

**AIG India Equity Fund | AIG World Gold Fund
AIG Infrastructure and Economic Reform Fund**



End the confusion. Let our SIP show you the way.

SIP Returns (As on 30 July 2010)	AIG India Equity Fund (AIEF)		AIG Infrastructure and Economic Reform Fund (AIERF)	
	1 Year	Since inception	1 Year	Since inception
Total amount invested (Rs.)	1,20,000	3,80,000	1,20,000	3,00,000
Current Value (Rs.)	1,29,741	5,02,669	1,33,031	4,16,763
Returns (%)	16.04	18.23	21.63	28.03
Current Value if invested in BSE 100 (Rs.)	1,29,412	4,84,627	1,29,412	3,98,107
Returns (%) - BSE 100	15.49	15.76	15.49	23.87

- SIP in AIEF gave **18.23%** returns since inception as against **15.76%** in BSE 100.
- SIP in AIERF gave **28.03%** returns since inception as against **23.87%** in BSE 100.

To invest, sms MYSIP to 56767.

Past performance may or may not be sustained in future. Since inception and one year returns are compounded annualized using XIRR method as on 30 July, 2010 with NAV of **AIEF** : Rs 12.084 and **AIERF** : Rs 9.397. Inception date: **AIEF** - 22/6/07 and **AIERF** - 25/2/08. Assumed all SIPs are of Rs. 10,000 per month and have been executed consecutively on the 7th of every month except SIPs since inception where 1st SIP is on inception date of the fund. Entry load has not been considered. All SIPs in Regular Plan - Growth Option. **For detailed risk factors on AIEF and AIERF, please refer back page.**

Equity Markets

The quarterly results season is over which overwhelmingly left the large cap investors a bit disappointed. The smaller companies, though, seem to have shown robust growth surpassing expectations. Our portfolio suffered last month because of two events affecting our top holdings. Maruti Suzuki surprised negatively by increasing royalty rates to the parent and speculation of the technology tie-up between Hero group and Honda surfaced. Both the events are important to these companies and can affect their future revenues. We believe that the present market dominance of both the companies as well as good growth witnessed by both should ensure that long term damage is minimal.

The markets are trading at a P/E which is relatively high. Some stocks are trading at a P/E of more than 20-25 times. It is interesting to analyze a P/E ratio - it basically means how many years of profits you are paying to buy the company. At 20 times, you are paying at least 20 years of profits (assuming the growth rate of profits and discounting rate is similar). When should one pay a high P/E ratio? Three scenarios we can envisage: 1) Longevity of the business is very high 2) Near term growth rates are very high and 3) Interest rates go down.

Longevity of a business is hard to predict and can be done in selective cases. High growth rates are again difficult to sustain and, if sustained, may need enormous external capital which will dilute the existing shareholder. Finally, interest rates in India are going up but so is the P/E of the market. Where is the disconnect? The disconnect stems from the fact that the expectations of domestic investors (which is linked to domestic interest rates) is different than foreign investors (which is linked to their own currency interest rates). Given the loose monetary policy, globally "cheap money" finds "growing India" attractive. The current rise in the market comes at the cost of future returns unless growth rates increase or visibility on their longevity rises. This is visible from the fact that foreign flows into India have exceeded \$6 bn in the past two months! Interestingly a 2-year Government bond in US or a 10 year Euro government bond is trading at interest rates lower than the crisis period. Many other European country bonds are trading at such low interest rates. If there is a global recovery, bond markets are yet to reflect it!

As a portfolio manager, should we recognize these risks and avoid such euphoria or should we wait for the market to take a decisive turn otherwise? We believe we would like to be cautious in our portfolio strategy.

AIG India Equity Fund (An open-ended equity scheme)

