

# 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 April 2010

Monthly return	0.46%	Net Assets (NA)	AUD 189,283,528
Unaudited NTA Apr 2010	AUD 1.448	Units in issue	130,692,470
Gross Assets (GA)	AUD 214,745,666	Traded on	ASX
Leverage - GA/NA	1.1345	Currency	AUD
Domicile	Australia	Responsible Entity	Permanent Investment Management Limited (PIML)
SEDOL	B1B0GT6	ISIN	ACN 003 278 831 AFSL 235 150
Ticker	AIQ AU		AU000000AIQ2

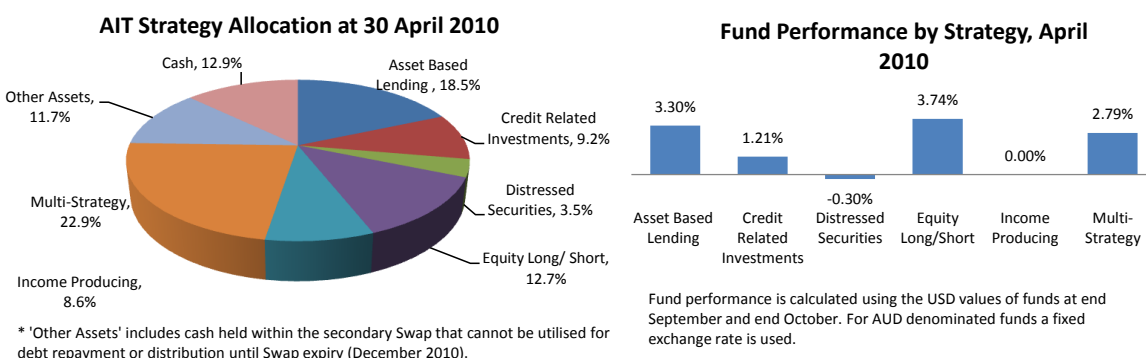
## Commentary

For April 2010, AIT returned +0.46% in NTA terms. During the month, the AUD strengthened by +0.8% 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. AIT's underlying funds gave a positive return for the month, returning +2.3% for the month on a value-weighted basis - using a fixed exchange rate.

## Portfolio Updates

• AIT's investment in ESL, primarily a long/short equity manager, was a major contributor to April's performance - returning +5.8% in April. This gives ESL a year-to-date performance of +22.5%, which helped it become AIT's second largest investment at the end of April.

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

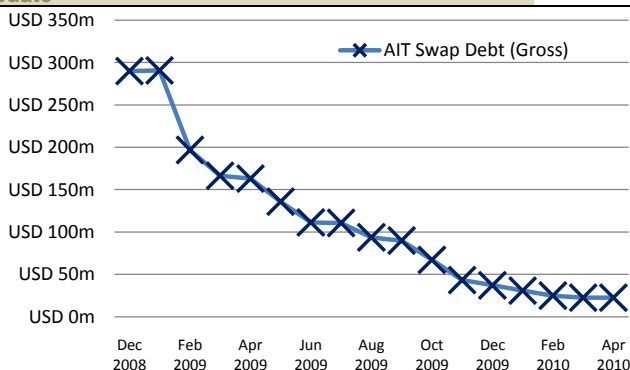


## Liquidity of AIT

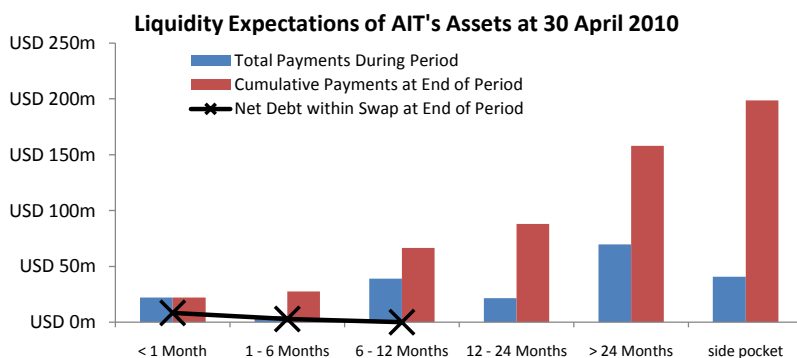
The portfolio of AIT consists largely of exposure to a basket of absolute return funds via a Swap facility with Macquarie Bank Ltd, together with a single investment in a fund held outside the Swap. Under the terms of the realisation of the AIT assets, the leverage from the Swap facility must be paid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

