

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 Dec 09	29th Sep 09	Change
Rs./\$	46.54	48.11	1.57
WPI Inflation	245.40*	243.00	4.78%y-o-y*
Forex Reserves (\$ bn)	283.49	280.77	2.72 bn\$
Oil Price (\$ per Barrel)	78.00	65.88	12.12
Gold (Rs. per 10gm)	16750	15645	1105

* As of November 2009

Investments	Oct-Dec 09	Jul-Sep 09	Absolute Change
FIIIs (Rs Crs)	24807	34313	-9506
MFs (Rs Crs)	-7652	64	-7716

Indices	31st Dec 09	29th Sep 09	% Change
BSE Sensex	17465	15896	10
S&P CNX Nifty	5201	4712	10
CNX Mid Cap	7433	6580	13
BSE Small Cap	8358	7059	18

Global Indices	31st Dec 09	29th Sep 09	% Change
Dow Jones	10428	9712	7
FISE 100	5398	5134	5
Hang Seng	21873	20955	4
Nikkei	10546	10133	4

Sectoral Indices	31st Dec 09	29th Sep 09	% Change
CNX Infrastructure	3602	3861	-7
CNX Energy	9451	9287	2
BSE Capital Goods	14116	13757	3
BSE Bankex	10031	9856	2
BSE Oil & Gas	10471	10476	0
BSE IT	5186	4571	13

Fixed Income Indicators	31st Dec 09	29th Sep 09	Absolute Change
NSE Mibor	3.59	3.30	0.29
91 Day T-Bill	3.68	3.15	0.53
182 Day T-Bill	4.34	3.80	0.54
1 year GOI Benchmark	5.24	4.40	0.84
5 Year GOI Benchmark	7.25	7.10	0.15
5 Year Corp Bond Benchmark	8.36	8.50	-0.14
10 Year GOI Benchmark	7.69	7.19	0.50
10 Year US Benchmark	3.84	3.31	0.53

fund snapshot

asset allocation	funds	gross return (CAGR*) (%) as on December 31, 2009				date of inception
		last 1 year	last 2 years	last 3 years	since inception	
100% equity	ULIP Equity	73.50%	-9.66%	N.A.	-6.03%	October, 2007
100% pure equity	ULIP Pure Equity	83.48%	N.A.	N.A.	74.72%	December, 2008
100% equity	ULIP Infrastructure	45.94%	N.A.	N.A.	40.50%	December, 2008
100% equity	ULIP Energy	67.87%	N.A.	N.A.	56.31%	December, 2008
100% equity	ULIP Midcap	91.61%	N.A.	N.A.	82.07%	December, 2008
40% equity, 60% debt	ULIP Growth	30.16%	1.49%	8.10%	12.54%	August, 2004
20% equity, 80% debt	ULIP Balanced	19.06%	5.95%	9.26%	11.08%	February, 2003
100% bond instruments	ULIP Corporate Bond	10.17%	10.19%	N.A.	10.02%	October, 2007
100% debt instrument	ULIP Pure Debt	10.52%	N.A.	N.A.	13.90%	October, 2008
100% govt. securities	ULIP Gilt	1.84%	5.81%	N.A.	5.99%	October, 2007
100% money market instruments	ULIP Money Market	9.53%	9.58%	N.A.	9.80%	November, 2007
100% money market instruments	ULIP Capital Secure	8.84%	9.58%	9.16%	7.08%	February, 2003

*CAGR: Compounded Annual Growth Rate

Macro economic

India's real GDP grew 7.9% y-o-y the July-September quarter (Q2). GDP grew at 6.1% in the April-July quarter and at 5.8% in each of the preceding last two quarters. Agriculture and allied activities decelerated by 0.9% y-o-y in Q2 from 2.7% in Q2 FY09, while industry grew at 8.3% (6.1% in Q2 FY09) and services grew at 9.3% (9.8% in Q2 FY09).

IIP grew 10.3% y-o-y in October, slower than general market expectations of 12%. In September, IIP grew by 9.6% and in August, IIP grew by 10.4%. In April-Oct, the industrial sector grew 7.1% as compared with 4.3% the same period in FY09. Manufacturing grew 11.1% y-o-y in October against a drop of 0.6% a year ago, consumer durables output grew 21% (-1.6%), mining grew 8.2% (3.2%) and power generation grew 4.7% (4.4%).

India's current account deficit widened in July-Sept quarter to \$12.63 billion from \$5.99 billion in April-June. The deficit was \$12.58 billion in the July-Sept quarter of the FY09. Trade deficit for the quarter widened to \$32.2 billion, from \$26.02 billion in April-June. The RBI said the balance of payments surplus in the July-Sept quarter was \$9.42 billion, compared with a surplus of \$115 million in the April-June period. The balance of payments had a deficit of \$4.73 billion in the corresponding quarter a year earlier. Exports grew 18.2% y-o-y in November after registering declines for 13 straight months.

WPI inflation rate was up at 4.78% y-o-y in November while the food price index rose 18.65% y-o-y to December 19. Several forecasts believed that headline inflation might have exceeded RBI's fiscal year-end projection of 6.5% in December itself. Prices of staples like potatoes were higher by more than 125% as compared to the same period last year while vegetables, onions and pulses rose by more than 40%.

Besides inflation, the market also stayed wary of the deteriorating government finances. Fiscal deficit reached Rs. 3.06 trillion or 76% of the fiscal budget target in November 2009, while revenues had fallen short of targets. Tax receipts were Rs 2.33 trillion and total expenditure was Rs 6.22 trillion for the first eight months of 2009/10 fiscal year. The government completed more than 85% of the planned borrowing by December.

Debt Market Update

The 10-year benchmark yield climbed 50 bps to end at 7.69% in December compared 7.19% in the previous quarter. The yield touched an annual high of 7.75% from close to 5% levels at the beginning of 2009 while the 5-year yield rose to 7.22% during the year.

RBI provided ample cash conditions to the money market with banks parking over a trillion rupees at the LAF reverse repos auctions consistently in the last three quarters. Slower than expected credit growth (growing at around 11% levels against RBI target of 17%) ensured ample liquidity.

Robust Q2 GDP growth and rising inflation increased pressure on bonds in the last couple of months. Surplus liquidity supported short-term yields but long-term yields rose faster, leading to a steeper yield curve. The gap between 2-year and 10-year yield widened to above 200 bps from 140 bps in the last quarter.

AAA 5-year yield ended at 8.34% from 8.45% at the end of the previous quarter. The yield eased from the high of 9% in March 09, but was up 115 bps from the low of 7.22% in April 09. Credit spread narrowed to 72 bps from a peak of 327 bps. Short-term 1-year CD rate that touched 8.60% in January 09, currently hover just below 6% levels, offering a spread of 112 bps over 364-days treasury bills, down from 277 bps in March 09.

Outlook

During the month, yields will remain under pressure. We expect the 10yr Benchmark G-sec to remain in the range of 7.75-7.50%. Monthly Inflation figures will be keenly watched during the month. We expect it to continue its upward trend. Going forward, we expect the liquidity situation to remain comfortable. The spread between G-sec and corporate bonds is expected to remain at the current levels. Monetary policy stance by the Central bank will decide the course of the market for the remaining part of the fiscal.

Equity Market Update

Indian equity market was on a roll in 2009 as benchmark indices posted the best ever yearly performance in 18 years in sharp contrast to 2008. Sensex closed with an impressive gain of 81.03% at 17464.81 while Nifty ended 75.76% higher at 5201.05 from last year.

FII inflows into Indian equities totaled Rs. 24807.10 crore in Oct-Dec. FIIs flocked back to the India growth story with inflows of over a record Rs 80,000 crore in 2009 after pulling out over Rs. 52,000 crore in 2008. Investors shrugged off the doubts posed by the Satyam fiasco early in the year. A stable government at the Center improved sentiment and outlook over reforms like disinvestment, GST, Direct Tax Code and FDI in certain sectors.

