

## Alternative Investment Trust

Alternative Investment Trust ARSN 112 129 218 ("AIQ" or the "Trust")

Annual Report

For the year ended 31 December 2023

Appendix 4E

### 1 Reporting Period and Previous Corresponding Period

Current Reporting Period:	12 months to 31 December 2023
Previous Corresponding Period:	12 months to 31 December 2022

### 2 Results for Announcement to the Market

	Year ended 31 December 2023 (\$'000)	Year ended 31 December 2022 (\$'000)
2.1 Revenue from ordinary activities	Down 53% to 2,602	5,550
2.2 Profit (loss) from ordinary activities after tax attributable to unitholders	Down 55% to 2,354	5,214
2.3 Net profit (loss) for the period attributable to unitholders	Down 55% to 2,354	5,214

	2023		2022	
	Amount per security	Return of Capital	Amount per security	Return of Capital
July distribution of capital	\$0.041	\$0.041	\$0.041	\$0.041
January distribution of capital	\$0.043	\$0.043	\$0.036	\$0.036
2.4 Distributions:	\$0.084	\$0.084	\$0.077	\$0.077

2.5 Record date for determining entitlements to the distribution of capital:

- July 2023 - 27 July 2023
- January 2023 - 27 January 2023

No distribution of income was declared or paid for the year ended 31 December 2023 (31 December 2022: \$nil).

2.6 An explanation of results is indicated on page 4 of the annual financial report and also included in the Investment Manager's report included in the annual financial report.

### 3 Details of Individual and Total Dividends or Distributions and Dividend or Distribution Payments

The distribution table above relates to the distribution of capital \$2,537,597 (2022: \$2,268,875).

No Distribution of income was declared or paid for the year ended 31 December 2023 (31 December 2022: \$nil).

### 4 Details of Any Dividend or Distribution Reinvestment Plans in Operation

Distribution Reinvestment Plan Rules dated 25 July 2019 and replaced by Distribution Reinvestment Plan Rules dated 14 November 2019.

On 14 December 2022, the Distribution Reinvestment Plan was suspended.

## Alternative Investment Trust

### 5 Net Tangible Assets per Security

Net tangible assets per security as at 31 December 2023	\$1.57
Net tangible assets per security as at 31 December 2022	\$1.58

### 6 Details of Entities over which Control has been Gained or Lost during the Year

The Trust did not gain or lose control over any entities during the year ended 31 December 2023.

### 7 Details of Associates and Joint Venture Entities

Not applicable.

### 8 Any Other Significant Information needed by an Investor to Make an Informed Assessment of the Entity's Financial Performance and Financial Position

Refer to the annual financial report and notes attached to them.

### 9 For Foreign Entities, which Set of Accounting Standards is used in Compiling the Report

Not applicable.

### 10 Commentary on Results

An explanation of results is indicated in the directors' report and also included in the Investment Manager's report included in the annual financial report.

Additional Appendix 4E disclosure requirements can be found in the notes to the financial report for the year ended 31 December 2023.

This report is based on the annual report of the Trust which has been subject to an audit by Crowe Sydney.

On behalf of the directors of the Responsible Entity, One Managed Investment Funds Limited.



Sarah Wiesener  
Director  
29 February 2024

**Alternative Investment Trust**

**ARSN 112 129 218**

Annual report for the financial year ended 31 December 2023

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**Directors' Report**

The directors of One Managed Investment Funds Limited (ABN 47 117 400 987; AFSL 297042) ("OMIFL" or the "Responsible Entity"), the responsible entity of Alternative Investment Trust (ARSN 112 129 218) ("AIQ" or the "Trust"), present their report together with the financial report of the Trust for the year ended 31 December 2023.

**Responsible Entity**

The Responsible Entity of the Trust is OMIFL. The registered office and principal place of business of the Responsible Entity is Level 16, Governor Macquarie Tower, 1 Farrer Place, Sydney 2000.

**Investment Manager**

The Investment Manager of the Trust is Warana Capital Pty Limited (ACN 611 063 579; AFSL 493579) ("Warana" or the "Investment Manager").

**Information about the Directors and Senior Management**

The names of the directors and company secretaries of the Responsible Entity in office during the financial year and up to the date of this report are:

<b>Name</b>	<b>Title</b>
Frank Tearle	Executive Director and Company Secretary
Sarah Wiesener	Executive Director and Company Secretary
Michael Sutherland	Executive Director

**Directors Remuneration**

The directors of the Responsible Entity are not remunerated by the Trust.

**Directors Interests in the Trust**

During or since the end of the financial year, none of the directors of the Responsible Entity held any units in the Trust, either directly, indirectly, or beneficially (2022: nil).

**Directors' Meeting**

The numbers of meetings attended by each director were:

	<b>Directors' Meeting</b>	
	<b>Meetings Held</b>	<b>Meetings Attended</b>
Frank Tearle	4	2
Sarah Wiesener	4	3
Michael Sutherland	4	4

### Directors' report (continued)

#### Principal Activities

The Trust is a registered managed investment scheme domiciled and registered in Australia and quoted on the Australian Securities Exchange ("ASX") (ASX code "AIQ"). The Trust has exposure to a portfolio of absolute return funds.

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

The Trust did not have any employees during the financial year.

#### Principal Risks and Uncertainties

In respect of the Trust's system of internal controls and its effectiveness, the Directors:

- are satisfied that they have, with the assistance of the Investment Manager, carried out a robust assessment of the principal risks facing the Trust, including those that would threaten its business model, future performance, solvency or liquidity; and
- have reviewed the effectiveness of the risk management and internal control systems including material financial, operational and compliance controls (including those relating to the financial reporting process) and no significant failings or weaknesses were identified.

In the Board's opinion, the principal risk and uncertainty to the Trust arises from the inherent difficulty of fairly valuing the portfolio assets in current market conditions. For each of the underlying funds (including on a look-through to the Warana funds' portfolios), the range of outcomes can be wide both in terms of ultimate recovery and the timelines for such recoveries, making valuation difficult, as it relies on a number of assumptions for future events that may not be accurate - this is particularly the case of imperfect information although many of the underlying valuation agents at the underlying fund level will struggle with the same uncertainties despite superior information available. In order to manage this risk, the Investment Manager liaises with the underlying managers and administrators of the investee funds to obtain valuations that are as up to date and as accurate as possible. The Board, in conjunction with the Investment Manager, may take provisions to adjust the carrying fair value of investments where warranted due to outdated valuations, incomplete, biased or unreliable valuation process, concerns over the third parties involved in the process, external factors (market, geographic, FX, political risk exposures) that are not yet captured in NAVs (particularly with a lag in NAVs).

Management on behalf of the Responsible Entity are in regular contact with the Investment Manager and are kept informed in relation to any concerns the Investment Manager may have in relation to the investments held by the Trust.

### Directors' report (continued)

#### Other Risks and Uncertainties

Other risks identified by the Board that could affect the Trust's performance include but are not limited to:

**Liquidity risk:** The Trust is mainly invested in securities which lack an established secondary trading market or are otherwise considered illiquid. In the Responsible Entity's opinion, the risk to the Trust is its inability to realise assets at a price which reflects the valuation of those assets to date, or indeed at all, due inter alia to illiquidity in the market for such assets and general economic and financial conditions. The Responsible Entity and Investment Manager closely monitor the liquidity situation of the Trust, to allow the Trust to meet capital calls as needed, as well as potential buy-back activity and the semi-annual distribution policy. In a temporary shortfall scenario, the Trust has in place several options to bridge any such temporary gap.

**Third party manager risk:** The Trust primarily invests in absolute return funds managed by third parties. This reduces the amount of asset level transparency available to the Trust and results in a reliance on the underlying managers of those vehicles to maximise the value of those assets and act in the best interests of the Trust. The Trust seeks to minimise this risk by investing in groups that it believes to be reputable or price the heightened risk by paying significant discounts in the secondary market. There can be no guarantees these managers achieve the Trust's goals and it can also be difficult for the Trust to monitor their behaviour due to the lack of transparency.

**Regulatory risk:** the Trust operates in a complicated regulatory environment being listed on the ASX and regulated by ASIC. Breaches of regulations could lead to a number of serious outcomes and reputational damage. The Responsible Entity and the Investment Manager monitor compliance with regulations by regular review of internal control reports and undergoing an annual Compliance Plan Audit.

**Foreign exchange risk:** the Trust is predominately invested in USD denominated assets. The USD exposure is not hedged to the Australian Dollar, any movements in the Foreign Exchange Rate will affect the Trust directly.

Note 13 to the annual financial statements contains further details of the "Financial Risk Management Objective and Policies".

#### Review of Operations

##### *Results*

The results of the operations of the Trust are disclosed in the Statement of Profit or Loss and Other Comprehensive Income of the financial statements. The gain attributable to unitholders for the year ended 31 December 2023 was \$2,354,000 (2022 gain: \$5,214,000).

##### *Distributions of income and capital*

In respect of the financial year ended 31 December 2023, a distribution of income \$nil (2022: \$nil) was paid to unitholders.

In respect of the financial year ended 31 December 2023, distributions by way of returns of capital of \$2,538,000 (2022: \$2,269,000) were paid to unitholders.

## Alternative Investment Trust

### Directors' report (continued)

#### Review of Operations (continued)

##### *Value of Assets and Units Issued*

The total value of the Trust's assets at 31 December 2023 is \$48,042,000 (2022: \$48,382,000). The total number of units on issue as at 31 December 2023 is 30,408,998 (2022: 30,554,797).

##### *Fees Paid and Payable to the Responsible Entity and Investment Manager*

###### **Responsible Entity Fees**

The Responsible Entity charged 0.07% per annum (excluding GST) of gross portfolio value, subject to a minimum of \$67,980 per annum (excluding GST) from 1 July 2023 (\$66,000 per annum (excluding GST) prior to 1 July 2023).

For the year ended 31 December 2023, the Responsible Entity fee expense incurred by the Trust was \$70,372 (2022: \$68,970). The Responsible Entity fee payable as at 31 December 2023 was \$6,232 (2022: \$6,050).

###### **Investment Manager Fees**

The Investment Manager is entitled to a management fee of 1.5% (excluding GST) of the net asset value of the Trust ("Management Fee Entitlement"). The Trust also makes investments in other comingled vehicles that are managed by affiliates of the Investment Manager where fees are charged ("Downstream Funds").

It is noted that management fees relating to the Trust's holding in these funds have and will continue to be rebated while Warana is the Investment Manager of the Trust so that the Investment Manager or any affiliate does not receive in aggregate in excess of the Management Fee Entitlement. In practice, the Investment Manager charges fees at the Downstream Funds and then rebates the net amount required such that the aggregate fees collected equal the Management Fee Entitlement.

