

# Funds Available With Current Product Offerings

- A Snapshot (as on 31<sup>st</sup> May 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 May 2013 saw the benchmark indices; BSE Sensex and CNX Nifty gain around 1.31% and 0.94% respectively, even as the Mid-cap index, CNX Mid-cap gained a modest 0.04% 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.

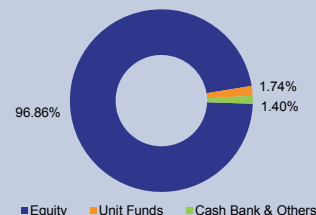
**Fund Manager** : Mr. Saravana Kumar  
**NAV as on 31 May, 13** : ₹12.1819  
**Benchmark** : CNX Nifty-100%  
**Corpus as on 31 May, 13** : ₹961.05 Crs.

#### Fund Performance

PERIOD	DATE	NAV	CNX Nifty	NAV Change	INDEX Change
Last 6 Months	30-Nov-12	11.9174	5879.85	2.22%	1.80%
Last 1 Year	31-May-12	9.8346	4924.25	23.87%	21.56%
Last 2 Years	31-May-11	11.0814	5560.15	4.85%	3.76%
Last 3 Years	31-May-10	9.9696	5086.30	6.91%	5.58%
Last 4 Years	29-May-09	8.3420	4448.95	9.93%	7.70%
Last 5 Years	30-May-08	9.2990	4870.10	5.55%	4.21%
Since Inception	07-Jan-08	10.0000	6279.10	3.72%	-0.88%

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.

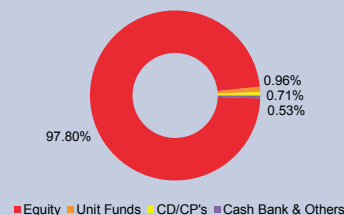
**Fund Manager** : Mr. Saravana Kumar  
**NAV as on 31 May, 13** : ₹16.0586  
**Benchmark** : NSE CNX MIDCAP-100%  
**Corpus as on 31 May, 13** : ₹1,783.92 Crs.

#### Fund Performance

PERIOD	DATE	NAV	NSE CNX MIDCAP	NAV Change	INDEX Change
Last 6 Months	30-Nov-12	15.2486	8139.80	5.31%	-3.91%
Last 1 Year	31-May-12	12.7313	6898.40	26.13%	13.39%
Last 2 Years	31-May-11	13.8617	8064.80	7.63%	-1.52%
Last 3 Years	31-May-10	12.8488	7755.95	7.72%	0.28%
Last 4 Years	29-May-09	9.4440	5353.55	14.19%	9.94%
Last 5 Years	30-May-08	11.8020	6562.70	6.35%	3.57%
Since Inception	08-Jan-07	10.0000	5156.45	7.69%	6.73%

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



### 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.

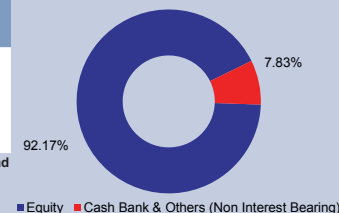
**Fund Manager** : Mr. Saravana Kumar  
**NAV as on 31 May, 13** : ₹12.6156  
**Benchmark** : CNX India 500 Shariah Index - 100%  
**Corpus as on 31 May, 13** : ₹552.51 Crs.

#### Fund Performance

PERIOD	DATE	NAV	CNX India 500 Shariah Index	NAV Change	INDEX Change
Last 6 Months	30-Nov-12	12.1384	1321.20	3.93%	3.16%
Last 1 Year	31-May-12	10.7294	1178.04	17.58%	15.70%
Last 2 Years	31-May-11	11.7307	1300.79	3.70%	2.36%
Last 3 Years	31-May-10	10.5856	1242.87	6.02%	3.12%
Since Inception	16-Oct-09	10.0000	1217.76	6.62%	3.16%

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.

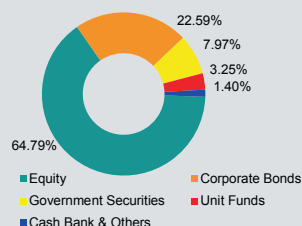
**Fund Manager** : Mr. Saravana Kumar  
**NAV as on 31 May, 13** : ₹16.7777  
**Benchmark** : Nifty - 65%  
CRISIL Composite Bond Index - 35%  
**Corpus as on 31 May, 13** : ₹386.57 Crs.

