Figure 1
LTIF – Classic EUR

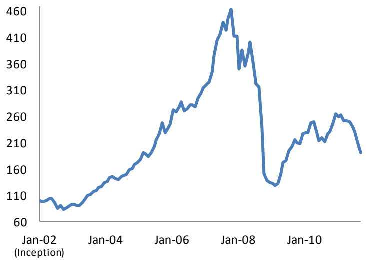


Figure 2
LTIF – Classic II EUR

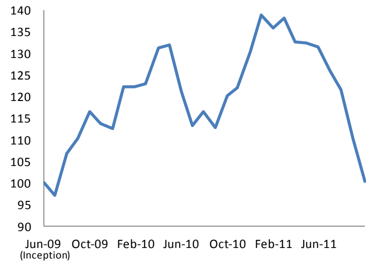


Figure 3
LTIF – Alpha EUR

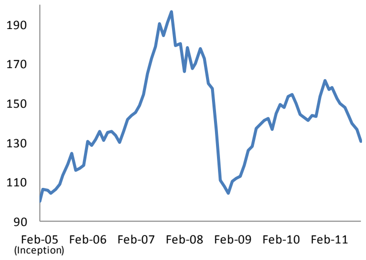
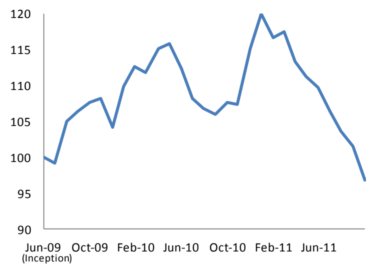


Figure 4
LTIF – Alpha II EUR



Long Term Investment Fund

Figures 1 to 7 and table 1 show the evolution of our funds' Net Asset Value in the recent past. Further down this Newsletter, we comment specifically on each fund's development, and what our expectations are. But first, we'd like to review some ideas on cash dividends and introduce our Long Term Investment Fund – Stability Income Plus.

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

September 2011	NAV	Δ YTD	Δ 12m	Ann. Return since Inception	AUM (in mio)
LTIF Classic [EUR]	190.66	-27.84%	-15.83%	6.84%	248.04 *
LTIF Classic II [EUR]	100.31	-27.82%	-16.61%	0.13%	** combined Classic & Classic II*
LTIF Alpha [EUR]	130.45	-19.22%	-9.11%	4.07%	39.2 **
LTIF Alpha II [EUR]	96.89	-19.20%	-9.97%	-1.34%	*** combined Alpha & Alpha II*
LTIF Natural Resources [EUR] *(former Global Energy Value Fund)*	85.29	-43.08%	-26.80%	-2.39%	50.38
LTIF Emerging Market Value [EUR]	67.85	-31.97%	-	-	3.15
LTIF Stability Series [CHF] ***	176.30	-15.93%	-11.27%	2.16%	24.30
*** Total Return (incl. Dividend)	4.89	-13.92%			
MSCI World Index TR [EUR] *(Bloomberg GDDUWI)*	2'812.67	-12.37%	-2.61%	-0.81% ****	***** Inception date of Classic*

A Short Story About Sardines

There is an old investment joke: Some time ago, a specific brand of high quality canned sardines became increasingly scarce because the factory could not find enough fish of the desired quality. Scarcity led to price increases: Sardine lovers started bidding up the price of the diminishing amount of cans. Since cans last a long time, some people started re-selling theirs to profit from the price increases. Soon, non-sardine eaters realized that a bit of speculation could yield nice profits. Eventually, the price went well above what any reasonable sardine-eater would pay, but that didn't matter, for the sardines were mostly being bought as a trading vehicle.

One day, a wealthy man decided to impress his family, all fervent sardine lovers, by opening a can of the very expensive brand. Everyone watched in trepidation as the lid was lifted. To everybody's dismay, the sardines turned out to have gone bad. Very angry, the man called the person who'd sold him the sardines, asking for an apology and his money back. The astonished seller's reply was, "What, you opened the can? But… those sardines are for investing, not for eating!" (Similarly, two cases of 1988 DRC Romanée-Conti, a top Bourgogne wine, were sold a few months ago for $107,000 each in Hong Kong. Bourgogne wine tends to age well, though. If well kept, it shouldn't go bad for quite some time).

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 5
LTIF – Natural Resources EUR

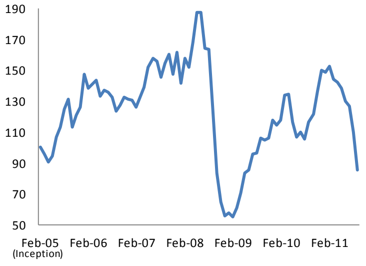


Figure 6
LTIF – Emerging Market Value

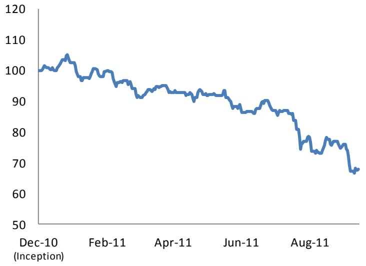
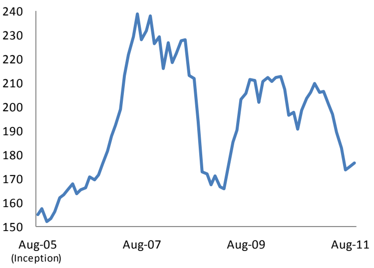


Figure 7
LTIF – Stability CHF *(without dividends)*



Between 1983 and 1999, the S&P 500 stock index returned an annualized 18%, multiplying its value by more than 10 times. Its price only went negative in two years (1990 and 1994, by 6.5% and 1.5%). Consequently, it made the fortune of a whole generation of stock investors. When investors get used to such annual gains, they become less and less interested in the actual usefulness of the asset being traded (how good are these sardines?) and focus on the price appreciation. But an asset must, eventually, be useful for something to justify having any price at all. In the case of company shares, they're useful because they represent the ownership of a company that (at some point) makes money and pays this back to its owners. Otherwise, it's just a game of "passing the can." With stock prices going up by more than 15% per year in the years mentioned above, investors learned to forget about dividends (once again, how good are the sardines?), which averaged 2% per annum during that period, ending at 1% in 1999. A rounding error. The sardines didn't matter.

Today, after 11 years of very poor stock price performance and strong increases in profits, companies on average pay 4% of their stock price in dividends. This, in a world of very low interest rates, is an attractive return, as we'll discuss momentarily. But even this amount is easily lost in the enormous share price movements we are witnessing. This summer, most companies' share prices moved by more than their total annual dividend yield on several days. It's thus very easy to forget about dividends: Who cares about a payout of 4% per annum if the underlying shares are down 10% in August alone, or up by that much in the next few months? Investors obsess about price movements, not dividends.

But stock returns are made of two components: dividends received, plus the shares' price appreciation. Over the long-term, dividend payments are an essential component of stocks returns. If we adjust for inflation, dividends typically account for more than half of long-term stock market returns, the rest of which is the price increase. In the short term, price movements are violent, very hard to forecast, and the ups and downs cancel each other over the long term anyway. But dividends, as we'll see below, are constant and relatively easy to forecast. They are thus a good way to anchor an investment philosophy. At the end of the day, one must eat something.

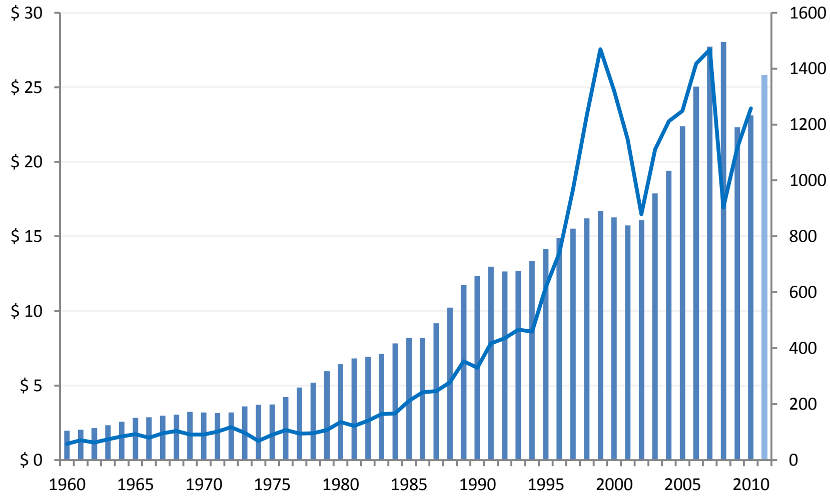
The Nature of Dividends

First of all, dividends are cash (we don't consider dividends "paid" by issuing new shares, as they have no economic value: one has, say, 4% more shares, each of which is now worth exactly 4% less). Investors can actually spend these dividends, or invest them in anything they see fit, without decreasing the real value of their original investment. Dividends are paid out of profits and, with very few exceptions, they represent "excess cash flow," i.e. money earned by the company and not needed to ensure the company's health and growth. Dividends are thus real profits. They grow over time and at a higher rate than inflation. Dividends are

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

therefore not only inflation-protected: but they actually grow in real terms. And they grow predictably: Again, with very few exceptions, they grow by more or less the same percentage as the overall economy every year. Figure 8 shows the dividends paid by the S&P 500 companies for the last 50 years. The only noticeable dip, in 2009, happened because the banking sector, a historically big dividend-payer, went almost bankrupt. Most companies didn't have that problem, as shown in figure 9 in respect of a representative group of our investments. In both figures, we have added the share price evolution: It's obvious that dividends are much more stable than share prices.

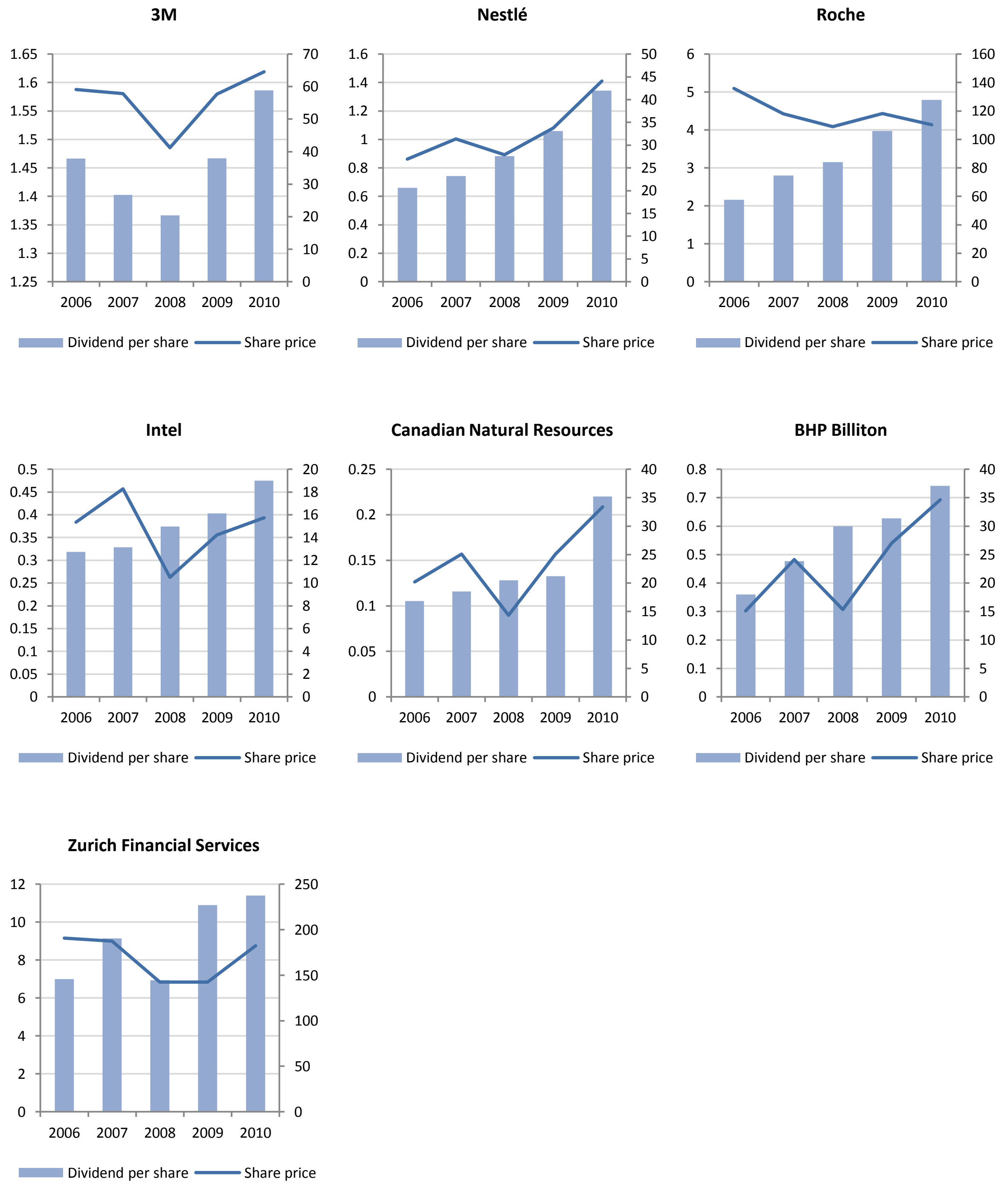
Figure 8: Index evolution and dividends paid by S&P 500 companies, in USD, 1960 – 2011e



