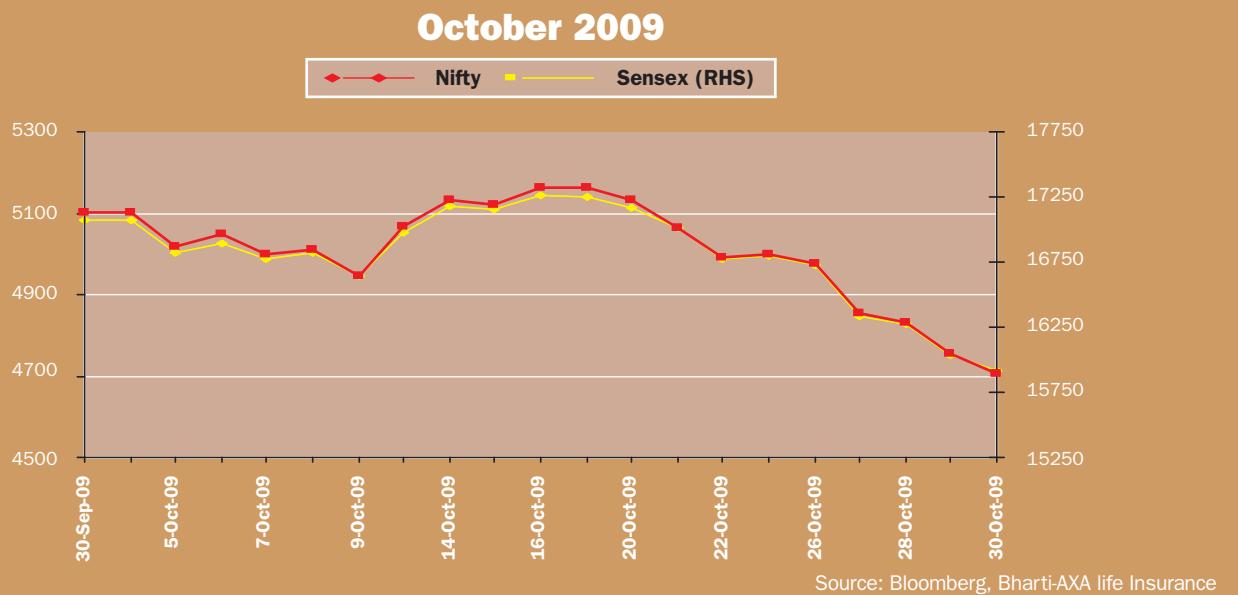


Investment Newsletter October 2009

Index Level



equity overview/

October Review

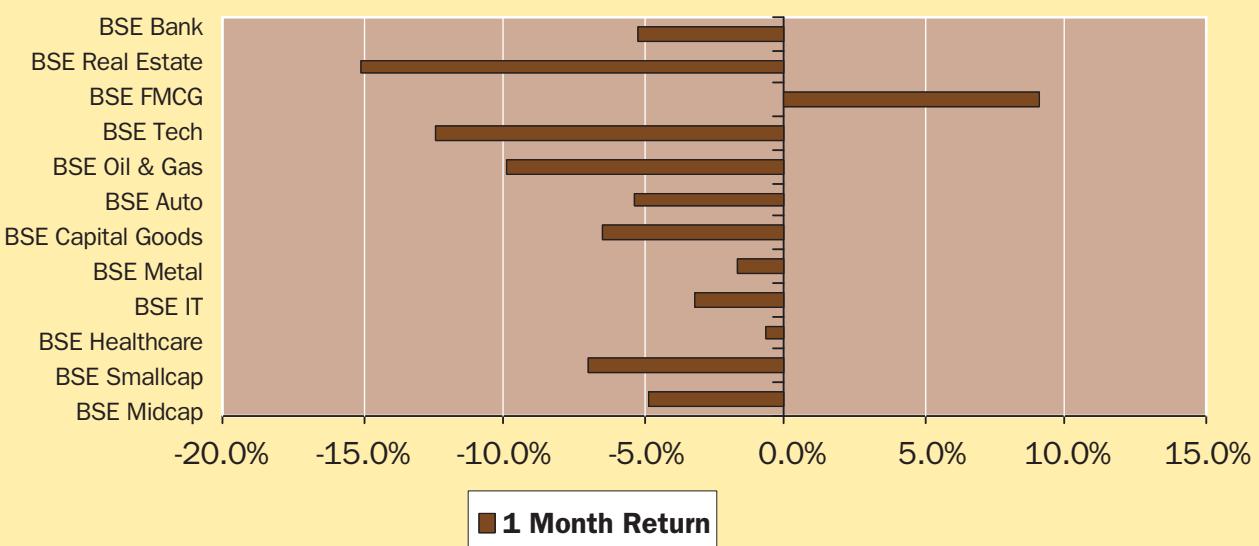
After an impressive rally in the month of September 2009, the Indian market cooled off in the month of October 2009. The BSE Sensex and S&P CNX Nifty, both fell significantly by approximately 7 per cent. Markets slid for the month, as fears about the justifiability of price action in the property sector, upside INR pressures (strong negative for export oriented sectors such as technology and pharmaceuticals), and the announcement of the central bank's credit policy placed pressure about the sustainability of India's outperformance. Though

property stocks have been some of the market's strongest performers, announcements of further intentions to raise capital, concerns about execution, and the lack of an uptick in the commercial real estate space have all triggered sell flow.

On the macro front, the broad theme of USD weakness and a preference for emerging market currencies, especially prevalent in the beginning of the month, contributed to a buoyant INR and oil/gas/metals prices. As a result, metals and upstream oil names outperformed, though these names came off disproportionately as incremental unwinding came through in the last week of the month.

Sectoral Indices Performance

Indices



Major Markets	Oct-09	1 Month Return	YTD Return
India	15,896	-7.18%	64.77%
Korea	1,581	-5.53%	40.57%
Malaysia	1,243	3.42%	41.80%
Thailand	685	-4.44%	52.29%
Indonesia	2,368	-4.05%	74.69%
Hong Kong	21,753	3.81%	51.19%
Brazil	61,546	0.04%	63.90%
China	2,996	7.79%	64.53%
Russia	1,349	7.49%	113.41%
US	9,713	0.00%	10.67%
UK	5,045	-1.74%	13.77%

Source: Bloomberg, Bharti-AXA life Insurance

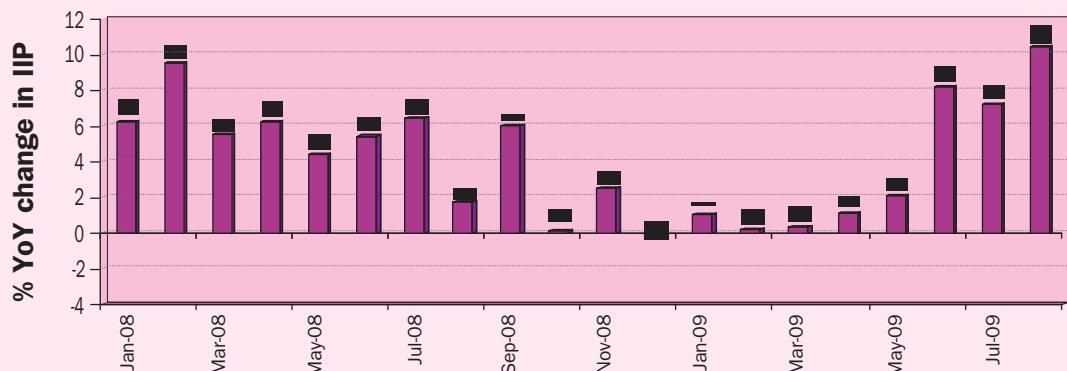
Global Markets

Major markets across the world also displayed a mixed trend during the month. India underperformed its peer group by a good margin.

