

Newsletter

of March 2013

- *Overview of our funds* 2
- *Markets' valuation* 2
- *Comments on our funds* 5
- *Appendix* 7

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

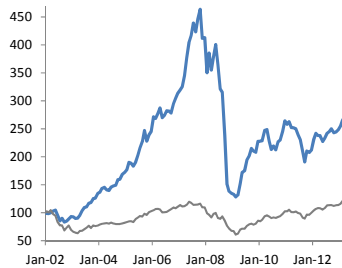


Figure 2: LTIF Alpha EUR
vs. HFRX Global Hedge Fund Index EUR

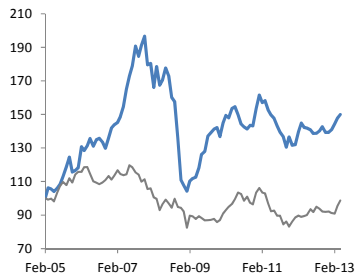


Figure 3: LTIF Natural Resources EUR
vs. S&P Global Nat. Res. Net TR Index EUR

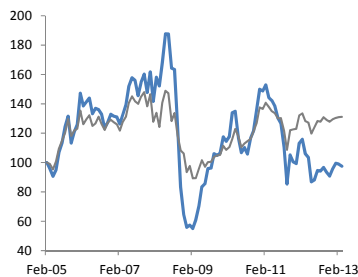
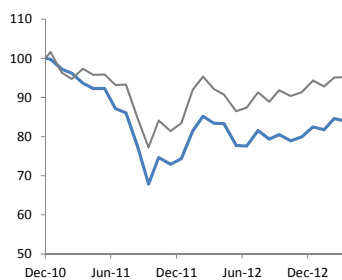


Figure 4: LTIF Emerging Market Value EUR
vs. MSCI Emerging Markets Index EUR



Overview of our funds

Table 1 and figures 1 through 6 show the evolution of our funds' Net Asset Value during 2013's first quarter. The evolution has broadly been positive and in line with comparable indices. The exceptions are the hedged funds, Alpha and Stability, whose performance has clearly been better. We provide more details below.

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

March 2013	NAV	Δ 3m	Δ YTD	Annualized Return since Inception	AUM (in mio)
LTIF Classic [EUR]	271.63	9.37%	9.37%	9.29%	223.88
LTIF Alpha [EUR]	149.93	6.44%	6.44%	5.08%	22.21
LTIF Natural Resources [EUR]	97.43	1.83%	1.83%	-0.32%	26.57
LTIF Emerging Market Value [EUR]	83.97	1.82%	1.82%	-16.03%	5.34
LTIF Stability Growth [CHF] <i>(Total return, dividends included)</i>	203.70	8.81%	8.81%	4.71%	22.13
LTIF Stability Income Plus [CHF] <i>(Total return, dividends included)</i>	196.60	8.86%	8.86%	11.95%	1.75
MSCI World Index TR [EUR] <i>(Bloomberg NDDUWI Index)</i>	2'550.67	10.91%	10.91%	2.06%	* Inception date of Classic

Faced with a pleasant, almost 10% rise over three months, most investors' understandable reflex is to ask: Is this sustainable or will the markets correct? The answer is, of course: No and yes. Markets cannot go up 10% per quarter forever; and, yes, they will correct. They always do – either on the way up, or on the way down. For long-term investors, the question is not what the market is going to do in the next few weeks, but rather whether their investment in shares is going to produce an attractive long-term return starting at current prices. To answer this, one has to look at the current valuation of the shares plus the medium-term economic perspective.

Markets' valuation

If we value the main markets by means of traditional metrics (PE ratio, Price/Book ratio, dividend yield...), we find that they are as follows: in the middle of the historical range in the US; somewhat cheaper, apparently, in Europe; and much cheaper than usual in emerging markets. European indices look cheaper because banks, telecoms, and utilities comprise a very large part of the indices, and these sectors trade at low multiples. However, many arguments can be made that they deserve those low multiples. If they are excluded, companies are valued more or less like US companies are. Thus, Atlas Copco, an excellent industrial company based in Sweden that we have owned intermittently for the last few years, has a PE of 16, while Honeywell – a somewhat comparable US-based company – has a PE of 15; Volkswagen has a PE of 7, while General Motors' is at 8; Nestlé trades at a PE of 19, while General Mills' is at 18.

