Long Term Investment Fund

Table 1 and figures 1 through 4 show the evolution of the net asset value (in euro) per share of our funds during this past quarter. Tables 2 and 3 and figures 10 through 15, at the end of this newsletter, show the same data in US dollars and Swiss Francs.

Table 1: Net Asset Value - Net assets under management in EUR

June 2007	NAV	Δ YTD	Δ 12m	Δ Inception	AUM (in mio)
LTIF Classic [EUR]	416.74	33.05%	51.99%	316.74%	1134
LTIF Alpha [EUR]	178.88	24.39%	32.57%	78.88%	118
LTIF Global Energy Value [EUR]	157.70	19.90%	15.23%	57.70%	31
LTIF Stability Series [CHF]	229.40	26.46%	38.85%	48.22%	63
Global Mining Value Fund [EUR]	98.42	-1.58%	n.a	-1.58%	17
MSCI World Index TR (GDDLWI)	3'620.62	6.90%	17.58%		

There have been no major changes to the portfolios, as indicated in the figures below.

Figure 1
LTIF – Classic EUR

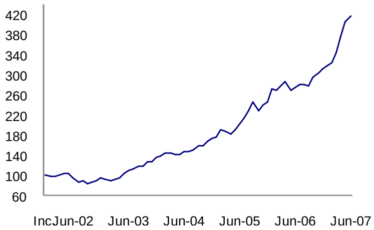


Figure 2
LTIF – Alpha EUR

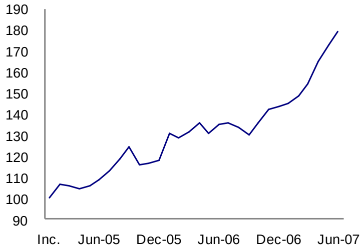


Figure 3
LTIF – Global Energy Value EUR

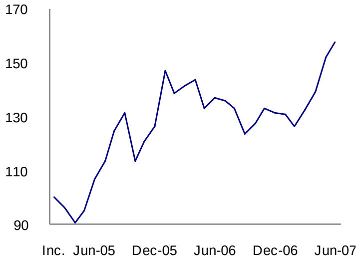


Figure 4
LTIF – Stability CHF

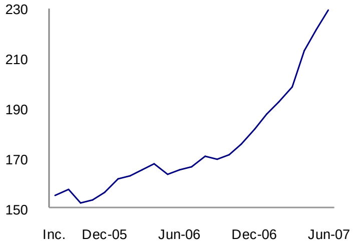


Figure 5
Breakdown by industry

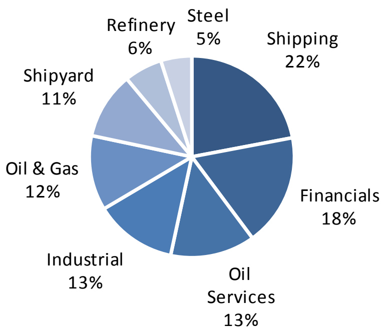
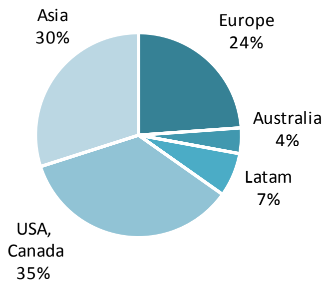


Figure 6
Breakdown by geographic area



Most of our companies continue doing well, with very strong results from shipyards, maritime carriers, mining and energy companies, etc.

Evolution during this quarter

These increases in Net Asset Value are clearly remarkable, raising two questions of great importance for all investors: have the funds become expensive; and can the Fund Manager accommodate the increased inflow of money into the funds? We'll try to answer these questions separately, although we already know that they are more interrelated than it may seem.

On market timing

Most ratios return to the mean – that's why we keep an eye on them. Prices, however, don't. The ratio of home prices to disposable income, for example, tends to revert to its historical mean: if homes become so expensive that people can no longer afford them, demand sags. If they become very cheap, relative to income, people will trade up, increasing demand. Something similar happens with shares' PE ratio: if shares become too expensive, they tend to fall, or stay flat until profits catch up. If PE ratios become

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very low, people eventually realize that shares are a great investment, pushing their prices up. But both house prices and share prices have basically been increasing (with some see-sawing) forever: their prices do not revert to the mean, only the price *ratios* do.

