

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	29th May 09	29th Apr 09	Change
Rs./\$	47.12	50.04	2.92
WPI Inflation	232.20*	230.20	0.61%y-o-y*
Forex Reserves (\$ bn)	260.64	253.09	7.55bn\$
Oil Price (\$ per Barrel)	65.17	50.23	14.94\$
Gold (Rs. per 10gm)	14870	14620	Rs. 250

* As of 18th May 2009

Investments	May 09	Apr 09	Absolute Change
FIIs (Rs Crs)	20117	6508	13609
MFs (Rs Crs)	2291	39	2253

Indices	29th May 09	29th Apr 09	% Change
BSE Sensex	14625	11403	28
S&P CNX Nifty	4449	3474	28
CNX Mid Cap	5354	3861	39
BSE Small Cap	5987	3941	52

Global Indices	29th May 09	29th Apr 09	% Change
Dow Jones	8500	8168	4
FTSE 100	4418	4244	4
Hang Seng	18171	15521	17
Nikkei	9523	8828	8

Sectoral Indices	29th May 09	29th Apr 09	% Change
CNX Infrastructure	3689	2780	33
CNX Energy	9196	7264	27
BSE Capital Goods	11921	7909	51
BSE Bankex	8258	5685	45
BSE Oil & Gas	10419	8133	28
BSE IT	2998	2663	13

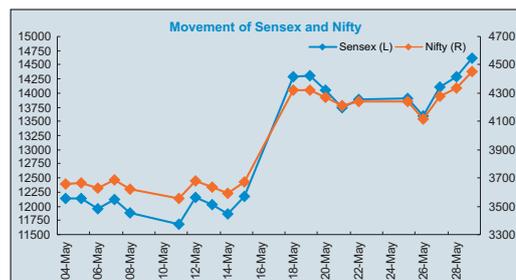
Fixed Income Indicators	29th May 09	29th Apr 09	Absolute Change
NSE Mibor	3.28	3.31	-0.03
91 Day T-Bill	3.25	3.30	-0.05
182 Day T-Bill	3.57	3.46	0.11
1 year GOI Benchmark	3.93	3.88	0.05
5 Year GOI Benchmark	6.47	6.07	0.40
5 Year Corp Bond Benchmark	8.15	7.60	0.55
10 Year GOI Benchmark	6.70	6.23	0.47
10 Year US Benchmark	3.47	3.12	0.35

fund snapshot

asset allocation	funds	gross return (CAGR*) (%) as on May 31, 2009				date of inception
		last 1 year	last 2 years	last 3 years	since inception	
100% equity	ULIP Equity	-8.23%	N.A.	N.A.	-18.16%	October, 2007
100% pure equity	ULIP Pure Equity	N.A.	N.A.	N.A.	N.A.	December, 2008
100% equity	ULIP Infrastructure	N.A.	N.A.	N.A.	N.A.	December, 2008
100% equity	ULIP Energy	N.A.	N.A.	N.A.	N.A.	December, 2008
100% equity	ULIP Midcap	N.A.	N.A.	N.A.	N.A.	December, 2008
40% equity, 60% debt	ULIP Growth	4.54%	5.33%	8.59%	11.88%	August, 2004
20% equity, 80% debt	ULIP Balanced	9.42%	8.96%	9.56%	10.99%	February, 2003
100% bond instruments	ULIP Corporate Bond	13.55%	N.A.	N.A.	11.45%	October, 2007
100% debt instrument	ULIP Pure Debt	N.A.	N.A.	N.A.	N.A.	October, 2008
100% govt. securities	ULIP Gilt	9.26%	N.A.	N.A.	8.24%	October, 2007
100% money market instruments	ULIP Money Market	12.06%	N.A.	N.A.	11.47%	November, 2007
100% money market instruments	ULIP Capital Secure	10.74%	9.91%	8.95%	7.02%	February, 2003

*CAGR: Compounded Annual Growth Rate

equity market update - May 2009



Equity Market Update

BSE Sensex rose a staggering 28% in May to 14625.25 and 80% since the first week of March. FIIs pumped in Rs. 20117 crore in May, up from Rs. 6508 crore in April. Risk appetite augmented and commodity markets too witnessed a strong rally with oil prices climbing as high as \$66/barrel, a jump of around 30% in May, making the largest monthly rise since March 1999.

Domestic markets were encouraged by the potential stability offered by the elected government. The UPA's return without the support of the left parties raised expectations that the government may revive key reforms like disinvestment. FM Pranab Mukherjee said that infrastructure projects would be looked after at a faster pace. Meanwhile, Mr. Manmohan Singh maintained that new investment and better management of public finances would be needed to promote a high growth rate to make it more inclusive.

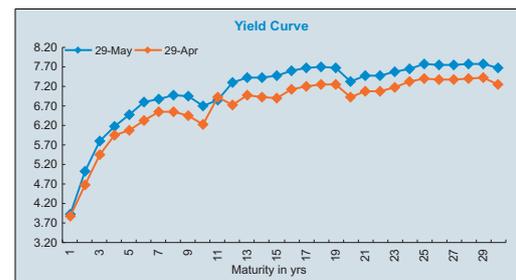
The impact of the government stimulus packages and insistent policy easing by the RBI seemed to have started gathering relevance indicated by an improvement in car sales and an uptrend in cement and steel demand on one hand and GDP of 6.7% for the year FY09 on the other. Also, several fundamentally strong infrastructure projects achieved financial closures, despite the economic slowdown and cash crunch in the global markets. However, a dip in March IIP data showed a dispute in recovery.

Anticipations of a deregulation in oil prices helped OMCs gain momentum. The results of much-awaited stress tests on 19 U.S. banks suggested that the US commercial banks need to raise \$74.6 billion in common capital in order to absorb expected losses.

Action also promised to return on the M&A stage with Bharti Airtel's \$23-billion deal with the South African telecom major MTN, which if it goes through, may spark the consolidation of mobile phone markets across Africa and West Asia.

On the other hand, DLF Ltd, India's largest real estate developer, aimed at lending a helping hand to the cash-strapped DLF Assets Ltd (DAL) and hence sold promoter's 9.9% stake, raising money to buy out hedge fund DE Shaw's investment in its unit DLF Assets Ltd.

debt market update - May 2009



Debt Market Update

The month of May saw the bond market trading in an extremely choppy mood with the ten-year benchmark yield ending near its highest level in the month at 6.73%, 50bps above the previous close of 6.23%. The market was confronted by incremental borrowing in the absence of redemptions and only two OMO's totalling to Rs 12,000 crore as against Rs 48,000 crore of issuance. The government also increased the size of the last two auctions from an initial Rs.12, 000 crore to Rs.15, 000 crore towards the end of the month.

RBI ensured sufficient liquidity for the smooth functioning of the government bond auctions. The RBI also discontinued the second daily liquidity adjustment facility (LAF) auction, the LAF reverse repo amount running at over Rs.1, 30,000 crore. Apprehensions however remained on the possibility of extra borrowing in the financial year against the original target plan of Rs 3.62 trillion in 2009/10.

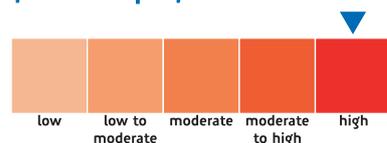
The AAA 5-year corporate bond yield bounced back to a 1-1/2 month high above 8% from a low of 7.60% tracking movement in the government bonds that remained pressured under the sheer weight of additional market borrowing. The credit spread widened to 167 bps from 149 bps.

From the global perspective, pressure on the Indian bond market came from higher US Treasury yields and crude oil prices (at 6-month highs). Expectations of a late recovery in the industrial production in the country overshadowed a slump in the industry output (-2.3% y/y). WPI inflation at 0.61% y-o-y was also factored in by the market. A bond-negative data like faster-than-expected GDP growth rate (5.8% y-o-y for March quarter) further instigated a fresh round of selling. Fiscal deficit for 2008/09 fiscal was Rs.3.3 trillion (\$70 billion), equivalent to 6.2% of GDP, and higher than the government's target of 6%.

