

## Alpha Australian Blue Chip Equities - Snapshot

Morningstar Category: Australia OE Equity Australia Large Growth  
 Inception Date: 2/04/2007

## Fund and Market Commentary

The S&P/ASX300 Accumulation Index fell by 5.45% during January with the Alpha Australian Blue Chip Fund outperforming the Benchmark by 1.93%. Better performing sectors were Utilities and Telecoms, while Resources and Materials underperformed. Since inception, the Fund has achieved outperformance relative to the benchmark.

Australian Equity markets, like their global counterparts, were under pressure this month as the impact of volatile commodity prices, fears on banking solvency and divergent central bank policies pushed investors out of risk assets.

The Australian Bureau of Statistics (ABS) has reported the unemployment rate of 5.8% while retail turnover grew 0.3% month on month bringing the total annualised increase to 4%. The inflation rate rose 0.2% to 1.7% last quarter, still just outside the Reserve Bank of Australia (RBA) target of 2-3%. The RBA continues to hold rates at 2%.

The economic health of our largest trading partner China was highlighted in the Caixin Purchasing Managers Index (PMI), which rose 0.2 points in January with a reading of 48.4. While this is a small improvement it is the eleventh consecutive month the reading has been below 50, signalling ongoing contraction in manufacturing activity.

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 fund, Alpha Fund Managers seek to select high-quality managers and blend these managers to create portfolios that can achieve consistent absolute and relative performances, irrespective of where we are in the market cycle.

## Top Ten Holdings - January 2016

Stock Name	Sector
CSL Limited	HealthCare
Westpac Banking Corp	Financial Services
Ramsay Health Care Limited	HealthCare
National Australia Bank Limited	Financial Services
Domino's Pizza Enterprises Ltd	Consumer Cyclical
TPG Telecom Ltd	Communication Services
IPH Ltd	Industrials
The Star Entertainment Group Ltd	Consumer Cyclical
Transurban Group	Industrials
Aristocrat Leisure Ltd	Technology

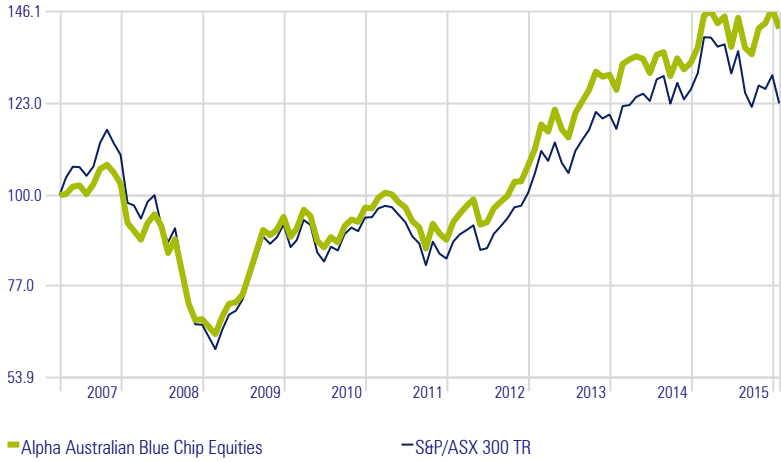
## Risk Matrix

Time Period: 1/02/2011 to 31/01/2016

	Alpha Blue Chip	S&P/ASX 300 TR
Alpha	2.19	0.00
Std Dev	11.45	12.44
Sharpe Ratio	0.04	-0.07
Sortino Ratio	0.05	-0.10

