

# Funds Available With Current Product Offerings - A Snapshot

(as on 30<sup>th</sup> April 2012)

**TATA**  
**AIG**  
L I F E

A new look at life

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



Saravana Kumar  
Chief Investment Officer

## Message from CIO's Desk

The Reserve Bank of India (RBI) in the Annual Monetary Policy for FY 2012-13 surprised the market positively by reducing the repo rate by 50 basis points. WPI Inflation in March 2012 came in at 6.89% marginally higher than the consensus of 6.65%. The Index of Industrial Production (IIP) for the month of February 2012 registered 4.1% year on year growth as against a consensus of 6.7%. The Indian Meteorological Department (IMD) has forecast a 'normal' monsoon in FY2012 with rainfall likely to be 99% of long period average (LPA) of 89 cms.

## Equity Funds

### Life 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.

**Fund Manager** : Mr. Saravana Kumar

**NAV as on 30 Apr, 12** : ₹10.43

**Benchmark** : S&P CNX Nifty-100%

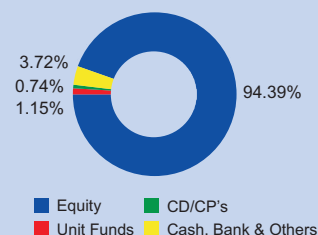
**Corpus as on 30 Apr, 12** : ₹824.18 Crs.

#### Fund Performance

PERIOD	DATE	NAV	S&P CNX Nifty	NAV Change	INDEX Change
Last 6 Months	31-Oct-11	10.47	5326.60	-0.33%	-1.47%
Last 1 Year	29-Apr-11	11.36	5749.50	-8.13%	-8.72%
Last 2 Years	30-Apr-10	10.23	5278.00	0.99%	-0.28%
Last 3 Years	29-Apr-09	6.55	3473.95	16.79%	14.74%
Last 4 Years	30-Apr-08	9.86	5165.90	1.42%	0.40%
Since Inception	07-Jan-08	10.00	6279.10	0.99%	-4.07%

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.

**Fund Manager** : Mr. Saravana Kumar

**NAV as on 30 Apr, 12** : ₹13.28

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

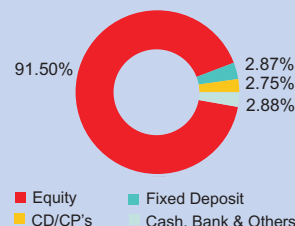
**Corpus as on 30 Apr, 12** : ₹1746.12 Crs.

#### Fund Performance

PERIOD	DATE	NAV	NSE CNX MIDCAP	NAV Change	INDEX Change
Last 6 Months	31-Oct-11	12.90	7267.15	2.93%	2.81%
Last 1 Year	29-Apr-11	13.88	8200.95	-4.36%	-8.90%
Last 2 Years	30-Apr-10	13.19	8061.10	0.31%	-3.73%
Last 3 Years	29-Apr-09	7.06	3860.80	23.41%	24.61%
Last 4 Years	30-Apr-08	12.66	7004.80	1.20%	1.62%
Last 5 Years	30-Apr-07	10.36	5245.70	5.08%	7.33%
Since Inception	08-Jan-07	10.00	5156.45	5.48%	7.23%

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

**Fund Manager** : Mr. Saravana Kumar

**NAV as on 30 Apr, 12** : ₹11.07

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

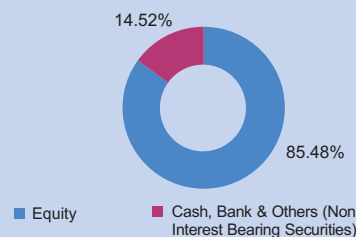
**Corpus as on 30 Apr, 12** : ₹397.90 Crs.

#### Fund Performance

PERIOD	DATE	NAV	S & P India 500 Shariah Index	NAV Change	INDEX Change
Last 6 Months	31-Oct-11	11.23	1256.78	-1.45%	-2.54%
Last 1 Year	29-Apr-11	11.75	1322.23	-5.81%	-7.36%
Last 2 Years	30-Apr-10	10.62	1280.91	2.09%	-2.21%
Since Inception	16-Oct-09	10.00	1217.76	4.07%	0.23%

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

### 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

**Fund Manager** : Mr. Saravana Kumar

**NAV as on 30 Apr, 12** : ₹14.58

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

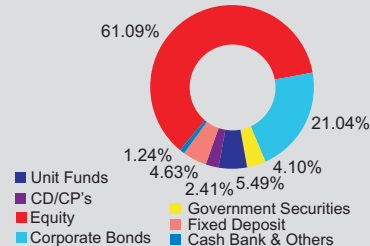
**Corpus as on 30 Apr, 12** : ₹346.06 Crs.

