SIA
Strategic Investment Advisors Group

Long Term Invest Fund

"The only thing we can learn from history is that people don't learn from history."

Warren Buffett, 1987 Letter to Shareholders, quoting Benjamin Disraeli

Newsletter

of September 2015

- *Overview of our funds* 2
- *Growth in China* 2
- *We have made an acquisition this quarter: Grifols SA* 8
- *Looking forward* 10
- *A word on our Stability fund* 10
- *Appendix* 11

SIA Funds AG Parkweg 1 8866 Ziegelbrücke Switzerland
tel : +41 55 617 28 70 fax : +41 55 617 28 71 info@s-i-a.ch www.s-i-a.ch

Overview of our funds

Table 1 and figures 1 to 5 show the evolution of our funds' market prices for the last quarter. As is normal, it follows the negative evolution of markets over the period.

Figure 1: **LTIF Classic EUR**
vs. MSCI Daily TR Net World Index EUR

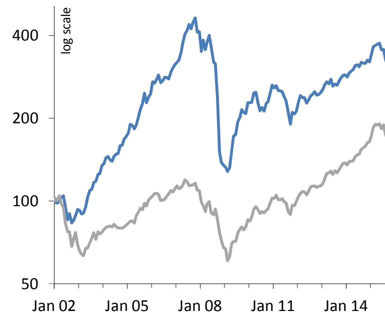


Figure 2: **LTIF Stability A Cap EUR**
vs. HFRX Global Hedge Fund Index EUR

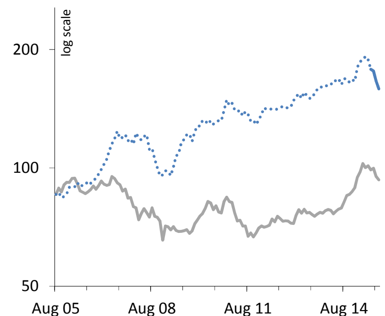


Figure 3: **LTIF Natural Resources EUR**
vs. S&P Global Nat. Res. Net TR Index EUR

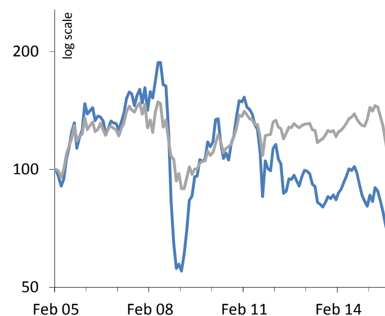


Table 1: **Net Asset Value - Net assets under management of our funds**

September 30, 2015	NAV	Δ 3m	Δ YTD	Annualized Return since Inception	AUM (in mio) **combined Pool*
LTIF Classic [EUR]	310.13	-12.7%	-3.4%	8.6%	162*
LTIF Stability A Cap [EUR]	158.75	-10.9%	-4.5%	6.3%	162*
LTIF Natural Resources [EUR]	67.27	-19.0%	-18.9%	-3.7%	7
LTIF Stability Growth [CHF] *(Total return, dividends included)*	186.40	-6.7%	-13.1%	2.7%	12
LTIF Stability Income Plus [CHF] *(Total return, dividends included)*	165.60	-6.7%	-13.1%	2.1%	12

Source: SIA Group

Markets are, indeed, in "panic mode". Things started going down when the Chinese government allowed the renminbi to devalue by all of 3% (the euro is down for the last year by about 30%); fear that the US would raise interest rates led to a capital flight from emerging markets; and then fear that the US was not raising interest rates led to the conviction that economic growth was over forever. As always, there is some truth to all those things (markets are not irrational), but the reaction in shares prices is clearly not justified (markets are not very good at managing turning points).

As we insist on almost every Newsletter, all these things have very little impact on the profitability of our portfolio of companies. But we feel we must keep repeating it, for the noise investors receive every day in the media is almost overwhelming. Let's then take a look at some of those issues, see how important (or not) they are, and then discuss some additions to our portfolios. As usual, we'll end by an overview of what we can expect in the next few months.

Growth in China

As mentioned above, the starting shot for this cycle of volatility was triggered by the Chinese government decision to let the renminbi depreciate by a larger amount than it was previously allowed, so it went down by 3%. Markets interpreted that as a recognition on the Chinese government's part that their economy was decelerating. Since China has been adding most of the growth to the world economy for the last few years, the reaction of markets was understandably negative.

SIA Funds AG Parkweg 1 8866 Ziegelbrücke Switzerland
tel : +41 55 617 28 70 fax : +41 55 617 28 71 info@s-i-a.ch www.s-i-a.ch

Figure 4: **LTIF Stability Growth TR CHF vs.** HFRX Global Hedge Fund Index CHF

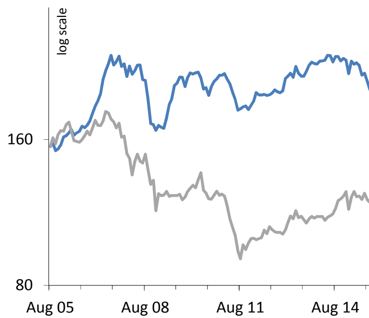
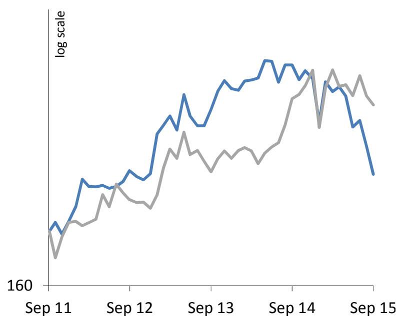


Figure 5: **LTIF Stability Income Plus TR CHF vs.** HFRX Global Hedge Fund Index CHF



Important as the Chinese economy is for the rest of the world, we must try to put things in perspective. To do that, we'll try to get a glimpse on the real situation of the Chinese economy, its real impact on the rest of the world, and the impact of all of the above on our equity investments.

