

## 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	31st Jan 11	31st Dec 10	%
<sup>1</sup> Rs./₹	45.91	44.70	2.62
<sup>2</sup> WPI Inflation		144.1	1.25
<sup>3</sup> Forex Reserves (\$ bn)	299.17	*295.03	1.38
<sup>1</sup> Oil Price (\$ per Barrel)	91.93	91.38	0.60
<sup>1</sup> Gold (Rs. per 10gm)	19673	20421	-3.80

\* Forex Reserves updated as on 28th Jan 2011

Investments	31st Jan 11	31st Dec 10	Absolute Change
<sup>4</sup> FII's (Rs Crs)	-4,813	2050	-6862.80
<sup>4</sup> Mf's (Rs Crs)	591	1459	-868.60

Indices	31st Jan 11	31st Dec 10	% Change
<sup>1</sup> BSE Sensex	18328	20509	-10.64
<sup>1</sup> S&P CNX Nifty	5506	6135	-10.25
<sup>1</sup> CNX Mid Cap	7923	8857	-10.55
<sup>1</sup> BSE Small Cap	8478	9670	-12.33

Global Indices	31st Jan 11	31st Dec 10	% Change
<sup>1</sup> Dow Jones	11892	11578	2.72
<sup>1</sup> FTSE 100	5863	5900	-0.63
<sup>1</sup> Hang Seng	23447	23035	1.79
<sup>1</sup> Nikkei	10238	10229	0.09

Sectoral Indices	31st Jan 11	31st Dec 10	% Change
<sup>1</sup> CNX Infrastructure	3043	3458	-12.00
<sup>1</sup> CNX Energy	8788	9776	-10.10
<sup>1</sup> BSE Capital Goods	13526	15415	-12.25
<sup>1</sup> BSE Bankex	12064	13380	-9.83
<sup>1</sup> BSE Oil & Gas	9482	10601	-10.56
<sup>1</sup> BSE IT	6371	6825	-6.65

Fixed Income Indicators (%)	31st Jan 11	31st Dec 10	Absolute Change
<sup>1</sup> NSE Mibor	7.00	6.71	0.29
<sup>1</sup> 91 Day T-Bill	7.20	7.10	0.10
<sup>1</sup> 182 Day T-Bill	7.50	7.20	0.30
<sup>1</sup> 1 year GOI Benchmark	7.59	7.47	0.12
<sup>1</sup> 5 Year GOI Benchmark	7.98	7.85	0.13
<sup>1</sup> 10 Year GOI Benchmark	8.11	7.92	0.19
<sup>1</sup> 5 Year Corp Bond Benchmark	9.24	8.98	0.27
<sup>1</sup> 10 Year AAA Corp Bond Benchmark	9.20	8.98	0.22
<sup>1</sup> 10 Year US Benchmark	3.37	3.30	0.08

Source: <sup>1</sup>Bloomberg, <sup>2</sup>eaindustry.nic.in, <sup>3</sup>RBI, <sup>4</sup>SEBI, <sup>5</sup>India Index Services & Products Ltd.

asset allocation	funds	gross return (CAGR*) (%) As on Jan 31, 2011				date of inception
		last 1 year	last 2 year	last 3 year	since inception	
100% equity	Equity Fund	15.49%	39.63%	2.67%	-1.25%	October, 2007
100% pure equity	Pure Equity Fund	11.54%	41.25%	NA	35.36%	December, 2008
100% equity	Infrastructure Fund	-3.50%	17.14%	NA	13.25%	December, 2008
100% equity	Energy Fund	4.02%	26.89%	NA	24.05%	December, 2008
100% equity	Midcap Fund	4.72%	43.87%	NA	35.60%	December, 2008
40% equity, 60% debt	Growth Fund	8.20%	18.11%	5.58%	11.42%	August, 2004
20% equity, 80% debt	Balanced Fund	6.95%	12.72%	7.11%	10.37%	February, 2003
100% bond instruments	Corporate Bond Fund	6.60%	8.66%	8.97%	8.97%	October, 2007
100% debt Instruments	Pure Debt Fund	6.89%	8.88%	NA	10.75%	October, 2008
100% govt. securities	Gilt Fund	6.84%	5.41%	5.99%	6.25%	October, 2007
100% money market instruments	Money Market Fund	3.94%	6.47%	7.77%	7.83%	November, 2007
100% money market instruments	Capital Secure Fund	7.23%	7.81%	8.70%	7.09%	February, 2003

\*CAGR: Compounded Annual Growth Rate

### Indian Economy

RBI hiked its key policy rates (Repo and Rev Repo rate) by 25bps in its monetary policy review. Rally in commodity prices (especially crude oil) witnessed in last couple of months have raised inflationary concerns in developing countries. 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 continued to remain volatile and slowed to 2.7% YOY in Nov'10 from 11.3% in Oct'10. For the period Apr-Nov, IIP grew at 9.5% YOY v/s 7.4% previous year same period. Credit growth continues to be robust at 24.1% by mid-Jan'11 from 17% at end-Mar'10 - supported by busy season demand and favorable base effect. However, deposits growth has been languishing and is now at 16.6% from around 17% at end Mar'10. 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) harden in Dec'10 to 8.43%. Sharp jump in food and non-food prices driven mainly by unseasonal rains harming output, high mineral prices and domestic fuel price hike has pushed up general price levels.

### Debt Market

Amid moderate liquidity the g-sec yields showed a sharp upward movement. The 10 year benchmark touched a high of 8.20% against 7.90% in previous month. Corporate bond also started inching up due to fresh primary issuances

### Debt Outlook:

In the Coming month, we expect interest rates to harden further. We expect liquidity to ease gradually but remain tight on credit demand and slow growth in deposit base. As expected RBI hiked its key rates in quarterly review, stating rising inflation is a major concern. RBI is expected to hike rates in its next mid term policy meeting. Key economic data-points like Budget, monthly inflation numbers, IIP numbers, credit numbers, overall liquidity in system are likely to dominate the yield curve and RBI's action.

### Equity Market

Equity markets in the month of January were negative with the benchmark BSE Sensex down by 10.64% primarily due to inflation, fiscal deficit, governance concerns and FII Outflows.

With the ongoing revival in consumer demand in major developed economies, the country's export for the month of November increased by 26.5%. At the same time imports for the same period witnessed an increase of 11.2%. With this India's trade deficit has narrowed to US\$8.9 Bn compared with US\$9.7 Bn in October'10.

The results declared by the companies for Q3FY11 have been below expectations primarily due to cost input pressures, lack of order inflows and pricing power

### Equity Outlook:

Concerns on US will be lower in the next six months and, therefore we are likely to see capital flowing back to the US market in the short run. We believe that Indian markets will continue to remain volatile in the medium term.

# Equity Fund

## fund performance As on Jan 31, 2011

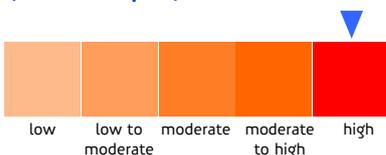
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio	
last 1 year	15.49%	12.78%	16.10%	19.03%	0.65%	0.41%	
last 2 year (CAGR*)	39.63%	38.39%	23.24%	28.42%	1.49%	1.18%	
last 3 year (CAGR*)	2.67%	2.34%	29.97%	33.05%	-0.08%	-0.08%	
since inception (CAGR*)	-1.25%	-2.10%	30.73%	33.30%	-0.20%	-0.21%	
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'.

