

Quick Glance - Funds Performance

(Funds with AUM of more than ₹125 crores as on 28th February 2013)

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



Saravana Kumar
Chief Investment Officer

Message from CIO's Desk

The month of February 2013 saw the benchmark indices; BSE Sensex and CNX Nifty shed around 5.19% and 5.66% respectively, even as the Mid-cap index, CNX Mid-cap lost 9.84% 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.

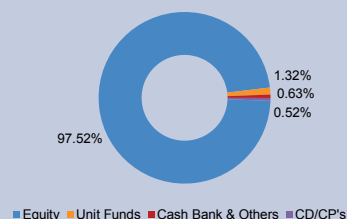
Fund Manager : Mr. Saravana Kumar
NAV as on 28 Feb, 13 : ₹32.7273
Benchmark : BSE Sensex - 100%
Corpus as on 28 Feb,13 : ₹2,429.66 Crs.

Fund Performance

PERIOD	DATE	NAV	BSE Sensex	NAV Change	INDEX Change
Last 6 Months	31-Aug-12	30.0375	17429.56	8.95%	8.22%
Last 1 Year	29-Feb-12	30.7411	17752.68	6.46%	6.25%
Last 2 Years	28-Feb-11	31.4267	17823.40	2.05%	2.87%
Last 3 Years	26-Feb-10	28.6775	16429.55	4.50%	4.71%
Last 4 Years	27-Feb-09	15.8140	8891.61	19.94%	20.68%
Last 5 Years	29-Feb-08	35.0350	17578.72	-1.35%	1.42%
Since Inception	02-Mar-04	10.0000	5823.17	14.08%	13.95%

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.

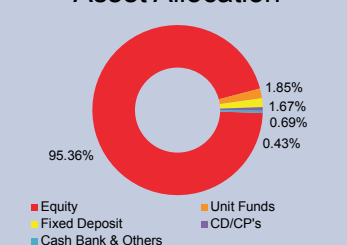
Fund Manager : Mr. Saravana Kumar
NAV as on 28 Feb, 13 : ₹14.7890
Benchmark : NSE CNX MIDCAP-100%
Corpus as on 28 Feb,13 : ₹1,794.42 Crs.

Fund Performance

PERIOD	DATE	NAV	NSE CNX MIDCAP	NAV Change	INDEX Change
Last 6 Months	31-Aug-12	13.5671	7065.85	9.01%	6.72%
Last 1 Year	29-Feb-12	13.3025	7705.60	11.17%	-2.14%
Last 2 Years	28-Feb-11	12.6396	7370.10	8.17%	1.15%
Last 3 Years	26-Feb-10	11.9147	7167.25	7.47%	1.71%
Last 4 Years	27-Feb-09	5.9040	3175.70	25.81%	24.13%
Last 5 Years	29-Feb-08	13.4000	7245.80	1.99%	0.80%
Since Inception	08-Jan-07	10.0000	5156.45	6.57%	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



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.

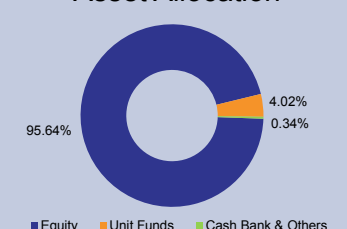
Fund Manager : Mr. Saravana Kumar
NAV as on 28 Feb, 13 : ₹11.4758
Benchmark : CNX Nifty-100%
Corpus as on 28 Feb,13 : ₹923.51 Crs.

Fund Performance

PERIOD	DATE	NAV	CNX Nifty	NAV Change	INDEX Change
Last 6 Months	31-Aug-12	10.5689	5258.50	8.58%	8.26%
Last 1 Year	29-Feb-12	10.6256	5385.20	8.00%	5.72%
Last 2 Years	28-Feb-11	10.5701	5333.25	4.20%	3.32%
Last 3 Years	26-Feb-10	9.5500	4922.30	6.31%	4.97%
Last 4 Years	27-Feb-09	5.3580	2763.65	20.97%	19.80%
Last 5 Years	29-Feb-08	9.9850	5223.50	2.82%	1.74%
Since Inception	07-Jan-08	10.0000	6279.10	2.71%	-1.89%

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.

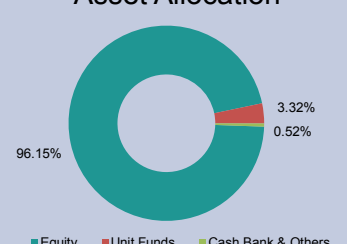
Fund Manager : Mr. Saravana Kumar
NAV as on 28 Feb, 13 : ₹12.7653
Benchmark : CNX Nifty-100%
Corpus as on 28 Feb,13 : ₹223.32 Crs.

