Met Invest

Gratuity Fund Performance

Monthly Fund Update, June'13

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

ECONOMY

S.No.	Indicators	Apr-13	May-13	M-o-M Variation
1	10-year G-Sec India (%)	7.73	7.25	-0.48
2	10-year AAA Corporate Bond (%)	8.52	8.15	-0.37
3	5-year G-Sec India (%)	7.55	7.38	-0.17
4	5-year AAA Corporate Bond (%)	8.48	8.16	-0.32
5	1-year T-Bill (%)	7.47	7.27	-0.20
6	1-year CD (%)	8.42	8.33	-0.09
7	WPI Inflation (%)	5.96	4.89	-1.07
8	CPI Inflation (%)	10.39	9.39	-1.00
9	IIP (%)	0.6	2.5	1.90
10	US 10-Year Treasury Yield (%)	1.67	2.13	0.46
11	Exchange Rate (USD/INR)	53.81	56.51	5.02%
12	Forex Reserves (USD Bn)	296	292	-1.35%
13	Brent Crude Oil (USD/barrel)	102	100	-1.96%
14	Sensex	19504	19760	1.31%
15	Nifty	5930	5985	0.93%

Source: Bloomberg, Reuters and WSS from RBI

Economy

During the month of May 2013, Indian economy witnessed an improvement in IIP growth numbers compared to previous month. IIP for the month of March 2013 rose by 2.5% (in line with market expectation), driven jointly by manufacturing and electricity which grew by 3.2% and 3.5% respectively.

WPI inflation for the month of April 2013 came much lower at 4.9% compared to consensus expectation of around 5.5%. Declining prices of food items, especially fruits and vegetables, along with lower inflation in manufactured goods brought down WPI inflation to nearly three-and-a-half-year low. The core inflation was at 2.7%, which is one of the lowest seen in recent times.

The retail inflation, as measured by consumer price index, came at a single digit of 9.4% in April.

The GDP growth for Q4FY13 came at a dismal 4.8% while the GDP growth for FY13 came at a decade low number of 5%. However, the Government was able to rein in fiscal deficit at 4.9% of GDP in 2012-13, as against 5.2% pegged in the revised estimate of the Budget.

Looking at poor growth and falling inflation, RBI reduced the repo rate by 25 bps from 7.50% to 7.25%. Accordingly the reverse repo rate got adjusted to 6.25%. RBI left CRR and SLR unchanged.

The prices of gold and crude oil (which have been the prime reasons for India's widening current account deficit) corrected by 6% and 2% respectively. This can lead to significant improvement in India's macro-economic conditions.

Equity Markets

Equities provided muted return in May accompanied with high volatility. Markets saw a mixed bag of corporate results as earnings season drew to a close. Globally, all developed equity markets (barring Japan) rode a positive trajectory led by supportive monetary policy and improvement in economic fundamentals such as housing and jobs market data.

Emerging markets saw a mixed performance with China and India outperforming while Russia and Brazil de-growing.

Developed markets continue to outperform with Germany up by 6% and UK, US, and France increasing by 2% respectively. Amongst emerging markets, China had an exceptional month with 6% gains compared to Russia and Brazil which fell by 5% and 4% respectively. India maintained a positive move by registering a gain of around 1%.

FII inflows accelerated in May as net inflows came in at ~$3.8 bn. This brought the YTD buying to $15.2 bn. DIIs continued to be net sellers with net outflows at $2.2 bn taking the YTD figure to $9 bn.

Sectoral Performance

The FMCG sector outperformed the markets on the back of good set of results. Companies in this sector have shown strong operational performance owing to continuing demand momentum and falling commodity prices. Expectation of normal monsoon allayed fears of slowdown. Management commentaries remained confident about the medium term outlook.

The Information Technology (IT) sector reversed its underperformance of last month on the back of weakening Indian currency and positive global economic data points. This is an export-oriented sector and benefits from weak local currency. North America, which accounts for bulk of the revenues for this sector, is showing signs of an economic turnaround. This augurs well for the Indian IT sector.

The PSU banks continued to disappoint as most banks showed an increase in NPAs and restructured assets which were higher than market expectations. The operating results were weak on account of low Net Interest Income growth, higher employee costs and provision for NPAs. As per commentaries of some of the bank managements, the results are expected to remain muted and contingent on the recovery of economy.

