



Alpha Wealth Funds, LLC

“the opportunities never stop”

July 2018

The Insiders Fund, LP 2nd Quarter 2018 Partner Letter:

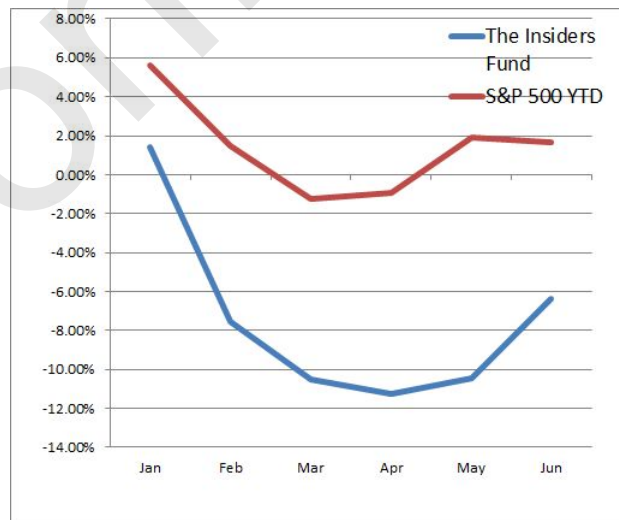
The Fund Outperforms the Market - Finally

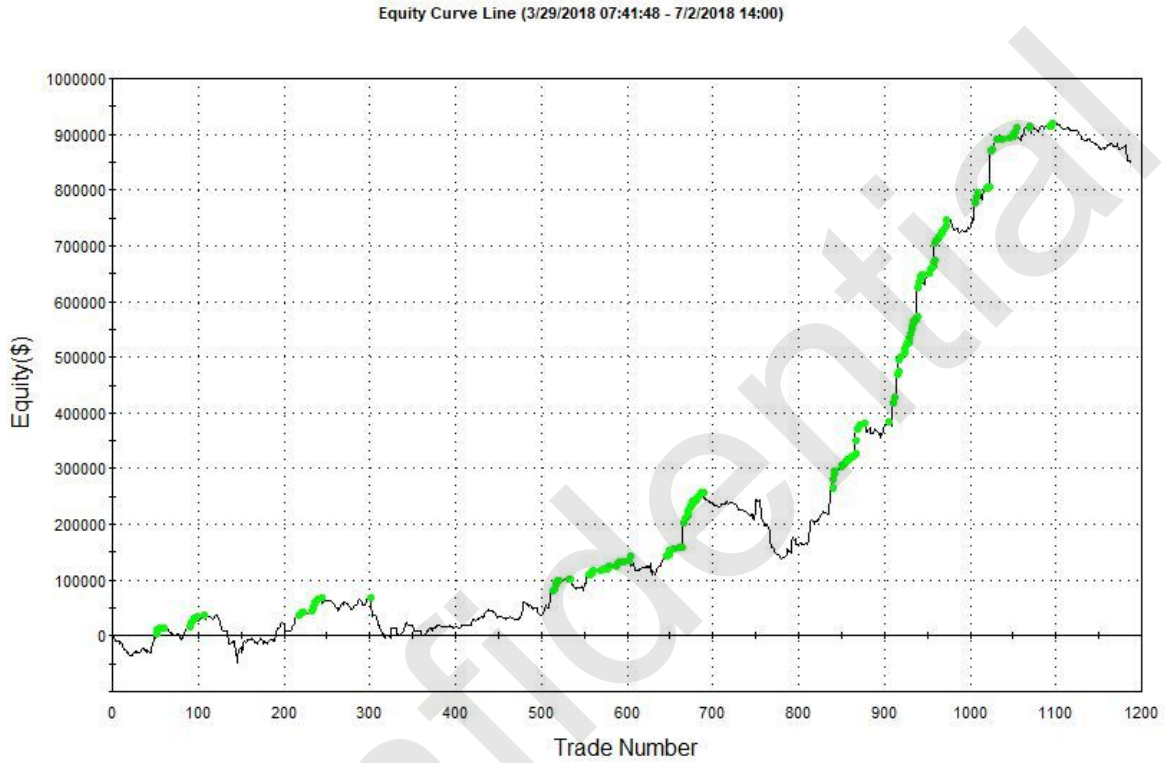
Results and Benchmark Comparisons:

The Insiders Fund was up 4.60% for the month of June versus the S&P 500, which was up 0.62%. This was its best showing in six months. The Fund was up 4.69% for the 2nd quarter and -6.28% YTD. The S&P 500 total return during the same time period was 3.43% and 2.65%. Although still in the red, the fund is starting to gain some traction.

