

fund snapshot

asset allocation	funds	gross return (CAGR*) (%) as on February 28, 2009				date of inception
		last 1 year	last 2 years	last 3 years	since inception	
100% equity	ULIP Equity	-45.00%	N.A.	N.A.	-41.39%	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	-15.65%	-0.39%	3.05%	8.33%	August, 2004
20% equity, 80% debt	ULIP Balanced	-2.98%	5.65%	6.43%	9.56%	February, 2003
100% bond instruments	ULIP Corporate Bond	12.55%	N.A.	N.A.	11.26%	October, 2007
100% debt instrument	ULIP Pure Debt	N.A.	N.A.	N.A.	N.A.	October, 2008
100% govt. securities	ULIP Gilt	7.82%	N.A.	N.A.	8.28%	October, 2007
100% money market instruments	ULIP Money Market	11.80%	N.A.	N.A.	11.46%	November, 2007
100% money market instruments	ULIP Capital Secure	10.65%	9.62%	8.65%	6.91%	February, 2003

*CAGR: Compounded Annual Growth Rate

investment philosophy

Reliance Life Insurance seeks consistent and superior long-term returns with a well-defined and disciplined investment approach symbolizing integrity and transparency to benefit all stakeholders.

Economy Indicators	27th Feb 09	30th Jan 09	Change
Rs./\$	51.14	48.88	-2.26
WPI Inflation	227.80*	230.50	3.36%y-o-y*
Forex Reserves (\$ bn)	249.53	247.62	1.91bn\$
Oil Price (\$ per Barrel)	44.56	44.21	0.35\$
Gold (Rs. per 10gms)	15400	14240	Rs. 1160

* As of 14th February 2009

Investments	27th Feb 09	30th Jan 09	Absolute Change
FIIs (Rs Crs)	-2436.60	-4245.30	1808.70
MFs (Rs Crs)	-1495.50	-864.40	-631.10

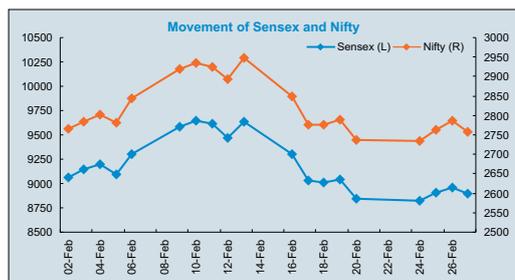
Indices	27th Feb 09	30th Jan 09	% Change
BSE Sensex	8891.61	9424.24	-5.65
S&P CNX Nifty	2763.65	2874.80	-3.87
CNX Mid Cap	3175.70	3357.35	-5.41
BSE Small Cap	3106.01	3339.05	-6.98

Global Indices	27th Feb 09	30th Jan 09	% Change
Dow Jones	7062.93	8000.86	-11.72
FTSE 100	3830.09	4149.64	-7.70
Hang Seng	12811.57	13278.21	-3.51
Nikkei	7568.42	7994.05	-5.32

Sectoral Indices	27th Feb 09	30th Jan 09	% Change
CNX Infrastructure	2264.25	2356.86	-3.93
CNX Energy	5938.26	6014.17	-1.26
BSE Capital Goods	5897.92	6256.61	-5.73
BSE Bankex	4240.10	4900.06	-13.47
BSE Oil & Gas	6064.11	6252.46	-3.01
BSE IT	2096.17	2236.51	-6.27

Fixed Income Indicators	27th Feb 09	30th Jan 09	Absolute Change
NSE Mibor	4.10	4.25	-0.15
91 Day T-Bill	4.50	4.68	-0.18
182 Day T-Bill	4.60	4.65	-0.05
1 year GOI Benchmark	4.62	4.57	0.05
5 Year GOI Benchmark	5.87	5.97	-0.10
5 Year Corp Bond Benchmark	8.49	8.80	-0.31
10 Year GOI Benchmark	6.01	6.17	-0.16
10 Year US Benchmark	3.02	2.85	0.17

equity market update - Feb 2009



Indian Economy

The performance of the equity market was extremely disappointing for the month, as it remained more of a function of news flow domestically and globally. Benchmark indices ended below the key levels on economic woes. Sensex closed at 8891.61, down 5.65% while Nifty ended at 2763.65, down 3.86%. The underlying uncertainty was visible in the digressed performance among the sectors. Rate-sensitive sectors were the biggest losers. Realty tumbled 15.28% followed by banks and durables, down 13.46% and 13.23% respectively. In contrast, auto rose 7.29%, due to anticipated increase in demand after duty and fuel price cuts.

India's Q3 GDP growth for FY08-09 came in at 5.3%, against previous year's 8.9% and previous quarter's 7.6%. Against the backdrop of global recession, government has put up a brave face and maintained its forecast of 7% for the FY08-09 but has commented that FY09-10 will be a difficult year for the country.

With India's fiscal position taking a turn for the worse, S&P lowered the outlook on India's long-term sovereign credit rating to negative from stable. Further, S&P said that the outlook revision reflected that India's fiscal position has deteriorated to a level that is unsustainable in the medium term. With contraction in the industrial output data and disappointing export figures, it was quite evident that the economic situation is worsening. The government also presented a pure vote-on-account, which did not bring about any major policy change. Interest benefits for exporters were extended and there was increased outlay on spending to social sectors but there was no fiscal push to stimulate growth.

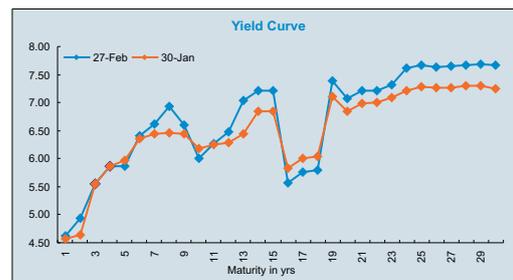
However, in a surprise move, government slashed indirect tax rates, as an effort to boost demand and revive growth. This provided the required short-term boost for specific sectors. Also on the brighter side, drop in inflation rate, though partially factored in by the market provided further room for RBI to cut rates. Also, despite continued negativity in the global capital markets, confidence in India is bolstered by its foreign reserves which equal to 374% of its short-term external debt.

Markets have entered a highly uncertain phase and will have a significant bearing by overseas news flow, earnings growth, credit availability and the political state of affairs. With announcement of election dates freezing government policy initiatives, government has left the ball in the court of RBI to deal with economic crisis until the new government comes in place. Until then, markets are seen to be choppy and range bound.

Outlook:

The key variables effecting markets in the month of March will be the discounting of expected poor FY09 results, election results and the deteriorating fiscal situation. With the code of conduct in place for upcoming elections, any action in terms of stimulus would move from fiscal to monetary i.e.:- the government to RBI. We expect further rate cuts by RBI thereby forcing banks to start lending. FI investments look hesitant due to poor global cues and uncertain fiscal situation. Overall the markets would look towards global cues and RBI actions for direction in the coming month.

debt market update - Feb 2009



Debt Market

Government bonds reeled under extreme selling pressure throughout the month as concerns over the ballooning government finances offset positive interest rate fundamentals and steepened the yield curve. The ten-year benchmark yield climbed 30 bps to 6.15% from 5.84%, while the yield on the most heavily traded 8.24% 2018 bond was up 40 bps to hit a 2-1/2 month high of 6.70% from 6.23%. The market in the meanwhile also failed to recover from the policy impact of January 27, as policy makers refused to touch the policy barring duty cuts.

The market was confronted with a massive government borrowing plan (Rs. 460 bln) which turned the market sentiment negative. The RBI later announced that it would buy bonds through open market operations (OMOs) ensuring least disruption in the trading activity that offered brief respite, but an overall lack of clarity existing over the aspects triggered profit booking thus maintaining pressure on sentiment. RBI further rolled out a temporary budget indicating an additional Rs.450 bln, though the programme would be through non-market sources (conversion of MSS bonds into dated securities). The government estimated fiscal deficit at 6% of the GDP for the fiscal year 2008-09 and a 5.5% of the GDP for 2009-10, indicating that the deficit could widen further given the slowdown in the economy. Concerns over fiscal deficit mounted in addition to worries about how the government would raise the extra funds as the earlier announced borrowing itself could exhaust the market capacity unwinding some of the impact of an aggressive burst of monetary policy easing since October.

Additionally, the market lost confidence after the first tranche of OMO disappointed traders with higher-than-expected cut-off yields, as the market expected the RBI to signal its stance through the OMO purchases. Meanwhile, macro factors like the dismal IIP (-2% y-o-y) and over a 14-month low inflation rate (3.36% y-o-y) were supportive of bonds along with sporadic statements from the RBI governor D. Subbarao. However, volatility persisted. The government announced an excise duty and a service tax cut to assuage market mood while S&P lowered its outlook on India's long-term sovereign credit rating citing worsening government finances. India's Q3 GDP growth for fiscal 2008-09 came in at 5.3% q-o-q and threatened to invalidate the 7.1% estimate put forward in the interim budget but most economic observers viewed the data as being on expected lines. The contraction in growth however led to expectations of monetary easing by the RBI, leading to fall in yields at the short end of the curve. But, slowdown in economic growth intensified fears of higher government borrowing leading to a rise in yields at the long end of the curve.

