



**Fund Facts as at 31 October 2018**

Monthly return	0.97%
Unaudited NTA Sep 2018	AUD 0.0939
Net Assets ("NA")	AUD 11.66 million
Units in issue	124,204,979
Closing AUD/USD	\$0.7074

**Investment Objective & Strategy**

<b>Investment Objective</b>	The objective of AIT is to generate attractive pre-tax risk-adjusted absolute returns over the medium to long term while maintaining a focus on capital preservation.
<b>Investment Strategy</b>	The strategy of AIT is to gain exposure to a portfolio of leading international absolute return funds and selected direct investments in subordinated debt and equity co-investments.

**Portfolio Overview as at 31 October 2018**

**ASSET BREAKDOWN**

	A\$M
Legacy AIT Funds	\$ 3.3
Investment in Warana 2018 Fund <sup>(1)</sup>	\$ 2.4
Cash Committed to Warana 2018 Fund <sup>(1)</sup> but not called	\$ 2.2
Other Net Cash	\$ 3.7
<b>Total</b>	<b>\$ 11.7</b>

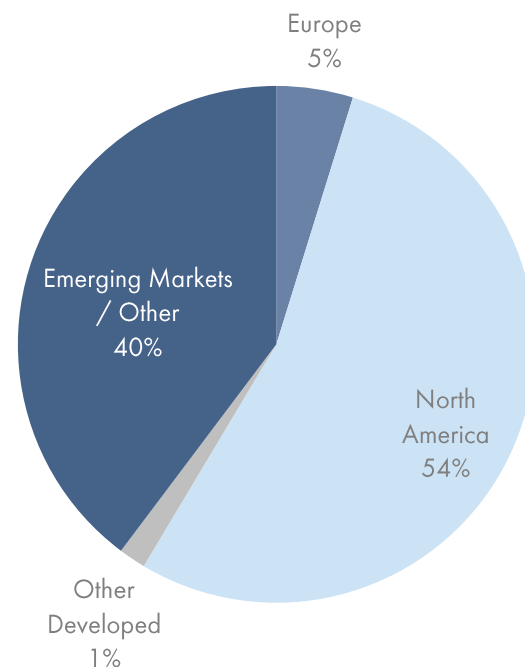
**SIGNIFICANT POSITIONS<sup>(2)</sup>**

	A\$M	% NA
Warana 2018 Fund <sup>(1)</sup>	\$ 2.4	20.8%
Axon Partners Offshore Ltd	\$ 1.5	13.3%
Drawbridge Special Opportunities Fund LP	\$ 0.5	4.5%
Marathon Special Opportunity Fund LP	\$ 0.4	3.0%
Warana Co-investment Fund I	\$ 0.4	3.0%
Och-Ziff Asia Overseas Fund Ltd	\$ 0.3	2.5%
Och-Ziff Overseas II Fund Ltd	\$ 0.2	1.4%
Cerberus International Ltd	\$ 0.1	1.1%
Farallon II Holdings LP	\$ 0.1	1.0%
GSO Special Situations Fund Ltd	\$ 0.0	0.3%
Eton Park Overseas Fund Ltd	\$ 0.0	0.3%
Other Investments & Receivables	\$ 0.1	0.9%
<b>Total Investment Portfolio</b>	<b>\$ 6.1</b>	<b>52.0%</b>

**TOP UNDERLYING WARANA FUND POSITIONS**

	A\$M
King Street Capital LP	\$ 0.3
Other Investments	\$ 0.2
Cash / Unsettled Trades	\$ 2.0
<b>Total</b>	<b>\$ 2.4</b>

**UNDERLYING GEOGRAPHIC ALLOCATION<sup>(3)</sup> (Excluding Cash)**



**CURRENCY EXPOSURE & PERFORMANCE**

	Inv. Port.	Cash	Total	October 2018 Performance	
USD	100%	51%	75%	AUD/USD	-2.2%
AUD	0%	49%	25%	AIT Impact	+1.7%

