

## EQUITY MARKETS

If one knew where he was going to die, he would never go there.

Nature has so destined that we remain ignorant of some things. Recent market movements make one wonder whether this is really a professional fund manager's behavior or pure speculation or just irrationality. The beauty of markets is that it is a mix of everything and instead of trying to understand the behavior of the market, it makes more sense to understand the underlying companies which the market represents. And use market moves to your advantage. When markets are euphoric, and you are getting a good price, you may want to sell or vice versa. Frankly, even if you just ignore the market and buy a bunch of good businesses and stay invested for a long period of time, you will do remarkably well. The logic is simple: neither good times nor bad times last; nevertheless, good companies are able to gain significant advantages over such cycles.

Mr. Narayana Murthy once said "In God we trust. Everybody else brings data to the table." We, in our research, try to focus on various high frequency data from various sectors of the economy that can be monitored effectively. In some sectors such as those related to capacity creation, rural demand etc., this data is not just positive but also accelerating at the ground level. Given the stance of the RBI and the government's intention of reducing inflation, we feel that capacity needs to be created to serve the high demand. And the process of creating capacity is now slowly gaining momentum which eventually, as the textbooks say, would bring inflation down! We also recognize that some sectors are facing headwinds or will start facing headwinds soon and it would be important to reduce our exposure to such overvalued companies.

Current news flow is focused on problems in Europe. Though we have no idea when the solution will be found, we are confident that a solution will eventually be found. Hence, we are taking the recent market volatility to alter our portfolio stance from a more defensive one to one that is more tuned with the infrastructure sector which we feel should see good activity going forward.

## AIG India Equity Fund

(An open-ended equity scheme)

AIG INDIA  
EQUITY FUND

### PORTFOLIO

as on 30 September 2011

Name of the Instrument	Sector	% to NAV
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#### EQUITY & EQUITY RELATED INSTRUMENTS

Infosys Ltd.	Software	5.41
Hero MotoCorp Ltd.	Auto	5.37
HDFC Bank Ltd.	Banks	4.97
Indraprastha Gas Ltd.	Gas	4.71
Petronet LNG Ltd.	Gas	4.47
Coromandel International Ltd.	Fertilisers	4.40
Hindustan Zinc Ltd.	Non - Ferrous Metals	4.21
Sun Pharmaceutical Industries Ltd.	Pharmaceuticals	3.71
Bosch Ltd.	Auto Ancillaries	3.70
Dr. Reddy's Laboratories Ltd.	Pharmaceuticals	3.50

<b>Total of Top 10 Equity Holdings</b>	<b>44.45</b>
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Torrent Power Ltd.	Power	3.42
Larsen & Toubro Ltd.	Construction Project	3.20
Jindal Steel & Power Ltd.	Ferrous Metals	3.12
Redington India Ltd.	Trading	2.67
Eicher Motors Ltd.	Auto	2.24
Gujarat Mineral Development Corporation Ltd.	Minerals/Mining	2.20
Sadbhav Engineering Ltd.	Construction	2.18
Chambal Fertilizers & Chemicals Ltd.	Fertilisers	2.12
Mundra Port and Special Economic Zone Ltd.	Transportation	2.11
Castrol India Ltd.	Petroleum Products	2.09
Power Grid Corporation of India Ltd.	Power	2.07
Bharat Electronics Ltd.	Industrial Capital Goods	2.06

<b>OTHER EQUITY HOLDINGS</b>	<b>18.80</b>
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<b>TOTAL EQUITY HOLDINGS</b>	<b>92.73</b>
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<b>DEBT / MONEY MARKET / CASH &amp; CASH EQUIVALENT</b>	<b>7.27</b>
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<b>GRAND TOTAL</b>	<b>100.00</b>
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### FUND ACTIVITY

- We bought L&T
- We sold Bajaj Auto, Glaxo Smithkline

(The above is applicable only for stocks which comprise 2% or more of the portfolio as on closing date of the month)

### TOP 5 SECTORS

as on 30 September 2011

Sector	% of NAV
Gas	9.18
Pharmaceuticals	8.24
Auto	7.60
Software	7.40
Industrial Capital Goods	7.16

<b>NAV (as on 30 September 2011):</b>	Reg - Div: ₹ 11.922	Reg - Gr: ₹ 11.922
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**Fund Corpus:** ₹ 148.30 crore (as on 30 September 2011)

**Fund Manager:** Huzaifa Husain

## AIG Infrastructure and Economic Reform Fund

(An open-ended equity scheme)