Meanwhile, the outlook over interest rates remained positive given weakening economic growth and prospects of deflation. The RBI tried to ease market concerns on government borrowing by purchasing bonds through open market operations. The RBI also kept liquidity high in the system by easing reserve requirements for banks while government spending also added liquidity into the system. System liquidity as measured by bids for reverse repo at 4% averaged Rs.50,000 crores in February.

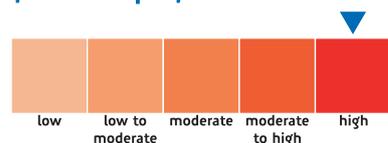
Outlook:

During the month, we expect yields to be volatile. Heavy borrowing schedule during the month will put pressure on the yield. We expect 10 year yield (6.05% GOI 2019) to move in a range of 6.75-7.25. Inflation is expected to be benign during the month. The spread between G-sec and corporate bonds is expected to remain at the current levels.

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

Reliance Group Savings Linked Insurance (GSLI) - Equity Fund Option

fund manager's report

The Month of February saw markets ending in the red. The concern regarding the extent to which the domestic economy will contract remained. Having a cautious approach, holding in equity was kept at 83.96%.

target asset allocation

Equity: 100%

benchmark construction

S&P CNX Nifty: 100%

ULIP Equity Fund

fund performance as on February 28, 2009

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	-45.00%	-47.09%	34.18%	35.99%	-1.46	-1.45
since inception (CAGR)	-41.39%	-43.38%	33.70%	34.51%	-1.38	-1.40
date of inception	october, 2007					

*CAGR: Compounded Annual Growth Rate

portfolio as on February 28, 2009

security % to net assets 1-yr beta

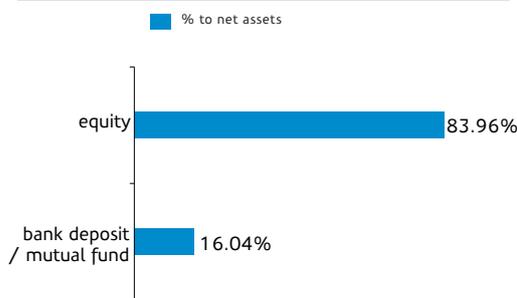
equity

OIL REFINERIES	16.67	
RELIANCE INDUSTRIES LTD	9.23	1.23
OIL & NATURAL GAS CORPORATION LTD.	4.05	0.85
HINDUSTAN PETROLEUM CORPORATION LTD FV10	1.12	0.70
BHARAT PETROLEUM CORP LTD	1.11	0.61
RELIANCE PETROLEUM LTD	0.62	1.06
INDIAN OIL CORPORATION LTD	0.54	0.68
BANKING & FINANCE	13.62	
STATE BANK OF INDIA	4.25	1.07
ICICI BANK LTD	2.59	1.58
HDFC BANK	2.20	1.00
HOUSING DEVELOPMENT FINANCE CORPORATION	2.09	1.22
BANK OF BARODA	1.26	0.85
PUNJAB NATIONAL BANK	1.08	0.89
AXIS BANK LTD	0.15	1.27
CAP GOODS / ENGINEERING	8.44	
BHARAT HEAVY ELECTRICALS LTD	3.87	1.05
LARSEN & TOUBRO LTD FV 2	2.07	1.11
ALSTOM PROJECTS INDIA LTD.	0.93	1.01
CUMMINS INDIA LTD FV 2	0.87	0.56
ABB LTD FV 2	0.54	0.89
SIEMENS LTD FV 2	0.16	0.99
IT	8.04	
INFOSYS TECHNOLOGIES LTD FV 5	4.00	0.71
TATA CONSULTANCY SERVICES LTD	3.21	0.83
WIPRO LTD.	0.83	0.98
FMCG	7.27	
ITC LTD FACE VALUE INR 1	3.68	0.54
HINDUSTAN UNILEVER LTD FV 1	3.36	0.48
MARICO LTD FV 1	0.23	0.46
POWER	7.07	
NTPC LTD	3.02	0.87
TATA POWER FV 10	2.43	1.02
AREVA T & D INDIA LTD	1.19	0.90
SUZLON ENERGY LTD	0.43	1.53
PHARMACEUTICALS	5.55	
DIVIS LABORATORIES LTD	2.10	0.85
CIPLA LTD FV 2	1.61	0.51
SUN PHARMACEUTICALS INDUSTRIES LTD FV 5	1.14	0.26
RANBAXY LABORATORIES LTD. FV 5/-	0.66	0.65
GLENMARK PHARMACEUTICALS LTD	0.04	0.68
TELECOM	4.38	
BHARTI AIRTEL LTD	4.36	0.92
IDEA CELLULAR LTD	0.02	1.06
METALS	4.02	
STEEL AUTHORITY OF INDIA LTD	1.53	1.24
TATA STEEL LTD	1.13	1.34
STERLITE INDUSTRIES LTD FV 2	0.60	1.30
JINDAL STEEL AND POWER LTD	0.48	1.24
NATIONAL ALUMINIUM COMPANY LTD	0.16	0.97
HINDALCO INDUSTRIES LTD FV INR 1	0.13	1.18
AUTOMOBILES	2.75	
MARUTI SUZUKI INDIA LTD.	1.78	0.67
BAJAJ AUTO LTD NEW	0.97	0.49
GAS	1.82	
GAIL (INDIA) LTD	1.82	0.82
OIL EXPLORATION	1.77	
CAIRN INDIA LTD	1.77	1.01
CEMENT & CEMENT PRODUCTS	1.63	
GRASIM INDUSTRIES LTD FV 10	0.87	0.71
ACC LTD	0.52	0.69
ULTRATECH CEMENT LTD	0.24	0.59
HOTELS	0.44	
INDIAN HOTELS CO. LTD.	0.44	0.62
CONSTRUCTION	0.31	
IVRCL INFRASTRUCTURES & PROJECTS LTD.	0.31	1.44
AUTO ANCILLARY	0.16	
AUTOMATIVE AXLES	0.16	0.48
total equity	83.96	

total bank deposits/mutual funds 16.04

total net assets 100.00

asset allocation as on Feb 28, 2009



fund characteristics as on Feb 28, 2009

Fund Beta 0.92

NAV as on Feb 28, 2009

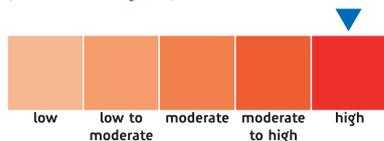
Reliance Group Leave Encashment (GLE) - Equity Fund Option: Rs. 4.7498

Reliance Group Savings Linked Insurance (GSLI) - Equity Fund Option: Rs. 9.4938

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 Savings Linked Insurance(GSLI) -Pure Equity Fund Option

fund manager's report

The Month of February saw markets ending in the red. The concern regarding the extent to which the domestic economy will contract remained. Having a cautious approach, holding in equity was kept at 91.90%.

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%

ULIP Pure Equity Fund

fund performance as on February 28, 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 February 28, 2009

security % to net assets 1-yr beta

equity

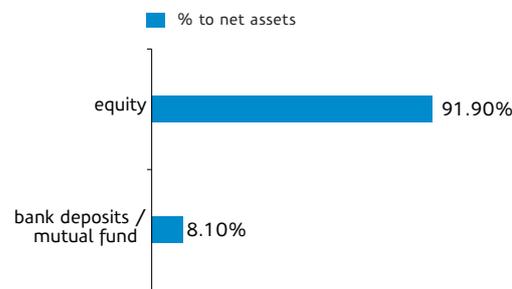
OIL REFINERIES	17.20	
RELIANCE INDUSTRIES LTD	8.57	1.23
OIL & NATURAL GAS CORPORATION LTD.	6.80	0.85
RELIANCE PETROLEUM LTD	1.83	1.06
POWER	14.06	
NTPC LTD	8.70	0.87
TATA POWER FV 10	3.76	1.02
AREVA T & D INDIA LTD	1.31	0.90
SUZLON ENERGY LTD	0.30	1.53
CAP GOODS / ENGINEERING	11.97	
BHARAT HEAVY ELECTRICALS LTD	3.75	1.05
LARSEN & TOUBRO LTD FV 2	3.60	1.11
ALSTOM PROJECTS INDIA LTD.	1.39	1.01
CUMMINS INDIA LTD FV 2	1.11	0.56
CROMPTON GREAVES LTD NEW FV 2	0.87	1.03
SIEMENS LTD FV 2	0.72	0.99
ABB LTD FV 2	0.52	0.89
IT	11.63	
INFOSYS TECHNOLOGIES LTD FV 5	8.85	0.71
WIPRO LTD.	1.98	0.98
HCL TECHNOLOGIES LTD FV 2	0.80	1.05
TELECOM	9.50	
BHARTI AIRTEL LTD	9.50	0.92
PHARMACEUTICALS	6.75	
DIVIS LABORATORIES LTD	2.97	0.85
CIPLA LTD FV 2	2.04	0.51
SUN PHARMACEUTICALS INDUSTRIES LTD FV 5	1.24	0.26
RANBAXY LABORATORIES LTD. FV 5/-	0.50	0.65
AUTOMOBILES	4.99	
MARUTI SUZUKI INDIA LTD.	3.46	0.67
MAHINDRA & MAHINDRA LTD	1.13	0.92
TATA MOTORS LTD.	0.39	1.04
METALS	4.83	
STEEL AUTHORITY OF INDIA LTD	1.87	1.24
JINDAL STEEL AND POWER LTD	1.03	1.24
NATIONAL ALUMINIUM COMPANY LTD	0.98	0.97
STERLITE INDUSTRIES LTD FV 2	0.95	1.30
FMCG	3.76	
HINDUSTAN UNILEVER LTD FV 1	3.76	0.48
CEMENT & CEMENT PRODUCTS	2.14	
GRASIM INDUSTRIES LTD FV 10	1.19	0.71
ACC LTD	0.95	0.69
OIL EXPLORATION	1.62	
CAIRN INDIA LTD	1.62	1.01
GAS	1.20	
GAIL (INDIA) LTD	1.20	0.82
CONSTRUCTION	1.13	
JAI PRAKASH ASSOCIATES LTD	0.83	1.80
GAMMON INDIA LTD FACE VALUE 2	0.30	0.69
LOGISTICS	1.11	
CONTAINER CORPORATION OF INDIA LTD	1.11	0.31

