

AIG EUROPE SMALL & MID CAP FUND
 (the "Sub-Fund")
 a sub-fund of AIG GLOBAL FUNDS (the "Fund")

SIMPLIFIED PROSPECTUS
 Dated 27 March, 2009

This Simplified Prospectus contains key information relating to the Sub-Fund, which is a sub-fund of the Fund. The Fund is an open-ended umbrella unit trust established and authorised in Ireland as an undertaking for collective investment in transferable securities pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2003 (S.I. No. 211 of 2003), as amended, authorised on 4 March, 2005 by the Financial Regulator. As at the date of this Simplified Prospectus, the Fund is comprised of the following sub-funds:

- | | |
|---|---|
| AIG American Equity Fund | AIG India Equity Fund |
| AIG Asia Balanced Fund | AIG Japan Focus Equity Fund |
| AIG Balanced World Fund | AIG Japan New Horizon Fund |
| AIG Dynamic Emerging World Fund | AIG Japan Small Companies Fund |
| AIG Emerging Europe Equity Fund | AIG Japan Smaller Companies Plus Fund |
| AIG Emerging Markets Bond Fund | AIG Latin America Fund |
| AIG Emerging Markets Local Currency Bond Fund | AIG Latin America Small & Mid Cap Fund |
| AIG Europe Fund | AIG New Asia Capital Opportunities Fund |
| AIG Europe Focus Equity Fund | AIG South East Asia Fund |
| AIG Europe Small Companies Fund | AIG Southeast Asia Small Companies Fund |
| AIG Europe Small & Mid Cap Fund | AIG Southeast Asia Small & Mid Cap Fund |
| AIG Europe Large Cap Research Enhanced Fund | AIG Strategic Bond Fund |
| AIG Global Bond Fund | AIG US Focus Equity Fund |
| AIG Global Emerging Markets Fund | AIG US High Yield Bond Fund |
| AIG Global Equities Value Fund | AIG US Dollar Managed Cash Fund |
| AIG Global Equity Fund | AIG US Large Cap Research Enhanced Fund |
| AIG Greater China Equity Fund | AIG US Small Cap Growth Fund |

Potential investors are advised to read the Prospectus for the Fund, dated 27 March, 2009, and the relevant Supplement for the Sub-Fund, dated 27 March, 2009 (the "Prospectus") before making an investment decision. The rights and duties of the investor as well as their legal relationship with the Fund and the Sub-Fund are outlined in the Prospectus. Defined terms used herein will have the same meaning as set out in the Prospectus.

The Base Currency of the Sub-Fund is Euro.

Investment Objective:	The Sub-Fund seeks to achieve long term capital growth by making equity and equity-related investments in small and medium sized companies, whose assets, products or operations are in Europe
Investment Policy:	<p>The Sub-Fund will invest not less than two-thirds of the Sub-Fund's total assets in equity and equity-related securities (excluding convertibles and bonds with warrants attached) of companies domiciled in or exercising the predominant part of their commercial activities in Europe and having a market capitalisation at the time of acquisition of between €1,000,000,000 and €5,000,000,000 (or equivalent). Within the remaining one-third, the Sub-Fund may invest in transferable securities not meeting the above requirements.</p> <p>The remainder of the Sub-Fund's total assets may be invested in equity and equity-related securities of worldwide issuers having any market capitalisation.</p> <p>The Sub-Fund's investment policy will require some flexibility as, for example, companies which may be regarded as small or medium sized, as determined by market capitalisation in one country, may be considered as much more significant in other countries. Market appreciation and change in the level of valuation would also alter any absolute definition of a smaller or medium sized company but would not change any relative definition.</p> <p>There are two primary elements to the investment policy: first, to benefit from what the Investment Manager believes to be the continuing equity investment attraction of Europe and second, to leverage this by taking</p>

advantage of the greater growth opportunities and flexibility afforded to small and medium sized companies.

The Sub-Fund may invest in locally listed Russian shares, although no more than 20% of Net Asset Value will be invested in locally listed Russian shares at any one time and investment will only be made in equity securities that are listed / traded on level 1 or level 2 of the RTS stock exchange and MICEX. Such an investment will not form the principal focus of the Sub-Fund.

