



RELIANCE

Nippon Life Insurance



the analyst

**Monthly fund factsheet
for October 2016**

Fixed Income Market

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 August 16	30th September 16	% Change
\$ / Rs.	66.96	66.61	-0.53
CPI Inflation	5.05	4.31	-0.74
¹ Forex Reserves (\$ bn)	367.77	371.99	1.14
¹ Brent Crude Price (\$ per Barrel)	44.70	48.24	7.34
¹ Gold (Rs. per 10gm)	30814.00	31175.00	1.16

Indices	31st August 16	30th September 16	%Change
¹ BSE Sensex	28452.17	27865.96	-2.10
¹ S&P CNX Nifty	8786.20	8611.15	-2.03
¹ CNX Mid Cap	15370.85	15413.10	0.27
¹ BSE Small Cap	12648.79	12780.80	1.03

Global Indices	31st August 16	30th September 16	%Change
¹ Dow Jones	18400.88	18308.15	-0.51
¹ FTSE 100	6781.51	6899.33	1.71
¹ Hang Seng	22976.88	23297.15	1.37
¹ Nikkei	16887.40	16449.84	-2.66

Sectoral Indices	31st August 16	30th September 16	%Change
¹ CNX Infrastructure	2934.90	2793.40	-5.07
¹ CNX Energy	9663.65	9756.20	0.95
¹ BSE Capital Goods	15212.25	14581.77	-4.32
¹ BSE Bankex	22656.58	22045.62	-2.77
¹ BSE Oil & Gas	11072.71	11377.55	2.68
¹ BSE IT	10439.35	10229.09	-2.06

Fixed Income Indicators (%)	31st August 16	30th September 16	%Change
¹ 91 Day T-Bill	6.56	6.42	-0.14
¹ 182 Day T-Bill	6.64	6.51	-0.13
¹ 1 year GOI Benchmark	6.81	6.65	-0.16
¹ 5 Year GOI Benchmark	7.05	6.91	-0.14
¹ 10 Year GOI Benchmark	7.11	6.82	-0.29
¹ 5 Year Corp Bond Benchmark	7.49	7.35	-0.15
¹ 10 Year AAA Corp Bond Benchmark	7.33	7.24	-0.09
¹ 10 Year US Treasury	1.58	1.59	0.01

Source: ¹Bloomberg, ²eaindustry.nic.in, ³RBI

Fixed Income:

Reserve Bank of India (RBI) has transitioned to formal Monetary Policy Committee to set the monetary policy of India. In its inaugural meeting, committee has decided unanimously to reduce the policy rate by 25 bps to 6.25%, prompted by the benign inflation and outlook. In addition, RBI has also lowered the threshold of real rate to 1.25% from 1.5 to 2% range. Further, liquidity accommodation also continued by way of purchase of securities.

Inflationary outlook is getting improved as government is consistently taking measures to improve supplies of various commodities viz wheat, pulses and palm oils. This along with expectations of decent crops, will help improve the inflationary outlook.

Industrial activity continued to be subdued as reflected in the latest set of data. Retail inflation (CPI) registered sequential fall and it is expected to remain benign as high frequency data suggests further softening in the prices. Although, prices of the petroleum and certain metals have firmed up, and this, if sustained, will impart upward bias to inflation marginally.

Banking system is inundated with deposits while demand for credit yet to pick up. However, banking liquidity may witness some strains during next two months due to anticipated outflow on account of maturity of the foreign currency deposits (FCNR-B).

Fixed Income Outlook:

Going forward, benign inflationary outlook and sufficient liquidity will help maintain salubrious interest rate environment.

Equity Market

Equity Outlook:

Indian equities (-2%) had a subdued performance in Sep as despite passive inflows and surge in deal activity, the cautious commentary in IT and financials coupled with increasing geopolitical tensions in PoK dampened the investor sentiment. Additionally, the South West monsoon ended in the normal range against the above normal forecast due to absence of the La Nina phenomenon. The Income Declaration Scheme (IDS) concluded in Sep and brought in an unexpected bounty to the Govt as momentum picked up closer to the deadline. Also GST bill was approved by the President earlier in the month and the GST Council is expected to reach a consensus on the finer details.

Banks underperformed in the month post a strong show in Aug with concerns on progress of the asset quality review (AQR). In the insurance segment, HDFC Life – Max merger passed a crucial hurdle with the minority shareholder of Max Financial Services approving the non-compete fee to the promoters of Max group. ICICI Prudential Life, country's largest private sector life insurer made a tepid debut on the exchanges in the last week of Sep.

IT stocks were marginal outperformers in Sep but still in the red with continued revenue headwinds. TCS cautioned investors signaling sequential momentum weakness with headwinds in BFSI segment. Infosys reiterated better 2Q vs 1Q at our global tech conference. Accenture announced its 4Q results with revenue growth led by digital investments indicating legacy biz where the Indian IT dominates is under pressure.

Amongst Autos, M&M announced a strategic alliance with Ola which could lead to higher volumes in the near term.

Among Industrials & Infra, BHEL reported better than expected Q1 nos as execution picked up in power & industrial segments.

Energy stocks were the big outperformers in the month as recovering GRMs and strong demand for auto fuels supported the rally. In the Gas space, GAIL reported a 1Q beat on back of sharp uptick in gas transmission margins. The Government lowered domestic gas prices by 18% in its semi-annual price review which could benefit city gas distributors such as IGL and MGL.

FII's were notable buyers in Sep with net inflows of \$1.3bn bringing in their YTD tally to net inflows of \$7.4bn. Domestic investors also turned buyers in the month albeit of lower amount with net inflows of \$299mn bringing their YTD net outflows tally to \$207mn. Among DIIs, Mutual Funds led the buying with \$227mn of inflows while Insurance companies accounted for \$72mn.

Equity Outlook:

Come October, all eyes will be on the RBI's policy meet, Q2FY17 results and geopolitical (India Pakistan) tensions.

