

fund snapshot

investment philosophy

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

Economy Indicators	30th Aug 10	30th Jul 10	% Change
¹ Rs./₹	46.77	46.85	-0.16
² WPI Inflation		262.5	
³ Forex Reserves (\$ bn)	282.84	282.93	-0.03
¹ Oil Price (\$ per Barrel)	72.73	76.86	-5.68
¹ Gold (Rs. per 10gm)	18754	17799	5.09

Investments	30th Aug 10	30th Jul 10	Absolute Change
⁴ FII's (Rs Crs)	11688	16617.4	-4929.9
⁴ Mf's (Rs Crs)	-3170	-4405.3	1235.7

Indices	30th Aug 10	30th Jul 10	% Change
¹ BSE Sensex	17971.1	17980.90	-0.05
¹ S&P CNX Nifty	5402.4	5401.97	0.01
¹ CNX Mid Cap	8679.8	8390.77	3.45
¹ BSE Small Cap	9540.5	9401.46	1.48

Global Indices	30th Aug 10	30th Jul 10	% Change
⁵ Dow Jones	10014.7	10465.9	-4.31
⁵ FTSE 100	5225.22	5258.0	-0.62
¹ Hang Seng	20536.5	20648.6	-0.54
¹ Nikkei	8824.6	10144.8	-7.48

Sectoral Indices	30th Aug 10	30th Jul 10	% Change
⁶ CNX Infrastructure	3391.80	3432.55	-1.19
⁶ CNX Energy	9332.27	9281.55	0.55
¹ BSE Capital Goods	14524.53	14591.67	-0.46
¹ BSE Bankex	12343.15	11420.77	8.08
¹ BSE Oil & Gas	10101.42	10010.56	0.91
¹ BSE IT	5375.62	4791.26	12.20

Fixed Income Indicators (%)	30th Aug 10	30th Jul 10	Absolute Change
⁵ NSE Mibor	5.02	4.86	0.16
¹ 91 Day T-Bill	6.10	5.75	0.34
¹ 182 Day T-Bill	6.31	5.96	0.34
¹ 1 year GOI Benchmark	6.39	6.27	0.12
¹ 5 Year GOI Benchmark	7.67	7.63	0.04
¹ 10 Year GOI Benchmark	7.94	7.80	0.13
¹ 5 Year Corp Bond Benchmark	8.50	8.52	-0.02
¹ 10 Year AAA Corp Bond Benchmark	8.78	8.82	-0.04
¹ 10 Year US Benchmark	2.47	2.91	-0.44

Source:

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

asset allocation	funds	gross return (CAGR*) (%) As on Aug 31, 2010				date of inception
		last 1 year	last 2 year	last 3 year	since inception	
100% equity	Equity Fund	22.92%	16.71%	NA	-1.79%	October, 2007
100% pure equity	Pure Equity Fund	14.67%	NA	NA	42.83%	December, 2008
100% equity	Infrastructure Fund	-0.56%	NA	NA	21.46%	December, 2008
100% equity	Energy Fund	8.08%	NA	NA	31.81%	December, 2008
100% equity	Midcap Fund	21.57%	NA	NA	51.07%	December, 2008
40% equity, 60% debt	Growth Fund	11.96%	12.51%	7.84%	12.06%	August, 2004
20% equity, 80% debt	Balanced Fund	9.91%	11.82%	9.04%	10.79%	February, 2003
100% bond instruments	Corporate Bond Fund	9.23%	11.62%	NA	9.59%	October, 2007
100% debt Instruments	Pure Debt Fund	9.82%	NA	NA	11.90%	October, 2008
100% govt. securities	Gilt Fund	7.17%	6.97%	NA	6.22%	October, 2007
100% money market instruments	Money Market Fund	6.99%	8.70%	NA	9.03%	November, 2007
100% money market instruments	Capital Secure Fund	6.85%	8.64%	8.88%	7.06%	February, 2003

*CAGR: Compounded Annual Growth Rate

Indian Economy

Indian economy registered a robust growth of 8.8% in 1Q FY11 after growing at 8.6% in 4Q FY10. The growth was mainly driven by double-digit growth in industry (10%) and services (12%) supported by agriculture (3%). Indian economy is expected to grow at 8-8.5% in FY11. 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. Consumption growth, however, continues to be strong as reflected in auto and white goods demand. However, capacity constraints especially in sectors like auto, steel, power and consumer goods are becoming hindrance to growth. Inflation continues to be a major concern. Although the July WPI inflation moved below 10% mark for first time since Feb'10, inflation continues to be close to double-digit. Further sharp upward revision of inflation data indicates that inflation has still not peaked. Inflation rose to 9.97% in July'10 as against 10.55% in June'10 - mainly due to hike in administered fuel prices, rise in food and non-food articles as well as sharp rise in iron ore prices. Inflation is expected to be remain sticky around current levels over next couple of months.

Debt Market

Amid tight liquidity, the G-sec yields showed a sharp upward movement after the RBI's rate action and hawkish stance in quarterly monetary policy meeting. The 10 year benchmark touched a high of 8% against 7.80% in previous month. However Corporate bond remained range bound in lack of fresh primary issuances.

Outlook:

G-sec yields are expected to take cues from RBI's rate action and forthcoming IIP and WPI data's. We expect 10yr benchmark to trade in a range of 7.80% to 8%.

Equity Market

Equity markets in the month of August consolidated with Nifty recording a gain of 1% primarily influenced by global cues and FII flows.

New direct tax code was unveiled by the government and would come into implementation from April 1st 2012. As, most of the provisions of the code were watered down from its original version, there was not much of an impact on the markets.

Outlook

With the Q1 FY11 earning season over and monsoon being good, foreign fund flows are likely to dictate the near-term trend in the market.

Equity Fund

fund performance As on Aug 31, 2010

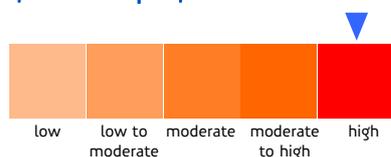
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	22.92%	15.88%	15.00%	17.73%	1.19%	0.61%
last 2 year (CAGR*)	16.71%	11.32%	29.44%	34.92%	0.40%	0.18%
since inception (CAGR*)	-1.79%	-3.06%	31.98%	34.35%	-0.21%	-0.23%
date of inception					october, 2007	

*CAGR: Compounded Annual Growth Rate

fund objective

Provide high real rate of return in the long-term through high exposure to equity investments, while recognizing that there is significant probability of negative returns in the shortterm. The risk appetite is 'high'.