The Sub-Fund will not invest more than 25% in aggregate of the Sub-Fund's Net Asset Value in securities listed on Recognised Exchanges in emerging markets.

The Investment Manager believes that performance of equities over longer periods of time is driven by the progression of earnings. The Sub-Fund will strive to add value by identifying stocks with superior sustainable earnings performance. The stock selection will also be influenced by valuation levels, but only to the extent that factors have been identified which are expected to drive valuation potential to be realised in terms of earnings progression.

On a regional basis, the investment universe is categorised according to growth potential. This classification process incorporates the background of each company's historical growth patterns, resulting in an informed assessment of future prospects.

Companies in the investment universe will be classified as follows:

1. Exceptional growth prospects (normally, relatively new companies or companies going through radical transformation).
2. High and stable growth.
3. High but cyclical growth.
4. Low or no growth, which are sub-divided into (a) stable, (b) cyclical and (c) turn-around situation.

Distinct quantitative and qualitative criteria are used for buy and sell decisions.

The Sub-Fund may, within the limits laid down by IFSRA, invest in equity and equity-related securities including but not limited to common stock, preferred stock and securities which are convertible into or exchangeable for such equity securities, or which carry warrants to purchase such equity securities.

The Sub-Fund may, within the limits laid down by IFSRA, purchase and sell equity index- and equity-related instruments including but not limited to LEPO's, OPALS, PERLES (as outlined in the main body of the Prospectus), participatory receipts / participatory certificates and share index notes, each of which may assist in achieving the investment objective of the Sub-Fund. Where utilised, LEPO's, OPALS and PERLES will be listed or traded on one or more of the stock exchanges or recognised markets on which the Sub-Fund is permitted to invest, as set out in Appendix II to the Prospectus. These instruments shall in each case comprise transferable securities of the issuer, notwithstanding that their value is linked to an underlying equity or equity index. In practice, the Sub-Fund will purchase such instruments from an issuer and the instrument will track the underlying equity or equity index. It should be noted that the Sub-Fund's exposure in relation to these instruments will be to the issuer of the instruments. However, the Sub-Fund will also have an economic exposure to the underlying securities themselves. Any LEPO's purchased or sold by the Sub-Fund will be exercisable at any time over the duration of its life and may be settled on a cash basis.

The Sub-Fund may invest in American, International, and Global Depository Receipts (ADR's / IDR's / GDR's) which are listed on a Recognised Exchange as set out in Appendix II to the Prospectus. Such investments must be in accordance with the investment objective, investment policy and investment restrictions of the Sub-Fund.

The Sub-Fund may invest up to 10% of its Net Asset Value in regulated collective investment schemes, including real estate investment trusts (REITS), where the investment policies of these schemes are consistent with that of the Sub-Fund and such schemes meet the criteria set out in Guidance Note 2/03. The ability to trade REITS in the secondary market can be more limited than other stocks.

The Sub-Fund may, within the limits laid down by IFSRA, hold cash and/or ancillary liquid assets and may invest in money market instruments (as defined in IFSRA's Notices and which may or may not be dealt on a regulated market), which are rated investment grade by an international rating agency. Such money market instruments may include but are not limited to non-government short term obligations (such as fixed or floating rate commercial paper), obligations of banks or other depository institutions (such as certificates of deposit and bankers acceptances), securities issued or otherwise backed by supranational organisations or by sovereign governments, their agencies, their instrumentalities and political sub divisions.

The Sub-Fund may, within the limits laid down by IFSRA, hold deposits with credit institutions as prescribed in IFSRA's Notices.

The Sub-Fund may also engage in forward foreign exchange contracts for hedging purposes, to alter the currency exposure of the underlying assets, in accordance with the limits set out by IFSRA. The Sub-Fund

may also hedge currency exchange risk by entering into forward, futures and currency swap contracts and purchasing and selling put or call options on foreign currency and on foreign currency futures contracts within the limits set out by IFSRA. Because currency positions held by the Sub-Fund may not correspond with the asset position held, the performance may be strongly influenced by movements in the FX exchange rates.

