

**Alternative Investment Trust**  
**ARSN 112 129 218**  
**Half-Yearly Report**  
**Results for Announcement to the market**  
**Appendix 4D**  
**30 June 2023**

		6 months ended	6 months ended
		30 June 2023	30 June 2022
	% Change	\$'000	\$'000
<b>Results</b>			
Investment gains	Down 70.62%	1,995	6,790
Change in net assets attributable to unitholders	Down 71.31%	1,905	6,641
Profit attributable to unitholders	Down 71.31%	1,905	6,641

**Commentary on Results**

Discussion and analysis of the Trust's results is contained in the Half-Yearly Report.

**The Trust does not propose to pay an Interim distribution for the period**

Interim distribution payable (\$'000)	-	-
Interim distribution payable (cents per unit)	-	-
Basic and diluted earnings (cents per unit)	6.25	2.36
Distribution reinvestment plan price (cents per unit)	-	-

	30 June 2023	30 June 2022
<b>Net tangible assets</b>		
Total net tangible assets attributable to unit holders (\$'000)	\$48,690	\$51,071
Units on issue ('000)	30,443	306,411
Net tangible assets attributable to unit holders per unit	\$1.60	\$0.17

On 15 July 2022, a distribution was declared with a record date of 21 July 2022 and payment date 18 August 2022. The distribution was \$0.0041 per unit pre-consolidation (\$0.041 post consolidation).

On 28 July 2022, a consolidation of 1 unit for 10 units was announced with an effective date of 29 July 2022, the record date was 3 August 2022 and registry to be updated by 10 August 2022.

On 29 July 2022, Conditional Placement approval for the issue of 395,456 (3,954,545 pre-consolidation) units were issued at \$1.10 (\$0.11 pre-consolidation).

On 10 August 2022, the Unit Consolidation was completed and the total units on issue was reduced from 310,365,638 to 31,036,638.

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

Interim report for the half-year ended 30 June 2023

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### Directors' Report

The directors of One Managed Investment Funds Limited (ABN 47 117 400 987; AFSL 297042) ("OMIFL" or the "Responsible Entity"), the Responsible Entity of Alternative Investment Trust (ARSN 112 129 218) ("AIT" or the "Trust"), present their report together with the financial report of the Trust for the half-year ended 30 June 2023.

### Responsible Entity

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

### Investment Manager

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

### Information about the Directors and Senior Management

The names of the directors and company secretaries of the Responsible Entity, during the financial half-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

### Principal activities

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

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

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

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

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

### Directors' Report (continued)

#### Principal activities (continued)

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

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

#### Other Risks and Uncertainties

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

**Liquidity risk:** The Trust is mainly invested in securities which lack an established secondary trading market or are otherwise considered illiquid. In the Responsible Entity's opinion, the risk to the Trust is its inability to realise assets at a price which reflects the valuation of those assets to date, or indeed at all, due inter alia to illiquidity in the market for such assets and general economic and financial conditions. The Responsible Entity and Investment Manager closely monitor the liquidity situation of the Trust, particularly in light of the Trust's capital commitment to the Warana funds (On 26 July 2023, the Trust made an approximately AUD1.3m (USD 900k) capital call payment to the Warana 2023 Fund.), 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.

### Directors' Report (continued)

#### Other Risks and Uncertainties (continued)

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

#### Results

The results of the operations of the Trust are disclosed in the Statement of Profit or Loss and Other Comprehensive Income of the half-year financial statements. The profit attributable to unitholders for the half-year ended 30 June 2023 was \$1,905,000 (30 June 2022 profit: \$6,641,000). More details are provided in the Investment Manager's report.

#### Distributions of Income

Dividends are paid from the Trust's earnings.

In respect of the half-year ended 30 June 2023, a distribution of income of \$Nil (30 June 2022: \$Nil) was paid to unitholders.

#### Return of Capital

Return of capital are taken from unitholders' equity.

In respect of the half-year ended 30 June 2023, return of capital of \$1,298,579 (30 June 2022: \$1,012,589) were paid to unitholders.

#### Value of Assets and Units Issued

The total value of the Trust's assets at 30 June 2023 is \$48,866,000 (31 December 2022: \$48,382,000). The total number of units on issue as at 30 June 2023 is 30,442,695 (31 December 2022: 30,554,797).

There was a consolidation of 1 unit for 10 units last 28 July 2022 with an effective date of 29 July 2022, the record date was 3 August 2022 and registry updated by 10 August 2022.

On 29 July 2022, Conditional Placement approved for the issue of 395,456 (3,954,545 pre-consolidation) units were issued at \$1.10 (\$0.11 pre-consolidation).

On 10 August 2022, the Unit Consolidation was completed and the total units on issue was reduced from 310,365,638 to 31,036,638.

## Directors' Report (continued)

### 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 \$66,000 per annum (excluding GST).

As at 30 June 2023, the responsible entity fees expense incurred by the Trust to the Responsible Entity was \$34,485 (30 June 2022: \$34,485) of which \$6,050 (31 December 2022: \$6,050) was payable at the end of the period.