In the period, these amounted to:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Management Fee Entitlement	617,683	543,068
Rebate credited	(715,347)	(583,348)
<b>Net management fee rebate attributable to the Trust</b>	<b>(97,664)</b>	<b>(40,280)</b>

As at 31 December 2023, the net receivable from the Investment Manager in relation to management fees and management fee rebates is \$239,022 (31 December 2022: \$134,212).

The Investment Manager is entitled to a performance fee of 20% of the NTA performance above an 8% per annum hurdle ("Performance Fee Entitlement").

### Directors' report (continued)

#### Significant Changes in State of Affairs

In addition to the changes referred to in the Investment Manager Report, during the financial year, the following changes occurred in the state of affairs of the Trust.

On 20 January 2023, a distribution by way of return of capital was declared with a record date of 27 January 2023 and payment date 20 February 2023, with a per unit distribution of \$0.0425.

On 13 January 2023, the Trust made an approximately AUD13m (USD 9m) commitment to the new Warana 2023 Fund.

On 23 February 2023, a notice of meeting was issued to all unitholders in relation to an Extraordinary General Meeting (EGM) to be held on 17 March 2023.

- Approve the replacement of Columbus Investment Services Ltd (CISL) as the Responsible Entity of AIQ with another member of One investment Group (OIG), One Managed Investment Funds Limited ACN 117 400 987 AFSL 297042 (OMIFL)
- Approve the amendment to the constitution in relation to the fees payable to OIG for acting as responsible entity and for providing custodial services to AIQ.

On 21 July 2023, a distribution by way of return of capital was declared with a record date of 27 July 2023 and payment date 18 August 2023, with a per unit distribution of \$0.0407.

On 7 September 2023, an extension of current On-Market Buyback was announced with the intention to offer up to 10% of the Trust units on issue to be purchased at or near the prevailing Adjusted NTA price. The On-Market Buyback commenced on or after 9 September 2022.

Aside from the above, there were no other significant changes in the state of affairs of the Trust.

#### Subsequent Events

On 11 January 2024, the Trust paid an approximately AUD\$1.32m (USD\$900k) capital call payment to the Warana 2023 Fund.

On 19 January 2024, a distribution by way of return of capital was declared with a record date of 25 January 2024 and payment date 19 February 2024. The distribution was \$0.0395 per unit.

Other than above, there has not been any matter or circumstances occurring subsequent to the end of the year that have significantly affected, or may significantly affect, the operations of the Trust, the results of those operations, or the state of affairs of the Trust in future financial years.

#### Likely Developments and Expected Results

The Trust will be managed in accordance with the Constitution.

Further information on likely developments in the operations of the Trust and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Trust.

**Directors' report (continued)**

**Environmental Regulation and Performance**

The operations of the Trust are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory. There have been no known significant breaches of any other environmental requirements applicable to the Trust.

**Indemnification of Directors, Officers and Auditors**

During or since the financial year, the Trust has not indemnified or made a relevant agreement to indemnify an officer of the Responsible Entity or auditor of the Trust or any related corporate body against a liability incurred by an officer of the Responsible Entity or auditor of the Trust. In addition, the Trust has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer of the Responsible Entity or auditor of the Trust.

**Non-Audit Services**

The auditor of the Trust is Crowe Sydney (2022: Crowe Sydney).

There were no non-audit services performed by the auditor in the current and prior financial year.

**Rounding of Amounts to the Nearest Thousand Dollars**

The Trust is an entity of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the Directors' Report and Annual Financial Report. Amounts in the Directors' Report and Annual Financial Report have been rounded to the nearest thousand dollars in accordance with that legislative instrument, unless otherwise indicated.

**Auditor's Independence Declaration**

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 47.

On behalf of the directors of the Responsible Entity, One Managed Investment Funds Limited.



Sarah Wiesener

Director

29 February 2024

### **Corporate Governance – Responsible Entity**

Alternative Investment Trust ARSN 112 129 218 (“AIQ” or “Trust”) is a registered managed investment scheme under the Corporations Act 2001 (“Corporations Act”). One Managed Investment Funds Limited (ABN 47 117 400 987; AFSL 297042) (“Responsible Entity”) is the responsible entity for the Trust and establishes the corporate governance policies of the Trust.

The Australian Securities Exchange Limited (“ASX”) Corporate Governance Council’s Corporate Governance Principles and Recommendations (“ASX Principles”), in conjunction with the ASX listing rules, require the Trust to disclose in its annual report the extent to which its corporate governance practices follow the ASX Principles and to give reasons why any recommendations have not been followed. The Responsible Entity complies with a majority of the ASX Principles. Where it does not, it is largely in respect of matters where the nature of the regulation of the Trust or of the Trust’s business is such that the board of the Responsible Entity considers that compliance is not appropriate and there is no detriment to unit holders arising from the Trust’s non-compliance. The Responsible Entity’s corporate governance statement can be found on the Trust’s website at <https://www.thealternativeinvestmenttrust.com>.

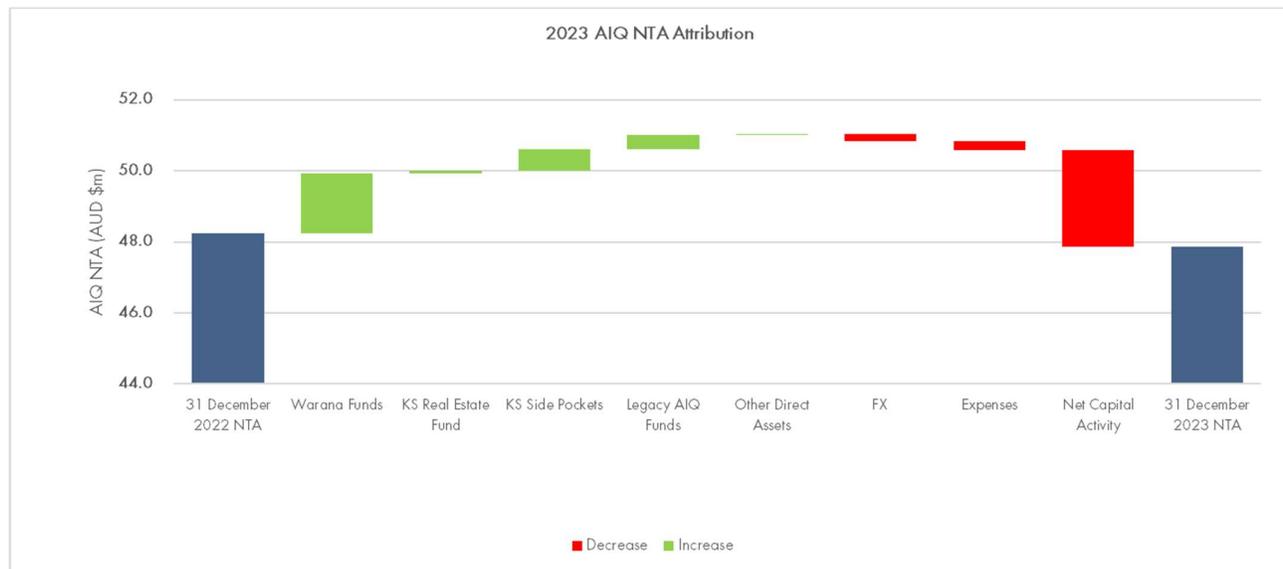
## Investment Manager's Report – 2023 Annual Report



### Overview

The net tangible asset backing ("NTA") of Alternative Investment Trust ("AIQ" or the "Trust") increased by 5.2% during 2023 and the adjusted NTA<sup>1</sup> increased 16.6%, both adjusted for the impact of capital activity, most notably the two semi-annual distributions. Excluding the impact of foreign exchange movements, the portfolio's NTA increased by 5.6% and the adjusted NTA increased by 17.2%.

A summary of the Trust's NTA performance is as follows:



The key positive drivers for the Trust were Warana funds and King Street Side Pocket performance. The adjusted NTA was a beneficiary of a 14% increase in the Warana Funds.

The Trust maintained an average net cash balance of 10% of NTA over the period. With the rise in interest rates available in US dollars, the Trust started a cash management program by investing its cash balance into a short term bond ETF to optimize income on excess cash. AIQ has been busy from an investment perspective, noting the following activities during the period:

- Made a US\$9m (A\$13.5m) capital commitment to the Warana 2023 Fund<sup>2</sup> in January 2023, to continue the secondary strategy pursued by previous Warana funds. In 2023, US\$3.6m (A\$5.3m) was called with another 10% call, \$900k funded in early 2024. The remaining

<sup>1</sup> AIQ's monthly NTA is typically unaudited and calculated by aggregating the fair values provided by underlying fund managers and third-party administrators ('Manager Value'). AIQ includes an Adjusted NTA in its monthly NTA announcements calculated by AIQ's investment manager ('Warana') 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 a 10% p.a. rate. 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 a third party to AIQ. 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 estimated using third-party information and other assumptions which may prove inaccurate.

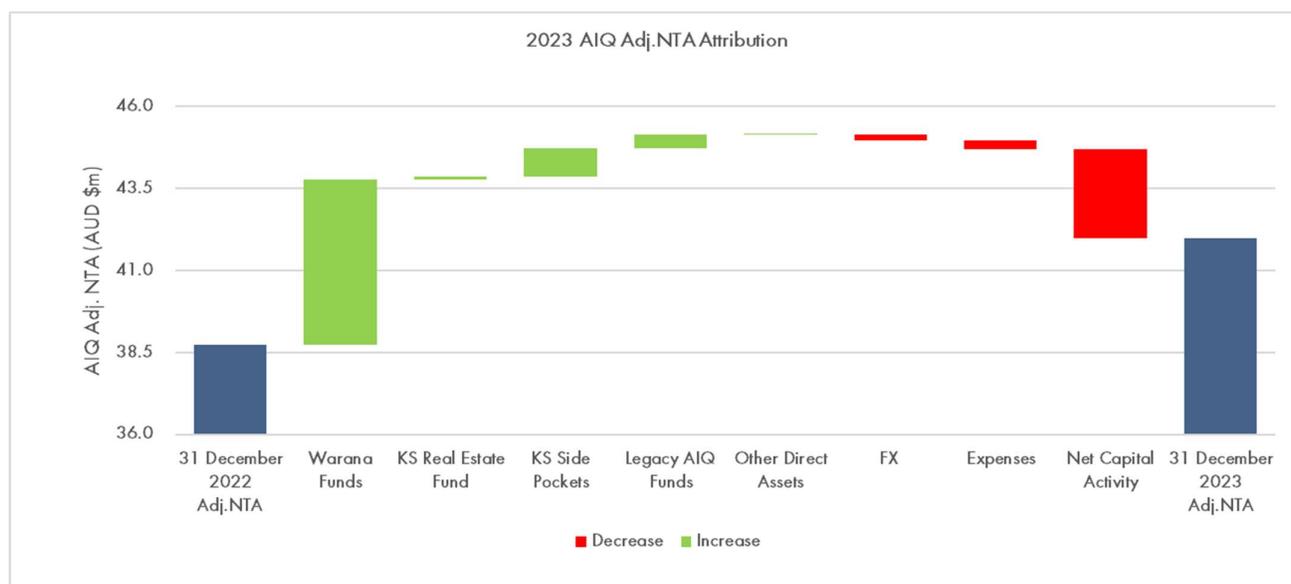
<sup>2</sup> All references to "Warana 2023 Fund" in this document mean "Warana 2023 Offshore Fund LP".

