



empowered

# INVESTMENT TRACKER

DECEMBER 2009



**Ritu Arora**  
Chief Investment Officer,  
Canara HSBC  
Oriental Bank of Commerce  
Life Insurance Company Limited

Dear Investor,

We wish you happiness, prosperity and success in the New Year 2010. Last year closed on a strong note for the global equity markets, with most markets having recovered sharply from their Mar'09 lows. The markets have started this year with

expectations of the global economic recovery gathering pace along with a strong pick up in the investment cycle. The most recent reading of PMI's (Purchasing Managers Index) across the major industrial economies indicates strong industrial activity is taking place. Auto production continues to race ahead globally with India itself witnessing strong growth. Commodity prices too continue to race ahead. Deflationary concerns are receding with the US and UK Consumer Price Indices (CPI) turning positive in Nov'09, the first time since Feb'09 and Mar'09 respectively. Overall, the current economic scenario undoubtedly looks in better shape than it was when we last wrote to you.

Even so, we continue to maintain our view that overall the global economic recovery remains fragile and to a large extent dependent upon policy support. It is imperative that policy makers across the globe do not withdraw the policy stimulus too much too soon, and that policy actions are taken incrementally and not aggressively. It is also important to note, and worryingly so, that there is a continuing lack of evidence of income growth picking up in the US. The US unemployment rate continues to be high at 10% in Nov'09. It is difficult to fathom how a consumption driven economy like the US can recover, unless income and employment recover

first. We therefore continue to keep a close eye on global economic data and continue to position our portfolios accordingly.

The Indian economy continues to move ahead at a robust pace with GDP growing at 7.9% in Q2 FY10 and Industrial production growing 10.3% yoy in Oct'09. A stable government with a seemingly strong resolve for divestment and infrastructure focus has also been positive for the markets. In our last communication we highlighted three key issues facing the Indian economy: inflation, weak monsoons and Government's rising fiscal deficit. While a liberal dose of fiscal stimulus combined with rural initiatives like the National Rural Employment Guarantee Scheme (NREGS) and Jawaharlal Nehru National Urban Renewal Mission (JNNURM) have helped reduce the impact of the drought on rural incomes, the issues of fiscal deficit and inflation still remain a worry. On the fiscal deficit front, government's posturing on divestment has eased the deficit concerns to some extent; however the markets shall look forward to concrete steps being taken in this regard. Inflation continues to be a cause of concern with food inflation having climbed to over 18% during Dec 09, raising concerns of a second round impact of inflation as providers increase the prices of their services. With economic growth being strong we expect the government to gradually start a sector specific pull back of the various stimulus measures such as the excise duty, subsidies etc.

On the brighter side, fund flows into the economy remain strong with FII's having net invested over US\$ 17.5 billion in the year 2009, and FDI inflows totaling over US\$ 23.5 billion in the first 10 months of 2009.

## Returns



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### Equity Way Forward

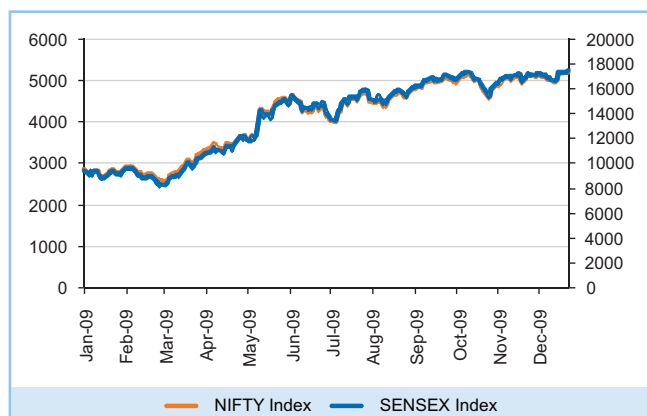
As we progress towards 2010, we continue to maintain a disciplined approach towards our investments making strategic investments where we see compelling value and moving out of investments where we believe valuations have peaked. We remain bullish on the domestic demand led strength of the Indian economy. Risk of the markets running ahead of fundamentals remains, however, strong real economic growth is likely to provide adequate cushion to the markets. The key risk remains that of further economic deterioration at the global level.

	Sept 30, 2009	Dec 31, 2009	% Change
Nifty	5084	5201	2.3%
Sensex	17127	17465	2.0%
Dow Jones	9712	10428	7.4%
Nasdaq	2122	2269	6.9%
Nikkei*	10133	10546	4.1%
Hang Seng	20955	21873	4.4%
Kospi*	1673	1683	0.6%
Shanghai	2779	3277	17.9%

Source: Bloomberg  
\* End of Period Data for these markets pertains to 30th Dec, 2009

### Equity Markets: Our Strategy

We continue to maintain a predominantly large cap portfolio with selective mid cap exposures. We are positive on banking & financial services, infrastructure, oil & gas and IT sectors. We remain invested in companies poised to benefit from domestic demand and infrastructure investments.



Source: Bloomberg

### Fixed Income: Market Update

The quarter of October - December 2009 started on a positive note for the bond markets. There was ample liquidity and continued buoyancy in the debt markets in the absence of any negatives. Just ahead of the quarterly review of the monetary

	Sept 30, 2009	Dec 31, 2009	% Change
US\$ Vs. INR*	48.1	46.5	3.4%
Gold (Rs./10 gms)	15620.0	16705.0	6.9%
10 Yr G-sec Yield* (%)	7.2	7.6	6.1%
Oil \$/bbl	64.8	77.2	19.2%

Source: Bloomberg  
\*Data pertains to 29th Sept'09- 31st Dec'09

and credit policy in October, the markets turned a little cautious and the 10 year yield started heading higher.

