

30 June 2021

Dear Member,

We are writing to inform members of the Alpha Infrastructure Fund (**Fund**) that there will be a meeting of Fund's members to be held on Monday 26 July 2021 to consider a resolution (**Resolution**) to approve proposed amendments to the Fund constitution (**Proposed Amendments**). The Proposed Amendments are set out in the attached Explanatory Memorandum and Notice of Meeting. The purpose of the Proposed Amendments is to facilitate the proposal to redeem all units on issue held by members of the Fund, in exchange for the issue of units in the Alpha High Growth Fund (**Proposal**).

The Proposal is part of an overall proposal to restructure of the following Alpha single asset class funds (**Alpha Funds**) on or around 1 August 2021. The proposed mergers (**Proposed Merger 1** and **Proposed Merger 2**) will to create two multi-asset class funds.

A key benefit of the proposed restructure is that it is expected to result in all members of the Alpha Funds paying significantly reduced management costs when they become a member of the Alpha Moderate Fund or Alpha High Growth Fund. Currently members of the Fund pay 1.30% p.a. in total management costs. Under the Proposed Merger 1, as unitholders of the Alpha High Growth Fund they are expected to pay 0.89% p.a. in management costs, which represents a reduction of 0.41% p.a. The table below sets out the proposed merger groupings and the two new funds as well as the expected management costs.

CURRENT FUND (MANAGEMENT COST)

NEW FUNDS POST IMPLEMENTATION OF PROPOSED MERGER 1 & PROPOSED MERGER 2 (PROPOSED MANAGEMENT COST)

Proposed Merger 1

<ol style="list-style-type: none"> 1. Alpha Global Opportunities Fund (1.30% p.a.) 2. Alpha Australian Blue Chip Fund (1.20% p.a.) 3. Alpha Australian Small Companies Fund (1.40% p.a.) 4. Alpha Property Securities Fund (1.15% p.a.) 5. Alpha Infrastructure Fund (1.30% p.a.) 	<p>Alpha High Growth Fund (0.89% p.a.)</p> <p>The Alpha High Growth Fund will invest primarily in growth assets (90-100%) including equities (Australian and global), property and infrastructure securities and a small allocation to defensive assets (0-10%) such as bonds, fixed income securities and cash.</p>
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Proposed Merger 2

<ol style="list-style-type: none"> 6. Alpha Enhanced Yield Fund (1.78% p.a.*) 7. Alpha Diversified Income Fund (1.62% p.a.*) 8. Alpha Alternatives Fund (7.70% p.a.*) 	<p>Alpha Moderate Fund (0.65% p.a.)</p> <p>The Alpha Moderate Fund will invest in a blend of growth assets (20-40%) including equities (Australian and global), property and infrastructure securities and defensive assets (60-80%) such as bonds, fixed income securities and cash.</p>
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(Note*: Including all additional indirect costs from investing in underlying vehicles as outlined in each fund's PDS.)

Background to the Proposed Merger Groupings

Alpha, in analysing the Fund's member base, have identified that a majority of members in the Fund have multiple holdings in the Alpha Funds. This has resulted largely from their adoption of a 'model portfolio' investment solution. The proposed mergers have been grouped and



structured so that members who are following the 'model portfolios' will continue to hold broadly similar asset class exposures following the completion of the mergers. The merger grouping for Proposed Merger 1 has also considered that the five funds (Alpha Global Opportunities Fund, Alpha Australian Blue Chip Fund, Alpha Australian Small Companies Fund, Alpha Property Securities Fund and Alpha Infrastructure Fund) all share a 'high' risk profile and are all predominately invested in listed equity securities. As such, Alpha considers that even for members who only hold units in the Fund the existing risk profile of their investments will not change materially.

How will the Alpha High Growth Fund invest? How does it compare to the Fund?

