

tendency of the returns to rise or fall drastically in a short period of time. A volatile stock would have a high standard deviation. The standard deviation tells us how much the return on the fund is deviating from the expected normal returns.

Beta: Beta is a risk metric employed primarily in the equity markets. Beta describes the sensitivity of an instrument or portfolio to broad market movements. The market has a beta of 1.0, and individual stocks are ranked according to how much they deviate from the market. A stock that swings more than the market over time has a beta above 1.0. If a stock moves less than the market, the stock's beta is less than 1.0. High-beta stocks are supposed to be riskier but provide a potential for higher returns; low-beta stocks pose less risk but also lower returns.

Sharpe Ratio: Sharpe ratio is used to measure risk-adjusted performance. The Sharpe ratio tells us whether

the returns of a portfolio are due to smart investment decisions or a result of excess risk. This measurement is very useful because although one portfolio or fund can reap higher returns than its peers, it is only a good investment if those higher returns do not come with too much additional risk. The greater a portfolio's Sharpe ratio, the better its risk-adjusted performance has been.

Alpha: Alpha is a measure of performance on a risk-adjusted basis. Alpha takes the volatility (price risk) of a portfolio and compares its risk-adjusted performance to a benchmark index. The excess return of the fund relative to the return of the benchmark index is a fund's alpha. A positive alpha of 1.0 means the fund has outperformed its benchmark index by 1%. Correspondingly, a similar negative alpha would indicate an under performance of 1%.

Happy investing!



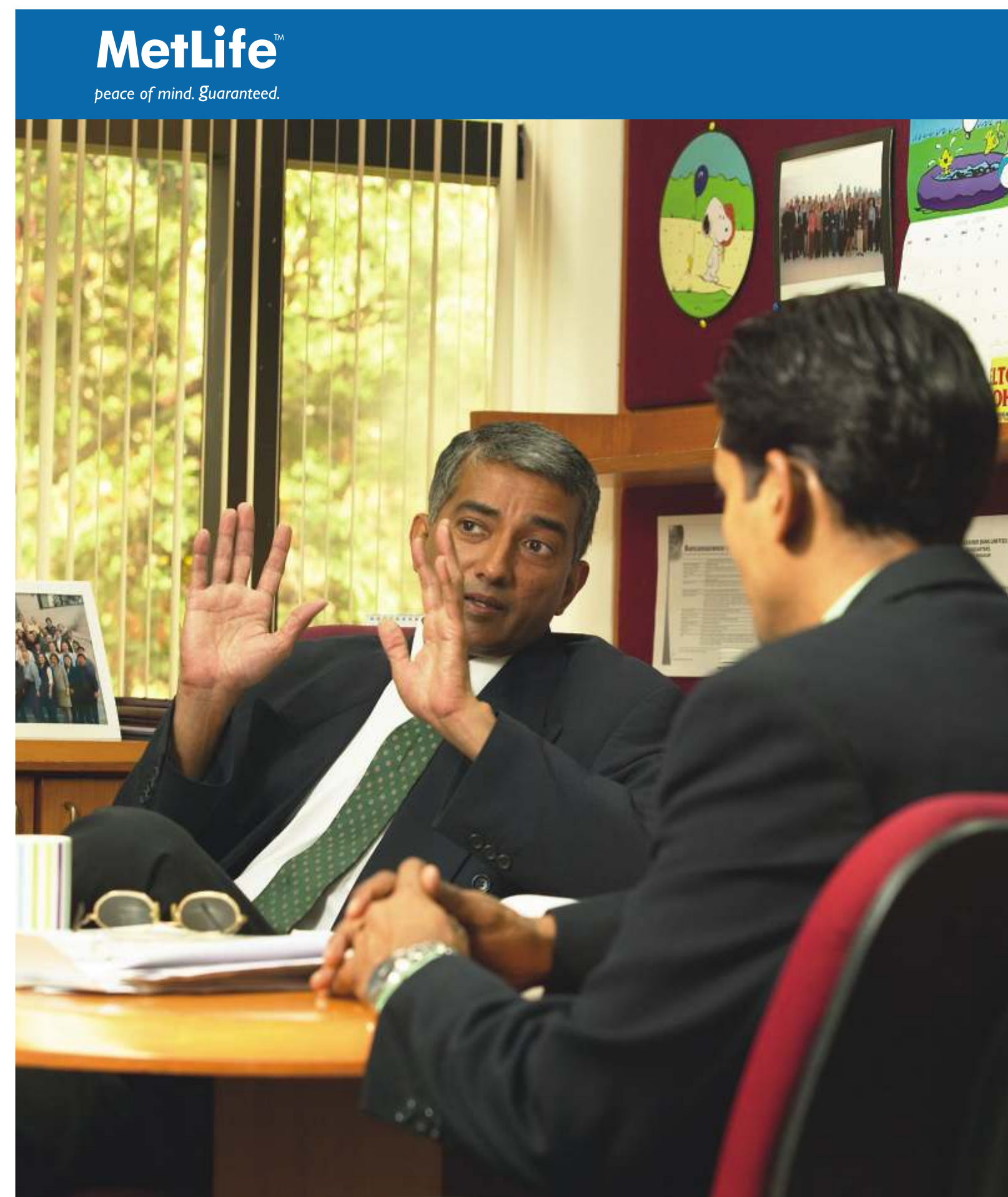
MetLife[™]
peace of mind. Guaranteed.

MetLife India Insurance Co. Ltd.
(Insurance Regulatory and Development Authority,
Life Insurance Registration No. 117)
Registered Office: 'Brigade Seshamahal',
5 Vani Vilas Road,
Basavanagudi, Bangalore - 560004.
Tel: +91 80-2643 8638.
Toll Free: 1-800-425-6969.
www.metlife.co.in

Insurance is the subject matter of the solicitation. LD/2007-08/288.

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Unit-Linked Insurance Plans (Met Smart Plus, Met Smart Premier, Met Advantage Plus & Met Easy) Quarterly Fund Update, October - December, 07





Our Funds are doing well

Dear Policyholder

We are happy to bring to you our latest Quarterly Fund update for the period October to December 2007.