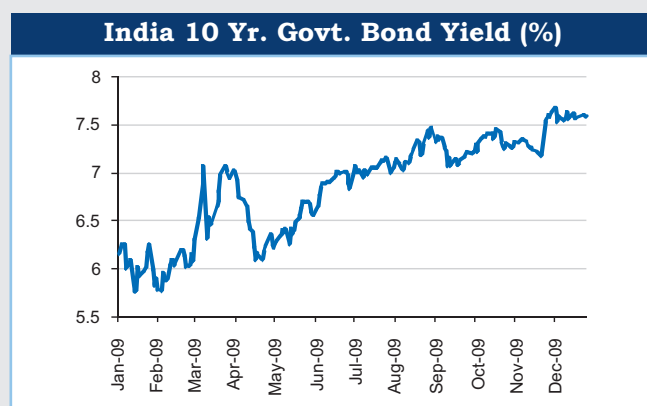
RBI, while signaling exit of the accommodative policy, maintained status quo on the policy rates and restored the Statutory Liquidity Ratio (SLR) for banks at 25%. RBI upped the inflation estimates to 6.5% while maintaining the growth targets.

The quarter saw the yields rising from 7.22% to 7.66% on the 10 year Government securities. Continued increase in the Index of Industrial Production (IIP) also negatively affected the sentiments in the bond markets. The only positives in the markets were RBI's inaction on the policy rates and lower supply of bonds. The market continues to be cautious with focus on the inflation data.

### Fixed Income: Way Forward

With rising inflation and improvement in the economic parameters, we can expect RBI to start rolling back the easy policy rates with the possibility of a hike in the Cash Reserve ratio (CRR) followed by hike in the Reverse Repo rate. RBI is slated to meet for a quarterly review on 29th January 2010.

Given the expected upward trend in the interest rates, we will continue to maintain a bias towards lower duration while maintaining the credit quality of the portfolio to ensure returns.



Source: Bloomberg

### Fixed Income: Our Strategy

We stand committed to investing in high credit quality papers. The funds will primarily invest in a portfolio of high quality bonds and other fixed and floating rate securities issued by the Government, Government agencies and corporate issuers. To maintain liquidity the funds will also invest in cash and money market instruments.

**Ritu Arora**  
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## Eco Track

### ULIPs - Optimising returns in a growing economy

Over the past few years, there has been a sharp rise in income levels and savings rate owing to the robust GDP growth in India. With the rise in their income levels, households have increasingly parked their savings in financial assets. The stock markets also have had a good run during these years. The strong momentum in the equity market has been in line with the robust economic growth witnessed in the last few years.

#### Equity outperforms all asset classes

Equity was the best investment bet in 2009; as the BSE Sensex gave a return of 81% year-on-year, which was higher than some of the major world indices such as Nasdaq Composite Index, S&P 500 Index, Dow Jones Industrial Average and Nikkei 225. Even over a long-term horizon, equities have been among the best performing asset classes. While the Total Returns Index (Sensex) clocked a CAGR of 21% during 2000-2009, investment in other asset classes gave much lower returns. Gold, which is considered a safe asset traditionally, gave a lower return of around 17% during the period under review while the return on 10-year G-sec (Government securities) was even lower at 7%. Thus, if Rs 100 was invested in equity in 2000, it would have fetched an investor a return of Rs 544 in 2009, while the same invested in gold and 10-year G-sec would give a return of Rs 413 and Rs 188, respectively.

Investors with high risk appetite and market knowledge invest in the stock market directly. However, there are many small investors who want to invest in the stock market but do not have the required market knowledge, money and the time, to purchase and manage stocks individually. The common man can reap the returns of the highly buoyant equity markets by investing through fund management professionals. They can invest in the stock market through two routes:

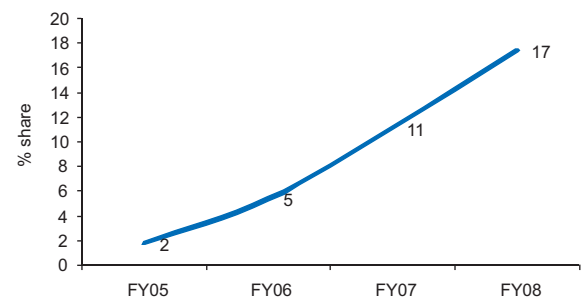
**Mutual Funds:** A mutual fund collects savings from small investors that are invested in capital market instruments such as government and corporate securities. The income earned through these investments in the form of interest & dividends along with capital gains realised are shared by unit holders in proportion to the units owned by them. The buoyancy in the domestic stock markets in recent years has fueled the growth of the Indian Mutual fund industry.

**ULIPs:** For retail investors, ULIPs (Unit Linked Insurance Products), is the most viable investment vehicle as they enable long-term wealth creation by reaping the returns of the highly buoyant equity markets and provide protection for oneself and one's assets against various risks, which is

*ULIP is a financial product in which the customer is provided with a life cover and the premium paid is invested either in debt or equity products or a combination of the two.*

fundamental to any financial planning. Apart from advantages such as diversification and professional management by the insurance companies, retail investors stand to further gain from investing in ULIPs as the insurance company's fund manager philosophy of managing funds for long term is in sync with retail investor philosophy.

#### Rising share of ULIPs in total investment



- The share of ULIPs in total investment has risen to 11% in FY08 from 2% in FY05.
- The share of unit linked insurance policies, which accounted for 32.54% of the total insurance business in FY05, grew to as much as 70% of the overall insurance business in FY08.

