

## 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	%
<sup>1</sup> Rs./\$	45.64	46.77	-2.48
<sup>2</sup> WPI Inflation		140.3	
<sup>3</sup> Forex Reserves (\$ bn)	291.60	282.84	3.00
<sup>1</sup> Oil Price (\$ per Barrel)	75.97	72.73	4.26
<sup>1</sup> Gold (Rs. per 10gm)	19150	18754	2.07

Investments	30th Sep 10	30th Aug 10	Absolute Change
<sup>4</sup> FII's (Rs Crs)	24979	11688	13291
<sup>4</sup> Mfs (Rs Crs)	-7236	-3170	-4067

Indices	30th	30th	%
<sup>1</sup> BSE Sensex	20069	17971	11.67
<sup>1</sup> S&P CNX Nifty	6030	5402	11.62
<sup>1</sup> CNX Mid Cap	9164	8680	5.58
<sup>1</sup> BSE Small Cap	10246	9541	7.39

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

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

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

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 Sep 30, 2010				date of inception
		last 1 year	last 2 year	last 3 year	since inception	
100% equity	Equity Fund	23.36%	26.86%	4.96%	22.08%	August, 2004
100% pure equity	Pure Equity Fund	16.70%	23.45%	NA	17.49%	June, 2008
100% equity	Infrastructure Fund	4.15%	10.15%	NA	-1.21%	March, 2008
100% equity	Energy Fund	9.62%	13.54%	NA	5.82%	March, 2008
100% equity	Midcap Fund	23.40%	25.42%	NA	8.95%	March, 2008
80% equity, 20% debt	Super Growth Fund	18.55%	21.47%	4.69%	8.87%	May, 2007
60% equity, 40% debt	High Growth Fund	16.20%	19.45%	6.67%	11.95%	March, 2007
50% equity, 50% debt	Growth Plus Fund	14.44%	18.12%	7.09%	11.38%	March, 2007
40% equity, 60% debt	Growth Fund	11.94%	16.20%	7.17%	13.11%	August, 2004
20% equity, 80% debt	Balanced Fund	9.68%	13.52%	8.44%	11.11%	February, 2003
100% bond instruments	Corporate Bond Fund	8.85%	11.52%	9.73%	10.05%	May, 2007
100% debt Instruments	Pure Debt Fund	9.07%	11.28%	9.46%	9.43%	April, 2007
100% govt. securities	Gilt Fund	6.97%	6.68%	6.32%	6.31%	May, 2007
100% debt Instruments	Guaranteed Bond Fund I	8.82%	NA	NA	13.04%	December, 2008
100% money market instruments	Money Market Fund	7.17%	8.83%	8.97%	9.00%	May, 2007
100% money market instruments	Capital Secure Fund	6.72%	8.33%	8.51%	7.04%	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 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

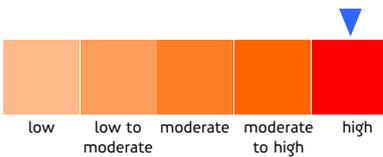
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	23.36%	18.61%	15.40%	19.08%	1.19%	0.71%
last 2 year (CAGR*)	26.86%	24.01%	28.88%	34.58%	0.76%	0.55%
last 3 year (CAGR*)	4.96%	6.29%	32.22%	35.38%	-0.001%	0.04%
last 4 year (CAGR*)	12.26%	13.86%	29.25%	31.83%	0.25%	0.28%
last 5 year (CAGR*)	17.88%	18.31%	28.45%	30.50%	0.45%	0.44%
since inception (CAGR*)	22.08%	23.60%	26.70%	28.45%	0.64%	0.65%
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'.

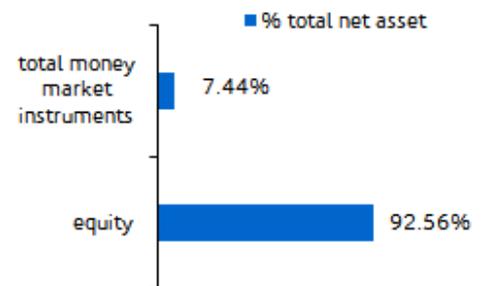
### fund risk profile



### portfolio As on Sep 30, 2010

security	% total net assets	1-yr beta
<b>equity</b>	<b>92.56</b>	
<b>AUTO ANCILLARY</b>	<b>0.53</b>	
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
<b>BANKING &amp; FINANCE</b>	<b>23.73</b>	
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
<b>CAP GOODS / ENGINEERING</b>	<b>10.64</b>	
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
<b>CEMENT &amp; CEMENT PRODUCTS</b>	<b>2.06</b>	
INDIA CEMENTS LTD	0.53	0.53
ULTRATECH CEMENT LIMITED	1.53	0.87
<b>CONSTRUCTION</b>	<b>2.11</b>	
JAIPRAKASH ASSOCIATES LTD	1.19	1.99
NAGARJUNA CONSTRUCTION CO LTD	0.92	1.20
<b>CONSUMER GOODS</b>	<b>0.28</b>	
PANTALOON RETAIL INDIA LIMITED	0.28	0.27
<b>FERTILIZERS</b>	<b>0.17</b>	
GUJARAT STATE FERTILIZERS & CHEMICALS LT	0.17	0.09
<b>FMCG</b>	<b>5.90</b>	
HINDUSTAN UNILEVER LIMITED	1.28	0.51
ITC LTD FACE VALUE	4.62	2.85
<b>GAS</b>	<b>0.98</b>	
GAIL (INDIA) LIMITED	0.98	0.62
<b>IT</b>	<b>9.60</b>	
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
<b>MEDIA</b>	<b>0.50</b>	
HT MEDIA LIMITED	0.50	0.28
<b>METALS</b>	<b>6.52</b>	
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
<b>OIL EXPLORATION</b>	<b>0.49</b>	
CAIRN INDIA LIMITED	0.49	0.52
<b>OIL REFINERIES</b>	<b>11.37</b>	
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
<b>PHARMACEUTICALS</b>	<b>5.84</b>	
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
<b>PLASTIC AND PLASTIC PRODUCT</b>	<b>0.84</b>	
SINTEX INDUSTRIES	0.84	0.72
<b>POWER</b>	<b>2.42</b>	
AREVA T AND D INDIA LTD	0.43	0.33
NTPC LIMITED	0.97	0.61
TATA POWER	1.01	0.70
<b>SOFTWARE</b>	<b>0.49</b>	
FINANCIAL TECHNOLOGIES INDIA	0.49	0.49
<b>TELECOM</b>	<b>2.46</b>	
BHARTI AIRTEL LIMITED	2.46	1.60
<b>total equity</b>	<b>92.56</b>	
<b>total money market instruments</b>	<b>7.44</b>	
<b>total net assets</b>	<b>100.00</b>	

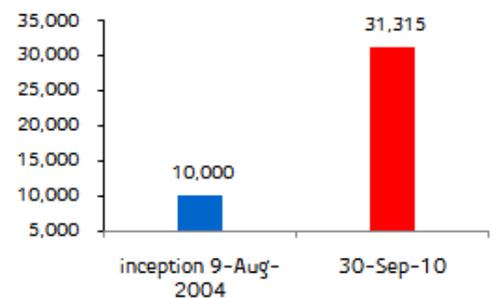
### asset allocation as on Sep 30, 2010



### fund characteristics as on Sep 30, 2010

Fund Beta 0.90

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



### 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

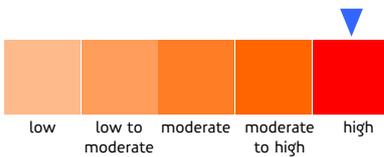
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	16.70%	18.61%	15.44%	19.08%	0.76%	0.71%
last 2 year (CAGR*)	23.45%	24.01%	30.04%	34.58%	0.61%	0.55%
since inception (CAGR*)	17.49%	19.48%	29.48%	33.75%	0.42%	0.43%
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'.

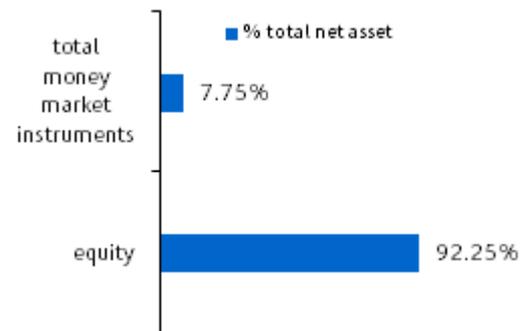
### fund risk profile



### portfolio As on Sep 30, 2010

security	% total net assets	1-yr beta
<b>equity</b>		
<b>AUTOMOBILES</b>	<b>12.94</b>	
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
<b>CAP GOODS / ENGINEERING</b>	<b>12.91</b>	
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
<b>CEMENT &amp; CEMENT PRODUCTS</b>	<b>2.22</b>	
GRASIM INDUSTRIES LTD FV 10	2.22	0.56
<b>CONSTRUCTION</b>	<b>1.15</b>	
NAGARJUNA CONSTRUCTION CO LTD	1.15	1.31
<b>FMCG</b>	<b>3.12</b>	
HINDUSTAN UNILEVER LIMITED	3.12	0.40
<b>GAS</b>	<b>3.36</b>	
GAIL (INDIA) LIMITED	3.36	0.63
<b>IT</b>	<b>10.67</b>	
MPHASIS LIMITED	1.62	0.58
INFOSYS TECHNOLOGIES LTD	6.06	0.79
TATA CONSULTANCY SERVICES LIMITED	2.99	0.78
<b>METALS</b>	<b>7.80</b>	
HINDALCO INDUSTRIES LTD	3.82	1.96
JINDAL STEEL AND POWER LIMITED	3.98	1.14
<b>OIL EXPLORATION</b>	<b>14.53</b>	
CAIRN INDIA LIMITED	2.00	1.06
ONGC CORPORATION LTD	5.12	0.58
RELIANCE INDUSTRIES LIMITED	7.41	1.18
<b>PHARMACEUTICALS</b>	<b>6.08</b>	
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
<b>POWER</b>	<b>9.14</b>	
NTPC LIMITED	3.53	0.62
PTC INDIA LIMITED	0.93	0.91
TATA POWER FV 10	4.68	0.69
<b>SOFTWARE</b>	<b>1.52</b>	
FINANCIAL TECHNOLOGIES	1.52	0.99
<b>TELECOM</b>	<b>4.37</b>	
BHARTI AIRTEL LIMITED	4.37	0.65
<b>total equity</b>	<b>92.25</b>	
<b>total money market instruments</b>	<b>7.75</b>	
<b>total net assets</b>	<b>100.00</b>	

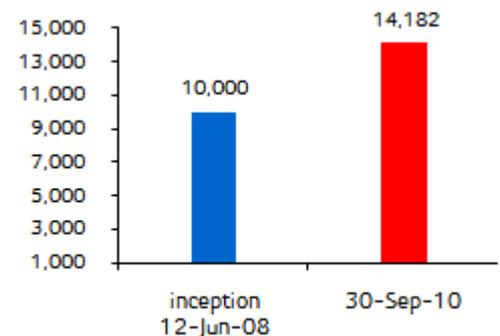
### asset allocation as on Sep 30, 2010



### fund characteristics as on Sep 30, 2010

Fund Beta 0.82

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



### 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

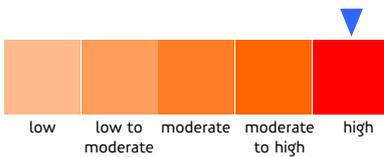
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	4.15%	-3.67%	19.23%	23.03%	-0.04%	-0.38%
last 2 year (CAGR*)	10.15%	8.09%	30.34%	39.40%	0.17%	0.08%
since inception (CAGR*)	-1.21	-5.3	32.19	39.91	-0.19	-0.26
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'

