(Funds with AUM of more than ₹125 crores as on 31st March 2013)

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



Saravana Kumar Chief Investment Officer

## Message from CIO's Desk

The month of March 2013 saw the benchmark indices; BSE Sensex and CNX Nifty shed around 0.14% and 0.18% respectively, even as the Mid-cap index, CNX Mid-cap lost 1.84% during the same period.

# **Equity Funds**

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

Fund Details			Fund	Perfo	As	set Allocatio	n			
	: The primary investment objective long term capital appreciation from a dominantly in equity and equity linked	PERIOD	DATE	NAV	BSE Sensex	NAV Change	INDEX Change			
securities.		Last 6 Months	30-Sep-12	32.2486	18762.74	1.69%	0.39%			
		Last 1 Year	31-Mar-12	30.3049	17404.20	8.21%	8.23%			2.46%
Fund Manager	: Mr. Saravana Kumar	Last 2 Years	31-Mar-11	33.8848	19445.22	-1.63%	-1.58%			0.54%
NAV as on 31 Mar, 13	: ₹32.7921	Last 3 Years	31-Mar-10	30.5465	17527.77	2.39%	2.43%			
· ·		Last 4 Years	31-Mar-09	17.1250	9708.50	17.63%	18.02%	97.00%		
Benchmark	: BSE Sensex - 100%	Last 5 Years	31-Mar-08	30.9020	15644.44	1.19%	3.78%			
Corpus as on 31 Mar,13	: ₹2,385.78 Crs.	Since Inception	02-Mar-04	10.0000	5823.17	13.97%	13.79%			
		Note : The investment				ll as up. "Sind	ce Inception"	■ Equity	Cash Bank & Others	■CD/CP's

## 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 NSE CNX MIDCAP of the Fund is to generate long term capital appreciation from a portfolio that is invested predominantly in Mid Cap Equity and Mid **PERIOD** DATE NAV **INDEX** Change Change Cap Equity linked securities. Last 6 Months 30-Sep-12 14.4475 7840.55 1.74% -5.60% Last 1 Year 31-Mar-12 13 5457 7711 40 8.51% -4 02% 1.54% 0.71% -4.05% 31-Mar-11 Last 2 Years 13.6258 3.86% **Fund Manager** : Mr. Saravana Kumar 8040.15 31-Mar-10 12.7603 7704.90 4.83% -1.33% Last 3 Years NAV as on 31 Mar, 13 : ₹14.6988 Last 4 Years 31-Mar-09 6.2150 3407.45 24.01% 21.40% Benchmark : NSE CNX MIDCAP-100% Last 5 Years 31-Mar-08 11.7850 6240.65 4.52% 3.47% Corpus as on 31 Mar,13 : ₹1,752.74 Crs. Since Inception 08-Jan-07 10.0000 5156 45 6.38% 5 97% Fixed Deposit ■ Equity Note: The investment income and prices may go down as we and returns above "1 Year" are calculated as per CAGR. ell as up. "Since Inception" Cash Bank & Others CD/CP's

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

Fund Details		Fund	Perfo	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		DATE	NAV	CNX Nifty	NAV Change	INDEX Change		
securities.	Last 6 Months Last 1 Year	30-Sep-12 31-Mar-12	11.3770 10.5029	5703.30 5295.55	1.49% 9.94%	-0.36% 7.31%		5.00%
Fund Manager : Mr. Saravana Kumar	Last 2 Years	31-Mar-11	11.4116	5833.75	0.59%	-1.30%		5.09%
NAV as an 24 May 12 : #11 5466	Last 3 Years Last 4 Years	31-Mar-10 31-Mar-09	10.0892 5.7290	5249.10 3020.95	4.60% 19.15%	2.68% 17.11%	94.91%	
	Last 5 Years	31-Mar-08	9.3590	4734.50	4.29%	3.72%		
	Since Inception	07-Jan-08	10.0000	6279.10	2.79%	-1.89%		
	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.						■Equity	Cash Bank & Others

