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# PROSPECTUS

*May 1, 2010*

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## **ANCHOR SERIES TRUST** (Class 1 Shares)

- **Asset Allocation Portfolio**
- **Capital Appreciation Portfolio**
- **Government and Quality Bond Portfolio**
- **Growth Portfolio**
- **Natural Resources Portfolio**

Portfolio	Class 1 Shares: Ticker Symbols
Asset Allocation Portfolio	STAAA
Capital Appreciation Portfolio	ASCAA
Government and Quality Bond Portfolio	ASGQA
Growth Portfolio	ASGRA
Natural Resources Portfolio	ASNRA

This Prospectus contains information you should know before investing, including information about risks. Please read it before you invest and keep it for future reference.

The Securities and Exchange Commission has not approved or disapproved these securities or passed upon the adequacy of this Prospectus. Any representation to the contrary is a criminal offense.

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## Portfolio Summary: Asset Allocation Portfolio

### Investment Goal

The investment goal of the Asset Allocation Portfolio (the “Portfolio”) is high total return (including income and capital gains) consistent with long-term preservation of capital.

### Fees and Expenses of the Portfolio

This table describes the fees and expenses that you may pay if you buy and hold shares of the Portfolio. The Portfolio’s annual operating expenses do not reflect the separate account fees charged in the variable annuity or variable life insurance policy (“Variable Contracts”) in which the Portfolio is offered. Please see your Variable Contract prospectus for more details on the separate account fees.

**Shareholder Fees** (fees paid directly from your investment)

The Portfolio is not subject to any Shareholder Fees.

**Annual Portfolio Operating Expenses** (expenses you pay each year as a percentage of the value of your investment)

	<b>Class 1</b>
Management Fees . . . . .	0.65%
Service (12b-1) Fees . . . . .	None
Other Expenses . . . . .	0.13%
Total Annual Portfolio Operating Expenses . . . . .	0.78%

### Expense Example

This Example is intended to help you compare the cost of investing in the Portfolio with the cost of investing in other mutual funds. The Example assumes that you invest \$10,000 in the Portfolio for the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Portfolio’s operating expenses remain the same. The Example does not reflect charges imposed by the Variable Contract. See the Variable Contract prospectus for information on such charges. Although your actual costs may be higher or lower, based on these assumptions and the

net expenses shown in the fee table, your costs would be:

	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>
Class 1 Shares . . . . .	\$80	\$249	\$433	\$966

### Portfolio Turnover

The Portfolio pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover may indicate higher transaction costs. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Portfolio’s performance. During the most recent fiscal year, the Portfolio’s portfolio turnover rate was 46% of the average value of its portfolio.

### Principal Investment Strategies of the Portfolio

The Portfolio’s principal investment strategy is to invest in a diversified portfolio that may include common stocks and other securities with common stock characteristics, bonds and other intermediate and long-term fixed income securities and money market instruments.

The Portfolio will principally invest in equity securities, including common stocks, convertible securities, fixed income securities, including U.S. government securities, investment grade corporate bonds, preferred stocks, junk bonds (up to 25% of fixed income investments), senior securities and pass-through securities, REITs, registered investment companies and foreign securities, including depositary receipts and emerging market issues.

Asset allocation views may be expressed through equity securities, fixed income securities, money market instruments and other assets.

### Principal Risks of Investing in the Portfolio

There can be no assurance that the Portfolio’s investment goal will be met or that the net return on an investment in the Portfolio will exceed what could have been obtained through other investment or savings vehicles. Shares of the Portfolio are not bank deposits and are not guaranteed or insured by any bank, government entity or the Federal Deposit Insurance Corporation. As with any mutual fund, there is no guarantee that the Portfolio will be able to achieve its

## Portfolio Summary: Asset Allocation Portfolio

investment goals. If the value of the assets of the Portfolio goes down, you could lose money.

The following is a summary description of the principal risks of investing in the Portfolio.

**Equity Securities Risk.** The Portfolio invests significantly in equities. As with any equity fund, the value of your investment in this Portfolio may fluctuate in response to stock market movements. In addition, individual stocks selected for the Portfolio may underperform the market generally for a variety of reasons, including poor company earnings results. You should be aware that the performance of different types of equity stocks may rise or decline under varying market conditions — for example, “value” stocks may perform well under circumstances in which the prices of “growth” stocks in general have fallen, or vice versa. In addition, individual stocks selected for the Portfolio may under perform the market generally.

**Market Risk.** The Portfolio’s share price can fall because of weakness in the broad market, a particular industry, or specific holdings. The market as a whole can decline for many reasons, including adverse political or economic developments here or abroad, changes in investor psychology, or heavy institutional selling. The prospects for an industry or company may deteriorate because of a variety of factors, including disappointing earnings or changes in the competitive environment. In addition, the sub-adviser’s assessment of companies held in the Portfolio may prove incorrect, resulting in losses or poor performance even in a rising market. Finally, the Portfolio’s investment approach could fall out of favor with the investing public, resulting in lagging performance versus other comparable portfolios.

**Securities Selection Risk.** A strategy used by the Portfolio, or individual securities selected by the portfolio managers, may fail to produce the intended return.

**Fixed Income Securities Risk.** The Portfolio invests significantly in various types of fixed income securities or bonds. As a result, the value of your investment in the Portfolio may go up or down in response to changes in interest rates or defaults (or even the potential for future default) by issuers of fixed income securities. As interest rates rise, the prices for fixed income securities typically fall, and as interest rates fall, the prices typically rise. To the

extent the Portfolio is invested in the bond market, movements in the bond market may affect its performance.

**Credit Risk.** The creditworthiness of the issuer is always a factor in analyzing fixed income securities. An issuer with a lower credit rating will be more likely than a higher rated issuer to default or otherwise become unable to honor its financial obligations. An issuer held in this Portfolio may not be able to honor its financial obligations, including its obligations to the Portfolio.

**Junk Bond Risk.** The Portfolio may invest in high-yield, high risk bonds commonly known as “junk bonds,” which are considered speculative. Junk bonds carry a substantial risk of default or of changes in the issuer’s creditworthiness, or they may already be in default at the time of purchase. A junk bond’s market price may fluctuate more than higher-quality securities and may decline significantly. In addition, it may be more difficult for the Portfolio to dispose of junk bonds or to determine their value. Junk bonds may contain redemption or call provisions that, if exercised during a period of declining interest rates, may force the Portfolio to replace the security with a lower yielding security. If this occurs, it will decrease the value of your investment in the Portfolio.

**Convertible Securities Risk.** The values of the convertible securities in which a Portfolio may invest also will be affected by market interest rates, the risk that the issuer may default on interest or principal payments and the value of the underlying common stock into which these securities may be converted. Specifically, certain types of convertible securities may pay fixed interest and dividends, their values may fall if market interest rates rise and rise if market interest rates fall. Additionally, an issuer may have the right to buy back certain of the convertible securities at a time unfavorable to the Portfolio.

**Real Estate Industry Risk.** Risks include declines in the value of real estate, risks related to general and local economic conditions, overbuilding and increased competition, increases in property taxes and operating expenses, changes in zoning laws, casualty or condemnation losses, fluctuations in rental income, changes in neighborhood values, the appeal of properties to tenants and increases in

## Portfolio Summary: Asset Allocation Portfolio

interest rates. If the Portfolio has rental income or income from the disposition of real property, the receipt of such income may adversely affect its ability to retain its tax status as a regulated investment company. In addition, REITs are dependent upon management skill, may not be diversified and are subject to project financing risks. Such trusts are also subject to heavy cash flow dependency, defaults by borrowers, self-liquidation and the possibility of failing to qualify for tax-free pass-through of income under the Internal Revenue Code of 1986, as amended, and to maintain exemption from registration under the Investment Company Act of 1940.

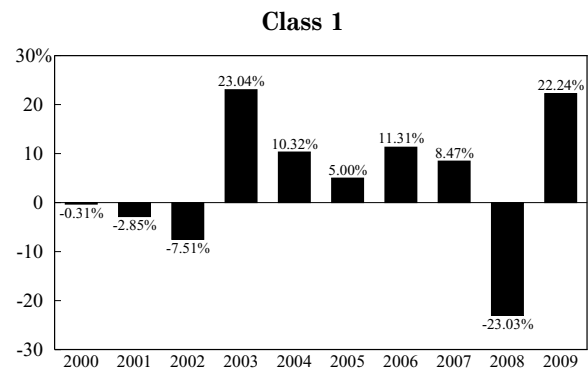
**Foreign Investment Risk.** The Portfolio will invest in foreign securities, including in “emerging market” countries. These securities may be denominated in currencies other than U.S. dollars. The value of your investment may be affected by fluctuating currency values, changing local and regional economic, political and social conditions, and greater market volatility. In addition, foreign securities may not be as liquid as domestic securities and there may be less information available about the issuers of foreign securities, due to less rigorous regulatory and reporting standards.

**Depository Receipts Risk.** Depository receipts, such as American Depositary Receipts (“ADRs”) and other depository receipts, including Global Depositary Receipts (“GDRs”), European Depositary Receipts (“EDRs”) are generally subject to the same risks as the foreign securities that they evidence or into which they may be converted. Depository receipts may or may not be jointly sponsored by the underlying issuer. The issuers of unsponsored depository receipts are not obligated to disclose information that is considered material in the United States. Therefore, there may be less information available regarding these issuers and there may not be a correlation between such information and the market value of the depository receipts. Certain depository receipts are not listed on an exchange and therefore may be considered to be illiquid securities.

### Performance Information

The following Risk/Return Bar Chart and Table illustrate the risks of investing in the Portfolio by showing changes in the Portfolio’s performance from calendar year to calendar year and comparing the

Portfolio’s average annual returns to those of the S&P 500® Index, the Barclays Capital U.S. Aggregate Index and a Blended Index. The Blended Index consists of 40% Barclays Capital U.S. Aggregate Index and 60% S&P 500® Index. The Portfolio believes that the Blended Index may be more representative of the market sectors or types of securities in which the Portfolio invests pursuant to its stated investment strategies than any of the individual benchmark indices, in that it includes both equity and fixed income components. The weightings of the components of the Blended Index are intended to approximate the allocation of the Portfolio’s assets, but at any given time may not be indicative of the actual allocation of Portfolio assets among market sectors or types of investments. Fees and expenses incurred at the contract level are not reflected in the bar chart or table. If these amounts were reflected, returns would be less than those shown. Of course, past performance is not necessarily an indication of how the Portfolio will perform in the future.



During the 10-year period shown in the bar chart, the highest return for a quarter was 12.53% (quarter ended September 30, 2009) and the lowest return for a quarter was -13.36% (quarter ended December 31, 2008).

## Portfolio Summary: Asset Allocation Portfolio

### Average Annual Total Returns (For the periods ended December 31, 2009)

	<u>1</u> <u>Year</u>	<u>5</u> <u>Years</u>	<u>10</u> <u>Years</u>	<u>Since</u> <u>Inception</u> <u>Class 2</u> <u>(7/09/01)</u>	<u>Since</u> <u>Inception</u> <u>Class 3</u> <u>(9/30/02)</u>
Class 1 Shares*	22.24%	3.59%	3.79%	N/A	N/A
S&P 500 Index	26.46%	0.42%	-0.95%	1.06%	6.51%
Barclays Capital U.S. Aggregate Index	5.93%	4.97%	6.33%	5.62%	4.81%
Blended Index	18.40%	2.52%	2.25%	3.20%	6.12%

\* Performance information shown for periods prior to November 24, 2003 is that of the SunAmerica Series Trust Asset Allocation Portfolio (the "SAST Portfolio") that was reorganized into the Portfolio on November 24, 2003. The SAST Portfolio had the same investment goal and investment strategies and policies as the Portfolio, and was managed by the same portfolio managers.

### Investment Adviser

The Portfolio's investment adviser is SunAmerica Asset Management Corp. The Portfolio is subadvised by Edge Asset Management, Inc.

### Portfolio Managers

<u>Name</u>	<u>Portfolio</u> <u>Manager of the</u> <u>Portfolio Since</u>	<u>Title</u>
Charlie Averill . . . . .	2010	Portfolio Manager
Todd Jablonski. . . . .	2010	Portfolio Manager

For important information about purchases and sale of portfolio shares, taxes and payments to broker-dealers and other financial intermediaries, please turn to the section "Important Additional Information" on page 19.

## Portfolio Summary: Capital Appreciation Portfolio

### Investment Goal

The investment goal of the Capital Appreciation Portfolio (the “Portfolio”) is long-term capital appreciation.

