

Funds Available With Current Product Offerings - A Snapshot

(as on 31st January 2011)

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A new look at life



Saravana Kumar
Chief Investment Officer

Message from CIO's Desk

The Indian equity markets corrected in the month of January 2011 on the back of an unexpected spurt in inflation, with the benchmark indices BSE Sensex and CNX Nifty losing over 10%. The equity market now offers an attractive entry point for a long term investor.

With the CSO projecting the FY11 growth at 8.6% y-o-y, higher than the RBI's estimate of 8.5%, the India growth story seems intact. The recent slump in IIP is being attributed to higher base effect and expectations of robust agricultural output would assist in containing the headline inflation at moderate levels.

These factors along with the market correction offer an attractive entry point for a long term investor, with many sectors offering fair valuations, even though headwinds to growth remain in the near term. Meanwhile, I take this opportunity to convey that our assets under management have crossed ₹11,660 crores as of Jan 31st 2011, an indication of the confidence shown by our esteemed policy holders in our fund performance.

Life Large Cap Equity Fund

Equity Funds

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 Jan, 11 : ₹10.94

Benchmark : S&P CNX Nifty-100%

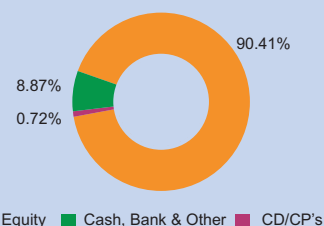
Corpus as on 31 Jan, 11 : 616.40 Crs.

Fund Performance

PERIOD	DATE	NAV	NSE Nifty 50 Index	NAV Change	INDEX Change
Last 1 Month	31-Dec-10	11.99	6134.50	-8.73%	-10.25%
Last 3 Months	29-Oct-10	11.80	6017.70	-7.23%	-8.50%
Last 6 Months	30-Jul-10	10.61	5367.60	3.18%	2.58%
Last 1 Year	29-Jan-10	9.53	4882.05	14.85%	12.78%
Last 3 Year	31-Jan-08	10.09	5137.45	2.75%	2.34%
Since Inception	7-Jan-08	10.00	6279.10	2.98%	-4.19%

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 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 Jan, 11 : ₹13.41

Benchmark : NSE CNX Midcap Index - 100%

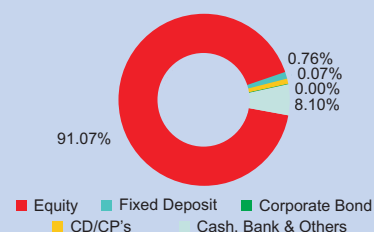
Corpus as on 31 Jan, 11 : 1353.70 Crs.

Fund Performance

PERIOD	DATE	NAV	NSE CNX Midcap Index	NAV Change	INDEX Change
Last 1 Month	31-Dec-10	14.89	8857.20	-9.92%	-10.55%
Last 3 Months	29-Oct-10	15.22	9360.70	-11.87%	-15.36%
Last 6 Months	30-Jul-10	13.89	8415.30	-3.45%	-5.86%
Last 1 Year	29-Jan-10	11.83	7201.85	13.34%	10.01%
Last 3 Years	31-Jan-08	13.43	7308.05	-0.05%	2.73%
Since Inception	8-Jan-07	10.00	5156.45	7.49%	11.14%

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 Jan, 11 : ₹11.51

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

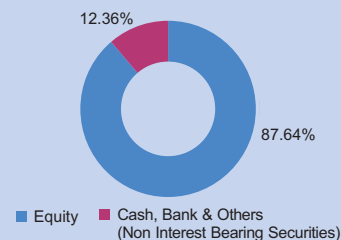
Corpus as on 31 Jan, 11 : 154.27 Crs.

Fund Performance

PERIOD	DATE	NAV	S & P India 500 Shariah Index	NAV Change	INDEX Change
Last 1 Month	31-Dec-10	12.47	1436.15	-7.75%	-9.88%
Last 3 Months	29-Oct-10	12.09	1408.93	-4.84%	-8.14%
Last 6 Months	30-Jul-10	11.14	1298.75	3.27%	-0.35%
Last 1 Year	29-Jan-10	9.98	1198.63	15.31%	7.97%
Since Inception	16-Oct-09	10.00	1217.76	11.45%	6.28%

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 Jan, 11 : ₹14.55

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

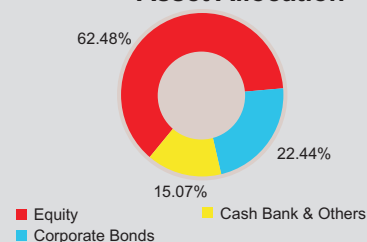
Corpus as on 31 Jan, 11 : 232.48 Crs.

