

### investment philosophy

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

Economy Indicators	29th Jan 10	31st Dec 09	Change
Rs./S	46.17	46.54	0.37
WPI Inflation	246.50*	245.40	7.31%y-o-y*
Forex Reserves (\$ bn)	282.94	283.49	-0.55 bn\$
Oil Price (\$ per Barrel)	71.18	78.00	-6.82
Gold (Rs. per 10gm)	16200	16750	-550

\* As of December 2009

Investments	29th Jan 10	31st Dec 09	Absolute Change
FII's (Rs Crs)	-500	10233	-10733
Mf's (Rs Crs)	-1311	-1762	451

Indices	29th Jan 10	31st Dec 09	% Change
BSE Sensex	16358	17465	-6
S&P CNX Nifty	4882	5201	-6
CNX Mid Cap	7202	7433	-3
BSE Small Cap	8233	8358	-1

Global Indices	29th Jan 10	31st Dec 09	% Change
Dow Jones	10067	10428	-3
FTSE 100	5189	5398	-4
Hang Seng	20122	21873	-8
Nikkei	10198	10546	-3

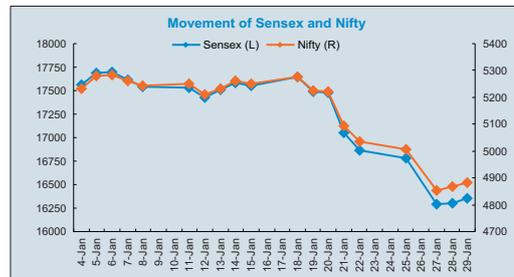
Sectoral Indices	29th Jan 10	31st Dec 09	% Change
CNX Infrastructure	3375	3602	-6
CNX Energy	8924	9451	-6
BSE Capital Goods	13125	14116	-7
BSE Bankex	9654	10031	-4
BSE Oil & Gas	9939	10471	-5
BSE IT	4978	5186	-4

Fixed Income Indicators (%)	29th Jan 10	31st Dec 09	% Change
NSE Mibor	3.30	3.59	-0.29
91 Day T-Bill	4.01	3.68	0.33
182 Day T-Bill	4.20	4.34	-0.14
1 year GOI Benchmark	4.71	5.24	-0.53
5 Year GOI Benchmark	7.15	7.25	-0.10
5 Year Corp Bond Benchmark	8.30	8.36	-0.06
10 Year GOI Benchmark	7.59	7.69	-0.10
10 Year US Benchmark	3.60	3.84	-0.24

asset allocation	funds	gross return (CAGR*) (%) As on January 29, 2010				date of inception
		last 1 year	last 2 years	last 3 years	since inception	
100% equity	Ulip Equity	67.55%	-3.32%	5.63%	20.21%	August, 2004
100% pure equity	Ulip Pure Equity	74.43%	N.A.	N.A.	14.18%	June, 2008
100% equity	Ulip Infrastructure	40.00%	N.A.	N.A.	-7.29%	March, 2008
100% equity	Ulip Energy	47.26%	N.A.	N.A.	1.61%	March, 2008
100% equity	Ulip Midcap	92.17%	N.A.	N.A.	3.32%	March, 2008
80% equity, 20% debt	Ulip Super Growth	50.56%	-2.19%	N.A.	4.07%	May, 2007
60% equity, 40% debt	Ulip High Growth	39.30%	1.41%	N.A.	9.20%	March, 2007
50% equity, 50% debt	Ulip Growth Plus	34.33%	3.02%	N.A.	9.20%	March, 2007
40% equity, 60% debt	Ulip Growth	28.56%	4.22%	8.25%	12.67%	August, 2004
20% equity, 80% debt	Ulip Balanced	18.58%	7.03%	9.21%	11.03%	February, 2003
100% bond instruments	Ulip Corporate Bond	10.61%	10.04%	N.A.	10.58%	May, 2007
100% debt Instruments	Ulip Pure Debt	10.43%	9.89%	N.A.	9.87%	April, 2007
100% govt. securities	Ulip Gilt	3.91%	5.55%	N.A.	6.09%	May, 2007
100% debt Instruments	Ulip Guaranteed Bond I	N.A.	N.A.	N.A.	N.A.	December, 2008
100% money market instruments	Ulip Money Market Fund	8.91%	9.60%	N.A.	9.46%	May, 2007
100% money market instruments	Ulip Capital Secure	8.29%	8.97%	9.11%	7.06%	February, 2003

\*CAGR: Compounded Annual Growth Rate

### equity market update - Jan 2010



### Equity Market Update

Benchmark fell below key psychological levels in January. Sensex shed 6.34% to end at 16357.96, while Nifty fell 6.13% to 4882.05. BSE 100 lost 5.28%. Fears the RBI could hike rates to contain rising inflation kept the undertone weak. Global factors also played a major part as stock markets slumped across the globe.

Among the sectoral indices, rate-sensitive sectors were the worst hit. BSE Realty tumbled 9.22%, BSE Metals shed 8.26% and BSE Capital Goods was down 7.02%. BSE Consumer Durables was the only index with positive returns, marginally up 0.37%. Smaller cap indices performed better with BSE Midcap Index, down 3.10% and BSE Small cap Index, down 1.49%.

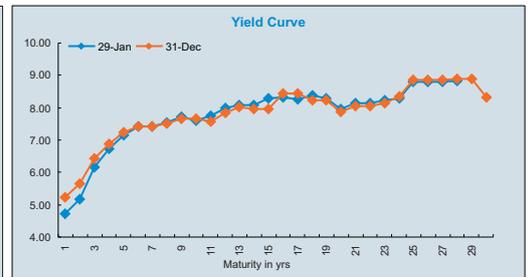
Quarterly earnings and RBI policy review were the two major triggers for the domestic market in January. While Q3 earning reports were mixed, they were mostly in line with expectations. The stimulus measures by the government pushed demand growth and lower cost of credit pulled up the profitability. However, increase in input prices led to subdued bottom line number for some companies.

The next immediate and important trigger for the market is the Union Budget. Hopes are high on the reforms front. Increased infrastructural spending, higher (indirect) taxes and government's divestment plan of the PSUs are expected to be focused on in the coming budget. Market will take cues from how the government and RBI support the recovery process without compromising on price stability.

### Outlook

Inflation, fiscal deficit, liquidity tightening by China and India and valuation concerns led to fall in markets in the month of January. In the coming month markets are expected to take cues from the union budget and liquidity flows to the emerging markets. Key factors to be tracked in the budget would be fiscal deficit and the roll back of stimulus measures like excise duty benefits.

### debt market update - Jan 2010



### Debt Market Update

Government bonds witnessed subdued trading interest for most part of the month amid uncertainty ahead of the RBI monetary policy review. Inflationary expectations and concerns over government finances augmented pressure on the bond market.

The yield on the 6.90% 2019 bond hit a 14-month high of 7.81%, before easing to a low of 7.62% thanks to some value buying by traders at lower prices. However, yields rose again following the 75 bps CRR hike announced by the RBI as the market was expecting a 50 bps increase. The yield on the 10-year 6.35% 2020 ended at 7.58%.

The hike will take effect in two stages viz. from February 13 (50 bps) and from February 27 (25 bps) and will pull out an estimated Rs.36,000 crore from the money market.

RBI did not touch key policy rates and raised projection of annual headline WPI inflation rate to 8.5% from 6.5% for March-end. The RBI said that it preferred to raise CRR as it had to balance growth and inflation, though the market eventually expect LAF rate hikes in the coming months.

For the time being, liquidity in the banking system remained comfortable. It was supported by government spending, interest payments and bond redemptions and call rates hovered around 3.25%. At the LAF reverse repo, bids averaged over Rs.85,000 crore on a daily basis - this is enough to absorb the impact of the CRR increase.

The overall market trend continued to be nervous on concerns over size of borrowing programme and raising uncertainty. Given factors like social sector spending like farm subsidies and postponement of 3G auctions, a portion of the market also fears the possibility of extra borrowing this fiscal. The market eyed the unexpected floating rate bond auctions with interest on this front.

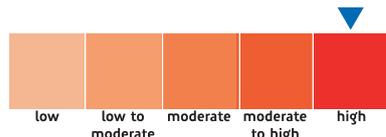
### Outlook

During the month, yields will remain under pressure with upward bias. More than expected hike in CRR by Central Bank has set the tone for yields to move up. We expect the 10yr Benchmark G-sec to remain in the range of 7.55-7.80% on 6.35 GOI 2020. Size of Government Borrowing in the Annual Budget will be a key data market is eyeing for along with IIP and WPI during the month. The spread between G-sec and corporate bonds is expected to remain at the current levels.

## fund objective

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

## fund risk profile



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## fund manager's report

The month of January saw the markets ending negative. The markets ended volatile due to negative foreign inflows. Looking at the negative data from specific sectors and disappointing quarterly numbers from specific companies, the holding in equities was kept at 91.68%.

## target asset allocation

Equity: 100%

## benchmark construction

S&P CNX Nifty: 100%

# ULIP Equity Fund

## fund performance As on January 29, 2010

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	67.55%	69.82%	28.11%	35.10%	2.23	1.85
last 2 years (CAGR)	-3.32%	-2.51%	35.15%	38.56%	-0.24	-0.19
last 3 years (CAGR)	5.63%	6.15%	33.25%	35.93%	0.02	0.03
since inception (CAGR)	20.21%	22.04%	27.95%	29.66%	0.54	0.57
date of inception			august, 2004			

\*CAGR: Compounded Annual Growth Rate

## portfolio As on January 31, 2010

security % to net assets 1-yr beta

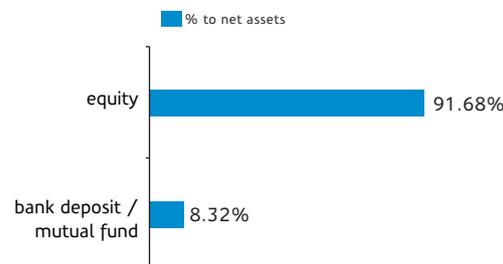
### equity

<b>BANKING &amp; FINANCE</b>	<b>20.71</b>	
STATE BANK OF INDIA	4.85	1.17
ICICI BANK	4.12	1.50
HDFC BANK	3.94	0.83
AXIS BANK	2.64	1.31
HOUSING DEVELOPMENT FINANCE CORPORATION	2.26	1.11
SHRIRAM TRANSPORT FINANCE COMPANY	1.31	0.17
BANK OF BARODA	0.82	0.86
PUNJAB NATIONAL BANK	0.77	0.94
<b>OIL REFINERIES</b>	<b>14.61</b>	
RELIANCE INDUSTRIES	9.72	1.21
OIL & NATURAL GAS CORPORATION	2.97	0.87
BHARAT PETROLEUM	1.44	0.40
OIL INDIA LTD	0.47	0.47
<b>IT</b>	<b>10.24</b>	
INFOSYS TECHNOLOGIES	5.29	0.68
TATA CONSULTANCY SERVICES	4.53	0.86
MPHASIS	0.42	0.67
<b>CAP GOODS / ENGINEERING</b>	<b>9.97</b>	
LARSEN & TOUBRO	3.67	1.24
BHARAT HEAVY ELECTRICALS	2.70	0.93
CUMMINS INDIA	1.63	0.64
PUNJ LLOYD	0.88	1.51
ALSTOM PROJECTS INDIA	0.76	0.97
TRIVENI ENGINEERING AND INDUSTRIES	0.29	1.06
BHARAT FORGE	0.04	0.96
<b>METALS</b>	<b>6.55</b>	
TATA STEEL	2.62	1.42
STERLITE INDUSTRIES	1.73	1.37
JINDAL STEEL AND POWER	1.68	1.15
JINDAL SAW	0.52	1.06
<b>FMCG</b>	<b>6.28</b>	
ITC	4.42	0.59
HINDUSTAN UNILEVER	1.86	0.34
<b>PHARMACEUTICALS</b>	<b>5.02</b>	
DIVIS LABORATORIES	1.34	0.67
RANBAXY LAB	1.10	0.85
CIPLA	0.99	0.44
LUPIN	0.93	0.29
SUN PHARMACEUTICALS	0.65	0.54
<b>AUTOMOBILES</b>	<b>4.70</b>	
BAJAJ AUTO	2.00	0.58
MAHINDRA & MAHINDRA	1.74	1.11
MARUTI SUZUKI INDIA	0.95	0.64
<b>TELECOM</b>	<b>2.96</b>	
BHARTI AIRTEL	2.96	0.91
<b>POWER</b>	<b>2.86</b>	
NTPC	1.10	0.59
TATA POWER	0.98	0.81
AREVA T & D INDIA	0.52	1.07
POWER GRID CORPORATION OF INDIA	0.26	0.73
<b>CEMENT &amp; CEMENT PRODUCTS</b>	<b>2.11</b>	
ULTRATECH CEMENT	1.13	0.61
ACC	0.98	0.81
<b>CONSTRUCTION</b>	<b>1.31</b>	
JAIPRAKASH ASSOCIATES	1.31	1.75
<b>GAS</b>	<b>1.11</b>	
GAIL INDIA	1.11	0.64
<b>MEDIA</b>	<b>0.97</b>	
HT MEDIA	0.97	0.68
<b>FERTILIZERS</b>	<b>0.81</b>	
UNITED PHOSPHORUS	0.57	0.80
GUJARAT STATE FERTILIZERS & CHEMICALS	0.24	0.69
<b>SOFTWARE</b>	<b>0.65</b>	
FINANCIAL TECHNOLOGIES INDIA	0.65	0.86
<b>PLASTIC AND PLASTIC PRODUCT</b>	<b>0.52</b>	
SINTEX INDUSTRIES	0.52	0.99
<b>SUGAR</b>	<b>0.30</b>	
BAJAJ HINDUSTAN	0.30	1.23
<b>RETAIL</b>	<b>0.01</b>	
PANTALOON RETAIL	0.01	1.03
<b>total equity</b>	<b>91.68</b>	

**total bank deposits/mutual funds 8.32**

**total net assets 100.00**

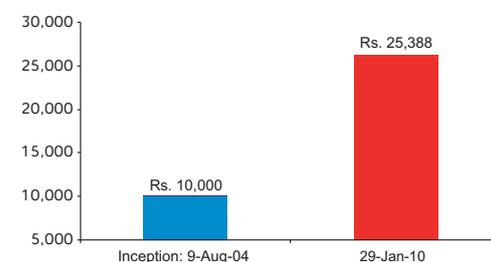
## asset allocation as on Jan 31, 2010



## fund characteristics as on Jan 31, 2010

Fund Beta 0.95

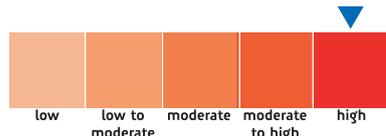
## growth of initial investment of Rs. 10,000 in MRP



## fund objective

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

## fund risk profile



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## fund manager's report

The month of January saw the markets ending negative. The markets ended volatile due to negative foreign inflows. Looking at the negative data from specific sectors and disappointing quarterly numbers from specific companies, the holding in equities was kept at 91.47%.

