

# Funds Available With Current Product Offerings - A Snapshot

(as on 29<sup>th</sup> February 2012)

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



Saravana Kumar  
Chief Investment Officer

## Message from CIO's Desk

Wholesale Price Index (WPI) inflation for January 2012 was 6.55% year on year, below consensus estimates of 6.7% and much slower than 7.47% in December 2011. Industrial output in December 2011 clocked 1.8% year on year growth, as against 5.9% in November 2011, below the consensus estimates of 2.6%. Cumulative IIP growth for the April-December 2011 stood at 3.6%. While there is a slowdown in industrial activity, some deceleration in IIP number could be attributed to the base effect. The key event that could provide medium term direction to the market would be the Union Budget.

## Equity Funds

### Life Large Cap Equity Fund (ULIF 017 07/01/08 TLC 110)

#### 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 29 Feb, 12** : ₹10.63

**Benchmark** : S&P CNX Nifty-100%

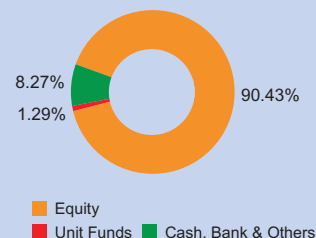
**Corpus as on 29 Feb, 12** : ₹811.55 Crs.

#### Fund Performance

PERIOD	DATE	NAV	S&P CNX Nifty	NAV Change	INDEX Change
Last 6 Months	30-Aug-11	9.99	5001.00	6.33%	7.68%
Last 1 Year	28-Feb-11	10.57	5333.25	0.53%	0.97%
Last 2 Years	26-Feb-10	9.55	4922.30	5.48%	4.60%
Last 3 Years	27-Feb-09	5.36	2763.65	25.64%	24.90%
Last 4 Years	29-Feb-08	9.99	5223.50	1.57%	0.77%
Since Inception	07-Jan-08	10.00	6279.10	1.47%	-3.63%

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.

#### Asset Allocation



### Whole Life Mid-Cap Equity Fund (ULIF 009 04/01/07 WLE 110)

#### 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 Mid Cap Equity and Mid Cap Equity linked securities.

**Fund Manager** : Mr. Saravana Kumar

**NAV as on 29 Feb, 12** : ₹13.30

**Benchmark** : NSE CNX Midcap Index - 100%

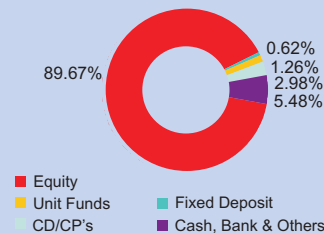
**Corpus as on 29 Feb, 12** : ₹1705.69 Crs.

#### Fund Performance

PERIOD	DATE	NAV	NSE CNX MIDCAP	NAV Change	INDEX Change
Last 6 Months	30-Aug-11	12.97	7294.75	2.59%	5.63%
Last 1 Year	28-Feb-11	12.64	7370.10	5.24%	4.55%
Last 2 Years	26-Feb-10	11.91	7167.25	5.66%	3.69%
Last 3 Years	27-Feb-09	5.90	3175.70	31.10%	34.38%
Last 4 Years	29-Feb-08	13.40	7245.80	-0.18%	1.55%
Last 5 Years	28-Feb-07	9.98	4877.35	5.91%	9.58%
Since Inception	08-Jan-07	10.00	5156.45	5.70%	8.12%

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.

#### Asset Allocation



### Super Select Equity Fund (ULIF 035 16/10/09 TSS 110)

#### 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

**Fund Manager** : Mr. Saravana Kumar

**NAV as on 29 Feb, 12** : ₹11.34

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

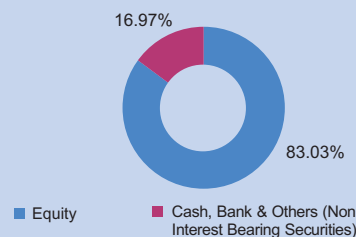
**Corpus as on 29 Feb, 12** : ₹372.20 Crs.

