

# Quick Glance - Funds Performance

(Funds with AUM of more than ₹125 crores as on 30<sup>th</sup> June 2011)



A new look at life

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



**Saravana Kumar**  
Chief Investment Officer

## Message from CIO's Desk

June 2011 saw a recovery in the Indian equity markets as the benchmark indices, BSE Sensex and CNX Nifty gained 1.85% and 1.57% respectively. The Mid-cap stocks put in a more muted performance as the CNX Mid-cap index registered a decline of 1.16%. May 2011 WPI inflation came in at 9.06%, primarily on the back of soaring manufactured products inflation at 7.27%. In an effort to rein-in inflation, the RBI raised the repo rate under the liquidity adjustment facility (LAF) by 25 basis points from 7.25% to 7.5%. Following the increase in the repo rate, the reverse repo rate under the LAF stands automatically adjusted to 6.5% and the marginal standing facility (MSF) rate to 8.5%. The trajectory of global commodity prices, particularly crude oil and the progress of the monsoons in July, a crucial sowing month, could well determine the direction of the Indian markets in the near term. The Market valuations look reasonable for a long-term investor and present an attractive entry point from a 3-5 year perspective.

## Equity Funds

### Life Equity Fund

Fund Details		Fund Performance					Asset Allocation		
<b>Investment Objective</b>	: To deliver medium to long-term capital appreciation through a portfolio essentially comprising of large cap stocks that can perform well through market and economic cycles.	<b>PERIOD</b>	<b>DATE</b>	<b>NAV</b>	<b>BSE Sensex</b>	<b>NAV Change</b>	<b>INDEX Change</b>		
<b>Fund Manager</b>	: Mr. Saravana Kumar	Last 1 Month	31-May-11	32.94	18503.28	1.33%	1.85%		
<b>NAV as on 30 Jun, 11</b>	: ₹33.37	Last 3 Months	31-Mar-11	33.88	19445.22	-1.51%	-3.08%		
<b>Benchmark</b>	: BSE Sensex - 100%	Last 6 Months	31-Dec-10	36.21	20509.09	-7.83%	-8.11%		
<b>Corpus as on 30 Jun, 11</b>	: ₹3222.40 Crs.	Last 1 Year	30-Jun-10	31.39	17700.90	6.31%	6.47%		
		Last 3 Years	30-Jun-08	24.66	13461.60	10.61%	11.87%		
		Since Inception	2-Mar-04	10.00	5823.17	17.87%	17.37%		

Note: The investment income and prices may go down as well as up. "Since Inception" and "3-years" period returns are calculated as per CAGR.

### Whole Life Mid-Cap Equity Fund

Fund Details		Fund Performance					Asset Allocation		
<b>Investment Objective</b>	: The primary investment objective of the fund is to generate long-term capital appreciation from a portfolio that is invested pre-dominantly in Mid Cap Equity and Mid Cap Equity linked securities.	<b>PERIOD</b>	<b>DATE</b>	<b>NAV</b>	<b>NSE CNX Midcap Index</b>	<b>NAV Change</b>	<b>INDEX Change</b>		
<b>Fund Manager</b>	: Mr. Saravana Kumar	Last 1 Month	31-May-11	13.86	8064.80	-0.54%	-1.16%		
<b>NAV as on 30 Jun, 11</b>	: ₹13.79	Last 3 Months	31-Mar-11	13.63	8040.15	1.18%	-0.85%		
<b>Benchmark</b>	: NSE CNX Midcap Index - 100%	Last 6 Months	31-Dec-10	14.89	8857.20	-7.41%	-10.00%		
<b>Corpus as on 30 Jun, 11</b>	: ₹1571.43 Crs.	Last 1 Year	30-Jun-10	13.45	8130.85	2.51%	-1.96%		
		Last 3 Years	30-Jun-08	9.63	5238.85	12.71%	15.02%		
		Since Inception	8-Jan-07	10.00	5156.45	7.44%	10.22%		

Note: The investment income and prices may go down as well as up. "Since Inception" and "3-years" period returns are calculated as per CAGR.