1. There is a generalized consensus in not believing Chinese statistics (especially when they are positive). Of course, it is more than likely that the Chinese government, whose only legitimacy comes from their ability to deliver steady economic prosperity, tries to smooth out GDP numbers. But there are many statistics that are "objective", and they show that the economy is indeed growing:

China 2015: Consumer Metrics Provide A Superior "Read" on China's Economic Mood

Monthly Reporting Metrics	Units	Jan 2015	Feb 2015	Mar 2015	Apr 2015	May 2015	Jun 2015	Jul 2015	YoY Last 3M	YoY Last 12M	Trend YOY
Movie Box Office	US$mn	392.3	625.2	455.9	661.7	463.4	546.5	868.4	39.7%	45.1%	● (green)
YoY Growth	%	*22%*	*25%*	*85%*	*129%*	*36%*	*32%*	*47%*			
Airline Passengers	'000	21,794	23,677	25,006	24,588	23,954	22,961	26,581	10.2%	9.6%	● (green)
YoY Growth	%	*0%*	*10%*	*20%*	*14%*	*12%*	*10%*	*9%*			
4G Mobile Subscriptions	mn	16.7	16.6	19.7	10.1	17.2	19.3	19.2	255.9%	na	● (green)
YoY Growth	%	*na*	*1138%*	*1256%*	*402%*	*419%*	*231%*	*195%*			
Car Sales	'000	2,038	1,397	1,870	1,669	1,609	1,511	1,269	-2.7%	5.6%	● (red)
YoY Growth	%	*10%*	*6%*	*9%*	*4%*	*1%*	*-3%*	*-7%*			
Cities with Residential Sales Price MoM Decline	Cities	64	66	50	48	43	34	29	50.5%	80.1%	● (green)
% out of 70	%	*91%*	*94%*	*71%*	*69%*	*61%*	*49%*	*41%*			
Quarterly Reporting Metrics	**Units**	**Q4 2013**	**Q1 2014**	**Q2 2014**	**Q3 2014**	**Q4 2014**	**Q1 2015**	**Q2 2015**	**YoY Last Q**	**YoY Last 4Q**	**Trend YOY**
Alibaba GMV	RMBbn	528.7	430.1	501.0	500.9	787.0	600.0	673.0	34.3%	39.7%	● (green)
Travel Tours	'000	296.5	281.0	549.2	792.9	558.7	659.0	1,011.3	84.1%	89.1%	● (green)
Hotel Utilization	%	86.4%	83.0%	88.6%	89.2%	82.6%	80.3%	84.5%	-4.1pp	-3.2pp	● (red)
Car Rental Utilization	%	59.7%	62.8%	63.4%	65.2%	63.8%	65.4%	65.6%	2.2pp	3.3pp	● (green)
GDP Growth	%	7.6%	7.4%	7.5%	7.3%	7.3%	7.0%	7.0%	-0.5pp	-0.4pp	● (red)

Notes: The "YoY Last 3M" and "YoY Last 12M" columns for Cities with Residential Sales Price Decline represent the 3M average and 12M average number of cities respectively (out of 70) with decline in residential sales prices. The "YoY Last 4Q" column for GDP Growth represents cumulative GDP YoY growth change.

Source: Bloomberg, Company filings, Boxofficemojo.com, Bernstein analysis

Source: Bernstein

The very latest data for air traffic show an increase of 10% over last year's. This is not compatible with a collapsing economy.

In any case, it's important to realize what we are talking about: the discussion is about some percentage points of growth in the Chinese economy. Let's try to understand what that actually means.

To determine the Gross Domestic Product of a country (the figure that everybody gets excited about every quarter, or even every month), the country's statistical office must do the following: measure, at market prices, all things produced by the country (electricity, cars, fruits and vegetables, arts and crafts, tourist souvenirs…) and all services rendered (banking, healthcare, hairdressing and massages…). That total is the Nominal National Product at "current" prices, i.e., it does not take inflation into account, for they are measuring, theoretically, what everybody has actually charged for their products or services (we magically assume there is no undeclared economic activity or, rather, "adjust" for it). But, of course, inflation is important: if the National Product consists of the same amount of goods and services

SIA Funds AG Parkweg 1 8866 Ziegelbrücke Switzerland
tel : +41 55 617 28 70 fax : +41 55 617 28 71 info@s-i-a.ch www.s-i-a.ch

as last year's, sold at a higher price because of inflation, we cannot really talk of "growth". The statistical office, then, must calculate what is called the "GDP deflator", i.e., the amount of inflation to be deducted from the growth in Nominal National Product, because it is not "real" growth. This number is even more difficult to estimate than the National Product itself, for it requires understanding not only how much has been sold this quarter, but to compare it with last quarter's, adjusting it by quality: a computer may cost the same as last quarter, but be better, so in reality production is up even if prices are not (or the other way around). We cannot simply ask a hairdresser how much money has he charged this year, but how many “equivalent haircuts” he performed. In any case, a deflator with one or two decimal points is estimated, subtracted from the previously calculated Nominal National Product, and thus the “real” GDP number that we see in the news is produced.

