SIA

Strategic Investment Advisors Group

Long Term Investment Fund

"The four most expensive words in the English language are 'this time it's different'."

Sir John Templeton quoted in The Four Pillars of Investing: Lessons for Building a Winning Portfolio (2002) by William Bernstein.

"If you want to make God laugh, tell Him about your plans."

Woody Allen, quoting an old Yiddish proverb.

Newsletter

of June 2016

SIA Funds AG Alpenblickstrasse 25 8853 Lachen Switzerland
tel : +41 55 617 28 70 fax : +41 55 617 28 71 info@s-i-a.ch www.s-i-a.ch

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

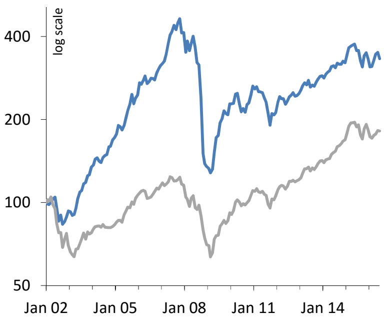


Figure 2: **LTIF Stability A Cap EUR**
vs. HFRX Global Hedge Fund Index EUR

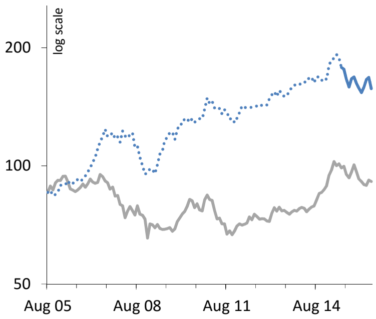
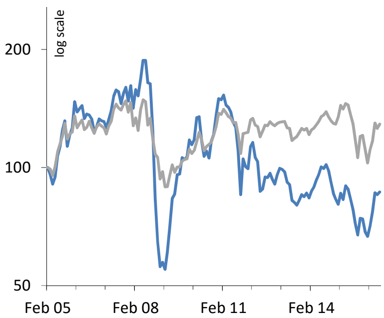


Figure 3: **LTIF Natural Resources EUR**
vs. S&P Global Nat. Res. Net TR Index EUR



Overview of our funds

Table 1 and figures 1 through 4 show the changes in our share prices during the last three months. As in the winter, the high volatility during the quarter has not altered the final prices too much.

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

June 30, 2016	NAV	Δ 3m	Δ YTD	Annualized Return since Inception	AUM (in mio) **combined Pool*
LTIF Classic [EUR]	332.10	1.2%	0.2%	8.7%	137*
LTIF Stability A Cap [EUR]	157.27	-0.9%	-3.1%	5.9%	137*
LTIF Natural Resources [EUR]	86.60	12.1%	26.4%	-1.3%	8
LTIF Stability Growth [CHF] *(Total return, dividends included)*	178.70	-4.6%	-6.6%	2.2%	6

Source: SIA Group

The big driver of share prices has, of course, been the "Brexit" decision. We would like to offer a few ideas on how this affects the long-term investor.

Sir John Templeton's dictum quoted above is typically invoked when share prices are high and people start inventing reasons why this apparent bubble will not crash. Sir John's point is that prices always go back to reality, and reality does not change that much.

But that dictum can also be applied to the symmetrical situations; when, for example, prices plunge, because something horrible has happened which will, people think, make the world a worse place forever.

We know that over the last hundred years the world has experienced terrible events, yet it has somehow managed to survive, making equity investors handsome returns in the process. Is this over? Is it truly different this time? Will mankind stop getting up in the morning and try to improve their lives and those of their children? This is not what common sense and, particularly, experience indicate.

The chart below shows the aftermath of the last six bad stock market crashes. They were all caused by a horrible event, ranging from a 25% market plunge on a single day (October 1987) to Lehmann Brothers' bankruptcy. We know that the world has continued turning, and companies have been making profits. At the time, however, people were really scared, selling their shares at almost any price.

The chart shows the returns of a "balanced portfolio", comprised of bonds and stocks, one, three, and five years after the crashes.

