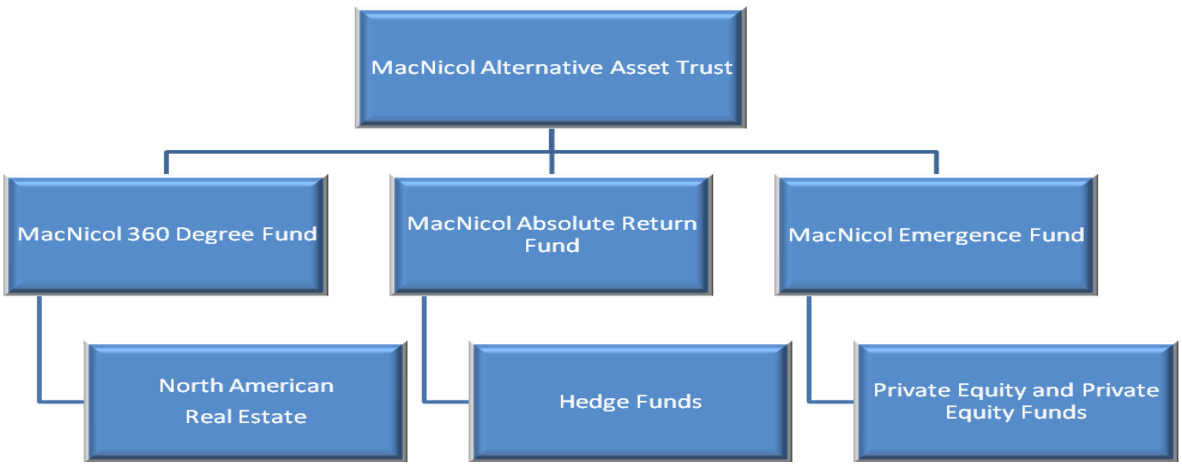
Alternative Asset Trust Quarterly Report: March 31, 2014

The MacNicol Alternative Asset Trust is a multi-strategy, alternative investment platform designed to generate positive and uncorrelated returns against the public stock and bond markets. The Trust, through its underlying limited partnerships (see Chart 1 below), is invested in private real estate and mortgages, private equity, high yield bonds and multi-strategy hedge funds. Combined, the Alternative Trust is invested in more than 100 separate real estate projects, mortgages, hedge funds and private securities.

Chart 1 – Investment Structure MacNicol Alternative Trust



Alternative Trust Performance Review: The goals of the Alternative Trust are to generate positive "real" returns (after-taxes and inflation) each year, and to generate annualized nominal returns of 6%-8% over rolling five-year periods. We are pleased to report that as of March 31, 2014 the Trust has met both of its primary goals by generating positive returns that have exceeded inflation, and delivering an internal rate of return of 7.6% per annum from inception.

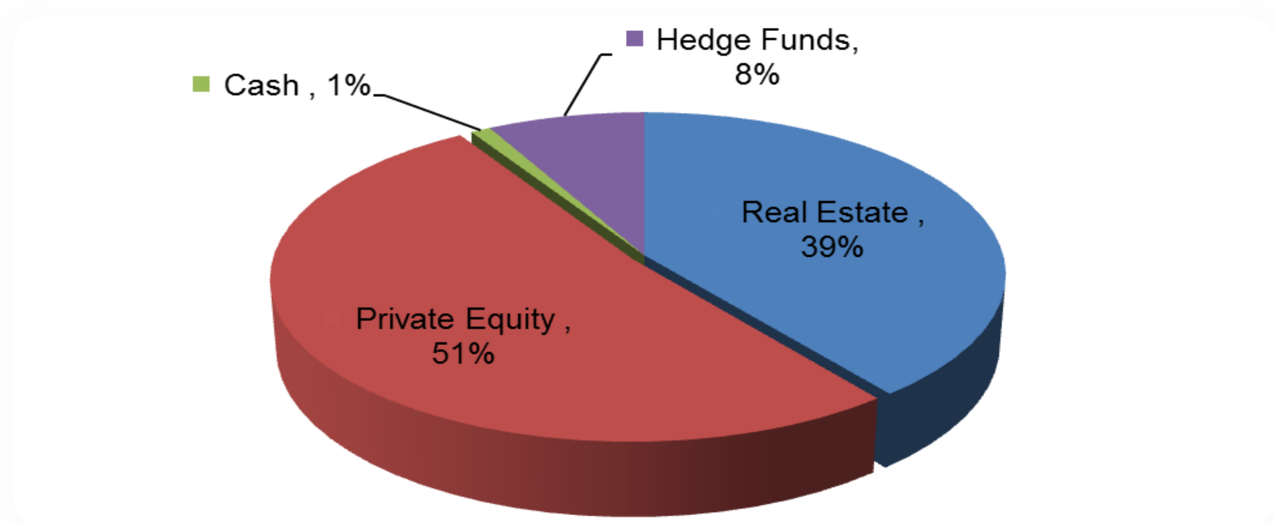
The Alternative Trust completed its first full year of operations in 2011 with a return of 3.6% and added a further 1.9% in 2012. We are very pleased to report that the Trust had its best year in 2013 with a return of 17.0% including a 6.8% return during the fourth quarter ending December 31, 2013. The upward trend for the Trust continued into the first quarter of 2014 with a return of 2.4% as of March 31.

