



## The Equity Market

The month of May 2010 started on a negative note, as the European debt crisis deepened further. Markets across the world saw large sell-offs, with the bearish sentiment spreading across asset classes. However, gold prices rallied as investors normally consider the yellow metal a safe haven for investment in times of crisis.

The Nifty index corrected by 8% in May to hit a low of 4807 on May 25th. Metals and Real estate sectors witnessed heavy sell-off during the month, correcting by 13.3% and 11.3% respectively. The month saw FII outflows of US\$ 2 bn. This had a significant impact on INR, which depreciated from Rs 44.4 to Rs 47.7 against the dollar.

On the domestic front, the fourth quarter results across sectors have been in line with expectations. The 3G auction by Government garnered a total of Rs 66,800 crores. This was much higher than the initial expectation of Rs 35,000 crores, and will contribute to easing the fiscal pressure, to some extent.

On 19th May, the Government hiked the price of regulated gas indicating its willingness to resolve the issue of fuel price deregulation. The long pending court case between Reliance Industries (RIL) and Reliance Natural Resources Limited (RNRL) was resolved in favour of RIL.

The strong fourth quarter GDP growth at 8.6 % year-on-year was a positive, with full year GDP growth for 2009-10 GDP at 7.4%.

The last week of May witnessed a recovery from the month's low levels, primarily on the basis of comments from global Central Banks. Nifty ended at 5086, down by only 3.6% for the month of May. However, the overall climate of uncertainty regarding European debt crisis continues to prevail.



## Market Outlook

On the macro-economic front, the real GDP growth in FY10 has been robust at 7.4%. The outlook for FY 2011 remains comfortable with a GDP growth expectation of 8%. Monsoon is expected to be normal this year, leading to a rebound in agricultural output.

The thrust on infrastructure investment is clearly visible and capital expansion by private sector is expected to increase. The up-tick in domestic manufacturing and indirect tax collections are pointers in the direction of growth. Credit growth is expected to pick up significantly in the coming quarters.

Inflation, though a cause of concern, is not expected to deteriorate further from current levels, with some softening expected post July. Monetary policy in India is unlikely to be restrictive, as Central Banks are likely to continue with the soft interest rate regime given global economic concerns.

In terms of valuation, Sensex is trading at 16.4 times one year forward PE multiple for FY11 and 13.6 times two year forward multiple for FY12.

We are positive on domestic consumption oriented sectors such as Real Estate, Automobiles and Fast Moving Consumer Goods (FMCG) as well as Power & Infrastructure. From an overall perspective, the performance of Indian corporates as well as economic scenario appears positive. However, in the near term, global volatility is likely to weigh heavily on markets. We continue to maintain a cautiously optimistic stance and would align fund management strategies appropriately.





## The Fixed Income Market

The European debt crisis continued to have an impact on yields globally. There has been a significant shift towards Government securities as risk aversion has increased. This has led to a significant upside in treasury securities across markets.

The Government released 4th quarter FY10 GDP growth number which came in at 8.6% year-on-year. Full year GDP for FY10 grew at 7.4% on the back of strong growth reported by Industry which grew at 9.3% and Services with a growth of 8.5%.

Industrial output rose by less than the expected rate of 13.5% year-on-year in March (consensus was at 15.1%) compared to 15.1% in February. However, domestic consumption and economic outlook remains strong for the year.

The key event for May was the temporary reduction in Statutory Liquidity Ratio (SLR) by 50 basis points announced by RBI to inject liquidity in the system. This was in anticipation of tight liquidity conditions in June owing to advance tax outflows and payment of 3G license fees by telecom companies.

The Wholesale Price Inflation (WPI) was at 9.59% year-on-year in April 2010 compared to 9.90% in March 2010. With expectations of a normal monsoon, Food Price inflation is

expected to soften going forward. Global commodity and fuel prices have sharply corrected by 15-20% in last one month, on the back of rising economic uncertainties in European region and resultant slowdown in world economy.

## Market Outlook

The 10-year Government security (7.80% 2020) benchmark yield declined by 24 basis points to close at 7.51%. The decline was largely due to the fall in yields globally. US Treasury yields have softened by about 40 bps during the month, as investors are seeking the safety of US Treasuries given the increasing risk aversion.

The 10 year AAA benchmark yields were at 8.71% and largely remained unchanged in May. However, as Government bonds rallied sharply, the Corporate spreads widened from a low of 65 bps to 115 bps over the previous month. The 5 year Corporate spreads also widened from 62 bps to 79 bps in the same period.

The Government collected Rs 66,800 crores from 3G License fees as against initial expectations of Rs 35,000 crores. This is positive for government finances and has, to some extent, eased the fiscal deficit situation. Given this development, market does not expect RBI to undertake significant rate hikes.

