

Funds Available With Current Product Offerings - A Snapshot

(as on 31st May 2011)

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A new look at life

IN THIS POLICY, THE INVESTMENT RISK IN INVESTMENT PORTFOLIO IS BORNE BY THE POLICYHOLDER.



Saravana Kumar
Chief Investment Officer

Message from CIO's Desk

May 2011 saw the benchmark indices, BSE Sensex and CNX Nifty grinding lower by around 3.30% each even as the decline in the CNX Midcap index was more muted at 1.66% for the month. The macro-factors in the form of sticky WPI inflation, elevated crude prices and uncertain global scenario acted as headwinds for the Indian market in the month of May 2011.

There was however, some cause to cheer as the south west monsoon hit the Kerala coast three days ahead of schedule. The Indian market is currently at about 14 times one year forward earnings. The earnings growth, expected to be at around 19% CAGR over FY 12 and FY 13 does give some valuation comfort for a long term investor. Valuations in terms of forward PE are close to the long-term average levels and offer an attractive entry point for an investor with a 3-5 year view.

Equity Funds

Life Large Cap Equity Fund

Fund Details

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

Fund Manager : Mr. Saravana Kumar

NAV as on 31 May, 11 : ₹11.08

Benchmark : S&P CNX Nifty-100%

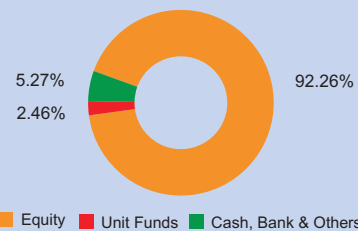
Corpus as on 31 May, 11 : ₹730.66 Crs.

Fund Performance

PERIOD	DATE	NAV	NSE Nifty 50 Index	NAV Change	INDEX Change
Last 1 Month	29-Apr-11	11.36	5749.50	-2.43%	-3.29%
Last 3 Months	28-Feb-11	10.57	5333.25	4.84%	4.25%
Last 6 Months	30-Nov-10	11.62	5862.70	-4.61%	-5.16%
Last 1 Year	31-May-10	9.97	5086.30	11.15%	9.32%
Last 3 Year	30-May-08	9.30	4870.10	6.02%	4.52%
Since Inception	7-Jan-08	10.00	6279.10	3.07%	-3.52%

Note : The investment income and prices may go down as well as up. "Since Inception" and "3-years" period returns are calculated as per CAGR.

Asset Allocation



Whole Life Mid-Cap Equity Fund

Fund Details

Investment Objective : The primary investment objective of the fund is to generate long-term capital appreciation from a portfolio that is invested pre-dominantly in Mid Cap Equity and Mid Cap Equity linked securities.

Fund Manager : Mr. Saravana Kumar

NAV as on 31 May, 11 : ₹13.86

Benchmark : NSE CNX Midcap Index - 100%

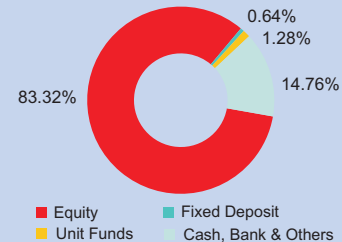
Corpus as on 31 May, 11 : ₹1558.51 Crs.

Fund Performance

PERIOD	DATE	NAV	NSE CNX Midcap Index	NAV Change	INDEX Change
Last 1 Month	29-Apr-11	13.88	8200.95	-0.14%	-1.66%
Last 3 Months	28-Feb-11	12.64	7370.10	9.67%	9.43%
Last 6 Months	30-Nov-10	14.90	8907.50	-6.99%	-9.46%
Last 1 Year	31-May-10	12.85	7755.95	7.88%	3.98%
Last 3 Years	30-May-08	11.80	6562.70	5.51%	7.11%
Since Inception	8-Jan-07	10.00	5156.45	7.71%	10.71%

Note : The investment income and prices may go down as well as up. "Since Inception" and "3-years" period returns are calculated as per CAGR.

Asset Allocation



Super Select Equity Fund

Fund Details

Investment Objective : The primary investment objective of the fund is to provide income distribution over a period of medium to long term while at all times emphasizing the importance of capital appreciation. The fund will invest significant amount in equity and equity linked instruments specifically excluding companies predominantly dealing in Gambling, Lotteries/Contests, Animal Produce, Liquor, Tobacco, Entertainment (Films, TV etc) Hotels, Banks and Financial Institutions.

Fund Manager : Mr. Saravana Kumar

NAV as on 31 May, 11 : ₹11.73

Benchmark : S & P India 500 Shariah Index - 100%

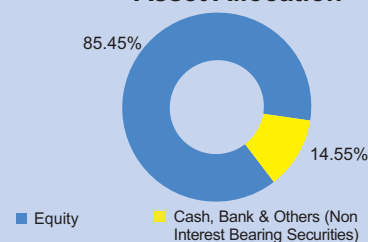
Corpus as on 31 May, 11 : ₹249.04 Crs.

