

**Alternative Investment Trust**  
**ARSN 112 129 218**

Interim report for the half-year ended 30 June 2024

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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) ("AIT" or the "Trust"), present their report together with the financial report of the Trust for the half-year ended 30 June 2024.

### 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, during the financial half-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

### 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 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 period.

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.

### Directors' Report (continued)

#### Principal activities (continued)

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.

#### 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, particularly in light of the Trust's capital commitment to the Warana funds, 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.

#### Other Risks and Uncertainties (continued)

**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.

### Directors' Report (continued)

#### Results

The results of the operations of the Trust are disclosed in the Statement of Profit or Loss and Other Comprehensive Income of the half-year financial statements. The profit attributable to unitholders for the half-year ended 30 June 2024 was \$2,350,000 (30 June 2023 profit: \$1,905,000). More details are provided in the Investment Manager's report.

#### Distributions of Income

Distributions are paid from the Trust's earnings.

In respect of the half-year ended 30 June 2024, a distribution of income of \$Nil (30 June 2023: \$Nil) was paid to unitholders.

#### Return of Capital

Return of capital are taken from unitholders' equity.

In respect of the half-year ended 30 June 2024, return of capital of \$1,201,156 (30 June 2023: \$1,298,579) was paid to unitholders.

#### Value of Assets and Units Issued

The total value of the Trust's assets at 30 June 2024 is \$49,188,000 (31 December 2023: \$48,042,000). The total number of units on issue as at 30 June 2024 is 30,405,185 (31 December 2023: 30,408,998).

#### 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).

As at 30 June 2024, the responsible entity fees expense incurred by the Trust to the Responsible Entity was \$35,722 (30 June 2023: \$34,485) of which \$6,232 (31 December 2023: \$6,232) was payable at the end of the period.

1 July 2023, following the approval on 17 March 2023, the minimum Responsible Entity fee will now increase by 3% annually on 1 July.

##### Investment Manager Fees

The Investment Manager is entitled to a management fee of 1.5% per annum (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 and performance fees relating to the Trust's holding in these downstream have and will continue to be rebated while Warana is the Investment Manager of the Trust so that the Investment Manager or any affiliate do 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.

**Directors' Report (continued)**

**Investment Manager Fees (continued)**

In the period, these amounted to:

	30 June 2024	30 June 2023
Management Fee Entitlement	\$323,612	\$299,005
Rebate credited	\$(375,770)	\$(361,956)
<b>Net management fee rebate (receivable) by the Trust</b>	<b>\$(52,158)</b>	<b>\$(62,951)</b>

As at 30 June 2024, the net receivable from the Investment Manager in relation to management fees and management fee rebates is \$294,997 (31 December 2023: \$239,022).

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

**Significant changes in state of affairs**

During the financial half-year, the following changes occurred in the state of affairs of the Trust.

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, with a per unit distribution of \$0.0395.

In the opinion of the directors of the Responsible Entity, there were no significant changes in the state of affairs of the Trust that occurred during the half-year.

**Matters Subsequent to the End of the Half-Year**

On 21 June 2024, a capital call for Warana 2023 Offshore Fund LP was received amounting to USD 450,000 and paid on 8 July 2024.

On 19 July 2024, a distribution was declared with a record date of 25 July 2024 and payment date 9 August 2024. The distribution was \$0.03913 per unit.

On 5 August 2024, a capital call for Warana 2023 Offshore Fund LP was received amounting to USD 450,000 and paid on 20 August 2024.

Other than the above there has not been any other matter or circumstance occurring subsequent to the end of the year that has significantly affected, or may significantly affect, the operations of the Trust, the results of those operations or the state of affairs of the Trust.

**Likely Developments and Expected Results**

The Trust will be managed in accordance with the Constitution.

The Investment Manager continues to review the capital structure of the Trust and consider corporate actions, unit purchase plans, and on market buybacks depending on the price versus the Net Tangible Asset (NTA).

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)

### Interests of Directors of the Responsible Entity

The directors of the Responsible Entity did not hold any interest in the Trust as at 30 June 2024 (31 December 2023: no interest held).

### 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 half-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 (2023: Crowe Sydney)

There were no non-audit services performed by the auditor in the current half-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 Interim Financial Report. Amounts in the Directors' Report and Interim 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 12.

Signed in accordance with a resolution of the directors of the Responsible Entity, One Managed Investments Fund Limited.

