

# AIG STRATEGIC BOND FUND

28 February 2010

## OBJECTIVE

AIG Strategic Bond Fund ('the Fund') seeks to achieve income and capital appreciation by investing in a diversified portfolio of fixed income securities comprising investment grade bonds, emerging markets bonds, high yield bonds and non-USD bonds.

## FUND FACTS

<b>Domicile &amp; Type</b>	Ireland / Sub-fund of UCITS III Umbrella Open-ended Unit Trust
<b>Inception Date of Class</b>	1 Jun 2006
<b>Inception Date of Predecessor Class</b>	N/A
<b>Benchmark</b>	Barclays Capital U.S. Aggregate Bond Index
<b>Base Currency</b>	USD
<b>Class</b>	YD
<b>Class Currency</b>	USD
<b>Minimum Investment</b>	USD 1 million
<b>Management Fee</b>	0.90%
<b>Listing &amp; Dealing</b>	Unlisted / Daily
<b>Distribution Policy</b>	Income and capital gains will be distributed
<b>ISIN Number</b>	IE00B179D857
<b>Portfolio Manager(s)</b>	Rob Vanden Assem / Anthony King / John Yovanovic / Rajeev Mittal
<b>Investment Manager(s)</b>	AIG Global Investment Corp. & AIG Investments Europe Ltd.
<b>Legal Manager</b>	AIG Investments Fund Management Ltd.
<b>Authorised for Public Distribution In</b>	Austria, Czech Republic, France, Hong Kong, Luxembourg, Netherlands, Singapore, Slovakia, Spain, Taiwan (ROC), United Kingdom
<b>Regulated By</b>	Financial Regulator in Ireland

## COMMENTARY

### Market Review

- During February, the credit market traded with a mixed tone. Heavy Yankee bank supply in January, uncertainty out of the euro zone, and tightening credit in China all combined to weigh on the high grade market.
- The OAS of the Barclays Credit Index widened as much as 10bps during the month, eventually closing 2bps wider at 158bps.
- In securitized products, the GSE surprise buyout announcement was the most significant news for the month.

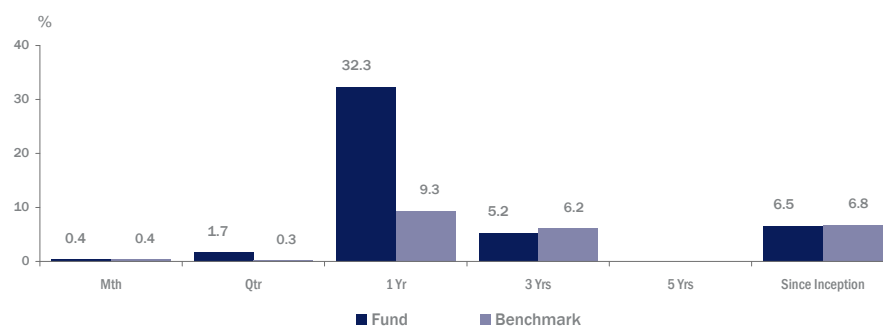
### Fund Activity & Outlook

- In non-USD, we scaled back our allocation to the sleeve at the beginning of the month as the fundamental picture improved for the US dollar and risk aversion rose - prompting investors to move into dollar assets.

- Within high grade credit, we looked to add credits with improving stories including those in the crossover space. Wider spreads in Greece as a consequence of doubts over the country's ability to repay its growing debt clouded the outlook for other European countries, but emerging markets remained relatively resilient.
- Our favoured currency positions remain the Canadian dollar as well as the Australian dollar, the latter which has room to benefit from a more robust Asian recovery. We continue to overweight both the Norwegian and Swedish markets as we expect their respective currencies to benefit from rising interest rate advantages and positive capital flow.

## PERFORMANCE

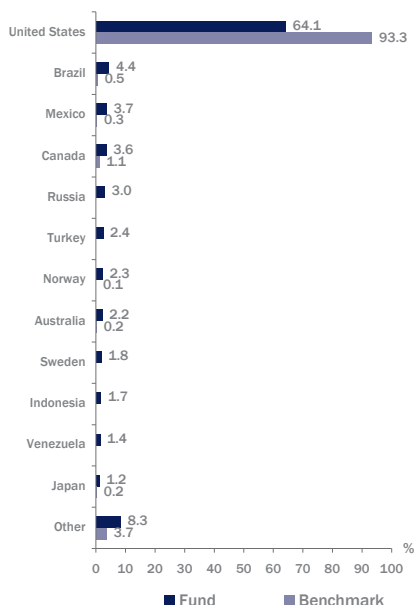
For periods ending 28 February 2010



Calendar Year	Fund %	Benchmark %	Difference %
2010 YTD	1.2	1.9	(0.7)
2009	28.7	5.9	22.8
2008	(14.0)	5.2	(19.2)
2007	5.2	7.0	(1.8)
2006	N/A	N/A	N/A