Figure 5: LTIF Stability Growth TR CHF vs. HFRX Global Hedge Fund Index CHF

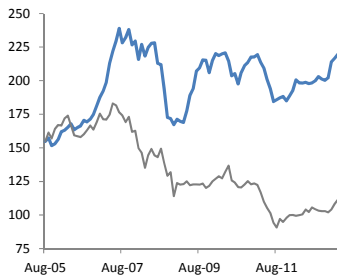
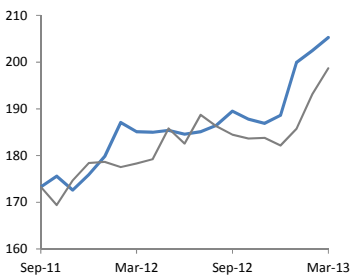
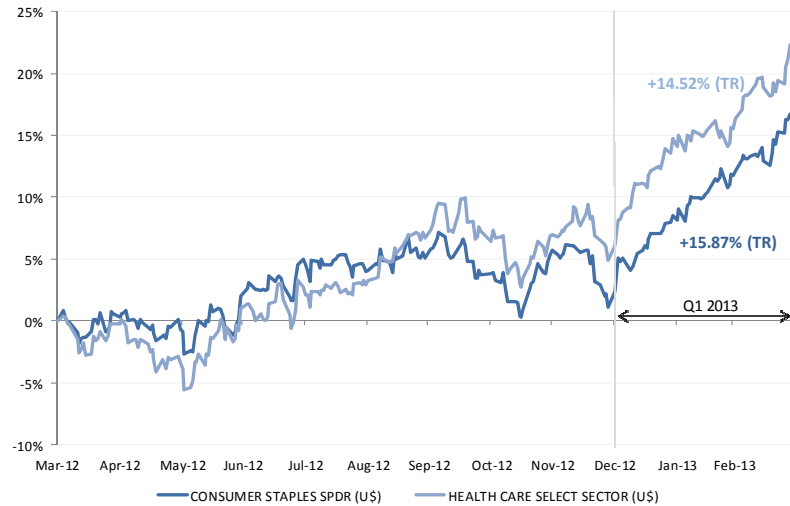


Figure 6: LTIF Stability Income Plus TR CHF vs. HFRX Global Hedge Fund Index CHF



Interestingly, the sectors that have risen the most are not the typical ones in a market that goes up by 10% in a quarter. This year, the best performing subsectors have been health care and consumer staples, in which we have roughly 30% of our portfolio (see figure 7).

Figure 7: One-year chart of the Consumer Staples Select Sector SPDR Fund (XLP US) and Health Care Select Sector SPDR Fund (XLV US) with written Q1 2013 performance.



Source: Bloomberg

Among the companies we own, Henkel is up 19% for the year, Nestlé is up 16%, Pepsi 20%, McDonald's 17%, Becton Dickinson 27%, Roche 20%... These are companies that, in our valuations, should return 10-12% per year! Many of the industrial stocks in our portfolio have had a much more modest performance: Caterpillar -3%, Cummins 6%, General Motors flat. Obviously, we don't know why markets do what they do, but it seems clear that some investors are, little by little, going back into shares. We see this in the increased inflows we have seen to our funds and mandates. And investors seem to be starting with the safest shares. This makes sense. For the last three years, we have repeated that what we call "category 1 stocks," such as Nestlé and Coca-Cola, were extremely undervalued. Investments with such a low fundamental risk should not be offering an expected return that is clearly above 10% when bonds are yielding close to zero. Only the extraordinary fear of investing in equities that has gripped markets for the last few years can explain such a great opportunity. This is now being corrected.

As explained in the last few Newsletters, we're trying to maintain a balanced portfolio, and not trying to guess what the market's new fashion is going to be. But the "category 1 stocks" in our portfolio are up by much more than average. This means that their relative weight has increased. In order to maintain the desired balance, we have reduced some of those positions, thus making funds available for stocks where we believe the long-term return – even if adjusted for risk – is much more attractive. But

with very low-risk investments such as Nestlé offering a long-term yield above 8%, there is, according to our calculations, no reason to liquidate all the positions and go into cash or simply into riskier stocks. Our re-balancing leads us to sell partially what has gone up and buy what hasn't. This is not a bad long-term strategy.

