

30-Jul-10

NAV: 108.59

Investment Policy

The TOWER FUND is a FCP registered in Luxembourg. The compartment's objective is long-term capital appreciation. The compartment invests the majority of its total assets in corporate investment grade bonds on a worldwide basis. Most of the securities have a rating between AAA and BBB-. This fund suits investors who are looking for higher yield that money markets or Government securities in the investment grade universe. The investment time horizon should be at least 2-3 years. The investment objective is to have positive absolute returns rather than relative performance vs an index.

Characteristics

Manager	Banque Safdie
Portfolio Manager	Tassan-Din Daniel
Location	Geneva, Switzerland
Portfolio currency	USD
Total net assets in mil. USD	115.4
Inception date	08.03.2009
Reference Index	ML US Master Index (AAA-A)
Management fees p.a	0.6%
Performance fee	10% above of USD Libor 1M
Price calculation	Daily
Dividend Distribution (Quarterly): Last (Jul 29, 2010)	USD 0.94
Subscription/Redemption	Each Luxembourg business day until 4pm

Portfolio By Rating

Current Avg Bond Ratings: **A-**

AAA	6%
AA+	3%
AA	2%
AA-	2%
A+	5%
A	8%
A-	15%
BBB+	12%
BBB	20%
BBB-	25%

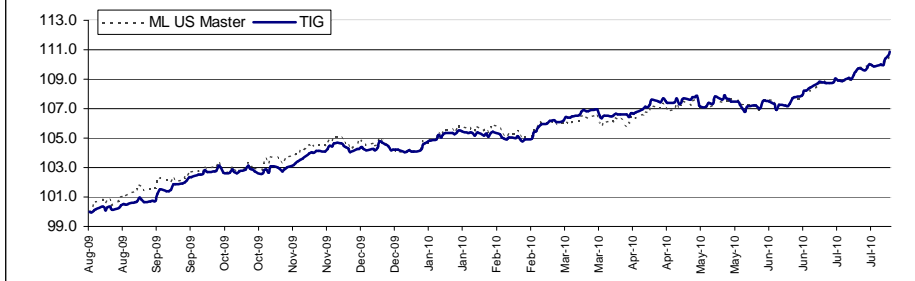
Dividend & Performance

Dividend Distribution Total Since Inception	USD2.28
Average Dividend Yield	3.5%
Performance since inception	10.9%
Annualized performance since inception	10.0%

Asset Allocation

Corporate Bonds	87.9%
Government	6.2%
Cash	5.9%
Total	100%

Performance in USD*

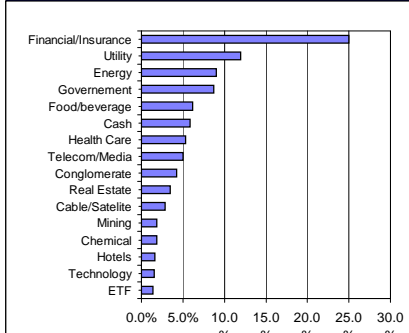


* Including dividend distributed

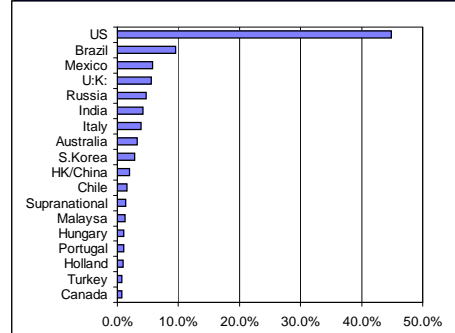
Net Returns

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Year
2010 TIG	1.3%	0.5%	0.7%	1.0%	-0.5%	1.5%	1.9%						6.6%
Libor 1M	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%						0.1%
Reference	1.8%	0.3%	0.3%	1.1%	-0.3%	1.5%	1.9%						6.8%
2009 TIG								0.7%	1.9%	0.5%	1.5%	-0.5%	4.1%
Libor 1M								0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
Reference								1.4%	1.3%	1.0%	1.3%	-1.1%	4.0%

Sector Exposure



Country Exposure



Statistics

Tower Investment Grade Fund	
Bonds YTM	4.5%
Portfolio YTM	4.2%
Portfolio M. Duration	5.4
Portfolio Spread	227
Volatility	3.2%
Number of positions	177
ML US Master	
YTM	3.7%
M. Duration	4.4
Avg Spreads	167
Avg Rating	A+

Comments

July was among the best month since the inception of the fund (+1.9%). Spreads of BBB rated bonds declined by 12bps vs June 2010. The fund distributed its quarterly dividend of USD0.94/unit

Despite lower macros indicators, corporates profits continue to improve, thus reducing defaults risks in the near future.

In the US, inflation seems to remain moderate, and with no job growth and poor housing sales the FED will keep rate low.

The new environment of low growth and low inflation is positive for corporate bonds.

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