

# AIG JAPAN NEW HORIZON FUND

30 September 2009

## OBJECTIVE

The AIG Japan New Horizon Fund ("the Fund") seeks to achieve capital growth by investing in companies whose assets, products or operations are based in Japan.

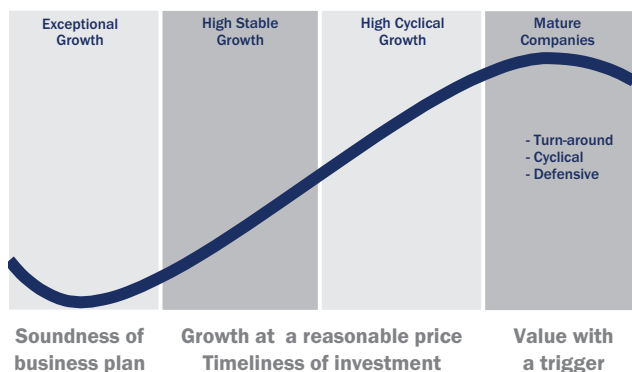
## INVESTMENT APPROACH

We believe that neither growth nor value investment styles will consistently outperform the other over time. Instead, we believe that a dynamic investment process is needed which can keep pace with the evolution of a company's fundamental characteristics such as earnings growth and focus on key investment criteria that are specific to a company's stage of development. Such an investment philosophy does not restrict our investment universe to either growth or value companies but seeks to uncover the most attractive investments across stages of a company's lifecycle.

### Key features

- Consistent, disciplined, research-driven process
- Replicable across different markets and regions
- Active management with a focus on bottom-up stock selection
- Analysis of companies using criteria appropriate to their stage of development
- Strong sell discipline which removes behavioural biases

## DYNAMIC CATEGORISATION



The investment process for the Fund begins with fund managers and analysts assigning each company in the universe to one of four broad categories that best reflects its fundamental earnings growth characteristics and stage of development. The universe is comprised of around 700 companies. Following the assignment of a category, in-depth fundamental analysis begins and focuses on analytical criteria specific to that particular category. Additionally, a large number of company meetings are conducted each year, and are a key part of the investment process.

### Key factors that we focus on include

- Fundamental progress
- Fundamental revisions
- Valuations

Analysts then prepare a detailed report stating the investment case and assign a final recommendation by ranking a company from 1 (strong buy) to 5 (strong sell) based on category specific valuation and performance triggers. This research is stored within our proprietary database and is available to all fund managers and analysts. This ensures that company information is documented and communicated consistently on a global basis. Investment candidates are discussed within the team, however the final decision lies with the lead fund manager. Once a buy decision has been made, the weighting is determined based on liquidity, development category and risk assessment. The Fund typically holds 35 - 50 companies.

A key feature of the process is the use of a 'Suspect List' which underpins our strong sell discipline and serves to reduce behavioural biases and over-confidence in companies. The List is compiled and reviewed weekly by the team using a variety of performance, technical and fundamental criteria. A company must fulfil at least 2 out of 6 technical and fundamental criteria to be ranked as 'Suspect'.

Risk management is a key component of our investment approach with internal risk controls fully integrated into the process. We believe that one of the best ways to manage risk is to invest in quality companies and to ensure that portfolios do not become too concentrated in a company, sector or development phase. Portfolios are also regularly monitored by a dedicated internal compliance department.

PROFILE

## INVESTMENT GUIDELINES<sup>1</sup>

- Security weight max. 10%
- Sector limits +/- 10% against benchmark weightings
- Target tracking error 4 - 8% per annum<sup>2</sup>
- Benchmarked against the MSCI Japan DTR Net Index

## FUND MANAGERS

	Location	Joined Firm	Yrs Experience
<b>Akihiro Sekiya</b> Lead Fund Manager	Tokyo	2004	20
<b>Shinichi Haneda</b> Fund Manager	Tokyo	2002	19

<sup>1</sup> Please note that the Investment Guidelines shown are internal guidelines applied by AIG Investments. The investment objective, policy and investment restrictions applicable to the Fund are set out in detail in the Prospectus and Simplified Prospectus.

<sup>2</sup> This is a range and there is no assurance that the target or range will be met.

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

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