#### Fund Performance

PERIOD	DATE	NAV	NAV Change	INDEX Change
Last 6 Months	30-Nov-12	16.0882	4.29%	3.86%
Last 1 Year	31-May-12	14.0448	19.46%	18.44%
Last 2 Years	31-May-11	14.7557	6.63%	6.21%
Last 3 Years	31-May-10	13.5789	7.31%	6.60%
Last 4 Years	29-May-09	11.6630	9.52%	7.64%
Last 5 Years	30-May-08	11.6520	7.56%	5.46%
Since Inception	08-Jan-07	10.0000	8.43%	7.01%

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



### 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.

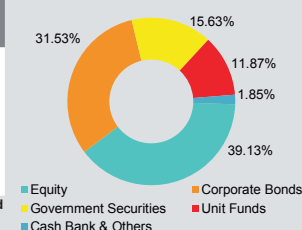
**Fund Manager** : Mr. Saravana Kumar  
**NAV as on 31 May, 13** : ₹15.5738  
**Benchmark** : Nifty - 40%  
CRISIL Composite Bond Index - 60%  
**Corpus as on 31 May, 13** : ₹85.80 Crs.

#### Fund Performance

PERIOD	DATE	NAV	NAV Change	INDEX Change
Last 6 Months	30-Nov-12	14.7348	5.69%	5.32%
Last 1 Year	31-May-12	13.2858	17.22%	16.21%
Last 2 Years	31-May-11	13.2882	8.26%	7.96%
Last 3 Years	31-May-10	12.4201	7.83%	7.32%
Last 4 Years	29-May-09	11.0960	8.84%	7.60%
Last 5 Years	30-May-08	10.6270	7.94%	6.36%
Since Inception	08-Jan-07	10.0000	7.17%	7.16%

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

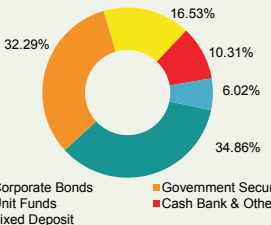
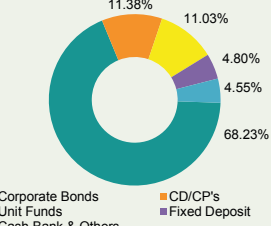


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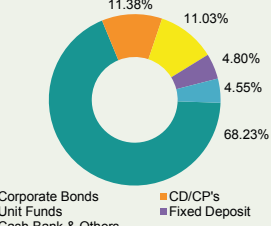
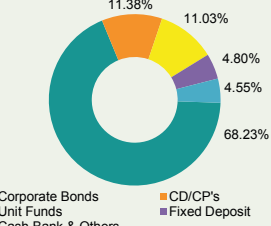
## - A Snapshot (as on 31<sup>st</sup> May 2013)

