

# Quick Glance - Funds Performance

(Funds with AUM of more than ₹125 crores as on 31<sup>st</sup> July 2014)

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

## Investment Report

The month of July 2014 saw the benchmark index BSE Sensex and CNX Nifty gain 1.89% and 1.44% respectively. The Mid-cap index, CNX Mid-cap shed 2.33% 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 31 July, 14** : ₹45.3927

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

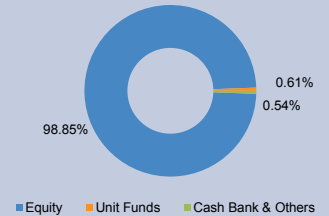
**Corpus as on 31 July, 14** : ₹2,078.77 Crs.

#### Fund Performance

PERIOD	DATE	NAV	S&P BSE Sensex	NAV Change	INDEX Change
Last 6 Months	31-Jan-14	35.7865	20513.85	26.84%	26.23%
Last 1 Year	31-Jul-13	33.8033	19345.70	34.28%	33.85%
Last 2 Years	31-Jul-12	30.0129	17236.18	22.98%	22.57%
Last 3 Years	29-Jul-11	32.4385	18197.20	11.85%	12.48%
Last 4 Years	30-Jul-10	32.2569	17868.29	8.92%	9.72%
Last 5 Years	31-Jul-09	26.8350	15670.31	11.09%	10.57%
Since Inception	02-Mar-04	10.0000	5823.17	15.63%	15.40%

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 31 July, 14** : ₹23.0735

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

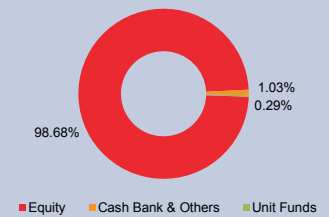
**Corpus as on 31 July, 14** : ₹1,840.27 Crs.

#### Fund Performance

PERIOD	DATE	NAV	NSE CNX MIDCAP	NAV Change	INDEX Change
Last 6 Months	31-Jan-14	16.2796	7540.00	41.73%	43.74%
Last 1 Year	31-Jul-13	15.0087	6872.95	53.73%	57.69%
Last 2 Years	31-Jul-12	13.4248	7168.50	31.10%	22.96%
Last 3 Years	29-Jul-11	13.8498	8017.35	18.55%	10.57%
Last 4 Years	30-Jul-10	13.8923	8415.30	13.52%	6.53%
Last 5 Years	31-Jul-09	10.2840	5950.20	17.54%	12.74%
Since Inception	08-Jan-07	10.0000	5156.45	11.69%	10.32%

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 31 July, 14** : ₹16.3219

**Benchmark** : CNX Nifty-100%

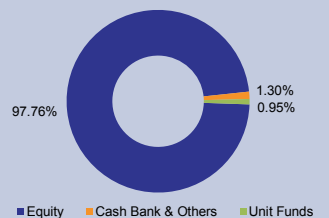
**Corpus as on 31 July, 14** : ₹1,002.20 Crs.

#### Fund Performance

PERIOD	DATE	NAV	CNX Nifty	NAV Change	INDEX Change
Last 6 Months	31-Jan-14	12.7207	6089.50	28.31%	26.80%
Last 1 Year	31-Jul-13	11.8589	5742.00	37.63%	34.47%
Last 2 Years	31-Jul-12	10.5408	5229.00	24.44%	21.52%
Last 3 Years	29-Jul-11	10.9588	5482.00	14.20%	12.09%
Last 4 Years	30-Jul-10	10.6060	5367.60	11.38%	9.52%
Last 5 Years	31-Jul-09	8.8260	4636.45	13.08%	10.74%
Since Inception	07-Jan-08	10.0000	6279.10	7.75%	3.20%

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 31 July, 14** : ₹17.6402

**Benchmark** : CNX Nifty-100%

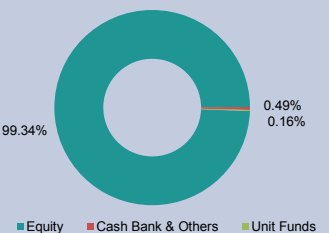
**Corpus as on 31 July, 14** : ₹208.61 Crs.