FDI inflow was flat for Apr-Nov if compared with the previous fiscal but this was because of a strong rebound in November (+60% y-o-y) and October (+56%). Exports reversed the decline of 13 straight months, and grew 18.2% y-o-y in November. October IIP grew 10.3% y-o-y as compared to 9.6% in September. Auto and cement segments showed surge in sales.

In the Oct-Dec quarter, Sensex gained 1.97% and Nifty gained 2.30%. Among the sectors, metals outperformed with gains over 22% backed by surge in base metal prices followed by healthcare and IT with gains of over 13% each. However, realty plunged 14.50%. Oil & gas also closed marginally lower. Smaller cap indices gained attention due to valuation concerns in large caps. BSE small cap surged 10.11% while BSE Midcap gained 6.22%.

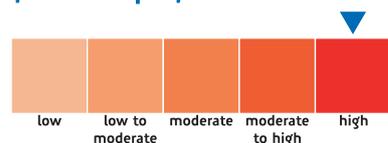
Outlook

Markets in the last quarter were primarily driven by liquidity with the nifty benchmark gaining 2.32%. Most of the upgrades in results are already factored in by the markets. Going forward, we expect the next quarter again to be driven primarily by liquidity. The market would be keenly watching the RBI credit policy expected at the end of January. Any increase in benchmark rates or tightening of reserve ratios can be negative for interest rate sensitive stocks. Another factor which will be keenly tracked by the market would be the dollar index movement. Overall, we expect some selective stock performance in the market with the broader market trading in a zone.

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



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fund manager's report

The month of December saw the markets ending positive. The markets took support from positive foreign inflows and increase in liquidity globally. Looking at the positive data from specific sectors, the holding in equities was kept at 89.71%.

target asset allocation

Equity: 100%

benchmark construction

S&P CNX Nifty: 100%

ULIP Equity Fund

fund performance as on December 31, 2009

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	73.50%	75.76%	27.28%	34.11%	2.51	2.07
last 2 year	-9.66%	-7.95%	37.15%	40.10%	-0.39	-0.32
since inception (CAGR)	-6.03%	-5.65%	36.08%	38.76%	-0.31	-0.27
date of inception	october, 2007					

*CAGR: Compounded Annual Growth Rate

portfolio as on December 31, 2009

security % to net assets 1-yr beta

equity

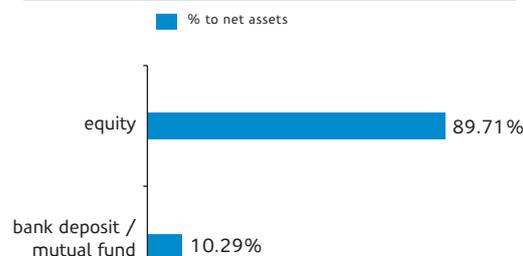
BANKING & FINANCE	20.08	
STATE BANK OF INDIA	5.06	1.17
HDFC BANK	3.90	0.83
ICICI BANK	3.67	1.50
HOUSING DEVELOPMENT FINANCE CORPORATION	2.46	1.11
AXIS BANK	2.18	1.31
SHRIRAM TRANSPORT FINANCE COMPANY LTD	1.37	0.17
PUNJAB NATIONAL BANK	0.76	0.94
BANK OF BARODA	0.68	0.86
DB CORPORATION	0.01	0.00
OIL REFINERIES	13.38	
RELIANCE INDUSTRIES	8.02	1.21
OIL & NATURAL GAS CORPORATION	3.20	0.87
BHARAT PETROLEUM	1.65	0.40
OIL INDIA LTD	0.51	0.47
IT	9.93	
INFOSYS TECHNOLOGIES	5.31	0.68
TATA CONSULTANCY SERVICES	4.50	0.86
MPHASIS	0.13	0.67
CAP GOODS / ENGINEERING	9.33	
LARSEN & TOUBRO	3.52	1.24
BHARAT HEAVY ELECTRICALS	2.63	0.93
CUMMINS INDIA	1.40	0.64
PUNJ LLOYD	0.94	1.51
ALSTOM PROJECTS INDIA	0.80	0.97
BHARAT FORGE	0.03	0.93
METALS	7.61	
TATA STEEL	2.63	1.42
JINDAL STEEL AND POWER LTD	2.52	1.15
STERLITE INDUSTRIES	1.92	1.37
JINDAL SAW	0.54	1.06
FMCG	6.29	
ITC LTD	4.31	0.59
HINDUSTAN UNILEVER	1.98	0.34
PHARMACEUTICALS	5.15	
DIVIS LABORATORIES	1.30	0.67
RANBAXY LAB	1.25	0.85
CIPLA LTD	1.01	0.44
LUPIN	0.94	0.29
SUN PHARMACEUTICALS	0.65	0.54
AUTOMOBILES	4.36	
BAJAJ AUTO LTD	1.89	0.58
MAHINDRA & MAHINDRA LTD	1.63	1.11
MARUTI SUZUKI INDIA	0.84	0.64
TELECOM	3.11	
BHARTI AIRTEL	3.11	0.91
POWER	2.94	
NTPC	1.18	0.59
TATA POWER	1.01	0.81
AREVA T & D INDIA LTD	0.50	1.07
POWER GRID CORPORATION OF INDIA LTD	0.25	0.73
CEMENT & CEMENT PRODUCTS	1.98	
ULTRATECH CEMENT LTD	1.03	0.61
ACC	0.95	0.81
CONSTRUCTION	1.37	
JAI PRAKASH ASSOCIATES	1.37	1.75
GAS	1.09	
GAIL INDIA	1.09	0.64
MEDIA	0.93	
HT MEDIA LTD	0.93	0.68
FERTILIZERS	0.82	
UNITED PHOSPHORUS LTD	0.61	0.80
GUJARAT STATE FERTILIZERS & CHEMICALS	0.21	0.69
PLASTIC AND PLASTIC PRODUCT	0.53	
SINTEX INDUSTRIES LTD	0.53	0.99
SOFTWARE	0.48	
FINANCIAL TECHNOLOGIES INDIA INR	0.48	0.86
SUGAR	0.33	
BAJAJ HINDUSTAN	0.33	1.23
RETAIL	0.01	
PANTALOON RETAIL	0.01	1.03

total equity 89.71

total bank deposits/mutual funds 10.29

total net assets 100.00

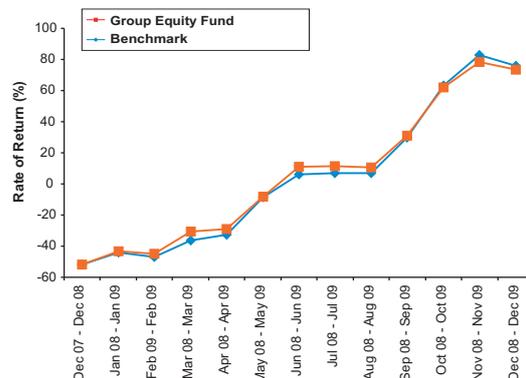
asset allocation as on Dec 31, 2009



fund characteristics as on Dec 31, 2009

Fund Beta 0.94

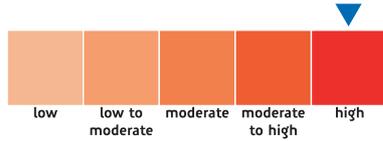
rolling yearly performance



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 December 31, 2009

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	83.48%	75.76%	30.11%	34.11%	2.61	2.07
since inception (CAGR)	74.72%	79.78%	29.36%	32.73%	2.37	2.28
date of inception			december, 2008			

