

**investment philosophy**

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

Economy Indicators	29th Oct 10	30th Sep 10	% Change
<sup>1</sup> Rs./₹	44.39	45.64	-2.82
<sup>2</sup> WPI Inflation		141.1	0.57
<sup>3</sup> Forex Reserves (\$ bn)	297.96	291.60	2.13
<sup>1</sup> Oil Price (\$ per Barrel)	81.85	75.97	7.18
<sup>1</sup> Gold (Rs. per 10gm)	19,399	19150	1.28

Investments	29th Oct 10	30th Sep 10	Absolute Change
<sup>4</sup> FII's (Rs Crs)	28,563	24979	3584.40
<sup>4</sup> Mf's (Rs Crs)	-5,801	-7236	1435.50

Indices	29th Oct 10	30th Sep 10	% Change
<sup>1</sup> BSE Sensex	20,032	20069	-0.18
<sup>1</sup> S&P CNX Nifty	6,018	6030	-0.20
<sup>1</sup> CNX Mid Cap	9,361	9164	2.14
<sup>1</sup> BSE Small Cap	10,598	10246	3.43

Global Indices	29th Oct 10	30th Sep 10	% Change
<sup>5</sup> Dow Jones	11119	10788	3.06
<sup>5</sup> FTSE 100	5675	5548	2.28
<sup>1</sup> Hang Seng	23489	21953	7.00
<sup>1</sup> Nikkei	9417	9449	-0.34

Sectoral Indices	29th Oct 10	30th Sep 10	% Change
<sup>6</sup> CNX Infrastructure	3598	3719	-3.25
<sup>6</sup> CNX Energy	10027	9849	1.80
<sup>1</sup> BSE Capital Goods	15819	15996	-1.10
<sup>1</sup> BSE Bankex	14016	14025	-0.06
<sup>1</sup> BSE Oil & Gas	10949	10447	4.80
<sup>1</sup> BSE IT	5993	5947	0.77

Fixed Income Indicators (%)	29th Oct 10	30th Sep 10	Absolute Change
<sup>5</sup> NSE Mibor	7.66	7.28	0.38
<sup>1</sup> 91 Day T-Bill	6.80	6.19	0.61
<sup>1</sup> 182 Day T-Bill	7.03	6.46	0.56
<sup>1</sup> 1 year GOI Benchmark	6.60	6.47	0.13
<sup>1</sup> 5 Year GOI Benchmark	7.82	7.70	0.13
<sup>1</sup> 10 Year GOI Benchmark	8.12	7.85	0.27
<sup>1</sup> 5 Year Corp Bond Benchmark	8.61	8.51	0.10
<sup>1</sup> 10 Year AAA Corp Bond Benchmark	8.80	8.66	0.14
<sup>1</sup> 10 Year US Benchmark	2.61	2.51	0.09

Source: <sup>1</sup> Thomson Reuters, <sup>2</sup> eaindustry.nic.in, <sup>3</sup> RBI, <sup>4</sup> SEBI, <sup>5</sup> Bloomberg  
<sup>6</sup> India Index Services & Products Ltd.

asset allocation	funds	gross return (CAGR*) (%) As on Oct 31, 2010				date of inception
		last 1 year	last 2 year	last 3 year	since inception	
100% equity	Equity Fund	30.79%	44.93%	1.27%	21.95%	August, 2004
100% pure equity	Pure Equity Fund	23.66%	41.27%	NA	17.33%	June, 2008
100% equity	Infrastructure Fund	10.20%	24.70%	NA	-2.46%	March, 2008
100% equity	Energy Fund	8.77%	32.49%	NA	5.88%	March, 2008
100% equity	Midcap Fund	28.39%	46.77%	NA	9.19%	March, 2008
80% equity, 20% debt	Super Growth Fund	23.26%	34.78%	1.52%	8.69%	May, 2007
60% equity, 40% debt	High Growth Fund	19.60%	28.98%	4.05%	11.73%	March, 2007
50% equity, 50% debt	Growth Plus Fund	17.21%	25.99%	4.85%	11.19%	March, 2007
40% equity, 60% debt	Growth Fund	14.53%	22.50%	5.45%	13.05%	August, 2004
20% equity, 80% debt	Balanced Fund	10.52%	16.18%	7.41%	11.03%	February, 2003
100% bond instruments	Corporate Bond Fund	8.28%	11.43%	9.31%	9.84%	May, 2007
100% debt Instruments	Pure Debt Fund	8.63%	10.97%	9.17%	9.26%	April, 2007
100% govt. securities	Gilt Fund	6.77%	5.43%	6.06%	6.15%	May, 2007
100% debt Instruments	Guaranteed Bond Fund I	8.33%	NA	NA	12.58%	December, 2008
100% money market instruments	Money Market Fund	7.15%	8.63%	8.92%	8.94%	May, 2007
100% money market instruments	Capital Secure Fund	6.75%	8.08%	8.43%	7.03%	February, 2003
100% equity	Equity Plus Fund	NA	NA	NA	NA	January, 2010
100% dynamic	Highest Nav Guarantee Fund	NA	NA	NA	NA	February, 2010
100% dynamic	Highest NAV Advantage Fund-Series I	NA	NA	NA	NA	September, 2010

\*CAGR: Compounded Annual Growth Rate

**Indian Economy**

Industrial production growth momentum slowed down to 5.6% in Aug'10 as against 15.2% in July'10. Credit growth continues at robust 20% plus in Oct'10 from 19% in Sep'10, supported by festive season demand and favourable base effect. Going forward, we expect IIP might remain in single digit due to high base effect and slower growth momentum compared to those during the recovery phase. Also sequential credit growth might pick-up on credit demand during the busy season. Inflation continues to be a major concern, with whole price index (WPI) inflation numbers close to double-digit. Inflation rose to 8.62% in Sep'10 as against 8.50% in Aug'10 - mainly due to high food and non-food articles and manufacturing goods prices. To address Inflation RBI hiked its Repo and Reverse repo rate by 25bps each in the quarterly policy review.

**Debt Market**

Amid tight liquidity the g-sec yields showed a sharp upward movement after the RBI's rate action and hawkish stance in quarterly monetary policy meeting. The 10 year benchmark touched a high of 8.17% against 8% in previous month. However Corporate bond remained range bound with upward bias due to fresh primary issuances.

**Outlook:**

In Nov, we expect liquidity to remain tight on festival season demand and credit demand on start of busy season. Although RBI hiked the key policy rates, RBI is expected to pause and has clearly indicated that next policy movement will be determined by inflation. Key economic data-points like monthly inflation numbers, IIP numbers, credit numbers, overall liquidity in system are likely to dominate the yield curve and RBI's action.

**Equity Market**

Equity markets in the month of October were flat with the benchmark BSE Sensex down 0.18% as most of the positives in terms of results were already discounted.

India's exports grew by 22.5% in the year to August and imports soared by 32.2% in the same period. The country's trade deficit was a shade over \$13 billion, up from \$8.9 billion a year earlier.

The Indian auto industry sharply increased its sales forecast for this fiscal after reporting more than 30% rise in car sales for the third straight month as new launches and easy finance helped keep strong demand intact in September. The Auto industry increased its growth forecast for 2010-11 to 18% - 20% from 13% as the previous estimate.

Foreign institutional investors have pumped in record \$24.7 billion into Indian equities so far this year, sending the benchmark index up 14.7%. Nearly a third of this money has come in since the start of September. This has led to fears of overheating and asset bubbles in the economy.

**Outlook:**

The Indian markets are going to be dictated by foreign fund flows in the near to medium term. Markets would now look forward to cues from Coal India IPO listing, RBI policy and the Fed meet to discuss Quantitative Easing.

## Equity Fund

### fund performance As on Oct 31, 2010

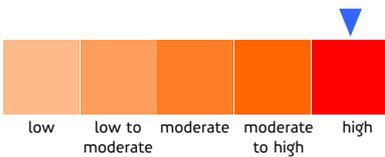
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	30.79%	27.72%	13.65%	16.63%	1.89%	1.37%
last 2 year (CAGR*)	44.93%	44.41%	22.16%	27.46%	1.80%	1.44%
last 3 year (CAGR*)	1.27%	0.66%	31.45%	34.00%	-0.12%	-0.13%
last 4 year (CAGR*)	11.69%	12.60%	29.24%	31.81%	0.23%	0.24%
last 5 year (CAGR*)	20.08%	20.48%	28.10%	30.12%	0.54%	0.51%
since inception (CAGR*)	21.95%	23.22%	26.52%	28.27%	0.64%	0.64%
date of inception	august, 2004					

\*CAGR: Compounded Annual Growth Rate

### 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'.

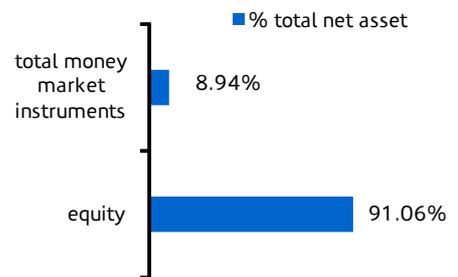
### fund risk profile



### portfolio As on Oct 31, 2010

security	% total net assets	1-yr beta
<b>equity</b>	<b>6.08</b>	
<b>AUTO ANCILLARY</b>	<b>6.08</b>	
EXIDE INDUSTRIES LTD	0.53	0.63
MAHINDRA & MAHINDRA LTD	2.23	1.17
MARUTI SUZUKI INDIA LTD	1.31	0.64
BAJAJ AUTO LTD	1.25	0.61
MOTHERSON SUMI SYSTEMS LTD	0.76	0.63
<b>BANKING &amp; FINANCE</b>	<b>23.89</b>	
ICICI BANK LTD	7.19	1.45
STATE BANK OF INDIA	4.51	1.00
HDFC BANK	3.39	0.83
HOUSING DEV FIN CORPN LTD	2.00	1.03
AXIS BANK LTD	1.97	1.13
SHRIRAM TRANSPORT FINANCE COMPANY LTD	1.96	0.43
BANK OF BARODA	1.72	0.63
POWER FINANCE CORPORATION LTD	0.92	0.69
INDUS IND BANK	0.17	1.05
MAX INDIA LTD	0.07	0.72
<b>CAP GOODS / ENGINEERING</b>	<b>10.37</b>	
LARSEN & TOUBRO LTD	4.04	0.93
CUMMINS INDIA LTD	3.10	0.31
BHARAT HEAVY ELECTRICALS LTD	1.92	0.68
ALSTOM POWER INDIA LTD.	1.07	0.67
CROMPTON GREAVES LTD	0.23	0.83
PUNJ LLOYD LTD	0.00	1.16
<b>CEMENT &amp; CEMENT PRODUCTS</b>	<b>1.87</b>	
ULTRATECH CEMENT LTD	1.37	0.60
INDIA CEMENTS LTD	0.50	1.05
<b>CONSTRUCTION</b>	<b>2.04</b>	
JAIPRAKASH ASSOCIATES LTD	1.17	1.63
NAGARJUNA CONSTRUCTION CO LTD	0.87	1.23
<b>CONSUMER GOODS</b>	<b>0.83</b>	
SINTEX INDUSTRIES	0.80	0.83
BALLARPUR INDUSTRIES LTD	0.03	0.83
<b>FMCG</b>	<b>5.61</b>	
ITC LTD	4.26	0.66
HINDUSTAN UNILEVER LTD	1.20	0.49
TATA GLOBAL BEVERAGES LTD	0.16	0.60
<b>GAS</b>	<b>1.00</b>	
GAIL (INDIA) LTD	1.00	0.66
<b>IT</b>	<b>9.38</b>	
INFOSYS TECHNOLOGIES LTD	5.47	0.81
TATA CONSULTANCY SERVICES LTD	3.41	0.82
MPHASIS LTD	0.50	0.61
<b>MEDIA</b>	<b>0.49</b>	
HT MEDIA LTD	0.49	0.54
<b>METALS</b>	<b>6.05</b>	
TATA STEEL LTD	2.04	1.66
STERLITE INDUSTRIES INDIA LTD	1.60	1.68
JINDAL STEEL AND POWER LTD	1.38	1.14
JINDAL SAW LTD	0.54	1.30
HINDALCO INDUSTRIES LTD	0.49	1.90
<b>OIL EXPLORATION</b>	<b>0.46</b>	
CAIRN INDIA LTD	0.46	1.00
<b>OIL REFINERIES</b>	<b>11.41</b>	
RELIANCE INDUSTRIES LTD	7.94	1.19
ONGC CORPORATION LTD	1.89	0.60
OIL INDIA LTD	1.18	0.32
INDIAN OIL CORPORATION LTD	0.40	0.23
<b>PHARMACEUTICALS</b>	<b>6.39</b>	
DIVIS LABORATORIES LTD	2.32	0.67
LUPIN LTD	1.98	0.26
SUN PHARMA IND LTD	0.73	0.43
RANBAXY LABORATORIES LTD	0.65	0.84
STRIDES ARCOLABS LTD	0.46	0.97
AUROBINDO PHARMA LTD	0.26	0.68
<b>POWER</b>	<b>2.63</b>	
TATA POWER	1.03	0.67
NTPC LTD	0.86	0.63
AREVA T AND D INDIA LTD	0.43	0.67
ORIENT GREEN POWER CO LTD	0.04	1.15
PANTALOON RETAIL INDIA LTD	0.28	0.97
<b>SOFTWARE</b>	<b>0.41</b>	
FINANCIAL TECHNOLOGIES INDIA	0.41	0.95
<b>TELECOM</b>	<b>2.16</b>	
BHARTI AIRTEL LTD	2.16	0.66
<b>total equity</b>	<b>91.06</b>	
<b>total money market instruments</b>	<b>8.94</b>	
<b>total net assets</b>	<b>100.00</b>	

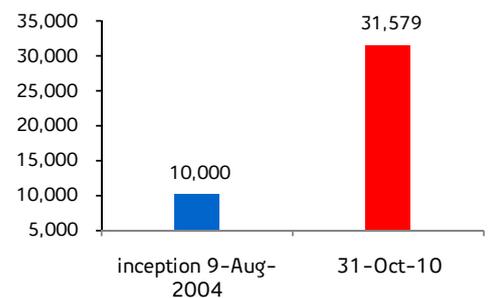
### asset allocation as on Oct 31, 2010



### fund characteristics as on Oct 31, 2010

Fund Beta 0.90

### growth of initial investment of Rs. 10,000 in MRP



### fund manger's report

The month of October saw the markets ending flat. The equity market saw some profit booking before Coal India IPO and fed meeting on quantitative easing. Looking at news flows in specific sectors, the holding in equities was kept at 91.06%.

