

Investment Newsletter

October 2008



Market Overview

Key Rates	Current	One Month Ago	One Year Ago
Nifty	2885.60	3921.20	5900.65
Nifty Midcap 50	1254.85	1792.35	3208.60
Annual Inflation rate (Wholesale Price Index)	10.68%	12.14%	3.11%
Yield Ten Year Government Security (Semi-annual)	7.45%	8.64%	7.86%
Yield 5 year AAA rated Corporate Bond (Annual)	11.45%	11.06%	9.18%
US Dollar (USD) – Indian Rupee (INR) exchange rate	49.46	46.96	39.33

Economic and Market review

Indian market felt the severe after effects of bankruptcy or government takeover of some of the biggest financial institutions in September. Both fixed income markets and equity markets were under severe strain. The equity markets recorded sharpest fall ever for the month with Nifty falling 26.4% and Nifty Midcap 50 falling 30.0%. The fall was driven by large sales by Foreign Institutional Investors (FIIs). The net equity sales by FIIs were a record USD 3.5 billion during October taking net equity sales for calendar year 2008 to USD 12.7 billion.

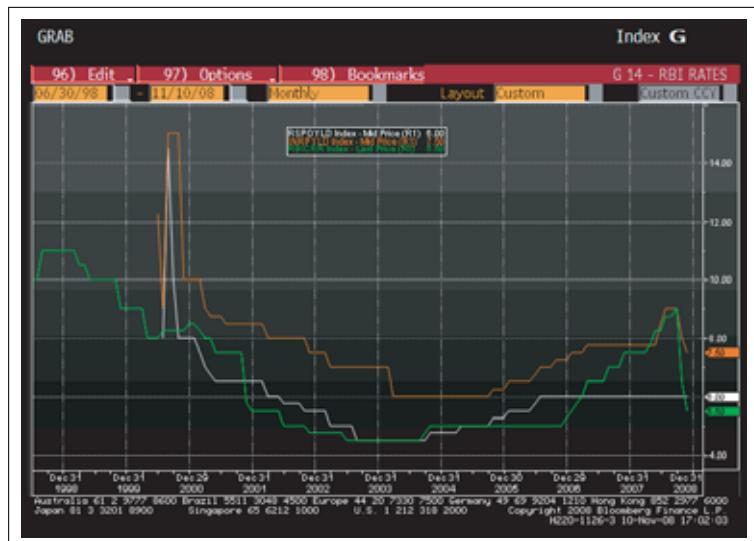
All sectors indices recorded negative growth with BSE IT Index being the best performer falling 7.5% during the month; the next best performing BSE FMCG Index fell by 16.7% during October. BSE Realty Index and BSE Metals Index were the worst performing sectors falling by 43.6% and 40.3% respectively during the month. The one year fall for BSE Realty index is now 81.2%.

From point of view of Indian economy even worse than fall in equity market is the near closure of corporate bond market and tightening of liquidity across the board. The yields on AAA rated corporate bonds were more than 4% as compared to yield on Government Securities, the gap between them is the highest ever. Such high corporate bonds spreads was caused by severe risk aversion among investors and their refusal to buy corporate bonds. The tightness in liquidity was caused by massive intervention by RBI (selling dollars and buying rupees) to mitigate depreciation of rupee. The Rupee inspite of RBI intervention depreciated by 5% during the month, dropping to above Rs 50 per USD at one point of time before closing at Rs 49.46 per USD at the end of the month.

The flow of credit in the economy is important for smooth functioning of business. The flow of credit from external commercial borrowings and suppliers has already vanished due to turmoil in global financial markets. The lack of credit and liquidity in the domestic market caused severe difficulties to businesses, leading the Reserve Bank of India (RBI) to reverse its credit policy. RBI has been continuously tightening credit through increase in repo rates, Cash Reserve Ratio (CRR) for last 2 years to control inflation. The drop in commodity prices (Oil, Iron, Copper etc) may have convinced RBI that inflation shall eventually drop and higher priority at the moment is to arrest the fall in GDP growth in India. RBI cut the CRR sharply from 9% to 5.5%, Repo rate from 9% to 7.5% and Statutory Liquidity Ratio (SLR) from 25% to 24%. The cut in the SLR is first ever in last several years. RBI also took additional steps in the form of cancelling auction of Government Securities to mitigate the liquidity crunch.