Source: Bloomberg

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 9: **Share price and dividends per share paid by 3M, Nestlé, Roche, Intel, CNQ, BHP Billiton, Zurich Financial, in Euro, last 5 years**



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

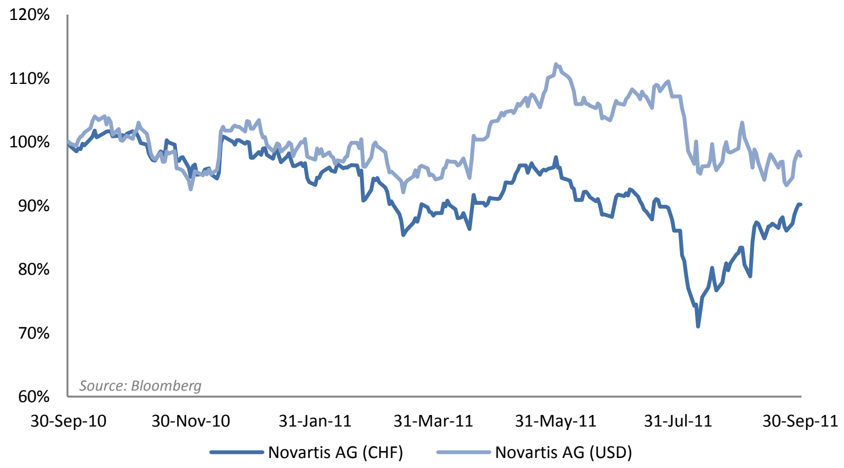
The consequence of this for an investor is important: ***A person who has a good portfolio of shares and spends what is paid in dividends will end up richer every year in real terms, regardless of what the stock prices in his or her portfolio do, and regardless of inflation.*** If the shares are well chosen and diversified, the argument can be made that such a portfolio will be one of the world's least risky investments in the long term. This combination of visibility and safety should be extremely attractive in these times of high economic uncertainty. And the long-term performance of dividends adds up: Somebody who invested $1 million in the S&P 500 companies 50 years ago would receive almost half a million dollars this year in dividends, and would have received, over the last 50 years, almost $10 million in cash, which he could have spent or reinvested. In addition, his initial investment would now be worth some $15 million in the market.

The LTIF Stability Fund Income Plus Share Class

Our LTIF Stability fund has a similar portfolio to our Classic or Alpha funds, but it hedges market risks (like the Alpha), emphasizes the less volatile shares a bit more, and invests up to 15% of its fortune in high-yield bonds. Its performance has been pretty satisfactory, having been ranked in several surveys as the number one fund for long-term performance among those registered in Switzerland.

This performance has been somewhat masked by the strong appreciation of the Swiss Franc: Like any asset whose underlying economic reality is not purely in Switzerland, its price in Francs is down. Figure 10 shows an example of the stock price of the Zurich and New York Novartis shares. In both cases, the economic entity is the same (the same fraction of Novartis), but the price and performance seem very different. They're not; it's just the unit with which we look at the same reality.

Figure 10: Share price of Novartis in CHF and Novartis in USD over last 12 months, indexed



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

If we look at our Stability fund development in Euro, the unit in which most of our investors count, we see an annual performance of 7.7% over the last five years, which compares well to the 2% achieved by the World Index, also in Euro. The fund's annual performance in Swiss Francs is 2%, against -3.5% for the World Index, also in Swiss Francs.

Figure 11: **LTIF Stability compared to MSCI World Index, in Euro, since inception, indexed**

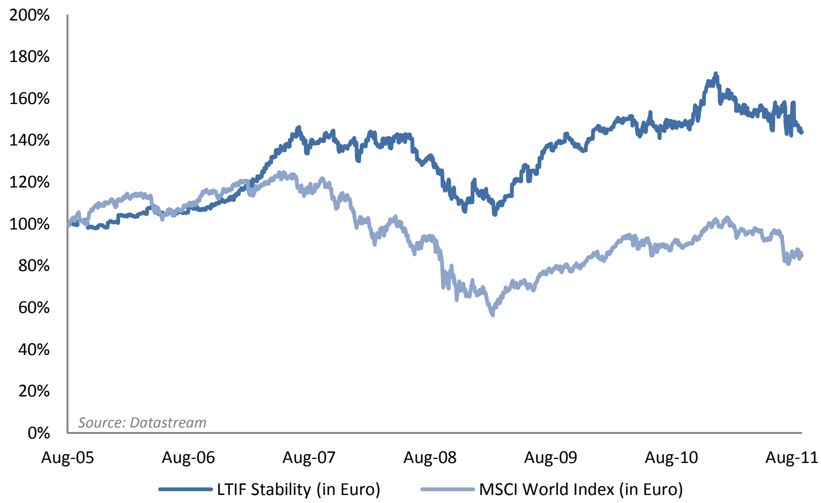
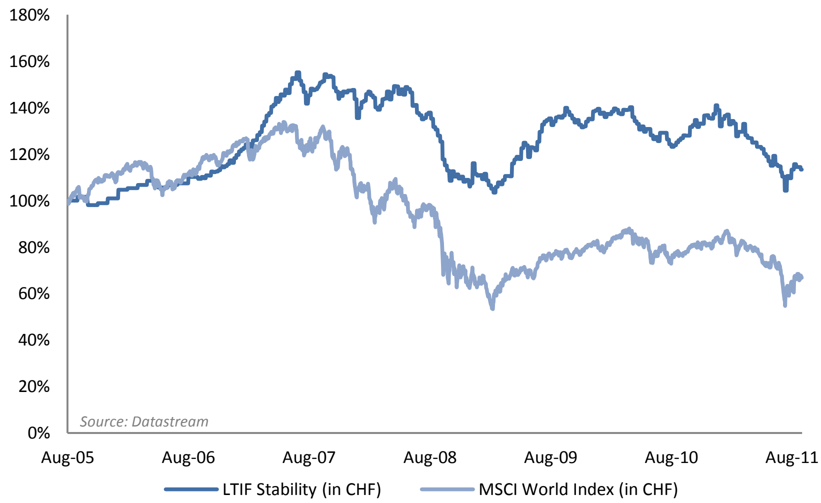


Figure 12: **LTIF Stability compared to MSCI World Index, in CHF, since inception, indexed**



The fund's intention, like all other SIA funds, was not to pay out dividends, but to re-invest them directly in more shares. This is what most of our investors preferred. But, to comply with complex Swiss regulations, we've had to pay some dividends during the last few years (2009, 2010 and 2011). To offer investors a choice, we're now splitting the fund in two different share classes: Growth and Income Plus (ISIN CH0026389202 and

CH0135996012 respectively). The Growth share class will never pay dividends; the Income Plus class will, once or twice per year (the frequency also depending on regulations).

We plan to maintain our investment philosophy of buying undervalued shares, dynamically hedging markets and currencies, as well as opportunistically purchasing high-yield bonds. We plan a first dividend payment of some CHF 8, which amounts to a 5% on the fund's price today. Later, we will try to increase that amount by at least 3 to 4% per year. This should provide a long term 8% return in cash, plus the share appreciation. That's why we call these shares "Income Plus", for they should provide not only current income, but growth in the dividends they pay and, to a lesser extent, in the share price.

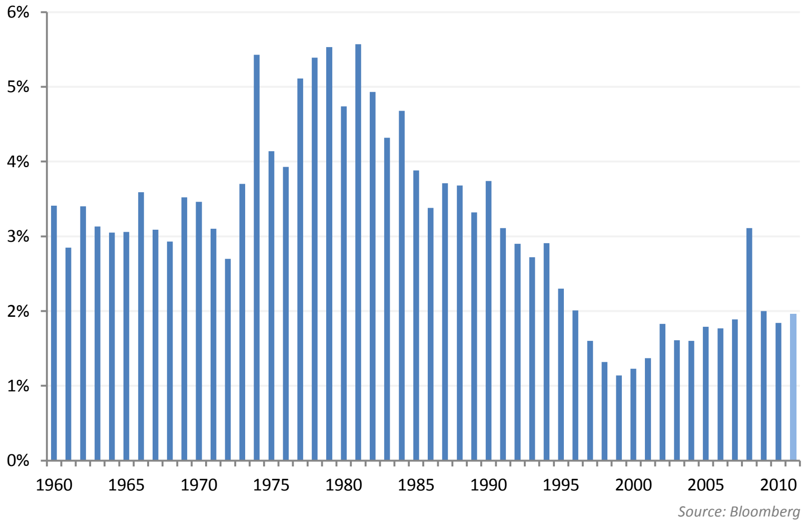
Current investors will automatically be assigned to the "Growth" (i.e. no dividend paid) class, although they can at any time choose to switch to the "Income Plus" class. In this case, they will receive the annual or bi-annual dividends automatically.

We hope this will be a helpful product for those investors seeking constant, safe income that is not eroded by inflation. It may also help all investors: By observing the annual, steady increase in cash payouts, they may focus more on the sardines and less on the cans' volatile prices.

But the product is not "timeless." The excellent dividend yield on offer now is there because share prices are low, not because dividends are high. Dividends don't change that much, just grow gently. This means that, barring a few big surprises, the Income fund will pay CHF 8 whether stocks keep going down, or go sharply up. If they go sharply up (say, 20%), those 8 francs will not represent 5% of the investment, but only 4%. The time to "lock in" good returns is when shares are down. Once they go up, it's too late. It's like buying an apartment for rent when one knows that the rent is a relatively fixed amount going forward. One has to buy when the apartment's price is low, not when it "recovers." Investors should regard shares as cans of sardines, where the usefulness is the sardines, not the cans and therefore buy the sardines when they are offered cheaply. Figure 13 shows the very different return that one "locks in" according to the purchase timing. It's obvious that the very worst years were the late 1990s (when everybody was bullish and talking about the wonders of share investing) and the best was, of course 2008, when shares were being given away.

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 13: **S&P 500 dividend yield at year end, 1960 – 2011e**



A final point. The Stability fund is a Swiss-regulated product. Some European investors cannot, for regulatory reasons, invest in such a fund. For those, a Luxembourg equivalent is available. Please, contact us if you are interested.

Comments on our Portfolios

Figure 14 shows the evolution of our Classic fund's NAV, compared to the major indices, over the last 12 months. That evolution is, obviously, the aggregate of the evolution of the fund's investments. It will therefore be useful to analyze these investments in detail. We'll do so per sector in which we group our positions, as shown in figure 15.