total equity 91.90

total money market instruments 8.10

total net assets 100.00

asset allocation as on Feb 28, 2009



fund characteristics as on Feb 28, 2009

Beta of equity portfolio: 0.90

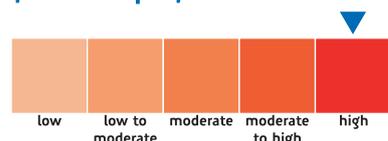
NAV as on Feb 28, 2009

Reliance Group Savings Linked Insurance(GSLI) - Pure Equity Fund Option: Rs. 9.4584

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



products

Reliance Group Savings Linked Insurance- (GSLI) Infrastructure Fund Option

fund manager's report

The Month of February saw markets ending in the red. The concern regarding the extent to which the domestic economy will contract remained. Having a cautious approach, holding in equity was kept at 75.74%.

target asset allocation

Equity: 100%

benchmark construction

CNX Infrastructure Index: 100%

ULIP Infrastructure Fund

fund performance as on February 28, 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 February 28, 2009

security % to net assets 1-yr beta

equity

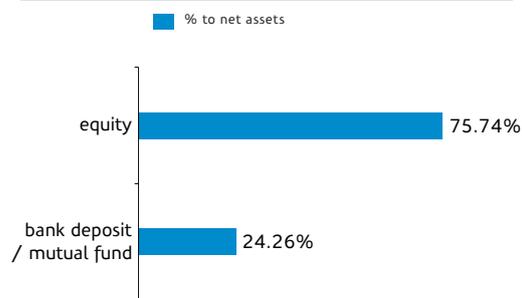
POWER	24.86	
NTPC LTD	19.40	0.87
TATA POWER FV 10	2.46	1.02
NEYVELI LIGNITE CORPORATION LTD	2.06	1.47
SUZLON ENERGY LTD	0.93	1.53
TELECOM	19.10	
BHARTI AIRTEL LTD	17.25	0.92
TATA COMMUNICATIONS LTD	1.28	0.99
RELIANCE COMMUNICATIONS LTD FV - 5	0.57	1.45
CAP GOODS / ENGINEERING	17.82	
BHARAT HEAVY ELECTRICALS LTD	8.52	1.05
LARSEN & TOUBRO LTD FV 2	5.61	1.11
SIEMENS LTD FV 2	1.31	0.99
CROMPTON GREAVES LTD NEW FV 2	1.00	1.03
ABB LTD FV 2	0.96	0.89
PUNJ LLOYD LTD FV 2	0.42	1.25
OIL REFINERIES	4.06	
RELIANCE INDUSTRIES LTD	4.06	1.23
CONSTRUCTION	2.25	
GMR INFRASTRUCTURE LTD FV 2	1.35	1.28
JAIPRAKASH ASSOCIATES LTD	0.68	1.80
IVRCL INFRASTRUCTURES & PROJECTS LTD.	0.22	1.44
TEXTILE	2.05	
ADITYA BIRLA NUVO LTD	2.05	0.82
BANKING & FINANCE	1.74	
HDFC	1.12	1.22
IDFC LTD.	0.62	1.43
METALS	1.20	
TATA STEEL LTD	0.71	1.34
NATIONAL ALUMINIUM COMPANY LTD	0.48	0.97
LOGISTICS	1.00	
CONTAINER CORPORATION OF INDIA LTD	1.00	0.31
CEMENT & CEMENT PRODUCTS	0.81	
GRASIM INDUSTRIES LTD FV 10	0.81	0.71
HOTELS	0.43	
INDIAN HOTELS CO. LTD.	0.43	0.62
SHIPPING	0.43	
SHIPPING CORPORATION OF INDIA LTD	0.43	0.88

total equity 75.74

total bank deposits/mutual funds 24.26

total net assets 100.00

asset allocation as on Feb 28, 2009



fund characteristics as on Feb 28, 2009

Fund Beta 1.00

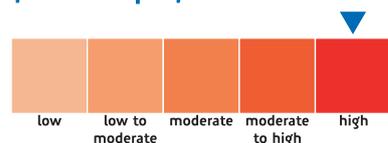
NAV as on Feb 28, 2009

Reliance Group Savings Linked Insurance- (GSLI) Infrastructure Fund Option: Rs. 9.2575

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



products

Reliance Group Savings Linked Insurance (GSLI) - Energy Fund Option

fund manager's report

The Month of February saw markets ending in the red. The concern regarding the extent to which the domestic economy will contract remained. Having a cautious approach, holding in equity was kept at 84.05%.

target asset allocation

Equity: 100%

benchmark construction

CNX Energy Index: 100%

ULIP Energy Fund

fund performance as on February 28, 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 February 28, 2009

security % to net assets 1-yr beta

equity

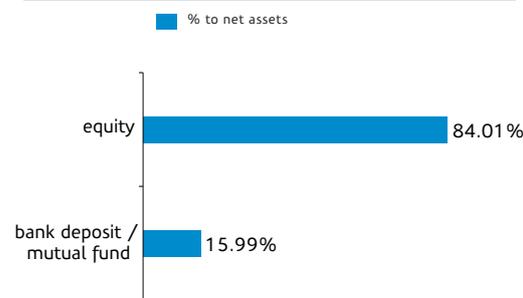
OIL REFINERIES	52.08	
RELIANCE INDUSTRIES LTD	25.87	1.23
OIL & NATURAL GAS CORPORATION LTD.	16.87	0.85
INDIAN OIL CORPORATION LTD	4.65	0.68
RELIANCE PETROLEUM LTD	2.90	1.06
BHARAT PETROLEUM CORP LTD	0.90	0.61
HINDUSTAN PETROLEUM CORPORATION LTD FV10	0.89	0.70
POWER	21.44	
NTPC LTD	17.02	0.87
TATA POWER FV 10	2.36	1.02
POWER GRID CORPORATION OF INDIA LTD	2.06	0.90
OIL EXPLORATION	3.55	
CAIRN INDIA LTD	3.55	1.01
GAS	2.97	
GAIL (INDIA) LTD	2.97	0.82
CAP GOODS / ENGINEERING	1.28	
BHARAT HEAVY ELECTRICALS LTD	0.92	1.05
LARSEN & TOUBRO LTD FV 2	0.36	1.11
BANKING & FINANCE	1.25	
POWER FINANCE CORPORATION LTD	1.25	0.88
METALS	1.04	
JINDAL STEEL AND POWER LTD	1.04	1.24
FMCG	0.40	
EVEREST KANTO CYLINDER LTD	0.40	0.73

total equity 84.01

total bank deposits/mutual funds 15.99

total net assets 100.00

asset allocation as on Feb 28, 2009



fund characteristics as on Feb 28, 2009

Fund Beta 0.98

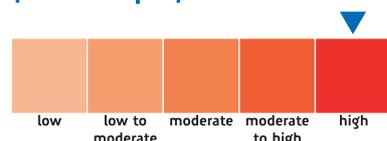
NAV as on Feb 28, 2009

Reliance Group Savings Linked Insurance (GSLI) - Energy Fund Option: Rs. 9.7787

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



products

Reliance Group Savings Linked Insurance (GSLI) – Midcap Fund Option

fund manager's report

The Month of February saw markets ending in the red. The concern regarding the extent to which the domestic economy will contract remained. Having a cautious approach, holding in equity was kept at 68.12%.