The graph beside shows the history for various RBI policy rates over last 10 years.

In the immediate term equity market outlook is extremely uncertain even though valuations for many stocks are extremely attractive. The steps taken by RBI should ease interest rates and investors shall do well to lock into some good long-term interest rates offered by some high credit quality banks and corporates.



Disclosures: 1. This newsletter only gives an overview of the economy and should not be construed as financial advice. Policyholder should use his/her own discretion and judgment while investing in financial markets and shall be responsible for his/her decision. 2. EPS - Earning per share, PE - Price earning multiple. 3. Source: www.bloomberg.com 4. Insurance is the subject matter of the solicitation. 5. The information contained herein is as on 31st October 2008.



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Fund Fact Sheet October 2008



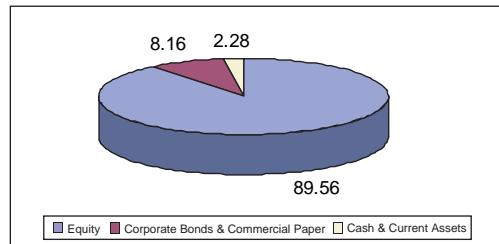
Portfolio - Grow Money

Fund Performance (Absolute Returns %)		
	Fund	Benchmark Index
3 months	-31.93	-34.08
6 months	-43.10	-45.50
1 year	-51.31	-52.46
Since Inception*	-15.75	-16.32

Benchmark: NSE CNX 100

*Inception date: 24 August 2006

Asset Allocation (%)



Sector allocation (%)

Aluminium	0.93
Hindalco	0.46
National Aluminium Co	0.46
Banking Services	18.84
Axis Bank Ltd	0.91
Bank Of Baroda	0.39
Bank Of India	0.57
Canara Bank	0.31
HDFC Bank Ltd	1.95
ICICI Bank Ltd	1.99
Kotak Mahindra Bank Ltd	0.52
Punjab National Bank	0.59
State Bank Of India	3.16
Union Bank Of India	0.28
CP TATA Motors	6.02
CD SBT Dec '08	0.16
9.25% FD PNB	1.98
Cement	1.03
ACC Ltd	0.41
Gujarat Ambuja Cements Ltd	0.42
Ultratech Cement	0.20
Commercial Vehicles	0.34
Tata Motors Ltd	0.34
Computer Software	9.56
HCL Technologies Ltd	0.51
Oracle Financial Services	0.23
Infosys Technologies Ltd	3.57
Satyam Computer	0.92
TCS Ltd	2.36
Tech Mahindra Ltd	0.18
Wipro Ltd	1.79
Construction	1.14
GMR Infrastructure Ltd	0.42
Jaiprakash Associates Ltd	0.38
Unitech Ltd	0.35
Cosmetics, Toiletries, Soaps & Detergents	2.16
Hindustan Unilever Ltd	2.16
Crude Oil & Natural Gas	7.52
Cairn India Ltd	1.09
Oil & Natural Gas Corp Ltd	6.42
Diversified	1.95
Grasim Industries Ltd	0.42
Sterlite Industries (India) Ltd	0.90
United Spirits Ltd	0.40

Sector Allocation (%) (Cont.)

