

# Funds Available With Current Product Offerings - A Snapshot

(as on 31<sup>st</sup> January 2012)

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



Saravana Kumar  
Chief Investment Officer

## Message from CIO's Desk

Wholesale price index (WPI) inflation for the month of December 2011 clocked 7.47% marginally above the consensus of 7.4% but substantially below the 9.11% registered in the month of November 2011. The RBI in its third quarter review of the monetary policy 2011-12 surprised the market positively by cutting the cash reserve ratio (CRR) of scheduled banks by 50 basis points from 6% to 5.5% of their net demand and time liabilities (NDTL). Given this macro backdrop, the RBI opined that the CRR was the most effective instrument for permanent liquidity injection over a sustained period of time. The market watchers would keep a close watch on the policy reforms from the Union government to kick start a moderating economy and in this regard, the results of the State elections in February-March 2012 will be a major factor.

## 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 31 Jan, 12** : ₹10.22

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

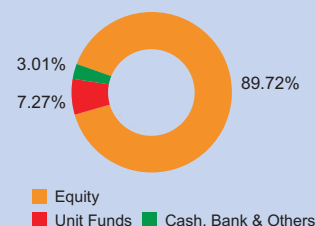
**Corpus as on 31 Jan, 12** : ₹770.33 Crs.

#### Fund Performance

PERIOD	DATE	NAV	S&P CNX Nifty	NAV Change	INDEX Change
Last 6 Months	29-Jul-11	10.96	5482.00	-6.77%	-5.16%
Last 1 Year	31-Jan-11	10.94	5505.90	-6.64%	-5.57%
Last 2 Years	29-Jan-10	9.53	4882.05	3.55%	3.20%
Last 3 Years	30-Jan-09	5.67	2874.80	21.66%	21.84%
Last 4 Years	31-Jan-08	10.09	5137.45	0.32%	0.30%
Since Inception	7-Jan-08	10.00	6279.10	0.53%	-4.53%

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.

#### 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 Jan, 12** : ₹12.58

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

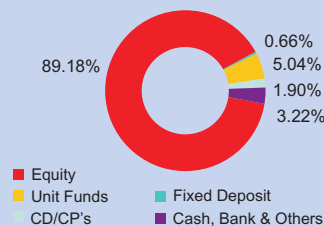
**Corpus as on 31 Jan, 12** : ₹1595.79 Crs.

#### Fund Performance

PERIOD	DATE	NAV	NSE CNX MIDCAP	NAV Change	INDEX Change
Last 6 Months	29-Jul-11	13.85	8017.35	-9.18%	-11.44%
Last 1 Year	31-Jan-11	13.41	7922.50	-6.22%	-10.37%
Last 2 Years	29-Jan-10	11.83	7201.85	3.10%	-0.71%
Last 3 Years	30-Jan-09	6.20	3357.35	26.59%	28.36%
Last 4 Years	31-Jan-08	13.43	7308.05	-1.63%	-0.72%
Last 5 Years	31-Jan-07	9.99	5279.55	4.71%	6.11%
Since Inception	8-Jan-07	10.00	5156.45	4.63%	6.52%

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 Jan, 12** : ₹10.92

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

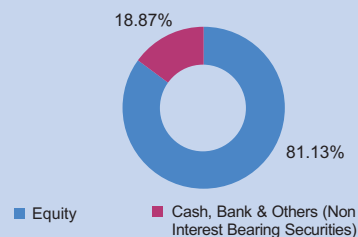
**Corpus as on 31 Jan, 12** : ₹343.51 Crs.

#### Fund Performance

PERIOD	DATE	NAV	S & P India 500 Shariah Index	NAV Change	INDEX Change
Last 6 Months	29-Jul-11	11.62	1275.35	-5.98%	-4.78%
Last 1 Year	31-Jan-11	11.51	1294.22	-5.08%	-6.17%
Last 2 Years	29-Jan-10	9.98	1198.63	4.62%	0.65%
Since Inception	16-Oct-09	10.00	1217.76	3.92%	-0.12%

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



## 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 Jan, 12** : ₹14.34

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

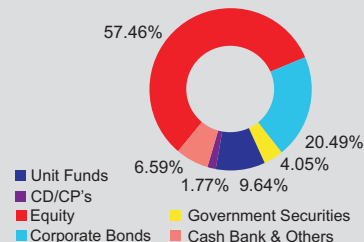
**Corpus as on 31 Jan, 12** : ₹321.63 Crs.

#### Fund Performance

PERIOD	DATE	NAV	NAV Change	INDEX Change
Last 6 Months	29-Jul-11	14.77	-2.95%	-1.78%
Last 1 Year	31-Jan-11	14.55	-1.47%	-0.78%
Last 2 Years	29-Jan-10	12.97	5.13%	4.25%
Last 3 Years	30-Jan-09	8.99	16.83%	16.18%
Last 4 Years	31-Jan-08	12.55	3.38%	2.33%
Last 5 Years	31-Jan-07	9.99	7.49%	5.47%
Since Inception	8-Jan-07	10.00	7.37%	5.91%

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 31 Jan, 12** : ₹13.33

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

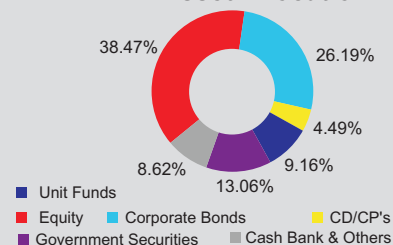
**Corpus as on 31 Jan, 12** : ₹65.54 Crs.

