

fund snapshot

investment philosophy

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

Economy Indicators	29th Jul 11	30th Jun 11	% Change
<sup>1</sup> Rs./₹	44.88	44.69	0.43
<sup>2</sup> WPI Inflation Index		153	0.85
<sup>3</sup> Forex Reserves (\$ bn)	319.09	309.02	3.16
<sup>1</sup> Oil Price (\$ per Barrel)	95.70	95.42	0.29
<sup>1</sup> Gold (Rs. per 10gm)	23492	21560	8.23

\* Forex Reserves updated as on 29th Jun 2011

Investments	29th Jul 11	30th Jun 11	Absolute Change
<sup>4</sup> FII's (Rs Crs)	8,030	4,572	3458
<sup>4</sup> Mf's (Rs Crs)	652	823	-171

Indices	29th Jul 11	30th Jun 11	% Change
<sup>1</sup> BSE Sensex	18197	18846	-3.44
<sup>1</sup> S&P CNX Nifty	5482	5647	-2.93
<sup>1</sup> CNX Mid Cap	8017	7972	0.58
<sup>1</sup> BSE Small Cap	8306	8157	1.83

Global Indices	29th Jul 11	30th Jun 11	% Change
<sup>1</sup> Dow Jones	12143	12414	-2.18
<sup>1</sup> FTSE 100	5815	5946	-2.20
<sup>1</sup> Hang Seng	22440	22398	0.19
<sup>1</sup> Nikkei	9833	9816	0.17

Sectoral Indices	29th Jul 11	30th Jun 11	% Change
<sup>1</sup> CNX Infrastructure	3029	3117	-2.83
<sup>1</sup> CNX Energy	8192	8615	-4.91
<sup>1</sup> BSE Capital Goods	12996	13906	-6.54
<sup>1</sup> BSE Bankex	12448	12821	-2.91
<sup>1</sup> BSE Oil & Gas	8799	9208	-4.44
<sup>1</sup> BSE IT	5835	6100	-4.34

Fixed Income Indicators (%)	29th Jul 11	30th Jun 11	Absolute Change
<sup>1</sup> NSE Mibor	8.04	7.75	0.29
<sup>1</sup> 91 Day T-Bill	8.35	8.20	0.15
<sup>1</sup> 182 Day T-Bill	8.40	8.25	0.15
<sup>1</sup> 1 year GOI Benchmark	8.38	8.13	0.25
<sup>1</sup> 5 Year GOI Benchmark	8.45	8.36	0.09
<sup>1</sup> 10 Year GOI Benchmark	8.45	8.33	0.12
<sup>1</sup> 5 Year Corp Bond Benchmark	9.44	9.58	-0.14
<sup>1</sup> 10 Year AAA Corp Bond Benchmark	9.46	9.64	-0.18
<sup>1</sup> 10 Year US Benchmark	2.80	3.16	-0.36

Source: <sup>1</sup>Bloomberg, <sup>2</sup>eaindustry.nic.in, <sup>3</sup>RBI and <sup>4</sup>SEBI

asset allocation	funds	gross return (CAGR*) (%) As on Jul 31, 2011				date of inception
		last 1 year	last 2 year	last 3 year	since inception	
100% equity	Group Equity Fund	3.58%	12.71%	12.33%	-0.82%	October, 2007
100% pure equity	Pure Equity Fund	2.06%	9.08%	NA	27.37%	December, 2008
100% equity	Infrastructure Fund	-11.11%	-5.69%	NA	8.39%	December, 2008
100% equity	Energy Fund	-4.74%	2.11%	NA	17.68%	December, 2008
100% equity	Midcap Fund	-7.39%	8.28%	NA	26.40%	December, 2008
40% equity, 60% debt	Growth Fund	4.13%	7.70%	9.74%	10.92%	August, 2004
20% equity, 80% debt	Group Balanced Fund	5.17%	7.11%	9.70%	10.15%	February, 2003
100% bond instruments	Group Corporate Bond Fund	6.54%	7.39%	9.96%	8.83%	October, 2007
100% debt Instruments	Pure Debt Fund	6.78%	7.73%	NA	10.23%	October, 2008
100% govt. securities	Group Gilt Fund	5.61%	5.85%	6.88%	6.11%	October, 2007
100% money market instruments	Group Money Market Fund	8.75%	8.16%	NA	9.35%	September, 2008
100% money market instruments	Capital Secure Fund	8.29%	7.62%	8.60%	7.20%	February, 2003

\*CAGR: Compounded Annual Growth Rate

Indian Economy

Rally in commodity prices (especially crude oil) witnessed during Feb-Apr 2011 raised inflationary concerns in developing countries. Since May Crude Oil corrected around 10% because of Global debt concerns and weak economic data from developed economies. Global debt concerns took a centre stage with US Debt limit getting exhausted on August 2 . In addition, global food prices have already touched record levels of 2008 driven mainly by floods in various parts of world due to global warming. Industrial production growth showed a slowdown in the economy for the first 2 months 5.6% YoY in May'11 from 8.8% in Mar'11 as per the new series with a base year 2004 -2005. For the period Apr-Mar, IIP grew at 7.8% YoY vs 10.5% previous year same period with base year 1993-94.

Credit growth slowed to 19 % YoY . Deposits growth has shown improvement and is now at 18 % YoY. The inflation, after moderating from the peak of 11% in April'10 to 7.5% in Nov'10, in terms of whole sale price index (WPI) hardened in June'11 to 9.44%. Sharp jump in non-food prices driven mainly by high mineral prices and domestic fuel price hike has pushed up general price levels. Core inflation has also contributed to increase in Wholesale Price Index. Food prices continue to remain high.

Debt Market

Amidst adequate liquidity the g-sec yields showed a sharp upward movement on back of very aggressive rate hike of 50 bps by Reserve Bank of India . Most actively traded 10 yr paper touched 8.43% against 8.3250% in previous month. Corporate bonds also eased fresh primary issuances like PFC which was raised money through private placement at 9.36% , At the end of the month 10 year corporate bond traded at 9.50%.

Debt Outlook:

In the Coming month, we expect interest rates to harden further. We expect liquidity to remain tight on credit demand and government borrowing program. RBI is expected to hike rates in its next Quarterly review policy meeting given the high inflation print of 9.06% for May. Key economic data-points like adhering to estimated budget numbers for FY12, monthly inflation numbers, IIP numbers, credit numbers, overall liquidity in system, g-sec supply are likely to dominate the yield curve and RBI's action.

Equity Market

Markets in the month of July were weak with the benchmark BSE Sensex down 3.44% to close at 18,197. The markets were spooked by the aggressive stance adopted by RBI in its monetary policy.

The RBI surprised markets on a negative side as it hiked repo by 50 basis points to 8%. Consequently, reverse repo automatically got adjusted to 7% (100 points below the repo rate) Cash reserve ratio was left unchanged at 6%.

India's industrial output (IIP) rose 5.6% y-o-y in May compared with 5.8% (revised) in April, its weakest pace in 9 months. Investors feared that the impact of rising interest rates would further slowdown the industrial growth. June WPI inflation rose 9.44% y-o-y compared with May's 9.06%.

The global recovery outlook continued to remain clouded on lingering debt woes in Europe and lack of progress toward raising the U.S. debt ceiling hurt investor sentiment.

Equity Outlook:

Equity markets in the coming month would be governed by global factors like the US debt crisis and the fallout of the Euro crisis. We expect the markets to be trade with a negative bias in the month of August.