### target asset allocation

Equity: 100%

### benchmark construction

S&P CNX Nifty: 100%

## Pure Equity Fund

### fund performance As on Oct 31, 2010

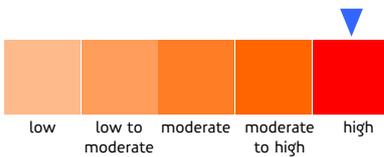
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	23.66%	27.72%	13.96%	16.63%	1.34%	1.37%
last 2 year (CAGR*)	41.27%	44.41%	23.65%	27.46%	1.53%	1.44%
since inception (CAGR*)	17.33%	18.62%	28.94%	33.15%	0.43%	0.41%
date of inception	june, 2008					

\*CAGR: Compounded Annual Growth Rate

### 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'.

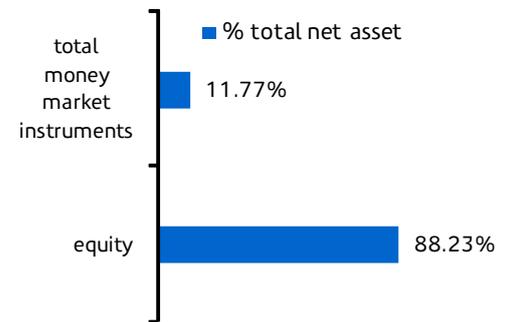
### fund risk profile



### portfolio As on Oct 31, 2010

security	% total net assets	1-yr beta
<b>equity</b>		
<b>AUTOMOBILES 13.24</b>		
MARUTI SUZUKI INDIA LTD	6.31	0.64
MAHINDRA & MAHINDRA LTD	2.78	1.17
MOTHERSON SUMI SYSTEMS LTD	2.32	0.63
BAJAJ AUTO LTD	1.83	0.61
<b>BANKING &amp; FINANCE 2.19</b>		
MAX INDIA LTD	2.19	0.72
<b>CAP GOODS / ENGINEERING 11.44</b>		
LARSEN & TOUBRO LTD	5.09	0.93
BHARAT HEAVY ELECTRICALS LTD	2.85	0.68
CROMPTON GREAVES LTD	1.26	0.83
CUMMINS INDIA LTD	1.24	0.31
VOLTAS LTD	1.01	0.99
<b>CEMENT &amp; CEMENT PRODUCTS 2.18</b>		
GRASIM INDUSTRIES LTD	2.18	0.47
<b>CONSTRUCTION 1.05</b>		
NAGARJUNA CONSTRUCTION CO LTD	1.05	1.23
<b>FMCG 2.89</b>		
HINDUSTAN UNILEVER LTD	2.89	0.49
<b>GAS 3.36</b>		
GAIL (INDIA) LTD	3.36	0.66
<b>IT 10.57</b>		
INFOSYS TECHNOLOGIES LTD	5.73	0.81
TATA CONSULTANCY SERVICES LTD	3.30	0.82
MPHASIS LTD	1.54	0.61
<b>METALS 7.77</b>		
HINDALCO INDUSTRIES LTD	3.96	1.90
JINDAL STEEL AND POWER LTD	3.81	1.14
<b>OIL EXPLORATION 1.86</b>		
CAIRN INDIA LTD	1.86	1.00
<b>OIL REFINERIES 12.60</b>		
RELIANCE INDUSTRIES LTD	7.99	1.19
ONGC CORPORATION LTD	4.61	0.60
<b>PHARMACEUTICALS 6.20</b>		
SUN PHARMA IND LTD	2.50	0.43
RANBAXY LABORATORIES LTD	2.49	0.84
CADILA HEALTHCARE LTD	0.79	0.49
LUPIN LTD	0.42	0.26
<b>POWER 7.84</b>		
TATA POWER	4.69	0.67
NTPC LTD	2.09	0.63
PTC INDIA LTD	1.06	0.88
<b>SOFTWARE 1.26</b>		
FINANCIAL TECHNOLOGIES INDIA	1.26	0.95
<b>TELECOM 3.77</b>		
BHARTI AIRTEL LTD	3.77	0.66
<b>total equity</b>	<b>88.23</b>	
<b>total money market instruments</b>	<b>11.77</b>	
<b>total net assets</b>	<b>100.00</b>	

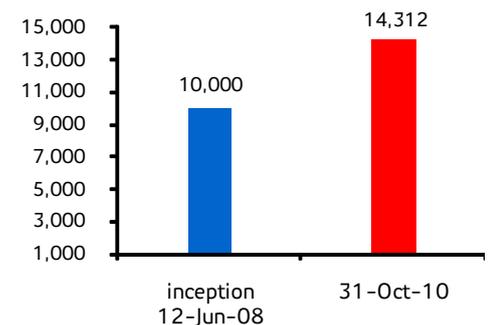
### asset allocation as on Oct 31, 2010



### fund characteristics as on Oct 31, 2010

Fund Beta 0.83

### growth of initial investment of Rs. 10,000 in SIP



### fund manger's report

The month of October saw the markets ending flat. The equity market saw some profit booking before Coal India IPO and fed meeting on quantitative easing. Looking at news flows in specific sectors, the holding in equities was kept at 88.23%.

### target asset allocation

Pure 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%

## Infrastructure Fund

### fund performance As on Oct 31, 2010

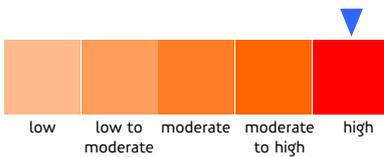
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	10.20%	8.18%	17.04%	18.03%	0.31%	0.18%
last 2 year (CAGR*)	24.70%	25.63%	23.71%	33.02%	0.83%	0.62%
since inception (CAGR*)	-2.46%	-6.34%	31.73%	39.29%	-0.24%	-0.29%
date of inception	march, 2008					

\*CAGR: Compounded Annual Growth Rate

### 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'

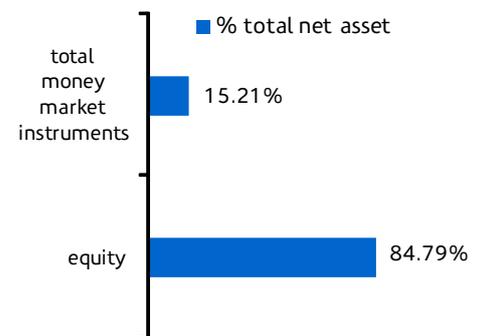
### fund risk profile



### portfolio As on Oct 31, 2010

security	% total net assets	1-yr beta
<b>equity</b>		
<b>AUTOMOBILES</b>	<b>0.75</b>	
MOTHERSON SUMI SYSTEMS LTD	0.75	0.63
<b>CAP GOODS / ENGINEERING</b>	<b>32.42</b>	
LARSEN & TOUBRO LTD	11.46	0.93
BHARAT HEAVY ELECTRICALS LTD	9.74	0.68
CROMPTON GREAVES LTD	3.90	0.83
VOLTAS LTD	2.56	0.99
ALSTOM POWER INDIA LTD.	1.68	0.67
TRIVENI ENGINEERING & IND. LTD	1.05	1.02
IRB INFRASTRUCTURE DEVELOPERS LTD	0.86	0.99
PUNJ LLOYD LTD	0.80	1.16
GREAVES COTTON LTD	0.38	0.78
<b>CEMENT &amp; CEMENT PRODUCTS</b>	<b>3.59</b>	
GRASIM INDUSTRIES LTD	3.59	0.47
<b>CONSTRUCTION</b>	<b>7.46</b>	
JAIPRAKASH ASSOCIATES LTD	5.28	1.63
ASHOKA BUILDCON LTD	2.18	0.42
<b>CONSUMER GOODS</b>	<b>1.40</b>	
SINTEX INDUSTRIES	1.40	0.83
<b>GIS</b>	<b>1.85</b>	
GAIL (INDIA) LTD	1.85	0.66
HOTELS	<b>1.16</b>	
INDIAN HOTELS LTD	1.16	0.95
<b>METALS</b>	<b>4.01</b>	
HINDALCO INDUSTRIES LTD	2.45	1.90
TATA STEEL LTD	1.57	1.66
<b>POWER</b>	<b>18.06</b>	
NTPC LTD	7.27	0.63
TATA POWER	3.12	0.67
NEVELI LIGNITE CORPORATION LTD	2.64	1.02
BGR ENERGY SYSTEMS LTD	1.89	0.72
PTC INDIA LTD	1.77	0.88
ORIENT GREEN POWER CO LTD	1.38	1.15
<b>RETAIL</b>	<b>1.30</b>	
PANTALOON RETAIL INDIA LTD	1.30	0.97
<b>SHIPPING</b>	<b>1.01</b>	
GREAT EASTERN SHIPPING COMPANY LTD	1.01	1.14
<b>SOFTWARE</b>	<b>2.10</b>	
FINANCIAL TECHNOLOGIES INDIA	2.10	0.95
<b>TELECOM</b>	<b>9.67</b>	
BHARTI AIRTEL LTD	9.67	0.66
<b>total equity</b>	<b>84.79</b>	
<b>total money market instruments</b>	<b>15.21</b>	
<b>total net assets</b>	<b>100.00</b>	

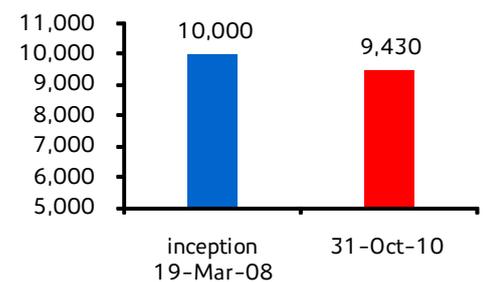
### asset allocation as on Oct 31, 2010



### fund characteristics as on Oct 31, 2010

Fund Beta 0.88

### growth of initial investment of Rs. 10,000 in TIPS-I



### fund manger's report

The month of October saw the markets ending flat. The equity market saw some profit booking before Coal India IPO and fed meeting on quantitative easing. Looking at news flows in specific sectors, the holding in equities was kept at 84.79%.

### target asset allocation

Equity: 100%

### benchmark construction

CNX Infrastructure Index: 100%

## Energy Fund

### fund performance As on Oct 31, 2010

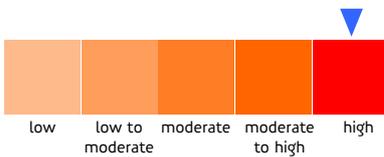
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	8.77%	15.56%	12.03%	13.97%	0.31%	0.76%
last 2 year (CAGR*)	32.49%	34.55%	21.23%	24.92%	1.29%	1.19%
since inception (CAGR*)	5.88%	6.22%	28.96%	32.59%	0.03%	0.04%
date of inception	march, 2008					

\*CAGR: Compounded Annual Growth Rate

### 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'

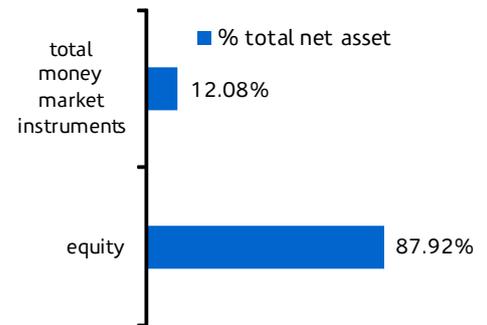
### fund risk profile



### portfolio As on Oct 31, 2010

security	% total net assets	1-yr beta
<b>equity</b>		
<b>BANKING &amp; FINANCE</b>	<b>1.65</b>	
POWER FINANCE CORPORATION LTD	1.65	0.69
<b>CAP GOODS / ENGINEERING</b>	<b>7.72</b>	
CUMMINS INDIA LTD	3.34	0.31
CROMPTON GREAVES LTD	3.33	0.83
ALSTOM POWER INDIA LTD.	1.05	0.67
<b>GAS</b>	<b>7.30</b>	
GAIL (INDIA) LTD	7.30	0.66
<b>OIL EXPLORATION</b>	<b>6.46</b>	
CAIRN INDIA LTD	5.11	1.00
SHIVANI OIL AND GAS EXPLOARATION	1.36	0.45
<b>OIL REFINERIES</b>	<b>54.42</b>	
RELIANCE INDUSTRIES LTD	28.84	1.19
ONGC CORPORATION LTD	12.99	0.60
INDIAN OIL CORPORATION LTD	6.67	0.23
OIL INDIA LTD	5.92	0.32
<b>POWER</b>	<b>10.37</b>	
NTPC LTD	8.05	0.63
TATA POWER	2.33	0.67
<b>total equity</b>	<b>87.92</b>	
<b>total money market instruments</b>	<b>12.08</b>	
<b>total net assets</b>	<b>100.00</b>	

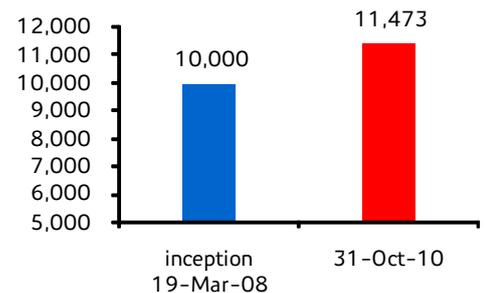
### asset allocation as on Oct 31, 2010



### fund characteristics as on Oct 31, 2010

Fund Beta 0.78

### growth of initial investment of Rs. 10,000 in TIPS-I



### fund manger's report

The month of October saw the markets ending flat. The equity market saw some profit booking before Coal India IPO and fed meeting on quantitative easing. Looking at news flows in specific sectors, the holding in equities was kept at 87.92%.

### target asset allocation

Equity: 100%

### benchmark construction

CNX Energy Index: 100%

## Mid Cap Fund

### fund performance As on Oct 31, 2010

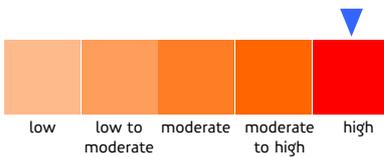
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	28.39%	30.91%	14.56%	15.28%	1.61%	1.70%
last 2 year (CAGR*)	46.77%	56.81%	28.91%	40.63%	1.44%	1.28%
since inception (CAGR*)	9.19%	10.72%	36.60%	47.55%	0.11%	0.12%
date of inception	march, 2008					

\*CAGR: Compounded Annual Growth Rate

### 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'

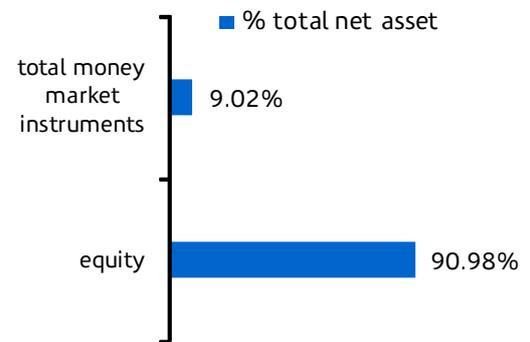
### fund risk profile



### portfolio As on Oct 31, 2010

security	% total net assets	1-yr beta
<b>equity</b>		
<b>AUTO ANCILLARY</b>	<b>3.45</b>	
EXIDE INDUSTRIES LTD	3.45	0.63
<b>AUTOMOBILES</b>	<b>2.51</b>	
TATA MOTORS LTD	2.51	1.40
<b>BANKING &amp; FINANCE</b>	<b>8.68</b>	
ANDHRA BANK	3.78	0.97
SHRIRAM TRANSPORT FINANCE COMPANY LTD	2.71	0.43
BANK OF BARODA	1.18	0.63
INDUS IND BANK	1.01	1.05
<b>CAP GOODS / ENGINEERING</b>	<b>8.50</b>	
VOLTAS LTD	3.36	0.99
GREAVES COTTON LTD	1.68	0.78
IRB INFRASTRUCTURE DEVELOPERS LTD	1.42	0.99
CUMMINS INDIA LTD	1.17	0.31
PUNJ LLOYD LTD	0.88	1.16
<b>CEMENT &amp; CEMENT PRODUCTS</b>	<b>2.36</b>	
ULTRATECH CEMENT LTD	2.36	0.60
<b>CONSTRUCTION</b>	<b>9.42</b>	
JAIPRAKASH ASSOCIATES LTD	1.84	1.63
NAGARJUNA CONSTRUCTION CO LTD	1.62	1.23
SINTEX INDUSTRIES	3.99	0.83
BALLARPUR INDUSTRIES LTD	1.96	0.83
<b>FERTILIZERS</b>	<b>6.17</b>	
TATA CHEMICALS	4.38	0.79
GUJARAT STATE FERTILIZERS & CHEMICALS LTD	1.79	0.49
<b>FMCG</b>	<b>5.97</b>	
TATA GLOBAL BEVERAGES LTD	3.33	0.60
UNITED SPIRITS LTD	2.64	1.01
<b>GAS</b>	<b>1.72</b>	
PETRONET LNG LTD	1.72	0.84
HOTELS	2.82	
INDIAN HOTELS LTD	2.82	0.95
<b>IT</b>	<b>4.26</b>	
MPHASIS LTD	4.26	0.61
<b>METALS</b>	<b>10.86</b>	
JSW STEELS LTD	5.88	1.82
JINDAL STEEL AND POWER LTD	1.85	1.14
TATA STEEL LTD	1.67	1.66
JINDAL SAW LTD	1.46	1.30
<b>OIL EXPLORATION</b>	<b>1.92</b>	
SHIVVANI OIL AND GAS EXPLOARATION	1.92	0.45
<b>PHARMACEUTICALS</b>	<b>11.28</b>	
AUROBINDO PHARMA LTD	3.58	0.68
LUPIN LTD	3.16	0.26
DIVIS LABORATORIES LTD	2.62	0.67
JUBILANT LIFE SCIENCES LTD	1.91	0.74
<b>POWER</b>	<b>4.30</b>	
NTPC LTD	2.06	0.63
BGR ENERGY SYSTEMS LTD	1.45	0.72
ORIENT GREEN POWER CO LTD	0.79	1.15
<b>RETAIL</b>	<b>1.47</b>	
PANTALOON RETAIL INDIA LTD	1.47	0.97
<b>SHIPPING</b>	<b>2.46</b>	
GREAT EASTERN SHIPPING COMPANY LTD	2.46	1.14
<b>SOFTWARE</b>	<b>2.84</b>	
FINANCIAL TECHNOLOGIES INDIA	2.84	0.95
<b>total equity</b>	<b>90.98</b>	
<b>total money market instruments</b>	<b>9.02</b>	
<b>total net assets</b>	<b>100.00</b>	

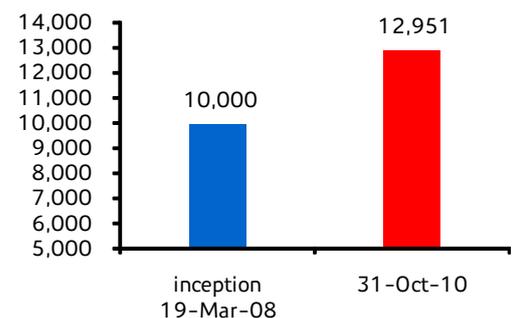
### asset allocation as on Oct 31, 2010



### fund characteristics as on Oct 31, 2010

Fund Beta 0.90

### growth of initial investment of Rs. 10,000 in TIPS-I



### fund manger's report

The month of October saw the markets ending flat. The equity market saw some profit booking before Coal India IPO and fed meeting on quantitative easing. Looking at news flows in specific sectors, the holding in equities was kept at 90.98%.

