

Quick Glance - Funds Performance

(Funds with AUM of more than ₹125 crores as on 31st December 2015)

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

Investment Report

The month of December 2015 saw the benchmark index S&P BSE Sensex shed 0.11% while Nifty 50 gained 0.14%. The Mid-cap index, Nifty Mid-cap 100 gained 1.12% during the same period.

Equity Funds

Equity Fund (ULIF 001 04/02/04 TEL 110)

Fund Details		Fund Performance						Asset Allocation	
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.	PERIOD	DATE	NAV	S&P BSE Sensex	NAV Change	INDEX Change		
NAV as on 31 Dec, 15	: ₹47.0810	Last 3 Months	30-Sep-15	46.7117	26154.83	0.79%	-0.14%		
Benchmark	: S&P BSE Sensex - 100%	Last 6 Months	30-Jun-15	49.5319	27780.83	-4.95%	-5.99%		
Corpus as on 31 Dec, 15	: ₹1,523.31 Crs.	Last 1 Year	31-Dec-14	48.3973	27499.42	-2.72%	-5.03%		
		Last 2 Years	31-Dec-13	36.9864	21170.68	12.82%	11.07%		
		Last 3 Years	31-Dec-12	33.8525	19426.71	11.62%	10.37%		
		Last 4 Years	30-Dec-11	26.3427	15454.92	15.62%	14.02%		
		Last 5 Years	31-Dec-10	36.2075	20509.09	5.39%	4.95%		
		Since Inception	02-Mar-04	10.0000	5823.17	13.98%	13.52%		
<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 Mid-Cap Equity Fund (ULIF 009 04/01/07 WLE 110)

Fund Details		Fund Performance						Asset Allocation	
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.	PERIOD	DATE	NAV	Nifty Midcap 100	NAV Change	INDEX Change		
NAV as on 31 Dec, 15	: ₹32.2989	Last 3 Months	30-Sep-15	31.5881	12984.50	2.25%	3.17%		
Benchmark	: Nifty Midcap 100 -100%	Last 6 Months	30-Jun-15	32.3267	13009.65	-0.09%	2.98%		
Corpus as on 31 Dec, 15	: ₹1,952.11 Crs.	Last 1 Year	31-Dec-14	29.3318	12583.85	10.12%	6.46%		
		Last 2 Years	31-Dec-13	16.8069	8071.30	38.63%	28.83%		
		Last 3 Years	31-Dec-12	15.7086	8505.10	27.16%	16.35%		
		Last 4 Years	30-Dec-11	11.2593	6111.85	30.14%	21.68%		
		Last 5 Years	31-Dec-10	14.8905	8857.20	16.75%	8.63%		
		Since Inception	08-Jan-07	10.0000	5156.45	13.94%	11.21%		
<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>									

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

Fund Details		Fund Performance						Asset Allocation	
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.	PERIOD	DATE	NAV	Nifty 50	NAV Change	INDEX Change		
NAV as on 31 Dec, 15	: ₹17.4955	Last 3 Months	30-Sep-15	17.3910	7948.90	0.60%	-0.03%		
Benchmark	: Nifty 50 -100%	Last 6 Months	30-Jun-15	18.4046	8368.50	-4.94%	-5.04%		
Corpus as on 31 Dec, 15	: ₹795.73 Crs.	Last 1 Year	31-Dec-14	17.7225	8282.70	-1.28%	-4.06%		
		Last 2 Years	31-Dec-13	13.0891	6304.00	15.61%	12.27%		
		Last 3 Years	31-Dec-12	11.9717	5905.10	13.48%	10.40%		
		Last 4 Years	30-Dec-11	9.1397	4624.30	17.62%	14.49%		
		Last 5 Years	31-Dec-10	11.9900	6134.50	7.85%	5.31%		
		Since Inception	07-Jan-08	10.0000	6279.10	7.26%	2.99%		
<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>									

Future Equity Pension Fund (ULIF 020 04/02/08 FEP 110)