Equity Market Outlook

The global economic scenario is panning out in an interesting manner, where monetary stimulus is stabilizing a large part of the European economies and improving economic data from US. Softening commodity prices and falling interest rates favour fund flows into emerging markets, which may boost overall economic growth of these economies and provide better returns to investors.

From India's perspective, continued weakening of commodity prices and improved liquidity in the system augurs well for the country. At the macro level, strong investment inflows and declining crude and gold prices helps improve both fiscal and current account deficit. Falling interest rates also help to improve corporate earnings.

Going forward, monsoon will be a driving factor for markets coupled with RBI's continued efforts to revive the growth trajectory and Government's ability to support its policy initiatives. We continue to maintain positive stance towards equities from a medium to long term perspective.

Debt Market and Outlook

Fixed Income markets were very positive during May 2013

Markets were bullish at the beginning of the month due to expectation of a rate cut by RBI. As expected, RBI cut rates which caused yields to soften. With inflation coming at a low of 4.9%, the bullish sentiment got a further impetus as market started building in expectations of a further rate cut in the next RBI meet. By end of the month, auction of a new 10 year benchmark bond was announced, which led to further buying interest in the market. The yield on new 10 year benchmark Government Security closed at 7.25% as against a closing of 7.73% (of old 10 year benchmark G sec) at end of the previous month.

There was strong buying interest seen in corporate bond market also. The yield on 10 year AAA rated bond fell from 8.52% at end of the previous month to around 8.15% by end of the month.

In the money market also, Certificate of Deposit (CD) rates fell due to expected rate cut by RBI as well as expectation of better liquidity. The one year CD rates fell from around 8.42% by end of April 2013 to around 8.33% by end of May 2013.

Current low economic growth and falling WPI inflation are positives from a rate cut point of view. However, negatives include RBI's continued hawkish stance, high Current Account Deficit and a weakening INR. Going forward, RBI is expected to reduce rates over the next few months to support faltering economic growth. However, the timing and quantum of rate cuts would depend on the growth-inflation dynamics in the economy.

UNIT-LINKED Fund

Gratuity Balanced

SFIN No: ULGF00205/06/04GRABALANCE117

As on 31st May 2013

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	6.2%	5.9%
Last 1 year return	16.1%	15.3%
Last 3 year (CAGR)	9.0%	7.6%
CAGR since inception	9.3%	8.2%

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

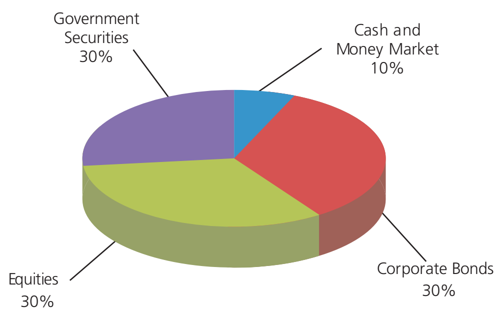
Security type	Benchmark Index
Equity	CNX Nifty
Debt	CRISIL Composite Bond Fund Index

Gratuity Balanced
Portfolio as on 31st May 2013

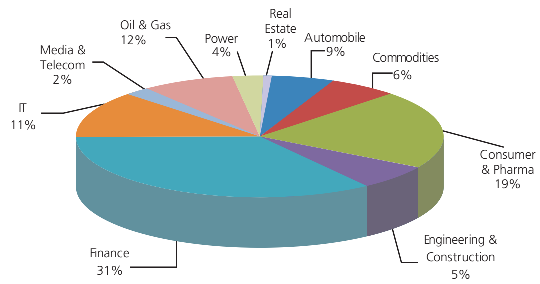
Security Name	Wt	Rating
Government Securities	**30.62%**	
GOI 2041	7.92%	Sovereign
GOI 2042	7.53%	Sovereign
GOI 2030	5.24%	Sovereign
GOI 2036	5.00%	Sovereign
GOI 2026	4.93%	Sovereign
Corporate Bonds	**29.76%**	
Reliance Gas Transport Infrastructure	8.74%	AAA
Gail (India) Ltd	7.10%	AAA
LIC Housing Finance Company Ltd	6.64%	AAA
HDFC	3.16%	AAA
TATA Sons Ltd	2.38%	AAA
Power Grid Corporation Ltd	1.74%	AAA
Equities	**29.63%**	
ITC Ltd	2.58%	
ICICI Bank Ltd	2.17%	
Reliance Industries Ltd	2.05%	
HDFC Bank Ltd	1.90%	
HDFC	1.79%	
Infosys Ltd.	1.75%	
Larsen & Toubro Ltd.	1.15%	
Tata Consultancy Services Ltd.	1.09%	
Others	15.15%	
Cash And Money Market	**9.99%**	
Total	**100.00%**	