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

Fund Details		Fund	Perfo	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	PERIOD	DATE	NAV	CNX Nifty	NAV Change	INDEX Change		
securities.	Last 6 Months Last 1 Year	30-Sep-12 31-Mar-12	12.6909 11.8938	5703.30 5295.55	-0.12% 6.57%	-0.36% 7.31%		
Fund Manager       :       Mr. Saravana Kumar         NAV as on 31 Mar, 13       :       ₹12.6758         Benchmark       :       CNX Nifty-100%         Corpus as on 31 Mar,13       :       ₹221.05 Crs.	Last 2 Years Last 3 Years Last 4 Years Last 5 Years Since Inception Note: The investmen	31-Mar-11 31-Mar-10 31-Mar-09 31-Mar-08 04-Feb-08	13.0319 11.5129 6.4140 10.1970 10.0000	5833.75 5249.10 3020.95 4734.50 5463.50	-1.38% 3.26% 18.57% 4.45% 4.71%	-1.30% 2.68% 17.11% 3.72% 0.77%	95.11%	4.89%
	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.							& Others

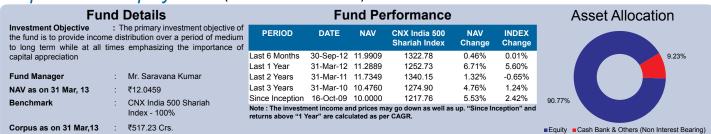
## Select Equity Fund (ULIF 024 06/10/08 TSE 110)

Coroct Educy Farra (CER CE TO)									
Fund Details		Fu	nd Pe	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	PERIOD	DATE	NAV	CNX India 500 Shariah Index	NAV Change	INDEX Change			
appreciation. The fund will invest significant amount in equity		30-Sep-12	18.4337	1322.78	0.61%	0.01%			
and equity linked instruments specifically excluding companies		31-Mar-12	17.1778	1252.73	7.97%	5.60%			
predominantly dealing in Gambling, Lotteries/Contests, Animal	Last 2 Years	31-Mar-11	17.9614	1340.15	1.62%	-0.65%			
Produce, Liquor, Tobacco, Entertainment (Films, TV etc) Hotels,	Last 3 Years	31-Mar-10	16.2079	1274.90	4.60%	1.24%	94.24%		
Banks and Financial Institutions.	Last 4 Years	31-Mar-09	10.3200	692.85	15.78%	17.55%			
	Since Inception	06-Oct-08	10.0000	844.46	14.77%	10.53%			
Fund Manager : Mr. Saravana Kumar				y go down as well as	up. "Since In	ception" and	5.76%		
NAV as on 31 Mar, 13 : ₹18.5467	returns above "1 \	rear" are calcu	ilated as per	CAGR.					
Benchmark : CNX India 500 Shariah Index - 100%							■ Equity ■ Cash Bank & Others (Non Interest Bearing)		
Corpus as on 31 Mar,13 : ₹209.28 Crs.									

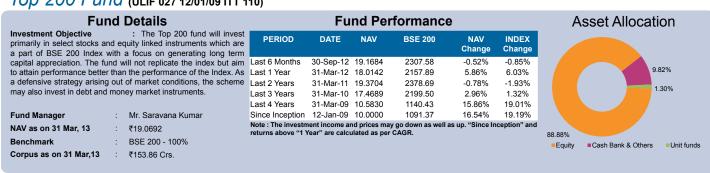


(Funds with AUM of more than ₹125 crores as on 31st March 2013)