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 14: LTIF Classic, MSCI World Index, S&P 500 Index and Euro Stoxx 50 Price Index, in Euro, last 12 months, indexed

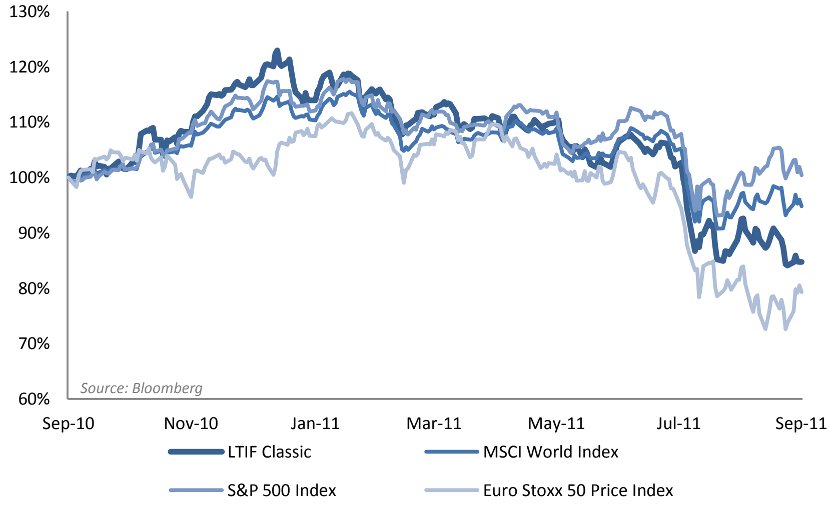
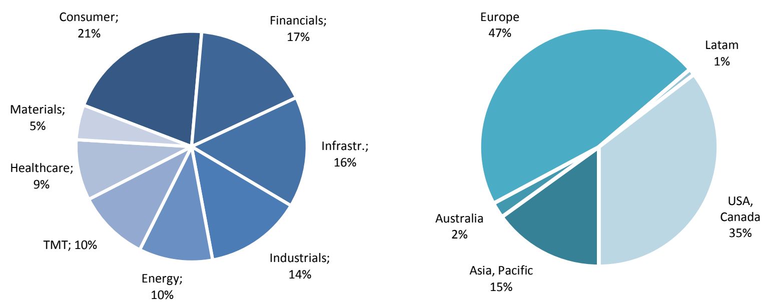


Figure 15: Breakdown by industry and geographic area of LTIF Classic as per 30th September 2011



Let's start with a sector that takes a very large position, and has had a very bad evolution in the last few months, and especially in the last few weeks: natural resources. As of September 30, it made up 15% of the portfolio, compared to 28% at the beginning of the year. We divide this position in two "sub-sectors": energy and materials.

Figure 16 shows the 9 months evolution of the energy shares we own, compared with the world share index and the Classic fund itself. Figure 17 reflects the materials shares' evolution.

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 16: **Share price evolution of OXY, Hess, Bankers, Crew, CNQ, Suncor, Schlumberger, MSCI World Index and LTIF Classic, in Euro, dividends included, year-to-date, indexed**

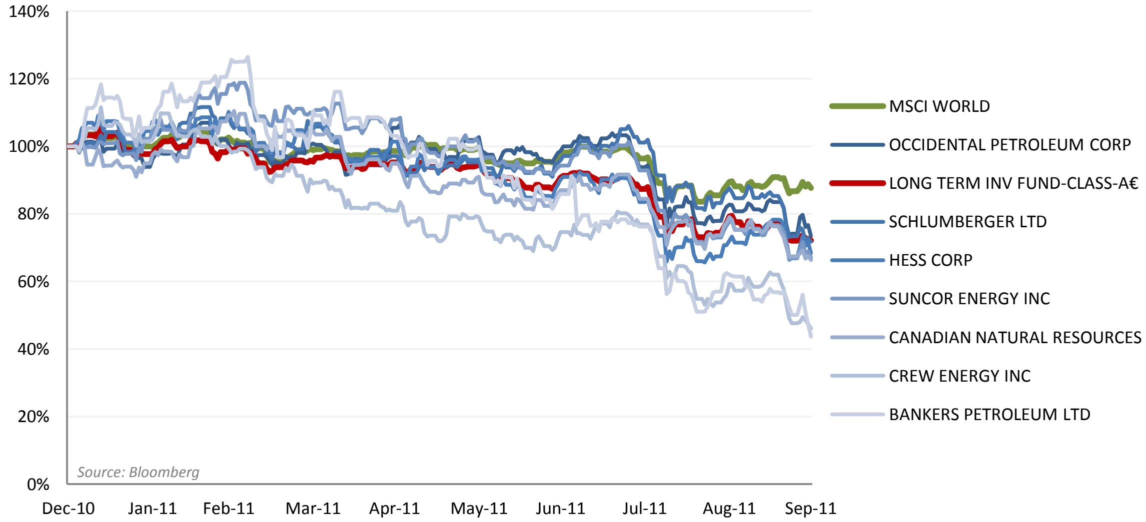
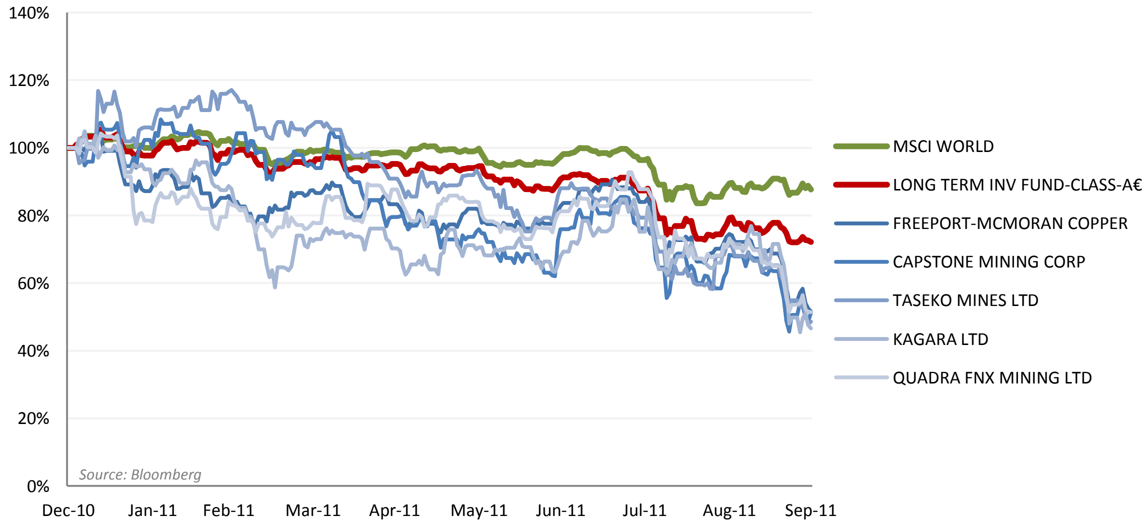


Figure 17: **Share price evolution of Quadra, Taseko, Freeport, Capstone, Kagara, MSCI World Index and LTIF Classic, in Euro, dividends included, year-to-date, indexed**



To a very large extent, this large price drop is responsible for the "under-performance" of the Classic fund during the last few quarters.

While it is certainly disappointing for our investors to see such a drop in Net Asset Value, we must analyze its causes before considering it a "loss." Are the fundamentals of these companies, i.e. their future earning power, greatly diminished, or are investors reacting to short-term problems… or even anticipating new ones?

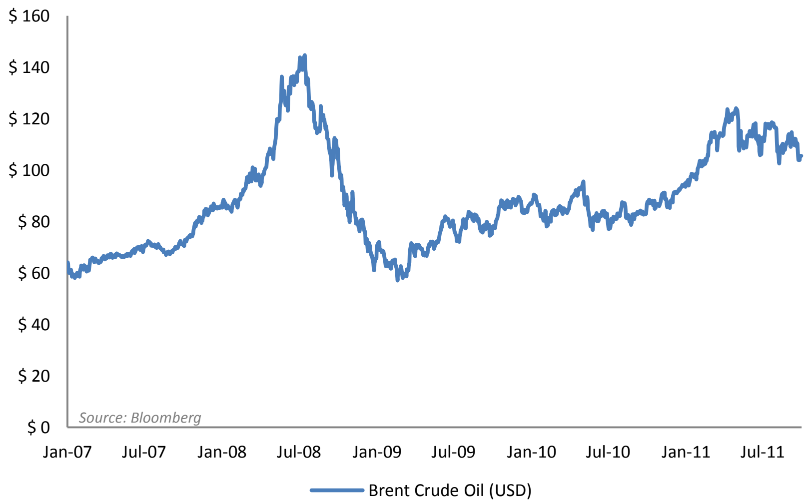
SIA Funds AG Parkweg 1 8866 Ziegelbrücke Switzerland
tel : +41 55 617 28 70 fax : +41 55 617 28 71 info@s-i-a.ch www.s-i-a.ch

Let's take one of our companies as an example: Canadian Natural Resources, an oil and natural gas producer domiciled in Canada and with operations in three continents. According to our estimates, the expected return of investing in the company at today's prices is 17.5%. This means that, if our numbers are correct, investors receive the equivalent of 17.5% of the current share price per year in perpetuity. Right now they only receive about 3% in cash dividends, but we believe that the pipeline of projects coming on stream, supported by the huge oil reserves in Canada, will eventually produce the envisaged result.

The key component in such a forecast is, of course, the future price of oil. We have run our numbers with a very simple basic assumption: oil will be priced at about $100. This is a bit lower than today's price, and it will certainly fluctuate. But this is what we expect, on average, in the short to medium term, and at least in the long term.

We use $100 as the "long-term" price because this is the minimum price required to make new projects profitable. If the price goes below this level for a moderate period of time (some months), companies will start cancelling expansion projects and, because current oil fields run out at an average rate of 6–10% per year, the world would very quickly be short of oil. In fact, this is what happened in the deep crisis of 2008 when the oil price dropped precipitously on inventory clearance, only to recover fairly quickly to its long-term price, as can be seen in figure 18.

Figure 18: Brent crude oil daily price, in USD, 2007 - today



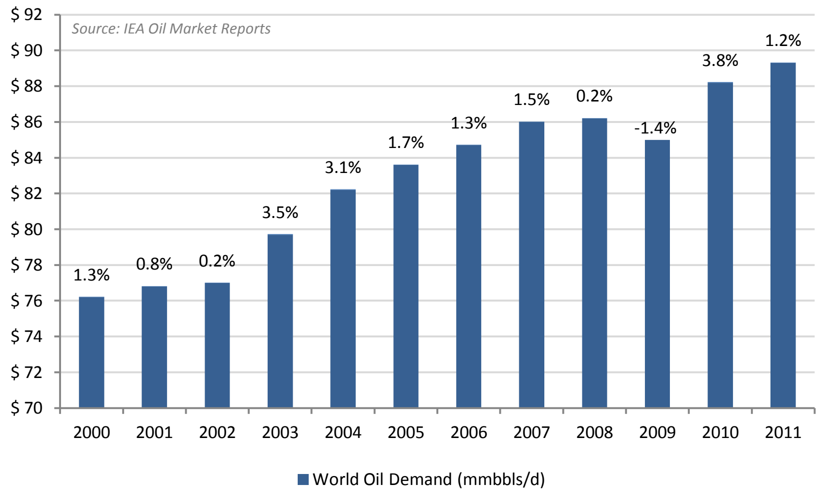
What would happen if there were a recession and oil prices dropped lower than this long-term "equilibrium" price for a while? This is clearly what the market fears. Let's do some sensitivity analysis.

If demand were to drop by 1.4% (which it did in 2009, as shown in figure 19), the price might adjust by $20. We could then create a new "price

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

deck", that would look like this: oil will, on average, drop to $80 in 2012, go to $90 in 2013, and then stabilize around $100.

Figure 19: World oil demand and year-on-year percentage change, in USD, 2000 - today



Applying these prices to CNQ's realities and projects, the annual expected return would drop from 17.5% in the "base case scenario" to 17%. In our view, it's clearly an interesting investment, and it would be one even if the share price were 25% higher.

A similar viewpoint can be taken of the materials companies. Take Freeport-McMoRan Copper & Gold, the world's largest independent producer of copper: Its annual expected return, again according to our estimations, is 17% at current prices. These estimations are based on the following "price deck" for copper:

Table 2: SIA estimate, "price deck" of copper, in USD, 2011 – 2017

Copper price	2011	2012	2013	2014	2015	2016	2017
SIA base case	4,0	4,0	3,9	3,8	3,7	3,6	3,5

If the world were to experience a very deep recession, prices could look like this:

Table 3: SIA estimate, price of copper, recession case, in USD, 2011 – 2017

Cu Nominal	2011	2012	2013	2014	2015	2016	2017
Recession case	4,0	2,5	2,7	2,9	3,1	3,3	3,5

It's not reasonable to expect prices lower than these, unless the world economy stops growing forever, because the supply constraints are even worse than in the case of oil, and the costs of new operations are increas-

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

ing even faster. With these, much reduced, short-term prices, the expected return of owning Freeport shares at current prices would be 15%. Again, we believe it's an excellent investment, and it would be so even if the price were substantially higher.

If these shares are so inexpensive, why have they dropped so much? We would like to copy a well-known text from JM Keynes, published in 1936, which, in our view, explains much of what is happening.