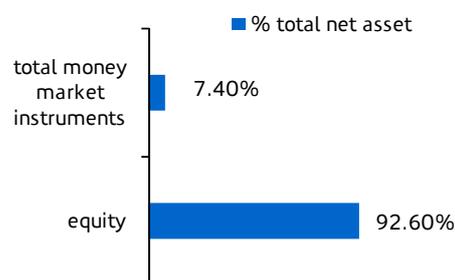
### fund risk profile



## portfolio As on Jan 31, 2011

security	% total net assets	1-yr beta
<b>equity</b>	<b>92.60</b>	
<b>AUTO ANCILLARY</b>	<b>0.84</b>	
BHARAT FORGE LTD	0.35	1.12
EXIDE INDUSTRIES LTD	0.49	0.58
<b>AUTOMOBILES</b>	<b>5.60</b>	
BAJAJ AUTO LTD	1.12	0.65
MAHINDRA & MAHINDRA LTD	2.52	1.18
MARUTI SUZUKI INDIA LTD	1.12	0.67
MOTHERSON SUMI SYSTEMS LTD	0.84	0.51
<b>BANKING &amp; FINANCE</b>	<b>21.19</b>	
BANK OF BARODA	1.46	0.65
HDFC BANK	3.37	0.97
HOUSING DEVELOPMENT FINANCE CORPORATION LTD	1.27	1.10
ICICI BANK LTD	6.13	1.50
INDUS IND BANK	0.18	1.21
POWER FINANCE CORPORATION LTD	0.68	0.77
STATE BANK OF INDIA	3.96	1.13
SHRIRAM TRANSPORT FINANCE COMPANY LTD	1.57	0.60
UCO BANK LTD	0.06	1.23
AXIS BANK LTD	2.51	1.24
<b>CAP GOODS / ENGINEERING</b>	<b>10.01</b>	
ALSTOM PROJECTS INDIA LTD	0.84	0.87
BHARAT HEAVY ELECTRICALS LTD	2.54	0.80
CROMPTON GREAVES LTD	0.25	0.69
CUMMINS INDIA LTD	3.14	0.44
LARSEN & TOUBRO LTD	3.24	0.93
<b>CEMENT &amp; CEMENT PRODUCTS</b>	<b>1.94</b>	
INDIA CEMENTS LTD	0.51	0.98
ULTRATECH CEMENT LTD	1.43	0.50
<b>CONSTRUCTION</b>	<b>1.88</b>	
JAIPRAKASH ASSOCIATES LTD	1.09	1.60
NAGARJUNA CONSTRUCTION CO LTD	0.79	1.32
<b>CONSUMER GOODS</b>	<b>0.98</b>	
BALLARPUR INDUSTRIES LTD	0.29	0.81
SINTEX INDUSTRIES LTD	0.69	0.97
<b>FMCG</b>	<b>6.23</b>	
HINDUSTAN UNILEVER LTD	1.23	0.57
ITC LTD	4.55	0.67
TATA GLOBAL BEVERAGES LTD	0.45	0.62
<b>GAS</b>	<b>1.04</b>	
GAIL (INDIA) LTD	1.04	0.54
<b>IT</b>	<b>10.96</b>	
MPHASIS LTD	0.60	0.57
INFOSYS TECHNOLOGIES LTD	6.33	0.77
TATA CONSULTANCY SERVICES LTD	4.03	0.84
<b>MEDIA</b>	<b>0.51</b>	
HT MEDIA LTD	0.51	0.25
<b>METALS</b>	<b>6.74</b>	
HINDALCO INDUSTRIES LTD	0.10	1.76
HINDUSTAN ZINC LTD	0.53	1.21
JINDAL STEEL AND POWER LTD	1.42	1.11
JINDAL SAW LTD	0.74	0.96
STERLITE INDUSTRIES INDIA LTD	1.60	1.64
TATA STEEL LTD	2.35	1.47
<b>OIL EXPLORATION</b>	<b>1.22</b>	
CAIRN INDIA LTD	1.22	0.97
<b>OIL REFINERIES</b>	<b>10.51</b>	
BHARAT PETROLEUM CORP LTD	0.18	0.41
OIL INDIA LTD	0.80	0.27
OIL & NATURAL GAS CORPORATION LTD	2.12	0.62
RELIANCE INDUSTRIES LTD	7.41	1.09
<b>PHARMACEUTICALS</b>	<b>7.57</b>	
AUROBINDO PHARMA LTD	0.29	0.77
CIPLA LTD	0.47	0.54
DIVIS LABORATORIES LTD	2.59	0.59
LUPIN LTD	2.17	0.47
RANBAXY LABORATORIES LTD	0.65	0.91
SUN PHARMACEUTICALS INDUSTRIES LTD	0.81	0.50
STRIDES ARCOLABS LTD	0.59	0.94
<b>POWER</b>	<b>2.68</b>	
AREVA T & D INDIA LTD	0.06	0.69
NTPC LTD	1.14	0.62
POWER GRID CORPORATION OF INDIA LTD	0.49	0.46
TATA POWER	0.99	0.65
<b>RETAIL</b>	<b>0.22</b>	
PANTALOON RETAIL INDIA LTD	0.22	1.17
<b>TELECOM</b>	<b>2.48</b>	
BHARTI AIRTEL LTD	2.48	0.69
<b>total equity</b>	<b>92.60</b>	
<b>total money market instruments</b>	<b>7.40</b>	
<b>total net assets</b>	<b>100.00</b>	

## asset allocation as on Jan 31, 2011



## fund characteristics as on Jan 31, 2011

Fund Beta 0.90

### target asset allocation

Equity: 100%

### benchmark construction

S&P CNX Nifty: 100%

# Pure Equity Fund

## fund performance As on Jan 31, 2011

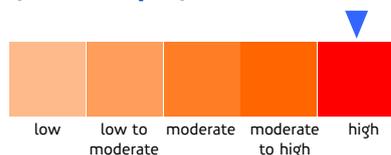
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	11.54%	12.78%	14.97%	19.03%	0.44%	0.41%
last 2 year (CAGR*)	41.25%	38.39%	24.99%	28.42%	1.45%	1.18%
since inception (CAGR*)	35.36%	37.65%	24.45%	27.73%	1.24%	1.18%
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'.

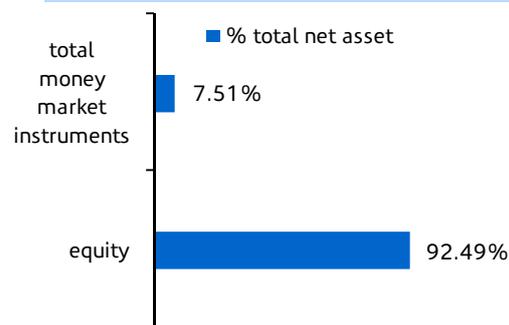
### fund risk profile



## portfolio As on Jan 31, 2011

security	% total net assets	1-yr beta
<b>equity</b>		
<b>AUTOMOBILES 10.74</b>		
BAJAJ AUTO LTD	1.40	0.65
MAHINDRA & MAHINDRA LTD	2.51	1.18
MARUTI SUZUKI INDIA LTD	4.72	0.67
MOTHERSON SUMI SYSTEMS LTD	2.11	0.51
<b>CAP GOODS / ENGINEERING 11.70</b>		
BHARAT HEAVY ELECTRICALS LTD	4.99	0.80
CROMPTON GREAVES LTD	1.35	0.69
CUMMINS INDIA LTD	1.06	0.44
LARSEN & TOUBRO LTD	3.57	0.93
VOLTAS LTD	0.73	0.82
<b>CEMENT &amp; CEMENT PRODUCTS 3.12</b>		
GRASIM INDUSTRIES LTD	2.05	0.52
ULTRATECH CEMENT LTD	1.07	0.50
<b>FMCG 4.46</b>		
ASIAN PAINTS LTD	1.36	0.39
HINDUSTAN UNILEVER LTD	3.10	0.57
<b>GAS 3.95</b>		
GAIL (INDIA) LTD	3.95	0.54
<b>IT 14.97</b>		
MPHASIS LTD	1.58	0.57
INFOSYS TECHNOLOGIES LTD	7.91	0.77
TATA CONSULTANCY SERVICES LTD	4.14	0.84
WIPRO LTD	1.34	0.85
<b>METALS 6.83</b>		
HINDALCO INDUSTRIES LTD	3.47	1.76
JINDAL STEEL AND POWER LTD	3.36	1.11
<b>OIL EXPLORATION 2.54</b>		
CAIRN INDIA LTD	2.54	0.97
<b>OIL REFINERIES 12.18</b>		
OIL & NATURAL GAS CORPORATION LTD	4.50	0.62
RELIANCE INDUSTRIES LTD	7.68	1.09
<b>PHARMACEUTICALS 9.32</b>		
CADILA HEALTHCARE LTD	0.89	0.21
CIPLA LTD	1.55	0.54
LUPIN LTD	0.80	0.47
RANBAXY LABORATORIES LTD	3.66	0.91
SUN PHARMACEUTICALS INDUSTRIES	2.42	0.50
<b>POWER 7.98</b>		
AREVA T & D INDIA LTD	1.03	0.69
NTPC LTD	2.35	0.62
PTC INDIA LTD	0.74	0.87
TATA POWER	3.86	0.65
<b>TELECOM 4.70</b>		
BHARTI AIRTEL LTD	4.70	0.69
<b>total equity</b>	<b>92.49</b>	
<b>total money market instruments</b>	<b>7.51</b>	
<b>total net assets</b>	<b>100.00</b>	

## asset allocation as on Jan 31, 2011



## fund characteristics as on Jan 31, 2011

Fund Beta 0.79

### 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 Jan 31, 2011

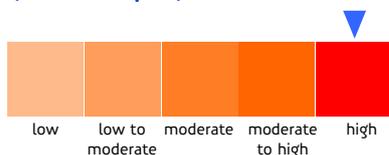
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	-3.50%	-9.84%	18.09%	20.73%	-0.47%	-0.72%
last 2 year (CAGR*)	17.14%	13.62%	24.14%	32.98%	0.50%	0.26%
since inception (CAGR*)	13.25%	14.54%	23.48%	33.50%	0.35%	0.28%
date of inception	december, 2008					

