



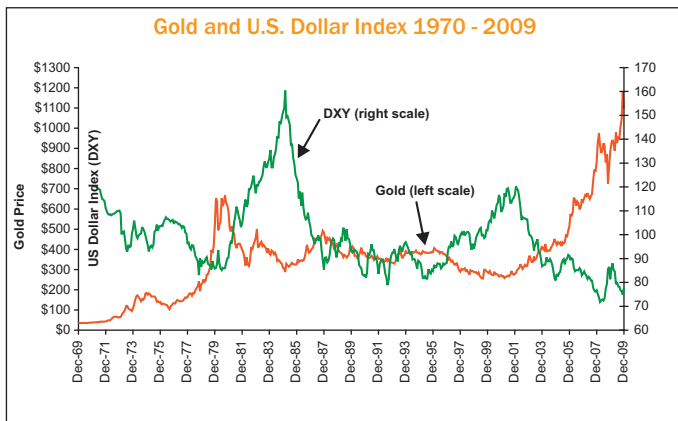
A strong case for investing in Gold

In order to avoid the financial crisis and a devastating deflation, governments across the globe took unprecedented stimulus programs like cutting policy rates to near zero, enacting massive spending programs and engaging in quantitative easing to stimulate their economies. All these measures, aimed at avoiding a collapse of the financial system, pose the following risks :

- 1. A loss of confidence in the dollar (the world's reserve currency) as the US could find it impossible to finance current and future spending through higher tax revenue. This would lead to a weakness in the US dollar.

Since Gold has a strong negative correlation to the US Dollar, Gold should do well in such a scenario.

When confidence erodes in the world's reserve currency, investors turn to Gold



Source: Bloomberg

Date : Jan 2010

- 2. A broader loss of confidence in paper currencies globally as governments around the world struggle with issues similar to those in the US.
3. Concerns about Inflation - extremely low interest rates, quantitative easing and high fiscal deficits raise the risk of an inflationary cycle. This has caused a wide range of investors (individuals, institutions, Central Banks) to allocate part of their portfolios to gold investments.

These risks could continue to be very supportive of the Gold market as:

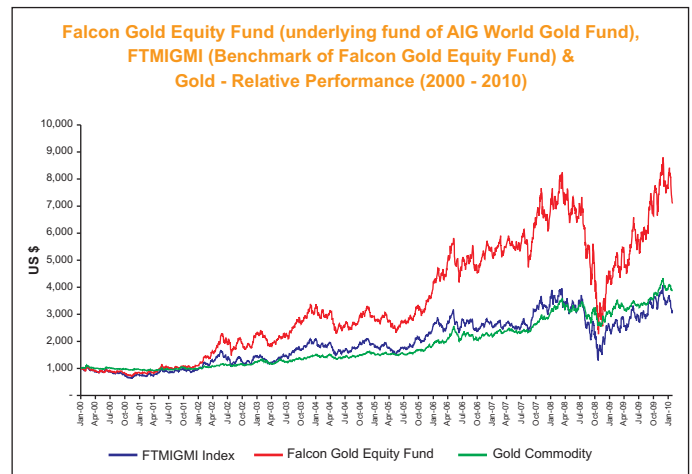
- Investment demand for Gold as a sound currency could grow if governments continue to debase their currencies.
• Emerging economies such as China, Russia and India have been increasing their allocation of gold in their foreign currency reserves as an alternative to paper assets.
• Historically, Gold has performed best as an inflation hedge.
• Any renewed economic weaknesses might support Gold as a safe haven and store of wealth.

Why Gold Mining Companies?

During a gold bull market, many investors have a strong preference for gold stocks over either gold bullion or gold coins, largely because performance of gold mining stocks is highly co-related to gold price which makes them the perfect proxy for gold.

Gold mining stocks have earnings and resources leveraged to the price of gold. In other words, as the price of gold rises, profits of gold-mining stocks rise more in percentage terms.

The reason gold-mining profits are leveraged to the price of gold is obvious. A rising gold price does not lead to a rising cost of production. Therefore, for companies that are already profitable, incremental revenues received from selling gold at a higher price flow straight to the company's pre-tax bottomline. For companies that are unprofitable, a rise in the gold price can suddenly lift them into profitability and with that, the share prices can sometimes rise dramatically.



