

Alternative Investment Trust

ARSN 112 129 218

Annual report for the financial year ended 31 December 2024

Index to the Financial Statements

	Page
Directors' Report	2
Corporate Governance – Responsible Entity	8
Investment Manager's Report	9
Statement of Profit or Loss and Other Comprehensive Income	15
Statement of Financial Position	16
Statement of Changes in Equity	17
Statement of Cash Flows	18
Notes to the Financial Statements	19
Directors' Declaration	43
Unitholder Information	44
Other Information	46
Auditor's Independence Declaration	47
Independent Auditor's Report	48

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 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 in office during the financial year 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

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 (2023: nil).

Directors' Meeting

The numbers of meetings attended by each director were:

	Directors' Meeting	
	Meetings Held	Meetings Attended
Frank Tearle	2	1
Sarah Wiesener	2	2
Michael Sutherland	2	2

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 trust entered into a forward contract dated 18 December 2024 to hedge the selling of USD, and buying of AUD for 2 years maturing on 18 December 2026.

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 2024 was \$4,983,000 (2023 gain: \$2,354,000).

Distributions of income and capital

In respect of the financial year ended 31 December 2024, a distribution of income \$nil (2023: \$nil) was paid to unitholders.

In respect of the financial year ended 31 December 2024, distributions by way of returns of capital of \$2,391,000 (2023: \$2,538,000) 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 2024 is \$51,068,000 (2023: \$48,042,000). The total number of units on issue as at 31 December 2024 is 30,392,491 (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 \$70,017 per annum (excluding GST) from 1 July 2024 (\$67,980 per annum (excluding GST) prior to 1 July 2024).

For the year ended 31 December 2024, the Responsible Entity fee expense incurred by the Trust was \$72,372 (2023: \$70,372). The Responsible Entity fee payable as at 31 December 2024 was \$6,418 (2023: \$6,232).

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:

	31 December 2024	31 December 2023
Management Fee Entitlement	664,566	617,683
Rebate credited	(794,668)	(715,347)
Net management fee rebate attributable to the Trust	(130,102)	(97,664)

As at 31 December 2024, the net receivable from the Investment Manager in relation to management fees and management fee rebates is \$378,645 (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").

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 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.

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

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

Subsequent Events

On 21 January 2025, a distribution by way of return of capital was declared with a record date of 28 January 2025 and payment date 20 February 2025. The distribution was \$0.04186 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.

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 (2023: Crowe Sydney).

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

Directors' report (continued)

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.



Frank Tearle
Director
28 February 2025

Corporate Governance – Responsible Entity

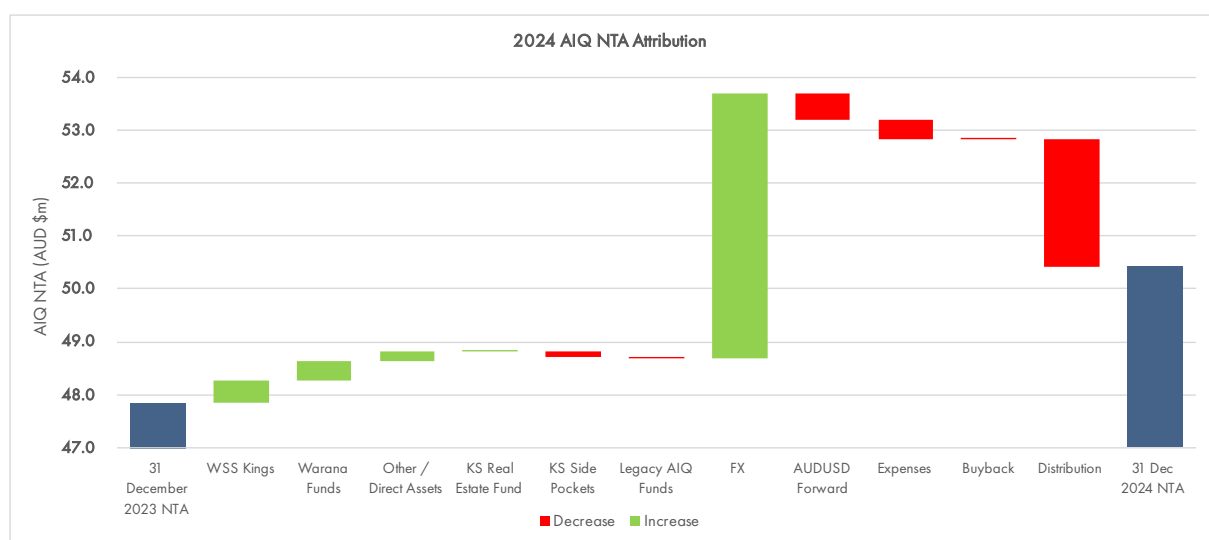
Alternative Investment Trust ARSN 112 129 218 (“AIQ” or “Trust”) is a registered managed investment scheme under the Corporations Act 2001 (“Corporations Act”). One Managed Investment Funds Limited (ABN 47 117 400 987; AFSL 297042) (“Responsible Entity”) is the responsible entity for the Trust and establishes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

