Alpha Wealth Funds, LLC

“the opportunities never stop”

July 2017

The Insiders Fund, LP 2nd Quarter 2017 Partner Letter:

"If I am not for myself who is for me? And being for my own self, what am 'I'? And if not now, when?” Rabbi Hillel

Housekeeping:

Normally we don't start our Partner letter with housekeeping, but this quarter is different. I want to make sure you are aware of recent changes at Sax Angle Partners and HSAX & CO. LLC. First, **we changed the name of our Fund from Sax Angle Partners, LP to The Insiders Fund, LP**. **We also changed the name of the General Partner of the Fund from HSAX & CO, LLC to Alpha Wealth Funds, LLC. This is not a change in strategy, just a change in marketing**. We have always invested in companies that management has shown a willingness to invest their own money in. Hopefully we have clarified and enforced that messaging with our new name and our new website, www.theinsidersfund.com Please check it out.

The name change for the investment advisor, HSAX & CO., LLC, and General Partner of the Fund came about from our desire to offer more options for investors. Do you know there are nearly 22,000 fund managers and CTAs? Some of these managers have outstanding track records but you’ve never heard of them because they lack marketing resources. We affiliated ourselves with Theta Funds as a sub advisor. Russell Kellites, the manager of Theta, continues to knock the ball out of the park in his peer group. If you are looking for a steady earner and low volatility, you’ll be hard-pressed to do much better.

Sophisticated investors realize there is greater money making, "alpha" opportunities, with emerging fund managers. Warren Buffett would be the first to tell you he could do more with less. The early years of Berkshire Hathaway vastly outperformed current results. In addition to managing *The Insiders Fund*, we are always on the “alpha hunt”. As I’m fond of saying, no one has a monopoly on good ideas.

Results and Benchmark Comparisons:

The Insiders Fund was **up 3.41%** for the month of June, **up 5.60 %** for the quarter and up **13.58%** YTD 2017 **net of all fees**. Your own individual returns may vary based upon timing of withdrawals/additions and fee arrangements. The benchmark index, S&P 500, returned **0.48%, 3.09%, and 9.34%** total return (dividends reinvested) during these same time periods. **The Fund has returned 33.02% net of fees over the last twelve months ending June 30, 2017 versus the**