We expect tightening by RBI to be lower than expected and a hike of 50-100 basis points in Policy rates through the financial year. In the near term, we expect Government securities yields to be range-bound.

# UNIT-LINKED FUND

## Protector

As on 31st May 2010

Investment Objective: To earn regular income by investing in high quality fixed income securities

### Asset Classes

Government & other debt securities

Cash & Money Market

### Investment Philosophy

The fund will target 100% investments in Government & other debt securities to meet the stated objectives

### Portfolio Returns

Returns	NAV	Benchmark
Last 1 year Return	7.82%	4.74%
Last 3 year (CAGR)	9.62%	7.06%
Last 5 year (CAGR)	7.10%	5.72%
CAGR since inception	6.94%	5.70%

Past performance is not indicative of future performance

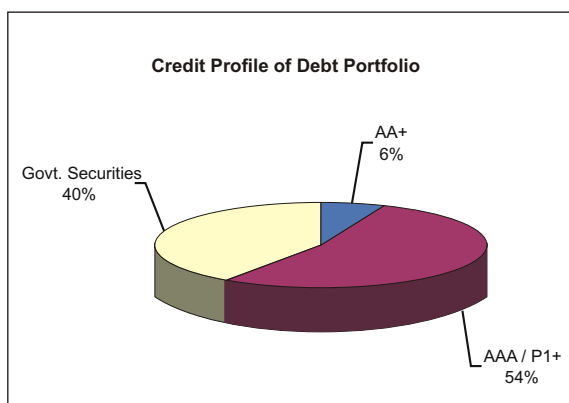
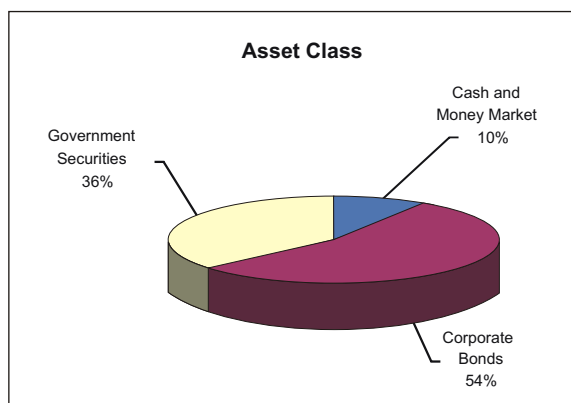
Note: Benchmark has been calculated as per the target holding of the fund i.e. 100% Debt Securities.

Security Type

Benchmark Index

Debt

CRISIL Composite Bond Fund Index

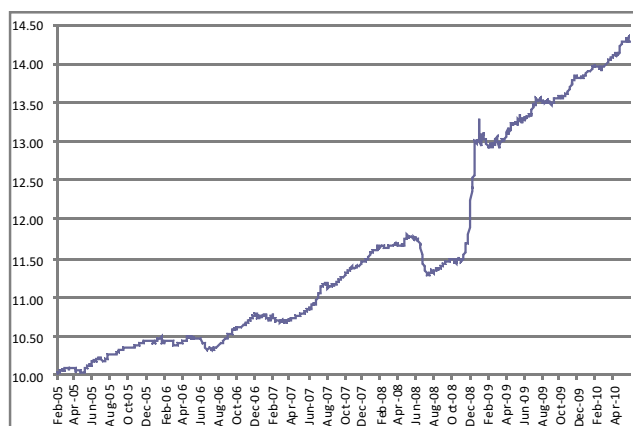


## Portfolio as on 31st May 2010

Security Name	Wt (%)	Rating
<b>Government Securities</b>	<b>36.08%</b>	
GOI 2027	17.67%	Sovereign
GOI 2032	7.07%	Sovereign
GOI 2016	3.41%	Sovereign
SDL Karnataka 2019	2.66%	Sovereign
SDL West Bengal 2019	2.08%	Sovereign
GOI OIL Bond 2012	1.12%	Sovereign
SDL Uttar Pradesh 2019	1.00%	Sovereign
Others	1.08%	
<b>Corporate Bonds</b>	<b>54.02%</b>	
Tech Mahindra	9.47%	AAA
Reliance Gas Transport Infrastructure	8.58%	AAA
Reliance Capital Limited	7.38%	AAA
IL&FS	6.69%	AAA
Rural Electrification Corporation	4.84%	AAA
Sundaram Finance Limited	4.14%	AA+
LIC Housing Finance Company Ltd	3.29%	AAA
HDFC	2.94%	AAA
ICICI Bank Ltd	1.68%	AAA
Power Finance Corporation Ltd	1.60%	AAA
Bajaj Auto Finance Ltd	1.20%	AA+
Export Import Bank Of India	1.14%	AAA
Others	1.07%	
<b>Cash And Money Market</b>	<b>9.90%</b>	
<b>Total</b>	<b>100.00%</b>	

Note: "Others" comprises of combined exposure to companies with less than or equal to 1% weightage in Portfolio

## NAV Movement Since Inception



(Date of inception: 04-Feb-2005)

# UNIT-LINKED FUND

## Preserver

### As on 31st May 2010

Investment Objective: To generate income at a level consistent with preservation of capital, through investments in securities issued or guaranteed by Central and State Governments.