# Super Select Equity Fund (ULIF 035 16/10/09 TSS 110)



# Top 200 Fund (ULIF 027 12/01/09 ITT 110)



#### Balanced Funds

## Aggressive Growth Fund (ULIF 006 01/07/06 TAL 110)



#### Whole Life Aggressive Growth Fund (ULIF 010 04/01/07 WLA 110)

Fui		Fund	Asset Allocation					
Investment Objective the fund is to maximize the	: The primary investment objective of returns with medium to high risk.	PERIOD	DATE	NAV	NAV Change	INDEX Change		22.60%
Fund Manager	: Mr. Saravana Kumar	Last 6 Months	30-Sep-12	15.6152	2.02%	1.23%		7.79%
NAV as on 31 Mar, 13	: ₹15.9299	Last 1 Year	31-Mar-12	14.6248	8.92%	8.00%		
		Last 2 Years	31-Mar-11	15.0577	2.86%	2.12%		6.40%
Benchmark	: Nifty - 65%	Last 3 Years	31-Mar-10	13.6178	5.37%	4.31%		
	CRISIL Composite Bond	Last 4 Years	31-Mar-09	9.1200	14.96%	13.52%	63.20%	
	Index -35%	Last 5 Years	31-Mar-08	11.6350	6.49%	4.85%		
Corpus as on 31 Mar,13	: ₹376.69 Crs.	Since Inception	08-Jan-07	10.0000	7.76%	6.35%		
		Note : The investme returns above "1 Ye			ı as well as up. "Sir	nce Inception" and	■ Equity ■ Government Securities	■Corporate Bonds ■Cash Bank & Others

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

Fui		Fund	Perform	Asset Al	location			
Investment Objective the fund is to maximize the	: The primary investment objective of returns with medium to high risk	PERIOD	DATE	NAV	NAV Change	INDEX Change		13.33%
Fund Manager	: Mr. Saravana Kumar	Last 6 Months	30-Sep-12	25.7579	1.63%	1.72%		11.58%
NAV as on 31 Mar, 13	: ₹26.1770	Last 1 Year	31-Mar-12	24.2027	8.16%	8.59%		
		Last 2 Years	31-Mar-11	25.6897	0.94%	1.94%		1.22%
Benchmark	: BSE Sensex - 65%,	Last 3 Years	31-Mar-10	23.9025	3.08%	4.14%		
	CRISIL Composite Bond	Last 4 Years	31-Mar-09	16.2890	12.59%	14.11%		
	Index - 35%	Last 5 Years	31-Mar-08	23.0090	2.61%	4.89%		
Corpus as on 31 Mar,13	: ₹132.50 Crs.	Since Inception	02-Mar-04	10.0000	11.17%	10.94%	73.87%	
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.							■Equity  Government Securities	■ Corporate Bonds ■ Cash Bank & Others



(Funds with AUM of more than ₹125 crores as on 31st March 2013)

## Fixed Income Funds

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



#### 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 interestrates, 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	PERIOD	DATE	NAV	NAV Change	44.64%		
to generate capital appreciation and use high credit quality deb instruments to lock-in that capital appreciation. The initial asse allocation in equities is targeted at 80% to 100%.	Last 6 Months	30-Sep-12 31-Mar-12 31-Mar-11	12.3431 11.5165 12.0459	2.24% 9.58% 2.35%	3.24%		
Fund Manager : Mr. Saravana Kumar	Last 3 Year	31-Mar-10	11.1051	4.35%			
The highest NAV recorded : on reset date ₹12.8823		10-Jun-09 t income and prices ma Year" are calculated a		6.30% up. "Since Inception"	52.12%		
Corpus as on 31 Mar, 13 : ₹336.32 Crs.	and returns above 1	rear are calculated a	s per CAGR.		■Equity ■Corporate Bonds ■Cash Bank & Others		

#### 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	PERIOD	DATE	NAV	NAV Change	42.54%
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%.	Last 6 Months	30-Sep-12 31-Mar-12 31-Mar-11	11.5559 10.7598 11.2464	2.42% 9.99% 2.58%	4.18%
Fund Manager : Mr. Saravana Kumar The highest NAV recorded :	Last 3 Year Since Inception	31-Mar-10 10-Nov-09	10.3286 10.0000	4.64% 5.10%	
on reset date ₹12.0647	Note : The investment and returns above "1	53.29%			
Corpus as on 31 Mar, 13 : ₹235.89 Crs.					■Equity ■Corporate Bonds ■Cash Bank & Others

#### **Equity Outlook**

he month of March 2013 saw the benchmark indices; BSE Sensex and CNX Nifty shed around 0.14% and 0.18% respectively, even as the Mid-cap index, CNX Mid-cap lost 1.84% during the same period.