While we celebrate our performance as an organisation in the year 2007 and work towards further building on our success through 2008, there is a need to pause and reflect on the desires and aspirations of the person who is making it all possible for us you, our customer.

Much of our business has come from customers such as you who are looking to create wealth along with getting protection. Since wealth creation is intrinsically linked to the performance of the investment options chosen, it is imperative that you understand fully the pros and cons of all options available to you. This is important at all times and especially critical at times when the securities markets are volatile, like the recent fluctuations witnessed in the Indian stock market.

Historical trends show that equity as an asset may not always outperform other asset classes in the short-run, but in the long-run it is found that it is likely to give higher returns than other asset classes.

However, though equity markets are likely to show a positive trend in the long run, they may be volatile in the short-run. Therefore, it is extremely difficult to rightly 'time' the entry or exit in the market and thus cannot be made a sustainable investment strategy. One of the reliable ways to earn superior returns is to stay invested in the market for a fairly long time horizon.

Where MetLife comes into the picture

MetLife, with its wide array of products and fund options, is in a position to offer customers solutions that fit diverse risk profiles, creating wealth while giving protection.

Our unit-linked products, with six fund options to meet different risk appetites, offer the following benefits:

- You can choose a fund according to your investment objectives.
- The money in each of the funds is invested in a mix of instruments according to the investment objectives of the fund.
- The switch options provided in the products allows you to change the investment basket as your investment objectives change.
- The regular, periodic premium payment options mean that you can systematically invest in the units and benefit from "Rupee Cost Averaging", thus ensuring optimum long-term returns.
- The capable fund management team in MetLife invests your funds in a well-diversified set of instruments which ensures that your funds are not exposed to risks associated with individual scrips and sectors.

We are in the business of keeping our promises, so that you can keep yours.

Our products help you benefit from the market movement by following fundamentally sound investing principles. However, it needs to be borne in mind that benefits are maximised by staying invested in the long run.

At MetLife, we believe in promoting responsible investing that helps our customers get Peace of mind. Guaranteed.

Rajesh Relan
Managing Director

EQUITY MARKET

The Market that was...

The month of December saw the NSE 50 gaining by more than 6% thus finishing the year on a strong note. During the year the NSE 50 went by a sharp 54.8%, the strongest gain in the last 4 years. At a regional level, the Indian equity markets in 2007 have significantly outperformed key Asian markets with the exception of China. Small and Mid cap stocks surged in the last quarter of the year, resulting in the BSE Mid cap Index gaining more than 76 % and the BSE Small cap index gaining more than 93%. The rupee had a sharp and largely unexpected gain against the dollar during the year. Inflows from FII's increased significantly and crossed USD 17 Bn for the year. Apart from stock markets flows, the country witnessed a surge of foreign capital in 2007 which resulted in the RBI limiting the use of ECBs to control the high level of inflows. It was a year of high volatility for equity markets globally, mainly arising from the US sub-prime mortgage issue and its impact on the US economy. In spite of the strong gains in the NSE 50, individual stocks posted divergent gains. **The top twelve stocks in terms of returns, in the NSE 50, gave 100% plus returns for the calendar year while the bottom twelve stocks gave negative returns.** Sectoral performance was skewed with Capital goods, power utilities, metals, oil & gas and realty sectors posting strong gains. The IT services, pharma, autos and consumers were the laggards. Our funds ended the year with a satisfactory performance. The high weightages in capital goods, natural resources, steel sectors helped performance as did the low weightages in IT services, pharma and autos.

Way Forward...

The performance of the US economy in 2008, in the background of the sub-prime issue and an expected slowdown in consumption spending, will be one of the most important issues tracked by investors. A slowdown in the US can possibly impact the export oriented economies in emerging markets. A slowdown could also potentially impact currencies, commodity prices, equities etc and lead to high level of volatility in equity markets globally. Hence, it is reasonable to expect continued volatility in the current year as well. Locally, the macro-economic outlook appears positive with expectations of GDP growth of around 8 to 8.5% for FY09. The impact of a slowing US economy on GDP growth appears limited. India would continue to be one of the fastest growing economies of the world. While it is not possible to predict inflows into the markets, it is likely that India remains on the map of foreign investors for some of the reasons mentioned above. It is also likely expected that inflows from domestic insurance and mutual funds will be stronger than last year.



Our Strategy

While the economic and market outlook appears positive from a long term point of view, the earnings growth in the broader markets, while quite robust, is slowing down as compared to the past few years. Many of the sectors which have given strong returns have got re-rated and their current valuations do reflect their long term potential. Hence, investors should tone down expectations of returns to more realistic levels. We advise investors to not get unduly swayed by volatile periods and invest with a long term view.

Disclaimer: The above statements are prepared as per our analysis of the market and forecast and they do not constitute an expression of opinion or a recommendation by MetLife India for investment/disinvestment or alteration of any existing investment. These are market reports giving a fair idea to the customer on the market condition and the expected market conditions. Customers are advised to consult their own Investment Advisors before they take any decision based on the above representations. MetLife India, therefore, cannot be held liable for any losses, expenses or costs arising out of the decision taken by the customer based on the above representations.

FIXED INCOME

The Market that was...

Government bond yields registered a fall during the quarter albeit major move happened in the last month of the quarter. The move was a result of relatively empty trader books, quarter ahead being a lightly supplied one and the global interest rate scenario turning benign with most central bankers in the developed worlds embarking on rate cuts. The corporate bonds witnessed a sharper rally as the comparable AAA spreads from sovereign benchmark reduced from about 160 to 170 basis points to 110 to 120 basis points during the quarter. Although CRR hike and MSS ceiling hike and issuances kept the money market yields on the higher side the longer term bond yields remained stable for most of the quarter and rallied in the last month.

Inflation: WPI inflation continued to remain on the lower band (low of 3.02% and high of 3.45%) and remained positive for the bond yields. In the coming quarter the WPI number is likely to range in 3% to 5% band as the base effect wears off and the likelihood of fuel price hike.

