

# FundAssure

*Investment Report, December 2011*





Dear Friends,

**At the outset, let me take this opportunity to wish you all a very happy and a prosperous new year and hope that your investments would be more rewarding over the new year and beyond.**

The month of December 2011 saw the benchmark indices, BSE Sensex and CNX Nifty shed 4.15% and 4.30% respectively even as the CNX Midcap index ended sharply lower losing almost 8% for the month. December 2011 brought to a close a rather lack luster year for the Indian equities as the benchmark indices lost almost 25% over the calendar year 2011. The weak global macro-concerns coupled with a slowing domestic growth trajectory played itself out over the course of 2011 as the Indian equity market returns lagged most global peers.

Over the calendar year 2011, FII's have been net sellers to the tune of USD 357 million even as the Insurance companies have been net purchasers to the tune of USD 4.6 billion with domestic mutual funds, buyers to the tune of USD 1.3 billion over the same period.

The Indian macro data reflected a sharp slow down in the industrial growth as Index of Industrial Production (IIP) growth for October 2011 contracted by 5.1% year on year, clearly a negative surprise for the markets. The muted IIP growth for October 2011 can be partly attributed to the high base year on year but there is no denying the fact that there has been a broad based month on month growth deceleration across sectors with the cumulative IIP growth for the financial year to date standing at a disappointing 3.5% as against the growth of 8.7% in the corresponding period last year.

Wholesale price index (WPI) inflation for November 2011 came in at 9.11%, considerably below the October 2011 reading of 9.73%. The September 2011 headline inflation of 9.72% was revised upwards by 28 bps to 10%. The food inflation moderated to 8.54% in November 2011 from an elevated 11.06% in October 2011, with practically all food products, except pulses registering a lower year on year inflation. While manufactured food products eased significantly to 6.8% from 7.8% earlier, the non food manufacturing inflation, also referred to as core inflation, stayed elevated at 7.96%, up from 7.63% in the previous month, the highest since March 2011, possibly due to the impact of currency weakness offsetting the decline in commodity prices.

On December 16th 2011, the RBI in the monetary policy review noted that the global economic outlook had worsened significantly over the last couple of months and the recent European Union (EU) summit agreement did not assuage negative market sentiments, thereby increasing the likelihood of persistent financial turbulence as well as a recession in Europe. On the domestic front, the RBI opined that there was a clear deceleration in growth due to the combined effects of the uncertain global environment, the cumulative impact of past monetary policy tightening and domestic policy uncertainties. The RBI was concerned that inflation and inflation expectations were currently above its comfort zone, though, reassuringly, inflationary pressures were expected to abate in the coming months despite high crude oil prices and rupee depreciation.

In a move which was largely anticipated by the market, the government announced further additional borrowings to the tune of ₹40,000 crores in the fourth quarter of FY12. Factoring in the ₹52,900 crores of additional borrowing announced in September 2011, the total dated security issuances exceed budget estimates by ₹92,900 crores. This higher borrowing could put an upward pressure on domestic bond yields but is expected to be offset to a large extent by the continued Open market operations (OMOs) undertaken by the RBI.

The weak revenue collections and higher subsidy outgo could keep the government finances under pressure in FY2012 as the fiscal deficit in the eight month period of April-November stood at 86% of budgetary estimates. The growth deceleration has moderated the tax collections and higher refunds as well as the reduction in custom duty & excise tax rates on oil and oil products have further impacted the revenue. We could see a considerable slippage on the fiscal deficit budgetary estimate of 4.6%. We could also see the current account deficit at above 3% of GDP for FY12 as global growth moderation could weigh on India's export growth in the coming quarters even as resilience in crude prices keeps import bill in an elevated trajectory.

The Indian equity market have remained muted on the back of lower GDP growth as well as reduced corporate profitability due to higher interest costs. December 2011 saw the consensus earnings estimates for the MSCI India index reduced by a further 1.2% for FY 12 and 1.3% for FY 13 over the month. The market experts estimate earnings growth of 13% and 16% for FY12 and FY13 respectively.

While there are bouts of disappointing news flow on a sustained basis, we believe that the markets have priced in a substantial portion of the weak global growth expectations and domestic concerns due to stalled reform agenda. The markets present an attractive entry point for a long term investor with a 2-5 year view.

**Saravana Kumar**  
Chief Investment Officer



## Market Outlook - Debt

FundAssure, Investment Report, December 2011

**TATA**  
**AIG**  
**L I F E**

*A new look at life*

The month of December 2011 saw the benchmark 10 year Government security (G-sec), starting the month at 8.74% and easing by 35 bps to close the month at 8.39%.

The easing in the G-sec yields is largely on account of the continued Open market operations (OMOs) by the RBI as they purchased around ₹31,000 crores of G-sec in December 2011, taking the total purchase in the fiscal 2011-12 to around ₹41,000 crores. This considerable easing can also be attributed to a slight moderation in the November 2011 inflation reading confirming that the headline inflation had already peaked over the past few months, with an expectation of a further fall in headline inflation trajectory in December 2011 and beyond. The massive contraction in October IIP growth as well as the RBI's mid-quarter monetary policy review on 16th December 2011 acted as key enablers to sustain the rally in the government securities over the month of December 2011.

The corporate bond yield easing was in line with the G-secs as they started the month of December at 9.69% and closed the month at 9.35%, a rally of 34 bps. As a consequence, the corporate bond spread over the 10 year G-sec stood at 70-80 bps, very similar to November 2011 spread.

The systemic liquidity deficit was clearly outside the RBI's comfort zone of within 1% of banks' net demand and time liabilities (NDTL), as it started the month at a negative ₹70,000 to 80,000 crore, and worsened to a negative 1,20,000 crores to 1,60,000 crores primarily on the back of the advance tax payouts during the month.

On 30th December 2011, the government announced its intention to borrow an additional ₹40,000 crores in the fiscal 2011-12, clearly suggesting that the extent of fiscal slippage would be considerably beyond the budgeted 4.6%. The government revised borrowing for 2011-12 would stand revised upwards by ₹92,900 crores to clock ₹5,10,000 crores as against the initial budgeted borrowing of ₹4,17,100 crores.

Two new G-secs were issued by the RBI, the 8.97% 2030 government security and the 8.83% 2041 government security in December 2011, each attracting investments to the tune of ₹6,000 crores during the month.

Wholesale price index (WPI) inflation for November 2011 came in at 9.11%, marginally above consensus of 9.02%, though considerably below the October 2011 reading of 9.73%. The drop in the November 2011 headline inflation was largely on account of a sharp fall in food inflation, although price pressures in fuel and manufacturing segments increased. Inflation in food and non-food primary articles is trending lower and there would be a continued fall in these sub segments, as we hit a favorable base effect in

the months ahead. Going forward, the December 2011 WPI inflation reading would be closely watched by the market experts, as it could come in lower at 8% levels, largely due to base effects.

On December 16th 2011, the RBI announced the mid-quarter monetary policy wherein it decided to keep the repo rate unchanged at 8.50% and the cash reserve ratio (CRR) unchanged at 6%. Consequently, the reverse repo rate under the Liquidity adjustment facility (LAF) will remain unchanged at 7.5% and the marginal standing facility (MSF) rate unchanged at 9.5%.

