

31-Aug-10

NAV: 110.33

**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	121.6
Inception date	08.12.2009
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 Luxemburg business day until 4pm

**Portfolio By Rating**

Current Avg Bond Ratings: **A-**

AAA	8%
AA+	3%
AA	2%
AA-	1%
A+	5%
A	9%
A-	15%
BBB+	11%
BBB	20%
BBB-	25%

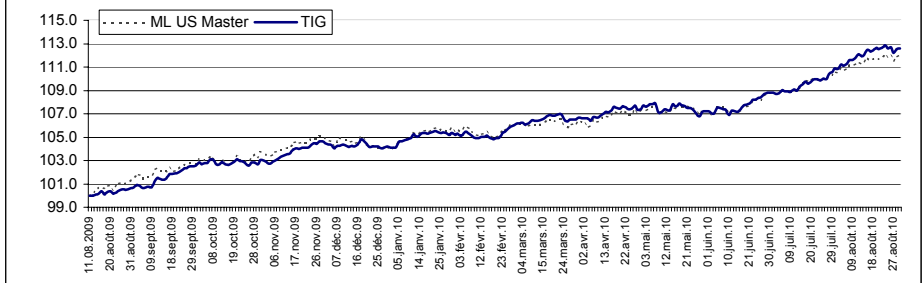
**Dividend & Performance**

Dividend Distribution Total Since Inception	USD2.28
Average Dividend Yield	3.5%
Performance since inception	12.6%
Annualized performance since inception	11.6%
Volatility since inception	2.8%

**Asset Allocation**

Corporate Bonds	84.7%
Government	7.7%
Cash	7.7%
Total	100%

**Performance in USD\***

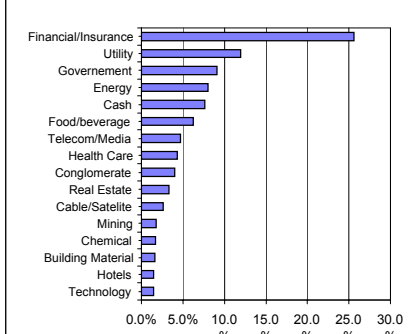


\* Including dividend distributed

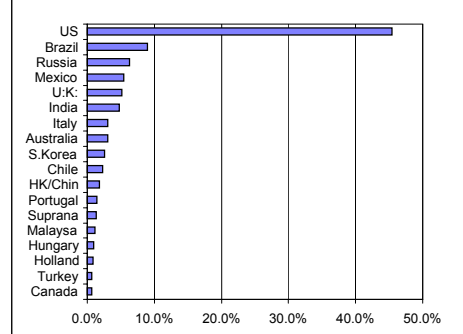
**Net Returns**

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Year
<b>2010 TIG</b>	1.3%	0.5%	0.7%	1.0%	-0.5%	1.5%	1.9%	1.6%					8.2%
Libor 1M	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%					0.2%
Reference	1.8%	0.3%	0.3%	1.1%	-0.3%	1.5%	1.9%	1.4%					8.3%
<b>2009 TIG</b>								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**

<b>Tower Investment Grade Fund</b>	
Bonds YTM	4.3%
Portfolio YTM	4.0%
Portfolio M. Duration	5.3
Portfolio Spread	236
Volatility	2.8%
Number of positions	182
<b>ML US Master</b>	
YTM	2.9%
M. Duration	4.4
Avg Spreads	153
Avg Rating	A+

**Comments**

August was a positive month despite that spreads of A rated bonds widened by 6bps to 159bps and BBB to 197bps. Treasury 10yr yield dropped sharply in the month from 2.9% to 2.5% as the Fed kept buying government bonds.

We do not think that the US/Europe will fall into a recession. But, as often mentioned, a slow growth environment due to high debt and deficit levels, slow job creation and weak real estate (US) markets.

Investment grade bonds should still perform relatively well in this environment.

On the other end, yield have dropped significantly in the last month, and we are taking profits on some longer dated securities.

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