

investment philosophy

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

Economy Indicators	31st Aug 09	31st Jul 09	Change
Rs./₹	48.83	47.93	-0.90
WPI Inflation	238.80*	236.80	-0.95%y-o-y*
Forex Reserves (\$ bn)	271.96	267.71	4.25 bn\$
Oil Price (\$ per Barrel)	69.18	70.03	-0.85\$
Gold (Rs. per 10gm)	15250	14800	Rs. 450.00

* As of 15th August 2009

Investments	Aug 09	Jul 09	Absolute Change
FII's (Rs Crs)	1008	11066	-10058
MFs (Rs Crs)	570	1826	-1255

Indices	31st Aug 09	31st Jul 09	% Change
BSE Sensex	15667	15670	0
S&P CNX Nifty	4662	4636	1
CNX Mid Cap	6118	5950	3
BSE Small Cap	6997	6206	13

Global Indices	31st Aug 09	31st Jul 09	% Change
Dow Jones	9496	9172	4
FISE 100	4909	4608	7
Hang Seng	19724	20573	-4
Nikkei	10493	10357	1

Sectoral Indices	31st Aug 09	31st Jul 09	% Change
CNX Infrastructure	3767	3714	1
CNX Energy	8867	8738	1
BSE Capital Goods	13151	12797	3
BSE Bankex	8345	8211	2
BSE Oil & Gas	9775	9390	4
BSE IT	4173	3287	27

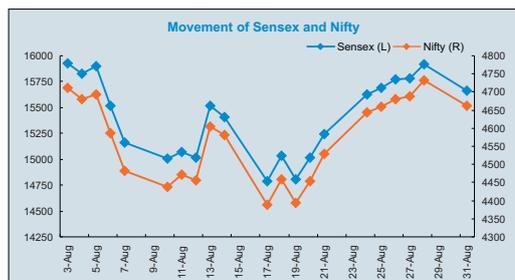
Fixed Income Indicators	31st Aug 09	31st Jul 09	Absolute Change
NSE Mibor	3.29	3.28	0.01
91 Day T-Bill	3.40	3.32	0.08
182 Day T-Bill	3.93	3.47	0.46
1 year GOI Benchmark	4.68	4.15	0.53
5 Year GOI Benchmark	7.16	6.74	0.42
5 Year Corp Bond Benchmark	8.51	8.15	0.36
10 Year GOI Benchmark	7.44	7.00	0.44
10 Year US Benchmark	3.48	3.48	0.00

fund snapshot

asset allocation	funds	gross return (CAGR*) (%) as on August 31, 2009				date of inception
		last 1 year	last 2 years	last 3 years	since inception	
100% equity	ULIP Equity	10.81%	N.A.	N.A.	-13.11%	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	13.07%	5.83%	8.00%	12.08%	August, 2004
20% equity, 80% debt	ULIP Balanced	13.75%	8.61%	9.14%	10.93%	February, 2003
100% bond instruments	ULIP Corporate Bond	14.07%	N.A.	N.A.	9.79%	October, 2007
100% debt instrument	ULIP Pure Debt	N.A.	N.A.	N.A.	N.A.	October, 2008
100% govt. securities	ULIP Gilt	6.77%	N.A.	N.A.	5.71%	October, 2007
100% money market instruments	ULIP Money Market	10.93%	N.A.	N.A.	10.21%	November, 2007
100% money market instruments	ULIP Capital Secure	10.46%	9.91%	9.14%	7.09%	February, 2003

*CAGR: Compounded Annual Growth Rate

equity market update - Aug 2009



Equity Market Update

Domestic markets experienced a high level of uncertainty in the month of August with bullish sentiment stalled by inflation and Chinese markets. Benchmark indices ended almost flat for the month - Sensex closed at 15666.64, while Nifty gained 0.55% ending at 4662.10.

On the sector front, BSE realty gained 12.92%. Consumer durables was up 5.68% and IT was up 5.31%. FMCG faced the brunt of a deficient monsoon, slumping 6.74%. The mid-cap index (+5.6%) outperformed Sensex (-0.02%) but BSE small-cap index overshadowed all with a 12.75% rally.

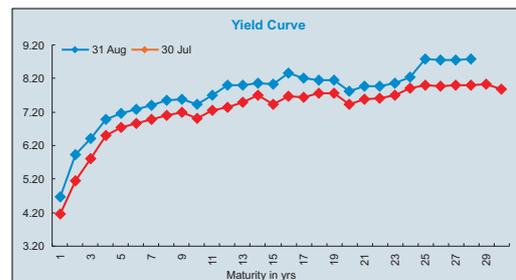
FII inflows were \$1 billion in India equities, taking the 2009 total to \$8.32 billion. Inflows were \$2.28 billion in July.

Chinese stock market witnessed volatility and sporadically impacted markets across the globe. China's market recorded its second-biggest monthly loss (22%) in 15 years owing to dovish signals coming from the China's policy makers, hinting at possible credit tightening and curbs on production.

For the time being though, exports data negated such optimism, recording a tenth straight contraction over the year in July. Apr-June GDP growth (6.1% y-o-y) was encouraging enough for the bulls to keep faith in the India growth story. Markets continued with the hope of v-shaped or sustained recovery in developed economies.

The government signed a long-delayed Free Trade Agreement after more than six years of negotiation with the 10-country Southeast Asian bloc ASEAN. The agreement is expected to have a visible change in volume and direction of trade, and immensely benefit the export segment. After setting in motion the disinvestment process, the finance ministry unveiled the Direct Tax Code proposing radical reforms in Income Tax laws set to broaden the tax base. The bill is expected to be applicable from April 2011. The government also released a 5-year Foreign Trade Policy.

debt market update - Aug 2009



Debt Market Update

Persistent concerns over the government's massive borrowing schedule dragged bond prices to their lowest levels this year. The 10-year benchmark bond yield rose to 7.44%, up by over 40 bps in August, and over 200 bps since the January 2009 low. Bonds wilted under the pressure of medium-term liquidity and inflationary concerns. RBI acknowledged the risk of rising inflation. Bonds also witnessed a multiple of other headwinds in form of mixed overseas cues like sharp 2-way moves in US yields, higher commodity prices and comments from several policymakers that prompted volatility in absence of firm leads.

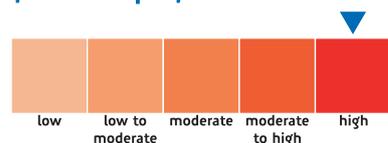
The mood remained bearish amid bond auctions almost every week. The market expected the bank to take more supportive steps to facilitate successful execution of the government's record borrowing programme. The waning appetite among investors was reflected across bond market segments with the shorter tenor yields also rising - cut-off yields for the 91-day treasury bill rates were up nearly 30 bps to 3.40% in August from July lows of 3.11%. The spread between the 1-year and 10-year benchmark yield narrowed to 276 bps from 326 bps in July. AAA 5-year bond yield jumped 30 bps but credit spread narrowed due to the sharper move in the underlying risk-free rate.

Rise in prices of primary articles pushed up the consumer price inflation (Industrial Workers) rate to 11.89% y-o-y in July, from 9.29% in June. The WPI stayed in negative (-0.95% y-o-y) on the back of high-base effect. PM warned of WPI escalating above the RBI's forecast of 5% by the end of the fiscal year as a poor monsoon drove up food costs.