To anybody ready to take any action based on that kind of calculation, all we can say is "bonne chance". Especially if the numbers we are discussing are not those of, say, Luxembourg, but those of China, with a population (believed to be) somewhere around 1,300 million people, take or leave 100 million, with statistics methods oriented (like in all countries with a communist past) to measuring heavy industry and ignorant of most modern services. Arguing whether the economy is growing at 7 or 5%, i.e., assuming we can measure exactly last year's economy then this year's, then deflate it exactly, and then compare it, is not a very fruitful exercise.

Having said all this, it seems clear that China is not growing at its former double digit rate. That is only logical: as a country develops, much of the catch up work gets done. The hundreds of millions of Chinese who have moved from the fields to the cities have already bought their apartment, and they won't need a new one for a few decades (not too many, given the quality of many of those apartments). The thousands of kilometers of high-speed rail are already in place. But few Chinese have the level of state-provided education or health care that we take for granted in the West, so the economy is slowly moving from heavy infrastructure development to growth in services. This is a normal process that all (successful) countries go through.

2. Let's discuss now the impact of China in the world economy. According to most calculations, China's GDP is a bit less than 15% of the world's GDP. Total Chinese imports amount to a bit less than 3% of the rest of the world's economy. Assume for a moment that the Chinese economy falls by 5%, and that the impact on imports is twice as high as that. That means the rest of the world would see a negative impact of 0.3% of demand, which may or may not be absorbed by consumption elsewhere. That would be the impact of a drop in the Chinese economy which is much higher than anybody is predicting: in

SIA Funds AG Parkweg 1 8866 Ziegelbrücke Switzerland
tel : +41 55 617 28 70 fax : +41 55 617 28 71 info@s-i-a.ch www.s-i-a.ch

fact, nobody is predicting that the Chinese economy will contract any time soon only that is growing more slowly.

Because, again, it's important to put things in perspective: The US exports about 15% of its economy. Of that 15%, a bit less than 14% goes to China. So total US exports to China amount to some 2% of US's GDP. If they were to fall by 10% (a very harsh assumption, as we see), we would be looking at a "headwind" of 0.2% of GDP (and remember all the imprecision in measuring those things we discussed before). Germany exports more to the Netherlands than to China. The UK exports more to Ireland than to China. And, in any case, there seems to be a consensus that the Chinese economy is growing, the discussion being about by how much.

Of course, the impact of a Chinese slow-down is not the same for everybody. Specific companies or sectors can be seriously affected. For instance the "luxury" industry has been earning most of its growth and profits in China for the last ten years. Thus, companies such as Richmond (Cartier…), LVMH (Louis Vuitton…), VW (Audi), Daimler (Mercedes), etc., are going to earn less money in the coming years than they did in the recent past (or, at best, are going to grow much more slowly). One of our portfolio companies, Tata Motors, is thus affected, in their Land Rover and Jaguar brands. But a huge majority of companies won't notice any particular effect.

In the end, we must again recognize that stocks are what financial experts call "long duration" assets: the value imbedded in a company's shares is not really affected by short-term fluctuations, but for the long-term growth of its profits. If we believe that the world economy will never grow again, then shares are somewhat overpriced (not that much, actually, as we'll see below). But if we think that the world will continue turning, people will keep trying to improve their standard of living for them and their families, then there are no good reasons to be selling many shares for 20% less than they were selling six months ago.

The final thing that seems to be creating volatility is the uncertainty regarding the level of US interest rates. Again, markets are probably exaggerating the underlying reality. It's clear that if real interest rates are higher, shares, which compete as an investment, must be cheaper. But we are talking here about increments of 0.25% over many quarters. Again, there does not seem to be a clear reason to dump stocks.

There is a very important concept, well known by many of our investors, that deserves repeated clarification: the Equity Risk Premium, in short the ERP. It simply represents the excess return that investors demand from equities over equivalently safe bonds, for the simple reasons that bonds take precedence to get paid. It would be a foolish investor indeed who would be happy to buy shares expecting to col-

SIA Funds AG Parkweg 1 8866 Ziegelbrücke Switzerland
tel : +41 55 617 28 70 fax : +41 55 617 28 71 info@s-i-a.ch www.s-i-a.ch