The Sub-Fund will not be leveraged as a result of engaging in forward foreign exchange contracts, forward, futures and swap currency contracts, call options on foreign currency or foreign currency futures contracts.

The performance of the Sub-Fund's portfolio of investments will be measured against the S&P Europe Between EUR1 Billion and EUR5 Billion Index (the "Index"). The Index consists of approximately 600 small- and mid-capitalization companies, whose shares are listed on European stock exchanges, including the U.K. The Investment Manager may consider that, where the Sub-Fund's portfolio make up is different to that of the Index, it is necessary or desirable to replicate the currency exposure of the Index and therefore the Investment Manager is entitled to alter the currency exposure characteristics of certain of the assets held within the Sub-Fund through the use of forward and futures currency contracts so that, whilst its own determination of portfolio make up may be reflected in the actual portfolio make up, the currency exposure can reflect that of the Index.

The Investment Manager is, however, entitled at any time to change the Index where, for reasons outside the Investment Manager's control, the Index has been replaced by another index or where another index may reasonably be considered by the Investment Manager to have become the industry standard for the relevant exposure. Unitholders will be advised of any change in the Index in the next annual or half-yearly report of the Sub-Fund.

Any changes to the investment objective of the Sub-Fund and any material changes to the investment policy may not be made without the prior written approval on the basis of a majority of votes cast at a general meeting of Unitholders of the Sub-Fund. Any such changes may not be made without the approval of IFSRA. In the event of a change in investment objective and/or a change to the investment policy, a reasonable notification period will be provided by the Manager to enable Unitholders redeem their Units prior to implementation of such change.

The Sub-Fund will be managed so as to be fully invested, other than during periods where the Investment Manager believes a larger cash position is warranted.

The Sub-Fund's investments are subject to the investment restrictions as set out in the section headed "Investment Restrictions".

No assurance can be given that the Sub-Fund's investment objective will be achieved.

The Manager will, on request, provide supplementary information to Unitholders relating to the risk management methods employed, including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the investments.

It is not the current intention of the Sub-Fund to use financial derivative instruments for investment purposes. Should this intention change this Supplement shall be amended accordingly.

A list of the stock exchanges and markets in which the Sub-Fund is permitted to invest, in accordance with the requirements of IFSRA, is contained in Appendix II to the Prospectus and should be read in conjunction with, and subject to, the Sub-Fund's investment objective and policy as detailed above. IFSRA does not issue a list of approved markets. With the exception of permitted investment in unlisted securities investments will be restricted to those stock exchanges and markets listed in Appendix II to the Prospectus.

