

Alpha Wealth Funds, LLC

“the opportunities never stop”

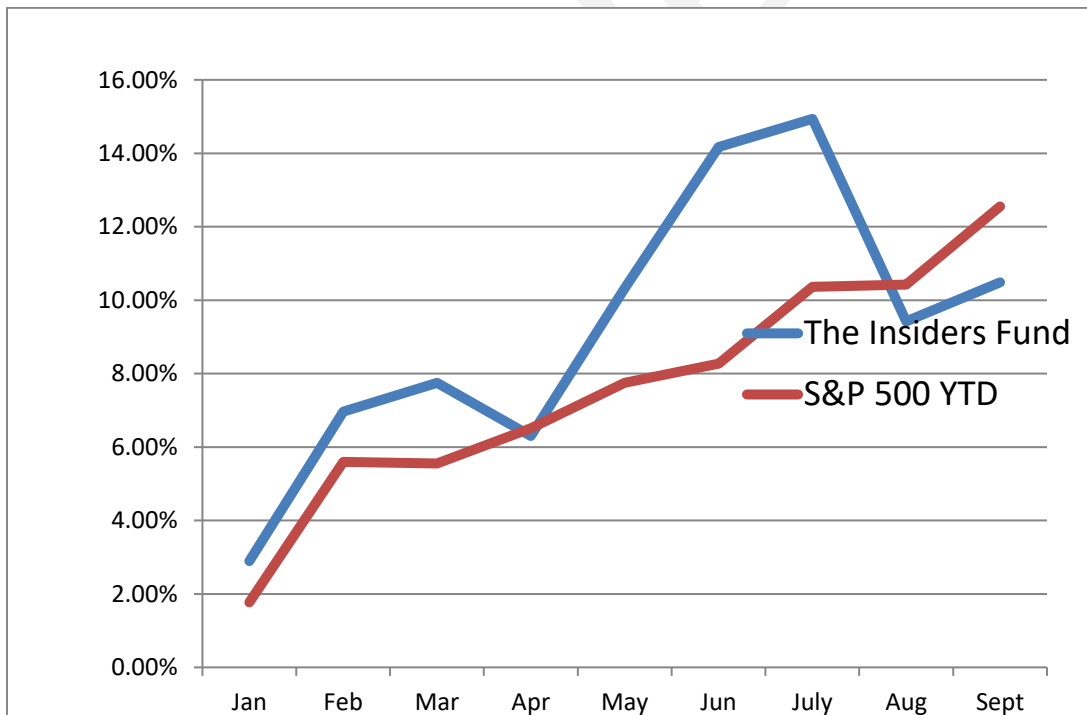
October 23, 2017

The Insiders Fund, LP 3rd Quarter 2017 Partner Letter:

Daedalus warned Icarus not to fly too high, because the heat of the sun would melt the wax, nor too low, because the sea foam would soak the feathers.

Results and Benchmark Comparisons:

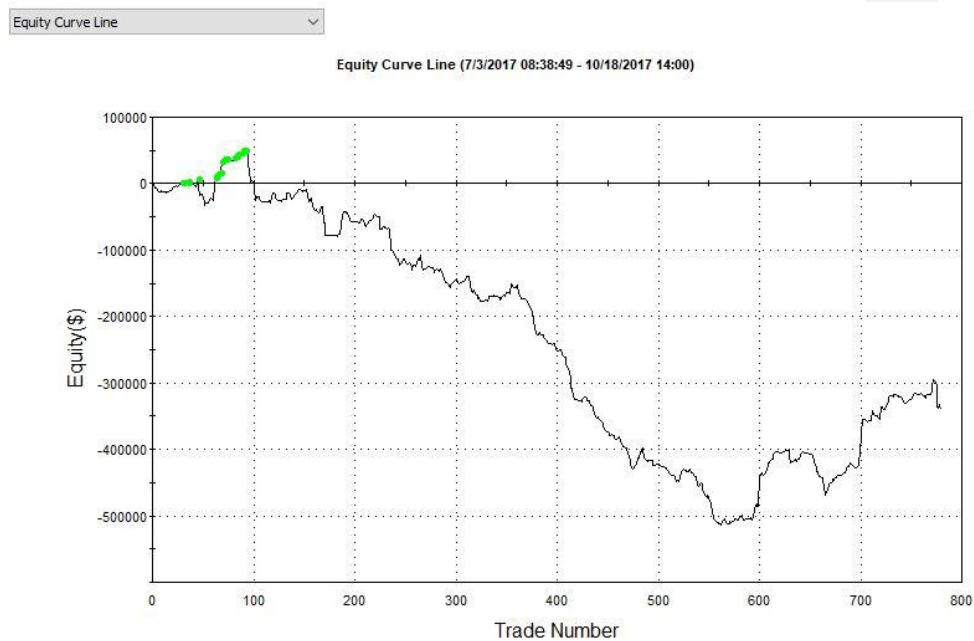
After recent strong outperformance, the Fund came down to earth like Icarus. The Insiders Fund was **up 1.00%** for the month of September **-3.67 %** for the quarter and up **10.10% YTD 2017 net of all fees**. Your own individual returns may vary based upon timing of withdrawals/additions and fee arrangements. The benchmark index, S&P 500, returned **1.93%, 3.96%, and 14.24%** total return (dividends reinvested) during these same time periods.