### target asset allocation

Equity: 100%

### benchmark construction

Nifty Midcap 50: 100%

## Super Growth Fund

### fund performance As on Oct 31, 2010

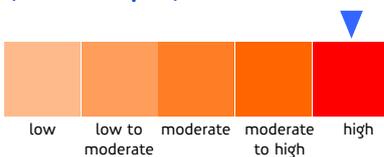
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	23.26%	23.04%	11.14%	13.35%	1.64%	1.35%
last 2 year (CAGR*)	34.78%	36.88%	17.47%	22.02%	1.70%	1.45%
last 3 year (CAGR*)	1.52%	2.87%	24.93%	27.26%	-0.14%	-0.08%
since inception (CAGR*)	8.69%	10.77%	24.50%	27.09%	0.15%	0.21%
date of inception	may, 2007					

\*CAGR: Compounded Annual Growth Rate

### fund objective

Provide high 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, which will be moderated through some exposure to debt. The risk appetite is 'high'

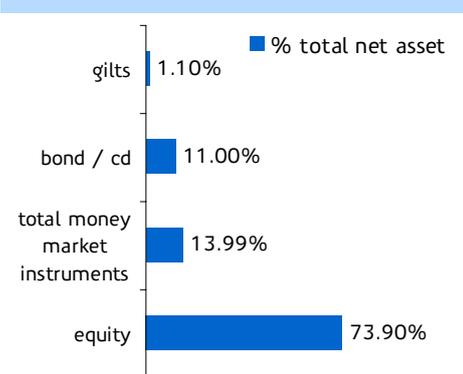
### fund risk profile



### portfolio As on Oct 31, 2010

security	% total net assets	rating/1-yr beta
<b>bond/cd</b>		
11.95% HDFC LTD NCD (26/11/2018)	1.64	AAA
8.99% TATA SONS LTD NCD (07/06/2020)	1.40	AAA
8.90% POWER GRID CORP LTD NCD STRPP C (25/2/16)	1.40	AAA
8.88% LIC HOUSING FINANCE NCD (13/10/2020)	1.39	AAA
8.40% ADITYA BIRLA NUVO LTD NCD (23/11/2012)	1.38	AA+
9.05% SBI PERPETUAL NCD CALL/STEP-UP 27/01/2020	0.70	AAA
8.90% POWER GRID CORP LTD NCD STRPP D (25/2/17)	0.70	AAA
8.95% IRFC NCD SERIES 69 (10/03/2025)	0.57	AAA
9.7% UNITED PHOS LTD (9/4/17) CALL STEP 9/4/15	0.43	AA+
11.35% RECL LTD NCD (24/10/2013) P/C 24/10/2011	0.28	AAA
9.25% IDBI BANK LTD PERP NCD CALL/STEP-UP 29/01/20	0.27	AA
9.20% HDFC LTD NCD (09/02/2012)	0.14	AAA
9.90% TATA SONS LTD NCD (20/05/2011)	0.14	AAA
10% NABARD NCD SR IX (14/05/2012)	0.09	AAA
9.25% POWER GRID CORPORATION NCD (09/02/2013)	0.07	AAA
8.64% POWER GRID CORPN LTD NCD (08/07/2014-25)	0.41	AAA
<b>total bond/cd</b>	<b>11.00</b>	
<b>gilts</b>		
8.24% GOI (MD 22/04/2018)	0.56	sovereign
8.47% NAGALAND SDL (MD 25/03/2019)	0.55	sovereign
<b>total gilts</b>	<b>1.10</b>	
<b>equity</b>		
<b>AUTOMOBILES</b>	<b>5.18</b>	
MAHINDRA & MAHINDRA LTD	1.71	1.17
BAJAJ AUTO LTD NEW	1.67	0.61
MARUTI SUZUKI INDIA LTD	1.05	0.64
TATA MOTORS LTD	0.67	1.40
TATA MOTORS LTD	0.67	1.40
<b>BANKING &amp; FINANCE</b>	<b>18.89</b>	
ICICI BANK LTD	4.96	1.45
HDFC BANK	3.41	0.83
STATE BANK OF INDIA	3.14	1.00
SHRIRAM TRANSPORT FINANCE COMPANY LTD	1.88	0.43
AXIS BANK LTD	1.88	1.13
HOUSING DEV FIN CORPN LTD	1.67	1.03
BANK OF BARODA	1.63	0.63
MAX INDIA LTD	0.33	0.72
<b>CAP GOODS / ENGINEERING</b>	<b>8.12</b>	
LARSEN & TOUBRO LTD	4.27	0.93
BHARAT HEAVY ELECTRICALS LTD	1.48	0.68
VOLTAS LTD	1.02	0.99
CUMMINS INDIA LTD	0.96	0.31
PUNJ LLOYD LTD	0.40	1.16
<b>CEMENT &amp; CEMENT PRODUCTS</b>	<b>1.08</b>	
ULTRATECH CEMENT LTD	1.05	0.60
INDIA CEMENTS LTD	0.02	1.05
<b>CONSTRUCTION</b>	<b>1.53</b>	
JAIIPRAKASH ASSOCIATES LTD	1.22	1.63
NAGARJUNA CONSTRUCTION CO LTD	0.31	1.23
<b>CONSUMER GOODS</b>	<b>1.20</b>	
SINTEX INDUSTRIES	1.01	0.83
BALLARPUR INDUSTRIES LTD	0.19	0.83
<b>FMCG</b>	<b>5.64</b>	
ITC LTD	4.04	0.66
HINDUSTAN UNILEVER LTD	0.83	0.49
UNITED SPIRITS LTD	0.78	1.01
<b>GAS</b>	<b>0.63</b>	
GAIL (INDIA) LTD	0.63	0.66
<b>IT</b>	<b>7.33</b>	
INFOSYS TECHNOLOGIES LTD	4.96	0.81
TATA CONSULTANCY SERVICES LTD	1.77	0.82
MPHASIS LTD	0.60	0.61
<b>METALS</b>	<b>4.82</b>	
TATA STEEL LTD	1.93	1.66
JINDAL STEEL AND POWER LTD	1.63	1.14
STERLITE INDUSTRIES INDIA LTD	1.26	1.68
<b>OIL REFINERIES</b>	<b>10.25</b>	
RELIANCE INDUSTRIES LTD	6.50	1.19
ONGC CORPORATION LTD	1.64	0.60
INDIAN OIL CORPORATION LTD	1.28	0.23
OIL INDIA LTD	0.83	0.32
<b>PHARMACEUTICALS</b>	<b>4.66</b>	
JUBILANT LIFE SCIENCES LTD	1.76	0.74
DIVIS LABORATORIES LTD	1.18	0.67
SUN PHARMA IND LTD	0.65	0.43
CADILA HEALTHCARE LTD	0.44	0.49
RANBAXY LABORATORIES LTD	0.34	0.84
LUPIN LTD	0.29	0.26
<b>POWER</b>	<b>2.44</b>	
NTPC LTD	0.82	0.63
ORIENT GREEN POWER CO LTD	0.82	1.15
TATA POWER	0.80	0.67
<b>SOFTWARE</b>	<b>0.12</b>	
FINANCIAL TECHNOLOGIES INDIA	0.12	0.95
<b>TELECOM</b>	<b>2.00</b>	
BHARTI AIRTEL LTD	2.00	0.66
<b>total equity</b>	<b>73.90</b>	
<b>total money market instruments</b>	<b>13.99</b>	
<b>total net assets</b>	<b>100.00</b>	

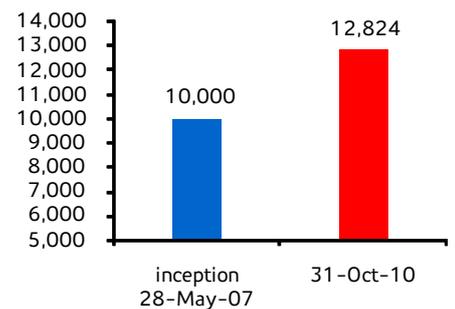
### asset allocation as on Oct 31, 2010



### fund characteristics as on Oct 31, 2010

M.Duration of debt portfolio:	2.42 years
YTM of debt portfolio:	8.86%
Beta of equity portfolio:	0.91

### growth of initial investment of Rs. 10,000 in AIP



### fund manager's report

The month of October saw the markets ending flat. The equity market saw some profit booking before Coal India IPO and fed meeting on quantitative easing. Looking at news flows in specific sectors, the holding in equities was kept at 73.90%.

Exposures in Government Securities have been increased to capture the higher yields and that of Corporate Bonds have been reduced due to hardening of yield at the shorter end of the curve. Accordingly Allocations to Money Market instruments have been increased. We will increase exposure to gilts and corporate bonds as and when attractive investments are available.

### target asset allocation

Debt:	20%
Equity:	80%

### benchmark construction

CRISIL ST Bond Index:	20%
S&P CNX Nifty:	80%

## High Growth Fund

### fund performance As on Oct 31, 2010

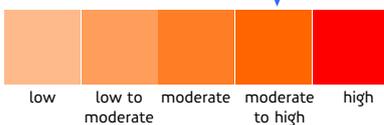
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	19.60%	18.42%	8.60%	10.07%	1.70%	1.33%
last 2 year (CAGR*)	28.98%	29.40%	13.14%	16.60%	1.82%	1.47%
last 3 year (CAGR*)	4.05%	4.61%	18.97%	20.53%	-0.05%	-0.02%
since inception (CAGR*)	11.73%	11.64%	18.34%	19.79%	0.37%	0.34%
date of inception						march, 2007

\*CAGR: Compounded Annual Growth Rate

### fund objective

Provide, in the long-term, returns which are significantly higher than the inflation rate, through high exposure to equity investments, while recognizing that there is some probability of negative returns in the short-term. The risk appetite is 'moderate to high'

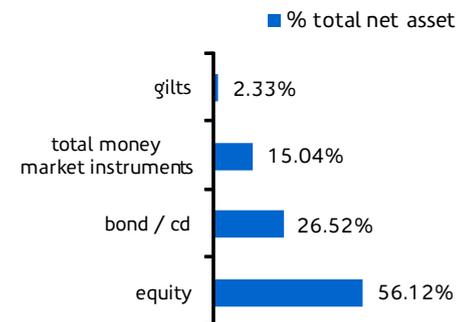
### fund risk profile



### portfolio As on Oct 31, 2010

security	% total net assets	rating/1-yr beta
<b>bond/cd</b>		
11.45% RELIANCE IND LTD NCD (25/11/2013)	1.80	AAA
10.70% POWER FIN CORP LTD NCD (15/07/2013)	1.46	AAA
8.99% TATA SONS LTD NCD (07/06/2020)	1.40	AAA
8.75% RELIANCE INDUSTRIES LTD NCD (07/05/2020)	1.38	AAA
8.40% HDFC LTD NCD (08/12/2014)	1.38	AAA
8% RECL LTD NCD (05/08/2014)	1.36	AAA
9.7% UNITED PHOS LTD (9/4/17) CALL STEP 9/4/15	0.93	AA+
8.23% TATA CAP LTD NCD (MD29/07/13) PUT&RESET2/07/12	0.90	AA+
8.95% INFOTEL BROADBAND SERV LTD NCD (15/09/20)	0.84	AAA
11.45% RELIANCE INDUSTRIES LTD NCD (25/11/2013)	0.74	AAA
9.50% TATA COMMUNICATION LTD NCD (08/06/2014)	0.72	AAA
10.10% POWER GRID CORPORATION (12/06/2012)	0.71	AAA
9.45% RECL LTD NCD (04/04/2013)	0.71	AAA
9.40% POWER FIN CORP LTD NCD (25/03/2013)	0.71	AAA
9.80% POWER FINANCE CORP 22/03/2012	0.71	AAA
9.05% SBI PERPETUAL NCD CALL/STEP-UP 27/01/2020	0.71	AAA
8.90% POWER GRID CORP LTD NCD STRPP C (25/2/16)	0.70	AAA
9.90% TATA SONS LTD NCD (20/05/2011)	0.70	AAA
8.90% SAIL (01/05/2019) CALL 010514	0.70	AAA
8.79% IRFC NCD (04/05/2030)	0.70	AAA
8.88% LIC HOUSING FINANCE NCD (13/10/2020)	0.70	AAA
8.48% LIC HOUSING FINANCE NCD (27/09/2013)	0.70	AAA
8.60% POWER FIN CORP LTD NCD (07/08/2014)	0.69	AAA
8.68% NAT CAP REG PLAN NCD (18/8/19)P/C18/08/16	0.69	AAA
8.4% TATA CAPITAL LTD NCD (26/11/2012)	0.69	AA+
11.35% RECL LTD NCD (24/10/2013) P/C 24/10/2011	0.44	AAA
9.15% NAT CAP REG PLAN NCD (MD18/02/2019)P/C180216	0.43	AAA
8.90% POWER GRID CORP LTD NCD STRPP A (25/2/14)	0.35	AAA
8.90% POWER GRID CORP LTD NCD STRPP G (25/2/20)	0.35	AAA
7.60% ICICI BANK LTD NCD (30/12/2015)	0.35	LAAA
8.25% IDBI OMANI BOND SER III 26-05-2011	0.27	AA+
9.95% IRFC NCD SERIES 69 (11/03/2025)	0.28	AAA
9.25% IDBI BANK LTD PERP NCD CALL/STEP-UP 29/01/20	0.27	AA
10.90% POWER FIN CORP LTD NCD (11/08/2013)	0.15	AAA
8.64% POWER GRID CORPN LTD NCD (08/07/2014-25)	0.83	AAA
<b>total bond/cd</b>	<b>26.52</b>	
<b>gilts</b>		
6.72% GOI 2014 (MD 24/02/2014)	0.14	sovereign
8.26% GOI (MD 02/08/2027)	1.37	sovereign
8.30% GOI (MD 02/07/2040)	0.68	sovereign
8.47% JHARKHAND SDL (MD 25/03/2019)	0.68	Sovereign
<b>total gilts</b>	<b>2.33</b>	
<b>equity</b>		
<b>AUTOMOBILES</b>	<b>3.95</b>	
MAHINDRA & MAHINDRA LTD	1.43	1.17
BAJAJ AUTO LTD	1.15	0.61
MARUTI SUZUKI INDIA LTD	0.79	0.64
TATA MOTORS LTD	0.57	1.40
<b>BANKING &amp; FINANCE</b>	<b>14.68</b>	
ICICI BANK LTD	3.83	1.45
HDFC BANK	2.53	0.83
STATE BANK OF INDIA	2.50	1.00
SHRI RAM TRANSPORT FINANCE COMPANY LTD	1.48	0.43
AXIS BANK LTD	1.45	1.13
BANK OF BARODA	1.34	0.63
HOUSING DEV FIN CORPN LTD	1.29	1.03
MAX INDIA LTD	0.26	0.72
<b>CAP GOODS / ENGINEERING</b>	<b>6.37</b>	
LARSEN & TOUBRO LTD	3.27	0.93
BHARAT HEAVY ELECTRICALS LTD	1.17	0.68
VOLTAS LTD	0.81	0.99
CUMMINS INDIA LTD	0.81	0.31
PUNJ LLOYD LTD	0.31	1.16
<b>CEMENT &amp; CEMENT PRODUCTS</b>	<b>0.87</b>	
ULTRATECH CEMENT LTD	0.85	0.60
INDIA CEMENTS LTD	0.02	1.05
<b>CONSTRUCTION</b>	<b>1.21</b>	
JAI PRAKASH ASSOCIATES LTD	0.97	1.63
NAGARJUNA CONSTRUCTION CO LTD	0.24	1.23
<b>CONSUMER GOODS</b>	<b>0.93</b>	
SINTEX INDUSTRIES	0.79	0.83
BALLARI PUR INDUSTRIES LTD	0.14	0.83
<b>FMCG</b>	<b>4.41</b>	
ITC LTD	3.14	0.66
UNITED SPIRITS LTD	0.79	1.01
HINDUSTAN UNILEVER LTD	0.48	0.49
<b>GAS</b>	<b>0.62</b>	
GAIL (INDIA) LTD	0.62	0.66
<b>IT</b>	<b>5.87</b>	
INFOSYS TECHNOLOGIES LTD	3.79	0.81
TATA CONSULTANCY SERVICES LTD	1.61	0.82
MPHASIS LTD	0.46	0.61
<b>METALS</b>	<b>3.65</b>	
TATA STEEL LTD	1.41	1.66
JINDAL STEEL AND POWER LTD	1.30	1.14
STERILITE INDUSTRIES INDIA LTD	0.94	1.68
<b>OIL REFINERIES</b>	<b>6.87</b>	
RELIANCE INDUSTRIES LTD	4.98	1.19
ONGC CORPORATION LTD	1.24	0.60
OIL INDIA LTD	0.65	0.32
<b>PHARMACEUTICALS</b>	<b>3.88</b>	
JUBILANT LIFE SCIENCES LTD	1.66	0.74
DIVIS LABORATORIES LTD	0.92	0.67
SUN PHARMA IND LTD	0.49	0.43
CADILA HEALTHCARE LTD	0.33	0.49
RANBAXY LABORATORIES LTD	0.26	0.84
LUPIN LTD	0.23	0.26
<b>POWER</b>	<b>1.21</b>	
TATA POWER	0.60	0.67
ORIENT GREEN POWER CO LTD	0.54	1.15
NTPC LTD	0.06	0.63
<b>SOFTWARE</b>	<b>0.10</b>	
FINANCIAL TECHNOLOGIES INDIA	0.10	0.95
<b>TELECOM</b>	<b>1.50</b>	
BHARTI AIRTEL LTD	1.50	0.66
<b>total equity</b>	<b>56.12</b>	
<b>total money market instruments</b>	<b>15.04</b>	
<b>total net assets</b>	<b>100.00</b>	

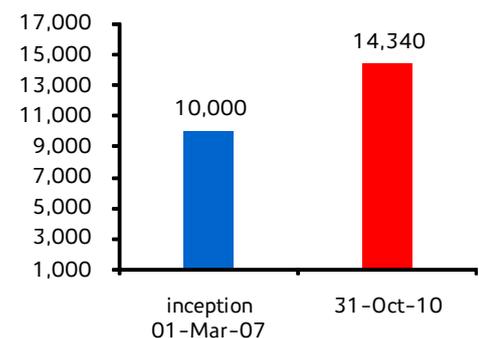
### asset allocation as on Oct 31, 2010



### fund characteristics as on Oct 31, 2010

M.Duration of debt portfolio:	2.77 years
YTM of debt portfolio:	8.83%
Beta of equity portfolio:	0.93

### growth of initial investment of Rs.10,000 in MGP



### fund manager's report

The month of October saw the markets ending flat. The equity market saw some profit booking before Coal India IPO and fed meeting on quantitative easing. Looking at news flows in specific sectors, the holding in equities was kept at 56.12%.