Fund Details		Fund Performance						Asset Allocation	
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.	PERIOD	DATE	NAV	Nifty 50	NAV Change	INDEX Change		
NAV as on 31 Dec, 15	: ₹19.6144	Last 3 Months	30-Sep-15	19.6628	7948.90	-0.25%	-0.03%		
Benchmark	: Nifty 50 -100%	Last 6 Months	30-Jun-15	20.3790	8368.50	-3.75%	-5.04%		
Corpus as on 31 Dec, 15	: ₹145.24 Crs.	Last 1 Year	31-Dec-14	19.5735	8282.70	0.21%	-4.06%		
		Last 2 Years	31-Dec-13	14.2548	6304.00	17.30%	12.27%		
		Last 3 Years	31-Dec-12	13.2720	5905.10	13.91%	10.40%		
		Last 4 Years	30-Dec-11	10.3560	4624.30	17.31%	14.49%		
		Last 5 Years	31-Dec-10	13.7877	6134.50	7.30%	5.31%		
		Since Inception	04-Feb-08	10.0000	5463.50	8.89%	4.85%		
<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 31st December 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 31 Dec, 15 : ₹32.9740

Benchmark : Nifty 500 Shariah - 100%

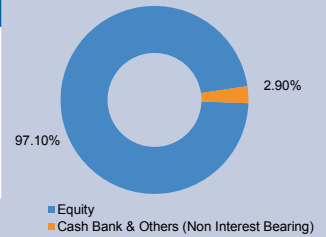
Corpus as on 31 Dec, 15 : ₹165.13 Crs.

Fund Performance

PERIOD	DATE	NAV	Nifty 500 Shariah	NAV Change	INDEX Change
Last 3 Months	30-Sep-15	32.9494	2138.35	0.07%	1.72%
Last 6 Months	30-Jun-15	33.5529	2191.45	-1.73%	-0.75%
Last 1 Year	31-Dec-14	31.3318	2051.86	5.24%	6.00%
Last 2 Years	31-Dec-13	21.4236	1541.72	24.06%	18.78%
Last 3 Years	31-Dec-12	18.9771	1334.09	20.22%	17.70%
Last 4 Years	30-Dec-11	15.4673	1130.46	20.83%	17.77%
Last 5 Years	31-Dec-10	19.0738	1436.15	11.57%	8.66%
Since Inception	06-Oct-08	10.0000	844.46	17.92%	13.96%

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 31 Dec, 15 : ₹21.9493

Benchmark : Nifty 500 Shariah - 100%

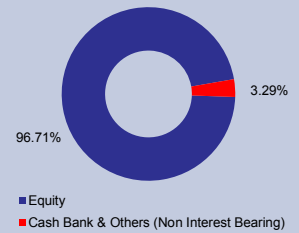
Corpus as on 31 Dec, 15 : ₹763.76 Crs.

Fund Performance

PERIOD	DATE	NAV	Nifty 500 Shariah	NAV Change	INDEX Change
Last 3 Months	30-Sep-15	21.9996	2138.35	-0.23%	1.72%
Last 6 Months	30-Jun-15	22.3694	2191.45	-1.88%	-0.75%
Last 1 Year	31-Dec-14	20.7724	2051.86	5.67%	6.00%
Last 2 Years	31-Dec-13	13.9686	1541.72	25.35%	18.78%
Last 3 Years	31-Dec-12	12.3187	1334.09	21.23%	17.70%
Last 4 Years	30-Dec-11	10.2229	1130.46	21.05%	17.77%
Last 5 Years	31-Dec-10	12.4722	1436.15	11.97%	8.66%
Since Inception	16-Oct-09	10.0000	1217.76	13.49%	9.79%

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 31 Dec, 15 : ₹32.4672

Benchmark : S&P BSE 200 - 100%

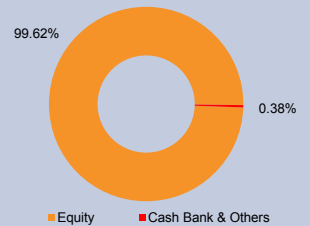
Corpus as on 31 Dec, 15 : ₹138.06 Crs.

Fund Performance

PERIOD	DATE	NAV	S&P BSE 200	NAV Change	INDEX Change
Last 3 Months	30-Sep-15	32.2722	3352.02	0.60%	0.76%
Last 6 Months	30-Jun-15	33.0390	3499.51	-1.73%	-3.49%
Last 1 Year	31-Dec-14	31.1804	3428.09	4.13%	-1.48%
Last 2 Years	31-Dec-13	21.4630	2530.58	22.99%	15.53%
Last 3 Years	31-Dec-12	20.3352	2424.38	16.88%	11.69%
Last 4 Years	30-Dec-11	15.6265	1850.89	20.06%	16.23%
Last 5 Years	31-Dec-10	20.5660	2533.90	9.56%	5.92%
Since Inception	12-Jan-09	10.0000	1091.37	18.41%	17.60%

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 31 Dec, 15 : ₹23.9032

Benchmark : S&P BSE Sensex - 65%, CRISIL Composite Bond Index - 35%

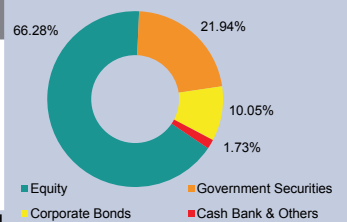
Corpus as on 31 Dec, 15 : ₹169.97 Crs.

