

# Funds Available With Current Product Offerings - A Snapshot (as on 30<sup>th</sup> September 2015)

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

## Investment Report

The month of September 2015 saw the benchmark index BSE Sensex and CNX Nifty shed 0.49% and 0.28% respectively. The Mid-cap index, CNX Mid-cap shed 0.57% during the same period.

## Equity Funds

### Large Cap Equity Fund (ULIF 017 07/01/08 TLC 110)

| Fund Details   |                                   | Fund Performance                              |                 |            |                  |                   |                     | Asset Allocation |  |
|--|-----------------------------------|---|-----------------|------------|------------------|-------------------|---------------------|------------------|--|
| <b>Investment Objective</b> : 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. |                                   | <b>PERIOD</b>                                 | <b>DATE</b>     | <b>NAV</b> | <b>CNX Nifty</b> | <b>NAV Change</b> | <b>INDEX Change</b> |                  |  |
| <b>NAV as on 30 Sep, 15</b> : ₹17.3910   | <b>Benchmark</b> : CNX Nifty-100% | <b>Corpus as on 30 Sep, 15</b> : ₹824.60 Crs. | Last 3 Months   | 30-Jun-15  | 18.4046          | 8368.50           | -5.51%              |                  |  |
|  |                                   |   | Last 6 Months   | 31-Mar-15  | 18.5280          | 8491.00           | -6.14%              | -6.38%           |  |
|  |                                   |   | Last 1 Year     | 30-Sep-14  | 16.8473          | 7964.80           | 3.23%               | -0.20%           |  |
|  |                                   |   | Last 2 Years    | 30-Sep-13  | 11.9466          | 5735.30           | 20.65%              | 17.73%           |  |
|  |                                   |   | Last 3 Years    | 30-Sep-12  | 11.3770          | 5703.30           | 15.19%              | 11.70%           |  |
|  |                                   |   | Last 4 Years    | 30-Sep-11  | 9.8931           | 4943.25           | 15.15%              | 12.61%           |  |
|  |                                   |   | Last 5 Years    | 30-Sep-10  | 11.7142          | 6029.95           | 8.22%               | 5.68%            |  |
|  |                                   |   | Since Inception | 07-Jan-08  | 10.0000          | 6279.10           | 7.42%               | 3.10%            |  |
| <small>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.</small>   |                                   |   |                 |            |                  |                   |                     |                  |  |

### Whole Life Mid-Cap Equity Fund (ULIF 009 04/01/07 WLE 110)

| Fund Details   |  | Fund Performance                                |                 |            |                       |                   |                     | Asset Allocation |  |
|--|--|---|-----------------|------------|-----------------------|-------------------|---------------------|------------------|--|
| <b>Investment Objective</b> : 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. |  | <b>PERIOD</b>                                   | <b>DATE</b>     | <b>NAV</b> | <b>NSE CNX MIDCAP</b> | <b>NAV Change</b> | <b>INDEX Change</b> |                  |  |
| <b>NAV as on 30 Sep, 15</b> : ₹31.5881   | <b>Benchmark</b> : NSE CNX MIDCAP-100% | <b>Corpus as on 30 Sep, 15</b> : ₹1,956.63 Crs. | Last 3 Months   | 30-Jun-15  | 32.3267               | 13009.65          | -2.28%              |                  |  |
|  |  |   | Last 6 Months   | 31-Mar-15  | 32.0154               | 13001.25          | -1.33%              | -0.13%           |  |
|  |  |   | Last 1 Year     | 30-Sep-14  | 25.3843               | 11418.30          | 24.44%              | 13.72%           |  |
|  |  |   | Last 2 Years    | 30-Sep-13  | 14.9106               | 6997.95           | 45.55%              | 36.22%           |  |
|  |  |   | Last 3 Years    | 30-Sep-12  | 14.4475               | 7840.55           | 29.79%              | 18.31%           |  |
|  |  |   | Last 4 Years    | 30-Sep-11  | 12.6858               | 7094.00           | 25.62%              | 16.31%           |  |
|  |  |   | Last 5 Years    | 30-Sep-10  | 14.9069               | 9164.25           | 16.21%              | 7.22%            |  |
|  |  |   | Since Inception | 08-Jan-07  | 10.0000               | 5156.45           | 14.08%              | 11.16%           |  |
| <small>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.</small>   |  |   |                 |            |                       |                   |                     |                  |  |