*CAGR: Compounded Annual Growth Rate

portfolio as on December 31, 2009

security % to net assets 1-yr beta

equity

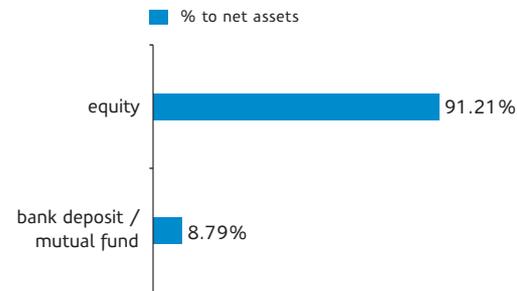
CAP GOODS / ENGINEERING	14.27	
LARSEN & TOUBRO	5.83	1.24
BHARAT HEAVY ELECTRICALS	3.99	0.93
PUNJ LLOYD	2.15	1.51
VOLTAS LTD	1.19	1.17
CUMMINS INDIA	1.11	0.64
OIL REFINERIES	13.23	
RELIANCE INDUSTRIES	8.40	1.21
OIL & NATURAL GAS CORPORATION	4.83	0.87
POWER	10.67	
TATA POWER	5.98	0.81
NTPC	4.69	0.59
PHARMACEUTICALS	9.57	
RANBAXY LAB	4.53	0.85
CIPLA LTD	2.29	0.44
LUPIN	1.70	0.29
SUN PHARMACEUTICALS	1.05	0.54
IT	9.43	
INFOSYS TECHNOLOGIES	5.53	0.68
TATA CONSULTANCY SERVICES	3.91	0.86
AUTOMOBILES	8.82	
MAHINDRA & MAHINDRA LTD	4.55	1.11
BAJAJ AUTO LTD	4.27	0.58
METALS	6.38	
JINDAL STEEL AND POWER LTD	6.38	1.15
TELECOM	6.35	
BHARTI AIRTEL	6.35	0.91
FMCG	6.22	
HINDUSTAN UNILEVER	3.31	0.34
MARICO LTD	2.92	0.26
GAS	4.69	
GAIL INDIA	4.69	0.64
CEMENT & CEMENT PRODUCTS	1.57	
GRASIM INDUSTRIES	1.57	0.73

total equity 91.21

total bank deposits/mutual funds 8.79

total net assets 100.00

asset allocation as on Dec 31, 2009



fund characteristics as on Dec 31, 2009

Beta of equity portfolio: 0.85

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fund manager's report

The month of December saw the markets ending positive. The markets took support from positive foreign inflows and increase in liquidity globally. Looking at the positive data from specific sectors, the holding in equities was kept at 91.21%.

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.)

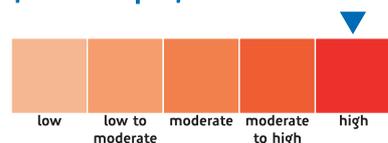
benchmark construction

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 December 31, 2009

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	45.94%	39.66%	27.69%	42.16%	1.48	0.82
since inception (CAGR)	40.50%	53.31%	26.86%	41.57%	1.32	1.16
date of inception			december, 2008			

*CAGR: Compounded Annual Growth Rate

portfolio as on December 31, 2009

security % to net assets 1-yr beta

equity

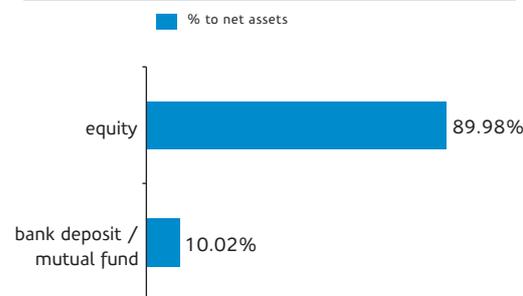
CAP GOODS / ENGINEERING	25.53	
BHARAT HEAVY ELECTRICALS	10.43	0.93
LARSEN & TOUBRO	8.82	1.24
PUNJ LLOYD	3.95	1.51
IRB INFRASTRUCTURE DEVELOPERS LTD	1.21	0.87
VOLTAS LTD	1.12	1.17
POWER	22.50	
NTPC	16.28	0.59
TATA POWER	2.65	0.81
NEYVELI LIGNITE CORPORATION	2.30	1.03
NHPC LTD	1.27	0.21
TELECOM	11.09	
BHARTI AIRTEL	11.09	0.91
METALS	10.42	
STERLITE INDUSTRIES	4.74	1.37
TATA STEEL	3.41	1.42
JINDAL STEEL AND POWER LTD	2.27	1.15
OIL REFINERIES	6.50	
OIL INDIA LTD	3.94	0.47
OIL & NATURAL GAS CORPORATION	2.44	0.87
RELIANCE INDUSTRIES	0.12	1.21
CONSTRUCTION	5.54	
JAIPRAKASH ASSOCIATES	5.54	1.75
SOFTWARE	2.44	
FINANCIAL TECHNOLOGIES INDIA INR	2.44	0.86
PLASTIC AND PLASTIC PRODUCT	1.85	
SINTEX INDUSTRIES LTD	1.85	0.99
CEMENT & CEMENT PRODUCTS	1.60	
GRASIM INDUSTRIES	1.60	0.73
HOTELS	1.26	
INDIAN HOTELS	1.26	0.81
BANKING & FINANCE	1.24	
HOUSING DEVELOPMENT FINANCE CORPORATION	1.24	1.11

total equity 89.98

total bank deposits/mutual funds 10.02

total net assets 100.00

asset allocation as on Dec 31, 2009



fund characteristics as on Dec 31, 2009

Fund Beta 0.99

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fund manager's report

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target asset allocation

Equity: 100%

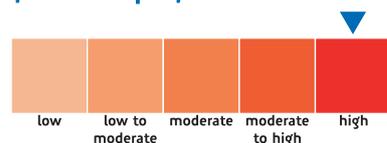
benchmark construction

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 December 31, 2009

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	67.87%	60.98%	29.80%	31.65%	2.11	1.77
since inception (CAGR)	56.31%	66.01%	29.58%	30.45%	1.73	2.00
date of inception		december, 2008				

*CAGR: Compounded Annual Growth Rate

portfolio as on December 31, 2009

security % to net assets 1-yr beta

equity

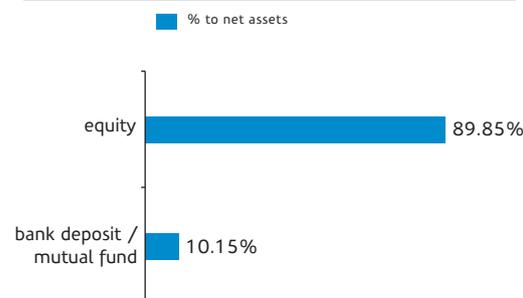
OIL REFINERIES	54.96	
RELIANCE INDUSTRIES	27.63	1.21
OIL & NATURAL GAS CORPORATION	21.24	0.87
OIL INDIA LTD	3.89	0.47
BHARAT PETROLEUM	2.19	0.40
POWER	22.81	
NTPC	15.49	0.59
POWER GRID CORPORATION OF INDIA LTD	3.77	0.73
TATA POWER	2.46	0.81
NHPC LTD	1.09	0.21
GAS	4.33	
GAIL INDIA	4.33	0.64
METALS	3.86	
JINDAL STEEL AND POWER LTD	1.96	1.15
STERLITE INDUSTRIES	1.90	1.37
CAP GOODS / ENGINEERING	2.68	
BHARAT HEAVY ELECTRICALS	2.68	0.93
CONSTRUCTION	1.21	
JAIPRAKASH ASSOCIATES	1.21	1.75

total equity 89.85

total bank deposits/mutual funds 10.15

total net assets 100.00

asset allocation as on Dec 31, 2009



fund characteristics as on Dec 31, 2009

Fund Beta 0.90

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fund manager's report

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target asset allocation

Equity: 100%

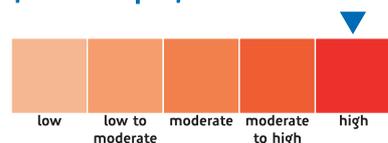
benchmark construction

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 December 31, 2009

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	91.61%	100.47%	37.03%	53.56%	2.34	1.78
since inception (CAGR)	82.07%	112.71%	35.95%	51.62%	2.14	2.09
date of inception			december, 2008			