### Fees and Expenses of the Portfolio

This table describes the fees and expenses that you may pay if you buy and hold shares of the Portfolio. The Portfolio’s annual operating expenses do not reflect the separate account fees charged in the variable annuity or variable life insurance policy (“Variable Contracts”) in which the Portfolio is offered. Please see your Variable Contract prospectus for more details on the separate account fees.

**Shareholder Fees** (fees paid directly from your investment)

The Portfolio is not subject to any Shareholder Fees.

**Annual Portfolio Operating Expenses** (expenses you pay each year as a percentage of the value of your investment)

	<b>Class 1</b>
Management Fees . . . . .	0.70%
Service (12b-1) Fees . . . . .	None
Other Expenses . . . . .	0.07%
Total Annual Portfolio Operating Expenses . . . . .	0.77%

### Expense Example

This Example is intended to help you compare the cost of investing in the Portfolio with the cost of investing in other mutual funds. The Example assumes that you invest \$10,000 in the Portfolio for the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Portfolio’s operating expenses remain the same. The Example does not reflect charges imposed by the Variable Contract. See the Variable Contract prospectus for information on such charges. Although your actual costs may be higher or lower, based on these assumptions and the net expenses shown in the fee table, your costs would be:

	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>
Class 1 Shares . . . . .	\$79	\$246	\$428	\$954

### Portfolio Turnover

The Portfolio pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover may indicate higher transaction costs. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Portfolio’s performance. During the most recent fiscal year, the Portfolio’s portfolio turnover rate was 187% of the average value of its portfolio.

### Principal Investment Strategies of the Portfolio

The Portfolio’s principal investment strategy is to invest primarily in growth equity securities across a wide range of industries and companies, using a wide-ranging and flexible stock selection approach.

The Portfolio will principally invest in equity securities of large, mid- and small-cap companies. The Portfolio may also invest in foreign equity securities, including depositary receipts (up to 30% of total assets).

A “growth” philosophy — that of investing in securities believed to offer the potential for capital appreciation — focuses on securities of companies that may have one or more of the following characteristics: accelerating or high revenue growth, improving profit margins, or improving balance sheets.

### Principal Risks of Investing in the Portfolio

There can be no assurance that the Portfolio’s investment goal will be met or that the net return on an investment in the Portfolio will exceed what could have been obtained through other investment or savings vehicles. Shares of the Portfolio are not bank deposits and are not guaranteed or insured by any bank, government entity or the Federal Deposit Insurance Corporation. As with any mutual fund, there is no guarantee that the Portfolio will be able to achieve its investment goals. If the value of the assets of the Portfolio goes down, you could lose money.

The following is a summary description of the principal risks of investing in the Portfolio.

**Equity Securities Risk.** The Portfolio invests primarily in equities. As with any equity fund, the value of your investment in this Portfolio may fluctuate in

## Portfolio Summary: Capital Appreciation Portfolio

response to stock market movements. Growth stocks are historically volatile, which will particularly affect the Portfolio. In addition, individual stocks selected for the Portfolio may underperform the market generally for a variety of reasons, including poor company earnings results. You should be aware that the performance of different types of equity stocks may rise or decline under varying market conditions — for example, “value” stocks may perform well under circumstances in which the prices of “growth” stocks in general have fallen, or vice versa. In addition, individual stocks selected for the Portfolio may underperform the market generally.

**Foreign Investment Risk.** The Portfolio will invest in foreign securities, including in “emerging market” countries. These securities may be denominated in currencies other than U.S. dollars. The value of your investment may be affected by fluctuating currency values, changing local and regional economic, political and social conditions, and greater market volatility. In addition, foreign securities may not be as liquid as domestic securities and there may be less information available about the issuers of foreign securities, due to less rigorous regulatory and reporting standards.

**Market Risk.** The Portfolio’s share price can fall because of weakness in the broad market, a particular industry, or specific holdings. The market as a whole can decline for many reasons, including adverse political or economic developments here or abroad, changes in investor psychology, or heavy institutional selling. The prospects for an industry or company may deteriorate because of a variety of factors, including disappointing earnings or changes in the competitive environment. In addition, the sub-adviser’s assessment of companies held in the Portfolio may prove incorrect, resulting in losses or poor performance even in a rising market. Finally, the Portfolio’s investment approach could fall out of favor with the investing public, resulting in lagging performance versus other comparable portfolios.

**Securities Selection Risk.** A strategy used by the Portfolio, or individual securities selected by the portfolio managers, may fail to produce the intended return.

**Small and Medium-Sized Company Risk.** Stocks of small-sized companies tend to be at early stages of development with limited product lines, market

access for products, financial resources, access to new capital, or depth in management. Consequently, the securities of smaller companies may not be as readily marketable and may be subject to more abrupt or erratic market movements than those of companies with larger capitalizations. Securities of medium sized companies are also subject to these risks to a lesser extent.

**Depository Receipts Risk.** Depository receipts, such as American Depository Receipts (“ADRs”) and other depository receipts, including Global Depository Receipts (“GDRs”), European Depository Receipts (“EDRs”) are generally subject to the same risks as the foreign securities that they evidence or into which they may be converted. Depository receipts may or may not be jointly sponsored by the underlying issuer. The issuers of unsponsored depository receipts are not obligated to disclose information that is considered material in the United States. Therefore, there may be less information available regarding these issuers and there may not be a correlation between such information and the market value of the depository receipts. Certain depository receipts are not listed on an exchange and therefore may be considered to be illiquid securities.

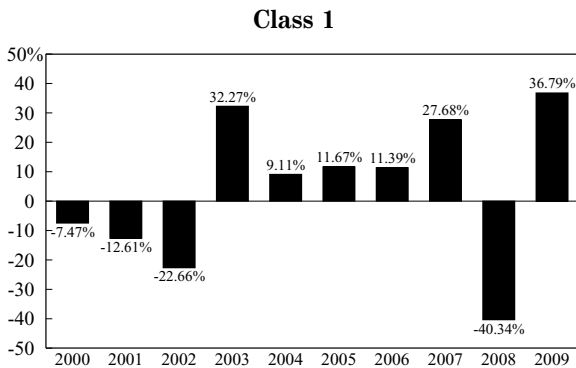
**Active Trading Risk.** A strategy used whereby the Portfolio may engage in frequent trading of securities to achieve its investment goal. Active trading may result in high portfolio turnover and correspondingly greater brokerage commissions and other transaction costs, which will be borne directly by a Portfolio and could affect your performance. In addition, because a Portfolio may sell a security without regard to how long it has held the security, active trading may have tax consequences for certain shareholders, involving a possible increase in short term capital gains or losses. During periods of increased market volatility, active trading may be more pronounced.

### Performance Information

The following Risk/Return Bar Chart and Table illustrate the risks of investing in the Portfolio by showing changes in the Portfolio’s performance from calendar year to calendar year and comparing the Portfolio’s average annual returns to those of the Russell 3000® Growth Index. Fees and expenses

## Portfolio Summary: Capital Appreciation Portfolio

incurred at the contract level are not reflected in the bar chart or table. If these amounts were reflected, returns would be less than those shown. Of course, past performance is not necessarily an indication of how the Portfolio will perform in the future.



During the 10-year period shown in the bar chart, the highest return for a quarter was 20.28% (quarter ended September 30, 2009) and the lowest return for a quarter was -22.41% (quarter ended September 30, 2001).

### Average Annual Total Returns (For the periods ended December 31, 2009)

	1 Year	5 Years	10 Years	Since Inception Class 2 (7/09/01)	Since Inception Class 3 (9/30/02)
Class 1 Shares	36.79%	5.32%	1.58%	N/A	N/A
Russell 3000 Growth Index	37.01%	1.58%	-3.79%	0.55%	6.91%

### Investment Adviser

The Portfolio's investment adviser is SunAmerica Asset Management Corp. The Portfolio is subadvised by Wellington Management Company, LLP.

### Portfolio Managers

Name	Portfolio Manager of the Portfolio Since	Title
Stephen C. Mortimer . . . . .	2006	Senior Vice President and Equity Portfolio Manager
Michael T. Carmen . . . . .	2010	Senior Vice President and Equity Portfolio Manager

For important information about purchases and sales of portfolio shares, taxes and payments to broker-dealers and other financial intermediaries, please turn to the section "Important Additional Information" on page 19.

## Portfolio Summary: Government and Quality Bond Portfolio

### Investment Goal

The investment goal of the Government and Quality Bond Portfolio (the “Portfolio”) is relatively high current income, liquidity and security of principal.

### Fees and Expenses of the Portfolio

This table describes the fees and expenses that you may pay if you buy and hold shares of the Portfolio. The Portfolio’s annual operating expenses do not reflect the separate account fees charged in the variable annuity or variable life insurance policy (“Variable Contracts”) in which the Portfolio is offered. Please see your Variable Contract prospectus for more details on the separate account fees.

**Shareholder Fees** (fees paid directly from your investment)

The Portfolio is not subject to any Shareholder Fees.

**Annual Portfolio Operating Expenses** (expenses you pay each year as a percentage of the value of your investment)

	<u>Class 1</u>
Management Fees . . . . .	0.54%
Service (12b-1) Fees . . . . .	None
Other Expenses. . . . .	0.07%
Total Annual Portfolio Operating Expenses. . . . .	0.61%

### Example

This Example is intended to help you compare the cost of investing in the Portfolio with the cost of investing in other mutual funds. The Example assumes that you invest \$10,000 in the Portfolio for the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Portfolio’s operating expenses remain the same. The Example does not reflect charges imposed by the Variable Contract. See the Variable Contract prospectus for information on such charges. Although your actual costs may be higher or lower, based on these assumptions and the net expenses shown in the fee table, your costs would be:

	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
Class 1 Shares . . . . .	\$62	\$195	\$340	\$762

### Portfolio Turnover

The Portfolio pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover may indicate higher transaction costs. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Portfolio’s performance. During the most recent fiscal year, the Portfolio’s portfolio turnover rate was 71% of the average value of its portfolio.

### Principal Investment Strategies of the Portfolio

The Portfolio’s principal investment strategy is to invest, under normal circumstances, at least 80% of net assets in obligations issued, guaranteed or insured by the U.S. government, its agencies or instrumentalities and in high quality corporate fixed income securities (rated AA– or better by Standard & Poor’s Corporation (“S&P”) or Aa3 or better by Moody’s Investor Service, Inc. (“Moody’s”)).

The Portfolio will principally invest in fixed income securities, including U.S. government securities, mortgage-backed securities, asset-backed securities, and high quality corporate. Corporate bonds, rated lower than AA- by S&P but not lower than A- (or lower than Aa3 by Moody’s but not lower than A3), may comprise up to 20% of the Portfolio’s net assets.

### Principal Risks of Investing in the Portfolio

There can be no assurance that the Portfolio’s investment goal will be met or that the net return on an investment in the Portfolio will exceed what could have been obtained through other investment or savings vehicles. Shares of the Portfolio are not bank deposits and are not guaranteed or insured by any bank, government entity or the Federal Deposit Insurance Corporation. As with any mutual fund, there is no guarantee that the Portfolio will be able to achieve its investment goals. If the value of the assets of the Portfolio goes down, you could lose money.

The following is a summary description of the principal risks of investing in the Portfolio.

**U.S. Government Securities Risk.** The Portfolio may invest in obligations issued by agencies and

## Portfolio Summary: Government and Quality Bond Portfolio

instrumentalities of the U.S. Government. These obligations vary in the level of support they receive from the U.S. Government. The maximum potential liability of the issuers of some U.S. government securities held by the Portfolio may greatly exceed their current resources, including their legal right of support from the U.S. Treasury. It is possible that these issuers will not have the funds to meet their payment obligations in the future. The U.S. Government may choose not to provide financial support to U.S. Government sponsored agencies or instrumentalities if it is not legally obligated to do so, in which case, if the issuer defaulted, the Portfolio might not be able to recover its investment from the U.S. Government.

**Fixed Income Securities Risk.** The Portfolio invests significantly in various types of fixed income securities or bonds. As a result, the value of your investment in the Portfolio may go up or down in response to changes in interest rates or defaults (or even the potential for future default) by issuers of fixed income securities. As interest rates rise, the prices for fixed income securities typically fall, and as interest rates fall, the prices typically rise. To the extent the Portfolio is invested in the bond market, movements in the bond market may affect its performance. In addition, individual fixed income securities selected for this Portfolio may underperform the market generally.

**Credit Risk.** The creditworthiness of the issuer is always a factor in analyzing fixed income securities. An issuer with a lower credit rating will be more likely than a higher rated issuer to default or otherwise become unable to honor its financial obligations. An issuer held in this Portfolio may not be able to honor its financial obligations, including its obligations to the Portfolio.