Gross CAGR Returns as on 30th September, 2016

asset allocation	funds	Last 1 Year	Last 3 Year	Last 5 Year	Page No.
100% Equity	Group Equity Fund 3	11.91	21.20	16.94	4
100% Equity	Group Equity Fund 4	9.62	-	-	5
100% Pure Equity	Group Pure Equity Fund 1	9.27	20.89	14.66	6
100% Equity	Group Infrastructure Fund 1	18.50	22.04	8.62	7
100% Equity	Group Energy Fund 1	22.00	19.65	9.78	8
100% Equity	Group Midcap Fund 1	31.18	34.17	22.44	9
40% Equity, 60% Debt	Group Growth Fund 1	11.78	15.65	12.71	10
20% Equity, 80% Debt	Group Balanced Fund 1	11.96	13.77	11.37	11
20% Equity, 80% Debt	Group Balanced Fund 2	11.89	13.99	11.74	12
20% Equity, 80% Debt	Group Balanced Fund 4	11.98	-	-	13
100% Bond Instruments	Group Corporate Bond Fund 2	11.95	12.57	10.86	14
100% Bond Instruments	Group Corporate Bond Fund 3	11.98	-	-	15
100% Money Market Instruments	Group Capital Secure Fund 1	8.33	8.96	9.19	16
100% Government Securities	Group Gilt Fund 2	12.47	13.13	10.69	17

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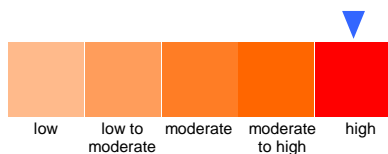
ULGF01808/06/09GEQUITYF03121

Inception Date : 08-Jun-09

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 30th September, 2016

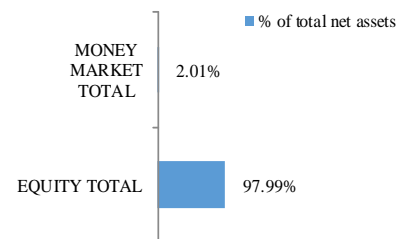
gross return			
Fund name	12 month returns	36 month returns	60 month returns
Group Equity Fund 3	11.91	21.20	16.94
Benchmark	8.33	14.51	11.74

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

portfolio

Name of the instrument	% to AUM
AXIS BANK LTD	0.74%
CIPLA LTD	0.93%
COFFEE DAY ENTERPRISES LIMITED	0.82%
CUMMINS INDIA LTD	2.94%
D.B.CORP LTD	1.51%
DIVIS LABORATORIES LTD	6.90%
EQUITAS HOLDINGS LIMITED	1.14%
GE POWER INDIA LIMITED	0.28%
GUJARAT FLUOROCHEMICALS LTD	2.71%
HCL TECHNOLOGIES LTD	4.05%
HDFC BANK LTD	7.30%
HEALTHCARE GLOBAL ENTERPRISES LTD.	0.67%
HERO MOTOCORP LTD	1.17%
ICICIBANK LTD	4.29%
IDFC LTD	0.95%
INDIABULLS HOUSING FINANCE LTD	0.87%
INDIAN HOTELS CO LTD	0.92%
INFOSYS LTD	7.73%
INOX WIND LTD	1.20%
ITC LTD	4.82%
JUBILANT FOODWORKS LTD	1.16%
LARSEN & TOUBRO LTD	4.81%
MARUTISUZUKIINDIA LTD	5.34%
MINDTREE LTD	0.91%
MOTHERSONSUMISYSTEMS LTD	3.62%
PURAVANKARA PROJECTS LTD	0.63%
RELIANCE INDUSTRIES LTD	2.97%
SANOFIINDIA LTD	2.07%
SHOPPERS STOP LTD	0.60%
STATE BANK OF INDIA	1.23%
SUN PHARMACEUTICALS INDUSTRIES LTD	3.32%
TATA MOTORS LTD	4.89%
TECH MAHINDRA LTD	1.54%
ULTRATECH CEMENT LTD	4.03%
UNITED BREWERIES LTD	1.69%
YES BANK LTD	7.23%
EQUITY TOTAL	97.99%
MONEY MARKET TOTAL	2.01%
GRAND TOTAL	100.00%

asset allocation



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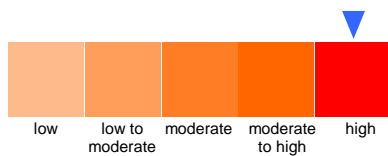
ULGF02205/06/13GEQUITYF04121

Inception Date : 29-Dec-14

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 4

Fund Performance As on 30th September, 2016

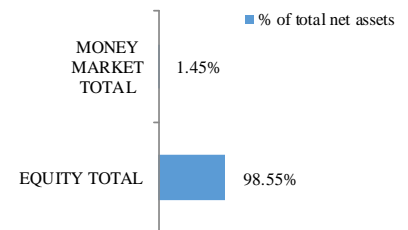
gross return			
Fund name	12 month returns	36 month returns	60 month returns
Group Equity Fund 4	9.62	-	-
Benchmark	8.33	-	-

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

portfolio

Name of the instrument	% to AUM
AXIS BANK LTD	0.35%
CIPLA LTD	1.09%
COFFEE DAY ENTERPRISES LIMITED	1.06%
CUMMINS INDIA LTD	2.85%
D.B.CORP LTD	1.41%
DIVIS LABORATORIES LTD	7.09%
EQUITAS HOLDINGS LIMITED	1.33%
GE POWER INDIA LIMITED	0.32%
GUJARAT FLUOROCHEMICALS LTD	3.14%
HCL TECHNOLOGIES LTD	4.09%
HDFC BANK LTD	7.43%
HEALTHCARE GLOBAL ENTERPRISES LTD.	0.78%
HERO MOTOCORP LTD	1.40%
KCIBANK LTD	4.26%
IDFC LTD	1.15%
INDIABULLS HOUSING FINANCE LTD	1.11%
INDIAN HOTELS CO LTD	1.14%
INFOSYS LTD	7.89%
INOX WIND LTD	1.23%
ITC LTD	4.85%
JUBLANT FOODWORKS LTD	1.28%
LARSEN & TOUBRO LTD	2.76%
MARUTI SUZUKI INDIA LTD	5.27%
MINDTREE LTD	0.90%
MOTHERSON SUMISYSTEMS LTD	3.58%
PURAVANKARA PROJECTS LTD	0.76%
RELIANCE INDUSTRIES LTD	1.67%
SANOFI INDIA LTD	2.46%
SHOPPERS STOP LTD	0.72%
STATE BANK OF INDIA	1.43%
SUN PHARMACEUTICALS INDUSTRIES LTD	3.38%
TATA MOTORS LTD	5.03%
TECH MAHINDRA LTD	1.81%
ULTRATECH CEMENT LTD	4.16%
UNITED BREWERIES LTD	2.00%
YES BANK LTD	7.36%
EQUITY TOTAL	98.55%
MONEY MARKET TOTAL	1.45%
GRAND TOTAL	100.00%

asset allocation



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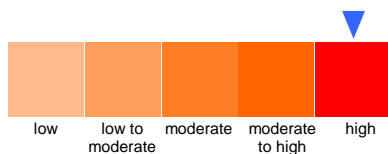
ULGF01528/11/08GPUREEQF01121