*CAGR: Compounded Annual Growth Rate

portfolio as on December 31, 2009

security % to net assets 1-yr beta

equity

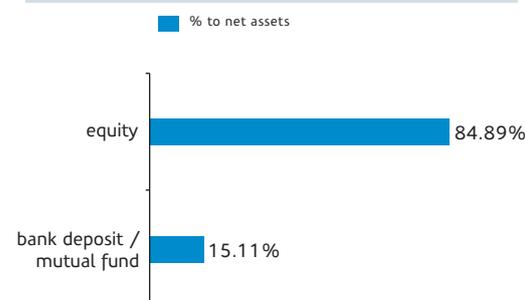
CAP GOODS / ENGINEERING	14.74	
PUNJ LLOYD	5.67	1.51
VOLTAS LTD	5.32	1.17
IRB INFRASTRUCTURE DEVELOPERS LTD	2.90	0.87
CUMMINS INDIA	0.85	0.64
PHARMACEUTICALS	10.82	
DIVIS LABORATORIES	5.74	0.67
LUPIN	5.09	0.29
BANKING & FINANCE	8.82	
SHRIRAM TRANSPORT FINANCE COMPANY LTD	4.83	0.17
ANDHRA BANK	3.06	0.77
BANK OF BARODA	0.88	0.86
DB CORPORATION	0.05	0.00
IT	6.48	
MPHASIS	6.48	0.67
SOFTWARE	5.77	
FINANCIAL TECHNOLOGIES INDIA	5.77	0.86
SUGAR	5.53	
BAJAJ HINDUSTAN	5.53	1.23
PLASTIC AND PLASTIC PRODUCT	4.76	
SINTEX INDUSTRIES LTD	4.76	0.99
AUTO ANCILLARY	3.83	
EXIDE INDUSTRIES	3.83	0.63
HOTELS	3.81	
INDIAN HOTELS	3.81	0.81
SHIPPING	3.23	
GREAT EASTERN SHIPPING	3.23	0.76
AUTOMOBILES	3.21	
MAHINDRA & MAHINDRA LTD	2.24	1.11
BAJAJ AUTO LTD	0.97	0.58
FERTILIZERS	3.05	
UNITED PHOSPHORUS LTD	2.15	0.80
GUJARAT STATE FERTILIZERS & CHEMICALS	0.90	0.69
CEMENT & CEMENT PRODUCTS	3.04	
ULTRATECH CEMENT LTD	3.04	0.61
FMCG	2.95	
TATA TEA	2.95	0.38
CONSTRUCTION	1.95	
JAIPRAKASH ASSOCIATES	1.95	1.75
METALS	1.75	
JINDAL STEEL AND POWER LTD	1.75	1.15
OIL REFINERIES	1.15	
OIL & NATURAL GAS CORPORATION	1.15	0.87

total equity 84.89

total bank deposits/mutual funds 15.11

total net assets 100.00

asset allocation as on Dec 31, 2009



fund characteristics as on Dec 31, 2009

Fund Beta 0.83

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fund manager's report

The month of December saw the markets ending positive. The markets took support from positive foreign inflows and increase in liquidity globally. Looking at the positive data from specific sectors, the holding in equities was kept at 84.89%

target asset allocation

Equity: 100%

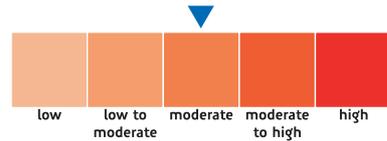
benchmark construction

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 December 31, 2009

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	30.16%	31.96%	10.44%	13.69%	2.41	1.97
last 2 years (CAGR)	1.49%	3.29%	15.57%	16.32%	-0.23	-0.10
last 3 years (CAGR)	8.10%	10.23%	13.98%	14.61%	0.22	0.36
since inception (CAGR)	12.54%	13.89%	11.64%	12.01%	0.65	0.74
date of inception	august, 2004					

*CAGR: Compounded Annual Growth Rate

portfolio as on December 31, 2009

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

non convertible debentures

11.45% RELIANCE INDUSTRIES LTD 25-11-2013	3.99	AAA
8.25% IDBI OMNI BOND SER III 26-05-2011	2.01	AA+
11.95% HDFC LTD 26-11-2018	1.97	AAA
9.40% POWER FINANCE CORP LTD 25-03-2013	1.73	AAA
9.25% HDFC LTD 24-11-2016	1.70	AAA
10.35% HDFC LTD 16-05-2017	1.69	AAA
9.50% NABARD SER IX I 15-10-2012	1.69	AAA
8.20% IRFC 27-04-2016	1.63	AAA
8.95% HDFC LTD 29-10-2010	1.52	AAA
7.15% IND OIL BOND 10-06-2012	1.31	AA+
11.40% POWER FINANCE CORP 28-11-2013	1.09	AAA
7.39% POWER GRID CORP 22-09-2011	1.07	AAA
9.50% INDIAN HOTEL 28-02-2012	1.04	AA+
9.80% TATA STEEL 07-05-2011	1.02	AA
9.90% TATA SONS 20-05-2011	0.69	AAA
9.05% EXIM BANK 06-11-2010	0.68	AAA
9.68% IRFC 03-07-2010	0.54	AAA
8.95% HDFC LTD 16-01-2011	0.34	AAA

total non convertible debentures 25.69

gilts

		SOVEREIGN
7.56% GOI 03-11-2014	1.68	
7.44% GOI SPL OIL BOND 23-03-2012	1.44	
8.40% GUJARAT GOI 18-03-2019	1.00	
8.47% ARUNACHAL PRADESH GOI 25-03-2019	0.67	
7.46% GOI 28-08-2017	0.66	
8.35% GOI 14-05-2022	0.01	

total gilts 5.47

equity

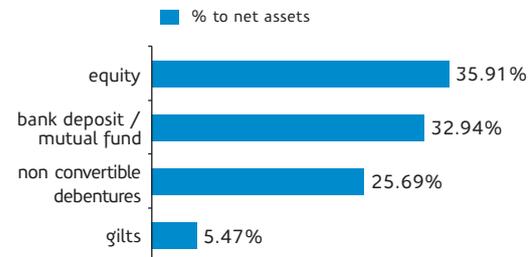
BANKING & FINANCE	8.15	
STATE BANK OF INDIA	2.07	1.17
HDFC BANK	1.55	0.83
ICICI BANK	1.50	1.50
HOUSING DEVELOPMENT FINANCE CORPORATION	0.82	1.11
AXIS BANK	0.70	1.31
SHRIRAM TRANSPORT FINANCE COMPANY LTD	0.67	0.17
BANK OF BARODA	0.51	0.86
PUNJAB NATIONAL BANK	0.34	0.94
DB CORPORATION	0.00	0.00
OIL REFINERIES	4.87	
RELIANCE INDUSTRIES	3.15	1.21
OIL & NATURAL GAS CORPORATION	0.91	0.87
OIL INDIA LTD	0.45	0.47
BHARAT PETROLEUM	0.36	0.40
CAP GOODS / ENGINEERING	4.77	
LARSEN & TOUBRO	2.37	1.24
BHARAT HEAVY ELECTRICALS	1.16	0.93
VOLTAS LTD	0.45	1.17
PUNJ LLOYD	0.44	1.51
CUMMINS INDIA	0.33	0.64
BHARAT FORGE	0.02	0.93
IT	3.48	
INFOSYS TECHNOLOGIES	2.57	0.68
TATA CONSULTANCY SERVICES	0.81	0.86
MPHASIS	0.10	0.67
FMCG	2.64	
ITC LTD	1.92	0.59
HINDUSTAN UNILEVER	0.72	0.34
METALS	2.64	
JINDAL STEEL AND POWER LTD	1.05	1.15
STERLITE INDUSTRIES	0.93	1.37
TATA STEEL	0.66	1.42
AUTOMOBILES	2.07	
BAJAJ AUTO LTD	0.91	0.58
MAHINDRA & MAHINDRA LTD	0.63	1.11
MARUTI SUZUKI INDIA	0.53	0.64
POWER	1.57	
NTPC	0.63	0.59
TATA POWER	0.49	0.81
AREVA T & D INDIA LTD	0.27	1.07
POWER GRID CORPORATION OF INDIA LTD	0.18	0.73
PHARMACEUTICALS	1.40	
CIPLA LTD	0.41	0.44
SUN PHARMACEUTICALS	0.37	0.54
RANBAXY LAB	0.29	0.85
DIVIS LABORATORIES	0.21	0.67
LUPIN	0.12	0.29
TELECOM	1.24	
BHARTI AIRTEL	1.24	0.91
CONSTRUCTION	0.80	
JAIPRAKASH ASSOCIATES	0.80	1.75
CEMENT & CEMENT PRODUCTS	0.71	
ULTRATECH CEMENT LTD	0.56	0.61
ACC	0.15	0.81
SUGAR	0.45	
BAJAJ HINDUSTAN	0.45	1.23
PLASTIC AND PLASTIC PRODUCT	0.42	
SINTEX INDUSTRIES LTD	0.42	0.99
GAS	0.41	
GAIL INDIA	0.41	0.64
SOFTWARE	0.26	
FINANCIAL TECHNOLOGIES INDIA	0.26	0.86