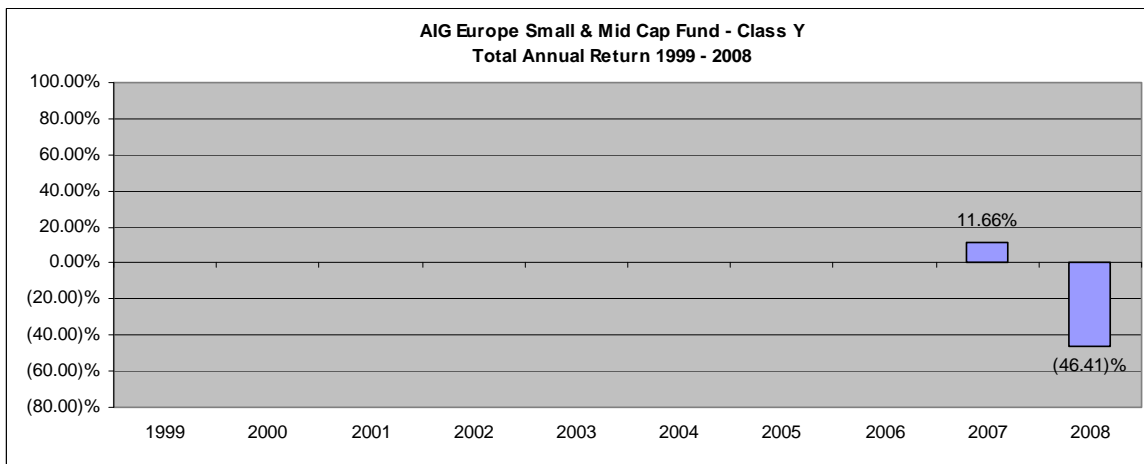
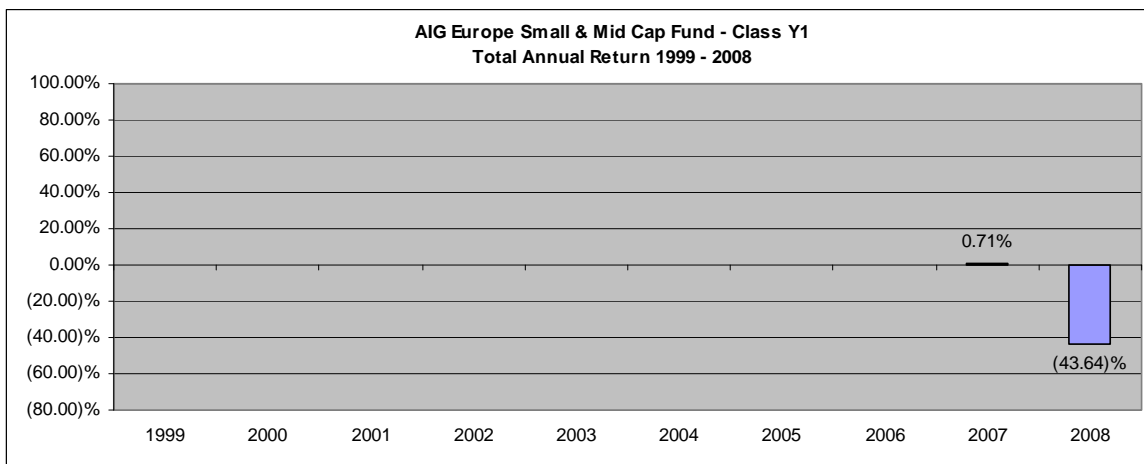
The risk factors specific to the Sub-Fund are set out in section 5 below and include Emerging Markets Risk, Political & Economic Risk: Russia, Small Capitalised Companies Risk and Volatility Risk. These risk factors may not be a complete list of all risk factors associated with an investment in the Sub-Fund.

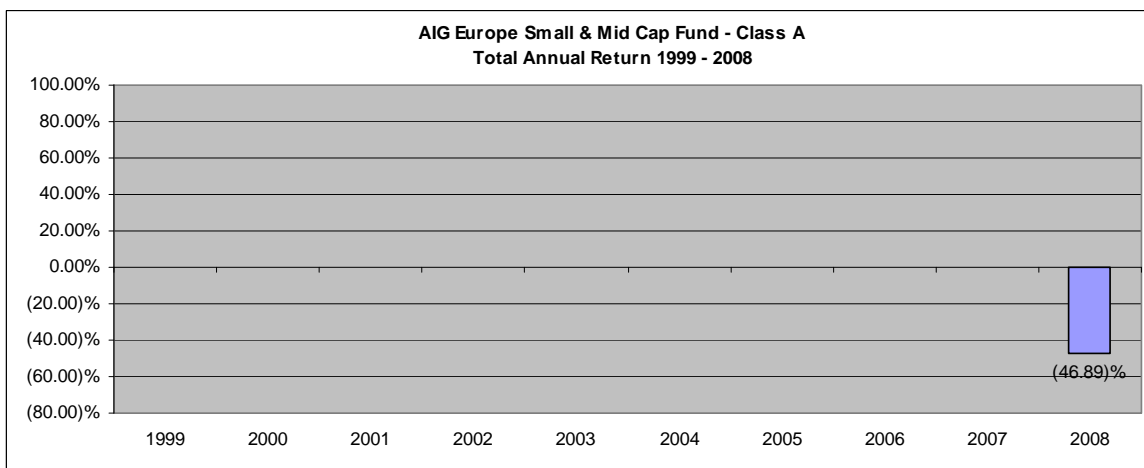
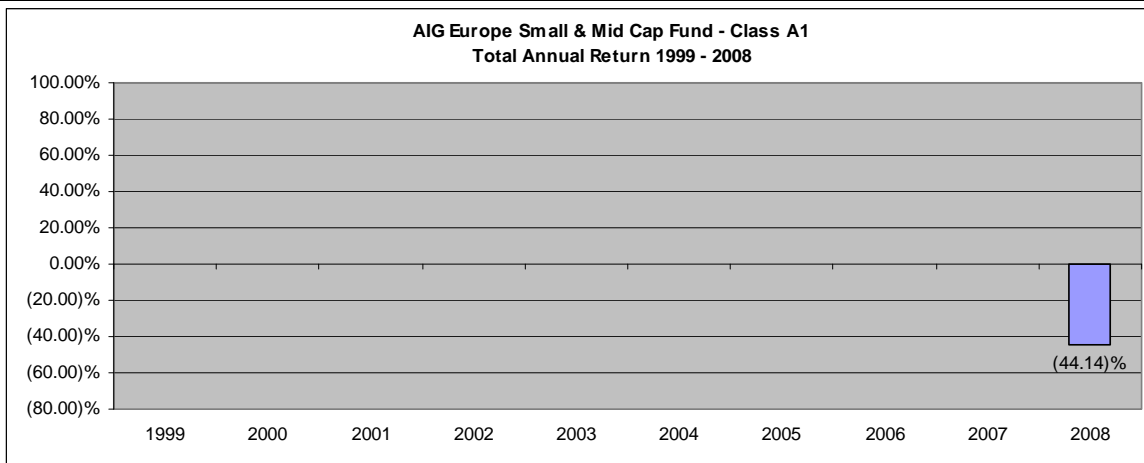
Risk Profile: **Potential investors should be aware that the value of Units in the Sub-Fund can fall as well as rise. An investor may receive back less than his/her investment.**

