

Alpha Enhanced Yield - Snapshot

Morningstar Category: Australia OE Multi-Strategy Income
 Inception Date: 2/04/2007

Fund and Market Commentary

During August the Bloomberg AusBond Cash benchmark returned 0.17% while the Alpha Enhanced Yield Fund outperformed by 0.11%. Over longer periods the Fund's return has significantly outperformed the benchmark.

While the United States Federal Reserve continues to review the case for higher rates, the Bank of England moved to expand monetary policy following the Brexit vote by cutting the reserve rate by 0.25% to 0.25%, and increasing its Quantitative Easing (QE) programme by £60bil taking the total stock of purchases to £435 billion. The Reserve Bank of Australia made moves of its own lowering the cash rate to a record low of 1.50%.

Demand for United States Treasury Notes was weaker this month with yields on two year Treasury Notes up twelve basis points at 0.8053%, while the ten year Note rose five basis points to 1.58%. Australian two year Government bond yields fell seven basis points, while the ten year bond was five basis points lower at 1.437% and 1.824% respectively. Within the Eurozone, German yields up three basis points to negative 0.065%.

Considering the prospects for assets beyond short-term volatility, our preference is to take a longer term approach to the markets. This does not mean we are not actively managing the Fund. To the contrary, the structure of our Fund is always reflective of our current assessment of market risk. In structuring the Alpha Enhanced Yield Fund, Alpha Fund Managers seeks to select managers demonstrating a proven track record in managing risk and generating long-term outperformance. These managers are then blended to create portfolios that can achieve consistent, absolute and relative performances, irrespective of where we are in the market cycle.

Alpha Enhanced Yield - Monthly Returns (net of fees)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2016	0.33	0.27	1.54	0.68	-0.15	1.42	1.18	0.28					
2015	0.65	0.94	0.23	-1.32	-0.22	-1.35	0.61	-0.99	-0.36	1.08	0.21	-0.73	-1.27
2014	0.49	0.62	0.73	0.35	0.09	0.63	0.46	-0.33	0.53	0.18	-0.02	0.00	3.79
2013	0.69	0.47	0.61	0.58	-0.11	-0.77	0.65	0.18	0.61	0.28	0.44	0.78	4.49
2012	1.69	1.21	0.80	0.47	0.38	-0.01	1.33	1.08	0.76	0.95	0.65	0.89	10.66
2011	0.90	1.13	0.36	0.77	-0.16	-1.22	-0.08	-3.01	-0.18	1.19	-1.45	1.44	-0.41

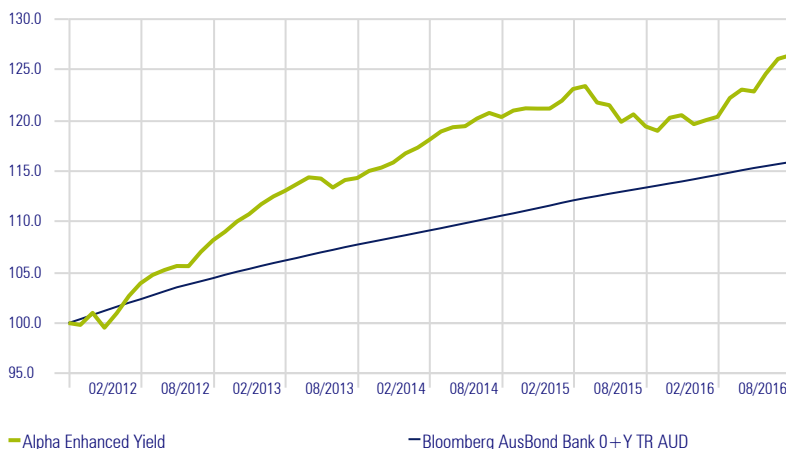
Risk Matrix

Time Period: 1/09/2011 to 31/08/2016

	Alpha Enhanced Yield	UBS Bank O+ Yr
Alpha	2.12	0.00
Std Dev	2.39	0.24
Sharpe Ratio	-0.24	-0.41
Sortino Ratio	-0.32	-0.52