#### Fund Performance

PERIOD	DATE	NAV	CNX Nifty	NAV Change	INDEX Change
Last 6 Months	31-Jan-14	13.8096	6089.50	27.74%	26.80%
Last 1 Year	31-Jul-13	12.9814	5742.00	35.89%	34.47%
Last 2 Years	31-Jul-12	11.7278	5229.00	22.64%	21.52%
Last 3 Years	29-Jul-11	12.4935	5482.00	12.19%	12.09%
Last 4 Years	30-Jul-10	12.1513	5367.60	9.77%	9.52%
Last 5 Years	31-Jul-09	10.0070	4636.45	12.01%	10.74%
Since Inception	04-Feb-08	10.0000	5463.50	9.14%	5.47%

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

#### Asset Allocation



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

#### Fund Details

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

**NAV as on 31 July, 14** : ₹27.3565

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

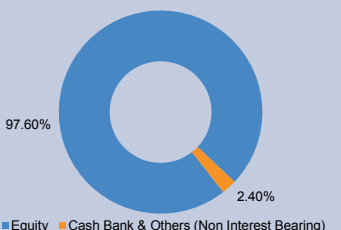
**Corpus as on 31 July, 14** : ₹225.99 Crs.

#### Fund Performance

PERIOD	DATE	NAV	CNX India 500 Shariah Index	NAV Change	INDEX Change
Last 6 Months	31-Jan-14	21.0113	1510.18	30.20%	24.74%
Last 1 Year	31-Jul-13	19.4576	1392.53	40.60%	35.28%
Last 2 Years	31-Jul-12	17.0807	1215.84	26.55%	24.47%
Last 3 Years	29-Jul-11	17.7502	1275.35	15.51%	13.89%
Last 4 Years	30-Jul-10	17.0684	1298.75	12.52%	9.74%
Last 5 Years	31-Jul-09	13.9520	1104.92	14.42%	11.26%
Since Inception	06-Oct-08	10.0000	844.46	18.88%	14.78%

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 31<sup>st</sup> July 2014)

## 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 31 July, 14** : ₹17.9842

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

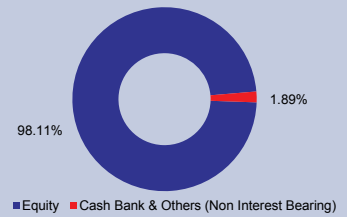
**Corpus as on 31 July, 14** : ₹795.14 Crs.

### Fund Performance

PERIOD	DATE	NAV	CNX India 500 Shariah Index	NAV Change	INDEX Change
Last 6 Months	31-Jan-14	13.7512	1510.18	30.78%	24.74%
Last 1 Year	31-Jul-13	12.6692	1392.53	41.95%	35.28%
Last 2 Years	31-Jul-12	11.1458	1215.84	27.03%	24.47%
Last 3 Years	29-Jul-11	11.6166	1275.35	15.68%	13.89%
Last 4 Years	30-Jul-10	11.1416	1298.75	12.72%	9.74%
Since Inception	16-Oct-09	10.0000	1217.76	13.03%	9.53%

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 31 July, 14** : ₹27.1151

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

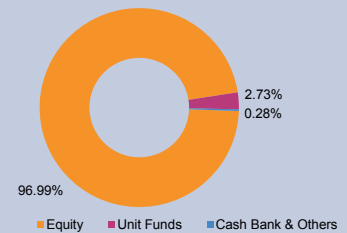
**Corpus as on 31 July, 14** : ₹209.19 Crs.