SIA Funds AG Alpenblickstrasse 25 8853 Lachen Switzerland
tel : +41 55 617 28 70 fax : +41 55 617 28 71 info@s-i-a.ch www.s-i-a.ch

Figure 4: **LTIF Stability Growth TR CHF vs.** HFRX Global Hedge Fund Index

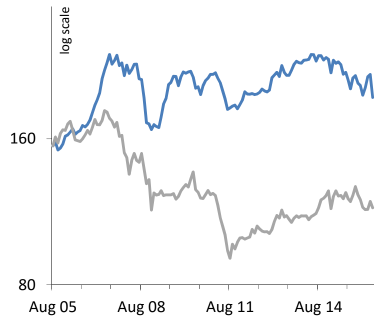
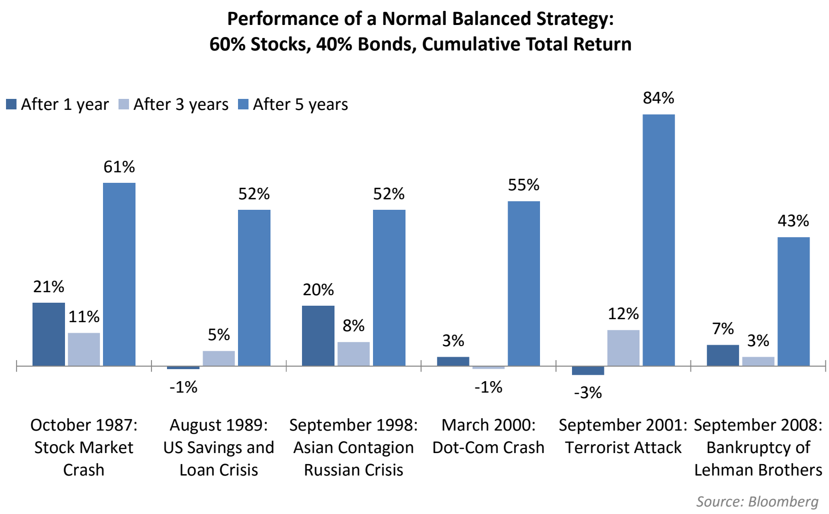


Figure 5: **The Market's Response to Crisis**



It's interesting to note that the one and three year returns are very different for the different crashes, but the five year ones are far more similar. The reason is simple: A simple formula can capture share prices; they are the product of the real (fundamental) economic value of the share, multiplied by the market sentiment. Sentiment is very volatile, and the market can go from euphoria to despair and then back again within a very short time. Economic fundamentals are much more stable; no matter what happens, companies keep making money and paying dividends. Over time, those dividends grow and the "economic value" of the equation is worth more and more, until it neutralizes the sentiment (which changes a lot in five years anyway). Dividends paid by US companies after those six episodes grew by 28%, 19%, 16%, 57%, 78%, and 76% over the following five years.

We have no reason to believe that "this time it's different".

We could go now offer comments on the substance of the "Brexit" problem, but believe our readers do not lack any. Suffice to say that we think very little will change in the substance of economic reality, because the UK will either not leave the EU, or it will opt for an arrangement like Norway, in which case it will have almost all the advantages of EU membership … and almost all of the obligations.

SIA Funds AG Alpenblickstrasse 25 8853 Lachen Switzerland
tel : +41 55 617 28 70 fax : +41 55 617 28 71 info@s-i-a.ch www.s-i-a.ch

Impact on our portfolios

Whatever the case, the economic impact on our companies will not be very important. Tata Motors manufactures in the UK (and in China now) and exports to the whole world. As long as the UK does not choose to start a trade war with the world, Tata should do well: Exporting industrial goods from a place with a weakened currency is not a bad proposition.

Easyjet is in a worse position. It has two problems: The first we could call political because, as a UK company, it could, theoretically, lose the right to freely fly within the EU. We don't think it'll come to that, and they can always reincorporate in, say, Dublin. The more serious problem, transitory but probably looming for a few years, will be the reverse of Tata's: Selling foreign vacations to people who have to pay with a devalued currency is tough. This is a fact, which is somewhat mitigated for our investors by the previous comment about Tata.

Many other companies in our portfolio will only experience a slight impact: In as much as they do business in the UK and earn some pound-denominated profits, they will see a "translation" effect that will lower their profits in euros or dollars. But the impact will not be very large: If Wienerberger makes a bit less than 10% profits in the UK and those translate into 15% less euros, they've lost 1.5% in profits - bad, but not so horrible.

There may, of course, be an impact on the overall economic growth. This will be important in the UK (economists mention between 1% and 2% lower GDP), mild in Europe (about 0.5%), and barely noticeable in the rest of the world.

Can the whole world plunge into recession as a result of this? Perhaps. But unless you think that it will be truly different this time, please look at the chart above again before you sell your companies at a discounted price.