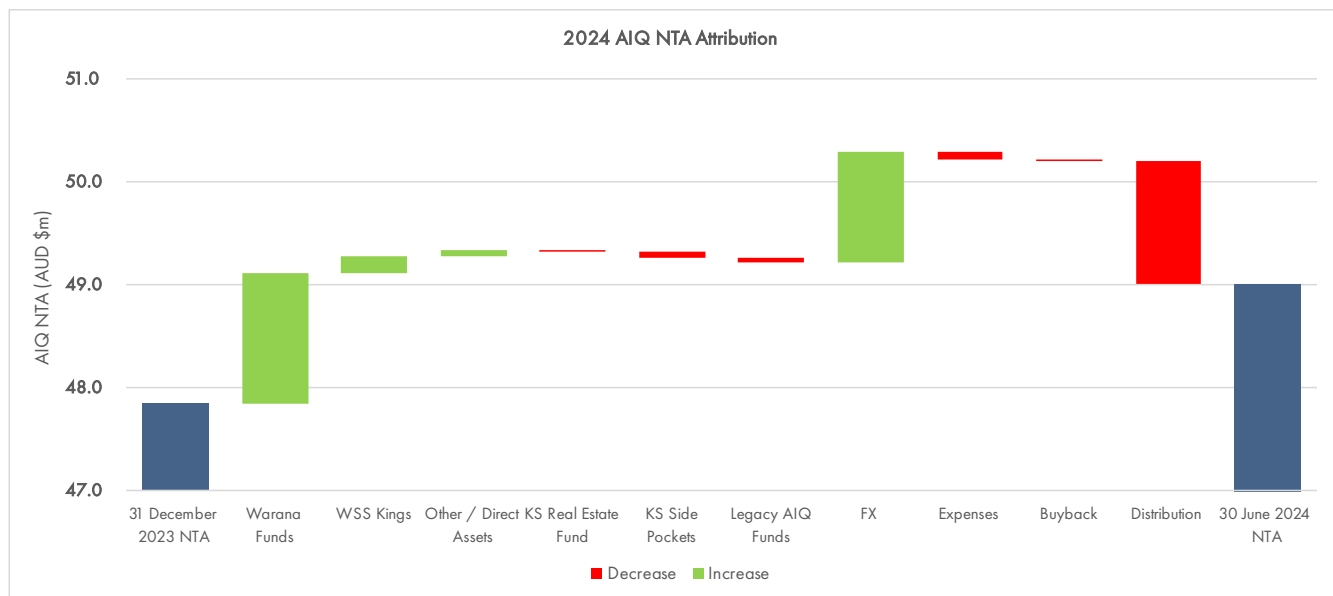


Frank Tearle  
Director  
30 August 2024

## Overview

The net tangible asset backing (“NTA”) of Alternative Investment Trust (“AIQ” or the “Trust”) increased by 5.0% for the first six months of calendar year 2024 and the adjusted NTA<sup>1</sup> increased 9.5%, both reflecting the impact of the capital activity, most notably the semi-annual distribution of 2.5% of NTA which took place in January. Excluding the impact of foreign exchange movements, the portfolio’s NTA increased by 2.7% and the adjusted NTA increased by 6.9%.

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



AIQ has been busy from an investment perspective, noting the following activities during the period:

- In March, AIQ participated in a new investment, WSS Kings LP<sup>2</sup>, contributing US\$2mm (A\$3.1m). The details can be found in the Fund Investments section below.
- The Trust funded a total of US\$2.25m (A\$3.5m) across two capital calls to the Warana 2023 Fund<sup>3</sup> during the period as that portfolio has continued to ramp up. The Trust has since funded an additional US\$900k of capital calls in July and August, up to 75% of the Trust’s commitment.
- The Trust has received US\$2.7m (A\$4.1m) of distributions from the portfolio including:
  - US\$965k from Warana 2021 Fund<sup>4</sup>;

<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 “WSS Kings” in this document mean “WSS Kings LP”

<sup>3</sup> All references to “Warana 2023 Fund” in this document mean “Warana 2023 Offshore Fund LP”.

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

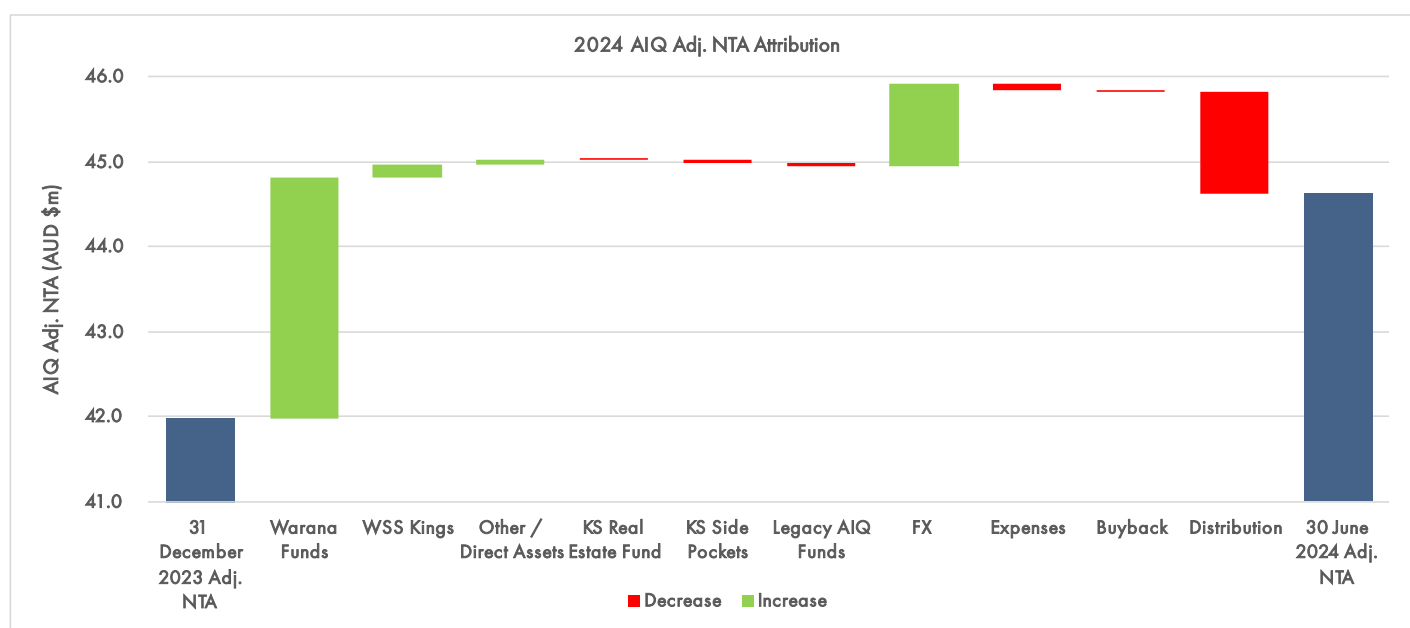
<sup>4</sup> All references to “Warana 2019 Fund” in this document mean “Warana SP Offshore Fund SPC – 2019 Segregated Portfolio”.