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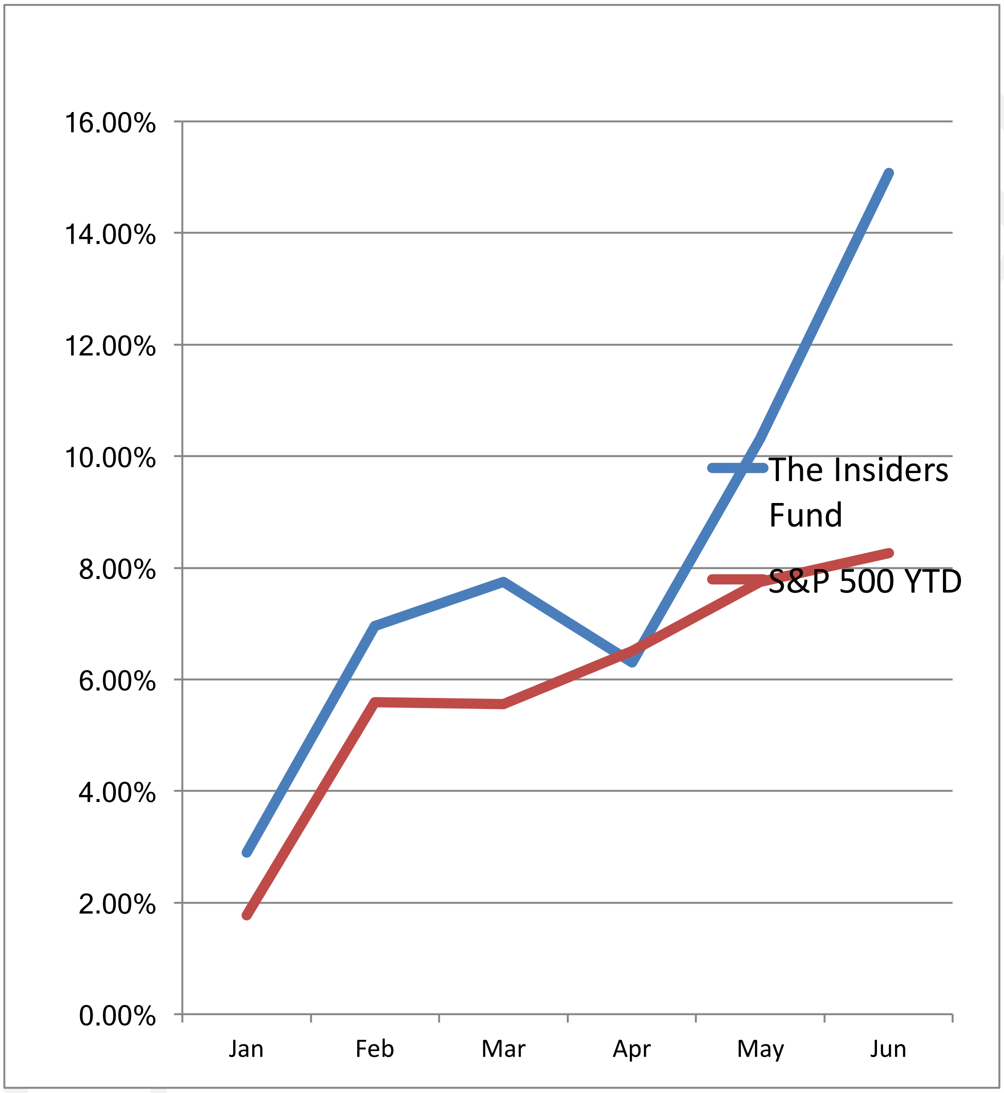
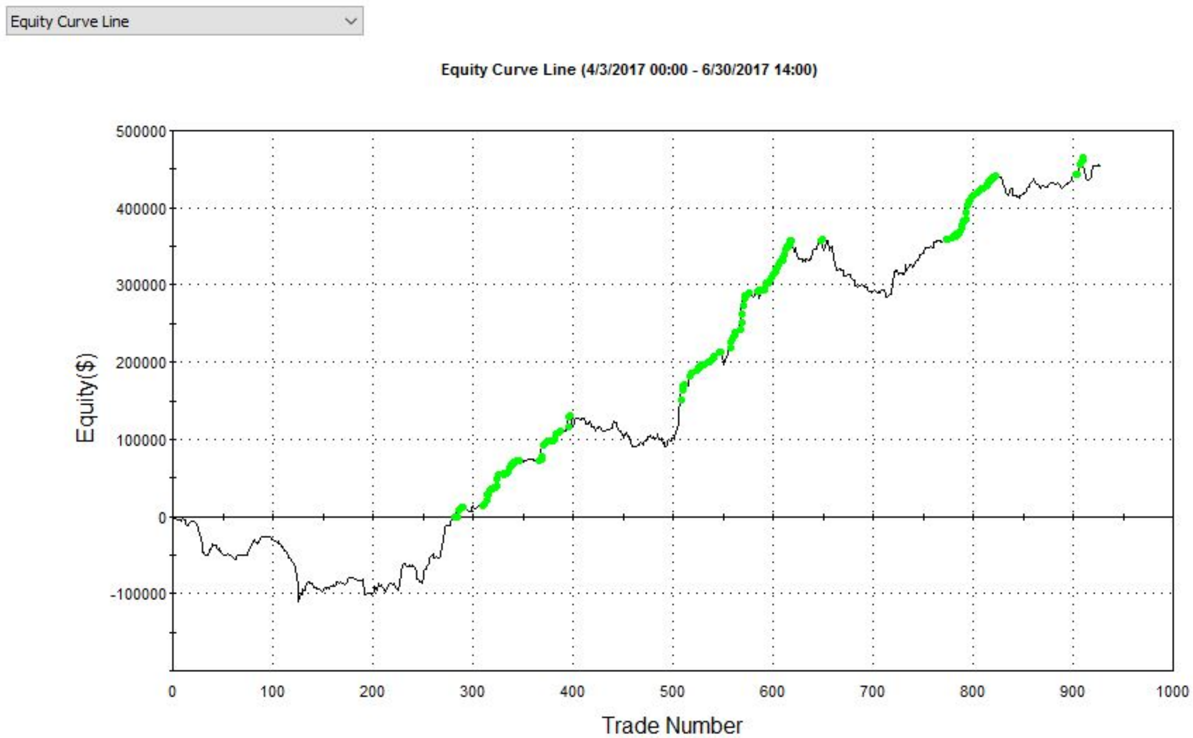
S&P 500 return of 17.90%. *When you beat your benchmark by 84% you should crow about it for a moment as Rabbi Hillel intimates in his famous quote* "If I am not for myself who is for me?"