Fund Performance

PERIOD	DATE	NAV	NAV Change	INDEX Change
Last 1 Month	31-Dec-10	15.57	-6.56%	-6.68%
Last 3 Months	29-Oct-10	15.40	-5.50%	-5.25%
Last 6 Months	30-Jul-10	14.28	1.95%	2.31%
Last 1 Year	29-Jan-10	12.97	12.18%	9.82%
Last 3 Years	31-Jan-08	12.55	5.06%	3.42%
Since Inception	8-Jan-07	10.00	9.67%	7.69%

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 Jan, 11 : ₹13.06

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

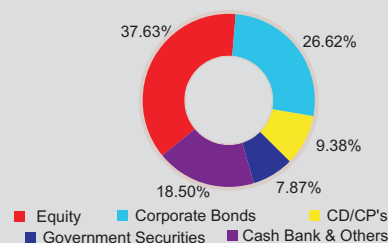
Corpus as on 31 Jan, 11 : 49.05 Crs.

Fund Performance

PERIOD	DATE	NAV	NAV Change	INDEX Change
Last 1 Month	31-Dec-10	13.55	-3.64%	-4.13%
Last 3 Months	29-Oct-10	13.40	-2.53%	-2.92%
Last 6 Months	30-Jul-10	12.79	2.08%	2.12%
Last 1 Year	29-Jan-10	12.02	8.63%	7.70%
Last 3 Years	31-Jan-08	11.10	5.58%	4.19%
Since Inception	8-Jan-07	10.00	6.79%	7.02%

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



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Fixed Income Funds

Whole Life Income Fund

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 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.

Fund Manager : Mr. Saravana Kumar

NAV as on 31 Jan, 11 : ₹12.65

Benchmark : CRISIL Composite Bond Index -100%

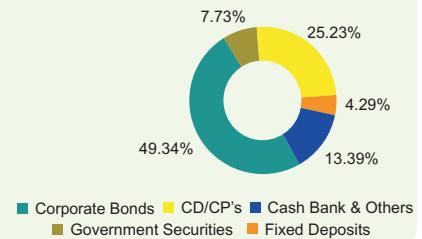
Corpus as on 31 Jan, 11 : 76.85 Crs.

Fund Performance

PERIOD	DATE	NAV	CRISIL Composite Bond Index	NAV Change	INDEX Change
Last 1 Month	31-Dec-10	12.62	1644.23	0.23%	-0.06%
Last 3 Months	29-Oct-10	12.48	1630.21	1.29%	0.80%
Last 6 Months	30-Jul-10	12.36	1614.01	2.32%	1.81%
Last 1 Year	29-Jan-10	12.02	1575.32	5.18%	4.31%
Last 3 Years	31-Jan-08	10.20	1402.36	7.44%	5.43%
Since Inception	8-Jan-07	10.00	1298.79	5.94%	5.96%

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 Short Term Fixed Income Fund

Fund Details

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.

Fund Manager : Mr. Saravana Kumar

NAV as on 31 Jan, 11 : ₹12.66

Benchmark : CRISIL Short Term Bond Index -100%

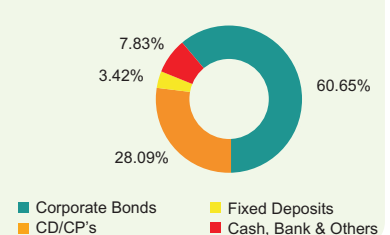
Corpus as on 31 Jan, 11 : 35.07 Crs.

Fund Performance

PERIOD	DATE	NAV	CRISIL Short Term Bond Index	NAV Change	INDEX Change
Last 1 Month	31-Dec-10	12.64	1688.32	0.20%	0.29%
Last 3 Months	29-Oct-10	12.55	1675.18	0.87%	1.08%
Last 6 Months	30-Jul-10	12.42	1655.29	1.94%	2.29%
Last 1 Year	29-Jan-10	12.12	1620.44	4.45%	4.49%
Last 3 Years	31-Jan-08	10.25	1391.47	7.29%	6.76%
Since Inception	8-Jan-07	10.00	1281.09	5.98%	7.10%

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



Equity Outlook

The equity markets sold off in the month of January 2011, with the benchmark Tindices BSE Sensex and CNX Nifty losing around 10.6% and 10.2% respectively, with the mid-cap index, CNX Midcap correcting by 10.5%.

The markets corrected on the back of sticky and unexpected rise in headline WPI inflation, led by run away increase in food inflation as prices of vegetables soared.