Economy

India Industrial Production (IIP) for August 2009 grew at an impressive rate of 10.4%, highest since October 2007. August production derived strength from improvement in all the three sub-sectors. Mining (3.4%) and electricity (3.8%) strengthened materially. Weak rainfall helped the mining activity in August.

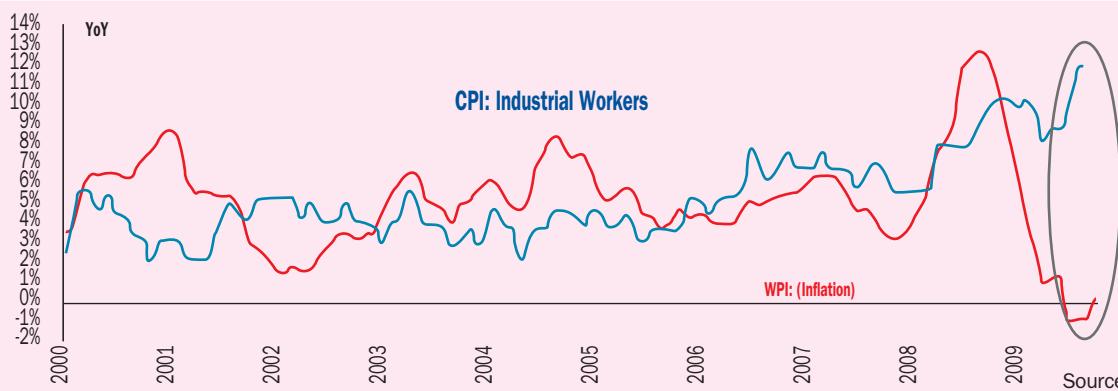
India Industrial Production (IIP)



Source: Bloomberg, Bharti-AXA life Insurance

Average Inflation, as measured by the Wholesale Price Index, was in positive territory for the second consecutive month, up 1.2% during October while the

Consumer Price index remains elevated at 11.64% (at the end of September).



Source: Morgan Stanley

Credit Policy – October 2009

At its quarterly policy review, Reserve Bank of India (RBI) kept the key policy rates as well as the cash reserve requirement (CRR) unchanged. However, in order to maintain the credibility of its earlier call of an early exit, the central bank withdrew several "unconventional" easing measures introduced in the wake of the October 2008 crisis. In particular, the statutory liquidity ratio (SLR) has been restored to 25% from 24% earlier and the provisioning requirement for commercial real estate loans was raised to 1% from 0.4%. The central bank reiterated both its unease with the current monetary stance as not being the 'steady state' and its renewed focus on financial stability as a salient objective of monetary policy. This echoes the concerns raised by the Governor previously about the need for India to withdraw stimulus before other countries.

2Q FY10 earnings review

Corporate India put in a mixed performance for 2Q FY10. Aggregate earnings growth for Sensex companies was 3% year on year (YoY) (ex-energy earnings 4% YoY) and was better than the consensus estimate of a decline of 3% YoY. The breadth of companies exceeding expectations was also positive. But key heavyweights disappointed. Operating profit margins held their own on a YoY basis.

Automobile and Cement companies beat expectations on robust volume growth and due to lower input costs. IT services sector benefited from better volumes and Rupee depreciation. The Telecom sector suffered due to increase in competitive pressures. Metals companies were adversely impacted by lower international commodity prices. Likewise Reliance Industries' performance was impacted by lower GRMs (Gross Refinery Margin). Industrials disappointed due to execution issues. The financial sector reported mixed results. While NII (Net Interest Income) were weak, due to muted loan growth, NIMs (Net Interest Margin) improved sequentially and fee income was higher than expectations.

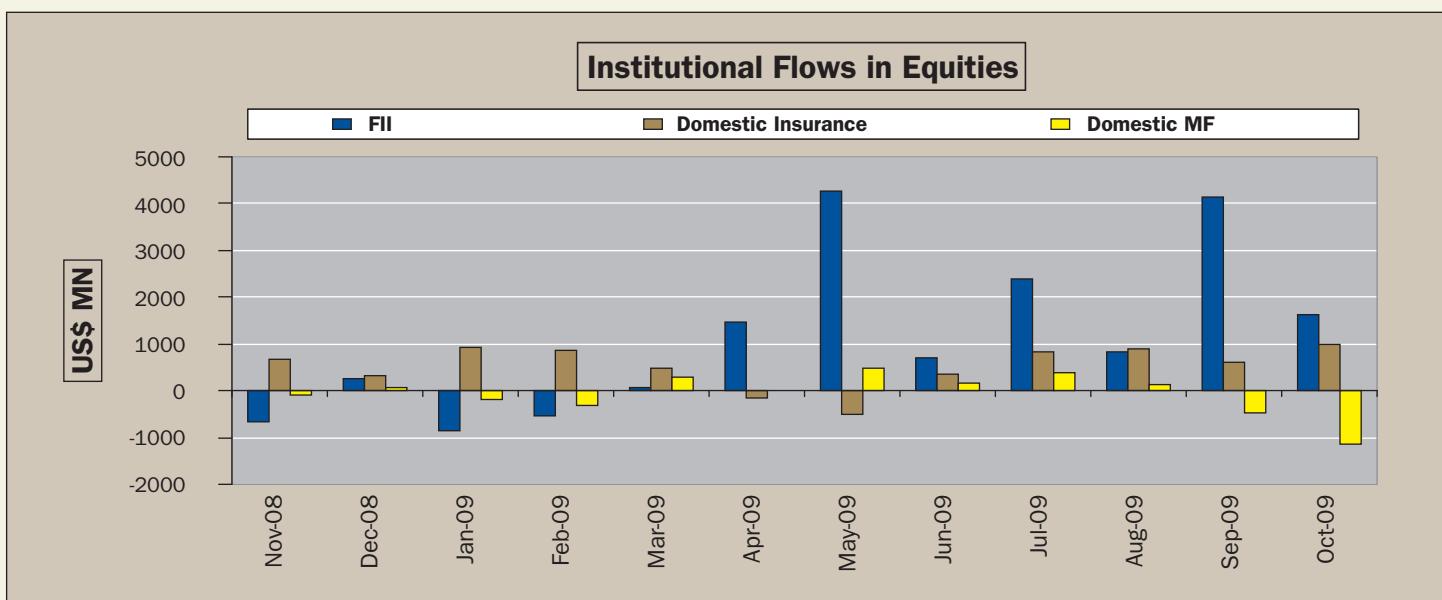
Aggregate 2Q revenue for Sensex companies increased 5% YoY and reversed the trend of weak sales seen over the last three quarters. This suggests a return of demand and some pricing power. Sales appear better if one excludes Metals/ Real Estate companies (+9.5% YoY, +6.9% QoQ). Effectively, a large segment of the market has picked up on growth, which has been missing over the last half year. Consumer discretionary and Industrials sector led revenue growth, while Metals and Energy sectors lagged.



