

## Alpha Enhanced Yield - Snapshot

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

## Fund and Market Commentary

During April, the Bloomberg AusBond Cash benchmark returned 0.15% while the Alpha Enhanced Yield Fund outperformed by 0.32%. Over longer periods the Fund's return has significantly outperformed the benchmark.

Shorter dated global government bond yields were largely higher over April, as sentiment remained generally positive and expectations of further rate rises are factored. Longer dated paper on the other hand was in demand, causing yields to compress. The United States (US) latest March quarter annualised GDP growth rate was 0.7%, down from 2.1% in the December quarter due to the subdued consumer spending. From the recent Federal Open Market Committee's minutes, Federal members discussed the unwinding of its \$4.5 trillion balance sheet. Normalisation of the FED's balance sheet could possibly begin later this year. The diminished political volatility and improved market participants' confidence reflected the public perception that Macron would be the next French president.

The yields on US two year Treasury Notes rose by one basis point to 1.262%, while ten year Treasury notes decreased by nine basis points to 2.280%. Australian two year and ten year Government bond yields fell ten and thirteen basis points to 1.652% and 2.575% respectively. In the Eurozone, German and Italian ten year Government bonds declined one and four basis points to 0.317% and 2.282% respectively.

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 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 Enhanced Yield - Monthly Returns (net of fees)\*

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2017	0.58	0.95	0.36	0.47									
2016	0.33	0.27	1.54	0.68	-0.15	1.42	1.18	0.28	-0.04	-0.13	-1.33	0.54	4.66
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

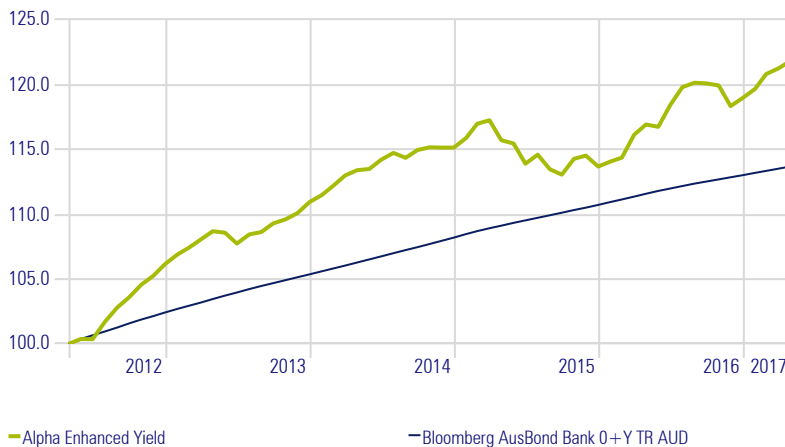
## Risk Matrix

Time Period: 1/05/2012 to 30/04/2017

	Alpha Enhanced Yield	UBS Bank 0+ Yr
Alpha	1.69	0.00
Std Dev	2.19	0.17
Sharpe Ratio	-0.29	-0.45
Sortino Ratio	-0.39	-0.57

## Investment Growth (net of fees) versus Benchmark\*

Time Period: 1/05/2012 to 30/04/2017

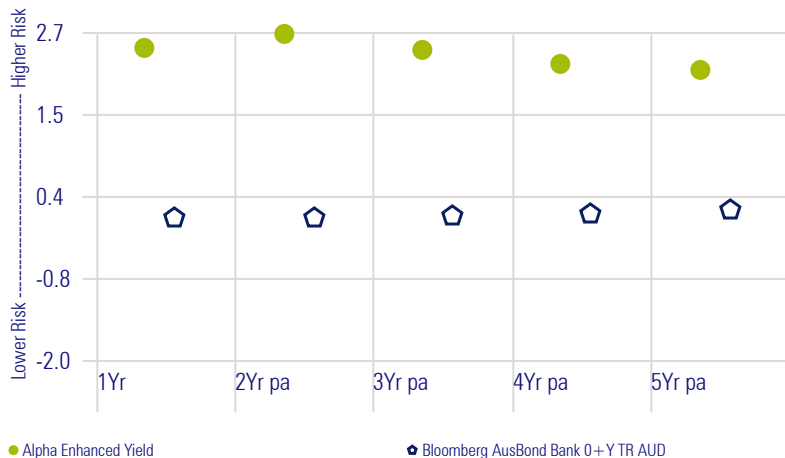


## Returns (net of fees) versus Benchmark\*

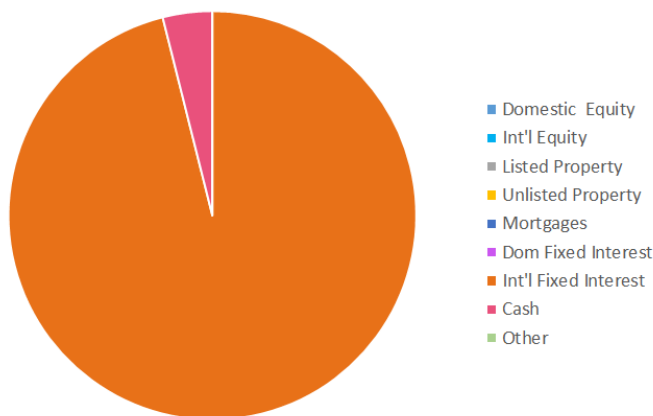
As of Date: 30/04/2017 Data Point: Return

	Month	Quarter	6 Mth	1 Yr	2Yr pa	3Yr pa	4Yr pa	5Yr pa
Alpha Enhanced Yield	0.47	1.79	1.57	4.19	2.61	2.42	2.89	4.03
Bloomberg AusBond Bank 0+Y TR AUD	0.15	0.43	0.88	1.88	2.07	2.27	2.39	2.60

## 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	30/04/2017
Month End Price	0.9257

## 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  
Website: http://www.alphafundmanagers.com.au  
Level 5, 160 Queens Street  
Melbourne  
Victoria 3000

## General Advice Warning and Disclosure

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