

## Alpha Diversified Fixed Income Fund - Snapshot

Morningstar Category  
Inception Date

Australia OE Multi-Strategy Income  
30/04/2012

## Fund and Market Commentary

During July the Bloomberg AusBond Cash Benchmark returned 0.17% while the Alpha Diversified Income Fund outperformed by 0.37%. So far the Fund has gathered limited return history and therefore no comment can yet be made about its long-term performance.

Following the British referendum, David Cameron announced his resignation as Prime Minister, with Teresa May named as his successor for the top job. May has announced that she will not be rushing to enact Article 50 of the Lisbon Treaty, which would commence Britain's formal withdrawal from the European Union. The month of July also bore witness to a number of destabilising events, including the failed coup attempt in Turkey, and a number of terrorist attacks in the Middle East, Germany and France where over eighty-four people lost their lives when a truck ploughed into crowds celebrating Bastille Day.

Demand for United States (US) Treasury Notes softened this month with yields on two year Treasury Notes up seven basis points at 0.66% while the ten year Note rose one basis point to 1.45%. Australian two year Government bond yields fell five basis points, while the ten year bond was eight basis points lower at 1.51% and 1.87% respectively. The Reserve Bank of Australia (RBA) held rates steady at 1.75%.

Within the Eurozone Sovereign bonds were in demand, with German yields up one basis point to negative 0.119%, while Italian 10 year bonds ended the month six basis points lower at 1.169%.

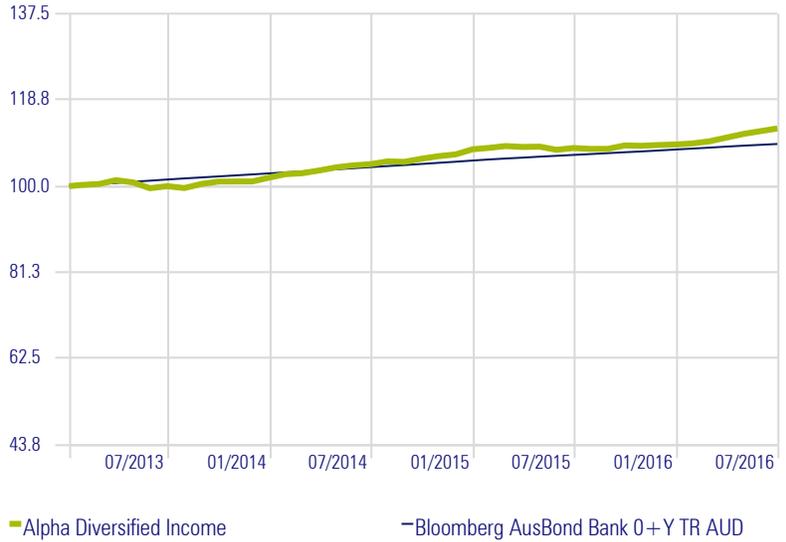
Considering the prospects for assets beyond short-term volatility, our preference is to take a longer term approach to the markets. This does not mean we are not actively managing the Fund. To the contrary, the structure of our Fund is always reflective of our current assessment of market risk. In structuring the Alpha Diversified Fixed Income Fund, Alpha Fund Managers seek 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 Diversified Income - Monthly Returns (net of fees)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2016	0.11	0.20	0.44	0.72	0.74	0.53	0.54						
2015	1.06	0.26	0.38	-0.18	0.06	-0.63	0.36	-0.18	0.01	0.69	-0.07	0.16	1.92
2014	0.85	0.71	0.21	0.58	0.67	0.39	0.25	0.58	-0.09	0.64	0.52	0.36	5.83
2013			0.21	0.83	-0.48	-1.25	0.45	-0.41	0.87	0.53	0.01	0.02	
2012													
2011													

## Investment Growth (net of fees) versus Benchmark

Time Period: 6/02/2013 to 31/07/2016

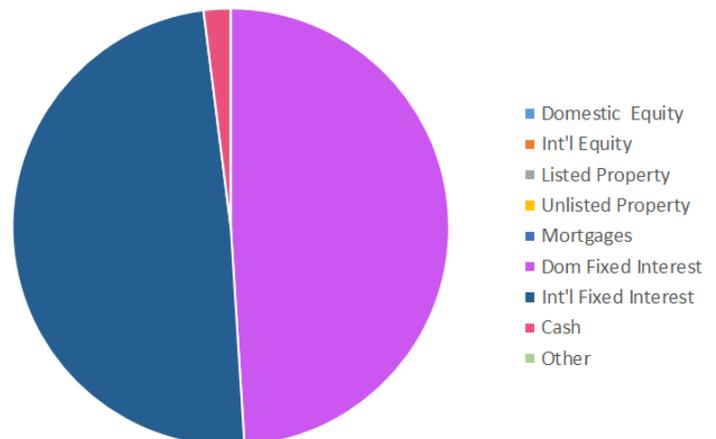


## Returns (net of fees) versus Benchmark

As of Date: 31/07/2016 Data Point: Return

	Month	Quarter	6 Mth	1Yr	2Yr pa	3Yr pa	4Yr pa	5Yr pa
Alpha Diversified Income	0.54	1.82	3.20	3.94	3.65	4.03		
Bloomberg AusBond Bank 0+Y TR AUD	0.17	0.53	1.11	2.23	2.39	2.48	2.67	3.05

## Asset Allocation



## Investment Objective

The Alpha Diversified Income Fund is designed for investors seeking high yields with high capital preservation, by investing in a globally-diversified portfolio of fixed interest and high yield securities. It aims to outperform Cash +1% (UBS Bank 0+ Yr TR Index+1.0%) over rolling 3 to 5 year periods. The 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.

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

## Current Manager Line-up

**Kapstream Capital** offers an alternative approach to fixed income. Kapstream's goal is to create innovative solutions for client needs. Through active diversification across sectors and geographies, they aim to consistently deliver capital protection and a reliable income stream. Kapstream uses a wide range of instruments to capitalise on opportunities within the marketplace, including bonds, notes, mortgages, corporate debt, emerging market debt, convertible securities, derivatives, foreign exchange contracts, enhanced cash instruments and more. As a result, they can generate positive returns in both rising and falling markets. They manage total portfolio risk, rather than the index risk, so their funds can generate a positive return even when indices are falling. The result is superior return potential, with less risk.

*Manager Style: Diversified Active Absolute Return Global Bond*

**PIMCO** is a leading global investment management firm with more than \$2 trillion in assets under management as of 31 December 2012, and more than 2000 employees in offices in Newport Beach, New York, Singapore, Tokyo, London, Sydney, Munich, Toronto, and Hong Kong. Throughout PIMCO's 37-year history, they have been at the forefront in sectors like mortgage-backed securities and emerging market bonds. PIMCO remain's 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*

**Standard Life**, is a leading asset manager with an expanding global reach and manages \$511.5 billion in assets on behalf of clients worldwide. Their investment capabilities span equities, bonds, real estate, private equity, multi-asset solutions, fund-of-funds and absolute return strategies.

*Manager style: Diversified Active Absolute Return Global Bond*

## 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 cycle. 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	ETL0329AU
Ticker	19539
Net Assets (\$Mil)	37
Month End Price Date	31/07/2016
Month End Price	1.0136

## 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

Alpha Fund Managers Pty Ltd  
Ph: 07 5458 9400  
Fax: 07 5443 1995  
Email: [enquiry@alphafundmanagers.com.au](mailto: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 Diversified Income 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.