Alpha Wealth Funds, LLC

"the opportunities never stop"

Feb 2020

The Insiders Fund, LP 3rd Quarter 2019 Partner Letter:

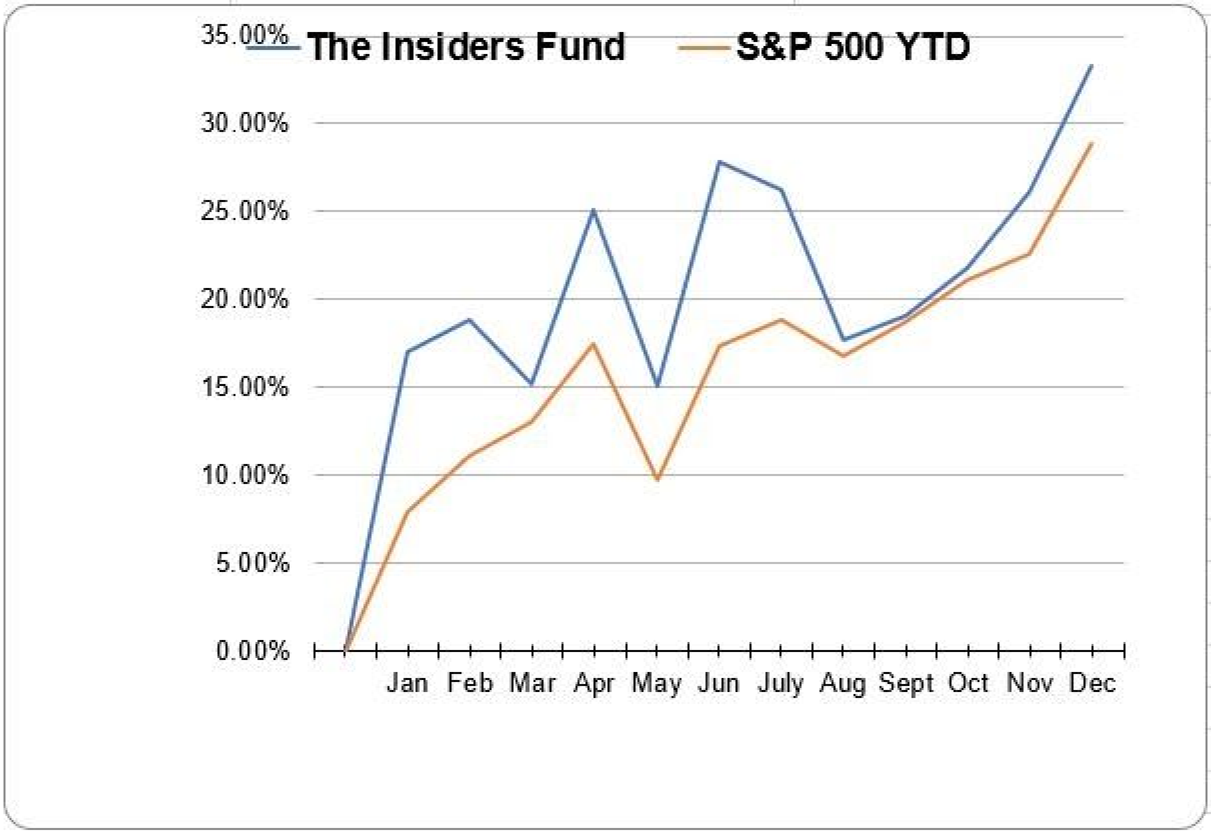
The Fund was the 9th best performing long short fund in the world according to leading independent database provider, Barclay Hedge

Results and Benchmark Comparisons:

The Insiders Fund was up 5.62% for December, down 12.38% for the 3rd quarter and up 32.95% for the year ending 2019. The S&P 500 total return for the same periods was up 3.02%, 3.78%, and 31.49% during the respective time periods . The S&P 500 had its biggest one year gain since 2013, when it rallied 29.6%. Our own thank you goes out to Federal Reserve Chairman, Jerome Powell for aggressively changing course on interest rates.. The Insiders Fund was named by Barclay Hedge as the 9th best performing long short performing hedge fund in the world for December 2019.

Your own returns will vary based on when you invested, withdrawals and additions, negotiated rates and highwater marks.

