

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 May 11	30th Apr 11	%
<sup>1</sup> Rs./₹	45.06	44.22	1.87
<sup>2</sup> WPI Inflation Index	150.6	150.6	1.73
<sup>3</sup> Forex Reserves (\$ bn)	310.22	313.51	-1.06
<sup>1</sup> Oil Price (\$ per Barrel)	102.70	113.93	-10.93
<sup>1</sup> Gold (Rs. per 10gm)	22252	22233	0.08

<sup>#</sup> Forex Reserves updated as on 27th May 2011

Investments	31st May 11	30th Apr 11	Absolute Change
<sup>4</sup> FII's (Rs Crs)	-6,614	7,213	-13828
<sup>4</sup> Mf's (Rs Crs)	435	-464	898

Indices	31st May 11	30th Apr 11	% Change
<sup>1</sup> BSE Sensex	18503	9.10	-3.31
<sup>1</sup> S&P CNX Nifty	5560	9.38	-3.29
<sup>1</sup> CNX Mid Cap	8065	9.09	-1.66
<sup>1</sup> BSE Small Cap	8236	4.59	-5.50

Global Indices	31st May 11	30th Apr 11	% Change
<sup>1</sup> Dow Jones	12570	12811	-1.88
<sup>1</sup> FTSE 100	5990	6070	-1.32
<sup>1</sup> Hang Seng	23684	23721	-0.15
<sup>1</sup> Nikkei	9694	9850	-1.58

Sectoral Indices	31st May 11	30th Apr 11	% Change
<sup>1</sup> CNX Infrastructure	2975	3023	-1.57
<sup>1</sup> CNX Energy	8784	9214	-4.66
<sup>1</sup> BSE Capital Goods	13092	13037	0.42
<sup>1</sup> BSE Bankex	12543	13077	-4.08
<sup>1</sup> BSE Oil & Gas	9594	9932	-3.40
<sup>1</sup> BSE IT	5994	6144	-2.44

Fixed Income Indicators (%)	31st May 11	30th Apr 11	Absolute Change
<sup>1</sup> NSE Mibor	7.40	6.89	0.51
<sup>1</sup> 91 Day T-Bill	8.10	7.45	0.65
<sup>1</sup> 182 Day T-Bill	8.23	7.65	0.58
<sup>1</sup> 1 year GOI Benchmark	8.25	7.83	0.42
<sup>1</sup> 5 Year GOI Benchmark	8.49	8.24	0.25
<sup>1</sup> 10 Year GOI Benchmark	8.41	8.13	0.28
<sup>1</sup> 5 Year Corp Bond Benchmark	9.74	9.31	0.43
<sup>1</sup> 10 Year AAA Corp Bond Benchmark	9.77	9.24	0.52
<sup>1</sup> 10 Year US Benchmark	3.06	3.29	-0.23

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 May 31, 2011				date of inception
		last 1 year	last 2 year	last 3 year	since inception	
100% equity	Group Equity Fund	11.11%	17.01%	7.45%	-0.72%	October, 2007
100% pure equity	Pure Equity Fund	8.51%	12.75%	NA	29.72%	December, 2008
100% equity	Infrastructure Fund	-3.64%	-1.94%	NA	9.78%	December, 2008
100% equity	Energy Fund	0.17%	2.44%	NA	19.85%	December, 2008
100% equity	Midcap Fund	-1.10%	13.72%	NA	27.95%	December, 2008
40% equity, 60% debt	Growth Fund	5.79%	8.81%	7.37%	10.97%	August, 2004
20% equity, 80% debt	Group Balanced Fund	5.32%	7.45%	8.10%	10.13%	February, 2003
100% bond instruments	Group Corporate Bond Fund	5.16%	7.32%	8.99%	8.63%	October, 2007
100% debt Instruments	Pure Debt Fund	5.61%	7.61%	NA	10.17%	October, 2008
100% govt. securities	Group Gilt Fund	5.05%	5.34%	6.26%	6.11%	October, 2007
100% money market instruments	Group Money Market Fund	8.28%	8.10%	NA	9.26%	September, 2008
100% money market instruments	Capital Secure Fund	7.92%	7.59%	8.63%	7.16%	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. In May Crude Oil corrected around 10% because of weak employment situation and ISM manufacturing data from US. 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 showed figures from 7.30% yoy in Mar'11 from 3.7% in Feb'11. For the period Apr-Mar, IIP grew at 7.8% yoy vs 10.5% previous year same period.

Credit growth continues to be robust at 22.4% YoY. Deposits growth has shown slight improvement and is now at 17.4%YoY 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) hardened in Apr'11 to 8.66%. 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 an upward movement on back of start of g-sec supply in the month of April. Most actively traded 10 yr paper touched a high of 8.41% against 8.1350% in previous month. Corporate bonds also moved up sharply due to fresh primary issuances which was raised money through private placement at 9.70%. At the end of the month 10 year corporate bond traded at 9.77%.

Debt Outlook:

In the Coming month, we expect interest rates to harden further. We expect liquidity to remain tight on credit demand, advanced tax outflows and government borrowing program. RBI is expected to hike rates in its next mid Quarterly review policy meeting given the high inflation print of 8.66% for April. 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

Equity markets reacted negatively to the increase in interest rates by RBI in its policy review, concerns related to economic growth and negative global cues with the Benchmark Sensex touching a low of 18,011 before recovering to close the month at 18,503 with a loss of 3.30%.

Equity markets were buoyed in the initial part of the month by a strong showing in state elections by the incumbent coalition which helped it recover some lost ground due to rate policy hike.

A lower GDP growth for January-March quarter (7.8% y-o-y) eased fears of a hawkish policy stance by RBI in the fiscal policy review in June and helped sentiment in the domestic markets during the end of the month. GDP for the fiscal 2011 grew 8.5% compared with 8% in the fiscal 2010.

Equity Outlook:

Equity markets in the coming month would be governed by global factors like Greece bailout, QE2 withdrawal and US growth concerns. Domestically the key factors to watch out for would be policy measures in RBI policy review, EGOM meet on fuel prices and the political fallout of the 2G scam. We expect the markets to be range bound in the month of June.

# Group Equity Fund

## fund performance As on May 31, 2011

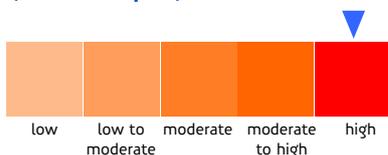
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	11.11%	9.32%	17.66%	20.64%	0.35%	0.21%
last 2 year (CAGR*)	17.01%	11.79%	16.62%	19.63%	0.72%	0.35%
last 3 year (CAGR*)	7.45%	4.52%	28.49%	32.51%	0.09%	-0.01%
since inception (CAGR*)	-0.72%	-1.64%	29.67%	32.17%	-0.19%	-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'.