## 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%

# ULIP Pure Equity Fund

## fund performance As on January 29, 2010

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	74.43%	69.82%	29.53%	35.10%	2.35	1.85
since inception (CAGR)	14.18%	12.70%	34.54%	39.22%	0.27	0.20
date of inception			June, 2008			

## portfolio As on January 31, 2010

security % to net assets 1-yr beta

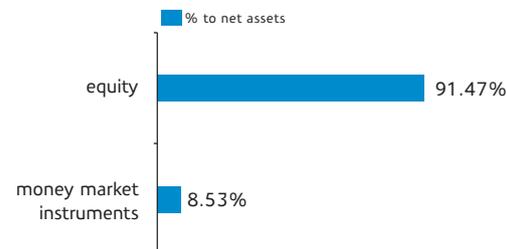
### equity

CAP GOODS / ENGINEERING	14.57	
LARSEN & TOUBRO	4.94	1.24
BHARAT HEAVY ELECTRICALS	4.64	0.93
PUNJ LLOYD	2.75	1.51
CUMMINS INDIA	1.16	0.64
VOLTAS	1.08	1.17
OIL REFINERIES	12.54	
RELIANCE INDUSTRIES	8.05	1.21
OIL & NATURAL GAS CORPORATION	4.49	0.87
POWER	9.90	
TATA POWER	5.64	0.81
NTPC	4.26	0.59
AUTOMOBILES	9.84	
BAJAJ AUTO LTD	4.68	0.58
MAHINDRA & MAHINDRA LTD	4.28	1.11
MARUTI SUZUKI INDIA	0.88	0.64
IT	9.08	
INFOSYS TECHNOLOGIES	5.25	0.68
TATA CONSULTANCY SERVICES	3.83	0.86
PHARMACEUTICALS	8.80	
RANBAXY LAB	3.97	0.85
CIPLA LTD	2.17	0.44
LUPIN	1.64	0.29
SUN PHARMACEUTICALS	1.02	0.54
TELECOM	5.89	
BHARTI AIRTEL	5.89	0.91
FMCG	5.80	
HINDUSTAN UNILEVER	3.02	0.34
MARICO LTD	2.78	0.26
METALS	5.69	
JINDAL STEEL AND POWER LTD	5.69	1.15
GAS	4.46	
GAIL INDIA	4.46	0.64
SOFTWARE	3.24	
FINANCIAL TECHNOLOGIES INDIA	3.24	0.86
CEMENT & CEMENT PRODUCTS	1.65	
GRASIM INDUSTRIES	1.65	0.73
<b>total equity</b>	<b>91.47</b>	

**total money market instruments 8.53**

**total net assets 100.00**

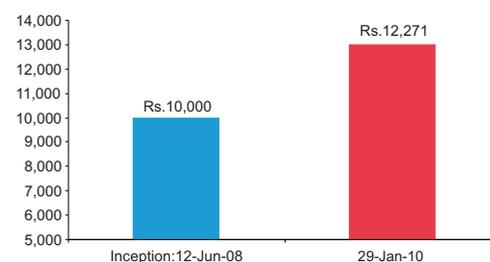
## asset allocation as on Jan 31, 2010



## fund characteristics as on Jan 31, 2010

Fund Beta 0.85

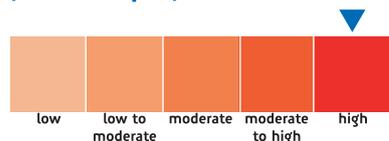
## growth of initial investment of Rs. 10,000 in SIP



## 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



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## fund manager's report

The month of January saw the markets ending negative. The markets ended volatile due to negative foreign inflows. Looking at the negative data from specific sectors and disappointing quarterly numbers from specific companies, the holding in equities was kept at 91.94%.

## target asset allocation

Equity: 100%

## benchmark construction

CNX Infrastructure Index: 100%

# ULIP Infrastructure Fund

## fund performance As on January 29, 2010

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	40.00%	43.19%	28.32%	41.50%	1.24	0.92
since inception (CAGR)	-7.29%	-11.95%	36.40%	45.62%	-0.34	-0.37
date of inception	march, 2008					

## portfolio As on January 31, 2010

security % to net assets 1-yr beta

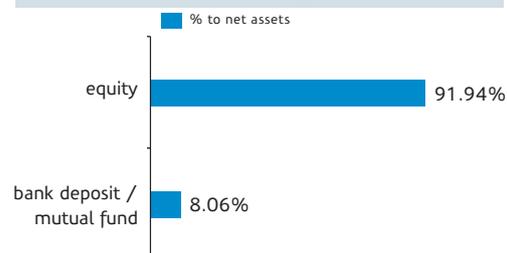
### equity

<b>CAP GOODS / ENGINEERING</b>	<b>26.45</b>	
BHARAT HEAVY ELECTRICALS	11.79	0.93
LARSEN & TOUBRO	7.70	1.24
PUNJ LLOYD	4.65	1.51
IRB INFRASTRUCTURE DEVELOPERS LTD	1.26	0.87
VOLTAS	1.05	1.17
<b>POWER</b>	<b>21.44</b>	
NTPC	15.24	0.59
TATA POWER	2.57	0.81
NEYVELI LIGNITE CORPORATION	2.36	1.03
NHPC LTD	1.27	0.21
<b>TELECOM</b>	<b>11.91</b>	
BHARTI AIRTEL	11.91	0.91
<b>METALS</b>	<b>9.58</b>	
STERLITE INDUSTRIES	4.26	1.37
TATA STEEL	3.24	1.42
JINDAL STEEL AND POWER LTD	2.09	1.15
<b>OIL REFINERIES</b>	<b>8.07</b>	
OIL INDIA LTD	3.66	0.47
OIL & NATURAL GAS CORPORATION	2.34	0.87
RELIANCE INDUSTRIES	2.08	1.21
<b>CONSTRUCTION</b>	<b>5.35</b>	
JAIPRAKASH ASSOCIATES	5.35	1.75
<b>SOFTWARE</b>	<b>2.85</b>	
FINANCIAL TECHNOLOGIES INDIA	2.85	0.86
<b>PLASTIC AND PLASTIC PRODUCT</b>	<b>2.24</b>	
SINTEX INDUSTRIES LTD	2.24	0.99
<b>CEMENT &amp; CEMENT PRODUCTS</b>	<b>1.72</b>	
GRASIM INDUSTRIES	1.72	0.73
<b>HOTELS</b>	<b>1.18</b>	
INDIAN HOTELS	1.18	0.81
<b>BANKING &amp; FINANCE</b>	<b>1.14</b>	
HDFC	1.14	1.11
<b>total equity</b>	<b>91.94</b>	

**total bank deposits/mutual funds 8.06**

**total net assets 100.00**

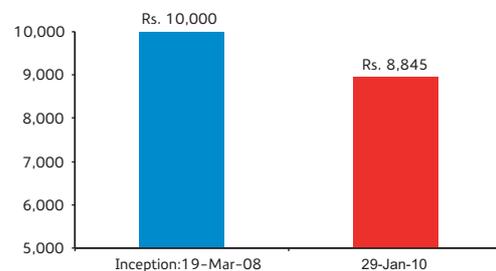
## asset allocation as on Jan 31, 2010



## fund characteristics as on Jan 31, 2010

Fund Beta 0.99

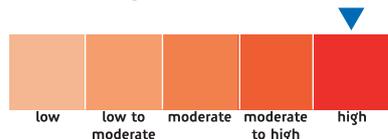
## growth of initial investment of Rs. 10,000 in TIPS-I



## fund objective

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

## fund risk profile



# ULIP Energy Fund

## fund performance As on January 29, 2010

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	47.26%	48.38%	27.54%	33.16%	1.53	1.31
since inception (CAGR)	1.61%	2.17%	33.91%	38.10%	-0.10	-0.07
date of inception			march, 2008			

## portfolio As on January 31, 2010

security % to net assets 1-yr beta

### equity

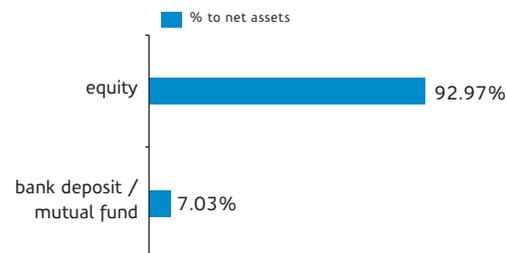
OIL REFINERIES	58.28	
RELIANCE INDUSTRIES	32.81	1.21
OIL & NATURAL GAS CORPORATION	20.02	0.87
OIL INDIA LTD	3.56	0.47
BHARAT PETROLEUM	1.89	0.40
POWER	22.20	
NTPC	14.26	0.59
POWER GRID CORPORATION OF INDIA LTD	4.51	0.73
TATA POWER	2.35	0.81
NHPC LTD	1.08	0.21
GAS	5.17	
GAIL INDIA	5.17	0.64
METALS	3.45	
JINDAL STEEL AND POWER LTD	1.78	1.15
STERLITE INDUSTRIES	1.68	1.37
CAP GOODS / ENGINEERING	2.72	
BHARAT HEAVY ELECTRICALS	2.72	0.93
CONSTRUCTION	1.15	
JAIPRAKASH ASSOCIATES	1.15	1.75

**total equity 92.97**

**total bank deposits/mutual funds 7.03**

**total net assets 100.00**

## asset allocation as on Jan 31, 2010



## fund characteristics as on Jan 31, 2010

Fund Beta 0.92

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## fund manager's report

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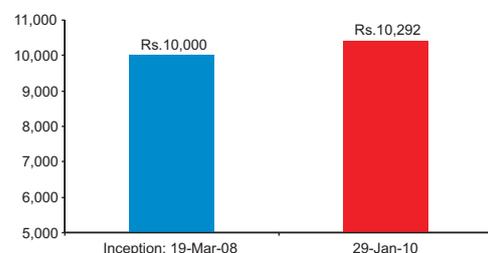
## target asset allocation

Equity: 100%

## benchmark construction

CNX Energy Index: 100%

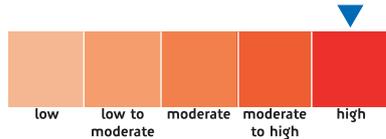
## growth of initial investment of Rs. 10,000 in TIPS-I



## 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



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## fund manager's report

The month of January saw the markets ending negative. The markets ended volatile due to negative foreign inflows. Looking at the negative data from specific sectors and disappointing quarterly numbers from specific companies, the holding in equities was kept at 89.32%.

