

# Quick Glance - Funds Performance

(Funds with AUM of more than ₹125 crores as on 28<sup>th</sup> February 2015)

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

## Investment Report

The month of February 2015 saw the benchmark index BSE Sensex and CNX Nifty gain a modest 0.61% and 1.06% respectively. The Mid-cap index, CNX Mid-cap shed 0.05% 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 28 Feb, 15** : ₹51.9168

**Benchmark** : S&P BSE Sensex - 100%

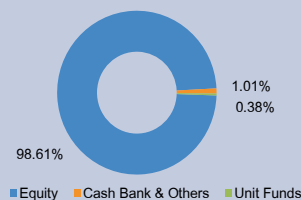
**Corpus as on 28 Feb, 15** : ₹1,971.43 Crs.

#### Fund Performance

PERIOD	DATE	NAV	S&P BSE Sensex	NAV Change	INDEX Change
Last 3 Months	28-Nov-14	50.4307	28693.99	2.95%	2.33%
Last 6 Months	28-Aug-14	47.0457	26638.11	10.35%	10.22%
Last 1 Year	28-Feb-14	37.2109	21120.12	39.52%	39.02%
Last 2 Years	28-Feb-13	32.7273	18861.54	25.95%	24.77%
Last 3 Years	29-Feb-12	30.7411	17752.68	19.09%	18.26%
Last 4 Years	28-Feb-11	31.4267	17823.40	13.37%	13.29%
Last 5 Years	26-Feb-10	28.6775	16429.55	12.60%	12.31%
Since Inception	02-Mar-04	10.0000	5823.17	16.15%	15.84%

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 28 Feb, 15** : ₹31.3820

**Benchmark** : NSE CNX MIDCAP-100%

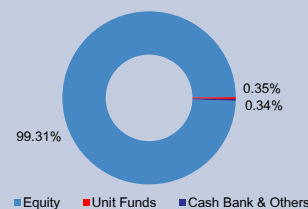
**Corpus as on 28 Feb, 15** : ₹2,171.13 Crs.

#### Fund Performance

PERIOD	DATE	NAV	NSE CNX MIDCAP	NAV Change	INDEX Change
Last 3 Months	28-Nov-14	28.1491	12389.25	11.48%	5.88%
Last 6 Months	28-Aug-14	24.1727	11114.05	29.82%	18.03%
Last 1 Year	28-Feb-14	16.8065	7805.25	86.73%	68.06%
Last 2 Years	28-Feb-13	14.7890	7540.35	45.67%	31.90%
Last 3 Years	29-Feb-12	13.3025	7705.60	33.12%	19.40%
Last 4 Years	28-Feb-11	12.6396	7370.10	25.53%	15.50%
Last 5 Years	26-Feb-10	11.9147	7167.25	21.37%	12.85%
Since Inception	08-Jan-07	10.0000	5156.45	15.07%	12.15%

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 28 Feb, 15** : ₹19.1285

**Benchmark** : CNX Nifty-100%

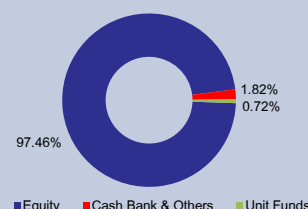
**Corpus as on 28 Feb, 15** : ₹1,029.38 Crs.

#### Fund Performance

PERIOD	DATE	NAV	CNX Nifty	NAV Change	INDEX Change
Last 3 Months	28-Nov-14	18.3245	8588.25	4.39%	3.65%
Last 6 Months	28-Aug-14	16.8905	7954.35	13.25%	11.91%
Last 1 Year	28-Feb-14	13.2557	6276.95	44.30%	41.82%
Last 2 Years	28-Feb-13	11.4758	5693.05	29.11%	25.05%
Last 3 Years	29-Feb-12	10.6256	5385.20	21.65%	18.24%
Last 4 Years	28-Feb-11	10.5701	5333.25	15.98%	13.66%
Last 5 Years	26-Feb-10	9.5500	4922.30	14.90%	12.58%
Since Inception	07-Jan-08	10.0000	6279.10	9.50%	5.00%

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 28 Feb, 15** : ₹21.1327

**Benchmark** : CNX Nifty-100%

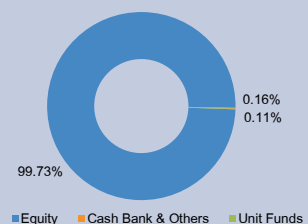
**Corpus as on 28 Feb, 15** : ₹203.92 Crs.