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

**Portfolio Update and Commentary**

- AIT's NTA return was 0.97% for October 2018.
- The primary driver of positive performance in October was a 2.2% weakening in the AUD versus the Trust's largely USD denominated assets. The currency effects were partially offset by a decline in the value of the AIT legacy holdings.
- During the month, the Trust funded a new investment into the Warana Co-Investment Fund I. The sole asset in this vehicle is a minority equity interest, alongside other large private equity investors, in a cable and broadband company in Eastern Europe purchased from a fund in liquidation.
- Also during October, AIT funded a further 25% of its capital commitment to the Warana 2018 Fund<sup>(1)</sup>, which is now 50% called.
- On 30 November, the Trust entered into documentation to unwind the legacy swap agreement which will facilitate the Trust directly owning its underlying legacy positions. This will result in a significant reduction in the complexity of the legacy asset holding structure, lower ongoing costs and improve the flow of liquidity back to the Trust.

(1) Warana SP Offshore Fund SPC - 2018 Segregated Portfolio.

(2) Represents Net Asset Value of investments calculated by aggregating Net Asset Values of underlying Investment Managers. Refer to the Other Information for further details on the valuation policy.

(3) Geographic allocation is estimated by the Investment Manager based upon the available information. In many cases, splits have been estimated and therefore may be inaccurate. The geographic allocation should be considered indicative only.



**Company Data and Information**

<b>Responsible Entity</b>	Columbus Investment Services Limited ABN 69 095 162 931 AFSL 221183	<b>Management Fee</b>	1.5% plus GST
<b>Investment Manager</b>	Warana Capital Pty Limited ABN 44 611 063 579 AFSL 493579	<b>Performance Fee</b>	20% plus GST of NTA outperformance over 8% pa hurdle
<b>Administrator</b>	Unity Fund Services	<b>ISIN</b>	AU000000AIUQ2
<b>Custodian</b>	One Managed Investment Funds Limited	<b>SEDOL</b>	B1BOGT6
		<b>ARSN</b>	112 129 218
		<b>Domicile</b>	Australia
		<b>Currency</b>	AUD
		<b>Exchange</b>	ASX
		<b>Management Fee</b>	1.5% plus GST

**About the Responsible Entity of AIT**

Columbus is a member of One Investment Group ("OIG") which is an independent funds management business specialising in providing Responsible Entity, Trustee, Custody and Administration services. One Investment Group is responsible for in excess of 250 funds and \$17bn in a wide range of underlying asset classes including infrastructure, real estate, equities, fixed income, private equity and fund of funds. OIG is not a fund manager and its clients include global and Australian listed companies, sovereign wealth funds, banks, insurance companies, pension funds, private equity firms and boutique managers.

**About the Investment Manager of AIT**

Warana Capital Pty Limited ("Warana") focuses on managing portfolios invested in third party funds and has core expertise in acquiring and managing funds acquired in the secondary market. The underlying funds and assets acquired are generally illiquid with uncertain holding periods to ultimate recovery. Warana has significant experience acquiring these funds at sufficient discounts to deliver absolute and annualised returns notwithstanding the time period and recovery uncertainty.

**Distribution Policy**

The Fund is structured as a unit trust and intends to distribute taxable income when and if available. We note however that as at the end of the 2017 tax year, the fund has in excess of \$400m in accumulated tax losses and in excess of \$20m in accumulated capital losses. Under certain circumstances and provided relevant legislative conditions are satisfied, these losses may be able to be applied against future taxable income to reduce the amount of taxable income and therefore the amount of any income distribution.