We were active traders in the quarter. 57.7% of our long trades were profitable while only 43.92% of the short trades followed suite . Fortunately, we did not do many short sales.

This report goes into to detail about what worked, what we could have done better and our outlook. We also talk about housekeeping items and general, relevant information from the fund’s manager, Alpha Wealth Funds.





Top 10 Gainers 2nd Quarter 2018

Symbol	Description	Gain
TWTR	Twitter Inc	\$ 227,674.00
SELB	Selecta Bioscience	\$ 127,355.00
TEP	Tallgrass Energy	\$ 103,560.00
GOOG	Google Inc	\$ 97,740.00
TEGP	Tallgrass Energy	\$ 57,397.00
SNAP	Snap Inc	\$ 46,456.00
DISH	Dish Network	\$ 33,375.00
AGN	Allergan	\$ 32,802.00
HD	Home Depot	\$ 30,455.00
DISH	Dominion Resources	\$ 28,837.00

Top 10 Losers 2nd Quarter 2018

Symbol	Description	Loss
HAIN	Hain Celestial	\$ (134,848.00)
DAL Jan 45 Call	Delta Jan 45 Call	\$ (65,124.00)
EXTR	Extreme Network	\$ (57,753.00)
XRAY	Dentsply Sirona	\$ (49,522.00)
JPM	JP Morgan Chase	\$ (49,188.00)
DAL	Delta Air Lines	\$ (49,077.00)
QCOM	Qualcomm Inc	\$ (48,492.00)
BMY	Bristol Myers	\$ (48,473.00)
PM	Philip Morris	\$ (48,056.00)
LC	Lending Club	\$ (35,884.00)



Current holdings:

Because the fund is such an active trader, we are going to eliminate the detailed discussion of what we own and why we own it. Instead, we are just providing a snapshot of the fund at the time of this quarterly update. We may highlight an individual holding if it is a new position or represents some change to our normal holdings.

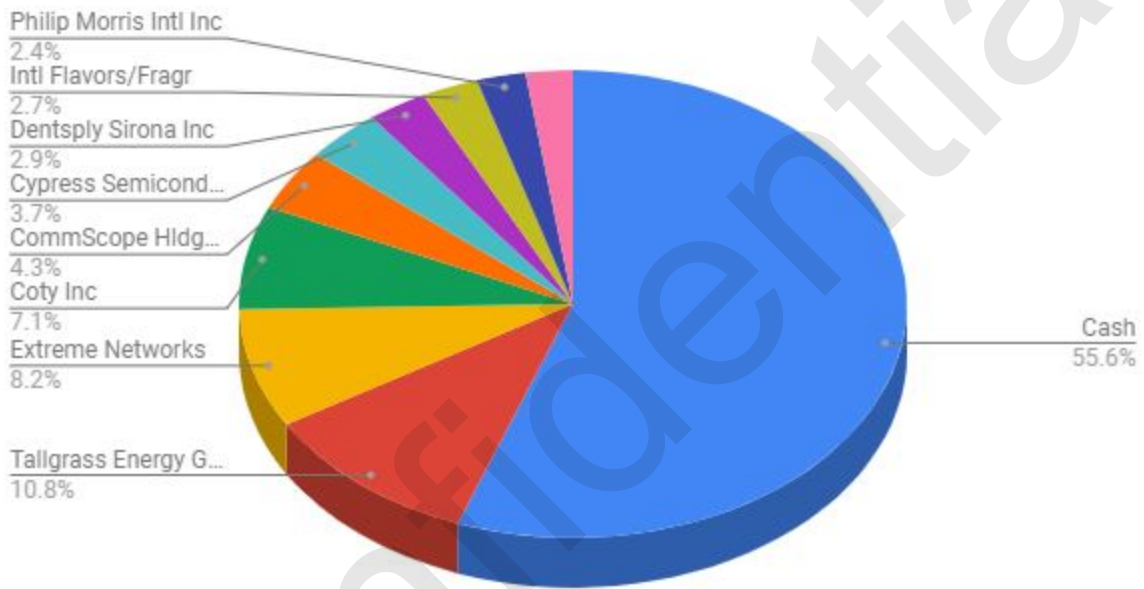
As always, the best way for you to follow our investments is through the client portal. There, you will find the daily performance and details on all our holdings. If you haven't been able to log in, please let me know and I will have our fund administrator, NAV Consulting, send you new login credentials.

