



RELIANCE

Life Insurance

# the analyst

monthly Group fund  
factsheet for May 2012

**investment philosophy**

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

Economy Indicators	30th Apr 12	30th Mar 12	% Change
<sup>1</sup> Rs./\$	52.70	50.95	3.33
<sup>2</sup> WPI Inflation Index	163.10	159.80	2.02
<sup>3</sup> Forex Reserves (\$ bn)	294.60	294.40	0.07
<sup>1</sup> Oil Price (\$ per Barrel)	104.87	103.02	1.76
<sup>1</sup> Gold (Rs. per 10gm)	29175.00	27594.00	5.42

Investments	30th Apr 12	30th Mar 12	Absolute Change
<sup>4</sup> FII's (Rs Crs)	479.53	962.65	-483
<sup>4</sup> Mf's (Rs Crs)	-246.81	-167.32	-79

Indices	30th Apr 12	30th Mar 12	% Change
<sup>1</sup> BSE Sensex	17318.81	17404.20	-0.49
<sup>1</sup> S&P CNX Nifty	5248.15	5295.55	-0.90
<sup>1</sup> CNX Mid Cap	7471.05	7711.40	-3.12
<sup>1</sup> BSE Small Cap	6764.62	6629.38	2.04

Global Indices	30th Apr 12	30th Mar 12	% Change
<sup>1</sup> Dow Jones	13214	13212	0.01
<sup>1</sup> FTSE 100	5738	5768	-0.53
<sup>1</sup> Hang Seng	21094	20556	2.62
<sup>1</sup> Nikkei	9561	10084	-5.18

Sectoral Indices	30th Apr 12	30th Mar 12	% Change
<sup>1</sup> CNX Infrastructure	2362.80	2509.15	-5.83
<sup>1</sup> CNX Energy	7503.30	7557.20	-0.71
<sup>1</sup> BSE Capital Goods	9409.09	10027.92	-6.17
<sup>1</sup> BSE Bankex	11828.63	11751.18	0.66
<sup>1</sup> BSE Oil & Gas	7964.63	8087.50	-1.52
<sup>1</sup> BSE IT	5704.31	6081.87	-6.21

Fixed Income Indicators (%)	30th Apr 12	30th Mar 12	Absolute Change
<sup>1</sup> NSE Mibor	8.79	8.61	0.18
<sup>1</sup> 91 Day T-Bill	8.40	8.93	-0.54
<sup>1</sup> 182 Day T-Bill	8.38	8.62	-0.24
<sup>1</sup> 1 year GOI Benchmark	8.09	8.20	-0.12
<sup>1</sup> 5 Year GOI Benchmark	8.55	8.55	0.00
<sup>1</sup> 10 Year GOI Benchmark	8.67	8.54	0.13
<sup>1</sup> 5 Year Corp Bond Benchmark	9.38	9.52	-0.14
<sup>1</sup> 10 Year AAA Corp Bond Benchmark	9.65	9.83	-0.17
<sup>1</sup> 10 Year US Benchmark	1.91	2.21	-0.30

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

**Indian Economy**

Index of Industrial Production printed at 4.1% for the month of February '12 as compared to 1.1% revised downwards for January'12. This indicates a volatile trajectory for industrial output along with softening growth going further in the financial year 2011-2012.

WPI Inflation showed signs of easing at 6.89% for March as compared to 6.95% for the month of February. This was primarily driven by easing of food inflation and Core inflation moving below the 5% mark.

**Debt Market**

10Y g-sec Benchmark moved up from 8.54% to 8.68% during the month of April due to gross market borrowing of 5.7 lakh crore.

April showed Liquidity easing with 3 Month and 1 Year CDs trading at 9.5% and 9.7% on an average respectively on account of Gilt redemptions and government spending . Repo tender of RBI continued to get bids around 1 lakh crores.

**Debt Outlook:**

With growth for FY12 expected to be sub 7% figure , RBI reversed its monetary policy by 50bps cut in Repo rate. Interest rates will ease marginally going further on account of expected RBI rate cuts in Q1 FY13. The quantum of further rate cuts however is expected to be shallow . Headline Inflation is expected to be around 7%. Growth is expected to improve slightly above 7% on account of consumption growth.

**Equity Market**

Markets in April were volatile with the benchmark Sensex marginally declining by 0.49%.The markets in April were tepid due to lack of fresh cues and complete lack of flows from overseas investors due to General Anti Avoidance Rules (GAAR) enacted in budget for FY12-13.

The RBI surprised the markets positively by cutting interest rates for the first time in three years. The central bank slashed its repo rate by 50 basis points to ease the liquidity situation in the money markets and support faltering economic growth. However, the RBI left the Cash Reserve Ratio rate unchanged at 4.75%.

However inflation continues to be a concern with the Consumer Price Inflation surging to 9.4% in March compared to 8.33% in February 2012.

IT sector reported a mixed set of numbers while Telecom stocks declined on concerns that the increase in spectrum reserve price proposed by the Telecom Regulatory Authority of India may result in huge capital expenditure for telecom operators.

**Equity Outlook:**

The markets in May are expected to be volatile primarily driven by earnings, rupee depreciation and clarity on GAAR. On the global front the key triggers would be election results in France, Greece and economic data in the US.

# fund snapshot

gross return (CAGR\*) (%) As on Apr 30, 2012

asset allocation	funds	Last 1 Year	Last 2 Year	Last 3 Year
100% equity	Group Equity Fund 1	-5.88%	2.43%	17.82%
100% equity	Group Equity Fund 2	-7.20%	1.60%	17.78%
100% equity	Group Equity Fund 3	13.89%	11.34%	NA
100% pure equity	Group Pure Equity Fund 1	-7.79%	-0.38%	14.18%
100% equity	Group Infrastructure Fund 1	-18.77%	-13.60%	NA
100% equity	Group Energy Fund 1	-12.75%	-3.82%	6.57%
100% equity	Group Midcap Fund 1	-2.31%	-3.63%	NA
40% equity, 60% debt	Group Growth Fund 1	2.38%	4.32%	10.17%
20% equity, 80% debt	Group Balanced Fund 1	5.67%	5.71%	8.47%
20% equity, 80% debt	Group Balanced Fund 2	5.74%	5.85%	8.62%
20% equity, 80% debt	Group Balanced Fund 3	6.69%	6.30%	NA
100% bond instruments	Group Corporate Bond Fund 1	8.16%	6.99%	7.47%
100% bond instruments	Group Corporate Bond Fund 2	7.80%	6.82%	7.33%
100% debt Instruments	Group Pure Debt Fund 1	7.76%	6.78%	7.13%
100% debt Instruments	Group Pure Debt Fund 2	5.69%	5.71%	6.44%
100% money market instruments	Group Capital Secure Fund 1	9.38%	8.54%	8.20%
100% govt. securities	Group Gilt Fund 2	6.94%	6.92%	5.52%
100% money market instruments	Group Money Market Fund 2	9.96%	9.01%	8.71%

# Group Equity Fund 1

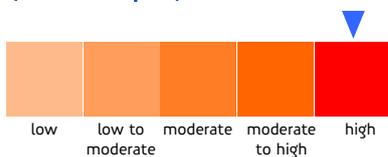
### SFIN :

ULGF00724/10/07GEQUITYF01121

### 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



### target asset allocation

Equity: 100%

### benchmark construction

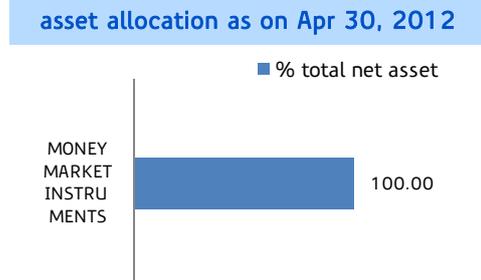
S&P CNX Nifty: 100%

### fund performance as on Apr 30, 2012

Fund name	gross return			
	12 month returns	24 month returns	36 month returns	48 month returns
<b>Benchmark</b>	-8.72%	-0.28%	14.74%	0.40%
Group Equity Fund 1	-5.88%	2.43%	17.82%	3.45%

portfolio As on Apr 30, 2012		
security	% total net assets	1-yr beta
total money market instruments	100.00	
total net assets	100.00	

fund characteristics as on Apr 30, 2012	
YTM of debt portfolio:	8.00%



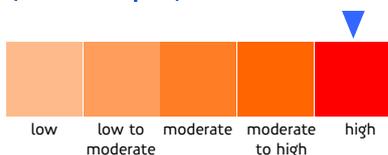
SFIN :

ULGF01328/11/08GEQUITYF02121

### 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



### target asset allocation

Equity: 100%

### benchmark construction

S&P CNX Nifty: 100%

# Group Equity Fund 2

## fund performance as on Apr 30, 2012

gross return			
fund name	12 month	24 month	36 month
<b>Benchmark</b>	-8.72%	-0.28%	14.74%
Group Equity Fund 2	-7.20%	1.60%	17.78%