> *"…professional investment may be likened to those newspaper competitions in which the competitors have to pick out the six prettiest faces from a hundred photographs, the prize being awarded to the competitor whose choice most nearly corresponds to the average preferences of the competitors as a whole; so that each competitor has to pick, not those faces which he himself finds prettiest, but those which he thinks likeliest to catch the fancy of the other competitors, all of whom are looking at the problem from the same point of view. It is not a case of choosing those which, to the best of one's judgment, are really the prettiest, nor even those which average opinion genuinely thinks the prettiest. We have reached the third degree where we devote our intelligences to anticipating what average opinion expects the average opinion to be. And there are some, I believe, who practise the fourth, fifth and higher degrees."*
>
> *J.M Keynes, The General Theory of Employment, Interest and Money, 1936.*

All investors have the horrible developments of 2008 very fresh in mind, and most are absolutely determined not to relive the same experience again. Thus, at the least fear of recession, or the fear that other investors will fear a recession, or the fear that other investors may fear… they sell. As usual in financial markets, violent movements feed on themselves: Many investors who see copper-producing companies' shares fall precipitously come to the conclusion that a recession must certainly be coming, therefore copper shares are to be sold, not bought. This dynamic makes the selling decision right in the short term, of course, for prices may keep going doing for quite a while. But the companies' fundamental profitability does not warrant this, and unless the decision to sell is coupled with a "buy" at the right time, it will not produce long-term returns. If Keynes thought, in 1936, that some people were practicing the "outguessing game" at the "fourth, fifth, and higher degrees," imagine what must be happening now, with a huge financial sector making a (nice) living from trading stocks, helped by an army of high-frequency computer traders, algorithmic investing, synthetic assets, derivatives, etc. We'll return to this point later when we discuss how we see the markets in the coming months and years.

We believe that our investments in the natural resources area are sound. None of our resource-producing companies has a meaningful level of

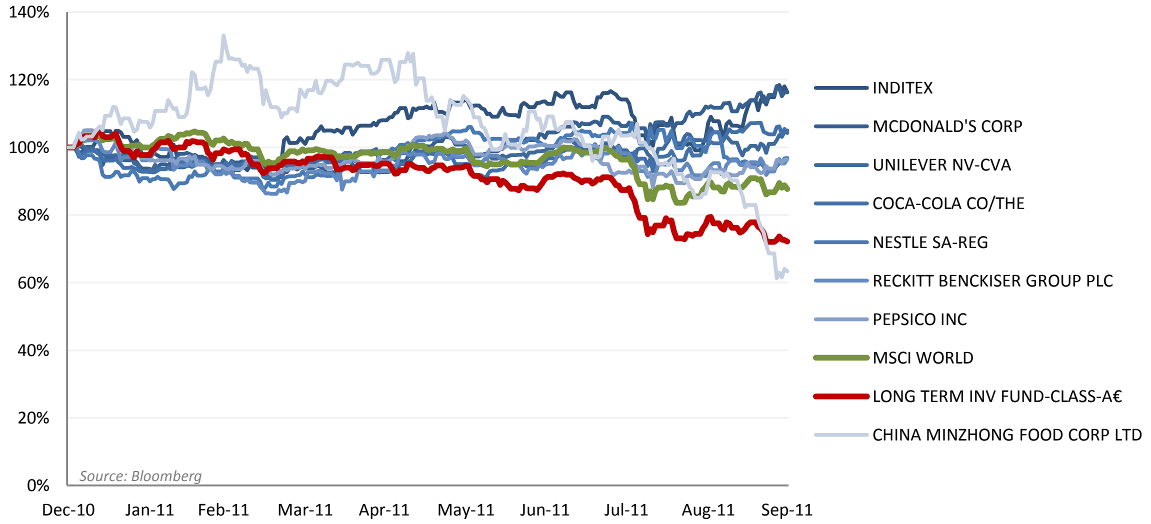
SIA Funds AG Parkweg 1 8866 Ziegelbrücke Switzerland
tel : +41 55 617 28 70 fax : +41 55 617 28 71 info@s-i-a.ch www.s-i-a.ch

debt, and they can all weather a recession without losing any of their long-term profit potential. Once again, the sector has proven highly volatile, which is "responsible" for our temporary underperformance. But we are convinced that the basic reasons why we invested in it, namely the relentless urbanization of 2 billion people in the next decades, plus the geological difficulty of increasing the supply of some essential commodities, will produce excellent long-term results for our investors.

Consumer Staples

The next sector by volume is what we call "Consumer", which represents almost 20% of our portfolio. Figure 20 shows the evolution of the shares we own, together with the world index and the Classic fund itself.

Figure 20: Year-to-date share prices of Nestlé, Unilever, Coke, Pepsi, Reckitt, Inditex, McDonald's, China Minzhong, MSCI World Index and LTIF Classic, in Euro, dividends included, indexed



We believe our investments in this sector have been well timed, and the companies offer an excellent balance between profitability and stability. We expect all our investments to yield more than 10% per year, and, as can be seen in figure 20, they do it in a relatively non-volatile way.

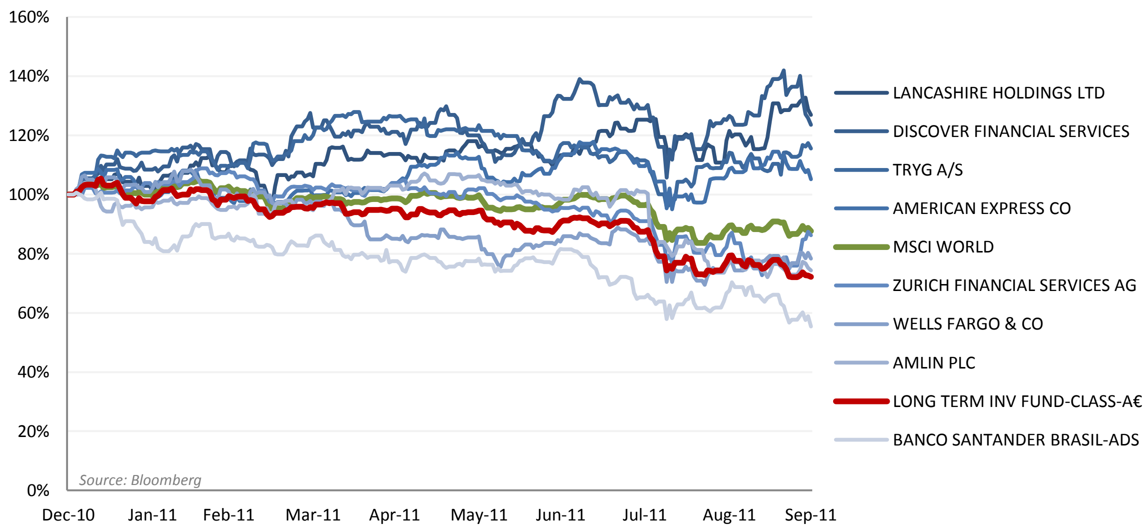
In fact, as we mentioned when discussing the Stability fund, we believe some of these companies (Nestlé, Coca-Cola, McDonald's…) offer a very rare opportunity to build a portfolio with (low) double-digit returns and extremely little risk.

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

Financials

We've long had a position in Property & Casualty insurers and re-insurers. We've lately added three banks (Wells Fargo in the US; Santander in Brazil, and DGB in Korea) and some "specialty" companies: American Express and Discover (a US credit card company). We continue to believe that Property & Casualty insurers offer an excellent investment completely uncorrelated with the economic cycle. The banks are, on the contrary, closely linked to the economic cycle, but we think that our three investments will do very well, given their very low price and excellent long-term returns.

Figure 21: Year-to-date share prices of Amlin, Lancashire, Tryg, Zurich, Santander Brasil, Amex, Discover, Wells Fargo, MSCI World Index and LTIF Classic, in Euro, dividends included, indexed



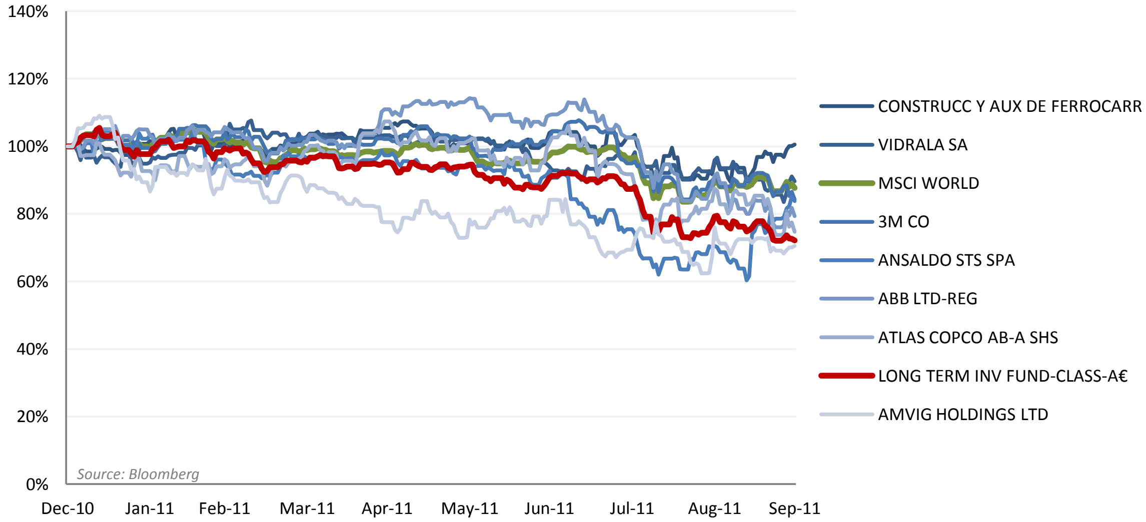
Throughout the financial crisis we have avoided European banks, and plan to continue doing so. We devote an important proportion of our analytical resources to following them, and are fairly convinced that they will eventually represent an excellent investment opportunity. But we don't think we are there yet.

Industrials

This is a very heterogeneous group of companies. They range from Amvig, one of China's largest manufacturers and printers of cigarette packages (PE 6, dividend yield 5.8%), to ABB, a world leader in electric transmission and factory automation (PE 10, dividend 4.5%). CAF and Ansaldo STS, train manufacturers, keep increasing their profits and order books.

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 22: **Year-to-date share prices of AMVIG, CAF, ABB, Ansaldo, Atlas Copco, Vidrala, 3M, MSCI World Index and LTIF Classic, in Euro, dividends included, indexed**

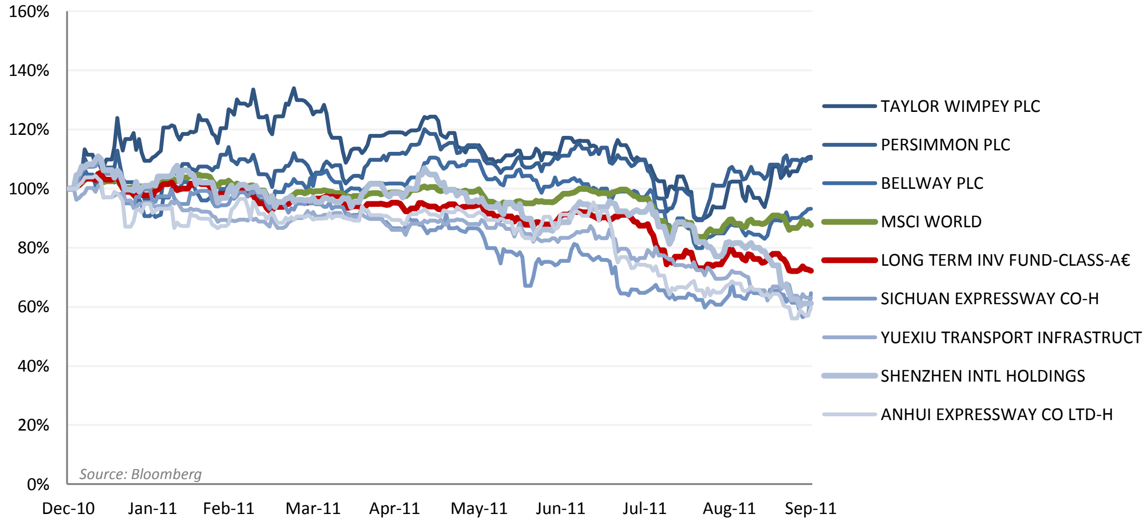


Infrastructures

This group basically comprises two very different sub-groups: Chinese toll roads and UK home builders. The homebuilders are doing well, because, as we have mentioned in the past, the UK differs greatly from many housing markets in that supply is very constrained. Consequently, home prices have not really dropped in spite of the recession the country is experiencing. However, the recession, and the expectation of a bad housing market, have pushed the prices of the building companies' shares very low. Even after a good appreciation, they are still very cheap, trading for about 60% of what it would cost, at current prices, to buy the land they already own.