Source: Bloomberg

Date : Jan 2010

Past performance may or may not be sustained in future

FTMIGMI stands for Financial Times Gold Mines Total - Price Index

Takeaways

- Gold mining stocks generally outperform Gold during periods of rising gold prices.
• Gold stocks rebounded from the 2008 crisis meltdown. However, many stocks have not yet matched their all-time highs, which could make them more attractive vis-à-vis gold and gold ETFs.
• Normally, a 5-10% exposure to Gold (Bullion + ETFs + Gold mining stocks) in an investor's portfolio is recommended by most financial advisors.

**AIG World Gold Fund** (An open ended Fund of Funds scheme)**Presenting AIG World Gold Fund**

AIG World Gold Fund is an open-ended Fund of Funds scheme that invests in the equity of gold mining companies through Falcon Gold Equity Fund (formerly known as AIG PB Equity Fund Gold) domiciled in Zurich.

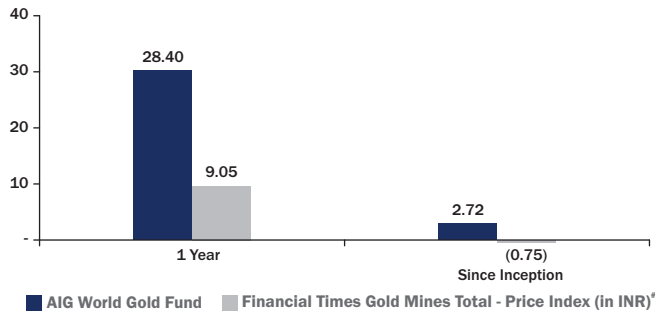
**SIP Returns**

as on 29 January 2010

Period	1 Year	Since Inception
SIP Start Date	7-Feb-2009	6-June-2008
NAV as on 29 Jan 2010	10.454	
<b>Total Amount Invested (Rs.)</b>	<b>1,20,000</b>	<b>2,10,000</b>
<b>Current Value of Investment (Rs.)</b>	<b>1,27,711</b>	<b>2,52,240</b>
<b>Yield (%)</b>	<b>12.63</b>	<b>22.19</b>
Current Value (Rs.) if invested in Financial Times Gold Mines Total - Price Index (In INR)	1,14,728	2,27,676
Yield (%)	(8.35)	9.38

**Notes & Assumptions**

SIP of Rs. 10000/- per month; All SIPs are executed consecutively on the 7th of every month except for 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; Yields are calculated on Internal Rate of Return (IRR) basis; Past performance may or may not be sustained in future.

**Performance (%)** as on 29 January 2010

\*Benchmark. 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.

**"Falcon Gold Equity Fund wins Lipper Fund Awards 2010"**

Falcon Gold Equity Fund, the underlying fund of AIG World Gold Fund, has been awarded Best Fund two years in a row at the Lipper Fund Awards 2010 in the category Equity Sector - Gold and Precious Metals for the 3 year and 5 year performance periods.

(Past performance is no guarantee of future results)

Please visit [http://www.lipperweb.com/docs/Research/Methodology/LipperFundAwards\\_2010.pdf](http://www.lipperweb.com/docs/Research/Methodology/LipperFundAwards_2010.pdf)

For scheme specific risk factors and other details, please read the Scheme Information Document and Statement of Additional Information carefully before investing.

[www.aiginvestments.co.in](http://www.aiginvestments.co.in)

**Disclaimers**

**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. The Scheme may also invest a certain portion of its corpus in debt and money market securities and/or units of debt/liquid schemes of Mutual Funds, in order to meet liquidity requirements from time to time. **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. 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. Investors can contact any of the ISCs at its toll-free number 1800-425-3444 (MTNL / BSNL); 60003444 (Others). 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 Scheme or that the Scheme's objectives will be achieved. As with any investment in securities, the NAV of the Units issued under the Scheme can go up or down depending on various factors and forces affecting the securities markets. Past performance of the Sponsor or mutual funds managed by the Sponsor or its affiliates does not indicate the future performance of the Scheme. Investors in the Scheme are not being offered a guaranteed or assured rate of return. The Scheme does not guarantee or assure any dividend and also does not guarantee or assure that it will make any dividend distribution, though it has every intention to make the same. All dividend distributions are subject to the investment performance of the Scheme. **AIG World Gold Fund is the name of the Scheme and does not, in any manner, indicate the quality of the Scheme, its future prospects or returns.** 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. Investments in the Scheme 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, interest rate risk, currency risk, and country risk. The Scheme and individual Plan(s) with a separate portfolio, if any, under the Scheme shall have a minimum of 20 investors and no single investor shall account for more than 25% of the corpus of the Scheme/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.

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