The RBI clearly pointed out to growth risks in the Indian economy as the GDP growth moderated to 6.9% in the second quarter of 2011-12 from 7.7% in the first quarter and 8.8% in the corresponding quarter a year ago. On the expenditure side, investment showed a significant slowdown.

The RBI was concerned that inflation and inflation expectations were currently above its comfort zone, though, reassuringly, inflationary pressures were expected to abate in the coming months despite high crude oil prices and rupee depreciation. The RBI was particularly concerned about the elevated levels of non-food manufactured products inflation but expressed satisfaction on the moderating headline momentum indicators, such as the seasonally adjusted month-on-month and 3-month moving average rolling quarterly inflation rate and has maintained its March 2012 inflation target of 7%.

The RBI reiterated that further Open market operations (OMO's) will be conducted as and when seen to be appropriate as borrowings from the LAF were persistently above the Reserve Bank's comfort zone.

The RBI maintained the guidance that in view of the moderating growth momentum, higher downside risks to growth and a lower projected inflation trajectory; further rate hikes might not be warranted. From this point on, monetary policy actions are likely to reverse the cycle, responding to the risks to growth. However, considering that risk of inflation recurring remains high and rupee remains under pressure, the timing and magnitude of further actions will depend on a continuing assessment of how these factors shape up in the months ahead.

Going forward, we could expect headline WPI inflation to moderate to around 6.5-7.0% by March 2012 and the RBI to start the reversal cycle of rate cuts after the Union budget. The G-sec yields could remain in a tight range in the near term as the series of OMOs from the RBI could offset the impact of the increased second half borrowing and the benchmark 10 year G-sec could trade in a range of 8.25%-8.50%.



**Pension Schemes**

## Market Outlook - Equity

FundAssure, Investment Report, December 2011

**TATA**  
**AIG**  
L I F E

*A new look at life*

The Indian equity markets rounded a forgettable 2011 with a weak December 2011 performance, with the benchmark indices, the BSE Sensex and CNX Nifty losing 4.15% and 4.30% with the CNX Midcap index shedding close to 8% over the month.

Over the month the FIIs were marginal net buyers of Indian equities to the tune of around USD 32 million even as the insurance companies and domestic mutual funds were net buyers of USD 66 million and USD 111 million respectively in December 2011. The calendar year 2011 saw the FII outflows to the tune of USD 357 million even as the insurance company's net purchases were around USD 4.6 billion and the domestic mutual funds bought around USD 1.3 billion of Indian equities.

The MSCI India index lost 6% in dollar terms over December 2011, and underperformed the emerging market index-MSCI EM index, which closed down 1%. The Indian equity market underperformance in December 2011 can be largely attributed to domestic factors, such as a sharp fall in industrial growth, elevated inflation and a moderation in the GDP growth. The political gridlock in the winter session of parliament meant that a large number of crucial bills could not be passed and that contributed to the overall negative sentiment for the Indian equities. For the calendar year 2011, the Indian equity market gave negative monthly returns in nine months, the maximum negative return months in recent times.

In contrast, the policymaking in many emerging markets were directed to supporting growth and that resulted in the emerging market index stabilizing aided by some positive surprises from the improving US macro.

Given the weak Indian macro-economy as well as a host of concerns regarding the stalled reforms agenda, it is heartening to note that Indian market witnessed relatively less FII selling in 2011, with net foreign selling of just USD 357 million as against a huge outflow of USD 15.6 billion out of Emerging Asia (ex.China). This can be seen as a reflection of the confidence of the FIIs in the long term potential of the Indian market in spite of a 15% downgrade of the 2012 consensus EPS over the last year as compared to 12% for the region during the same period.

During the month of December 2011, the consensus earnings estimates for the broad market (MSCI India) were reduced by 1.2% for FY12 and the market experts estimate earnings growth of 13% for FY12 and the breadth of earnings revisions was negative.

It is to be noted that the fall in the benchmark indices by almost 25% in the calendar year 2011 was substantially more than the extent of earnings downgrades, indicating that a substantial portion of the market decline resulted from a de-rating of PE multiples.

The benchmark indices are currently trading below its long term valuations on a price earnings basis though it is still at a premium to the other BRICs equity markets. As per the market capitalization to the GDP ratio, the Indian equity market as of December 2011 is trading at around 62%, considerably lower than the last 10 year average of 73%. To put this number in perspective, this ratio was around 150% at the 2007 peak and fell to 55% in the 2009 trough.

The market in December 2011 has been trading at less than the long term forward multiple of around 14 times and offers an attractive entry point for a long term investor with a 2-5 year view.



**Pension Schemes**

**Pension Equity Fund**

**Pension Liquid Fund**

**Pension  
Income Fund**

**Pension Short Term  
Income Fund**

**Pension Bond Fund**

**Pension  
Balance Fund**

**Pension  
Growth Fund**



# Pension Equity Fund

ULGF 001 02/03/04 E1 110

FundAssure, Investment Report, December 2011

**TATA**  
**AIG**  
**L I F E**

A new look at life

## Fund Details

**Investment Objective** : The primary investment objective of the fund is to generate long term capital appreciation from a portfolio that is invested predominantly in equity and equity linked securities.

**Fund Manager** : Mr. Saravana Kumar

**NAV as on 30 Dec, 2011** : ₹28.63

**Benchmark** : BSE Sensex - 100%

## Investment Style

| Investment Style |       |        | Size  |
|------------------|-------|--------|-------|
| Value            | Blend | Growth |       |
|                  |       |        | Large |
|                  |       |        | Mid   |
|                  |       |        | Small |

## Portfolio

| Instrument                        | Industry                               | % of NAV     |
|-----------------------------------|--|--------------|
| <b>Equity</b>                     |  | <b>91.20</b> |
| Infosys Ltd                       | IT - Software                          | 8.80         |
| ITC Ltd                           | Tobacco Products                       | 8.00         |
| Reliance Industries Ltd           | Refineries                             | 7.06         |
| HDFC Bank                         | Banks                                  | 6.96         |
| ICICI Bank Ltd                    | Banks                                  | 6.49         |
| Tata Consultancy Services Ltd     | IT - Software                          | 4.73         |
| State Bank of India               | Banks                                  | 4.12         |
| Oil & Natural Gas Corp Ltd        | Crude Oil & Natural Gas                | 3.14         |
| Mahindra And Mahindra Ltd         | Automobile                             | 2.78         |
| Larsen And Toubro Ltd             | Capital Goods-Non Electrical Equipment | 2.74         |
| Sun Pharmaceutical Industries Ltd | Pharmaceuticals                        | 2.53         |
| Bharti Airtel Ltd                 | Telecomm-Service                       | 2.45         |
| Bajaj Auto Ltd - New Shs          | Automobile                             | 1.86         |
| Jindal Steel & Power Ltd          | Steel                                  | 1.84         |
| Tata Motors Ltd                   | Automobile                             | 1.82         |
| Bharat Heavy Electricals Ltd      | Capital Goods - Electrical Equipment   | 1.70         |
| Axis Bank Ltd                     | Banks                                  | 1.68         |
| Dr Reddys Laboratories Ltd        | Pharmaceuticals                        | 1.61         |
| Power Finance Corp Ltd            | Finance                                | 1.55         |

