

AIG Global Funds

Sub-fund of Irish domiciled open-ended unit trust

Report Issued: June 2008

Peer Group:

European Smaller Companies incl UK Equities

Group Contact No:

+353 1 853 8036

Website:

www.aiginvestments.com

Fund Manager/Adviser:

Chantal Brennan (since January 2000)

S&P ID Number: OS002688

Share class screened:

Y



Location:

London

Launch Date: January 1993

Fund Size (February 2008):

€454m, US\$706m

Further information on S&P's fund coverage can be found at

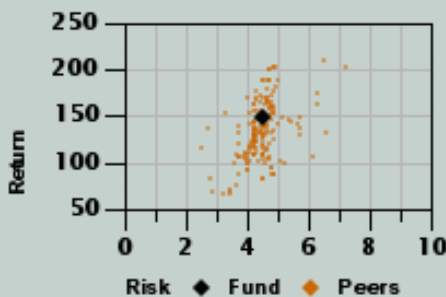
www.funds.standardandpoors.com

Performance Data Source - © 2007 Morningstar, Inc. All Rights Reserved. All statistical data on this report has been run to 31/01/2008 on NAV to NAV basis, with gross income reinvested, in euro.

INVESTMENT STYLE

	Value	Blend	Growth
Large-Cap			
Mid-Cap			
Small-Cap			

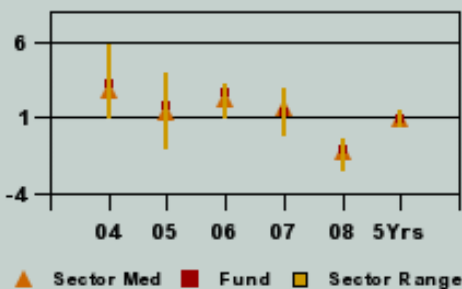
RISK RETURN (STD DEVIATION) OVER 5 YEARS



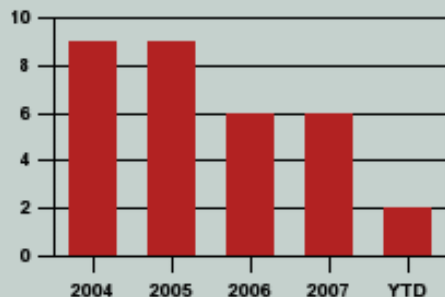
3 YEAR RISK CHARACTERISTICS

Maximum Drawdown (%)	Medium	-30.6
Volatility	Medium	18.0
Correlation	High	1.0
Beta	High	1.2

SHARPE RATIO VS PEER GROUP



CALENDAR YEAR DECILE RANKS



Decile ranking in discrete annual periods. 1st decile shown as rank 10, 2nd decile as rank 9, etc. to 10th decile as Rank 1.

STANDARD & POOR'S OPINION (MAY 2008)

This pan-Europe smaller companies fund invests in companies with market capitalisation below €2bn. The fund is managed using a team-oriented approach by the European small-cap team of three portfolio managers and two analysts. However, team head Chantal Brennan takes the final decisions and is the named manager on the fund. Brennan works closely with her fellow managers, Camilla Macun and Anna Lundén, and on average they have 13 years' experience. The team manages over \$1bn in the small-cap strategy and this fund is now soft-closed.

Stock selection adheres to the house style, which categorises stocks according to their life cycle position - from the early exceptional growth stage to mature company. Following this, stocks are screened for liquidity before fundamental analysis takes place. Analysts use different evaluation

techniques, appropriate to each stage of development.

A concentrated portfolio, typically containing 50-70 companies, is constructed bottom-up, guided by top-down themes and is diversified across the group's four growth categories. Brennan has made good use of the top-down themes, building up cash in volatile markets to protect performance, and the team is not afraid to back its conviction ideas. Since Brennan took over as manager in 2000 the fund has comfortably outperformed its HSBC Smaller Europe Inc UK index and the peer median. Over five years the fund is comfortably second quartile.

The collegial team environment, together with the consistent and disciplined approach, continue to support the S&P AA rating.

FACT FILE

Group: AIG Investments is the asset management subsidiary of AIG, one of the largest insurance and financial services groups in the world. AIG Investments has over \$750bn assets under management, and employs more than 500 investment professionals in 45 asset management offices worldwide.

Team: The European small- and mid-cap team comprises three portfolio managers, two analysts and two traders. Additional support is provided by the European all-cap and global small-cap research teams.

Fund Manager: Chantal Brennan heads the European small- and mid-cap team and takes the final decisions on this fund. She has worked with Camilla Macun and Anna Lundén for almost four years.

Style: The fund targets consistent outperformance of the peer group and the HSBC Smaller Europe inc UK index from a focused portfolio, which aims to eliminate a style bias.

Performance: Over the five years to 31/01/2008, the fund has returned 149.4%, compared with 131.5% for the sector median and 140.4% for the index, ranking 55/179.

FUND MANAGER & TEAM

Chantal Brennan leads the European small- and mid-cap team comprising three portfolio managers (13 years' average experience), two research analysts and two traders. Additional research support is provided by the European all-cap and global small-cap research teams. The team manages assets in excess of US\$1.6bn in small- and mid-cap funds.

Chantal Brennan - head, Europe small-caps/deputy, European equities - bachelor and masters in economics (University College, Dublin) & MSc investment & treasury (Dublin City University), began her career at Standard Life, before moving to AIGGIG in 1996.