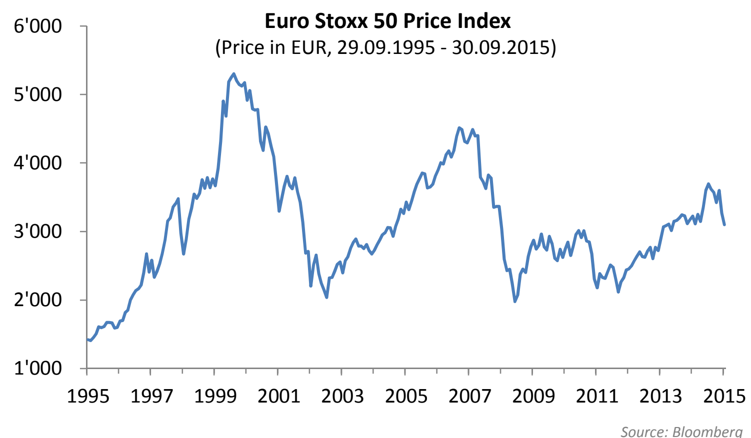
lect the same profits as he or she could obtain by buying bonds (this is what the whole market was doing in the year 2000, with the results we all know). So, if we assume that we can always buy bonds with very little risk (government bonds from solid countries that can issue as much currency as they need to re-pay them), we must compare other potential investments to those bonds. The excess expected return is the ERP. We say expected because, contrary to a bond, nobody writes a contract on how much companies will pay in dividends, neither now nor, much less, in 10 years' time. That uncertainty has to be rewarded.

By how much? That, obviously, depends on investors' moods. Right now, a Unilever bond pays about 1% per year. The dividend in the share pays some 3%. But the dividend has been growing for years at more than 5%, which would give a total return, over some 15 years, of 8%. If growth were to be zero, the dividend would still be three times higher.

We'll discuss the ERP in detail in our next Newsletter, but we can say that, from a historical point of view, it's now very high.

And the reason is not difficult to see: many investors truly hate equities, particularly in Europe, as anybody who has lived through the last few years can understand:

Figure 6: **Euro Stoxx 50 Price Index over the last 20 years**



Source: Bloomberg

But this very bad return is much less bad if we include dividends, and it will be much less bad in the future because we don't start from the lowest equity risk premium ever, but from the highest.

So, equity investors must understand that the volatility we have experienced this summer is not a "inconvenient" fact of investing in equity, but the reason why investing in equity is profitable. If there

SIA Funds AG Parkweg 1 8866 Ziegelbrücke Switzerland
tel : +41 55 617 28 70 fax : +41 55 617 28 71 info@s-i-a.ch www.s-i-a.ch

were no volatility, stocks would go very high and would return very little in the future (as they did first up to 2000 and then from 2000). As they say in the world of computer programs, "volatility is not a bug, it's a feature".

But volatility, in this context, means share prices moving a lot, not so much profits or dividends. Of course, profits are also volatile, in most real-life business. But as long as the fundamental quality of the business is not affected (its future earning potential), not even volatility of profits is that important: we would rather alternate years of 10% and years of 2% than making 3% every year…

Within our portfolios, the current "growth scare" has affected most those companies exposed to emerging markets and natural resources. Even taking as evident a deceleration of growth in emerging markets and oversupply in some natural resources, we believe the market has done a typical job of exaggerating (extrapolating) temporary setbacks. In that sense, we don't think our portfolio is worth less by any means than it was six months ago. Since share prices are low, and profits are steady, prices will recover over time.

Of course, it would be a fraudulent business which had 40 "divisions" and all of them did better than expected every quarter. We have had some disappointments (we mentioned Tata's difficulties in China), for instance but, overall, see profits and dividends growing healthily this year.

A special word deserves the only sale we have made: that of Renault. We held a normal position in the company (around 3% of the portfolio) and had seen it down in the "summer panic". We weren't much worried. But then the infamous Volkswagen diesel episode exploded. One of Renault's strengths is their world leading technology in small diesel engines. It's not clear at all that they have gone through all the proper tests. And, in any case, it's an important line of business that's severely damaged (if not finished) for a long time. On the face of so much uncertainty we decided to sell, fully aware that we might be selling at a low price. But we thought that keeping it was very speculative: we truly have no idea how this story is going to end.

This saga is a good example of why one has to diversify in business: "stuff happens". We doubt many investors could have expected what happened at VW. As some of our investors know, we were heavily invested in the company, and sold in early spring because we thought the shares were fully priced. But that timing was pure luck vis-à-vis what happened afterwards. We might have sold Renault and kept VW. Again, only fraudulent business goes up smoothly every quarter.

SIA Funds AG Parkweg 1 8866 Ziegelbrücke Switzerland
tel : +41 55 617 28 70 fax : +41 55 617 28 71 info@s-i-a.ch www.s-i-a.ch

We have made an acquisition this quarter: Grifols SA

Grifols is a vertically integrated global biopharmaceutical company that produces plasma derivatives for therapeutic care. Plasma is the liquid portion of human blood and contains proteins and antibodies used by the immune system to fight diseases. It is used to treat a variety of diseases including immune deficiency, hemophilia, buns, and severe lung diseases. Some diseases can only be treated through the administration of plasma-derived products, such as albumin or immunoglobulins.

The production of plasma-derived products starts with the collection of plasma in centers that are typically owned by one of the main plasma derivatives producers. Most of the plasma is collected in the US, both because it is considered a safe region but more importantly because the law there allows compensating the donors for the trouble. Ownership of the collection centers (and the approval process involved) is one of the main entry barriers in the industry. Collected plasma is pooled together and run through a fractionation and purification process in special plants to produce plasma derivatives.

