Alternative Strategies Fund Ltd.

March 2011

Monthly commentary

- The **Fund** was down 0.2% in March amid mixed results from the strategy groups.[1]
- **Relative value** group gained 0.5%. Results from the relative value equity commitment were mixed as fundamental market neutral equity efforts endured increased correlation amid heightened geopolitical concerns surrounding Libya, as well as the potential impact from the earthquake/tsunami in Japan. However, the group's sole detractor posted losses from the Japanese book, including specific utility positions as well as in other sectors, including financials (e.g. banks, insurance). Losses were offset to some extent by contributions from Europe ex-UK (short) and the UK (long). The group's other relative value endeavors derived benefit from the healthcare and communications, media and entertainment areas, while US financials and IT, among others, were generally negative in March. Multi-strategy practitioners benefited from modest contributions from convertible arbitrage, volatility arbitrage, quantitative and structured credit trading, risk arbitrage, and US statistical arbitrage.
- **Event-driven** group[4] was down 0.2% as managers struggled against a difficult market backdrop. US high yield was modestly positive while European high yield was slightly down. Mortgages were again a positive contributor to results, as the story about monoline-wrapped paper appears to be gaining a broader audience. Despite the crisis in Japan, European sovereign CDS in Spain and Belgium were tighter in the month, which more than offset managers' gains from short positions in Portugal CDS. Continuing their negative correlation with European sovereign spreads, European Tier 1 paper traded well and was a source of profits. Equity allocations, however, proved more problematic for the group. Although direct long exposure in Japan was limited, it still hurt the results of several managers. Indirect exposure to the global automotive supply chain was a bigger detractor, as post-reorg equities like GM and most auto suppliers were down on fears the disruption would be long-lived. There were opportunities in the merger arbitrage space, as NewsCorp indicated it would do what was necessary to takeover BSkyB, and Genzyme/Sanofi and Alcon/Novartis headed toward April completions.
- **Equity hedge** funds lost 0.8%. Global equities slid (MSCI ACWI: -0.5%) as headlines out of Japan and the Middle East drove markets. Results across geographic regions were varied—emerging markets (MSCI: +5.9%) outperformed, bolstered by a late-month rally, while developed markets in the US (S&P 500: +0.0%), Europe (MSCI: -1.9%) and Asia (MSCI: -4.7%) struggled. Sector returns also saw broad divergence in the month. The AT&T/T-Mobile deal sparked interest in telecom service (+5.3%) names, while the potential impact of the crises in Japan hurt technology (-2.6%) and financial (-2.6%) stocks. The group's managers were little-changed in March, having preserved capital during the initial market sell-off, but failing to keep pace during the speculative rally that closed the month. Technology stocks (semis) generally hurt performance, as did certain financial (long banks) and consumer (short retail) positions. These losses were mitigated by gains in energy (long oil & gas) and telecom/media (long internet services).
- **Global asset allocators** gained 0.6%. Foreign exchange trading was profitable in the month as short positioning in the Japanese yen benefited from a G-7 intervention to weaken the currency after the yen rallied in the aftermath of the earthquake. However, additional profits from long positioning towards the renminbi and the euro were dampened by losses from long and short positioning in the US dollar against the Japanese yen, Brazilian real, Turkish lira and Chinese renminbi. Fixed income exposure also proved beneficial, while equities were mixed. Commodity exposure was also mixed as long and short exposure to agricultural commodities and directional long exposure to crude oil helped to offset losses from relative value positioning, primarily in the base metal sector.
- **Short sellers** fell 2.2% as the rally in small caps (R2000: +2.6%) hampered returns in technology (semis), consumer (beverages) and energy (oil & gas).

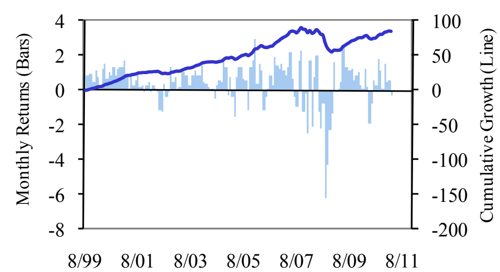
Performance results[1]

	Current month	Year to Date	Since inception *(annualized)*
The Fund	**-0.2%**	**0.8%**	**5.4%**
LIBOR (US$)	0.0	0.1	3.0
BC Aggregate	0.1	0.4	6.1
S&P 500	0.0	5.9	1.8

Performance statistics[2]

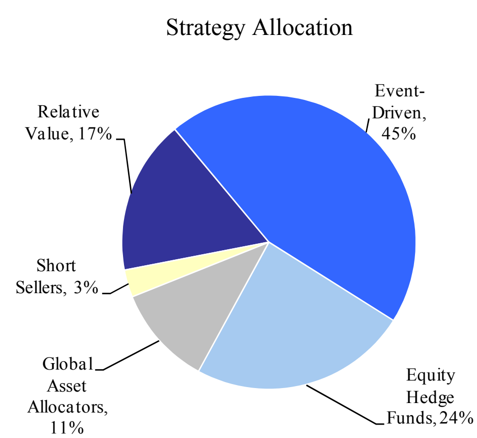
Annualized standard deviation	4.1
Sharpe ratio	0.6
Maximum drawdown	-18.3
% of positive months	80.0

Cumulative and Monthly Returns[1]



Portfolio characteristics[3]

Assets under management	$191 Mil
Underlying managers	34



[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 March 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 – March 31, 2011). [3] Assets under management, number of underlying managers and strategy allocations (excluding cash reserve of approximately 8%) are as of March 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.

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Historical fund performance (%) [1]

	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2011	0.51	0.57	-0.24										0.84
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 March 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 31of 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