



RELIANCE

Life Insurance



**the analyst**

**monthly Group fund  
factsheet for August 2013**

**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 Jul 13	28th Jun 13	% Change
<sup>1</sup> Rs./\$	60.37	59.39	1.63
<sup>2</sup> WPI Inflation Index	175.40	172.70	1.54
<sup>3</sup> Forex Reserves (\$ bn)	280.16	284.65	-1.60
<sup>1</sup> Brent Crude Price (\$ per Barrel)	105.03	96.56	8.06
<sup>1</sup> Gold (Rs. per 10gm)	28600	25186	11.94

Investments	31st Jul 13	28th Jun 13	Absolute Change
<sup>1</sup> FfIs (Rs Crs)	143	1124	-686.95
<sup>1</sup> Mfs (Rs Crs)	-128	-581	-354.05

Indices	31st Jul 13	28th Jun 13	% Change
<sup>1</sup> BSE Sensex	19346	19396	-0.26
<sup>1</sup> S&P CNX Nifty	5742	5842	-1.75
<sup>1</sup> CNX Mid Cap	6873	7342	-6.83
<sup>1</sup> BSE Small Cap	5311	5644	-6.26

Global Indices	31st Jul 13	28th Jun 13	% Change
<sup>1</sup> Dow Jones	15500	14910	3.81
<sup>1</sup> FTSE 100	6621	6215	6.13
<sup>1</sup> Hang Seng	21884	20803	4.94
<sup>1</sup> Nikkei	13668	13677	-0.07

Sectoral Indices	31st Jul 13	28th Jun 13	% Change
<sup>1</sup> CNX Infrastructure	2179	2255	-3.50
<sup>1</sup> CNX Energy	7717	7999	-3.65
<sup>1</sup> BSE Capital Goods	8227	9111	-10.75
<sup>1</sup> BSE Bankex	11441	13258	-15.88
<sup>1</sup> BSE Oil & Gas	8579	8900	-3.75
<sup>1</sup> BSE IT	7458	6255	16.13

Fixed Income Indicators (%)	31st Jul 13	28th Jun 13	Absolute Change
<sup>1</sup> NSE Mibor	8.27	8.28	-0.12
<sup>1</sup> 91 Day T-Bill	11.26	7.49	33.47
<sup>1</sup> 182 Day T-Bill	10.73	7.47	30.36
<sup>1</sup> 1 year GOI Benchmark	10.78	7.46	30.75
<sup>1</sup> 5 Year GOI Benchmark	8.89	7.69	13.50
<sup>1</sup> 10 Year GOI Benchmark	8.17	7.46	8.64
<sup>1</sup> 5 Year Corp Bond Benchmark	9.86	8.42	14.54
<sup>1</sup> 10 Year AAA Corp Bond Benchmark	9.60	8.59	10.54
<sup>1</sup> 10 Year US Benchmark	2.58	2.49	3.51

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

**Indian Economy**

The journey of world economy since the financial crisis in 2008 has been disappointing. Major developed markets, be it USA, UK or EURO zone have been facing varieties of economic challenges. In order to salvage the global economy, the major central banks of the world unleashed unprecedented ultra loose monetary policy to help support economies to recover, which is continuing even today. Emerging economies were the unintended beneficiaries as excess liquidity has moved into their financial assets.

Now the USA has begun to show consistent improvement in its economic activities. Thus it is imperative for US FED to start bringing down purchases of securities in a gradual manner in near foreseeable future. Other economies like UK and EU are still expected to continue easy monetary policy as they are just turning around.

This has moved USD to strengthen against emerging market currencies. INR also depreciated by 12% against USD since May 2013. Though RBI has taken series of measures to help stabilize the currency by increasing the short term rates by lowering the amount banks can have from RBI. In addition, in order to bring Current Account Deficit (CAD) at sustainable level, government has announced other measures like increase in import duty on precious metals as well as allowing Infrastructure finance companies to raise funds in foreign currency etc. Despite all these measures, volatility in USD/ INR remained very high as demand for foreign currency persists.

The rise in short term rates have impacted long term rates adversely. In addition, foreign investors in Indian bond market also choose to walk out thereby further impacted the interest rates. In fact, globally, bond investors withdrew funds as there was expectations on lower global liquidity as FED would be lowering asset purchase. All these have prompted 10 year benchmark Government bond yield to move up by 73 bps to 8.17%. Spreads on 10 year Corporate bond have also widened from 80 bps to 105 bps reflecting tight liquidity and uncertainly.

Recent economic data points like PMI and industrial growth (IIP) indicates continuation of sluggish growth in the economy. Recent corporate results also corroborate the fact that there is muted growth in terms of sales and profits. In fact, going forward, higher interest rates, if persisted, would further add pressure on the balance sheet. There are expectations that turnaround may take longer due to continuation of policy paralysis and weak global recovery.

The WPI inflation for the month of June 2103 came in at 4.86% YoY, which is below 5% for the third month in a row. Food inflation continued to be firm while manufacturing and core inflation were receding. Rising food prices came to the fore in the consumer price inflation (CPI) which is registered at 9.87% YoY in June 2013. In addition, there is an expectation that WPI will firm up going forward as recent sharp decline in INR against foreign currency will adversely impact the prices of the imported goods. The divergent trend in the two gauges and the specter of rising imported inflation in the wake of the weak currency will continue to shape RBI policy making .

**Fixed Income Outlook:**

Going forward, it is expected that RBI to maintain tight short term rates in order to support INR against foreign currencies. This will keep interest rates elevated across the yield curve. As we are consistently maintaining underweight stance in terms of bonds, it is expected to help maintain out-performance.

**Equity Market**

July was an action packed month for Indian equities with the RBI springing into action amidst the slew of corporate earnings but the BSE Sensex traded flat on a month on month basis primarily due to the depreciating rupee and its impact on the fiscal. The recent fall in the INR finally got the RBI going as it announced two sets of liquidity tightening measures – while the moves may have come as a strong signal to speculators; they took a toll on banking names whose funding costs got hit.

May IIP print posted a contraction of 1.6% as against consensus expectation of a 1.4% growth. Sector-wise, electricity grew significantly while both manufacturing and mining continued to contract. In terms of use-based classification, both capital and consumer goods contracted, with latter's decline attributable to de-growth in consumer durables

July saw the RBI undertake a slew of measures to tighten liquidity in the system and hence provide support to the weakening INR. The central bank imposed restrictions in overnight borrowing and also raised the cost of borrowing for banks, with a net effect of a quasi-rate hike of 200bps. However, the INR failed to appreciate to the intended 58/\$ levels, prompting the RBI to further tighten borrowing under the LAF window and raise CRR daily requirements. Despite these measures, the INR ended the month at record high of 60.37/\$.

As per expectations, RBI retained all policy rates in the quarterly meet but issued hawkish statements, lowering FY14 GDP estimate to 5.5% from 5.7% and voicing concern over the CAD. The RBI left the timeline for the tightening measures vague as it said roll back would be contingent on forex market stability. Noticeably, the RBI appears to have shifted policy stance towards managing external risks, side-lining domestic growth/inflation concerns.

Meanwhile on the results' front, Telecom and IT provided the big positive surprises led by heavyweights like Bharti, Infosys and Wipro. Banking names came off sharply as RBI measures hiked their wholesale funding costs. Otherwise, results dominated in Jul - major pvt banks reported decent growth supported by trading gains but most balance sheets were stretched as asset quality remained same/deteriorated. NBFC results reflected the tough environment as margins & asset quality fell.