Fund Performance

PERIOD	DATE	NAV	NAV Change	INDEX Change
Last 3 Months	30-Sep-15	23.8599	0.18%	0.34%
Last 6 Months	30-Jun-15	23.9366	-0.14%	-2.15%
Last 1 Year	31-Dec-14	23.5969	1.30%	-0.25%
Last 2 Years	31-Dec-13	17.8610	15.68%	11.20%
Last 3 Years	31-Dec-12	16.9636	12.11%	9.83%
Last 4 Years	30-Dec-11	14.0144	14.28%	12.25%
Last 5 Years	31-Dec-10	17.0094	7.04%	6.21%
Since Inception	01-Jul-06	10.0000	9.60%	9.03%

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 31 Dec, 15 : ₹23.7042

Benchmark : Nifty 50 - 65% CRISIL Composite Bond Index -35%

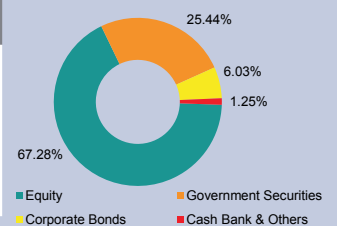
Corpus as on 31 Dec, 15 : ₹355.26 Crs.

Fund Performance

PERIOD	DATE	NAV	NAV Change	INDEX Change
Last 3 Months	30-Sep-15	23.7060	-0.01%	0.41%
Last 6 Months	30-Jun-15	23.8320	-0.54%	-1.54%
Last 1 Year	31-Dec-14	23.2030	2.16%	0.38%
Last 2 Years	31-Dec-13	17.2803	17.12%	11.98%
Last 3 Years	31-Dec-12	16.2719	13.36%	9.85%
Last 4 Years	30-Dec-11	13.2851	15.58%	12.56%
Last 5 Years	31-Dec-10	15.5748	8.76%	6.44%
Since Inception	08-Jan-07	10.0000	10.08%	7.90%

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



Quick Glance - Funds Performance

(Funds with AUM of more than ₹125 crores as on 31st December 2015)

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

Fund Details

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

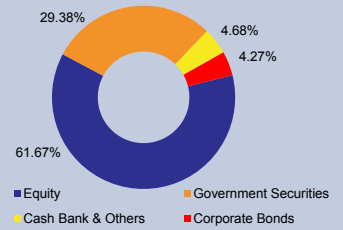
NAV as on 31 Dec, 15 : ₹37.7319
Benchmark : S&P BSE Sensex - 65%, CRISIL Composite Bond Index - 35%
Corpus as on 31 Dec, 15 : ₹133.13 Crs.

Fund Performance

PERIOD	DATE	NAV	NAV Change	INDEX Change
Last 3 Months	30-Sep-15	37.7441	-0.03%	0.34%
Last 6 Months	30-Jun-15	37.8324	-0.27%	-2.15%
Last 1 Year	31-Dec-14	37.0423	1.86%	-0.25%
Last 2 Years	31-Dec-13	28.4458	15.17%	11.20%
Last 3 Years	31-Dec-12	26.7267	12.18%	9.83%
Last 4 Years	30-Dec-11	21.8482	14.64%	12.25%
Last 5 Years	31-Dec-10	26.9155	6.99%	6.21%
Since Inception	02-Mar-04	10.0000	11.87%	11.01%

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

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.

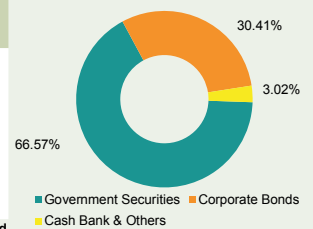
NAV as on 31 Dec, 15 : ₹19.7139
Benchmark : CRISIL Composite Bond Index -100%
Corpus as on 31 Dec, 15 : ₹234.44 Crs.