\*CAGR: Compounded Annual Growth Rate

### fund objective

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

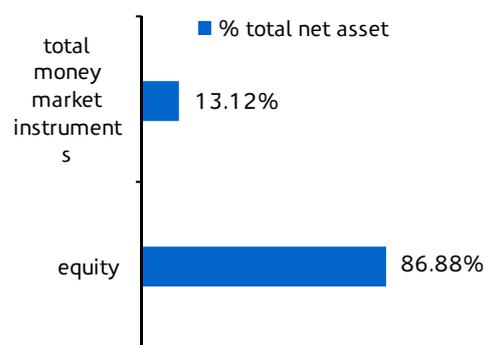
### fund risk profile



## portfolio As on Jan 31, 2011

security	% total net assets	1-yr beta
<b>equity</b>		
<b>AUTO ANCILLARY</b>	<b>2.37</b>	
BHARAT FORGE LTD	2.37	1.12
<b>AUTOMOBILES</b>	<b>0.77</b>	
MOTHERSON SUMI SYSTEMS LTD	0.77	0.51
<b>CAP GOODS / ENGINEERING</b>	<b>27.14</b>	
ALSTOM PROJECTS INDIA LTD	1.35	0.87
BHARAT HEAVY ELECTRICALS LTD	9.29	0.80
CROMPTON GREAVES LTD	3.59	0.69
GREAVES COTTON LTD	0.40	NA
IRB INFRASTRUCTURE DEVELOPERS LTD	1.11	1.13
LARSEN & TOUBRO LTD	8.46	0.93
TRIVENI ENGINEERING AND INDUSTRIES LTD	0.84	1.28
VOLTAS LTD	2.10	0.82
<b>CEMENT &amp; CEMENT PRODUCTS</b>	<b>3.84</b>	
GRASIM INDUSTRIES LTD	3.84	0.52
<b>CONSTRUCTION</b>	<b>7.59</b>	
ASHOKA BUILDCON LTD	1.96	0.24
JAIPRAKASH ASSOCIATES LTD	5.63	1.60
<b>CONSUMER GOODS</b>	<b>1.03</b>	
SINTEX INDUSTRIES LTD	1.03	0.97
<b>GAS</b>	<b>1.86</b>	
GAIL (INDIA) LTD	1.86	0.54
<b>HOTELS</b>	<b>1.10</b>	
INDIAN HOTELS CO LTD	1.10	0.94
<b>METALS</b>	<b>6.81</b>	
INDIAN METALS AND FERRO ALLOYS LTD	1.68	0.88
JINDAL STEEL AND POWER LTD	1.14	1.11
TATA STEEL LTD	3.99	1.47
<b>POWER</b>	<b>23.44</b>	
AREVA T & D INDIA LTD	4.47	0.69
BGR ENERGY SYSTEMS LTD	1.15	1.16
NEYVELI LIGNITE CORPORATION LTD	1.89	1.08
NTPC LTD	6.44	0.62
ORIENT GREEN POWER CO LTD	1.63	0.73
POWER GRID CORPORATION OF INDIA LTD	2.29	0.46
PTC INDIA LTD	1.41	0.87
TATA POWER	4.16	0.65
<b>RETAIL</b>	<b>0.83</b>	
PANTALOON RETAIL INDIA LTD	0.83	1.17
<b>SHIPPING</b>	<b>1.02</b>	
GREAT EASTERN SHIPPING COMPANY LTD	1.02	1.06
<b>TELECOM</b>	<b>9.08</b>	
BHARTI AIRTEL LTD	9.08	0.69
<b>total equity</b>	<b>86.88</b>	
<b>total money market instruments</b>	<b>13.12</b>	
<b>total net assets</b>	<b>100.00</b>	

## asset allocation as on Jan 31, 2011



## fund characteristics as on Jan 31, 2011

Fund Beta 0.85

### target asset allocation

Equity: 100%

### benchmark construction

CNX Infrastructure Index: 100%

# Energy Fund

## fund performance As on Jan 31, 2011

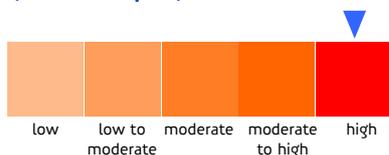
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	4.02%	-1.52%	14.08%	18.81%	-0.07%	-0.35%
last 2 year (CAGR*)	26.89%	20.88%	24.73%	27.18%	0.89%	0.58%
since inception (CAGR*)	24.05%	24.59%	24.03%	26.35%	0.79%	0.74%
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'

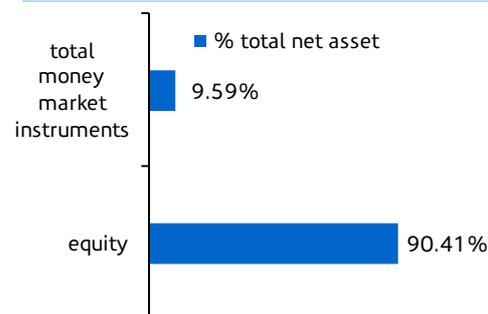
### fund risk profile



## portfolio As on Jan 31, 2011

security	% total net assets	1-yr beta
<b>equity</b>		
<b>BANKING &amp; FINANCE</b>		
POWER FINANCE CORPORATION LTD	1.17	0.77
<b>CAP GOODS / ENGINEERING</b>		
ALSTOM PROJECTS INDIA LTD	0.83	0.87
BHARAT HEAVY ELECTRICALS LTD	2.12	0.80
CROMPTON GREAVES LTD	3.02	0.69
CUMMINS INDIA LTD	3.18	0.44
<b>GAS</b>		
GAIL (INDIA) LTD	8.74	0.54
PETRONET LNG LTD	2.26	0.88
<b>METALS</b>		
JINDAL STEEL AND POWER LTD	1.87	1.11
<b>OIL EXPLORATION</b>		
CAIRN INDIA LTD	9.00	0.97
SHIV-VANI OIL & GAS EXPLORATION SERVICES	0.94	0.66
<b>OIL REFINERIES</b>		
BHARAT PETROLEUM CORP LTD	2.68	0.41
INDIAN OIL CORPORATION LTD	5.56	0.33
OIL INDIA LTD	7.76	0.27
OIL & NATURAL GAS CORPORATION LTD	9.07	0.62
RELIANCE INDUSTRIES LTD	8.75	1.09
<b>POWER</b>		
NTPC LTD	8.06	0.62
ORIENT GREEN POWER CO LTD	2.32	0.73
POWER GRID CORPORATION OF INDIA LTD	9.07	0.46
TATA POWER	4.01	0.65
<b>total equity</b>	<b>90.41</b>	
<b>total money market instruments</b>	<b>9.59</b>	
<b>total net assets</b>	<b>100.00</b>	

## asset allocation as on Jan 31, 2011



## fund characteristics as on Jan 31, 2011

Fund Beta 0.65

### target asset allocation

Equity: 100%

### benchmark construction

CNX Energy Index: 100%

# Mid Cap Fund

## fund performance As on Jan 31, 2011

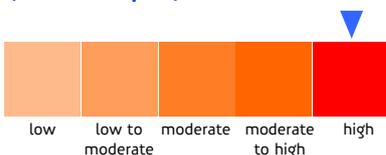
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	4.72%	0.57%	16.93%	20.25%	-0.02%	-0.22%
last 2 year (CAGR*)	43.87%	47.60%	29.39%	40.29%	1.32%	1.06%
since inception (CAGR*)	35.60%	43.57%	29.06%	40.50%	1.05%	0.95%
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'