Liquidity: Domestic liquidity increased on strong capital flows, to manage the same the central bank hiked the MSS limit and issuance as well as hiked the CRR (Cash Reserve Ratio) by 50 basis points. As the flows moderated on account of PN note regulation, new guidelines on ECB issuance and advance tax outflows in the last month of the quarter, RBI (Reserve Bank of India) had to unwind MSS and also induce liquidity by Government security purchase.

Global interest rates: The global interest rates environment remained supportive for the bond market on account of mixed economic data, US sub prime market related worries and FOMC (Federal Open Market Committee) cutting rates aggressively to counter financial distress in the markets. Central bankers in the developed economies looked to hold rates or cut as done by Canada and BOE (Bank of England) in UK. In contrast to this, China raised the reserve ratio successively to cool down an overheated economy fearing further inflationary pressures from large capital inflows.

Monetary Policy: In the backdrop of lower credit off take and falling inflation RBI's stance on interest rates was neutral while excess liquidity management was on the forefront (hiking the MSS limits and hike in CRR). This is because of the massive Foreign Exchange inflows and RBI's attempt to prevent sharp appreciation of INR. Liquidity management with a focus on inflation will continue to drive the monetary policy actions going ahead. RBI will continue to use all monetary tools to manage liquidity in the system.

Forex: India's Forex reserves stood at a robust \$ 278 billion. The INR remained largely in a range although it had its share of volatility on account of PN note regulation announcement. The INR has ended on an appreciating note as the central bank has become more tolerable to rising rupee in backdrop of high international oil prices and sops to exporters as well as encouraging exporters to invoice in Euros where possible.



Way Forward

A rally on the long bonds is expected in the calendar Q1 as the traders build positions for the year in a relatively lightly supplied quarter. The unwinding of MSS has resulted in the liquidity improving in the system which has helped the money market yields ease as well. The likelihood of the bonds being supported in the current back ground is there. Domestic government bonds expected to trade firm on stable domestic interest rate outlook, expectation of 50 basis points cut in US interest rates due to weak US economic data and improved liquidity position. However higher international crude oil prices, impending government bond auction and speculations of hike in domestic fuel prices may keep sentiments cautious in the near term. Strong capital flows can result in the central bank resorting to liquidity management tools viz. MSS, CRR and Forex market intervention.

Our Strategy

Given the above, we expect the fixed income portfolios to perform in the next quarter. We shall continue to manage portfolios in a pro-active manner to achieve risk-adjusted returns for our investors.

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Unit-Linked Fund

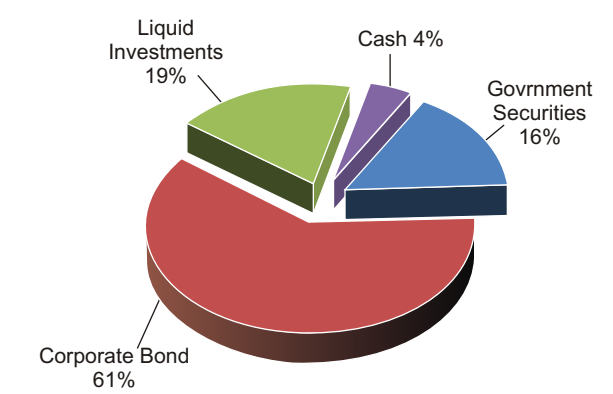
Protector

To earn regular income by investing in high quality fixed income securities

Asset Allocation Pattern

Government and other Debt Securities	25-90%
Equities	0%
Cash and Money Market	0-40%

Asset Mix



Portfolio Returns

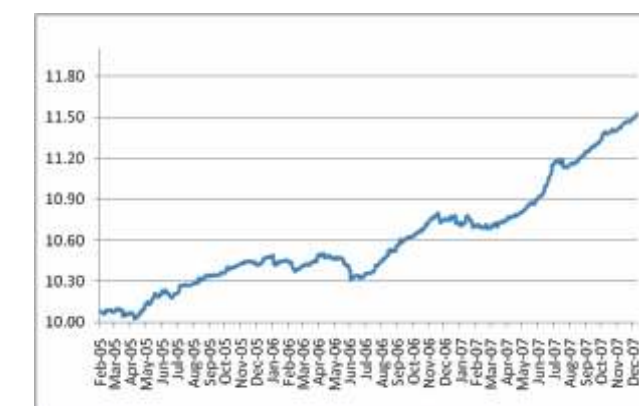
Returns	NAV	Benchmark
Last 1 month Return	0.8%	0.9%
Last 2 months Return	1.4%	1.4%
Latest Quarterly Return	2.4%	2.6%
Last 12 months Return	7.3%	
Last 2 Years (CAGR)	5.2%	
CAGR since inception	5.0%	

Past performance is not indicative of the future performance

Note: Benchmark has been calculated as per the target holdings of the fund i.e. 100% Debt

Security Type	Benchmark Index
Debt	CRISIL Composite Bond Fund Index

NAV Movement since inception



(Date of Inception: 4-Feb-2005)

(Portfolio as on Dec 31, 2007)

Security	Wt (%)	Rating
Debt		
7.59% GOI OIL BOND	6.9%	SOV
10.95% GOI 2011	3.6%	SOV
6.96% GOI OIL BOND	2.0%	SOV
8.13% GOI OIL BOND	3.4%	SOV
Government Securities	16.0%	
POWER GRID CORPORATION	3.2%	AAA
NTPC	4.7%	AAA
PFC 9.25% 2012	1.1%	AAA
RELIANCE ENERGY	2.0%	AAA
Electricity Distribution & Generation	11.0%	
HDFC	8.1%	AAA
Housing Finance	8.1%	
CITIFINANCIAL CONSUMER FINANCE	8.1%	AAA
M&M FINANCIAL SERVICES	3.2%	AA+
GE MONEY FINANCIAL	5.2%	AAA
L & T FINANCIAL	2.6%	CARE AA+
NABARD	14.1%	AAA
NBFC	33.2%	
ICICI BANK	4.1%	AAA
Banking Services	4.1%	
IDFC	3.4%	AAA
IL & FS	1.2%	AAA
Other Finance	4.6%	
Total Corporate Debt	60.9%	
Money Market	18.6%	
Cash & Other Liquid Assets	4.4%	
Grand Total	100.00%	