Institutional Flows

During October, FII (Foreign Institutional Investor) flows in the cash market were positive for the eighth consecutive month. In CY2009, FIIs have so far purchased US\$14.1 billion worth of stocks compared with US\$12.4 billion of selling during the same period last year.

Domestic insurance flows touched a 12-month high and were positive for the fifth successive month. They have bought US\$5.3 billion of stocks in CY2009 compared to US\$12.8 billion of buying during the same period last year. However, domestic mutual funds remained net sellers for the second consecutive month and the net selling (US\$ 1135 million) was the worst ever in history.



Outlook

Going forward, we believe revenue growth should accelerate in sync with the forecast recovery in the economy, particularly industrial production. To achieve current estimates of a 10% earnings growth for FY10E at the aggregate level, residual growth required over 2nd half of the financial year is 18% YoY. A weak base

effect suggests that the task may not be that daunting. Sequential growth required into 2nd half to meet current estimates is 4%.

Recent correction in the market (Sensex FY 2010 P/E fell from 18x to 17x), along with the global liquidity and expectation of year end rally are positive signals for the market.

fixed income overview /

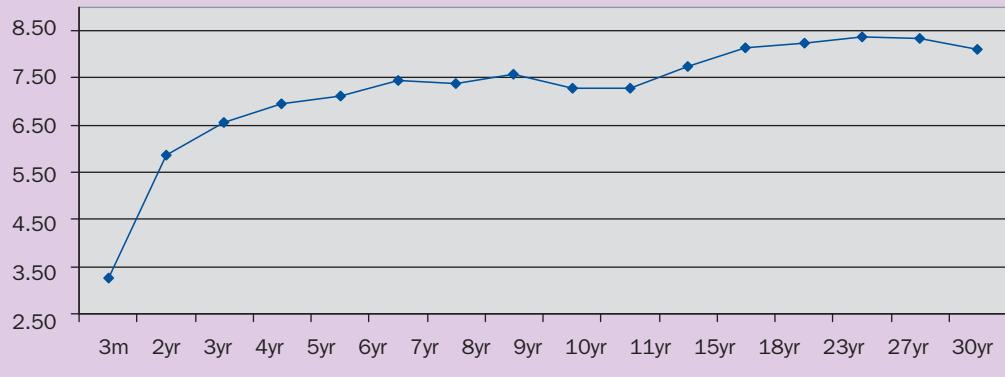
Particulars	Oct-09	Sep-09	Oct-08
Exchange Rate (Rs./\$)	46.98	48.11	49.46
WPI Inflation (In %)	1.51	0.70	10.72
10 Yr Gilt Yield	7.30	7.16	7.45
5 Yr Gilt Yield	7.37	7.08	7.42
5 Yr Corporate Bond Yield	8.45	8.46	11.60

Source: Bloomberg, Bharti AXA Life Insurance

The sentiments in the bond market remained bearish for most of the month. However, the second quarter monetary policy review presented by the RBI in last week of October, brought much awaited relief for the traders. The RBI displayed yet another well crafted balancing exercise by leaving key interest rates and ratios unaltered on one hand and hiking the SLR (Statutory liquidity ratio) by 100 basis points to 25 per cent on the other hand. This led to aggressive

buying resulting in a significant fall in the bond yields. The SLR hike will not only squeeze out the excess liquidity but will also raise the banks' exposure to Government securities, thereby creating higher demand for government securities. The yield on the 10-year benchmark GOI paper hardened 14 basis points to 7.30 per cent over the month, after touching a high of 7.45 per cent during the month.

Yield Curve



Source: ICRA

Liquidity remained at ease in the money market, leaving the call rate at steady levels. Net absorption in LAF (Liquidity Adjustment Facility) under the reverse repo window amounted to Rs.100,000 crores on an average through out the month. Credit growth decelerated to 10.6% - 12-year low and deposit growth decelerated to 20% during the first fortnight of October. Credit growth has been lower than deposit growth for nine months in a row.

Outlook

With RBI indicating withdrawal of easy liquidity conditions, pressure would build up on short term rates in the near future. In November, the RBI is scheduled to sell securities worth Rs. 29,000 crores. The hike in SLR limit of the banks could lend some support to the government borrowing programme. Traders would keep an eye on inflation which is already on an upward trend and which may further spurt due to a low base effect.

grow money fund/

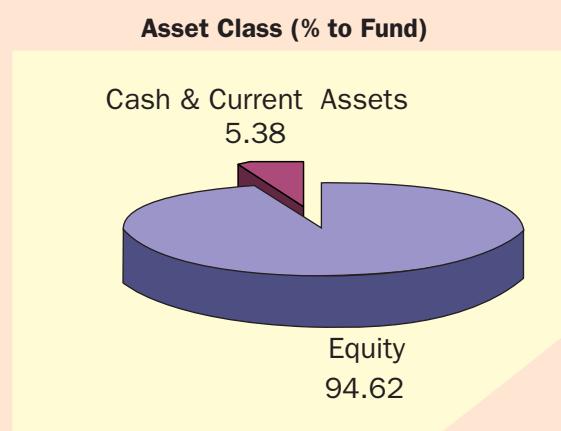
Fund Performance (Absolute Return %)		
	Fund	Benchmark
3 months	2.99	2.57
6 months	38.84	40.60
1 year	65.39	69.84
Since Inception*	39.34	42.12

Benchmark: NSE CNX 100

*Inception date – 24 August 2006

Equity Portfolio	(% to Fund)
Reliance Industries	6.78
Larsen & Toubro	5.69
ICICI Bank	4.35
Bharat Heavy Electricals	4.31
State Bank Of India	4.05
Infosys Technologies	3.68
HDFC	3.62
ITC	3.55
TCS	2.83
HDFC Bank	2.79
Jindal Steel And Power	2.28
Oracle Financial Services	2.15
ONGC	2.10
Bharti Airtel	1.85
Jaiprakash Associates	1.82
Tata Steel	1.56
Dr Reddy's Laboratories	1.48
Reliance Capital	1.44
Sterlite Industries	1.44
Maruti Suzuki	1.34
Others	35.51
Cash And Current Assets	5.38
Grand Total	100.00

Assets Under Management (in Rs. Lakhs)
32706.23



save n grow money fund /

Fund Performance (Absolute Return %)		
	Fund	Benchmark
3 months	1.01	1.48
6 months	15.45	18.49
1 year	32.45	37.40
Since Inception*	34.78	32.58

