

Quick Glance - Funds Performance

(Funds with AUM of more than ₹125 crores as on 30th September 2016)

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

Investment Report

The month of September 2016 saw the benchmark indices S&P BSE Sensex and Nifty 50 shed around 2%. The Mid-cap index, Nifty Free Float Mid-cap 100 gained 0.27% 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 30 September, 16 : ₹51.6942

Benchmark : S&P BSE Sensex - 100%

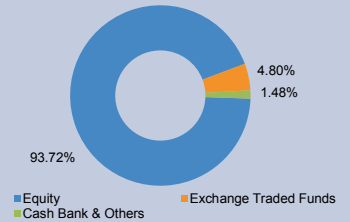
Corpus as on 30 September, 16 : ₹1,429.16 Crs.

Fund Performance

PERIOD	DATE	NAV	S&P BSE Sensex	NAV Change	INDEX Change
Last 3 Months	30-Jun-16	49.4606	26999.72	4.52%	3.21%
Last 6 Months	31-Mar-16	46.1961	25341.86	11.90%	9.96%
Last 1 Year	30-Sep-15	46.7117	26154.83	10.67%	6.54%
Last 2 Years	30-Sep-14	46.6801	26630.51	5.23%	2.29%
Last 3 Years	30-Sep-13	33.9010	19379.77	15.10%	12.87%
Last 4 Years	30-Sep-12	32.2486	18762.74	12.52%	10.39%
Last 5 Years	30-Sep-11	28.9536	16453.76	12.29%	11.11%
Since Inception	02-Mar-04	10.0000	5823.17	13.94%	13.24%

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 30 September, 16 : ₹37.8293

Benchmark : Nifty Free Float Midcap 100 -100%

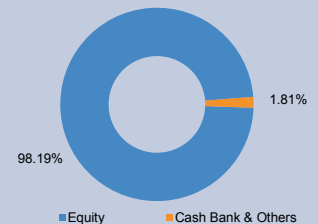
Corpus as on 30 September, 16 : ₹2,048.22 Crs.

Fund Performance

PERIOD	DATE	NAV	Nifty Free Float Midcap 100	NAV Change	INDEX Change
Last 3 Months	30-Jun-16	34.0496	13816.45	11.10%	11.56%
Last 6 Months	31-Mar-16	30.7856	12752.60	22.88%	20.86%
Last 1 Year	30-Sep-15	31.5881	12984.50	19.76%	18.70%
Last 2 Years	30-Sep-14	25.3843	11418.30	22.08%	16.18%
Last 3 Years	30-Sep-13	14.9106	6997.95	36.39%	30.11%
Last 4 Years	30-Sep-12	14.4475	7840.55	27.21%	18.41%
Last 5 Years	30-Sep-11	12.6858	7094.00	24.42%	16.79%
Since Inception	08-Jan-07	10.0000	5156.45	14.65%	11.91%

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 30 September, 16 : ₹19.1585

Benchmark : Nifty 50 -100%

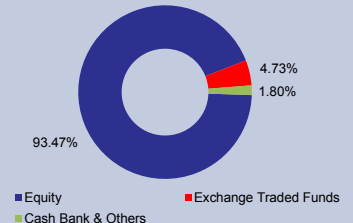
Corpus as on 30 September, 16 : ₹724.69 Crs.

Fund Performance

PERIOD	DATE	NAV	Nifty 50	NAV Change	INDEX Change
Last 3 Months	30-Jun-16	18.3167	8287.75	4.60%	3.90%
Last 6 Months	31-Mar-16	17.1528	7738.40	11.69%	11.28%
Last 1 Year	30-Sep-15	17.3910	7948.90	10.16%	8.33%
Last 2 Years	30-Sep-14	16.8473	7964.80	6.64%	3.98%
Last 3 Years	30-Sep-13	11.9466	5735.30	17.05%	14.51%
Last 4 Years	30-Sep-12	11.3770	5703.30	13.92%	10.85%
Last 5 Years	30-Sep-11	9.8931	4943.25	14.13%	11.74%
Since Inception	07-Jan-08	10.0000	6279.10	7.73%	3.68%

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 30 September, 16 : ₹21.7817

Benchmark : Nifty 50 -100%

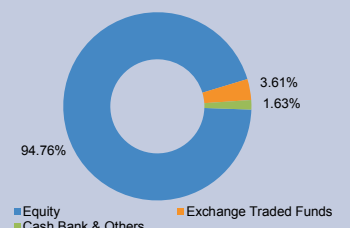
Corpus as on 30 September, 16 : ₹135.64 Crs.