total equity 35.91

total bank deposits/mutual funds 32.94

total net assets 100.00

asset allocation as on Dec 31, 2009



fund characteristics as on Dec 31, 2009

M.Duration of debt portfolio:	1.00 years
YTM of debt portfolio:	6.03%
Beta of equity portfolio:	0.96

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fund manager's report

The month of December saw the markets ending positive. The markets took support from positive foreign inflows and increase in liquidity globally. Looking at the positive data from specific sectors, the holding in equities was kept at 35.91%.

The allocation to the G-sec was decreased to 5.47% from 8.87% on expectations of hardening of yield curve. The allocation to corporate bonds was decreased to 25.69% from 26.59%. Accordingly the allocation to short term bank deposits and CDs/CPs was increased to 32.94% from 29.56%.

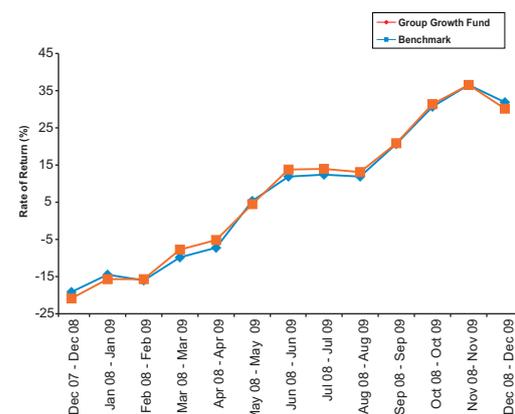
target asset allocation

Debt.:	60%
Equity:	40%

benchmark construction

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

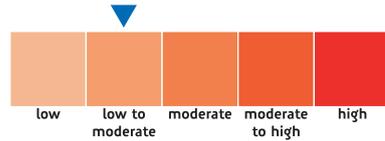
rolling yearly performance



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 December 31, 2009

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	19.06%	18.88%	5.78%	6.98%	2.43	1.99
last 2 years (CAGR)	5.95%	5.96%	8.62%	8.53%	0.11	0.11
last 3 years (CAGR)	9.26%	9.39%	7.83%	7.71%	0.54	0.57
since inception (CAGR)	11.08%	10.09%	5.92%	5.95%	1.03	0.86
date of inception	february, 2003					

*CAGR: Compounded Annual Growth Rate

portfolio as on December 31, 2009

security	% to net assets	rating/1-yr beta
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non convertible debentures

11.45% RELIANCE INDUSTRIES LTD 25-11-2013	6.86	AAA
11.40% POWER FINANCE CORP 28-11-2013	2.89	AAA
10.95% RECL LTD 14-04-2011	1.87	AAA
9.90% TATA SONS 20-05-2011	1.83	AAA
8.94% LIC HOUSING FIN LTD 16-01-2011	1.81	AAA
8.50% EXPORT & IMPORT BANK LTD 12-09-2011	1.80	AAA
8.95% HDFC LTD 16-01-2011	1.63	AAA
9.50% NABARD SER IX 15-10-2012	1.45	AAA
9.80% ICICI BANK LTD 10-02-2013	1.40	AAA
9.50% INDIAN HOTEL 28-02-2012	1.38	AA+
10% NABARD SER IX 14-05-2012	1.10	AAA
9.35% LIC HOUSING FIN LTD 23-11-2012	1.10	AAA
8.75% IRFC 07-01-2013	1.09	AAA
9.80% TATA TEL 07-05-2011	1.08	AA
11.25% POWER FINANCE CORP LTD 28-11-2018	1.02	AAA
10.75% RECL LTD 14-04-2011	0.95	AAA
9.80% POWER FINANCE CORP 22-03-2012	0.93	AAA
9.20% POWER GRID CORP 12-03-2013	0.92	AAA
9.50% TATA COMMUNICATIONS LTD 08-06-2014	0.91	AAA
11.65% HDFC LTD 09-09-2010	0.91	AAA
8.83% IRFC 29-10-2012	0.91	AAA
9.40% TATA TEA LTD 08-11-2010	0.90	AA
9.24% L&T FINANCE LTD 30-07-2010	0.90	AAA
8.90% STEEL AUTHORITY OF INDIA 01-05-2019	0.89	AAA
8.40% ADITYA BIRLA NUVO LTD 23-11-2012	0.89	AAA
7.20% HDFC 03-06-2010	0.88	AAA
8.68% NAT CAP REGIONAL PLANNING 18-08-2019	0.88	AAA
8.40% HDFC LTD 08-12-2014	0.88	AAA
8% RECL LTD 05-08-2014	0.87	AAA
9.35% IL & FS LTD 22-10-2010	0.87	AAA
9.30% POWER FINANCE CORP LTD 12-03-2013	0.83	AAA
10.10% POWER GRID CORP 12-06-2011	0.67	AAA
9.76% IRFC 03-07-1012	0.63	AAA
8.65% HDFC LTD 12-09-2011	0.63	AAA
9% TATA SONS 27-07-2010	0.63	AAA
11.15% HDFC LTD 06-08-2018	0.60	AAA
11.15% POWER FINANCE CORP 15-09-2011	0.56	AAA
9.45% RECL LTD 04-04-2013	0.55	AAA
9.20% HDFC LTD 09-02-2012	0.55	AAA
9.68% IRFC 03-07-2010	0.52	AAA
6.00% INDIAN HOTEL 13-05-2011	0.50	AA+
9.25% EXIM BANK 13-12-2012	0.46	AAA
12% TATA CAPITAL LTD 05-03-2014	0.39	AAA
10% NABARD 18-06-2010	0.36	AAA
10.60% IRFC 11-09-2018	0.20	AAA
10.35% HDFC LTD SR E006 06-06-2017	0.17	AAA
11.35% RECL LTD 24-10-2013	0.08	AAA

total non convertible debentures 50.15

gilts

		SOVEREIGN
8.30% MAHARASHTRA GOI 25-03-2019	3.01	
7.44% GOI SPL OIL BOND 23-03-2012	1.44	
8.28% RAJASTHAN GOI 25-03-2019	0.88	
8.24% TAMIL NADU GOI 25-03-2019	0.88	
7.46% GOI 28-08-2017	0.88	
7.50% GOI 10-08-2034	0.48	
6.72% GOI 24-02-2014	0.34	
8.24% GOI 22-04-2018	0.31	
8.59% ANDHRA PRADESH GOI 18-03-2019	0.18	
7.37% GOI 16-04-2014	0.00	