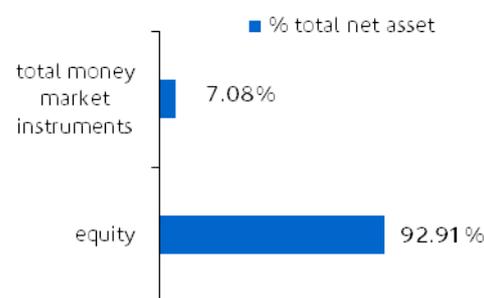
fund risk profile



portfolio As on Aug 31, 2010

security	% total net assets	1-yr beta
equity		
AUTO ANCILLARY	0.52	
EXIDE INDUSTRIES LTD	0.52	0.62
AUTOMOBILES	6.20	
BAJAJ AUTO LIMITED NEW	1.68	0.64
MAHINDRA & MAHINDRA LTD	2.04	1.19
MARUTI SUZUKI INDIA LTD.	1.52	0.68
MOTHERSON SUMI SYSTEMS LIMITED - FV 1	0.82	0.58
TATA MOTORS LTD ORDINARY SHARES A	0.13	1.51
BANKING & FINANCE	23.26	
BANK OF BARODA	1.48	0.66
HDFC BANK	3.84	0.78
HOUSING DEVELOPMENT FINANCE CORPORATION	2.39	0.96
ICICI BANK LTD	5.17	1.56
MAX INDIA LIMITED FV 2	0.21	0.78
POWER FINANCE CORPORATION LTD	0.98	0.64
STATE BANK OF INDIA	4.52	1.12
SHRIRAM TRANSPORT FINANCE COMPANY LTD	2.04	0.43
AXIS BANK LIMITED	2.62	1.13
CAP GOODS / ENGINEERING	11.00	
ALSTOM PROJECTS INDIA LTD.	1.23	0.75
BHARAT HEAVY ELECTRICALS LIMITED	2.02	0.66
CUMMINS INDIA LIMITED FV 2	3.33	0.34
LARSEN & TOUBRO LIMITED FV 2	4.01	0.91
PUNJ LLOYD LIMITED FV 2	0.40	1.27
CEMENT & CEMENT PRODUCTS	2.02	
INDIA CEMENTS LTD	0.54	0.94
ULTRATECH CEMENT LIMITED	1.48	0.57
CONSTRUCTION	2.13	
INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY	0.01	1.21
JAIPRAKASH ASSOCIATES LTD	1.18	1.68
NAGARJUNA CONSTRUCTION CO LTD FV 2	0.94	1.34
CONSUMER GOODS	0.29	
PANTALOON RETAIL INDIA LTD FV 2	0.29	0.90
FERTILIZERS	0.19	
GUJARAT STATE FERTILIZERS & CHEMICALS LTD.	0.19	0.60
FMCG	5.92	
HINDUSTAN UNILEVER LIMITED FV 1	1.29	0.38
ITC LTD FACE VALUE INR 1	4.63	0.59
GAS	1.04	
GAIL (INDIA) LIMITED	1.04	0.58
IT	9.47	
MPHASIS LIMITED	0.56	0.61
INFOSYS TECHNOLOGIES LIMITED FV 5	5.54	0.78
TATA CONSULTANCY SERVICES LIMITED	3.03	0.80
WIPRO LTD.	0.35	0.86
MEDIA	0.55	
HT MEDIA LIMITED	0.55	0.67
METALS	5.84	
HINDALCO INDUSTRIES LTD FV INR 1	0.47	1.94
JINDAL STEEL AND POWER LIMITED	1.50	1.23
JINDAL SAW LTD	0.67	1.47
STERLITE INDUSTRIES INDIA LTD	1.08	1.72
TATA STEEL LIMITED	2.13	1.73
OIL EXPLORATION	0.52	
CAIRN INDIA LIMITED	0.52	1.06
OIL REFINERIES	11.30	
INDIAN OIL CORPORATION LIMITED	0.38	0.24
OIL INDIA LIMITED	1.32	0.31
OIL & NATURAL GAS CORPORATION LTD.	2.19	0.56
RELIANCE INDUSTRIES LIMITED	7.41	1.15
PHARMACEUTICALS	6.12	
AUROBINDO PHARMA LTD FV RS.5(NEW)	0.24	0.77
CIPLA LIMITED FV 2	0.49	0.38
DIVIS LABORATORIES LTD	2.76	0.71
LUPIN LTD	1.84	0.29
RANBAXY LABORATORIES LTD. FV S/-	0.11	0.87
SUN PHARMACEUTICALS INDUSTRIES LTD FV 5	0.67	0.39
PLASTIC AND PLASTIC PRODUCT	1.10	
SINTEX INDUSTRIES LTD. FV 2	1.10	0.86
POWER	2.41	
AREVA T & D INDIA LIMITED	0.48	0.84
NTPC LIMITED	0.94	0.61
TATA POWER FV 10	1.00	0.72
SOFTWARE	0.64	
FINANCIAL TECHNOLOGIES INDIA INR FV 2	0.64	1.04
TELECOM	2.41	
BHARTI AIRTEL LTD	2.41	0.63
total equity	92.91	
total money market instruments	7.08	
total net assets	100.00	

asset allocation as on Aug 31, 2010



fund characteristics as on Aug 31, 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 92.91%.

target asset allocation

Equity: 100%

benchmark construction

S&P CNX Nifty: 100%

Pure Equity Fund

fund performance As on Aug 31, 2010

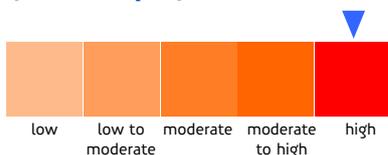
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	14.67%	15.88%	14.66%	17.73%	0.66%	0.61%
since inception (CAGR*)	42.83%	46.93%	25.32%	27.95%	1.49%	1.50%
date of inception	december, 2008					

*CAGR: Compounded Annual Growth Rate

fund objective

Provide high real rate of return in the long-term through high exposure to equity investments, while recognizing that there is significant probability of negative returns in the short term. The risk appetite is 'high'.

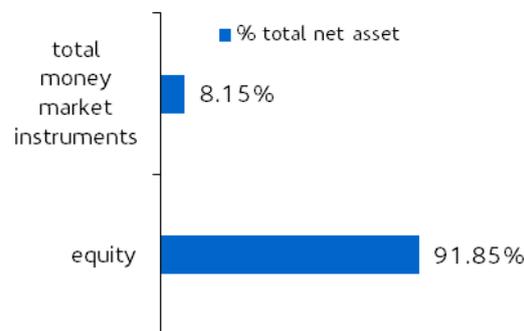
fund risk profile



portfolio As on Aug 31, 2010

security	% total net assets	1-yr beta
equity		
AUTOMOBILES	13.04	
BAJAJ AUTO LIMITED NEW	1.89	0.64
MAHINDRA & MAHINDRA LTD	2.72	1.19
MARUTI SUZUKI INDIA LTD.	5.85	0.68
MOTHERSON SUMI SYSTEMS LIMITED	2.58	0.58
BANKING & FINANCE	2.44	
MAX INDIA LIMITED	2.44	0.78
CAP GOODS / ENGINEERING	13.07	
BHARAT HEAVY ELECTRICALS LIMITED	3.20	0.66
CROMPTON GREAVES LIMITED	1.34	0.86
CUMMINS INDIA LIMITED	1.31	0.34
LARSEN & TOUBRO LIMITED	5.20	0.91
PUNJ LLOYD LIMITED	1.07	1.27
VOLTAS LIMITED	0.94	0.98
CEMENT & CEMENT PRODUCTS	2.25	
GRASIM INDUSTRIES LTD	2.25	0.54
CONSTRUCTION	1.26	
NAGARJUNA CONSTRUCTION CO LTD	1.26	1.34
FMCG	2.97	
HINDUSTAN UNILEVER LIMITED	2.97	0.38
GAS	3.61	
GAIL (INDIA) LIMITED	3.61	0.58
IT	9.96	
MPHASIS LIMITED	0.96	0.61
INFOSYS TECHNOLOGIES LIMITED	5.98	0.78
TATA CONSULTANCY SERVICES LIMITED	3.02	0.80
METALS	7.85	
HINDALCO INDUSTRIES LTD	3.58	1.94
JINDAL STEEL AND POWER LIMITED	4.27	1.23
OIL EXPLORATION	14.12	
CAIRN INDIA LIMITED	2.21	1.06
OIL & NATURAL GAS CORPORATION	4.25	0.56
RELIANCE INDUSTRIES LIMITED	7.66	1.15
PHARMACEUTICALS	5.67	
CIPLA LIMITED	1.86	0.38
LUPIN LTD	1.41	0.29
SUN PHARMACEUTICALS INDUSTRIES	2.39	0.39
POWER	9.30	
NTPC LIMITED	3.53	0.61
PTC INDIA LIMITED	1.08	0.92
TATA POWER FV 10	4.69	0.72
SOFTWARE	1.99	
FINANCIAL TECHNOLOGIES INDIA	1.99	1.04
TELECOM	4.34	
BHARTI AIRTEL LTD	4.34	0.63
total equity	91.85	
total money market instruments	8.15	
total net assets	100.00	

asset allocation as on Aug 31, 2010



fund characteristics as on Aug 31, 2010

Fund Beta 0.82

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 this sector, the holding in equities was kept at 91.85%.

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 Aug 31, 2010

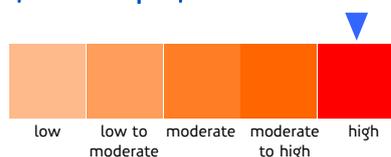
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	-0.56%	-9.97%	17.78%	20.72%	-0.31%	-0.72%
since inception (CAGR*)	21.46%	25.88%	23.81%	34.61%	0.69%	0.60%
date of inception	december, 2008					

*CAGR: Compounded Annual Growth Rate

fund objective

Provide high rate of return in the long term through high exposure to equity investments in Infrastructure and allied sectors, while recognizing that there is a significant probability of negative returns in the short term. The risk appetite is 'high'

