AIG ESG Dividend Fund

Socially Conscious Investing that Delivers Total Return Potential
Invest Sustainably for Income and Growth Potential

Environmental, Social and Governance (“ESG”) investing has increased in popularity. Many investors seeking attractive returns and a positive social impact are turning to companies that proactively address ESG issues, such as climate change and labor relations. This migration to sustainable investing has accelerated as more companies are employing ESG strategies, which may help their business to lower their earnings volatility, increase their returns and improve their reputation.¹

The AIG ESG Dividend Fund seeks to provide income and capital appreciation by investing in high dividend-paying stocks selected through a systematic, rules-based process that includes ESG metrics.

Why Consider ESG Investing

- **Make a positive social impact, without sacrificing potential investment returns.** Research has shown that companies employing material ESG principles tend to operate with greater efficiency, lower business risk and higher profit margins, helping them to deliver the potential for growth over time.²,³

- **Participate in one of the fastest growing investment categories from 2014–2016.** The popularity of ESG investing in the U.S. has grown significantly. In the last two years, professionally managed assets incorporating ESG criteria have increased by 69% to $8.1 trillion.⁴

**Combine attractive dividend income with capital appreciation potential.** Over a period of more than 25 years, ESG stocks as represented by the MSCI KLD Social 400 Index have outpaced the S&P 500 Index, as illustrated inside.⁵
The ESG Advantage

The AIG ESG Dividend Fund seeks to invest in companies with Environmental, Social and Governance practices. Research has shown that certain companies that have adopted strategies to address their industries’ material ESG issues have historically outperformed their competitors in terms of both operating performance and stock market returns. In fact, addressing corporate ESG factors (see below), ranging from controlling carbon emissions to upholding fair labor practices to maintaining an independent board chairman, may help companies:

- **Increase profitability.** A Harvard Business School study found that high sustainability firms generated higher returns on equity over traditional companies.  

- **Lower the cost of capital.** Studies show that companies that have developed strategies to address their material ESG issues may reduce the risk of regulatory fines and civil lawsuits, and enjoy rising price-to-earnings ratios.  

- **Innovate and enter new markets.** Many companies have created innovative solutions and new opportunities as they developed strategies to address ESG issues. For example, a multi-national chemical company shifted its strategic focus from disposing waste to eliminating it, resulting in a string of new products, including solar-cell shingles.

### Key ESG Factors That May Be Considered by the AIG ESG Dividend Fund

- **Environmental**
  - Climate change
  - Greenhouse gas (GHG) emissions
  - Resource depletion, including water
  - Waste and pollution
  - Deforestation

- **Social**
  - Working conditions, including slavery and child labor
  - Local communities, including indigenous communities
  - Conflict
  - Health and safety
  - Employee relations and diversity

- **Governance**
  - Executive pay
  - Bribery and corruption
  - Political lobbying and donations
  - Board diversity and structure
  - Tax strategy
A History of Outperformance

History shows us that investing with social consciousness has earned competitive returns. In fact, over the 26-year period since it launched in 1990 through 2016, the MSCI KLD 400 Social Index—composed of U.S. companies with positive ESG characteristics—has outperformed the S&P 500 Index.

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<th>Comparative Index Performance—MSCI KLD 400 Social Index vs. S&amp;P 500</th>
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<tr>
<td><strong>Annualized Return (%)</strong></td>
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<td>MSCI KLD 400 Social Index</td>
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<td>S&amp;P 500 Index</td>
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Note: Past performance is not a guarantee of future results. The information and chart above do not reflect the performance of the AIG ESG Dividend Fund.

