

fund snapshot

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	30th Sep 10	30th Aug 10	% Change
¹ Rs./₹	45.64	46.77	-2.48
² WPI Inflation		140.3	
³ Forex Reserves (\$ bn)	291.60	282.84	3.00
¹ Oil Price (\$ per Barrel)	75.97	72.73	4.26
¹ Gold (Rs. per 10gm)	19150	18754	2.07

Investments	30th Sep 10	30th Aug 10	Absolute Change
⁴ FII's (Rs Crs)	24979	11688	13291
⁴ Mf's (Rs Crs)	-7236	-3170	-4067

Indices	30th Sep 10	30th Aug 10	% Change
¹ BSE Sensex	20069	17971	11.67
¹ S&P CNX Nifty	6030	5402	11.62
¹ CNX Mid Cap	9164	8680	5.58
¹ BSE Small Cap	10246	9541	7.39

Global Indices	30th Sep 10	30th Aug 10	% Change
⁵ Dow Jones	10788	10015	7.72
⁵ FTSE 100	5548	5225	6.19
¹ Hang Seng	21953	20537	6.89
¹ Nikkei	9449	8825	7.08

Sectoral Indices	30th Sep 10	30th Aug 10	% Change
⁶ CNX Infrastructure	3719	3392	9.66
⁶ CNX Energy	9849	9332	5.54
¹ BSE Capital Goods	15996	14525	10.13
¹ BSE Bankex	14025	12343	13.63
¹ BSE Oil & Gas	10447	10101	3.42
¹ BSE IT	5947	5376	10.63

Fixed Income Indicators (%)	30th Sep 10	30th Aug 10	Absolute Change
⁵ NSE Mibor	7.28	5.02	2.26
¹ 91 Day T-Bill	6.19	6.10	0.10
¹ 182 Day T-Bill	6.46	6.31	0.15
¹ 1 year GOI Benchmark	6.47	6.39	0.08
¹ 5 Year GOI Benchmark	7.70	7.67	0.03
¹ 10 Year GOI Benchmark	7.85	7.94	-0.09
¹ 5 Year Corp Bond Benchmark	8.51	8.50	0.01
¹ 10 Year AAA Corp Bond Benchmark	8.66	8.78	-0.12
¹ 10 Year US Benchmark	2.51	2.47	0.04

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

asset allocation	funds	gross return (CAGR*) (%) As on Sep 30, 2010				date of inception
		last 1 year	last 2 year	last 3 year	since inception	
100% equity	Equity Fund	23.89%	27.51%	NA	1.28%	October, 2007
100% pure equity	Pure Equity Fund	16.70%	NA	NA	46.47%	December, 2008
100% equity	Infrastructure Fund	4.15%	NA	NA	25.33%	December, 2008
100% equity	Energy Fund	9.62%	NA	NA	34.26%	December, 2008
100% equity	Midcap Fund	23.40%	NA	NA	52.09%	December, 2008
40% equity, 60% debt	Growth Fund	12.16%	16.46%	7.18%	12.55%	August, 2004
20% equity, 80% debt	Balanced Fund	9.82%	13.71%	8.59%	10.98%	February, 2003
100% bond instruments	Corporate Bond Fund	9.06%	11.72%	NA	9.61%	October, 2007
100% debt Instruments	Pure Debt Fund	9.67%	NA	NA	11.83%	October, 2008
100% govt. securities	Gilt Fund	7.16%	6.80%	NA	6.31%	October, 2007
100% money market instruments	Money Market Fund	6.33%	8.49%	NA	8.76%	November, 2007
100% money market instruments	Capital Secure Fund	6.85%	8.47%	8.85%	7.06%	February, 2003

*CAGR: Compounded Annual Growth Rate

Indian Economy

Industrial production continued to grow robustly. Latest index of industrial production (IIP) numbers indicates that the uptick in IIP growth numbers, which began since Oct last year, continued. IIP grew at around 14% in July after recording 6% growth in June. July numbers were driven mainly by strong growth in capital goods and consumer goods. Going forward, IIP growth is expected to be in high single digit due to high base, capacity constraints and slower momentum compared to recovery period. Inflation continues to be a major concern, with whole price index (WPI) inflation numbers at close to double-digit. Inflation rose to 9.50% in Aug'10 as against 9.97% in July'10 - mainly due to high fuel and non-food articles prices. Credit growth continues to grow at 19% plus from single digit growth in Oct'09, supported by demand and high base effect.

Debt Market

The 10 year benchmark touched a low of 7.86% against 8% in previous month. Government decision to cut the gross borrowing for FY11 by Rs. 10,000cr and increased FII limit in debt market helped in bringing down the yields. 10 year benchmark closed the month lower at 7.85% (previous month's close: 7.93%). However Corporate bond remained range bound in lack of fresh primary issuances.

Outlook:

G-sec yields are expected to take cues from RBIs rate action and forthcoming WPI data's. We expect 10yr benchmark to trade in a range of 7.85% to 8%.

Equity Market

Equity markets in the month of September rallied close to 12% primarily influenced by huge FII flows.

A surge in manufacturing, which grew by 12.4% on a year earlier, helped India's economy grow by 8.8% in Q1FY10. Growth accelerated from Q4FY10 rate of 8.6% and was the highest since Q3FY08. Some services, such as trade and transport, also grew rapidly, but agricultural growth was sluggish at 2.8%.

Advance tax payments by India's top 100 corporate taxpayers grew 13% in September, an indication that the profit growth in Q2FY11 could be muted pulling the GDP lower than the estimated 8.5%.

The Indian rupee rose 4.2% for the month of September boosted by robust portfolio investments and tracking broad losses in the dollar versus major currencies overseas. This very much indicates some desperation on part of FII's to have an exposure to the Indian growth story.

Outlook:

The Indian markets are going to be dictated by foreign fund flows in the near to medium term. The markets are now also looking forward for Q2FY11 results which will kick off shortly.

Equity Fund

fund performance As on Sep 30, 2010

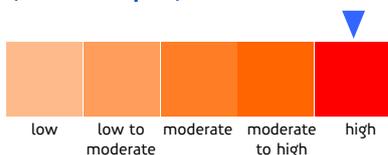
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	23.89%	18.61%	15.43%	19.08%	1.22%	0.71%
last 2 year (CAGR*)	27.51%	24.01%	28.92%	34.58%	0.78%	0.55%
since inception (CAGR*)	1.28%	0.75%	31.94%	34.50%	-0.12%	-0.12%
date of inception					october, 2007	

*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 shortterm. The risk appetite is 'high'.

