Rate

portfolio

security % to net assets rating/1-yr beta

corporate bonds

8% EXIM BANK 27-09-09	2.15	AAA
9.90% TATA SONS 20-05-11	2.12	AAA
0% HDFC 22-09-08	1.90	AAA
9% TATA SONS 27-07-10	1.78	AAA
9.68% IRFC 03-07-10	1.69	AAA
9.50% NABARD SER IX 115-10-12	1.64	AAA
9.80% ICICI BANK LTD 10-02-13	1.58	AAA
9.50% INDIAN HOTEL 28-02-12	1.55	AA+
8.40% EXIM BANK 28-09-10	1.55	AAA
10% NABARD SER IX 14-05-12	1.25	AAA
9.35% LIC HOUSING FINANCE LTD 23-11-12	1.23	AAA
9.68% IRFC 03-07-08	1.08	AAA
10.20% HDFC LTD 13-04-10	1.07	AAA
9.65% NABARD SER IX 10-09-10	1.07	AAA
8.50% HDFC LTD, 29-08-09	1.06	AAA
9.24% L & T FINANCE 30-07-10	1.05	AA+
9.80% POWER FINANCE CORP 22-03-12	1.05	AAA
9.80% TATA STEEL 07-05-11	1.05	AAA
9.40% TATA TEA LTD 08-11-10	1.05	AAA
9.80% POWER FINANCE CORP SER XXXVIII 20-09-12	1.05	AAA
7.20% HDFC 03-06-10	0.98	AAA
8.50% EXIM BANK MD 26-09-11	0.88	AAA
9.35% IL & FS LTD 22-10-10	0.80	AAA
10.10% POWER GRID CORP 12-06-11	0.77	AAA
6.25% ULTRATECH CEMENT 25-06-09	0.73	AAA
6.50% HINDALCO LTD 06-09-09	0.66	AA
10.75% IL & FS LTD SER XI 29-03-09	0.65	AAA
5.75% IDFC 08-08-08	0.64	AAA
9.76% IRFC 03-07-12	0.61	AAA
9.25% EXIM BANK 13-12-02	0.51	AAA
10% NABARD 18-06-10	0.43	AAA
9.20% HDFC LTD 09-02-12	0.41	AAA

total corporate bonds 36.02

gilts

SOVEREIGN

7.37% GOI 16-04-14	3.27
5.87% GOI 02-01-10	3.12
7.38% GOI 03-09-2015	2.40
7.27% GOI 03-09-13	2.19
7.44% GOI SPL OIL BOND 23-03-12	1.62
5.48% GOI 12-06-09	1.46
7.33% OIL COMP GOI BOND 07-03-09	0.73
6.96% GOI SPL OIL BOND 30-03-09	0.54
8.24% GOI 22-04-18	0.52
7.49% GOI 16-04-17	0.49
9.39% GOI 02-07-11	0.21
11.40% GOI 31-08-08	0.11