target asset allocation

Equity: 100%

benchmark construction

Nifty Midcap 50: 100%

ULIP Midcap Fund

fund performance as on February 28, 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 February 28, 2009

security % to net assets 1-yr beta

equity

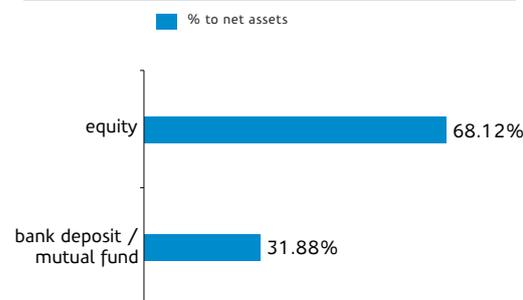
PHARMACEUTICALS	8.84	
LUPIN LTD	3.83	0.47
DIVIS LABORATORIES LTD	2.95	0.85
PIRAMAL HEALTHCARE LTD	0.70	0.44
JUBILANT ORGANOSYS LTD	0.69	0.33
WOCKHARDT LTD.	0.67	0.62
BANKING & FINANCE	7.55	
CORPORATION BANK	1.52	0.69
SYNDICATE BANK LTD.	1.21	0.69
ALLAHABAD BANK	1.18	0.83
ANDHRA BANK LTD	1.13	0.78
CANARA BANK	1.10	0.80
FEDRAL BANK LTD	0.90	0.71
JAMMU & KASHMIR BANK LTD	0.52	0.54
CAP GOODS / ENGINEERING	6.87	
ALSTOM PROJECTS INDIA LTD.	1.71	1.01
LARSEN & TOUBRO LTD FV 2	1.44	1.11
BEML LTD	1.25	0.65
PUNJ LLOYD LTD FV 2	1.09	1.25
VOLTAS LTD FV INR 1	0.76	1.00
AJA ENGINEERING LTD	0.62	0.55
FMCG	6.54	
TITAN INDUSTRIES LTD	2.63	0.95
TATA TEA LTD	2.43	0.55
MARICO LTD FV 1	1.48	0.46
POWER	5.17	
TATA POWER FV 10	2.33	1.02
CESC LTD	1.72	0.85
LANCO INFRA TECH LTD	1.12	1.66
IT	4.81	
MPHASIS LTD	2.11	0.74
ROLTA INDIA LTD	1.30	0.99
TATA CONSULTANCY SERVICES LTD	0.78	0.83
MOSER BAER INDIA LTD	0.62	1.19
CEMENT & CEMENT PRODUCTS	4.74	
INDIA CEMENTS LTD	1.87	0.99
SHREE CEMENT LTD.	1.58	0.52
BIRLA CORPORATION LTD	0.86	0.92
KESORAM INDUSTRIES LTD	0.43	0.77
OIL REFINERIES	3.68	
RELIANCE INDUSTRIES LTD	1.97	1.23
CHENNAI PETROLEUM CORPORATION LTD	1.02	0.70
RELIANCE PETROLEUM LTD	0.69	1.06
SHIPPING	3.57	
SHIPPING CORPORATION OF INDIA LTD	1.94	0.88
GREAT EASTERN SHIPPING COMPANY LTD.	1.64	1.09
CONSTRUCTION	3.42	
HINDUSTAN CONST COMPANY LTD FV 1	1.05	1.37
IVRCL INFRASTRUCTURES & PROJECTS LTD.	1.00	1.44
NAGARJUNA CONSTRUCTION CO LTD FV 2	0.71	1.24
PATEL ENGINEERING LTD	0.67	1.10
TELECOM	2.37	
TATA TELESERVICES (MAHARASHTRA) LTD	2.37	0.91
FERTILISERS	1.87	
TATA CHEMICALS LTD.	1.87	0.90
AUTO ANCILLARY	1.59	
EXIDE INDUSTRIES LTD	0.85	0.52
AMTEK AUTO LTD FV 2	0.74	0.77
LOGISTICS	1.55	
CONTAINER CORPORATION OF INDIA LTD	1.55	0.31
AUTOMOBILES	1.51	
ASHOK LEYLAND LTD FV 1	1.51	0.68
GAS	1.29	
PETRONET LNG LTD	1.29	1.04
REAL ESTATE	1.01	
BOMBAY DYEING & MFG COMPANY LTD	0.45	1.46
PENINSULA LAND LTD	0.31	1.57
ANSAL PROPERTIES AND INFRASTRUCTURE LTD	0.26	1.49
PIPES	0.76	
MAHARASHTRA SEAMLESS LTD FV 5	0.76	0.94
HOTELS	0.46	
HOTEL LEELA VENTURE LTD FV 2	0.46	0.86
SUGAR	0.41	
BAJAJ HINDUSTAN LTD FV INR 1	0.41	1.39
RETAIL	0.10	
VISHAL RETAIL LTD	0.10	0.56

total equity 68.12

total bank deposits/mutual funds 31.88

total net assets 100.00

asset allocation as on Feb 28, 2009



fund characteristics as on Feb 28, 2009

Fund Beta 0.86

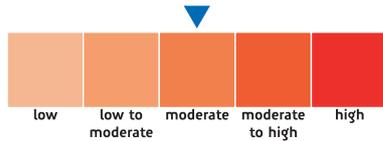
NAV as on Feb 28, 2009

Reliance Group Savings Linked Insurance (GSLI) – Midcap Fund Option: Rs. 8.9403

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 (GG) - Growth Fund Option:

Reliance Group Superannuation (GSA) - Growth Fund Option:

fund manager's report

The Month of February saw markets ending in the red. The concern regarding the extent to which the domestic economy will contract remained. Having a cautious approach, holding in equity was kept at 33.07%.

The allocation to corporate bonds was decreased to 47.43% from 48.63% due to profit booking. The allocation to the G-sec was slightly decreased to 6.37% from 6.60%. Accordingly the allocation to short term bank deposits and CDs/CPs was increased to 13.13% from 10.16%.

target asset allocation

Debt.: 60%
Equity: 40%

benchmark construction

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

ULIP Growth Fund

fund performance as on February 28, 2009

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	-15.65%	-16.00%	16.06%	15.28%	-1.29	-1.37
last 2 years (CAGR)	-0.39%	0.92%	14.70%	14.41%	-0.37	-0.28
last 3 years (CAGR)	3.05%	4.58%	13.14%	12.85%	-0.15	-0.03
since inception (CAGR)	8.33%	9.37%	11.57%	11.35%	0.29	0.39
date of inception			august, 2004			

*CAGR: Compounded Annual Growth Rate

portfolio as on February 28, 2009

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

9.68% IRFC 03-07-2010	3.97	AAA
8.25% IDBI OMNI BOND SER III 26-05-2011	3.51	AA+
11.15% POWER FINANCE CORP LTD 15-09-2011	3.13	AAA
9.50% NABARD NPS BONDS SR IX I 15-10-2012	2.99	AAA
10.35% HDFC LTD 16-05-2017	2.95	AAA
9.58% EXIM BANK OF INDIA 04-09-2010	2.95	AAA
11.45% RELIANCE INDUSTRIES LTD 25-11-2013	2.92	AAA
8.95% HDFC LTD 29-10-2010	2.68	AAA
11% POWER FINANCE CORP LTD 15-09-2018	2.62	AAA
7.15% IND OIL BOND 10-06-2012	2.28	AAA
11.40% POWER FINANCE CORP LTD 28-11-2013	1.95	AAA
7.39% POWER GRID CORP 22-09-2011	1.84	AAA
9.50% INDIAN HOTEL CO LTD 28-02-2012	1.79	AA+
9.80% TATA STEEL LTD 07-05-2011	1.79	AA
9.35% HDFC LTD 09-11-2009	1.77	AAA
8.45% IRFC 26-12-2018	1.71	AAA
10.90% RECL LTD 14-08-2013	1.59	AAA
11.10% POWER FINANCE CORP LTD 15-09-2013	1.28	AAA
9.90% TATA SONS LTD 20-05-2011	1.22	AAA
9.05% EXIM BANK LTD 06-11-2010	1.19	AAA
11.45% RELIANCE INDU LTD TRANCHE 2 25-11-2013	0.97	AAA
10.60% IRFC 11-09-2018	0.33	AAA

total corporate bonds 47.43

gilts

gilts		SOVEREIGN
7.44% GOI SPL OIL BOND 2012 23-03-2012	2.58	
6.96% GOI OIL COMPANIES SPLBD 30-03-09	1.17	
5.48% GOI 12.06.2009	1.17	
5.87% GOI 02-01-2010	0.77	
8.24% GOI 22-04-2018	0.66	
8.35% GOI 2022 14-05-2022	0.02	

