

MetInvest

Unit-Linked Insurance Plans Monthly Fund Update, August '10

IN THIS POLICY, THE INVESTMENT RISK IN INVESTMENT PORTFOLIO IS BORNE BY THE POLICYHOLDER



Economy

Economy

The month of August witnessed significant activity on the macro-economic front. The real GDP growth for first quarter (Apr-June 2010) of the current fiscal year came at 8.8%. The Index of Industrial Production (IIP) grew at 7.1% (Y-o-Y) for the month of June 2010, lower than the expected figure of 8.1%.

On the inflation front, WPI inflation moderated to 9.97%. The last week of August saw a 29% above average rainfall, which helped the cumulative rainfall deficit to narrow down to 2%. This has nearly confirmed expectations of a higher agricultural growth output and lower inflation going forward.

The trade deficit for the month of July was \$12.9 billion. There was a significant decline in exports growth to 13.2% (\$16.4 billion), largely due to lower demand from US and UK. Imports were up by 34.3% (\$29.2 billion). The Rupee depreciated by 1.5% to 47.08 due to the widening trade deficit and Dollar appreciation against major currencies.

The month of August was little subdued on the global front with major indices reporting





negative returns on the back of poor macroeconomic data. Mixed data continued to emanate from US, while Europe GDP growth remained stagnant. The expectation of soft interest rates and ample liquidity is likely to remain globally.

Among developed markets, Dow Jones and Nikkei declined by 4.3% and 7.5%, respectively. Emerging market indices also reported negative returns with Brazil declining by 3.5% and Taiwan by 1.9%. China remained flat while India continued to outperform with both Nifty and Sensex delivering positive returns of 0.6% each.

Despite volatility in global markets and mixed news flows from the US, FII equity flows remained positive with USD 2.3 billion of net buying in August. The total FII equity investment in 2010 (till date) stands at USD 12.8 bn.

EQUITY MARKET

Equity Market Outlook

Broad equity market indices were range bound throughout the month. Among the sectors, Consumer, Banking and Automobile outperformed the broader market with 7.1%, 5.6% and 4.6% returns respectively, while Oil and Gas, Power and Metals posted negative returns.

The Banking sector saw deposit as well as lending rate hikes by many leading banks, in a move to align rates as a result of RBI rate hikes. Oil sector saw a fall in the bell weather stock Reliance Industries, mainly due to a freeze in gas volumes from KG D6 basin. Vedanta Plc announced the takeover of Cairn India Ltd from parent Cairn Plc for nearly \$10 billion. The Automobile sector continued to deliver strong volumes.

The macro-economic drivers of the economy are in good shape. We believe that the Indian growth story, which is largely domestic consumption driven, offers a better risk adjusted return for global investors. We expect FII inflows to continue.

Over the long term, we expect Indian market



to outperform major emerging markets and garner a higher share of allocation from developed markets. The current market valuations appear to be reasonable, from a two year forward earnings perspective. However, one needs to keep a close watch on global developments. Significant turmoil in global markets has the potential to impact Indian equities adversely.





Fixed Income Market Outlook

The 10 year benchmark bond 7.80% GOI 2020 crossed the psychological level of 8%. Corporate bonds were range bound. The 10 year Corporate AAA benchmark yield was flat at 8.78% vs. 8.81% M-o-M. The spreads in this category compressed from 100 bps to 85 bps. The three month sovereign Treasury bills were trading at 6.05%, while the three months Certificate of Deposits were trading at around 7.05%, implying a spread of 100 bps. On the monetary front, liquidity situation was tight and both short and long term rates continued to rise.

The market is keenly awaiting the monthly inflation and IIP data. RBI's mid-term policy review is expected on September 16th. Market expects a hike in key policy rates in this policy. Over the next few months, there could be a few more rate hikes from RBI. These rate hikes are

primarily aimed at tackling inflation to ensure that economic growth is sustained.

Liquidity is expected to remain tight due to RBI measures, regular government borrowing and no maturities in September. Tighter liquidity conditions and possible, further rate hikes are likely to keep the shorter end of yield curve at elevated levels. Regular government borrowing may push the yields higher. The 10 year 7.80% GOI 2020 is expected to trade around 8% with an upward bias in yields. Corporate bond yields are expected to follow the trend of Government securities.

