Figure 1
LTIF – Classic EUR

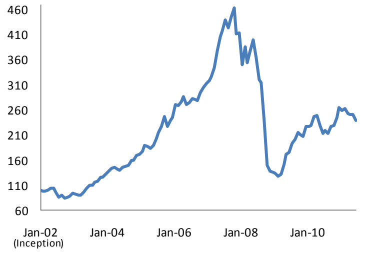


Figure 2
LTIF – Classic II EUR

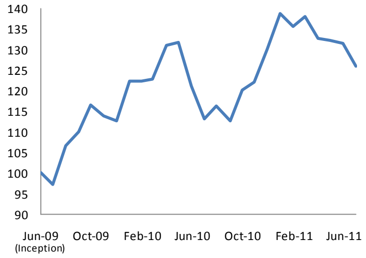


Figure 3
LTIF – Alpha EUR

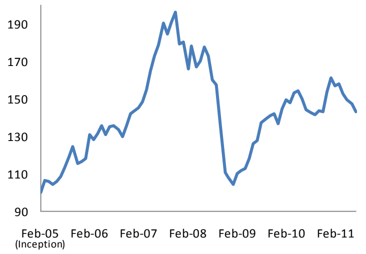
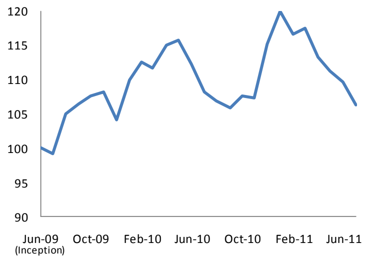


Figure 4
LTIF – Alpha II EUR



Long Term Investment Fund

Table 1 and figures 1 to 7 show the evolution of our funds for the last quarter.

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

June 2011	NAV	Δ YTD	Δ 12m	Ann. Return since Inception	AUM (in mio)
LTIF Classic [EUR]	239.52	-9.34%	12.40%	9.63%	382.81 *
LTIF Classic II [EUR]	126.02	-9.33%	11.36%	11.74%	** combined Classic & Classic II*
LTIF Alpha [EUR]	143.18	-11.34%	-0.82%	5.75%	44.26 **
LTIF Alpha II [EUR]	106.34	-11.32%	-1.76%	2.99%	*** combined Alpha & Alpha II*
LTIF Natural Resources [EUR] (former Global Energy Value Fund)	130.14	-13.15%	21.90%	4.25%	93.49
LTIF Emerging Market Value [EUR]	87.12	-12.65%	-	-	5.70
LTIF Stability Series [CHF] ***	182.60	-12.92%	-6.98%	2.87%	26.67
*** Total Return (incl. Dividend)	4.89	-10.85%			
MSCI World Index TR [EUR] (Bloomberg GDDUWI)	3'122.82	-2.71%	10.82%	0.26% ****	***** Inception date of Classic*

As can be seen in figure 8, the performance of the Classic fund over the last 12 months (+12.4% in Euro, +33% in USD, +4% in CHF) has been slightly higher than that of the World Index, while the European index has done a bit better and the US index a bit worse.

Figure 8: **Evolution of LTIF Classic, MSCI World Index, Eurostoxx 50 and S&P 500 (in Euro, indexed)**

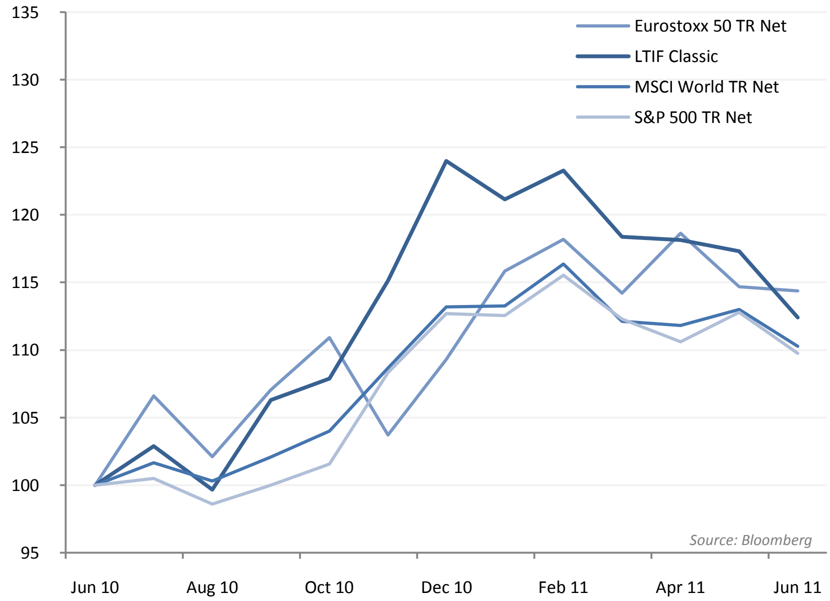


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Figure 5
LTIF – Natural Resources EUR

