



**One Managed Investment Funds Limited**  
**as responsible entity for Alternative Investment Trust**  
**ARSN 112 129 218 ASX Code: AIQ (AIQ)**

**ASX ANNOUNCEMENT**

30 June 2023

**AIT RG240 Annual Report 2022**

Please find attached the AIT RG240 Annual Report 2022

Authorised for release by One Managed Investment Funds Limited ABN 47 117 400 987 AFSL 297042 (**Responsible Entity**), the responsibility entity of the Alternative Investment Trust, and Warana Capital Pty Limited ACN 611 063 579 AFSL 493579, the investment manager of AIQ.

For additional information on AIQ, including the latest fact sheet, please refer to [www.thealternativeinvestmenttrust.com](http://www.thealternativeinvestmenttrust.com)

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



## Overview

The Alternative Investment Trust (**the Trust or AIQ**) is classified as a fund of hedge funds in accordance with the Australian Securities and Investments Commission Regulatory Guide 240 "Hedge funds: Improving disclosure".

One Managed Investment Funds Limited ABN 47 117 400 987 AFSL 297042 ("OMIFL") replaced Columbus Investment Services Limited ABN 69 095 162 931 AFSL 221183 (CISL) as Responsible Entity of the Trust on 31 March 2023. The Responsible Entity is required to provide extra information to you, as a retail investor in the Trust

This disclosure contains the extra information and will be provided to you on an annual basis. The information is also available on the Trust's website, [www.thealternativeinvestmenttrust.com](http://www.thealternativeinvestmenttrust.com).

## Asset Allocation

As at 31 December 2022, please refer to the Monthly Fact Sheet for December 2022.

## Derivative Counterparties

For the period 1 January 2022 to 31 December 2022, the Trust did not engage any derivative counterparties.

## Maturity & Liquidity Profile of the Trust's Assets

The table at right shows the asset breakdown of the Trust as of 31 December 2022.

Other than Cash (5.9%) the remaining positions held by the Trust have a liquidity profile greater than 12 months.

As of 31 December 2022, the Trust does not have significant liabilities and 100% of the Trust's liabilities are expected to be matured in 10 business days.

### Portfolio Overview as at 31 December 2022

Asset Breakdown (A\$mm)	NTA	Adj. NTA <sup>(1)</sup>
<b>Secondary Market Funds</b>		
Warana 2018 Fund	\$ 1.9	\$ 1.6
Warana 2019 Fund	\$ 14.8	\$ 7.3
Warana 2021 Fund	\$ 22.0	\$ 16.4
King Street Special Investments	\$ 4.3	\$ 4.0
Fortress PE Funds <sup>(2)</sup>	\$ 2.3	\$ 2.0
<b>Total Secondary Funds</b>	<b>\$ 45.2</b>	<b>\$ 31.3</b>
<b>Primary Market Funds</b>		
King Street Real Estate Fund	\$ 1.4	\$ 1.4
Legacy AIQ Funds	\$ 1.9	\$ 1.9
<b>Total Primary Funds</b>	<b>\$ 3.3</b>	<b>\$ 3.3</b>
<b>Direct Assets</b>		
Alternative Liquidity Fund Ltd (LSE: ALF)	\$ 0.4	\$ 0.4
Net Cash	\$ 3.1	\$ 3.1
<b>Total Direct Assets</b>	<b>\$ 3.5</b>	<b>\$ 3.5</b>
<b>Total</b>	<b>\$ 52.0</b>	<b>\$ 38.1</b>

(1) Accounting standards require that underlying funds be held at the valuations provided by their third-party administrators and auditors. This results in an immediate valuation uplift for funds purchased in the secondary market at discounts to this value. The Adjusted NTA adjusts the value of funds purchased in the secondary market using the lower of their reported valuations and the Warana's estimated projected recovery cash flows discounted at 10% p.a.

(2) Two private equity funds: Fortress Investment Fund V and Fortress Florida Coinvestment Fund, held in a US domiciled partnership, Warana SP USA III-A, LLC.

## Leverage Ratio

(Note: Some totals may not sum due to rounding)

The Trust is exposed to leverage through some of its investments in the underlying funds. This leverage is limited and has no recourse to the Trust. Other than this, the Trust does not borrow money to generate leverage.

## The Trust's Annual Investment Returns

The performance figures in the table below represent the Trust's annual investment returns of the Net Asset Value (NTA), adjusted for distributions and net of fees and charges, for the five yearly periods shown. A yearly period is the financial year 1 January to 31 December.