#### Fund Performance

PERIOD	DATE	NAV	NAV Change	INDEX Change
Last 6 Months	29-Jul-11	13.36	-0.24%	0.64%
Last 1 Year	31-Jan-11	13.06	2.07%	2.63%
Last 2 Years	29-Jan-10	12.02	5.30%	4.99%
Last 3 Years	30-Jan-09	9.40	12.34%	12.15%
Last 4 Years	31-Jan-08	11.10	4.69%	3.77%
Last 5 Years	31-Jan-07	10.00	5.93%	5.84%
Since Inception	8-Jan-07	10.00	5.84%	6.09%

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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## 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 31 Jan, 12** : ₹13.86

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

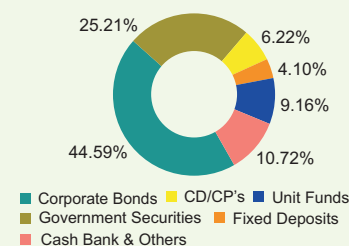
**Corpus as on 31 Jan, 12** : ₹152.77 Crs.

#### Fund Performance

PERIOD	DATE	NAV	Crisil Composite Bond Fund Index	NAV Change	INDEX Change
Last 6 Months	29-Jul-11	13.15	1699.88	5.36%	4.50%
Last 1 Year	31-Jan-11	12.65	1643.29	9.57%	8.10%
Last 2 Years	29-Jan-10	12.02	1575.32	7.35%	6.19%
Last 3 Years	30-Jan-09	11.08	1504.76	7.74%	5.69%
Last 4 Years	31-Jan-08	10.20	1402.36	7.97%	6.09%
Last 5 Years	31-Jan-07	10.00	1300.75	6.74%	6.43%
Since Inception	8-Jan-07	10.00	1298.79	6.65%	6.38%

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 31 Jan, 12** : ₹13.78

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

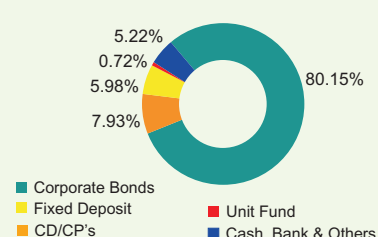
**Corpus as on 31 Jan, 12** : ₹69.71 Crs.

#### Fund Performance

PERIOD	DATE	NAV	CRISIL Short-Term Bond Index	NAV Change	INDEX Change
Last 6 Months	29-Jul-11	13.23	1760.21	4.15%	4.27%
Last 1 Year	31-Jan-11	12.66	1693.26	8.85%	8.39%
Last 2 Years	29-Jan-10	12.12	1620.44	6.63%	6.42%
Last 3 Years	30-Jan-09	11.19	1525.53	7.19%	6.36%
Last 4 Years	31-Jan-08	10.25	1391.47	7.68%	7.17%
Last 5 Years	31-Jan-07	10.00	1285.08	6.63%	9.32%
Since Inception	8-Jan-07	10.00	1281.09	6.54%	7.35%

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 equity markets in January 2012 witnessed an impressive turnaround as the benchmark indices BSE Sensex and CNX Nifty posted handsome double digit gains, with the Midcap index, CNX Midcap outperforming the benchmark indices.

Robust FII inflows of around USD 2 billion in January powered the markets even though there was muted participation from Insurance companies and domestic mutual funds.

The third quarter FY 2012 earnings season has started in full swing and thus far, the companies making up the BSE 200, accounting for almost 50% of the market capitalization, have posted an impressive revenue growth of 26.5% on a year on year basis. However, the net profit growth has been a muted 5.4% year on year, as the higher interest costs and input prices have led to a fall in operating margins. The EBITDA margins (ex BFSI) have fallen by over 400 basis points year on year to 17% levels, clearly reflecting cost pressures and the limited pricing power of corporate India in many sectors. On a quarter on quarter basis, the revenues and the net profit has risen around 9% each even as the EBITDA margins(ex BFSI) have remained largely flat, dropping marginally by 80 basis points.

The current earnings downgrade cycle for the Indian equities is fairly mature, particularly with respect to the duration and we could possibly be nearing the end of the downgrade cycle. The consensus earnings estimate for FY 2012 and FY 2013 currently stands at around 13% and 15% growth respectively. The profit margins are at cyclical lows and going forward, we could see the macro environment improving as interest rates and headline inflation trend lower and the base effects becoming more favorable in FY 2013.

In recent months, there has been a series of initiatives from the RBI to ease liquidity as well as stabilize the falling Indian rupee (INR). The RBI, apart from undertaking open market operations, reduced the cash reserve ratio (CRR) by 50 basis points, to inject liquidity into the system.