#### Asset Classes

Government & Govt. Guaranteed Securities  
Cash & Money Market

#### Investment Philosophy

The fund will target 100% investments in Government & Govt. Guaranteed Securities to meet the stated objectives

#### Portfolio Returns

Returns	NAV	Benchmark
Last 1 year Return	2.66%	4.06%
Last 3 year (CAGR)	7.26%	8.26%
Last 5 year (CAGR)	5.94%	7.00%
CAGR since inception	6.02%	6.72%

Past performance is not indicative of future performance

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

Security Type

Benchmark Index

Debt (GOI)

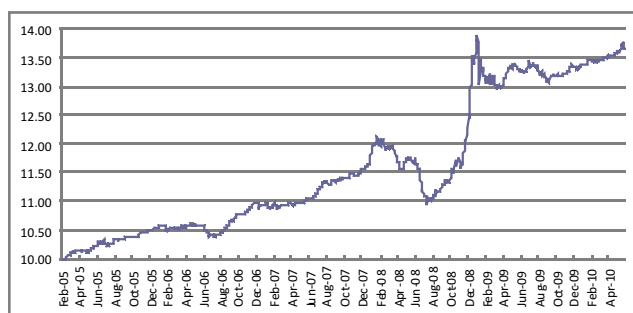
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### Portfolio as on 31st May 2010

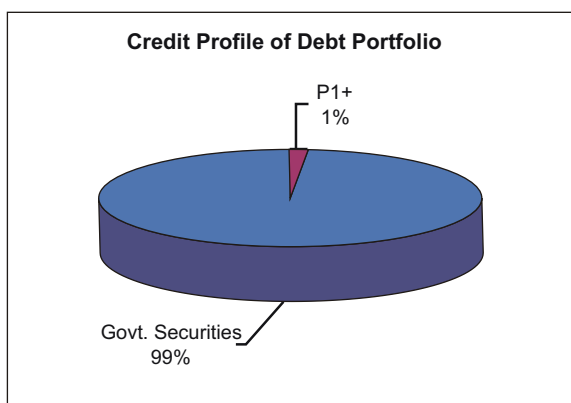
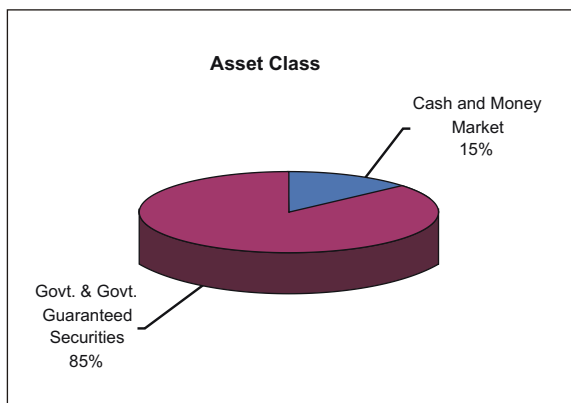
Security Name	Wt (%)	Rating
<b>Government. &amp; Govt. Guaranteed Securities</b>	<b>84.65%</b>	
GOI 2020	24.31%	Sovereign
GOI 2022	18.40%	Sovereign
GOI 2032	18.10%	Sovereign
GOI 2027	12.07%	Sovereign
GOI 2015	5.40%	Sovereign
SDL Tami Nadu 2011	2.35%	Sovereign
GOI 2016	2.33%	Sovereign
SDL Rajasthan 2011	1.00%	Sovereign
Others	0.69%	
<b>Cash And Money Market</b>	<b>15.35%</b>	
<b>Total</b>	<b>100.00%</b>	

Note: "Others" comprises of combined exposure to companies with less than or equal to 1% weightage in Portfolio

### NAV Movement Since Inception



(Date of inception: 10-Feb-2005)



# UNIT-LINKED FUND

## Moderator

As on 31st May 2010

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

### Asset Classes

Government & other debt securities  
Equities  
Cash & Money Market

### Investment Philosophy

The fund will target 20% investments in Equities and 80% investments in Government & other debt securities to meet the stated objectives.

