

IN ULIP PRODUCTS THE INVESTMENT RISK IN THE INVESTMENT PORTFOLIO SHALL BE BORNE BY THE POLICYHOLDER.

AvivaInvestor

Group Superannuation, Gratuity and Leave Encashment Funds

March , 2011



Market review

EQUITY

After experiencing a sharp recovery in FY2009-10, domestic market witnessed consolidation in FY2010-11. Risk appetite improved during the first three quarters amidst growing confidence about growth in global economies. Early in November, Sensex hit 21,000 for first time since January 2008. Since then, the markets witnessed weakness as a reaction to sharp increase in oil prices and the mammoth earthquake in Japan. The cumulative inflow of foreign funds in equity market for the first three quarters of the FY2010-11 was Rs. 1,12,622 crore but in the last quarter, FII sold equities worth Rs. 2,501 crore.

BSE Sensex shed 5.19% in the last quarter of the fiscal 2010-11 but posted 10.94% gains for the financial year 2010-11. Mid and small cap indices bore the brunt of selling shedding 15.45% and 11.91% respectively. On the sector front, realty collapsed 18.18 % followed by capital goods, down 14.15%. Banks, consumer durables and consumer goods stayed resilient.

On the economic front, India's headline inflation remained at elevated levels throughout the fiscal. WPI inflation rose 8.31% y-o-y in February due to higher milk, edible oil, vegetables and fruit prices in addition to high fuel prices. Additionally, industrial output (IIP) slumped to 20-month low of revised 2.5% (y-o-y) in December 2010 from 16.5% y-o-y in April 2010. IIP growth in January slowed to 3.7% y-o-y, compared to 16.8% for the previous period. The figures

during the year suggested that growth remained patchy, confined to segments like machinery, capital goods and motor vehicles. On the policy front, in the quest to tame inflation, the RBI hiked the LAF repo and the reverse repo rates by 25 bps each in its mid-quarter review on March 17, 2011. The RBI has raised key policy rates eight times since March 2010.

The Union Budget for 2011-12 did not contain any major announcements; it focused on the sustaining a high growth trajectory, inclusive growth and improving governance. The Budget also reiterated its commitment to a transition to the Direct Taxes Code and Goods & Services Tax regime. Although the Budget failed to provide specific direction to the market, investors cheered the budget announcements as it had no negative surprises.

The global scenario presented a mixed picture. Political unrest in the regions of Africa and Middle East allowed gold and crude oil to touch new highs. Crude oil crossed US\$ 108, marking a fresh high in last 30 months, as production disruption from the oil fields of Libya hit regular supplies. The US market stayed resilient to these global issues as improvement in micro-economic data in the US overshadowed global growth concerns. Dow Jones and Nasdaq gained 6.4% and 4.8% respectively between Jan-Mar 2011. Barring Nikkei, key global indices posted gains for the quarter. Japanese economy battled its worst disaster since the World War II. While most of the economies in the world have started tightening rates, Japan may signal further easing amid fears that March 11 disaster could push Japan into recession in the upcoming months.

Equity Outlook

Looking at the broader picture, there is a broad consensus that a phase of steady but slow growth is here to stay and transition from government stimulus to private-sector led growth is clearly visible. There are concerns that interest rates may still edge higher to contain inflationary pressures. Domestic companies might have to grapple with higher costs, which could affect their performance. FY 2011 earnings are expected to meet estimates and may not have major surprises. While the long term story of the economy continues to be intact, a combination of domestic and international issues may affect India's growth outlook in the near term. Economy shall face challenges in the form of persistently high inflation, volatile oil prices and widening current account deficit. Sluggish investment is likely to keep economic expansion below the government's GDP target of 8.5% in the coming year. However, over the long term, India's economy will be driven by strong domestic demand, an increased pace of investment in the infrastructure sector, export competitiveness and favorable demographics. The recent easing of rules on foreign investments shall promote the competitiveness of India as an investment destination & shall be instrumental in attracting higher levels of FDI and technology inflows into the country. While near term market direction will depend on the prevailing uncertainty globally, any intermittent corrections should be viewed as opportunity to build the portfolio. Investors should allocate incremental capital to equity markets at regular intervals to create long term wealth.