Fund Performance

PERIOD	DATE	NAV	Nifty 50	NAV Change	INDEX Change
Last 3 Months	30-Jun-16	20.7548	8287.75	4.95%	3.90%
Last 6 Months	31-Mar-16	19.2424	7738.40	13.20%	11.28%
Last 1 Year	30-Sep-15	19.6628	7948.90	10.78%	8.33%
Last 2 Years	30-Sep-14	18.4137	7964.80	8.76%	3.98%
Last 3 Years	30-Sep-13	13.0352	5735.30	18.67%	14.51%
Last 4 Years	30-Sep-12	12.6909	5703.30	14.46%	10.85%
Last 5 Years	30-Sep-11	11.2304	4943.25	14.17%	11.74%
Since Inception	04-Feb-08	10.0000	5463.50	9.41%	5.39%

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 September 2016)

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 30 September, 16 : ₹36.4297

Benchmark : Nifty500 Shariah - 100%

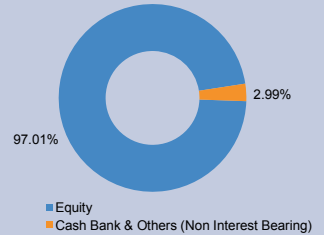
Corpus as on 30 September, 16 : ₹151.75 Crs.

Fund Performance

PERIOD	DATE	NAV	Nifty500 Shariah	NAV Change	INDEX Change
Last 3 Months	30-Jun-16	32.9672	2221.81	10.50%	7.12%
Last 6 Months	31-Mar-16	31.4720	2099.19	15.75%	13.38%
Last 1 Year	30-Sep-15	32.9494	2138.35	10.56%	11.31%
Last 2 Years	30-Sep-14	29.6627	2021.14	10.82%	8.52%
Last 3 Years	30-Sep-13	19.7955	1405.23	22.55%	19.20%
Last 4 Years	30-Sep-12	18.4337	1322.78	18.57%	15.82%
Last 5 Years	30-Sep-11	16.3002	1184.71	17.45%	14.97%
Since Inception	06-Oct-08	10.0000	844.46	17.57%	13.85%

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



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. 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 30 September, 16 : ₹24.4411

Benchmark : Nifty500 Shariah - 100%

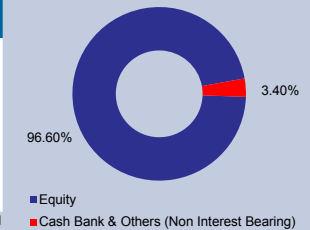
Corpus as on 30 September, 16 : ₹617.83 Crs.

Fund Performance

PERIOD	DATE	NAV	Nifty500 Shariah	NAV Change	INDEX Change
Last 3 Months	30-Jun-16	22.0682	2221.81	10.75%	7.12%
Last 6 Months	31-Mar-16	21.0235	2099.19	16.26%	13.38%
Last 1 Year	30-Sep-15	21.9996	2138.35	11.10%	11.31%
Last 2 Years	30-Sep-14	19.5212	2021.14	11.89%	8.52%
Last 3 Years	30-Sep-13	12.9004	1405.23	23.74%	19.20%
Last 4 Years	30-Sep-12	11.9909	1322.78	19.49%	15.82%
Last 5 Years	30-Sep-11	10.7236	1184.71	17.91%	14.97%
Since Inception	16-Oct-09	10.0000	1217.76	13.70%	10.10%

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 September, 16 : ₹26.5725

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

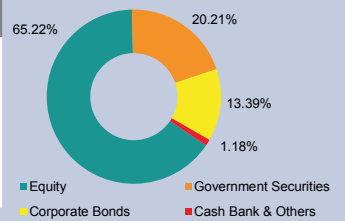
Corpus as on 30 September, 16 : ₹164.08 Crs.

Fund Performance

PERIOD	DATE	NAV	NAV Change	INDEX Change
Last 3 Months	30-Jun-16	25.1652	5.59%	3.81%
Last 6 Months	31-Mar-16	23.6921	12.16%	9.09%
Last 1 Year	30-Sep-15	23.8599	11.37%	8.28%
Last 2 Years	30-Sep-14	22.2829	9.20%	5.70%
Last 3 Years	30-Sep-13	16.5407	17.12%	12.53%
Last 4 Years	30-Sep-12	16.3889	12.84%	10.16%
Last 5 Years	30-Sep-11	14.7543	12.49%	10.61%
Since Inception	01-Jul-06	10.0000	10.00%	9.15%

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 September, 16 : ₹26.7125

Benchmark : Nifty 50 - 65%, CRISIL Composite Bond Index - 35%

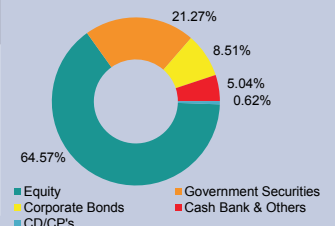
Corpus as on 30 September, 16 : ₹346.52 Crs.