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

#### Investment Manager Fees

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

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

In the period, these amounted to:

	30 June 2023	30 June 2022
Management Fee Entitlement	\$299,005	\$251,785
Rebate credited	\$(361,956)	\$(264,949)
<b>Net management fee rebate (receivable) by the Trust</b>	<b>\$(62,951)</b>	<b>\$(13,164)</b>

As at 30 June 2023, the net receivable from the Investment Manager in relation to management fees and management fee rebates is \$201,769 (31 December 2022: \$134,212).

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

### Directors' Report (continued)

#### Significant changes in state of affairs

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

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

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

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

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

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

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

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

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

#### Likely Developments and Expected Results

The Trust will be managed in accordance with the Constitution.

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

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

#### Interests of Directors of the Responsible Entity

The directors of the Responsible Entity did not hold any interest in the Trust as at 30 June 2023 (31 December 2022: no interest held).



## Directors' Report (continued)

### Environmental Regulation and Performance

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

### Indemnification of Directors, Officers and Auditors

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

### Non-Audit Services

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

There were no non-audit services performed by the auditor in the current half-year.

### Rounding of Amounts to the Nearest Thousand Dollars

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

### Auditor's independence declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on page 13.

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

  
Sarah Wiesener  
Director  
31 August 2023

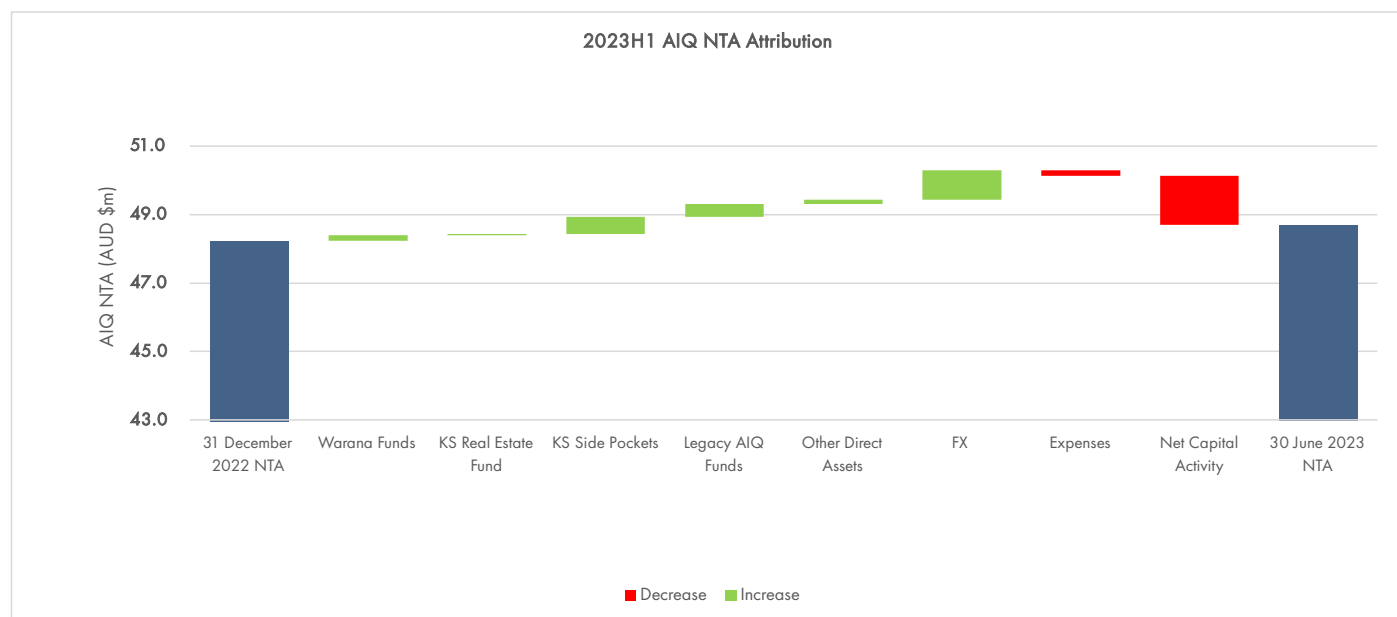
## Investment Manager's Report – 2023 Half-Year Review



## Overview

The net tangible asset backing ("NTA") of Alternative Investment Trust ("AIQ" or the "Trust") increased by 4.1% during 2023 and the adjusted NTA<sup>1</sup> increased by 10.2%, both factoring in capital activity. Excluding the impact of foreign exchange movements and capital activity, the portfolio's NTA increased by 2.2% and the adjusted NTA increased by 8.3%.

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



The key positive drivers for the Trust were King Street Side Pocket and the depreciation of the Australian dollar. The adjusted NTA was a beneficiary of a 5.9% increase in the Warana Funds.

