

Alpha Australian Small Companies - Snapshot

Morningstar Category: Australia OE Equity Australia Mid/Small Blend
 Inception Date: 2/04/2007

Fund and Market Commentary

The S&P/ASX Small Ordinaries Accumulation Index rose 1.53% in September while the Alpha Small Companies Fund outperformed by 0.75%. The best sector performance came from Materials and Resources, while Utilities and Telecoms underperformed. Since inception, the Fund has consistently outperformed its benchmark.

Referring to the latest economic data, the Australian Bureau of Statistics (ABS) has reported the unemployment rate decreased by 0.1% to 5.6% although 721,000 Australians are still unable to find sufficient work. ABS retail turnover grew 0.1% month on month, bringing the total annualised increase to 2.6%.

Looking at Central bank activity, the Bank of Japan announced it will modify its quantitative easing program while the European Central Bank and United States Federal Reserve held fire on policy action. China's Caixin Purchasing Managers Index (PMI) rose by 0.1 points to 50.1 during September signalling growth, albeit very little. Resource prices have been on an upward trend since making lows earlier in the year, with Coal continuing to rise during September while Iron Ore pared back some gains falling 6.28%.

The Reserve Bank of Australia (RBA) decided to keep the cash rate steady at 1.50%. The Australian Dollar (AUD) rose 1.88% ending the month at 0.7659 United States (US) cents.

In structuring the Alpha Small Companies Fund, Alpha Fund Managers seek to select managers demonstrating a proven track record in managing risk and generating long-term outperformance. Alpha Fund Managers blend these managers to create portfolios that can achieve consistent, absolute and relative performances, irrespective of where we are in the market cycle.

Top 10 Holdings - September 2016

Stock Name	Sector
Pilbara Minerals Ltd	Basic Materials
Yowie Group Ltd	Industrials
Skydive the Beach Group Ltd	Consumer Cyclical
BSA Ltd	Consumer Cyclical
Migme Ltd	Basic Materials
Pacific Brands Ltd	Consumer Cyclical
Highfield Resources Ltd	Basic Materials
QMS Media Ltd	Consumer Cyclical
Impedimed Ltd	Healthcare
Cash & Cash Equivalents	Not Applicable

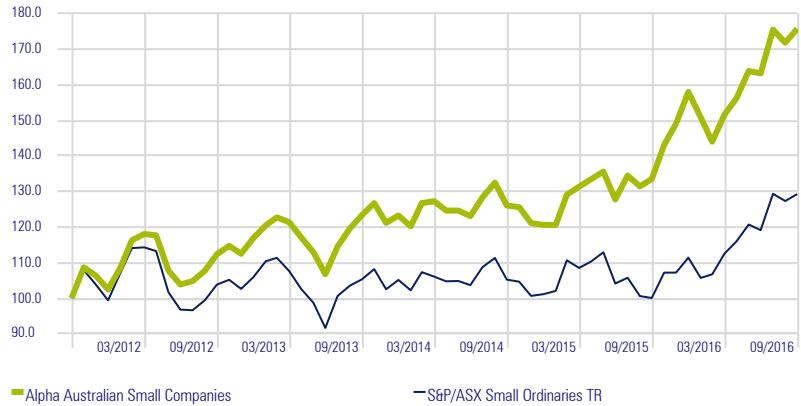
Risk Matrix

Time Period: 1/10/2011 to 30/09/2016

	Alpha Small Companies	S&P/ASX Small Ord
Alpha	6.05	0.00
Std Dev	13.84	15.16
Sharpe Ratio	0.31	0.03
Sortino Ratio	0.47	0.05