Our fund prices have gone up substantially in the last few months – actually, in the last few years: the Classic fund's NAV per share has more than quadrupled since its inception in January 2002. Does that mean they are somewhat overpriced? To answer that question, one has to look at the fund ratios, not their prices. A share whose price goes up by a factor of four may still be inexpensive if its profits have gone up by ten. Conversely, a share that drops in price may still be expensive if its profits are low (and its PE high): people bought Cisco shares at $40 in 2001 because this was a bargain as the price had reached $80 in 2000. Well, it settled below $20 (it's about $28 today).

We publish our funds' PE so that investors can get an objective answer to the question: is this fund a bargain now, or is it too expensive, regardless of what its price has done in the past? Investors should not look at the past, but be interested in the future. As long as our PE is as cheap as it is now (about half the level of the overall market), investors can expect good future returns, even if there are up and downs.

We have no idea, of course, what the fund price will do in the short term: as you read this, it may be falling. However, three months ago we wrote in our Newsletter: "We are convinced that our portfolio is poised for an excellent overall return in the next couple of years, even if we are pretty sure, based on experience, that the price of the fund will at some point drop in the next few months (although of course we don't know when, nor we know how much it will have gone up before it goes down, and how long it will take to recover)." Well, the fund is now 20.77% higher than it was at the end of March. This means that even if it drops by 10% during this coming quarter, an investor who had bought in early April would still be better off. Of course, if you know that the fund is going to drop, you should wait to invest. But we don't. Nevertheless, we know that our PE of 7 means that at current prices our shares are expected to earn about 15% in real profits over the next twelve months. By not investing, a market-timing investor would miss those earnings. We certainly don't think that it makes sense for a long-term investor who studies the ratios (i.e., real earnings compared to purchase price) to play market-timing games, unless he or she has an excellent technique, in which case they should probably not be long-term investors but very successful short-term traders. To summarize: if you believe in long-term investing, forget about share prices (up or down); look at the intrinsic value, and invest as money becomes available.

This brings us to the second question.

On liquidity

Value strategies are intrinsically limited. They're predicated on the market "missing" something: either a company whose numbers are

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better than they seem, or a commodity price that's going to behave in a different way than in the past, or any other aspect of "hidden value." But value, if real, does not stay hidden forever. Markets eventually discover it, and push its price up. This is why competent value investors always beat markets over the long term… and why value plays disappear over time. If the money to be invested keeps growing, it reaches a point where finding enough "market oversights" in which to place it becomes harder and harder. Since our funds have grown substantially, the natural question arises, have we arrived at that point?

Again, the right way to answer this question is by looking at the appropriate ratios. A fund is not big or small in absolute terms, but only in as much as its size allows it (or not) to follow its stated strategy. Our strategy is to buy good companies at low prices, which is to some extent captured by the fund's average forward PE. And this ratio has not gone up by much in the last few months, in spite of the sharp appreciation of our shares. The reason is twofold: on the one hand, many of our companies are having outstanding results, which justify an increase in their share price without making them "expensive"; on the other hand, we constantly watch those ratios, both at the fund and at the individual company level. When a share price rises above what we consider reasonable we sell it, and reinvest the funds in companies with a better expected return. As long as we can buy these cheaper companies, the fund can keep growing, both through new subscription and its own performance.

Briefly: we'll all know that the fund must stop growing when we see its multiples (PE, EV/Ebit…) appreciate significantly, for that would be the sign that we can't find enough good, inexpensive companies in which to invest. But, as of today, our multiples are more or less 50% lower than the market averages. In fact, they're lower than they were a couple of years ago. Consequently, these reasons lead us to believe that we still can offer our investors good opportunities to place their money. Nevertheless, as mentioned, we monitor this issue constantly, and we'll act as soon as we believe future returns could be compromised. In any case, investors will have plenty of advance notice of whatever we intend to do.