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



fund manager's report

The month of May saw the markets ending in the green. The trend was influenced by thumping majority for UPA in parliamentary elections. The markets saw buying from the FIIs for the month. Looking at the positive outlook for the markets and the risk profile of the scheme, the holding in equities was kept at 87.45%.

target asset allocation

Equity: 100%

benchmark construction

S&P CNX Nifty: 100%

ULIP Equity Fund

fund performance as on May 31, 2009

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	-8.23%	-8.63%	43.76%	50.51%	-0.30	-0.27
since inception (CAGR)	-18.16%	-16.33%	40.14%	43.59%	-0.58	-0.49
date of inception	october, 2007					

*CAGR: Compounded Annual Growth Rate

portfolio as on May 31, 2009

security % to net assets 1-yr beta

equity

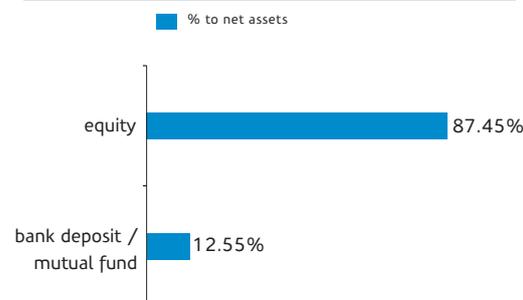
BANKING & FINANCE	19.50	
STATE BANK OF INDIA	6.75	1.10
HDFC BANK	3.28	0.99
ICICI BANK	3.21	1.60
HOUSING DEVELOPMENT FINANCE CORPORATION	2.70	1.26
AXIS BANK	1.45	1.32
BANK OF BARODA	1.09	0.83
PUNJAB NATIONAL BANK	1.04	0.92
OIL REFINERIES	16.47	
RELIANCE INDUSTRIES	8.92	1.23
OIL & NATURAL GAS CORPORATION	4.00	0.86
BHARAT PETROLEUM	1.63	0.53
HINDUSTAN PETROLEUM CORPORATION LTD FV10	1.20	0.48
RELIANCE PETROLEUM	0.72	1.01
CAP GOODS / ENGINEERING	8.60	
LARSEN & TOUBRO	4.34	1.18
BHARAT HEAVY ELECTRICALS	1.35	1.01
CUMMINS INDIA	0.99	0.56
ALSTOM PROJECTS INDIA	0.92	0.97
ABB	0.57	0.86
PUNJ LLOYD	0.42	1.36
IT	8.28	
INFOSYS TECHNOLOGIES	4.59	0.70
TATA CONSULTANCY SERVICES	3.69	0.89
METALS	5.90	
TATA STEEL	2.65	1.39
STEEL AUTHORITY OF INDIA	1.60	1.26
STERLITE INDUSTRIES	0.97	1.35
JINDAL STEEL AND POWER LTD	0.67	1.19
POWER	5.39	
TATA POWER	2.02	0.97
NTPC	2.00	0.74
AREVA T & D INDIA LTD	1.17	0.95
POWER GRID CORPORATION OF INDIA LTD	0.20	0.83
PHARMACEUTICALS	5.23	
DIVIS LABORATORIES	1.59	0.74
RANBAXY LAB	1.44	0.72
CIPLA LTD	1.15	0.51
SUN PHARMACEUTICALS	0.85	0.43
LUPIN	0.21	0.43
TELECOM	4.02	
BHARTI AIRTEL	4.02	1.02
FMCG	3.35	
ITC LTD	1.89	0.53
HINDUSTAN UNILEVER	1.26	0.41
MARICO LTD.	0.19	0.30
CEMENT & CEMENT PRODUCTS	2.69	
ACC LTD	1.72	0.69
GRASIM INDUSTRIES	0.76	0.76
ULTRATECH CEMENT LTD	0.21	0.61
AUTOMOBILES	2.69	
MARUTI SUZUKI INDIA	1.66	0.70
BAJAJ AUTO LTD	1.03	0.65
GAS	1.40	
GAIL (INDIA)	1.40	0.77
MEDIA	1.33	
HT MEDIA LTD	0.99	0.53
ZEE ENTERTAINMENT ENTERPRISES	0.35	0.80
CONSTRUCTION	0.98	
JAI PRAKASH ASSOCIATES	0.98	1.71
OIL EXPLORATION	0.96	
CAIRN INDIA	0.96	0.97
HOTELS	0.47	
INDIAN HOTELS	0.47	0.58
AUTO ANCILLARY	0.19	
AUTOMATIVE AXLES	0.19	0.60

total equity 87.45

total bank deposits/mutual funds 12.55

total net assets 100.00

asset allocation as on May 31, 2009



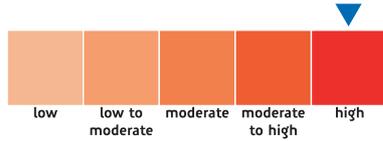
fund characteristics as on May 31, 2009

Fund Beta 0.97

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



ULIP Pure Equity Fund

fund performance as on May 31, 2009

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 the not completed a period of one year since inception					
date of inception	december, 2008					

*CAGR: Compounded Annual Growth Rate

portfolio as on May 31, 2009

security % to net assets 1-yr beta

equity

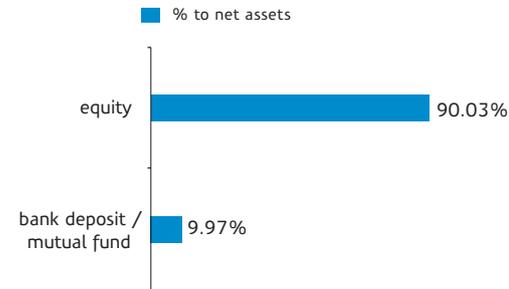
OIL REFINERIES	19.89	
RELIANCE INDUSTRIES	13.90	1.23
OIL & NATURAL GAS CORPORATION	3.51	0.86
RELIANCE PETROLEUM	2.48	1.01
CAP GOODS / ENGINEERING	10.60	
LARSEN & TOUBRO	6.02	1.18
BHARAT HEAVY ELECTRICALS	3.41	1.01
ABB	1.16	0.86
POWER	9.57	
TATA POWER	4.99	0.97
NTPC	2.87	0.74
AREVA T & D INDIA LTD	1.71	0.95
METALS	8.73	
STERLITE INDUSTRIES	3.58	1.35
STEEL AUTHORITY OF INDIA	2.92	1.26
JINDAL STEEL AND POWER LTD	2.23	1.19
AUTOMOBILES	8.00	
MAHINDRA & MAHINDRA LTD	3.30	1.06
BAJAJ AUTO LTD	2.59	0.65
MARUTI SUZUKI INDIA	2.11	0.70
IT	7.82	
INFOSYS TECHNOLOGIES	6.12	0.70
WIPRO LTD	1.70	0.95
SOFTWARE	4.90	
FINANCIAL TECHNOLOGIES INDIA	4.90	0.89
PHARMACEUTICALS	4.70	
DIVIS LABORATORIES	1.61	0.74
RANBAXY LAB	1.43	0.72
SUN PHARMACEUTICALS	0.84	0.43
CIPLA LTD	0.81	0.51
TELECOM	4.56	
BHARTI AIRTEL	4.56	1.02
FMCG	2.54	
HINDUSTAN UNILEVER	1.70	0.41
MARICO LTD.	0.84	0.30
CEMENT & CEMENT PRODUCTS	2.41	
GRASIM INDUSTRIES	1.34	0.76
ACC LTD	1.06	0.69
OIL EXPLORATION	1.93	
CAIRN INDIA	1.93	0.97
AUTO ANCILLARY	1.78	
EXIDE INDUSTRIES	1.78	0.49
GAS	1.47	
GAIL (INDIA)	1.47	0.77
LOGISTICS	1.15	
CONTAINER CORPORATION OF INDIA	1.15	0.26

total equity **90.03**

total money market instruments **9.97**

total net assets **100.00**

asset allocation as on May 31, 2009



fund characteristics as on May 31, 2009

Beta of equity portfolio: 0.95

fund manager's report

The month of May saw the markets ending in the green. The trend was influenced by thumping majority for UPA in parliamentary elections. The markets saw buying from the FIIs for the month. Looking at the positive outlook for the markets and the risk profile of the scheme, the holding in equities was kept at 90.03%.

target asset allocation

Equity*: 100%

(*Investments only in sectors other than banks and non-banking financial companies, breweries, distilleries, alcohol based chemicals, cigarettes, tobacco, entertainment, leather, sugar and hatcheries.)

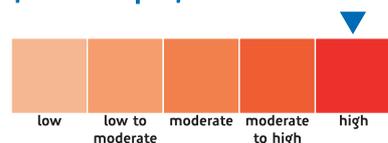
benchmark construction

S&P CNX Nifty 100%

fund objective

Provide high rate of return in the long term through high exposure to equity investments in Infrastructure and allied sectors, while recognizing that there is a significant probability of negative returns in the short term. The risk appetite is 'high'

fund risk profile



fund manager's report

The month of May saw the markets ending in the green. The trend was influenced by thumping majority for UPA in parliamentary elections. The markets saw buying from the FIIs for the month. Looking at the positive outlook for the markets and the risk profile of the scheme, the holding in equities was kept at 88.87%.

