

# AIT *Alternative* Investment Trust

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

## Fund facts as at June 2010

Monthly return	-1.15%	Net Assets (NA)	AUD 200,201,314
Unaudited NTA Jul 2010	AUD 1.532	Units in issue	130,692,470
Gross Assets (GA)	AUD 202,220,679	Traded on	ASX
Leverage - GA/NA	1.0101	Currency	AUD
Domicile	Australia	Responsible Entity	The Trust Company (RE Services) Limited
SEDOL	B1B0GT6		ACN 003 278 831 AFSL 235 150
Ticker	AIQ AU	ISIN	AU000000AIQ2

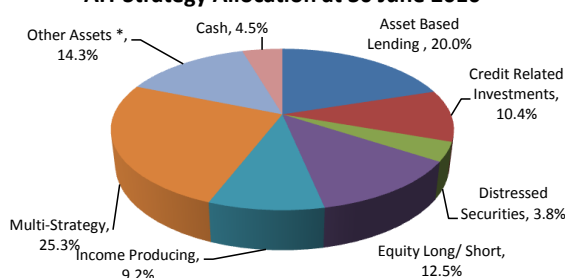
## Commentary & Portfolio Updates

- For June 2010, AIT returned -1.15% in NTA terms. During the month, the USD strengthened by 0.6% month-on-month against the AUD. As the majority of AIT's assets - together with the Swap debt - are USD denominated, this had a positive impact on AIT's NTA. Against this, AIT's underlying funds returned -1.6% for the month on a value-weighted basis - using a fixed exchange rate.

- AIT was able to utilise its cash position within the Macquarie Swap to repay the majority of its outstanding debt - debt associated with the secondary BNP swap. This means that once the BNP swap unwinds, and the cash held within it released to AIT, AIT will be in a position to consider distributions to shareholders.

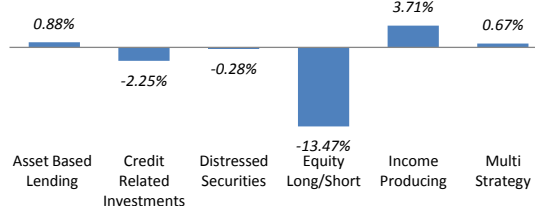
## AIT Asset Allocation and Fund Performance for the Month by Strategy

### AIT Strategy Allocation at 30 June 2010



\* 'Other Assets' includes collateral, and cash held within the secondary Swap that cannot be utilised for debt repayment or distribution until Swap expiry (Dec2010).

### Fund Performance by Strategy, June 2010

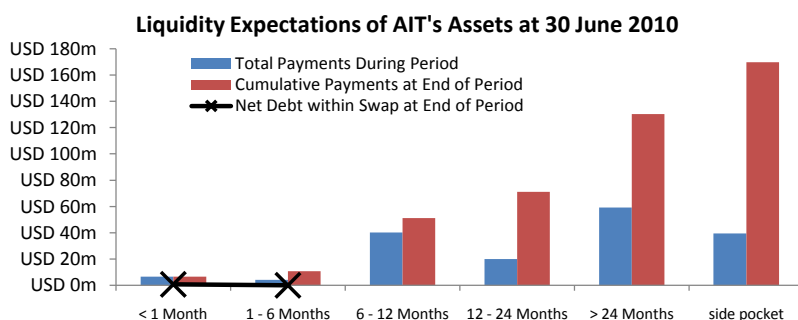


Fund performance is calculated using the USD values of funds at end May and end June. For AUD denominated funds a fixed exchange rate is used.

## 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, together with a single investment in a fund held outside the Swap. Under the terms of the realisation of AIT's 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). During June, AIT's leverage facility was reduced from USD 22.5m to USD 0.9m. AIT now has a net cash position of USD 29.3m if cash within the BNP swap is included (disclosed within 'Other Assets' until released).

