

# Funds Available With Current Product Offerings

- A Snapshot (as on 30<sup>th</sup> September 2012)

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 September 2012 saw the benchmark indices; BSE Sensex and CNX Nifty gaining 7.64% and 8.46% respectively, even as the Mid-cap index, CNX Mid-cap surged 10.96% 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

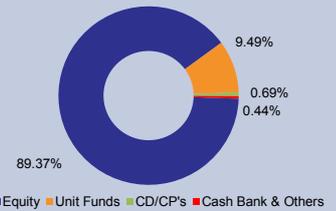
**Fund Manager** : Mr. Saravana Kumar  
**NAV as on 30 Sep, 12** : ₹11.3770  
**Benchmark** : S&P CNX Nifty-100%  
**Corpus as on 30 Sep, 12** : ₹916.74 Crs.

#### Fund Performance

PERIOD	DATE	NAV	S&P CNX Nifty	NAV Change	INDEX Change
Last 6 Months	31-Mar-12	10.5029	5295.55	8.32%	7.70%
Last 1 Year	30-Sep-11	9.8931	4943.25	15.00%	15.38%
Last 2 Years	30-Sep-10	11.7142	6029.95	-1.45%	-2.75%
Last 3 Years	30-Sep-09	9.6290	5083.95	5.72%	3.91%
Last 4 Years	30-Sep-08	7.6260	3921.20	10.52%	9.82%
Since Inception	07-Jan-08	10.0000	6279.10	2.76%	-2.01%

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 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.

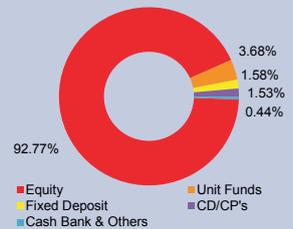
**Fund Manager** : Mr. Saravana Kumar  
**NAV as on 30 Sep, 12** : ₹14.4475  
**Benchmark** : NSE CNX MIDCAP-100%  
**Corpus as on 30 Sep, 12** : ₹1900.27 Crs.

#### Fund Performance

PERIOD	DATE	NAV	NSE CNX MIDCAP	NAV Change	INDEX Change
Last 6 Months	31-Mar-12	13.5457	7711.40	6.66%	1.67%
Last 1 Year	30-Sep-11	12.6858	7094.00	13.89%	10.52%
Last 2 Years	30-Sep-10	14.9069	9164.25	-1.55%	-7.50%
Last 3 Years	30-Sep-09	11.1160	6713.30	9.13%	5.31%
Last 4 Years	30-Sep-08	9.1640	4890.70	12.05%	12.52%
Last 5 Years	30-Sep-07	12.8590	6867.20	2.36%	2.69%
Since Inception	08-Jan-07	10.0000	5156.45	6.63%	7.59%

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

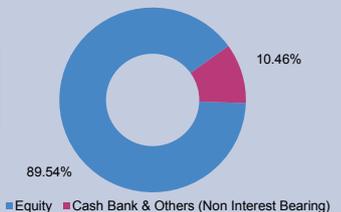
**Fund Manager** : Mr. Saravana Kumar  
**NAV as on 30 Sep, 12** : ₹11.9909  
**Benchmark** : S & P India 500 Shariah Index - 100%  
**Corpus as on 30 Sep, 12** : ₹466.46 Crs.

#### Fund Performance

PERIOD	DATE	NAV	S & P India 500 Shariah Index	NAV Change	INDEX Change
Last 6 Months	31-Mar-12	11.2889	1252.73	6.22%	5.59%
Last 1 Year	30-Sep-11	10.7236	1184.71	11.82%	11.65%
Last 2 Years	30-Sep-10	11.9622	1396.81	0.12%	-2.69%
Since Inception	16-Oct-09	10.0000	1217.76	6.33%	2.84%

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.

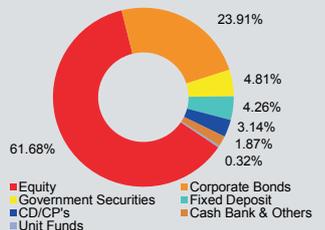
**Fund Manager** : Mr. Saravana Kumar  
**NAV as on 30 Sep, 12** : ₹15.6152  
**Benchmark** : Nifty - 65%  
CRISIL Composite Bond Index - 35%  
**Corpus as on 30 Sep, 12** : ₹375.82 Crs.