FIXED INCOME

The last quarter was a mixed bag for Fixed Income markets. Fiscal consolidation announced in the Budget along with market friendly borrowing calendar for H1 FY 12 were positive developments amidst firm inflation and tight banking liquidity.

Yields remained firm due to persistent tight liquidity, rate hikes by RBI and inflationary pressures. RBI increased policy rates by 50 bps during Q4 FY11. The short term rates hardened more as banking liquidity remained in the deficit mode. The 3 month CD rates were in the range of 9.5%-10.1% in Q4 FY 11 vs. 7.5%-9% in Q3 FY 11. The hike in policy rates led to rise in the lending and deposit rates of most of the banks. The 1 yr deposit rate of SBI increased from 7.75% in Q3 FY 11 to 8.25% in Q4 FY 11. Most of the banks were running special deposit schemes to mobilize resources at attractive rates of 9.00%-9.25% for various maturities. In addition, RBI is continuing to provide liquidity support through additional measures like twice daily Liquidity Adjustment Facility (LAF) and lowering of SLR by 1.00% till May 6, 2011.

Non-food inflation is driven by rising price of crude oil, metals, fibers and iron ore started to inch up during the quarter.

The WPI inflation rate continued to remain firm at over 8% for first two months of the quarter -way above RBI's March end target of 7%. In addition, volatility in crude oil prices also adding considerable uncertainty to the inflationary outlook.

The budget announced fiscal deficit target at 4.6% of GDP for FY 12, down from 5.1% of GDP in FY 11. Although the target seems largely ambitious since it involves quite a bit of under budgeting on subsidies, the intent at fiscal consolidation has been a positive development for the bond market. Lower fiscal deficit target for FY 12 has helped to keep the borrowing for FY 12 almost at the same levels as FY 11. The borrowing calendar announced on for H1 FY 11 has been largely a positive sentiment builder as it targets H1 FY 11 gross borrowing at 60% of full year target, lower than 65% of previous year. These developments helped to ease 10 yr Gsec yield from around peak of 8.2% levels seen in Jan 2011 to just below 8% level by end of March 2011.

Industrial production growth for quarter so far has remained at sub-4% levels partly due to high base, while there is a moderation in manufacturing sector growth. Industrial production growth for

FY 11 is expected to moderate to 7.6% vs. 10.5% during FY 10. The global economic recovery has brought about improvement in the outlook for exports which have grown by 41% vs. 28% during previous quarter. Improved export outlook has helped to bring about considerable improvement in the current account deficit.

Globally, peripheral European sovereign nations remained under pressure and were seeking bail out packages. ECB has recently raised its policy rate by 25 bps at a time when Portugal applied for rescue package from IMF. In the advanced world, bond yields have firmed up.

Going forward, we expect that banking liquidity will be easy during the slack season for credit. This will benefit the corporate bonds where spreads are already widened to historically high level and thus they are expected to narrow down especially for short & medium maturity corporate bonds. Government Securities would be expected to remain range bound due to persistent supply amidst uncertain inflationary outlook.

Disclaimer

Benchmark Indices Provided by CRISIL

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Group Superannuation, Gratuity and Leave Encashment

PENSION CASH FUND

The investment objective is to provide progressive returns with very low risk of market movement.

Asset Allocation Pattern

- Debt Securities 0% - 20%
- Money Market & Cash 80%-100%

Asset Mix



Portfolio Return

As on March 31, 2011

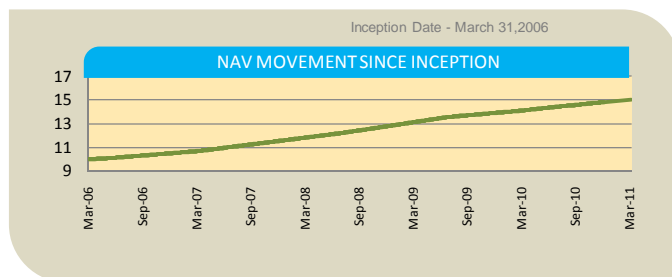
	Since inception#	Last 5years*#	Last 3years*#	Last 1 years*#
Portfolio return	8.4%	8.4%	8.2%	6.1%
Benchmark*	6.7%	6.7%	6.5%	7.0%

Note: Past returns are not indicative of future performance.