### Fund Performance

PERIOD	DATE	NAV	S&P BSE 200	NAV Change	INDEX Change
Last 6 Months	31-Jan-14	20.8028	2425.46	30.34%	29.66%
Last 1 Year	31-Jul-13	19.1230	2270.93	41.79%	38.48%
Last 2 Years	31-Jul-12	17.7540	2114.47	23.58%	21.95%
Last 3 Years	29-Jul-11	18.8510	2256.48	12.88%	11.70%
Last 4 Years	30-Jul-10	18.5097	2281.63	10.02%	8.35%
Last 5 Years	31-Jul-09	15.1930	1909.63	12.28%	10.49%
Since Inception	12-Jan-09	10.0000	1091.37	19.69%	21.01%

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 31 July, 14** : ₹21.4835

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

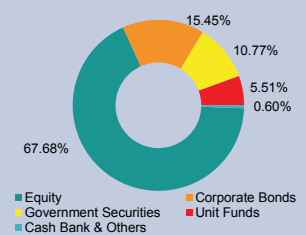
**Corpus as on 31 July, 14** : ₹220.76 Crs.

### Fund Performance

PERIOD	DATE	NAV	NAV Change	INDEX Change
Last 6 Months	31-Jan-14	17.3114	24.10%	19.30%
Last 1 Year	31-Jul-13	16.4578	30.54%	25.47%
Last 2 Years	31-Jul-12	15.5146	17.67%	17.32%
Last 3 Years	29-Jul-11	15.8728	10.62%	10.90%
Last 4 Years	30-Jul-10	15.7256	8.11%	8.88%
Last 5 Years	31-Jul-09	13.5320	9.69%	9.23%
Since Inception	01-Jul-06	10.0000	9.92%	9.94%

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 31 July, 14** : ₹20.9754

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

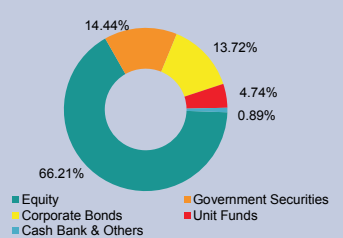
**Corpus as on 31 July, 14** : ₹404.04 Crs.

### Fund Performance

PERIOD	DATE	NAV	NAV Change	INDEX Change
Last 6 Months	31-Jan-14	16.9141	24.01%	19.66%
Last 1 Year	31-Jul-13	16.0254	30.89%	25.87%
Last 2 Years	31-Jul-12	14.6897	19.49%	16.63%
Last 3 Years	29-Jul-11	14.7743	12.39%	10.65%
Last 4 Years	30-Jul-10	14.2751	10.10%	8.75%
Last 5 Years	31-Jul-09	12.2660	11.33%	9.35%
Since Inception	08-Jan-07	10.0000	10.29%	8.45%

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 31 July, 14** : ₹33.8420

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

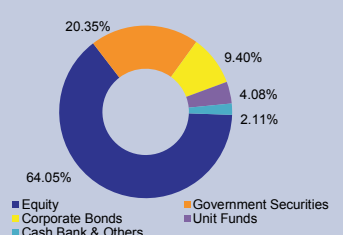
**Corpus as on 31 July, 14** : ₹134.40 Crs.

### Fund Performance

PERIOD	DATE	NAV	NAV Change	INDEX Change
Last 6 Months	31-Jan-14	27.7848	21.80%	19.30%
Last 1 Year	31-Jul-13	26.4208	28.09%	25.47%
Last 2 Years	31-Jul-12	24.2869	18.04%	17.32%
Last 3 Years	29-Jul-11	24.9589	10.68%	10.90%
Last 4 Years	30-Jul-10	24.8394	8.04%	8.88%
Last 5 Years	31-Jul-09	21.8170	9.18%	9.23%
Since Inception	02-Mar-04	10.0000	12.41%	12.03%

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

### Asset Allocation



# Quick Glance - Funds Performance

(Funds with AUM of more than ₹125 crores as on 31<sup>st</sup> July 2014)