Overview

The net tangible asset backing (“NTA”) of Alternative Investment Trust (“AIQ” or the “Trust”) increased by 10.9% during 2024 and the adjusted NTA¹ increased 17.4%, with the declining the US dollar the key driver of returns, both accounting for the impact of capital activity², most notably a total annual distribution of 5% of NTA is made in two payments each in January and July. Excluding the impact of foreign exchange movements, the portfolio’s NTA was flat and the adjusted NTA increased by 5.1%.

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 LP³, contributing US\$2mm (A\$3.1m).
- The Trust funded a total of US\$4.25m (A\$6.5m) across five net capital calls to the Warana 2023 Fund⁴ during the period, up to 95% of the Trust’s commitment. The Warana 2023 Fund is now fully allocated.
- The Trust has received US\$3.9m (A\$5.9m) of distributions from the portfolio including:
 - US\$1.8m from Warana 2021 Fund⁵, across 7 distributions;
 - US\$818k from Warana 2019 Fund⁶, across 3 distributions;

¹ 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.

² Performance reflects the impact of the capital activity, most notably the semi-annual distribution of 2.5% of NTA both in January and July

³ All references to “WSS Kings” in this document mean “WSS Kings LP”

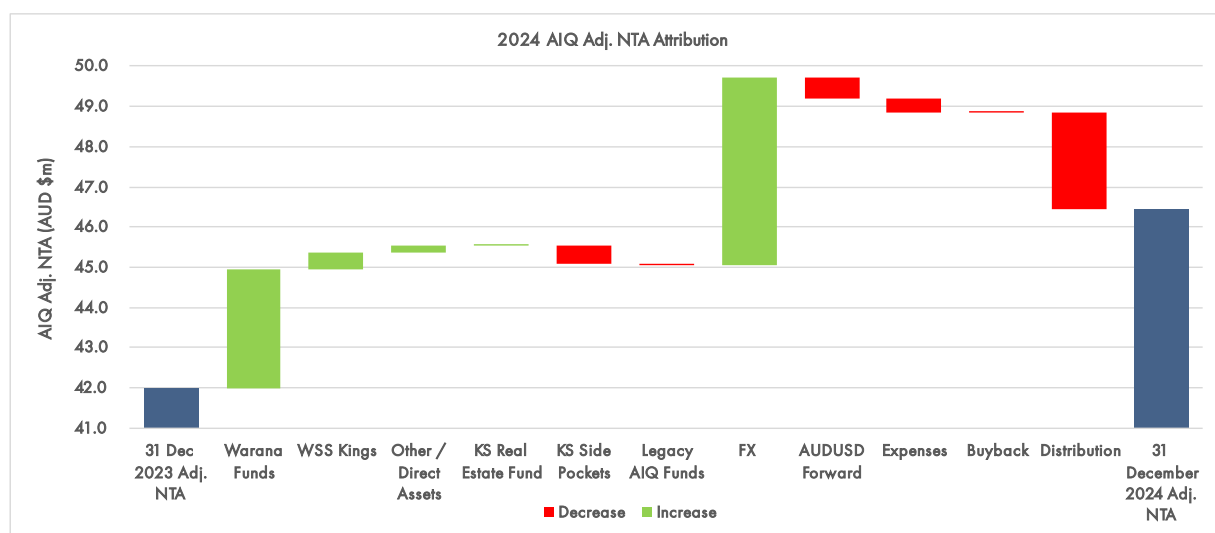
⁴ All references to “Warana 2023 Fund” in this document mean “Warana 2023 Offshore Fund LP”.