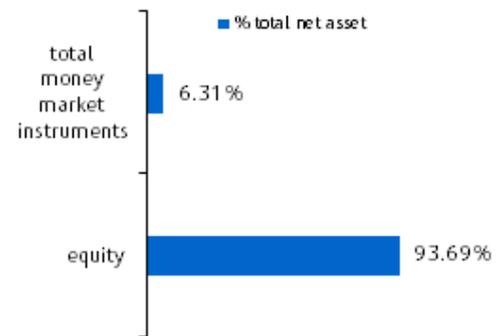
### fund risk profile



### portfolio As on Sep 30, 2010

security	% total net assets	1-yr beta
<b>equity</b>		
<b>AUTOMOBILES</b>	<b>0.73</b>	
MOTHERSON SUMI SYSTEMS LIMITED	0.73	0.60
<b>CAP GOODS / ENGINEERING</b>	<b>33.03</b>	
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
<b>CEMENT &amp; CEMENT PRODUCTS</b>	<b>2.71</b>	
GRASIM INDUSTRIES LTD	2.71	0.56
<b>CONSTRUCTION</b>	<b>8.05</b>	
ASHOKA BUILDCON LTD	2.23	0.00
JAIPRAKASH ASSOCIATES LTD	3.49	1.67
NAGARJUNA CONSTRUCTION CO LTD	2.33	1.31
<b>CONSUMER GOODS</b>	<b>1.32</b>	
PANTALOON RETAIL INDIA LIMITED	1.32	0.96
<b>HOTELS</b>	<b>1.13</b>	
INDIAN HOTELS LTD	1.13	1.03
<b>METALS</b>	<b>3.96</b>	
HINDALCO INDUSTRIES LTD	2.26	1.96
TATA STEEL LIMITED	1.71	1.72
<b>PLASTIC AND PLASTIC PRODUCT</b>	<b>1.30</b>	
SINTEX INDUSTRIES	1.30	0.86
<b>POWER</b>	<b>25.84</b>	
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
<b>SHIPPING</b>	<b>0.98</b>	
GREAT EASTERN SHIPPING COMPANY LTD	0.98	1.23
<b>SOFTWARE</b>	<b>2.43</b>	
FINANCIAL TECHNOLOGIES	2.43	0.99
<b>TELECOM</b>	<b>12.21</b>	
BHARTI AIRTEL LIMITED	12.21	0.65
<b>total equity</b>	<b>93.69</b>	
<b>total money market instruments</b>	<b>6.31</b>	
<b>total net assets</b>	<b>100.00</b>	

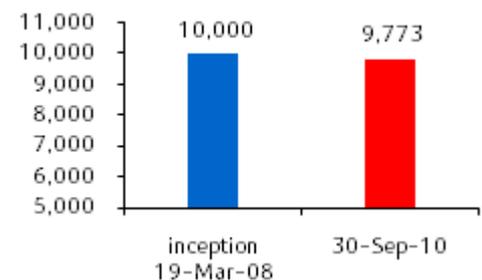
### asset allocation as on Sep 30, 2010



### fund characteristics as on Sep 30, 2010

Fund Beta 0.84

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



### 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

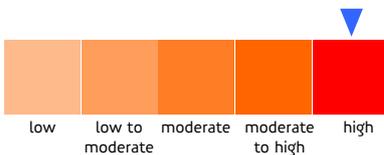
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	9.62%	6.06%	12.05%	16.00%	0.38%	0.07%
last 2 year (CAGR*)	13.54%	12.35%	29.48%	33.55%	0.29%	0.22%
since inception (CAGR*)	5.82%	5.67%	29.46%	33.14%	0.03%	0.02%
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'

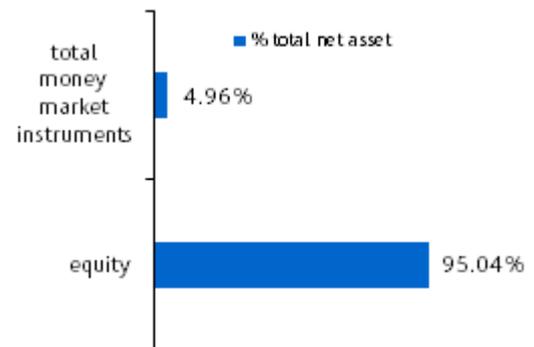
### fund risk profile



### portfolio As on Sep 30, 2010

security	% total net assets	1-yr beta
<b>equity</b>		
<b>BANKING &amp; FINANCE</b>	<b>1.61</b>	
POWER FINANCE CORPORATION LIMITED	1.61	0.63
<b>CAP GOODS / ENGINEERING</b>	<b>7.64</b>	
ALSTOM POWER INDIA LTD.	1.15	0.70
CROMPTON GREAVES LIMITED	3.34	0.85
CUMMINS INDIA LIMITED	3.15	0.33
<b>GAS</b>	<b>5.78</b>	
GAIL (INDIA) LIMITED	5.78	0.63
<b>OIL EXPLORATION</b>	<b>30.55</b>	
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
<b>OIL REFINERIES</b>	<b>33.25</b>	
INDIAN OIL CORPORATION LIMITED	6.78	0.22
RELIANCE INDUSTRIES LIMITED	26.47	1.18
<b>POWER</b>	<b>16.22</b>	
NTPC LIMITED	13.92	0.62
TATA POWER	2.30	0.69
<b>total equity</b>	<b>95.04</b>	
<b>total money market instruments</b>	<b>4.96</b>	
<b>total net assets</b>	<b>100.00</b>	

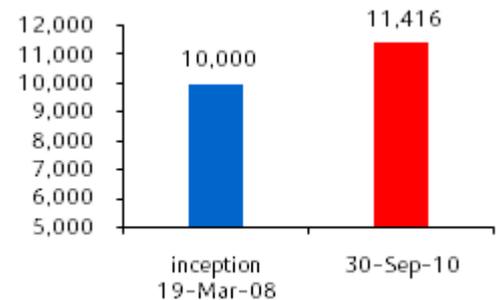
### asset allocation as on Sep 30, 2010



### fund characteristics as on Sep 30, 2010

Fund Beta 0.75

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



### 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

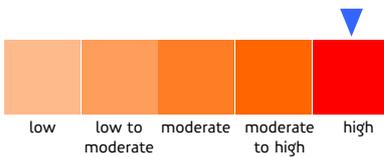
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	23.40%	19.53%	15.35%	17.50%	1.20%	0.83%
last 2 year (CAGR*)	25.42%	29.46%	35.79%	47.35%	0.57%	0.52%
since inception (CAGR*)	8.95%	9.91%	37.23%	48.36%	0.11%	0.10%
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'

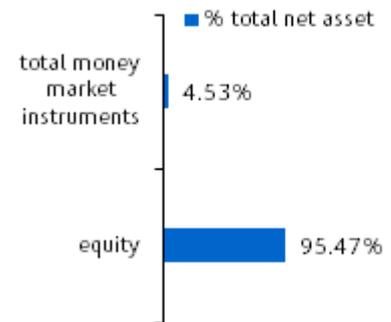
### fund risk profile



### portfolio As on Sep 30, 2010

security	% total net assets	1-yr beta
<b>equity</b>		
<b>AUTO ANCILLARY</b>	<b>3.74</b>	
EXIDE INDUSTRIES LTD	3.74	0.66
<b>AUTOMOBILES</b>	<b>2.45</b>	
TATA MOTORS LIMITED	2.45	1.43
<b>BANKING &amp; FINANCE</b>	<b>8.01</b>	
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
<b>CAP GOODS / ENGINEERING</b>	<b>12.98</b>	
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
<b>CEMENT &amp; CEMENT PRODUCTS</b>	<b>2.34</b>	
ULTRATECH CEMENT LIMITED	2.34	0.57
<b>CONSTRUCTION</b>	<b>5.02</b>	
JAIPRAKASH ASSOCIATES LTD	1.90	1.67
NAGARJUNA CONSTRUCTION CO LTD	3.12	1.31
<b>CONSUMER GOODS</b>	<b>1.56</b>	
PANTALOON RETAIL INDIA LIMITED	1.56	0.96
<b>FERTILIZERS</b>	<b>6.38</b>	
GUJARAT STATE FERTILIZERS & CHEMICALS LTD	1.77	0.52
TATA CHEMICALS	4.60	0.84
<b>FMCG</b>	<b>6.14</b>	
UNITED SPIRITS LTD	2.85	0.96
TATA GLOBAL BEVERAGES LTD	3.29	0.58
<b>GAS</b>	<b>1.68</b>	
PETRONET LNG LIMITED	1.68	0.82
<b>HOTELS</b>	<b>2.85</b>	
INDIAN HOTELS LTD	2.85	1.03
<b>IT</b>	<b>4.45</b>	
MPHASIS LIMITED	4.45	0.58
<b>METALS</b>	<b>11.28</b>	
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
<b>OIL EXPLORATION</b>	<b>2.11</b>	
SHIVANI OIL AND GAS EXPLOARATION	2.11	0.52
<b>PHARMACEUTICALS</b>	<b>10.90</b>	
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
<b>PLASTIC AND PLASTIC PRODUCT</b>	<b>3.85</b>	
SINTEX INDUSTRIES	3.85	0.86
<b>POWER</b>	<b>3.84</b>	
BGR ENERGY SYSTEMS LIMITED	1.49	0.73
NTPC LIMITED	2.34	0.62
<b>SHIPPING</b>	<b>2.50</b>	
GREAT EASTERN SHIPPING COMPANY LTD NEW	2.50	1.23
<b>SOFTWARE</b>	<b>3.41</b>	
FINANCIAL TECHNOLOGIES	3.41	0.99
<b>total equity</b>	<b>95.47</b>	
<b>total money market instruments</b>	<b>4.53</b>	
<b>total net assets</b>	<b>100.00</b>	

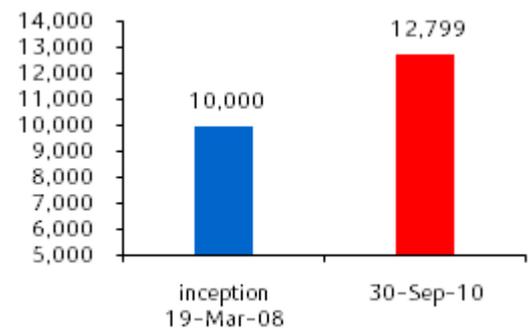
### asset allocation as on Sep 30, 2010



### fund characteristics as on Sep 30, 2010

Fund Beta 0.92

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



### 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%

## Super Growth Fund

### fund performance As on Sep 30, 2010

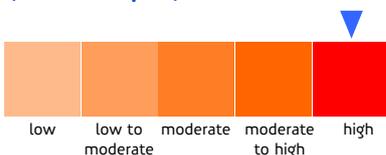
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	18.55%	16.04%	12.39%	15.30%	1.09%	0.72%
last 2 year (CAGR*)	21.47%	21.71%	23.14%	27.71%	0.71%	0.60%
last 3 year (CAGR*)	4.69%	7.55%	25.53%	28.37%	-0.01%	0.09%
since inception (CAGR*)	8.87%	11.08%	24.81%	27.43%	0.16%	0.22%
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'

