

Quick Glance - Funds Performance

(Funds with AUM of more than ₹125 crores as on 30th April 2015)

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

Investment Report

The month of April 2015 saw the benchmark index BSE Sensex and CNX Nifty shed 3.38% and 3.65% respectively. The Mid-cap index, CNX Mid-cap shed 2.40% during the same period.

Equity Funds

Equity Fund (ULIF 001 04/02/04 TEL 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.

NAV as on 30 Apr, 15 : ₹48.3242

Benchmark : S&P BSE Sensex - 100%

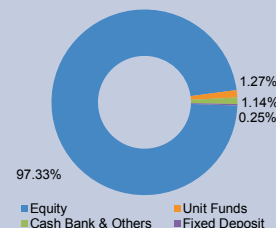
Corpus as on 30 Apr, 15 : ₹1,764.01 Crs.

Fund Performance

PERIOD	DATE	NAV	S&P BSE Sensex	NAV Change	INDEX Change
Last 3 Months	30-Jan-15	51.5406	29182.95	-6.24%	-7.44%
Last 6 Months	31-Oct-14	49.0857	27865.83	-1.55%	-3.07%
Last 1 Year	30-Apr-14	39.2983	22417.80	22.97%	20.49%
Last 2 Years	30-Apr-13	33.9478	19504.18	19.31%	17.68%
Last 3 Years	30-Apr-12	30.0193	17318.81	17.20%	15.97%
Last 4 Years	29-Apr-11	33.7475	19130.00	9.39%	9.01%
Last 5 Years	30-Apr-10	31.0071	17558.71	9.28%	9.00%
Since Inception	02-Mar-04	10.0000	5823.17	15.15%	14.73%

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.

NAV as on 30 Apr, 15 : ₹31.1534

Benchmark : NSE CNX MIDCAP-100%

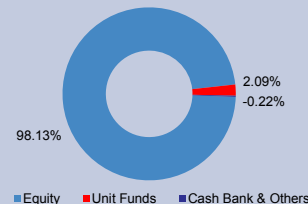
Corpus as on 30 Apr, 15 : ₹2,063.63 Crs.

Fund Performance

PERIOD	DATE	NAV	NSE CNX MIDCAP	NAV Change	INDEX Change
Last 3 Months	30-Jan-15	30.8436	13124.10	1.00%	-3.31%
Last 6 Months	31-Oct-14	26.4512	11841.10	17.78%	7.17%
Last 1 Year	30-Apr-14	18.3133	8783.65	70.11%	44.47%
Last 2 Years	30-Apr-13	15.2880	7818.60	42.75%	27.40%
Last 3 Years	30-Apr-12	13.2764	7471.05	32.88%	19.31%
Last 4 Years	29-Apr-11	13.8810	8200.95	22.40%	11.53%
Last 5 Years	30-Apr-10	13.1934	8061.10	18.75%	9.50%
Since Inception	08-Jan-07	10.0000	5156.45	14.65%	11.44%

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.

Asset Allocation



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.

NAV as on 30 Apr, 15 : ₹17.9301

Benchmark : CNX Nifty-100%

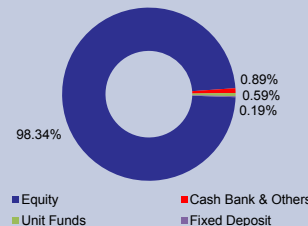
Corpus as on 30 Apr, 15 : ₹913.12 Crs.

Fund Performance

PERIOD	DATE	NAV	CNX Nifty	NAV Change	INDEX Change
Last 3 Months	30-Jan-15	18.9058	8808.90	-5.16%	-7.12%
Last 6 Months	31-Oct-14	17.7268	8322.20	1.15%	-1.69%
Last 1 Year	30-Apr-14	14.0508	6696.40	27.61%	22.18%
Last 2 Years	30-Apr-13	12.0030	5930.20	22.22%	17.46%
Last 3 Years	30-Apr-12	10.4345	5248.15	19.78%	15.95%
Last 4 Years	29-Apr-11	11.3576	5749.50	12.09%	9.22%
Last 5 Years	30-Apr-10	10.2301	5278.00	11.88%	9.16%
Since Inception	07-Jan-08	10.0000	6279.10	8.31%	3.68%

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



Future Equity Pension Fund (ULIF 020 04/02/08 FEP 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.