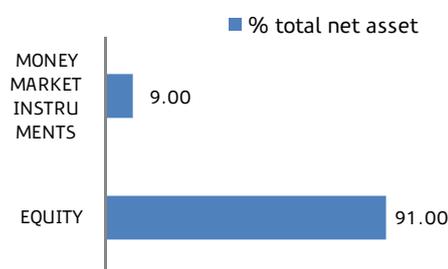
### portfolio As on Apr 30, 2012

security	% total net assets	1-yr beta
<b>equity</b>		
ASSOCIATED CEMENT COMPANIES LTD.	0.44	0.36
AUROBINDO PHARMA LTD FV1	0.44	0.47
AXIS BANK LIMITED	2.32	2.68
BAJAJ AUTO LTD	1.25	1.10
BANK OF BARODA	1.37	1.07
BHARAT FORGE	0.55	0.58
BHARAT HEAVY ELECTRICALS LTD.FV-2	1.41	1.36
BHARTI AIRTEL LIMITED	1.83	1.44
CAIRN INDIA LIMITED	1.16	1.22
COAL INDIA LIMITED	0.03	0.02
CROMPTON GREAVES LTD	0.50	0.59
D.B. CORP LIMITED	0.59	0.32
DIVIS LABORATORIES LIMITED	4.59	2.86
EXIDE INDUSTRIES LTD	0.45	0.31
GAS AUTHORITY OF INDIA LTD.	0.87	0.59
HDFC BANK LTD.FV-2	4.54	4.23
HDFC LTD FV 2	1.66	1.68
HEXA TRADEX LIMITED	0.10	0.00
HINDALCO INDUSTRIES LTD FV RE 1	0.49	0.71
HINDUSTAN LEVER LTD.	1.58	0.89
HINDUSTAN ZINC LIMITEDFV-2	0.93	0.99
HT MEDIA LIMITED	0.51	0.39
ICICI BANK LTD.	5.96	8.00
INFOSYS LIMITED	6.22	5.82
IRB INFRASTRUCTURE DEVELOPERS LIMITED	0.34	0.44
ITC - FV 1	7.28	5.52
JAIPRAKASH ASSOCIATE	1.24	1.88
JINDAL SAW LIMITED FV2	1.00	1.02
JINDAL STEEL & POWER LTD.	1.25	1.58
KIRLOSKAR CUMMINS	2.48	1.59
LARSEN&TUBRO	2.33	2.55
LUPIN LIMITEDFV-2	1.61	0.82
MAHINDRA & MAHINDRA LTD.-FV5	2.49	2.56
MARUTI UDYOG LTD.	1.09	0.84
MOTHERSON SUMI SYSTEMS LTD.	0.85	0.70
MULTI COMMODITY EXCHANGE OF INDIA LIMITED	0.12	0.00
NCC LIMITED	0.32	0.49
NTPC LIMITED	0.84	0.71
OIL INDIA LIMITED	0.74	0.36
ONGCFV-5	1.56	1.12
POWER FINANCE CORPORATION	0.36	0.51
PUNJAB NATIONAL BANK	1.13	1.06
RANBAXY FV RS 5	0.58	0.46
RELIANCE INDUSTRIES LTD.	6.62	7.74
SHRIRAM TRANSPORT FINANCE CO. LTD.	0.26	0.31
SINTEX INDUSTRIES LTD.FV-1	0.31	0.39
SML ISUZU LIMITED	0.49	0.20
STATE BANK OF INDIA	3.04	3.50
STERLITE INDUSTRIES FV 1	1.33	2.04
STRIDES ARCOLAB LIMITED	1.36	1.16
SUN PHARMACEUTICAL INDUSTRIES LTD.FV-1	0.99	0.72
TATA CONSULTANCY SERVICES LTD.	3.47	3.38
TATA IRON & STEEL COMPANY LTD	0.56	0.78
TATA MOTORS LIMITED DVRFV-2	0.37	0.51
TATA MOTORS LTD.FV-2	1.54	2.32
ULTRATECH CEMCO LTD	1.34	0.92
UNITED PHOSPHOROUS LTD	0.35	0.35
WIPRO	0.54	0.46
YES BANK LTD	0.93	1.21
ZEE ENTERTAINMENT ENTERPRISES LIMITED	0.12	0.08
<b>total equity</b>	<b>91.00</b>	
<b>total money market instruments</b>	<b>9.00</b>	
<b>total net assets</b>	<b>100.00</b>	

### fund characteristics as on Apr 30, 2012

Fund Beta 0.97

### asset allocation as on Apr 30, 2012



# Group Equity Fund 3

## fund performance as on Apr 30, 2012

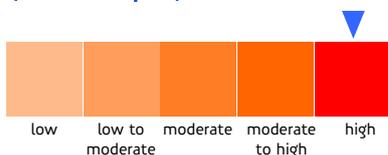
### SFIN :

ULGF01808/06/09GEQUITYF03121

### 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



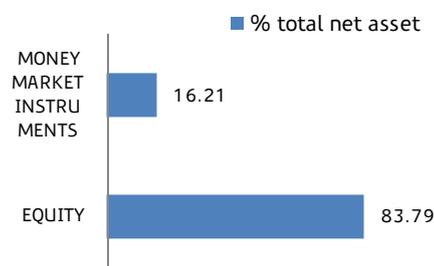
gross return		
fund name	12 month returns	24 month returns
<b>Benchmark</b>	-8.72%	-0.28%
Group Equity Fund 3	13.89%	11.34%

portfolio As on Apr 30, 2012		
security	% total net assets	1-yr beta
<b>equity</b>		
ASSOCIATED CEMENT COMPANIES LTD.	0.42	0.35
AUROBINDO PHARMA LTD FV1	0.42	0.44
AXIS BANK LIMITED	2.16	2.50
BAJAJ AUTO LTD	0.87	0.77
BANK OF BARODA	1.27	0.99
BHARAT FORGE	0.51	0.54
BHARAT HEAVY ELECTRICALS LTD.FV-2	1.31	1.26
BHARTI AIRTEL LIMITED	1.68	1.33
CAIRN INDIA LIMITED	1.20	1.26
COAL INDIA LIMITED	0.05	0.03
CROMPTON GREAVES LTD	0.46	0.54
D.B. CORP LIMITED	0.51	0.27
DIVIS LABORATORIES LIMITED	4.22	2.63
EXIDE INDUSTRIES LTD	0.43	0.29
GAS AUTHORITY OF INDIA LTD.	0.81	0.56
HDFC BANK LTD.FV-2	4.22	3.94
HDFC LTD FV 2	1.32	1.34
HINDALCO INDUSTRIES LTD FV RE 1	0.50	0.74
HINDUSTAN LEVER LTD.	1.46	0.82
HINDUSTAN ZINC LIMITEDFV-2	0.88	0.93
HT MEDIA LIMITED	0.45	0.34
ICICI BANK LTD.	5.28	7.10
INFOSYS LIMITED	5.20	5.43
IRB INFRASTRUCTURE DEVELOPERS LIMITED	0.30	0.39
ITC - FV 1	6.77	5.14
JAIPRAKASH ASSOCIATE	1.14	1.73
JINDAL SAW LIMITED FV2	0.94	0.95
JINDAL STEEL & POWER LTD.	1.17	1.47
KIRLOSKAR CUMMINS	2.15	1.38
LARSEN&TUBRO	2.16	2.37
LUPIN LIMITEDFV-2	1.50	0.76
MAHINDRA & MAHINDRA LTD.-FV5	2.32	2.39
MARUTI UDYOG LTD.	1.03	0.79
MOTHERSON SUMI SYSTEMS LTD.	0.78	0.64
MULTI COMMODITY EXCHANGE OF INDIA LIMITED	0.10	0.00
NCC LIMITED	0.31	0.47
NTPC LIMITED	0.78	0.66
OIL INDIA LIMITED	0.66	0.32
ONGCFV-5	1.44	1.03
POWER FINANCE CORPORATION	0.34	0.47
PUNJAB NATIONAL BANK	1.06	0.99
RANBAXY FV RS 5	0.53	0.43
RELIANCE INDUSTRIES LTD.	6.15	7.18
SHRIRAM TRANSPORT FINANCE CO. LTD.	0.25	0.30
SINTEX INDUSTRIES LTD.FV-1	0.29	0.37
SML ISUZU LIMITED	0.45	0.19
STATE BANK OF INDIA	2.72	3.14
STERLITE INDUSTRIES FV 1	1.23	1.89
STRIDES ARCOLAB LIMITED	1.27	1.09
SUN PHARMACEUTICAL INDUSTRIES LTD.FV-1	0.92	0.67
TATA CONSULTANCY SERVICES LTD.	3.46	3.36
TATA IRON & STEEL COMPANY LTD.	0.52	0.73
TATA MOTORS LIMITED DVRFV-2	0.35	0.48
TATA MOTORS LTD.FV-2	1.39	2.09
ULTRATECH CEMCO LTD	1.25	0.85
UNITED PHOSPHOROUS LTD	0.30	0.30
WIPRO	0.52	0.44
YES BANK LTD	0.87	1.13
ZEE ENTERTAINMENT ENTERPRISES LIMITED	0.12	0.08
<b>total equity</b>	<b>83.79</b>	
<b>total money market instruments</b>	<b>16.21</b>	
<b>total net assets</b>	<b>100.00</b>	

### fund characteristics as on Apr 30, 2012

Fund Beta 0.97

### asset allocation as on Apr 30, 2012



### target asset allocation

Equity: 100%

### benchmark construction

S&P CNX Nifty: 100%

# RELIANCE

Life Insurance

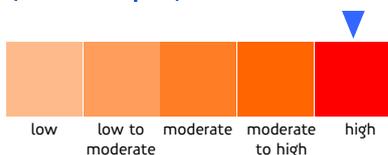
SFIN :

ULGF01528/11/O8GPUREEQF01121

## 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



## 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%

# Group Pure Equity Fund 1

## fund performance as on Apr 30, 2012

Fund name	gross return		
	12 month returns	24 month returns	36 month returns
<b>Benchmark</b>	-8.72%	-0.28%	14.74%
Group Pure Equity Fund 1	-7.79%	-0.38%	14.18%