FIIs were net buyers with net inflow of around USD 1.9 billion in March 2013 even as the DIIs were net sellers to the tune of around USD 1.4 billion, with domestic mutual funds net sellers of around USD 0.3 billion and Insurance companies net sellers of around USD 1.1 billion over the month. In the first three months of the calendar year 2013, the FIIs have been net buyers to the tune of USD 10.5 billion with the DIIs net sellers to the tune of USD 6.3 billion, Insurance companies and mutual funds selling Indian equities to the tune of USD 5.0 billion and USD1.3 billion respectively.

Indian equities were among the best performing asset classes in CY 2012 on the back of the Government's thrust on reforms but increasing political uncertainty, RBI's hawkish guidance in the Mid-quarter monetary policy and limited window available for reforms, given the busy election calendar over the next one year ,have weighed on the equity market in the first three months of CY 2013.

The investment cycle remains weak with the private capex cycle muted. The sentiment is affected by sustained high retail inflation, lower growth impacting employment opportunities as well as structural deterioration of the macro-indicators. These factors have driven the household savings into physical assets has added pressure on the domestic financial savings, impacting monetary transmission and partly offsetting the impact of the rate cuts from RBI

The consensus earnings estimate for the broad market (MSCI India) were reduced by 1% and 0.8% for FY 2013 (E) and FY 2014(E) over the month. The estimates earnings growth stands at 10% and 15% for FY 2013(E) and FY 2014(E) respectively. The equity markets would take further cues from the Budget session of parliament as it resumes on 22<sup>nd</sup> April and continues till 10<sup>th</sup> May and could see some key bills pertaining to insurance and pension sectors, land acquisition and food security being in the agenda for discussion.

The fourth quarter fiscal FY 2013 earnings will be closely tracked by the market to see any visible signs of a pick up in the investment cycle. The earnings season is expected to see a muted revenue growth due to the prevailing sluggish demand conditions. The profitability could be adversely impacted due to higher input prices of petroleum products and inadequate pricing power of corporate India.

The government is expected to speed up project clearances, spur PSU capex spends as well as announce the new exports policy and these initiatives would be seen as positive by the equity markets. In an attempt to speed up investments in the oil and gas space, the Cabinet



(Funds with AUM of more than ₹125 crores as on 31st March 2013)

Committee on Investment (CCI) has given clearances to oil and gas activity in five blocks off the east coast. The government will pay ₹ 250billion additional cash subsidy to PSU fuel retailers to cover for the revenue they lost on selling auto and cooking fuel below cost in FY 2013. The GDP growth will continue be driven by consumption as sizeable government spend in a pre-election year as well as initiatives such as direct cash transfers will act as tailwinds.

The market offers the comfort of reasonable valuations at around 14 times one year forward price earnings, close to long term averages. We believe that the Indian equities offer an attractive entry point for a long term investor with a 3-5 year view.

#### **Debt Outlook**

March 2013 saw the benchmark 10 year Government securities (G-sec) harden by 8 bps to close the month at 7.95% levels.

March 2013 saw the G-sec market selling off due to the RBI policy reiterating that there was only limited space available for further easing .The yields of the 30 year G-sec over the 10 year G-sec was at around 30 bps in March 2013 as against the 25 bps, seen in the prior month.

The corporate bond market eased towards the end of March as the supply got absorbed, to close the month at around the 8.85% levels in the 5-10 year bonds, 5 bps lower than the February levels of 8.90%. As a consequence, the corporate bond spread over the benchmark 10 year G-sec stood at around 75 Bps in March 2013, contracting from the February 2013 levels.

On the liquidity front, the Liquidity Adjustment Facility -LAF continued to be the primary mode of liquidity injection, maintaining a shortfall of around Rs.1 trillion levels for most of the month before ending the month at over Rs.1.5 trillion levels, due to financial year end liquidity demand, as well as muted deposit growth in the banking system, thereby requiring the RBI to shore up the liquidity through the Open Market Operations (OMOs).