### 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.	<b>PERIOD</b>	<b>DATE</b>	<b>NAV</b>	<b>Crisil Composite Bond Fund Index</b>	<b>NAV Change</b>	<b>INDEX Change</b>	 <p>Asset Allocation: Corporate Bonds (32.29%), Government Securities (16.53%), Unit Funds (10.31%), Cash Bank &amp; Others (6.02%), Fixed Deposit (34.86%)</p>	
<b>Fund Manager</b>	: Mr. Saravana Kumar	Last 6 Months	30-Nov-12	15.0000	1906.42	8.44%	7.67%		
<b>NAV as on 31 May, 13</b>	: ₹16.2666	Last 1 Year	31-May-12	14.2264	1822.28	14.34%	12.64%	 <p>Asset Allocation: Corporate Bonds (68.23%), CD/CP's (11.38%), Unit Funds (11.03%), Cash Bank &amp; Others (4.80%), Fixed Deposit (4.55%)</p>	
<b>Benchmark</b>	: CRISIL Composite Bond Index -100%	Last 2 Years	31-May-11	12.9271	1673.27	12.18%	10.76%		
<b>Corpus as on 31 May, 13</b>	: ₹237.68 Crs.	Last 3 Years	31-May-10	12.3409	1607.49	9.64%	8.49%		
		Last 4 Years	29-May-09	11.4920	1534.70	9.08%	7.54%		
		Last 5 Years	30-May-08	10.4010	1410.86	9.36%	7.79%		
		Since Inception	08-Jan-07	10.0000	1298.79	7.90%	7.42%		
		<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.	<b>PERIOD</b>	<b>DATE</b>	<b>NAV</b>	<b>CRISIL Short-Term Bond Index</b>	<b>NAV Change</b>	<b>INDEX Change</b>	 <p>Asset Allocation: Corporate Bonds (68.23%), CD/CP's (11.38%), Unit Funds (11.03%), Cash Bank &amp; Others (4.80%), Fixed Deposit (4.55%)</p>	
<b>Fund Manager</b>	: Mr. Saravana Kumar	Last 6 Months	30-Nov-12	14.9110	1974.32	4.43%	4.75%		
<b>NAV as on 31 May, 13</b>	: ₹15.5714	Last 1 Year	31-May-12	14.1705	1886.09	9.89%	9.65%	 <p>Asset Allocation: Corporate Bonds (68.23%), CD/CP's (11.38%), Unit Funds (11.03%), Cash Bank &amp; Others (4.80%), Fixed Deposit (4.55%)</p>	
<b>Benchmark</b>	: CRISIL Short Term Bond Index -100%	Last 2 Years	31-May-11	13.0072	1730.34	9.41%	9.32%		
<b>Corpus as on 31 May, 13</b>	: ₹108.30 Crs.	Last 3 Years	31-May-10	12.3971	1647.89	7.90%	7.86%		
		Last 4 Years	29-May-09	11.5890	1570.64	7.66%	7.12%		
		Last 5 Years	30-May-08	10.4530	1422.20	8.30%	7.78%		
		Since Inception	08-Jan-07	10.0000	1281.09	7.17%	7.77%		
		<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.							

### Equity Outlook

The month of May 2013 saw the benchmark indices; BSE Sensex and CNX Nifty gain around 1.31% and 0.94% respectively, even as the Mid-cap index, CNX Mid-cap gained a modest 0.04% during the same period.

FII's were net buyers with net inflow of around USD 3.6 billion in May 2013 even as the DIIs were net sellers to the tune of around USD 2.2 billion, with domestic mutual funds and Insurance companies net sellers of around USD 0.6 billion and USD 1.6 billion over the month. In the first five months of the calendar year 2013, the FIIs have been net buyers to the tune of USD 15.3 billion with the DIIs net sellers to the tune of USD 9 billion, Insurance companies and mutual funds selling Indian equities to the tune of USD 6.8 billion and USD 2.2 billion respectively.

Consensus earnings estimates for the broad market (MSCI India) were revised down by 1.5% and 1.3% for FY 2014(E) and FY 2015(E) over the month to a growth of 13% and 15% respectively.

S&P has maintained India's credit rating at BBB- with negative outlook. S&P forecasts India FY 2014 GDP at 6% and CAD at 4%. S&P has maintained the possibility of a 1 in 3 chance of India rating downgrade in the next 12-months. S&P expressed concern on the large fiscal deficit while taking comfort from the favourable demographic profile. They opined that the high fiscal deficits and a heavy government debt burden remained the most significant constraints on their sovereign ratings on India. They may revise the outlook to stable if the government carries through with its plans to revive public and private investments, implement a nationwide government sales tax and further trim fuel and fertilizer subsidies. They believe these measures could restore India's robust growth and contain public debt.

The CMIE capex data indicates a pickup in government projects under implementation as of March 2013 on a trailing four quarter basis even as the private sector remains subdued. However, new project inflows have registered a decline to levels worse than that seen during the credit crisis. A concerted effort to address supply side bottlenecks and structural constraints and ease financing constraints for corporate investment are needed to kick start the stalled capex cycle.

In a bid to fast track stalled projects, Cabinet Committee of Investments (CCI) has taken steps to resolve disputes within ministries, facilitate clearances to projects in key sectors such as oil & gas, power, mining and roads. Though it has a long way to go to make a significant difference to investor sentiment, this initiative has helped fast track existing projects and is widely seen as an important step in the right direction.