- US\$713k from Warana 2019 Fund<sup>5</sup>;
- US\$542k from Warana 2023 Fund;
- US\$185k King Street Side Pockets;
- US\$113k from Warana 2018 Fund<sup>6</sup>;
- US\$104k from the Legacy AIQ Funds; and
- US\$98k from King Street Real Estate Fund.

- The Trust made a distribution of A\$0.0395 per unit in January, continuing the Trust’s target of distributing 5% of NTA per annum. The Trust has also continued its buyback program, aiming to purchase units at or below the Adjusted NTA. The Trust bought back 3,813 units over the period at an average cost of A\$1.37 per unit.
- The Trust’s average net cash balance of NTA dropped to 8% from ~14% at the end of 2023. With the rise in interest rates, the Trust invested part of its USD cash balance into an ultra-short-term low-cost bond ETF to optimize return.

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



**Investment Portfolio**

The Trust’s portfolio as of 30 June 2024 has a NTA per unit of A\$1.6115 with an adjusted NTA at A\$1.4680. 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.

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 conservative in our assumptions and that the underlying managers recover closer to their Manager Value.

<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 2019 Fund” in this document mean “Warana SP Offshore Fund SPC – 2019 Segregated Portfolio”.

The investment portfolio of the Trust as at 30 June 2024 was as follows:

<b>Asset Breakdown (A\$m)</b>	<b>NTA</b>		<b>Adjusted NTA</b>	
<b>Secondary Market Funds</b>				
Warana 2018 Fund	\$	1.1	\$	0.6
Warana 2019 Fund	\$	6.2	\$	5.0
Warana 2021 Fund	\$	13.6	\$	14.0
Warana 2023 Fund	\$	12.8	\$	10.3
King Street Capital Special Investments	\$	2.9	\$	2.9
Fortress PE Funds	\$	1.9	\$	1.4
<b>Total Secondary Funds</b>	<b>\$</b>	<b>38.5</b>	<b>\$</b>	<b>34.1</b>
<b>Primary Market Funds</b>				
King Street Real Estate Fund	\$	1.2	\$	1.2
Legacy AIQ Funds	\$	2.1	\$	2.1
<b>Total Primary Funds</b>	<b>\$</b>	<b>3.4</b>	<b>\$</b>	<b>3.4</b>
<b>Direct Assets</b>				
Other Direct Assets	\$	0.2	\$	0.2
WSS Kings	\$	3.2	\$	3.2
Net Cash	\$	3.7	\$	3.7
<b>Total Direct Assets</b>	<b>\$</b>	<b>7.1</b>	<b>\$</b>	<b>7.1</b>
<b>Total</b>	<b>\$</b>	<b>49.0</b>	<b>\$</b>	<b>44.6</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 as of June 30, 2024 NAV:

<b>Fund</b>	<b>Allocated (US\$m)<sup>7</sup></b>	<b>Returned (US\$m)<sup>8</sup></b>	<b># of transaction / underlying funds</b>	<b>Projected IRR (% pa)</b>	<b>Avg price (% of manager NAV)</b>	<b>Projected MoM<sup>9</sup></b>
Warana 2018 Fund	48.0	58.6	78/172	15%	51%	1.37x
Warana 2019 Fund	77.5	81.9	61/166	18%	24%	1.44x
Warana 2021 Fund	96.2	71.2	59/200	23%	53%	1.78x
Warana 2023 Fund	68.9	11.9	53/114	Target 15-20%	59%/46% <sup>10</sup>	Target >1.3x

High interest rates and sluggish capital markets continue to put pressure on investment funds that are seeking to exit more illiquid exposures and we continue to see absolute return funds forced to restrict liquidity (i.e. side pocket, gate or liquidate) and / or push out liquidity expectations they have communicated to investors. The private equity market in particular has over US\$1.3 trillion of unrealized NAV across funds with vintages over 8 years old<sup>11</sup>. This dynamic generally provides a steady flow of trapped investors looking to sell existing exposures at a discount to the reported valuation. We are seeing record high bid flow, Warana having reviewed \$4.7bn of opportunities over the period. With requests for bids at such

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

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

<sup>9</sup> Actual and projected distributions to paid-in capital

<sup>10</sup> 2023 Fund includes several trades outside of our typical secondary market trades (e.g. NAV loan, co-investment), skewing the average up to ~59%. Excluding those trades, Avg. Purchase Price is ~46%.