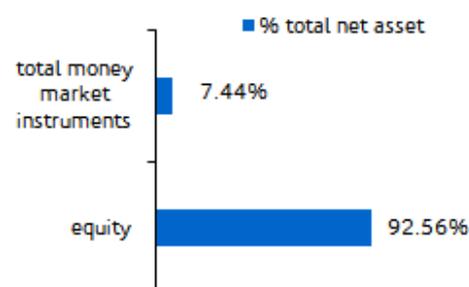
fund risk profile



portfolio As on Sep 30, 2010

security	% total net assets	1-yr beta
equity		
AUTO ANCILLARY	0.53	
EXIDE INDUSTRIES LTD	0.53	0.35
AUTOMOBILES	5.79	
BAJAJ AUTO LIMITED NEW	1.36	0.78
MAHINDRA & MAHINDRA LTD	2.13	2.46
MARUTI SUZUKI INDIA LTD	1.29	0.86
MOTHERSON SUMI SYSTEMS LIMITED	0.77	0.46
TATA MOTORS LIMITED	0.12	0.17
TATA MOTORS LIMITED	0.13	0.19
BANKING & FINANCE	23.73	
BANK OF BARODA	1.47	0.96
HDFC BANK	3.75	3.01
HOUSING DEV FIN CORPN LTD	2.16	2.11
ICICI BANK LTD	6.31	9.67
INDUS IND BANK	0.17	0.21
MAX INDIA LIMITED	0.21	0.16
POWER FINANCE CORPORATION LIMITED	0.88	0.55
STATE BANK OF INDIA	4.78	5.23
SHRIRAM TRANSPORT FINANCE COMPANY LTD	1.93	0.94
AXIS BANK LIMITED	2.08	2.37
CAP GOODS / ENGINEERING	10.64	
ALSTOM POWER INDIA LTD.	1.17	0.82
BHARAT HEAVY ELECTRICALS LIMITED	2.04	1.33
CUMMINS INDIA LIMITED	2.84	0.94
LARSEN & TOUBRO LIMITED	4.15	3.67
PUNJ LLOYD LIMITED	0.44	0.55
CEMENT & CEMENT PRODUCTS	2.06	
INDIA CEMENTS LTD	0.53	0.53
ULTRATECH CEMENT LIMITED	1.53	0.87
CONSTRUCTION	2.11	
JAIPRAKASH ASSOCIATES LTD	1.19	1.99
NAGARJUNA CONSTRUCTION CO LTD	0.92	1.20
CONSUMER GOODS	0.28	
PANTALOON RETAIL INDIA LIMITED	0.28	0.27
FERTILIZERS	0.17	
GUJARAT STATE FERTILIZERS & CHEMICALS LT	0.17	0.09
FMCG	5.90	
HINDUSTAN UNILEVER LIMITED	1.28	0.51
ITC LTD FACE VALUE	4.62	2.85
GAS	0.98	
GAIL (INDIA) LIMITED	0.98	0.62
IT	9.60	
MPHASIS LIMITED	0.52	0.30
INFOSYS TECHNOLOGIES LTD	5.69	4.51
TATA CONSULTANCY SERVICES LIMITED	3.04	2.36
WIPRO LTD.	0.35	0.30
MEDIA	0.50	
HT MEDIA LIMITED	0.50	0.28
METALS	6.52	
HINDALCO INDUSTRIES LTD	0.51	1.00
JINDAL STEEL AND POWER LIMITED	1.42	1.61
JINDAL SAW LIMITED	0.54	0.76
STERLITE INDUSTRIES INDIA LTD	1.56	2.63
TATA STEEL LIMITED	2.49	4.28
OIL EXPLORATION	0.49	
CAIRN INDIA LIMITED	0.49	0.52
OIL REFINERIES	11.37	
INDIAN OIL CORPORATION LIMITED	0.40	0.09
OIL INDIA LIMITED	1.24	0.39
ONGC CORPORATION LTD	2.48	1.44
RELIANCE INDUSTRIES LIMITED	7.25	8.59
PHARMACEUTICALS	5.84	
AUROBINDO PHARMA LTD	0.23	0.18
CIPLA LIMITED	0.40	0.16
DIVIS LABORATORIES LIMITED	2.34	1.69
LUPIN LTD	1.75	0.47
RANBAXY LABORATORIES LTD.	0.41	0.36
SUN PHARMA IND LTD	0.70	0.26
PLASTIC AND PLASTIC PRODUCT	0.84	
SINTEX INDUSTRIES	0.84	0.72
POWER	2.42	
AREVA T AND D INDIA LTD	0.43	0.33
NTPC LIMITED	0.97	0.61
TATA POWER	1.01	0.70
SOFTWARE	0.49	
FINANCIAL TECHNOLOGIES INDIA	0.49	0.49
TELECOM	2.46	
BHARTI AIRTEL LIMITED	2.46	1.60
total equity	92.56	
total money market instruments	7.44	
total net assets	100.00	

asset allocation as on Sep 30, 2010



fund characteristics as on Sep 30, 2010

Fund Beta 0.90

fund manger's report

The month of September saw the markets ending positive. The equity market saw steady FII flows during the month. Looking at positive news flows in specific sectors, the holding in equities was kept at 92.56%.

target asset allocation

Equity: 100%

benchmark construction

S&P CNX Nifty: 100%

Pure Equity Fund

fund performance As on Sep 30, 2010

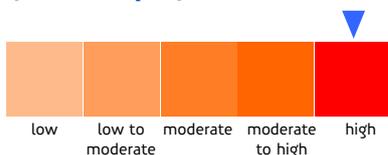
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	16.70%	18.61%	15.44%	19.08%	0.76%	0.71%
since inception (CAGR*)	46.47%	53.31%	24.95%	27.92%	1.66%	1.73%
date of inception	december, 2008					

*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'.

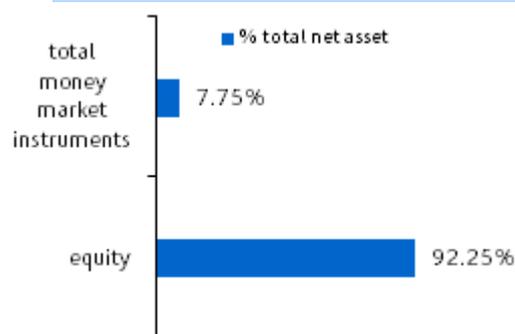
fund risk profile



portfolio As on Sep 30, 2010

security	% total net assets	1-yr beta
equity		
AUTOMOBILES	12.94	
BAJAJ AUTO LIMITED NEW	1.83	0.57
MAHINDRA & MAHINDRA LTD	2.70	1.16
MARUTI SUZUKI INDIA LTD	6.04	0.67
MOTHERSON SUMI SYSTEMS LTD	2.37	0.60
BANKING & FINANCE	2.42	
MAX INDIA LIMITED	2.42	0.78
CAP GOODS / ENGINEERING	12.91	
BHARAT HEAVY ELECTRICALS LIMITED	2.97	0.65
CROMPTON GREAVES LIMITED	1.28	0.85
CUMMINS INDIA LIMITED	1.18	0.33
LARSEN & TOUBRO LIMITED	5.31	0.89
PUNJ LLOYD LIMITED	1.15	1.24
VOLTAS LIMITED	1.02	0.98
CEMENT & CEMENT PRODUCTS	2.22	
GRASIM INDUSTRIES LTD FV 10	2.22	0.56
CONSTRUCTION	1.15	
NAGARJUNA CONSTRUCTION CO LTD	1.15	1.31
FMCG	3.12	
HINDUSTAN UNILEVER LIMITED	3.12	0.40
GAS	3.36	
GAIL (INDIA) LIMITED	3.36	0.63
IT	10.67	
MPHASIS LIMITED	1.62	0.58
INFOSYS TECHNOLOGIES LTD	6.06	0.79
TATA CONSULTANCY SERVICES LIMITED	2.99	0.78
METALS	7.80	
HINDALCO INDUSTRIES LTD	3.82	1.96
JINDAL STEEL AND POWER LIMITED	3.98	1.14
OIL EXPLORATION	14.53	
CAIRN INDIA LIMITED	2.00	1.06
ONGC CORPORATION LTD	5.12	0.58
RELIANCE INDUSTRIES LIMITED	7.41	1.18
PHARMACEUTICALS	6.08	
CIPLA LIMITED	1.78	0.39
LUPIN LTD	0.38	0.27
RANBAXY LABORATORIES LTD.	1.45	0.86
SUN PHARMA IND LTD	2.47	0.37
POWER	9.14	
NTPC LIMITED	3.53	0.62
PTC INDIA LIMITED	0.93	0.91
TATA POWER FV 10	4.68	0.69
SOFTWARE	1.52	
FINANCIAL TECHNOLOGIES	1.52	0.99
TELECOM	4.37	
BHARTI AIRTEL LIMITED	4.37	0.65
total equity	92.25	
total money market instruments	7.75	
total net assets	100.00	

asset allocation as on Sep 30, 2010



fund characteristics as on Sep 30, 2010

Fund Beta 0.82

fund manger's report

The month of September saw the markets ending positive. The equity market saw steady FII flows during the month. Looking at positive news flows in this sector, the holding in equities was kept at 92.25%.