Fund Performance

PERIOD	DATE	NAV	NAV Change	INDEX Change
Last 3 Months	30-Jun-16	25.2397	5.84%	4.26%
Last 6 Months	31-Mar-16	23.5891	13.24%	9.95%
Last 1 Year	30-Sep-15	23.7060	12.68%	9.44%
Last 2 Years	30-Sep-14	21.7766	10.75%	6.80%
Last 3 Years	30-Sep-13	16.0124	18.60%	13.59%
Last 4 Years	30-Sep-12	15.6152	14.36%	10.45%
Last 5 Years	30-Sep-11	13.8228	14.08%	11.02%
Since Inception	08-Jan-07	10.0000	10.62%	8.22%

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 September, 16 : ₹41.8494

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

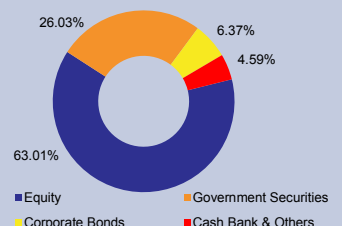
Corpus as on 30 September, 16 : ₹139.96 Crs.

Fund Performance

PERIOD	DATE	NAV	NAV Change	INDEX Change
Last 3 Months	30-Jun-16	39.7712	5.23%	3.81%
Last 6 Months	31-Mar-16	37.4842	11.65%	9.09%
Last 1 Year	30-Sep-15	37.7441	10.88%	8.28%
Last 2 Years	30-Sep-14	34.8403	9.60%	5.70%
Last 3 Years	30-Sep-13	26.5376	16.40%	12.53%
Last 4 Years	30-Sep-12	25.7579	12.90%	10.16%
Last 5 Years	30-Sep-11	23.1305	12.59%	10.61%
Since Inception	02-Mar-04	10.0000	12.04%	10.98%

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 September 2016)

Fixed Income Funds

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

Fund Details

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.

NAV as on 30 September, 16 : ₹21.9759

Benchmark : CRISIL Composite Bond Index -100%

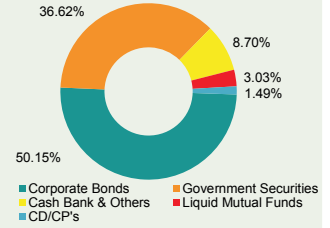
Corpus as on 30 September, 16 : ₹264.19 Crs.

Fund Performance

PERIOD	DATE	NAV	Crisil Composite Bond Fund Index	NAV Change	INDEX Change
Last 3 Months	30-Jun-16	20.6913	2600.84	6.21%	4.93%
Last 6 Months	31-Mar-16	20.2241	2539.00	8.66%	7.48%
Last 1 Year	30-Sep-15	19.6811	2447.34	11.66%	11.51%
Last 2 Years	30-Sep-14	17.2240	2174.26	12.96%	12.03%
Last 3 Years	30-Sep-13	15.4546	1948.06	12.45%	11.89%
Last 4 Years	30-Sep-12	14.8155	1883.05	10.36%	9.72%
Last 5 Years	30-Sep-11	13.3098	1718.92	10.55%	9.69%
Since Inception	08-Jan-07	10.0000	1298.79	8.42%	7.93%

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

Fund Details

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.

NAV as on 30 September, 16 : ₹20.5178

Benchmark : CRISIL Short Term Bond Index -100%

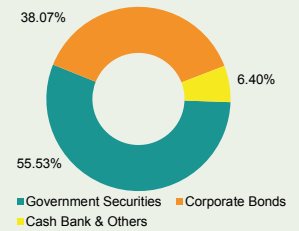
Corpus as on 30 September, 16 : ₹125.41 Crs.

