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Met Invest

Gratuity Fund Performance Monthly Fund Update, January '13

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



ECONOMY

Indicators	Nov-12	Dec-12	M-o-M Variation
10 year GSec (%)	8.18	8.05	-0.13
10 year AAA Corporate Bond (%)	9.00	8.93	-0.07
5 year GSec (%)	8.16	8.03	-0.13
5 year AAA Corporate Bond (%)	9.00	8.92	-0.08
1 year T-Bill (%)	8.07	8.02	-0.05
1 year CD (%)	8.76	8.82	0.06
WPI Inflation (%)	7.45	7.24	-0.21
IIP (%)	-0.40	8.20	8.60
US 10 year Treasury Yield (%)	1.62	1.76	0.14
Exchange Rate (USD/INR)	54.27	55.00	1.3%
Forex Reserves (USD bn)	295	297	0.7%
Brent Crude Oil (USD/barrel)	111	111	0.0%
Sensex	19340	19427	0.4%
Nifty	5880	5905	0.4%

Source: Bloomberg, Reuters and WSS from RBI

Economy

During the month of December 2012, Indian economy got some respite from the twin problems of low growth and high inflation. The Index of Industrial Production (IIP) for the month of October 2012 rose sharply by 8.2%, as against an expectation of 5%. This was largely due to the festive season demand. Inflation softened to 7.24% in November 2012 compared to 7.45% in October. The moderation in manufactured goods prices was the main reason for fall in inflation number.

December 2012 saw continuity in reforms announcement. After FDI in retail which was passed in November, this month saw the passage of Banking amendment bill and Companies bill. The new companies' bill is expected to improve quality of corporate governance while Banking amendment bill seeks to increase the powers of RBI, including allowing issuing of new bank licenses.

Equity market

From a global economic standpoint, December 2012 was in stark contrast to December 2011. It was a month of positive sentiments unlike last December when pessimism regarding global stability and domestic growth concerns were high. December 2012 saw improving stability across key regions. In the US, political parties agreed to reach an agreement on spending cuts

and increase in tax rates to improve the country's fiscal situation. This was taken positively by the market, as worries over US getting into serious economic problems subsided.

Based on encouraging news flows, almost all major equity markets posted gains in December. Emerging markets outperformed the developed ones with China surging by 15% followed by Russia and Brazil gaining 7% and 6% respectively. Indian markets were flat in December, post 5% gain in November. Among developed markets, Japan rose by 10% followed by Germany and France with 3% and 2% gains respectively. The US markets were up by 1%.

FII flows continued to remain robust with USD 4.6 bn net inflows in December. For CY 2012, the net FII inflows stand at USD 24.5 bn, as against an outflow of USD 0.5 bn in CY 2011.

Sectoral performance

The real estate sector which is showing initial signs of recovery outperformed the market. Project launches have gathered momentum and booking trends are showing recovery signs, albeit at a modest pace. In addition to this, expectations of interest rate cut augur well for this sector, as this is a rate sensitive sector.

Banks were in focus in December on account of the Banking Bill which was cleared by Parliament. This bill has quite a few positives for the banking sector. In addition to this, improving macroeconomic data and expected rate cut from RBI in January 2013 sustained the rally for the banking sector.

The metal sector outperformed the market with 6.9% return during the month. Positive economic data points from around the world helped the gains in base metals and steel prices. China, which is the largest commodity consumer in the world, focusing on growth bodes well for commodity markets. This helped in improving investor sentiment for metal stocks.

Equity market outlook

Post a tumultuous 2011, equity markets staged a strong comeback in CY12 with 28% return. This was largely driven by ample liquidity provided by global Central banks through monetary expansion to revive economic growth.

MARKET OUTLOOK

In CY 2012, elections in US, China and Japan were held. This paves the way for political stability and increased focus on enhancing economic prospects in these regions. This should augur well for the world economy.

From India's perspective, trend in macro-economic conditions would be the focal point over the next few quarters. Recent commentaries from RBI suggest that monetary policy framework is expected to turn pro-growth. We expect RBI to reduce policy rates in the third quarter monetary policy scheduled in January 2013. This coupled with continuity in reforms should augment well for economic revival and improvement in corporate profitability. RBI policy meet in January and upcoming quarterly results along with management commentaries are key events to watch out for in the near term.

We continue to advise investors to stay invested in equities on account of reasonable market valuations and good long term prospects for wealth creation.