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 Sep 30, 2010

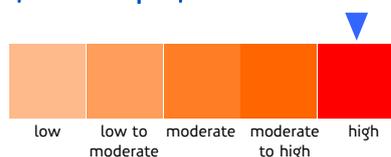
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	4.15%	-3.67%	19.23%	23.03%	-0.04%	-0.38%
since inception (CAGR*)	25.33%	30.99%	23.63%	34.20%	0.86%	0.76%
date of inception	december, 2008					

*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'

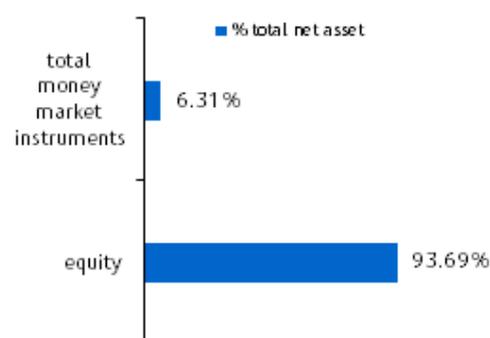
fund risk profile



portfolio As on Sep 30, 2010

security	% total net assets	1-yr beta
equity		
AUTOMOBILES	0.73	
MOTHERSON SUMI SYSTEMS LIMITED	0.73	0.60
CAP GOODS / ENGINEERING	33.03	
ALSTOM POWER INDIA LTD	1.78	0.70
BHARAT HEAVY ELECTRICALS LIMITED	10.72	0.65
CROMPTON GREAVES LIMITED	3.52	0.85
GREAVES COTTON LTD	0.35	0.82
IRB INFRASTRUCTURE DEVELOPERS LTD	0.85	1.06
LARSEN & TOUBRO LIMITED	11.43	0.89
PUNJ LLOYD LIMITED	0.85	1.24
TRIVENI ENGINEERING & IND. LTD.	1.06	1.15
VOLTAS LIMITED	2.48	0.98
CEMENT & CEMENT PRODUCTS	2.71	
GRASIM INDUSTRIES LTD	2.71	0.56
CONSTRUCTION	8.05	
ASHOKA BUILDCON LTD	2.23	0.00
JAIPRAKASH ASSOCIATES LTD	3.49	1.67
NAGARJUNA CONSTRUCTION CO LTD	2.33	1.31
CONSUMER GOODS	1.32	
PANTALOON RETAIL INDIA LIMITED	1.32	0.96
HOTELS	1.13	
INDIAN HOTELS LTD	1.13	1.03
METALS	3.96	
HINDALCO INDUSTRIES LTD	2.26	1.96
TATA STEEL LIMITED	1.71	1.72
PLASTIC AND PLASTIC PRODUCT	1.30	
SINTEX INDUSTRIES	1.30	0.86
POWER	25.84	
BGR ENERGY SYSTEMS LIMITED	1.87	0.73
NEVELI LIGNITE CORPORATION LTD	2.64	0.95
NTPC LIMITED	16.86	0.62
PTC INDIA LIMITED	1.49	0.91
TATA POWER	2.98	0.69
SHIPPING	0.98	
GREAT EASTERN SHIPPING COMPANY LTD	0.98	1.23
SOFTWARE	2.43	
FINANCIAL TECHNOLOGIES	2.43	0.99
TELECOM	12.21	
BHARTI AIRTEL LIMITED	12.21	0.65
total equity	93.69	
total money market instruments	6.31	
total net assets	100.00	

asset allocation as on Sep 30, 2010



fund characteristics as on Sep 30, 2010

Fund Beta 0.84

fund manger's report

The month of September saw the markets ending positive. The equity market saw steady FII flows during the month. Looking at positive news flows in this sector, the holding in equities was kept at 93.22%.

target asset allocation

Equity: 100%

benchmark construction

CNX Infrastructure Index: 100%

Energy Fund

fund performance As on Sep 30, 2010

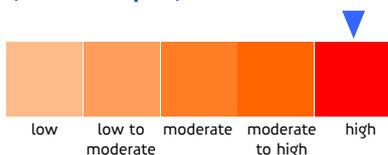
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	9.62%	6.06%	14.41%	16.00%	0.32%	0.07%
since inception (CAGR*)	34.26%	38.00%	24.62%	25.86%	1.19%	1.28%
date of inception	december, 2008					

*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'

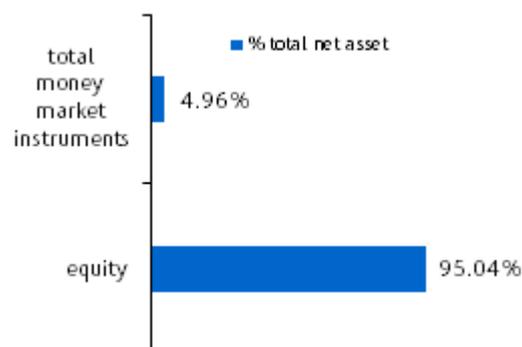
fund risk profile



portfolio As on Sep 30, 2010

security	% total net assets	1-yr beta
equity		
BANKING & FINANCE		
POWER FINANCE CORPORATION LIMITED	1.61	0.63
CAP GOODS / ENGINEERING		
ALSTOM POWER INDIA LTD.	1.15	0.70
CROMPTON GREAVES LIMITED	3.34	0.85
CUMMINS INDIA LIMITED	3.15	0.33
GAS		
GAIL (INDIA) LIMITED	5.78	0.63
OIL EXPLORATION		
CAIRN INDIA LIMITED	5.43	1.06
OIL INDIA LIMITED	6.25	0.32
ONGC CORPORATION LTD	17.39	0.58
SHIVVANI OIL AND GAS EXPLOARATION	1.48	0.52
OIL REFINERIES		
INDIAN OIL CORPORATION LIMITED	6.78	0.22
RELIANCE INDUSTRIES LIMITED	26.47	1.18
POWER		
NTPC LIMITED	13.92	0.62
TATA POWER	2.30	0.69
total equity	95.04	
total money market instruments	4.96	
total net assets	100.00	

asset allocation as on Sep 30, 2010



fund characteristics as on Sep 30, 2010

Fund Beta 0.75

fund manger's report

The month of September saw the markets ending positive. The equity market saw steady FII flows during the month. Looking at positive news flows in this sector, the holding in equities was kept at 95.04%.

target asset allocation

Equity: 100%

benchmark construction

CNX Energy Index: 100%

Mid Cap Fund

fund performance As on Sep 30, 2010

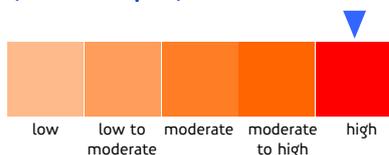
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	23.40%	19.53%	15.35%	17.50%	1.20%	0.83%
since inception (CAGR*)	52.09%	67.53%	29.66%	41.56%	1.59%	1.50%
date of inception	december , 2008					

*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'