PORTFOLIO

as on 30 July 2010

Name of the Instrument	Sector	% to NAV
EQUITY & EQUITY RELATED INSTRUMENTS		
Bajaj Auto Ltd.	Auto	5.67
Infosys Technologies Ltd.	Software	5.61
Container Corporation of India Ltd.	Transportation	5.60
Torrent Power Ltd.	Power	5.00
Hero Honda Motors Ltd.	Auto	4.97
Shree Cement Ltd.	Cement	4.95
Oracle Financial Services Software Ltd.	Software	4.86
Bharat Heavy Electricals Ltd.	Industrial Capital Goods	4.83
Zee Entertainment Enterprises Ltd.	Media & Entertainment	4.45
Sun TV Network Ltd.	Media & Entertainment	4.44
Total of Top 10 Equity Holdings		50.38
Larsen & Toubro Ltd.	Construction Project	3.97
Bharat Electronics Ltd.	Industrial Capital Goods	3.92
Bosch Ltd.	Auto Ancillaries	3.83
Colgate Polmolive (India) Ltd.	Consumer Non Durables	3.65
Maruti Suzuki India Ltd.	Auto	3.48
ABB Ltd.	Industrial Capital Goods	3.35
Asian Paints Ltd.	Consumer Non Durables	3.01
HT Media Ltd.	Media & Entertainment	2.68
Castrol India Ltd.	Petroleum Products	2.65
AIA Engineering Ltd.	Industrial Capital Goods	2.19
Total of Top 20 Equity Holdings		83.11
Allcargo Global Logistics Ltd.	Transportation	2.11
Coromandel International Ltd.	Fertilisers	1.79
Punjab National Bank	Banks	1.70
Thermax Ltd.	Industrial Capital Goods	1.45
Dr. Reddy's Laboratories Ltd.	Pharmaceuticals	1.34
Madras Cement Ltd.	Cement	1.09
MindTree Ltd.	Software	1.06
Power Finance Corporation Ltd.	Finance	0.63
TOTAL EQUITY HOLDINGS		94.28
DEBT / MONEY MARKET / CASH & CASH EQUIVALENT		5.72
GRAND TOTAL		100.00

Fund Corpus: Rs. 303.06 crore (as on 30 July 2010)

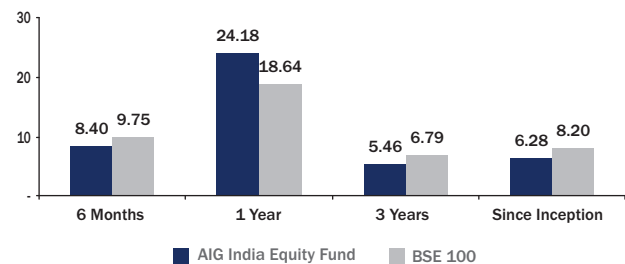
Fund Manager: Huzaifa Husain

Fund Activity

- We bought Larsen & Toubro, Asian Paints
- We reduced Hero Honda

PERFORMANCE (%)

as on 30 July 2010



Returns for the period less than 1 year are Absolute and for a period equal to or greater than 1 year are Compounded Annualised.

The returns calculated are for Regular Plan - Growth Option.

Note: As per SEBI standards for performance reporting, the since inception returns are calculated on Rs. 10/- invested at inception.

Inception Date: 22 June, 2007

Past performance may or may not be sustained in future.

NAV

as on 30 July 2010

Scheme Name	Rs.
AIG India Equity Fund - Reg - Dividend	12.084
AIG India Equity Fund - Reg - Growth	12.084
AIG India Equity Fund - IP - Dividend	12.338

TOP 5 SECTORS

as on 30 July 2010

Sector	% of NAV
Industrial Capital Goods	15.73
Auto	14.12
Media & Entertainment	11.57
Software	11.52
Transportation	7.71

AIG Infrastructure and Economic Reform Fund

(An open-ended equity scheme)



PORTFOLIO

as on 30 July 2010

Name of the Instrument	Sector	% to NAV
EQUITY & EQUITY RELATED INSTRUMENTS		
Container Corporation of India Ltd.	Transportation	7.04
Indraprastha Gas Ltd.	Gas	6.95
Bharat Heavy Electricals Ltd.	Industrial Capital Goods	6.63
Bharat Electronics Ltd.	Industrial Capital Goods	5.89
Thermax Ltd.	Industrial Capital Goods	5.69
Coromandel International Ltd.	Fertilisers	5.64
Shree Cement Ltd.	Cement	4.95
BGR Energy Systems Ltd.	Industrial Capital Goods	4.87
Torrent Power Ltd.	Power	4.85
ABB Ltd.	Industrial Capital Goods	4.76
Total of Top 10 Equity Holdings		57.27
Larsen & Toubro Ltd.	Construction Project	4.66
Allahabad Bank	Banks	4.61
Simplex Infrastructures Ltd.	Construction	3.64
AIA Engineering Ltd.	Industrial Capital Goods	3.35
Crompton Greaves Ltd.	Industrial Capital Goods	3.14
Allcargo Global Logistics Ltd.	Transportation	3.13
Gujarat State Petronet Ltd.	Gas	2.68
Madras Cement Ltd.	Cement	2.67
KSK Energy Ventures Ltd.	Power	1.77
Cummins India Ltd.	Industrial Products	1.10
Power Finance Corporation Ltd.	Finance	0.69
TOTAL EQUITY HOLDINGS		88.72
DEBT / MONEY MARKET / CASH & CASH EQUIVALENT		11.28
GRAND TOTAL		100.00

