

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 strategy, the assets of AIT are being realised and the fund is in wind down.

Fund facts as at August 2009

Monthly return	-1.05%	Net Assets (NA)	AUD 195,080,619
unaudited NTA August 2009	AUD 1.493	Units in issue	130,692,470
Gross Assets (GA)	AUD 308,839,293	Traded on	ASX
Leverage - GA/NA	1.5831	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, on the month of August

In August, the NTA of AIT returned -1.05%, after adjusting for the return of capital of AUD0.47 per unit. The return on the month is predominately explained by the continued strengthening of the AUD against the USD - up by almost 1% month-on-month.

AIT's debt falls below USD 100m at USD 93.7m, down from its peak of USD 290.6m in December 2008. This represents a reduction over the period of 68%.

Portfolio Developments

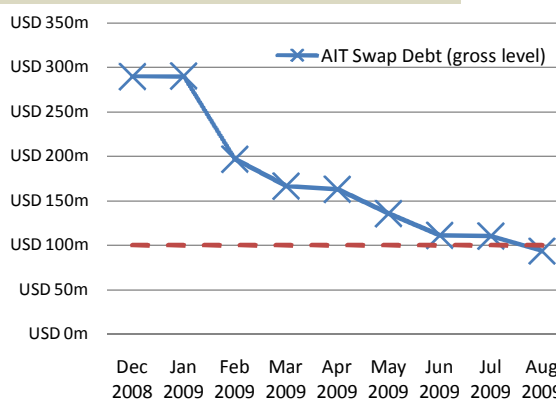
- As previously reported, many of the portfolio investments of AIT have had to restructure their funds, restrict redemption requests or declare assets to be illiquid and worthy of transfer to side pockets.
- One fund that had suspended redemptions has recently announced details of a restructuring, which shareholders have approved.
- Under the terms of the new arrangement, previously inaccessible assets will be liquidated over an anticipated 3 years.
- AIT, as a shareholder of the fund in question, expects a first distribution in October, equivalent to an average of 9% of the total position with the remainder returned to shareholders over quarterly intervals.
- Although a relatively small position with the AIT portfolio (1.45% of AIT's Gross Assets), this news is pleasing and demonstrates how previously suspended funds are beginning to improve their liquidity arrangements.

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 August, AIT's leverage facility was reduced from USD 110.6m to USD 93.7m using redemption proceeds.

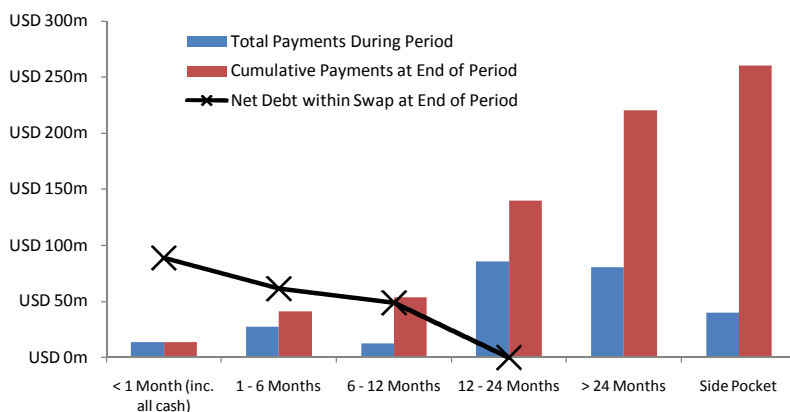
Debt Repayment Progress

- The graph to the right illustrates the level of AIT's debt on a monthly basis from the end of December 2008 to the end of August 2009, with debt down 68%.
- The August reduction of debt by USD 16.9m came from redemption payments of previous months that were unsettled. Although the reduction in August was considerable, Laxey expects progress to begin to slow as the more liquid holdings become smaller relative to illiquid holdings. Based on current information and expectations, Laxey expects the debt associated with the Swap to be largely paid off by the end of 2010.



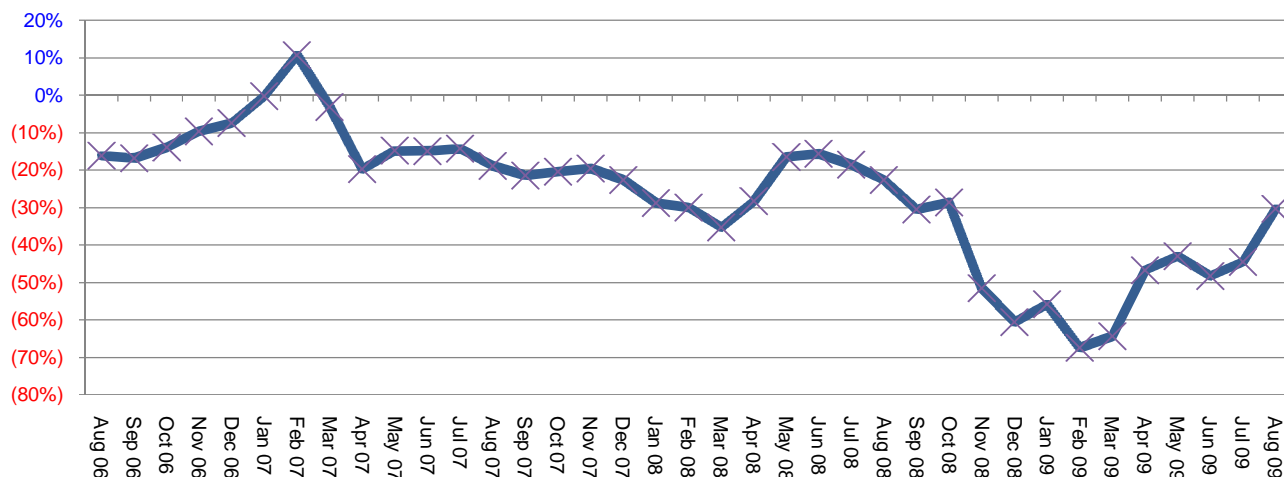
Expected Liquidity Profile of Gross Assets of AIT

Liquidity Expectations of AIT's Assets at 31 August 2009



This graph (see the April 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. The <1 month category has dropped to USD 13.8m to reflect the AUD 61.5m August return of capital. Only the <1 month category includes all cash, held within and outside the Swap. The Net Debt line only reflects cash proceeds received within the Swap.

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%)					

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 August 2009

Fund	Strategy	% Gross Assets
TPG-Axon Partners Offshore Ltd	Multi-Strategy	16.76%
Drawbridge Special Opportunities	Asset Based Lending	9.81%
Everest Babcock & Brown Income	Income Producing	8.11%
Marathon Special Opportunity Fund	Distressed Securities	5.48%
ESL Investments	Long/short Equity	5.05%
Eton Park Overseas Fund Ltd	Multi-Strategy	3.46%
Everest Absolute Return Fund	Multi-Strategy	2.79%
Och-Ziff Global Special Investments	Multi-Strategy	2.64%
Och-Ziff Overseas Fund	Multi-Strategy	1.55%
GSO Special Situations Overseas	Multi-Strategy	1.48%
Total		57.13%

AIT Top Unitholders

Weiss Capital	28.66%
Carrousel Capital Ltd	25.19%
Laxey Partners Ltd	23.52%
Citigroup Global	9.80%

Currency Exposure

AUD	17.25%
USD	82.75%

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, 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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