

Alpha Alternatives Fund - Snapshot

Morningstar Category: Alternative Strategies - Diversified
 Inception Date: 01/02/2012

Fund and Market Commentary

During July, the Bloomberg AusBond Cash benchmark returned 0.15%, while the Alpha Alternatives Fund underperformed the benchmark. Given limited performance history no comment can be made about the Funds long-term performance.

Macro/CTA index strategies posted a gain for the month with the hedge fund composite index rising 0.94% in July. United States (US) equities continued to rally backed by solid economic data, with the Dow Jones and S&P 500 indices growing 2.54% and 1.93% respectively. The US economy grew at an annualized 2.6% in the June quarter. Non-farm payrolls increased by 209,000 while the unemployment rate fell 0.1% to 4.3% in July. In spite of the economy being close to full employment, wage growth remained sluggish lowering discretionary spending power. The modest inflation rate combined with concerns over the Trump administration's ability to get tax cuts passed through Congress pushed the US Dollar down in July. The Reserve Bank of Australia (RBA) discussed that the Australian neutral nominal interest rate would need to increase to around 3.5% in order to maintain target inflation and growth rates, while in contrast the US Federal Reserve (FED) Chair, Janet Yellen, released a statement that the FED is close to its neutral rate which the market interpreted as dovish. This was a factor in the Australian dollar surging 3.84% to 79.87 US cents by the end of July.

European markets were mostly in the black as the economy continues to gradually improve. The UK's FTSE 100 index rose by 0.81% and Italy's MIB index gained 4.39%, while Germany's DAX fell 1.68%. Asian markets were mixed with China's Shanghai Composite up by 2.52%, the Hong Kong Hang Seng Index jumping 6.05%, while Japan's Nikkei 225 index fell 0.54%. Commodity prices went up backed by rising iron ore and oil prices. The oil price rallied back to above USD 50 per barrel as OPEC members have been working on controlling production and supply, while chaos in Venezuela limited oil exports to the US.

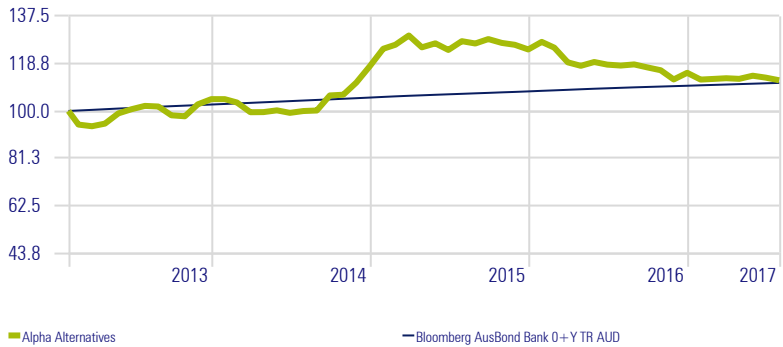
Considering the prospects for assets beyond short-term noise and volatility, our preference is to take a longer term approach to the markets. This does not mean we are not actively managing the Fund. To the contrary, the structure of our Fund is always reflective of our most current assessment of market 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.

Alpha Alternatives - Monthly Returns (net of fees)*

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2017	-2.33	0.21	0.25	-0.21	1.10	-0.67	-0.92						
2016	2.41	-1.80	-4.66	-1.16	1.28	-0.87	-0.31	0.38	-0.99	-0.97	-3.15	2.34	-7.45
2015	5.89	1.28	2.91	-3.62	1.27	-2.07	2.80	-0.72	1.38	-1.18	-0.59	-1.46	5.66
2014	-0.01	-1.27	-3.73	0.04	0.71	-0.99	0.73	0.21	5.96	0.27	4.52	5.82	12.45
2013			-0.69	1.10	4.28	1.65	1.33	-0.24	-3.42	-0.41	4.84	2.02	
2012													

Investment Growth (net of fees) versus Benchmark*

Time Period: 6/02/2013 to 31/07/2017

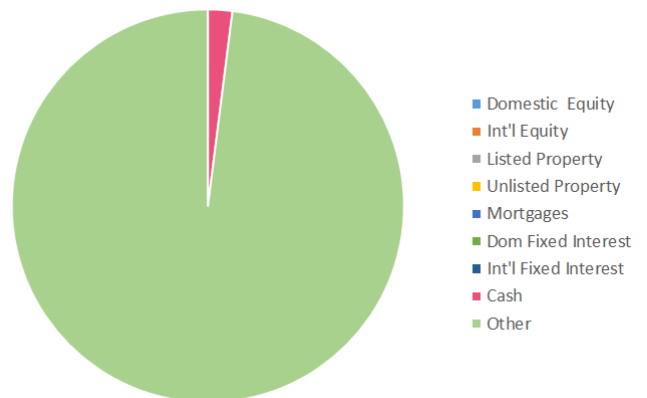


Returns (net of fees) versus Benchmark*

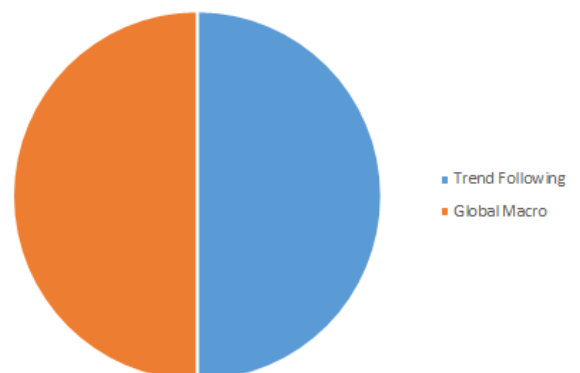
As of Date: 31/07/2017 Data Point: Return

