

## Monthly commentary

- The **Fund** earned 0.5% in February, with mixed results, once again, from the strategy groups.<sup>[1]</sup>
- Relative value** group gained 0.6%. The global equity environment presented certain challenges to relative value equity constructs as both volatility and reduced dispersion were headwinds for fundamental stock picking. In general, financials, and to a lesser extent consumer staples and healthcare groups, were among the biggest detractors in the month, while the information technology and materials/industrials were modest contributors. Convertible arbitrageurs and related books traded by multi-strategists benefited from the ongoing favorable backdrop, including interest from outright investors, and strength in both credit and equity markets. New issuance was benign yet again, with the US market bringing just seven new offerings comprising less than \$1.5 billion, although managers found opportunity to trade in specific offerings. Elsewhere, managers benefited from event-driven situations as well as from corporate credit trading (both fundamental and structured).
- Event-driven** group<sup>[4]</sup>, up 0.9%, once again made money in the equity and credit markets. US high yield credit was up 1.3%, and distressed securities were even stronger. On a yield to worst basis, US high yield reached an all-time low. Given this backdrop, mortgage bonds also performed well and several of the group's managers profited from this move. Large liquid distressed situations such as the Icelandic banks and Lehman traded up in the month. Post-reorg equity continued to perform well, as did European bank hybrid Tier 1 paper. Equity allocations also proved profitable for the group. The long-running Genzyme/Sanofi-Aventis saga was resolved profitably for arbitrageurs when a friendly deal was finally reached. BSKyB was also profitable as News Corp appeared to make progress in taking ownership of the 61% it is yet to own. Unsurprisingly, equity hedges were among the larger detractors in the month.
- Equity hedge** funds gained 1.7%. Stocks advanced in February (MSCI ACWI: +2.4%), propelled early on by favorable corporate earnings news, before fading at month end due to geopolitical concerns. Markets were generally higher across geographies, led by the developed markets—the US (S&P 500: +3.4%), Europe (MSCI: +2.1%) and Japan (Nikkei: +3.8%) all advanced. In contrast, Emerging Markets (MSCI: -0.9%) fell slightly as monetary tightening weighed on stocks in China (-1.9%) and India (-3.1%). Sector returns were broadly positive in the month, led by energy (+7.2%) and consumer discretionary (+6.0%), while laggards included technology (+1.9%) and utilities (+1.3%). The group's managers were broadly profitable in this environment, benefiting from net long positioning and good stock selection in their long portfolios. Notable contributors across the group included financials (banks), telecom/media (cable), energy (oil & gas) and technology (telecom equipment); meanwhile, results in healthcare (pharma, services), consumer (retail, apparel) and industrials (sports, building materials) were mixed.
- Global asset allocators** were down 0.3%, with losses led by the group's dedicated commodities specialist. Despite a broad rise in commodity prices overall, relative value positioning, primarily in the base metal sector, proved costly. Select exposure to energy (primarily crude oil) and agricultural commodities (corn and cotton), helped to offset such losses. Foreign exchange trading, such as long and short positioning in the euro against the British pound, US dollar and Japanese yen, as well as Asian currencies (ex-CNY and Korean won), proved detrimental. Equities were mixed, with gains accrued from a long developed versus emerging market bias, and from specific names in the energy, resources, healthcare and financials sectors, while losses were garnered from select US equities. In fixed income, gains from long exposure to global financials and CMBS, and short exposure to the 10-year US Treasury were counteracted by losses in developed market interest rate curve trades in the US, Europe and the UK.
- Short sellers** dropped 3.6% with the majority of losses coming from consumer (specialty retail), technology (software) and energy (oil & gas) names.

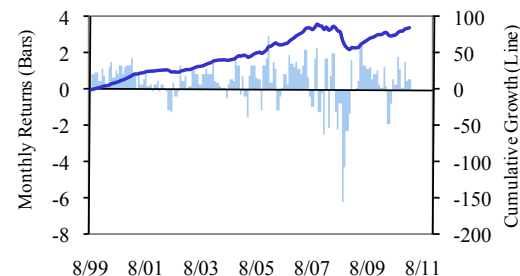
## Performance results<sup>[1]</sup>

	Current month	Year to Date	Since inception (annualized)
<b>The Fund</b>	<b>0.5%</b>	<b>1.0%</b>	<b>5.4%</b>
LIBOR (US\$)	0.0	0.0	3.0
BC Aggregate	0.2	0.4	6.2
S&P 500	3.4	5.9	1.8

## Performance statistics<sup>[2]</sup>

Annualized standard deviation	4.1
Sharpe ratio	0.6
Maximum drawdown	-18.3
% of positive months	80.6

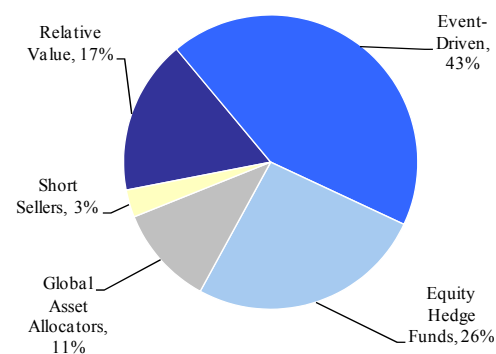
## Cumulative and Monthly Returns<sup>[1]</sup>



## Portfolio characteristics<sup>[3]</sup>

Assets under management	\$191 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 February 28, 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 – February 28, 2011). [3] Assets under management, number of underlying managers and strategy allocations (excluding cash reserve of approximately 9%) are as of February 28, 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 (%) <sup>[1]</sup>

	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2011	0.51	0.53											1.04
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 February 28, 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

<b>The fund</b>	<b>Alternative Strategies Fund Limited</b> , a Cayman Islands exempted company. Incorporated July 13, 1999. Launched August 2, 1999.		
<b>Financial year</b>	December 31 of each year		
<b>Base currency</b>	US dollars		
<b>Investment advisor</b>	GIC Management, a wholly-owned subsidiary of Gulf Investment Corporation, registered as a Mutual Fund Administrator in the Cayman Islands.		
<b>Sub-advisor</b>	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.)		
<b>Administrator and custodian</b>	HSBC Alternative Fund Services (Cayman)		
<b>Auditor</b>	KPMG (Cayman)		
<b>Subscriptions</b>	Monthly, in series, at US\$1000 per share – 15 day notice		
<b>Minimum subscription</b>	US\$1 million		
<b>Open for investment</b>	Yes		
<b>Redemption</b>	Quarterly upon 65 days notice.		
<b>NAV</b>	Monthly		
<b>Management fee</b>	1% per annum		
<b>Performance fee</b>	10% per annum of the total return above 30-day Libor US\$, with high-watermark		
<b>Subscription fees</b>	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%	
<b>Eligible investors</b>	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.**