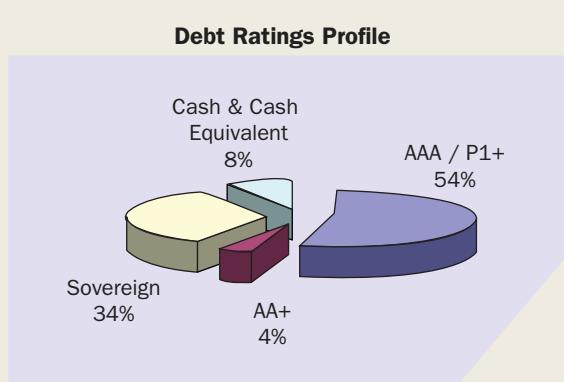
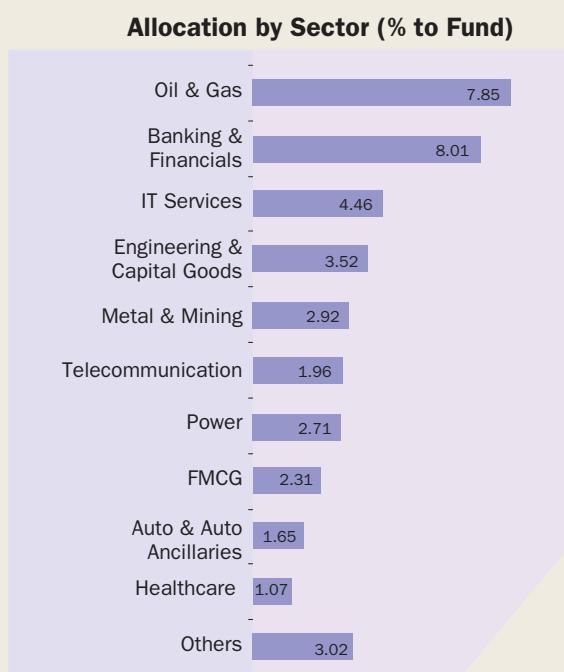
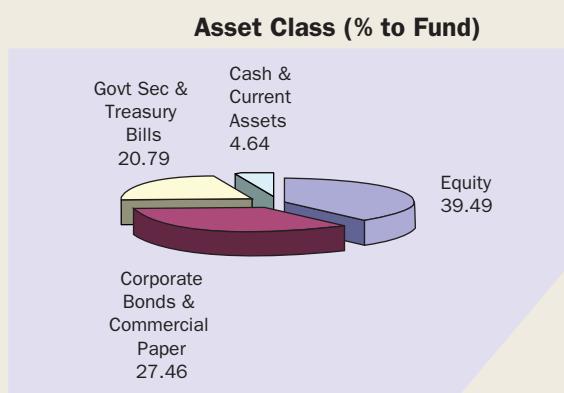
Benchmark: 45% CNX 100 and 55% Crisil Bond Index

*Inception date 21-Aug-2006

Equity Portfolio	(% to Fund)
Reliance Industries	4.24
ONGC	2.21
Infosys Technologies	1.84
State Bank Of India	1.74
Larsen & Toubro	1.57
NTPC	1.53
ICICI Bank	1.51
ITC	1.41
Bharti Airtel	1.32
Bharat Heavy Electricals	1.28
HDFC	1.23
TCS	1.22
HDFC Bank	1.08
Wipro	0.85
Hindustan Unilever	0.81
Jindal Steel And Power	0.74
Steel Authority Of India	0.70
DLF	0.68
Sterlite Industries	0.67
Cairn India	0.55
Others	12.31
Equity Total	39.49

Debt Portfolio	(% to Fund)
7.59% GOI 2016	13.52
6.07% GOI 2014	5.83
7.25% FD SBP Oct'10	4.81
10% Nabard N-Priority Sec.	4.64
8.49% IRFC Mar '14	3.76
10.95% RECL Aug'11	3.45
10.75% PFC Jul '11	3.17
7.25% SBI Oct'10	3.10
7.25% FD SBI Oct'10	3.10
7.15% IOC Ltd Jun '10	2.32
Others	3.93
Cash And Current Assets	4.64
Debt Total	60.51

Assets Under Management (in Rs. Lakhs)
1871.17



steady money fund/

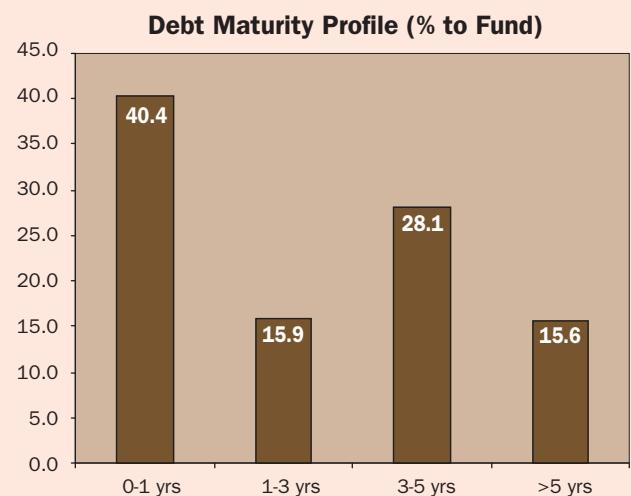
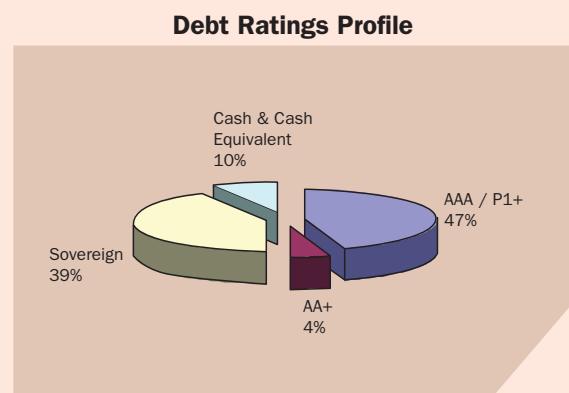
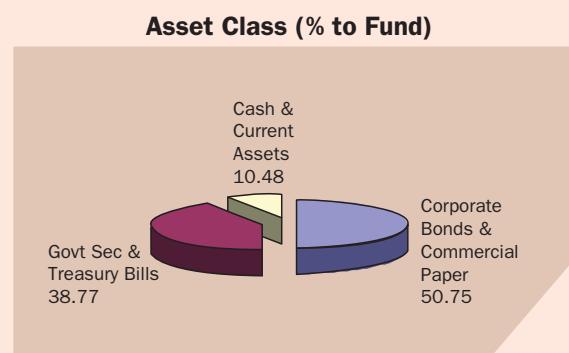
Fund Performance (Absolute Return %)		
	Fund	Benchmark
3 months	0.63	0.58
6 months	1.43	0.39
1 year	9.49	10.87
Since Inception*	26.87	24.34

Benchmark : CRISIL Composite Bond Index

*Inception date- 05 September 2006

Debt Portfolio	(% to Fund)
6.07% GOI 2014	19.18
7.59% GOI 2016	14.39
11% FD SBM Nov '09	12.62
10.75% PFC Jul '11	7.25
7.25% FD SBP Sep'10	7.23
11.45% Reliance Debenture Nov '13	4.56
7.15% IOC Ltd Jun '10	4.12
9.39% GOI 2011	4.12
8.49% IRFC Mar '14	3.36
10% Nabard N-Priority Sec.	2.35
8.50% EXIM Sep '11	2.18
7.25% SBI Oct'10	1.78
7.25% FD SBI Oct'10	1.67
10.25% FD SBM Jan '10	1.39
11% PFC Debenture '18	1.13
11% FD HDFC Bank Nov '09	1.12
7.37% GOI 2014	1.03
7.35% GOI 2024	0.06
Cash And Current Assets	10.48
Grand Total	100.00