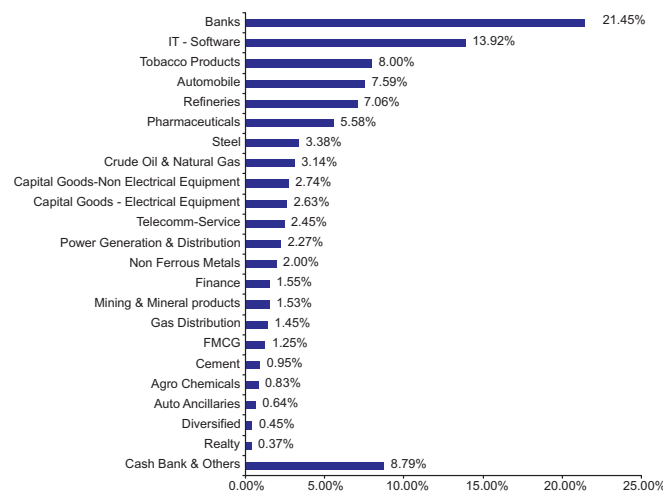
| Instrument                      | Industry                             | % of NAV      |
|---------------------------------|--------------------------------------|---------------|
| Tata Steel Ltd                  | Steel                                | 1.54          |
| Coal India Ltd                  | Mining & Mineral products            | 1.53          |
| Gail India Ltd                  | Gas Distribution                     | 1.45          |
| Cipla Ltd                       | Pharmaceuticals                      | 1.43          |
| Nestle India Ltd                | FMCG                                 | 1.25          |
| NTPC Ltd                        | Power Generation & Distribution      | 1.15          |
| Maruti Suzuki India Ltd         | Automobile                           | 1.12          |
| Punjab National Bank            | Banks                                | 1.11          |
| Bank of Baroda                  | Banks                                | 1.08          |
| Sterlite Industries (India) Ltd | Non Ferrous Metals                   | 1.01          |
| Hindalco Industries Ltd         | Non Ferrous Metals                   | 0.99          |
| Ambuja Cements Ltd              | Cement                               | 0.95          |
| Crompton Greaves Ltd            | Capital Goods - Electrical Equipment | 0.92          |
| United Phosphorus Ltd           | Agro Chemicals                       | 0.83          |
| Tata Power Co Ltd               | Power Generation & Distribution      | 0.71          |
| Exide Industries Ltd            | Auto Ancillaries                     | 0.64          |
| Sintex Industries Ltd           | Diversified                          | 0.45          |
| CESC Ltd                        | Power Generation & Distribution      | 0.41          |
| HCL Technologies Ltd            | IT - Software                        | 0.40          |
| Jaiprakash Associates Ltd       | Realty                               | 0.32          |
| IVRCL Ltd                       | Realty                               | 0.05          |
| <b>Cash Bank &amp; Others</b>   |                                      | <b>8.79</b>   |
| <b>Total</b>                    |                                      | <b>100.00</b> |

## Fund Performance

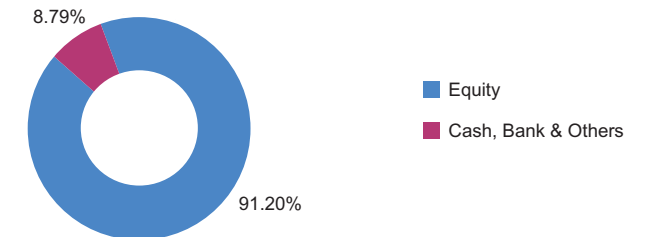
| PERIOD          | DATE      | NAV   | BSE Sensex | NAV Change | INDEX Change |
|-----------------|-----------|-------|------------|------------|--------------|
| Last 6 Months   | 30-Jun-11 | 35.36 | 18845.87   | -19.04%    | -17.99%      |
| Last 1 Year     | 31-Dec-10 | 38.45 | 20509.09   | -25.54%    | -24.64%      |
| Last 2 Years    | 31-Dec-09 | 31.70 | 17464.81   | -4.96%     | -5.93%       |
| Last 3 Years    | 31-Dec-08 | 17.74 | 9647.31    | 17.30%     | 17.01%       |
| Last 4 Years    | 31-Dec-07 | 43.14 | 20286.99   | -9.74%     | -6.58%       |
| Last 5 Years    | 29-Dec-06 | 24.48 | 13786.91   | 3.18%      | 2.31%        |
| Since Inception | 29-Mar-04 | 10.00 | 5571.37    | 14.52%     | 14.05%       |

**Note** : The investment income and prices may go down as well as up. "Since Inception" and returns above "1 Year" are calculated as per CAGR.

## Sector Allocation



## Asset Allocation



Pension Schemes

# Pension Income Fund

ULGF 002 02/03/04 11 110

FundAssure, Investment Report, December 2011

**TATA**  
**AIG**  
**LIFE**

A new look at life

## Fund Details

**Investment Objective** : The primary investment objective of the fund is to generate income through investing in a range of debt and money market instruments of various maturities with a view to maximizing the optimal balance between yield, safety and liquidity. The fund will have no investments in equity or equity linked instruments at any point in time.

**Fund Manager** : Mr. Saravana Kumar

**NAV as on 30 Dec, 2011** : ₹15.76

**Benchmark** : CRISIL Composite Bond Index -100%

## Investment Style

| Credit Quality |     |     | Interest Rate Sensitivity |
|----------------|-----|-----|---------------------------|
| High           | Mid | Low |                           |
|                |     |     | High                      |
|                |     |     | Mid                       |
|                |     |     | Low                       |

## Portfolio

| Instrument                         | Rating    | % of NAV     |
|------------------------------------|-----------|--------------|
| <b>Government Securities</b>       |           | <b>34.93</b> |
| 8.79% GOI 2021                     | Sovereign | 18.42        |
| 8.83% GOI 2041                     | Sovereign | 4.84         |
| 7.83% GOI 2018                     | Sovereign | 4.38         |
| 9.15% GOI 2024                     | Sovereign | 3.13         |
| 8.30% GOI 2040                     | Sovereign | 2.30         |
| 6.35% GOI 2024                     | Sovereign | 1.47         |
| 7.38% GOI 2015                     | Sovereign | 0.39         |
| <b>Corporate Bonds</b>             |           | <b>52.19</b> |
| 9.95% State Bank of India 2026     | AAA       | 4.91         |
| HDFC Ltd 2013                      | AAA       | 3.64         |
| 8.60% PFC 2014                     | AAA       | 3.55         |
| 8.80% Tata Sons 2015               | AAA       | 3.54         |
| 9.50% United Phosphorus Ltd 2015   | AA+       | 3.00         |
| 9.35% PGC 2016                     | AAA       | 3.00         |
| 7.95% IDFC 2014                    | AAA       | 2.92         |
| 9.57% IRFC 2021                    | AAA       | 2.78         |
| 9.40% LIC Housing Finance Ltd 2013 | AAA       | 2.71         |
| 9.30% SAIL 2021                    | AAA       | 2.70         |
| 10.75% RECL 2013                   | AAA       | 1.84         |
| 9.61% PFC 2021                     | AAA       | 1.83         |
| 9.70% PFC 2018                     | AAA       | 1.83         |
| 7.45% LIC Housing 2012             | AAA       | 1.79         |
| 7.20% RECL 2012                    | AAA       | 1.78         |