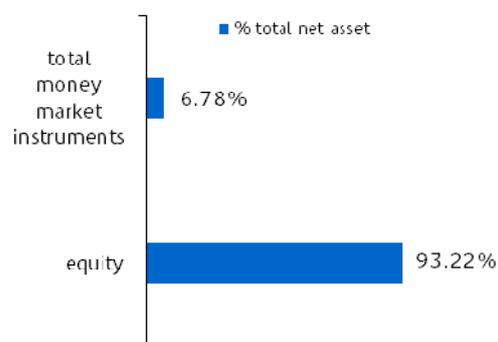
fund risk profile



portfolio As on Aug 31, 2010

security	% total net assets	1-yr beta
equity		
AUTOMOBILES	0.79	
MOTHERSON SUMI SYSTEMS LIMITED	0.79	0.58
CAP GOODS / ENGINEERING	32.90	
ALSTOM PROJECTS INDIA LTD.	1.69	0.75
BHARAT HEAVY ELECTRICALS LIMITED	11.39	0.66
CROMPTON GREAVES LIMITED	3.65	0.86
GREAVES COTTON LTD	0.36	0.86
IRB INFRASTRUCTURE DEVELOPERS LTD	1.92	1.11
LARSEN & TOUBRO LIMITED	11.05	0.91
PUNJ LLOYD LIMITED	0.78	1.27
VOLTAS LIMITED	2.07	0.98
CEMENT & CEMENT PRODUCTS	2.69	
GRASIM INDUSTRIES LTD	2.69	0.54
CONSTRUCTION	7.76	
INFRASTRUCTURE DEVELOPMENT FINANCE CO	1.81	1.21
JAIPRAKASH ASSOCIATES LTD	3.44	1.68
NAGARJUNA CONSTRUCTION CO LTD	2.51	1.34
CONSUMER GOODS	1.35	
PANTALON RETAIL INDIA LTD	1.35	0.90
HOTELS	1.29	
INDIAN HOTELS CO. LTD.	1.29	1.08
METALS	3.58	
HINDALCO INDUSTRIES LTD	2.08	1.94
TATA STEEL LIMITED	1.50	1.73
PLASTIC AND PLASTIC PRODUCT	1.32	
SINTEX INDUSTRIES LTD	1.32	0.86
POWER	26.29	
BGR ENERGY SYSTEMS LIMITED	2.14	0.77
NEYVELI LIGNITE CORPORATION LTD	2.85	0.99
NTPC LIMITED	16.66	0.61
PTC INDIA LIMITED	1.69	0.92
TATA POWER	2.94	0.72
SHIPPING	1.02	
GREAT EASTERN SHIPPING COMPANY LTD	1.02	1.23
SOFTWARE	3.13	
FINANCIAL TECHNOLOGIES INDIA	3.13	1.04
TELECOM	11.10	
BHARTI AIRTEL LTD	11.10	0.63
total equity	93.22	
total money market instruments	6.78	
total net assets	100.00	

asset allocation as on Aug 31, 2010



fund characteristics as on Aug 31, 2010

Fund Beta 0.87

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 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 Aug 31, 2010

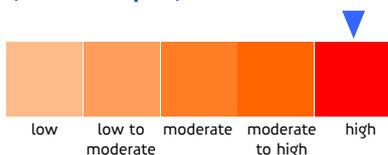
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	8.08%	5.24%	13.90%	15.74%	0.22%	0.02%
since inception (CAGR*)	31.81%	35.88%	25.11%	26.42%	1.07%	1.17%
date of inception	december, 2008					

*CAGR: Compounded Annual Growth Rate

fund objective

Provide high rate of return in the long term through high exposure to equity investments in Energy and allied sectors, while recognizing that there is a significant probability of negative returns in the short term. The risk appetite is 'high'

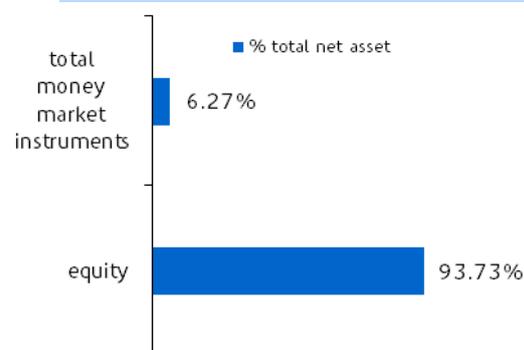
fund risk profile



portfolio As on Aug 31, 2010

security	% total net assets	1-yr beta
equity		
BANKING & FINANCE	1.75	
POWER FINANCE CORPORATION LTD	1.75	0.64
CAP GOODS / ENGINEERING	8.88	
ALSTOM PROJECTS INDIA LTD	1.07	0.75
CROMPTON GREAVES LIMITED	3.39	0.86
CUMMINS INDIA LIMITED	4.42	0.34
GAS	5.99	
GAIL (INDIA) LIMITED	5.99	0.58
OIL EXPLORATION	7.28	
CAIRN INDIA LIMITED	5.77	1.06
SHIV-VANI OIL & GAS EXPLORATION SERVICES	1.50	0.49
OIL REFINERIES	54.14	
INDIAN OIL CORPORATION LIMITED	3.64	0.24
OIL INDIA LIMITED	9.42	0.31
OIL & NATURAL GAS CORPORATION LTD.	14.67	0.56
RELIANCE INDUSTRIES LIMITED	26.40	1.15
POWER	15.69	
NTPC LIMITED	13.47	0.61
TATA POWER	2.22	0.72
total equity	93.73	
total money market instruments	6.27	
total net assets	100.00	

asset allocation as on Aug 31, 2010



fund characteristics as on Aug 31, 2010

Fund Beta 0.73

fund manger's report

The month of August saw the markets ending positive. The equity market saw steady FII inflows and risk appetite taking back positive flow in positive sector. The fund's equity holdings at 94.86% was kept at 94.86%.

target asset allocation

Equity: 100%

benchmark construction

CNX Energy Index: 100%

Mid Cap Fund

fund performance As on Aug 31, 2010

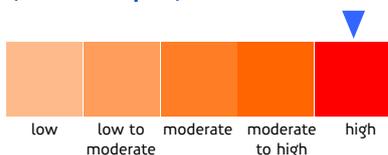
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	21.57%	21.23%	15.10%	18.04%	1.10%	0.90%
since inception (CAGR*)	51.07%	65.48%	30.38%	42.57%	1.52%	1.42%
date of inception						december , 2008

*CAGR: Compounded Annual Growth Rate

fund objective

Provide high rate of return in the long term through high exposure to equity investments in Midcap companies while recognizing that there is significant probability of negative returns in the short term. The risk appetite is 'high'

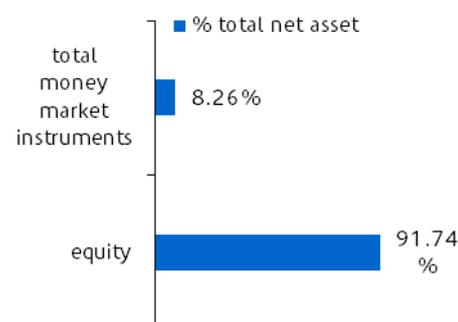
fund risk profile



portfolio As on Aug 31, 2010

security	% total net assets	1-yr beta
equity		
AUTO ANCILLARY	3.58	
EXIDE INDUSTRIES LTD	3.58	0.62
AUTOMOBILES	2.35	
TATA MOTORS LTD	2.35	1.51
BANKING & FINANCE	8.78	
ANDHRA BANK LTD	5.37	1.00
BANK OF BARODA	1.02	0.66
SHRIRAM TRANSPORT FINANCE COMPANY LTD	2.40	0.43
CAP GOODS / ENGINEERING	10.24	
GREAVES COTTON LTD	1.57	0.86
IRB INFRASTRUCTURE DEVELOPERS LTD	2.40	1.11
CUMMINS INDIA LIMITED	1.18	0.34
PUNJ LLOYD LIMITED	2.11	1.27
VOLTAS LIMITED	2.98	0.98
CEMENT & CEMENT PRODUCTS	2.11	
ULTRATECH CEMENT LIMITED	2.11	0.57
CONSTRUCTION	5.07	
JAIPRAKASH ASSOCIATES LTD	1.82	1.68
NAGARJUNA CONSTRUCTION CO LTD	3.26	1.34
CONSUMER GOODS	1.54	
PANTALOON RETAIL INDIA LTD	1.54	0.90
FERTILIZERS	6.71	
GUJARAT STATE FERTILIZERS & CHEMICALS LTD.	1.88	0.60
TATA CHEMICALS LTD.	4.83	0.88
FMCG	5.77	
UNITED SPIRITS LTD	2.75	0.94
TATA GLOBAL BEVERAGES LTD	3.02	0.57
GAS	1.82	
PETRONET LNG LTD	1.82	0.84
HOTELS	2.77	
INDIAN HOTELS CO. LTD.	2.77	1.08
IT	4.71	
MPHASIS LIMITED	4.71	0.61
METALS	10.44	
JINDAL STEEL AND POWER LIMITED	1.97	1.23
JSW STEELS LIMITED	5.39	1.92
JINDAL SAW LTD	1.47	1.47
TATA STEEL LIMITED	1.61	1.73
OIL EXPLORATION	2.11	
SHIV-VANI OIL & GAS EXPLORATION SERVICES	2.11	0.49
PHARMACEUTICALS	11.53	
AUROBINDO PHARMA LTD	3.41	0.77
DIVIS LABORATORIES LTD	3.06	0.71
LUPIN LTD	2.80	0.29
JUBILANT ORGANOSYS LIMITED	2.26	0.86
PLASTIC AND PLASTIC PRODUCT	3.78	
SINTEX INDUSTRIES LTD	3.78	0.86
POWER	1.66	
BGR ENERGY SYSTEMS LIMITED	1.66	0.77
SHIPPING	2.51	
GREAT EASTERN SHIPPING COMPANY LTD.	2.51	1.23
SOFTWARE	4.26	
FINANCIAL TECHNOLOGIES INDIA	4.26	1.04
total equity	91.74	
total money market instruments	8.26	
total net assets	100.00	

asset allocation as on Aug 31, 2010



fund characteristics as on Aug 31, 2010

Fund Beta 0.96

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 93.13%.

