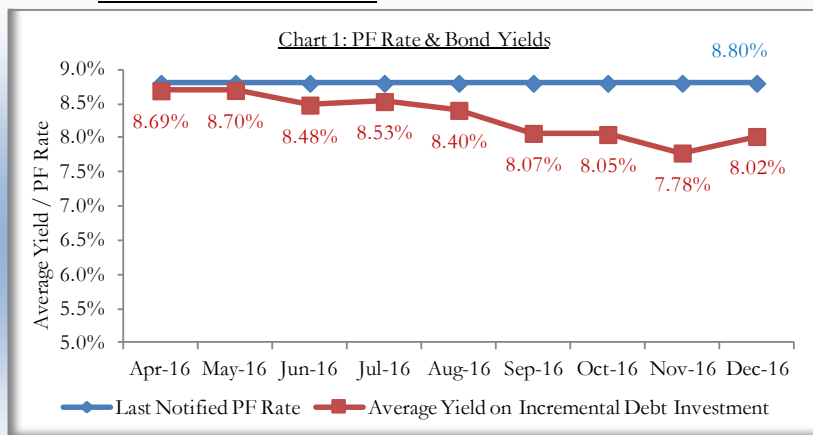
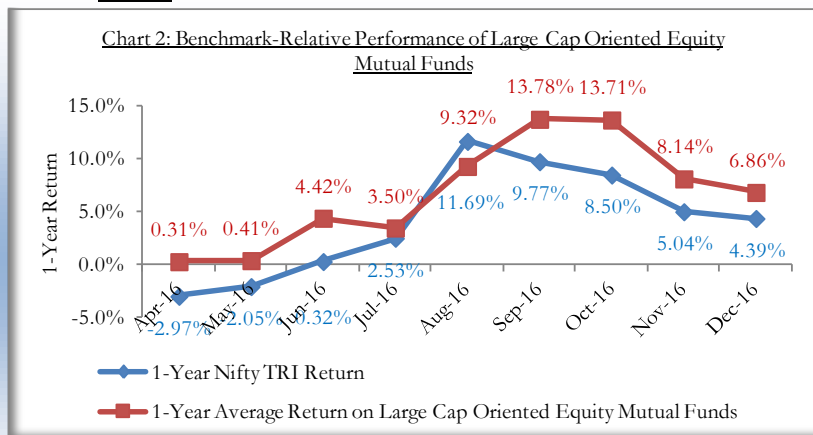


A. PF Rate & Bond Yields



B. Performance of Large Cap Oriented Equity Mutual Funds



C. Market Developments

1. The Reserve Bank of India (RBI) in its fifth bi-monthly monetary policy announced on 7th December left the repo rate unchanged at 6.25%. This was contrary to the expectation by market participants who were expecting a cut of at least 0.25%.
2. The annual rate of inflation (provisional), as measured by Consumer Price Index (CPI), stood at 3.63% in November 2016 as against 4.20% in October 2016.
3. A total of INR 34,318 crore of State Development Loans (SDLs) were auctioned by the RBI on 13th, 21st and 27th of December. The weighted average yield stood in the range of 6.82% to 7.29%.
4. Under the Ujwal DISCOM Assurance Yojana (UDAY) scheme of the Government of India, the State of Andhra Pradesh issued a notified amount of INR 880 crore of Special SDLs.



D. Regulatory Developments

1. Central Board of Trustees of the Employees Provident Fund Organization (EPFO), in its 215th meeting decided 8.65% as the PF rate for FY 2016-17. The rate will have to be ratified by the Ministry of Finance, Government of India for it to be applicable.
2. The Ministry of Labor, Government of India, on 30th December formally notified and launched the Employees Enrolment Campaign, 2017, to encourage firms to enroll their employees under its schemes at nominal damages of rupee one per annum. Under this scheme, the employee's share of contribution, if declared by the employer as not deducted, shall stand waived. No administrative charges shall be collected from the employer in respect of the contribution made under the declaration. The scheme will be operational between 1st January and 31st March 2017.
3. The Securities and Exchange Board of India (SEBI) issued guidelines for public issue of units of Real Estate Investment Trusts (REITs). It also issued guidelines for continuous disclosures and compliances by REITs.

Notes:

1. In Chart 1 average yield on incremental investment is a weighted average of average yields on Government Securities and AAA rated Corporate Bonds (quoted by cross-section of market participants during the months) with weights being 52.66% and 47.34%, respectively.
2. In Chart 2 average return on large cap oriented equity mutual funds is the average of 1-year return on 24 schemes shortlisted by India Life using India Life's Equity Mutual Fund Selection framework.

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1. *This bulletin has been prepared with the sole objective of providing an update; it is not a recommendation to buy or sell any financial asset. India Life Capital Pvt. Ltd. (India Life) has taken due care and caution in compiling the data used in this bulletin. Information has been obtained by India Life from sources it considers reliable. However, India Life does not guarantee the accuracy, adequacy or completeness of the information and is not responsible for any errors or omissions or for the results arising out of usage of information provided in this bulletin.*
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