**Securities Selection Risk.** A strategy used by the Portfolio, or individual securities selected by the portfolio manager, may fail to produce the intended return.

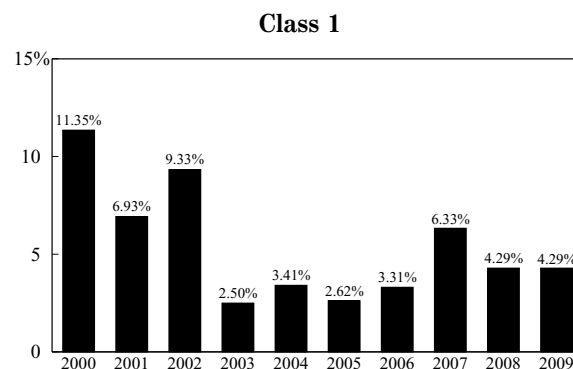
**Liquidity Risk for Mortgage- and Asset-Backed Securities.** Beginning in the second half of 2007 and continuing through the present, the market for mortgage-backed securities began experiencing substantially, often dramatically, lower valuations and greatly reduced liquidity. Markets for other asset-backed securities have similarly been affected. These

instruments are increasingly subject to liquidity constraints, price volatility, credit downgrades and unexpected increases in default rates, and therefore may be more difficult to value and more difficult to dispose of than previously. As noted above, a Portfolio may invest in mortgage- and asset-backed securities and therefore may be exposed to these increased risks.

**Illiquidity Risk.** When there is little or no active trading market for specific types of securities, it can become difficult or impossible to sell the security at a time and price favorable to the seller. In such a market, the value of such securities may decline dramatically.

### Performance Information

The following Risk/Return Bar Chart and Table illustrate the risks of investing in the Portfolio by showing changes in the Portfolio's performance from calendar year to calendar year and comparing the Portfolio's average annual returns to those of the Barclays Capital U.S. Aggregate A or Better Index. Fees and expenses incurred at the contract level are not reflected in the bar chart or table. If these amounts were reflected, returns would be less than those shown. Of course, past performance is not necessarily an indication of how the Portfolio will perform in the future.



During the 10-year period shown in the bar chart, the highest return for a quarter was 4.48% (quarter ended December 31, 2000) and the lowest return for a quarter was -2.25% (quarter ended June 30, 2004).

## Portfolio Summary: Government and Quality Bond Portfolio

### Average Annual Total Returns (For the periods ended December 31, 2009)

	<u>1</u> <u>Year</u>	<u>5</u> <u>Years</u>	<u>10</u> <u>Years</u>	<u>Since</u> <u>Inception</u> <u>Class 2</u> <u>(7/09/01)</u>	<u>Since</u> <u>Inception</u> <u>Class 3</u> <u>(9/30/02)</u>
Class 1 Shares	4.29%	4.16%	5.40%	N/A	N/A
Barclays Capital U.S. Aggregate A or Better Index	4.37%	4.94%	6.25%	5.51%	4.61%

### Investment Adviser

The Portfolio's investment adviser is SunAmerica Asset Management Corp. The Portfolio is subadvised by Wellington Management Company, LLP.

### Portfolio Managers

<u>Name</u>	<u>Portfolio</u> <u>Manager of the</u> <u>Portfolio Since</u>	<u>Title</u>
John C. Keogh . . . . .	1994	Senior Vice President and Fixed Income Portfolio Manager
Christopher L. Gootkind . . .	2006	Vice President and Fixed Income Portfolio Manager

For important information about purchases and sales of portfolio shares, taxes and payments to broker-dealers and other financial intermediaries, please turn to the section "Important Additional Information" on page 19.

## Portfolio Summary: Growth Portfolio

### Investment Goal

The investment goal of the Growth Portfolio (the “Portfolio”) is capital appreciation.

### Fees and Expenses of the Portfolio

This table describes the fees and expenses that you may pay if you buy and hold shares of the Portfolio. The Portfolio’s annual operating expenses do not reflect the separate account fees charged in the variable annuity or variable life insurance policy (“Variable Contracts”) in which the Portfolio is offered. Please see your Variable Contract prospectus for more details on the separate account fees

**Shareholder Fees** (fees paid directly from your investment)

The Portfolio is not subject to any Shareholder Fees.

**Annual Portfolio Operating Expenses** (expenses you pay each year as a percentage of the value of your investment)

	<u>Class 1</u>
Management Fees . . . . .	0.72%
Service (12b-1) Fees . . . . .	None
Other Expenses . . . . .	0.08%
Total Annual Portfolio Operating Expenses . . . . .	0.80%

### Expense Example

This Example is intended to help you compare the cost of investing in the Portfolio with the cost of investing in other mutual funds. The Example assumes that you invest \$10,000 in the Portfolio for the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Portfolio’s operating expenses remain the same. The Example does not reflect charges imposed by the Variable Contract. See the Variable Contract prospectus for information on such charges. Although your actual costs may be higher or lower, based on these assumptions and the net expenses shown in the fee table, your costs would be:

	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
Class 1 Shares . . . . .	\$82	\$255	\$444	\$990

### Portfolio Turnover

The Portfolio pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover may indicate higher transaction costs. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Portfolio’s performance. During the most recent fiscal year, the Portfolio’s portfolio turnover rate was 100% of the average value of its portfolio.

### Principal Investment Strategies of the Portfolio

The Portfolio’s principal investment strategy is to invest primarily in core equity securities that are widely diversified by industry and company. “Core equity securities” are stocks, primarily of well established companies, diversified by industry and company type that are selected based on their predictable or anticipated earnings growth and best relative value.

The Portfolio will principally invest in equity securities of companies of any market capitalization. The Portfolio may also invest in foreign equity securities, including depositary receipts (up to 25% of total assets).

A “growth” philosophy — that of investing in securities believed to offer the potential for capital appreciation — focuses on securities of companies that are considered to have a historical record of an above-average growth rate, significant growth potential, above-average earnings growth or value, the ability to sustain earnings growth, or that offer proven or unusual products or services, or operate in industries experiencing increasing demand.

### Principal Risks of Investing in the Portfolio

There can be no assurance that the Portfolio’s investment goal will be met or that the net return on an investment in the Portfolio will exceed what could have been obtained through other investment or savings vehicles. Shares of the Portfolio are not bank deposits and are not guaranteed or insured by any bank, government entity or the Federal Deposit Insurance Corporation. As with any mutual fund, there is no guarantee that the Portfolio will be able to achieve its investment goals. If the value of the

## Portfolio Summary: Growth Portfolio

assets of the Portfolio goes down, you could lose money.

The following is a summary description of the principal risks of investing in the Portfolio.

**Equity Securities Risk.** The Portfolio invests primarily in equities. As with any equity fund, the value of your investment in this Portfolio may fluctuate in response to stock market movements. Growth stocks are historically volatile, which will particularly affect the Portfolio. In addition, individual stocks selected for the Portfolio may underperform the market generally for a variety of reasons, including poor company earnings results. You should be aware that the performance of different types of equity stocks may rise or decline under varying market conditions — for example, “value” stocks may perform well under circumstances in which the prices of “growth” stocks in general have fallen, or vice versa.

**Market Risk.** The Portfolio’s share price can fall because of weakness in the broad market, a particular industry, or specific holdings. The market as a whole can decline for many reasons, including adverse political or economic developments here or abroad, changes in investor psychology, or heavy institutional selling. The prospects for an industry or company may deteriorate because of a variety of factors, including disappointing earnings or changes in the competitive environment. In addition, the sub-adviser’s assessment of companies held in the Portfolio may prove incorrect, resulting in losses or poor performance even in a rising market. Finally, the Portfolio’s investment approach could fall out of favor with the investing public, resulting in lagging performance versus other comparable portfolios.

**Securities Selection Risk.** A strategy used by the Portfolio, or individual securities selected by the portfolio manager, may fail to produce the intended return.

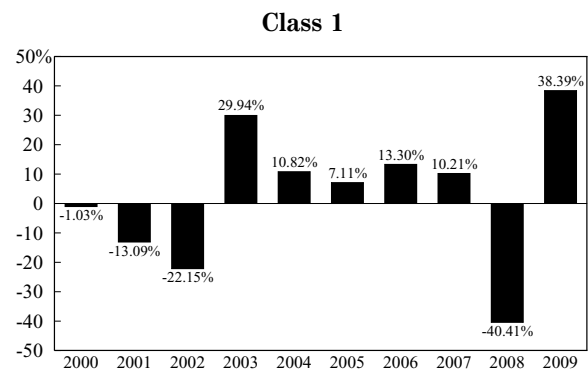
**Foreign Investment Risk.** The Portfolio will invest in foreign securities, including in “emerging market” countries. These securities may be denominated in currencies other than U.S. dollars. The value of your investment may be affected by fluctuating currency values, changing local and regional economic, political and social conditions, and greater market volatility. In addition, foreign securities may not be as liquid as domestic securities and there may be less information available about the issuers of foreign

securities, due to less rigorous regulatory and reporting standards.

**Depository Receipts Risk.** Depository receipts, such as American Depository Receipts (“ADRs”) and other depository receipts, including Global Depository Receipts (“GDRs”), European Depository Receipts (“EDRs”) are generally subject to the same risks as the foreign securities that they evidence or into which they may be converted. Depository receipts may or may not be jointly sponsored by the underlying issuer. The issuers of unsponsored depository receipts are not obligated to disclose information that is considered material in the United States. Therefore, there may be less information available regarding these issuers and there may not be a correlation between such information and the market value of the depository receipts. Certain depository receipts are not listed on an exchange and therefore may be considered to be illiquid securities.

### *Performance Information*

The following Risk/Return Bar Chart and Table illustrate the risks of investing in the Portfolio by showing changes in the Portfolio’s performance from calendar year to calendar year and comparing the Portfolio’s average annual returns to those of the Russell 3000® Index. Fees and expenses incurred at the contract level are not reflected in the bar chart or table. If these amounts were reflected, returns would be less than those shown. Of course, past performance is not necessarily an indication of how the Portfolio will perform in the future.



## Portfolio Summary: Growth Portfolio

During the 10-year period shown in the bar chart, the highest return for a quarter was 21.37% (quarter ended September 30, 2009) and the lowest return for a quarter was -26.73% (quarter ended December 31, 2008).

### Average Annual Total Returns (For the periods ended December 31, 2009)

	<u>1</u> <u>Year</u>	<u>5</u> <u>Years</u>	<u>10</u> <u>Years</u>	Since Inception Class 2 (7/09/01)	Since Inception Class 3 (9/30/02)
Class 1 Shares	38.39%	1.98%	0.62%	N/A	N/A
Russell 3000 Index	28.34%	0.76%	-0.20%	1.73%	7.12%

### Investment Adviser

The Portfolio's investment adviser is SunAmerica Asset Management Corp. The Portfolio is subadvised by Wellington Management Company, LLP.

### Portfolio Managers

<u>Name</u>	<u>Portfolio Manager of the Portfolio Since</u>	<u>Title</u>
Matthew E. Megargel . . . .	1995	Senior Vice President and Equity Portfolio Manager
Jeffrey L. Kripke . . . . .	2001	Vice President and Equity Portfolio Manager
Francis J. Boggan . . . . .	2001	Senior Vice President and Equity Portfolio Manager

For important information about purchases and sales of portfolio shares, taxes and payments to broker-dealers and other financial intermediaries, please turn to "Important Additional Information" on page 19.

## Portfolio Summary: Natural Resources Portfolio

### Investment Goal

The investment goal of the Natural Resources Portfolio (the “Portfolio”) is total return in excess of the U.S. rate of inflation as represented by the Consumer Price Index.

### Fees and Expenses of the Portfolio

This table describes the fees and expenses that you may pay if you buy and hold shares of the Portfolio. The Portfolio’s annual operating expenses do not reflect the separate account fees charged in the variable annuity or variable life insurance policy (“Variable Contracts”) in which the Portfolio is offered. Please see your Variable Contract prospectus for more details on the separate account fees.

**Shareholder Fees** (fees paid directly from your investment)

The Portfolio is not subject to any Shareholder Fees.

**Annual Portfolio Operating Expenses** (expenses you pay each year as a percentage of the value of your investment)

	<u>Class 1</u>
Management Fees . . . . .	0.75%
Service (12b-1) Fees . . . . .	None
Other Expenses . . . . .	0.07%
Total Annual Portfolio Operating Expenses . . . . .	0.82%

### Expense Example

This Example is intended to help you compare the cost of investing in the Portfolio with the cost of investing in other mutual funds. The Example assumes that you invest \$10,000 in the Portfolio for the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Portfolio’s operating expenses remain the same. The Example does not reflect charges imposed by the Variable Contract. See the Variable Contract prospectus for information on such charges. Although your actual costs may be higher or lower, based on these assumptions and the

net expenses shown in the fee table, your costs would be:

	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
Class 1 Shares . . . . .	\$84	\$262	\$455	\$1,014

### Portfolio Turnover

The Portfolio pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover may indicate higher transaction costs. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Portfolio’s performance. During the most recent fiscal year, the Portfolio’s portfolio turnover rate was 15% of the average value of its portfolio.

