



Met **Invest**

Gratuity Fund

Quarterly Fund Performance

July 2014 Edition

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

The linked insurance products do not offer any liquidity during the first five years of the contract. The policyholder will not be able to surrender/withdraw the monies invested in linked insurance products completely or partially till the end of the fifth year.



FUND PERFORMANCE



MARKET OVERVIEW

FUND CATEGORY

Gratuity Balanced Fund

Gratuity Debt Fund

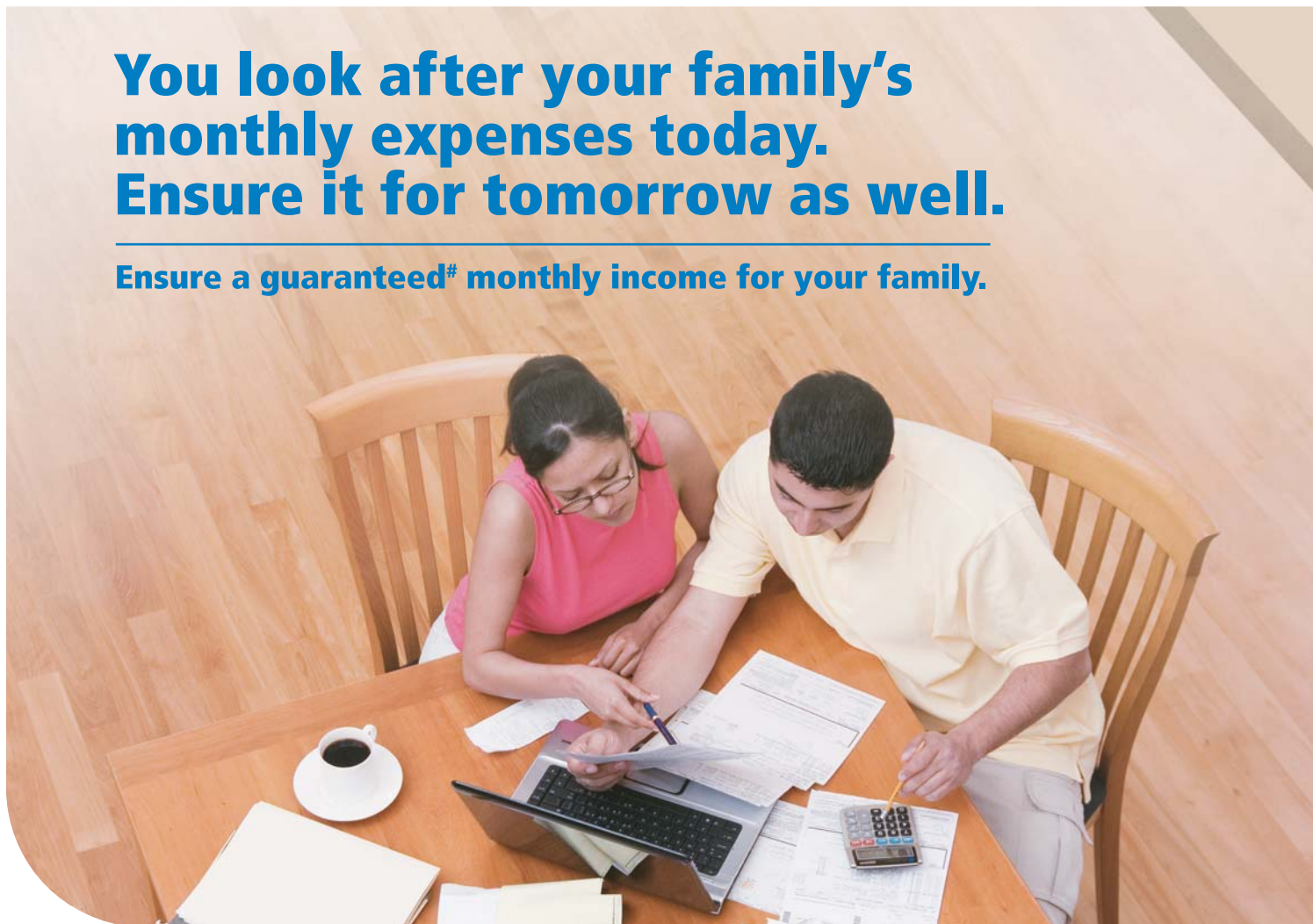
Met Family Income Protector Plus

Non-Linked, Non-Participating Term Assurance Plan



You look after your family's monthly expenses today. Ensure it for tomorrow as well.