Continuing with the Jun trend, Jul also witnessed net FII outflows on continued fears of scale-down in Fed's monetary easing. FII were net sellers to the tune of \$ 992mn taking the YTD figure to \$12.5bn of net inflows. DIIs turned back to net sellers in Jul, after switching sides in Jun. The net outflow from DIIs was \$258mn – comprising \$368 of outflows from MFs offset by \$110mn inflows from Insurance companies. YTD, DIIs were net sellers to the tune of \$7.8bn.

**Equity Outlook:**

Aug will be keenly watched in terms of the next steps that the RBI takes and whether the government takes the plunge on the much-talked about sovereign bond.

gross return (CAGR\*) (%) As on July 31, 2013

asset allocation	funds	Last 1 Year	Last 2 Year	Last 3 Year	Page No.
100% equity	Group Equity Fund 2	6.32%	1.66%	2.26%	4
100% equity	Group Equity Fund 3	5.63%	11.26%	8.51%	5
100% pure equity	Group Pure Equity Fund 1	8.96%	2.15%	2.11%	6
100% equity	Group Infrastructure Fund 1	-12.83%	-14.71%	-13.49%	7
100% equity	Group Energy Fund 1	-7.06%	-6.64%	-5.99%	8
100% equity	Group Midcap Fund 1	2.23%	-2.55%	-4.16%	9
40% equity, 60% debt	Group Growth Fund 1	7.96%	6.49%	5.69%	10
20% equity, 80% debt	Group Balanced Fund 1	7.70%	7.46%	6.59%	11
20% equity, 80% debt	Group Balanced Fund 2	8.26%	8.02%	7.05%	12
100% bond instruments	Group Corporate Bond Fund 2	9.11%	8.91%	8.11%	13
100% debt Instruments	Group Pure Debt Fund 1	10.21%	9.59%	8.46%	14
100% money market	Group Capital Secure Fund 1	9.32%	9.42%	9.03%	15
100% govt. securities	Group Gilt Fund 2	8.94%	8.70%	7.97%	16
100% money market	Group Money Market Fund 2	9.92%	10.04%	9.57%	17

SFIN :

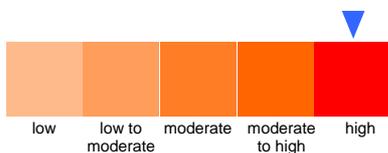
ULGF00724/10/07GEQUITYF01121

Inception Date : 30<sup>th</sup> Oct 2007

### 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 July 31, 2013

gross return				
fund name	12 month returns*	24 month returns*	36 month returns*	48 month returns*
Group Equity Fund 2	6.32%	1.66%	2.26%	6.91%
<b>Benchmark</b>	<b>9.81%</b>	<b>2.34%</b>	<b>2.27%</b>	<b>5.49%</b>

\*Returns above 12 months are CAGR ( Compounded Annual Growth Rate ) returns.

### portfolio As on July 31, 2013

security % total net assets

#### equity

ITC - FV 1	8.78
INFOSYS LIMITED	8.21
RELIANCE INDUSTRIES LTD.	7.70
HDFC BANK LTD.FV-2	6.46
ICICI BANK LTD.	6.00
DIVIS LABORATORIES LIMITED	5.83
LARSEN&TUBRO	5.63
TATA CONSULTANCY SERVICES LTD.	4.40
HDFC LTD FV 2	3.98
KIRLOSKAR CUMMINS	2.15
STATE BANK OF INDIA	2.12
BHARTI AIRTEL LIMITED	2.01
MARUTI UDYOG LTD.	2.00
YES BANK LTD	1.93
MAHINDRA & MAHINDRA LTD.-FV5	1.85
SUN PHARMACEUTICAL INDUSTRIES LTD.FV-1	1.84
ONGCFV-5	1.82
ULTRATECH CEMCO LTD	1.59
MOTHERSON SUMI SYSTEMS LTD.	1.55
TATA MOTORS LTD.FV-2	1.54
STERLITE INDUSTRIES FV 1	1.51
BAJAJ AUTO LTD	1.37
STRIDES ARCOLAB LIMITED	1.35
LUPIN LIMITEDFV-2	1.18
CAIRN INDIA LIMITED	1.05
TATA MOTORS LIMITED DVRFV-2	0.91
HINDUSTAN ZINC LIMITEDFV-2	0.90
ASSOCIATED CEMENT COMPANIES LTD.	0.87
AXIS BANK LIMITED	0.82
JSW STEEL LIMITED	0.77
NMDC LTD	0.71
JINDAL STEEL & POWER LTD.	0.70
HT MEDIA LIMITED	0.66
OIL INDIA LIMITED	0.61
CROMPTON GREAVES LTD	0.59
ZEE ENTERTAINMENT ENTERPRISES LIMITED	0.57
SML ISUZU LIMITED	0.54
INDIABULLS HOUSING FINANCE LTD	0.52
BHARAT FORGE	0.51
RANBAXY FV RS 5	0.50
D.B. CORP LIMITED	0.45
PUNJAB NATIONAL BANK	0.41
COAL INDIA LIMITED	0.37
AUROBINDO PHARMA LTD FV1	0.33
JINDAL SAW LIMITED FV2	0.28
BHARAT PETROLEUM CORP. LTD.	0.21

total equity 96.07

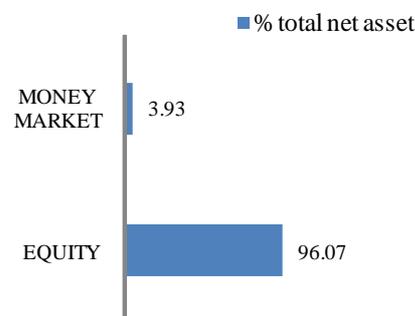
total money market 3.93

total net assets 100.00

### fund characteristics as on July 31, 2013

Fund Beta 0.95

### asset allocation as on July 31, 2013



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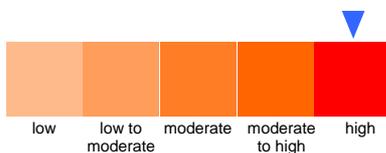
ULGF01808/06/09GEQUITYF03121

Inception Date : 8<sup>th</sup> Jun 2009

### 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 3

## fund performance as on July 31, 2013

fund name	gross return			
	12 month returns*	24 month returns*	36 month returns*	48 month returns*
Group Equity Fund 3	5.63%	11.26%	8.51%	11.83%
<b>Benchmark</b>	<b>9.81%</b>	<b>2.34%</b>	<b>2.27%</b>	<b>5.49%</b>

\*Returns above 12 months are CAGR ( Compounded Annual Growth Rate ) returns.

