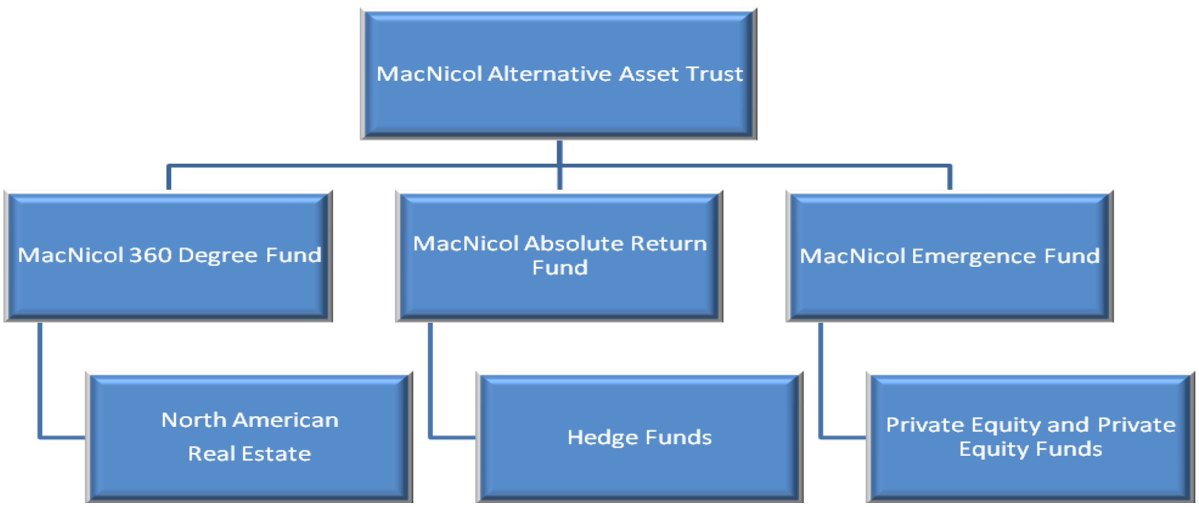
Alternative Asset Trust Transparency Report: June 30, 2013

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



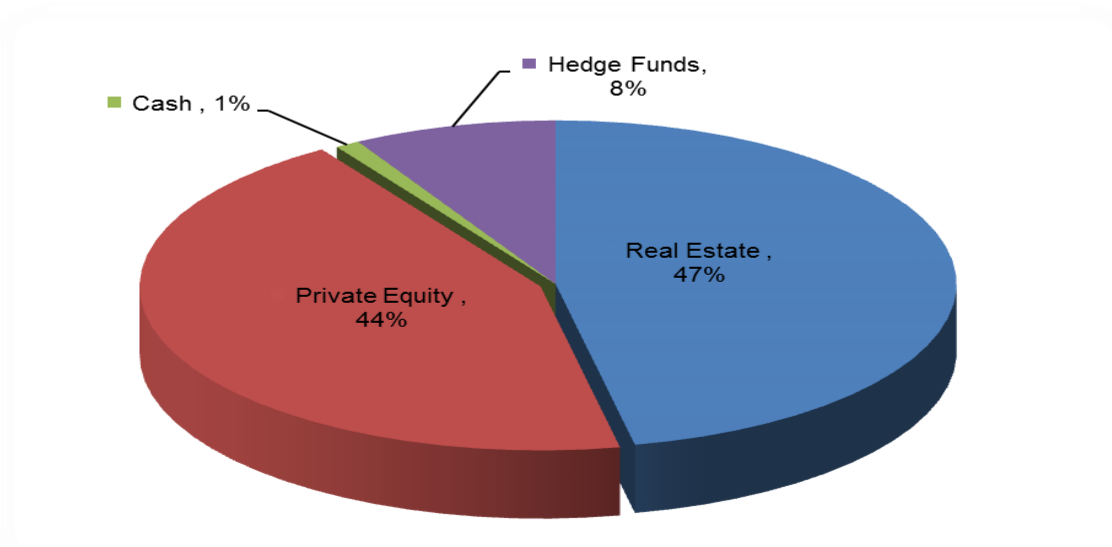
Alternative Trust Performance Review: The goals of the Alternative Trust are to generate positive "real" returns (after-taxes and inflation) each year, and to generate annualized returns of 6%-8% over rolling five-year periods. We are pleased to report that the Trust has met its first goal since its inception in 2010 by generating positive returns that have exceeded inflation, and is well underway in meeting its second goal of 6%-8% annualized returns.

The Alternative Trust completed its first full year of operations in 2011 with a positive return of 3.6% and added a further 1.9% in 2012. This strong "relative" return - particularly in 2011, when the Canadian markets were down 8.0% - highlights an advantage of alternative investments in offsetting risks inherent in the public stock and bond markets. However, we also expect that the Alternative Trust will generate strong "absolute" returns over time, especially as we begin to see exits or sales from the Trust's private equity investments within the Emergence Fund.

