

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 May 2010

Monthly return	7.00%	Net Assets (NA)	AUD 202,533,198
Unaudited NTA May 2010	AUD 1.550	Units in issue	130,692,470
Gross Assets (GA)	AUD 229,876,830	Traded on	ASX
Leverage - GA/NA	1.135	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

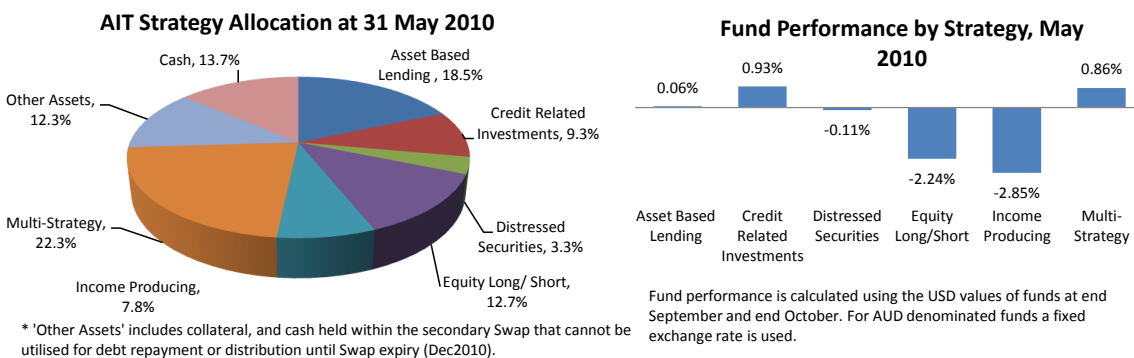
Commentary

AIT performed extremely well in May - returning +7% in NTA terms. Year to date, AIT has returned +6.15%. This strong performance was largely due to exchange rate movements as the USD strengthened significantly against the AUD. As the majority of AIT's assets and liabilities are USD denominated, this has a positive effect on AIT's NTA. AIT's underlying funds' performance - on a fixed exchange rate basis - was flat for the month, -0.3%.

Portfolio Updates

On 28 June, Everest Financial Group announced that they would voluntarily wind down their business. Everest are the former RE and Investment Manager of AIT, and continue to manage two of AIT's underlying funds. Laxey does not anticipate that this announcement will adversely affect these funds as they are already in liquidation.

AIT Asset Allocation and Fund Performance for the Month by Strategy

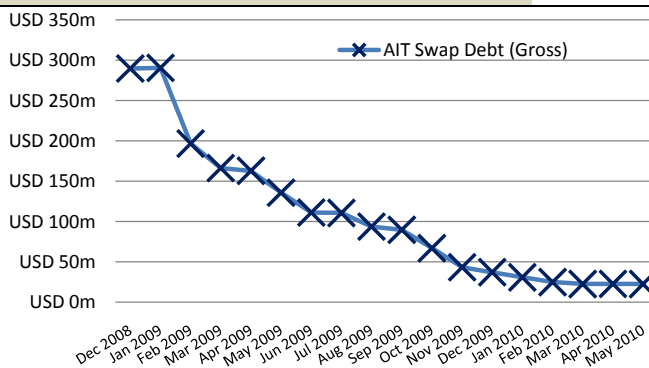


Liquidity of AIT

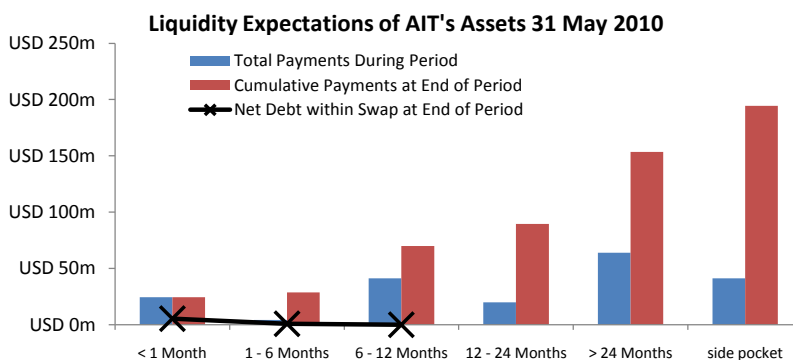
The portfolio of AIT consists largely of exposure to a basket of absolute return funds via a Swap facility with Macquarie Bank Ltd, together with a single investment in a fund held outside the Swap. Under the terms of the realisation of the AIT assets, the leverage from the Swap facility must be paid down before unitholders may receive distributions from assets sold or redeemed (that are within the Swap). During May, AIT's gross debt remained at USD 22.5m.

