

AIG EUROPE SMALL & MID CAP FUND

31 October 2009

OBJECTIVE

AIG Europe Small & Mid Cap Fund ('the Fund') seeks to achieve capital growth by investing in small and medium sized companies, whose assets, products or operations are based in Europe.

FUND FACTS

Domicile & Type	Ireland / Sub-fund of UCITS III Umbrella Open-ended Unit Trust
Inception Date of Class	20 Sep 2006
Inception Date of Predecessor Class	N/A
Benchmark	S&P Europe Between EUR1 Billion and EUR5 Billion Index (USD)
Base Currency	EUR
Class	Y
Class Currency	USD
Minimum Investment	USD 1 million
Management Fee	1.00%
Listing & Dealing	Unlisted / Daily
Distribution Policy	Income and capital gains may be distributed
ISIN Number	IE00B1FMNB97
Portfolio Manager(s)	Chantal Brennan / Anna Lundén / Camilla Macun
Investment Manager(s)	AIG Investments Europe Ltd.
Legal Manager	AIG Investments Fund Management Ltd.
Authorised for Public Distribution In	Austria, Belgium, Czech Republic, France, Germany, Hong Kong, Luxembourg, Netherlands, Slovakia, Spain, Sweden, Taiwan (ROC), United Kingdom
Regulated By	Financial Regulator in Ireland
S&P Fund Rating	AA
Morningstar Rating™	★★★

COMMENTARY

Market Review

- After a strong start to the month European smaller companies ran out of steam mid-October, as the asset class succumbed to profit-taking by investors keen to lock in some of the year's spectacular gains and in doing so, close out some of their "risk trade".
- The third quarter earnings season has so far been positive with many stocks reaching or beating expectations.

Outlook

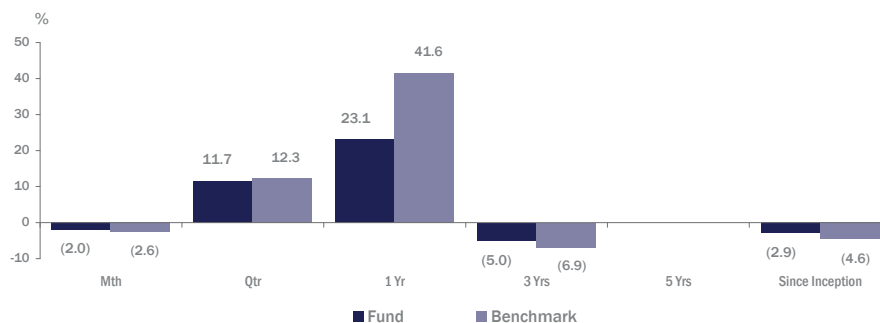
- As we expected, equity performance is now being driven more by stock fundamentals than by momentum buying and sector rotation.
- While we believe that many institutional investors remain underweight equities, and that smaller companies as an asset class have further to run, we will continue to invest on a bottom up basis, rigorously applying our investment process to ensure that both the fundamental case and valuation metrics support our investment ideas.

Fund Activity

- The Fund's overweight position in healthcare and energy stocks made a positive contribution to performance in October, as did the underweight in materials and industrials.
- During the month we took new positions in undervalued stocks with near-term triggers such as Eurotunnel (industrials), L'Espresso (consumer discretionary) and Wirecard (IT), funded by taking profits in Nexity (consumer discretionary) and Legal and General (financials).

PERFORMANCE

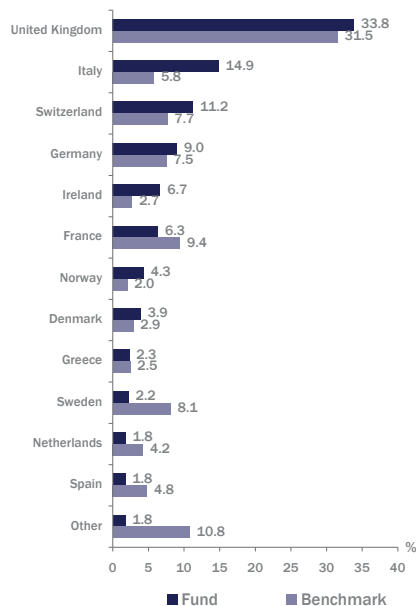
For periods ending 31 October 2009



Calendar Year	Fund %	Benchmark %	Difference %
2009 YTD	23.7	45.2	(21.5)
2008	(45.7)	(52.3)	6.6
2007	13.1	4.4	8.7
2006	N/A	N/A	N/A
2005	N/A	N/A	N/A

Fund: AIG Europe Small & Mid Cap Fund Class 'Y' Units
 Benchmark: S&P Europe Between EUR1 Billion and EUR5 Billion Index (USD)
 Indicative gross performance before fees and all charges. 1, 3, 5 Yrs and since inception returns are annualised. Past performance is not indicative of future results. Refer to footnotes.