The mining fund

We have just started a new fund specializing in the mining sector. The Global Mining Value will primarily invest in companies producing base metals, such as copper, nickel, and zinc. It might also invest in companies producing precious metals if they become attractive (at present we deem them to be almost structurally expensive), in coal companies, and perhaps in some of the industry's key suppliers and customers, such as mining equipment manufacturers and smelter operators.

In our December 2006 Newsletter, we indicated that our plans for 2007 did not include launching new funds: we are not in the business of launching "the fund of the month", trying to follow investment fashions to gather the maximum amount of assets. We are, however, in the business of providing our clients with good long-term investment opportunities that are based on our combination of

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in-depth research and value orientation. When we come across such an opportunity, we pursue it.

We believe that the mining sector has three very attractive characteristics:

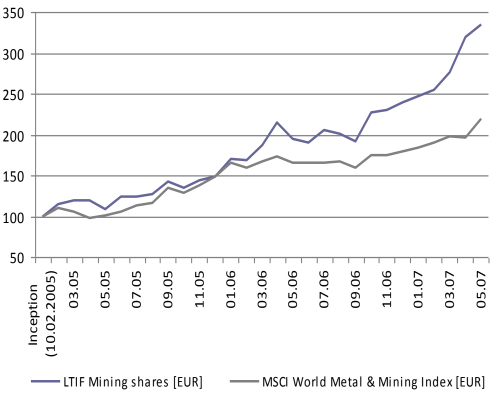
- it is broadly undervalued,
- it is so diverse that picking stocks can create substantial value, and
- the flow of new deals is so intense that there are more ideas than analysts covering them.

Consequently, we believe that we can create value for our investors. At the same time, we believe that it makes sense to create a specialized vehicle, as opposed to simply keeping a large share of our generalist LTIF funds invested in the sector. There are two reasons for this belief.

The first is that this is a very volatile, badly understood sector (which partially explains the investment opportunity, of course). If its share of our overall portfolio were to grow much beyond the current level (about 18%), the fund's overall risk/reward would probably decrease. Our investors know that volatility is not something to be avoided at the cost of good returns, but they also know that diversification offers an excellent way of increasing the overall risk / return ratio. Creating a separate fund focused on minerals allows us to keep offering our investors our expertise in what we believe is an excellent opportunity and, simultaneously, maintain the diversified nature of our generalist funds.

This leads us to the second reason: exploiting our expertise at very little extra costs.

Figure 7
Global Mining Value* vs. MSCI World Metal & Mining Index



** The performance is presented net of transaction costs, management and custody fees and gross of potential performance fees. Dividend and interest income is not included for performance calculation purposes.*

PricewaterhouseCoopers AG has performed agreed-upon procedures with respect to the presented performance. The report on the results of these procedures can be obtained from SIA Funds AG.

We have one basic way of creating value for our investors: finding good (i.e., sustainably profitable) companies selling at low prices. This implies making a detailed analysis of the sectors in which they operate, as this is essential to assess their future profits. Over the last three years, we have developed an in-depth understanding of the mining sector, especially of base metals. This has allowed us, first, to come to the conclusion that the sector is indeed undervalued in general and, second, to choose better-than-average mining companies. Figure 7 shows the evolution of the shares in which we have invested over the years, in absolute terms and compared to the MSCI World Metal & Mining index.

However, we think that there is another way in which we can create value in the mining sector: as active investors.

Often, junior mining companies (i.e., small ones, operating one or, at most, a few mines), where we find more value, have financing problems. Opening a new mine is a very capital-intensive exercise, costing hundreds of millions of euros. A company can run into serious problems if it finds itself short of money before starting production. This is due to financial markets not actually believing in the future of the industry (which is why it's so inexpensive) and institutions taking advantage of its urgent need for funds to extract onerous conditions.