No review of the Top 10 holdings would be replete without asking ourselves, what if I did nothing and just rode our investments from the previous quarter? How would they have done? With that in mind, I examined the Top 10 holdings from the previous quarter to the end 1st quarter to the end of the 2nd quarter 2018. The results are outlined below.

Top 10 Holdings Buy and Hold 2nd Quarter 2018			
Description	Price 3-29-18	Price 6-29-18	% Change
United Airlines	68.07	69.73	2.40%
Hain Celestial	32.07	29.8	-7.10%
Facebook	159.79	194.32	21.60%
Delta Airlines	54.81	49.54	-9.60%
Tallgrass Energy	19.02	22.16	16.50%
Selecta Biosciences	10.19	13.25	30.00%
Dentsply Sirona	49.6	43.77	-11.80%
Home Depot	178.24	195.1	9.50%
Alphabet	1031.79	1115.65	8.10%
Qualcomm	55.41	56.12	1.30%
Average			6.10%
S&P 500	2640.87	2718.37	3.43%
The Insiders Fund			4.60%

Results: Buy and hold beats the market and our trading.

Top Ten Holdings of the Fund





Long/Short	Description	Amount	% Hldg
Cash	Cash	\$3,924,831.00	58.8%
Long	Tallgrass Energy GP LP	\$761,028.24	11.4%
Long	Extreme Networks	\$581,858.64	8.7%
Long	Coty Inc	\$504,180.00	7.6%
Long	CommScope Hldg Co Inc	\$301,700.00	4.5%
Long	Cypress Semiconductor	\$258,000.00	3.9%
Long	Dentsply Sirona Inc	\$203,985.00	3.1%
Long	Intl Flavors/Fragr	\$193,590.00	2.9%
Long	Philip Morris Intl Inc	\$167,740.00	2.5%
Long	La Jolla Pharmaceutical Co	\$160,800.00	2.4%

We are sitting on the largest cash position in months. That can change very quickly, but there is almost no insider buying in this market. This is a warning sign in spite of the generally good economic news. Perhaps when we get through the 2nd quarter earnings blackout period, insiders' appetites will return. Until then, the only conclusion I can reach is that valuations are stretched to the point where insiders are not buying much.

Housekeeping:

Many of you have met my new partner, Chase Thomas. We are starting another hedge fund that Chase will manage in his exclusive style. We settled on the name **Alpha Wealth Volatility Advantage Fund** and cannot wait to have it up and running. Be on the look-out for an invitation to the launch party in late September. We have recommended several long standing clients and new ones to Chase. They are very



happy. His results in the 2nd quarter were outstanding, **up by an average of 12%** after fees and depending on leverage. Please let me know if you are interested in talking to him about separately managed accounts and / or financial planning. He's a CERTIFIED FINANCIAL PLANNER™ and really knows his game.

Theta Funds, after a rough February, has gotten back on track, racking up steady & consistent ½% percent a month returns with very little volatility.

Stafford Newsome is preparing new marketing materials and guiding all of our marketing outreach. You should see some changes in collateral, posts, and most importantly a hedge fund launch invitation coming in the Fall. We are staffing up with some sharp, young interns in analysis. Our business is rapidly growing. As a result of the merger, Alpha Wealth Funds has more than tripled its AUM to nearly \$24 million.