As previousuly reported, the Trust realized its first two private equity “exits” in 2013 with the sale of 41st Parameter to Experian PLC for a 4X return and the successful public listing of Input Capital of Saskatchewan for a 2.3X return to date. These investments were the primary reason for the strong results for the Trust in 2013. It is instructive to note that the sale of 41st Parameter represents only one of 15 private equity companies currently in the Alternative Trust. We expect a further 2-3 profitable exits to occur over the next 12-24 months, particularly from our investment in the Georgian Partners Private Equity Fund and from “uprounds” in our directly owned private equity portfolio.

First Quarter Highlights:

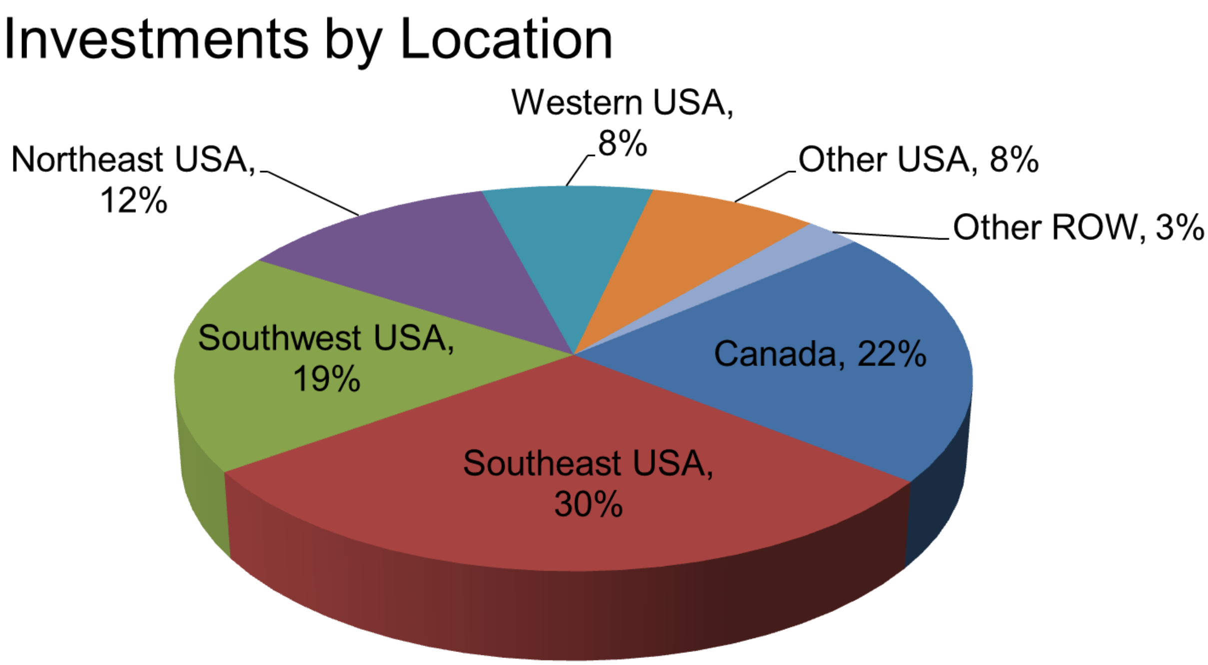
During the first quarter of 2014 ending March 31, the Alternative Trust increased in value by 2.4%. All three areas of the Trust - real estate, private equity and hedge funds - contributed to the gains during the quarter, with private equity again leading the way. We believe we will see additional material gains in the Trust’s private equity investments over the next several quarters as the companies continue to grow their sales and earnings, enter into initial public offerrings (IPOs) or are sold. We also expect that the Trust’s real estate and hedge fund portfolios will continue to generate positive returns and distributions in the coming quarters.

Chart 2 – MacNicol Alternative Asset Trust Mix: March 31, 2014



North American Private Real Estate

The Alternative Asset Trust invests in North American private real estate through its MacNicol 360 Degree Realty Income Fund holdings. The “360 Fund” is a private real estate fund focussing on value-added projects in the United States and Canada. The Fund invests in real estate projects and mortgage funds through an expanding number of carefully selected operators and sponsors. These partners are chosen for their high degree of local knowledge and experience in deal sourcing, finance, construction, and property management.