⁵ All references to “Warana 2021 Fund” in this document mean “Warana SP Offshore Fund SPC – 2021 Segregated Portfolio”

⁶ All references to “Warana 2019 Fund” in this document mean “Warana SP Offshore Fund SPC – 2019 Segregated Portfolio”

- A distribution of US\$542k from Warana 2023 Fund;
 - US\$278k from the King Street Side Pockets, across multiple distributions;
 - US\$201k from King Street Real Estate Fund, across 4 distributions;
 - US\$154k from Warana 2018 Fund⁷, across over 8 distributions;
 - US\$104k from the Legacy AIQ Funds; and
 - A final and upside distribution of US\$23k from WCFI.⁸
- The Trust made two distributions of A\$0.0395 and A\$0.03913 per unit in January and July respectively, 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 (subject to ASX rules). The Trust bought back 16,507 units over the period at an average cost of A\$1.3992 per unit.
 - In December, AIQ entered a 2-year AU\$15mm FX hedging program, aimed at partially protecting its USD exposure from AUD appreciation, following its decline in recent months. The forward was struck at an AUD/USD rate of 0.6441.
 - The Trust’s net cash balance dropped to 3% of NTA 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 31 December 2024 had an NTA per unit of A\$1.6591 with an adjusted NTA of A\$1.5283. 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.

⁷ All references to “Warana 2018 Fund” in this document mean “Warana SP Offshore Fund SPC – 2018 Segregated Portfolio”

⁸ All references to “WCFI” in this document mean “Warana Co-investment Fund I”

The investment portfolio of the Trust as at 31 December 2024 was as follows:

Asset Breakdown (A\$m)	NTA	Adjusted NTA
Secondary Market Funds		
Warana 2018 Fund	\$ 1.1	\$ 0.5
Warana 2019 Fund	\$ 5.7	\$ 5.4
Warana 2021 Fund	\$ 12.5	\$ 14.4
Warana 2023 Fund	\$ 17.7	\$ 14.4
King Street Capital Special Investments	\$ 3.0	\$ 2.5
Fortress PE Funds	\$ 2.0	\$ 0.9
Total Secondary Funds	\$ 42.0	\$ 38.0
Primary Market Funds		
King Street Real Estate Fund	\$ 1.2	\$ 1.2
Legacy AIQ Funds	\$ 2.3	\$ 2.3
Total Primary Funds	\$ 3.5	\$ 3.5
Direct Assets		
Other Direct Assets	\$ 0.4	\$ 0.4
WSS Kings	\$ 3.7	\$ 3.7
Net FX Hedging Value	\$ (0.5)	\$ (0.5)
Net Cash	\$ 1.3	\$ 1.3
Total Direct Assets	\$ 4.9	\$ 4.9
Total	\$ 50.4	\$ 46.4

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 31 December 2024 NAV:

Fund	Allocated (US\$m) ⁹	Returned (US\$m) ¹⁰	# of transaction / underlying funds	Projected IRR (% pa)	Avg price (% of manager NAV)	Projected MoM ¹¹
Warana 2018 Fund	48.0	59.2	78/172	14%	51%	1.34x
Warana 2019 Fund	77.5	82.7	61/166	17%	24%	1.45x
Warana 2021 Fund	96.2	78.3	59/200	24%	53%	1.74x
Warana 2023 Fund	100.5	22.0	71/117	Target 15-20%	50%/38% ¹²	Target >1.3x

It was another record year for the secondaries markets overall and for Warana, with the Warana team reviewing \$12bn of potential buy side opportunities vs \$7.7bn in 2023. In 2024, we continued to see illiquidity prevail in private markets, putting pressure on investment funds that are seeking exits of illiquid exposures. It also seems like the secondary market is becoming a more viable and common alternative for any investor seeking liquidity, with several high profile and large processes in 2024.

The earlier vintages of the Warana funds, 2018 Fund, 2019 Fund and 2021 Fund respectively, continued in harvest period during the year and have been distributing cash regularly as noted above. Additionally, the Warana 2023 Fund is

⁹ Allocated capital at master fund level

¹⁰ Returned capital at master fund level

¹¹ Actual and projected distributions to paid-in capital

¹² 2023 Fund includes several trades outside of our typical secondary market trades (e.g. NAV loan, co-investment), skewing the average up to ~50%. Excluding those trades, Avg. Purchase Price is ~38%.

now fully invested having purchased just over \$200mm of manager NAV for a net cost of around \$100mm, in line with our historical average price. The fully allocated portfolio has exposure to over 100 funds managed by over 80 managers. It consists of a large core allocation to the typical secondary trades we have been doing for over a decade including in liquidating funds and side pockets, tail end private equity and other illiquid fund opportunities. It also includes low cost options that have historically generated meaningful returns for prior Warana funds. We believe the combined outcome of the 2023 Fund's entry prices and, diversified portfolio composition and the core Warana strategy, underwriting and eventually active portfolio management makes it a compelling portfolio with interesting optionality.