US\$5.4m (A\$8.2m) is expected to be called over the next 6 months. It is expected that distributions from other funds will sufficiently cover the remaining commitment.

- Received US\$8.1m (A\$12m) from the portfolio including:
  - US\$4.7m from Warana 2021 Fund<sup>3</sup>;
  - US\$1.4m from Warana 2019 Fund<sup>4</sup>;
  - US\$955k King Street Side Pockets (including a US\$117k receivable pending regular KYC review);
  - US\$473k from Warana 2023 Fund;
  - US\$415k from Warana 2018 Fund<sup>5</sup>;
  - US\$142k from King Street Real Estate Fund;
  - US\$70k from Alternative Liquidity Fund Limited; and
  - US\$26k from Warana USA III-A Fund<sup>6</sup>
  
- In September, the Trust extended the Trust's buyback programme for another 12 months. A total of 145,799 units were bought back with an average price of A\$1.33 per share during the year. The buy-back process is currently paused and will resume after the blackout period ends.

During the year the Trust made two distributions of A\$0.0407 and A\$0.0395 per unit in January and July respectively.

A summary of the Trust's Adjusted NTA performance is as follows:



### Investment Portfolio

The Trust's portfolio as of 31 December 2023 has a NTA per unit of A\$1.5736 with an adjusted NTA at A\$1.3802. The difference between these two NTAs remains material due to the significant number of positions that have been purchased at discounts to the manager-published net asset value.

<sup>3</sup> All references to "Warana 2021 Fund" in this document mean "Warana SP Offshore Fund SPC – 2021 Segregated Portfolio"

<sup>4</sup> All references to "Warana 2019 Fund" in this document mean "Warana SP Offshore Fund SPC – 2019 Segregated Portfolio".

<sup>5</sup> All references to "Warana 2018 Fund" in this document mean "Warana SP Offshore Fund SPC – 2018 Segregated Portfolio".

<sup>6</sup> All references to "Warana USA III-A Fund" in this document mean "Warana USA III-A Fund LLC"

As a reminder, where the Trust has purchased at a discount to the reported NAV in the unlisted secondary market, the adjusted NTA will reflect the Investment Manager's current recovery and liquidity timing expectations for that position – which are generally at discounts to their reported valuations (i.e. both the price paid and the present value of expected recovery are less than the Manager Value). We hope that we have been too conservative in our assumptions and that the underlying managers recover closer to their Manager Value.

The investment portfolio of the Trust as at 31 December 2023 was as follows:

Asset Breakdown (\$mm)	NTA	Adjusted NTA
<b>Secondary Market Funds</b>		
Warana 2018 Fund	\$ 1.3	\$ 0.8
Warana 2019 Fund	\$ 7.2	\$ 5.4
Warana 2021 Fund	\$ 15.0	\$ 14.1
Warana 2023 Fund	\$ 8.2	\$ 5.9
King Street Capital Special Investments	\$ 3.2	\$ 3.1
Fortress PE Funds	\$ 2.0	\$ 1.6
<b>Total Secondary Funds</b>	<b>\$ 36.9</b>	<b>\$ 31.0</b>
<b>Primary Market Funds</b>		
King Street Real Estate Fund	\$ 1.4	\$ 1.4
Legacy AIQ Funds	\$ 2.3	\$ 2.3
<b>Total Primary Funds</b>	<b>\$ 3.7</b>	<b>\$ 3.7</b>
<b>Direct Assets</b>		
Other Direct Assets	\$ 0.3	\$ 0.3
Net Cash	\$ 7.0	\$ 7.0
<b>Total Direct Assets</b>	<b>\$ 7.3</b>	<b>\$ 7.3</b>
<b>Total</b>	<b>\$ 47.9</b>	<b>\$ 42.0</b>

## Fund Investments

### Warana 2018 Fund, Warana 2019 Fund, Warana 2021 Fund and Warana 2023 Fund (together, the “Warana Funds”)

The Warana Funds are private funds managed by an affiliated Warana entity that buys illiquid absolute return fund interests at discounts to their reported value via the secondary market. The following table summarises each of the Funds:

Fund	Allocated (US\$m) <sup>7</sup>	Returned (US\$m) <sup>8</sup>	# of transaction / underlying funds	Projected IRR (% pa)	Avg price (% of manager NAV)	Projected MoM
Warana 2018 Fund	48.0	56.8	77/167	15%	51%	1.39x
Warana 2019 Fund	77.5	76.4	60/176	17%	24%	1.42x
Warana 2021 Fund	96.2	62.7	59/199	23%	56%	1.72x
Warana 2023 Fund	42.4	5.6	27/66	Target 15-20%	54%	Target >1.3x

High interest rates and the closure of key capital markets continue to put pressure on investment funds that are seeking to exit more illiquid exposures. There is a growing prevalence of absolute return funds that have had to restrict liquidity (i.e. side pocket, gate or liquidate) and / or push out

<sup>7</sup> Allocated capital at master fund level

<sup>8</sup> Returned capital at master fund level

liquidity expectations they have communicated to investors. This dynamic generally provides a steady flow of trapped investors looking to sell existing exposures at a discount to the reported valuation. With requests for bids at such significant volumes, we have the ability to be more selective in which situations we dive into from a diligence perspective. Observing robust liquidity across Warana funds throughout 2023 and the upcoming year, Warana continues to believe in the strategy and to find attractive opportunities among smaller situations.

Through 2023, Warana 2023 Fund has bought US\$80.4m of NAV for US\$43.2m, an average price of 54 cents, in line with historical averages.

We continue to be pleased with the performance of the various Warana Funds. The purchase discounts in this strategy are intended to provide a solid margin of safety and the opportunity for the funds to make a sound return even if the underlying managers do not return their current valuation. At this point, Warana has a general preference for opportunities sourced in the secondary market versus new primary fund allocations.

### **King Street Real Estate Fund**

The King Street Real Estate Fund (Offshore PF), L.P ("KS REF") is an opportunistic global real estate fund which aims "to produce attractive, risk adjusted returns throughout diverse market environments – with a focus on situations which are out of favour, complex, misunderstood and / or in transitional markets." KS REF is now fully invested and has made 13 investments across Europe and the US. The overall performance during 2023 was approximately 5.1% in USD, adjusted for capital calls and distributions. Given the challenges in general real estate markets in the period, this was quite a solid result. We continue to expect the assets in KS REF will be sold over a multi-year time horizon. In 2023, we have received a distribution of US\$142k.

### **King Street Capital, Ltd. Special Investments**

The King Street Capital, Ltd. Special Investments ("KS Side Pockets") are a portfolio of illiquid investments under King Street's deliberate side pocket strategy that extend beyond the liquidity horizon of their flagship hedge fund. This portfolio was acquired in the secondary market in November 2020 at roughly a 30% discount to the then underlying Manager Value with exposures to primarily European real estate and private equity investments. Before the purchase, AIQ already had exposure to KS Side Pockets indirectly through the Warana Funds and have had an overall positive experience. Since November 2020, the Trust has received a total of US\$3.2m in distributions from this investment, approximately 107% of the purchase cost. During 2023, AIQ received US\$955k from a number of European real estate and private equity investments.

### **Fortress PE Funds**

The Fortress PE Funds include two private equity funds managed by Fortress Investment Group ("Fortress"), a large, US-based investment manager. These funds were acquired in the secondary market at roughly a 50% discount to the underlying Manager Value. This exposure includes equity and preferred equity in the holding company for Florida Brightline Trains, a US passenger train business that has built a new line servicing West Palm Beach to Orlando in the US state of Florida and Brightline West, Fortress's expansion plans to build a high speed rail line between Los Angeles and Las Vegas. Florida Brightline Trains opened full service in late 2023 with the long anticipated Orlando extension finally added to the network.

### **Legacy AIQ Funds**

The Legacy AIQ Funds are the tail-end positions that AIQ has owned for over 10 years. They are investments in illiquid funds, similar to those that have been acquired in the Warana Funds at

discounts to their respective net asset values. The Legacy AIQ Funds, however, have more significant emerging market exposure. Each asset continues in wind-down, returning capital as available. These assets were invested by the Trust's previous managers via the primary market and are valued at their respective net asset value provided by the underlying fund managers as these are audited by third parties. Liquidity from these assets has been painfully slow and the majority of the remaining net asset value is related to a significant Indian property development managed by Axon Capital, for which we do not expect any near term liquidity. During the period, the Legacy AIQ Funds' valuation increased by 22.7%, primarily from Axon, a manager focused on real estate investments in India – we remain cautious in our expectations of recovery.

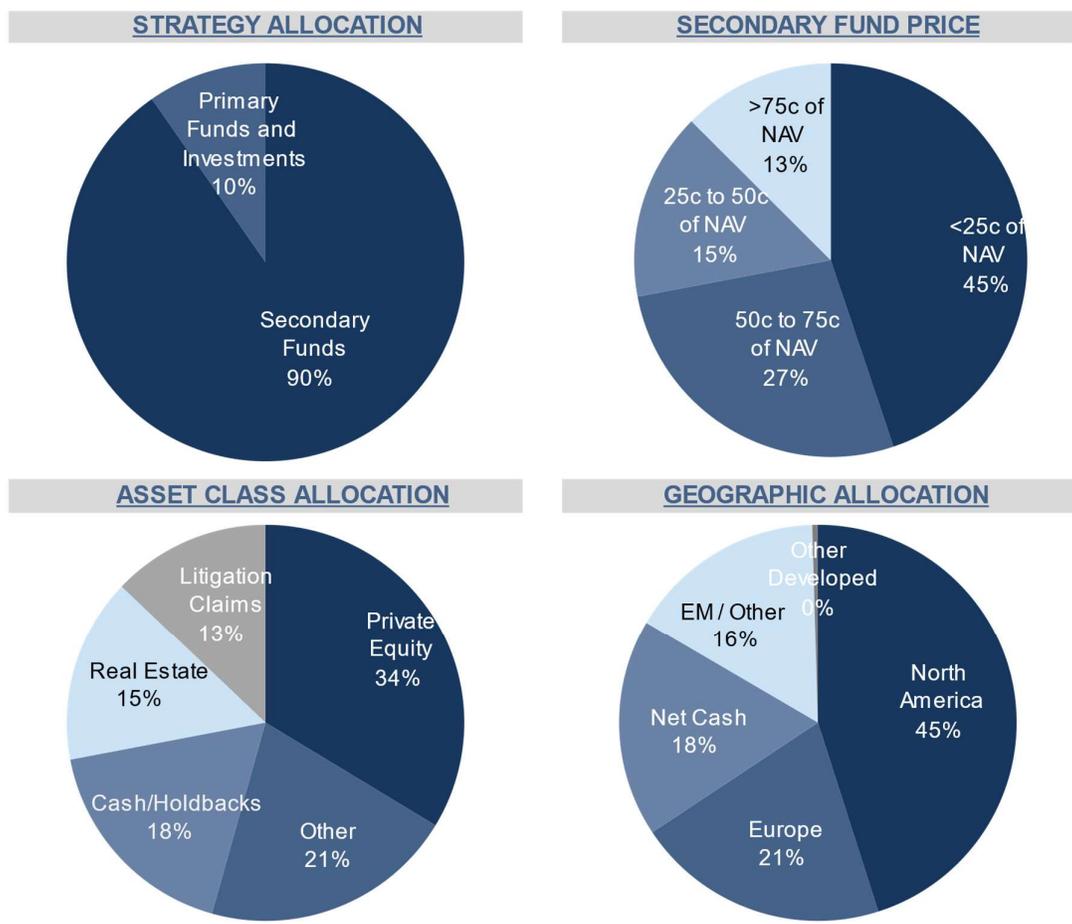
**Direct Investments:**

The Trust currently does not have any material active Direct Investment exposures.

