

Quick Glance - Funds Performance

(Funds with AUM of more than ₹125 crores as on 30th January 2015)

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

Investment Report

The month of January 2015 saw the benchmark index BSE Sensex and CNX Nifty surge 6.12% and 6.35 % respectively. The Mid-cap index, CNX Mid-cap gained 4.29% during the same period.

Equity Funds

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

Fund Details		Fund Performance					Asset Allocation		
Investment Objective	: The primary investment objective of the Fund is to generate long term capital appreciation from a portfolio that is invested predominantly in equity and equity linked securities.	PERIOD	DATE	NAV	S&P BSE Sensex	NAV Change	INDEX Change		
NAV as on 30 Jan, 15	: ₹51.5406	Last 6 Months	31-Jul-14	45.3927	25894.97	13.54%	12.70%		
Benchmark	: S&P BSE Sensex - 100%	Last 1 Year	31-Jan-14	35.7865	20513.85	44.02%	42.26%		
Corpus as on 30 Jan, 15	: ₹2,008.80 Crs.	Last 2 Years	31-Jan-13	34.4596	19894.98	22.30%	21.11%		
		Last 3 Years	31-Jan-12	29.6195	17193.55	20.28%	19.29%		
		Last 4 Years	31-Jan-11	32.6614	18327.76	12.08%	12.33%		
		Last 5 Years	29-Jan-10	28.6610	16357.96	12.45%	12.27%		
		Since Inception	02-Mar-04	10.0000	5823.17	16.20%	15.90%		
<p>Note : The investment income and prices may go down as well as up. "Since Inception" and returns above "1 Year" are calculated as per CAGR.</p>									

Whole Life Mid-Cap Equity Fund (ULIF 009 04/01/07 WLE 110)

Fund Details		Fund Performance					Asset Allocation		
Investment Objective	: The primary investment objective of the Fund is to generate long term capital appreciation from a portfolio that is invested predominantly in Mid Cap Equity and Mid Cap Equity linked securities.	PERIOD	DATE	NAV	NSE CNX MIDCAP	NAV Change	INDEX Change		
NAV as on 30 Jan, 15	: ₹30.8436	Last 6 Months	31-Jul-14	23.0735	10838.20	33.68%	21.09%		
Benchmark	: NSE CNX MIDCAP-100%	Last 1 Year	31-Jan-14	16.2796	7540.00	89.46%	74.06%		
Corpus as on 30 Jan, 15	: ₹2,182.59 Crs.	Last 2 Years	31-Jan-13	15.5173	8363.70	40.99%	25.27%		
		Last 3 Years	31-Jan-12	12.5780	7100.55	34.85%	22.72%		
		Last 4 Years	31-Jan-11	13.4128	7922.50	23.14%	13.45%		
		Last 5 Years	29-Jan-10	11.8340	7201.85	21.12%	12.75%		
		Since Inception	08-Jan-07	10.0000	5156.45	14.99%	12.28%		
<p>Note : The investment income and prices may go down as well as up. "Since Inception" and returns above "1 Year" are calculated as per CAGR.</p>									

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

Fund Details		Fund Performance					Asset Allocation		
Investment Objective	: The primary investment objective of the Fund is to generate long term capital appreciation from a portfolio that is invested predominantly in equity and equity linked securities.	PERIOD	DATE	NAV	CNX Nifty	NAV Change	INDEX Change		
NAV as on 30 Jan, 15	: ₹18.9058	Last 6 Months	31-Jul-14	16.3219	7721.30	15.83%	14.09%		
Benchmark	: CNX Nifty-100%	Last 1 Year	31-Jan-14	12.7207	6089.50	48.62%	44.66%		
Corpus as on 30 Jan, 15	: ₹1,043.00 Crs.	Last 2 Years	31-Jan-13	12.0870	6034.75	25.07%	20.82%		
		Last 3 Years	31-Jan-12	10.2167	5199.25	22.77%	19.21%		
		Last 4 Years	31-Jan-11	10.9437	5505.90	14.65%	12.47%		
		Last 5 Years	29-Jan-10	9.5290	4882.05	14.69%	12.53%		
		Since Inception	07-Jan-08	10.0000	6279.10	9.43%	4.91%		
<p>Note : The investment income and prices may go down as well as up. "Since Inception" and returns above "1 Year" are calculated as per CAGR.</p>									