### portfolio As on July 31, 2013

security % total net assets

### equity

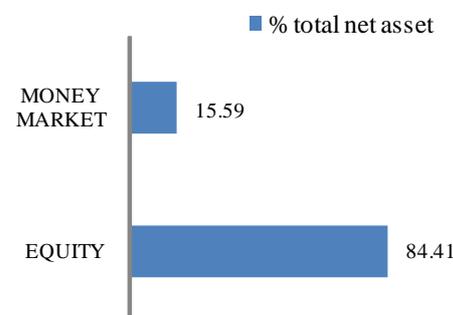
ITC - FV 1	7.68
INFOSYS LIMITED	7.49
RELIANCE INDUSTRIES LTD.	7.47
HDFC BANK LTD.FV-2	6.70
DIVIS LABORATORIES LIMITED	5.86
ICICI BANK LTD.	5.73
LARSEN&TUBRO	4.70
TATA CONSULTANCY SERVICES LTD.	4.39
HDFC LTD FV 2	3.73
KIRLOSKAR CUMMINS	3.16
BHARTI AIRTEL LIMITED	2.17
MARUTI UDYOG LTD.	2.14
ONGCFV-5	2.07
STATE BANK OF INDIA	1.88
MAHINDRA & MAHINDRA LTD.-FV5	1.73
YES BANK LTD	1.63
SUN PHARMACEUTICAL INDUSTRIES LTD.FV-1	1.61
TATA MOTORS LTD.FV-2	1.46
CAIRN INDIA LIMITED	1.41
ULTRATECH CEMCO LTD	1.25
NMDC LTD	1.16
STERLITE INDUSTRIES FV 1	1.13
BAJAJ AUTO LTD	1.11
JSW STEEL LIMITED	0.64
JINDAL STEEL & POWER LTD.	0.59
ASSOCIATED CEMENT COMPANIES LTD.	0.57
ZEE ENTERTAINMENT ENTERPRISES LIMITED	0.53
CROMPTON GREAVES LTD	0.48
PUNJAB NATIONAL BANK	0.41
RANBAXY FV RS 5	0.40
INDIABULLS HOUSING FINANCE LTD	0.40
STRIDES ARCOLAB LIMITED	0.40
HINDUSTAN ZINC LIMITEDFV-2	0.39
AXIS BANK LIMITED	0.39
COAL INDIA LIMITED	0.37
AUROBINDO PHARMA LTD FV1	0.29
HT MEDIA LIMITED	0.25
TATA MOTORS LIMITED DVRFV-2	0.24
BHARAT PETROLEUM CORP. LTD.	0.21
SML ISUZU LIMITED	0.20

total equity	84.41
total money market	15.59
total net assets	100.00

### fund characteristics as on July 31, 2013

Fund Beta 0.96

### asset allocation as on July 31, 2013



# RELIANCE

Life Insurance

SFIN :

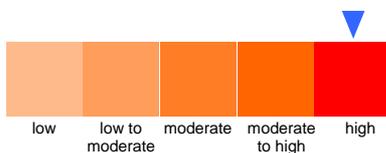
ULGF01528/11/08GPUREEQF01121

Inception Date : 16<sup>th</sup> Dec 2008

## 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

benchmark construction  
S&P CNX Nifty Shariah Index: 100%

# Group Pure Equity Fund 1

## fund performance as on July 31, 2013

gross return				
Fund name	12 month returns*	24 month returns*	36 month returns*	48 month returns*
Group Pure Equity Fund 1	8.96%	2.15%	2.11%	5.50%
<b>Benchmark</b>	<b>18.73%</b>	<b>5.76%</b>	<b>3.15%</b>	<b>5.04%</b>

\*Returns above 12 months are CAGR ( Compounded Annual Growth Rate ) returns.

## portfolio As on July 31, 2013

security % total net assets

### equity

RELIANCE INDUSTRIES LTD.	8.57
INFOSYS LIMITED	8.04
ONGCFV-5	6.49
TATA CONSULTANCY SERVICES LTD.	6.22
BHARTI AIRTEL LIMITED	5.30
LARSEN&TUBRO	4.73
BAJAJ AUTO LTD	4.32
CAIRN INDIA LIMITED	3.51
ASIAN PAINTS LIMITEDFV-1	3.35
DIVIS LABORATORIES LIMITED	3.31
MARUTI UDYOG LTD.	3.05
SUN PHARMACEUTICAL INDUSTRIES LTD.FV-1	2.88
GRASIM INDUSTRIES LTD.	2.73
MOTHERSON SUMI SYSTEMS LTD.	2.69
COAL INDIA LIMITED	2.64
ASSOCIATED CEMENT COMPANIES LTD.	2.57
HERO MOTOCORP LIMITED	2.48
DR. REDDY LABORATORIES	2.33
SANOFI INDIA LIMITED	2.32
ULTRATECH CEMCO LTD	2.24
TATA GLOBAL BEVERAGES LIMITED	2.18
LUPIN LIMITEDFV-2	2.15
VOLTAS LTD	2.02
CROMPTON GREAVES LTD	1.78
PETRONET LNG LIMITED	1.76
KIRLOSKAR CUMMINS	1.55
GAS AUTHORITY OF INDIA LTD.	1.43
BHARAT PETROLEUM CORP. LTD.	1.18
HINDALCO INDUSTRIES LTD FV RE 1	1.13
JINDAL STEEL & POWER LTD.	1.11
OIL INDIA LIMITED	0.80

**total equity 96.85**

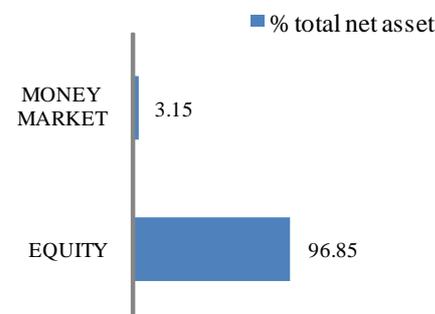
**total money market 3.15**

**total net assets 100.00**

## fund characteristics as on July 31, 2013

Fund Beta 0.88

## asset allocation as on July 31, 2013



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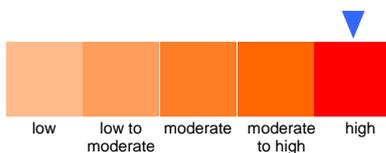
ULGF01908/06/09GINFRASFO1121

Inception Date : 8<sup>th</sup> Jun 2009

### 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 July 31, 2013

fund Name	gross return			
	12 month returns*	24 month returns*	36 month returns*	48 month returns*
Group Infrastructure Fund 1	-12.83%	-14.71%	-13.49%	-10.27%
<b>Benchmark</b>	<b>-7.26%</b>	<b>-15.19%</b>	<b>-14.06%</b>	<b>-12.48%</b>

\*Returns above 12 months are CAGR ( Compounded Annual Growth Rate ) returns.