Aditya Birla Nuvo Ltd	0.23
Drugs & Pharmaceuticals	1.93
Cipla Ltd	0.61
Ranbaxy Laboratories Ltd	0.27
Sun Pharmaceutical	1.04
Electricity Generation	3.57
Power Grid Corp.Ltd	1.32
Tata Power	0.68
Reliance Infrastructure Ltd	0.48
Reliance Power Ltd	1.10
Finished Steel	2.26
Steel Authority Of India Ltd	1.57
Tata Steel Ltd	0.69
Hotels	0.14
Indian Hotels Ltd	0.14
Housing Construction	1.87
DLF Ltd	1.69
HDIL Ltd	0.18
Housing Finance Services	2.25
Housing Development Finance	2.25
Industrial Capital Goods	0.22
Bharat Electronics Ltd	0.22
Media-Broadcasting	0.30
Zee Entertainment Ltd.	0.30
Natural Resources	0.32
Reliance Natural Resources Ltd	0.32
NBFC's	0.72
Reliance Capital Ltd	0.72
Other Financial Institutions	0.87
IDFC	0.33
Power Fin.Corp.Ltd	0.54
Other Metal Products	0.55
Jindal Steel and Power	0.55
Paints	0.41
Asian Paints Ltd	0.41
Passenger Cars & Multi Utility Vehicles	1.17
Mahindra & Mahindra Ltd	0.43
Maruti Suzuki India Ltd	0.73
Petroleum Products (Refineries)	1.75
Reliance Petroleum Ltd	1.75
Power Generation	5.22
National Thermal Power Corp	5.22
Prime Movers	3.13
Bharat Heavy Electricals	2.84
Suzlon Energy Ltd	0.30
Refineries	10.18
BPCL	0.46
Reliance Industries Ltd	9.71
Shipping	0.64
Mundra Port & SEZ Ltd	0.64
Switching Apparatus	0.92
ABB Ltd India	0.52
Siemens India Ltd	0.40
Telephone Services	8.82
Bharti Airtel	5.57
Idea Cellular	0.60
Reliance Communication	2.04
Tata Communications Ltd	0.62
Tobacco Products	2.63
ITC Ltd	2.63
Trading	1.22
GAIL India Ltd	1.22
Transportation	0.38
Container Corp Of India Ltd	0.38
Turnkey Projects/Erection Contracts	2.12
Larsen & Toubro Ltd	2.12
Two & Three Wheelers	0.67
Hero Honda Motors Ltd	0.67
Cash And Current Assets	2.28
Grand Total	100.00



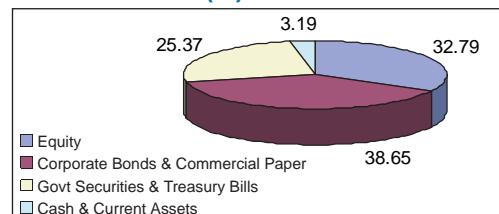
Portfolio - Save'n'Grow Money

Fund Performance (Absolute Returns %)		
	Fund	Benchmark Index
3 months	-12.73	-14.07
6 months	-20.61	-20.06
1 year	-24.24	-21.32
Since Inception*	1.76	-0.17

Benchmark: 45% CNX 100 and 55% Crisil Composite Bond Index

*Inception date: 22 August 2006

Asset Allocation (%)



Maturity Profile (%age of Fixed Income)

0-1 yr	40.13
1-3 yrs	9.42
3-5 yrs	40.67
>5 yrs	9.77

Sector Allocation

Aluminium	0.34
Hindalco	0.17
National Aluminium Co	0.17
Banking Services	42.56
'Axis Bank Ltd	0.33
Bank Of Baroda	0.14
Bank Of India	0.21
Canara Bank	0.11
HDFC Bank Ltd	0.71
ICICI Bank Ltd	0.73
Kotak Mahindra Bank Ltd	0.19
Punjab National Bank	0.22
State Bank Of India	1.16
Union Bank Of India	0.10
Corp. Bond 10% Nabard N-Priority Sec.	18.84
CD SBT Dec '08	14.22
CP TATA Motors	1.93
9.25% FD PNB	3.66
Cement	0.38
ACC Ltd	0.15
Gujarat Ambuja Cements Ltd	0.15
Ultratech Cement	0.07
Commercial Vehicles	0.13
Tata Motors Ltd	0.13
Computer Software	3.50
HCL Technologies Ltd	0.19
Oracle Financial Services	0.08
Infosys Technologies Ltd	1.31
Satyam Computer	0.34
TCS Ltd	0.86
Tech Mahindra Ltd	0.07
Wipro Ltd	0.66
Construction	0.42
GMR Infrastructure Ltd	0.15
Jaiprakash Associates Ltd	0.14
Unitech Ltd	0.13
Cosmetics, Toiletries, Soaps & Detergents	0.79
Hindustan Unilever Ltd	0.79
Crude Oil & Natural Gas	2.75
Cairn India Ltd	0.40
Oil & Natural Gas Corp Ltd	2.35
Diversified	0.71
Grasim Industries Ltd	0.15
Sterlite Industries (India) Ltd	0.33
United Spirits Ltd	0.15
Aditya Birla Nuvo Ltd	0.08