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

Fund Details		Fund Performance					Asset Allocation		
Investment Objective	: The primary investment objective of the Fund is to generate long term capital appreciation from a portfolio that is invested predominantly in equity and equity linked securities.	PERIOD	DATE	NAV	CNX Nifty	NAV Change	INDEX Change		
NAV as on 30 Jan, 15	: ₹20.8491	Last 6 Months	31-Jul-14	17.6402	7721.30	18.19%	14.09%		
Benchmark	: CNX Nifty-100%	Last 1 Year	31-Jan-14	13.8096	6089.50	50.98%	44.66%		
Corpus as on 30 Jan, 15	: ₹209.07 Crs.	Last 2 Years	31-Jan-13	13.5072	6034.75	24.24%	20.82%		
		Last 3 Years	31-Jan-12	11.6384	5199.25	21.45%	19.21%		
		Last 4 Years	31-Jan-11	12.5848	5505.90	13.45%	12.47%		
		Last 5 Years	29-Jan-10	10.7750	4882.05	14.11%	12.53%		
		Since Inception	04-Feb-08	10.0000	5463.50	11.08%	7.07%		
<p>Note : The investment income and prices may go down as well as up. "Since Inception" and returns above "1 Year" are calculated as per CAGR.</p>									

Select Equity Fund (ULIF 024 06/10/08 TSE 110)

Fund Details		Fund Performance					Asset Allocation		
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.	PERIOD	DATE	NAV	CNX India 500 Shariah Index	NAV Change	INDEX Change		
NAV as on 30 Jan, 15	: ₹33.1882	Last 6 Months	31-Jul-14	27.3565	1883.82	21.32%	14.57%		
Benchmark	: CNX India 500 Shariah Index - 100%	Last 1 Year	31-Jan-14	21.0113	1510.18	57.95%	42.92%		
Corpus as on 30 Jan, 15	: ₹209.59 Crs.	Last 2 Years	31-Jan-13	19.2028	1374.11	31.46%	25.33%		
		Last 3 Years	31-Jan-12	16.5919	1214.33	26.00%	21.13%		
		Last 4 Years	31-Jan-11	17.5919	1294.22	17.20%	13.64%		
		Last 5 Years	29-Jan-10	15.1660	1198.63	16.96%	12.48%		
		Since Inception	06-Oct-08	10.0000	844.46	20.90%	16.01%		
<p>Note : The investment income and prices may go down as well as up. "Since Inception" and returns above "1 Year" are calculated as per CAGR.</p>									

Quick Glance - Funds Performance

(Funds with AUM of more than ₹125 crores as 30th January 2015)

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

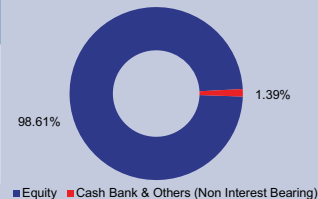
NAV as on 30 Jan, 15 : ₹21.9942
Benchmark : CNX India 500 Shariah Index - 100%
Corpus as on 30 Jan, 15 : ₹937.05 Crs.

Fund Performance

PERIOD	DATE	NAV	CNX India 500 Shariah Index	NAV Change	INDEX Change
Last 6 Months	31-Jul-14	17.9842	1883.82	22.30%	14.57%
Last 1 Year	31-Jan-14	13.7512	1510.18	59.94%	42.92%
Last 2 Years	31-Jan-13	12.4733	1374.11	32.79%	25.33%
Last 3 Years	31-Jan-12	10.9215	1214.33	26.28%	21.13%
Last 4 Years	31-Jan-11	11.5054	1294.22	17.58%	13.64%
Last 5 Years	29-Jan-10	9.9780	1198.63	17.13%	12.48%
Since Inception	16-Oct-09	10.0000	1217.76	16.06%	11.42%

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.

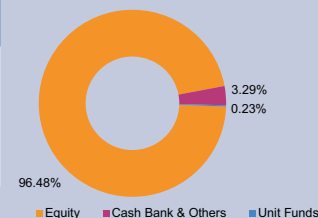
NAV as on 30 Jan, 15 : ₹33.1252
Benchmark : S&P BSE 200 - 100%
Corpus as on 30 Jan, 15 : ₹226.61 Crs.