### Principal Investment Strategies of the Portfolio

The Portfolio’s principal investment strategy is to invest primarily in equity securities of U.S. or foreign companies that are expected to provide favorable returns in periods of rising inflation with a value-style investment approach. Under normal market circumstances, at least 80% of net assets are invested in securities related to natural resources, such as energy, metals, mining and forest products.

The Portfolio will principally invest in equity securities of large, mid- and small-cap companies, and in foreign equity securities. The Portfolio may also invest in preferred stocks.

A “value” philosophy — that of investing in securities believed to be undervalued in the market — often reflects a contrarian approach in that the potential for superior relative performance is believed to be highest when stocks of fundamentally solid companies are out of favor. The selection criteria is generally calculated to identify stocks of companies with solid financial strength and generous dividend yields that have low price-earnings ratios and have generally been overlooked by the market, or companies undervalued within an industry or market capitalization category. “Total return” is a measure of performance which combines all elements of return including income and capital appreciation; it represents the change in value of an investment over a given period expressed as a percentage of the initial investment.

## Portfolio Summary: Natural Resources Portfolio

### Principal Risks of Investing in the Portfolio

There can be no assurance that the Portfolio's investment goal will be met or that the net return on an investment in the Portfolio will exceed what could have been obtained through other investment or savings vehicles. Shares of the Portfolio are not bank deposits and are not guaranteed or insured by any bank, government entity or the Federal Deposit Insurance Corporation. As with any mutual fund, there is no guarantee that the Portfolio will be able to achieve its investment goals. If the value of the assets of the Portfolio goes down, you could lose money.

The following is a summary description of the principal risks of investing in the Portfolio.

**Natural Resources Risk.** The Portfolio will be subject to certain risks specific to investing in the natural resources industry. Investments in securities related to precious metals and minerals are considered speculative. Prices of precious metals may fluctuate sharply over short time periods due to changes in inflation or expectations regarding inflation in various countries; metal sales by governments, central banks or international agencies; investment speculation; changes in industrial and commercial demand; and governmental prohibitions or restrictions on the private ownership of certain precious metals or minerals.

In addition, the market price of securities that are tied into the market price of a natural resource will fluctuate on the basis of the natural resource. However, there may not be a perfect correlation between the movements of the asset-based security and the market price of the underlying natural resource. Further, these securities typically bear interest or pay dividends at below market rates, and in certain cases at nominal rates. The Portfolio's investments in natural resources securities exposes it to greater risk than a portfolio less concentrated in a group of related industries.

**Equity Securities Risk.** The Portfolio invests primarily in equities. As with any equity fund, the value of your investment in this Portfolio may fluctuate in response to stock market movements. Growth stocks are historically volatile, which will particularly affect the Portfolio. In addition, individual stocks selected for the Portfolio may underperform the market

generally for a variety of reasons, including poor company earnings results. You should be aware that the performance of different types of equity stocks may rise or decline under varying market conditions — for example, “value” stocks may perform well under circumstances in which the prices of “growth” stocks in general have fallen, or vice versa.

**Market Risk.** The Portfolio's share price can fall because of weakness in the broad market, a particular industry, or specific holdings. The market as a whole can decline for many reasons, including adverse political or economic developments here or abroad, changes in investor psychology, or heavy institutional selling. The prospects for an industry or company may deteriorate because of a variety of factors, including disappointing earnings or changes in the competitive environment. In addition, the sub-adviser's assessment of companies held in the Portfolio may prove incorrect, resulting in losses or poor performance even in a rising market. Finally, the Portfolio's investment approach could fall out of favor with the investing public, resulting in lagging performance versus other comparable portfolios.

**Securities Selection Risk.** A strategy used by the Portfolio, or individual securities selected by the portfolio manager, may fail to produce the intended return.

**Foreign Investment Risk.** The Portfolio will invest in foreign securities, including in “emerging market” countries. These securities may be denominated in currencies other than U.S. dollars. The value of your investment may be affected by fluctuating currency values, changing local and regional economic, political and social conditions, and greater market volatility. In addition, foreign securities may not be as liquid as domestic securities and there may be less information available about the issuers of foreign securities, due to less rigorous regulatory and reporting standards.

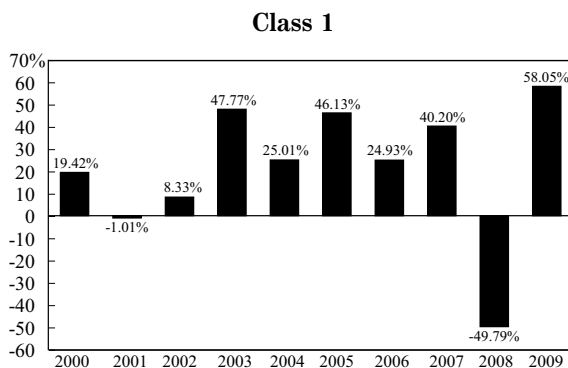
**Small Company Risk.** Stocks of smaller companies tend to be at early stages of development with limited product lines, market access for products, financial resources, access to new capital, or depth in management. Consequently, the securities of smaller companies may not be as readily marketable and may be subject to more abrupt or erratic market

## Portfolio Summary: Natural Resources Portfolio

movements than those of companies with larger capitalizations.

### Performance Information

The following Risk/Return Bar Chart and Table illustrate the risks of investing in the Portfolio by showing changes in the Portfolio's performance from calendar year to calendar year and comparing the Portfolio's average annual returns to those of each of the S&P 500® Index, the MSCI/S&P World Metals & Mining Index, the MSCI/S&P World Oil & Gas Index and the MSCI/S&P World Energy Equipment & Services Index. Fees and expenses incurred at the contract level are not reflected in the bar chart or table. If these amounts were reflected, returns would be less than those shown. Of course, past performance is not necessarily an indication of how the Portfolio will perform in the future.



During the 10-year period shown in the bar chart, the highest return for a quarter was 26.10% (quarter ended June 30, 2009) and the lowest return for

a quarter was -36.28% (quarter ended September 30, 2009).

### Average Annual Total Returns (For the periods ended December 31, 2009)

	1 Year	5 Years	10 Years
Class 1 Shares	58.05%	15.22%	16.99%
S&P 500® Index	26.46%	0.42%	-0.95%
MSCI/S&P World Metals & Mining Index	81.06%	17.05%	12.94%
MSCI/S&P World Oil & Gas Index	22.38%	9.50%	9.32%
MSCI/S&P World Energy Equipment & Services Index	72.54%	10.77%	8.22%

### Investment Adviser

The Portfolio's investment adviser is SunAmerica Asset Management Corp. The Portfolio is subadvised by Wellington Management Company, LLP.

### Portfolio Managers

<u>Name</u>	<u>Portfolio Manager of the Portfolio Since</u>	<u>Title</u>
James A. Bevilacqua (through June 30, 2010) . . . . .	2003	Senior Vice President and Equity Portfolio Manager
Jay Bhutani (from May 1, 2010) . . . . .	2010	Director and Equity Portfolio Manager

For important information about purchases and sales of portfolio shares, taxes and payments to broker-dealers and other financial intermediaries, please turn to the section "Important Additional Information" on page 19.

## Important Additional Information

### *Purchases and Sales of Portfolio Shares*

Shares of the Portfolios may only be purchased or redeemed through Variable Contracts offered by the separate accounts of participating life insurance companies. Shares of the Portfolios may be purchased and redeemed each day the New York Stock Exchange is open, at the Portfolio's net asset value determined after receipt of a request in good order.

The Portfolios do not have any initial or subsequent investment minimums. However, your insurance company may impose investment minimums.

### *Tax Information*

The Portfolios will not be subject to federal income tax on the net investment company taxable income or net capital gains distributed to shareholders as ordinary income dividends or capital gain dividends; however you may be subject to federal income tax

upon withdrawal from such tax deferred arrangements.

### *Payments to Broker-Dealers and Other Financial Intermediaries*

The Portfolios are not sold directly to the general public but instead are offered as an underlying investment option for Variable Contracts. The Portfolios and their related companies may make payments to the sponsoring insurance company (or its affiliates) for distribution and/or other services. These payments may create a conflict of interest as they may be a factor that the insurance company considers in including the Portfolios as underlying investment options in the Variable Contract. The prospectus (or other offering document) for your Variable Contract may contain additional information about these payments.

## Additional Information About the Portfolios

### *Investment Selection*

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Each Portfolio, other than the Asset Allocation, and Government and Quality Bond Portfolios, buys and sells securities based on bottom-up investment analysis and individual security selection, with an aim to uncover opportunities with potential for price appreciation. A bottom-up investment approach searches for outstanding performance of individual stocks before considering the impact of economic or industry trends. Each Portfolio is managed using a proprietary fundamental analysis in order to select securities which are deemed to be consistent with the Portfolio's investment objective and are priced attractively. Fundamental analysis of a company involves the assessment of such factors as its business environment, management, balance sheet, income statement, anticipated earnings, revenues, dividends, and other related measures of value. Securities are sold when the investment has achieved its intended purpose, or because it is no longer considered attractive.

Each of the Asset Allocation and Government and Quality Bond Portfolios employ both a bottom-up and a top-down analysis in its investment approach. On an individual security basis, a Portfolio buys and sells securities based on bottom up investment analysis, with an aim to uncover opportunities with potential for price appreciation. A bottom-up investment approach is described in the preceding paragraph. In addition, each Portfolio is managed using a proprietary top-down macro analysis for asset allocation among its different asset classes, countries, sectors and styles. Top-down macro analysis involves the assessment of such factors as trends in economic growth, inflation and the capital market environment.

### *Investment Strategies*

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The investment goal and principal investment strategy for each Portfolio may not be changed without a shareholder vote. You will receive at least 60 days' notice prior to any change to a Portfolio's 80% investment policy.

In addition to the Portfolios' principal investments discussed in their respective Portfolio Summaries, the Portfolios may from time-to-time invest in additional securities and utilize various investment techniques. We have identified below those securities and the risks associated with those securities. Refer to the Glossary for a description of the risks. In addition to those described herein, there are other securities and investment techniques in which the Portfolios may invest in limited instances, which are not described in this Prospectus. These securities and investment practices are listed in the Trust's Statement of Additional Information, which you may obtain free of charge (see back cover).

We have included a Glossary to define the investment and risk terminology used herein and throughout this Prospectus. Unless otherwise indicated, investment restrictions, including percentage limitations, apply at the time of purchase under normal market conditions. You should consider your ability to assume the risks involved before investing in a Portfolio through one of the Variable Contracts.

Unless otherwise stated, all percentage limitations noted in the descriptions below are based on the Portfolio's total assets.

From time to time, the Portfolios may take temporary defensive positions that are inconsistent with their principal investment strategies, in attempting to respond to adverse market, economic, political, or other conditions. There is no limit on a Portfolio's investments in money market securities for temporary defensive purposes. If a Portfolio takes such a temporary defensive position, it may not achieve its investment objectives.