**Portfolio Statistics:**

The following tables provide our estimated look through exposures across a variety of metrics.

**PORTFOLIO STATISTICS (as of 31 December 2023)**



**Outlook:**

We continue to see significant pressure on liquidity in absolute return funds which bodes well for our strategy and our pipeline remains robust. We continue to target purchases in the secondary

market at discounts to NAV primarily via the Warana 2023 Fund, which continues the previous investment strategy of the Warana Funds. The strategy entails the acquisition of interests in illiquid international investment funds in the secondary market at discounts to their reported valuation. We expect that the Warana 2023 Fund portfolio will ultimately be a diversified portfolio of international absolute return funds. The vast majority of the funds acquired by the vehicle will be domiciled outside Australia, unlisted and likely themselves in some type of liquidation. The discounts inherent in this strategy should reduce the Trust's market correlation and improve its overall risk / return profile.

While noting the improving general macroeconomic conditions and more normalcy in the capital markets, Warana 2023 Fund remains cautious and conservative in bid tactics even if it means missing on potentially interesting opportunities. Warana is confident in the quantum and quality of opportunities to come so will continue to be patient.

The Trust plans to continue its distribution policy of distributing 5% of its net asset value in semi-annual increments. Due to the significant carried forward tax losses, we continue to expect that the Trust will be able to offset any investment gains resulting from the distributions against said losses, to be treated as a tax-effective capital return (although we note this is subject to a number of assumptions).

## Alternative Investment Trust

### Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2023

	Note	Year ended 31 December 2023 \$'000	Year ended 31 December 2022 \$'000
<b>Income</b>			
Net gains on financial instruments held at fair value through profit or loss	5	2,634	5,089
Interest income		48	25
Distribution income		218	254
Investment management fees		98	40
Foreign exchange (losses)/gains		(298)	182
<b>Total investment gains</b>		<b>2,700</b>	<b>5,590</b>
<b>Expenses</b>			
Responsible entity fees	14	70	69
Other operating expenses	6	276	307
<b>Total operating expenses</b>		<b>346</b>	<b>376</b>
<b>Operating income attributable to unitholders</b>		<b>2,354</b>	<b>5,214</b>
Other comprehensive income		-	-
Distributions to unitholders		(2,538)	(2,269)
Decrease/(increase) in net assets attributable to unitholders		184	(2,945)
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>
		<b>Cents</b>	<b>Cents</b>
<b>Gain/(loss) per unit for loss from continuing operations</b>			
Basic and diluted gain per unit	7	7.72	17.49

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

## Alternative Investment Trust

### Statement of Financial Position as at 31 December 2023

	Note	As at 31 December 2023 \$'000	As at 31 December 2022 \$'000
<b>Assets</b>			
Cash and cash equivalents	9	6,802	3,069
Receivables	10	525	491
Financial assets held at fair value through profit or loss	8	40,715	44,822
<b>Total assets</b>		<b>48,042</b>	<b>48,382</b>
<b>Liabilities</b>			
Payables	11	189	151
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>189</b>	<b>151</b>
<b>Net assets attributable to unitholders - liability</b>	12	<b>47,853</b>	<b>48,231</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

## Alternative Investment Trust

### Statement of Changes in Equity for the year ended 31 December 2023

	Year ended 31 December 2023	Year ended 31 December 2022
	\$'000	\$'000
<b>Total equity at the beginning of the year</b>	-	-
Profit/(loss) for the year	-	-
Other comprehensive income	-	-
<b>Total comprehensive income</b>	-	-
Transactions with owners in their capacity as equity holders	-	-
<b>Total equity at the end of the financial year</b>	-	-

Under Australian Accounting Standards, net assets attributable to unitholders are classified as a liability rather than equity. As a result, there was no equity at the start or end of the financial year.

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

## Alternative Investment Trust

### Statement of Cash Flows for the year ended 31 December 2023

	Note	Year ended 31 December 2023 \$'000	Year ended 31 December 2022 \$'000
<b>Cash flows from operating activities</b>			
Interest received		48	25
Distributions received		218	254
Management and responsible entity fees paid		(77)	(72)
Other expenses paid		(218)	(291)
<b>Net cash used in operating activities</b>	<b>9(b)</b>	<b>(29)</b>	<b>(84)</b>
<b>Cash flows from investing activities</b>			
Net proceeds from financial assets designated at fair value through profit or loss		6,792	166
<b>Net cash provided by investing activities</b>		<b>6,792</b>	<b>166</b>
<b>Cash flows from financing activities</b>			
Proceeds from subscriptions by unitholders		-	3,200
Payments for buyback of units		(194)	(1,292)
Returns of capital paid		(2,538)	(1,569)
<b>Net cash (used in)/provided by financing activities</b>		<b>(2,732)</b>	<b>339</b>
<b>Net increase in cash and cash equivalents</b>		<b>4,031</b>	<b>421</b>
Foreign exchange (losses)/gains		(298)	182
Cash and cash equivalents at the beginning of the year		3,069	2,466
<b>Cash and cash equivalents at the end of the year</b>	<b>9(a)</b>	<b>6,802</b>	<b>3,069</b>
Non - cash investing activities	9(c)	715	3,559
Non - cash financing activities	9(d)	-	700

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

## Alternative Investment Trust

### Notes to the financial statements

#### 1. General information

Alternative Investment Trust (the “Trust” or “AIQ”) is an Australian registered managed investment scheme which is quoted on the Australian Securities Exchange (ASX code “AIQ”). The Trust was constituted on 7 April 2005 and is a for-profit entity for financial reporting purposes.

The Responsible Entity of the Trust is One Managed Investment Funds Limited (ABN 47 117 400 987; AFSL 297042) (the “Responsible Entity”). The registered office and principal place of business of the Responsible Entity is Level 16, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000.

The investment manager of the Trust is Warana Capital Pty Limited (ACN 611 063 579; AFSL 493579) (the “Investment Manager”).

The financial statements were authorised for issue by the Directors on 29 February 2024. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

#### 2. Adoption of New and Revised Accounting Standards

##### *New Standards and Interpretations*

The Trust has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (“AASB”) that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

#### 3. Material Accounting Policies

The following material accounting policies have been adopted in the preparation and presentation of the financial statements.

##### *(a) Statement of compliance*

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations, and comply with other requirements of the law.

Compliance with Australian Accounting Standards, as issued by the Australian Accounting Standards Board (“AASB”) ensures that the financial statements and notes thereto comply with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

##### *(b) Basis of preparation*

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within 12 months, except for investments in financial assets and net assets attributable to unitholders. The amounts expected to be received or settled in relation to these balances cannot be readily determined. The Statement of Financial Position is prepared using historical cost except for Financial Assets.

All amounts are presented in Australian dollars as the functional and presentational currency of the Trust.

**3. Material Accounting Policies (continued)**

**(c) Going concern basis**

This financial report has been prepared on a going concern basis.

**(d) Foreign currency transactions**

The functional and presentation currency for the Trust is Australian Dollars. Transactions in foreign currencies are brought to account at the prevailing exchange rates at the date of the transaction. Foreign currency monetary items are translated at the exchange rate existing on reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

The differences arising from these foreign currency translations are recognised in the Statement of Profit or Loss and Comprehensive Income in the year in which they arise.

**(e) Revenue and income recognition**

**Revenue**

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Trust and the revenue can be reliably measured.

**Distributions and dividends**

Distributions and dividends from investments are recognised when the right to receive the payment is established.

**Interest income**

Interest income is recognised on an accruals basis taking into account the interest rates applicable to the financial assets.

**(f) Cash and cash equivalents**

Cash and short term deposits in the Statement of Financial Position comprises cash at bank and on hand and short term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

**(g) Investments in financial instruments**

Investments in financial instruments, as defined by AASB 132 *“Financial Instruments: Presentation”*, are categorised in accordance with AASB 9 *“Financial Instruments”*. This classification is determined by the purpose underpinning the acquisition of the investment. The classification of each financial instrument is re-evaluated at each reporting date.

**Designated at fair value through profit or loss**

Investments of the Trust that have been designated as at fair value through profit or loss include securities that are held for trading but for which there is no positive intention to hold to maturity. All investments are initially recognised at fair value of the consideration paid excluding transaction costs. After initial recognition, the financial assets that are designated at fair value through profit or loss are re-valued to fair value at each reporting date.

**3. Material Accounting Policies (continued)**

***(g) Investments in financial instruments (continued)***

The Trust has direct exposure to the absolute return funds. The fair value of these assets was based on the net asset value information received from the underlying fund's administrator, and, where appropriate, estimated performance data from the underlying fund's manager. These fair values were reconciled monthly by the Trust's third party administrator and any changes in fair value reviewed for reasonableness by the Investment Manager. Changes in the fair value of the investment are included in the Statement of Comprehensive Income as an unrealised appreciation or depreciation on fund investments.

The investments held by the Trust have been designated as at fair value through profit or loss as doing so results in more relevant information. These investments are part of a full group of financial assets which are managed and have their performance evaluated on a fair value basis in accordance with risk management and investment strategies of the Trust.

***(h) Payables***

Trade and other payables are recognised when the Trust becomes obliged to make future payments resulting from the purchase of goods and services. These amounts represent liabilities for goods and services provided to the Trust prior to the end of the financial year. The amounts are carried at cost, are unsecured and are usually paid within 30 days of recognition.

***(i) Receivables***

Receivables may include amounts for interest, dividends, distributions, Goods and Services Tax ("GST") recoverable from the Australian Taxation Office ("ATO"), and prepaid fees. Interest is accrued at the reporting date from the time of cash payment. Dividends are accrued when the right to receive payment is established.