Fund Performance

PERIOD	DATE	NAV	Crisil Short Term Bond Index	NAV Change	INDEX Change
Last 3 Months	30-Jun-16	20.0465	2697.79	2.35%	2.94%
Last 6 Months	31-Mar-16	19.6459	2639.60	4.44%	5.21%
Last 1 Year	30-Sep-15	18.9549	2540.49	8.25%	9.31%
Last 2 Years	30-Sep-14	17.3520	2311.69	8.74%	9.60%
Last 3 Years	30-Sep-13	15.8918	2099.30	8.89%	9.77%
Last 4 Years	30-Sep-12	14.7110	1948.67	8.67%	9.26%
Last 5 Years	30-Sep-11	13.4073	1784.00	8.88%	9.25%
Since Inception	08-Jan-07	10.0000	1281.09	7.66%	8.27%

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



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, over time. 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

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%.

The highest NAV recorded on reset date : ₹18.4860

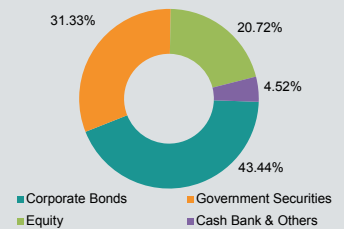
Corpus as on 30 September, 16 : ₹239.02 Crs.

Fund Performance

PERIOD	DATE	NAV	NAV Change
Last 3 Months	30-Jun-16	17.9280	3.16%
Last 6 Months	31-Mar-16	17.3605	6.54%
Last 1 Year	30-Sep-15	17.0488	8.49%
Last 2 Years	30-Sep-14	15.9265	7.76%
Last 3 Years	30-Sep-13	12.8738	12.84%
Last 4 Years	30-Sep-12	12.3431	10.64%
Last 5 Years	30-Sep-11	11.0035	10.94%
Since Inception	10-Jun-09	10.0000	8.77%

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

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%.

The highest NAV recorded on reset date : ₹17.4587

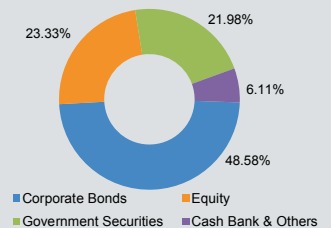
Corpus as on 30 September, 16 : ₹170.23 Crs.

Fund Performance

PERIOD	DATE	NAV	NAV Change
Last 3 Months	30-Jun-16	16.9118	3.21%
Last 6 Months	31-Mar-16	16.3381	6.84%
Last 1 Year	30-Sep-15	16.0693	8.62%
Last 2 Years	30-Sep-14	15.0332	7.75%
Last 3 Years	30-Sep-13	12.0734	13.07%
Last 4 Years	30-Sep-12	11.5559	10.86%
Last 5 Years	30-Sep-11	10.3052	11.12%
Since Inception	10-Nov-09	10.0000	8.42%

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



Quick Glance - Funds Performance

(Funds with AUM of more than ₹125 crores as on 30th September 2016)

Equity Outlook

The month of September 2016 saw the benchmark indices S&P BSE Sensex and Nifty 50 shed around 2%. The Mid-cap index, Nifty Free Float Mid-cap 100 gained a modest 0.27% during the same period. The FIIs were net buyers with inflows of around USD 1.4 bn in September 2016.

In the month of September, the markets were in a consolidation mode on the back of the US Fed keeping interest rates unchanged while reiterating its intention to hike rates gradually and a commitment from BoJ to continue the monetary easing until the inflation reached its target of 2%. A sharp fall in the CPI inflation in India also revived hopes of a more accommodative monetary policy from the RBI in future. However, towards the end of the month the markets reacted to the increasing geopolitical tensions in the region as well as the uncertainty around the elections in the US.

The second quarter FY 2017 earnings season is expected to see robust earnings growth from some companies in a slew of sectors such as telecom, autos, pharmaceuticals, utilities, energy and consumer goods while some companies in IT services and some state owned banks are expected to deliver muted earnings growth.

India's ranking in the Global Competitiveness Index for 2016-17, released by the World Economic Forum (WEF), improved 16 places to an impressive 39th position. While noting the recent reform efforts by the government in improving public institutions, opening the economy to foreign investors and international trade as well as increasing transparency in the financial system, the WEF cited labour market deficiencies as well as lack of infrastructure as some of the areas of improvement. This improvement in ranking is a reflection of India's progress in the areas of macro fundamentals and ease of doing business as well as the credible reforms agenda of the government.

The Government of India's advance estimates of agricultural production indicate a record Kharif (summer crop) output this year, estimated 9% higher on a year on year basis. This is positive for rural demand and should boost rural consumption. It could act as a tailwind for earnings of consumer and rural facing sectors in segments such as two wheelers, tractors, white goods and home improvement products. The urban demand is reflected by robust growth in key segments such as retail loans, consumer durable demand and air traffic.