#### Fund Performance

PERIOD	DATE	NAV	S & P India 500 Shariah Index	NAV Change	INDEX Change
Last 6 Months	30-Aug-11	10.91	1184.94	3.95%	7.45%
Last 1 Year	28-Feb-11	11.00	1241.55	3.04%	2.55%
Last 2 Years	26-Feb-10	10.08	1206.40	6.04%	2.73%
Since Inception	16-Oct-09	10.00	1217.76	5.43%	1.90%

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.

#### Asset Allocation



## Balanced Funds

### Whole Life Aggressive Growth Fund (ULIF 010 04/01/07 WLA 110)

#### 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 29 Feb, 12** : ₹14.73

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

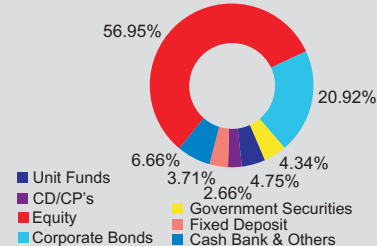
**Corpus as on 29 Feb, 12** : ₹336.82 Crs.

#### Fund Performance

PERIOD	DATE	NAV	NAV Change	INDEX Change
Last 6 Months	30-Aug-11	13.95	5.58%	6.56%
Last 1 Year	28-Feb-11	14.24	3.40%	3.54%
Last 2 Years	26-Feb-10	13.01	6.39%	5.31%
Last 3 Years	27-Feb-09	8.76	18.91%	18.23%
Last 4 Years	29-Feb-08	12.37	4.45%	2.70%
Last 5 Years	28-Feb-07	9.98	8.08%	7.24%
Since Inception	08-Jan-07	10.00	7.81%	6.34%

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.

#### Asset Allocation



### Whole Life Stable Growth Fund (ULIF 011 04/01/07 WLS 110)

#### Fund Details

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

**Fund Manager** : Mr. Saravana Kumar

**NAV as on 29 Feb, 12** : ₹13.61

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

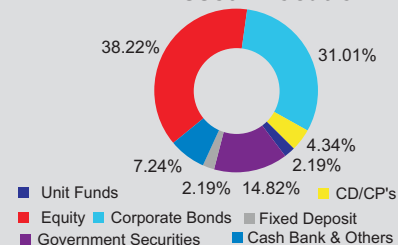
**Corpus as on 29 Feb, 12** : ₹68.42 Crs.

#### Fund Performance

PERIOD	DATE	NAV	NAV Change	INDEX Change
Last 6 Months	30-Aug-11	12.94	5.17%	5.77%
Last 1 Year	28-Feb-11	12.92	5.29%	5.37%
Last 2 Years	26-Feb-10	12.04	6.32%	5.82%
Last 3 Years	27-Feb-09	9.29	13.56%	13.46%
Last 4 Years	29-Feb-08	10.99	5.50%	4.08%
Last 5 Years	28-Feb-07	9.99	6.38%	7.03%
Since Inception	08-Jan-07	10.00	6.17%	6.38%

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.

#### Asset Allocation



## Fixed Income Funds

### Whole Life Income Fund (ULIF 012 04/01/07 WLI 110)

Fund Details		Fund Performance					Asset Allocation		
<b>Investment Objective</b> : 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.		<b>PERIOD</b>	<b>DATE</b>	<b>NAV</b>	<b>Crisil Composite Bond Fund Index</b>	<b>NAV Change</b>	<b>INDEX Change</b>		
<b>Fund Manager</b> : Mr. Saravana Kumar <b>NAV as on 29 Feb, 12</b> : ₹13.96 <b>Benchmark</b> : CRISIL Composite Bond Index -100% <b>Corpus as on 29 Feb, 12</b> : ₹166.48 Crs.		Last 6 Months	30-Aug-11	13.28	1713.36	5.14%	4.49%	50.28% Corporate Bonds 31.07% Government Securities 5.63% CD/CP's 4.81% Fixed Deposits 4.44% Cash Bank & Others 3.77% Unit Funds	
		Last 1 Year	28-Feb-11	12.70	1653.11	9.87%	8.30%		
		Last 2 Years	26-Feb-10	12.03	1574.18	7.70%	6.64%		
		Last 3 Years	27-Feb-09	11.27	1510.38	7.39%	5.83%		
		Last 4 Years	29-Feb-08	10.23	1402.41	8.09%	6.29%		
		Last 5 Years	28-Feb-07	9.99	1294.92	6.91%	6.69%		
		Since Inception	08-Jan-07	10.00	1298.79	6.70%	6.44%		
		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.							