## target asset allocation

Equity: 100%

## benchmark construction

Nifty Midcap 50: 100%

# ULIP Mid Cap Fund

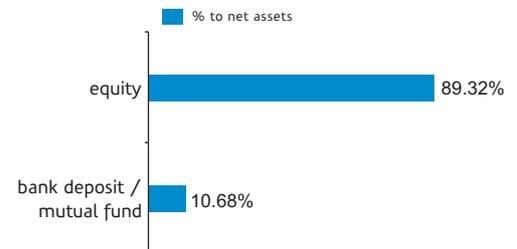
## fund performance As on January 29, 2010

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	92.17%	116.64%	34.98%	51.38%	2.49	2.17
since inception (CAGR)	3.32%	3.79%	42.85%	56.08%	-0.04	-0.02
date of inception			march, 2008			

## portfolio As on January 31, 2010

security	% to net assets	1-yr beta
<b>equity</b>		
<b>CAP GOODS / ENGINEERING</b>	<b>14.70</b>	
PUNJ LLOYD	5.46	1.51
VOLTAS	5.15	1.17
IRB INFRASTRUCTURE DEVELOPERS LTD	3.13	0.87
CUMMINS INDIA	0.96	0.64
<b>PHARMACEUTICALS</b>	<b>10.71</b>	
DIVIS LABORATORIES	5.49	0.67
LUPIN	5.22	0.29
<b>BANKING &amp; FINANCE</b>	<b>9.49</b>	
SHRIRAM TRANSPORT FINANCE COMPANY LTD	5.15	0.17
ANDHRA BANK	3.34	0.77
BANK OF BARODA	1.00	0.86
<b>IT</b>	<b>7.96</b>	
MPHASIS	7.50	0.67
3I INFOTECH	0.46	1.16
<b>SOFTWARE</b>	<b>6.98</b>	
FINANCIAL TECHNOLOGIES INDIA	6.98	0.86
<b>SUGAR</b>	<b>5.31</b>	
BAJAJ HINDUSTAN	5.31	1.23
<b>PLASTIC AND PLASTIC PRODUCT</b>	<b>4.64</b>	
SINTEX INDUSTRIES LTD	4.64	0.99
<b>AUTO ANCILLARY</b>	<b>3.94</b>	
EXIDE INDUSTRIES	3.94	0.63
<b>HOTELS</b>	<b>3.66</b>	
INDIAN HOTELS	3.66	0.81
<b>SHIPPING</b>	<b>3.51</b>	
GREAT EASTERN SHIPPING	3.51	0.76
<b>CEMENT &amp; CEMENT PRODUCTS</b>	<b>3.28</b>	
ULTRATECH CEMENT LTD	3.28	0.61
<b>AUTOMOBILES</b>	<b>3.22</b>	
MAHINDRA & MAHINDRA LTD	2.24	1.11
BAJAJ AUTO LTD	0.99	0.58
<b>FERTILIZERS</b>	<b>3.12</b>	
UNITED PHOSPHORUS LTD	2.04	0.80
GUJARAT STATE FERTILIZERS & CHEMICALS	1.09	0.69
<b>FMCG</b>	<b>3.05</b>	
TATA TEA	3.05	0.38
<b>CONSTRUCTION</b>	<b>1.96</b>	
JAIPRAKASH ASSOCIATES	1.96	1.75
<b>METALS</b>	<b>1.67</b>	
JINDAL STEEL AND POWER LTD	1.67	1.15
<b>OIL REFINERIES</b>	<b>1.14</b>	
OIL & NATURAL GAS CORPORATION	1.14	0.87
<b>TELECOM</b>	<b>0.98</b>	
BHARTI AIRTEL	0.98	0.91
<b>total equity</b>	<b>89.32</b>	
<b>total bank deposits/mutual funds</b>	<b>10.68</b>	
<b>total net assets</b>	<b>100.00</b>	

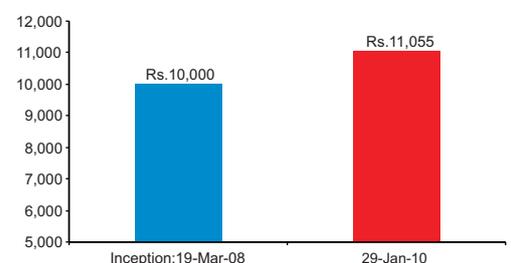
## asset allocation as on Jan 31, 2010



## fund characteristics as on Jan 31, 2010

Fund Beta 0.83

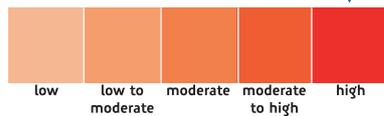
## growth of initial investment of Rs. 10,000 in TIPS-I



## 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



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## fund manager's report

The month of January saw the markets ending negative. The markets ended volatile due to negative foreign inflows. Looking at the negative data from specific sectors and disappointing quarterly numbers from specific companies, the holding in equities was kept at 71.79%.

The exposure in gilts was constant at 2.73% on expectations of hardening of yield curve. The exposure to corporate bonds was increased to 7.95% from 5.98% to take the advantage of higher spread. Accordingly the exposure to short term assets like CDs and MFs has been decreased to 17.53% from 19.89% as exposure in bonds has been increased.

## target asset allocation

Debt.:	20%
Equity:	80%

## benchmark construction

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

# ULIP Super Growth Fund

## fund performance As on January 29, 2010

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	50.56%	55.99%	21.42%	28.10%	2.13	1.81
last 2 years (CAGR)	-2.19%	0.67%	27.72%	30.93%	-0.26	-0.41
since inception (CAGR)	4.07%	6.74%	27.23%	30.06%	-0.03	0.06
date of inception			may, 2007			

\*CAGR: Compounded Annual Growth Rate

## portfolio As on January 31, 2010

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

### non convertible debentures

8.40% ADITYA BIRLA NUVO LTD 23-11-2012	1.92	AAA
7.6% RECL 22-01-2013	1.89	AAA
11.45% RELIANCE INDUSTRIES LTD 25-11-2013	1.26	AAA
11.35% RECL LTD 24-10-2013	0.40	AAA
9.50% NABARD SER IX I 15-10-2012	0.39	AAA
8.75% IRFC 07-01-2013	0.39	AAA
9.25% EXIM BANK 13-12-2012	0.31	AAA
10% NABARD 18-06-2010	0.31	AAA
9.20% HDFC LTD 09-02-2012	0.20	AAA
9.90% TATA SONS 20-05-2011	0.20	AAA
8.65% HDFC LTD 12-09-2011	0.19	AAA
6.10% IRFC 13-05-2010	0.19	AAA
10% NABARD SER IX 14-05-2012	0.12	AAA
9.25% POWER GRID CORP 09-02-2013	0.10	AAA
9.76% IRFC 03-07-1012	0.08	AAA

### total non convertible debentures 7.95

### gilts

		SOVEREIGN
8.24% GOI 22-04-2018	0.78	
8.47% NAGALAND GOI 25-03-2019	0.77	
8.40% GUJARAT GOI 18-03-2019	0.76	
7.56% GOI 03-11-2014	0.38	
7.44% GOI SPL OIL BOND 23-03-2012	0.04	

### total gilts 2.73

### equity

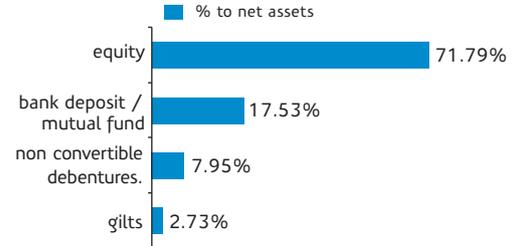
<b>BANKING &amp; FINANCE</b>	<b>16.40</b>	
STATE BANK OF INDIA	3.65	1.17
ICICI BANK	3.55	1.50
HDFC BANK	2.94	0.83
AXIS BANK	1.64	1.31
HOUSING DEVELOPMENT FINANCE CORPORATION	1.45	1.11
SHRIRAM TRANSPORT FINANCE COMPANY LTD	1.31	0.17
BANK OF BARODA	1.16	0.86
PUNJAB NATIONAL BANK	0.69	0.94
<b>OIL REFINERIES</b>	<b>10.63</b>	
RELIANCE INDUSTRIES	7.46	1.21
OIL & NATURAL GAS CORPORATION	1.73	0.87
OIL INDIA LTD	0.81	0.47
BHARAT PETROLEUM	0.63	0.40
<b>CAP GOODS / ENGINEERING</b>	<b>8.97</b>	
LARSEN & TOUBRO	4.29	1.24
BHARAT HEAVY ELECTRICALS	2.33	0.93
VOLTAS	0.82	1.17
PUNJ LLOYD	0.81	1.51
CUMMINS INDIA	0.69	0.64
BHARAT FORGE	0.04	0.96
<b>IT</b>	<b>6.93</b>	
INFOSYS TECHNOLOGIES	4.97	0.68
TATA CONSULTANCY SERVICES	1.56	0.86
MPHASIS	0.40	0.67
<b>METALS</b>	<b>5.74</b>	
TATA STEEL	2.14	1.42
JINDAL STEEL AND POWER LTD	1.84	1.15
STERLITE INDUSTRIES	1.76	1.37
<b>FMCG</b>	<b>5.20</b>	
ITC LTD	3.86	0.59
HINDUSTAN UNILEVER	1.34	0.34
<b>AUTOMOBILES</b>	<b>4.23</b>	
BAJAJ AUTO LTD	1.76	0.58
MAHINDRA & MAHINDRA LTD	1.29	1.11
MARUTI SUZUKI INDIA	1.18	0.64
<b>PHARMACEUTICALS</b>	<b>2.83</b>	
CIPLA LTD	0.80	0.44
SUN PHARMACEUTICALS	0.73	0.54
DIVIS LABORATORIES	0.55	0.67
RANBAXY LAB	0.50	0.85
LUPIN	0.24	0.29
<b>POWER</b>	<b>2.75</b>	
NTPC	1.09	0.59
TATA POWER	0.94	0.81
POWER GRID CORPORATION OF INDIA LTD	0.38	0.73
AREVA T & D INDIA LTD	0.35	1.07
<b>TELECOM</b>	<b>2.37</b>	
BHARTI AIRTEL	2.37	0.91
<b>CONSTRUCTION</b>	<b>1.46</b>	
JAIPRAKASH ASSOCIATES	1.46	1.75
<b>CEMENT &amp; CEMENT PRODUCTS</b>	<b>1.46</b>	
ULTRATECH CEMENT LTD	1.12	0.61
ACC	0.31	0.81
INDIA CEMENTS	0.03	0.96
<b>SUGAR</b>	<b>0.81</b>	
BAJAJ HINDUSTAN	0.81	1.23
<b>PLASTIC AND PLASTIC PRODUCT</b>	<b>0.79</b>	
SINTEX INDUSTRIES LTD	0.79	0.99
<b>GAS</b>	<b>0.63</b>	
GAIL INDIA	0.63	0.64
<b>SOFTWARE</b>	<b>0.60</b>	
FINANCIAL TECHNOLOGIES INDIA	0.60	0.86

### total equity 71.79

### total bank deposits/mutual funds 17.53

### total net assets 100.00

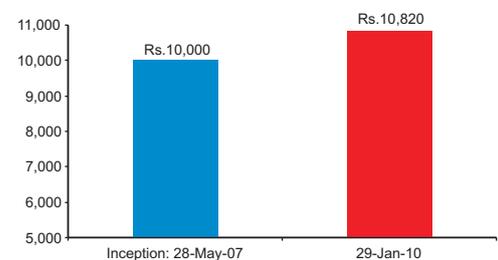
## asset allocation as on Jan 31, 2010



## fund characteristics as on Jan 31, 2010

M.Duration of debt portfolio:	1.19 years
YTM of debt portfolio:	8.16%
Beta of equity portfolio:	0.97

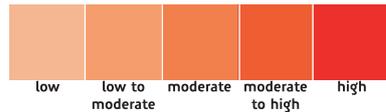
## growth of initial investment of Rs. 10,000 in AIP



## 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



# ULIP High Growth Fund

## fund performance As on January 29, 2010

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	39.30%	42.69%	15.96%	21.11%	2.15	1.79
last 2 years (CAGR)	1.41%	3.32%	21.11%	23.32%	-0.17	-0.07
since inception (CAGR)	9.20%	9.43%	20.21%	21.76%	0.21	0.20
date of inception	march, 2007					

\*CAGR: Compounded Annual Growth Rate

## portfolio As on January 31, 2010

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

### non convertible debentures

8% RECL LTD 05-08-2014	1.59	AAA
10.75% RECL LTD 14-04-2011	0.87	AAA
10.10% POWER GRID CORP 12-06-2012	0.86	AAA
9.80% POWER FINANCE CORP 22-03-2012	0.85	AAA
9.45% RECL LTD 04-04-2013	0.85	AAA
9.40% POWER FINANCE CORP LTD 25-03-2013	0.85	AAA
9.50% NABARD SER IX I 15-10-2012	0.84	AAA
9.25% EXIM BANK 13-12-2012	0.84	AAA
9.50% TATA COMMUNICATION LTD 08-06-2014	0.84	AAA
9.90% TATA SONS 20-05-2011	0.83	AAA
11.65% HDFC LTD 09-09-2010	0.83	AAA
8.90% STEEL AUTHORITY OF INDIA 01-05-2019	0.82	AAA
9% TATA SONS 27-07-2010	0.82	AAA
8.60% POWER FINANCE CORP LTD 07-08-2014	0.81	AAA
8.68% NAT CAP REGIONAL PLANNING 18-08-2019	0.81	AAA
7.6% RECL 22-01-2013	0.81	AAA
6.00% INDIAN HOTEL 13-05-2011	0.80	AA+
9.68% IRFC 03-07-2010	0.65	AAA
11.45% RELIANCE INDUSTRIES LTD 25-11-2013	0.54	AAA
11.35% RECL LTD 24-10-2013	0.52	AAA
9.15% NAT CAP REGIONAL PLANNING 18-02-2019	0.50	AAA
7.60% ICICI BANK 30-12-2015	0.40	AAA
8.25% IDBI OMNI BOND SER III 26-05-2011	0.39	AA+
10% NABARD 18-06-2010	0.36	AAA
11.45% RELIANCE INDUSTRIES LTD 25-11-2013	0.36	AAA
9.50% INDIAN HOTEL 28-02-2012	0.34	AA+
9.76% IRFC 03-07-1012	0.17	AAA

