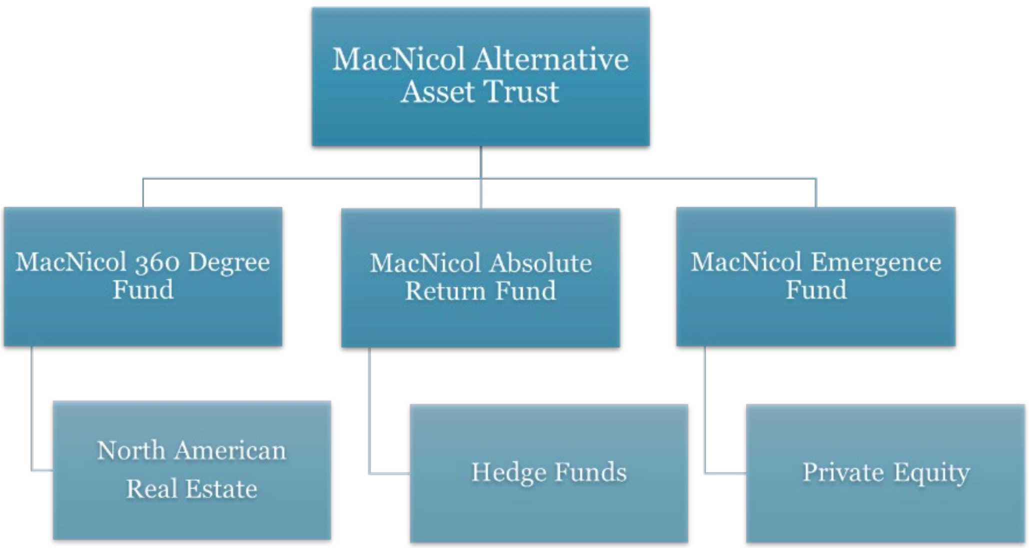
<u>Alternative Asset Trust First Quarter 2024 Report:</u>

The MacNicol Alternative Asset Trust is a multi-strategy, alternative investment platform designed to generate returns that are positive and uncorrelated with public stock or bond markets. The Trust, through its underlying limited partnerships invests in real estate, private equity, and hedge funds. In total, the Alternative Trust is invested in more than 150 separate real estate projects, private businesses, and hedge funds. The advantages of our approach to alternative assets include effective diversification, enhanced liquidity and a less volatile return profile compared to the individual asset classes themselves.

Chart 1 – Investment Structure MacNicol Alternative Trust



Alternative Trust Update: The investment objectives of the MacNicol Alternative Asset Trust are to generate positive absolute returns under most market and economic conditions with little or no correlation to the U.S. and Canadian stock markets. To achieve these goals, the Trust, through its underlying partnerships will invest directly in a variety of private real estate, hedge fund and private equity investments. During the first quarter of 2024, the Trust was higher by 4.1% net of costs, and this brings the Trust's annualized rate of return since inception [October 2010] to 9.5%. Furthermore, the Trust's annual volatility now sits at 6.9% or roughly one half the volatility of the S&P/TSX Composite Index and approaching one third the volatility of the S&P500 Index.

First Quarter 2024 Highlights:

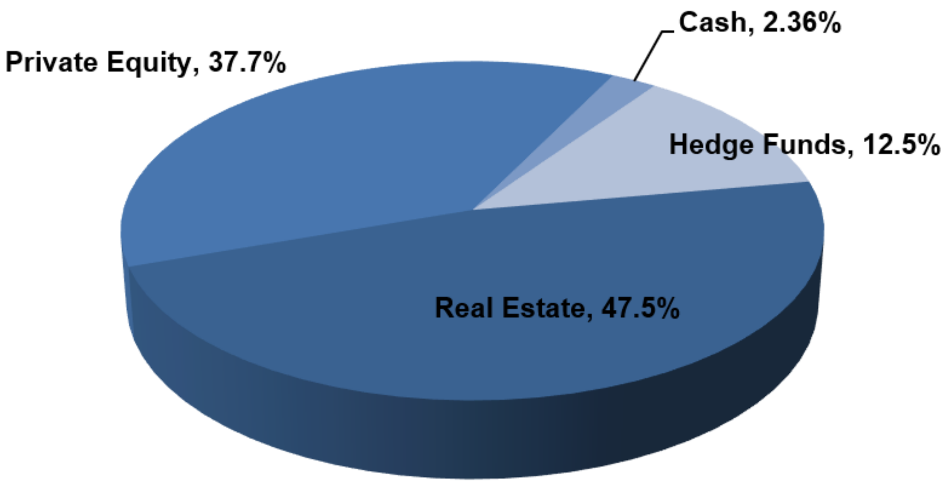
During the first quarter of 2024, the MacNicol Investment Team observed a widening gap between inflation expectations on the part of market participants and voting members of the world's major central banks. In addition, we observed incoming data that led us to conclude that the fight against inflation may not be over yet. Finally, as reported in last quarter's update for the Trust, our team continued to observe fiscal profligacy during the first quarter of 2024. Taken together, the team felt that the best way forward, was to ensure broad diversification across alternative asset classes, strategies, and positioning through various funding rounds. As we exited those exercises, we came away feeling very positive about the role the Trust plays in your long-term investment goals and we thank you for your ongoing trust in our judgement and passion.

