

Alpha Alternatives Fund - Snapshot

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

Fund and Market Commentary

During August, the Bloomberg AusBond Cash benchmark returned 0.14%, 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 continued to perform positively with the hedge fund composite index rising 0.76% in August. Global equity markets were generally mixed over August. United States (US) equities finished the month ahead in spite of the ups and downs during the month due to the outlook of US interest rates, political uncertainty and the heightened risks of a military conflict between the US and North Korea. The annualized US economic growth in the June quarter was revised up to 3% from a preliminary reading of 2.6%, while non-farm payrolls only added 156,000 in August and the unemployment rate increased slightly by 0.1% to 4.4%. The persistent weakness in the inflation rate makes market participants doubt whether further interest rate hikes will occur in 2017. Hurricane Harvey made landfall in Texas and hit the center of the US oil and gas industry with the second landfall strengthening into Category 4 intensity. This caused much destruction in Texas and forced the closure of oil refineries in the area. The Dow Jones and S&P 500 rose by 0.26% and 0.05% respectively in August.

The upcoming German election will be held on September 24th, of which the recent opinion polling indicates that Angela Merkel has taken the lead as Chancellor and the governing 'grand coalition' consists of the CDU/CSU, led by Merkel, and SPD, and a coalition of CDU/CSU, Greens and FDP. The Eurozone economy continues to perform well and expanded at 0.6% in the June quarter, bringing the year on year expansion rate to 2.3% following a 2% growth in the March quarter. In the European equity markets, the UK's FTSE 100 index lifted 0.80% and Italy's MIB index rose 0.85%, while Germany's DAX fell 0.52%. In Asia, China's Shanghai Composite continued to rise lifting 2.68%, the Hong Kong Hang Seng Index rose by 2.37%, while Japan's Nikkei 225 index lost 1.40%.

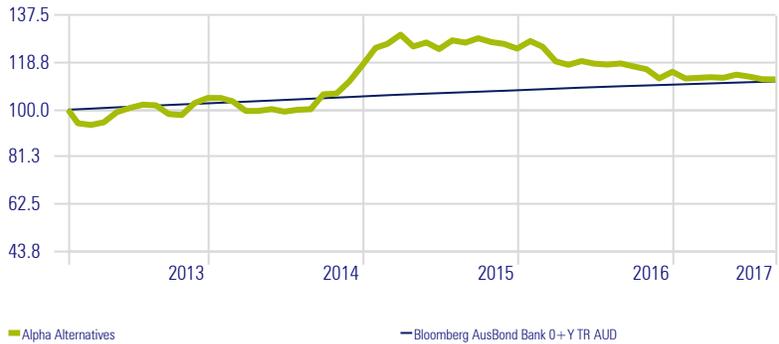
Considering the prospects for assets beyond short-term noise and volatility, our preference is to take a longer term approach to the markets. This does not mean we are not actively managing the Fund. To the contrary, the structure of our Fund is always reflective of our most current assessment of market 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	-0.06					
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 31/08/2017

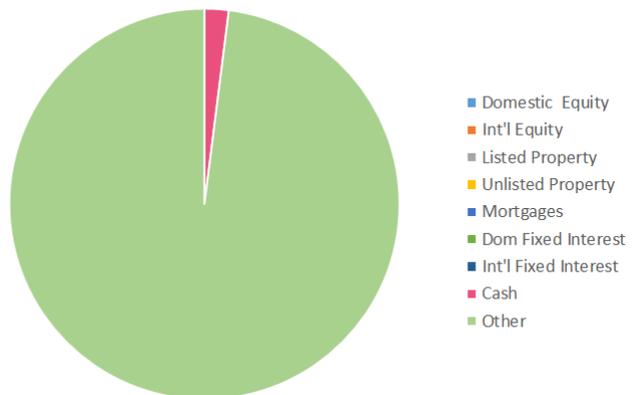


Returns (net of fees) versus Benchmark*

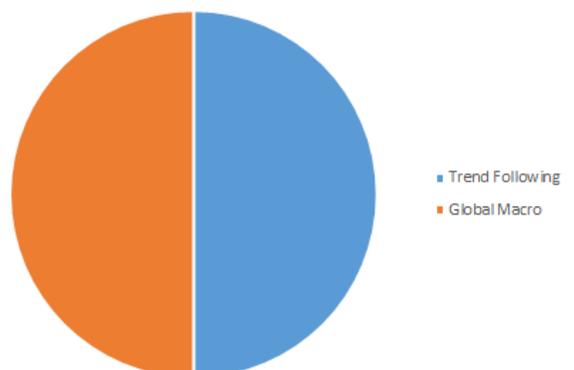
As of Date: 31/08/2017 Data Point: Return

	Month	Quarter	6 Mth	1Yr	2Yr	3Yr	4Yr	5Yr
Alpha Alternatives	-0.06	-1.64	-0.52	-5.36	-5.95	3.82	2.45	
Bloomberg AusBond Bank 0+Y TR AUD	0.14	0.43	0.88	1.76	1.99	2.16	2.29	2.46

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

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)	29
Month End Price Date	31/08/2017
Month End Price	0.9772

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

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 Queen Street
Melbourne Victoria 3000

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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