

Met Invest

Gratuity Fund Performance Monthly Fund Update, May'13

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



ECONOMY

S.No.	Indicators	Mar-13	Apr-13	M-o-M Variation
1.	10-year G-Sec India (%)	7.96	7.73	-0.23
2.	10-year AAA Corporate Bond (%)	8.86	8.52	-0.34
3.	5-year G-Sec India (%)	7.96	7.55	-0.41
4.	5-year AAA Corporate Bond (%)	8.85	8.48	-0.37
5.	1-year T-Bill (%)	7.79	7.47	-0.32
6.	1-year CD (%)	8.80	8.42	-0.38
7.	WPI Inflation (%)	6.84	5.96	-0.88
8.	CPI Inflation (%)	10.91	10.39	-0.52
9.	IIP (%)	2.4	0.6	-1.8
10.	US 10-Year Treasury Yield (%)	1.85	1.67	-0.18
11.	Exchange Rate (USD/INR)	54.28	53.81	-0.90%
12.	Forex Reserves (USD Bn)	293	296	1.20%
13.	Brent Crude Oil (USD/barrel)	110	102	-7.00%
14.	Sensex	18836	19504	3.50%
15.	Nifty	5683	5930	4.40%

Source: Bloomberg, Reuters and WSS from RBI

Economy

During the month of April 2013, Indian economy saw deterioration in IIP growth numbers compared to previous month. IIP rose by 0.6%, primarily driven by manufacturing which grew by 2.2%. Mining and Electricity contracted by 8.1% and 3.2% respectively.

Inflation as measured by Wholesale Price Index (WPI) for the month of March 2013 fell to 5.96% as against expectation of 6.4%. Primary articles inflation was lower at 7.6% due to fall in the prices of vegetables. Importantly, core inflation moderated to 3.4% for March 2013 as compared to 3.8% for February 2013.

The recent sharp correction in commodity prices augurs well for the Indian economy. Gold and crude oil, which have been the prime reasons for India's widening current account deficit, corrected by 8% and 7% respectively. This can lead to significant improvement in India's macro-economic conditions.

Equity Market

The confluence of local as well as global factors led to a strong performance by Indian equities in April. Globally, particularly in some of the developed economies, equity markets are in a positive trajectory led by continuance of expansionary monetary policy and

improvement in economic fundamentals such as housing and jobs market data.

However, economic growth in emerging markets has been slowing down largely due to country-specific issues. Commodity prices, which are positively correlated with the growth of emerging economies, have been on a declining trend.

The fall in commodity prices along with significant decline in inflation has fuelled hopes of more rate cuts by RBI. This has improved investors' sentiments toward Indian equity market.

Developed markets continue to out-perform with Japan, France and US rising by 12%, 3% and 2% respectively. Amongst emerging markets, India was an exception with 4.4% gains compared to China, Russia and Brazil which fell by 3%, 3% and 1% respectively. India was the second best performing market amongst all major countries and the best performing in developing market category.

Sectoral Performance

The Information Technology (IT) sector, which has been a strong out-performer so far, fared poorly owing to bad set of quarterly corporate results from some of the companies. The fear arising from stringent immigration laws which could be imposed by US Government and negatively impact the business model of these companies also played a role in under performance of this sector.

On the back of expected rate cuts, investors moved back into sectors such as Infrastructure and Power. Companies in these sectors benefit significantly from reduction in rates as lower interest rates improves the profitability and free cash generation of these companies. In addition to this, these sectors were trading at attractive valuations.

Banking stocks outperformed the market as most private banks delivered results better than market expectations. Private Banks performed well on the operations front and showed better asset quality by way of lower NPA ratios. Key PSU Banks are expected to declare results in line with market expectations of lower NPAs. PSU Banks are expected to benefit from improved

MARKET OUTLOOK

performance in stressed sectors arising from upturn in the economy and RBI rate reductions.