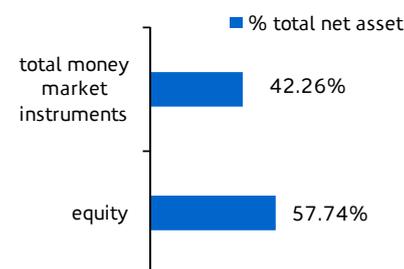
### fund risk profile



## portfolio As on May 31, 2011

security	% total net assets	1-yr beta
<b>equity</b>		
<b>AUTO ANCILLARY</b>	<b>0.08</b>	
BHARAT FORGE LTD	0.04	1.02
EXIDE INDUSTRIES LTD	0.04	0.57
<b>AUTOMOBILES</b>	<b>8.38</b>	
TATA MOTORS LTD	7.98	1.33
MAHINDRA & MAHINDRA LTD	0.17	1.18
BAJAJ AUTO LTD NEW	0.08	0.70
MARUTI SUZUKI INDIA LTD	0.08	0.84
MOTHERSON SUMI SYSTEMS LTD	0.07	0.43
<b>BANKING &amp; FINANCE</b>	<b>23.31</b>	
STATE BANK OF INDIA	7.52	1.19
BANK OF BARODA	7.37	0.76
POWER FINANCE CORPORATION LTD	7.37	0.86
ICICI BANK LTD	0.46	1.47
HDFC BANK LTD	0.28	1.04
AXIS BANK LTD	0.18	1.37
HOUSING DEVELOPMENT FINANCE CORPORATION LTD	0.10	1.18
INDUSIND BANK LTD	0.02	1.16
SHRIRAM TRANSPORT FINANCE COMPANY LTD	0.01	0.63
<b>CAP GOODS / ENGINEERING</b>	<b>15.24</b>	
LARSEN & TOUBRO LTD	7.47	1.14
CROMPTON GREAVES LTD	7.33	0.64
CUMMINS INDIA LTD	0.22	0.44
BHARAT HEAVY ELECTRICALS LTD	0.16	0.84
ALSTOM PROJECTS INDIA LTD	0.06	1.06
<b>CEMENT &amp; CEMENT PRODUCTS</b>	<b>0.14</b>	
ULTRATECH CEMENT LTD	0.11	0.57
INDIA CEMENTS LTD	0.03	1.08
<b>CONSTRUCTION</b>	<b>0.08</b>	
JAI PRAKASH ASSOCIATES LTD	0.08	1.77
<b>CONSUMER GOODS</b>	<b>0.10</b>	
SINTEX INDUSTRIES LTD	0.07	0.99
BALLARPUR INDUSTRIES LTD	0.03	0.82
<b>FMCG</b>	<b>0.51</b>	
ITC LTD	0.38	0.70
HINDUSTAN UNILEVER LTD	0.10	0.60
TATA GLOBAL BEVERAGES LTD	0.03	0.87
<b>GAS</b>	<b>0.07</b>	
GAIL (INDIA) LTD	0.07	0.60
<b>IT</b>	<b>7.90</b>	
INFOSYS TECHNOLOGIES LTD	7.62	0.82
TATA CONSULTANCY SERVICES LTD	0.28	0.91
<b>MEDIA</b>	<b>0.04</b>	
HT MEDIA LTD	0.04	0.41
<b>METALS</b>	<b>0.35</b>	
TATA STEEL LTD	0.15	1.23
JINDAL STEEL AND POWER LTD	0.10	0.99
HINDUSTAN ZINC LTD	0.06	1.01
JINDAL SAW LTD	0.04	0.91
<b>OIL EXPLORATION</b>	<b>0.22</b>	
OIL & NATURAL GAS CORPORATION LTD	0.14	0.71
CAIRN INDIA LTD	0.08	0.63
<b>OIL REFINERIES</b>	<b>0.40</b>	
RELIANCE INDUSTRIES LTD	0.37	0.95
OIL INDIA LTD	0.03	0.36
<b>PHARMACEUTICALS</b>	<b>0.61</b>	
DIVIS LABORATORIES LTD	0.23	0.52
LUPIN LTD	0.18	0.67
SUN PHARMACEUTICALS INDUSTRIES LTD	0.08	0.65
RANBAXY LABORATORIES LTD	0.05	0.87
STRIDES ARCOLABS LTD	0.05	1.05
AUROBINDO PHARMA LTD	0.02	1.06
<b>POWER</b>	<b>0.11</b>	
NTPC LTD	0.07	0.68
TATA POWER LTD	0.03	0.55
AREVA T & D INDIA LTD	0.01	0.62
<b>TELECOM</b>	<b>0.20</b>	
BHARTI AIRTEL LTD	0.20	0.77
<b>total equity</b>	<b>57.74</b>	
<b>total money market instruments</b>	<b>42.26</b>	
<b>total net assets</b>	<b>100.00</b>	

## asset allocation as on May 31, 2011



## fund characteristics as on May 31, 2011

Fund Beta 0.96

### target asset allocation

Equity: 100%

### benchmark construction

S&P CNX Nifty: 100%

# Pure Equity Fund

## fund performance As on May 31, 2011

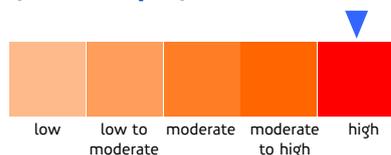
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	8.51%	9.32%	16.38%	20.64%	0.21%	0.21%
last 2 year (CAGR*)	12.75%	11.79%	15.83%	19.63%	0.49%	0.35%
since inception (CAGR*)	29.72%	32.43%	23.63%	26.80%	1.05%	1.02%
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'.

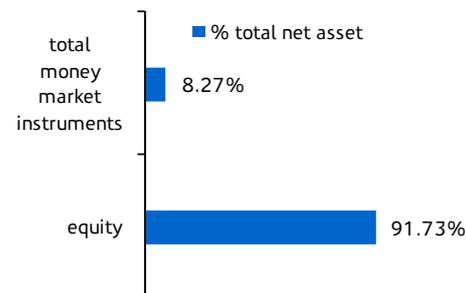
### fund risk profile



## portfolio As on May 31, 2011

security	% total net assets	1-yr beta
<b>equity</b>		
<b>AUTO ANCILLARY</b>	<b>0.68</b>	
EXIDE INDUSTRIES LTD	0.68	0.57
<b>AUTOMOBILES</b>	<b>11.99</b>	
MARUTI SUZUKI INDIA LTD	4.87	0.84
MAHINDRA & MAHINDRA LTD	2.44	1.18
MOTHERSON SUMI SYSTEMS LTD	2.37	0.43
BAJAJ AUTO LTD NEW	2.31	0.70
<b>CAP GOODS / ENGINEERING</b>	<b>10.65</b>	
BHARAT HEAVY ELECTRICALS LTD	3.87	0.84
LARSEN & TOUBRO LTD	3.49	1.14
CUMMINS INDIA LTD	1.58	0.44
CROMPTON GREAVES LTD	1.14	0.64
VOLTAS LTD	0.57	0.88
<b>CEMENT &amp; CEMENT PRODUCTS</b>	<b>2.81</b>	
GRASIM INDUSTRIES LTD	1.84	0.61
ULTRATECH CEMENT LTD	0.97	0.57
<b>FMCG</b>	<b>3.09</b>	
HINDUSTAN UNILEVER LTD	3.09	0.60
<b>GAS</b>	<b>3.31</b>	
GAIL (INDIA) LTD	3.31	0.60
<b>IT</b>	<b>14.60</b>	
INFOSYS TECHNOLOGIES LTD	8.36	0.82
TATA CONSULTANCY SERVICES LTD	3.47	0.91
WIPRO LTD	2.77	0.83
<b>METALS</b>	<b>7.48</b>	
JINDAL STEEL AND POWER LTD	2.91	0.99
HINDALCO INDUSTRIES LTD	2.64	1.49
JINDAL SAW LTD	1.93	0.91
<b>OIL EXPLORATION</b>	<b>15.17</b>	
OIL & NATURAL GAS CORPORATION LTD	3.80	0.71
CAIRN INDIA LTD	2.32	0.63
RELIANCE INDUSTRIES LTD	9.05	0.95
<b>PHARMACEUTICALS</b>	<b>11.73</b>	
RANBAXY LABORATORIES LTD	3.29	0.87
SUN PHARMACEUTICALS INDUSTRIES	2.73	0.65
AVENTIS PHARMA LTD	2.28	0.15
LUPIN LTD	2.08	0.67
DIVIS LABORATORIES LTD	1.35	0.52
<b>POWER</b>	<b>5.34</b>	
TATA POWER LTD	2.63	0.55
NTPC LTD	1.85	0.68
AREVA T & D INDIA LTD	0.86	0.62
<b>TELECOM</b>	<b>4.88</b>	
BHARTI AIRTEL LTD	4.88	0.77
<b>total equity</b>	<b>91.73</b>	
<b>total money market instruments</b>	<b>8.27</b>	
<b>total net assets</b>	<b>100.00</b>	