Assets Under Management (in Rs. Lakhs)
898.88



growth opportunities fund/

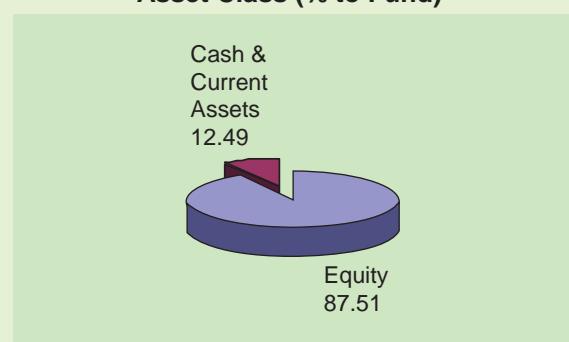
Fund Performance (Absolute Return %)		
	Fund	Benchmark
3 months	4.28	2.37
6 months	41.34	44.69
Since Inception*	61.99	73.99

Benchmark: S&P CNX 500

*Inception date – 10 December 2008

Assets Under Management (in Rs. Lakhs)
1774.34

Asset Class (% to Fund)



Equity Portfolio	(% to Fund)
Reliance Industries	4.46
Larsen & Toubro	3.21
ICICI Bank	3.13
State Bank Of India	2.80
Apollo Tyres	2.64
Bharat Heavy Electricals	2.54
Container Corp Of India	2.53
Infosys Technologies	2.34
HDFC	2.16
ITC	2.14
GVK Power & Infrastructure	2.10
Chennai Petroleum	1.78
Mphasis	1.68
Thermax	1.54
Sesa Goa	1.23
HDFC Bank	1.18
TCS	1.16
Bharti Airtel	1.11
Pantaloons Retail India	1.11
Sterlite Industries	1.10
Others	45.57
Cash And Current Assets	12.49
Grand Total	100.00

Allocation by Sector (% to Fund)



grow money pension fund /

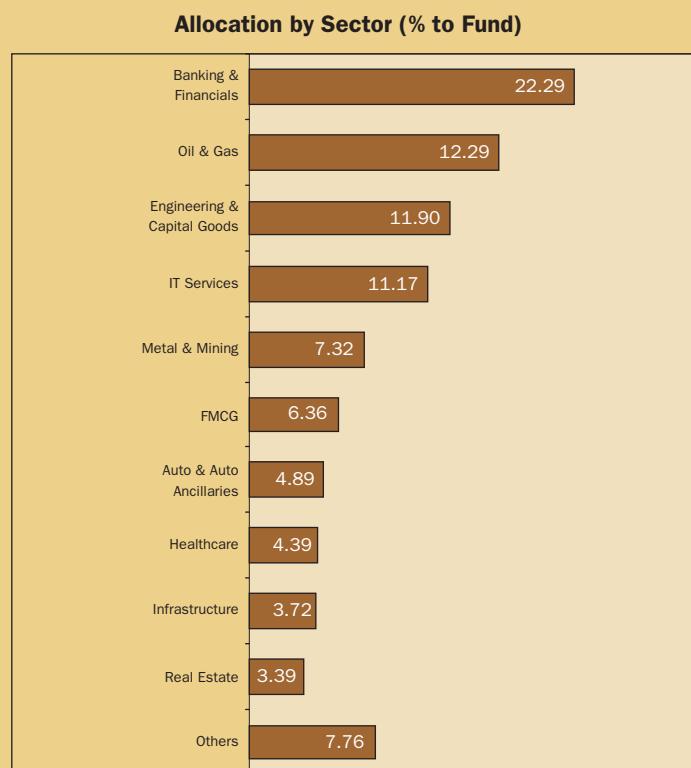
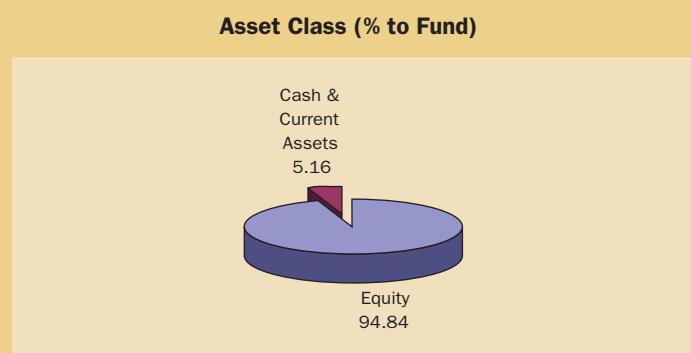
Fund Performance (Absolute Return %)		
	Fund	Benchmark
3 months	3.16	2.57
6 months	38.96	40.60
1 year	66.07	69.84
Since Inception*	-21.87	-23.66

Benchmark: NSE CNX 100

*Inception date – 31 December 2007

Equity Portfolio	(% to Fund)
Reliance Industries	6.28
Larsen & Toubro	5.65
ICICI Bank	4.41
Bharat Heavy Electricals	4.35
State Bank Of India	4.08
HDFC	3.68
Infosys Technologies	3.61
ITC	3.59
TCS	2.99
HDFC Bank	2.90
Jindal Steel And Power	2.29
Oracle Financial Services	2.17
ONGC	2.14
Bharti Airtel	1.85
Jaiprakash Associates	1.84
Tata Steel	1.62
Reliance Capital	1.58
Dr Reddy's Laboratories	1.53
Sterlite Industries	1.45
Tata Power	1.36
Others	35.47
Cash And Current Assets	5.16
Grand Total	100.00

Assets Under Management (in Rs. Lakhs)
9430.13



save n grow money pension fund/

Fund Performance (Absolute Return %)		
	Fund	Benchmark
3 months	1.12	1.48
6 months	15.65	18.49
1 year	30.95	37.40
Since Inception*	6.98	-3.28