While the consumption demand has picked up, investment cycle remains tepid as private capex is still sluggish. Weak credit growth, anemic rail freight growth and muted power demand are some of the parameters which are yet to show an uptick. However, going forward, market experts expect the continuing deleveraging cycle of corporates as well as lower interest rates to enable a revival in the investment cycle, especially if the capacity utilization trends higher on the back of improving demand conditions.

Going forward, boost to spending from the 7th Pay commission's award, strong public investment in roads, railways & inland waterways as well as the recent efforts to unclog cash flows in large projects under arbitration can improve the industrial outlook further.

Given the improving macro-economic backdrop, we believe that the equity market offers a reasonable entry point for a long-term investor with a 3-5 year view.

Debt Outlook

Debt market in the month of September 2016 saw the benchmark 10 year Government security (G-sec) close the month at 6.96%, easing by 15 bps over the month even as the 30 year G-sec eased by 8 bps during the same period. The new 10-year G-sec was issued during first week of September at the yield of 6.97% and closed the month at 6.81%. On the corporate bond side, the 10 year AAA corporate bond closed the month at around 7.53%, easing by 13 bps over the month. In the month of September, the Foreign Portfolio Investors (FPIs) turned buyers of Indian debt and supported the fixed income yields.

The Monetary policy committee (MPC) of the RBI in its fourth bi-monthly monetary policy review nudged the repo rate lower by 25 bps to 6.25% while reiterating its accommodative policy stance. This decision of the MPC is in consonance with the objective of achieving Consumer price index (CPI) inflation at 5 % by the fourth quarter FY 2017 and the medium-term target of 4 % within a band of +/- 2 %, while supporting growth.

In its monetary policy review, the RBI noted the tepid global growth scenario with weak investment and trade dampening

Quick Glance - Funds Performance

(Funds with AUM of more than ₹125 crores as on 30th September 2016)

aggregate demand. On the domestic front, the RBI expected the growth momentum to quicken due to a normal monsoon raising agricultural growth and rural demand, as well as by the stimulus to the urban consumption spending from the 7th Pay commission's award. The RBI expected the accommodative stance of monetary policy and comfortable liquidity conditions to support a revival of credit to the productive sectors. However, the RBI anticipated a continuing sluggishness in world trade to further slacken the external demand going forward. Accordingly, the RBI retained the projection of gross value added (GVA) for 2016-17 at 7.6 %.

The RBI expected the strong improvement in Kharif (summer crop) sowing, along with supply management measures by the government, to improve the food inflation outlook and result in a downward shift in the momentum of food inflation. The RBI opined that the government's initiatives to mitigate food inflation pressures, especially with regard to pulses, should help in moderating the momentum of food inflation in the months ahead. The RBI believed that this had opened up space for its policy action resulting in a 25 bps reduction in the repo rate in the monetary policy review on October 4th.

The RBI took note of potential cost push pressures that might emerge, including the 7th pay commission award on house rent allowances, and the increase in minimum wages with a possible spill over through minimum support prices and opined that the fuller play of these factors will need vigilance to prevent a generalized cost spiral from taking root. On balance, the RBI envisaged a trajectory taking headline CPI inflation towards a central tendency of 5% by March 2017, albeit with upside risks.

The RBI expected the easy liquidity conditions to enable the smooth transmission of the policy action through various market segments. Moreover, the RBI opined that the banks should find added impetus for better transmission from the recent downward adjustment in small savings rates.

The central government retained its borrowing target announced in the Union budget pegged at ₹ 2.45 tn on a gross basis for the second half of FY 2017 with the net borrowing for the second half of FY 2017 at ₹ 1.77 tn, 21% lower than the corresponding period prior fiscal, owing to higher redemptions in January 2017. The central government's gross borrowing in the first half of FY 2017 stood at ₹ 3.55 tn and the FY2017 gross borrowing was as budgeted at ₹ 6 tn. The weekly auctions size of G-secs stood at ₹ 140-150bn with the borrowings concentrated in the 10-14-year bucket.

We remain constructive on the fixed income market and believe that the sharp fall in the CPI inflation for the month of August as well as mitigation of inflationary pressures in food, especially pulses, opens up more space for the RBI to nudge the repo rate lower in the medium term, especially if the CPI inflation for the second half of fiscal FY 2017 undershoots the RBI's estimate of 5%.

Going forward, the RBI's effort to speed up the monetary transmission in the banking system as well as keeping liquidity at near neutral levels on a sustained basis will continue to be an important factor for bringing down interest rates in the economy.

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