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 Equity Fund

fund performance as on August 31, 2009

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	10.81%	6.94%	39.82%	47.29%	0.15	0.04
since inception (CAGR)	-13.11%	-12.05%	38.26%	40.94%	-0.47	-0.42
date of inception	october, 2007					

*CAGR: Compounded Annual Growth Rate

portfolio as on August 31, 2009

security % to net assets 1-yr beta

equity

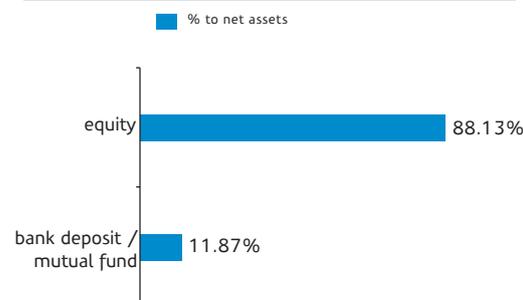
BANKING & FINANCE	19.92	
ICICI BANK	5.31	1.58
STATE BANK OF INDIA	4.27	1.09
HDFC BANK	2.95	0.96
HOUSING DEVELOPMENT FINANCE CORPORATION	2.93	1.23
AXIS BANK	2.01	1.29
SHRIRAM TRANSPORT FINANCE COMPANY LTD	1.18	0.26
PUNJAB NATIONAL BANK	0.73	0.92
BANK OF BARODA	0.54	0.82
OIL REFINERIES	13.45	
RELIANCE INDUSTRIES	8.18	1.22
OIL & NATURAL GAS CORPORATION	3.43	0.87
BHARAT PETROLEUM	1.69	0.51
HINDUSTAN PETROLEUM CORPORATION LTD FV10	0.16	0.48
CAP GOODS / ENGINEERING	10.85	
LARSEN & TOUBRO	5.08	1.19
BHARAT HEAVY ELECTRICALS	2.76	1.01
CUMMINS INDIA	1.26	0.57
PUNJ LLOYD	0.91	1.40
ALSTOM PROJECTS INDIA	0.84	0.99
IT	9.42	
INFOSYS TECHNOLOGIES	5.35	0.68
TATA CONSULTANCY SERVICES	4.07	0.87
METALS	5.93	
TATA STEEL	1.93	1.42
STERLITE INDUSTRIES	1.75	1.36
JINDAL STEEL AND POWER LTD	1.59	1.17
STEEL AUTHORITY OF INDIA	0.66	1.28
FMCG	4.70	
ITC LTD	3.43	0.53
HINDUSTAN UNILEVER	1.12	0.40
MARICO LTD.	0.15	0.31
POWER	4.66	
TATA POWER	1.98	0.95
NTPC	1.37	0.74
AREVA T & D INDIA LTD	0.85	0.98
POWER GRID CORPORATION OF INDIA LTD	0.31	0.83
NHPC LTD	0.16	1.00
PHARMACEUTICALS	4.44	
RANBAXY LAB	1.24	0.77
DIVIS LABORATORIES	1.16	0.73
CIPLA LTD	1.05	0.49
SUN PHARMACEUTICALS	0.66	0.41
LUPIN	0.32	0.42
AUTOMOBILES	3.38	
MARUTI SUZUKI INDIA	1.25	0.70
MAHINDRA & MAHINDRA LTD	1.19	1.08
BAJAJ AUTO LTD	0.94	0.65
TELECOM	3.15	
BHARTI AIRTEL	3.15	1.00
CEMENT & CEMENT PRODUCTS	2.67	
ACC LTD	1.26	0.72
GRASIM INDUSTRIES	0.77	0.78
ULTRATECH CEMENT LTD	0.64	0.61
CONSTRUCTION	1.18	
JAI PRAKASH ASSOCIATES	1.18	1.71
GAS	1.14	
GAIL INDIA	1.14	0.76
MEDIA	0.83	
HT MEDIA LTD	0.83	0.58
OIL EXPLORATION	0.80	
CAIRN INDIA	0.80	1.01
FERTILIZERS	0.78	
UNITED PHOSPHORUS LTD	0.78	0.79
PLASTIC AND PLASTIC PRODUCT	0.46	
SINTEX INDUSTRIES LTD	0.46	1.03
HOTELS	0.37	
INDIAN HOTELS	0.37	0.63

total equity 88.13

total bank deposits/mutual funds 11.87

total net assets 100.00

asset allocation as on Aug 31, 2009



fund characteristics as on Aug 31, 2009

Fund Beta 0.98

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fund manager's report

The month of August saw the equity markets ending flat. The markets took support from better than expected macro economic data. Looking at the positive data from specific sectors, the holding in equities was kept at 88.13%.

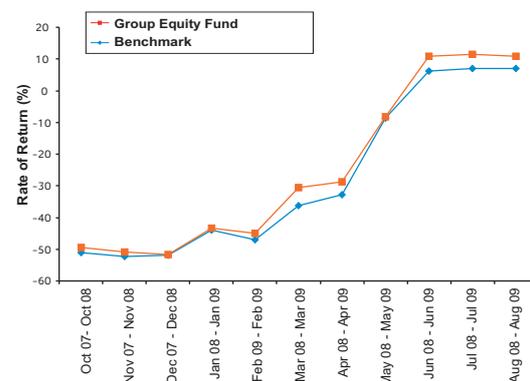
target asset allocation

Equity: 100%

benchmark construction

S&P CNX Nifty: 100%

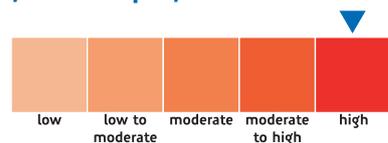
rolling yearly performance



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 August 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 August 31, 2009

security % to net assets 1-yr beta

equity

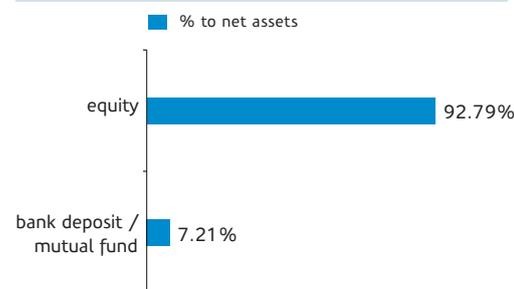
OIL REFINERIES	15.90	
RELIANCE INDUSTRIES	12.68	1.22
OIL & NATURAL GAS CORPORATION	3.21	0.87
CAP GOODS / ENGINEERING	14.82	
LARSEN & TOUBRO	6.87	1.19
BHARAT HEAVY ELECTRICALS	4.40	1.01
PUNJ LLOYD	1.97	1.40
VOLTAS LTD	1.57	1.06
IT	10.12	
INFOSYS TECHNOLOGIES	7.15	0.68
TATA CONSULTANCY SERVICES	2.00	0.87
MPHASIS	0.98	0.64
METALS	8.68	
JINDAL STEEL AND POWER LTD	5.56	1.17
STEEL AUTHORITY OF INDIA	3.12	1.28
POWER	8.64	
TATA POWER	5.87	0.95
NTPC	2.77	0.74
AUTOMOBILES	8.30	
BAJAJ AUTO LTD	3.35	0.65
MAHINDRA & MAHINDRA LTD	2.95	1.08
MARUTI SUZUKI INDIA	2.01	0.70
PHARMACEUTICALS	7.23	
RANBAXY LAB	4.18	0.77
CIPLA LTD	1.84	0.49
SUN PHARMACEUTICALS	1.20	0.41
TELECOM	6.75	
BHARTI AIRTEL	6.75	1.00
FMCG	3.68	
HINDUSTAN UNILEVER	2.21	0.40
MARICO LTD.	1.47	0.31
CEMENT & CEMENT PRODUCTS	3.53	
GRASIM INDUSTRIES	2.56	0.78
ACC LTD	0.97	0.72
GAS	2.70	
GAIL INDIA	2.70	0.76
OIL EXPLORATION	2.44	
CAIRN INDIA	2.44	1.01

total equity 92.79

total bank deposits/mutual funds 7.21

total net assets 100.00

asset allocation as on Aug 31, 2009



fund characteristics as on Aug 31, 2009

Beta of equity portfolio: 0.94

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fund manager's report

The month of August saw the equity markets ending flat. The markets took support from better than expected macro economic data. Looking at the positive data from specific sectors, the holding in equities was kept at 92.79%.

