

Columbus Investment Services Ltd
as responsible entity for Alternative Investment Trust
ARSN 112 129 218 ASX Code: AIQ (AIQ or AIT)

ASX ANNOUNCEMENT

2 December 2020

AIT Overview November 2020

Please find attached the AIT Overview for November 2020

Authorised for release by Columbus Investment Services Limited ACN 095 162 931 AFSL 221183 (**Responsible Entity**), the responsibility entity of the Alternative Investment Trust, and Warana Capital Pty Limited ACN 611 063 579 AFSL 493579, the investment manager of AIQ.

For additional information on AIQ, including the latest fact sheet, please refer to www.thealternativeinvestmenttrust.com

For any enquiries please contact the Responsible Entity on 02 8277 0000.

SUMMARY

- Mandate to invest in international absolute return funds
- The Investment Manager ("IM") seeks to implement mandate by acquiring unlisted funds at discounts to their net asset value in the secondary market
 - Funds generally already in liquidation so buying at significant discount to recovery expected over time
- Warana is one of the most active global buyers of unlisted absolute returns funds that have reverted to a wind down of their illiquid assets
- Specialised relationships and experience is required to source, price, and execute transactions in the unlisted market
 - Limited competition allows AIQ to have a sustainable, high risk-adjusted return strategy

KEY TRUST INFORMATION as of 31 October 2020	
Investment Manager ("IM")	Warana Capital Pty Limited (since 2017)
NAV per unit	AUD \$0.1273
Market Capitalisation	AUD \$33.4mm
Leverage	None
Distribution Yield	5%*
Target IRR – new investments	15+%
Tax Losses	In excess of \$400mm*

* Please see the final page of this Overview for additional information relating to the Trust's tax losses and Distribution & Valuation policies

AIQ VALUE PROPOSITION

THE STRATEGY

Wide Margin of Safety Due to High Purchase Discounts >25%

High Target Returns of 15+%

Limited Correlation

THE MANAGER

Info / Competitive Advantage

One of the most active players

IM Alignment as Warana related entities are 20+% owner of the Trust

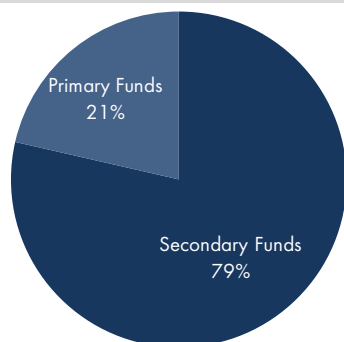
THE TRUST

Potential to use tax losses creates sizable incremental value

Existing diversified portfolio of over 100 look through positions

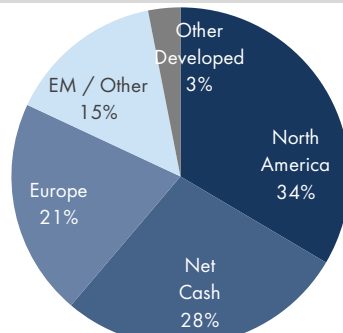
PORTFOLIO STATISTICS (as of 31 October 2020)

STRATEGY ALLOCATION



Target Secondary Market Assets via Warana Funds

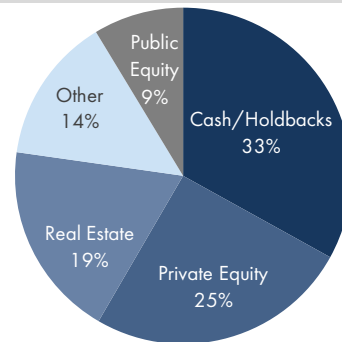
GEOGRAPHIC ALLOCATION



Note: Includes cash on a look-through basis

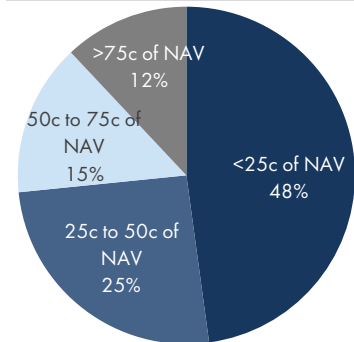
Developed Markets Focus

ASSET CLASS ALLOCATION



Diversified Asset Classes

SECONDARY FUND PRICE



Average Purchase Price of Secondary Assets: 47c

TRADING STATISTICS (as of 30 November 2020)