## Portfolio Returns

Returns	NAV	Benchmark
Last 1 year Return	8.90%	6.66%
Last 3 year (CAGR)	9.19%	6.81%
Last 5 year (CAGR)	9.61%	9.07%
CAGR since inception	9.37%	8.83%

Past performance is not indicative of future performance

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

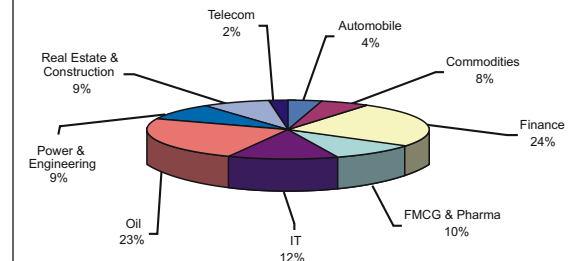
Security Type	Benchmark Index
Equity	S&P CNX Nifty
Debt	CRISIL Composite Bond Fund Index

## Portfolio as on 31st May 2010

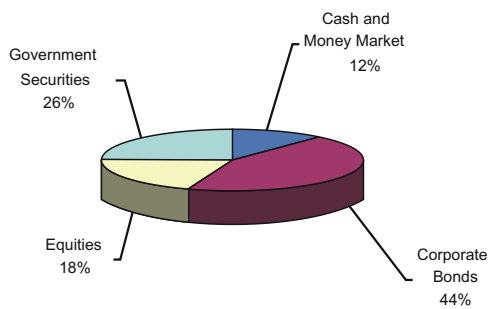
Security Name	Wt (%)	Rating
<b>Government Securities</b>	<b>25.75%</b>	
GOI 2027	7.73%	Sovereign
GOI 2012	7.48%	Sovereign
SDL Maharashtra 2019	6.18%	Sovereign
SDL Kerala 2019	1.44%	Sovereign
GOI 2011	1.17%	Sovereign
Others	1.75%	Corporate
<b>Bonds</b>	<b>44.12%</b>	
Tech Mahindra	9.42%	AAA
IL&FS	7.86%	AAA
Reliance Capital Limited	6.38%	AAA
Rural Electrification Corporation	5.02%	AAA
HDFC	3.58%	AAA
Power Finance Corporation Ltd	3.19%	AAA
Sundaram Finance Limited	2.72%	AA+
Reliance Gas Transport Infrastructure	1.91%	AAA
LIC Housing Finance Company Ltd	1.81%	AAA
Others	2.23%	
<b>Equities</b>	<b>17.82%</b>	
Reliance Industries Ltd	1.59%	
OIL And Natural Gas	1.47%	
ITC Ltd	1.13%	
ICICI Bank Ltd	1.06%	
Infosys Technologies	1.02%	
Larsen & Toubro Ltd	1.00%	
Others	10.56%	
<b>Cash And Money Market</b>	<b>12.31%</b>	
<b>Total</b>	<b>100.00%</b>	

Note: "Others" comprises of combined exposure to companies with less than or equal to 1% weightage in Portfolio

### Equity Sectoral Break-up



### Asset Class

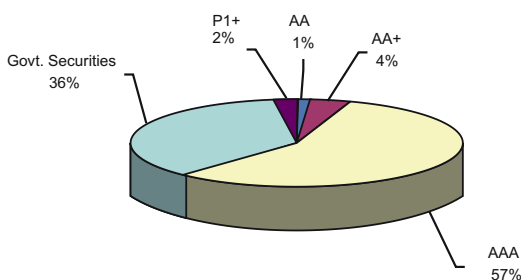


### NAV Movement Since Inception



(Date of inception: 08-Feb-2005)

### Credit Profile of Debt Portfolio



# UNIT-LINKED FUND

## Balancer

As on 31st May 2010

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

### Asset Classes

Government & other debt securities  
Equities  
Cash & Money Market

### Investment Philosophy

The fund will target 50% investments in Equities and 50% investments in Government & other debt securities to meet the stated objectives.

### Portfolio Returns

Returns	NAV	Benchmark
Last 1 year Return	10.18%	9.53%
Last 3 year (CAGR)	8.57%	6.43%
Last 5 year (CAGR)	13.43%	13.44%
CAGR since inception	12.72%	12.93%

Past performance is not indicative of future performance

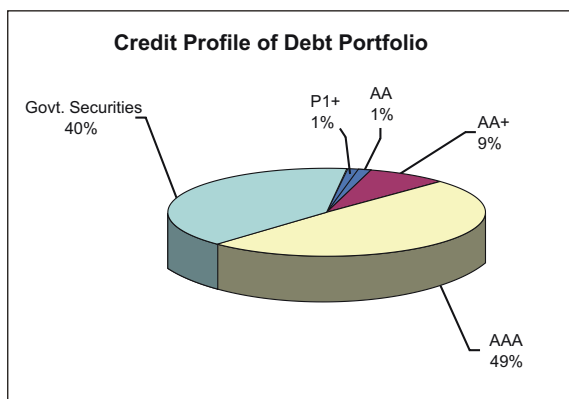
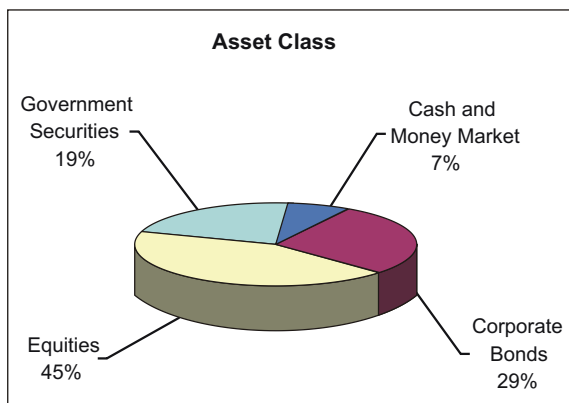
Note: Benchmark has been calculated as per the target holding of the fund i.e. 50% Equity and 50% Debt Securities