Unit-Linked Fund

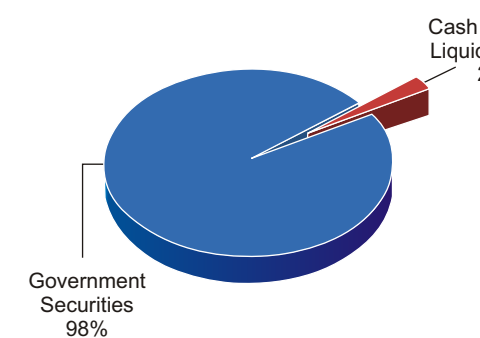
Preserver

To generate income at a level consistent with preservation of capital, through investments in securities issued or guaranteed by central and state Governments.

Asset Allocation Pattern

Government & Govt. Guaranteed Securities	80-100%
Equities	0%
Cash and Money Market	0-40%

Asset Mix



Portfolio Returns

Returns	NAV	Benchmark
Last 1 month Return	2.0%	1.5%
Last 2 months Return	2.2%	1.9%
Latest Quarterly Return	3.0%	2.8%

Last 12 months Return	7.4%
Last 2 Years (CAGR)	5.5%
CAGR since inception	5.7%

Past performance is not indicative of the future performance

Note: Benchmark has been calculated as per the target holdings of the fund i.e. 100% Debt (Government Securities)

Security Type	Benchmark Index
Debt	I-Sec-Mi-BEX

NAV Movement since inception



(Date of Inception:10-Feb-2005)

(Portfolio as on Dec 31, 2007)

Security	Wt (%)	Rating
Debt		
6.96% GOI OIL BOND	2.1%	SOV
SDL KERALA	3.5%	SOV
10.95% GOI 2011	3.2%	SOV
10.25% GOI 2021	22.4%	SOV
7.59% GOI OIL BOND	1.3%	SOV
7.38% GOI 2015	22.5%	SOV
GOI LOAN 7.95% 2032	20.8%	SOV
GOI LOAN 8.35% 2022	21.8%	SOV
Total	97.5%	
Money Market	0.6%	
Cash & Other Liquid Assets	1.8%	
Grand Total	100.00%	



Unit-Linked Fund

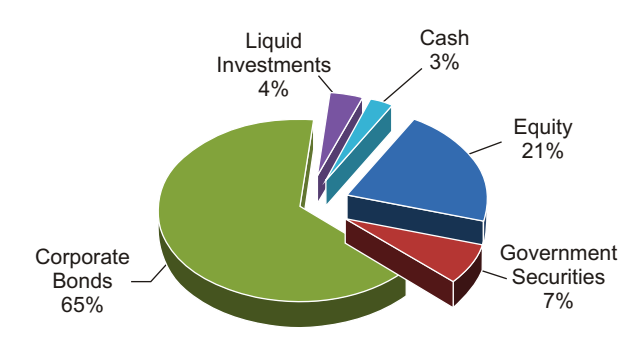
Moderator

To generate regular income by investing in high quality fixed income securities and to generate capital appreciation by investing a limited portion in equity.

Asset Allocation Pattern

Government & Govt. Guaranteed Securities	10-100%
Equities	10-30%
Cash and Money Market	0-40%

Asset Mix



Portfolio Returns

Returns	NAV	Benchmark
Last 1 month Return	1.8%	2.0%
Last 2 months Return	1.7%	2.0%
Latest Quarterly Return	6.1%	6.5%

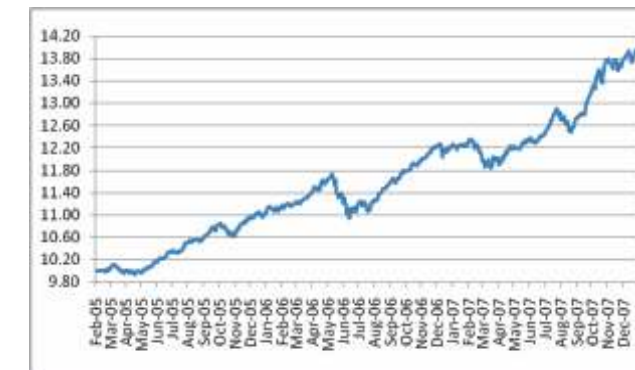
Last 12 months Return	14.6%
Last 2 Years (CAGR)	12.6%
CAGR since inception	12.3%

Past performance is not indicative of the future performance

Note: Benchmark has been calculated as per the target holdings of the fund i.e. 20% Equity & 80% Debt Securities

Security Type	Benchmark Index
Equity	S&P CNX NIFTY
Debt	CRISIL Composite Bond Fund Index

NAV Movement since inception



(Date of Inception:08-Feb-2005)

(Portfolio as on Dec 31, 2007)