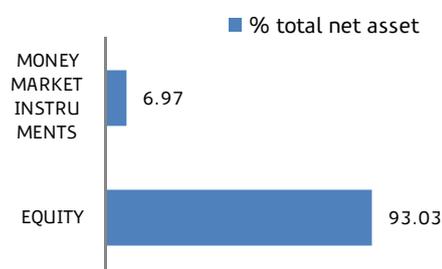
## portfolio As on Apr 30, 2012

security	% total net assets	1-yr beta
<b>equity</b>		
ASSOCIATED CEMENT COMPANIES LTD.	2.22	1.82
AVENTIS PHARMA LIMITED	2.61	1.36
BAJAJ AUTO LTD	2.91	2.58
BHARAT HEAVY ELECTRICALS LTD.FV-2	2.79	2.69
BHARTI AIRTEL LIMITED	4.09	3.23
CAIRN INDIA LIMITED	3.76	3.95
CROMPTON GREAVES LTD	1.75	2.05
DIVIS LABORATORIES LIMITED	3.51	2.19
EXIDE INDUSTRIES LTD	2.11	1.42
GAS AUTHORITY OF INDIA LTD.	2.48	1.70
GRASIM INDUSTRIES LTD.	2.13	1.85
HEXA TRADEX LIMITED	0.18	0.00
HINDALCO INDUSTRIES LTD FV RE 1	2.04	2.99
HINDUSTAN LEVER LTD.	4.69	2.65
INFOSYS LIMITED	6.80	6.36
JINDAL SAW LIMITED FV2	1.86	1.89
JINDAL STEEL & POWER LTD.	2.28	2.88
KIRLOSKAR CUMMINS	2.71	1.73
LARSEN&TUBRO	2.95	3.23
LUPIN LIMITEDFV-2	1.32	0.67
MAHINDRA & MAHINDRA LTD.-FV5	2.60	2.68
MARUTI UDYOG LTD.	2.19	1.68
MOTHERSON SUMI SYSTEMS LTD.	1.88	1.55
NTPC LIMITED	2.73	2.30
OIL INDIA LIMITED	0.84	0.41
ONGCFV-5	4.19	3.00
PETRONET LNG LIMITED	0.87	0.62
POWER GRID CORP OF INDIA LTD	1.66	1.32
RANBAXY FV RS 5	3.03	2.44
RELIANCE INDUSTRIES LTD.	7.16	8.36
SUN PHARMACEUTICAL INDUSTRIES LTD.FV-1	3.49	2.54
TATA CONSULTANCY SERVICES LTD.	3.78	3.68
ULTRATECH CEMCO LTD	1.39	0.95
VOLTAS LTD	2.03	2.07
<b>total equity</b>	<b>93.03</b>	
<b>total money market instruments</b>	<b>6.97</b>	
<b>total net assets</b>	<b>100.00</b>	

## fund characteristics as on Apr 30, 2012

Fund Beta 0.87

## asset allocation as on Apr 30, 2012



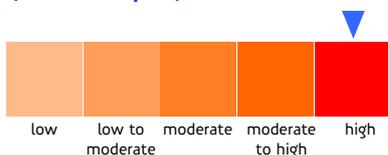
SFIN :

ULGF01908/06/09GINFRASF01121

### 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



### target asset allocation

Equity: 100%

### benchmark construction

CNX Infrastructure Index: 100%

# Group Infrastructure Fund 1

## fund performance as on Apr 30, 2012

gross return		
fund Name	12 month returns	24 month returns
<b>Benchmark</b>	-21.83%	-17.29%
Group Infrastructure Fund 1	-18.77%	-13.60%

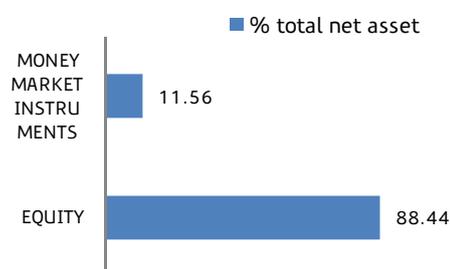
### portfolio As on Apr 30, 2012

security	% total net assets	1-yr beta
<b>equity</b>		
ASHOKA BUILDCON LTD.	1.68	0.80
BHARAT FORGE	3.61	3.80
BHARAT HEAVY ELECTRICALS LTD.FV-2	5.47	5.27
BHARTI AIRTEL LIMITED	6.39	5.04
COAL INDIA LIMITED	3.20	2.05
CROMPTON GREAVES LTD	1.69	1.99
EXIDE INDUSTRIES LTD	1.01	0.68
GAS AUTHORITY OF INDIA LTD.	3.00	2.06
GRASIM INDUSTRIES LTD.	4.46	3.87
GREAVES COTTONFV-2	0.74	0.53
HEXA TRADEX LIMITED	0.11	0.00
HINDUSTAN ZINC LIMITEDFV-2	1.06	1.13
INDIAN METALS AND FERRO ALLOYS LIMITED	2.89	2.91
INFOSYS LIMITED	2.26	2.11
IRB INFRASTRUCTURE DEVELOPERS LIMITED	2.97	3.83
JAI PRAKASH ASSOCIATE	5.51	8.36
JINDAL SAW LIMITED FV2	1.05	1.07
JINDAL STEEL & POWER LTD.	2.62	3.30
JYOTI STRUCTURES LTD	1.78	1.76
LARSEN&TUBRO	6.89	7.55
MOTHERSON SUMI SYSTEMS LTD.	0.84	0.70
NCC LIMITED	1.08	1.66
NTPC LIMITED	7.69	6.49
ORIENT GREEN POWER COMPANY LIMITED	1.31	1.64
POWER GRID CORP OF INDIA LTD	5.75	4.56
RELIANCE INDUSTRIES LTD.	2.43	2.84
SINTEX INDUSTRIES LTD.FV-1	1.28	1.62
TATA IRON & STEEL COMPANY LTD	3.12	4.34
TATA POWER CO. LTD.FV-1	3.76	3.56
TD POWER SYSTEMS LIMITED	1.47	0.48
VOLTAS LTD	1.31	1.34
<b>total equity</b>	<b>88.44</b>	
<b>total money market instruments</b>	<b>11.56</b>	
<b>total net assets</b>	<b>100.00</b>	

### fund characteristics as on Apr 30, 2012

Fund Beta 0.99

### asset allocation as on Apr 30, 2012



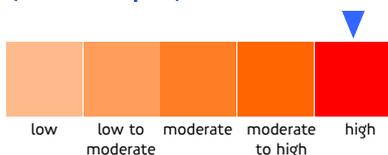
SFIN :

ULGF01428/11/08GENERGYF01121

### 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



### target asset allocation

Equity: 100%

### benchmark construction

CNX Energy Index: 100%

# Group Energy Fund 1

## fund performance as on Apr 30, 2012

gross return			
fund Name	12 month returns	24 month returns	36 month returns
<b>Benchmark</b>	-18.57%	-8.18%	1.09%
Group Energy Fund 1	-12.75%	-3.82%	6.57%

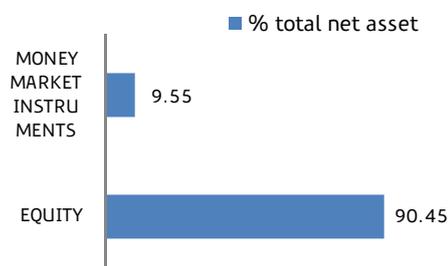
### portfolio As on Apr 30, 2012

security	% total net assets	1-yr beta
<b>equity</b>		
BHARAT HEAVY ELECTRICALS LTD.FV-2	2.10	2.03
BHARAT PETROLEUM CORP. LTD.	5.33	3.22
CAIRN INDIA LIMITED	8.92	9.35
COAL INDIA LIMITED	1.12	0.72
CROMPTON GREAVES LTD	1.47	1.73
EXIDE INDUSTRIES LTD	2.59	1.74
GAS AUTHORITY OF INDIA LTD.	6.76	4.63
JINDAL STEEL & POWER LTD.	2.82	3.56
JYOTI STRUCTURES LTD	2.45	2.43
KIRLOSKAR CUMMINS	4.28	2.74
LARSEN&TUBRO	4.32	4.73
NTPC LIMITED	8.76	7.39
OIL INDIA LIMITED	7.80	3.79
ONGCFV-5	8.94	6.41
ORIENT GREEN POWER COMPANY LIMITED	1.22	1.52
PETRONET LNG LIMITED	3.30	2.33
POWER FINANCE CORPORATION	0.89	1.25
POWER GRID CORP OF INDIA LTD	9.25	7.33
RELIANCE INDUSTRIES LTD.	7.41	8.65
TATA POWER CO. LTD.FV-1	0.73	0.69
<b>total equity</b>	<b>90.45</b>	
<b>total money market instruments</b>	<b>9.55</b>	
<b>total net assets</b>	<b>100.00</b>	

### fund characteristics as on Apr 30, 2012

Fund Beta 0.84

### asset allocation as on Apr 30, 2012



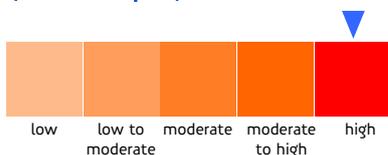
SFIN :