Protector

As on 31st August 2010

Investment Objective: To earn regular income by investing in high quality fixed income securities

Asset Classes

Government & other debt securities

Cash & Money Market

Investment Philosophy

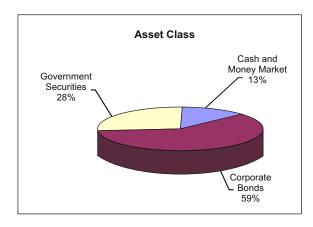
The Fund will target 100% investments in Government & other debt securities to meet the stated objectives

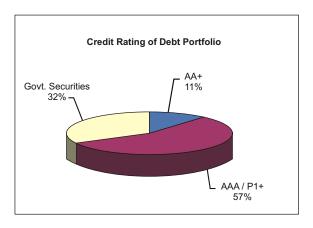
Portfolio Return		
Returns	NAV	Benchmark
Last 1 year return	6.38%	5.73%
Last 3 year (CAGR)	8.74%	6.47%
Last 5 year (CAGR)	6.80%	5.53%
CAGR since inception	6.69%	5.57%

Past performance is not indicative of future performance

Note: Benchmark has been calculated as per the target holding of the Fund i.e. 100% Debt Securities.

ecurity Type Benchmark Index	
Debt	CRISIL Composite Bond Fund Index

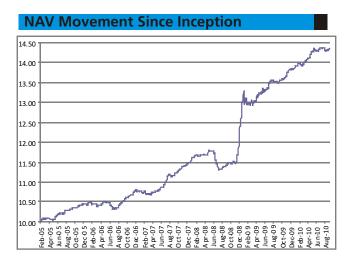




Portfolio as on 31st August 2010

Security Name	Wt (%)	Rating
Government Securities	27.72%	
SDL AP 2020	10.79%	Sovereign
SDL Maharashtra 2020	3.13%	Sovereign
GOI 2032	3.09%	Sovereign
GOI 2012	2.95%	Sovereign
GOI 2015	2.54%	Sovereign
SDL West Bengal 2019	1.55%	Sovereign
GOI 2013	1.23%	Sovereign
Others	2.43%	
Corporate Bonds	58.80%	
LIC Housing Finance Company Ltd	7.85%	AAA
HDFC	7.80%	AAA
Reliance Capital Limited	7.35%	AAA
Tech Mahindra	7.25%	AAA
Reliance Gas Transport Infrastructure	6.43%	AAA
Bajaj Auto Finance Ltd	6.30%	AA+
IL&FS	5.08%	AAA
Rural Electrification Corporation	3.64%	AAA
Sundaram Finance Limited	3.16%	AA+
ICICI Bank Ltd	1.27%	AAA
Power Finance Corporation Ltd	1.22%	AAA
Others	1.45%	
Cash and Money Market	13.48%	
Total	100.00%	

Note: 'Others' comprises of combined exposure to companies with less than or equal to 1% weightage in Portfolio



(Date of inception: 04- Feb-2005)

Preserver

As on 31st August 2010

Investment Objective: To generate income at a level consistent with preservation of capital, through investments in securities issued or guaranteed by Central and State Governments.

Asset Classes

Government & Govt. Guaranteed Securities Cash & Money Market

Investment Philosophy

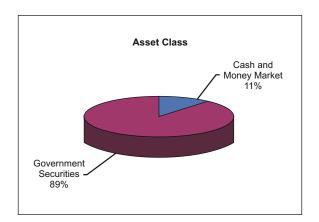
The Fund will target 100% investments in Government & Govt. Guaranteed Securities to meet the stated objectives.

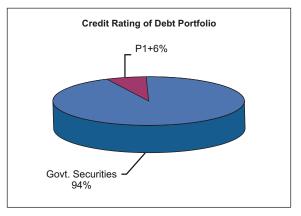
Portfolio Return		
Returns	NAV	Benchmark
Last 1 year return	4.62%	5.55%
Last 3 year (CAGR)	6.41%	7.38%
Last 5 year (CAGR)	5.76%	6.58%
CAGR since inception	5.78%	6.45%

Past performance is not indicative of future performance

Note: Benchmark has been calculated as per the target holding of the Fund i.e. 100% Debt Securities