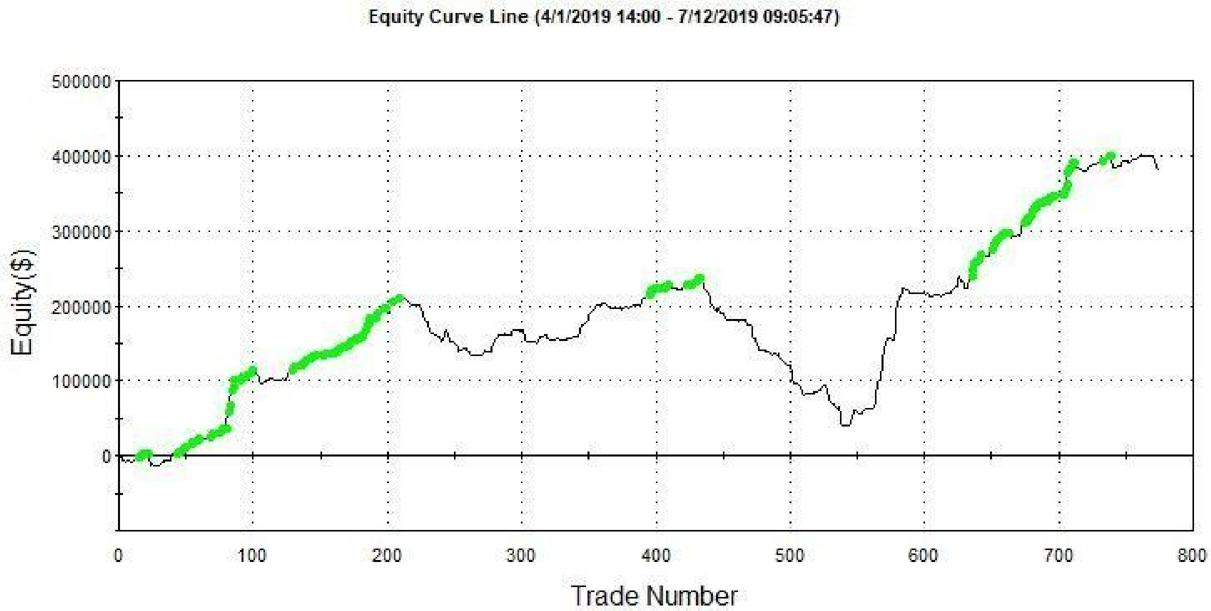
1887 Gold Dust Lane, Suite 203A, Park City, UT 84060
wk. 435-658-1934 ▪ fax: 206.984.4109 ▪ email: hsax@theinsidersfund.com



Monthly performance chart

This letter is our report card to our partners. We strongly encourage you to read it carefully as often the difference between success and failure in investing boils down to understanding what you own. Investments rarely align themselves with monthly or quarterly results, so it's important to understand the logic behind the reported results, especially so when they don't line up as well as this past quarter's. I believe success in the stock market is often about investors with conviction taking money from those that lack it. Hopefully, this year's results to date, far outperforming the market, will validate your continued faith in the strategy.

1887 Gold Dust Lane, Suite 203A, Park City, UT 84060
wk. 435-658-1934 ▪ fax: 206.984.4109 ▪ email: hsax@theinsidersfund.com