Our outlook:

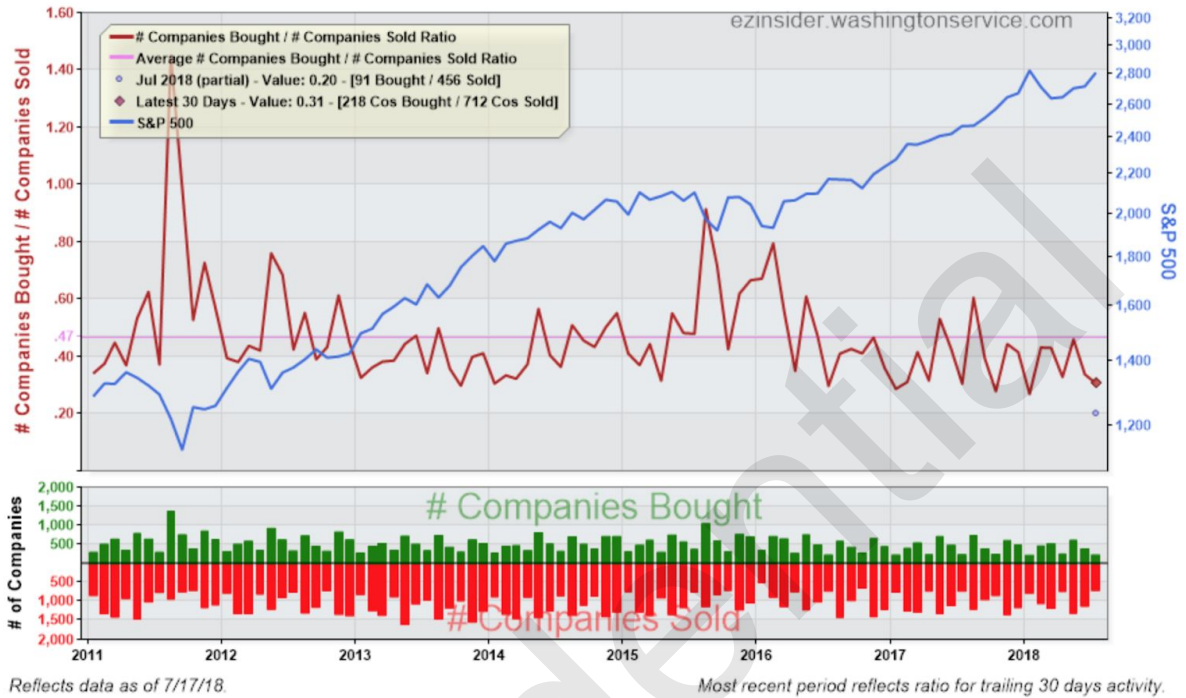
As you can see from the winners of the 2nd quarter, tech stocks, Twitter and Alphabet were major contributors. In fact, Mary Callahan Erdoes from JP Morgan said at CNBC's Delivering Alpha conference that, "but for FANG stocks, the market is down." We maintain high cash balances going into the third quarter, a historically unfavorable one.

Our outlook from last quarter is pretty much the same. We wrote that, "The lack of stability in the White House is taking its toll on investor confidence... the radical trade agenda of Peter Navarro, Trump's trade guru on China, is threatening to undermine a world order that has allowed China to become the second biggest economy in the world." I make no choices politically, left or right, globalist or nationalist. I only want to be able to anticipate when to zig or when to zag.

If you haven't read Peter Navarro's latest treatise on China, *Crouching Tiger*, you should. If you are wondering if we are going to be in a trade war, it could be much worse. In the mind of Peter Navarro, the biggest question is; "Is War with China inevitable?" And he is not talking about just economic war either. Tension on the Korean peninsula may be far from over as this may portend the future relationship of the two superpowers. These are two obvious hazards investors should be aware of. The third thing to be aware of are interest rates. A rise in interest rates makes stocks less valuable. That's just math.

I share these concerns and one other that not much is being made of. Insiders are largely absent from this market.

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

Partner, Alpha Wealth Funds, LLC

Fund Manager of The Insiders Fund, LP