total gilts 6.37

equity

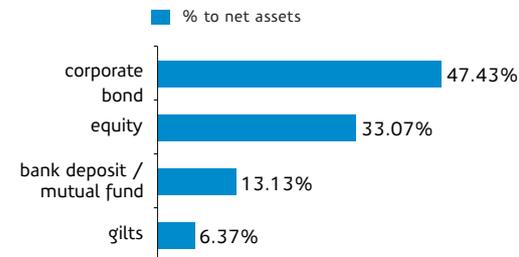
OIL REFINERIES	6.62	
RELIANCE INDUSTRIES LTD	3.63	1.23
OIL & NATURAL GAS CORPORATION LTD.	1.65	0.85
BHARAT PETROLEUM CORP LTD	0.51	0.61
RELIANCE PETROLEUM LTD	0.35	1.06
HINDUSTAN PETROLEUM CORPORATION LTD FV10	0.31	0.70
INDIAN OIL CORPORATION LTD	0.17	0.68
BANKING & FINANCE	5.48	
STATE BANK OF INDIA	1.86	1.07
HDFC BANK	0.86	1.00
HDFC	0.85	1.22
ICICI BANK LTD	0.79	1.58
BANK OF BARODA	0.53	0.85
FEDERAL BANK LTD	0.33	0.71
PUNJAB NATIONAL BANK	0.14	0.89
AXIS BANK LTD	0.13	1.27
CAP GOODS / ENGINEERING	3.19	
BHARAT HEAVY ELECTRICALS LTD	1.48	1.05
LARSEN & TOUBRO LTD FV 2	0.85	1.11
ALSTOM PROJECTS INDIA LTD.	0.30	1.01
CUMMINS INDIA LTD FV 2	0.22	0.56
CROMPTON GREAVES LTD NEW FV 2	0.19	1.03
SIEMENS LTD FV 2	0.15	0.99
IT	2.98	
INFOSYS TECHNOLOGIES LTD FV 5	1.51	0.71
TATA CONSULTANCY SERVICES LTD	1.22	0.83
WIPRO LTD.	0.24	0.98
POWER	2.77	
NTPC LTD	1.32	0.87
TATA POWER FV 10	0.97	1.02
AREVA T & D INDIA LTD	0.37	0.90
SUZLON ENERGY LTD	0.12	1.53
TELECOM	2.30	
BHARTI AIRTEL LTD	2.08	0.92
RELIANCE COMMUNICATIONS LTD FV - 5	0.22	1.45
PHARMACEUTICALS	2.10	
DIVIS LABORATORIES LTD	0.80	0.85
SUN PHARMACEUTICALS INDUSTRIES LTD FV 5	0.46	0.26
CIPLA LTD FV 2	0.46	0.51
RANBAXY LABORATORIES LTD. FV 5/-	0.21	0.65
JUBILANT ORGANOSYS LTD	0.17	0.33
FMCG	2.02	
HINDUSTAN UNILEVER LTD FV 1	1.31	0.48
ITC LTD FACE VALUE INR 1	0.63	0.54
MARICO LTD FV 1	0.08	0.46
AUTOMOBILES	1.38	
MARUTI SUZUKI INDIA LTD.	0.76	0.67
BAJAJ AUTO LTD NEW	0.40	0.49
MAHINDRA & MAHINDRA LTD	0.22	0.92
METALS	1.23	
TATA STEEL LTD	0.38	1.34
STEEL AUTHORITY OF INDIA LTD	0.35	1.24
STERILITE INDUSTRIES LTD FV 2	0.20	1.30
JINDAL STEEL AND POWER LTD	0.18	1.24
NATIONAL ALUMINIUM COMPANY LTD	0.06	0.97
HINDALCO INDUSTRIES LTD FV INR 1	0.06	1.18
CEMENT & CEMENT PRODUCTS	0.82	
GRASIM INDUSTRIES LTD FV 10	0.38	0.71
ACC LTD	0.30	0.69
ULTRATECH CEMENT LTD	0.14	0.59
OIL EXPLORATION	0.73	
CAIRN INDIA LTD	0.73	1.01
GAS	0.70	
GAIL (INDIA) LTD	0.70	0.82
CONSTRUCTION	0.30	
JAIPRAKASH ASSOCIATES LTD	0.20	1.80
IVRCL INFRASTRUCTURES & PROJECTS LTD.	0.06	1.44
GAMMON INDIA LTD FACE VALUE 2	0.03	0.69
LOGISTICS	0.28	
CONTAINER CORPORATION OF INDIA LTD	0.28	0.31
RETAIL	0.19	
PANTALOON RETAIL INDIA LTD FV 2	0.17	0.81
PANTALOON RETAIL INDIA LTD CLASS B EQUITY SHARES	0.01	0.81

total equity 33.07

total bank deposits/mutual funds 13.13

total net assets 100.00

asset allocation as on Feb 28, 2009



fund characteristics as on Feb 28, 2009

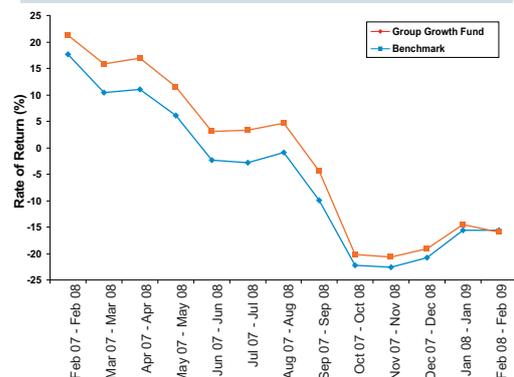
M.Duration of debt portfolio: 2.13 years
YTM of debt portfolio: 8.19%
Beta of equity portfolio: 0.93

NAV as on Feb 28, 2009

Reliance Group Gratuity (GG) - Growth Fund Option:
Rs. 9.4082

Reliance Group Superannuation (GSA) - Growth Fund Option: Rs. 7.9281

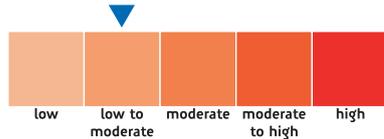
rolling yearly performance



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 (GG) - Balanced Fund Option

Reliance Group Superannuation (GSA) - Balanced Fund Option

Reliance Group Savings Linked Insurance (GSLI) - Balanced Fund Option

fund manager's report

The Month of February saw markets ending in the red. The concern regarding the extent to which the domestic economy will contract remained. Having a cautious approach, holding in equity was kept at 16.14%.

The allocation to gilts was increased to 14.89% from 13.50%, as we are expecting interest rates to soften further in near future. The exposure in corporate bonds was slightly decreased to 58.24% from 58.80%. Accordingly, exposure in short-term bank deposits and CDs/CPs has been increased to 10.74% from 10.68%.

target asset allocation

Debt.: 80%
Equity: 20%

benchmark construction

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

ULIP Balanced Fund

fund performance as on February 28, 2009

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	-2.98%	-3.41%	9.57%	8.54%	-0.83	-0.98
last 2 years (CAGR)	5.65%	5.38%	8.32%	7.75%	0.08	0.05
last 3 years (CAGR)	6.43%	6.53%	7.39%	6.84%	0.19	0.22
since inception (CAGR)	9.56%	8.44%	5.84%	5.65%	0.78	0.61
date of inception		february, 2003				

*CAGR: Compounded Annual Growth Rate

portfolio as on February 28, 2009

security % to net assets rating/1-yr beta

corporate bonds

11.45% RELIANCE INDU LTD TRANCHE 2	25-11-2013	5.12	AAA
11.45% RELIANCE INDUSTRIES LTD	25-11-2013	4.73	AAA
11.40% POWER FINANCE CORP LTD	28-11-2013	2.62	AAA
10.95% RECL LTD	14-08-2011	2.52	AAA
9.90% TATA SONS LTD	20-05-2011	2.47	AAA
8.50% EXPORT & IMPORT BANK LTD	12-09-2011	2.39	AAA
8.95% HDFC LTD	16-01-2011	2.17	AAA
9.50% NABARD NPS BONDS SR IX I	15-10-2012	1.95	AAA
9.65% NABARD SR IX G	10-09-2010	1.93	AAA
9.80% ICICI BANK LTD	10-02-2013	1.86	AAA
9.50% INDIAN HOTEL CO LTD	28-02-2012	1.81	AA+
8.40% EXIM BANK OF INDIA	28-09-2010	1.79	AAA
10% NABARD SR IX	14-05-2012	1.47	AAA
11.75% RECL LTD	03-11-2011	1.28	AAA
11.65% HDFC LTD	09-09-2010	1.25	AAA
9.80% POWER FINANCE CORP	22-03-2012	1.24	AAA
10.20% HDFC LTD	13-04-2010	1.21	AAA
8.83% IRFC	29-10-2012	1.21	AAA
8.94% LIC HOUSING FINANCE LTD	16-01-2011	1.21	AAA
9.80% TATA STEEL LTD	07-05-2011	1.21	AA
9.24% L & T FINANCE LTD	30-07-2010	1.20	AA+
9.40% TATA TEA LTD	08-11-2010	1.20	AA
7.20% HDFC	03-06-2010	1.13	AAA
9.35% LIC HOUSING FINANCE LTD	23-11-2014	0.98	AAA
9.35% IL & FS LTD	22-10-2010	0.92	AAA
10.10% POWER GRID CORPORATION	12-06-2011	0.90	AAA
9.30% POWER FINANCE CORP LTD	12-03-2013	0.88	AAA
9% TATA SONS LTD	27-07-2010	0.84	AAA
6.25% ULTRATECH CEMENT	25-06-2009	0.82	AAA
9.75% LIC HOUSING FINANCE LTD	24-09-2009	0.78	AAA
6.50% HINDALCO	06-09-09	0.75	AA-
9.76% IRFC	03-07-2012	0.72	AAA
9.79% IDFC LTD	11-09-2009	0.72	AAA
10.75% IL & FS LTD	SER XI 29-03-2009	0.71	AAA
9.68% IRFC	03-07-2010	0.70	AAA
6% INDIAN HOTELS LTD	13-05-2011	0.65	AA+
9.25% EXIM BANK LTD	13-12-2012	0.61	AAA
8.50% HDFC LTD	29-08-2009	0.59	AAA
10% NABARD	18-06-2010	0.49	AAA
8.45% IRFC	26-12-2018	0.46	AAA
10.60% IRFC	11-09-2018	0.39	AAA
11% POWER FINANCE CORP LTD	15-09-2018	0.27	AAA
11.15% POWER FINANCE CORP LTD	15-09-2011	0.13	AAA