Fund: AIG Strategic Bond Fund Class 'YD' Units  
 Benchmark: Barclays Capital U.S. Aggregate Bond 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



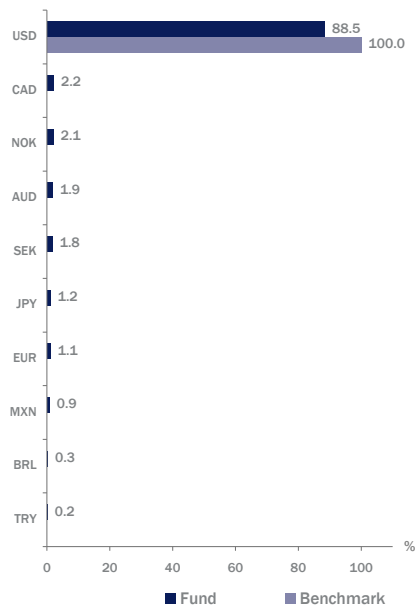
## TOP 10 HOLDINGS

Holdings	%
7.50% Russian Federation 31/Mar/2030 (RU)	2.3
Inabs 2006 C 3A2 25/Aug/2036 (US)	2.0
5.50% Fed Hm Ln Pc Pool G03202 01/Sep/2037 (US)	1.7
13.00% Nexstar Broadcasting Inc 15/Jan/2014 (US)	1.6
5.805108% Gs Mtg Secs Tr 2007 Gg10 10/Aug/2045 (US)	1.4
6.00% Fed Hm Ln Pc Pool G03720 01/Dec/2037 (US)	1.2
11.00% Brazil (Fed Rep Of) 17/Aug/2040 (BR)	1.1
3.00% Canada (Govt of) 01/Jun/2014 (CA)	1.0
4.50% Sweden (Kingdom of) 12/Aug/2015 (SE)	0.9
5.00% Norway (Kingdom of) 15/May/2015 (NO)	0.9
<b>Total</b>	<b>14.1</b>

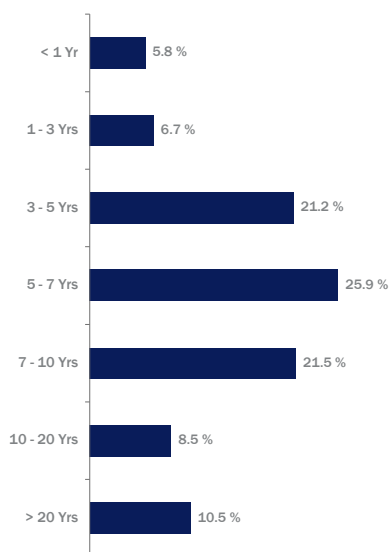
## FUND STATISTICS

Fund Size	USD 64,873,553
NAV per Unit	USD 101.3974
Number of Securities	562
Average Coupon (%)	7.0
Average Duration	5.1
Average Yield to Maturity	7.8
Standard Deviation (3yr)	9.9
Information Ratio (3yr)	(0.1)
Tracking Error (3yr)	8.4
Alpha	(1.9)
Beta	1.3
R-Squared	30.8

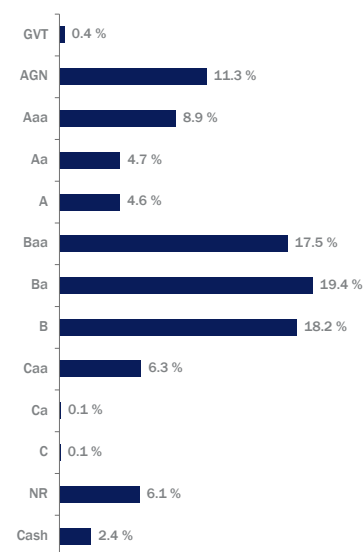
## CURRENCY ALLOCATION



## MATURITY PROFILE



## PORTFOLIO QUALITY



Fund: AIG Strategic Bond Fund  
 Benchmark: Barclays Capital U.S. Aggregate Bond Index  
 Asset allocations as at month end.

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

All information as of 28 Feb 2010 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 Strategic Bond 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 'YD' 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. 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.

