Funds Available With Current Product Offerings - A Snapshot (as on 31st December 2015)

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

Investment Report

The month of December 2015 saw the benchmark index S&P BSE Sensex shed 0.11% while Nifty 50 gained 0.14%. The Mid-cap index, Nifty Mid-cap 100 gained 1.12% during the same period.

Equity Funds

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 Dec, 15 : ₹17.4955

Benchmark : Nifty 50 -100%

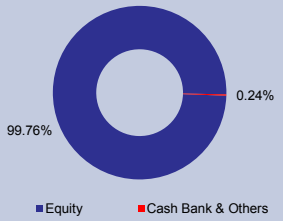
Corpus as on 31 Dec, 15 : ₹795.73 Crs.

Fund Performance

PERIOD	DATE	NAV	Nifty 50	NAV Change	INDEX Change
Last 3 Months	30-Sep-15	17.3910	7948.90	0.60%	-0.03%
Last 6 Months	30-Jun-15	18.4046	8368.50	-4.94%	-5.04%
Last 1 Year	31-Dec-14	17.7225	8282.70	-1.28%	-4.06%
Last 2 Years	31-Dec-13	13.0891	6304.00	15.61%	12.27%
Last 3 Years	31-Dec-12	11.9717	5905.10	13.48%	10.40%
Last 4 Years	30-Dec-11	9.1397	4624.30	17.62%	14.49%
Last 5 Years	31-Dec-10	11.9900	6134.50	7.85%	5.31%
Since Inception	07-Jan-08	10.0000	6279.10	7.26%	2.99%

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 Dec, 15 : ₹32.2989

Benchmark : Nifty Midcap 100 -100%

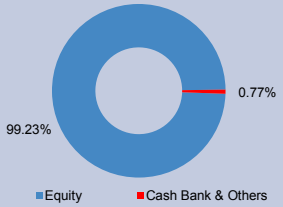
Corpus as on 31 Dec, 15 : ₹1,952.11 Crs.

Fund Performance

PERIOD	DATE	NAV	Nifty Midcap 100	NAV Change	INDEX Change
Last 3 Months	30-Sep-15	31.5881	12984.50	2.25%	3.17%
Last 6 Months	30-Jun-15	32.3267	13009.65	-0.09%	2.98%
Last 1 Year	31-Dec-14	29.3318	12583.85	10.12%	6.46%
Last 2 Years	31-Dec-13	16.8069	8071.30	38.63%	28.83%
Last 3 Years	31-Dec-12	15.7086	8505.10	27.16%	16.35%
Last 4 Years	30-Dec-11	11.2593	6111.85	30.14%	21.68%
Last 5 Years	31-Dec-10	14.8905	8857.20	16.75%	8.63%
Since Inception	08-Jan-07	10.0000	5156.45	13.94%	11.21%

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.

NAV as on 31 Dec, 15 : ₹23.7042

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

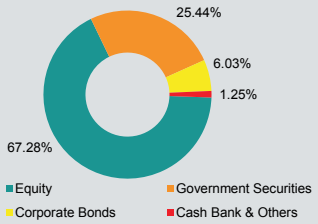
Corpus as on 31 Dec, 15 : ₹355.26 Crs.

Fund Performance

PERIOD	DATE	NAV	NAV Change	INDEX Change
Last 3 Months	30-Sep-15	23.7060	-0.01%	0.41%
Last 6 Months	30-Jun-15	23.8320	-0.54%	-1.54%
Last 1 Year	31-Dec-14	23.2030	2.16%	0.38%
Last 2 Years	31-Dec-13	17.2803	17.12%	11.98%
Last 3 Years	31-Dec-12	16.2719	13.36%	9.85%
Last 4 Years	30-Dec-11	13.2851	15.58%	12.56%
Last 5 Years	31-Dec-10	15.5748	8.76%	6.44%
Since Inception	08-Jan-07	10.0000	10.08%	7.90%

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 provide reasonable returns with low to medium risk.

NAV as on 31 Dec, 15 : ₹20.5001

Benchmark : Nifty 50 - 40%
CRISIL Composite Bond Index - 60%

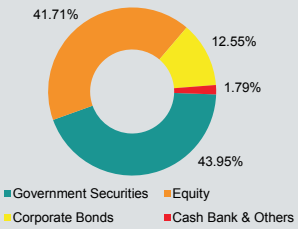
Corpus as on 31 Dec, 15 : ₹76.91 Crs.