## Balanced Funds

### Whole Life Aggressive Growth Fund (ULIF 010 04/01/07 WLA 110)

| Fund Details   |  | Fund Performance                              |                 |            |                   |                     | Asset Allocation |  |  |  |
|--|--|---|-----------------|------------|-------------------|---------------------|------------------|--|--|--|
| <b>Investment Objective</b> : The primary investment objective of the fund is to maximize the returns with medium to high risk.                            |  | <b>PERIOD</b>                                 | <b>DATE</b>     | <b>NAV</b> | <b>NAV Change</b> | <b>INDEX Change</b> |                  |  |  |  |
| <b>NAV as on 30 Sep, 15</b> : ₹23.7060   | <b>Benchmark</b> : Nifty - 65%<br>CRISIL Composite Bond Index -35% | <b>Corpus as on 30 Sep, 15</b> : ₹368.44 Crs. | Last 3 Months   | 30-Jun-15  | 23.8320           | -0.53%              |                  |  |  |  |
|  |  |   | Last 6 Months   | 31-Mar-15  | 24.1368           | -1.78%              | -2.63%           |  |  |  |
|  |  |   | Last 1 Year     | 30-Sep-14  | 21.7766           | 8.86%               | 4.27%            |  |  |  |
|  |  |   | Last 2 Years    | 30-Sep-13  | 16.0124           | 21.67%              | 15.75%           |  |  |  |
|  |  |   | Last 3 Years    | 30-Sep-12  | 15.6152           | 14.93%              | 10.80%           |  |  |  |
|  |  |   | Last 4 Years    | 30-Sep-11  | 13.8228           | 14.44%              | 11.43%           |  |  |  |
|  |  |   | Last 5 Years    | 30-Sep-10  | 15.3922           | 9.02%               | 6.67%            |  |  |  |
|  |  |   | Since Inception | 08-Jan-07  | 10.0000           | 10.39%              | 8.09%            |  |  |  |
| <small>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.</small> |  |   |                 |            |                   |                     |                  |  |  |  |

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

| Fund Details   |   | Fund Performance                             |                 |            |                   |                     | Asset Allocation |  |  |  |
|--|---|--|-----------------|------------|-------------------|---------------------|------------------|--|--|--|
| <b>Investment Objective</b> : The primary investment objective of the fund is provide reasonable returns with low to medium risk.                          |   | <b>PERIOD</b>                                | <b>DATE</b>     | <b>NAV</b> | <b>NAV Change</b> | <b>INDEX Change</b> |                  |  |  |  |
| <b>NAV as on 30 Sep, 15</b> : ₹20.4255   | <b>Benchmark</b> : Nifty - 40%<br>CRISIL Composite Bond Index - 60% | <b>Corpus as on 30 Sep, 15</b> : ₹79.53 Crs. | Last 3 Months   | 30-Jun-15  | 20.2996           | 0.62%               |                  |  |  |  |
|  |   |  | Last 6 Months   | 31-Mar-15  | 20.4494           | -0.12%              | 0.04%            |  |  |  |
|  |   |  | Last 1 Year     | 30-Sep-14  | 18.6815           | 9.34%               | 7.46%            |  |  |  |
|  |   |  | Last 2 Years    | 30-Sep-13  | 14.8499           | 17.28%              | 14.34%           |  |  |  |
|  |   |  | Last 3 Years    | 30-Sep-12  | 14.4055           | 12.34%              | 10.16%           |  |  |  |
|  |   |  | Last 4 Years    | 30-Sep-11  | 12.8858           | 12.21%              | 10.58%           |  |  |  |
|  |   |  | Last 5 Years    | 30-Sep-10  | 13.3768           | 8.83%               | 7.37%            |  |  |  |
|  |   |  | Since Inception | 08-Jan-07  | 10.0000           | 8.52%               | 7.87%            |  |  |  |
| <small>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.</small> |   |  |                 |            |                   |                     |                  |  |  |  |

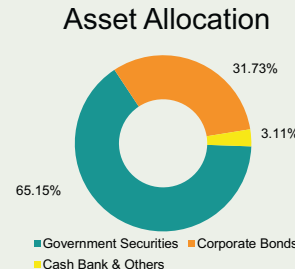
# Funds Available With Current Product Offerings - A Snapshot (as on 30<sup>th</sup> September 2015)

## 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> |
| <b>NAV as on 30 Sep, 15</b>    | : ₹19.6811   | Last 3 Months    | 30-Jun-15   | 18.8661    | 2360.29                                 | 4.32%             | 3.69%               |
| <b>Benchmark</b>               | : CRISIL Composite Bond Index -100%  | Last 6 Months    | 31-Mar-15   | 18.8427    | 2345.74                                 | 4.45%             | 4.33%               |
| <b>Corpus as on 30 Sep, 15</b> | : ₹241.47 Crs.   | Last 1 Year      | 30-Sep-14   | 17.2240    | 2174.26                                 | 14.27%            | 12.56%              |
|                                |  | Last 2 Years     | 30-Sep-13   | 15.4546    | 1948.06                                 | 12.85%            | 12.08%              |
|                                |  | Last 3 Years     | 30-Sep-12   | 14.8155    | 1883.05                                 | 9.93%             | 9.13%               |
|                                |  | Last 4 Years     | 30-Sep-11   | 13.3098    | 1718.92                                 | 10.27%            | 9.23%               |
|                                |  | Last 5 Years     | 30-Sep-10   | 12.4617    | 1628.02                                 | 9.57%             | 8.49%               |
|                                |  | Since Inception  | 08-Jan-07   | 10.0000    | 1298.79                                 | 8.06%             | 7.53%               |