Nevertheless, once junior companies start producing, they often find themselves in the opposite situation: an abundant free cash flow. This can lead to unwise investment decisions. An active, knowledgeable investor can create value in the first situation by helping to arrange financing at reasonable terms; and in the second by intervening at the board level to ensure that the generated cash flow benefits shareholders, not managers. In fact, both actions can be achieved simultaneously by directing cash flow from some companies to others

These two sources of value added determine the appropriate structure of the fund. It will operate in two distinct phases:

Figure 8
Seniors / Juniors portfolio comparison – rebase -2Y

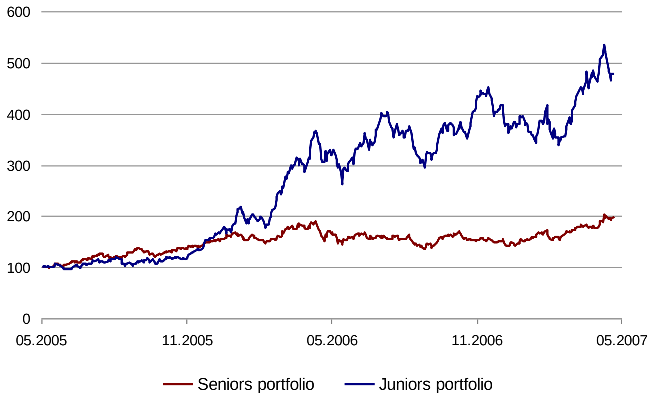
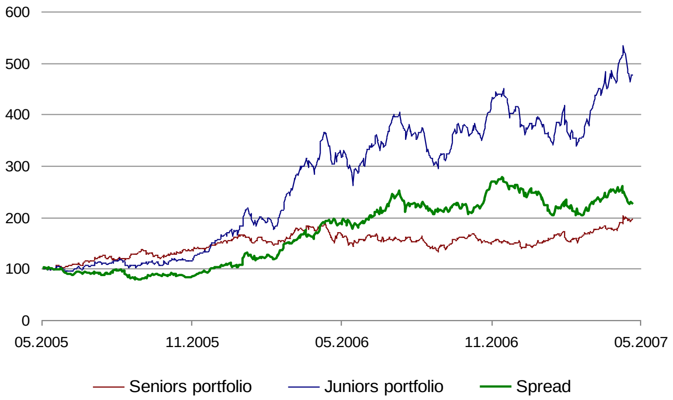


Figure 9
Spread



1. In phase 1, we expect to create value simply through stock picking. The fund will be a “normal” one, open-ended, with monthly liquidity. It will be allowed to concentrate its investments a bit more than traditional funds, although it will maintain the principle of broad diversification (within the sector, of course). It will be allowed to add some leverage (up to 50% of the fund’s Net Asset Value) to take advantage of potential opportunities. Finally, it will be allowed to take up to 30% short positions to exploit temporarily unjustified differences in valuation between companies in the industry. As we have pointed out, the market often pays what we believe is an unjustified premium for larger companies, since they are perceived as “safer.” This is true of firms such as BHP Billiton and RTZ that usually trade at higher multiples than junior firms such as Quadra and Hudbay, which are companies that we have owned for some time now. We, however, believe that the juniors’ profits will grow faster than those of the seniors, because they have smaller bases and better opportunities. Over the medium term, we thus expect the juniors’ share prices to grow faster than those of the seniors. Figure 8 shows that this has indeed been the case lately. There is therefore an opportunity to sell the seniors’ shares and buy those of the juniors. This is a trade that, if correct, should be both profitable and relatively stable in its returns because when mining shares go down, they all go down, whether they’re junior or senior. Figure 9 depicts this.

2. If phase 1 is successful, i.e., if the evolution is such that investors entrust us with a reasonable amount of money (say, several hundred million euro), we will try to create value through active

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intervention. This requires taking meaningful ownership positions in companies, even demanding representation on the board. This, in turn, requires the capital at our disposal to be of permanent nature. The fund will therefore transform itself in a closed-end fund, and will be listed in a major stock exchange to offer investors secondary liquidity. This transformation will have a limited time horizon: in five years' time – extensible by two years at the fund board's discretion – it will be dissolved and the proceeds returned to the investors. The decision to go from phase 1 to phase 2 will, of course, be announced to all investors, giving them at least three months' notice.

We believe this project allows us to leverage our skills in an efficient way: starting phase 1 does not require any extra effort from us, as we already own more than twenty mining companies, which we know in depth, in our generalist funds. At the same time, our investors gain access to an interesting opportunity that, like everything else that we do, combines value with an expected excellent growth potential.

