



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

**ASX ANNOUNCEMENT**

7 January 2022

**AIQ Overview November 2021**

Please find attached the AIQ Overview November 2021

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](http://www.thealternativeinvestmenttrust.com)

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

## SUMMARY

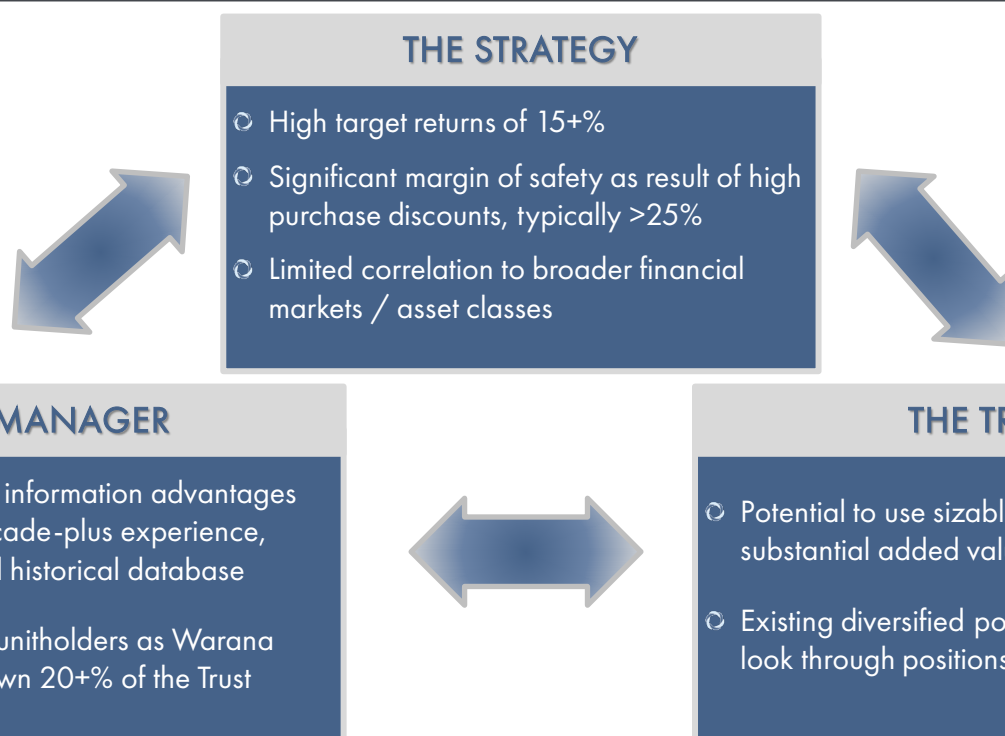
- The Trust's mandate is to generate attractive pre-tax risk-adjusted returns by gaining exposure to a portfolio of leading international absolute return funds and select equity and debt direct investments
- IM currently seeks to implement mandate by acquiring unlisted funds at discounts to their net asset value in the secondary market
  - Funds generally already in liquidation so buying at significant discount to recovery expected over time
- 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
- AIQ's structure provides additional efficiency and value creation potential

## KEY TRUST INFORMATION as of 30 November 2021

Investment Manager ("IM")	Warana Capital Pty Limited
NTA per unit	AUD \$0.1442
Price per unit (ASX)	AUD \$0.1100
Total units on issue	281,274,730
Market cap (ASX)	AUD \$30.94mm
Leverage	None
Yield*	5%
Target IRR – new investments	15+%
Tax Losses	In excess of \$400mm*

Warana Capital Pty Limited and Warana Capital, LLC (US SEC registered Investment Advisor) are affiliates (collectively, "Warana" or "Warana Capital")  
\*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



## TARGET ALLOCATIONS

Asset Type	Target	Current
Absolute Return Funds	75-100%	100%
Direct Debt	0-20%	0%
Equity Co-investments	0-5%	0%

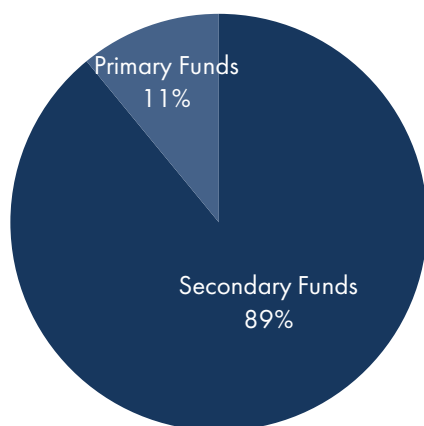
- Investment Strategy: to generate attractive pre-tax risk-adjusted returns by gaining exposure to a portfolio of leading international absolute return funds and select equity and debt direct investments