## 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.	PERIOD	DATE	NAV	Crisil Composite Bond Fund Index	NAV Change	INDEX Change		
<b>NAV as on 31 July, 14</b>	₹16.9692	Last 6 Months	31-Jan-14	15.9748	2011.03	6.22%	6.42%		
<b>Benchmark</b>	CRISIL Composite Bond Index -100%	Last 1 Year	31-Jul-13	15.5703	1947.21	8.98%	9.91%		
<b>Corpus as on 31 July, 14</b>	₹243.80 Crs.	Last 2 Years	31-Jul-12	14.4753	1849.96	8.27%	7.56%		
		Last 3 Years	29-Jul-11	13.1511	1699.88	8.87%	7.98%		
		Last 4 Years	30-Jul-10	12.3580	1613.57	8.25%	7.32%		
		Last 5 Years	31-Jul-09	11.6830	1543.10	7.75%	6.76%		
		Since Inception	08-Jan-07	10.0000	1298.79	7.24%	6.82%		
		<b>Note :</b> 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.	PERIOD	DATE	NAV	Crisil Short Term Bond Index	NAV Change	INDEX Change		
<b>NAV as on 31 July, 14</b>	₹17.1054	Last 6 Months	31-Jan-14	16.3395	2166.37	4.69%	5.11%		
<b>Benchmark</b>	CRISIL Short Term Bond Index -100%	Last 1 Year	31-Jul-13	15.5964	2057.14	9.68%	10.69%		
<b>Corpus as on 31 July, 14</b>	₹141.95 Crs.	Last 2 Years	31-Jul-12	14.4325	1917.32	8.87%	8.98%		
		Last 3 Years	29-Jul-11	13.2342	1760.21	8.93%	8.96%		
		Last 4 Years	30-Jul-10	12.4217	1655.29	8.33%	8.30%		
		Last 5 Years	31-Jul-09	11.7820	1585.10	7.74%	7.51%		
		Since Inception	08-Jan-07	10.0000	1281.09	7.35%	7.90%		
		<b>Note :</b> 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.

Overtime, 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%.	PERIOD	DATE	NAV	NAV Change		
<b>The highest NAV recorded on reset date</b>	₹15.3865	Last 6 Months	31-Jan-14	13.4269	15.61%		
<b>Corpus as on 31 July, 14</b>	₹307.75 Crs.	Last 1 Year	31-Jul-13	12.7773	21.49%		
		Last 2 Year	31-Jul-12	11.6905	15.23%		
		Last 3 Year	29-Jul-11	11.6507	10.04%		
		Last 4 Year	30-Jul-10	11.4066	8.01%		
		Last 5 Year	31-Jul-09	10.1380	8.89%		
		Since Inception	10-Jun-09	10.0000	8.93%		
		<b>Note :</b> 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	
<b>Investment Objective</b>	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		
<b>The highest NAV recorded on reset date</b>	₹14.4496	Last 6 Months	31-Jan-14	12.6648	15.54%		
<b>Corpus as on 31 July, 14</b>	₹244.42 Crs.	Last 1 Year	31-Jul-13	12.0189	21.75%		
		Last 2 Year	31-Jul-12	10.9051	15.84%		
		Last 3 Year	29-Jul-11	10.9299	10.22%		
		Last 4 Year	30-Jul-10	10.5835	8.44%		
		Since Inception	10-Nov-09	10.0000	8.39%		
		<b>Note :</b> 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 31<sup>st</sup> July 2014)

## 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** : ₹14.0732

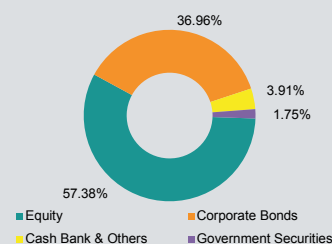
**Corpus as on 31 July, 14** : ₹142.42 Crs.

### Fund Performance

PERIOD	DATE	NAV	NAV Change
Last 6 Months	31-Jan-14	12.1840	17.16%
Last 1 Year	31-Jul-13	11.5702	23.38%
Last 2 Year	31-Jul-12	10.4984	16.61%
Last 3 Year	29-Jul-11	10.6210	10.36%
Last 4 Year	30-Jul-10	10.3892	8.27%
Since Inception	10-May-10	10.0000	8.78%

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** : ₹14.0927

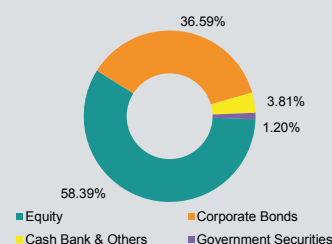
**Corpus as on 31 July, 14** : ₹132.64 Crs.