Fund Performance

PERIOD	DATE	NAV	S&P BSE 200	NAV Change	INDEX Change
Last 6 Months	31-Jul-14	27.1151	3144.77	22.17%	15.78%
Last 1 Year	31-Jan-14	20.8028	2425.46	59.23%	50.12%
Last 2 Years	31-Jan-13	20.4291	2461.12	27.34%	21.63%
Last 3 Years	31-Jan-12	17.4574	2097.94	23.80%	20.18%
Last 4 Years	31-Jan-11	18.7022	2270.22	15.36%	12.54%
Last 5 Years	29-Jan-10	16.4470	2065.21	15.03%	12.01%
Since Inception	12-Jan-09	10.0000	1091.37	21.88%	22.03%

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



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.

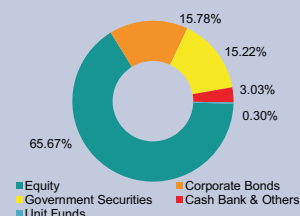
NAV as on 30 Jan, 15 : ₹24.6849
Benchmark : S&P BSE Sensex - 65%, CRISIL Composite Bond Index - 35%
Corpus as on 30 Jan, 15 : ₹213.76 Crs.

Fund Performance

PERIOD	DATE	NAV	NAV Change	INDEX Change
Last 6 Months	31-Jul-14	21.4835	14.90%	11.20%
Last 1 Year	31-Jan-14	17.3114	42.59%	32.85%
Last 2 Years	31-Jan-13	17.2941	19.47%	16.97%
Last 3 Years	31-Jan-12	15.1793	17.60%	15.79%
Last 4 Years	31-Jan-11	15.8018	11.80%	11.17%
Last 5 Years	29-Jan-10	14.3130	11.52%	10.80%
Since Inception	01-Jul-06	10.0000	11.09%	10.70%

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.

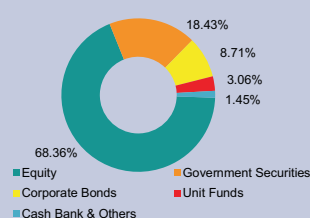
NAV as on 30 Jan, 15 : ₹24.4086
Benchmark : Nifty - 65%, CRISIL Composite Bond Index - 35%
Corpus as on 30 Jan, 15 : ₹425.86 Crs.

Fund Performance

PERIOD	DATE	NAV	NAV Change	INDEX Change
Last 6 Months	31-Jul-14	20.9754	16.37%	12.10%
Last 1 Year	31-Jan-14	16.9141	44.31%	34.41%
Last 2 Years	31-Jan-13	16.5505	21.44%	16.78%
Last 3 Years	31-Jan-12	14.3389	19.40%	15.75%
Last 4 Years	31-Jan-11	14.5535	13.80%	11.26%
Last 5 Years	29-Jan-10	12.9730	13.48%	10.96%
Since Inception	08-Jan-07	10.0000	11.70%	9.44%

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.

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.

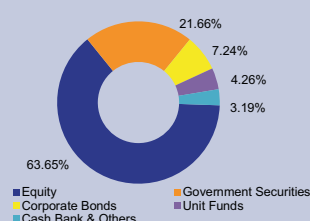
NAV as on 30 Jan, 15 : ₹38.9726
Benchmark : S&P BSE Sensex - 65%, CRISIL Composite Bond Index - 35%
Corpus as on 30 Jan, 15 : ₹145.43 Crs.