## AIQ HISTORY, TAX LOSSES & DISTRIBUTION POLICY

- AIQ was previously known as "Everest Babcock & Brown Alternative Investment Trust", which had peak 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 could potentially be utilized across its Investment Strategy
- The Trust pays 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 was appointed as IM of AIQ on 9 October 2017 and AIQ re-commenced investing in February 2018

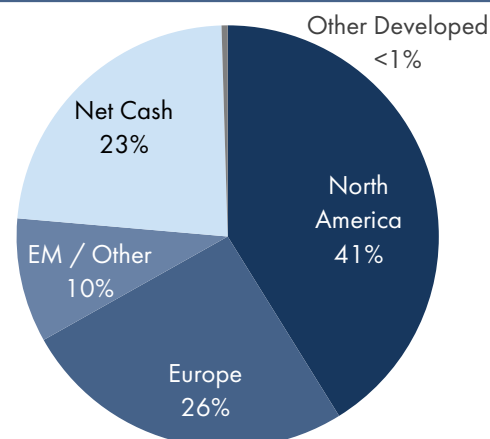
## SELECTED PORTFOLIO STATISTICS (as of 30 November 2021)

### STRATEGY ALLOCATION



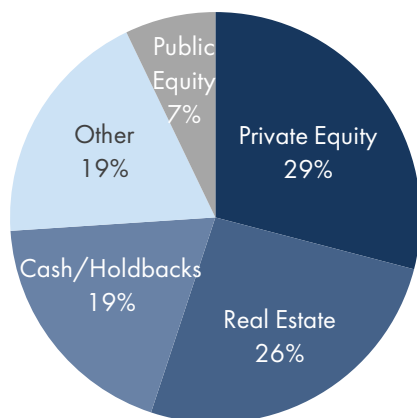
Target Secondary Market Assets via Warana Funds

### GEOGRAPHIC ALLOCATION



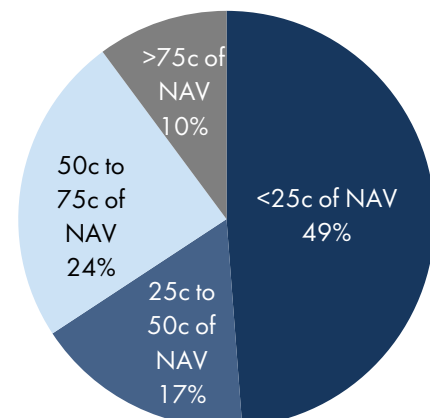
Developed Market Focus

### ASSET CLASS ALLOCATION



Diversified Asset Classes

### SECONDARY PRICING DISTRIBUTION



Average Purchase Price: 34% of quoted net asset value

## PORTFOLIO COMPOSITION AND SELECTED PERFORMANCE METRICS (as of 30 November 2021)

Asset Breakdown (A\$mm)	NTA	Adj. NTA
<b>Secondary Market Funds</b>		
Warana 2018 Fund	\$ 2.8	\$ 2.2
Warana 2019 Fund	\$ 16.8	\$ 9.2
Warana 2021 Fund	\$ 4.7	\$ 4.4
King Street Special Investments	\$ 4.6	\$ 4.4
Fortress PE Funds <sup>(2)</sup>	\$ 2.3	\$ 1.8
<b>Total Secondary Funds</b>	<b>\$ 31.2</b>	<b>\$ 22.0</b>
<b>Primary Market Funds</b>		
King Street Real Estate Fund	\$ 1.4	\$ 1.4
Legacy AIQ Funds	\$ 1.8	\$ 1.8
<b>Total Primary Funds</b>	<b>\$ 3.2</b>	<b>\$ 3.2</b>
<b>Direct Assets</b>		
Alternative Liquidity Fund Ltd (LSE: ALF)	\$ 0.6	\$ 0.6
Other Direct Assets	\$ -	\$ -
Net Cash	\$ 5.5	\$ 5.5
<b>Total Direct Assets</b>	<b>\$ 6.1</b>	<b>\$ 6.1</b>
<b>Total</b>	<b>\$ 40.6</b>	<b>\$ 31.3</b>

### WARANA 2018 FUND SUMMARY

- Net IRR 18.0%
- Expected multiple of money = 1.47x
- Over two-thirds of value in US-based private equity, real estate and cash positions

### WARANA 2019 FUND SUMMARY

- Net IRR 19.3%
- Expected multiple of money = 1.41x
- Diverse portfolio of ~125 funds with largest exposure to US/EU real estate and private equity

### WARANA 2021 FUND SUMMARY

- Warana 2021 Fund - Commenced investing in July 2021 utilizing same strategy as previous Warana Funds
- The 2021 Fund has called 48% of capital during its first six months