### total non convertible debentures 19.12

### gilts

		SOVEREIGN
8.59% ANDHRA PRADESH GOI 18-03-2019	1.48	
8.30% MAHARASHTRA GOI 25-03-2019	0.49	
8.47% JHARKHAND GOI 25-03-2019	0.16	
6.72% GOI 24-02-2014	0.16	
9.39% GOI 02-07-2011	0.04	

### total gilts 2.33

### equity

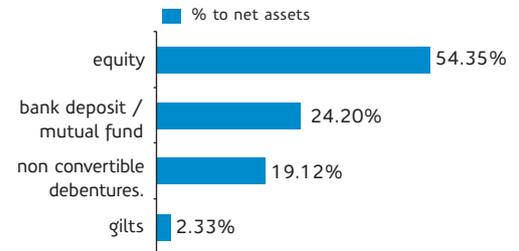
<b>BANKING &amp; FINANCE</b>	<b>12.44</b>	
STATE BANK OF INDIA	2.81	1.17
ICICI BANK	2.66	1.50
HDFC BANK	2.21	0.83
AXIS BANK	1.23	1.31
HOUSING DEVELOPMENT FINANCE CORPORATION	1.09	1.11
SHRIRAM TRANSPORT FINANCE COMPANY LTD	1.00	0.17
BANK OF BARODA	0.93	0.86
PUNJAB NATIONAL BANK	0.51	0.94
<b>OIL REFINERIES</b>	<b>7.90</b>	
RELIANCE INDUSTRIES	5.54	1.21
OIL & NATURAL GAS CORPORATION	1.27	0.87
OIL INDIA LTD	0.61	0.47
BHARAT PETROLEUM	0.47	0.40
<b>CAP GOODS / ENGINEERING</b>	<b>6.77</b>	
LARSEN & TOUBRO	3.20	1.24
BHARAT HEAVY ELECTRICALS	1.74	0.93
VOLTAS	0.64	1.17
PUNJ LLOYD	0.61	1.51
CUMMINS INDIA	0.56	0.64
BHARAT FORGE	0.03	0.96
<b>IT</b>	<b>5.36</b>	
INFOSYS TECHNOLOGIES	3.68	0.68
TATA CONSULTANCY SERVICES	1.38	0.86
MPHASIS	0.30	0.67
<b>METALS</b>	<b>4.21</b>	
TATA STEEL	1.50	1.42
JINDAL STEEL AND POWER LTD	1.43	1.15
STERLITE INDUSTRIES	1.28	1.37
<b>FMCG</b>	<b>3.92</b>	
ITC LTD	2.91	0.59
HINDUSTAN UNILEVER	1.01	0.34
<b>AUTOMOBILES</b>	<b>3.28</b>	
BAJAJ AUTO LTD	1.36	0.58
MAHINDRA & MAHINDRA LTD	1.06	1.11
MARUTI SUZUKI INDIA	0.86	0.64
<b>PHARMACEUTICALS</b>	<b>2.12</b>	
CIPLA LTD	0.59	0.44
SUN PHARMACEUTICALS	0.54	0.54
DIVIS LABORATORIES	0.43	0.67
RANBAXY LAB	0.38	0.85
LUPIN	0.18	0.29
<b>POWER</b>	<b>2.11</b>	
NTPC	0.81	0.59
TATA POWER	0.69	0.81
AREVA T & D INDIA LTD	0.33	1.07
POWER GRID CORPORATION OF INDIA LTD	0.28	0.73
<b>TELECOM</b>	<b>1.72</b>	
BHARTI AIRTEL	1.72	0.91
<b>CONSTRUCTION</b>	<b>1.14</b>	
JAIPRAKASH ASSOCIATES	1.14	1.75
<b>CEMENT &amp; CEMENT PRODUCTS</b>	<b>1.12</b>	
ULTRATECH CEMENT LTD	0.87	0.61
ACC	0.22	0.81
INDIA CEMENTS	0.02	0.96
<b>SUGAR</b>	<b>0.61</b>	
BAJAJ HINDUSTAN	0.61	1.23
<b>GAS</b>	<b>0.60</b>	
GAIL INDIA	0.60	0.64
<b>PLASTIC AND PLASTIC PRODUCT</b>	<b>0.59</b>	
SINTEX INDUSTRIES LTD	0.59	0.99
<b>SOFTWARE</b>	<b>0.46</b>	
FINANCIAL TECHNOLOGIES INDIA	0.46	0.86

### total equity 54.35

### total bank deposits/mutual funds 24.20

### total net assets 100.00

## asset allocation as on Jan 31, 2010



## fund characteristics as on Jan 31, 2010

M.Duration of debt portfolio:	1.31 years
YTM of debt portfolio:	7.63%
Beta of equity portfolio:	0.97

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## fund manager's report

The month of January saw the markets ending negative. The markets ended volatile due to negative foreign inflows. Looking at the negative data from specific sectors and disappointing quarterly numbers from specific companies, the holding in equities was kept at 54.35%.

The allocation to gilts was constant 2.33% compared in previous month on expectations of hardening of yield curve. Allocation to corporate bonds was increased to 19.12% from 19.00% to take the advantage of higher spread. Accordingly the exposure in short term assets was decreased to 24.20% from 24.77% in the previous month.

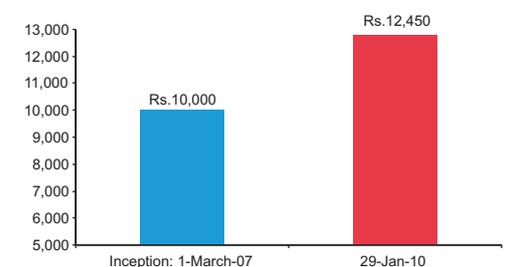
## target asset allocation

Debt.:	40%
Equity:	60%

## benchmark construction

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

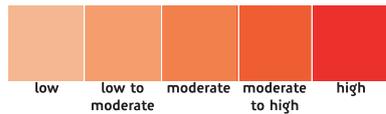
## growth of initial investment of Rs. 10,000 in MGP



## 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



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## fund manager's report

The month of January saw the markets ending negative. The markets ended volatile due to negative foreign inflows. Looking at the negative data from specific sectors and disappointing quarterly numbers from specific companies, the holding in equities was kept at 44.50%.

The allocation to gilts was increased to 6.07% from 3.09%. Allocation to corporate bonds was increased to 19.64% from 16.75% to take the advantage of higher spread. Allocation to short term assets was decreased to 29.78% from 35.64%.

## target asset allocation

Debt.: 50%  
Equity: 50%

## benchmark construction

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

# ULIP Growth Plus Fund

## fund performance As on January 29, 2010

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	34.33%	36.25%	13.39%	17.62%	2.19	1.77
last 2 years (CAGR)	3.02%	4.44%	17.93%	19.52%	-0.11	-0.03
since inception (CAGR)	9.20%	9.52%	16.96%	18.22%	0.25	0.25
date of inception	march, 2007					

\*CAGR: Compounded Annual Growth Rate

## portfolio As on January 31, 2010

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

### non convertible debentures

11.45% RELIANCE INDUSTRIES LTD 25-11-2013	3.77	AAA
8.75% IRFC 07-01-2013	3.20	AAA
7.6% RECL 22-01-2013	3.10	AAA
10.90% RECL LTD 14-04-2013	2.04	AAA
9.90% TATA SONS 20-05-2011	1.60	AAA
11.15% POWER FINANCE CORP 15-09-2011	1.32	AAA
9.07% RECL LTD 28-02-2018	1.26	AAA
9.50% NABARD SER IX I 15-10-2012	0.78	AAA
8.65% HDFC LTD 12-09-2011	0.63	AAA
9.20% HDFC LTD 09-02-2012	0.32	AAA
8.95% HDFC LTD 29-10-2010	0.32	AAA
6.10% IRFC 13-05-2010	0.31	AAA
9.25% EXIM BANK 13-12-2012	0.26	AAA
7.60% ICICI BANK 30-12-2015	0.24	AAA
6.10% POWER GRID CORP 17-07-2010	0.15	AAA
10% NABARD SER IX 14-05-2012	0.13	AAA
9.35% IL & FS LTD 22-10-2010	0.13	AAA
10.10% POWER GRID CORP 12-06-2011	0.08	AAA

### total non convertible debentures 19.64

### gilts

		SOVEREIGN
6.72% GOI 24-02-2014	1.22	
7.50% GOI 10-08-2034	1.14	
7.44% GOI SPL OIL BOND 23-03-2012	0.06	
7.56% GOI 03-11-2014	0.63	
7.02% GOI 17-08-2016	3.03	

### total gilts 6.07

### equity

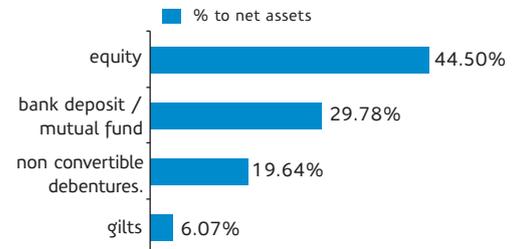
<b>BANKING &amp; FINANCE</b>	<b>10.07</b>	
STATE BANK OF INDIA	2.25	1.17
ICICI BANK	2.19	1.50
HDFC BANK	1.81	0.83
AXIS BANK	1.00	1.31
HOUSING DEVELOPMENT FINANCE CORPORATION	0.88	1.11
SHRIRAM TRANSPORT FINANCE COMPANY LTD	0.82	0.17
BANK OF BARODA	0.71	0.86
PUNJAB NATIONAL BANK	0.41	0.94
<b>OIL REFINERIES</b>	<b>6.50</b>	
RELIANCE INDUSTRIES	4.59	1.21
OIL & NATURAL GAS CORPORATION	1.07	0.87
OIL INDIA LTD	0.50	0.47
BHARAT PETROLEUM	0.34	0.40
<b>CAP GOODS / ENGINEERING</b>	<b>5.53</b>	
LARSEN & TOUBRO	2.64	1.24
BHARAT HEAVY ELECTRICALS	1.42	0.93
VOLTAS	0.54	1.17
PUNJ LLOYD	0.50	1.51
CUMMINS INDIA	0.41	0.64
BHARAT FORGE	0.02	0.96
<b>IT</b>	<b>4.56</b>	
INFOSYS TECHNOLOGIES	3.06	0.68
TATA CONSULTANCY SERVICES	1.25	0.86
MPHASIS	0.25	0.67
<b>METALS</b>	<b>3.63</b>	
TATA STEEL	1.33	1.42
STERLITE INDUSTRIES	1.17	1.37
JINDAL STEEL AND POWER LTD	1.12	1.15
<b>FMCG</b>	<b>3.21</b>	
ITC LTD	2.39	0.59
HINDUSTAN UNILEVER	0.82	0.34
<b>AUTOMOBILES</b>	<b>2.60</b>	
BAJAJ AUTO LTD	1.04	0.58
MAHINDRA & MAHINDRA LTD	0.84	1.11
MARUTI SUZUKI INDIA	0.72	0.64
<b>PHARMACEUTICALS</b>	<b>1.71</b>	
CIPLA LTD	0.49	0.44
SUN PHARMACEUTICALS	0.44	0.54
DIVIS LABORATORIES	0.32	0.67
RANBAXY LAB	0.31	0.85
LUPIN	0.15	0.29
<b>POWER</b>	<b>1.63</b>	
NTPC	0.62	0.59
TATA POWER	0.58	0.81
POWER GRID CORPORATION OF INDIA LTD	0.23	0.73
AREVA T & D INDIA LTD	0.19	1.07
<b>TELECOM</b>	<b>1.41</b>	
BHARTI AIRTEL	1.41	0.91
<b>CONSTRUCTION</b>	<b>0.90</b>	
JAIPRAKASH ASSOCIATES	0.90	1.75
<b>CEMENT &amp; CEMENT PRODUCTS</b>	<b>0.89</b>	
ULTRATECH CEMENT LTD	0.68	0.61
ACC	0.19	0.81
INDIA CEMENTS	0.02	0.96
<b>PLASTIC AND PLASTIC PRODUCT</b>	<b>0.51</b>	
SINTEX INDUSTRIES LTD	0.51	0.99
<b>SUGAR</b>	<b>0.50</b>	
BAJAJ HINDUSTAN	0.50	1.23
<b>GAS</b>	<b>0.48</b>	
GAIL INDIA	0.48	0.64
<b>SOFTWARE</b>	<b>0.37</b>	
FINANCIAL TECHNOLOGIES INDIA	0.37	0.86

### total equity 44.50

### total bank deposits/mutual funds 29.78

### total net assets 100.00

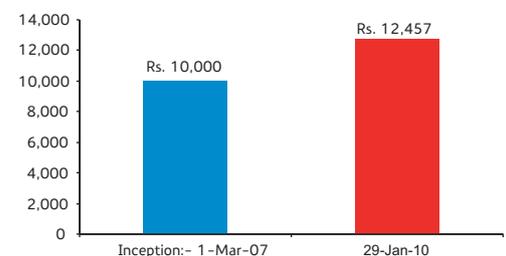
## asset allocation as on Jan 31, 2010



## fund characteristics as on Jan 31, 2010

M.Duration of debt portfolio: 1.46 years  
YTM of debt portfolio: 7.33%  
Beta of equity portfolio: 0.97

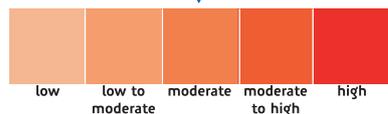
## growth of initial investment of Rs. 10,000 in MGP



## 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



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## fund manager's report

The month of January saw the markets ending negative. The markets ended volatile due to negative foreign inflows. Looking at the negative data from specific sectors and disappointing quarterly numbers from specific companies, the holding in equities was kept at 35.25%.