total corporate bonds 58.24

gilts

8.24% GOI	22-04-2018	3.50	SOVEREIGN
7.37% GOI	2014 16-04-2014	3.41	SOVEREIGN
6.96% GOI OIL COMPANIES	SPLD30-03-09	1.15	SOVEREIGN
7.44% GOI SPL OIL BOND	2012 23-03-2012	1.95	SOVEREIGN
5.87% GOI	02-01-2010	1.92	SOVEREIGN
5.48% GOI	12-06-2009	1.18	SOVEREIGN
6.05% GOI	02-02-2019	0.95	SOVEREIGN
7.46% GOI	2017 28-8-2017	0.50	SOVEREIGN

total gilts 14.89

equity

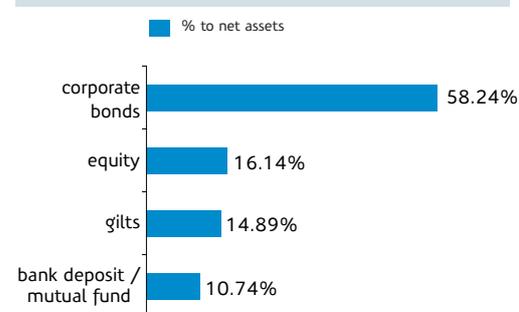
OIL REFINERIES	3.24	
RELIANCE INDUSTRIES LTD	1.77	1.23
OIL & NATURAL GAS CORPORATION LTD.	0.79	0.85
BHARAT PETROLEUM CORP LTD	0.79	0.61
RELIANCE PETROLEUM LTD	0.17	1.06
HINDUSTAN PETROLEUM CORPORATION LTD FV10	0.15	0.70
INDIAN OIL CORPORATION LTD	0.09	0.68
BANKING & FINANCE	2.68	
STATE BANK OF INDIA	0.92	1.07
HDFC BANK	0.41	1.00
HDFC	0.41	1.22
ICICI BANK LTD	0.38	1.58
BANK OF BARODA	0.25	0.85
FEDERAL BANK LTD	0.17	0.71
PUNJAB NATIONAL BANK	0.07	0.89
AXIS BANK LTD	0.06	1.27
CAP GOODS / ENGINEERING	1.58	
BHARAT HEAVY ELECTRICALS LTD	0.73	1.05
LARSEN & TOUBRO LTD FV 2	0.41	1.11
ALSTOM PROJECTS INDIA LTD.	0.16	1.01
CLUMMINS INDIA LTD FV 2	0.12	0.56
CROMPTON GREAVES LTD NEW FV 2	0.10	1.03
SIEMENS LTD FV 2	0.06	0.99
IT	1.46	
INFOSYS TECHNOLOGIES LTD FV 5	0.75	0.71
TATA CONSULTANCY SERVICES LTD	0.59	0.83
WIPRO LTD.	0.12	0.98
POWER	1.36	
NTPC LTD	0.65	0.87
TATA POWER FV 10	0.46	1.02
AREVA T & D INDIA LTD	0.19	0.90
SUZLON ENERGY LTD	0.06	1.53
TELECOM	1.13	
BHARTI AIRTEL LTD	1.00	0.92
RELIANCE COMMUNICATIONS LTD FV - 5	0.13	1.45
PHARMACEUTICALS	0.01	
DIVIS LABORATORIES LTD	0.39	0.85
SUN PHARMACEUTICALS INDUSTRIES LTD FV 5	0.22	0.26
CIPLA LTD FV 2	0.22	0.51
RANBAXY LABORATORIES LTD. FV 5/-	0.10	0.65
JUBILANT ORGANOSYS LTD	0.09	0.33
FMCG	0.97	
HINDUSTAN UNILEVER LTD FV 1	0.63	0.48
ITC LTD FACE VALUE INR 1	0.30	0.54
MARICO LTD FV 1	0.04	0.46
AUTOMOBILES	0.66	
MARUTI SUZUKI INDIA LTD.	0.37	0.67
BAJAJ AUTO LTD NEW	0.18	0.49
MAHINDRA & MAHINDRA LTD	0.11	0.92
METALS	0.58	
STEEL AUTHORITY OF INDIA LTD	0.17	1.24
TATA STEEL LTD	0.17	1.34
STERILITE INDUSTRIES LTD FV 2	0.10	1.30
JINDAL STEEL AND POWER LTD	0.09	1.24
NATIONAL ALUMINIUM COMPANY LTD	0.03	0.97
HINDALCO INDUSTRIES LTD FV INR 1	0.03	1.18
CEMENT & CEMENT PRODUCTS	0.39	
GRASIM INDUSTRIES LTD FV 10	0.18	0.71
ACC LTD	0.14	0.69
ULTRATECH CEMENT LTD	0.07	0.59
OIL EXPLORATION	0.35	
CAIRN INDIA LTD	0.35	1.01
GAS	0.34	
GAIL (INDIA) LTD	0.34	0.82
CONSTRUCTION	0.16	
JAIPRAKASH ASSOCIATES LTD	0.11	1.80
IVRCL INFRASTRUCTURES & PROJECTS LTD.	0.03	1.44
GAMMON INDIA LTD FACE VALUE 2	0.02	0.69
LOGISTICS	0.13	
CONTAINER CORPORATION OF INDIA LTD	0.13	0.31
RETAIL	0.09	
PANTALOON RETAIL INDIA LTD FV 2	0.09	0.81
PANTALOON RETAIL INDIA LTD CLASS B EQUITY SHARES	0.01	0.81

total equity 16.14

total bank deposits/mutual funds 10.74

total net assets 100.00

asset allocation as on Feb 28, 2009



fund characteristics as on Feb 28, 2009

M.Duration of debt portfolio: 2.30 years
YTM of debt portfolio: 7.91%
Beta of equity portfolio: 0.93

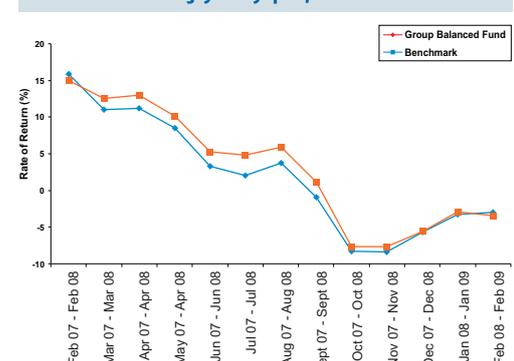
NAV as on Feb 28, 2009

Reliance Group Gratuity (GG) - Balanced Fund Option: Rs. 10.7641

Reliance Group Superannuation (GSA) - Balanced Fund Option: Rs. 13.5984

Reliance Group Savings Linked Insurance (GSLI) - Balanced Fund Option: Rs. 10.1705

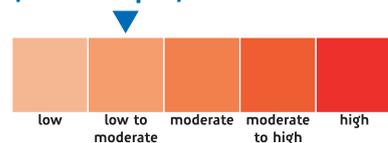
rolling yearly performance



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 Gratuity (GG) – Corporate Bond Fund Option

Reliance Group Leave Encashment (GLE) – Corporate Bond Fund Option

Reliance Group Savings Linked Insurance (GSLI) – Corporate Bond Fund Option

Reliance Group Superannuation (GSA) – Corporate Bond Fund Option

fund manager's report

The exposure to corporate bonds was increased to 77.67% from 71.65% to take advantage of higher spreads. We also bought gilts to the extent of 8.37% on expectations of softening of interest rate. 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%