Fund Performance

PERIOD	DATE	NAV	NAV Change	INDEX Change
Last 6 Months	31-Jul-14	33.8420	15.16%	11.20%
Last 1 Year	31-Jan-14	27.7848	40.27%	32.85%
Last 2 Years	31-Jan-13	27.2829	19.52%	16.97%
Last 3 Years	31-Jan-12	23.7754	17.91%	15.79%
Last 4 Years	31-Jan-11	24.9940	11.75%	11.17%
Last 5 Years	29-Jan-10	22.8950	11.23%	10.80%
Since Inception	02-Mar-04	10.0000	13.27%	12.54%

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 30th January 2015)

Fixed Income Funds

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

Fund Details		Fund Performance					Asset Allocation		
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.	PERIOD	DATE	NAV	Crisil Composite Bond Fund Index	NAV Change	INDEX Change		
NAV as on 30 Jan, 15	: ₹18.6697	Last 6 Months	31-Jul-14	16.9692	2140.08	10.02%	8.42%		
Benchmark	: CRISIL Composite Bond Index -100%	Last 1 Year	31-Jan-14	15.9748	2011.03	16.87%	15.38%		
Corpus as on 30 Jan, 15	: ₹247.65 Crs.	Last 2 Years	31-Jan-13	15.3585	1943.07	10.25%	9.28%		
		Last 3 Years	31-Jan-12	13.8558	1776.42	10.45%	9.31%		
		Last 4 Years	31-Jan-11	12.6452	1643.29	10.23%	9.01%		
		Last 5 Years	29-Jan-10	12.0230	1575.32	9.20%	8.05%		
		Since Inception	08-Jan-07	10.0000	1298.79	8.05%	7.46%		
		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.							

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

Fund Details		Fund Performance					Asset Allocation		
Investment Objective	: 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.	PERIOD	DATE	NAV	Crisil Short Term Bond Index	NAV Change	INDEX Change		
NAV as on 30 Jan, 15	: ₹17.9867	Last 6 Months	31-Jul-14	17.1054	2277.00	5.15%	5.38%		
Benchmark	: CRISIL Short Term Bond Index -100%	Last 1 Year	31-Jan-14	16.3395	2166.37	10.08%	10.76%		
Corpus as on 30 Jan, 15	: ₹137.45 Crs.	Last 2 Years	31-Jan-13	15.1248	2001.25	9.05%	9.50%		
		Last 3 Years	31-Jan-12	13.7834	1835.31	9.28%	9.35%		
		Last 4 Years	31-Jan-11	12.6624	1693.26	9.17%	9.11%		
		Last 5 Years	29-Jan-10	12.1230	1620.44	8.21%	8.17%		
		Since Inception	08-Jan-07	10.0000	1281.09	7.55%	8.09%		
		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	
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%.	PERIOD	DATE	NAV	NAV Change		
The highest NAV recorded on reset date	: ₹16.6309	Last 6 Months	31-Jul-14	15.5235	10.41%		
Corpus as on 30 Jan, 15	: ₹295.98 Crs.	Last 1 Year	31-Jan-14	13.4269	27.65%		
		Last 2 Years	31-Jan-13	12.9498	15.05%		
		Last 3 Years	31-Jan-12	11.3753	14.64%		
		Last 4 Years	31-Jan-11	11.6297	10.18%		
		Last 5 Years	29-Jan-10	10.5700	10.15%		
		Since Inception	10-Jun-09	10.0000	10.02%		
		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.					

APEX Return Lock-In Fund II (ULIF 033 03/08/09 AR2 110)

Fund Details		Fund Performance				Asset Allocation	
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%.	PERIOD	DATE	NAV	NAV Change		
The highest NAV recorded on reset date	: ₹15.6401	Last 6 Months	31-Jul-14	14.6332	10.26%		
Corpus as on 30 Jan, 15	: ₹216.80 Crs.	Last 1 Year	31-Jan-14	12.6648	27.40%		
		Last 2 Years	31-Jan-13	12.1450	15.26%		
		Last 3 Years	31-Jan-12	10.5940	15.05%		
		Last 4 Years	31-Jan-11	10.8639	10.39%		
		Last 5 Years	29-Jan-10	9.8290	10.42%		
		Since Inception	10-Nov-09	10.0000	9.59%		
		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 30th January 2015)

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 : ₹15.3621

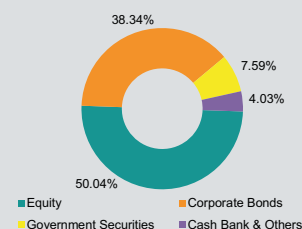
Corpus as on 30 Jan, 15 : ₹156.88 Crs.