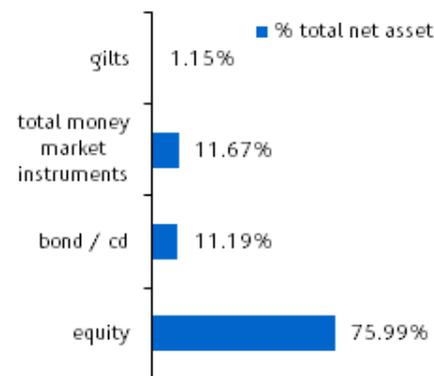
### fund risk profile



### portfolio As on Sep 30, 2010

security	% total net assets	rating/1-yr beta
<b>bond/cd</b>		
9.25% POWER GRID CORPORATION NCD (MD 09/02/2013)	0.07	AAA
10% NABARD NCD SR IX (MD 14/05/2012)	0.09	AAA
9.90% TATA SONS LTD NCD (MD 20/05/2011)	0.14	LAAA
9.20% HDFC LTD NCD (MD 09/02/2012)	0.14	AAA
9.25% EXPORT & IMPORT BANK LTD NCD (MD 13/12/2012)	0.23	AAA
9.25% IDBI BANK LTD PERP NCD CALL/STEP-UP 29/01/20	0.27	AA
9.50% NABARD NPS BONDS SR IX I (MD 15/10/2012)	0.29	AAA
11.35% RECL LTD NCD (MD 24/10/2013) P/C 24/10/2011	0.29	AAA
8.64% POWER GRID CORPN LTD NCD (MD 08/07/2014 - 25)	0.42	AAA
9.7% UNITED PHOS LTD (MD 9/4/17) CALL STEP 9/4/15	0.43	AA+
8.95% IRFC NCD SERIES 69 (MD 10/03/2025)	0.58	AAA
8.90% POWER GRID CORP LTD NCD STRPP D (MD 25/2/17)	0.71	AAA
9.05% SBI PERPETUAL NCD CALL/STEP-UP 27/01/2020	0.72	AAA
11.45% RELIANCE INDUSTRIES LTD NCD (MD 25/11/2013)	0.91	AAA
8.40% ADITYA BIRLA NUVO LTD NCD (MD 23/11/2012)	1.40	LAA+
8.90% POWER GRID CORP LTD NCD STRPP C (MD 25/2/16)	1.42	AAA
8.99% TATA SONS LTD NCD (MD 07/06/2020)	1.43	AAA
11.95% HDFC LTD NCD (MD 26/11/2018)	1.66	AAA
<b>total bond/cd</b>	<b>11.19</b>	
<b>gilts</b>		
8.24% GOI (MD 22/04/2018)	0.57	sovereign
8.47% NAGALAND SDL (MD 25/03/2019)	0.56	sovereign
7.44% GOI SPL OIL BOND 2012 (23/03/2012)	0.03	sovereign
<b>total gilts</b>	<b>1.15</b>	<b>sovereign</b>
<b>equity</b>		
<b>AUTOMOBILES</b>	<b>5.18</b>	
BAJAJ AUTO LIMITED NEW	1.93	0.57
MAHINDRA & MAHINDRA LTD	1.63	1.16
MARUTI SUZUKI INDIA LTD	0.99	0.67
TATA MOTORS LIMITED	0.65	1.43
<b>BANKING &amp; FINANCE</b>	<b>18.61</b>	
HDFC BANK	3.75	0.80
HOUSING DEV FIN CORPN LTD	1.79	0.98
ICICI BANK LTD	4.40	1.53
BANK OF BARODA	1.42	0.66
MAX INDIA LIMITED	0.36	0.78
STATE BANK OF INDIA	3.25	1.09
SHRIRAM TRANSPORT FINANCE COMPANY LTD	1.67	0.49
AXIS BANK LIMITED	1.98	1.14
<b>CAP GOODS / ENGINEERING</b>	<b>11.05</b>	
VA TECH WABAG LTD.	2.43	0.00
BHARAT HEAVY ELECTRICALS LIMITED	1.92	0.65
CUMMINS INDIA LIMITED	0.90	0.33
LARSEN & TOUBRO LIMITED	4.35	0.89
PUNJ LLOYD LIMITED	0.43	1.24
VOLTA LIMITED	1.01	0.98
<b>CEMENT &amp; CEMENT PRODUCTS</b>	<b>1.05</b>	
INDIA CEMENTS LTD	0.03	0.99
ULTRATECH CEMENT LIMITED	1.03	0.57
<b>CONSTRUCTION</b>	<b>1.57</b>	
JAIPRAKASH ASSOCIATES LTD	1.24	1.67
NAGARJUNA CONSTRUCTION CO LTD	0.33	1.31
<b>FMCG</b>	<b>6.11</b>	
HINDUSTAN UNILEVER LIMITED	0.88	0.40
ITC LTD	4.41	0.62
UNITED SPIRITS LTD	0.83	0.96
<b>GAS</b>	<b>0.61</b>	
GAIL (INDIA) LIMITED	0.61	0.63
<b>IT</b>	<b>7.32</b>	
INFOSYS TECHNOLOGIES LTD	5.13	0.79
MPHASIS LIMITED	0.62	0.58
TATA CONSULTANCY SERVICES LIMITED	1.57	0.78
<b>METALS</b>	<b>5.07</b>	
JINDAL STEEL AND POWER LIMITED	1.67	1.14
STERILITE INDUSTRIES INDIA LTD	1.25	1.68
TATA STEEL LIMITED	2.15	1.72
<b>OIL REFINERIES</b>	<b>9.83</b>	
INDIAN OIL CORPORATION LIMITED	1.29	0.22
OIL INDIA LIMITED	0.87	0.32
ONGC CORPORATION LTD	1.78	0.58
RELIANCE INDUSTRIES LIMITED	5.90	1.18
<b>PHARMACEUTICALS</b>	<b>4.50</b>	
CIPLA LIMITED	0.50	0.39
DIVIS LABORATORIES LIMITED	1.18	0.72
LUPIN LTD	0.26	0.27
SUN PHARMA IND LTD	0.63	0.37
JUBLANT ORGANOSYS LIMITED	1.93	0.81
<b>PLASTIC AND PLASTIC PRODUCT</b>	<b>0.96</b>	
SINTEX INDUSTRIES	0.96	0.86
<b>POWER</b>	<b>1.70</b>	
NTPC LIMITED	0.92	0.62
TATA POWER	0.78	0.69
<b>SOFTWARE</b>	<b>0.15</b>	
FINANCIAL TECHNOLOGIES	0.15	0.99
<b>TELECOM</b>	<b>2.27</b>	
BHARTI AIRTEL LIMITED	2.27	0.65
<b>total equity</b>	<b>75.99</b>	
<b>total money market instruments</b>	<b>11.19</b>	
<b>total net assets</b>	<b>100.00</b>	

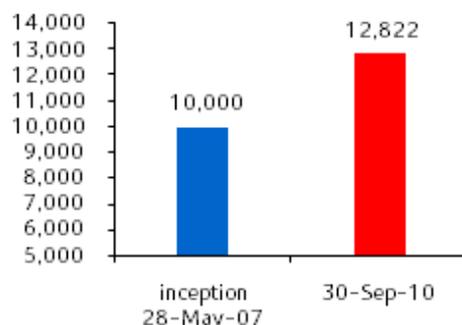
### asset allocation as on Sep 30, 2010



### fund characteristics as on Sep 30, 2010

M.Duration of debt portfolio: 2.34 years  
 YTM of debt portfolio: 8.46%  
 Beta of equity portfolio: 0.88

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



### 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 75.99%.

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: 20%  
 Equity: 80%

### benchmark construction

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

## High 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	16.20%	13.38%	9.52%	11.53%	1.18%	0.73%
last 2 year (CAGR*)	19.45%	18.86%	17.51%	20.85%	0.83%	0.66%
last 3 year (CAGR*)	6.67%	8.27%	19.47%	21.37%	0.09%	0.15%
since inception (CAGR*)	11.95%	11.93%	18.55%	20.02%	0.37%	0.35%
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'

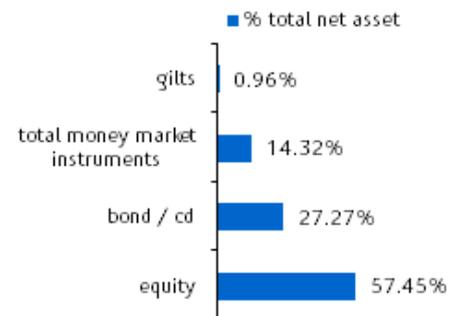
### fund risk profile



### portfolio As on Sep 30, 2010

security	% total net assets	rating/1-yr beta
<b>bond/cd</b>		
10.90% POWER FIN CORP LTD NCD (MD 11/08/2013)	0.15	AAA
9.25% IDBI BANK LTD PERP NCD CALL/STEP-UP 29/01/20	0.27	AA
8.60% NAT CAP REG PLAN NCD (MD 4/8/20) P/C 4/8/17	0.28	AAA
9.50% INDIAN HOTEL CO LTD (28/02/2012)	0.28	LAA+
8.95% IRFC NCD SERIES 69 (MD 10/03/2025)	0.29	AAA
8.25% IDBI OMNI BOND SER III 26-05-2011	0.33	AA+
7.60% ICICI BANK LTD NCD (MD 30/12/2015)	0.35	AAA
8.90% POWER GRID CORP LTD NCD STRPP G (MD 25/2/20)	0.35	AAA
8.90% POWER GRID CORP LTD NCD STRPP A (MD 25/2/14)	0.35	AAA
8.95% INFOTEL BROADBAND SERV LTD NCD (MD 15/09/20)	0.42	AAA
9.15% NAT CAP REG PLAN NCD (MD18/02/2019)P/C180216	0.42	AAA
11.35% RECL LTD NCD (MD 24/10/2013) P/C 24/10/2011	0.44	AAA
6% INDIAN HOTELS LTD NCD (MD 13/05/2011)	0.68	LAA+
8.60% POWER FIN CORP LTD NCD (MD 07/08/2014)	0.69	AAA
8.68% NAT CAP REG PLAN NCD (MD 18/8/19)P/C18/08/16	0.69	AAA
8.4% TATA CAPITAL LTD NCD (MD 26/11/2012)	0.69	AA+
8.48% LIC HOUSING FINANCE NCD (MD 27/09/2013)	0.69	AAA
9.90% TATA SONS LTD NCD (MD 20/05/2011)	0.70	LAAA
8.90% POWER GRID CORP LTD NCD STRPP C (MD 25/2/16)	0.70	AAA
8.79% IRFC NCD (MD 04/05/2030)	0.70	AAA
8.90% SAIL (MD 01/05/2019) CALL 010514	0.70	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
9.40% POWER FIN CORP LTD NCD (MD 25/03/2013)	0.71	AAA
9.50% NABARD NPS BONDS SR IX I (MD 15/10/2012)	0.71	AAA
9.45% RECL LTD NCD (MD 04/04/2013)	0.71	AAA
10.10% POWER GRID CORPORATION (12/06/2012)	0.71	AAA
9.50% TATA COMMUNICATION LTD NCD (MD 08/06/2014)	0.71	AAA
11.45% RELIANCE INDUSTRIES LTD NCD (MD 25/11/2013)	0.73	AAA
8.64% POWER GRID CORPN LTD NCD (MD 08/07/2014 - 25)	0.83	AAA
8.23% TATA CAP LTD NCD (MD 29/07/13)PUT/RESET7/07/12	0.90	AA+
9.7% UNITED PHOS LTD (MD 9/4/17) CALL STEP 9/4/15	0.93	AA+
8% RECL LTD NCD (MD 05/08/2014)	1.35	AAA
8.40% HDFC LTD NCD (MD 08/12/2014)	1.37	AAA
8.75% RELIANCE INDUSTRIES LTD NCD (MD 07/05/2020)	1.38	AAA
8.99% TATA SONS LTD NCD (MD 07/06/2020)	1.41	AAA
10.70% POWER FIN CORP LTD NCD (MD 15/07/2013)	1.46	AAA
11.45% RELIANCE IND LTD NCD (MD 25/11/2013)	1.80	AAA
<b>total bond/cd</b>	<b>27.27</b>	
<b>gilts</b>		
6.72% GOI 2014 (MD 24/02/2014)	0.14	sovereign
8.26% GOI (MD 02/08/2027)	0.69	sovereign
8.47% JHARKHAND SDL (MD 25/03/2019)	0.96	sovereign
<b>total gilts</b>	<b>0.96</b>	
<b>equity</b>		
<b>AUTOMOBILES</b>	<b>4.05</b>	
TATA MOTORS LIMITED	0.54	0.64
BAJAJ AUTO LIMITED NEW	1.45	1.19
MAHINDRA & MAHINDRA LTD	1.34	0.68
MARUTI SUZUKI INDIA LTD	0.73	1.51
<b>BANKING &amp; FINANCE</b>	<b>14.20</b>	
AXIS BANK LIMITED	1.50	0.66
BANK OF BARODA	1.15	0.78
HDFC BANK	2.74	0.96
HOUSING DEV FIN CORPN LTD	1.37	1.56
ICICI BANK LTD	3.34	0.78
MAX INDIA LIMITED	0.27	0.78
STATE BANK OF INDIA	2.55	1.12
SHRI RAM TRANSPORT FINANCE COMPANY LTD	1.29	1.43
<b>CP GOODS / ENGINEERING</b>	<b>8.44</b>	<b>1.13</b>
VA TECH WABAG LTD.	1.84	
VOLTAS LIMITED	0.79	0.66
BHARAT HEAVY ELECTRICALS LIMITED	1.46	0.34
CLIMMINS INDIA LIMITED	0.74	0.91
LARSEN & TOUBRO LIMITED	3.28	1.27
PUNJ LLOYD LIMITED	0.33	0.98
<b>CEMENT &amp; CEMENT PRODUCTS</b>	<b>0.83</b>	
ULTRATECH CEMENT LIMITED	0.81	0.94
INDIA CEMENTS LTD	0.02	0.57
<b>CONSTRUCTION</b>	<b>1.22</b>	
JAIPRAKASH ASSOCIATES LTD	0.97	1.68
NAGARJUNA CONSTRUCTION CO LTD	0.25	1.34
<b>FMCC</b>	<b>4.69</b>	
HINDUSTAN UNILEVER LIMITED	0.50	0.38
ITC LTD	3.36	0.59
UNITED SPIRITS LTD	0.82	0.94
<b>GAS</b>	<b>0.59</b>	
GAIL (INDIA) LIMITED	0.59	0.58
<b>IT</b>	<b>5.73</b>	
TATA CONSULTANCY SERVICES LIMITED	1.41	0.61
MPHASIS LIMITED	0.46	0.78
INFOSYS TECHNOLOGIES LTD	3.85	0.80
<b>METALS</b>	<b>3.77</b>	
TATA STEEL LIMITED	1.54	1.23
JINDAL STEEL AND POWER LIMITED	1.30	1.72
STERLITE INDUSTRIES INDIA LTD	0.92	1.73
<b>OIL REFINERIES</b>	<b>6.43</b>	
OIL INDIA LIMITED	0.67	0.31
ONGC CORPORATION LTD	1.33	0.56
RELIANCE INDUSTRIES LIMITED	4.44	1.15
<b>PHARMACEUTICALS</b>	<b>3.73</b>	
JUBILANT ORGANOSYS LIMITED	1.78	0.38
CIPLA LIMITED	0.38	0.71
DIVIS LABORATORIES LIMITED	0.91	0.29
LUPIN LTD	0.20	0.39
SUN PHARMA IND LTD	0.47	0.86
<b>PLASTIC AND PLASTIC PRODUCT</b>	<b>0.74</b>	
SINTEX INDUSTRIES	0.74	0.86
<b>POWER</b>	<b>1.25</b>	
TATA POWER	0.58	0.61
NTPC LIMITED	0.67	0.72
<b>SOFTWARE</b>	<b>0.12</b>	
FINANCIAL TECHNOLOGIES	0.12	1.04
<b>TELECOM</b>	<b>1.67</b>	
BHARTI AIRTEL LIMITED	1.67	0.63
<b>total equity</b>	<b>57.45</b>	
<b>total money market instruments</b>	<b>14.32</b>	
<b>total net assets</b>	<b>100.00</b>	