## Additional Information About the Portfolios

*Asset Allocation Portfolio.* The Portfolio may also invest in equity swaps, currency transactions, options, futures, forward commitments, mortgage dollar rolls, deferred interest bonds, illiquid securities, short-term investments, firm commitment agreements, when-issued and delayed-delivery transactions, zero coupon bonds, interest rate swaps, caps, floors and collars, loan participations and assignments, and hybrid instruments. The Portfolio may also borrow for temporary, emergency or investment purposes (up to 33 $\frac{1}{3}$ %). Additional risks that the Portfolio may be subject to include:

- Active Trading Risk
- Currency Risk
- Derivatives Risk
- Growth Stock Risk
- Hedging Risk
- Illiquidity Risk
- Interest Rate Risk
- Liquidity Risk for Mortgage and Asset-Backed Securities
- Prepayment Risk
- Small Company Risk

*Capital Appreciation Portfolio.* The Portfolio may also invest in currency transactions, borrowing for temporary or emergency purposes (up to 10%), illiquid securities (up to 10%), forward commitments, when-issued/delayed-delivery transactions, special situations, options, futures, rights and warrants, and convertible securities (up to 20%). Additional risks that the Portfolio may be subject to include:

- Convertible Securities Risk
- Currency Risk
- Derivatives Risk
- Growth Stock Risk
- Hedging Risk
- Illiquidity Risk

*Government & Quality Bond Portfolio.* The Portfolio may also invest in credit default swaps (up to 5%), interest rate swaps, caps, floors and collars (up to 10%), total return swaps (up to 10%), borrowing for temporary or emergency purposes (up to 10%), illiquid securities (up to 10%), forward commitments, when-issued/delayed delivery

transactions, municipal bonds, zero coupon bonds, currency transactions, futures, special situations, and rights and warrants. Additional risks that the Portfolio may be subject to include:

- Active Trading Risk
- Convertible Securities Risk
- Currency Risk
- Derivatives risk
- Emerging Markets Risk
- Foreign Investment Risk
- Hedging Risk
- Illiquidity Risk
- Market Risk
- Prepayment Risk

*Growth Portfolio.* The Portfolio may also invest in currency transactions, borrowing for temporary or emergency purposes (up to 10%), illiquid securities (up to 10%), forward commitments, when-issued/delayed delivery transactions, special situations options, futures, rights and warrants and convertible securities (up to 20%). Additional risks that the Portfolio may be subject to include:

- Active Trading Risk
- Convertible Securities Risk
- Currency Risk
- Derivatives Risk
- Growth Stock Risk
- Hedging Risk
- Illiquidity Risk

*Natural Resources Portfolio.* The Portfolio may also invest in borrowing for temporary or emergency purposes (up to 20%), currency transactions, depositary receipts, rights and warrants, options, futures, forward commitments, illiquid securities (up to 10%), when-issued/delayed delivery transactions, special situations and REITs. Additional risks that the Portfolio may be subject to include:

- Active Trading Risk
- Convertible Securities Risk
- Currency Risk
- Depositary Receipt Risk
- Derivatives Risk
- Hedging Risk
- Illiquidity Risk

## Glossary

### *Investment Terminology*

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**Borrowing for temporary or emergency purposes** involves the borrowing of cash or securities by a Portfolio in limited circumstances, including to meet redemptions. Borrowing will cost a Portfolio interest expense and other fees. Borrowing may exaggerate changes in a Portfolio's net asset value and the cost may reduce a Portfolio's return.

**Credit default swaps** involve the receipt of floating or fixed rate payments in exchange for assuming potential credit losses of an underlying security. Credit default swaps give one party to a transaction the right to dispose of or acquire an asset (or group of assets), or the right to receive or make a payment from the other party upon the occurrence of specified credit events.

**Currency transactions** include the purchase and sale of currencies to facilitate the settlement of securities transactions and forward currency contracts, which are used to hedge against changes in currency exchange rates or to enhance return.

**Defensive investments** include high quality fixed income securities, repurchase agreements and other money market instruments. A Portfolio may make temporary defensive investments in response to adverse market, economic, political or other conditions. When a Portfolio takes a defensive position, it may miss out on investment opportunities that could have resulted from investing in accordance with its principal investment strategy. As a result, a Portfolio may not achieve its investment goal.

**A derivative** is a financial instrument, such as an option or futures contract, whose value is based on the performance of an underlying asset or an external benchmark, such as the price of a specified security or an index.

**Equity securities**, such as **common stocks**, represent shares of equity ownership in a corporation. Common stocks may or may not receive dividend payments. Certain securities have common stock characteristics, including certain convertible securities such as **convertible preferred stock, convertible bonds, warrants** and **rights**, and may be classified as equity securities. Investments in equity securities and securities with equity characteristics include:

- **Convertible securities** are securities (such as bonds or preferred stocks) that may be

converted into common stock of the same or a different company.

- **Market capitalization ranges.** Companies are determined to be large-cap companies, mid-cap companies, or small-cap companies based upon the total market value of the outstanding common stock (or similar securities) of the company at the time of purchase. The market capitalization of the companies in the Portfolios and the indices described below change over time. A Portfolio will not automatically sell or cease to purchase stock of a company that it already owns just because the company's market capitalization grows or falls outside this range. **Large-Cap companies** will generally include companies whose market capitalizations are equal to or greater than the market capitalization of the smallest company in the Russell 1000 Index during the most recent 12-month period. As of the most recent annual reconstitution of the Russell 1000 Index on June 26, 2009, the market capitalization range of the companies in the Index was approximately \$829 million to \$338 billion. **Mid-Cap companies** will generally include companies whose market capitalizations range from the market capitalization of the smallest company included in the Russell Midcap Index to the market capitalization of the largest company in the Russell Midcap Index during the most recent 12-month period. As of the most recent annual reconstitution of the Russell Midcap Index on June 26, 2009, the market capitalization range of the companies in the Index was \$779 million to \$12.2 billion. **Small-Cap companies** will generally include companies whose market capitalizations are equal to or less than the market capitalization of the largest company in the Russell 2000 Index during the most recent 12-month period. As of the most recent annual reconstitution of the Russell 2000 Index on June 26, 2009, the market capitalization range of the companies in the Index was \$78 million to \$1.7 billion.
- **Warrants** are rights to buy common stock of a company at a specified price during the life of the warrant.

## Glossary

- **Rights** represent a preemptive right of stockholders to purchase additional shares of a stock at the time of a new issuance before the stock is offered to the general public.

**Equity swaps** allow the parties to a swap agreement to exchange the dividend income or other components of return on an equity investment (for example, a group of equity securities or an index) for a component of return on another non-equity or equity investment.

**Firm commitment agreements and when-issued or delayed-delivery transactions** call for the purchase or sale of securities at an agreed-upon price on a specified future date. At the time of delivery of the securities, the value may be more or less than the purchase price.

**Fixed income securities** are broadly classified as securities that provide for periodic payment, typically interest or dividend payments, to the holder of the security at a stated rate. Most fixed income securities, such as bonds, represent indebtedness of the issuer and provide for repayment of principal at a stated time in the future. Others do not provide for repayment of a principal amount. Investments in fixed income securities include:

- **Corporate debt instruments** (bonds, notes and debentures) are securities representing a debt of a corporation. The issuer is obligated to repay a principal amount of indebtedness at a stated time in the future and in most cases to make periodic payments of interest at a stated rate.
- **High-quality instruments** have a very strong capacity to pay interest and repay principal; they reflect the issuers' high creditworthiness and low risk of default.
- An **investment grade fixed income security** is rated in one of the top four rating categories by a debt rating agency (or is considered of comparable quality by the Manager). The two best-known debt rating agencies are S&P and Moody's. **Investment grade** refers to any security rated "BBB" or above by S&P or "Baa" or above by Moody's.
- A **junk bond** is a high risk bond that does not meet the credit quality standards of an investment grade security, and in many cases offers a high yield to maturity.

investment grade security, and in many cases offers a high yield to maturity.

- **Pass-through securities** involve various debt obligations that are backed by a pool of mortgages or other assets. Principal and interest payments made on the underlying asset pools are typically passed through to investors. Types of pass-through securities include **mortgage-backed securities**, collateralized mortgage obligations, commercial mortgage-backed securities, and **asset-backed securities**.

- **Preferred stocks** receive dividends at a specified rate and have preference over common stock in the payment of dividends and the liquidation of assets.

- **U.S. government securities** are issued or guaranteed by the U.S. government, its agencies and instrumentalities. Some U.S. government securities are issued or unconditionally guaranteed by the U.S. Treasury. They are of the highest possible credit quality. While these securities are subject to variations in market value due to fluctuations in interest rates, they will be paid in full if held to maturity. Other U.S. government securities are neither direct obligations of, nor guaranteed by, the U.S. Treasury. However, they involve federal sponsorship in one way or another. For example, some are backed by specific types of collateral; some are supported by the issuer's right to borrow from the Treasury; some are supported by the discretionary authority of the Treasury to purchase certain obligations of the issuer; and others are supported only by the credit of the issuing government agency or instrumentality. A Portfolio's investment in U.S. Government Securities may include investments in debt securities that are guaranteed under the Federal Deposit Insurance Corporation's ("FDIC") Temporary Liquidity Guarantee Program ("TLGP"). Under the TLGP, the FDIC guarantees, with the full faith and credit of the U.S. government, the payment of principal and interest on senior unsecured debt issued by entities eligible to participate in the TLGP, which generally include FDIC-insured depository institutions,

## Glossary

U.S. bank holding companies or financial holding companies and certain U.S. savings and loan holding companies. This guarantee presently extends through the earlier of the maturity date of the debt or June 30, 2012. This guarantee does not extend to shares of the Portfolio itself. FDIC-guaranteed debt is still subject to interest rate and securities selection risk.

- **Zero-Coupon Bonds and Deferred Interest Bonds** are debt obligations issued or purchased at a significant discount from face value. Certain zero coupon bonds (**Discount Bonds**) also are sold at substantial discounts from their maturity value and provide for the commencement of regular interest payments at a deferred date.

**Foreign securities** are issued by companies located outside of the United States, including emerging markets. Foreign securities may include foreign corporate and government bonds, foreign equity securities, foreign investment companies, passive foreign investment companies (PFICs), American Depositary Receipts (ADRs) or other similar securities that represent interests in foreign equity securities, such as European Depositary Receipts (EDRs) and Global Depositary Receipts (GDRs). An **emerging market** country is generally one with a low or middle income economy or that is in the early stages of its industrialization cycle. For fixed income investments, an emerging market includes those where the sovereign credit rating is below investment grade. Emerging market countries may change over time depending on market and economic conditions and the list of emerging market countries may vary by Adviser or Subadviser.

**Forward commitments** are contracts to purchase or sell securities at a fixed price with delivery and cash settlement to occur at a future date beyond normal settlement time. At the time that a Portfolio enters into a forward commitment to sell a security, the Portfolio may not hold that security. A Portfolio may also dispose of or renegotiate a commitment prior to settlement. At settlement, the value of the securities may be more or less than the purchase price.

**Hybrid instruments**, such as **indexed or structured securities**, can combine the characteristics of securities, futures, and options. For example, the

principal amount, redemption, or conversion terms of a security could be related to the market price of some commodity, currency, or securities index. Such securities may bear interest or pay dividends at below market (or even relatively nominal) rates. Under certain conditions, the redemption value of such an investment could be zero.

**Illiquid/Restricted securities** are subject to legal or contractual restrictions that may make them difficult to sell. A security that cannot easily be sold within seven days will generally be considered illiquid. Certain restricted securities (such as Rule 144A securities) are not generally considered illiquid because of their established trading market.

**Income** consists of interest payments from bonds or dividends from stocks

**Interest rate swaps, caps, floors and collars.** Interest rate swaps involve the exchange by the Portfolio with another party of its respective commitments to pay or receive interest, such as an exchange of fixed-rate payments for floating rate payments. The purchase of an interest rate cap entitles the purchaser, to the extent that a specified index exceeds a predetermined interest rate, to receive payment of interest on a notional principal amount from the party selling such interest rate cap. The purchase of an interest rate floor entitles the purchaser, to the extent that a specified index falls below a predetermined interest rate, to receive payments of interest on a notional principal amount from the party selling the interest rate floor. An interest rate collar is the combination of a cap and a floor that preserves a certain return within a predetermined range of interest rates.

**Loan participations and assignments** are investments in which a Portfolio acquires some or all of the interest of a bank or other lending institution in a loan to a corporate borrower. The highly leveraged nature of many such loans may make such loans especially vulnerable to adverse changes in economic or market conditions. As a result, the Portfolio may be unable to sell such investments at an opportune time or may have to resell them at less than fair market value.

**Municipal bonds.** Fixed income securities include, among other things, municipal bonds which are issued by or on behalf of states, territories and possessions of the United States and the District of Columbia and their political subdivisions, agencies or

## Glossary

instrumentalities, the interest on which is exempt from federal income tax (“Municipal Bonds”). Municipal Bonds include debt securities which pay interest income that is subject to the alternative minimum tax. A Portfolio may invest in Municipal Bonds whose issuers pay interest on the bonds from revenues from projects such as multifamily housing, nursing homes, electric utility systems, hospitals or life care facilities. Municipal bonds include residual interest bonds, which are bonds created by dividing the income stream of an underlying municipal bond in two parts, a variable rate security and a residual interest bond. The interest rate for the variable rate security is determined by an index or an auction process held approximately every 7 to 35 days, while the residual interest bond holder receives the balance of the income from the underlying municipal bond less an auction fee. The market prices of residual interest bonds may be highly sensitive to changes in market rates and may decrease significantly when market rates increase.

**Options and futures** are contracts involving the right to receive or the obligation to deliver assets or money depending on the performance of one or more underlying assets or a market or economic index. An option gives its owner the right, but not the obligation, to buy (“call”) or sell (“put”) a specified amount of a security at a specified price within a specified time period. A futures contract is an exchange-traded legal contract to buy or sell a standard quantity and quality of a commodity, financial instrument, index, *etc.* at a specified future date and price.