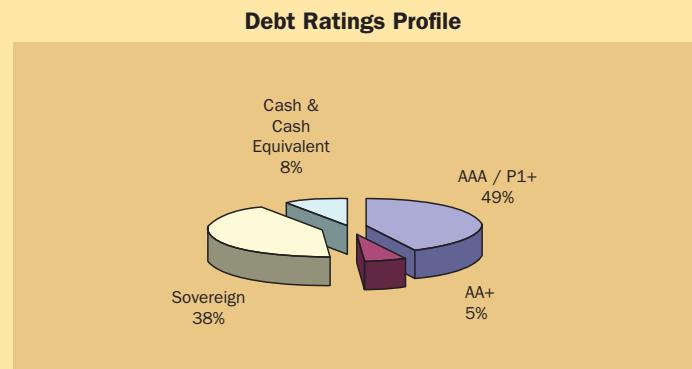
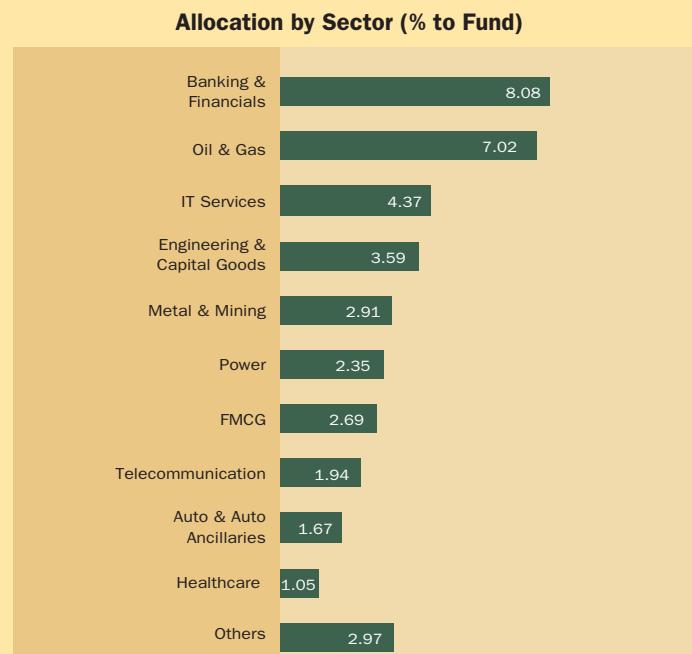
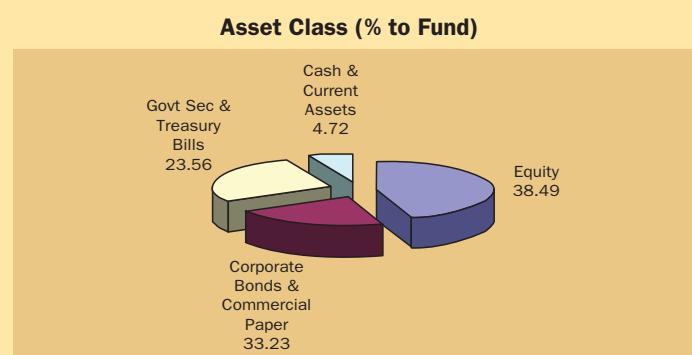
Benchmark 45% CNX 100 & 55% Crisil Bond Index

*Inception date- 31 December 2007

Equity Portfolio	(% to Fund)
Reliance Industries	3.61
ONGC	2.04
Infosys Technologies	1.90
State Bank Of India	1.72
Larsen & Toubro	1.67
ICICI Bank	1.60
ITC	1.45
NTPC	1.39
Bharti Airtel	1.30
HDFC	1.27
Bharat Heavy Electricals	1.26
TCS	1.14
HDFC Bank	1.12
Hindustan Unilever	0.81
Wipro	0.79
Jindal Steel And Power	0.74
Steel Authority Of India	0.67
Sterlite Industries	0.67
DLF	0.67
Cairn India	0.53
Others	12.13
Equity Total	38.49

Debt Portfolio	(% to Fund)
7.59% GOI 2016	14.02
6.07% GOI 2014	7.51
11% FD SBM Nov '09	5.48
7.25% FD SBP Sep'10	5.45
10.95% RECL Aug'11	3.52
7.15% IOC Ltd Jun '10	3.35
7.25% FD SBI Oct'10	2.95
8.50% EXIM Sep '11	2.82
7.25% SBI Oct'10	2.80
11.45% Reliance Debenture Nov '13	2.79
Others	6.09
Cash And Current Assets	4.72
Debt Total	61.51

Assets Under Management (in Rs. Lakhs)
339.37



steady money pension fund /

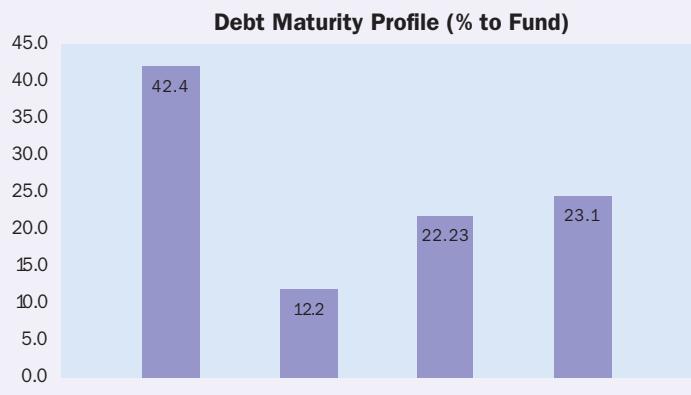
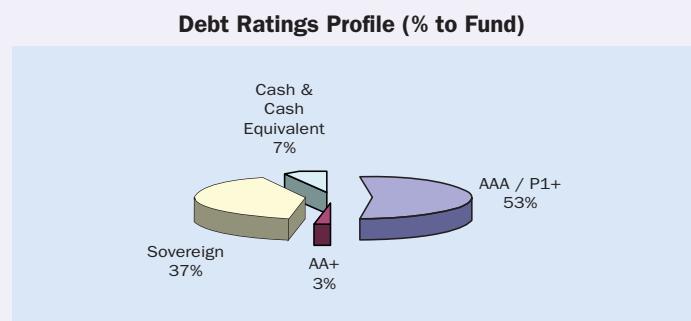
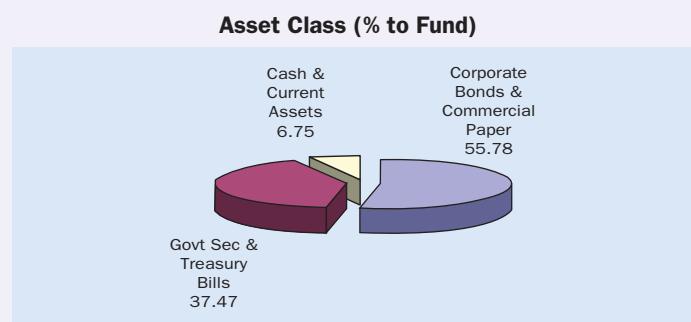
Fund Performance (Absolute Return %)		
	Fund	Benchmark
3 months	0.77	0.58
6 months	1.41	0.39
1 year	9.62	10.87
Since Inception*	12.73	13.39

Benchmark: CRISIL Composite Bond Index

*Inception date- 31 December 2007

Debt Portfolio	(% to Fund)
7.59% GOI 2016	22.73
6.07% GOI 2014	12.55
11% FD SBM Nov '09	12.28
7.25% FD SBP Sep '10	12.28
11.45% Reliance Debenture Nov '13	8.33
10.95% RECL Aug '11	5.74
10.75% PFC Jul '11	4.90
7.25% FD SBI Oct '10	2.92
7.15% IOC Ltd Jun '10	2.54
11% FD HDFC Bank Nov '09	2.31
7.25% SBI Oct '10	2.05
7.37% GOI 2014	1.46
10.25% FD SBM Jan '10	1.29
8.50% EXIM Sep '11	0.81
Cash And Current Assets	6.75
Grand Total	100.00