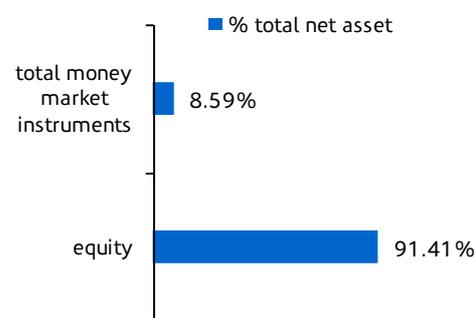
### fund risk profile



## portfolio As on Jan 31, 2011

security	% total net assets	1-yr beta
<b>equity</b>	<b>6.58</b>	
<b>AUTO ANCILLARY</b>	<b>1.32</b>	1.12
BHARAT FORGE LTD	1.32	1.12
EXIDE INDUSTRIES LTD	3.04	0.58
TATA MOTORS LTD DVR SHARES	2.22	1.44
<b>BANKING &amp; FINANCE</b>	<b>8.67</b>	
ANDHRA BANK LTD	2.42	0.99
BANK OF BARODA	1.07	0.65
DENA BANK LTD	1.11	1.41
INDUS IND BANK	0.79	1.21
SHRIRAM TRANSPORT FINANCE COMPANY LTD	2.24	0.60
UCO BANK LTD	1.04	1.23
<b>CAP GOODS / ENGINEERING</b>	<b>7.75</b>	
GREAVES COTTON LTD	1.77	0.67
IRB INFRASTRUCTURE DEVELOPERS LTD	1.16	1.13
CUMMINS INDIA LTD	2.03	0.44
VOLTAS LTD	2.79	0.82
<b>CEMENT &amp; CEMENT PRODUCTS</b>	<b>2.99</b>	
ULTRATECH CEMENT LTD	2.99	0.50
<b>CONSTRUCTION</b>	<b>2.00</b>	
JAIPRAKASH ASSOCIATES LTD	1.35	1.60
NAGARJUNA CONSTRUCTION CO LTD	0.65	1.32
<b>CONSUMER GOODS</b>	<b>4.59</b>	
BALLARPUR INDUSTRIES LTD	1.64	0.81
SINTEX INDUSTRIES LTD	2.95	0.97
<b>FERTILIZERS</b>	<b>3.17</b>	
GUJARAT STATE FERTILIZERS & CHEMICALS LTD	1.79	0.49
TATA CHEMICALS LTD	1.38	0.84
<b>FMCG</b>	<b>5.15</b>	
UNITED SPIRITS LTD	2.33	0.96
TATA GLOBAL BEVERAGES LTD	2.82	0.62
<b>GAS</b>	<b>2.11</b>	
PETRONET LNG LTD	2.11	0.88
<b>HOTELS</b>	<b>2.68</b>	
INDIAN HOTELS CO LTD	2.68	0.94
<b>IT</b>	<b>5.00</b>	
MPHASIS LTD	5.00	0.57
<b>METALS</b>	<b>13.38</b>	
INDIAN METALS AND FERRO ALLOYS LTD	4.76	0.88
JINDAL STEEL AND POWER LTD	1.87	1.11
JSW STEELS LTD	3.92	1.75
JINDAL SAW LTD	1.49	0.96
TATA STEEL LTD	1.34	1.47
<b>OIL EXPLORATION</b>	<b>1.36</b>	
SHIV-VANI OIL & GAS EXPLORATION SERVICES LTD	1.36	0.66
<b>PHARMACEUTICALS</b>	<b>12.83</b>	
AUROBINDO PHARMA LTD	3.81	0.77
DIVIS LABORATORIES LTD	2.55	0.59
JUBILANT INDUSTRIES LTD	0.10	NA
LUPIN LTD	3.23	0.47
STRIDES ARCOLABS LTD	3.14	0.94
<b>POWER</b>	<b>6.99</b>	
AREVA T & D INDIA LTD	3.75	0.69
BGR ENERGY SYSTEMS LTD	0.57	1.16
NTPC LTD	2.11	0.62
ORIENT GREEN POWER CO LTD	0.56	0.73
<b>RETAIL</b>	<b>0.95</b>	
PANTALOON RETAIL INDIA LTD	0.95	1.17
<b>SHIPPING</b>	<b>5.21</b>	
ABG SHIPYARD LTD	2.68	1.29
GREAT EASTERN SHIPPING COMPANY LTD	2.53	1.06
<b>total equity</b>	<b>91.41</b>	
<b>total money market instruments</b>	<b>8.59</b>	
<b>total net assets</b>	<b>100.00</b>	

## asset allocation as on Jan 31, 2011



## fund characteristics as on Jan 31, 2011

Fund Beta 0.89

### target asset allocation

Equity: 100%

### benchmark construction

Nifty Midcap 50: 100%

# Growth Fund

## fund performance As on Jan 31, 2011

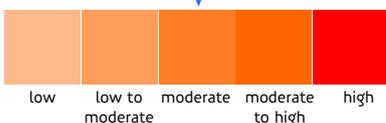
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	8.20%	8.16%	6.88%	7.75%	0.47%	0.41%
last 2 year (CAGR*)	18.11%	18.55%	9.23%	11.50%	1.42%	1.18%
last 3 year (CAGR*)	5.58%	6.33%	12.57%	13.47%	0.05%	0.10%
last 4 year (CAGR*)	7.57%	8.71%	12.57%	13.24%	0.20%	0.28%
last 5 year (CAGR*)	9.14%	10.41%	11.80%	12.33%	0.35%	0.44%
since inception (CAGR*)	11.42%	12.42%	10.98%	11.42%	0.58%	0.65%
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'.

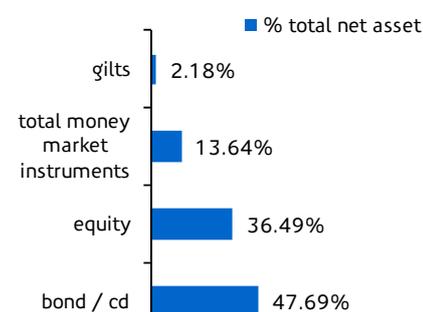
## fund risk profile



## portfolio As on Jan 31, 2011

security	% total net assets	rating/1-yr beta
<b>bond/cd</b>		
8.97% TATA SONS LTD NCD 15/07/2020	4.10	AAA
8.79% IRFC NCD 04/05/2030	4.08	AAA
8.25% IDBI OMNI BOND SER III 26-05-2011	1.66	AA+
8.95% INFOTEL BROADBAND SERV LTD NCD 15/09/20	1.64	AAA
11.95% HDFC LTD NCD 26/11/2018	1.59	AAA
9.30% HDFC LTD NCD 18/01/2021	1.40	AAA
9.7% UNITED PHOS LTD 9/4/17 CALL STEP 9/4/15	1.40	AA+
9.25% HDFC LTD NCD 24/11/2016	1.39	AAA
9.70% LIC HOUSING FINANCE LTD NCD 07/04/2013	1.39	AAA
9.05% POWER FIN CORP LTD NCD 15/12/2020	1.38	AAA
9.05% POWER FIN CORP LTD NCD 15/12/2025	1.38	AAA
