

Monthly commentary

- The **Fund** lost 0.5% in December, ending the year down 3.5%.^[1]
- **Relative value** group was down 0.3%, with managers generating mixed results and reflecting offsetting returns across the various economic sectors. In general, the information technology, consumer, and financials helped mitigate losses from healthcare, energy, and industrial areas. Statistical arbitrage, within multi-strategy efforts, was a positive contributor against the volatile equity backdrop, with gains in Japan more than offsetting weakness from the US and UK. Volatility trading was a net positive, as both short correlation and hedges benefited, while convertible arbitrage was up slightly on contributions from the US, and to a lesser extent Europe. Structured credit books were little-changed, as gains from tranche trading were mitigated by losses from bond Credit Default Swaps ["CDS"] trading and index arbitrage, and to some degree mortgage derivative trading.
- **Event-driven** group^[4] struggled in the month, down 0.7%. Credit indices were solidly higher and managers suffered losses from credit hedges. Managers also lost on European sovereign credit shorts after the Long Term Refinancing Operation by the European Central Bank ["LTRO"] reassured markets that banks, the top buyers of European sovereign bonds, would not face a funding crisis. This led to a sharp rally in sovereign cash bonds and CDS. Equity positioning also proved problematic. Many managers entered the month with significant equity index hedges and were a bit slow to react to the change in market sentiment in the aftermath of the LTRO announcement. Single-name longs often underperformed index hedges. Merger arbitrage positioning remained small but profitable and managers made money in distressed liquidations, especially Washington Mutual, Lehman, and Capmark. The fund saw mixed results from financial preferred shares; some European Tier 1 paper rallied on tender offers, but Fannie Mae and Freddie Mac preferred bonds fell due to negative US legislation.
- **Equity hedge funds** closed down 0.3%. Stocks finished marginally higher in December (MSCI ACWI: +0.5%) against a relatively benign global macro backdrop. The US (S&P 500: +1.0%) closed on a positive note, and finished as the best-performing region for the full year (+2.1%). Markets in Europe (MSCI: +1.0%) also closed higher in the month, while markets in Asia (MSCI: -0.3%) and EM (MSCI: -1.2%) added to their losses for the calendar year. On a sector basis, defensive segments such as telecom service (+4.0%) and utilities (+3.4%) led on the upside, while commodity-related stocks (materials: -2.1%, energy: -1.0%) lagged. The group posted a modest loss against this backdrop, largely due to weakness among core positions/themes on the long side. Managers lost money in technology (long software), financials (long banks) and energy (long oil & gas), while profits from the healthcare (long pharma), consumer (long specialty retail) and industrial (long aerospace) groups helped dampen this loss. During the month, managers modestly increased exposures, but remained wary of the impact of the macro uncertainty (ie: Europe) on Q4 corporate earnings.
- **Global asset allocators** were up 0.4% as a generally bearish stance helped to offset losses incurred elsewhere. Within the foreign exchange portfolios, short exposure toward the euro against a handful of pairs was the month's primary contributor, as the euro sharply declined following an unsatisfactory outcome of the EU summit. Gains were also accumulated from tactical short trades in the Korean won and Russian ruble, as well as from long exposure to the Chinese renminbi. Short positioning in the New Zealand dollar against the US dollar and Mexican peso muted overall profits. Fixed income positioning produced mixed returns, as long exposure to developed market rates (primarily Europe) and emerging market government bonds (India) generated significant profits, while trading in EM rates (Brazil, Mexico) and corporate credit proved adverse. Equities exposure also detracted from results amid a challenging backdrop for the asset class. Lastly, short-leaning base and precious metal trades profited amidst weakness in the space on year-end risk covering.
- **Short sellers** gained 0.3% with small profits coming from materials (metals), energy (natural gas), consumer (retail) and financials (asset managers).

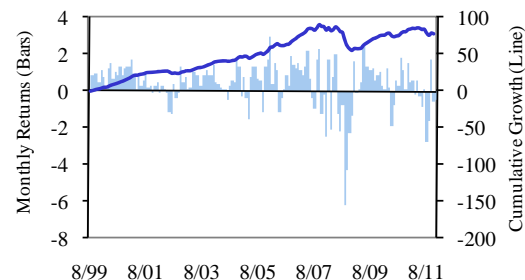
Performance results^[1]

	Current month	Year to Date	Since inception (annualized)
The Fund	-0.5%	-3.5%	4.7%
LIBOR (US\$)	0.0	0.2	2.8
BC Aggregate	1.1	7.9	6.3
S&P 500	1.0	2.1	1.4

Performance statistics^[2]

Annualized standard deviation	4.2
Sharpe ratio	0.5
Maximum drawdown	-18.3
% of positive months	77.2

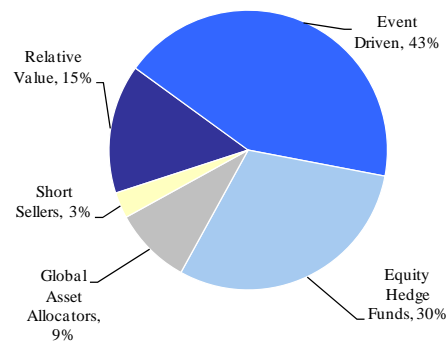
Cumulative and Monthly Returns^[1]



Portfolio characteristics^[3]

Assets under management	\$220 Mil
Underlying managers	34

Strategy Allocation



[1] All Fund returns are presented net of all fees and expenses, and are based in part on preliminary, unaudited figures. For the period August 1, 1999 through June 30, 2009 results reflect total fund assets under management. For the period July 1, 2009 through December 31, 2011 results reflect Series 100 shares. An investor's actual returns for such periods depicted may differ from the figures shown above. Past performance is not indicative of future results. See important information on the back page for further details. [2] Based on monthly net rates of return since inception (August 1, 1999 - December 31, 2011). [3] Assets under management, number of underlying managers and strategy allocations (excluding cash reserve of approximately 7%) are as of December 31, 2011 and represented by Series 100 shares. All strategy and investment manager allocations are subject to change, without notice, at the discretion of the investment manager and EACM Advisors LLC. [4] References to specific securities in the event-driven analysis do not necessarily correlate to purchase and sale activity of the underlying event-driven managers.