Unit Price performance	AIQ	ASX 200	S&P 500	Historical Correlation since IM appointment	AIQ
1-month	(4.2)%	10.2%	10.5%	ASX 200 (daily)	0.02x
3-month	(8.0)%	8.2%	3.4%	S&P 500 (daily)	0.01x
6-month	28.4%	14.7%	19.4%	Bloomberg Barclays Global Agg. Bond Index (daily)	0.04x
Year to date	9.6%	0.0%	13.5%	Barclays Hedge Fund Index (monthly)	0.17x
Since IM appt. (% pa)	15.0%	8.0%	13.8%	Cambridge Associates US Private Equity Index (quarterly)	0.45x

Please see footnotes and calculation methodologies below on next page

TARGET ALLOCATIONS

- Investment Strategy: to generate attractive pre-tax risk-adjusted returns by gaining exposure to a portfolio of leading international absolute return funds and select equity and debt direct investments

Asset Type	Target	Current (ex. Cash)
Absolute Return Funds	75-100%	89%
Direct Debt	0-20%	0%
Equity Co-investments	0-5%	1%

- AIQ has recently had unusually high cash balances
 - These balances have been allocated to funds and transactions that will call them over coming months

Current Cash + Expected Liquidity	\$9.4mm
Secondary Funds Commitments (net)	\$(4.5)mm
Pending transaction	\$(4.2)mm
Free Cash	\$0.7mm

ABOUT WARANA

- Warana has eight employees across its offices in New York, London and Sydney
- Warana is an Australian Financial Services License holder, an SEC registered investment adviser, and a non-EU AIFM
- Core Strategy: Buy existing investors out of existing investment funds at a discount to NAV published by the fund manager
 - Warana offers liquidity to investors who are otherwise 'trapped' in illiquid funds at discounts to underlying NAV, with the objective of creating value by capturing a portion of the purchase discount over the long-term as the fund liquidates

CONTACT INFORMATION

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PORTFOLIO COMPOSITION

Asset Breakdown (A\$m)	NTA	Adj. NTA
Secondary Market Funds		
Warana 2018 Fund	\$ 4.4	\$ 3.2
Warana 2019 Fund	\$ 15.5	\$ 9.7
Fortress PE Funds ⁽²⁾	\$ 2.5	\$ 2.2
Total Secondary Funds	\$ 22.4	\$ 15.1
Primary Market Funds		
King Street Real Estate Fund	\$ 1.2	\$ 1.2
Legacy AIQ Funds	\$ 2.0	\$ 2.0
VGI Partners Asian Investments Limited (ASX:VG8)	\$ 0.9	\$ 0.9
Total Primary Funds	\$ 4.2	\$ 4.2
Direct Assets		
ThinkSmart Limited (LSE:TSL)	\$ 1.8	\$ 1.8
Eastern European Broadband Co.	\$ 0.2	\$ 0.2
Other Direct Assets	\$ 0.2	\$ 0.2
Net Cash	\$ 6.6	\$ 6.6
Total Direct Assets	\$ 8.9	\$ 8.9
Total	\$ 35.4	\$ 28.2
Cents per Unit (31 October 2020)	12.73	10.11
Cents per Unit (30 September 2020)	10.56	9.48
Monthly Change (%) per Unit	20.5%	6.6%

AIQ HISTORY, TAX LOSSES & DISTRIBUTION POLICY

- AIQ was previously known as "Everest Babcock & Brown Alternative Investment Trust", which at its peak had gross assets in excess of \$1.3bn and incurred significant losses during the 2008 financial crisis and aftermath
- AIQ has in excess of \$400mm of tax losses that can potentially be utilized across its Investment Strategy
- The Trust expects to pay an annual fixed 5% distribution semi annually
 - Because of the use of tax losses, this is expected to be treated as a capital return
- Warana Capital was appointed as IM of AIQ in October 2017 and AIQ re-commenced investing in February 2018

FOOTNOTES & CALCULATION METHODOLOGIES

This information sheet does not constitute financial advice. You should seek appropriate professional advice before deciding to invest in AIQ. Unless otherwise stated all data is as of 31 Oct 2020, is in AUD, is unaudited and is shown net of all applicable management, performance, and other fees and expenses.