Through its partners, the Fund has exposure to more than 100 separate real estate projects and six asset classes across North America. The chart above highlights the regions of North America in which our real estate projects are located. The overall strategy is to invest in the fastest growing regions of the United States including Texas, Florida, Georgia, Phoenix, Las Vegas and California.

For the first quarter of 2014, the 360 Degree Fund was slightly down in $US terms and modestly up in Canadian dollar terms. The Fund also had a liquidity event in the first quarter with the sale of a 520-unit multi-family complex in Riveria Beach, Florida. In addition to the Riveria sale, the Slate Grocery Anchored Partnership, a long-held investment in the 360 Fund, announced its intent to go public this spring for a significant gain.

Real Estate Portfolio Activity

As previously reported, the 360 Fund recently invested in a fully-leased 578 unit Class A multifamily complex in Monterone Round Rock (Greater Austin) Texas sponsored by Brass Enterprises of Toronto. This complex was purchased at below replacement cost from a distressed seller, and it is a prime asset in one of the fastest growing regions of the US Future investment opportunities in the 360 Fund's pipeline will be allocated to Class "A" multifamily projects in Texas and Georgia (Carroll Fund III); office and industrial properties in Arizona, New York, Boston, San Francisco and Southern California (Rockwood IX Fund); redevelopment projects in Southern Florida (13th Floor), net lease opportunities in the US and Europe (American Realty Global Trust), and redevelopment projects in West Los Angeles (Christina Development).

In addition to the Fund's investments in real estate projects and properties, the 360 Fund generates substantial interest income and capital gains from investments in US commercial and residential mortgages and in private mortgage REITs (including UDF IV). The pipeline for further investments in the US commercial mortgage markets are very attractive with more than $1.2 trillion dollars of distressed loans maturing over the next six years.

We expect that the Fund's investment in UDF IV of Texas will return solid gains this year with a widely anticipated IPO during the first or second quarter of 2014. The Fund will also be investing in JCR Fund III, which is a finance company dedicated to restructuring "underwater" mortgages by purchasing the mortgage debt at a discount and converting a portion of that debt to equity.

Canada Real Estate Outlook and Investments

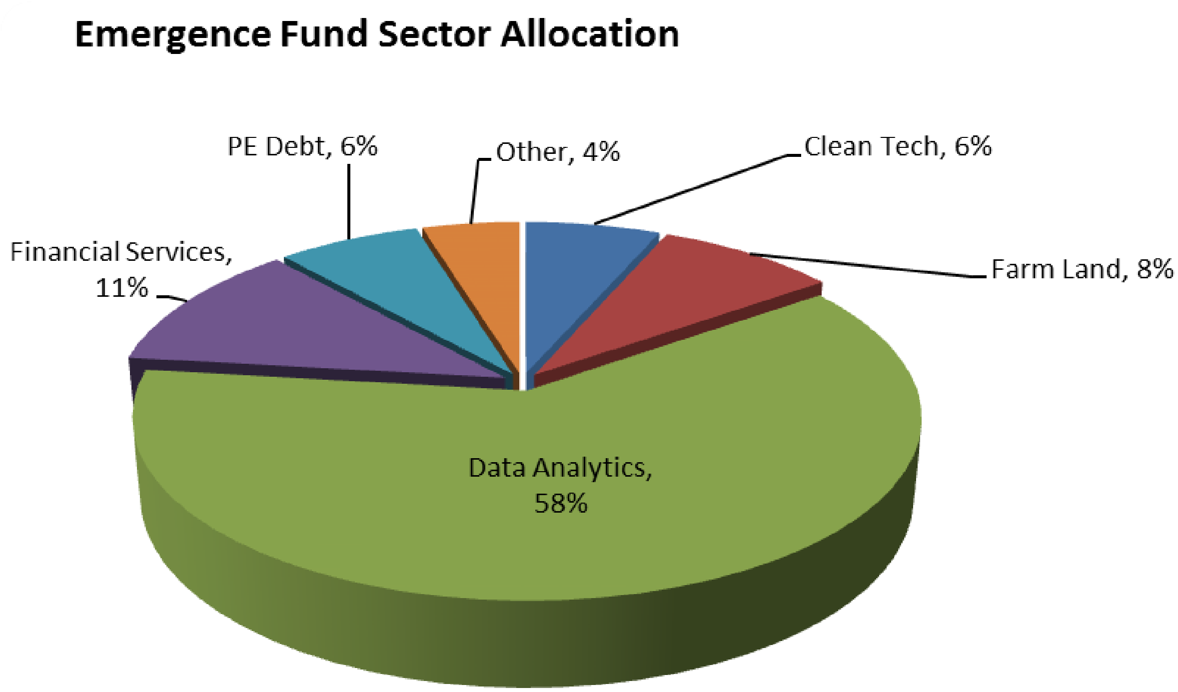
Our core Canadian real estate investment continues to be with KingSett Capital of Toronto. The KingSett portfolio is comprised of more than 50 Class A and Class B office, multifamily, retail and industrial properties across Canada. These properties include the Bayshore Shopping Centre in Ottawa, 130 Bloor Street West retail/condominium complexes in Toronto and the Cherry Hill apartments in London, Ontario. KingSett management, led by Jon Love, are very disciplined capital allocators and are adept at incremental improvements leading to above inflation rental gains in their properties. Outside of this investment, we continue to believe that the risk/return for US real estate is superior to most of what we see in Canada especially in multifamily, distressed mortgages and Class B office space in gateway cities.