Ensure a guaranteed# monthly income for your family.



Benefits of Met Family Income Protector Plus:

- Up to 20 years of regular Monthly Income guaranteed# to your family
- 110% of your premium paid back* at the end of the policy term
- Easy to apply: 5 Monthly Income options of Rs. 10,000, Rs. 25,000, Rs. 50,000, Rs. 75,000, Rs. 1,00,000
- Provides tax## advantage both at the time of purchase and when monthly income is paid to your family

*Only when Return of Premium option is selected at the time of purchase

#provided all premiums are paid in full

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As on June 30, 2014

	Benchmark (BM)	1 - Year (%)		2 - Year (%)		3 - Year (%)	
		Fund	BM	Fund	BM	Fund	BM
Medium Risk							
Gratuity Balanced	30% CNX Nifty 70% CCBFI	10.4	12.3	10.9	11.5	9.4	8.7
Low Risk							
Gratuity Debt	CCBFI	1.8	4.6	7.0	7.6	8.7	8.0

CCBFI- CRISIL Composite Bond Fund Index

[Glossary](#)

Indicators	Mar-14	Jun-14	Q-o-Q Variation
Macro Economy			
Wholesale Price Index (WPI) Inflation (%)	5.7	6.0	0.3
Consumer Price Index (CPI) Inflation (%)	8.3	8.3	0.0
Index of Industrial Production (IIP) (%)	-1.9	3.4	5.3
Domestic Markets			
Sensex	22386	25414	13.5%
Nifty	6704	7611	13.5%
10-year G-Sec India (%)	8.8	8.8	0.0
10-year AAA Corporate Bond (%)	9.6	9.2	-0.4
Exchange rate (USD/INR)	59.9	60.2	0.4%
Global Markets			
Dow Jones (U.S.)	16458	16827	2.2%
FTSE (U.K.)	6598	6744	2.2%
SSE Composite (China)	2033	2048	0.7%
Brent crude oil (USD/barrel)	107	111	3.8%

Source :Reuters, CCIL, MFI explorer

Economy

The BJP won absolute majority in the May 2014 Union elections. Market expects the new government to usher in an era of reforms with a renewed focus on infrastructure.

The Wholesale Price Index (WPI)-based inflation rose to a five-month high, but Consumer Price Index (CPI)-based inflation eased. WPI inflation rose to 6.01% in May compared to 5.20% in April, led by higher food and fuel prices. CPI grew 8.28% in May but lower than 8.59% (revised) recorded in April.

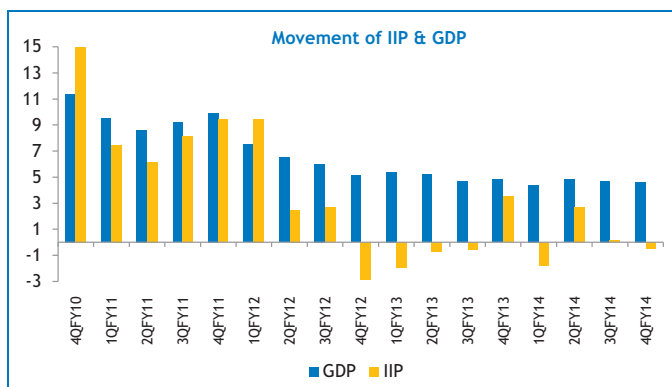
The RBI kept interest rate unchanged in the first and second bi-monthly monetary policy review. The Central Bank provided additional liquidity by lowering Statutory Liquidity Ratio (SLR) by 50 bps to 22.5%.

