

Newsletter

of September 2014

- *Overview of our funds* 2
- *News on our portfolios* 2
- *The Stability dividend* 7
- *The Emerging Markets Value fund* 7
- *Our current view* 7
- *Appendix* 8

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

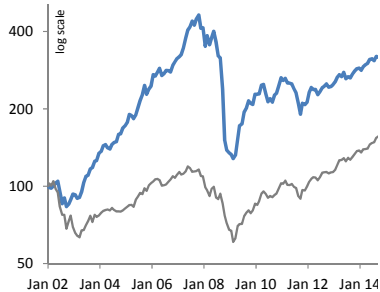


Figure 2: LTIF Alpha EUR vs. HFRX Global Hedge Fund Index EUR

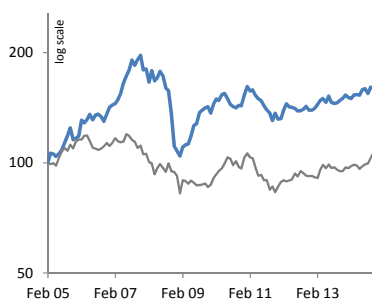


Figure 3: LTIF Natural Resources EUR vs. S&P Global Nat. Res. Net TR Index EUR

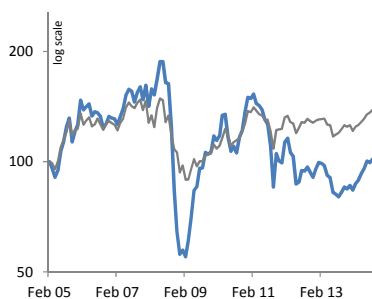
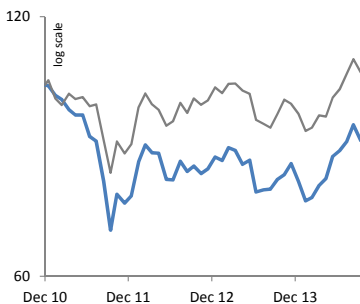


Figure 4: LTIF Emerging Market Value EUR vs. MSCI EM Daily Net TR Index EUR



Overview of our funds

Figures 1 through 6 and table 1 show the Net Asset Values of our different funds:

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

September 2014	NAV	Δ 3m	Δ YTD	Annualized Return since Inception	AUM (in mio) *combined Pool
LTIF Classic [EUR]	317.13	1.2%	10.2%	9.5%	204*
LTIF Alpha [EUR]	159.79	0.3%	6.0%	5.0%	204*
LTIF Natural Resources [EUR]	98.23	-2.1%	14.2%	-0.2%	11
LTIF Emerging Market Value [EUR]	86.21	2.7%	11.5%	-13.8%	2
LTIF Stability Growth [CHF] (Total return, dividends included)	218.80	-0.5%	3.4%	4.8%	23
LTIF Stability Income Plus [CHF] (Total return, dividends included)	203.10	-0.5%	3.5%	8.5%	23

Source: SIA Group

The evolution of our funds' NAV has been close to flat over the last three months. The political crisis in the Ukraine that erupted in July has soured investors' mood, particularly in Germany. The Eurozone economies continue their extremely slow exit from the crisis, with doubts about whether large, important countries, such as Italy and France, have the capacity to reactivate their economies. Elsewhere, the world's largest economies (the US, China and, to a lesser extent, Japan) are growing, and the world is on track for real term growth of above 3%. This is somewhat disappointing, as the markets expected a bit more, especially from Europe (an overall economy as big as that of the US). The large stock price increases over the last few years mean that the markets will now only grow slowly, which in the real world means up and downs.

