

Monthly commentary

- The **Fund** lost 1.6% in September as strategy results were mixed.^[1]
- **Relative value** group was down 0.6% amid the ongoing shift away from risk assets. Relative value equity commitments were again stymied by the protracted swings and macro influence on equity prices. At the regional level, the US was the largest detractor, while sector attribution was decidedly mixed. Consumer names, both cyclicals and staples, were particularly detrimental as the equity sell-off resulted in considerable dislocations on both sides of the ledger (i.e. long and short). Performance was also hampered by the underperformance of financials, IT, and to a lesser extent energy, while the industrial and healthcare segments served to mitigate losses. Multi-strategy managers made money from equity event and volatility strategies, while experiencing losses in statistical arbitrage and corporate credit.
- **Event-driven** group^[4] was down 3.3%. The credit markets broadly declined during September, with lower quality credits hardest hit. In many cases, even positive company-specific events were not enough to prevent a decline, as managers sought to trim risk and dealers charged a high price for liquidity. For example, Capmark was able to complete its restructuring, distributing cash, new par debt and an equity claim on a pool of liquidating assets, but still traded lower. Lehman, WaMu and the Icelandic bank liquidations, as well as exposure to European bank Tier 1 paper, all detracted during the month. Unlike previous months, structured credit provided little offset and only hedges and alpha shorts served to mitigate losses. Managers' equity positioning also suffered as post-reorg equities and economically-sensitive sectors such as automotive, chemical and natural resource sectors were hit hard. Given the turmoil in Europe and the concerns of contagion spreading to the better-capitalized US banks, value equity positions in the financial and healthcare space only got cheaper. Managers were able to profit from merger arbitrage positions; spreads widened in late August and early September and managers added at attractive prices.
- **Equity hedge** funds fell 1.6%. Global equities (MSCI ACWI: -6.2%) lost ground for the 5th consecutive month, driven lower by ongoing concerns over the debt crisis in Europe. Markets again were broadly lower by region, led to the downside by the emerging markets (MSCI: -14.6%) where concerns over the slowing economy in China (MSCI: -17.4%) hit stock prices. Markets in the US (S&P 500: -7.0%), Europe (MSCI: -5.6%) and Asia (MSCI: -3.7%) also continued their declines. Across sectors, the biggest losses occurred in commodity-related names (materials: -16.4%, energy: -12.5%), as well as in financials (-11.4%), while defensive groups such as utilities (+0.2%) and telecom (-1.1%) were little-changed. Managers within the group posted a modest loss against this backdrop, but were able to preserve capital amid the downdraft by maintaining conservative exposures throughout the month. Losses accrued from long positions in the media/telecom (internet services), consumer (apparel, autos) and financial (banks) sectors, while areas such as industrials (construction) and materials (metals & mining) were profitable from the short side.
- **Global asset allocators** gained 1.9% despite a hostile and volatile environment that proved challenging as markets whipsawed between 'contagion-on/contagion-off' and continued weakness in global economic data. Significant profits were generated from short Europe and "flight-to-quality" trades enacted across asset classes, which proved beneficial as the European debt situation continued to deteriorate in the month. Tactical trading in the US Treasury and UK Gilt markets added handsomely to gains as yields fell (namely, longer-dated) on risk-aversion and more so from the announcement of "Operation Twist" by the Fed and additional QE by the Bank of England. Trading in select Asian equities and US sectors generated some losses, as did exposure to commodities as gains from short copper positioning were offset by losses being long gold.
- **Short sellers** added 6.0%, with profits coming from technology (software), consumer (apparel) and commodity-related names (natural gas, metals).

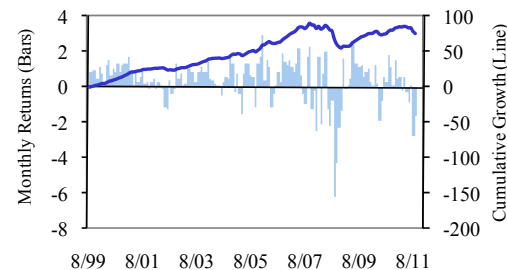
Performance results^[1]

	Current month	Year to Date	Since inception (annualized)
The Fund	-1.6%	-4.1%	4.7%
LIBOR (US\$)	0.0	0.2	2.9
BC Aggregate	0.7	6.7	6.4
S&P 500	-7.0	-8.7	0.5

Performance statistics^[2]

Annualized standard deviation	4.2
Sharpe ratio	0.4
Maximum drawdown	-18.3
% of positive months	78.1

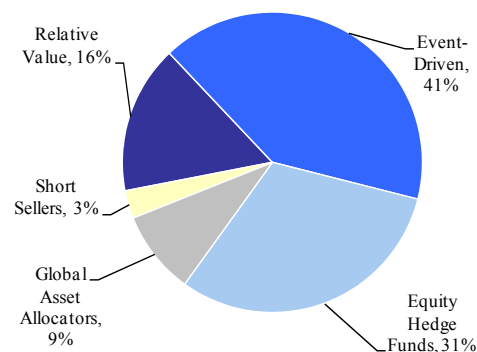
Cumulative and Monthly Returns^[1]



Portfolio characteristics^[3]

Assets under management	\$216 Mil
Underlying managers	36

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 September 30, 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 – September 30, 2011). [3] Assets under management, number of underlying managers and strategy allocations (excluding cash reserve of approximately 7%) are as of September 30, 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	-2.79	-1.60				-4.07
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 September 30, 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.**