### portfolio As on July 31, 2013

security % total net assets

#### equity

BHARTI AIRTEL LIMITED	8.95
LARSEN&TUBRO	8.46
NTPC LIMITED	8.31
POWER GRID CORP OF INDIA LTD	8.25
TATA POWER CO. LTD.FV-1	7.91
COAL INDIA LIMITED	7.42
BHARAT HEAVY ELECTRICALS LTD.FV-2	5.58
PETRONET LNG LIMITED	5.21
RELIANCE INDUSTRIES LTD.	4.15
INFOSYS LIMITED	4.02
BHARAT FORGE	3.73
MOTHERSON SUMI SYSTEMS LTD.	2.10
KIRLOSKAR CUMMINS	1.77
CROMPTON GREAVES LTD	1.57
JINDAL STEEL & POWER LTD.	1.50
INDRAPRASTHA GAS LIMITED	1.33
HINDUSTAN ZINC LIMITEDFV-2	1.22
HINDALCO INDUSTRIES LTD FV RE 1	1.22
VOLTAS LTD	1.20
JYOTI STRUCTURES LTD	1.11

total equity 85.02

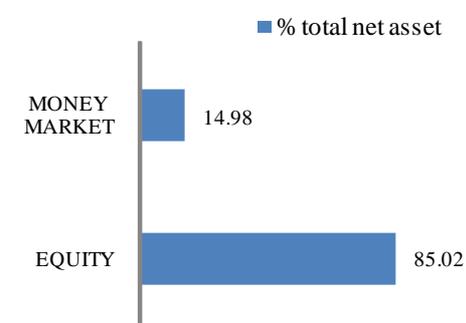
total money market 14.98

total net assets 100.00

### fund characteristics as on July 31, 2013

Fund Beta 0.87

### asset allocation as on July 31, 2013



# RELIANCE

Life Insurance

SFIN :

ULGF01428/11/08GENERGYF01121

Inception Date : 16<sup>th</sup> Dec 2008

## 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 July 31, 2013

fund Name	gross return			
	12 month returns*	24 month returns*	36 month returns*	48 month returns*
Group Energy Fund 1	-7.06%	-6.64%	-5.99%	-2.37%
<b>Benchmark</b>	<b>1.97%</b>	<b>-2.95%</b>	<b>-5.97%</b>	<b>-3.06%</b>

\*Returns above 12 months are CAGR ( Compounded Annual Growth Rate ) returns.

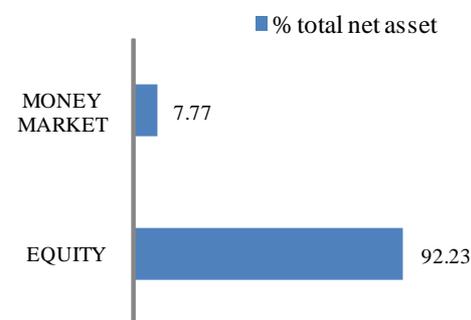
## portfolio As on July 31, 2013

security	% total net assets
<b>equity</b>	
ONGCFV-5	8.41
POWER GRID CORP OF INDIA LTD	8.13
LARSEN&TUBRO	8.09
OIL INDIA LIMITED	7.76
NTPC LIMITED	7.76
RELIANCE INDUSTRIES LTD.	6.82
COAL INDIA LIMITED	6.36
KIRLOSKAR CUMMINS	6.04
CAIRN INDIA LIMITED	5.70
TATA POWER CO. LTD.FV-1	5.53
BHARAT PETROLEUM CORP. LTD.	5.49
GAS AUTHORITY OF INDIA LTD.	4.21
PETRONET LNG LIMITED	3.85
INDRAPRASTHA GAS LIMITED	3.62
JINDAL STEEL & POWER LTD.	1.61
JYOTI STRUCTURES LTD	1.52
CROMPTON GREAVES LTD	1.33
<b>total equity</b>	<b>92.23</b>
<b>total money market</b>	<b>7.77</b>
<b>total net assets</b>	<b>100.00</b>

## fund characteristics as on July 31, 2013

Fund Beta 0.80

## asset allocation as on July 31, 2013



### SFIN :

ULGF02008/06/09GMIDCAPF01121

Inception Date : 8<sup>th</sup> Jun 2009

### 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 July 31, 2013

fund Name	gross return			
	12 month returns*	24 month returns*	36 month returns*	48 month returns*
Group Midcap Fund 1	2.23%	-2.55%	-4.16%	2.73%
<b>Benchmark</b>	<b>-11.12%</b>	<b>-12.85%</b>	<b>-13.18%</b>	<b>-4.84%</b>

\*Returns above 12 months are CAGR ( Compounded Annual Growth Rate ) returns.

### portfolio As on July 31, 2013

security	% total net assets
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#### equity

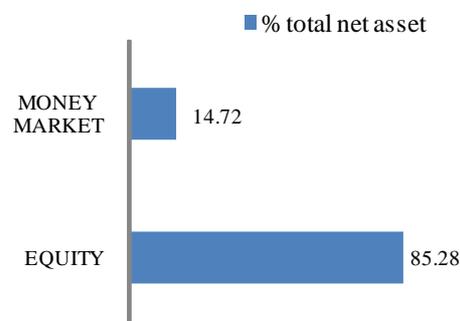
UNITED SPIRITS LIMITED	8.16
TATA GLOBAL BEVERAGES LIMITED	6.25
KIRLOSKAR CUMMINS	6.10
D.B. CORP LIMITED	5.14
JSW STEEL LIMITED	5.06
STRIDES ARCOLAB LIMITED	4.88
TATA CHEMICALS LTD.	4.42
DIVIS LABORATORIES LIMITED	3.90
RADICO KHAITAN LIMITED	3.79
PURAVANKARA PROJECTS LIMITED	3.62
AUROBINDO PHARMA LTD FV1	3.31
PETRONET LNG LIMITED	3.24
INDIABULLS HOUSING FINANCE LTD	3.22
HT MEDIA LIMITED	2.96
CROMPTON GREAVES LTD	2.93
AXIS BANK LIMITED	2.89
YES BANK LTD	2.53
HINDUSTAN ZINC LIMITEDFV-2	2.51
INDIAN METALS AND FERRO ALLOYS LIMITED	2.32
JYOTI STRUCTURES LTD	1.41
GUJARAT FLUOROCEMICALS LTD.	1.28
VOLTAS LTD	1.24
ZEE ENTERTAINMENT ENTERPRISES LIMITED	1.21
UNITED PHOSPHOROUS LTD	1.08
TATA CONSULTANCY SERVICES LTD.	0.94
BHARAT FORGE	0.91

<b>total equity</b>	<b>85.28</b>
<b>total money market</b>	<b>14.72</b>
<b>total net assets</b>	<b>100.00</b>

### fund characteristics as on July 31, 2013

Fund Beta 0.74

### asset allocation as on July 31, 2013



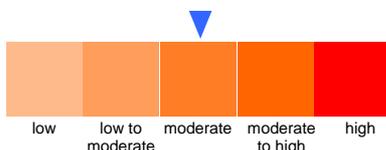
SFIN :  
ULGF00310/10/03GGROWTHF01121

Inception Date : 31<sup>st</sup> Jan 2007

### 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 Composite Bond Fund Index: 60%  
S&P CNX Nifty: 40%

# Group Growth Fund 1

## fund performance as on July 31, 2013

fund Name	gross return				
	12 month returns*	24 month returns*	36 month returns*	48 month returns*	60 month returns*
Group Growth Fund 1	7.96%	6.49%	5.69%	7.08%	8.42%
<b>Benchmark</b>	<b>7.28%</b>	<b>5.49%</b>	<b>5.33%</b>	<b>6.30%</b>	<b>7.48%</b>

\*Returns above 12 months are CAGR ( Compounded Annual Growth Rate ) returns.