- Important reminder, all discounted break points are ending in August. That could be a significant savings in fees if you are contemplating adding to your investment in The Insiders Fund.



The Insiders Fund vs. S&P 500 w/o dividends

Winners and losers: Winning trades were ahead of losing, 530 to 398 for a winning percentage 57.11%, about 3% lower than the previous quarter. 60.37% of the long trades were profitable whereas only 46.88% of short trades proved to be so. The long percentage was almost identical to the previous quarter's 62.11% but our short trades cost us, dropping 20% in profitability. Last quarter's winning short ratio was unfortunately an anomaly. Shorting is hurting our performance but insurance is never free. We traded in about 497 different securities and derivatives.



Equity line says it all.

As you can clearly see from the chart above the Fund ignited in May and June. Much of this performance has been a result of a year-long effort to explore the impact of increased concentration and leverage on a portfolio of "insider" stock purchases. About a year ago, I opened an account at Fidelity that had a similar strategy as the Fund but used increased leverage and higher concentration of the portfolio positions. I wanted to monitor that account's performance to see if the stepped-up leverage and increased concentration would be accompanied by a dramatic increase in volatility and/or loss of sleep by the portfolio manager.

The results were surprising. Performance nearly doubled without a proportionate increase in volatility or anxiety. How does one account for this? Diversification for the sake of diversification hurts performance and may be riskier than concentrating your fire power on your best ideas. I am reminded by something Buffett said. It's not likely your 4th and 5th best investment ideas are going to be as good as your 1st and 2nd best ideas. *I remind you the Fund is volatile and could be up or down 5% in any given month with or without leverage.*

The Fund has been undergoing a gradual deployment of this approach of increased leverage and concentration when high conviction opportunities present themselves. This largely accounts for the step up in performance. Investors are looking for alpha and if hedge funds are to continue to charge the large fees that they do, they better be able to deliver 20% plus annual returns. Expectations don't always equate to results, but investors in hedge funds want their managers to at least put them in the running for outsized returns.

Top 5 Winners and Losers from 04/01/2017 to 06/30/2017			
Winners	**Realized Gains**	**Unrealized Gains**	**Totals**
Delta Airlines	$68,193		$68,193
Analog Devices	$57,604		$57,604
Alexion Pharmaceuticals	$53,458		$53,458
Pure Storage, Inc.	$48,101		$48,101
Huntington Banc	$41,894		$41,894
Total Gains			**$269,250**
Losers	**Realized Losses**	**Unrealized Losses**	**Totals**
Berkshire Hathaway	$-54,459		$-54,459
SPXW 170428C02390000	$-44,956		$-44,956
Anadarko Petroleum	$-35,485		$-35,485
Vista Outdoors	$-28,542		$-28,542
Citi Trends	$-25,629		$-25,629
Total Losses			**-$189,071**

Current holdings:

The best way for you to follow our investments is through the weekly updates on the portfolio holdings at https://theinsidersfund.com/fund-holdings/. The password is partners22.