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 23: **Year-to-date share prices of Shenzhen International, Yuexiu, Anhui Expressway, Sichuan Expressway, Taylor Wimpey, Persimmon, Bellway, MSCI World Index and LTIF Classic, in Euro, dividends included, indexed**



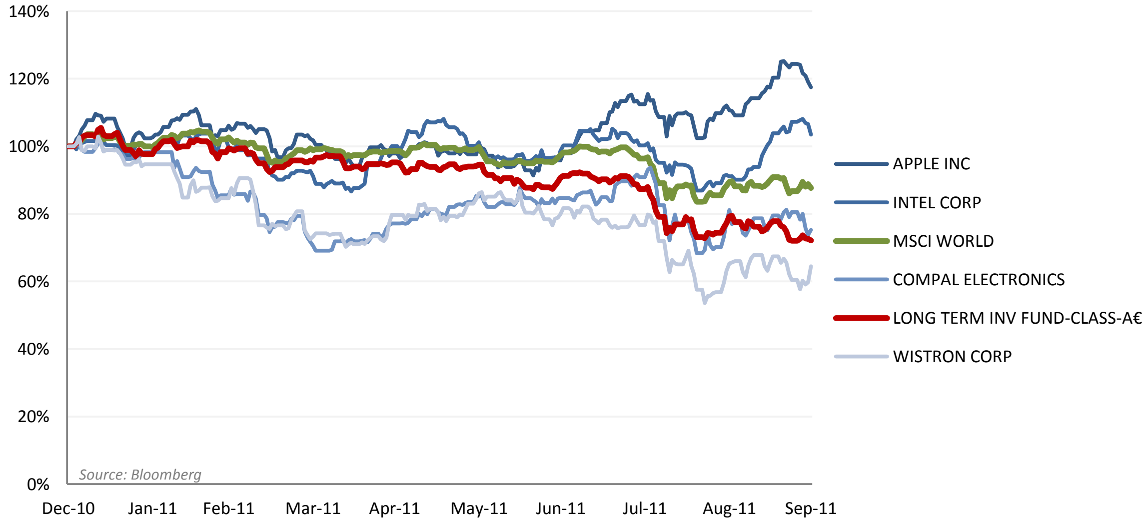
The motorways are doing well, although their share prices have dropped a lot this year due to two reasons. First, all Chinese stocks have had a very bad year, as the government has tightened financial conditions in the country to control inflation. Second, there have been rumors of the government forcing a cut on road tariffs, to ease this inflation. We don't know what the Chinese government will do, but we're not too concerned. First, it's not up to the central government to set tolls, but up to the provincial governments, who happen to be the largest shareholders of the toll roads. Second, the companies are very profitable as they are, and could absorb lower tariffs without too much problem: Traffic is growing so fast that company revenues will keep increasing no matter what. We've spoken to countless managers, officials, and independent local experts. Our conclusion is that the share price drop is totally unjustified, and that these are great investments. Right now, they pay dividends between 5 and 8%, and the companies' traffic rates are growing between 5 and 15% per year.

TMT

Technology shares have been infrequent guests of value portfolios for two very good reasons: they are hard to value, given the almost unavoidable uncertainty of their business, and they tend to be expensive. The two reasons could be related since nobody can be really sure what the future will bring, and optimistic investors can justify almost any price for them. But there are exceptions, and the truth is that many companies in this area – from Microsoft to Oracle – are now very interesting investments.

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 24: Year-to-date share prices of Wistron, Compal, Intel, Apple, MSCI World Index and LTIF Classic, in Euro, dividends included, indexed



We have chosen two Asian and two American companies: Wistron and Compal in Taiwan, and Intel and Apple in the US. The first two shares have done badly, pushed down by the generalized drop in Asian shares, as well as fears of deceleration. Nevertheless, the companies are excellent, world leaders, boasting returns on equity above 15-20% and currently trading at a PE of 8.

Both Intel and Apple are well known. Intel's story is straightforward: Some investors are concerned that the ubiquitous smartphones and tablets, which don't use Intel chips, will harm its business. Consequently, the shares trade at a PE of 9 and a dividend yield of almost 4%. For various reasons we don't see too much of a problem. First, smartphones and tablets are, for the most part, not substitutes for computers, but are added to them. And there is still huge growth in traditional computers in the emerging markets. They can't run their companies' accounts on a tablet! Second, mobile devices demand very large data centers to serve all the data they display. And Intel has a 90% market share in data center servers, a product with better margins than those of "simple" processors. Finally, Intel is working hard at developing processors with low enough power consumption to be used in mobile devices. If their technological dominance is taken into account, it's hard to imagine that they will simply "roll over and die."

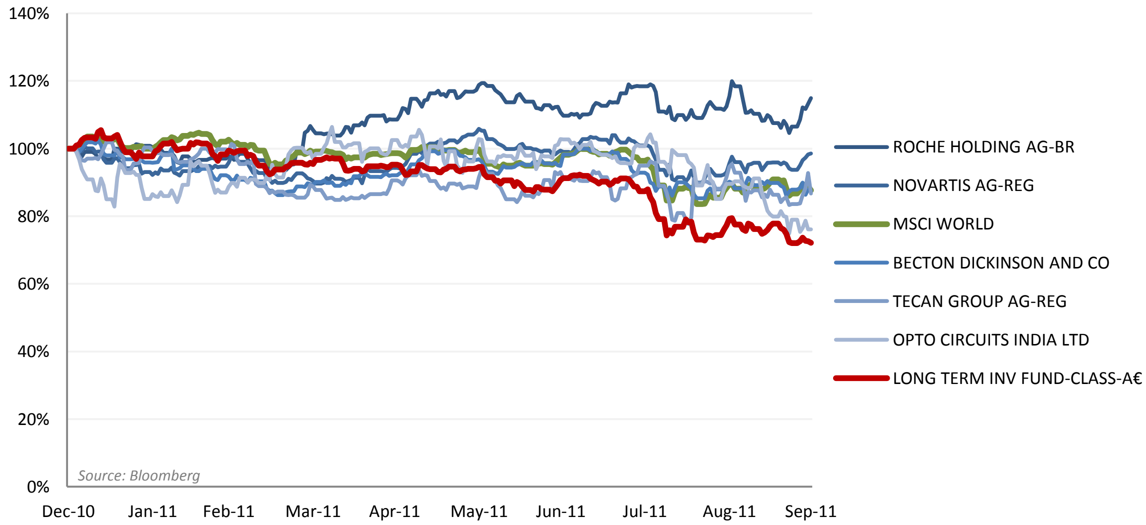
Apple is an astonishing company and now the world's most valuable by market capitalization. It's always risky to chase such a star, but its 2012 PE is 11, it has more than US$ 70 bn in cash in the bank, and its market share is accelerating in many areas. There is, of course, a limit to every company's growth, but we don't think Apple has reached it yet. In any case, it doesn't need too much growth to justify its current price.

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

Healthcare

We own a healthcare group of companies: Roche, Novartis, Tecan, Becton Dickinson and Opto Circuits. We have already sold some of our positions in this sector, such as Medtronic of Baxter International, because the shares had gone up to what we thought were “fair prices.” Teva, maker of generics, we sold at a small loss as we lost confidence in its promised growth trajectory. Although it was relatively inexpensive, we thought we’d get better returns elsewhere. All in all, it has been a profitable, very stable sector for us.

Figure 25: Year-to-date share prices of Roche, Novartis, Tecan, Becton Dickinson, Opto Circuits, MSCI World Index and LTIF Classic, in Euro, dividends included, indexed



In addition to all these companies, we have a few whose share prices have done particularly badly (drops of 50%, representing a decrease of 2% for the fund). These companies are: Enterprise Inns, owner/operator of several thousand pubs in the UK; Sare, a Mexican homebuilder; and Supramax, a Malaysian manufacturer of rubber gloves. In all three cases, the market has doubts about their business. We believe they will recover and, although in retrospect they were riskier investments than we thought, we think our investors will end up making a decent return.

We’ve also sold a number of companies during the year (we mentioned Teva, Medtronic, and Baxter, but we could add IBM and Catlin). As a whole, these trades have been positive for the fund.

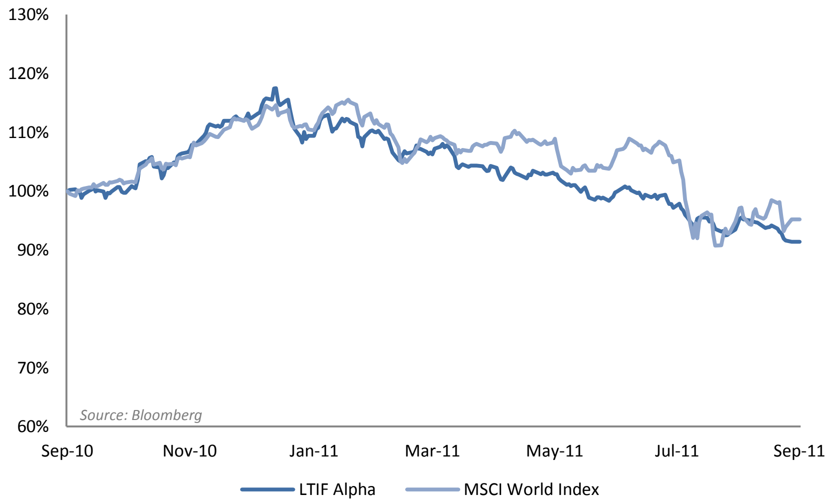
The Alpha Fund

As is well known, our Alpha fund has exactly the same investments as our Classic fund, but it adds a “hedge” by selling market futures. Therefore, if markets are down, it will do better than the Classic fund; if markets are

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

up, it will trail. Figure 26 shows its NAV during the last 12 months compared to that of the World Index.

Figure 26: LTIF Alpha and MSCI World Index, in Euro, last 12 months, indexed



Its evolution is better than that of the Classic fund, showing the usefulness of our hedging techniques. But it's still down by 8% over those twelve months, mostly due to the severe underperformance of the natural resources stocks discussed above.

The Natural Resources Fund

We have already discussed how shares in mining and oil companies have been weak most of this year, but especially so in the last few months when investors realized that a recession may develop. Investors clearly remember that, in 2008, these were the shares with the steepest drop, so they've decided to sell pre-emptively. As we showed in our examples above, we don't think that a recession, even as deep as that of 2008, warrants an important drop in the value. Figure 27 shows several companies' earnings per share during the last 5 years, which shows that the 2008-9 recession was not so devastating, and that they recovered very fast. Figure 28 shows the dividends they have been paying, and figure 29 shows their net cash positions.