India's manufacturing PMI in May 2013 printed 50.1, the lowest level in 50 months. A positive momentum was seen in the export orders even as businesses struggled to meet orders as power outages hampered output. Another positive data point in the PMI in May was the benign inflation led by weaker commodity prices and reduced pricing power.

SEBI guidelines have made it mandatory for all private listed companies to have free float of at least 25% and the same is to be complied with by June 3, 2013. Public sector undertakings need to have a free float of at least 10% by August 8, 2013. Complying with these norms implies that around USD 2.0-2.5 billion of issuances need to get done over the next couple of months, higher than the average monthly run rate of USD 425 million secondary market issuance in FY 2013. In the near term, this excess supply could weigh down the market. 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.

# Funds Available With Current Product Offerings

## - A Snapshot (as on 31<sup>st</sup> May 2013)

### Debt Outlook

May 2013 saw the erstwhile benchmark 10 year Government securities (G-sec) ease by 28 bps to close the month at 7.45% levels. The yields of the 30 year G-sec over the 10 year G-sec was at just 5 bps in May 2013 as against the 20bps, seen in the prior month.

The corporate bonds eased during the month of May 2013 in line with the G-sec market to close the month at around the 8.15% levels in the 5-10 year bonds, 40 Bps lower than the April levels of 8.55%. As a consequence, the corporate bond spread over the erstwhile benchmark 10 year G-sec stood at around 53 Bps in May 2013, contracting from 65 Bps in the prior month.

On the liquidity front, the Liquidity Adjustment Facility -LAF continued to be the primary mode of liquidity injection, maintaining a shortfall of around ₹0.9 trillion levels for most of the month largely due to muted deposit growth in the banking system.

India's FY 2013 GDP growth slowed to a decade low of 5% and may have registered a bottom. Going forward, we could see a gradual recovery in FY 2014 to 6% levels even as there are significant downside risks to this growth forecast. The consumption cycle remains strong aided by lower interest rates, pre-election spending and social welfare schemes but a meaningful recovery in investments is the key to a sustained revival in growth.

April 2013 WPI inflation print of 4.89% signals the easing of inflation across all major categories led by falling food inflation as well as benign core inflation enabled by softness in global commodity prices and declining pricing power of manufactures on account of the slowdown in domestic demand. The WPI inflation in fiscal 2012-13 has averaged 7.3% as against the elevated 9% in the prior fiscal. The RBIs monetary policy stance of keeping policy rates at elevated levels has worked in reducing demand and thereby reducing inflation. However, the upside risks to inflation could stem from a consumption recovery, pressures on the INR due to an elevated Current Account Deficit (CAD) as well as significant suppressed inflation in the economy.

Initial long-range forecasts expect normal monsoons; at levels around the long period average and this could catalyze further softening of food inflation in the months ahead and keep the headline WPI inflation close to the RBIs comfort zone.

A key macro risk is the elevated CAD and issues around funding it. While it is anticipated that the CAD as a percentage of GDP would fall in FY 2014, financing it would have to be through buoyant capital flows, which in turn depend on implementation of policy reforms and factors such as stable global financial markets and high risk appetite of FII investors. Any sudden stop or reversal in capital flows could result in increasing macro stability risks to fund this high CAD, resulting in a balance of payments stress in the near term.

The G-sec market has seen a sharp rally over the last two months due to a greater than expected drop in headline WPI inflation, accentuated by a fall in commodity prices. The market watchers believed that these would be favourable for India's macro, particularly the twin deficits and inflation and would open up space for the RBI to effect further cuts in repo rates. Going forward, the trajectory of the WPI and the retail CPI inflation as well as the extent of moderation of the CAD could determine the monetary policy stance and the possibility of nudging the repo rate lower.

In the near term, the G-sec market would wait for RBIs action in its mid-quarter monetary policy review on 17th June 2013 and take further cues from the RBI policy statement. The erstwhile 10 year benchmark G-sec would try to consolidate at 7.30-7.50% levels and the new ten year G-sec could trade lower at 7.10-7.25% levels.

## Disclaimer

1. The fund is managed by Tata AIA Life Insurance Company Ltd. (hereinafter the "Company").
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