## Investment Growth (net of fees) versus Benchmark

Time Period: 3/04/2007 to 31/01/2016



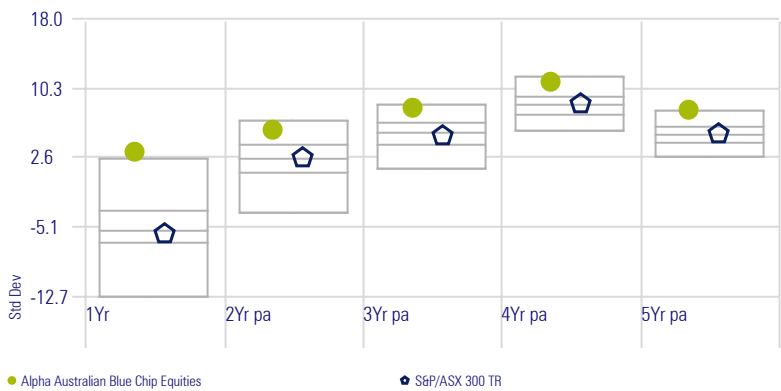
## Returns (net of fees) versus Benchmark

As of Date: 31/01/2016 Data Point: Return

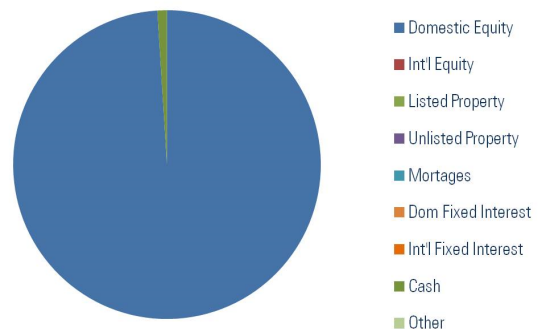
	Month	Quarter	6 Mth	1Yr	2Yr pa	3Yr pa	4Yr pa	5Yr pa
Alpha Australian Blue Chip Equities	-3.52	-0.05	-1.90	3.43	5.94	8.34	11.10	8.00
S&P/ASX 300 TR	-5.45	-3.53	-9.68	-5.83	2.72	5.28	8.68	5.46

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

As of Date: 31/01/2016



## Asset Allocation



## Investment Objective

The Alpha Blue Chip Fund aims to outperform the S&P/ASX 300 Accumulation Index (after fund fees and expenses, and before taxes) over rolling 3 to 5 year periods. The fund invests predominantly in a diversified portfolio of large market capitalisation Australian shares.

Alpha Fund Managers seek to achieve this objective by the blending of a small number of high conviction (not closet index) 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 Australian Equity Large Blend Portfolio*

## Current Manager Line-up

**Greencape Capital** is a boutique investment management firm that applies a high conviction management approach. Experienced and professional, the Greencape team is focused and committed to delivering superior, repeatable performance. Greencape believes its strong focus on qualitative stock attributes increases the opportunity for fund outperformance.

*Manager Style: High Conviction Australian Equity Large Growth*

**Bennelong Australian Equity Partners** is a Sydney based boutique fund manager. The manager believes that stock prices are driven by earnings and high quality companies deliver superior earnings/returns. The manager selects stocks based on its proprietary tools and focuses on quality companies which have higher than average profitability, earnings stability, financial strength as well as superior performance in capital management and ES&G issues (i.e. Environment, Social and Corporate Governance). Technical factors such as market sentiment are also considered when initiating stock positions.

*Manager Style: Concentrated Australian Equity Large Blend*

**State Street Global Advisors (SSGA)** is a global leader in institutional asset management, managing more than \$2.4 trillion in assets. The firm, part of the wider State Street business, has 35 years of experience assisting clients navigate a range of market cycles and conditions. The firm employs over 2,200 people in 17 countries worldwide with nine investment centers across the Americas, Europe and Asia.

*Manager Style: Quantitative Process, Targets Lower Volatility, Benchmark Agnostic*

**UBS Halo Fund** falls under the UBS funds management arm in Australia and while owned by the parent it operates under a boutique structure to better align staff with investor interests. The fund has an underlying philosophy of 'price to intrinsic value' holding a long term value bias low turnover buy and hold strategy.

*Manager style: Concentrated long-only Australian equity*

## 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 demonstrating high-level of investment conviction, unique investment processes and 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	ETL0091AU
Ticker	15576
Net Assets (\$Mil)	47
Month End Price Date	31/01/2016
Month End Price	0.7399

## 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	1.173%
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 Blue Chip Fund. This information is general advice only. 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 and has consented to the inclusion and publication of general commentary, fund updates and references to itself.