## asset allocation as on May 31, 2011



## fund characteristics as on May 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 May 31, 2011

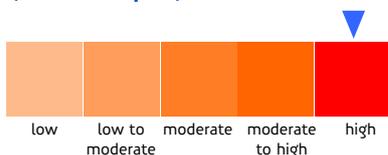
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	-3.64%	-7.89%	18.14%	22.54%	-0.48%	-0.57%
last 2 year (CAGR*)	-1.94%	-10.19%	17.72%	21.34%	-0.39%	-0.71%
since inception (CAGR*)	9.78%	11.48%	22.92%	32.18%	0.21%	0.20%
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'

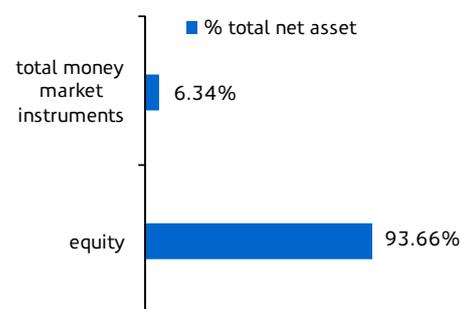
### fund risk profile



## portfolio As on May 31, 2011

security	% total net assets	1-yr beta
<b>equity</b>		
<b>AUTO ANCILLARY</b>	<b>4.49</b>	
BHARAT FORGE LTD	3.35	1.02
EXIDE INDUSTRIES LTD	1.14	0.57
<b>AUTOMOBILES</b>	<b>0.98</b>	
MOTHERSON SUMI SYSTEMS LTD	0.98	0.43
<b>CAP GOODS / ENGINEERING</b>	<b>23.19</b>	
LARSEN & TOUBRO LTD	8.91	1.14
BHARAT HEAVY ELECTRICALS LTD	7.61	0.84
CROMPTON GREAVES LTD	3.24	0.64
VOLTAS LTD	1.85	0.88
IRB INFRASTRUCTURE DEVELOPERS LTD	0.89	1.12
GREAVES COTTON LTD	0.69	0.49
<b>CEMENT &amp; CEMENT PRODUCTS</b>	<b>3.39</b>	
GRASIM INDUSTRIES LTD	3.39	0.61
<b>CONSTRUCTION</b>	<b>7.88</b>	
JAIPRAKASH ASSOCIATES LTD	5.86	1.77
ASHOKA BUILDCON LTD	2.02	0.46
<b>CONSUMER GOODS</b>	<b>1.39</b>	
SINTEX INDUSTRIES LTD	1.39	0.99
<b>GAS</b>	<b>3.71</b>	
GAIL (INDIA LTD)	3.71	0.60
<b>IT</b>	<b>4.69</b>	
WIPRO LTD	2.44	0.83
INFOSYS TECHNOLOGIES LTD	2.25	0.82
<b>METALS</b>	<b>9.93</b>	
TATA STEEL LTD	3.68	1.23
INDIAN METALS AND FERRO ALLOYS LTD	3.16	0.71
JINDAL STEEL AND POWER LTD	3.09	0.99
<b>OIL REFINERIES</b>	<b>2.83</b>	
RELIANCE INDUSTRIES LTD	2.83	0.95
<b>POWER</b>	<b>22.35</b>	
NTPC LTD	7.39	0.68
POWER GRID CORPORATION OF INDIA LTD	4.92	0.49
AREVA T & D INDIA LTD	4.15	0.62
TATA POWER LTD	4.12	0.55
ORIENT GREEN POWER CO LTD	1.77	0.88
<b>TELECOM</b>	<b>8.83</b>	
BHARTI AIRTEL LTD	8.83	0.77
<b>total equity</b>	<b>93.66</b>	
<b>total money market instruments</b>	<b>6.34</b>	
<b>total net assets</b>	<b>100.00</b>	

## asset allocation as on May 31, 2011



## fund characteristics as on May 31, 2011

Fund Beta 0.86

### target asset allocation

Equity: 100%

### benchmark construction

CNX Infrastructure Index: 100%

# Energy Fund

## fund performance As on May 31, 2011

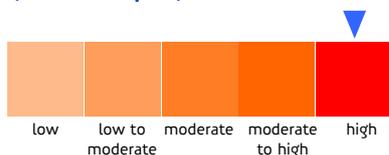
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	0.17%	-4.39%	15.89%	21.06%	-0.30%	-0.45%
last 2 year (CAGR*)	2.44%	-2.27%	14.98%	18.82%	-0.17%	-0.39%
since inception (CAGR*)	19.85%	20.97%	23.21%	25.54%	0.64%	0.63%
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'

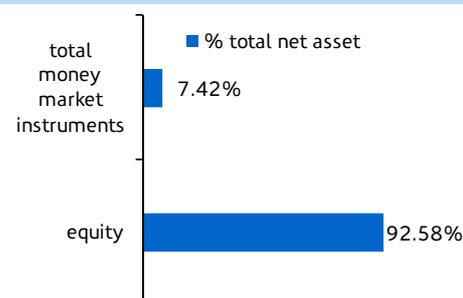
### fund risk profile



## portfolio As on May 31, 2011

security	% total net assets	1-yr beta
<b>equity</b>		
<b>AUTO ANCILLARY</b>	<b>2.91</b>	
EXIDE INDUSTRIES LTD	2.91	0.57
<b>BANKING &amp; FINANCE</b>	<b>0.96</b>	
POWER FINANCE CORPORATION LTD	0.96	0.86
<b>CAP GOODS / ENGINEERING</b>	<b>15.25</b>	
LARSEN & TOUBRO LTD	5.22	1.14
CUMMINS INDIA LTD	4.01	0.44
BHARAT HEAVY ELECTRICALS LTD	3.31	0.84
CROMPTON GREAVES LTD	2.71	0.64
<b>GAS</b>	<b>11.25</b>	
GAIL (INDIA) LTD	8.29	0.60
PETRONET LNG LTD	2.96	0.90
<b>METALS</b>	<b>3.27</b>	
JINDAL STEEL AND POWER LTD	3.27	0.99
<b>OIL EXPLORATION</b>	<b>17.35</b>	
CAIRN INDIA LTD	8.88	0.63
OIL & NATURAL GAS CORPORATION LTD	8.47	0.71
<b>OIL REFINERIES</b>	<b>22.06</b>	
RELIANCE INDUSTRIES LTD	8.66	0.95
OIL INDIA LTD	7.96	0.36
INDIAN OIL CORPORATION LTD	5.44	0.65
<b>POWER</b>	<b>19.53</b>	
POWER GRID CORPORATION OF INDIA LTD	8.64	0.49
NTPC LTD	8.29	0.68
ORIENT GREEN POWER CO LTD	1.83	0.88
TATA POWER LTD	0.77	0.55
<b>total equity</b>	<b>92.58</b>	
<b>total money market instruments</b>	<b>7.42</b>	
<b>total net assets</b>	<b>100.00</b>	

## asset allocation as on May 31, 2011



## fund characteristics as on May 31, 2011

Fund Beta 0.69

### target asset allocation

Equity: 100%

### benchmark construction

CNX Energy Index: 100%

# Mid Cap Fund

## fund performance As on May 31, 2011

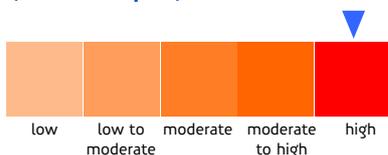
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	-1.10%	-5.48%	18.19%	21.37%	-0.34%	-0.49%
last 2 year (CAGR*)	13.72%	11.08%	18.00%	20.38%	0.48%	0.30%
since inception (CAGR*)	27.95%	35.85%	28.42%	38.77%	0.81%	0.80%
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'