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

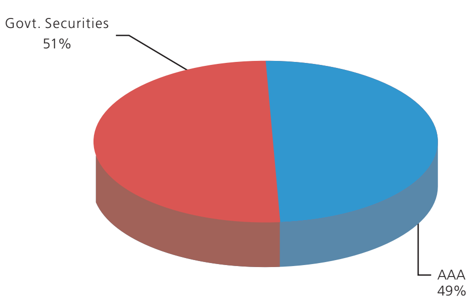
ASSET ALLOCATION



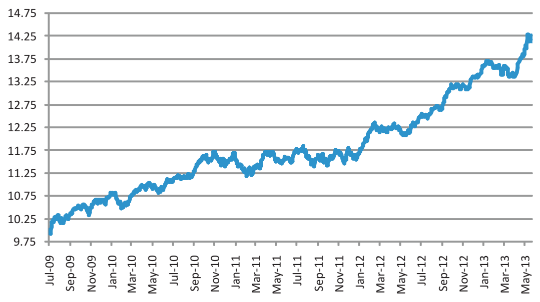
EQUITY SECTORAL BREAK-UP



CREDIT RATING OF DEBT PORTFOLIO



NAV MOVEMENT SINCE INCEPTION



(Date of inception: 07-July-2009)

Gratuity Debt

SFIN No: ULGF00105/06/04GRADEBTFND117

As on 31st May 2013

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	8.7%	7.7%
Last 1 year return	14.8%	12.6%
CAGR since inception	12.6%	9.6%

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

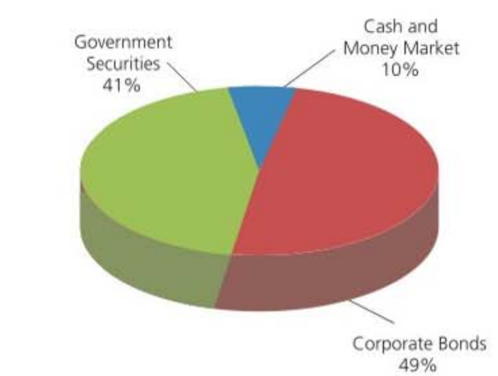
Security type	Benchmark Index
Debt	CRISIL Composite Bond Fund Index

Gratuity Debt
Portfolio as on 31st May 2013

Security Name	Wt	Rating
Government Securities	**41.19%**	
GOI 2026	28.27%	Sovereign
GOI 2036	9.17%	Sovereign
GOI 2041	3.64%	Sovereign
Others	0.12%	
Corporate Bonds	**48.52%**	
LIC Housing Finance Company Ltd	6.04%	AAA
Reliance Ports And Terminals Ltd	5.94%	AAA
IL&FS	5.83%	AAA
Rural Electrification Corporation Ltd	5.49%	AAA
TATA Sons Ltd	5.49%	AAA
SAIL	5.48%	AAA
Gail (India) Ltd	5.43%	AAA
Reliance Gas Transport Infrastructure	3.42%	AAA
HDFC	3.24%	AAA
Reliance Industries Ltd	2.17%	AAA
Cash And Money Market	**10.28%**	
Total	**100.00%**	

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

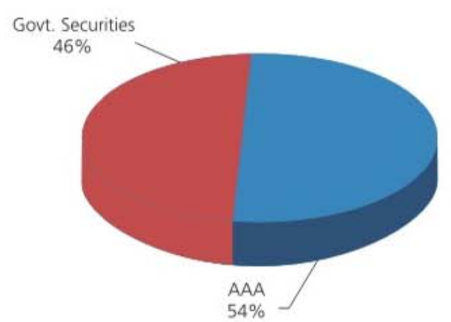
ASSET ALLOCATION



NAV MOVEMENT SINCE INCEPTION

(Date of inception: 20-December-2010)

CREDIT RATING OF DEBT PORTFOLIO



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