Security	Wt (%)	Rating
Equities		
HINDALCO LTD	0.1%	
Aluminium	0.1%	
MARUTI SUZUKI INDIA LIMITED	0.2%	
TATA MOTORS LIMITED	0.2%	
BAJAJ AUTO LTD	0.2%	
MAHINDRA & MAHINDRA LTD	0.2%	
Automobiles	0.7%	
ICICI BANK LTD	0.8%	
STATE BANK OF INDIA	0.8%	
HDFC BANK LTD	0.4%	
PUNJAB NATIONAL BANK	0.1%	
Banking Services	2.2%	
AMBUJA CEMENT LTD	0.1%	
ACC	0.1%	
Cement	0.2%	
STERLITE INDUSTRIES	0.6%	
Copper & Copper Products	0.6%	
OIL AND NATURAL GAS	1.4%	
CAIRN INDIA LTD	0.2%	
Crude Oil	1.7%	
HINDUSTAN UNILEVER LTD	0.3%	
GRASIM INDUSTRIES LTD	0.3%	
ITC LTD	0.5%	
Diversified	1.2%	
UNITECH LIMITED	0.2%	
Housing Construction	0.2%	
TATA POWERS LTD.	0.2%	
RELIANCE ENERGY	0.5%	
NTPC	1.1%	
Electrical Distribution & Generation	1.8%	
SIEMENS LIMITED	0.1%	
ABB LTD	0.2%	
Electrical Equipments	0.4%	
IDFC	0.5%	
Housing Finance	0.5%	
INFOSYS TECHNOLOGIES	0.6%	
TATA CONSULTANCY LTD.	0.7%	
WIPRO	0.3%	
SATYAM COMPUTER SERVICES LIMITED	0.3%	
HCL TECHNOLOGIES LIMITED	0.1%	
Information Technology	2.2%	
ZEE ENTERTAINMENT ENTERPRISE	0.2%	
DISH TV	0.0%	
Media	0.2%	
SUN PHARMACEUTICALS INDUSTRIES LTD	0.2%	
DR. REDDYS LABORATORIES LTD.,,0,0,,0,5	0.2%	
RANBAXY LABORATORIES LTD.	0.2%	
Pharma	0.5%	
BHEL	0.9%	
Prime Movers	0.9%	
RELIANCE INDUSTRIES	2.4%	
RELIANCE PETROLEUM LIMITED	0.7%	
Refinery	3.1%	
SAIL	0.7%	
TATA IRON AND STEEL	0.7%	
Steel	1.4%	
BHARTI TELEVENTURES LTD	1.2%	
RELIANCE COMMUNICATIONS LIMITED	0.9%	
VIDESH SANCHAR NIGAM LIMITED	0.3%	
Telecom	2.4%	
LARSEN & TOUBRO LTD	0.8%	
Turnkey Projects	0.8%	
GAIL (INDIA) LTD	0.3%	
Trading	0.3%	
Others	0.0%	
Total Equity	21.24%	
Debt	7.59%	
OIL_MKT_COS_GOI BOND	2.7%	SOV
8.13% GOI OIL Bond 2021	0.3%	SOV
GOI LOAN 10.95% 2011	1.5%	SOV
GOI LOAN 10.25% 2021	2.1%	SOV
GOI LOAN 7.38% 2015	0.5%	SOV
Government Securities	7.1%	
CITIFINANCIAL CONSUMER FINANCE	10.0%	AAA
MAHINDRA & MAHINDRA FINANCIAL SERVICES	4.3%	AA+
IDFC	2.0%	AAA
NTPC	3.4%	AAA
RELIANCE ENERGY	1.4%	AAA
POWER GRID CORPORATION	1.2%	AAA
HDFC	10.5%	AAA
IL&FS	13.3%	AAA
GE MONEY FINANCIALS	4.7%	AAA
Power Finance Corporation	0.9%	AAA
L & T FINANCIALS	7.9%	CARE AA+
NABARD	5.4%	AAA
Corporate Bonds	65.0%	
Money Market	0.9%	
Cash & Other Liquid Assets	5.7%	
Grand Total	100.00%	

Unit-Linked Fund

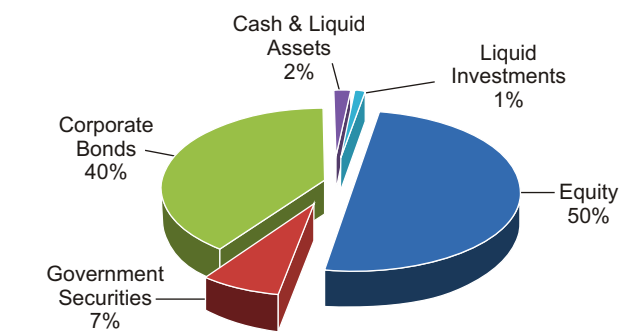
Balancer

To generate capital appreciation and current income, through a judicious mix of investments in equities and fixed income securities.

Asset Allocation Pattern

Government and other Debt Securities	10-60%
Equities	35-65%
Cash and Money Market	0-40%

Asset Mix



Portfolio Returns

Returns	NAV	Benchmark
Last 1 month Return	3.4%	3.7%
Last 2 months Return	2.6%	2.7%
Latest Quarterly Return	11.6%	12.4%
Last 12 months Return	27.1%	
Last 2 Years (CAGR)	23.6%	
CAGR since inception	23.0%	

Past performance is not indicative of the future performance

Note: Benchmark has been calculated as per the target holdings of the fund i.e. 50% Equity & 50% Debt Securities.

Security Type	Benchmark Index
Equity	S&P CNX NIFTY
Debt	CRISIL Composite Bond Fund Index

NAV Movement since inception



(Date of Inception:08-Feb-2005)

(Portfolio as on Dec 31, 2007)