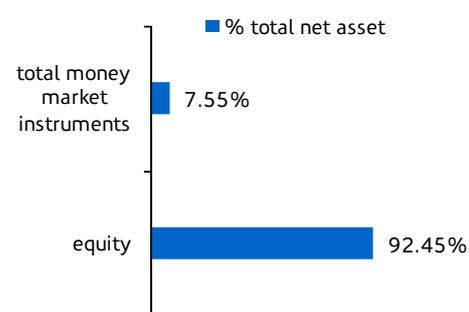
### fund risk profile



## portfolio As on May 31, 2011

security	% total net assets	1-yr beta
<b>equity</b>		
<b>AUTO ANCILLARY</b>	<b>7.79</b>	
EXIDE INDUSTRIES LTD	4.95	0.57
BHARAT FORGE LTD	2.84	1.02
<b>AUTOMOBILES</b>	<b>1.99</b>	
TATA MOTORS LTD DVR SHARES	1.99	1.33
<b>BANKING &amp; FINANCE</b>	<b>7.37</b>	
ANDHRA BANK LTD	3.49	0.91
INDUSIND BANK LTD	1.44	1.16
SHRIRAM TRANSPORT FINANCE COMPANY LTD	1.37	0.63
BANK OF BARODA	1.07	0.76
<b>CAP GOODS / ENGINEERING</b>	<b>11.46</b>	
CUMMINS INDIA LTD	4.73	0.44
GREAVES COTTON LTD	2.58	0.49
VOLTAS LTD	2.47	0.88
IRB INFRASTRUCTURE DEVELOPERS LTD	1.68	1.12
<b>CEMENT &amp; CEMENT PRODUCTS</b>	<b>2.29</b>	
ULTRATECH CEMENT LTD	2.29	0.57
<b>CONSTRUCTION</b>	<b>1.42</b>	
JAIPRAKASH ASSOCIATES LTD	1.42	1.77
<b>CONSUMER GOODS</b>	<b>5.48</b>	
SINTEX INDUSTRIES LTD	4.03	0.99
BALLARPUR INDUSTRIES LTD	1.45	0.82
<b>FERTILIZERS</b>	<b>5.12</b>	
GUJARAT STATE FERTILIZERS & CHEMICALS LTD	2.89	0.54
TATA CHEMICALS LTD	2.23	0.82
<b>FMCG</b>	<b>4.50</b>	
TATA GLOBAL BEVERAGES LTD	2.50	0.87
UNITED SPIRITS LTD	2.00	1.06
<b>GAS</b>	<b>3.18</b>	
PETRONET LNG LTD	3.18	0.90
<b>MEDIA</b>	<b>2.98</b>	
HT MEDIA LTD	2.98	0.41
<b>METALS</b>	<b>12.60</b>	
JINDAL SAW LTD	3.70	0.91
JSW STEEL LTD	3.26	1.54
INDIAN METALS AND FERRO ALLOYS LTD	3.04	0.71
JINDAL STEEL AND POWER LTD	1.36	0.99
TATA STEEL LTD	1.24	1.23
<b>PHARMACEUTICALS</b>	<b>21.82</b>	
DIVIS LABORATORIES LTD	5.43	0.52
LUPIN LTD	5.28	0.67
STRIDES ARCOLABS LTD	4.16	1.05
AVENTIS PHARMA LTD	4.09	0.15
AUROBINDO PHARMA LTD	2.86	1.06
<b>POWER</b>	<b>3.57</b>	
AREVA T & D INDIA LTD	3.57	0.62
<b>RETAIL</b>	<b>0.88</b>	
PANTALOON RETAIL INDIA LTD	0.88	1.34
<b>total equity</b>	<b>92.45</b>	
<b>total money market instruments</b>	<b>7.55</b>	
<b>total net assets</b>	<b>100.00</b>	

## asset allocation as on May 31, 2011



## fund characteristics as on May 31, 2011

Fund Beta 0.80

### target asset allocation

Equity: 100%

### benchmark construction

Nifty Midcap 50: 100%

# Growth Fund

## fund performance As on May 31, 2011

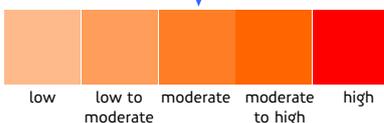
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	5.79%	7.19%	7.38%	8.43%	0.11%	0.26%
last 2 year (CAGR*)	8.81%	8.10%	6.89%	8.02%	0.55%	0.39%
last 3 year (CAGR*)	7.37%	7.18%	12.05%	13.28%	0.20%	0.16%
last 4 year (CAGR*)	7.06%	8.25%	12.44%	13.17%	0.17%	0.25%
last 5 year (CAGR*)	8.68%	10.29%	11.51%	12.13%	0.32%	0.44%
since inception (CAGR*)	10.97%	12.08%	10.83%	11.27%	0.55%	0.63%
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



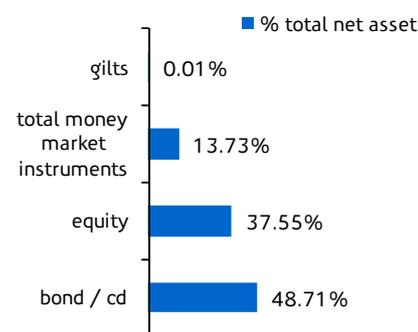
### portfolio As on May 31, 2011

security	% total net assets	rating/1-yr beta
<b>bond/cd</b>		
8.95% LARSEN & TOUBRO LTD NCD 26/05/2020	7.61	AAA
8.97% TATA SONS LTD NCD 15/07/2020	4.57	AAA
8.79% IRFC NCD 04/05/2030	4.46	AAA
2% TATA MOTORS LTD NCD 31/03/2014	2.09	AAA
8.95% INFOTEL BROADBAND SERV LTD NCD 15/09/20	1.82	AAA
11.95% HDFC LTD NCD 26/11/2018	1.77	AAA
HDFC LTD ZCB 30/08/2013	1.64	AAA
9.70% LIC HOUSING FINANCE LTD NCD 07/04/2013	1.59	AAA
9.40% LIC HOUSING FINANCE 08/12/2012	1.58	AAA
9.7% UNITED PHOS LTD 9/4/17 CALL STEP 9/4/15	1.58	AA+
9.25% HDFC LTD. NCD 24/11/2016	1.56	AAA
8.4% TATA CAPITAL LTD NCD 26/11/2012	1.56	LAA+
9.30% HDFC LTD. NCD 18/01/2021	1.55	AAA
10.35% HDFC LTD NCD 16/05/2017	1.54	AAA
8.99% TATA SONS LTD NCD 07/06/2020	1.53	AAA
9.00% LIC HOUSING FINANCE 23/11/2020	1.52	AAA
8.93% NTPC LTD NCD 19/01/2021	1.52	AAA
9.05% CANARA BANK PERP NCD CALL/STEP-UP 03/08/2020	1.51	AAA
8.20% IRFC NCD 27/04/2016	1.51	AAA
9.05% POWER FIN CORP LTD NCD 15/12/2030	1.49	AAA
9.05% SBI PERPETUAL NCD CALL/STEP-UP 27/01/2020	1.49	AAA
8.88% LIC HOUSING FINANCE NCD 13/10/2020	1.06	AAA
9.3% TATA SONS LTD NCD 24/12/2015	0.94	AAA
8.90% POWER GRID CORP LTD NCD STRPP E 25/2/18	0.46	AAA
10.60% IRFC NCD 11/09/2018	0.34	AAA
9.25% IDBI BANK LTD PERP NCD CALL/STEP-UP 29/01/20	0.29	AA
9.50% SBI NCD 04/11/25 CALL/STEP-UP 05/11/20	0.13	AAA
<b>total bond/cd</b>	<b>48.71</b>	

gilts	sovereign
8.35% GOI 2022 (M/D. 14.05.2022)	0.01
<b>total gilts</b>	<b>0.01</b>

