

AIG EMERGING MARKETS LOCAL CURRENCY BOND FUND

30 September 2009

OBJECTIVE

The AIG Emerging Markets Local Currency Bond Fund ('the Fund') seeks to achieve income and capital appreciation by investing at least two-thirds of its total net assets in local currency fixed instruments issued by sovereign, quasi-sovereign or corporate entities in regions including Latin America, Emerging Europe, Asia, Middle East, Africa and Russia.

INVESTMENT APPROACH

We believe that our flexible approach to evaluating fundamental, valuation and technical drivers allows us to better exploit opportunities in emerging market local interest rates and foreign exchange. This dynamic approach to investment is adaptable to different market conditions, eliminates style risk and ensures all potential investment opportunities are captured.

Key features

- Collaborative team approach to investment
- Flexible investment approach to exploit market inefficiencies
- Research-intensive independent credit analysis

Bottom-up credit analysis begins by screening an initial investment universe of more than 50 countries for liquidity issues and market access. This filter narrows the universe to around 40 countries upon which further analysis is focused on interest rate and exchange rate selection, each using three key investment drivers: Fundamentals, Valuations and Technicals.

Within this framework each country is scored. Interest rate selection considers implications for monetary policies, markets and market timing, followed by exchange rate selection taking into account solvency and market implications as well as market timing. These scores are overlaid with returns and volatility expectations and ranked for relative attractiveness in their local markets.

We have developed economic models to help assess the fair values of currencies and interest rates. Analysts draw a forward looking scenario for all relevant variables based on these economic models. These are constantly monitored in order to anticipate central banks' behaviour and currency movements.

Fundamentals

- Growth
- Inflation
- Balance of payments
- Fiscal Policy

Valuations

- Real Effective Exchange Rates
- Flows
- Interest Rate Framework
- Sovereign Risk Premia

Technicals

- Issuance
- Positioning
- Charts

Our investment process is a combination of in-depth analysis of the fundamentals, technicals and valuations for interest rates and exchange rates, whilst ensuring there is ample flexibility to remain dynamic and add value. The final portfolio typically comprises fixed income securities from approximately 20 countries.

Risk management is a crucial component of the investment process, with internal risk controls fully integrated into every stage of the process. Risk is managed on a relative return basis according to the required risk tolerance level of the Fund. Portfolios are regularly monitored by a dedicated compliance team.

INVESTMENT GUIDELINES¹

- Country limits +/- 10%
- Single country maximum 20%
- Target tracking error 0 - 7% ex-post per annum²
- Benchmarked against the JP Morgan GBI-EM Diversified Index

FUND MANAGERS

	Location	Joined Firm	Yrs Experience
Rajeev Mittal Lead Fund Manager	London	1992	17
Anders Faergemann Senior Fund Manager	London	2004	11

¹ 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.

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

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All information as of 30 September 2009 unless noted otherwise. We are not soliciting or recommending any action based on this material. Information is subject to change based on criteria decided upon by the Investment Manager or depending on market conditions. 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 Emerging Markets Local Currency Bond Fund (the "Fund") is a sub-fund of AIG Global Funds, an Irish domiciled UCITS III umbrella fund, authorised and regulated by the Financial Regulator in Ireland. 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. Unless otherwise noted, all information is sourced from AIG Investments internal data. 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 registered mark of American International Group, Inc. (AIG). Services and products are provided by one or more affiliates of AIG. Issued by: AIG Investments Fund Management Ltd, 30 North Wall Quay, Dublin 1, Ireland. Phone: 353-1-6720222. Facsimile: 353-1-6720267.