NAV as on 30 Apr, 15 : ₹19.7876

Benchmark : CNX Nifty-100%

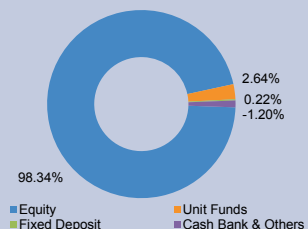
Corpus as on 30 Apr, 15 : ₹176.01 Crs.

Fund Performance

PERIOD	DATE	NAV	CNX Nifty	NAV Change	INDEX Change
Last 3 Months	30-Jan-15	20.8491	8808.90	-5.09%	-7.12%
Last 6 Months	31-Oct-14	19.2993	8322.20	2.53%	-1.69%
Last 1 Year	30-Apr-14	15.1515	6696.40	30.60%	22.18%
Last 2 Years	30-Apr-13	13.1776	5930.20	22.54%	17.46%
Last 3 Years	30-Apr-12	11.7190	5248.15	19.08%	15.95%
Last 4 Years	29-Apr-11	12.9737	5749.50	11.13%	9.22%
Last 5 Years	30-Apr-10	11.6648	5278.00	11.15%	9.16%
Since Inception	04-Feb-08	10.0000	5463.50	9.89%	5.74%

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



Quick Glance - Funds Performance

(Funds with AUM of more than ₹125 crores as on 30th April 2015)

Select Equity Fund (ULIF 024 06/10/08 TSE 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. 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.

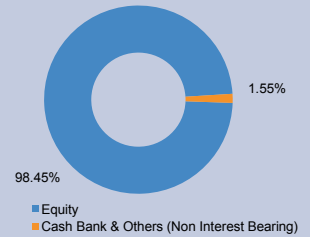
NAV as on 30 Apr, 15 : ₹32.1202
Benchmark : CNX India 500 Shariah Index - 100%
Corpus as on 30 Apr, 15 : ₹183.68 Crs.

Fund Performance

PERIOD	DATE	NAV	CNX India 500 Shariah Index	NAV Change	INDEX Change
Last 3 Months	30-Jan-15	33.1882	2158.35	-3.22%	-3.40%
Last 6 Months	31-Oct-14	29.9939	2057.13	7.09%	1.35%
Last 1 Year	30-Apr-14	22.8216	1621.94	40.74%	28.54%
Last 2 Years	30-Apr-13	18.7887	1330.22	30.75%	25.19%
Last 3 Years	30-Apr-12	16.9359	1224.91	23.78%	19.40%
Last 4 Years	29-Apr-11	17.9905	1322.23	15.59%	12.06%
Last 5 Years	30-Apr-10	16.2866	1280.91	14.55%	10.23%
Since Inception	06-Oct-08	10.0000	844.46	19.45%	14.75%

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.

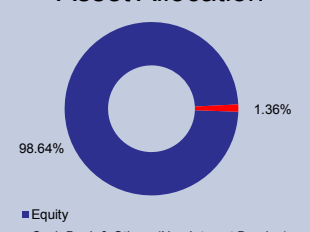
NAV as on 30 Apr, 15 : ₹21.3679
Benchmark : CNX India 500 Shariah Index - 100%
Corpus as on 30 Apr, 15 : ₹858.59 Crs.

Fund Performance

PERIOD	DATE	NAV	CNX India 500 Shariah Index	NAV Change	INDEX Change
Last 3 Months	30-Jan-15	21.9942	2158.35	-2.85%	-3.40%
Last 6 Months	31-Oct-14	19.8242	2057.13	7.79%	1.35%
Last 1 Year	30-Apr-14	14.9399	1621.94	43.03%	28.54%
Last 2 Years	30-Apr-13	12.2141	1330.22	32.27%	25.19%
Last 3 Years	30-Apr-12	11.0657	1224.91	24.53%	19.40%
Last 4 Years	29-Apr-11	11.7480	1322.23	16.13%	12.06%
Last 5 Years	30-Apr-10	10.6172	1280.91	15.01%	10.23%
Since Inception	16-Oct-09	10.0000	1217.76	14.69%	10.19%

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.

Asset Allocation



Top 200 Fund (ULIF 027 12/01/09 ITT 110)

Fund Details

Investment Objective : The Top 200 fund will invest primarily in select stocks and equity linked instruments which are a part of BSE 200 Index with a focus on generating long term capital appreciation. The fund will not replicate the index but aim to attain performance better than the performance of the Index. As a defensive strategy arising out of market conditions, the scheme may also invest in debt and money market instruments.

