

# Quick Glance - Funds Performance

(Funds with AUM of more than ₹100 crores as on 31<sup>st</sup> May 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

May 2011 saw the benchmark indices, BSE Sensex and CNX Nifty grinding lower by around 3.30% each even as the decline in the CNX Midcap index was more muted at 1.66% for the month. The macro-factors in the form of sticky WPI inflation, elevated crude prices and uncertain global scenario acted as headwinds for the Indian market in the month of May 2011.

There was however, some cause to cheer as the south west monsoon hit the Kerala coast three days ahead of schedule. The Indian market is currently at about 14 times one year forward earnings. The earnings growth, expected to be at around 19% CAGR over FY 12 and FY 13 does give some valuation comfort for a long term investor. Valuations in terms of forward PE are close to the long-term average levels and offer an attractive entry point for an investor with a 3-5 year view.

## Equity Funds

### Life Equity Fund

#### Fund Details

**Investment Objective** : 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.

**Fund Manager** : Mr. Saravana Kumar

**NAV as on 31 May, 11** : ₹32.94

**Benchmark** : BSE Sensex - 100%

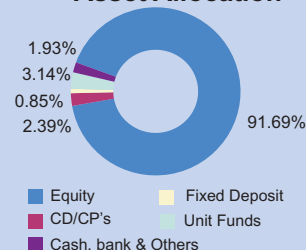
**Corpus as on 31 May, 11** : ₹3188.52 Crs.

#### Fund Performance

PERIOD	DATE	NAV	BSE Sensex	NAV Change	INDEX Change
Last 1 Month	29-Apr-11	33.75	19130.00	-2.40%	-3.28%
Last 3 Months	28-Feb-11	31.43	17823.40	4.81%	3.81%
Last 6 Months	30-Nov-10	34.93	19521.25	-5.72%	-5.21%
Last 1 Year	31-May-10	29.99	16944.63	9.83%	9.20%
Last 3 Years	30-May-08	30.64	16415.57	2.44%	4.07%
Since Inception	2-Mar-04	10.00	5823.17	17.87%	17.29%

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 Mid-Cap Equity Fund

#### Fund Details

**Investment Objective** : 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.

**Fund Manager** : Mr. Saravana Kumar

**NAV as on 31 May, 11** : ₹13.86

**Benchmark** : NSE CNX Midcap Index - 100%

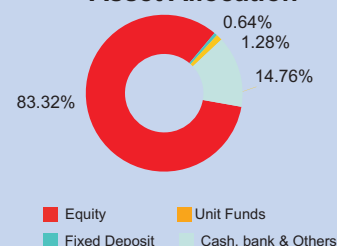
**Corpus as on 31 May, 11** : ₹1558.51 Crs.

#### Fund Performance

PERIOD	DATE	NAV	NSE CNX Midcap Index	NAV Change	INDEX Change
Last 1 Month	29-Apr-11	13.88	8200.95	-0.14%	-1.66%
Last 3 Months	28-Feb-11	12.64	7370.10	9.67%	9.43%
Last 6 Months	30-Nov-10	14.90	8907.50	-6.99%	-9.46%
Last 1 Year	31-May-10	12.85	7755.95	7.88%	3.98%
Last 3 Years	30-May-08	11.80	6562.70	5.51%	7.11%
Since Inception	8-Jan-07	10.00	5156.45	7.71%	10.71%

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 Large Cap Equity Fund

#### Fund Details

**Investment Objective** : 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.

**Fund Manager** : Mr. Saravana Kumar

**NAV as on 31 May, 11** : ₹11.08

**Benchmark** : NSE Nifty 50 Index - 100%

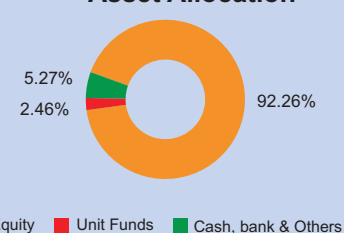
**Corpus as on 31 May, 11** : ₹730.66 Crs.