Source: IRDA

#### ULIPs - Best vehicle for retail investors to participate in wealth creation driven by equities

ULIPs have emerged as the most preferred investment option as it provides dual benefits of insurance and investment to investors.

The insurance-investment benefits rolled into one single financial product takes care of an investor's long-term financial goals such as retirement, children's education or marriage while providing a life cover at the same time. Investing in ULIPs inculcates a regular habit of saving and investing, which not only helps the Indian economy in building a strong financial system but also helps in absorbing financial risk and extra liquidity from a much larger investor base. Over the long term, ULIPs provide a balanced investment option and opportunity for the common man to:

- Invest in equities
- Get rewards with booming Indian economy
- Take advantage of life cover

Data Sources: BSE, RBI, World Gold Council, SEBI, IRDA

Contributed by Dun & Bradstreet India

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## Unit Linked Equity Fund

The Fund's primary objective is to have high capital appreciation through investment in equities. To maintain liquidity the fund will invest in cash and money market instruments.

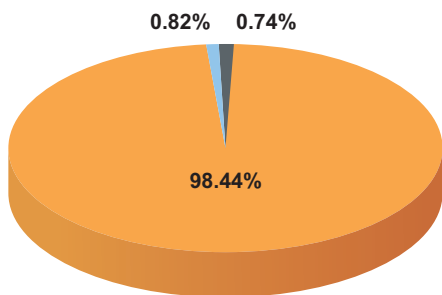
**Risk Profile - High**

### Asset Allocation Pattern

Equity and Equity Related Instruments	60% - 100%
Money Market	0% - 40%

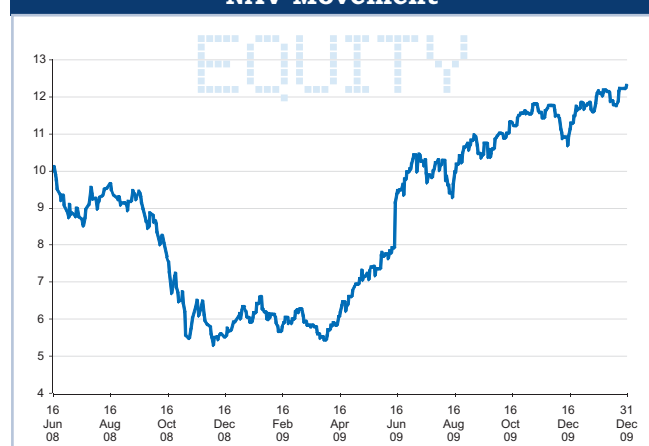
Inception Date: 16-Jun-08

### Asset Mix



Equity Deposits With Banks Other Net Current Assets

### NAV Movement



### Fund Performance as on 31-Dec-2009

#### Return

Last Three Months		Last One Year		Inception to Date	
Company	Benchmark	Company	Benchmark	Company	Benchmark
4.27%	2.31%	86.57%	66.62%	23.06%	13.75%

Benchmark return has been computed by applying benchmark weightages of 100% S&P CNX Nifty Index

### Portfolio as on December 31, 2009

	%
<b>EQUITY</b>	<b>98.44</b>
REFINERY	11.71
RELIANCE INDUSTRIES LTD	5.59
BHARAT PETROLEUM CORP LTD	3.78
CHENNAI PETROLEUM CORPORATION LTD	2.34
BANKING SERVICES	11.43
ICICI BANK LTD	4.14
ANDHRA BANK LTD	2.60
AXIS BANK LTD	2.53
PUNJAB NATIONAL BANK	1.47
IDBI BANK LTD	0.70
COMPUTER SOFTWARE	8.56
TATA CONSULTANCY SERVICES LTD	3.56
MPHASIS LTD	2.50
ONMOBILE GLOBAL LTD	1.40
INFOSYS TECHNOLOGIES LTD	1.11
CRUDE OIL & NATURAL GAS	7.40
OIL & NATURAL GAS CORPORATION LTD	3.60
INDRAPRASTHA GAS LTD	2.24
GAIL INDIA LTD	1.56
PRIME MOVERS	6.89
CUMMINS INDIA LTD	3.18
BHARAT HEAVY ELECTRICALS LTD	2.51
SUZLON ENERGY LTD	1.20
FINANCIAL INSTITUTIONS	6.78
INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY LTD	3.81
RURAL ELECTRIFICATION CORPORATION LTD	2.97
INDUSTRIAL CONSTRUCTION	6.27
LARSEN & TOUBRO LTD	6.27
DRUGS & PHARMACEUTICALS	5.85
GLENMARK PHARMACEUTICALS LTD	2.65
RANBAXY LABORATORIES LTD	1.81
LUPIN LTD	1.39
OTHER ELECTRONICS	5.14
BHARAT ELECTRONICS LTD	5.14
BREW/DISTILLERIES	3.88
UNITED SPIRITS LTD	3.88
COMMERCIAL VEHICLES	3.73
ASHOK LEYLAND LTD	3.73
AUTO ANCILLARY	3.29
BHARAT FORGE LTD	1.72
APOLLO TYRES LTD	1.57
TRANSPORT SUPPORT SERVICES	2.75
CONTAINER CORPORATION OF INDIA LTD	2.75
COPPER & COPPER PRODUCTS	2.65
STERLITE INDUSTRIES LTD	2.65
STEEL	2.49
TATA STEEL LTD	2.49
PASSENGER CARS	2.25
MARUTI SUZUKI INDIA LTD	2.25
CONSTRUCTION EQUIPMENTS	2.23
BEML LTD	2.23
TELECOMMUNICATION SERVICES	1.58
RELIANCE COMMUNICATIONS LTD	1.58
ELECTRICITY GENERATION	1.44
RELIANCE INFRASTRUCTURE LTD	1.44
WOOL & WOOL MIXTURE FABRICS	1.23
RAYMOND LTD	1.23
PESTICIDES	0.85
UNITED PHOSPHORUS LTD	0.85
<b>DEPOSITS WITH BANKS</b>	<b>0.82</b>
CANARA BANK FD 2010	0.25
HDFC BANK LTD FD 2010	0.20
UCO BANK FD 2011	0.17
STATE BANK OF INDORE FD 2010	0.12
BANK OF BARODA FD 2010	0.08
<b>OTHER NET CURRENT ASSETS</b>	<b>0.74</b>
<b>TOTAL</b>	<b>100.00</b>