target asset allocation

Equity: 100%

benchmark construction

CNX Infrastructure Index: 100%

ULIP Infrastructure Fund

fund performance as on May 31, 2009

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	december, 2008					

*CAGR: Compounded Annual Growth Rate

portfolio as on May 31, 2009

security % to net assets 1-yr beta

equity

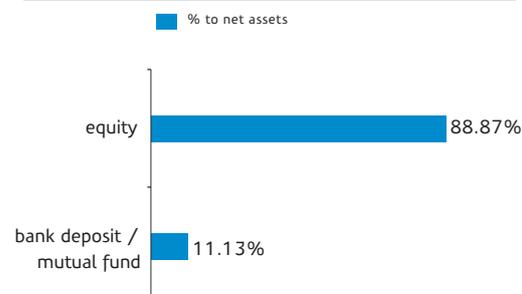
POWER	23.10	
NTPC	17.37	0.74
NEYVELI LIGNITE CORPORATION	2.90	1.09
TATA POWER	2.83	0.97
CAP GOODS / ENGINEERING	22.99	
LARSEN & TOUBRO	9.86	1.18
BHARAT HEAVY ELECTRICALS	9.58	1.01
SIEMENS	1.53	1.01
ABB	1.23	0.86
PUNJ LLOYD	0.78	1.36
TELECOM	21.35	
BHARTI AIRTEL	17.37	1.02
RELIANCE COMMUNICATIONS	3.98	1.49
CONSTRUCTION	5.99	
JAIPRAKASH ASSOCIATES	3.30	1.71
GMR INFRASTRUCTURE	2.70	1.11
OIL REFINERIES	5.50	
RELIANCE INDUSTRIES	5.50	1.23
METALS	4.87	
TATA STEEL	2.33	1.39
STERLITE INDUSTRIES	2.27	1.35
JINDAL STEEL AND POWER LTD	0.27	1.19
CEMENT & CEMENT PRODUCTS	1.87	
GRASIM INDUSTRIES	1.87	0.76
BANKING & FINANCE	1.39	
HOUSING DEVELOPMENT FINANCE CORPORATION	1.39	1.26
LOGISTICS	0.97	
CONTAINER CORPORATION OF INDIA	0.97	0.26
HOTELS	0.84	
INDIAN HOTELS	0.84	0.58

total equity 88.87

total bank deposits/mutual funds 11.13

total net assets 100.00

asset allocation as on May 31, 2009



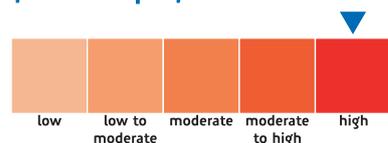
fund characteristics as on May 31, 2009

Fund Beta 1.05

fund objective

Provide high rate of return in the long term through high exposure to equity investments in Energy and allied sectors, while recognizing that there is a significant probability of negative returns in the short term. The risk appetite is 'high'

fund risk profile



fund manager's report

The month of May saw the markets ending in the green. The trend was influenced by thumping majority for UPA in parliamentary elections. The markets saw buying from the FIIs for the month. Looking at the positive outlook for the markets and the risk profile of the scheme, the holding in equities was kept at 94.16%.

target asset allocation

Equity: 100%

benchmark construction

CNX Energy Index: 100%

ULIP Energy Fund

fund performance as on May 31, 2009

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	december, 2008					

*CAGR: Compounded Annual Growth Rate

portfolio as on May 31, 2009

security % to net assets 1-yr beta

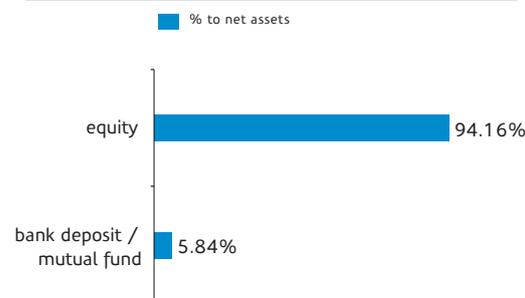
equity

OIL REFINERIES	57.65	
RELIANCE INDUSTRIES	30.33	1.23
OIL & NATURAL GAS CORPORATION	21.76	0.86
RELIANCE PETROLEUM	3.42	1.01
BHARAT PETROLEUM	2.14	0.53
POWER	22.72	
NTPC	12.37	0.74
AREVA T & D INDIA LTD	4.38	0.95
POWER GRID CORPORATION OF INDIA LTD	3.43	0.83
TATA POWER	2.55	0.97
OIL EXPLORATION	4.78	
CAIRN INDIA	4.78	0.97
METALS	3.51	
STERLITE INDUSTRIES	2.21	1.35
JINDAL STEEL AND POWER LTD	1.30	1.19
CAP GOODS / ENGINEERING	2.78	
BHARAT HEAVY ELECTRICALS	1.69	1.01
LARSEN & TOUBRO	1.09	1.18
GAS	2.29	
GAIL (INDIA)	2.29	0.77
FMCG	0.43	
EVEREST KANTO CYLINDER LTD	0.43	0.61
total equity	94.16	

total bank deposits/mutual funds 5.84

total net assets 100.00

asset allocation as on May 31, 2009



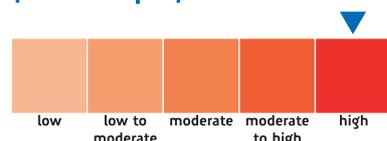
fund characteristics as on May 31, 2009

Fund Beta 0.99

fund objective

Provide high rate of return in the long term through high exposure to equity investments in Midcap companies while recognizing that there is significant probability of negative returns in the short term. The risk appetite is 'high'

fund risk profile



ULIP Midcap Fund

fund performance as on May 31, 2009

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	december, 2008					

*CAGR: Compounded Annual Growth Rate

portfolio as on May 31, 2009

security % to net assets 1-yr beta

equity

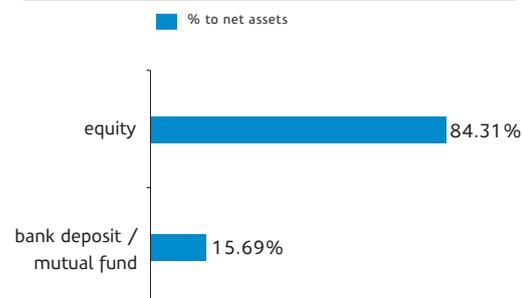
CAP GOODS / ENGINEERING	9.39	
PUNJ LLOYD	5.68	1.36
VOLTAS LTD	3.70	1.03
PHARMACEUTICALS	7.66	
DIVIS LABORATORIES	3.91	0.74
LUPIN	3.75	0.43
BANKING & FINANCE	7.18	
ANDHRA BANK	3.64	0.76
CORPORATION BANK	3.54	0.62
FMCG	6.96	
TITAN INDUSTRIES	2.15	0.64
EVEREST KANTO CYLINDER LTD	2.04	0.61
TATA TEA	1.99	0.37
MARICO LTD.	0.79	0.30
IT	5.17	
MPHASIS	5.17	0.63
PLASTIC AND PLASTIC PRODUCT	4.69	
SINTEX INDUSTRIES LTD.	4.69	1.01
SOFTWARE	4.13	
FINANCIAL TECHNOLOGIES INDIA	4.13	0.89
SHIPPING	4.02	
GREAT EASTERN SHIPPING	4.02	0.87
FERTILIZERS	3.88	
UNITED PHOSPHORUS LTD	3.88	0.78
CEMENT & CEMENT PRODUCTS	3.82	
INDIA CEMENTS	2.06	0.88
SHREE CEMENT	1.76	0.70
MEDIA	3.67	
HT MEDIA LTD	2.33	0.53
ZEE ENTERTAINMENT ENTERPRISES	1.33	0.80
HOTELS	2.73	
INDIAN HOTELS	2.73	0.58
AUTO ANCILLARY	2.62	
EXIDE INDUSTRIES	2.62	0.49
POWER	2.33	
CESC	2.33	0.78
CONSTRUCTION	2.24	
JAIPRAKASH ASSOCIATES	2.24	1.71
SUGAR	2.13	
BAJAJ HINDUSTAN	2.13	1.16
GAS	2.06	
PETRONET LNG	2.06	0.83
FERTILISERS	2.01	
TATA CHEMICALS	2.01	0.94
OIL REFINERIES	1.94	
RELIANCE INDUSTRIES	1.94	1.23
TELECOM	1.90	
TATA TELESERVICES (MAHARASHTRA)	1.90	0.81
METALS	1.44	
JINDAL STEEL AND POWER LTD	1.44	1.19
LOGISTICS	1.19	
CONTAINER CORPORATION OF INDIA	1.19	0.26
AUTOMOBILES	1.16	
TATA MOTORS	1.16	1.16

total equity 84.31

total bank deposits/mutual funds 15.69

total net assets 100.00

asset allocation as on May 31, 2009



fund characteristics as on May 31, 2009

Fund Beta 0.83

fund manager's report

The month of May saw the markets ending in the green. The trend was influenced by thumping majority for UPA in parliamentary elections. The markets saw buying from the FIIs for the month. Looking at the positive outlook for the markets and the risk profile of the scheme, the holding in equities was kept at 84.31%.

target asset allocation

Equity: 100%

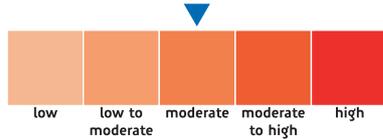
benchmark construction

Nifty Midcap 50: 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



fund manager's report

The month of May saw the markets ending in the green. The trend was influenced by thumping majority for UPA in parliamentary elections. The markets saw buying from the FIIs for the month. Looking at the positive outlook for the markets and the risk profile of the scheme, the holding in equities was kept at 36.02%.