**REITs** (real estate investment trusts) are trusts that invest primarily in commercial real estate or real estate related loans. The value of an interest in a REIT may be affected by the value and the cash flows of the properties owned or the quality of the mortgages held by the REIT.

**Registered investment companies** are investments by a Portfolio in other investment companies which are registered in accordance with the federal securities laws.

**Roll transactions** involve the sale of mortgage or other asset-backed securities (“roll securities”) with the commitment to purchase substantially similar (same type, coupon and maturity) but not identical securities on a specified future date.

**Short-term investments** include money market securities such as short-term U.S. government obligations, repurchase agreements, commercial paper, bankers’ acceptances and certificates of deposit. These securities may provide a Portfolio with sufficient liquidity to meet redemptions and cover expenses.

A **special situation** arises when, in the opinion of the Subadviser, the securities of a particular issuer will be recognized and appreciated in value due to a specific development with respect to that issuer. Developments creating a special situation might include, among others, a new product or process, a technological breakthrough, a management change or other extraordinary corporate event, or differences in market supply of and demand for the security. Investments in special situations may carry an additional risk of loss in the event that the anticipated development does not occur or does not attract the expected attention.

**Total return** is a measure of performance which combines all elements of return including income and capital appreciation; it represents the change in value of an investment over a given period expressed as a percentage of the initial investment.

**Total return swaps** are contracts that obligate a party to pay or receive interest in exchange for the payment by the other party of the total return generated by a security, a basket of securities, an index or an index component.

**Yield** is the annual dollar income received on an investment expressed as a percentage of the current or average price.

### *About the Indices*

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- The **Barclays Capital U.S. Aggregate A or Better Index** is a subset of the Barclays Capital U.S. Aggregate Index and indices, which include index components for government and corporate bonds, agency mortgage pass-

through securities, and asset-backed securities. However, the Barclays Capital U.S. Aggregate A or Better Index excludes BBB bonds.

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- The **Barclays Capital U.S. Aggregate Index** combines several Barclays Capital fixed-income indices to give a broad view of the U.S. investment grade fixed rate bond market, with index components for government and corporate bonds, mortgage pass-through securities, and asset-backed securities.
- The **Morgan Stanley Capital International (MSCI)/S&P World Metals & Mining Index** consists of companies conducting business in the following industries: aluminum, diversified metals and mining, gold, precious metals and minerals and steel.
- The **MSCI/S&P World Energy, Equipment & Services Index** is comprised of manufacturers of oil rigs and drilling equipment, and providers of drilling services and manufacturers of equipment for and providers of services to the oil and gas industry, including seismic data collection services.
- The **MSCI/S&P World Oil & Gas Index** is comprised of integrated oil companies engaged in the exploration, production, refinement, transportation, distribution, and marketing of oil and gas products.
- The **Russell 3000® Growth Index** measures the performance of those Russell 3000® Index companies with higher price-to-book ratios and higher forecasted growth values. The stocks in this index are also members of either the Russell 1000® Growth or the Russell 2000® Growth Indices.
- The **Russell 3000® Index** is an unmanaged, weighted index of the 3,000 largest publicly traded companies by market capitalization in the United States and is broadly representative of the universe of potential securities in which the Portfolio may invest.
- The **S&P 500® Index** tracks the performance of 500 stocks representing a sampling of the largest domestic stocks traded publicly in the United States. Because it is market-weighted, the index will reflect changes in larger companies more heavily than those in smaller companies.

## Risk Terminology

**Active Trading Risk:** A strategy used whereby the Portfolio may engage in frequent trading of securities to achieve its investment goal. Active trading may result in high portfolio turnover and correspondingly greater brokerage commissions and other transaction costs, which will be borne directly by a Portfolio and could affect your performance. In addition, because a Portfolio may sell a security without regard to how long it has held the security, active trading may have tax consequences for certain shareholders, involving a possible increase in short-term capital gains or losses. During periods of increased market volatility, active trading may be more pronounced. In the “Financial Highlights” section we provide each Portfolio’s portfolio turnover rate for each of the last five fiscal years.

**Convertible Securities Risk:** The values of the convertible securities in which a Portfolio may invest also will be affected by market interest rates, the risk that the issuer may default on interest or principal payments and the value of the underlying common stock into which these securities may be converted.

Specifically, certain types of convertible securities may pay fixed interest and dividends, their values may fall if market interest rates rise and rise if market interest rates fall. Additionally, an issuer may have the right to buy back certain of the convertible securities at a time unfavorable to the Portfolio.

**Credit Risk:** The creditworthiness of the issuer is always a factor in analyzing fixed income securities. An issuer with a lower credit rating will be more likely than a higher rated issuer to default or otherwise become unable to honor its financial obligations. This type of issuer will typically issue **junk bonds**. In addition to the risk of default, junk bonds may be more volatile, less liquid, more difficult to value and more susceptible to adverse economic conditions or investor perceptions than other bonds.

**Currency Risk:** The value of a Portfolio’s foreign investments may fluctuate due to changes in currency exchange rates. A decline in the value of foreign currencies relative to the U.S. dollar generally can be expected to depress the value of the Portfolio’s non-U.S. dollar denominated securities.

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**Depository Receipts Risk:** Depository receipts, such as American Depositary Receipts (“ADRs”) and other depository receipts, including Global Depositary Receipts (“GDRs”), European Depositary Receipts (“EDRs”) are generally subject to the same risks as the foreign securities that they evidence or into which they may be converted. Depository receipts may or may not be jointly sponsored by the underlying issuer. The issuers of unsponsored depository receipts are not obligated to disclose information that is considered material in the United States. Therefore, there may be less information available regarding these issuers and there may not be a correlation between such information and the market value of the depository receipts. Certain depository receipts are not listed on an exchange and therefore may be considered to be illiquid securities.

**Derivatives Risk:** A derivative is any financial instrument whose value is based on, and determined by, another security, index or benchmark (*i.e.*, stock options, futures, caps, floors, etc.). In recent years, derivative securities have become increasingly important in the field of finance. Futures and options are now actively traded on many different exchanges. Forward contracts, swaps, and many different types of options are regularly traded outside of exchanges by financial institutions in what are termed “over the counter” markets. Other more specialized derivative securities often form part of a bond or stock issue. To the extent a contract is used to hedge another position in the Portfolio, a Portfolio will be exposed to the risks associated with hedging described below. To the extent an option or futures contract is used to enhance return, rather than as a hedge, a Portfolio will be directly exposed to the risks of the contract. Gains or losses from non-hedging contract positions may be substantially greater than the cost of a position in the underlying security index or benchmark.

**Emerging Markets Risk:** The risks associated with investments in foreign securities are heightened when issuers of these securities are in developing or “emerging market” countries. Emerging market countries may be more likely to experience political turmoil or rapid changes in economic conditions than developed countries. As a result, these markets are generally more volatile than the markets of developed countries.

**Equity Securities Risk:** This is the risk that the value of a Portfolio may fluctuate in response to stock market movements. Growth stocks are historically

volatile. In addition, individual stocks selected for the Portfolio may underperform the market generally for a variety of reasons, including poor company earnings results. The performance of different types of equity stocks may rise or decline under varying market conditions — for example, “value” stocks may perform well under circumstances in which the prices of “growth” stocks in general have fallen, or vice versa. In addition, individual stocks selected for a Portfolio may underperform the market generally.

**Fixed Income Securities Risk:** The value of an investment in a Portfolio investing significantly in bonds or other fixed income securities may go up or down in response to changes in interest rates or defaults (or even the potential for future default) by issuers of fixed income securities. As interest rates rise, the prices for fixed income securities typically fall; and as interest rates fall, the prices typically rise. To the extent a Portfolio is invested in the bond market, movements in the bond market may affect its performance. In addition, individual fixed income securities selected for a Portfolio may underperform the market generally.

**Foreign Investment Risk:** Investments in foreign countries are subject to a number of risks. A principal risk is that fluctuations in the exchange rates between the U.S. dollar and foreign currencies may negatively affect the value of an investment. In addition, there may be less publicly available information about a foreign company and it may not be subject to the same uniform accounting, auditing and financial reporting standards as U.S. companies. Foreign governments may not regulate securities markets and companies to the same degree as the U.S. government. Foreign investments will also be affected by local political or economic developments and governmental actions. Consequently, foreign securities may be less liquid, more volatile and more difficult to price than U.S. securities. See also **emerging markets risk**.

**Growth Stock Risk:** Growth stocks can be volatile for several reasons. Since the issuers of growth stocks usually reinvest a high portion of earnings in their own business, growth stocks may lack the comfortable dividend yield associated with value stocks that can cushion total return in a bear market. Also, growth stocks normally carry a higher price/earnings ratio than many other stocks. Consequently, if earnings expectations are not met, the

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market price of growth stocks will often decline more than other stocks. However, the market rewards growth stocks with price increases when expectations are met or exceeded.

**Hedging Risk:** A hedge is an investment made in order to reduce the risk of adverse price movements of a security, by taking an off-setting position in a related security (often a derivative such as an option or a short sale). While hedging strategies can be very useful and inexpensive ways of reducing risk, they are sometimes ineffective due to unexpected changes in the market or exchange rates. Hedging also involves the risk that changes in the value of the related security will not match those of the instruments being hedged as expected, in which case any losses on the instruments being hedged may not be reduced. Moreover, while hedging can reduce or eliminate losses, it can also reduce or eliminate gains.

**Illiquidity Risk:** When there is little or no active trading market for specific types of securities, it can become difficult or impossible to sell the security at a time and price favorable to the seller. In such a market, the value of such securities may decline dramatically.

**Liquidity Risk for Mortgage- and Asset-Backed Securities:** Beginning in the second half of 2007 and continuing through the present, the market for mortgage-backed securities began experiencing substantially, often dramatically, lower valuations and greatly reduced liquidity. Markets for other asset-backed securities have similarly been affected. These instruments are increasingly subject to liquidity constraints, price volatility, credit downgrades and unexpected increases in default rates, and therefore may be more difficult to value and more difficult to dispose of than previously. As noted above, a Portfolio may invest in mortgage- and asset-backed securities and therefore may be exposed to these increased risks.

**Market Risk:** The stock and/or bond markets as a whole are volatile and could go up or down, sometimes dramatically, for many reasons, including adverse political or economic development in the U.S. or abroad, changes in investor psychology or heavy institutional selling. This could affect the value of the securities held by a Portfolio.

**Prepayment Risk:** Prepayment risk is the possibility that the principal of the loans underlying

mortgage-backed or other pass-through securities may be prepaid at any time. As a general rule, prepayments increase during a period of falling interest rates and decrease during a period of rising interest rates. As a result of prepayments, in periods of declining interest rates a Portfolio may be required to reinvest its assets in securities with lower interest rates. In periods of increasing interest rates, prepayments generally decline, with the effect that the securities subject to prepayment risk held by the Portfolio may exhibit price characteristics of longer-term debt securities.

**Securities Selection Risk:** The securities selected for a Portfolio, or a strategy used by a Portfolio, may fail to produce the intended return.

**Small- and Medium-Sized Companies Risk:** Companies with smaller market capitalizations (particularly under \$1 billion depending on the market) tend to be at early stages of development with limited product lines, operating histories, market access for products, financial resources, access to new capital, or depth in management. It may be difficult to obtain reliable information and financial data about these companies. Consequently, the securities of smaller companies may not be as readily marketable and may be subject to more abrupt or erratic market movements than companies with larger capitalizations. Securities of medium sized companies are also subject to these risks to a lesser extent.

**U.S. Government Securities Risk:** As noted in the Investment Terminology section of the Glossary, obligations issued by agencies and instrumentalities of the U.S. Government vary in the level of support they receive from the U.S. Government. The maximum potential liability of the issuers of some U.S. Government securities held by a Portfolio may greatly exceed their current resources, including their legal right support from the U.S. Treasury. Is it possible that these issuers will not have the funds to meet their payment obligations in the future. The U.S. Government may choose not to provide financial support to U.S. Government sponsored agencies or instrumentalities if it is not legally obligated to do so, in which case, if the issuer defaulted, a Portfolio holding securities of such issuer might not be able to recover its investment from the U.S. Government.