The Gross Domestic Product (GDP) or economic growth in India stood at 4.7% in 2013-14, lower than market expectations. The Current Account Deficit (CAD) narrowed sharply to 0.2% of GDP in the fourth quarter of 2013-14. The lower CAD was due to fall in trade deficit as imports declined more than exports.

The Union Budget presented in July focused on increasing Infrastructure spending to revive GDP growth of the economy. There was significant increase in Capital expenditure in Roads, Ports, Power and water transport. Special incentives have been provided to banks for Infrastructure lending to improve funding for projects. The fiscal deficit target of 4.1% of GDP

would ensure that expenditure is kept within limits and subsidies will be under check. This has the potential to positively impact the credit rating of India in the medium term.

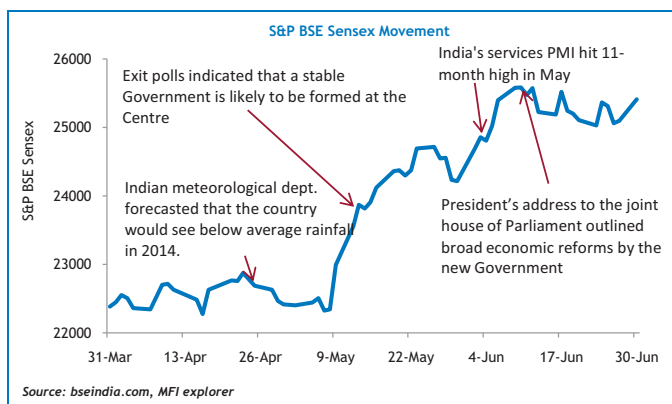
There was special emphasis on increasing financial savings by increasing investment limits and increasing income tax slabs to improve disposable income of individual tax payers.



Equity Markets

Indian equity markets surged during the quarter with the frontline indices touching record levels. The formation of a stable Government at the Centre led to significant inflows from foreign investors. Investors are hopeful that the new Government will introduce reforms measures to boost the economy.

RBI kept repo rates unchanged and marginally reduced Statutory Liquidity Ratio to ease liquidity, which boosted market sentiments. Globally, persisting tensions in Ukraine and crisis in Iraq raised oil supply concerns, which resulted in a rise in global crude oil prices. The delay of monsoon due to the El-Nino effect and consequent effect on food prices renewed inflationary concerns, which could delay policy rate reduction by RBI.



Realty was the best performing sector on hopes that low-cost housing will soon be shifted to infrastructure development sector. This is likely to make it easier for real estate developers to get finance from banks for longer tenures.

Infrastructure sector outperformed the broad Nifty index by a large margin (+16%). It is expected that the Government would restart the investment cycle which has slowed down over the last few years. Companies in infrastructure sector have been impacted by slowing revenue growth, lower margins and high interest costs. Expectations of resumption of investment cycle in this sector led to the outperformance.

Equity Market Outlook

Going forward, market participants will focus on the first quarter results of FY 14-15 of corporates and outcome of reform measures taken in the Union budget to boost the economy. Apart from this, the Equity investment flows of FIs would continue to impact the markets. We expect earnings of companies to improve as demand picks up in the second half of FY14-15. We continue to be positive on equities over long term based on fundamental earnings growth and reasonable valuations.

Fixed Income Market

Bond market moved in a wide range of 8.5% to 9.1% during the quarter. Bond yields surged at the beginning of quarter as investors became concerned about the start of schedule borrowing program by the Government.

As a result of softening of CPI and formation of a stable government, the fixed income markets witnessed fall in the yields, with the 10 year bond touching a low of 8.5%.