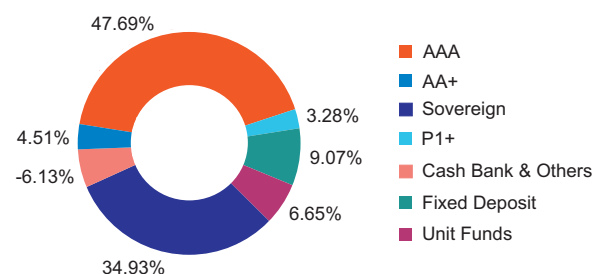
| Instrument                             | Rating | % of NAV      |
|--|--------|---------------|
| 9.25% DR Reddy's Lab Ltd 2014          | AA+    | 1.51          |
| 9.80% ICICI Bank Ltd 2013              | AAA    | 1.21          |
| 9.20% Larsen & Toubro 2012             | AAA    | 1.21          |
| 8.50% PFC 2014                         | AAA    | 1.18          |
| 9.64% PGC 2021                         | AAA    | 0.77          |
| 9.64% PGC 2018                         | AAA    | 0.76          |
| 9.64% PGC 2016                         | AAA    | 0.76          |
| 9.64% PGC 2015                         | AAA    | 0.76          |
| 10.00% IDFC 2012                       | AAA    | 0.61          |
| 8.80% SAIL 2015                        | AAA    | 0.59          |
| 9.09% IRFC 2026                        | AAA    | 0.54          |
| 9.40% NABARD 2014                      | AAA    | 0.30          |
| 8.70% PFC 2020                         | AAA    | 0.17          |
| <b>CD/CP's</b>                         |        | <b>3.28</b>   |
| ICICI Bank 2012 - CD                   | P1+    | 2.51          |
| Punjab National Bank 2012 - CD         | P1+    | 0.77          |
| <b>Fixed Deposit</b>                   |        | <b>9.07</b>   |
| 10.20 % Federal Bank 2012              |        | 4.84          |
| 9.50% State Bank of Hyderabad 2014     |        | 4.23          |
| <b>Unit Fund's</b>                     |        | <b>6.65</b>   |
| Kotak Liquid Inst Premium-Gr           |        | 4.23          |
| ICICI Prudential Liquid - Super IP -Gr |        | 2.42          |
| <b>Cash Bank &amp; Others</b>          |        | <b>-6.13</b>  |
| <b>Total</b>                           |        | <b>100.00</b> |

## Fund Performance

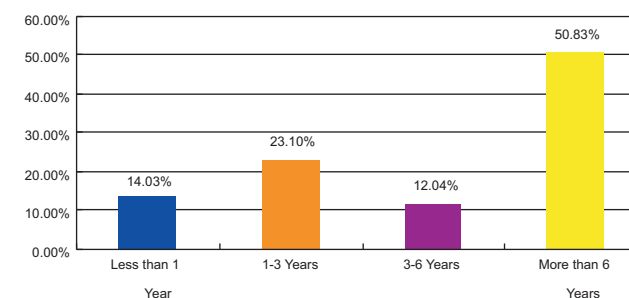
| PERIOD          | DATE      | NAV   | Crisil Composite Bond Fund Index | NAV Change | INDEX Change |
|-----------------|-----------|-------|----------------------------------|------------|--------------|
| Last 6 Months   | 30-Jun-11 | 15.08 | 1687.72                          | 4.49%      | 4.14%        |
| Last 1 Year     | 31-Dec-10 | 14.59 | 1644.23                          | 7.96%      | 6.90%        |
| Last 2 Years    | 31-Dec-09 | 13.85 | 1566.53                          | 6.65%      | 5.93%        |
| Last 3 Years    | 31-Dec-08 | 12.87 | 1513.49                          | 6.97%      | 5.11%        |
| Last 4 Years    | 31-Dec-07 | 11.69 | 1387.81                          | 7.76%      | 6.08%        |
| Last 5 Years    | 29-Dec-06 | 10.71 | 1297.47                          | 8.03%      | 6.26%        |
| Since Inception | 02-Mar-04 | 10.00 | 1193.20                          | 5.98%      | 5.07%        |

**Note** : The investment income and prices may go down as well as up. "Since Inception" and returns above "1 Year" are calculated as per CAGR.

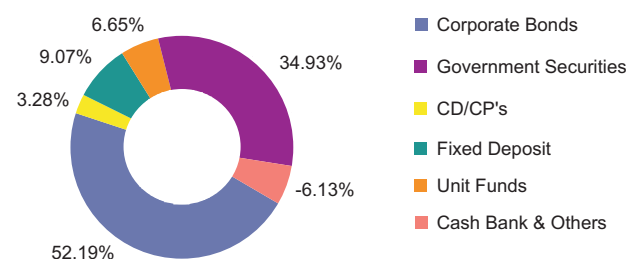
## Rating Profile



## Maturity Profile



## Asset Allocation



Pension Schemes



# Pension Liquid Fund

ULGF 003 02/03/04 L1 110

FundAssure, Investment Report, December 2011

## Fund Details

**Investment Objective** : The primary investment objective of the fund is to provide reasonable returns, commensurate with low risk while providing a high level of liquidity, through investments made primarily in money market and debt securities. The fund will have no investments in equity or equity linked instruments at any point in time

**Fund Manager** : Mr. Saravana Kumar

**NAV as on 30 Dec, 2011** : ₹16.04

**Benchmark** : CRISIL Liquid Fund Index -100%

## Investment Style

| Credit Quality |     |     | Interest Rate Sensitivity |
|----------------|-----|-----|---------------------------|
| High           | Mid | Low |                           |
|                |     |     | High                      |
|                |     |     | Mid                       |
|                |     |     | Low                       |

## Portfolio

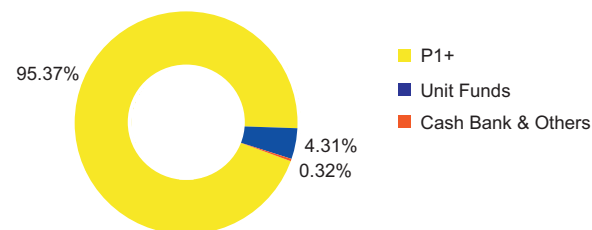
| Instrument                          | Rating | % of NAV      |
|-------------------------------------|--------|---------------|
| <b>CD/CP's</b>                      |        | <b>95.37</b>  |
| Andhra Bank 2012 - CD               | P1+    | 9.98          |
| Corporation Bank 2012 - CD          | P1+    | 9.51          |
| Syndicate Bank 2012 - CD            | P1+    | 9.32          |
| Federal Bank 2012 - CD              | P1+    | 9.05          |
| Vijaya Bank 2012 - CD               | P1+    | 9.02          |
| Punjab National Bank 2012 - CD      | P1+    | 9.01          |
| ICICI Bank 2012 - CD                | P1+    | 7.16          |
| Canara Bank 2012 - CD               | P1+    | 7.03          |
| Axis Bank 2012 - CD                 | P1+    | 6.59          |
| State Bank of Hyderabad 2012 - CD   | P1+    | 5.98          |
| Oriental Bank of Commerce 2012 - CD | P1+    | 4.79          |
| Bank of India 2012 - CD             | P1+    | 4.30          |
| State Bank of Travancore 2012 - CD  | P1+    | 3.64          |
| <b>Unit Fund's</b>                  |        | <b>4.31</b>   |
| Kotak Liquid Inst Premium-Gr        |        | 4.31          |
| <b>Cash Bank &amp; Others</b>       |        | <b>0.32</b>   |
| <b>Total</b>                        |        | <b>100.00</b> |