Our investors clearly agree with our view: in the few days since the "Brexit" referendum results were known, our funds have received more new money to invest than they did over the last year.

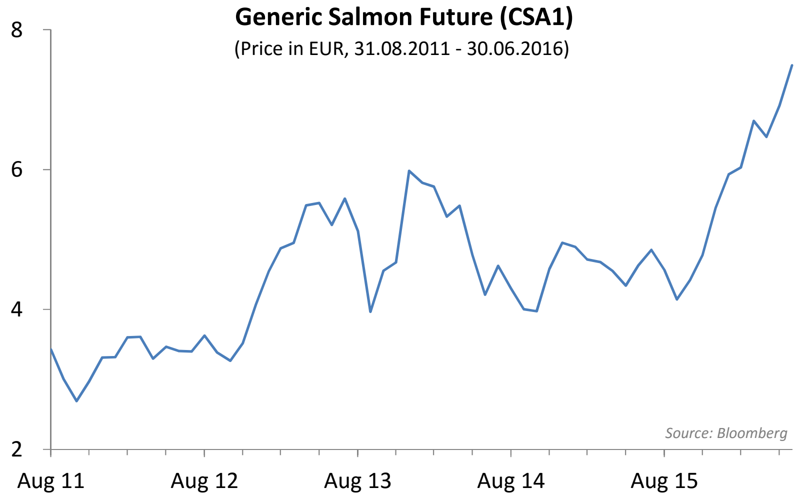
SIA Funds AG   Alpenblickstrasse 25   8853 Lachen   Switzerland
tel : +41 55 617 28 70   fax : +41 55 617 28 71   info@s-i-a.ch   www.s-i-a.ch

Comments on our portfolio

How are our companies doing, apart from this mild excitement? The truth is that, on the whole, they are doing very well.

Salmon farmers, our largest position, are really experiencing a great time. Salmon demand keeps growing, but the tight regulations in Norway and constant accidents in Chile, where regulations are not as strictly followed, limit the production. The resulting price dynamic is easy to imagine:

Figure 6: **Salmon future price, last 5 years in EUR**



Companies are really making a lot of money, paying dividends as high as 8%, and reinvesting in new technologies to slowly and safely grow production in the coming years.

Oil producers are the second largest position. Oil markets are following the path we expected, with a somewhat faster re-balancing than foreseen, due to serious production disruptions in Nigeria, Angola, and Canada. Because demand and supply are very inelastic in the short term, oil prices will remain volatile, but market realities (constrained production due to underinvestment, consistently solid demand) lead us to maintain our conviction that our positions are going to be very profitable over the next few years.

These two investments are fueling very good results also in our Natural Resources fund, where we are now also reaping a very profitable investment in Albemarle, one of the world's largest producers of battery-grade lithium. We are now reviewing the nickel and uranium markets with the idea of investing in them in the not too distant future when the supply/demand balance favors the investor more clearly.

SIA Funds AG Alpenblickstrasse 25 8853 Lachen Switzerland
tel : +41 55 617 28 70 fax : +41 55 617 28 71 info@s-i-a.ch www.s-i-a.ch

Next, individual companies are mostly surprising on the upside. They range from Medtronic, which has translated high profitability into a sharply increased dividend, to Visa, which has finally secured the purchase of Visa Europe, guaranteeing good growth and substantial cost savings through the consolidation of its operations.

Our only change to the portfolio has been the sale of our McDonald's shares. We believe the company is excellent, and its shares a good investment. But they had gone up a lot, and we had to generate cash to increase other positions with a better outlook, such as oil producers.

New dividend shares

Most of our investors prefer our funds to re-invest the dividends paid, which is efficient from a tax point of view: The investor does not pay taxes on re-invested dividends, which can compound until the investor sells the fund’s shares.

Nevertheless, interested investors, such as Foundations for example need and prefer a steady income, so we offer them the possibility to subscribe to a share class that will distribute the dividends (and some of the realized capital gains if required). As we did with the Stability fund, we envisage paying a 4% dividend, and have it grow by between 3% and 5% every year. This is, of course, not a binding commitment: The essence of dividends is being contingent on real profits. But our diversification and the solidity of our companies make us highly confident that we will be able to deliver. The Stability fund has been doing this for 4 years.