The second point after valuations is, of course, a certain overview of how the economic environment is evolving. The overall economy is not a very important decision factor for long-term equity investors, but it's true that the enormous dislocations we have experienced of late make it unavoidable at least considering where we are.

In this respect, things are evolving pretty much as we have been predicting: a slow, firm recovery in the US, turnaround in Asia, stagnation in Europe. The European situation is improving only in the sense that, one day, the crisis will be over and as time goes by that day is necessarily getting closer. But it is probably very far away. The Cyprus fiasco has shown how deep some of the problems are – a totally bankrupt country with a relatively huge banking sector that has collapsed. It has also shown how difficult it is for the governments in charge of the Eurozone to make efficient, well-coordinated decisions. Cyprus is a unique case, of course, just as each southern European country is a unique case. But the problems left to solve, especially in Spain, are not easier because they are different. As we have already argued, we believe it will be extremely difficult for countries like Spain and Portugal to pay their debts. The two “clean” solutions – substantial debt forgiveness or default with an Euro exit – are politically unacceptable. We will therefore probably see a long, protracted period in which everything else is tried. This period of relative calm will be punctuated by acute crises and last moment “solutions.”

However, we should not lose sight of the underlying economic realities: although unemployment in Spain and Greece is very high, it is less than 5% in Germany, the continent's largest economy. This dichotomy makes for very difficult decision making, because different countries see things very differently. Nevertheless, it does ensure that the level of economic activity is enough for many companies to maintain a healthy profitability. Expect Europe to continue “muddling through” with low growth punctuated by crises. Simultaneously, China's economic growth creates the equivalent of the whole of Spain's economy every 18 months. An open-minded global investor should look beyond the Eurozone problems to all the opportunities available. Overall, we believe the world economy will grow slightly above average this year around 3.5% in real terms.

The previous paragraphs point to what we plan to do with our portfolios: not much. We have decreased our positions in the “category 1 stocks” to maintain them within limits after their strong rise and to reflect the fact that their relative attractiveness has somewhat diminished. The funds that have thus come free, we are investing in new opportunities. To summarize, we expect the intrinsic value of our portfolios to continue in-

creasing, but we will see episodes of high volatility due to Euro-area unresolved problems.

The opportunities for an equity investor to worry are always there: from avian flu in China or nuclear threats from North Korea to political gridlock in the US and dysfunctionality in the Eurozone. It is precisely because those worries abound that equity investing is profitable over the long term.

Comments on our funds

The Classic fund has had a strong appreciation in this quarter, led as discussed by the more “defensive” stocks. We have opened a new position in an Austrian company called Wienerberger. It makes bricks and plastic pipes for the construction industry. As you would expect, its share price is very depressed. But the business is very attractive: bricks don’t travel well and brick-producing companies end up with profitable local monopolies. Regulation is pushing for more “high-tech” bricks with complex insulation capabilities. Wienerberger actually designs new, larger bricks that are much cheaper to lay. It is a much more sophisticated company than most of its competitors. One of its typical factories has an annual output of €100 million, whereas a typical local competitor only sells €10 million per year. The advantage Wienerberger has regarding developing new products is clear. The company’s geographic position is not bad, with a quarter of sales coming from their factories in the US, and the rest from those in northern and eastern Europe, Russia plus a small operation in India. We believe that once the sector normalizes in Europe, as it is doing in the US, the shares should be worth twice as much as they are today. The company’s financial position is solid and even if the sector recovery takes longer than expected, it would not be at risk, while its smaller competitors would all have to close. In this sense, we believe the risk is much lower than the very high return would imply.

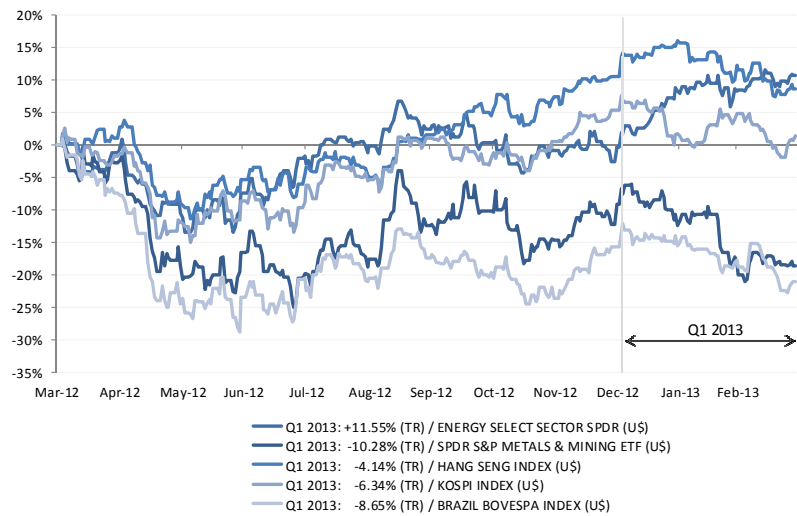
According to our numbers, the Classic’s portfolio has room to appreciate more than 25%, but this is not, of course, something we should necessarily expect over the next few quarters.