## Management

### *Information about the Investment Adviser*

#### **SunAmerica Asset Management Corp.**

(“SAAMCo” or the “Adviser”) serves as investment adviser and manager for all the Portfolios of the Trust. SAAMCo oversees the Subadvisers, provides various administrative services and supervises the daily business affairs of each Portfolio. SAAMCo, located at Harborside Financial Center, 3200 Plaza 5, Jersey City, New Jersey 07311-4992, is a corporation organized under the laws of the state of Delaware, and is a wholly owned subsidiary of SunAmerica Annuity and Life Assurance Company. SAAMCo managed, advised or administered assets in excess of \$40.4 billion as of December 31, 2009. In addition to serving as investment adviser and manager to the Trust, SAAMCo serves as adviser, manager and/or administrator for SunAmerica Focused Alpha Growth Fund, Inc., SunAmerica Focused Alpha Large-Cap Fund, Inc., Seasons Series Trust, SunAmerica Focused Series, Inc., SunAmerica Equity Funds, SunAmerica Income Funds, SunAmerica Money Market Funds, Inc., SunAmerica Series Trust, SunAmerica Senior Floating Rate Fund, Inc., SunAmerica Specially Series, VALIC Company I and VALIC Company II.

A discussion regarding the basis for the Board of Trustees’ (the “Board”) approval of the Trust’s investment advisory agreement and the subadvisory agreements between SAAMCo and the Subadvisers is available in the Trust’s 2009 Annual Report to shareholders, which is available upon request.

SAAMCo has received an exemptive order from the Securities and Exchange Commission that permits

SAAMCo, subject to certain conditions, to enter into agreements relating to the Asset Allocation Portfolio with Subadvisers approved by the Board without obtaining shareholder approval. The exemptive order also permits SAAMCo, subject to the approval of the Board but without shareholder approval, to employ new Subadvisers for the Asset Allocation Portfolio, change the terms of particular agreements with such Subadvisers or continue the employment of existing Subadvisers after events that would otherwise cause an automatic termination of a subadvisory agreement. Shareholders will be notified of any Subadviser changes. Shareholders of the Asset Allocation Portfolio have the right to terminate an agreement with a Subadviser for that Portfolio at any time by a vote of the majority of the outstanding voting securities of such Portfolio. Affiliated subadvisers selected and approved by the Board are subject to shareholder approval.

For the fiscal year ended December 31, 2009, each Portfolio paid SAAMCo a fee equal to the following percentage of average daily net assets:

<u>Portfolio</u>	<u>Fee</u>
Asset Allocation Portfolio . . . . .	0.65%
Capital Appreciation Portfolio . . . . .	0.70%
Government and Quality Bond Portfolio . . . . .	0.54%
Growth Portfolio . . . . .	0.72%
Natural Resources Portfolio . . . . .	0.75%

### *Information about the Subadvisers*

The investment manager(s) and/or management team(s) that have primary responsibility for the day-to-day management of the Portfolios are set forth below in the following table. Unless otherwise noted, a management team’s members share responsibility in making investment decisions on behalf of a Portfolio and no team member is limited in his/her role with respect to the management team.

SAAMCo compensates the Subadvisers out of the advisory fees that it receives from the respective Portfolios. SAAMCo may terminate its agreements with either Subadviser without shareholder approval.

The Statement of Additional Information provides information regarding the portfolio managers listed below, including other accounts they manage, their ownership interest in the Portfolio(s), and the structure and method used by the Subadvisers to determine their compensation.

**Edge Asset Management, Inc.** (“EAM”) (formerly, WM Advisors, Inc.) is a Washington corporation. EAM is located at 601 Union Street, Suite 2200, Seattle, Washington 98101. EAM is an investment adviser registered with the SEC under the Investment Advisers Act of 1940 and provides

## Management

investment advisory services to registered investment companies and separately managed accounts. As of December 31, 2009, EAM had over \$16.1 billion in assets under management.

The *Asset Allocation Portfolio* is managed by a team of portfolio managers, including Charlie Averill and Todd Jablonski. Mr. Averill is a portfolio manager and a senior quantitative analyst of the asset allocation team. He has worked at EAM since 1990. Mr. Jablonski is currently a portfolio manager. From 2008 to 2009 he was an Executive Director and Portfolio Manager at UBS. Prior to that, he was the lead portfolio manager of US large cap strategies at Credit Suisse Asset Management from 2004-2008. Messrs. Averill and Jablonski each hold the Chartered Financial Analyst designation.

**Wellington Management Company, LLP** (“Wellington Management”) is a Massachusetts limited liability partnership with principal offices at 75 State Street, Boston, Massachusetts 02109. Wellington Management is a professional investment counseling firm which provides investment services to investment companies, employee benefit plans, endowments, foundations, and other institutions. Wellington Management and its predecessor organizations have provided investment advisory services for over 70 years. As of December 31, 2009, Wellington Management had investment management authority with respect to approximately \$537 billion\* in assets.

\*The firm-wide asset totals do not include agency mortgage-backed security pass-through accounts managed for the Federal Reserve.

The *Capital Appreciation Portfolio* is managed by Stephen C. Mortimer and Michael T. Carmen, CFA. Mr. Mortimer, Senior Vice President and Equity Portfolio Manager of Wellington Management, joined the firm as an investment professional in 2001. Mr. Carmen, Senior Vice President and Equity Portfolio Manager of Wellington Management, is involved in portfolio management and securities analysis for the Portfolio. Mr. Carmen joined the firm as an investment professional in 1999.

The *Government & Quality Bond Portfolio* is managed by John C. Keogh and Christopher Gootkind,

CFA. Mr. Keogh, Senior Vice President and Fixed Income Portfolio Manager of Wellington Management, joined the firm as an investment professional in 1983. Mr. Gootkind, Vice President and Fixed Income Portfolio Manager of Wellington Management, is involved in portfolio management and securities analysis for the Portfolio. Mr. Gootkind joined the firm as an investment professional in 2000.

The *Growth Portfolio* is managed by Matthew E. Megargel, CFA, Jeffrey L. Kripke and Francis J. Boggan, CFA. Mr. Megargel, Senior Vice President and Equity Portfolio Manager of Wellington Management, joined the firm as an investment professional in 1983. Mr. Kripke and Mr. Boggan are involved in portfolio management and securities analysis of the Portfolio. Mr. Kripke, Vice President and Equity Portfolio Manager of Wellington Management, joined the firm as an investment professional in 2001. Mr. Boggan, Senior Vice President and Equity Portfolio Manager of Wellington Management joined the firm as an investment professional in 2001.

The *Natural Resources Portfolio* is managed by James A. Bevilacqua (through June 30, 2010) and Jay Bhutani (from May 1, 2010). Mr. Bevilacqua, Senior Vice President and Equity Portfolio Manager of Wellington Management, joined the firm as an investment professional in 1994. Mr. Bevilacqua intends to retire from Wellington Management effective June 30, 2010. Mr. Bhutani, Director and Equity Portfolio Manager affiliated with Wellington Management, joined the firm in 2007. Prior to joining the firm, Mr. Bhutani was an analyst and sector portfolio manager across the oil, gas, and mining industries at Credit Suisse Asset Management in London (2002-2007).

### **Custodian, Transfer and Dividend Paying Agent**

State Street Bank and Trust Company, Boston, Massachusetts, acts as Custodian of the Trust’s assets as well as Transfer and Dividend Paying Agent and in so doing performs certain bookkeeping, data processing and administrative services.

## Account Information

### *General*

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Shares of each Portfolio are not offered directly to the public. Instead, shares are currently issued and redeemed only in connection with investments in and payments under Variable Contracts offered by life insurance companies affiliated with SAAMCo, the investment adviser and manager, as well as non-affiliated life insurance companies. All shares of the Trust are owned by “Separate Accounts” of the life insurance companies. The term “Manager” as used in this Prospectus means either SAAMCo or the other registered investment advisers that serve as subadvisers to the Trust, as the case may be.

The Trust offers three classes of shares: Class 1, Class 2 and Class 3 shares. This Prospectus offers only Class 1 shares. Certain classes of shares are offered only to existing contract owners and are not available to new investors. In addition, not all Portfolios are available to all contract owners.

You should be aware that the Variable Contracts involve fees and expenses that are not described in this Prospectus, and that the contracts also may involve certain restrictions and limitations. You will find information about purchasing a Variable Contract and the Portfolios available to you in the prospectus that offers the contracts, which accompanies this Prospectus.

The Trust does not foresee a disadvantage to contract owners arising out of the fact that the Trust offers its shares for Variable Contracts through the various life insurance companies. Nevertheless, the Trust’s Board intends to monitor events in order to identify any material irreconcilable conflicts that may possibly arise and to determine what action, if any, should be taken in response. If such a conflict were to occur, one or more insurance company separate accounts might withdraw their investments in the Trust. This might force the Trust to sell portfolio securities at disadvantageous prices.

### *Transaction Policies*

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**Valuation of shares.** The net asset value per share (“NAV”) for each Portfolio and class is determined each business day at the close of regular trading on the New York Stock Exchange (generally 4:00 p.m., Eastern time) by dividing the net assets of each class by the number of such class’s

outstanding shares. The NAV for each Portfolio also may be calculated on any other day in which there is sufficient liquidity in the securities held by the Portfolio. As a result, the value of the Portfolio’s shares may change on days when you will not be able to purchase or redeem your shares. Securities for which market quotations are readily available are valued at their market price as of the close of regular trading on the New York Stock Exchange for the day, unless, in accordance with pricing procedures approved by the Trust’s Board, the market quotations are determined to be unreliable. Securities and other assets for which market quotations are unavailable or unreliable are valued at fair value in accordance with pricing procedures approved and periodically reviewed by the Board. There is no single standard for making fair value determinations, which may result in the use of prices that vary from those used by other funds.

As of the close of regular trading on the New York Stock Exchange, securities traded primarily on security exchanges outside the United States are valued at the market price at the close of such exchanges on the day of valuation. If a security’s price is available from more than one exchange, a Portfolio will use the exchange that is the primary market for the security. However, depending on the foreign market, closing prices may be up to 15 hours old when they are used to price the Portfolio’s shares, and the Portfolio may determine that certain closing prices are unreliable. This determination will be based on a review of a number of factors, including developments in foreign markets, the performance of U.S. securities markets, and the performance of instruments trading in U.S. markets that represent foreign securities and baskets of foreign securities. If the Portfolio determines that closing prices do not reflect the fair value of the securities, the Portfolio will adjust the previous closing prices in accordance with pricing procedures approved by the Board to reflect what it believes to be the fair value of the securities as of the close of regular trading on the New York Stock Exchange. A Portfolio may also fair value securities in other situations, for example, when a particular foreign market is closed but the Portfolio is open. For foreign equity securities, the Trust uses an outside pricing service to provide it with closing market prices and information used for adjusting those prices.

## Account Information

During periods of extreme volatility or market crisis, a Portfolio may temporarily suspend the processing of sell requests, or may postpone payment of proceeds for up to seven business days or longer, as allowed by federal securities laws.

### **Frequent Purchases and Redemptions of Shares**

The Portfolios, which are offered only through Variable Contracts, are intended for long-term investment and not as frequent short-term trading (“market timing”) vehicles. Accordingly, organizations or individuals that use market timing investment strategies and make frequent transfers or redemptions should not acquire Variable Contracts that relate to shares of the Portfolios. The Board has adopted policies and procedures with respect to market timing activity as discussed below.

The Trust believes that market timing activity is not in the best interest of its Portfolios’ performance or their participants. Market timing can disrupt the ability of a Subadviser to invest assets in an orderly, long-term manner, which may have an adverse impact on the performance of the Portfolios. In addition, market timing may increase a Portfolio’s expenses through: increased brokerage, transaction and administrative costs; forced and unplanned portfolio turnover; and large asset swings that decrease a Portfolio’s ability to provide maximum investment return to all participants. This in turn can have an adverse effect on Portfolio performance.

Certain Portfolios may invest to a large extent in securities that are primarily traded in foreign markets. Market timing in Portfolios investing significantly in foreign securities may occur because of time zone differences between the foreign markets on which a Portfolio’s international portfolio securities trade and the time as of which the Portfolio’s net asset value is calculated. Market timing in Portfolios investing significantly in junk bonds may occur if market prices are not readily available for a Portfolio’s junk bond holdings. Market timers may purchase shares of a Portfolio based on events occurring after foreign market closing prices are established but before calculation of the Portfolio’s net asset value, or if they believe market prices for junk bonds are not accurately reflected by a Portfolio. One of the objectives of the Trust’s fair value pricing procedures is to minimize the possibilities of

this type of market timing (see “Transaction Policies — Valuation of Shares”).