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. 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 that 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 11% 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 2024 was flat in USD. We continue to expect the assets in KS REF will be sold over a multi-year time horizon. During 2024, we have received distributions of US\$201k.

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 110% of the purchase cost. During 2024, AIQ received US\$185k, primarily from sales of European real estate assets as well as certain tax claims and special situations.

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. Brightline Florida is operating and performing well and recently refinanced its debt; Brightline West continues to make advances on both financing and preparing for construction.

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.

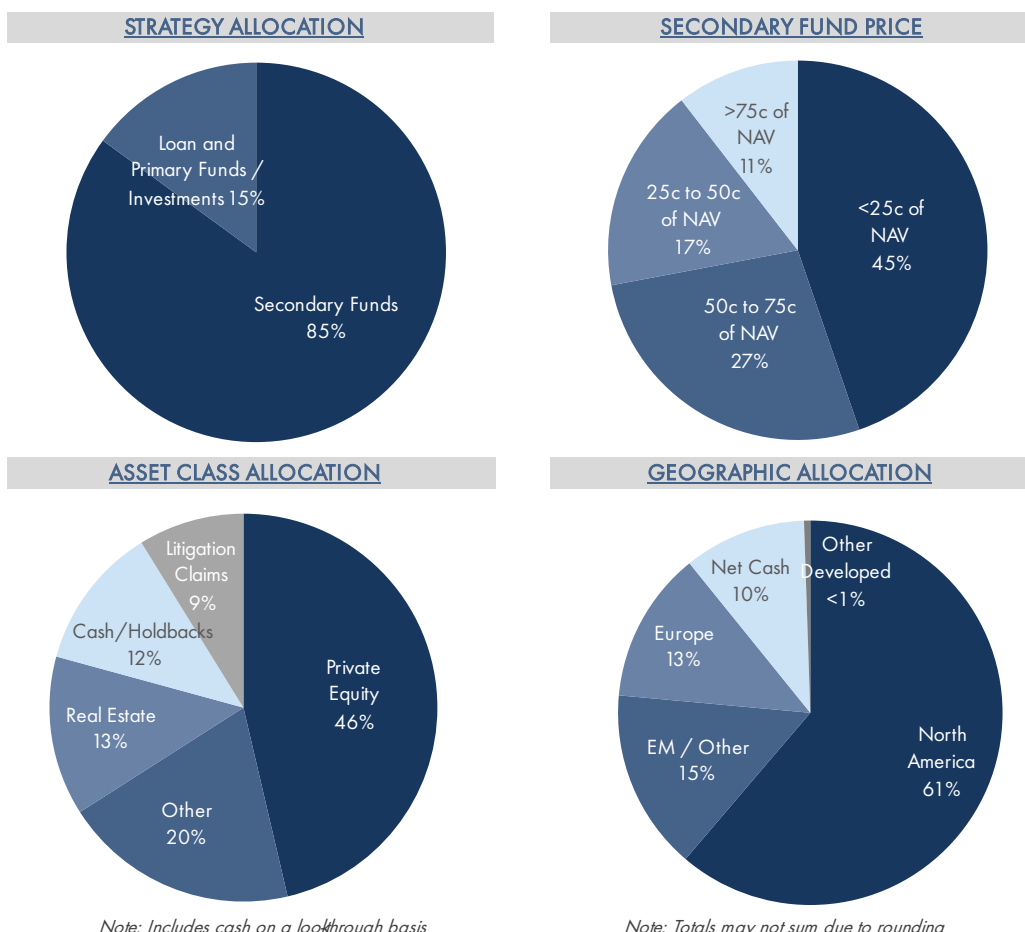
Other / Direct Assets:

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 metrics¹³.

PORTFOLIO STATISTICS (as of 31 December 2024)



¹³ Portfolio statistics are by NAV as of 31 December 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. Requests for prices continue to reach new highs for our business and we continue to be very active in the short to medium term. The Trust is currently fully invested with limited cash reserves; however, we expect liquidity in the near term, particularly from the Warana Funds. The Warana 2021 Fund is currently in the process of engaging to sell one of its material remaining exposures, which, if completed, could provide a significant distribution to the Trust. The transaction is not yet signed and thus is uncertain. If it proceeds, the outcome would be roughly in line with the assumptions included in the adjusted NTA but would lead to an uplift in the NTA. We will aim to redeploy any excess capital received promptly.