Please consult the Prospectus under the heading "Risk Factors" together with the relevant supplement for the Sub-Fund for a more detailed analysis of the risk profile of the Sub-Fund. Principal risk factors outlined in the Prospectus are; Accounting Standards Risk, Co-Management of Assets, Counterparty Risk, Counterparty Default: Absence of Regulation, Credit Risk, Currency Risk, Derivative, Techniques and Instruments Risk, Emerging Markets Risk, Exchange Rate Risk, Global Financial Market Crisis and Governmental Intervention, Interest Rate Risk, Investing in Fixed Income Securities, Investment Return, Legal Infrastructure, Liquidity Risk, Market Disruptions, Market Risk, Non-Convertibility of Currency, Political and/or Regulatory Risks, Redemption Risk, Redemption Restrictions, Registration Risk, Reliability of Credit Ratings, Reliability of Information, Remittance of Principal and Investment Income, Settlement Risk, Stocklending Risk, Sub-Custody Risk, Suspension of Dealing, Unit Currency Designation Risk and Valuation Risk. Additional Sub-Fund Risk Factors include: Emerging Markets Risk, Political & Economic Risk: Russia, Small Capitalised Companies Risk and Volatility Risk.

Performance Data: Details of the past performance of the Sub-Fund are set out below.

Subscription and redemption charges, where applicable, are not included in this data.





Annualised Performance as at 31 December 2008:

	Class Y1	Class Y	Class A1	Class A
Past 3 Years:	N/A	N/A	N/A	N/A
Past 5 Years:	N/A	N/A	N/A	N/A
Past 10 Years:	N/A	N/A	N/A	N/A

Please note that past performance is no guarantee of future returns. The value of units and the income from them may fluctuate.

Profile of a Typical Investor: Investment in the Sub-Fund is suitable only for those persons and institutions for whom such investment does not represent a complete investment program, who understand the degree of risk involved and believe that the investment is suitable based upon investment objectives and financial needs.

Distribution Policy: In relation to Class YD, Class Y1D and Class Y3D Units, the Manager intends to declare a distribution on the last Business Day of May and November of each year. Distributions shall generally be declared out of the net income (whether in the form of dividends, interest or otherwise) available for distribution by the Sub-Fund and realised profits less realised losses and unrealised profits less unrealised losses.