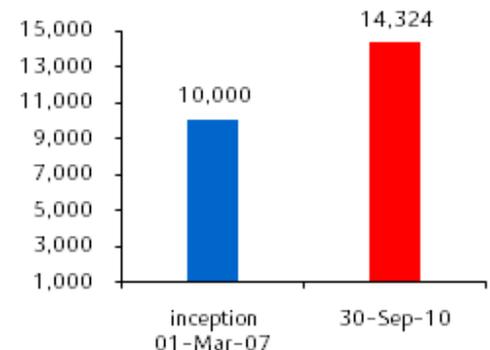
### asset allocation as on Sep 30, 2010



### fund characteristics as on Sep 30, 2010

M.Duration of debt portfolio: 2.48 years  
YTM of debt portfolio: 8.51%  
Beta of equity portfolio: 0.89

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



### 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 57.45%.

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%

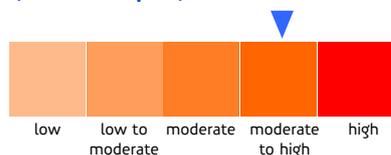
## Growth Plus Fund

fund performance As on Sep 30, 2010

### 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 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 45.85%.

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: 50%  
Equity: 50%

### benchmark construction

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

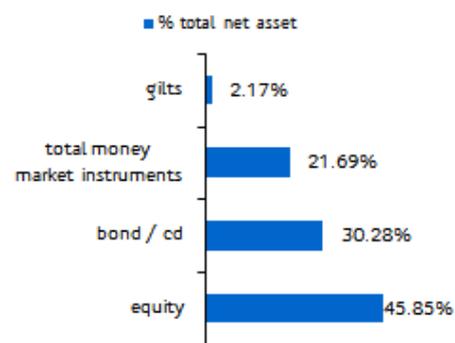
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	14.44%	12.02%	7.85%	9.65%	1.20%	0.73%
last 2 year (CAGR*)	18.12%	17.25%	14.95%	17.43%	0.88%	0.70%
last 3 year (CAGR*)	7.09%	8.43%	16.38%	17.88%	0.13%	0.19%
since inception (CAGR*)	11.38%	11.44%	15.55%	16.76%	0.41%	0.38%
date of inception				march, 2007		

\*CAGR: Compounded Annual Growth Rate

### portfolio As on Sep 30, 2010

security	% total net assets	rating/1-yr beta
<b>bond/cd</b>		
10.10% POWER GRID CORPORATION (12/06/2011)	0.06	AAA
10% NABARD NCD SR IX (MD 14/05/2012)	0.09	AAA
7.60% ICICI BANK LTD NCD (MD 30/12/2015)	0.17	AAA
9.25% EXPORT & IMPORT BANK LTD NCD (MD 13/12/2012)	0.18	AAA
9.20% HDFC LTD NCD (MD 09/02/2012)	0.22	AAA
9.25% IDBI BANK LTD PERP NCD CALL/STEP-UP 29/01/20	0.42	AA
9.50% NABARD NPS BONDS SR IX 1 (MD 15/10/2012)	0.54	AAA
8.40% ADITYA BIRLA NUVO LTD NCD (MD 23/11/2012)	0.88	LAA+
9.07% RECL (MD 28/02/2018)	0.90	AAA
9.90% TATA SONS LTD NCD (MD 20/05/2011)	1.11	LAAA
8.90% POWER GRID CORP LTD NCD STRPP F (MD 25/2/19)	1.11	AAA
9.7% UNITED PHOS LTD (MD 9/4/17) CALL STEP 9/4/15	1.14	AA+
11.45% RELIANCE IND LTD NCD (MD 25/11/2013)	1.19	AAA
11.45% RELIANCE INDUSTRIES LTD NCD (MD 25/11/2013)	1.67	AAA
8.23%TATA CAP LTD NCD(MD29/07/13)PUT&RESET27/07/12	2.20	AA+
8.79% IRFC NCD (MD 04/05/2030)	2.23	AAA
8.99% TATA SONS LTD NCD (MD 07/06/2020)	2.24	AAA
9.05% CANARA BANK PERP NCD CALL/STEP-UP 03/08/2020	2.25	AAA
9.05% SBI PERPETUAL NCD CALL/STEP-UP 27/01/2020	2.25	AAA
10.60% IRFC NCD (MD 11/09/2018)	2.46	AAA
12%TATA CAPITAL LTD NCD (MD 05/03/2014) P/C 050312	2.76	LAA+
10.90% RECL LTD NCD (MD 14/08/2013)	4.21	AAA
<b>total bond/cd</b>	<b>30.28</b>	
<b>gilts</b>		
8.30% GOI (MD 02/07/2040)	0.88	sovereign
6.72% GOI 2014 (MD 24/02/2014)	0.86	sovereign
8.32% GOI (MD 02/08/2032)	0.44	sovereign
<b>total gilts</b>	<b>2.17</b>	
<b>equity</b>		
<b>AUTOMOBILES</b>		
BAJAJ AUTO LIMITED NEW	1.13	0.57
MAHINDRA & MAHINDRA LTD	1.04	1.16
MARUTI SUZUKI INDIA LTD	0.59	0.67
TATA MOTORS LIMITED	0.40	1.43
<b>BANKING &amp; FINANCE</b>		
BANK OF BARODA	0.86	0.66
HDFC BANK	2.18	0.80
HOUSING DEV FIN CORPN LTD	1.07	0.98
ICICI BANK LTD	2.67	1.53
MAX INDIA LIMITED	0.22	0.78
STATE BANK OF INDIA	1.96	1.09
SHRIRAM TRANSPORT FINANCE COMPANY LTD	1.02	0.49
AXIS BANK LIMITED	1.19	1.14
<b>CAP GOODS / ENGINEERING</b>		
BHARAT HEAVY ELECTRICALS LIMITED	1.16	0.65
CUMMINS INDIA LIMITED	0.52	0.33
LARSEN & TOUBRO LIMITED	2.62	0.89
PUNJ LLOYD LIMITED	0.26	1.24
VOLTAS LIMITED	0.66	0.98
<b>CEMENT &amp; CEMENT PRODUCTS</b>		
INDIA CEMENTS LTD	0.02	0.99
ULTRATECH CEMENT LIMITED	0.62	0.57
<b>CONSTRUCTION</b>		
JAIPRAKASH ASSOCIATES LTD	0.75	1.67
NAGARJUNA CONSTRUCTION CO LTD	0.21	1.31
<b>FMCG</b>		
HINDUSTAN UNILEVER LIMITED	0.52	0.40
ITC LTD	2.69	0.62
UNITED SPIRITS LTD	0.51	0.96
<b>GAS</b>		
GAIL (INDIA) LIMITED	0.46	0.63
<b>IT</b>		
MPHASIS LIMITED	0.38	0.58
INFOSYS TECHNOLOGIES LTD	3.11	0.79
TATA CONSULTANCY SERVICES LIMITED	1.24	0.78
<b>METALS</b>		
JINDAL STEEL AND POWER LIMITED	1.00	1.14
STERLITE INDUSTRIES INDIA LTD	0.82	1.68
TATA STEEL LIMITED	1.32	1.72
<b>OIL REFINERIES</b>		
INDIAN OIL CORPORATION LIMITED	1.00	0.22
OIL INDIA LIMITED	0.53	0.32
ONGC CORPORATION LTD	1.08	0.58
RELIANCE INDUSTRIES LIMITED	4.36	1.18
<b>PHARMACEUTICALS</b>		
CIPRA LIMITED	0.30	0.39
DIVIS LABORATORIES LIMITED	0.70	0.72
LUPIN LTD	0.16	0.27
SUN PHARMA IND LTD	0.37	0.37
JUBILANT ORGANOSYS LIMITED	1.16	0.81
<b>PLASTIC AND PLASTIC PRODUCT</b>		
SINTEX INDUSTRIES	0.62	0.86
<b>POWER</b>		
NTPC LIMITED	0.50	0.62
TATA POWER	0.48	0.69
<b>SOFTWARE</b>		
FINANCIAL TECHNOLOGIES	0.09	0.99
<b>TELECOM</b>		
BHARTI AIRTEL LIMITED	1.33	0.6
<b>total equity</b>	<b>45.85</b>	
<b>total money market instruments</b>	<b>21.69</b>	
<b>total net assets</b>	<b>100.00</b>	

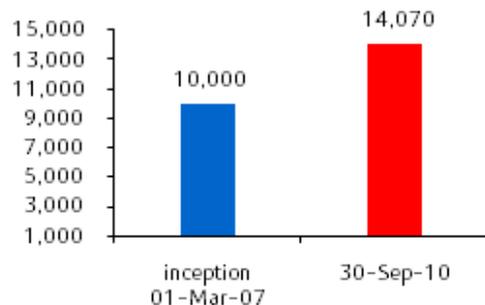
### asset allocation as on Sep 30, 2010



### fund characteristics as on Sep 30, 2010

M.Duration of debt portfolio: 2.78 years  
YTM of debt portfolio: 8.30%  
Beta of equity portfolio: 0.91

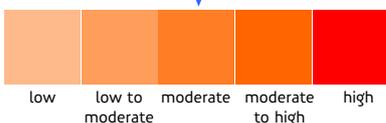
### growth of initial investment of Rs.10,000 in MGP