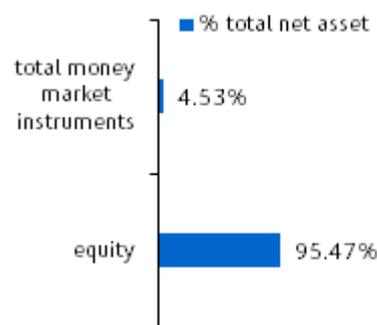
fund risk profile



portfolio As on Sep 30, 2010

security	% total net assets	1-yr beta
equity		
AUTO ANCILLARY	3.74	
EXIDE INDUSTRIES LTD	3.74	0.66
AUTOMOBILES	2.45	
TATA MOTORS LIMITED	2.45	1.43
BANKING & FINANCE	8.01	
ANDHRA BANK	3.47	0.98
BANK OF BARODA	1.04	0.66
INDUS IND BANK	1.05	1.23
SHRIRAM TRANSPORT FINANCE COMPANY LTD	2.44	0.49
CAP GOODS / ENGINEERING	12.98	
GREAVES COTTON LTD	1.58	0.82
IRB INFRASTRUCTURE DEVELOPERS LTD	1.46	1.06
CUMMINS INDIA LIMITED	1.11	0.33
PUNJ LLOYD LIMITED	2.39	1.24
VA TECH WABAG LTD.	3.05	0.00
VOLTAS LIMITED	3.39	0.98
CEMENT & CEMENT PRODUCTS	2.34	
ULTRATECH CEMENT LIMITED	2.34	0.57
CONSTRUCTION	5.02	
JAIPRAKASH ASSOCIATES LTD	1.90	1.67
NAGARJUNA CONSTRUCTION CO LTD	3.12	1.31
CONSUMER GOODS	1.56	
PANTALOON RETAIL INDIA LIMITED	1.56	0.96
FERTILIZERS	6.38	
GUJARAT STATE FERTILIZERS & CHEMICALS LT	1.77	0.52
TATA CHEMICALS	4.60	0.84
FMCG	6.14	
UNITED SPIRITS LTD	2.85	0.96
TATA GLOBAL BEVERAGES LTD	3.29	0.58
GAS	1.68	
PETRONET LNG LIMITED	1.68	0.82
HOTELS	2.85	
INDIAN HOTELS LTD	2.85	1.03
IT	4.45	
MPHASIS LIMITED	4.45	0.58
METALS	11.28	
JINDAL STEEL AND POWER LIMITED	1.93	1.14
JSW STEELS LIMITED	5.99	1.91
JINDAL SAW LIMITED	1.47	1.41
TATA STEEL LIMITED	1.89	1.72
OIL EXPLORATION	2.11	
SHIVVANI OIL AND GAS EXPLOARATION	2.11	0.52
PHARMACEUTICALS	10.90	
AUROBINDO PHARMA LTD	3.22	0.79
DIVIS LABORATORIES LIMITED	2.68	0.72
LUPIN LTD	2.87	0.27
JUBILANT ORGANOSYS LIMITED	2.12	0.81
PLASTIC AND PLASTIC PRODUCT	3.85	
SINTEX INDUSTRIES	3.85	0.86
POWER	3.84	
BGR ENERGY SYSTEMS LIMITED	1.49	0.73
NTPC LIMITED	2.34	0.62
SHIPPING	2.50	
GREAT EASTERN SHIPPING COMPANY LTD NEW	2.50	1.23
SOFTWARE	3.41	
FINANCIAL TECHNOLOGIES	3.41	0.99
total equity	95.47	
total money market instruments	4.53	
total net assets	100.00	

asset allocation as on Sep 30, 2010



fund characteristics as on Sep 30, 2010

Fund Beta 0.92

fund manger's report

The month of September saw the markets ending positive. The equity market saw steady FII flows during the month. Looking at positive news flows in specific sectors, the holding in equities was kept at 95.47%.

target asset allocation

Equity: 100%

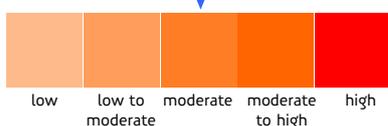
benchmark construction

Nifty Midcap 50: 100%

fund objective

Provide investment returns that exceed the rate of inflation in the long-term while maintaining moderate probability of negative returns in the short-term. The risk appetite is defined as 'moderate'.

fund risk profile



fund manger's report

The month of September saw the markets ending positive. The equity market saw steady FII flows during the month. Looking at positive news flows in specific sectors, the holding in equities was kept at 38.61%.

Exposures in Government Securities have been maintained 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 Fund

fund performance As on Sep 30, 2010

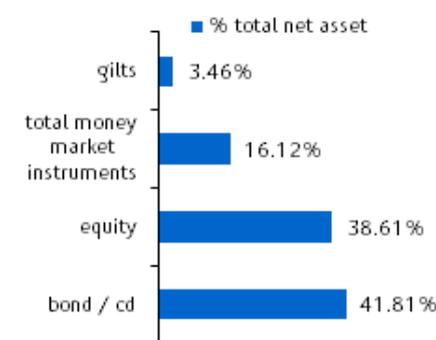
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	12.16%	10.64%	6.32%	7.76%	1.13%	0.73%
last 2 year (CAGR*)	16.46%	15.53%	12.15%	14.02%	0.94%	0.75%
last 3 year (CAGR*)	7.18%	8.45%	13.52%	14.39%	0.16%	0.24%
last 4 year (CAGR*)	9.17%	11.14%	12.34%	13.02%	0.34%	0.47%
last 5 year (CAGR*)	11.34%	12.46%	11.91%	12.42%	0.53%	0.60%
since inception (CAGR*)	12.55%	13.62%	11.09%	11.51%	0.68%	0.75%
date of inception	august, 2004					

*CAGR: Compounded Annual Growth Rate

portfolio As on Sep 30, 2010

security	% total net assets	rating/1-yr beta
bond/cd		
9.05% CANARA BANK PERP NCD CALL/STEP-UP 03/08/2020	1.36	AAA
