



HERITAGE TOTAL RETURN (CHF / EUR / USD)

Swiss fund of funds with special risks

Monthly update

July 2007

INVESTMENT OBJECTIVES

Heritage Total Return's objective is to maximise capital appreciation through investment in a diversified portfolio of hedge funds managed by some of the most outstanding managers in the world.

The portfolio is diversified by strategy and by manager targeting a compound return of 4% to 8% per annum. By selecting investment vehicles with non-correlated strategies and track records it seeks to achieve a low volatility of less than 3%.

NET ASSET VALUE at

July 31, 2007

		MTD	YTD
CHF	1'227.90	0.49%	5.92%
EUR	1'229.60	0.61%	6.76%
USD	1'181.20	0.71%	7.78%

HERITAGE TOTAL RETURN (CHF) - NET HISTORICAL PERFORMANCE

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
2007	5.92%	0.69%	0.09%	0.84%	1.25%	1.85%	0.58%	0.49%					
2006	3.81%	2.23%	-0.35%	1.39%	1.71%	-2.30%	-1.07%	-0.51%	-0.04%	-0.70%	1.21%	1.20%	1.08%
2005	6.93%	0.33%	1.04%	-0.26%	-0.42%	-0.04%	1.40%	1.56%	0.42%	1.66%	-1.44%	1.05%	1.48%
2004	1.63%	0.27%	0.51%	0.45%	-0.12%	-0.58%	0.12%	-0.07%	-0.26%	0.15%	0.03%	0.67%	0.46%
2003	2.76%						0.14%	0.61%	0.39%	0.44%	0.04%	1.12%	

HERITAGE TOTAL RETURN (EUR) - NET HISTORICAL PERFORMANCE (1)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
2007	6.76%	0.82%	0.19%	0.92%	1.33%	1.92%	0.78%	0.61%					
2006	5.11%	2.31%	-0.25%	1.50%	1.77%	-2.22%	-0.90%	-0.39%	0.05%	-0.58%	1.29%	1.34%	1.17%
2005	8.10%	0.45%	1.05%	-0.22%	-0.32%	0.04%	1.51%	1.64%	0.56%	1.70%	-1.33%	1.21%	1.58%
2004	2.67%	0.43%	0.66%	0.60%	0.03%	-0.43%	0.14%	0.05%	-0.12%	0.01%	0.01%	0.82%	0.45%
2003	3.74%						0.30%	0.77%	0.55%	0.60%	0.20%	1.28%	

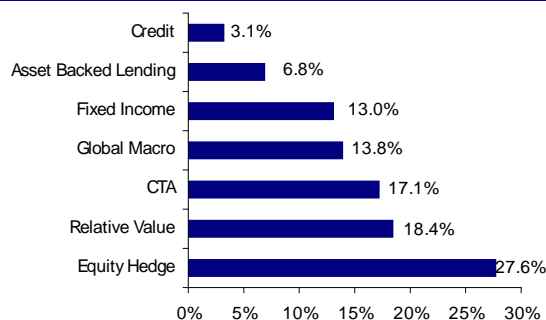
(1) Heritage Total Return (EUR) was launched on May 24th, 2004. Performance since that date is in Euros and is net of management fees and other expenses. Performance data from June 24th, 2003 (the launch date of Heritage Total Return (CHF)) to May 24th, 2004 reflects the actual performance of Heritage Total Return (CHF) translated into Euros.

HERITAGE TOTAL RETURN (USD) - NET HISTORICAL PERFORMANCE (2)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
2007	7.78%	0.98%	0.33%	1.10%	1.54%	2.06%	0.83%	0.71%					
2006	7.64%	2.65%	-0.08%	1.67%	1.99%	-2.16%	-0.65%	-0.21%	0.28%	-0.41%	1.49%	1.63%	1.29%
2005	9.76%	0.51%	1.19%	-0.09%	-0.25%	0.14%	1.61%	1.77%	0.68%	1.90%	-1.18%	1.31%	1.81%
2004	2.67%	0.34%	0.59%	0.52%	-0.05%	-0.51%	0.20%	0.00%	-0.17%	0.25%	0.13%	0.78%	0.56%
2003	3.22%						0.18%	0.67%	0.48%	0.51%	0.12%	1.22%	

(2) Heritage Total Return (USD) was launched on Nov 29th, 2005. Performance since that date is in USD and is net of management fees and other expenses. Performance data from June 24th, 2003 (the launch date of Heritage Total Return (CHF)) to Nov 29th, 2005 reflects the actual performance of Heritage Total Return (CHF) translated into USD.