Fund Performance

PERIOD	DATE	NAV	CNX Nifty	NAV Change	INDEX Change
Last 6 Months	31-Aug-12	11.7238	5258.50	8.88%	8.26%
Last 1 Year	29-Feb-12	12.1062	5385.20	5.44%	5.72%
Last 2 Years	28-Feb-11	12.0873	5333.25	2.77%	3.32%
Last 3 Years	26-Feb-10	10.8289	4922.30	5.64%	4.97%
Last 4 Years	27-Feb-09	5.9690	2763.65	20.93%	19.80%
Last 5 Years	29-Feb-08	10.0470	5223.50	4.91%	1.74%
Since Inception	04-Feb-08	10.0000	5463.50	4.93%	0.81%

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



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.

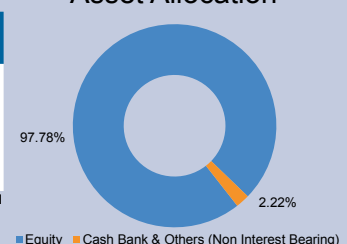
Fund Manager : Mr. Saravana Kumar
NAV as on 28 Feb, 13 : ₹18.5010
Benchmark : CNX India 500 Shariah Index - 100%
Corpus as on 28 Feb,13 : ₹208.51 Crs.

Fund Performance

PERIOD	DATE	NAV	CNX India 500 Shariah Index	NAV Change	INDEX Change
Last 6 Months	31-Aug-12	17.5326	1248.38	5.52%	6.43%
Last 1 Year	29-Feb-12	17.2317	1273.24	7.37%	4.35%
Last 2 Years	28-Feb-11	16.7812	1241.55	5.00%	3.45%
Last 3 Years	26-Feb-10	15.3632	1206.40	6.39%	3.27%
Last 4 Years	27-Feb-09	9.8440	626.44	17.09%	20.68%
Since Inception	06-Oct-08	10.0000	844.46	15.01%	10.85%

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 28th February 2013)

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

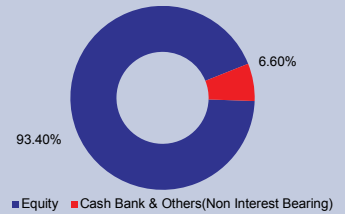
Fund Manager : Mr. Saravana Kumar
NAV as on 28 Feb, 13 : ₹12.0303
Benchmark : CNX India 500 Shariah Index - 100%
Corpus as on 28 Feb,13 : ₹504.79 Crs.

Fund Performance

PERIOD	DATE	NAV	CNX India 500 Shariah Index	NAV Change	INDEX Change
Last 6 Months	31-Aug-12	11.4233	1248.38	5.31%	6.43%
Last 1 Year	29-Feb-12	11.3377	1273.24	6.11%	4.35%
Last 2 Years	28-Feb-11	11.0033	1241.55	4.56%	3.45%
Last 3 Years	26-Feb-10	10.0827	1206.40	6.06%	3.27%
Since Inception	16-Oct-09	10.0000	1217.76	5.63%	2.62%

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.

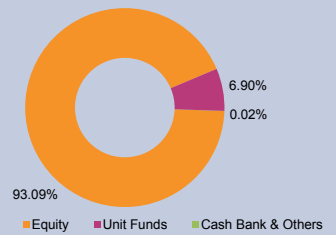
Fund Manager : Mr. Saravana Kumar
NAV as on 28 Feb, 13 : ₹19.2303
Benchmark : BSE 200 - 100%
Corpus as on 28 Feb,13 : ₹152.23 Crs.

Fund Performance

PERIOD	DATE	NAV	BSE 200	NAV Change	INDEX Change
Last 6 Months	31-Aug-12	17.7537	2124.06	8.32%	8.66%
Last 1 Year	29-Feb-12	18.2338	2190.92	5.47%	5.34%
Last 2 Years	28-Feb-11	17.9969	2185.86	3.37%	2.76%
Last 3 Years	26-Feb-10	16.5508	2071.72	5.13%	3.67%
Last 4 Years	27-Feb-09	9.9600	1044.94	17.88%	21.91%
Since Inception	12-Jan-09	10.0000	1091.37	17.15%	19.87%

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.

