

Fund facts as at 31 May 2018

Monthly return	-1.08%
Unaudited NTA May 2018	AUD 0.0917
Net Assets ("NA")	AUD 11.39 million
Units in issue	124,204,979
Closing AUD/USD	\$0.7570

Investment Objective & Strategy

Investment Objective	The objective of AIT 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	The strategy of AIT is to gain exposure to a portfolio of leading international absolute return funds and selected direct investments in subordinated debt and equity co-investments.

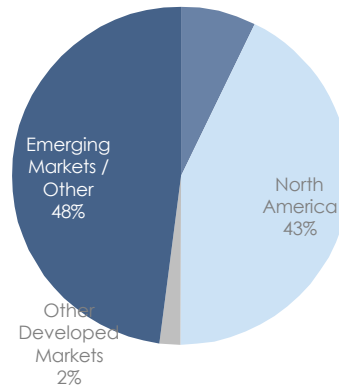
Portfolio Overview as at 31 May 2018

ASSET BREAKDOWN	A\$M
Legacy AIT Funds	\$ 3.4
Investment in Warana 2018 Fund ⁽³⁾	\$ 1.1
Cash Committed to Warana 2018 Fund ⁽³⁾ but not called	\$ 3.2
Other Net Cash	\$ 3.7
Total	\$ 11.4

SIGNIFICANT POSITIONS⁽¹⁾	A\$M	% NA
Axon Partners Offshore Ltd	\$ 1.5	13.6%
Warana 2018 Fund ⁽³⁾	\$ 1.1	9.4%
Drawbridge Special Opportunities Fund	\$ 0.5	4.4%
Marathon Special Opportunity Fund	\$ 0.3	2.8%
Och-Ziff Asia Overseas Fund	\$ 0.3	2.6%
Och-Ziff Overseas II Fund	\$ 0.2	1.5%
Cerberus International Ltd	\$ 0.2	1.5%
Farallon II Holdings LP	\$ 0.1	1.1%
GSO Special Situations Overseas Fund Ltd.	\$ 0.1	0.9%
Eton Park Overseas Fund Ltd	\$ 0.1	0.7%
Other Investments & Receivables	\$ 0.1	0.6%
Total Investment Portfolio	\$ 4.5	39.1%

TOP UNDERLYING WARANA FUND POSITIONS	A\$M
Cash / Unsettled Trades	\$ 1.1
Total	\$ 1.1

UNDERLYING GEOGRAPHIC ALLOCATION⁽²⁾ (Excluding Cash)



CURRENCY EXPOSURE & PERFORMANCE

	Inv. Port.	Cash	Total	May 2018 Performance	
USD	100%	15%	48%	AUD/USD	+0.5%
AUD	0%	85%	52%	AIT Impact	-0.2%

Portfolio Update and Commentary

- AIT's NTA return was -1.08% for May 2018.
- The primary drivers of AIT's negative performance were the mildly dilutive effect of the capital raising (at 9.2 cents per unit) and associated costs.
- As of 31 May 2018, 25% of AIT's commitment to the Warana 2018 Fund⁽³⁾ had been called and paid. The fund has agreed to 23 transactions at an average price of approximately 42% of underlying reported net asset value. The largest position in the Warana 2018 Fund is a position in funds managed by King Street Capital (approximately 24% of the capital called thus far.) As the transactions are yet to settle as at 31 May 2018, they are carried at cost on AIT's balance sheet.
- During the month, a placement of the rights issue shortfall units was made whereby an additional 28,973,910 units were placed raising a further A\$2.7mm into the Fund.
- Warana and the RE intend to make further investments in accordance with AIT's investment strategy and will also continue to monitor the cash position of the Fund as cash is returned from AIT's existing investment portfolio.

(1) Represents Net Asset Value of investments calculated by aggregating Net Asset Values of underlying Investment Managers. Refer to the Other Information for further details on the valuation policy.

(2) Geographic allocation is estimated by the Investment Manager based upon the available information. In many cases, splits have been estimated and therefore may be inaccurate. The geographic allocation should be considered indicative only.

(3) Warana SP Offshore Fund SPC - 2018 Segregated Portfolio.

Company Data and Information

Responsible Entity	Columbus Investment Services Limited ABN 69 095 162 931 AFSL 221183	Management Fee	1.5% plus GST
Investment Manager	Warana Capital Pty Limited ABN 44 611 063 579 AFSL 493579	Performance Fee	20% plus GST of NTA outperformance over 8% pa hurdle
Administrator	Unity Fund Services	ISIN	AU000000AIUQ2
Custodian	One Managed Investment Funds Limited	SEDOL	B1B0GT
		ARSN	112 129 218
		Domicile	Australia
		Currency	AUD
		Exchange	ASX

About the Responsible Entity of AIT

Columbus is a member of One Investment Group ("OIG") which is an independent funds management business specialising in providing Responsible Entity, Trustee, Custody and Administration services. One Investment Group is responsible for in excess of 250 funds and \$17bn in a wide range of underlying asset classes including infrastructure, real estate, equities, fixed income, private equity and fund of funds. OIG is not a fund manager and its clients include global and Australian listed companies, sovereign wealth funds, banks, insurance companies, pension funds, private equity firms and boutique managers.