9.25% HDFC LTD NCD (MD 24/11/2016)	1.37	AAA
10.35% HDFC LTD NCD (MD 16/05/2017)	1.35	AAA
11.95% HDFC LTD NCD (MD 26/11/2018)	1.58	AAA
8.25% IDBI OMNI BOND SER III 26-05-2011	1.60	AA+
9.25% IDBI BANK LTD PERP NCD CALL/STEP-UP 29/01/20	0.26	AA
9.50% INDIAN HOTEL CO LTD (28/02/2012)	0.81	LAA+
8.95% INFOTEL BROADBAND SERV LTD NCD (MD 15/09/20)	0.81	AAA
7.15% IND OIL BOND 10/06/2012 P/C 100610	1.04	LAAA
8.20% IRFC NCD (MD 27/04/2016)	1.32	AAA
8.95% IRFC NCD SERIES 69 (MD 10/03/2025)	0.28	AAA
8.79% IRFC NCD (MD 04/05/2030)	4.04	AAA
8.65% L&T LTD PART PD NCD(MD 26/5/20)CALL 26/5/11	0.67	AAA
9.70% LIC HOUSING FINANCE LTD NCD (MD 07/04/2013)	1.37	AAA
9.50% NABARD NPS BONDS SR IX 1 (MD 15/10/2012)	1.34	AAA
8.90% POWER GRID CORP LTD NCD STRPP E (MD 25/2/18)	0.67	AAA
9.40% POWER FIN CORP LTD NCD (MD 25/03/2013)	1.36	AAA
11.40% POWER FIN CORP LTD NCD (MD 28/11/2013)	0.87	AAA
8% RECL LTD NCD (MD 05/08/2014)	1.31	AAA
11.45% RELIANCE INDUSTRIES LTD NCD (MD 25/11/2013)	4.04	AAA
11.45% RELIANCE IND LTD NCD (MD 25/11/2013)	0.87	AAA
8.80% SAIL NCD (MD 22/06/2019)	1.34	AAA
9.05% SBI PERPETUAL NCD CALL/STEP-UP 27/01/2020	1.36	AAA
8.23% SUNDARAM FINANCE LTD NCD (MD 27/07/2012)	1.33	LAA+
9.90% TATA SONS LTD NCD (MD 20/05/2011)	0.54	LAAA
8.99% TATA SONS LTD NCD (MD 07/06/2020)	1.36	AAA
8.97% TATA SONS LTD NCD (MD 15/07/2020)	4.06	AAA
8.4% TATA CAPITAL LTD NCD (MD 26/11/2012)	1.34	AA+
9.80% TATA STEEL LTD NCD (MD 07/05/2011)	0.80	AA
9.7% UNITED PHOS LTD (MD 9/4/17) CALL STEP 9/4/15	1.37	AA+
total bond/cd	41.81	
gilts		
7.46% GOI 2017 (M/D. 28/8/2017)	0.52	sovereign
8.35% GOI 2022 (M/D. 14/05/2022)	0.01	sovereign
7.44% GOI SPL OIL BOND 2012 (23/03/2012)	1.14	sovereign
7.02% GOI (MD 17/08/2016)	1.79	sovereign
total gilts	3.46	
equity		
AUTOMOBILES		
BAJAJ AUTO LIMITED NEW	1.03	0.57
MAHINDRA & MAHINDRA LTD	0.28	1.16
MARUTI SUZUKI INDIA LTD	0.46	0.67
BANKING & FINANCE	9.98	
AXIS BANK LIMITED	1.18	1.14
BANK OF BARODA	0.84	0.66
HDFC BANK	0.13	0.80
HOUSING DEV FIN CORPN LTD	0.72	0.98
ICICI BANK LTD	2.57	1.53
MAX INDIA LIMITED	0.37	0.78
POWER FINANCE CORPORATION LIMITED	1.39	0.63
SHRIRAM TRANSPORT FINANCE COMPANY LTD	1.08	0.49
STATE BANK OF INDIA	1.71	1.09
CAP GOODS / ENGINEERING		
BHARAT HEAVY ELECTRICALS LIMITED	0.75	0.65
CROMPTON GREAVES LIMITED NEW	0.91	0.85
CUMMINS INDIA LIMITED	0.72	0.33
LARSEN & TOUBRO LIMITED	2.24	0.89
PUNJ LLOYD LIMITED	0.46	1.24
VOLTAS LIMITED	0.59	0.98
CEMENT & CEMENT PRODUCTS		
INDIA CEMENTS LTD	1.16	0.99
ULTRATECH CEMENT LIMITED	0.58	0.57
CONSTRUCTION		
NAGARJUNA CONSTRUCTION CO LTD	0.77	1.31
CONSUMER GOODS		
PANTALOON RETAIL INDIA LIMITED	1.66	0.96
FERTILIZERS		
GUJARAT STATE FERTILIZERS & CHEMICALS LT	1.35	0.52
TATA CHEMICALS	0.88	0.84
FMCG		
ASIAN PAINTS LTD.	1.86	0.34
ITC LTD	0.24	0.62
UNITED SPIRITS LTD	0.87	0.96
GAS		
GAIL (INDIA) LIMITED	0.75	0.63
IT		
INFOSYS TECHNOLOGIES LTD	0.58	0.63
TATA CONSULTANCY SERVICES LIMITED	4.05	0.79
WIPRO LTD.	2.92	0.78
METALS		
STERILITE INDUSTRIES INDIA LTD	0.83	0.85
TATA STEEL LIMITED	0.30	1.68
OIL REFINERIES		
ONGC CORPORATION LTD	0.84	1.72
RELIANCE INDUSTRIES LIMITED	3.71	0.58
PHARMACEUTICALS		
RELIANCE INDUSTRIES LIMITED	0.61	1.18
PHARMACEUTICALS		
DIVIS LABORATORIES LIMITED	3.10	0.72
JUBILANT ORGANOSYS LIMITED	2.41	0.81
LUPIN LTD	0.31	0.27
PLASTIC AND PLASTIC PRODUCT		
SINTEX INDUSTRIES	1.27	0.86
POWER		
PTC INDIA LIMITED	0.82	0.86
SOFTWARE		
FINANCIAL TECHNOLOGIES	0.34	0.91
TELECOM		
BHARTI AIRTEL LIMITED	0.68	0.99
total equity	38.61	
total money market instruments	16.12	
total net assets	100.00	