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.)

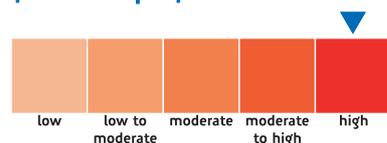
benchmark construction

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



ULIP Infrastructure Fund

fund performance as on August 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 August 31, 2009

security % to net assets 1-yr beta

equity

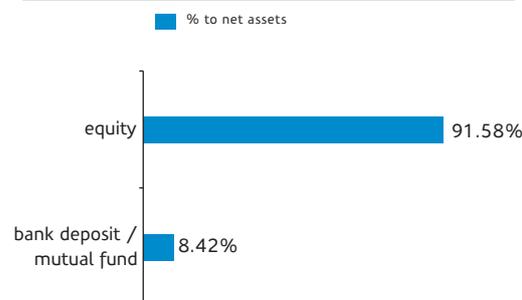
CAP GOODS / ENGINEERING	27.25	
LARSEN & TOUBRO	11.63	1.19
BHARAT HEAVY ELECTRICALS	10.92	1.01
PUNJ LLOYD	2.13	1.40
IRB INFRASTRUCTURE DEVELOPERS LTD	1.32	0.60
VOLTAS LTD	1.25	1.06
POWER	23.06	
NTPC	17.45	0.74
TATA POWER	3.06	0.95
NEYVELI LIGNITE CORPORATION	2.39	1.09
NHPC LTD	0.16	1.00
TELECOM	15.93	
BHARTI AIRTEL	15.93	1.00
METALS	7.94	
STERLITE INDUSTRIES	4.53	1.36
TATA STEEL	2.18	1.42
JINDAL STEEL AND POWER LTD	1.23	1.17
OIL REFINERIES	6.18	
RELIANCE INDUSTRIES	4.23	1.22
OIL & NATURAL GAS CORPORATION	1.95	0.87
CONSTRUCTION	4.03	
JAIPRAKASH ASSOCIATES	2.24	1.71
GMR INFRASTRUCTURE	1.80	1.10
CEMENT & CEMENT PRODUCTS	2.11	
GRASIM INDUSTRIES	2.11	0.78
PLASTIC AND PLASTIC PRODUCT	1.98	
SINTEX INDUSTRIES LTD	1.98	1.03
BANKING & FINANCE	1.40	
HOUSING DEVELOPMENT FINANCE CORPORATION	1.40	1.23
SOFTWARE	0.95	
FINANCIAL TECHNOLOGIES INDIA INR FV 2	0.95	0.90
HOTELS	0.74	
INDIAN HOTELS	0.74	0.63

total equity 91.58

total bank deposits/mutual funds 8.42

total net assets 100.00

asset allocation as on Aug 31, 2009



fund characteristics as on Aug 31, 2009

Fund Beta 1.03

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fund manager's report

The month of August saw the equity markets ending flat. The markets took support from better than expected macro economic data. Looking at the positive data from specific sectors, the holding in equities was kept at 91.58%.

target asset allocation

Equity: 100%

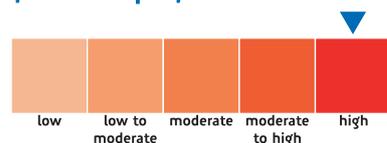
benchmark construction

CNX Infrastructure Index: 100%

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



ULIP Energy Fund

fund performance as on August 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 August 31, 2009

security % to net assets 1-yr beta

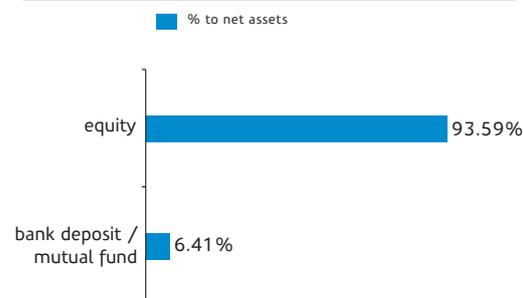
equity

OIL REFINERIES	55.48	
RELIANCE INDUSTRIES	29.88	1.22
OIL & NATURAL GAS CORPORATION	23.44	0.87
BHARAT PETROLEUM	2.16	0.51
POWER	23.09	
NTPC	16.54	0.74
POWER GRID CORPORATION OF INDIA LTD	3.51	0.83
TATA POWER	2.87	0.95
NHPC LTD	0.16	1.00
METALS	6.07	
STERLITE INDUSTRIES	4.27	1.36
JINDAL STEEL AND POWER LTD	1.80	1.17
OIL EXPLORATION	4.68	
CAIRN INDIA	4.68	1.01
CAP GOODS / ENGINEERING	3.19	
BHARAT HEAVY ELECTRICALS	3.19	1.01
GAS	1.08	
GAIL INDIA	1.08	0.76
total equity	93.59	

total bank deposits/mutual funds 6.41

total net assets 100.00

asset allocation as on Aug 31, 2009



fund characteristics as on Aug 31, 2009

Fund Beta 0.99

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fund manager's report

The month of August saw the equity markets ending flat. The markets took support from better than expected macro economic data. Looking at the positive data from specific sectors, the holding in equities was kept at 93.59%.

target asset allocation

Equity: 100%

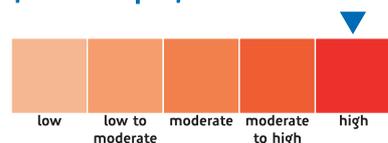
benchmark construction

CNX Energy Index: 100%

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 August 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 August 31, 2009

security % to net assets 1-yr beta

equity

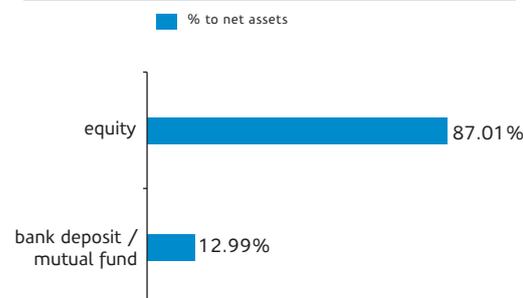
CAP GOODS / ENGINEERING	15.97	
VOLTAS LTD	6.97	1.06
PUNJ LLOYD	5.29	1.40
IRB INFRASTRUCTURE DEVELOPERS LTD	3.71	0.60
BANKING & FINANCE	10.77	
SHRIRAM TRANSPORT FINANCE COMPANY LTD	5.15	0.26
ANDHRA BANK	3.78	0.76
INDIAN BANK	1.84	0.82
PHARMACEUTICALS	8.78	
DIVIS LABORATORIES	4.41	0.73
LUPIN	4.37	0.42
IT	7.10	
MPHASIS	7.10	0.64
FERTILIZERS	5.57	
UNITED PHOSPHORUS LTD	5.57	0.79
PLASTIC AND PLASTIC PRODUCT	5.44	
SINTEX INDUSTRIES LTD	5.44	1.03
SOFTWARE	4.77	
FINANCIAL TECHNOLOGIES INDIA INR FV 2	4.77	0.90
AUTO ANCILLARY	4.57	
EXIDE INDUSTRIES	4.57	0.51
SUGAR	4.23	
BAJAJ HINDUSTAN	4.23	1.16
FMCG	4.10	
TATA TEA	4.10	0.36
SHIPPING	3.37	
GREAT EASTERN SHIPPING	3.37	0.87
CEMENT & CEMENT PRODUCTS	2.47	
ULTRATECH CEMENT LTD	2.47	0.61
CONSTRUCTION	2.05	
JAIPRAKASH ASSOCIATES	2.05	1.71
TELECOM	1.88	
BHARTI AIRTEL	1.88	1.00
METALS	1.81	
JINDAL STEEL AND POWER LTD	1.81	1.17
HOTELS	1.67	
INDIAN HOTELS	1.67	0.63
OIL REFINERIES	1.41	
OIL & NATURAL GAS CORPORATION	1.41	0.87
AUTOMOBILES	1.05	
MAHINDRA & MAHINDRA LTD	1.05	1.08