## Group Equity Fund

### fund performance As on Jul 31, 2011

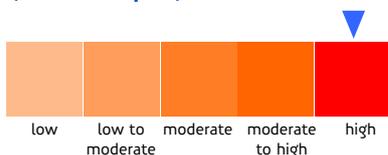
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	3.58%	2.13%	17.38%	20.60%	-0.08%	-0.14%
last 2 year (CAGR*)	12.71%	8.74%	16.07%	18.88%	0.48%	0.20%
last 3 year (CAGR*)	12.33%	8.16%	25.86%	30.63%	0.28%	0.10%
since inception (CAGR*)	-0.82%	-1.94%	29.02%	31.48%	-0.20%	-0.22%
date of inception	october, 2007					

\*CAGR: Compounded Annual Growth Rate

### fund objective

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

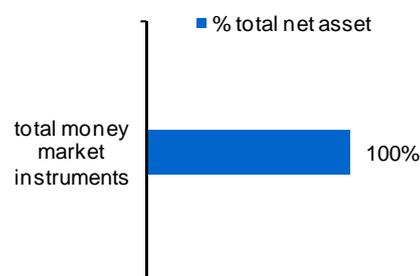
### fund risk profile



### portfolio As on Jul 31, 2011

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

### asset allocation as on Jul 31, 2011



### fund characteristics as on Jul 31, 2011

YTM of debt portfolio: 8.15%

### target asset allocation

Equity: 100%

### benchmark construction

S&P CNX Nifty: 100%

# Pure Equity Fund

## fund performance As on Jul 31, 2011

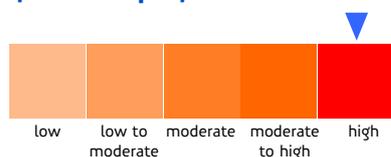
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	2.06%	2.13%	16.06%	20.60%	-0.18%	-0.14%
last 2 year (CAGR*)	9.08%	8.74%	15.17%	18.88%	0.27%	0.20%
since inception (CAGR*)	27.37%	29.44%	23.04%	26.15%	0.97%	0.93%
date of inception	december, 2008					

\*CAGR: Compounded Annual Growth Rate

### fund objective

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

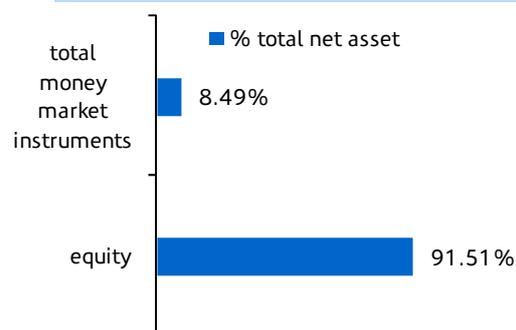
### fund risk profile



## portfolio As on Jul 31, 2011

security	% total net assets	1-yr beta
<b>equity</b>		
<b>AUTO ANCILLARY</b>	<b>0.65</b>	
EXIDE INDUSTRIES LTD	0.65	0.58
<b>AUTOMOBILES</b>	<b>12.12</b>	
MARUTI SUZUKI INDIA LTD	4.70	0.81
MAHINDRA & MAHINDRA LTD	2.58	1.20
BAJAJ AUTO LTD NEW	2.49	0.74
MOTHERSON SUMI SYSTEMS LTD	2.35	0.43
<b>CAP GOODS / ENGINEERING</b>	<b>12.10</b>	
LARSEN & TOUBRO LTD	4.10	1.17
BHARAT HEAVY ELECTRICALS LTD	3.61	0.85
CROMPTON GREAVES LTD	1.66	0.68
CUMMINS INDIA LTD	1.45	0.49
VOLTAS LTD	1.28	0.93
<b>CEMENT &amp; CEMENT PRODUCTS</b>	<b>2.68</b>	
GRASIM INDUSTRIES LTD	1.72	0.67
ULTRATECH CEMENT LTD	0.96	0.56
<b>FMCG</b>	<b>3.23</b>	
HINDUSTAN UNILEVER LTD	3.23	0.57
<b>GAS</b>	<b>3.37</b>	
GAIL (INDIA) LTD	3.37	0.61
<b>IT</b>	<b>13.93</b>	
INFOSYS LTD	8.19	0.83
TATA CONSULTANCY SERVICES LTD	3.36	0.95
WIPRO LTD	2.38	0.83
<b>METALS</b>	<b>6.63</b>	
JINDAL STEEL AND POWER LTD	2.59	0.99
HINDALCO INDUSTRIES LTD	2.22	1.41
JINDAL SAW LTD	1.82	0.95
<b>OIL EXPLORATION</b>	<b>2.08</b>	
CAIRN INDIA LTD	2.08	0.58
<b>OIL REFINERIES</b>	<b>11.32</b>	
RELIANCE INDUSTRIES LTD	7.74	0.95
OIL & NATURAL GAS CORPORATION LTD	3.58	0.70
<b>PHARMACEUTICALS</b>	<b>11.89</b>	
RANBAXY LABORATORIES LTD	3.16	0.88
SUN PHARMACEUTICALS INDUSTRIES	2.92	0.68
AVENTIS PHARMA LTD	2.42	0.23
LUPIN LTD	1.98	0.75
DIVIS LABORATORIES LTD	1.41	0.56
<b>POWER</b>	<b>5.90</b>	
TATA POWER LTD	2.69	0.57
NTPC LTD	2.39	0.76
AREVA T & D INDIA LTD	0.82	0.78
<b>TELECOM</b>	<b>5.61</b>	
BHARTI AIRTEL LTD	5.61	0.74
<b>total equity</b>	<b>91.51</b>	
<b>total money market instruments</b>	<b>8.49</b>	
<b>total net assets</b>	<b>100.00</b>	

## asset allocation as on Jul 31, 2011



## fund characteristics as on Jul 31, 2011

Fund Beta 0.80

### target asset allocation

Pure Equity: 100%

(\*Investments only in sectors other than banks and non-banking financial companies, breweries, distilleries, alcohol based chemicals, cigarettes, tobacco, entertainment, leather, sugar and hatcheries.)

### benchmark construction

S&P CNX Nifty: 100%

# Infrastructure Fund

## fund performance As on Jul 31, 2011

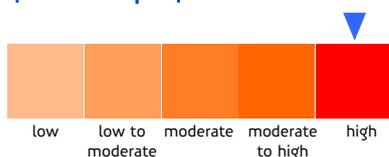
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	-11.11%	-11.75%	18.06%	22.48%	-0.89%	-0.75%
last 2 year (CAGR*)	-5.69%	-9.69%	17.64%	21.20%	-0.61%	-0.69%
since inception (CAGR*)	8.39%	11.48%	22.43%	31.31%	0.15%	0.21%
date of inception	december, 2008					

