

# AIT *Alternative* Investment Trust

Alternative Investment Trust (AIT) has exposure to a portfolio of leading absolute return funds and selected direct investments. With a revised investment, the assets of AIT strategy are being realised and the fund is in wind down.

## Fund facts as at April 2009

Monthly return	-2.88%	Net Assets (NA)	AUD 289,137,386
NTA as at April 2009	AUD 2.146	Units in issue	130,692,470
Gross Assets (GA)	AUD 508,335,238	Traded on	ASX
Leverage - GA/NA	1.7581	Currency	AUD
Domicile	Australia	Responsible Entity	Permanent Investment Management Limited (PIML)
SEDOL	B1B0GT6		ACN 003 278 831 AFSL 235 150
Ticker	AIQ AU	ISIN	AU000000AIQ2

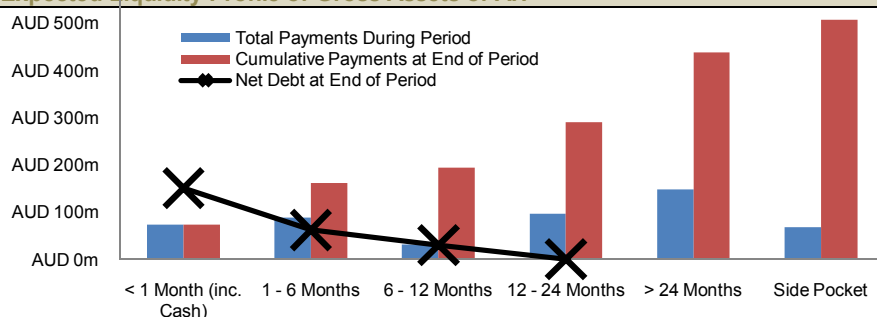
## Commentary

- For April 2009, AIT returned -2.88%. Over the month, the AUD strengthened by nearly 6% against the USD, and with the majority of AIT's investments using USD as their base currency, this move had a noticeable effect on AIT's Net Tangible Assets.
- During April, global equity and credit markets exhibited some recovery, as the extreme economic pessimism of previous months abated. A number of AIT's funds benefitted from this general rally, some quite significantly. However, as AIT's diversified exposure includes many alternative asset classes and special investments, the average value-weighted performance of the fund was neutral for the month.

## Liquidity of AIT

The portfolio of AIT consists largely of exposure to a basket of absolute return funds via a Swap facility with Macquarie Bank Ltd, with some direct investments. Under the terms of the realisation of the AIT assets, the leverage from the Swap facility must be paid down before unitholders may receive distributions from assets sold or redeemed (that are within the Swap). At the end of April, approx. AUD16m was received in cash and used to reduce the leverage facility from AUD240m to AUD224m.