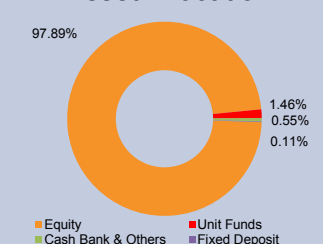
NAV as on 30 Apr, 15 : ₹32.0938
Benchmark : S&P BSE 200 - 100%
Corpus as on 30 Apr, 15 : ₹181.42 Crs.

Fund Performance

PERIOD	DATE	NAV	S&P BSE 200	NAV Change	INDEX Change
Last 3 Months	30-Jan-15	33.1252	3641.16	-3.11%	-5.94%
Last 6 Months	31-Oct-14	30.2275	3392.39	6.17%	0.96%
Last 1 Year	30-Apr-14	22.9822	2688.05	39.65%	27.42%
Last 2 Years	30-Apr-13	19.9372	2388.98	26.88%	19.74%
Last 3 Years	30-Apr-12	17.7889	2136.82	21.74%	17.03%
Last 4 Years	29-Apr-11	19.3595	2361.52	13.47%	9.74%
Last 5 Years	30-Apr-10	17.7557	2230.17	12.57%	8.96%
Since Inception	12-Jan-09	10.0000	1091.37	20.34%	19.91%

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

Aggressive Growth Fund (ULIF 006 01/07/06 TAL 110)

Fund Details

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

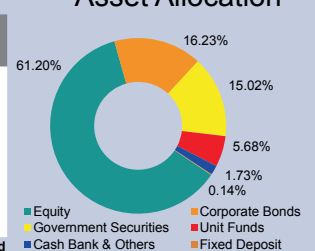
NAV as on 30 Apr, 15 : ₹23.6076
Benchmark : S&P BSE Sensex - 65%, CRISIL Composite Bond Index - 35%
Corpus as on 30 Apr, 15 : ₹191.06 Crs.

Fund Performance

PERIOD	DATE	NAV	NAV Change	INDEX Change
Last 3 Months	30-Jan-15	24.6849	-4.36%	-4.37%
Last 6 Months	31-Oct-14	23.1713	1.88%	0.10%
Last 1 Year	30-Apr-14	18.8533	25.22%	18.13%
Last 2 Years	30-Apr-13	17.0625	17.63%	14.40%
Last 3 Years	30-Apr-12	15.4312	15.23%	13.57%
Last 4 Years	29-Apr-11	16.1968	9.88%	8.96%
Last 5 Years	30-Apr-10	15.2199	9.18%	8.65%
Since Inception	01-Jul-06	10.0000	10.21%	9.81%

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 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.

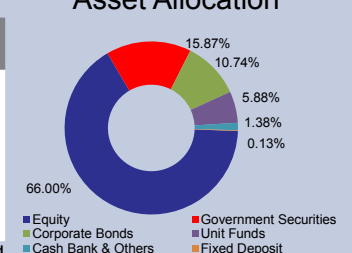
NAV as on 30 Apr, 15 : ₹23.4248
Benchmark : Nifty - 65%, CRISIL Composite Bond Index - 35%
Corpus as on 30 Apr, 15 : ₹385.35 Crs.

Fund Performance

PERIOD	DATE	NAV	NAV Change	INDEX Change
Last 3 Months	30-Jan-15	24.4086	-4.03%	-4.16%
Last 6 Months	31-Oct-14	22.5916	3.69%	0.99%
Last 1 Year	30-Apr-14	18.3417	27.71%	19.22%
Last 2 Years	30-Apr-13	16.4064	19.49%	14.26%
Last 3 Years	30-Apr-12	14.5758	17.13%	13.55%
Last 4 Years	29-Apr-11	15.0328	11.73%	9.10%
Last 5 Years	30-Apr-10	13.8098	11.15%	8.76%
Since Inception	08-Jan-07	10.0000	10.78%	8.58%

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



Quick Glance - Funds Performance

(Funds with AUM of more than ₹125 crores as on 30th April 2015)

Growth Fund (ULIF 004 04/02/04 TGL 110)