### Whole Life Short Term Fixed Income Fund (ULIF 013 04/01/07 WLF 110)

Fund Details		Fund Performance					Asset Allocation		
<b>Investment Objective</b> : 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.		<b>PERIOD</b>	<b>DATE</b>	<b>NAV</b>	<b>CRISIL Short-Term Bond Index</b>	<b>NAV Change</b>	<b>INDEX Change</b>		
<b>Fund Manager</b> : Mr. Saravana Kumar <b>NAV as on 29 Feb, 12</b> : ₹13.88 <b>Benchmark</b> : CRISIL Short Term Bond Index - 100% <b>Corpus as on 29 Feb, 12</b> : ₹75.11 Crs.		Last 6 Months	30-Aug-11	13.34	1774.44	4.02%	4.14%	81.04% Corporate Bonds 4.90% Fixed Deposit 5.55% CD/CP's 4.51% Unit Fund 3.99% Cash, Bank & Others	
		Last 1 Year	28-Feb-11	12.72	1701.47	9.10%	8.61%		
		Last 2 Years	26-Feb-10	12.13	1621.98	6.98%	6.74%		
		Last 3 Years	27-Feb-09	11.37	1539.75	6.88%	6.27%		
		Last 4 Years	29-Feb-08	10.28	1394.91	7.80%	7.28%		
		Last 5 Years	28-Feb-07	10.00	1283.48	6.78%	7.56%		
		Since Inception	08-Jan-07	10.00	1281.09	6.57%	7.38%		
		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.							

## Equity Outlook

The Benchmark indices continued their stellar performance in February 2012 with the BSE Sensex and CNX Nifty gaining 3.25% and 3.58% respectively even as the CNX Midcap index gained 8.52% in the month.

The FIIs bought Indian equities to the tune of USD 5 billion in the month of February even as the DIIs have been net sellers in the rally to the tune of around USD 2.4 billion-insurance companies being net sellers of around USD 2 billion and the domestic mutual funds net sellers for around USD 0.4 billion.

The third quarter FY 2012 earnings season surprised the markets positively with the aggregate earnings growth for the companies comprising the Sensex standing at around 9% on a year on year basis and revenue growth for these companies at a robust 25% year on year, driven by sustained high inflation even as the margins stabilized on a sequential basis. The consensus earnings estimates for the MSCI India has been revised up by about 0.8% and 0.5% over the month, to an earnings growth of around 11% and 16% for FY 2012E and FY 2013E respectively. The current earnings downgrade cycle in the Indian equity markets has largely played itself out over the last 18 months and we could look at earnings stabilizing going forward on the backdrop of an improvement in key macro variables. Headline inflation and consequently the interest rates have peaked in the current rate hike cycle and the Indian rupee has stabilized around the 49 levels due to strong FII inflows this calendar year and forex intervention by the RBI. The key risks to current earnings estimates could come from a sustained rise in global crude oil prices as high oil prices tend to adversely impact margins of Indian corporate.

The GDP growth for the third quarter FY12 came in at 6.1% on an year on year basis, with the Services adding some respectability with a robust 8.9% growth and Agriculture a modest 2.7%. The GDP growth was pulled down by the anemic industrial growth of just 2.6% on a year on year basis. Going forward, in the near term, we could expect the continued weakness in mining and manufacturing segment to keep the industrial growth below trend. The investments cycle is likely to remain weak, with any reversal in the current trend needing the stimulus of policy interest rate cuts.