Our hedged funds are doing very well, with returns above 6% for the Alpha and 8% for the Stability (in Swiss Francs). These funds are hedged, i.e. they are protected against a significant market drop. These results are clearly positive for this “absolute return” strategy and show that our hedging technique can maintain protection while letting the funds profit from the overall markets’ rise.

Our specialized funds, Natural Resources and Emerging Markets, have had much lower returns, slightly below 2% for both. Markets are treating these sectors with enormous caution. In fact, as we explained above, only shares that are perceived as ultra-safe are doing well. Both Natural Resources and Emerging Markets shares are perceived as a “play” on economic growth, which the markets are not convinced will come. We have been diversifying both portfolios, which has allowed both funds to beat

their respective indexes. We therefore believe their deep undervaluation should be corrected as investors become more comfortable with a world that is slowly returning to above average growth trends. Figure 8: Energy Select Sector SPDR Fund (XLE US), SPDR S&P Metals & Mining ETF (XME US), China, Korea, and Brazil indices.

Figure 8: Energy Select Sector SPDR, S&P Metals & Mining SPDR, China, Korea, and Brazil indices



Source: Bloomberg

Every New Year, analysts from the main financial institutions publish their forecasts for the year. For 2013, there was near unanimity: developed markets would be flat in the first half, only to surge in the second part of the year. But emerging markets would go up right away. The reality has been almost the opposite. This simply shows once again how useless it is to try to guess what markets will do, and how important it is to have a balanced portfolio that will work out well over the long term, not over the next few months.

To summarize, we continue seeing a pattern of a slowly improving world economy punctuated by Eurozone crises. Our funds are positioned to return the annualized, low double-digit return we expect through the combination of a well-equilibrated portfolio and the exploitation of specific opportunities worldwide.

Figures of the USD classes

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

March 2013	NAV	Δ 3m	Δ YTD	Annualized Return since Inception	AUM (in mio)
LTIF Classic [USD]	348.80	6.52%	6.52%	12.86%	287.48
LTIF Alpha [USD]	192.53	3.67%	3.67%	4.89%	28.52
LTIF Natural Resources [USD]	125.11	-0.82%	-0.82%	-0.73%	34.12
LTIF Emerging Market Value [USD]	107.83	-0.83%	-0.83%	-18.00%	6.86
MSCI World Index TR [USD] <i>(Bloomberg NDDUWI Index)</i>	3'410.50	7.73%	7.73%	5.36%	<i>*Inception date of Classic</i>

Figure 9: LTIF Classic USD vs. MSCI Daily TR Net World Index USD

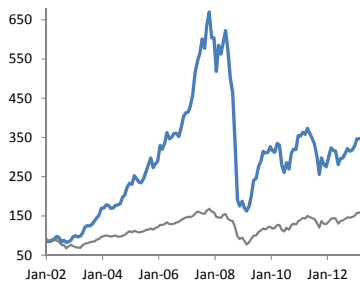


Figure 10: LTIF Alpha USD vs. HFRX Global Hedge Fund Index USD

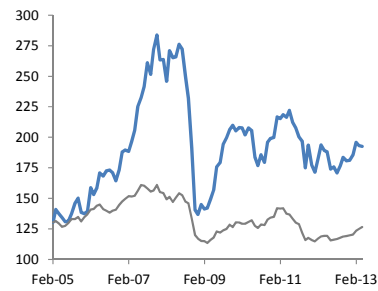


Figure 11: LTIF Natural Resources USD vs. S&P Global Nat. Res. Net TR Index USD

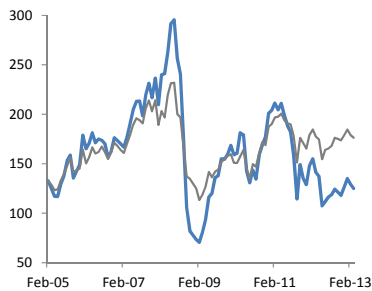
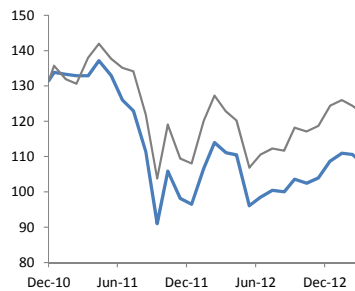