Security Type

Benchmark Index

Equity  
Debt

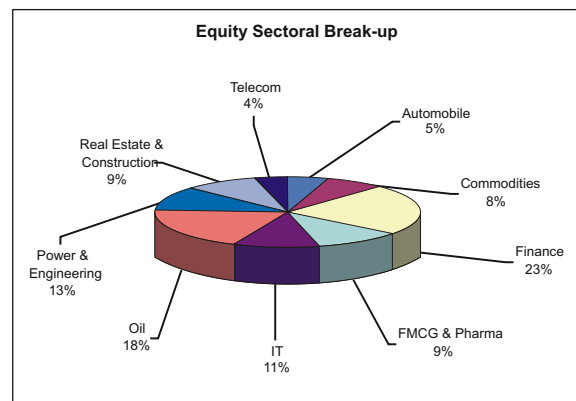
S&P CNX Nifty  
CRISIL Composite Bond Fund Index



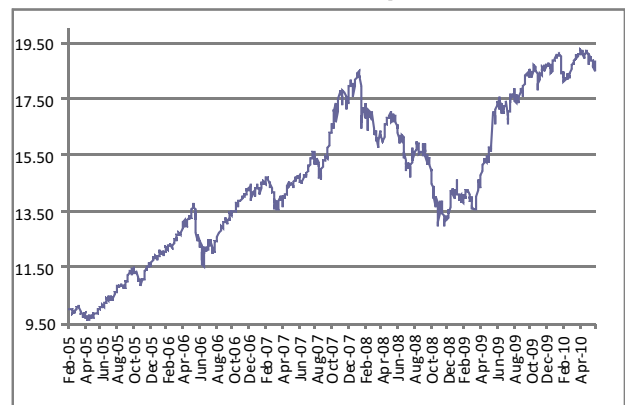
## Portfolio as on 31st May 2010

Security	Wt (%)	Rating
<b>Government Securities</b>	<b>19.43%</b>	
GOI 2012	3.70%	Sovereign
GOI 2013	3.26%	Sovereign
GOI 2027	2.90%	Sovereign
GOI 2011	2.73%	Sovereign
GOI 2020	1.71%	Sovereign
GOI 2021	1.43%	Sovereign
Others	3.71%	
<b>Corporate Bonds</b>	<b>28.80%</b>	
Reliance Capital Limited	6.85%	AAA
Tech Mahindra	4.06%	AAA
LIC Housing Finance Company Ltd	3.44%	AAA
Rural Electrification Corporation	1.75%	AAA
HDFC	1.72%	AAA
Reliance Industries Ltd	1.67%	AA+
Bajaj Auto Finance Ltd	1.46%	AAA
L&T Finance Ltd	1.42%	AA+
Reliance Gas Transport Infrastructure	1.42%	AA+
Sundaram Finance Limited	1.12%	AA+
Others	3.87%	
<b>Equities</b>	<b>44.68%</b>	
Reliance Industries Ltd	3.62%	
Infosys Technologies	2.67%	
ICICI Bank Ltd	2.56%	
Larsen & Toubro Ltd	2.47%	
State Bank Of India	2.41%	
ITC Ltd	2.06%	
OIL And Natural Gas	1.97%	
HDFC Bank Ltd	1.83%	
HDFC	1.81%	
BHEL	1.80%	
Tata Powers Ltd.	1.46%	
Gail (India) Ltd	1.29%	
Bharti Airtel Ltd	1.23%	
Tata Consultancy Ltd.	1.21%	
Tata Iron And Steel	1.06%	
NTPC	1.01%	
Sun Pharmaceuticals Industries Ltd	1.01%	
Others	13.20%	
<b>Cash And Money Market</b>	<b>7.09%</b>	
<b>Total</b>	<b>100.00%</b>	

Note: "Others" comprises of combined exposure to companies with less than or equal to 1% weightage in Portfolio



## NAV Movement Since Inception



(Date of inception: 08- Feb-2005)

# UNIT-LINKED FUND

## Accelerator

As on 31st May 2010

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

### Asset Classes

Government & other debt securities  
Equities  
Cash & Money Market

### Investment Philosophy

The fund will target 80% investments in Equities and 20% investments in Government & other debt securities to meet the stated objectives.