### portfolio As on July 31, 2013

security	% total assets	rating net
----------	----------------	------------

#### bond/ncd

8.82% REC NCD 12-04-2023 SR-114th	7.13	AAA
9.55% HINDALCO NCD 27-06-2022	5.48	AA+
10.60% IRFC NCB 11-09-2018	1.93	AAA

**total bond/cd 14.54**

#### gilts

8.20% GOI CG 24-09-2025	5.40
8.12% GOI CG 10-12-2020	5.04
8.07% GOI CG 03-07-2017	4.08
8.33% GOI CG 09-07-2026	1.70
8.83% GOI CG 12-12-2041	1.31
8.97% GOI CG 05-12-2030	0.76

**total gilts 18.29**

#### equity

DIVIS LABORATORIES LIMITED	2.61
ITC - FV 1	2.50
RELIANCE INDUSTRIES LTD.	2.34
HDFC BANK LTD.FV-2	2.28
INFOSYS LIMITED	1.99
ICICI BANK LTD.	1.76
SANOFI INDIA LIMITED	1.53
TATA CONSULTANCY SERVICES LTD.	1.46
LARSEN&TUBRO	1.22
HDFC LTD FV 2	0.96
UNITED SPIRITS LIMITED	0.94
STATE BANK OF INDIA	0.81
CAIRN INDIA LIMITED	0.69
MAHINDRA & MAHINDRA LTD.-FV5	0.67
ONGCFV-5	0.65
BAJAJ AUTO LTD	0.64
AUROBINDO PHARMA LTD FV1	0.57
ULTRATECH CEMCO LTD	0.57
KIRLOSKAR CUMMINS	0.55
LUPIN LIMITEDFV-2	0.52
YES BANK LTD	0.52
BHARTI AIRTEL LIMITED	0.49
MARUTI UDYOG LTD.	0.47
HINDUSTAN ZINC LIMITEDFV-2	0.41
AXIS BANK LIMITED	0.39
STRIDES ARCOLAB LIMITED	0.39
TATA MOTORS LIMITED DVRFV-2	0.38
TATA MOTORS LTD.FV-2	0.36
UNITED PHOSPHOROUS LTD	0.31
SUN PHARMACEUTICAL INDUSTRIES LTD.FV-1	0.27
MOTHERSON SUMI SYSTEMS LTD.	0.26
STERLITE INDUSTRIES FV 1	0.25
JSW STEEL LIMITED	0.21
SML ISUZU LIMITED	0.20
D.B. CORP LIMITED	0.19
CROMPTON GREAVES LTD	0.14
RANBAXY FV RS 5	0.13

**total equity 30.65**

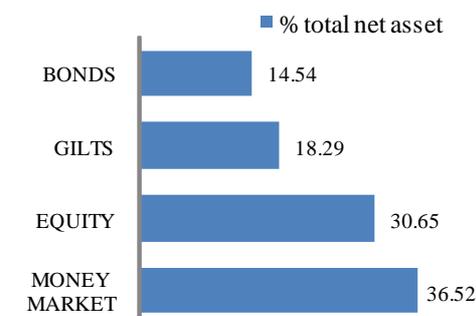
**total money market 36.52**

**total net assets 100.00**

### fund characteristics as on July 31, 2013

M. Duration of debt portfolio:	2.82Years
YTM of debt portfolio:	9.63%
Fund Beta:	0.92
S&P CNX Nifty Beta:	

### asset allocation as on July 31, 2013



### SFIN :

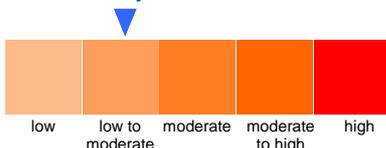
ULGF00110/10/03GBALANCE01121

Inception Date : 29<sup>th</sup> Jan 2007

### 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 July 31, 2013

fund Name	gross return				
	12 month returns*	24 month returns*	36 month returns*	48 month returns*	60 month returns*
Group Balanced Fund 1	7.70%	7.46%	6.59%	7.17%	8.64%
<b>Benchmark</b>	<b>6.30%</b>	<b>6.31%</b>	<b>6.12%</b>	<b>6.31%</b>	<b>7.49%</b>

\*Returns above 12 months are CAGR ( Compounded Annual Growth Rate ) returns.

### portfolio As on July 31, 2013

security	% total net assets	rating
----------	--------------------	--------

#### bond/ncd

9.67% TATA SONS NCD 13-09-2022	8.42	AAA
9.57% LICHL NCD 07-09-2017	4.12	AAA
8.93% NTPC NCB 19-01-2021 XXXVII.	4.04	AAA
8.82% REC NCD 12-04-2023 SR-114th	4.00	AAA
0.00% HDFC ZCB 23-10-2017 J-041	3.27	AAA
8.68% NCRPB NCB 18-08-2019	3.02	AAA
10.60% IRFC NCB 11-09-2018	1.09	AAA

**total bond/cd 27.97**

#### gilts

8.20% GOI CG 24-09-2025	7.28
8.83% GOI CG 12-12-2041	5.58
8.12% GOI CG 10-12-2020	4.75
8.07% GOI CG 03-07-2017	2.36
8.33% GOI CG 09-07-2026	2.33
8.97% GOI CG 05-12-2030	0.85

**total gilts 23.16**

#### equity

INFOSYS LIMITED	1.66
HDFC BANK LTD.FV-2	1.40
RELIANCE INDUSTRIES LTD.	1.39
ITC - FV 1	1.38
ICICI BANK LTD.	1.13
DIVIS LABORATORIES LIMITED	1.02
TATA CONSULTANCY SERVICES LTD.	0.99
LARSEN&TUBRO	0.59
LUPIN LIMITEDFV-2	0.59
STATE BANK OF INDIA	0.54
CAIRN INDIA LIMITED	0.50
SANOFI INDIA LIMITED	0.46
ONGCFV-5	0.44
ULTRATECH CEMCO LTD	0.44
HDFC LTD FV 2	0.42
MAHINDRA & MAHINDRA LTD.-FV5	0.41
BHARTI AIRTEL LIMITED	0.36
YES BANK LTD	0.33
SUN PHARMACEUTICAL INDUSTRIES LTD.FV-1	0.33
KIRLOSKAR CUMMINS	0.33
MARUTI UDYOG LTD.	0.30
HINDUSTAN ZINC LIMITEDFV-2	0.29
TATA MOTORS LTD.FV-2	0.27
AXIS BANK LIMITED	0.27
STERLITE INDUSTRIES FV 1	0.25
TATA MOTORS LIMITED DVRFV-2	0.19
BAJAJ AUTO LTD	0.17
AUROBINDO PHARMA LTD FV1	0.14
UNITED PHOSPHOROUS LTD	0.14
JSW STEEL LIMITED	0.14
RANBAXY FV RS 5	0.12
MOTHERSON SUMI SYSTEMS LTD.	0.11
CROMPTON GREAVES LTD	0.10
SML ISUZU LIMITED	0.08
STRIDES ARCOLAB LIMITED	0.06
JINDAL STEEL & POWER LTD.	0.04

**total equity 17.35**

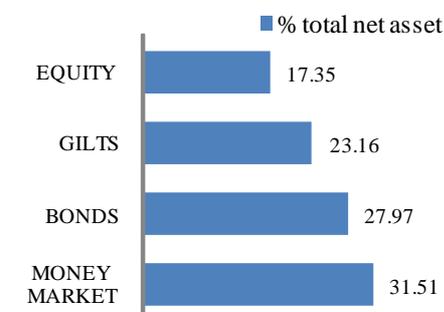
**total money market 31.51**

**total net assets 100.00**

### fund characteristics as on July 31, 2013

M. Duration of debt portfolio:	3.64Years
YTM of debt portfolio:	9.46%
Fund Beta:	0.94

### asset allocation as on July 31, 2013



### target asset allocation

Debt.:	80%
Equity:	20%

### benchmark construction

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

SFIN :

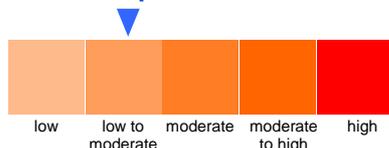
ULGF00210/10/03GBALANCE02121

Inception Date : 31<sup>th</sup> Jan 2007

### 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 2

## fund performance as on July 31, 2013

fund Name	gross return				
	12 month returns*	24 month returns*	36 month returns*	48 month returns*	60 month returns*
Group Balanced Fund 2	8.26%	8.02%	7.05%	7.56%	9.02%
<b>Benchmark</b>	<b>6.30%</b>	<b>6.31%</b>	<b>6.12%</b>	<b>6.31%</b>	<b>7.49%</b>

\*Returns above 12 months are CAGR ( Compounded Annual Growth Rate ) returns.