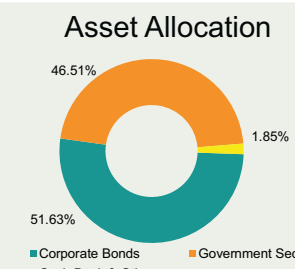
**Note** : The investment income and prices may go down as well as up. "Since Inception" and returns above "1 Year" are calculated as per CAGR.



### 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> |
| <b>NAV as on 30 Sep, 15</b>    | : ₹18.9549   | Last 3 Months    | 30-Jun-15   | 18.5078    | 2476.46                             | 2.42%             | 2.59%               |
| <b>Benchmark</b>               | : CRISIL Short Term Bond Index -100%   | Last 6 Months    | 31-Mar-15   | 18.1952    | 2433.57                             | 4.18%             | 4.39%               |
| <b>Corpus as on 30 Sep, 15</b> | : ₹124.05 Crs.   | Last 1 Year      | 30-Sep-14   | 17.3520    | 2311.69                             | 9.24%             | 9.90%               |
|                                |  | Last 2 Years     | 30-Sep-13   | 15.8918    | 2099.30                             | 9.21%             | 10.01%              |
|                                |  | Last 3 Years     | 30-Sep-12   | 14.7110    | 1948.67                             | 8.82%             | 9.24%               |
|                                |  | Last 4 Years     | 30-Sep-11   | 13.4073    | 1784.00                             | 9.04%             | 9.24%               |
|                                |  | Last 5 Years     | 30-Sep-10   | 12.5334    | 1670.28                             | 8.63%             | 8.75%               |
|                                |  | Since Inception  | 08-Jan-07   | 10.0000    | 1281.09                             | 7.60%             | 8.16%               |

**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.



## Equity Outlook

The month of September 2015 saw the benchmark index BSE Sensex and CNX Nifty shed 0.49% and 0.28% respectively. The Mid-cap index, CNX Mid-cap shed 0.57% during the same period.

The FIIs were net sellers with outflows of around USD 0.87 bn in the month of September 2015 and the DIIs were net buyers to the tune of USD 1.57 bn with insurance companies net buyers to the tune of around USD 0.27 bn and domestic mutual funds, net buyers to the tune of USD 1.3 bn. FIIs have bought Indian equities to the tune of USD 3.4 bn in the first nine months of the calendar year even as the DIIs have been net buyers of around USD 8.2 bn in the same period, with insurance companies selling around USD 0.2 bn even as domestic mutual funds bought around USD 8.4 bn.

The month of September started on a tepid note with emerging market equities under pressure due to lingering concerns of an imminent rate hike by the US Federal Reserve (Fed). However, the markets were supported by the Fed's decision to keep rates unchanged even as strong Indian macro data, sustained executive action from the government to boost economic activity as well as the unexpected 50 bps rate cut delivered by the RBI helped lift the market sentiment towards the second half of the month.

The second quarter earnings season could see muted growth in corporate revenue on the back of weak demand environment and subdued prices, weighed down by sectors such as oil & gas and metals even as the export oriented sectors such as IT and Pharmaceuticals could benefit from a weaker INR. The corporate margins could be supported by lower input costs on the back of benign commodity prices. The banking sector could see some decline in fresh impairments as well as an improvement in treasury performance even as the loan growth and Net interest margins would remain under pressure.

In a move to provide some relief to the Indian steel industry aimed at moderating the flow of steel imports, which have risen sharply and forced steel price cuts in the domestic market, the Finance Ministry has approved the imposition of 20% provisional safeguard duty on certain hot rolled steel products. This is in line with the recommendation made by the Directorate General of Safeguards (DGS) and would be applicable for a period of 200 days.

The RBI granted 10 "in-principle" Small Finance Bank licenses with 8 out of the 10 licenses awarded to microfinance companies (MFIs). These banks will be subject to same CRR/SLR guidelines as commercial banks and will need to ensure that 75% of their loans classify as priority sector loans.

In a move to address the asset quality issues of the banks, the RBI has allowed the banks the freedom to convert debt to equity similar to Strategic Debt Restructuring (SDR) plan. This move will allow the banks to take greater control of the operations of their corporate borrowers.