Fund Details		Fund Performance				Asset Allocation	
Investment Objective	: The primary investment objective of the fund is to maximize the returns with medium to high risk.	PERIOD	DATE	NAV	NAV Change	INDEX Change	
NAV as on 30 Apr, 15	: ₹37.2148	Last 3 Months	30-Jan-15	38.9726	-4.51%	-4.37%	
Benchmark	: S&P BSE Sensex - 65%, CRISIL Composite Bond Index - 35%	Last 6 Months	31-Oct-14	36.2504	2.66%	0.10%	
Corpus as on 30 Apr, 15	: ₹136.16 Crs.	Last 1 Year	30-Apr-14	29.9451	24.28%	18.13%	
		Last 2 Years	30-Apr-13	26.9674	17.47%	14.40%	
		Last 3 Years	30-Apr-12	24.0765	15.62%	13.57%	
		Last 4 Years	29-Apr-11	25.6179	9.79%	8.96%	
		Last 5 Years	30-Apr-10	24.2028	8.99%	8.65%	
		Since Inception	02-Mar-04	10.0000	12.49%	11.77%	
<p>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.</p>							

Fixed Income Funds

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

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 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.	PERIOD	DATE	NAV	Crisil Composite Bond Fund Index	NAV Change	INDEX Change	
NAV as on 30 Apr, 15	: ₹18.8623	Last 3 Months	30-Jan-15	18.6697	2320.32	1.03%	1.35%	
Benchmark	: CRISIL Composite Bond Index -100%	Last 6 Months	31-Oct-14	17.6535	2219.05	6.85%	5.97%	
Corpus as on 30 Apr, 15	: ₹246.49 Crs.	Last 1 Year	30-Apr-14	16.4067	2067.58	14.97%	13.74%	
		Last 2 Years	30-Apr-13	15.8602	2004.46	9.05%	8.31%	
		Last 3 Years	30-Apr-12	14.0652	1810.70	10.28%	9.10%	
		Last 4 Years	29-Apr-11	12.8981	1672.95	9.97%	8.89%	
		Last 5 Years	30-Apr-10	12.3091	1600.53	8.91%	8.00%	
		Since Inception	08-Jan-07	10.0000	1298.79	7.93%	7.40%	
<p>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.</p>								

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

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	
NAV as on 30 Apr, 15	: ₹18.3036	Last 3 Months	30-Jan-15	17.9867	2399.57	1.76%	1.99%	
Benchmark	: CRISIL Short Term Bond Index -100%	Last 6 Months	31-Oct-14	17.5310	2336.77	4.41%	4.73%	
Corpus as on 30 Apr, 15	: ₹127.86 Crs.	Last 1 Year	30-Apr-14	16.7278	2221.29	9.42%	10.18%	
		Last 2 Years	30-Apr-13	15.4605	2049.93	8.81%	9.27%	
		Last 3 Years	30-Apr-12	14.0759	1874.26	9.15%	9.30%	
		Last 4 Years	29-Apr-11	12.9504	1725.16	9.03%	9.14%	
		Last 5 Years	30-Apr-10	12.3726	1643.38	8.15%	8.29%	
		Since Inception	08-Jan-07	10.0000	1281.09	7.54%	8.10%	
<p>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.</p>								

Guaranteed NAV Funds

The fund would be predominantly invested in equity at inception, wherein the dynamic asset allocation mechanism allocates the portfolio between equity and debt. This dynamic asset allocation is based on the performance of equity markets and movements in interest rates. The equity allocation may be reallocated to debt if the equity markets or interest rates fall, to safeguard the guarantee.

Over time, the asset mix will predominantly shift to debt to protect the guarantee. This dynamic asset allocation process will drive the returns generated by the Apex Return Lock-in Fund. The dynamic asset allocation shifts the allocation of the fund from an equity bias to a debt bias, over time. This would mean that the Guaranteed NAV would not mimic the highest level of the equity market, over the period the guarantee is applicable. Any unexpected and sharp falls in equity market and/or interest rates, during the period the guarantee is applicable, may trigger the allocation to completely move towards debt, to protect the highest NAV achieved prior to the fall. Overall, it is an ideal fund for an investor who wants to take advantage of high returns in a positive market scenario while safe-guarding the investment during any downturn.