***(j) Net assets attributable to unitholders***

Each unit issued confers upon the unitholder an equal interest in the Trust, and is of equal value. A unit does not confer any interest in any particular asset or investment in the Trust.

Contributions from unitholders and the net profit/(loss) attributable to unitholders of the Trust are recognised in the Statement of Financial Position as net assets attributable to unitholders.

Non-distributable income is included in net assets attributable to unitholders. The change in this amount each year represents a non-cash financing cost as it is not settled in cash until such time as it becomes distributable.

Net assets are classified as a liability.

**3. Material Accounting Policies (continued)**

***(k) Income tax***

Under the current tax legislation, the Trust is not subject to income tax provided that the unitholders are presently entitled to the income of the Trust and that the Trust entirely distributes its taxable income.

There is no income of the Trust to which the unitholders are not currently entitled. Additionally, the Trust's Constitution requires the distribution of the full amount of the net income of the Trust to unitholders each year. As a result, deferred taxes have not been recognised in the financial statements in relation to the differences between carrying amounts of assets and liabilities and their respective tax bases. This includes taxes on capital gains which could arise in the event of a sale of investments for the amount at which they are stated in the financial statements. In the event that the taxable gains are realised by the Trust, these gains would be included in the taxable income and assessable in the hands of the unitholders.

***(l) GST***

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the amount of GST is not recoverable from the taxation authority, it is recognised as part of acquisition of an asset or part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to the taxation authority is included as part of receivables or payables. Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

***(m) Distributions***

In accordance with the Trust's Constitution, the Trust distributes all distributable income to unitholders by cash or reinvestment. The distributions are recognised in the Statement of Profit or Loss and Comprehensive Income as finance costs attributable to unitholders.

Distributable income includes capital gains arising from the disposal of investments and foreign exchange gains. Unrealised gains or losses on investments that are recognised in the Statement of Profit or Loss and Comprehensive Income are not distributed until realised. Capital losses are not distributed to unitholders and are retained to be offset against future realised capital gains.

***(n) Earnings/(loss) per unit***

Basic and diluted earnings/(loss) per unit are calculated as profit/(loss) attributable to unitholders in the Trust divided by the weighted average number of units on issue.

***(o) Impairment of assets***

Assets are reviewed for impairment at least each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Current market prices are used to determine recoverable amount.

### 3. Material Accounting Policies (continued)

#### *(p) Critical accounting judgements and key sources of estimation uncertainty*

Management has adhered to the Trust's unit pricing policy which sets out the basis upon which the units of the Trust have been valued, a copy of which is available upon request. In the application of the accounting policies, management are required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The assumptions and methods used in the determination of the value of investments are outlined in note 8 of these financial statements.

#### **Fair Values of Financial Assets:**

Fair values of financial assets are measured as using estimates based on the following:

- Discussions with investment manager on valuations and fair value;
- Net asset values of the funds and unlisted unit trusts and related valuation methodology;
- Consideration of the valuation techniques adopted by underlying funds and reviewing consistency with the Trust's valuation policy and AASB 13 Fair Value Measurement;
- Consideration of Manager's adjusted net asset values; and
- Other available information and performance data that impacts fair value of the funds and unlisted unit trusts.

A significant degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk, market risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial assets and actual results may differ from these estimates. See Note 13 for further disclosures.

### 4. Segment Information

AASB 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Trust that are regularly reviewed by the Investment Manager in order to allocate resources to the segment and to assess its performance.

The Trust engages in one business activity from which it earns revenues, being investment returns, and its results are analysed as a whole by the Investment Manager. As such, the Trust has one reportable operating segment.

## Alternative Investment Trust

### Notes to the financial statements

#### 5. Net Gain on Financial Instruments Held at Fair Value through Profit or Loss

	Year ended 31 December 2023	Year ended 31 December 2022
	\$'000	\$'000
Unrealised gains on financial instruments held at fair value through profit or loss	1,643	1,107
Realised gains on financial instruments held at fair value through profit or loss	991	3,982
<b>Net gains on financial instruments held at fair value through profit or loss</b>	<b>2,634</b>	<b>5,089</b>

#### 6. Other Operating Expenses

	Year ended 31 December 2023	Year ended 31 December 2022
	\$'000	\$'000
Professional fees	16	58
Trust administration and custody expenses	93	83
Other general and administrative expenses	104	110
Auditor's remuneration	63	56
<b>Total other operating expenses</b>	<b>276</b>	<b>307</b>

#### 7. Earnings per Unit

Basic earnings per unit is calculated as net gain/(loss) attributed to unitholders of AIQ divided by the adjusted weighted average number of units on issue.

	Year ended 31 December 2023	Year ended 31 December 2022
Gain attributable to unitholders (\$'000)	2,354	5,214
Adjusted weighted average number of units on issue ('000)	30,475	29,803
Basic and diluted gain per unit in cents	7.72	17.49

There is no difference between basic and diluted earnings/(loss) per unit as no units are dilutive in nature.

## Alternative Investment Trust

### Notes to the financial statements

#### 8. Investments in Financial Instruments

	As at 31 December 2023	As at 31 December 2022
	\$'000	\$'000
<b>Fair value of financial assets designated as fair value through profit or loss</b>		
Investment in funds	40,007	44,016
Investment in equity securities	302	397
Investment in unlisted unit trusts	406	409
<b>Total financial assets held at fair value through profit or loss</b>	<b>40,715</b>	<b>44,822</b>

#### *Investments in Funds and Unlisted Unit Trusts*

The Trust has investments in Warana 2018 Fund, Warana 2019 Fund, Warana 2021 Fund, Warana 2023 Fund, Warana Co-Investment Fund I (“WCFI”), WARANA SP USA III-A LLC, AIT Sub-Trust No. 1 and One HF Trust.

#### *Fair Value Hierarchy*

Financial instruments carried at fair value are categorised under a three level hierarchy. Financial instruments are categorised based on the observable market inputs when estimating their fair value. If different levels of inputs are used to measure a financial instrument’s fair value, the instrument’s classification within the hierarchy is based on the lowest level of input that was significant to the fair value measurement.

The investments in funds and unlisted unit trusts are classified under level 3. The valuations are determined by directors based on the following:

- Discussions with investment manager on valuations and fair value;
- Net asset values of the funds and unlisted unit trusts and related valuation methodology;
- Consideration of the valuation techniques adopted by underlying funds and reviewing consistency with the Trust’s valuation policy and AASB 13 Fair Value Measurement.
- Consideration of Manager’s adjusted net asset values; and
- Other available information and performance data that impacts fair value of the funds and unlisted unit trusts.

In respect of the Level 3 assets, the Directors note the Manager’s adjusted net asset value of underlying assets (referred to in the Investment Manager’s Report included in these financial statements) may not be consistent with the responsible entity’s adopted principles that asset valuations be conservative, consistently applied and independently verified where appropriate and apply a methodology that maximises the use of relevant observable data inputs and minimises the use of unobservable inputs and subjective adjustments.

As explained in the Investment Manager’s Report included in these financial statements, the Manager’s adjusted net asset value is originally based on the acquisition price of an investment, and this may have more to do with the motivations of the seller of these thinly traded and illiquid assets. After acquisition, the Manager’s adjusted net asset value is based on the Manager’s estimated cash flows discounted at a rate selected by the Manager.

## Alternative Investment Trust

### Notes to the financial statements

#### 8. Investments in Financial Instruments (continued)

##### *Fair Value Hierarchy (continued)*

The Trust's strategy remains to hold these Level 3 assets to realisation when it is expected, but not guaranteed, they will achieve the values provided by the underlying trust's managers and fund administrators. The directors believe the valuations provided by these managers and administrators are more consistent with its adopted valuation policy being a valuation derived by someone independent of the responsible entity and the Manager, likely to be based on information derived from independent valuers, or internally derived appropriate fair value valuation techniques and included in financial statements that are audited.

The following table shows an analysis of financial instruments held at 31 December 2023, recorded at fair value and presented by level of the fair value hierarchy:

	31 December 2023			Total \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
<b>Financial assets</b>				
Investment in funds	-	-	40,007	40,007
Investment in equity securities	302	-	-	302
Investment in unlisted unit trusts	-	-	406	406
<b>Total financial assets held at fair value through profit or loss</b>	<b>302</b>	<b>-</b>	<b>40,413</b>	<b>40,715</b>

	31 December 2022			Total \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
<b>Financial assets</b>				
Investment in funds	-	-	44,016	44,016
Investment in equity securities	397	-	-	397
Investment in unlisted unit trusts	-	-	409	409
<b>Total financial assets held at fair value through profit or loss</b>	<b>397</b>	<b>-</b>	<b>44,425</b>	<b>44,822</b>

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year. The Responsible Entity and Investment Manager assess hierarchical classification at each reporting date.

## Alternative Investment Trust

### Notes to the financial statements

#### 8. Investments in Financial Instruments (continued)

##### *Fair Value Hierarchy (continued)*

##### Valuation techniques used to derive level 1, level 2 and level 3 fair values

###### **Level 1**

The fair value of financial instruments that are traded in an active market (for example, listed equities) is determined using the last traded quoted price in an active market. As at 31 December 2023 the Trust had \$302,000 (2022: \$397,000) financial assets held at fair value through profit or loss included in level 1.

###### **Level 2**

The fair value of financial instruments that are not traded in an active market (for example, unlisted investments) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. As at 31 December 2023 the Trust had \$nil (2022: \$nil) financial instruments in level 2.

###### **Level 3**

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. As at 31 December 2023 the Trust had \$40,413,000 (2022: \$44,425,000) financial assets held at fair value through profit or loss included in level 3.

##### **Reconciliation of level 1, level 2 and level 3 fair values**

Financial assets measured on a recurring basis using significant unobservable inputs (Level 1, Level 2 and Level 3) are shown below:

	<b>31 December 2023</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Opening balance	397	-	44,425	44,822
Change in value of of financial assets held at fair value through profit or loss	(69)	-	2,703	2,634
Subscriptions	-	-	5,288	5,288
Redemptions	-	-	(1,290)	(1,290)
Distributions	(26)	-	(10,713)	(10,739)
<b>Closing balance</b>	<b>302</b>	<b>-</b>	<b>40,413</b>	<b>40,715</b>
	<b>31 December 2022</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Opening balance	612	-	39,501	40,113
Change in value of of financial assets held at fair value through profit or loss	(215)	-	5,304	5,089
Subscriptions	-	-	7,434	7,434
Redemptions	-	-	(126)	(126)
Distributions	-	-	(7,688)	(7,688)
<b>Closing balance</b>	<b>397</b>	<b>-</b>	<b>44,425</b>	<b>44,822</b>

## Alternative Investment Trust

### Notes to the financial statements

#### 8. Investments in Financial Instruments (continued)

##### *Fair Value Hierarchy (continued)*

##### Valuation models

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis are shown below:

Description	Fair Value (AUD\$)	Valuation Technique	Unobservable Inputs	Discount Applied	Sensitivity to Changes in Significant Unobservable Inputs	Quantitative Disclosure of Impact on Fair Value of Changes in Unobservable Inputs to Reasonable Alternatives
31 December 2023 Unlisted closed-ended investment funds (redemption restricted)	40,413,000	Unadjusted net asset value	Unadjusted NAV and no discounts applied	N/A	The fair value would increase if the NAV of the investments were higher. The fair value would decrease if the NAV of the investments were lower	A 15% increase/ decrease in the unadjusted NAV of investments would result in an appropriate increase/ decrease in fair value of AUD\$6,062,000
31 December 2022 Unlisted closed-ended investment funds (redemption restricted)	44,425,000	Unadjusted net asset value	Unadjusted NAV and no discounts applied	N/A	The fair value would increase if the NAV of the investments were higher. The fair value would decrease if the NAV of the investments were lower	A 15% increase/ decrease in the unadjusted NAV of investments would result in an appropriate increase/ decrease in fair value of AUD\$6,664,000

##### Disclosed fair values

For all financial instruments other than those measured at fair value their carrying value approximates fair value.