### Fund Performance

PERIOD	DATE	NAV	NAV Change
Last 6 Months	31-Jan-14	12.1152	18.07%
Last 1 Year	31-Jul-13	11.5235	24.14%
Last 2 Year	31-Jul-12	10.4666	16.91%
Last 3 Year	29-Jul-11	10.6138	10.46%
Last 4 Year	30-Jul-10	10.4124	8.26%
Since Inception	10-May-10	10.0000	8.84%

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



## Equity Outlook

The month of July 2014 saw the benchmark index BSE Sensex and CNX Nifty gain 1.89% and 1.44% respectively. The Mid-cap index, CNX Mid-cap shed 2.33% during the same period.

FII's were net buyers with inflows of around USD2.2bn in the month of July 2014 and the DIIs were net sellers to the tune of around USD0.5bn, with Insurance companies' net sellers of around USD 1.1 bn and domestic mutual funds, net buyers to the extent of around USD0.60bn over the same period. In the first seven months of the calendar year 2014, the FIIs had been net buyers to the tune of USD11.8bn with the DIIs net sellers to the tune of USD5.5bn, Insurance companies net sellers to the tune of USD 5 bn and mutual funds selling Indian equities to the tune of USD0.5bn.

Consensus earnings estimate for the MSCI India for FY 2016E was increased by 0.3% over the month to 16 % with the FY 2015E earnings estimate remaining unchanged at 14%. FIIs in the quarter ended June 2014 owned 23% in Nifty even as the ownership of DIIs saw a marginal increase quarter on quarter of 15 bps, taking their holding in equities to 11.4%.

The Q1 FY15 results have been a mixed bag with around 60% corporate having reported thus far. IT services companies have uniformly delivered on the margin front with the company managements guiding a better growth outlook. However, the Financial sector has had more disappointing results. While the outlook has improved, lower money supply and weak growth have kept NPAs at elevated levels. Consumption companies reported moderating volume growth and were seen to be resorting to cost control measures. Telecom and Healthcare companies have had more positive surprises.

The Union Budget for FY 2015 reiterated the policy of fiscal consolidation while seeking to enable capex recovery especially in the SME sector in order to broad base manufacturing revival. The Budget had clear initiatives to accelerate infrastructure development through easier funding norms such as waiver of statutory reserves like CRR and SLR for long-term funds raised by Banks to fund the sector.

There was a renewed thrust to highway development as budget support for NHA had been increased by 25% with an aim to build 8500kms of road in FY15 as compared to 1100km built in FY14. The 10-year tax holiday for setting up power projects has been extended for up coming projects in the next 3 years. Fast tracking metro rail projects, developing new airports in Tier I and Tier II cities and initiating an ambitious project to develop 100 new smart cities are some of the key infrastructure initiatives. A conducive tax regime is to be in place to establish real estate investment trusts to help facilitate capital flows.

The government seems to be keen on addressing the removal of bottlenecks to growth as well as resolving outstanding issues in the power and road sector. It plans to focus on the quality of governance by creating transparency in processes and increasing efficiency and accountability in the grant of regulatory clearances. In this regard, the Project Management Group (PMG) aims to digitize the entire project approval process to fast track clearances.

RBI has issued draft guidelines on small banks and payment banks. The primary objective of small banks is to play an important role in credit supply to MSME, agriculture and banking services in un-banked and under-banked regions in the country. The primary objective of payment banks would be to provide small savings or current accounts and provide a platform for high-volume, low-value payments and remittance services. There is a big focus on reaching out to the customer through a strong technological platform and could be a key enabler in the financial inclusion efforts of the government.

The RBI has proposed higher capital charge for systemically important banks in order to limit the systemic risk, with the banks to be classified under various buckets. The higher capital requirements to systemically important banks will be applicable from April 1, 2016 in a phased manner and would become fully effective from April 1, 2019.

The draft report on Vision, Strategy & Action Plan for Indian Textiles & Apparels projected Indian textile and apparel exports to grow from USD39bn at present to USD300bn by the year FY2025. The report expects additional investments of around USD120 bn to generate around 35 mn additional jobs.