Security	Wt (%)	Rating
Equities		
HINDALCO LTD	0.2%	
Aluminium	0.2%	
MARUTI SUZUKI INDIA LIMITED	0.3%	
TATA MOTORS LIMITED	0.4%	
BAJAJ AUTO LTD	0.4%	
MAHINDRA & MAHINDRA LTD	0.4%	
Automobiles	1.6%	
ICICI BANK LTD	1.9%	
STATE BANK OF INDIA	2.0%	
HDFC BANK LTD	0.9%	
PUNJAB NATIONAL BANK	0.3%	
Banking Services	5.2%	
AMBUJA CEMENT LTD	0.5%	
ACC	0.3%	
Cement	0.7%	
STERLITE INDUSTRIES	1.2%	
Copper & Copper Products	1.2%	
OIL AND NATURAL GAS	3.5%	
CAIRN INDIA LTD	0.6%	
Crude Oil	4.0%	
HINDUSTAN UNILEVER LTD	0.8%	
GRASIM INDUSTRIES LTD	0.8%	
ITC LTD	1.3%	
Diversified	2.9%	
UNITECH LIMITED	1.8%	
Housing Construction	1.8%	
TATA POWERS LTD.	0.4%	
RELIANCE ENERGY	0.8%	
NTPC	2.8%	
Electrical Distribution & Generation	4.1%	
SIEMENS LIMITED	0.5%	
ABB LTD	0.5%	
Electrical Equipments	1.0%	
HDFC	1.1%	
Housing Finance	1.1%	
INFOSYS TECHNOLOGIES	1.3%	
TATA CONSULTANCY LTD.	1.7%	
WIPRO	0.6%	
SATYAM COMPUTER SERVICES LIMITED	0.6%	
HCL TECHNOLOGIES LIMITED	0.0%	
Information Technology	4.3%	
ZEE ENTERTAINMENT ENTERPRISE	0.4%	
DISH TV	0.0%	
Media	0.4%	
SUN PHARMACEUTICALS INDUSTRIES LTD	0.3%	
DR. REDDYS LABORATORIES LTD.,,0,0,,0,5	0.4%	
RANBAXY LABORATORIES LTD.	0.5%	
Pharma	1.2%	
BHEL	1.9%	
Prime Movers	1.9%	
RELIANCE INDUSTRIES	5.9%	
RELIANCE PETROLEUM LIMITED	1.5%	
HINDUSTAN PETROLEUM	0.2%	
Refinery	7.7%	
SAIL	1.7%	
TATA IRON AND STEEL	1.3%	
Steel	2.9%	
BHARTI TELEVENTURES LTD	2.8%	
RELIANCE COMMUNICATIONS LIMITED	2.2%	
VIDESH SANCHAR NIGAM LIMITED	0.3%	
Telecom	5.2%	
LARSEN & TOUBRO LTD	2.0%	
Turnkey Projects	2.0%	
GAIL (INDIA) LTD	0.8%	
Trading	0.8%	
Others	0.0%	
Total Equity	50.1%	
Debt		
GOI 6.96% (SPEC SEC - OIL CO. SPL	2.7%	SOV
7.59% OIL MKT. COS GOI BOND	2.3%	SOV
8.13% GOI OIL Bond 2021	0.5%	SOV
GOI LOAN 10.95% 2011	0.8%	SOV
GOI LOAN 7.38% 2015	0.1%	SOV
SDL KERALA 11.50% 2008	0.7%	SOV
Government Securities	7.1%	
CITIFINANCIAL CONSUMER FINANCE	7.9%	AAA
MAHINDRA & MAHINDRA FINANCIAL SERVICES	5.4%	AA+
IDFC	0.9%	AAA
NTPC	1.5%	AAA
RELIANCE ENERGY	1.0%	AAA
POWER GRID CORPORATION	0.3%	AAA
HDFC	6.4%	AAA
IL&FS	2.8%	AAA
GE MONEY FINANCIALS	3.8%	AAA
ICICI BANK	1.2%	AAA
Power Finance Corporation	1.2%	AAA
L & T FINANCIALS	4.7%	CARE AA+
ICICI BANK	1.6%	AAA
NABARD	1.2%	AAA
Corporate Bonds	39.7%	
Money Market	1.2%	
Cash & Other Liquid Assets	1.9%	
Grand Total	100.0%	

Unit-Linked Fund

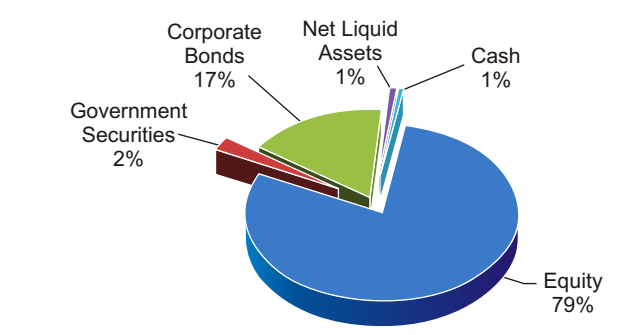
Accelerator

To achieve capital appreciation by investing predominantly in equities, with limited investment in fixed income securities.

Asset Allocation Pattern

Government and other Debt Securities	0-40%
Equities	60-95%
Cash and Money Market	0-40%

Asset Mix



Portfolio Returns

Returns	NAV	Benchmark
Last 1 month Return	4.7%	5.4%
Last 2 months Return	3.2%	3.5%
Latest Quarterly Return	16.9%	18.3%
Last 12 months Return	41.0%	
Last 2 Years (CAGR)	36.9%	
CAGR since inception	35.8%	

Past performance is not indicative of the future performance

Note: Benchmark has been calculated as per the target holdings of the fund i.e. 80% Equity & 20% Debt Securities.

Security Type	Benchmark Index
Equity	S&P CNX NIFTY
Debt	CRISIL Composite Bond Fund Index

NAV Movement since inception



(Date of Inception:07-Feb-2005)

(Portfolio as on Dec 31, 2007)