equity		
<b>AUTO ANCILLARY</b>		
EXIDE INDUSTRIES LTD	0.23	0.57
BHARAT FORGE LTD	0.16	1.02
<b>AUTOMOBILES</b>		
MAHINDRA & MAHINDRA LTD	0.90	1.18
MARUTI SUZUKI INDIA LTD	0.80	0.84
BAJAJ AUTO LTD NEW	0.71	0.70
TATA MOTORS LTD DVR SHARES	0.17	1.33
<b>BANKING &amp; FINANCE</b>		
ICICI BANK LTD	2.57	1.47
AXIS BANK LTD	1.61	1.37
HDFC BANK LTD	1.40	1.04
STATE BANK OF INDIA	0.91	1.19
POWER FINANCE CORPORATION LTD	0.85	0.86
BANK OF BARODA	0.80	0.76
SHRIRAM TRANSPORT FINANCE COMPANY LTD	0.66	0.63
HOUSING DEVELOPMENT FINANCE CORPORATION LTD	0.53	1.18
<b>CAP GOODS / ENGINEERING</b>		
LARSEN & TOUBRO LTD	1.30	1.14
CUMMINS INDIA LTD	0.72	0.44
VOLTAS LTD	0.44	0.88
CROMPTON GREAVES LTD	0.34	0.64
BHARAT HEAVY ELECTRICALS LTD	0.27	0.84
<b>CEMENT &amp; CEMENT PRODUCTS</b>		
ULTRATECH CEMENT LTD	0.56	0.57
<b>CONSTRUCTION</b>		
JAIPRAKASH ASSOCIATES LTD	0.35	1.77
<b>CONSUMER GOODS</b>		
BALLARPUR INDUSTRIES LTD	0.08	0.82
<b>FERTILIZERS</b>		
GUJARAT STATE FERTILIZERS & CHEMICALS LTD	0.45	0.54
<b>FMCG</b>		
ITC LTD	2.67	0.70
UNITED SPIRITS LTD	0.13	1.06
<b>GAS</b>		
GAIL (INDIA) LTD	0.57	0.60
<b>IT</b>		
INFOSYS TECHNOLOGIES LTD	3.35	0.82
TATA CONSULTANCY SERVICES LTD	1.09	0.91
WIPRO LTD	0.71	0.83
<b>METALS</b>		
STERLITE INDUSTRIES INDIA LTD	0.84	1.31
JINDAL STEEL AND POWER LTD	0.82	0.99
TATA STEEL LTD	0.72	1.23
HINDALCO INDUSTRIES LTD	0.13	1.49
<b>OIL EXPLORATION</b>		
OIL & NATURAL GAS CORPORATION LTD	0.79	0.71
CAIRN INDIA LTD	0.41	0.63
<b>OIL REFINERIES</b>		
RELIANCE INDUSTRIES LTD	3.24	0.95
<b>PHARMACEUTICALS</b>		
DIVIS LABORATORIES LTD	1.25	0.52
LUPIN LTD	0.41	0.67
SLIN PHARMACEUTICALS INDUSTRIES LTD	0.39	0.65
RANBAXY LABORATORIES LTD	0.36	0.87
AVENTIS PHARMA LTD	0.29	0.15
STRIDES ARCOLABS LTD	0.05	1.05
CIPLA LTD	0.03	0.63
<b>POWER</b>		
AREVA T & D INDIA LTD	0.62	0.62
POWER GRID CORPORATION OF INDIA LTD	0.46	0.49
<b>TELECOM</b>		
BHARTI AIRTEL LTD	1.41	0.77
<b>total equity</b>	<b>37.55</b>	
<b>total money market instruments</b>	<b>13.73</b>	
<b>total net assets</b>	<b>100.00</b>	

### asset allocation as on May 31, 2011



### fund characteristics as on May 31, 2011

M.Duration of debt portfolio:	4.16 years
YTM of debt portfolio:	9.41%
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%



Life Insurance

# Group Balanced Fund

fund performance As on May 31, 2011

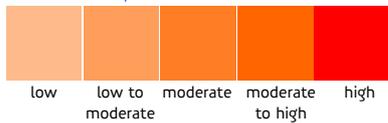
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	5.32%	6.17%	4.16%	4.38%	0.08%	0.27%
last 2 year (CAGR*)	7.45%	6.60%	3.88%	4.17%	0.63%	0.38%
last 3 year (CAGR*)	8.10%	7.18%	6.83%	6.98%	0.45%	0.31%
last 4 year (CAGR*)	8.20%	7.90%	6.96%	6.92%	0.46%	0.42%
last 5 year (CAGR*)	8.71%	8.78%	6.47%	6.39%	0.57%	0.59%
since inception (CAGR*)	10.13%	9.27%	5.64%	5.68%	0.91%	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'.