# Quick Glance - Funds Performance

(Funds with AUM of more than ₹125 crores as on 31<sup>st</sup> July 2014)

Indian equity markets have been the recipients of robust FII flows of USD 11.8 billion over the calendar year 2014, thus far. The global investors would be keenly watching the policy initiatives of the new government aimed at enabling a sustained increase in the trajectory of economic growth over the next five years. We continue to believe that the Indian equities offer an attractive entry point for a long term investor with a 3-5 year view.

## Debt Outlook

Debt market in the month of July 2014 saw the issuance of the new 10 year G-sec at 8.40% which closed the month at 8.50% levels whereas the erstwhile benchmark 10 Year G-sec closed the month at 8.72% levels. On the Corporate Bond side, 5–15 year tenure bonds were trading in the band of 9.30% - 9.35% at the close of July 2014. There were positives in the form of a strong uptick in monsoon post the first ten days of July, a significant cooling of oil prices as well as a reiteration from the government on the 4.1% fiscal deficit in FY 2015.

The FIIs were buyers of Indian debt to the tune of USD 3.8 bn over the month of July with the cumulative FII inflows in the Indian debt standing a USD 14.1 bn in CY YTD thus far. The RBI had enhanced the investment limit in GSecs available to FIIs by USD5 bn to USD25 bn. Correspondingly, it reduced the limit available to long-term investors such as Sovereign wealth funds, pension funds and foreign central banks to USD5 bn from USD10 bn with the overall limit on GSecs remaining unchanged at USD30 bn, with the incremental investment limit of USD5 bn to be invested in GSecs with minimum residual maturity of three years.

The RBI policy has been on expected lines as the repo rate has been kept on hold while the Statutory Liquidity Ratio (SLR) has been reduced by 50 bps to 22%. Additionally, SLR securities holdings under held to maturity (HTM) category have been reduced by 50 bps to 24%. The RBI opined that the calibrated reduction in the SLR was necessary to enhance liquidity in the debt markets.

The RBI was satisfied that the retail inflation measured by the consumer price index (CPI) had eased for the second consecutive month in June, with a broad-based moderation accompanied by deceleration in momentum. The RBI expected the recent fall in international crude prices, the benign outlook on global non-oil commodity prices, subdued corporate pricing power as well as measures undertaken to improve food management to support continued disinflation. The RBI cautioned that there were upside risks in the form of a pass-through of administered price increases, continuing uncertainty over monsoon conditions and their impact on food production, possibly higher oil prices stemming from geo-political concerns and exchange rate movement, and strengthening growth in the face of continuing supply constraints. The RBI concluded that the upside risks to the target of ensuring CPI inflation at or below 8% by January 2015 remained, although overall risks were more balanced than in June. Hence, the RBI felt it appropriate to continue maintaining a vigilant monetary policy stance as in June, while leaving the policy rate unchanged.

The RBI opined that the liquidity conditions had remained broadly stable, barring episodic tightness on account of movements in the cash balances of the Government maintained with the Reserve Bank.

In what has been perceived by the fixed income market as a hawkish stance, the RBI stated that the balance of risks around the medium-term inflation path, and especially the target of 6 % by January 2016, were still to the upside, warranting a heightened state of policy preparedness to contain these risks if they did actually materialize. In the months ahead, the RBI opined that the government's actions on food management and facilitation of project completion would improve supply, but as consumer and business confidence picked up, aggregate demand will also strengthen and RBI will act as necessary to ensure sustained disinflation.

India's 1QFY15 fiscal deficit came in at 56% of full year budget estimates as against 48% of budgeted estimate in the same period prior year. While 1QFY15 expenditure trends at 8.2% are below budgeted 12.9%, there have been major slippages on the revenue front as overall revenues were down 3.1% as against budgeted estimate of 18.6% resulting in a widening of the deficit. The Union budget had kept the government's borrowing figure unchanged as compared to the interim budget.

The fixed income market would keenly monitor the progress of monsoons as well as the trajectory of oil prices. The bond markets will have to contend with the relentless weekly supply of G-secs in the near term. The positive sentiment of the lower inflation and a re-jig in bond limits could be offset by reduction of the HTM portion of the SLR portfolio and RBIs unexpected hawkish stance in the policy.

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