The allocation to corporate bonds was slightly decreased to 41.00% from 42.84% due to profit booking. The allocation to the G-sec was increased to 5.76% from 4.64%. Accordingly the allocation to short term bank deposits and CDs/CPs was decreased to 17.23% from 19.29%.

target asset allocation

Debt.:	60%
Equity:	40%

benchmark construction

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

ULIP Growth Fund

fund performance as on May 31, 2009

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	4.54%	5.34%	19.03%	20.65%	-0.02	0.02
last 2 years (CAGR)	5.33%	8.40%	16.39%	17.04%	0.02	0.20
last 3 years (CAGR)	8.59%	11.78%	13.87%	14.32%	0.26	0.47
since inception (CAGR)	11.88%	13.76%	12.14%	12.40%	0.57	0.71
date of inception			august, 2004			

*CAGR: Compounded Annual Growth Rate

portfolio as on May 31, 2009

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

11% POWER FINANCE CORPO LTD 15-09-2018	4.51	AAA
8.25% IDBI OMNI BOND SER III 26-05-11	2.69	AA+
11.95% HDFC LTD 26-11-2018	2.64	AAA
9.50% NABARD SER IX I 15-10-12	2.28	AAA
9.25% HDFC LTD 24-11-2016	2.26	AAA
10.35% HDFC LTD 16-05-17	2.25	AAA
11.45% RELIANCE INDU LTD 25-11-2013	2.22	AAA
2% TATA MOTORS LTD 31-03-2014	2.21	AAA(SO)
8.20% IRFC 27-04-2016	2.16	AAA
8.95% HDFC LTD 29-10-10	2.04	AAA
7.15% IND OIL BOND 10-06-12	1.74	AA+
11.40% POWER FINANCE CORP 28-11-13	1.48	AAA
7.39% POWER GRID CORP 22-09-11	1.42	AAA
9.80% TATA STEEL 07-05-11	1.37	AA
9.50% INDIAN HOTEL 28-02-12	1.36	AA+
9.35% HDFC LTD 09-11-09	1.34	AAA
8.45% IRFC 26-12-2018	1.31	AAA
10.90% RECL LTD 14-04-13	1.21	AAA
11.10% POWER FINANCE CORP 15-09-13	0.97	AAA
9.90% TATA SONS 20-05-11	0.93	AAA
9.05% EXIM BANK 06-11-10	0.91	AAA
11.45% RELIANCE INDUSTRIES LTD 25-11-2013	0.74	AAA
9.68% IRFC 03-07-10	0.73	AAA
10.60% IRFC 11-09-2018	0.25	AAA
total corporate bonds	41.00	

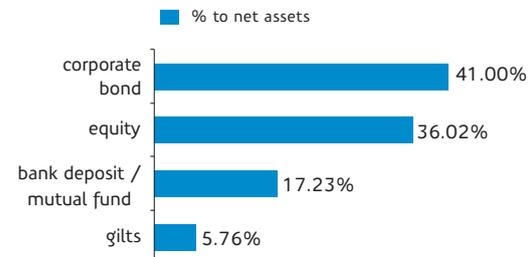
gilts

		SOVEREIGN
7.56% GOI 03-11-2014	2.31	
7.44% GOI SPL OIL BOND 23-03-12	1.96	
8.40% GUJARAT GOI 18-03-2019	1.43	
5.87% GOI 02-01-10	0.04	
8.35% GOI 14-05-22	0.01	
total gilts	5.76	

equity

BANKING & FINANCE	7.55	
STATE BANK OF INDIA	2.27	1.10
ICICI BANK	1.59	1.60
HDFC BANK	1.22	0.99
HOUSING DEVELOPMENT FINANCE CORPORATION	0.78	1.26
BANK OF BARODA	0.68	0.83
AXIS BANK	0.57	1.32
PUNJAB NATIONAL BANK	0.44	0.92
OIL REFINERIES	7.28	
RELIANCE INDUSTRIES	4.71	1.23
OIL & NATURAL GAS CORPORATION	1.48	0.86
BHARAT PETROLEUM	0.59	0.53
RELIANCE PETROLEUM	0.50	1.01
CAP GOODS / ENGINEERING	3.18	
BHARAT HEAVY ELECTRICALS	1.48	1.01
LARSEN & TOUBRO	1.33	1.18
CUMMINS INDIA	0.28	0.56
VOLTAS LTD	0.10	1.03
IT	2.98	
INFOSYS TECHNOLOGIES	1.46	0.70
TATA CONSULTANCY SERVICES	1.18	0.89
WIPRO LTD	0.33	0.95
POWER	2.84	
NTPC	1.18	0.74
TATA POWER	1.05	0.97
AREVA T & D INDIA LTD	0.48	0.95
POWER GRID CORPORATION OF INDIA LTD	0.13	0.83
METALS	2.01	
STERLITE INDUSTRIES	0.61	1.35
STEEL AUTHORITY OF INDIA	0.56	1.26
TATA STEEL	0.49	1.39
JINDAL STEEL AND POWER LTD	0.35	1.19
TELECOM	1.93	
BHARTI AIRTEL	1.93	1.02
PHARMACEUTICALS	1.85	
DIVIS LABORATORIES	0.60	0.74
SUN PHARMACEUTICALS	0.53	0.43
CIPLA LTD	0.39	0.51
RANBAXY LAB	0.33	0.72
AUTOMOBILES	1.47	
MARUTI SUZUKI INDIA	0.58	0.70
MAHINDRA & MAHINDRA LTD	0.46	1.06
BAJAJ AUTO LTD	0.43	0.65
FMCG	1.45	
HINDUSTAN UNILEVER	0.88	0.41
ITC LTD	0.52	0.53
MARICO LTD.	0.04	0.30
CEMENT & CEMENT PRODUCTS	0.91	
GRASIM INDUSTRIES	0.49	0.76
ACC LTD	0.32	0.69
ULTRATECH CEMENT LTD	0.11	0.61
GAS	0.85	
GAIL (INDIA)	0.85	0.77
OIL EXPLORATION	0.75	
CAIRN INDIA	0.75	0.97
CONSTRUCTION	0.67	
JAIPRAKASH ASSOCIATES	0.67	1.71
LOGISTICS	0.29	
CONTAINER CORPORATION OF INDIA	0.29	0.26
total equity	36.02	
total bank deposits/mutual funds	17.23	
total net assets	100.00	

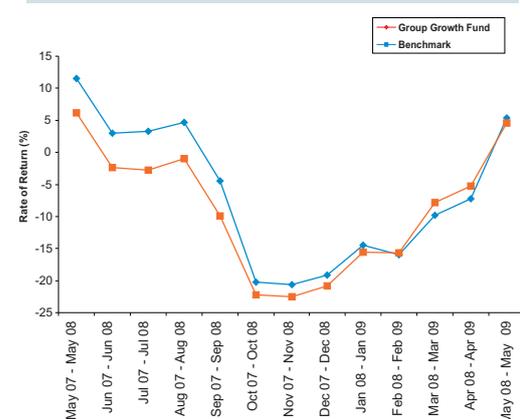
asset allocation as on May 31, 2009



fund characteristics as on May 31, 2009

M.Duration of debt portfolio:	3.07 years
YTM of debt portfolio:	8.13%
Beta of equity portfolio:	0.99

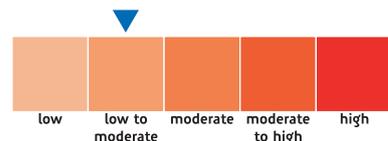
rolling yearly performance



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



fund manager's report

The month of May saw the markets ending in the green. The trend was influenced by thumping majority for UPA in parliamentary elections. The markets saw buying from the FIIs for the month. Looking at the positive outlook for the markets and the risk profile of the scheme, the holding in equities was kept at 17.19%.

The allocation to gilts was slightly decreased to 12.10% from 14.33%. The exposure in corporate bonds was also decreased to 54.99% from 56.42%. Accordingly, exposure in short-term bank deposits and CDs/CPs has been increased to 15.71% from 13.34%.

target asset allocation

Debt.: 80%
Equity: 20%

benchmark construction

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

ULIP Balanced Fund

fund performance as on May 31, 2009

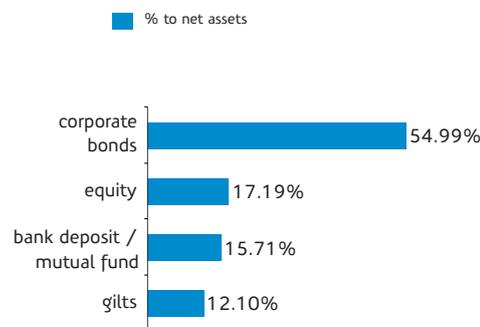
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	9.42%	8.35%	10.80%	10.89%	0.41	0.31
last 2 years (CAGR)	8.96%	9.22%	9.16%	8.95%	0.43	0.47
last 3 years (CAGR)	9.56%	10.25%	7.78%	7.54%	0.59	0.70
since inception (CAGR)	10.99%	10.12%	6.10%	6.08%	0.98	0.84
date of inception			february, 2003			