Exposures in Government Securities have been increased to capture the higher yields and that of Corporate Bonds have been reduced due to hardening of yield at the shorter end of the curve. Accordingly Allocations to Money Market Instruments have been increased. We will increase exposure to gilts and corporate bonds as and when attractive investments are available.

### target asset allocation

Debt:	40%
Equity:	60%

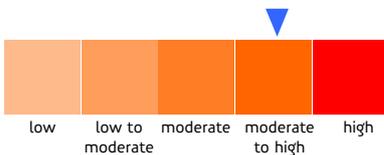
### benchmark construction

CRISIL ST Bond Index:	40%
S&P CNX Nifty:	60%

## fund objective

Provide, in the long-term, returns which are significantly higher than the inflation rate, through high exposure to equity investments, while recognizing that there is some probability of negative returns in the short-term. The risk appetite is 'moderate to high'.

## fund risk profile



## fund manager's report

The month of October saw the markets ending flat. The equity market saw some profit booking before Coal India IPO and fed meeting on quantitative easing. Looking at news flows in specific sectors, the holding in equities was kept at 45.63%.

Exposures in Government Securities have been increased to capture the higher yields and that of Corporate Bonds have been reduced due to hardening of yield at the shorter end of the curve. Accordingly Allocations to Money Market instruments have been decreased. We will increase exposure to gilts and corporate bonds as and when attractive investments are available .

## target asset allocation

Debt:	50%
Equity:	50%

## benchmark construction

CRISIL ST Bond Index:	50%
S&P CNX Nifty:	50%

# Growth Plus Fund

## fund performance As on Oct 31, 2010

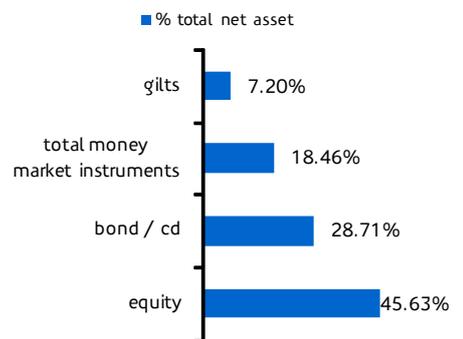
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	17.21%	16.12%	7.09%	8.44%	1.72%	1.32%
last 2 year (CAGR*)	25.99%	25.69%	11.24%	13.90%	1.87%	1.49%
last 3 year (CAGR*)	4.85%	5.31%	15.96%	17.17%	-0.01%	0.02%
since inception (CAGR*)	11.19%	11.19%	15.38%	16.57%	0.40%	0.37%
date of inception						march, 2007

\*CAGR: Compounded Annual Growth Rate

## portfolio As on Oct 31, 2010

security	% total net assets	rating/1-yr beta
<b>bond/cd</b>		
10.90% RECL LTD NCD (MD 14/08/2013)	4.09	AAA
12%TATA CAPITAL LTD NCD (MD 05/03/2014) P/C 050312	2.69	LAA+
10.60% IRFC NCD (MD 11/09/2018)	2.39	AAA
9.05% SBI PERPETUAL NCD CALL/STEP-UP 27/01/2020	2.18	AAA
9.05% CANARA BANK PERP NCD CALL/STEP-UP 03/08/2020	2.18	AAA
8.99% TATA SONS LTD NCD (MD 07/06/2020)	2.17	AAA
8.79% IRFC NCD (MD 04/05/2030)	2.16	AAA
8.23%TATA CAP LTD NCD(MD29/07/13)PUT&RESET27/07/12	2.14	AA+
11.45% RELIANCE INDUSTRIES LTD NCD (MD 25/11/2013)	1.62	AAA
11.45% RELIANCE IND LTD NCD (MD 25/11/2013)	1.16	AAA
9.7% UNITED PHOS LTD (MD 9/4/17) CALL STEP 9/4/15	1.11	AA+
9.90% TATA SONS LTD NCD (MD 20/05/2011)	1.08	AAA
8.90% POWER GRID CORP LTD NCD STRPP F (MD 25/2/19)	1.08	AAA
9.07% RECL (MD 28/02/2018)	0.87	AAA
8.40% ADITYA BIRLA NLUO LTD NCD (MD 23/11/2012)	0.86	AA+
9.25% IDBI BANK LTD PERP NCD CALL/STEP-UP 29/01/20	0.41	AA
9.20% HDFC LTD NCD (MD 09/02/2012)	0.22	AAA
7.60% ICICI BANK LTD NCD (MD 30/12/2015)	0.17	LAAA
10% NABARD NCD SR IX (MD 14/05/2012)	0.09	AAA
10.10% POWER GRID CORPORATION (12/06/2011)	0.05	AAA
<b>total bond/cd</b>	<b>28.71</b>	
<b>gilts</b>		
8.26% GOI (MD 02/08/2027)	5.09	sovereign
8.30% GOI (MD 02/07/2040)	0.84	sovereign
6.72% GOI 2014 (MD 24/02/2014)	0.84	sovereign
8.32% GOI (MD 02/08/2032)	0.42	sovereign
<b>total gilts</b>	<b>7.20</b>	
<b>equity</b>		
<b>AUTOMOBILES</b>		
MAHINDRA & MAHINDRA LTD	1.08	1.17
BAJAJ AUTO LTD	1.01	0.61
MARUTI SUZUKI INDIA LTD	0.62	0.64
TATA MOTORS LTD DVR SHARES	0.41	1.40
TATA MOTORS LTD	0.06	1.40
<b>BANKING &amp; FINANCE</b>		
ICICI BANK LTD	2.99	1.45
HDFC BANK	1.95	0.83
STATE BANK OF INDIA	1.86	1.00
SHRIRAM TRANSPORT FINANCE COMPANY LTD	1.14	0.43
AXIS BANK LTD	1.11	1.13
HOUSING DEV FIN CORPN LTD	0.98	1.03
BANK OF BARODA	0.97	0.63
MAX INDIA LTD	0.20	0.72
<b>CAP GOODS / ENGINEERING</b>		
LARSEN & TOUBRO LTD	2.54	0.93
BHARAT HEAVY ELECTRICALS LTD	0.88	0.68
VOLTRIS LTD	0.65	0.99
CUMMINS INDIA LTD	0.55	0.31
PUNJ LLOYD LTD	0.24	1.16
<b>CEMENT &amp; CEMENT PRODUCTS</b>		
ULTRATECH CEMENT LTD	0.63	0.60
INDIA CEMENTS LTD	0.01	1.05
<b>CONSTRUCTION</b>		
JAIPRAKASH ASSOCIATES LTD	0.73	1.63
NAGARJUNA CONSTRUCTION CO LTD	0.19	1.23
<b>CONSUMER GOODS</b>		
SINTEX INDUSTRIES	0.64	0.83
BALLARPUR INDUSTRIES LTD	0.12	0.83
<b>FMCG</b>		
ITC LTD	2.43	0.66
HINDUSTAN UNILEVER LTD	0.49	0.49
UNITED SPIRITS LTD	0.47	1.01
<b>GAS</b>		
GAIL (INDIA) LTD	0.47	0.66
<b>IT</b>		
INFOSYS TECHNOLOGIES LTD	2.97	0.81
TATA CONSULTANCY SERVICES LTD	1.38	0.82
MPHASIS LTD	0.36	0.61
<b>METALS</b>		
TATA STEEL LTD	1.17	1.66
JINDAL STEEL AND POWER LTD	0.97	1.14
STERILITE INDUSTRIES INDIA LTD	0.81	1.68
<b>OIL REFINERIES</b>		
RELIANCE INDUSTRIES LTD	4.74	1.19
INDIAN OIL CORPORATION LTD	0.98	0.23
ONGC CORPORATION LTD	0.98	0.60
OIL INDIA LTD	0.50	0.32
<b>PHARMACEUTICALS</b>		
JUBLANT LIFE SCIENCES LTD	1.05	0.74
DIVIS LABORATORIES LTD	0.69	0.67
SUN PHARMA IND LTD	0.37	0.43
CADILA HEALTHCARE LTD	0.27	0.49
RANBAXY LABORATORIES LTD	0.21	0.84
LUPIN LTD	0.17	0.26
<b>POWER</b>		
TATA POWER	0.48	0.67
NTPC LTD	0.44	0.63
ORIENT GREEN POWER CO LTD	0.41	1.15
<b>SOFTWARE</b>		
FINANCIAL TECHNOLOGIES INDIA	0.07	0.95
<b>TELECOM</b>		
BHARTI AIRTEL LTD	1.16	0.66
<b>total equity</b>	<b>45.63</b>	
<b>total money market instruments</b>	<b>18.46</b>	
<b>total net assets</b>	<b>100.00</b>	

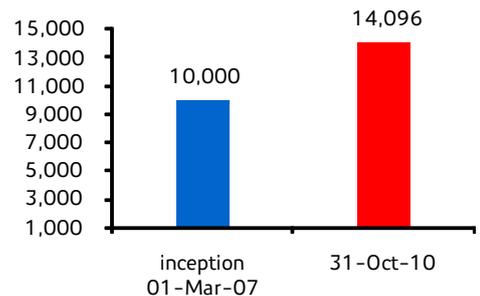
## asset allocation as on Oct 31, 2010



## fund characteristics as on Oct 31, 2010

M.Duration of debt portfolio:	3.5 years
YTM of debt portfolio:	8.82%
Beta of equity portfolio:	0.92

## growth of initial investment of Rs.10,000 in MGP



## Growth Fund

### fund performance As on Oct 31, 2010

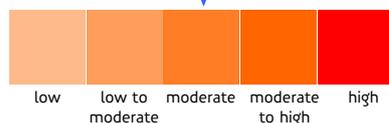
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	14.53%	13.82%	5.68%	6.80%	1.68%	1.30%
last 2 year (CAGR*)	22.50%	21.99%	9.17%	11.22%	1.91%	1.51%
last 3 year (CAGR*)	5.45%	5.89%	13.21%	13.82%	0.03%	0.06%
last 4 year (CAGR*)	9.80%	10.60%	12.41%	13.02%	0.39%	0.43%
last 5 year (CAGR*)	12.76%	13.25%	11.84%	12.26%	0.66%	0.67%
since inception (CAGR*)	13.05%	13.44%	11.08%	11.44%	0.73%	0.74%
date of inception	august, 2004					

\*CAGR: Compounded Annual Growth Rate

### fund objective

The investment objective of the fund is to 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'.