Benchmark return is CRISIL Liquid Fund Index Return

Returns for more than one year are compounded annualised growth rate (CAGR)

NAV Movement



Portfolio as on March 31, 2011

Security	Net Asset %	Rating
CERTIFICATE OF DEPOSITS		
Canara Bank Ltd.	8.89	P1+
State Bank of India	8.89	P1+
State Bank of Patiala	8.89	P1+
ICICI Bank Ltd.	8.7	P1+
Oriental Bank of Commerce Ltd.	5.01	P1+
COMMERCIAL PAPERS		
Reliance Capital Ltd.	8.89	A1+
Sub Total	49.27	
Cash	50.73	
Total	100	

CASH AND EQUIVALENTS* 100.00%

PORTFOLIO TOTAL 100.00%

* Money Market includes Liquid Schemes of Mutual Funds & Bank Deposit

Group Superannuation, Gratuity and Leave Encashment

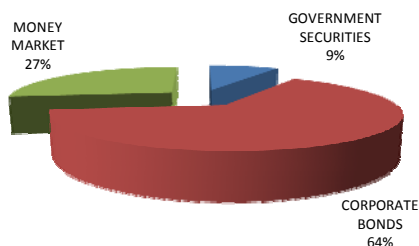
PENSION DEBT FUND

The investment objective of the debt fund is to provide progressive capital growth with relatively lower investment risks

Asset Allocation Pattern

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

Asset Mix



Portfolio Return

As on March 31, 2011

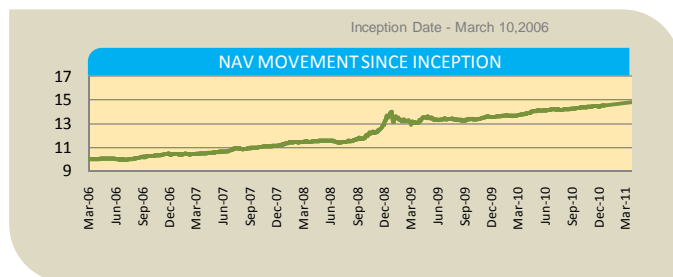
	Since inception#	Last 5years*#	Last 3years*#	Last 1 years*#
Portfolio return	8.0%	8.1%	8.8%	7.1%
Benchmark*	5.7%	5.8%	6.0%	6.7%

Note: Past returns are not indicative of future performance.

Benchmark for this fund is CRISIL Composite Bond Fund Index

Returns for more than one year are compounded annualised growth rate (CAGR)

NAV Movement



Portfolio as on March 31, 2011

Security	Net Asset %	Rating
GOVERNMENT SECURITIES		
7.32% GOI 2014	2.36	
8.26% GOI 2027	2.2	
8.08% GOI 2022	1.61	
7.17% GOI 2015	1.57	
7.99% GOI 2017	0.77	
Total	8.51	
CORPORATE BONDS		
Tata Sons Ltd.	8.25	AAA
HDFC Ltd.	7.71	AAA
Ultratech Cement Ltd.	7.71	AAA
Power Grid Corporation of India Ltd.	7.35	AAA
Reliance Gas Transportation Infrastructure Ltd.	7	AAA
IndusInd Bank Ltd.	6.14	CAREAA-
Reliance Capital Ltd.	5.73	AAA
Rural Electrification Corporation	5.44	AAA
Power Finance Corporation Ltd.	4.89	AAA
Indian Railway Finance Corporation Ltd.	3.27	AAA
Reliance Industries Ltd.	0.96	AAA
Total	64.45	