Inception Date : 15-Dec-08

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 Shariah Index 100%

Group Pure Equity Fund 1

Fund Performance As on 30th September, 2016

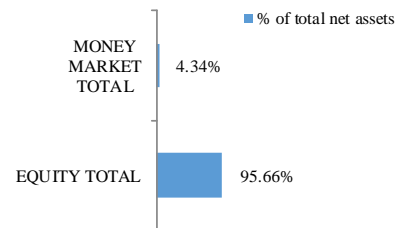
gross return			
Fund name	12 month returns	36 month returns	60 month returns
Group Pure Equity Fund 1	9.27	20.89	14.66
Benchmark	8.52	13.23	11.90

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

portfolio

Name of the instrument	% to AUM
ASIAN PAINTS LTD	4.36%
BATA INDIA LTD	1.37%
BHARTIARTEL LTD	4.62%
CIPLA LTD	3.80%
COLGATE PALMOLIVE INDIA LTD	1.00%
CUMMINS INDIA LTD	2.73%
ECLERX SERVICES LTD	0.09%
GAIL (INDIA) LTD	2.38%
GE POWER INDIA LIMITED	1.91%
HCL TECHNOLOGIES LTD	8.19%
HEALTHCARE GLOBAL ENTERPRISES LTD.	2.35%
HERO MOTOCORP LTD	4.79%
HINDUSTAN UNILEVER LTD	6.84%
INFOSYS LTD	6.91%
NOX WIND LTD	1.33%
JUBILANT FOODWORKS LTD	1.77%
LARSEN & TOUBRO LTD	2.99%
LUPIN LTD	3.47%
MARUTI SUZUKI INDIA LTD	7.01%
MOTHERSON SUMISYSTEMS LTD	2.63%
POWER MECH PROJECTS LTD.	1.32%
RELIANCE INDUSTRIES LTD	5.62%
SANOFI INDIA LTD	1.62%
SUN PHARMACEUTICALS INDUSTRIES LTD	4.08%
TATA CONSULTANCY SERVICES LTD	0.40%
TATA MOTORS LTD	3.73%
TECH MAHINDRA LTD	3.26%
ULTRATECH CEMENT LTD	5.09%
EQUITY TOTAL	95.66%
MONEY MARKET TOTAL	4.34%
GRAND TOTAL	100.00%

asset allocation



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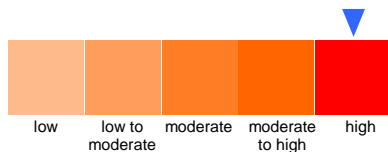
ULGF01908/06/09GINFRASF01121

Inception Date : 08-Jun-09

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%

Group Infrastructure Fund 1

Fund Performance As on 30th September, 2016

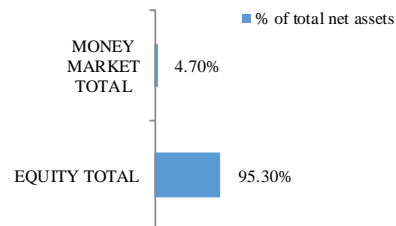
gross return			
Fund name	12 month returns	36 month returns	60 month returns
Group Infrastructure Fund 1	18.50	22.04	8.62
Benchmark	-1.13	9.36	1.53

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

portfolio

Name of the instrument	% to AUM
ADANIP ORTS AND SPECIAL ECONOMIC ZONE LTD	4.61%
ADVANCED ENZYME TECHNOLOGIES LIMITED	3.31%
BHARAT HEAVY ELECTRICALS LTD	2.79%
BHARTI AIRTEL LTD	7.09%
BHARTI INFRA TEL LIMITED	6.25%
CUMMINS INDIA LTD	7.33%
ENGINEERS INDIA LTD	1.94%
GE POWER INDIA LIMITED	3.60%
GUJARAT STATE PETRONET LTD	1.37%
HDFC BANK LTD	5.23%
HEALTHCARE GLOBAL ENTERPRISES LTD.	1.90%
INDIAN HOTELS CO LTD	4.58%
NOX WIND LTD	2.30%
KOTAK MAHINDRA BANK LTD	3.99%
LARSEN & TOUBRO LTD	8.31%
MOTHERS ON S U M I S Y S T E M S LTD	1.87%
NTPC LTD	8.00%
POWER GRID CORPORATION OF INDIA LTD	8.60%
POWER MECH PROJECTS LTD.	1.94%
TATA MOTORS LTD	4.27%
ULTRATECH CEMENT LTD	6.02%
EQUITY TOTAL	95.30%
MONEY MARKET TOTAL	4.70%
GRAND TOTAL	100.00%

asset allocation



Group Energy Fund 1

Fund Performance As on 30th September, 2016

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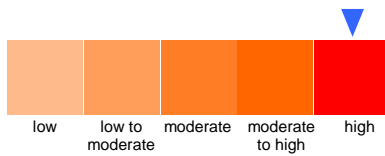
ULGF01428/11/08ENERGYF01121

Inception Date : 18-Dec-08

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%

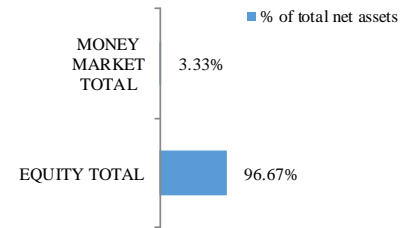
gross return			
Fund name	12 month returns	36 month returns	60 month returns
Group Energy Fund 1	22.00	19.65	9.78
Benchmark	27.68	9.09	4.75

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

portfolio

Name of the instrument	% to AUM
COAL INDIA LTD	2.41%
CUMMINS INDIA LTD	7.72%
ENGINEERS INDIA LTD	1.94%
GAIL (INDIA) LTD	7.90%
GE POWER INDIA LIMITED	1.69%
GUJARAT STATE PETRONET LTD	8.79%
HDFC BANK LTD	5.70%
INDIAN OIL CORPORATION LTD	4.30%
INDRAPRAS THA GAS LTD	4.51%
NOX WIND LTD	2.52%
LARS EN & TOUBRO LTD	7.93%
MOTHERS ON S UMIS SYS TEMS LTD	2.01%
NTPC LTD	8.08%
OIL & NATURAL GAS CORPORATION LTD	8.98%
PETRONET LNG LTD	1.82%
POWER GRID CORPORATION OF INDIA LTD	8.83%
POWER MECH PROJECTS LTD.	2.60%
RELIANCE INDUS TRIES LTD	7.90%
VEDANTA LTD	1.04%
EQUITY TOTAL	96.67%
MONEY MARKET TOTAL	3.33%
GRAND TOTAL	100.00%

asset allocation



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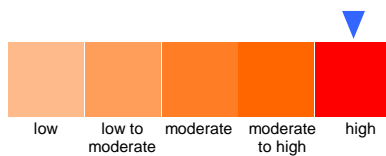
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Inception Date : 08-Jun-09