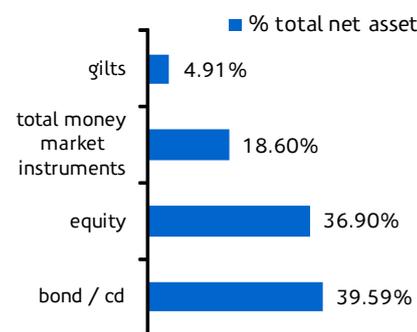
### fund risk profile



### portfolio As on Oct 31, 2010

security	% total net assets	rating/1-yr beta
<b>bond/cd</b>		
8.97% TATA SONS LTD NCD (MD 15/07/2020)	4.01	AAA
8.79% IRFC NCD (MD 04/05/2030)	4.00	AAA
11.45% RELIANCE INDUSTRIES LTD NCD (MD 25/11/2013)	4.00	AAA
8.95% INFOTEL BROADBAND SERV LTD NCD (MD 15/09/20)	1.60	AA+
8.25% IDBI OMNI BOND SER III 26-05-2011	1.59	AAA
11.95% HDFC LTD NCD (MD 26/11/2018)	1.57	AA+
9.7% UNITED PHOS LTD (MD 9/4/17) CALL STEP 9/4/15	1.36	AAA
9.70% LIC HOUSING FINANCE LTD NCD (MD 07/04/2013)	1.36	AAA
9.25% HDFC LTD. NCD (MD 24/11/2016)	1.36	AAA
9.40% POWER FIN CORP LTD NCD (MD 25/03/2013)	1.35	AAA
9.05% SBI PERPETUAL NCD CALL/STEP-UP 27/01/2020	1.35	AAA
10.35% HDFC LTD NCD (MD 16/05/2017)	1.34	AAA
9.05% CANARA BANK PERP NCD CALL/STEP-UP 03/08/2020	1.34	AAA
8.99% TATA SONS LTD NCD (MD 07/06/2020)	1.34	AAA
8.80% SAIL NCD (MD 22/06/2019)	1.33	AAA
8.4% TATA CAPITAL LTD NCD (MD 26/11/2012)	1.32	AA+
8.23% SUNDARAM FINANCE LTD NCD (MD 27/07/2012)	1.32	LAR*
8.20% IRFC NCD (MD 27/04/2016)	1.31	AAA
8% RECL LTD NCD (MD 05/08/2014)	1.30	AAA
11.45% RELIANCE IND LTD NCD (MD 25/11/2013)	0.86	AAA
11.40% POWER FIN CORP LTD NCD (MD 28/11/2013)	0.86	AAA
9.80% TATA STEEL LTD NCD (MD 07/05/2011)	0.80	AA
8.90% POWER GRID CORP LTD NCD STRPP E (MD 25/2/18)	0.67	AAA
8.65% L&T LTD PART PD NCD(MD 26/5/20)CALL 26/5/11	0.52	AAA
9.50% NABARD NPS BONDS SR IX I (MD 15/10/2012)	0.57	AAA
9.90% TATA SONS LTD NCD (MD 20/05/2011)	0.53	AAA
8.95% IRFC NCD SERIES 69 (MD 10/03/2025)	0.27	AAA
9.25% IDBI BANK LTD PERP NCD CALL/STEP-UP 29/01/20	0.25	AA
<b>total bond/cd</b>	<b>39.59</b>	
<b>gilts</b>		
8.26% GOI (MD 02/08/2027)	2.09	sovereign
7.02% GOI (MD 17/08/2016)	1.77	sovereign
7.80% GOI (MD 03/05/2020)	0.52	sovereign
7.46% GOI 2017 (M/D. 28/8/2017)	0.52	sovereign
8.35% GOI 2022 (M/D. 14.05.2022)	0.01	sovereign
<b>total gilts</b>	<b>4.91</b>	
<b>equity</b>		
<b>AUTOMOBILES</b>	<b>1.38</b>	
MAHINDRA & MAHINDRA LTD	0.49	1.17
TATA MOTORS LTD	0.40	1.40
MARUTI SUZUKI INDIA LTD	0.32	0.64
BAJAJ AUTO LTD	0.18	0.61
<b>BANKING &amp; FINANCE</b>	<b>10.45</b>	
ICICI BANK LTD	2.89	1.45
STATE BANK OF INDIA	1.66	1.00
POWER FINANCE CORPORATION LTD	1.45	0.69
SHRIRAM TRANSPORT FINANCE COMPANY LTD	1.22	0.43
AXIS BANK LTD	1.13	1.13
BANK OF BARODA	0.97	0.63
HOUSING DEV FIN CORPN LTD	0.67	1.03
MAX INDIA LTD	0.34	0.72
HDFC BANK	0.12	0.83
<b>CAP GOODS / ENGINEERING</b>	<b>5.05</b>	
LARSEN & TOUBRO LTD	2.20	0.93
CROMPTON GREAVES LTD	0.93	0.83
CUMMINS INDIA LTD	0.78	0.31
VOLTAS LTD	0.60	0.99
BHARAT HEAVY ELECTRICALS LTD	0.54	0.68
<b>CEMENT &amp; CEMENT PRODUCTS</b>	<b>1.15</b>	
ULTRATECH CEMENT LTD	0.60	0.60
INDIA CEMENTS LTD	0.55	1.05
<b>CONSTRUCTION</b>	<b>0.42</b>	
NAGARJUNA CONSTRUCTION CO LTD	0.33	1.23
BALLARPUR INDUSTRIES LTD	0.09	0.83
SINTEX INDUSTRIES	0.00	0.83
<b>FERTILIZERS</b>	<b>0.95</b>	
GUJARAT STATE FERTILIZERS & CHEMICALS LTD	0.48	0.49
TATA CHEMICALS	0.46	0.79
<b>FMCG</b>	<b>1.78</b>	
ITC LTD	0.83	0.66
UNITED SPIRITS LTD	0.71	1.01
ASIAN PAINTS LTD.	0.24	0.31
<b>GAS</b>	<b>0.59</b>	
GAIL (INDIA) LTD	0.59	0.66
<b>IT</b>	<b>3.78</b>	
INFOSYS TECHNOLOGIES LTD	2.84	0.81
TATA CONSULTANCY SERVICES LTD	0.94	0.82
<b>METALS</b>	<b>1.66</b>	
STERILITE INDUSTRIES INDIA LTD	0.90	1.68
TATA STEEL LTD	0.75	1.66
<b>OIL REFINERIES</b>	<b>4.00</b>	
RELIANCE INDUSTRIES LTD	3.44	1.19
ONGC CORPORATION LTD	0.56	0.60
<b>PHARMACEUTICALS</b>	<b>2.80</b>	
JUBILANT LIFE SCIENCES LTD	1.17	0.74
LUPIN LTD	0.93	0.26
DIVIS LABORATORIES LTD	0.32	0.67
CADILA HEALTHCARE LTD	0.22	0.49
RANBAXY LABORATORIES LTD	0.17	0.84
<b>POWER</b>	<b>0.65</b>	
PTC INDIA LTD	0.33	0.88
ORIENT GREEN POWER CO LTD	0.32	1.15
<b>RETAIL</b>	<b>0.50</b>	
PANTALOON RETAIL INDIA LTD	0.50	0.97
<b>SOFTWARE</b>	<b>0.58</b>	
FINANCIAL TECHNOLOGIES INDIA	0.58	0.95
<b>TELECOM</b>	<b>1.18</b>	
BHARTI AIRTEL LTD	1.18	0.66
<b>total equity</b>	<b>36.90</b>	
<b>total money market instruments</b>	<b>18.16</b>	
<b>total net assets</b>	<b>100.00</b>	

### asset allocation as on Oct 31, 2010



### fund characteristics as on Oct 31, 2010

M.Duration of debt portfolio: 3.56 years  
 YTM of debt portfolio: 8.61%  
 Beta of equity portfolio: 0.92

### fund manger's report

The month of October saw the markets ending flat. The equity market saw some profit booking before Coal India IPO and fed meeting on quantitative easing. Looking at news flows in specific sectors, the holding in equities was kept at 36.90%.

Exposures in Government Securities have been increased to capture the higher yields and that of Corporate Bonds have been reduced due to hardening of yield at the shorter end of the curve. Accordingly Allocations to Money Market instruments have been increased. We will increase exposure to gilts and corporate bonds as and when attractive investments are available.

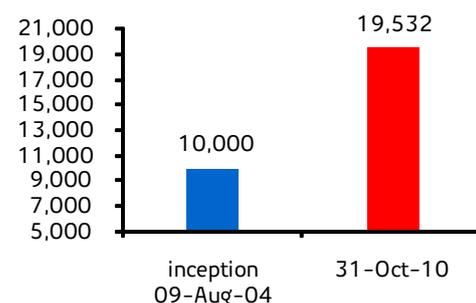
### target asset allocation

Debt: 60%  
 Equity: 40%

### benchmark construction

CRISIL ST Bond Index: 60%  
 S&P CNX Nifty: 40%

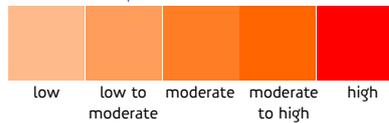
### growth of initial investment of Rs.10,000 in MRP



## fund objective

The investment objective of the fund is to provide investment returns that exceed the rate of inflation in the long-term while maintaining a low probability of negative returns in the short-term. The risk appetite is defined as 'low to moderate'.

## fund risk profile



## fund manager's report

The month of October saw the markets ending flat. The market saw some profit booking before Coal India IPO and fed meeting on quantitative easing. Looking at news flows in specific sectors, the holding in equities was kept at 18.42%.

Exposures in Government Securities have been increased to capture the higher yields and that of Corporate Bonds have been reduced due to hardening of yield at the shorter end of the curve. Accordingly Allocations to Money Market instruments have been decreased. We will increase exposure to gilts and corporate bonds as and when attractive investments are available.

## target asset allocation

Debt.: 80%  
Equity: 20%

## benchmark construction

CRISIL ST Bond Index: 80%  
S&P CNX Nifty: 20%

# Balanced Fund

## fund performance As on Oct 31, 2010

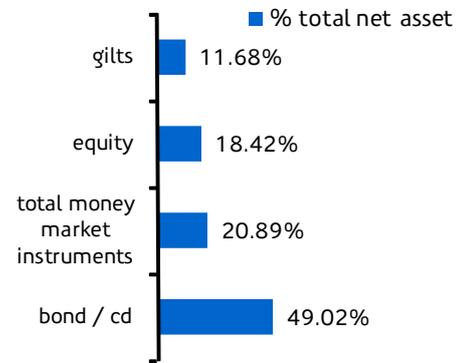
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	10.52%	9.29%	3.16%	3.56%	1.75%	1.21%
last 2 year (CAGR*)	16.18%	14.69%	5.55%	6.01%	2.02%	1.61%
last 3 year (CAGR*)	7.41%	6.70%	7.22%	7.21%	0.33%	0.24%
last 4 year (CAGR*)	9.50%	9.07%	6.85%	6.86%	0.66%	0.56%
last 5 year (CAGR*)	10.63%	10.12%	6.48%	6.41%	0.87%	0.80%
since inception (CAGR*)	11.03%	9.83%	5.65%	5.73%	1.07%	0.84%
date of inception	february, 2003					

\*CAGR: Compounded Annual Growth Rate

## portfolio As on Oct 31, 2010

security	% total net assets	rating/1-yr beta
<b>bond/cd</b>		
88.97% TATA SONS LTD NCD (MD 15/07/2020)	3.61	AAA
11.45% RELIANCE INDUSTRIES LTD NCD (MD 25/11/2013)	2.70	AAA
9.7% UNITED PHOS LTD (MD 9/4/17) CALL STEP 9/4/15	2.58	AA+
8.99% TATA SONS LTD NCD (MD 07/06/2020)	2.41	AAA
8.55% INFOTEL BROADBAND SERV LTD NCD (MD 15/09/20)	2.41	AAA
11.45% RELIANCE IND LTD NCD (MD 25/11/2013)	2.25	AAA
11.40% POWER FIN CORP LTD NCD (MD 28/11/2013)	1.93	AAA
9.05% CANARA BANK PERP NCD CALL/STEP-UP 03/08/2020	1.82	AAA
8.70% BAJAJ AUTO FINANCE LTD NCD (MD 22/07/2015)	1.78	LAA+
8.75% RELIANCE INDUSTRIES LTD NCD (MD 07/05/2020)	1.64	AAA
8.42% SHREE CEMENT LTD NCD (MD 22/07/2015)	1.40	AA+
9.90% TATA SONS LTD NCD (MD 20/05/2011)	1.20	LAA+
8% RECL LTD NCD (MD 05/08/2014)	1.17	AAA
11.25% POWER FIN CORP LTD NCD (MD 28/11/2018)	1.09	AAA
11.10% POWER FIN CORP LTD NCD (MD 15/09/2013)	0.97	AAA
8.40% HDFC LTD NCD (MD 08/12/2014)	0.85	AAA
9.35% LIC HO FI LTD NCD (MD 23/11/2014) P/C 231112	0.73	AAA
10% NABARD NCD SR IX (MD 14/05/2012)	0.72	AAA
11.50% RECL LTD NCD (MD 26/11/2013)	0.64	AAA
10.90% RECL LTD NCD (MD 14/08/2013)	0.63	AAA
10.05% NABARD (MD 11/06/2014)	0.62	AAA
10.20% SUNDARAM FINANCE LTD NCD (MD 29/05/2013)	0.62	AAA
9.50% TATA COMMUNICATION LTD NCD (MD 08/06/2014)	0.61	AAA
9.80% POWER FINANCE CORP 22/03/2012	0.61	AAA
9.05% SBI PERPETUAL NCD CALL/STEP-UP 27/01/2020	0.61	AAA
9.20% POWER GRID CORP STRIP A NCD (MD 12/03/2013)	0.61	AAA
8.95% HDFC LTD NCD (MD 19/10/2020)	0.60	AAA
8.90% SAIL (MD 01/05/2019) CALL 010514	0.60	AAA
8.79% IRFC NCD (MD 04/05/2030)	0.60	AAA
8.88% LIC HOUSING FINANCE NCD (MD 13/10/2020)	0.60	AAA
8.88% IDFC LTD NCD 07/01/2011	0.60	AAA
8.80% SAIL NCD (MD 22/06/2019)	0.60	AAA
8.48% LIC HOUSING FINANCE NCD (MD 27/09/2013)	0.60	AAA
8.68% NAT CAP REG PLAN NCD (MD 18/8/19) C18/08/16	0.60	AAA
8.40% ADITYA BIRLA NCD LTD NCD (MD 23/11/2012)	0.60	AAA
8.4% TATA CAPITAL LTD NCD (MD 26/11/2012)	0.60	AA+
8.23% SUNDARAM FINANCE LTD NCD (MD 27/07/2012)	0.59	LAA+
10.10% POWER GRID CORPORATION (12/06/2011)	0.59	AAA
9.25% IDBI BANK LTD PERP NCD CALL/STEP-UP 29/01/20	0.57	AA
9.30% POWER FIN CORP LTD NCD (MD 12/03/2013)	0.55	AAA
12% TATA CAPITAL LTD NCD (MD 05/03/2014) P/C 050312	0.50	LAA+
8.2% NATIONAL HSG BANK NCD (MD 30/08/13)	0.47	AAA
9.34% STATE BANK OF TRAVAN NCD PERP CALL 31/10/16	0.44	AAA
8.23% TATA CAP LTD NCD (MD 29/07/13) PUT/RESETE/27/07/12	0.40	AAA
11.15% HDFC LTD NCD (MD 06/08/2018)	0.40	AAA
9.50% NABARD NPS BONDS SR IX I (MD 15/10/2012)	0.37	AAA
8.40% HDFC LTD NCD (MD 09/02/2012)	0.36	AAA
8.40% & T FINANCE LTD NCD (MD 08/03/2013)	0.31	AA+
8.90% POWER GRID CORP LTD NCD STRPP H (MD 25/2/21)	0.30	AAA
8.65% LET LTD PART PD NCD (MD 26/5/20) CALL 26/5/11	0.30	AAA
9.33% POWER GRID CORP LTD NCD (MD 15/12/2013)	0.24	AAA
10.60% IRFC NCD (MD 11/09/2018)	0.13	AAA
9.80% TATA STEEL LTD NCD (MD 07/05/2011)	0.12	AA
10.35% HDFC LTD SR 606 NCD (MD 06/06/2017)	0.12	AAA
11.35% RECL LTD NCD (MD 24/10/2013) P/C 24/10/2011	0.05	AAA
<b>total bond/cd</b>	<b>49.02</b>	
<b>gilts</b>		
7.80% GOI (MD 03/05/2020)	5.61	sovereign
8.30% GOI (MD 02/07/2040)	1.76	sovereign
8.13% GOI (MD 21/09/2022)	1.20	sovereign
8.26% GOI (MD 02/08/2027)	1.18	sovereign
7.02% GOI (MD 17/08/2016)	0.91	sovereign
7.46% GOI 2017 (M/D, 28/8/2017)	0.58	sovereign
6.72% GOI 2014 (MD 24/2/2014)	0.23	sovereign
8.24% GOI (MD 22/04/2018)	0.20	sovereign
<b>total gilts</b>	<b>11.68</b>	
<b>equity</b>		
<b>AUTOMOBILES</b>	<b>0.66</b>	
MAHINDRA & MAHINDRA LTD	0.23	0.27
TATA MOTORS LTD	0.19	0.27
MARUTI SUZUKI INDIA LTD	0.15	0.10
BAJAJ AUTO LTD	0.09	0.05
<b>BANKING &amp; FINANCE</b>	<b>4.91</b>	
ICICI BANK LTD	1.36	1.98
STATE BANK OF INDIA	0.81	0.81
POWER FINANCE CORPORATION LTD	0.58	0.40
SHRI RAM TRANSPORT FINANCE COMPANY LTD	0.55	0.24
AXIS BANK LTD	0.54	0.61
BANK OF BARODA	0.46	0.29
HOUSING DEV FIN CORPN LTD	0.33	0.12
MAX INDIA LTD	0.16	0.12
HDFC BANK	0.12	0.10
<b>CAP GOODS / ENGINEERING</b>	<b>2.62</b>	
LARSEN & TOUBRO LTD	1.01	0.97
CROMPTON GREAVES LTD	0.45	0.38
CUMMINS INDIA LTD	0.38	0.12
VOLTAS LTD	0.28	0.28
BHARAT HEAVY ELECTRICALS LTD	0.25	0.17
PUNJ LLOYD LTD	0.20	0.23
CEMENT & CEMENT PRODUCTS	<b>0.58</b>	
ULTRATECH CEMENT LTD	0.32	0.20
INDIA CEMENTS LTD	0.26	0.27
<b>CONSTRUCTION</b>	<b>0.97</b>	
NAGARIJUNA CONSTRUCTION CO LTD	0.17	0.20
<b>CONSUMER GOODS</b>	<b>0.22</b>	
SINTEX INDUSTRIES	0.17	0.14
BALLARIJUR INDUSTRIES LTD	0.05	0.04
<b>FERTILIZERS</b>	<b>0.63</b>	
GUJARAT STATE FERTILIZERS & CHEMICALS LTD	0.40	0.20
TATA CHEMICALS	0.22	0.18
<b>FMCG</b>	<b>0.85</b>	
ITC LTD	0.40	0.26
UNITED SPIRITS LTD	0.34	0.34
ASIAN PAINTS LTD.	0.11	0.03
<b>GAS</b>	<b>0.28</b>	
GAIL (INDIA) LTD	0.28	0.19
<b>IT</b>	<b>1.78</b>	
INFOSYS TECHNOLOGIES LTD	1.33	1.07
TATA CONSULTANCY SERVICES LTD	0.45	0.36
<b>METALS</b>	<b>0.80</b>	
STERLITE INDUSTRIES INDIA LTD	0.43	0.72
TATA STEEL LTD	0.37	0.61
<b>OIL REFINERIES</b>	<b>1.91</b>	
RELIANCE INDUSTRIES LTD	1.63	1.93
ONGC CORPORATION LTD	0.28	0.17
<b>PHARMACEUTICALS</b>	<b>1.17</b>	
JUBILANT LIFE SCIENCES LTD	0.56	0.41
LUPIN LTD	0.42	0.11
CADILA HEALTHCARE LTD	0.11	0.05
RANBAXY LABORATORIES LTD	0.08	0.07
<b>POWER</b>	<b>0.36</b>	
PTC INDIA LTD	0.19	0.17
ORIENT GREEN POWER CO LTD	0.17	0.19
<b>RETAIL</b>	<b>0.68</b>	
PANTALOON RETAIL INDIA LTD	0.68	0.66
<b>SOFTWARE</b>	<b>0.26</b>	
FINANCIAL TECHNOLOGIES INDIA	0.26	0.25
<b>TELECOM</b>	<b>0.56</b>	
BHARTI AIRTEL LTD	0.56	0.37
<b>total equity</b>	<b>18.42</b>	
<b>total money market instruments</b>	<b>20.89</b>	
<b>total net assets</b>	<b>100.00</b>	