Security Type	Benchmark Index
Debt (GOI)	ISEC Mi-Bex



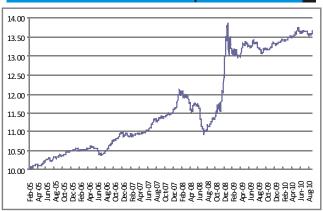


Portfolio as on 31st August 2010

Wt (%)	Rating
88.54%	
29.81%	Sovereign
28.31%	Sovereign
25.94%	Sovereign
2.28%	Sovereign
2.19%	
11.46%	
100.00%	
	88.54% 29.81% 28.31% 25.94% 2.28% 2.19% 11.46%

Note: 'Others' comprises of combined exposure to companies with less than or equal to 1% weightage in Portfolio

NAV Movement Since Inception



(Date of inception: 10-Feb-2005)

Moderator

As on 31st August 2010

Investment Objective: To earn regular income by investing in high quality fixed income securities and to generate capital appreciation by investing a limited portion in Equity.

Asset Classes

Government & other debt securities

Equities

Cash & Money Market

Investment Philosophy

The Fund will target 20% investments in Equities and 80% investments in Government & other debt securities to meet the stated objectives.

Portfolio Return

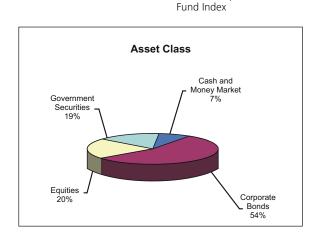
Returns	NAV	Benchmark
Last 1 year return	7.59%	7.76%
Last 3 year (CAGR)	8.56%	6.49%
Last 5 year (CAGR)	9.01%	8.45%
CAGR since inception	9.17%	8.88%

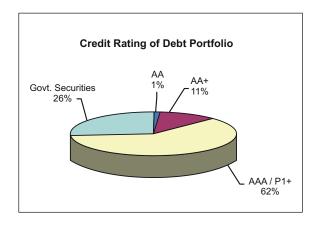
Past performance is not indicative of future performance

Note: Benchmark has been calculated as per the target holding of the Fund i.e. 20% Equity and 80% Debt Securities

Security Type Benchmark Index

Equity S&P CNX Nifty
Debt CRISIL Composite Bond

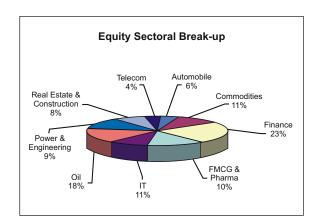




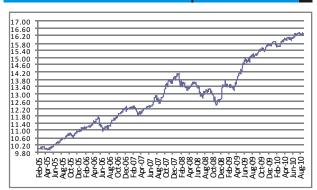
Portfolio as on 31st August 2010

•		
Security Name	Wt (%)	Rating
Government Securities	19.39%	
GOI 2012 SDL Maharashtra 2019 SDL AP 2020 GOI 2011 Others	8.34% 5.36% 2.96% 1.09% 1.64%	Sovereign Sovereign Sovereign Sovereign
Corporate Bonds	53.80%	
Reliance Gas Transport Infrastructure Tech Mahindra IL&FS Reliance Capital Limited Bajaj Auto Finance Ltd Rural Electrification Corporation HDFC Power Finance Corporation Ltd Sundaram Finance Limited LIC Housing Finance Company Ltd Others	9.21% 8.85% 7.36% 5.96% 5.45% 4.65% 3.35% 2.99% 2.55% 1.69% 1.73%	AAA AAA AAA AAA AAA AAA
Equities	19.52%	
Reliance Industries Ltd OIL and Natural Gas ITC Ltd ICICI Bank Ltd Larsen & Toubro Ltd State Bank Of India Others Cash and Money Market	1.33% 1.32% 1.23% 1.13% 1.06% 1.05% 12.40% 7.30%	
Total	100.00%	

Note: 'Others' comprises of combined exposure to companies with less than or equal to 1% weightage in Portfolio



NAV Movement Since Inception



(Date of inception: 08- Feb-2005)

Balancer

As on 31st August 2010

Investment Objective: To generate capital appreciation and current income, through a judicious mix of investments in Equities and fixed income securities.