#### Fund Performance

PERIOD	DATE	NAV	NSE Nifty 50 Index	NAV Change	INDEX Change
Last 1 Month	29-Apr-11	11.36	5749.50	-2.43%	-3.29%
Last 3 Months	28-Feb-11	10.57	5333.25	4.84%	4.25%
Last 6 Months	30-Nov-10	11.62	5862.70	-4.61%	-5.16%
Last 1 Year	31-May-10	9.97	5086.30	11.15%	9.32%
Last 3 Year	30-May-08	9.30	4870.10	6.02%	4.52%
Since Inception	7-Jan-08	10.00	6279.10	3.07%	-3.52%

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

#### Asset Allocation



### Future Equity Pension Fund

#### Fund Details

**Investment Objective** : 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.

**Fund Manager** : Mr. Saravana Kumar

**NAV as on 31 May, 11** : ₹12.67

**Benchmark** : NSE Nifty 50 Index - 100%

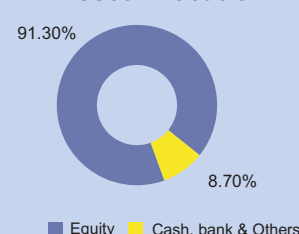
**Corpus as on 31 May, 11** : ₹216.71 Crs.

#### Fund Performance

PERIOD	DATE	NAV	NSE Nifty 50 Index	NAV Change	INDEX Change
Last 1 Month	29-Apr-11	12.97	5749.50	-2.32%	-3.29%
Last 3 Months	28-Feb-11	12.09	5333.25	4.84%	4.25%
Last 6 Months	30-Nov-10	13.28	5862.70	-4.56%	-5.16%
Last 1 Year	31-May-10	11.35	5086.30	11.64%	9.32%
Last 3 Year	30-May-08	10.19	4870.10	7.55%	4.52%
Since Inception	4-Feb-08	10.00	5463.50	7.39%	0.53%

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 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 31 May, 11** : ₹18.01

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

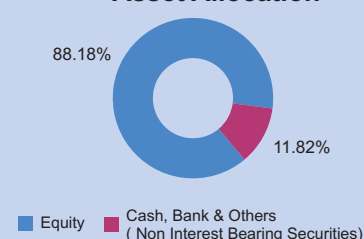
**Corpus as on 31 May, 11** : ₹156.78 Crs.

#### Fund Performance

PERIOD	DATE	NAV	S & P India 500 Shariah Index	NAV Change	INDEX Change
Last 1 Month	29-Apr-11	17.99	1322.23	0.11%	-1.62%
Last 3 Months	28-Feb-11	16.78	1241.55	7.32%	4.77%
Last 6 Months	30-Nov-10	18.42	1364.02	-2.21%	-4.64%
Last 1 Year	31-May-10	16.27	1242.87	10.72%	4.66%
Since Inception	6-Oct-08	10.00	844.46	24.87%	17.71%

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

#### Asset Allocation



# Quick Glance - Funds Performance

(Funds with AUM of more than ₹100 crores as on 31<sup>st</sup> May 2011)



A new look at life

## 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 31 May, 11** : ₹11.73

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

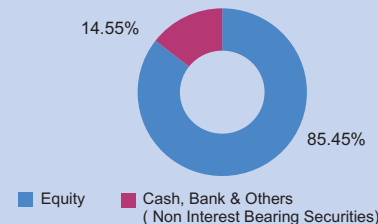
**Corpus as on 31 May, 11** : ₹249.04 Crs.

### Fund Performance

PERIOD	DATE	NAV	S & P India 500 Shariah Index	NAV Change	INDEX Change
Last 1 Month	29-Apr-11	11.75	1322.23	-0.15%	-1.62%
Last 3 Months	28-Feb-11	11.00	1241.55	6.61%	4.77%
Last 6 Months	30-Nov-10	11.99	1364.02	-2.17%	-4.64%
Last 1 Year	31-May-10	10.59	1242.87	10.82%	4.66%
Since Inception	16-Oct-09	10.00	1217.76	10.34%	6.82%

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 31 May, 11** : ₹15.91

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

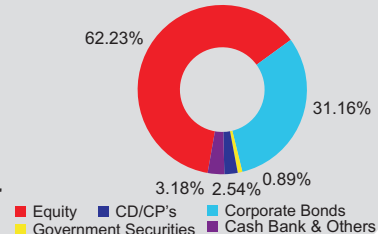
**Corpus as on 31 May, 11** : ₹324.16 Crs.

