

Quick Glance - Funds Performance

(Funds with AUM of more than ₹125 crores as on 30th June 2014)

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

Investment Report

The month of June 2014 saw the benchmark index BSE Sensex and CNX Nifty gain 4.94% and 5.28% respectively. The Mid-cap index, CNX Mid-cap surged 9.43% during the same period.

Equity Funds

Equity Fund (ULIF 001 04/02/04 TEL 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 30 June, 14 : ₹44.8646

Benchmark : S&P BSE Sensex - 100%

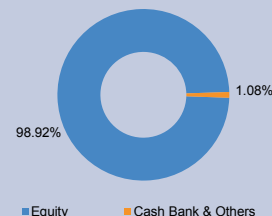
Corpus as on 30 June, 14 : ₹2,145.46 Crs.

Fund Performance

PERIOD	DATE	NAV	S&P BSE Sensex	NAV Change	INDEX Change
Last 6 Months	31-Dec-13	36.9864	21170.68	21.30%	20.04%
Last 1 Year	28-Jun-13	33.9572	19395.81	32.12%	31.03%
Last 2 Years	29-Jun-12	30.2869	17429.98	21.71%	20.75%
Last 3 Years	30-Jun-11	33.3737	18845.87	10.37%	10.48%
Last 4 Years	30-Jun-10	31.3934	17700.90	9.34%	9.46%
Last 5 Years	30-Jun-09	25.4040	14493.84	12.05%	11.89%
Since Inception	02-Mar-04	10.0000	5823.17	15.63%	15.32%

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 30 June, 14 : ₹22.9153

Benchmark : NSE CNX MIDCAP-100%

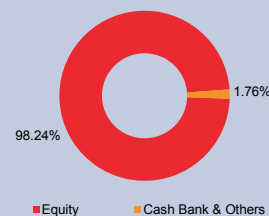
Corpus as on 30 June, 14 : ₹1,870.69 Crs.

Fund Performance

PERIOD	DATE	NAV	NSE CNX MIDCAP	NAV Change	INDEX Change
Last 6 Months	31-Dec-13	16.8069	8071.30	36.34%	37.49%
Last 1 Year	28-Jun-13	15.3060	7342.40	49.71%	51.13%
Last 2 Years	29-Jun-12	13.3416	7351.80	31.06%	22.86%
Last 3 Years	30-Jun-11	13.7871	7971.50	18.45%	11.66%
Last 4 Years	30-Jun-10	13.4496	8130.85	14.25%	8.09%
Last 5 Years	30-Jun-09	9.5140	5427.25	19.22%	15.38%
Since Inception	08-Jan-07	10.0000	5156.45	11.72%	10.79%

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



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 30 June, 14 : ₹16.1266

Benchmark : CNX Nifty-100%

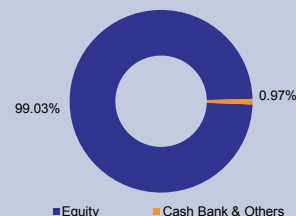
Corpus as on 30 June, 14 : ₹1,010.92 Crs.

Fund Performance

PERIOD	DATE	NAV	CNX Nifty	NAV Change	INDEX Change
Last 6 Months	31-Dec-13	13.0891	6304.00	23.21%	20.74%
Last 1 Year	28-Jun-13	11.9332	5842.20	35.14%	30.28%
Last 2 Years	29-Jun-12	10.5546	5278.90	23.61%	20.08%
Last 3 Years	30-Jun-11	11.1994	5647.40	12.92%	10.46%
Last 4 Years	30-Jun-10	10.4100	5312.50	11.56%	9.41%
Last 5 Years	30-Jun-09	8.2970	4291.10	14.22%	12.14%
Since Inception	07-Jan-08	10.0000	6279.10	7.65%	3.01%

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



Future Equity Pension Fund (ULIF 020 04/02/08 FEP 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 30 June, 14 : ₹17.4885

Benchmark : CNX Nifty-100%

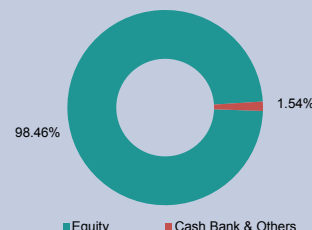
Corpus as on 30 June, 14 : ₹211.61 Crs.