Equity Market Outlook

The global economic environment is evolving in a complex manner. On one hand, interest rates in advanced economies are almost at historical lows and liquidity conditions benign. On the other hand, commodity prices have been falling due to growth concerns in emerging markets.

From India's perspective, weak commodity prices and strong liquidity augurs well. At the macro level, strong investment inflows and declining crude and gold prices helps improve both fiscal and current account deficit. From a company perspective, falling commodity prices helps improve profitability due to reduction in input costs.

Corporate results, announced so far, have been above expectations and management commentaries remain sanguine. Post the strong rally, we expect markets to consolidate. Going forward, developments regarding monsoon will have an important bearing on the market. We continue to maintain a positive stance towards equities from a medium to long term perspective.

Debt Market and Outlook

Although Government securities market was range bound during first half of the month, it turned bullish in the second half due to lower than expected WPI inflation. Importantly, core inflation declined to a three year low.

In addition to this, poor economic growth data also made market hopeful about another rate cut by RBI in its Annual Monetary policy in the beginning of May. As a result, there was strong buying seen in the GSec market and the benchmark 10-year bond closed at 7.73% at end of April 2013 as compared to 7.96% at end of the previous month.

The movement in Corporate bond market was higher than GSec market due to the limited supply. Demand for corporate bonds continued to be strong due to expectation of rate cut by RBI. The yield on 10 year AAA rated bond fell from 8.86% at end of the previous month to around 8.52% by end of April 2013.

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 8.80% by end of March 2013 to around 8.42% by end of April 2013.

Going forward, we expect rates to soften over the medium term. 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. From the current RBI commentary, it appears that unless inflation continues to be low and stable, the Central Bank may not reduce rates substantially from the current levels.

UNIT-LINKED Fund

Gratuity Balanced

SFIN No: ULGF00205/06/04GRABALANCE117

As on 30th April 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	5.4%	5.8%
Last 1 year return	12.4%	11.4%
Last 3 year (CAGR)	7.7%	6.7%
CAGR since inception	8.8%	7.8%

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

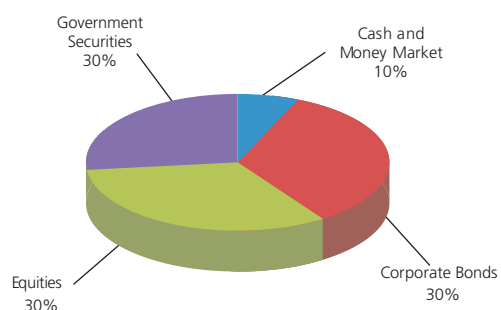
CNX Nifty
CRISIL Composite Bond Fund Index

Gratuity Balanced Portfolio as on 30 April 2013

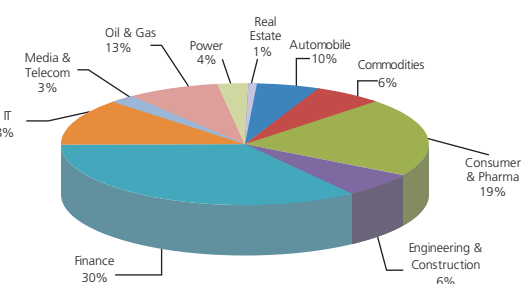
Security Name	Wt	Rating
Government Securities	30.03%	
GOI 2041	7.73%	Sovereign
GOI 2042	7.35%	Sovereign
GOI 2030	5.15%	Sovereign
GOI 2026	4.91%	Sovereign
GOI 2036	4.90%	Sovereign
Corporate Bonds	30.19%	
Reliance Gas Transport Infrastructure	8.77%	AAA
Gail (India) Ltd	7.22%	AAA
LIC Housing Finance Company Ltd	6.78%	AAA
HDFC	3.21%	AAA
TATA Sons Ltd	2.43%	AAA
Power Grid Corporation Ltd	1.78%	AAA
Equities	30.25%	
ITC Ltd	2.56%	
ICICI Bank Ltd	2.16%	
Reliance Industries Ltd	2.06%	
HDFC Bank Ltd	1.90%	
HDFC	1.59%	
Larsen & Toubro Ltd	1.27%	
Infosys Ltd.	1.19%	
State Bank Of India	1.08%	
Others	16.46%	
Cash And Money Market	9.52%	
Total	100.00%	