asset allocation as on Sep 30, 2010



fund characteristics as on Sep 30, 2010

M.Duration of debt portfolio: 3.25 years
YTM of debt portfolio: 8.50%
Beta of equity portfolio: 0.92

Balanced Fund

fund performance As on Sep 30, 2010

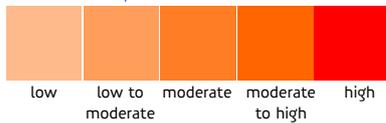
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	9.82%	7.82%	3.39%	4.02%	1.42%	0.70%
last 2 year (CAGR*)	13.71%	11.78%	6.81%	7.33%	1.28%	0.92%
last 3 year (CAGR*)	8.59%	8.11%	7.44%	7.51%	0.48%	0.41%
last 4 year (CAGR*)	9.39%	9.36%	6.90%	6.86%	0.64%	0.64%
last 5 year (CAGR*)	10.06%	9.74%	6.59%	6.49%	0.77%	0.73%
since inception (CAGR*)	10.98%	9.91%	5.71%	5.76%	1.05%	0.85%
date of inception						february, 2003

*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 a low probability of negative returns in the short-term. The risk appetite is defined as 'low to moderate'.

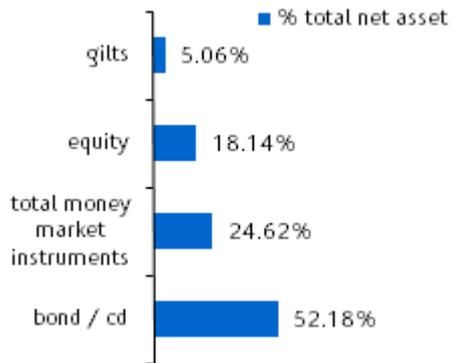
fund risk profile



portfolio As on Sep 30, 2010

security	% total net assets	rating/1-yr beta
bond/cd		
8.97% TATA SONS LTD NCD (MD 15/07/2020)	3.89	AAA
11.45% RIL NCD (MD 25/11/2013)	2.45	AAA
11.45% RIL NCD TRANCHE 2 (MD 25/11/2013)	2.45	AAA
9.7% UNITED PHOSPHORUS 09/04/2017 CALL 9/4/15 STEP 9.9%	2.12	AAA
11.40% PFC LTD NCD (MD 08/11/2013)	2.09	AAA
8.99% TATA SONS LTD NCD (MD 07/06/2020)	1.95	AAA
8.70% BAJAJ AUTO FINANCE LTD NCD 22/07/2015	1.92	LAA+
8.75% RIL NCD (MD 07/05/2020)	1.92	AAA
8.42% SHREE CEMENT LTD NCD 22/07/2015	1.51	AAA
10.20% SUNDARAM FINANCE LTD NCD 29/05/2013	1.35	AAA
10.95% RECL LTD NCD (MD 14/08/2011)	1.32	AAA
9.03% CANARA BANK PERPETUAL CALL/STEP-UP 03/08/2020	1.29	AAA
9.90% TATA SONS LTD NCD (MD 20/05/2011)	1.30	LAA+
8.46% IRFC NCD (MD 15/01/2014)	1.30	AAA
8.79% IRFC NCD SERIES 70 (MD 04/05/2030)	1.29	AAA
8.94% LIC HOUSING FINANCE LTD NCD 16/01/2011	1.29	AAA
8% RECL LTD NCD (MD 05/08/2014)	1.26	AAA
11.10% PFC LTD NCD (MD 15/09/2013)	1.05	AAA
9.50% NABARD NPS BONDS SR IX 1 (MD 15/10/2012)	1.04	AAA
9.80% ICICI BANK LTD NCD (MD 10/02/2013)	1.01	AAA
9.50% INDIAN HOTEL CO LTD (28/02/2012)	0.78	LAA+
8.40% HDFC LTD NCD (MD 08/12/2014)	0.92	AAA
9.35% LIC HOUSING FINANCE NCD 23/11/2014 P/C 23/11/2012	0.79	AAA
8.75% IRFC NCD (MD 07/01/2013)	0.78	AAA
10% NABARD NCD SR IX (MD 14/05/2012)	0.69	AAA
9.80% TATA STEEL LTD NCD (MD 07/05/2011)	0.78	AA
11.25% PFC LTD NCD (MD 28/11/2018)	0.73	AAA
10.90% RECL LTD NCD (MD 14/08/2013)	0.69	AAA
11.75% RECL LTD NCD (MD 03/11/2011)	0.67	AAA
9.50% TATA COMMUNICATION LTD NCD 08/06/2014	0.66	AAA
9.80% POWER FINANCE CORP 22/03/2012	0.66	AAA
9.20% POWER GRID CORP STRIP A NCD 12/03/2013	0.66	AAA
8.83% IRFC NCD (MD 29/10/2012)	0.66	AAA
9.05% SBI PERPETUAL NCD CALL/STEP-UP 27/01/2020	0.66	AAA
8.90% SAIL (MD 01/05/2019) CALL FR 01/05/2014	0.65	AAA
8.4% TATA CAPITAL LTD NCD (MD 26/11/2012)	0.65	AA+
8.40% ADITYA BIRLA NUVO LTD NCD (MD 23/11/2012)	0.65	LAA+
8.88% IDFC LTD NCD (MD 07/01/2011)	0.64	AAA
8.23% SUNDARAM FINANCE LTD NCD 27/07/2012	0.64	LAA+
8.80% SAIL NCD (MD 22/06/2019)	0.64	AAA
8.68% NCRP NCD 18/08/2019 P/C 18/08/2016	0.64	AAA
10.10% PGC (12/06/2011)	0.64	AAA
7.6% RECL NCD (MD 22/01/2013)	0.64	AAA
6% INDIAN HOTELS LTD NCD (MD 13/05/2011)	0.62	LAA+
9.25% IDBI BANK PERPETUAL CALL/STEP-UP 29/01/2020	0.62	AAA
9.30% PFC LTD NCD (MD 12/03/2013)	0.59	AAA
12% TATA CAPITAL NCD 05/03/2014 P/C 05/03/2012	0.54	LAA+
9.34% SBT PERPETUAL CALL 21/10/16 STEPUP 9.84	0.48	AAA
8.23% TATA CAPITAL NCD 29/07/2013 PLT & RESET 27/07/12	0.45	AA+
11.15% HDFC LTD NCD (MD 06/08/2018)	0.44	AAA
9.45% RECL LTD NCD (MD 04/04/2013)	0.40	AAA
9.20% HDFC LTD NCD (MD 09/02/2012)	0.39	AAA
8.40% L & T FINANCE LTD NCD (MD 08/03/2013)	0.34	AA+
9.25% EXIM BANK LTD NCD (MD 13/12/2012)	0.33	AAA
8.90% PGC LTD NCD STRPP H (MD 25/02/2021)	0.32	AAA
8.65% L & T PARTLY PAID UP NCD 26/05/2020 CALL 26/05/11	0.32	AAA
9.33% PGC LTD NCD (MD 15/12/2013)	0.32	AAA
10.60% IRFC NCD (MD 11/09/2018)	0.14	AAA
10.35% HDFC LTD SR E006 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
total bond/cd	52.18	
gilts		
8.24% GOI (MD 22/04/2018)	0.21	sovereign
6.72% GOI 2014 (MD 24/02/2014)	0.23	sovereign
7.50% GOI (MD 10/08/2014)	0.33	sovereign
7.46% GOI 2017 (M/D. 28/8/2017)	0.59	sovereign
7.80% GOI (MD 03/05/2020)	0.60	sovereign
7.02% GOI (MD 17/08/2012)	0.92	sovereign
7.44% GOI Spl Oil Bond 2012 (23/03/2012)	0.97	sovereign
8.13% GOI (MD 21/09/2022)	1.21	sovereign
total gilts	5.06	
equity		
AUTOMOBILES		
BAJAJ AUTO LIMITED NEW	0.49	0.57
MAHINDRA & MAHINDRA LTD	0.13	1.16
MARUTI SUZUKI INDIA LTD	0.14	0.67
BANKING & FINANCE		
BANK OF BARODA	0.40	0.66
HDFC BANK	0.13	0.80
HOUSING DEV FIN CORPN LTD	0.34	0.98
ICICI BANK LTD	0.13	1.53
MAX INDIA LIMITED	0.17	0.78
POWER FINANCE CORPORATION LIMITED	0.56	0.63
STATE BANK OF INDIA	0.84	1.09
SHRIRAM TRANSPORT FINANCE COMPANY LTD	0.49	0.89
AXIS BANK LIMITED	0.56	1.14
CAP GOODS / ENGINEERING		
BHARAT HEAVY ELECTRICALS LIMITED	2.72	0.65
CROMPTON GREAVES LIMITED	0.36	0.85
CUMMINS INDIA LIMITED	0.45	0.85
LARSEN & TOUBRO LIMITED	0.36	0.33
PUNJ LLOYD LIMITED	1.06	0.89
VOLTAS LIMITED	0.21	1.24
CEMENT & CEMENT PRODUCTS		
INDIA CEMENTS LTD	0.28	0.98
ULTRATECH CEMENT LIMITED	0.59	0.99
CONSTRUCTION	0.27	0.31
NAGARJUNA CONSTRUCTION CO LTD	0.31	0.57
CONSUMER GOODS		
PANTALOON RETAIL INDIA LIMITED	0.37	1.31
FERTILIZERS		
GUJARAT STATE FERTILIZERS & CHEMICALS LT	0.70	0.70
TATA CHEMICALS	0.70	0.96
FMCG		
ASIAN PAINTS LTD.	0.41	0.52
ITC LTD	0.23	0.84
UNITED SPIRITS LTD	0.88	0.88
GAS		
ASIAN PAINTS LTD.	0.11	0.34
ITC LTD	0.41	0.62
UNITED SPIRITS LTD	0.41	0.36
IT		
GAIL (INDIA) LIMITED	0.27	0.96
INFOSYS TECHNOLOGIES LTD	1.90	0.79
TATA CONSULTANCY SERVICES LIMITED	1.37	0.39
WIPRO LTD.	0.39	0.78
METALS		
WIPRO LTD.	0.13	0.85
METALS		
STERLITE INDUSTRIES INDIA LTD	0.84	0.84
TATA STEEL LIMITED	0.43	1.68
OIL REFINERIES		
TATA STEEL LIMITED	0.41	1.72
ONGC CORPORATION LTD	1.77	0.58
RELIANCE INDUSTRIES LIMITED	0.30	1.47
PHARMACEUTICALS		
LUPIN LTD	1.47	1.18
JUBILANT ORGANOSYS LIMITED	0.37	0.27
PLASTIC AND PLASTIC PRODUCT		
SINTOX INDUSTRIES	0.61	0.81
POWER		
PTC INDIA LIMITED	0.16	0.16
SOFTWARE		
FINANCIAL TECHNOLOGIES	0.16	0.86
TELECOM		
BHARTI AIRTEL LIMITED	0.17	0.91
total equity		
24.62		
total money market instruments		
18.14		
total net assets		
100.00		

asset allocation as on Sep 30, 2010



fund characteristics as on Sep 30, 2010

M.Duration of debt portfolio:	2.77 years
YTM of debt portfolio:	8.28%
Fund Beta:	0.92

fund manger's report

The month of September saw the markets ending positive. The equity market saw steady FII flows during the month. Looking at positive news flows in specific sectors, the holding in equities was kept at 18.14%.