Sector Allocation (%) (Cont.)

Drugs & Pharmaceuticals	0.71
Cipla Ltd	0.23
Ranbaxy Laboratories Ltd	0.10
Sun Pharmaceutical	0.38
Electricity Generation	1.31
Power Grid Corp.Ltd	0.48
Tata Power	0.25
Reliance Infrastructure Ltd	0.17
Reliance Power Ltd	0.40
Finished Steel	0.83
Steel Authority Of India Ltd	0.58
Tata Steel Ltd	0.25
Hotels	0.05
Indian Hotels Ltd	0.05
Housing Construction	0.68
DLF Ltd	0.62
HDIL Ltd	0.07
Housing Finance Services	0.82
Housing Development Finance	0.82
Industrial Capital Goods	0.08
Bharat Electronics Ltd	0.08
Media-Broadcasting	0.11
Zee Entertainment Ltd.	0.11
Natural Resources	0.12
Reliance Natural Resources Ltd	0.12
NBFC's	0.26
Reliance Capital Ltd	0.26
Other Financial Institutions	0.32
IDFC	0.12
Power Fin.Corp.Ltd	0.20
Other Metal Products	0.20
Jindal Steel And Power	0.20
Paints	0.15
Asian Paints Ltd	0.15
Passenger Cars & Multi Utility Vehicles	0.43
Mahindra & Mahindra Ltd	0.16
Maruti Suzuki India Ltd	0.27
Petroleum Products (Refineries)	0.64
Reliance Petroleum Ltd	0.64
Power Generation	1.91
National Thermal Power Corp	1.91
Prime Movers	1.15
Bharat Heavy Electricals	1.04
Suzlon Energy Ltd	0.11
Refineries	3.72
BPCL	0.17
Reliance Industries Ltd	3.55
Shipping	0.24
Mundra Port & SEZ Ltd	0.24
Sovereign	25.37
7.37% GOI 2014	6.57
9.39% GOI 2011	8.49
5.48% GOI 2009	6.33
91 Day TB Dec'08	3.97
Switching Apparatus	0.34
ABB Ltd India	0.19
Siemens India Ltd	0.14
Telephone Services	3.23
Bharti Airtel	2.04
Idea Cellular	0.22
Reliance Communication	0.75
Tata Communications Ltd	0.23
Tobacco Products	0.96
ITC Ltd	0.96
Trading	0.45
GAIL India Ltd	0.45
Transportation	0.14
Container Corp Of India Ltd	0.14
Turnkey Projects/Erection Contracts	0.78
Larsen & Toubro Ltd	0.78
Two & Three Wheelers	0.24
Hero Honda Motors Ltd	0.24
Cash And Current Assets	3.19
United Spirits Ltd	0.15
Aditya Birla Nuvo Ltd	0.08
Grand Total	100.00



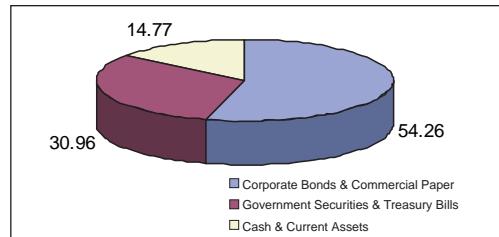
Portfolio - Steady Money

Fund Performance (Absolute Returns %)		
	Fund	Benchmark Index
3 months	3.31	2.31
6 months	1.14	0.75
1 year	4.41	4.16
Since Inception*	15.87	12.63