Past performance is not indicative of future performance.



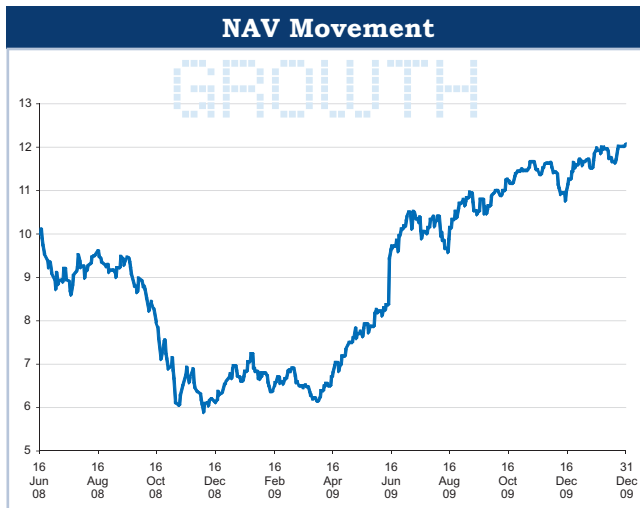
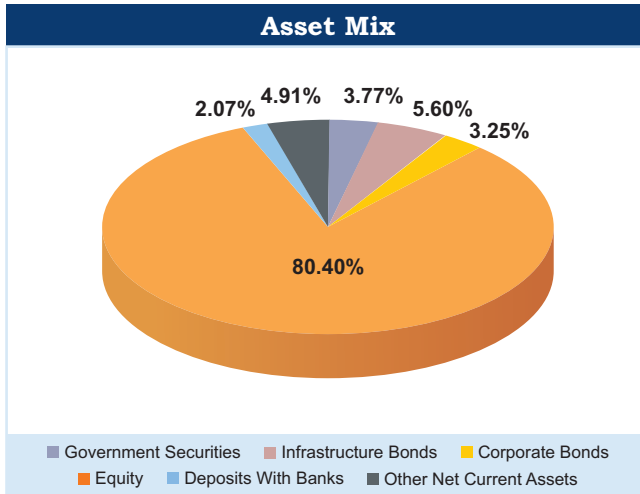
# Unit Linked Growth Fund

This fund invests in listed equities and high quality fixed income and money market instruments. The fund intends to adopt a relatively aggressive approach towards bonds and equities with the objective of achieving capital appreciation.

**Risk Profile - Medium to High**

Asset Allocation Pattern	
Equity and Equity Related Instruments	50% - 90%
Debt Securities	10% - 50%
Money Market	0% - 40%

Inception Date: 16-Jun-08



Fund Performance as on 31-Dec-2009					
Return					
Last Three Months		Last One Year		Inception to Date	
Company	Benchmark	Company	Benchmark	Company	Benchmark
3.60%	2.15%	67.13%	53.81%	20.82%	13.30%

Benchmark return has been computed by applying benchmark weightages of 80% S&P CNX Nifty Index and 20% CRISIL Composite Bond Index