\*CAGR: Compounded Annual Growth Rate

### fund objective

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

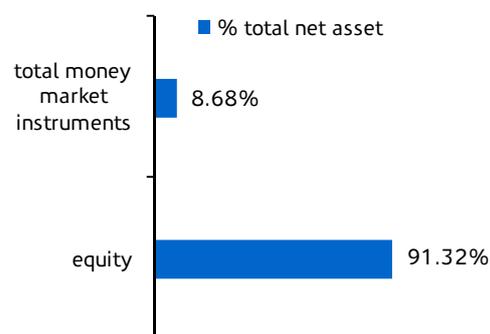
### fund risk profile



## portfolio As on Jul 31, 2011

security	% total net assets	1-yr beta
<b>equity</b>		
<b>AUTO ANCILLARY</b>	<b>5.65</b>	
BHARAT FORGE LTD	3.52	0.99
EXIDE INDUSTRIES LTD	1.13	0.58
MOTHERSON SUMI SYSTEMS LTD	1.00	0.43
<b>CAP GOODS / ENGINEERING</b>	<b>21.21</b>	
LARSEN & TOUBRO LTD	8.52	1.17
BHARAT HEAVY ELECTRICALS LTD	7.33	0.85
CROMPTON GREAVES LTD	2.11	0.68
VOLTAS LTD	1.53	0.93
IRB INFRASTRUCTURE DEVELOPERS LTD	0.98	1.19
GREAVES COTTON LTD	0.74	0.47
<b>CEMENT &amp; CEMENT PRODUCTS</b>	<b>3.29</b>	
GRASIM INDUSTRIES LTD	3.29	0.67
<b>CONSTRUCTION</b>	<b>6.59</b>	
JAIPRAKASH ASSOCIATES LTD	4.59	1.78
ASHOKA BUILDCON LTD	2.00	0.49
<b>CONSUMER GOODS</b>	<b>1.30</b>	
SINTEX INDUSTRIES LTD	1.30	1.07
<b>GAS</b>	<b>8.35</b>	
GAIL (INDIA) LTD	3.91	0.61
INFOSYS LTD	2.28	0.83
WIPRO LTD	2.16	0.83
<b>METALS</b>	<b>9.61</b>	
TATA STEEL LTD	3.58	1.14
INDIAN METALS AND FERRO ALLOYS LTD	3.19	0.79
JINDAL STEEL AND POWER LTD	2.84	0.99
<b>OIL REFINERIES</b>	<b>2.50</b>	
RELIANCE INDUSTRIES LTD	2.50	0.95
<b>POWER</b>	<b>22.89</b>	
NTPC LTD	7.86	0.76
POWER GRID CORPORATION OF INDIA LTD	5.21	0.53
TATA POWER LTD	4.36	0.57
AREVA T & D INDIA LTD	4.09	0.78
ORIENT GREEN POWER CO LTD	1.37	0.84
<b>TELECOM</b>	<b>9.93</b>	
BHARTI AIRTEL LTD	9.93	0.74
<b>total equity</b>	<b>91.32</b>	
<b>total money market instruments</b>	<b>8.68</b>	
<b>total net assets</b>	<b>100.00</b>	

### asset allocation as on Jul 31, 2011



### fund characteristics as on Jul 31, 2011

Fund Beta 0.86

### target asset allocation

Equity: 100%

### benchmark construction

CNX Infrastructure Index: 100%

# Energy Fund

## fund performance As on Jul 31, 2011

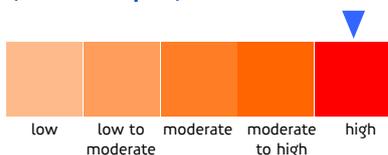
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	-4.74%	-11.74%	15.21%	19.94%	-0.64%	-0.84%
last 2 year (CAGR*)	2.11%	-3.17%	14.41%	17.78%	-0.20%	-0.46%
since inception (CAGR*)	17.68%	16.46%	22.66%	25.14%	0.56%	0.46%
date of inception	december, 2008					

\*CAGR: Compounded Annual Growth Rate

### fund objective

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

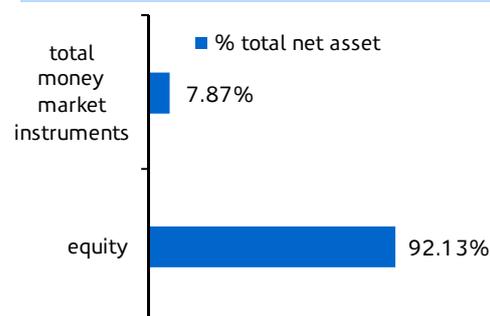
### fund risk profile



## portfolio As on Jul 31, 2011

security	% total net assets	1-yr beta
<b>equity</b>		
<b>AUTO ANCILLARY</b>	<b>2.89</b>	
EXIDE INDUSTRIES LTD	2.89	0.58
<b>BANKING &amp; FINANCE</b>	<b>0.90</b>	
POWER FINANCE CORPORATION LTD	0.90	0.98
<b>CAP GOODS / ENGINEERING</b>	<b>14.48</b>	
LARSEN & TOUBRO LTD	5.63	1.17
CUMMINS INDIA LTD	3.84	0.49
BHARAT HEAVY ELECTRICALS LTD	3.22	0.85
CROMPTON GREAVES LTD	1.79	0.68
<b>GAS</b>	<b>12.66</b>	
GAIL (INDIA) LTD	8.83	0.61
PETRONET LNG LTD	3.83	0.88
<b>METALS</b>	<b>3.04</b>	
JINDAL STEEL AND POWER LTD	3.04	0.99
<b>OIL EXPLORATION</b>	<b>8.30</b>	
CAIRN INDIA LTD	8.30	0.58
<b>OIL REFINERIES</b>	<b>29.81</b>	
OIL INDIA LTD	8.38	0.41
OIL & NATURAL GAS CORPORATION LTD	8.33	0.70
RELIANCE INDUSTRIES LTD	7.74	0.95
INDIAN OIL CORPORATION LTD	5.36	0.71
<b>POWER</b>	<b>20.05</b>	
POWER GRID CORPORATION OF INDIA LTD	8.94	0.53
NTPC LTD	8.86	0.76
ORIENT GREEN POWER CO LTD	1.43	0.84
TATA POWER LTD	0.82	0.57
<b>total equity</b>	<b>92.13</b>	
<b>total money market instruments</b>	<b>7.87</b>	
<b>total net assets</b>	<b>100.00</b>	

## asset allocation as on Jul 31, 2011



## fund characteristics as on Jul 31, 2011

Fund Beta 0.71

### target asset allocation

Equity: 100%

### benchmark construction

CNX Energy Index: 100%

# Mid Cap Fund

## fund performance As on Jul 31, 2011

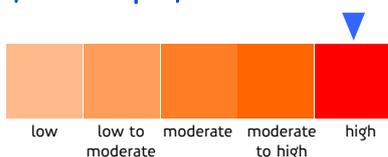
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	-7.39%	-13.82%	17.45%	20.90%	-0.71%	-0.90%
last 2 year (CAGR*)	8.28%	3.92%	16.98%	19.90%	0.19%	-0.05%
since inception (CAGR*)	26.40%	31.27%	27.57%	37.77%	0.78%	0.70%
date of inception	december , 2008					