SIA Funds AG Alpenblickstrasse 25 8853 Lachen Switzerland
tel : +41 55 617 28 70 fax : +41 55 617 28 71 info@s-i-a.ch www.s-i-a.ch

Figures of the USD classes

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

June 30, 2016	NAV	Δ 3m	Δ YTD	Annualized Return since Inception	AUM (in mio) **combined Pool*
LTIF Classic [USD]	368.95	-1.4%	2.5%	10.4%	152*
LTIF Stability A Cap [USD]	162.02	-3.4%	-0.9%	4.9%	152*
LTIF Natural Resources [USD]	96.21	9.3%	29.3%	-2.8%	9

Figure 7: **LTIF Classic USD**
vs. MSCI Daily TR Net World Index USD

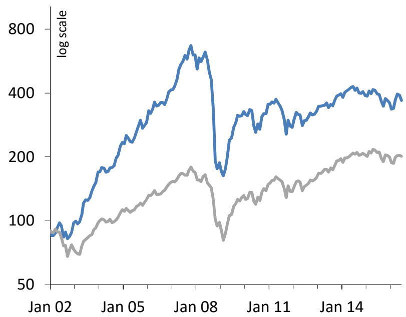


Figure 8: **LTIF Stability A Cap USD**
vs. HFRX Global Hedge Fund Index USD

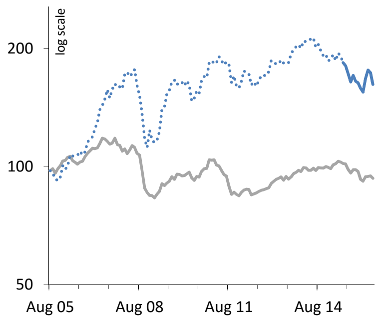
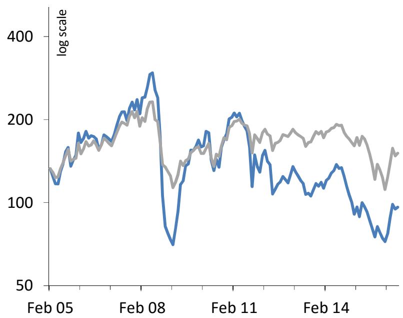


Figure 9: **LTIF Natural Resources USD**
vs. S&P Global Nat. Res. Net TR Index USD



SIA Funds AG Alpenblickstrasse 25 8853 Lachen Switzerland
tel : +41 55 617 28 70 fax : +41 55 617 28 71 info@s-i-a.ch www.s-i-a.ch

Figures of the CHF classes

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

June 30, 2016	NAV	Δ 3m	Δ YTD	Annualized Return since Inception	AUM (in mio) *combined Pool*
LTIF Classic [CHF]	359.43	0.3%	-0.3%	6.4%	148*
LTIF Natural Resources [CHF]	93.73	11.2%	25.8%	-4.4%	9
LTIF Stability Growth [CHF] *(Total return, dividends included)*	178.70	-4.6%	-6.6%	2.2%	6

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

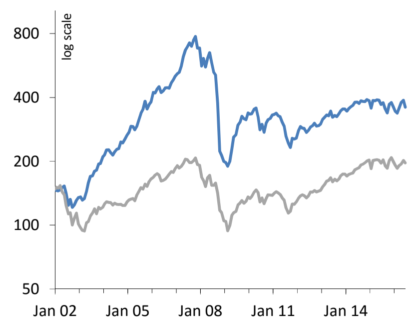


Figure 11: **LTIF Stability Growth TR CHF**
vs. HFRX Global Hedge Fund Index CHF

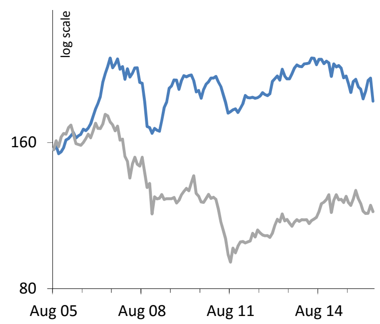
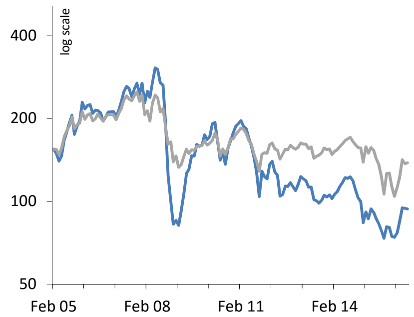


Figure 12: **LTIF Natural Resources CHF**
vs. S&P Global Nat. Res. Net TR Index CHF



SIA Funds AG Alpenblickstrasse 25 8853 Lachen Switzerland
tel : +41 55 617 28 70 fax : +41 55 617 28 71 info@s-i-a.ch www.s-i-a.ch