CASH AND MONEY MARKETS* 27.04%

PORTFOLIO TOTAL 100.00%

* Money Market includes Liquid Schemes of Mutual Funds & Bank Deposit

Group Superannuation, Gratuity and Leave Encashment

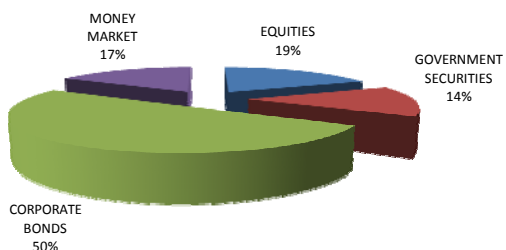
PENSION SECURE FUND

The investment objective is to provide progressive capital growth with relatively lower investment risk.

Asset Allocation Pattern

- Equity 0%-20%
- Debt Securities 60%-100%
- Money Market & Cash 0%-40%

Asset Mix



Portfolio Return

As on March 31, 2011

	Since inception#	Last 5years*#	Last 3years*#	Last 1 years*#
Portfolio return	8.0%	7.9%	8.3%	7.7%
Benchmark*	7.2%	6.6%	6.5%	7.7%

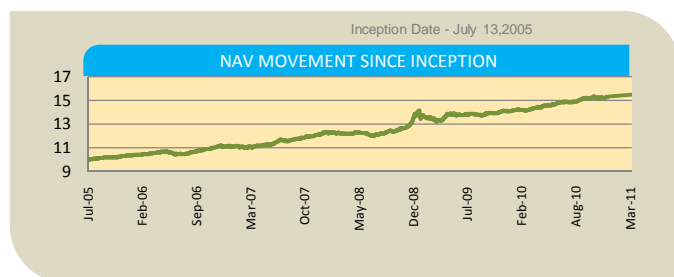
Note: Past returns are not indicative of future performance.

Benchmark return has been computed by applying benchmark weightages on

CRISIL Composite Bond Fund Index and S&P CNX NIFTY

Returns for more than one year are compounded annualised growth rate (CAGR)

NAV Movement



Portfolio as on March 31, 2011

Security	Net Asset %	Rating
EQUITIES		
OIL & GAS AND ANCILLIARIES	4.36	
BANKING AND FINANCIAL SERVICES	4.19	
POWER AND POWER EQUIPMENT	2.76	
INFRASTRUCTURE	1.97	
INFORMATION TECHNOLOGY	1.7	
CONSUMER GOODS	1.12	
PHARMACEUTICALS	0.48	
TELECOM	0.48	
METALS & MINING	0.38	
AUTOMOBILES	0.25	
MEDIA	0.25	
AGROCHEMICALS	0.2	
ENGINEERING	0.2	
TRANSPORT SERVICES	0.13	
RETAILING	0.12	
REALTY	0.11	
Total	18.70	

TOP 5 EQUITY STOCKS

Reliance Industries Ltd.	1.8
Infosys Technologies Ltd.	1.62
Bharat Heavy Electricals Ltd.	1.02
ICICI Bank Ltd.	0.96
ITC Ltd.	0.83

GOVERNMENT SECURITIES

7.32% GOI 2014	6.31
7.38% GOI 2015	3.43
8.26% GOI 2027	2.51
8.13% GOI 2022	1.32
7.37% GOI 2014	0.54
7.17% GOI 2015	0.01
Total	14.12

CORPORATE BONDS

Power Grid Corporation of India Ltd.	9.03	AAA
Power Finance Corporation Ltd.	8.85	AAA
IndusInd Bank Ltd.	7.32	CAREAA-
Tata Motors Ltd.	7.20	AAA
Ultratech Cement Ltd.	6.91	AAA
Indian Railway Finance Corporation Ltd.	4.37	AAA
Reliance Industries Ltd.	2.89	AAA
Steel Authority of India Ltd.	2.46	CAREAAA
Export-Import Bank of India Ltd.	1.40	AAA
Total	50.43	