Fund Performance

PERIOD	DATE	NAV	Crisil Composite Bond Fund Index	NAV Change	INDEX Change
Last 3 Months	30-Sep-15	19.6811	2447.34	0.17%	1.24%
Last 6 Months	30-Jun-15	18.8661	2360.29	4.49%	4.98%
Last 1 Year	31-Dec-14	18.2539	2280.87	8.00%	8.63%
Last 2 Years	31-Dec-13	15.8357	1995.39	11.58%	11.43%
Last 3 Years	31-Dec-12	15.1679	1922.61	9.13%	8.82%
Last 4 Years	30-Dec-11	13.6449	1757.68	9.64%	8.96%
Last 5 Years	31-Dec-10	12.6164	1644.23	9.34%	8.55%
Since Inception	08-Jan-07	10.0000	1298.79	7.85%	7.45%

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



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

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%.

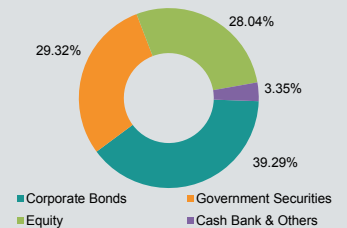
The highest NAV recorded on reset date : ₹17.3027
Corpus as on 31 Dec, 15 : ₹249.20 Crs.

Fund Performance

PERIOD	DATE	NAV	NAV Change
Last 3 Months	30-Sep-15	17.0488	0.85%
Last 6 Months	30-Jun-15	17.0323	0.95%
Last 1 Year	31-Dec-14	16.5501	3.89%
Last 2 Years	31-Dec-13	13.5946	12.46%
Last 3 Years	31-Dec-12	12.7292	10.54%
Last 4 Years	30-Dec-11	10.6734	12.66%
Last 5 Years	31-Dec-10	12.4951	6.59%
Since Inception	10-Jun-09	10.0000	8.61%

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 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%.

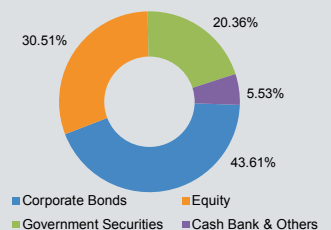
The highest NAV recorded on reset date : ₹16.3182
Corpus as on 31 Dec, 15 : ₹179.11 Crs.

Fund Performance

PERIOD	DATE	NAV	NAV Change
Last 3 Months	30-Sep-15	16.0693	0.82%
Last 6 Months	30-Jun-15	16.0623	0.86%
Last 1 Year	31-Dec-14	15.5480	4.20%
Last 2 Years	31-Dec-13	12.8047	12.48%
Last 3 Years	31-Dec-12	11.9075	10.81%
Last 4 Years	30-Dec-11	9.9237	13.04%
Last 5 Years	31-Dec-10	11.6579	6.80%
Since Inception	10-Nov-09	10.0000	8.17%

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 31st December 2015)

Equity Outlook

The month of December 2015 saw the benchmark index S&P BSE Sensex shed 0.11% while Nifty 50 gained 0.14%. The Mid-cap index, Nifty Mid-cap 100 gained 1.12% during the same period.

The FIIs were net buyers with inflows of around USD 35 mn in the month of December 2015 and the DIIs were net buyers to the tune of USD 1 bn with insurance companies net buyers to the tune of around USD 0.36 bn and domestic mutual funds, net buyers to the tune of USD 0.63 bn. FIIs have bought Indian equities to the tune of USD 3.1 bn in the calendar year 2015 even as the DIIs have been net buyers of around USD 10.4 bn in the same period, with insurance companies selling around USD 0.4 bn even as domestic mutual funds bought around USD 10.8 bn.

The third quarter FY 2016 earnings season is expected to see muted revenue growth even as the earnings growth should benefit from favourable base effect. While the oil refiners and the oil marketing companies are expected to post robust results there could be a drag from the global commodity producers. Overall, the companies making up the Sensex could post earnings growth to the tune of around 5.8% on a year on year basis, the highest in the last six quarters, though downside risks remain for these estimates.

The economy seems to be in a gradual recovery mode on the back of government capex and urban demand even as it is weighed down by rural consumption and private capex. The third quarter FY 2016 CMIE data on investment proposals to set up new capacities confirmed the subdued sentiment prevailing across corporate India with investment proposals at just ₹1.05 tn across 381 new projects, 74% lower than the third quarter FY 2015.

On the positive side, the UDAY scheme unveiled by the government to improve the health of the power sector gained traction as 15 states accounting for a lion's share of the distribution companies' losses expressed their intention to sign up for the scheme thus far. The contours of the UDAY scheme involve financial, operational and monitoring parameters with clear targets to improve the performance of the distribution companies.