*CAGR: Compounded Annual Growth Rate

portfolio as on May 31, 2009

security	% to net assets	rating/ 1-yr beta
corporate bonds		
11.45% RELIANCE IND TRANCHE 2 LTD 25-11-2013	4.68	AAA
11.45% RELIANCE INDUSTRIES LTD 25-11-2013	4.32	AAA
11.40% POWER FINANCE CORP 28-11-13	2.40	AAA
10.95% RECL LTD 14-04-11	2.32	AAA
9.90% TATA SONS 20-05-11	2.27	AAA
8.50% EXIM BANK LTD 12-09-11	2.22	AAA
8.95% HDFC LTD 16-01-11	1.99	AAA
9.50% NABARD SER IX 1 15-10-12	1.79	AAA
9.65% NABARD SER IX 10-09-10	1.74	AAA
9.80% ICICI BANK LTD 10-02-13	1.73	AAA
9.50% INDIAN HOTEL 28-02-12	1.65	AA+
10% NABARD SER IX 14-05-12	1.34	AAA
10.75% RECL LTD 14-04-11	1.18	AAA
11.65% HDFC LTD 09-09-10	1.13	AAA
9.80% POWER FINANCE CORP 22-03-12	1.13	AAA
8.83% IRFC 29-10-12	1.12	AAA
9.80% TATA STEEL 07-05-11	1.11	AA
8.94% LIC HOUSING FIN LTD 16-01-11	1.11	AAA
10.20% HDFC LTD 13-04-10	1.11	AAA
9.05% EXIM BANK 06-11-10	1.10	AAA
9.40% TATA TEA LTD 08-11-10	1.10	AA
9.24% L & T FINANCE 30-07-10	1.10	AA+
2% TATA MOTORS LTD 31-03-2014	1.08	AA(SO)
7.20% HDFC 03-06-10	1.04	AAA
9.30% POWER FINANCE CORP LTD 12-03-2013	1.00	AAA
9.35% LIC HOUSING FINANCE LTD 23-11-12	0.90	AAA
9.35% IL & FS LTD 22-10-10	0.84	AAA
10.10% POWER GRID CORP 12-06-11	0.83	AAA
9% TATA SONS 27-07-10	0.77	AAA
11.15% POWER FINANCE CORP 15-09-11	0.70	AAA
6.50% HINDALCO LTD 06-09-09	0.68	AA-
10.90% RECL LTD 14-04-13	0.68	AAA
9.45% RECL LTD 04-04-13	0.67	AAA
9.76% IRFC 03-07-12	0.66	AAA
9.79% IRFC 11-09-2009	0.65	AAA
9.68% IRFC 03-07-10	0.64	AAA
8.20% IRFC 27-04-2020	0.63	AAA
6.00% INDIAN HOTEL 13-05-11	0.60	AA+
9.25% EXIM BANK 13-12-02	0.56	AAA
8.50% HDFC LTD 29-08-09	0.54	AAA
10% NABARD 18-06-10	0.44	AAA
8.45% IRFC 26-12-2018	0.43	AAA
10.60% IRFC 11-09-2018	0.36	AAA
7% POWER FINANCE 24-12-11	0.32	AAA
11% POWER FINANCE CORP LTD 15-09-2018	0.24	AAA
11.35% RECL LTD 24-10-13	0.09	AA
total corporate bonds 54.99		
gilts		
8.30% MAHARASHTRA GOI 25-03-2019	3.47	SOVEREIGN
7.37% GOI 16-04-14	3.05	
7.44% GOI SPL OIL BOND 23-03-12	1.78	
8.24% TAMIL NADU STATE GOVT GOI 25-03-2019	1.15	
6.05% GOI 02-02-2019	1.02	
7.46% GOI 28-08-2017	0.75	
6.72% GOI 24-02-2014	0.44	
8.24% GOI 22-04-18	0.40	
5.87% GOI 02-01-10	0.05	
total gilts 12.10		
equity		
BANKING & FINANCE 3.72		
STATE BANK OF INDIA	1.14	1.10
ICICI BANK	0.78	1.60
HDFC BANK	0.59	0.99
HOUSING DEVELOPMENT FINANCE CORPORATION	0.39	1.26
BANK OF BARODA	0.33	0.83
AXIS BANK	0.27	1.32
PUNJAB NATIONAL BANK	0.22	0.92
OIL REFINERIES 3.05		
RELIANCE INDUSTRIES	1.78	1.23
OIL & NATURAL GAS CORPORATION	0.73	0.86
BHARAT PETROLEUM	0.30	0.53
RELIANCE PETROLEUM	0.24	1.01
CAP GOODS / ENGINEERING 1.59		
BHARAT HEAVY ELECTRICALS	0.74	1.01
LARSEN & TOUBRO	0.65	1.18
CUMMINS INDIA	0.15	0.56
VOLTAS LTD	0.05	1.03
IT 1.49		
INFOSYS TECHNOLOGIES	0.74	0.70
TATA CONSULTANCY SERVICES	0.59	0.89
WIPRO LTD	0.16	0.95
POWER 1.42		
NTPC	0.59	0.74
TATA POWER	0.51	0.97
AREVA T & D INDIA LTD	0.26	0.95
POWER GRID CORPORATION OF INDIA LTD	0.06	0.83
TELECOM 0.94		
BHARTI AIRTEL	0.94	1.02
METALS 0.94		
STERILITE INDUSTRIES	0.29	1.35
STEEL AUTHORITY OF INDIA	0.27	1.26
TATA STEEL	0.21	1.39
JINDAL STEEL AND POWER LTD	0.17	1.19
PHARMACEUTICALS 0.91		
DIVIS LABORATORIES	0.30	0.74
SUN PHARMACEUTICALS	0.26	0.43
CIPLA LTD	0.19	0.51
RANBAXY LAB	0.16	0.72
FMCG 0.71		
HINDUSTAN UNILEVER	0.43	0.41
ITC LTD	0.25	0.53
MARICO LTD.	0.02	0.30
AUTOMOBILES 0.71		
MARUTI SUZUKI INDIA	0.29	0.70
MAHINDRA & MAHINDRA LTD	0.22	1.06
BAJAJ AUTO LTD	0.20	0.65
CEMENT & CEMENT PRODUCTS 0.44		
CEMENT INDUSTRIES	0.24	0.76
ACC LTD	0.16	0.69
ULTRATECH CEMENT LTD	0.05	0.61
GAS 0.41		
GAIL (INDIA)	0.41	0.77
OIL EXPLORATION 0.37		
CAIRN INDIA	0.37	0.97
CONSTRUCTION 0.35		
JAIPRAKASH ASSOCIATES	0.35	1.71
LOGISTICS 0.14		
CONTAINER CORPORATION OF INDIA	0.14	0.26
total equity 17.19		
total bank deposits/mutual funds 15.71		
total net assets 100.00		

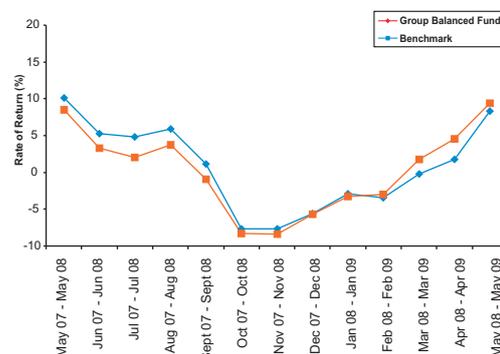
asset allocation as on May 31, 2009



fund characteristics as on May 31, 2009

M.Duration of debt portfolio: 2.80 years
YTM of debt portfolio: 7.57%
Beta of equity portfolio: 0.99

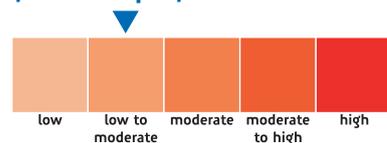
rolling yearly performance



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



ULIP Corporate Bond Fund

fund performance as on May 31, 2009

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	13.55%	8.78%	5.62%	7.11%	1.52	0.53
since inception (CAGR)	11.45%	7.53%	4.51%	5.64%	1.43	0.45
date of inception			october, 2007			

portfolio as on May 31, 2009

security	% to net assets	rating
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corporate bonds