#### Fund Performance

PERIOD	DATE	NAV	CNX Nifty	NAV Change	INDEX Change
Last 3 Months	28-Nov-14	20.1024	8588.25	5.13%	3.65%
Last 6 Months	28-Aug-14	18.2948	7954.35	15.51%	11.91%
Last 1 Year	28-Feb-14	14.3139	6276.95	47.64%	41.82%
Last 2 Years	28-Feb-13	12.7653	5693.05	28.67%	25.05%
Last 3 Years	29-Feb-12	12.1062	5385.20	20.41%	18.24%
Last 4 Years	28-Feb-11	12.0873	5333.25	14.99%	13.66%
Last 5 Years	26-Feb-10	10.8289	4922.30	14.31%	12.58%
Since Inception	04-Feb-08	10.0000	5463.50	11.16%	7.15%

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 28<sup>th</sup> February 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 28 Feb, 15** : ₹33.4794

**Benchmark** : CNX India 500 Shariah Index - 100%

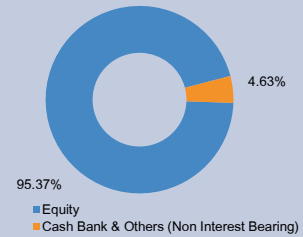
**Corpus as on 28 Feb, 15** : ₹204.25 Crs.

### Fund Performance

PERIOD	DATE	NAV	CNX India 500 Shariah Index	NAV Change	INDEX Change
Last 3 Months	28-Nov-14	31.3538	2111.49	6.78%	2.50%
Last 6 Months	28-Aug-14	28.5901	1944.65	17.10%	11.29%
Last 1 Year	28-Feb-14	21.5572	1538.85	55.30%	40.64%
Last 2 Years	28-Feb-13	18.5010	1328.61	34.52%	27.63%
Last 3 Years	29-Feb-12	17.2317	1273.24	24.78%	19.34%
Last 4 Years	28-Feb-11	16.7812	1241.55	18.85%	14.90%
Last 5 Years	26-Feb-10	15.3632	1206.40	16.86%	12.40%
Since Inception	06-Oct-08	10.0000	844.46	20.78%	15.84%

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 28 Feb, 15** : ₹22.2377

**Benchmark** : CNX India 500 Shariah Index - 100%

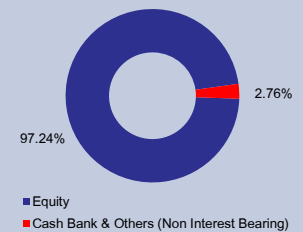
**Corpus as on 28 Feb, 15** : ₹930.25 Crs.

### Fund Performance

PERIOD	DATE	NAV	CNX India 500 Shariah Index	NAV Change	INDEX Change
Last 3 Months	28-Nov-14	20.7811	2111.49	7.01%	2.50%
Last 6 Months	28-Aug-14	18.8091	1944.65	18.23%	11.29%
Last 1 Year	28-Feb-14	14.0878	1538.85	57.85%	40.64%
Last 2 Years	28-Feb-13	12.0303	1328.61	35.96%	27.63%
Last 3 Years	29-Feb-12	11.3377	1273.24	25.18%	19.34%
Last 4 Years	28-Feb-11	11.0033	1241.55	19.23%	14.90%
Last 5 Years	26-Feb-10	10.0827	1206.40	17.14%	12.40%
Since Inception	16-Oct-09	10.0000	1217.76	16.04%	11.30%

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 28 Feb, 15** : ₹33.5159

**Benchmark** : S&P BSE 200 - 100%

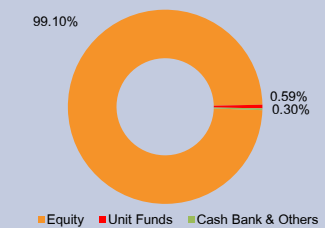
**Corpus as on 28 Feb, 15** : ₹215.46 Crs.

### Fund Performance

PERIOD	DATE	NAV	S&P BSE 200	NAV Change	INDEX Change
Last 3 Months	28-Nov-14	31.5802	3510.28	6.13%	4.68%
Last 6 Months	28-Aug-14	28.4015	3233.65	18.01%	13.63%
Last 1 Year	28-Feb-14	21.5312	2494.74	55.66%	47.29%
Last 2 Years	28-Feb-13	19.2303	2307.98	32.02%	26.18%
Last 3 Years	29-Feb-12	18.2338	2190.92	22.50%	18.81%
Last 4 Years	28-Feb-11	17.9969	2185.86	16.82%	13.87%
Last 5 Years	26-Feb-10	16.5508	2071.72	15.16%	12.14%
Since Inception	12-Jan-09	10.0000	1091.37	21.80%	21.90%

Note : The investment income and prices may go down as well as up. "Since Inception" and returns above "1 Year" are calculated as per CAGR.