Portfolio as on December 31, 2009	%
<b>EQUITY</b>	<b>80.40</b>
BANKING SERVICES	10.71
ICICI BANK LTD	3.32
ANDHRA BANK LTD	2.23
AXIS BANK LTD	2.04
IDBI BANK LTD	1.94
PUNJAB NATIONAL BANK	1.18
REFINERY	9.42
RELIANCE INDUSTRIES LTD	4.50
BHARAT PETROLEUM CORP LTD	3.05
CHENNAI PETROLEUM CORPORATION LTD	1.87
COMPUTER SOFTWARE	6.89
TATA CONSULTANCY SERVICES LTD	2.88
MPHASIS LTD	2.02
ONMOBILE GLOBAL LTD	1.13
INFOSYS TECHNOLOGIES LTD	0.86
CRUDE OIL & NATURAL GAS	5.93
OIL & NATURAL GAS CORPORATION LTD	2.91
INDRAPRASTHA GAS LTD	1.76
GAIL INDIA LTD	1.25
PRIME MOVERS	5.61
CUMMINS INDIA LTD	2.58
BHARAT HEAVY ELECTRICALS LTD	2.04
SUZLON ENERGY LTD	0.99
INDUSTRIAL CONSTRUCTION	5.00
LARSEN & TOUBRO LTD	5.00
FINANCIAL INSTITUTIONS	4.96
INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY	3.08
RURAL ELECTRIFICATION CORPORATION LTD	1.88
DRUGS & PHARMACEUTICALS	4.74
GLENMARK PHARMACEUTICALS LTD	2.13
RANBAXY LABORATORIES LTD	1.47
LUPIN LTD	1.14
OTHER ELECTRONICS	4.13
BHARAT ELECTRONICS LTD	4.13
BREW/DISTILLERIES	3.15
UNITED SPIRITS LTD	3.15
COMMERCIAL VEHICLES	3.03
ASHOK LEYLAND LTD	3.03
AUTO ANCILLARY	2.66
BHARAT FORGE LTD	1.39
APOLLO TYRES LTD	1.27
TRANSPORT SUPPORT SERVICES	2.21
CONTAINER CORPORATION OF INDIA LTD	2.21
COPPER & COPPER PRODUCTS	2.12
STERLITE INDUSTRIES LTD	2.12
STEEL	2.03
TATA STEEL LTD	2.03
PASSENGER CARS	1.83
MARUTI SUZUKI INDIA LTD	1.83
CONSTRUCTION EQUIPMENTS	1.82
BEML LTD	1.82
TELECOMMUNICATION SERVICES	1.29
RELIANCE COMMUNICATIONS LTD	1.29
ELECTRICITY GENERATION	1.17
RELIANCE INFRASTRUCTURE LTD	1.17
WOOL & WOOL MIXTURE FABRICS	1.02
RAYMOND LTD	1.02
PESTICIDES	0.70
UNITED PHOSPHORUS LTD	0.70
<b>GOVERNMENT SECURITIES</b>	<b>3.77</b>
7.02% GOI 2016	1.68
7.40% GOI 2012	1.42
6.90% GOI 2019	0.50
6.07% GOI 2014	0.18
<b>CORPORATE BONDS</b>	<b>3.25</b>
SUNDARAM FINANCE ZCB 2011	1.38*
7% IOC LTD 2012	0.98
10.10% RELIANCE INDUSTRIES LTD 2011	0.83
10% ICICI BANK LTD 2017	0.05
9.50% EXPORT IMPORT BANK 2013	0.01
<b>INFRASTRUCTURE BONDS</b>	<b>5.60</b>
6.84% HDFC LTD 2011	1.06
HDFC ZCB LTD 2011	0.95
7.39% POWER GRID CORPORATION 2011	0.67
7.24% LIC HOUSING FINANCE LTD 2011	0.53
6.60% REC LTD 2011	0.53
7.45% LIC HOUSING FINANCE LTD 2012	0.53
9.40% POWER FINANCE CORPORATION LTD 2013	0.48
8.75% IRFC LTD 2013	0.38
9.80% POWER FINANCE CORPORATION LTD 2012	0.27
9.47% POWER GRID CORPORATION 2012	0.19
9.45% REC LTD 2013	0.02
<b>DEPOSITS WITH BANKS</b>	<b>2.07</b>
STATE BANK OF INDORE FD 2010	1.21
IDBI BANK FD 2010	0.48
STATE BANK OF HYDERABAD FD 2010	0.18
CANARA BANK FD 2010	0.13
ALLAHABAD BANK FD 2010	0.07
<b>OTHER NET CURRENT ASSETS</b>	<b>4.91</b>
<b>TOTAL</b>	<b>100.00</b>

All rated fixed income instruments are AAA/P1+ or equivalent except \*Sundaram Finance ZCB 2011 which is AA+. Past performance is not indicative of future performance.

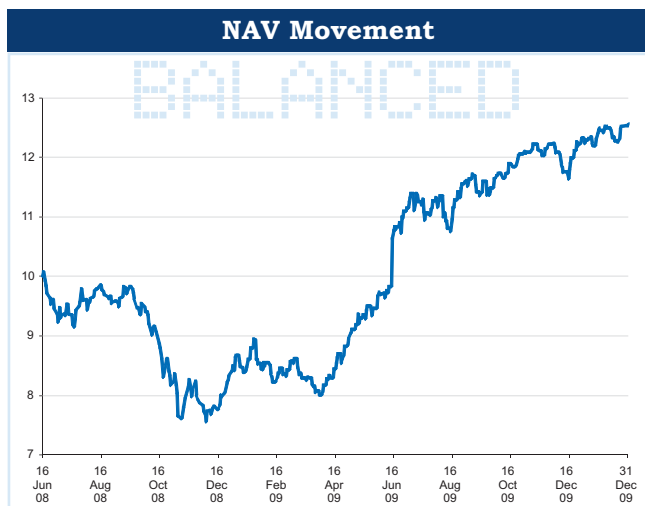
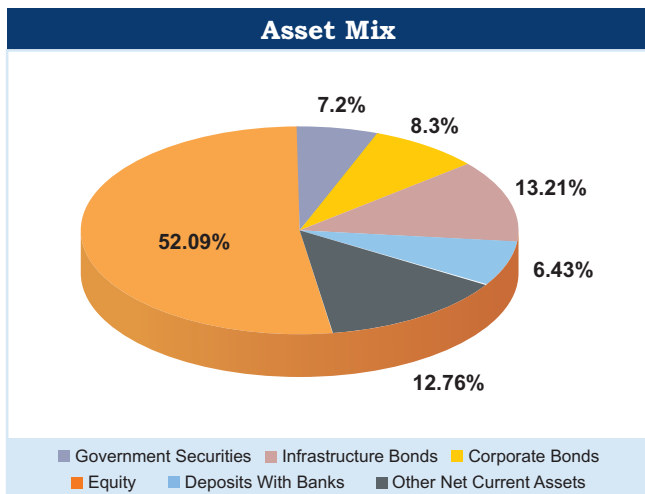


# Unit Linked Balanced Fund

This fund adopts a relatively balanced approach towards bonds and equities exposure with the objective of achieving capital appreciation with minimal short-term performance volatility.