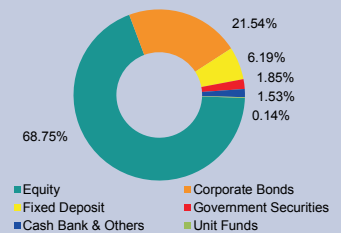
Fund Manager : Mr. Saravana Kumar
NAV as on 28 Feb, 13 : ₹16.6187
Benchmark : BSE Sensex - 65%, CRISIL Composite Bond Index - 35%
Corpus as on 28 Feb,13 : ₹283.01 Crs.

Fund Performance

PERIOD	DATE	NAV	NAV Change	INDEX Change
Last 6 Months	31-Aug-12	15.4886	7.30%	7.01%
Last 1 Year	29-Feb-12	15.6681	6.07%	7.22%
Last 2 Years	28-Feb-11	15.3352	4.10%	4.90%
Last 3 Years	26-Feb-10	14.2889	5.16%	5.66%
Last 4 Years	27-Feb-09	9.4600	15.13%	15.76%
Last 5 Years	29-Feb-08	14.2920	3.06%	3.31%
Since Inception	01-Jul-06	10.0000	7.91%	8.22%

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.

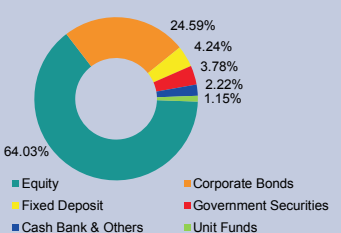
Fund Manager : Mr. Saravana Kumar
NAV as on 28 Feb, 13 : ₹15.9356
Benchmark : Nifty - 65%, CRISIL Composite Bond Index -35%
Corpus as on 28 Feb,13 : ₹377.88 Crs.

Fund Performance

PERIOD	DATE	NAV	NAV Change	INDEX Change
Last 6 Months	31-Aug-12	14.7335	8.16%	7.04%
Last 1 Year	29-Feb-12	14.7250	8.22%	6.88%
Last 2 Years	28-Feb-11	14.2406	5.78%	5.19%
Last 3 Years	26-Feb-10	13.0083	7.00%	5.83%
Last 4 Years	27-Feb-09	8.7570	16.15%	15.19%
Last 5 Years	29-Feb-08	12.3710	5.19%	3.52%
Since Inception	08-Jan-07	10.0000	7.88%	6.43%

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



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

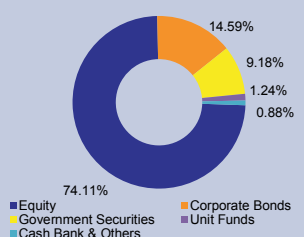
Fund Manager : Mr. Saravana Kumar
NAV as on 28 Feb, 13 : ₹26.2234
Benchmark : BSE Sensex - 65%, CRISIL Composite Bond Index - 35%
Corpus as on 28 Feb,13 : ₹134.32 Crs.

Fund Performance

PERIOD	DATE	NAV	NAV Change	INDEX Change
Last 6 Months	31-Aug-12	24.2559	8.11%	7.01%
Last 1 Year	29-Feb-12	24.5013	7.03%	7.22%
Last 2 Years	28-Feb-11	24.3375	3.80%	4.90%
Last 3 Years	26-Feb-10	22.8745	4.66%	5.66%
Last 4 Years	27-Feb-09	15.5620	13.93%	15.76%
Last 5 Years	29-Feb-08	25.2050	0.80%	3.31%
Since Inception	02-Mar-04	10.0000	11.31%	11.03%

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



Quick Glance - Funds Performance

(Funds with AUM of more than ₹125 crores as on 28th February 2013)

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.

Fund Manager : Mr. Saravana Kumar

NAV as on 28 Feb, 13 : ₹15.4282

Benchmark : CRISIL Composite Bond Index -100%

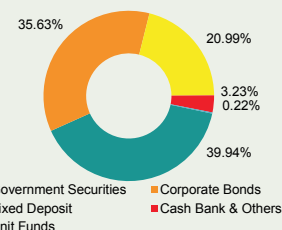
Corpus as on 28 Feb, 13 : ₹213.35 Crs.

Fund Performance

PERIOD	DATE	NAV	Crisil Composite Bond Fund Index	NAV Change	INDEX Change
Last 6 Months	31-Aug-12	14.5966	1862.92	5.70%	4.78%
Last 1 Year	29-Feb-12	13.9581	1790.26	10.53%	9.03%
Last 2 Years	28-Feb-11	12.7038	1653.11	10.20%	8.66%
Last 3 Years	26-Feb-10	12.0326	1574.18	8.64%	7.43%
Last 4 Years	27-Feb-09	11.2700	1510.38	8.17%	6.62%
Last 5 Years	29-Feb-08	10.2250	1402.41	8.58%	6.84%
Since Inception	08-Jan-07	10.0000	1298.79	7.31%	6.85%

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%.