The allocation to the G-sec was increased to 6.93% from 5.47%. The allocation to corporate bonds was increased to 28.56% from 25.69% to take the advantage of higher spread. Accordingly the allocation to short term bank deposits and CDs/CPs was decreased to 29.26% from 32.94%.

## target asset allocation

Debt.: 60%  
Equity: 40%

## benchmark construction

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

# ULIP Growth Fund

## fund performance As on January 29, 2010

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio	
last 1 year	28.56%	29.95%	10.76%	14.14%	2.19	1.76	
last 2 years (CAGR)	4.22%	5.42%	14.80%	15.73%	-0.05	0.03	
last 3 years (CAGR)	8.25%	8.90%	14.13%	14.72%	0.23	0.26	
since inception (CAGR)	12.67%	13.21%	11.67%	12.00%	0.66	0.68	
date of inception	august, 2004						

\*CAGR: Compounded Annual Growth Rate

## portfolio As on January 31, 2010

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

### non convertible debentures.

11.45% RELIANCE INDUSTRIES LTD 25-11-2013	3.94	AAA
8.25% IDBI OMNI BOND SER III 26-05-2011	1.97	AA+
11.95% HDFC LTD 26-11-2018	1.93	AAA
9.70% LIC HOUSING FINANCE LTD 07-04-2013	1.71	AAA
9.40% POWER FINANCE CORP LTD 25-03-2013	1.70	AAA
9.25% HDFC LTD 24-11-2016	1.67	AAA
10.35% HDFC LTD 16-05-2017	1.66	AAA
9.50% NABARD SER IX I 15-10-2012	1.66	AAA
7.6% RECL 22-01-2013	1.62	AAA
8.20% IRFC 27-04-2016	1.60	AAA
8.95% HDFC LTD 29-10-2010	1.48	AAA
7.15% IND OIL BOND 10-06-2012	1.28	AA+
11.40% POWER FINANCE CORP 28-11-2013	1.07	AAA
7.39% POWER GRID CORP 22-09-2011	1.04	AAA
9.50% INDIAN HOTEL 28-02-2012	1.02	AA+
9.80% TATA STEEL 07-05-2011	1.00	AA
9.90% TATA SONS 20-05-2011	0.67	AAA
9.05% EXIM BANK 06-11-2010	0.66	AAA
9.68% IRFC 03-07-2010	0.53	AAA
8.95% HDFC LTD 16-01-2011	0.33	AAA

### total non convertible debentures 28.56

### gilts

		SOVEREIGN
7.56% GOI 03-11-2014	1.64	
7.02% GOI 17-08-2016	1.59	
7.44% GOI SPL OIL BOND 23-03-2012	1.41	
8.40% GUJARAT GOI 18-03-2019	0.98	
8.47% ARUNACHAL PRADESH GOI 25-03-2019	0.66	
7.46% GOI 28-08-2017	0.65	
8.35% GOI 14-05-2022	0.01	

### total gilts 6.93

### equity

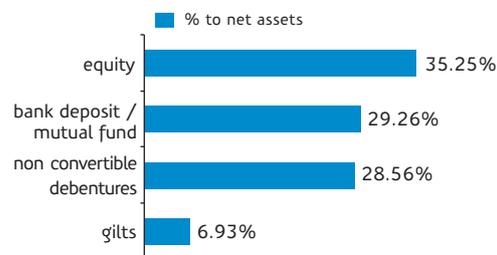
<b>BANKING &amp; FINANCE</b>	<b>8.10</b>	
STATE BANK OF INDIA	1.84	1.17
ICICI BANK	1.72	1.50
HDFC BANK	1.46	0.83
AXIS BANK	0.79	1.31
HOUSING DEVELOPMENT FINANCE CORPORATION	0.72	1.11
SHRIRAM TRANSPORT FINANCE COMPANY LTD	0.66	0.17
BANK OF BARODA	0.58	0.86
PUNJAB NATIONAL BANK	0.33	0.94
<b>OIL REFINERIES</b>	<b>5.07</b>	
RELIANCE INDUSTRIES	3.55	1.21
OIL & NATURAL GAS CORPORATION	0.83	0.87
OIL INDIA LTD	0.40	0.47
BHARAT PETROLEUM	0.30	0.40
<b>CAP GOODS / ENGINEERING</b>	<b>4.43</b>	
LARSEN & TOUBRO	2.14	1.24
BHARAT HEAVY ELECTRICALS	1.14	0.93
VOLTAS	0.40	1.17
PUNJ LLOYD	0.40	1.51
CUMMINS INDIA	0.33	0.64
BHARAT FORGE	0.02	0.96
<b>IT</b>	<b>3.38</b>	
INFOSYS TECHNOLOGIES	2.40	0.68
TATA CONSULTANCY SERVICES	0.78	0.86
MPHASIS	0.20	0.67
<b>METALS</b>	<b>2.77</b>	
TATA STEEL	1.06	1.42
JINDAL STEEL AND POWER LTD	0.92	1.15
SHERMET INDUSTRIES	0.80	1.37
<b>FMCG</b>	<b>2.53</b>	
ITC LTD	1.88	0.59
HINDUSTAN UNILEVER	0.65	0.34
<b>AUTOMOBILES</b>	<b>2.13</b>	
BAJAJ AUTO LTD	0.89	0.58
MAHINDRA & MAHINDRA LTD	0.67	1.11
MARUTI SUZUKI INDIA	0.57	0.64
<b>PHARMACEUTICALS</b>	<b>1.40</b>	
CIPLA LTD	0.38	0.44
SUN PHARMACEUTICALS	0.35	0.54
DIVIS LABORATORIES	0.30	0.67
RANBAXY LAB	0.25	0.85
LUPIN	0.12	0.29
<b>POWER</b>	<b>1.39</b>	
NTPC	0.56	0.59
TATA POWER	0.46	0.81
AREVA T & D INDIA LTD	0.19	1.07
POWER GRID CORPORATION OF INDIA LTD	0.19	0.73
<b>TELECOM</b>	<b>1.13</b>	
BHARTI AIRTEL	1.13	0.91
<b>CONSTRUCTION</b>	<b>0.74</b>	
JAIPRAKASH ASSOCIATES	0.74	1.75
<b>CEMENT &amp; CEMENT PRODUCTS</b>	<b>0.72</b>	
ULTRATECH CEMENT LTD	0.56	0.61
ACC	0.15	0.81
INDIA CEMENTS	0.02	0.96
<b>SUGAR</b>	<b>0.40</b>	
BAJAJ HINDUSTAN	0.40	1.23
<b>GAS</b>	<b>0.39</b>	
GAIL INDIA	0.39	0.64
<b>PLASTIC AND PLASTIC PRODUCT</b>	<b>0.38</b>	
SINTEX INDUSTRIES LTD	0.38	0.99
<b>SOFTWARE</b>	<b>0.29</b>	
FINANCIAL TECHNOLOGIES INDIA	0.29	0.86

### total equity 35.25

### total bank deposits/mutual funds 29.26

### total net assets 100.00

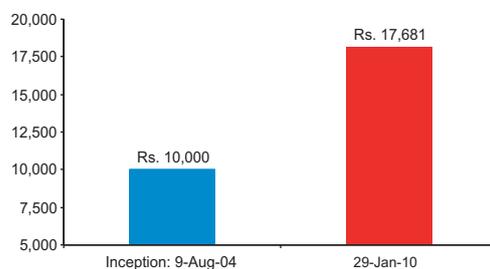
## asset allocation as on Jan 31, 2010



## fund characteristics as on Jan 31, 2010

M.Duration of debt portfolio: 1.70 years  
YTM of debt portfolio: 7.50%  
Beta of equity portfolio: 0.97

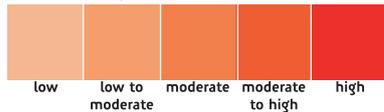
## growth of initial investment of Rs. 10,000 in MRP



## fund objective

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

## fund risk profile



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## fund manager's report

The month of January saw the markets ending negative. The markets took support from negative foreign inflows and increase in liquidity globally. Looking at the negative data from specific sectors, the holding in equities was kept at 17.62%.

The allocation to gilts was decreased to 8.05% from 8.42% on expectations of hardening of yield curve. The exposure in corporate bonds was increased to 51.61% from 50.15% to take the advantage of higher spread. Accordingly, exposure in short-term bank deposits and CDs/CPs has been decreased to 22.72% from 23.49%.

## target asset allocation

Debt.: 80%  
Equity: 20%

## benchmark construction

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

# ULIP Balanced Fund

## fund performance As on January 29, 2010

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	18.58%	17.78%	5.78%	7.23%	2.35	1.77
last 2 years (CAGR)	7.03%	6.96%	8.27%	8.26%	0.25	0.24
last 3 years (CAGR)	9.21%	8.73%	7.80%	7.76%	0.54	0.48
since inception (CAGR)	11.03%	9.83%	5.88%	5.94%	1.03	0.81
date of inception			February, 2003			

\*CAGR: Compounded Annual Growth Rate

## portfolio As on January 31, 2010

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

### non convertible debentures.

11.45% RELIANCE INDUSTRIES LTD 25-11-2013	6.64	AAA
11.40% POWER FINANCE CORP 28-11-2013	2.80	AAA
10.95% RECL LTD 14-04-2011	1.78	AAA
9.90% TATA SONS 20-05-2011	1.75	AAA
8.94% LIC HOUSING FIN LTD 16-01-2011	1.73	AAA
8.50% EXPORT & IMPORT BANK LTD 12-09-2011	1.73	AAA
8.80% STEEL AUTHORITY OF INDIA LTD 22-06-2019	1.70	AAA
8.95% HDFC LTD 16-01-2011	1.56	AAA
9.50% NABARD SER IX 15-10-2012	1.39	AAA
9.80% ICICI BANK LTD 10-02-2013	1.35	AAA
9.50% INDIAN HOTEL 28-02-2012	1.32	AA+
10% NABARD SER IX 14-05-2012	1.06	AAA
9.35% LIC HOUSING FIN LTD 23-11-2012	1.06	AAA
8.75% IRFC 07-01-2013	1.05	AAA
9.80% TATA STEEL 07-05-2011	1.04	AA
11.25% POWER FINANCE CORP LTD 28-11-2018	0.97	AAA
11.10% POWER FINANCE CORP 15-09-2013	0.94	AAA
10.75% RECL LTD 14-04-2011	0.91	AAA
9.80% POWER FINANCE CORP 22-03-2012	0.89	AAA
9.20% POWER GRID CORP 12-03-2013	0.88	AAA
9.50% TATA COMMUNICATION LTD 08-06-2014	0.88	AAA
8.83% IRFC 29-10-2012	0.87	AAA
11.65% HDFC LTD 09-09-2010	0.87	AAA
9.40% TATA TEA LTD 08-11-2010	0.86	AA
8.40% ADITYA BIRLA NUVO LTD 23-11-2012	0.86	AAA
9.24% L&T FINANCE LTD 30-07-2010	0.86	AA+
8.90% STEEL AUTHORITY OF INDIA 01-05-2019	0.85	AAA
8.68% NAT CAP REGIONAL PLANNING 18-08-2019	0.85	AAA
7.20% HDFC 03-06-2010	0.85	AAA
8.40% HDFC LTD 08-12-2014	0.85	AAA
7.6% RECL 22-01-2013	0.84	AAA
8% RECL LTD 05-08-2014	0.83	AAA
9.35% IL & FS LTD 22-10-2010	0.83	AAA
9.30% POWER FINANCE CORP LTD 12-03-2013	0.79	AAA
10.10% POWER GRID CORP 12-06-2011	0.64	AAA
9.76% IRFC 03-07-1012	0.62	AAA
8.65% HDFC LTD 12-09-2011	0.61	AAA
9% TATA SONS 27-07-2010	0.60	AAA
11.15% HDFC LTD 06-08-2018	0.58	AAA
11.15% POWER FINANCE CORP 15-09-2011	0.54	AAA
9.45% RECL LTD 04-04-2013	0.53	AAA
9.20% HDFC LTD 09-02-2012	0.53	AAA
9.68% IRFC 03-07-2010	0.50	AAA
6.00% INDIAN HOTEL 13-05-2011	0.48	AA+
9.25% EXIM BANK 13-12-2012	0.44	AAA
2% TATA CAPITAL LTD 05-03-2014	0.37	AAA
10% NABARD 18-06-2010	0.34	AAA
10.60% IRFC 11-09-2018	0.19	AAA
10.35% HDFC LTD SR EDO6 06-06-2017	0.17	AAA
11.35% RECL LTD 24-10-2013	0.07	AAA

### total non convertible debentures 51.61

### gilts

8.30% MAHARASHTRA GOI 25-03-2019	2.88	SOVEREIGN
7.44% GOI SPL OIL BOND 23-03-2012	1.38	
8.28% RAJASTHAN GOI 25-03-2019	0.85	
8.24% TAMIL NADU GOI 25-03-2019	0.84	
7.46% GOI 28-08-2017	0.84	
7.50% GOI 10-08-2034	0.46	
6.72% GOI 24-02-2014	0.33	
8.24% GOI 22-04-2018	0.30	
8.59% ANDHRA PRADESH GOI 18-03-2019	0.17	
7.37% GOI 16-04-2014	0.00	