11.25% POWER FINANCE CORP LTD 28-11-2018	7.98	AAA
11.45% RELIANCE INDU LTD 25-11-2013	6.70	AAA
10.60% IRFC 11-09-2018	5.71	AAA
8.75% IRFC 07-01-13	5.69	AAA
10.90% RECL LTD 14-04-13	5.34	AAA
2% TATA MOTORS LTD 31-03-2014	4.62	AAA(SO)
11.45% RELIANCE IND TRANCHE 2 LTD 25-11-2013	4.12	AAA
11% POWER FINANCE CORP LTD 15-09-2018	3.93	AAA
10.05% NABARD 11-06-14	2.48	AAA
9.50% HDFC LTD 27-02-2013	2.41	AAA
9.33% POWER GRID CORP LTD 15-12-2013	2.40	AAA
8.88% IDFC 07-01-11	2.37	AAA
9.40% TATA TEA LTD 08-11-10	2.36	AA
8.90% STEEL AUTHORITY OF INDIA 01-05-2019	2.32	AAA
8.65% RECL LTD 15-01-2019	2.28	AAA
10.90% RECL LTD 30-09-2013	1.51	AAA
8.94% LIC HOUSING FIN LTD 16-01-11	1.43	AAA
8.50% HDFC LTD 29-08-09	1.15	AAA
9.65% NABARD SER IX 10-09-10	1.02	AAA
9.35% LIC HOUSING FINANCE LTD 23-11-12	0.97	AAA
9.32% HDFC LTD 17-12-12	0.97	AAA
6.00% INDIAN HOTEL 13-05-11	0.96	AA+
11.10% POWER FINANCE CORP 15-09-13	0.91	AAA
7.39% POWER GRID CORP 22-09-11	0.84	AAA
11.50% RECL LTD 26-11-2013	0.77	AAA
11.40% POWER FINANCE CORP 28-11-13	0.51	AAA
11.35% RECL LTD 24-10-13	0.50	AAA
9.47% POWER GRID CORPORATION 31-03-13	0.48	AAA
9.20% HDFC LTD 09-02-12	0.48	AAA
9.80% TATA STEEL 07-05-11	0.48	AA
8.95% HDFC LTD 16-01-11	0.48	AAA
10.00% HDFC LTD 19-03-2010	0.47	AAA
10.35% HDFC LTD SR E006 06-06-2017	0.45	AAA
11.30% ACC LTD 10-12-2013	0.26	AAA
9.30% POWER FINANCE CORP LTD 12-03-2013	0.24	AAA
10.48% GRASIM INDU LTD 16-12-2013	0.15	AAA
9.76% IRFC 03-07-12	0.15	AAA
9.25% EXIM BANK 13-12-02	0.14	AAA

total corporate bonds 76.04

gilts

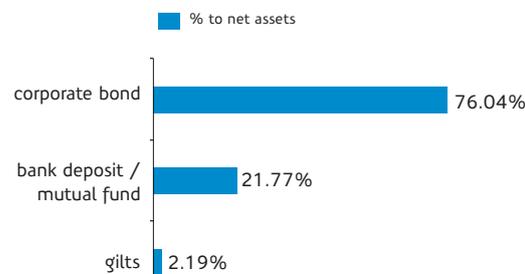
7.46% GOI 28-08-2017	1.71
7.56% GOI 03-11-2014	0.48

total gilts 2.19

total bank deposits/mutual funds 21.77

total net assets 100.00

asset allocation as on May 31, 2009



fund characteristics as on May 31, 2009

M.Duration of debt portfolio:	3.69 years
YTM of debt portfolio:	8.41 %

fund manager's report

The exposure to corporate bonds was increased to 76.04% from 65.86%. We decreased exposure in gilts to the extent of 2.19% from 6.27%. Balance was invested in short term bank FDs, CDs and CPs. We intend to increase duration and exposure to corporate bonds to 80-90% as and when attractive investments are available.

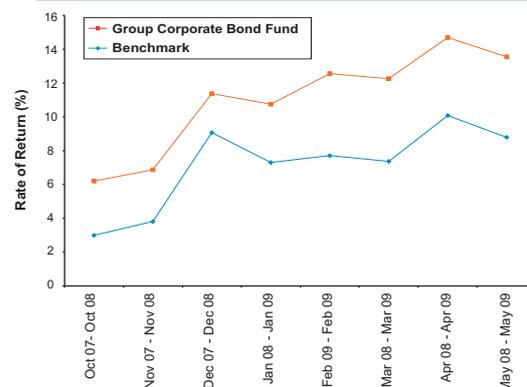
target asset allocation

Bond Instruments: 100%

benchmark construction

CRISIL Composite Bond Index: 100%

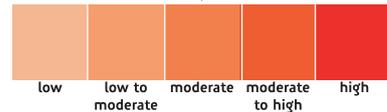
rolling yearly performance



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



ULIP Pure Debt Fund

fund performance as on May 31, 2009

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 the not completed a period of one year since inception					
date of inception	october, 2008					

*CAGR: Compounded Annual Growth Rate

portfolio as on May 31, 2009

security % to net assets rating

corporate bonds

11% POWER FINANCE CORP LTD 15-09-2018	5.37	AAA
11.45% RELIANCE IND TRANCHE 2 LTD 25-11-2013	5.08	AAA
11.10% POWER FINANCE CORP 15-09-13	3.88	AAA
8.90% STEEL AUTHORITY OF INDIA 01-05-2019	3.69	AAA
2% TATA MOTORS LTD 31-03-2014	3.67	AAA(SO)
8.55% IRFC 15-01-2019	3.65	AAA
11.45% RELIANCE IND TRANCHE 2 LTD 25-11-2013	2.87	AAA
8.75% IRFC 07-01-13	2.26	AAA
11.95% HDFC LTD 26-11-2018	2.19	AAA
11.25% POWER FINANCE CORP LTD 28-11-2018	2.11	AAA
10.60% IRFC 11-09-2018	2.06	AAA
10.90% RECL LTD 30-09-2013	2.01	AAA
8.98% NCR PLAN 14-02-2018	1.89	AAA
8.65% RECL LTD 15-01-2019	1.82	AAA
7.89% NTPC LTD 05-05-2019	1.73	AAA
8.65% HDFC LTD 12-09-11	1.33	AAA
11.40% POWER FINANCE CORP 28-11-13	1.23	AAA
10.90% RECL LTD 14-04-13	1.20	AAA
11.35% RECL LTD 24-10-13	1.20	AAA
9.20% HDFC LTD 09-02-12	1.14	AAA
9.90% TATA SONS 20-05-11	0.77	AAA
9.35% LIC HOUSING FINANCE LTD 23-11-12	0.77	AAA
8.94% LIC HOUSING FIN LTD 16-01-11	0.76	AAA
9% TATA SONS 27-07-10	0.56	AAA
10.10% POWER GRID CORP 12-06-11	0.49	AAA
11.50% RECL LTD 26-11-2013	0.41	AAA
10% NABARD SER IX 14-05-12	0.39	AAA
9.80% TATA STEEL 07-05-11	0.38	AA
9.35% IL & FS LTD 22-10-10	0.38	AAA
9.35% HDFC LTD 09-11-09	0.37	AAA
9.76% IRFC 03-07-12	0.23	AAA
7.60% ICICI BANK 30-12-15	0.18	AAA
7.20% HDFC 03-06-10	0.07	AAA

total corporate bonds 56.14

gilts

SOVEREIGN

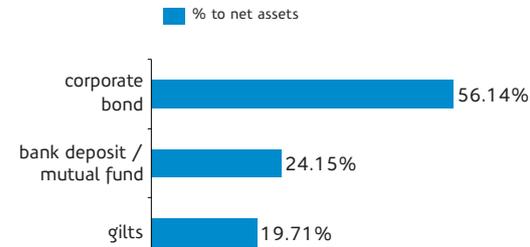
8.59% ANDHRA PRADESH GOI 18-03-2019	4.02
7.46% GOI 28-08-2017	3.77
7.59% GOI 12-04-2016	3.39
7.50% GOI 10-08-2034	1.80
6.35%GOI 2020 02-01-2020	1.76
7.56% GOI 03-11-2014	1.54
8.40% GUJARAT GOI 18-03-2019	1.19
8.47% ARUNACHAL PRADESH GOI 25-03-2019	0.80
8.47% NAGALAND GOI 25-03-2019	0.80
8.47% JHARKHAND GOI 25-03-2019	0.40
5.48% GOI 12-06-09	0.25

total gilts 19.71

total bank deposits/mutual funds 24.15

total net assets 100.00

asset allocation as on May 31, 2009



fund characteristics as on May 31, 2009

M.Duration of debt portfolio: 4.27 years
YTM of debt portfolio: 8.23%

fund manager's report

The exposure to gilts was decreased to 19.71% from 21.90%. Exposure to corporate bonds was also decreased to 56.14% from 60.02%. Accordingly the exposure to short term assets was increased to 24.15% from 18.08%. We will increase exposure to gilts and corporate bonds as and when attractive investments are available.

target asset allocation

Debt Instruments: 100%

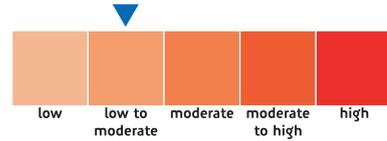
benchmark construction

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



fund manager's report

The allocation to gilts was decreased to 71.25% from 78.84%. Accordingly we increased the exposure in short term bank FDs, CDs and CPs to 28.75% from 21.16%.

target asset allocation

Government Securities: 100%

benchmark construction

I-Sec Composite Sovereign Bond Index: 100%

ULIP Gilt Fund

fund performance as on May 31, 2009

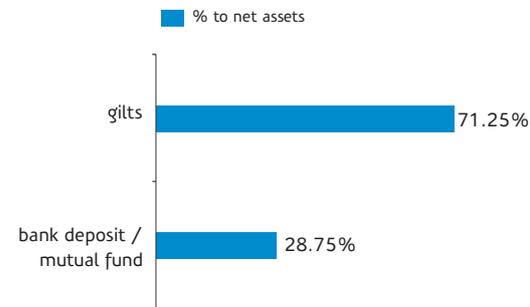
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	9.26%	18.30%	5.38%	17.90%	0.79	0.74
since inception (CAGR)	8.24%	13.06%	4.29%	14.32%	0.75	0.56
date of inception			october, 2007			