## 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



## 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

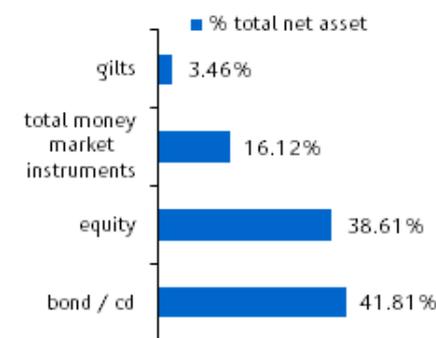
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio	
last 1 year	11.94%	10.64%	6.31%	7.76%	1.10%	0.73%	
last 2 year (CAGR*)	16.20%	15.53%	12.14%	14.02%	0.92%	0.75%	
last 3 year (CAGR*)	7.17%	8.45%	13.56%	14.39%	0.16%	0.24%	
last 4 year (CAGR*)	9.94%	11.14%	12.41%	13.02%	0.40%	0.47%	
last 5 year (CAGR*)	11.96%	12.45%	11.96%	12.42%	0.58%	0.60%	
since inception (CAGR*)	13.11%	13.62%	11.15%	11.51%	0.73%	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
<b>bond/cd</b>		
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	0.25	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 I (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+
<b>total bond/cd</b>	<b>41.81</b>	
<b>gilts</b>		
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
<b>total gilts</b>	<b>3.46</b>	
<b>equity</b>		
<b>AUTOMOBILES</b>		
BAJAJ AUTO LIMITED NEW	1.03	0.57
MAHINDRA & MAHINDRA LTD	0.28	1.16
MARUTI SUZUKI INDIA LTD	0.46	0.67
<b>BANKING &amp; FINANCE</b>	<b>9.98</b>	
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
<b>CAP GOODS / ENGINEERING</b>		
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
<b>CEMENT &amp; CEMENT PRODUCTS</b>		
INDIA CEMENTS LTD	1.16	0.99
ULTRATECH CEMENT LIMITED	0.58	0.57
<b>CONSTRUCTION</b>		
NAGARJUNA CONSTRUCTION CO LTD	0.77	1.31
<b>CONSUMER GOODS</b>		
PANTALOON RETAIL INDIA LIMITED	1.66	0.96
<b>FERTILIZERS</b>		
GUJARAT STATE FERTILIZERS & CHEMICALS LT	1.35	0.52
TATA CHEMICALS	0.88	0.84
<b>FMCG</b>		
ASIAN PAINTS LTD.	0.47	0.84
ITC LTD	0.24	0.34
UNITED SPIRITS LTD	0.87	0.62
<b>GAS</b>		
GAIL (INDIA) LIMITED	0.75	0.96
<b>IT</b>		
INFOSYS TECHNOLOGIES LTD	0.58	0.63
TATA CONSULTANCY SERVICES LIMITED	4.05	0.79
WIPRO LTD.	0.83	0.78
<b>METALS</b>		
STERILITE INDUSTRIES INDIA LTD	0.30	0.85
TATA STEEL LIMITED	1.73	1.68
<b>OIL REFINERIES</b>		
ONGC CORPORATION LTD	0.90	1.72
RELIANCE INDUSTRIES LIMITED	3.71	0.58
<b>PHARMACEUTICALS</b>		
DIVIS LABORATORIES LIMITED	0.61	0.58
JUBILANT ORGANOSYS LIMITED	3.10	1.18
LUPIN LTD	2.41	0.72
<b>PLASTIC AND PLASTIC PRODUCT</b>		
SINTEX INDUSTRIES	0.31	0.81
<b>POWER</b>		
PTC INDIA LIMITED	1.27	0.82
<b>SOFTWARE</b>		
FINANCIAL TECHNOLOGIES	0.82	0.27
<b>TELECOM</b>		
BHARTI AIRTEL LIMITED	0.34	0.86
<b>total equity</b>	<b>38.61</b>	
<b>total money market instruments</b>	<b>16.12</b>	
<b>total net assets</b>	<b>100.00</b>	

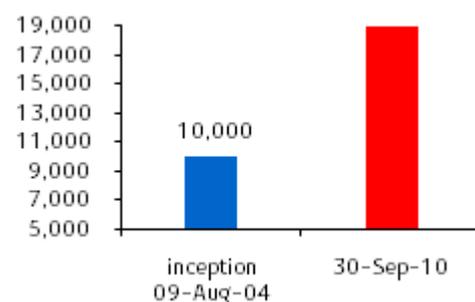
## asset allocation as on Sep 30, 2010



## 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

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



# Balanced Fund

## fund performance As on Sep 30, 2010

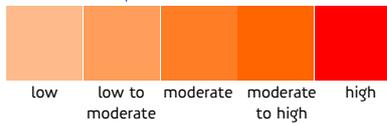
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	9.68%	7.82%	3.38%	4.02%	1.38%	0.70%
last 2 year (CAGR*)	13.52%	11.78%	6.77%	7.33%	1.26%	0.92%
last 3 year (CAGR*)	8.44%	8.11%	7.38%	7.51%	0.47%	0.41%
last 4 year (CAGR*)	9.65%	9.36%	6.85%	6.86%	0.68%	0.64%
last 5 year (CAGR*)	10.28%	9.74%	6.54%	6.49%	0.81%	0.73%
since inception (CAGR*)	11.11%	9.91%	5.68%	5.76%	1.08%	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'.

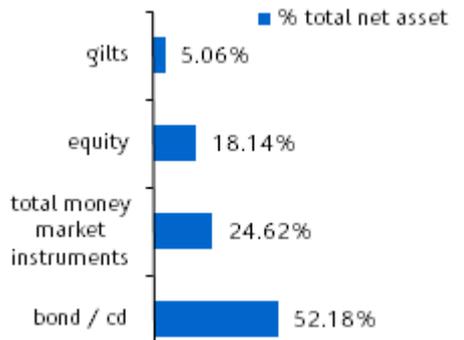
### fund risk profile



### portfolio As on Sep 30, 2010

security	% total net assets	rating/1-yr beta
<b>bond/cd</b>		
8.97% TATA SONS LTD NCD (MD 15/07/2020)	3.89	AAA
11.45% RIL NCD (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 28/11/2013)	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)	1.30	AAA
9.05% 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 04/05/2020)	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 I (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)	0.98	AAA
8.40% IDFC LTD NCD (MD 08/12/2014)	0.92	LAA+
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)	0.78	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	AAA
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	AA
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% SBI PERPETUAL CALL 21/10/16 STEPUP 9.84	0.48	AAA
8.23% TATA CAPITAL NCD 29/07/2013 PUT & RESET 27/07/12	0.45	AAA
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	AAA
9.25% EXIM BANK LTD NCD (MD 13/12/2012)	0.33	AAA
8.90% PGC LTD NCD STRP H (MD 25/02/2021)	0.32	AAA
8.65% L & T LTD 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 EDOE 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>52.18</b>	
<b>gilts</b>		
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 17/08/2011)	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
<b>total gilts</b>	<b>5.06</b>	
<b>equity</b>		
<b>AUTOMOBILES</b>		
BAJAJ AUTO LIMITED NEW	0.49	0.57
MAHINDRA & MAHINDRA LTD	0.13	1.16
MARUTI SUZUKI INDIA LTD	0.14	0.67
<b>BANKING &amp; FINANCE</b>		
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	1.21	1.53
MAX INDIA LIMITED	0.17	0.78
POWER FINANCE CORPORATION LIMITED	0.56	0.63
STATE BANK OF INDIA	0.84	1.06
SHRIRAM TRANSPORT FINANCE COMPANY LTD	0.49	0.49
AXIS BANK LIMITED	0.56	1.14
<b>CAP GOODS / ENGINEERING</b>		
BHARAT HEAVY ELECTRICALS LIMITED	2.72	0.65
CROMPTON GREAVES LIMITED	0.45	0.85
CUMMINS INDIA LIMITED	0.36	0.33
LARSEN & TOUBRO LIMITED	1.06	0.89
PUNJ LLOYD LIMITED	0.21	1.24
VOLTAS LIMITED	0.28	0.98
<b>CEMENT &amp; CEMENT PRODUCTS</b>		
INDIA CEMENTS LTD	0.27	0.99
ULTRATECH CEMENT LIMITED	0.31	0.57
CONSTRUCTION	0.37	1.31
NAGARIUNA CONSTRUCTION CO LTD	0.37	1.31
<b>CONSUMER GOODS</b>		
PANTALOON RETAIL INDIA LIMITED	0.70	0.96
<b>FERTILIZERS</b>		
GUJARAT STATE FERTILIZERS & CHEMICALS LT	0.41	0.52
TATA CHEMICALS	0.23	0.84
<b>FMCG</b>		
ASIAN PAINTS LTD.	0.11	0.34
ITC LTD	0.41	0.62
UNITED SPIRITS LTD	0.41	0.36
<b>GAS</b>		
GAIL (INDIA) LIMITED	0.27	0.63
<b>IT</b>		
INFOSYS TECHNOLOGIES LTD	1.37	0.79
TATA CONSULTANCY SERVICES LIMITED	0.39	0.78
WIPRO LTD.	0.13	0.85
<b>METALS</b>		
STERLITE INDUSTRIES INDIA LTD	0.43	1.68
TATA STEEL LIMITED	0.41	1.72
<b>OIL REFINERIES</b>		
ONGC CORPORATION LTD	0.30	0.58
RELIANCE INDUSTRIES LIMITED	1.47	1.18
<b>PHARMACEUTICALS</b>		
LUPIN LTD	0.37	0.27
LUBILANT ORGANOSYS LIMITED	0.61	0.81
<b>PLASTIC AND PLASTIC PRODUCT</b>		
SINTEX INDUSTRIES	0.16	0.86
<b>POWER</b>		
PTC INDIA LIMITED	0.17	0.91
<b>SOFTWARE</b>		
FINANCIAL TECHNOLOGIES	0.31	0.99
<b>TELECOM</b>		
BHARTI AIRTEL LIMITED	0.63	0.63
<b>total equity</b>	<b>18.14</b>	
<b>total money market instruments</b>	<b>24.62</b>	
<b>total net assets</b>	<b>100.00</b>	

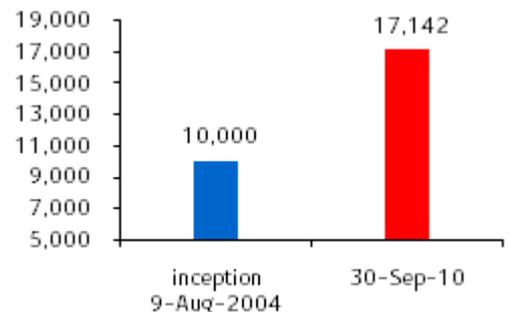
### asset allocation as on Sep 30, 2010



### 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

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



### 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%

# Corporate Bond Fund

## fund performance As on Sep 30, 2010

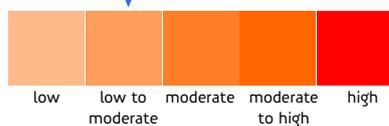
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	8.85%	5.46%	1.69%	1.39%	2.28%	0.33%
last 2 year (CAGR*)	11.52%	7.71%	4.00%	4.82%	1.63%	0.56%
last 3 year (CAGR*)	9.73%	6.37%	3.48%	4.23%	1.36%	0.33%
since inception (CAGR*)	10.05%	6.74%	3.44%	4.18%	1.47%	0.42%
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'.

