



23 August 2019

**ASX ANNOUNCEMENT**

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

Columbus Investment Services Limited (**Responsible Entity**) in its capacity as the responsible entity of the Alternative Investment Trust (**AIQ** or the **Trust**), wishes to advise the following portfolio updates following the recent successful completion of the one for one rights offer:

- AIQ currently has A\$15.9 million cash at bank with A\$1.2 million already allocated to certain absolute return funds that expect to call the balance of this capital in the next 6 months.
- Three potential new investments made by Warana Capital Pty Limited (**Manager**) described below:
  - A US\$10 million investment into a new fund managed by an affiliate of the Manager, the Warana SP Offshore Fund SPC – 2019 Segregated Portfolio (**Warana 2019 Fund**). The Warana 2019 Fund will continue the investment strategy of the previous Warana SP Offshore Fund SPC – 2018 Segregated Portfolio (**Warana 2018 Fund**) being the acquisition of interests in illiquid international investment funds in the secondary market at discounts to their reported valuations. It is expected that the Warana 2019 Fund portfolio will ultimately be a diversified portfolio of absolute return funds, and the vast majority of the investment funds acquired by the vehicle will be domiciled outside Australia, unlisted and likely themselves in some type of liquidation. The commitment is being made in US Dollars and will represent less than 15% of the total commitments to the Warana 2019 Fund. It should be noted that fees are rebated. The vehicle is a 'private equity style' structure with commitments drawn down over an 18-month period (subject to a six-month extension) as investments are sourced. It is expected that 30% will be called in coming months and that AIQ will likely continue to hold a significant cash balance during the call period.
  - Two US\$1.0 million commitments to two transactions that are in the process of closing. Each transaction involves the purchase of an absolute return fund at a discount to its reported net asset value. The first is an exposure to a US transport infrastructure asset managed by a large US funds management business. The second involves an exposure to a large US consumer staple business managed by a different but also large US funds management business. The average price of these transactions is approximately 59% of the most recent manager quoted net asset value. Both the transactions are in the



documentation phase and, as a result, may not proceed to completion. Further information will be provided once each transaction closes.

- As a result of the rights offer and the draw-down nature of the Warana 2019 Fund investment, AIQ will have a significant cash balance for some time. As such, the Manager is seeking to implement a cash management plan to efficiently manage AIQ's cash balance which will seek to earn an investment return through investments in cash and cash equivalents and potentially highly rated short duration corporate debt with the primary goals of capital preservation and liquidity to meet the broader fund investment objective while minimizing the cash performance drag in the overall Trust. It is expected that the majority of AIQ's cash balances will be in US dollars.
- Warana will continue to monitor the cash position of AIQ as cash is returned from the existing investment portfolio and intends to make further investments in accordance with AIQ's investment objective and strategy as further cash becomes available.

For Further information, please contact

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