\*CAGR: Compounded Annual Growth Rate

### fund objective

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

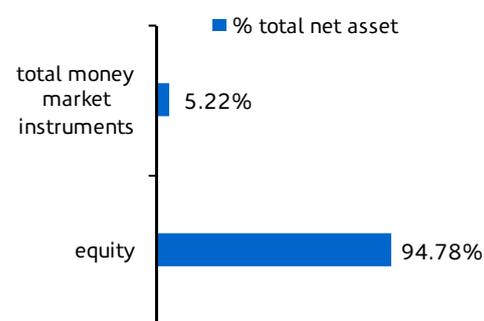
### fund risk profile



## portfolio As on Jul 31, 2011

security	% total net assets	1-yr net beta
<b>equity</b>		
<b>AUTO ANCILLARY</b>	<b>7.89</b>	
EXIDE INDUSTRIES LTD	4.90	0.58
BHARAT FORGE LTD	2.99	0.99
<b>AUTOMOBILES</b>	<b>1.78</b>	
TATA MOTORS LTD DVR SHARES	1.78	1.27
<b>BANKING &amp; FINANCE</b>	<b>7.26</b>	
ANDHRA BANK LTD	3.36	0.98
INDUSIND BANK LTD	1.51	1.18
SHRIRAM TRANSPORT FINANCE COMPANY LTD	1.28	0.71
BANK OF BARODA	1.11	0.82
<b>CAP GOODS / ENGINEERING</b>	<b>11.20</b>	
CUMMINS INDIA LTD	4.50	0.49
GREAVES COTTON LTD	2.79	0.47
VOLTAS LTD	2.05	0.93
IRB INFRASTRUCTURE DEVELOPERS LTD	1.86	1.19
<b>CEMENT &amp; CEMENT PRODUCTS</b>	<b>2.35</b>	
ULTRATECH CEMENT LTD	2.35	0.56
<b>CONSTRUCTION</b>	<b>1.11</b>	
JAIPRAKASH ASSOCIATES LTD	1.11	1.78
<b>CONSUMER GOODS</b>	<b>5.34</b>	
SINTEX INDUSTRIES LTD	3.76	1.07
BALLARPUR INDUSTRIES LTD	1.58	0.80
<b>FERTILIZERS</b>	<b>5.50</b>	
GUJARAT STATE FERTILIZERS & CHEMICALS LTD	3.39	0.58
TATA CHEMICALS LTD	2.11	0.83
<b>FMCG</b>	<b>5.08</b>	
TATA GLOBAL BEVERAGES LTD	3.10	0.90
UNITED SPIRITS LTD	1.98	1.12
<b>GAS</b>	<b>4.08</b>	
PETRONET LNG LTD	4.08	0.88
<b>MEDIA</b>	<b>5.33</b>	
HT MEDIA LTD	3.03	0.43
DB CORP LTD	2.30	0.38
<b>METALS</b>	<b>11.79</b>	
JINDAL SAW LTD	3.62	0.95
INDIAN METALS AND FERRO ALLOYS LTD	3.07	0.79
JSW STEEL LTD	2.63	1.50
JINDAL STEEL AND POWER LTD	1.26	0.99
TATA STEEL LTD	1.21	1.14
<b>PHARMACEUTICALS</b>	<b>22.54</b>	
DIVIS LABORATORIES LTD	5.88	0.56
LUPIN LTD	5.21	0.75
AVENTIS PHARMA LTD	4.50	0.23
STRIDES ARCOLABS LTD	4.13	1.05
AUROBINDO PHARMA LTD	2.82	1.10
<b>POWER</b>	<b>3.53</b>	
AREVA T & D INDIA LTD	3.53	0.78
<b>total equity</b>	<b>94.78</b>	
<b>total money market instruments</b>	<b>5.22</b>	
<b>total net assets</b>	<b>100.00</b>	

## asset allocation as on Jul 31, 2011



## fund characteristics as on Jul 31, 2011

Fund Beta 0.81

### target asset allocation

Equity: 100%

### benchmark construction

Nifty Midcap 50: 100%

# Growth Fund

## fund performance As on Jul 31, 2011

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	4.13%	5.13%	7.24%	8.41%	-0.12%	0.02%
last 2 year (CAGR*)	7.70%	7.15%	6.70%	7.71%	0.40%	0.28%
last 3 year (CAGR*)	9.74%	8.88%	10.92%	12.44%	0.43%	0.31%
last 4 year (CAGR*)	6.46%	7.45%	12.38%	13.15%	0.12%	0.19%
last 5 year (CAGR*)	8.65%	10.06%	11.52%	12.15%	0.32%	0.42%
since inception (CAGR*)	10.92%	11.85%	10.71%	11.15%	0.55%	0.61%
date of inception	august, 2004					

\*CAGR: Compounded Annual Growth Rate

### fund objective

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

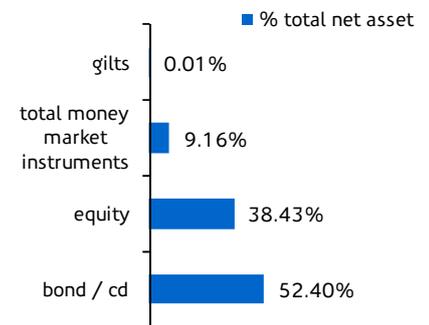
### fund risk profile



### portfolio As on Jul 31, 2011

security	% total net assets	rating/1-yr beta
<b>bond/cd</b>		
9.25% IDBI BANK LTD PERP NCD CALL/STEP-UP 29/01/20	0.30	AA
9.7% UNITED PHOS LTD 9/4/17 CALL STEP 9/4/15	1.78	AA+
8.4% TATA CAPITAL LTD NCD 26/11/2012	1.59	AA+
8.42% SHREE CEMENT LTD NCD 22/07/2015	0.93	AAA
8.95% LARSEN & TOUBRO LTD NCD 26/05/2020	7.80	AAA
8.97% TATA SONS LTD NCD 15/07/2020	4.69	AAA
8.79% IRFC NCD 04/05/2030	4.61	AAA
8.99% TATA SONS LTD NCD 07/06/2020	2.81	AAA
2% TATA MOTORS LTD NCD 31/03/2014	2.17	AAA