The portfolio of the Alpha High Growth Fund will hold a broader mix of asset classes to the Fund. The Alpha High Growth Fund will invest primarily in growth assets (90-100%) including equities (Australian and global), property and infrastructure securities and a small allocation to defensive assets (0-10%) such as bonds, fixed income and cash. Currently, the Fund's exposure is predominately to global infrastructure securities.

Another difference is that the Alpha High Growth Fund will have an ESG focus and will seek to invest in companies that demonstrate superior ESG and ethical practices and seek to exclude companies with core business activities including tobacco, alcohol production, gambling, weapons manufacturing, uranium and coal mining and oil production.

Based on Alpha's historical statistical analysis of the Fund and the proposed benchmark of the Alpha High Growth Fund, Alpha believes that the performance profile of the two strategies is mostly likely to be similar in terms of future returns and risk levels. In saying this, Alpha also believes that the performance profile of the Alpha High Growth Fund has the potential to be exhibit lower volatility and drawdowns due to it holding a more diversified portfolio of growth asset classes than just global infrastructure securities. Alpha does not expect that the inclusion of an ESG focus is likely to have a material impact on performance, noting that the total number of securities excluded as a result of ESG factors will be minor (circa 5% of the investment universe) and that Alpha's investment style has a 'quality' bias, which tends to already limit exposure to securities with poor ESG characteristics. While Alpha is of the view the inclusion of other growth assets will not alter the 'high' risk profile of the Fund, there may be some additional risk factors to consider.

There will be no change to liquidity terms and the Alpha High Growth Fund will also offer daily redemptions. The minimum suggested investment timeframe of the Alpha High Growth Fund is 7 years, which is longer than the Fund which has a minimum suggested investment timeframe of 3-5 years.

Further information regarding the changes including to the investment strategy and investment objective is set out in the attached Explanatory Memorandum and Notice of Meeting.

Implementation of Proposed Merger 1

The Proposal and the Proposed Merger 1 can only be implemented if the Resolution is passed by members of the Fund and the proposed amendments to the constitutions of the Alpha Australian Blue Chip Fund, Alpha Australian Small Companies Fund and Alpha Property Securities Fund are approved at meetings by their members. If approved, upon the implementation of the Proposal and the Proposed Merger 1, you will no longer be a member of the Fund and will become a member of the Alpha High Growth Fund. The Proposal and the Proposed Merger 1 is expected to be completed by 1st August 2021. The implementation steps and a detailed timetable is set out in the attached Explanatory Memorandum and Notice of Meeting.



If the Resolution is not passed by the Fund's members or if the proposed amendments to the constitutions of the Alpha Australian Blue Chip Fund, Alpha Australian Small Companies Fund and Alpha Property Securities Fund are not passed by their members, the Proposal will not be implemented and the Fund will remain in its current form. The responsible entity, EQT, and the investment manager, Alpha, will then consider what is ultimately in the best interests of members given the benefits of the Proposed Merger 1 will not be available. Options that may be considered in the future include winding up the Fund or, as permitted under the Fund's constitution, modifying the investment strategy. Such decisions would be made in accordance with the Fund's constitution and the *Corporations Act 2001*.

EQT & Alpha Fund Managers Support the Resolution being put to members

Equity Trustees Limited (EQT) in its capacity as responsible entity of the Fund and Alpha Fund Managers (**Alpha**) in its capacity as investment manager of the Fund support the Resolution being put to members for consideration. Our support reflects that the Proposed Merger 1 is expected to result in members of the Fund paying significantly reduced management costs, when they become members of the Alpha High Growth Fund. The Explanatory Memorandum and Notice of Meeting summarises the advantages and disadvantages of the Proposal and the Proposed Merger 1. The proposed mergers are also expected to have efficiency benefits for EQT and Alpha.

EQT will pay for the costs of calling and holding the meeting and Alpha will pay the costs of implementing the Proposal and Proposed Merger 1.

We encourage members to consider the Proposal and exercise their vote on the Resolution.

Signed,

Russell Beasley
Executive General Manager, Corporate Trustees Services - Australia