Fund Performance

PERIOD	DATE	NAV	CNX Nifty	NAV Change	INDEX Change
Last 6 Months	31-Dec-13	14.2548	6304.00	22.68%	20.74%
Last 1 Year	28-Jun-13	13.0871	5842.20	33.63%	30.28%
Last 2 Years	29-Jun-12	11.8125	5278.90	21.68%	20.08%
Last 3 Years	30-Jun-11	12.8284	5647.40	10.88%	10.46%
Last 4 Years	30-Jun-10	11.8757	5312.50	10.16%	9.41%
Last 5 Years	30-Jun-09	9.4400	4291.10	13.12%	12.14%
Since Inception	04-Feb-08	10.0000	5463.50	9.12%	5.31%

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



Select Equity Fund (ULIF 024 06/10/08 TSE 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. The fund will invest significant amount in equity and equity linked instruments specifically excluding companies predominantly dealing in Gambling, Lotteries/Contests, Animal Produce, Liquor, Tobacco, Entertainment (Films, TV etc) Hotels, Banks and Financial Institutions.

NAV as on 30 June, 14 : ₹26.8898

Benchmark : CNX India 500 Shariah Index - 100%

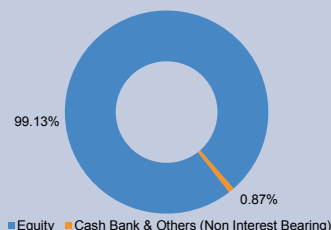
Corpus as on 30 June, 14 : ₹234.49 Crs.

Fund Performance

PERIOD	DATE	NAV	CNX India 500 Shariah Index	NAV Change	INDEX Change
Last 6 Months	31-Dec-13	21.4236	1541.72	25.51%	19.86%
Last 1 Year	28-Jun-13	19.1515	1351.28	40.41%	36.75%
Last 2 Years	29-Jun-12	17.1115	1231.12	25.36%	22.51%
Last 3 Years	30-Jun-11	18.1724	1307.25	13.95%	12.23%
Last 4 Years	30-Jun-10	17.0736	1308.04	12.03%	9.02%
Last 5 Years	30-Jun-09	13.4750	1024.85	14.82%	12.51%
Since Inception	06-Oct-08	10.0000	844.46	18.83%	14.63%

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



Quick Glance - Funds Performance

(Funds with AUM of more than ₹125 crores as on 30th June 2014)

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

NAV as on 30 June, 14 : ₹17.6871

Benchmark : CNX India 500 Shariah Index - 100%

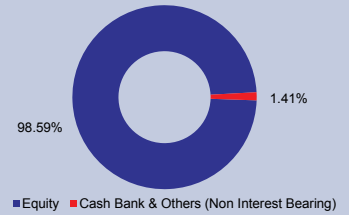
Corpus as on 30 June, 14 : ₹786.56 Crs.

Fund Performance

PERIOD	DATE	NAV	CNX India 500 Shariah Index	NAV Change	INDEX Change
Last 6 Months	31-Dec-13	13.9686	1541.72	26.62%	19.86%
Last 1 Year	28-Jun-13	12.4501	1351.28	42.06%	36.75%
Last 2 Years	29-Jun-12	11.1711	1231.12	25.83%	22.51%
Last 3 Years	30-Jun-11	11.8498	1307.25	14.28%	12.23%
Last 4 Years	30-Jun-10	11.0644	1308.04	12.44%	9.02%
Since Inception	16-Oct-09	10.0000	1217.76	12.88%	9.26%

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



Top 200 Fund (ULIF 027 12/01/09 ITT 110)

Fund Details

Investment Objective : The Top 200 fund will invest primarily in select stocks and equity linked instruments which are a part of BSE 200 Index with a focus on generating long term capital appreciation. The fund will not replicate the index but aim to attain performance better than the performance of the Index. As a defensive strategy arising out of market conditions, the scheme may also invest in debt and money market instruments.