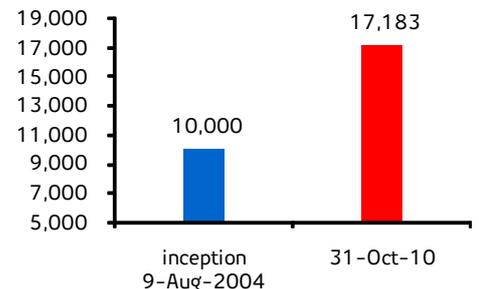
## asset allocation as on Oct 31, 2010



## fund characteristics as on Oct 31, 2010

M.Duration of debt portfolio: 3.56 years  
YTM of debt portfolio: 8.55%  
Fund Beta: 0.92

## growth of initial investment of Rs. 10,000 in MRP



# Corporate Bond Fund

## fund performance As on Oct 31, 2010

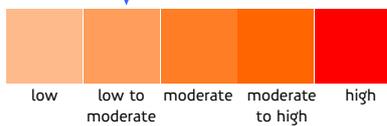
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	8.28%	5.30%	1.79%	1.42%	1.84%	0.21%
last 2 year (CAGR*)	11.43%	7.56%	4.02%	4.83%	1.60%	0.53%
last 3 year (CAGR*)	9.31%	6.02%	3.48%	4.22%	1.24%	0.24%
since inception (CAGR*)	9.84%	6.61%	3.42%	4.13%	1.42%	0.39%
date of inception					may, 2007	

\*CAGR: Compounded Annual Growth Rate

## 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'.

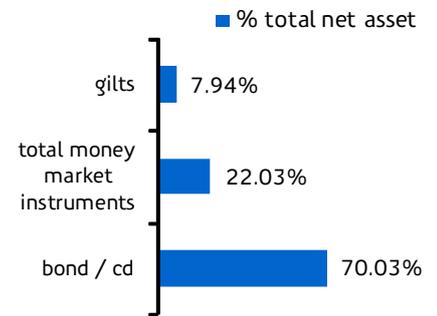
## fund risk profile



## portfolio As on Oct 31, 2010

security	% total net assets	rating/1-yr beta
<b>bond/cd</b>		
8.75% RELIANCE INDUSTRIES LTD NCD (MD 07/05/2020)	6.78	AAA
11.10% POWER FIN CORP LTD NCD (MD 15/09/2013)	6.50	AAA
8.80% SAIL NCD (MD 22/06/2019)	4.09	AAA
12% TATA CAPITAL LTD NCD (MD 05/03/2014) P/C 050312	3.69	LAA+
2% TATA MOTORS LTD NCD (MD 31/03/2014)	2.97	AAA
2% INDIAN HOTELS COMPANY LTD NCD (MD 09/12/2014)	2.95	LAA+
9.05% CANARA BANK PERP NCD CALL/STEP-UP 03/08/2020	2.76	AAA
8.95% INFOTEL BROADBAND SERV LTD NCD (MD 15/09/20)	2.75	AAA
8.40% L & T FINANCE LTD NCD (MD 08/03/2013)	2.72	AA+
8.40% ADITYA BIRLA NUVO LTD NCD (MD 23/11/2012)	2.72	AA+
10.90% RECL LTD NCD (MD 14/08/2013)	2.48	AAA
8.23% SUNDARAM FINANCE LTD NCD (MD 27/07/2012)	2.44	LAA+
11.25% POWER FIN CORP LTD NCD (MD 28/11/2018)	1.56	AAA
11.50% RECL LTD NCD (MD 26/11/2013)	1.47	AAA
9.70% LIC HOUSING FINANCE LTD NCD (MD 07/04/2013)	1.40	AAA
9.50% HDFC LTD NCD (MD 27/02/2013)	1.39	AAA
10% NABARD NCD SR IX (MD 14/05/2012)	1.39	AAA
9.05% SBI PERPETUAL NCD CALL/STEP-UP 27/01/2020	1.39	AAA
8.99% TATA SONS LTD NCD (MD 07/06/2020)	1.38	AAA
8.90% SAIL (MD 01/05/2019) CALL 010514	1.37	AAA
9.50% NABARD NPS BONDS SR IX I (MD 15/10/2012)	1.36	AAA
8.60% POWER FIN CORP LTD NCD (MD 07/08/2014)	1.36	AAA
8.68% NAT CAP REG PLAN NCD (MD 18/8/19)P/C18/08/16	1.36	AAA
8% RECL LTD NCD (MD 05/08/2014)	1.34	AAA
9.7% UNITED PHOS LTD (MD 9/4/17) CALL STEP 9/4/15	1.12	AA+
9.33% POWER GRID CORP LTD NCD (MD 15/12/2013)	0.84	AAA
8.2% NATIONAL HSG BANK NCD (MD 30/08/13)	0.81	AAA
11.45% RELIANCE INDUSTRIES LTD NCD (MD 25/11/2013)	0.76	AAA
8.90% POWER GRID CORP LTD NCD STRPP C (MD 25/2/16)	0.69	AAA
9.35% LIC HO FI LTD NCD (MD 23/11/2014) P/C 231112	0.56	AAA
9.32% HDFC LTD NCD (MD 17/12/2012)	0.55	AAA
8.97% TATA SONS LTD NCD (MD 15/07/2020)	0.55	AAA
9.47% POWER GRID CORPORATION NCD (MD 31/03/2013)	0.28	AAA
9.20% HDFC LTD NCD (MD 09/02/2012)	0.28	AAA
9.80% TATA STEEL LTD NCD (MD 07/05/2011)	0.27	AA
11.30% ACC LTD NCD (MD 10/12/2013)	0.15	AAA
9.30% POWER FIN CORP LTD NCD (MD 12/03/2013)	0.14	AAA
10.48% SAMRUDDHI CEMENTS LTD NCD (MD 16/12/2013)	0.09	AAA
11.35% RECL LTD NCD (MD 24/10/2013) P/C 24/10/2011	0.04	AAA
<b>total bond/cd</b>	<b>70.03</b>	
<b>gilts</b>		
<b>Sovereign</b>		
8.26% GOI (MD 02/08/2027)	2.69	sovereign
7.80% GOI (MD 03/05/2020)	2.67	sovereign
7.46% GOI 2017 (M/D. 28/8/2017)	1.33	sovereign
7.35% GOI (MD 22/06/2024)	1.26	sovereign
<b>total gilts</b>	<b>7.94</b>	
<b>total money market instruments</b>	<b>22.03</b>	
<b>total net assets</b>	<b>100.00</b>	

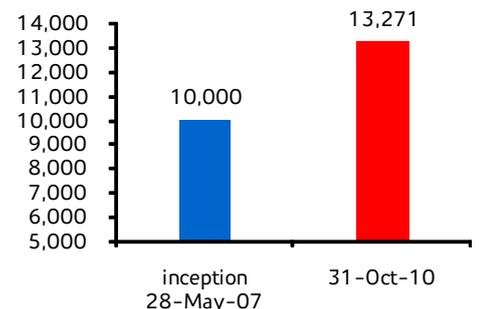
## asset allocation as on Oct 31, 2010



## fund characteristics as on Oct 31, 2010

M.Duration of debt portfolio: 3.12 years  
YTM of debt portfolio: 8.74%

## growth of initial investment of Rs. 10,000 in AIP



## fund manger's report

Exposures in Government Securities have been increased to capture the higher yields and that of Corporate Bonds have been reduced due to hardening of yield at the shorter end of the curve. Accordingly Allocations to Money Market instruments have been increased. We will increase exposure to gilts and corporate bonds as and when attractive investments are available.

## target asset allocation

Bond Instruments: 100%

## benchmark construction

CRISIL Composite Bond Index: 100%

# Pure Debt Fund

## fund performance As on Oct 31, 2010

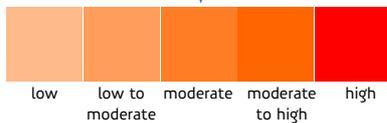
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	8.63%	5.30%	1.99%	1.42%	1.83%	0.21%
last 2 year (CAGR*)	10.97%	7.56%	3.77%	4.83%	1.58%	0.53%
last 3 year (CAGR*)	9.17%	6.02%	3.28%	4.22%	1.27%	0.24%
since inception (CAGR*)	9.26%	6.53%	3.04%	4.03%	1.40%	0.38%
date of inception	april, 2007					

\*CAGR: Compounded Annual Growth Rate

## 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'.

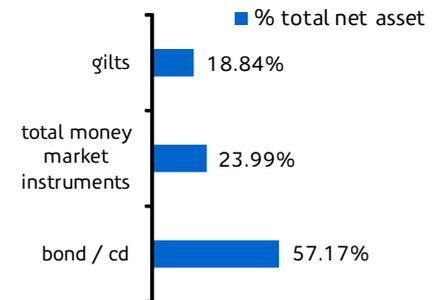
## fund risk profile



## portfolio As on Oct 31, 2010

security	% total assets	rating/ net 1-yr beta
<b>bond/cd</b>		
10.90% RECL LTD NCD (MD 14/08/2013)	5.08	AAA
11.45% RELIANCE INDUSTRIES LTD NCD (MD 25/11/2013)	4.76	AAA
2% TATA MOTORS LTD NCD (MD 31/03/2014)	4.21	AAA
2% INDIAN HOTELS COMPANY LTD NCD (MD 09/12/2014)	4.18	LAA+
10.90% RECL LTD NCD (MD 30/09/2013)	4.11	AAA
9.70% LIC HOUSING FINANCE LTD NCD (MD 07/04/2013)	3.97	AAA
8.40% L & T FINANCE LTD NCD (MD 08/03/2013)	3.87	AA+
8.40% HDFC LTD NCD (MD 08/12/2014)	3.84	AAA
11.25% POWER FIN CORP LTD NCD (MD 28/11/2018)	3.09	AAA
10.60% IRFC NCD (MD 11/09/2018)	2.59	AAA
9.7% UNITED PHOS LTD (MD 9/4/17) CALL STEP 9/4/15	2.19	AA+
11.45% RELIANCE IND LTD NCD (MD 25/11/2013)	2.09	AAA
8.98% NAT CAP REG PLAN NCD (14/02/18)P/C14/02/15	1.97	AAA
8.95% INFOTEL BROADBAND SERV LTD NCD (MD 15/09/20)	1.95	AAA
8.90% SAIL (MD 01/05/2019) CALL 010514	1.95	AAA
9.25% IDBI BANK LTD PERP NCD CALL/STEP-UP 29/01/20	1.85	AA
8.97% TATA SONS LTD NCD (MD 15/07/2020)	1.17	AAA
8.40% ADITYA BIRLA NUVO LTD NCD (MD 23/11/2012)	1.16	AA+
9.05% SBI PERPETUAL NCD CALL/STEP-UP 27/01/2020	0.98	AAA
8.90% POWER GRID CORP LTD NCD STRPP B (MD 25/2/15)	0.98	AAA
12% TATA CAPITAL LTD NCD (MD 05/03/2014) P/C 050312	0.81	LAA+
10% NABARD NCD SR IX (MD 14/05/2012)	0.40	AAA
<b>total bond/cd</b>	<b>57.17</b>	
<b>gilts</b>		
7.02% GOI (MD 17/08/2016)	5.56	sovereign
7.80% GOI (MD 03/05/2020)	3.79	sovereign
7.46% GOI 2017 (M/D. 28/8/2017)	3.77	sovereign
8.32% GOI (MD 02/08/2032)	1.91	sovereign
8.26% GOI (MD 02/08/2027)	1.91	sovereign
8.28% GOI (MD 15/02/2032)	1.91	sovereign
<b>total gilts</b>	<b>18.84</b>	
<b>total money market instruments</b>	<b>23.99</b>	
<b>total net assets</b>	<b>100.00</b>	

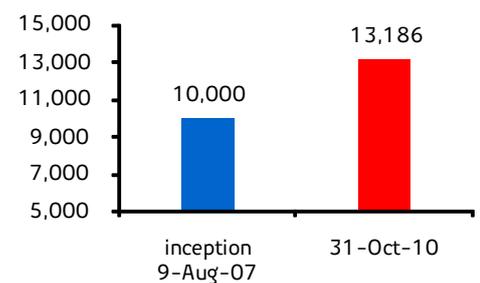
## asset allocation as on Oct 31, 2010



## fund characteristics as on Oct 31, 2010

M.Duration of debt portfolio: 3.25 years  
YTM of debt portfolio: 8.80%

## growth of initial investment of Rs. 10,000 in MRP



## fund manger's report

Exposures in Government Securities have been increased to capture the higher yields and that of Corporate Bonds have been reduced due to hardening of yield at the shorter end of the curve. Accordingly Allocations to Money Market instruments have been decreased. 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%

# Gilt Fund

## fund performance As on Oct 31, 2010

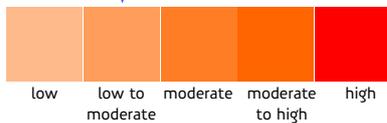
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	6.77%	5.50%	1.35%	2.33%	1.31%	0.22%
last 2 year (CAGR*)	5.43%	6.65%	3.50%	11.00%	0.21%	0.15%
last 3 year (CAGR*)	6.06%	8.29%	3.31%	10.57%	0.32%	0.31%
since inception (CAGR*)	6.15%	8.62%	3.12%	9.99%	0.37%	0.36%
date of inception	may, 2007					

\*CAGR: Compounded Annual Growth Rate

### fund objective

Provide returns that exceed the inflation rate, without taking any credit risk (sovereign risk only) and maintaining a low probability of negative return in the short-term. The risk appetite is 'low to moderate'.

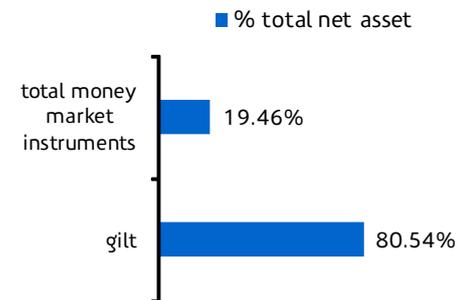
### fund risk profile



### portfolio As on Oct 31, 2010

security	% total net assets	rating/ 1-yr beta
<b>gilts</b>		<b>sovereign</b>
8.28% GOI (MD 15/02/2032)	14.85	sovereign
8.13% GOI (MD 21/09/2022)	11.33	sovereign
7.80% GOI (MD 03/05/2020)	11.06	sovereign
6.49% GOI (MD 08/06/2015)	10.69	sovereign
8.26% GOI (MD 02/08/2027)	7.43	sovereign
8.30% GOI (MD 02/07/2040)	7.40	sovereign
7.02% GOI (MD 17/08/2016)	7.21	sovereign
8.24% GOI (MD 15/02/2027)	3.71	sovereign
7.49% GOI 2017 (M/D. 16.04.2017)	3.66	sovereign
8.39% GOI UTTAR PRADESH SDL (22/09/2020)	3.19	sovereign
9.85% GOI 2015 (M/D. 16.10.2015)	0.02	sovereign
<b>total gilts</b>	<b>80.54</b>	
<b>total money market instruments</b>	<b>19.46</b>	
<b>total net assets</b>	<b>100.00</b>	

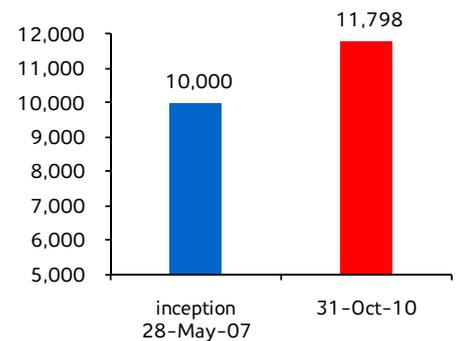
### asset allocation as on Oct 31, 2010



### fund characteristics as on Oct 31, 2010

M.Duration of debt portfolio: 6.22 years  
YTM of debt portfolio: 8.44%

### growth of initial investment of Rs. 10,000 in AIP



### fund manger's report

Exposures in Government Securities have been increased to capture the higher yields Accordingly Allocations to Money Market instruments have been decreased. We will increase exposure to gilts as and when attractive investments are available .