The Performance of the Trust for the last past 5 years is as follows:

Year	Annual Return	
	Diluted	Undiluted
2022	25.7%	29.0%
2021	19.5%	19.6%
2020	25.9%	27.0%
2019	2.7%	6.0%
2018	8.8%	8.4%

## Changes to Key Service Providers

There have been no changes to key service providers as set out in the monthly Fact Sheet. We note that effective 31 March 2023, the Responsible Entity changed from CISL to One Managed Investment Funds Limited ("OMIFL"). CISL and OMIFL are members of One Investment Group so the change will not impact the day-today administration of the Trust.



## Additional Disclosure for Related Funds

The Trust has following related funds positions as of 31 December 2022:

- 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 USA III-A LLC; and
- Warana Co-Investment Fund (“WCFI” and together, the “Warana Funds”)

Warana Capital Pty Limited or Warana Capital, LLC, (a US-based and US SEC registered affiliate of Warana Capital Pty Limited) is the investment manager or trustee (or functional equivalent) of each of the above vehicles. The Warana Funds represent approximately 74.4% of the Trust’s NTA. These vehicles are comingled fund of funds with other investors and are very diversified. Given the Trust’s small scale, they allow it to gain exposure to a much wider portfolio of global absolute return funds managed by other third-party managers. On a look-through basis, the concentration of any one manager does not exceed the 35% threshold.

Warana 2018 Fund, Warana 2019 Fund and Warana 2021 Fund were established to provide accredited investors an opportunity to invest in a portfolio of illiquid absolute return funds purchased in the secondary market. The investment manager of these funds, Warana Capital, LLC does not adhere to any specific diversification or geographic requirements although the nature of the opportunity set means that each fund has completed a very large number of transactions and together have exposure to over 250 funds with assets across the world. Since the end of the reporting period, the Trust has made a \$9mm commitment to the Warana 2023 Fund, continuing the successful strategy of the Warana Funds.

Warana SP USA III-A LLC was established as a U.S domiciled partnership and it holds two private equity funds managed by the US based manager, Fortress Investment Group.

WCFI was established as an unregistered investment trust in Australia and held a minority interest in an eastern European broadband and telecom company. The sale of the asset was completed in June 2021 and AIQ received substantially all of its entitlement to the sale proceeds, less a small escrow holdback.

Except for WCFI, the related funds provide periodic valuation by third party administrators and auditors. The Warana Funds have no custodial arrangements for the underlying assets.

## Asset Allocation of Related Funds

As at 31 December 2022, the allocation to each asset type of the Warana Funds is :

Percentage as of NTA	Warana 2018 Fund	Warana 2019 Fund	Warana 2021 Fund	Warana SP USA III-A LLC	WCFI
Investment Funds	100%	78%	84%	100%	0%
Fund of funds	1%	29%	8%	0%	0%
Private Equity	1%	2%	6%	0%	0%
Real Estate	18%	4%	0%	0%	0%
Bank Debt	0%	0%	0%	0%	0%
Corporate Bonds	0%	1%	0%	0%	0%
Cash	0%	0%	2%	0%	100%

(Note: The above asset allocation % are as of NTA and may not sum up to 100% due to accrued liabilities. As of 31 December 2022, The Warana Funds do not have any debt)

## Maturity & Liquidity Profile of Related Funds’ Assets

The Warana Funds do not grant their investors (including AIQ) any redemption rights or ability to withdraw capital. Other than Cash that not subject to capital deployment, the remaining positions held by the related funds are expected to have a liquidity profile greater than 12 months.

In accordance with U.S. GAAP, an unrealized performance fee is required to be accrued in Warana 2018 Fund, Warana 2019 Fund and Warana 2021 Fund as if the funds had realized and settled all assets and liabilities at their reported fair values. These performance allocation liabilities would not be required to be paid out and would be adjusted based on the actual cash return to the shareholders per each fund’s offering documents.

## Leverage Ratio of Related Funds

As at 31 December 2022 the Warana Funds are only exposed to leverage through its investments in the underlying funds. Warana does not control, nor does it have complete transparency into, its underlying investments, so cannot accurately gauge underlying leverage. Warana Funds have a limited ability to borrow funds but have yet to do so.



## Annual Investment Returns of Related Funds

The performance figures in the table below represent the Warana Funds' annual investment returns of the NTA, net of fees and charges, for the five yearly periods shown. A yearly period is the financial year 1 January to 31 December.