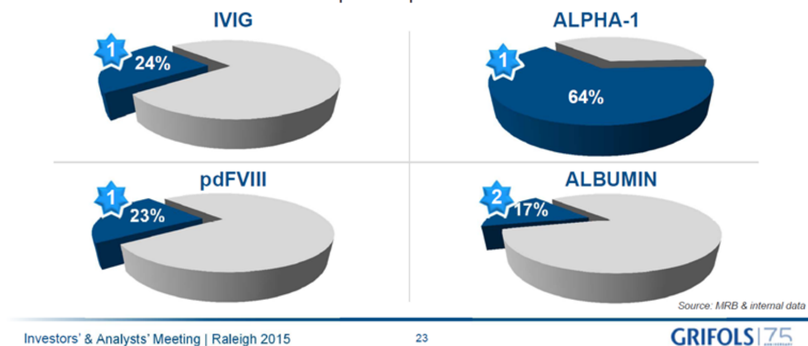
Each unit of plasma contains a consistent amount of immunoglobulins, clotting factors, albumin, and other proteins that become end products. Each of these products can be sold into the market at varying prices.
Typically the economics of the business are characterized as immunoglobulins covering the cost of the entire fractionations process, with the remaining products being sold at a high profit margin. Demand trends depend on the products. The main product is immunoglobulins (40-50% of global sales), with robust growth in the mid-single digits seen continuing into the future given increasing use, especially from low levels in emerging markets. The next product in importance is albumin (10-15% of sales), also seen growing at mid-single digits, helped by underdiagnosis in some effective treatments and new applications.

Next are clotting factors, like plasma-derived Factor VIII (pdFVIII, used mainly for hemophilia), which has seen increased competition from recombinant factors, resulting in low single digit growth. Recombinant factors are created through the combination of DNA material from non-human species and are widely seen as safer as they do not carry the risk of viruses present in pdFVIII (it had a large impact in the past with HIV infection of hemophilia patients). Still, not all patients can be treated with recombinant factors and the price of pdFVIII is still lower, which indicates that there might be a residual market for pdFVIII, especially in emerging markets. Other products like Alpha-1 are seen growing at high single digit.

The plasma industry is increasingly consolidated, with the top six players accounting for 67% of global plasma capacity. Grifols is the largest player in the industry in capacity terms, followed by CSL, Baxalta, and Octapharma. All major players have large expansion plans to keep pace with expected demand growth, with Grifols at 7% CAGR through 2020, 8-10% for Baxalta and 3-5% for CSL (acceleration post 2020). Note that it can

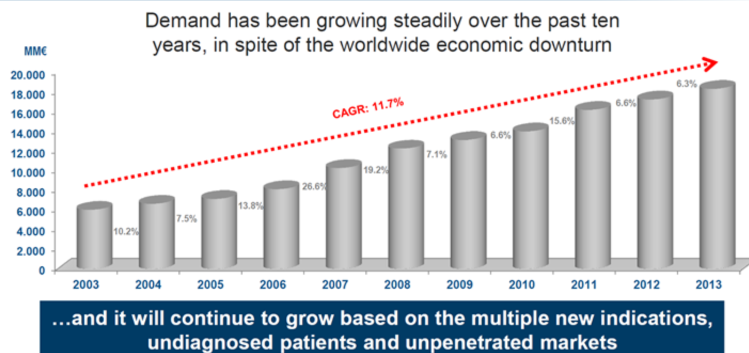
SIA Funds AG Parkweg 1 8866 Ziegelbrücke Switzerland
tel : +41 55 617 28 70 fax : +41 55 617 28 71 info@s-i-a.ch www.s-i-a.ch

take 7 years or more to build and gain regulatory approval for a fractionation plant, and that fractionation capacity does not immediately translate into end product capacity. A disciplined management of capacity is seen as crucial for the profitability of the industry and to avoid undersupply (shutdowns because of tainted batches, warning letters by regulators) and oversupply situations (basically excess capacity buildup in the face of safety scare demand shocks) that have plagued the industry in the past. The greatly consolidated market is key in this regard, although it is no assurance of discipline.



Source: Grifols

Overall, we have a market steadily growing at least mid-single digit, with a fairly consolidated industry carefully planning capacity additions. In this industry, Grifols is the global number one in terms of fractionation capacity (with planned additions to continue in the lead), and global number one in three of the four biggest plasma proteins: intravenous immunoglobulins (the main part of the immunoglobulin market) with a 24% share, pdFVIII with 23% share, and Alpha-1 with 64% share. They are also the global number two in albumin, with a 17% share.



Source: Grifols

SIA Funds AG Parkweg 1 8866 Ziegelbrücke Switzerland
tel : +41 55 617 28 70 fax : +41 55 617 28 71 info@s-i-a.ch www.s-i-a.ch

Grifols expect 6-7% volume growth over the next few years in their plasma business (their main business at 75% of sales), with stable prices on the average of all proteins. The remaining sales are mostly in their Diagnostics business that they bought from Novartis in 2014 (18% of sales), and which is seen growing at 3-4%. The US is their main market, with 61% of sales, followed by the EU at 20%. Operating margins hover around 25%, although historically they have been as low as 15%, and the company sees room for some margin expansion once the current investment cycle is over. Grifols has a high return on equity (averaged 19% over the past 10 years) that has allowed for major acquisitions to grow in scale. It is currently leveraged, although the balance sheet does not appear stretched given the stability of the business.