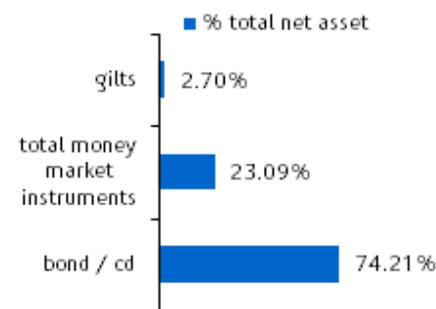
## fund risk profile



## portfolio As on Sep 30, 2010

security	% total net assets	rating/1-yr beta
<b>bond/cd</b>		
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
<b>total bond/cd</b>	<b>74.21</b>	
<b>gilts</b>		
<b>Sovereign</b>		
7.46% GOI 2017 (M/D. 28/8/2017)	1.39	sovereign
7.35% GOI (MD 22/06/2024)	1.31	sovereign
<b>total gilts</b>	<b>2.70</b>	
<b>total money market instruments</b>	<b>23.09</b>	
<b>total net assets</b>	<b>100.00</b>	

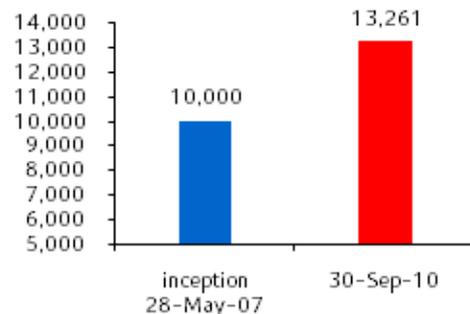
## asset allocation as on Sep 30, 2010



## fund characteristics as on Sep 30, 2010

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

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



## 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%

## Pure Debt Fund

### fund performance As on Sep 30, 2010

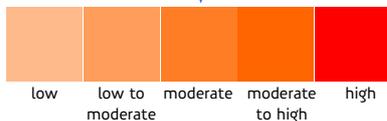
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	9.07%	5.46%	1.92%	1.39%	2.11%	0.33%
last 2 year (CAGR*)	11.28%	7.71%	3.74%	4.82%	1.68%	0.56%
last 3 year (CAGR*)	9.46%	6.37%	3.27%	4.23%	1.37%	0.33%
since inception (CAGR*)	9.43%	6.65%	3.06%	4.07%	1.44%	0.41%
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'.

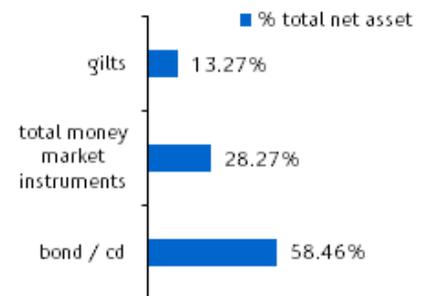
### fund risk profile



### portfolio As on Sep 30, 2010

security	% total assets	rating/ net 1-yr beta
<b>bond/cd</b>		
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
<b>total bond/cd</b>	<b>58.46</b>	
<b>gilts</b>		
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
<b>total gilts</b>	<b>13.27</b>	
<b>total money market instruments</b>	<b>28.27</b>	
<b>total net assets</b>	<b>100.00</b>	

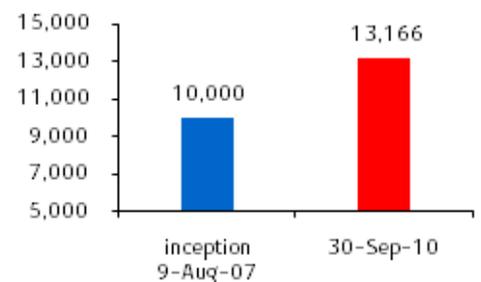
### asset allocation as on Sep 30, 2010



### fund characteristics as on Sep 30, 2010

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

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



### 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

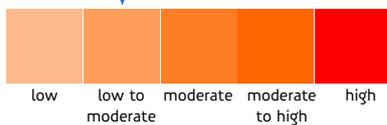
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	6.97%	5.50%	1.28%	2.33%	1.54%	0.21%
last 2 year (CAGR*)	6.68%	11.23%	3.74%	12.33%	0.45%	0.51%
last 3 year (CAGR*)	6.32%	8.77%	3.30%	10.56%	0.40%	0.36%
since inception (CAGR*)	6.31%	8.91%	3.15%	10.11%	0.41%	0.39%
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'.

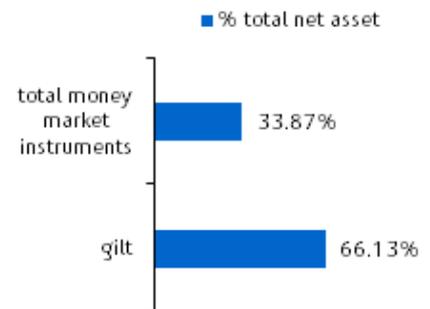
### fund risk profile



### portfolio As on Sep 30, 2010

security	% total net assets	rating/ 1-yr beta
<b>gilts</b>		<b>sovereign</b>
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
<b>total gilts</b>	<b>66.13</b>	
<b>total money market instruments</b>	<b>33.87</b>	
<b>total net assets</b>	<b>100.00</b>	

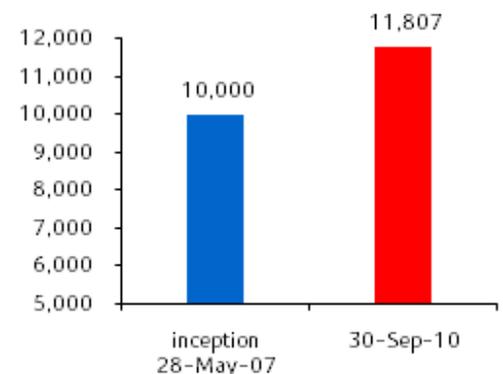
### asset allocation as on Sep 30, 2010



### fund characteristics as on Sep 30, 2010

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

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



### 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%

## Guaranteed Bond Fund I

### fund performance As on Sep 30, 2010

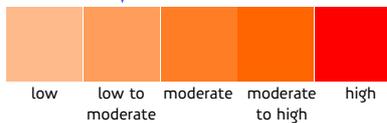
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	8.82%	NA	2.12%	NA	1.80%	NA
since inception (CAGR*)	13.04%	NA	3.69%	NA	2.18%	NA
date of inception			december, 2008			

\*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'.

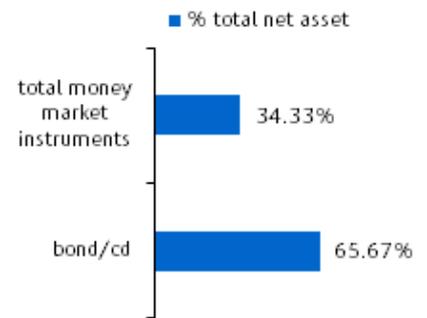
### fund risk profile



### portfolio As on Sep 30, 2010

security	% total net assets	rating/1-yr beta
<b>bond/cd</b>		
11.15% HDFC LTD NCD (MD 06/08/2018)	2.87	AAA
9.07% RECL (MD 28/02/2018)	3.69	AAA
10.60% IRFC NCD (MD 11/09/2018)	4.04	AAA
11.35% RECL LTD NCD 24/10/2013 P/C 24/10/2011	4.15	AAA
10.35% HDFC LTD SR E006 NCD (MD 06/06/2017)	5.33	AAA
11.30% ACC LTD NCD (MD 10/12/2013)	5.84	AAA
10.48% SAMRUDDHI CEMENTS LTD NCD 16/12/2013	5.95	AAA
9.50% TATA COMMUNICATION LTD NCD 08/06/2014	5.96	AAA
11.45% RELIANCE INDUSTRIES LTD NCD 25/11/2013	5.97	AAA
2% TATA MOTORS LTD NCD (MD 31/03/2014)	6.49	AAA
11% POWER FIN CORPOARTION LTD NCD 15/09/2018	6.78	AAA
9.15% NAT CAP REG PLAN NCD 18/02/2019	8.60	AAA
<b>total bond/cd</b>	<b>65.67</b>	
<b>total money market instruments</b>	<b>34.33</b>	
<b>total net assets</b>	<b>100.00</b>	

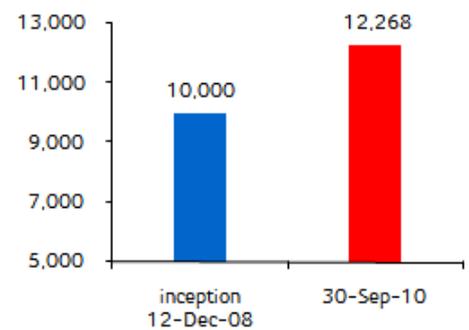
### asset allocation as on Sep 30, 2010



### fund characteristics as on Sep 30, 2010

M.Duration of debt portfolio: 2.7 years  
YTM of debt portfolio: 8.68%

### 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 Sep 30, 2010

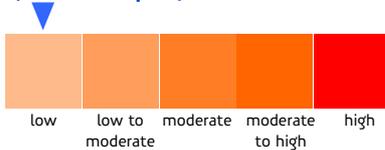
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	7.17%	4.05%	0.09%	0.35%	24.07%	-2.69%
last 2 year (CAGR*)	8.83%	5.42%	0.54%	0.81%	7.12%	0.52%
last 3 year (CAGR*)	8.97%	6.13%	0.45%	0.75%	8.87%	1.50%
since inception (CAGR*)	9.00%	6.11%	0.43%	0.72%	9.37%	1.53%
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'.

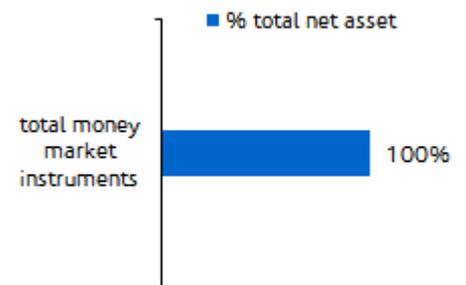
### fund risk profile



### portfolio As on Sep 30, 2010

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

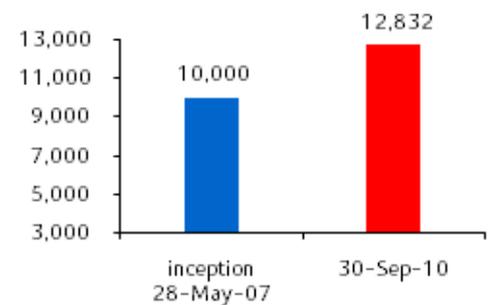
### asset allocation as on Sep 30, 2010



### fund characteristics as on Sep 30, 2010

YTM of debt portfolio: 7.20 %

### 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 Sep 30, 2010

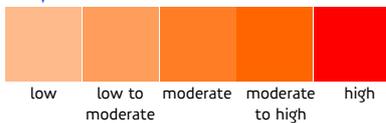
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	6.72%	4.77%	0.15%	0.24%	11.81%	-0.94%
last 2 year (CAGR*)	8.33%	5.08%	0.55%	0.43%	6.04%	0.19%
last 3 year (CAGR*)	8.51%	6.07%	0.52%	0.54%	6.77%	2.00%
last 4 year (CAGR*)	8.56%	6.43%	0.48%	0.50%	7.41%	2.85%
last 5 year (CAGR*)	8.10%	6.45%	0.50%	0.45%	6.16%	3.20%
since inception (CAGR*)	7.04%	5.76%	0.58%	0.48%	3.51%	1.60%
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'.

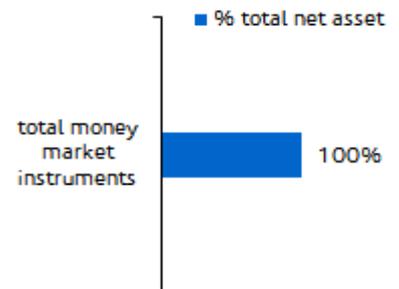
### fund risk profile



### portfolio As on Sep 30, 2010

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

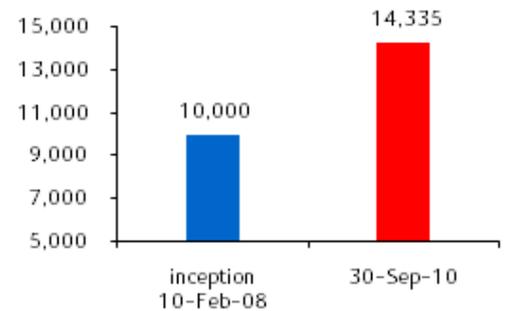
### asset allocation as on Sep 30, 2010



### fund characteristics as on Sep 30, 2010

YTM of debt portfolio: 6.82%

### 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

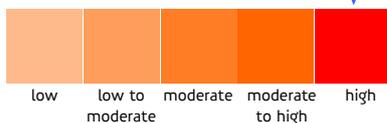
### fund performance As on Sep 30, 2010

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'.