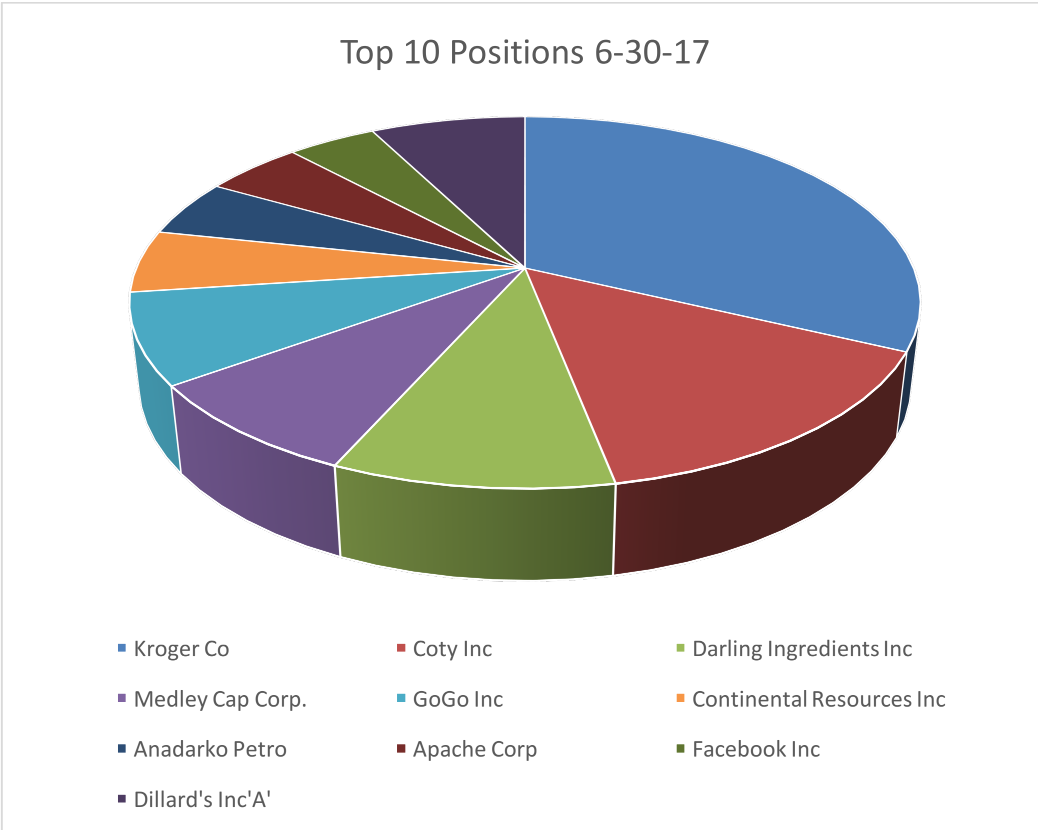
No review of the Top 10 holdings would be replete without asking ourselves, what if we did nothing and let ride the investments from the previous quarter?. How would they have done? With that in mind we examined the Top 10 holdings from the end of 1st quarter to the end of the 2nd quarter 2017. The results are outlined below.

Description	**3/31**	**6/30**	**% RTN**
Coty	18.13	18.74	3.4%
Qualcomm	57.34	55.1	-3.9%
GoGo	11	11.53	4.8%
Analog Devices	81.95	77.8	-5.1%
Vista Outdoors	20.59	22.51	9.3%
Pure Storage	9.83	12.81	30.3%
Delta Airlines	45.96	53.74	16.9%
Occidental Petroleum	63.36	59.87	-5.5%
Triumph Group	25.71	31.6	22.9%
Tempur Sealy	46.46	53.39	14.9%
Average Return			**8.8%**

Buy and Hold Hypothetical Returns

A buy and hold strategy on an equal dollar amount of the stocks above would have beat both the actual returns of the Partnership as well as the S&P 500. *This should provide investors and partners further validation that the Fund's strategy makes a lot of sense. The good news is that the strategy works and there is room for improvement.*

The efficient market hypothesis assumes that all information about a company is already reflected in its price and therefore investors are best served by investing in low cost index funds. Eugene Fama, of the University of Chicago, defined its essence: that the price of a financial asset reflects all available information that is relevant to its value. Accordingly, research is basically worthless and no one beats the market for long periods of time. The efficient market hypothesis theory has had a great impact on investor beliefs, ushering in the era of index funds and their sponsors like Vanguard. I *agree* that much information is already reflected in the price. **But there is a possibility that some information is not public and hence not reflected in the price.** That is the essence of The Insiders Fund. Keep that in mind when you read about our top holdings. Pay attention to the sections labeled **catalysts**.