COUNTRY ALLOCATION



TOP 10 HOLDINGS

DiaSorin SpA (IT)	3.4
Sonova Holding AG (CH)	3.2
Virgin Media Inc (GB)	3.2
DCC (IE)	3.2
Mediolanum (IT)	3.1
Azimut Hldg SpA (IT)	3.1
Rheinmetall AG (DE)	3.0
Aryzta AG (CH)	3.0
Groupe Eurotunnel SA (FR)	3.0
Autogrill SpA (IT)	2.9

Total

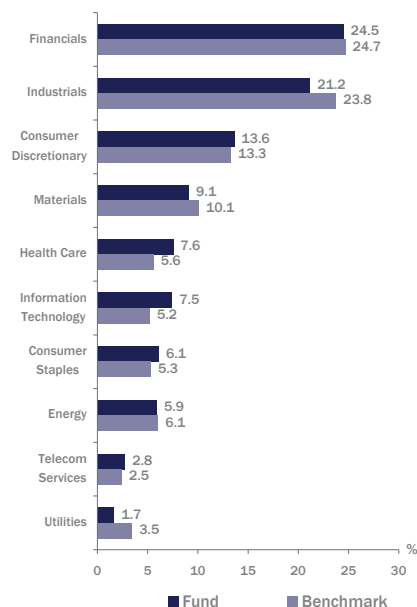
%

31.1

FUND STATISTICS

Fund Size	EUR 48,882,505
NAV per Unit	USD 87.7358
Weighted Avg Mkt Cap (\$ M)	3,316
Number of Securities	51
Risk Free Rate	0.0
Sharpe Ratio (3yr)	N/A
Standard Deviation (3yr)	N/A
Information Ratio (3yr)	N/A
Tracking Error (3yr)	N/A
Alpha	N/A
Beta	N/A
R-Squared	N/A

SECTOR WEIGHTS



Fund: AIG Europe Small & Mid Cap Fund
 Benchmark: S&P Europe Between EUR1 Billion and EUR5 Billion Index (USD)
 Asset allocations as at month end.

www.aiginvestments.com

All information as of 31 Oct 2009 unless noted otherwise. Portfolio Structure may vary over time. Holdings are subject to change. We are not soliciting or recommending any action based on this material. This document should be read in conjunction with the Prospectus (including defined terms) and is subject at all times to the terms and conditions as set out therein. AIG Europe Small & Mid Cap Fund (the "Fund") is a sub-fund of AIG Global Funds, an Irish domiciled UCITS III umbrella fund, authorized and regulated by the Financial Regulator in Ireland. The performance presented herein is representative of Class 'Y' in U.S. Dollars. The price of units and the income from them may fall as well as rise and investors may not get back the full amount originally invested. This document is intended for distribution only to existing and prospective investors for whom it is suitable and does not constitute an offer of units. Its general circulation may be restricted by law in certain jurisdictions. The Fund is not available for investment in the United States or to or for the account of U.S. Persons. AIG Investments Europe Limited is authorised and regulated by the Financial Services Authority ("FSA"). In the UK this communication is a financial promotion solely intended for professional clients as defined in the FSA Handbook and has been approved by AIG Investments Europe Limited. Copies of the Prospectus, the Simplified Prospectus and the most recent financial statements may be obtained free of charge in Ireland from AIG Investments Fund Management Ltd., and in Germany from BHF-BANK AG, Bockenheimer Landstraße 10, 60323 Frankfurt. Morningstar Rating™ Source: Morningstar Essentials™. Copyright © 2009 Morningstar, Inc. All Rights Reserved. Morningstar Rating as of 31 Oct 2009, in the EUROPE MID-CAP EQUITY Morningstar Category. Unless otherwise noted, all information is sourced from AIG Investments internal data. AIG Investments comprises a group of international companies which provide investment advice and market asset management products and services to clients around the world. Services and products are provided by one or more affiliates of American International Group, Inc. ("AIG"). AIG Investments is a registered mark of AIG. Issued by: AIG Investments Fund Management Ltd, 30 North Wall Quay, IFSC, Dublin 1, Ireland. Phone: 353-1-6720222. Facsimile: 353-1-6720267.