### portfolio As on July 31, 2013

security	% total assets	rating net
----------	----------------	------------

#### bond/ncd

10.20% RELIANCE POWER LTD NCD 12-06-2014	3.48	A1
8.70% REC NCD 01-02-2018 112	3.38	AAA
8.99% TATA SONS NCD 07-06-2020	3.08	AAA
0.00% HDFC ZCB 23-10-2017 J-041	3.07	AAA
9.70% TATA SONS NCD 25-07-2022	2.96	AAA
9.75% SRTRANSFIN NCD 01-06-2015	2.77	AA
11.15% HDFC NCD 06-08-2018	1.85	AAA
8.97% TATA SONS NCD 15-07-2020	1.25	AAA
8.80% PGCIL NCD 13-03-2023 XLII	1.23	AAA
8.93% NTPC NCB 19-01-2021 XXXVII.	0.68	AAA
10.60% IRFC NCB 11-09-2018	0.61	AAA
9.34% SBOT NCB 31-10-2016 I	0.57	AAA
10.35% NCD(B)HDFC 16-05-2017	0.47	AAA
9.70% UNITEDPHOSPHORUS NCD 09-04-2017 A	0.46	AA+
8.68% NCRPB NCB 18-08-2019	0.23	AAA

**total bond/cd 26.10**

#### gilts

8.20% GOI CG 24-09-2025	7.48
8.12% GOI CG 10-12-2020	4.63
8.83% GOI CG 12-12-2041	4.54
8.07% GOI CG 03-07-2017	4.06
8.33% GOI CG 09-07-2026	2.32
8.97% GOI CG 05-12-2030	0.60

**total gilts 23.62**

#### equity

INFOSYS LIMITED	1.40
RELIANCE INDUSTRIES LTD.	1.29
ITC - FV 1	1.28
HDFC BANK LTD.FV-2	1.15
ICICI BANK LTD.	1.08
DIVIS LABORATORIES LIMITED	0.93
SANOFI INDIA LIMITED	0.65
TATA CONSULTANCY SERVICES LTD.	0.65
LARSEN&TUBRO	0.60
KIRLOSKAR CUMMINS	0.52
LUPIN LIMITEDFV-2	0.50
ULTRATECH CEMCO LTD	0.49
STATE BANK OF INDIA	0.41
AXIS BANK LIMITED	0.40
CAIRN INDIA LIMITED	0.38
HDFC LTD FV 2	0.37
ONGCFV-5	0.36
MAHINDRA & MAHINDRA LTD.-FV5	0.34
BHARTI AIRTEL LIMITED	0.33
TATA MOTORS LTD.FV-2	0.26
SUN PHARMACEUTICAL INDUSTRIES LTD.FV-1	0.26
MARUTI UDYOG LTD.	0.26
YES BANK LTD	0.25
STERLITE INDUSTRIES FV 1	0.23
TATA MOTORS LIMITED DVRFV-2	0.18
AUROBINDO PHARMA LTD FV1	0.17
UNITED PHOSPHOROUS LTD	0.14
JSW STEEL LIMITED	0.13
RANBAXY FV RS 5	0.12
JAIPRAKASH ASSOCIATE	0.11
BAJAJ AUTO LTD	0.11
STRIDES ARCOLAB LIMITED	0.11
CROMPTON GREAVES LTD	0.10
D.B. CORP LIMITED	0.09
SML ISUZU LIMITED	0.08
MOTHERSON SUMI SYSTEMS LTD.	0.08
JINDAL SAW LIMITED FV2	0.08
JINDAL STEEL & POWER LTD.	0.03

**total equity 15.92**

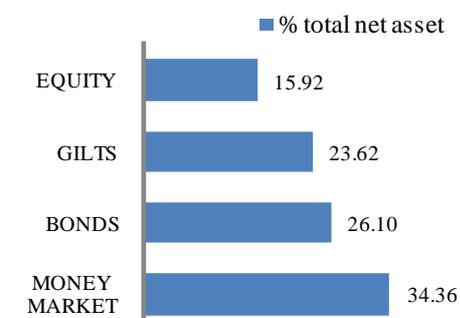
**total money market 34.36**

**total net assets 100.00**

### fund characteristics as on July 31, 2013

M. Duration of debt portfolio:	3.05Years
YTM of debt portfolio:	9.61%
Fund Beta:	0.94

### asset allocation as on July 31, 2013



### target asset allocation

Debt.:	80%
Equity:	20%

### benchmark construction

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

### SFIN :

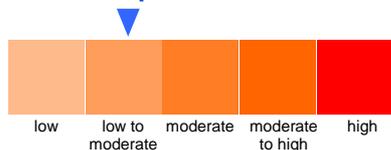
ULGF01213/10/08GCORBOND02121

Inception Date : 13<sup>th</sup> Oct 2008

### 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



# Group Corporate Bond Fund 2

## fund performance as on July 31, 2013

gross return				
fund Name	12 month returns*	24 month returns*	36 month returns*	48 month returns*
Group Corporate Bond Fund 2	9.11%	8.91%	8.11%	8.12%
<b>Benchmark</b>	<b>5.26%</b>	<b>7.01%</b>	<b>6.47%</b>	<b>5.99%</b>

\*Returns above 12 months are CAGR ( Compounded Annual Growth Rate ) returns.

### portfolio As on July 31, 2013

security	% total net assets	rating
----------	--------------------	--------

#### bond/ncd

9.55% HINDALCO NCD 27-06-2022	5.99	AA+
8.70% REC NCD 01-02-2018 112	4.16	AAA
8.82% REC NCD 12-04-2023 SR-114th	3.58	AAA
8.80% PGCIL NCD 13-03-2023 XLII	3.46	AAA
0.00% HDFC ZCB 23-10-2017 J-041	3.20	AAA
10.20% RELIANCE POWER LTD NCD 12-06-2014	2.91	A1
9.30% HDFC NCD 04-10-2017 J-033	2.89	AAA
8.87% PFC NCD 18-03-2023 102-B	1.74	AAA
9.70% TATA SONS NCD 16-08-2022	1.49	AAA
9.70% LICHFL NCD 11-06-2017	1.46	AAA
9.40% REC NCD 20-07-2017	1.45	AAA
9.55% HINDALCO NCD 25-04-2022	1.45	AA+
9.11% LICHFL NCD 09-04-2018	1.43	AAA
8.93% NTPC NCB 19-01-2021 XXXVII.	1.43	AAA
8.99% TATA SONS NCD 07-06-2020	1.23	AAA
9.25% PGCIL NCD 26-12-2016 B	0.86	AAA
9.57% LICHFL NCD 07-09-2017	0.79	AAA
8.75% RIL NCD 07-05-2020	0.57	AAA
11.95% HDFC DB 26-11-2018	0.32	AAA
9.90% TATA SONS NCD 18-03-2016	0.09	AAA
11.50% REC NCB 26-11-2013	0.03	AAA