### Fund Performance

PERIOD	DATE	NAV	NAV Change	INDEX Change
Last 1 Month	29-Apr-11	16.20	-1.75%	-2.12%
Last 3 Months	28-Feb-11	15.34	3.77%	2.91%
Last 6 Months	30-Nov-10	16.67	-4.52%	-2.64%
Last 1 Year	31-May-10	14.87	6.99%	7.41%
Last 3 Years	30-May-08	13.22	6.37%	4.69%
Since Inception	1-Jul-06	10.00	9.91%	9.85%

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 31 May, 11** : ₹14.76

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

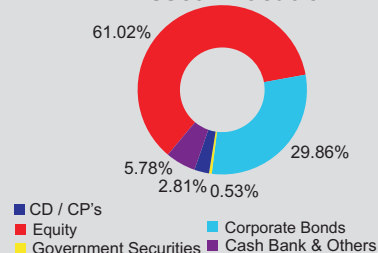
**Corpus as on 31 May, 11** : ₹274.86 Crs.

### Fund Performance

PERIOD	DATE	NAV	NAV Change	INDEX Change
Last 1 Month	29-Apr-11	15.03	-1.84%	-2.13%
Last 3 Months	28-Feb-11	14.24	3.62%	3.19%
Last 6 Months	30-Nov-10	15.21	-3.00%	-2.61%
Last 1 Year	31-May-10	13.58	8.67%	7.49%
Last 3 Years	30-May-08	11.65	8.19%	4.98%
Since Inception	8-Jan-07	10.00	9.26%	7.40%

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 31 May, 11** : ₹14.31

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

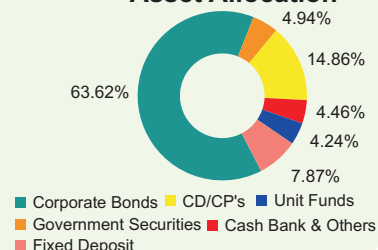
**Corpus as on 31 May, 11** : ₹165.10 Crs.

### Fund Performance

PERIOD	DATE	NAV	Crisil Composite Bond Index	NAV Change	INDEX Change
Last 1 Month	29-Apr-11	14.29	1672.95	0.15%	0.02%
Last 3 Months	28-Feb-11	14.07	1653.11	1.71%	1.22%
Last 6 Months	30-Nov-10	13.94	1638.39	2.70%	2.13%
Last 1 Year	31-May-10	13.64	1607.49	4.91%	4.09%
Last 3 Years	30-May-08	11.38	1410.86	7.94%	5.85%
Since Inception	2-Mar-04	10.00	1193.20	5.07%	4.77%

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

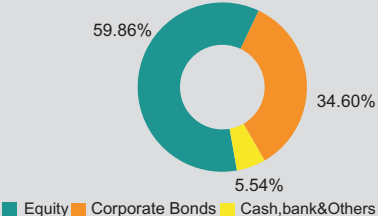
**Corpus as on 31 May, 11** : ₹344.67 Crs.

### Fund Performance

PERIOD	DATE	NAV	NAV Change
Last 1 Month	29-Apr-11	11.94	-2.56%
Last 3 Months	28-Feb-11	11.40	2.03%
Last 6 Months	30-Nov-10	12.18	-4.47%
Last 1 Year	31-May-10	10.97	6.10%
Since Inception	10-Jun-09	10.00	7.99%

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



# Quick Glance - Funds Performance

(Funds with AUM of more than ₹100 crores as on 31<sup>st</sup> May 2011)



A new look at life

## 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

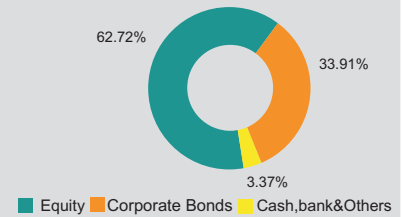
**The highest NAV recorded on reset date** : ₹11.83

**Corpus as on 31 May, 11** : ₹163.62 Crs.

### Fund Performance

PERIOD	DATE	NAV	NAV Change
Last 1 Month	29-Apr-11	11.18	-2.42%
Last 3 Months	28-Feb-11	10.65	2.47%
Last 6 Months	30-Nov-10	11.33	-3.75%
Last 1 Year	31-May-10	10.16	7.33%
Since Inception	10-Nov-09	10.00	5.76%

### Asset Allocation



### Equity Outlook

The equity markets in May 2011 were under pressure from significant headwinds such as high headline inflation numbers on the back of elevated crude prices, slowdown of the investment cycle as well as an uncertain global scenario. The benchmark indices BSE Sensex and CNX Nifty shed around 3.30% each, on the backdrop of a disappointing earnings season.

The rising commodity prices ensured that inflation became more broad based as the higher input costs got passed through as higher manufacturing inflation, seen by surge in core inflation in recent months.

