

## Alpha Enhanced Yield - Snapshot

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

## Fund and Market Commentary

During August, the Bloomberg AusBond Cash benchmark returned 0.14% while the Alpha Enhanced Yield Fund outperformed by 0.26%. Over longer periods the Fund's return has significantly outperformed the benchmark.

Minutes from the Federal Open Market Committee's July meeting indicated that members discussed the possible effect of balance sheet normalization on markets and expressed their view on the low level of inflation. Most of members supported moves to unwind the \$4.5 trillion balance sheet at the upcoming meeting in September. The European Central Bank (ECB) decided to hold interest rates steady during the latest policy meeting and postponed announcing the tapering decision to October, in consideration of the appreciating euro.

Most global sovereign bonds were in demand in response to the heightened political risks, while Australia was more upbeat given the generally more positive economic data. Australian two year Government bond yields jumped nine basis points to 1.885%, while the ten year bond rose four basis points to 2.714%. In contrast, US two year Treasury Notes yields fell three basis points to 1.326% and ten year Treasury Notes declined eighteen basis point to 2.117%. Within the Eurozone, German ten year yields decreased by eighteen basis points to 0.361%, while Italian ten year yields fell five basis points to 2.045%.

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	0.56	0.38	0.58	0.40					
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

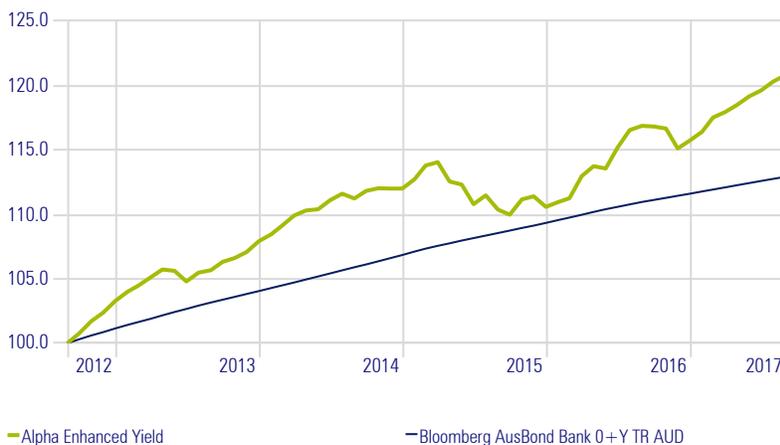
## Risk Matrix

Time Period: 1/09/2012 to 31/08/2017

	Alpha Enhanced Yield	AusBond Bank 0+ Yr
Alpha	0.61	0.00
Std Dev	2.12	0.15
Sharpe Ratio	0.69	1.98
Sortino Ratio	0.97	7.22

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

Time Period: 1/09/2012 to 31/08/2017

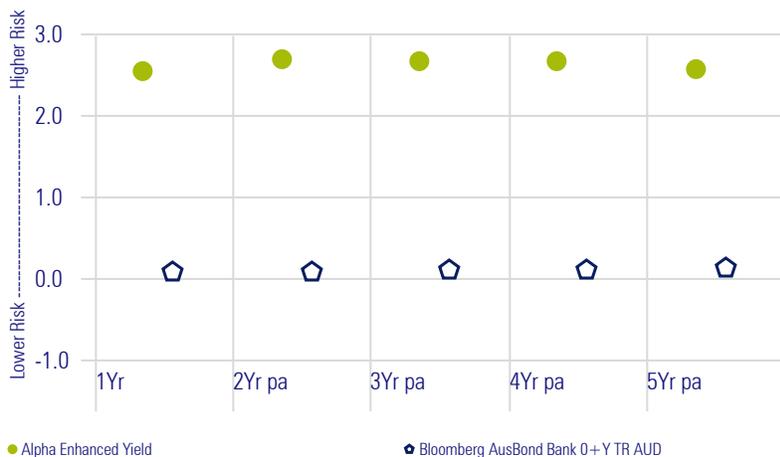


## Returns (net of fees) versus Benchmark\*

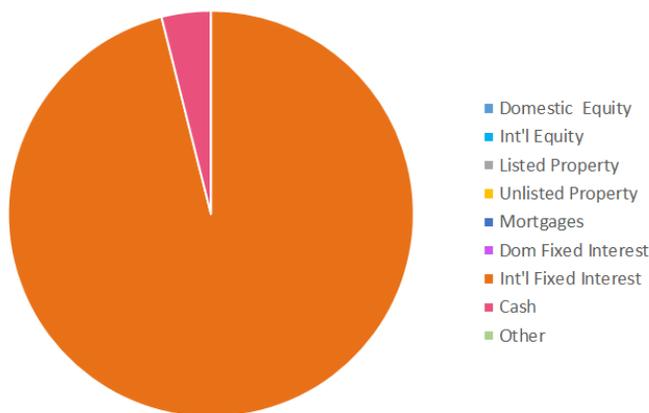
As of Date: 31/08/2017 Data Point: Return

	Month	Quarter	6 Mth	1 Yr	2Yr pa	3Yr pa	4Yr pa	5Yr pa
Alpha Enhanced Yield	0.40	1.37	2.79	3.36	4.61	2.79	3.40	3.85
Bloomberg AusBond Bank 0+Y TR AUD	0.14	0.43	0.88	1.76	1.99	2.16	2.29	2.46

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



## Asset Allocation



- Domestic Equity
- Int'l Equity
- Listed Property
- Unlisted Property
- Mortgages
- Dom Fixed Interest
- Int'l Fixed Interest
- Cash
- Other

## 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)	39
Month End Price Date	31/08/2017
Month End Price	0.9204

## 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 Queen Street  
Melbourne  
Victoria 3000

## 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 Enhanced Yield 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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