The Trust maintained an average net cash balance of less than 10% of NTA over the period. AIQ has been busy from an investment perspective, noting the following activities during the period:

- Made a US\$9m (A\$13.5m) capital commitment to the Warana 2023 Fund<sup>2</sup> in January 2023, to continue the secondary strategy pursued by previous Warana funds. An initial call for US\$1.8m (A\$2.7m) took place in January 2023. The remaining US\$7.2m (A\$10.8m) is expected to be called over the next 12 months. A further 10% called was called in late July 2023. It is expected that distributions from other funds will sufficiently cover the remaining commitment.
- Received US\$3.0m (A\$4.5m) from the portfolio including:

<sup>1</sup> AIQ's monthly NTA is typically unaudited and calculated by aggregating the fair values provided by underlying fund managers and third-party administrators ('Manager Value'). AIQ includes an Adjusted NTA in its monthly NTA announcements calculated by AIQ's investment manager ('Warana') to adjust for underlying funds that have been acquired in the secondary market ('Secondary Funds') at discounts to the Manager Value. It is intended as an additional indicative valuation resource given the re-valuation of Secondary Funds to Manager Value creates an immediate and significant valuation uplift. The Adjusted NTA is equal to the lower of the Manager Value and Warana's estimate of the projected recovery cash flows discounted at a 10% p.a. rate. The Adjusted NTA is indicative only and there is no assurance the value will be achieved - unitholders should take care in relying on this metric as it is not produced or reviewed by a third party to AIQ. Neither Warana nor the responsible entity make any express or implied warranty as to the completeness or accuracy of any projections, market outlooks or estimates used in estimating the Adjusted NTA. The Adjusted NTA is estimated using third-party information and other assumptions which may prove inaccurate.

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

- US\$904k from Warana 2021 Fund<sup>3</sup>;
- US\$839k King Street Side Pockets;
- US\$675k from Warana 2019 Fund<sup>4</sup>;
- US\$415k from Warana 2018 Fund<sup>5</sup>;
- US\$104k from King Street Real Estate Fund; and
- US\$70k from Alternative Liquidity Fund Limited

- A total of 112,102 units were bought back with an average price of A\$1.32 per share during the first half of year. The buy-back process is currently paused and will resume after the blackout ends.

On 21 July AIQ announced a semi-annual distribution of A\$0.0407 per unit, with a record date of July 27 and a payment date of August 18.

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



<sup>5</sup> All references to "Warana 2021 Fund" in this document mean "Warana SP Offshore Fund SPC – 2021 Segregated Portfolio".

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

<sup>3</sup> All references to "Warana 2018 Fund" in this document mean "Warana SP Offshore Fund SPC – 2018 Segregated Portfolio".

## Investment Portfolio

The Trust's portfolio as of 30 June 2023 has a NTA per unit (post-consolidation) of \$1.5994 with an adjusted NTA at \$1.3508. The difference between these two NTAs continues to become more 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). With the average price of positions purchased in 2023 being less than 55% of the Manager Value with recovery targets less than the Manager Value, the gap widened in the period as more positions are having discounts applied within the Adjusted NTA. We hope that we have been too conservative in our assumptions and that the underlying managers recover closer to their Manager Value.

The investment portfolio of the Trust as at 30 June 2023 was as follows:

Asset Breakdown (\$mm)	NTA	Adjusted NTA
<b>Secondary Market Funds</b>		
Warana 2018 Fund	\$ 1.3	\$ 0.9
Warana 2019 Fund	\$ 8.8	\$ 6.7
Warana 2021 Fund	\$ 21.6	\$ 18.0
Warana 2023 Fund	\$ 3.9	\$ 3.0
King Street Capital Special Investments	\$ 3.4	\$ 3.1
Fortress PE Funds <sup>(2)</sup>	\$ 2.1	\$ 2.0
<b>Total Secondary Funds</b>	<b>\$ 41.2</b>	<b>\$ 33.6</b>
<b>Primary Market Funds</b>		
King Street Real Estate Fund	\$ 1.4	\$ 1.4
Legacy AIQ Funds	\$ 2.3	\$ 2.3
<b>Total Primary Funds</b>	<b>\$ 3.7</b>	<b>\$ 3.7</b>
<b>Direct Assets</b>		
Other Direct Assets	\$ 0.4	\$ 0.4
Net Cash	\$ 3.4	\$ 3.4
<b>Total Direct Assets</b>	<b>\$ 3.9</b>	<b>\$ 3.9</b>
<b>Total</b>	<b>\$ 48.7</b>	<b>\$ 41.1</b>

## Fund Investments

Warana 2018 Fund, Warana 2019 Fund, Warana 2021 Fund and Warana 2023 Fund (together, the "Warana Funds")

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

Fund	Allocated (US\$m) <sup>6</sup>	Returned (US\$m) <sup>7</sup>	# of transaction / underlying funds	Projected IRR (% pa)	Avg price (% of manager NAV)	Projected MoM
Warana 2018 Fund	48.0	56.8	77/167	15%	51%	1.40x
Warana 2019 Fund	77.5	70.5	60/176	18%	24%	1.44x
Warana 2021 Fund	96.2	28.9	53/189	21%	53%	1.61x
Warana 2023 Fund	17.7	-	9/22	Target 15-20%	55%	Target >1.3x