Fund Manager : Mr. Saravana Kumar

The highest NAV recorded on reset date : ₹12.8737

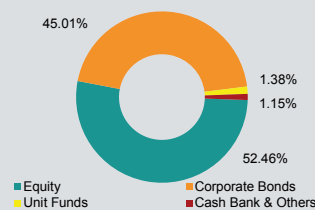
Corpus as on 28 Feb, 13 : ₹341.42 Crs.

Fund Performance

PERIOD	DATE	NAV	NAV Change
Last 6 Months	31-Aug-12	11.7482	7.01%
Last 1 Year	29-Feb-12	11.6543	7.87%
Last 2 Years	28-Feb-11	11.4049	4.99%
Last 3 Years	26-Feb-10	10.6042	5.84%
Since Inception	10-Jun-09	10.0000	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



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%.

Fund Manager : Mr. Saravana Kumar

The highest NAV recorded on reset date : ₹12.0340

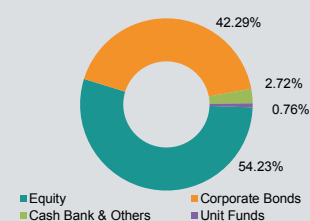
Corpus as on 28 Feb, 13 : ₹236.49 Crs.

Fund Performance

PERIOD	DATE	NAV	NAV Change
Last 6 Months	31-Aug-12	10.9687	7.38%
Last 1 Year	29-Feb-12	10.8726	8.33%
Last 2 Years	28-Feb-11	10.6464	5.18%
Last 3 Years	26-Feb-10	9.8489	6.14%
Since Inception	10-Nov-09	10.0000	5.08%

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 February 2013 saw the benchmark indices; BSE Sensex and CNX Nifty shed around 5.19% and 5.66% respectively, even as the Mid-cap index, CNX Mid-cap lost 9.84% during the same period.

FII's were net buyers with net inflow of around USD 4.5 billion in February 2013 even as the DII's were net sellers to the tune of around USD 1.6 billion, with domestic mutual funds net sellers of around USD 0.2 billion and Insurance companies net sellers of around USD 1.4 billion over the month. In the first two months of the calendar year 2013, the FIIs have been net buyers to the tune of USD 8.6 billion with the DIIs net sellers to the tune of USD 4.8 billion, Insurance Companies and mutual funds selling Indian equities to the tune of USD 3.7 billion and USD 1.1 billion respectively.

Consensus earnings estimates for the broad market (MSCI India) were cut by 0.7% and 0.5% for FY13 (E) and FY14 (E) over the month. The street now estimates earnings growth of 11% and 15% for FY2013 (E) and FY2014 (E) respectively.

The Finance minister (FM) delivered the Indian Union Budget in the backdrop of a slowing global economy with India, despite a sharp moderation in growth, still the third fastest growing economy among large countries, after China and Indonesia.

The Fiscal deficit for the fiscal FY 2013 has been pegged at 5.2% and could be reined in at 4.8% in FY 2014. Marginal increase in taxes for cigarettes, SUVs and the surcharge on the incomes of the super rich was largely in line with expectations. The increase in surcharge on corporate profits will impact the corporate earnings growth by about 1-2%.

In the Union budget, the FM stressed the need for new and innovative instruments to mobilize funds for investment in infrastructure. The FM assured that the Cabinet committee on investment (CCI) would speed up decision making on key large ticket infrastructure projects with decisions already taken in gas, power and coal projects. In a bid to kick start the stalled capex cycle, the FM stated that the companies investing ₹ 100 crore (USD 18.5 million) or more in plant and machinery during the period 01.04.2013 to 31.03.2015 will be entitled to deduct an investment allowance of 15% of the investment. There were some initiatives around constructing two new smart industrial cities, providing more funds for Delhi Mumbai Industrial Corridor (DMIC), two major ports in West Bengal and Andhra Pradesh as well as creating a PPP policy framework on reducing dependency on imported coal.

FM elaborated specific initiatives for the growth of the Micro, Small and Medium Enterprises (MSME) and extended the benefits enjoyed by them to three years after they grow out of the category. The FM extended the Technology up gradation fund scheme (TUFS) in the 12th Five year plan with an investment target of ₹ 1,51,000 crores (USD 28 billion). FM provided an allocation of ₹ 14,000 crores (USD 2.6 billion) to the PSU bank recapitalization in line with Basel III regulations in the fiscal 2013-14.