### Asset Allocation



## Balanced Funds

## 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 28 Feb, 15** : ₹24.7183

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

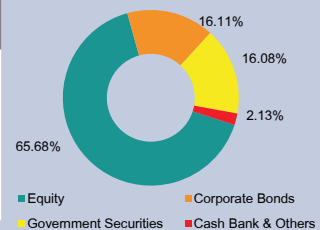
**Corpus as on 28 Feb, 15** : ₹209.14 Crs.

### Fund Performance

PERIOD	DATE	NAV	NAV Change	INDEX Change
Last 3 Months	28-Nov-14	23.9564	3.18%	2.69%
Last 6 Months	28-Aug-14	22.1274	11.71%	9.58%
Last 1 Year	28-Feb-14	17.8562	38.43%	30.80%
Last 2 Years	28-Feb-13	16.6187	21.96%	19.34%
Last 3 Years	29-Feb-12	15.6681	16.41%	15.08%
Last 4 Years	28-Feb-11	15.3352	12.68%	11.78%
Last 5 Years	26-Feb-10	14.2889	11.58%	10.86%
Since Inception	01-Jul-06	10.0000	11.00%	10.67%

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 28 Feb, 15** : ₹24.6033

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

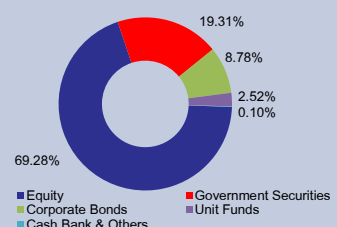
**Corpus as on 28 Feb, 15** : ₹420.41 Crs.

### Fund Performance

PERIOD	DATE	NAV	NAV Change	INDEX Change
Last 3 Months	28-Nov-14	23.4617	4.87%	3.55%
Last 6 Months	28-Aug-14	21.6215	13.79%	10.68%
Last 1 Year	28-Feb-14	17.4236	41.21%	32.62%
Last 2 Years	28-Feb-13	15.9356	24.25%	19.52%
Last 3 Years	29-Feb-12	14.7250	18.66%	15.07%
Last 4 Years	28-Feb-11	14.2406	14.65%	12.02%
Last 5 Years	26-Feb-10	13.0083	13.59%	11.03%
Since Inception	08-Jan-07	10.0000	11.69%	9.46%

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 28<sup>th</sup> February 2015)

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

Fund Details		Fund Performance				Asset Allocation
<b>Investment Objective</b>	: The primary investment objective of the fund is to maximize the returns with medium to high risk.	<b>PERIOD</b>	<b>DATE</b>	<b>NAV</b>	<b>NAV Change</b>	<b>INDEX Change</b>
<b>NAV as on 28 Feb, 15</b>	: ₹39.1812	Last 3 Months	28-Nov-14	37.4518	4.62%	2.69%
<b>Benchmark</b>	: S&P BSE Sensex - 65%, CRISIL Composite Bond Index - 35%	Last 6 Months	28-Aug-14	34.8004	12.59%	9.58%
<b>Corpus as on 28 Feb, 15</b>	: ₹145.05 Crs.	Last 1 Year	28-Feb-14	28.4971	37.49%	30.80%
		Last 2 Years	28-Feb-13	26.2234	22.23%	19.34%
		Last 3 Years	29-Feb-12	24.5013	16.94%	15.08%
		Last 4 Years	28-Feb-11	24.3375	12.64%	11.78%
		Last 5 Years	26-Feb-10	22.8745	11.36%	10.86%
		Since Inception	02-Mar-04	10.0000	13.22%	12.49%