ULGF02008/06/09GMIDCAPF01121

### 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



### target asset allocation

Equity: 100%

### benchmark construction

Nifty Midcap 50: 100%

# Group Midcap Fund 1

## fund performance as on Apr 30, 2012

gross return		
fund Name	12 month returns	24 month returns
<b>Benchmark</b>	-13.30%	-11.82%
Group Midcap Fund 1	-2.31%	-3.63%

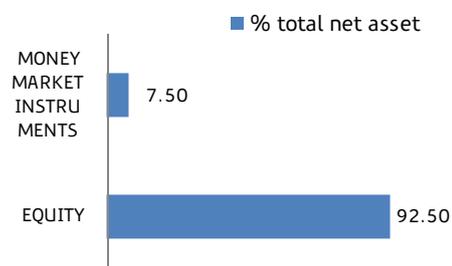
### portfolio As on Apr 30, 2012

security	% total net assets	1-yr beta
<b>equity</b>		
ANDHRA BANK	3.08	3.05
AUROBINDO PHARMA LTD FV1	2.20	2.32
AVENTIS PHARMA LIMITED	4.98	2.59
BANK OF BARODA	1.01	0.79
BHARAT FORGE	2.76	2.91
D.B. CORP LIMITED	2.04	1.10
DIVIS LABORATORIES LIMITED	6.00	3.74
EXIDE INDUSTRIES LTD	3.42	2.30
GREAVES COTTONFV-2	2.40	1.72
GUJARAT STATE FERTILIZER COMPANY	4.04	3.04
HEXA TRADEX LIMITED	0.41	0.00
HT MEDIA LIMITED	2.01	1.51
INDIAN METALS AND FERRO ALLOYS LIMITED	2.68	2.70
IRB INFRASTRUCTURE DEVELOPERS LIMITED	2.86	3.70
JAIPRAKASH ASSOCIATE	1.19	1.81
JINDAL SAW LIMITED FV2	4.46	4.54
JSW STEEL LIMITED	5.00	8.15
JYOTI STRUCTURES LTD	1.91	1.89
KIRLOSKAR CUMMINS	3.93	2.51
MULTI COMMODITY EXCHANGE OF INDIA LIMITED	0.12	0.00
NCC LIMITED	1.09	1.67
PETRONET LNG LIMITED	2.92	2.07
RADICO KHAITAN LIMITED	2.22	1.08
SHRIRAM TRANSPORT FINANCE CO. LTD.	1.59	1.91
SINTEX INDUSTRIES LTD.FV-1	2.27	2.87
STRIDES ARCOLAB LIMITED	7.72	6.61
TATA CHEMICALS LTD.	2.84	2.10
TATA GLOBAL BEVERAGES LIMITED	0.59	0.60
TATA MOTORS LIMITED DVRFV-2	5.54	7.59
TD POWER SYSTEMS LIMITED	1.15	0.37
ULTRATECH CEMCO LTD	3.08	2.11
UNITED SPIRITS LIMITED	1.35	1.44
VOLTAS LTD	1.43	1.47
YES BANK LTD	2.21	2.87
<b>total equity</b>	<b>92.50</b>	
<b>total money market instruments</b>	<b>7.50</b>	
<b>total net assets</b>	<b>100.00</b>	

### fund characteristics as on Apr 30, 2012

Fund Beta 0.92

### asset allocation as on Apr 30, 2012



# RELIANCE

## Life Insurance

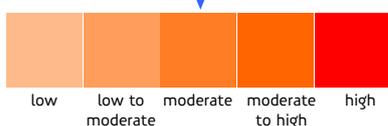
SFIN :

ULGF00310/10/03GGROWTHF01121

### fund objective

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

### fund risk profile



### target asset allocation

Debt: 60%  
Equity: 40%

### benchmark construction

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

# Group Growth Fund 1

## fund performance as on Apr 30, 2012

fund Name	gross return				
	12 month returns	24 month returns	36 month returns	48 month returns	60 month returns
<b>Benchmark</b>	1.86%	4.42%	10.24%	5.59%	7.75%
Group Growth Fund 1	2.38%	4.32%	10.17%	6.10%	7.07%

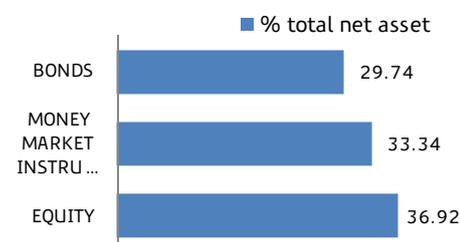
### portfolio As on Apr 30, 2012

security	% total net assets	rating/1-yr beta
<b>bond/ncd</b>		
0.00% HDFC ZCB 06-02-2017 I-032	1.73	AAA
10.35% NCD(BI)HDFC 16-05-2017	1.73	AAA
10.60% IRFC NCB 11-09-2018	0.45	AAA
11.10% PFC NCD 15-09-2013	0.85	AAA
11.95% HDFC DB 26-11-2018	1.87	AAA
2.00% TATA MOTORS NCD 31-03-2014 TRANCHE 3	2.46	AAA
8.20% IRFC NCD 27-04-2016	1.61	AAA
8.40% TATACAPLTD NCD 26-11-2012 V	1.65	AA+
8.42% SHREECEM NCD 22-07-2015	0.81	AA+
8.90% PGCIL NCD 25-02-2018 XXXI E	0.51	AAA
8.93% NTPC NCB 19-01-2021 XXXVII	1.62	AAA
8.95% INFOTEL NCD 15-09-2020 PPD 1	2.03	AAA
8.97% TATA SONS NCD 15-07-2020	4.07	AAA
8.99% TATA SONS NCD 07-06-2020	2.85	AAA
9.05% CANBK NCB 03-08-2020 III TIER-1	1.63	AAA
9.25% IDBIBNK NCB 29-01-2020 SERIES-IX	0.39	AA
9.50% SBI NCB 04-11-2025 Tier II	1.14	AAA
9.70% LICHL NCD 07-04-2013	1.67	AAA
9.70% UNITEDPHOSPHORUS NCD 09-04-2017 A	1.67	AA+
<b>total bond/cd</b>	<b>29.74</b>	
<b>equity</b>		
ASSOCIATED CEMENT COMPANIES LTD.	0.06	0.05
AUROBINDO PHARMA LTD FV1	0.17	0.18
AVENTIS PHARMA LIMITED	0.34	0.18
AXIS BANK LIMITED	0.98	1.13
BAJAJ AUTO LTD	0.40	0.35
BANK OF BARODA	0.33	0.26
BHARAT FORGE	0.25	0.26
BHARAT HEAVY ELECTRICALS LTD.FV-2	0.61	0.58
BHARTI AIRTEL LIMITED	0.77	0.61
CAIRN INDIA LIMITED	0.64	0.67
COAL INDIA LIMITED	0.02	0.01
CROMPTON GREAVES LTD	0.22	0.25
D.B. CORP LIMITED	0.24	0.13
DIVIS LABORATORIES LIMITED	1.65	1.03
EXIDE INDUSTRIES LTD	0.19	0.13
GAS AUTHORITY OF INDIA LTD.	0.36	0.25
HDFC BANK LTD.FV-2	1.91	1.78
HDFC LTD FV 2	0.51	0.52
HEXA TRADEX LIMITED	0.03	0.00
HINDALCO INDUSTRIES LTD FV RE 1	0.20	0.29
HINDUSTAN LEVER LTD.	0.66	0.37
HINDUSTAN ZINC LIMITEDFV-2	0.40	0.43
HT MEDIA LIMITED	0.00	0.00
ICICI BANK LTD.	2.54	3.42
INFOSYS LIMITED	2.54	2.38
IRB INFRASTRUCTURE DEVELOPERS LIMITED	0.14	0.18
ITC - FV 1	3.06	2.32
JAIPRAKASH ASSOCIATE	0.52	0.78
JINDAL SAW LIMITED FV2	0.31	0.32
JINDAL STEEL & POWER LTD.	0.53	0.66
KIRLOSKAR CUMMINS	0.94	0.60
LARSEN&TUBRO	0.97	1.07
LUPIN LIMITEDFV-2	0.75	0.38
MAHINDRA & MAHINDRA LTD.-FV5	1.05	1.08
MARUTI UDYOG LTD.	0.46	0.35
MOTHERSON SUMI SYSTEMS LTD.	0.36	0.30
NCC LIMITED	0.04	0.06
NTPC LIMITED	0.36	0.30
OIL INDIA LIMITED	0.04	0.02
ONGCFV-5	0.66	0.47
POWER FINANCE CORPORATION	0.17	0.24
PUNJAB NATIONAL BANK	0.59	0.55
RANBAXY FV RS 5	0.24	0.19
RELIANCE INDUSTRIES LTD.	2.77	3.23
SHRIRAM TRANSPORT FINANCE CO. LTD.	0.26	0.31
SINTEX INDUSTRIES LTD.FV-1	0.13	0.17
SML ISUZU LIMITED	0.19	0.08
STATE BANK OF INDIA	1.28	1.47
STERLITE INDUSTRIES FV 1	0.55	0.84
STRIDES ARCOLAB LIMITED	0.32	0.27
SUN PHARMACEUTICAL INDUSTRIES LTD.FV-1	0.40	0.29
TATA CONSULTANCY SERVICES LTD.	1.45	1.41
TATA IRON & STEEL COMPANY LTD	0.22	0.30
TATA MOTORS LIMITED DVRFV-2	0.15	0.21
TATA MOTORS LTD.FV-2	0.64	0.96
ULTRATECH CEMCO LTD	0.66	0.45
UNITED PHOSPHOROUS LTD	0.07	0.07
UNITED SPIRITS LIMITED	0.25	0.27
YES BANK LTD	0.38	0.49
ZEE ENTERTAINMENT ENTERPRISES LIMITED	0.02	0.01
<b>total equity</b>	<b>36.92</b>	
<b>total money market instruments</b>	<b>33.34</b>	
<b>total net assets</b>	<b>100.00</b>	