This chart assumes that any cash distributions, such as dividends, are reinvested. Returns do not take into account any taxes or fees. Source: MSCI, Standard & Poor’s. The MSCI KLD 400 Social Index is a capitalization weighted index of 400 US securities that provides exposure to companies with outstanding Environmental, Social and Governance ratings and excludes companies whose products have negative social or environmental impacts. The S&P 500 Index is an unmanaged, broad-based, market-cap weighted index of 500 U.S. stocks. Indexes are not managed. Individuals cannot invest directly in an index. The launch date of the MSCI KLD 400 Social Index was May 1, 1990. Alpha is a risk-adjusted measure of performance and is measured as the excess return of the MSCI KLD 400 Social Index over the S&P 500 Index.
A Rules-Based Approach to ESG Investing

The AIG ESG Dividend Fund is managed by SunAmerica Asset Management, LLC, under the direction of a skilled portfolio management team with deep experience in socially conscious and rules-based investing.

The Fund uses a four-step rules-based approach that incorporates ESG ratings, valuation, profitability and dividend yield to select a focused portfolio of 40 dividend-paying stocks. This approach eliminates emotions from the investing process.

4-Step Rules-Based Approach

1. Large-Cap U.S. Stocks (Russell 1000 Index)
2. Exclude Non-Compliant Companies
   - “Sin” stocks
   - Poor ESG track records
3. Establish Hurdles
   - Dividend Yield
   - Liquidity
4. Rank on Metrics
   - Dividends
   - Profitability
   - Valuation
   - ESG Rating

AIG ESG Dividend Fund
40 Stocks

TO LEARN MORE ABOUT THE NEW AIG ESG DIVIDEND FUND, contact your financial advisor or visit aig.com/funds

3Kotsantonis, Sakis and Pinney, Chris and Serafeim, George, ESG Integration in Investment Management: Myths and Realities. Journal of Applied Corporate Finance, Vol. 28, Issue 2, pp. 10-16, 2016. Business risk is the risk inherent in the firm's operations. Risk can come from numerous factors, including violations of regulations and laws pertaining to environmental, social and governance issues.
4US SIF, (ussif.org/trends).
5MSCI, Standard & Poor’s.
7Eccles, Robert and Serafeim, George, Ioannou, Ioannis, The Impact of Corporate Sustainability on Organizational Processes and Performance, page 4, 21.
The Russell 1000 Index measures the performance of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000 Index and includes approximately 1000 of the largest securities in that index.

Past performance does not guarantee future results.

Investments in stocks involve risk, including the possible loss of principal. Dividend income is not guaranteed and may vary depending on market performance, and may be taxed as either ordinary income or capital gains. Dividend yield is one component of performance and should not be the only consideration for investment. Investment results will vary.

The performance of the Fund may be subject to greater fluctuation since its strategy involves holding a limited number of securities. This type of strategy may increase the Fund’s risk since the performance of a particular stock may have a larger impact, positively or negatively, on the Fund’s performance.

ESG screening limits the availability of investment opportunities for the Fund. If the Fund changes its ESG standards or a company stops meeting the Fund’s ESG standards, the Fund may sell the affected investments even if this means the Fund loses money.

The Fund employs a Disciplined Strategy and will not deviate from its strategy (except to the extent necessary to comply with federal tax laws or other applicable laws). If the Fund is committed to a strategy that is unsuccessful, the Fund will not meet its investment goal. Because the Fund will not use certain techniques available to other mutual funds to reduce stock market exposure, the Fund may be more susceptible to general market declines than other mutual funds.

Investors should carefully consider a Fund’s investment objectives, risks, charges and expenses before investing. The prospectus, containing this and other important information, can be obtained from your financial advisor, the AIG Funds Sales Desk at 800-858-8850, ext. 6003, or at aig.com/funds. Read the prospectus carefully before investing.

AIG Funds are advised by SunAmerica Asset Management, LLC (SAAMCo) and distributed by AIG Capital Services, Inc. (ACS), Member FINRA. Harborside 5, 185 Hudson Street, Suite 3300, Jersey City, NJ 07311, 800-858-8850. SAAMCo and ACS are members of American International Group, Inc. (AIG).