#### Fund Performance

PERIOD	DATE	NAV	NAV Change	INDEX Change
Last 6 Months	31-Oct-11	14.35	1.59%	0.76%
Last 1 Year	29-Apr-11	15.03	-3.04%	-2.79%
Last 2 Years	30-Apr-10	13.81	2.74%	2.04%
Last 3 Years	29-Apr-09	10.04	13.22%	11.45%
Last 4 Years	30-Apr-08	12.15	4.66%	2.53%
Last 5 Years	30-Apr-07	10.38	7.02%	5.71%
Since Inception	08-Jan-07	10.00	7.35%	5.89%

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.

#### Asset Allocation



### Whole Life Stable Growth Fund (ULIF 011 04/01/07 WLS 110)

#### Fund Details

**Investment Objective** : The primary investment objective of the fund is to provide reasonable returns with low to medium risk.

**Fund Manager** : Mr. Saravana Kumar

**NAV as on 30 Apr, 12** : ₹13.51

**Benchmark** : Nifty - 40%  
CRISIL Composite Bond Index - 60%

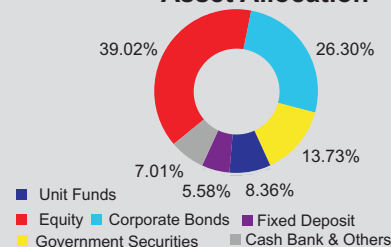
**Corpus as on 30 Apr, 12** : ₹71.73 Crs.

#### Fund Performance

PERIOD	DATE	NAV	NAV Change	INDEX Change
Last 6 Months	31-Oct-11	13.20	2.35%	2.36%
Last 1 Year	29-Apr-11	13.41	0.79%	1.45%
Last 2 Years	30-Apr-10	12.54	3.82%	3.70%
Last 3 Years	29-Apr-09	10.13	10.08%	9.09%
Last 4 Years	30-Apr-08	10.86	5.62%	4.06%
Last 5 Years	30-Apr-07	10.03	6.15%	6.12%
Since Inception	08-Jan-07	10.00	5.83%	6.10%

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



## 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 maximising the optimal balance between yield, safety and liquidity. The fund will have no investments in equity or equity-linked instruments at any point of time.

**Fund Manager** : Mr. Saravana Kumar

**NAV as on 30 Apr, 12** : ₹14.07

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

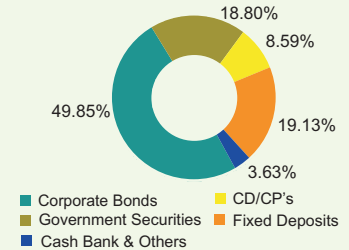
**Corpus as on 30 Apr, 12** : ₹176.58 Crs.

#### Fund Performance

PERIOD	DATE	NAV	Crisil Composite Bond Fund Index	NAV Change	INDEX Change
Last 6 Months	31-Oct-11	13.32	1725.98	5.56%	4.91%
Last 1 Year	29-Apr-11	12.90	1672.95	9.05%	8.23%
Last 2 Years	30-Apr-10	12.31	1600.53	6.90%	6.36%
Last 3 Years	29-Apr-09	11.53	1549.59	6.86%	5.33%
Last 4 Years	30-Apr-08	10.38	1407.74	7.90%	6.50%
Last 5 Years	30-Apr-07	10.02	1303.63	7.01%	6.79%
Since Inception	08-Jan-07	10.00	1298.79	6.63%	6.45%

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



### 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.

**Fund Manager** : Mr. Saravana Kumar

**NAV as on 30 Apr, 12** : ₹14.08

**Benchmark** : CRISIL Short Term Bond Index - 100%

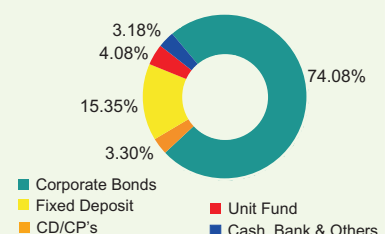
**Corpus as on 30 Apr, 12** : ₹85.78 Crs.