Shares of the Portfolios are held through Separate Accounts. The ability of the Trust to monitor transfers made by the participants in Separate Accounts maintained by financial intermediaries is limited by the institutional nature of these omnibus accounts. The Board’s policy is that the Portfolios must rely on the Separate Account to both monitor market timing within a Portfolio and attempt to prevent it through their own policies and procedures. The Trust has entered into agreements with the Separate Accounts that require the Separate Accounts to provide certain information to help identify frequent trading activity and to prohibit further purchases or exchanges by a shareholder identified as having engaged in frequent trades. In situations in which the Trust becomes aware of possible market timing activity, it will notify the Separate Account in order to help facilitate the enforcement of such entity’s market timing policies and procedures. There is no guarantee that the Trust will be able to detect market timing activity or the participants engaged in such activity, or, if it is detected, to prevent its recurrence. Whether or not the Trust detects it, if market timing activity occurs, then you should anticipate that you will be subject to the disruptions and increased expenses discussed above. The Trust reserves the right, in its sole discretion and without prior notice, to reject or refuse purchase orders received from insurance company separate accounts, whether directly or by transfer, including orders that have been accepted by a financial intermediary, that the Trust determines not to be in the best interest of the Portfolios. Such rejections or refusals will be applied uniformly without exception.

Any restrictions or limitations imposed by the Separate Accounts may differ from those imposed by the Trust. Please review your Variable Contract prospectus for more information regarding the insurance company’s market timing policies and procedures, including any restrictions or limitations that the Separate Account may impose with respect to trades made through a Variable Contract. Please refer to the documents pertaining to your Variable Contract prospectus on how to direct investments in or redemptions from (including making transfers into or out of) the Portfolios and any fees that may apply.

## Account Information

### Payments in Connection with Distribution

Certain affiliated life insurance companies receive financial support from SAAMCo and certain subadvisers for distribution-related activities, including payments to help offset costs for training to support sales of the Portfolios, as well as, occasional gifts, entertainment or other compensation as incentives. Payments may be derived from investment management fees received by the Adviser or Subadvisers.

### Portfolio Holdings

The Trust's policies and procedures with respect to the disclosure of the Portfolios' securities are described in the Statement of Additional Information.

### Dividend Policies and Taxes

**Distributions.** Each Portfolio annually declares and distributes substantially all of its net investment income in the form of dividends. Distributions from net realized gains, if any, are paid annually for all Portfolios. Each of the Portfolios reserves the right to declare and pay dividends less frequently than as disclosed above, provided that the net realized capital gains and net investment income, if any, are paid at least annually.

**Distribution Reinvestments.** The dividends and distributions, if any, will be automatically reinvested in additional shares of the same Portfolio on which they were paid.

**Taxability of a Portfolio.** Each Portfolio intends to continue to qualify as a regulated investment company under the Internal Revenue Code of 1986, as amended. As long as each Portfolio is qualified as a regulated investment company, it will not be subject to federal income tax on the earnings that it distributes to its shareholders.

The Portfolios which receive dividend income from U.S. sources will annually designate certain amounts of their dividends paid as eligible for the dividends received deduction, and the Portfolios incurring foreign taxes will elect to pass-through allowable foreign tax credits. These designations and elections will benefit the life insurance companies, in potentially material amounts, and will not beneficially or adversely affect you or the Portfolios. The benefits to the life insurance companies will not be passed to you or the Portfolios.

Each Portfolio further intends to meet certain additional diversification and investor control requirements that apply to regulated investment companies that underlie Variable Contracts. If a Portfolio were to fail to qualify as a regulated investment company or were to fail to comply with the additional diversification or investor control requirements, Separate Accounts invested in the Portfolio may not be treated as annuity, endowment, or life insurance contracts for federal income tax purposes, and income and gains earned inside the Separate Accounts would be taxed currently to policyholders and would remain taxable in future years, even if the Portfolio were to become adequately diversified in the future.

## FINANCIAL HIGHLIGHTS

The following Financial Highlights tables for each Portfolio are intended to help you understand the Portfolio's financial performance for the past 5 years. Certain information reflects financial results for a single Portfolio share. The total returns in each table represent the rate that an investor would have earned on an investment in a Portfolio (assuming reinvestment of all dividends and distributions). Separate Account charges are not reflected in the total returns. If these amounts were reflected, returns would be less than those shown. This information has been audited by PricewaterhouseCoopers LLP, whose report, along with each Portfolio's financial statements, is included in the Trust's Annual Report to shareholders, which is available upon request.

Period ended	Net Asset Value beginning of period	Net investment income (loss) (1)	Net realized & unrealized gain (loss) on investments	Total from investment operations	Dividends declared from net investment income	Distributions from net return of capital	Distributions from net realized gain on investments	Total Dividends and Distributions	Net Asset Value end of period	Total Return(2)	Net Assets end of period (000's)	Ratio of expenses to average net assets	Ratio of net investment income (loss) to average net assets	Portfolio turnover rate
Government and Quality Bond Portfolio Class 1														
12/31/05	\$14.98	\$0.55	\$ (0.16)	\$ 0.39	\$(0.59)	\$—	\$ —	\$( 0.59)	\$14.78	2.62%	\$500,354	0.61%	3.68%	56% (4)
12/31/06	14.78	0.65	(0.17)	0.48	(0.55)	—	—	(0.55)	14.71	3.31	443,469	0.60	4.41	58
12/31/07	14.71	0.72	0.20	0.92	(0.58)	—	—	(0.58)	15.05	6.33	419,351	0.59	4.80	41
12/31/08	15.05	0.65	(0.01)	0.64	(0.63)	—	—	(0.63)	15.06	4.29	412,438	0.59	4.32	87
12/31/09	15.06	0.58	0.06	0.64	(0.75)	—	—	(0.75)	14.95	4.29	342,036	0.61	3.82	71
Natural Resources Portfolio Class 1														
12/31/05	31.37	0.36	14.01	14.37	(0.19)	—	(1.82)	(2.01)	43.73	46.13	227,634	0.84 (3)	0.95 (3)	11
12/31/06	43.73	0.69	9.99	10.68	(0.33)	—	(1.36)	(1.69)	52.72	24.93 (5)	234,235	0.81 (3)	1.37 (3)	12
12/31/07	52.72	0.51	20.19	20.70	(0.72)	—	(3.18)	(3.90)	69.52	40.20	274,175	0.81 (3)	0.82 (3)	25
12/31/08	69.52	0.51	(31.15)	(30.64)	(0.55)	—	(11.11)	(11.66)	27.22	(49.79)	95,709	0.82 (3)	0.88 (3)	12
12/31/09	27.22	0.32	15.18	15.50	(0.51)	—	(2.25)	(2.76)	39.96	58.05	130,566	0.82	0.96	15

(1) Calculated based upon average shares outstanding.

(2) Total return is not annualized and does not reflect expenses that apply to the separate accounts of the Life Companies. If such expenses had been included, the total return would have been lower for each period presented.

(3) Excludes expense reductions. If these expense reductions had been applied, the ratio of expenses to average net assets would have been lower and the ratio of net investment income (loss) to average net assets would have been higher by the following:

	12/31/05	12/31/06	12/31/07	12/31/08	12/31/09
Natural Resources Portfolio Class 1 . . . . .	0.00%	0.00%	0.00%	0.00%	—%

(4) Portfolio turnover includes paydowns on securities. Previously, portfolio turnover was calculated prior to including paydowns on securities and was as follows:

Government and Quality Bond Portfolio . . . . .	65%
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(5) Total return for each class was increased by less than 0.01% from gains realized on the disposal of investments in violation of investment restrictions.

Period ended	Net Asset Value beginning of period	Net investment income (loss) (1)	Net realized & unrealized gain (loss) on investments	Total from investment operations	Dividends declared from net investment income	Distributions from net return of capital	Distributions from net realized gain on investments	Total Dividends and Distributions	Net Asset Value end of period	Total Return(2)	Net Assets end of period (000's)	Ratio of expenses to average net assets(3)	Ratio of net investment income (loss) to average net assets(3)	Portfolio turnover rate
Asset Allocation Portfolio Class 1														
12/31/05	\$14.72	\$ 0.41	\$ 0.32	\$ 0.73	\$(0.46)	\$—	\$ —	\$(0.46)	\$14.99	5.00%	\$ 396,376	0.67%	2.76%	25% (4)
12/31/06	14.99	0.39	1.27	1.66	(0.51)	—	—	(0.51)	16.14	11.31	351,839	0.66	2.53	27
12/31/07	16.14	0.40	0.94	1.34	(0.49)	—	(0.60)	(1.09)	16.39	8.47	311,693	0.69	2.39	71
12/31/08	16.39	0.38	(3.67)	(3.29)	(0.47)	—	(2.45)	(2.92)	10.18	(23.03)	192,457	0.71	2.70	48
12/31/09	10.18	0.30	1.94	2.24	(0.42)	—	—	(0.42)	12.00	22.24	195,872	0.78	2.73	46
Growth Portfolio Class 1														
12/31/05	27.56	0.17	1.76	1.93	(0.25)	—	(1.05)	(1.30)	28.19	7.11	568,040	0.73	0.61	87
12/31/06	28.19	0.20	3.30	3.50	(0.19)	—	(2.73)	(2.92)	28.77	13.30	540,802	0.70	0.70	106
12/31/07	28.77	0.16	2.74	2.90	(0.22)	—	(3.39)	(3.61)	28.06	10.21	482,934	0.72	0.53	120
12/31/08	28.06	0.17	(10.04)	(9.87)	(0.18)	—	(4.63)	(4.81)	13.38	(40.41)	225,013	0.74	0.73	134
12/31/09	13.38	0.12	5.00	5.12	(0.17)	—	—	(0.17)	18.33	38.39	258,081	0.80	0.75	100
Capital Appreciation Portfolio Class 1														
12/31/05	33.05	0.05	3.80	3.85	(0.10)	—	—	(0.10)	36.80	11.67	1,064,718	0.77	0.12	86
12/31/06	36.80	0.16	4.03	4.19	(0.06)	—	(0.09)	(0.15)	40.84	11.39	994,508	0.74	0.40	124
12/31/07	40.84	(0.05)	10.87	10.82	(0.16)	—	(5.32)	(5.48)	46.18	27.68	1,027,192	0.75	(0.12)	133
12/31/08	46.18	(0.02)	(16.37)	(16.39)	—	—	(7.88)	(7.88)	21.91	(40.34)	486,786	0.75	(0.06)	129
12/31/09	21.91	0.05	8.01	8.06	—	—	—	—	29.97	36.79	534,856	0.77	0.16	187

- (1) Calculated based upon average shares outstanding.  
(2) Total return is not annualized and does not reflect expenses that apply to the separate accounts of the Life Companies. If such expenses had been included, the total return would have been lower for each period presented.  
(3) Excludes expense reductions. If these expense reductions had been applied, the ratio of expenses to average net assets would have been lower and the ratio of net investment income (loss) to average net assets would have been higher by the following:

	12/31/05	12/31/06	12/31/07	12/31/08	12/31/09
Asset Allocation Portfolio Class 1 . . . . .	0.02%	0.01%	0.01%	0.02%	0.02%
Growth Portfolio Class 1 . . . . .	0.02	0.01	0.00	0.01	0.01
Capital Appreciation Class 1 . . . . .	0.02	0.01	0.01	0.01	0.03

- (4) Portfolio turnover includes paydowns on securities. Previously, portfolio turnover was calculated prior to including paydowns on securities and was as follows:

	2005
Asset Allocation Portfolio . . . . .	25%

## For More Information

The following documents contain more information about the Portfolios' investments and are available free of charge upon request:

- The **Annual/Semi-annual Reports** contain financial statements, performance data and information on portfolio holdings. The annual report also contains a written analysis of market conditions and investment strategies that significantly affected a Portfolio's performance for the most recently completed fiscal year.
- The **Statement of Additional Information (SAI)** contains additional information about the Portfolios' policies, investment restrictions and business structure. This prospectus incorporates the SAI by reference.

The Trust's SAI and Annual/Semi-annual Reports are not available online as the Trust does not have its own website. You may obtain copies of these documents or ask questions about the Portfolios at no charge by calling (800) 445-7862 or by writing the Trust at P.O. Box 54299, Los Angeles, California 90054-0299.

Information about the Portfolios (including the SAI) can be reviewed and copied at the Public Reference Room of the Securities and Exchange Commission, Washington, D.C. Call 1-202-551-8090 for information on the operation of the Public Reference Room. Reports and other information about the Portfolios are also available on the EDGAR Database on the Securities and Exchange Commission's web-site at <http://www.sec.gov> and copies of this information may be obtained, after payment of a duplicating fee, by electronic request at the following E-mail address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov), or by writing the Public Reference Section of the Securities and Exchange Commission, Washington, D.C. 20549-0102.

You should rely only on the information contained in this prospectus. No one is authorized to provide you with any different information.