Except for WCFI, the respective NTA of the Warana Funds are computed by the third party administrator in accordance with US GAAP accounting standards by collecting all of the ending NTA provided by the underlying managers and summing them up with other fund level assets. Since investments in Investment Funds are generally purchased at discounts to their prevailing NTA, the US GAAP accounting treatment may result in unusually high investment performance during and immediately following their purchase. As an additional resource for Unitholders, these funds have included an Adjusted NTA calculated by Investment Manager to adjust for underlying funds that have been acquired in the secondary market ('Secondary Funds') at discounts to the Manager Value. It is intended as an additional indicative valuation resource given the re-valuation of Secondary Funds to Manager Value creates an immediate and significant valuation uplift. The Adjusted NTA is equal to the lower of the Manager Value and Warana's estimate of the projected recovery cash flows discounted at 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 Warana Funds. 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.

The Australian dollar NTA performance of each is included below:

Year	Warana 2018 Fund	Warana 2019 Fund	Warana 2021 Fund	Warana SP USA III-A LLC	WCFI
2022	(8%)	(25%)	61%	(1%)	0%
2021	(7%)	18%	35%	(3%)	8%
2020	(15%)	76%	Not Applicable	(17%)	(8%)
2019	48%	24%	Not Applicable	86%	0%
2018	62%	Not Applicable	Not Applicable	Not Applicable	0%

The Australian dollar Adjusted NTA performance of each is included below:

Year	Warana 2018 Fund	Warana 2019 Fund	Warana 2021 Fund	Warana SP USA III-A LLC	WCFI
2022	(4%)	7%	43%	10%	0%
2021	16%	22%	12%	2%	8%
2020	(0%)	16%	Not Applicable	(10%)	(8%)
2019	35%	7%	Not Applicable	39%	0%
2018	20%	Not Applicable	Not Applicable	Not Applicable	0%

(Note: Certain annual investment returns are not applicable due to the commencement of operations of some funds during a financial year)

## Changes to Key Service Providers of the Related Funds

During the reporting period there have been no changes to the Key Service Providers of the Related Funds:

Role	Provider	Key Functions
Investment Manager	Warana Capital, LLC / Warana Capital Pty Limited	Manage Warana Funds' investment portfolio
Administrator	SS&C Technologies Inc	Provide fund accounting and administrative services
Auditor	Baker Tilly Virchow Krause, LLP	Audit annual financials
Tax – US	Baker Tilly Virchow Krause, LLP	US taxation
Tax – Australia	MBP Advisory Pty Limited	Australia taxation
Legal – Australia	Mont Lawyers Pty Limited	Australian legal counsel
Legal - Cayman	Conyers Dill & Pearman	Cayman Islands legal counsel
Legal – United States	Tannenbaum Helpen Syracuse & Hirschtritt LLP	United States legal counsel



## Legal Notice

One Managed Investment Funds Limited (ABN 47 117 400 987) (AFSL 297042) ("OMIFL") is the responsibility entity of the Alternative Investment Trust (ARSN 112 129 218) ("Trust" or "AIT"). The information contained in this Annual Report was not prepared by OMIFL but was prepared by other parties. While OMIFL has no reason to believe that the information is inaccurate, the truth or accuracy of the information contained therein cannot be warranted or guaranteed. Anyone reading this report must obtain and rely upon their own independent advice and inquiries.

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

AIQ is exposed to foreign exchange risk as a result of investments in financial instruments denominated in foreign currencies, particularly US dollars. AIQ has exposure to foreign currency risk implicit in the value of portfolio securities denominated in a foreign currency and transactional exposure arising from the purchase or sale of securities. The Investment Manager and Responsible Entity have not hedged AIQ's exposure to the US dollar. The information contained in this Annual Report must not be copied or disclosed in whole or in part without the prior written consent of Warana, and Warana accepts no liability whatsoever for the actions of third parties in this respect. It is presented for informational purposes only and is not to be construed as a solicitation or an offer or recommendation to buy or sell any securities. Any opinions expressed in this Annual Report constitute Warana's judgement at the time of issue and may be subject to change without notice. Warana is not obliged to update the information. The information must not be used by recipients as a substitute for the exercise of their own judgment and investigation. Neither Warana nor any of their directors, employees or agents accepts any liability for any loss or damage arising out of the use of all or part of, or any omission, inadequacy or inaccuracy in, this Annual Report.

OMIFL and Warana do not guarantee the performance of the Fund or the repayment of any investor's capital. To the extent permitted by law, neither OMIFL nor Warana, including their directors, senior executives, employees, consultants, advisers, officers or authorized representatives, are liable for any loss or damage arising as a result of reliance placed on the contents of this Annual Report. Warana only provides services to wholesale clients, as defined in section 761G of the Corporations Act. Past performance is not indicative of future performance. Information in this Annual Report is current as at 31 December 2022.

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Elective Professional Clients invested in the fund who are individuals may be eligible complainants. If you have a complaint, please write to [ir@waranacap.com](mailto:ir@waranacap.com).