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.:	80%
Equity:	20%

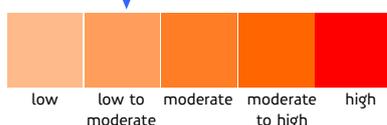
benchmark construction

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

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



fund manger's report

Exposures in Government Securities have been maintained 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%

Corporate Bond Fund

fund performance As on Sep 30, 2010

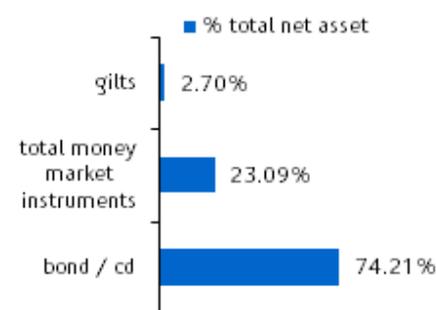
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	9.06%	5.46%	1.70%	1.39%	2.39%	0.33%
last 2 year (CAGR*)	11.72%	7.71%	4.00%	4.82%	1.68%	0.56%
since inception (CAGR*)	9.61%	6.14%	3.52%	4.27%	1.31%	0.27%
date of inception	october, 2007					

*CAGR: Compounded Annual Growth Rate

portfolio As on Sep 30, 2010

security	% total net assets	rating/1-yr beta
bond/cd		
11.35% RECL LTD NCD (MD 24/10/2013) P/C 24/10/2011	0.04	AAA
9.25% EXPORT & IMPORT BANK LTD NCD (MD 13/12/2012)	0.09	AAA
10.48% SAMRUDDHI CEMENTS LTD NCD (MD 16/12/2013)	0.10	AAA
9.30% POWER FIN CORP LTD NCD (MD 12/03/2013)	0.15	AAA
11.30% ACC LTD NCD (MD 10/12/2013)	0.15	AAA
9.80% TATA STEEL LTD NCD (MD 07/05/2011)	0.29	AA
9.20% HDFC LTD NCD (MD 09/02/2012)	0.29	AAA
9.47% POWER GRID CORPORATION NCD (MD 31/03/2013)	0.29	AAA
8.97% TATA SONS LTD NCD (MD 15/07/2020)	0.58	AAA
9.32% HDFC LTD NCD (MD 17/12/2012)	0.58	AAA
9.35% LIC HO FI LTD NCD (MD 23/11/2014) P/C 231112	0.58	AAA
8.90% POWER GRID CORP LTD NCD STRPP C (MD 25/2/16)	0.72	AAA
11.45% RELIANCE INDUSTRIES LTD NCD (MD 25/11/2013)	0.80	AAA
9.33% POWER GRID CORP LTD NCD (MD 15/12/2013)	0.88	AAA
9.7% UNITED PHOS LTD (MD 9/4/17) CALL STEP 9/4/15	1.17	AA+
8% RECL LTD NCD (MD 05/08/2014)	1.39	AAA
8.60% POWER FIN CORP LTD NCD (MD 07/08/2014)	1.42	AAA
8.68% NAT CAP REG PLAN NCD (MD 18/8/19)P/C18/08/16	1.42	AAA
8.79% IRFC NCD (MD 04/05/2030)	1.44	AAA
8.90% SAIL (MD 01/05/2019) CALL 010514	1.44	AAA
8.95% INFOTEL BROADBAND SERV LTD NCD (MD 15/09/20)	1.44	AAA
8.99% TATA SONS LTD NCD (MD 07/06/2020)	1.45	AAA
9.05% SBI PERPETUAL NCD CALL/STEP-UP 27/01/2020	1.45	AAA
10% NABARD NCD SR IX (MD 14/05/2012)	1.46	AAA
9.50% HDFC LTD NCD (MD 27/02/2013)	1.46	AAA
9.70% LIC HOUSING FINANCE LTD NCD (MD 07/04/2013)	1.46	AAA
11.50% RECL LTD NCD (MD 26/11/2013)	1.54	AAA
8.23% SUNDARAM FINANCE LTD NCD (MD 27/07/2012)	2.56	LAA+
10.90% RECL LTD NCD (MD 14/08/2013)	2.60	AAA
7.24% LIC HOUSING FINANCE LTD NCD (MD 23/06/2011)	2.82	AAA
8.40% L & T FINANCE LTD NCD (MD 08/03/2013)	2.85	AA+
8.40% ADITYA BIRLA NUVO LTD NCD (MD 23/11/2012)	2.85	LAA+
9.05% CANARA BANK PERP NCD CALL/STEP-UP 03/08/2020	2.90	AAA
2% INDIAN HOTELS COMPANY LTD NCD (MD 09/12/2014)	3.06	LAA+
2% TATA MOTORS LTD NCD (MD 31/03/2014)	3.08	AAA
12%TATA CAPITAL LTD NCD (MD 05/03/2014) P/C 050312	3.87	LAA+
8.80% SAIL NCD (MD 22/06/2019)	4.29	AAA
7.15% IND OIL BOND 10/06/2012 P/C 100610	5.32	LAAA
11.10% POWER FIN CORP LTD NCD (MD 15/09/2013)	6.81	AAA
8.75% RELIANCE INDUSTRIES LTD NCD (MD 07/05/2020)	7.12	AAA
total bond/cd	74.21	
gilts		
Sovereign		
7.46% GOI 2017 (M/D. 28/8/2017)	1.39	sovereign
7.35% GOI (MD 22/06/2024)	1.31	sovereign
total gilts	2.70	
total money market instruments	23.09	
total net assets	100.00	

asset allocation as on Sep 30, 2010



fund characteristics as on Sep 30, 2010

M.Duration of debt portfolio: 2.87 years
YTM of debt portfolio: 8.47%

Pure Debt Fund

fund performance As on Sep 30, 2010

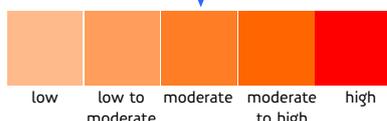
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	9.67%	5.46%	1.93%	1.39%	2.42%	0.33%
last 2 year (CAGR*)	9.67%	5.46%	1.93%	1.39%	2.42%	0.33%
since inception (CAGR*)	11.83%	7.72%	3.72%	4.82%	1.84%	0.56%
date of inception	october, 2008					

*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'.

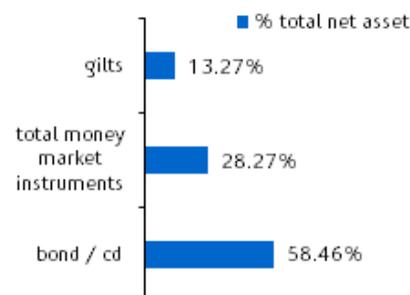
fund risk profile



portfolio As on Sep 30, 2010

security	% total assets	rating/ net 1-yr beta
bond/cd		
10% NABARD NCD SR IX (MD 14/05/2012)	0.40	AAA
12% TATA CAPITAL LTD NCD 05/03/2014 P/C 050312	0.81	LAA+
8.90% POWER GRID CORP LTD NCD STRPP B 25/2/15	0.98	AAA
9.05% SBI PERPETUAL NCD CALL/STEP-UP 27/01/2020	0.99	AAA
8.40% ADITYA BIRLA NUVO LTD NCD (MD 23/11/2012)	1.17	LAA+
8.97% TATA SONS LTD NCD (MD 15/07/2020)	1.19	AAA
8.95% INFOTEL BROADBAND SERV LTD NCD 15/09/20	1.58	AAA
9.25% IDBI BANK LTD PERP NCD CALL/STEP-UP 29/01/20	1.87	AA
8.90% SAIL (MD 01/05/2019) CALL 010514	1.97	AAA
8.98% NAT CAP REG PLAN NCD 14/02/18 P/C14/02/15	1.98	AAA
11.30% ACC LTD NCD (MD 10/12/2013)	2.10	AAA
11.45% RELIANCE IND LTD NCD (MD 25/11/2013)	2.11	AAA
9.7% UNITED PHOS LTD (MD 9/4/17) CALL STEP 9/4/15	2.21	AA+
11.25% POWER FIN CORP LTD NCD (MD 28/11/2018)	2.23	AAA
10.60% IRFC NCD (MD 11/09/2018)	2.61	AAA
8.40% HDFC LTD NCD (MD 08/12/2014)	3.86	AAA
8.40% L & T FINANCE LTD NCD (MD 08/03/2013)	3.89	AA+
9.70% LIC HOUSING FINANCE LTD NCD 07/04/2013	4.00	AAA
10.90% RECL LTD NCD (MD 30/09/2013)	4.15	AAA
2% INDIAN HOTELS COMPANY LTD NCD 09/12/2014	4.19	LAA+
2% TATA MOTORS LTD NCD (MD 31/03/2014)	4.21	AAA
11.45% RELIANCE INDUSTRIES LTD NCD 25/11/2013	4.81	AAA
10.90% RECL LTD NCD (MD 14/08/2013)	5.13	AAA
total bond/cd	58.46	
gilts		
7.46% GOI 2017 (M/D. 28/8/2017)	3.80	sovereign
8.32% GOI (MD 02/08/2032)	1.94	sovereign
8.28% GOI (MD 15/02/2032)	1.93	sovereign
7.02% GOI (MD 17/08/2016)	5.60	sovereign
total gilts	13.27	
total money market instruments		
	28.27	
total net assets		
	100.00	

asset allocation as on Sep 30, 2010



fund characteristics as on Sep 30, 2010

M.Duration of debt portfolio: 2.91 years
YTM of debt portfolio: 8.65%

fund manger's report

Exposures in Government Securities have been maintained 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 Instruments: 100%

benchmark construction

CRISIL Composite Bond Index: 100%

Gilt Fund

fund performance As on Sep 30, 2010

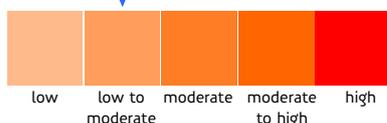
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	7.16%	5.50%	1.28%	2.33%	1.69%	0.21%
last 2 year (CAGR*)	6.80%	11.23%	3.72%	12.33%	0.48%	0.51%
since inception (CAGR*)	6.31%	8.62%	3.33%	10.71%	0.39%	0.34%
date of inception	october, 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'.