target asset allocation

Equity: 100%

benchmark construction

Nifty Midcap 50: 100%

Growth Fund

fund performance As on Aug 31, 2010

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	11.96%	9.60%	6.24%	7.25%	1.12%	0.63%
last 2 year (CAGR*)	12.51%	10.73%	12.42%	14.17%	0.60%	0.40%
last 3 year (CAGR*)	7.84%	8.66%	13.72%	14.46%	0.21%	0.25%
last 4 year (CAGR*)	8.97%	10.45%	12.30%	12.88%	0.32%	0.42%
last 5 year (CAGR*)	11.15%	12.24%	11.87%	12.36%	0.52%	0.59%
since inception (CAGR*)	12.06%	12.92%	11.11%	11.49%	0.64%	0.69%
date of inception	august, 2004					

*CAGR: Compounded Annual Growth Rate

fund objective

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

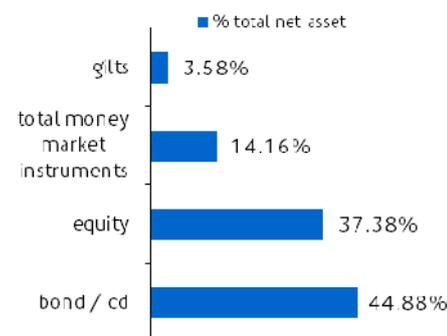
fund risk profile



portfolio As on Aug 31, 2010

security	% total net assets	rating/1-yr beta
bond/cd		
11.45% RIL NCD (MD 25/11/2013)	4.20	AAA
8.97% TATA SONS LTD NCD (MD 15/07/2020)	4.18	AAA
8.79% IRFC NCD SERIES 70 (MD 04/05/2030)	4.17	AAA
8.25% IDBI OMNI BOND SER III 26-05-2011	1.65	AA+
11.95% HDFC LTD NCD (MD 26/11/2018)	1.63	AAA
9.7% UNITED PHOSPHORUS 09/04/2017 CALL 9/4/15 STEP 9.9%	1.42	AA+
9.70% LIC HOUSING FINANCE LTD NCD (MD 07/04/2013)	1.42	AAA
9.40% PFC LTD NCD (MD 25/03/2013)	1.41	AAA
9.25% HDFC LTD. NCD (MD 24/11/2016)	1.41	AAA
9.05% SBI PERPETUAL NCD CALL/STEP-UP 27/01/2020	1.40	AAA
9.05% CANARA BANK PERPETUAL CALL/STEP-UP 03/08/2020	1.40	AAA
10.35% HDFC LTD NCD (MD 16/05/2017)	1.40	AAA
8.99% TATA SONS LTD NCD (MD 07/06/2020)	1.39	AAA
9.50% NABARD NPS BONDS SR IX 1 (MD 15/10/2012)	1.39	AAA
8.4% TATA CAPITAL LTD NCD (MD 26/11/2012)	1.39	AA+
8.23% SUNDARAM FINANCE NCD (MD 27/07/2012)	1.38	LAA+
8.80% SAIL NCD (MD 22/06/2019)	1.38	AAA
7.6% RECL NCD (MD 22/01/2013)	1.36	AAA
8.20% IRFC NCD (MD 27/04/2016)	1.36	AAA
8% RECL LTD NCD (MD 05/08/2014)	1.35	AAA
7.15% IND OIL BOND 10/06/2012 P/C 100610	1.08	LAAA
11.45% RIL NCD TRANCHE 2 (MD 25/11/2013)	0.90	AAA
11.40% PFC LTD NCD (MD 28/11/2013)	0.90	AAA
7.39% POWER GRID CORP 22-09-2011	0.88	AAA
9.50% INDIAN HOTEL CO LTD (28/02/2012)	0.84	LAA+
9.80% TATA STEEL LTD NCD (MD 07/05/2011)	0.83	AA
9.90% PGC LTD NCD STRPP E (MD 25/02/2018)	0.69	AAA
8.65% L & T LTD NCD 26/05/2020 CALL 26/05/11	0.69	AAA
9.90% TATA SONS LTD NCD (MD 20/05/2011)	0.56	LAAA
8.95% IRFC NCD SERIES 69 (MD 10/03/2025)	0.28	AAA
8.95% HDFC LTD NCD (MD 16/01/2011)	0.28	AA
9.25% IDBI BANK PERPETUAL CALL/STEP-UP 29/01/2020	0.26	AA
total bond/cd	44.88	
gilts		
7.02% GOI (MD 17/08/2016)	1.85	sovereign
7.44% GOI Spl Oil Bond 2012 (23/03/2012)	1.19	sovereign
7.46% GOI 2017 (M/D. 28/8/2017)	0.54	sovereign
8.35% GOI 2022 (M/d. 14.05.2022)	0.01	sovereign
total gilts	3.58	
equity		
AUTOMOBILES		
BAJAJ AUTO LIMITED NEW	0.27	0.64
MAHINDRA & MAHINDRA LTD	0.43	1.19
MARUTI SUZUKI INDIA LTD.	0.27	0.68
BANKING & FINANCE		
BANK OF BARODA	0.80	0.66
HDFC BANK	0.11	0.78
HOUSING DEVELOPMENT FINANCE CORPORATION	0.64	0.96
ICICI BANK LTD	2.00	1.56
MAX INDIA LIMITED	0.35	0.78
POWER FINANCE CORPORATION LTD	1.46	0.64
STATE BANK OF INDIA	1.51	1.12
SHRIRAM TRANSPORT FINANCE COMPANY LTD	1.04	0.43
AXIS BANK LIMITED	1.06	1.13
CAP GOODS / ENGINEERING		
BHARAT HEAVY ELECTRICALS LIMITED	0.75	0.66
CROMPTON GREAVES LIMITED	0.90	0.86
CUMMINS INDIA LIMITED	1.26	0.34
LARSEN & TOUBRO LIMITED	2.05	0.91
PUNJ LLOYD LIMITED	0.40	1.27
VOLTAS LIMITED	0.51	0.98
CEMENT & CEMENT PRODUCTS		
INDIA CEMENTS LTD	0.55	0.94
ULTRATECH CEMENT LIMITED	0.51	0.57
CONSTRUCTION		
NAGARJUNA CONSTRUCTION CO LTD	0.78	1.34
CONSUMER GOODS		
PANTALOON RETAIL INDIA LTD	2.23	0.90
FERTILIZERS		
GUJARAT STATE FERTILIZERS & CHEMICALS LTD.	0.91	0.60
TATA CHEMICALS LTD.	0.49	0.88
FMCG		
ASIAN PAINTS LTD.	0.25	0.34
ITC LTD	0.83	0.59
UNITED SPIRITS LTD	0.71	0.94
GAS		
GAIL (INDIA) LIMITED	0.58	0.58
IT		
INFOSYS TECHNOLOGIES LIMITED	2.69	0.78
TATA CONSULTANCY SERVICES LIMITED	0.78	0.80
METALS		
STERLITE INDUSTRIES INDIA LTD	0.84	1.72
TATA STEEL LIMITED	0.69	1.73
OIL REFINERIES		
OIL & NATURAL GAS CORPORATION LTD.	0.60	0.56
RELIANCE INDUSTRIES LIMITED	2.99	1.15
PHARMACEUTICALS		
DIVIS LABORATORIES LTD	0.35	0.71
LUPIN LTD	0.78	0.29
LUBILANT ORGANOSYS LIMITED	1.32	0.86
PLASTIC AND PLASTIC PRODUCT		
SINTEX INDUSTRIES LTD	0.33	0.86
POWER		
PTC INDIA LIMITED	0.31	0.92
SOFTWARE		
FINANCIAL TECHNOLOGIES INDIA	0.84	1.04
TELECOM		
BHARTI AIRTEL LTD	1.23	0.63
total equity	37.38	
total money market instruments	14.15	
total net assets	100.00	

asset allocation as on Aug 31, 2010



fund characteristics as on Aug 31, 2010

M.Duration of debt portfolio: 3.24 years
 YTM of debt portfolio: 8.54%
 Beta of equity portfolio: 0.90

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 37.38%.

Exposures in Government Securities and Corporate Bonds have been maintained. We will increase exposure to gilts and corporate bonds as and when attractive investments are available.

target asset allocation

Debt: 60%
 Equity: 40%

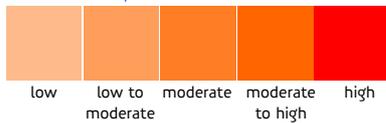
benchmark construction

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

fund objective

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

fund risk profile



fund 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 18.19%.