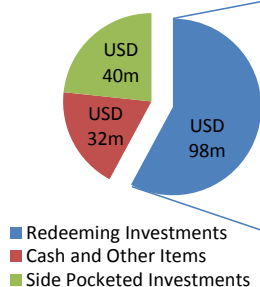
## Expected Liquidity Profile of Gross Assets of AIT



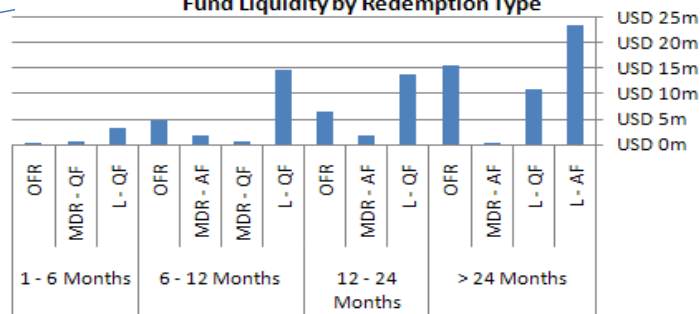
This graph (see the April 2009 NTA factsheet for a full description) shows the payments that AIT expects to receive from its underlying investments as well as the anticipated reduction in AIT's Net Debt within the Swap. This latter figure excludes proceeds received from EBI Income Fund which sits outside the Swap, as well as proceeds received from investments held in the BNP swap.

## Breakdown of Gross Assets by Redemption Type of Underlying Funds

### Breakdown by Gross Assets



### Fund Liquidity by Redemption Type



**Glossary.** MDR - AD: Multi date redemption - Annual flow ; MDR - QF: Multi date redemption - Quarterly flow ; OFR: Once-off full redemption ; L - AF: Liquidating Fund - Ad hoc flow ; L - QF: Liquidating Fund - Quarterly flow

**Note:** Liquidity profiles are based on best available information and may be subject to significant change in light of new information or events.

FURTHER INFORMATION FROM Laxey Partners (UK) Ltd, Princes House, 38 Jermyn Street, London SW1Y 6DN

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## Alternative Investment Trust Price to NAV Discount



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

	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%)	(5.13%)	(0.43%)	(2.16%)	(1.05%)	(2.87%)	(1.07%)	(1.63%)	3.47%	(16.30%)
2010	0.47%	(0.35%)	(1.37%)	0.46%	7.00%	(1.15%)							4.93%

<sup>1</sup> 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%. 2009's performance is adjusted for the AUD 0.47 per unit distribution in August 2009.

### AIT Top Holdings as at July 2010

Fund	Strategy	% Gross Assets	AIT Top Unitholders*	Percentage
Drawbridge Special Opportunities	Asset Based Lending	20.01%	Weiss Capital	32.11%
EBIIF	Income Producing	9.16%	Laxey Partners Ltd	23.52%
ESL Investments	Equity Long/Short	9.12%	QVT Funds	8.08%
Marathon Special Opportunity Fund	Credit Related Investments	5.74%	Citigroup Global	7.28%
TPG-Axon Partners Offshore Ltd	Equity Long/Short	4.32%		
Eton Park Overseas Fund Ltd	Multi-Strategy	4.08%		
Och-Ziff Overseas Fund II	Multi-Strategy	3.71%		
Everest Absolute Return Fund	Multi-Strategy	3.59%		
GSO Special Situations Oversea	Credit Related Investments	2.69%		
Och-Ziff Global Special Investments	Multi-Strategy	2.51%		
<b>Total</b>		<b>64.92%</b>		

### AIT Top Unitholders\*

Weiss Capital	32.11%
Laxey Partners Ltd	23.52%
QVT Funds	8.08%
Citigroup Global	7.28%

\* Source: Bloomberg

### Currency Exposure

AUD	14.13%
USD	85.87%

### 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 The Trust Company (RE Services) Limited, Responsible Entity of AIT

The Trust Company (RE Services) Limited (formerly PIML - see announcement on 22 June 2010) is part of The Trust Company Limited (TCL), a specialist fiduciary service provider in Australia and Singapore. TCL 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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