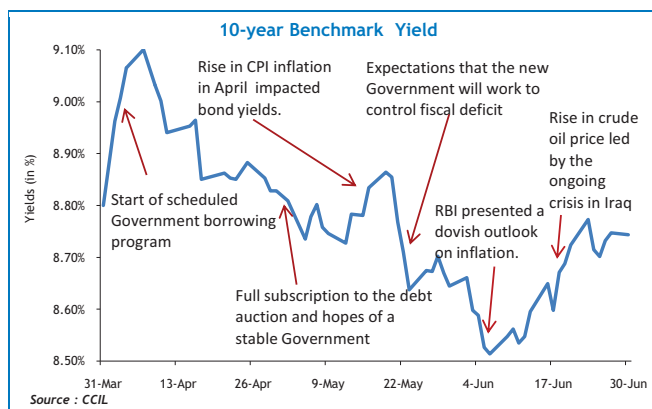
With concerns emerging on inflation due to higher global crude oil

prices, the last month of quarter saw yields on the 10 year rise to 8.74% vis-à-vis the last quarter's close of 8.80%.

Fixed Income Market Outlook

The bond market is likely to remain range bound, given that it needs to absorb the supply of papers both from Central and State Governments. Currently the liquidity in the system is adequate.

Going forward, the monetary policy stance of RBI is likely to be determined by the growth-inflation dynamics as well as other macro-economic indicators.



Gratuity Balanced

SFIN No: ULGF00205/06/04GRABALANCE117

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

Investment Philosophy: The fund will target 30% investments in Equities and 70% investments in Government & other debt securities to meet the stated objectives.

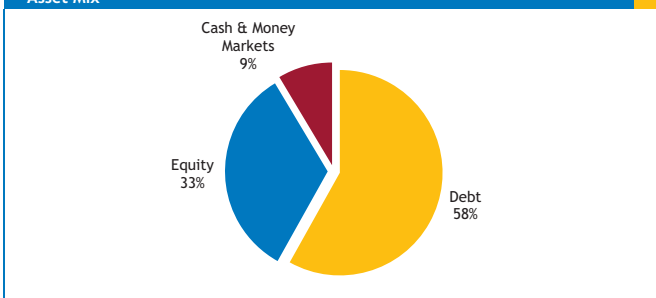
Portfolio Return as on June 30 2014

Returns	Absolute Return		CAGR Return	
	Last 6 Months	Last 1 Year	Last 3 Years	Since Inception
Portfolio return	11.0%	10.4%	9.4%	9.0%
Benchmark**	10.8%	12.3%	8.7%	8.6%

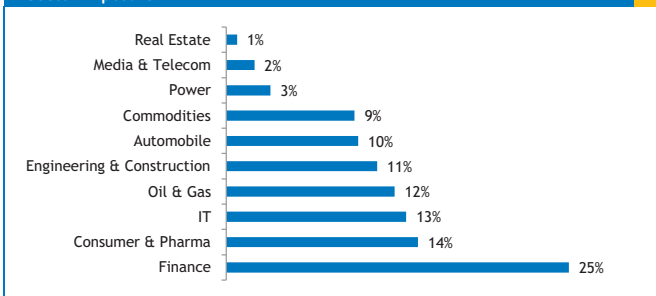
Note: Past returns are not indicative of future performance.

** Benchmark return has been computed by applying benchmark weightages on CNX Nifty for Equity and CRISIL Composite Bond Fund Index for Debt