NAV as on 30 June, 14 : ₹26.9262

Benchmark : S&P BSE 200 - 100%

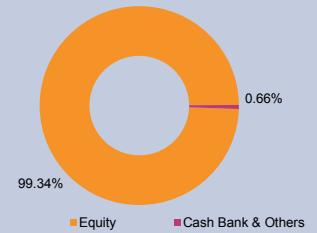
Corpus as on 30 June, 14 : ₹210.43 Crs.

Fund Performance

PERIOD	DATE	NAV	S&P BSE 200	NAV Change	INDEX Change
Last 6 Months	31-Dec-13	21.4630	2530.58	25.45%	23.47%
Last 1 Year	28-Jun-13	19.5382	2323.83	37.81%	34.45%
Last 2 Years	29-Jun-12	17.8514	2138.10	22.81%	20.88%
Last 3 Years	30-Jun-11	19.2021	2314.65	11.93%	10.52%
Last 4 Years	30-Jun-10	18.1956	2248.06	10.29%	8.58%
Last 5 Years	30-Jun-09	14.2940	1767.09	13.50%	12.07%
Since Inception	12-Jan-09	10.0000	1091.37	19.87%	21.22%

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

Aggressive Growth Fund (ULIF 006 01/07/06 TAL 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 30 June, 14 : ₹21.2792

Benchmark : S&P BSE Sensex - 65%, CRISIL Composite Bond Index - 35%

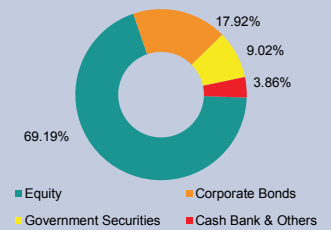
Corpus as on 30 June, 14 : ₹228.09 Crs.

Fund Performance

PERIOD	DATE	NAV	NAV Change	INDEX Change
Last 6 Months	31-Dec-13	17.8610	19.14%	15.29%
Last 1 Year	28-Jun-13	16.8774	26.08%	21.78%
Last 2 Years	29-Jun-12	15.5679	16.91%	16.15%
Last 3 Years	30-Jun-11	16.1077	9.73%	9.60%
Last 4 Years	30-Jun-10	15.4330	8.36%	8.64%
Last 5 Years	30-Jun-09	12.9950	10.37%	10.05%
Since Inception	01-Jul-06	10.0000	9.90%	9.85%

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 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 30 June, 14 : ₹20.6923

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

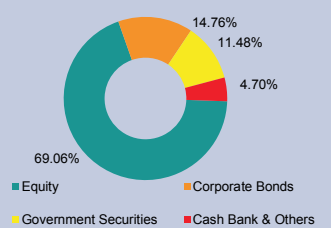
Corpus as on 30 June, 14 : ₹404.29 Crs.

Fund Performance

PERIOD	DATE	NAV	NAV Change	INDEX Change
Last 6 Months	31-Dec-13	17.2803	19.75%	15.75%
Last 1 Year	28-Jun-13	16.4335	25.92%	21.29%
Last 2 Years	29-Jun-12	14.7250	18.54%	15.72%
Last 3 Years	30-Jun-11	14.9425	11.46%	9.59%
Last 4 Years	30-Jun-10	14.0652	10.13%	8.60%
Last 5 Years	30-Jun-09	11.7550	11.97%	10.21%
Since Inception	08-Jan-07	10.0000	10.21%	8.38%

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



Growth Fund (ULIF 004 04/02/04 TGL 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 30 June, 14 : ₹33.6442

Benchmark : S&P BSE Sensex - 65%, CRISIL Composite Bond Index - 35%

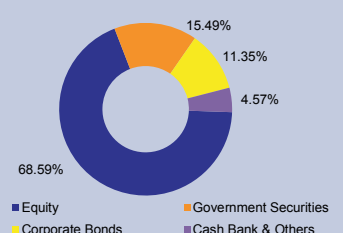
Corpus as on 30 June, 14 : ₹134.85 Crs.