total gilts 16.68

equity

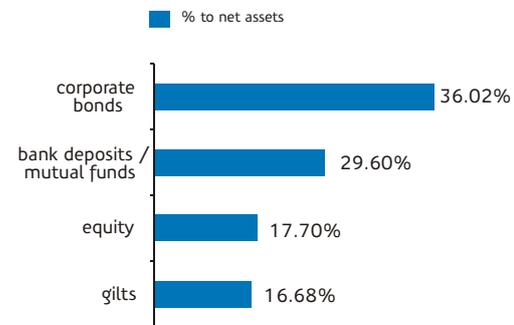
OIL REFINERIES	3.31	
RELIANCE INDUSTRIES	1.84	1.13
OIL & NATURAL GAS CORPORATION	0.82	1.06
RELIANCE PETROLEUM	0.56	1.37
BHARAT PETROLEUM	0.09	0.70
IT	2.12	
INFOSYS TECHNOLOGIES	0.94	0.63
TATA CONSULTANCY SERVICES	0.62	0.72
SATYAM COMPUTERS	0.34	0.62
WIPRO LTD	0.22	0.70
CAP GOODS / ENGINEERING	2.04	
LARSEN & TOUBRO	0.69	1.05
BHARAT HEAVY ELECTRICALS	0.39	1.09
AREVA T & D INDIA	0.25	0.83
CUMMINS INDIA	0.16	0.68
ALSTOM PROJECTS INDIA	0.16	1.07
CROMPTON GREAVES	0.16	0.88
ABB	0.12	0.83
SIEMENS	0.11	0.87
BANKING & FINANCE	1.98	
ICICI BANK	0.50	1.14
HOUSING DEVELOPMENT FINANCE CORPORATION	0.42	0.91
STATE BANK OF INDIA	0.37	0.99
HDFC BANK	0.38	0.94
FEDERAL BANK	0.23	0.65
AXIS BANK	0.19	1.00
POWER	1.36	
NTPC	0.75	1.21
TATA POWER	0.49	1.23
SUZLON ENERGY	0.13	1.06
METALS	1.35	
TATA STEEL	0.48	1.11
HINDALCO INDUSTRIES	0.34	1.25
STEEL AUTHORITY OF INDIA	0.29	1.25
STEEL INDUSTRIES	0.25	1.25
TELECOM	1.15	
BHARTI AIRTEL	0.83	0.77
RELIANCE COMMUNICATIONS	0.32	1.17
PHARMACEUTICALS	1.05	
DIVIS LABORATORIES	0.47	1.04
SUN PHARMACEUTICALS	0.21	0.39
CIPRA LIMITED	0.17	0.99
JUBILANT ORGANOSYS	0.17	0.42
AUTOMOBILES	0.57	
MARUTI SUZUKI INDIA	0.29	0.65
MAHINDRA & MAHINDRA LTD	0.17	0.73
TATA MOTORS	0.12	0.74
FMCG	0.45	
HINDUSTAN UNILEVER	0.26	0.56
ITC LTD	0.20	0.68
REAL ESTATE	0.38	
DLF LIMITED	0.27	1.29
UNITECH	0.11	1.55
CEMENT & CEMENT PRODUCTS	0.32	
GRASIM INDUSTRIES	0.20	0.77
ACC LTD	0.11	0.77
CONSTRUCTION	0.15	
JAIPRAKASH ASSOCIATES	0.17	1.55
GAMMON INDIA	0.09	0.84
OIL EXPLORATION	0.22	
CAJARI INDIA	0.22	0.95
LOGISTICS	0.17	
CONTAINER CORPORATION OF INDIA	0.17	0.26
RETAIL	0.16	
PANTALOON RETAIL	0.16	1.06
TEXTILE	0.16	
ADITYA BIRLA NUVO	0.16	0.88
HOTELS	0.16	
INDIAN HOTELS	0.16	0.85
FERTILIZERS	0.16	
GUJARAT NARMADA VALLEY FERTILISERS	0.16	1.16
MEDIA	0.15	
ZEE ENTERTAINMENT ENTERPRISES	0.15	0.71
AVIATION	0.09	
DECCAN AVIATION	0.09	1.28
GAS	0.08	
GAIL (INDIA)	0.08	0.96

total equity 17.70

total bank deposits/mutual funds 29.60

total net assets 100.00

asset allocation



fund characteristics as on June 30, 2008

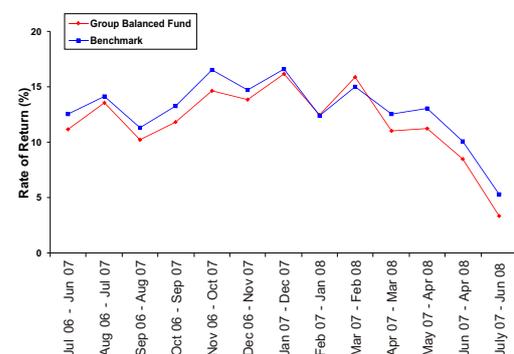
M.Duration of debt portfolio: 1.63 years
YTM of debt portfolio: 9.11%
Beta of equity portfolio: 0.97

NAV as on June 30, 2008

Reliance Group Gratuity – Balanced Fund Option: Rs. 10.5161

Reliance Group Superannuation – Balanced Fund Option: Rs. 13.3612

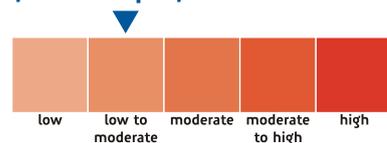
rolling yearly performance



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

fund manager's report

The exposure to corporate bonds was slightly higher at 70.82% than 68.34% in May. The balance was invested in short term bank FDs, CDs and mutual funds. We intend to increase exposure to corporate bonds to 80-90% as and when attractive investments are available.