Asset Classes

Government & other debt securities

Equities

Cash & Money Market

Investment Philosophy

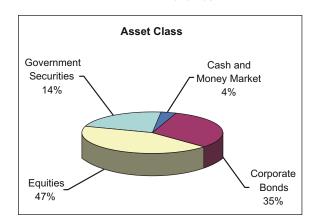
The Fund will target 50% investments in Equities and 50% investments in Government & other debt securities to meet the stated objectives.

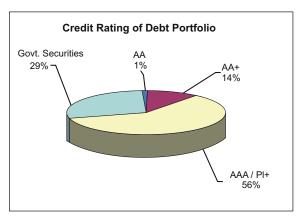
Portfolio Return Returns NAV **Benchmark** 9.88% Last 1 year return 10.81% Last 3 year (CAGR) 8.38% 6.52% Last 5 year (CAGR) 12.35% 12.31% **CAGR** since inception 12.74% 13.16%

Past performance is not indicative of future performance

Note: Benchmark has been calculated as per the target holding of the Fund i.e. 50% Equity and 50% Debt Securities

Security Type	Benchmark Index
Equity Debt	S&P CNX Nifty CRISIL Composite Bond Fund Index

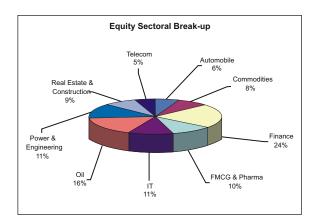




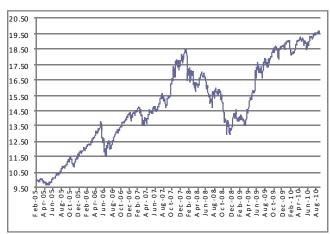
Portfolio as on 31st August 2010

_		
Security	Wt (%)	Rating
Government Securities	14.06%	•
GOI 2012 GOI 2011 GOI 2013 GOI 2021 Others	3.42% 2.46% 1.71% 1.30% 5.18%	Sovereign Sovereign Sovereign Sovereign
Corporate Bonds	34.80%	
Reliance Capital Limited LIC Housing Finance Company Ltd Tech Mahindra IDFC 2010 Rural Electrification Corporation Bajaj Auto Finance Ltd Reliance Gas Transport Infrastructure HDFC Reliance Industries Ltd L&T Finance Ltd Sundaram Finance Limited Others	7.10% 6.70% 3.70% 2.61% 2.13% 1.73% 1.65% 1.56% 1.51% 1.29%	
Equities	46.89%	
Larsen & Toubro Ltd Reliance Industries Ltd Infosys Technologies State Bank Of India ICICI Bank Ltd ITC Ltd OIL and Natural Gas HDFC Bank Ltd HDFC BHEL Bharti Airtel Ltd Tata Powers Ltd. Tata Consultancy Ltd Gail (India) Ltd Tata Iron and Steel Cairn India Ltd Others Cash and Money Market	3.03% 2.93% 2.73% 2.71% 2.66% 2.45% 1.90% 1.87% 1.70% 1.67% 1.28% 1.26% 1.21% 1.02% 1.01%	
Total	4.26% 100.00%	
10191	100.0070	

Note: 'Others' comprises of combined exposure to companies with less than or equal to 1% weightage in Portfolio



NAV Movement Since Inception



(Date of inception: 08- Feb-2005)

Accelerator

As on 31st August 2010

Investment Objective: To achieve capital appreciation by investing predominantly in Equities, with limited investment in fixed income securities.

Asset Classes

Government & other debt securities

Equities

Cash & Money Market

Investment Philosophy

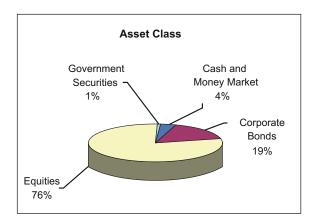
The Fund will target 80% investments in Equities and 20% investments in Government & other debt securities to meet the stated objectives.