Benchmark: CRISIL Composite Bond Index

*Inception date: 5 September 2006

Asset Allocation (%)



Maturity Profile (%age of Fixed Income)

0-1 yr	56.29
1-3 yrs	9.60
3-5 yrs	24.87
>5 yrs	9.24

Sector Allocation

Corporate Bonds	54.26
CD SBT Dec '08	17.60
Corp. Bond 10% Nabard N-Priority Sec.	19.48
CP TATA Motors	7.58
9.25% FD PNB	9.61
Govt. Securities & Treasury Bills	30.96
5.48% GOI 2009	9.60
7.37% GOI 2014	9.24
9.39% GOI 2011	5.40
91 Day TB Dec'08	6.73
Cash And Current Assets	14.77
Grand Total	100.00



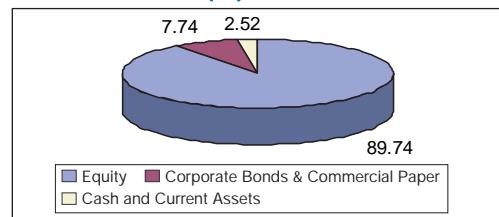
Portfolio - Grow Money Pension

Fund Performance (Absolute Returns %)		
	Fund	Benchmark Index
3 months	-31.85	-34.08
6 months	-43.18	-45.50
Since Inception*	-52.95	-55.05

Benchmark: NSE CNX 100

*Inception date: 1st Jan 2008

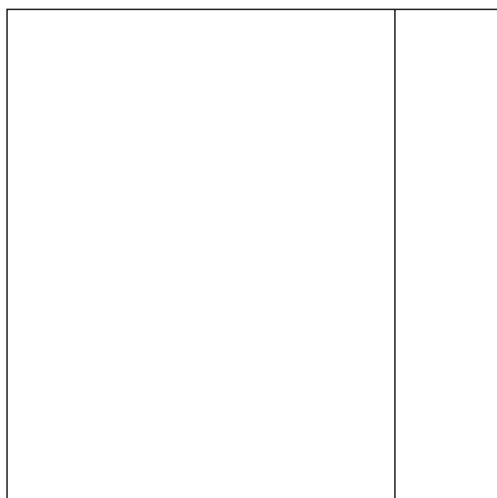
Asset Allocation (%)



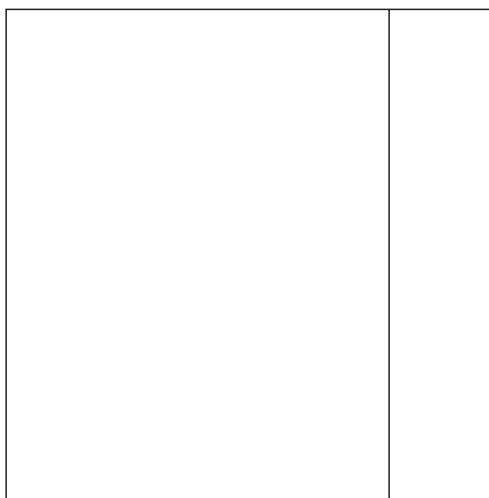
Sector Allocation (%) (Cont.)