8.95% INFOTEL BROADBAND SERV LTD NCD 15/09/20	1.87	AAA
11.95% HDFC LTD NCD 26/11/2018	1.82	AAA
HDFC LTD ZCB 30/08/2013	1.70	AAA
9.70% LIC HOUSING FINANCE LTD NCD 07/04/2013	1.62	AAA
9.40% LIC HOUSING FINANCE 08/12/2012	1.61	AAA
9.25% HDFC LTD. NCD 24/11/2016	1.60	AAA
9.30% HDFC LTD. NCD 18/01/2021	1.59	AAA
9.05% CANARA BANK PERP NCD CALL/STEP-UP 03/08/2020	1.57	AAA
10.35% HDFC LTD NCD 16/05/2017	1.57	AAA
9.00% LIC HOUSING FINANCE 23/11/2020	1.56	AAA
8.93% NTPC LTD NCD 19/01/2021	1.56	AAA
8.20% IRFC NCD 27/04/2016	1.55	AAA
9.05% SBI PERPETUAL NCD CALL/STEP-UP 27/01/2020	1.55	AAA
9.05% POWER FINI CORP LTD NCD 15/12/2030	1.54	AAA
8.88% LIC HOUSING FINANCE NCD 13/10/2020	1.09	AAA
9.3% TATA SONS LTD NCD 24/12/2015	0.96	AAA
8.90% POWER GRID CORP LTD NCD STRPP E 25/2/18	0.47	AAA
10.60% IRFC NCD 11/09/2018	0.35	AAA
9.50% SBI NCD 04/11/25 CALL/STEP-UP 05/11/20	0.14	AAA
<b>total bond/cd</b>	<b>52.40</b>	
<b>gilts</b>		
8.35% GOI 2022 (M/D. 14.05.2022)	0.01	sovereign
<b>total gilts</b>	<b>0.01</b>	
<b>equity</b>		
<b>AUTO ANCILLARY</b>	<b>0.39</b>	
EXIDE INDUSTRIES LTD	0.22	0.58
BHARAT FORGE LTD	0.17	0.99
<b>AUTOMOBILES</b>	<b>3.01</b>	
MAHINDRA & MAHINDRA LTD	0.97	1.20
MARUTI SUZUKI INDIA LTD	0.79	0.81
BAJAJ AUTO LTD	0.78	0.74
TATA MOTORS LTD	0.32	1.27
TATA MOTORS LTD DVR SHARES	0.15	1.27
<b>BANKING &amp; FINANCE</b>	<b>9.09</b>	
ICICI BANK LTD	2.37	1.39
AXIS BANK LTD	1.49	1.36
HDFC BANK LTD	1.44	1.06
STATE BANK OF INDIA	0.85	1.23
BANK OF BARODA	0.82	0.82
POWER FINANCE CORPORATION LTD	0.79	0.98
HOUSING DEVELOPMENT FINANCE CORPORATION LTD	0.72	1.19
SHRIRAM TRANSPORT FINANCE COMPANY LTD	0.61	0.71
<b>CAP GOODS / ENGINEERING</b>	<b>2.90</b>	
LARSEN & TOUBRO LTD	1.38	1.17
CUMMINS INDIA LTD	0.68	0.49
VOLTAS LTD	0.36	0.93
BHARAT HEAVY ELECTRICALS LTD	0.26	0.85
CROMPTON GREAVES LTD	0.22	0.68
<b>CEMENT &amp; CEMENT PRODUCTS</b>	<b>0.57</b>	
ULTRATECH CEMENT LTD	0.57	0.56
<b>CONSTRUCTION</b>	<b>0.31</b>	
JAI PRAKASH ASSOCIATES LTD	0.31	1.78
<b>CONSUMER GOODS</b>	<b>0.09</b>	
BALLARPUR INDUSTRIES LTD	0.09	0.80
<b>FERTILIZERS</b>	<b>0.52</b>	
GUJARAT STATE FERTILIZERS & CHEMICALS LTD	0.52	0.58
<b>FMCG</b>	<b>3.25</b>	
ITC LTD	2.92	0.75
UNITED SPIRITS LTD	0.33	1.12
<b>GAS</b>	<b>0.60</b>	
GAIL (INDIA) LTD	0.60	0.61
<b>IT</b>	<b>5.22</b>	
INFOSYS LTD	3.38	0.83
TATA CONSULTANCY SERVICES LTD	1.21	0.95
WIPRO LTD	0.63	0.83
<b>MEDIA</b>	<b>0.57</b>	
DB CORP LTD	0.57	0.38
<b>METALS</b>	<b>2.35</b>	
STERLITE INDUSTRIES INDIA LTD	0.79	1.20
JINDAL STEEL AND POWER LTD	0.75	0.99
TATA STEEL LTD	0.70	1.14
HINDALCO INDUSTRIES LTD	0.11	1.41
<b>OIL EXPLORATION</b>	<b>0.38</b>	
CAIRN INDIA LTD	0.38	0.58
<b>OIL REFINERIES</b>	<b>3.51</b>	
RELIANCE INDUSTRIES LTD	2.86	0.95
OIL & NATURAL GAS CORPORATION LTD	0.65	0.70
<b>PHARMACEUTICALS</b>	<b>2.90</b>	
DIVIS LABORATORIES LTD	1.34	0.56
SUN PHARMACEUTICALS INDUSTRIES LTD	0.43	0.68
LUPIN LTD	0.41	0.75
RANBAXY LABORATORIES LTD	0.36	0.88
AVENTIS PHARMA LTD	0.31	0.23
STRIDES ARCOLABS LTD	0.05	1.05
<b>POWER</b>	<b>1.10</b>	
AREVA T & D INDIA LTD	0.61	0.78
POWER GRID CORPORATION OF INDIA LTD	0.49	0.53
<b>TELECOM</b>	<b>1.67</b>	
BHARTI AIRTEL LTD	1.67	0.74
<b>total equity</b>	<b>38.43</b>	
<b>total money market instruments</b>	<b>9.16</b>	
<b>total net assets</b>	<b>100.00</b>	