## Fund Performance

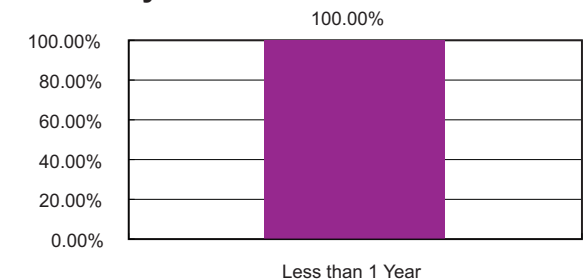
| PERIOD          | DATE      | NAV   | Crisil Liquid Fund Index | NAV Change | INDEX Change |
|-----------------|-----------|-------|--------------------------|------------|--------------|
| Last 6 Months   | 30-Jun-11 | 15.39 | 1688.85                  | 4.22%      | 4.07%        |
| Last 1 Year     | 31-Dec-10 | 14.83 | 1625.13                  | 8.16%      | 8.15%        |
| Last 2 Years    | 31-Dec-09 | 14.11 | 1545.98                  | 6.60%      | 6.62%        |
| Last 3 Years    | 31-Dec-08 | 13.17 | 1474.26                  | 6.78%      | 6.03%        |
| Last 4 Years    | 31-Dec-07 | 12.15 | 1359.57                  | 7.18%      | 6.63%        |
| Last 5 Years    | 29-Dec-06 | 11.16 | 1263.48                  | 7.51%      | 6.82%        |
| Since inception | 25-May-04 | 10.00 | 1113.63                  | 6.41%      | 6.19%        |

**Note** : The investment income and prices may go down as well as up. "Since Inception" and returns above "1 Year" are calculated as per CAGR.

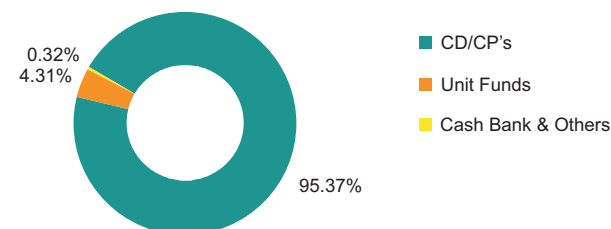
## Rating Profile



## Maturity Profile



## Asset Allocation





## Pension Short Term Income Fund

ULGF 004 01/07/06 S1 110

FundAssure, Investment Report, December 2011

### Fund Details

**Investment Objective** : Short Term Fixed Income Fund is a unit linked fund devised with the objective of generating stable returns by investing in fixed income securities having shorter maturity periods. Under normal circumstances, the average maturity of the fund may be in the range of 1-3 years.

**Fund Manager** : Mr. Saravana Kumar

**NAV as on 30 Dec, 2011** : ₹13.95

**Benchmark** : CRISIL India Short Term Bond Index -100%

### Investment Style

| Credit Quality |     |     | Interest Rate Sensitivity |
|----------------|-----|-----|---------------------------|
| High           | Mid | Low |                           |
|                |     |     | High                      |
|                |     |     | Mid                       |
|                |     |     | Low                       |

### Portfolio

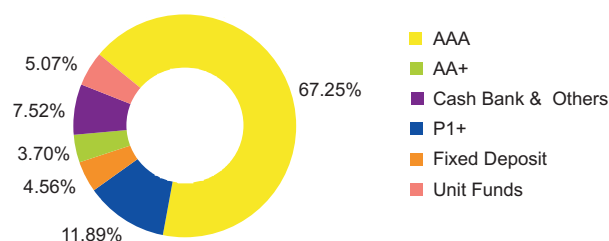
| Instrument                             | Rating | % of NAV      |
|--|--------|---------------|
| <b>Corporate Bonds</b>                 |        | <b>70.95</b>  |
| 7.76% LIC Housing Finance Ltd. 2012    | AAA    | 11.97         |
| 7.90% RECL 2012                        | AAA    | 10.00         |
| 7.40% Infrastructure 2012              | AAA    | 9.01          |
| 2.00% Tata Motors 2014                 | AAA    | 7.58          |
| 10.40% ICICI Sec Prim 2013             | AAA    | 5.12          |
| 9.63% PFC 2014                         | AAA    | 5.07          |
| 9.20% Power Grid 2013                  | AAA    | 5.04          |
| 9.25% DR Reddy's Lab Ltd 2014          | AA+    | 3.70          |
| 9.68% IRFC 2012                        | AAA    | 3.55          |
| 8.40% HDFC 2014                        | AAA    | 2.95          |
| 9.50% NABARD 2012                      | AAA    | 2.53          |
| 8.25% Britannia Industries Ltd 2013    | AAA    | 2.41          |
| 7.74% Tata Communications Ltd 2012     | AAA    | 2.02          |
| <b>CD/CP's</b>                         |        | <b>11.89</b>  |
| Oriental Bank of Commerce 2012 - CD    | P1+    | 4.97          |
| Syndicate Bank CD - 2012               | P1+    | 4.48          |
| State Bank of Hyderabad 2012 - CD      | P1+    | 2.44          |
| <b>Fixed Deposit</b>                   |        | <b>4.56</b>   |
| 9.50% State Bank of Hyderabad 2014     |        | 4.56          |
| <b>Unit Fund's</b>                     |        | <b>5.07</b>   |
| ICICI Prudential Liquid - Super IP -Gr |        | 2.53          |
| Kotak Liquid Inst Premium-Gr           |        | 2.53          |
| <b>Cash Bank &amp; Others</b>          |        | <b>7.52</b>   |
| <b>Total</b>                           |        | <b>100.00</b> |

### Fund Performance

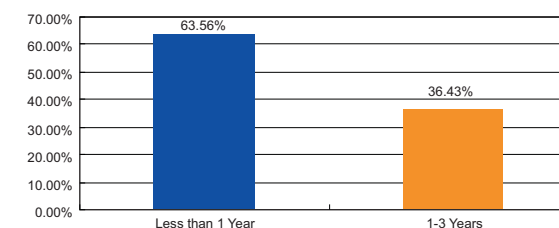
| PERIOD          | DATE      | NAV   | CRISIL Short-Term Bond Index | NAV Change | INDEX Change |
|-----------------|-----------|-------|------------------------------|------------|--------------|
| Last 6 Months   | 30-Jun-11 | 13.40 | 1746.69                      | 4.11%      | 4.24%        |
| Last 1 Year     | 31-Dec-10 | 12.91 | 1688.32                      | 8.04%      | 7.84%        |
| Last 2 Years    | 31-Dec-09 | 12.35 | 1612.52                      | 6.30%      | 6.26%        |
| Last 3 Years    | 31-Dec-08 | 11.23 | 1513.01                      | 7.50%      | 6.37%        |
| Last 4 Years    | 31-Dec-07 | 10.44 | 1381.37                      | 7.53%      | 7.15%        |
| Last 5 Years    | 29-Dec-06 | 9.97  | 1278.70                      | 6.96%      | 7.32%        |
| Since Inception | 03-Jul-06 | 10.00 | 1242.33                      | 6.25%      | 7.20%        |

**Note** : The investment income and prices may go down as well as up. "Since Inception" and returns above "1 Year" are calculated as per CAGR.