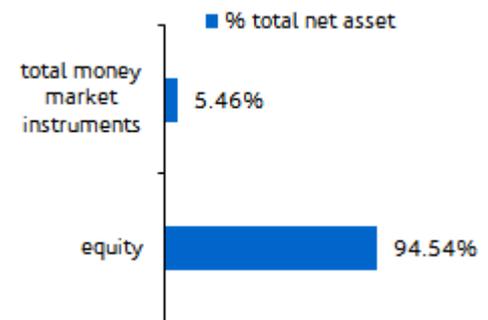
### fund risk profile



### portfolio As on Sep 30, 2010

security	% total net assets	rating/1-yr beta
<b>equity</b>		
<b>AUTO ANCILLARY</b>	<b>2.05</b>	
EXIDE INDUSTRIES LTD	2.05	0.66
<b>AUTOMOBILES</b>	<b>4.78</b>	
BAJAJ AUTO LIMITED NEW	0.78	0.57
MAHINDRA & MAHINDRA LTD	1.46	1.16
MARUTI SUZUKI INDIA LTD	1.22	0.67
MOTHERSON SUMI SYSTEMS LIMITED	0.99	0.60
TATA MOTORS LIMITED	0.34	1.43
<b>BANKING &amp; FINANCE</b>	<b>22.81</b>	
BANK OF BARODA	1.84	0.66
HDFC BANK	3.75	0.80
HOUSING DEV FIN CORPN LTD	2.04	0.98
ICICI BANK LTD	6.31	1.53
INDUS IND BANK	1.11	1.23
MAX INDIA LIMITED	0.13	0.78
POWER FINANCE CORPORATION LIMITED	1.84	0.63
STATE BANK OF INDIA	4.11	1.09
AXIS BANK LIMITED	1.67	1.14
<b>CAP GOODS / ENGINEERING</b>	<b>14.74</b>	
BHARAT HEAVY ELECTRICALS LIMITED	1.63	0.65
CUMMINS INDIA LIMITED	3.39	0.33
LARSEN & TOUBRO LIMITED	5.44	0.89
TRIVENI ENGINEERING & IND. LTD.	1.25	1.15
VA TECH WABAG LTD.	3.04	0.00
<b>CEMENT &amp; CEMENT PRODUCTS</b>	<b>1.60</b>	
GRASIM INDUSTRIES LTD	0.54	0.56
ULTRATECH CEMENT LIMITED	1.07	0.57
<b>CONSTRUCTION</b>	<b>1.98</b>	
JAIPRAKASH ASSOCIATES LTD	0.80	1.67
NAGARJUNA CONSTRUCTION CO LTD	1.18	1.31
<b>CONSUMER GOODS</b>	<b>1.59</b>	
PANTALOON RETAIL INDIA LIMITED FV INR 2	1.59	0.96
<b>FERTILIZERS</b>	<b>1.48</b>	
GUJARAT STATE FERTILIZERS & CHEMICALS LT	1.48	0.52
<b>FMCG</b>	<b>6.93</b>	
ASIAN PAINTS LTD.	1.28	0.34
HINDUSTAN UNILEVER LIMITED	1.27	0.40
ITC LTD	2.75	0.62
UNITED SPIRITS LTD	1.21	0.96
TATA GLOBAL BEVERAGES LTD	0.41	0.58
<b>GAS</b>	<b>0.65</b>	
GAIL (INDIA) LIMITED	0.65	0.63
<b>IT</b>	<b>9.33</b>	
INFOSYS TECHNOLOGIES LTD	6.32	0.79
TATA CONSULTANCY SERVICES LIMITED	2.11	0.78
WIPRO LTD.	0.91	0.85
<b>METALS</b>	<b>4.71</b>	
HINDALCO INDUSTRIES LTD	1.20	1.96
STERLITE INDUSTRIES INDIA LTD	1.47	1.68
TATA STEEL LIMITED	2.04	1.72
<b>OIL EXPLORATION</b>	<b>0.39</b>	
CAIRN INDIA LIMITED	0.39	1.06
<b>OIL REFINERIES</b>	<b>10.46</b>	
INDIAN OIL CORPORATION LIMITED	0.88	0.22
ONGC CORPORATION LTD	2.36	0.58
RELIANCE INDUSTRIES LIMITED	7.22	1.18
<b>PHARMACEUTICALS</b>	<b>5.78</b>	
AUROBINDO PHARMA LTD	1.30	0.79
LUPIN LTD	1.14	0.27
RANBAXY LABORATORIES LTD	0.85	0.86
JUBILANT ORGANOSYS LIMITED	2.48	0.81
<b>POWER</b>	<b>1.85</b>	
NTPC LIMITED	1.85	0.62
<b>SOFTWARE</b>	<b>1.52</b>	
FINANCIAL TECHNOLOGIES	1.52	0.99
<b>TELECOM</b>	<b>1.88</b>	
BHARTI AIRTEL LIMITED	1.88	0.65
<b>total equity</b>	<b>94.54</b>	
<b>total money market instruments</b>	<b>5.46</b>	
<b>total net assets</b>	<b>100.00</b>	

### asset allocation as on Sep 30, 2010



### fund characteristics as on Sep 30, 2010

Fund Beta 0.88

### fund manger's report

The month of August 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 88.11%.

### target asset allocation

Equity Plus : 100%

### benchmark construction

S&P CNX Nifty: 100%

## Highest Nav Guarantee Fund

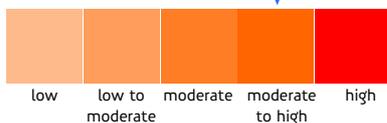
### fund performance As on Sep 30, 2010

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	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'

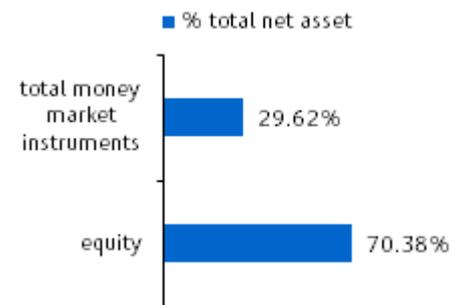
### fund risk profile



### portfolio As on Sep 30, 2010

security	% total net assets	1-yr beta
<b>equity</b>		
<b>AUTOMOBILES</b>	<b>4.84</b>	
HERO HONDA MOTORS LTD	0.85	0.59
MAHINDRA & MAHINDRA LTD	1.37	1.16
MARUTI SUZUKI INDIA LTD	0.97	0.67
TATA MOTORS LIMITED	1.65	1.43
<b>BANKING &amp; FINANCE</b>	<b>18.58</b>	
HDFC BANK	4.19	0.80
HOUSING DEV FIN CORPN LTD	4.37	0.98
ICICI BANK LTD	5.79	1.53
STATE BANK OF INDIA	4.23	1.09
<b>CAP GOODS / ENGINEERING</b>	<b>7.11</b>	
BHARAT HEAVY ELECTRICALS LIMITED	1.98	0.65
LARSEN & TOUBRO LIMITED	5.13	0.89
<b>CEMENT &amp; CEMENT PRODUCTS</b>	<b>0.48</b>	
ACC LIMITED	0.48	0.65
<b>CONSTRUCTION</b>	<b>0.67</b>	
JAIPRAKASH ASSOCIATES LTD	0.67	1.67
<b>FMCG</b>	<b>5.88</b>	
HINDUSTAN UNILEVER LIMITED	1.54	0.40
ITC LTD	4.35	0.62
<b>IT</b>	<b>10.39</b>	
INFOSYS TECHNOLOGIES LTD	6.85	0.79
TATA CONSULTANCY SERVICES LIMITED	2.52	0.78
WIPRO LTD.	1.03	0.85
<b>METALS</b>	<b>5.77</b>	
HINDALCO INDUSTRIES LTD	1.25	1.96
JINDAL STEEL AND POWER LIMITED	1.38	1.14
STERLITE INDUSTRIES INDIA LTD	1.20	1.68
TATA STEEL LIMITED	1.94	1.72
<b>OIL REFINERIES</b>	<b>10.91</b>	
ONGC CORPORATION LTD	2.74	0.58
RELIANCE INDUSTRIES LIMITED	8.17	1.18
<b>PHARMACEUTICALS</b>	<b>0.76</b>	
CIPLA LIMITED	0.76	0.39
<b>POWER</b>	<b>2.70</b>	
NTPC LIMITED	1.65	0.62
TATA POWER	1.05	0.69
<b>TELECOM</b>	<b>2.28</b>	
BHARTI AIRTEL LIMITED	2.28	0.65
<b>total equity</b>	<b>70.38</b>	
<b>total money market instruments</b>	<b>29.62</b>	
<b>total net assets</b>	<b>100.00</b>	

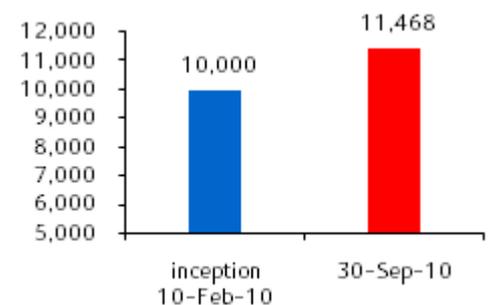
### asset allocation as on Sep 30, 2010



### fund characteristics as on Sep 30, 2010

Fund Beta 0.98

### 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

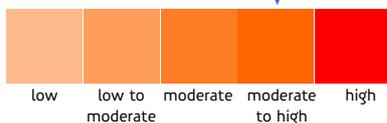
### fund performance As on Sep 30, 2010

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'

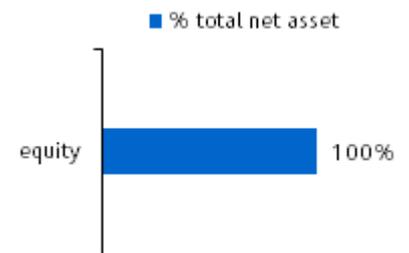
### fund risk profile



### portfolio As on Sep 30, 2010

security	% total net assets	1-yr beta
<b>equity</b>		
<b>AUTOMOBILES</b>	<b>7.07</b>	
TATA MOTORS LIMITED	2.41	1.43
MAHINDRA & MAHINDRA LTD	2.04	1.16
MARUTI SUZUKI INDIA LTD	1.41	0.67
HERO HONDA MOTORS LTD	1.22	0.59
<b>BANKING &amp; FINANCE</b>	<b>20.73</b>	
ICICI BANK LTD	8.54	1.53
STATE BANK OF INDIA	6.13	1.09
HOUSING DEV FIN CORPN LTD	6.39	0.98
HDFC BANK	6.06	0.80
<b>CAP GOODS / ENGINEERING</b>	<b>10.42</b>	
LARSEN & TOUBRO LIMITED - FV RS 2	7.49	0.89
BHARAT HEAVY ELECTRICALS LIMITED	2.93	0.65
<b>CEMENT &amp; CEMENT PRODUCTS</b>	<b>0.68</b>	
ACC LIMITED	0.68	0.65
<b>CONSTRUCTION</b>	<b>0.94</b>	
JAIPRAKASH ASSOCIATES LTD	0.94	1.67
<b>FMCG</b>	<b>14.86</b>	
ITC LTD	6.26	0.62
HINDUSTAN UNILEVER LIMITED	2.21	0.40
<b>IT</b>	<b>14.88</b>	
INFOSYS TECHNOLOGIES LTD	9.71	0.79
TATA CONSULTANCY SERVICES LIMITED	3.69	0.78
WIPRO LTD.	1.48	0.85
<b>METALS</b>	<b>8.37</b>	
TATA STEEL LIMITED	2.76	1.72
JINDAL STEEL AND POWER LIMITED	2.07	1.14
HINDALCO INDUSTRIES LTD	1.79	1.96
STERLITE INDUSTRIES INDIA LTD	1.74	1.68
<b>OIL REFINERIES</b>	<b>13.86</b>	
RELIANCE INDUSTRIES LIMITED	9.93	1.18
ONGC CORPORATION LTD	3.93	0.58
<b>PHARMACEUTICALS</b>	<b>1.11</b>	
CIPLA LIMITED	1.11	0.39
<b>POWER</b>	<b>3.89</b>	
NTPC LIMITED	2.37	0.62
TATA POWER	1.51	0.69
<b>TELECOM</b>	<b>3.18</b>	
BHARTI AIRTEL LIMITED	3.18	0.65
<b>total equity</b>	<b>100.00</b>	
<b>total money market instruments</b>	<b>0.00</b>	
<b>total net assets</b>	<b>100.00</b>	