**Risk Profile - Medium**

Asset Allocation Pattern	
Equity and Equity Related Instruments	30% - 70%
Debt Securities	30% - 70%
Money Market	0% - 40%
Inception Date: 16-Jun-08	



Fund Performance as on 31-Dec-2009					
Return					
Last Three Months		Last One Year		Inception to Date	
Company	Benchmark	Company	Benchmark	Company	Benchmark
2.81%	1.90%	40.55%	34.58%	25.69%	12.63%

Benchmark return has been computed by applying benchmark weightages of 50% S&P CNX Nifty Index and 50% CRISIL Composite Bond Index

Portfolio as on December 31, 2009	%
<b>EQUITY</b>	<b>52.09</b>
BANKING SERVICES	8.20
ICICI BANK LTD	2.08
IDBI BANK LTD	1.96
ANDHRA BANK LTD	1.51
PUNJAB NATIONAL BANK	1.36
AXIS BANK LTD	1.28
REFINERY	5.92
RELIANCE INDUSTRIES LTD	2.84
BHARAT PETROLEUM CORP LTD	1.90
CHENNAI PETROLEUM CORPORATION LTD	1.18
COMPUTER SOFTWARE	4.32
TATA CONSULTANCY SERVICES LTD	1.81
MPHASIS LTD	1.28
ONMOBILE GLOBAL LTD	0.72
INFOSYS TECHNOLOGIES LTD	0.51
CRUDE OIL & NATURAL GAS	3.76
OIL & NATURAL GAS CORPORATION LTD	1.84
INDRAPRASTHA GAS LTD	1.14
GAIL INDIA LTD	0.78
PRIME MOVERS	3.53
CUMMINS INDIA LTD	1.63
BHARAT HEAVY ELECTRICALS LTD	1.28
SUZLON ENERGY LTD	0.61
INDUSTRIAL CONSTRUCTION	3.17
LARSEN & TOUBRO LTD	3.17
FINANCIAL INSTITUTIONS	3.13
INFRASTRUCTURE DEVELOPMENT FINANCE COMPANY LTD	1.93
RURAL ELECTRIFICATION CORPORATION LTD	1.20
DRUGS & PHARMACEUTICALS	2.95
GLENMARK PHARMACEUTICALS LTD	1.34
RANBAXY LABORATORIES LTD	0.92
LUPIN LTD	0.68
OTHER ELECTRONICS	2.59
BHARAT ELECTRONICS LTD	2.59
BREW/DISTILLERIES	1.99
UNITED SPIRITS LTD	1.99
COMMERCIAL VEHICLES	1.92
ASHOK LEYLAND LTD	1.92
AUTO ANCILLARY	1.69
BHARAT FORGE LTD	0.88
APOLLO TYRES LTD	0.81
TRANSPORT SUPPORT SERVICES	1.39
CONTAINER CORPORATION OF INDIA LTD	1.39
COPPER & COPPER PRODUCTS	1.36
STERLITE INDUSTRIES LTD	1.36
STEEL	1.28
TATA STEEL LTD	1.28
PASSENGER CARS	1.16
MARUTI SUZUKI INDIA LTD	1.16
CONSTRUCTION EQUIPMENTS	1.16
BEML LTD	1.16
TELECOMMUNICATION SERVICES	0.79
RELIANCE COMMUNICATIONS LTD	0.79
ELECTRICITY GENERATION	0.74
RELIANCE INFRASTRUCTURE LTD	0.74
WOOL & WOOL MIXTURE FABRICS	0.65
RAYMOND LTD	0.65
PESTICIDES	0.44
UNITED PHOSPHORUS LTD	0.44
<b>GOVERNMENT SECURITIES</b>	<b>7.20</b>
7.02% GOI 2016	3.09
7.40% GOI 2012	2.02
6.90% GOI 2019	1.85
6.07% GOI 2014	0.24
<b>CORPORATE BONDS</b>	<b>8.30</b>
7% IOC LTD 2012	3.26
SUNDARAM FINANCE ZCB 2011	3.17*
10.10% RELIANCE INDUSTRIES LTD 2011	1.36
9.25% RELIANCE CAPITAL LTD 2011	0.33
10% ICICI BANK LTD 2017	0.18
<b>INFRASTRUCTURE BONDS</b>	<b>13.21</b>
6.84% HDFC LTD 2011	2.65
HDFC ZCB LTD 2011	1.89
7.39% POWER GRID CORPORATION 2011	1.72
6.60% REC LTD 2011	1.45
7.24% LIC HOUSING FINANCE LTD 2011	1.33
7.45% LIC HOUSING FINANCE LTD 2012	1.32
8.75% IRFC LTD 2013	1.29
9.40% POWER FINANCE CORPORATION LTD 2013	0.95
9.47% POWER GRID CORPORATION 2012	0.36
9.80% POWER FINANCE CORPORATION LTD 2012	0.23
9.45% REC LTD 2013	0.03
<b>DEPOSITS WITH BANKS</b>	<b>6.43</b>
STATE BANK OF INDORE FD 2010	4.13
IDBI BANK FD 2010	0.69
ANDHRA BANK FD 2010	0.62
ALLAHABAD BANK FD 2010	0.35
STATE BANK OF HYDERABAD FD 2010	0.25
ORIENTAL BANK OF COMMERCE FD 2010	0.22
CANARA BANK FD 2010	0.16
<b>OTHER NET CURRENT ASSETS</b>	<b>12.76</b>
<b>TOTAL</b>	<b>100.00</b>