<sup>6</sup> Allocated capital at master fund level

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

Rising interest rates and the closure of key capital markets continue to put pressure on investment funds that are seeking to exit more illiquid exposures. There is a growing prevalence of absolute return funds that have had to restrict liquidity (i.e. side pocket, gate or liquidate) and / or push out liquidity expectations they have communicated to investors. This dynamic generally provides a steady flow of trapped investors looking to sell existing exposures at a discount to the reported valuation. The mini banking crisis that occurred in the first half further complicated the market by fuelling anxieties and increasing the focus on liquidity. The flow of opportunities to price continues to be very strong and Warana's continues to believe that the risk / return profile in its market is compelling. While bid volumes continue to be elevated, the market has yet to experience widespread distress that would dislocate pricing across the board. Warana continues to find very attractive opportunities among smaller situations.

Through H1 2023, Warana 2023 Fund have bought US\$32.3m of NAV for US\$17.7m, an average price of just under 55 cents, in line with historical averages.

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

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

The King Street Real Estate Fund (Offshore PF), L.P ("KS REF") is an opportunistic global real estate fund which aims "to produce attractive, risk adjusted returns throughout diverse market environments – with a focus on situations which are out of favour, complex, misunderstood and / or in transitional markets." KS REF is now fully invested and has made 13 investments across Europe and the US. The overall performance during H1 2023 was approximately 2% in USD, adjusted for capital calls and distributions. Given the challenges in general real estate markets in the period, this was quite a solid result. We continue to expect the assets in KS REF will be sold over a multi-year time horizon. So far in 2023, we have received a distribution of US\$104k.

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

The King Street Capital, Ltd. Special Investments ("KS Side Pockets") are a portfolio of illiquid investments under King Street's deliberate side pocket strategy that extend beyond the liquidity horizon of their flagship hedge fund. This portfolio was acquired in the secondary market in November 2020 at roughly a 30% discount to the then underlying Manager Value with exposures to primarily European real estate and private equity investments. Before the purchase, AIQ already had exposure to KS Side Pockets indirectly through the Warana Funds and have had an overall positive experience. Since November 2020, the Trust has received a total of US\$3.1m in distributions from this investment, approximately 99% of the purchase cost. During H1 2023, AIQ received US\$839k from a number of European real estate and private equity investments. AIQ has also received additional distributions post reporting period.

### **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 Miami 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. Covid and various Government approvals have hampered the scaling up of these projects but the value proposition continues to remain attractive.

## Legacy AIQ Funds

The Legacy AIQ Funds are the tail-end positions that AIQ has owned for over 10 years. They are investments in illiquid funds, similar to those that have been acquired in the Warana Funds at discounts to their respective net asset values. The Legacy AIQ Funds, however, have more significant emerging market exposure. Each asset continues in wind-down, returning capital as available. These assets were invested by the Trust's previous managers via the primary market and are valued at their respective net asset value provided by the underlying fund managers as these are audited by third parties. Liquidity from these assets has been painfully slow and the majority of the remaining net asset value is related to a significant Indian property development managed by Axon Capital, for which we do not expect any near term liquidity. During the period, the Legacy AIQ Funds' valuation increased by 22%. Excluding the impact of foreign exchange, the valuation increased 19%.