### fund characteristics as on Apr 30, 2012

M.Duration of debt portfolio: 1.84 years  
YTM of debt portfolio: 8.99%  
Beta of equity portfolio: 0.97

### asset allocation as on Apr 30, 2012



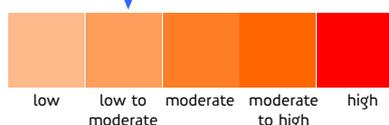
SFIN :

ULGF00110/10/O3GBALANCE01121

### 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



# Group Balanced Fund 1

## fund performance as on Apr 30, 2012

fund Name	gross return				
	12 month returns	24 month returns	36 month returns	48 month returns	60 month returns
<b>Benchmark</b>	5.28%	5.69%	8.28%	6.61%	7.86%
Group Balanced Fund 1	5.67%	5.71%	8.47%	7.41%	8.15%

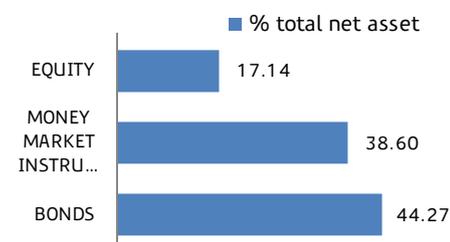
### portfolio As on Apr 30, 2012

security	% total net assets	rating/1-yr beta
<b>bond/ncd</b>		
10.00% USBNABARD 14-05-2012	0.49	AAA
10.35% HDFC NCD 06-06-2017	0.50	AAA
10.60% IRFC NCB 11-09-2018	0.52	AAA
11.10% PFC NCD 15-09-2013	0.49	AAA
11.15% HDFC NCD 06-08-2018	1.05	AAA
11.45% RIL NCD 25-11-2013 TRANCHE2	0.50	AAA
7.60% HDFC NCD 08-12-2017 C-009	1.36	AAA
8.23% TATACAPLTD NCD 29-07-2013	0.97	AA+
8.40% TATACAPLTD NCD 26-11-2012 V	1.44	AA+
8.42% SHRECEM NCD 22-07-2015	2.81	AA+
8.48% LICHL NCD 27-09-2013	1.43	AAA
8.68% NCRPB NCB 18-08-2019	1.42	AAA
8.70% BAJAFIN NCD 22-07-2015	4.72	LAA+
8.90% PGCIL NCD 25-02-2021 XXXI H	0.59	AAA
8.90% SAIL NCB 01-05-2019	1.18	AAA
8.93% NTPC NCB 19-01-2021 XXXVII	5.19	AAA
8.95% INFOTEL NCD 15-09-2020 PPD 1	8.51	AAA
8.97% TATA SONS NCD 15-07-2020	3.31	AAA
9.25% IDBIBNK NCD 29-01-2020 SERIES-IX	1.38	AA
9.30% PFC NCD 12-03-2013	0.97	AAA
9.33% PGCIL NCB 15-12-2013	0.60	AAA
9.34% SBOT NCB 31-10-2016 I	0.97	AAA
9.35% NCDLIC 23-11-2014	1.45	AAA
9.50% SBI NCB 04-11-2025 Tier II	0.28	AAA
9.50% TATA COMMUNICATIONS NCD 08-06-2014	1.45	AA+
9.95% ILFS NCD 14-02-2016 VIII	0.68	AAA
<b>total bond/ncd</b>	<b>44.27</b>	
<b>equity</b>		
ASSOCIATED CEMENT COMPANIES LTD.	0.04	0.03
AUROBINDO PHARMA LTD FV1	0.06	0.07
AVENTIS PHARMA LIMITED	0.22	0.11
AXIS BANK LIMITED	0.44	0.50
BAJAJ AUTO LTD	0.07	0.06
BANK OF BARODA	0.30	0.23
BHARAT FORGE	0.10	0.10
BHARAT HEAVY ELECTRICALS LTD.FV-2	0.25	0.24
BHARTI AIRTEL LIMITED	0.33	0.26
CAIRN INDIA LIMITED	0.28	0.29
COAL INDIA LIMITED	0.01	0.01
CROMPTON GREAVES LTD	0.09	0.11
D.B. CORP LIMITED	0.09	0.05
DIVIS LABORATORIES LIMITED	0.71	0.44
EXIDE INDUSTRIES LTD	0.11	0.07
GAS AUTHORITY OF INDIA LTD.	0.17	0.12
HDFC BANK LTD.FV-2	0.83	0.77
HDFC LTD FV 2	0.16	0.16
HEXA TRADEX LIMITED	0.03	0.00
HINDALCO INDUSTRIES LTD FV RE 1	0.10	0.14
HINDUSTAN LEVER LTD.	0.31	0.18
HINDUSTAN ZINC LIMITEDFV-2	0.34	0.37
HT MEDIA LIMITED	0.00	0.00
ICICI BANK LTD.	1.11	1.48
INFOSYS LIMITED	1.38	1.30
IRB INFRASTRUCTURE DEVELOPERS LIMITED	0.07	0.09
ITC - FV 1	1.00	0.76
JAIPRAKASH ASSOCIATE	0.24	0.36
JINDAL SAW LIMITED FV2	0.10	0.10
JINDAL STEEL & POWER LTD.	0.24	0.30
KIRLOSKAR CUMMINS	0.35	0.22
LARSEN&TUBRO	0.46	0.50
LUPIN LIMITEDFV-2	0.39	0.20
MAHINDRA & MAHINDRA LTD.-FV5	0.45	0.46
MARLITE UDYOG LTD.	0.19	0.15
MOTHERSON SUMI SYSTEMS LTD.	0.05	0.04
NCC LIMITED	1.09	1.68
NTPC LIMITED	0.18	0.15
OIL INDIA LIMITED	0.00	0.00
ONGCFV-5	0.30	0.22
POWER FINANCE CORPORATION	0.05	0.07
PUNJAB NATIONAL BANK	0.20	0.19
RANBAXY FV RS 5	0.12	0.09
RELIANCE INDUSTRIES LTD.	1.05	1.23
SHRIRAM TRANSPORT FINANCE CO. LTD.	0.15	0.18
SINTEX INDUSTRIES LTD.FV-1	0.06	0.07
SML ISUZU LIMITED	0.07	0.03
STATE BANK OF INDIA	0.56	0.65
STERILITE INDUSTRIES FV 1	0.27	0.41
STRIDES ARCOLAB LIMITED	0.09	0.08
SUN PHARMACEUTICAL INDUSTRIES LTD.FV-1	0.21	0.15
TATA CONSULTANCY SERVICES LTD.	0.70	0.68
TATA IRON & STEEL COMPANY LTD	0.06	0.08
TATA MOTORS LIMITED DVRFV-2	0.06	0.08
TATA MOTORS LTD.FV-2	0.31	0.46
ULTRATECH CEMCO LTD	0.24	0.17
UNITED PHOSPHOROUS LTD	0.03	0.03
UNITED SPIRITS LIMITED	0.07	0.08
YES BANK LTD	0.19	0.25
ZEE ENTERTAINMENT ENTERPRISES LIMITED	0.01	0.01
<b>total equity</b>	<b>17.14</b>	
<b>total money market instruments</b>	<b>38.60</b>	
<b>total net assets</b>	<b>100.00</b>	

### fund characteristics as on Apr 30, 2012

M.Duration of debt portfolio:	1.98 years
YTM of debt portfolio:	9.42%
Beta of equity portfolio:	1.01

### asset allocation as on Apr 30, 2012



### target asset allocation

Debt.:	80%
Equity:	20%

### benchmark construction

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

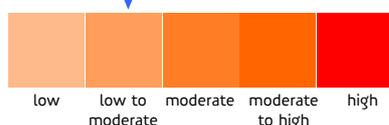
SFIN :

ULGF00210/10/O3GBALANCE02121

### 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



### target asset allocation

Debt.: 80%  
Equity: 20%

### benchmark construction

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

# Group Balanced Fund 2

## fund performance as on Apr 30, 2012

fund Name	gross return				
	12 month returns	24 month returns	36 month returns	48 month returns	60 month returns
<b>Benchmark</b>	5.28%	5.69%	8.28%	6.61%	7.86%
Group Balanced Fund 2	5.74%	5.85%	8.62%	7.58%	8.30%