**total bond/cd 40.53**

#### Gilts

8.20% GOI CG 24-09-2025	9.97
8.07% GOI CG 03-07-2017	5.82
8.12% GOI CG 10-12-2020	5.25
8.33% GOI CG 09-07-2026	2.99
8.83% GOI CG 12-12-2041	1.52
8.97% GOI CG 05-12-2030	0.80

**total gilts 26.35**

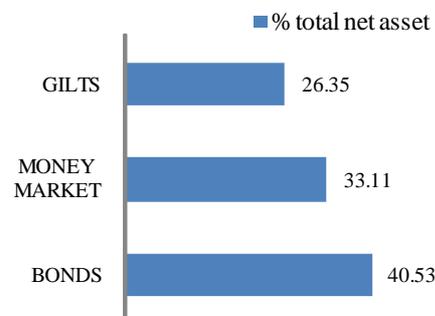
**total money market 33.11**

**total net assets 100.00**

### fund characteristics as on July 31, 2013

M. Duration of debt portfolio: 3.44Years  
YTM of debt portfolio: 9.49%

### asset allocation as on July 31, 2013



### target asset allocation

Bond Instruments: 100%

### benchmark construction

CRISIL Composite Bond Index: 100%

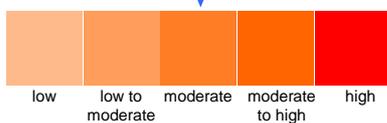
SFIN :  
ULGF01030/09/08GPUREDEB01121

Inception Date : 30<sup>th</sup> Sep 2008

### 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 July 31, 2013

fund Name	gross return			
	12 month returns*	24 month returns*	36 month returns*	48 month returns*
Group Pure Debt Fund 1	10.21%	9.59%	8.46%	8.39%
<b>Benchmark</b>	<b>5.26%</b>	<b>7.01%</b>	<b>6.47%</b>	<b>5.99%</b>

\*Returns above 12 months are CAGR ( Compounded Annual Growth Rate ) returns.

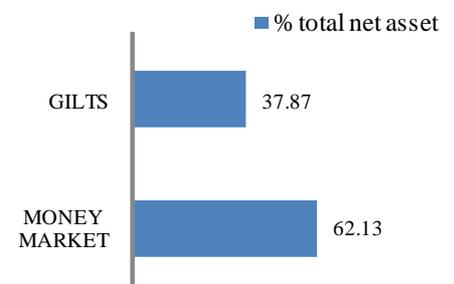
### portfolio As on July 31, 2013

security	% total net assets
<b>gilts</b>	
8.20% GOI CG 24-09-2025	12.35
8.12% GOI CG 10-12-2020	10.89
8.07% GOI CG 03-07-2017	8.99
8.33% GOI CG 09-07-2026	3.38
8.83% GOI CG 12-12-2041	2.27
<b>total gilts</b>	<b>37.87</b>
<b>total money market</b>	<b>62.13</b>
<b>total net assets</b>	<b>100.00</b>

### fund characteristics as on July 31, 2013

M .Duration of debt portfolio: 2.24Years  
YTM of debt portfolio: 9.40%

### asset allocation as on July 31, 2013



### SFIN :

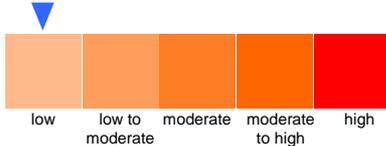
ULGF00431/01/07GCAPISEC01121

Inception Date : 31<sup>st</sup> Jan 2007

### 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 : 100%

### benchmark construction

Yield on 182-day T.Bills : 100%

# Group Capital Secure Fund 1

## fund performance as on July 31, 2013

fund Name	gross return				
	12 month returns*	24 month returns*	36 month returns*	48 month returns*	60 month returns*
Group Capital Secure Fund 1	9.32%	9.42%	9.03%	8.50%	8.92%
<b>Benchmark</b>	<b>6.69%</b>	<b>7.57%</b>	<b>7.18%</b>	<b>6.60%</b>	<b>6.97%</b>

\*Returns above 12 months are CAGR ( Compounded Annual Growth Rate ) returns.

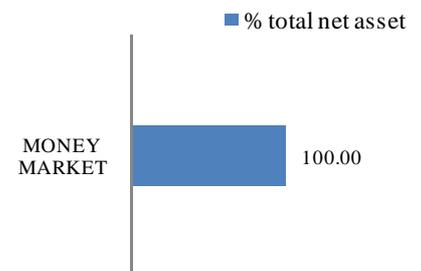
### portfolio As on July 31, 2013

security	% total net assets
other money market Instrument	100.00
<b>total net assets</b>	<b>100.00</b>

### fund characteristics as on July 31, 2013

YTM of debt portfolio: 9.77%

### asset allocation as on July 31, 2013



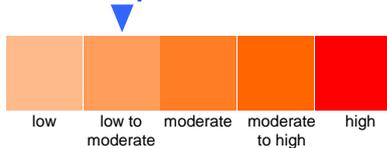
SFIN :  
ULGF01610/12/08GGILTFUN02121

Inception Date : 10<sup>th</sup> Dec 2008

### 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%

# Group Gilt Fund 2

## fund performance as on July 31, 2013

gross return				
fund Name	12 month returns*	24 month returns*	36 month returns*	48 month returns*
Group Gilt Fund 2	8.94%	8.70%	7.97%	7.47%
<b>Benchmark</b>	<b>6.53%</b>	<b>8.66%</b>	<b>7.55%</b>	<b>6.66%</b>

\*Returns above 12 months are CAGR ( Compounded Annual Growth Rate ) returns.

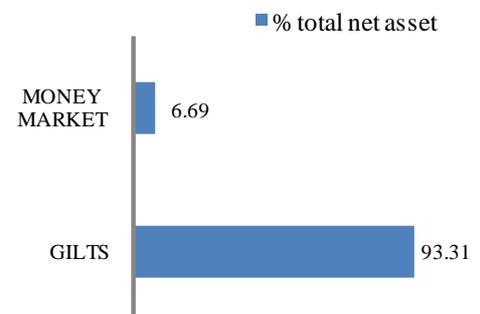
### portfolio As on July 31, 2013

security	% total net assets
<b>gilts</b>	
8.07% GOI CG 03-07-2017	32.90
8.20% GOI CG 24-09-2025	19.83
8.12% GOI CG 10-12-2020	16.72
8.83% GOI CG 12-12-2041	10.31
8.33% GOI CG 09-07-2026	8.97
8.97% GOI CG 05-12-2030	4.58
<b>total gilts</b>	<b>93.31</b>
<b>total money market</b>	<b>6.69</b>
<b>total net assets</b>	<b>100.00</b>

### fund characteristics as on July 31, 2013

M. Duration of debt portfolio:	5.52Years
YTM of debt portfolio:	8.68%

### asset allocation as on July 31, 2013



### SFIN :

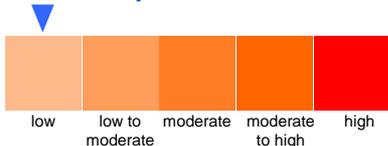
ULGF00930/09/08GMONMRKT02121

Inception Date : 30<sup>th</sup> Sep 2008

### fund objective

To achieve predictable investment return. This will be achieved through 100% investments in money market, The risk appetite is 'low'.