total equity 87.01

total bank deposits/mutual funds 12.99

total net assets 100.00

asset allocation as on Aug 31, 2009



fund characteristics as on Aug 31, 2009

Fund Beta 0.81

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fund manager's report

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target asset allocation

Equity: 100%

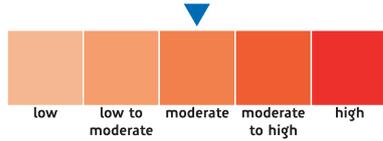
benchmark construction

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



ULIP Growth Fund

fund performance as on August 31, 2009

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	13.07%	11.87%	16.84%	19.15%	0.48	0.36
last 2 years (CAGR)	5.83%	8.19%	16.34%	17.11%	0.05	0.19
last 3 years (CAGR)	8.00%	10.73%	13.81%	14.36%	0.22	0.40
since inception (CAGR)	12.08%	13.59%	11.88%	12.18%	0.60	0.70
date of inception			august, 2004			

*CAGR: Compounded Annual Growth Rate

portfolio as on August 31, 2009

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

corporate bonds

11% POWER FINANCE CORP LTD 15-09-2018	4.07	AAA
11.45% RELIANCE INDUSTRIES LTD 25-11-2013	2.64	AAA
8.25% IDBI OMNI BOND SER III 26-05-2011	2.44	AA+
11.95% HDFC LTD 26-11-2018	2.38	AAA
11.10% POWER FINANCE CORP 15-09-2013	2.21	AAA
9.50% NABARD SER IX I 15-10-2012	2.05	AAA
9.25% HDFC LTD 24-11-2016	2.05	AAA
10.35% HDFC LTD 16-05-2017	2.03	AAA
9.58% EXIM BANK 04-09-2009	2.01	AAA
2% TATA MOTORS LTD 31-03-2014	2.01	AAA(SO)
8.20% IRFC 27-04-2016	1.96	AAA
8.95% HDFC LTD 29-10-2010	1.85	AAA
7.15% IND OIL BOND 10-06-2012	1.59	AA+
11.40% POWER FINANCE CORP 28-11-2013	1.32	AAA
7.39% POWER GRID CORP 22-09-2011	1.29	AAA
9.50% INDIAN HOTEL 28-02-2012	1.24	AA+
9.80% TATA STEEL 07-05-2011	1.24	AA
9.35% HDFC LTD 09-11-2009	1.21	AAA
8.45% IRFC 26-12-2018	1.18	AAA
10.90% RECL LTD 14-04-2013	1.08	AAA
9.90% TATA SONS 20-05-2011	0.84	AAA
9.05% EXIM BANK 06-11-2010	0.82	AAA
9.68% IRFC 03-07-2010	0.66	AAA
8.95% HDFC LTD 16-01-2011	0.41	AAA
10.60% IRFC 11-09-2018	0.22	AAA

total corporate bonds 40.77

gilts

		SOVEREIGN
7.56% GOI 03-11-2014	2.02	
7.44% GOI SPL OIL BOND 23-03-2012	1.75	
7.46% GOI 28-08-2017	0.80	
8.24% GOI 15-02-2027	0.40	
8.35% GOI 14-05-2022	0.01	
8.40% GUJARAT GOI 18-03-2019	1.24	

total gilts 6.22

equity

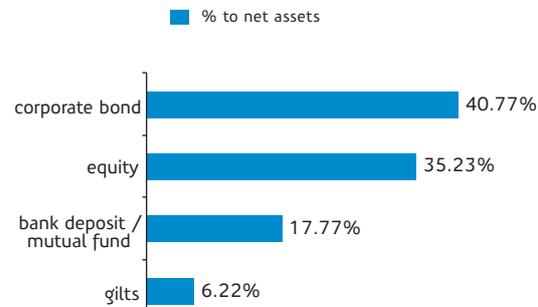
BANKING & FINANCE	7.61	
ICICI BANK	1.91	1.58
STATE BANK OF INDIA	1.81	1.09
HDFC BANK	1.10	0.96
HOUSING DEVELOPMENT FINANCE CORPORATION	0.87	1.23
AXIS BANK	0.65	1.29
SHRIRAM TRANSPORT FINANCE COMPANY LTD	0.57	0.26
BANK OF BARODA	0.40	0.82
PUNJAB NATIONAL BANK	0.30	0.92
OIL REFINERIES	5.34	
RELIANCE INDUSTRIES	3.77	1.22
OIL & NATURAL GAS CORPORATION	1.23	0.87
BHARAT PETROLEUM	0.34	0.51
CAP GOODS / ENGINEERING	4.58	
LARSEN & TOUBRO	1.80	1.19
BHARAT HEAVY ELECTRICALS	1.53	1.01
PUNJ LLOYD	0.51	1.40
VOLTAS LTD	0.47	1.06
CUMMINS INDIA	0.28	0.57
IT	3.21	
INFOSYS TECHNOLOGIES	2.46	0.68
TATA CONSULTANCY SERVICES	0.75	0.87
METALS	2.57	
STERLITE INDUSTRIES	0.85	1.36
JINDAL STEEL AND POWER LTD	0.76	1.17
TATA STEEL	0.67	1.42
STEEL AUTHORITY OF INDIA	0.29	1.28
FMCG	2.34	
ITC LTD	1.52	0.53
HINDUSTAN UNILEVER	0.82	0.40
POWER	1.99	
TATA POWER	0.74	0.95
NTPC	0.66	0.74
AREVA T & D INDIA LTD	0.37	0.98
POWER GRID CORPORATION OF INDIA LTD	0.21	0.83
NHPC LTD	0.02	1.00
TELECOM	1.64	
BHARTI AIRTEL	1.64	1.00
AUTOMOBILES	1.57	
MAHINDRA & MAHINDRA LTD	0.59	1.08
MARUTI SUZUKI INDIA	0.57	0.70
BAJAJ AUTO LTD	0.42	0.65
PHARMACEUTICALS	1.15	
CIPLA LTD	0.39	0.49
SUN PHARMACEUTICALS	0.34	0.41
RANBAXY LAB	0.21	0.77
DIVIS LABORATORIES	0.20	0.73
CEMENT & CEMENT PRODUCTS	1.08	
GRASIM INDUSTRIES	0.51	0.78
ULTRATECH CEMENT LTD	0.32	0.61
ACC LTD	0.25	0.72
CONSTRUCTION	0.75	
JAIPRAKASH ASSOCIATES	0.75	1.71
OIL EXPLORATION	0.52	
CAIRN INDIA	0.52	1.01
GAS	0.46	
GAIL INDIA	0.46	0.76
PLASTIC AND PLASTIC PRODUCT	0.42	
SINTEX INDUSTRIES LTD	0.42	1.03

total equity 35.23

total bank deposits/mutual funds 17.77

total net assets 100.00

asset allocation as on Aug 31, 2009



fund characteristics as on Aug 31, 2009

M.Duration of debt portfolio:	2.64 years
YTM of debt portfolio:	8.06%
Beta of equity portfolio:	1.00

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fund manager's report

The month of August saw the equity markets ending flat. The markets took support from better than expected macro economic data. Looking at the positive data from specific sectors, the holding in equities was kept at 35.23%.