Figure 12: LTIF Emerging Market Value USD vs. MSCI Emerging Markets Index USD



Figures of the CHF classes

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

March 2013	NAV	Δ 3m	Δ YTD	Annualized Return since Inception	AUM (in mio)
LTIF Classic [CHF]	330.30	10.20%	10.20%	7.39%	272.23
LTIF Alpha [CHF]	182.31	7.25%	7.25%	2.02%	27.01
LTIF Natural Resources [CHF]	118.47	2.60%	2.60%	-3.23%	32.31
LTIF Emerging Market Value [CHF]	102.11	2.60%	2.60%	-20.05%	6.49
LTIF Stability Growth [CHF] <i>(Total return, dividends included)</i>	203.70	8.81%	8.81%	4.71%	22.13
LTIF Stability Income Plus [CHF] <i>(Total return, dividends included)</i>	196.60	8.86%	8.86%	11.95%	1.75
MSCI World Index TR [CHF] <i>(Bloomberg NDDUWI Index)</i>	4'135.57	11.79%	11.79%	0.31%	<i>* Inception date of Classic</i>

Figure 13: LTIF Classic CHF vs. MSCI Daily TR Net World Index CHF

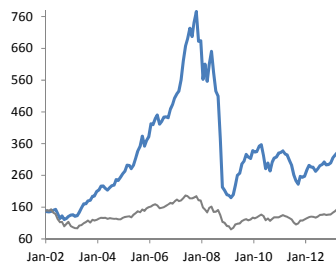


Figure 14: LTIF Alpha CHF vs. HFRX Global Hedge Fund Index CHF

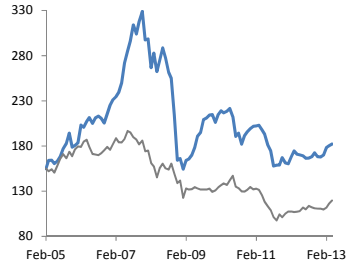


Figure 15: LTIF Natural Resources CHF vs. S&P Global Nat. Res. Net TR Index CHF

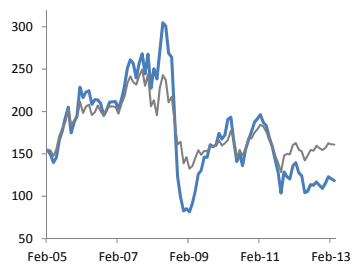


Figure 16: LTIF Emerging Market Value CHF vs. MSCI Emerging Markets Index CHF

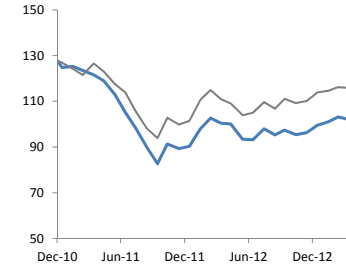


Figure 17: LTIF Stability Growth TR CHF vs. HFRX Global Hedge Fund Index CHF

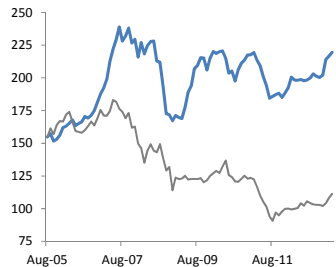
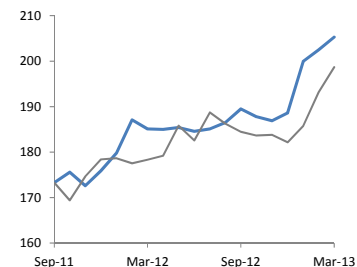


Figure 18: LTIF Stability Income Plus TR CHF vs. HFRX Global Hedge Fund Index CHF