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

Winners and losers: We made 764 trades during the quarter in about 250 different securities and derivatives. Our most salient observation is that many of the securities we exited had substantial recovery. In hindsight steep sell-offs in names with substantial insider buying were often buying opportunities that we sold into. It's important though to recognize that the market has been in an uptrend. In the short term general market direction is responsible for much of the movement in individual stock prices.

Losing trades were ahead of winners 423 to 341 for a winning percentage of just 44.63%, about 14% lower than the previous quarter. 44.55% of the long trades were profitable whereas 44.84% of short trades proved to be so. This is our report card. We can only hope to learn from it.



Equity line says it all.

TOP 5 WINNERS AND LOSERS

Description	Realized	Unrealized
WINNERS		
[BMY 180119C00055000...	154,251	4,649
[BMY] BRISTOL MYERS S	107,260	2,579
[CAVM] CAVIUM INC	48,537	
[GOGO] GOGO INC CMN	30,580	
[MSA] MSA SAFETY INC	27,359	
LOSERS		
(UAL) UNITED AIRLINES	163,130	11,167
(UAL AUG. 72.50 PUT		24,329

[VIX 171018C00011000...	52,948	
(MNK)MALLINCRODT	45,470	
[DAL] DELTA AIR LINES	43,256	987

Bristol Meyers was a tremendous winner for the quarter. We had 3.7% of portfolio gain on BMY alone. Unfortunately, it was greatly negated by the outsized loss on United Airlines. Until a few days ago we had recouped much of the loss on United but it disappointed on its 3rd quarter earnings conference call and much of our profits evaporated. Paper losses in Delta were turned into handsome profits after the quarter ended. The VIX put options were a form of portfolio insurance. We wanted to have some black swan type hedges in place. Insurance is never free but we try to make money our short positions and bearish bets. Cavium was not one of the better performing semi-conductor stocks, yet we managed to make nice profits. A poor house in a good neighborhood can make money too. The Van Eck semiconductor ETF SMH rose 15.2% for the quarter

Current holdings:

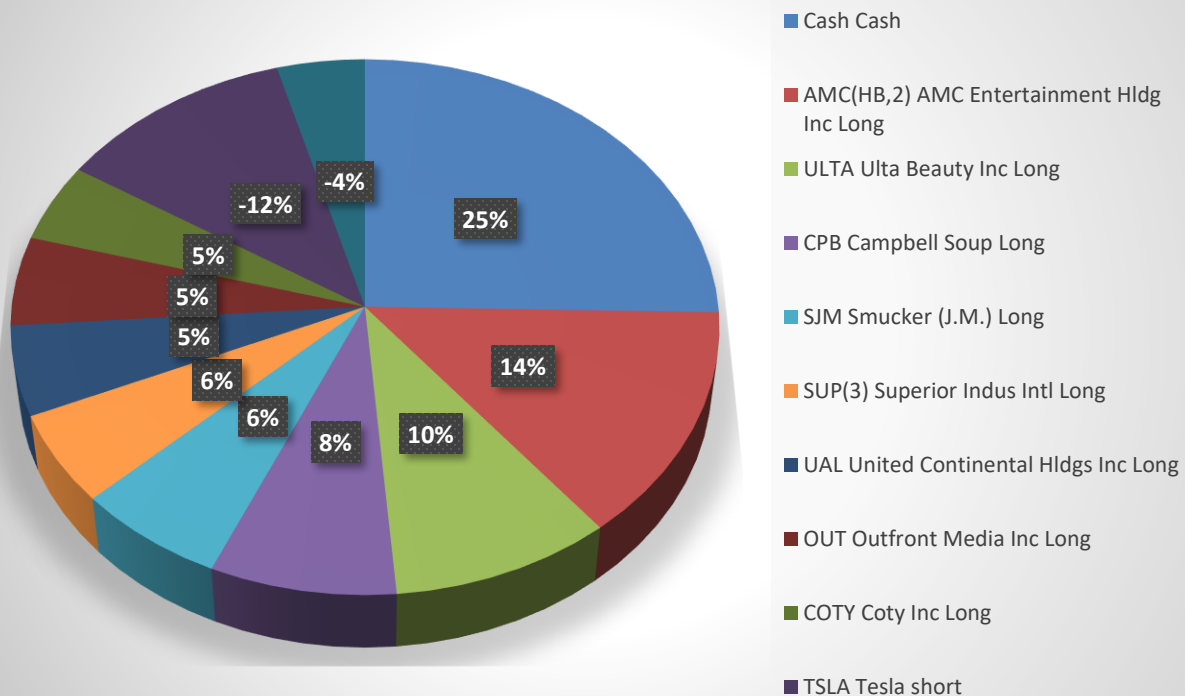
The best way for you to follow our investments is through the client portal. You can find daily performance and details on all our holdings. If you haven't been able to log in, please let me know and I will have our fund administrator, NAV Consulting send you out new log in credentials.