Fund Corpus: Rs. 230.95 crore (as on 30 July 2010)

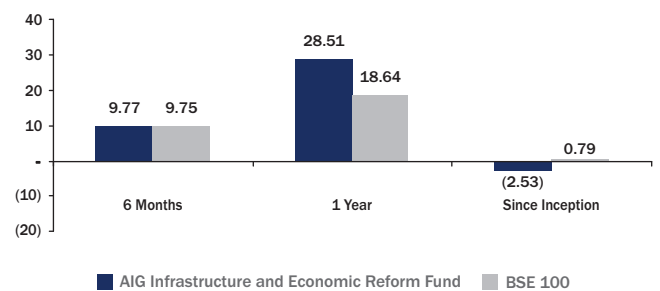
Fund Manager: Huzaifa Husain

Fund Activity

- We bought Larsen & Toubro, Cummins India
- We sold Petronet LNG

PERFORMANCE (%)

as on 30 July 2010



Returns for the period less than 1 year are Absolute and for a period equal to or greater than 1 Year are Compounded Annualised.

The returns calculated are for Regular Plan - Growth Option.

Note: As per SEBI standards for performance reporting, the since inception returns are calculated on Rs. 10/- invested at inception.

Inception Date: 25 February, 2008

Past performance may or may not be sustained in future.

NAV

as on 30 July 2010

Scheme Name	Rs.
AIG Infrastructure and Economic Reform Fund - Reg - Dividend	9.397
AIG Infrastructure and Economic Reform Fund - Reg - Growth	9.397
AIG Infrastructure and Economic Reform Fund - IP - Dividend	9.546
AIG Infrastructure and Economic Reform Fund - IP - Growth	9.546

AIG World Gold Fund

(An open ended Fund of Funds scheme)



PORTFOLIO

as on 30 July 2010

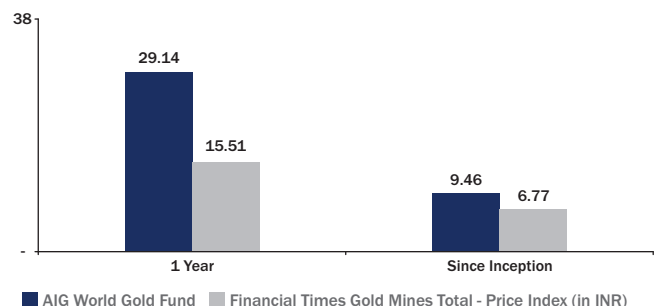
Name of the Instrument	% to NAV
Investments in Foreign Securities	
Falcon Gold Equity Fund Class "Asia A"	91.64
Total	91.64
DEBT / MONEY MARKET / CASH & CASH EQUIVALENT	8.36
GRAND TOTAL	100.00

Fund Manager: Ruchir Parekh

Fund Corpus: Rs. 196.25 crore (as on 30 July 2010)

PERFORMANCE (%)

as on 30 July 2010



Returns for a period equal to or greater than 1 Year are Compounded Annualised.

The returns calculated are for Growth Option.

Note: As per SEBI standards for performance reporting, the since inception returns are calculated on Rs. 10/- invested at inception.

Inception Date: 6 June, 2008

Past performance may or may not be sustained in future.

NAV

as on 30 July 2010

Scheme Name	Rs.
AIG World Gold Fund - Dividend	12.143
AIG World Gold Fund - Growth	12.143

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The views represent the opinion of the fund manager and are subject to change without notice. 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 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.

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.

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.

General Services: Investors can contact any of the ISCs at its toll-free number 1800-200-3444. 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. 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, AIG Infrastructure and Economic Reform Fund and AIG World Gold 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 Rs. 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 respective 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 Rs. 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.

www.aiginvestments.co.in



AIG Global Asset Management Company (India) Private Limited

Regd. Office: FCH House, Ground Floor

Peninsula Corporate Park, G. K. Marg, Lower Parel

Mumbai - 400 013. Tel.: (91 22) 4093 0001. Fax: (91 22) 4093 0077

Investor Care 1800-200-3444

E-mail: investorcare@aig.com

Distributor Care 6000 0344 **E-mail:** distributorcare@aig.com

SMS MYSIP to 56767