News on our portfolios

The following reflects the development of the underlying profitability of our Classic fund's portfolio:

Table 2: LTIF Classic - Profitability for 2012, 2013 and 2014e

Year	EPS	Growth	PE	Prof.%	MSCI World PE	MSCI World Prof. %
2012	18.7		13.3	7.5%		
2013	19.3	3.2%	14.9	6.7%		
2014e	22.7	17.7%	13.9	7.2%	18.2	5.5%

Source: SIA Group / Datastream

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

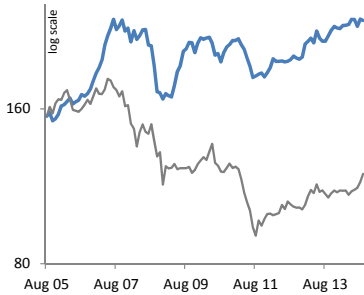


Figure 6: LTIF Stability Income Plus TR CHF vs. HFRX Global Hedge Fund Index CHF

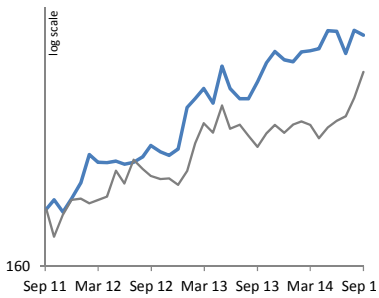


Figure 7: Earnings per share for 2012, 2013 and 2014e

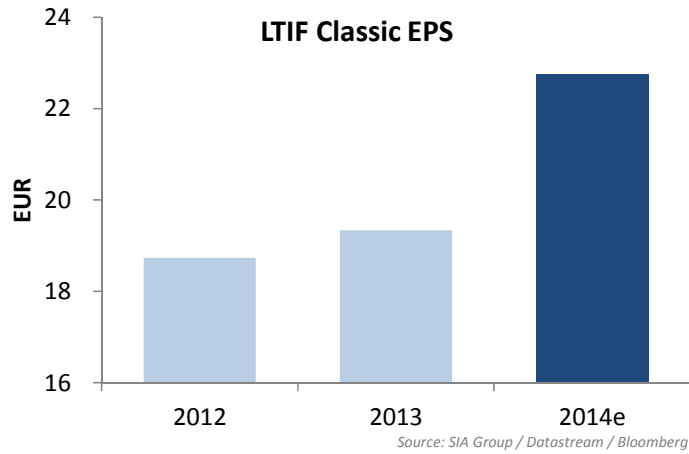


Table 3: LTIF Classic - Dividends per share and yield for 2012, 2013 and 2014e

Year	DPS	Yield	
2012	6.6	2.7%	MSCI World DY
2013	6.9	2.4%	
2014e	8.7	2.7%	2.4%

Source: SIA Group / Datastream

Figure 8: Dividends per share for 2012, 2013 and 2014e

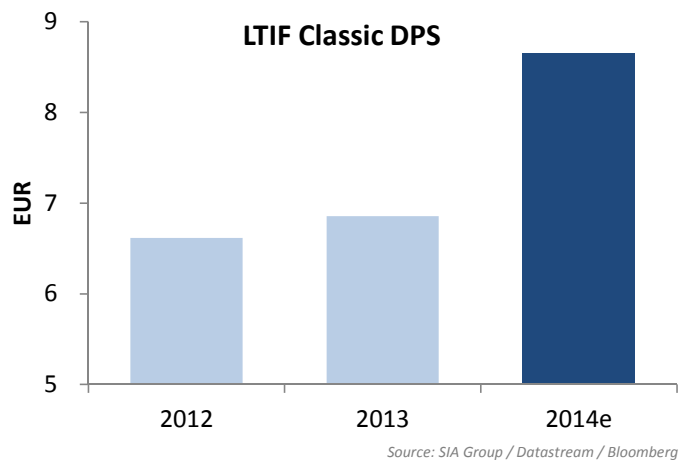
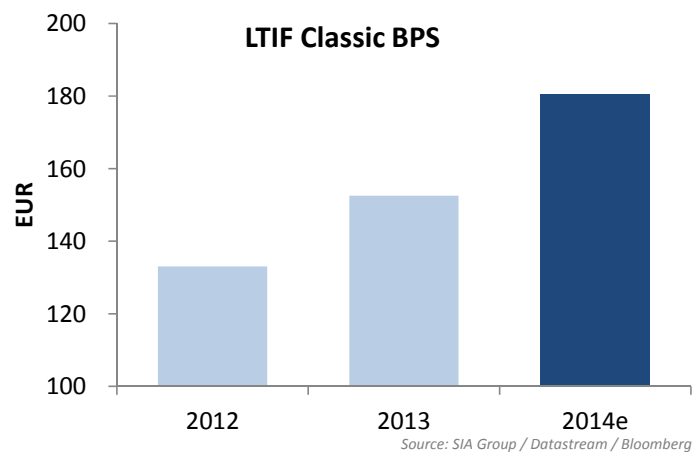