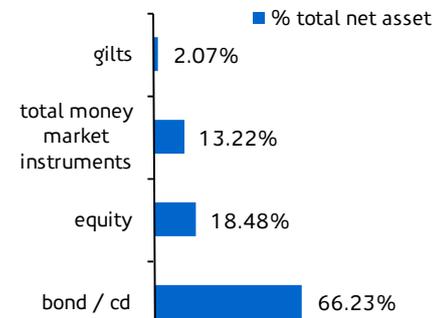
## fund risk profile



## portfolio As on May 31, 2011

security	% total net assets	rating/1-yr beta
<b>bond/cd</b>		
8.97% TATA SONS LTD NCD 15/07/2020	5.37	AAA
8.95% LARSEN & TOUBRO LTD NCD 26/05/2020	4.46	AAA
11.45% RELIANCE INDUSTRIES LTD NCD 25/11/2013	4.04	AAA
9.7% UNITED PHOS LTD 9/4/17 CALL STEP 9/4/15	3.88	AAA
8.99% TATA SONS LTD NCD 07/06/2020	3.56	AAA
8.95% INFOTEL BROADBAND SERV LTD NCD 15/09/20	3.55	AAA
HDFC LTD ZCB 30/08/2013	2.90	LAA+
8.70% BAJAJ AUTO FINANCE LTD NCD 22/07/2015	2.66	AAA
8.75% RELIANCE INDUSTRIES LTD NCD 07/05/2020	2.43	AAA
9.60% HDFC LTD NCD 07/04/2016	2.36	LAA+
11.40% POWER FIN CORP LTD NCD 28/11/2013	2.08	AAA
11.25% POWER FIN CORP LTD NCD 28/11/2018	2.00	AAA
9.40% LIC HOUSING FINANCE NCD 08/12/2012	1.84	AAA
8% RECL LTD NCD 05/08/2014	1.77	AAA
8.40% HDFC LTD NCD 08/12/2014	1.29	AAA
12% TATA CAPITAL LTD NCD 05/03/2014 P/C 050312	1.20	AAA
9.30% HDFC LTD NCD 18/01/2021	1.12	LAA+
9.35% LIC HO FI LTD NCD 23/11/2014 P/C 231112	1.10	AAA
9.50% TATA COMMUNICATION LTD NCD 08/06/2014	0.98	AAA
10.20% SUNDARAM FINANCE LTD NCD 29/05/2013	0.96	AAA
8.40% ADITYA BIRLA NUVO LTD NCD 23/11/2012	0.93	LAA+
8.48% LIC HOUSING FINANCE NCD 27/09/2013	0.92	AAA
9.00% LIC HOUSING FINANCE 23/11/2020	0.91	AAA
8.88% LIC HOUSING FINANCE NCD 15/10/2020	0.90	AAA
8.79% IRFC NCD 04/05/2030	0.89	AAA
8.90% POWER FIN CORP LTD NCD 15/12/2030	0.89	AAA
8.90% SAIL 01/05/2019 CALL 010514	0.89	AAA
9.25% IOBI BANK LTD NCD 29/01/20	0.87	AA
8.60% POWER FIN CORP LTD NCD 07/08/2024	0.87	AAA
7.60% HDFC LTD NCD 08/12/2017	0.86	AAA
9.30% POWER FIN CORP LTD NCD 12/03/2013	0.82	AAA
8.2% NATIONAL HSB BANK NCD 30/08/13	0.83	AAA
9.34% STATE BANK OF TRAVAN NCD PERP CALL 31/10/16	0.66	AAA
8.23% TATA CAP LTD NCD(MD29/07/13PUT&RESET27/07/12	0.66	AA+
9.05% SBI PERPETUAL NCD CALL/STEP-UP 27/01/2020	0.63	AAA
11.15% HDFC LTD NCD 06/08/2018	0.59	AAA
11.10% POWER FIN CORP LTD NCD 15/09/2013	0.49	AAA
11.45% RELIANCE IND LTD NCD 25/11/2013	0.49	AAA
8.40% L & T FINANCE LTD NCD 08/03/2013	0.48	AA+
9.3% TATA SONS LTD NCD 24/12/2015	0.47	AAA
8.90% POWER GRID CORP LTD NCD STRPP H 25/2/21	0.42	AAA
9.33% POWER GRID CORP LTD NCD 15/12/2013	0.39	AAA
10.60% IRFC NCD 11/09/2018	0.21	AAA
9.50% SBI NCD 04/11/25 CALL/STEP-UP 05/11/20	0.19	AAA
10.35% HDFC LTD SR E006 NCD 06/06/2017	0.16	AAA
10% NABARD NCD SR IX 14/05/2012	0.16	AAA
9.9% TATA SONS LTD NCD 18/03/2016	0.12	AAA
11.35% RECL LTD NCD 24/10/2013 P/C 24/10/2011	0.08	AAA
<b>total bond/cd</b>	<b>66.23</b>	
<b>gilts</b>		
8.30% GOI 02/07/2040	0.79	sovereign
8.26% GOI 02/08/2027	0.61	sovereign
6.72% GOI 2014 24/02/2014	0.36	sovereign
8.24% GOI 22/04/2018	0.31	sovereign
<b>total gilts</b>	<b>2.07</b>	
<b>equity</b>		
<b>AUTO ANCILLARY</b>	<b>0.11</b>	
BHARAT FORGE LTD	0.08	1.02
EXIDE INDUSTRIES LTD	0.03	0.57
<b>AUTOMOBILES</b>	<b>1.19</b>	
MAHINDRA & MAHINDRA LTD	0.41	1.18
MARUTI SUZUKI INDIA LTD	0.36	0.84
BAJAJ AUTO LTD NEW	0.34	0.70
TATA MOTORS LTD DVR SHARES	0.08	1.53
<b>BANKING &amp; FINANCE</b>	<b>4.35</b>	
ICICI BANK LTD	1.20	1.47
AXIS BANK LTD	0.74	1.37
HDFC BANK LTD	0.67	1.04
POWER FINANCE CORPORATION LTD	0.42	0.86
STATE BANK OF INDIA	0.31	0.99
BANK OF BARODA	0.35	0.76
SHRIRAM TRANSPORT FINANCE COMPANY LTD	0.33	0.63
HOUSING DEVELOPMENT FINANCE CORPORATION LTD	0.23	1.18
<b>CAP GOODS / ENGINEERING</b>	<b>1.40</b>	
LARSEN & TOUBRO LTD	0.69	1.14
CUMMINS INDIA LTD	0.43	0.44
CROMPTON GREAVES LTD	0.17	0.64
BHARAT HEAVY ELECTRICALS LTD	0.11	0.84
<b>CEMENT &amp; CEMENT PRODUCTS</b>	<b>0.32</b>	
ULTRATECH CEMENT LTD	0.32	0.57
<b>CONSTRUCTION</b>	<b>0.15</b>	
JAIPRAKASH ASSOCIATES LTD	0.15	1.77
<b>CONSUMER GOODS</b>	<b>0.10</b>	
SINTEX INDUSTRIES LTD	0.10	0.99
<b>FERTILIZERS</b>	<b>0.37</b>	
GUJARAT STATE FERTILIZERS & CHEMICALS LTD	0.37	0.54
<b>FMCG</b>	<b>1.49</b>	
ITC LTD	1.49	0.70
<b>GAS</b>	<b>0.25</b>	
GAIL (INDIA) LTD	0.25	0.60
<b>IT</b>	<b>2.46</b>	
INFOSYS TECHNOLOGIES LTD	1.61	0.82
TATA CONSULTANCY SERVICES LTD	0.51	0.91
WIPRO LTD	0.34	0.83
<b>METALS</b>	<b>1.28</b>	
STERLITE INDUSTRIES INDIA LTD	0.44	1.31
TATA STEEL LTD	0.43	1.23
JINDAL STEEL AND POWER LTD	0.35	0.99
HINDALCO INDUSTRIES LTD	0.06	1.49
<b>OIL EXPLORATION</b>	<b>0.55</b>	
OIL & NATURAL GAS CORPORATION LTD	0.55	0.71
CAIRN INDIA LTD	0.20	0.63
<b>OIL REFINERIES</b>	<b>1.75</b>	
RELIANCE INDUSTRIES LTD	1.75	0.95
<b>PHARMACEUTICALS</b>	<b>1.46</b>	
DIVIS LABORATORIES LTD	0.63	0.52
SUN PHARMACEUTICALS INDUSTRIES LTD	0.24	0.24
AVENTIS PHARMA LTD	0.23	0.15
RANBAXY LABORATORIES LTD	0.17	0.87
LUPIN LTD	0.15	0.67
CIPLA LTD	0.02	0.63
STRIDES ARCOLABS LTD	0.02	1.05
<b>POWER</b>	<b>0.61</b>	
AREVA T & D INDIA LTD	0.42	0.62
POWER GRID CORPORATION OF INDIA LTD	0.19	0.49
<b>TELECOM</b>	<b>0.64</b>	
BHARTI AIRTEL LTD	0.64	0.77
<b>total equity</b>	<b>18.48</b>	
<b>total money market instruments</b>	<b>13.22</b>	
<b>total net assets</b>	<b>100.00</b>	

## asset allocation as on May 31, 2011



## fund characteristics as on May 31, 2011

M.Duration of debt portfolio:	3.70 years
YTM of debt portfolio:	9.63%
Fund Beta:	0.90

## 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 May 31, 2011

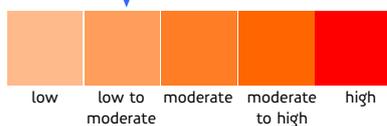
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	5.16%	4.09%	1.26%	0.97%	0.13%	-0.94%
last 2 year (CAGR*)	7.32%	4.42%	1.78%	1.47%	1.30%	-0.40%
last 3 year (CAGR*)	8.99%	5.85%	3.53%	4.20%	1.13%	0.20%
since inception (CAGR*)	8.63%	5.78%	3.26%	3.87%	1.11%	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'.

