



ASX ANNOUNCEMENT

15 August 2016

Alternative Investment Trust (ASX: AIQ)

Statement from members for change of responsible entity

The Trust Company (RE Services) Limited ABN 45 003 278 831 (**Perpetual**) as responsible entity of Alternative Investment Trust ARSN 112 129 218 (**AIT**) refers to the:

- (a) fund update for AIT released on 5 August 2016 in relation to a request received by Perpetual from a group of members (**Requisitioning Members**) to call a meeting for the purpose of considering and voting on resolutions to remove Perpetual as the responsible entity of AIT and appoint One Managed Investment Funds Limited ACN 117 400 987 as responsible entity; and
- (b) the notice of meeting dated 9 August 2016 to consider the change of responsible entity for AIT.

The Requisitioning Members have further provided the attached statement outlining their reasons for the proposed resolutions to change the responsible entity for AIT.

Perpetual has always acted in the best interests of all investors in AIT in its role as responsible entity of AIT. As investors are aware, it is a complex process to revitalise AIT, which requires due process to be followed. Perpetual respects the opinions expressed by the Requisitioning Members in the attached statement, and understands that the necessary steps it took as part of the process may result in differing opinions among investors. Perpetual is happy to address any question investors may have at the upcoming meeting for AIT.

ENDS

For any enquiries or information please contact Perpetual:

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The information below is provided by a group of investors in the Alternative Investment Trust ('AIT' or the 'Trust') that collectively own approximately 19.9% of the units in AIT ("We").

We have been followers of the Trust over many years as investors in the Trust and as investors in the underlying assets to which AIT has exposure.

AIT was placed into a wind down in 2009 and the value of the portfolio has shrunk significantly since that time. For every \$1 of NAV invested in AIT on 5 February 2009 when The Trust Company (Re Services) Limited ('Responsible Entity') took control of the Trust, investors have received only 76 cents of capital distributions with another 5 cents of NAV still remaining.

The Trust's remaining net asset value of less than \$20 million will take a number of years to fully realise. Therefore, we believe there should be two core focuses for AIT:

1. **Cost reduction.** AIT no longer has the asset base to absorb high costs. The Trust must reduce costs across the portfolio to maximize the remaining returns of capital to investors. The Trust's future cost structure must be as low as possible.
2. **Alternative uses of the Trust.** Even with a low cost focus, the remaining assets will require considerable time to liquidate and the operating expenses of AIT will reduce ultimate recovery for investors. We believe that other investment groups might be interested in utilising AIT's existing structure, potentially giving Unitholders an opportunity to exit at a premium to the current unit price.

Over the past two years we have sought to actively engage with the Responsible Entity in order to address a number of our concerns about the operation of the Trust. We believe there has been a lack of progress in:

- **Addressing and containing costs** – according to the 2015 Annual report, the Responsible Entity presided over the expenditure of \$986,000 in FY2015 and \$911,000 in FY2014. In FY2015, \$748,000 was paid in non-management fees. Our view is that this is not acceptable for a fund with this asset base;
- **Unwinding the Macquarie Swap** – this structure contains the vast portion of AIT's assets and has not been required for several years. The swap subjects the Trust to unnecessary liquidity restrictions and fees;
- **Distributing available cash on a timely basis** – we believe there have been significant delays in distributing available cash to investors which have caused additional fees to be collected by the current investment manager. On numerous occasions we have seen AIT's cash balance exceed 25% of NAV before the Responsible Entity has announced a distribution;
- **Disclosing the tax position of the Trust** – we believe this information is fundamental for existing and new investors to understand; and
- **Developing any restructuring initiatives** – we believe there is market and investor interest to relaunch AIT in some capacity. We are surprised that in the 14 months since it was announced that 'corporate initiatives' were being considered, Unitholders have not been asked to consider any new ideas that would enhance value.

We have lobbied over a number of years to have these issues addressed but do not feel that sufficient progress has been made. We now believe that a new responsible entity is required.

One Investment Group ('OIG') is well placed to replace the current Responsible Entity. OIG currently manages the 'sister' portfolio of AIT. In 2009 AIT was created by the splitting of the Everest Babcock & Brown Alternative Investment Trust into two funds with a pro rata share of the exact underlying assets. AIT received 73% of the assets and a fund known as EAIT received 27% of the assets. OIG has managed EAIT since 2009 and achieved materially better outcomes than the current Trustee with the same opening asset base:

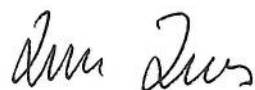
	EAIT	AIQ
% of Feb 2009 NAV Distributed	107%	76%
Remaining NAV as a % of Feb 2009 NAV	6%	5%
Total Current Position	113%	81%

We believe OIG is a better choice for Unitholders as they:

- are intimately familiar with AIT's structure and assets having managed the identical initial portfolio as AIT since 2009;
- have experience in managing funds that are in wind down;
- are committed to a strong focus on cost reduction and intend to review all current arrangements; and
- intend to review strategic options for the Trust in a cost-effective manner.

We encourage Unitholders to support our resolutions to improve the focus on AIT and ultimately the return to Unitholders.

On behalf of the Members set out below.



Tim Ivers

1. Resurgence Capital Pty Limited ATF Resurgence Capital Unit Trust;
2. Molleen Pty Limited;
3. Valamoon Pty Limited ATF Danny Goldberg Superannuation Fund;
4. Dakota Capital Pty Limited;
5. SJA Pty Limited; and
6. Chriswall Holdings Pty Limited ATF David Goldberg Family Trust No. 4.

Information provided by OIG:

One Managed Investment Funds Limited holds Australian Financial Services Licence Number 297042 and is a subsidiary of One Investment Group.

One Investment Group is an independent funds management business specialising in providing Responsible Entity, Trustee, Custody and Administration services and is the only corporate trustee provider in Australia able to offer a one-stop-shop solution to fund managers. Subsidiaries of One Investment Group have extensive experience in acting as Responsible Entity for registered schemes and Trustee for unregistered scheme and are currently Responsible Entity/Trustee for in excess of 200 managed investment schemes. One Investment Group has assets under administration of in excess of \$10bn in a wide range of underlying asset classes including infrastructure, real estate, equities, fixed income, private equity and fund of funds.

One Investment Group has 60 staff with a diverse range of experience in the financial services industry including. One Investment Group's clients include global and Australian listed companies, sovereign wealth funds, banks, insurance companies, pension funds, private equity firms and boutique managers.