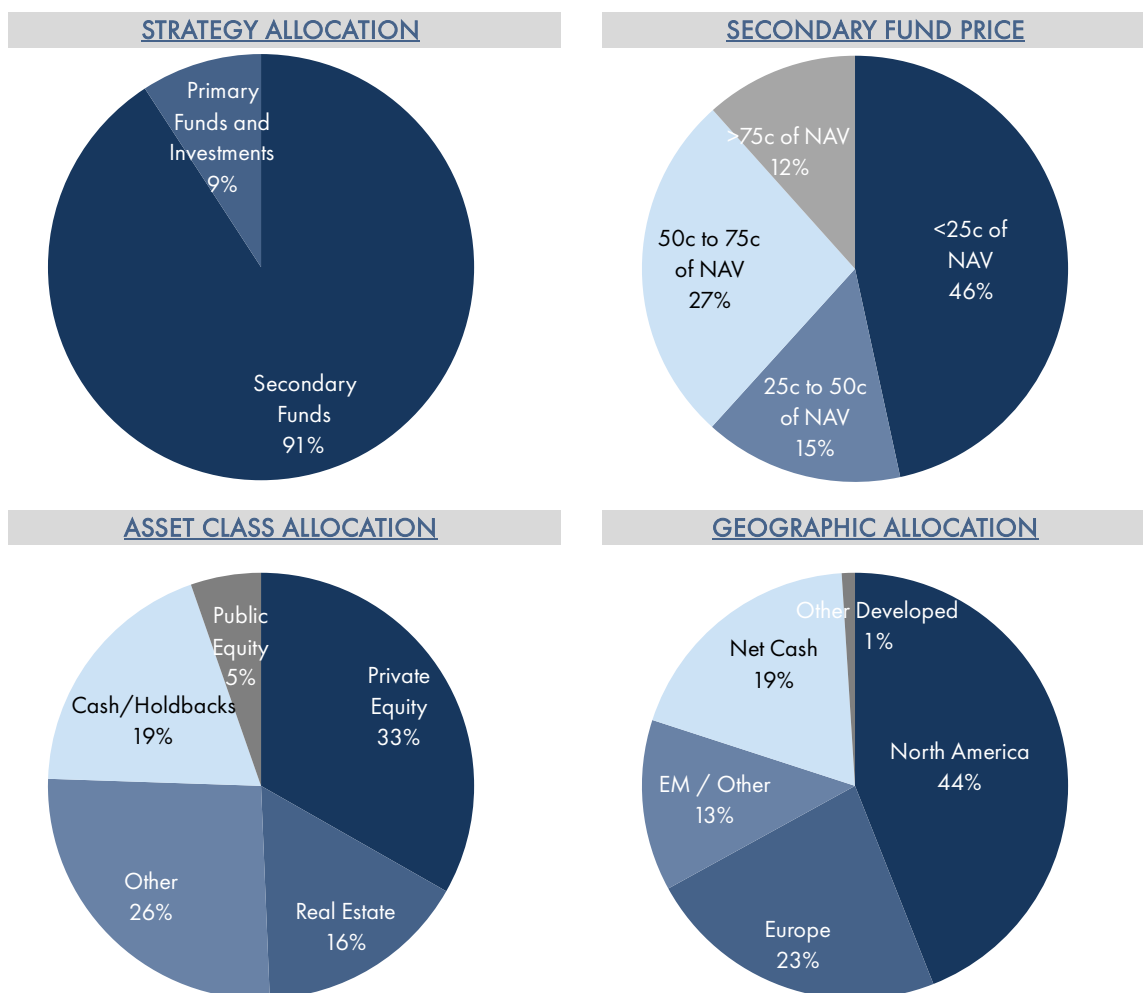
### Direct Investments:

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

### Portfolio Statistics:

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

#### PORTFOLIO STATISTICS (as of 30 June 2023)



*Note: Includes cash on a look-through basis*

*Note: Totals may not sum due to rounding*

**Outlook:**

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

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

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

31 August 2023

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

Dear Directors

## Alternative Investment Trust

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

As lead audit partner for the review of the financial report of Alternative Investment Trust for the half-year ended 30 June 2023, I declare that to the best of my knowledge and belief, that there have been no contraventions of:

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

Yours sincerely



**Crowe Sydney**



**Barbara Richmond**  
Partner

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

## Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Alternative Investment Trust (the Trust), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

## Conclusion

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

- (a) giving a true and fair view of the Trust's financial position as at 30 June 2023 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

## Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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

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

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

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

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

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Trust's financial position as at 30 June 2023 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

As the auditor of the Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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



**Crowe Sydney**



**Barbara Richmond**

Partner

31 August 2023

Sydney

# Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 30 June 2023

	Note	Half-Year ended 30 June 2023 \$'000	Half-Year ended 30 June 2022 \$'000
<b>Income</b>			
Net gains on financial assets at fair value through profit or loss	4	1,725	6,585
Interest income		16	1
Distribution income		259	128
Foreign exchange (losses)/gains		(5)	76
<b>Total Investment Gains</b>		<b>1,995</b>	<b>6,790</b>
<b>Expenses</b>			
Responsible entity fees	12(b)	34	34
Management fees	12(b)	(63)	(13)
Other expenses	5	119	128
<b>Total Operating expenses</b>		<b>90</b>	<b>149</b>
<b>Operating profit attributable to unitholders</b>		<b>1,905</b>	<b>6,641</b>
Return of capital		(1,299)	(1,013)
Decrease/(increase) in net assets attributable to unitholders		606	(5,628)
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>
		<b>Cents</b>	<b>Cents</b>
<b>Profit per unit for profit from continuing operations</b>			
Basic and diluted profit per unit	6	6.25	2.36

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

# Statement of Financial Position as at 30 June 2023

	Note	As at 30 June 2023 \$'000	As at 31 December 2022 \$'000
<b>Assets</b>			
Cash and cash equivalents	8	3,402	3,069
Receivables	9	202	491
Financial assets held at fair value through profit or loss	7	45,262	44,822
<b>Total assets</b>		<b>48,866</b>	<b>48,382</b>
<b>Liabilities</b>			
Payables	10	176	151
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		<b>176</b>	<b>151</b>
<b>Net assets attributable to unitholders -liability</b>	<b>11</b>	<b>48,690</b>	<b>48,231</b>

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

**Statement of Changes in Equity for the half-year ended 30 June 2023**

	Half-Year ended 30 June 2023 \$'000	Half-Year ended 30 June 2022 \$'000
<b>Total equity at the beginning of the year</b>	-	-
Profit/(loss) for the half-year	-	-
Other comprehensive income	-	-
<b>Total comprehensive income</b>	-	-
Transactions with owners in their capacity as equity holders	-	-
<b>Total equity at the end of the financial period</b>	-	-