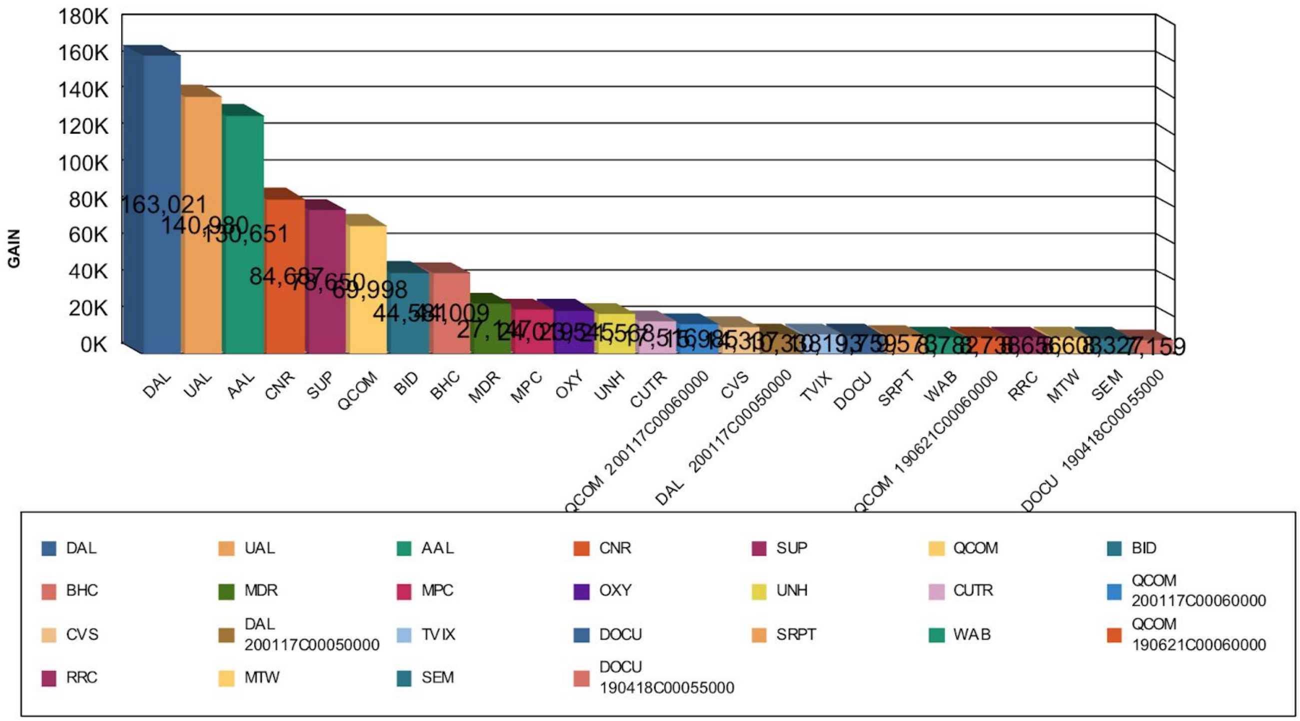
It wasn't always a straight line up in the second quarter

We made 774 trades during the quarter, 516 on the long side and 258 on the short side. We were 55.68% profitable overall, with 56.20% win ratio on the long side and 54.65% profitable on the short side. This quarter we added our futures trades, mostly long and short hedging of the S&P 500. Early results in July are encouraging, up 3% as of the date of this letter.

The next part of the report includes analysis on our top winning and losing trades. We are trying a different format in this letter and includes a graphical print out from our Prime Broker, TradeStation.

1887 Gold Dust Lane, Suite 203A, Park City, UT 84060
wk. 435-658-1934 ▪ fax: 206.984.4109 ▪ email: hsax@theinsidersfund.com