In respect of all other Unit Classes of the Sub-Fund the Manager may declare a distribution once a year out of the net income (whether in the form of dividends, interest or otherwise) available for distribution by the Sub-Fund and realised profits less realised losses and unrealised profits less unrealised losses. The Manager may also declare interim distributions on the same basis. Annual distributions (if declared) will be declared and paid on or before 30 June in each year.

Fees and Expenses:

Unitholder Expenses

- Maximum sales charge on subscriptions 6%
- Maximum redemption charge on redemptions 3%

	Annual Management Fee (%of NAV)	Annual Servicing and Maintenance Fee (%of NAV)
Class A Units	1.30%	0.50%
Class A1 Units	1.30%	0.50%
Class A2 Units	1.30%	0.50%
Class A3 Units	1.30%	0.50%
Class C Units	2.25%	Not Applicable

	<table> <tr><td>Class C1 Units</td><td>2.25%</td><td>Not Applicable</td></tr> <tr><td>Class C2 Units</td><td>2.25%</td><td>Not Applicable</td></tr> <tr><td>Class C3 Units</td><td>2.25%</td><td>Not Applicable</td></tr> <tr><td>Class H Units</td><td>4.00%</td><td>Not Applicable</td></tr> <tr><td>Class Y Units</td><td>1.00%</td><td>Not Applicable</td></tr> <tr><td>Class Y1 Units</td><td>1.00%</td><td>Not Applicable</td></tr> <tr><td>Class Y2 Units</td><td>1.00%</td><td>Not Applicable</td></tr> <tr><td>Class Y3 Units</td><td>1.00%</td><td>Not Applicable</td></tr> <tr><td>Class YD Units</td><td>1.00%</td><td>Not Applicable</td></tr> <tr><td>Class Y1D Units</td><td>1.00%</td><td>Not Applicable</td></tr> <tr><td>Class Y3D Units</td><td>1.00%</td><td>Not Applicable</td></tr> <tr><td>Class X Units</td><td>0%</td><td>0.10%</td></tr> <tr><td>Class X1 Units</td><td>0%</td><td>0.10%</td></tr> <tr><td>Class X2 Units</td><td>0%</td><td>0.10%</td></tr> <tr><td>Class X3 Units</td><td>0%</td><td>0.10%</td></tr> </table> <ul style="list-style-type: none"> ▪ Administrative Agent's remuneration (maximum % of NAV) 0.3% ▪ Trustee's remuneration (maximum % of NAV) 0.3% <p>Out of pocket expenses of the Manager, Trustee and Administrative Agent are paid out of the Sub-Fund.</p> <p>2008 Total Expense Ratio for year ended 31 December 2008</p> <table> <tr><td>Class Y1</td><td>1.28%</td></tr> <tr><td>Class Y</td><td>1.28%</td></tr> <tr><td>Class A1</td><td>2.18%</td></tr> <tr><td>Class A</td><td>2.19%</td></tr> </table> <p>2008 Portfolio Turnover Rate 148.00%</p> <p>The Total Expense Ratio and the Portfolio Turnover Rates for previous years can be obtained from the Manager.</p>	Class C1 Units	2.25%	Not Applicable	Class C2 Units	2.25%	Not Applicable	Class C3 Units	2.25%	Not Applicable	Class H Units	4.00%	Not Applicable	Class Y Units	1.00%	Not Applicable	Class Y1 Units	1.00%	Not Applicable	Class Y2 Units	1.00%	Not Applicable	Class Y3 Units	1.00%	Not Applicable	Class YD Units	1.00%	Not Applicable	Class Y1D Units	1.00%	Not Applicable	Class Y3D Units	1.00%	Not Applicable	Class X Units	0%	0.10%	Class X1 Units	0%	0.10%	Class X2 Units	0%	0.10%	Class X3 Units	0%	0.10%	Class Y1	1.28%	Class Y	1.28%	Class A1	2.18%	Class A	2.19%
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Taxation:	<p>The Fund is resident in Ireland for tax purposes and is not subject to Irish taxation charges on income or capital gains. No Irish stamp duty is paid on the issue, redemption or transfer of Units in the Sub-Fund.</p> <p>Unitholders should consult with their professional advisers in relation to the tax treatment of their holdings in the Sub-Fund.</p>																																																					