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 30th September, 2016

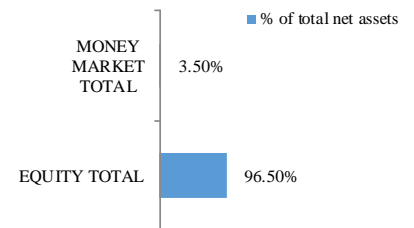
gross return			
Fund name	12 month returns	36 month returns	60 month returns
Group Midcap Fund 1	31.18	34.17	22.44
Benchmark	23.69	28.09	13.50

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

portfolio

Name of the instrument	% to AUM
ADVANCED ENZYME TECHNOLOGIES LIMITED	3.95%
BATA INDIA LTD	1.98%
COLGATE PALMOLIVE INDIA LTD	2.42%
CYIENT LIMITED	1.80%
D.B.CORP LTD	4.33%
DIVIS LABORATORIES LTD	4.22%
ENGINEERS INDIA LTD	1.92%
EQUITAS HOLDINGS LIMITED	2.12%
GE POWER INDIA LIMITED	2.69%
GUJARAT FLUORO CHEMICALS LTD	3.00%
GUJARAT STATE PETRONET LTD	2.39%
HEALTHCARE GLOBAL ENTERPRISES LTD.	3.42%
DFC LTD	4.19%
INDIABULLS HOUSING FINANCE LTD	0.67%
INDIAN HOTELS CO LTD	3.87%
INDIAN OIL CORPORATION LTD	3.98%
INDRAPRASATHA GAS LTD	3.59%
JUBLANT FOODWORKS LTD	2.20%
MINDTREE LTD	1.44%
MOTHERSONSUMISYSTEMS LTD	3.03%
NIT TECHNOLOGIES LTD	2.08%
PETRONET LNG LTD	3.86%
POWER MECH PROJECTS LTD.	2.05%
PURAVANKARA PROJECTS LTD	1.67%
RELIANCE COMMUNICATIONS LTD	1.22%
SHARDA CROP CHEM LIMITED	3.35%
SHOPPERS STOP LTD	2.33%
STATE BANK OF INDIA	5.45%
TATA MOTORS LTD	2.18%
THYROCARE TECHNOLOGIES LTD	2.78%
UFO MOVIEZ INDIA LTD	2.21%
UNITED BREWERIES LTD	2.23%
VOLTAS LTD	2.11%
YES BANK LTD	5.74%
EQUITY TOTAL	96.50%
MONEY MARKET TOTAL	3.50%
GRAND TOTAL	100.00%

asset allocation



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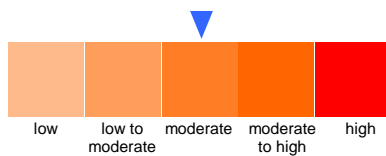
ULGF00310/10/03GGROWTHF01121

Inception Date : 31-Jan-07

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

Equity 40%
Debt 60%

benchmark construction

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

Group Growth Fund 1

Fund Performance As on 30th September, 2016

gross return			
Fund name	12 month returns	36 month returns	60 month returns
Group Growth Fund 1	11.78	15.65	12.71
Benchmark	10.49	13.21	10.79

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

portfolio

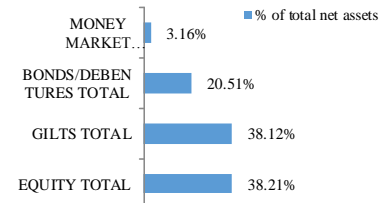
Name of the instrument	% to AUM	Rating
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10% INDIABULLS HOUSING FIN LTD NCD(MD 29/09/	2.29%	AAA
8.05% NTPC LTD NCD (MD 05/05/2026)	6.67%	LAAA
8.40% POWER GRID CORP NCD S TRP D (MD 27/05/	4.47%	LAAA
9.25% RELIANCE JIO INFOCOM LTD NCD (MD 16/06/	7.08%	LAAA
BONDS/DEBENTURES TOTAL	20.51%	
7.59% GOI(MD 11/01/2026)	10.29%	SOVEREIGN
7.61% GOI(MD 09/05/2030)	3.49%	SOVEREIGN
7.68% GOI(MD 15/12/2023)	3.39%	SOVEREIGN
7.72% GOI(MD 25/05/2025)	8.11%	SOVEREIGN
7.88% GOI(MD 19/03/2030)	7.63%	SOVEREIGN
8.13% GOI(MD 22/06/2045)	5.22%	SOVEREIGN
GILTS TOTAL	38.12%	
AXIS BANK LTD	0.58%	
BATA INDIA LTD	0.50%	
CPLA LTD	0.93%	
CUMMINS INDIA LTD	1.07%	
DIVIS LABORATORIES LTD	2.49%	
ENGINEERS INDIA LTD	0.62%	
HCL TECHNOLOGIES LTD	1.76%	
HDFC BANK LTD	2.96%	
HEALTHCARE GLOBAL ENTERPRISES LTD.	0.83%	
HERO MOTOCORP LTD	0.53%	
KICIBANK LTD	1.85%	
IDFC LTD	0.84%	
INDIAN HOTELS CO LTD	0.72%	
INFOSYS LTD	3.34%	
NOX WIND LTD	0.70%	
ITC LTD	1.67%	
JUBILANT FOODWORKS LTD	0.53%	
KOTAK MAHINDRA BANK LTD	0.40%	
LARS EN & TOUBRO LTD	1.48%	
LUPIN LTD	0.51%	
MARUTIS UZUKI INDIA LTD	1.76%	
MOTHERS ON S UMI SYSTEMS LTD	1.19%	
NIT TECHNOLOGIES LTD	0.68%	
RELIANCE INDUSTRIES LTD	1.50%	
STATE BANK OF INDIA	0.75%	
SUN PHARMACEUTICALS INDUSTRIES LTD	1.38%	
TATA MOTORS LTD	1.61%	
TECH MAHINDRA LTD	0.85%	
ULTRATECH CEMENT LTD	1.21%	
YES BANK LTD	2.95%	
EQUITY TOTAL	38.21%	
MONEY MARKET TOTAL	3.16%	
GRAND TOTAL	100.00%	

fund characteristics

Modified Duration of Debt Portfolio (Yrs)	6.47
YTM of debt portfolio (%)	7.12

asset allocation



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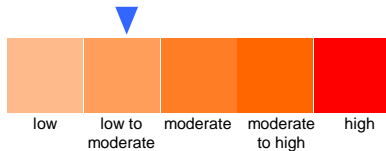
ULGF00110/10/03GBALANCE01121

