# Funds Available With Current Product Offerings - A Snapshot (as on 30<sup>th</sup> September 2014)

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

#### Investment Report

# The month of September 2014 saw the benchmark index BSE Sensex losing 0.03% even as the CNX Nifty gained a modest 0.13%. The Mid-cap index, CNX Mid-cap surged 2.74 % during the same period. Equity Funds

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

Fund Details		Fund	Perfo	Asset Allocation				
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 linked	PERIOD	DATE	NAV	CNX Nifty	NAV Change	INDEX Change		
securities. NAV as on 30 Sep, 14 : ₹16.8473	Last 6 Months Last 1 Year Last 2 Years	31-Mar-14 30-Sep-13 30-Sep-12	11.9466 11.3770	6704.20 5735.30 5703.30	20.90% 41.02% 21.69%	18.80% 38.87% 18.17%	98.60%	0.97%
Benchmark:CNX Nifty-100%Corpus as on 30 Sep, 14:₹995.72 Crs.	Last 3 Years Last 4 Years Last 5 Years Since Inception Note : The investmer		11.7142 9.6290 10.0000 prices may g		19.42% 9.51% 11.84% 8.05% Il as up. "Sind	17.23% 7.21% 9.39% 3.59% ce Inception"	30.00 %	
	and returns above "1	Year" are calc	ulated as pe	r CAGR.			Equity	Cash Bank & Others Unit Funds

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

Fund Details		Fund	Perfo	Asset Allocation			
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	PERIOD	DATE	NAV	NSE CNX MIDCAP	NAV Change	INDEX Change	
Cap Equity linked securities.	Last 6 Months	31-Mar-14	18.2416	8612.45	39.16%	32.58%	
NAV as on 30 Sep, 14 : ₹25.3843	Last 1 Year Last 2 Years	30-Sep-13 30-Sep-12		6997.95 7840.55	70.24% 32.55%	63.17% 20.68%	1.22%
Benchmark : NSE CNX MIDCAP-100%	Last 3 Years	30-Sep-11	12.6858 14.9069	7094.00	26.01%	17.19%	98.68%
Corpus as on 30 Sep, 14 : ₹1,948.77 Crs.	Last 4 Years Last 5 Years	30-Sep-10 30-Sep-09		9164.25 6713.30	14.23% 17.96%	5.65% 11.21%	
	Since Inception	08-Jan-07	10.0000	5156.45	12.80%	10.83%	
	Note : The investment and returns above "1			Equity Unit Funds Cash Bank & Others			

### Super Select Equity Fund (ULIF 035 16/10/09 TSS 110)

Fun	etails		Fu	nd Pe	Asset Allocation				
	income	he primary investment objective e distribution over a period of nes emphasizing the importance	PERIOD	DATE	NAV	CNX India 500 Shariah Index	NAV Change	INDEX Change	
of capital appreciation.			Last 6 Months	31-Mar-14	14.9103	1623.70	30.92%	24.48%	
			Last 1 Year	30-Sep-13	12.9004	1405.23	51.32%	43.83%	
NAV as on 30 Sep, 14	: ₹	19.5212	Last 2 Years	30-Sep-12	11.9909	1322.78	27.59%	23.61%	1.39%
Benchmark		CNX India 500 Shariah	Last 3 Years	30-Sep-11	10.7236	1184.71	22.10%	19.49%	98.61%
Benefinank	Index - 100%		Last 4 Years	30-Sep-10	11.9622	1396.81	13.02%	9.68%	90.01%
Corpus as on 30 Sep, 14	. <b>ə</b>	856.01 Crs.	Since Inception	16-Oct-09	10.0000	1217.76	14.44%	10.76%	
Note : The investment income and prices may go down as well as up. "Since Inception" and returns above "11 Vort" are acquisited as a new CAGE									Equity Cash Bank & Others (Non Interest Regring)