Top Ten Holdings of the Fund

We have been debating the usefulness of this section for some time as our positions change so frequently that by the time we finish a draft, its often already obsolete. The beauty of running a small fund such as ours, is that we can move on a dime, going from fully leveraged long to fully invested short in a matter of seconds. Nonetheless this section gives you an idea of our thought process at the time of purchase.

Kroger KR Kroger is the largest supermarket chain in the United States, grossing over $115 Billion in 2016, and one of the leading general retailers. Its stores hold grocery, pharmacy, health and beauty departments, perishable goods, and general merchandise. The company intends to grow its employee base by over 10,000 over 2017.

Catalysts-Kroger recently reported underwhelming quarterly earnings and lowered their annual earnings estimate to $2.00-$2.05. The stock dropped 20% to a multi - year low. The next day Amazon announced it was buying Whole Foods and the stock *plunged another 20% rebounding to low $20's where we began accumulating stock with an average price of $23.45.*

We have yet to see significant insider buying to confirm what we believe to be an overreaction. Kroger might be a private equity candidate or even an investment candidate by Alibaba if they want to take Amazon head-on in the U.S. as 30% of groceries in China are purchased and delivered online. Kroger also has initiatives with Uber in two markets to deliver groceries. Negative sentiment has reached an extreme level. Despite last quarter's depressing results and earnings conference call, it would not take much to ignite a dead cat bounce although we are not optimistic with this management. Kroger was our largest position when we started this letter but we completely exited the position on July 10. We see no immediate catalysts and the potential to drift back down in price. The dead cat bounce we were hoping for doesn't look like it's going to happen before drifting lower.

***Cavium, Inc. CAVM** designs, develops, and markets semiconductor processors for intelligent and secure networks. Its semiconductor processors enable intelligent processing for wired and wireless infrastructure and cloud for networking, communications, and storage. The company's products focus on multi-core storage processors for data center applications, network connectivity, storage connectivity, as well as security applications. Cavium also sells software applications for a number of operating systems, development tools, and support and professional services. The company was founded in 2000 and is headquartered in San Jose, California.*

Catalysts- Cavium upgraded to Buy from Hold at Jefferies on 7-10-17. Jefferies analyst Mark Lapis upgraded Cavium to Buy and raised his price target for the shares to $79 from $73. The company will benefit as the industry undergoes a "tectonic shift towards a parallel computing model," Lipacis tells investors in a research note. Cavium has the only commercially viable 64-bit ARM server vendor currently in the market."

Cavium Inc. will report its earnings for quarter 2 after the close on August 2nd. Our server data and storage connectivity product portfolio was expanded by our acquisition of QLogic. These products facilitate the rapid transfer of data and enable efficient resource sharing between servers, networks and storage.

Three customers together accounted for 37.6% and two customers together accounted for 40.4% of our net revenue in the three months ended March 31, 2017 and 2016, respectively. Cisco and Nokia together accounted for 25.1% and Amazon accounted for 17.8% of revenue. No other customer accounted for more than 10.0% of our revenues in the three months ended March 31, 2017 and 2016.

Coty, Inc. is one of the world's leading beauty companies with approximately $9 billion in revenue, a rich entrepreneurial heritage and an iconic portfolio of leading brands. It's controlled by JAB group, the investment vehicle of the Riemann family of Germany. In October of last year Coty completed the merger with P&G's fine fragrance, color cosmetics and hair styling recently, making it the global leader in fragrances, with the number two position in salon hair and number three in color cosmetics.