<sup>11</sup> Data from Preqin as of December 2023, excludes Venture Capital.

significant volumes, we have the ability to be more selective in which situations we dive into from a diligence perspective. Warana continues to believe in the strategy and to find attractive opportunities, particularly among smaller situations. Through the first half of 2024, Warana 2023 Fund has purchased US\$45m of NAV for US\$31m. As of the date of this report, the 2023 Fund is 75% called – significant recent distributions have partially offset a larger August 2024 call but a number of potential sellers are currently evaluating bids that could necessitate another call.

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 and / or broader markets are challenging. The 2023 Fund also has exposure to several transactions outside of our typical secondary market discounted trade that are structured as NAV loans with terms that still target our 20% IRR and provide ample cushion for our senior position. At this point, Warana has a general preference for opportunities sourced in the secondary market versus new primary fund allocations.

### **WSS Kings**

WSS Kings is a special purpose vehicle of various Warana affiliated entities and gains exposure to a private equity portfolio via a loan. We have first right to all cashflows from the private equity portfolio until we receive return of capital plus a fixed return that steps up over time. We expect the transaction IRR to be in excess of 16%. The value of the portfolio is currently over 10 times the investment amount and we are required to be paid within 3 years. Should we not be, we are entitled to sell assets and also have further guarantees provided by entities related to the general partner. Since funding in March 2024, the WSS Kings valuation has increased by 5.5% in USD terms.

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

The King Street Real Estate Fund (Offshore PF), L.P (“KS REF”) is an opportunistic global real estate fund that 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.” The overall performance during the first half of 2024 was flat in USD. Despite challenges in general real estate markets in recent years, the manager’s valuations have held up. We continue to expect the assets in KS REF will be sold over a multi-year time horizon. In the first half of 2024, we have received a distribution of US\$98k.

### **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 extends 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 had an overall positive experience. Since November 2020, the Trust has received a total of US\$3.2m in distributions from this investment, approximately 109% of the purchase cost. During 2024, AIQ received US\$185k, primarily from sales of European real estate positions.

### **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 operations are now ramping up with the Orlando leg having opened in late 2023 and the Brightline Florida debt refinance completed in May 2024.

### Legacy AIQ Funds

The Legacy AIQ Funds are the tail-end positions that AIQ has owned for over 15 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 stayed flat. During the period, the Trust received a US\$104k distribution from GSO Special Situations.

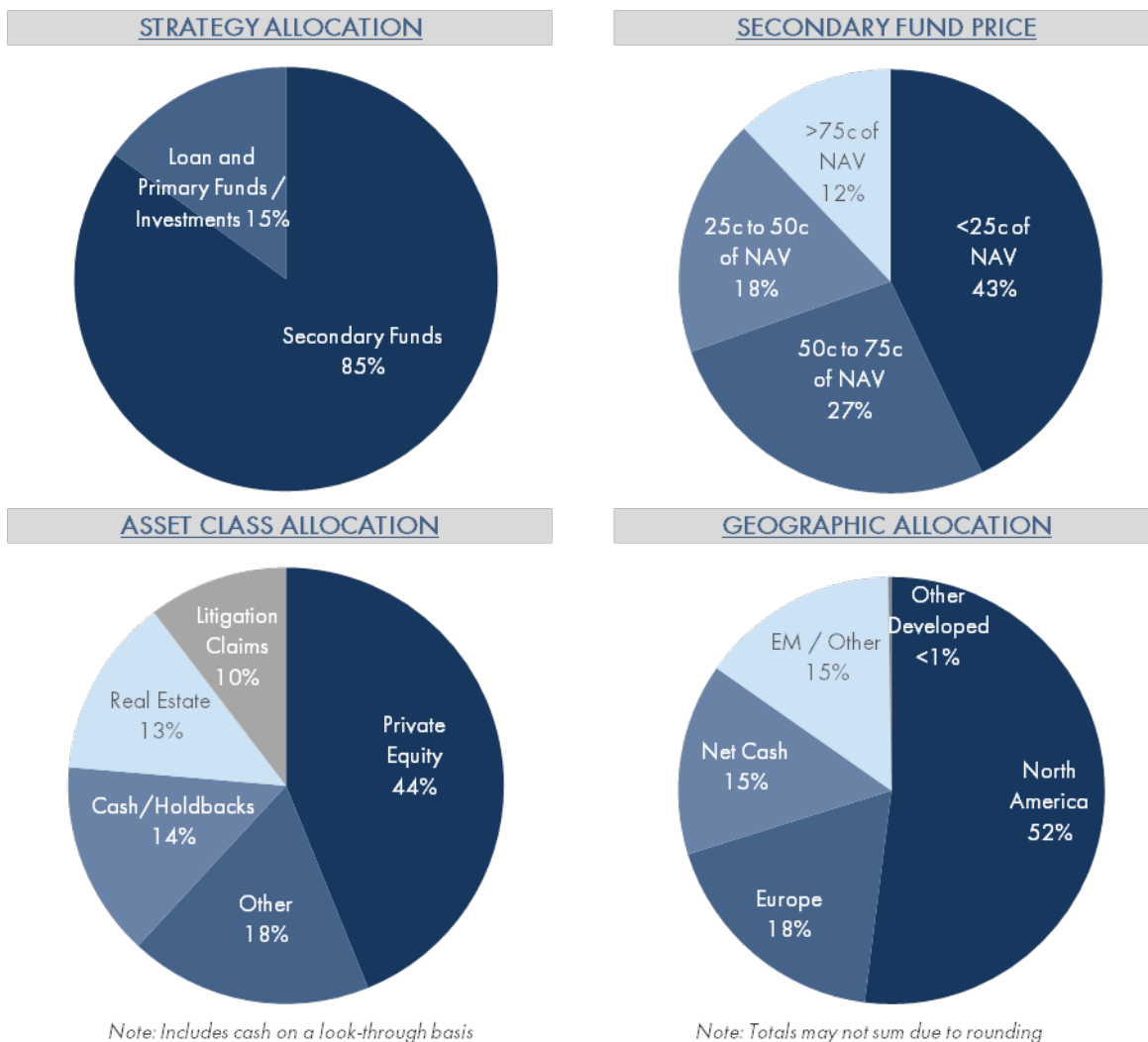
### Other / Direct Assets:

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

### Portfolio Statistics:

The following tables provide our estimated look through exposures across a variety of metrics<sup>12</sup>.

#### PORTFOLIO STATISTICS (as of 30 June 2024)



<sup>12</sup> Portfolio statistics are by NAV as of 30 June 2024. Secondary Fund Price does not include trades without applicable NAV discounts in Warana 2023 Fund.

Outlook:

We continue to see significant pressure on liquidity in absolute return funds which bodes well for our strategy and we are evaluating record-high bid flow. With the Warana 2023 Fund now 75% called, Warana has commenced fundraising for the Warana 2025 Fund, continuing the investment strategy of the previous Warana Funds, primarily through exposure to interests in illiquid international investment funds sourced in the secondary market at discounts to their reported valuation. We expect the vast majority of the funds acquired will be domiciled outside Australia, that they will be 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. We expect the Trust to make a commitment to the Warana 2025 Fund with an announcement expected in September / October timeframe.

The Trust plans to continue its distribution policy of distributing 5% of its net asset value in semi-annual instalments. 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).

## Auditor's Independence Declaration Under Section 307c of the *Corporations Act 2001* to the Directors of One Managed Investment Funds Limited as Responsible Entity of Alternative Investment Trust

As lead engagement partner, I declare that, to the best of my knowledge and belief, during the half-year ended 30 June 2024 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

Yours sincerely,



**Crowe Sydney**



**Barbara Richmond**  
Partner

30 August 2024  
Sydney

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

## Conclusion

We have reviewed the half-year financial report of Alternative Investment Trust (the Trust), which comprises the statement of financial position as at 30 June 2024, the statement of profit or loss and other comprehensive income, statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes to the financial statements, including material accounting policy information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Trust does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Trust's financial position as at 30 June 2024 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

## Basis of Conclusion

We conducted our review in accordance with ASRE 2410 *Review of Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half Year 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 & 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

*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.*

*Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Sydney, an affiliate of Findex (Aust) Pty Ltd.*

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## Responsibility of the Directors for the Half-Year Financial Report

The directors One Managed Investment Funds Limited as Responsible Entity of the Trust are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Trust's financial position as at 30 June 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



**Crowe Sydney**



**Barbara Richmond**

Partner

30 August 2024



**Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 30 June 2024**

	Note	Half-Year ended 30 June 2024 \$'000	Half-Year ended 30 June 2023 \$'000
<b>Income</b>			
Net gains on financial assets at fair value through profit or loss	4	2,010	1,725
Interest income		23	16
Distribution income		204	259
Foreign exchange (losses)/gains		217	(5)
<b>Total Investment Gains</b>		<b>2,454</b>	<b>1,995</b>
<b>Expenses</b>			
Responsible entity fees	12(b)	36	34
Management fees	12(b)	(52)	(63)
Other expenses	5	120	119
<b>Total Operating expenses</b>		<b>104</b>	<b>90</b>
<b>Operating profit attributable to unitholders</b>		<b>2,350</b>	<b>1,905</b>
Return of capital		(1,201)	(1,299)
Decrease/(increase) in net assets attributable to unitholders		(1,149)	(606)
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>
		<b>Cents</b>	<b>Cents</b>
<b>Profit per unit for profit from continuing operations</b>			
Basic and diluted profit per unit	6	7.64	6.25