APEX Return Lock-In Fund (ULIF 032 18/02/09 ARL 110)

Fund Details		Fund Performance				Asset Allocation	
Investment Objective	: The investment objective for Apex Return Lock-in Fund is to use the participation in an actively managed well diversified equity portfolio of large cap companies to generate capital appreciation and use high credit quality debt instruments to lock-in that capital appreciation. The initial asset allocation in equities is targeted at 80% to 100%.	PERIOD	DATE	NAV	NAV Change	INDEX Change	
The highest NAV recorded on reset date	: ₹17.2876	Last 3 Months	30-Jan-15	17.1399	-1.75%		
Corpus as on 30 Apr, 15	: ₹271.46 Crs.	Last 6 Months	31-Oct-14	16.4255	2.52%		
		Last 1 Year	30-Apr-14	14.2771	17.95%		
		Last 2 Years	30-Apr-13	13.0136	13.76%		
		Last 3 Years	30-Apr-12	11.5472	13.40%		
		Last 4 Years	29-Apr-11	11.9425	8.97%		
		Last 5 Years	30-Apr-10	11.2013	8.50%		
		Since Inception	10-Jun-09	10.0000	9.25%		
<p>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.</p>							

Quick Glance - Funds Performance

(Funds with AUM of more than ₹125 crores as on 30th April 2015)

APEX Return Lock-In Fund II (ULIF 033 03/08/09 AR2 110)

Fund Details

Investment Objective : The investment objective for Apex Return Lock-in Fund II is to use the participation in an actively managed well diversified equity portfolio of large cap companies to generate capital appreciation and use high credit quality debt instruments to lock-in that capital appreciation. The initial asset allocation in equities is targeted at 80% to 100%.

The highest NAV recorded on reset date : ₹16.2505

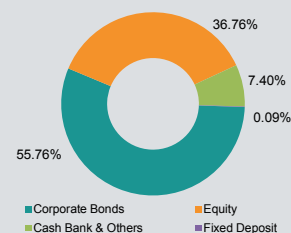
Corpus as on 30 Apr, 15 : ₹197.44 Crs.

Fund Performance

PERIOD	DATE	NAV	NAV Change
Last 3 Months	30-Jan-15	16.1351	-1.84%
Last 6 Months	31-Oct-14	15.4907	2.24%
Last 1 Year	30-Apr-14	13.4444	17.80%
Last 2 Years	30-Apr-13	12.1877	13.99%
Last 3 Years	30-Apr-12	10.7814	13.68%
Last 4 Years	29-Apr-11	11.1793	9.10%
Last 5 Years	30-Apr-10	10.4106	8.75%
Since Inception	10-Nov-09	10.0000	8.77%

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



Apex Plus Return Lock-in-Fund (ULIF 047 01/02/10 RA1 110)

Fund Details

Investment Objective : The investment objective for Apex Plus Return Lock-in Fund is to use the participation in an actively managed well diversified equity portfolio of large cap companies to generate capital appreciation and use high credit quality debt instruments to lock-in that capital appreciation. The initial asset allocation in equities is targeted at 80% to 100%.

The highest NAV recorded on reset date : ₹16.0768

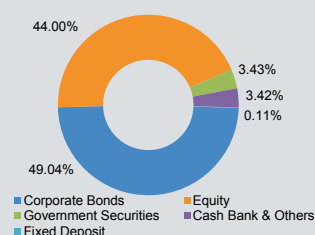
Corpus as on 30 Apr, 15 : ₹135.30 Crs.

Fund Performance

PERIOD	DATE	NAV	NAV Change
Last 3 Months	30-Jan-15	15.9519	-2.60%
Last 6 Months	31-Oct-14	15.1696	2.43%
Last 1 Year	30-Apr-14	12.9760	19.74%
Last 2 Years	30-Apr-13	11.7489	15.00%
Last 3 Years	30-Apr-12	10.4209	14.24%
Last 4 Years	29-Apr-11	10.9141	9.23%
Since Inception	10-May-10	10.0000	9.26%

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



Equity Outlook

The month of April 2015 saw the benchmark index BSE Sensex and CNX Nifty shed 3.38 % and 3.65% respectively. The Mid-cap index, CNX Mid-cap shed 2.40% during the same period.

FII's were net buyers with inflows of around USD 1.2 bn in the month of April 2015 and the DIIs were net buyers to the tune of USD 1.8 bn with insurance companies net buyers to the tune of USD 0.6 bn and domestic mutual funds, net buyers to the tune of USD 1.2 bn. FII's have bought Indian equities to the tune of USD 7.1 bn in the first four months of the calendar year and the DIIs have been net buyers of around USD 1 bn in the same period, with insurance companies selling around USD 1.6 bn even as domestic mutual funds bought around USD 2.6 bn.

The fourth quarter FY 2015 earnings season has been muted with the broad trend in revenue growth weaker than expected. While many IT Services companies disappointed on revenue growth and margins, the private sector banks reported healthy earnings growth albeit with a marginal increase in NPAs. Telecom companies managed to meet expectations on the back of robust growth in their data business.