	Month	Quarter	6 Mth	1Yr	2Yr pa	3Yr pa	4Yr pa	5Yr pa
Alpha Alternatives	-0.92	-0.50	-0.25	-4.95	-6.26	3.91	2.40	
Bloomberg AusBond Bank 0+Y TR AUD	0.15	0.44	0.87	1.79	2.01	2.19	2.31	2.49

Asset Allocation



Strategy Allocation



Investment Objective

The Alpha Alternatives Fund is designed for investors seeking strong long-term returns by investing in underlying strategies that provide exposure to a well-diversified portfolio of specialist absolute return investment managers. The Alpha Alternatives Fund will invest in equity long-short, relative value, event driven, global macro and managed futures. The Alpha Alternatives Fund will actively seek to take advantage of strategic country and asset allocation, as well as security pricing opportunities, by investing in a diverse range of securities across the globe. The composition and performance of the fund may differ significantly from its benchmark.

Fund Style: Actively Managed and Broadly Diversified Global Hedge Fund

Current Manager Line-up

H2O Force 10 is a global macro hedge fund strategy that aims to generate returns from long and short positions in various equity, fixed income, currency, and futures markets, primarily based on overall economic and political views of various countries and macroeconomic principles. The H2O strategy aims to provide not only risk-adjusted performance at portfolio level, but also transparency and daily liquidity.

Manager Style: Actively Managed and Broadly Diversified Macro Hedge Fund

The AQR Wholesale Managed Futures Fund is a trend-following strategy which uses proprietary quantitative models. The Fund provides long and short exposure to over 100 global developed and emerging markets in equities, bonds, commodities, and currencies (using futures, swaps, forwards and options). The strategy seeks to deliver systematic and risk controlled returns in a liquid form with low correlation to the returns of traditional asset classes. An efficient diversification of exposures is an explicit goal of this product.

Manager Style: Actively Managed and Broadly Diversified Macro Hedge Fund

The Henderson Absolute Return Australian Equity Fund is an actively managed portfolio of long and short positions in listed (or soon to be listed) companies (predominantly Australian companies) that seeks to provide investors with consistent, positive returns above the Benchmark through all cycles of the Australian equity market with little or no correlation to that market. The Fund aims to provide investors with a highly liquid investment opportunity, capital preservation and the delivery of long term equity market returns without the market volatility of a long only equity investment. The fund focuses on positive absolute returns in both rising and falling markets.

Manager Style: Actively Managed, Market Neutral Australian Equity Strategy

Legg Mason Western Asset Management, a Legg Mason affiliate, is one of the world's leading fixed income managers and provides investment services for a wide variety of global clients, with broad capabilities across the fixed income spectrum. By devoting all of its resources to fixed income, Western Asset adds unique value to this asset class through active management of fixed income portfolios, with a value-oriented investment approach that is supported by a team of fixed income specialists in every market sector. Legg Mason Western Asset Macro Opportunities Bond is an unconstrained, global macro fixed income alternative that seeks to maximize total return while being less correlated to traditional fixed income and equity markets. The fund focuses on long-term value investing and active management of duration, yield curve and volatility by identifying relative value among securities and sectors in global fixed income markets.

Manager Style: Active Unconstrained Global Macro Fixed Income Alternative Strategy

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 performance, irrespective of where we are in the market cycle.

Investment Details

APIR Code	ETL0318AU
Ticker	19538
Net Assets (\$Mil)	28
Month End Price Date	31/07/2017
Month End Price	0.9778

Purchase Information

Minimum Initial Investment	\$25,000
Minimum Balance	\$25,000
Minimum Additional Investment/Withdrawal	\$10,000
Buy-sell Spread	0.35%
Income Distribution	Yearly
Valuation/Unit Pricing	Daily
Management Fee	1.435%
Performance Fee	20.5% (net of GST and RITC)

For further information, please refer to the funds PDS.

Manager Info

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There has been no material changes in the Fund's risk profile, strategy, key investment personnel or key service providers since the last monthly report.

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 ("Infocus") (ABN 47 097 797 049) AFSL No 236523 as Investment Manager of the Alpha Alternatives Fund ("Fund"). Equity Trustees Limited ("Equity Trustees") (ABN 46 004 031 298) AFSL 240975 is the Responsible Entity of the 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.

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