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 2nd quarter to the end of the 3rd quarter 2017. The results are outlined below.

Description	1-Jul	30-Sep	77% RTN
Kroger	23.32	20.06	-13.98%
MedleyCap	6.39	5.97	-6.57%
Anadarko	45.34	48.85	7.74%
DillardsShort	57.69	56.077	-2.80%
Coty	18.76	16.53	-11.89%
Gogo	11.53	11.81	2.43%
Apache	47.45	45.8	-3.48%
DarlingIngred	15.74	17.52	11.31%
ContinentalRe	31.78	38.61	21.49%
Facebook	150.98	170.87	13.17%
Average Return			1.74%

Buy and Hold Hypothetical Returns

Top 10 Holdings 10-22-17



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, it's 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.

AMC Entertainment AMC through its subsidiaries, operates in the theatrical exhibition business. It owns, operates, or has interests in 660 theatres with 8,293 screens in the United States; and 246 theatres and 2,265 screens in the United Kingdom, Spain, Italy, Germany, Austria, Portugal, and Ireland

Catalysts- It's well known that movie going is under siege by Netflix, HBO, On Demand TV, YouTube, and the proliferation of good quality programming that is not premiered in movie theatres. Budget conscious and stay at home Millennials appear to be changing the buying habits of theatre goers. We believe though that a momentous sea change is about to occur. Movie Pass, a subscription model started by the co-founder of Netflix and former CEO of Red Box has just unveiled a

subscription model for movie goes that allows you to see all the movies you want for one flat price. The service is exploding in growth rocketing from 35,000 subscribers to 400,000 in just the first month after dropping their monthly price from \$40 per month to \$9.95. They are paying AMC and other chains full price for tickets. It seems likely that the entire industry will convert to this model. AMC is heavily in debt and yields over 5% so there is risk to their traditional model. It's our bet that the industry will not easily cede movie making to Netflix and HBO. Perhaps that was what the CEO was thinking when he purchased \$552k worth of stock in September and Director Gao's purchase of \$344k in August.

Ulta Beauty ULTA operates as a beauty retailer in the United States. The company's stores provide cosmetics, fragrance, skincare, haircare, bath and body products, and salon styling tools, as well as others, including nail products and accessories. It offers private label products consisting of Ulta Beauty Collection branded cosmetics, skincare, and bath products. As of March 9, 2017, the company operated 974 retail stores in 48 states and the District of Columbia. Its full-service salon offers hair, skin, and brow services; and provides products through its Website, ulta.com.

Catalysts- Ulta, once a momentum favorite has come down from a lofty \$314 price in June to its recent sub \$200 range. We picked up stock there and have been encouraged by Director Heilbronn's recent \$25 million purchase at an average price of \$195.21.

Campbell Soup CPB, together with its subsidiaries, manufactures and markets food and beverage products. It operates through three segments: Americas Simple Meals and Beverages; Global Biscuits and Snacks; and Campbell Fresh Garden Fresh Gourmet salsa, hummus, dips, and tortilla chips, as well as refrigerated soups.

Catalysts -packaged consumer product company has been underperforming the broader market this year. VP Migninini took this opportunity to purchase \$199k worth of stock, his first buy in three years.

Smucker (JM) SJM The J. M. Smucker Company manufactures and markets branded food and beverage products worldwide. It operates through U.S. Retail Coffee, U.S. Retail Consumer Foods, U.S. Retail Pet Foods, and International and Foodservice segments. The company primarily offers coffee, pet food

products, pet snacks, peanut butter, fruit spreads, shortening and oils, baking mixes and ready-to-spread frostings, frozen sandwiches, flour and baking ingredients, juices and beverages, and portion control products.

Chairman Richard Smucker bought \$1,000,00 at \$105.70 on August 29. Like Campbell Soup, Smucker's has not fared well recently in this bull market. With a dividend yield of 3% and a DCF valuation nearly 10% higher we think there is some upside in a fully valued market.

Superior Indus Intl SUP designs, manufactures, and sells aluminum wheels to the original equipment manufacturers in North America. It supplies cast aluminum wheels to the automobile and light truck manufacturers. The company was founded in 1957 and is headquartered in Southfield, Michigan.