Camilla Macun - portfolio manager - BA history (Bristol University), joined AIGGIG in 2004 with extensive small-cap experience gained at Morley, Lombard Odier and Investec.

Anna Lundén - portfolio manager - MSc business administration (Jonkoping Business School, Sweden), joined AIGGIG in 2003 after three years in sales at Jefferies & Co and Beeson Gregory, where she focused on small-caps and biotechnology stocks.

PORTFOLIO CHARACTERISTICS

No. of holdings	55
Turnover ratio (%)	N/A
% in top 10	31

TOP 10 HOLDINGS (01/02/08)

	%
Elringklinger	3.7
Hellenic Exchanges	3.7
IG	3.5
Fielmann	3.4
Fismidth & Company	3.4
Northumbrian Water	3.3
Intrum Justitia	2.8
Cookson	2.5
EVS Broadcast Equipment	2.5
Nokian Renkaat Oyj	2.5

* In top 10 holdings a year ago

ALLOCATION BREAKDOWN (01/02/08)

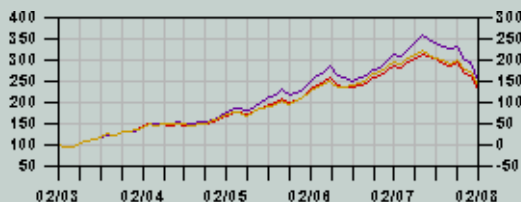
	Fund %
Consumer Discretionary	16
Consumer Staples	1
Energy	2
Financials	9
Industrials	37
Materials	7
Utilities	7
Healthcare	10
Technology	11
Telecoms	-
Other	-
Cash	-

Ucits III permits net fund exposure to be less or greater than 100%.

PERFORMANCE STATISTICS

	3 Years	5 Years
Fund	41.9%	149.4%
Standard & Poor's Peer Median	35.8%	131.5%
Index**	41.0%	140.4%
Fund Rank	67/209	55/179
Standard Deviation	18.0	-
Relative Standard Deviation	1.1	-
Volatility Adjusted Ranking	85/209	-

CUMULATIVE PERFORMANCE



■ S&P/Citi EMI Europe !
 ■ Fund
 ■ Smaller Companies inc UK

AIG GLOBAL FUNDS - AIG EUROPE SMALL COMPANIES FUND

Peer Group: European Smaller Companies incl UK Equities



MANAGEMENT STYLE

- The fund targets consistent outperformance of the peer group and the HSBC Smaller Europe inc UK index from a focused portfolio, which aims to eliminate a style bias.
- Around 3,000 companies capitalised under €2bn are screened for liquidity. Of these around 400 are then categorised into one of four house-defined growth categories. These are then reduced further, using quant screens, to around 200 stocks. These are evaluated fundamentally using different criteria for each category.

- The exceptional growth category focuses on relatively young companies and so emphasises business plans and

management. They are capped at 10% of the portfolio. High stable growth and high cyclical growth both emphasise Garp criteria, with cyclicals having an added timeliness factor, these usually account for 25-35% each.

- The fourth category, mature companies, uses criteria reflecting value with a catalyst, and may account for up to 45%.

- The fund targets 50-70 holdings ranging from 1-2% at purchase (max 3%). Strong sell disciplines are based on target prices and fundamentals.

- Style and size drift versus the index are closely monitored, although sectors may deviate by up to 15%.

PORTFOLIO REVIEW

The team's small-cap funds now have over \$1bn in assets and as a result this fund is now soft-closed.

Towards the end of the first half of 2007 Brennan cut the fund's exposure to financials in response to emerging negative news flow from the US. As a result the fund moved 10% underweight the sector, although Brennan retained holdings in selected stocks that stood to benefit from market volatility, such as spread betting firm IG Group and the stock exchanges.

Within industrials the focus shifted towards companies with high exposure to energy and support services. Defence companies such as Cobham and VT group were favoured stock picks. The preference for defence helped halve the underweight in the UK to 6%.

During the market downturn in October 2007 cash was built up to 7-8%, while turnover over the year (at 130%) was higher than average. At review over 43% of the fund was invested in companies with less than €1bn in market cap and was as expected.

PERFORMANCE ANALYSIS (FEBRUARY 2008)

Chantal Brennan has managed this fund using the same process since she took over in 2000. Since then the fund has comfortably outperformed the S&P peer median over three and five years to end January 2008. The fund has also outperformed its HSBC Smaller Companies inc UK benchmark over the same period.

Performance success has been underpinned by stock selection. However, in 2006 the fund suffered mixed fortunes as its high cyclical bias hurt returns during the market sell-off in

May. Performance recovered after the manager focused the portfolio into more stock-specific ideas.

In 2007, after performing broadly in line with the peer median in Q1, the fund outperformed through Q2 into Q3, as the manager cut exposure to financials. Performance trailed off in Q4, with October a particularly difficult month as the fund suffered from its overweight in industrials such as Klöckner, Ksb and Ramirent, which were among the biggest detractors.

DISCRETE PERFORMANCE (CALENDAR YEARS)

	2004		2005		2006		2007		YTD 31/01/2008	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Fund	24.8	37/200	39.8	33/211	29.4	103/220	-2.1	102/223	-15.6	194/224
Index**	20.8		32.7		32.9		-5.2		-11.4	
Median	19.8		32.2		28.9		-2.5		-13.7	

** S&P/Citi EMI Europe!

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