ALLOCATION BY STYLE



STATISTICAL MEASURES (CHF SEGMENT)

Last 12 months Rolling Return	8.85%
Total Return Since Inception	22.79%
Compound Annual Return	5.15%
Annualized Standard Deviation	3.04%
Annualized Sharpe Ratio (0.969%)	1.38
Average Positive Return	0.83%
Average Negative Return	-0.58%
% of Months with Positive Return	71%
% of Months with Negative Return	29%
Correlation with MSCI World	0.63
Correlation with Citigroup WGBI CHF Tsy 1-10 yrs	-0.17

MAJOR HOLDINGS

Cantillon Europe Fund (William Von Mueffling)

The Fund invests long and short in a diversified portfolio of European equities and equity-related securities. The investment style is to look for undervalued and overvalued securities, based upon comparable valuations of companies in similar industries.

Tudor BVI Global Fund (Paul Tudor Jones)

The portfolio trades and invests, both long and short in stocks, bonds, government debt, currencies, commodity and financial futures, options, swaps, and other derivative instruments.

Capula Global Relative Value (Yan Huo)

The Fund invests primarily in the most liquid G-7 markets and seeks to structure a diversified relative value and macro portfolio, subject to pre-defined concentration, liquidity and stop-loss triggers/limits.

Parkcentral Global Fund Ltd (Peter Karmin)

An absolute return fund that applies a constant value approach to investing in the global G10 markets through a variety of fixed income, equity and other relative value strategies.

Brevan Howard Fund Ltd. (Alan Howard)

The Fund uses a multi-strategy approach, combining elements of general macro and relative value. General macro involves taking outright directional risk, through liquid instruments, whereby profits or losses depend on the direction or volatility of a particular market.

HERITAGE ALTERNATIVE INVESTMENTS

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COMMENTARY

In view of the market turbulence triggered by the sub-prime mortgage crisis in the U.S., we would like to highlight certain current features of Heritage Total Return and its portfolio.

1. Heritage Total Return has no long exposure to U.S. sub-prime mortgages. Two managers within the portfolio (one Global Macro and one Relative Value) have tactical short positions in the U.S. sub-prime sector.
2. The Fund has only one manager specialised in the Credit strategy (representing 3.1% of the portfolio), investing long and short primarily in the European credit markets.
3. In recent months, the Investment Manager has been reducing the Fund's risk budget in anticipation of increased market volatility and with a view to protecting gains recorded through end-May. The process of risk reduction included:
 - a. Downsizing and/or redeeming several directional, long bias positions within the Equity Hedge and Global Macro allocations;
 - b. Adding an Equity Hedge manager specialized in short-term trading, long and short;
 - c. Adding a Volatility trader, specialized in the Asian markets.

These measures certainly contributed to improving the Fund's risk/ reward profile in the current environment. In June and July, Heritage Total Return gained +0.58% and +0.49% (in CHF) respectively. By way of comparison, over the same period, the MSCI World fell -3.16% and the S&P 500 dropped -4.92%. For the year-to-date through end-July, Heritage Total Return has gained +5.92% in CHF, +6.76% in EUR and +7.78% in USD.

4. The month of August has clearly seen a sharp increase in risk aversion, impacting a broad range of asset classes. Heritage Total Return's August performance is estimated to be negative as at today. The drawdown has nevertheless been limited by the measures outlined above. In addition, Heritage Total Return has no direct exposure to statistical arbitrage or quantitative equity arbitrage, thereby avoiding the well-publicised drawdowns recorded early August by several large funds within these strategies. An August mid-month estimate for the Fund will be circulated to investors early next week.

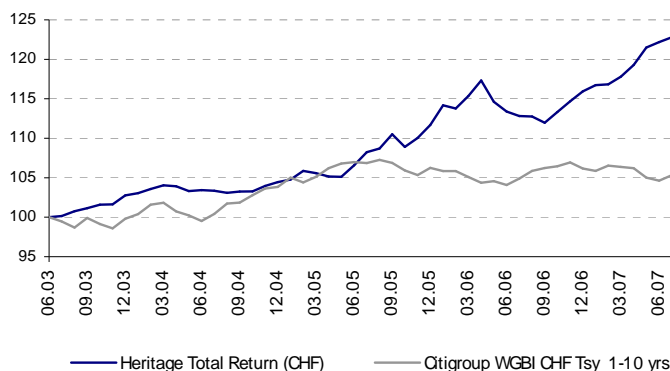
5. The issue now is clearly the impact of the crisis in the credit markets on overall risk appetite and the extent of further contagion to other asset classes. The crisis is no longer contained within a specific segment of the financial markets (U.S. sub-prime) and has given rise to a global credit squeeze. The resulting de-leveraging has impacted not only credit spreads but also global equity markets, currencies (with the unwinding of carry trades and the repatriation by Japanese investors of overseas assets into Yen-denominated investments) and latterly commodities. The Fed's decision to cut its discount rate by 50 b.p. has thrown a lifeline to financial markets. It may indeed herald a series of cuts in the Fed funds rate aimed at warding off a U.S. recession. Whilst the de-leveraging process in the financial markets thus appears to be running its course, market sentiment is not immune to further bad news in the form, for example, of a bank liquidity crisis or hedge fund loss.