### fund risk profile



### target asset allocation

Money market : 100%

### benchmark construction

CRISIL Liquid Bond Index: 100%

# Group Money Market Fund 2

## fund performance as on July 31, 2013

fund Name	gross return			
	12 month returns*	24 month returns*	36 month returns*	48 month returns*
Group Money Market Fund 2	9.92%	10.04%	9.57%	9.05%
<b>Benchmark</b>	<b>7.66%</b>	<b>8.21%</b>	<b>7.93%</b>	<b>6.81%</b>

\*Returns above 12 months are CAGR ( Compounded Annual Growth Rate ) returns.

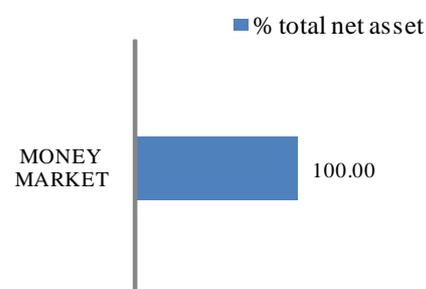
### portfolio As on July 31, 2013

security	% total net assets
other money market Instrument	100.00
<b>total net assets</b>	<b>100.00</b>

### fund characteristics as on July 31, 2013

YTM of debt portfolio: 9.25 %

### asset allocation as on July 31, 2013



SFIN	Plan Name	Fund Name	NAV
ULGF00431/01/07GCAPISEC01121	Reliance Group Gratuity Plan	Group Capital Secure Fund 1	16.6384
ULGF00210/10/03GBALANCE02121	Reliance Group Gratuity Plan	Group Balanced Fund 2	15.8952
ULGF00110/10/03GBALANCE01121	Reliance Group Gratuity Plan	Group Balanced Fund 1	19.1475
ULGF01213/10/08GCORBOND02121	Reliance Group Gratuity Plan	Group Corporate Bond Fund 2	15.0015
ULGF01808/06/09GEQUITYF03121	Reliance Group Gratuity Plan	Group Equity Fund 3	16.3558
ULGF01610/12/08GGILTFUN02121	Reliance Group Gratuity Plan	Group Gilt Fund 2	13.1423
ULGF00930/09/08GMONMRKT02121	Reliance Group Gratuity Plan	Group Money Market Fund 2	15.0565
ULGF00310/10/03GGROWTHF01121	Reliance Group Gratuity Plan	Group Growth Fund 1	14.8225
ULGF01908/06/09GINFRASF01121	Reliance Group Gratuity Plan	Group Infrastructure Fund 1	6.4652
ULGF02008/06/09GMIDCAPF01121	Reliance Group Gratuity Plan	Group Midcap Fund 1	11.6963
ULGF01030/09/08GPUREDEB01121	Reliance Group Gratuity Plan	Group Pure Debt Fund 1	15.1063
ULGF00110/10/03GBALANCE01121	Reliance Group Superannuation Plan	Group Balanced Fund 1	19.1475
ULGF00431/01/07GCAPISEC01121	Reliance Group Superannuation Plan	Group Capital Secure Fund 1	16.6384
ULGF01213/10/08GCORBOND02121	Reliance Group Superannuation Plan	Group Corporate Bond Fund 2	15.0015
ULGF01808/06/09GEQUITYF03121	Reliance Group Superannuation Plan	Group Equity Fund 3	16.3558
ULGF01610/12/08GGILTFUN02121	Reliance Group Superannuation Plan	Group Gilt Fund 2	13.1423
ULGF00310/10/03GGROWTHF01121	Reliance Group Superannuation Plan	Group Growth Fund 1	14.8225
ULGF00930/09/08GMONMRKT02121	Reliance Group Superannuation Plan	Group Money Market Fund 2	15.0565
ULGF01030/09/08GPUREDEB01121	Reliance Group Superannuation Plan	Group Pure Debt Fund 1	15.1063
ULGF00210/10/03GBALANCE02121	Reliance Group Savings Linked Insurance Plan	Group Balanced Fund 2	15.8952
ULGF01213/10/08GCORBOND02121	Reliance Group Savings Linked Insurance Plan	Group Corporate Bond Fund 2	15.0015
ULGF01428/11/08GENERGF01121	Reliance Group Savings Linked Insurance Plan	Group Energy Fund 1	12.5211
ULGF01328/11/08GEQUITYF02121	Reliance Group Savings Linked Insurance Plan	Group Equity Fund 2	19.3867
ULGF01610/12/08GGILTFUN02121	Reliance Group Savings Linked Insurance Plan	Group Gilt Fund 2	13.1423
ULGF01908/06/09GINFRASF01121	Reliance Group Savings Linked Insurance Plan	Group Infrastructure Fund 1	6.4652
ULGF02008/06/09GMIDCAPF01121	Reliance Group Savings Linked Insurance Plan	Group Midcap Fund 1	11.6963
ULGF00930/09/08GMONMRKT02121	Reliance Group Savings Linked Insurance Plan	Group Money Market Fund 2	15.0565
ULGF01030/09/08GPUREDEB01121	Reliance Group Savings Linked Insurance Plan	Group Pure Debt Fund 1	15.1063
ULGF01528/11/08GPUREEQF01121	Reliance Group Savings Linked Insurance Plan	Group Pure Equity Fund 1	18.5680
ULGF00210/10/03GBALANCE02121	Reliance Life Insurance Group Gratuity Plus Plan	Group Balanced Fund 2	15.8952
ULGF00930/09/08GMONMRKT02121	Reliance Life Insurance Group Gratuity Plus Plan	Group Money Market Fund 2	15.0565
ULGF01213/10/08GCORBOND02121	Reliance Life Insurance Group Gratuity Plus Plan	Group Corporate Bond Fund 2	15.0015
ULGF01610/12/08GGILTFUN02121	Reliance Life Insurance Group Gratuity Plus Plan	Group Gilt Fund 2	13.1423
ULGF01808/06/09GEQUITYF03121	Reliance Life Insurance Group Gratuity Plus Plan	Group Equity Fund 3	16.3558
ULGF00930/09/08GMONMRKT02121	Reliance Life Insurance Group Leave encashment Plus Plan	Group Money Market Fund 2	15.0565
ULGF01213/10/08GCORBOND02121	Reliance Life Insurance Group Leave encashment Plus Plan	Group Corporate Bond Fund 2	15.0015
ULGF01610/12/08GGILTFUN02121	Reliance Life Insurance Group Leave encashment Plus Plan	Group Gilt Fund 2	13.1423
ULGF01808/06/09GEQUITYF03121	Reliance Life Insurance Group Leave encashment Plus Plan	Group Equity Fund 3	16.3558
ULGF00210/10/03GBALANCE02121	Reliance Life Insurance Group Leave encashment Plus Plan	Group Balanced Fund 2	15.8952

- ✓ 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 of objectives of each fund option, a rigorous **security selection** process is followed. The fixed income fund manager identifies cheaper securities across the yield curve and builds a basket of securities to arrive at the optimum level of yield within the range of pre-determined 'duration' for the entire portfolio after paying particular attention to the liquidity position and the liquidity premium on the securities. An active fund management style is followed 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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