Exposures in Government Securities and Corporate Bonds have been maintained. Excess cash is deployed in Money Market instruments. We will increase exposure to gilts and corporate bonds as and when attractive investments are available.

target asset allocation

Debt.: 80%
Equity: 20%

benchmark construction

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

Balanced Fund

fund performance As on Aug 31, 2010

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	9.91%	7.34%	3.44%	3.78%	1.43%	0.62%
last 2 year (CAGR*)	11.82%	9.49%	6.95%	7.41%	0.98%	0.61%
last 3 year (CAGR*)	9.04%	8.28%	7.56%	7.56%	0.53%	0.43%
last 4 year (CAGR*)	9.33%	9.02%	6.89%	6.80%	0.63%	0.59%
last 5 year (CAGR*)	9.99%	9.64%	6.57%	6.46%	0.76%	0.72%
since inception (CAGR*)	10.79%	9.64%	5.72%	5.75%	1.01%	0.81%

date of inception

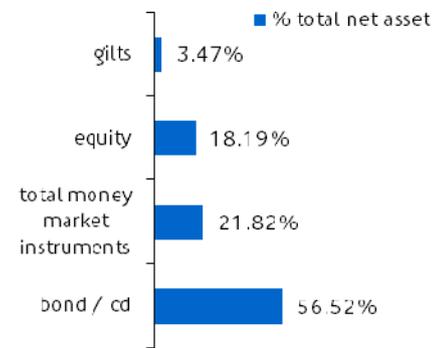
february, 2003

*CAGR: Compounded Annual Growth Rate

portfolio As on Aug 31, 2010

security	% total net assets	rating/1-yr beta
bond/cd		
8.97% TATA SONS LTD NCD (MD 15/07/2020)	3.89	AAA
11.45% RIL NCD (MD 25/11/2013)	2.52	AAA
11.45% RIL NCD TRANCHE 2 (MD 25/11/2013)	2.45	AAA
9.79% UNITED PHOSPHORUS 09/04/2017 CALL 9/4/15 STEP 9.9%	2.12	AA+
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	AA+
10.20% SUNDARAM FINANCE LTD NCD 29/05/2013	1.35	AA+
10.95% RECL LTD NCD (MD 14/08/2011)	1.32	AAA
9.03% CANARA BANK PERPETUAL CALL/STEP-UP 03/08/2020	1.30	AAA
9.90% TATA SONS LTD NCD (MD 20/05/2011)	1.30	LAAA
8.46% IRFC NCD (MD 15/01/2014)	1.29	AAA
8.79% IRFC NCD SERIES 70 (MD 04/05/2030)	1.29	AAA
8.94% LIC HOUSING FINANCE LTD NCD 16/01/2011	1.29	AAA
8% RECL LTD NCD (MD 05/08/2014)	1.26	AAA
11.10% PFC LTD NCD (MD 15/09/2013)	1.05	AAA
9.50% NABARD NPS BONDS SR IX 1 (MD 15/10/2012)	1.04	AAA
9.80% ICICI BANK LTD NCD (MD 10/02/2013)	1.01	AAA
9.50% INDIAN HOTEL CO LTD (28/02/2012)	0.98	AAA
8.40% HDFC 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
9.50% SBI PERPETUAL NCD CALL/STEP-UP 27/01/2020	0.66	AAA
8.90% SAIL (MD 01/05/2019) CALL FR 01/05/2014	0.65	AAA
8.4% TATA CAPITAL LTD NCD (MD 26/11/2012)	0.65	AA+
8.40% ADITYA BIRLA NUVO LTD NCD (MD 23/11/2012)	0.65	LAA+
8.88% IDFC LTD NCD (MD 07/01/2011)	0.64	AA+
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)	0.63	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	AAA
9.34% SBI PERPETUAL CALL 21/10/16 STEPUP 9.84	0.48	LAA+
8.23% TATA CAPITAL NCD 29/07/2013 PLT & RESET 27/07/12	0.45	AA+
11.15% HDFC LTD NCD (MD 06/08/2018)	0.44	AAA
9.45% RECL LTD NCD (MD 04/04/2013)	0.40	AAA
9.20% HDFC LTD NCD (MD 09/02/2012)	0.39	AAA
8.40% L & T FINANCE LTD NCD (MD 08/03/2013)	0.34	AA+
9.25% EXIM BANK LTD NCD (MD 13/12/2012)	0.33	AAA
8.90% PGC LTD NCD STRPP H (MD 25/02/2021)	0.32	AAA
8.65% L & T PARTLY PAID UP NCD 26/05/2020 CALL 26/05/11	0.32	AAA
9.33% PGC LTD NCD (MD 15/12/2013)	0.32	AAA
10.60% IRFC NCD (MD 11/09/2018)	0.14	AAA
10.35% HDFC LTD SR E006 NCD (MD 06/06/2017)	0.12	AAA
11.35% RECL LTD NCD (MD 24/10/2013) P/C 24/10/2011	0.05	AAA
total bond/cd	56.52	
gilts		
7.44% GOI Spl Oil Bond 2012 (23/03/2012)	1.04	sovereign
7.02% GOI (MD 17/08/2016)	0.99	sovereign
7.46% GOI 2017 (MD 12/28/2017)	0.62	sovereign
7.50% GOI 2034 (10.08.2034)	0.35	sovereign
6.72% GOI 2014 (MD 24/02/2014)	0.25	sovereign
8.24% GOI (MD 22/04/2018)	0.22	sovereign
total gilts	3.47	
equity		
AUTOMOBILES		
BAJAJ AUTO LIMITED NEW	0.13	0.64
MAHINDRA & MAHINDRA LTD	0.21	1.15
MARUTI SUZUKI INDIA LTD.	0.13	0.68
BANKING & FINANCE		
BANK OF BARODA	0.66	0.66
HDFC BANK	0.39	0.78
HOUSING DEVELOPMENT FINANCE CORPORATION	0.31	0.96
ICICI BANK LTD	0.98	1.56
MAX INDIA LIMITED	0.17	0.78
POWER FINANCE CORPORATION LTD	0.60	0.64
STATE BANK OF INDIA	0.77	1.12
SHRI RAN TRANSPORT FINANCE COMPANY LTD	0.49	0.43
AXIS BANK LIMITED	0.52	1.13
CAP GOODS / ENGINEERING		
BHARAT HEAVY ELECTRICALS LIMITED	0.37	0.66
CROMPTON GREAVES LIMITED	0.45	0.86
CUMMINS INDIA LIMITED	0.62	0.34
LARSEN & TOUBRO LIMITED	1.01	0.91
PUNJ LLOYD LIMITED	0.19	1.27
VOLTAS LIMITED	0.25	0.98
CEMENT & CEMENT PRODUCTS		
INDIA CEMENTS LTD	0.56	0.94
ULTRATECH CEMENT LIMITED	0.29	0.57
CONSTRUCTION		
NAGARJUNA CONSTRUCTION CO LTD	0.39	0.39
CONSUMER GOODS		
PANTALOON RETAIL INDIA LTD	1.10	1.34
FERTILIZERS		
GUJARAT STATE FERTILIZERS & CHEMICALS LTD.	0.69	0.90
TATA CHEMICALS LTD.	0.44	0.60
FMCC		
ASIAN PAINTS LTD.	0.24	0.88
ITC LTD	0.88	0.88
UNITED SPIRITS LTD	0.12	0.34
GAS	0.41	0.59
GAIL (INDIA) LIMITED	0.35	0.94
IT		
INFOSYS TECHNOLOGIES LIMITED	0.28	0.28
TATA CONSULTANCY SERVICES LIMITED	1.69	0.58
METALS		
STERILITE INDUSTRIES INDIA LTD	1.31	0.78
TATA STEEL LIMITED	0.38	0.80
PHARMACEUTICALS		
LUPIN LTD	0.77	1.72
STERILITE INDUSTRIES INDIA LTD	0.41	1.72
OIL REFINERIES		
OIL & NATURAL GAS CORPORATION LTD.	0.35	1.73
RELIANCE INDUSTRIES LIMITED	1.77	0.56
PHARMACEUTICALS		
LUPIN LTD	1.47	1.15
LUBILANT ORGANOSYS LIMITED	1.02	0.29
PLASTIC AND PLASTIC PRODUCT	0.65	0.86
SINTEX INDUSTRIES LTD	0.16	0.86
POWER		
PTC INDIA LIMITED	0.19	0.92
SOFTWARE		
FINANCIAL TECHNOLOGIES INDIA	0.39	1.04
TELECOM		
BHARTI AIRTEL LTD	0.60	0.63
total equity	18.19	
total money market instruments	21.82	
total net assets	100.00	

asset allocation as on Aug 31, 2010



fund characteristics as on Aug 31, 2010

M.Duration of debt portfolio: 2.57 years
YTM of debt portfolio: 8.22%
Fund Beta: 0.89

Corporate Bond Fund

fund performance As on Aug 31, 2010

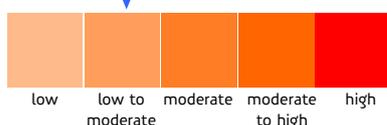
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	9.23%	5.73%	1.72%	1.44%	2.46%	0.51%
last 2 year (CAGR*)	11.62%	7.77%	4.00%	4.82%	1.66%	0.57%
since inception (CAGR*)	9.59%	6.12%	3.57%	4.34%	1.28%	0.26%
date of inception	october, 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'.