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

Statement of Financial Position as at 30 June 2024

	Note	As at 30 June 2024 \$'000	As at 31 December 2023 \$'000
<b>Assets</b>			
Cash and cash equivalents	8	1,964	6,802
Receivables	9	264	525
Financial assets held at fair value through profit or loss	7	46,960	40,715
<b>Total assets</b>		<b>49,188</b>	<b>48,042</b>
<b>Liabilities</b>			
Payables	10	191	189
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>191</b>	<b>189</b>
<b>Net assets attributable to unitholders -liability</b>	<b>11</b>	<b>48,997</b>	<b>47,853</b>

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

**Statement of Changes in Equity for the half-year ended 30 June 2024**

	Half-Year ended 30 June 2024 \$'000	Half-Year ended 30 June 2023 \$'000
<b>Total equity at the beginning of the year</b>	-	-
Profit/(loss) for the half-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 period</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 half-year.

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

Statement of Cash Flows for the half-year ended 30 June 2024

	Note	Half-Year ended 30 June 2024 \$'000	Half-Year ended 30 June 2023 \$'000
<b>Cash flows from operating activities</b>			
Net proceeds from (purchase)/sale of financial assets designated as fair value through profit and loss		(4,197)	1,282
Interest received		23	16
Distributions received		204	259
Management and responsible entity fees paid		(380)	(367)
Responsible entity fees paid		(36)	(34)
Other income received		534	628
<b>Net cash (used in)/provided by operating activities</b>	<b>8(b)</b>	<b>(3,852)</b>	<b>1,784</b>
<b>Cash flows from financing activities</b>			
Payments for buyback of units		(2)	(147)
Returns of capital paid		(1,201)	(1,299)
<b>Net cash (used in) by financing activities</b>		<b>(1,203)</b>	<b>(1,446)</b>
Net (decrease)/increase in cash and cash equivalents		(5,055)	338
Foreign exchange (losses)/gains		217	(5)
Cash and cash equivalents at the beginning of the year		6,802	3,069
<b>Cash and cash equivalents at the end of the half-year</b>	<b>8(a)</b>	<b>1,964</b>	<b>3,402</b>
<b>Non-cash investing activities</b>	<b>8(c)</b>	-	-
<b>Non-cash financing activities</b>	<b>8(d)</b>	-	-

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

### Notes to the Financial Statements

#### 1. General information

Alternative Investment Trust (the "Trust" or "AIT") 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, 2000.

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

These financial statements were authorised for issue by the directors on XX August 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

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 Australian Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting".

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

These financial statements do not include all of the notes of the type normally included in the annual financial statements. Accordingly, these interim financial statements are to be read in conjunction with the annual financial statements for the year ended 31 December 2023 and any public announcements made in respect of the Trust during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies applied in these interim financial statements are the same as those applied to the Trust's financial statements for the year ended 31 December 2023.

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

Notes to the Financial Statements

3. Material Accounting Policies (continued)

b) Basis of preparation (continued)

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 Interim Financial Report. Amounts in the Directors' Report and Interim Financial Report have been rounded to the nearest thousand dollars in accordance with that legislative instrument, unless otherwise indicated.

4. Net gains/(losses) on financial instruments at fair value through profit or loss

	Half-Year ended 30 June 2024 \$'000	Half-Year ended 30 June 2023 \$'000
Fair value gain on financial instruments held at fair value through profit or loss	2,010	1,725
<b>Total net gain on financial instruments held at fair value through profit or loss</b>	<b>2,010</b>	<b>1,725</b>

5. Other operating expenses

	Half-Year ended 30 June 2024 \$'000	Half-Year ended 30 June 2023 \$'000
Professional fees	7	8
Fund administration and custody expenses	45	43
Other general and administrative expenses	41	41
Auditor's remuneration	27	27
<b>Total other operating expenses</b>	<b>120</b>	<b>119</b>

Notes to the Financial Statements

6. Earnings per unit

Basic profit/(loss) per unit is calculated as net profit or loss attributed to unitholders of AIT divided by the weighted average number of units on issue.

	Half-year ended 30 June 2024	Half-year ended 30 June 2023
Profit attributable to unitholders (\$'000)	2,350	1,905
Weighted average number of units on issue ('000)	30,746	30,457
Basic and diluted profit per unit in cents	7.64	6.25

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

7. Investments in Financial Instruments

	As at 30 June 2024 \$'000	As at 31 December 2023 \$'000
<b>Fair value of financial assets designated as fair value through profit or loss</b>		
Investment in funds	44,763	40,007
Investment in equity securities	1,839	302
Investment in unlisted unit trusts	358	406
<b>Total financial assets held at fair value through profit or loss</b>	<b>46,960</b>	<b>40,715</b>

**Investments in Funds and Unlisted Unit Trusts associated with the Investment Manager or the Responsible Entity**

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, WSS Kings Offshore LP, AIT Sub-Trust No. 1, One HF Trust, and King Street Real Estate Fund (Offshore PF).