## **Balanced Funds**

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

Fun		Fund	Perform	Asset Allocation				
Investment Objective of the fund is to maximize the	: The primary investment objective e returns with medium to high risk.	PERIOD	DATE	NAV	NAV Change	INDEX Change		18.01%
		Last 6 Months	31-Mar-14	18.2256	19.48%	14.40%		12.64%
		Last 1 Year	30-Sep-13	16.0124	36.00%	29.33%		1.01%
NAV as on 30 Sep, 14	: ₹21.7766	Last 2 Years	30-Sep-12	15.6152	18.09%	14.42%		0.85%
Benchmark	: Nifty - 65%	Last 3 Years	30-Sep-11	13.8228	16.36%	14.05%		
201011111	CRISIL Composite Bond	Last 4 Years	30-Sep-10	15.3922	9.06%	7.31%		
	Index -35%	Last 5 Years	30-Sep-09	12.9850	10.89%	8.59%		67.49%
0		Since Inception	08-Jan-07	10.0000	10.59%	8.62%	Equity	Government Securities
Corpus as on 30 Sep, 14		Note : The investm			Corporate Bonds	Unit Funds		
		and returns above	"1 Year" are calcu	lated as per CAG	Cash Bank & Others			

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

	d Details		Fund	Perform	Asset Allocation			
Investment Objective the fund is provide reasonab	: The primary investment objective of le returns with low to medium risk.	PERIOD	DATE	NAV	NAV Change	INDEX Change	26.76%	22.86%
		Last 6 Months	31-Mar-14	16.3451	14.29%	11.25%	20.1078	
NAV as on 30 Sep, 14	: ₹18.6815	Last 1 Year	30-Sep-13	14.8499	25.80%	22.52%		5.39%
Benchmark	: Nifty - 40%	Last 2 Years	30-Sep-12	14.4055	13.88%	11.74%		1.19%
201101111	CRISIL Composite Bond	Last 3 Years	30-Sep-11	12.8858	13.18%	11.78%		
	Index - 60%	Last 4 Years	30-Sep-10	13.3768	8.71%	7.38%		43.80%
Comus on an 20 Con 14	: ₹87.55 Crs.	Last 5 Years	30-Sep-09	11.8960	9.45%	8.01%		43.00%
Corpus as on 30 Sep, 14	. (07.55 CIS.	Since Inception	08-Jan-07	10.0000	8.42%	7.96%	Equity	Corporate Bonds
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.								Unit Funds

## Fixed Income Funds

### Whole Life Income Fund (ULIF 012 04/01/07 WLI 110)

Fund Details		Fui	nd Pe	Asset Allocation			
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	PERIOD						38.96%
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.		31-Mar-14 30-Sep-13 30-Sep-12	15.4546	2047.13 1948.06 1883.05	5.97% 11.45% 7.82%	6.21% 11.61% 7.45%	2.68%
NAV as on 30 Sep, 14 : ₹17.2240 Benchmark : CRISIL Composite Bond Index -100%	Last 3 Years Last 4 Years Last 5 Years Since Inception	30-Sep-11 30-Sep-10 30-Sep-09 08-Jan-07	12.4617 11.7500	1718.92 1628.02 1543.70 1298.79	8.97% 8.43% 7.95% 7.29%	8.15% 7.50% 7.09% 6.89%	57.51%
Corpus as on 30 Sep, 14 : ₹240.59 Crs.	Note : The investr and returns above	nent income a	nd prices i	Government Securities Corporate Bonds Cash Bank & Others Unit Funds			