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 also 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 2024

	Note	Year ended 31 December 2024	Year ended 31 December 2023
		\$'000	\$'000
Income			
Net gains on financial instruments held at fair value through profit or loss	5	4,445	2,634
Interest income		27	48
Distribution income		303	218
Dividend income		72	-
Investment management fees		130	98
Foreign exchange (losses)/gains		291	(298)
Total investment gains		5,268	2,700
Expenses			
Responsible entity fees	14	72	70
Other operating expenses	6	213	276
Total operating expenses		285	346
Operating income attributable to unitholders		4,983	2,354
Other comprehensive income		-	-
Distributions to unitholders		(2,391)	(2,538)
Decrease/(increase) in net assets attributable to unitholders		(2,592)	184
Total comprehensive income		-	-
		Cents	Cents
Gain/(loss) per unit for loss from continuing operations			
Basic and diluted gain per unit	7	16.39	7.72

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 2024

	Note	As at 31 December 2024 \$'000	As at 31 December 2023 \$'000
Assets			
Cash and cash equivalents	9	705	6,802
Receivables	10	412	525
Financial assets held at fair value through profit or loss	8	49,951	40,715
Total assets		51,068	48,042
Liabilities			
Payables	11	148	189
Financial liabilities at fair value through profit or loss		498	-
Total liabilities (excluding net assets attributable to unitholders)		646	189
Net assets attributable to unitholders - liability	12	50,422	47,853

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 2024

	Year ended 31 December 2024	Year ended 31 December 2023
	\$'000	\$'000
Total equity at the beginning of the year	-	-
Profit/(loss) for the year	-	-
Other comprehensive income	-	-
Total comprehensive income	-	-
Transactions with owners in their capacity as equity holders	-	-
Total equity at the end of the financial year	-	-

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 2024

	Note	Year ended 31 December 2024 \$'000	Year ended 31 December 2023 \$'000
Cash flows from operating activities			
Interest received		27	48
Distributions received		303	218
Dividends received		72	-
Management and responsible entity fees paid		(82)	(77)
Other expenses paid		(254)	(218)
Net cash provided by/(used in) operating activities	9(b)	66	(29)
Cash flows from investing activities			
(Net payments for)/ proceeds from financial assets designated at fair value through profit or loss		(4,039)	6,792
(Net payments for)/ proceeds from financial assets		(4,039)	6,792
Cash flows from financing activities			
Payments for buyback of units		(23)	(194)
Returns of capital paid		(2,391)	(2,538)
Net cash used in financing activities		(2,414)	(2,732)
Net (decrease)/increase in cash and cash equivalents		(6,387)	4,031
Foreign exchange (gains)/losses		290	(298)
Cash and cash equivalents at the beginning of the year		6,802	3,069
Cash and cash equivalents at the end of the year	9(a)	705	6,802
Non - cash investing activities	9(c)	746	715

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 28 February 2025. 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) 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.

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.

3. Material Accounting Policies (continued)

(f) Investments in financial instruments (continued)

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.

(g) 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.

(h) 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.

(i) 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.

(j) 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.

3. Material Accounting Policies (continued)

(k) 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.

(l) 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.

(m) 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.

(n) 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.

Alternative Investment Trust

Notes to the financial statements

3. Material Accounting Policies (continued)

(n) Critical accounting judgements and key sources of estimation uncertainty (continued)

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.

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

	Year ended 31 December 2024	Year ended 31 December 2023
	\$'000	\$'000
Unrealised gains on financial instruments held at fair value through profit or loss	4,074	1,643
Realised gains on financial instruments held at fair value through profit or loss	371	991
Net gains on financial instruments held at fair value through profit or loss	4,445	2,634

6. Other Operating Expenses

	Year ended 31 December 2024	Year ended 31 December 2023
	\$'000	\$'000
Professional fees	15	16
Trust administration and custody expenses	96	93
Other general and administrative expenses	38	104
Auditor's remuneration	64	63
Total other operating expenses	213	276

Alternative Investment Trust

Notes to the financial statements

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 2024	Year ended 31 December 2023
Gain attributable to unitholders (\$'000)	4,983	2,354
Adjusted weighted average number of units on issue ('000)	30,403	30,475
Basic and diluted gain per unit in cents	16.39	7.72

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

8. Investments in Financial Instruments

	As at 31 December 2024 \$'000	As at 31 December 2023 \$'000
Fair value of financial assets designated as fair value through profit or loss		
Investment in funds	48,824	40,007
Investment in equity securities	768	302
Investment in unlisted unit trusts	359	406
Total financial assets held at fair value through profit or loss	49,951	40,715

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, WSS Kings Offshore LP, AIT Sub-Trust No. 1, One HF Trust, King Street Real Estate Fund (Offshore PF), King Street Side Pockets, GSO Special Situations Overseas Fund, Ltd, Cerberus International SPV, and TPG-AXON Partners Offshore LTD.

