

Monthly commentary

- The **Fund** earned 0.5% in January, with mixed results from the strategy groups.^[1]
- Relative value** group advanced 1.6%. Relative value equity delivered positive results in the period, as the opportunity set for market neutral equity constructs continued to show improvement across most economic sectors. Positive standouts among sectors included industrials, healthcare, financials and IT, while consumers and telecom services detracted from results as shorts outperformed. Convertible arbitrage was also a beneficiary of a favorable environment which was bolstered by rising equity and high yield valuations, and continued interest from non-arbitrage investors (e.g. outright, cross-over buyers). The market was also supported by ongoing exchange/flush activity, as companies look for balance sheet improvement, which continues to have a knock-on effect to similarly positioned companies. The primary market, although moderate in an absolute sense, saw just over \$2 billion of new issuance in the period, which was the largest January level since 2008.
- Event-driven**^[5], benefiting from a strong market backdrop in the equity and credit markets, gained 1.6%. A number of managers have been increasing exposure to the debt some of the largest LBOs in the last cycle as a play on the ability of equity sponsors to take advantage of easy credit conditions to improve balance sheets. Managers also generated solid gains from structured credit positions. The primary detractor to performance was the widespread short of European sovereign credits, which proved costly during the month. Equity-event positioning was also solidly positive. Value names in the healthcare and financial sectors performed well, as the market embraced their low valuations and comments from CEOs about stock buybacks. There was a continuation of the positive trend in the valuation of post-reorg equities in the automotive and packaging space. This was highlighted by the takeover bid for Smurfit-Stone by a competitor at a premium of over 25% to the previous price. Practitioners also had the opportunity to capitalize on spin-offs designed to unlock shareholder value, such as the break-up of Motorola.
- Equity hedge** funds fell 0.3%. Global equities (MSCI ACWI: +1.4%) finished higher in January as strong corporate earnings helped lift stock prices. The US (S&P 500: +2.4%) led on the upside, followed by Europe (MSCI: +1.9%) where many of the peripheral markets (eg: Greece, Spain, Italy) rallied sharply. Asia (MSCI: +1.0%) also finished higher, while the emerging markets (MSCI: -2.7%) were led lower by India and Brazil. Sector returns were mixed in the month; energy (+7.3%) rose on supply concerns, while industrials (+4.3%) and technology (+4.2%) were buoyed by strong earnings. Alternatively, pricing pressures weighed on companies in telecom service (-2.8%) and consumer staples (-1.6%). Manager finished modestly lower against this backdrop, with most of the headwinds resulting from the sharp rotations in Europe (short) and emerging markets (long). Financials were the biggest detractors, both long and short, as were certain holdings in the consumer discretionary segment (long apparel, short specialty retail). Contributors included telecom/media (long internet services) and energy (long oil & gas), while exposure to healthcare (long pharma, short devices) was mixed.
- Global asset allocators** had a disappointing start to the year, down 1.9%. Short positioning in European equities proved detrimental as managers were caught wrong-footed amid a relief rally that ensued on the heels of a series of successful debt auctions (i.e. Spain and Portugal) and strong German economic reports. Tactical positioning in Asian equities further detracted from results as market participants reacted negatively to additional monetary tightening by China; however, gains from long/short positioning toward the US financial sector helped to offset some of the losses. Commodities exposure further added to losses, as relative value positioning (both intra-commodity and calendar spreads), in particular, proved costly in the month. Lastly, fixed income positioning was mixed, while foreign exchange was down.
- Short sellers** fell 0.8% as losses in technology (software) and energy (oil & gas) overshadowed gains from positions in telecom/media (publishing).

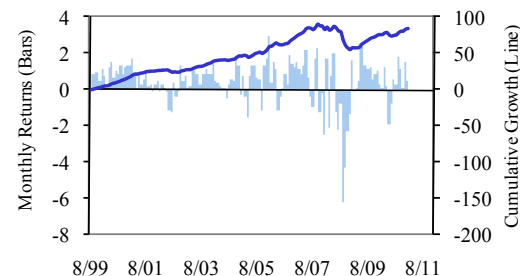
Performance results^[1]

	Current month	Year to Date	Since inception (annualized)
The Fund	0.5%	0.5%	5.4%
LIBOR (US\$)	0.0	0.0	3.0
BC Aggregate	0.1	0.1	6.2
S&P 500	2.4	2.4	1.5

Performance statistics^[2]

Annualized standard deviation	4.2
Sharpe ratio	0.6
Maximum drawdown	-18.3
% of positive months	80.4

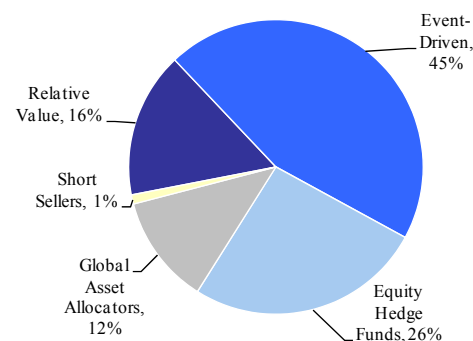
Cumulative and Monthly Returns^[1]



Portfolio characteristics^[3]

Assets under management	\$190 Mil
Underlying managers	33

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 January 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 – January 31, 2011). [3] Assets under management, number of underlying managers and strategy allocations (excluding cash reserve of approximately 9%) are as of January 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	0.46												0.46
2010	0.31	0.09	1.24	0.23	-1.94	-0.74	0.60	0.31	1.77	1.13	0.06	1.50	4.58
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 January 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.**