Inception Date : 13-Feb-06

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

Equity	20%
Debt	80%

benchmark construction

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

Group Balanced Fund 1

Fund Performance As on 30th September, 2016

gross return			
Fund name	12 month returns	36 month returns	60 month returns
Group Balanced Fund 1	11.96	13.77	11.37
Benchmark	11.04	12.59	10.26

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

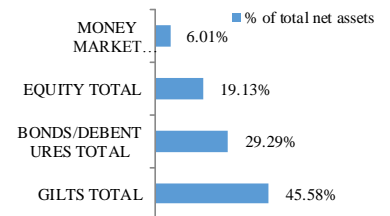
portfolio

Name of the instrument	% to AUM	Rating
8% YES BANK LTD NCD (MD 30/09/2026)	5.61%	LAA+
8.05% NTPC LTD NCD (MD 05/05/2026)	1.44%	LAAA
8.11% RECL LTD NCD (MD 07/10/2025)	1.44%	AAA
8.30% LIC HS G FIN LTD NCD (MD 15/07/2021)	2.87%	AAA
8.47% LIC HS G FIN LTD OP 2 NCD(10/06/26) P 28/06	4.43%	AAA
8.93% NTPC LTD NCD (MD 19/01/2021)	5.85%	LAAA
9.25% RELANCE JIO FOCOM LTD NCD (MD 16/06/2016)	7.63%	LAAA
BONDS / DEBENTURES TOTAL	29.29%	
7.59% GOI(MD 11/01/2026)	9.43%	SOVEREIGN
7.61% GOI(MD 09/05/2030)	4.64%	SOVEREIGN
7.72% GOI(MD 25/05/2025)	14.22%	SOVEREIGN
7.88% GOI(MD 19/03/2030)	10.39%	SOVEREIGN
8.13% GOI(MD 22/06/2045)	6.89%	SOVEREIGN
GILTS TOTAL	45.58%	
AXIS BANK LTD	0.29%	
BATA INDIA LTD	0.25%	
CIPLA LTD	0.47%	
CUMMINS INDIA LTD	0.54%	
DIVS LABORATORIES LTD	1.25%	
ENGINEERS INDIA LTD	0.31%	
HCL TECHNOLOGIES LTD	0.88%	
HDFC BANK LTD	1.48%	
HEALTHCARE GLOBAL ENTERPRISES LTD.	0.43%	
HERO MOTOCORP LTD	0.27%	
ICICIBANK LTD	0.92%	
IDFC LTD	0.42%	
INDIAN HOTELS CO LTD	0.36%	
INFOSYS LTD	1.67%	
NOX WIND LTD	0.35%	
ITC LTD	0.83%	
JUBILANT FOODWORKS LTD	0.27%	
KOTAK MAHINDRA BANK LTD	0.20%	
LARSEN & TOUBRO LTD	0.74%	
LUPIN LTD	0.25%	
MARUTIS UZUKINDIA LTD	0.88%	
MOTHERS CONSUMER SYSTEMS LTD	0.60%	
NIT TECHNOLOGIES LTD	0.34%	
RELIANCE INDUSTRIES LTD	0.76%	
STATE BANK OF INDIA	0.38%	
SUN PHARMACEUTICALS INDUSTRIES LTD	0.69%	
TATA MOTORS LTD	0.81%	
TECH MAHINDRA LTD	0.43%	
ULTRATECH CEMENT LTD	0.61%	
YES BANK LTD	1.46%	
EQUITY TOTAL	19.13%	
MONEY MARKET TOTAL	6.01%	
GRAND TOTAL	100.00%	

fund characteristics

Modified Duration of Debt Portfolio (Yrs)	6.21
YTM of debt portfolio (%)	7.09

asset allocation



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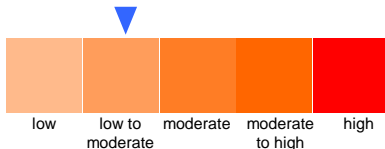
ULGF00210/10/03GBALANCE02121

Inception Date : 31-Jan-07

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

Equity 20%
Debt 80%

benchmark construction

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

Group Balanced Fund 2

Fund Performance As on 30th September, 2016

gross return			
Fund name	12 month returns	36 month returns	60 month returns
Group Balanced Fund 2	11.89	13.99	11.74
Benchmark	11.04	12.59	10.26

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

portfolio

Name of the instrument	% to AUM	Rating
10% INDIABULLS HOUSING FINLTD NCD(MD 29/09/	4.78%	AAA
8% YES BANK LTD NCD (MD 30/09/2026)	2.03%	LAA+
8.05% NTPC LTD NCD (MD 05/05/2026)	2.24%	LAAA
8.30% LIC HSG FIN LTD NCD (MD 15/07/2021)	1.60%	AAA
8.40% POWER GRID CORP NCD STRP D (MD 27/05/	1.61%	LAAA
8.45% HDFC LTD NCD (MD 18/05/2026)	3.28%	LAAA
8.46% HDFC LTD NCD (MD 15/06/2026) P 15/07/2017	3.28%	LAAA
8.47% LIC HSG FIN LTD OP 2 NCD(10/06/26) P 28/06	0.82%	AAA
8.93% NTPC LTD NCD (MD 19/01/2021)	0.98%	LAAA
9.25% RELIANCE JIO INFOCOM LTD NCD (MD 16/06/	8.49%	LAAA
9.70% TATASONS LTD NCD (MD 25/07/2022)	1.02%	LAAA

BONDS/DEBENTURES TOTAL	30.12%	
7.59% GOI(MD 11/01/2026)	9.76%	SOVEREIGN
7.61% GOI(MD 09/05/2030)	4.81%	SOVEREIGN
7.68% GOI(MD 15/12/2023)	0.51%	SOVEREIGN
7.72% GOI(MD 25/05/2025)	14.68%	SOVEREIGN
7.88% GOI(MD 19/03/2030)	10.48%	SOVEREIGN
8.13% GOI(MD 22/06/2045)	6.87%	SOVEREIGN