### asset allocation as on Jul 31, 2011



### fund characteristics as on Jul 31, 2011

M.Duration of debt portfolio: 4.42 years  
 YTM of debt portfolio: 9.35%  
 Beta of equity portfolio: 0.92

### target asset allocation

Debt: 60%  
 Equity: 40%

### benchmark construction

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



Life Insurance

# Group Balanced Fund

fund performance As on Jul 31, 2011

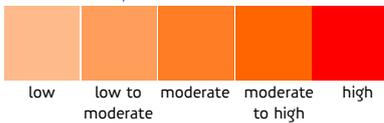
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	5.17%	5.84%	4.12%	4.37%	0.04%	0.19%
last 2 year (CAGR*)	7.11%	6.34%	3.80%	4.02%	0.56%	0.33%
last 3 year (CAGR*)	9.70%	8.32%	6.15%	6.50%	0.76%	0.51%
last 4 year (CAGR*)	7.73%	7.43%	6.87%	6.89%	0.40%	0.35%
last 5 year (CAGR*)	8.88%	8.74%	6.46%	6.40%	0.60%	0.58%
since inception (CAGR*)	10.15%	9.22%	5.59%	5.63%	0.92%	0.75%
date of inception	february, 2003					

\*CAGR: Compounded Annual Growth Rate

## fund objective

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

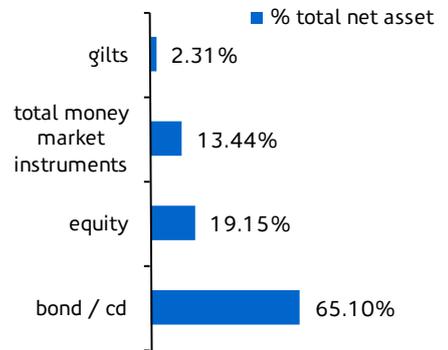
## fund risk profile



## portfolio As on Jul 31, 2011

security	% total net assets	rating/1-yr beta
<b>bond/cd</b>		
9.25% IDBI BANK LTD PERP NCD CALL/STEP-UP 29/01/20	0.99	AA
9.7% UNITED PHOS LTD 9/4/17 CALL STEP 9/4/15	4.37	AA+
8.23% TATA CAP LTD NCD 29/07/13PUT&RESET27/07/12	0.74	AAA
8.37% TATA SONS LTD NCD 15/07/2020	6.07	AAA
8.95% LARSEN & TOUBRO LTD NCD 26/05/2020	5.04	AAA
11.45% RELIANCE INDUSTRIES LTD NCD 25/11/2013	4.53	AAA
8.95% INFOTEL BROADBAND SERV LTD NCD 15/09/20	4.01	AAA
HDFC LTD ZCB 30/08/2013	3.30	AAA
8.75% RELIANCE INDUSTRIES LTD NCD 07/05/2020	2.74	AAA
11.40% POWER FIN CORP LTD NCD 28/11/2013	2.33	AAA
11.25% POWER FIN CORP LTD NCD 28/11/2018	2.26	AAA
9.40% LIC HOUSING FINANCE 08/12/2012	2.07	AAA
8% RECL LTD NCD 05/08/2014	2.00	AAA
8.40% HDFC LTD NCD 08/12/2014	1.46	AAA
9.30% HDFC LTD NCD 18/07/2021	1.26	AAA
9.35% LIC HO LTD NCD 23/11/2014 P/C 231112	1.23	AAA
9.50% TATA COMMUNICATION LTD NCD 08/06/2014	1.10	AAA
8.48% LIC HOUSING FINANCE NCD 27/09/2013	1.04	AAA
9.00% LIC HOUSING FINANCE 23/11/2020	1.03	AAA
8.99% TATA SONS LTD NCD 07/06/2020	1.03	AAA
8.88% LIC HOUSING FINANCE NCD 13/10/2020	1.02	AAA
9.05% POWER FIN CORP LTD NCD 15/12/2030	1.01	AAA
8.90% SAIL 01/05/2019 CALL 010514	1.00	AAA
8.60% POWER FIN CORP LTD NCD 07/08/2024	0.99	AAA
7.60% HDFC LTD NCD 08/12/2017	0.98	AAA
9.38% POWER FIN CORP LTD NCD 12/03/2013	0.98	AAA
8.2% NATIONAL HSG BANK NCD 30/08/13	0.82	AAA
9.34% STATE BANK OF TRAVAN NCD PERP CALL 31/10/16	0.77	AAA
9.05% SBI PERPETUAL NCD CALL/STEP-UP 27/01/2020	0.72	AAA
11.15% HDFC LTD NCD 06/08/2018	0.67	AAA
11.45% RELIANCE IND LTD NCD 25/11/2013	0.55	AAA
11.10% POWER FIN CORP LTD NCD 15/09/2013	0.54	AAA
9.3% TATA SONS LTD NCD 24/12/2015	0.53	AAA
8.90% POWER GRID CORP LTD NCD STRPP H 25/2/21	0.48	AAA
9.33% POWER GRID CORP LTD NCD 15/12/2013	0.44	AAA
10.60% IRFC NCD 11/09/2018	0.24	AAA
9.50% SBI NCD 04/11/25 CALL/STEP-UP 05/11/20	0.22	AAA
10.35% HDFC LTD SR 8006 NCD 06/06/2017	0.18	AAA
10% NABARD NCD SR IX 14/05/2012	0.18	AAA
9.9% TATA SONS LTD NCD 18/03/2016	0.13	AAA
11.35% RECL LTD NCD 24/10/2013 P/C 24/10/2011	0.09	AAA
8.70% BAJAJ AUTO FINANCE LTD NCD 22/07/2015	3.00	LAA+
8.40% ADITYA BIRLA NUVO LTD NCD 23/11/2012	1.04	LAA+
<b>total bond/cd</b>	<b>65.10</b>	
<b>gilts</b>		
8.30% GOI 02/07/2040	0.88	sovereign
8.26% GOI 02/08/2027	0.68	sovereign
6.72% GOI 2014 24/02/2014	0.89	sovereign
8.24% GOI 22/04/2018	0.35	sovereign
<b>total gilts</b>	<b>2.31</b>	
<b>equity</b>		
<b>AUTO ANCILLARY</b>	<b>0.11</b>	
BHARAT FORGE LTD	0.08	0.99
EXIDE INDUSTRIES LTD	0.03	0.58
<b>AUTOMOBILES</b>	<b>1.44</b>	
MAHINDRA & MAHINDRA LTD	0.45	1.20
BAHAL AUTO LTD	0.36	0.74
MARUTI SUZUKI INDIA LTD	0.36	0.81
TATA MOTORS LTD	0.18	1.27
TATA MOTORS LTD DVR SHARES	0.02	1.27
<b>BANKING &amp; FINANCE</b>	<b>4.27</b>	
ICICI BANK LTD	1.11	1.39
HDFC BANK LTD	0.69	1.06
AXIS BANK LTD	0.68	1.36
POWER FINANCE CORPORATION LTD	0.39	0.98
STATE BANK OF INDIA	0.38	1.23
BANK OF BARODA	0.37	0.82
HOUSING DEVELOPMENT FINANCE CORPORATION LTD	0.34	1.19
SHRIRAM TRANSPORT FINANCE COMPANY LTD	0.31	0.71
<b>CAP GOODS / ENGINEERING</b>	<b>1.37</b>	
LARSEN & TOUBRO LTD	0.74	1.17
CUMMINS INDIA LTD	0.41	0.49
CROMPTON GREAVES LTD	0.11	0.85
BHARAT HEAVY ELECTRICALS LTD	0.11	0.68
<b>CEMENT &amp; CEMENT PRODUCTS</b>	<b>0.33</b>	
ULTRATECH CEMENT LTD	0.33	0.56
<b>CONSTRUCTION</b>	<b>0.14</b>	
JAIPRAKASH ASSOCIATES LTD	0.14	1.78
<b>CONSUMER GOODS</b>	<b>0.09</b>	
SINTEX INDUSTRIES LTD	0.09	1.07
<b>FERTILIZERS</b>	<b>0.43</b>	
GUJARAT STATE FERTILIZERS & CHEMICALS LTD	0.43	0.58
<b>FMCG</b>	<b>1.74</b>	
ITC LTD	1.64	0.75
UNITED SPIRITS LTD	0.10	1.12
<b>GAS</b>	<b>0.27</b>	
GAIL (INDIA) LTD	0.27	0.61
<b>IT</b>	<b>2.52</b>	
INFOSYS LTD	1.63	0.83
TATA CONSULTANCY SERVICES LTD	0.59	0.95
WIPRO LTD	0.30	0.83
<b>MEDIA</b>	<b>0.31</b>	
DB CORP LTD	0.31	0.38
<b>METALS</b>	<b>1.21</b>	
STERILITE INDUSTRIES INDIA LTD	0.42	1.20
TATA STEEL LTD	0.42	1.14
JINDAL STEEL AND POWER LTD	0.32	0.99
HINDALCO INDUSTRIES LTD	0.05	1.41
<b>OIL EXPLORATION</b>	<b>0.18</b>	
CAIRN INDIA LTD	0.18	0.58
<b>OIL REFINERIES</b>	<b>1.84</b>	
RELIANCE INDUSTRIES LTD	1.56	0.95
OIL & NATURAL GAS CORPORATION LTD	0.28	0.70
<b>PHARMACEUTICALS</b>	<b>1.52</b>	
DIVIS LABORATORIES LTD	0.68	0.56
SUN PHARMACEUTICALS INDUSTRIES LTD	0.26	0.68
AVENTIS PHARMA LTD	0.25	0.23
RANBAXY LABORATORIES LTD	0.17	0.88
LUPIN LTD	0.14	0.75
STRIDES ARCOLABS LTD	0.02	1.05
<b>POWER</b>	<b>0.61</b>	
AREVA T & D INDIA LTD	0.41	0.78
POWER GRID CORPORATION OF INDIA LTD	0.20	0.53
<b>TELECOM</b>	<b>0.77</b>	
BHARTI AIRTEL LTD	0.77	0.74
<b>total equity</b>	<b>19.15</b>	
<b>total money market instruments</b>	<b>14.88</b>	
<b>total net assets</b>	<b>100.00</b>	

## asset allocation as on Jul 31, 2011



## fund characteristics as on Jul 31, 2011

M.Duration of debt portfolio: 3.53 years  
 YTM of debt portfolio: 9.49%  
 Fund Beta:

## target asset allocation

Debt.: 80%  
 Equity: 20%

## benchmark construction

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

# Group Corporate Bond Fund

## fund performance As on Jul 31, 2011

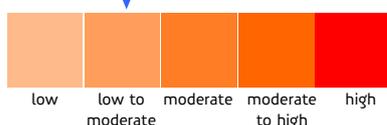
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	6.54%	5.39%	1.39%	1.07%	1.11%	0.37%
last 2 year (CAGR*)	7.39%	4.98%	1.70%	1.52%	1.41%	-0.01%
last 3 year (CAGR*)	9.96%	7.14%	3.40%	3.97%	1.46%	0.54%
since inception (CAGR*)	8.83%	5.97%	3.19%	3.79%	1.20%	0.26%
date of inception	october, 2007					

\*CAGR: Compounded Annual Growth Rate

## fund objective

Provide returns that exceed the inflation rate, while taking some credit risk (through investments in corporate debt instruments) and maintaining a moderate probability of negative return in the short-term. The risk appetite is 'low to moderate'.