### Life Large Cap Equity Fund

Fund Details		Fund Performance					Asset Allocation		
<b>Investment Objective</b>	: The primary investment objective of the fund is to generate long-term capital appreciation from a portfolio that is invested pre-dominantly in equity and equity linked securities.	<b>PERIOD</b>	<b>DATE</b>	<b>NAV</b>	<b>NSE Nifty 50 Index</b>	<b>NAV Change</b>	<b>INDEX Change</b>		
<b>Fund Manager</b>	: Mr. Saravana Kumar	Last 1 Month	31-May-11	11.08	5560.15	1.06%	1.57%		
<b>NAV as on 30 Jun, 11</b>	: ₹11.20	Last 3 Months	31-Mar-11	11.41	5833.75	-1.86%	-3.19%		
<b>Benchmark</b>	: NSE Nifty 50 Index - 100%	Last 6 Months	31-Dec-10	11.99	6134.50	-6.59%	-7.94%		
<b>Corpus as on 30 Jun, 11</b>	: ₹755.05 Crs.	Last 1 Year	30-Jun-10	10.41	5312.50	7.58%	6.30%		
		Last 3 Years	30-Jun-08	7.82	4040.55	12.71%	11.81%		
		Since Inception	7-Jan-08	10.00	6279.10	3.31%	-3.00%		

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

### Future Equity Pension Fund

Fund Details		Fund Performance					Asset Allocation		
<b>Investment Objective</b>	: The primary investment objective of the fund is to generate long-term capital appreciation from a portfolio that is invested pre-dominantly in equity and equity linked securities.	<b>PERIOD</b>	<b>DATE</b>	<b>NAV</b>	<b>NSE Nifty 50 Index</b>	<b>NAV Change</b>	<b>INDEX Change</b>		
<b>Fund Manager</b>	: Mr. Saravana Kumar	Last 1 Month	31-May-11	12.67	5560.15	1.23%	1.57%		
<b>NAV as on 30 Jun, 11</b>	: ₹12.83	Last 3 Months	31-Mar-11	13.03	5833.75	-1.56%	-3.19%		
<b>Benchmark</b>	: NSE Nifty 50 Index - 100%	Last 6 Months	31-Dec-10	13.79	6134.50	-6.96%	-7.94%		
<b>Corpus as on 30 Jun, 11</b>	: ₹222.59 Crs.	Last 1 Year	30-Jun-10	11.88	5312.50	8.02%	6.30%		
		Last 3 Years	30-Jun-08	8.73	4040.55	13.68%	11.81%		
		Since Inception	4-Feb-08	10.00	5463.50	7.59%	0.98%		

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

### Life Select Equity Fund

Fund Details		Fund Performance					Asset Allocation		
<b>Investment Objective</b>	: 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.	<b>PERIOD</b>	<b>DATE</b>	<b>NAV</b>	<b>S &amp; P India 500 Shariah Index</b>	<b>NAV Change</b>	<b>INDEX Change</b>		
<b>Fund Manager</b>	: Mr. Saravana Kumar	Last 1 Month	31-May-11	18.01	1300.79	0.90%	0.50%		
<b>NAV as on 30 Jun, 11</b>	: ₹18.17	Last 3 Months	31-Mar-11	17.96	1340.15	1.17%	-2.45%		
<b>Benchmark</b>	: S & P India 500 Shariah Index - 100%	Last 6 Months	31-Dec-10	19.07	1436.15	-4.73%	-8.98%		
<b>Corpus as on 30 Jun, 11</b>	: ₹161.22 Crs.	Last 1 Year	30-Jun-10	17.07	1308.04	6.44%	-0.06%		
		Since Inception	6-Oct-08	10.00	844.46	24.44%	17.35%		

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

# Quick Glance - Funds Performance

(Funds with AUM of more than ₹125 crores as on 30<sup>th</sup> June 2011)



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## Super Select Equity Fund

### Fund Details

**Investment Objective** : The primary investment objective of the fund is to provide income distribution over a period of medium to long term while at all times emphasizing the importance of capital appreciation. The fund will invest significant amount in equity and equity linked instruments specifically excluding companies predominantly dealing in Gambling, Lotteries/Contests, Animal Produce, Liquor, Tobacco, Entertainment (Films, TV etc) Hotels, Banks and Financial Institutions.

**Fund Manager** : Mr. Saravana Kumar

**NAV as on 30 Jun, 11** : ₹11.85

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

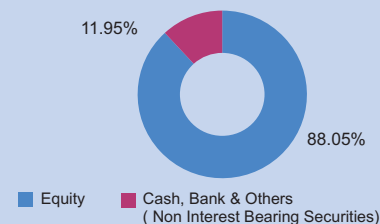
**Corpus as on 30 Jun, 11** : ₹267.59 Crs.