The allocation to corporate bonds was slightly decreased to 40.77% from 41.70%. The allocation to the G-sec was also decreased to 6.22% from 7.20%. Accordingly the allocation to short term bank deposits and CDs/CPs was increased to 17.77% from 17.31%.

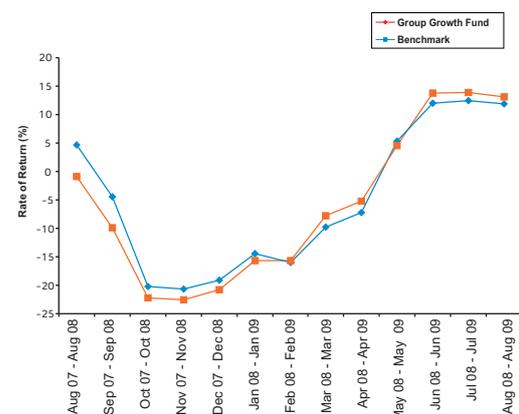
target asset allocation

Debt.:	60%
Equity:	40%

benchmark construction

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

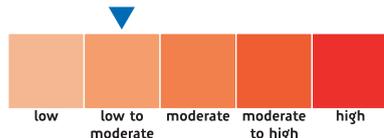
rolling yearly performance



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



ULIP Balanced Fund

fund performance as on August 31, 2009

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	13.75%	11.68%	9.41%	9.98%	0.93	0.67
last 2 years (CAGR)	8.61%	8.76%	9.02%	8.95%	0.40	0.42
last 3 years (CAGR)	9.14%	9.59%	7.75%	7.58%	0.53	0.61
since inception (CAGR)	10.93%	10.00%	6.01%	6.00%	0.99	0.83
date of inception	february, 2003					

*CAGR: Compounded Annual Growth Rate

portfolio as on August 31, 2009

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

11.45% RELIANCE INDUSTRIES LTD 25-11-2013	8.28	AAA
11.40% POWER FINANCE CORP 28-11-2013	2.42	AAA
10.95% RECL LTD 14-04-2011	2.15	AAA
9.90% TATA SONS 20-05-2011	2.10	AAA
8.50% EXPORT & IMPORT BANK LTD 12-09-2011	2.07	AAA
8.94% LIC HOUSING FIN LTD 16-01-2011	2.06	AAA
8.95% HDFC LTD 16-01-2011	1.85	AAA
9.50% NABARD SER IX 15-10-2012	1.66	AAA
9.80% ICICI BANK LTD 10-02-2013	1.61	AAA
9.50% INDIAN HOTEL 28-02-2012	1.55	AA+
11% POWER FINANCE CORP LTD 15-09-2018	1.36	AAA
9.35% LIC HOUSING FINANCE LTD 23-11-2012	1.26	AAA
10% NABARD SER IX 14-05-2012	1.25	AAA
9.80% TATA STEEL 07-05-2011	1.24	AAA
10.75% RECL LTD 14-04-2011	1.10	AAA
11.65% HDFC LTD 09-09-2010	1.06	AAA
9.80% POWER FINANCE CORP 22-03-2012	1.05	AAA
8.83% IRFC 29-10-2012	1.04	AAA
9.24% L & T FINANCE 30-07-2010	1.03	AA+
9.40% TATA TEA LTD 08-11-2010	1.03	AA
7.20% HDFC 03-06-2010	1.01	AAA
2% TATA MOTORS LTD 31-03-2014	1.01	AAA(SO)
8.90% STEEL AUTHORITY OF INDIA 01-05-2019	1.01	AAA
8.68% NAT CAP REGIONAL PLANNING 18-08-2019	1.00	AAA
9.35% IL & FS LTD 22-10-2010	0.99	AAA
7% RECL LTD 02-06-2012	0.99	AAA
8% RECL LTD 05-08-2014	0.98	AAA
9.30% POWER FINANCE CORP LTD 12-03-2013	0.95	AAA
10.10% POWER GRID CORP 12-06-2011	0.76	AAA
9.76% IRFC 03-07-2012	0.74	AAA
8.65% HDFC LTD 12-09-2011	0.72	AAA
9% TATA SONS 27-07-2010	0.72	AAA
11.15% POWER FINANCE CORP 15-09-2011	0.65	AAA
9.45% RECL LTD 04-04-2013	0.63	AAA
10.90% RECL LTD 14-04-2013	0.63	AAA
9.20% HDFC LTD 09-02-2012	0.62	AAA
9.79% IDFC 11-09-2009	0.60	AAA
9.68% IRFC 03-07-2010	0.60	AAA
8.20% IRFC 27-04-2020	0.58	AAA
6.00% INDIAN HOTEL 13-05-2011	0.56	AA+
9.25% EXIM BANK 13-12-2012	0.52	AAA
10% NABARD 18-06-2010	0.41	AAA
8.45% IRFC 26-12-2018	0.40	AAA
10.60% IRFC 11-09-2018	0.34	AAA
7% POWER FINANCE 24-12-2011	0.30	AAA
11.35% RECL LTD 24-10-2013	0.09	AAA

total corporate bonds 54.97

gilts

security	% to net assets	SOVEREIGN
7.44% GOI SPL OIL BOND 23-03-2012	1.64	
7.46% GOI 28-08-2017	1.00	
7.35% GOI 22-06-2024	0.95	
7.50% GOI 10-08-2034	0.56	
6.72% GOI 24-02-2014	0.39	
8.24% GOI 22-04-2018	0.35	
8.24% GOI 15-02-2027	0.30	
6.49% GOI 08-06-2015	0.19	
7.37% GOI 16-04-2014	0.00	
8.30% MAHARASHTRA GOI 25-03-2019	3.49	
8.28% RAJASHTHAN GOI 25-03-2019	1.03	
8.24% TAMIL NADU STATE GOVT GOI 25-03-2019	1.02	
8.59% ANDHRA PRADESH GOI 18-03-2019	0.21	