Security	Wt (%)	Rating
Equities		
HINDALCO LTD	0.2%	
Aluminium	0.2%	
MARUTI SUZUKI INDIA LIMITED	0.6%	
TATA MOTORS LIMITED	0.5%	
BAJAJ AUTO LTD	0.6%	
MAHINDRA & MAHINDRA LTD	0.7%	
Automobiles	2.4%	
ICICI BANK LTD	3.3%	
STATE BANK OF INDIA	3.1%	
DFC BANK LTD	1.6%	
PUNJAB NATIONAL BANK	0.6%	
Banking Services	8.5%	
AMBUJA CEMENT LTD	0.6%	
ACC	0.4%	
Cement	1.1%	
STERLITE INDUSTRIES	1.8%	
Copper & Copper Products	1.8%	
OIL AND NATURAL GAS	5.5%	
CAIRN INDIA LTD	1.8%	
Crude Oil	7.4%	
HINDUSTAN UNILEVER LTD	1.2%	
GRASIM INDUSTRIES LTD	1.2%	
ITC LTD	2.0%	
Diversified	4.4%	
UNITECH LIMITED	1.0%	
Housing Construction	1.0%	
TATA POWERS LTD.	0.6%	
RELIANCE ENERGY	1.3%	
NTPC	4.3%	
Electrical Distribution & Generation	6.3%	
SIEMENS LIMITED	0.7%	
ABB LTD	1.2%	
Electrical Equipments	2.0%	
HDFC	1.8%	
Housing Finance	1.8%	
INFOSYS TECHNOLOGIES	2.3%	
TATA CONSULTANCY LTD.	2.8%	
WIPRO	1.0%	
SATYAM COMPUTER SERVICES LIMITED	0.6%	
HCL TECHNOLOGIES LIMITED	0.3%	
Information Technology	6.9%	
ZEE ENTERTAINMENT ENTERPRISE	0.5%	
DISH TV	0.0%	
Media	0.6%	
SUN PHARMACEUTICALS INDUSTRIES LTD	0.6%	
DR. REDDYS LABORATORIES LTD.,,0,0,,0,5	0.5%	
RANBAXY LABORATORIES LTD.	0.6%	
Pharma	1.7%	
BHEL	3.2%	
Prime Movers	3.2%	
RELIANCE INDUSTRIES	9.8%	
RELIANCE PETROLEUM LIMITED	2.3%	
Refinery	12.1%	
SAIL	2.9%	
TATA IRON AND STEEL	2.3%	
Steel	5.2%	
BHARTI TELEVENTURES LTD	4.3%	
RELIANCE COMMUNICATIONS LIMITED	3.6%	
VIDESH SANCHAR NIGAM LIMITED	0.6%	
Telecom	8.5%	
LARSEN & TOUBRO LTD	3.2%	
Turnkey Projects	3.2%	
GAIL (INDIA) LTD	1.2%	
Trading	1.2%	
Others	0.0%	
Total Equity	79.5%	
Debt		
GOI LOAN 10.25% 2021	0.3%	SOV
GOI 6.96% (SPEC SEC - OIL CO. SPL	0.8%	SOV
7.59% OIL MKT. COS GOI BOND	0.6%	SOV
8.13% GOI OIL Bond 2021	0.2%	SOV
GOI LOAN 10.95% 2011	0.4%	SOV
GOI LOAN 7.38% 2015	0.1%	SOV
SDL KERALA 11.50% 2008	0.1%	SOV
Government Securities	2.5%	
CITIFINANCIAL CONSUMER FINANCE	3.7%	AAA
MAHINDRA & MAHINDRA FINANCIAL SERVICES	1.3%	AA+
IDFC	0.5%	AAA
RELIANCE ENERGY	0.2%	AAA
POWER GRID CORPORATION	0.2%	AAA
HDFC	2.1%	AAA
IL&FS	1.0%	AAA
GE MONEY FINANCIALS	1.5%	AAA
ICICI BANK	1.8%	AAA
NABARD	1.0%	AAA
L & T FINANCIALS	3.4%	CARE AA+
Corporate Bonds	16.6%	
Money Market	0.4%	
Cash & Other Liquid Assets	1.0%	
Grand Total	100.0%	

Unit-Linked Fund

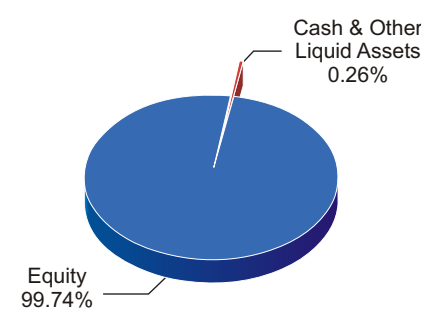
Multiplier

To generate long term capital appreciation by investing in diversified equities selected from S&P CNX Nifty Index.

Asset Allocation Pattern

Government and other Debt Securities	0%
Equities	80-100%
Cash and Money Market	0-40%

Asset Mix



Portfolio Returns

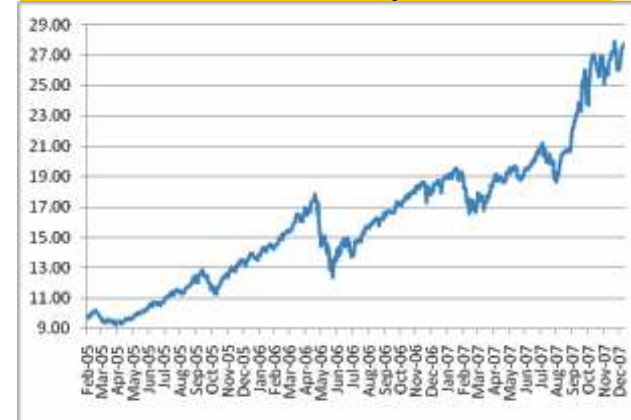
Returns	NAV	Benchmark
Last 1 month Return	5.6%	6.5%
Last 2 months Return	3.5%	4.0%
Latest Quarterly Return	20.5%	22.3%
Last 12 months Return	50.3%	
Last 2 Years (CAGR)	43.2%	
CAGR since inception	42.3%	

Past performance is not indicative of the future performance

Note: Benchmark has been calculated as per the target holdings of the fund i.e. 100% Equity Securities

Security Type	Benchmark Index
Equity	S&P CNX NIFTY

NAV Movement since inception



(Date of Inception:07-Feb-2005)

(Portfolio as on Dec 31, 2007)