total gilts 8.42

equity

BANKING & FINANCE	4.16	
STATE BANK OF INDIA	1.07	1.17
HDFC BANK	0.78	0.83
ICICI BANK	0.77	1.50
HOUSING DEVELOPMENT FINANCE CORPORATION	0.42	1.11
AXIS BANK	0.35	1.31
SHRIRAM TRANSPORT FINANCE COMPANY LTD	0.34	0.17
BANK OF BARODA	0.26	0.86
PUNJAB NATIONAL BANK	0.17	0.94
DB CORPORATION	0.00	0.00
CAP GOODS / ENGINEERING	2.46	
LARSEN & TOUBRO	1.20	1.24
BHARAT HEAVY ELECTRICALS	0.61	0.93
PLNJI LLOYD	0.22	1.51
VOLTAS LTD	0.22	1.17
CUMMINS INDIA	0.19	0.64
BHARAT FORGE	0.01	0.93
OIL REFINERIES	2.12	
RELIANCE INDUSTRIES	1.23	1.21
OIL & NATURAL GAS CORPORATION	0.47	0.87
OIL INDIA LTD	0.22	0.47
BHARAT PETROLEUM	0.20	0.40
IT	1.80	
INFOSYS TECHNOLOGIES	1.34	0.68
TATA CONSULTANCY SERVICES	0.42	0.86
MPHASIS	0.05	0.67
FMCG	1.33	
ITC LTD	0.97	0.59
HINDUSTAN UNILEVER	0.37	0.34
METALS	1.28	
JINDAL STEEL AND POWER LTD	0.53	1.15
STERILITE INDUSTRIES	0.45	1.37
TATA STEEL	0.30	1.42
AUTOMOBILES	1.03	
BAJAJ AUTO LTD	0.44	0.58
MAHINDRA & MAHINDRA LTD	0.32	1.11
MARUTI SUZUKI INDIA	0.27	0.64
POWER	0.84	
NTPC	0.33	0.59
TATA POWER	0.25	0.81
AREVA T & D INDIA LTD	0.16	1.07
POWER GRID CORPORATION OF INDIA LTD	0.09	0.73
PHARMACEUTICALS	0.73	
CIPLA LTD	0.21	0.44
SUN PHARMACEUTICALS	0.19	0.54
RANBAXY LAB	0.15	0.85
DIVIS LABORATORIES	0.12	0.67
LUPIN	0.06	0.29
TELECOM	0.62	
BHARTI AIRTEL	0.62	0.91
CONSTRUCTION	0.43	
JAIPRAKASH ASSOCIATES	0.43	1.75
CEMENT & CEMENT PRODUCTS	0.36	
ULTRATECH CEMENT LTD	0.28	0.61
ACC	0.08	0.81
SUGAR	0.22	
BAJAJ HINDUSTAN	0.22	1.23
GAS	0.21	
GAIL INDIA	0.21	0.64
PLASTIC AND PLASTIC PRODUCT	0.21	
SINTEX INDUSTRIES LTD	0.21	0.99
SOFTWARE	0.13	
FINANCIAL TECHNOLOGIES INDIA INR	0.13	0.86

total equity 17.95

total bank deposits/mutual funds 23.49

total net assets 100.00

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fund manager's report

The month of December saw the markets ending positive. The markets took support from positive foreign inflows and increase in liquidity globally. Looking at the positive data from specific sectors, the holding in equities was kept at 17.95%.

The allocation to gilts was decreased to 8.42% from 10.37% on expectations of hardening of yield curve. The exposure in corporate bonds was increased to 50.15% from 49.71% to take the advantage of higher spread. Accordingly, exposure in short-term bank deposits and CDs/CPs has been increased to 23.49% from 22.40%.

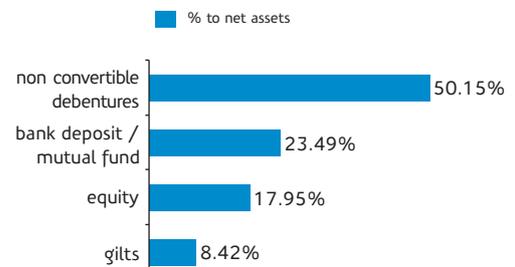
target asset allocation

Debt.:	80%
Equity:	20%

benchmark construction

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

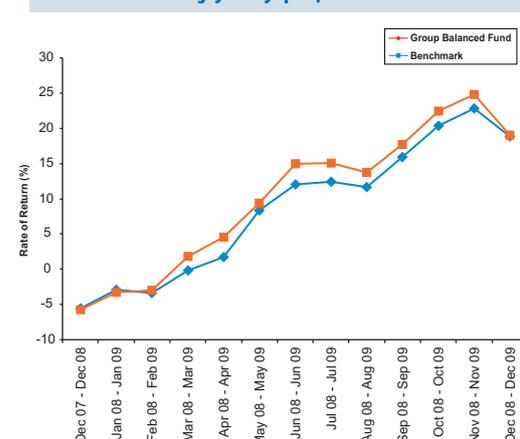
asset allocation as on Dec 31, 2009



fund characteristics as on Dec 31, 2009

M.Duration of debt portfolio:	1.69 years
YTM of debt portfolio:	7.42%
Beta of equity portfolio:	0.95

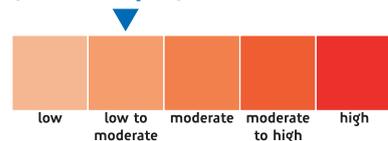
rolling yearly performance



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 December 31, 2009

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	10.17%	3.50%	3.33%	3.67%	1.55	-0.41
last 2 year	10.19%	6.24%	4.16%	5.14%	1.25	0.24
since inception (CAGR)	10.02%	6.45%	3.99%	4.94%	1.26	0.29
date of inception	october, 2007					

portfolio as on December 31, 2009

security % to net assets rating

non convertible debentures

8.80% STEEL AUTHORITY OF INDIA LTD 22-06-2019	7.27	AAA
11.45% RELIANCE INDUSTRIES LTD 25-11-2013	6.67	AAA
11.10% POWER FINANCE CORP 15-09-2013	5.54	AAA
12% TATA CAPITAL LTD 05-03-2014	4.76	AAA
11.50% RECL LTD 26-11-2013	3.18	AAA
9.70% LIC HOUSING FINANCE LTD 07-04-2013	3.05	AAA
2% TATA MOTORS LTD 31-03-2014	3.00	AAA(SO)
2% INDIAN HOTELS COMPANY LTD 09-12-2014	2.95	AAA
8.40% ADITYA BIRLA NUVO LTD 23-11-2012	2.92	AAA
8.46% IRFC 15-01-2014	2.91	AAA
7.24% LIC HOUSING FIN LTD 23-06-2011	2.91	AAA
8.40% HDFC LTD 08-12-2014	2.89	AAA
10.90% RECL LTD 14-04-2013	2.73	AAA
8.75% IRFC 07-01-2013	1.79	AAA
10.60% IRFC 11-09-2018	1.63	AAA
10.05% NABARD 11-06-2014	1.53	AAA
9.50% HDFC LTD 27-02-2013	1.52	AAA
9.33% POWER GRID CORP LTD 15-12-2013	1.49	AAA
8.88% IDFC 07-01-2011	1.48	AAA
9.40% TATA TEA LTD 08-11-2010	1.48	AA
8.90% STEEL AUTHORITY OF INDIA 01-05-2019	1.46	AAA
8.60% POWER FINANCE CORP LTD 07-08-2014	1.46	AAA
8.68% NAT CAP REGIONAL PLANNING 18-08-2019	1.45	AAA
8% RECL LTD 05-08-2014	1.42	AAA
6.00% INDIAN HOTEL 13-05-2011	0.61	AA+
9.32% HDFC LTD 17-12-2012	0.60	AAA
9.35% LIC HOUSING FIN LTD 23-11-2012	0.60	AAA
7.39% POWER GRID CORP 22-09-2011	0.52	AAA
9% TATA SONS 27-07-2010	0.44	AAA
9.47% POWER GRID CORP 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
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	0.10	AAA
9.76% IRFC 03-07-1012	0.09	AAA
9.25% EXIM BANK 13-12-2012	0.09	AAA
11.35% RECL LTD 24-10-2013	0.05	AAA

total non convertible debentures 71.81

gilts SOVEREIGN

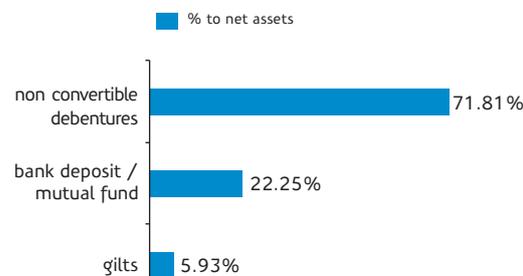
7.02% GOI 17-08-2016	2.83
7.46% GOI 28-08-2017	1.44
7.35% GOI 22-06-2024	1.37
7.56% GOI 03-11-2014	0.29

total gilts 5.93

total bank deposits/mutual funds 22.25

total net assets 100.00

asset allocation as on Dec 31, 2009



fund characteristics as on Dec 31, 2009

M.Duration of debt portfolio: 2.99 years
YTM of debt portfolio: 7.53%

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fund manager's report

The exposure to corporate bonds was increased to 71.81% from 66.89% to take the advantage of higher spread. Exposure in gilts was increased to 5.93% from 3.15%. 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.