6. Going forward, many of our managers are seeing attractive investment opportunities, particularly in equity markets and distressed securities. In spite of the slowdown in the U.S. economy, global economic growth is sustained, equity valuations are increasingly attractive and corporate earnings still look robust. The Investment Manager of Heritage Total Return retains a strong conviction in the quality of the Fund's underlying hedge fund managers and continues to maintain close contact with them as current events unfold.

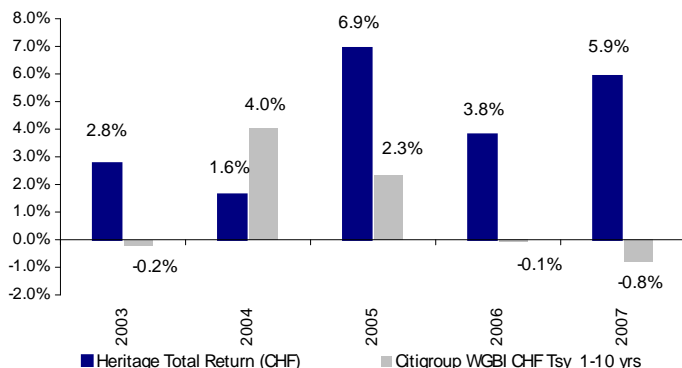
The team at Heritage Alternative Investments remain at your disposal to address any questions you may have. Please do not hesitate to contact us.



PERFORMANCE CHART (CHF SEGMENT)



HISTORICAL PERFORMANCE (CHF SEGMENT) COMPARISON WITH BOND INDEX



ADMINISTRATIVE INFORMATION

Legal Form :	Swiss fund of alternative funds with special risks
Fund Name:	Heritage Alternative Fund
Sub-Funds :	Heritage Total Return (CHF) Heritage Total Return (EUR) Heritage Total Return (USD)
Subscription :	Monthly, on last day of the month, with five business days prior notice
Redemption :	Monthly, on last day of the month, with notice no later than the 15th of the month for the following month-end.
Valuation :	Monthly, on last day of the month
NAV Publication :	No later than 10 business days after month-end.
Minimum Investment :	5 shares
Subscription Fee :	Up to 5%
All-in Fee :	2% p.a.
Total Assets :	CHF 162.7 mio
Manager :	Heritage Bank
Administrator :	Gérfonds SA
Custodian :	Banque Cantonale Vaudoise
Sub-Custodian :	Citco Bank (Dublin)
Auditor :	KPMG Fides Peat
ISIN / Telekurs :	CHF : CH0016172253 / 1.617.225 EUR : CH0018316577 / 1.831.657 USD : CH0023489328 / 2.348.932
Reuters :	<0#GERI1=>
Bloomberg :	HERITGA SW
NAV Published:	Le Temps, L'Agefi, NZZ, Finanz und Wirtschaft, CASH, Corriere del Ticino, www.gerifonds.com



HERITAGE ALTERNATIVE FUND, a Swiss fund of funds with special risks („the Fund“), is an umbrella fund investing in underlying alternative funds, the risks of which are not comparable with those of traditional investment funds. The underlying funds are of a variety of types, open-ended or closed end, that may or may not be listed on recognised stock exchanges or other public regulated markets and that may be of any legal form. Investors should be aware of the increased risks associated with investing in these funds, particularly as to the possible partial or total loss of their investment. To mitigate the risk of loss, the Fund's investment manager undertakes strict and rigorous selection and monitoring of the underlying funds and their managers whilst diversifying their investment strategies. Besides the market and currency risks, investors' attention is drawn to the risks associated with investment management, liquidity of shares in the underlying funds, liquidity of the funds' investments, the impact of share redemptions, the pricing of Fund shares, service providers, lack of transparency and legal risks. These risks are commented more fully in the prospectus. The purchase of shares is conditional upon the signature of a subscription agreement. Past performance is not necessarily a guide to future performance. Performance data does not take account of subscription fees or other transaction charges that may be payable by investors. The Fund is not available for sale in the US or to US persons and its sale is restricted in certain other jurisdictions including the UK.