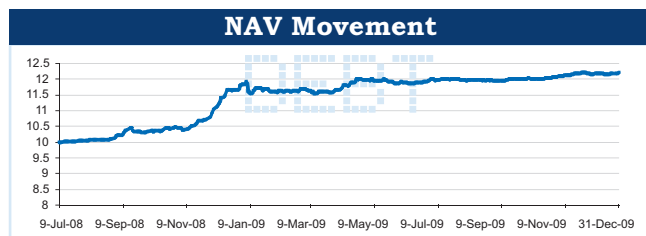
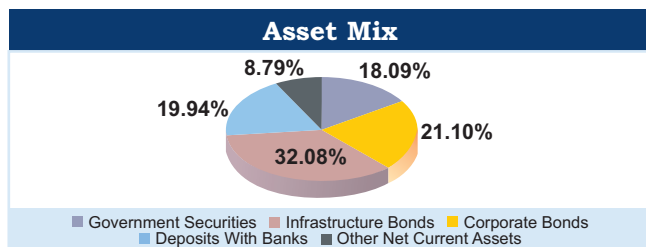
All rated fixed income instruments are AAA/P1+ or equivalent except \*Sundaram Finance ZCB 2011 which is AA+. Past performance is not indicative of future performance.



## Unit Linked Debt Fund

This fund invests in a portfolio of high quality bonds and other fixed and floating rate securities issued by the Government, Government agencies and corporate issuers. To maintain liquidity, the fund invests in the money market instruments.

**Risk Profile - Low to Medium**



**Fund Performance as on 31-Dec-2009**

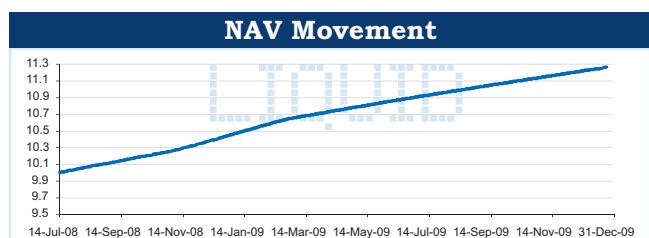
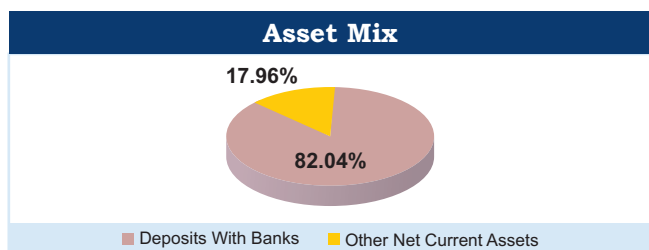
Return					
Last Three Months		Last One Year		Inception to Date	
Company	Benchmark	Company	Benchmark	Company	Benchmark
1.54%	1.48%	2.30%	2.54%	21.90%	13.46%

Debt Fund benchmark is CRISIL Composite Bond Fund Index

## Unit Linked Liquid Fund

This fund primarily invests in portfolio constituted of money market and high quality debt securities.

**Risk Profile - Low**



**Fund Performance as on 31-Dec-2009**

Return					
Last Three Months		Last One Year		Inception to Date	
Company	Benchmark	Company	Benchmark	Company	Benchmark
1.48%	0.66%	7.08%	4.65%	11.89%	9.53%

Liquid Fund benchmark is CRISIL Liquid Fund Index

Portfolio as on December 31, 2009	%
<b>GOVERNMENT SECURITIES</b>	<b>18.09</b>
7.40% GOI 2012	7.64
7.02% GOI 2016	4.82
6.90% GOI 2019	4.42
6.07% GOI 2014	1.21
<b>CORPORATE BONDS</b>	<b>21.10</b>
9.25% RELIANCE CAPITAL LTD 2011	6.18
SUNDARAM FINANCE ZCB 2011	5.86*
7% IOC LTD 2012	5.25
10.10% RELIANCE INDUSTRIES LTD 2011	3.25
10% ICICI BANK LTD 2017	0.56
<b>INFRASTRUCTURE BONDS</b>	<b>32.08</b>
6.84% HDFC LTD 2011	6.66
8.75% IRFC LTD 2013	4.83
9.40% POWER FINANCE CORPORATION LTD 2013	4.08
7.24% LIC HOUSING FINANCE LTD 2011	3.35
7.45% LIC HOUSING FINANCE LTD 2012	3.31
6.60% REC LTD 2011	3.06
7.39% POWER GRID CORPORATION 2011	2.42
HDFC ZCB LTD 2011	1.92
9.80% POWER FINANCE CORPORATION LTD 2012	1.08
9.47% POWER GRID CORPORATION 2012	0.88
9.45% REC LTD 2013	0.49
<b>DEPOSITS WITH BANKS</b>	<b>19.94</b>
STATE BANK OF INDORE FD 2010	7.38
IDBI BANK FD 2010	3.17
CANARA BANK FD 2010	2.53
BANK OF BARODA FD 2010	1.98
STATE BANK OF HYDERABAD FD 2010	1.53
BANK OF INDIA FD 2010	1.32
ALLAHABAD BANK FD 2010	0.80
CORPORATION BANK FD 2010	0.56
STATE BANK OF PATIALA FD 2011	0.53
ORIENTAL BANK OF COMMERCE FD 2010	0.13
<b>OTHER NET CURRENT ASSETS</b>	<b>8.79</b>
<b>TOTAL</b>	<b>100.00</b>

All rated fixed income instruments are AAA/P1+ or equivalent except \*Sundaram Finance ZCB 2011 which is AA+.