Catalysts -The "new" CEO from P&G bought $1.4 million of stock in February of this year. The following month an officer and a director bought $248 K and $597.6 K of stock respectively. This insider behavior attracted us to the name. We haven't been able to justify the purchase on fundamentals but the insider buying as well as the favorable demographics of millennials entering this market in large numbers, leads us to believe where there is smoke there is fire.

Darling Ingredients, DAR develops, produces, and sells natural ingredients from edible and inedible bio-nutrients worldwide. Darling operates in Feed Ingredients, Food Ingredients, and Fuel Ingredients, and provides a range of ingredients and customer specialty solutions for a variety of industries. The company provides solutions to generate new sustainable ideas to find economically and ecologically applicable ways to meet the needs of ever-increasing population.

Catalysts -New CFO Lynch bought $899k worth of stock during the third week of May 2017. The last quarter saw meaningful revenue growth in their largest segment.

Darling looks grossly undervalued based on discounted cash flow valuation and past quarters growth rate. It's also dominant in an industry that is not rife with competition.

Medley Capital MCC is a business development company that invests in privately-held middle market companies to help expand their businesses, refinance and make acquisitions. The fund looks to invest in private debt transactions in companies located in North America with asset values ranging from $25 million to $250 million.

Massive amounts of insider buying in this name with a dividend yield of 10% attracts us to this name. We continue to add Medley to our portfolio. It is trading at only 67% of tangible book but book value has been declining in this name. Refinancing and replacing portfolio companies has been challenging in part to increased competition and lowered rates. MCC has waived incentive fees recently to support the dividend.

Gogo, GOGO through its subsidiaries, provides communications services to the commercial and business aviation markets in the United States and internationally. The company operates three segments: Commercial Aviation North America, Commercial Aviation Rest of World, and Business Aviation. The Commercial Aviation North America segment provides in-flight connectivity and wireless digital entertainment solutions to commercial airline passengers flying routes that generally begin and end within North America. The Commercial Aviation Rest of World segment provides in-flight connectivity and wireless digital entertainment solutions to passengers flying on foreign-based commercial airlines and flights of North American based commercial airlines. The Business Aviation segment provides equipment for in-flight connectivity along with voice and data services to the business aviation market. The company was founded in 1991 and is headquartered in Itasca, Illinois

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Catalysts- We traded this very successfully in the first quarter and have reestablished a good position on a pullback. In our estimation, Gogo is a likely buyout candidate or about to substantially ramp revenues and profits due to a new satellite deployment that will enable faster cell phone and data communication in flight. There is little other explanation for the large insider purchases as we cannot get the values to work otherwise. On August 10th, the Washington Service wrote: "In early August, Gogo Inc. (GOGO) announced better-than-expected second quarter revenue, causing shares to jump 15.9%. On 8/8/16, three insiders purchased an aggregate of 300,000 shares *of the in-flight connectivity systems and services provider. The combined $3.2 million buy was the largest monthly purchasing total in the company's history. Shares of GOGO fell to an all-time low of $7.80 in late June; the insiders purchased at an average price 36.4% above that low. Recently the company completed a junk bond offering with a coupon of 12.5%. Cowen came Out Positive on GoGo on 12-2", Says It Should Trade Above $30/Share, Will Be Cash Flow Positive Before Its First Debt Maturity In 2020"*

Continental Resources, CLR is a top 10 independent oil producer in the U.S. Lower 48. The company uses advanced technology to explore for, develop, and produce crude oil and natural gas properties throughout the United States. It is one of the pioneers in implementing horizontal drilling and well stimulation, unlocking access to resources that were not previously economically feasible to produce, Continental owns 1,275 million barrels of crude oil equivalent in proven reserves and over 500 MMBoe of proved developed resources. *Note that we have exited Continental on the recent what we believe to be a dead cat bounce in the energy sector.*

Catalysts -We own three energy exploration and production companies and they will most likely work or suffer together so our comments are virtually identical for each of these and we won't make the reader suffer with repeating this. There seems like nothing but bad news in the energy sector. Supply glut seems to be with us for a long time. The big producers in the Middle East show no meaningful signs or production restraints. President Trump's aggressive embrace of America's energy industry only seems likely to increase American production and export, worsening the global supply glut. It's hard to see the catalyst but this is where insiders are buying. CEO Harold Hamm has bought $7 million worth of stock this year at higher prices than our average cost. Perhaps some kind of import tax, transfer tax or other effort to protect domestic energy producers is being bandied about. This would certainly cause our three holdings to skyrocket in price.