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 27: **Earnings per share for the oil and copper companies, in Euro, 2006-2011e**

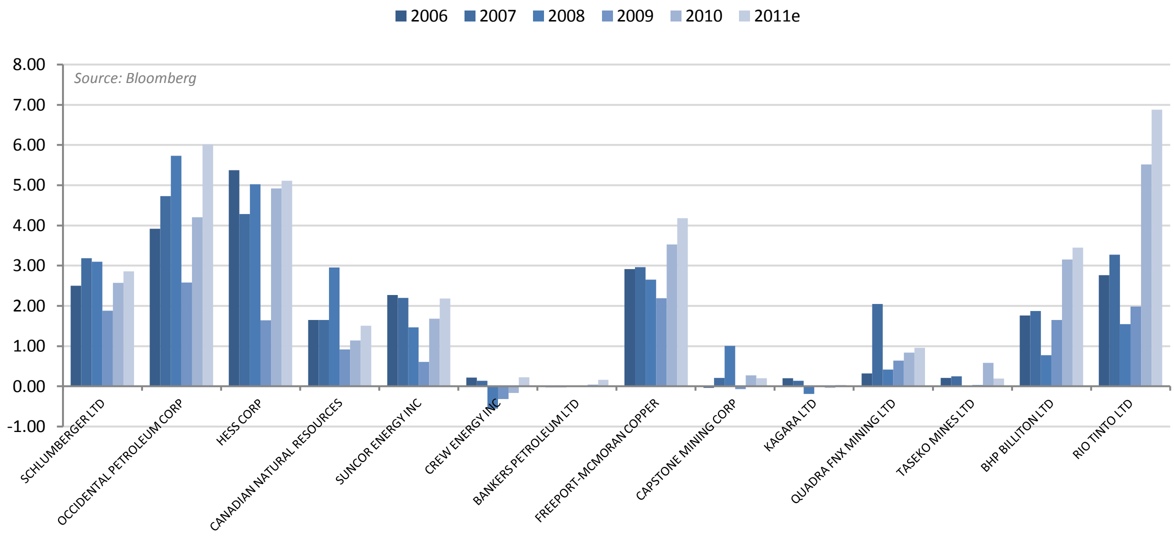
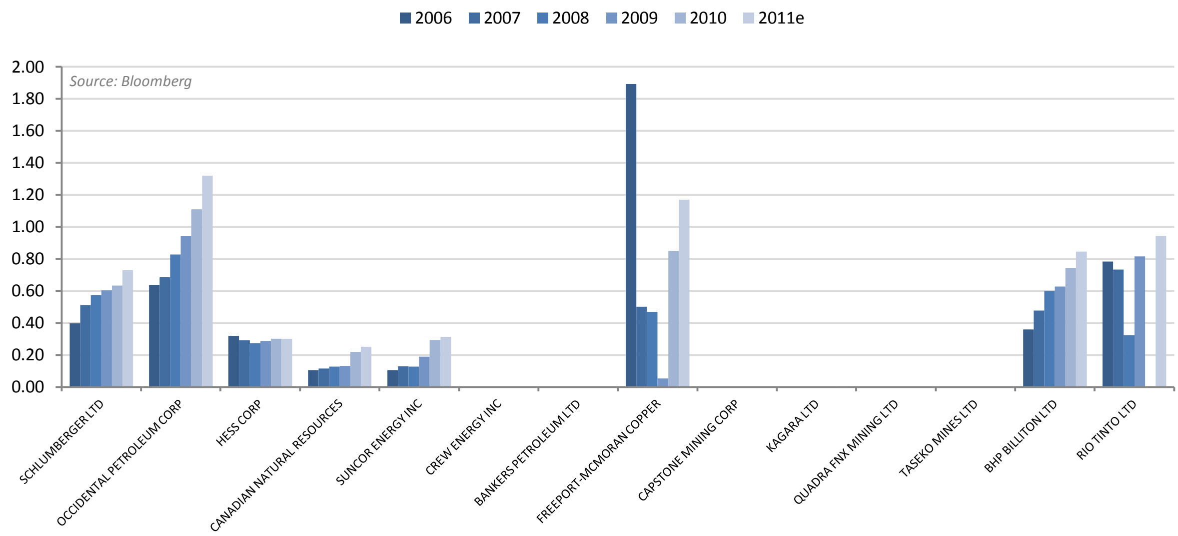
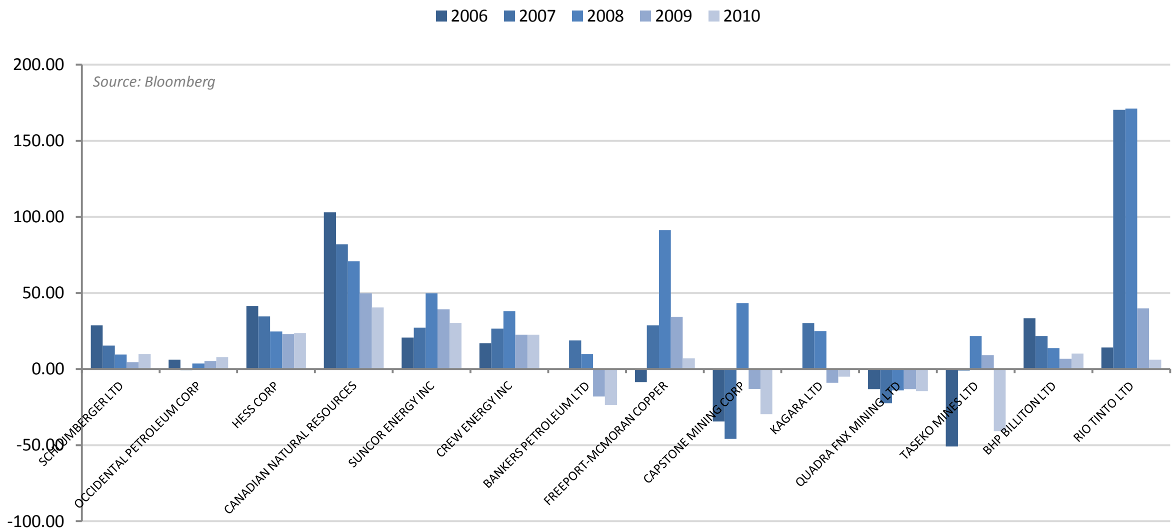


Figure 28: **Dividends paid for the oil and copper companies, in Euro, 2006-2011e**



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 29: **Net debt as % of equity for the oil and copper companies, in Euro, 2006 – 2010**



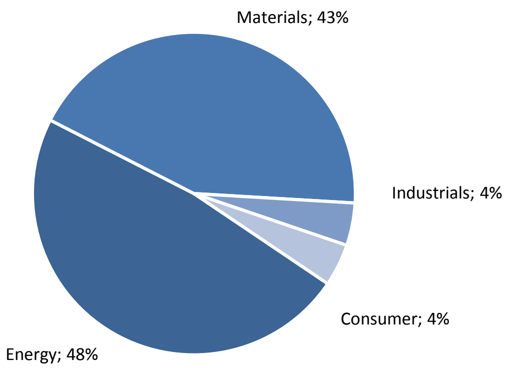
This last point is important: Investors harbor a general idea that, when tough times arrive, one should invest in “defensive” companies and avoid “cyclicals”. This could be reasonable if one could do so before their prices move, since by the time most people fear a recession, share prices already reflect this … or even over-reflect it, making the supposed defensive switch a very expensive one.

But one has to be careful with the definitions. Utilities, for instance, were rightly considered very stable and thus defensive. But their stability allowed them to borrow a lot and buy companies outside their traditional markets during the last decade. The result is that they are currently not defensive at all, as their health is closely tied to short-term economic activity to keep financing their leveraged balance sheets. At the same time, mining companies have become the most capitalized and financially solid group in the market. As the CEO of one of the companies we own told us a couple of years ago: “We have a very strong balance sheet, with no debt, because nobody will lend us any money.” We think that very well capitalized companies producing absolutely necessary commodities are a fairly defensive investment for the future. In a way, they can be regarded as being as far as one can be from all the developed markets’ financially-induced current troubles. For a long-term investor, owning real, scarce resources necessary for mankind’s development, is a good bet, particularly at these prices. As we showed above, the long-term value of reserve-rich companies is only marginally affected by whether there is a recession next year or not.

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

Most of our investments in the Natural Resources fund revolve around two key commodities: copper and oil, as can be seen in figure 30. We believe these two have a particularly attractive supply/demand balance. But other commodities, especially metallurgical coal and iron ore, are also interesting.

Figure 30: **LTIF Natural Resources, breakdown by industry, 30th September 2011**



We keep looking for areas that will allow us to diversify our portfolio. In the last few months, we have added a position in fertilizers and in salmon growers. Fertilizers are obviously an area with a great future: Whatever happens, the number of people on earth is increasing, and they must eat. As with many other obvious investments, the problem is that the companies' shares are traditionally expensive. But we have now found some we believe have a price low enough to ensure excellent long-term returns.

Salmon is a very interesting commodity. It is well known that the world economic growth is having a disproportionate effect on cereal consumption because as people leave poverty behind them, they want to eat more animal protein. But animals require more feed to provide humans with the required calories than when people eat the cereals directly. In this sense, the "conversion ratio" is very important: Growing beef requires up to ten times more grain that people would need if they were to eat the grain directly. Pork is less expensive, and poultry even less. But salmon is the most efficient "converter" of animal feed into high quality animal protein for human consumption. Traditionally very expensive, it has become affordable thanks to commercial production. Demand is strong and growing fast.

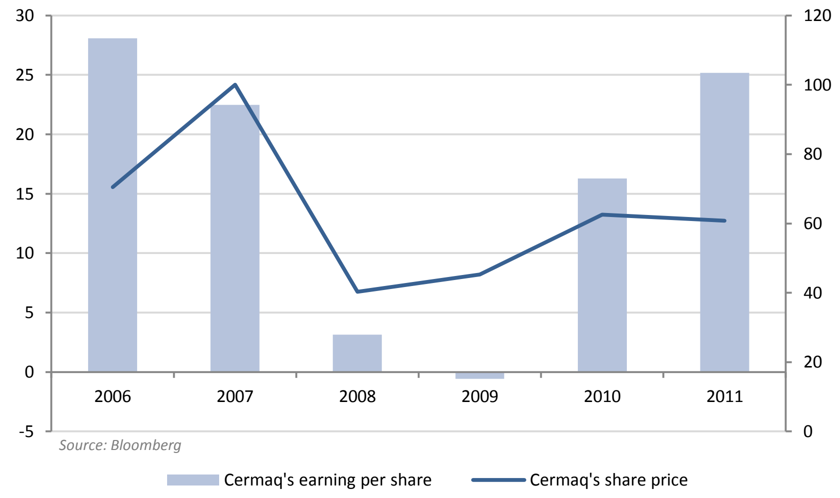
But salmon cannot be farmed everywhere; it requires sea water of about 8º, protected coastlines, and good land infrastructure. In practice, only a few countries in the world can farm salmon in relevant amounts: Scotland, Ireland, Canada and, above all, Chile and Norway. Like many "agricultural" commodities, salmon is very cyclical. Farmers cultivate too

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

many, only to see the price drop. They stop, and the price goes up. The cycle lasts almost two years, because salmon take several years to mature.

Right now, the price is at the bottom level, since overproduction followed a catastrophic fish disease in Chile. This disease wiped out most of the fish and pushed prices to record levels. At the current share prices, some of these companies should give us a 100% return in the next three years. Cermaq, the largest of them, is not only a leading salmon farmer, but also one of the world's largest producers of salmon feed, which all other salmon farmers buy. As can be seen in figure 31, Cermaq's profits per share show the cyclicality we have just discussed, as does the share price. The company currently trades at a trailing PE of 5. Its profits should drop somewhat next year, and then recover.

Figure 31: Cermaq's earning per share and share price, in NOK, 2006 – 2011e

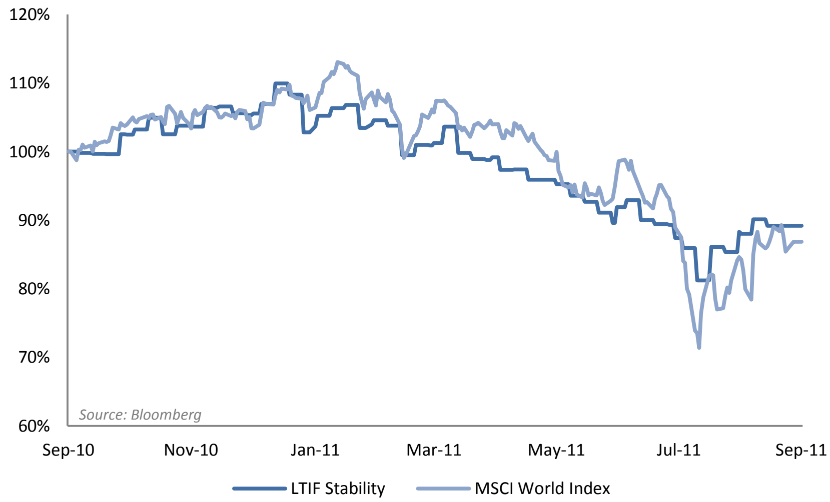


The Stability Fund

Figure 32 shows the development of the fund's NAV over the last twelve months compared to the World Index. As discussed above, the sharp drop in resource companies has affected its price, but the current value, together with its relatively low volatility, make it an interesting investment. We hope to pay a CHF 8 dividend next year, which would, at current prices, represent a cash return of 5%. Those investors not interested in the cash return can, of course, stay in the "Growth" share class, and have the dividend reinvested for them in an efficient manner.