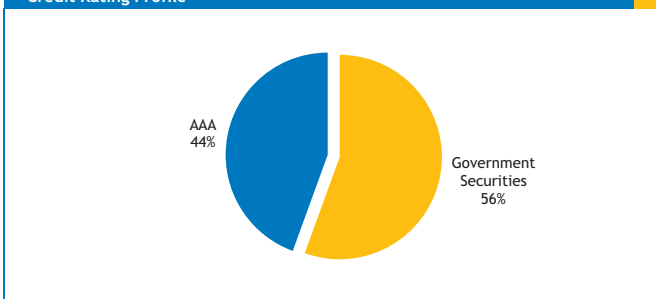
Asset Mix



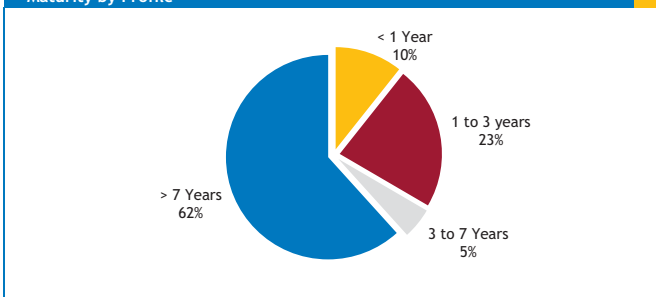
Sector Exposure



Credit Rating Profile



Maturity by Profile



Asset Classes

Equity
Government & Other Debt Securities

Portfolio Components

Security	Rating	Net Assets
GOVERNMENT SECURITY		
8.83% GOI 2023	Sovereign	11.04%
8.35% GOI 2022	Sovereign	10.72%
8.28% GOI 2027	Sovereign	10.52%
TOTAL		32.28%
CORPORATE BOND		
RELIANCE GAS TRANSPORT. INFRA.	AAA	7.86%
G A I L (INDIA) LTD.	AAA	6.59%
L I C HOUSING FINANCE LTD.	AAA	6.20%
HOUSING DEVELOPMENT FIN. CORPN.	AAA	2.95%
TATA SONS LTD.	AAA	2.22%
TOTAL		25.83%
EQUITY		
I T C LTD.		2.01%
RELIANCE INDUSTRIES LTD.		2.00%
I C I C I BANK LTD.		1.86%
INFOSYS LTD.		1.84%
H D F C BANK LTD.		1.81%
HOUSING DEVELOPMENT FINANCE CORPN. LTD.		1.62%
LARSEN & TOUBRO LTD.		1.61%
TATA CONSULTANCY SERVICES LTD.		1.40%
Others		19.16%
TOTAL		33.31%
CASH AND MONEY MARKETS		8.58%
PORTFOLIO TOTAL		100.00%

NAV Movement



Gratuity Debt

SFIN No: ULGF00105/06/04GRADEBTFND117

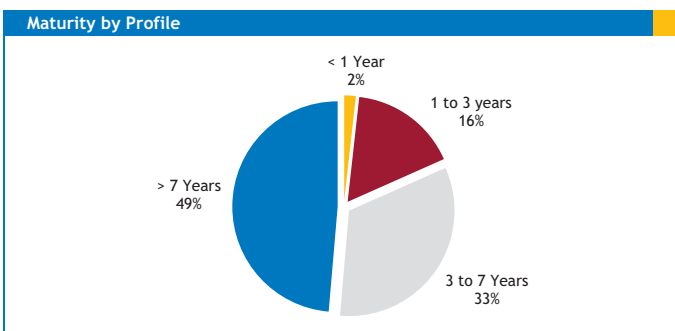
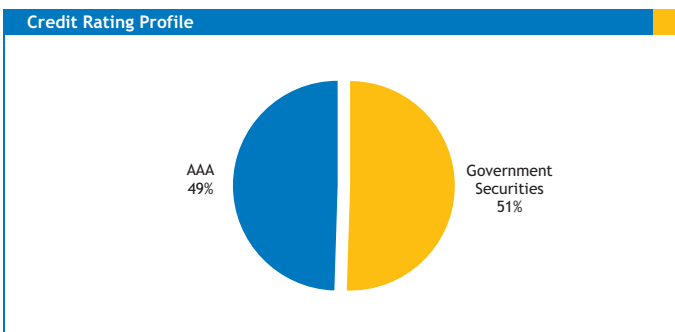
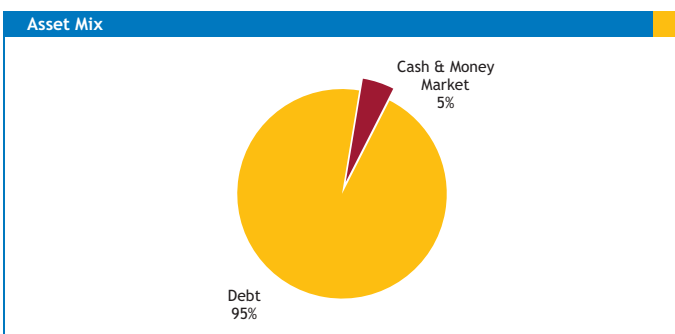
Investment Objective: To earn regular income by investing in high quality fixed income securities.