### PORTFOLIO

as on 30 September 2011

Name of the Instrument	Sector	% to NAV
<b>EQUITY &amp; EQUITY RELATED INSTRUMENTS</b>		
Indraprastha Gas Ltd.	Gas	6.76
Coromandel International Ltd.	Fertilisers	6.73
Petronet LNG Ltd.	Gas	6.20
Power Grid Corporation of India Ltd.	Power	5.33
Larsen & Toubro Ltd.	Construction Project	4.78
Gujarat State Petronet Ltd.	Gas	4.19
Gujarat Mineral Development Corporation Ltd.	Minerals/Mining	4.15
Chambal Fertilizers & Chemicals Ltd.	Fertilisers	4.14
Bharat Heavy Electricals Ltd.	Industrial Capital Goods	3.85
Coal India Ltd.	Minerals/Mining	3.82
<b>Total of Top 10 Equity Holdings</b>		<b>49.94</b>
Torrent Power Ltd.	Power	3.53
Jindal Steel & Power Ltd.	Ferrous Metals	3.52
Thermax Ltd.	Industrial Capital Goods	3.23
Sadbhav Engineering Ltd.	Construction	3.05
Cummins India Ltd.	Industrial Products	2.85
AIA Engineering Ltd.	Industrial Capital Goods	2.75
Rural Electrification Corporation Ltd.	Finance	2.67
Bharat Electronics Ltd.	Industrial Capital Goods	2.49
IRB Infrastructure Developers Ltd.	Construction	2.43
Power Finance Corporation Ltd.	Finance	2.18
ACC Ltd.	Cement	2.10
Mundra Port and Special Economic Zone Ltd.	Transportation	2.08
Punjab National Bank	Banks	2.02
<b>OTHER EQUITY HOLDINGS</b>		<b>8.50</b>
<b>TOTAL EQUITY HOLDINGS</b>		<b>93.34</b>
<b>DEBT / MONEY MARKET / CASH &amp; CASH EQUIVALENT</b>		<b>6.66</b>
<b>GRAND TOTAL</b>		<b>100.00</b>

### FUND ACTIVITY

- We bought Rural Electrification, L&T
- We sold Bharti Airtel, NTPC

(The above is applicable only for stocks which comprise 2% or more of the portfolio as on closing date of the month)

### NAV (as on 30 September 2011) :

Reg - Div: ₹ 8.700	Reg - Gr: ₹ 8.700
IP - Div: ₹ 8.913	IP - Gr: ₹ 8.913

**Fund Corpus:** ₹ 110.84 crore (as on 30 September 2011)

**Fund Manager:** Huzaifa Husain

#### AIG India Equity Fund:

**Scheme Classification:** An open-ended equity scheme. **Investment objective:** The primary objective of the scheme is to generate long-term capital appreciation from a diversified portfolio of predominantly equity and equity-related securities including equity derivatives. **Asset Allocation Pattern:** Equities and equity related securities: 80%-100%; Debt and money market securities / instruments / funds: 0% - 20%. **Load Structure:** Entry Load : N. A. Exit Load: 1% of the Applicable NAV if redeemed within 1 year from the date of allotment.

#### AIG Infrastructure and Economic Reform Fund:

**Scheme Classification:** An open ended equity scheme. **Investment objective:** The investment objective of the Scheme is to generate long-term capital appreciation from a diversified portfolio of predominantly (at least 65%) equity and equity-related securities of companies involved in economic development of India as a result of potential investments in infrastructure and unfolding economic reforms. However there can be no assurance that the investment objective of the scheme will be realized as actual market movements may be at variance with anticipated trends. **Asset Allocation Pattern:** Equity and equity related securities: 80% to 100%; Debt & money market securities/instruments/funds: 0% to 20%. The fund would remain fully invested upto 95% in equity and equity related securities and will have only 5% in short term debt and money market instruments to meet short term liquidity requirements of the scheme. **Load Structure:** Entry Load : N. A. Exit Load: 1% of the Applicable NAV if redeemed within 1 year from the date of allotment.

**Common Information for the above mentioned schemes:** No exit load shall be charged on Bonus units allotted and on units allotted on Reinvestment of Dividend.

**Terms of issue:** Units of the Scheme(s) are being offered at NAV based prices. Scheme Information Document, Key Information Memorandum and Application Forms / Transaction Slips are available at the ISCs / distributors. NAVs will be calculated and disclosed on all Business days.