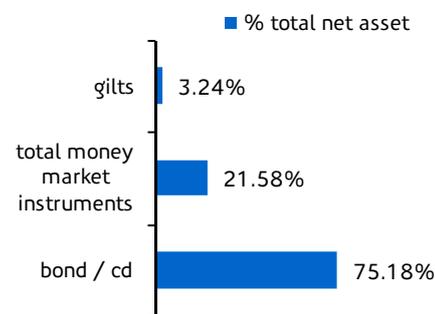
## fund risk profile



## portfolio As on May 31, 2011

security	% total net assets	rating/1-yr beta
<b>bond/cd</b>		
8.93% NTPC LTD NCD 19/01/2021	9.04	AAA
9.30% HDFC LTD NCD 18/01/2021	6.87	AAA
8.8% RECL NCD 25/10/2020	5.87	AAA
9.95% IL&FS LTD NCD 14/02/2016	5.36	AAA
8.42% SHREE CEMENT LTD NCD 22/07/2015	4.47	AA+
9.40% POWER FIN CORP LTD NCD 25/03/2013	4.16	AAA
8% RECL LTD NCD 05/08/2014	3.99	AAA
9.3% TATA SONS LTD NCD 24/12/2015	3.05	AAA
8.75% RELIANCE INDUSTRIES LTD NCD 07/05/2020	2.69	AAA
11.45% RELIANCE IND LTD NCD 25/11/2013	2.60	AAA
11.10% POWER FIN CORP LTD NCD 15/09/2013	2.58	AAA
8.68% NAT CAP REG PLAN NCD 18/8/19P/C18/08/16	2.49	AAA
10.05% NABARD 11/06/2014	2.02	AAA
8.4% TATA CAPITAL LTD NCD 26/11/2012	1.97	LAA+
8.23% SUNDARAM FINANCE LTD NCD 27/07/2012	1.81	LAA+
9.60% HDFC LTD NCD 07/04/2016	1.67	AAA
12% TATA CAPITAL LTD NCD 05/03/2014 P/C 050312	1.49	LAA+
2% INDIAN HOTELS COMPANY LTD NCD 09/12/2014	1.28	LAA+
8.40% ADITYA BIRLA NUVO LTD NCD 23/11/2012	1.15	LAA+
8.95% INFOTEL BROADBAND SERV LTD NCD 15/09/2010	1.12	AAA
8.40% L & T FINANCE LTD NCD 08/03/2013	1.11	AA+
NOVA IV TRUST SR J LOC ITSL PTC 18/10/2013	0.74	AAA
9.70% LIC HOUSING FINANCE LTD NCD 07/04/2013	0.59	AAA
9.50% HDFC LTD NCD 27/02/2013	0.58	AAA
9.40% LIC HOUSING FINANCE 08/12/2012	0.58	AAA
9.18% TATA SONS LTD NCD 23/11/2020	0.57	AAA
8.90% SAIL 01/05/2019 CALL 010514	0.56	AAA
8.99% TATA SONS LTD NCD 07/06/2020	0.56	AAA
2% TATA MOTORS LTD NCD 31/03/2014	0.55	AAA
7.60% HDFC LTD NCD 08/12/2017	0.53	AAA
8.64% POWER GRID CORPN LTD NCD 08/07/2023	0.49	AAA
9.7% UNITED PHOS LTD 9/4/17 CALL STEP 9/4/15	0.42	AA+
8.2% NATIONAL HSG BANK NCD 30/08/13	0.32	AAA
9.33% POWER GRID CORP LTD NCD 15/12/2013	0.31	AAA
8.90% POWER GRID CORP LTD NCD STRPP C 25/2/16	0.30	AAA
11.45% RELIANCE INDUSTRIES LTD NCD 25/11/2013	0.26	AAA
9.32% HDFC LTD NCD 17/12/2012	0.25	AAA
9.35% LIC HO FI LTD NCD 23/11/2014 P/C 231112	0.25	AAA
8.97% TATA SONS LTD NCD 15/07/2020	0.24	AAA
9.47% POWER GRID CORPORATION NCD 31/03/2013	0.10	AAA
11.30% ACC LTD NCD 10/12/2013	0.09	AAA
9.30% POWER FIN CORP LTD NCD 12/03/2013	0.08	AAA
9.50% SBI NCD 04/11/25 CALL/STEP-UP 05/11/20	0.02	AAA
<b>total bond/cd</b>	<b>75.18</b>	
<b>gilts</b>		
<b>Sovereign</b>		
8.26% GOI (MD 02/08/2027)	2.19	sovereign
8.30% GOI (MD 02/07/2040)	0.54	sovereign
7.35% GOI (MD 22/06/2024)	0.51	sovereign
<b>total gilts</b>	<b>3.24</b>	
<b>total money market instruments</b>	<b>21.58</b>	
<b>total net assets</b>	<b>100.00</b>	

## asset allocation as on May 31, 2011



## fund characteristics as on May 31, 2011

M.Duration of debt portfolio: 3.44 years  
YTM of debt portfolio: 9.56%

## target asset allocation

Bond Instruments: 100%

## benchmark construction

CRISIL Composite Bond Index: 100%

# Pure Debt Fund

## fund performance As on May 31, 2011

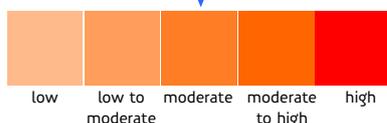
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	5.61%	4.09%	1.38%	0.97%	0.44%	-0.94%
last 2 year (CAGR*)	7.61%	4.42%	1.97%	1.47%	1.32%	-0.40%
since inception (CAGR*)	10.17%	6.82%	3.37%	4.21%	1.53%	0.43%
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'.

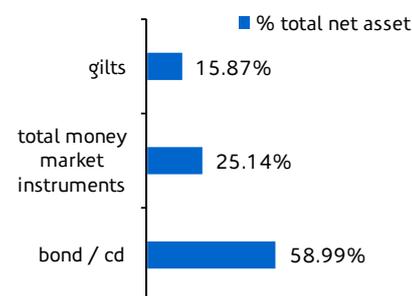
### fund risk profile



### portfolio As on May 31, 2011

security	% total assets	rating/ net 1-yr beta
<b>bond/cd</b>		
2% TATA MOTORS LTD NCD 31/03/2014	4.71	AAA
2% INDIAN HOTELS COMPANY LTD NCD 09/12/2014	4.66	LAA+
9.70% LIC HOUSING FINANCE LTD NCD 07/04/2013	4.28	AAA
8.40% L & T FINANCE LTD NCD 08/03/2013	4.20	AA+
8.40% HDFC LTD NCD 08/12/2014	4.11	AAA
11.25% POWER FIN CORP LTD NCD 28/11/2018	3.24	AAA
10.60% IRFC NCD 11/09/2018	2.72	AAA
9.7% UNITED PHOS LTD 9/4/17 CALL STEP 9/4/15	2.34	AA+
9.60% HDFC LTD NCD 07/04/2016	2.14	AAA
9.40% LIC HOUSING FINANCE 08/12/2012	2.13	AAA
8.98% NAT CAP REG PLAN NCD (MD14/02/18P/C14/02/15	2.11	AAA
9.30% HDFC LTD NCD 18/01/2021	2.09	AAA
9.18% TATA SONS LTD NCD 23/11/2020	2.08	AAA
8.95% INFOTEL BROADBAND SERV LTD NCD 15/09/20	2.05	AAA
8.93% NTPC LTD NCD 19/01/2021	2.05	AAA
9.05% POWER FIN CORP LTD NCD 15/12/2030	2.01	AAA
9.25% IDBI BANK LTD PERP NCD CALL/STEP-UP 29/01/20	1.97	AA
RELIANCE CAPITAL LTD CP 25/05/2012	1.92	A1+
CANARA BANK CD 18/11/2011	1.85	P1+
9.3% TATA SONS LTD NCD 24/12/2015	1.35	AAA
8.97% TATA SONS LTD NCD 15/07/2020	1.23	AAA
8.90% POWER GRID CORP LTD NCD STRPP B 25/2/15	1.04	AAA
12% TATA CAPITAL LTD NCD 05/03/2014 P/C 050312	0.87	LAA+
10% NABARD NCD SR IX 14/05/2012	0.43	AAA
ANDHRA BANK CD 17/11/2011	0.41	PR1+
INDIAN BANK CD 20/12/2011	0.41	FT+
INDIAN OVERSEAS BANK CD 22/12/2011	0.41	A1+
11.45% RELIANCE INDUSTRIES LTD NCD 25/11/2013	0.18	AAA
<b>total bond/cd</b>	<b>58.99</b>	
<b>gilts</b>		
8.26% GOI (MD 02/08/2027)	7.48	sovereign
8.53% TAMILNADU SDL (MD 27/10/2020)	4.25	sovereign
8.32% GOI (MD 02/08/2032)	2.08	sovereign
8.30% GOI (MD 02/07/2040)	2.06	sovereign
<b>total gilts</b>	<b>15.87</b>	
<b>total money market instruments</b>	<b>25.14</b>	
<b>total net assets</b>	<b>100.00</b>	

### asset allocation as on May 31, 2011



### fund characteristics as on May 31, 2011

M.Duration of debt portfolio:	3.54 years
YTM of debt portfolio:	9.54%

### target asset allocation

Debt Instruments: 100%

### benchmark construction

CRISIL Composite Bond Index: 100%

# Group Gilt Fund

## fund performance As on May 31, 2011

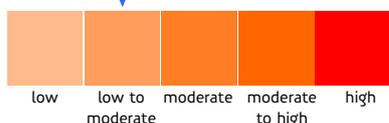
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	5.05%	4.07%	1.85%	2.39%	0.03%	-0.39%
last 2 year (CAGR*)	5.34%	3.92%	1.83%	2.89%	0.19%	-0.37%
last 3 year (CAGR*)	6.26%	8.51%	3.38%	10.49%	0.37%	0.33%
since inception (CAGR*)	6.11%	7.87%	3.13%	9.71%	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'.