Fund Performance

PERIOD	DATE	NAV	NAV Change
Last 6 Months	31-Jul-14	14.2749	11.75%
Last 1 Year	31-Jan-14	12.1840	30.92%
Last 2 Years	31-Jan-13	11.7627	16.45%
Last 3 Years	31-Jan-12	10.2977	15.71%
Last 4 Years	31-Jan-11	10.6156	10.72%
Since Inception	10-May-10	10.0000	10.38%

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



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 : ₹15.4261

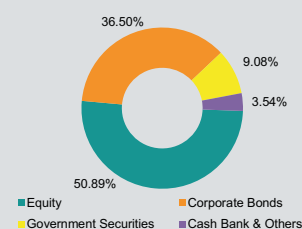
Corpus as on 30 Jan, 15 : ₹141.57 Crs.

Fund Performance

PERIOD	DATE	NAV	NAV Change
Last 6 Months	31-Jul-14	14.3050	11.92%
Last 1 Year	31-Jan-14	12.1152	32.15%
Last 2 Years	31-Jan-13	11.7312	16.82%
Last 3 Years	31-Jan-12	10.2395	16.07%
Last 4 Years	31-Jan-11	10.6406	10.75%
Since Inception	10-May-10	10.0000	10.46%

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



Equity Outlook

The month of January 2015 saw the benchmark index BSE Sensex and CNX Nifty surge 6.12% and 6.35 % respectively. The Mid-cap index, CNX Mid-cap gained 4.29% during the same period.

FII's were net buyers with inflows of around USD 1.9 bn in the month of January 2015 and the DII's were net sellers to the tune of around USD 1.3 bn, with insurance companies' net sellers of around USD 1.34 bn and domestic mutual funds, marginal net buyers to the extent of around USD 0.04 bn over the same period. FII holding in BSE-200 companies stood at an all-time high of 24.8%. while DII holding was at 11.1% in the quarter ending December 2014.

The third quarter earnings season has been rather disappointing thus far with more companies missing market estimates than surpassing them. Asset quality concerns have impacted the banking sector even as the domestic manufacturing sector has been weighed down by anemic volume growth albeit cushioned by improvement in margins. IT Services companies have had to contend with a volatile currency but managed to deliver an acceptable performance.

The capital markets were comforted by the positive signals from the government reiterating its commitment to providing a non-adversarial tax regime to improve the investment climate. The government of India also promulgated an ordinance aimed at regularizing the mining allocation and renewal process which could eliminate subjectivity and improve transparency by ensuring allocation through public auctions.

Large private sector conglomerates have applied for payment bank licenses, indicating an emerging convergence between banking and businesses such as retail and telecom. According to the guidelines, payment banks can provide payment and remittance services through channels such as internet, branches, business correspondents and mobile banking. Meanwhile, non-banking finance companies and microfinance companies have sought licenses to start small banks, which will need to ensure 75% of its loans are to priority sectors.

The government has provided an impetus to the divestment programme by raising ₹223 bn by selling 10% stake in Coal India. In an effort to meet the divestment target this fiscal, market watchers expect the government to divest stake in a slew of state owned entities by the end of this fiscal.

The government announced that its flagship financial inclusion scheme had added around 117mn new bank accounts between August 2014 and January 2015, achieving its target of 100% household penetration of bank accounts. The financial inclusion scheme is a key enabling mechanism for targeting subsidy better through the Direct Benefit Transfer (DBT) scheme.

Indian equity markets have been among the top performing global equity markets in CY 2014 on the back of higher growth expectations, falling inflation trend and expectations of lower interest rates in the medium term. The government's economic reform agenda has received endorsement from the foreign institutional investors through sustained inflows over the year as well as from the domestic institutional investors through robust inflows in the past six months.

The union budget would be a key trigger for the equity market in the near term as there are expectations that the government would provide an enabling policy for labour intensive manufacturing, raise the infrastructure spend in key areas as well as curtail expenses by targeting subsidies.

We believe that the equity markets continue to offer comfort of reasonable valuations for a long-term investor with a 3-5 year view.

