

29 December 2017

The Manager
ASX Market Announcements
ASX Limited

Alternative Investment Trust ARSN 112 129 218 (ASX: AIQ)

Dear Unitholders

Further to the announcement to the ASX on 9 October 2017, Columbus Investment Services Limited (**CISL**), the responsible entity of the Alternative Investment Trust (**AIT** or the **Fund**), advises that AIT intends to send a notice of meeting to approve various aspects of a buy back, capital raising and the recommencement of investment activities for AIT (together, the **Transaction**). The Transaction will give existing investors in AIT the opportunity to exit all of their existing investment via an on-market buy back facility (**Buy back**) at a unit price which is intended to be equal to AIT's most recently published monthly NTA per unit at the time or remain invested in the Fund as it seeks to restart its investment programme.

The new investment manager, Warana Capital Pty Limited (**Warana**) has conducted a review of the investment portfolio following its recent appointment. The review found that given the lack of market depth, it would take several years to fully liquidate the investment portfolio and if sold today many assets would be sold at a discount to the NAV.

The Transaction

Subject to required unitholder and regulatory approval, it is intended that:

1. Unitholders will be given the opportunity to be able to dispose up to 100% of their units under the Buy Back. The Buy Back will be conducted on market and subject to the Corporations Act 2001 (Cth) and ASX listing rules, the price offered for each unit is intended to be equal to AIT's latest published monthly NTA per unit at the time.
2. To assist in funding the proposed buy back, and to provide AIT with additional capital to make future investments (discussed below), AIT intends to launch a one-for-one pro rata non-renounceable rights issue with the ability for investors to subscribe for oversubscriptions (if available) (**Capital Raising**). It is proposed that the issue price for each new unit under the Capital Raising will be equal to the latest published monthly NTA backing per unit of AIT at the time. Additional cash would be used to facilitate the Buy Back and invest in strategic assets.



AIT will recommence its investment activities with the same objective and strategy:

Investment objective	The investment portfolio is to generate attractive pre-tax risk-adjusted absolute returns over the medium to long term while maintaining a focus on capital preservation
Investment strategy	To gain exposure to a portfolio of leading international absolute return funds and selected direct investments in subordinated debt and equity co-investments

The strategy is intended to be implemented by making investments in both the primary and secondary markets. Warana has core expertise in acquiring and managing funds, particularly those acquired in the illiquid secondary market. These funds are generally acquired at discounts to their prevailing NAV and these discounts are often significant. Warana has significant experience acquiring these funds at attractive discounts to NAV to deliver significant absolute and annualised returns.

Certain entities associated with Wilson Asset Management, Chairman Geoff Wilson and Warana Chief Executive Officer, Tim Ivers have committed not to participate in the Buy Back and to take up (at a minimum) their pro-rata entitlement in the Capital Raising. Geoff Wilson recently stated:

I have known Tim Ivers for a number of years. Tim is a high quality fund manager with a track record of sourcing excellent investment opportunities and delivering strong risk-adjusted returns. I fully support the transaction proposed by AIT and will personally commit to participating in the capital raising as I believe Tim will continue to deliver superior returns for all investors.

Extraordinary general meeting

Various elements of the Transaction will be subject to unitholder approval at a soon to be called extraordinary general meeting (**EGM**) of AIT. Information relating to the specifics of the approvals sought will be provided to unitholders shortly and following review by AIT's legal advisors and where relevant, ASIC and the ASX.

For further information contact:

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