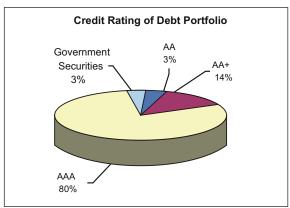
Portfolio Return Returns NAV **Benchmark** 12.76% 13.85% Last 1 year return Last 3 year (CAGR) 7.25% 6.55% Last 5 year (CAGR) 15.50% 15.71% **CAGR** since inception 16.37% 16.80%

Past performance is not indicative of future performance

Note: Benchmark has been calculated as per the target holding of the Fund i.e. 80% Equity and 20% Debt Securities

Security TypeBenchmark IndexEquityS&P CNX NiftyDebtCRISIL Composite Bond
Fund Index

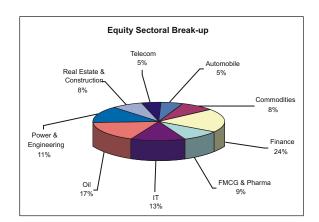




Portfolio as on 31st August 2010

Security	Wt (%)	Rating
Government Securities	0.51%	Sovereign
Corporate Bonds	18.64%	· ·
Reliance Capital Limited	4.38%	AAA
Bajaj Auto Finance Ltd	2.84%	AA+
HDFC	2.35%	AAA
LIC Housing Finance Company Ltd	2.24%	
Rural Electrification Corporation	1.48%	
Reliance Industries Ltd	1.25%	AAA
Others	4.10%	
Equities	76.04%	
Infosys Technologies Reliance Industries I td	5.50%	
ICICI Bank I td	5.43% 4.88%	
State Bank Of India	4.86%	
Larsen & Toubro Ltd	4.65%	
Oll and Natural Gas	3.74%	
ITC 1td	3.44%	
BHFI	3.10%	
HDFC Bank Ltd	2.99%	
Bharti Airtel Ltd	2.79%	
Tata Consultancy Ltd	2.43%	
HDFC	2.34%	
Cairn India Ltd	2.16%	
Tata Iron and Steel	1.89%	
NTPC	1.79%	
Gail (India) Ltd	1.78%	
Sterlite Industries	1.70%	
Tata Powers Ltd.	1.67%	
Axis Bank	1.64%	
Sun Pharmaceuticals Industries Ltd	1.52%	
Hero Honda Motors Limited	1.38%	
Wipro Hindustan Unilever I td	1.38% 1.11%	
Tata Motors Limited	1.11%	
Others	10.86%	
Cash and Money Market	4.81%	
Total	100.00%	

Note: 'Others' comprises of combined exposure to companies with less than or equal to 1% weightage in Portfolio





(Date of inception: 07- Feb-2005)

Multiplier

As on 31st August 2010

Investment Objective: To generate long-term capital appreciation by investing in diversified Equities.

Asset Classes	
Equities	
Cash & Money Market	
Investment Philosophy	

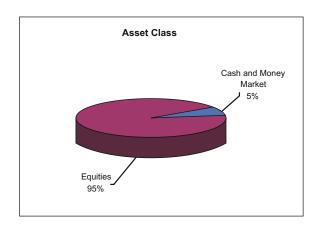
The Fund will target 100% investments in Equities to meet the stated objectives.

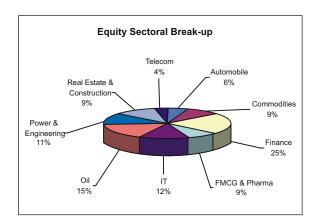
Portfolio Return		
Returns	NAV	Benchmark
Last 1 year return	14.75%	15.88%
Last 3 year (CAGR)	6.08%	6.57%
Last 5 year (CAGR)	16.19%	17.77%
CAGR since inception	17.43%	18.97%

Past performance is not indicative of future performance

Note: Benchmark has been calculated as per the target holding of the Fund i.e. 100% Equity Securities