About the Investment Manager of AIT

Warana Capital Pty Limited ("Warana") focuses on managing portfolios invested in third party funds and has core expertise in acquiring and managing funds acquired in the secondary market. The underlying funds and assets acquired are generally illiquid with uncertain holding periods to ultimate recovery. Warana has significant experience acquiring these funds at sufficient discounts to deliver absolute and annualised returns notwithstanding the time period and recovery uncertainty.

Distribution Policy

The Fund is structured as a unit trust and intends to distribute taxable income when and if available. We note however that as at the end of the 2017 tax year, the fund has in excess of \$400m in accumulated tax losses and in excess of \$20m in accumulated capital losses. Under certain circumstances and provided relevant legislative conditions are satisfied, these losses may be able to be applied against future taxable income to reduce the amount of taxable income and therefore the amount of any income distribution.

Historical NTA Returns (net)

Monthly	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2006									1.7%	2.8%	3.5%	2.7%	9.3%
2007	2.8%	(9.3%)	2.1%	5.1%	(4.9%)	(4.9%)	(0.2%)	(3.2%)	1.3%	3.3%	(1.7%)	0.7%	(9.5%)
2008	(4.2%)	0.8%	(1.8%)	0.8%	1.5%	(3.8%)	(1.6%)	(1.9%)	(9.8%)	(15.4%)	(7.9%)	(7.8%)	(41.5%)
2009	(2.8%)	0.8%	(5.2%)	(2.9%)	(5.1%)	(0.4%)	(2.2%)	(1.1%)	(2.9%)	(1.1%)	(1.6%)	3.5%	(16.3%)
2010	0.5%	(0.3%)	(1.4%)	0.5%	7.0%	(1.1%)	(5.6%)	1.0%	(6.0%)	0.4%	2.2%	(4.5%)	(7.8%)
2011	3.0%	0.1%	0.3%	(3.5%)	0.8%	0.2%	(1.8%)	1.4%	6.6%	(4.6%)	(0.1%)	(2.4%)	0.8%
2012	(2.7%)	3.2%	3.4%	(0.9%)	4.9%	(5.6%)	(1.6%)	1.4%	1.6%	2.1%	(3.7%)	(0.2%)	1.7%
2013	(0.1%)	1.4%	(1.7%)	(0.2%)	(8.6%)	2.6%	(8.2%)	(0.1%)	(4.2%)	1.5%	3.5%	(0.7%)	9.4%
2014	1.7%	(2.0%)	(2.9%)	0.6%	(0.1%)	(1.6%)	1.7%	(1.1%)	4.9%	(1.6%)	2.2%	3.6%	3.4%
2015	1.7%	(1.0%)	1.8%	(3.9%)	1.5%	(0.3%)	2.3%	1.2%	(0.4%)	(1.8%)	(1.0%)	(0.9%)	(0.1%)
2016	0.3%	(2.9%)	(5.4%)	(1.0%)	2.0%	(2.7%)	(2.6%)	0.2%	(2.0%)	(0.0%)	0.7%	0.1%	(12.6%)
2017	(3.2%)	(0.6%)	0.5%	(1.6%)	(0.5%)	(3.4%)	(3.0%)	(0.8%)	1.1%	0.7%	0.5%	(3.1%)	(12.8%)
2018	(1.7%)	2.9%	(1.6%)	(0.2%)	(1.1%)								(0.6%)

*Shaded areas show performance before investment strategy recommencement; EGM on 12 February 2018

Other Information

The monthly NTA is released to the ASX and www.thealternativeinvestmenttrust.com by the 14th of each month and AIT factsheets are available from AIT's website and the ASX. Figures in the factsheet are based on the interim monthly data available at the time that the corresponding monthly NTA is released.

The net asset value of AIT is calculated by aggregating the valuations provided to AIT by the underlying fund managers and their administrators. Unaudited valuations are generally provided to AIT monthly and the funds are audited annually. Notwithstanding this process and based on its knowledge of the AIT funds and its experience on the secondary market, Warana believes that:

- it will likely take several years to fully receive liquidation proceeds and in that period AIT will be subject to either positive or negative performance; and
- if sold today, they would be liquidated at discounts to their prevailing net asset values.

Funds that are acquired in the Warana 2018 Fund⁽³⁾ will generally be acquired at discounts to their reported valuations reflecting these factors. Please note that transaction settlement usually takes several months, and transactions are carried at cost (rather than underlying net asset value) until completed. Transactions may also not complete for a variety of reasons.

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AIT is exposed to foreign exchange risk as a result of investments in financial instruments denominated in foreign currencies, including the Swap which is denominated in US dollars. AIT has exposure to foreign currency risk implicit in the value of portfolio securities denominated in a foreign currency and transactional exposure arising from the purchase or sale of securities. The Investment Manager and Responsible Entity have not hedged AIT's exposure to the US dollar; however when funds are available in the swap, these are converted from US dollars into Australian dollars and transferred to AIT's Australian dollar denominated bank account.

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