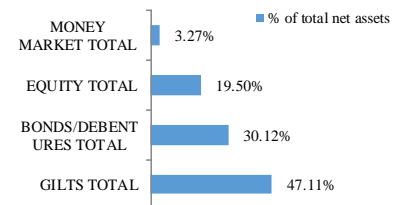
GILTS TOTAL	47.11%	
AXIS BANK LTD	0.29%	
BATA INDIA LTD	0.26%	
CIP LA LTD	0.48%	
CUMMINS INDIA LTD	0.56%	
DIVIS LABORATORIES LTD	1.26%	
ENGINEERS INDIA LTD	0.31%	
HCL TECHNOLOGIES LTD	0.90%	
HDFC BANK LTD	1.54%	
HEALTHCARE GLOBAL ENTERPRISES LTD.	0.44%	
HERO MOTOCORP LTD	0.27%	
KCIBANK LTD	0.93%	
IDFC LTD	0.42%	
INDIAN HOTELS CO LTD	0.36%	
INFOSYS LTD	1.69%	
NOX WIND LTD	0.35%	
ITC LTD	0.85%	
JUBLANT FOODWORKS LTD	0.24%	
KOTAK MAHINDRA BANK LTD	0.20%	
LARSEN & TOUBRO LTD	0.76%	
LUPIN LTD	0.26%	
MARUTIS UZUKINDIA LTD	0.90%	
MOTHERSON SUMIS SYSTEMS LTD	0.61%	
NIT TECHNOLOGIES LTD	0.35%	
RELIANCE INDUSTRIES LTD	0.77%	
STATE BANK OF INDIA	0.38%	
SUN PHARMACEUTICALS INDUSTRIES LTD	0.70%	
TATA MOTORS LTD	0.82%	
TECHMAHINDRA LTD	0.43%	
ULTRATECH CEMENT LTD	0.63%	
YES BANK LTD	1.53%	

EQUITY TOTAL	19.50%
MONEY MARKET TOTAL	3.27%
GRAND TOTAL	100.00%

fund characteristics

Modified Duration of Debt Portfolio (Yrs)	6.27
YTM of debt portfolio (%)	6.86

asset allocation



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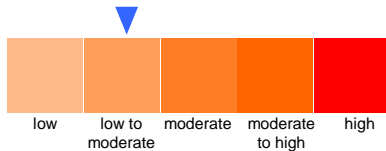
ULGF02105/06/13GBALANCE04121

Inception Date : 17-Dec-13

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

Equity	20%
Debt	80%

benchmark construction

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

Group Balanced Fund 4

Fund Performance As on 30th September, 2016

gross return			
Fund name	12 month returns	36 month returns	60 month returns
Group Balanced Fund 4	11.98	-	-
Benchmark	11.04	-	-

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

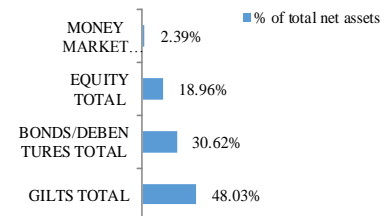
portfolio

Name of the instrument	% to AUM	Rating
7.50% POWER FN CORP LTD NCD OP 150 A (16/08/2021)	0.94%	LAAA
7.63% POWER FN CORP LTD NCD OP 150 B (14/08/2026)	0.67%	LAAA
7.9% HDFC LTD NCD (MD 24/08/2026)	2.28%	LAAA
8% YES BANK LTD NCD (MD 30/09/2026)	4.49%	LAA+
8.05% NTPC LTD NCD (MD 05/05/2026)	4.92%	LAAA
8.13% POWER GRID CORP NCD STRRP 4 (MD 25/04/2023)	2.29%	LAAA
8.30% LIC HSG FN LTD NCD (MD 15/07/2021)	2.53%	AAA
8.40% NUCLEAR POWER CORPN NCD OP A (MD 28/11/2025)	1.42%	AAA
8.40% POWER GRID CORP NCD STRP D (MD 27/05/2022)	2.50%	LAAA
8.40% POWER GRID CORP NCD STRP H (MD 27/05/2026)	0.94%	LAAA
8.45% HDFC LTD NCD (MD 18/05/2026)	2.36%	LAAA
8.47% LIC HSG FN LTD OP 2 NCD (10/06/26) P 28/06/19	0.09%	AAA
8.60% LIC HSG FN LTD NCD OPT 1 (MD 26/02/2021)	4.17%	AAA
8.93% NTPC LTD NCD (MD 19/01/2021)	0.14%	LAAA
9.25% RELIANCE JIO INFOCOM LTD NCD (MD 16/06/24)	0.54%	LAAA
9.70% TATA SONS LTD NCD (MD 25/07/2022)	0.34%	LAAA
BONDS/DEBENTURES TOTAL	30.62%	
7.59% GOI (MD 11/01/2026)	8.30%	SOVEREIGN
7.61% GOI (MD 09/05/2030)	4.59%	SOVEREIGN
7.68% GOI (MD 15/12/2023)	5.44%	SOVEREIGN
7.72% GOI (MD 25/05/2025)	12.01%	SOVEREIGN
7.88% GOI (MD 19/03/2030)	10.25%	SOVEREIGN
8.13% GOI (MD 22/06/2045)	6.75%	SOVEREIGN
8.27% RAJASTHAN SPL S DL (MD 23/06/2022)	0.69%	SOVEREIGN
GILTS TOTAL	48.03%	
AXIS BANK LTD	0.28%	
BATA INDIA LTD	0.25%	
CIPLA LTD	0.46%	
CUMMINS INDIA LTD	0.55%	
DIVIS LABORATOIRES LTD	1.23%	
ENGINEERS INDIA LTD	0.31%	
HCL TECHNOLOGIES LTD	0.88%	
HDFC BANK LTD	1.51%	
HEALTHCARE GLOBAL ENTERPRISES LTD.	0.40%	
HERO MOTOCORP LTD	0.26%	
KICIBANK LTD	0.91%	
IDFC LTD	0.42%	
INDIAN HOTELS CO LTD	0.35%	
INFOSYS LTD	1.66%	
NOX WIND LTD	0.35%	
ITC LTD	0.83%	
JUBILANT FOODWORKS LTD	0.27%	
KOTAK MAHINDRA BANK LTD	0.20%	
LARSEN & TOUBRO LTD	0.73%	
LUPIN LTD	0.25%	
MARUTIS UZUKINDIA LTD	0.88%	
MOTHERS ON SUMISYSTEMS LTD	0.59%	
NIT TECHNOLOGIES LTD	0.34%	
RELIANCE INDUSTRIES LTD	0.74%	
STATE BANK OF INDIA	0.38%	
SUN PHARMACEUTICALS INDUSTRIES LTD	0.68%	
TATA MOTORS LTD	0.81%	
TECH MAHINDRA LTD	0.42%	
ULTRATECH CEMENT LTD	0.60%	
YES BANK LTD	1.44%	
EQUITY TOTAL	18.96%	
MONEY MARKET TOTAL	2.39%	
GRAND TOTAL	####	