**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.

## Fixed Income Funds

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

Fund Details		Fund Performance				Asset Allocation	
<b>Investment Objective</b>	: The primary investment objective of the Fund is to generate income through investing in a range of debt and money market instruments of various maturities with a view to 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.	<b>PERIOD</b>	<b>DATE</b>	<b>NAV</b>	<b>Crisil Composite Bond Fund Index</b>	<b>NAV Change</b>	<b>INDEX Change</b>
<b>NAV as on 28 Feb, 15</b>	: ₹18.7641	Last 3 Months	28-Nov-14	17.9714	2254.22	4.41%	3.37%
<b>Benchmark</b>	: CRISIL Composite Bond Index -100%	Last 6 Months	28-Aug-14	17.0333	2149.84	10.16%	8.39%
<b>Corpus as on 28 Feb, 15</b>	: ₹247.84 Crs.	Last 1 Year	28-Feb-14	16.0341	2016.87	17.03%	15.54%
		Last 2 Years	28-Feb-13	15.4282	1951.91	10.28%	9.26%
		Last 3 Years	29-Feb-12	13.9581	1790.26	10.37%	9.19%
		Last 4 Years	28-Feb-11	12.7038	1653.11	10.24%	8.96%
		Last 5 Years	26-Feb-10	12.0326	1574.18	9.29%	8.16%
		Since Inception	08-Jan-07	10.0000	1298.79	8.03%	7.44%

**Note:** The investment income and prices may go down as well as up. "Since Inception" and returns above "1 Year" are calculated as per CAGR.

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

Fund Details		Fund Performance				Asset Allocation	
<b>Investment Objective</b>	: The primary investment objective of the Fund is to generate stable returns by investing in fixed income securities having shorter maturity periods. Under normal circumstances, the average maturity of the Fund may be in the range of 1-3 years.	<b>PERIOD</b>	<b>DATE</b>	<b>NAV</b>	<b>Crisil Short Term Bond Index</b>	<b>NAV Change</b>	<b>INDEX Change</b>
<b>NAV as on 28 Feb, 15</b>	: ₹18.0825	Last 3 Months	28-Nov-14	17.6731	2357.70	2.32%	2.33%
<b>Benchmark</b>	: CRISIL Short Term Bond Index -100%	Last 6 Months	28-Aug-14	17.2107	2291.16	5.07%	5.30%
<b>Corpus as on 28 Feb, 15</b>	: ₹133.74 Crs.	Last 1 Year	28-Feb-14	16.4387	2179.98	10.00%	10.67%
		Last 2 Years	28-Feb-13	15.1928	2009.60	9.10%	9.57%
		Last 3 Years	29-Feb-12	13.8760	1847.91	9.23%	9.30%
		Last 4 Years	28-Feb-11	12.7181	1701.47	9.20%	9.12%
		Last 5 Years	26-Feb-10	12.1254	1621.98	8.32%	8.27%
		Since Inception	08-Jan-07	10.0000	1281.09	7.54%	8.08%

**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.

## 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, overtime. 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
<b>Investment Objective</b>	: 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%.	<b>PERIOD</b>	<b>DATE</b>	<b>NAV</b>	<b>NAV Change</b>	
<b>The highest NAV recorded on reset date</b>	: ₹16.9108	Last 3 Months	28-Nov-14	16.7835	2.59%	
<b>Corpus as on 28 Feb, 15</b>	: ₹291.84 Crs.	Last 6 Months	28-Aug-14	15.8288	8.78%	
		Last 1 Year	28-Feb-14	13.6912	25.76%	
		Last 2 Years	28-Feb-13	12.5713	17.03%	
		Last 3 Years	29-Feb-12	11.6543	13.89%	
		Last 4 Years	28-Feb-11	11.4049	10.85%	
		Last 5 Years	26-Feb-10	10.6042	10.18%	
		Since Inception	10-Jun-09	10.0000	9.96%	

**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.

# Quick Glance - Funds Performance

(Funds with AUM of more than ₹125 crores as on 28<sup>th</sup> February 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** : ₹15.9040

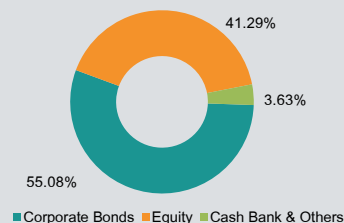
**Corpus as on 28 Feb, 15** : ₹210.42 Crs.

### Fund Performance

PERIOD	DATE	NAV	NAV Change
Last 3 Months	28-Nov-14	15.8197	2.39%
Last 6 Months	28-Aug-14	14.9470	8.37%
Last 1 Year	28-Feb-14	12.9411	25.16%
Last 2 Years	28-Feb-13	11.7780	17.27%
Last 3 Years	29-Feb-12	10.8726	14.21%
Last 4 Years	28-Feb-11	10.6464	11.06%
Last 5 Years	26-Feb-10	9.8489	10.46%
Since Inception	10-Nov-09	10.0000	9.52%

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** : ₹15.7139

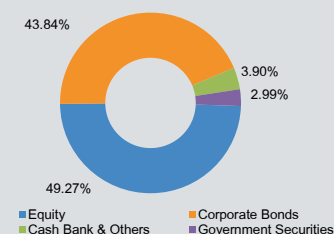
**Corpus as on 28 Feb, 15** : ₹155.77 Crs.