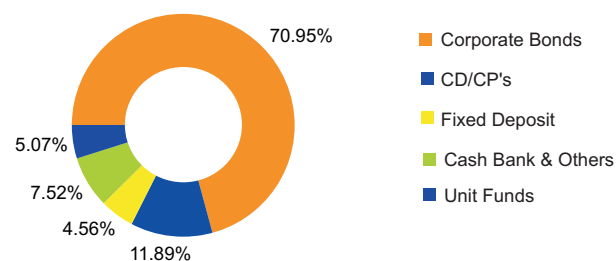
### Rating Profile



### Maturity Profile



### Asset Allocation



# Pension Bond Fund

ULGF 005 17/08/07 BO 110

FundAssure, Investment Report, December 2011

## Fund Details

**Investment Objective** : The primary investment objective of the fund is to generate income through investing in a range of debt and money market instruments of various maturities with a view to maximizing the optimal balance between yield, safety and liquidity. The fund will have no investments in equity or equity linked instruments at any point in time.

**Fund Manager** : Mr. Saravana Kumar

**NAV as on 30 Dec, 2011** : ₹13.44

**Benchmark** : CRISIL Composite Bond Index -100%

## Investment Style

| Credit Quality |     |     | Interest Rate Sensitivity |
|----------------|-----|-----|---------------------------|
| High           | Mid | Low |                           |
|                |     |     | High                      |
|                |     |     | Mid                       |
|                |     |     | Low                       |

## Portfolio

| Instrument                           | Rating    | % of NAV |
|--------------------------------------|-----------|----------|
| <b>Government Securities</b>         |           |          |
| 7.83% GOI 2018                       | Sovereign | 9.34     |
| 8.79% GOI 2021                       | Sovereign | 9.23     |
| 8.83% GOI 2041                       | Sovereign | 5.12     |
| 8.30% GOI 2040                       | Sovereign | 2.70     |
| 6.35% GOI 2024                       | Sovereign | 1.84     |
| 9.15% GOI 2024                       | Sovereign | 1.76     |
| 7.00% GOI 2012                       | Sovereign | 1.69     |
| <b>Corporate Bonds</b>               |           |          |
| 2.00% Indian Hotels Company Ltd 2014 | AA+       | 5.19     |
| 9.50% HDFC Ltd. 2013                 | AAA       | 4.77     |
| 7.45% LIC Housing 2012               | AAA       | 4.49     |
| 9.95% State Bank of India 2026       | AAA       | 4.32     |
| 9.50% United Phosphorus LTD 2015     | AA+       | 3.95     |
| 9.25% DR Reddy's Lab Ltd 2014        | AA+       | 3.76     |
| 9.61% PFC 2021                       | AAA       | 3.45     |
| 8.80% Tata Sons 2015                 | AAA       | 3.33     |
| 9.30% SAIL 2021                      | AAA       | 2.82     |
| 9.57% IRFC 2021                      | AAA       | 2.33     |
| 9.35% PGC 2021                       | AAA       | 2.26     |
| 9.70% PFC 2018                       | AAA       | 1.84     |
| 10.70% Sundaram Finance 2014         | AA+       | 1.74     |

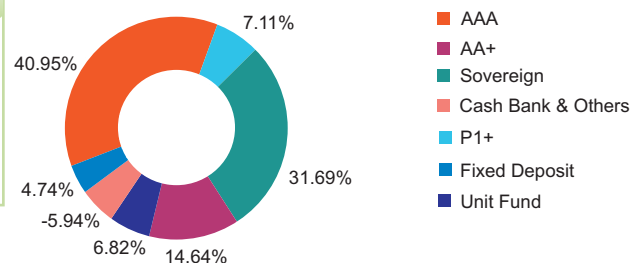
| Instrument                             | Rating | % of NAV      |
|--|--------|---------------|
| 6.98% IRFC 2012                        | AAA    | 1.58          |
| 9.64% PGC 2021                         | AAA    | 1.44          |
| 9.64% PGC 2018                         | AAA    | 1.43          |
| 9.64% PGC 2016                         | AAA    | 1.42          |
| 9.64% PGC 2015                         | AAA    | 1.42          |
| 9.20% Larsen & Toubro 2012             | AAA    | 1.14          |
| 9.30% Tata Sons 2015                   | AAA    | 1.13          |
| 7.76% LIC Housing 2012                 | AAA    | 0.90          |
| 9.45% LIC Housing 2012                 | AAA    | 0.45          |
| 9.09% IRFC 2026                        | AAA    | 0.34          |
| 9.75% SBI Series 2021                  | AAA    | 0.08          |
| <b>CD/CP's</b>                         |        | <b>7.11</b>   |
| ICICI Bank 2012 - CD                   | P1+    | 4.84          |
| Axis Bank 2012 - CD                    | P1+    | 2.27          |
| <b>Fixed Deposit</b>                   |        | <b>4.74</b>   |
| 10.00% State Bank of Travancore 2013   |        | 3.38          |
| 9.50% State Bank of Hyderabad 2014     |        | 1.36          |
| <b>Unit Fund</b>                       |        | <b>6.82</b>   |
| Kotak Liquid Inst Premium-Gr           |        | 3.98          |
| ICICI Prudential Liquid - Super IP -Gr |        | 2.84          |
| <b>Cash Bank &amp; Others</b>          |        | <b>-5.94</b>  |
| <b>Total</b>                           |        | <b>100.00</b> |

## Fund Performance

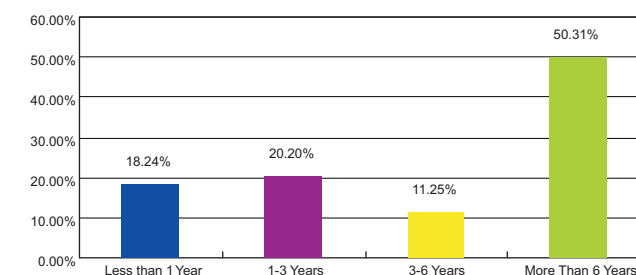
| PERIOD          | DATE      | NAV   | Crisil Composite Bond Fund Index | NAV Change | INDEX Change |
|-----------------|-----------|-------|----------------------------------|------------|--------------|
| Last 6 Months   | 30-Jun-11 | 12.87 | 1687.72                          | 4.45%      | 4.14%        |
| Last 1 Year     | 31-Dec-10 | 12.45 | 1644.23                          | 7.95%      | 6.90%        |
| Last 2 Years    | 31-Dec-09 | 11.81 | 1566.53                          | 6.69%      | 5.93%        |
| Last 3 Years    | 31-Dec-08 | 11.21 | 1513.49                          | 6.22%      | 5.11%        |
| Last 4 Years    | 31-Dec-07 | 10.20 | 1387.81                          | 7.15%      | 6.08%        |
| Since Inception | 17-Aug-07 | 10.00 | 1339.53                          | 7.00%      | 6.41%        |

**Note** : The investment income and prices may go down as well as up. "Since Inception" and returns above "1 Year" are calculated as per CAGR.