The specific characteristics of the fund are:

- Monthly liquidity
- Minimum investment: €125.000
- Management Fee: 2%
- Performance Fee: 20%, HWM
- Custodian: Pictet Europe SA
- Administrator: Pictet Europe SA
- Investment Manager: SIA Funds AG
- Auditor: Deloitte
- Legal Form: Sicav Luxembourg, SIF

	EUR	USD	CHF
ISIN	LU0305469388	LU0305469545	LU0305470048
Telekurs	3183766	3183768	3183771

NAV will be calculated at the end of each month. Redemptions must be notified a month in advance to be effective at the end of the following month. Subscriptions can be demanded until the end of the current month.

The fund can be purchased in euros, US dollars, and Swiss francs, but there will be no attempt to cover the underlying investments vis-à-vis any specific currency, except if a given currency is deemed to be particularly out of line regarding the rest.

The fund is not intended for retail distribution, and it has not and probably will not be registered with any national authority other than Luxembourg's CSSF. Interested qualified investors can contact info@s-i-a.ch to obtain the prospectus, this text not being in any way an invitation to invest, but merely information on Strategic Investment Advisors' activities.

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SIA News

As announced in previous newsletters, we continue incorporating young analysts into our team. In the past second quarter, Burcu Garbache, Gabriel Gómez, and Sabrina Cerny have joined our Geneva office, while Yuran Cichon-So has joined our Pfäffikon office. The following provides some information about them:

Burcu Gabrache, Junior Equity Analyst, Strategic Investment Advisors (Suisse), SA

Burcu, who is Turkish, holds a Bachelor of Science and a Master's of Science Degree (with Honors) in Industrial Engineering from the Technical University of Istanbul and Koc University respectively. Parallel with her studies, she did internships in the banking and textile industries. After completing her degrees, she worked as a research assistant at the Swiss Federal Institute of Technology Lausanne until October 2006. Burcu joins our team in July.

Gabriel Gomez, Junior Equity Analyst, Strategic Investment Advisors (Suisse), SA

Of Spanish origin but born in Lausanne, Switzerland, Gabriel holds a Master's of Science Degree in Business Administration from the HEC Faculty of the University of Geneva and a Master's of Science Degree in Molecular Biology from the University of Lausanne. Prior to joining Strategic Investment Advisors (Suisse), SA, he worked as researcher at ISREC and Nestle Research Center, and participated in the organization of the 32nd America's Cup Sailing Competition. Gabriel worked in the field of asset management at a private bank in Geneva and joined our team in June 2007.

Sabrina Cerny, Junior Equity Analyst, Strategic Investment Advisors (Suisse), SA

Born in Zurich, Switzerland, Sabrina holds a Master's of Science Degree in Business Administration from the HEC Faculty of the University of Lausanne. Before she joined SIA (Suisse) SA in May, Sabrina worked in the field of risk management at Noble Resources SA and as a trainee at Lombard, Odier, Darier, Hentsch & Cie assisting with establishing a database project for Mutual and Hedge Funds.

Yuran Cichon-So, Research Assistant, SIA Funds AG

Born in Seoul, South Korea, Yuran completed her studies at the National Education University of Inchon. Since 2004, she has followed courses in financial accounting at the KV Business School of Zurich. She joined SIA Funds AG in February.

The next quarters will still see a few more incorporations, although we don't foresee another sharp increase in personnel. Our task for the next quarters is to absorb the new hires and train them in our specific way of analyzing companies and managing our funds, so that they can help with the task of finding undervalued assets for our investors worldwide

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Figures of the USD classes

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

June 2007	NAV	∆ YTD	∆ 12m	∆ Inception	AUM (in mio)
LTIF Classic [USD]	562.83	36.27%	60.53%	532.11%	1531
LTIF Alpha [USD]	241.59	27.40%	40.03%	85.33%	159
LTIF Global Energy Value [USD]	212.98	22.80%	21.71%	60.46%	41
Global Mining Value Fund [USD]	132.92	-0.79%	n.a	-0.79%	23
MSCI World Index TR (GDDLWI) [USD]	4'889.92	8.19%	24.19%		