Top 10 Gainers
THE INSIDERS FUND, LP
19216811
From 03/31/2019 to 06/25/2019

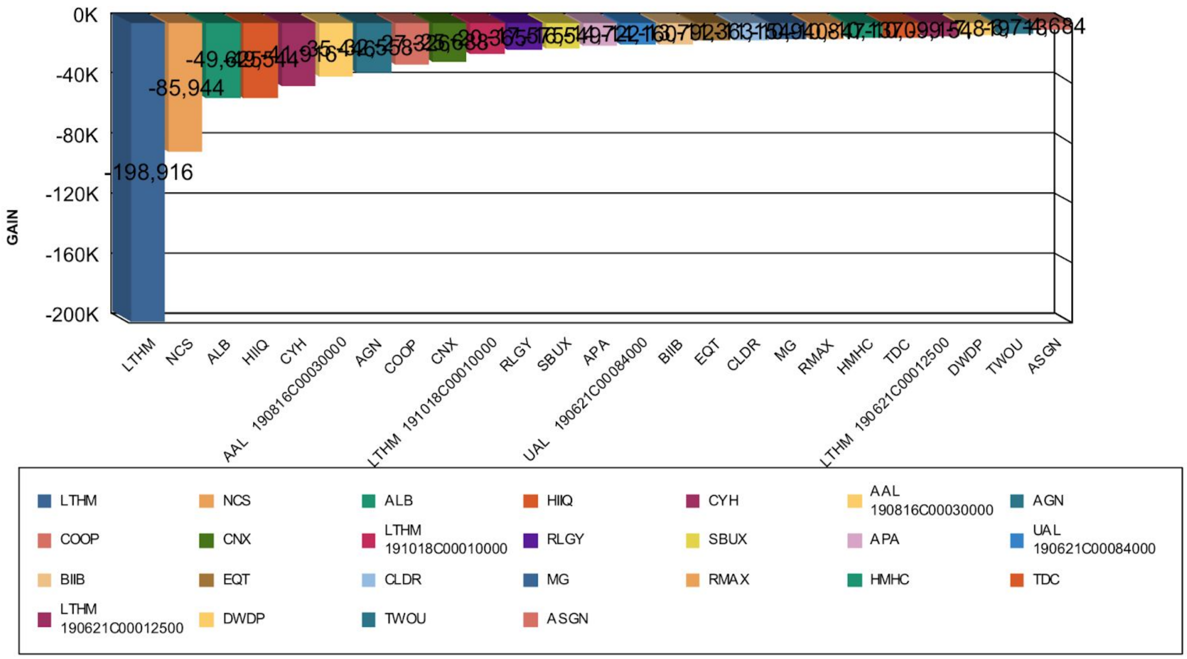


19216811

As you can tell we fared well with airlines last quarter, making large sums on all three major carriers- Delta, United, and American Airlines. This significantly undervalued group seems to plod along and lag the overall market performance, yet their financial results are outstanding. We traded out all of these positions well before they pulled back and now we have completely reloaded and they are once again our largest positions and are all very profitable. That's why we titled this report, the gift that keeps on giving. At some point, though, we believe this fundamentally undervalued, underloved group will get the higher P.E ratio that they deserve based on their consistent results. Historically the airline industry engaged in irrational pricing, all the national carriers except Southwest have undergone bankruptcy restructuring. Our thesis is that there are secular tailwinds and the group has gotten religion about overcapacity and irrational pricing. If that's the case, this group is headed substantially higher. In the meantime we seem to have a good handle on the trading range.

1887 Gold Dust Lane, Suite 203A, Park City, UT 84060
wk. 435-658-1934 ▪ fax: 206.984.4109 ▪ email: hsax@theinsidersfund.com

Top 10 Losers
THE INSIDERS FUND, LP
19216811
From 03/31/2019 to 06/25/2019



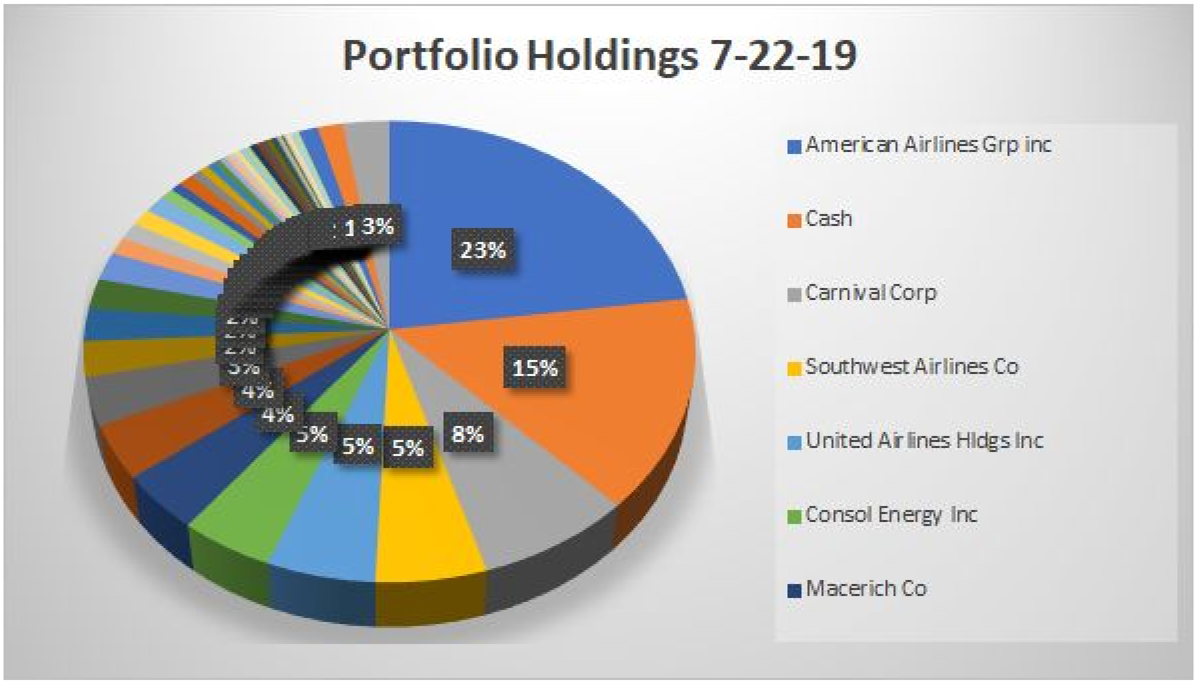
Our biggest disappointment of the quarter was Livent, LTHM, the only pure play public lithium mining company. Lithium is an essential metal required for the electrification of the transportation fleet. As a Tesla owner, I can personally vouch for the transportation revolution that it harkens. The real question though is the replacement of one scarce commodity for another any kind of real revolution? Unless the cost comes down dramatically the revolution won't materialize and the internal combustion engine and with it the oil-based economy will thrive decades longer. That is the quandary of investing in a commodity that needs lower prices to supplant oil. What LTHM lost on pricing has yet to be made up in quantity. The fear of oversupply won out over the huge projections of growth. Shorts were right in the short term.