### Fund Performance

PERIOD	DATE	NAV	NAV Change
Last 3 Months	28-Nov-14	15.5190	3.42%
Last 6 Months	28-Aug-14	14.5828	10.06%
Last 1 Year	28-Feb-14	12.4599	28.82%
Last 2 Years	28-Feb-13	11.3510	18.91%
Last 3 Years	29-Feb-12	10.5740	14.93%
Last 4 Years	28-Feb-11	10.3742	11.53%
Since Inception	10-May-10	10.0000	10.34%

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 Pension 10 Return Lock-in Fund (ULIF 043 20/01/10 PR2 110)

### Fund Details

**Investment Objective** : The investment objective for Apex Pension 10 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** : ₹15.7515

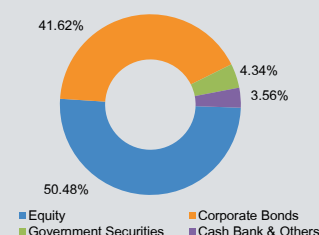
**Corpus as on 28 Feb, 15** : ₹136.93 Crs.

### Fund Performance

PERIOD	DATE	NAV	NAV Change
Last 3 Months	28-Nov-14	15.5907	3.25%
Last 6 Months	28-Aug-14	14.6350	9.99%
Last 1 Year	28-Feb-14	12.4006	29.81%
Last 2 Years	28-Feb-13	11.3041	19.33%
Last 3 Years	29-Feb-12	10.5166	15.24%
Last 4 Years	28-Feb-11	10.3581	11.65%
Since Inception	10-May-10	10.0000	10.41%

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 2015 saw the benchmark index BSE Sensex and CNX Nifty gain a modest 0.61% and 1.06% respectively. The Mid-cap index, CNX Mid-cap shed 0.05% during the same period.

FII's were net buyers with inflows of around USD 1.1 bn in the month of February 2015 and the DIIs were net buyers to the tune of around USD 0.4 bn, with insurance companies' net sellers of around USD 0.15 bn and domestic mutual funds, net buyers to the extent of around USD 0.54 bn over the same period. FIIs have bought Indian equities to the tune of USD 4 bn in the first two months of the calendar year even as the DIIs have been net sellers of around USD 0.9 bn in the same period, with insurance companies selling around USD 1.6 bn even as domestic mutual funds bought around USD 0.7 bn.

The third quarter FY 2015 earnings season has been subpar with the improving macro situation not flowing through into corporate earnings. The results largely signaled weak revenue growth and the continued asset quality pressures in the financial system. Aggregate PAT of companies making up the BSE Sensex contracted 0.7% year on year even as aggregate Sensex EBITDA margins missed market estimates to remain flat on a year on year basis. Companies linked to consumption and exports fared relatively better even as revenue growth for domestic investment linked sectors and commodity sectors remained weak.

The Union budget provided a much needed boost to the infrastructure sector through robust allocation, predominantly to the railways and roads and provided a roadmap for higher spending in the power sector, especially in renewable energy. The roads sector saw the outlay in the budget increasing by 54% year on year in FY 2016. The Railway budget outlined a 5-year plan targeting aggressive investments of ₹8.5tn. The plan outlay for FY2016 has been budgeted at ₹1.0 tn, 52% higher than the outlay for FY2015 revised estimates.

The capex cycle is expected to be driven by state owned companies with the government augmenting fund availability by announcing setting up of the National Investment and Infrastructure Fund (NIIF), which will leverage an annual ₹200bn contribution for investments in infra projects. In addition, tax-free infrastructure bonds for projects in the rail, road and irrigation sectors have also been introduced.

There were a slew of proposals to boost sentiment by easing policy bottlenecks and promoting a positive investment climate. In an effort to address the issue of non-performing loans, the government proposed to create a new bankruptcy law to replace the Sick Industrial Companies Act and the Board for Industrial and Financial Reconstruction.

In a welcome move, the finance ministry deferred the applicability of General Anti Avoidance Rule (GAAR) by two years and clarified that when implemented, GAAR would apply prospectively to investments made on or after April 2017.

In the Union budget, the finance minister announced key changes in the tax laws governing Real Estate Investment Trusts (REITs) in India which include exemption of capital gains tax on listing of REIT units by the sponsor, and pass through status for rental income arising to the REIT from property directly held by it.