Fund Performance

PERIOD	DATE	NAV	S & P India 500 Shariah Index	NAV Change	INDEX Change
Last 1 Month	29-Apr-11	11.75	1322.23	-0.15%	-1.62%
Last 3 Months	28-Feb-11	11.00	1241.55	6.61%	4.77%
Last 6 Months	30-Nov-10	11.99	1364.02	-2.17%	-4.64%
Last 1 Year	31-May-10	10.59	1242.87	10.82%	4.66%
Since Inception	16-Oct-09	10.00	1217.76	10.34%	6.82%

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

Asset Allocation



Whole Life Aggressive Growth Fund

Balanced Funds

Fund Details

Investment Objective : The primary investment objective of the Fund is to maximize the returns with medium to high risk.

Fund Manager : Mr. Saravana Kumar

NAV as on 31 May, 11 : ₹14.76

Benchmark : Nifty - 65%
CRISIL Composite Bond Index - 35%

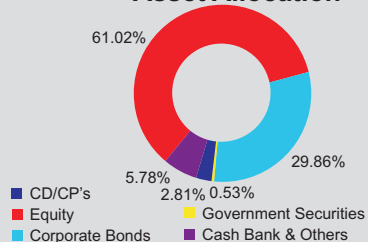
Corpus as on 31 May, 11 : ₹274.86 Crs.

Fund Performance

PERIOD	DATE	NAV	NAV Change	INDEX Change
Last 1 Month	29-Apr-11	15.03	-1.84%	-2.13%
Last 3 Months	28-Feb-11	14.24	3.62%	3.19%
Last 6 Months	30-Nov-10	15.21	-3.00%	-2.61%
Last 1 Year	31-May-10	13.58	8.67%	7.49%
Last 3 Years	30-May-08	11.65	8.19%	4.98%
Since Inception	8-Jan-07	10.00	9.26%	7.40%

Note : The investment income and prices may go down as well as up. "Since Inception" and "3-years" period returns are calculated as per CAGR.

Asset Allocation



Whole Life Stable Growth Fund

Fund Details

Investment Objective : The primary investment objective of the Fund is provide reasonable returns with low to medium risk.

Fund Manager : Mr. Saravana Kumar

NAV as on 31 May, 11 : ₹13.29

Benchmark : Nifty - 40%
CRISIL Composite Bond Index - 60%

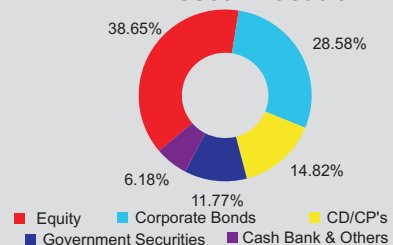
Corpus as on 31 May, 11 : ₹57.09 Crs.

Fund Performance

PERIOD	DATE	NAV	NAV Change	INDEX Change
Last 1 Month	29-Apr-11	13.41	-0.89%	-1.31%
Last 3 Months	28-Feb-11	12.92	2.83%	2.43%
Last 6 Months	30-Nov-10	13.33	-0.34%	-0.79%
Last 1 Year	31-May-10	12.42	6.99%	6.18%
Last 3 Years	30-May-08	10.63	7.73%	5.32%
Since Inception	8-Jan-07	10.00	6.68%	6.84%

Note : The investment income and prices may go down as well as up. "Since Inception" and "3-years" period returns are calculated as per CAGR.

Asset Allocation



Fixed Income Funds

Whole Life Income Fund

Fund Details		Fund Performance					Asset Allocation		
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 maximising the optimal balance between yield, safety and liquidity. The Fund will have no investments in equity or equity-linked instruments at any point of time.		PERIOD	DATE	NAV	CRISIL Composite Bond Index	NAV Change	INDEX Change		
Fund Manager : Mr. Saravana Kumar NAV as on 31 May, 11 : ₹12.93 Benchmark : CRISIL Composite Bond Index -100% Corpus as on 31 May, 11 : ₹98.47 Crs.		Last 1 Month	29-Apr-11	12.90	1672.95	0.22%	0.02%	46.02% Corporate Bonds 29.78% CD/CP's 3.35% Unit Funds 4.06% Government Securities 13.78% Fixed Deposits 3.01% Cash Bank & Others	
		Last 3 Months	28-Feb-11	12.70	1653.11	1.76%	1.22%		
		Last 6 Months	30-Nov-10	12.59	1638.39	2.70%	2.13%		
		Last 1 Year	31-May-10	12.34	1607.49	4.75%	4.09%		
		Last 3 Years	30-May-08	10.40	1410.86	7.52%	5.85%		
		Since Inception	8-Jan-07	10.00	1298.79	6.02%	5.93%		
		Note : The investment income and prices may go down as well as up. "Since Inception" and "3-years" period returns are calculated as per CAGR.							