*CAGR: Compounded Annual Growth Rate

portfolio as on May 31, 2009

security	% to net assets	rating
gilts		
SOVEREIGN		
7.59% GOI 12-04-2016	14.22	
7.56% GOI 03-11-2014	12.95	
8.30% MAHARASHTRA GOI 25-03-2019	6.64	
8.28% RAJASHTHAN SDL GOI 25-03-2019	6.63	
7.49% GOI 16-04-17	6.34	
7.46% GOI 28-08-2017	6.34	
6.07% GOI 15-05-2014	6.11	
7.50% GOI 10-08-2034	6.06	
6.35% GOI 2020 02-01-2020	5.94	
9.85% GOI 16-10-15	0.04	
total gilts	71.25	
total bank deposits/mutual funds	28.75	
total net assets	100.00	

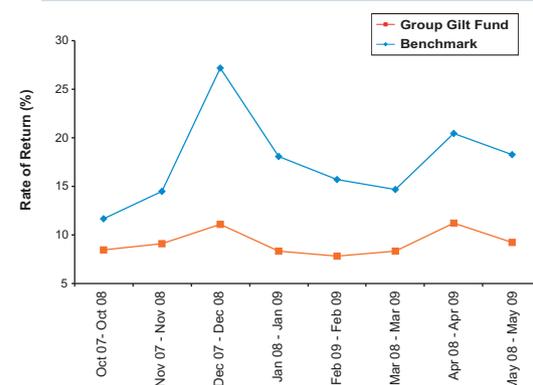
asset allocation as on May 31, 2009



fund characteristics as on May 31, 2009

M.Duration of debt portfolio: 4.94 years
YTM of debt portfolio: 7.69%

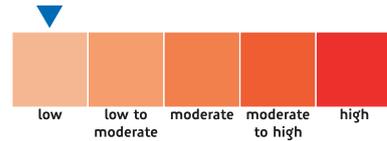
rolling yearly performance



fund objective

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

fund risk profile



fund manager's report

Presently the investments of this fund are entirely in Certificate of deposits, Commercial Paper and Fixed Deposits i.e. at 100% of the portfolio.

target asset allocation

Money Market Instruments: 100%

benchmark construction

CRISIL Liquid Bond Index: 100%

ULIP Money Market Fund

fund performance as on May 31, 2009

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	12.06%	8.63%	0.33%	0.57%	21.30	6.39
since inception (CAGR)	11.47%	8.26%	0.35%	0.53%	18.26	6.18
date of inception			November, 2007			

*CAGR: Compounded Annual Growth Rate

portfolio as on May 31, 2009

security % to net assets rating

certificate of deposits

STATE BANK OF BIKANER & JAIPUR 22-09-2009	14.21	P1+
CANARA BANK 18-03-2010	14.20	P1+
AXIS BANK LTD 30-11-2009	13.72	P1+
EXIM BANK OF INDIA 28-09-2009	8.24	P1+
NABARD 05-06-2009	7.87	P1+
EXIM BANK OF INDIA 17-07-2009	6.03	P1+
CORPORATION BANK 03-08-2009	4.39	P1+
NABARD 10-07-2009	2.80	P1+
ICICI BANK LTD 15-07-2009	0.20	A1+

total certificate of deposits 71.67

commercial paper

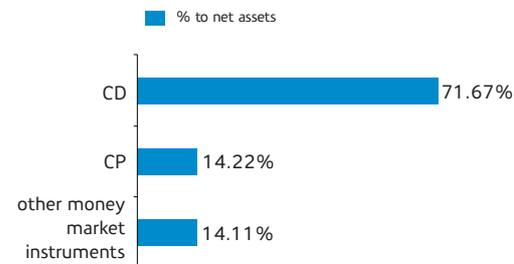
RELIANCE COMMUNICATION LTD 29-07-2009	10.34	A1+
RELIANCE COMMUNICATIONS LTD 28-07-2009	3.88	A1+

total commercial paper 14.22

other money market instruments 14.11

total net assets 100.00

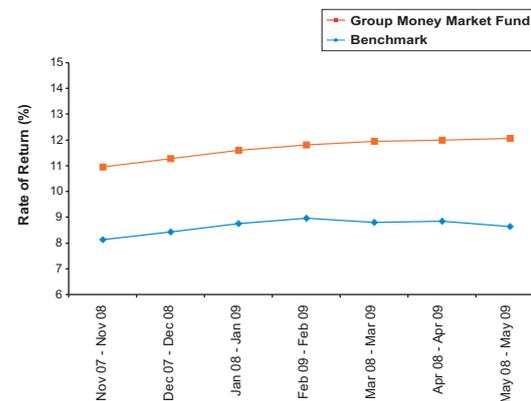
asset allocation as on May 31, 2009



fund characteristics as on May 31, 2009

M.Duration of debt portfolio: 0.37years
YTM of debt portfolio: 9.32%

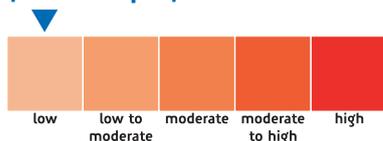
rolling yearly performance



fund objective

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

fund risk profile



fund manager's report

The allocation to CDs and CPs and bank fixed deposits was maintained at 100% to take advantage of high yields in these instruments.

target asset allocation

Money Market Instruments: 100%

benchmark construction

Yield on 182-day T.Bills

ULIP Capital Secure Fund

fund performance as on May 31, 2009

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	10.74%	7.10%	0.28%	0.57%	20.77	3.69
last 2 years (CAGR)	9.91%	7.35%	0.31%	0.41%	15.83	5.68
last 3 years (CAGR)	8.95%	7.35%	0.52%	0.35%	7.59	6.79
since inception (CAGR)	7.02%	6.02%	0.70%	0.48%	2.91	2.12
date of inception			february, 2003			

*CAGR: Compounded Annual Growth Rate

portfolio as on May 31, 2009

security % to net assets rating

certificate of deposits

STATE BANK OF BIKANER & JAIPUR 22-09-2009	14.54	P1+
ICICI BANK LTD 15-07-2009	14.30	A1+
EXIM BANK OF INDIA 17-07-2009	12.34	P1+
CORPORATION BANK 03-08-2009	8.17	P1+
AXIS BANK LTD 30-11-2009	5.62	P1+
NABARD 10-07-2009	4.68	P1+
NABARD 05-06-2009	3.24	P1+
EXIM BANK OF INDIA 28-09-2009	2.19	P1+

total certificate of deposits 65.07

commercial paper

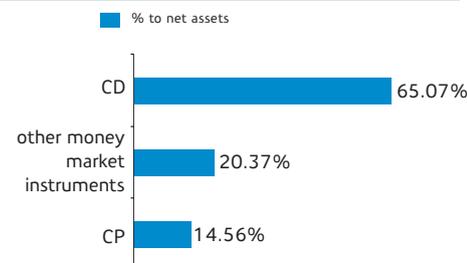
RELIANCE COMMUNICATIONS LTD 28-07-2009	14.56	A1+
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total commercial paper 14.56

other money market instruments 20.37

total net assets 100.00

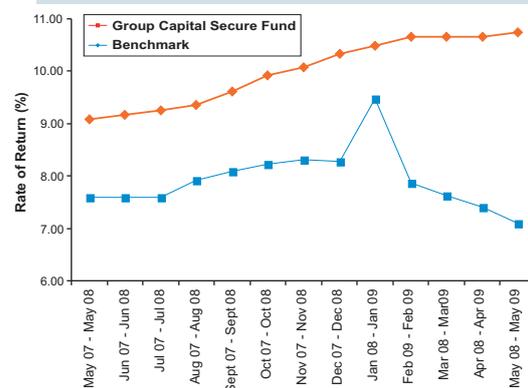
asset allocation as on May 31, 2009



fund characteristics as on May 31, 2009

M.Duration of debt portfolio: 0.24 years
YTM of debt portfolio: 9.50%

rolling yearly performance



Product Details

Nav's as of 31st May, 2009

Reliance Equity Fund

Product Name	NAV
Reliance Group Leave Encashment (GLE) - Equity Fund Option	Rs. 7.0849
Reliance Group Savings Linked Insurance (GSLI)	Rs. 14.6631

Reliance Pure Equity Fund

Product Name	NAV
Reliance Group Savings Linked Insurance(GSLI)	Rs. 15.0411

Reliance Infrastructure Fund

Product Name	NAV
Reliance Group Savings Linked Insurance- (GSLI)	Rs. 13.0859

Reliance Energy Fund

Product Name	NAV
Reliance Group Savings Linked Insurance (GSLI)	Rs. 14.9558

Reliance Midcap Fund

Product Name	NAV
Reliance Group Savings Linked Insurance (GSLI)	Rs. 14.2781

Reliance Growth Fund

Product Name	NAV
Reliance Group Gratuity (GG)	Rs. 11.2153
Reliance Group Superannuation (GSA)	Rs. 9.4256