Fund Performance

PERIOD	DATE	NAV	NAV Change	INDEX Change
Last 6 Months	31-Dec-13	28.4458	18.27%	15.29%
Last 1 Year	28-Jun-13	26.8226	25.43%	21.78%
Last 2 Years	29-Jun-12	24.4018	17.42%	16.15%
Last 3 Years	30-Jun-11	25.4311	9.78%	9.60%
Last 4 Years	30-Jun-10	24.4146	8.35%	8.64%
Last 5 Years	30-Jun-09	21.0040	9.88%	10.05%
Since Inception	02-Mar-04	10.0000	12.46%	11.97%

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



Quick Glance - Funds Performance

(Funds with AUM of more than ₹125 crores as on 30th June 2014)

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 30 June, 14 : ₹16.8476

Benchmark : CRISIL Composite Bond Index -100%

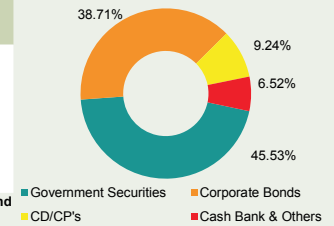
Corpus as on 30 June, 14 : ₹240.78 Crs.

Fund Performance

PERIOD	DATE	NAV	Crisil Composite Bond Fund Index	NAV Change	INDEX Change
Last 6 Months	31-Dec-13	15.8357	1995.39	6.39%	6.47%
Last 1 Year	28-Jun-13	16.1289	2031.10	4.46%	4.60%
Last 2 Years	29-Jun-12	14.3351	1834.39	8.41%	7.62%
Last 3 Years	30-Jun-11	13.0452	1687.72	8.90%	7.97%
Last 4 Years	30-Jun-10	12.3954	1613.87	7.97%	7.11%
Last 5 Years	30-Jun-09	11.6260	1541.55	7.70%	6.63%
Since Inception	08-Jan-07	10.0000	1298.79	7.22%	6.80%

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 30 June, 14 : ₹16.9886

Benchmark : CRISIL Short Term Bond Index -100%

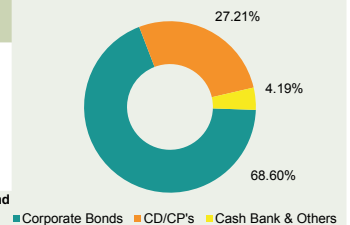
Corpus as on 30 June, 14 : ₹143.51 Crs.

Fund Performance

PERIOD	DATE	NAV	Crisil Short Term Bond Index	NAV Change	INDEX Change
Last 6 Months	31-Dec-13	16.2447	2151.70	4.58%	5.05%
Last 1 Year	28-Jun-13	15.6423	2077.40	8.61%	8.81%
Last 2 Years	29-Jun-12	14.2806	1900.63	9.07%	9.05%
Last 3 Years	30-Jun-11	13.1312	1746.69	8.96%	8.97%
Last 4 Years	30-Jun-10	12.4511	1654.29	8.08%	8.12%
Last 5 Years	30-Jun-09	11.7020	1577.74	7.74%	7.46%
Since Inception	08-Jan-07	10.0000	1281.09	7.34%	7.89%

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



Guaranteed NAV Funds

The fund would be predominantly invested in equity at inception, wherein the dynamic asset allocation mechanism allocates the portfolio between equity and debt. This dynamic asset allocation is based on the performance of equity markets and movements in interest rates. The equity allocation may be reallocated to debt if the equity markets or interest rates fall, to safeguard the guarantee.

Overtime, the asset mix will predominantly shift to debt to protect the guarantee. This dynamic asset allocation process will drive the returns generated by the Apex Return Lock-in Fund. The dynamic asset allocation shifts the allocation of the fund from an equity bias to a debt bias, overtime. This would mean that the Guaranteed NAV would not mimic the highest level of the equity market, over the period the guarantee is applicable. Any unexpected and sharp falls in equity market and/or interest rates, during the period the guarantee is applicable, may trigger the allocation to completely move towards debt, to protect the highest NAV achieved prior to the fall. Overall, it is an ideal fund for an investor who wants to take advantage of high returns in a positive market scenario while safe-guarding the investment during any downturn.