Table 4: LTIF Classic - Book value per share and price to book for 2012, 2013 and 2014e

Year	BPS	Growth	P/B	
2012	133.1		1.9	MSCI World P/B
2013	152.5	14.6%	1.9	
2014e	180.6	18.4%	1.8	2.2

Source: SIA Group / Datastream

Figure 9: Book Value per share for 2012, 2013 and 2014e



We have not done much trading during this quarter. We have basically added Nokian Tyres and Petrobras to our Classic/Alpha and Stability portfolios, and Constellium (and Petrobras) to our Natural Resources fund. We have also sold Qualcomm. It is a US leading manufacturer of chips for mobile phones. Although it is not expensive, we decided to sell for two reasons: one, all things technological have a high degree of uncertainty, and require a very low price to be attractive, and the price had gone up. Second, the Chinese government is suing them on anti-trust grounds. Simultaneously, many Chinese manufacturers are simply not paying Qualcomm the royalties they owe. We saw too much uncertainty and, after some profits, decided to sell. By the way, the harder and harder stance the Chinese government is taking vis-a-vis many Western companies (luxury auto manufacturers are also facing anti-trust procedures) makes profits coming out of China riskier, and therefore deserving of a higher discount, in our view.

Nokian Renkaat Oyj (NRE) develops, manufactures, and markets tires for cars and heavy machinery. The company primarily operates in the tire replacement market, focusing on winter tires. NRE also runs the Vianor tire chain, which owns retail outlets in the Nordic countries. A total of 80% of the NRE's production occurs in Russia and 20% in Finland. In the overall tire market, NRE is the 18th largest player, with a niche positioning in the

premium winter tire market and a leading market share in its core markets, the Nordic countries and Russia.

In 2013 the company's revenues were EUR 1.5 bn and it has grown 10% per year over the past 8 years, driven by the growth of its Passenger Car Tire division (an annual growth of 13%).

Specifically, the company growth has been driven by its Russian and former Soviet countries' (CIS) revenues. Russia and the CIS's share of revenues has doubled to 33% since 2013, with the Nordic countries still dominating at 37%, and the rest of Europe's share being 22%. The Nordic countries have had a growth of only 5% (reflecting a mature market), whereas the rest of Europe has had a growth of 14% given the high growth there in 2010 and 2011 in the tailwind of regulation changes on winter tires in some countries.

The company is clearly smaller than its giant competitors, such as Michelin and Continental; however, it is much more profitable. The reasons for this profitability are, first, that it does not sell car manufacturers tires for new cars, which is a high volume, low margin business. Second, it concentrates on winter tires, which require specialized R&D and manufacturing facilities. In the countries where the company operates, it is a market leader with an excellent distribution system. Finally, it has a clear cost advantage through high plant productivity and low cost: 80% of its production comes from two large, very efficient, modern plants in Vsevolozhsk, Russia. Given its geographical and niche focus, the company's a-priori lack of scale when compared to the global players is no problem. A total of 55% of the Russian factories' volumes are exported, providing a cost advantage that most of its competitors lack. We believe these competitive advantages are sustainable. In addition, the company has a strong balance sheet, with net cash at the year-end.

Its shares are down sharply over the last few months. The main reason is the weakness of the Russian economy and, lately, the fear of escalating sanctions. The ruble's depreciation affects profits negatively in that profits in Russia translate to fewer euros. However, all Russian exports are cheaper to produce when expressed in euros, which means that the margins in all the other countries improve. All in all, we believe it's an excellent long-term investment. The small chance of an aggravated conflict between the EU and Russia keeps us from investing more than an initial 1% of the funds.

Once the current tensions disappear, the shares should go up significantly. Currently, the dividend yield is higher than 6%. With an improvement in the Russian situation, this could reach 8% in a couple of years.

Petrobras (Petroleo Brasileiro SA) is a Brazilian major oil producer and refiner. It is partially state-owned – slightly more than 30% if state-controlled pension funds are also taken into account. It has a market capitalization of around USD 100 bn.