Quick Glance - Funds Performance

(Funds with AUM of more than ₹125 crores as on 28th February 2013)

The FM set aside a sum of ₹ 9,000 crore (USD 1.6 billion) towards the first installment of the balance of CST compensation provided in the budget and expected the work on draft GST Constitutional amendment bill and GST law to be taken forward.

The Railway budget announced a 5-6% rail freight hike and carried the reforms forward by introducing fuel adjusted component (FAC)-linked revision in freight tariff.

The RBI has released final guidelines for issuing new bank licenses without specifically excluding any segment of the corporate but indicated that promoters whose business activities are subject to high asset price volatility or those which are speculative in nature will not be considered as "fit and proper. The RBI has kept subjectivity in cases like diversified ownership, professional management, feedback from regulators, and assessment of business plan with regard to financial inclusion.

After eight months of contraction, exports growth turned positive in January with growth of 0.8%. However, the export growth failed to lower the trade deficit as it continued to remain wide at USD 20 billion in January. Exports in January were at USD 25.6 billion while imports grew 6.1% to USD 45.5 billion.

Oil marketing companies have announced a second diesel price hike of INR0.45/ltr (within a month of first price hike). This announcement is a positive and allays to some extent, investor concerns on the likelihood of regular price hikes.

The market offers the comfort of reasonable valuations at around 14 times one year forward price earnings. We believe that the Indian equities offer an attractive entry point for a long term investor with a 3-5 year view

Debt Outlook

February 2013 saw the benchmark 10 year Government security (G-sec) rally by 4 bps to close the month at 7.87% levels.

February 2013 saw the G-sec market rallying for most of the month due to a better than expected January WPI inflation print and muted net supply in the G-secs due to Open market operations (OMOs) and a cancellation of auction. though it hardened towards the end of the month post the Union Budget for FY 2013-14 .The yields of the 30 year G-sec over the 10 year Gsec expanded to around 25 bps in February 2013 as against the 20 bps, seen in the prior month.

The corporate bond hardened during the month of February on the back of large supply, to close the month at around the 8.90% levels in the 5-10 year bonds, 15 bps higher than the January levels of 8.75%.As a consequence, the corporate bond spread over the benchmark 10 year G-sec stood at around 85 Bps in February 2013, 15 bps higher than the January 2013 bond spread of 70 Bps.

On the liquidity front, the Liquidity Adjustment Facility - LAF continued to be the primary mode of liquidity injection, maintaining a shortfall of over ₹ 1 trillion (USD 18.5 billion) levels for most of the month, largely due to the increase in government balances which was estimated at around 1 trillion (USD 18.5 billion) due to reduced government spending, as well as muted deposit growth in the banking system, thereby necessitating the RBI to shore up the liquidity through the Open Market Operations (OMOs). The Government cancelled the last bond auction of ₹ 12,000 crores (USD2.2 billion) for FY2013, scheduled on February 22nd 2013, after reviewing its cash position and funding requirements.

In the Union budget, the FM stressed the need for new and innovative instruments to mobilize funds for investment in infrastructure and pegged the mobilization from infrastructure tax-free bonds at ₹ 50,000 crores(USD 9.2 billion) in FY 2013-14. He raised the corpus of Rural infrastructure development fund (RIDF) to ₹ 20,000 crores (USD 3.7 billion) and provided ₹ 5,000 crores (USD925 million) to NABARD for financing warehouses.

The FM delivered the fiscal deficit for FY 2013 at 5.2% and attempted to rein in the fiscal deficit at 4.8% in FY 2014 by estimating ₹ 54,000 crore (USD 10 billion) from the divestment programme and capping the oil subsidy at ₹ 65,000 crores (USD 12 billion). The Government expects the revenue buoyancy in the fiscal 2013-14 with taxation revenues growing at 19%, overall revenues 21% and expenditure 16%. This will result in the net borrowings to the tune of ₹ 4,84,000 crores (USD89 billion) and impart some pressure on the 10-year G-Sec yields.

The GDP growth for 3QFY13 came in at a near decade lows of 4.5% versus a consensus estimate of 4.9 %, showing persistent signs of slowdown. The muted GDP print could nudge the RBI in acting on interest rates sooner than later.

The rally in G-secs could sustain if the RBI continues favour the OMO route to offset liquidity pressures, broadly seen prevailing in the system till March 2013. The RBIs policy response in the Mid quarter monetary policy review on March 19 2013 and their view on the Government's fiscal consolidation initiatives in the Union budget for FY 2013 would provide cues for the G-sec market in the medium term.

In the near term, the absence of G-sec supply through weekly auctions in March 2013 would keep the yields soft and the 10-year yield G-sec may trade in the range of 7.65-7.95%.

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