Investment Philosophy: The fund would target 100% investments in Government & other debt securities to meet the stated objectives.

Portfolio Return		as on June 30 2014		
Returns	Absolute Return		CAGR Return	
	Last 6 Months	Last 1 Year	Last 3 Years	Since Inception
Portfolio return	6.0%	1.8%	8.7%	8.8%
Benchmark**	6.5%	4.6%	8.0%	7.6%

Note: Past returns are not indicative of future performance.

** Benchmark return has been computed by applying benchmark weightages on CRISIL Composite Bond Fund Index

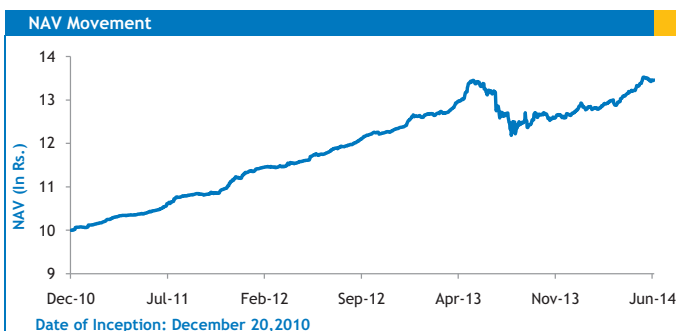


Asset Classes

Asset Class	Percentage
Government & Other Debt Securities	100%

Portfolio Components

Security	Rating	Net Assets
GOVERNMENT SECURITY		
8.6% GOI 2028	Sovereign	14.72%
9.23% GOI 2043	Sovereign	5.96%
8.12% GOI 2020	Sovereign	5.52%
8.28% GOI 2027	Sovereign	5.45%
7.8% GOI 2020	Sovereign	5.44%
8.24% GOI 2027	Sovereign	5.44%
7.28% GOI 2019	Sovereign	5.39%
Others		0.12%
TOTAL		48.04%
CORPORATE BOND		
TATA SONS LTD.	AAA	9.25%
POWER FINANCE CORPN. LTD.	AAA	8.13%
L I C HOUSING FINANCE LTD.	AAA	6.34%
RELIANCE PORTS & TERMINALS LTD.	AAA	6.03%
INFRASTRUCTURE LEASING & FIN. SER.	AAA	5.91%
G A I L (INDIA) LTD.	AAA	5.69%
RELIANCE GAS TRANSPORT. INFRA	AAA	3.47%
HOUSING DEVELOPMENT FIN. CORPN.	AAA	2.27%
TOTAL		47.08%
CASH AND MONEY MARKETS		4.88%
PORTFOLIO TOTAL		100.00%



Quantitative Indicators

- **Standard Deviation (SD)** - It shows how much the variation or dispersion of a fund's daily returns has from its average. Lesser SD indicates that the daily returns are moving closer to the average. A higher SD indicates that daily returns are widely spread over a large range of value.
- **Beta** - It indicates how the fund is performing relative to its benchmark. If beta of a fund is higher than its benchmark, which is considered 1, it indicates risk-return trade-off is better and vice-versa.
- **Sharpe Ratio** - It measures the risk-reward ratio as it indicates whether higher returns come with higher or lower risk. Greater the ratio, better is the risk-adjusted performance.
- **Average Maturity** - It is the weighted average period of all the maturities of debt securities in the portfolio.
- **Modified Duration (MD)** - It is the measurable change in the value of a security in response to a change in interest rates.
- **Yield To Maturity (YTM)** - It is the expected rate of annual return on a bond if it is held till maturity. The calculation assumed that all interest payments are reinvested at the same rate as the bond's current yield.