### Whole Life Short Term Fixed Income Fund (ULIF 013 04/01/07 WLF 110)

Fund Details		Fur	nd Pei	Asset Allocation				
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	PERIOD						21	1.40%
circumstances, the average maturity of the Fund may be in the range of 1-3 years.	Last 6 Months Last 1 Year Last 2 Years	31-Mar-14 30-Sep-13 30-Sep-12		2205.82 2099.30 1948.67	4.46% 9.19% 8.61%	4.80% 10.12% 8.92%		10.26% 5.28%
NAV as on 30 Sep, 14 : ₹17.3520	Last 3 Years	30-Sep-11	13.4073	1784.00	8.98%	9.02%		2.60%
Benchmark : CRISIL Short Term Bond Index -100%	Last 4 Years Last 5 Years Since Inception			1670.28 1591.88 1281.09	8.47% 7.95% 7.39%	8.46% 7.75% 7.93%		60.45%
Corpus as on 30 Sep, 14 : ₹142.09 Crs.	· · · · · · · · · · · · · · · · · · ·	nent income a	nd prices n	nay go down as well as			Corporate Bonds Unit Funds Cash Bank & Others	CD/CP's Government Securities

#### Equity Outlook

The month of September 2014 saw the benchmark index BSE Sensex losing just 0.03% even as the CNX Nifty gained a modest 0.13%. The Mid-cap index, CNX Mid-cap surged 2.74 % during the same period.

FIIs were net buyers with inflows of around USD 0.85 bn in the month of September 2014 and the DIIs were net seller to the tune of around USD 0.18 bn, with Insurance companies' net sellers of around USD 0.71 bn and domestic mutual funds, net buyers to the extent of around USD 0.53 bn over the same period. In the first nine months of the calendar year 2014, the FIIs had been net buyers to the tune of USD 13.7 bn with the DIIs net sellers to the tune of USD 5.4 bn, Insurance companies net sellers to the tune of USD 6.8 bn and mutual funds buying Indian equities to the tune of USD 1.4 bn.

Indian equity markets were unscathed given the risk-off pressure faced by many of its EM peers in September 2014 even as MSCI EM posted its worst monthly performance in CY 2014. MSCI India currently trades at a one-year forward PE multiple of around 16 times, with the premium to MSCI EM expanding, as other markets have underperformed India.

The second quarter FY 2015 earnings season is expected to see improved profit performance from the automobiles, banking, consumers, pharmaceuticals and technology sectors. The net profit of the companies making up BSE Sensex is expected to increase by around 10% year on year, even as sales momentum continues to weaken due to muted demand environment.

Corporate credit quality is showing early signs of recovery as reflected by CRISIL's ratio of the number of rating upgrades to downgrades at 1.64 times for the first half of 2014-15, the highest in three years. Export-linked sectors and non-discretionary consumer segments such as packaged foods, pharmaceuticals, textiles and agricultural products saw the highest rate of upgrades.

The government has deferred the decision on rationalization of domestic gas prices until November 15<sup>th</sup>, 2014. Market watchers believe that the government needed to announce the pricing policies for gas in order to augment India's energy security as non-remunerative pricing and policy uncertainties have led to sluggish domestic production, resulting in rising energy imports.

In a landmark ruling, the Supreme Court of India cancelled 214 of the 218 coal blocks which have been allotted by the screening committee or under government dispensation as the process under which the same had been allotted was proclaimed illegal and arbitrary by the court. The court has also ruled that 42 blocks which were operational or near production would continue to remain operational till March, 2015 and if not auctioned by then would be transferred to Coal India for mining. A penalty of ₹295/ tonne has been levied on operational coal mines from date of commencement of the mines to 31<sup>st</sup> March 2015.

The rating agency Moody's estimates that public-sector Indian banks that it rates could need up to USD 37 billion in external capital between FY 2015 and the full implementation of Basel III in FY 2019, assuming a moderate recovery in India's GDP growth, and a gradual decline in nonperforming loans from current levels. Moody's rating universe of Indian public sector banks represents 62% of net loans in the Indian banking system.

Indian equity markets have been the recipients of robust FII flows of USD 13.7 billion over the calendar year 2014, thus far. Moreover, improved sentiments have resulted in a nascent revival in the inflows from domestic retail investors.