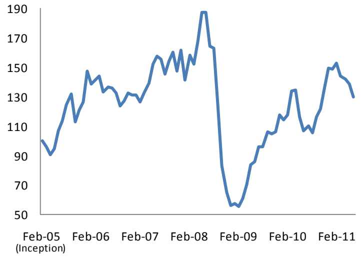


Figure 6
LTIF – Emerging Market Value

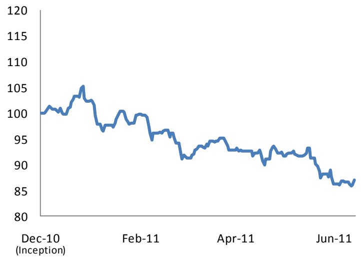
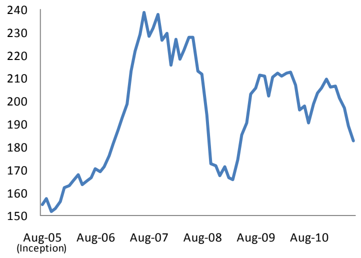


Figure 7
LTIF – Stability CHF



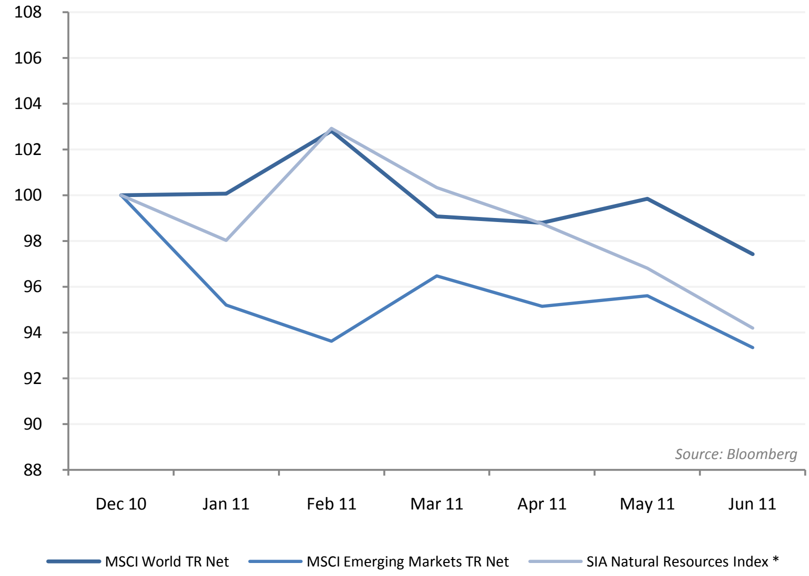
This 12-month “performance” is clearly divided into two parts: the end of last year, when it was “positive” and the beginning of this one when it was “negative”.

Clearly, a fund that invests in shares that differ greatly from those comprising the indices cannot always be expected to have a similar evolution to that of the indices. Sometimes it will do better and at other times it will do worse. The investor’s expectation is, of course, that over time it will do better on average. In this sense, the variations in “performance” that we have seen during the last 12 months are not very important. But it’s interesting, nonetheless, to take a look at where these variations originate (which shares are up, which shares are down). The “performance” may simply reflect market noise or there may be a fundamental issue with our companies’ underlying profitability, which constitutes the fund’s *real performance* (without inverted commas this time).

Among the many differences that our portfolio has with regard to the world indices, two are conspicuous: the weight we allocate to some commodity producers (about a third of the portfolio) and the important presence of emerging markets shares (about 20%). These areas, for example, represent just 20.9% and 8.7% of the World index.

