

# AIG EUROPE SMALL & MID CAP FUND

31 January 2010

## 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

<b>Domicile &amp; Type</b>	Ireland / Sub-fund of UCITS III Umbrella Open-ended Unit Trust
<b>Inception Date of Class</b>	20 Sep 2006
<b>Inception Date of Predecessor Class</b>	N/A
<b>Benchmark</b>	S&P Europe Between EUR1 Billion and EUR5 Billion Index
<b>Base Currency</b>	EUR
<b>Class</b>	Y1
<b>Class Currency</b>	EUR
<b>Minimum Investment</b>	EUR 1 million
<b>Management Fee</b>	1.00%
<b>Listing &amp; Dealing</b>	Unlisted / Daily
<b>Distribution Policy</b>	Income and capital gains may be distributed
<b>ISIN Number</b>	IE00B1FMNC05
<b>Portfolio Manager(s)</b>	Chantal Brennan / Anna Lundén / Camilla Macun
<b>Investment Manager(s)</b>	AIG Investments Europe Ltd.
<b>Legal Manager</b>	AIG Investments Fund Management Ltd.
<b>Authorised for Public Distribution In</b>	Austria, Belgium, Czech Republic, France, Germany, Hong Kong, Luxembourg, Netherlands, Slovakia, Spain, Sweden, Taiwan (ROC), United Kingdom
<b>Regulated By</b>	Financial Regulator in Ireland
<b>S&amp;P Fund Rating</b>	AA
<b>Morningstar Rating™</b>	★★★

## COMMENTARY

### Market Review

- European smaller companies made a good start to the year, significantly outperforming large caps, as investors remained optimistic on the prospects for further recovery in 2010.
- Headwinds later in the month included continuing concerns on the state of Greek and Spanish public finances, and fears that state curbs on Chinese growth may dampen the ongoing economic recovery.

- We made no new purchases to the Fund in January and exited our holdings in Enterprise Inns.

### Outlook

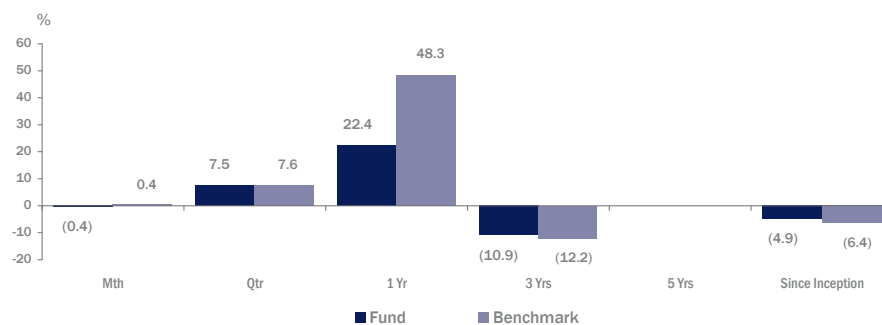
- The coming months are expected to confirm investors' hopes of a further economic and equity market recovery.
- The approaching Q1 company reporting season will hopefully provide evidence that companies are seeing a return to top line growth as corporate confidence improves and re-stocking takes place.

### Fund Activity

- Our overweight position and stock selection in industrials and consumer staples made a positive contribution to Fund performance during the month, as did our underweight position in financials. However stock selection in the consumer discretionary, energy and IT sectors had a negative impact on performance.

## PERFORMANCE

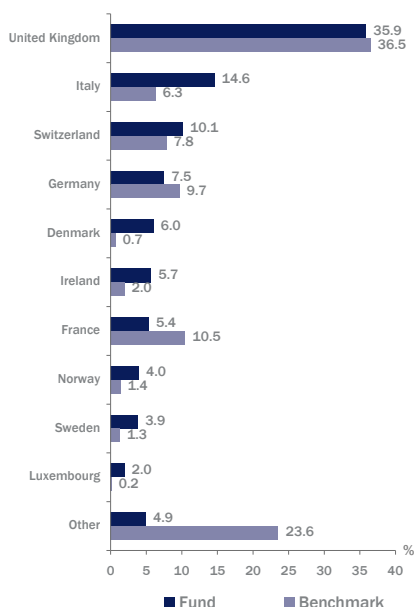
For periods ending 31 January 2010



Calendar Year	Fund %	Benchmark %	Difference %
2010 YTD	(0.4)	0.4	(0.8)
2009	25.8	46.5	(20.7)
2008	(42.9)	(49.8)	6.9
2007	2.0	(5.8)	7.8
2006	N/A	N/A	N/A

Fund: AIG Europe Small & Mid Cap Fund Class 'Y1' Units  
 Benchmark: S&P Europe Between EUR1 Billion and EUR5 Billion Index  
 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



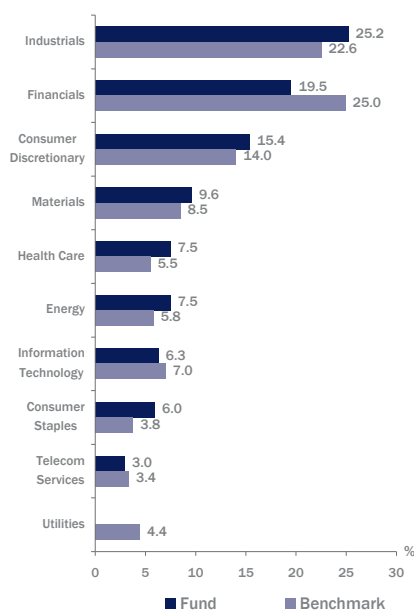
## TOP 10 HOLDINGS

Company	%
Rheinmetall AG (DE)	3.6
Chemring Group (GB)	3.6
Sonova Holding AG (CH)	3.3
DiaSorin SpA (IT)	3.3
DCC (IE)	3.3
Autogrill SpA (IT)	3.2
Azimut Hldg SpA (IT)	3.1
Wirecard AG (DE)	3.0
Virgin Media Inc (GB)	2.9
Mediolanum (IT)	2.8
<b>Total</b>	<b>32.1</b>

## FUND STATISTICS

Fund Size	EUR 55,194,775
NAV per Unit	EUR 80.9580
Weighted Avg Mkt Cap (\$ M)	3,483
Number of Securities	47
Risk Free Rate	0.0
Sharpe Ratio (3yr)	(0.7)
Standard Deviation (3yr)	20.5
Information Ratio (3yr)	0.1
Tracking Error (3yr)	10.4
Alpha	(2.5)
Beta	0.8
R-Squared	83.1

## SECTOR WEIGHTS



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

[www.aiginvestments.com](http://www.aiginvestments.com)

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