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

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

# Statement of Cash Flows for the half-year ended 30 June 2023

	Note	Half-Year ended 30 June 2023 \$'000	Half-Year ended 30 June 2022 \$'000
<b>Cash flows from operating activities</b>			
Net proceeds from (purchase)/sale of financial assets designated as fair value through profit and loss		1,282	(1,083)
Interest received		16	1
Distributions received		259	128
Management fees paid		(367)	(266)
Responsible entity fees paid		(34)	(34)
Other income received		628	248
<b>Net cash provided by/(used in) operating activities</b>	<b>8(b)</b>	<b>1,784</b>	<b>(1,006)</b>
<b>Cash flows from financing activities</b>			
Proceeds from applications by unitholders		-	2,765
Payments for buyback of shares		(147)	-
Returns of capital paid		(1,299)	(1,013)
<b>Net cash (used in)/provided by financing activities</b>		<b>(1,446)</b>	<b>1,752</b>
Net increase in cash and cash equivalents		338	746
Foreign exchange (losses)/gains		(5)	76
Cash and cash equivalents at the beginning of the half-year		3,069	2,466
<b>Cash and cash equivalents at the end of the half-year</b>	<b>8(a)</b>	<b>3,402</b>	<b>3,288</b>
<b>Non-cash investing activities</b>	<b>8(c)</b>	<b>-</b>	<b>(334)</b>
<b>Non-cash financing activities</b>	<b>8(d)</b>	<b>-</b>	<b>-</b>

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

### Notes to the Financial Statements

#### 1. General information

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

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

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

These financial statements were authorised for issue by the directors on 31 August 2023. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

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

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

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

#### 3. Significant Accounting Policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

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

These financial statements are general purpose financial statements which have been prepared in accordance with the Australian Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting".

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

These financial statements do not include all of the notes of the type normally included in the annual financial statements. Accordingly, these interim financial statements are to be read in conjunction with the annual financial statements for the year ended 31 December 2022 and any public announcements made in respect of the Trust during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies applied in these interim financial statements are the same as those applied to the Trust's financial statements for the year ended 31 December 2022.

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

## Notes to the Financial Statements

### 3. Significant Accounting Policies (continued)

#### b) Basis of preparation (continued)

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

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

	Half-Year ended 30 June 2023 \$'000	Half-Year ended 30 June 2022 \$'000
Fair value gain on financial instruments held at fair value through profit or loss	1,725	6,585
<b>Total net gain on financial instruments held at fair value through profit or loss</b>	<b>1,725</b>	<b>6,585</b>

### 5. Other operating expenses

	Half-Year ended 30 June 2023 \$'000	Half-Year ended 30 June 2022 \$'000
Professional fees	8	9
Fund administration and custody expenses	43	41
Other general and administrative expenses	41	51
Auditor's remuneration	27	27
<b>Total other operating expenses</b>	<b>119</b>	<b>128</b>



## Notes to the Financial Statements

### 6. Earnings per unit

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

	Half-year ended 30 June 2023	Half-year ended 30 June 2022
Profit attributable to unitholders (\$'000)	1,905	6,641
Weighted average number of units on issue ('000)	30,457	281,830
Basic and diluted profit per unit in cents	6.25	2.36

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

There was a consolidation of 1 unit for 10 units last 28 July 2022 with an effective date of 29 July 2022, the record date was 3 August 2022 and registry updated by 10 August 2022.

On 10 August 2022, the Unit Consolidation was completed and the total units on issue was reduced from 310,365,638 to 31,036,638.

### 7. Investments in Financial Instruments

	As at 30 June 2023 \$'000	As at 31 December 2022 \$'000
<b>Fair value of financial assets designated as fair value through profit or loss</b>		
Investment in funds	44,399	44,016
Investment in equity securities	442	397
Investment in unlisted unit trusts	421	409
<b>Total financial assets held at fair value through profit or loss</b>	<b>45,262</b>	<b>44,822</b>

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

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

#### *Fair Value Hierarchy*

Financial instruments carried at fair value are categorised under 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.

## Notes to the Financial Statements

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

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

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

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

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

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

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

The following table shows an analysis of financial instruments held at 30 June 2023, recorded at fair value and presented by level of the fair value hierarchy:

	30 June 2023			
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>				
Investment in funds	-	-	44,399	44,399
Investment in equity securities	442	-	-	442
Investment in unlisted unit trusts	-	-	421	421
<b>Total financial assets held at fair value through profit or loss</b>	<b>442</b>	<b>-</b>	<b>44,820</b>	<b>45,262</b>

## Notes to the Financial Statements

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

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

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

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

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

##### **Level 1**

The fair value of financial instruments that are traded in an active market (for example, listed equities) is determined using the last traded quoted price in an active market. As at 30 June 2023 had \$442,000 (31 December 2022: \$397,000) financial assets held at fair value through profit or loss included in level 1.