As can be seen in figure 9, shares in these sectors have dropped meaningfully with regard to the world index since the beginning of 2011:

Figure 9: **MSCI World against MSCI Emerging Markets and SIA Natural Resources Index *, January 1st to June 30th (in Euro, indexed)**



** SIA Natural Resources Index (50% "MSCI World Energy TR" and 50% "MSCI World Metals & Mining TR")*

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In our December 2010 newsletter, we mentioned that

"(m)ost emerging markets face a starkly different problem: not too much debt, but too much growth. If inflation is to be controlled - and it will eventually be, one way or another - interest rates will have to go up. This is not bad. When a country raises interest rates because it's growing too fast, its companies tend to do very well. But since most of the world's economic growth comes from emerging markets (particularly China), anything that may imply a slowdown in their growth tends to spook markets. 2011 will not be different, and this volatility may affect natural resources companies more than other. By now, everybody knows that the key reason for many commodities' historically high prices is demand from emerging markets. Investors will probably assume that, if those markets are going to grow less, commodities prices will go down. Expect exceptional volatility in this area".

China has indeed put measures in place to curb inflation (this has basically been achieved), and both emerging market and natural resources companies' stocks are down. But the underlying economies and companies are doing well. Furthermore, our key theses – that oil and copper prices would remain high because supply can barely meet normal demand – have proven correct.

As we said, it's important when looking at a drop in share prices to distinguish between a "market-driven" drop (or rise), and a fundamentally justified drop. If the movement is pure market noise, it will re-trace. Not one of the companies in our funds is having profitability problems. Many (certainly those producing oil and copper) are making much *more* money than expected: Oil and copper prices are 40% *higher* than 12 months ago. And this is not going to change. These two commodities' supply is seriously constrained and can barely replace depleted mines and exhausted oil fields, let alone allow for strong increases in demand.

Last year, our Natural Resources fund's net asset value per share went down -13.6% in May and, then, -8.4% in June. But it ended with an increase of 27.6% for the entire 2010, for a July to December gain of 40.4%. Our Classic fund went down -8.3% and -6.6% in May and June, to end the year with a gain of 16.3%, for a last six months increase of 24%. We're by no means saying that 2011 will be like 2010; we simply don't know. But the fundamental value of our companies is higher than last year, so the upward price correction will come sooner or later. This provides an excellent entry point, as, in hindsight, June 2010 proved to be.

Looking at our portfolio, we see it's made up of about a third natural resources companies (mostly oil and copper producers), more than 10% insurers, 10% healthcare companies, 13% infrastructure companies (basically toll roads and home builders), 15% consumer goods (from Nestlé to Reckitt Benckiser), and almost 10% highly diverse industrial

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companies (train manufacturers, Post-it makers, etc.). As we discuss later, these are not companies easily affected by a slowdown of the world economy.

Overall, we expect annual normalized returns of almost 15% for these shares. Taking fees into account, we are absolutely convinced that the funds will provide annualized double-digit returns over the long term. These returns will come with volatility, but not much risk. From Unilever to Zurich Financial Services, from Novartis to Occidental Petroleum, the companies we own show excellent prospects and, in most cases, a very good historical pattern of profitability.

However, will the current instability not affect our companies' prospects? What about the euro crisis, the low growth in the US, the possible bubbles in China? Let's look at these issues in turn.

In December, when looking forward to 2011, we also said that the euro crisis was far from over, and that several European countries' debt positions were unsustainable. Nothing has improved in that respect. We believe it is extremely likely that Greece, Portugal, and Ireland will default on their debts, although a mechanism may be found to call it something else. We also believe that Portugal and Greece will eventually leave the Euro-zone. Again, a still to be determined face-saving mechanism will probably be used, (there are already plans in the making). A country cannot be in a free market for goods and services such as the European Union, be extremely uncompetitive, and still enjoy a minimum of social welfare. The only way to sustain such a situation – in Southern Italy, for instance – is through permanent subsidies from the more competitive areas (in the case of Italy, from the North). But in a Union of States it's difficult to see the richer countries' voters accepting permanent welfare transfers to other countries (just as the Lega Nord is trying to stop them within Italy). If the external deficit caused by lack of competitiveness and open borders cannot be financed by "investment money" – as it was until last year, thus taking debt to unsustainable levels – or by pure fiscal transfers (subsidies), the country must devalue its currency or accept a permanently weak economy, unable to pay its debts. This is a law that no politician can break, regardless of how many votes he or she has. Benjamin Graham's dictum *"in the short terms, markets are a voting machine; in the long-term, they are a weighing machine"* applies in more than one way in this respect.