### Portfolio Returns

Returns	NAV	Benchmark
Last 1 year Return	12.75%	12.41%
Last 3 year (CAGR)	6.89%	6.05%
Last 5 year (CAGR)	17.07%	17.22%
CAGR since inception	16.12%	16.47%

Past performance is not indicative of future performance

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

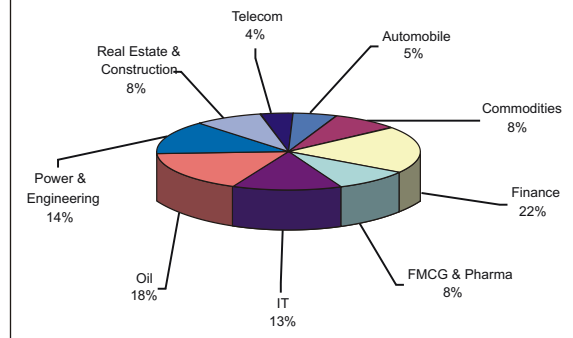
Security Type	Benchmark Index
Equity	S&P CNX Nifty
Debt	CRISIL Composite Bond Fund Index

### Portfolio as on 31st May 2010

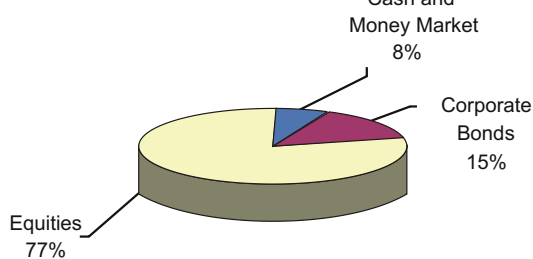
	Wt (%)	Rating
<b>Security</b>	<b>15.30%</b>	
<b>Corporate Bonds</b>		
Reliance Capital Limited	3.81%	AAA
LIC Housing Finance Company Ltd	2.20%	AAA
Rural Electrification Corporation	1.59%	AAA
HDFC	1.47%	AAA
Reliance Industries Ltd	1.33%	AAA
ICICI Bank Ltd	1.04%	AAA
Others	3.84%	
<b>Equities</b>	<b>76.99%</b>	
Reliance Industries Ltd	6.52%	
Infosys Technologies	5.68%	
ICICI Bank Ltd	4.58%	
Larsen & Toubro Ltd	4.41%	
State Bank Of India	4.20%	
OIL And Natural Gas	3.44%	
BHEL	3.20%	
ITC Ltd	3.15%	
HDFC Bank Ltd	2.80%	
Bharti Airtel Ltd	2.37%	
Tata Consultancy Ltd.	2.26%	
NTPC	2.22%	
HDFC	2.20%	
Cairn India Ltd	2.06%	
Sterlite Industries	1.96%	
Tata Iron And Steel	1.91%	
Tata Powers Ltd.	1.85%	
Gail (India) Ltd	1.85%	
Axis Bank	1.61%	
Hero Honda Motors Limited	1.57%	
Sun Pharmaceuticals Industries Ltd	1.52%	
Wipro	1.46%	
SAIL	1.09%	
Hindustan Unilever Ltd	1.05%	
Others	12.02%	
<b>Cash and Money Market</b>	<b>7.71%</b>	
<b>Total</b>	<b>100.00%</b>	

Note: "Others" comprises of combined exposure to companies with less than or equal to 1% weightage in Portfolio

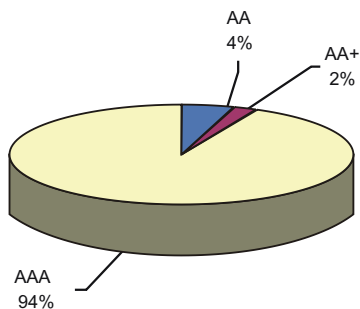
### Equity Sectoral Break-up



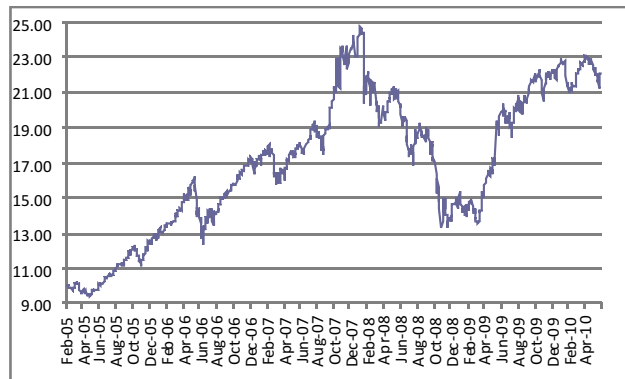
### Asset Class



### Credit Profile of Debt Portfolio



### NAV Movement Since Inception



(Date of inception: 07- Feb-2005)



# UNIT-LINKED FUND

## Multiplier

As on 31st May 2010

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

### Asset Classes

Equities  
Cash & Money Market

### Investment Philosophy

The fund will target 100% investments in Equities to meet the stated objectives.