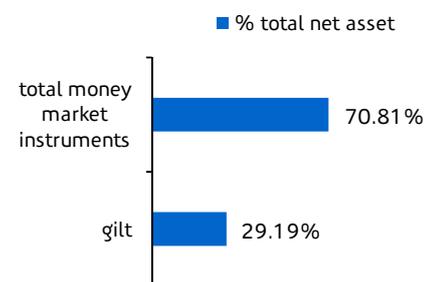
### fund risk profile



## portfolio As on May 31, 2011

security	% total net assets	rating/ 1-yr beta
<b>gilts</b>		<b>sovereign</b>
8.26% GOI 02/08/2027	15.58	sovereign
8.28% GOI 15/02/2032	5.56	sovereign
8.30% GOI 02/07/2040	3.29	sovereign
8.24% GOI 15/02/2027	1.50	sovereign
7.49% GOI 2017 16.04.2017	1.49	sovereign
8.39% GOI UTTAR PRADESH SDL 22/09/2020	1.31	sovereign
8.33% GOI 2036 07/06/2036	0.45	sovereign
9.85% GOI 2015 16.10.2015	0.01	sovereign
<b>total gilts</b>	<b>29.19</b>	
<b>total money market instruments</b>	<b>70.81</b>	
<b>total net assets</b>	<b>100.00</b>	

## asset allocation as on May 31, 2011



## fund characteristics as on May 31, 2011

M.Duration of debt portfolio:	8.62 years
YTM of debt portfolio:	8.62%

### target asset allocation

Government Securities: 100%

### benchmark construction

I-Sec Composite Sovereign Bond Index:100%

# Group Money Market Fund

## fund performance As on May 31, 2011

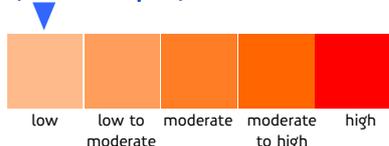
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	8.28%	6.90%	0.28%	0.34%	11.90%	5.67%
last 2 year (CAGR*)	8.10%	5.00%	0.29%	0.59%	10.66%	0.01%
since inception (CAGR*)	9.26%	5.96%	0.89%	0.75%	4.77%	1.27%
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'.

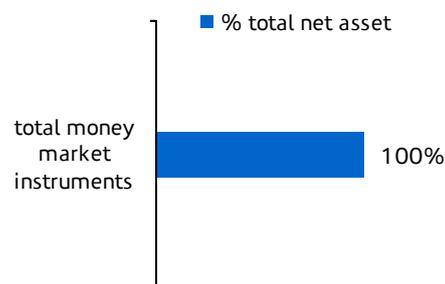
## fund risk profile



## portfolio As on May 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 May 31, 2011



## fund characteristics as on May 31, 2011

YTM of debt portfolio: 9.30%

## target asset allocation

Money Market Instruments : 100%

## benchmark construction

CRISIL Liquid Bond Index: 100%

## Capital Secure Fund

### fund performance As on May 31, 2011

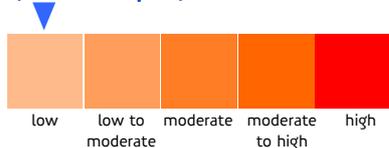
period	gross fund return	benchmark return	fund standard deviation	benchmark standard deviation	fund sharpe ratio	benchmark sharpe ratio
last 1 year	7.92%	6.86%	0.25%	0.28%	11.59%	6.63%
last 2 year (CAGR*)	7.59%	5.45%	0.28%	0.45%	9.14%	1.00%
last 3 year (CAGR*)	8.63%	6.00%	0.49%	0.53%	7.41%	1.88%
last 4 year (CAGR*)	8.74%	6.40%	0.43%	0.50%	8.68%	2.79%
last 5 year (CAGR*)	8.40%	6.59%	0.47%	0.46%	7.30%	3.42%
since inception (CAGR*)	7.16%	5.88%	0.63%	0.48%	3.41%	1.86%
date of inception	february, 2003					

\*CAGR: Compounded Annual Growth Rate

### fund objective

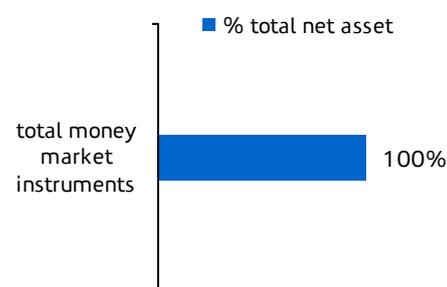
Maintain the capital value of all contributions (net of charges) and all interest additions, at all times. The risk appetite is 'extremely low'.

### 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 May 31, 2011



### fund characteristics as on May 31, 2011

YTM of debt portfolio: 8.81%

### target asset allocation

Money Market Instruments : 100%

### benchmark construction

Yield on 182-day T.Bills : 100%

## Product Details

Nav's as of 31 May , 2011

Product Name	NAV
Reliance Group Savings Linked Insurance Plan - Group Balanced Fund	12.8261
Reliance Group Savings Linked Insurance Plan - Group Corporate Bond Fund	12.0832
Reliance Group Savings Linked Insurance Plan - Energy Fund	15.2374
Reliance Group Savings Linked Insurance Plan - Group Equity Fund	19.4699
Reliance Group Savings Linked Insurance Plan - Group Gilt Fund	11.0144
Reliance Group Savings Linked Insurance Plan - Infrastructure Fund	12.2014
Reliance Group Savings Linked Insurance Plan - Midcap Fund	17.9800
Reliance Group Savings Linked Insurance Plan - Group Money Market Fund	11.9880
Reliance Group Savings Linked Insurance Plan - Pure Debt Fund	11.9300
Reliance Group Savings Linked Insurance Plan - Pure Equity Fund	18.6153
Reliance Group Gratuity Plan - Group Balanced Fund	13.5970
Reliance Group Gratuity Plan - Capital Secure Fund	13.9050
Reliance Group Gratuity Plan - Group Corporate Bond Fund	12.5753
Reliance Group Gratuity Plan - Group Equity Fund	12.9784
Reliance Group Gratuity Plan - Group Gilt Fund	11.1776
Reliance Group Gratuity Plan - Growth Fund	13.0970
Reliance Group Gratuity Plan - Infrastructure Fund	9.2527
Reliance Group Gratuity Plan - Midcap Fund	12.5058
Reliance Group Gratuity Plan - Group Money Market Fund	12.4328
Reliance Group Gratuity Plan - Pure Debt	12.5583
Reliance Group Gratuity Plan - Pure Equity Fund	9.3717
Reliance Group Leave Encashment Plan - Group Balanced Fund	11.4683
Reliance Group Leave Encashment Plan - Group Corporate Bond Fund	13.3416
Reliance Group Leave Encashment Plan - Group Equity Fund	9.6580
Reliance Group Leave Encashment Plan - Group Gilt Fund	12.2645
Reliance Group Leave Encashment Plan - Pure Debt	12.7362
Reliance Group Superannuation Plan - Group Balanced Fund	16.8260
Reliance Group Superannuation Plan - Capital Secure Fund	12.4149
Reliance Group Superannuation Plan - Group Corporate Bond Fund	11.4671
Reliance Group Superannuation Plan - Group Equity Fund	11.3578
Reliance Group Superannuation Plan - Group Gilt Fund	10.2194
Reliance Group Superannuation Plan - Growth Fund	10.7691
Reliance Group Superannuation Plan - Group Money Market Fund	12.0096
Reliance Group Superannuation Plan - Pure Debt Fund	12.2670

- √ 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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