Assets Under Management (in Rs. Lakhs)
342.14



growth opportunities pension fund/

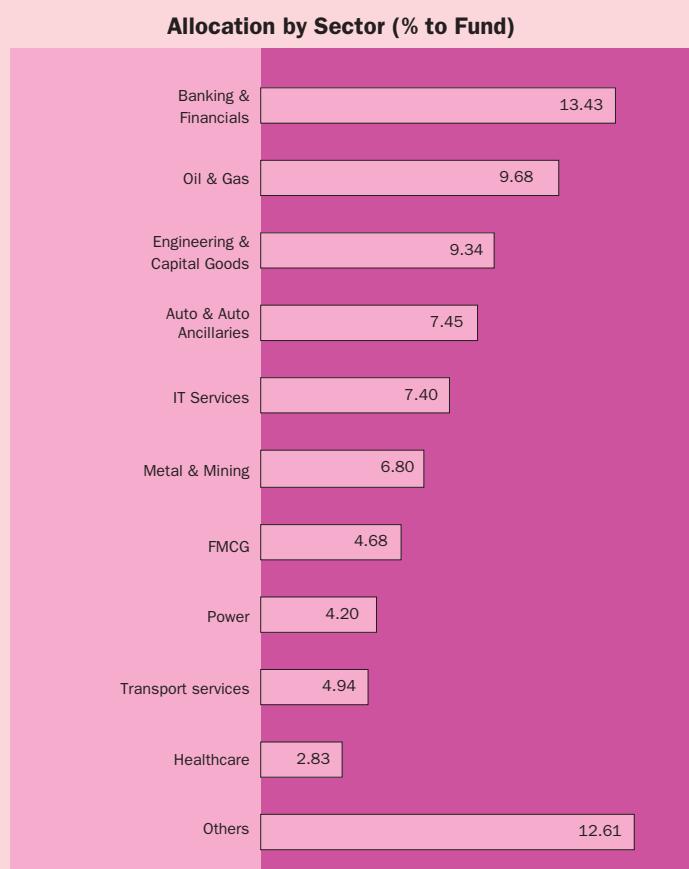
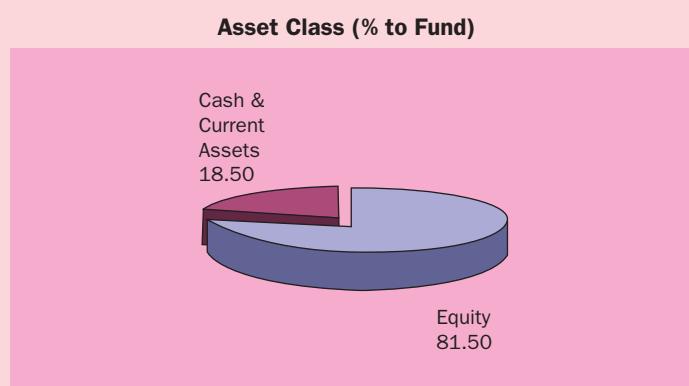
Fund Performance (Absolute Return %)		
	Fund	Benchmark
3 months	4.35	2.37
6 months	39.29	44.69
Since Inception*	54.65	72.77

Benchmark: S&P CNX 500

*Inception date- 12 December 2008

Portfolio	(% to Fund)
Reliance Industries	3.68
Sesa Goa	3.37
ICICI Bank	3.32
Apollo Tyres	3.28
NTPC	3.21
Larsen & Toubro	2.97
ITC	2.97
Container Corp Of India	2.70
HDFC	2.60
Bharat Heavy Electricals	2.39
Infosys Technologies	2.16
Chennai Petroleum	2.11
GVK Power & Infrastructure	2.02
Mphasis	1.87
State Bank Of India	1.79
TCS	1.59
ONGC	1.36
EMCO	1.33
IDFC	1.27
TVS Motor	1.20
Others	34.31
Cash And Current Assets	18.50
Grand Total	100.00

Assets Under Management (in Rs. Lakhs)
313.17



build n protect fund series 1/

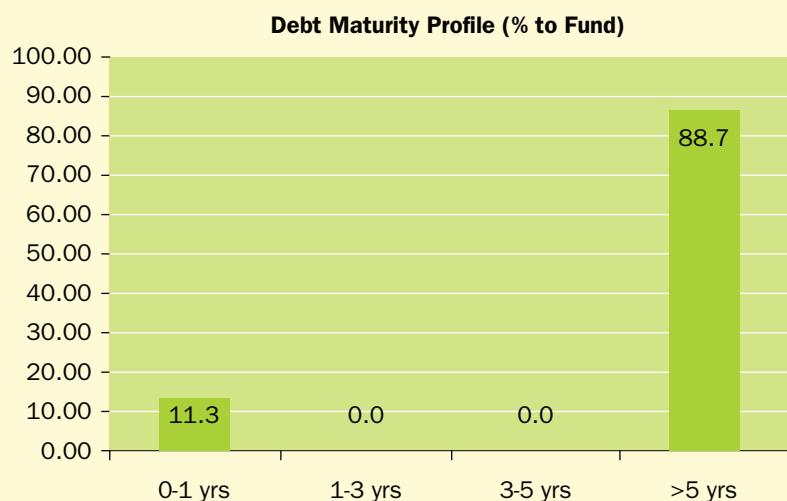
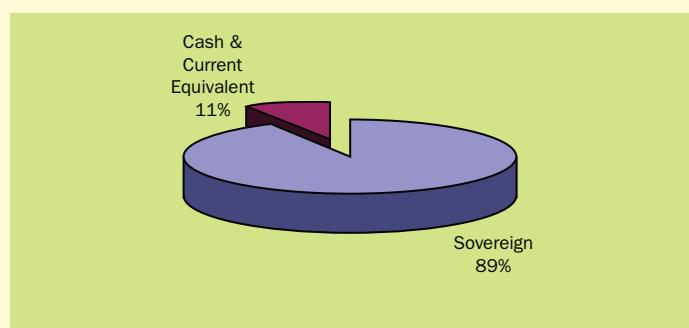
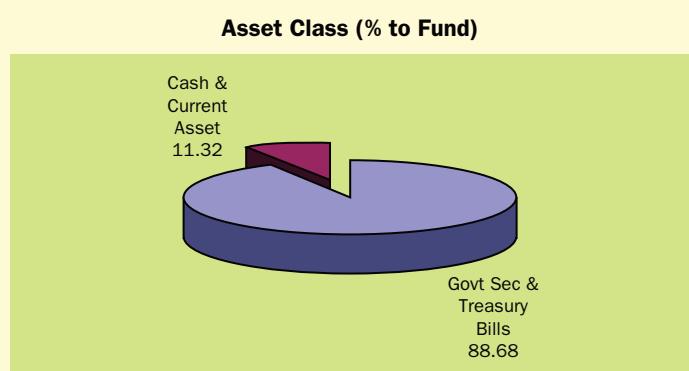
Fund Performance (Absolute Return %)		
	Fund	Benchmark
3 months	-2.22	-9.95
Since Inception*	-5.94	-12.11

Benchmark: 15 Year GOI Benchmark Bond

*Inception date- 21 May 2009

Debt Portfolio	(% to Fund)
7.35% GOI 2024	30.47
7.95% GOI 2025	24.00
8.03% GOI 2024	14.54
8.20 % GOI Sep2024	13.52
8.20 % GOI Feb 2024	6.15
Cash And Current Assets	11.32
Grand Total	100.00