total gilts 11.15

equity

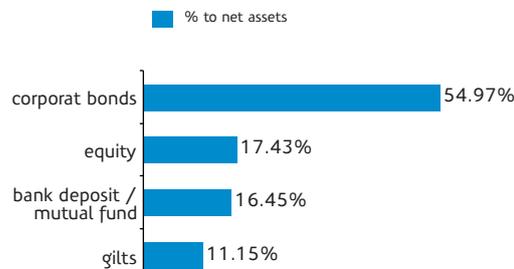
security	% to net assets	
BANKING & FINANCE	3.86	
ICICI BANK	0.97	1.58
STATE BANK OF INDIA	0.94	1.09
HDFC BANK	0.55	0.96
HOUSING DEVELOPMENT FINANCE CORPORATION	0.44	1.23
AXIS BANK	0.32	1.29
SHRIRAM TRANSPORT FINANCE COMPANY LTD	0.29	0.26
BANK OF BARODA	0.20	0.82
PUNJAB NATIONAL BANK	0.15	0.92
CAP GOODS / ENGINEERING	2.33	
LARSEN & TOUBRO	0.90	1.19
BHARAT HEAVY ELECTRICALS	0.79	1.01
PUNJ LLOYD	0.26	1.40
VOLTAS LTD	0.23	1.06
CUMMINS INDIA	0.16	0.57
OIL REFINERIES	2.30	
RELIANCE INDUSTRIES	1.49	1.22
OIL & NATURAL GAS CORPORATION	0.63	0.87
BHARAT PETROLEUM	0.18	0.51
IT	1.64	
INFOSYS TECHNOLOGIES	1.26	0.68
TATA CONSULTANCY SERVICES	0.38	0.87
METALS	1.24	
STERILITE INDUSTRIES	0.41	1.36
JINDAL STEEL AND POWER LTD	0.38	1.17
TATA STEEL	0.31	1.42
STEEL AUTHORITY OF INDIA	0.15	1.28
FMCG	1.17	
ITC LTD	0.76	0.53
HINDUSTAN UNILEVER	0.41	0.40
POWER	1.04	
TATA POWER	0.37	0.95
NTPC	0.34	0.74
AREVA T & D INDIA LTD	0.21	0.98
POWER GRID CORPORATION OF INDIA LTD	0.11	0.83
NHPC LTD	0.01	1.00
TELECOM	0.83	
TELECOM	0.83	1.00
BHARTI AIRTEL	0.83	
AUTOMOBILES	0.78	
MAHINDRA & MAHINDRA LTD	0.29	1.08
MARUTI SUZUKI INDIA	0.29	0.70
BAJAJ AUTO LTD	0.20	0.65
PHARMACEUTICALS	0.58	
CIPLA LTD	0.20	0.49
SUN PHARMACEUTICALS	0.17	0.41
DIVIS LABORATORIES	0.11	0.73
RANBAXY LAB	0.11	0.77
CEMENT & CEMENT PRODUCTS	0.55	
GRASIM INDUSTRIES	0.26	0.78
ULTRATECH CEMENT LTD	0.16	0.61
ACC LTD	0.13	0.72
CONSTRUCTION	0.40	
JAIPRAKASH ASSOCIATES	0.40	1.71
OIL EXPLORATION	0.27	
CAIRN INDIA	0.27	1.01
GAS	0.23	
GAIL INDIA	0.23	0.76
PLASTIC AND PLASTIC PRODUCT	0.21	
SINTEX INDUSTRIES LTD	0.21	1.03

total equity 17.43

total bank deposits/mutual funds 16.45

total net assets 100.00

asset allocation as on Aug 31, 2009



fund characteristics as on Aug 31, 2009

M.Duration of debt portfolio:	2.91 years
YTM of debt portfolio:	7.78%
Beta of equity portfolio:	0.99

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fund manager's report

The month of August saw the equity markets ending flat. The markets took support from better than expected macro economic data. Looking at the positive data from specific sectors, the holding in equities was kept at 17.43%.

The allocation to gilts was slightly decreased to 11.15% from 13.14%. The exposure in corporate bonds was increased to 54.97% from 54.18%. Accordingly, exposure in short-term bank deposits and CDs/CPs has been increased to 16.45% from 16.06%.

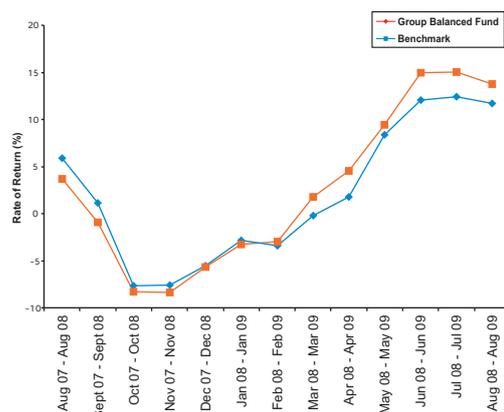
target asset allocation

Debt.:	80%
Equity:	20%

benchmark construction

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

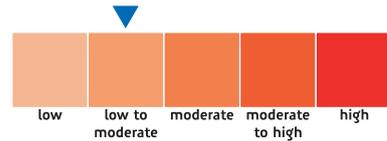
rolling yearly performance



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 August 31, 2009

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	14.07%	9.84%	5.44%	6.76%	1.67	0.72
since inception (CAGR)	9.79%	6.32%	4.30%	5.33%	1.11	0.25
date of inception			october, 2007			

portfolio as on August 31, 2009

security	% to net assets	rating
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corporate bonds

11.25% POWER FINANCE CORP LTD 28-11-2018	8.56	AAA
8.80% STEEL AUTHORITY OF INDIA LTD 22-06-2019	7.16	AAA
11.45% RELIANCE INDUSTRIES LTD 25-11-2013	6.64	AAA
8.75% IRFC 07-01-2013	3.57	AAA
10.60% IRFC 11-09-2018	3.54	AAA
10.90% RECL LTD 14-04-2013	3.28	AAA
11.50% RECL LTD 26-11-2013	3.17	AAA
7.24% LIC HOUSING FINANCE LTD 23-06-2011	2.89	AAA
8.46% IRFC 15-01-2014	2.89	AAA
2% TATA MOTORS LTD 31-03-2014	2.88	AAA(SO)
8% RECL LTD 05-08-2014	2.81	AAA
7% RECL LTD 02-06-2012	2.54	AAA
11% POWER FINANCE CORP LTD 15-09-2018	2.43	AAA
10.05% NABARD 11-06-2014	1.52	AAA
9.50% HDFC LTD 27-02-2013	1.51	AAA
9.50% TATA COMMUNICATION LTD 08-06-2014	1.49	AAA
9.33% POWER GRID CORP LTD 15-12-2013	1.48	AAA
9.40% TATA TEA LTD 08-11-2010	1.47	AA
8.88% IDFC 07-01-2011	1.47	AAA
8.90% STEEL AUTHORITY OF INDIA 01-05-2019	1.44	AAA
8.68% NAT CAP REGIONAL PLANNING 18-08-2019	1.43	AAA
10.90% RECL LTD 30-09-2013	0.94	AAA
9.35% LIC HOUSING FINANCE LTD 23-11-2012	0.60	AAA
9.32% HDFC LTD 17-12-2012	0.60	AAA
6.00% INDIAN HOTEL 13-05-2011	0.60	AA+
11.10% POWER FINANCE CORP 15-09-2013	0.57	AAA
7.39% POWER GRID CORP 22-09-2011	0.52	AAA
11.35% RECL LTD 24-10-2013	0.36	AAA
11.40% POWER FINANCE CORP 28-11-2013	0.32	AAA
9.47% POWER GRID CORPORATION 31-03-2013	0.30	AAA
9.20% HDFC LTD 09-02-2012	0.30	AAA
9.80% TATA STEEL 07-05-2011	0.30	AA
10.35% HDFC LTD SR E006 06-06-2017	0.28	AAA
11.30% ACC LTD 10-12-2013	0.16	AAA
9.30% POWER FINANCE CORP LTD 12-03-2013	0.15	AAA
10.48% GRASIM INDUSTRIES LTD 16-12-2013	0.09	AAA
9.76% IRFC 03-07-2012	0.09	AAA
9.25% EXIM BANK 13-12-2012	0.09	AAA

total corporate bonds 70.42

gilts

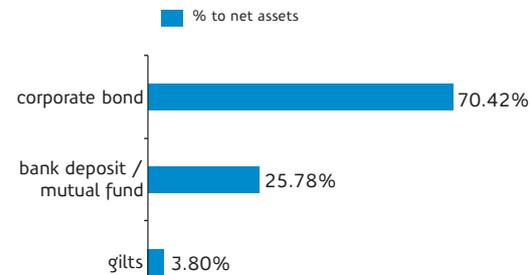
7.46% GOI 28-08-2017	1.44
6.49% GOI 08-06-2015	1.11
7.35% GOI 22-06-2024	0.81
7.56% GOI 03-11-2014	0.29
8.24% GOI 15-02-2027	0.14

total gilts 3.80

total bank deposits/mutual funds 25.78

total net assets 100.00

asset allocation as on Aug 31, 2009



fund characteristics as on Aug 31, 2009

M.Duration of debt portfolio: 3.42 years
YTM of debt portfolio: 8.37%

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fund manager's report

The exposure to corporate bonds was increased to 70.42% from 62.93%. Exposure in gilts was constant at 3.80%. Balance was invested in short term bank FDs, CDs and CPs. We intend to increase the exposure to corporate bonds to 80-90% as and when attractive investments are available.