ULIP Corporate Bond Fund

fund performance as on February 28, 2009

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	12.55%	7.70%	4.98%	6.46%	1.52	0.42
since inception (CAGR)	11.26%	7.70%	4.37%	5.58%	1.43	0.48
date of inception	october, 2007					

portfolio as on February 28, 2009

security % to net assets rating

corporate bonds

8.75% IRFC 07-01-2013	7.63	AAA
10.90% RECL LTD 14-08-2013	7.22	AAA
11.45% RELIANCE INDUSTRIES LTD 25-11-2013	6.97	AAA
11.45% RELIANCE INDU LTD TRANCHE 2 25-11-2013	5.57	AAA
11% POWER FINANCE CORP LTD 15-09-2018	5.28	AAA
10.60% IRFC 11-09-2018	4.19	AAA
9.33% POWER GRID CORPORATION LTD 15-12-2013	3.23	AAA
9.05% EXPORT & IMPORT BANK LTD 06-11-2010	3.20	AAA
8.88% HDFC LTD 07-01-2011	3.20	AAA
9.40% TATA TEA LTD 08-11-2010	3.18	AA
8.38% POWER FINANCE CORP 11-12-2009	2.52	AAA
10.05% NABARD 11-06-2014	2.27	AAA
10.90% RECL LTD 30-09-2013	2.05	AAA
8.94% LIC HOUSING FINANCE LTD 16-01-2011	1.92	AAA
11.15% POWER FINANCE CORP LTD 15-09-2011	1.68	AAA
8.50% HDFC LTD. 29-08-2009	1.57	AAA
9.65% NABARD SR IX G 10-09-2010	1.39	AAA
9.45% RECL LTD 04-04-2013	1.29	AAA
9.32% HDFC LTD 17-12-2012	1.29	AAA
6% INDIAN HOTELS LTD 13-05-2011	1.28	AA+
7.39% POWER GRID CORP 22-09-2011	1.11	AAA
11.50% RECL LTD 26-11-2013	1.05	AAA
9.30% POWER FINANCE CORP LTD 12-03-2013	0.97	AAA
7% POWER FINANCE 24-12-2011	0.93	AAA
11.35% RECL LTD 24-10-2013	0.67	AAA
9.47% POWER GRID CORPORATION 31-03-2013	0.65	AAA
9.35% LIC HOUSING FINANCE LTD 23-11-2014	0.65	AAA
9.20% HDFC LTD 09-02-2012	0.65	AAA
8.95% HDFC LTD 16-01-2011	0.64	AAA
9.80% TATA STEEL LTD 07-05-2011	0.64	AA
10% HDFC LTD 19-03-2010	0.64	AAA
9.75% LIC HOUSING FINANCE LTD 24-09-2009	0.63	AAA
6.25% ULTRATECH CEMENT 25-06-2009	0.56	AAA
11.30% ACC LTD 10-12-2013	0.35	AAA
10.48% GRASIM INDUSTRIES LTD 16-12-2013	0.20	AAA
9.76% IRFC 03-07-2012	0.20	AAA
9.25% EXIM BANK LTD 13-12-2012	0.19	AAA

total corporate bonds 77.67

gilts

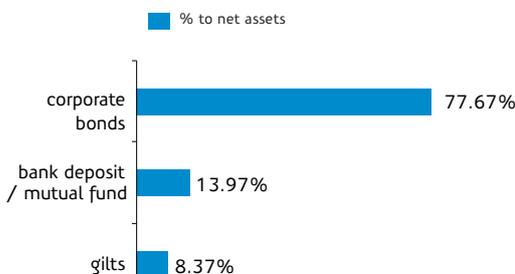
6.05% GOI 02-02-2019	3.15
8.24% GOI 22-04-2018	2.55
7.46% GOI 2017 28-8-2017	1.99
7.56% GOI 03-11-2014	0.68

total gilts 8.37

total bank deposits/mutual funds 13.97

total net assets 100.00

asset allocation as on Feb 28, 2009



fund characteristics as on Feb 28, 2009

M.Duration of debt portfolio: 2.99 years
YTM of debt portfolio: 8.39%

NAV as on Feb 28, 2009

Reliance Group Gratuity (GG) – Corporate Bond Fund Option: Rs. 10.8357

Reliance Group Leave Encashment (GLE) – Corporate Bond Fund Option: Rs. 11.3358

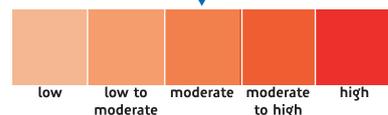
Reliance Group Savings Linked Insurance (GSLI) – Corporate Bond Fund Option: Rs. 10.4211

Reliance Group Superannuation (GSA) – Corporate Bond Fund Option: Rs. 10.0640

fund objective

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

fund risk profile



products

Reliance Group Gratuity (GG) - Pure Debt Fund Option:

Reliance Group Superannuation (GSA) - Pure Debt Fund Option:

Reliance Group Leave Encashment (GLE) - Pure Debt Fund Option:

Reliance Group Savings Linked Insurance (GSLI) - Pure Debt Fund Option

fund manager's report

The exposure to gilts was increased to 22.55% from 16.98% as we have decided to increase the duration in anticipation of softening of interest rates. Exposure to corporate bonds was decreased to 58.28% from 59.91%. Accordingly the exposure to short term assets was decreased to 19.17% from 23.11%. 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%

ULIP Pure Debt Fund

fund performance as on February 28, 2009

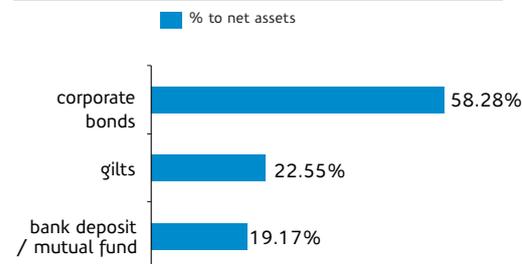
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	Data not available as the fund has the not completed a period of one year since inception					
date of inception	october, 2008					

*CAGR: Compounded Annual Growth Rate

portfolio as on February 28, 2009

security	% to net assets	rating
corporate bonds		
11.45% RELIANCE INDUSTRIES LTD 25-11-2013	8.50	AAA
11.10% POWER FINANCE CORP LTD 15-09-2013.	6.41	AAA
9% TATA SONS LTD 27-07-2010	4.08	AAA
8.75% IRFC 07-01-2013	3.76	AAA
9.33% POWER GRID CORP LTD 15-12-2013	3.18	AAA
9.68% IRFC 03-07-2010	3.17	AAA
8.50% EXIM BANK 26-09-2011.	2.99	AAA
8.65% HDFC LTD 12-09-11	2.19	AAA
7% POWER FINANCE 24-12-2011	2.14	AAA
11.40% POWER FINANCE CORP LTD 28-11-2013	2.05	AAA
10.90% RECL LTD 14-08-2013	2.01	AAA
11.35% RECL LTD 24-10-2013	1.99	AAA
9.20% HDFC LTD 09-02-2012	1.91	AAA
9.75% LIC HOUSING FINANCE LTD 24-09-2009	1.68	AAA
8.40% EXIM BANK OF INDIA 28-09-2010	1.56	AAA
11.45% RELIANCE INDU LTD TRANCHE 2 25-11-2013	1.37	AAA
9.90% TATA SONS LTD 20-05-2011	1.29	AAA
9.35% LIC HOUSING FINANCE LTD 23-11-2014	1.27	AAA
8.94% LIC HOUSING FINANCE LTD 16-01-2011	1.26	AAA
10.10% POWER GRID CORPORATION 12-06-2011	0.81	AAA
11.50% RECL LTD 26-11-2013	0.69	AAA
10% NABARD SR IX 14-05-2012	0.65	AAA
9.35% IL & FS LTD 22-10-2010	0.63	AAA
9.80% TATA STEEL LTD 07-05-2011	0.63	AA
9.35% HDFC LTD 09-11-2009	0.62	AAA
8.38% POWER FINANCE CORP 11-12-2009	0.62	AAA
9.76% IRFC 03-07-2012	0.39	AAA
7.60% IRICI BANK LTD 30-12-2015	0.29	AAA
7.20% HDFC 03-06-2010	0.12	AAA
total corporate bonds	58.28	
gilts		
8.24% GOI 22-04-2018	12.84	SOVEREIGN
7.59% GOI 12-04-2016	5.80	
7.56% GOI 03-11-2014	2.67	
6.05% GOI 02-02-2019	0.62	
6.96% GOI OIL COMPANIES SPLBD 30-03-09	0.62	
total gilts	22.55	
total bank deposits/mutual funds	19.17	
total net assets	100.00	

asset allocation as on Feb 28, 2009



fund characteristics as on Feb 28, 2009

M.Duration of debt portfolio: 2.45 years
YTM of debt portfolio: 8.08%

NAV as on Feb 28, 2009

Reliance Group Gratuity (GG) - Pure Debt Fund Option: Rs. 10.7819

Reliance Group Superannuation (GSA) - Pure Debt Fund Option: Rs. 10.7284

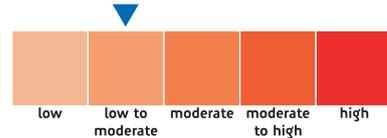
Reliance Group Leave Encashment (GLE) - Pure Debt Fund Option: Rs. 10.8088

Reliance Group Savings Linked Insurance (GSLI) - Pure Debt Fund Option: Rs. 10.2968