Fund Performance

PERIOD	DATE	NAV	NAV Change	INDEX Change
Last 3 Months	30-Sep-15	20.4255	0.37%	0.73%
Last 6 Months	30-Jun-15	20.2996	0.99%	0.97%
Last 1 Year	31-Dec-14	19.7812	3.63%	3.55%
Last 2 Years	31-Dec-13	15.6843	14.33%	11.77%
Last 3 Years	31-Dec-12	14.8929	11.24%	9.46%
Last 4 Years	30-Dec-11	12.6451	12.84%	11.18%
Last 5 Years	31-Dec-10	13.5537	8.63%	7.25%
Since Inception	08-Jan-07	10.0000	8.32%	7.73%

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



TATA AIA LIFE

Funds Available With Current Product Offerings - A Snapshot (as on 31st December 2015)

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 31 Dec, 15 : ₹19.7139

Benchmark : CRISIL Composite Bond Index -100%

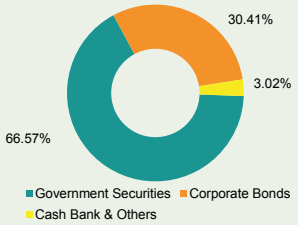
Corpus as on 31 Dec, 15 : ₹234.44 Crs.

Fund Performance

PERIOD	DATE	NAV	Crisil Composite Bond Fund Index	NAV Change	INDEX Change
Last 3 Months	30-Sep-15	19.6811	2447.34	0.17%	1.24%
Last 6 Months	30-Jun-15	18.8661	2360.29	4.49%	4.98%
Last 1 Year	31-Dec-14	18.2539	2280.87	8.00%	8.63%
Last 2 Years	31-Dec-13	15.8357	1995.39	11.58%	11.43%
Last 3 Years	31-Dec-12	15.1679	1922.61	9.13%	8.82%
Last 4 Years	30-Dec-11	13.6449	1757.68	9.64%	8.96%
Last 5 Years	31-Dec-10	12.6164	1644.23	9.34%	8.55%
Since Inception	08-Jan-07	10.0000	1298.79	7.85%	7.45%

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.

NAV as on 31 Dec, 15 : ₹19.2587

Benchmark : CRISIL Short Term Bond Index -100%

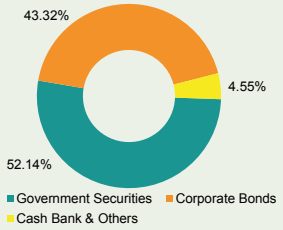
Corpus as on 31 Dec, 15 : ₹120.03 Crs.

Fund Performance

PERIOD	DATE	NAV	CRISIL Short- Term Bond Index	NAV Change	INDEX Change
Last 3 Months	30-Sep-15	18.9549	2540.49	1.60%	1.66%
Last 6 Months	30-Jun-15	18.5078	2476.46	4.06%	4.29%
Last 1 Year	31-Dec-14	17.8053	2376.94	8.16%	8.66%
Last 2 Years	31-Dec-13	16.2447	2151.70	8.88%	9.56%
Last 3 Years	31-Dec-12	15.0140	1987.31	8.65%	9.13%
Last 4 Years	30-Dec-11	13.6838	1820.74	8.92%	9.13%
Last 5 Years	31-Dec-10	12.6370	1688.32	8.79%	8.87%
Since Inception	08-Jan-07	10.0000	1281.09	7.57%	8.12%

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 December 2015 saw the benchmark index S&P BSE Sensex shed 0.11% while Nifty 50 gained 0.14%. The Mid-cap index, Nifty Mid-cap 100 gained 1.12% during the same period.

The FIIs were net buyers with inflows of around USD 35 mn in the month of December 2015 and the DIIs were net buyers to the tune of USD 1 bn with insurance companies net buyers to the tune of around USD 0.36 bn and domestic mutual funds, net buyers to the tune of USD 0.63 bn. FIIs have bought Indian equities to the tune of USD 3.1 bn in the calendar year 2015 even as the DIIs have been net buyers of around USD 10.4 bn in the same period, with insurance companies selling around USD 0.4 bn even as domestic mutual funds bought around USD 10.8 bn.

The third quarter FY 2016 earnings season is expected to see muted revenue growth even as the earnings growth should benefit from favourable base effect. While the oil refiners and the oil marketing companies are expected to post robust results there could be a drag from the global commodity producers. Overall, the companies making up the Sensex could post earnings growth to the tune of around 5.8% on a year on year basis, the highest in the last six quarters, though downside risks remain for these estimates.

The economy seems to be in a gradual recovery mode on the back of government capex and urban demand even as it is weighed down by rural consumption and private capex. The third quarter FY 2016 CMIE data on investment proposals to set up new capacities confirmed the subdued sentiment prevailing across corporate India with investment proposals at just ₹1.05 tn across 381 new projects, 74% lower than the third quarter FY 2015.