##### **Level 2**

The fair value of financial instruments that are not traded in an active market (for example, unlisted investments) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. As at 30 June 2023 the Trust had \$Nil (31 December 2022: \$Nil) financial instruments in level 2.

##### **Level 3**

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. As at 30 June 2023 the Trust had \$44,820,000 (31 December 2022: \$44,425,000) financial assets held at fair value through profit or loss included in level 3.

## Notes to the Financial Statements

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

#### Fair Value Hierarchy (continued)

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

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

Half year ended 30 June 2023				
	Level 1	Level 2	Level 3	Total
	\$000	\$000	\$000	\$000
Opening balance	397	-	44,425	44,822
Change in value of financial assets held at fair value through profit or loss	71	-	1,654	1,725
Additional Investment/Capital Calls paid	-	-	2,641	2,641
Divestments	-	-	(1,257)	(1,257)
Distributions	(26)	-	(2,643)	(2,669)
<b>Closing balance</b>	<b>442</b>	<b>-</b>	<b>44,820</b>	<b>45,262</b>

Year ended 31 December 2022				
	Level 1	Level 2	Level 3	Total
	\$000	\$000	\$000	\$000
Opening balance	612	-	39,501	40,113
Change in value of financial assets held at fair value through profit or loss	(215)	-	5,304	5,089
Additional Investment / Capital Calls paid	-	-	7,434	7,434
Divestments	-	-	(126)	(126)
Distributions	-	-	(7,688)	(7,688)
<b>Closing balance</b>	<b>397</b>	<b>-</b>	<b>44,425</b>	<b>44,822</b>

##### Disclosed fair values

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

### 8. Cash and cash equivalents

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

	As at 30 June 2023	As at 30 June 2022
	\$'000	\$'000
Domestic cash at bank	1,410	2,841
Foreign currency holdings	1,992	447
	<b>3,402</b>	<b>3,288</b>

## Notes to the Financial Statements

### 8. Cash and cash equivalents (continued)

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

	Half-year ended 30 June 2023 \$'000	Half-year ended 30 June 2022 \$'000
<b>Increase in net assets attributable to unitholders</b>	<b>606</b>	<b>5,628</b>
Return of capital to unitholders	1,299	1,013
Net gains on financial instruments held at fair value through profit or loss	(1,725)	(6,585)
Net proceeds from (purchase)/sale of financial assets designated as fair value through profit or loss	1,282	(1,083)
Foreign exchange (losses)/gains	5	(76)
<b>Change in assets and liabilities</b>		
Decrease/(Increase) in other assets	292	(168)
Increase in trade and other payables	25	265
<b>Net cash provided by/(used in) operating activities</b>	<b>1,784</b>	<b>(1,006)</b>

(c) Non-cash investing activities

Distributions applied to calls on investments	-	(334)
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(d) Non-cash financing activities

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

### Notes to the Financial Statements

#### 9. Receivables

	As at 30 June 2023 \$'000	As at 31 December 2022 \$'000
Other receivables	-	17
Management fee receivable	202	134
GST receivable	-	3
Receivable from investment sold	-	337
<b>Total receivables</b>	<b>202</b>	<b>491</b>

#### 10. Payables

		As at 30 June 2023 \$'000	As at 31 December 2022 \$'000
Responsible entity fees payable	12 (b)	6	6
Trust administration and custody fees payable		17	12
GST payable		3	-
Other payables		150	133
<b>Total payables</b>		<b>176</b>	<b>151</b>

#### 11. Net assets attributable to unitholders

	Half-Year ended 30 June 2023		Year ended 31 December 2022	
	No. of Units	\$'000	No. of Units	\$'000
Opening balance	30,554,797	48,231	281,274,730	42,678
Proceeds from applications by unitholders	-	-	29,090,908	3,200
Buybacks	(112,102)	(147)	(1,107,123)	(1,292)
Unit consolidation (1:10)	-	-	(279,329,000)	-
Units issued upon reinvestment of distributions	-	-	625,282	700
Net gain attributable to unitholders	-	606	-	2,945
<b>Closing balance</b>	<b>30,442,695</b>	<b>48,690</b>	<b>30,554,797</b>	<b>48,231</b>

## Notes to the Financial Statements

### 12. Related party transactions

#### *a) Key management personnel*

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

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

The Trust has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel at any time during the half-year.

Apart from those details disclosed in the note, no key management personnel have entered into a material contract with the Trust since the end of the previous financial year and there were no material contracts involving directors' interests existing at half-year end.

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

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

The Responsible Entity charged 0.07% per annum (excluding GST) of gross portfolio value, subject to a minimum of \$66,000 per annum (excluding GST).

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

As at 30 June 2023, the responsible entity fees expense incurred by the Trust to the Responsible Entity was \$34,485 (30 June 2022: \$34,485) of which \$6,050 (31 December 2022: \$6,050) was payable at the end of the period.