## Expected Liquidity Profile of Gross Assets of AIT

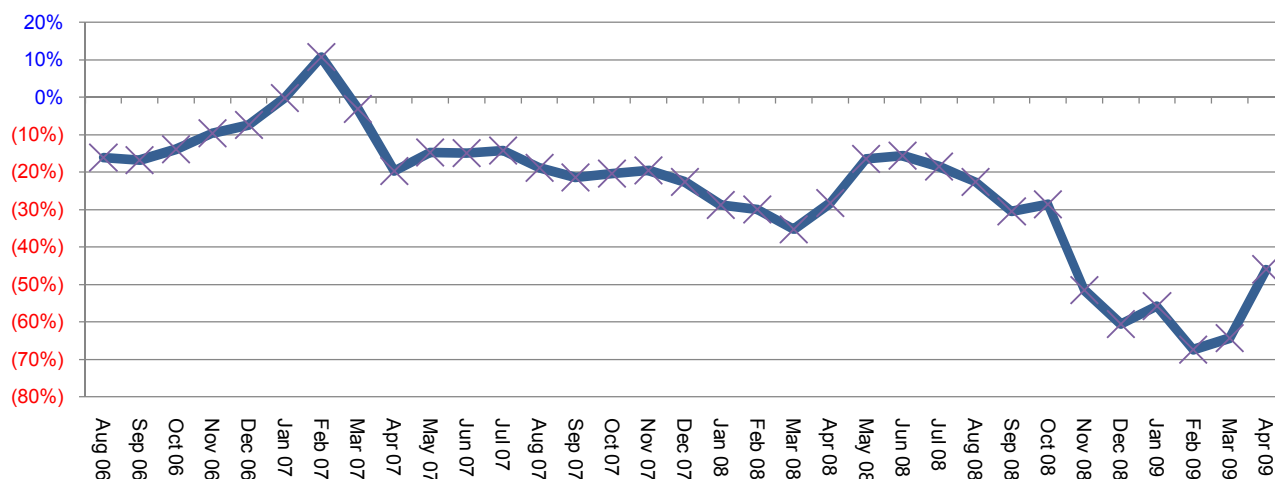


This graph (see last month's factsheet for a full description) shows the payments that AIT expects to receive from its underlying investments as well as the anticipated reduction in AIT's Net Debt.

## Details of AIT's Top Holdings - all except No. 2 are held with the Macquarie Swap.

- 1. TPG-Axon (10.7% of Gross Assets):** Multi-Strategy
- 2. EBI Income Fund (7.85% of Gross Assets):** EBI Income Fund (EBIIF) has exposure to a range of direct investments and indirect investments via its investment in the Everest Babcock & Brown Income Fund (EBBIF). These investments are primarily mezzanine loans to infrastructure related assets including ports, rail and car parking.
- 3. Drawbridge (7.35% of Gross Assets):** An opportunistic diversified portfolio of investments primarily made in the United States, Western Europe and the Pacific region, focusing on asset-based transactions, loans and corporate securities.
- 4. Eton Park Overseas Fund (3.8% of Gross Assets):** Eton Park Overseas Fund's objective is to deliver superior risk-adjusted returns over a multi-year period with an absolute return orientation. Total assets under management are USD12bn, with the Overseas Fund accounting for US\$8-9bn. Equity long/short and credit-related strategies are the two main areas of investment for this fund; although it also has exposure to event orientated investments, as well as investments in derivatives and special investments. The fund invests globally and has no set allocation to any region; though North America is a significant area of investment currently.
- 5. ESL Investments (3.4% of Gross Assets):** ESL has a number of large equity investments in retail companies, all primarily based in North America. These investments include AutoZone, a retailer of automotive parts and accessories, Sears, the department store, and AutoNation, which sells, finances and services new and used vehicles. As the equity markets rallied in April, the share prices of all three companies rose, with AutoZone up 2.3%, AutoNation up 6.2% and Sears up 36.7%.
- 6. Silver Point (3.31% of Gross Assets):** Silver Point Capital, Ltd. is a multibillion dollar distressed and credit-focused private investment firm, headquartered in Greenwich, Connecticut. Silver Point seeks to identify, analyse and then drive the best opportunities in distressed markets.
- 7. Marathon Special Opportunity Fund (3.29% of Gross Assets):** Marathon Special Opportunities Fund is a multibillion dollar fund aiming to maximise total risk adjusted returns primarily through investment in credit-related strategies – including distressed credit – though the fund may also employ strategies using equities if appropriate. The fund invests predominantly on an opportunistic basis, to include longer term special situation type investments. Its primary region of investment is North America, although it will invest in any sector where it has sufficient expertise and where it sees opportunity.
- 8. Taconic Opportunity Offshore (2.45% of Gross Assets):** Taconic's Opportunity Funds focus on companies undergoing some form of transformation to their historical businesses or capital structures. The Fund seeks to identify misperceptions and mispricings that have the potential to lead to outsized returns on capital. The Fund also includes fundamental deep value investments.
- 9. EARF (1.87% of Gross Assets):** The Everest Absolute Return Fund is invested in a diversified portfolio of absolute return funds. The funds held by EARF are spread across a range of investment managers and EARF's strategy exposure includes long/short equity, distressed securities, multi-strategy, managed futures, global macro and arbitrage. The fund was restructured towards the end of 2008. It is currently being managed with a view to returning cash to shareholders, but no distributions will be made until the debt associated with EARF's swap facility – where EARF's investments are held – has been fully repaid.