target asset allocation

Bond Instruments: 100%

benchmark construction

CRISIL Composite Bond Index: 100%

ULIP Corporate Bond Fund

details as on June 30, 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
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corporate bonds

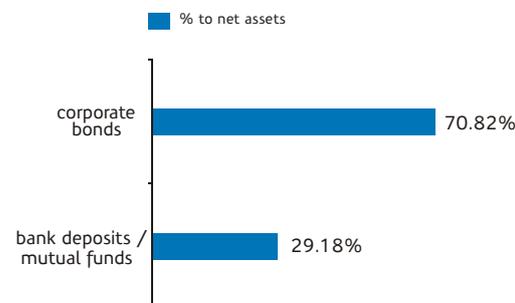
9.40% TATA TEA LTD 08-11-10	9.13	AAA
9.05% EXIM BANK 06-11-10	9.10	AAA
8.88% IDFC 07-01-11	9.03	AAA
8.38% POWER FINANCE CORP 11-12-09	7.29	AAA
11.15% L & T Fin. Ltd (MD 28-07-08)	5.62	AAA+
10.05% NABARD 11-06-14	5.49	AAA
9.45% RECL Ltd (MD 04-04-13)	3.59	AAA
9.32% HDFC LTD 17-12-12	3.58	AAA
7.39% POWER GRID CORP 22-09-11	3.09	AAA
10.00% HDFC Ltd (MD 19/03/2010)	1.86	AAA
9.80% TATA STEEL 07-05-11	1.83	AAA
9.20% HDFC LTD 09-02-12	1.80	AAA
9.47% POWER GRID CORPORATION 31-03-13	1.80	AAA
8.75% IRFC 07-01-13	1.77	AAA
6.25% ULTRATECH CEMENT 25-06-09	1.63	AAA
7.10% POWER GRID CORP 18-02-09	1.29	AAA
9.76% IRFC 03-07-12	0.55	AAA
9.25% EXIM BANK 13-12-02	0.54	AAA
0% HDFC 22-09-08	1.84	AAA

total corporate bonds 70.82

total bank deposits/mutual funds 29.18

total net assets 100.00

asset allocation



fund characteristics as on June 30, 2008

M.Duration of debt portfolio: 1.60 years
YTM of debt portfolio: 10.05%

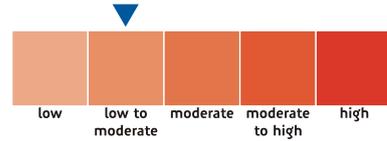
NAV as on June 30, 2008

Reliance Group Leave Encashment (GLE) -
Corporate Bond Fund Option: Rs. 10.2903

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 allocation to gilts was around 65%, slightly lower than that of the previous month. The allocation to short term assets like Bank FDs, CDs and MFs was around 35% of the portfolio. As the fund faces volatile flows, a higher percentage of cash has been kept.

target asset allocation

Government Securities: 100%

benchmark construction

I-Sec Composite Sovereign Bond Index: 100%

ULIP Gilt Fund

details as on June 30, 2008

fund performance

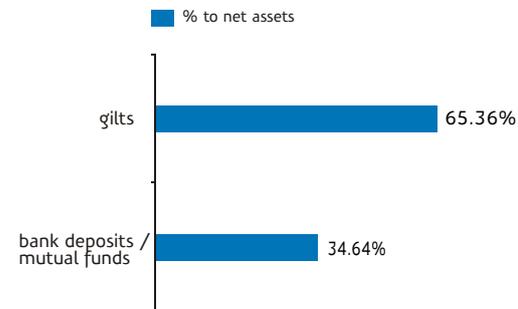
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	data not available as the fund has not completed a period of one year since inception					
date of inception	october, 2007					