**Risk Factors: Mutual Funds, like securities investments, are subject to market risks and there is no guarantee against loss in the Schemes or that the Schemes' objectives will be achieved. As with any investment in securities, the NAV of the Units issued under the Schemes can go up or down depending on various factors and forces affecting the securities market.** Investments in the Schemes will be affected by trading volumes, settlement periods, volatility, price fluctuations, inability to sell securities, disinvestment of holdings of any unlisted stocks prior to target date of disinvestment, credit risk, currency risk, country risk, interest rate risk and default risk including possible loss of principal. As the price / value / interest rates of the securities in which the schemes invests fluctuate, the value of your investment in the schemes may go up or down. Past performance of the Sponsor / AMC / Mutual Fund does not guarantee future performance of the schemes.

**AIG India Equity Fund and AIG Infrastructure and Economic Reform Fund are the names of the Schemes and do not, in any manner, indicate the quality of the Schemes, their future prospects or returns.** The sponsor is not responsible or liable for any loss resulting from the operation of the schemes beyond the initial contribution of ₹ 1 lakh made by it towards setting up the Fund. The present schemes do not give any guaranteed or assured return. In addition the schemes do not guarantee or assure any dividend and also does not guarantee or assure that they will make any dividend distribution, though they have every intention to make the same in the dividend option of the plans. All dividend distributions are subject to the investment performance of the Schemes. The Schemes and individual Plan(s) with a separate portfolio, if any, under the respective Scheme(s) shall have a minimum of 20 investors and no single investor shall account for more than 25% of the corpus of the Scheme(s)/Plan(s). In case of non-fulfillment with either of the above two conditions, specified SEBI Guidelines in this regard would be complied with. **Please read the Scheme Information Document and Statement of Additional Information carefully before investing.**

**Statutory Details:** AIG Global Investment Group Mutual Fund ('the Fund') has been established as a trust under the Indian Trusts Act, 1882, sponsored by AIG Capital Corporation (liability restricted to ₹ 1 lakh), AIG Trustee Company (India) Private Limited, a company incorporated under the Companies Act, 1956, with a limited liability is the Trustee to the Fund. AIG Global Asset Management Company (India) Private Limited, a company incorporated under the Companies Act, 1956, with a limited liability is the Investment Manager to the Fund.

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## AIG World Gold Fund

(An open ended Fund of Funds scheme)



### PORTFOLIO

as on 30 September 2011

**Name of the Instrument** % to NAV

#### Investments in Foreign Securities

Falcon Gold Equity Fund Class "I Asia" 92.71

**Total** 92.71

**DEBT / MONEY MARKET / CASH & CASH EQUIVALENT** 7.29

**GRAND TOTAL** 100.00

### NAV (as on 30 September 2011):

Div: ₹ 13.579 Gr: ₹ 15.055

**Fund Corpus:** ₹ 211.27 crore (as on 30 September 2011)

**Fund Manager:** Vikrant Mehta

### FALCON GOLD EQUITY FUND (underlying fund of AIG World Gold Fund)

#### Portfolio Allocation - Regional

as on 30 September 2011

**Name of the Instrument** % to NAV

Australia 7.1

Canada 68.8

South Africa 2.8

U.S. 7.2

Others 9.8

Cash/Eq 4.3

**Total** 100.00

#### Top 10 Holdings

as on 30 September 2011

**Name of the Instrument** % to NAV

Goldcorp 8.28

Iamgold 6.51

Randgold 6.27

Kinross 6.04

Agnico-Eagle 5.46

Newmont 5.43

Newcrest 4.71

Osisko 4.53

Yamana Gold 4.45

New Gold 4.12

**Total** 55.79

## “Falcon Gold Equity Fund wins the Lipper Fund Award again in 2011.”



Falcon Gold Equity Fund, the underlying fund of AIG World Gold Fund, has been awarded **Best Fund for the third consecutive year** at the Lipper Fund Awards 2011 in the category Equity Sector - Gold and Precious Metals for the 5 year performance period. The fund has also been awarded Best Fund in the same category for the 3 year performance period at the Lipper Fund Awards in 2009 and 2010. Please refer below for awards methodology. **Past performance is no guarantee of future results.**

**Awards Methodology:** The Lipper Fund Awards program highlights funds that have excelled in delivering consistently strong risk-adjusted performance relative to peers. Lipper designates award-winning funds in most individual classifications for the three, five and ten-year periods. In addition, the Lipper Fund Awards program spotlights fund families with high average scores for all funds within a particular asset class or overall. The Lipper Awards 2011 highlights funds registered for sale in the respective country as of December 31, 2010 with at least 36 months of performance history as of the said date. For complete details on the Award methodology, visit [www.lipperweb.com](http://www.lipperweb.com).