Publication of Unit Price:	<p>The Net Asset Value per Unit of the Sub-Fund will be made public at the address of the Administrative Agent and will be published at the following web-site address: www.aiginvestments.com and at such other sources as the Manager deems appropriate.</p>																																																					
How to Buy/Sell Units:	<p>Applications to buy/sell Units can be made on any Dealing Day. A Dealing Day is every bank business day in Ireland, excluding Saturdays and Sundays and Irish public holidays.</p> <p>Applications should be made to: AIG Global Funds-AIG Europe Small & Mid Cap Fund c/o State Street Fund Services (Ireland) Limited Guild House, Guild Street, IFSC, Dublin 1, Ireland Tel +353 1 853 8036 Fax +353 1 670 0981</p> <p>Subscription and redemption requests should be made (in the manner specified in the Prospectus) prior to 12.00 noon (Irish time) on the relevant Dealing Day.</p> <p>The minimum initial subscription, minimum holding, minimum subsequent subscription and minimum redemption applicable to each Class of Unit is as follows:</p> <table> <thead> <tr> <th></th> <th>Minimum Initial subscription</th> <th>Minimum Subsequent Subscription & Minimum Redemption Amounts</th> </tr> </thead> <tbody> <tr><td>Class A Units</td><td>USD 1,000</td><td>USD 250</td></tr> <tr><td>Class A1 Units</td><td>Euro 1,000</td><td>Euro 250</td></tr> <tr><td>Class A2 Units</td><td>STG 1,000</td><td>STG 250</td></tr> <tr><td>Class A3 Units</td><td>JPY 125,000</td><td>JPY 30,000</td></tr> <tr><td>Class C Units</td><td>USD 1,000</td><td>USD 250</td></tr> <tr><td>Class C1 Units</td><td>Euro 1,000</td><td>Euro 250</td></tr> <tr><td>Class C2 Units</td><td>STG 1,000</td><td>STG 250</td></tr> <tr><td>Class C3 Units</td><td>JPY 125,000</td><td>JPY 30,000</td></tr> </tbody> </table>		Minimum Initial subscription	Minimum Subsequent Subscription & Minimum Redemption Amounts	Class A Units	USD 1,000	USD 250	Class A1 Units	Euro 1,000	Euro 250	Class A2 Units	STG 1,000	STG 250	Class A3 Units	JPY 125,000	JPY 30,000	Class C Units	USD 1,000	USD 250	Class C1 Units	Euro 1,000	Euro 250	Class C2 Units	STG 1,000	STG 250	Class C3 Units	JPY 125,000	JPY 30,000																										
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Additional Important Information:	<p>Additional information and copies of the Prospectus, the Trust Deed, and the latest annual and semi-annual reports may be obtained (free of charge) from the Manager's registered office.</p> <p>Registered Office: AIG Centre, IFSC, North Wall Quay, Dublin 1, Ireland Tel +353 1 672 0222 Fax +353 1 672 0267 www.aiginvestments.com</p> <p>AIG Investments is a group of international companies that provide investment advice and market asset management products and services to clients around the world. AIG Investments is a service mark of American International Group, Inc. (AIG). Services and products are provided by one or more affiliates of AIG.</p> <p>Directors of the Manager</p> <table> <tr> <td>Dominique Baïkoff</td> <td>William Dooley</td> <td>Steven Guterman</td> </tr> <tr> <td>Regina Harrington</td> <td>Frances Torsney</td> <td>Orla Horn</td> </tr> <tr> <td>Win Neuger</td> <td>JJ O'Mahony</td> <td></td> </tr> </table> <p>Manager: AIG Investments Fund Management Limited</p> <p>Investment Manager: AIG Investments Europe Limited</p> <p>Administrative Agent: State Street Fund Services (Ireland) Limited</p> <p>Trustee: State Street Custodial Services (Ireland) Limited</p> <p>Independent Auditors: PricewaterhouseCoopers</p> <p>Distributor: AIG Investments Europe Limited</p>	Dominique Baïkoff	William Dooley	Steven Guterman	Regina Harrington	Frances Torsney	Orla Horn	Win Neuger	JJ O'Mahony	
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