Current holdings:

Because the fund is such an active trader, we may highlight an individual holding if it's a new position, major holding or represents some change to our normal holdings.

1887 Gold Dust Lane, Suite 203A, Park City, UT 84060
wk. 435-658-1934 · fax: 206.984.4109 · email: hsax@theinsidersfund.com

The point being is that 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 of 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.



Boeing recently announced a $4.9 B charge to earnings that it will take during its 2nd quarter due to expected reimbursements to airlines. The stock immediately gained 4% on this news as Wall Street expected worse and investors sensed an end to the Boeing 737 Max grounding. What I find interesting about this news, though, is no one is putting numbers to the amount American or Southwest, Boeing's largest customer will be reimbursed. That could be another part of the airline gift that keeps on giving.

We cashed out of Delta again for large profits but kept our hand in the till with a very large near the money September call position. Buying options is risky but we've made a lot of money on Delta and think there is some chance that Warren Buffett might just buy the whole airline. It's cheap, a jewel of the industry, and he is the largest shareholder. It's not improbable to see it bought lock stock and barrel by Buffett. Again this is a short term play. Delta just made a new all-time high and we think it could fly some more with or without Buffett if the market can stay together.

American will report earnings this week. They've already preannounced better than expected results; even with large numbers of canceled flights due to their grounded fleet of 737 Max airplanes. American is the worst-performing of the four major U.S. airlines but it has the *most* insider buying. American has been engaged in brutal labor negotiations with the machinist union and a resolution could be a positive catalyst.

In the last partner letter we wrote, "With oil prices expected to remain in check because of the vast increase in U.S. production, passenger growth in a cyclical upswing, and low P.E. ratios,

1887 Gold Dust Lane, Suite 203A, Park City, UT 84060
wk. 435-658-1934 ▪ fax: 206.984.4109 ▪ email: hsax@theinsidersfund.com

the industry looks particularly favorable. Insiders must agree as they have been aggressive buyers of United and American Airlines and to a lesser extent Delta and Southwest. " Bottom line we think the market is overly worried about an economic slowdown impacting airline earnings. Once the dust settles we expect the four major airlines to represent something more like 30% of the portfolio. As part of our risk management, we like to keep exposure to any one sector of the market below 30% since all stocks in a sector tend to mimic the same price pattern.

Biogen is now a 3% holding. This is the biotech that bet the last five years on a failed Alzheimer's drug. We blogged on this a few weeks back. We made a lot of quick money on a trade with Biogen and now are settled in on a smaller position waiting on a takeover or some other catalyst to move the stock. BIIB is cheap, 7-8 times earnings but cheap can stay cheap for a long time.

Mall developer, Macerich MAC, looks interesting to us. MAC has a 9.3% dividend yield and significant insider buying. The market may just have it wrong as brick and mortar may not be dead, just walking dead. A bounce in price with a 9% dividend can be a nice return in a market increasingly overvalued.