**Fair Value Hierarchy**

Financial instruments carried at fair value are categorised under 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:

Notes to the Financial Statements

7. Investments in Financial Instruments (continued)

*Fair Value Hierarchy (continued)*

- 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.

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 and included in financial statements that are audited.

The following table shows an analysis of financial instruments held at 30 June 2024, recorded at fair value and presented by level of the fair value hierarchy:

	30 June 2024			Total \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
<b>Financial assets</b>				
Investment in funds	-	-	44,763	44,763
Investment in equity securities	1,839	-	-	1,839
Investment in unlisted unit trusts	-	-	358	358
<b>Total financial assets held at fair value through profit or loss</b>	<b>1,839</b>	<b>-</b>	<b>45,121</b>	<b>46,960</b>



Notes to the Financial Statements

7. Investments in Financial Instruments (continued)

*Fair Value Hierarchy (continued)*

	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>

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

**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 30 June 2024 had \$1,839,000 (31 December 2023: \$302,000) 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 30 June 2024 the Trust had \$Nil (31 December 2023: \$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 30 June 2024 the Trust had \$45,121,000 (31 December 2023: \$40,413,000) financial assets held at fair value through profit or loss included in level 3.

Notes to the Financial Statements

7. Investments in Financial Instruments (continued)

*Fair Value Hierarchy (continued)*

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:

	Half year ended 30 June 2024			
	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Opening balance	302	-	40,413	40,715
Change in value of financial assets held at fair value through profit or loss	(56)	-	2,067	2,011
Additional Investment/Capital Calls paid	5,769	-	6,467	12,236
Divestments	(4,174)	-	(306)	(4,480)
Distributions	-	-	(3,520)	(3,520)
<b>Closing balance</b>	<b>1,841</b>	<b>-</b>	<b>45,121</b>	<b>46,961</b>

	Year ended 31 December 2023			
	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Opening balance	397	-	44,425	44,822
Change in value of financial assets held at fair value through profit or loss	(69)	-	2,703	2,634
Additional Investment / Capital Calls paid	-	-	5,288	5,288
Divestments	-	-	(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>

Disclosed fair values

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

8. Cash and cash equivalents

- (a) Cash and cash equivalents include cash on hand and deposits held with banks. Cash at the end of the half-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 30 June 2024 \$'000	As at 30 June 2023 \$'000
Domestic cash at bank	23	1,410
Foreign currency holdings	1,941	1,992
	<b>1,964</b>	<b>3,402</b>

Notes to the Financial Statements

8. Cash and cash equivalents (continued)

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

	Half-year ended 30 June 2024	Half-year ended 30 June 2023
	\$'000	\$'000
<b>Increase in net assets attributable to unitholders</b>	<b>1,149</b>	<b>606</b>
Return of capital to unitholders	1,201	1,299
Net gains on financial instruments held at fair value through profit or loss	(2,010)	(1,725)
Net proceeds from (purchase)/sale of financial assets designated as fair value through profit or loss	(4,197)	1,282
Foreign exchange (losses)/gains	(217)	5
<b>Change in assets and liabilities</b>		
Decrease/(Increase) in other assets	220	292
Increase in trade and other payables	2	25
<b>Net cash provided by/(used in) operating activities</b>	<b>(3,852)</b>	<b>1,784</b>

(c) Non-cash investing activities

Distributions applied to calls on investments	-	(334)
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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	-	-
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9. Receivables

	As at 30 June 2024	As at 31 December 2023
	\$'000	\$'000
Other receivables	-	-
Management fee receivable	295	239
GST receivable	-	-
Receivable from investment sold	(31)	286
<b>Total receivables</b>	<b>264</b>	<b>525</b>

Notes to the Financial Statements

10. Payables

		As at 30 June 2024 \$'000	As at 31 December 2023 \$'000
Responsible entity fees payable	12 (b)	6	6
Trust administration and custody fees payable		13	14
Buy Back Payable		3	
GST payable		3	-
Other payables		166	169
<b>Total payables</b>		<b>191</b>	<b>189</b>

11. Net assets attributable to unitholders

	Half-Year ended 30 June 2024		Year ended 31 December 2023	
	No. of Units	\$'000	No. of Units	\$'000
Opening balance	30,408,998	47,853	30,554,797	48,231
Buybacks	(3,813)	(5)	(145,799)	(194)
Net gain/(loss) attributable to unitholders	-	1,149	-	(184)
<b>Closing balance</b>	<b>30,405,185</b>	<b>48,997</b>	<b>30,408,998</b>	<b>47,853</b>

12. Related party transactions

a) Key management personnel

The names of the directors and company secretaries of the Responsible Entity, during the financial period and up to the date of this report are:

Name	Title
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 at any time during the half-year.

Apart from those details disclosed in the note, 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 half-year end.

Notes to the Financial Statements

12. Related party transactions (continued)

b) *Responsible Entity fees/Investment Manager fees*

**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, following the approval on 17 March 2023, the minimum Responsible Entity fee will now increase by 3% annually on 1 July.