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

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

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

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

## Notes to the Financial Statements

## 12. Related party transactions (continued)

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

In the period, these amounted to:

	30 June 2023	30 June 2022
Management Fee Entitlement	\$299,005	\$251,785
Rebate credited	\$(361,956)	\$(264,949)
<b>Net management fee rebate (receivable) by the Trust during the period</b>	<b>\$(62,951)</b>	<b>\$(13,164)</b>

As at 30 June 2023, the net receivable from the Investment Manager in relation to management fees and management fee rebates is \$201,769 (31 December 2022: \$134,212).

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

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

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

The Downstream Funds accrue for performance fee equivalents in the valuations provided to the Fund. As at 30 June 2023, the accrued performance fee at the Warana Fund level is \$4,432,152 (2022: \$3,715,229) which is equal to the current performance fee in accordance with the IMA. This represents the current maximum amount that the Investment Manager would be entitled to, if the Downstream Funds were to return performance fees up to, or exceeding that amount.

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



Notes to the Financial Statements

**12. Related party transactions (continued)**

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

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

**Custody Fees**

As at 30 June 2023, the custody fee expense incurred by the Trust to the OMIFL amounted to \$11,903 (30 June 2022: \$11,159) of which \$6,283 (31 December 2022: \$6,283) was payable at the end of the period.

**Accounting and administration and taxation fees**

Unity Fund Services Pty Limited ("UFS"), an associated entity of OIG has been appointed for the provision of administration and tax services to the Trust. As at 30 June 2023, fund administration fees were incurred by the Trust amounted to \$30,903 (30 June 2022: \$29,460) of which \$11,055 (31 December 2022: \$5,527) was payable at the end of the period.

As at 30 June 2023, taxation fees were incurred by the Trust amounted to \$7,204 (30 June 2022: \$6,532) of which \$25,300 (31 December 2022: \$18,425) was payable at the end of the period.

**d) Holding of units**

During or since the end of the financial half-year, none of the directors of the Responsible Entity held units in the Trust, either directly, indirectly, or beneficially (31 December 2022: \$Nil).

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

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

- (1) One HF Trust ("OHFT") - OMIFL is the trustee of the trust. The Trust owns 72.93% of OHFT. Fees paid or payable to OMIFL as trustee for the half-year were \$2,169 (30 June 2022: \$2,037). The value of the units in OHFT held by the Trust at 30 June 2023 is \$92,787 (31 December 2022: \$94,481).
- (2) AIT Sub-Trust No. 1 ("AITST") - One Funds Management Limited ("OFML") is the trustee of AITST, a subsidiary of OIG and AITST is a wholly owned sub-trust of the Trust. Fees paid or payable to OFML as trustee for the half-year were \$2,974 (30 June 2022: \$2,801). The value of the units in AITST held by the Trust at 30 June 2023 is \$328,240 (31 December 2022: \$314,677).

## Notes to the Financial Statements

### 12. Related party transactions (continued)

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

These units were valued at \$421,027 (31 December 2022: \$409,158) and were included within the financial assets as disclosed in note 7.

Both of the above mentioned trusts pay fees to One Registry Services Pty Ltd ("ORS"), a subsidiary of OIG, for the provision of registry services. Total fees paid or payable to ORS for the half-year were \$nil (30 June 2022: \$2,985).

The Trust holds one unlisted investment issued by Warana:

WCFI - Warana is the trustee of the trust. The purpose of WCFI holds one asset, a minority position in an eastern European broadband and telecom company that was sold by an absolute return fund in the final stages of its wind down. Fees paid or payable to Warana as trustee for the half-year were \$Nil (30 June 2022: \$Nil). The value of the units in WCFI held by the Trust at 30 June 2023 is \$Nil (31 December 2022: \$Nil).

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

### 13. Commitments and Contingents

The following represents the uncalled commitments at year end. All other commitments are fully paid at 30 June 2023.

As at 30 June 2023	Total Committed	Uncalled Commitments
Warana 2023	\$13,497,300 (US\$9,000,000)	\$10,797,840 (US\$7,200,00)
King Street Real Estate Fund (Offshore, PF)	\$1,499,700 (US\$1,000,000)	\$246,119 (US\$164,112)
<b>Total</b>	<b>\$14,997,000 (US\$ 10,000,000)</b>	<b>\$11,043,959 (US\$ 7,364,112)</b>
 As at 31 December 2022	 Total Committed	 Uncalled Commitments
King Street Real Estate Fund (Offshore, PF)	\$1,467,400 (US\$1,000,000)	\$239,139 (US\$162,968)
<b>Total</b>	<b>\$1,467,400 (US\$1,000,000)</b>	<b>\$239,139 (US\$162,968)</b>

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

### 14. Subsequent Events

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

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

### Directors' Declaration

The directors of the Responsible Entity declare that:

- (a) the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- (b) the attached financial statements and notes give a true and fair view of the Trust's financial position as at 30 June 2023 and of its performance for the financial half-year ended on that date; and
- (c) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

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

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

  
Sarah Wiesener  
Director  
31 August 2023