And speaking of stability, Victor Grifols Roura, the grandson of the founder, is the current Chairman, President, and CEO and has been the CEO for the past 25 years. Also, the Grifols family owns approximately 35% of ordinary shares and holds 3 of 12 director positions.

Given the growth prospects and the consolidation of the industry we see very safe returns above 12% at current prices. Further, we prefer owning the B shares (non-voting) over the ordinaries as we see unjustified the current discount of 25%.

Looking forward

As mentioned above, it’s clear that the world has gone through a spot of somewhat softer growth than expected (which happens fairly often, by the way, as people tend to be over-optimistic). But the intrinsic profit potential of the companies we own is not, on the whole, compromised for the future. As such, the long-term returns above 10% that we expect are in our opinion attainable, and the current dip in the market value of our shares may present a better entry opportunity. We, obviously, have no idea whether the markets will go up or down from here (remember, short-term unpredictability is a feature of this kind of investment), but we see very good value for the long-term investor.

A word on our Stability fund

As investors know, we have a fund that pays an annual cash dividend: the LTIF Stability Income Plus fund. In the past, we have paid 8.-, 8.50, and 9.- francs per share. Our idea is to nicely grow that amount every year, based on the growing earnings of our investments. But the Swiss Franc has appreciated very strongly since January, which makes increasing the payment in Swiss Francs imprudent, for our income is mostly in euros and dollars. As a result, we expect to declare a dividend per share of CHF 6.- (which represents 3.6% of the share price as of 30th September 2015).

SIA Funds AG Parkweg 1 8866 Ziegelbrücke Switzerland
tel : +41 55 617 28 70 fax : +41 55 617 28 71 info@s-i-a.ch www.s-i-a.ch

Figures of the USD classes

Table 2: Net Asset Value - Net assets under management in USD

September 30, 2015	NAV	Δ 3m	Δ YTD	Annualized Return since Inception	AUM (in mio) *combined Pool
LTIF Classic [USD]	346.18	-12.6%	-10.9%	10.3%	181*
LTIF Stability A Cap [USD]	164.32	-10.7%	-11.6%	5.3%	181*
LTIF Natural Resources [USD]	75.09	-18.8%	-25.2%	-5.2%	8

Figure 7: LTIF Classic USD
vs. MSCI Daily TR Net World Index USD

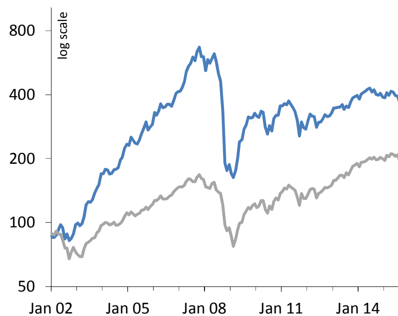


Figure 8: LTIF Stability A Cap USD
vs. HFRX Global Hedge Fund Index USD

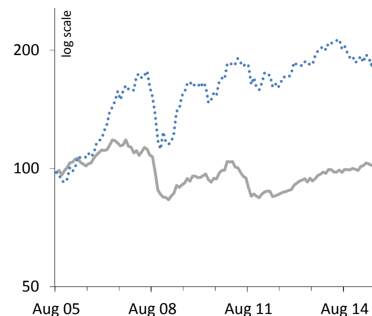
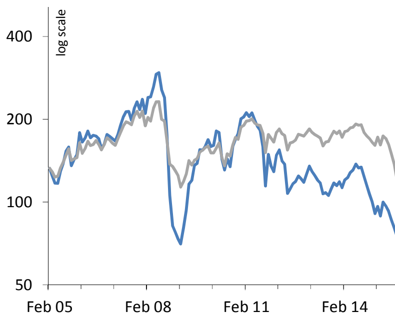


Figure 9: LTIF Natural Resources USD
vs. S&P Global Nat. Res. Net TR Index USD



SIA Funds AG Parkweg 1 8866 Ziegelbrücke Switzerland
tel : +41 55 617 28 70 fax : +41 55 617 28 71 info@s-i-a.ch www.s-i-a.ch

Figures of the CHF classes

Table 3: Net Asset Value - Net assets under management in CHF

September 30, 2015	NAV	Δ 3m	Δ YTD	Annualized Return since Inception	AUM (in mio) *combined Pool
LTIF Classic [CHF]	338.26	-8.6%	-12.4%	6.2%	177*
LTIF Natural Resources [CHF]	73.37	-15.1%	-26.4%	-6.8%	8
LTIF Stability Growth [CHF] *(Total return, dividends included)*	186.40	-6.7%	-13.1%	2.7%	12
LTIF Stability Income Plus [CHF] *(Total return, dividends included)*	165.60	-6.7%	-13.1%	2.1%	12