Alternative Strategies Fund Ltd.

Historical fund performance (%) ^[1]

	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2011	0.51	0.57	-0.23	0.54	-0.31	-0.89	0.11	-2.87	-1.64	1.68	-0.56	-0.47	-3.48
2010	0.31	0.09	1.24	0.23	-1.94	-0.74	0.60	0.31	1.77	1.13	0.06	1.49	4.59
2009	1.63	-0.13	0.05	0.47	2.53	1.36	1.30	1.18	1.28	0.57	0.84	1.07	12.82
2008	-2.43	1.68	-2.10	0.79	2.00	-1.20	-2.23	-0.78	-6.19	-4.28	-2.26	-1.31	-17.11
2007	1.53	1.15	0.89	1.34	2.16	0.66	-0.38	-0.97	1.71	2.31	-1.21	-0.21	9.28
2006	2.97	0.38	1.56	1.19	-1.18	-0.41	0.14	0.81	0.33	1.89	1.47	1.24	10.83
2005	-0.26	0.76	-0.34	-1.52	0.77	1.38	1.36	0.65	0.59	-1.12	1.36	1.75	5.45
2004	1.42	0.52	0.41	0.15	0.07	0.08	-0.45	0.27	0.54	0.46	1.73	1.33	6.71
2003	0.80	0.12	0.18	1.00	1.07	0.88	0.30	0.30	0.87	1.14	0.82	0.82	8.61
2002	0.49	0.01	0.30	0.14	0.04	-1.19	-1.22	0.42	-0.41	0.01	1.32	0.50	0.38
2001	1.30	1.74	0.97	0.08	0.84	0.33	0.60	1.05	0.15	0.32	-0.02	0.29	7.91
2000	1.18	0.80	0.12	1.28	1.49	0.67	1.02	0.88	1.33	0.89	1.21	1.36	12.93
1999								0.08	0.81	0.91	0.92	0.51	3.27

[1] All Fund return figures are presented net of all fees and expenses, and are based in part on preliminary, unaudited figures. For the period August 1, 1999 through June 30, 2009 results reflect total fund assets under management. For the period July 1, 2009 through December 31, 2011 results reflect Series 100 shares. An investor's actual returns for such periods depicted may differ from the figures shown above. Past performance is not indicative of future results.

Investment objective

- The Fund is a portfolio of hedge funds that is diversified across a broad mix of styles and strategies that seek to generate long-term capital appreciation while maintaining a low correlation with traditional global financial markets.
- Return objective: LIBOR plus 3% to 5%.
- Risk objective: less volatile than traditional equity investments, emphasizing preservation of capital in down markets.
- Relative value and event-driven are core strategies, representing approximately one-half to two-thirds of assets.
- Monthly performance reporting, quarterly access to capital.

Fund characteristics

The fund	Alternative Strategies Fund Limited , a Cayman Islands exempted company. Incorporated July 13, 1999. Launched August 2, 1999.		
Financial year	December 31 of each year		
Base currency	US dollars		
Investment advisor	GIC Management, a wholly-owned subsidiary of Gulf Investment Corporation, registered as a Mutual Fund Administrator in the Cayman Islands.		
Sub-advisor	EACM Advisors LLC, U.S. SEC-registered investment adviser. (Prior to August 1, 2004 the sub-adviser was Evaluation Associates Capital Markets, L.L.C.)		
Administrator and custodian	HSBC Alternative Fund Services (Cayman)		
Auditor	KPMG (Cayman)		
Subscriptions	Monthly, in series, at US\$1000 per share – 15 day notice		
Minimum subscription	US\$1 million		
Open for investment	Yes		
Redemption	Quarterly upon 65 days notice.		
NAV	Monthly		
Management fee	1% per annum		
Performance fee	10% per annum of the total return above 30-day Libor US\$, with high-watermark		
Subscription fees	US\$ 1 million to 2.75 million	2.0%	
	US\$ 3 million to 4.75 million	1.0%	
	US\$ 5 million or more	0.5%	
Eligible investors	Non-US Persons only		

Important Information: Nothing herein constitutes an offer to sell, or a solicitation of an offer to purchase shares in the Alternative Strategies Fund Limited or any other securities. Prospective investors should consult with their financial, legal and tax advisors before making an investment in the Alternative Strategies Fund Limited. EACM Advisors LLC, a registered investment adviser with the U.S. Securities and Exchange Commission, serves solely as sub-adviser to the Fund and is not offering or selling shares therein. Prior to August 1, 2004, EACM Advisors' predecessor firm, Evaluation Associates Capital Markets, LLC, served as the Fund's sub-advisor. Shares in the Fund are offered solely by means of the Fund's Private Placement Memorandum. Past performance is not indicative of future results.