The Prime Minister's Economic Advisory Council (PMEAC), in its review, estimated a GDP growth of 7.1% and 7.6% in FY2012 and FY 2013 respectively, with marked improvement in industrial growth, going forward. It noted that the Government would need to set ambitious targets in capacity creation and operational performance for FY2013 in order to boost industrial activity. The main risk to these estimates stem from the current price of crude oil and its trajectory going forward as high oil prices keep the pressure on the twin deficits and the Indian rupee as well as increase headline inflation, thereby creating less room for interest rate cuts in FY 2013.

The equity markets would seek further directions from the Union budget as a lot of expectations have got built around a reform oriented investment friendly Union budget. The government may strive to increase the tax collections by increasing excise and service tax rates and widen the basket of taxable services. It would seek to maximize revenues through one off initiatives such as 2G spectrum and coal block auctions, as well as lay a roadmap for divestment. However, if comprehensive subsidy reforms are not undertaken, there would be pressures on the expenses on food and fuel resulting in a deterioration of the fiscal deficit.

The Indian equity markets are currently trading at around 14 times FY 2013 earnings and offer a reasonable entry point for a long term investor with a 3-5 year view.

## Debt Outlook

The month of February 2012 saw the benchmark 10 year Government security (G-sec) easing by around 7 basis points and closing the month at 8.20% levels. During the month, the G-secs traded in a tight range as the RBI continued the purchase of Government securities through the Open market operations (OMOs).

The easing in the G-sec yields in February 2012 was largely on account of the OMOs undertaken by the RBI as they purchased around ₹30,000 crores (USD 6.1 billion) of G-sec in February, taking the total purchase in the fiscal 2011-12 to around ₹1,02,400 crores (USD 20.8 billion).

The corporate bond yield eased by around 5 basis points in February 2012 and closed the month at 9.26% levels. As a consequence, the corporate bond spread over the 10 year G-sec stood at 80-90 bps, broadly similar to January 2012 spread.

On the liquidity front, the Liquidity Adjustment Facility -LAF has emerged as a primary mode of liquidity injection maintaining an average shortfall of around ₹1.3-1.5 trillion during the month. On the demand side, the increased government borrowing and seasonal credit demand has been contributing to the liquidity crunch. On the supply side, money supply growth at 14% is far short RBI's indicative projection of 15.5%, as RBI's liquidity infusion through OMOs has largely been absorbed by the forex interventions of equivalent amount since September 2011 to stabilize the falling Indian rupee.

The systemic liquidity deficit was clearly outside the RBI's comfort zone of within 1% of bank's net demand and time liabilities (NDTL) and the RBI could resort to another cut in the Cash Reserve Ratio (CRR) in the March 15th 2012 monetary policy review, which could inject an additional primary liquidity of around ₹30,000 crores (USD 6.1 billion) in the system.

The inflationary concerns in January 2012 eased as the headline Wholesale Price Index (WPI) inflation came in at 6.55% almost 100 bps lower than the December 2011 print. Going forward, we could expect the core inflation to stabilize at around 6% levels over the next few months with the overall WPI inflation moderating to 6-6.5% by March 2012. The main risk to this near term outlook on inflation stems from the possible spike in crude oil prices due to geopolitical tensions.

In January 2011 the government launched a new, much-improved Consumer Price Index (CPI), with a higher weight for food, lower for fuel-related category and incorporates several services to reflect consumption pattern more accurately. The new CPI shows higher inflation readings than the WPI, indicating that consumer inflationary pressures are more firmly entrenched.

Going forward, we expect that the RBI could effect another round of CRR cut in March 2012 monetary policy review and look at easing policy rates around April 2012. The RBI would be keeping a close track on crude oil prices as for every USD10 a barrel increase in oil prices, inflation increases by around 80bps (if the oil price increase is passed on; else, oil subsidy increases by 0.3% of GDP). Oil prices could act as a major constraint for the RBI in easing of policy rates aggressively in FY 2012-13 in order to lift the growth trajectory.

We expect the benchmark 10 year G-sec yields to remain in a tight range of 8.10-8.30% in the near term and the continuation of OMOs as well as the commentary from the RBI in its monetary policy review would be a key trigger in easing the bond yields further in March 2012. The debt market would be closely watching the government's fiscal consolidation roadmap expected in the Union budget as well as the FY 2012-13 borrowing calendar for charting its direction in the medium term.

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