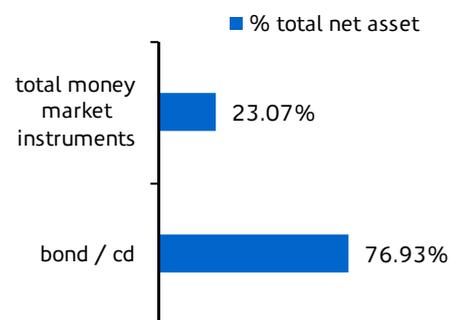
## fund risk profile



## portfolio As on Jul 31, 2011

security	% total net assets	rating/1-yr beta
<b>bond/cd</b>		
8.42% SHREE CEMENT LTD NCD 22/07/2015	5.26	AA+
8.4% TATA CAPITAL LTD NCD 26/11/2012	4.97	AA+
8.93% NTPC LTD NCD 19/01/2021	6.71	AAA
11.45% RELIANCE IND LTD NCD 25/11/2013	6.55	AAA
11.10% POWER FIN CORP LTD NCD 15/09/2013	6.50	AAA
8.68% NAT CAP REG PLAN NCD 18/8/19P/C18/08/16	6.33	AAA
8% RECL LTD NCD 05/08/2014	4.06	AAA
9.30% HDFC LTD NCD 18/01/2021	2.91	AAA
9.95% IL&FS LTD NCD 14/02/2016	2.86	AAA
8.95% INFOTEL BROADBAND SERV LTD NCD 15/09/20	2.85	AAA
NOVA IV TRUST SR J LOC ITSL PTC 18/10/2013	1.91	AAA
9.70% LIC HOUSING FINANCE LTD NCD 07/04/2013	1.48	AAA
9.50% HDFC LTD NCD 27/02/2013	1.47	AAA
9.40% LIC HOUSING FINANCE 08/12/2012	1.47	AAA
9.3% TATA SONS LTD NCD 24/12/2015	1.46	AAA
9.18% TATA SONS LTD NCD 23/11/2020	1.44	AAA
8.99% TATA SONS LTD NCD 07/06/2020	1.43	AAA
8.90% SAIL 01/05/2019 CALL 010514	1.42	AAA
2% TATA MOTORS LTD NCD 31/03/2014	1.42	AAA
7.60% HDFC LTD NCD 08/12/2017	1.36	AAA
8.64% POWER GRID CORPN LTD NCD 08/07/2023	1.24	AAA
8.2% NATIONAL HSG BANK NCD 30/08/13	0.82	AAA
9.33% POWER GRID CORP LTD NCD 15/12/2013	0.79	AAA
8.90% POWER GRID CORP LTD NCD STRPP C 25/2/16	0.77	AAA
11.45% RELIANCE INDUSTRIES LTD NCD 25/11/2013	0.66	AAA
9.32% HDFC LTD NCD 17/12/2012	0.63	AAA
9.35% LIC HD FI LTD NCD 23/11/2014 P/C 231112	0.63	AAA
8.97% TATA SONS LTD NCD 15/07/2020	0.61	AAA
9.47% POWER GRID CORPORATION NCD 31/03/2013	0.26	AAA
11.30% ACC LTD NCD 10/12/2013	0.22	AAA
9.30% POWER FIN CORP LTD NCD 12/03/2013	0.21	AAA
9.50% SBI NCD 04/11/25 CALL/STEP-UP 05/11/20	0.06	AAA
2% INDIAN HOTELS COMPANY LTD NCD 09/12/2014	3.27	LAA+
8.40% ADITYA BIRLA NUVO LTD NCD 23/11/2012	2.90	LAA+
<b>total bond/cd</b>	<b>76.93</b>	
<b>total money market instruments</b>	<b>23.07</b>	
<b>total net assets</b>	<b>100.00</b>	

## asset allocation as on Jul 31, 2011



## fund characteristics as on Jul 31, 2011

M.Duration of debt portfolio:	2.5 years
YTM of debt portfolio:	8.94%

## target asset allocation

Bond Instruments: 100%

## benchmark construction

CRISIL Composite Bond Index: 100%

# Pure Debt Fund

## fund performance As on Jul 31, 2011

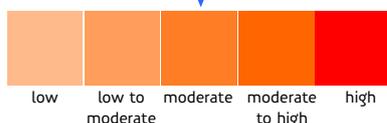
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	6.78%	5.39%	1.39%	1.07%	1.28%	0.37%
last 2 year (CAGR*)	7.73%	4.98%	1.90%	1.52%	1.44%	-0.01%
since inception (CAGR*)	10.23%	7.02%	3.27%	4.08%	1.60%	0.49%
date of inception	october, 2008					

\*CAGR: Compounded Annual Growth Rate

### fund objective

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

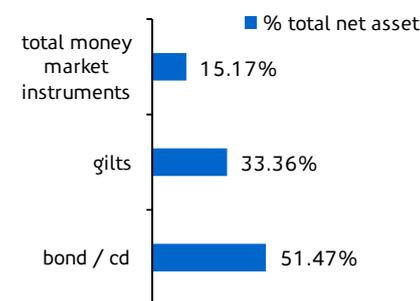
### fund risk profile



### portfolio As on Jul 31, 2011

security	% total assets	rating/ net 1-yr beta
<b>bond/cd</b>		
RELIANCE CAPITAL LTD CP 25/05/2012	1.97	A1+
9.25% IDBI BANK LTD PERP NCD CALL/STEP-UP 29/01/20	2.02	AA
9.7% UNITED PHOS LTD 9/4/17 CALL STEP 9/4/15	2.37	AA+
8.40% HDFC LTD NCD 08/12/2014	4.18	AAA
9.30% HDFC LTD NCD 18/01/2021	2.12	AAA
8.95% INFOTEL BROADBAND SERV LTD NCD 15/09/20	2.08	AAA
10.60% IRFC NCD 11/09/2018	2.76	AAA
9.40% LIC HOUSING FINANCE 08/12/2012	2.15	AAA
9.70% LIC HOUSING FINANCE LTD NCD 07/04/2013	4.31	AAA
9.55% NABARD NCD 12/07/2014 P/C 12/07/2013	2.15	AAA
10% NABARD NCD SR IX 14/05/2012	0.43	AAA
8.98% NAT CAP REG PLAN NCD (MD14/02/18P/C14/02/15	2.14	AAA
8.93% NTPC LTD NCD 19/01/2021	2.08	AAA
8.90% POWER GRID CORP LTD NCD STRPP B 25/2/15	1.06	AAA
11.25% POWER FIN CORP LTD NCD 28/11/2018	3.29	AAA
9.05% POWER FIN CORP LTD NCD 15/12/2030	2.06	AAA
11.45% RELIANCE INDUSTRIES LTD NCD 25/11/2013	0.18	AAA
8.97% TATA SONS LTD NCD 15/07/2020	1.04	AAA
9.18% TATA SONS LTD NCD 23/11/2020	2.11	AAA
9.3% TATA SONS LTD NCD 24/12/2015	1.37	AAA
2% TATA MOTORS LTD NCD 31/03/2014	4.82	AAA
2% INDIAN HOTELS COMPANY LTD NCD 09/12/2014	4.78	LAA+
<b>total bond/cd</b>	<b>51.47</b>	
<b>gilts</b>		
8.08% GOI 02/08/2022	15.41	sovereign
8.26% GOI 02/08/2027	7.48	sovereign
8.53% TAMILNADU SDL 27/10/2020	4.25	sovereign
8.13% GOI 21/09/2022	2.09	sovereign
8.32% GOI 02/08/2032	2.07	sovereign
8.30% GOI 02/07/2040	2.06	sovereign
<b>total gilts</b>	<b>33.36</b>	
<b>total money market instruments</b>	<b>15.17</b>	
<b>total net assets</b>	<b>100.00</b>	

### asset allocation as on Jul 31, 2011



### fund characteristics as on Jul 31, 2011

M.Duration of debt portfolio: 4.57 years  
YTM of debt portfolio: 9.28%

### target asset allocation

Debt Instruments: 100%

### benchmark construction

CRISIL Composite Bond Index: 100%

# Group Gilt Fund

## fund performance As on Jul 31, 2011

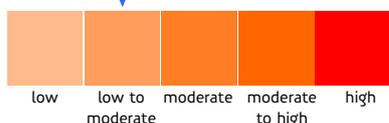
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	5.61%	5.37%	1.87%	2.42%	0.33%	0.15%
last 2 year (CAGR*)	5.85%	4.69%	1.79%	2.89%	0.47%	-0.11%
last 3 year (CAGR*)	6.88%	10.60%	3.24%	10.19%	0.58%	0.55%
since inception (CAGR*)	6.11%	7.86%	3.07%	9.49%	0.36%	0.30%
date of inception				october, 2007		