#### Fund Performance

PERIOD	DATE	NAV	NAV Change	INDEX Change
Last 6 Months	31-Mar-12	14.6248	6.77%	6.71%
Last 1 Year	30-Sep-11	13.8228	12.97%	13.34%
Last 2 Years	30-Sep-10	15.3922	0.72%	0.86%
Last 3 Years	30-Sep-09	12.9850	6.34%	4.94%
Last 4 Years	30-Sep-08	10.3110	10.93%	9.05%
Last 5 Years	30-Sep-07	11.9600	5.48%	4.07%
Since Inception	08-Jan-07	10.0000	8.09%	6.70%

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.

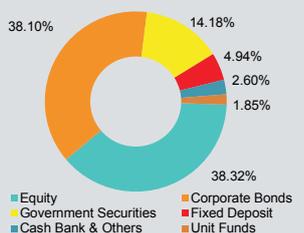
**Fund Manager** : Mr. Saravana Kumar  
**NAV as on 30 Sep, 12** : ₹14.4055  
**Benchmark** : Nifty - 40%  
CRISIL Composite Bond Index - 60%  
**Corpus as on 30 Sep, 12** : ₹81.02 Crs.

#### Fund Performance

PERIOD	DATE	NAV	NAV Change	INDEX Change
Last 6 Months	31-Mar-12	13.5215	6.54%	6.01%
Last 1 Year	30-Sep-11	12.8858	11.79%	11.88%
Last 2 Years	30-Sep-10	13.3768	3.77%	3.43%
Last 3 Years	30-Sep-09	11.8960	6.59%	5.67%
Last 4 Years	30-Sep-08	9.9480	9.70%	8.51%
Last 5 Years	30-Sep-07	10.8140	5.90%	5.13%
Since Inception	08-Jan-07	10.0000	6.58%	6.70%

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



# Funds Available With Current Product Offerings

- A Snapshot (as on 30<sup>th</sup> September 2012)

## 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.

**Fund Manager** : Mr. Saravana Kumar

**NAV as on 30 Sep, 12** : ₹14.8155

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

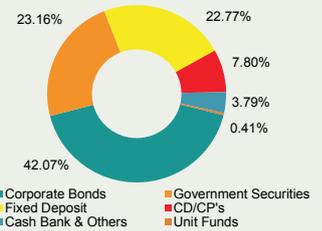
**Corpus as on 30 Sep, 12** : ₹196.66 Crs.

#### Fund Performance

PERIOD	DATE	NAV	Crisil Composite Bond Fund Index	NAV Change	INDEX Change
Last 6 Months	31-Mar-12	13.9560	1795.50	6.16%	4.88%
Last 1 Year	30-Sep-11	13.3098	1718.92	11.31%	9.55%
Last 2 Years	30-Sep-10	12.4617	1628.02	9.04%	7.55%
Last 3 Years	30-Sep-09	11.7500	1543.70	8.03%	6.85%
Last 4 Years	30-Sep-08	10.3870	1403.15	9.28%	7.63%
Last 5 Years	30-Sep-07	10.0090	1353.09	8.16%	6.83%
Since Inception	08-Jan-07	10.0000	1298.79	7.10%	6.70%

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 Sep, 12** : ₹14.7110

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

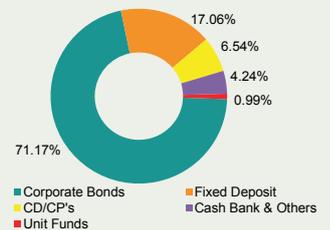
**Corpus as on 30 Sep, 12** : ₹100.66 Crs.