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.

8. Investments in Financial Instruments (continued)

Fair Value Hierarchy (continued)

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, 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 2024, recorded at fair value and presented by level of the fair value hierarchy:

	31 December 2024			
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Investment in funds	-	-	48,824	48,824
Investment in equity securities	768	-	-	768
Investment in unlisted unit trusts	-	-	359	359
Total financial assets held at fair value through profit or loss	768	-	49,183	49,951

Alternative Investment Trust

Notes to the financial statements

8. Investments in Financial Instruments (continued)

Fair Value Hierarchy (continued)

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

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.

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 2024 the Trust had \$768,000 (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 31 December 2024 the Trust had \$nil (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 31 December 2024 the Trust had \$49,183,000 (2023: \$40,413,000) financial assets held at fair value through profit or loss included in level 3.

Alternative Investment Trust

Notes to the financial statements

8. 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:

	31 December 2024			Total \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Opening balance	302	-	40,413	40,715
Change in value of of financial assets held at fair value through profit or loss	194	-	4,750	4,944
Subscriptions	-	-	16,288	16,288
Redemptions	-	-	(6,345)	(6,345)
Distributions	272	-	(5,923)	(5,651)
Closing balance	768	-	49,183	49,951

	31 December 2023			Total \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
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)
Closing balance	302	-	40,413	40,715

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 2024 Unlisted closed-ended investment funds (redemption restricted)	49,183,000	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\$7,377,000
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

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 2024	As at 31 December 2023
Domestic cash at bank	44	158
Foreign currency holdings	661	6,644
	<u>705</u>	<u>6,802</u>

- (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 2024 \$'000	Year ended 31 December 2023 \$'000
Increase in net assets attributable to unitholders	4,983	2,354
Net (gains) on financial instruments held at fair value through profit or loss	(4,445)	(2,634)
Foreign exchange (gains)/losses	(290)	298
Change in assets and liabilities:		
(Increase) in receivables	(141)	(85)
Increase in payables	(41)	38
Net cash used in operating activities	66	(29)
(c) Non-cash investing activities		
Distributions applied to calls on investments	746	715

Alternative Investment Trust

Notes to the financial statements

10. Receivables

	As at 31 December 2024	As at 31 December 2023
	\$'000	\$'000
Management fee receivable	379	239
Receivable from investments realised	33	286
Total receivables	412	525

11. Payables

	As at 31 December 2024	As at 31 December 2023
	\$'000	\$'000
Responsible entity fees	6	6
Trust administration and custody fees	14	14
Other payables	128	169
Total payables	148	189

12. Net Assets Attributable to Unitholders - Liability

Year ended 31 December 2024	No. of Units	\$'000
Opening balance	30,408,998	47,853
Buybacks	(16,507)	(23)
Net gain/(loss) attributable to unitholders	-	2,592
Closing balance as at 31 December 2024	30,392,491	50,422

Year ended 31 December 2023	No. of Units	\$'000
Opening balance	30,554,797	48,231
Buybacks	(145,799)	(194)
Net gain/(loss) attributable to unitholders	-	(184)
Closing balance as at 31 December 2023	30,408,998	47,853

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:

	Australia A\$'000	US \$'000	Total \$'000
31 December 2024			
Cash and cash equivalents	44	661	705
Receivables	372	40	412
Total	416	701	1,117

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
31 December 2023			
Cash and cash equivalents	158	6,644	6,802
Receivables	232	293	525
Total	390	6,937	7,327

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 2024 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
As at 31 December 2024				
Payables	148	-	-	148
Financial liabilities held at fair value through profit or loss	-	499	-	499
Total payables	148	499	-	647

Alternative Investment Trust

Notes to the financial statements

13. Financial Risk Management Objectives and Policies (continued)

(b) Liquidity risk (continued)

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

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 hedged the Trust's exposure to the AUD dollar selling AUD 15,000,000 with trade date 18 December 2024 and maturity date 18 December 2026.