Catalysts -six insiders took advantage of 5-year low prices to buy almost \$900k worth of stock.

United Continental UAL together with its subsidiaries, provides air transportation services in North America, the Asia-Pacific, Europe, the Middle East, Africa, and Latin America. The company transports people and cargo through its mainline and regional operations. As of December 31, 2016, it operated a fleet of 1,231 aircraft.

Catalysts-UAL is lagging its competitors, American, Delta and Southwest in efficiency and profit margins, and ratios like PRSAMS & CASMs. Despite discount carriers and state sponsored airline competitors, we believe the airline business has fundamentally changed and will remain profitable. In the third quarter USL bought \$556 million worth of stock at an average price of \$67 per shares bringing their year to date repurchases to about \$1.3 billion. Since they began repurchasing shares in the third quarter of 2014 they have retired 26% of shares outstanding.

Outfront Media OUT operates as a real estate investment trust in the United States and Canada. The company provides advertising space on out-of-home advertising structures and sites. Its portfolio primarily consists of billboard displays, which are principally located on the heavily traveled highways

and roadways; and transit advertising displays operated under multi-year contracts with municipalities in various cities across the United States and Canada

Catalysts- In an era of digital advertising being dominated by just two companies, Google and Facebook, Outfront offers a stable and lasting alternative in billboards. Billboards are also undergoing transformation to digital signage which allows greater returns per billboard. Outfront yields an attractive 5.8% dividend yield.

Coty Inc COTY 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. Insiders continue to buy heavily into Coty despite its poor stock and earnings performance.

Tesla TSL (short) designs, develops, manufactures, and sells electric vehicles and energy storage products in the United States, China, Norway, and internationally. The company operates in two segments, Automotive, and Energy Generation and Storage. It primarily offers sedans and sport utility vehicles. The company also provides electric vehicle powertrain components and systems to other manufacturers; and services for electric vehicles through its 135 company-owned service centers and Service Plus locations, as well as through Tesla Ranger mobile technicians.

Catalysts- Tesla is a great innovative company but our concern is valuation. Tesla has not been able to generate consistent positive cash flow and competition will only heat up. Every major auto manufacturing has announced plans for an electric fleet. If Tesla hasn't made money now, will it be able to make money in a hyper-competitive

market? I'm aware that more than a few highly successful and likely more intelligent money managers than me have been buried in their short sell thesis with Tesla.

Tillys TLYS (Short) retails casual apparel, footwear, and accessories for young men and women, and boys and girls in the United States. Its apparel merchandise includes tops, outerwear, bottoms, and dresses; and accessories merchandise comprises backpacks, hats, sunglasses, headphones, handbags, watches, jewelry, and others. The company also provides third-party merchandise assortment in its apparel, accessory, and footwear product categories. It operates approximately 222 stores in 31 states.

Our short sell on Tillys is predicated on the large amount of insider selling coupled with a generally dismal retail environment for mall based and shopping center retailers.

Housekeeping:

We have just had our first month of reporting by our new administrator, NAV Consulting. They offer much enhanced reporting with daily fund valuation, portfolio holdings, and a whole host of analytics. They are also very detail oriented and have requested numerous documents from our partners. I can only think that crossing the t's and dotting the i's is a positive thing when it comes to our investment. I am very happy with the change we made and hope you are as well. Our auditor, Arkam & Associates will audit their numbers as well as myself. Please feel free to reach out to NAV Consulting directly. I have given them permission to speak to the partners. NAV Consulting has instructions to liquidate the Fund immediately and return proceeds ASAP to the partners in the case of my untimely death or incapacity.

Our outlook:

As I wrote in the last partner letter, corporate insiders have talked a good game about the improved business prospects under the Trump administration but seen by this recent chart below their money doesn't align with their mouth. Insider buying is at anemic levels. They have not opened their wallets in recent months. None the less the market has risen and will likely to continue to rise given low interest rates and lack of alternative investment opportunities. The 4th quarter is historically our best quarter but short term we are very cautious. The spectacular rise of the Dow Jones Industrial Index this year by 18.04% concerns me with valuations stretched to historic levels. We raised cash, and shorted 15% of the portfolio in ETFs (SPY & QQQ). We also believe there is substantial geo-political risk, policy risk and complacency as evidenced by historic low volatility. We continue to hunt for mispriced securities, value opportunities and insider driven opportunities but our suspicion is that many of the best short term alpha plays will be shorts themselves.

Ratio of # Companies Bought / # Companies Sold vs. S&P 500



Insiders are boycotting the market by and large

As always, we greatly appreciate the honor and responsibility of managing your investments. Please feel free to reach out to us anytime.

Sincerely,

Harvey Warren Sax

President