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

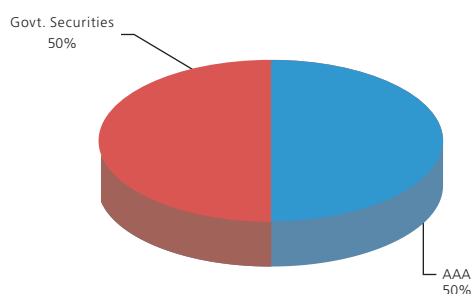
ASSET ALLOCATION



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 30th April 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	6.5%	5.9%
Last 1 year return	12.6%	10.7%
CAGR since inception	11.8%	8.8%

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

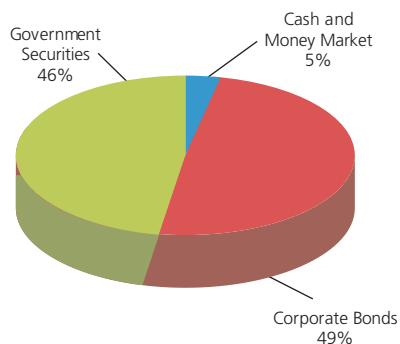
Gratuity Debt

Portfolio as on 30 April 2013

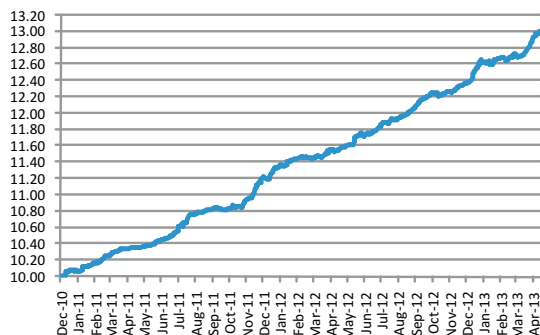
Security Name	Wt	Rating
Government Securities	46.01%	
GOI 2026	22.40%	Sovereign
GOI 2022	11.02%	Sovereign
GOI 2036	8.94%	Sovereign
GOI 2041	3.53%	Sovereign
Others	0.12%	
Corporate Bonds	48.84%	
LIC Housing Finance Company Ltd	6.12%	AAA
Reliance Ports And Terminals Ltd	5.93%	AAA
IL&FS	5.81%	AAA
TATA Sons Ltd	5.57%	AAA
SAIL	5.56%	AAA
Gail (India) Ltd	5.49%	AAA
Rural Electrification Corporation Ltd	5.48%	AAA
Reliance Gas Transport Infrastructure	3.41%	AAA
HDFC	3.29%	AAA
Reliance Industries Ltd	2.17%	AAA
Cash And Money Market	5.15%	
Total	100.00%	

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

ASSET ALLOCATION

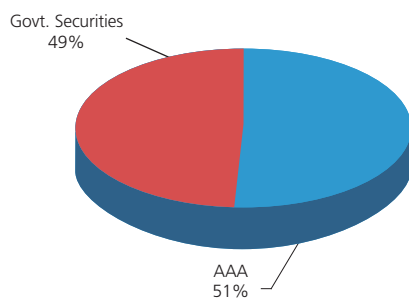


NAV MOVEMENT SINCE INCEPTION



(Date of inception: 20-December-2010)

CREDIT RATING OF DEBT PORTFOLIO





PNB MetLife India Insurance Co. Ltd.
(Insurance Regulatory and Development Authority,
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Toll Free: 1-800-425-6969
www.pnbmetlife.com

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