### total gilts 8.05

### equity

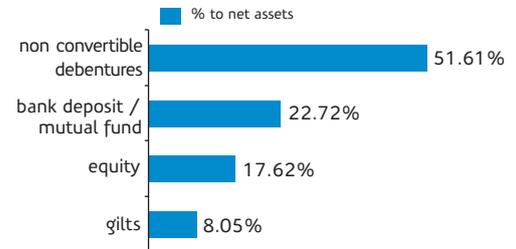
BANKING & FINANCE		
STATE BANK OF INDIA	0.95	1.17
ICICI BANK	0.88	1.50
HDFC BANK	0.73	0.83
AXIS BANK	0.39	1.31
HOUSING DEVELOPMENT FINANCE CORPORATION	0.37	1.11
SHRIRAM TRANSPORT FINANCE COMPANY LTD	0.33	0.17
BANK OF BARODA	0.30	0.86
PUNJAB NATIONAL BANK	0.17	0.94
CAP GOODS / ENGINEERING		
LARSEN & TOUBRO	1.08	1.24
BHARAT HEAVY ELECTRICALS	0.60	0.93
PUNJ LLOYD	0.20	1.51
VOLTAS	0.20	1.17
CUMMINS INDIA	0.20	0.64
BHARAT FORGE	0.01	0.96
OIL REFINERIES		
RELIANCE INDUSTRIES	1.45	1.21
OIL & NATURAL GAS CORPORATION	0.43	0.87
OIL INDIA LTD	0.20	0.47
BHARAT PETROLEUM	0.17	0.40
IT		
INFOSYS TECHNOLOGIES	1.25	0.68
TATA CONSULTANCY SERVICES	0.40	0.86
MPHASIS	0.10	0.67
METALS		
TATA STEEL	0.51	1.42
JINDAL STEEL AND POWER LTD	0.46	1.15
STERLITE INDUSTRIES	0.39	1.37
FMCG		
ITC LTD	1.28	0.59
HINDUSTAN UNILEVER	0.95	0.34
AUTOMOBILES		
BAJAJ AUTO LTD	1.06	0.43
MAHINDRA & MAHINDRA LTD	0.33	1.11
MARUTI SUZUKI INDIA	0.29	0.64
POWER		
NTPC	0.75	0.59
TATA POWER	0.29	0.81
AREVA T & D INDIA LTD	0.13	1.07
POWER GRID CORPORATION OF INDIA LTD	0.09	0.73
PHARMACEUTICALS		
CIPILA LTD	0.72	0.44
SUN PHARMACEUTICALS	0.20	0.54
DIVIS LABORATORIES	0.18	0.54
RANBAXY LAB	0.16	0.67
LUPIN	0.13	0.85
TELECOM	0.06	0.29
BHARTI AIRTEL	0.57	0.91
CONSTRUCTION		
JAIPRAKASH ASSOCIATES	0.39	1.75
CEMENT & CEMENT PRODUCTS	0.37	
ULTRATECH CEMENT LTD	0.28	0.61
ACC	0.08	0.81
INDIA CEMENTS	0.01	0.96
GAS		
GAIL INDIA	0.20	0.64
SUGAR		
BAJAJ HINDUSTAN	0.20	1.23
PLASTIC AND PLASTIC PRODUCT	0.19	
SINTEX INDUSTRIES LTD	0.19	0.99
SOFTWARE	0.15	0.55
FINANCIAL TECHNOLOGIES INDIA	0.15	0.86

### total equity 17.62

### total bank deposits/mutual funds 22.72

### total net assets 100.00

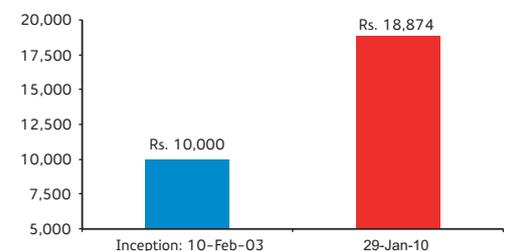
## asset allocation as on Jan 31, 2010



## fund characteristics as on Jan 31, 2010

M.Duration of debt portfolio: 2.06 years  
YTM of debt portfolio: 7.59%  
Beta of equity portfolio: 0.96

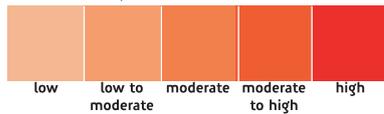
## growth of initial investment of Rs. 10,000



## 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



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## fund manager's report

The exposure to corporate bonds was decreased to 68.66% from 71.81%. Exposure in gilts was decreased to 4.59% from 5.93% on expectations of hardening of yield curve. Balance was invested in short term bank FDs, CDs and CPs. We intend to increase the exposure to corporate bonds to 80-90% as and when attractive investments are available.

## target asset allocation

Bond Instruments: 100%

## benchmark construction

CRISIL Composite Bond Index: 100%

# ULIP Corporate Bond Fund

## fund performance As on January 29, 2010

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	10.61%	4.69%	3.27%	3.55%	1.71	-0.09
last 2 years (CAGR)	10.04%	5.99%	4.15%	5.13%	1.21	0.19
since inception (CAGR)	10.58%	7.17%	3.76%	4.64%	1.48	0.47
date of inception			may, 2007			

\*CAGR: Compounded Annual Growth Rate

## portfolio As on January 31, 2010

security % to net assets rating

### non convertible debentures.

11.45%	RELIANCE INDUSTRIES LTD 25-11-2013	7.00	AAA
12%	TATA CAPITAL LTD 05-03-2014	4.93	AAA
8.80%	STEEL AUTHORITY OF INDIA LTD 22-06-2019	4.54	AAA
11.10%	POWER FINANCE CORP 15-09-2013	4.13	AAA
11.50%	RECL LTD 26-11-2013	3.34	AAA
2%	TATA MOTORS LTD 31-03-2014	3.16	AAA(SO)
2%	INDIAN HOTELS COMPANY LTD 09-12-2014	3.09	AAA
8.40%	ADITYA BIRLA NUVO LTD 23-11-2012	3.05	AAA
8.46%	IRFC 15-01-2014	3.04	AAA
7.24%	LIC HOUSING FIN LTD 23-06-2011	3.02	AAA
8.40%	HDFC LTD 08-12-2014	3.02	AAA
10.90%	RECL LTD 14-04-2013	2.85	AAA
8.75%	IRFC 07-01-2013	1.87	AAA
10.60%	IRFC 11-09-2018	1.69	AAA
10.05%	NABARD 11-06-2014	1.60	AAA
9.70%	LIC HOUSING FINANCE LTD 07-04-2013	1.59	AAA
9.50%	HDFC LTD 27-02-2013	1.58	AAA
9.33%	POWER GRID CORP LTD 15-12-2013	1.55	AAA
8.88%	IDFC 07-01-2011	1.54	AAA
9.40%	TATA TEA LTD 08-11-2010	1.53	AA
8.90%	STEEL AUTHORITY OF INDIA 01-05-2019	1.52	AAA
8.60%	POWER FINANCE CORP LTD 07-08-2014	1.52	AAA
8.68%	NAT CAP REGIONAL PLANNING 18-08-2019	1.51	AAA
8%	RECL LTD 05-08-2014	1.49	AAA
6.00%	INDIAN HOTEL 13-05-2011	0.63	AA+
9.32%	HDFC LTD 17-12-2012	0.63	AAA
9.35%	LIC HOUSING FIN LTD 23-11-2012	0.63	AAA
7.39%	POWER GRID CORP 22-09-2011	0.55	AAA
9%	TATA SONS 27-07-2010	0.46	AAA
9.47%	POWER GRID CORP 31-03-2013	0.32	AAA
9.20%	HDFC LTD 09-02-2012	0.31	AAA
9.80%	TATA STEEL 07-05-2011	0.31	AA
11.30%	ACC LTD 10-12-2013	0.17	AAA
9.30%	POWER FINANCE CORP LTD 12-03-2013	0.16	AAA
10.48%	GRASIM INDUSTRIES LTD 16-12-2013	0.10	AAA
9.76%	IRFC 03-07-1012	0.10	AAA
9.25%	EXIM BANK 13-12-2012	0.09	AAA
11.35%	RECL LTD 24-10-2013	0.05	AAA

**total non convertible debentures 68.66**

**gilts SOVEREIGN**

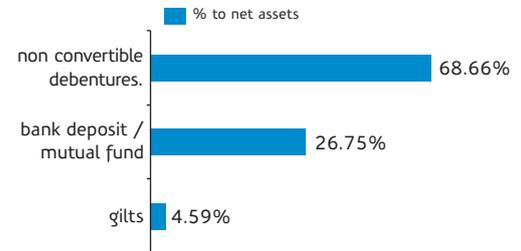
7.46%	GOI 28-08-2017	1.50
7.35%	GOI 22-06-2024	1.41
6.35%	GOI 2020 02-01-2020	1.38
7.56%	GOI 03-11-2014	0.30

**total gilts 4.59**

**total bank deposits/mutual funds 26.75**

**total net assets 100.00**

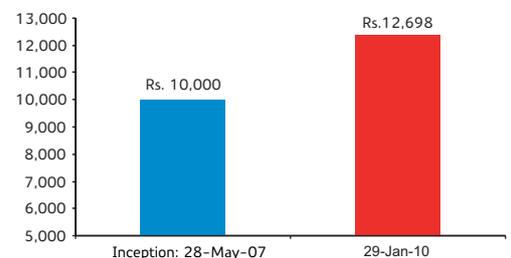
## asset allocation as on Jan 31, 2010



## fund characteristics as on Jan 31, 2010

M.Duration of debt portfolio: 2.57 years  
YTM of debt portfolio: 7.94%

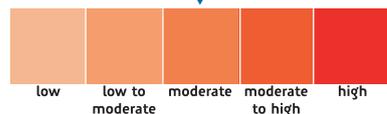
## growth of initial investment of Rs. 10,000 in AIP



## fund objective

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

## fund risk profile



# ULIP Pure Debt Fund

## fund performance As on January 29, 2010

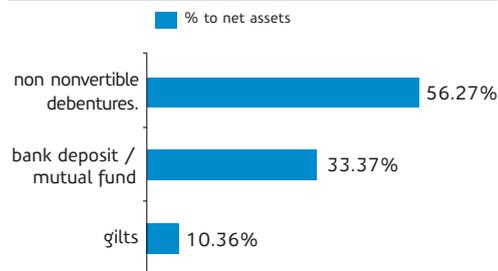
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	10.43%	4.69%	3.62%	3.55%	1.50	-0.09
last 2 years (CAGR)	9.89%	5.99%	3.89%	5.13%	1.26	0.19
since inception (CAGR)	9.87%	7.03%	3.30%	4.50%	1.47	0.45
date of inception						april, 2007

\*CAGR: Compounded Annual Growth Rate

## portfolio As on January 31, 2010

security	% to net assets	rating
<b>non convertible debentures.</b>		
11.10% POWER FINANCE CORP 15-09-2013	5.45	AAA
11.45% RELIANCE INDUSTRIES LTD 25-11-2013	4.93	AAA
10.90% RECL LTD 30-09-2013	4.31	AAA
9.70% LIC HOUSING FINANCE LTD 07-04-2013	4.13	AAA
2% TATA MOTORS LTD 31-03-2014	4.09	AAA(SO)
2% INDIAN HOTELS COMPANY LTD 09-12-2014	4.01	AAA
8.40% HDFC LTD 08-12-2014	3.92	AAA
10.90% RECL LTD 14-04-2013	3.61	AAA
12%TATA CAPITAL LTD 05-03-2014	3.41	AAA
10.60% IRFC 11-09-2018	2.64	AAA
11.95% HDFC LTD 26-11-2018	2.33	AAA
11.25% POWER FINANCE CORP LTD 28-11-2018	2.25	AAA
11.45% RELIANCE INDUSTRIES LTD 25-11-2013	2.16	AAA
11.30% ACC LTD 10-12-2013	2.14	AAA
8.98% NAT CAP REGIONAL PLANNING 14-02-2018	2.00	AAA
8.40% ADITYA BIRLA NUVO LTD 23-11-2012	1.98	AAA
8.90% STEEL AUTHORITY OF INDIA 01-05-2019	1.98	AAA
10.10% POWER GRID CORP 12-06-2011	0.51	AAA
10% NABARD SER IX 14-05-2012	0.42	AAA
<b>total non convertible debentures</b>	<b>56.27</b>	
<b>gilts</b>		
		SOVEREIGN
7.46% GOI 28-08-2017	3.89	
7.02% GOI 17-08-2016	1.91	
7.50% GOI 10-08-2034	1.79	
7.56% GOI 03-11-2014	1.58	
8.40% GUJARAT GOI 18-03-2019	1.18	
<b>total gilts</b>	<b>10.36</b>	
<b>total bank deposits/mutual funds</b>	<b>33.37</b>	
<b>total net assets</b>	<b>100.00</b>	

## asset allocation as on Jan 31, 2010



## fund characteristics as on Jan 31, 2010

M.Duration of debt portfolio:	2.66 years
YTM of debt portfolio:	7.98%

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## fund manager's report

The exposure to gilts was increased to 10.36% from 8.72%. Exposure to corporate bonds was decreased to 56.27% from 57.70%. Accordingly the exposure to short term assets was decreased to 33.37% from 33.58%. We will increase exposure to gilts and corporate bonds as and when attractive investments are available.