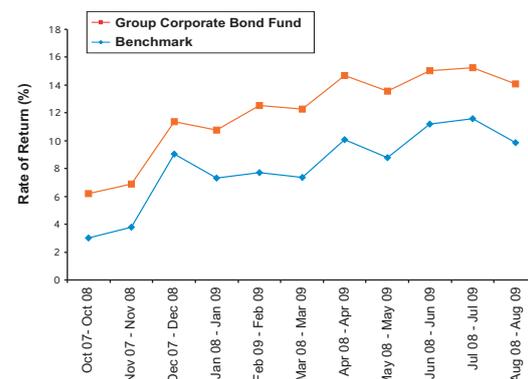
target asset allocation

Bond Instruments: 100%

benchmark construction

CRISIL Composite Bond Index: 100%

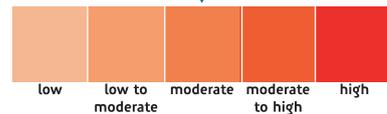
rolling yearly performance



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 August 31, 2009

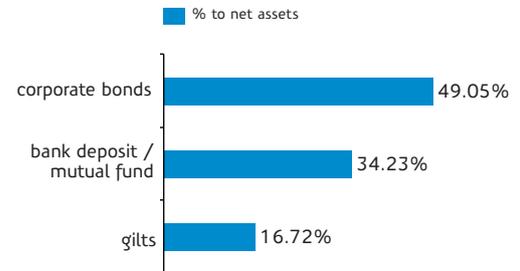
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	Data not available as the fund has the not completed a period of one year since inception					
date of inception	october, 2008					

*CAGR: Compounded Annual Growth Rate

portfolio as on August 31, 2009

security	% to net assets	rating
corporate bonds		
11.45% RELIANCE INDUSTRIES LTD 25-11-2013	10.59	AAA
2% TATA MOTORS LTD 31-03-2014	7.47	AAA(SO)
11.25% POWER FINANCE CORP LTD 28-11-2018	5.69	AAA
11% POWER FINANCE CORP LTD 15-09-2018	4.43	AAA
11.95% HDFC LTD 26-11-2018	2.95	AAA
9.50% TATA COMMUNICATION LTD 08-06-2014	2.57	AAA
11.10% POWER FINANCE CORP 15-09-2013	2.53	AAA
8.98% NCR PLAN 14-02-2018	2.52	AAA
8.90% STEEL AUTHORITY OF INDIA 01-05-2019	2.49	AAA
11.40% POWER FINANCE CORP 28-11-2013	1.64	AAA
11.35% RECL LTD 24-10-2013	1.62	AAA
10.90% RECL LTD 14-04-2013	1.60	AAA
9% TATA SONS 27-07-2010	0.76	AAA
10.10% POWER GRID CORP 12-06-2011	0.65	AAA
10% NABARD SER IX 14-05-2012	0.52	AAA
8.75% IRFC 07-01-2013	0.51	AAA
7% RECL LTD 02-06-2012	0.49	AAA
total corporate bonds	49.05	
gilts		
SOVEREIGN		
7.46% GOI 28-08-2017	4.97	
6.49% GOI 08-06-2015	2.39	
7.50% GOI 10-08-2034	2.30	
7.56% GOI 03-11-2014	2.01	
7.35% GOI 22-06-2024	0.94	
8.40% GUJARAT GOI 18-03-2019	1.54	
8.47% ARUNACHAL PRADESH GOI 25-03-2019	1.03	
8.47% NAGALAND GOI 25-03-2019	1.03	
8.47% JHARKHAND GOI 25-03-2019	0.51	
total gilts	16.72	
total bank deposits/mutual funds	34.23	
total net assets	100.00	

asset allocation as on Aug 31, 2009



fund characteristics as on Aug 31, 2009

M.Duration of debt portfolio: 3.40 years
YTM of debt portfolio: 8.50%

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fund manager's report

The exposure to gilts was decreased to 16.72% from 29.35%. Exposure to corporate bonds was decreased to 49.05% from 57.09%. Accordingly the exposure to short term assets was increased to 34.23% from 13.57%. We will increase exposure to gilts and corporate bonds as and when attractive investments are available.

target asset allocation

Debt Instruments: 100%

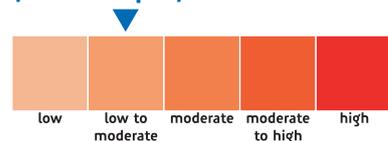
benchmark construction

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 increased to 58.70% from 54.93%. Accordingly we decreased the exposure in short term bank FDs, CDs and CPs to 41.30% from 45.07%.

target asset allocation

Government Securities: 100%

benchmark construction

I-Sec Composite Sovereign Bond Index: 100%

ULIP Gilt Fund

fund performance as on August 31, 2009

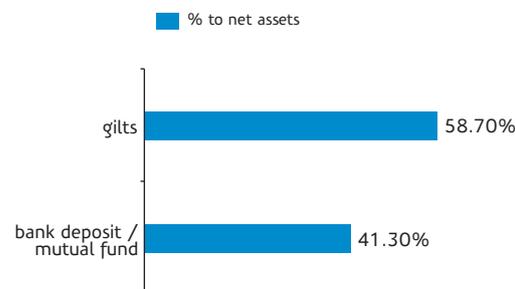
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	6.77%	18.30%	5.24%	17.52%	0.34	0.76
since inception (CAGR)	5.71%	9.91%	4.12%	13.48%	0.17	0.36
date of inception			october, 2007			

*CAGR: Compounded Annual Growth Rate

portfolio as on August 31, 2009

security	% to net assets	rating
gilts		
SOVEREIGN		
7.56% GOI 03-11-2014	15.65	
6.49% GOI 08-06-2015	14.91	
9.39% GOI 02-07-2011	8.19	
7.49% GOI 16-04-2017	7.75	
6.07% GOI 15-05-2014	7.40	
9.85% GOI 16-10-2015	0.05	
8.30% MAHARASHTRA GOI 25-03-2019	4.75	
total gilts	58.70	
total bank deposits/mutual funds	41.30	
total net assets	100.00	

asset allocation as on Aug 31, 2009

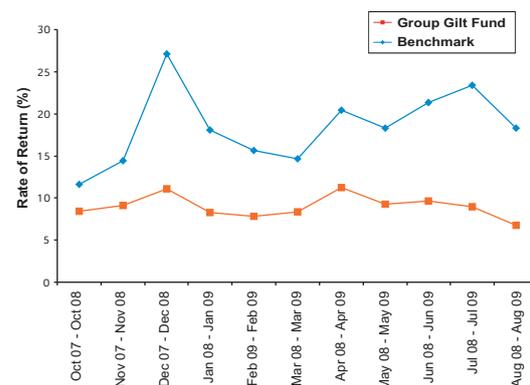


fund characteristics as on August 31, 2009

M.Duration of debt portfolio: 2.81 years
YTM of debt portfolio: 7.95%

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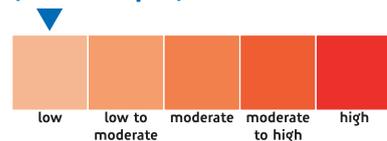
rolling yearly performance