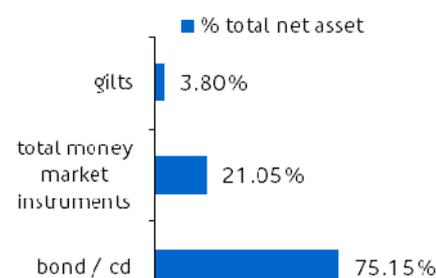
fund risk profile



portfolio As on Aug 31, 2010

security	% total net assets	rating/1-yr beta
bond/cd		
8.75% RIL NCD (MD 07/05/2020)	6.74	AAA
11.10% PFC LTD NCD (MD 15/09/2013)	6.52	AAA
9.05% CANARA BANK PERPETUAL CALL/STEP-UP 03/08/2020	4.13	AAA
8.80% SAIL NCD (MD 22/06/2019)	4.07	AAA
1.2% TATA CAPITAL NCD 05/03/2014 P/C 05/03/2012	3.71	LAA+
11.50% RECL LTD NCD (MD 26/11/2013)	2.95	AAA
2% TATA MOTORS LTD NCD (MD 31/03/2014)	2.92	AAA
2% INDIAN HOTELS COMPANY LTD NCD 09/12/2014	2.90	LAA+
8.99% TATA SONS LTD NCD (MD 07/06/2020)	2.74	AAA
8.40% ADITYA BIRLA NUVO LTD NCD (MD 23/11/2012)	2.72	LAA+
8.40% L & T FINANCE LTD NCD (MD 08/03/2013)	2.72	AA+
7.24% LIC HOUSING FINANCE LTD NCD (MD 23/06/2011)	2.69	AAA
9.7% UNITED PHOSPHORUS NCD 09/04/2017 CALL 9/4/15 STEP 9.9%	2.52	AA+
10.90% RECL LTD NCD (MD 14/08/2013)	2.49	AAA
8.23% SUNDARAM FINANCE LTD NCD (MD 27/07/2012)	2.44	LAA+
8.75% IRFC NCD (MD 07/01/2013)	1.65	AAA
10.05% NABARD (MD 11/06/2014)	1.42	AAA
9.70% LIC HOUSING FINANCE LTD NCD (MD 07/04/2013)	1.40	AAA
10% NABARD NCD SR IX (MD 14/05/2012)	1.40	AAA
9.50% HDFC LTD NCD (MD 27/02/2013)	1.39	AAA
9.05% SBI PERPETUAL NCD CALL/STEP-UP 27/01/2020	1.38	AAA
8.79% IRFC NCD SERIES 70 (MD 04/05/2030)	1.36	AAA
8.90% SAIL 01/05/2019 CALL FR 01/05/2014	1.36	AAA
8.60% PFC LTD NCD (MD 07/08/2014)	1.35	AAA
8.68% NCRP NCD 18/08/2019 P/C 18/08/2016	1.35	AAA
8% RECL LTD NCD (MD 05/08/2014)	1.33	AAA
9.33% PGC LTD NCD (MD 15/12/2013)	0.84	AAA
11.45% RIL NCD (MD 25/11/2013)	0.77	AAA
8.90% PGC LTD NCD STRPP C (MD 25/02/2016)	0.68	AAA
9.32% HDFC LTD NCD (MD 17/12/2012)	0.56	AAA
9.35% LIC HOUSING FINANCE NCD 23/11/2014 P/C 23/11/2012	0.56	AAA
8.97% TATA SONS LTD NCD (MD 15/07/2020)	0.55	AAA
7.39% POWER GRID CORP 22-09-2011	0.48	AAA
9.47% PGC NCD (MD 31/03/2013)	0.28	AAA
9.20% HDFC LTD NCD (MD 09/02/2012)	0.28	AAA
9.80% TATA STEEL LTD NCD (MD 07/05/2011)	0.27	AA
11.30% ACC LTD NCD (MD 10/12/2013)	0.15	AAA
9.30% PFC LTD NCD (MD 12/03/2013)	0.14	AAA
10.48% SAMRUDDHI CEMENTS LTD NCD (MD 16/12/2013)	0.09	AAA
9.25% EXIM BANK LTD NCD (MD 13/12/2012)	0.08	AAA
11.35% RECL LTD NCD (MD 24/10/2013) P/C 24/10/2011	0.04	AAA
NOVA IV TRUST SR J LOCOMOTIVE ITSLS PTC (MD 18/10/2013)	1.72	AAA
total bond/cd	75.15	
gilts		
Sovereign		
8.26% GOI 2027 (MD 02/08/2027)	1.32	sovereign
7.46% GOI 2017 (M/D. 28/8/2017)	1.24	sovereign
7.35% GOI (MD 22/06/2024)	1.25	sovereign
total gilts	3.80	
total money market instruments	21.05	
total net assets	100.00	

asset allocation as on Aug 31, 2010



fund characteristics as on Aug 31, 2010

M.Duration of debt portfolio:	3.12 years
YTM of debt portfolio:	8.54%

fund manger's report

Exposures in Government Securities have been maintained while excess cash is deployed in Corporate Bonds to capture the opportunity of gaining higher yields in long end of the yield curve. Allocations to Money Market instruments have been decreased.

target asset allocation

Bond Instruments: 100%

benchmark construction

CRISIL Composite Bond Index: 100%

Pure Debt Fund

fund performance As on Aug 31, 2010

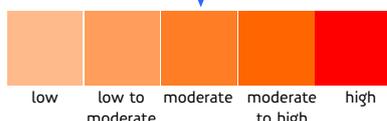
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	9.82%	5.73%	1.93%	1.44%	2.49%	0.51%
since inception (CAGR*)	11.90%	7.74%	3.80%	4.93%	1.82%	0.56%
date of inception	october, 2008					

*CAGR: Compounded Annual Growth Rate

fund objective

Provide steady investment returns achieved through 100% investment in debt securities, while maintaining moderate probability of negative returns in the short-term. The risk appetite is defined as 'moderate'.

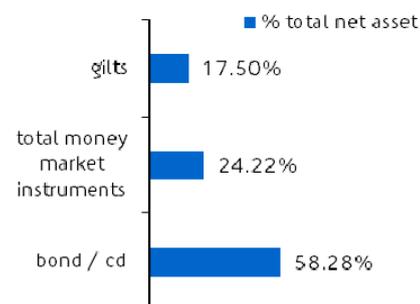
fund risk profile



portfolio As on Aug 31, 2010

security	% total assets	rating/ net 1-yr beta
bond/cd		
10.90% RECL LTD NCD (MD 14/08/2013)	5.27	AAA
11.45% RIL NCD (MD 25/11/2013)	4.94	AAA
2% TATA MOTORS LTD NCD (MD 31/03/2014)	4.30	AAA
2% INDIAN HOTELS COMPANY LTD NCD (MD 09/12/2014)	4.27	LAA+
10.90% RECL LTD NCD (MD 30/09/2013)	4.26	AAA
9.70% LIC HOUSING FINANCE NCD 07/04/2013	4.11	AAA
8.40% L & T FINANCE LTD NCD (MD 08/03/2013)	4.00	AA+
8.40% HDFC LTD NCD (MD 08/12/2014)	3.96	AAA
10.60% IRFC NCD (MD 11/09/2018)	2.67	AAA
11.25% PFC LTD NCD (MD 28/11/2018)	2.27	AAA
9.7% UNITED PHOSPHORUS NCD 09/04/2017 CALL 9/4/15 STEP 9.9%	2.26	AA+
11.45% RIL NCD TRANCHE 2 (MD 25/11/2013)	2.17	AAA
11.30% ACC LTD NCD (MD 10/12/2013)	2.16	AAA
8.98% NCRP NCD (MD 14/02/2018) P/C 14/02/2015	2.03	AAA
8.90% SAIL 01/05/2019 CALL FR 01/05/2014	2.01	AAA
9.25% IDBI BANK PERPETUAL NCD CALL/STEP-UP 29/01/2020	1.91	AA
8.97% TATA SONS LTD NCD (MD 15/07/2020)	1.21	AAA
8.40% ADITYA BIRLA NUVO LTD NCD 23/11/2012	1.20	LAA+
9.05% SBI PERPETUAL NCD CALL/STEP-UP 27/01/2020	1.01	AAA
8.90% PGC LTD NCD STRPP B (MD 25/02/2015)	1.01	AAA
12% TATA CAPITAL NCD 05/03/2014 P/C 05/03/2012	0.84	LAA+
10% NABARD NCD SR IX (MD 14/05/2012)	0.41	AAA
total bond/cd	58.28	

asset allocation as on Aug 31, 2010



gilts	sovereign
7.02% GOI (MD 17/08/2016)	5.73
7.80% GOI (MD 03/05/2020)	3.94
7.46% GOI 2017 (M/D. 28/8/2017)	3.87
8.32% GOI (MD 02/08/2032)	1.98
8.28% GOI (MD 15/02/2032)	1.98
total gilts	17.50
total money market instruments	24.22
total net assets	100.00

fund characteristics as on Aug 31, 2010

M.Duration of debt portfolio: 3.17 years
YTM of debt portfolio: 8.57%

fund manger's report

Exposures in Corporate Bonds have been maintained while excess cash is deployed in Government Securities. Allocations to Money Market instruments have been decreased.