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

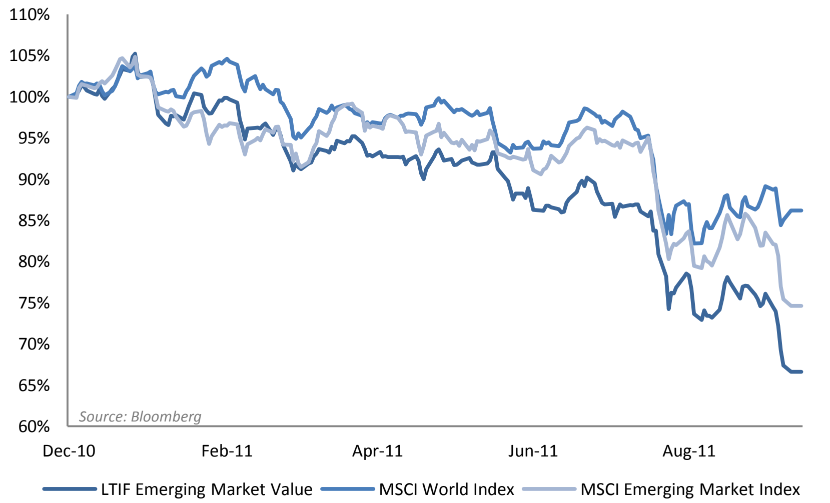
Figure 32: **LTIF Stability and MSCI World Index, in CHF, last 12 months, indexed**



The Emerging Markets Value Fund

Figure 33 shows the development of the fund's NAV since inception compared to the World Index and the Emerging Market Index. This fund has been active in the two poorest-performing areas of the market: emerging market shares and natural resources shares, as shown in figure 16 and 17. We believe both areas are doing well from a fundamental point of view and have no doubt that share prices will rebound strongly.

Figure 33: **LTIF Emerging Market Value, MSCI World Index and Emerging Markets Index, in Euro, since inception, indexed**



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

What to Expect from our Funds and the Markets

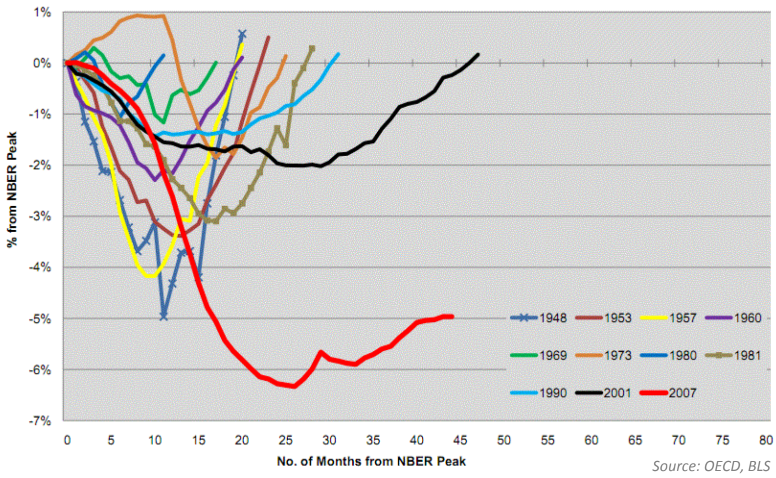
Three issues have spooked the markets during this year: the possibility of a slowdown in emerging markets; the weakness of the US economy; and the European debt crisis. They do, of course, reinforce one another. Let's discuss these issues briefly to see how they affect our investment outlook.

Emerging markets have had an inflation problem for the last two years. Although this problem is not huge, it has prompted governments, particularly that of China, to tighten monetary conditions. We believe much of the problem is now behind us, and monetary conditions should ease in the coming months. Although China will most likely not grow above 10% next year, it will grow above 8%, which is almost the same amount in absolute terms. As we mentioned above, the relentless tide of urbanization is not going to stop, which implies strong investment in and consumption of raw materials. The "emerging markets story" will be with us, with up and downs, for the next twenty years. Countries such as Turkey, Brazil, and Indonesia are joining China and India in providing the world with a steady rate of economic growth. It's interesting to stress that in the case of Brazil, for instance, exports amount to less than 15% of GDP; and commodities amount to less than 15% of exports. The growth in these countries is, to a very large extent, due to internal demand, not demand from Developed Markets. You don't see too many Turkish products in European shops, yet Turkey is growing at more than 6%.

The US economy is clearly weak. As we have been saying for several years now, it's going to be weak for a long time. The reason is that "balance sheet recessions" take a long time to digest. If the problem is that families have too much debt, the solution must be to start paying it back. But this is done through saving, and not everybody can save at the same time: My expenditure is my neighbor's income. Consequently, the process is slow, for any sharp reduction in spending provokes an economic contraction, which forces families to slow down their debt-reduction, increases unemployment, etc. Figures 34 and 35, prepared by the Oregon Office of Economic Analysis, show why this is a "bad" recession. Figure 34 shows how long it takes for employment to recover to the pre-recession level in "normal" business cycle recessions in the US. Figure 35 shows the same variable, but analyzed for "debt recessions" across countries. As can easily be seen, it may take between 3 and 5 years for the US to really come out of its recession. Growth will be slow (perhaps an average of 1.5% to 2% per year) and not regular: They'll have stretches above these percentages and others below. In the first case, markets will become excited, thinking the crisis is over. In the second, they'll despair, fearing a double (or triple, quadruple…) dip.

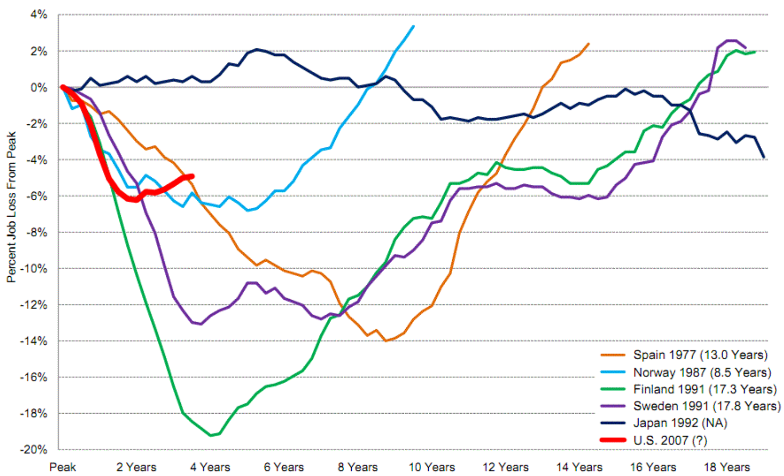
SIA Funds AG Parkweg 1 8866 Ziegelbrücke Switzerland
tel : +41 55 617 28 70 fax : +41 55 617 28 71 info@s-i-a.ch www.s-i-a.ch

Figure 34: **Employment return to peak, US recession employment loss**



Source: OECD, BLS

Figure 35: **Employment return to peak, financial crisis employment loss**



Source: OECD, BLS

These episodes of excitement and gloom will affect the markets; we therefore expect to see more of the seesaws which we've seen for four years now.

But the "problème du jour" is the European sovereign debt crisis. This is an interesting crisis in that it is almost a replay of the US subprime crisis: Banks bought way too much of a supposedly safe asset at too low a price. Consequently, a great many people were granted credit who didn't deserve it; and many lenders are essentially bankrupt, because they will not recoup their money. Karl Marx said that history repeats itself, first as tragedy and then as a farce. The current situation has two big advantages over 2008, and one disadvantage. The two big advantages is that we've already seen the movie: We know that banks are not allowed to go broke, and we know that the solution lies in acknowledging the credit losses and recapitalizing the banks to sustain them. The disadvantage, compared to the American crisis, is that the US has only one government, one Central Bank, and one legislative power to agree to any measure. Europe has 17 (the Eurozone members) and, in respect of certain key issues, 27 (all the EU members).

There are basically only three options to solve the current situation. First, total fiscal union. The financial problems would disappear in a large European space, as the Eurozone in total does not have too much debt, and it has relatively manageable deficits. Although this is politically impossible, it would solve the problem.

The second option would be breaking up the Euro area by getting rid of the less competitive countries (or, more imaginatively, of the more competitive ones). This might solve the problems but, much like euthanasia also kills germs, the solution is much worse than the problem. A rigorous analysis of what breaking up the Euro area implies – a treaty change approved by all the EU countries; the certain bankruptcy of most financial systems and import/oriented sectors; the abandonment of a single market for goods and services, which has been engine of Europe's growth during the last 25 years – leads to the conclusion that this will not happen.

Then there is the third solution to just keep going. In this scenario, politicians move only when pushed to the wall; apply short-term fixes; and essentially play for time (not least to the next election). We can expect big "haircuts" on Greek debt, perhaps some on Portuguese and Irish debt; recapitalization of European banks; and support for the Spanish and Italian bond markets. The idea that these countries are somehow "dominoes" waiting to fall, one ineluctably after the other, is silly. It's hard to find more different economies than these five. Greece is a total basket case, not viable as a country in its current state; Portugal is just over-indebted; Ireland is starting to recover; Spain has one of the lowest public debts in Europe, although its private debts are high; and Italy has one of the lowest public deficits in Europe, with high public debt and very low private debt. There is no economic reason why Europe cannot survive these problems, and it will. But it will be a very messy, prolonged affaire, given the lack of efficient institutions. Moreover, Germany, as the final tax payer, wants to make sure that "errant" counties don't get off the hook too easily: The only way to force politicians in Portugal, Spain, and Italy to restructure their economies is to force them to face a scenario that is even less palatable. The difficulties Greece is experiencing will be taken to the limit, even if only "pour encourager les autres," as Voltaire satirically explained after the execution by the British Navy of the British Admiral John Byng for "failing to do his utmost" and losing the battle of Minorca.

We should therefore expect more volatility in the wake of the ups and downs of the political process: Some days stocks will rally, because a solu-

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

tion is in sight (and these stocks are very cheap as they're being priced with a catastrophic scenario in mind); other days they'll crash when the catastrophic scenario looks like happening. But the world will nonetheless keep turning.

How does this affect our investing? First of all, we must say that we feel very disappointed that the shares we've chosen have had such a poor "performance." This is not what our investors like to see. But in these times of high correlation, of risk-on risk-off trades, the only way to have a really good "performance" is to come into and go out of the market. And this is something we don't know how to do. What we do is to analyze companies as long-term investments, and buy them when they are cheap. Unfortunately, it's hard to value the future. But we believe our valuations are much better than the current volatility would indicate. Investors should remember that the price they pay for their shares is more important than the economic outlook for the world. Whether Nestlé is an excellent or a poor investment over the next 10 years does not depend on the resolution of the European debt crisis. It depends on how much you pay for the shares. Buying a first-class apartment for €30,000 per square meter in a European city when the economy was booming a few years ago, was bound to be a bad investment. Buying the same apartment today, with a very poor economic outlook for the next five years, for €1,000 per square meter (if this were available), would certainly be a very good investment. We feel that our shares are now trading at prices that could double in the next years, even if the world economic situation is taken into account.