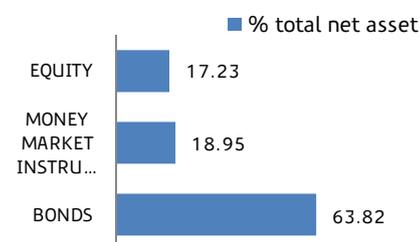
### portfolio As on Apr 30, 2012

security	% total net assets	rating/1-yr beta
<b>bond/ncd</b>		
10.00% USBNABARD 14-05-2012	0.42	AAA
10.05% USBNABARD 11-06-2014	0.21	AAA
10.60% IRFC NCB 11-09-2018	0.56	AAA
11.10% PFC NCD 15-09-2013	1.40	AAA
11.15% HDFC NCD 06-08-2018	1.71	AAA
11.45% RIL NCD 25-11-2013	4.45	AAA
11.45% RIL NCD 25-11-2013 TRANCHE2	0.11	AAA
7.60% HDFC NCD 08-12-2017 C-009	2.56	AAA
8.20% NHB NCB 30-08-2013	2.08	AAA
8.40% HDFC NCD 08-12-2014 G -003	2.48	AAA
8.42% SHRECEMD NCD 22-07-2015	0.31	AA+
8.48% LICHL NCD 27-09-2013	0.21	AAA
8.60% PFC NCD 07-08-2024 57.B.IIIII	1.49	AAA
8.68% NCRPB NCB 18-08-2019	0.21	AAA
8.70% BAJAJFIN NCD 22-07-2015	4.12	LAA+
8.90% PGCIL NCD 25-02-2021 XXXI H	1.28	AAA
8.90% SAIL NCB 01-05-2019	2.58	AAA
8.93% NTPC NCB 19-01-2021 XXXVII	0.62	AAA
8.95% INFOTEL NCD 15-09-2020 PPD 1	8.24	AAA
8.97% TATA SONS NCD 15-07-2020	0.10	AAA
8.99% TATA SONS NCD 07-06-2020	3.10	AAA
9.25% IDBIBNK NCB 29-01-2020 SERIES-IX	2.60	AA
9.30% PFC NCD 12-03-2013	2.43	AAA
9.30% TATA SONS NCD 24-12-2015	1.47	AAA
9.33% PGCIL NCB 15-12-2013	1.18	AAA
9.34% SBOT NCB 31-10-2016 I	1.90	AAA
9.35% NCDLIC 23-11-2014	3.17	AAA
9.50% SBI NCB 04-11-2025 Tier II	0.57	AAA
9.50% TATA COMMUNICATIONS NCD 08-06-2014	2.85	AA+
9.70% UNITEDPHOSPHORUS NCD 09-04-2017 A	9.00	AA+
9.90% TATA SONS NCD 18-03-2016	0.32	AAA
9.95% ILFS NCD 14-02-2016 VIII	0.08	AAA
<b>total bond/cd</b>	<b>63.82</b>	
<b>equity</b>		
ASSOCIATED CEMENT COMPANIES LTD.	0.03	0.02
AUROBINDO PHARMA LTD FV1	0.08	0.09
AVENTIS PHARMA LIMITED	0.55	0.28
AXIS BANK LIMITED	0.42	0.49
BAJAJ AUTO LTD	0.05	0.05
BANK OF BARODA	0.30	0.23
BHARAT FORGE	0.00	0.00
BHARAT HEAVY ELECTRICALS LTD.FV-2	0.25	0.24
BHARTI AIRTEL LIMITED	0.38	0.30
CAIRN INDIA LIMITED	0.28	0.29
COAL INDIA LIMITED	0.01	0.01
CROMPTON GREAVES LTD	0.10	0.11
D.B. CORP LIMITED	0.12	0.06
DIVIS LABORATORIES LIMITED	0.69	0.43
EXIDE INDUSTRIES LTD	0.01	0.01
GAS AUTHORITY OF INDIA LTD.	0.16	0.11
HDFC BANK LTD.FV-2	0.80	0.75
HDFC LTD FV 2	0.15	0.16
HEXA TRADEX LIMITED	0.03	0.00
HINDALCO INDUSTRIES LTD FV RE 1	0.10	0.15
HINDUSTAN LEVER LTD.	0.31	0.18
HINDUSTAN ZINC LIMITEDFV-2	0.00	0.00
HT MEDIA LIMITED	0.00	0.00
ICICI BANK LTD.	1.07	1.44
INFOSYS LIMITED	1.39	1.30
IRB INFRASTRUCTURE DEVELOPERS LIMITED	0.10	0.14
ITC - FV 1	1.29	0.98
JAIPRAKASH ASSOCIATE	0.25	0.38
JINDAL SAW LIMITED FV2	0.18	0.18
JINDAL STEEL & POWER LTD.	0.24	0.31
KIRLOSKAR CUMMINS	0.51	0.33
LARSEN&TUBRO	0.46	0.51
LUPIN LIMITEDFV-2	0.39	0.20
MAHINDRA & MAHINDRA LTD.-FV5	0.46	0.47
MARUTI UDYOG LTD.	0.20	0.16
MOTHERSON SUMI SYSTEMS LTD.	0.04	0.03
NCC LIMITED	0.02	0.03
NTPC LIMITED	0.18	0.15
OIL INDIA LIMITED	0.00	0.00
ONGCFV-5	0.30	0.21
POWER FINANCE CORPORATION	0.07	0.10
PUNJAB NATIONAL BANK	0.22	0.21
RANBAXY FV RS 5	0.16	0.13
RELIANCE INDUSTRIES LTD.	1.24	1.45
SHRIRAM TRANSPORT FINANCE CO. LTD.	0.15	0.18
SINTEX INDUSTRIES LTD.FV-1	0.05	0.06
SML ISUZU LIMITED	0.09	0.04
STATE BANK OF INDIA	0.54	0.52
STERLITE INDUSTRIES FV 1	0.32	0.49
STRIDES ARCOLAB LIMITED	0.14	0.12
SUN PHARMACEUTICAL INDUSTRIES LTD.FV-1	0.21	0.15
TATA CONSULTANCY SERVICES LTD.	0.60	0.58
TATA IRON & STEEL COMPANY LTD	0.21	0.29
TATA MOTORS LIMITED DVRFV-2	0.08	0.10
TATA MOTORS LTD.FV-2	0.33	0.50
ULTRATECH CEMCO LTD	0.37	0.25
UNITED PHOSPHOROUS LTD	0.03	0.03
UNITED SPIRITS LIMITED	0.07	0.07
YES BANK LTD	0.45	0.58
ZEE ENTERTAINMENT ENTERPRISES LIMITED	0.01	0.01
<b>total equity</b>	<b>17.23</b>	
<b>total money market instruments</b>	<b>18.95</b>	
<b>total net assets</b>	<b>100.00</b>	

### fund characteristics as on Apr 30, 2012

M.Duration of debt portfolio: 2.51 years  
YTM of debt portfolio: 9.76%  
Beta of equity portfolio: 0.97

### asset allocation as on Apr 30, 2012



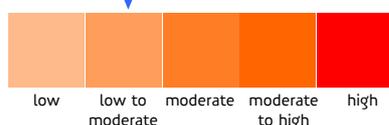
SFIN :

ULGF01718/05/09GBALANCE03121

### 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



### target asset allocation

Debt.: 80%  
Equity: 20%

### benchmark construction

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

# Group Balanced Fund 3

## fund performance as on Apr 30, 2012

gross return		
fund Name	12 month returns	24 month returns
<b>Benchmark</b>	<b>5.28%</b>	<b>5.69%</b>
Life Balanced Fund 1	6.69%	6.30%

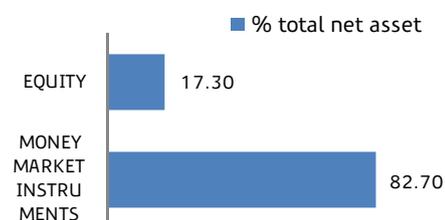
### portfolio As on Apr 30, 2012

security	% total net assets	rating/1-yr beta
<b>equity</b>		
ASSOCIATED CEMENT COMPANIES LTD.	0.03	0.03
AUROBINDO PHARMA LTD FV1	0.04	0.04
AXIS BANK LIMITED	0.15	0.18
BAJAJ AUTO LTD	0.09	0.08
BANK OF BARODA	0.04	0.03
BHARAT FORGE	0.19	0.20
BHARAT HEAVY ELECTRICALS LTD.FV-2	0.12	0.12
BHARTI AIRTEL LIMITED	0.08	0.06
CAIRN INDIA LIMITED	0.14	0.15
CROMPTON GREAVES LTD	0.03	0.04
D.B. CORP LIMITED	0.11	0.06
DIVIS LABORATORIES LIMITED	0.19	0.12
EXIDE INDUSTRIES LTD	0.24	0.16
GAS AUTHORITY OF INDIA LTD.	0.07	0.05
HDFC BANK LTD.FV-2	0.40	0.37
HEXA TRADEX LIMITED	0.96	0.00
HINDALCO INDUSTRIES LTD FV RE 1	0.06	0.09
HINDUSTAN LEVER LTD.	0.08	0.05
HINDUSTAN ZINC LIMITEDFV-2	0.49	0.52
HT MEDIA LIMITED	0.05	0.03
ICICI BANK LTD.	0.70	0.94
INFOSYS LIMITED	0.47	0.44
IRB INFRASTRUCTURE DEVELOPERS LIMITED	0.00	0.01
ITC - FV 1	2.81	2.13
JAIPRAKASH ASSOCIATE	0.12	0.19
JINDAL SAW LIMITED FV2	0.04	0.04
JINDAL STEEL & POWER LTD.	0.10	0.10
KIRLOSKAR CUMMINS	0.69	0.44
LARSEN&TUBRO	0.13	0.15
LUPIN LIMITEDFV-2	0.12	0.06
MAHINDRA & MAHINDRA LTD.-FV5	0.16	0.16
MARUTI UDYOG LTD.	0.04	0.03
MOTHERSON SUMI SYSTEMS LTD.	0.02	0.02
NCC LIMITED	3.22	4.93
NTPC LIMITED	0.04	0.04
OIL INDIA LIMITED	0.01	0.01
ONGCFV-5	0.90	0.65
POWER FINANCE CORPORATION	0.07	0.10
PUNJAB NATIONAL BANK	0.09	0.09
RANBAXY FV RS 5	0.03	0.02
RELIANCE INDUSTRIES LTD.	0.16	0.19
SHRIRAM TRANSPORT FINANCE CO. LTD.	0.22	0.26
SINTEX INDUSTRIES LTD.FV-1	0.05	0.07
SML ISUZU LIMITED	0.09	0.04
STATE BANK OF INDIA	0.23	0.27
STERLITE INDUSTRIES FV 1	0.03	0.04
STRIDES ARCOLAB LIMITED	0.04	0.03
SUN PHARMACEUTICAL INDUSTRIES LTD.FV-1	0.05	0.04
TATA CONSULTANCY SERVICES LTD.	1.26	1.23
TATA IRON & STEEL COMPANY LTD	0.10	0.14
TATA MOTORS LIMITED DVRFV-2	0.07	0.10
TATA MOTORS LTD.FV-2	0.06	0.09
ULTRATECH CEMCO LTD	0.78	0.54
UNITED PHOSPHOROUS LTD	0.34	0.34
UNITED SPIRITS LIMITED	0.02	0.02
YES BANK LTD	0.41	0.53
ZEE ENTERTAINMENT ENTERPRISES LIMITED	0.01	0.00
<b>total equity</b>	<b>17.30</b>	
<b>total money market instruments</b>	<b>82.70</b>	
<b>total net assets</b>	<b>100.00</b>	