target asset allocation

Debt Instruments: 100%

benchmark construction

CRISIL Composite Bond Index: 100%

Gilt Fund

fund performance As on Aug 31, 2010

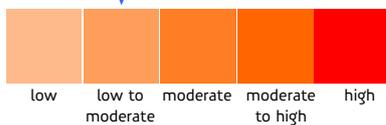
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	7.17%	5.96%	1.28%	2.48%	1.69%	0.39%
last 2 year (CAGR*)	6.97%	11.96%	3.73%	12.37%	0.53%	0.56%
since inception (CAGR*)	6.22%	8.50%	3.38%	10.87%	0.36%	0.32%
date of inception						october, 2007

*CAGR: Compounded Annual Growth Rate

fund objective

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

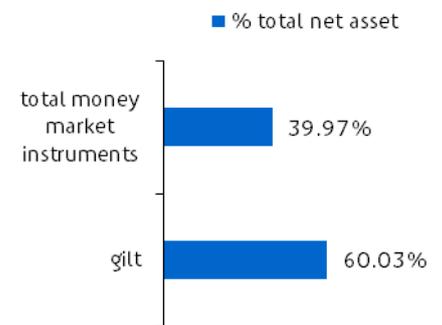
fund risk profile



portfolio As on Aug 31, 2010

security	% total net assets	rating/ 1-yr beta
gilts		sovereign
8.28% GOI (MD 15/02/2032)	16.03	sovereign
8.26% GOI 2027 (MD 02/08/2027)	12.01	sovereign
6.49% GOI (MD 08/06/2015)	11.48	sovereign
7.02% GOI (MD 17/08/2016)	7.75	sovereign
8.24% GOI (MD 15/02/2027)	4.00	sovereign
7.80% GOI (MD 03/05/2020)	4.00	sovereign
7.49% GOI 2017 (M/D. 16.04.2017)	3.93	sovereign
7.17% GOI (MD 14/06/2015)	0.79	sovereign
9.85% GOI 2015 (M/D. 16.10.2015)	0.03	sovereign
total gilts	60.03	
total money market instruments	39.97	
total net assets	100.00	

asset allocation as on Aug 31, 2010



fund characteristics as on Aug 31, 2010

M.Duration of debt portfolio:	4.48 years
YTM of debt portfolio:	7.94%

fund manger's report

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

target asset allocation

Government Securities: 100%

benchmark construction

I-Sec Composite Sovereign Bond Index:100%

Money Market Fund

fund performance As on Aug 31, 2010

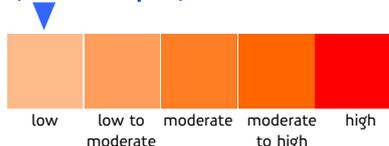
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	6.99%	3.80%	0.38%	0.32%	5.20%	-3.72%
last 2 year (CAGR*)	8.70%	5.58%	0.64%	0.85%	5.77%	0.69%
since inception (CAGR*)	9.03%	6.11%	0.55%	0.78%	7.38%	1.42%
date of inception	november, 2007					

*CAGR: Compounded Annual Growth Rate

fund objective

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

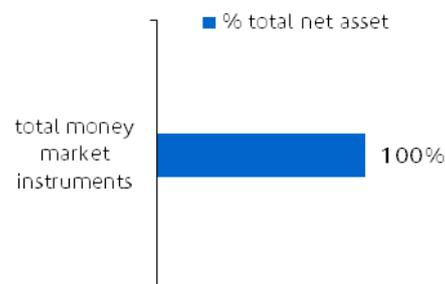
fund risk profile



portfolio As on Aug 31, 2010

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

asset allocation as on Aug 31, 2010



fund characteristics as on Aug 31, 2010

YTM of debt portfolio: 7.42%

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 Aug 31, 2010

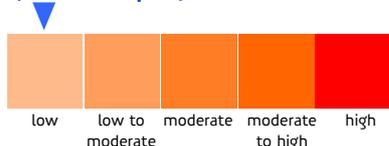
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	6.85%	4.55%	0.15%	0.18%	12.61%	-2.42%
last 2 year (CAGR*)	8.64%	5.19%	0.56%	0.50%	6.46%	0.37%
last 3 year (CAGR*)	8.88%	6.09%	0.48%	0.55%	8.16%	1.99%
last 4 year (CAGR*)	8.56%	6.42%	0.48%	0.51%	7.40%	2.81%
last 5 year (CAGR*)	8.07%	6.41%	0.55%	0.46%	5.56%	3.08%
since inception (CAGR*)	7.06%	5.74%	0.65%	0.48%	3.18%	1.54%
date of inception	february, 2003					

*CAGR: Compounded Annual Growth Rate

fund objective

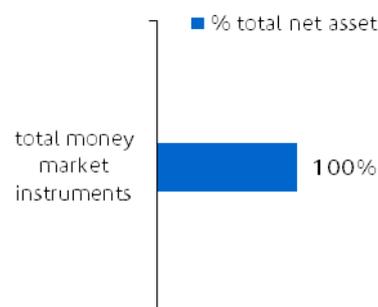
Maintain the capital value of all contributions (net of charges) and all interest additions, at all times. The risk appetite is 'extremely low'.

fund risk profile



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

asset allocation as on Aug 31, 2010



fund characteristics as on Aug 31, 2010

YTM of debt portfolio: 7.37%

fund manger's report

The allocation to CDs and CPs and bank fixed deposits was maintained at 100% to take advantage of high yields in these instruments.

target asset allocation

Money Market Instruments : 100%

benchmark construction

Yield on 182-day T.Bills : 100%

Product Details

Nav's as of 31 August, 2010

Product Name	NAV
Reliance Group Gratuity Equity	13.2529
Reliance Group Gratuity Infrastructure	10.0312
Reliance Group Gratuity Midcap	13.1644
Reliance Group Gratuity Growth	12.6965
Reliance Group Gratuity Balance	13.1623
Reliance Group Gratuity Corporate Bond	12.1285
Reliance Group Gratuity Pure Debt	12.1033
Reliance Group Gratuity Money Market	11.6226
Reliance Group Gratuity capital Secure	13.0404
Reliance Group Gratuity Gilt	10.6691
Reliance Group Leave Encashment Balance	11.0582
Reliance Group Leave Encashment Corporate Bond	12.8024
Reliance Group Leave Encashment Pure Debt	12.2312
Reliance Group Leave Encashment Gilt	11.7495
Reliance Group Leave Encashment Money Market	12.5325
Reliance Group Leave Encashment Capital Secure	10.0000
Reliance Group Leave Encashment Equity	9.1075
Reliance Group Savings Linked Insurance Equity	18.5868
Reliance Group Savings Linked Insurance Energy	16.1849
Reliance Group Savings Linked Insurance Midcap	19.0674
Reliance Group Savings Linked Insurance Balance	12.4583
Reliance Group Savings Linked Insurance Corporate Bond	11.6797
Reliance Group Savings Linked Insurance Pure Debt	11.5405
Reliance Group Savings Linked Insurance Gilt	10.6284
Reliance Group Savings Linked Insurance Money Market	11.2354
Reliance Group Savings Linked Insurance Infrastructure	13.3262
Reliance Group Savings Linked Insurance Pure Equity	18.1711
Reliance Group Superannuation Equity	10.8697
Reliance Group Superannuation Growth	10.5437
Reliance Group Superannuation Balance	16.4248
Reliance Group Superannuation Corporate Bond	11.1394
Reliance Group Superannuation Pure Debt	11.9252
Reliance Group Superannuation Gilt	10.3769
Reliance Group Superannuation Money Market	11.3119
Reliance Group Superannuation Capital Secure	11.7298

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

Investment strategy and risk control

Macro analysis of the economy is carried out by tracking the trends in key economic indicators.

Market dynamics are also studied apart from the above to determine our view of the changes likely in the interest rate scenario and equity market movements. Price movements in the market are monitored at all times along with factors that affect them such as the prevailing market sentiments, cash flows in the market and views/actions of key market participants including institutional investors like FIIs and mutual funds. For analyzing the debt markets, yield curve movements and changes in its shape are also studied.

The **risk appetite and investment objective** is clearly defined for each fund keeping in mind the investment horizon, liquidity requirements etc.

A range of acceptable holdings under each asset class is determined at the investment policy level. The **asset allocation** primarily takes into account, the investment objectives, regulatory issues and the likely risk return matrix to obtain a potential return which is the highest achievable for the risk that is assumed. Within the strategic asset allocation, the fund managers determine the weights of the various asset classes; primarily factoring in the developing market scenarios.

Based on the investment objectives of each fund option, a rigorous **security selection** process is followed. The fixed income fund manager identifies cheaper securities across the yield curve and builds a basket of securities to arrive at the optimum level of yield within the range of pre-determined 'duration' for the entire portfolio after paying particular attention to the liquidity position and the liquidity premium on the securities. An active fund management style is followed on the equity portfolios. A core portfolio of stocks is first created driven by a top-down approach and a research based bottom-up stock selection method is followed.