## Alternative Investment Trust

### Notes to the financial statements

#### 9. Cash and Cash Equivalents

- (a) Cash and cash equivalents include cash on hand and deposits held with banks. Cash at the end of the year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	As at 31 December 2023	As at 31 December 2022
Domestic cash at bank	158	1,228
Foreign currency holdings	6,644	1,841
	<b>6,802</b>	<b>3,069</b>

- (b) Reconciliation of increase/(decrease) in net assets attributable to unitholders for the year to net cash used in operating activities:

	Year ended 31 December 2023 \$'000	Year ended 31 December 2022 \$'000
<b>Increase in net assets attributable to unitholders</b>	<b>2,354</b>	<b>5,214</b>
Net (gains) on financial instruments held at fair value through profit or loss	(2,634)	(5,089)
Foreign exchange losses/(gains)	298	(182)
<b>Change in assets and liabilities:</b>		
(Increase) in receivables	(85)	(39)
Increase in payables	38	12
<b>Net cash used in operating activities</b>	<b>(29)</b>	<b>(84)</b>

- (c) Non-cash investing activities

Distributions applied to calls on investments	715	3,559
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- (d) Non-cash financing activities

The following distribution payments to unit holders were satisfied by issue of units under the distribution reinvestment plan	-	700
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## Alternative Investment Trust

### Notes to the financial statements

#### 10. Receivables

	As at 31 December 2023	As at 31 December 2022
	\$'000	\$'000
GST receivable	-	3
Other receivables	-	17
Management fee receivable	239	134
Receivable from investments realised	286	337
<b>Total receivables</b>	<b>525</b>	<b>491</b>

#### 11. Payables

	As at 31 December 2023	As at 31 December 2022
	\$'000	\$'000
Responsible entity fees	6	6
Trust administration and custody fees	14	12
Other payables	169	133
<b>Total payables</b>	<b>189</b>	<b>151</b>

#### 12. Net Assets Attributable to Unitholders - Liability

Year ended 31 December 2023	No. of Units	\$'000
Opening balance	30,554,797	48,231
Proceeds from applications by unitholders	-	-
Buybacks	(145,799)	(194)
Unit consolidation (1:10)	-	-
Units issued upon reinvestment of distributions	-	-
Net gain/(loss) attributable to unitholders	-	(184)
<b>Closing balance as at 31 December 2023</b>	<b>30,408,998</b>	<b>47,853</b>

**12. Net Assets Attributable to Unitholders - Liability (continued)**

Year ended 31 December 2022	No. of Units	\$'000
Opening balance	281,274,730	42,678
Proceeds from applications by unitholders	29,090,908	3,200
Buybacks	(1,107,123)	(1,292)
Unit consolidation (1:10)	(279,329,000)	-
Units issued upon reinvestment of distributions	625,282	700
Net gain/(loss) attributable to unitholders	-	2,945
<b>Closing balance as at 31 December 2022</b>	<b>30,554,797</b>	<b>48,231</b>

**13. Financial Risk Management Objectives and Policies**

As approved by the unitholders during the Extraordinary General Meeting held on 12 February 2018, the Trust has recommenced investment activities using the same investment objective and strategy previously employed by the Trust, being to generate attractive pre-tax risk-adjusted absolute returns over the medium to long term while maintaining a focus on capital preservation. The strategy for achieving this objective focused on obtaining exposure to a portfolio of leading international absolute return funds ("Underlying Investment Portfolio") and selected investments subordinated debt and equity co-investments.

Risks arising from holding financial instruments are inherent in the Trust's activities, and are managed through a process of ongoing identification, measurement and monitoring.

Financial instruments of the Trust comprise investments in financial assets for the purpose of generating a return on the investment made by unitholders, in addition to derivatives, cash and cash equivalents, net assets attributable to unitholders, and other financial assets such as trade debtors and creditors, which arise directly from operations.

The Responsible Entity has delegated the responsibility for identifying and controlling the risks that arise from these financial instruments to the Investment Manager under the Investment Management Agreement.

The Trust is exposed to credit risk, market risk and liquidity risk arising from the financial instruments it holds. The risk management policies employed by the Investment Manager on behalf of the Responsible Entity to manage these risks are discussed below.

**(a) Credit risk**

Credit risk is the risk that a counterparty will fail to perform contractual obligations, either in whole or in part, under a contract and cause the Trust to incur a financial loss.

In relation to derivative financial instruments, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. This risk may be minimised by ensuring counterparties, together with the respective credit limits are approved. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the Statement of Financial Position. The Trust does not currently have any direct exposure to derivatives.

The Trust's financial assets have credit risk exposure to the following geographic regions:

## Alternative Investment Trust

### Notes to the financial statements

#### 13. Financial Risk Management Objectives and Policies (continued)

##### (a) Credit risk (continued)

	Australia \$'000	US \$'000	Total \$'000
<b>31 December 2023</b>			
Cash and cash equivalents	158	6,644	6,802
Receivables	232	293	525
<b>Total</b>	<b>390</b>	<b>6,937</b>	<b>7,327</b>
<b>31 December 2022</b>			
Cash and cash equivalents	1,228	1,841	3,069
Receivables	147	344	491
<b>Total</b>	<b>1,375</b>	<b>2,185</b>	<b>3,560</b>

Warana Co-Investment Fund I ("WCFI"), AIT Sub Trust No 1 and One HF Trust and are quoted in Australian dollars, however the assets they have invested in have exposure to foreign currencies and therefore their values may be impacted by movements in the Australian dollar.

##### (b) Liquidity risk

Liquidity risk is the risk that the Trust will experience difficulty in either realising assets or otherwise raising sufficient funds to satisfy commitments associated with financial instruments or satisfy creditors' claims of the Trust. Cash flow risk is the risk that the future cash flows derived from holding financial instruments will fluctuate. The Investment Manager manages the cash flow risk by preparing monthly cash flow forecasts to ensure that upcoming commitments can be met by the Trust, as and when they fall due.

The table below shows the Trust's financial liabilities into relevant maturity groupings based on the remaining period from 31 December 2023 to the contractual maturity date. The amounts in the table are contractual undiscounted cash flows. Balances due equal their carrying values, as the impact of discounting is not considered significant.

	Less than 1 month \$'000	1-12 months \$'000	Greater than 12 months \$'000	Total \$'000
<b>As at 31 December 2023</b>				
Payables	189	-	-	189
<b>Total payables</b>	<b>189</b>	<b>-</b>	<b>-</b>	<b>189</b>

## Alternative Investment Trust

### Notes to the financial statements

#### 13. Financial Risk Management Objectives and Policies (continued)

##### (b) Liquidity risk (continued)

As at 31 December 2022	Less than 1 month \$'000	1-12 months \$'000	Greater than 12 months \$'000	Total \$'000
Payables	151	-	-	151
<b>Total payables</b>	<b>151</b>	<b>-</b>	<b>-</b>	<b>151</b>

The on market buyback could result in a payable for the Trust.

##### (c) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market variables such as interest rates, foreign exchange rates and equity prices or will be adversely affected as a result of market illiquidity. This risk is managed by ensuring that all activities are transacted in accordance with investment guidelines.

##### (i) Currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Trust has exposure to foreign currency risk implicit in the value of portfolio securities denominated in a foreign currency, and transactional exposure arising from the sale of securities.

The Investment Manager and Responsible Entity have not hedged the Trust's exposure to the US dollar.

The following table indicates the currencies to which the Trust has exposure quoted in AUD equivalents:

31 December 2023	USD \$'000	Total \$'000
<b>Assets</b>		
Cash and cash equivalents	6,644	6,644
Receivables	293	293
Financial assets held at fair value through profit or loss	40,309	40,309
<b>Total assets</b>	<b>47,246</b>	<b>47,246</b>
<b>Liabilities</b>		
Payables	(1)	(1)
<b>Total liabilities (excluding net assets attributable to unitholders)</b>	<b>(1)</b>	<b>(1)</b>
<b>Net foreign currency exposure</b>	<b>47,245</b>	<b>47,245</b>

## Alternative Investment Trust

### Notes to the financial statements

#### 13. Financial Risk Management Objectives and Policies (continued)

##### (c) Market risk (continued)

##### (i) Currency risk (continued)

31 December 2022	USD \$'000	Total \$'000
<b>Assets</b>		
Cash and cash equivalents	1,841	1,841
Receivables	344	344
Financial assets held at fair value through profit or loss	44,413	44,413
<b>Total assets</b>	<b>46,598</b>	<b>46,598</b>
<b>Liabilities</b>		
Payables	2	2
<b>Total liabilities (excluding net assets attributable to unitholders)</b>	<b>2</b>	<b>2</b>
<b>Net foreign currency exposure</b>	<b>46,600</b>	<b>46,600</b>

The following table demonstrates the sensitivity of the Trust's Statement of Profit or Loss and Other Comprehensive Income to a reasonable change in foreign exchange rates, with all other variables held constant.