- IRR = Internal Rate of Return
- Correlation Calculations
 - Data sourced from: Barclay's, Bloomberg, Cambridge Associates, Standard & Poor's, and Warana's internal data and estimates.
 - The index returns used to calculate the correlations do not reflect any management fees, transaction costs or expenses. The indices are generally unmanaged and are not available for direct investment.
 - Index information is provided for illustrative purposes and is not meant to represent the performance of a fund.
 - This analysis relies on many different assumptions and is intended only for illustrative purposes. This is provided only as a guide to investors. Actual results may differ from Warana's assumptions.
 - Third party data is owned by the applicable third party identified and is provided for your internal use only. Such data may not be reproduced or re-disseminated and may not be used to create any financial instruments, products or indices. Such data is provided without any warranties of any kind. Neither the third party data owner nor any other party involved in the publication of this overview can be held liable for any error.

Trust Data and Information

Responsible Entity	Columbus Investment Services Limited ('Columbus') ABN 69 095 162 931 AFSL 221183	Management Fee	1.5% plus GST
Investment Manager	Warana Capital Pty Limited ('Warana') 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	B1BOGT6
		ARSN	112 129 218
		Domicile	Australia
		Currency	AUD
		Exchange	ASX

About the Responsible Entity of AIQ

One Investment Group is an independent funds management business specializing in providing Responsible Entity, Trustee, Custody and Administration services. It operates multiple licensed entities to act as responsible entity and trustee for in excess of 300 registered and unregistered managed investment schemes. The total value of assets under administration by the group is in excess of \$3.5 billion across a wide range of underlying asset classes.

About the Investment Manager of AIQ

Warana Capital Pty Limited 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

Subject to sufficient cash reserves, AIQ intends to distribute 5% per annum of the Trust's NTA, paid in semi-annual instalments. As at the end of the 2019 tax year, the Trust has in excess of A\$400m in accumulated tax losses and in excess of A\$20m in accumulated capital losses that can potentially be utilized. 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. Unitholders may reinvest distributions by purchasing additional units through the Trust's Distribution Reinvestment Plan ('DRP'). Participation in the Plan is optional and is open to all eligible unitholders. Further information is included in the published DRP.

AIQ Valuation

The monthly NTA of AIQ is released by the 14th of each month and is available from AIQ's website and the ASX. The NTA is unaudited and is calculated by aggregating the fair values provided by the underlying fund managers and their third-party administrators ('Manager Value'). Unaudited valuations are generally provided to AIQ monthly /quarterly and the underlying funds are audited annually. The investment funds are largely illiquid and Warana believes that:

- it will likely take several years to fully receive liquidation proceeds; and
- if sold today, many holdings would be realised at discounts to their prevailing Manager Value.

AIQ also makes investments in funds via the secondary market at a discount to the Manager Value. AIQ's advisors have concluded that accounting principles require that these positions be written up to the Manager Value once the trade has settled. Thus, AIQ applies the Manager Value to all funds (including look-through funds) in calculating its NTA. It generally takes 6-8 weeks to receive the Manager Values from the underlying funds, which causes a similar lag in the inclusion in the AIQ NTA.

When funds are acquired in the secondary market, they are often done so at a price that reflects Warana's expectation that ultimate recovery will be lower than the Manager Value and that recovery will take several years (hence the purchase discount to Manager Value). As an additional resource for Unitholders, AIQ has included an Adjusted NTA calculated by AIQ's Investment Manager to adjust for underlying funds that have been acquired in the secondary market ('Secondary Funds') at discounts to the Manager Value. It is intended as an additional indicative valuation resource given the re-valuation of Secondary Funds to Manager Value creates an immediate and significant valuation uplift. The Adjusted NTA is equal to the lower of the Manager Value and Warana's estimate of the projected recovery cash flows discounted at 10% p.a.. The Adjusted NTA is indicative only and there is no assurance the value will be achieved - unitholders should take care in relying on this metric as it is not produced or reviewed by any third party. Neither Warana nor the Responsible Entity make any express or implied warranty as to the completeness or accuracy of any projections, market outlooks or estimates used in estimating the Adjusted NTA. The Adjusted NTA is uses third-party information and other assumptions which may prove to be inaccurate.