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

31 December 2024	USD \$'000	Total \$'000
Assets		
Cash and cash equivalents	661	661
Receivables	40	40
Financial assets held at fair value through profit or loss	49,593	49,593
Total assets	50,294	50,294
Liabilities		
Payables	(17)	(17)
Financial liabilities held at fair value through profit or loss	(499)	(499)
Total liabilities (excluding net assets attributable to unitholders)	(516)	(516)
Net foreign currency exposure	49,778	49,778

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 2023	USD \$'000	Total \$'000
Assets		
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
Total assets	47,246	47,246
Liabilities		
Payables	(1)	(1)
Total liabilities (excluding net assets attributable to unitholders)	(1)	(1)
Net foreign currency exposure	47,245	47,245

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 \$'000		Effect on net profit attributable to unitholders \$'000	
		2024	2023	2023	2023
USD/AUD	10%/(10%)	4,978	(4,978)	4,725	(4,725)

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
31 December 2024			
Assets			
Cash and cash equivalents	705	-	705
Receivables	-	412	412
Financial assets held at fair value through profit or loss	-	49,951	49,951
Total assets	705	50,363	51,068
Liabilities			
Payables	-	148	148
Financial assets held at fair value through profit or loss	-	499	499
Total liabilities (excluding net assets attributable to unitholders)	-	647	647
Net exposure	705	49,716	50,421

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
31 December 2023			
Assets			
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
Total assets	6,802	41,240	48,042
Liabilities			
Payables	-	189	189
Total liabilities (excluding net assets attributable to unitholders)	-	189	189
Net exposure	6,802	41,051	47,853

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
Year ended 31 December 2024			
AUD interest rate	100bp/(100bp)	-/(-)	-
USD interest rate	100bp/(100bp)	7/(-7)	-
Year ended 31 December 2023			
AUD interest rate	100bp/(100bp)	2/(2)	-
USD interest rate	100bp/(100bp)	66/(66)	-

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 2024, 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 \$2,497,550 (2023: \$2,035,750). 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 2024 was:

- Number of transaction: 52 (excluding the on market buyback)
- Brokerage paid: \$1,268 (excluding the on market buyback)

The investment summary of the Fund as at 31 December 2024 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.
VANGUARD ULTRA SHORT BOND ETF
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
WSS Kings Offshore LP

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:

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 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 \$70,017 per annum (excluding GST) from 1 July 2024 (\$67,980 per annum (excluding GST) prior to 1 July 2024).

For the year ended 31 December 2024, the responsible entity fees expense incurred by the Trust to the Responsible Entity was \$72,372 (2023: \$70,372) of which \$6,418 (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 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:

	31 December 2024	31 December 2023
Management Fee Entitlement	664,566	617,683
Rebate credited	(794,668)	(715,347)
Net management fee rebate incurred by the Trust	(130,102)	(97,664)

14. Related Party Transactions (continued)

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

Investment Manager Fees (continued)

As at 31 December 2024, the net receivable from the Investment Manager in relation to management fees and management fee rebates is \$378,645 (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.
- 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. During FY 2024, USD\$38,415 was paid to Warana from the crystallised performance fees for the prior period. The accrued performance fee at the Downstream Fund level is \$6,668,058 (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 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.

Alternative Investment Trust

Notes to the financial statements

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 2024, the custody fee expense incurred by the Trust amounted to \$24,724 (2023: \$25,492) of which \$7,485 (2023: \$7,837) was payable at year-end.

Accounting and administration and taxation fees

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

As at 31 December 2024, taxation fees were incurred by the Trust amounted to \$14,503 (2023: \$13,750) of which \$13,750 (2023: \$20,625) was payable at year-end. Administration fee incurred by the Trust amounted to \$66,760 (2023: \$63,661) of which \$6,082 (2023: \$5,859) 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 (2023: 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 \$4,855 (2023: \$5,947). The value of the units in OHFT held by the Trust at 31 December 2024 is \$66,090 (2023: \$76,328).
- (2) AIT Sub-Trust No. 1 ("AITST") - One Funds 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 \$6,656 (2023: \$5,947). The value of the units in AITST held by the Trust at 31 December 2024 is \$292,638 (2023: \$329,311).

These units were valued at \$358,728 (2023: \$405,639) 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 \$11,511 (2023: \$3,914).

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 (2023: \$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 seven 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.

Warana Co-Investment Fund I, Warana SP Offshore Fund 2018, Warana SP Offshore Fund 2019, Warana SP Offshore Fund 2021, Warana SP Offshore Fund 2023, Warana SP USA III-A LLC, and WSS Kings Offshore LP are the 7 unlisted investments issued by Warana.