#### Fund Performance

PERIOD	DATE	NAV	CRISIL Short-Term Bond Index	NAV Change	INDEX Change
Last 6 Months	31-Mar-12	13.9537	1858.56	5.43%	4.85%
Last 1 Year	30-Sep-11	13.4073	1784.00	9.72%	9.23%
Last 2 Years	30-Sep-10	12.5334	1670.28	8.34%	8.01%
Last 3 Years	30-Sep-09	11.8360	1591.88	7.52%	6.97%
Last 4 Years	30-Sep-08	10.5330	1441.35	8.71%	7.83%
Last 5 Years	30-Sep-07	10.0190	1354.36	7.99%	7.55%
Since Inception	08-Jan-07	10.0000	1281.09	6.97%	7.59%

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 September 2012 saw the benchmark indices, BSE Sensex and CNX Nifty gaining and 7.64% and 8.46% respectively even as the Mid-cap index, CNX Mid cap surged 10.96 % during the same period.

The FIIs were net buyers of Indian equity over the month of September 2012 to the tune of USD 3.6 billion and have invested around USD 15.9 billion in Indian equities, calendar year to date. The DIIs sold around USD 1.7 billion of Indian equity over the month with insurance companies and domestic mutual funds being net sellers to the tune of around USD 1.1 billion and USD 0.6 billion respectively. The insurance companies and mutual funds have sold USD 4.9 billion and USD 2.4 billion respectively, this calendar year to date.

In a landmark move, 51% FDI has been permitted in Multi-brand retail, subject to states approval, through an enabling clause, which allows the states, the freedom to decide on the opening up of FDI in multi-brand retail in their respective states. The states of Delhi, Assam, Maharashtra, Andhra Pradesh, Rajasthan, Uttarakhand and Haryana have already agreed to implement FDI in multibrand retail. The opening up of FDI comes with some riders on minimum investment size, investment focus in backend infrastructure and retail sales outlets restricted to cities with a population of more than 1million as per 2011 census.

The government also tweaked the single brand retail norms in sourcing where, in cases involving FDI beyond 51%, sourcing of 30%, of the value of goods purchased, will be done from India, preferably from small and medium scale industries, village and cottage industries, artisans and craftsmen, in all sectors, where it is feasible.

The government approved 49% FDI in Civil Aviation Sector in scheduled and non-scheduled air transport services. So far foreign airlines were allowed to participate only in the cargo space, helicopter and seaplane services but not in air transport. This could bring in much needed international funding for some select players in this beleaguered sector and improve the credit quality of the aviation sector. In addition, 49% FDI in Power Exchanges and 74% FDI in Teleports, mobileTV, and sky broadcasting services also got the government approval.

The government has cleared stake sales in a clutch of PSU undertakings which could help in meeting the FY 2012-13 budgeted disinvestment target of Rs.30,000 crores (approx. USD 5.6 billion).

The Cabinet Committee on Economic Affairs (CCEA) approved the scheme for financial restructuring of state distribution companies (SEBs) wherein 50% of the short term debt would be initially converted into bonds (to be issued by distribution companies), guaranteed by the respective state governments and the remaining 50% of the short term debt would be rescheduled and serviced by the SEBs with principal moratorium and extension of repayment duration.

Other reform measures in the anvil include the setting up of National Investment Board under the Prime Minister to speed up infra project approvals, activating the Railway tariff board, floating Request for proposals for key Greenfield airports such as Navi Mumbai & Goa and clearing large ticket state projects such as the Trans harbour link.

The government is planning to roll out a fiscal consolidation roadmap taking into account the Kelkar committee recommendations as well as look to target subsidies through the UID scheme and undertake measures to shore up the INR along with the RBI.

The reform push is in tune with the government's agenda of fully utilizing the window available till the Gujarat elections in December 2012. The reforms have brought down the probability of an imminent sovereign downgrade by rating agencies as well as created more room for the RBI to bring down interest rates in future.

The market offers the comfort of reasonable valuations at around 14 times one year forward price earnings. 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 30<sup>th</sup> September 2012)

### Debt Outlook

The month of September 2012 saw the benchmark 10 year Government security (G-sec) trade range bound between 8.11% and 8.25%.

September 2012 saw the G-sec market cheering the actions taken by the government on the fiscal front, thereby creating more space for the RBI to act in the October 30<sup>th</sup> monetary policy to shore up the moderating GDP growth. The G-sec market was cautiously optimistic, post the announcement of the government borrowing calendar for the second half FY 2012-13.