A few years ago, this Brazilian company discovered huge oil deposits offshore and at a depth that had never been exploited. The technical challenges are enormous, but for the first time in decades things are going better for a major oil company than planned, with oil flowing somewhat earlier and faster than expected. Most of the world oil production growth in the coming years will be based on these discoveries.

But in spite of being one of the few oil majors with a clear, profitable path to growth, the market is not paying much for its shares: Next year's PE will be around 7, while the dividend yield will be almost 5%.

The reasons for this disaffection are not hard to fathom: the Brazilian government has used Petrobras as its private bank account, helping itself every time politics requires intervention and forcing a decrease in the retail petrol and diesel prices to lower inflation, demanding high local content from all suppliers to increase jobs, etc. The current Brazilian President Ms Dilma Rousseff has even outdone her predecessor in increasing this interventionism.

These actions clearly diminish Petrobras's attractiveness as an investment. Nevertheless, we believe that the current price more than compensates for these actions, which makes Petrobras a very solid long-term investment at a time when every major oil company faces huge difficulties in replacing its reserves, let alone increase them.

The share price is, however, very volatile: Soon after we started investing, the Socialist's Party presidential candidate, Eduardo Campos, died in a plane crash and was succeeded in the race by Marina Silva, an environmentalist who had just joined the Party.

Opinion polls very quickly started giving Silva a clear shot at the Presidency, which made the Petrobras shares jump by more than 30%. During the last six weeks, the shares have moved a lot – typically, more than 5% per day, which is remarkable for a huge company – in keeping with the pollsters' predictions, but have now more or less returned to where we bought them. Silva has promised a less interventionist approach to economic management, and the markets clearly prefer her – in fact, all Brazilian shares go up when Silva seems to be doing well. We did not invest in Petrobras on the basis of her possible success – she was not the candidate at the time – and therefore stick with our investment on purely economic grounds. The first round election is due to be held on October 5. The most likely outcome is that both Dilma Rousseff, the incumbent, and Marina Silva or Aécio Neves, a social democrat, will go on to fight a second round on October 26.

Constellium NV is a global, Netherlands headquartered, company specialized in the production of aluminum sheets and parts for the packaging, aerospace, and automobile industries. We like the industry's prospects: Energy efficiency is becoming crucial in both airplane and automobile construction, and given aluminum's low weight, its use is one way of

achieving this. Constellium has developed very specialized alloys and manufacturing techniques, which are very difficult to copy and thus make the company its large clients' preferred supplier. The company trades at a forward PE of 10, and sells all it can produce. It's currently in the process of increasing its capacity; its profits should therefore grow strongly over the next few years.

The Stability dividend

September is the closing month of the Stability fund's fiscal year, which means its dividend has to be declared. This year, it will distribute CHF 9, which is a yield of a bit more than 4%. It paid CHF 8 in 2012 and CHF 8.5 in 2013. To date, we have been able to maintain our hope of paying a dividend of some 4% per year, with growth of at least another 3%. The dividend-paying share class started trading when the Fund's price was CHF 180. Those original investors are now earning an annual cash return on their investment of 5% in Swiss Francs.

The Emerging Markets Value fund

We started the Emerging Markets fund almost 4 years ago. At the time, we had an office in Singapore, which gave us direct access to interesting companies in which to invest, and we were convinced that our brand of "strategic investing" could be of value to investors interested in increasing their direct exposure to emerging markets. Unfortunately, the launch of our fund coincided almost exactly with a big downturn in those countries' stock markets.

During the last quarters, many of the shares we own have recovered some of their losses. We think this is the right time to close this fund which is, by the industry standard, much too small which, in turn, has a negative impact on its running costs.

Our current view

Although the last few weeks have seen the above-mentioned geopolitical crises, as well as the doubts regarding Europe's growth ability, initiating a weakness in the markets, we continue to see solid expected returns.

Some of the shares we own, especially European industrials such as Volkswagen, Renault, Wienerberger, Henkel, etc. have dropped a lot during the summer. We don't think their long-term prospects are any worse than they were a few months ago. This makes us think that our long-term return of more than 10% per year is perfectly feasible.