Figure 10
LTIF – Classic USD

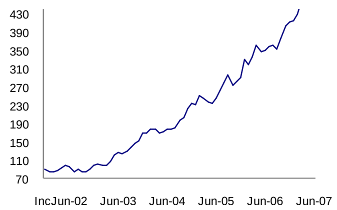


Figure 11
LTIF – Alpha USD

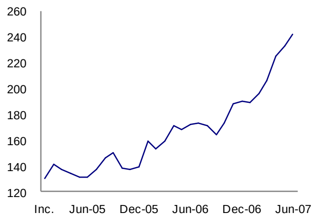
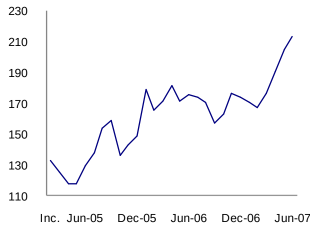


Figure 12
LTIF – Global Energy Value USD



Figures of the CHF classes

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

June 2007	NAV	∆ YTD	∆ 12m	∆ Inception	AUM (in mio)
LTIF Classic [CHF]	689.80	37.01%	60.87%	366.55%	1876
LTIF Alpha [CHF]	296.09	28.09%	40.32%	91.16%	195
LTIF Global Energy Value [CHF]	261.03	23.46%	21.96%	68.92%	51
Global Mining Value Fund [CHF]	162.91	-2.00%	n.a	-2.00%	28
MSCI World Index TR (GDDLWI) [CHF]	5'993.00	6.26%	24.25%		

Figure 13
LTIF – Classic CHF

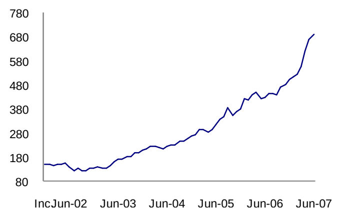


Figure 14
LTIF – Alpha CHF

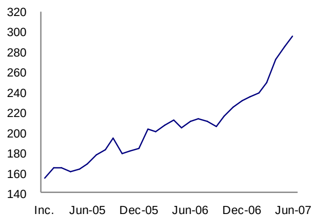
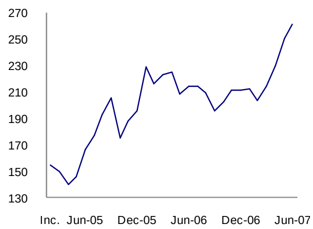


Figure 15
LTIF – Global Energy Value CHF



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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 organised 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 EUR
ISIN: LU0244071956
Telekurs: CH2432569
Bloomberg: LTIFCLA LX

LTIF – Classic USD
ISIN: LU0301247077
Telekurs: CH3101820
Bloomberg: LTIFCLU LX

LTIF – Classic CHF
ISIN: LU0301246772
Telekurs: CH3101817
Bloomberg: LTIFCLC LX

LTIF – Alpha EUR
ISIN: LU0244072178
Telekurs: CH2432573
Bloomberg: LTIFALP LX

LTIF – Alpha USD
ISIN: LU0301247150
Telekurs: CH3101828
Bloomberg: LTIFALU LX

LTIF – Alpha CHF
ISIN: LU0301246855
Telekurs: CH3101824
Bloomberg: LTIFALC LX

LTIF – Global Energy Value EUR
ISIN: LU0244072335
Telekurs: CH2432575
Bloomberg: LTIFGEV LX

LTIF – Global Energy Value USD
ISIN: LU0301247234
Telekurs: CH3101839
Bloomberg: LTIFGEU LX

LTIF – Global Energy Value CHF
ISIN: LU0301246939
Telekurs: CH3101836
Bloomberg: LTIFGEC LX

Global Mining Value Fund is a Luxembourg multiple compartment Investment Company organised as a "societe anonyme" incorporated on June 6, 2007 and subject to the Luxembourg law of February 13, 2007 relating to Specialized Investment Funds (SIF).

GMVF-Global Mining Value EUR
ISIN: LU0305469388
Telekurs: CH3183766
Bloomberg: GMVFEUR LX

GMVF-Global Mining Value USD
ISIN: LU0305469545
Telekurs: CH3183768
Bloomberg: GMVFUSD LX

GMVF-Global Mining Value CHF
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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
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Bloomberg: LTIFSTA SW

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