TCS Ltd	2.37
Tech Mahindra Ltd	0.18
Wipro Ltd	1.80
Construction	1.15
GMR Infrastructure Ltd	0.42
Jaiprakash Associates Ltd	0.38
Unitech Ltd	0.35
Cosmetics, Toiletries, Soaps & Detergents	2.17
Hindustan Unilever Ltd	2.17
Crude Oil & Natural Gas	7.53
Cairn India Ltd	1.09
Oil & Natural Gas Corp Ltd	6.43
Diversified	1.95
Grasim Industries Ltd	0.42
Sterlite Industries (India) Ltd	0.90
United Spirits Ltd	0.40
Aditya Birla Nuvo Ltd	0.23
Drugs & Pharmaceuticals	1.95
Cipla Ltd	0.62
Ranbaxy Laboratories Ltd	0.28
Sun Pharmaceutical	1.04
Electricity Generation	3.58
Power Grid Corp.Ltd	1.32
Tata Power	0.68
Reliance Infrastructure Ltd	0.48
Reliance Power Ltd	1.10
Finished Steel	2.27
Steel Authority Of India Ltd	1.57
Tata Steel Ltd	0.69
Hotels	0.15
Indian Hotels Ltd	0.15
Housing Construction	1.87
DLF Ltd	1.69
HDIL Ltd	0.18
Housing Finance Services	2.25
Housing Development Finance	2.25
Industrial Capital Goods	0.22
Bharat Electronics Ltd	0.22
Media-Broadcasting	0.30
Zee Entertainment Ltd.	0.30
Natural Resources	0.32
Reliance Natural Resources Ltd	0.32
NBFC's	0.72
Reliance Capital Ltd	0.72
Other Financial Institutions	0.87
IDFC	0.33
Power Fin.Corp.Ltd	0.54

Sector Allocation (%) (Cont.)



Sector Allocation (%) (Cont.)



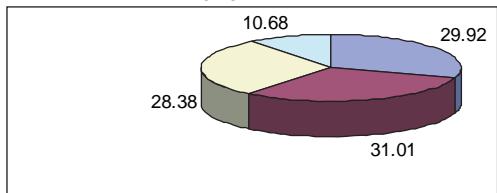
Portfolio - Save'n'Grow Money Pension

Fund Performance (Absolute Returns %)		
	Fund	Benchmark Index
3 months	-8.63	-14.07
6 months	-16.35	-20.06
Since Inception*	-18.30	-23.38

Benchmark: 45% CNX 100 & 55% Crisil Bond Index

*Inception date: 1st Jan 2008

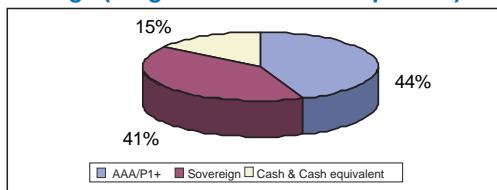
Asset Allocation (%)



Maturity Profile (%age of Fixed Income)

0-1 yr	52.56
1-3 yrs	18.94
3-5 yrs	10.26
>5 yrs	18.24

Ratings (%age of Fixed Income portion)



Sector Allocation (%)

Aluminium	0.55
Hindalco	0.43
National Aluminium Co	0.12
Banking Services	35.25
Axis Bank Ltd	1.72
HDFC Bank Ltd	0.94
ICICI Bank Ltd	0.43
Kotak Mahindra Bank Ltd	0.23
State Bank Of India	0.92
Corp. Bond 10% Nabard N-Priority Sec.	7.19
CD SBT Dec '08	17.43
Mahindra & Mahindra Ltd	0.43
Maruti Suzuki India Ltd	0.73
Petroleum Products (Refineries)	1.75
Reliance Petroleum Ltd	1.75
Power Generation	5.23
National Thermal Power Corp	5.23
Prime Movers	3.14
Bharat Heavy Electricals	2.84
Suzlon Energy Ltd	0.30
Refineries	10.19
BPCL	0.46
Reliance Industries Ltd	9.73
Shipping	0.64
Mundra Port & SEZ Ltd	0.64

Sector Allocation (%) (Cont.)