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



ULIP Money Market Fund

fund performance as on August 31, 2009

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	10.93%	7.40%	0.33%	0.93%	18.25	2.58
since inception (CAGR)	10.21%	7.45%	0.34%	0.73%	15.57	3.36

date of inception: November, 2007

*CAGR: Compounded Annual Growth Rate

portfolio as on August 31, 2009

security % to net assets rating

certificate of deposits

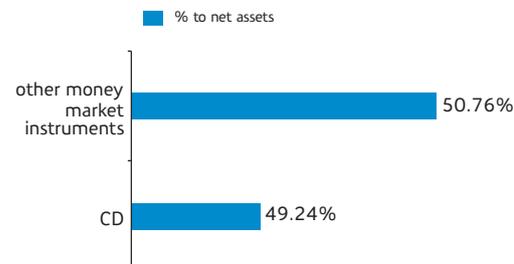
AXIS BANK LTD 30-11-2009	14.35	P1+
CANARA BANK 18-03-2010	14.2	P1+
STATE BANK OF BIKANER & JAIPUR 22-09-2009	13.70	P1+
EXIM BANK OF INDIA 28-09-2009	6.94	P1+

total certificate of deposits 49.24

other money market instruments 50.76

total net assets 100.00

asset allocation as on Aug 31, 2009



fund characteristics as on Aug 31, 2009

M.Duration of debt portfolio: 0.30 years
YTM of debt portfolio: 8.26%

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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%

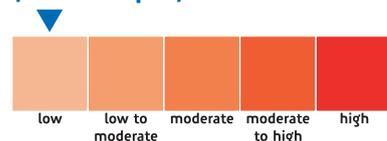
rolling yearly performance



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



ULIP Capital Secure Fund

fund performance as on August 31, 2009

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	10.46%	5.82%	0.35%	0.65%	15.41	1.26
last 2 years (CAGR)	9.91%	6.86%	0.31%	0.55%	15.84	3.41
last 3 years (CAGR)	9.14%	7.06%	0.46%	0.46%	8.94	4.45
since inception (CAGR)	7.09%	5.92%	0.69%	0.49%	3.02	1.87
date of inception	february, 2003					

*CAGR: Compounded Annual Growth Rate

portfolio as on August 31, 2009

security % to net assets rating

certificate of deposits

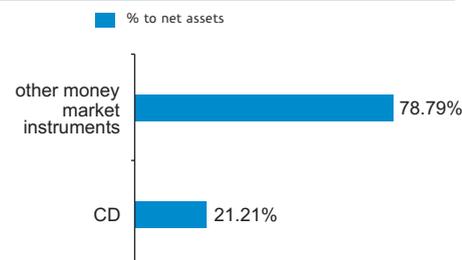
STATE BANK OF BIKANER & JAIPUR 22-09-2009	13.73	P1+
AXIS BANK LTD 30-11-2009	5.19	P1+
EXIM BANK OF INDIA 28-09-2009	2.29	P1+

total certificate of deposits 21.21

other money market instruments 78.79

total net assets 100.00

asset allocation as on Aug 31, 2009



fund characteristics as on Aug 31, 2009

M.Duration of debt portfolio: 0.29 years
YTM of debt portfolio: 7.61%

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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.

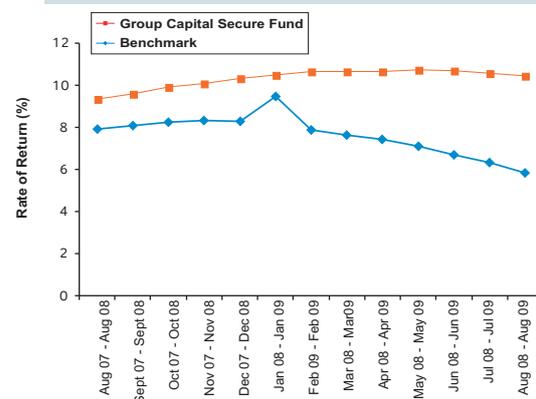
target asset allocation

Money Market Instruments: 100%

benchmark construction

Yield on 182-day T.Bills

rolling yearly performance



Product Details

Nav's as of 31st August, 2009

Reliance Equity Fund

Product Name	NAV
Reliance Group Leave Encashment (GLE) - Equity Fund Option	Rs. 7.6882
Reliance Group Savings Linked Insurance (GSLI)	Rs. 15.8703
Reliance Group Gratuity (GG)	Rs. 10.8632

Reliance Pure Equity Fund

Product Name	NAV
Reliance Group Savings Linked Insurance(GSLI)	Rs. 16.1878

Reliance Infrastructure Fund

Product Name	NAV
Reliance Group Savings Linked Insurance- (GSLI)	Rs. 14.0406
Reliance Group Gratuity (GG)	Rs. 10.4970

Reliance Energy Fund

Product Name	NAV
Reliance Group Savings Linked Insurance (GSLI)	Rs. 14.9119

Reliance Midcap Fund

Product Name	NAV
Reliance Group Savings Linked Insurance (GSLI)	Rs. 16.8471
Reliance Group Gratuity (GG)	Rs. 11.5525

Reliance Growth Fund

Product Name	NAV
Reliance Group Gratuity (GG)	Rs. 11.6234
Reliance Group Superannuation (GSA)	Rs. 9.7414

Product Details

Nav's as of 31st August, 2009

Reliance Balanced Fund

Product Name	NAV
Reliance Group Gratuity (GG)	Rs. 12.1939
Reliance Group Superannuation (GSA)	Rs. 15.3211
Reliance Group Savings Linked Insurance (GSLI)	Rs. 11.5694
Reliance Group Leave Encashment (GLE)	Rs. 10.1989

Reliance Corporate Bond Fund

Product Name	NAV
Reliance Group Gratuity (GG)	Rs. 11.2465
Reliance Group Leave Encashment (GLE)	Rs. 11.8184
Reliance Group Savings Linked Insurance (GSLI)	Rs. 10.8577
Reliance Group Superannuation (GSA)	Rs. 10.4023

Reliance Pure Debt Fund

Product Name	NAV
Reliance Group Gratuity (GG)	Rs. 11.1825
Reliance Group Superannuation (GSA)	Rs. 11.0938
Reliance Group Leave Encashment (GLE)	Rs. 11.2516
Reliance Group Savings Linked Insurance (GSLI)	Rs. 10.6884

Reliance Gilt Fund

Product Name	NAV
Reliance Group Leave Encashment (GLE)	Rs. 11.0231
Reliance Group Gratuity(GG)	Rs. 10.0559
Reliance Group Savings Linked Insurance (GSLI)	Rs. 10.0426

Reliance Money Market Fund

Product Name	NAV
Reliance Group Gratuity (GG)	Rs. 11.0230
Reliance Group Superannuation (GSA)	Rs. 10.8031
Reliance Group Leave Encashment (GLE)	Rs. 11.8320
Reliance Group Savings Linked Insurance (GSLI)	Rs. 10.6831

Reliance Capital Secure Fund

Product Name	NAV
Reliance Group Gratuity (GG)	Rs. 12.4221
Reliance Group Superannuation (GSA)	Rs. 11.2509
Reliance Group Leave Encashment (GLE)	Rs. 10.1702

- ✓ 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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