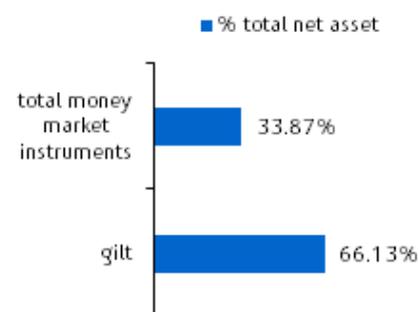
fund risk profile



portfolio As on Sep 30, 2010

security	% total net assets	rating/ net 1-yr beta
gilts		sovereign
9.85% GOI 2015 (M/D. 16.10.2015)	0.03	sovereign
8.39% GOI UTTAR PRADESH SDL 22/09/2020	3.43	sovereign
7.49% GOI 2017 (M/D. 16.04.2017)	3.90	sovereign
8.24% GOI (MD 15/02/2027)	3.96	sovereign
7.80% GOI (MD 03/05/2020).	3.97	sovereign
8.26% GOI (MD 02/08/2027)	3.97	sovereign
7.02% GOI (MD 17/08/2016)	7.67	sovereign
6.49% GOI (MD 08/06/2015)	11.32	sovereign
8.13% GOI (MD 21/09/2022)	12.07	sovereign
8.28% GOI (MD 15/02/2032)	15.83	sovereign
total gilts	66.13	
total money market instruments	33.87	
total net assets	100.00	

asset allocation as on Sep 30, 2010



fund characteristics as on Sep 30, 2010

M.Duration of debt portfolio:	4.86 years
YTM of debt portfolio:	8.09%

fund manger's report

Excess cash is deployed in Government Securities and accordingly Money Market instruments have been reduced.

target asset allocation

Government Securities: 100%

benchmark construction

I-Sec Composite Sovereign Bond Index:100%

Money Market Fund

fund performance As on Sep 30, 2010

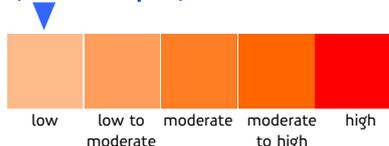
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	6.33%	4.05%	0.66%	0.35%	2.03%	-2.69%
last 2 year (CAGR*)	8.49%	5.42%	0.80%	0.81%	4.37%	0.52%
since inception (CAGR*)	8.76%	6.10%	0.68%	0.77%	5.52%	1.43%
date of inception	november, 2007					

*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 'low'.

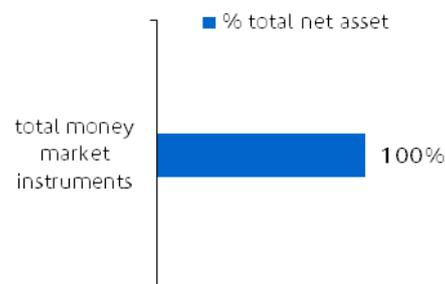
fund risk profile



portfolio As on Sep 30, 2010

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

asset allocation as on Sep 30, 2010



fund characteristics as on Sep 30, 2010

YTM of debt portfolio: 7.20 %

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 Sep 30, 2010

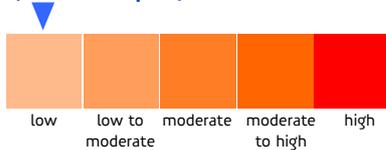
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	6.85%	4.77%	0.15%	0.24%	12.59%	-0.94%
last 2 year (CAGR*)	8.47%	5.06%	0.55%	0.43%	6.30%	0.14%
last 3 year (CAGR*)	8.85%	6.06%	0.48%	0.54%	8.00%	1.95%
last 4 year (CAGR*)	8.57%	6.42%	0.47%	0.51%	7.57%	2.80%
last 5 year (CAGR*)	8.10%	6.43%	0.54%	0.46%	5.73%	3.13%
since inception (CAGR*)	7.06%	5.75%	0.64%	0.48%	3.20%	1.57%
date of inception	february, 2003					

*CAGR: Compounded Annual Growth Rate

fund objective

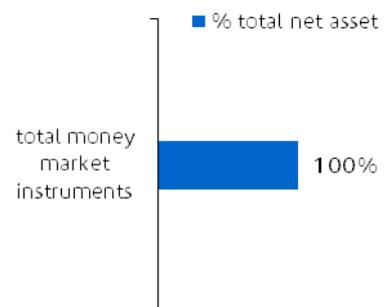
Maintain the capital value of all contributions (net of charges) and all interest additions, at all times. The risk appetite is 'extremely low'.

fund risk profile



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

asset allocation as on Sep 30, 2010



fund characteristics as on Sep 30, 2010

YTM of debt portfolio: 6.82%

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%

Product Details

Nav's as of 30 September, 2010

Product Name	NAV
Reliance Group Gratuity Equity	14.4718
Reliance Group Gratuity Infrastructure	10.0312
Reliance Group Gratuity Midcap	13.1644
Reliance Group Gratuity Growth	12.6965
Reliance Group Gratuity Balance	13.1623
Reliance Group Gratuity Corporate Bond	12.1285
Reliance Group Gratuity Pure Debt	12.1033
Reliance Group Gratuity Money Market	11.6226
Reliance Group Gratuity capital Secure	13.0404
Reliance Group Gratuity Gilt	10.6691
Reliance Group Leave Encashment Balance	11.0582
Reliance Group Leave Encashment Corporate Bond	12.8024
Reliance Group Leave Encashment Pure Debt	12.2312
Reliance Group Leave Encashment Gilt	11.7495
Reliance Group Leave Encashment Money Market	12.5325
Reliance Group Leave Encashment Capital Secure	10.0000
Reliance Group Leave Encashment Equity	9.1075
Reliance Group Savings Linked Insurance Equity	18.5868
Reliance Group Savings Linked Insurance Energy	16.1849
Reliance Group Savings Linked Insurance Midcap	19.0674
Reliance Group Savings Linked Insurance Balance	12.4583
Reliance Group Savings Linked Insurance Corporate Bond	11.6797
Reliance Group Savings Linked Insurance Pure Debt	11.5405
Reliance Group Savings Linked Insurance Gilt	10.6284
Reliance Group Savings Linked Insurance Money Market	11.2354
Reliance Group Savings Linked Insurance Infrastructure	13.3262
Reliance Group Savings Linked Insurance Pure Equity	18.1711
Reliance Group Superannuation Equity	10.8697
Reliance Group Superannuation Growth	10.5437
Reliance Group Superannuation Balance	16.4248
Reliance Group Superannuation Corporate Bond	11.1394
Reliance Group Superannuation Pure Debt	11.9252
Reliance Group Superannuation Gilt	10.3769
Reliance Group Superannuation Money Market	11.3119
Reliance Group Superannuation Capital Secure	11.7298

- √ 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 Sharpe 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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