Benchmarks are pre-determined for each fund based on the most appropriate indices available in the market or by constructing proxy benchmarks out of multiple indices. Performance of each fund is continuously tracked based on the benchmarks and recalibrated.

A statistical analysis is carried out to determine that the **risk levels** are in tune with the risk appetite of the particular fund. Statistical tools such as the standard deviation and risk-adjusted return measures such as the Sharpe ratio are calculated in order to compare the returns generated per unit of risk vis-à-vis benchmarks.

The investment policy has been designed by the **Board** to cover regulatory guidelines, the various product investment objectives, risk appetite strategic asset allocation and the investment style. It is ensured that the portfolio is always kept compliant with the relevant regulations. Our rigorous process and risk/compliance controls are well documented.

✓ Gross Fund Return

✓ Benchmark Return

✓ Fund Standard Deviation

✓ Fund Sharpe Ratio

Gross Fund Return

Gross return for a fund is defined as the return calculated on an NAV basis plus the fund management fees which are debited periodically to the fund. We calculate gross fund returns in order to give uniformity while evaluating fund management performance as the fund management fees vary from company to company. Fund management charges are a matter of policy decision by the top management of a life insurance company. Hence, even if two funds from two different fund management companies give the same returns, the returns may not reflect that if they are calculated on an NAV basis.

We shall highlight this with the help of an example.

Reliance Life Insurance

Balanced Fund

NAV based Return=11.50 %

Fund Management Fee=2%

Gross Fund Return=13.50%

XYZ Insurance Company

Balanced Fund

NAV based Return=10.50%

Fund Management Fee=3%

Gross Fund Return=13.50%.

As seen above, though the gross return of both the companies were same, Reliance Life Insurance showed a higher NAV based return as the fund management fees were lower. Please note that the returns as given in The Analyst for all funds are computed on a gross basis.

Benchmark Return

A benchmark is a standard against which the performance of an investment can be measured. Benchmarks are pre-determined primarily on the basis of the asset allocation structure of the fund.

Benchmarks can be readily available in the market or have to be constructed. The CNX Nifty is a readily available benchmark for our equity portfolio manager as the equity fund primarily invests in equities.

However, the benchmark for the Growth Fund of Reliance Life Insurance has been constructed as 60% of CRISIL Short Term Bond Index and 40% of CNX Nifty as the asset allocation of the growth fund is 60% of debt and 40% of equity. (Please refer to the Growth Fund page of The Analyst).

Fund Standard Deviation

Risk of investing in a fund is identified by the volatility of the fund's periodic returns. Standard deviation measures the volatility of the fund's returns for a given time period.

In other words, Fund Standard Deviation for a particular time period gives us the deviation from the mean returns, that has occurred for that fund during that time period. For e.g. let us assume that the Balanced Fund has generated an average (mean) return of 11.55% for the last 2 years and that the corresponding standard deviation was 4.44%. That means that during the last 2 year time period, the balanced fund return varied between 15.99% (i.e. $11.55 + 4.44$) and 7.11% (i.e. $11.55 - 4.44$) during 65% of the time.

Higher the standard deviation, the greater the volatility, and therefore, the greater the risk of investing in that fund.

Thus, an investor has more information available at his disposal to evaluate the quality of performance of the fund and how volatile its returns are.

To carry it a step further, it is highly unlikely that a fund's return in any one year will be exactly the average. Rather, it will always be either higher or lower than the average. Thus, standard deviation teaches us to look beyond the "average annual return" figures that are touted by investment advisors.

Fund Sharpe Ratio

Sharpe ratio of a fund tells us how much return the fund has been able to generate per unit of risk. The higher the Sharpe Ratio, the better the performance of a fund from a risk point of view.

The excess return generated by a fund for a particular time period is first calculated by subtracting the risk free rate from the rate of return generated by that fund during that time period. Dividing this result by the standard deviation of the fund return during that time period, one can obtain the Sharpe ratio.

Sharpe Ratio = Excess return / Annualized standard deviation of fund return

The "risk-free return" is the annualized return currently available on "risk-free" investments. This is usually assumed to be the return on a short government security like Treasury bill. A government security is sovereign credit which is the nearest to a risk free asset that one can get. For our calculations of the Sharpe ratios for all funds as given in the Analyst, we have assumed this risk free rate of interest to be at 5%.

We shall assume that 9.85% was the annualized gross return for a 3-year time period for the balanced fund, 5% p.a. was the assumed risk free rate of return as discussed above and 4.14% p.a. was the standard deviation of this 3-year return. The Sharpe ratio can be calculated as follows:

$$(9.85-5)\%/4.14\%=1.17.$$

The Sharpe ratio tells us whether the returns of a portfolio are due to smart investment decisions or a result of excess risk. This measurement is very useful because although one portfolio or fund can reap higher returns than its peers, it is only a good investment if those higher returns do not come with too much additional risk. The greater a portfolio's Sharpe ratio, the better its risk-adjusted performance has been.

Benchmark Sharpe Ratio

Just as the fund returns are compared to a benchmark return, the Sharpe ratio of the fund is also compared to the benchmark's Sharpe ratio in order to evaluate the risk-adjusted performance. In our example above, let us assume that the benchmark Sharpe ratio of the balanced fund for the last 3 years is 0.98. This means that over a three-year time period, the Balanced Fund of Reliance Life Insurance has given a higher risk-adjusted return than the comparable risk-adjusted return provided by the constructed benchmark.

While calculating the benchmark Sharpe ratio of 0.98, let us assume that 9.10% was the annualized gross return provided by the constructed benchmark for the balanced fund for the last 3-year time period, 5% p.a. was the assumed risk free rate of return, and 4.21% p.a. was the standard deviation of the 3-year benchmark return.

The benchmark Sharpe ratio for the Balanced Fund for the last three years has been calculated as follows: $(9.10-5)\%/4.21\%=0.98$.

Modified Duration of Debt Portfolio

The value of a fund's debt portfolio is sensitive to changes in interest rates. When interest rates rise, bond prices fall, and vice versa. Generally, a debt portfolio comprising of bonds with higher maturities will have a higher price fluctuation than a portfolio comprising of bonds with lower maturities. Modified duration, indicates the sensitivity of the value of the debt portfolio to any given change in interest rates. Modified Duration is derived from Duration, which represents a weighted average of the time periods to maturity.

Modified Duration gives one an immediate rule of thumb -- the percentage change in the price of a bond is the duration multiplied by the change in interest rates. So, if a bond has duration of 10 years and interest rates fall from 8% to 7.5% (a drop of 0.50 percentage points), the bond's price will rise by approximately 5% (i.e. $10 \times 0.50\%$).

Let us assume that the modified duration for the Balanced Fund is 2.03. If interest rates drop from 8% to 7.5%, the value of this debt portfolio will rise by 1.015% (i.e. $2.03 \times 0.50\%$). Similarly, when interest rates rise from 8% to 8.5%, say, the value of this debt portfolio will fall by 1.015%.

Fund Beta

Beta measures the risk of a security (say a particular stock) in relation to its broad market. The broad market is generally defined as the specified benchmark index. The Beta assigned to the benchmark index is 1. Beta of the stock describes the sensitivity of the price of the stock to the benchmark index. (For the more statistically inclined readers, Beta is the slope of the regression line). It is generally calculated for equity portfolio/funds.

If a stock has a beta of 1, that stock is likely to generate the same returns as the market. If the beta of a stock is more than 1, it means that the stock is likely to give higher returns compared to the market but also at a higher risk as compared to the market. For instance, a stock with beta of 1.2 means that when the market, say Nifty, gives a return of 10%, that stock is likely to generate returns of 12% (i.e. $1.2 \times 10\%$). Similarly, a low beta stock has given lower returns compared to what the market has delivered for a particular time period. For e.g. for a stock with beta of 0.80, if the Nifty gives returns of 10%, the stock is likely to give returns of only half of that, i.e. 8%. (i.e. $0.80 \times 10\%$)

Now we shall see the impact of these two stocks when the market falls. When the Nifty gives negative returns of 10%, i.e the market falls by 10%, the price of the stock with beta of 1.2 will fall by 12%. However, though the price of the stock with the low beta of 0.8 will also fall when the market falls, it will not fall as much as the market. If the market falls by 10%, the price of this scrip will fall only by 8%.

The fund beta is nothing but the betas of individual stocks in the equity portfolio multiplied by the weight of that stock in the portfolio. If a fund has a high beta, the equity portfolio of that fund is aggressive and tilted towards high beta stocks and vice versa. Please note that the betas of individual stocks as given in the Equity Fund page of the Analyst have been calculated based on the available prices of the stocks on the NSE for the last 1-yr period.

✓ **Benchmark Sharpe Ratio**

✓ **Modified Duration Of Debt Profile**

✓ **Fund Beta**

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