Macroeconomic Indicators

- **Gross Domestic Product (GDP) (Quarterly)** - It is the market value of all final goods and services produced within a country. This indicator is used to gauge the health of a country's economy.
- **Fiscal Deficit** - This takes place when India's expenditure rises than its revenue. To fill this gap, the Government raises debt by issuing Government/ sovereign bonds. Fiscal deficit is usually compared with GDP to understand the financial position of the country. Rising fiscal deficit to GDP ratio is not good for the country, which requires immediate attention to cut expenditure and/or increase the source of revenue.
- **Current Account Deficit (Quarterly)** - It is a deficit where India's foreign currency outflows are higher than inflows. This indicates that the country is a net debtor of foreign currency, which increases the pressure on the country's existing foreign currency reserves. Current account surplus is the opposite of this.
- **Index of Industrial Production (IIP) (Monthly)** - The index represents the production growth of various sectors in India. The index focuses on mining, electricity and manufacturing. The ongoing base year for calculation of index is 2004-2005.
- **Wholesale Price Index (WPI) (Monthly)** - The index represents the rate of growth of prices of a representative basket of wholesale goods. The index mainly represents manufacturing (64.97%), primary articles (20.12%) and fuel & power (14.91%).
- **Consumer Price Index (CPI) (Monthly)** - The index represents the rate of growth of price level of a basket of consumer goods and services sold at retail or purchased by households.
- **HSBC Purchasers Managers' Index (PMI) (Monthly)** - Three types of indices - Manufacturing, Services and Composite Index are published on a monthly basis after surveys of private sector companies. An index reading above 50 indicates an overall increase in that variable, while below 50 shows an overall decrease.

Market Indices

- **CNX Nifty Index** - It is a well diversified 50 stock index accounting for 22 sectors of the economy. It is used for a variety of purposes such as benchmarking fund portfolios, index based derivatives and index funds.
- **CRISIL Composite Bond Fund Index** - It seeks to track the performance of a debt portfolio that includes government securities and AAA/AA rated corporate bonds.

Fixed Income Indicators

- **Repo Rate** - The rate at which the RBI lends money to commercial banks is called repo rate. It is an instrument of monetary policy. Whenever shortage of funds banks has, they can borrow from the RBI.
- **Cash Reserve Ratio (CRR)** - CRR is the amount of funds which the banks need to keep with the RBI. If the RBI decides to increase the CRR, the available amount with the banks comes down. The RBI uses the CRR to drain out excessive money from the system.
- **Marginal Standing Facility (MSF)** - It is a rate at which the RBI provides overnight lending to commercial banks over and above the repo window (repo rate). The interest rate charged is higher than the repo rate and hence it is used when there is considerable shortfall in liquidity.
- **Statutory Liquidity ratio (SLR)** - In India, commercial banks are required to maintain a certain percentage of their total deposits (net demand and time liabilities) in notified Government securities to ensure safety and liquidity of deposits. This percentage is known as the SLR rate. If the RBI or Central Bank reduces the SLR rate, it means that higher liquidity will be available to banks for their lending activity and vice-versa.

Others

- **Foreign Currency Non-Resident (Bank) (FCNR (B))** - It is an account that allows non-resident Indian or a person of Indian origin to keep his deposits in foreign currency. Hassles of conversion can be reduced through such types of accounts.
- **Swap** - It is a derivative contract between two parties that occurs at a future date. It is used to hedge risk related to interest rates, currency and commodities movement. The counterparties exchange cash flows, if any, related to the instrument involved in the transaction.

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McCamr/PNB MetLife/11/13

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Compound annual growth rate (CAGR) is rounded to nearest 0.1%

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PNB MetLife brings together the financial strength of a leading global life insurance provider, MetLife, Inc., and the credibility and reliability of PNB, one of India's oldest and leading nationalised banks. The vast distribution reach of PNB together with the global insurance expertise and product range of MetLife makes PNB MetLife a strong and trusted insurance provider.

PNB MetLife is present in over 150 locations across the country and serves customers in more than 7,000 locations through its bank partnerships with PNB, JKB and Karnataka Bank Limited.

PNB MetLife provides a wide range of protection and retirement products through its Agency sales of over 10,000 financial advisors and multiple bank partners, and provides access to Employee Benefit plans for over 800 corporate clients in India. With its headquarters in Bangalore and Corporate Office in Gurgaon, PNB MetLife is one of the fastest growing life insurance companies in the country. The company continues to be consistently profitable and has declared profits for last four Financial Years.

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