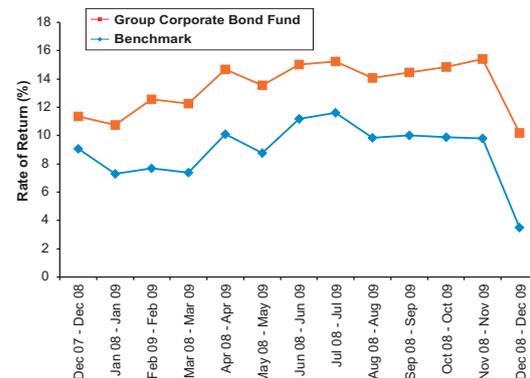
target asset allocation

Bond Instruments: 100%

benchmark construction

CRISIL Composite Bond Index: 100%

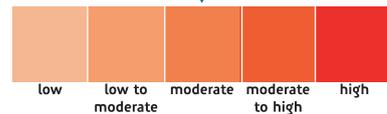
rolling yearly performance



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 December 31, 2009

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	10.52%	3.50%	3.59%	3.67%	1.54	-0.41
since inception (CAGR)	13.90%	9.21%	4.50%	6.08%	1.98	0.69
date of inception			october, 2008			

*CAGR: Compounded Annual Growth Rate

portfolio as on December 31, 2009

security % to net assets rating

non convertible debentures

11.45% RELIANCE INDUSTRIES LTD 25-11-2013	7.24	AAA
11.10% POWER FINANCE CORP 15-09-2013	5.58	AAA
10.90% RECL LTD 30-09-2013	4.39	AAA
9.70% LIC HOUSING FINANCE LTD 07-04-2013	4.25	AAA
2% TATA MOTORS LTD 31-03-2014	4.17	AAA(SO)
2% INDIAN HOTELS COMPANY LTD 09-12-2014	4.10	AAA
8.40% HDFC LTD 08-12-2014	4.02	AAA
10.90% RECL LTD 14-04-2013	3.71	AAA
12%TATA CAPITAL LTD 05-03-2014	3.53	AAA
10.60% IRFC 11-09-2018	2.72	AAA
11.95% HDFC LTD 26-11-2018	2.40	AAA
11.25% POWER FINANCE CORP LTD 28-11-2018	2.32	AAA
11.45% RELIANCE INDUSTRIES LTD 25-11-2013	2.21	AAA
11.30% ACC LTD 10-12-2013	2.20	AAA
8.98% NAT CAP REGIONAL PLANNING 14-02-2018	2.07	AAA
8.90% STEEL AUTHORITY OF INDIA 01-05-2019	2.03	AAA
8.40% ADITYA BIRLA NUVO LTD 23-11-2012	2.03	AAA
10.10% POWER GRID CORP 12-06-2011	0.52	AAA
10% NABARD SER IX 14-05-2012	0.43	AAA

total non convertible debentures 57.70

gilts

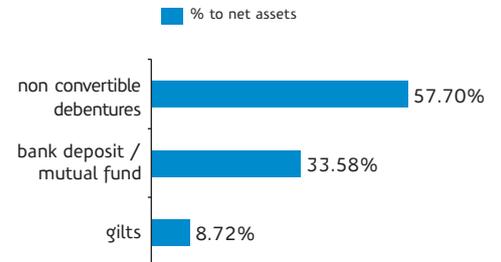
		SOVEREIGN
7.46% GOI 28-08-2017	4.01	
7.50% GOI 10-08-2034	1.85	
7.56% GOI 03-11-2014	1.64	
8.40% GUJARAT GOI 18-03-2019	1.22	

total gilts 8.72

total bank deposits/mutual funds 33.58

total net assets 100.00

asset allocation as on Dec 31, 2009



fund characteristics as on Dec 31, 2009

M.Duration of debt portfolio: 2.73 years
YTM of debt portfolio: 7.39%

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fund manager's report

The exposure to gilts was decreased to 8.72% from 9.08% on expectations of hardening of yield curve. Exposure to corporate bonds was increased to 57.70% from 57.25% to take the advantage of higher spread. Accordingly the exposure to short term assets was decreased to 33.58% from 33.67%. We will increase exposure to gilts and corporate bonds as and when attractive investments are available.

target asset allocation

Debt Instruments: 100%

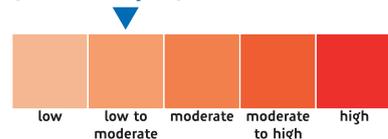
benchmark construction

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



ULIP Gilt Fund

fund performance as on December 31, 2009

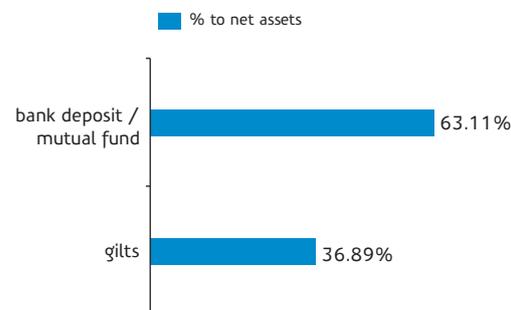
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	1.84%	-5.97%	4.07%	8.03%	-0.78	-1.37
last 2 year	5.81%	9.34%	3.95%	12.93%	0.20	0.34
since inception (CAGR)	5.99%	9.59%	3.80%	12.42%	0.26	0.37
date of inception			october, 2007			

*CAGR: Compounded Annual Growth Rate

portfolio as on December 31, 2009

security	% to net assets	rating
gilts		
SOVEREIGN		
7.56% GOI 03-11-2014	10.80	
6.49% GOI 08-06-2015	10.16	
9.39% GOI 02-07-2011	5.58	
7.49% GOI 16-04-2017	5.29	
6.07% GOI 15-05-2014	5.02	
9.85% GOI 16-10-2015	0.04	
total gilts	36.89	
total bank deposits/mutual funds	63.11	
total net assets	100.00	

asset allocation as on Dec 31, 2009



fund characteristics as on Dec 31, 2009

M.Duration of debt portfolio: 1.72 years
YTM of debt portfolio: 4.58%

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fund manager's report

The allocation to gilts was decreased to 36.89% from 56.92% on expectations of hardening of yield curve. Accordingly we increased the exposure in short term bank FDs, CDs and CPs to 63.11% from 43.08%.