### target asset allocation

Government Securities: 100%

### benchmark construction

I-Sec Composite Sovereign Bond Index:100%

## Guaranteed Bond Fund I

### fund performance As on Oct 31, 2010

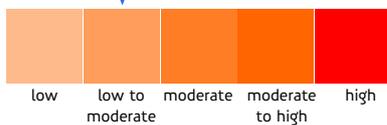
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	8.33%	NA	2.17%	NA	1.53%	NA
since inception (CAGR*)	12.58%	NA	3.65%	NA	2.08%	NA
date of inception	december, 2008					

\*CAGR: Compounded Annual Growth Rate

### fund objective

To achieve predictable investment return. This will be achieved through 100% investments in debt securities where returns are locked in through portfolio immunization techniques and use of rigorous Asset Liability Management (ALM). The risk appetite is 'low to moderate'.

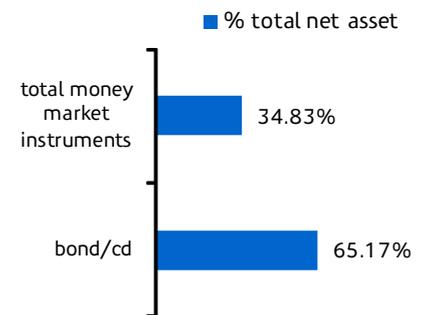
### fund risk profile



### portfolio As on Oct 31, 2010

security	% total	rating/
	net assets	1-yr beta
<b>bond/cd</b>		
9.15% NCRP NCD (18/02/2019)P/C180216	8.54	AAA
11% POWER FIN CORPOARTION LTD NCD (15/09/2018)	6.72	AAA
2% TATA MOTORS LTD NCD (MD 31/03/2014)	6.49	AAA
11.45% RELIANCE INDUSTRIES LTD NCD (25/11/2013)	5.92	AAA
9.50% TATA COMMUNICATIONS LTD NCD (08/06/2014)	5.92	AAA
10.48% SAMRUDDHI CEMENTS LTD NCD (16/12/2013)	5.90	AAA
11.30% ACC LTD NCD (MD 10/12/2013)	5.79	AAA
10.35% HDFC LTD SR E006 NCD (MD 06/06/2017)	5.29	AAA
11.35% RECL LTD NCD (24/10/2013) P/C 24/10/2011	4.11	AAA
10.60% IRFC NCD (MD 11/09/2018)	4.00	AAA
9.07% RECL (MD 28/02/2018)	3.65	AAA
11.15% HDFC LTD NCD (MD 06/08/2018)	2.84	AAA
<b>total bond/cd</b>	<b>65.17</b>	
<b>total money market instruments</b>	<b>34.83</b>	
<b>total net assets</b>	<b>100.00</b>	

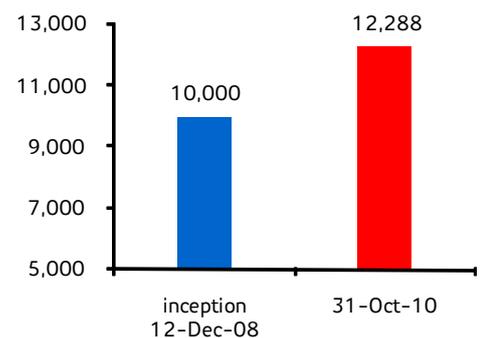
### asset allocation as on Oct 31, 2010



### fund characteristics as on Oct 31, 2010

M.Duration of debt portfolio: 2.65 years  
YTM of debt portfolio: 8.82%

### growth of initial investment of Rs.10,000 in GRP-I



### fund manger's report

The allocation to gilts was increased to the portfolio is maintained to deliver guaranteed returns

### target asset allocation

Debt Instruments: 100%

## Money Market Fund

### fund performance As on Oct 31, 2010

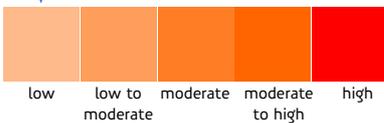
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	7.15%	4.33%	0.09%	0.36%	23.34%	-1.86%
last 2 year (CAGR*)	8.63%	5.27%	0.52%	0.78%	6.95%	0.35%
last 3 year (CAGR*)	8.92%	6.08%	0.46%	0.75%	8.57%	1.45%
since inception (CAGR*)	8.94%	6.10%	0.43%	0.71%	9.17%	1.55%
date of inception	may, 2007					

\*CAGR: Compounded Annual Growth Rate

### fund objective

To achieve predictable investment return. This will be achieved through 100% investments in debt securities where returns are locked in through portfolio immunization techniques and use of rigorous Asset Liability Management (ALM). The risk appetite is 'low to moderate'.

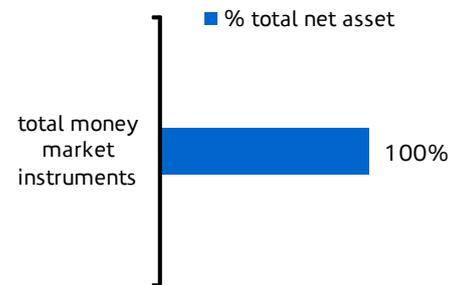
### fund risk profile



### portfolio As on Oct 31, 2010

security	% total net assets	rating/ 1-yr beta
other money market Instrument	100.00	
total net assets	100.00	

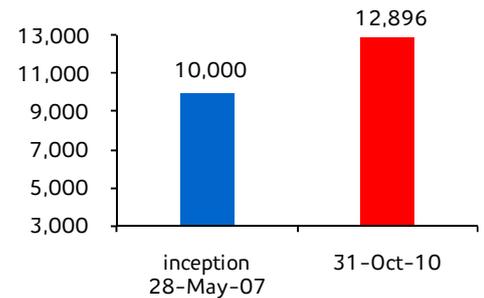
### asset allocation as on Oct 31, 2010



### fund characteristics as on Oct 31, 2010

YTM of debt portfolio: 7.82 %

### growth of initial investment of Rs.10,000 in AIP



### fund manger'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%

## Capital Secure Fund

### fund performance As on Oct 31, 2010

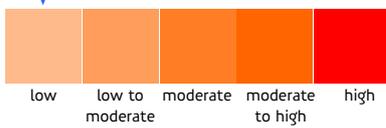
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	6.75%	4.98%	0.14%	0.27%	12.77%	-0.06%
last 2 year (CAGR*)	8.08%	4.98%	0.50%	0.37%	6.15%	-0.05%
last 3 year (CAGR*)	8.43%	6.05%	0.52%	0.53%	6.54%	1.97%
last 4 year (CAGR*)	8.56%	6.42%	0.48%	0.50%	7.40%	2.84%
last 5 year (CAGR*)	8.11%	6.47%	0.50%	0.45%	6.25%	3.27%
since inception (CAGR*)	7.03%	5.77%	0.58%	0.47%	3.52%	1.62%
date of inception	february, 2003					

\*CAGR: Compounded Annual Growth Rate

### 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'.

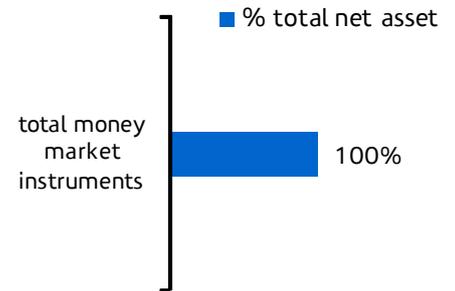
### fund risk profile



### portfolio As on Oct 31, 2010

security	% total net assets	rating/ 1-yr beta
other money market Instrument	100.00	
total net assets	100.00	

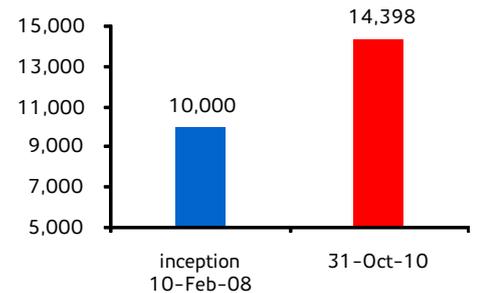
### asset allocation as on Oct 31, 2010



### fund characteristics as on Oct 31, 2010

YTM of debt portfolio: 7.05%

### growth of initial investment of Rs.10,000 in



### fund manger'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 : 100%

## Equity Plus Fund

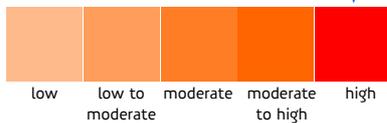
### fund performance As on Oct 31, 2010

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	fund has not completed a period of one year since inception					
date of inception	january, 2010					

### 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'.

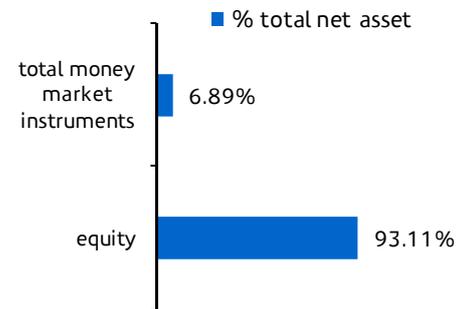
### fund risk profile



### portfolio As on Oct 31, 2010

security	% total net assets	rating/1-yr beta
<b>equity</b>		
<b>AUTO ANCILLARY</b>	<b>1.88</b>	
EXIDE INDUSTRIES LTD	1.88	0.63
<b>AUTOMOBILES</b>	<b>3.76</b>	
MAHINDRA & MAHINDRA LTD	1.71	1.17
MARUTI SUZUKI INDIA LTD	1.27	0.64
BAJAJ AUTO LTD	0.77	0.61
<b>BANKING &amp; FINANCE</b>	<b>22.95</b>	
ICICI BANK LTD	7.26	1.45
STATE BANK OF INDIA	3.87	1.00
HDFC BANK	3.33	0.83
AXIS BANK LTD	2.10	0.63
BANK OF BARODA	2.07	1.13
HOUSING DEV FIN CORPN LTD	1.86	1.03
POWER FINANCE CORPORATION LTD	1.39	0.69
INDUS IND BANK	1.07	1.05
<b>CAP GOODS / ENGINEERING</b>	<b>11.94</b>	
LARSEN & TOUBRO LTD	5.21	0.93
CUMMINS INDIA LTD	2.95	0.31
BHARAT HEAVY ELECTRICALS LTD	1.56	0.68
TRIVENI ENGINEERING & IND. LTD	1.17	1.02
CROMPTON GREAVES LTD	1.04	0.83
<b>CEMENT &amp; CEMENT PRODUCTS</b>	<b>1.72</b>	
ULTRATECH CEMENT LTD	1.07	0.60
GRASIM INDUSTRIES LTD	0.65	0.47
<b>CONSTRUCTION</b>	<b>1.08</b>	
NAGARJUNA CONSTRUCTION CO LTD	1.08	1.23
JAIPRAKASH ASSOCIATES LTD	0.77	1.63
<b>CONSUMER GOODS</b>	<b>3.54</b>	
BALLARPUR INDUSTRIES LTD	3.54	0.83
<b>FERTILIZERS</b>	<b>0.82</b>	
GUJARAT STATE FERTILIZERS & CHEMICALS LTD	0.82	0.49
<b>FMCG</b>	<b>6.74</b>	
ITC LTD	2.57	0.66
ASIAN PAINTS LTD.	1.25	0.31
HINDUSTAN UNILEVER LTD	1.18	0.49
UNITED SPIRITS LTD	0.96	1.01
TATA GLOBAL BEVERAGES LTD	0.78	0.60
<b>GAS</b>	<b>0.65</b>	
GAIL (INDIA) LTD	0.65	0.66
<b>IT</b>	<b>9.86</b>	
INFOSYS TECHNOLOGIES LTD	5.97	0.81
TATA CONSULTANCY SERVICES LTD	3.89	0.82
<b>METALS</b>	<b>4.58</b>	
TATA STEEL LTD	1.79	1.66
STERLITE INDUSTRIES INDIA LTD	1.74	1.68
HINDALCO INDUSTRIES LTD	0.93	1.90
JINDAL STEEL AND POWER LTD	0.11	1.14
<b>OIL EXPLORATION</b>	<b>0.36</b>	
CAIRN INDIA LTD	0.36	1.00
<b>OIL REFINERIES</b>	<b>10.76</b>	
RELIANCE INDUSTRIES LTD	7.78	1.19
ONGC CORPORATION LTD	2.13	0.60
INDIAN OIL CORPORATION LTD	0.85	0.23
<b>PHARMACEUTICALS</b>	<b>5.77</b>	
JUBILANT LIFE SCIENCES LTD	2.22	0.74
AUROBINDO PHARMA LTD FV	1.44	0.68
LUPIN LTD	1.25	0.26
RANBAXY LABORATORIES LTD	0.86	0.84
<b>POWER</b>	<b>2.55</b>	
NTPC LTD	1.61	0.63
ORIENT GREEN POWER CO LTD	0.94	1.15
<b>RETAIL</b>	<b>1.50</b>	
PANTALOON RETAIL INDIA LTD	1.50	0.97
<b>SOFTWARE</b>	<b>1.04</b>	
FINANCIAL TECHNOLOGIES INDIA	1.04	0.95
<b>TELECOM</b>	<b>1.62</b>	
BHARTI AIRTEL LTD	1.62	0.66
<b>total equity</b>	<b>93.11</b>	
<b>total money market instruments</b>	<b>6.89</b>	
<b>total net assets</b>	<b>100.00</b>	

### asset allocation as on Oct 31, 2010



### fund characteristics as on Oct 31, 2010

Fund Beta 0.92

### fund manger's report

The month of October saw the markets ending flat. The equity market saw some profit booking before Coal India IPO and fed meeting on quantitative easing. Looking at news flows in specific sectors, the holding in equities was kept at 93.11%.

### target asset allocation

Equity Plus : 100%

### benchmark construction

S&P CNX Nifty: 100%

## Highest Nav Guarantee Fund

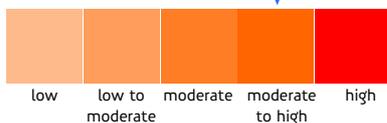
### fund performance As on Oct 31, 2010

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	fund has not completed a period of one year since inception					
date of inception	february, 2010					

### fund objective

Offer guarantee of maturity value, in an equity oriented fund, at the highest NAV achieved during the period of the guarantee. The risk appetite is 'moderate to high'

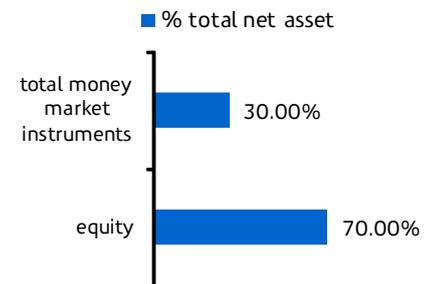
### fund risk profile



### portfolio As on Oct 31, 2010

security	% total net assets	1-yr beta
<b>equity</b>		
<b>AUTOMOBILES</b>	<b>5.08</b>	
TATA MOTORS LTD	1.74	1.40
MAHINDRA & MAHINDRA LTD	1.45	1.17
MARUTI SUZUKI INDIA LTD	1.04	0.64
HERO HONDA MOTORS LTD	0.85	0.58
<b>BANKING &amp; FINANCE</b>	<b>18.06</b>	
ICICI BANK LTD	6.03	1.45
STATE BANK OF INDIA	4.11	1.00
HOUSING DEV FIN CORPN LTD	4.09	1.03
HDFC BANK	3.83	0.83
<b>CAP GOODS / ENGINEERING</b>	<b>7.00</b>	
LARSEN & TOUBRO LTD	5.05	0.93
BHARAT HEAVY ELECTRICALS LTD	1.95	0.68
<b>CEMENT &amp; CEMENT PRODUCTS</b>	<b>0.48</b>	
ACC LTD	0.48	0.71
<b>CONSTRUCTION</b>	<b>0.66</b>	
JAIPRAKASH ASSOCIATES LTD	0.66	1.63
<b>FMCG</b>	<b>5.63</b>	
ITC LTD	4.16	0.66
HINDUSTAN UNILEVER LTD	1.46	0.49
<b>IT</b>	<b>10.43</b>	
INFOSYS TECHNOLOGIES LTD	6.65	0.81
TATA CONSULTANCY SERVICES LTD	2.85	0.82
WIPRO LTD	0.93	0.91
<b>METALS</b>	<b>5.65</b>	
TATA STEEL LTD	1.75	1.66
JINDAL STEEL AND POWER LTD	1.36	1.14
HINDALCO INDUSTRIES LTD	1.33	1.90
STERLITE INDUSTRIES INDIA LTD	1.21	1.68
<b>OIL REFINERIES</b>	<b>11.59</b>	
RELIANCE INDUSTRIES LTD	9.05	1.19
ONGC CORPORATION LTD	2.54	0.60
<b>PHARMACEUTICALS</b>	<b>0.84</b>	
CIPLA LTD	0.84	0.39
<b>POWER</b>	<b>2.57</b>	
NTPC LTD	1.49	0.63
TATA POWER	1.08	0.67
<b>TELECOM</b>	<b>2.02</b>	
BHARTI AIRTEL LTD	2.02	0.66
<b>total equity</b>	<b>70.00</b>	
<b>total money market instruments</b>	<b>30.00</b>	
<b>total net assets</b>	<b>100.00</b>	