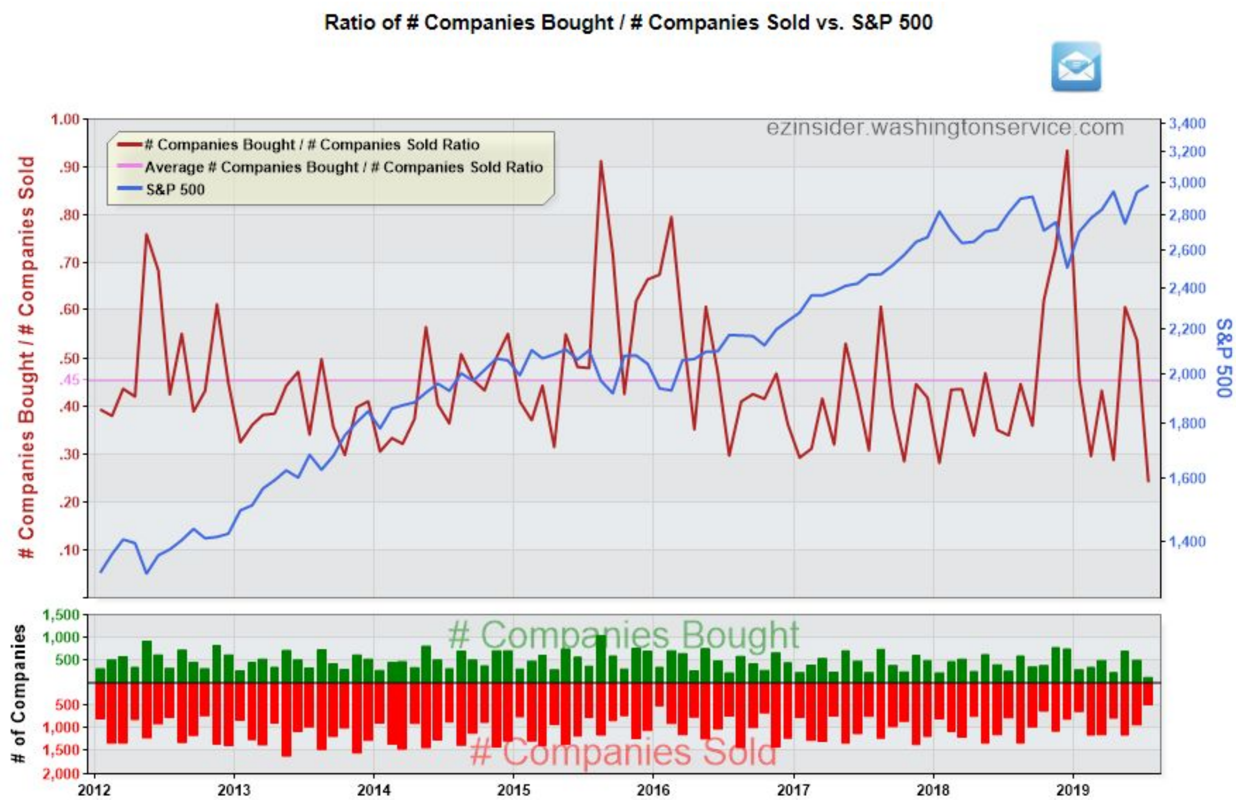
Mezzanine debt dealer, FS KKR Capital Corp., has a 12% plus yield. We've made money here before and insiders have taken a hefty position. We vehemently dislike most highly indebted companies but KKR, the sponsor, is one of the better managers out there.

On another note, we are researching every publicly traded P.E. deals during the last three years to short. We think private equity investments are borderline fraud. Investors' money is locked up for almost a decade while management cherry picks returns with inflated private valuations, loads the companies with debt and then as part of their exit strategy attempts to IPO them back to the public as efficiently run moneymakers. Investors too often learn that first in first out means the P.E. managers get paid first, not the investors.. None other than investment guru Warren Buffett has been taken in by the charlatans, admitting now that he overpaid for Kraft-Heinz.

Warren Buffett's own comments support this view. ""We have seen a number of proposals from private equity funds where the returns are really not calculated in a manner that I would regard as honest," Buffett said at Berkshire Hathaway Inc.'s last annual meeting. "If I were running a pension fund, I would be very careful about what was being offered to me."

1887 Gold Dust Lane, Suite 203A, Park City, UT 84060
wk. 435-658-1934 ▪ fax: 206.984.4109 ▪ email: hsax@theinsidersfund.com

Our Outlook:



Insider buying has all but disappeared

Insider buying remains anemic. Insider buying ratios are as low as we've ever seen. The complete collapse of insider buying has led me to believe that we might be close to a steep market correction.