15. Auditor's Remuneration

	Year ended 31 December 2024	Year ended 31 December 2023
	\$	\$
Audit and review of financial statements	60,244	58,207
Audit and review of compliance plan	5,225	5,225
Total remuneration	65,469	63,432

The auditor of the Trust is Crowe Sydney (2023: Crowe Sydney).

The compliance plan auditor is Ernst & Young (2023: Ernst & Young).

16. Commitments and Contingencies

The following represents the uncalled commitments at year end. All other commitments are fully paid at 31 December 2024.

As at 31 December 2024	Total Committed	Uncalled Commitments
King Street Real Estate Fund (Offshore, PF)	\$1,615,800 (US\$1,000,000)	\$283,355 (US\$175,365)
Total	\$1,615,800 (US\$1,000,000)	\$283,355 (US\$175,365)
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)
Total	\$14,680,000 (US\$10,000,000)	\$8,173,770 (US\$5,567,963)

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.

Warana 2023 Fund commitment \$14,542,200 (US\$9,000,000) balance of uncalled commitment has been waived effective 20 November 2024.

17. Subsequent Events

On 21 January 2025, a distribution by way of return of capital was declared with a record date of 28 January 2025 and payment date 20 February 2025. The distribution was \$0.04186 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 2024 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.



Frank Tearle
Director
28 February 2025

Alternative Investment Trust

Unitholder Information

The following unitholder information is provided as at 06 February 2025. 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	100	34,032	0.11%
1,001 to 5,000	44	94,994	0.31%
5,001 to 10,000	9	61,997	0.20%
10,001 to 100,000	27	1,153,307	3.80%
100,001 and over	13	29,043,985	95.58%
Total	193	30,388,315	100.00%

(b) 20 Largest Unitholders

Rank	Name of unitholder	Number of units	% of units issued
1	ROBERT BLANN HOLDINGS PTY LTD	12,217,992	40.21%
2	BOJU PTY LTD	5,492,085	18.07%
3	DYNASTY PEAK PTY LTD	3,525,775	11.60%
4	PAGETDALE PTY LIMITED	2,067,818	6.80%
5	NETWEALTH INVESTMENTS LIMITED	1,897,506	6.24%
6	S R S HOLDINGS PTY LIMITED	1,538,885	5.06%
7	EVJ HOLDINGS PTY LTD	1,269,194	4.18%
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	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%
Total		29,652,383	97.58%

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 55 and they hold a total 3,145 units.

(f) Buyback

During the year ended 31 December 2024 16,507 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:	MUFG Corporate Markets (AU) Limited
Street address:	Level 12, 680 George Street Sydney NSW 2000
Postal address:	Locked Bag A14 Sydney South NSW 1235
Phone	+61 1300 554 474
Fax:	+61 2 9287 0303
Email:	support@cm.mpms.mufg.com
Website:	au.investorcentre.mpms.mufg.com

Auditor

Crowe Sydney
Level 24, 1 O'Connell St
Sydney NSW 2000

Auditor's Independence Declaration Under Section 307c of the *Corporations Act 2001* to the Directors of Alternative Investment Trust

As lead engagement partner, I declare that, to the best of my knowledge and belief, during the year ended 31 December 2024 there have been:

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

Yours sincerely,



Crowe Sydney



Barbara Richmond
Partner

28 February 2025
Sydney

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.

© 2025 Findex (Aust) Pty Ltd

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 2024, 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 material accounting policy information 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 2024 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 & 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.

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.

© 2025 Findex (Aust) Pty Ltd

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. These matters were 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 these matters.

Key Audit Matter	How we addressed the Key Audit Matter
<p>Valuation of Financial Assets Note 3 (f) & (n) and Note 8</p> <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"> • assessing the competence and qualifications of the Investment Manager; • 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>; • understanding the rationale of the valuation process and verifying the reasonableness of assumptions used; • 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; • 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"> ○ reviewing the basis of preparation adopted and the accounting policies on key areas impacting the NAV and comparing these to the AASB 13 requirements, ○ assessing the competence of the audit firm signing the financial statements and reviewing their audit reports; and ○ inspecting the most recent NAV statements obtained from the underlying asset managers and cross checking to the values recorded. • for financial assets denominated in a foreign currency, assessing reasonableness of the conversion to AUD at balance date; and • assessing the adequacy of disclosures in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in Trust's Annual Report for the year ended 31 December 2024, 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 to 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 auditor's 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

28 February 2025
Sydney