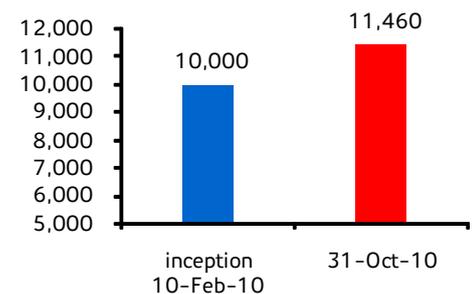
### asset allocation as on Oct 31, 2010



### fund characteristics as on Oct 31, 2010

Fund Beta 0.99

### growth of initial investment of Rs.10,000 in TIPS-I



### target asset allocation

Equity : 0 to 100%  
Debt : 0 to 100%

### benchmark construction

Sensex: 100%

## Highest NAV Advantage Fund-Series I

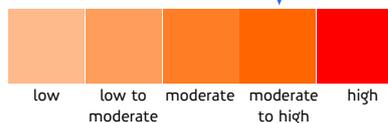
### fund performance As on Oct 31, 2010

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	fund has not completed a period of one year since inception					
date of inception	september, 2010					

### fund objective

Offer guarantee of maturity value, in an equity oriented fund, at the highest NAV achieved during the period of the guarantee. The risk appetite is 'moderate to high'

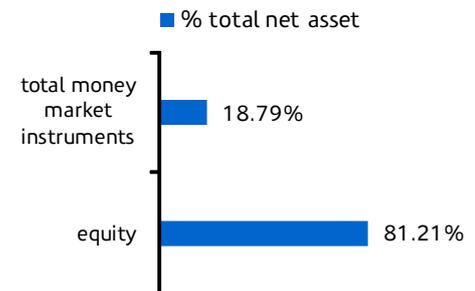
### fund risk profile



### portfolio As on Oct 31, 2010

security	% total net assets	1-yr beta
<b>equity</b>		
<b>AUTOMOBILES</b>	<b>6.20</b>	
TATA MOTORS LTD	2.13	1.40
MAHINDRA & MAHINDRA LTD	1.78	1.17
MARUTI SUZUKI INDIA LTD	1.25	0.64
HERO HONDA MOTORS LTD	1.04	0.58
<b>BANKING &amp; FINANCE</b>	<b>20.87</b>	
ICICI BANK LTD	7.40	1.45
STATE BANK OF INDIA	5.03	1.00
HDFC BANK	4.70	0.83
HOUSING DEV FIN CORPN LTD	3.75	1.03
<b>CAP GOODS / ENGINEERING</b>	<b>8.51</b>	
LARSEN & TOUBRO LTD	6.16	0.93
BHARAT HEAVY ELECTRICALS LTD	2.35	0.68
<b>CEMENT &amp; CEMENT PRODUCTS</b>	<b>0.57</b>	
ACC LTD	0.57	0.71
<b>CONSTRUCTION</b>	<b>0.78</b>	
JAIPRAKASH ASSOCIATES LTD	0.78	1.63
<b>FMCG</b>	<b>6.10</b>	
ITC LTD	4.30	0.66
HINDUSTAN UNILEVER LTD	1.79	0.49
<b>IT</b>	<b>12.53</b>	
INFOSYS TECHNOLOGIES LTD	8.07	0.81
TATA CONSULTANCY SERVICES LTD	3.45	0.82
WIPRO LTD	1.00	0.91
<b>METALS</b>	<b>6.37</b>	
TATA STEEL LTD	2.06	1.66
JINDAL STEEL AND POWER LTD	1.65	1.14
HINDALCO INDUSTRIES LTD	1.57	1.90
STERLITE INDUSTRIES INDIA LTD	1.08	1.68
<b>OIL REFINERIES</b>	<b>12.74</b>	
RELIANCE INDUSTRIES LTD	9.62	1.19
ONGC CORPORATION LTD	3.12	0.60
<b>PHARMACEUTICALS</b>	<b>1.03</b>	
CIPLA LTD	1.03	0.39
<b>POWER</b>	<b>3.10</b>	
NTPC LTD	1.80	0.63
TATA POWER	1.29	0.67
<b>TELECOM</b>	<b>2.42</b>	
BHARTI AIRTEL LTD	2.42	0.66
<b>total equity</b>	<b>81.21</b>	
<b>total money market instruments</b>	<b>18.79</b>	
<b>total net assets</b>	<b>100.00</b>	

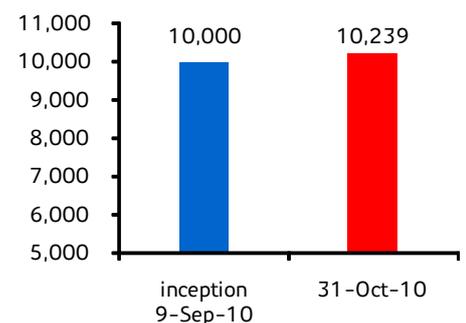
### asset allocation as on Oct 31, 2010



### fund characteristics as on Oct 31, 2010

Fund Beta 0.99

### growth of initial investment of Rs.10,000 in TIPS-I



### target asset allocation

Equity : 0 to 100%  
Debt : 0 to 100%

### benchmark construction

Sensex: 100%

## Product Details

Nav's as of 31 October, 2010

Automatic Investment Plan- Corporate Bond	May 28, 2007	13.2713
Automatic Investment Plan- Energy	August 1, 2008	11.3282
Automatic Investment Plan- Equity	May 28, 2007	13.4147
Automatic Investment Plan- Gilt	May 28, 2007	11.7978
Automatic Investment Plan- Infrastructure	August 1, 2008	9.5891
Automatic Investment Plan- Midcap	August 1, 2008	12.8621
Automatic Investment Plan- Money Market	May 28, 2007	12.8957
Automatic Investment Plan- Option A	May 28, 2007	12.8237
Automatic Investment Plan- Option B	May 28, 2007	13.2793
Automatic Investment Plan- Option C	May 28, 2007	13.2255
Automatic Investment Plan- Pure Equity	August 1, 2008	12.9324
Golden Year Plan- Balanced	February 10, 2003	17.1865
Golden Year Plan- Capital Secure	February 10, 2003	14.4540
Golden Year Plan- Energy	August 1, 2008	11.3282
Golden Year Plan- Equity	March 12, 2007	15.5775
Golden Year Plan- Growth	March 12, 2007	15.5595
Golden Year Plan- Infrastructure	August 1, 2008	9.5891
Golden Year Plan- Midcap	August 1, 2008	12.8621
Golden Year Plan- Pure Equity	August 1, 2008	12.9324
Imaan Plan - Indian Traditional	December 17, 2008	14.3123
Market Return Plan- Balanced	August 9, 2004	17.1827
Market Return Plan- Capital Secure	August 9, 2004	14.3980
Market Return Plan- Energy	August 1, 2008	11.3282
Market Return Plan- Equity	August 9, 2004	31.5790
Market Return Plan- Growth	August 9, 2004	19.5321
Market Return Plan- Infrastructure	August 1, 2008	9.5891
Market Return Plan- Midcap	August 1, 2008	12.8621
Market Return Plan- Pure Equity	August 1, 2008	12.9324
Money Guarantee Plan- Option D	March 1, 2007	13.9267
Money Guarantee Plan- Option E	March 1, 2007	14.0958
Money Guarantee Plan- Option F	March 1, 2007	14.3398
Money Guarantee Plan- Return Shield	April 9, 2007	13.1856
Pension Bond Option - GRPS I	December 12, 2008	12.2980
Pension Bond Option - New GRPS I	February 25, 2009	11.5738
Reliance Balanced- New Fund C	January 11, 2010	10.6311
Reliance Balanced- New Fund G	January 11, 2010	10.6311
Reliance Growth- New Fund D	January 11, 2010	10.8424
Reliance Growth- New Fund H	January 11, 2010	10.8424
Reliance Growth Plus- New Fund B	January 11, 2010	11.0075
Reliance Growth Plus- New Fund E	January 11, 2010	11.0075
Reliance Guaranteed Bond	December 12, 2008	12.2877
Reliance Highest NAV Advantage Fund-Series-I	September 9, 2010	10.2386
Reliance Highest NAV Guarantee Plan	February 15, 2010	11.4599
Reliance Money Market	January 11, 2010	10.4674
Reliance New Balanced Fund	January 11, 2010	10.6311
Reliance New Corporate Bond	January 11, 2010	10.4938
Reliance New Energy	January 11, 2010	10.4217
Reliance New Equity	January 11, 2010	11.6673
Reliance New Gilt	January 11, 2010	10.4055
Reliance New Growth Fund	January 11, 2010	10.8424
Reliance New Guaranteed Bond I	February 25, 2009	11.5613
Reliance New High Growth	January 11, 2010	11.2906
Reliance New Infrastructure	January 11, 2010	9.7831
Reliance New Midcap	January 11, 2010	10.9066
Reliance Premier Life- Corporate Bond	August 20, 2009	11.8308
Reliance Premier Life- Energy	August 20, 2009	16.8956
Reliance Premier Life- Equity	August 20, 2009	21.1367
Reliance Premier Life- Gilt	August 20, 2009	10.7087
Reliance Premier Life- Infrastructure	August 20, 2009	14.2771
Reliance Premier Life- Midcap	August 20, 2009	21.4325
Reliance Premier Life- Money Market	August 20, 2009	11.4665
Reliance Premier Life- Pure Equity	August 20, 2009	19.9381

## Product Details

Nav's as of 31 October, 2010

Product Name	Inception Date	NAV
Reliance New Return Shield	January 11, 2010	10.4194
Reliance New Indian Traditional Fund	January 11, 2010	10.9297
Reliance New Pure Equity	January 11, 2010	10.9297
Reliance Super Golden Years Term 10 Plan - Midcap	December 4, 2008	12.8621
Reliance Super Golden Years Term 10 Plan - Money Market	December 4, 2008	11.5244
Reliance Super Growth- New Fund A	January 11, 2010	11.3105
Savings Linked Insurance- Energy	May 26, 2009	16.8956
Savings Linked Insurance- Equity	May 26, 2009	21.1367
Savings Linked Insurance- Gilt	May 26, 2009	10.7087
Savings Linked Insurance- Money Market	May 26, 2009	11.4665
Savings Linked Insurance- Infrastructure	May 26, 2009	14.2771
Savings Linked Insurance- Pure Equity	April 29, 2009	19.9381
Secure Child Plan- Energy	August 1, 2008	11.3282
Secure Child Plan- Equity	November 29, 2007	10.2436
Secure Child Plan- Option G	November 29, 2007	12.0193
Secure Child Plan- Option H	November 29, 2007	11.4730
Secure Child Plan- Infrastructure	August 1, 2008	9.5891
Secure Child Plan- Midcap	August 1, 2008	12.8621
Secure Child Plan- Pure Equity	August 1, 2008	12.9324
Secure Child Plan- Return Shield	December 27, 2007	12.4390
Super Automatic Investment Plan- Corporate Bond	December 4, 2008	13.2713
Super Automatic Investment Plan- Energy	December 4, 2008	11.3282
Super Automatic Investment Plan- Equity	December 4, 2008	13.4147
Super Automatic Investment Plan- Option A	December 4, 2008	12.8237
Super Automatic Investment Plan- Option B	August 4, 2008	13.2793
Super Automatic Investment Plan- Option C	December 4, 2008	13.2255
Super Automatic Investment Plan- Gilt	December 4, 2008	11.7978
Super Automatic Investment Plan- Infrastructure	December 4, 2008	9.5891
Super Automatic Investment Plan- Midcap	December 4, 2008	12.8621
Super Automatic Investment Plan- Money Market	December 4, 2008	12.8957
Super Automatic Investment Plan- Pure Equity	December 4, 2008	12.9324
Super Golden Year Plan- Balanced	December 4, 2008	17.1865
Super Golden Year Plan- Energy	December 4, 2008	11.3282
Super Golden Year Plan- Equity	December 4, 2008	13.4147
Super Golden Year Plan- Growth	December 4, 2008	15.5595
Super Golden Year Plan- Infrastructure	December 4, 2008	9.5891
Super Golden Year Plan- Pure Equity	December 4, 2008	12.9324
Super Market Return Plan- Balanced	December 4, 2008	17.1827
Super Market Return Plan- Energy	December 4, 2008	11.3282
Super Market Return Plan- Equity	December 4, 2008	13.4147
Super Market Return Plan- Growth	December 4, 2008	19.5321
Super Market Return Plan- Infrastructure	December 4, 2008	9.5891
Super Market Return Plan- Midcap	December 4, 2008	12.8621
Super Market Return Plan- Money Market	December 4, 2008	11.5244
Super Market Return Plan- Pure Equity	December 4, 2008	12.9324
SuperInvest Assure Plan- Corporate Bond	June 12, 2008	12.2641
SuperInvest Assure Plan- Energy	June 12, 2008	12.0916
SuperInvest Assure Plan- Equity	June 12, 2008	13.8483
SuperInvest Assure Plan- Gilt	June 12, 2008	11.2616
SuperInvest Assure Plan- Infrastructure	June 12, 2008	9.8909
SuperInvest Assure Plan- Midcap	June 12, 2008	12.4276
SuperInvest Assure Plan- Money Market	June 12, 2008	11.9275
SuperInvest Assure Plan- Pure Equity	June 12, 2008	14.3123
SuperInvest Assure Plan Plus- Corporate Bond	December 4, 2008	12.2641
SuperInvest Assure Plan Plus- Energy	December 10, 2008	12.0916
SuperInvest Assure Plan Plus- Equity	December 10, 2008	13.8483
SuperInvest Assure Plan Plus- Gilt	December 10, 2008	11.2616

## Product Details

Nav's as of 31 October, 2010

Product Name	Inception Date	NAV
SuperInvest Assure Plan Plus- Infrastructure	December 10, 2008	9.8909
SuperInvest Assure Plan Plus- Midcap	December 10, 2008	12.4276
SuperInvest Assure Plan Plus- Money Market	December 10, 2008	11.9275
SuperInvest Assure Plan Plus- Pure Equity	December 10, 2008	14.3123
Total Investment Plan Series I- Corporate Bond	March 19, 2008	12.3595
Total Investment Plan Series I- Energy	March 19, 2008	11.4732
Total Investment Plan Series I- Equity	March 19, 2008	13.8390
Total Investment Plan Series I- Gilt	March 19, 2008	11.2091
Total Investment Plan Series I- Infrastructure	March 19, 2008	9.4295
Total Investment Plan Series I- Midcap	March 19, 2008	12.9508
Total Investment Plan Series I- Money Market	March 19, 2008	12.1338
Total Investment Plan Series I- Pure Equity	August 1, 2008	12.9324
Total Investment Plan Series II- Corporate Bond	March 19, 2008	12.3477
Total Investment Plan Series II- Energy	March 19, 2008	11.4741
Total Investment Plan Series II- Equity	March 19, 2008	13.8336
Total Investment Plan Series II- Gilt	March 19, 2008	11.2127
Total Investment Plan Series II- Infrastructure	March 19, 2008	9.4191
Total Investment Plan Series II- Midcap	March 19, 2008	12.9865
Total Investment Plan Series II- Money Market	March 19, 2008	12.1257
Total Investment Plan Series II- Pure Equity	August 1, 2008	12.9324
Wealth + Health Plan- Corporate Bond	February 27, 2008	12.4402
Wealth + Health Plan- Energy	August 1, 2008	11.3282
Wealth + Health Plan- Equity	February 27, 2008	11.1364
Wealth + Health Plan- Option A	February 27, 2008	10.9101
Wealth + Health Plan- Option B	February 27, 2008	11.6711
Wealth + Health Plan- Gilt	February 27, 2008	11.2586
Wealth + Health Plan- Infrastructure	August 1, 2008	9.5891
Wealth + Health Plan- Midcap	August 1, 2008	12.8621
Wealth + Health Plan- Money Market	February 27, 2008	12.2036
Wealth + Health Plan- Pure Equity	August 1, 2008	12.9324

- √ Macro Analysis
- √ Appreciation of Market Dynamics
- √ Meeting Investment Objective vis-à-vis Risk Appetite
- √ Asset Allocation Strategy
- √ Security Selection- Portfolio Constriction
- √ Benchmark
- √ Risk Management / Portfolio Evolution/ Diagnostics
- √ Governance and Process

# Investment strategy and risk control

**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 process and risk/compliance controls are well documented.

### ✓ Gross Fund Return

### ✓ Benchmark Return

### ✓ Fund Standard Deviation

### ✓ Fund Sharpe Ratio

#### 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%.

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.

✓ **Benchmark Sharpe Ratio**✓ **Modified Duration Of Debt Profile**✓ **Fund Beta**

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