#### Fund Performance

PERIOD	DATE	NAV	CRISIL Short-Term Bond Index	NAV Change	INDEX Change
Last 6 Months	31-Oct-11	13.50	1795.08	4.30%	4.41%
Last 1 Year	29-Apr-11	12.95	1725.16	8.69%	8.64%
Last 2 Years	30-Apr-10	12.37	1643.38	6.66%	6.79%
Last 3 Years	29-Apr-09	11.61	1569.84	6.63%	6.09%
Last 4 Years	30-Apr-08	10.42	1415.08	7.80%	7.28%
Last 5 Years	30-Apr-07	10.02	1300.22	7.03%	7.59%
Since Inception	08-Jan-07	10.00	1281.09	6.65%	7.43%

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 benchmark indices, BSE Sensex and CNX Nifty shed around 0.5% and 0.8% respectively even as the Midcap index, CNX Midcap ended lower by around 3% in the month of April 2012.

In the first four months of the calendar year 2012, the FIIs have bought Indian equities to the tune of around USD 8.5 billion even as DIIs have sold around USD 4.2 billion during the same period. Among the DIIs, the domestic mutual funds have been net sellers of around USD 1.2 billion even as the insurance companies have sold close to USD 3 billion during the period January 2012 to April 2012. The robust FII inflows in Indian equities has increased their holding in the BSE200 stocks as on end of March 2012 to a 5 year high and is an indicator of their confidence in the Indian growth story, despite the recent deterioration in the economic growth outlook.

The fourth quarter FY 2012 earnings have got off to a muted start with the revenues for companies reporting earnings so far grew around 18% year on year even as there were pressures on the profitability of corporate as evident from a muted net profit margin performance on the back of higher interest costs and input prices.

The Standard & Poor's (S&P) revised its outlook on India from 'stable' to 'negative' while re-affirming the rating of BBB-. S&P mentioned that they expect only modest progress in fiscal and public sector reforms, given the political cycle (with the next elections to be held by May 2014) and the current political gridlock. The reforms needed to put the economy back on track include reducing fuel and fertilizer subsidies, introducing a nationwide goods and services tax (GST), and easing of restrictions on foreign ownership of various sectors such as banking, insurance, and retail sectors. For India, there have been few instances of rating changes over the last two decades and none from investment to speculative grade but historical data reflects a limited impact in the case of equities.

The Reserve Bank of India (RBI) in the Annual Monetary Policy for FY 2012-13 surprised the market positively by reducing the repo rate under the liquidity adjustment facility (LAF) by 50 basis points from 8.5 to 8.0%. This is broadly seen as an effort to stimulate economic activity in the economy, though this measure in isolation cannot revive the faltering investment cycle. However, the market watchers believe that this can act as an enabler to growth if the government follows up with some key reforms to put the economy back on track. Nevertheless, there could be a case that slowing momentum of earnings downgrade coupled with the RBI's action of a 50 basis points rate action could augur well for the equity markets.

There are mixed signals emanating from key metrics of economic activity as capacity utilization is close to its previous peak, and could remain at elevated levels. There was some cause to cheer as new project announcements were trending up in recent months largely driven by the private sector. However, if one factors in the increase in stalled projects due to execution issues, things are not as sanguine. There is an urgent need for a concerted effort to improve the execution environment with policy thrust key to improve the coal and gas availability; faster environment and land clearance as well as easy access to credit given the liquidity crunch in the system. These measures could act as enablers to ease growth bottlenecks and increase economic activity.

The equity markets are trading at around 14 times FY 2013 earnings. The current valuation is close to the long-term average, but it is still below its five-year average of 15.5 times. Hence we believe that there is valuation comfort for a long term investor at these levels over a 3-5 year horizon.

## Debt Outlook

The month of April 2012 saw the benchmark 10 year Government security (G-sec) hardening by around 10 basis points, opening at 8.57% levels and closing the month at 8.67% levels. At the start of the month, the G-secs was under pressure due to large quantum of front loaded government borrowing to the tune of around ₹15,000-18,000 crore every week, hardening to 8.73%. Subsequently, the G-sec yields softened to 8.32% levels due to the unexpected 50 bps reduction in the repo rate by the RBI. By the close of the month, the G-secs had given up the gains on the back of supply concerns, the S&P India outlook downgrade and the expectation of issuance of a new 10 year G-sec.