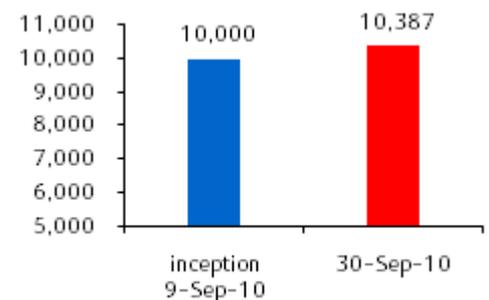
### asset allocation as on Sep 30, 2010



### fund characteristics as on Sep 30, 2010

Fund Beta 0.98

### 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 30 September, 2010

Automatic Investment Plan- Corporate Bond	May 28, 2007	13.2614
Automatic Investment Plan- Energy	August 1, 2008	11.2719
Automatic Investment Plan- Equity	May 28, 2007	13.2994
Automatic Investment Plan- Gilt	May 28, 2007	11.8068
Automatic Investment Plan- Infrastructure	August 1, 2008	9.9384
Automatic Investment Plan- Midcap	August 1, 2008	12.7115
Automatic Investment Plan- Money Market	May 28, 2007	12.8322
Automatic Investment Plan- Option A	May 28, 2007	12.8223
Automatic Investment Plan- Option B	May 28, 2007	13.2548
Automatic Investment Plan- Option C	May 28, 2007	13.1918
Automatic Investment Plan- Pure Equity	August 1, 2008	12.8143
Golden Year Plan- Balanced	February 10, 2003	17.1458
Golden Year Plan- Capital Secure	February 10, 2003	14.3903
Golden Year Plan- Energy	August 1, 2008	11.2719
Golden Year Plan- Equity	March 12, 2007	15.4472
Golden Year Plan- Growth	March 12, 2007	15.4675
Golden Year Plan- Infrastructure	August 1, 2008	9.9384
Golden Year Plan- Midcap	August 1, 2008	12.7115
Golden Year Plan- Pure Equity	August 1, 2008	12.8143
Imaan Plan - Indian Traditional	December 17, 2008	14.1815
Market Return Plan- Balanced	August 9, 2004	17.1420
Market Return Plan- Capital Secure	August 9, 2004	14.3347
Market Return Plan- Energy	August 1, 2008	11.2719
Market Return Plan- Equity	August 9, 2004	31.3148
Market Return Plan- Growth	August 9, 2004	19.4165
Market Return Plan- Infrastructure	August 1, 2008	9.9384
Market Return Plan- Midcap	August 1, 2008	12.7115
Market Return Plan- Pure Equity	August 1, 2008	12.8143
Money Guarantee Plan- Option D	March 1, 2007	13.8391
Money Guarantee Plan- Option E	March 1, 2007	14.0698
Money Guarantee Plan- Option F	March 1, 2007	14.3240
Money Guarantee Plan- Return Shield	April 9, 2007	13.1660
Pension Bond Option - GRPS I	December 12, 2008	12.2781
Pension Bond Option - New GRPS I	February 25, 2009	11.5551
Reliance Balanced- New Fund C	January 11, 2010	10.6040
Reliance Balanced- New Fund G	January 11, 2010	10.6040
Reliance Growth- New Fund D	January 11, 2010	10.7737
Reliance Growth- New Fund H	January 11, 2010	10.7737
Reliance Growth Plus- New Fund B	January 11, 2010	10.9865
Reliance Growth Plus- New Fund E	January 11, 2010	10.9865
Reliance Guaranteed Bond	December 12, 2008	12.2678
Reliance Highest NAV Advantage Fund-Series-I	September 9, 2010	10.3869
Reliance Highest NAV Guarantee Plan	February 15, 2010	11.4679
Reliance Money Market	January 11, 2010	10.4160
Reliance New Balanced Fund	January 11, 2010	10.6040
Reliance New Corporate Bond	January 11, 2010	10.4859
Reliance New Energy	January 11, 2010	10.3685
Reliance New Equity	January 11, 2010	11.5716
Reliance New Gilt	January 11, 2010	10.4133
Reliance New Growth Fund	January 11, 2010	10.7737
Reliance New Guaranteed Bond I	February 25, 2009	11.5426
Reliance New High Growth	January 11, 2010	11.2776
Reliance New Infrastructure	January 11, 2010	10.1381
Reliance New Midcap	January 11, 2010	10.7775
Reliance Premier Life- Corporate Bond	August 20, 2009	11.8195
Reliance Premier Life- Energy	August 20, 2009	16.8117
Reliance Premier Life- Equity	August 20, 2009	20.9549
Reliance Premier Life- Gilt	August 20, 2009	10.7143
Reliance Premier Life- Infrastructure	August 20, 2009	14.7972
Reliance Premier Life- Midcap	August 20, 2009	21.1816
Reliance Premier Life- Money Market	August 20, 2009	11.4078
Reliance Premier Life- Pure Equity	August 20, 2009	19.7559

## Product Details

Nav's as of 30 September 2010

Product Name	Inception Date	NAV
Reliance New Return Shield	January 11, 2010	10.4043
Reliance New Indian Traditional Fund	January 11, 2010	10.8283
Reliance New Pure Equity	January 11, 2010	10.8283
Reliance Super Golden Years Term 10 Plan - Midcap	December 4, 2008	12.7115
Reliance Super Golden Years Term 10 Plan - Money Market	December 4, 2008	11.4704
Reliance Super Growth- New Fund A	January 11, 2010	11.3082
Savings Linked Insurance- Energy	May 26, 2009	16.8117
Savings Linked Insurance- Equity	May 26, 2009	20.9549
Savings Linked Insurance- Gilt	May 26, 2009	10.7143
Savings Linked Insurance- Money Market	May 26, 2009	11.4078
Savings Linked Insurance- Infrastructure	May 26, 2009	14.7972
Savings Linked Insurance- Pure Equity	April 29, 2009	19.7559
Secure Child Plan- Energy	August 1, 2008	11.2719
Secure Child Plan- Equity	November 29, 2007	10.1555
Secure Child Plan- Option G	November 29, 2007	11.9882
Secure Child Plan- Option H	November 29, 2007	11.3999
Secure Child Plan- Infrastructure	August 1, 2008	9.9384
Secure Child Plan- Midcap	August 1, 2008	12.7115
Secure Child Plan- Pure Equity	August 1, 2008	12.8143
Secure Child Plan- Return Shield	December 27, 2007	12.4206
Super Automatic Investment Plan- Corporate Bond	December 4, 2008	13.2614
Super Automatic Investment Plan- Energy	December 4, 2008	11.2719
Super Automatic Investment Plan- Equity	December 4, 2008	13.2994
Super Automatic Investment Plan- Option A	December 4, 2008	12.8223
Super Automatic Investment Plan- Option B	August 4, 2008	13.2548
Super Automatic Investment Plan- Option C	December 4, 2008	13.1918
Super Automatic Investment Plan- Gilt	December 4, 2008	11.8068
Super Automatic Investment Plan- Infrastructure	December 4, 2008	9.9384
Super Automatic Investment Plan- Midcap	December 4, 2008	12.7115
Super Automatic Investment Plan- Money Market	December 4, 2008	12.8322
Super Automatic Investment Plan- Pure Equity	December 4, 2008	12.8143
Super Golden Year Plan- Balanced	December 4, 2008	17.1458
Super Golden Year Plan- Energy	December 4, 2008	11.2719
Super Golden Year Plan- Equity	December 4, 2008	13.2994
Super Golden Year Plan- Growth	December 4, 2008	15.4675
Super Golden Year Plan- Infrastructure	December 4, 2008	9.9384
Super Golden Year Plan- Pure Equity	December 4, 2008	12.8143
Super Market Return Plan- Balanced	December 4, 2008	17.1420
Super Market Return Plan- Energy	December 4, 2008	11.2719
Super Market Return Plan- Equity	December 4, 2008	13.2994
Super Market Return Plan- Growth	December 4, 2008	19.4165
Super Market Return Plan- Infrastructure	December 4, 2008	9.9384
Super Market Return Plan- Midcap	December 4, 2008	12.7115
Super Market Return Plan- Money Market	December 4, 2008	11.4704
Super Market Return Plan- Pure Equity	December 4, 2008	12.8143
SuperInvest Assure Plan- Corporate Bond	June 12, 2008	12.2550
SuperInvest Assure Plan- Energy	June 12, 2008	12.0315
SuperInvest Assure Plan- Equity	June 12, 2008	13.7293
SuperInvest Assure Plan- Gilt	June 12, 2008	11.2704
SuperInvest Assure Plan- Infrastructure	June 12, 2008	10.2512
SuperInvest Assure Plan- Midcap	June 12, 2008	12.2822
SuperInvest Assure Plan- Money Market	June 12, 2008	11.8690
SuperInvest Assure Plan- Pure Equity	June 12, 2008	14.1815
SuperInvest Assure Plan Plus- Corporate Bond	December 4, 2008	12.2550
SuperInvest Assure Plan Plus- Energy	December 10, 2008	12.0315
SuperInvest Assure Plan Plus- Equity	December 10, 2008	13.7293
SuperInvest Assure Plan Plus- Gilt	December 10, 2008	11.2704

## Product Details

Nav's as of 30 September, 2010

Product Name	Inception Date	NAV
SuperInvest Assure Plan Plus- Infrastructure	December 10, 2008	10.2512
SuperInvest Assure Plan Plus- Midcap	December 10, 2008	12.2822
SuperInvest Assure Plan Plus- Money Market	December 10, 2008	11.8690
SuperInvest Assure Plan Plus- Pure Equity	December 10, 2008	14.1815
Total Investment Plan Series I- Corporate Bond	March 19, 2008	12.3502
Total Investment Plan Series I- Energy	March 19, 2008	11.4162
Total Investment Plan Series I- Equity	March 19, 2008	13.7200
Total Investment Plan Series I- Gilt	March 19, 2008	11.2174
Total Investment Plan Series I- Infrastructure	March 19, 2008	9.7731
Total Investment Plan Series I- Midcap	March 19, 2008	12.7993
Total Investment Plan Series I- Money Market	March 19, 2008	12.0743
Total Investment Plan Series I- Pure Equity	August 1, 2008	12.8143
Total Investment Plan Series II- Corporate Bond	March 19, 2008	12.3384
Total Investment Plan Series II- Energy	March 19, 2008	11.4171
Total Investment Plan Series II- Equity	March 19, 2008	13.7146
Total Investment Plan Series II- Gilt	March 19, 2008	11.2208
Total Investment Plan Series II- Infrastructure	March 19, 2008	9.7623
Total Investment Plan Series II- Midcap	March 19, 2008	12.8345
Total Investment Plan Series II- Money Market	March 19, 2008	12.0661
Total Investment Plan Series II- Pure Equity	August 1, 2008	12.8143
Wealth + Health Plan- Corporate Bond	February 27, 2008	12.4310
Wealth + Health Plan- Energy	August 1, 2008	11.2719
Wealth + Health Plan- Equity	February 27, 2008	11.0407
Wealth + Health Plan- Option A	February 27, 2008	10.9089
Wealth + Health Plan- Option B	February 27, 2008	11.6496
Wealth + Health Plan- Gilt	February 27, 2008	11.2670
Wealth + Health Plan- Infrastructure	August 1, 2008	9.9384
Wealth + Health Plan- Midcap	August 1, 2008	12.7115
Wealth + Health Plan- Money Market	February 27, 2008	12.1436
Wealth + Health Plan- Pure Equity	August 1, 2008	12.8143

- √ 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

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%.

✓ **Gross Fund Return**

✓ **Benchmark Return**

✓ **Fund Standard Deviation**

✓ **Fund Sharpe Ratio**

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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