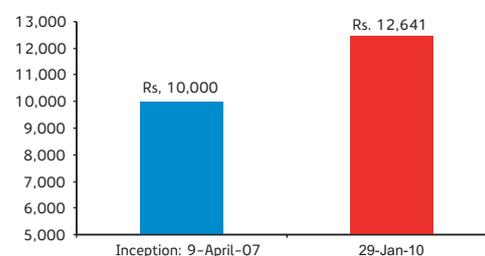
## target asset allocation

Debt Instruments: 100%

## benchmark construction

CRISIL Composite Bond Index: 100%

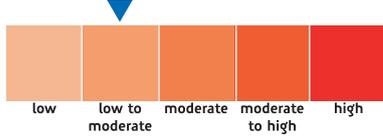
## growth of initial investment of Rs. 10,000 in MGP



## 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



# ULIP Gilt Fund

## fund performance As on January 29, 2010

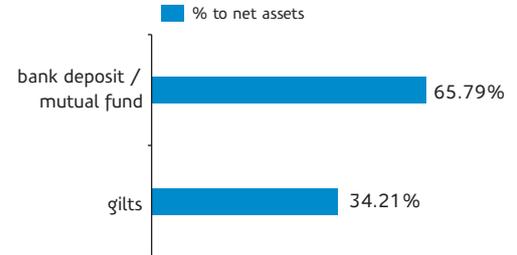
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	3.91%	-0.27%	3.60%	6.32%	-0.30	-0.83
last 2 years (CAGR)	5.55%	8.52%	3.95%	12.89%	0.14	0.27
since inception (CAGR)	6.09%	9.77%	3.46%	11.27%	0.31	0.42
date of inception			may, 2007			

\*CAGR: Compounded Annual Growth Rate

## portfolio As on January 31, 2010

security	% to net assets	rating
<b>gilts</b>		
7.56% GOI 03-11-2014		SOVEREIGN 9.96
6.49% GOI 08-06-2015		9.43
9.39% GOI 02-07-2011		5.19
7.49% GOI 16-04-2017		4.89
6.07% GOI 15-05-2014		4.71
9.85% GOI 16-10-2015		0.03
<b>total gilts</b>	<b>34.21</b>	
<b>total bank deposits/mutual funds</b>	<b>65.79</b>	
<b>total net assets</b>	<b>100.00</b>	

## asset allocation as on Jan 31, 2010



## fund characteristics as on Jan 31, 2010

M.Duration of debt portfolio:	1.36 years
YTM of debt portfolio:	6.01%

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## fund manager's report

The allocation to gilts was decreased to 34.21% from 36.89% on expectations of hardening of yield curve. Accordingly we increased the exposure in short term bank FDs, CDs and CPs to 65.79% from 63.11%.

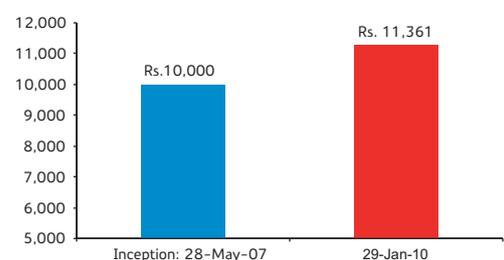
## target asset allocation

Government Securities: 100%

## benchmark construction

I-Sec Composite Sovereign Bond Index:100%

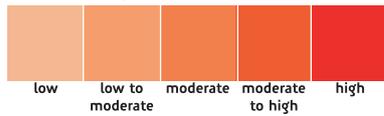
## growth of initial investment of Rs. 10,000 in AIP



## 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



# ULIP Guaranteed Bond Fund I

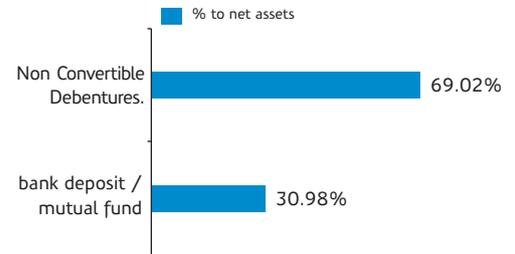
## fund performance As on January 29, 2010

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	data not available as the fund has not completed a period of one year since inception					
date of inception	December, 2008					

## portfolio As on January 31, 2010

security	% to net assets	rating/ 1-yr beta
<b>non convertible debentures</b>		
9.15% NAT CAP REGIONAL PLANNING 18-02-2019	8.97	AAA
11% POWER FINANCE CORP LTD 15-09-2018	7.10	AAA
2% TATA MOTORS LTD 31-03-2014	6.53	AAA(SO)
9.50% TATA COMMUNICATION LTD 08-06-2014	6.51	AAA
11.45% RELIANCE INDUSTRIES LTD 25-11-2013	6.36	AAA
10.48% GRASIM INDUSTRIES LTD 16-12-2013	6.25	AAA
11.30% ACC LTD 10-12-2013	6.18	AAA
10.35% HDFC LTD Sr E006 06-06-2017	5.59	AAA
11.35% RECL LTD 24-10-2013	4.61	AAA
10.60% IRFC 11-09-2018	4.22	AAA
9.07% RECL LTD 28-02-2018	3.83	AAA
11.15% HDFC LTD 06-08-2018	2.86	AAA
<b>total non convertible debentures</b>	<b>69.02</b>	
<b>total bank deposits/mutual funds</b>	<b>30.98</b>	
<b>total net assets</b>	<b>100.00</b>	

## asset allocation as on Jan 31, 2010



## fund characteristics as on Jan 31, 2010

M.Duration of debt portfolio:	3.05 years
YTM of debt portfolio:	8.84%

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## fund manager's report

The portfolio is maintained to deliver guaranteed returns.

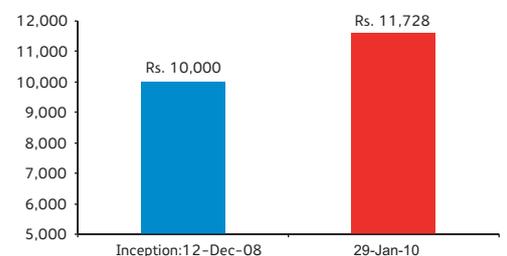
## target asset allocation

Debt Instruments: 100%

## benchmark construction

CRISIL Composite Bond Index: 100%

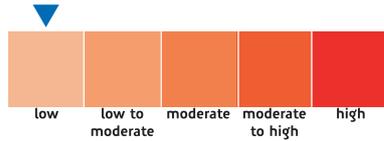
## growth of initial investment of Rs. 10,000 in GRP I



## fund objective

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

## fund risk profile



# ULIP Money Market Fund

## fund performance As on January 29, 2010

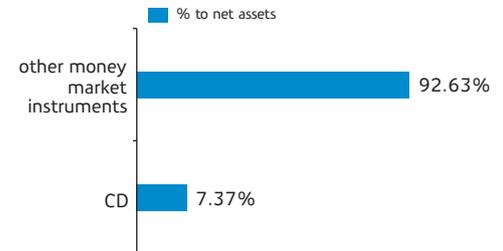
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	8.91%	4.28%	0.44%	0.71%	8.87	-1.02
last 2 years (CAGR)	9.60%	6.49%	0.43%	0.86%	10.60	1.73
since inception (CAGR)	9.46%	6.46%	0.38%	0.77%	11.58	1.91
date of inception	may, 2007					

\*CAGR: Compounded Annual Growth Rate

## portfolio As on January 31, 2010

security	% to net assets	rating
<b>certificate of deposit</b>		
CANARA BANK 18-03-2010	7.37	P1+
<b>total certificate of deposit</b>	<b>7.37</b>	
<b>other money market Instrument</b>	<b>92.63</b>	
<b>total net assets</b>	<b>100.00</b>	

## asset allocation as on Jan 31, 2010



## fund characteristics as on Jan 31, 2010

M.Duration of debt portfolio:	0.01 years
YTM of debt portfolio:	7.20%

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## fund manager's report

Presently the investments of this fund are entirely in Certificate of deposits, Commercial Paper and Fixed Deposits i.e. at 100% of the portfolio.

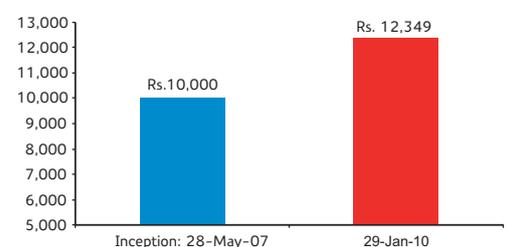
## target asset allocation

Money Market Instruments : 100%

## benchmark construction

CRISIL Liquid Bond Index: 100%

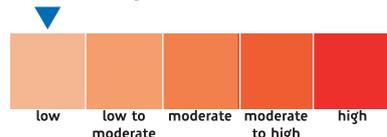
## growth of initial investment of Rs. 10,000 in AIP



## fund objective

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

## fund risk profile



# ULIP Capital Secure Fund

## fund performance As on January 29, 2010

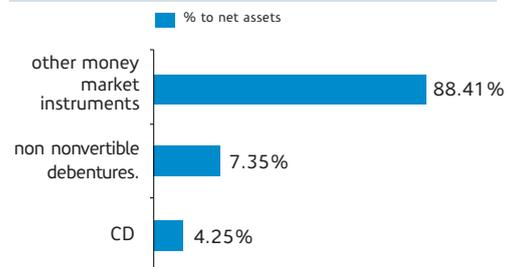
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	8.29%	4.13%	0.45%	0.15%	7.29	-5.99
last 2 years (CAGR)	8.97%	6.10%	0.55%	0.60%	7.20	1.82
last 3 years (CAGR)	9.11%	6.63%	0.46%	0.54%	9.00	3.02
since inception (CAGR)	7.06%	5.82%	0.61%	0.49%	3.40	1.66
date of inception	february, 2003					

\*CAGR: Compounded Annual Growth Rate

## portfolio As on January 31, 2010

security	% to net assets	rating
<b>certificate of deposit</b>		
CANARA BANK 18-03-2010	4.25	P1+
<b>total certificate of deposits</b>	<b>4.25</b>	
<b>non convertible debentures</b>		
10.00% HDFC LTD 19-03-2010	7.35	AAA
<b>total non convertible debentures</b>	<b>7.35</b>	
<b>other money market instruments</b>	<b>88.41</b>	
<b>total net assets</b>	<b>100.00</b>	

## asset allocation as on Jan 31, 2010



## fund characteristics as on Jan 31, 2010

M.Duration of debt portfolio:	0.01 years
YTM of debt portfolio:	6.00%

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## fund manager's report

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

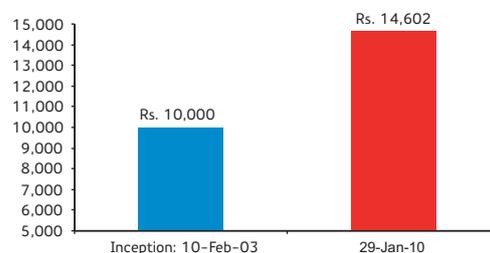
## target asset allocation

Money Market Instruments : 100%

## benchmark construction

Yield on 182-day T.Bills : 100%

## growth of initial investment of Rs 10,000



## Product Details

Nav's as of 29<sup>th</sup> January, 2010

### Reliance Equity Fund

Product Name	Inception Date	Nav
Market Return Plan (MRP)	Aug 9, 2004	25.3883
Golden Year Plan (GYP)	Mar 12, 2007	12.5236
Automatic Investment Plan (AIP)	May 28, 2007	10.7624
Secure Child Plan (SCP)	Nov 29, 2007	8.2182
Wealth + Health Plan (WHP)	Feb 27, 2008	8.9345
Total Investment Plan Series I (TIPS I)	Mar 19, 2008	11.1028
Total Investment Plan Series II (TIPS II)	Mar 19, 2008	11.0985
SuperInvest Assure Plan (SIP)	Jun 12, 2008	11.1102
Super Golden Year Plan (SGYP)	Dec 4, 2008	10.7624
Super Market Return Plan (SMRP)	Dec 4, 2008	10.7624
Super Automatic Investment Plan (SAIP)	Dec 4, 2008	10.7624
SuperInvest Assure Plan Plus (SIP Plus)	Dec 10, 2008	11.1102
Savings Linked Insurance (SLI)	May 26, 2009	16.9575
Reliance Premier Life (RPL)	Aug 20, 2009	16.9575
New Equity Fund	Jan 11, 2010	9.6354

### Reliance Pure Equity Fund

Product Name	Inception Date	Nav
SuperInvest Assure Plan (SIP)	Jun 12, 2008	12.2711
Automatic Investment Plan (AIP)	Aug 1, 2008	11.0881
Secure Child Plan (SCP)	Aug 1, 2008	11.0881
Golden Year Plan (GYP)	Aug 1, 2008	11.0881
Wealth + Health Plan (WHP)	Aug 1, 2008	11.0881
Total Investment Plan Series I (TIPS I)	Aug 1, 2008	11.0881
Total Investment Plan Series II (TIPS II)	Aug 1, 2008	11.0881
Market Return Plan (MRP)	Aug 1, 2008	11.0881
Super Golden Year Plan (SGYP)	Dec 4, 2008	11.0881
Super Market Return Plan (SMRP)	Dec 4, 2008	11.0881
Super Automatic Investment Plan (SAIP)	Dec 4, 2008	11.0881
SuperInvest Assure Plan Plus (SIP Plus)	Dec 10, 2008	12.2711
Imaan Plan- Indian Traditional Fund Option	Dec 17, 2008	12.2711
Savings Linked Insurance(SLI)	April 29, 2009	17.0947
Reliance Premier Life (RPL)	Aug 20, 2009	17.0947
New Pure Equity Fund	Jan 11, 2010	9.3590
New Indian Traditional Fund	Jan 11, 2010	9.3590