On the positive side, the UDAY scheme unveiled by the government to improve the health of the power sector gained traction as 15 states accounting for a lion's share of the distribution companies' losses expressed their intention to sign up for the scheme thus far. The contours of the UDAY scheme involve financial, operational and monitoring parameters with clear targets to improve the performance of the distribution companies.

In an effort to boost the "Make in India" initiative in the textile sector, the government announced an Amended Technology Upgradation Fund Scheme (ATUFS) aimed at attracting investments of ₹1tn to create over 3 mn jobs. The new scheme targets employment generation and export by encouraging the apparel, garment and technical textile industry. It also aims to improve the quality and thereby limit the need to import fabrics for the garment sector.

In the Bi-annual Financial Stability Report (FSR) of the RBI, it expressed caution regarding the deterioration in asset quality, lower capital adequacy and weakening profitability in the Indian banking sector over the last six months. The gross NPAs increased to 5.1% as of September 30th 2015 from 4.5% in March 31st 2015. On the regulatory front, the RBI has initiated talks with banks to create standardized NPA classification of accounts to improve transparency and increase the quality of disclosure.

In another significant move, the RBI released final guidelines for the marginal cost of funds methodology for the calculation of lending rate by banks which will be applicable on incremental loans beginning April 1st 2016 while existing loans will continue to be linked to the existing base rate until repayment or renewal. The guidelines are expected to bring more transparency and uniformity in calculation of lending rates and speed up the monetary transmission of repo rate reductions into the lending rates of the banks.

Funds Available With Current Product Offerings - A Snapshot (as on 31st December 2015)

The improving Indian macro has not translated into a meaningful recovery in corporate earnings over the last twelve months. However, the government's efforts to deliver structural reforms as well as the favourable base effects in earnings could support an increase in the trajectory of corporate earnings growth, going forward. Further monetary transmission of repo rate reductions into the lending rates as well as a revival in urban consumption will be enablers for higher economic activity.

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

Debt Outlook

Debt market in the month of December 2015 saw the benchmark 10 year Government security (G-sec) close the month at 7.76%, easing by 3 bps over the month. On the corporate bond side, the 10 year AAA corporate bond closed the month at around 8.34%, hardening by 4 bps over the month.

In December 2015, the Foreign Portfolio Investors (FPIs) were sellers of Indian debt to the extent of USD 0.6 bn, taking the overall purchase to USD 7.3 bn in CY2015.

The mid-year economic review indicated that the government was concerned regarding the demand conditions in the economy and hence highlighted the challenges to the fiscal consolidation path even as it explored the possibility of a balance in fiscal and monetary policies to increase demand while maintaining long term macroeconomic stability. The mid-year review also cautioned that large fiscal consolidation without commensurate lowering of borrowing cost could lead to lower growth and questioned whether monetary policy targets should be more flexible given the state of private sector indebtedness and financial stability concerns. Given this assessment, though the government is committed to meeting the fiscal deficit target of 3.9% of GDP for FY 2016, the target of 3.5% for FY 2017 looks challenging and would be a key monitorable in the Union budget FY 2017.

Indian fixed income market has had a tepid CY 2015 with yields not responding adequately to the steep 125 bps reduction in the repo rate delivered by the RBI during course of the calendar year 2015. A host of factors such as the lingering overhang of the imminent hike in the rate by the US Federal Reserve (Fed), RBI's challenging target in the medium term for the glide path of retail CPI inflation as well as the large supply of G-secs through weekly auctions had weighed down the Indian fixed income markets. The change in policy stance by the Fed, though well anticipated, was expected to cause some volatility in the global financial markets but the actual hike by the Fed in its FOMC meet in December 2015 proved to be a non-event.

The RBI had expressed disappointment regarding the inadequate transmission of the cumulative reduction of 125 bps in the repo rate in CY 2015 into the lending rates. In an effort to facilitate monetary transmission, the RBI has finalized the methodology for determining the base rate of banks around the marginal cost of funds.

The G-sec market has seen yields in a tight range over the last month. The near term headwinds which limit the extent of easing in G-sec yields are risk of fiscal slippage in FY 2017 on the back of implementing the 7th Pay commission recommendations of higher wages and the elevated market borrowings of the state governments, which are expected to raise about ₹1 tn in the last quarter of the current fiscal.

The RBI's announcement of auction-based OMO buying for the first time in 22 months, the calibrated opening of the next tranche of FPI limits in G-secs and the issuance of the new 10 year G-sec in January 2016 could act as positive triggers for the fixed income market in the near term. Some market watchers expect the RBI to sustain its OMO purchases over the next few weeks and expect the government to open up more space for the RBI to nudge repo rate further by sticking to the fiscal deficit target of 3.5% in the Union budget FY 2017.

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