Whole Life Short Term Fixed Income Fund

Fund Details		Fund Performance					Asset Allocation		
Investment Objective : The primary investment objective of the fund is to generate 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.		PERIOD	DATE	NAV	CRISIL Short Term Bond Index	NAV Change	INDEX Change		
Fund Manager : Mr. Saravana Kumar NAV as on 31 May, 11 : ₹13.01 Benchmark : CRISIL Short Term Bond Index - 100% Corpus as on 31 May, 11 : ₹43.14 Crs.		Last 1 Month	29-Apr-11	12.95	1725.16	0.44%	0.30%	57.69% Corporate Bonds 29.45% CD/CP's 10.08% Fixed Deposit 2.78% Cash, Bank & Others	
		Last 3 Months	28-Feb-11	12.72	1701.47	2.27%	1.70%		
		Last 6 Months	30-Nov-10	12.62	1682.27	3.04%	2.86%		
		Last 1 Year	31-May-10	12.40	1647.89	4.92%	5.00%		
		Last 3 Years	30-May-08	10.45	1422.20	7.56%	6.76%		
		Since Inception	8-Jan-07	10.00	1281.09	6.17%	7.08%		
		Note : The investment income and prices may go down as well as up. "Since Inception" and "3-years" period returns are calculated as per CAGR.							

Equity Outlook

The equity markets in May 2011 were under pressure from significant headwinds such as high headline inflation numbers on the back of elevated crude prices, slowdown of the investment cycle as well as an uncertain global scenario. The benchmark indices BSE Sensex and CNX Nifty shed around 3.30% each, on the backdrop of a disappointing earnings season.

The rising commodity prices ensured that inflation became more broad based as the higher input costs got passed through as higher manufacturing inflation, seen by surge in core inflation in recent months.

There has been a significant slowdown of the investment cycle in the wake of uncertain policy framework resulting in delays in execution of key infrastructure projects and resulting in avoidable cost over runs. This is accentuated by the fact that the private capex recovery has been muted. The investment recovery could be another 6-9 months away as inflation peaks out and RBIs pauses its monetary tightening cycle.

The RBI, in a comprehensive study of non-financial private sector companies observed a drop of 140 bps in operating margins in the first half of FY11 as compared to the same period a year ago despite strong top-line growth, mainly due to higher raw material and employee costs. The net margins drop of 120bps could be attributed to the higher interest expenses on the back of rising interest rates.

These trends have played itself out in the fourth quarter FY 11 corporate results wherein the healthy top line growth of 24% registered by the MSCI India companies resulted in a muted 12% growth in margins indicating the pressures on margins from the above headwinds.

On the positive side, the markets can take the comfort of reasonable valuations, below the mean valuations over the last 7 years on a one year forward PE basis and marginally higher than the long term averages. The Indian market appears richly valued in comparison with emerging markets as it still enjoys a 35% premium against the 10-yr average of 26%. This could be justified based on India's unique domestic consumption story in recent years, which acted as a bulwark of growth post-Lehman crisis.

We need to closely watch the progress of the Indian monsoons as well the Government's agenda on reforms as it plans to pass key bills in the monsoon session of parliament. These legislations can free up more headroom for growth as they could de-bottleneck supply side constraints.

The expected earnings growth has been lowered by around 4% over the last year due to the macro headwinds and is currently expected to be at 19% CAGR for FY 2012 and FY 2013, making the market attractive for a long-term investor with a 3-5 year view.

Debt Outlook

May 2011 was a turbulent month for the Indian debt markets as the 10 year G-sec hardened by almost 30 bps during the month to close at 8.41%. This spike in yields was due to the unexpected 50 bps rise in the policy rates by the RBI on 3rd May and its statements on fighting inflation, perceived to be hawkish by the market. The Bond markets have factored in the elevated crude prices, the petrol price hike effected in May as well as the impending diesel and LPG hikes, all of which would keep inflation at uncomfortably high levels for months to come.

The Corporate bonds hardened by almost 50 bps during the month on the back of a tight liquidity scenario and a string of issues from a clutch of regular PSU borrowers bunched together. The spreads over the G-sec increased from around 100 bps to 120 bps over the month of May 2011.

Liquidity scenario was benign during the beginning of May 2011 and tightened to a negative ₹60,000-80,000 crores by the second week and remained in the range throughout May 2011.

The Government issued cash management bills to the tune of ₹6,000 crores in May to meet the short term cash requirements.

The debt markets were cheered by the onset of the south-west monsoon, three days before schedule as a normal monsoon could lessen some pressure on the food inflation front and is critical variable in meeting the RBIs inflation target for FY 2012.

The fourth quarter GDP growth numbers at 7.8% clearly point to a mild deceleration in growth rates as the lagged transmission effects of the monetary tightening start to keep a lid on the demand. The year's growth, however still looked impressive at 8.5% but market watchers are bracing themselves for a sub 8% growth in FY 2012.

We expect the RBI to hike the policy rates by 25 bps on June 16th, mid-quarter review and another 25-50 bps by the end of H1 FY 2012. The WPI inflation could peak out by September 2011 if the crude oil doesn't spike up from the current levels. The peaking WPI accompanied by a normal monsoon could give the RBI an opportunity to pause the tightening cycle and wait for the transmission effects of the rate increases to play itself out.

The 10 year G-sec could trade in a range between 8.25%-8.50% in the near term and the spread between the corporate bond and G-sec could range between 100-120 bps.

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Disclaimer

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Unique Reference Number: L&C/Advt/2011/Jun/082