9.40% LIC HOUSING FINANCE 08/12/2012	1.38	AAA
9.40% POWER FIN CORP LTD NCD 25/03/2013	1.38	AAA
10.35% HDFC LTD NCD 16/05/2017	1.37	AAA
8.93% NTPC LTD NCD 19/01/2021	1.37	AAA
8.99% TATA SONS LTD NCD 07/06/2020	1.37	AAA
9.00% LIC HOUSING FINANCE 23/11/2020	1.37	AAA
9.05% CANARA BANK PERP NCD CALL/STEP-UP 03/08/2020	1.37	AAA
9.05% POWER FIN CORP LTD NCD 15/12/2030	1.37	AAA
9.05% SBI PERPETUAL NCD CALL/STEP-UP 27/01/2020	1.37	AAA
8.23% SUNDARAM FINANCE LTD NCD 27/07/2012	1.36	AAA
8.4% TATA CAPITAL LTD NCD 26/11/2012	1.36	AA+
8.78% POWER FIN CORP LTD NCD 15/11/2020	1.35	AAA
8.20% IRFC NCD 27/04/2016	1.34	AAA
8% RECL LTD NCD 05/08/2014	1.33	AAA
8.88% LIC HOUSING FINANCE NCD 13/10/2020	0.95	AAA
11.40% POWER FIN CORP LTD NCD 28/11/2013	0.87	AAA
11.45% RELIANCE IND LTD NCD 25/11/2013	0.87	AAA
9.3% TATA SONS LTD NCD 24/12/2015	0.83	AAA
8.65% L&T LTD PART PD NCD26/5/20CALL 26/5/11	0.69	AAA
9.50% NABARD NPS BONDS SR IX 115/10/2012	0.58	AAA
HDFC BANK LTD CD 18/01/2012	0.51	PR1+
8.90% POWER GRID CORP LTD NCD STRPP E 25/2/18	0.41	AAA
10.60% IRFC NCD 11/09/2018	0.30	AAA
8.95% IRFC NCD SERIES 69 10/03/2025	0.28	AAA
9.25% IDBI BANK LTD PERP NCD CALL/STEP-UP 29/01/20	0.26	AA
BANK OF INDIA CD 22/11/2011	0.26	P1+
IDBI BANK LTD CD 26/12/2011	0.26	A1+
9.50% SBI NCD 04/11/25 CALL/STEP-UP 05/11/20	0.12	AAA
<b>total bond/cd</b>	<b>47.69</b>	
<b>gilts</b>		
8.26% GOI (MD 02/08/2027)	2.17	sovereign
8.35% GOI 2022 (M/D. 14.05.2022)	0.01	sovereign
<b>total gilts</b>	<b>2.18</b>	
<b>equity</b>		
<b>AUTOMOBILES 1.89</b>		
MAHINDRA & MAHINDRA LTD	0.73	1.18
MARUTI SUZUKI INDIA LTD	0.49	0.67
BAJAJ AUTO LTD	0.48	0.65
TATA MOTORS LTD DVR SHARES	0.19	1.44
<b>BANKING &amp; FINANCE 9.07</b>		
ICICI BANK LTD	2.38	1.50
AXIS BANK LTD	1.67	1.24
STATE BANK OF INDIA	1.34	1.13
HDFC BANK	1.18	0.97
SHRIRAM TRANSPORT FINANCE COMPANY LTD	1.00	0.60
BANK OF BARODA	0.79	0.65
HOUSING DEVELOPMENT FINANCE CORPORATION LTD	0.48	1.10
POWER FINANCE CORPORATION LTD	0.23	0.77
<b>CAP GOODS / ENGINEERING 2.93</b>		
CLUMMINS INDIA LTD	0.75	0.44
BHARAT HEAVY ELECTRICALS LTD	0.71	0.80
LARSEN & TOUBRO LTD	0.61	0.93
VOLTAS LTD	0.49	0.82
CROMPTON GREAVES LTD	0.37	0.69
<b>CEMENT &amp; CEMENT PRODUCTS 1.09</b>		
ULTRATECH CEMENT LTD	0.57	0.50
INDIA CEMENTS LTD	0.52	0.98
<b>CONSTRUCTION 0.33</b>		
JAIPRAKASH ASSOCIATES LTD	0.33	1.60
<b>CONSUMER GOODS 0.08</b>		
BALLARPUR INDUSTRIES LTD	0.08	0.81
<b>FERTILIZERS 0.43</b>		
GUJARAT STATE FERTILIZERS & CHEMICALS LTD	0.43	0.49
<b>FMCG 2.85</b>		
ITC LTD	1.75	1.75
UNITED SPIRITS LTD	0.62	0.67
ASIAN PAINTS LTD	0.39	0.96
HINDUSTAN UNILEVER LTD	0.09	0.39
<b>GAS 0.59</b>		
GAIL (INDIA) LTD	0.59	0.57
<b>IT 4.80</b>		
INFOSYS TECHNOLOGIES LTD	3.11	3.11
TATA CONSULTANCY SERVICES LTD	1.08	0.77
WIPRO LTD	0.61	0.84
<b>METALS 2.44</b>		
TATA STEEL LTD	0.99	0.85
STERILITE INDUSTRIES INDIA LTD	0.92	1.47
JINDAL STEEL AND POWER LTD	0.38	1.64
HINDALCO INDUSTRIES LTD	0.15	1.11
<b>OIL EXPLORATION 0.39</b>		
CAIRN INDIA LTD	0.39	1.76
<b>OIL REFINERIES 4.13</b>		
RELIANCE INDUSTRIES LTD	3.09	3.09
OIL & NATURAL GAS CORPORATION LTD	1.04	1.09
<b>PHARMACEUTICALS 2.29</b>		
LUPIN LTD	0.76	0.62
DIVIS LABORATORIES LTD	0.56	0.47
RANBAXY LABORATORIES LTD	0.35	0.59
CIPLA LTD	0.30	0.91
CADILA HEALTHCARE LTD	0.27	0.54
JUBILANT INDUSTRIES LTD	0.05	0.21
<b>POWER 1.55</b>		
POWER GRID CORPORATION OF INDIA LTD	0.89	0.89
AREVA T & D INDIA LTD	0.66	0.46
<b>RETAIL 0.32</b>		
PANTALDON RETAIL INDIA LTD	0.32	0.69
<b>TELECOM 1.31</b>		
BHARTI AIRTEL LTD	1.31	1.17
<b>total equity</b>	<b>36.49</b>	0.69
<b>total money market instruments</b>	<b>13.64</b>	
<b>total net assets</b>	<b>100.00</b>	