Figures of the GBP classes

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

March 2013	NAV	Δ 3m	Δ YTD	Annualized Return since Inception	AUM (in mio)
LTIF Classic [GBP]	229.70	14.02%	14.02%	12.31%	189.33
LTIF Alpha [GBP]	126.78	10.97%	10.97%	7.57%	18.78
LTIF Natural Resources [GBP]	82.43	6.22%	6.22%	2.24%	22.47
LTIF Emerging Market Value [GBP]	71.01	6.16%	6.16%	-16.47%	4.52
MSCI World Index TR [GBP] <i>(Bloomberg NDDUWI Index)</i>	1'732.36	15.16%	15.16%	4.92%	<i>* Inception date of Classic</i>

Figure 19: LTIF Classic GBP vs. MSCI Daily TR Net World Index GBP

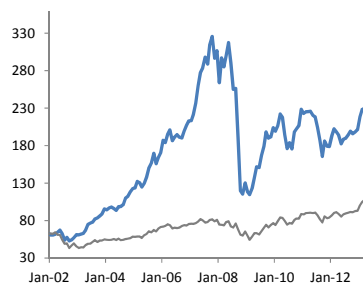


Figure 20: LTIF Alpha GBP vs. HFRX Global Hedge Fund Index GBP

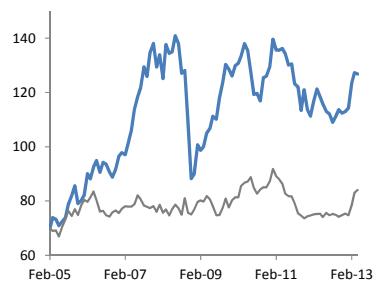


Figure 21: LTIF Natural Resources GBP vs. S&P Global Nat. Res. Net TR Index GBP

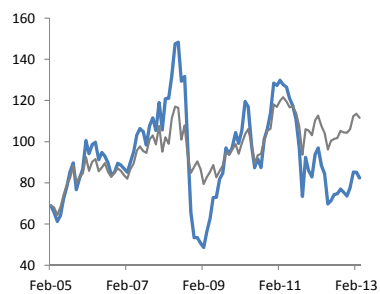
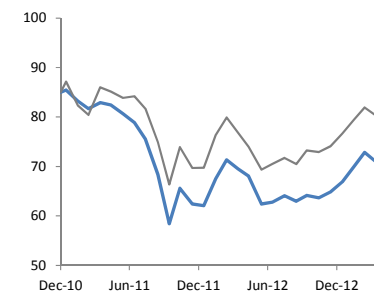


Figure 22: LTIF Emerging Market Value GBP vs. MSCI Emerging Markets Index GBP



Legal Notice – Luxembourg

Performance up to 31.05.06 is that of the BVI-based LTIF, of which the LTIF Luxembourg is an identical successor. Previous performance is audited by Ernst & Young. Past performance is neither a guarantee nor a reliable indicator of future results. Performance data does not include the commissions and fees charged at the time of subscribing for or redeeming shares. This information has been furnished to you upon request and solely for your information and may not be reproduced or redistributed to any other person. It is not intended as an offer or solicitation with respect to the purchase or sale of shares of the Sicav. Neither the Central Administration Agent nor the Investment Manager assume any liability in the case of incorrectly reported or incomplete information. Please be aware that investment funds involve investment risks, including the possible loss of the principal amount invested. For a detailed description of the risks in relation to each share in the investment fund, please see the latest version of the prospectus, simplified prospectus, annual and semi-annual reports, which may solely be relied upon as the basis for investment decisions; these documents are available on www.s-i-a.ch or from the Central Administration Agent FundPartner Solutions (Europe) S.A. at 15, avenue J.F. Kennedy, L - 1855 Luxembourg. LTIF Classic EUR was approved for distribution in and from Switzerland by the Swiss Financial Market Supervisory Authority (FINMA) according to Art. 19 al. 1 of the Collective Investment Schemes Act, paying agent is Pictet & Cie., 60, route des Acacias, 1211 Genf 73; notified to the Austrian Finanzmarktaufsicht according to §36 of the Investment Funds Act; authorised in France by the Autorité des Marchés Financiers (AMF) pursuant to Art. 411-58 of the AMF General Regulation; authorised by the German Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) according to §132 of the Investment Act; authorised in Italy by the Bank of Italy and the CONSOB according to Article 42 of Legislative Decree no. 58 of 24 February 1998; registered in the register of foreign collective investment schemes commercialized in Spain by the Comisión Nacional del Mercado de Valores (CNMV) pursuant to Art. 15 of the Law on Collective Investment Vehicles; recognised in the United Kingdom by the Financial Services Authority (FSA) as a recognised scheme within the meaning of Section 264 of the Financial Services and Markets Act 2000; entered into the List of Restricted Schemes by the Monetary Authority of Singapore under paragraph 2(3) of the Sixth Schedule to the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations 2009.