The corporate bond market saw a stellar rally during the month on the back of heavy demand and inadequate supply, to close the month of September 2012 at 8.90-8.95% levels. As a consequence, the corporate bond spread over the benchmark 10 year G-sec compressed to around 60-65 Bps.

On the liquidity front, the Liquidity Adjustment Facility -LAF continued to be the primary mode of liquidity injection, maintaining a shortfall of around Rs.0.3-0.6 trillion during the month of September 2012, barring a couple of days of higher liquidity deficit due to advance tax inflows. It was generally within the RBIs comfort zone of 1% of the NDTL (Net demand and time liabilities).

The RBI in its Mid-quarter monetary policy review reduced the cash reserve ratio (CRR) of scheduled banks by 25 basis points from 4.75% to 4.50% of their net demand and time liabilities (NDTL), effective the fortnight beginning September 22, 2012. Consequently, around Rs.17,000 crores (approx. USD 3.2 billion) of primary liquidity has been injected into the banking system. The RBI kept the policy repo rate under the liquidity adjustment facility (LAF) unchanged at 8%.

The RBI noted that growth continued to be weak amidst a negative investment climate but acknowledged the recent turnaround in sentiments due to a slew of reform measures undertaken by the Government towards fiscal consolidation, such as reducing fuel subsidies and selling stakes in public enterprises. They believe that the increase in foreign direct investment (FDI) announced in key sectors would contribute to both greater capital inflows and, over the long run, higher productivity, particularly in the food supply chain. However, they opined that there were strong inflationary pressures, both at wholesale and retail levels.

The RBI conceded that though the economic activity picked up modestly in Q1 of 2012-13, the sluggish momentum was evident across all sectors of the economy, particularly in industry. This was borne out by the weak Industrial production as it grew by just 0.1% in July. In recent weeks, there has been some positive news due to a fall in the rainfall deficit as kharif sowing (summer crop) had improved and the late rains had augmented storage in reservoirs improving the prospects for the rabi (winter crop).

On inflation front, the RBI opined that the demand-supply imbalances in respect of protein-rich items persist and the fuel price inflation picked up in August, largely reflecting the upward revision in electricity prices. While the recent upward revision in diesel prices and rationalization of subsidy for LPG is a significant achievement, in the short-term, there will be pressures on headline inflation. Over the longer run, holding down subsidies to under 2% of GDP as indicated in the Union Budget for 2012-13 was crucial to manage demand-side pressures on inflation.

The Wholesale Price Index (WPI) inflation for the month of August 2012 came in at a disappointing 7.55%, as against the consensus of 7.1%. The provisional WPI inflation reading of June 2012 was revised upwards from 7.25% to 7.58%.

The elevated August 2012 WPI inflation print was driven by the sharp increase in the fuel and power index to 8.32% as against the 5.98% seen in the previous month, as the electricity price hike effected over the last few months got updated in the fuel and power index. The non-food manufactured products inflation, a proxy for core inflation and closely tracked by the RBI, inched up to 5.58% in the month of August 2012 as compared to 5.4% in the previous month, reflecting the higher output price pressures in the manufacturing chain.

Going forward, apart from the expected surge in fuel inflation, there are other inflationary pressures in the system such as a possible spike in global commodity prices, especially crude oil, on the back of the quantitative easing (QE) announced by the US Federal reserve. There will be added pressures on food inflation due to delayed sowing of crops on account of the initial sluggishness of monsoons, even though the recent recovery monsoons could limit the adverse impact on food inflation.

The Government's borrowing calendar for H2 of 2012-13 was announced at Rs 2,00,000 crore (approx. USD 38 billion), quantum same as the budgeted borrowings. The issuance in the second half is concentrated in the shorter segments of 5year – 9year and 10year – 14year segment, which accounts for around 75% of the borrowing program as against a smaller quantum of issuances in the long tenor segments. As expected, the government's borrowing calendar is front loaded with a heavy third quarter and is scheduled for completion in February 2013.

The 10-year yield G-sec may trade in the range of 8.05-8.25% in the near-term, expecting a rate cut in the October 30<sup>th</sup> Second quarter monetary policy review.

## Disclaimer

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