The Reserve Bank of India (RBI) in its Mid-quarter monetary policy review reduced the policy repo rate under the liquidity adjustment facility (LAF) by 25 basis points from 7.75 % to 7.50% and signaled that "even as the policy stance emphasizes addressing the growth risks, the headroom for further monetary easing remains quite limited." It has placed the onus on sustaining growth squarely on the government by stating that a competitive interest rate is necessary but not sufficient for stimulating growth by increasing investments.

The RBI believed that the growth had decelerated significantly, even as inflation remained at an elevated level. The RBI noted the softening of non-food manufactured products inflation but was concerned about the fact that food inflation remained high. The RBI was disappointed with the services sector growth, which had been the mainstay of the overall growth, decelerating to its slowest pace in a decade pulling down India's GDP growth in Q3 of 2012-13 to 4.5 %, the weakest in the last 15 quarters. While overall industrial production growth turned positive in January 2013, key sectors such as capital goods and mining continued to contract.

The RBI stated that the year-on-year headline WPI inflation had edged up to 6.8 % in February 2013 from 6.6 % in January, essentially reflecting the upward revisions effected to administered prices of petroleum products. The RBI expressed satisfaction that the non-food manufactured products inflation had continued its downward trajectory since September 2012, enabled by softening prices of metals, textiles and rubber products. The RBI was worried at the upward path of retail inflation since October 2012, on sustained price pressures from food items, especially cereals and proteins.

The RBI listed the key macroeconomic priorities, which were to raise the growth rate, restrain inflation pressures and mitigate the vulnerability of the external sector.

On the growth front, the RBI believed that the key to reinvigorating growth was by accelerating investment. The RBI stated that the government had a critical role to play in this regard by remaining committed to fiscal consolidation, easing the supply bottlenecks and improving governance surrounding project implementation. On the external sector front, the RBI noted that the key challenge was to reduce the CAD and that financing of the CAD with stable flows remained a challenge. The RBI expected the headline inflation to be range-bound around current levels over 2013-14 in view of sectoral demand-supply imbalances, the ongoing corrections in administered prices and their second-round effects. Moreover, elevated food prices, including pressures stemming from MSP increases had adverse implications for inflation expectations and the risks on account of the CAD remained significant.

The first half FY2014 borrowing calendar was front-loaded, accounting for around 60% of the fiscal's budgeted gross borrowing at Rs3.49 trillion, resulting in a net borrowing Rs 2.74 trillion. The Government also plans to issue Rs120-200 billion of inflation-indexed bonds. The RBI borrowing calendar sees the weekly borrowing at Rs150 billion, except for two weeks in August. The issuance in H1 is concentrated in the below 15 year segment, which accounts for around 67% of the borrowing programme. The 15 year-19 year and above 20year maturity segments each constitute around 16% of the total borrowings.

In what is broadly seen as a positive development in the debt market, the existing debt limits will be merged into two broad categories -Gsecs limit of USD 25 billion and corporate bond limit of USD 51 billion , thereby removing the various sub-limits like GSec old, GSec long term, corporate bond limit in QFIs and FII in long-term infra bonds.

Going forward, monetary easing, continuation of OMOs and weak credit demand will be key positives for the government securities even as the supply of bonds through weekly auctions will be the dampener.

In the near term, the increasing G-sec supply through weekly auctions in April 2013 would keep the yields under pressure and the 10-year yield G-sec may trade in the range of 7.80-8.00%.

#### Disclaimer

- 1. The fund is managed by Tata AIA Life Insurance Company Ltd. (hereinafter the "Company").
- 2. Past performance is not indicative of future performance. 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. Income Tax benefits would be available as per the prevailing income tax laws, subject to fulfillment of conditions stipulated therein. Tata AIA Life Insurance Company Ltd. does not assume responsibility on tax implication mentioned anywhere in this document. Please consult your own tax consultant to know the tax benefits available to you.
- 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 are the names of funds and do not, in any way, indicate the quality of the funds, 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. 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.

Insurance is the subject matter of the solicitation.

Unique Reference Number: L&C/Advt/2013/Apr/122