Security Type	Benchmark Index	
Equity	S&P CNX Nifty	

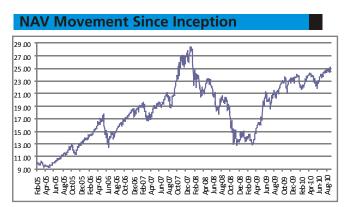




Portfolio as on 31st August 2010

Security	Wt (%)	Rating
Equities	94.99%	
Infosys Technologies	6.10%	
Reliance Industries Ltd	5.97%	
ICICI Bank Ltd	5.82%	
Larsen & Toubro Ltd	5.76%	
ITC Ltd	4.47%	
HDFC Bank Ltd	4.11%	
State Bank Of India	4.09%	
HDFC	3.69%	
BHEL	3.37%	
OIL and Natural Gas	3.29%	
Tata Consultancy Ltd	3.00%	
Axis Bank	2.87%	
Bharti Airtel Ltd	2.76%	
Cairn India Ltd	2.55%	
Sterlite Industries	2.38%	
Mahindra & Mahindra Ltd	2.21%	
Tata Powers Ltd.	2.19%	
Tata Iron and Steel	2.08%	
Punjab National Bank	1.87%	
Gail (India) Ltd	1.67%	
Jindal Steel & Power Ltd.	1.53%	
Jaiprakash Associates Limited	1.52%	
Sun Pharmaceuticals Industries Ltd	1.51%	
Tata Motors Limited	1.48%	
Reliance Infrastructure Ltd	1.42%	
Hindustan Unilever Ltd	1.38%	
Wipro	1.15%	
HCL Technologies Limited	1.14%	
Hindalco Ltd	1.10%	
NTPC	1.05%	
Others	11.47%	
Cash and Money Market	5.01%	
Total	100.00%	

Note: 'Others' comprises of combined exposure to companies with less than or equal to 1% weightage in Portfolio



(Date of inception: 07- Feb-2005)

Virtue

As on 31st August 2010

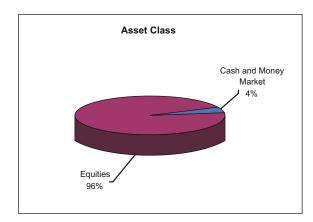
Investment Objective: To generate long-term capital appreciation by investing in diversified Equities of companies promoting healthy life style and enhancing quality of life.

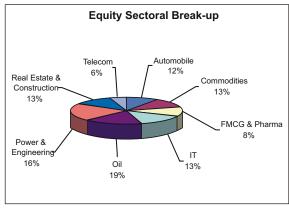
Asset Classes Equities Cash & Money Market Investment Philosophy

The Fund will target 100% investments in Equities to meet the stated objectives.

Portfolio Return	
Returns	NAV
Last 1 year return	8.89%
CAGR since inception	2.14%
	•

Past performance is not indicative of future performance



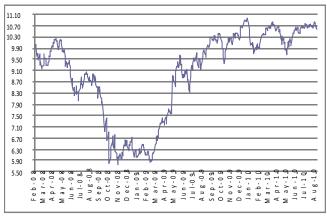


Portfolio as on 31st August 2010

Security	Wt (%)	Rating
Equities	96.28%	
Larsen & Toubro Ltd	7.35%	
Infosys Technologies	6.45%	
Reliance Industries Ltd	6.19%	
BHEL	4.10%	
OIL and Natural Gas	3.98%	
Jindal Steel & Power Ltd.	3.85%	
Cairn India Ltd Bharti Airtel Ltd	3.62%	
Mahindra & Mahindra Ltd	3.49% 3.48%	
Gail (India) Ltd	3.46%	
Hindustan Unilever Ltd	2.97%	
Tata Consultancy Ltd	2.83%	
Tata Powers Ltd.	2.23%	
Sun Pharmaceuticals Industries Ltd	2.22%	
Sterlite Industries	2.12%	
Tata Motors Limited	2.06%	
Reliance Infrastructure Ltd	1.99%	
Tata Iron and Steel	1.87%	
Wipro	1.68%	
Bajaj Auto Ltd	1.66%	
Jaiprakash Associates Limited	1.66%	
Hero Honda Motors Limited	1.63%	
Cipla Ltd	1.61%	
Maruti Suzuki India Limited	1.51%	
BPCL	1.48%	
United Phosphorus Ltd	1.47%	
Grasim Industries Ltd	1.42%	
HCL Technologies Limited	1.41%	
DLF Limited	1.29%	
ACC Ltd	1.26%	
Reliance Communications Limited	1.25%	
Exide Industries Ltd	1.22%	
Siemens Limited	1.21%	
Crompton Greaves Ltd NTPC	1.20% 1.18%	
Unitech Limited	1.18%	
SAIL	1.08%	
Asian Paints Ltd	1.02%	
Hindalco Ltd	1.01%	
Ambuja Cement Ltd	1.01%	
Others	3.07%	
Cash and Money Market	3.72%	
Total	100.00%	

Note: 'Others' comprises of combined exposure to companies with less than or equal to 1% weightage in Portfolio

NAV Movement Since Inception



(Date of inception: 27- Feb-2008)



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