*CAGR: Compounded Annual Growth Rate

portfolio

security	% to net assets	rating
gilts		
SOVEREIGN		
7.27% GOI 03-09-13	24.52	
5.87% GOI 02-01-10	15.69	
5.48% GOI 12-06-09	13.77	
9.39% GOI 02-07-11	9.43	
11.40% GOI 31-08-08	1.86	
9.85% GOI 16-10-15	0.09	
total gilts	65.36	
total bank deposits/mutual funds	34.64	
total net assets	100.00	

asset allocation



fund characteristics as on June 30, 2008

M.Duration of debt portfolio: 1.66 years
YTM of debt portfolio: 9.16%

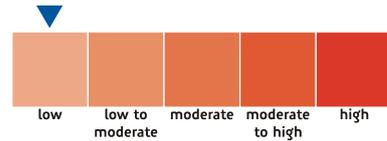
NAV as on June 30, 2008

Reliance Group Leave Encashment (GLE) - Gilt Fund Option: Rs. 10.1709

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

fund manager's report

Presently, the investments of this fund are mostly in Certificate of deposits and Fixed Deposits at around 90% of the portfolio which is giving the highest yield among money market instruments. The balance is in short term assets like CBLO and MFs.

target asset allocation

Money Market Instruments: 100%

benchmark construction

CRISIL Liquid Bond Index: 100%

ULIP Money Market Fund

details as on June 30, 2008

fund performance

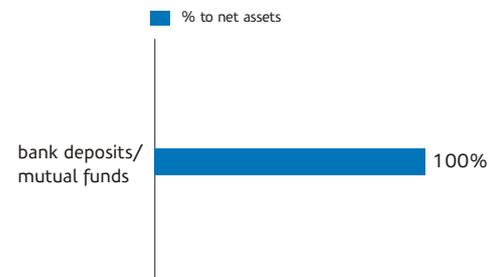
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	data not available as the fund has not completed a period of one year since inception					
date of inception	november, 2007					

*CAGR: Compounded Annual Growth Rate

portfolio

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

asset allocation



fund characteristics as on June 30, 2008

M.Duration of debt portfolio:	0.19 years
YTM of debt portfolio:	9.95%

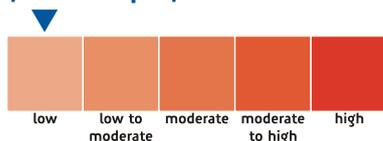
NAV as on June 30, 2008

Reliance Group Leave Encashment (GLE) - Money Market Fund Option: Rs. 10.5312

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 100% to take advantage of high yields in these instruments. The fund continues to outperform its benchmark.

target asset allocation

Money Market Instruments: 100%

benchmark construction

Yield on 182-day T.Bills

ULIP Capital Secure Fund

details as on June 30, 2008

fund performance

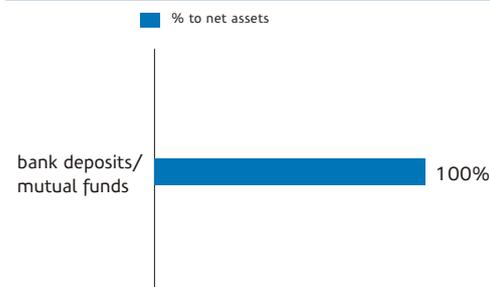
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	9.17%	7.59%	0.14%	0.15%	30.80	17.18
last 2 years (CAGR)	8.17%	7.52%	0.41%	0.15%	7.82	17.16
last 3 years (CAGR)	7.43%	7.03%	0.50%	0.25%	4.90	8.07
since inception (CAGR)	6.39%	5.85%	0.54%	0.45%	2.60	1.90
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 June 30, 2008

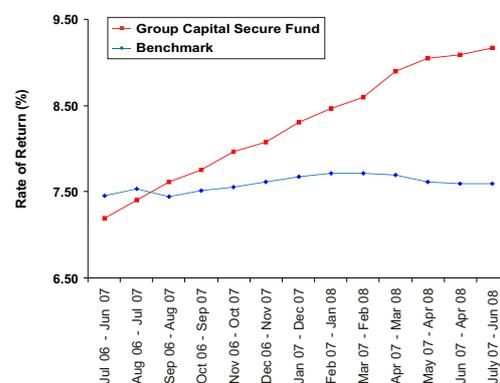
M.Duration of debt portfolio: 0.12 years
YTM of debt portfolio: 9.03%

NAV as on June 30, 2008

Reliance Group Gratuity – Capital Secure Fund Option: Rs. 11.1542

Reliance Group Superannuation–Capital Secure Fund Option : Rs 10.2042

rolling yearly performance



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

the analyst expressions

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

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.

products & UIN nos.

Reliance Group Gratuity: 121L011V02

Reliance Group Superannuation:
121L021V01

Reliance Group Leave Encashment Plan:
121L027V01

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