Figure 10: LTIF Classic CHF
vs. MSCI Daily TR Net World Index CHF

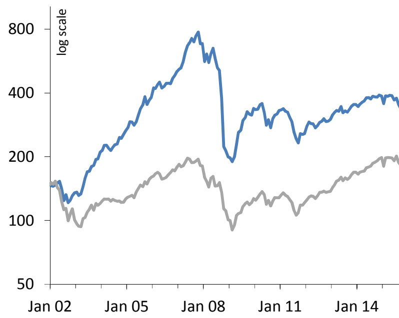


Figure 11: LTIF Stability Growth TR CHF
vs. HFRX Global Hedge Fund Index CHF

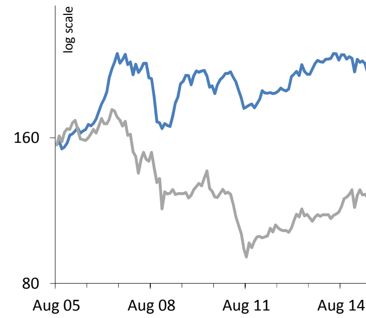


Figure 12: LTIF Natural Resources CHF
vs. S&P Global Nat. Res. Net TR Index CHF

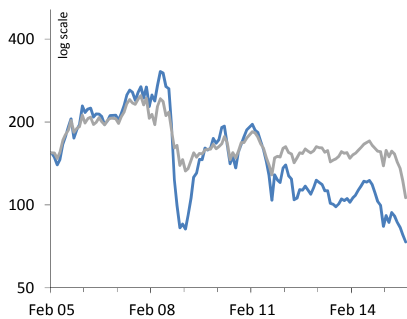
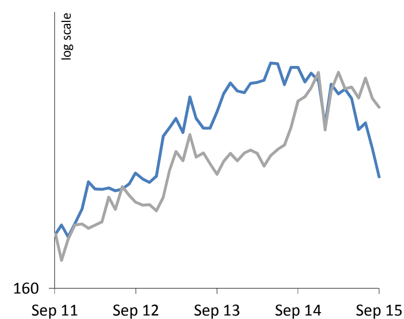


Figure 13: LTIF Stability Income Plus TR CHF
vs. HFRX Global Hedge Fund Index CHF



SIA Funds AG Parkweg 1 8866 Ziegelbrücke Switzerland
tel : +41 55 617 28 70 fax : +41 55 617 28 71 info@s-i-a.ch www.s-i-a.ch

Figures of the GBP classes

Table 4: **Net Asset Value - Net assets under management in GBP**

September 30, 2015	NAV	Δ 3m	Δ YTD	Annualized Return since Inception	AUM (in mio) **combined Pool*
LTIF Classic [GBP]	228.54	-9.2%	-8.3%	9.9%	119*
LTIF Natural Resources [GBP]	49.58	-15.7%	-22.9%	-3.1%	5

Figure 14: **LTIF Classic GBP**
vs. MSCI Daily TR Net World Index GBP

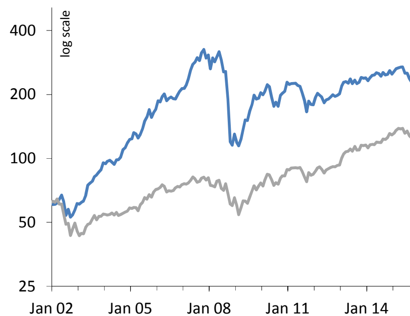
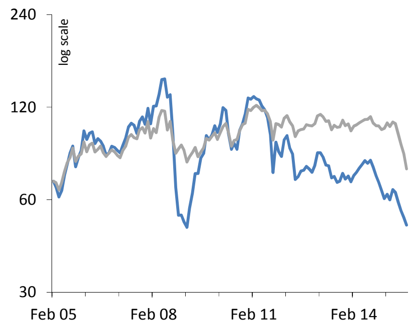


Figure 15: **LTIF Natural Resources GBP**
vs. S&P Global Nat. Res. Net TR Index GBP



SIA Funds AG Parkweg 1 8866 Ziegelbrücke Switzerland
tel : +41 55 617 28 70 fax : +41 55 617 28 71 info@s-i-a.ch www.s-i-a.ch

Legal Notice – Luxembourg

Performance up to 31.05.06 is that of the BVI-based LTIF, of which the LTIF Luxembourg is an identical successor. Previous performance is audited by Ernst & Young. Past performance is neither a guarantee nor a reliable indicator of future results. Performance data does not include the commissions and fees charged at the time of subscribing for or redeeming shares. This information has been furnished to you upon request and solely for your information and may not be reproduced or redistributed to any other person. It is not intended as an offer or solicitation with respect to the purchase or sale of shares of the Sicav. Neither the Central Administration Agent nor the Investment Manager assume any liability in the case of incorrectly reported or incomplete information. Please be aware that investment funds involve investment risks, including the possible loss of the principal amount invested. For a detailed description of the risks in relation to each share in the investment fund, please see the latest version of the prospectus, simplified prospectus, annual and semi-annual reports, which may solely be relied upon as the basis for investment decisions; these documents are available on www.s-i-a.ch or from the Central Administration Agent FundPartner Solutions (Europe) SA, 15A, avenue J.F. Kennedy, L - 1855 Luxembourg. LTIF Classic, Stability A Cap and Natural Resources (previously Global Energy Value) were approved for distribution in and from Switzerland by the Swiss Financial Market Supervisory Authority (FINMA) according to Art. 19 al. 1 of the Collective Investment Schemes Act, paying agent is Banque Pictet & Cie SA, Route des Acacias 60, 1211 Geneva 73, Switzerland. Legal representative in Switzerland is FundPartner Solutions (Suisse) SA, Route des Acacias 60, 1211 Geneva 73, Switzerland; notified to the Austrian Finanzmarktaufsicht according to §36 of the Investment Funds Act; authorised in France by the Autorité des Marchés Financiers (AMF) pursuant to Art. 411-58 of the AMF General Regulation; authorised by the German Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) according to §132 of the Investment Act; authorised in Italy by the Bank of Italy and the CONSOB according to Article 42 of Legislative Decree no. 58 of 24 February 1998; registered in the register of foreign collective investment schemes commercialized in Spain by the Comisión Nacional del Mercado de Valores (CNMV) pursuant to Art. 15 of the Law on Collective Investment Vehicles; recognised in the United Kingdom by the Financial Services Authority (FSA) as a recognised scheme within the meaning of Section 264 of the Financial Services and Markets Act 2000.