Investment Growth (net of fees) versus Benchmark

Time Period: 1/09/2011 to 31/08/2016

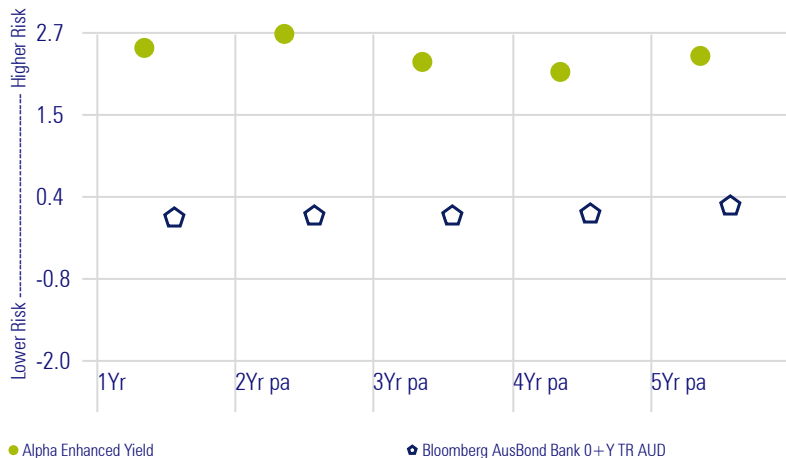


Returns (net of fees) versus Benchmark

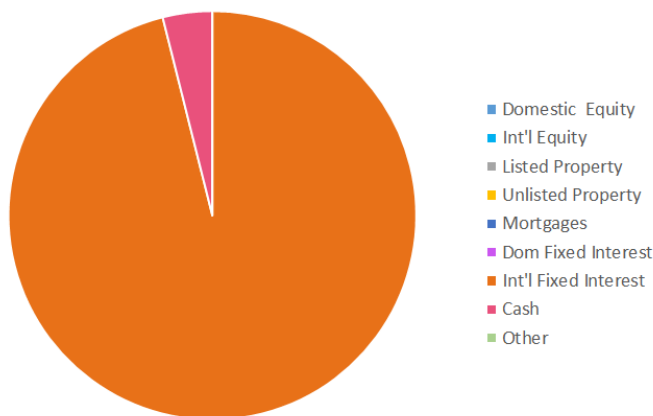
As of Date: 31/08/2016 Data Point: Return

	Month	Quarter	6 Mth	1 Yr	2Yr pa	3Yr pa	4Yr pa	5Yr pa
Alpha Enhanced Yield	0.28	2.91	5.05	5.89	2.50	3.42	3.98	4.80
Bloomberg AusBond Bank 0+Y TR AUD	0.17	0.51	1.10	2.22	2.36	2.46	2.64	2.99

Risk (i.e. Volatility of Returns) versus Benchmark



Asset Allocation



Investment Objective

The Alpha Enhanced Yield Fund may invest in a portfolio of global government, semi-government, corporate, mortgage, asset-backed, high-yield and emerging-market sovereign debt, and other fixed interest securities, while seeking to preserve capital through diversification and prudent investment management.

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

Fund Style: Actively Managed Diversified Multi-Strategy Fixed Income Portfolio

Current Manager Line-up

Legg Mason Brandywine is a wholly owned yet independent subsidiary of Legg Mason. Founded in 1986, it now has 230 investment professionals overseeing US\$66 billion for clients worldwide. Brandywine offers investors the benefits of an experienced team with an active and value driven investment philosophy.

Manager Style: Actively Managed, Broadly Diversified Global, High Conviction and Long Term Value Oriented Strategy.

PIMCO is a leading global investment management firm with more than 2,000 dedicated professionals across 10 countries. Throughout PIMCO's multi-decade history, they have been at the forefront in sectors like mortgage-backed securities and emerging market bonds. PIMCO remains at the forefront today, pioneering the use of innovative solutions for their clients, including portable alpha and absolute return strategies.

Manager Style: Actively Managed, Broadly Diversified, Strong Expertise in Top Down Assessment of Global Bond Markets

BlackRock is a leader in investment management, risk management and advisory services for institutional and retail clients worldwide with funds under management of over US\$4 trillion. The firm has approximately 12,200 employees in 30 countries and is a major presence in key global markets, including North and South America, Europe, Asia, Australia and the Middle East and Africa.

Manager Style: Actively Managed, Broadly Diversified, Leading Risk Management, Unconstrained Approach

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 so as to create portfolios that can achieve consistent, absolute and relative performances, irrespective of where we are in the market cycle.

Investment Details

APIR Code	ETL0093AU
Ticker	15578
Net Assets (\$Mil)	40
Month End Price Date	31/08/2016
Month End Price	0.9190

Purchase Information

Minimum Initial Investment	\$25,000
Minimum Balance	\$25,000
Minimum Additional Investment/Withdrawal	\$10,000
Buy-sell Spread	Nil
Income Distribution	Quarterly
Valuation/Unit Pricing	Daily
Management Fee	0.993%
Performance Fee	Applicable - refer to PDS on Website

Manager Info

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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 Enhanced Yield 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.