Anadarko Petroleum, APC is a petroleum and natural gas company focusing on the exploration, development, production, midstream, and marketing of oil and gas properties. The company's oil and natural gas properties are located in the U.S. onshore, deep-water Gulf of Mexico, and Alaska, as well as a few other countries. Anadarko has approximately 1.7 billion barrels of oil equivalent of proved reserves. The company was founded in 1959 and is headquartered in The Woodlands, TX.

Catalysts- Flour and Chairman of the Board, Walker have each bought $1 million of stock in May at higher prices than our average price.

Apache, APA is an independent energy company that explores for, develops, and produces natural gas, crude oil, and natural gas liquids with international operations based in the Permian Basin, the Midcontinent/Gulf Coast, Canada, and the Gulf of Mexico, along with a few other countries. The company has estimated proved reserves of 642 million barrels of crude oil, 192 million barrels of natural gas, and 2.9 trillion cubic feet of natural gas. Apache Corporation was founded in 1954 and is based in Houston, TX. *Note that we have exited Continental and Apache on the recent what we believe to be a dead cat bounce in the energy sector.*

Director Joyce purchased $500k worth of stock in May.

Facebook, FB is an online social media and social networking service with nearly 2 billion users. This social media tool allows people to connect and share content with people across the globe. Facebook purchased other companies such as WhatsApp, a popular mobile messaging application internationally. As well as Instagram, another media sharing application, and now offers Oculus, a virtual reality technology and content platform. Facebook was founded in 2004 and is headquartered in Menlo Park, CA.

Catalysts -Facebook is the only company we have a substantial holding in that I can say has great growth prospects. There will likely only be one social media giant. Facebook shows no signs of slowing down or relinquishing its grip on that space. Unfortunately, everyone knows this already. The company is trading at 50 times earnings, a multiple that is not sustainable longer term. We are trading this stock, not investing in it. There is insider selling, not buying in this name.

Dillard's, DDS is a fashion apparel, cosmetics, and home furnishing retailer. Dillard's sees annual sales over $6.2 billion. The company's branded merchandise includes Antonio Melani, Gianni, GB, Roundtree & Yorke, and Danie Cremieux. Additionally, the company also operates a general contracting construction company that constructs and remodels stores. The company operates near 300 stores across 29 states including their own online marketplace.