## Debt Repayment Progress & BNP Swap Update

Although AIT's gross debt has levelled off at USD 22.5m this month, AIT continues to receive redemption proceeds from the underlying funds. Indeed, if cash within the secondary BNP swap is included, AIT is now net cash of approximately USD 24m. However, due to swap arrangements, AIT will be unable to make distributions until the BNP swap terminates at the end of the year. Laxey is working with the related parties to negotiate an early termination of the BNP swap - which would clear the way for AIT to make distributions.

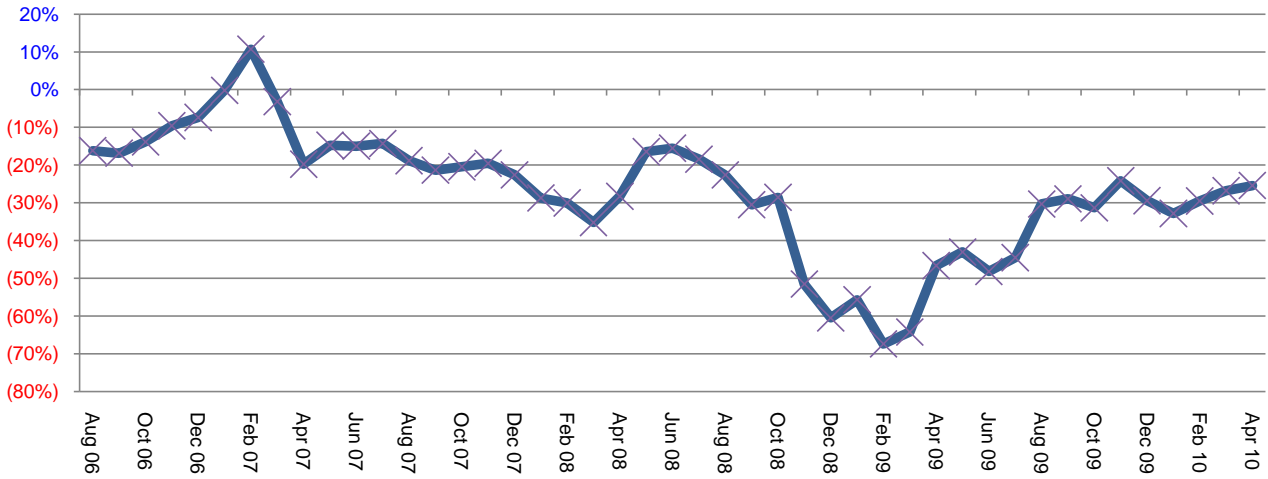


## Expected Liquidity Profile of Gross Assets of AIT



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)**

	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%)
Althouc	0.47%	(0.35%)	(1.37%)	0.46%									(0.79%)

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 April 2010**

Fund	Strategy	% Gross Assets
Drawbridge Special Opportunities	Asset Based Lending	18.51%
ESL Investments	Equity Long/Short	9.46%
EBIIF	Income Producing	8.56%
Marathon Special Opportunity Fund	Credit Related Investments	5.11%
Eton Park Overseas Fund Ltd	Multi-Strategy	4.31%
TPG-Axon Partners Offshore Ltd	Multi-Strategy	3.76%
Och-Ziff Overseas Fund II	Multi-Strategy	3.30%
Everest Absolute Return Fund	Multi-Strategy	3.10%
GSO Special Situations Oversea	Credit Related Investments	2.29%
Och-Ziff Global Special Investments	Multi-Strategy	2.19%
<b>Total</b>		<b>60.60%</b>

**AIT Top Unitholders\***

Weiss Capital	32.11%
Laxey Partners Ltd	23.52%
Carrousel Capital Ltd	9.49%
Citigroup Global	7.28%

\* Source: Bloomberg

**Currency Exposure**

AUD	15.81%
USD	84.19%

**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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