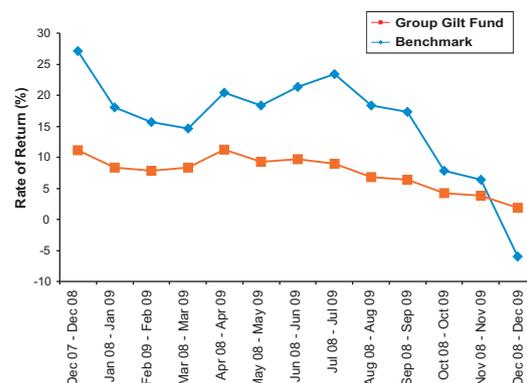
target asset allocation

Government Securities: 100%

benchmark construction

I-Sec Composite Sovereign Bond Index: 100%

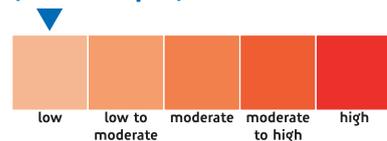
rolling yearly performance



fund objective

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

fund risk profile



ULIP Money Market Fund

fund performance as on December 31, 2009

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	9.53%	4.86%	0.46%	0.83%	9.95	-0.16
last 2 year	9.58%	6.63%	0.41%	0.84%	11.21	1.95
since inception (CAGR)	9.80%	6.69%	0.40%	0.82%	11.93	2.05
date of inception			November, 2007			

*CAGR: Compounded Annual Growth Rate

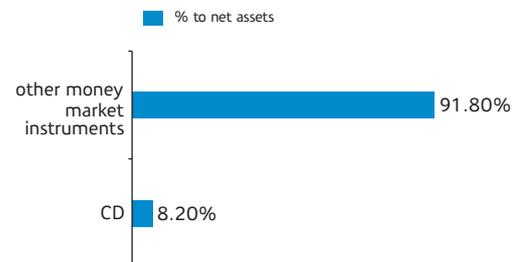
portfolio as on December 31, 2009

security % to net assets rating

certificate of deposits

CANARA BANK 18-03-2010	8.20	P1+
total certificate of deposits	8.20	
other money market instruments	91.80	
total net assets	100.00	

asset allocation as on Dec 31, 2009



fund characteristics as on Dec 31, 2009

M.Duration of debt portfolio: 0.02 years
YTM of debt portfolio: 6.33%

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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.

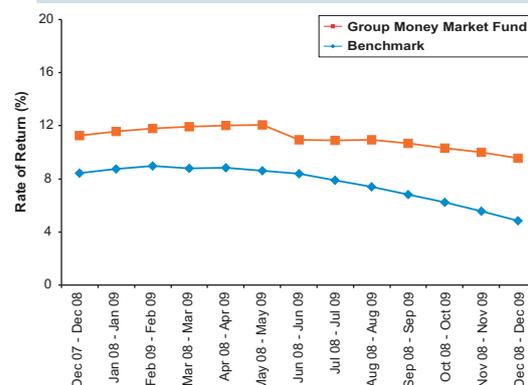
target asset allocation

Money Market Instruments: 100%

benchmark construction

CRISIL Liquid Bond Index: 100%

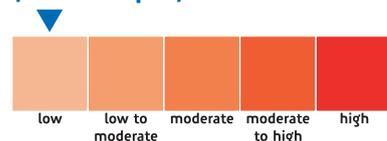
rolling yearly performance



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 December 31, 2009

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	8.84%	4.24%	0.45%	0.21%	8.47	-3.61
last 2 years (CAGR)	9.58%	6.24%	0.44%	0.60%	10.53	2.06
last 3 years (CAGR)	9.16%	6.72%	0.42%	0.53%	9.98	3.22
since inception (CAGR)	7.08%	5.83%	0.68%	0.49%	3.08	1.68
date of inception	february, 2003					

*CAGR: Compounded Annual Growth Rate

portfolio as on December 31, 2009

security % to net assets rating

certificate of deposits

CANARA BANK 18-03-2010 4.12 P1+

total certificate of deposits 4.12

non convertible debentures

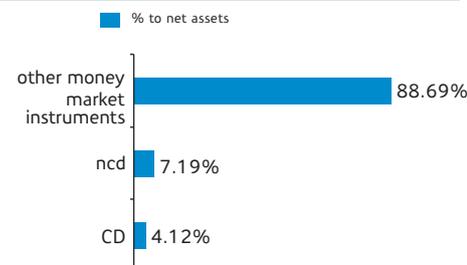
10.00% HDFC LTD 19-03-2010 7.19 AAA

total convertible debentures 7.19

other money market instruments 88.69

total net assets 100.00

asset allocation as on Dec 31, 2009



fund characteristics as on Dec 31, 2009

M.Duration of debt portfolio: 0.02 years
YTM of debt portfolio: 6.01%

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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.

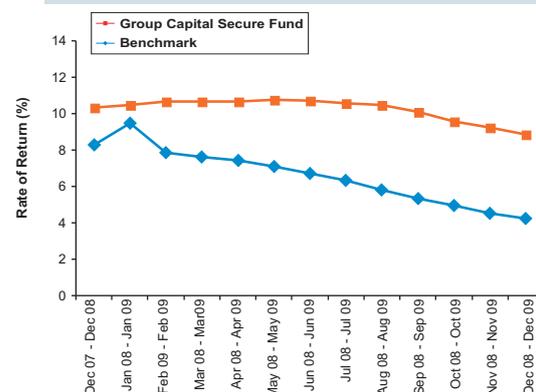
target asset allocation

Money Market Instruments: 100%

benchmark construction

Yield on 182-day T.Bills

rolling yearly performance



Product Details

Nav's as of 31st December, 2009

Reliance Equity Fund

Product Name	NAV
Reliance Group Leave Encashment (GLE) - Equity Fund Option	Rs. 8.6883
Reliance Group Savings Linked Insurance (GSLI)	Rs. 17.8529
Reliance Group Gratuity (GG)	Rs. 12.2536
Reliance Group Superannuation (GS)	Rs. 10.4549

Reliance Pure Equity Fund

Product Name	NAV
Reliance Group Savings Linked Insurance(GSLI)	Rs. 18.1329

Reliance Infrastructure Fund

Product Name	NAV
Reliance Group Savings Linked Insurance- (GSLI)	Rs. 14.2868
Reliance Group Gratuity (GG)	Rs.10.7103

Reliance Energy Fund

Product Name	NAV
Reliance Group Savings Linked Insurance (GSLI)	Rs. 16.0554

Reliance Midcap Fund

Product Name	NAV
Reliance Group Savings Linked Insurance (GSLI)	Rs. 18.9682
Reliance Group Gratuity (GG)	Rs. 13.0424

Reliance Growth Fund

Product Name	NAV
Reliance Group Gratuity (GG)	Rs. 12.3219
Reliance Group Superannuation (GSA)	Rs. 10.2889

Product Details

Nav's as of 31st December, 2009

Reliance Balanced Fund

Product Name	NAV
Reliance Group Gratuity (GG)	Rs. 12.7108
Reliance Group Superannuation (GSA)	Rs. 15.9262
Reliance Group Savings Linked Insurance (GSLI)	Rs. 12.0479
Reliance Group Leave Encashment (GLE)	Rs. 10.6501

Reliance Corporate Bond Fund

Product Name	NAV
Reliance Group Gratuity (GG)	Rs. 11.6254
Reliance Group Leave Encashment (GLE)	Rs. 12.2389
Reliance Group Savings Linked Insurance (GSLI)	Rs. 11.2117
Reliance Group Superannuation (GSA)	Rs. 10.7221

Reliance Pure Debt Fund

Product Name	NAV
Reliance Group Gratuity (GG)	Rs. 11.6050
Reliance Group Superannuation (GSA)	Rs. 11.4812
Reliance Group Leave Encashment (GLE)	Rs. 11.6956
Reliance Group Savings Linked Insurance (GSLI)	Rs. 11.0794

Reliance Gilt Fund

Product Name	NAV
Reliance Group Leave Encashment (GLE)	Rs. 11.2845
Reliance Group Gratuity (GG)	Rs. 10.2754
Reliance Group Savings Linked Insurance (GSLI)	Rs. 10.2506
Reliance Group Superannuation (GS)	Rs. 10.0354

Reliance Money Market Fund

Product Name	NAV
Reliance Group Gratuity (GG)	Rs. 11.2669
Reliance Group Superannuation (GSA)	Rs. 11.0113
Reliance Group Leave Encashment (GLE)	Rs. 12.1159
Reliance Group Savings Linked Insurance (GSLI)	Rs. 10.9076

Reliance Capital Secure Fund

Product Name	NAV
Reliance Group Gratuity (GG)	Rs. 12.6711
Reliance Group Superannuation (GSA)	Rs. 11.4446
Reliance Group Leave Encashment (GLE)	Rs. 10.3931

- ✓ 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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