In contrast to the hardening of G-secs, the corporate bond yield eased by around 8 basis points in April 2012 and closed the month at 9.42% levels due to lack of adequate supply in the corporate bond market. As a consequence, the corporate bond spread over the 10 year G-sec stood at 50-60 bps, lower than the March 2012 spread of 70-80 bps, primarily as the G-sec market is waiting for the issuance of the new 10 year G-sec shortly.

On the liquidity front, the Liquidity Adjustment Facility - LAF has emerged as a primary mode of liquidity injection, maintaining an average shortfall of around ₹1 trillion during the month of April 2012 even though the liquidity deficit improved from the severe liquidity crunch witnessed in March 2012.

The Standard & Poor's (S&P) revised its outlook on India from 'stable' to 'negative' while re-affirming the rating of BBB-. S&P stated that a downgrade is likely if the country's economic growth prospects dim, its external position deteriorates, its political climate worsens, or fiscal reforms slow. On the other hand, the ratings can improve if government implements initiatives to reduce structural fiscal deficits such as fuel price hikes, early implementation of the goods and service tax etc. However, the S&P expects the government to face headwind in implementing policy measures to improve its fiscal and macroeconomic parameters in the near future, given the current unfavorable political environment.

Though the timing of the S&P action may have caught the market unawares, the reasons cited have been broadly known to the markets for quite sometime - the usual suspects of high fiscal deficit, high current account deficit and moderating growth prospects. S&P action would add to the overhang on the Indian economy, already facing headwinds of a deteriorating macro situation and at the margin, the S&P action can have an impact on the INR in the near-term, which is under pressure and perhaps raise external borrowing costs for some of the corporate. From an optimist point of view, the only possible silver lining of the S&P action could be that it will exert added pressure on the government to act on fiscal and policy front to kick start the moderating economy and revive the faltering investment cycle.

The Reserve Bank of India (RBI) in the Annual Monetary Policy for FY 2012-13 surprised the market positively by reducing the repo rate under the liquidity adjustment facility (LAF) by 50 basis points from 8.5% to 8.0%. The RBI opined that the reduction in the repo rate is based on an assessment that the growth had slowed below its post-crisis trend rate which, in turn, has contributed to a moderation in core inflation. However, the RBI has emphasized that the deviation of growth from its trend is modest and upside risks to inflation persist, inherently limiting the space for further reduction in policy rates. The RBI warned that if subsidies are not contained as indicated in the Union Budget, demand pressures will persist, and will further reduce whatever space there is for monetary easing. The RBI believes that from the perspective of vulnerabilities emerging from the fiscal and current account deficits, it is imperative for macroeconomic stability that the administered prices of petroleum products were increased to reflect their true costs of production.

On the domestic front, the RBI believed that the overall growth outlook for the current year looked a little better than it was last year and hence, the Reserve Bank's baseline projection of GDP growth for FY 2013 stood at 7.3% as against the Central Statistics Office (CSO)'s advance estimate of GDP growth for FY 2012 at 6.9%. Looking ahead, based on an assessment of the domestic demand-supply balance, global trends in commodity prices and the likely demand scenario, the RBI projects inflation for March 2013 at 6.5%.

The RBI highlighted the key risks to their indicative projections of growth and inflation for 2012-13. The major risk to its growth and inflation projections stemmed from the outlook for global commodity prices, especially of crude oil. The RBI opined that although upside risks to oil prices from the demand side are limited, geo-political tensions were a concern and any disruption in supplies could lead to further increase in crude oil prices. The second risk emanated from the fiscal situation as there are several upside risks to the Government's proposed reduction of fiscal deficit and any slippage in the fiscal deficit would have implications for inflation. Third, the large Government borrowing budgeted for 2012-13 had the potential to crowd out credit to the private sector, limiting the supply response required to accelerate growth. Fourth, the financing of the current account deficit would continue to pose a major challenge and finally structural imbalances in protein-rich foods persisted, and consequently, food inflation would remain under pressure.

Given the backdrop of these inherent risks, we expect the benchmark 10 year G-sec yields to remain under pressure and trade in a range of 8.50-8.80% in the near term.

### Disclaimer

1. The fund is managed by Tata AIG 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.
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