fund characteristics

Modified Duration of Debt Portfolio (Yrs)	6.65
YTM of debt portfolio (%)	7.21

asset allocation



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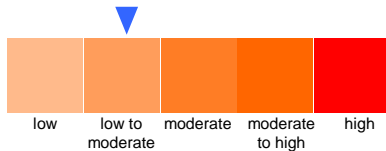
ULGF01213/10/08GCBOND02121

Inception Date : 13-Oct-08

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 30th September, 2016

gross return			
Fund name	12 month returns	36 month returns	60 month returns
Group Corporate Bond Fund 2	11.95	12.57	10.86
Benchmark	11.51	11.89	9.69

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

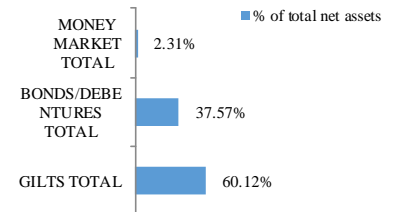
portfolio

Name of the instrument	% to AUM	Rating
10% INDIABULLS HOUSING FIN LTD NCD(MD 29/09/	0.56%	AAA
7.50% POWER FIN CORP LTD NCD OP 150 A (16/08/	2.91%	LAAA
7.63% POWER FIN CORP LTD NCD OP 150 B (14/08/	3.75%	LAAA
8% YES BANK LTD NCD (MD 30/09/2026)	0.87%	LAA+
8.05% NTPC LTD NCD (MD 05/05/2026)	4.64%	LAAA
8.30% LIC HS G FIN LTD NCD (MD 15/07/2021)	4.23%	AAA
8.40% POWER GRID CORP NCD STRP D (MD 27/05/	2.97%	LAAA
8.40% POWER GRID CORP NCD STRP H (MD 27/05/	0.10%	LAAA
8.45% HDFC LTD NCD (MD 18/05/2026)	5.06%	LAAA
8.47% LIC HS G FIN LTD OP 2 NCD(10/06/26)P 28/06	0.20%	AAA
8.60% LIC HS G FIN LTD NCD OPT 1 (MD 26/02/2021)	2.28%	AAA
8.93% NTPC LTD NCD (MD 19/01/2021)	1.61%	LAAA
9.25% RELIANCE JIO INFOCOM LTD NCD (MD 16/06/	8.38%	LAAA
BONDS / DEBENTURES TOTAL	37.57%	
7.59% GOI(MD 11/01/2026)	13.10%	SOVEREIGN
7.61% GOI(MD 09/05/2030)	5.75%	SOVEREIGN
7.68% GOI(MD 15/12/2023)	7.42%	SOVEREIGN
7.72% GOI(MD 25/05/2025)	13.06%	SOVEREIGN
7.88% GOI(MD 19/03/2030)	12.28%	SOVEREIGN
8.13% GOI(MD 22/06/2045)	8.52%	SOVEREIGN
GILTS TOTAL	60.12%	
MONEY MARKET TOTAL	2.31%	
GRAND TOTAL	100.00%	

fund characteristics

Modified Duration of Debt Portfolio (Yrs)	6.64
YTM of debt portfolio (%)	7.18

asset allocation



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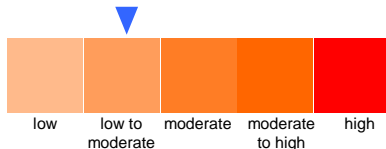
ULGF02305/06/13G CORBOND03121

Inception Date : 31-Dec-13

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 3

Fund Performance As on 30th September, 2016

gross return			
Fund name	12 month returns	36 month returns	60 month returns
Group Corporate Bond Fund 3	11.98	-	-
Benchmark	11.51	-	-

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

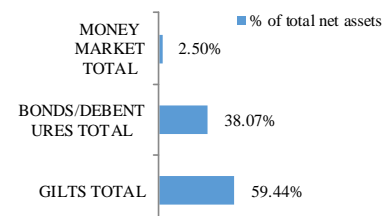
portfolio

Name of the instrument	% to AUM	Rating
10% INDIABULLS HOUSING FIN LTD NCD(MD 29/09/	0.41%	AAA
7.50% POWER FIN CORP LTD NCD OP 150 A (16/08/	3.29%	LAAA
7.63% POWER FIN CORP LTD NCD OP 150 B (14/08/	3.08%	LAAA
7.9% HDFC LTD NCD (MD 24/08/2026)	1.98%	LAAA
8% YES BANK LTD NCD (MD 30/09/2026)	4.30%	LAA+
8.05% NTPC LTD NCD (MD 05/05/2026)	2.84%	LAAA
8.13% POWER GRID CORP NCD S TRRP 7 (MD 24/04	2.01%	LAAA
8.30% LIC HSG FIN LTD NCD (MD 15/07/2021)	2.56%	AAA
8.40% NUCLEAR POWER CORPN NCD OP A (MD 28	2.89%	AAA
8.40% POWER GRID CORP NCD S TRP D (MD 27/05/	3.46%	LAAA
8.45% HDFC LTD NCD (MD 18/05/2026)	2.87%	LAAA
8.46% HDFC LTD NCD (MD 15/06/2026) P 15/07/2017	2.47%	LAAA
8.47% LIC HSG FIN LTD OP 2 NCD(10/06/26) P 28/06	0.08%	AAA
8.60% LIC HSG FIN LTD NCD OPT 1 (MD 26/02/2021)	0.48%	AAA
8.93% NTPC LTD NCD (MD 19/01/2021)	1.02%	LAAA
9.25% RELIANCE JIO INFOCOM LTD NCD (MD 16/06/	4.33%	LAAA
BONDS / DEBENTURES TOTAL	38.07%	
7.59% GOI(MD 11/01/2026)	12.63%	SOVEREIGN
7.61% GOI(MD 09/05/2030)	5.87%	SOVEREIGN
7.68% GOI(MD 15/12/2023)	5.21%	SOVEREIGN
7.72% GOI(MD 25/05/2025)	14.36%	SOVEREIGN
7.88% GOI(MD 19/03/2030)	12.89%	SOVEREIGN
8.13% GOI(MD 22/06/2045)	8.48%	SOVEREIGN
GILTS TOTAL	59.44%	
MONEY MARKET TOTAL	2.50%	
GRAND TOTAL	100.00%	

fund characteristics

Modified Duration of Debt Portfolio (Yrs)	6.67
YTM of debt portfolio (%)	7.02

asset allocation



Group Capital Secure Fund 1

Fund Performance As on 30th September, 2016

gross return			
Fund name	12 month returns	36 month returns	60 month returns
Group Capital Secure Fund 1	8.33	8.96	9.19
Benchmark	7.34	8.37	8.12