Second Quarter Highlights:

During the second quarter of 2013 ending June 30th the Alternative Trust increased in value by 4.3% (6.1% year-to-date) and is plus 8.4% over the past 12-months. This compares very favourably against the TSX 60, which declined by 4.90% during the second quarter and is down 2.6% over the past 12 months. Underlying the strong second quarter performance of the Trust are solid returns from the Trust's private real estate, private equity and hedge fund portfolio as well as currency gains from the Trust's US dollar holdings. While we have yet to see an exit or sale from our private equity portfolio, the companies in the portfolio continue to achieve rapid growth and a great deal of interest from investment bankers and strategic buyers (see **Emergence Fund** on page 4 for more detail). We believe we will see material gains in the Emergence Fund over the next several quarters as our private investments continue to grow their sales and earnings, enter into initial public offerings (IPOs) or are sold. Chart 2 below highlights

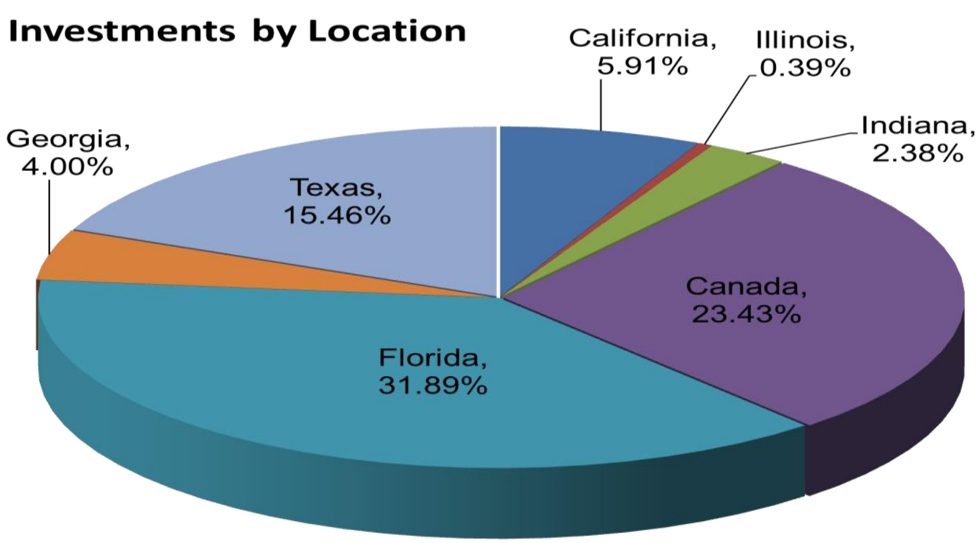
Chart 2 – Alternative Asset Trust Asset Mix: June 30, 2013



North American Real Estate: The largest allocation within the Alternative Asset Trust is dedicated to North American private real estate through an investment in the MacNicol 360 Degree Realty Income Fund. The "360 Fund" is a private real estate fund focusing on value-added projects in the United States and Canada. The 360 Fund invests in private real estate projects and mortgage funds through an expanding number of carefully selected platform partners. These partners are chosen for their high degree of local knowledge and experience in deal sourcing, finance, construction, and property management.

The 360 Degree Fund is invested alongside 10 platform partners in Canada and the United States, with two more partnerships pending for 2013. Through the existing 10 partners, the Fund has exposure to more than 50 separate real estate projects and six asset classes across Canada and the South Eastern regions of the United States. In 2012 the 360 Fund returned 11.0%, which was in line with our expectations. Year-to-date 2013, the Fund is ahead by 4.2% in $USD terms.

Future investment opportunities in the 360 Fund's pipeline will be allocated to Class A multifamily projects in Texas and Georgia, office and industrial properties in Arizona, New York, Boston, San Francisco and Southern California (Rockwood IX Fund), and redevelopment projects in Southern Florida (13th Floor Value Fund II).



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 U.S. commercial and residential mortgages and in private mortgage REITs. The pipeline for further investments in the U.S. commercial mortgage markets are very attractive with more than $1.2 trillion dollars of distressed loans maturing over the next six years.

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 U.S. real estate is superior to most of what we see in Canada especially in multifamily, distressed mortgages and Class B office space. We expect that capitalization rates in Canada and the United States are poised to increase modestly, in sync with the increases in mortgage rates across North America, creating good buying opportunities for high-quality assets later this year and into 2014.

Private Equity – MacNicol Emergence Fund:

The investment objective of the Emergence Fund is to generate capital gains 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 three-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.

In agriculture, the Emergence Fund owns farmlands in Brazil, Uruguay and Saskatchewan, including Input Capital which is expected to go public on the Toronto Stock Exchange this year. Clean technology is primarily focused on natural gas power production (through our investment in Clear Energy Systems of Phoenix) which is

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growing rapidly because of its low carbon footprint, abundant supply and relatively low cost. The vast majority of our technology investments are in late-stage, revenue generating software companies through our investment in the Georgian Partners Fund of Toronto. We were pleased with the performance of the Georgian Fund in 2012 and so far in 2013. The 10 companies currently in their portfolio grew revenues by more than 50% on average during 2012, and are all 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. As we are now on the “right side” of the J-curve* with respect to our investment in the Georgian Partners Fund, we expect returns to begin accelerating this year in the Emergence Fund.

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 U.S. 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, U.S. 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. Calendar year 2012 was a good year for the Absolute Return portfolio with a return of 7.5%. Year-to-date 2013, the Absolute Return Fund is ahead by 7.6%. This performance compares favourably to the Toronto Stock Exchange and also to various hedge fund benchmarks. Investment returns within the portfolio have been broad based so far in 2013 with particularly strong performances from the Fund’s investments in the Arrowgrass multi-strategy fund out of the UK and the BSP multi-strategy fund out of Israel.

During the third quarter of 2012, the Absolute Return Fund initiated a new investment into the Sankaty European Opportunities Fund which is managed by a team of former Bain Capital partners.

**Private equity funds usually have negative returns in the first two-three years of operations as costs in the funds are higher than the early returns of the investments*

The mandate of the Sankaty Fund is to take advantage of opportunities to recapitalize and invest in the distressed debt currently held by many of the largest European banks. Many of these banks are actively divesting impaired or non-core assets in order to meet the new Basel III capital standards creating a positive environment for institutional buyers of these assets to generate above-average returns.

Closing Comments

We are very pleased with the progress of the private 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 near to 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.

MacNicol & Associates Asset Management Inc.
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