Quick Glance - Funds Performance

(Funds with AUM of more than ₹ 125 crores as on 30th January 2015)

Debt Outlook

Debt market in the month of January 2015 saw the 10 year Government security (G-sec) close the month at 7.69% levels, easing by 17 bps from the December 2014 levels. On the corporate bond side, the 10 year AAA corporate bonds closed the month at around 8.24% levels, easing by 34bps over the month.

The foreign portfolio investors (FPIs) have bought Indian debt to the tune of USD 3.3 bn in the month of January 2015 expressing confidence in the improving macro outlook. The investment limit in government securities by FPIs is currently capped at USD 30 bn of which USD 5 bn is reserved for long term investors. The investment limit in government securities is now fully utilized. As a measure to incentivize long term investors, the RBI has decided to enable reinvestment of coupons in government securities even when the existing limits are fully utilized.

FPIs are currently permitted to invest in government securities with a minimum residual maturity of three years. However, no such condition has been stipulated for their investments in corporate bonds. To harmonize requirements, the RBI decided that all future investment by FPIs in the debt market in India will be required to be made with a minimum residual maturity of three years. Furthermore, FPIs will not be allowed to invest incrementally in short maturity liquid or money market mutual fund schemes. There will, however, be no lock-in period and FPIs shall be free to sell the securities, including those that are presently held with less than three years residual maturity to domestic investors.

The RBI in its sixth Bi-monthly policy on 3rd February kept the repo rate unchanged at 7.75% and reduced the statutory liquidity ratio (SLR) of scheduled commercial banks by 50 bps from 22.0% to 21.5%. Earlier, in January, the RBI had surprised the market by reducing the repo rate from 8% to 7.75% in response to the benign December inflation prints.

The RBI noted that the revision in the base year for GDP and GDP calculation methods would mean some revision in GDP growth numbers for 2014-15 as well as in GDP forecasts. They noted that the outlook for growth had improved modestly on the back of disinflation, real income gains from decline in oil prices, easier financing conditions and some progress on stalled projects. Accordingly, the baseline projection for growth using the old GDP base had been retained at 5.5% for FY 2015.

The RBI stated that its projections for FY 2016 were inherently contingent upon the outlook for the south-west monsoon and the balance of risks around the global outlook. The RBI was satisfied that domestically, conditions for growth were slowly improving with easing input cost pressures, supportive monetary conditions and recent measures relating to project approvals, land acquisition, mining, and infrastructure. Accordingly, the RBI guided that the central estimate for real GDP growth in FY 2016 is expected to rise to 6.5% with risks broadly balanced at this point.

The RBI noted that the upside risks to inflation stem from the unlikely possibility of significant fiscal slippage, uncertainty on the spatial and temporal distribution of the monsoon during 2015 as also the low probability but highly influential risks of reversal of international crude prices due to geo-political events. Moreover, heightened volatility in global financial markets, including through the exchange rate channel, constituted a significant risk to RBI's inflation assessment. The RBI guided that inflation was likely to be around the target level of 6% by January 2016. As regards the path of inflation in 2015-16, the RBI stated that it will keenly monitor the revision in the CPI, which will rebase the index to 2012 and incorporate a more representative consumption basket along with methodological improvements.

While the RBI had not explicitly provided guidance for further policy actions, subsequent comments from the RBI's suggest that its guidance, post the rate cut in January still holds. In January, the RBI had guided that further easing of policy rates would be contingent on continued disinflationary pressures, sustained high quality fiscal consolidation as well as in response to government's actions to overcome supply constraints and assure availability of key inputs such as power, land, minerals and infrastructure. This implies that further rate actions from the RBI will be contingent on continued fiscal consolidation as well as sustained benign inflation prints.

Given that there had been no substantial new developments on the disinflationary process or on the fiscal outlook since January, the RBI had considered it appropriate for to await them and maintain the current interest rate stance in its sixth Bi-monthly policy.

The yields of government securities and corporate bonds have seen a decline of over 50 bps in the last three months on the back of easing inflationary pressures and comfortable liquidity conditions. The fixed income markets would be keenly watching the upcoming budget. If the government manages to deliver credible high quality fiscal consolidation, other tailwinds such as lower commodity prices, sharp deceleration in domestic wage growth and the sustained moderation in inflation would open up sufficient space for the RBI to nudge the repo rates lower in the next fiscal.

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