APEX Return Lock-In Fund (ULIF 032 18/02/09 ARL 110)

Fund Details

Investment Objective : The investment objective for Apex Return Lock-in Fund is to use the participation in an actively managed well diversified equity portfolio of large cap companies to generate capital appreciation and use high credit quality debt instruments to lock-in that capital appreciation. The initial asset allocation in equities is targeted at 80% to 100%.

The highest NAV recorded on reset date : ₹ 15.3865

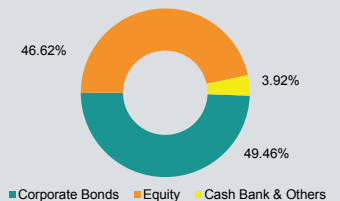
Corpus as on 30 June, 14 : ₹312.58 Crs.

Fund Performance

PERIOD	DATE	NAV	NAV Change
Last 6 Months	31-Dec-13	13.5946	12.92%
Last 1 Year	28-Jun-13	13.0732	17.42%
Last 2 Year	29-Jun-12	11.6634	14.72%
Last 3 Year	30-Jun-11	11.7977	9.17%
Last 4 Year	30-Jun-10	11.3104	7.94%
Last 5 Year	30-Jun-09	9.6930	9.63%
Since Inception	10-Jun-09	10.0000	8.84%

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



APEX Return Lock-In Fund II (ULIF 033 03/08/09 AR2 110)

Fund Details

Investment Objective : The investment objective for Apex Return Lock-in Fund II is to use the participation in an actively managed well diversified equity portfolio of large cap companies to generate capital appreciation and use high credit quality debt instruments to lock-in that capital appreciation. The initial asset allocation in equities is targeted at 80% to 100%.

The highest NAV recorded on reset date : ₹ 14.4496

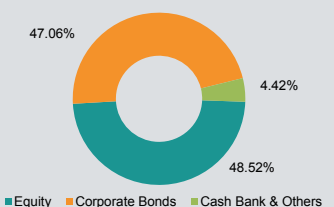
Corpus as on 30 June, 14 : ₹243.77 Crs.

Fund Performance

PERIOD	DATE	NAV	NAV Change
Last 6 Months	31-Dec-13	12.8047	12.81%
Last 1 Year	28-Jun-13	12.2281	18.13%
Last 2 Year	29-Jun-12	10.8890	15.18%
Last 3 Year	30-Jun-11	11.0704	9.28%
Last 4 Year	30-Jun-10	10.4857	8.34%
Since Inception	10-Nov-09	10.0000	8.25%

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



Quick Glance - Funds Performance

(Funds with AUM of more than ₹125 crores as on 30th June 2014)

Apex Plus Return Lock-in-Fund (ULIF 047 01/02/10 RA1 110)

Fund Details

Investment Objective : The investment objective for Apex Plus Return Lock-in Fund is to use the participation in an actively managed well diversified equity portfolio of large cap companies to generate capital appreciation and use high credit quality debt instruments to lock-in that capital appreciation. The initial asset allocation in equities is targeted at 80% to 100%.

The highest NAV recorded on reset date : ₹14.0732

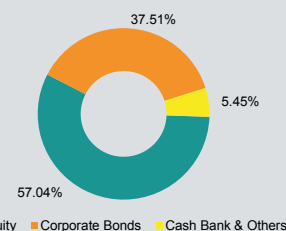
Corpus as on 30 June, 14 : ₹140.63 Crs.

Fund Performance

PERIOD	DATE	NAV	NAV Change
Last 6 Months	31-Dec-13	12.3468	13.91%
Last 1 Year	28-Jun-13	11.7831	19.36%
Last 2 Year	29-Jun-12	10.5060	15.70%
Last 3 Year	30-Jun-11	10.7894	9.24%
Last 4Year	30-Jun-10	10.2896	8.13%
Since Inception	10-May-10	10.0000	8.58%

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



Apex Pension 10 Return Lock-in Fund (ULIF 043 20/01/10 PR2 110)

Fund Details

Investment Objective : The investment objective for Apex Pension 10 Return Lock-in Fund is to use the participation in an actively managed well diversified equity portfolio of large cap companies to generate capital appreciation and use high credit quality debt instruments to lock-in that capital appreciation. The initial asset allocation in equities is targeted at 80% to 100%.