Debt Repayment Progress

- Although AIT's gross debt has levelled off at USD 22.5m, AIT continues to receive redemption proceeds from the underlying funds. Indeed, if cash within the secondary BNP swap is included, AIT now has a net cash position of approximately USD 26m.
- As mentioned last month, there are contractual issues with further reducing AIT's debt ahead of the BNP swap termination (Dec2010). Negotiations have progressed recently and Laxey expects to be able to use some of AIT's cash to reduce gross debt levels at the end of June.

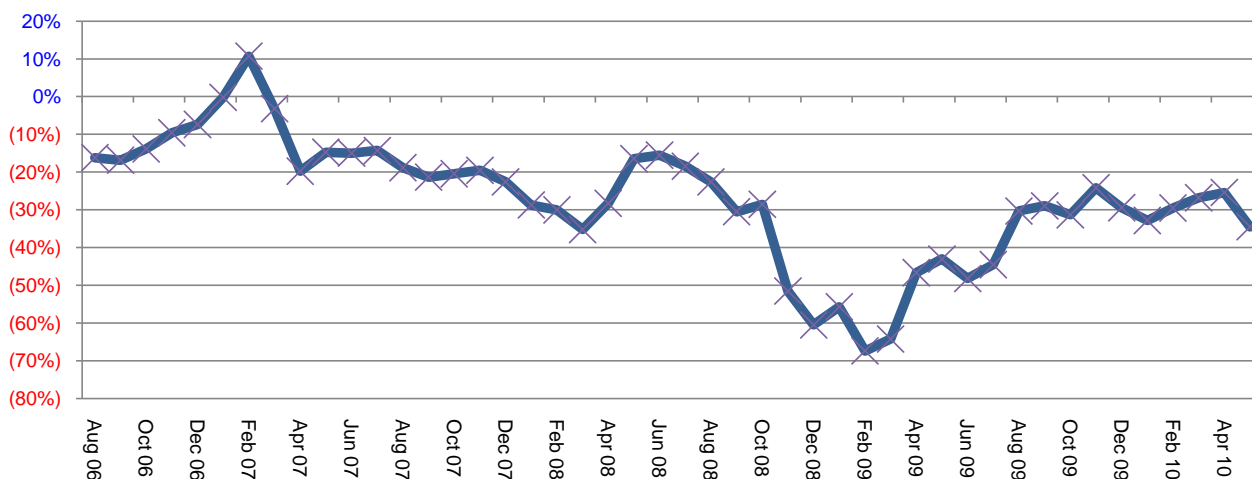


Expected Liquidity Profile of Gross Assets of AIT



This graph (see April 2009's 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 cash held in the secondary BNP swap which cannot be used for debt repayment or distribution until the swap terminates.

**Alternative Investment Trust
Price to NAV Discount**



NTA returns (net)₁

	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%								6.15%

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%. 2009's performance is adjusted for the AUD 0.47 per unit distribution in August 2009.

AIT Top Holdings as at May 2010

Fund	Strategy	% Gross Assets
Drawbridge Special Opportunities	Asset Based Lending	18.54%
ESL Investments	Income Producing	9.66%
EBIIF	Multi-Strategy	7.77%
Marathon Special Opportunity Fund	Credit Related Investments	5.13%
TPG-Axon Partners Offshore Ltd	Equity Long/Short	3.83%
Eton Park Overseas Fund Ltd	Multi-Strategy	3.61%
Och-Ziff Overseas Fund II	Multi-Strategy	3.37%
Everest Absolute Return Fund	Multi-Strategy	2.92%
GSO Special Situations Oversea	Multi-Strategy	2.46%
Och-Ziff Global Special Investments	Credit Related Investments	2.19%
Total		59.47%

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	14.21%
USD	85.79%

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. 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, 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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