

Monthly commentary

- The **Fund** gained 1.7% in September with gains from most of the strategy groups, led by the global asset allocators.^[1]
- Relative value** group earned 1.7%, with solid contributions to performance made across the strategist lineup. The group's relative value equity commitment, including both fundamental market neutral specialists and sub-strategy efforts within multi-strategy managers, added value as favorable stock selection helped overcome neutral positioning amid a surge in global equities. The consumer, media and entertainment sector was one of the best performers, as were industrials, while the financial and utility groups were mixed due to short related losses. Convertible arbitrage also bolstered results in the month, as investors' ongoing search for yield and equity market participation once again helped lift the secondary market. A pick-up in new issuance provided specific trading opportunities which at the margin added value, while the strength of both credit and equity prices proved costly to credit, equity and interest rate hedges in September.
- Event-driven**^[5] group made money in both credit and equity markets, earning 1.3%. The two largest liquidations in manager portfolios continued to be Lehman and the Icelandic banks. While both were firmer during the month, Lehman in particular traded well after the "state of the estate" bankruptcy hearing. Managers believe that the primary reason that Lehman continues to offer attractive IRRs from current levels is the huge size of the bankruptcy estate—there are simply more claims in the market than capital to absorb them. Another area of meaningful attribution was the hybrid capital securities of European banks. These continued their recent rally as the release of the Basel III guidelines confirmed that these would not receive Tier 1 treatment, which would incentivize banks to tender for them. Non-agency mortgage credits also performed well, as the global reach for yield continued into all areas of the credit markets. On the equity-event side of the book, value-with-a-catalyst equities were strong performers, even if in some cases they lagged the very strong returns of the broader market. Several managers have gravitated to managed care names on the belief that they are severely undervalued by the market and will perform well after the upcoming elections change the dynamic in Washington DC. The post-reorg equity space was another key contributor, as names such as Delphi, Lyondell and Smurfit-Stone advanced.
- Equity hedge** funds added 3.9%. Global equities (MSCI ACWI: +7.1%) posted their strongest gains of the year as the US Federal Reserve reiterated its accommodative posture during the month. On a regional basis, emerging markets (MSCI: +11.1%) were the standouts, followed by the US (S&P 500: +8.9%); Europe (MSCI: +5.3%) and Asia (MSCI: +4.9%) also advanced. In terms of sectors, technology (+12.1%) and industrials (+11.4%) led on the upside, while utilities (+3.0%) and consumer staples (+5.9%) posted smaller gains. The group's managers garnered solid profits in September, driven by long side stock picking and a modest long bias. Technology (wireless handsets) and telecom (internet services) names were significant contributors in the long book, as were select positions in the consumer (gaming), energy (oil & gas) and financial (banks) groups. Results in areas such as healthcare (services) and industrials (construction) were mixed on both sides of the book. Throughout the month, gross and net exposures ticked higher as managers looked to build positions ahead of the third quarter earnings reporting season.
- Global asset allocators** posted a 5.1% gain in the month, with profits garnered from each manager. Foreign exchange was the month's most notable contributor; short exposure to the US dollar against a handful of emerging markets currency pairs proved a significant profit generator as economic data continued to show stronger growth in such regions relative to the US. Fixed income positioning further added to results, particularly resulting from long emerging markets rates exposure; tactical positioning in US rates and a modest long bias toward corporate credits further added value in the period. The dedicated commodities exposure rounded out the month's positive results as continued net long exposure toward base metals benefited from the surging markets. Additionally, profits were garnered from net long exposure to sugar, which jumped 28% as abnormal weather situations meaningfully impacted producers.
- Short sellers** fell 10.7% in September, with broad-based losses stemming from consumer (leisure), industrial (construction) and technology (software) stocks.

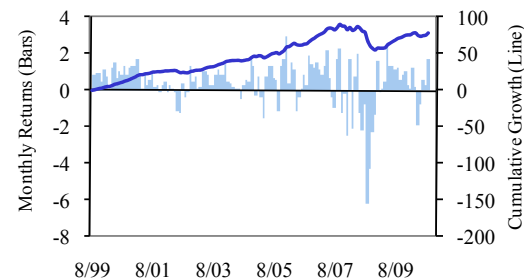
Performance results^[1]

	Current month	Year to Date	Since inception (annualized)
The Fund	1.7%	1.8%	5.3%
LIBOR (US\$)	0.0	0.2	3.1
BC Aggregate	0.1	8.0	6.5
S&P 500	8.9	3.9	0.4

Performance statistics^[2]

Annualized standard deviation	4.2
Sharpe ratio	0.5
Maximum drawdown	-18.3
% of positive months	79.8

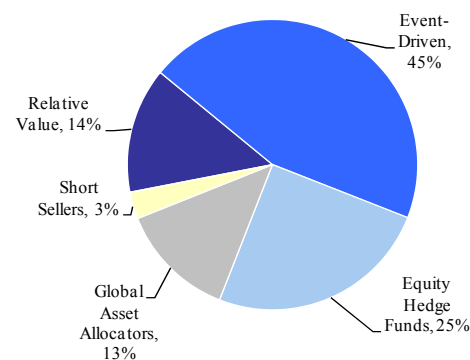
Cumulative and Monthly Returns^[1]



Portfolio characteristics^[3]

Assets under management	\$180 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 September 30, 2010 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, 2010). [3] Assets under management, number of underlying managers and strategy allocations (excluding cash reserve of approximately 12%) are as of September 30, 2010 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
2010	0.31	0.09	1.24	0.23	-1.94	-0.74	0.60	0.31	1.73				1.80
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, 2010 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-advisor 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		
	US\$ 1 million to 2.75 million	2.0%	
Subscription fees	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-advisor 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.**