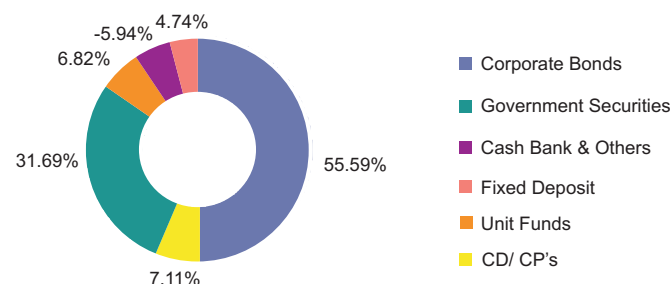
## Rating Profile



## Maturity Profile



## Asset Allocation



# Pension Balance Fund

ULGF 006 17/08/07 BL 110

FundAssure, Investment Report, December 2011

## Fund Details

**Investment Objective** : The objective of the fund is to supplement the income generation from the fixed income instruments with capital appreciation of the equity assets.

**Fund Manager** : Mr. Saravana Kumar

**NAV as on 30 Dec, 2011** : ₹12.64

**Benchmark** : Nifty - 10%  
CRISIL Composite Bond Index - 90%

## Debt Investment Style

| Credit Quality |     |     | Interest Rate Sensitivity |
|----------------|-----|-----|---------------------------|
| High           | Mid | Low |                           |
|                |     |     | High                      |
|                |     |     | Mid                       |
|                |     |     | Low                       |

## Equity Investment Style

| Investment Style |       |        | Size  |
|------------------|-------|--------|-------|
| Value            | Blend | Growth |       |
|                  |       |        | Large |
|                  |       |        | Mid   |
|                  |       |        | Small |

## Fund Performance

| PERIOD          | DATE      | NAV   | NAV Change | INDEX Change |
|-----------------|-----------|-------|------------|--------------|
| Last 6 Months   | 30-Jun-11 | 12.63 | 0.07%      | 1.92%        |
| Last 1 Year     | 31-Dec-10 | 12.52 | 0.93%      | 3.75%        |
| Last 2 Years    | 31-Dec-09 | 11.68 | 4.03%      | 4.76%        |
| Last 3 Years    | 31-Dec-08 | 10.59 | 6.08%      | 6.21%        |
| Last 4 Years    | 31-Dec-07 | 10.35 | 5.12%      | 4.79%        |
| Since Inception | 17-Aug-07 | 10.00 | 5.50%      | 6.04%        |

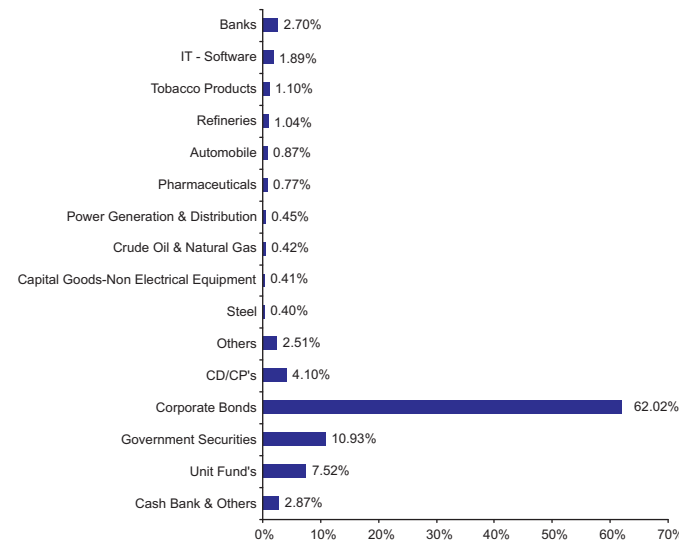
**Note** : The investment income and prices may go down as well as up. "Since Inception" and returns above "1 Year" are calculated as per CAGR.

## Portfolio

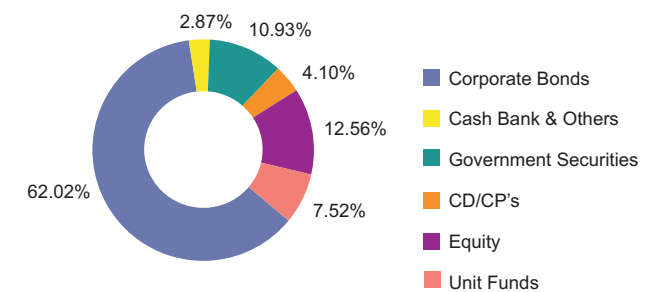
| Instrument                        | Industry                                   | % of NAV     |
|-----------------------------------|--|--------------|
| <b>Equity</b>                     |  | <b>12.56</b> |
| Infosys Ltd                       | IT - Software                              | 1.14         |
| ITC Ltd                           | Tobacco Products                           | 1.10         |
| Reliance Industries Ltd           | Refineries                                 | 0.92         |
| ICICI Bank Ltd                    | Banks                                      | 0.75         |
| HDFC Bank                         | Banks                                      | 0.73         |
| Tata Consultancy Services Ltd     | IT - Software                              | 0.52         |
| State Bank of India               | Banks                                      | 0.44         |
| Oil & Natural Gas Corp Ltd        | Crude Oil & Natural Gas                    | 0.42         |
| Larsen And Toubro Ltd             | Capital Goods-<br>Non Electrical Equipment | 0.41         |
| Sun Pharmaceutical Industries Ltd | Pharmaceuticals                            | 0.34         |
| Other Equity                      |  | 5.79         |
| <b>Corporate Bonds</b>            |  | <b>62.02</b> |
| 8.28% LIC Housing 2015            | AAA  | 9.20         |
| 9.95% State Bank of India 2026    | AAA  | 5.92         |
| 7.75% RECL 2012                   | AAA  | 5.65         |
| 8.80% Power Grid 2015             | AAA  | 5.00         |
| 8.70% PFC 2015                    | AAA  | 4.66         |
| 9.97% IL&FS 2016                  | AAA  | 4.16         |
| 8.35% HDFC 2015                   | AAA  | 3.95         |
| 9.20% HDFC 2012                   | AAA  | 3.42         |
| 7.90% RECL 2012                   | AAA  | 3.10         |