The Union budget proposed to introduce a gold monetization scheme to bring in efficiency in gold consumption, encourage a shift from physical to financial assets as well as moderate gold imports. The government seeks to facilitate the Indian households in monetizing its large gold holdings estimated at 20,000 tons.

# Quick Glance - Funds Performance

(Funds with AUM of more than ₹125 crores as on 28<sup>th</sup> February 2015)

The first round of coal block bidding has been completed for 18 mines and the state governments are expected to get revenues of ₹ 1.1tn over the next 30 years. The aggressive bidding in the first round of auctions for coal mines clearly indicates that the companies have given priority to long-term coal supply over near term pricing issues.

The announcements in the Union budget to kick start public spend; simplify tax laws as well as improve the investment climate have been well received by the global investors. Focus now shifts to the legislative agenda of the government, especially the important economic bills which need to be passed in the budget session of the parliament. A productive budget session could act as a near term catalyst to sustain the investor sentiment.

Going forward, the transmission of rate cuts by the banks will be a positive for domestic consumption as well as a tailwind for corporate earnings. We believe that the equity markets continue to offer comfort of reasonable valuations for a long-term investor with a 3-5 year view.

## Debt Outlook

Debt market in the month of February 2015 saw the 10 year Government security (G-sec) close the month at 7.72% levels, hardening by 3 bps from the January levels. The muted performance of the benchmark 10 year G-sec did not reflect the positive sentiments seen in the G-sec market over the month of February as the market was in anticipation of the issuance of the new 10 year government security. On the corporate bond side, the 10 year AAA corporate bonds closed the month at around 8.27% levels, hardening by 3 bps over the month. The foreign portfolio investors (FPIs) have bought Indian debt to the tune of USD 1.7 bn in the month of February 2015 taking the cumulative purchase to around USD 5.5 bn in the first two months of the calendar year 2015.

In a landmark event expected to shape the Indian fixed income market in the long term, the RBI and the government have finalized the monetary policy framework, where the CPI inflation target has been set at 4% (+/-) 2% for FY2017 and beyond after aiming to bring inflation below 6% by January 2016. The RBI, every six months, shall publish documents explaining the sources of inflation and the inflation forecasts for a period of 6-18 months from publication of the document. The framework details that the RBI will have failed to meet the inflation target either if inflation is more than 6%, or if inflation is less than 2% for three consecutive quarters in FY2016 and subsequent years. The framework mandates the RBI to report to the central government the reasons for failure to achieve target, remedial action proposed to be taken by the RBI and estimate of time period within which the target would be achieved pursuant to timely implementation of the proposed remedial actions if the RBI fails to meet the inflation target.

The government has expressed its intention to amend the RBI Act, in order to provide for a Monetary Policy Committee to formalize inflation targeting. In addition, it announced the creation of a public debt management agency, bringing external and domestic borrowings under one roof for better coordination. The government's net borrowing in FY 2016 is estimated at ₹ 4,564 bn, around FY 2015 levels.

The pro-growth budget committed to high quality fiscal consolidation over the next three years is expected to form a backdrop for sustained easing in interest rates over the next fiscal. The RBI has nudged the repo rate downwards by 25 bps to 7.5% by acting outside the policy review cycle in response to the quality of the fiscal consolidation in the Union budget.

The RBI stated that the need to act outside the policy review cycle was prompted by two factors: First, while the next bi-monthly policy statement would be issued on April 7<sup>th</sup>, 2015 the still weak state of certain sectors of the economy as well as the global trend towards easing suggested that any policy action should be anticipatory once sufficient data support the policy stance. Second, with the release of the agreement on the monetary policy framework, it was appropriate for the RBI to offer guidance on how it will implement the mandate.

Going forward, the RBI will seek to bring the inflation rate to the mid-point of the band of 4 +/- 2 % provided for in the agreement, i.e., to 4% by the end of a two year period starting fiscal year 2016-17.

The guidance on policy action given in the fifth Bi-monthly monetary policy statement of December 2014 was kept largely unchanged. The RBI stated that further monetary actions will be conditioned by incoming data, especially on the easing of supply constraints, improved availability of key inputs such as power, land, minerals and infrastructure, continuing progress on high-quality fiscal consolidation, the pass through of past rate cuts into lending rates, the monsoon outturn and developments in the international environment.

The bond markets have reacted positively to the repo rate cut as well as the guidance from the RBI.

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