Since all these elements – defaults, aborted plans, down-to-the-wire votes, street protests, etc. – generate plenty of news, and all the open options are bad, expect politicians to avoid decisions for as long as possible. In turn, this means: Expect markets to remain volatile. True, markets already reflect some of these problems. For example, Greek government bonds pay more than 25% interest per year now… provided they get re-paid. Volatility will therefore gradually decrease. But new doubts will arise, certainly over Spain and Italy. It's hard to see this story dissipating in the next few months. Something similar can be said of the

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political / fiscal antics in the US, and the necessary measures to slow down the Chinese economy, as no country can grow forever at more than 10% per year, and most certainly not when it has become the world's second largest economy.

But let's look beyond the news at the underlying economic reality: These issues will be solved one way or the other: we won't be talking about them in 10 years' time; other worries will have taken their place. The world will continue turning and people (more of them every year) will continue producing and consuming. Economic growth will be very slow for a long time in countries with a great deal of debt, such as Southern Europe, Ireland, the UK, and the USA. Countries with less debt will do better, and we are actually already seeing this in Northern Europe – Germany has the lowest unemployment in a generation – and, of course, in much of Asia.

And our companies? We have positioned our portfolio in such a way that it will not be really affected. Nestlé will continue selling food, Chinese toll roads will continue collecting tolls, McDonald's will continue expanding worldwide, and oil companies will continue extracting and selling oil at very good prices, given its scarcity. We have avoided all those areas that seemed at risk to us: Indian and Brazilian stocks, which were expensive; European banking stocks, because they were not as cheap as they seemed; and apparently-safe European utilities and telcos, because we thought their very high dividend yields were probably not sustainable. As we said before, no part of our portfolio is "impaired": Our companies are doing well and their prospects are excellent.

We thus look to the future with optimism: There will be an abundance of bad news, but also of profits and dividends. Moreover, we constantly scan for new investments, and volatile times provide good opportunities. Right now we are following a few very high quality blue chip companies trading at very attractive prices, as well as some volatile stocks (such as salmon producers) that experience big ups and downs, but whose true long-term value we think we know. It's merely a matter of time before we purchase them at a very good price.

We believe that, for all these reasons, long-term investors will look back in a few years' time and realize that they obtained very good returns by investing in our funds. We would like to regularly achieve the 12% return of the last twelve months (not only every twelve months, but 1% every month), but it is not in the nature of our investment style to do so. The volatility we observe should, however, be seen as an opportunity (buy at the lows) and not as a reason to give up those returns. We understand it's not easy to invest in shares when all the news is bad. However, if the companies one buys are good and inexpensive, this is exactly the time to buy. We cannot repeat the rationale for all our investments in every Newsletter, but are very happy to personally, or by phone, answer all the questions our investors may have.

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SIA news

We have decided to concentrate our research effort in Geneva and Singapore. The experience of the last few years has shown that research is better conducted when the team is physically together, and not excessively numerous. Compared to Barcelona, operating out of Geneva better facilitates our in-depth research work since a large number of companies and analysts pass through the city to present their investment cases.

Consequently, we have let go some of our Geneva-based analysts and have asked the key analysts working in our Barcelona office to move to Geneva. Walter Scherk, Managing Partner and one of SIA's founders, will continue working out of Barcelona, where SIA will keep a small office. His essential input in SIA's research and investing will be the same as it has always been.

In total, SIA will have 13 full-time investment professionals with a combined investment experience of close to 100 years. Trading, risk-control, and regulatory affairs will be handled by our Ziegelbrücke office, as it has always been.

We honestly believe that this restructuring will improve the quality of our investment process, which is based on an in-depth understanding of the companies we follow, as well as SIA senior management’s very deep involvement in all decisions. The restructuring also helps preserve all the world-class know-how we have developed in specific industries, such as energy, mining, infrastructures, and insurance, over the years and gives us the opportunity to delve into further opportunities.

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Figures of the USD classes

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

June 2011	NAV	Δ YTD	Δ 12m	Ann. Return since Inception	AUM (in mio)
LTIF Classic [USD]	347.27	-2.03%	33.05%	15.35%	555.01 *
LTIF Classic II [USD]	182.71	-2.01%	31.82%	13.03%	** combined Classic & Classic II*
LTIF Alpha [USD]	207.59	-4.18%	17.40%	7.52%	64.17 **
LTIF Alpha II [USD]	154.18	-4.16%	16.29%	4.18%	*** combined Alpha & Alpha II*
LTIF Natural Resources [USD] (former Global Energy Value Fund)	188.68	-6.14%	44.28%	5.71%	135.55
LTIF Emerging Market Value [USD]	126.03	-5.81%	-	-	8.26
MSCI World Index TR [USD] (Bloomberg GDDUWI)	4'531.21	5.62%	31.19%	5.50% ***	**** Inception date of Classic*