India still remains an attractive destination for FDI and the FDI has risen by around 25% for the period January-November 2011 and despite the underperformance of the Indian equity market in 2011, the FIIs were only marginal sellers in CY 2011 to the extent of about USD 350 million. Subsequent to the sharp depreciation since September 2011, the INR does not appear over valued any more on a real effective exchange rate (REER) basis and seems to have stabilized around the 50 levels in January 2012. The Government has also been taking measured steps to ease the stress on the corporate sector by permitting Qualified Financial Institutions (QFIs) to access the Indian equity markets directly.

However, in the near term, the Indian equity market needs to navigate a host of tricky global news flows such as Iran geopolitical tensions, which has the potential to spike oil prices, as well as the outcome of the lengthy negotiations between Greece & its private bond holders.

On the domestic front, the results of the state elections, particularly Uttar Pradesh, as well as the ensuing Union budget would be closely watched. A Union budget, which can lead to fiscal consolidation by raising revenues and capping subsidies, would be a welcome relief for the markets and would allow the RBI more space for reducing interest rates, thereby stimulating economic activity. The Union budget can also be a key enabler to kick start a faltering investment cycle as well directing the vast pools of domestic savings into infrastructure creation.

The Indian equity market trades at around 13 times FY 2013 earnings and present a reasonable valuation for a long term investor with a 2-5 year horizon to enter at current levels.

## Debt Outlook

The month of January 2012 saw the benchmark 10 year Government security (G-sec) easing by around 30 basis points and closed the month at 8.26% levels. During the month, the G-secs displayed higher volatility on the back of the surprise cut in the cash reserve ratio by the RBI as well as the uncertainty on the continued Open market operations by the RBI.

The easing in the G-sec yields in January 2012 was largely on account of the Open market operations (OMOs) by the RBI as they purchased around ₹31,000 crores (USD 6.2 billion) of G-sec in January 2012, taking the total purchase in the fiscal 2011-12 to around ₹72,000 crores (USD 14.4 billion).

The G-sec yields witnessed a sharp knee jerk easing soon after the announcement of the CRR cut as the 10 year traded below 8.10% but rebounded the same day to close at 8.36% levels as soon as the market sensed the uncertainty regarding the continuation of OMOs in the future.

The corporate bond yield eased by around 15 basis points in January 2012 and closed the month at 9.30% levels. As a consequence, the corporate bond spread over the 10 year G-sec stood at 70-85 bps, broadly similar to December 2011 spread.

The RBI in its third quarter monetary review noted that the liquidity conditions have generally remained in deficit during 2011-12 and tightened further beginning the second week of November 2011, partly reflecting the Reserve Bank's forex market operations and advance tax outflows around mid-December. The average daily borrowings under the LAF were about ₹1,20,000 crores (USD 24 billion) during January 2012. The systemic liquidity deficit was clearly outside the RBI's comfort zone of within 1% of banks' net demand and time liabilities (NDTL) and the CRR cut by 50 basis points attempted to inject primary liquidity of around ₹32,000 crores (USD 6.4 billion) into the system.

The inflationary concerns in December 2011 stem from the manufactured products inflation which remains sticky and elevated, clearly above the comfort zone of the RBI, coming in at 7.4% as against the November print of 7.7%. Manufactured food product inflation saw a marginal easing to 6% from 6.8% in the previous month even as non-food manufactured products inflation, usually referred to as 'core inflation' moderated slightly to 7.7% from 8% last month, still way above the RBI's comfort zone of 4%.

The RBI in its third quarter review of the monetary policy 2011-12 surprised the market positively by cutting the cash reserve ratio (CRR) of scheduled banks by 50 basis points from 6% to 5.5% of their net demand and time liabilities (NDTL), effective the fortnight beginning January 28, 2012. The three broad contours of the RBI's monetary policy stance were to maintain an interest rate environment to contain inflation and anchor inflation expectations; manage liquidity to ensure that it remains in moderate deficit, consistent with effective monetary transmission and to respond to increasing downside risks to growth.

On inflation front, the RBI had expressed satisfaction that the higher than expected deceleration in food inflation had provided some relief, as it has come down sharply from 8.5% in November 2011 to just 0.7% in December with a sharp decline in the prices of vegetables. However, excluding vegetables, the decline in food articles inflation seems to be marginal. Another cause for concern is the elevated Non-food manufactured products inflation, with no discernible downward trend. Keeping in view the expected moderation in non-food manufactured products inflation, domestic supply factors and global trends in commodity prices, the baseline projection for WPI inflation for March 2012 has been retained at 7%. The RBI was also concerned that the rupee depreciation had been feeding into core inflation, delaying the adjustment of inflation to slower growth and that the suppressed inflation in petroleum product and coal prices remained quite significant.

Post the monetary policy review; we could expect the RBI to start the interest rate easing cycle around March-April 2012, though with inflation remaining a concern, the RBI would be constrained regarding the extent of easing possible in FY 2012-13.

Going forward, the benchmark 10 year G-sec yields could remain in a tight range of 8.20-8.40% in the near term and the continuation of OMOs from the RBI would be a key trigger in easing the bond yields further.

### 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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