## AIG Short Term Fund

(An open ended income scheme)

AIG  
SHORT  
TERM  
FUND

### MARKET REVIEW

- RBI raised repo rate by 25 bps to 8.25% - in line with expectations.
- WPI inflation remained high at 9.8% in August 2011, as against 9.2% in July 2011.
- Higher than expected GOI borrowing in 2H FY2011-12 adversely influenced bond yields.
- Money market yields hardened on account of advance tax and quarter end issuance.

Source: RBI, Bloomberg, www.mospi.nic.in; Date: 29 September 2011.

### FUND ACTIVITY & OUTLOOK

- Reduced near term (upto 3 month) holdings and added 6 month maturities.
- Average maturity of the portfolio remained largely unchanged over the previous month.

**Bond yields likely to remain under pressure. High likelihood of 25 bps hike in policy rates during second quarter review of monetary policy 2011-12.**

### PORTFOLIO

as on 29 September 2011

Name of the Instrument	Type	Rating	% to NAV
Oriental Bank of Commerce	CD	A1+	25.87
Axis Bank Ltd.	CD	P1+	24.83
ICICI Bank Ltd.	CD	A1+	24.76
Housing Development Finance Corporation Ltd.	Bond	AAA	10.30
LIC Housing Finance Ltd.	Bond	AAA	10.17
State Bank of Bikaner and Jaipur	CD	A1+	3.30
<b>Total</b>			<b>99.23</b>
<b>CASH &amp; CASH EQUIVALENT</b>			<b>0.77</b>
<b>Total</b>			<b>0.77</b>
<b>Grand Total</b>			<b>100.00</b>

CD - Certificate of Deposit

### NAV

as on 29 September 2011

Ret - Gr: ₹ 1275.0678	Ret - Mthly Div: ₹ 1002.1394	Ret - Wkly Div: ₹ 1002.1393
IP - Gr: ₹ 1235.5875	IP - Mthly Div: ₹ 1002.1641	IP - Wkly Div: ₹ 1002.1641

**Weighted Average Maturity:** 168 days (as on 29 September 2011)

**Fund Corpus:** ₹ 96.56 crore (as on 29 September 2011)

**Fund Manager:** Vikrant Mehta

The above views represent the opinion of the fund manager and are subject to change without notice. Parts of the views may be based on information received from sources we consider reliable. Neither AIG Global Asset Management Company (India) Private Limited (AIG AMC), nor any person connected with it accepts any liability arising from the use of this information. Recipients of the information contained herein should exercise due care and caution and read the Scheme Information Documents (including if necessary, obtaining the advice of tax / legal / accounting / financial / other professionals) and Statement of Additional Information prior to taking of any decision, acting or omitting to act, on the basis of the information contained herein.

#### AIG World Gold Fund:

**Scheme Classification:** An open ended Fund of Funds Scheme. **Investment objective:** The primary investment objective of the Scheme is to provide long term capital appreciation by investing predominantly in units of Falcon Gold Equity Fund#. The Scheme may, at the discretion of the Investment Manager, also invest in the units of other similar overseas mutual fund schemes. **Asset Allocation Pattern:** Units of Falcon Gold Equity Fund & /or other similar overseas mutual fund scheme(s): 80% - 100%; Debt and money market securities and / or units of debt / liquid schemes of Domestic Mutual Funds: 0% - 20%. # in the units of Falcon Gold Equity Fund, a mutual fund subject to Swiss law in the "securities funds" category as defined by the Investment Funds Act dated March 18, 1994. **Load Structure:** Entry Load : N. A. Exit Load: 1% of the Applicable NAV if redeemed within 1 year from the date of allotment. Being a Fund of Funds Scheme, it may be noted that the investors are bearing the recurring expenses of the scheme in addition to those of the underlying schemes. The Scheme invests predominantly in Falcon Gold Equity Fund. For scheme specific risks, including risks related to investments in Falcon Gold Equity Fund, and other similar overseas mutual funds(s), please refer the Scheme Information Document.

#### AIG Short Term Fund:

**Scheme Classification:** An open ended income scheme. **Investment objective:** The primary investment objective of the Scheme is to seek to generate income from a portfolio constituted of short to medium term debt and money market securities. **Asset Allocation Pattern:** Debt\* and money market securities with average maturity less than or equal to 370 days or have put options within a period not exceeding 370 days - 40% to 100%; Debt\* Instruments including Government Securities, Corporate Debt and other debt Instruments with average maturity greater than 370 days - 0 % to 60 %. \*Debt securities may include securitized debts upto 75% of the net assets. **Load Structure:** Entry load: NA; Exit load: 0.25% if redeemed within 90 days.

**Common Information for the above mentioned schemes:** No exit load shall be charged on Bonus units allotted and on units allotted on Reinvestment of Dividend.

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