Figures of the USD classes

Table 5: Net Asset Value - Net assets under management in USD

September 2014	NAV	Δ 3m	Δ YTD	Annualized Return since Inception	AUM (in mio) <i>*combined Pool</i>
LTIF Classic [USD]	400.61	-6.6%	1.0%	12.5%	258*
LTIF Alpha [USD]	201.85	-7.4%	-2.8%	4.6%	258*
LTIF Natural Resources [USD]	124.09	-9.6%	4.7%	-0.7%	14
LTIF Emerging Market Value [USD]	108.90	-5.2%	2.3%	-17.2%	3

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

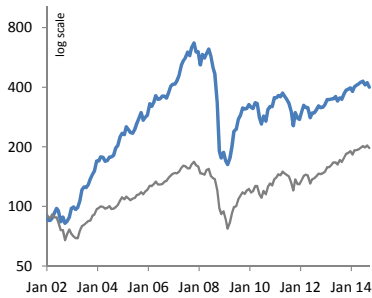


Figure 11: LTIF Alpha USD vs. HFRX Global Hedge Fund Index USD

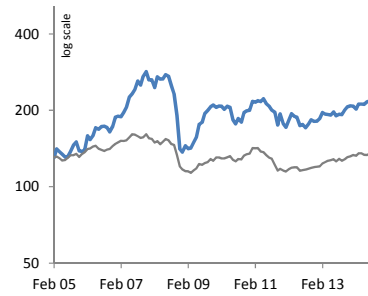


Figure 12: LTIF Natural Resources USD vs. S&P Global Nat. Res. Net TR Index USD

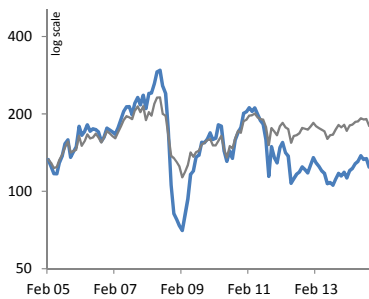
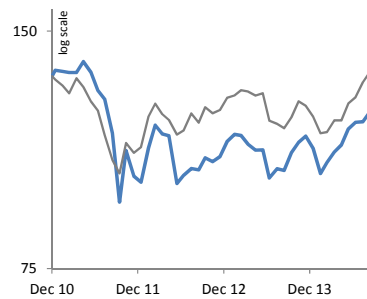


Figure 13: LTIF Emerging Market Value USD vs. MSCI EM Daily Net TR Index USD



Figures of the CHF classes

Table 6: Net Asset Value - Net assets under management in CHF

September 2014	NAV	Δ 3m	Δ YTD	Annualized Return since Inception	AUM (in mio) <i>*combined Pool</i>
LTIF Classic [CHF]	382.79	0.6%	8.6%	7.7%	246*
LTIF Alpha [CHF]	192.87	-0.3%	4.4%	2.3%	246*
LTIF Natural Resources [CHF]	118.57	-2.6%	12.4%	-2.7%	14
LTIF Emerging Market Value [CHF]	104.06	2.1%	9.9%	-18.5%	3
LTIF Stability Growth [CHF] <i>(Total return, dividends included)</i>	218.80	-0.5%	3.4%	4.8%	23
LTIF Stability Income Plus [CHF] <i>(Total return, dividends included)</i>	203.10	-0.5%	3.5%	8.5%	23