### Portfolio Returns

Returns	NAV	Benchmark
Last 1 year Return	13.62%	14.33%
Last 3 year (CAGR)	5.31%	5.79%
Last 5 year (CAGR)	18.04%	19.50%
CAGR since inception	16.93%	18.60%

Past performance is not indicative of future performance

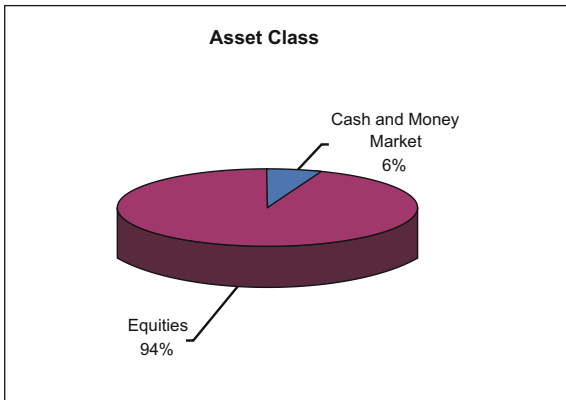
Note: Benchmark has been calculated as per the target holding of the fund i.e. 100% Equity Securities

Security Type	Benchmark Index
Equity	S&P CNX Nifty

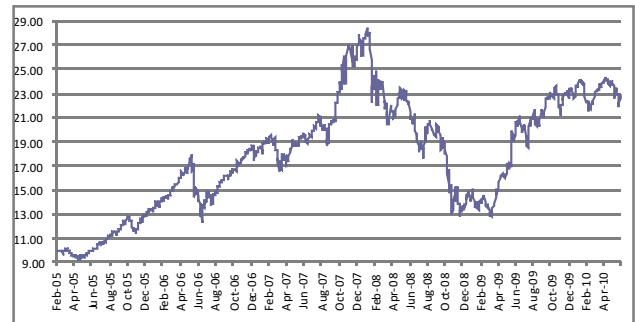
## Portfolio as on 31st May 2010

Security	Wt (%)	Rating
<b>Equities</b>	<b>93.52%</b>	
Reliance Industries Ltd	7.46%	
Infosys Technologies	6.32%	
Larsen & Toubro Ltd	5.69%	
ICICI Bank Ltd	5.18%	
ITC Ltd	4.27%	
HDFC Bank Ltd	3.75%	
State Bank Of India	3.69%	
BHEL	3.37%	
OIL And Natural Gas	3.16%	
Axis Bank	2.92%	
HDFC	2.91%	
Tata Consultancy Ltd.	2.91%	
Tata Powers Ltd.	2.53%	
Cairn India Ltd	2.53%	
Sterlite Industries	2.31%	
Mahindra & Mahindra Ltd	2.22%	
Bharti Airtel Ltd	2.08%	
Tata Iron And Steel	1.96%	
Jaiprakash Associates Limited	1.91%	
Gail (India) Ltd	1.80%	
Punjab National Bank	1.75%	
NTPC	1.66%	
Jindal Steel & Power Ltd.	1.61%	
Sun Pharmaceuticals Industries Ltd	1.57%	
Wipro	1.53%	
Reliance Infrastructure Ltd	1.38%	
Hindustan Unilever Ltd	1.36%	
Maruti Suzuki India Limited	1.34%	
Tata Motors Limited	1.22%	
SAIL	1.06%	
Others	10.05%	
<b>Cash And Money Market</b>	<b>6.48%</b>	
<b>Total</b>	<b>100.00%</b>	

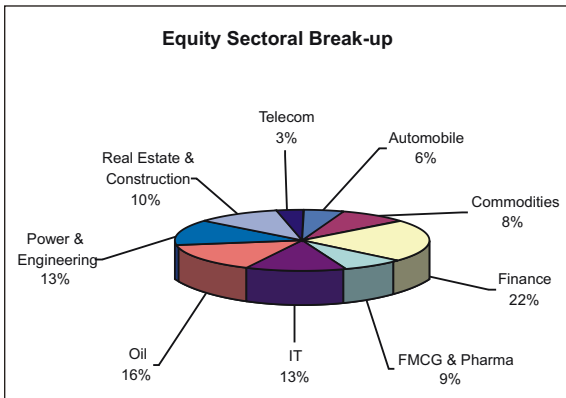
Note: "Others" comprises of combined exposure to companies with less than or equal to 1% weightage in Portfolio



## NAV Movement Since Inception



(Date of inception: 07-Feb-2005)



# UNIT-LINKED FUND

## Virtue

As on 31st May 2010

Investment Objective: To generate long term capital appreciation by investing in diversified equities of companies promoting healthy life style and enhancing quality of life.