The global investors would be keenly watching the policy initiatives of the government aimed at attracting FDI in the manufacturing sector. The success of the government's "Make in India" campaign as well as the efforts to get concrete investment proposals from the global business corporations post the PM's meetings overseas could hinge on the progress made on crucial policy reforms to facilitate the ease of doing business in India. We believe that the equity markets offer comfort of reasonable valuations for a long-term investor with a 3-5 year view.



## Funds Available With Current Product Offerings - A Snapshot (as on 30th September 2014)

#### Debt Outlook

Debt market in the month of September 2014 saw the 10 year Government security (G-sec) close the month at 8.51% levels, easing by 5 bps from the August levels. On the corporate bond side, the 10 year AAA corporate bonds closed the month at around 9.17% levels.

The FIIs were buyers of Indian debt to the tune of USD 2.5 bn over the month of September with the cumulative FII inflows in the Indian debt standing at around USD 19.5 bn in CYTD thus far.

The Government's borrowing calendar for the second half of 2014-15 is set at INR 2.4 tn on a gross basis, with the overall gross borrowing at INR 5.92 tn for the entire fiscal 2014-15 as against the budgeted INR 6.0 tn. The weekly auctions size is around INR140 bn with no borrowings scheduled in the month of March. The G-sec issuance in the second half is concentrated in the 10 year to 14 year segment, which accounts for around 40 % of the gross borrowing. The borrowing calendar for the first half of 2014-15 was estimated at INR 3.68 tn with the actual borrowing lower at INR 3.52 tn.

On a cumulative basis, the fiscal deficit for the period April-August 2014 came in at 75% of budget estimates higher than the five-year average of 64% of estimates. Going forward, there would be sustained pressures on the fiscal deficit from weak tax revenue growth while lower subsidy bill due to benign crude prices as well as higher proceeds from divestment programme could help the government meet its budgeted fiscal deficit target of 4.1% of GDP.

In line with market expectations, the RBI in its Bi-monthly monetary policy left key policy rates unchanged while announcing measures on liquidity and development of the G-Sec market. The RBI announced timelines for a step-wise reduction in Held to Maturity (HTM) limits from 24% to 22% during the period January 2015 to September 2015

The RBI noted that the headline inflation, since June 2014, had ebbed to levels which were consistent with their desired near-term glide path of disinflation at 8 % by January 2015. The RBI was satisfied with the steady decline in inflation excluding food and fuel since January 2014. They opined that the softening of international crude prices and relative stability of the INR were positive for headline inflation in the near term. However, the RBI highlighted risks from food price shocks on the back of sub-par monsoons as well as the impact of adverse geo-political developments on the inflation trajectory. The RBI opined that favourable base effects could temper inflation in the next few months only to reverse towards the end of the year and added that it would look through these base effects.

The RBI guided that the risks around the baseline path of inflation were broadly balanced in the near term, though with a downward bias. In what was perceived by market watchers as a reflection of its hawkish stance, the RBI stated that there were upside risks on the balance, as regards to the medium-term objective of 6 % by January 2016 and that they were prepared to contain inflationary pressures if the risks did actually materialize. The RBI summarized that their future policy stance would be influenced by their projections of inflation relative to the medium term objective, while being contingent on incoming data.

The market watchers are bracing for an extended pause from the RBI as it seems determined to achieve its stated objective on inflation even though growth concerns remain. Further, the expected tightening of the interest rates by the US Fed along with its global ramifications will be a key input for the RBI in setting the domestic policy rates.

The yield on the 10-year benchmark G-Sec has been on a steady decline over the past few months due to the favourable trajectory of the CPI inflation as well as falling global commodity prices. Strong flows in Indian debt market from Foreign portfolio investors (FPI) have enabled the easing in the G-sec yields. The next leg of meaningful easing in G-sec yields in the near term could require the RBI to ease the limit for the FPI debt while a sustained easing in G-sec yields in the medium term would be contingent on the trajectory of inflation following the projected glide path. We believe that the sovereign ratings outlook upgrade by S&P from negative to stable is a key positive for the market sentiment and has lifted a major overhang from the Indian debt market.

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