Security	Wt (%)
Equities	0.0%
HINDALCO LTD	0.0%
Aluminium	0.0%
MARUTI SUZUKI INDIA LIMITED	0.9%
TATA MOTORS LIMITED	0.5%
BAIJAJ AUTO LTD	0.9%
MAHINDRA & MAHINDRA LTD	1.2%
Automobiles	3.6%
ICICI BANK LTD	4.1%
STATE BANK OF INDIA	4.0%
HDFC BANK LTD	1.9%
PUNJAB NATIONAL BANK	0.8%
Banking Services	10.7%
AMBUJIA CEMENT LTD	0.8%
ACC	0.5%
Cement	1.3%
STERLITE INDUSTRIES	2.3%
Copper & Copper Products	2.3%
OIL AND NATURAL GAS	7.3%
CAIRN INDIA LTD	2.1%
Crude Oil	9.4%
HINDUSTAN UNILEVER LTD	1.2%
GRASIM INDUSTRIES LTD	1.6%
ITC LTD	2.5%
Diversified	5.3%
UNITECH LIMITED	1.4%
Housing Construction	1.4%
TATA POWERS LTD.	1.1%
RELIANCE ENERGY	1.8%
NTPC	5.8%
Electrical Distribution & Generation	8.7%
SIEMENS LIMITED	0.8%
ABB LTD	1.4%
Electrical Equipments	2.2%
HDFC	2.4%
Housing Finance	2.4%
INFOSYS TECHNOLOGIES	3.0%
TATA CONSULTANCY LTD.	3.0%
WIPRO	1.0%
SATYAM COMPUTER SERVICES LIMITED	0.6%
HCL TECHNOLOGIES LIMITED	0.4%
Information Technology	8.1%
ZEE ENTERTAINMENT ENTERPRISE	0.6%
DISH TV	0.0%
Media	0.7%
SUN PHARMACEUTICALS INDUSTRIES LTD	0.7%
DR. REDDYS LABORATORIES LTD.,,0,0,,0,5	0.9%
RANBAXY LABORATORIES LTD.	0.9%
Pharma	2.5%
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RELIANCE COMMUNICATIONS LIMITED	4.2%
VIDESH SANCHAR NIGAM LIMITED	0.7%
Telecom	9.9%
LARSEN & TOUBRO LTD	3.7%
Turnkey Projects	3.7%
GAIL (INDIA) LTD	1.4%
Trading	1.4%
Others	0.0%
Total Equity	99.7%
Cash & Other Liquid Assets	0.3%
Grand Total	100.00%



What is risk?

In finance, Risk is defined as the probability that an investment's actual return will be different than expected. Risk is a concept that denotes a potential negative impact to an asset or some characteristic of value that may arise from some present process or future event. Basically, it's the risk that you will lose money due to a fall in the market price of a security that you own.

Types of Risk

- Systematic Risk** - Systematic risk influences a large number of assets. A significant political event, for example, could affect several of the assets in your portfolio. It is virtually impossible to protect yourself against this type of risk.
- Unsystematic Risk** - Unsystematic risk is sometimes referred to as "specific risk". This kind of risk affects a very small number of assets. An example is news that affects a specific stock such as a sudden strike by employees. Diversification is the only way to protect yourself from unsystematic risk.
- Credit or Default Risk** - Credit risk is the

risk that a company/Institution will be unable to pay the contractual interest or principal on its debt obligations. This type of risk is of particular concern to investors who hold bonds in their portfolios. Government bonds issued by the Indian government have the least amount of default risk and the lowest returns, while corporate bonds tend to have the highest amount of default risk but also higher interest rates. Bonds with a lower chance of default are considered to be investment grade, while bonds with higher chances are considered to be non-investment grade bonds. Bond rating agencies, such as CRISIL, CARE, ICRA etc provide information on the ratings of bonds.

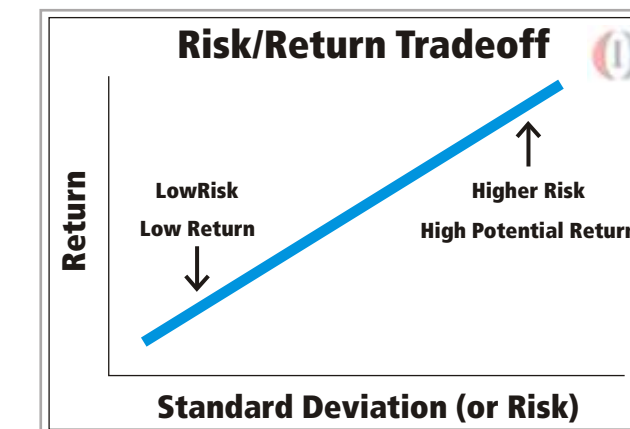
- Interest Rate Risk** - Interest rate risk is the risk that an investment's value will change as a result of a change in interest rates. This risk affects the value of bonds more directly than stocks. When interest rates or yields increase, the price of a bond will decrease and vice versa.

- Foreign-Exchange / Currency Risk** - When investing in foreign countries you must consider the fact that currency exchange rates can change the price of the asset as well. Foreign-exchange risk applies to all financial instruments that are in a currency other than your domestic currency. As an example, if you are a resident of India and invest in some US stock in US dollars, even if the share value appreciates, you may lose money if the US dollar depreciates in relation to the Indian rupee.

Risk and Diversification: The Risk-Reward Tradeoff

The risk-return tradeoff is the balance an investor must decide on between the desire for the lowest possible risk for the highest possible returns. Remember to keep in mind that low levels of risk are associated with low potential returns and high levels of risk are associated with high potential returns.

The following chart shows an example of the risk/return tradeoff for investing. A higher standard deviation means a higher risk:



Risk and Diversification: Diversifying Your Portfolio

When the stock markets turn volatile, individual investors clearly need a safety net. Diversification can work this way and can prevent your entire portfolio from losing value. This can be achieved by investing your funds through Mutual Funds and ULIP's, where there are different fund options available to choose from, which invest your funds in different asset classes across different industries / sectors, which is otherwise not possible in direct equity investments.

Diversification is a technique that reduces risk by allocating investments among various financial instruments,



industries and other categories. It aims to maximize return by investing into different areas that would each react differently to the same event. Most investment professionals agree that, although it does not guarantee against loss, diversification is the most important component of helping you reach your long-range financial goals while minimizing risk.

Risk-Adjusted Return

A concept that refines an investment's return by measuring how much risk is involved in producing that return, which is generally expressed as a number or rating. Risk-adjusted returns are applied to individual securities, investment funds and portfolios

Commonly followed risk measures are Alpha, Beta, standard deviation, and the Sharpe ratio. Each risk measure is unique in how it measures risk. When comparing two or more potential investments, an investor should always compare the same risk measures to each different investment in order to get a relative performance perspective.

Standard Deviation: The standard deviation essentially reports a fund's volatility, which indicates the