In an effort to boost the "Make in India" initiative in the textile sector, the government announced an Amended Technology Upgradation Fund Scheme (ATUFS) aimed at attracting investments of ₹1tn to create over 3 mn jobs. The new scheme targets employment generation and export by encouraging the apparel, garment and technical textile industry. It also aims to improve the quality and thereby limit the need to import fabrics for the garment sector.

In the Bi-annual Financial Stability Report (FSR) of the RBI, it expressed caution regarding the deterioration in asset quality, lower capital adequacy and weakening profitability in the Indian banking sector over the last six months. The gross NPAs increased to 5.1% as of September 30th 2015 from 4.5% in March 31st 2015. On the regulatory front, the RBI has initiated talks with banks to create standardized NPA classification of accounts to improve transparency and increase the quality of disclosure.

In another significant move, the RBI released final guidelines for the marginal cost of funds methodology for the calculation of lending rate by banks which will be applicable on incremental loans beginning April 1st 2016 while existing loans will continue to be linked to the existing base rate until repayment or renewal. The guidelines are expected to bring more transparency and uniformity in calculation of lending rates and speed up the monetary transmission of repo rate reductions into the lending rates of the banks.

The improving Indian macro has not translated into a meaningful recovery in corporate earnings over the last twelve months. However, the government's efforts to deliver structural reforms as well as the favourable base effects in earnings could support an increase in the trajectory of corporate earnings growth, going forward. Further monetary transmission of repo rate reductions into the lending rates as well as a revival in urban consumption will be enablers for higher economic activity.

Given the improving macro economic backdrop, we believe that the equity market offers an attractive entry point for a long-term investor with a 3-5 year view.

Debt Outlook

Debt market in the month of December 2015 saw the benchmark 10 year Government security (G-sec) close the month at 7.76%, easing by 3 bps over the month. On the corporate bond side, the 10 year AAA corporate bond closed the month at around 8.34%, hardening by 4 bps over the month.

In December 2015, the Foreign Portfolio Investors (FPIs) were sellers of Indian debt to the extent of USD 0.6 bn, taking the overall purchase to USD 7.3 bn in CY2015.

The mid-year economic review indicated that the government was concerned regarding the demand conditions in the economy and hence highlighted the challenges to the fiscal consolidation path even as it explored the possibility of a balance in fiscal and monetary policies to increase demand while maintaining long term macroeconomic stability. The mid-year review also cautioned that large fiscal consolidation without commensurate lowering of borrowing cost could

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(Funds with AUM of more than ₹125 crores as on 31st December 2015)

lead to lower growth and questioned whether monetary policy targets should be more flexible given the state of private sector indebtedness and financial stability concerns. Given this assessment, though the government is committed to meeting the fiscal deficit target of 3.9% of GDP for FY 2016, the target of 3.5% for FY 2017 looks challenging and would be a key monitorable in the Union budget FY 2017.

Indian fixed income market has had a tepid CY 2015 with yields not responding adequately to the steep 125 bps reduction in the repo rate delivered by the RBI during course of the calendar year 2015. A host of factors such as the lingering overhang of the imminent hike in the rate by the US Federal Reserve (Fed), RBI's challenging target in the medium term for the glide path of retail CPI inflation as well as the large supply of G-secs through weekly auctions had weighed down the Indian fixed income markets. The change in policy stance by the Fed, though well anticipated, was expected to cause some volatility in the global financial markets but the actual hike by the Fed in its FOMC meet in December 2015 proved to be a non-event.

The RBI had expressed disappointment regarding the inadequate transmission of the cumulative reduction of 125 bps in the repo rate in CY 2015 into the lending rates. In an effort to facilitate monetary transmission, the RBI has finalized the methodology for determining the base rate of banks around the marginal cost of funds.

The G-sec market has seen yields in a tight range over the last month. The near term headwinds which limit the extent of easing in G-sec yields are risk of fiscal slippage in FY 2017 on the back of implementing the 7th Pay commission recommendations of higher wages and the elevated market borrowings of the state governments, which are expected to raise about ₹1 tn in the last quarter of the current fiscal.

The RBI's announcement of auction-based OMO buying for the first time in 22 months, the calibrated opening of the next tranche of FPI limits in G-secs and the issuance of the new 10 year G-sec in January 2016 could act as positive triggers for the fixed income market in the near term. Some market watchers expect the RBI to sustain its OMO purchases over the next few weeks and expect the government to open up more space for the RBI to nudge repo rate further by sticking to the fiscal deficit target of 3.5% in the Union budget FY 2017.

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