In the month of April, the Indian equity market was facing headwinds due to the negative sentiment around the tax department's notices to FII's for past dues of Minimum Alternate Tax (MAT). Subsequently, the government clarified that those FII's from countries with which India had double taxation avoidance agreements (DTAAs) that specifically exempt them from capital gains tax would not be subjected to the MAT demands from the income tax department.

Manufacturing in defence sector is expected to be the highlight of the government's "Make in India" initiative enabled by the mandate given to original equipment manufacturers (OEMs) to source at least 30% of the inputs locally. The Defence Acquisition Council has approved projects worth USD 28 bn thus far to drive the modernization of armed forces. The FDI policy in the defence is expected to result in higher investments with the Indian companies actively sourcing know how from their global counterparts.

The Union Cabinet cleared the development of 100 smart cities and planned to rejuvenate another 500 cities in the country, allocating close to ₹1 tn over a period of five years. The project will be implemented by special purpose vehicles (SPV) to be created for each city with the state governments needing to ensure steady stream of resources for the SPVs.

The weakness in the equity markets in the month of April is a reflection of weak corporate earnings, surge in international crude oil prices, uncertainty over the passage of key legislations such as land acquisition and the GST bill as well as expectations of a weak monsoon from the IMD. These headwinds could not be offset by the improving macro situation signaled by factors such as lower inflation and higher Industrial production as well as the positive sentiment due to Moody's upgrade of India's sovereign rating outlook.

In the medium term, the Indian economy is poised for a prolonged period of sustained growth recovery accompanied by low and stable inflation. This provides a backdrop for the interest rates to nudge down further in response to the government's supply-side reforms led by a meaningful rise in infrastructure spending. Given this positive macro-environment, we believe that the equity markets continue to offer comfort of reasonable valuations for a long-term investor with a 3-5 year view.

Quick Glance - Funds Performance

(Funds with AUM of more than ₹125 crores as on 30th April 2015)

Debt Outlook

Debt market in the month of April 2015 saw the 10 year Government security (G-sec) close the month at 7.86% levels, hardening by 12 bps from March levels. The yields hardened across the yield curve reflecting subdued sentiment in the G-sec market in the month of April. On the corporate bond side, the 10 year AAA corporate bonds closed the month at around 8.36% levels, hardening by 8 bps over the month. The foreign portfolio investors (FPIs) have bought Indian debt to the tune of USD 0.5 bn in the month of April 2015 taking the cumulative purchase to around USD 7.4 bn in the first four months of the calendar year 2015.

The debt markets have been facing headwinds such as surge in crude oil prices, the sub-normal monsoon forecast from the Indian Meteorological Department (IMD) as well as the recent depreciation bias of the Indian Rupee (INR) in recent weeks.

The RBI's stance of maintaining real policy rates firmly in the positive territory as well as its inflation targeting framework to get to 4% CPI inflation target by FY 2018 is expected to limit the extent of rate reductions in future. However, structural policy initiatives from the government to unclog the supply response to make available key inputs such as power and land, progress on repurposing public spending from poorly targeted subsidies towards public investment and reducing the pipeline of stalled investment would help in addressing supply constraints and create room for further monetary accommodation. In this context, the government's higher budgeted spend on infrastructure could be an enabler in kick starting public investment.

In the Bi-monthly monetary policy review in April, while maintaining status quo on policy rates, the RBI noted with concern that the transmission of policy rates to lending rates had not taken place thus far, despite weak credit off take and the front loading of two rate cuts. Since then, leading banks have reduced base rates by 15-25 bps to facilitate the monetary transmission.

In the monetary policy, the RBI expected the incoming data to provide more clarity on the balance of risks to inflation. The Consumer Price Index (CPI) inflation for March 2015 at 5.2%, lower than the market expectation of around 5.4% and the February CPI inflation of 5.4% accompanied with a sharp moderation in food inflation due to lower inflation in cereals, milk and vegetables had surprised positively. The March WPI inflation dipped to record lows at a negative 2.3%, the fifth consecutive month of negative inflation.

Going forward, the bond markets will react to domestic inflationary dynamics as these would shape RBI's Bi-monthly monetary policy on June 2nd. The bond markets would take further cues from the onset and progress of the monsoon and the trajectory of the international crude prices, among other factors. Additionally, the government policies to contain food inflation, especially if the monsoon is at sub-normal levels, as well as commentary on interest rate action from the US Federal Reserve would be other factors which would determine the trajectory of yields in the Indian fixed income market in the near term.

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