As at 30 June 2024, the responsible entity fees expense incurred by the Trust to the Responsible Entity was \$35,722 (30 June 2023: \$34,485) of which \$6,232 (31 December 2023: \$6,232) 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 and performance 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 do 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>30 June 2024</b>	<b>30 June 2023</b>
Management Fee Entitlement	\$323,612	\$299,005
Rebate credited	\$(375,770)	\$(361,956)
<b>Net management fee rebate (receivable) by the Trust during the period</b>	<b>\$(52,158)</b>	<b>\$(62,951)</b>

As at 30 June 2024, the net receivable from the Investment Manager in relation to management fees and management fee rebates is \$294,997 (31 December 2023: \$239,022).

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.

## Notes to the Financial Statements

### 12. Related party transactions (continued)

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

- 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 30 June 2024, the accrued performance fee at the Warana Fund level is \$5,871,085 (2023: \$4,952,321) 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 Warana 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.

#### **c) Other fees paid to related parties**

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 One Investment Group ("OIG"), acted as custodian for the Trust and receives a fee for doing so.

##### **Custody Fees**

As at 30 June 2024, the custody fee expense incurred by the Trust to the OMIFL amounted to \$11,584 (30 June 2023: \$11,903) of which \$7,232 (31 December 2023: \$7,837) was payable at the end of the period.

##### **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 30 June 2024, fund administration fees were incurred by the Trust amounted to \$32,758 (30 June 2023: \$30,903) of which \$5,859 (31 December 2023: \$5,859) was payable at the end of the period.

As at 30 June 2024, taxation fees were incurred by the Trust amounted to \$7,298 (30 June 2023: \$7,204) of which \$27,500 (31 December 2023: \$20,625) was payable at the end of the period.

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

During or since the end of the financial half-year, none of the directors of the Responsible Entity held units in the Trust, either directly, indirectly, or beneficially (31 December 2023: \$Nil).

#### **e) Investments in Unlisted Funds where Warana acts as Trustee**

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

## Notes to the Financial Statements

### 12. Related party transactions (continued)

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

- (1) One HF Trust ("OHFT") - OMIFL is the trustee of the trust. The Trust owns 72.93% of OHFT. Fees paid or payable to OMIFL as trustee for the half-year were \$2,455 (30 June 2023: \$2,169). The value of the units in OHFT held by the Trust at 30 June 2024 is \$69,833 (31 December 2023: \$76,328).
- (2) AIT Sub-Trust No. 1 ("AITST") - One Funds Management Limited ("OFML") is the trustee of AITST, 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 half-year were \$3,366 (30 June 2023: \$2,974). The value of the units in AITST held by the Trust at 30 June 2024 is \$288,088 (31 December 2023: \$329,311).

These units were valued at \$357,921 (31 December 2023: \$405,639) and were included within the financial assets as disclosed in note 7.

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 half-year were \$5,821 (30 June 2023: \$nil).

The Trust holds one 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 half-year were \$Nil (30 June 2023: \$Nil). The value of the units in WCFI held by the Trust at 30 June 2024 is \$Nil (31 December 2023: \$Nil).

On 22 June 2021, the Trust received a further distribution of \$0.7275 per unit following the completion of the sale of the asset held by the WCFI. The total received to date is now \$1.0196 per unit. The sale proceeds received was net of approx. \$0.06 per unit in holdback amounts to be received over the next 2 years. The \$0.06 per unit has been recorded at Nil until the funds have been released.

Notes to the Financial Statements

**13. Commitments and Contingents**

The following represents the uncalled commitments at year end. All other commitments are fully paid at 30 June 2024.

<b>As at 30 June 2024</b>	<b>Total Committed</b>	<b>Uncalled Commitments</b>
King Street Real Estate Fund (Offshore, PF)	\$1,499,500 (US\$1,000,000)	\$252,994 (US\$168,719)
Warana 2023 Fund	\$13,495,500 (US\$9,000,000)	\$4,723,425 (US\$3,150,000)
<b>Total</b>	<b>\$14,995,000 (US\$10,000,000)</b>	<b>\$4,976,419 (US\$3,318,719)</b>

<b>As at 31 December 2023</b>	<b>Total Committed</b>	<b>Uncalled Commitments</b>
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>

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.

**14. Subsequent Events**

On 21 June 2024, a capital call was executed amounting to 450,000 USD and paid on 9 July 2024.

On 19 July 2024, a distribution was declared with a record date of 25 July 2024 and payment date 9 August 2024. The distribution was \$0.03913 per unit.

On 5 August 2024, a capital call for Warana 2023 Offshore Fund LP was received amounting to USD 450,000 and paid on 20 August 2024.

Other than the above there has not been any other matter or circumstance occurring subsequent to the end of the year that has significantly affected, or may significantly affect, the operations of the Trust, the results of those operations or the state of affairs of the Trust.



### Directors' Declaration

The directors of the Responsible Entity declare that:

- (a) the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- (b) the attached financial statements and notes give a true and fair view of the Trust's financial position as at 30 June 2024 and of its performance for the financial half-year ended on that date; and
- (c) 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 the directors of the Responsible Entity made pursuant to Section 295(5) of the Corporations Act 2001.

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



Frank Tearle  
Director  
30 August 2024