### Fund Performance

PERIOD	DATE	NAV	S & P India 500 Shariah Index	NAV Change	INDEX Change
Last 1 Month	31-May-11	11.73	1300.79	1.02%	0.50%
Last 3 Months	31-Mar-11	11.73	1340.15	0.98%	-2.45%
Last 6 Months	31-Dec-10	12.47	1436.15	-4.99%	-8.98%
Last 1 Year	30-Jun-10	11.06	1308.04	7.10%	-0.06%
Since Inception	16-Oct-09	10.00	1217.76	10.47%	4.25%

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

### Asset Allocation



## Life Aggressive Growth Fund

## Balanced Funds

### Fund Details

**Investment Objective** : To maximize the return while investing in mix of Equity & Fixed Income Investments. The fund will maintain a medium to high risk profile. The Equity investments will be in a range of 50% - 80% of the fund.

**Fund Manager** : Mr. Saravana Kumar

**NAV as on 30 Jun, 11** : ₹16.11

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

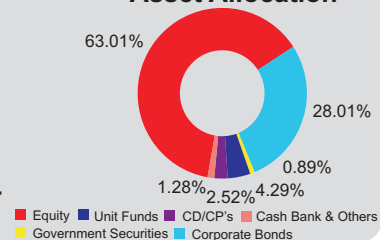
**Corpus as on 30 Jun, 11** : ₹328.31 Crs.

### Fund Performance

PERIOD	DATE	NAV	NAV Change	INDEX Change
Last 1 Month	31-May-11	15.91	1.23%	1.51%
Last 3 Months	31-Mar-11	16.22	-0.67%	-1.57%
Last 6 Months	31-Dec-10	17.01	-5.30%	-4.35%
Last 1 Year	30-Jun-10	15.43	4.37%	5.81%
Last 3 Years	30-Jun-08	11.57	11.65%	10.09%
Since Inception	1-Jul-06	10.00	10.00%	10.01%

Note : The investment income and prices may go down as well as up. "Since Inception" and "3-years" period returns are calculated as per CAGR.

### Asset Allocation



## Whole Life Aggressive Growth Fund

### 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 30 Jun, 11** : ₹14.94

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

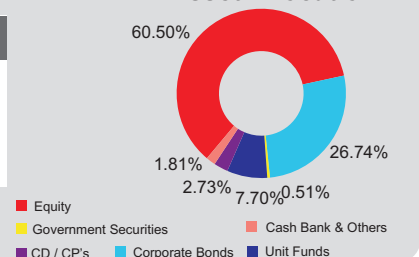
**Corpus as on 30 Jun, 11** : ₹285.58 Crs.

### Fund Performance

PERIOD	DATE	NAV	NAV Change	INDEX Change
Last 1 Month	31-May-11	14.76	1.27%	1.32%
Last 3 Months	31-Mar-11	15.06	-0.77%	-1.64%
Last 6 Months	31-Dec-10	15.57	-4.06%	-4.24%
Last 1 Year	30-Jun-10	14.07	6.24%	5.70%
Last 3 Years	30-Jun-08	10.33	13.09%	10.05%
Since Inception	8-Jan-07	10.00	9.39%	7.58%

Note : The investment income and prices may go down as well as up. "Since Inception" and "3-years" period returns are calculated as per CAGR.

### Asset Allocation



## Life Income Fund

## Fixed Income Funds

### Fund Details

**Investment Objective** : To provide long-term capital appreciation by investing in high credit quality fixed-income instruments. Stability of return and protection of principal over a long-term investment horizon will be the prime driver for investment management.

**Fund Manager** : Mr. Saravana Kumar

**NAV as on 30 Jun, 11** : ₹14.45

**Benchmark** : CRISIL Composite Bond Index - 100%

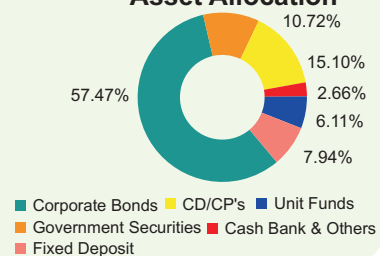
**Corpus as on 30 Jun, 11** : ₹163.63 Crs.

### Fund Performance

PERIOD	DATE	NAV	Crissil Composite Bond Index	NAV Change	INDEX Change
Last 1 Month	31-May-11	14.31	1673.27	0.96%	0.86%
Last 3 Months	31-Mar-11	14.23	1667.12	1.58%	1.24%
Last 6 Months	31-Dec-10	13.99	1644.23	3.32%	2.64%
Last 1 Year	30-Jun-10	13.72	1613.87	5.37%	4.58%
Last 3 Years	30-Jun-08	11.22	1386.28	8.81%	6.78%
Since Inception	2-Mar-04	10.00	1193.20	5.15%	4.84%

Note : The investment income and prices may go down as well as up. "Since Inception" and "3-years" period returns are calculated as per CAGR.