Figures of the GBP classes

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

June 30, 2016	NAV	Δ 3m	Δ YTD	Annualized Return since Inception	AUM (in mio) *combined Pool*
LTIF Classic [GBP]	275.99	6.0%	13.0%	10.9%	114*
LTIF Natural Resources [GBP]	71.97	17.5%	42.5%	0.4%	7

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

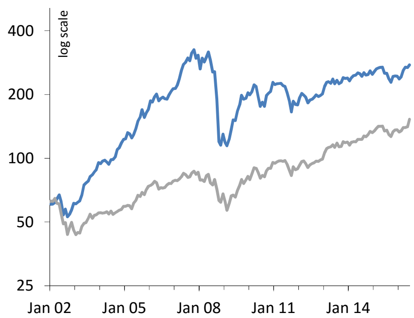
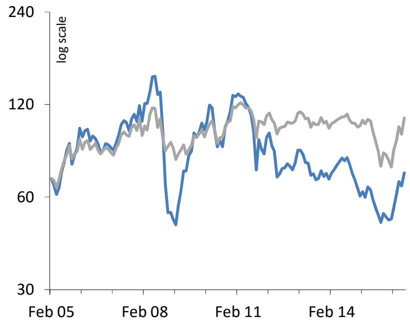


Figure 14: LTIF Natural Resources GBP
vs. S&P Global Nat. Res. Net TR Index GBP



SIA Funds AG Alpenblickstrasse 25 8853 Lachen Switzerland
tel : +41 55 617 28 70 fax : +41 55 617 28 71 info@s-i-a.ch www.s-i-a.ch

Legal Notice – Luxembourg

Performance up to 31.05.06 is that of the BVI-based LTIF, of which the LTIF Luxembourg is an identical successor. Previous performance is audited by Ernst & Young. 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) SA, 15A, avenue J.F. Kennedy, L - 1855 Luxembourg. LTIF Classic, Stability A Cap and Natural Resources (previously Global Energy Value) were 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 Banque Pictet & Cie SA, Route des Acacias 60, 1211 Geneva 73, Switzerland. Legal representative in Switzerland is FundPartner Solutions (Suisse) SA, Route des Acacias 60, 1211 Geneva 73, Switzerland; 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.

LTIF – Classic EUR	***LTIF – Classic USD***	***LTIF – Classic CHF***	***LTIF – Classic GBP***
ISIN: LU0244071956	*ISIN:* LU0301247077	*ISIN:* LU0301246772	*ISIN:* LU0750886714
Telekurs: 2‘432‘569	*Telekurs:* 3‘101‘820	*Telekurs:* 3‘101‘817	*Telekurs:* 18’032’305
Bloomberg: LTIFCLA LX	*Bloomberg:* LTIFCLU LX	*Bloomberg:* LTIFCLC LX	*Bloomberg:* LTIFCLS 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 – Stability A Cap EUR	***LTIF – Stability A Cap USD***		
ISIN: LU1128810261	*ISIN:* LU1132799310		
Telekurs: 25’840’496	*Telekurs:* 25’906’913		
Bloomberg: LTISTAE LX	*Bloomberg:* LTISTAU LX		

Central Administration Agent:	***Investment Manager:***	***Custodian:***	***Registered Office:***
FundPartner Solutions (Europe) SA 15 avenue J.F. Kennedy L-1855 Luxembourg Grand-Duchy of Luxembourg	SIA Funds AG Alpenblickstrasse 25 CH-8853 Lachen Switzerland	Pictet & Cie (Europe) SA 15A avenue J.F. Kennedy L-1855 Luxembourg Grand-Duchy of Luxembourg	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 Fund Management Company 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 FundPartner Solutions (Suisse) SA, Route des Acacias 60, 1211 Geneva 73, or the Investment manager, SIA Funds AG, Alpenblickstrasse 25, CH-8853 Lachen (www.s-i-a.ch).

LTIF – Stability Growth
ISIN: CH0026389202
Telekurs: 2’638’920
Bloomberg: LTIFSTA SW

Administrator:

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

Investment Manager:

SIA Funds AG
Alpenblickstrasse 25
CH-8853 Lachen
Switzerland

Custodian:

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

SIA Funds AG   Alpenblickstrasse 25   8853 Lachen   Switzerland
tel : +41 55 617 28 70   fax : +41 55 617 28 71   info@s-i-a.ch   www.s-i-a.ch