**Historical NTA Returns**

Monthly	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2006									1.7%	2.8%	3.5%	2.7%	9.3%
2007	2.8%	(9.3%)	2.1%	5.1%	(4.9%)	(4.9%)	(0.2%)	(3.2%)	1.3%	3.3%	(1.7%)	0.7%	(9.5%)
2008	(4.2%)	0.8%	(1.8%)	0.8%	1.5%	(3.8%)	(1.6%)	(1.9%)	(9.8%)	(15.4%)	(7.9%)	(7.8%)	(41.5%)
2009	(2.8%)	0.8%	(5.2%)	(2.9%)	(5.1%)	(0.4%)	(2.2%)	(1.1%)	(2.9%)	(1.1%)	(1.6%)	3.5%	(16.3%)
2010	0.5%	(0.3%)	(1.4%)	0.5%	7.0%	(1.1%)	(5.6%)	1.0%	(6.0%)	0.4%	2.2%	(4.5%)	(7.8%)
2011	3.0%	0.1%	0.3%	(3.5%)	0.8%	0.2%	(1.8%)	1.4%	6.6%	(4.6%)	(0.1%)	(2.4%)	0.8%
2012	(2.7%)	3.2%	3.4%	(0.9%)	4.9%	(5.6%)	(1.6%)	1.4%	1.6%	2.1%	(3.7%)	(0.2%)	1.7%
2013	(0.1%)	1.4%	(1.7%)	(0.2%)	(8.6%)	2.6%	(8.2%)	(0.1%)	(4.2%)	1.5%	3.5%	(0.7%)	9.4%
2014	1.7%	(2.0%)	(2.9%)	0.6%	(0.1%)	(1.6%)	1.7%	(1.1%)	4.9%	(1.6%)	2.2%	3.6%	3.4%
2015	1.7%	(1.0%)	1.8%	(3.9%)	1.5%	(0.3%)	2.3%	1.2%	(0.4%)	(1.8%)	(1.0%)	(0.9%)	(0.1%)
2016	0.3%	(2.9%)	(5.4%)	(1.0%)	2.0%	(2.7%)	(2.6%)	0.2%	(2.0%)	(0.0%)	0.7%	0.1%	(12.6%)
2017	(3.2%)	(0.6%)	0.5%	(1.6%)	(0.5%)	(3.4%)	(3.0%)	(0.8%)	1.1%	0.7%	0.5%	(3.1%)	(12.8%)
2018	(1.7%)	2.9%	(1.6%)	(0.2%)	(1.1%)	0.9%	0.0%	1.8%	(1.3%)	1.0%			0.6%

\* Shaded areas show performance before investment strategy recommencement & EGM on 12 February 2018

**Other Information**

The monthly NTA is released to the ASX and www.thealternativeinvestmenttrust.com by the 14th of each month and AIT factsheets are available from AIT's website and the ASX. Figures in the factsheet are based on the interim monthly data available at the time that the corresponding monthly NTA is released.

The net asset value of AIT is calculated by aggregating the valuations provided to AIT by the underlying fund managers and their administrators. Unaudited valuations are generally provided to AIT monthly and the funds are audited annually. Notwithstanding this process and based on its knowledge of the AIT funds and its experience on the secondary market, Warana believes that:

- a. it will likely take several years to fully receive liquidation proceeds and in that period AIT will be subject to either positive or negative performance; and
- b. if sold today, they would be liquidated at discounts to their prevailing net asset values.

Funds that are acquired in the Warana 2018 Fund(1) will generally be acquired at discounts to their reported valuations reflecting these factors. Please note that transaction settlement usually takes several months, and transactions are carried at cost (rather than underlying net asset value) until completed. Transactions may also not complete for a variety of reasons.

**Legal Notice**

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AIT is exposed to foreign exchange risk as a result of investments in financial instruments denominated in foreign currencies, including the Swap which is denominated in US dollars. AIT 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 AIT's exposure to the US dollar; however when funds are available in the swap, these are converted from US dollars into Australian dollars and transferred to AIT's Australian dollar denominated bank account. The information contained in this fact sheet 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 fact sheet 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 fact sheet.

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