Cosmetics, Toiletries, Soaps & Detergents	1.69
Hindustan Unilever Ltd	1.69
Crude Oil & Natural Gas	1.23
Cairn India Ltd	0.29
Oil & Natural Gas Corp Ltd	0.94
Diversified	0.86
Grasim Industries Ltd	0.25
Sterlite Industries (India) Ltd	0.32
Aditya Birla Nuvo Ltd	0.29
Drugs & Pharmaceuticals	3.19
Cipla Ltd	1.20
Ranbaxy Laboratories Ltd	1.01
Sun Pharmaceutical	0.99
Electricity Generation	0.72
Power Grid Corp.Ltd	0.72
Finished Steel	0.46
Steel Authority Of India Ltd	0.46
Hotels	1.13
Indian Hotels Ltd	1.13
Housing Construction	0.42
DLF Ltd	0.42
Housing Finance Services	0.43
Housing Development Finance	0.43
Media-Broadcasting	0.34
Zee Entertainment Ltd.	0.34
Passenger Cars & Multi Utility Vehicles	0.84
Mahindra & Mahindra Ltd	0.36
Maruti Suzuki India Ltd	0.48
Power Generation	0.72
National Thermal Power Corp	0.72
Prime Movers	0.39
Bharat Heavy Electricals	0.32
Suzlon Energy Ltd	0.07
Refineries	1.75
BPCL	0.38
Reliance Industries Ltd	1.37
Sovereign	28.38
7.37% GOI 2014	12.78
5.48% GOI 2009	13.28
91 Day TB Dec'08	2.33
Switching Apparatus	1.20
ABB Ltd India	1.02
Siemens India Ltd	0.18
Telephone Services	2.83
Bharti Airtel	0.74
Idea Cellular	0.48
Reliance Communication	1.61
Tobacco Products	0.91
ITC Ltd	0.91
Trading	1.02
GAIL India Ltd	1.02
Transportation	0.84
Container Corp Of India Ltd	0.84
Turnkey Projects/Erection Contracts	0.49
Larsen & Toubro Ltd	0.49
Two & Three Wheelers	1.13
Hero Honda Motors Ltd	1.13
Cash And Current Assets	10.68
Grand Total	100.00

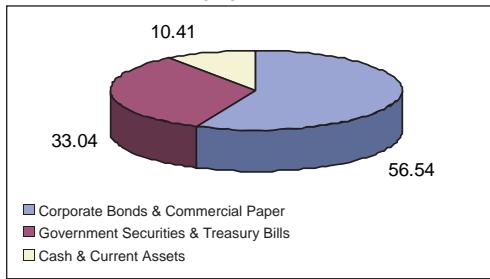
Portfolio - Steady Money Pension

Fund Performance (Absolute Returns %)		
	Fund	Benchmark Index
3 months	3.55	2.31
6 months	1.12	0.75
Since Inception*	2.84	2.53

Benchmark: CRISIL Composite Bond Index

*Inception date: 1st Jan 2008

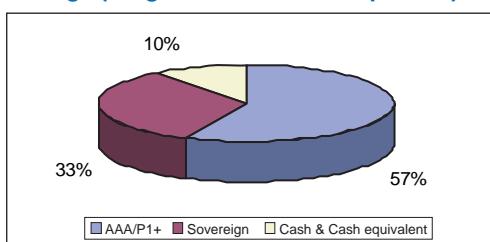
Asset Allocation (%)



Sector Allocation

Corporate Bonds	56.54
CD SBT Dec '08	12.23
Corp. Bond 10% Nabard N-Priority Sec.	6.66
CP TATA Motors	7.33
9.25% FD PNB	30.33
Govt. Securities & Treasury Bills	33.04
5.48% GOI 2009	13.88
7.37% GOI 2014	10.70
9.39% GOI 2011	1.17
91 Day TB Dec'08	7.29
Cash And Current Assets	10.41
Grand Total	100.00

Ratings (%age of Fixed Income portion)



Maturity Profile (%age of Fixed Income)

0-1 yr	67.60
1-3 yrs	13.88
3-5 yrs	7.83
>5 yrs	10.70

Disclosures: 1. Insurance is the subject matter of the solicitation. 2. The performance of the funds, as shown above, is not indicative of future performance or returns. 3. Steady Money, Grow Money, Save'n'Grow Money, Grow Money Pension, Save'n'Grow Money Pension & Steady Money Pension are only the names of the fund and do not indicate its expected future returns or performance. 4. The information contained herein is as on 31st October 2008.



Bharti AXA Life Insurance Company Limited

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