On March 25, 2019, I sent out an email "The Federal Reserve Just Told You to Buy Stocks- Something extraordinary just happened. In the 30 plus years that I have been managing investments, I have never seen anything like what happened on that day. The Federal Reserve Chairman, Powel, in a press conference after the regularly scheduled FOMC meeting, told you to buy stocks. That's right.; the Fed Chairman said there would be no more rate hikes this year

1887 Gold Dust Lane, Suite 203A, Park City, UT 84060
wk. 435-658-1934 ▪ fax: 206.984.4109 ▪ email: hsax@theinsidersfund.com

and only one in 2020. Not only that; there was unanimous agreement about it amongst the Federal Reserve Governors.

Now the Fed is saying that interest rates are going lower. The futures market is predicting that the Fed will lower rates at the upcoming meeting. Cheap money is a witches brew for stocks. It can propel valuations higher and higher until we get to the infamous point of “irrational exuberance”. We all know what happens then.

The feeding frenzy of the hot IPO market should be a wake-up call that we are close to some kind of blow-off top. Several recent IPOs come to mind that seem way over the top, Uber, Lyft, CrowdStrike, and Beyond Meat to name a few.

Uber was floating a $95 billion market cap valuation prior to listing. It’s now trading at $75 billion and has yet to make its first profitable quarter from operations. Uber also has significant debt even with the billions it raised in the IPO.

Crowdstrike IPO prospectus advertised 19 million shares on their IPO at $29. CrowdStrike opened its first day of trading on the Nasdaq with a share price of $63.50, surging from its IPO price of $34. CrowdStrike recorded a net loss of $140 million for the year ended Jan. 31, while revenue more than doubled to $249.8 million. Doubling in revenue actually did nothing to reduce losses. Taking a page out of Facebook’s play book, the Company sold Class A stock which has 1/10th the voting rights of the founder’s Class B stock. In other words, public shareholders will never have a say in how this company is run. Today the Company is valued at $18 billion dollars and is nowhere close to free cash flow positive.

Beyond Meat is even crazier. This vegetarian meat substitute defies reasonable valuation metrics. It is growing fast but the meat substitute product is hardly healthy (read the chemical ingredients), hardly cheap (more expensive than the real thing), and hardly proprietary(multiple meatless copycats on the horizon). BYND priced its IPO at $25 on May 28th. It’s trading as of 7-24-19 at $201.54. That’s as crazy as any Dot-com mania frenzy.

Over the next few days and weeks, we will step up our search for short sale candidates. The first place we will look is in the portfolio companies of the largest private equity firms that have sold shares through IPOs back to the public but not yet cleared out their late-stage investors.

We’re not calling an end to this year’s spectacular market rally. We are not smart or lucky enough to think we can do that but as mentioned to you earlier the lack of insider buying and the frothiness of the IPO market are warning signs.

1887 Gold Dust Lane, Suite 203A, Park City, UT 84060
wk. 435-658-1934 ▪ fax: 206.984.4109 ▪ email: hsax@theinsidersfund.com

Housekeeping

We’ve been doing a lot of financial plans in the last few months. It’s an exciting addition to our business model and I’ve seen first hand the peace of mind it often brings our clients knowing that they can retire with enough money to live the life they want. It also provides clarity, explaining how much cash they need to live, what kinds of returns they must generate, how to organize their affairs, save money on taxes, and much more. If you have any interest in hearing more about this, please contact me and be sure to remind me to tell you about our money back satisfaction guarantee on financial plans done by our Certified Financial Planners. ™

Last but not least follow us on Twitter, Facebook, Instagram, and LinkedIn. Both Alpha Wealth Funds and The Insiders Fund are busy on social media. We’ve been adding a lot of good content to these platforms and having followers makes us want to add more.

As always, we greatly appreciate the honor and responsibility of managing your investments. Please feel free to reach out to me, Michael Torrence (mtorrenc@alphawealthfunds.com), or Chase Thomas (cthomas@alphawealthfunds.com) anytime.

Sincerely,

HWS

Harvey Warren Sax
hsax@theinsidersfund.com
Partner, Alpha Wealth Funds, LLC
Fund Manager of The Insiders Fund, LP

1887 Gold Dust Lane, Suite 203A, Park City, UT 84060
wk. 435-658-1934 ▪ fax: 206.984.4109 ▪ email: hsax@theinsidersfund.com