## asset allocation as on Jan 31, 2011



## fund characteristics as on Jan 31, 2011

M.Duration of debt portfolio:	4.14 years
YTM of debt portfolio:	9.16%
Beta of equity portfolio:	0.91

## target asset allocation

Debt:	60%
Equity:	40%

## benchmark construction

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

# Balanced Fund

fund performance As on Jan 31, 2011

period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	6.95%	6.38%	3.87%	4.00%	0.50%	0.34%
last 2 year (CAGR*)	12.72%	11.94%	5.11%	5.92%	1.51%	1.17%
last 3 year (CAGR*)	7.11%	6.77%	7.08%	7.07%	0.30%	0.25%
last 4 year (CAGR*)	8.41%	8.14%	7.04%	6.98%	0.48%	0.45%
last 5 year (CAGR*)	8.93%	8.80%	6.58%	6.47%	0.60%	0.59%
since inception (CAGR*)	10.37%	9.40%	5.69%	5.73%	0.95%	0.77%
date of inception	february, 2003					

\*CAGR: Compounded Annual Growth Rate

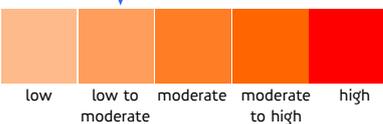
## portfolio As on Jan 31, 2011

security	% total net assets	rating/1-yr beta
<b>bond/cd</b>		
8.97% TATA SONS LTD NCD 15/07/2020	3.63	AAA
11.45% RELIANCE INDUSTRIES LTD NCD 25/11/2013	2.70	AAA
9.30% HDFC LTD NCD 18/01/2021	2.61	AAA
9.7% UNITED PHOS LTD 9/4/17 CALL STEP 9/4/15	2.50	AAA
8.93% NTPC LTD NCD 19/01/2021	2.43	AAA
8.99% TATA SONS LTD NCD 07/06/2020	2.43	AAA
8.95% INFOTEL BROADCAST SERV LTD NCD 15/09/20	2.42	AAA
11.40% POWER FIN CORP LTD NCD 25/11/2013	1.93	AAA
9.05% CANARA BANK PERP NCD CALL/STEP-UP 03/08/2020	1.83	AAA
8.95% RECL NCD 25/11/2013	1.80	AAA
8.70% BAJAJ AUTO FINANCE LTD NCD 22/07/2015	1.79	AAA
8.75% RELIANCE INDUSTRIES LTD NCD 07/05/2020	1.65	AAA
STATE BANK OF PATIALA CD 09/12/2011	1.59	A1+
8.42% SHREE CEMENT LTD NCD 25/07/2015	1.51	AAA
9.40% LIC HOUSING FINANCE 08/12/2012	1.23	AAA
8.78% POWER FIN CORP LTD NCD 15/11/2020	1.20	AAA
8% RECL LTD NCD 05/08/2012	1.18	AAA
11.25% POWER FIN CORP LTD NCD 28/11/2018	1.09	AAA
9.3% TATA SONS LTD NCD 24/12/2015	1.08	AAA
8.40% HDFC LTD NCD 08/12/2012	0.86	AAA
9.90% TATA SONS LTD NCD 20/05/2011	0.86	AAA
9.35% LIC HO F I LTD NCD 23/11/2014 P/C 231112	0.74	AAA
10% NABARD NCD SR 14/05/2012	0.73	AAA
8.23% SUNDARAM FINANCE LTD NCD 27/07/2012	0.72	AAA
9.50% TATA COMMUNICATION LTD NCD 08/06/2014	0.64	AAA
10.05% NABARD 11/06/2014	0.62	AAA
10.20% SUNDARAM FINANCE LTD NCD 29/05/2013	0.62	AAA
9.80% POWER FINANCE CORP 22/03/2012	0.62	AAA
8.99% POWER FIN CORP LTD NCD 15/01/2021	0.61	AAA
9.00% LIC HOUSING FINANCE 23/11/2020	0.61	AAA
9.05% POWER FIN CORP LTD NCD 15/12/2020	0.61	AAA
9.05% POWER FIN CORP LTD NCD 15/12/2025	0.61	AAA
9.05% POWER FIN CORP LTD NCD 15/12/2030	0.61	AAA
10.10% POWER GRID CORPORATION (12/06/2011	0.60	AAA
8.4% TATA CAPITAL LTD NCD 25/11/2012	0.60	AAA
8.40% ADITYA BIRLA NUVO LTD NCD 23/11/2012	0.60	AAA
8.48% LIC HOUSING FINANCE NCD 27/09/2013	0.60	AAA
8.68% NAT CAP REG PLAN NCD 18/8/19P/C18/08/16	0.60	AAA
8.79% IRFC NCD 04/05/2030	0.60	AAA
8.88% LIC HOUSING FINANCE NCD 13/10/2020	0.60	AAA
8.90% SAIL 01/05/2019 CALL G10514	0.60	AAA
7.60% HDFC LTD NCD 08/12/2017	0.57	AAA
9.25% IDBI BANK LTD PERP NCD CALL/STEP-UP 29/01/20	0.57	AA
STATE BANK OF MYSORE CD 14/12/2011	0.57	A1+
9.30% POWER FIN CORP LTD NCD 12/03/2013	0.55	AAA
12% TATA CAPITAL LTD NCD 05/03/2014 P/C 050312	0.50	AAA
8.2% NATIONAL HSE BANK NCD 30/06/13	0.48	AAA
9.44% STATE BANK OF TRAVANCO PERP CALL 31/10/16	0.44	AAA
9.05% SBI PERPETUAL NCD CALL/STEP-UP 27/01/2020	0.43	AAA
8.23% TATA CAP LTD NCD(MD29/07/13PUT&RESET27/07/12	0.42	AAA
11.25% HDFC LTD NCD 06/08/2018	0.41	AAA
9.20% HDFC LTD NCD 09/02/2012	0.37	AAA
9.50% NABARD NPS BONDS SR IX 15/10/2012	0.37	AAA
11.10% POWER FIN CORP LTD NCD 15/09/2013	0.33	AAA
11.45% RELIANCE IND LTD NCD 25/11/2013	0.32	AAA
8.40% L & T FINANCE LTD NCD 08/03/2013	0.31	AAA
8.65% L&T PART PD NCD 26/5/2011	0.31	AAA
8.90% POWER GRID CORP LTD NCD STRPP H 25/2/21	0.30	AAA
9.33% POWER GRID CORP LTD NCD 15/12/2013	0.25	AAA
UNION BANK OF INDIA CD 28/11/2011	0.25	AAA
10.60% IRFC NCD 11/09/2018	0.13	AAA
9.50% SBI NCD 04/11/25 CALL/STEP-UP 05/11/20	0.13	AAA
10.35% HDFC LTD SR 8006 NCD 06/06/2017	0.11	AAA
STATE BANK OF PATIALA CD 24/11/2011	0.11	P1+
STATE BANK OF TRAVANCORE CD 21/11/2011	0.11	P1+
11.35% RECL LTD NCD 24/10/2013 P/C 24/10/2011	0.05	AAA
<b>total bond/cd</b>	<b>59.34</b>	
<b>gilts</b>		
8.30% GOI (MD 02/07/2040)	4.18	sovereign
8.26% GOI (MD 02/08/2027)	3.60	sovereign
6.72% GOI 2014 (MD 24/02/2014)	0.24	sovereign
8.24% GOI (MD 22/04/2018)	0.21	sovereign
<b>total gilts</b>	<b>8.23</b>	
<b>equity</b>		
<b>AUTOMOBILES</b>		
MAHINDRA & MAHINDRA LTD	0.89	1.18
BAJAJ AUTO LTD	0.24	0.65
MARUTI SUZUKI INDIA LTD	0.22	0.67
TATA MOTORS LTD DWR SHARES	0.09	1.44
<b>BANKING &amp; FINANCE</b>		
ICICI BANK LTD	1.26	1.50
AXIS BANK LTD	1.26	1.24
STATE BANK OF INDIA	0.65	1.13
HDFC BANK	0.58	0.97
SHRI RAM TRANSPORT FINANCE COMPANY LTD	0.44	0.60
BANK OF BARODA	0.36	0.65
HOUSING DEVELOPMENT FINANCE CORPORATION LTD	0.22	1.10
POWER FINANCE CORPORATION LTD	0.11	0.77
<b>CAP GOODS / ENGINEERING</b>		
CUMMINS INDIA LTD	1.48	0.44
LARSEN & TOUBRO LTD	0.36	0.36
BHARAT HEAVY ELECTRICALS LTD	0.34	0.80
VOLTA LTD	0.23	0.82
CROMPTON GREAVES LTD	0.23	0.19
<b>CEMENT &amp; CEMENT PRODUCTS</b>		
ULTRATECH CEMENT LTD	0.54	0.69
INDIA CEMENTS LTD	0.30	0.50
CONSTRUCTION	0.24	0.98
JAIPRAKASH ASSOCIATES LTD	0.15	1.60
<b>CONSUMER GOODS</b>		
SINTEX INDUSTRIES LTD	0.16	0.97
BALLARPUR INDUSTRIES LTD	0.12	0.81
<b>FERTILIZERS</b>		
GUJARAT STATE FERTILIZERS & CHEMICALS LTD	0.36	0.49
<b>FMCG</b>		
ITC LTD	1.32	0.81
UNITED SPIRITS LTD	0.81	0.67
ASIAN PAINTS LTD	0.79	0.29
HINDUSTAN UNILEVER LTD	0.18	0.39
<b>GAS</b>		
GAIL (INDIA) LTD	0.04	0.57
<b>IT</b>		
INFOSYS TECHNOLOGIES LTD	0.28	0.54
TATA CONSULTANCY SERVICES LTD	2.36	0.77
WIPRO LTD	1.43	0.84
MPHASIS LTD	0.51	0.85
<b>METALS</b>		
TATA STEEL LTD	0.31	0.85
STERLITE INDUSTRIES INDIA LTD	0.11	0.57
JINDAL STEEL AND POWER LTD	1.15	1.47
HINDALCO INDUSTRIES LTD	0.48	1.64
<b>OIL EXPLORATION</b>		
CAIRN INDIA LTD	0.17	1.11
<b>OIL REFINERIES</b>		
RELIANCE INDUSTRIES LTD	0.07	1.76
OIL & NATURAL GAS CORPORATION LTD	0.20	0.20
<b>PHARMACEUTICALS</b>		
DIVIS LABORATORIES LTD	1.93	0.97
LUPIN LTD	1.44	1.09
RANBAXY LABORATORIES LTD	0.49	0.62
CIPRA LTD	0.97	0.59
CADILA HEALTHCARE LTD	0.27	0.47
JUBILANT INDUSTRIES LTD	0.17	0.91
<b>POWER</b>		
POWER GRID CORPORATION OF INDIA LTD	0.15	0.54
AREVA T & D INDIA LTD	0.13	0.21
<b>RETAIL</b>		
PANTALOON RETAIL INDIA LTD	0.02	NA
<b>TELECOM</b>		
BHARTI AIRTEL LTD	0.77	0.69
<b>total equity</b>	<b>17.67</b>	
<b>total money market instruments</b>	<b>14.76</b>	
<b>total net assets</b>	<b>100.00</b>	

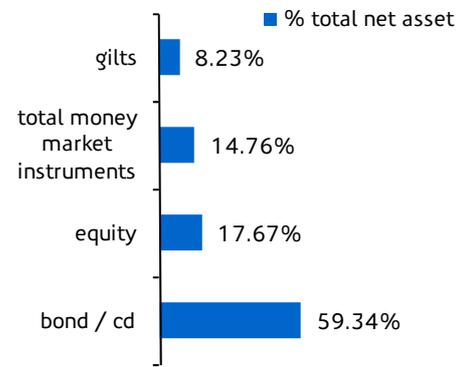
## fund objective

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



## asset allocation as on Jan 31, 2011



## fund characteristics as on Jan 31, 2011

M.Duration of debt portfolio:	4.1 years
YTM of debt portfolio:	9.18%
Fund Beta:	0.91

## target asset allocation

Debt.:	80%
Equity:	20%

## benchmark construction

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

# Corporate Bond Fund

## fund performance As on Jan 31, 2011

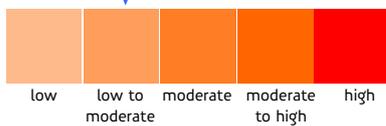
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	6.60%	4.31%	1.58%	1.09%	1.01%	-0.63%
last 2 year (CAGR*)	8.66%	4.50%	2.59%	2.57%	1.41%	-0.19%
last 3 year (CAGR*)	8.97%	5.43%	3.52%	4.21%	1.13%	0.10%
since inception (CAGR*)	8.97%	5.80%	3.38%	4.06%	1.18%	0.20%
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'.