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

Reliance Group Gratuity (GG) - Gilt Fund Option

Reliance Group Savings Linked Insurance (GSLI) - Gilt Fund Option

Reliance Group Superannuation (GSA) - Gilt Fund Option

fund manager's report

The allocation to gilts was decreased to 70.17% from 78.85% on account of profit booking. Accordingly we increased the exposure in short term bank FDs, CDs and CPs to 29.83% from 21.15%.

target asset allocation

Government Securities: 100%

benchmark construction

I-Sec Composite Sovereign Bond Index: 100%

ULIP Gilt Fund

fund performance as on February 28, 2009

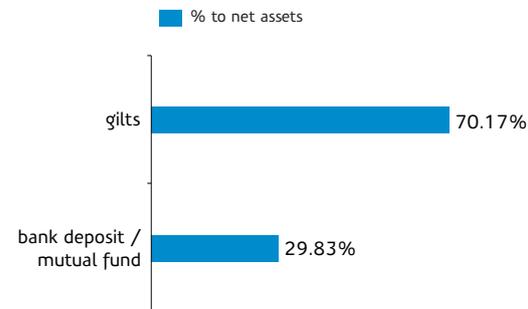
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	7.82%	15.68%	4.41%	17.40%	0.64	0.61
since inception (CAGR)	8.28%	15.26%	3.80%	14.98%	0.86	0.68
date of inception			october, 2007			

*CAGR: Compounded Annual Growth Rate

portfolio as on February 28, 2009

security	% to net assets	rating
gilts		
SOVEREIGN		
8.24% GOI 22-04-2018	20.56	
7.59% GOI 12-04-2016	16.15	
7.56% GOI 03-11-2014	7.44	
7.49% GOI 2017 16-04-2017	7.19	
6.96% GOI OIL COMPANIES SPLBD 30-03-09	6.91	
5.87% GOI 02-01-2010	5.26	
5.48% GOI 12-06-2009	3.69	
7.46% GOI 2017 28-8-2017	2.91	
9.85% GOI 2015 16-10-2015	0.05	
total gilts	70.17	
total bank deposits/mutual funds	29.83	
total net assets	100.00	

asset allocation as on Feb 28, 2009



fund characteristics as on Feb 28, 2009

M.Duration of debt portfolio: 3.26 years
YTM of debt portfolio: 7.01 %

NAV as on Feb 28, 2009

Reliance Group Leave Encashment (GLE) - Gilt Fund Option: Rs. 10.9278

Reliance Group Gratuity (GG) - Gilt Fund Option: Rs. 9.9823

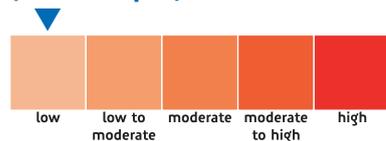
Reliance Group Savings Linked Insurance (GSLI) - Gilt Fund Option: Rs. 9.9339

Reliance Group Superannuation (GSA) - Gilt Fund Option: Rs. 10.0139

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 Gratuity (GG) – Money Market Fund Option

Reliance Group Superannuation (GSA) – Money Market Fund Option

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

Reliance Group Savings Linked Insurance (GSLI) – Money Market Fund Option

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 February 28, 2009

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	11.80%	8.97%	0.37%	0.43%	18.29	9.29
since inception (CAGR)	11.46%	8.51%	0.38%	0.47%	17.06	7.44
date of inception			November, 2007			

*CAGR: Compounded Annual Growth Rate

portfolio as on February 28, 2009

security % to net assets rating

certificate of deposits

STATE BANK OF BIKANER & JAIPUR	22-09-2009	13.32	P1+
STATE BANK OF INDIA	19-03-2009	13.27	P1+
AXIS BANK LTD	30-11-2009	12.98	P1+
ICICI BANK LTD	15-07-2009	10.70	A1+
PUNJAB NATIONAL BANK	05-03-2009	10.53	A1+
EXPORT & IMPORT BANK OF INDIA	28-09-2009	10.24	P1+
INDIAN OVERSEAS BANK	27-03-2009	8.53	P1+
NABARD	05-06-2009	8.32	P1+
ABN AMRO BANK	12-03-2009	4.38	A1+

total certificate of deposits 92.28

commercial paper

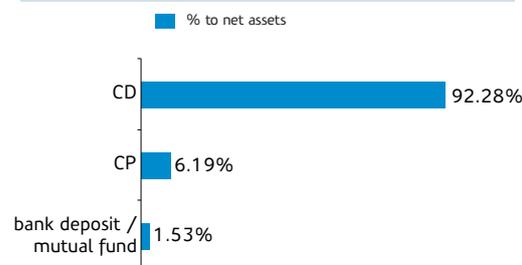
RELIANCE COMMUNICATION LTD	29-07-2009	4.13	A1+
RELIANCE COMMUNICATIONS LTD	28-07-2009	2.06	A1+

total commercial paper 6.19

other money market instruments 1.53

total net assets 100.00

asset allocation as on Feb 28, 2009



fund characteristics as on Feb 28, 2009

M.Duration of debt portfolio: 0.30 years
YTM of debt portfolio: 10.56 %

NAV as on Feb 28, 2009

Reliance Group Gratuity (GG) – Money Market Fund Option: Rs. 10.5548

Reliance Group Superannuation (GSA) – Money Market Fund Option: Rs. 10.3799

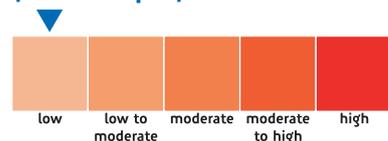
Reliance Group Leave Encashment (GLE) – Money Market Fund Option: Rs. 11.2954

Reliance Group Savings Linked Insurance (GSLI) – Money Market Fund Option: Rs. 10.2400

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 (GG) - Capital Secure Fund Option

Reliance Group Superannuation (GSA) - Capital Secure Fund Option

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 February 28, 2009

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	10.65%	7.87%	0.30%	0.41%	18.82	7.01
last 2 years (CAGR)	9.62%	7.79%	0.38%	0.31%	12.20	9.06
last 3 years (CAGR)	8.65%	7.51%	0.57%	0.28%	6.45	9.12
since inception (CAGR)	6.91%	6.07%	0.68%	0.48%	2.79	2.22
date of inception	february, 2003					

*CAGR: Compounded Annual Growth Rate

portfolio as on February 28, 2009

security % to net assets rating

certificate of deposits

STATE BANK OF INDIA 19-03-2009	13.21	P1+
EXIM BANK OF INDIA 17-07-2009	10.66	P1+
STATE BANK OF INDORE 28-04-2009	10.39	P1+
INDIAN OVERSEAS BANK 27-03-2009	9.83	P1+
PUNJAB NATIONAL BANK 05-03-2009	8.74	A1+
NABARD 10-07-2009	7.95	P1+
ICICI BANK LTD 15-07-2009	7.68	A1+
ABN AMRO BANK 12-03-2009	7.34	A1+
ORIENTAL BANK OF COMMERCE 25-03-2009	6.52	P1+
NABARD 05-06-2009	5.47	P1+
ICICI BANK LTD 13-03-2009	5.23	A1+

total certificate of deposits 93.02

commercial paper

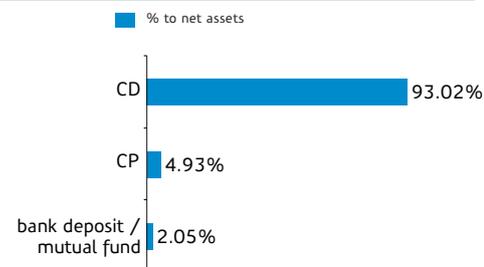
RELIANCE COMMUNICATIONS LTD 28-07-2009	4.93	A1+
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total commercial paper 4.93

other money market instruments 2.05

total net assets 100.00

asset allocation as on Feb 28, 2009



fund characteristics as on Feb 28, 2009

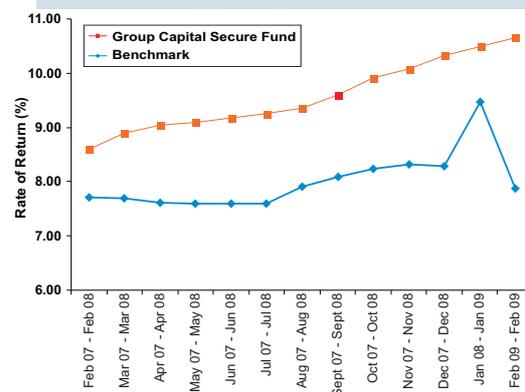
M.Duration of debt portfolio: 0.16 years
YTM of debt portfolio: 9.61%

NAV as on Feb 28, 2009

Reliance Group Gratuity (GG) - Capital Secure Fund Option: Rs. 11.9181

Reliance Group Superannuation (GSA) - Capital Secure Fund Option : Rs 10.8407

rolling yearly performance



- ✓ 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.

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Reliance Group Superannuation:
121L021V01

Reliance Group Leave Encashment Plan:
121L027V01

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the analyst

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