Other Information

Numbers in this overview are unaudited. For the period up to 31 October 2020 covered by this overview there were no material changes to any of the following: the Trust's risk profile; the Trust's strategy; and key investment personnel related to the Alternative Investment Trust. For information since that date, please refer to either of the following websites www.thealternativeinvestmenttrust.com or www.oneinvestment.com.au/alternative-investment-trust.

Legal Notice

Columbus Investment Services Limited (ABN 69 095 162 931) (AFSL 221183) is the responsible entity of the Alternative Investment Trust (ARSN 112 129 218) ('Trust' or 'AIQ'). The information contained in this overview was not prepared by Columbus but was prepared by other parties. While Columbus has no reason to believe that the information is inaccurate, the truth or accuracy of the information contained therein cannot be warranted or guaranteed. Anyone reading this report must obtain and rely upon their own independent advice and inquiries.

Warana Capital Pty Limited (ABN: 44 611 063 579; AFSL: 493579) is authorised by and registered with the Australian Securities and Investments Commission. Warana is the IM of the Alternative Investment Trust. All references to Warana 2018 Fund and Warana 2019 Fund in this document mean Warana SP Offshore Fund SPC - 2018 Segregated Portfolio and Warana SP Offshore Fund SPC - 2019 Segregated Portfolio, respectively. Warana believes that the information contained in this overview is accurate when issued. Warana does not warrant that such information or advice is accurate, reliable, complete or up-to-date, and to the fullest extent permitted by law, disclaims all liability of Warana and its associates. This overview should be regarded as general information only rather than advice. In preparing this overview, Warana did not take into account the investment objectives, financial situation and particular needs of any individual person.

AIQ is exposed to foreign exchange risk as a result of investments in financial instruments denominated in foreign currencies, particularly US dollars. This risk is implicit in the value of portfolio securities denominated in a foreign currency and transactional exposure arising from the purchase or sale of securities. The IM and Responsible Entity have not hedged AIQ's exposure to the US dollar.

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Columbus and Warana do not guarantee the performance of the Trust or the repayment of any investor's capital. To the extent permitted by law, neither Columbus nor Warana, including their directors, senior executives, employees, consultants, advisers, officers or authorised representatives, are liable for any loss or damage arising as a result of reliance placed on the contents of this overview. Warana only provides services to wholesale clients, as defined in section 761G of the Corporations Act. Past performance is not indicative of future performance. Unless otherwise stated all data is as of 31 Oct 2020 with the latest data available.

Historical NTA & Adj. NTA Performance

(See notes below)	NTA		Adjusted NTA	
	Diluted	Undiluted	Diluted	Undiluted
1 Month	20.5%	20.5%	6.6%	6.6%
3 Months	21.7%	21.7%	8.0%	7.9%
6 Months	9.8%	9.8%	1.6%	1.5%
YTD	28.3%	28.6%	11.1%	11.0%
Since Inv. Strategy Restart (p.a.)	14.9%	18.0%	5.8%	8.5%
Since IM Appointment (p.a.)	11.8%	14.4%	3.9%	6.3%

Note: The fund has conducted several capital raises to build scale since the commencement of its investment strategy on 12 February 2018. It conducted a 1-for-1 rights issue in March 2018, a 1-for-1 rights issue in August 2019, a placement in March 2020, a unit purchase plan in April 2020 and offers a distribution reinvestment plan. As a result of the new units issued at discounts to the NTA in some of these events, the NTA was diluted. Returns under the "Diluted" columns for each relevant time period show the movement including the impact of the dilution. Returns under the "Undiluted" columns for each relevant time period show the movement adjusted for the impact of the dilution. "Since Inv. Strategy Restart (p.a)" returns are annualised returns since the investment strategy commencement. "Since IM Appointment (p.a)" returns are annualised returns since Warana Capital was appointed as IM of AIQ on 9 October 2017. The Fund first produced an Adjusted NTA for the period ending 31 October 2019. Adjusted NTA performance relative to periods before this date utilise the regular NTA.