Assets Under Management (in Rs. Lakhs)
406.07



safe money fund /

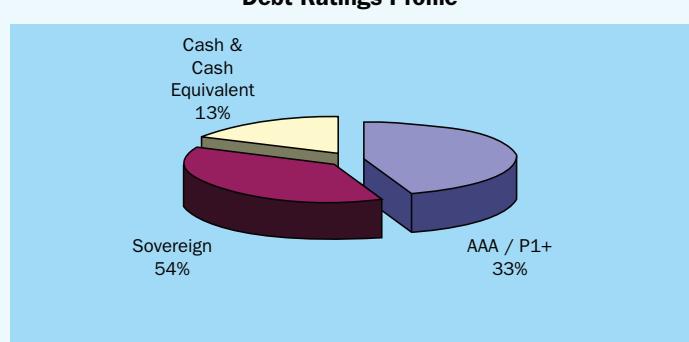
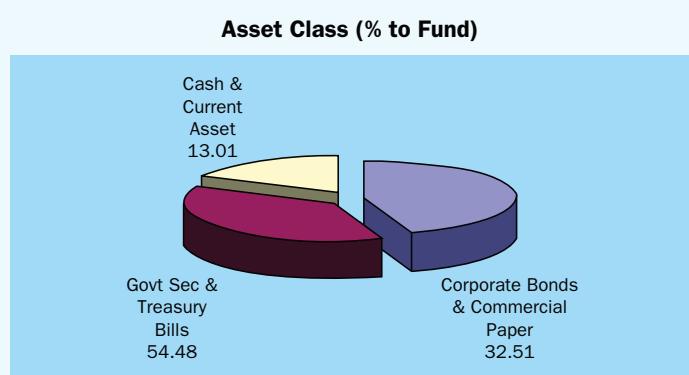
Fund Performance (Absolute Return %)		
	Fund	Benchmark
3 months	0.84	0.69
Since Inception*	0.87	0.82

Benchmark: CRISIL Liquid Fund Index

*Inception date- 10 July 2009

Debt Portfolio		(% to Fund)
91 Day TB Jan '10		54.48
6.50% FD IDBI Bank 08 Apr '10		7.03
6.25% FD SBM Mar '10		5.79
6.5% FD IDBI Bank Feb '10		5.06
6.25% FD State Bank of Mysore Mar '10		3.94
6.25% FD HDFC Bank Feb '10		3.94
6.25% FD SBM Feb '10		3.37
6.50% FD IDBI Bank 26 Apr '10		3.37
Cash And Current Assets		13.01
Grand Total		100.00

Assets Under Management (in Rs. Lakhs)
17.78



safe money pension fund /

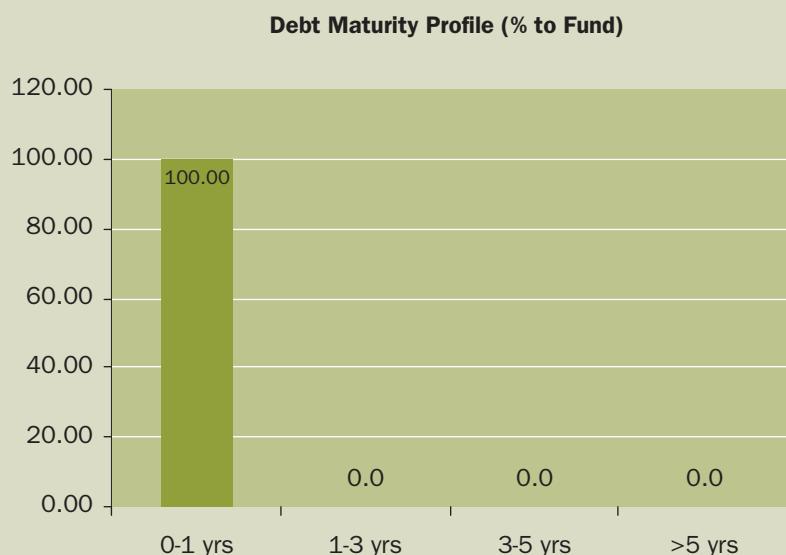
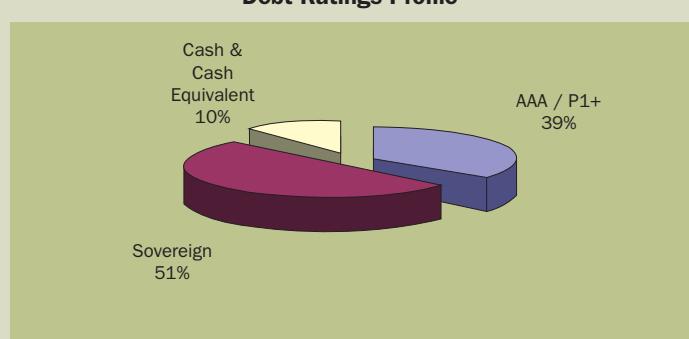
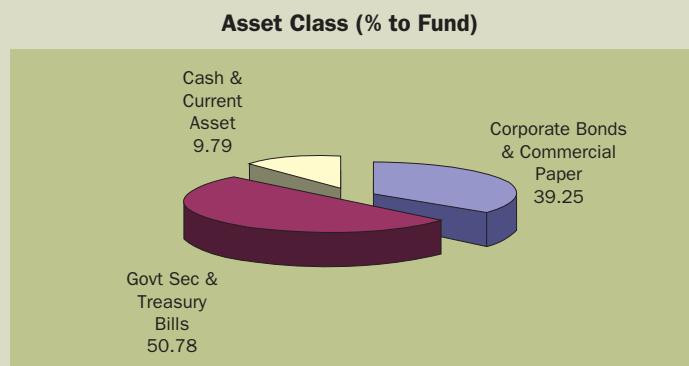
Fund Performance (Absolute Return %)		
	Fund	Benchmark
3 months	0.79	0.69
Since Inception*	0.81	0.82

Benchmark: CRISIL Liquid Fund Index

*Inception date- 10 July 2009

Debt Portfolio	(% to Fund)
91 Day TB Jan '10	50.78
6.50% FD IDBI Bank 22 Apr '10	15.33
6.50% FD IDBI Bank 08 Apr '10	8.18
6.25% FD SBM Mar '10	7.56
6.25% FD HDFC Bank Feb '10	6.13
6.5% FD IDBI Bank Feb '10	2.04
Cash And Current Assets	9.97
Grand Total	100.00

Assets Under Management (in Rs. Lakhs)
4.89



Disclaimers: 1. This newsletter only gives an overview of the economy and should not be construed as financial advice. Policyholder should speak with his Financial Advisor and use his/her own discretion and judgement while investing in financial markets and shall be responsible for his/her decision. 2. Insurance is the subject matter of the solicitation. 3. The information contained herein is as on 30th September 2009. 4. Past performance of the funds, as shown above, is not indicative of future performance or returns. 5. Grow Money Fund, Save n Grow Money Fund, Steady Money Fund, Growth Opportunities Fund, Grow Money Pension Fund, Save n Grow Money Pension Fund, Steady Money Pension Fund, Growth Opportunities Pension Fund, Build n Protect Fund Series 1, Safe Money Fund, Safe Money Pension Fund are only the names of the fund and do not indicate its expected future returns or performance.

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Compliance No.: Comp-Nov-2009-486