### fund characteristics as on Apr 30, 2012

Beta of equity portfolio: 0.98

### asset allocation as on Apr 30, 2012



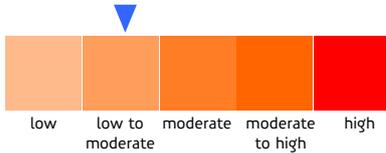
SFIN :

ULGF00524/10/07GCRBOND01121

### 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



### target asset allocation

Bond Instruments: 100%

### benchmark construction

CRISIL Composite Bond Index: 100%

# Group Corporate Bond Fund 1

## fund performance as on Apr 30, 2012

fund Name	gross return			
	12 month returns	24 month returns	36 month returns	48 month returns
<b>Benchmark</b>	8.21%	6.36%	5.33%	6.50%
Group Corporate Bond Fund 1	8.16%	6.99%	7.47%	8.96%

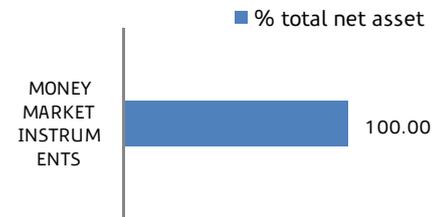
### portfolio As on Apr 30, 2012

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

### fund characteristics as on Apr 30, 2012

YTM of debt portfolio: 8.10%

### asset allocation as on Apr 30, 2012



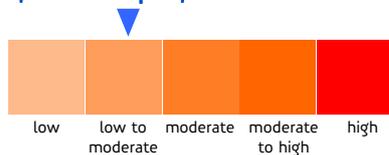
SFIN :

ULGF01213/10/08GRCORBOND02121

### 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



### target asset allocation

Bond Instruments: 100%

### benchmark construction

CRISIL Composite Bond Index: 100%

# Group Corporate Bond Fund 2

## fund performance as on Apr 30, 2012

gross return			
fund Name	12 month returns	24 month returns	36 month returns
<b>Benchmark</b>	8.21%	6.36%	5.33%
Group Corporate Bond Fund 2	7.80%	6.82%	7.33%

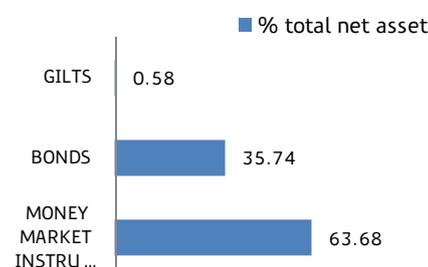
### portfolio As on Apr 30, 2012

security	% total net assets	rating/1-yr beta
<b>bond/ncd</b>		
0.00% NOVOIVTRUST-LOCOMATIVE PTC 18-10-2013 J	1.90	AAA
10.05% USBNABARD 11-06-2014	0.47	AAA
10.48% ULTRACEMCO DB 16-12-2013	0.10	AAA
10.90% REC NCD 30-09-2013	9.54	AAA
11.10% PFC NCD 15-09-2013	1.24	AAA
11.45% RIL NCD 25-11-2013	1.64	AAA
11.45% RIL NCD 25-11-2013 TRANCHE2	2.89	AAA
2.00% INDHOTL NCD 09-12-2014	2.97	LAA+
2.00% TATA MOTORS NCD 31-03-2014 TRANCHE 3	1.33	AAA
8.20% NHB NCB 30-08-2013	0.74	AAA
8.40% TATACAPLTD NCD 26-11-2012 V	2.24	AA+
8.42% SHREECEM NCD 22-07-2015	2.36	AA+
8.90% PGCIL NCD 25-02-2016 XXXI C	0.69	AAA
9.30% TATA SONS NCD 24-12-2015	1.87	AAA
9.35% NCDLIC 23-11-2014	0.56	AAA
9.66% NABARD NCB 18-10-2014 XII Q	4.52	AAA
9.95% ILFS NCD 14-02-2016 VIII	0.69	AAA
<b>total bond/cd</b>	<b>35.74</b>	
<b>gilts</b>		
7.35% GOI 2024	0.58	sovereign
<b>total gilts</b>	<b>0.58</b>	
<b>total money market instruments</b>	<b>63.68</b>	
<b>total net assets</b>	<b>100.00</b>	

### fund characteristics as on Apr 30, 2012

M.Duration of debt portfolio: 0.98 years  
YTM of debt portfolio: 9.74%

### asset allocation as on Apr 30, 2012



SFIN :

ULGF01030/09/08GPUREDEB01121

### 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



### target asset allocation

Debt Instruments: 100%

### benchmark construction

CRISIL Composite Bond Index: 100%

# Group Pure Debt Fund 1

## fund performance as on Apr 30, 2012

gross return			
fund Name	12 month returns	24 month returns	36 month returns
<b>Benchmark</b>	8.21%	6.36%	5.33%
Group Pure Debt Fund 1	7.76%	6.78%	7.13%

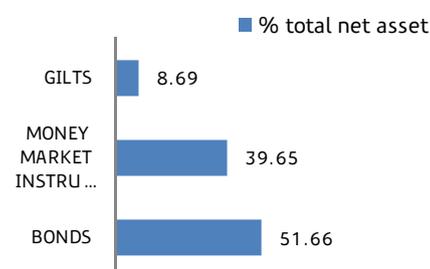
### portfolio As on Apr 30, 2012

security	% total assets	rating/ net 1-yr beta
<b>bond/ncd</b>		
10.60% IRFC NCB 11-09-2018	5.22	AAA
11.25% PFC DB 28-11-2018	2.66	AAA
2.00% INDHOTL NCD 09-12-2014	8.59	LAA+
2.00% TATA MOTORS NCD 31-03-2014 TRANCHE 3	5.77	AAA
8.40% HDFC NCD 08-12-2014 G -003	7.15	AAA
8.90% PGCIL NCD 25-02-2015 XXXI B	3.01	AAA
8.93% NTPC NCB 19-01-2021 XXXVII	2.38	AAA
8.95% INFOTEL NCD 15-09-2020 PPD 1	2.38	AAA
8.98% NCRPB BS 14-02-2018	2.43	AAA
9.25% IDBIBNK NCB 29-01-2020 SERIES-IX	2.31	AA
9.70% LICHFL NCD 07-04-2013	7.33	AAA
9.70% UNITEDPHOSPHORUS NCD 09-04-2017 A	2.44	AA+
<b>total bond/cd</b>	<b>51.66</b>	
<b>gilts</b>		
8.53% TAMILNADU SDL 2020	6.22	sovereign
8.97% GOI CG 05-12-2030	2.47	sovereign
<b>total gilts</b>	<b>8.69</b>	
<b>total money market instruments</b>	<b>39.65</b>	
<b>total net assets</b>	<b>100.00</b>	

### fund characteristics as on Apr 30, 2012

M.Duration of debt portfolio: 2.11 years  
YTM of debt portfolio: 8.50%

### asset allocation as on Apr 30, 2012



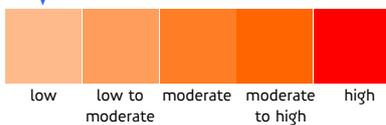
### SFIN :

ULGF00431/01/07GCAPISEC01121

### 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



### target asset allocation

Money Market Instruments : 100%

### benchmark construction

Yield on 182-day T.Bills : 100%

# Group Capital Secure Fund 1

## fund performance as on Apr 30, 2012

fund Name	gross return				
	12 month returns	24 month returns	36 month returns	48 month returns	60 month returns
<i>Benchmark</i>	8.72%	7.66%	6.44%	6.69%	6.88%
Group Capital Secure Fund 1	9.38%	8.54%	8.20%	8.81%	8.85%

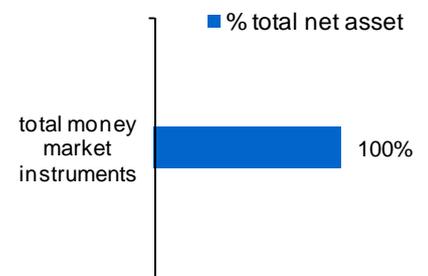
### portfolio As on Apr 30, 2012

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

### fund characteristics as on Apr 30, 2012

YTM of debt portfolio: 8.96 %

### asset allocation as on Apr 30, 2012



# Group Gilt Fund 2

## fund performance as on Apr 30, 2012

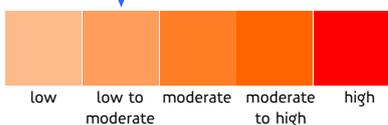
### SFIN :