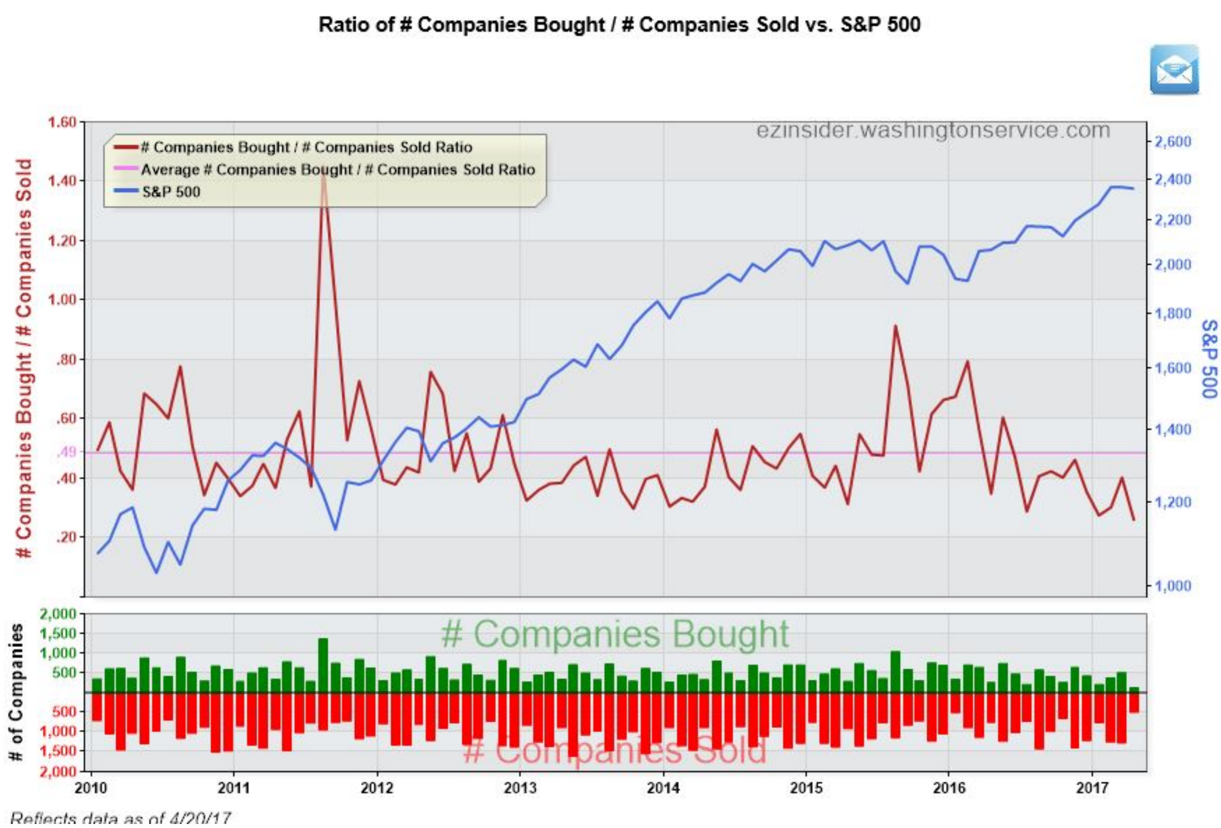
We are short Dillard's and expect this company to eventually go bankrupt. It's hard to see how a 2nd tier mall department store survives in this harsh retail climate when Amazon has targeted apparel.

Housekeeping continued:

I have to believe that the more time I spend marketing the Fund, the worse results will be. Trading and the necessary research pursuant to doing it on a high level is incredibly time consuming. If you know of anyone that would like a career in sales and marketing, please send them our way. Our results will be better if I am kept to the management of the portfolio.

Our outlook:

Corporate insiders have talked a good game about the improved business prospects under the Trump administration but seen by this recent chart below, but they have not opened their wallets.



Insiders are boycotting the market by and large

Insider Buying is Anemic

I read recently in the Wall Street Journal that there are only about 3600 publicly traded companies now, down from almost 8000 when I started trading on “insider information”. Out of this universe of companies, we pay particular attention to the ones that management has been willing to invest significant amounts of their own money in. After all who knows a business better than the people running it. Every time an officer or director makes a purchase greater than $100,000 we fastidiously record it and monitor the stock price over the next six -months to a year. The point being is that we really watch this stuff and have a pretty good idea of who is buying what and when. The *why* is of course an altogether more complex calculation.

It is striking how few companies there are that have significant amounts of insiders buying their stock. We estimate that there are only about 368 insiders and a much smaller number of companies that are currently buying their company stock in any material way. Of course, following insider buying is no guarantee of profits. You can lose even with “inside” information but it’s particularly galling to know that you lost money buying the very same stock insiders were selling. ‘What were you thinking?’, you say to yourself. You lost money buying the stock that the management was unloading. Did you really think that you knew better than the people running the business?

That brings me to the point. There are so few insiders buying their company’s stock that an ordinary popular index fund like the Vanguard S&P 500 is almost entirely composed of companies that management is selling hand over fist. When the inevitable market correction comes, index fund owners will be left holding the bag. Like the old saying goes in poker, if you don’t know who the sucker is, it’s you.

Thanks again for your support. 2017 is halfway done. I believe the best results are yet to come

Sincerely,

HWS

Harvey Warren Sax

President

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