	Change in foreign exchange rate	Effect on net profit attributable to unitholders		Effect on net profit attributable to unitholders	
		\$'000		\$'000	
		2023		2022	
USD/AUD	10%/(10%)	4,725	(4,725)	4,660	(4,660)

## Alternative Investment Trust

### Notes to the financial statements

#### 13. Financial Risk Management Objectives and Policies (continued)

##### (c) Market risk (continued)

##### (ii) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. The Trust's exposure to interest rate risk is set out in the following table:

	Floating interest rate \$'000	Non- interest bearing \$'000	Total \$'000
<b>31 December 2023</b>			
<b>Assets</b>			
Cash and cash equivalents	6,802	-	6,802
Receivables	-	525	525
Financial assets held at fair value through profit or loss	-	40,715	40,715
<b>Total assets</b>	<b>6,802</b>	<b>41,240</b>	<b>48,042</b>
<b>Liabilities</b>			
Payables	-	189	189
<b>Total liabilities (excluding net assets attributable to unitholders)</b>	<b>-</b>	<b>189</b>	<b>189</b>
<b>Net exposure</b>	<b>6,802</b>	<b>41,051</b>	<b>47,853</b>

## Alternative Investment Trust

### Notes to the financial statements

#### 13. Financial Risk Management Objectives and Policies (continued)

##### (c) Market risk (continued)

##### (ii) Interest rate risk (continued)

	Floating interest rate \$'000	Non- interest bearing \$'000	Total \$'000
<b>31 December 2022</b>			
<b>Assets</b>			
Cash and cash equivalents	3,069	-	3,069
Receivables	-	491	491
Financial assets held at fair value through profit or loss	-	44,822	44,822
<b>Total assets</b>	<b>3,069</b>	<b>45,313</b>	<b>48,382</b>
<b>Liabilities</b>			
Payables	-	151	151
<b>Total liabilities (excluding net assets attributable to unitholders)</b>	<b>-</b>	<b>151</b>	<b>151</b>
<b>Net exposure</b>	<b>3,069</b>	<b>45,162</b>	<b>48,231</b>

The following table demonstrates the sensitivity of the Trust's Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income to a reasonable change in interest rates, with all other variables constant. The 100 basis point sensitivity is based on the volatility of change in the AUD cash interest rate over the last 10 years:

	Change in basis points increase/(decrease)	Sensitivity of interest income/expense to increase/(decrease) in interest rate \$'000	Sensitivity of changes in fair value of financial assets/liabilities \$'000
<b>Year ended 31 December 2023</b>			
AUD interest rate	100bp/(100bp)	2/(2)	-
USD interest rate	100bp/(100bp)	66/(66)	-
<b>Year ended 31 December 2022</b>			
AUD interest rate	100bp/(100bp)	12/(12)	-
USD interest rate	100bp/(100bp)	18/(18)	-

### 13. Financial Risk Management Objectives and Policies (continued)

#### (c) Market risk (continued)

##### (iii) Price Risk

Price risk is the risk that the fair value of investments decreases as a result of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual stock or factors affecting all instruments in the market. The Trust is not directly correlated with any particular stock market indices. All securities present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

As at 31 December 2023, a positive 5% sensitivity on the Underlying Investment Portfolio would have had an impact in the Trust's Statement of Profit or Loss and Other Comprehensive Income and net assets attributable to unitholders of \$2,035,750 (2022: \$2,241,100). A negative sensitivity would have an equal but opposite impact.

##### Investment strategy

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

The total number of securities transactions, together with total brokerage paid during the period ended 31 December 2023 was:

- Number of transaction: 25 (excluding the on market buyback)
- Brokerage paid: \$1,266 (excluding the on market buyback)

The investment summary of the Fund as at 31 December 2023 is listed as below.

##### AUD

Warana Co-Investment Fund I ("WCFI")  
One HF Trust  
AIT Sub Trust No1

##### USD

Alternative Liquidity Fund, Ltd  
Axon Partners (Offshore), Ltd  
Cerberus Interenational SPV, Ltd  
GSO Special Situations Overseas Fund, Ltd.  
King Street Capital, Ltd. - Side Pocket  
King Street Real Estate Fund (Offshore PF), L.P.  
Warana SP Offshore Fund SPC - 2018 Segregated Portfolio ("Warana 2018 Fund")  
Warana SP Offshore Fund SPC - 2019 Segregated Portfolio ("Warana 2019 Fund")  
Warana SP Offshore Fund SPC - 2021 Segregated Portfolio ("Warana 2021 Fund")  
Warana SP Offshore Fund SPC - 2023 Segregated Portfolio ("Warana 2023 Fund")  
Warana SP USA III-A LLC

## Alternative Investment Trust

### Notes to the financial statements

#### 14. Related Party Transactions

##### *(a) Key management personnel*

The names of the directors and company secretaries of the Responsible Entity are:

<b>Name</b>	<b>Title</b>
Frank Tearle	Executive Director and Company Secretary
Sarah Wiesener	Executive Director and Company Secretary
Michael Sutherland	Executive Director

The Trust has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the year.

No key management personnel have entered into a material contract with the Trust since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year end.

##### *(b) Responsible Entity/Investment Manager fees*

###### **Responsible Entity fees**

The responsible entity of the Trust is One Managed Investment Funds Limited ("Responsible Entity"). The Responsible Entity is a related body corporate of One Investment Group ("OIG").

The Responsible Entity charged 0.07% per annum (excluding GST) of gross portfolio value, subject to a minimum of \$67,980 per annum (excluding GST) from 1 July 2023 (\$66,000 per annum (excluding GST) prior to 1 July 2023).

For the year ended 31 December 2023, the responsible entity fees expense incurred by the Trust to the Responsible Entity was \$70,372 (2022: \$68,970) of which \$6,232 (2022: \$6,050) was payable at the end of the period.

###### **Investment Manager Fees**

The investment manager of the Trust is Warana Capital Pty Limited (the "Investment Manager").

The Investment Manager is entitled to a management fee of 1.5% (excluding GST) of the net asset value of the Trust ("Management Fee Entitlement"). The Trust also makes investments in other comingled vehicles that are managed by affiliates of the Investment Manager where fees are charged ("Downstream Funds").

It is noted that management fees relating to the Trust's holding in these funds have and will continue to be rebated while Warana is the Investment Manager of the Trust so that the Investment Manager or any affiliate does not receive in aggregate in excess of the Management Fee Entitlement. In practice, the Investment Manager charges fees at the Downstream Funds and then rebates the net amount required such that the aggregate fees collected equal the Management Fee Entitlement.

In the period, these amounted to:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Management Fee Entitlement	617,683	543,068
Rebate credited	(715,347)	(583,348)
<b>Net management fee rebate incurred by the Trust</b>	<b>(97,664)</b>	<b>(40,280)</b>

**14. Related Party Transactions (continued)**

***(b) Responsible Entity/Investment Manager fees (continued)***

**Investment Manager Fees (continued)**

As at 31 December 2023, the net receivable from the Investment Manager in relation to management fees and management fee rebates is \$239,022 (31 December 2022: \$134,212).

The Investment Manager is entitled to a performance fee of 20% of the NTA performance above an 8% per annum hurdle ("Performance Fee Entitlement").

While it is Investment Manager of the Trust, the Investment Manager has agreed to:

- When the Adjusted NTA of AIQ is lower than the NTA, substitute the Adjusted NTA for the NTA in the measurement of NTA performance. This will result in a lower performance fee potentially owing.
- Defer and potentially waive any performance fee by matching the collection of any performance fee to when it is paid, in cash, at the Downstream Fund level. The Downstream Funds only collect performance fee equivalents when cash distributions paid to investors exceed their relevant hurdles. Because the valuation of the Downstream Fund will often increase prior to it being realised, this has the effect of significantly delaying the ultimate realization of that performance fee. If there are no performance fees at the Downstream Fund, there will be no performance fees paid, directly or indirectly by AIQ and will ultimately be waived by the Investment Manager. If the performance fee collected at the Downstream Fund level exceeds the Performance Fee Entitlement, the excess amount will be rebated to the Trust.

The Downstream Funds accrue for performance fee equivalents in the valuations provided to the Fund. As at 31 December 2023, USD\$214,211 was paid to Warana from the crystallised performance fees from the prior period. The accrued performance fee at the Downstream Fund level is \$4,952,321 (2022: \$3,715,229) which is equal to the current performance fee in accordance with the IMA. This represents the current maximum amount that the Investment Manager would be entitled to, if the Downstream Funds were to return performance fees up to, or exceeding that amount.

The performance fee is reflected in the net market value of the Downstream Funds. There is no additional cost to the investors in the Trust. If the Warana Fund level performance fees exceed the Trust level an adjustment to the carrying value of the Warana Fund will be made to adjust for the difference.

#### 14. Related Party Transactions (continued)

##### *(c) Other fees paid to related parties and its Associated Entities*

The Responsible Entity appointed third party service providers to the Trust, some of whom are related parties of the Responsible Entity. One Managed Investment Funds Limited ("OMIFL"), a subsidiary of OIG, acted as custodian for the Trust and receives a fee for doing so.

##### Custody Fees

As at 31 December 2023, the custody fee expense incurred by the Trust amounted to \$25,492 (2022: \$23,358) of which \$7,837 (2022: \$6,283) was payable at year-end.

##### Accounting and administration and taxation fees

Unity Fund Services Pty Limited ("UFS"), an associated entity of OIG has been appointed for the provision of administration and tax services to the Trust.

As at 31 December 2023, taxation fees were incurred by the Trust amounted to \$13,750 (2022: \$13,750) of which \$20,625 (2022: \$18,425) was payable at year-end.

##### *(d) Holding of units*

During or since the end of the financial year, none of the directors of the Responsible Entity held any units in the Trust, either directly, indirectly, or beneficially (2022: nil).

##### *(e) Investments in Unlisted Funds where members of OIG act as Trustee*

The Trust holds two unlisted investments issued by members of OIG:

- (1) One HF Trust ("OHFT") - OMIFL is the trustee of this trust. The Trust owns 72.93% of OHFT. Fees paid or payable to OMIFL as trustee for the year were \$5,947 (2022: \$4,242). The value of the units in OHFT held by the Trust at 31 December 2023 is \$76,328 (2022: \$94,481).
- (2) AIT Sub-Trust No. 1 ("AITST") - One Fund Management Limited ("OFML") is the trustee of AITST, OFML is a subsidiary of OIG and AITST is a wholly owned sub-trust of the Trust. Fees paid or payable to OFML as trustee for the year were \$5,947 (2022: \$5,302). The value of the units in AITST held by the Trust at 31 December 2023 is \$329,311 (2022: \$314,677).

These units were valued at \$405,639 (2022: \$409,158) and were included within the financial assets as disclosed in note 8.

Both of the above mentioned trusts pay fees to One Registry Services Pty Ltd ("ORS"), a subsidiary of OIG, for the provision of registry services. Total fees paid or payable to ORS for the year were \$3,914 (2022: \$5,142).

The above mentioned trusts pay fees to UFS, an associate of OIG, for the provision of administration and tax services. Total fees paid or payable to UFS for the year were \$4,400 (2022: \$4,400).

## Alternative Investment Trust

### Notes to the financial statements

#### 14. Related Party Transactions (continued)

##### (f) Investments in Unlisted Funds where Warana acts as Trustee

The Trust holds six unlisted investment issued by Warana:

WCFI - Warana is the trustee of the trust. The purpose of WCFI holds one asset, a minority position in an eastern European broadband and telecom company that was sold by an absolute return fund in the final stages of its wind down. Fees paid or payable to Warana as trustee for the year were \$nil (31 December 2022: \$nil). The value of the units in WCFI held by the Trust 31 December 2023 is \$nil (31 December 2022: \$nil).

