

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 September 2009

Monthly return	-2.87%	Net Assets (NA)	AUD 189,473,605
unaudited NTA Sep 2009	AUD 1.450	Units in issue	130,692,470
Gross Assets (GA)	AUD 296,625,927	Traded on	ASX
Leverage - GA/NA	1.5655	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 September 2009, AIT returned -2.87% in NTA terms. During the month, the AUD strengthened by 4.6% month-on-month against the USD. As the majority of AIT's assets - together with the Swap debt - are USD denominated, this had a negative impact on AIT's NTA. Against this, AIT's underlying funds returned a positive 1% for the month on a USD value-weighted basis.

Portfolio Updates

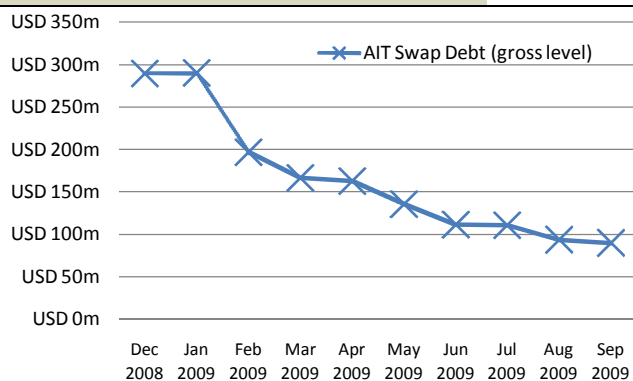
- Further developments have been made in increasing the liquidity of AIT's legacy holding structure: September saw AIT succeed in receiving a lump sum of USD20.7m ahead of original expectations that will be used next month to repay debt. (Further details are given in the Debt Repayment section, below.)
- In addition to this, within the Macquarie Swap and existing leverage arrangement is a secondary swap arrangement (without leverage) with BNP Paribas. This secondary swap operates the same way as the Macquarie Swap, as a mechanism to provide exposure to a sub-basket of absolute return funds. As set out in the original agreement, none of the liquidation proceeds within the secondary swap - currently circa USD 20m - are passed on to Macquarie until the swap's expiry at end 2010. Laxey, Macquarie Bank, and BNP are working to terminate this arrangement early; this would release the cash held to Macquarie - allowing for an earlier than forecast repayment of AIT's debt.
- Many of AIT's investments continue to be held in Side Pockets, Lock-Ups or subject to special fund liquidation procedures due to large demand amongst other investors seeking to redeem. One fund where AIT's investment has been subject to a three-year lock up period recently announced that due to investor pressure, it would agree to a special return of capital for any investor who wished it.
- AIT was able to fully partake in this offer and has now received the maximum 20% of its investment as an early redemption. This distribution was received during September and will be used to repay AIT's debt.

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 September, AIT's leverage facility was reduced from USD 93.7m to USD 89.9m using redemption proceeds.

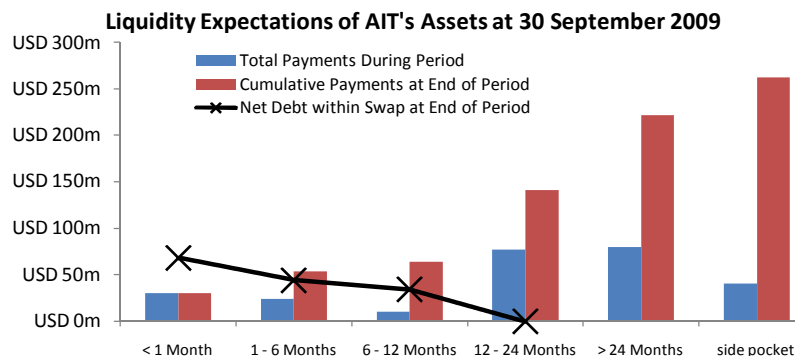
Debt Repayment Progress

- 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 September 2009. Debt has reduced from USD 290.6m to USD 89.9m from its peak at the end of January to the end of September - a reduction of 69%.



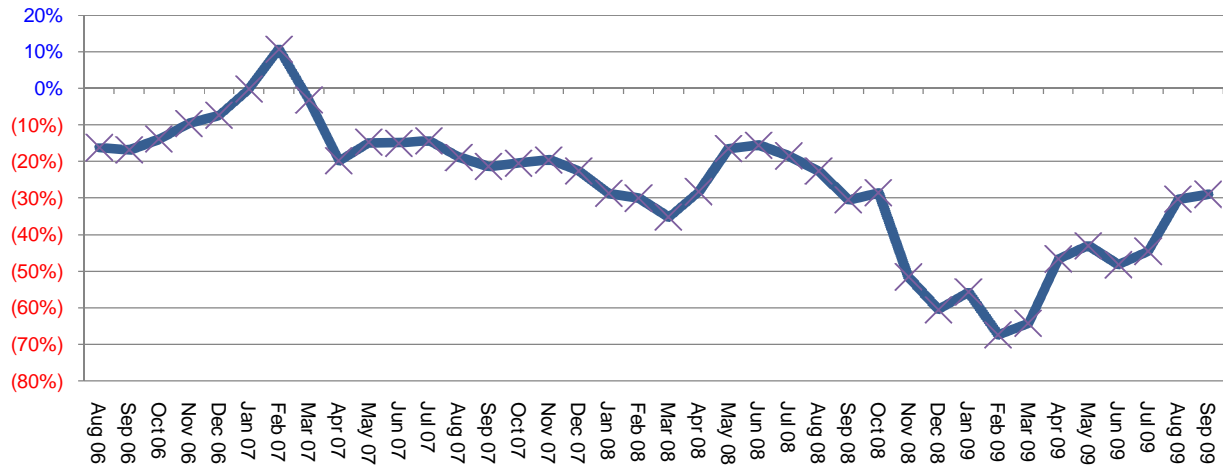
- The below graph shows a significant increase in the <1 Month category for investment liquidity. This is due to the receipt of redemption proceeds that had been subject to lock-up of >12 months. AIT has been able to bring this date forward and cash received will be used to pay down debt next month.

Expected Liquidity Profile of Gross Assets of AIT



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. This latter figure excludes proceeds received from EBI Income Fund which sits outside 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%)	(2.87%)				

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 (GAAP), 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 September 2009

Fund	Strategy	% Gross Assets
TPG-Axon Partners Offshore Ltd	Multi-Strategy	16.84%
Drawbridge Special Opportunities	Asset Based Lending	9.64%
Everest Babcock & Brown Income	Income Producing	8.27%
ESL Investments	Equity Long/Short	5.17%
Marathon Special Opportunity Fund	Credit Related	5.14%
Eton Park Overseas Fund Ltd	Multi-Strategy	3.54%
Everest Absolute Return Fund	Multi-Strategy	2.82%
Och-Ziff Global Special Investments	Multi-Strategy	2.62%
Och-Ziff Overseas Fund	Multi-Strategy	1.52%
Cerberus International Ltd	Distressed Securities	1.44%
Total		56.99%

AIT Top Unitholders*

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

* disclosed during February 2009

Currency Exposure

AUD	17.37%
USD	82.63%

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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