LTIF – Classic EUR

ISIN: LU0244071956
Telekurs: 2'432'569
Bloomberg: LTIFCLA LX

LTIF – Classic USD

ISIN: LU0301247077
Telekurs: 3'101'820
Bloomberg: LTIFCLU LX

LTIF – Classic CHF

ISIN: LU0301246772
Telekurs: 3'101'817
Bloomberg: LTIFCLC LX

LTIF – Classic GBP

ISIN: LU0750886714
Telekurs: 18'032'305
Bloomberg: LTIFCLS LX

LTIF – Alpha EUR

ISIN: LU0244072178
Telekurs: 2'432'573
Bloomberg: LTIFALP LX

LTIF – Alpha USD

ISIN: LU0301247150
Telekurs: 3'101'828
Bloomberg: LTIFALU LX

LTIF – Alpha CHF

ISIN: LU0301246855
Telekurs: 3'101'824
Bloomberg: LTIFALC LX

LTIF – Alpha GBP

ISIN: LU0750887282
Telekurs: 18'032'344
Bloomberg: LTIFALS LX

LTIF – Natural Resources EUR

ISIN: LU0244072335
Telekurs: 2'432'575
Bloomberg: LTIFGEV LX

LTIF – Natural Resources USD

ISIN: LU0301247234
Telekurs: 3'101'839
Bloomberg: LTIFGEU LX

LTIF – Natural Resources CHF

ISIN: LU0301246939
Telekurs: 3'101'836
Bloomberg: LTIFGEC LX

LTIF – Natural Resources GBP

ISIN: LU0457696077
Telekurs: 10'638'983
Bloomberg: LTIFGEG LX

LTIF – Emerging Market Value EUR

ISIN: LU0553294868
Telekurs: 11'901'448
Bloomberg: LTIFEME LX

LTIF – Emerging Market Value USD

ISIN: LU0553295592
Telekurs: 11'901'450
Bloomberg: LTIFEMU LX

LTIF – Emerging Market Value CHF

ISIN: LU0553294785
Telekurs: 11'901'447
Bloomberg: LTIFEMC LX

LTIF – Emerging Market Value GBP

ISIN: LU0553296053
Telekurs: 11'901'451
Bloomberg: LTIFEMG LX

Central Administration Agent:

FundPartner Solutions (Europe) S.A.
3, Boulevard Royal
L-2449 Luxembourg
Luxembourg

Investment Manager:

SIA Funds AG
Parkweg 1
CH-8866 Ziegelbrücke
Switzerland

Custodian:

Pictet & Cie (Europe) S.A.
1, Boulevard Royal
L-2449 Luxembourg
Luxembourg

Registered Office:

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 neither a guarantee nor a reliable indicator of future results. Performance data does not include the commissions and fees charged at the time of subscribing for or redeeming shares. This information has been furnished to you upon request and solely for your information and may not be reproduced or redistributed to any other person. It is not intended as an offer or solicitation with respect to the purchase or sale of shares of the Sicav. Neither the Central Administration Agent nor the Investment Manager assume any liability in the case of incorrectly reported or incomplete information. Please be aware that investment funds involve investment risks, including the possible loss of the principal amount invested. For a detailed description of the risks in relation to each share in the investment fund, please see the latest version of the prospectus, simplified prospectus, annual and semi-annual reports, which may solely be relied upon as the basis for investment decisions; these documents are available from the fund management company SIA Funds AG, Parkweg 1, CH-8866 Ziegelbrücke (www.s-i-a.ch)..

LTIF – Stability Growth

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

LTIF – Stability Income Plus

ISIN: CH0135996012
Telekurs: 13'599'601
Bloomberg: LTIFSIP SW

Administrator:

Pictet Funds S.A.
Route des Acacias 60
CH-1211 Geneva 73
Switzerland

Investment Manager:

SIA Funds AG
Parkweg 1
CH-8866 Ziegelbrücke
Switzerland

Custodian:

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