

Monthly commentary

- The **Fund** earned 1.6% in October as many strategy groups rebounded.^[1]
- Relative value** group advanced 2.3%, against a constructive backdrop for many sub-strategies. The rising global equities environment was favorable for stock picking, benefiting relative value equity practitioners. Long books bested short side losses across portfolios, and sector performance attribution was positive across most groups (e.g. consumers, industrials, financials, IT, healthcare, and to a lesser extent energy and utilities). Statistical arbitrage, which had a lackluster several weeks leading into October, posted gains as US commitments benefited from the trending rebound in equities. Multi-strategy managers also benefited from improvement in the equity event area, as risk arbitrage and stub trades (e.g. hold co. vs. subsidiary) made money. Corporate credit was also profitable, led by long positions and capital structure arbitrage trades, while basis trading was mixed and investment grade shorts lost ground.
- Event-driven** group^[4] gained 2.5% after the two most difficult months since the 2008 crisis. High yield corporate credit, which swung widely over the preceding six months, soared in the month. Almost all types of credit were stronger with the notable exception of most of the Residential Mortgage-Backed Security (RMBS) market. Many managers were adding modestly to their credit portfolios across performing and distressed credits. The new purchases were generally profitable during October and widely held names in European bank Tier 1 paper far outperformed hedges. Equity event positioning was also very profitable including merger arbitrage positioning. The increased risk appetite of investors during the rally meant all sorts of spreads tightened and large deals like Goodrich/United Technologies were the beneficiaries. Deep value plays in the healthcare, financials, and basic materials sectors all followed the market higher while post-reorg equities such as Tronox, Delphi, and GM snapped back after several months of losses. October's only meaningful losses came from index equity shorts.
- Equity hedge** funds rose 2.9% as stocks rebounded sharply in October (MSCI ACWI: +8.7%) following five months of losses. The emerging markets (MSCI: +13.2%) led on the upside, while in the US, the S&P 500 (+10.9%) posted its best monthly return since 1991. Europe (MSCI: +7.8%) also advanced after a string of losses, while Asia (MSCI: +2.4%) lagged the rally. Among sectors, commodity-oriented segments such as materials (+17.7%) and energy (+17.1%) surged, while financials (+14.3%) gained as concerns over the European debt crisis ebbed. Not surprisingly, defensive segments such as telecom service (+3.0%) and utilities (+3.6%) trailed. Equity hedge funds posted strong gains in October, as solid stock picking helped overcome the overall conservative positioning of the group. Gains came from long exposure in areas such as technology (telecom equipment, software), financials (banks), consumer (autos, specialty retail) and energy (oil & gas). These were dampened by short side losses, which were most pronounced in industrials (machinery, transports) and media/telecom (internet services). Managers finished the month with slightly higher gross and net exposures, despite a guarded view of the market rally and ongoing developments in Europe.
- Global asset allocators** were down 1.8%. Fixed income positioning generally lost money as short positioning in European credit was hurt by the rally in October. Such losses were partially offset by US and UK steeper trades which benefited from an increase in longer-term yields. Within foreign exchange books, long exposure to the US dollar, against the euro, commodity-producing nations (Australian dollar) and a basket of emerging markets currencies (long and short), proved costly as a 'flight-to-risk' weighed on the greenback. Modestly offsetting such losses were profits from a basket of Asia ex-Japan currencies against the US Dollar. Equities exposure also hurt performance due to short exposure across a number of markets. However, net long positioning toward US equities and sectors generated modest profits. Lastly, short commodity exposure towards crude oil, base and precious metals were ill-timed as commodity markets saw significant upward price action.
- Short sellers** fell 8.1%. Losses were spread across areas such as materials (metals), industrials (railroads), consumer (apparel) and technology (software).

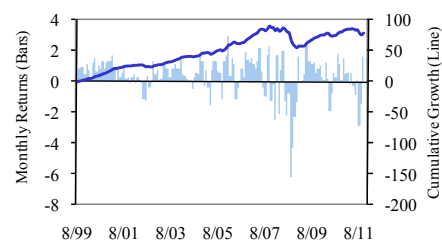
Performance results^[1]

	Current month	Year to Date	Since inception (annualized)
The Fund	1.6%	-2.4%	4.8%
LIBOR (US\$)	0.0	0.2	2.8
BC Aggregate	0.1	6.8	6.3
S&P 500	10.9	1.3	1.3

Performance statistics^[2]

Annualized standard deviation	4.2
Sharpe ratio	0.5
Maximum drawdown	-18.3
% of positive months	78.2

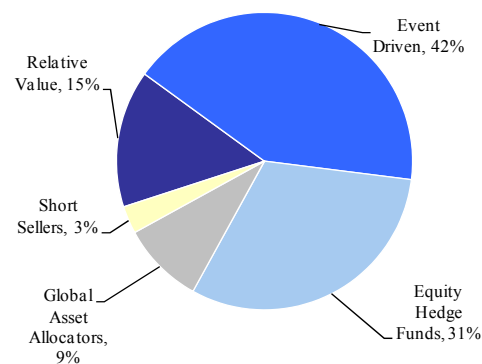
Cumulative and Monthly Returns^[1]



Portfolio characteristics^[3]

Assets under management	\$219 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 October 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 – October 31, 2011). [3] Assets under management, number of underlying managers and strategy allocations (excluding cash reserve of approximately 8%) are as of October 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	-1.45	1.61			-2.45
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 October 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.**