There has been an increase in economic activity in the infrastructure sector where road project awards have seen a pickup in H1FY16, with the NHAI awarding more than ₹250bn worth of projects spread across 2,000km, with the award in the second half expected to be even higher. Moreover, there has been a recent surge in activity in the urban infrastructure space with the recent awards of contracts to the tune of ₹190bn for the Mumbai Metro.

Going forward, while global uncertainties will continue to shape the trajectory of the Indian equity markets, the markets would take further cues from the comments of the US Fed in its October FOMC meet. The RBI's dovish policy stance as well as its 50 bps rate cut in its bi-monthly monetary policy review could be a key enabler to catalyze the nascent investment cycle.

We believe that the equity market offers 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 2015)

### Debt Outlook

Debt market in the month of September 2015 saw the benchmark 10 year Government security (G-sec) close the month at 7.54%, easing by 25 bps over the month. On the corporate bond side, the 10 year AAA corporate bond closed the month at around 8.19%, easing by 16 bps over the month.

In September 2015, the Foreign Portfolio Investors (FPIs) were marginal buyers of Indian debt to the extent of USD 57 mn, taking the overall purchase to USD 6.1 bn in the first six months of the current fiscal.

The RBI, in its fourth bi-monthly monetary policy review on September 29<sup>th</sup>, delivered an unexpected outsized rate cut while maintaining a dovish outlook on inflation and signaling continued accommodative monetary policy, which triggered a sharp rally in the Indian debt market. The RBI cut the policy repo rate by 50bps to 6.75%, higher than the market expectations of a 25bps cut.

The RBI noted that since its previous bi-monthly policy in August, inflation had dropped to a nine-month low and despite the monsoon deficiency, food inflation pressures had been contained by resolute actions by the government to manage supply. The RBI was satisfied that the disinflation had been broad-based and inflation excluding food and fuel had come off its recent peak in June.

The RBI observed that the fixed income markets had transmitted its past policy actions via commercial paper and corporate bonds, but expressed concern that the banks had done so only to a limited extent as their median base lending rates had fallen by only about 30 bps despite extremely easy liquidity conditions, 75 bps of the policy rate reduction during January-June period and lower bank deposit rates. The RBI intends to work with the government to ensure that impediments to the banks passing on the bulk of the cumulative 125 bps cut in the policy rate since January are removed.

On the inflation front, the RBI estimated CPI inflation to reach 5.8% in January 2016, a shade lower than its projection in the August bi-monthly policy. In the monetary policy statement of April 2015, the RBI had noted that it would strive to reach the mid-point of the inflation band of 4% by the end of fiscal 2018. Therefore, the RBI would now shift its target to bring inflation to around 5% by the end of fiscal 2017.

In this context, the RBI opined that the weakening global activity muting commodity prices, the still-low domestic industrial capacity utilization and the government's commitment to meet its fiscal targets and improve the quality of its spending would necessitate an accommodative monetary policy to the extent possible. The RBI stated that the investment is likely to respond more strongly if there is more certainty about the extent of monetary stimulus in the pipeline, even if transmission is slow. Therefore, the RBI had front-loaded policy action by a reduction in the policy rate by 50 bps. Given their year-ahead projections of inflation, this ensures one year expected treasury bill real interest rates of about 1.5-2%, which the RBI felt was appropriate for this stage of the recovery.

In a much awaited move, the RBI announced the framework for the Foreign Portfolio Investment (FPI) limits in the debt securities, which will henceforth be announced in INR terms. For central government securities, the limits will be increased in phased manner to 5% of the outstanding stock by March 2018, opening up room for additional investments to the tune of ` 1.2 tn by March 2018. Additionally, there will be a separate limit for investment by FPIs in the State Development Loans (SDLs), which would be increased in phases to reach 2% of the outstanding stock by March 2018, amounting to an additional limit of about ` 500 bn by March 2018.

The overall government borrowing for the second half FY 2016 remains on track with budget estimates, with the gross G-Sec borrowing at ` 2.34 tn, implying the annual G-Sec borrowing at a reduced ` 5.85 tn compared to FY2016BE of ` 6 tn. However, this reduction in G-sec borrowing will be offset by ` 150 bn worth of sovereign gold bonds, keeping the central government's total market borrowing for FY2016 unchanged. The weekly auction size of dated securities is ` 150 bn until mid-December followed by ` 140 bn for the rest of the period with the auctions spread over 16 weeks. The gross issuances are bunched in the 10-14-year bucket, which makes up 48% of the issuance.

The fixed income markets would take support from the RBI's rate cut as well as its dovish outlook while tracking the September CPI inflation print and the FOMC meeting of the US Fed in October for further cues. The opening up of the FPI limits is an added tailwind for the Indian debt markets in the medium term.

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