| Instrument                             | Industry  | % of NAV      |
|--|-----------|---------------|
| 9.40% NABARD 2016                      | AAA       | 2.72          |
| 9.30% Tata Sons 2015                   | AAA       | 2.71          |
| 9.20% Power Grid 2015                  | AAA       | 2.70          |
| 8.40% HDFC 2014                        | AAA       | 1.99          |
| 9.25% DR Reddy's LAB Ltd 2014          | AA+       | 1.76          |
| 10.40% ICICI Sec Prim                  |           |               |
| Deal Ltd 2013                          | AAA       | 1.38          |
| 9.50% NABARD 2012                      | AAA       | 1.36          |
| 9.09 % IRFC Ltd 2026                   | AAA       | 1.36          |
| 9.80% PFC 2012                         | AAA       | 0.68          |
| 8.83% IRFC 2012                        | AAA       | 0.27          |
| <b>CD/CP's</b>                         |           | <b>4.10</b>   |
| Punjab National Bank 2012 - CD         | P1+       | 4.10          |
| <b>Government Securities</b>           |           | <b>10.93</b>  |
| 8.79% GOI 2021                         | Sovereign | 4.16          |
| 9.15% GOI 2024                         | Sovereign | 2.83          |
| 7.83% GOI 2018                         | Sovereign | 2.64          |
| 8.30% GOI 2040                         | Sovereign | 1.30          |
| <b>Unit Fund's</b>                     |           | <b>7.52</b>   |
| Kotak Liquid Inst-Premium-Gr           |           | 4.10          |
| ICICI Prudential Liquid - Super IP -Gr |           | 3.42          |
| <b>Cash Bank &amp; Others</b>          |           | <b>2.87</b>   |
| <b>Total</b>                           |           | <b>100.00</b> |

## Sector Allocation



## Asset Allocation



# Pension Growth Fund

ULGF 007 17/08/07 G2 110

FundAssure, Investment Report, December 2011

## Fund Details

**Investment Objective** : The objective of this fund is to grow the portfolio by generating capital appreciation alongwith a steady income stream.

**Fund Manager** : Mr. Saravana Kumar

**NAV as on 30 Dec, 2011** : ₹12.22

**Benchmark** : Nifty - 30%  
CRISIL Composite Bond Fund Index - 70%

## Debt Investment Style

| Credit Quality |     |     | Interest Rate Sensitivity |
|----------------|-----|-----|---------------------------|
| High           | Mid | Low |                           |
|                |     |     | High                      |
|                |     |     | Mid                       |
|                |     |     | Low                       |

## Equity Investment Style

| Investment Style |       |        | Size  |
|------------------|-------|--------|-------|
| Value            | Blend | Growth |       |
|                  |       |        | Large |
|                  |       |        | Mid   |
|                  |       |        | Small |

## Fund Performance

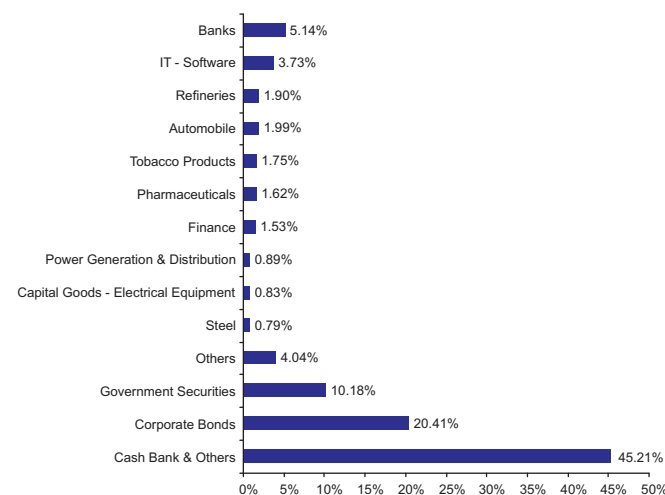
| PERIOD          | DATE      | NAV   | NAV Change | INDEX Change |
|-----------------|-----------|-------|------------|--------------|
| Last 6 Months   | 30-Jun-11 | 12.69 | -3.73%     | -2.53%       |
| Last 1 Year     | 31-Dec-10 | 12.78 | -4.36%     | -2.56%       |
| Last 2 Years    | 31-Dec-09 | 11.85 | 1.56%      | 2.44%        |
| Last 3 Years    | 31-Dec-08 | 9.79  | 7.67%      | 8.39%        |
| Last 4 Years    | 31-Dec-07 | 10.00 | 5.14%      | 2.21%        |
| Since Inception | 17-Aug-07 | 10.00 | 4.69%      | 5.31%        |

**Note** : The investment income and prices may go down as well as up. "Since Inception" and returns above "1 Year" are calculated as per CAGR.

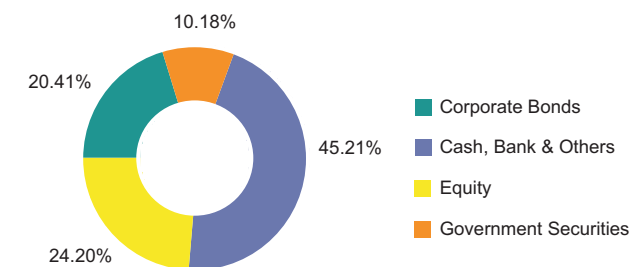
## Portfolio

| Instrument                        | Industry         | % of NAV      |
|-----------------------------------|------------------|---------------|
| <b>Equity</b>                     |                  | <b>24.20</b>  |
| Infosys Ltd                       | IT - Software    | 2.19          |
| ITC Ltd                           | Tobacco Products | 1.75          |
| HDFC Bank                         | Banks            | 1.69          |
| Reliance Industries Ltd           | Refineries       | 1.64          |
| ICICI Bank Ltd                    | Banks            | 1.44          |
| State Bank of India               | Banks            | 1.07          |
| Tata Consultancy Services Ltd     | IT - Software    | 1.04          |
| HDFC Ltd                          | Finance          | 0.95          |
| Sun Pharmaceutical Industries Ltd | Pharmaceuticals  | 0.79          |
| Bharti Airtel Ltd                 | Telecomm-Service | 0.72          |
| Other Equity                      |                  | 10.92         |
| <b>Government Securities</b>      |                  | <b>10.18</b>  |
| 7.83% GOI 2018                    | Sovereign        | 10.18         |
| <b>Corporate Bonds</b>            |                  | <b>20.41</b>  |
| 8.28% LIC Housing 2015            | AAA              | 10.13         |
| 7.40% Infrastructure 2012         | AAA              | 5.21          |
| 8.30% HDFC Ltd 2015               | AAA              | 5.07          |
| <b>Cash Bank &amp; Others</b>     |                  | <b>45.21</b>  |
| <b>Total</b>                      |                  | <b>100.00</b> |

## Sector Allocation



## Asset Allocation



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10. Interest Rate Sensitivity  
Less than 3 year duration - Low  
3 to 10 years duration - Medium  
more than 10 years duration - High
11. Shading indicates the general representative nature of the portfolio to a particular style or cap".
12. Whilst every care has been taken in the preparation of this document, it is subject to correction and markets may not perform in a similar fashion based on factors influencing the capital and debt markets; hence this review note does not individually confer any legal rights or duties.

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Registered and Corporate Office  
Delphi-B Wing, 2nd Floor, Orchard Avenue  
Hiranandani Business Park, Powai, Mumbai - 400076

**Pension Schemes**