**Asset Allocation Pattern**

Debt Securities	60% - 100%
Money Market	0% - 40%

Inception Date: 10-Jul-08

Portfolio as on December 31, 2009	%
<b>DEPOSITS WITH BANKS</b>	<b>82.04</b>
ANDHRA BANK FD 2010	8.84
AXIS BANK LTD FD 2010	8.84
IDBI BANK FD 2010	8.62
ALLAHABAD BANK FD 2010	8.38
STATE BANK OF INDORE FD 2010	8.38
ORIENTAL BANK OF COMMERCE FD 2010	5.94
CORPORATION BANK FD 2010	5.79
UCO BANK FD 2010	5.32
CANARA BANK FD 2010	4.87
STATE BANK OF HYDERABAD FD 2010	4.57
UNION BANK OF INDIA FD 2010	4.26
HDFC BANK LTD FD 2010	2.29
BANK OF BARODA FD 2010	2.13
STATE BANK OF INDIA FD 2010	1.52
UCO BANK FD 2011	1.52
STATE BANK OF BIKANER & JAIPUR FD 2010	0.76
<b>OTHER NET CURRENT ASSETS</b>	<b>17.96</b>
<b>TOTAL</b>	<b>100.00</b>

**Asset Allocation Pattern**

Debt Securities	0% - 60%
Money Market	40% - 100%

Inception Date: 15-Jul-08

All rated fixed income instruments are AAA/P1+ or equivalent. Past performance is not indicative of future performance.



## Insurance Update

### Increasing relevance of Bancassurance in India

Marketing of insurance products is critical for increasing the penetration and density of insurance. Before liberalization, with LIC being the key player, the distribution of insurance was dominated by the agency model. However post liberalisation, with the increase in competition subsequent to the entry of private players, other channels of insurance distribution such as Bancassurance, brokers etc have gained importance.

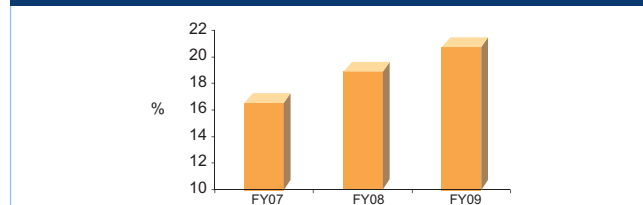
#### Bancassurance - An important channel to widen insurance markets

Bancassurance (selling of insurance products by banks) as a concept was introduced in India in the year 2000 but gained momentum in the year 2002 after the IRDA's issuance of a notification on 'Corporate Agency' regulations.

In the initial period, there were different routes that were adopted by banks and insurance companies to enter the Bancassurance space. Some banks entered through tie-ups with insurance companies acting as corporate agencies while others entered through joint ventures with insurance companies (like ICICI Prudential Life Insurance, HDFC Standard Life etc.) But with gaining experience and understanding of the insurance business, banks are now increasingly focusing on pure Bancassurance distribution model wherein they are entering into joint ventures with other banks. A case in point being the launch of two joint ventures, Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited and Star Union Dai-Ichi Life Insurance Company Limited, which have garnered significant success in a short span of time. For instance, Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited, within two years of its launch, has generated business of over Rs. 750 crores with over one lakh policies, sourced entirely through the three partner banks', leveraging their huge customer bases and their customers loyalty towards them.

Going forward, as more banks set-up their insurance ventures, the Bancassurance channel is likely to witness significant growth. Whilst the contribution by private life insurers to individual business performance has increased from 27.5% in FY07 to 41.9% in FY09, the bancassurance component grew from 16.6% in FY07 to 20.8% in FY09.

Share of Bancassurance in Individual New Business of Private Life Insurers



#### Bancassurance - The Success factors

**Trusted institutions:** Customers trust banks to provide them with reliable financial planning advice. As a result, offering life insurance through banks is the perfect avenue to offer customers a robust suite of financial products.

**Handling wealth management of customers:** Banks are better positioned to understand the 'investment psychology' of their customers and can offer quality financial advice as per their need.

**Wide spread distribution network:** Banks can utilise their widespread branch networks and existing infrastructure for making insurance products more accessible to their customers. They can provide customers a convenient channel, not only for purchase of both banking and insurance products, but also the servicing of them. Customers can easily pay premium through the bank and can also transfer maturity/claim payments to their bank account.

#### Bancassurance - The Potential

India's insurance penetration stands at around 4.74%<sup>1</sup> during FY09, which remains significantly lower than some more mature international markets. Bancassurance holds significant potential for catalysing insurance growth and penetration in India. It is surely a win-win proposition for both banks and customers.

Data Source: IRDA

1: Insurance penetration is measured as ratio of premium to GDP

Contributed by Dun & Bradstreet India

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- The various funds offered are the names of the funds and do not, in any way indicate the quality of these funds, their future prospects and returns.
- Unit Linked Life Insurance products are different from traditional insurance products and are subject to risk factors.
- Unit Linked Funds are subject to market risks and there is no assurance or guarantee that the objective of the investment fund will be achieved.
- Past performance of the investment funds do not indicate the future performance of the same. Investors in the Scheme are not being offered any guaranteed / assured results.
- The premiums paid in Unit-Linked Life Insurance policies are subject to investment risk associated with capital markets. The NAVs of the units may go up or down based on the performance of the fund and factors influencing the capital market and the insured is responsible for his/her decisions.
- The investment risk in Investment Portfolio is borne by the policyholder.
- For more details on risk factors, terms and conditions please read sales brochure carefully before concluding a sale.
- Insurance is the subject matter of the solicitation.

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Returns

with Oriental Bank of Commerce

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