There has been a significant slowdown of the investment cycle in the wake of uncertain policy framework resulting in delays in execution of key infrastructure projects and resulting in avoidable cost over runs. This is accentuated by the fact that the private capex recovery has been muted. The investment recovery could be another 6-9 months away as inflation peaks out and RBIs pauses its monetary tightening cycle.

The RBI, in a comprehensive study of non-financial private sector companies observed a drop of 140 bps in operating margins in the first half of FY11 as compared to the same period a year ago despite strong top-line growth, mainly due to higher raw material and employee costs. The net margins drop of 120bps could be attributed to the higher interest expenses on the back of rising interest rates.

These trends have played itself out in the fourth quarter FY 11 corporate results wherein the healthy top line growth of 24% registered by the MSCI India companies resulted in a muted 12% growth in margins indicating the pressures on margins from the above headwinds.

On the positive side, the markets can take the comfort of reasonable valuations, below the mean valuations over the last 7 years on a one year forward PE basis and marginally higher than the long term averages. The Indian market appears richly valued in comparison with emerging markets as it still enjoys a 35% premium against the 10-yr average of 26%. This could be justified based on India's unique domestic consumption story in recent years, which acted as a bulwark of growth post-Lehman crisis.

We need to closely watch the progress of the Indian monsoons as well the Government's agenda on reforms as it plans to pass key bills in the monsoon session of parliament. These legislations can free up more headroom for growth as they could de-bottleneck supply side constraints.

The expected earnings growth has been lowered by around 4% over the last year due to the macro headwinds and is currently expected to be at 19% CAGR for FY 2012 and FY 2013, making the market attractive for a long-term investor with a 3-5 year view.

### Debt Outlook

May 2011 was a turbulent month for the Indian debt markets as the 10 year G-sec hardened by almost 30 bps during the month to close at 8.41%. This spike in yields was due to the unexpected 50 bps rise in the policy rates by the RBI on 3rd May and its statements on fighting inflation, perceived to be hawkish by the market. The Bond markets have factored in the elevated crude prices, the petrol price hike effected in May as well as the impending diesel and LPG hikes, all of which would keep inflation at uncomfortably high levels for months to come.

The Corporate bonds hardened by almost 50 bps during the month on the back of a tight liquidity scenario and a string of issues from a clutch of regular PSU borrowers bunched together. The spreads over the G-sec increased from around 100 bps to 120 bps over the month of May 2011.

Liquidity scenario was benign during the beginning of May 2011 and tightened to a negative ₹60,000-80,000 crores by the second week and remained in the range throughout May 2011.

The Government issued cash management bills to the tune of ₹6,000 crores in May to meet the short term cash requirements.

The debt markets were cheered by the onset of the south-west monsoon, three days before schedule as a normal monsoon could lessen some pressure on the food inflation front and is critical variable in meeting the RBIs inflation target for FY 2012.

The fourth quarter GDP growth numbers at 7.8% clearly point to a mild deceleration in growth rates as the lagged transmission effects of the monetary tightening start to keep a lid on the demand. The year's growth, however still looked impressive at 8.5% but market watchers are bracing themselves for a sub 8% growth in FY 2012.

We expect the RBI to hike the policy rates by 25 bps on June 16th, mid-quarter review and another 25-50 bps by the end of H1 FY 2012. The WPI inflation could peak out by September 2011 if the crude oil doesn't spike up from the current levels. The peaking WPI accompanied by a normal monsoon could give the RBI an opportunity to pause the tightening cycle and wait for the transmission effects of the rate increases to play itself out.

The 10 year G-sec could trade in a range between 8.25%-8.50% in the near term and the spread between the corporate bond and G-sec could range between 100-120 bps.

### 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.
4. Every effort is made to ensure that all information contained in this publication is accurate at the date of publication, but no responsibility or liability in respect of any error or omission is accepted by the Company.
5. Tax benefits are as per the Income Tax Act, 1961 and are subject to amendments made therein from time to time.
6. Please know the associated risks and the applicable charges from your Insurance agent or the intermediary or policy document of the Insurer.
7. Various funds offered under this contract are the names of funds and do not, in any way, indicate the quality of the plans, their future prospects & returns.
8. Premium paid in ULIPs are subject to Investment risks associated with capital markets & the NAV of the units may go up or down based on the performance of the fund and factors influencing capital markets & the insured is responsible for his/her decision.
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.