Product Details

Nav's as of 31st May, 2009

Reliance Balanced Fund

Product Name	NAV
Reliance Group Gratuity (GG)	Rs. 11.9438
Reliance Group Superannuation (GSA)	Rs. 15.0372
Reliance Group Savings Linked Insurance (GSLI)	Rs. 11.3364
Reliance Group Leave Encashment (GLE)	Rs. 9.9747

Reliance Corporate Bond Fund

Product Name	NAV
Reliance Group Gratuity (GG)	Rs. 11.0893
Reliance Group Leave Encashment (GLE)	Rs. 11.6371
Reliance Group Savings Linked Insurance (GSLI)	Rs. 10.7208
Reliance Group Superannuation (GSA)	Rs. 10.2767

Reliance Pure Debt Fund

Product Name	NAV
Reliance Group Gratuity (GG)	Rs. 11.1019
Reliance Group Superannuation (GSA)	Rs. 11.0366
Reliance Group Leave Encashment (GLE)	Rs. 11.1569
Reliance Group Savings Linked Insurance (GSLI)	Rs. 10.6193

Reliance Gilt Fund

Product Name	NAV
Reliance Group Leave Encashment (GLE)	Rs. 11.1047
Reliance Group Gratuity(GG)	Rs. 10.1445
Reliance Group Savings Linked Insurance (GSLI)	Rs. 10.1406

Reliance Money Market Fund

Product Name	NAV
Reliance Group Gratuity (GG)	Rs. 10.7947
Reliance Group Superannuation (GSA)	Rs. 10.6009
Reliance Group Leave Encashment (GLE)	Rs. 11.5709
Reliance Group Savings Linked Insurance (GSLI)	Rs. 10.4651

Reliance Capital Secure Fund

Product Name	NAV
Reliance Group Gratuity (GG)	Rs. 12.1818
Reliance Group Superannuation (GSA)	Rs. 11.0578

- ✓ 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.

- ✓ Gross Fund Return
- ✓ Benchmark Return
- ✓ Fund Standard Deviation
- ✓ Fund Sharpe Ratio

the analyst expressions

► Gross Fund Return

Gross return for a fund is defined as 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. Fund management charges are a matter of policy decision by the top management of a life insurance company. Hence, even if two funds from two different fund management companies give the same returns, the returns may not reflect that if they are calculated on an NAV basis.

We shall highlight this with the help of an example.

Reliance Life Insurance

Balanced Fund
NAV based Return=11.50 %
Fund Management Fee=2%
Gross Fund Return=13.50%

XYZ Insurance Company

Balanced Fund
NAV based Return=10.50%
Fund Management Fee=3%
Gross Fund Return=13.50%.

As seen above, though the gross return of both the companies were same, Reliance Life Insurance showed a higher NAV based return as the fund management fees were lower. Please note that the returns as given in The Analyst for all funds are computed on a gross basis.

► Benchmark Return

A benchmark is a standard against which the performance of an investment 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.

However, the benchmark for the Growth Fund of Reliance Life Insurance has been constructed as 60% of CRISIL Short Term Bond Index and 40% of CNX Nifty as the asset allocation of the growth fund is 60% of debt and 40% of equity. (Please refer to the Growth Fund page of The Analyst).

► 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 for a given time period.

In other words, Fund Standard Deviation for a particular time period gives us the deviation from the mean returns, that has occurred for that fund during that time period. For e.g. let us assume that the Balanced Fund has generated an average (mean) return of 11.55% for the last 2 years and that the corresponding standard deviation was 4.44%. That means that during the last 2 year time period, the balanced fund return varied between 15.99% (i.e. $11.55 + 4.44$) and 7.11% (i.e. $11.55 - 4.44$) during 65% of the time.

Higher the standard deviation, the greater the volatility, and therefore, the greater the risk of investing in that fund.

Thus, an investor has more information available at his disposal to evaluate the quality of performance of the fund and how volatile its returns are.

To carry it a step further, it is highly unlikely that a fund's return in any one year will be exactly the average. Rather, it will always be either higher or lower than the average. Thus, standard deviation teaches us to look beyond the "average annual return" figures that are touted by investment advisors.

► 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 during that time period. Dividing this result by the standard deviation of the fund return during that time period, one can obtain the Sharpe ratio.

Sharpe Ratio = Excess return / Annualized standard deviation of fund return

The "risk-free return" is the annualized return currently available on "risk-free" investments. This is usually assumed to be the return on a short government security like Treasury bill. A government security is sovereign credit which is the nearest to a risk free asset that one can get. For our calculations of the Sharpe ratios for all funds as given in the Analyst, we have assumed this risk free rate of interest to be at 5%.

✓ Benchmark Sharpe Ratio

✓ Modified Duration of Debt Portfolio

✓ Fund Beta

We shall assume that 9.85% was the annualized gross return for a 3-year time period for the balanced fund, 5% p.a. was the assumed risk free rate of return as discussed above and 4.14% p.a. was the standard deviation of this 3-year return. The Sharpe ratio can be calculated as follows:

$$(9.85-5)\%/4.14\%=1.17.$$

The Sharpe ratio tells us whether the returns of a portfolio are due to smart investment decisions or a result of excess risk. This measurement is very useful because although one portfolio or fund can reap higher returns than its peers, it is only a good investment if those higher returns do not come with too much additional risk. The greater a portfolio's Sharpe ratio, the better its risk-adjusted performance has been.

▶ **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. In our example above, let us assume that the benchmark Sharpe ratio of the balanced fund for the last 3 years is 0.98. This means that over a three-year time period, the Balanced Fund of Reliance Life Insurance has given a higher risk-adjusted return than the comparable risk-adjusted return provided by the constructed benchmark.

While calculating the benchmark Sharpe ratio of 0.98, let us assume that 9.10% was the annualized gross return provided by the constructed benchmark for the balanced fund for the last 3-year time period, 5% p.a. was the assumed risk free rate of return, and 4.21% p.a. was the standard deviation of the 3-year benchmark return.

The benchmark Sharpe ratio for the Balanced Fund for the last three years has been calculated as follows:
 $(9.10-5)\%/4.21\%=0.98.$

▶ **Modified Duration of Debt Portfolio**

The value of a fund's debt portfolio is sensitive to changes in interest rates. When interest rates rise, bond prices fall, and vice versa. Generally, a debt portfolio comprising of bonds with higher maturities will have a higher price fluctuation than a portfolio comprising of bonds with lower maturities. Modified duration, indicates the sensitivity of the value of the debt portfolio to any given change in interest rates. Modified Duration is derived from Duration, which represents a weighted average of the time periods to maturity.

Modified Duration gives one an immediate rule of thumb -- the percentage change in the price of a bond is the duration multiplied by the change in interest rates. So, if a bond has duration of 10 years and interest rates fall from 8% to 7.5% (a drop of 0.50 percentage points), the bond's price will rise by approximately 5% (i.e. $10 \times 0.50\%$).

Let us assume that the modified duration for the Balanced Fund is 2.03. If interest rates drop from 8% to 7.5%, the value of this debt portfolio will rise by 1.015% (i.e. $2.03 \times 0.50\%$). Similarly, when interest rates rise from 8% to 8.5%, say, the value of this debt portfolio will fall by 1.015%.

▶ **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. (For the more statistically inclined readers, Beta is the slope of the regression line). It is generally calculated for equity portfolio/funds.

If a stock has a beta of 1, that stock is likely to generate the same returns as the market. If the beta of a stock is more than 1, it means that the stock is likely to give higher returns compared to the market but also at a higher risk as compared to the market. For instance, a stock with beta of 1.2 means that when the market, say Nifty, gives a return of 10%, that stock is likely to generate returns of 12% (i.e. $1.2 \times 10\%$). Similarly, a low beta stock has given lower returns compared to what the market has delivered for a particular time period. For e.g. for a stock with beta of 0.80, if the Nifty gives returns of 10%, the stock is likely to give returns of only half of that, i.e. 8%. (i.e. $0.80 \times 10\%$)

Now we shall see the impact of these two stocks when the market falls. When the Nifty gives negative returns of 10%, i.e. the market falls by 10%, the price of the stock with beta of 1.2 will fall by 12%. However, though the price of the stock with the low beta of 0.8 will also fall when the market falls, it will not fall as much as the market. If the market falls by 10%, the price of this scrip will fall only by 8%.

The fund beta is nothing but the betas of individual stocks in the equity portfolio multiplied by the weight of that stock in the portfolio. If a fund has a high beta, the equity portfolio of that fund is aggressive and tilted towards high beta stocks and vice versa. Please note that the betas of individual stocks as given in the Equity Fund page of the Analyst have been calculated based on the available prices of the stocks on the NSE for the last 1-yr period.

products & UIN nos.

Reliance Group Gratuity: 121L011V02

Reliance Group Superannuation:
121L021V01

Reliance Group Leave Encashment Plan:
121L027V01

Reliance Group Savings Linked Insurance
Plan : 121L033V01

the analyst

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