### Reliance Infrastructure Fund

Product Name	Inception Date	Nav
Total Investment Plan Series I (TIPS I)	Mar 19, 2008	8.8445
Total Investment Plan Series II (TIPS II)	Mar 19, 2008	8.8347
SuperInvest Assure Plan (SIP)	Jun 12, 2008	9.2771
Automatic Investment Plan (AIP)	Aug 1, 2008	8.9941
Secure Child Plan (SCP)	Aug 1, 2008	8.9941
Golden Year Plan (GYP)	Aug 1, 2008	8.9941
Wealth + Health Plan (WHP)	Aug 1, 2008	8.9941
Market Return Plan (MRP)	Aug 1, 2008	8.9941
Super Golden Year Plan (SGYP)	Dec 4, 2008	8.9941
Super Market Return Plan (SMRP)	Dec 4, 2008	8.9941
Super Automatic Investment Plan (SAIP)	Dec 4, 2008	8.9941
SuperInvest Assure Plan Plus (SIP Plus)	Dec 10, 2008	9.2771
Savings Linked Insurance(SLI)	May 26, 2009	13.3912
Reliance Premier Life (RPL)	Aug 20, 2009	13.3912
New Infrastructure fund	Jan 11, 2010	9.1643

### Reliance Energy Fund

Product Name	Inception Date	Nav
Total Investment Plan Series I (TIPS I)	Mar 19, 2008	10.2915
Total Investment Plan Series II (TIPS II)	Mar 19, 2008	10.2924
SuperInvest Assure Plan (SIP)	Jun 12, 2008	10.8461
Automatic Investment Plan (AIP)	Aug 1, 2008	10.1614
Golden Year Plan (GYP)	Aug 1, 2008	10.1614
Wealth + Health Plan (WHP)	Aug 1, 2008	10.1614
Market Return Plan (MRP)	Aug 1, 2008	10.1614
Secure Child Plan (SCP)	Aug 1, 2008	10.1614
Super Golden Year Plan (SGYP)	Dec 4, 2008	10.1614
Super Market Return Plan (SMRP)	Dec 4, 2008	10.1614
Super Automatic Investment Plan (SAIP)	Dec 4, 2008	10.1614
SuperInvest Assure Plan Plus (SIP Plus)	Dec 10, 2008	10.8461
Savings Linked Insurance (SLI)	May 26, 2009	15.1554
Reliance Premier Life (RPL)	Aug 20, 2009	15.1554
New Energy Fund	Jan 11, 2010	9.3364

## Product Details

Nav's as of 29<sup>th</sup> January, 2010

### Reliance Midcap Fund

Product Name	Inception Date	Nav
Total Investment Plan Series I (TIPS I)	Mar 19, 2008	11.0549
Total Investment Plan Series II (TIPS II)	Mar 19, 2008	11.0853
SuperInvest Assure Plan (SIP)	Jun 12, 2008	10.6081
Automatic Investment Plan (AIP)	Aug 1, 2008	10.9790
Secure Child Plan (SCP)	Aug 1, 2008	10.9790
Golden Year Plan (GYP)	Aug 1, 2008	10.9790
Wealth + Health Plan (WHP)	Aug 1, 2008	10.9790
Market Return Plan (MRP)	Aug 1, 2008	10.9790
Super Golden Year Plan (SGYP)	Dec 4, 2008	10.9790
Super Market Return Plan (SMRP)	Dec 4, 2008	10.9790
Super Automatic Investment Plan (SAIP)	Dec 4, 2008	10.9790
SuperInvest Assure Plan Plus (SIP Plus)	Dec 10, 2008	10.6081
Reliance Premier Life (RPL)	Aug 20, 2009	18.2943
New Midcap fund	Jan 11, 2010	9.2979

### Reliance Super Growth Fund

Product Name	Inception Date	Nav
Automatic Investment Plan (AIP)-A Option	May 28, 2007	10.8197
Wealth + Health Plan (WHP)-A Option	Feb 27, 2008	9.2052
Super Automatic Investment Plan (SAIP)-A Option	Dec 4, 2008	10.8197
New Fund A	Jan 11, 2010	9.5352

### Reliance High Growth Fund

Product Name	Inception Date	Nav
Reliance Money Guarantee Plan (MGP)-F Option	Mar 1, 2007	12.4499
New Fund F		9.7991

### Reliance Growth Plus Fund

Product Name	Inception Date	Nav
Money Guarantee Plan (MGP)-E Option	Mar 1, 2007	12.4574
Automatic Investment Plan (AIP)-B Option	May 28, 2007	11.7357
Wealth + Health Plan (WHP)-B Option	Feb 27, 2008	10.3146
Super Automatic Investment Plan (SAIP)-B Option	Aug 4, 2008	11.7357
New Fund B	Jan 11, 2010	9.7228
New Fund E	Jan 11, 2010	9.7228

### Reliance Growth Fund

Product Name	Inception Date	Nav
Market Return Plan (MRP)	Aug 9, 2004	17.6812
Money Guarantee Plan (MGP)-D Option	Mar 1, 2007	12.5654
Golden Year Plan (GYP)	Mar 12, 2007	14.0853
Secure Child Plan (SCP)-H Option	Nov 29, 2007	10.3434
Super Golden Year Plan (SGYP)	Dec 4, 2008	14.0853
Super Market Return Plan (SMRP)	Dec 4, 2008	17.6812
New Growth Fund	Jan 11, 2010	9.7799
New Fund D	Jan 11, 2010	9.7799
New Fund H	Jan 11, 2010	9.7799

### Reliance Balanced Fund

Product Name	Inception Date	Nav
Golden Year Plan (GYP)	Feb 10, 2003	16.0431
Market Return Plan (MRP)	Aug 9, 2004	16.0393
Automatic Investment Plan (AIP)-C Option	May 28, 2007	12.3257
Secure Child Plan (SCP)-G Option	Nov 29, 2007	11.1973
Super Golden Year Plan (SGYP)	Dec 4, 2008	16.0431
Super Market Return Plan (SMRP)	Dec 4, 2008	16.0393
Super Automatic Investment Plan (SAIP)-C Option	Dec 4, 2008	12.3257
New Balanced Fund	Jan 11, 2010	9.9101
New Fund C	Jan 11, 2010	9.9101
New Fund G	Jan 11, 2010	9.9101

## Product Details

Nav's as of 29<sup>th</sup> January, 2010

### Reliance Corporate Bond Fund

Product Name	Inception Date	Nav
Automatic Investment Plan (AIP)	May 28, 2007	12.6984
Total Investment Plan Series I (TIPS I)	Mar 19, 2008	11.8258
Total Investment Plan Series II (TIPS II)	Mar 19, 2008	11.8147
Wealth + Health Plan (WHP)	Feb 27, 2008	11.9035
SuperInvest Assure Plan (SIP)	Jun 12, 2008	11.7347
Super Automatic Investment Plan (SAIP)	Dec 4, 2008	12.6984
SuperInvest Assure Plan Plus (SIP Plus)	Dec 4, 2008	11.7347
Reliance Premier Life (RPL)	Aug 20, 2009	11.2972
New Corporate Bond Fund	Jan 11, 2010	10.0433

### Reliance Pure Debt Fund

Product Name	Inception Date	Nav
Money Guarantee Plan (MGP) Return Shield Option	Apr 9, 2007	12.6409
Secure Child Plan (SCP) Return Shield Option	Dec 27, 2007	11.9257
New Return Shield	Jan 11, 2010	10.0000

### Reliance Gilt Fund

Product Name	Inception Date	Nav
Automatic Investment Plan (AIP)	May 28, 2007	11.3611
Wealth + Health Plan (WHP)	Feb 27, 2008	10.8416
Total Investment Plan Series I (TIPS I)	Mar 19, 2008	10.7938
Total Investment Plan Series II (TIPS II)	Mar 19, 2008	10.7965
SuperInvest Assure Plan (SIP)	Jun 12, 2008	10.8452
Super Automatic Investment Plan (SAIP)	Dec 4, 2008	11.3611
SuperInvest Assure Plan Plus (SIP Plus)	Dec 10, 2008	10.8452
Savings Linked Insurance (SLI)	May 26, 2009	10.2914
Reliance Premier Life (RPL)	Aug 20, 2009	10.2914
New Gilt Fund	Jan 11, 2010	10.0221

### Reliance Guaranteed Bond Fund I

Product Name	Inception Date	Nav
Insurance Bond Fund Option	Dec 12, 2008	11.7283
Pension Bond Fund Option	Dec 12, 2008	11.7381
Insurance Bond Fund Option (New)	Feb 25, 2009	11.0350
Pension Bond Fund Option (New)	Feb 25, 2009	11.0469

### Reliance Money Market Fund

Product Name	Inception Date	Nav
Automatic Investment Plan (AIP)	May 28, 2007	12.3489
Wealth + Health Plan (WHP)	Feb 27, 2008	11.6860
Total Investment Plan Series I (TIPS I)	Mar 19, 2008	11.6189
Total Investment Plan Series II (TIPS II)	Mar 19, 2008	11.6100
SuperInvest Assure Plan (SIP)	Jun 12, 2008	11.4216
Super Golden Year Plan (SGYP)	Dec 4, 2008	11.0580
Super Market Return Plan (SMRP)	Dec 4, 2008	11.0580
Super Automatic Investment Plan (SAIP)	Dec 4, 2008	12.3489
SuperInvest Assure Plan Plus (SIP Plus)	Dec 10, 2008	11.4216
Savings Linked Insurance (SLI)	May 26, 2009	10.9585
Reliance Premier Life (RPL)	Aug 20, 2009	10.9585
New Money Market	Jan 11, 2010	10.0262

### Reliance Capital Secure Fund

Product Name	Inception Date	Nav
Golden Year Plan (GYP)	Feb 10, 2003	13.9008
Market Return Plan (MRP)	Aug 9, 2004	13.8464

- ✓ Macro Analysis
- ✓ Appreciation of Market Dynamics
- ✓ Meeting Investment Objectives vis-à-vis Risk Appetite
- ✓ Asset Allocation Strategy
- ✓ Security Selection – Portfolio Construction
- ✓ Benchmarks
- ✓ Risk Management/ Portfolio Evaluation/ Diagnostics
- ✓ Governance and Processes

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

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

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

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

Based on the investment of 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 or 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 tools such as the standard deviation and risk-adjusted return measures such as the Sharp ratio are calculated in order to compare the returns generated per unit of risk vis-à-vis benchmarks.

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

- ✓ Gross Fund Return
- ✓ Benchmark Return
- ✓ Fund Standard Deviation
- ✓ Fund Sharpe Ratio

## ► Gross Fund Return

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

**We shall highlight this with the help of an example.**

### Reliance Life Insurance

Balanced Fund  
NAV based Return=11.50 %  
Fund Management Fee=2%  
Gross Fund Return=13.50%

### XYZ Insurance Company

Balanced Fund  
NAV based Return=10.50%  
Fund Management Fee=3%  
Gross Fund Return=13.50%.

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

## ► Benchmark Return

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

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

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

## ► Fund Standard Deviation

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

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

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

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

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

## ► Fund Sharpe Ratio

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

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

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

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

- ✓ Benchmark Sharpe Ratio
- ✓ Modified Duration of Debt Portfolio
- ✓ Fund Beta

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

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

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

### ▶ Benchmark Sharpe Ratio

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

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

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

### ▶ Modified Duration of Debt Portfolio

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

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

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

### ▶ Fund Beta

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

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

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

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

**products & UIN nos.**

Reliance Golden Year Plan (GYP):  
121L020V01

Reliance Market Return Plan (MRP):  
121L016V02

Reliance Automatic Investment Plan (AIP):  
121L024V01

Reliance Wealth + Health Plan (WHP):  
121L028V01

Reliance Total Investment Plan Series I  
(TIPS I): 121L029V01

Reliance Total Investment Plan Series II  
(TIPS II): 121L030V01

Reliance SuperInvest Assure Plan (SIP):  
121L031V01

Reliance Money Guarantee Plan (MGP):  
121L025V01

Reliance Secure Child Plan (SCP):  
121L026V01

Reliance Super Market Return Plan (SMRP):  
121L035V01

Reliance Super Automatic Investment Plan  
(SAIP): 121L036V01

Reliance Super Golden Years Plan (SGYP):  
121L037V01

Reliance Super Invest Assure Plus Plan (SIP  
Plus): 121L040V01

Reliance Iman Investment Plan - Indian  
Traditional Fund Option: 121L034V01

Guaranteed Return Plan Series I Insurance  
Bond Fund Option - 121L041V01

Guaranteed Return Plan Series I Pension  
Bond Fund Option - 121L042V01

Guaranteed Return Plan Series I (New)  
Insurance Bond Fund Option -  
121L041V02

Guaranteed Return Plan Series I (New)  
Pension Bond Fund Option - 121L042V02

Savings Linked Insurance Plan (SLI) -  
121L043V01

Reliance Premier Life (PL)  
121L043V01

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