We believe that there are headwinds to the equity market in the near term but the market does offer a possibility of attractive returns to a long term investor from current levels. We see a possibility of inflation receding to lower level (still higher than comfort zone of RBI) as RBI's monetary tightening transmits through the system. RBI has done a lot already in increasing policy rates compared to other emerging markets and the interest rates are expected to peak off in the near to medium term.

Return on Assets (ROAs) of the Indian companies is superior when compared to other Emerging markets and so is the higher EPS trajectory, justifying superior stock market valuation.

The macro-indicator which seems to have the highest influence on the performance of equity markets is the inflation. If inflation declines from the current elevated levels in the medium term it could be a positive for equity market returns.

Valuations have corrected to reasonable levels and face headwinds from stubbornly high inflation, tight domestic liquidity and rising global crude oil prices. The trend in these variables poses risks to current earnings growth estimates. The Government seems to have limited policy flexibility in the near term due to distractions with recent corruption allegations and a packed state election calendar over the first half of the calendar year as five states go to the polls over March-May 2011. Against this backdrop, the market performance for a large part of CY2011 will likely be driven more by earnings growth rather than re-rating.

The structural growth story driven by improving demographics and infrastructure investments make India an attractive investment destination for global liquidity which is expected to remain benign in 2011. India stands out amongst peer group for its absorptive capacity of foreign capital due to a meaningful current account deficit.

Valuations in terms of forward earnings are just below one standard deviation higher than the long-term average. Valuations are, however, at the average levels sustained, since abolition of long-term capital gains tax in 2004.

The consensus estimates for earnings growth of 24% for FY11 and 22% for FY 12 make the current levels an attractive entry point for a long-term investor, who could absorb the volatility from the near term headwinds grappling the Indian equity market.

Debt Outlook

RBI remained hawkish in its stance on inflation and hiked repo and reverse Rrepo rates by 25 bps each to 6.50% and 5.50% respectively on 25th Jan 2011. RBI remains confident of domestic growth but does sound worried that the growth might not be broad-based.

Rightly, fiscal issues come to the fore in this document and are thought to be preventing the efficiency of monetary policy actions. Inflation being the dominant theme of the policy, RBI hiked the repo and reverse repo rates by 25 bps each keeping the CRR and the SLR unchanged. RBI chose to tread a calibrated path and assess the implications of the previous hikes on the growth dynamics. This is important in light of the slackness shown by the industrial production.

RBI retained its GDP target for FY2011 at 8.5% with some bias to the upside. In the Macroeconomic and Monetary Development report, RBI appeared concerned that manufacturing sector growth is still not broad-based and nearly 73% of the overall growth comes from the top-5 manufacturing industries.

In FY2012, RBI expects growth to come down slightly on the back of agricultural sector trending lower. On inflation, RBI expects the current spike in food inflation to be transitory but structural demand-supply mismatches will keep food inflation high. It notes that non-food manufacturing inflation remains above the medium-term trend of 4%. RBI expects inflation in 2011 to be a global concern driven by supply constraints and rising demand as the developed countries start to recover. RBI consequently has revised up the end-FY2011 estimates by 150 bps to 7%.

The food inflation seems to be driven by supply side factors as well as structural factors resulting in changing dietary patterns with preferences towards protein rich foods such as milk, eggs and pulses.

With the food inflation continuing to remain at elevated levels and the pressure from the global commodity prices, the RBI is expected to continue with its monetary tightening and raise the policy rates by 25 basis points in the mid-quarter review on 17th March 2011. The favorable base effects for WPI inflation comes off from first quarter FY 12 and the RBI would be keen to rein in the headline inflation by then.

Banking system continues to be in liquidity deficit, despite the RBI conducting Open Market Operations (OMO) to ease the situation. The yield curve has flattened significantly over the past year and the corporate yield curve is currently inverted. Banks have been raising deposit rates aggressively to cope with the tight liquidity situation. We believe deposit rates will remain under pressure due to monetary tightening and as credit growth picks up. Ample liquidity and low rates in global financial markets coupled with tight liquidity locally has resulted in a significant differential between overseas and local borrowing costs.

Anecdotal evidence, particularly the recent trend in ECB approvals by the RBI, suggests that the corporate sector is increasingly looking to raise debt funds offshore. The increase in consumer finance rates has been relatively muted so far, in relation to the pressure on the local financial system. Sustained tight liquidity into the future and a pick-up in corporate credit could result in a sharp rise in consumer finance rates. Growth in broad money supply (M3) has been moderating over the past few months.

We could expect the 10 year to be in a range of 8.10-8.30% as the RBI effects its rate increases on the back of stubborn inflation numbers. The Bond spreads are expected to widen going forward in the 5 year and 10 year segment. The 5 year AAA corporate spreads is at 95 bps and the 10 year AAA corporate spread is at 85 bps.

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L&C/Others/2011/Feb/037