LTIF – Classic EUR
ISIN: LU0244071956
Telekurs: 2‘432‘569
Bloomberg: LTIFCLA LX

LTIF – Classic USD
ISIN: LU0301247077
Telekurs: 3‘101‘820
Bloomberg: LTIFCLU LX

LTIF – Classic CHF
ISIN: LU0301246772
Telekurs: 3‘101‘817
Bloomberg: LTIFCLC LX

LTIF – Classic GBP
ISIN: LU0750886714
Telekurs: 18’032’305
Bloomberg: LTIFCLS LX

LTIF – Natural Resources EUR
ISIN: LU0244072335
Telekurs: 2’432’575
Bloomberg: LTIFGEV LX

LTIF – Natural Resources USD
ISIN: LU0301247234
Telekurs: 3’101’839
Bloomberg: LTIFGEU LX

LTIF – Natural Resources CHF
ISIN: LU0301246939
Telekurs: 3’101’836
Bloomberg: LTIFGEC LX

LTIF – Natural Resources GBP
ISIN: LU0457696077
Telekurs: 10’638’983
Bloomberg: LTIFGEG LX

LTIF – Stability A Cap EUR
ISIN: LU1128810261
Telekurs: 25’840’496
Bloomberg: LTISTAE LX

LTIF – Stability A Cap USD
ISIN: LU1132799310
Telekurs: 25’906’913
Bloomberg: LTISTAU LX

Central Administration Agent:

FundPartner Solutions (Europe) SA
15 avenue J.F. Kennedy
L-1855 Luxembourg
Grand-Duchy of Luxembourg

Investment Manager:

SIA Funds AG
Parkweg 1
CH-8866 Ziegelbrücke
Switzerland

Custodian:

Pictet & Cie (Europe) SA
15A avenue J.F. Kennedy
L-1855 Luxembourg
Grand-Duchy of Luxembourg

Registered Office:

15 avenue J.F. Kennedy
L-1855 Luxembourg
Grand-Duchy of Luxembourg

SIA Funds AG Parkweg 1 8866 Ziegelbrücke Switzerland
tel : +41 55 617 28 70 fax : +41 55 617 28 71 info@s-i-a.ch www.s-i-a.ch

Legal Notice – Switzerland

Performance up to 30.09.06 is that of the LTIF BVI Fund restated in CHF, of which the LTIF Stability is an identical successor. Previous performance is audited by Ernst & Young. Reports are available from SIA Group. Past performance is neither a guarantee nor a reliable indicator of future results. Performance data does not include the commissions and fees charged at the time of subscribing for or redeeming shares. This information has been furnished to you upon request and solely for your information and may not be reproduced or redistributed to any other person. It is not intended as an offer or solicitation with respect to the purchase or sale of shares of the Sicav. Neither the Fund Management Company nor the Investment manager assume any liability in the case of incorrectly reported or incomplete information. Please be aware that investment funds involve investment risks, including the possible loss of the principal amount invested. For a detailed description of the risks in relation to each share in the investment fund, please see the latest version of the prospectus, simplified prospectus, annual and semi-annual reports, which may solely be relied upon as the basis for investment decisions; these documents are available from the Fund Management Company FundPartner Solutions (Suisse) SA, Route des Acacias 60, 1211 Geneva 73, or the Investment manager, SIA Funds AG, Parkweg 1, CH-8866 Ziegelbrücke (www.s-i-a.ch).

LTIF – Stability Growth
ISIN: CH0026389202
Telekurs: 2’638’920
Bloomberg: LTIFSTA SW

LTIF – Stability Income Plus
ISIN: CH0135996012
Telekurs: 13’599’601
Bloomberg: LTIFSIP SW

Administrator:

FundPartner Solutions (Suisse) SA
Route des Acacias 60
CH-1211 Geneva 73
Switzerland

Investment Manager:

SIA Funds AG
Parkweg 1
CH-8866 Ziegelbrücke
Switzerland

Custodian:

Banque Pictet & Cie SA
Route des Acacias 60
CH-1211 Geneva 73
Switzerland

SIA Funds AG Parkweg 1 8866 Ziegelbrücke Switzerland
tel : +41 55 617 28 70 fax : +41 55 617 28 71 info@s-i-a.ch www.s-i-a.ch