\*CAGR: Compounded Annual Growth Rate

## fund objective

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

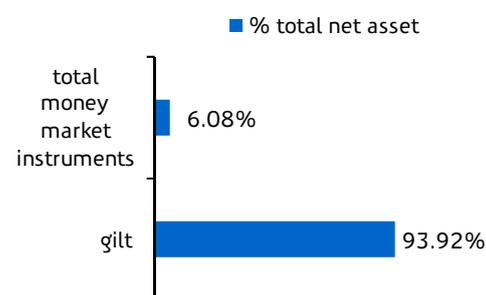
## fund risk profile



## portfolio As on Jul 31, 2011

security	% total net assets	rating/ net 1-yr beta
<b>gilts</b>		<b>sovereign</b>
7.49% GOI 2017 16.04.2017	65.81	sovereign
8.66% ANDHRA PRADESH SDL 06/07/2021	26.83	sovereign
8.39% GOI UTTAR PRADESH SDL 22/09/2020	1.27	sovereign
9.85% GOI 2015 16.10.2015	0.01	
<b>total gilts</b>	<b>93.92</b>	
<b>total money market instruments</b>	<b>6.08</b>	
<b>total net assets</b>	<b>100.00</b>	

## asset allocation as on Jul 31, 2011



## fund characteristics as on Jul 31, 2011

M.Duration of debt portfolio:	4.84 years
YTM of debt portfolio:	8.47%

## target asset allocation

Government Securities: 100%

## benchmark construction

I-Sec Composite Sovereign Bond Index:100%

# Group Money Market Fund

## fund performance As on Jul 31, 2011

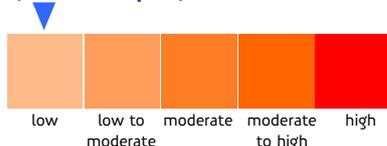
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	8.75%	7.38%	0.27%	0.26%	13.94%	9.23%
last 2 year (CAGR*)	8.16%	5.44%	0.29%	0.60%	10.78%	0.73%
since inception (CAGR*)	9.35%	6.08%	0.87%	0.74%	5.01%	1.45%
date of inception	september, 2008					

\*CAGR: Compounded Annual Growth Rate

## fund objective

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

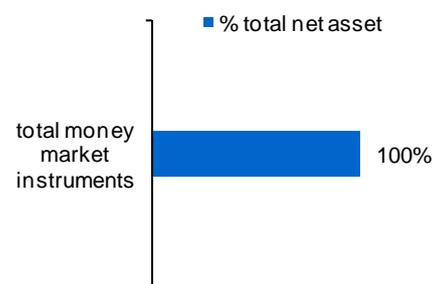
## fund risk profile



## portfolio As on Jul 31, 2011

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

## asset allocation as on Jul 31, 2011



## fund characteristics as on Jul 31, 2011

YTM of debt portfolio: 9.43%

## target asset allocation

Money Market Instruments : 100%

## benchmark construction

CRISIL Liquid Bond Index: 100%

## Capital Secure Fund

### fund performance As on Jul 31, 2011

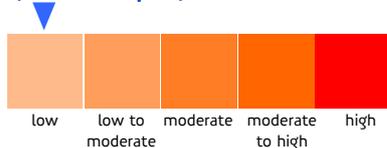
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	8.29%	7.45%	0.26%	0.20%	12.79%	12.31%
last 2 year (CAGR*)	7.62%	5.88%	0.29%	0.47%	8.89%	1.89%
last 3 year (CAGR*)	8.60%	6.03%	0.49%	0.54%	7.42%	1.91%
last 4 year (CAGR*)	8.79%	6.42%	0.43%	0.51%	8.71%	2.80%
last 5 year (CAGR*)	8.49%	6.64%	0.45%	0.47%	7.69%	3.47%
since inception (CAGR*)	7.20%	5.93%	0.63%	0.48%	3.47%	1.94%
date of inception	february, 2003					

\*CAGR: Compounded Annual Growth Rate

### fund objective

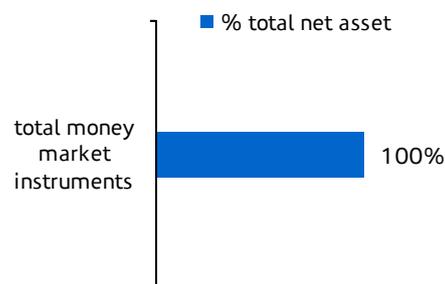
Maintain the capital value of all contributions (net of charges) and all interest additions, at all times. The risk appetite is 'extremely low'.

### fund risk profile



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

### asset allocation as on Jul 31, 2011



### fund characteristics as on Jul 31, 2011

YTM of debt portfolio: 8.92%

### target asset allocation

Money Market Instruments : 100%

### benchmark construction

Yield on 182-day T.Bills : 100%

## Product Details

Nav's as of 31 July , 2011

Product Name	NAV
Reliance Group Savings Linked Insurance Plan - Group Balanced Fund	13.0152
Reliance Group Savings Linked Insurance Plan - Group Corporate Bond Fund	12.3075
Reliance Group Savings Linked Insurance Plan - Energy Fund	14.8382
Reliance Group Savings Linked Insurance Plan - Group Equity Fund	19.3244
Reliance Group Savings Linked Insurance Plan - Group Gilt Fund	11.1007
Reliance Group Savings Linked Insurance Plan - Infrastructure Fund	11.9140
Reliance Group Savings Linked Insurance Plan - Midcap Fund	17.9581
Reliance Group Savings Linked Insurance Plan - Group Money Market Fund	12.1551
Reliance Group Savings Linked Insurance Plan - Pure Debt Fund	12.1141
Reliance Group Savings Linked Insurance Plan - Pure Equity Fund	18.3289
Reliance Group Gratuity Plan - Group Balanced Fund	13.8172
Reliance Group Gratuity Plan - Capital Secure Fund	14.0955
Reliance Group Gratuity Plan - Group Corporate Bond Fund	12.8278
Reliance Group Gratuity Plan - Group Equity Fund	13.3968
Reliance Group Gratuity Plan - Group Gilt Fund	11.2796
Reliance Group Gratuity Plan - Growth Fund	13.2612
Reliance Group Gratuity Plan - Infrastructure Fund	9.0463
Reliance Group Gratuity Plan - Midcap Fund	12.5066
Reliance Group Gratuity Plan - Group Money Market Fund	12.6117
Reliance Group Gratuity Plan - Pure Debt	12.7576
Reliance Group Gratuity Plan - Pure Equity Fund	9.3717
Reliance Group Leave Encashment Plan - Group Balanced Fund	11.6519
Reliance Group Leave Encashment Plan - Group Corporate Bond Fund	13.6064
Reliance Group Leave Encashment Plan - Group Equity Fund	9.6061
Reliance Group Leave Encashment Plan - Group Gilt Fund	12.3762
Reliance Group Leave Encashment Plan - Pure Debt	12.9490
Reliance Group Superannuation Plan - Group Money Market Fund	10.4178
Reliance Group Superannuation Plan - Group Balanced Fund	17.0596
Reliance Group Superannuation Plan - Capital Secure Fund	12.5688
Reliance Group Superannuation Plan - Group Corporate Bond Fund	11.6700
Reliance Group Superannuation Plan - Group Equity Fund	11.2678
Reliance Group Superannuation Plan - Group Gilt Fund	10.2908
Reliance Group Superannuation Plan - Growth Fund	10.8852
Reliance Group Superannuation Plan - Group Money Market Fund	12.1668
Reliance Group Superannuation Plan - Pure Debt Fund	12.4457

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

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

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

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

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

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

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

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

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

✓ **Gross Fund Return**

✓ **Benchmark Return**

✓ **Fund Standard Deviation**

✓ **Fund Sharpe Ratio**

## Gross Fund Return

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

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

### Reliance Life Insurance

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

### XYZ Insurance Company

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

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

## Benchmark Return

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

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

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

## Fund Standard Deviation

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

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

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

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

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

## Fund Sharpe Ratio

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

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

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

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

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

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

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

### Benchmark Sharpe Ratio

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

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

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

### Modified Duration of Debt Portfolio

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

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

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

### Fund Beta

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

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

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

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

✓ **Benchmark Sharpe Ratio**

✓ **Modified Duration Of Debt Profile**

✓ **Fund Beta**

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