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

SFIN :

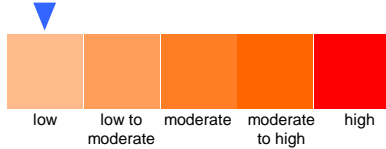
ULGF00431/01/07GCAPISEC01121

Inception Date : 31-Jan-07

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



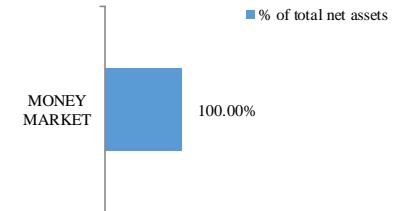
portfolio

Name of the instrument	% to AUM
MONEY MARKET	100.00%
MONEY MARKET TOTAL	100.00%

fund characteristics

Modified Duration of Debt Portfolio (Yrs)	0.33
YTM of debt portfolio (%)	8.57

asset allocation



target asset allocation

Money Market Instruments 100%

benchmark construction

Yield on 182-day T.Bills 100%

Group Gilt Fund 2

Fund Performance As on 30th September, 2016

SFIN :

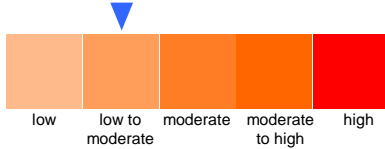
ULGF01610/12/08GGILTFUN02121

Inception Date : 10-Dec-08

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	36 month returns	60 month returns
Group Gilt Fund 2	12.47	13.13	10.69
Benchmark	11.31	12.28	9.93

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

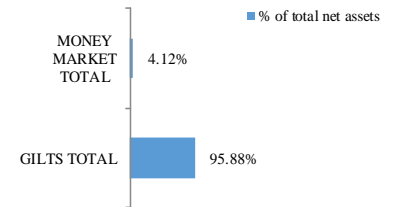
portfolio

Name of the instrument	% to AUM	Rating
7.59% GOI(MD 11/01/2026)	13.63%	SOVEREIGN
7.61% GOI(MD 09/05/2030)	12.04%	SOVEREIGN
7.68% GOI(MD 15/12/2023)	6.00%	SOVEREIGN
7.72% GOI(MD 25/05/2025)	23.44%	SOVEREIGN
7.88% GOI(MD 19/03/2030)	23.89%	SOVEREIGN
8.13% GOI(MD 22/06/2045)	16.88%	SOVEREIGN
GILTS TOTAL	95.88%	
MONEY MARKET TOTAL	4.12%	
GRAND TOTAL	100.00%	

fund characteristics

Modified Duration of Debt Portfolio (Yrs)	7.84
YTM of debt portfolio (%)	7.05

asset allocation



SFIN	Plan Name	Fund Name	NAV
ULGF01808/06/09GEQUITYF03121	Reliance Group Gratuity Plan / Group Savings Linked Insurance Plan / Life Insurance Group Gratuity Plus Plan / Life Insurance Group Leave encashment Plus Plan	Group Equity Fund 3	28.7832
ULGF02205/06/13GEQUITYF04121	Reliance Life Insurance Group Leave encashment Plus Plan	Group Equity Fund 4	11.148
ULGF01528/11/08GPUREEQF01121	Reliance Group Savings Linked Insurance Plan	Group Pure Equity Fund 1	31.6811
ULGF01908/06/09GINFRASF01121	Reliance Group Gratuity Plan / Group Superannuation Plan	Group Infrastructure Fund 1	11.7631
ULGF01428/11/08GENERGYF01121	Reliance Group Savings Linked Insurance Plan	Group Energy Fund 1	20.7061
ULGF02008/06/09GMIDCAPF01121	Reliance Group Gratuity Plan / Group Savings Linked Insurance Plan	Group Midcap Fund 1	30.0583
ULGF00310/10/03GGGROWTHF01121	Reliance Group Gratuity Plan / Group Superannuation Plan	Group Growth Fund 1	22.595
ULGF00110/10/03GBALANCE01121	Reliance Group Gratuity Plan / Group Superannuation Plan	Group Balanced Fund 1	27.0544
ULGF00210/10/03GBALANCE02121	Reliance Group Gratuity Plan / Group Savings Linked Insurance Plan / Life Insurance Group Gratuity Plus Plan / Life Insurance Group Leave encashment Plus Plan	Group Balanced Fund 2	23.0967
ULGF02105/06/13GBALANCE04121	Reliance Group Gratuity Plan / Group Savings Linked Insurance Plan	Group Balanced Fund 4	12.8255
ULGF01213/10/08GCORBOND02121	Reliance Group Gratuity Plan / Group Superannuation Plan / Group Savings Linked Insurance Plan / Life Insurance Group Gratuity Plus Plan / Life Insurance Group Leave encashment Plus Plan	Group Corporate Bond Fund 2	20.9447
ULGF02305/06/13GCORBOND03121	Reliance Group Gratuity Plan / Group Savings Linked Insurance Plan	Group Corporate Bond Fund 3	13.6046
ULGF00431/01/07GCAPISEC01121	Reliance Group Superannuation Plan / Group Savings Linked Insurance Plan	Group Capital Secure Fund 1	21.4371
ULGF01610/12/08GGILTFUN02121	Reliance Group Gratuity Plan / Group Superannuation Plan / Group Savings Linked Insurance Plan / Life Insurance Group Gratuity Plus Plan / Life Insurance Group Leave encashment Plus Plan	Group Gilt Fund 2	18.3376

- ✓ 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 for 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 fund 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. $1.2*10\%$). 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. $0.80*10\%$)

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

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

✓ **Benchmark Sharpe Ratio**

✓ **Modified Duration Of Debt Profile**

✓ **Fund Beta**

Disclaimer

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