Warana Co-Investment Fund I, Warana SP Offshore Fund 2018, Waraana SP Offshore Fund 2019, Waraana SP Offshore Fund 2021, Waraana SP Offshore Fund 2023, and Warana SP USA III-A LLC are the six unlisted investments issued by Warana.

#### 15. Auditor's Remuneration

	Year ended 31 December 2023	Year ended 31 December 2022
	\$	\$
Audit and review of financial statements	58,207	50,918
Audit and review of compliance plan	5,225	4,545
<b>Total remuneration</b>	<b>63,432</b>	<b>55,463</b>

The auditor of the Trust is Crowe Sydney (2022: Crowe Sydney).

The compliance plan auditor is Ernst & Young (2022: Ernst & Young).

#### 16. Commitments and Contingencies

The following represents the uncalled commitments at year end. All other commitments are fully paid at 31 December 2023.

As at 31 December 2023	Total Committed	Uncalled Commitments
King Street Real Estate Fund (Offshore, PF)	\$1,468,000 (US\$1,000,000)	\$246,570 (US\$167,963)
Warana 2023 Fund	\$13,212,000 (US\$9,000,000)	\$7,927,200 (US\$5,400,000)
<b>Total</b>	<b>\$14,680,000 (US\$10,000,000)</b>	<b>\$8,173,770 (US\$5,567,963)</b>
<b>As at 31 December 2022</b>	<b>Total Committed</b>	<b>Uncalled Commitments</b>
King Street Real Estate Fund (Offshore, PF)	\$1,467,400 (US\$1,000,000)	\$239,139 (US\$162,968)
<b>Total</b>	<b>\$1,467,400 (US\$1,000,000)</b>	<b>\$239,139 (US\$162,968)</b>

The Investment Manager has provided assurances that the Trust has a range of strategies available to it to ensure it can manage its obligations in respect of these commitments.

**17. Subsequent Events**

On 11 January 2024, the Trust paid an approximately AUD\$1.32m (USD\$900k) capital call payment to the Warana 2023 Fund.

On 19 January 2024, a distribution by way of return of capital was declared with a record date of 25 January 2024 and payment date 19 February 2024. The distribution was \$0.0395 per unit.

Other than above, there has not been any matter or circumstances occurring subsequent to the end of the year that have significantly affected, or may significantly affect, the operations of the Trust, the results of those operations, or the state of affairs of the Trust in future financial years.

**Directors' Declaration**

In the directors' opinion:

- (a) the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- (b) the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- (c) the attached financial statements and notes give a true and fair view of the Trust's financial position as at 31 December 2023 and of its performance for the financial year ended on that date; and
- (d) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors of the Responsible Entity, One Managed Investment Funds Limited.



Sarah Wiesener

Director

29 February 2024

## Alternative Investment Trust

### Unitholder Information

The following unitholder information is provided as at 12 February 2024. Please read in conjunction with the ASX announcements.

#### (a) Distribution of Unitholders

Size of holding	Number of unitholders	Number of units	% of units issued
Ranges			
1 to 1,000	113	40,157	0.13%
1,001 to 5,000	55	120,984	0.40%
5,001 to 10,000	8	55,927	0.18%
10,001 to 100,000	28	1,239,568	4.08%
100,001 and over	13	28,952,362	95.21%
<b>Total</b>	<b>217</b>	<b>30,408,998</b>	<b>100.00%</b>

#### (b) 20 Largest Unitholders

Rank	Name of unitholder	Number of units	% of units issued
1	ROBERT BLANN HOLDINGS PTY LTD	12,217,992	40.18%
2	BOJU PTY LTD	5,492,085	18.06%
3	DYNASTY PEAK PTY LTD	3,525,775	11.59%
4	PAGETDALE PTY LIMITED	2,067,818	6.80%
5	NETWEALTH INVESTMENTS LIMITED	1,805,883	5.94%
6	S R S HOLDINGS PTY LIMITED	1,538,885	5.06%
7	EVJ HOLDINGS PTY LTD	1,269,194	4.17%
8	ACRESGROVE PTY LTD	314,972	1.04%
9	SHIELD INVESTMENTS PTY LIMITED	198,664	0.65%
10	STONEGLEN PTY LTD	152,392	0.50%
11	BOND STREET CUSTODIANS LIMITED	136,363	0.45%
12	JAN 123 PTY LTD	120,000	0.39%
13	BARCROSS PTY LTD	112,339	0.37%
14	MITTELWEG PTY LIMITED	100,000	0.33%
15	3FAT NOMINEES PTY LTD	90,910	0.30%
15	SLADE FAMILY HOLDINGS PTY LIMITED	90,910	0.30%
15	ZJNT INVESTMENTS PTY LTD	90,910	0.30%
16	ASSUMO (NOMINEES) PTY LTD	75,000	0.25%
17	WOLLAR HOLDINGS PTY LIMITED	72,751	0.24%
18	WOMBAROO HOLDINGS PTY LTD	72,018	0.24%
19	DAVDAN INVESTMENTS PTY LIMITED	54,348	0.18%
20	DANIEL P MOSES (NOMINEES) PTY LIMITED	52,461	0.17%
<b>Total</b>		<b>29,651,670</b>	<b>97.51%</b>

## Alternative Investment Trust

### (c) Substantial Unitholders

Name of unitholder	Number of units
ROBERT BLANN HOLDINGS PTY LTD	11,933,122
WARANA CAPITAL PTY LIMITED	6,411,922*
GEOFF WILSON AND ASSOCIATED ENTITIES	4,893,655*
PAGETDALE PTY LTD	2,067,818*

\*Adjusted for 1 for 10 consolidation

The source of the substantial unitholders information is as per the relevant ASX announcements, which might be different from the unitholder information disclosed in section (b).

### (d) Voting Rights

Voting rights which may attach to or be imposed on any unit or class of units is as follows:

(a) On a show of hands every unitholder present will have 1 vote; and

(b) On a poll every unitholder present will have 1 vote for each dollar of the value of the total interest they have in the Trust

### (e) Marketable parcels

The number of unitholders holding less than a marketable parcel of \$500 worth of units is 59 and they hold a total 3,453 units.

### (f) Buyback

During the year ended 31 December 2023 145,799 units were bought back.

### (g) Voluntary escrow

There are no restricted units in the Trust or units subject to voluntary escrow.

### (h) Unquoted units

There are no unquoted units on issue.

### Other Information

#### Company Secretary

Frank Tearle and Sarah Wiesener are company secretaries of One Managed Investment Funds Limited.

#### Directors

Frank Tearle  
Sarah Wiesener  
Michael Sutherland

#### Stock exchange listing

The Trust's units are quoted on the Australian Securities Exchange and are traded under the code "AIQ".

#### Registered office of the Responsible Entity

One Managed Investment Funds Limited  
Level 16, Governor Macquarie Tower, 1 Farrer Place  
Sydney NSW 2000  
Phone: +61 2 8277 0000  
Fax: +61 2 8580 5700

#### Unit registry

Name:	Link Market Services Limited
Street address:	Level 12, 680 George Street Sydney NSW 2000
Postal address:	Locked Bag A14 Sydney South NSW 1235
Phone (inside Australia):	1800 502 355
Phone (outside Australia):	+61 2 8280 7111
Fax:	+61 2 9287 0303
Email:	registrars@linkmarketservices.com.au
Website:	www.linkmarketservices.com.au

#### Auditor

Crowe Sydney  
Level 15, 1 O'Connell St  
Sydney NSW 2000

29 February 2024

The Directors  
One Managed Investment Funds Limited  
As Responsible Entity of Alternative Investment Trust  
Level 16, Governor Macquarie Tower  
1 Farrer Place  
Sydney NSW 2000

Dear Directors

## Alternative Investment Trust

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of One Managed Investment Funds Limited.

As lead audit partner for the audit of the financial report of Alternative Investment Trust for the financial year ended 31 December 2023, I declare that to the best of my knowledge and belief, that there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



**Crowe Sydney**



**Barbara Richmond**  
Partner

*Some of the Crowe personnel involved in preparing this document may be members of a professional scheme approved under Professional Standards Legislation such that their occupational liability is limited under that Legislation. To the extent that applies, the following disclaimer applies to them. If you have any questions about the applicability of Professional Standards Legislation Crowe's personnel involved in preparing this document, please speak to your Crowe adviser.*

*Liability limited by a scheme approved under Professional Standards Legislation.*

*The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is external audit, conducted via the Crowe Australasia external audit division and Unison SMSF Audit. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.*

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# Independent Auditor's Report to the Unitholders of Alternative Investment Trust

## Opinion

We have audited the financial report of Alternative Investment Trust (the Trust), which comprises the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Trust is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Trust's financial position as at 31 December 2023 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

## Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Trust in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. The matter below was addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key Audit Matter	How we addressed the Key Audit Matter
<b>Valuation of Financial Assets Note 3 (g) &amp; (p) and Note 8</b>	
<p>The Trust invests in Funds, Equity Securities and Unlisted Unit Trusts which are carried at fair value in the statement of financial position.</p> <p>The investment portfolio is susceptible to material error due to the investments being unquoted with no market price available and the Investment Manager relying on third party information.</p> <p>The valuation of the financial assets is a key audit matter given the significance of the balance and its link to the net gains/losses recognised in the statement of profit or loss and other comprehensive income.</p>	<p>Our procedures in relation to the valuation of financial assets included the following:</p> <ul style="list-style-type: none"> <li>• assessing the competence and qualifications of the Investment Manager;</li> <li>• reconfirming our understanding of the Directors and Trust Investment Manager's process to value unquoted investments at fair value under AASB 13: <i>Fair Value Measurement</i>;</li> <li>• understanding the rationale of the valuation process and verifying the reasonableness of assumptions used;</li> <li>• obtaining confirmations of the pro-rata interest in the investments and Net Asset Values ("NAV") and other supporting documents from the asset managers of the investee funds and assessing the valuation methodology used to value the unquoted investments;</li> <li>• for a sample of underlying investment funds, obtaining the most recent audited financial statements and NAV statements and performing the following procedures where applicable: <ul style="list-style-type: none"> <li>○ reviewing the basis of preparation adopted and the accounting policies on key areas impacting the NAV and comparing these to the AASB 13 requirements,</li> <li>○ assessing the competence of the audit firm signing the financial statements and reviewing their audit reports; and</li> <li>○ inspecting the most recent NAV statements obtained from the underlying asset managers and cross checking to the values recorded.</li> </ul> </li> <li>• for financial assets denominated in a foreign currency, assessing reasonableness of the conversion to AUD at balance date; and</li> <li>• assessing the adequacy of disclosures in the financial statements.</li> </ul>

## Other Information

The directors are responsible for the other information. The other information comprises the information contained in the Trust's Annual Report for the year ended 31 December 2023, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Responsible Entity for the Financial Report

The directors of One Managed Investment Funds Limited as Responsible Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Trust to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to

modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



**Crowe Sydney**



**Barbara Richmond**  
Partner

29 February 2024