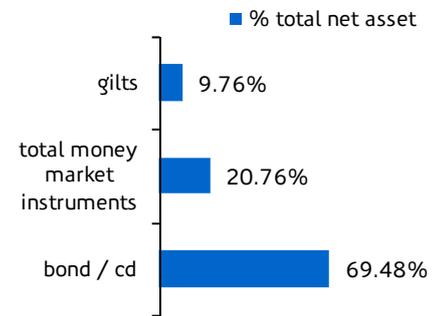
## fund risk profile



## portfolio As on Jan 31, 2011

security	% total net assets	rating/1-yr beta
<b>bond/cd</b>		
8.75% RELIANCE INDUSTRIES LTD NCD 07/05/2020	6.12	AAA
11.10% POWER FIN CORP LTD NCD 15/09/2013.	5.85	AAA
8.80% SAIL NCD 22/06/2019	3.69	AAA
STATE BANK OF PATIALA CD 24/11/2011	3.52	P1+
12%TATA CAPITAL LTD NCD 05/03/2014 P/C 050312	3.34	LAA+
2% TATA MOTORS LTD NCD 31/03/2014	2.73	AAA
2% INDIAN HOTELS COMPANY LTD NCD 09/12/2014	2.71	LAA+
9.30% HDFC LTD NCD 18/01/2021	2.54	AAA
8.93% NTPC LTD NCD 19/01/2021	2.49	AAA
8.95% INFOTEL BROADBAND SERV LTD NCD 15/09/20	2.48	AAA
8.40% ADITYA BIRLA NUVO LTD NCD 23/11/2012	2.47	LAA+
8.40% L & T FINANCE LTD NCD 08/03/2013	2.47	AA+
8.23% SUNDARAM FINANCE LTD NCD 27/07/2012	2.22	LAA+
STATE BANK OF PATIALA CD 09/12/2011	1.63	A1+
10% NABARD NCD SR IX 14/05/2012	1.26	AAA
9.18% TATA SONS LTD NCD 23/11/2020	1.26	AAA
9.3% TATA SONS LTD NCD 24/12/2015	1.26	AAA
9.40% LIC HOUSING FINANCE 08/12/2012	1.26	AAA
9.50% HDFC LTD NCD 27/02/2013	1.26	AAA
9.70% LIC HOUSING FINANCE LTD NCD 07/04/2013	1.26	AAA
8.99% POWER FIN CORP LTD NCD 15/01/2021	1.25	AAA
9.05% POWER FIN CORP LTD NCD 15/12/2025	1.25	AAA
8.90% SAIL 01/05/2019 CALL 010514	1.24	AAA
8.99% TATA SONS LTD NCD 07/06/2020	1.24	AAA
8.68% NAT CAP REG PLAN NCD 18/8/19P/C18/08/16	1.23	AAA
9.50% NABARD NPS BONDS SR IX I 15/10/2012	1.23	AAA
8% RECL LTD NCD 05/08/2014	1.21	AAA
7.60% HDFC LTD NCD 08/12/2017	1.17	AAA
9.7% UNITED PHOS LTD 9/4/17 CALL STEP 9/4/15	1.01	AA+
9.33% POWER GRID CORP LTD NCD 15/12/2013	0.75	AAA
8.2% NATIONAL HSG BANK NCD 30/08/13	0.73	AAA
11.45% RELIANCE INDUSTRIES LTD NCD 25/11/2013	0.69	AAA
8.90% POWER GRID CORP LTD NCD STRPP C 25/2/16	0.62	AAA
11.25% POWER FIN CORP LTD NCD 28/11/2018	0.56	AAA
8.97% TATA SONS LTD NCD 15/07/2020	0.50	AAA
9.32% HDFC LTD NCD 17/12/2012	0.50	AAA
9.35% LIC HO FI LTD NCD 23/11/2014 P/C 231112	0.50	AAA
8.8% RECL NCD 25/10/2020	0.49	AAA
STATE BANK OF TRAVANCORE CD 21/11/2011	0.31	P1+
9.05% CANARA BANK PERP NCD CALL/STEP-UP 03/08/2020	0.25	AAA
9.20% HDFC LTD NCD 09/02/2012	0.25	AAA
9.47% POWER GRID CORPORATION NCD 31/03/2013	0.25	AAA
11.30% ACC LTD NCD 10/12/2013	0.13	AAA
9.30% POWER FIN CORP LTD NCD 12/03/2013	0.13	AAA
10.48% SAMRUDDHI CEMENTS LTD NCD 16/12/2013	0.08	AAA
9.50% SBI NCD 04/11/25 CALL/STEP-UP 05/11/20	0.05	AAA
11.35% RECL LTD NCD 24/10/2013 P/C 24/10/2011	0.04	AAA
<b>total bond/cd</b>	<b>69.48</b>	
<b>gilts</b>		
8.26% GOI (MD 02/08/2027)	7.38	sovereign
8.30% GOI (MD 02/07/2040)	1.22	sovereign
7.35% GOI (MD 22/06/2024)	1.16	sovereign
<b>total gilts</b>	<b>9.76</b>	<b>sovereign</b>
<b>total money market instruments</b>	<b>20.76</b>	
<b>total net assets</b>	<b>100.00</b>	

## asset allocation as on Jan 31, 2011



## fund characteristics as on Jan 31, 2011

M.Duration of debt portfolio: 3.46 years  
YTM of debt portfolio: 9.26%

## target asset allocation

Bond Instruments: 100%

## benchmark construction

CRISIL Composite Bond Index: 100%

# Pure Debt Fund

## fund performance As on Jan 31, 2011

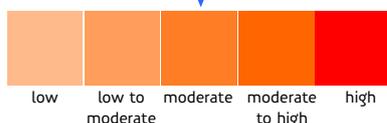
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	6.89%	4.31%	1.64%	1.09%	1.15%	-0.63%
last 2 year (CAGR*)	8.88%	4.50%	2.77%	2.57%	1.40%	-0.19%
since inception (CAGR*)	10.75%	7.01%	3.53%	4.49%	1.63%	0.45%
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'.

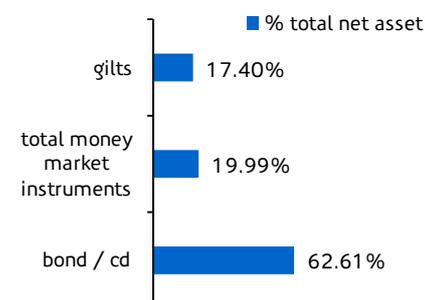
### fund risk profile



### portfolio As on Jan 31, 2011

security	% total assets	rating/ net 1-yr beta
<b>bond/cd</b>		
2% TATA MOTORS LTD NCD 31/03/2014	4.38	AAA
2% INDIAN HOTELS COMPANY LTD NCD 09/12/2014	4.34	LAA+
10.90% RECL LTD NCD 30/09/2013	4.17	AAA
9.70% LIC HOUSING FINANCE LTD NCD 07/04/2013	4.05	AAA
8.40% L & T FINANCE LTD NCD 08/03/2013	3.96	AA+
8.40% HDFC LTD NCD 08/12/2014	3.93	AAA
11.25% POWER FIN CORP LTD NCD 28/11/2018	3.14	AAA
10.60% IRFC NCD 11/09/2018	2.63	AAA
9.7% UNITED PHOS LTD 9/4/17 CALL STEP 9/4/15	2.24	AA+
9.30% HDFC LTD NCD 18/01/2021	2.04	AAA
9.18% TATA SONS LTD NCD 23/11/2020	2.02	AAA
8.98% NAT CAP REG PLAN NCD (MD14/02/18P/C14/02/15	2.01	AAA
9.40% LIC HOUSING FINANCE 08/12/2012	2.01	AAA
9.05% POWER FIN CORP LTD NCD 15/12/2020	2.00	AAA
8.93% NTPC LTD NCD 19/01/2021	1.99	AAA
8.95% INFOTEL BROADBAND SERV LTD NCD 15/09/20	1.99	AAA
9.05% POWER FIN CORP LTD NCD 15/12/2030	1.99	AAA
8.90% SAIL 01/05/2019 CALL 010514	1.98	AAA
8.78% POWER FIN CORP LTD NCD 15/11/2020	1.97	AAA
STATE BANK OF TRAVANCORE CD 21/11/2011	1.89	P1+
9.25% IDBI BANK LTD PERP NCD CALL/STEP-UP 29/01/20	1.88	AA
9.3% TATA SONS LTD NCD 24/12/2015	1.29	AAA
8.97% TATA SONS LTD NCD 15/07/2020	1.19	AAA
8.90% POWER GRID CORP LTD NCD STRPP B 25/2/15	1.00	AAA
12%TATA CAPITAL LTD NCD 05/03/2014 P/C 050312	0.82	LAA+
10% NABARD NCD SR IX 14/05/2012	0.41	AAA
ANDHRA BANK CD 17/11/2011	0.38	PR1+
INDIAN BANK CD 20/12/2011	0.37	F1+
INDIAN OVERSEAS BANK CD 22/12/2011	0.37	A1+
11.45% RELIANCE INDUSTRIES LTD NCD 25/11/2013	0.17	AAA
<b>total bond/cd</b>	<b>62.61</b>	
<b>gilts</b>		
8.26% GOI (MD 02/08/2027)	7.49	sovereign
8.53% TAMILNADU SDL (MD 27/10/2020)	4.00	sovereign
8.32% GOI (MD 02/08/2032)	1.98	sovereign
8.28% GOI (MD 15/02/2032)	1.97	sovereign
8.30% GOI (MD 02/07/2040)	1.96	sovereign
<b>total gilts</b>	<b>17.40</b>	
<b>total money market instruments</b>	<b>19.99</b>	
<b>total net assets</b>	<b>100.00</b>	

### asset allocation as on Jan 31, 2011



### fund characteristics as on Jan 31, 2011

M.Duration of debt portfolio:	4.07 years
YTM of debt portfolio:	9.26%

### target asset allocation

Debt Instruments: 100%

### benchmark construction

CRISIL Composite Bond Index: 100%

# Gilt Fund

## fund performance As on Jan 31, 2011

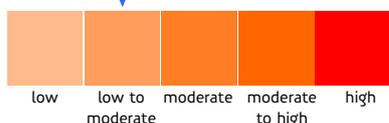
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	6.84%	4.92%	1.56%	2.30%	1.18%	-0.04%
last 2 year (CAGR*)	5.41%	2.29%	2.73%	4.71%	0.15%	-0.58%
last 3 year (CAGR*)	5.99%	7.30%	3.31%	10.55%	0.30%	0.22%
since inception (CAGR*)	6.25%	8.10%	3.19%	10.17%	0.39%	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'.