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

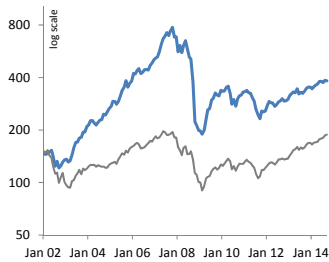


Figure 15: LTIF Alpha CHF vs. HFRX Global Hedge Fund Index CHF

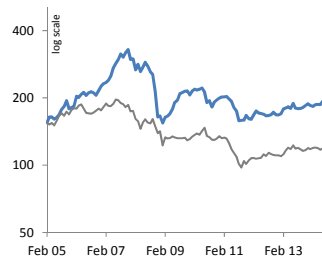


Figure 16: LTIF Natural Resources CHF vs. S&P Global Nat. Res. Net TR Index CHF

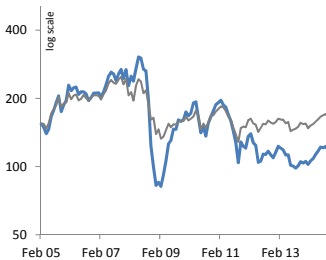


Figure 17: LTIF Emerging Market Value CHF vs. MSCI EM Daily Net TR Index CHF

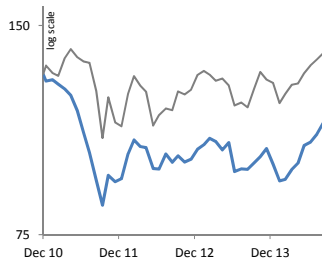


Figure 18: LTIF Stability Growth TR CHF vs. HFRX Global Hedge Fund Index CHF

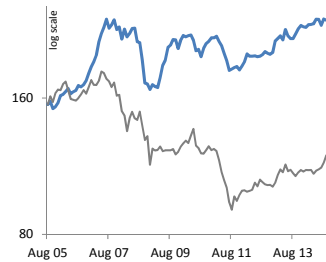
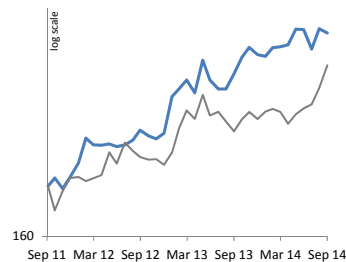


Figure 19: LTIF Stability Income Plus TR CHF vs. HFRX Global Hedge Fund Index CHF



Figures of the GBP classes

Table 7: Net Asset Value - Net assets under management in GBP

September 2014	NAV	Δ 3m	Δ YTD	Annualized Return since Inception	AUM (in mio) <i>*combined Pool</i>
LTIF Classic [GBP]	247.12	-1.5%	3.2%	11.4%	159*
LTIF Alpha [GBP]	124.51	-2.4%	-0.7%	6.2%	159*
LTIF Natural Resources [GBP]	76.54	-4.7%	6.9%	1.1%	9
LTIF Emerging Market Value [GBP]	67.18	0.0%	4.5%	-21.0%	2

Figure 20: LTIF Classic GBP vs. MSCI Daily TR Net World Index GBP

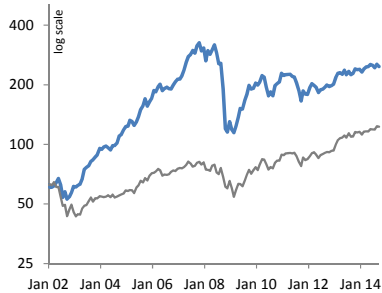


Figure 21: LTIF Alpha GBP vs. HFRX Global Hedge Fund Index GBP

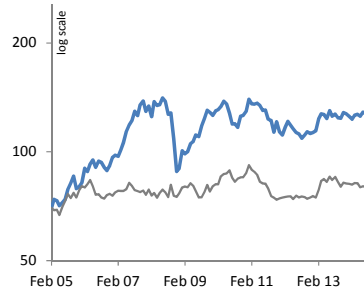


Figure 22: LTIF Natural Resources GBP vs. S&P Global Nat. Res. Net TR Index GBP

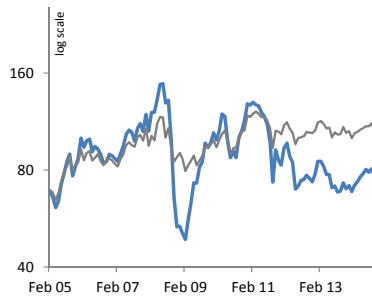
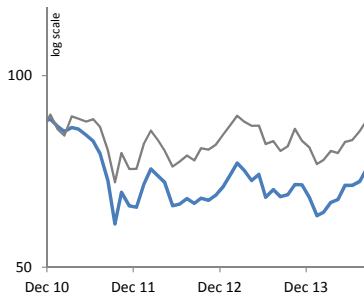


Figure 23: LTIF Emerging Market Value GBP vs. MSCI EM Daily Net TR Index GBP



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

Investment Manager:

SIA Funds AG
Parkweg 1
CH-8866 Ziegelbrücke
Switzerland

Custodian:

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

Registered Office:

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

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:

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

Investment Manager:

SIA Funds AG
Parkweg 1
CH-8866 Ziegelbrücke
Switzerland

Custodian:

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