### Asset Allocation



## 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

### Fund Details

**Investment Objective** : Objective 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

**Fund Manager** : Mr. Saravana Kumar

**The highest NAV recorded on reset date** : ₹12.76

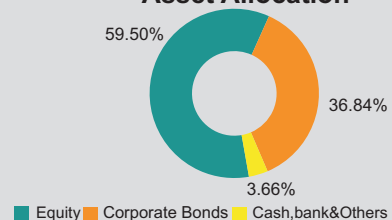
**Corpus as on 30 Jun, 11** : ₹366.77 Crs.

### Fund Performance

PERIOD	DATE	NAV	NAV Change
Last 1 Month	31-May-11	11.64	1.39%
Last 3 Months	31-Mar-11	12.05	-2.06%
Last 6 Months	31-Dec-10	12.50	-5.58%
Last 1 Year	30-Jun-10	11.31	4.31%
Since Inception	10-Jun-09	10.00	8.38%

Note : The investment income and prices may go down as well as up. "Since Inception" and "3-years" period returns are calculated as per CAGR. Since Inception date is first reset date.

### Asset Allocation



# Quick Glance - Funds Performance

(Funds with AUM of more than ₹125 crores as on 30<sup>th</sup> June 2011)



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## APEX Return Lock-In Fund II

### 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** : ₹11.83

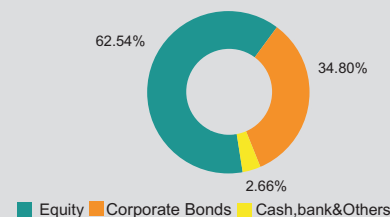
**Corpus as on 30 Jun, 11** : ₹165.42 Crs.

### Fund Performance

PERIOD	DATE	NAV	NAV Change
Last 1 Month	31-May-11	10.91	1.48%
Last 3 Months	31-Mar-11	11.25	-1.56%
Last 6 Months	31-Dec-10	11.66	-5.04%
Last 1 Year	30-Jun-10	10.49	5.58%
Since Inception	10-Nov-09	10.00	6.41%

Note : The investment income and prices may go down as well as up. "Since Inception" and "3-years" period returns are calculated as per CAGR. Since inception date is first reset date.

### Asset Allocation



### Equity Outlook

Indian equity markets shrugged of a clutch of negative data on global growth moderation and sovereign debt concerns in the Euro zone and rallied in the last few trading sessions of June. The benchmark indices BSE Sensex and CNX Nifty gained 1.85% and 1.57% respectively even as the CNX Midcap index lost 1.16% over the month.

The FIIs investment has been modest at around USD 500 million in the Indian equity market calendar year to date when compared with insurance companies, who invested around USD 2.5 billion in the same period, domestic mutual funds around USD 650 million. This lack of enthusiasm from the FIIs have been a primary reason for muted returns of MSCI India index of just 3.8% on an y-o-y basis compared to over 20% for MSCI Asia ex Japan during the same period.

India Inc has been under pressure from surging input commodity prices and moderating demand in the second half of FY 2011 stretching its working capital requirements as well as slowing capex growth. A revival in capex growth could be triggered by peaking of interest rates in the second half of FY 2012 as well as easing of capacity bottlenecks through government policy. Profit growth and positive cash flows of Indian Inc act as tailwinds to capex growth if an enabling policy environment is created.

Media reports suggest some possible initiatives from the government to stimulate FDI which had registered a sharp decline of around 25% in FY 2011 to USD 19.4 billion from USD 25.8 billion in FY 2010. FDI in multi-brand retail could be one such initiative which could modernize the back-end logistics and cold chain network by attracting large scale investments from global retail majors and be an enabler in moderating the food inflation in the medium term by bridging the distance between farm and fork.

The growth of eight core infrastructure industries hastened to 5.3% year on year in May 2011 as against 4.6% year on year in April 2011 albeit slower than the 7.4% year on year growth recorded in May 2010. Core sector growth numbers act as a lead indicator to the IIP number as they have an overwhelming weight of around 37.9% in the IIP index

On Friday 24th June, the Empowered Group of Ministers (EGoM) announced the much delayed price hikes for diesel, kerosene and LPG broadly on expected lines. In absolute terms, diesel (HSD) prices were hiked by ₹3 per litre and kerosene (cooking fuel) by ₹2 per litre. The hike in LPG cooking gas was to the tune of ₹50/ cylinder. In an unexpected move, the government reduced the customs duty on crude by 5% and the excise duty on diesel (HSD) by ₹2/ litre foregoing almost ₹35,000 crores (USD 7.7 billion) in revenue for FY 2012. Overall, the government's move of fuel price hike signaled its resolve in lowering subsidies, creating an enabling environment for follow-on offerings in oil PSUs to meet its FY 2012 disinvestment target as well as improving its finances in the medium term. The Indian equity markets welcomed this decision and a broad based market rally followed.