The highest NAV recorded on reset date : ₹14.0927

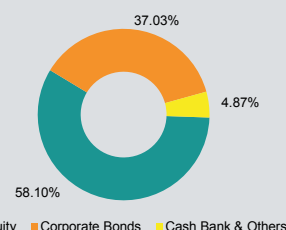
Corpus as on 30 June, 14 : ₹131.38 Crs.

Fund Performance

PERIOD	DATE	NAV	NAV Change
Last 6 Months	31-Dec-13	12.2928	14.60%
Last 1 Year	28-Jun-13	11.7479	19.92%
Last 2 Year	29-Jun-12	10.4532	16.09%
Last 3 Year	30-Jun-11	10.7832	9.32%
Last 4Year	30-Jun-10	10.3217	8.09%
Since Inception	10-May-10	10.0000	8.63%

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 June 2014 saw the benchmark index BSE Sensex and CNX Nifty gain 4.94% and 5.28% respectively. The Mid-cap index, CNX Mid-cap surged 9.43% during the same period.

FII's were net buyers with inflows of around USD 2 billion in the month of June 2014 and the DIIs were net sellers to the tune of around USD 0.77 billion, with Insurance companies' net sellers of around USD 1.2 billion and domestic mutual funds, net buyers to the extent of around USD 0.46 billion over the same period. In the first half of the calendar year 2014, the FIIs had been net buyers to the tune of USD 9.7 billion with the DIIs net sellers to the tune of USD 5 billion, Insurance companies net sellers to the tune of USD 3.8 billion and mutual funds selling Indian equities to the tune of USD 1.2 billion.

Consensus earnings estimate for the MSCI India for FY 2015E were reduced by 0.4% and that for FY 2016E was increased by 0.7% over the month to 14.7% and 16.4% respectively.

The market watchers expect the Union budget, to be presented on 10th July 2014, to focus on the quality of fiscal consolidation, by curtailing subsidies and increasing the government's capital expenditure to provide an investment stimulus to the economy. There are expectations built around abolishing retrospective tax clauses to boost investor confidence, announcing the intent to liberalise FDI in various sectors including insurance, pension and defence and unveiling a broad roadmap on implementing Goods and Services tax (GST) to boost economic activity and raise the tax to GDP ratio. Since the Union budget is the first significant economic policy document from the new government, the market would be interested in the broad framework reflecting the thought process of the government in tackling difficult issues of ballooning subsidy, land acquisition and labour laws as well as its plans to boost economic growth, attract investments and create jobs by revitalizing the manufacturing sector.

RBI's financial stability report indicated a decline in gross Non-performing loans (NPLs) for the banking sector to 4% in March 2014 from 4.2% in September 2013, due to the sale of NPL's to asset reconstruction companies in March as well as lower slippages and higher recovery. The main stress sectors remain iron and steel, textiles, mining, infrastructure and aviation. RBI has opined that PSU banks could face challenges in coming quarters in terms of their capital needs, asset quality, profitability and more importantly their governance and management processes.

The new government is expected to focus on infrastructure with a renewed thrust on public private partnership model. It has signaled speedy action on roads, ports, low cost airports as well as modernizing the railways. The government wants to encourage private participation in coal production as well as boost production of defense equipment.

New project announcements remained sluggish in the first quarter FY 2015 as new project announcements from the government fell due to the general elections 2014 even as new project announcements from the private sector grew on a low base. Completed projects grew in the first quarter FY 2015 but stalled projects continued to remain high.

The government announced the extension of the excise duty reduction for the auto sector till December 2014. The reduction in excise duties was a necessary step as the auto industry had been facing muted demand due to the slowdown in overall economy and higher financing cost.