## Alternative Investment Trust Price to NAV Discount



### NTA returns (net)<sub>1</sub>

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2006									1.69%	2.85%	3.47%	2.68%	9.26%
2007	2.83%	(9.30%)	2.10%	5.08%	(4.89%)	(4.91%)	(0.25%)	(3.20%)	1.27%	3.27%	(1.70%)	0.74%	(9.50%)
2008	(4.18%)	0.77%	(1.78%)	0.78%	1.54%	(3.80%)	(1.58%)	(1.87%)	(9.81%)	(15.4%)	(7.86%)	(7.75%)	(41.5%)
2009	(2.78%)	0.76%	(5.20%)	(2.88%)									

1 Unaudited – In calculating the NTA, AIT asset values have been calculated using unaudited absolute return fund performance estimates for the month being reported. For the purposes of calculating the above figures, the Australian Equivalents to International Financial Reporting Standards (AEIFRS) have been applied (other than for classification of net assets attributable to unitholders of AIT where Australian Generally Accepted Accounting Principles (AGAAP), as applied before the introduction of AEIFRS, have been used). The May 2007 monthly NTA performance was impacted by the AIT (previously EBI) rights issue and placement which were completed that month and does not include the implied value of EBB shares received by investors who successfully participated in the EBI capital raising. The performance of the underlying investment portfolio (excluding the effect of the capital raising) for May 2007 was +2.40%.

### AIT Top Holdings as at April 2009

Fund	Strategy	% Gross Assets
TPG-Axon Partners Offshore Ltd	Income Producing	10.77%
Everest Babcock & Brown Income	Multi Strategy	7.85%
Drawbridge Special Opportunities	Multi Strategy	7.35%
Eton Park Overseas Fund Ltd	Asset Based Lending	3.76%
ESL Investments	Credit Related Investments	3.40%
Silver Point Capital Partnership LP	Long/Short Equity	3.31%
Marathon Special Opportunity Fund	Distressed Securities	3.29%
Taconic Opportunity Offshore	Multi Strategy	2.45%
Everest Absolute Return Fund	Long/Short Equity	1.87%
Och-Ziff Global Special Investments	Credit Related Investments	1.78%
<b>Total</b>		<b>45.83%</b>

### AIT Top Unitholders\*

Weiss Capital	27.28%
Carrousel Capital Ltd	25.19%
Laxey Partners Ltd	23.52%
Citigroup Global	6.90%

\* disclosed during February 2009

### Currency Exposure

AUD	17.61%
USD	82.39%

### Company Data and Contact Information

Manager	Laxey Partners (UK) Ltd	Management fee	0.75% of Gross Asset Value (GAV)
Focus	Absolute Return Fund	Performance fee	1% of each distribution made to unitholders
Strategy	Realisation of Assets	Year end	31st December
Launch	2005	Administrator	CITCO

### About PIML, Responsible Entity of AIT

Permanent Investment Management Limited is part of Trust Company Limited (TCL), a specialist fiduciary service provider in Australia and Singapore. Trust Company was established in 1885 and has been acting as an RE for its own internally managed schemes and for externally managed schemes since the introduction of the Managed Investments Act (MIA) in June 2000.

### About Laxey Partners (UK) Limited

Laxey is part of Laxey Partners Ltd. Based on the Isle of Man in the British Isles and founded in 1998 as a globally active value management company, Laxey Partners manages a range of assets and funds for institutional investors.

### Information

The monthly NTA is also released to the ASX and [www.thealternativeinvestmenttrust.com](http://www.thealternativeinvestmenttrust.com), by the 14th of each month and AIT factsheets will be released within the first 10 days following each month end and are available from AIT's website.

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