Figure 10
LTIF – Classic USD

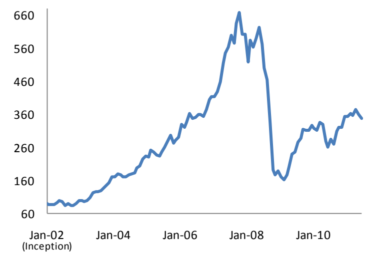


Figure 11
LTIF – Classic II USD

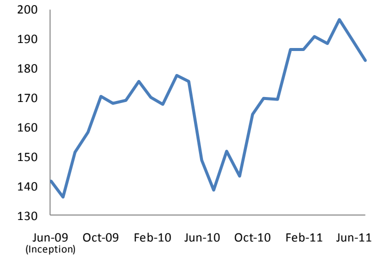


Figure 12
LTIF – Alpha USD

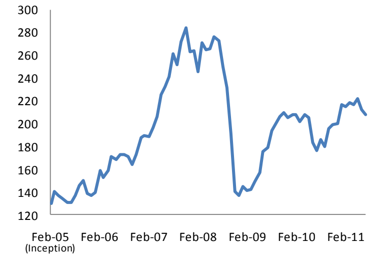


Figure 13
LTIF – Alpha II USD

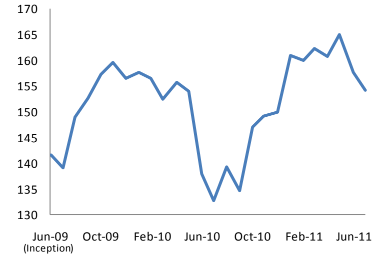


Figure 14
LTIF – Natural Resources USD

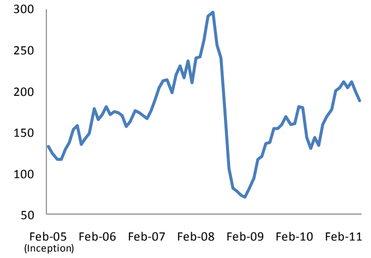
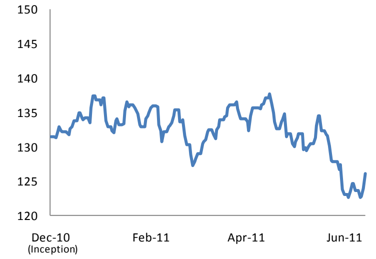


Figure 15
LTIF – Emerging Market Value USD



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Figures of the CHF classes

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

June 2011	NAV	Δ YTD	Δ 12m	Ann. Return since Inception	AUM (in mio)
LTIF Classic [CHF]	292.40	-11.50%	3.89%	7.43%	467.32 *
LTIF Classic II [CHF]	153.84	-11.48%	2.92%	0.66%	** combined Classic & Classic II*
LTIF Alpha [CHF]	174.79	-13.44%	-8.33%	1.90%	54.03 **
LTIF Alpha II [CHF]	129.82	-13.43%	-9.20%	-7.22%	*** combined Alpha & Alpha II*
LTIF Natural Resources [CHF] (former Global Energy Value Fund)	158.87	-15.22%	12.66%	0.44%	114.13
LTIF Emerging Market Value [CHF]	105.17	-15.68%	-	-	6.96
LTIF Stability Series [CHF] ***	182.60	-12.92%	-6.98%	2.87%	26.67
*** Total Return (incl. Dividend)	4.89	-10.85%			
MSCI World Index TR [CHF] (Bloomberg GDDUWI)	3'815.28	-4.77%	2.50%	-1.72% ***	**** Inception date of Classic*