Private Equity – MacNicol Emergence Fund:

The investment objective of the Emergence Fund is to generate capital gains and income by investing in a portfolio of privately held companies and private equity funds. The Fund seeks opportunities where capital exit strategies are clearly defined, and are likely to occur within a 3-5 year time frame. The Emergence Fund invests in established private equity funds and directly in private companies with defensible franchises, high growth profiles and proven management. Investments will largely focus on profitable companies with high levels of proprietary technology addressing large target markets. The Emergence Fund is invested in three primary end markets: Agriculture, Data Analytics and Clean Energy. In agriculture, the Emergence Fund owns farmland in Brazil, Uruguay and Saskatchewan all of which have increased in value this year as the world's population continues to grow.

The vast majority of our technology investments are in late-stage, revenue generating data analytics companies through our investment in the Georgian Partners Fund of Toronto. We were very pleased with the performance of the Georgian Fund in 2013, which helped to drive a 30% return for the Emergence Fund in 2013. The 10 companies in the Georgian portfolio grew revenues by more than 50% on average during 2013, and are well positioned to take advantage of global enterprise software and security trends including cloud storage management, on-line security, mobile computing and the growth

of smart phone platforms. The very successful sale of 41st Parameter to Experian PLC in September 2013 for a 450% gain is a testament to the skill and knowledge of the Georgian team led by Justin LaFayette. During the fourth quarter of 2013, one of our direct private investments in the Emergence Fund (Input Capital) went public for a significant gain of 70% on its first day of trading. Subsequently, Input Capital has continued to rally, and is currently trading approximately 2.3X above our cost. We continue to monitor this investment closely, but believe there is still material upside for the stock over the coming 12-24 months.



In 2014, we are looking forward to a possible initial public offering of shares of Shopify Inc. of Ottawa. Shopify is one of the fastest growing ecommerce companies in the world and is well supported with shareholders including Insight Capital of New York and OMERS pension fund of Toronto. Also during the first quarter of 2014, the Emergence Fund invested in the common shares of a Boston-based technology firm (ThermoCeramix) which has a proprietary process for manufacturing extremely energy efficient heating elements used in a variety of verticals. Subsequent to our investment, ThermoCeramix went public on the Canadian market for a 150% gain.

Hedge Funds – Absolute Return Fund

The investment objective of the Absolute Return Fund is to generate positive absolute returns under most market and economic conditions, and to have little or no correlation to the US and Canadian stock markets. In order to achieve its objectives, the Absolute Return Fund invests in several value-added strategies managed by experienced and successful Canadian, US and U.K. hedge fund managers. Most of these investments are not available in the public market and are typically not accessible to individuals and smaller institutions because of high minimum investment thresholds, often in excess of five-million dollars. For all of 2013, the Absolute Return Fund gained 12.0% which was significantly above its benchmark. The Absolute Return Fund continued to perform well during the first quarter of 2014 ending March 31, with a gain of 4.1%. Investment returns within the portfolio were broad based in 2013 and so far in 2014, with particularly strong performances from the Fund's investments in the Arrowgrass multi-strategy fund out of the UK, BSP multi-strategy fund and Contrarian Capital of Connecticut. We also continue to add to our investment in the Sankaty European Opportunities Fund which we expect to generate high-teens returns over time.

Closing Comments

We are very pleased with the progress of the private equity, real estate and hedge fund components of the Alternative Trust which continue to perform to our objectives while showing positive growth in both up and down stock markets. With respect to the private equity component of the Trust, we believe we are at an important inflection point for several of our investments which will in turn drive significant positive returns for the Trust in the quarters and years ahead.

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