## ABOUT WARANA

- Warana has nine employees across its offices in New York, Los Angeles and Sydney
- Warana is an Australian Financial Services License holder and a US SEC registered investment adviser
- Warana currently manages approximately A\$500mm in AUM over 15 different fund vehicles:
  - 1 listed fund (AIQ)
  - 1 private fund in its investment period
  - Over a dozen private funds in harvest mode
- 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

Jennifer Howrigan  
[jh@waranacap.com](mailto:jh@waranacap.com)  
 +1 201 669 8363

[www.thealternativeinvestmenttrust.com.au](http://www.thealternativeinvestmenttrust.com.au)  
 +612 8277 0000

## 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 30 November 2021, is in AUD, is unaudited and is shown net of all applicable management, performance, and other fees and expenses.

- Accounting standards require that underlying funds be held at the valuations provided by their third-party administrators and auditors. This results in an immediate valuation uplift for funds purchased in the secondary market at discounts to this value. The Adjusted NTA adjusts the value of funds purchased in the secondary market using the lower of their reported valuations and the Warana's estimated projected recovery cash flows discounted at 10% p.a.
- IRR = Internal Rate of Return. Net IRRs have been calculated using XIRR function in Microsoft Excel by combining dates / amounts of actual and projected cash flows from each vintage Warana fund as of 30 September 2021. Warana makes no express or implied warranty as to the completeness or accuracy of the information in estimating the projected return. Any projections, market outlooks or estimates in this overview are based on certain assumptions.
- All references to each vintage Warana fund (e.g. "Warana 2021 Fund") refer to that vintage's respective segregated portfolio with the Warana SP Offshore Fund Segregated Portfolio Company (e.g. "Warana SP Offshore Fund SPC – 2021 Segregated Portfolio"). These Funds are managed by Warana Capital, LLC.

## Trust Data and Information

<b>Responsible Entity</b>	Columbus Investment Services Limited ('Columbus') ABN 69 095 162 931 AFSL 221183	<b>Management Fee</b>	1.5% plus GST
<b>Investment Manager</b>	Warana Capital Pty Limited ABN 44 611 063 579 AFSL 493579	<b>Performance Fee</b>	20% plus GST of NTA outperformance over 8% pa hurdle
<b>Administrator</b>	Unity Fund Services	<b>ISIN</b>	AU000000AIUQ2
<b>Custodian</b>	One Managed Investment Funds Limited	<b>SEDOL</b>	B1BOGT6
		<b>ARSN</b>	112 129 218
		<b>Domicile</b>	Australia
		<b>Currency</b>	AUD
		<b>Exchange</b>	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 \$35 billion across a wide range of underlying asset classes.

## About the Investment Manager of AIQ

Warana Capital Pty Limited (including affiliates) 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 2020 tax year, the Trust has in excess of A\$400m in accumulated tax losses and in excess of A\$20m in accumulated capital losses be potential to utilize. 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..

## 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 30 November 2021 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](http://www.thealternativeinvestmenttrust.com) or [www.oneinvestment.com.au/alternative-investment-trust](http://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, Warana 2019 Fund and Warana 2021 Fund in this document mean Warana SP Offshore Fund SPC - 2018 Segregated Portfolio, Warana SP Offshore Fund SPC - 2019 Segregated Portfolio and Warana SP Offshore Fund SPC - 2021 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.

The information contained in this overview must not be copied or disclosed in whole or in part without the prior written consent of Warana, and Warana accepts no liability whatsoever for the actions of third parties in this respect. It is presented for informational purposes only and is not to be construed as a solicitation or an offer or recommendation to buy or sell any securities. Any opinions expressed in this overview constitute Warana's judgement at the time of issue and may be subject to change without notice. Warana is not obliged to update the information. The information must not be used by recipients as a substitute for the exercise of their own judgment and investigation. Neither Warana nor any of their directors, employees or agents accepts any liability for any loss or damage arising out of the use of all or part of, or any omission, inadequacy or inaccuracy in, this overview.

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 30 November 2021 with the latest data available.

## Historical NTA & Adj. NTA Performance

<i>(See notes below)</i>	NTA		Adjusted NTA	
	Diluted	Undiluted	Diluted	Undiluted
1 Month	5.7%	5.7%	5.7%	5.7%
3 Months	7.3%	7.3%	2.8%	2.8%
6 Months	13.4%	13.4%	15.3%	15.2%
YTD	20.7%	20.7%	19.6%	19.4%
Since Inv. Strategy Restart (p.a.)	15.0%	14.6%	8.1%	7.7%
Since IM Appointment (p.a.)	12.7%	12.5%	6.4%	6.2%

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 recommencement. "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.