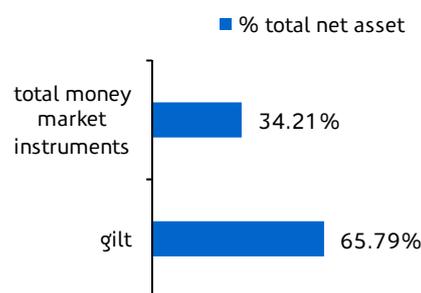
## fund risk profile



## portfolio As on Jan 31, 2011

security	% total net assets	rating/ 1-yr beta
<b>gilts</b>		<b>sovereign</b>
8.26% GOI (MD 02/08/2027)	31.28	sovereign
8.30% GOI (MD 02/07/2040)	13.06	sovereign
8.28% GOI (MD 15/02/2032)	11.57	sovereign
8.24% GOI (MD 15/02/2027)	3.12	sovereign
7.49% GOI 2017 (M/D. 16.04.2017)	3.10	sovereign
8.39% GOI UTTAR PRADESH SDL 22/09/2020	2.70	sovereign
8.33% GOI 2036 (07/06/2036)	0.94	sovereign
9.85% GOI 2015 (M/D. 16.10.2015)	0.02	sovereign
<b>total gilts</b>	<b>65.79</b>	
<b>total money market instruments</b>	<b>34.21</b>	
<b>total net assets</b>	<b>100.00</b>	

## asset allocation as on Jan 31, 2011



## fund characteristics as on Jan 31, 2011

M.Duration of debt portfolio:	6.2 years
YTM of debt portfolio:	8.67%

## target asset allocation

Government Securities: 100%

## benchmark construction

I-Sec Composite Sovereign Bond Index:100%

# Money Market Fund

## fund performance As on Jan 31, 2011

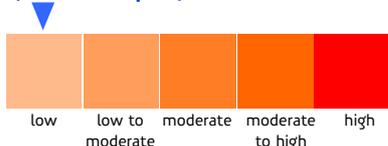
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	3.94%	5.52%	0.99%	0.43%	-1.07%	1.21%
last 2 year (CAGR*)	6.47%	4.90%	1.03%	0.60%	1.42%	-0.17%
last 3 year (CAGR*)	7.77%	6.17%	1.00%	0.75%	2.77%	1.55%
since inception (CAGR*)	7.83%	6.22%	0.98%	0.74%	2.90%	1.66%
date of inception	november, 2007					

\*CAGR: Compounded Annual Growth Rate

### fund objective

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

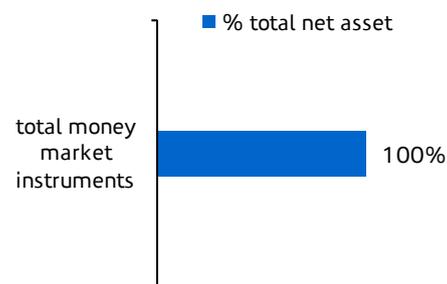
### fund risk profile



## portfolio As on Jan 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 Jan 31, 2011



## fund characteristics as on Jan 31, 2011

YTM of debt portfolio: 8.72%

### target asset allocation

Money Market Instruments : 100%

### benchmark construction

CRISIL Liquid Bond Index: 100%

## Capital Secure Fund

### fund performance As on Jan 31, 2011

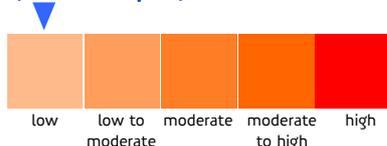
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	7.23%	5.83%	0.20%	0.33%	11.18%	2.51%
last 2 year (CAGR*)	7.81%	4.95%	0.38%	0.35%	7.38%	-0.13%
last 3 year (CAGR*)	8.70%	5.99%	0.49%	0.53%	7.47%	1.88%
last 4 year (CAGR*)	8.64%	6.42%	0.44%	0.51%	8.24%	2.80%
last 5 year (CAGR*)	8.23%	6.52%	0.50%	0.46%	6.42%	3.32%
since inception (CAGR*)	7.09%	5.81%	0.63%	0.47%	3.29%	1.70%
date of inception	february, 2003					

\*CAGR: Compounded Annual Growth Rate

### fund objective

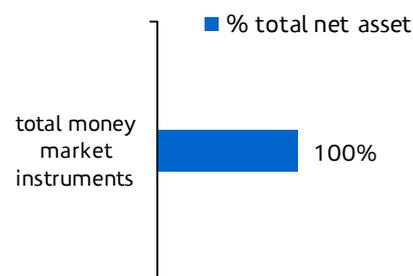
Maintain the capital value of all contributions (net of charges) and all interest additions, at all times. The risk appetite is 'extremely low'.

### 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 Jan 31, 2011



### fund characteristics as on Jan 31, 2011

YTM of debt portfolio: 8.46%

### target asset allocation

Money Market Instruments : 100%

### benchmark construction

Yield on 182-day T.Bills : 100%

## Product Details

Nav's as of 31 January, 2011

Product Name	NAV
Reliance Group Savings Linked Insurance Plan - Balanced Fund	12.6951
Reliance Group Savings Linked Insurance Plan - Corporate Bond Fund	11.9152
Reliance Group Savings Linked Insurance Plan - Energy Fund	15.5368
Reliance Group Savings Linked Insurance Plan - Equity Fund	19.2732
Reliance Group Savings Linked Insurance Plan - Gilt Fund	10.8798
Reliance Group Savings Linked Insurance Plan - Infrastructure Fund	12.7210
Reliance Group Savings Linked Insurance Plan - Midcap Fund	18.8838
Reliance Group Savings Linked Insurance Plan - Money Market Fund	11.6768
Reliance Group Savings Linked Insurance Plan - Pure Debt Fund	11.7646
Reliance Group Savings Linked Insurance Plan - Pure Equity Fund	18.8110
Reliance Group Gratuity Plan - Balanced Fund	13.4339
Reliance Group Gratuity Plan - Capital Secure Fund	13.5492
Reliance Group Gratuity Plan - Corporate Bond Fund	12.3929
Reliance Group Gratuity Plan - Equity Fund	13.3477
Reliance Group Gratuity Plan - Gilt Fund	10.9369
Reliance Group Gratuity Plan - Growth Fund	13.0185
Reliance Group Gratuity Plan - Infrastructure Fund	9.6226
Reliance Group Gratuity Plan - Midcap Fund	13.1014
Reliance Group Gratuity Plan - Money Market Fund	12.0987
Reliance Group Gratuity Plan - Pure Debt	12.3573
Reliance Group Gratuity Plan - Pure Equity Fund	9.8484
Reliance Group Leave Encashment Plan - Balanced Fund	11.3230
Reliance Group Leave Encashment Plan - Corporate Bond Fund	13.1238
Reliance Group Leave Encashment Plan - Equity Fund	9.5208
Reliance Group Leave Encashment Plan - Gilt Fund	12.0836
Reliance Group Leave Encashment Plan - Pure Debt	12.5283
Reliance Group Superannuation Plan - Balanced Fund	16.6821
Reliance Group Superannuation Plan - Capital Secure Fund	12.1283
Reliance Group Superannuation Plan - Corporate Bond Fund	11.3269
Reliance Group Superannuation Plan - Equity Fund	11.2530
Reliance Group Superannuation Plan - Gilt Fund	10.1115
Reliance Group Superannuation Plan - Growth Fund	10.7412
Reliance Group Superannuation Plan - Money Market Fund	11.7178
Reliance Group Superannuation Plan - Pure Debt Fund	12.1172

- √ 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**

## Disclaimer

"While every care has been taken in the preparation of this document, Reliance Life Insurance Company Ltd makes no representation or warranty about the accuracy or completeness of any statement in it including, without limitation, any forecasts. Past performance is not a reliable indicator of future performance. This document has been prepared for the purpose of providing general information, without taking account of any particular investor's objectives, financial situation or needs. An investor should, before making any investment decisions, consider the appropriateness of the investor's objectives, financial situation and needs. This document is solely for the use of the party to whom it is provided."

"Unit Link Life Insurance Products are different from the traditional insurance products and are subject to the risk factors. "

"The premium paid in Unit Linked Life Insurance policies are subject to investment risks associated with capital markets and the NAVs of the units may go up or down based on the performance of fund and factors influencing the capital market and the insured is responsible for his/her decisions."

"Reliance Life Insurance Company Limited is only the name of the Insurance Company and the specified Unit Linked funds do not in any way indicate the quality of the contract, its future prospects or returns."

"For more details on RLIC products and respective risk factors, terms and conditions please read respective sales brochure documents carefully before concluding a sale. The respective sales brochure documents for various products are published in the website "[www.reliancelife.com](http://www.reliancelife.com)"

"Insurance is the subject matter of solicitation. Reliance Life Insurance Company Limited is a licensed life insurance company registered with the Insurance Regulatory and Development Authority (Registration No: 121) in accordance with the provisions of the Insurance Act 1938."