CASH AND MONEY MARKETS* 16.75%

PORTFOLIO TOTAL 100.00%

Group Superannuation, Gratuity and Leave Encashment

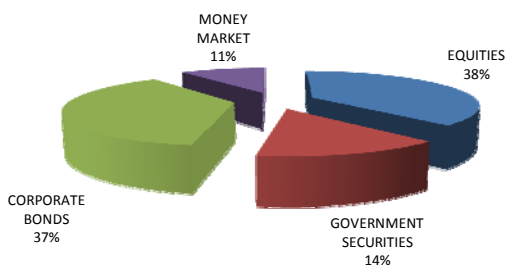
PENSION BALANCED FUND

The fund is designed to provide long term cumulative capital growth while controlling overall risk, by availing opportunities in debt and equity markets.

Asset Allocation Pattern

- Equity 0%-45%
- Debt Securities 50%-90%
- Money Market & Cash 0%-40%

Asset Mix



Portfolio Return

As on March 31, 2011

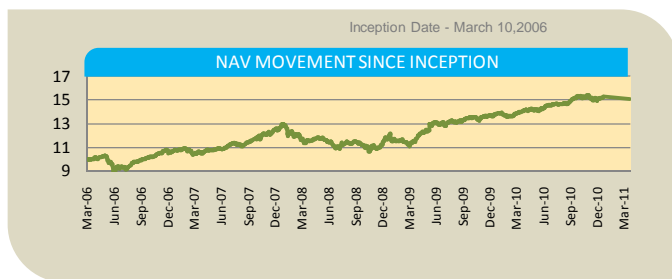
	Since inception#	Last 5years*#	Last 3years*#	Last 1 years*#
Portfolio return	8.5%	8.6%	9.4%	7.8%
Benchmark*	8.4%	8.0%	6.3%	8.6%

Note: Past returns are not indicative of future performance.

Benchmark return has been computed by applying benchmark weightages on CRISIL Composite Bond Fund Index and S&P CNX NIFTY

Returns for more than one year are compounded annualised growth rate (CAGR)

NAV Movement



Portfolio as on March 31, 2011

Security	Net Asset %	Rating
EQUITIES		
BANKING AND FINANCIAL SERVICES	9.01	
OIL & GAS AND ANCILLIARIES	7.91	
POWER AND POWER EQUIPMENT	6.43	
INFORMATION TECHNOLOGY	3.7	
INFRASTRUCTURE	3.42	
CONSUMER GOODS	2.34	
TELECOM	1.59	
METALS & MINING	0.96	
AUTOMOBILES	0.49	
TRANSPORT SERVICES	0.37	
ENGINEERING	0.36	
PHARMACEUTICALS	0.36	
RETAILING	0.34	
AGROCHEMICALS	0.31	
CEMENT	0.27	
MEDIA	0.25	
REALTY	0.13	
Total	38.24	

TOP 5 EQUITY STOCKS

Reliance Industries Ltd.	3.33
Infosys Technologies Ltd.	2.78
ITC Ltd.	2.24
ICICI Bank Ltd.	2.01
Oil & Natural Gas Corpn Ltd.	1.94

GOVERNMENT SECURITIES

7.17% GOI 2015	3.07
7.99% GOI 2017	2.60
7.32% GOI 2014	2.30
7.37% GOI 2014	2.20
7.38% GOI 2015	2.02
8.26% GOI 2027	1.23
8.08% GOI 2022	0.83
Total	14.25

CORPORATE BONDS

Power Grid Corporation of India Ltd.	7.89	AAA
Power Finance Corporation Ltd.	5.80	AAA
Indian Railway Finance Corporation Ltd.	5.08	AAA
Tata Sons Ltd.	4.99	AAA
Reliance Gas Transportation Infrastructure Ltd.	4.68	AAA
Rural Electrification Corporation	4.05	AAA
IndusInd Bank Ltd.	1.92	CAREAA-
Reliance Industries Ltd.	1.61	AAA
Steel Authority of India Ltd.	1.16	CAREAAA
Total	37.18	

CASH AND MONEY MARKETS*	10.33%
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PORTFOLIO TOTAL	100.00%
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A Joint Venture between Dabur Group and Aviva Group