The Government decided to hike the import duty on sugar to 40% from 15% to curb inflow of sugar, a move that could see a rise in sugar prices. Also, it decided to provide additional interest-free loans of about INR 44 bn to the cash-starved sugar mills to clear cane payment arrears to farmers, estimated at around INR110 bn.

The government has deferred the gas price hike to ensure the completion of comprehensive discussions with all stakeholders. The government may have wanted to stagger the inflationary impact of the higher gas prices as the monthly hike in diesel, recent upward

Quick Glance - Funds Performance

(Funds with AUM of more than ₹125 crores as on 30th June 2014)

adjustments in petrol prices and hike in railway fares are inflationary in nature.

Indian equity markets have been the recipients of robust FII flows of USD 9.7 billion over the calendar year 2014, thus far. The global investors would be keenly watching the policy initiatives of the new government in the Union budget aimed at enabling a sustained increase in the trajectory of economic growth over the next five years. We continue to believe that the Indian equities offer an attractive entry point for a long term investor with a 3-5 year view.

Debt Outlook

Debt market yields remained volatile in the month of June 2014 even as the Government security (G-sec) hardened by 2-10 bps across different maturities. This was on the back of concerns stemming from a sub par monsoon as well as elevated oil prices on account of higher geopolitical risks due to Iraq turmoil. However, Corporate bond yields eased by 8-14 Bps due to lack of fresh supply.

Benchmark 10 year Gsec closed the month of June 2014 at 8.75% as against 8.65% last month after registering a low of 8.48% during the month, whereas 30 year Gsec closed the month at 8.79%, unchanged from the earlier month. The market watchers are expecting the issuance of new 10 year Gsec in the near future. On the Corporate Bond side, 5–15 years tenure bonds were trading in the band of 9.18% - 9.22% at the close of June 2014. Liquidity remained benign for most of June, well within RBI's comfort zone.

For the fortnight ending 13th June 2014, deposit growth slipped to 13.9%, from 14.1% in the prior fortnight while credit growth increased to 13.9%, from 13% the earlier fortnight. The credit-deposit ratio has increased by 50bps, over the fortnight, to 77.1%. Statutory Liquidity Ratio (SLR), as a percentage of NDTL was stable at 26.9% even as cash balances, at 4.6%, were highest in the current calendar year.

The RBI, in its Financial Stability Report was optimistic on the revival of economic activity following the formation of a stable government. However, they cautioned that supply-side issues needed to be resolved so that it would enable monetary policy to bring down inflation. The RBI opined that progress on fiscal consolidation, predictable tax and policy regime as well as low and stable inflation rates will be crucial in India's macroeconomic and financial stability.

The fixed income markets have been concerned on the monsoon front with a June rainfall registering a deficit of around 43%. A sub par monsoon is usually correlated with a spike in agri-inflation and given the dominant weight of food segment in the CPI, a surge in the CPI print for subsequent months cannot be ruled out. An increase in oil prices on geopolitical tensions add to upside risks to the trajectory of inflation.

A muted hike in Minimum support prices (MSP) for Kharif (summer) crops, strong intent of the government to crack down on hoarders, imposing a minimum export price (MEP) of onions at USD 500/ton, advising the unrestricted sale of fruits and vegetables, extending the line of credit to states to directly import pulses and edible oils and releasing an additional 5 million tons of rice to states for sale in open market at a subsidized price are some of the initiatives undertaken by the Government to tackle food inflation.

The continuation of the monthly hike in diesel prices as well as increase in passenger and rail fares demonstrate the government's resolve to structurally improve the fiscal condition and augur well in the fiscal consolidation process.

Market watchers expect the government to unveil a credible roadmap for fiscal consolidation in the Union budget. They expect the government's economic policies to reflect a strong political intent on reform delivery and open up space for the RBI to act on the monetary easing in the medium term to balance growth and inflation dynamics.

The fixed income market would keenly monitor the progress of monsoons in July and August as well as the trajectory of oil prices. However, the dominant event which could shape the medium term direction of the fixed income market remains the Union budget, to be presented on 10th July 2014.

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