Investment Growth (net of fees) versus Benchmark

Time Period: 1/10/2011 to 30/09/2016

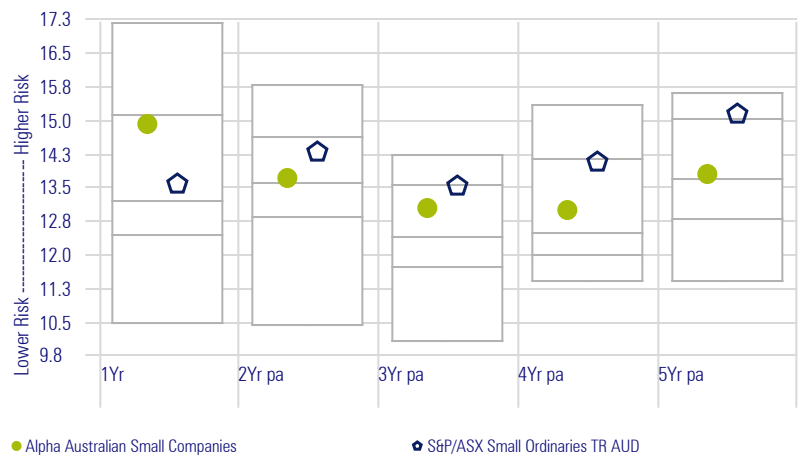


Returns (net of fees) versus Benchmark

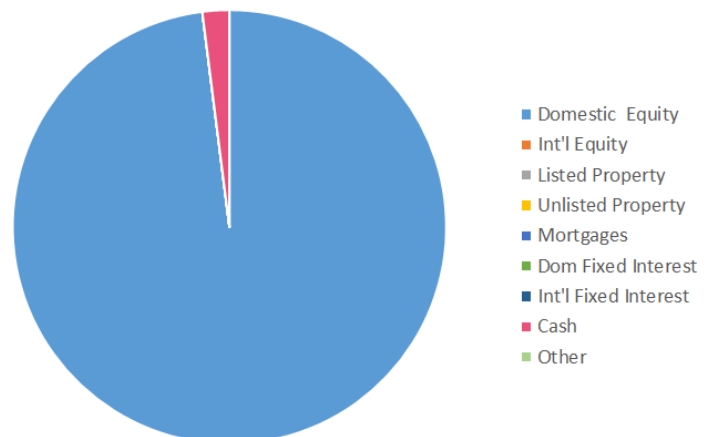
As of Date: 30/09/2016 Data Point: Return

	Month	Quarter	6 Mth	1Yr	2Yr pa	3Yr pa	4Yr pa	5Yr pa
Alpha Australian Small Companies	2.28	7.69	15.90	31.62	18.06	12.52	11.82	11.93
S&P/ASX Small Ordinaries TR AUD	1.53	8.50	14.84	29.16	10.83	7.07	5.63	5.27

Risk (i.e. Return Volatility) versus Benchmark



Asset Allocation



Investment Objective

The Alpha Australian Small Companies Fund may exhibit a relatively 'benchmark unaware' process in pursuit of superior returns, i.e. the fund may not invest into stocks just because they are in the benchmark, thus the composition and returns of the portfolio may deviate significantly from that of the benchmark.

Alpha Fund Managers seek to achieve this objective in each of the Alpha Funds by the blending of a small number of high conviction investment managers, each with a different investment process. This is done so in a complementary manner, so as to produce consistent outperformance with similar or less risk than the benchmark.

Fund Style: Actively Managed Australian Equity Small Capitalisation Portfolio

Current Manager Line-up

Eight Investment Partners ('8IP') is a boutique investment manager, dedicated to the analysis of listed small companies in Australia. It combines a highly experienced and diverse team supported by a strong analytical, business and risk framework. The investment philosophy targets three types of companies being stars, turnarounds and under researched issues which form part of an active portfolio of between 40-60 stocks.

Manager Style: High Conviction Australian Small Cap

Ophir Asset Management is a boutique investment firm which invests within the Australian small cap universe specifically outside the top 150 stocks. The co-founders have deep experience in this space having run similar small/microcap strategies which, combined with a nimble investment process, enables them to quickly capitalise on opportunities to maximise alpha. They are also co-investors in the fund.

Manager Style: High Conviction Australian Small Cap

About Alpha Fund Managers

Alpha Fund Managers' investment philosophy is based on the premise that there are particular investment managers that have the ability to consistently generate "alpha" over the medium to long-term, and through all financial market cycles irrespective of any style bias (growth vs. value, large cap vs. small cap, etc.). "Alpha" in this context is defined as an investment manager's unique ability to select a portfolio of securities that differs from and outperforms its benchmark on a risk-adjusted basis. In other words, it is an investment manager's ability to beat the index. Alpha Fund Managers' investment process is based on a balanced approach to quantitative and qualitative research and analysis techniques to assess and select the underlying investment managers in each Alpha Fund Series fund. Alpha Fund Managers seek to add value by selecting investment managers who demonstrate a high-level of investment conviction, unique investment processes and a proven record in managing risk and generating long-term "alpha" over full market cycles. Alpha Fund Managers then blend these managers to create portfolios that can achieve consistent, absolute and relative performances, irrespective of where we are in the market cycle.

Investment Details

APIR Code	ETL0092AU
Ticker	15577
Net Assets (\$Mil)	24
Month End Price Date	30/09/2016
Month End Price	0.8433

Purchase Information

Minimum Initial Investment	\$25,000
Minimum Balance	\$25,000
Minimum Additional Investment/Withdrawal	\$10,000
Buy-sell Spread	0.35%
Income Distribution	Half Yearly
Valuation/Unit Pricing	Daily
Management Fee	1.358%
Performance Fee	Applicable - refer to PDS on Website

Manager Info

Alpha Fund Managers Pty Ltd
Ph: 07 5458 9400
Fax: 07 5443 1995
Email: enquiry@alphafundmanagers.com.au
Website: <http://www.alphafundmanagers.com.au>
Suite 1117, Level 11
1 Queens Road, Melbourne
Victoria 3004

General Advice Warning and Disclosure

This document was prepared by Alpha Fund Managers Pty Limited (Alpha)(ABN 37 124 085 883) Corporate Authorised Representative of Infocus Securities Australia Pty Ltd (ABN 47 097 797 049) AFSL No 236523 as Investment Manager of the Alpha Australian Small Companies Fund. This information is general advice only. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. In preparing this information, we did not take into account the investment objectives, financial situation or particular needs of any particular person. You should consider the appropriateness of this information with regards to your objectives, financial situation and needs. We encourage you to read the Fund's product disclosure statement in full before making an investment decision. Past performance is not indicative of future performance.

Equity Trustees Limited (EQT) (ABN 46 004 031 298) Australian Financial Services Licence 240975 is the Responsible Entity of the Fund.