Debt Market and Outlook

Government securities market was positive for the month of December. It was range bound in the first half of the month, as RBI did not cut rates in the mid-quarter monetary policy. However, RBI conducted Open Market Operations (OMOs) to reduce stress on liquidity, which was positive for the market.

With lower than expected inflation numbers, buying interest was seen in the market as hopes of rate cut increased. The 10 year benchmark Government security closed at a low of 8.05% at end of the month compared to 8.18% at end of the previous month.

Corporate bond market rates also softened marginally during the month with yield on 10 year AAA rated bond softening from 9.0% to 8.9%. In the money market, CD (Certificate of Deposit) rates hardened during the month due to tight liquidity conditions. The one year CD rate moved up by 6 basis points from 8.76% to around 8.82%.

Going forward, it is widely expected that RBI would reduce rates in the January 2013 credit policy. Over the medium term horizon, rates are expected to soften further as RBI is likely to reduce rates to support faltering growth. In addition to this, we expect RBI to continue Open Market Operations to ease stress on liquidity which would also be positive for yields.

UNIT-LINKED Fund

Gratuity Balanced

SFIN No: ULGF00205/06/04GRABALANCE117

As on 31st Dec 2012

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 30% investments in Equities and 70% investments in Government & other debt securities to meet the stated objectives.

Portfolio Return

Returns	NAV	Benchmark
Last 6 months return	8.0%	6.9%
Last 1 year return	16.4%	14.9%
Last 3 year (CAGR)	7.8%	6.3%
CAGR since inception	8.9%	7.7%

Past performance is not indicative of future performance

Note: Benchmark has been calculated as per the target holding of the fund i.e. 30% Equity and 70% Debt Securities

Security type

Equity
Debt

Benchmark Index

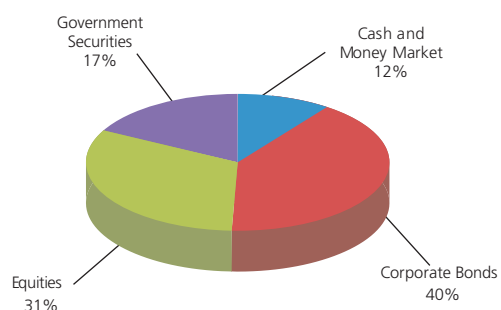
S&P CNX Nifty
CRISIL Composite Bond Fund Index

Gratuity Balanced Portfolio as on 31 Dec 2012

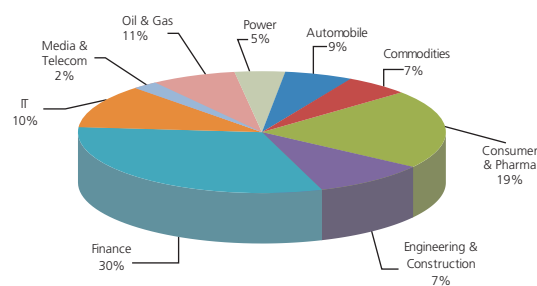
Security Name	Wt	Rating
Government Securities	17.49%	
GOI 2041	7.58%	Sovereign
GOI 2030	5.10%	Sovereign
GOI 2036	4.82%	Sovereign
Corporate Bonds	39.77%	
Reliance Gas Transport Infrastructure	8.73%	AAA
IL&FS	7.61%	AAA
Gail (India) Ltd	7.22%	AAA
LIC Housing Finance Company Ltd	6.82%	AAA
HDFC	3.91%	AAA
TATA Sons Ltd	2.45%	AAA
Power Grid Corporation Ltd	1.81%	AAA
Power Finance Corporation Ltd	1.22%	AAA
Equities	30.60%	
ITC Ltd	2.21%	
ICICI Bank Ltd	2.06%	
HDFC Bank Ltd	1.93%	
Reliance Industries Ltd	1.80%	
HDFC	1.72%	
Infosys Ltd.	1.63%	
Larsen & Toubro Ltd	1.12%	
State Bank Of India	1.09%	
Others	17.04%	
Cash And Money Market	12.14%	
Total	100.00%	