The markets would be banking on the government's determination to successfully pass a series of bills in the monsoon session of parliament as these could free up more headroom for economic activity and put the economy back into the trajectory of higher growth.

Meanwhile, there are visible near term headwinds from inflationary pressures due to global commodity prices as well as continued moderation in global growth. The medium term outlook of the Indian markets appears brighter as the interest rates could peak by the second half of FY 2012. The Indian market valuations seem reasonable for a long term investor with a 3-5 year view.

### Debt Outlook

The month of June 2011 was extremely volatile for the debt markets as the benchmark 10 year Government security (G-sec) started the month at 8.41% and rallied to 8.19% during the month and closed at 8.33%. The easing of yields in the corporate bond markets was to tune of around 14 bps over the month from 9.77% to 9.63%. The corporate bond spread over the 10 year G-sec was in the range of 110-125 bps over the month of June.

The backdrop of negative liquidity persisted throughout the month, starting at around ₹40,000-50,000 crores and further tightening to ₹70,000-100,000 crores over the month, post the advance tax outflows. The government issued ₹6,000 crores of cash management bills in the month of June to meet its short term cash requirements.

The South west monsoon gave a reason to cheer as it has been bountiful in June on an overall basis but shows some signs of weakening in July as the La Nina condition in the Pacific has moved to neutral territory. In its second stage forecast of South West monsoon (June to September), the Indian Meteorological Department (IMD) has revised down its April forecast of 98% of Long Period Average (LPA) to 95%, which is below the normal range of 96-104%. The market watchers would be keenly monitoring the progress and intensity of the monsoons in July, a crucial sowing month. A good monsoon can be an key enabler in moderating agri-inflation and easing the headline inflation in the second half of FY 2012.

The headline inflation printed an uncomfortable 9.06% for May 2011 along with a sharp upward revision to the March 2011 headline inflation number to 9.68%. Factoring in the fuel price hike effected in June, the inflationary pressures are bound to rise by around 70 bps of direct impact of fuel price hike with an overall impact of around 120 bps. We could be staring at double digit headline inflation in the months to come as the inflation could peak off by September 2011, if there are no further upsides to the global commodity prices.

The mid-quarter monetary policy review on June 16th saw the RBI raise the repo rate under the liquidity adjustment facility (LAF) by 25 basis points from 7.25% to 7.5% with immediate effect. The RBI conceded the possibility of deceleration in interest sensitive sectors such as automobiles but saw no evidence of any sharp or broad-based slowdown. The corporate earnings growth has reflected robust demand conditions in the economy, which allowed the corporate to pass on sharp rises in input costs to the end customer, opined the central bank. It alluded to the steady growth in credit and the reasonably strong composite Purchasing Managers' Index (PMI) in May 2011 as evidence of robust economic activity. Given the continued anti-inflationary stance of the RBI, we could expect a 25 bps hike in policy rates in the first quarter monetary policy review on July 26th.

India's fourth quarter current account deficit was moderated by robust export growth and helped in the FY 2011 current account deficit decline on a year on year basis to 2.6% of GDP as against 2.8% of the GDP in FY 2010. However, the concerns on the balance of payments stems from the declining capital flows witnessed in FY 2011 primarily due to a sharp fall in FDI. With elevated crude oil prices inflating the import bill the current account deficit could cross 3% of GDP. There are early indications that the FDI in FY 2012 could be significantly higher than FY 2011 and that could ease the balance of payments position.

We could see upward pressure on the 10 year G-sec due to the sticky elevated inflation levels and the RBI's response to rein-in the inflation. The 10 year G-sec could trade in the range of 8.25-8.50% in the near term.

### Disclaimer

1. The fund is managed by Tata AIG Life Insurance Company Ltd. (hereinafter the "Company").
2. Past performance is not indicative of future results. Returns are calculated on an absolute basis for a period of less than (or equal to) a year, with reinvestment of dividends (if any).
3. All investments made by the Company are subject to market risks. The Company does not guarantee any assured returns. The investment income and price may go down as well as up depending on several factors influencing the market.
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6. Please know the associated risks and the applicable charges from your Insurance agent or the intermediary or policy document of the Insurer.
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9. ULIP products are different from traditional Life Insurance products and are subject to risk factors.
10. Whilst every care has been taken in the preparation of this document, it is subject to correction and markets may not perform in a similar fashion based on factors influencing the capital and debt markets; hence this review note does not individually confer any legal rights or duties.