### Asset Classes

Equities  
Cash & Money Market

### Investment Philosophy

The fund will target 100% investments in Equities to meet the stated objectives.

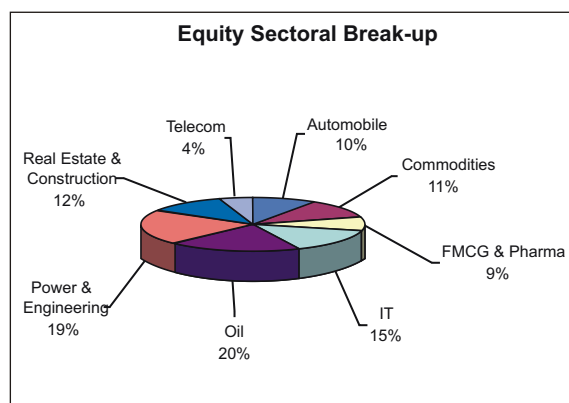
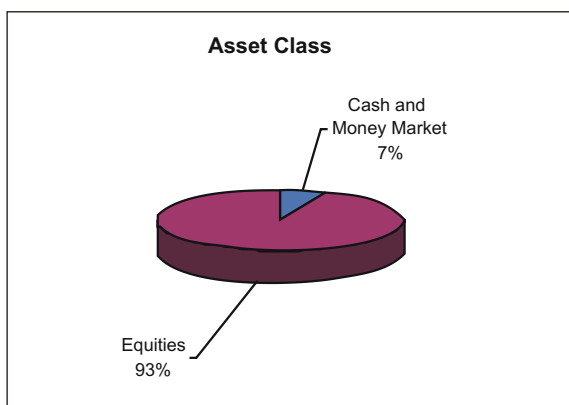
### Portfolio Returns

Returns NAV

Last 1 year Return 11.52%

CAGR since inception 0.48%

Past performance is not indicative of future performance

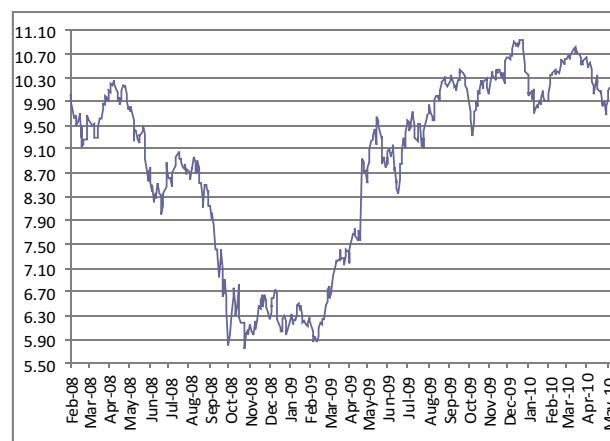


## Portfolio as on 31st May 2010

Security	Wt (%)	Rating
<b>Equities</b>	<b>93.10%</b>	
Reliance Industries Ltd	7.71%	
Infosys Technologies	7.17%	
Larsen & Toubro Ltd	6.49%	
BHEL	4.38%	
OIL And Natural Gas	3.80%	
Cairn India Ltd	3.57%	
Mahindra & Mahindra Ltd	3.48%	
Jindal Steel & Power Ltd.	3.47%	
Gail (India) Ltd	3.29%	
Tata Consultancy Ltd.	3.25%	
Hindustan Unilever Ltd	2.92%	
Bharti Airtel Ltd	2.61%	
Tata Powers Ltd.	2.56%	
Sterlite Industries	2.54%	
Wipro	2.38%	
Reliance Infrastructure Ltd	2.32%	
Sun Pharmaceuticals Industries Ltd	2.29%	
Jaiprakash Associates Limited	2.07%	
Tata Iron And Steel	1.96%	
Hero Honda Motors Limited	1.93%	
Maruti Suzuki India Limited	1.91%	
Cipla Ltd	1.86%	
Tata Motors Limited	1.69%	
NTPC	1.62%	
HCL Technologies Limited	1.54%	
ABB Ltd	1.47%	
Grasim Industries Ltd	1.40%	
Power Grid Corporation	1.34%	
SAIL	1.31%	
ACC Ltd	1.29%	
DLF Limited	1.29%	
Reliance Communications Limited	1.27%	
Others	4.91%	
<b>Cash And Money Market</b>	<b>6.90%</b>	
<b>Total</b>	<b>100.00%</b>	

Note: "Others" comprises of combined exposure to companies with less than or equal to 1% weightage in Portfolio

## NAV Movement Since Inception



(Date of inception: 27-Feb-2008)



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