ULGF01610/12/08GGILTFUN02121

### 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



### target asset allocation

Government Securities: 100%

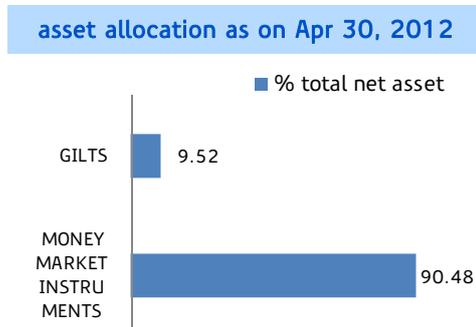
### benchmark construction

I-Sec Composite Sovereign Bond Index:100%

gross return			
fund Name	12 month returns	24 month returns	36 month returns
<b>Benchmark</b>	6.41%	5.46%	3.52%
Group Gilt Fund 2	6.94%	6.92%	5.52%

portfolio As on Apr 30, 2012		
<b>security</b>	<b>% total net assets</b>	<b>rating/ 1-yr beta</b>
<b>gilts</b>		<b>sovereign</b>
8.24% GOI 2018	9.52	sovereign
<b>total gilts</b>	<b>9.52</b>	
<b>total money market instruments</b>	<b>90.48</b>	
<b>total net assets</b>	<b>100.00</b>	

fund characteristics as on Apr 30, 2012	
M.Duration of debt portfolio:	0.45 years
YTM of debt portfolio:	8.13%



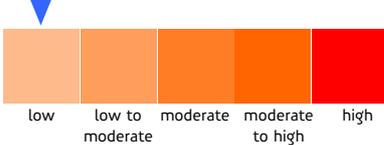
### SFIN :

ULGF00930/09/08GMONMRKT02121

### fund objective

To achieve predictable investment return. This will be achieved through 100% investments in debt securities where returns are locked in through portfolio immunization techniques and use of rigorous Asset Liability Management (ALM). The risk appetite is 'low to moderate'.

### fund risk profile



### target asset allocation

Money Market Instruments : 100%

### benchmark construction

CRISIL Liquid Bond Index: 100%

# Group Money Market Fund 2

## fund performance as on Apr 30, 2012

gross return			
fund Name	12 month returns	24 month returns	36 month returns
<b>Benchmark</b>	8.62%	7.57%	6.08%
Group Money Market Fund 2	9.96%	9.01%	8.71%

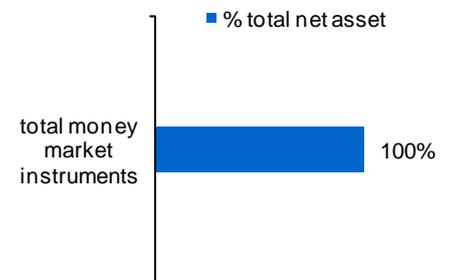
### portfolio As on Apr 30, 2012

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

### fund characteristics as on Apr 30, 2012

YTM of debt portfolio: 9.57%

### asset allocation as on Apr 30, 2012



SFIN	Plan Name	Fund Name	NAV
ULGF00431/01/07GCAPISEC01121	Reliance Group Gratuity Plan	Group Capital Secure Fund 1	14.9974
ULGF00210/10/03GBALANCE02121	Reliance Group Gratuity Plan	Group Balanced Fund 2	14.4233
ULGF00110/10/03GBALANCE01121	Reliance Group Gratuity Plan	Group Balanced Fund 1	17.7221
ULGF01213/10/08GCORBOND02121	Reliance Group Gratuity Plan	Group Corporate Bond Fund 2	13.5044
ULGF01808/06/09GEQUITYF03121	Reliance Group Gratuity Plan	Group Equity Fund 3	15.3676
ULGF01610/12/08GGILTFUN02121	Reliance Group Gratuity Plan	Group Gilt Fund 2	11.8401
ULGF00930/09/08GMONMRKT02121	Reliance Group Gratuity Plan	Group Money Market Fund 2	13.4785
ULGF00310/10/03GGROWTHF01121	Reliance Group Gratuity Plan	Group Growth Fund 1	13.5532
ULGF01908/06/09GINFRASF01121	Reliance Group Gratuity Plan	Group Infrastructure Fund 1	7.7376
ULGF02008/06/09GMIDCAPF01121	Reliance Group Gratuity Plan	Group Midcap Fund 1	12.4323
ULGF01030/09/08GPUREDEB01121	Reliance Group Gratuity Plan	Group Pure Debt Fund 1	13.4685
ULGF00110/10/03GBALANCE01121	Reliance Group Superannuation Plan	Group Balanced Fund 1	17.7221
ULGF00431/01/07GCAPISEC01121	Reliance Group Superannuation Plan	Group Capital Secure Fund 1	14.9974
ULGF01213/10/08GCORBOND02121	Reliance Group Superannuation Plan	Group Corporate Bond Fund 2	13.5044
ULGF01808/06/09GEQUITYF03121	Reliance Group Superannuation Plan	Group Equity Fund 3	15.3676
ULGF01610/12/08GGILTFUN02121	Reliance Group Superannuation Plan	Group Gilt Fund 2	11.8401
ULGF00310/10/03GGROWTHF01121	Reliance Group Superannuation Plan	Group Growth Fund 1	13.5532
ULGF00930/09/08GMONMRKT02121	Reliance Group Superannuation Plan	Group Money Market Fund 2	13.4785
ULGF01030/09/08GPUREDEB01121	Reliance Group Superannuation Plan	Group Pure Debt Fund 1	13.4685
ULGF01718/05/09GBALANCE03121	Reliance Group Leave Encashment Plan	Group Balanced Fund 3	12.3285
ULGF00524/10/07GCORBOND01121	Reliance Group Leave Encashment Plan	Group Corporate Bond Fund 1	14.4242
ULGF00724/10/07GEQUITYF01121	Reliance Group Leave Encashment Plan	Group Equity Fund 1	9.3202
ULGF00824/10/07GGILTFUN01121	Reliance Group Leave Encashment Plan	Group Gilt Fund 1	12.8559
ULGF01130/09/08GPURDEBTO2121	Reliance Group Leave Encashment Plan	Group Pure Debt Fund 2	13.4538
ULGF00210/10/03GBALANCE02121	Reliance Group Savings Linked Insurance Plan	Group Balanced Fund 2	14.4233
ULGF01213/10/08GCORBOND02121	Reliance Group Savings Linked Insurance Plan	Group Corporate Bond Fund 2	13.5044
ULGF01428/11/08GENERGYF01121	Reliance Group Savings Linked Insurance Plan	Group Energy Fund 1	13.6132
ULGF01328/11/08GEQUITYF02121	Reliance Group Savings Linked Insurance Plan	Group Equity Fund 2	18.2943
ULGF01610/12/08GGILTFUN02121	Reliance Group Savings Linked Insurance Plan	Group Gilt Fund 2	11.8401
ULGF01908/06/09GINFRASF01121	Reliance Group Savings Linked Insurance Plan	Group Infrastructure Fund 1	7.7376
ULGF02008/06/09GMIDCAPF01121	Reliance Group Savings Linked Insurance Plan	Group Midcap Fund 1	12.4323
ULGF00930/09/08GMONMRKT02121	Reliance Group Savings Linked Insurance Plan	Group Money Market Fund 2	13.4785
ULGF01030/09/08GPUREDEB01121	Reliance Group Savings Linked Insurance Plan	Group Pure Debt Fund 1	13.4685
ULGF01528/11/08GPUREEQF01121	Reliance Group Savings Linked Insurance Plan	Group Pure Equity Fund 1	17.2335
ULGF00210/10/03GBALANCE02121	Reliance Life Insurance Group Gratuity Plus Plan	Group Balanced Fund 2	14.4233
ULGF00930/09/08GMONMRKT02121	Reliance Life Insurance Group Gratuity Plus Plan	Group Money Market Fund 2	13.4785
ULGF01213/10/08GCORBOND02121	Reliance Life Insurance Group Gratuity Plus Plan	Group Corporate Bond Fund 2	13.5044
ULGF01610/12/08GGILTFUN02121	Reliance Life Insurance Group Gratuity Plus Plan	Group Gilt Fund 2	11.8401
ULGF01808/06/09GEQUITYF03121	Reliance Life Insurance Group Gratuity Plus Plan	Group Equity Fund 3	15.3676
ULGF00930/09/08GMONMRKT02121	Reliance Life Insurance Group Leave encashment Plus Plan	Group Money Market Fund 2	13.4785
ULGF01213/10/08GCORBOND02121	Reliance Life Insurance Group Leave encashment Plus Plan	Group Corporate Bond Fund 2	13.5044
ULGF01610/12/08GGILTFUN02121	Reliance Life Insurance Group Leave encashment Plus Plan	Group Gilt Fund 2	11.8401
ULGF01808/06/09GEQUITYF03121	Reliance Life Insurance Group Leave encashment Plus Plan	Group Equity Fund 3	15.3676
ULGF00210/10/03GBALANCE02121	Reliance Life Insurance Group Leave encashment Plus Plan	Group Balanced Fund 2	14.4233

- √ 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

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%.

✓ Gross Fund Return

✓ Benchmark Return

✓ Fund Standard Deviation

✓ Fund Sharpe Ratio

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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