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 4: **Net Asset Value - Net assets under management in USD**

September 2011	NAV	Δ YTD	Δ 12m	Ann. Return since Inception	AUM (in mio)
LTIF Classic [USD]	255.81	-27.83%	-17.28%	11.38%	332.8 *
LTIF Classic II [USD]	134.59	-27.81%	-18.04%	-2.14%	** combined Classic & Classic II*
LTIF Alpha [USD]	175.03	-19.21%	-10.68%	4.52%	52.6 **
LTIF Alpha II [USD]	130.00	-19.19%	-11.52%	-3.59%	*** combined Alpha & Alpha II*
LTIF Natural Resources [USD] *(former Global Energy Value Fund)*	114.43	-43.08%	-28.06%	-2.23%	67.60
LTIF Emerging Market Value [USD]	91.03	-31.97%	-	-	4.23
MSCI World Index TR [USD] *(Bloomberg GDDUWI)*	3'782.76	-11.82%	-3.84%	3.44% ***	**** Inception date of Classic*

Figure 36
LTIF – Classic USD

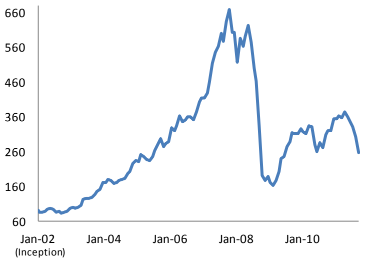


Figure 37
LTIF – Classic II USD

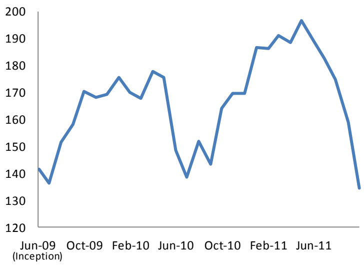


Figure 38
LTIF – Alpha USD

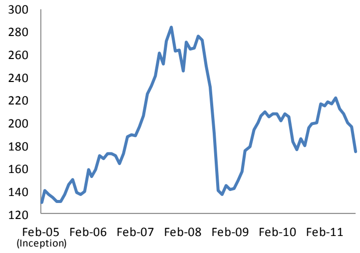


Figure 39
LTIF – Alpha II USD

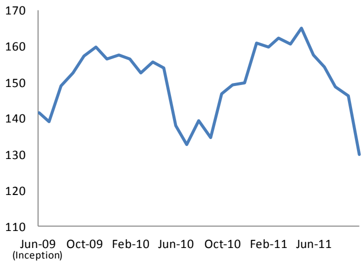


Figure 40
LTIF – Natural Resources USD

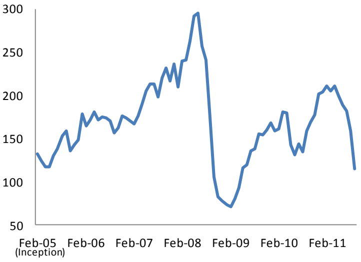
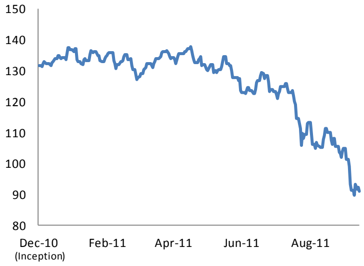


Figure 41
LTIF – Emerging Market Value USD



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 5: **Net Asset Value - Net assets under management in CHF**

September 2011	NAV	Δ YTD	Δ 12m	Ann. Return since Inception	AUM (in mio)
LTIF Classic [CHF]	232.35	-29.67%	-23.09%	4.73%	302.28 *
LTIF Classic II [CHF]	122.24	-29.66%	-23.80%	-8.85%	** combined Classic & Classic II*
LTIF Alpha [CHF]	158.98	-21.27%	-16.95%	0.39%	47.77 **
LTIF Alpha II [CHF]	118.08	-21.26%	-17.74%	-10.19%	*** combined Alpha & Alpha II*
LTIF Natural Resources [CHF] *(former Global Energy Value Fund)*	103.94	-44.53%	-33.12%	-5.85%	61.40
LTIF Emerging Market Value [CHF]	82.69	-33.70%	-	-	3.84
LTIF Stability Series [CHF] ***	176.30	-15.93%	-11.27%	2.16%	24.30
*** Total Return (incl. Dividend)	4.89	-13.92%			
MSCI World Index TR [CHF] *(Bloomberg GDDUWI)*	3'420.37	-14.63%	-11.35%	-2.76% ***	**** Inception date of Classic*

Figure 42
LTIF – Classic CHF

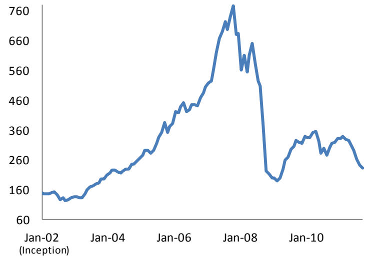


Figure 43
LTIF – Classic II CHF

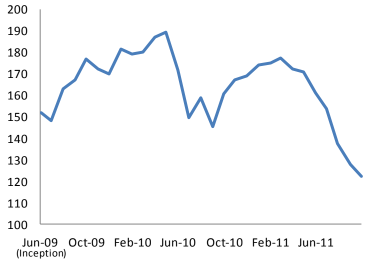


Figure 44
LTIF – Alpha CHF

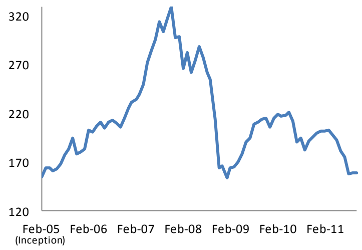


Figure 45
LTIF – Alpha II CHF

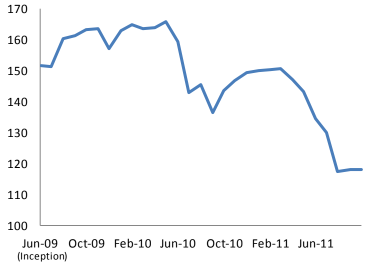


Figure 46
LTIF – Natural Resources CHF

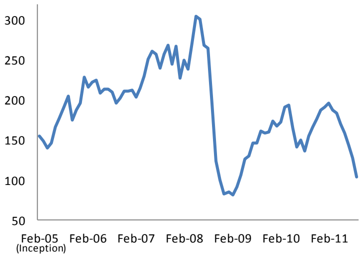
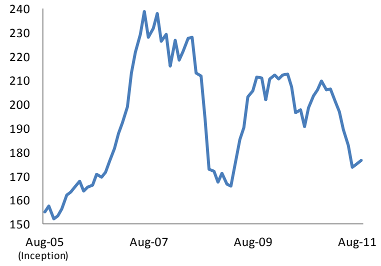


Figure 47
LTIF – Emerging Market Value CHF

Figure 48
LTIF – Stability CHF *(without dividends)*



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 6: **Net Asset Value - Net assets under management in GBP** *

September 2011	NAV	Δ YTD	Δ 12m	Ann. Return since Inception	AUM (in mio)
LTIF Classic II [GBP]	86.40	-27.45%	-17.09%	0.11%	213.63 *(combined Classic & Classic II)*
LTIF Alpha II [GBP]	83.45	-18.79%	-10.50%	-1.37%	33.76 *(combined Alpha & Alpha II)*
LTIF Natural Resources [GBP] *(former Global Energy Value Fund)*	73.46	-42.79%	-27.23%	0.97%	43.39
LTIF Emerging Market Value [GBP]	58.44	-31.62%	-	-	2.71
MSCI World Index TR [GBP] *(Bloomberg GDDUWI)*	2'417.41	-12.15%	-3.35%	9.27% *	** Inception date of Classic II*

** Performance up to 05.11.2009 is converted on a simulation basis from EUR into GBP. NAVs from 01.06.2009 to 04.11.2009 are not official.*

Figure 49
LTIF – Classic II GBP

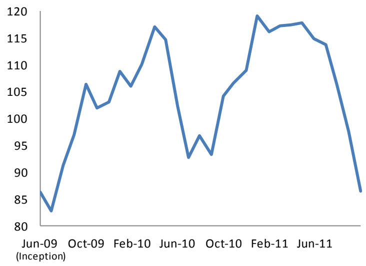


Figure 50
LTIF – Alpha II GBP

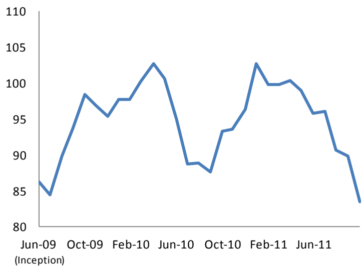


Figure 51
LTIF – Natural Resources GBP

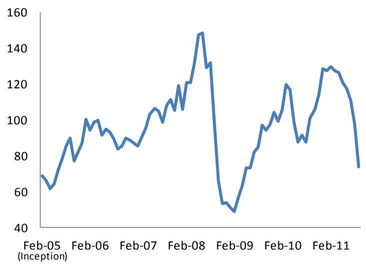
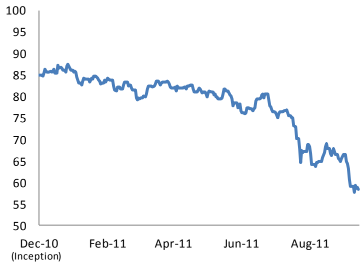


Figure 52
LTIF – Emerging Market Value GBP



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. Reports are available from SIA Funds AG. Past performance is no guarantee of future trends.

Long Term Investment Fund is an open-ended investment company of the umbrella type organized as a “société anonyme” under the laws of the Grand Duchy of Luxembourg and qualifies as a Société d’Investissement à Capital Variable (“SICAV”) under Part I of the Luxembourg law of 20th December, 2002. It has three active compartments, called "Classic," "Alpha," and "Energy," which fully resemble both the Long-Term Investment Fund in BVI (classes “Classic” and “Alpha”) and the Global Energy Value Fund with regard to their investment objectives and operational structure. This newsletter is only addressed to qualified private investors who have expressed a desire to receive it, and by no means constitutes an offer to sell financial products that may not be suitable for its readers.

LTIF – Classic II EUR		***LTIF – Classic II USD***		***LTIF – Classic II CHF***		***LTIF – Classic II GBP***	
ISIN:	LU0423699429	*ISIN:*	LU0423699692	*ISIN:*	LU0423699775	*ISIN:*	LU0457694296
Telekurs:	10'096'865	*Telekurs:*	10'096'889	*Telekurs:*	10'096'893	*Telekurs:*	10'638‘930
Bloomberg:	LTIFC2E LX	*Bloomberg:*	LTIFC2U LX	*Bloomberg:*	LTIFC2C LX	*Bloomberg:*	LTIFC2G LX
LTIF – Alpha II EUR		***LTIF – Alpha II USD***		***LTIF – Alpha II CHF***		***LTIF – Alpha II GBP***	
ISIN:	LU0423699858	*ISIN:*	LU0423699932	*ISIN:*	LU0423700029	*ISIN:*	LU0457693215
Telekurs:	10'096'895	*Telekurs:*	10'096'898	*Telekurs:*	10'097'000	*Telekurs:*	10'638'835
Bloomberg:	LTIFA2E LX	*Bloomberg:*	LTIFA2U LX	*Bloomberg:*	LTIFA2C LX	*Bloomberg:*	LTIFA2G LX
LTIF – Natural Resources EUR		***LTIF – Natural Resources USD***		***LTIF – Natural Resources CHF***		***LTIF – Natural Resources GBP***	
ISIN:	LU0244072335	*ISIN:*	LU0301247234	*ISIN:*	LU0301246939	*ISIN:*	LU0457696077
Telekurs:	2’432’575	*Telekurs:*	3’101’839	*Telekurs:*	3’101’836	*Telekurs:*	10’638’983
Bloomberg:	LTIFGEV LX	*Bloomberg:*	LTIFGEU LX	*Bloomberg:*	LTIFGEC LX	*Bloomberg:*	LTIFGEG LX
LTIF – Emerging Market Value EUR		***LTIF – Emerging Market Value USD***		***LTIF – Emerging Market Value CHF***		***LTIF – Emerging Market Value GBP***	
ISIN:	LU0553294868	*ISIN:*	LU0553295592	*ISIN:*	LU0553294785	*ISIN:*	LU0553296053
Telekurs:	11‘901‘448	*Telekurs:*	11‘901‘450	*Telekurs:*	11‘901‘447	*Telekurs:*	11’901’451
Bloomberg:	LTIFEME LX	*Bloomberg:*	LTIFEMU LX	*Bloomberg:*	LTIFEMC LX	*Bloomberg:*	LTIFEMG LX

Administrator:	***Investment Manager:***	***Custodian:***	***Registered Office:***
Pictet & Cie (Europe) S.A. 1, Boulevard Royal L-2449 Luxembourg Luxembourg	SIA Funds AG Parkweg 1 CH-8866 Ziegelbrücke Switzerland	Pictet & Cie (Europe) S.A. 1, Boulevard Royal L-2449 Luxembourg Luxembourg	1, Boulevard Royal L-2449 Luxembourg Luxembourg

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 no guarantee of future trends.

Long Term Investment Fund Stability (SIA Funds) was approved by the Swiss Banking Commission on July 13, 2006. The fund started trading denominated in Swiss Francs as of October 1st, 2006. This newsletter is only addressed to qualified private investors who have expressed a desire to receive it, and by no means constitutes an offer to sell financial products that may not be suitable for its readers.

LTIF – Stability Growth		***LTIF – Stability Income Plus***	
ISIN:	CH0026389202	*ISIN:*	CH0135996012
Telekurs:	2’638’920	*Telekurs:*	13’599’601
Bloomberg:	LTIFSTA SW	*Bloomberg:*	LTIFSIP SW

Administrator:	***Investment Manager:***	***Custodian:***
Pictet Funds S.A. Route des Acacias 60 CH-1211 Geneva 73 Switzerland	SIA Funds AG Parkweg 1 CH-8866 Ziegelbrücke Switzerland	Pictet & Cie 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