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

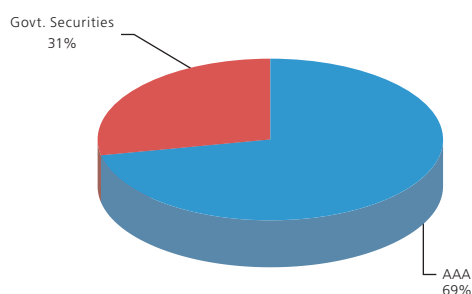
ASSET ALLOCATION



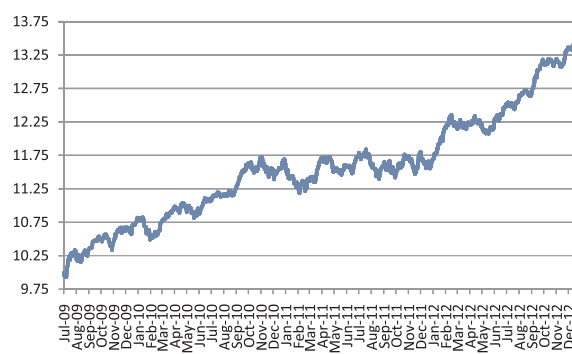
EQUITY SECTORAL BREAK-UP



CREDIT RATING OF DEBT PORTFOLIO



NAV MOVEMENT SINCE INCEPTION



(Date of inception: 07-July-2009)

UNIT-LINKED Fund

Gratuity Debt

SFIN No: ULGF00105/06/04GRADEBTFND117

As on 31st Dec 2012

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 would target 100% investments in Government & other debt securities to meet the stated objectives.

Portfolio Return

Returns	NAV	Benchmark
Last 6 months return	5.9%	4.8%
Last 1 year return	11.1%	9.4%
CAGR since inception	11.3%	8.1%

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

Debt

Benchmark Index

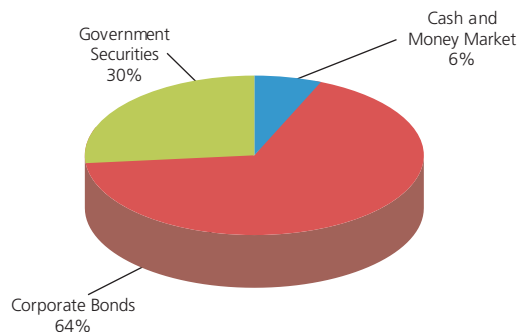
CRISIL Composite Bond Fund Index

Gratuity Debt Portfolio as on 31 Dec 2012

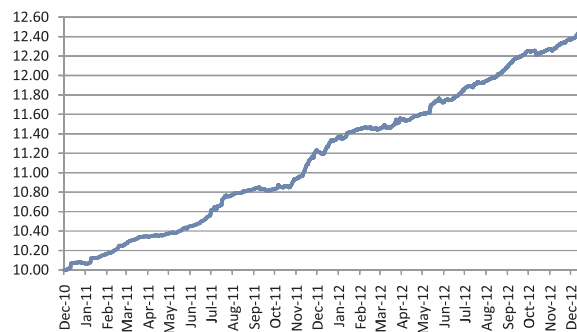
Security Name	Wt	Rating
Government Securities	30.17%	
GOI 2036	10.73%	Sovereign
GOI 2030	7.10%	Sovereign
GOI 2026	4.05%	Sovereign
GOI 2025	4.01%	Sovereign
SDL Maharashtra 2022	4.01%	Sovereign
Others	0.29%	
Corporate Bonds	63.73%	
LIC Housing Finance Company Ltd	7.51%	AAA
Reliance Ports And Terminals Ltd	7.21%	AAA
IL&FS	7.06%	AAA
TATA Sons Ltd	6.82%	AAA
SAIL	6.82%	AAA
Gail (India) Ltd	6.70%	AAA
Power Finance Corporation Ltd	4.77%	AAA
Reliance Gas Transport Infrastructure	4.15%	AAA
HDFC	4.03%	AAA
Reliance Industries Ltd	3.95%	AAA
Tech Mahindra	2.57%	AAA
Power Grid Corporation Ltd	2.16%	AAA
Cash And Money Market	6.09%	
Total	100.00%	

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

ASSET ALLOCATION

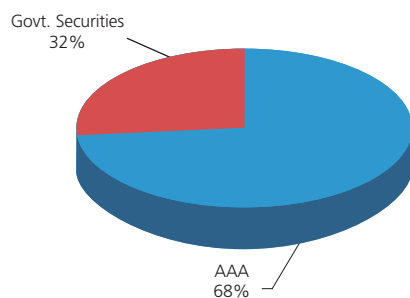


NAV MOVEMENT SINCE INCEPTION



(Date of inception: 20-December-2010)

CREDIT RATING OF DEBT PORTFOLIO



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5 Vani Vilas Road,
Basavanagudi, Bangalore-560004.
Tel: +91 80-2643 8638.
Toll Free: 1-800-425-6969
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