Figure 16
LTIF – Classic CHF

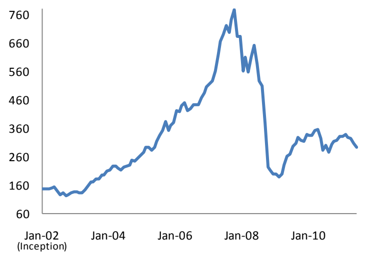


Figure 17
LTIF – Classic II CHF

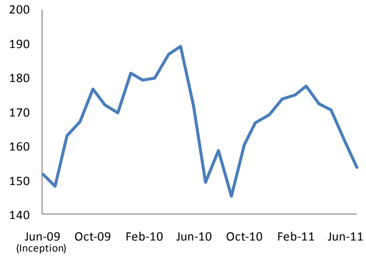


Figure 18
LTIF – Alpha CHF

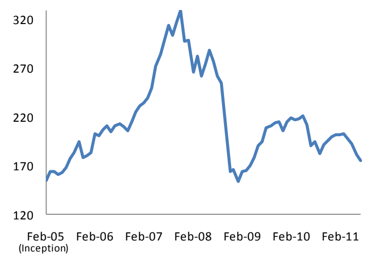


Figure 19
LTIF – Alpha II CHF

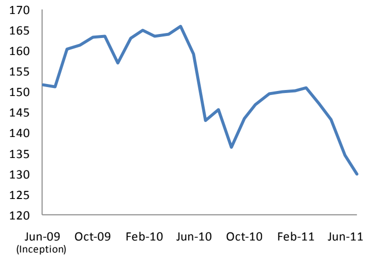


Figure 20
LTIF – Natural Resources CHF

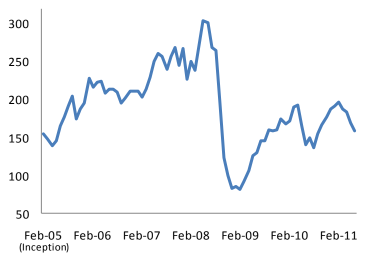


Figure 21
LTIF – Emerging Market Value CHF

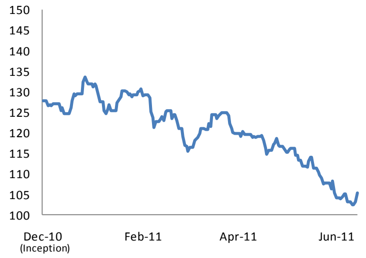
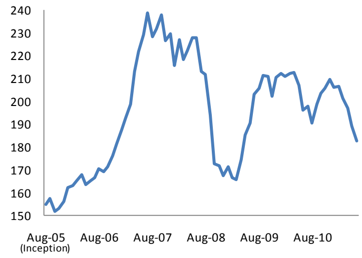


Figure 22
LTIF – Stability CHF



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Figures of the GBP classes

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

June 2011	NAV	Δ YTD	Δ 12m	Ann. Return since Inception	AUM (in mio)
LTIF Classic II [GBP]	113.81	-4.43%	22.84%	14.28%	345.70 *(combined Classic & Classic II)*
LTIF Alpha II [GBP]	96.03	-6.55%	8.36%	5.33%	39.97 *(combined Alpha & Alpha II)*
LTIF Natural Resources [GBP] (former Global Energy Value Fund)	117.53	-8.47%	34.46%	8.79%	84.43
LTIF Emerging Market Value [GBP]	78.88	-7.70%	-	-	5.15
MSCI World Index TR [GBP] (Bloomberg GDDUWI)	2'820.20	2.49%	22.18%	18.53% *	** 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 23
LTIF – Classic II GBP

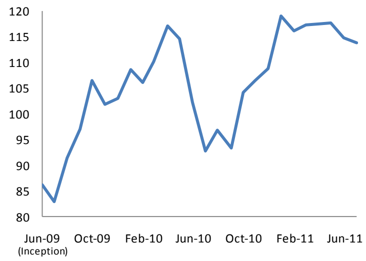


Figure 24
LTIF – Alpha II GBP

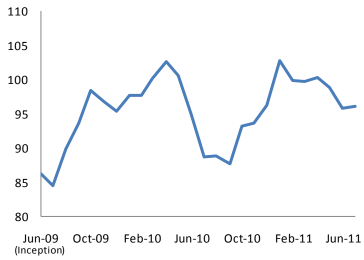


Figure 25
LTIF – Natural Resources GBP

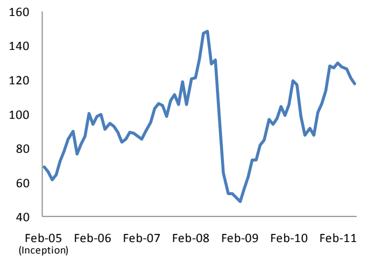
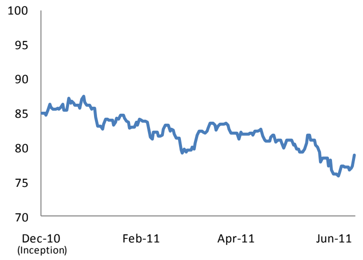


Figure 26
LTIF – Emerging Market Value GBP



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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

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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
ISIN: CH0026389202
Telekurs: 2'638'920
Bloomberg: LTIFSTA 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