The MacNicol Investment Team

Alternative Asset Trust: 1st Quarter 2024 Overview

As described in Chart 2 below the most notable difference in the Trust's asset mix at the end of the first quarter of 2024 was a higher cash weighting and a higher weight in real estate due to additional investments in Grata and capital call activity in our Canadian industrial development partnership with Bayvest Capital.

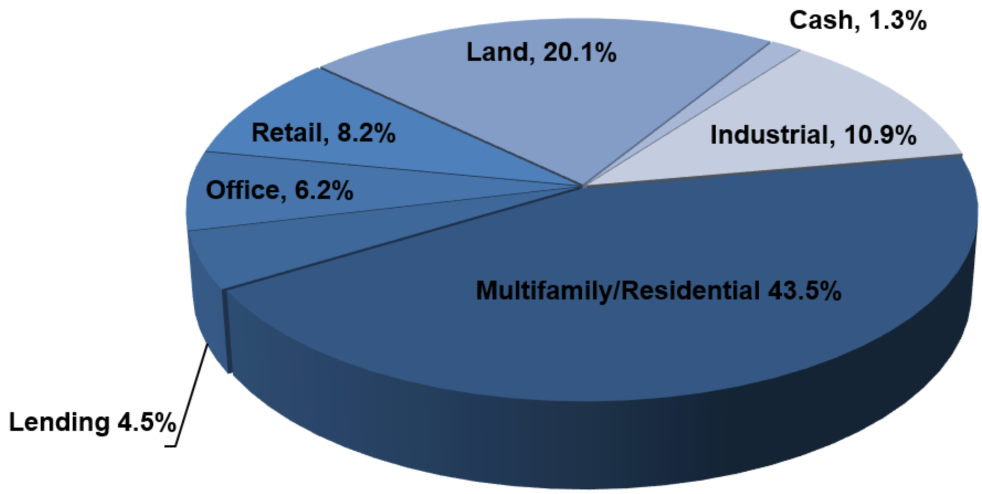
Chart 2 – Alternative Asset Trust Asset Mix, as of March 31st, 2023



North American Private Real Estate: 360 Degree US Realty Income Fund

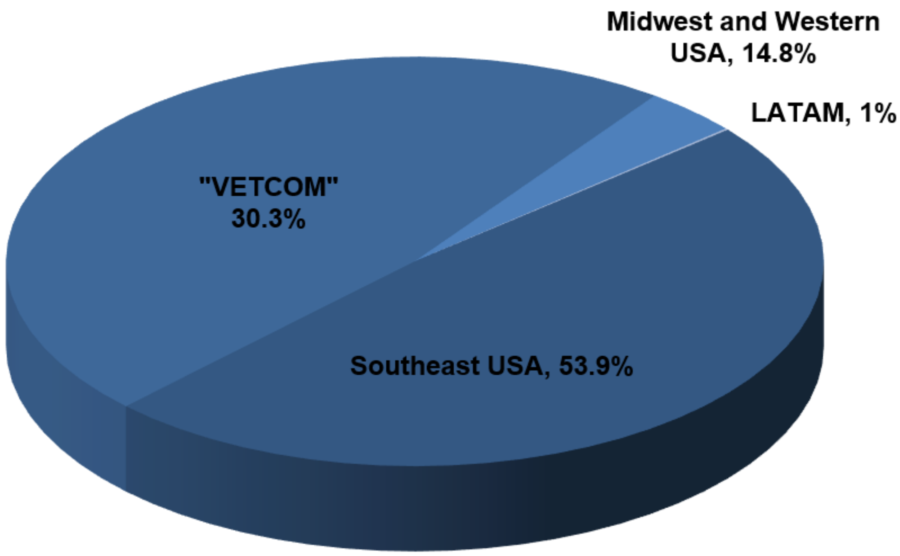
The Alternative Asset Trust invests in North American real estate through the MacNicol 360 Degree US Realty Income Fund. The 360 Fund focuses on value-added projects in the United States and Canada while also providing investment capital to residential and commercial mortgages providers. In total, the 360 Degree Fund holds over 150 real estate projects across 6 well defined product types described in Chart 3 below and in select regions as illustrated in Chart 4 on page 6. The fund also invests in real estate technology that enhance the performance of new builds and retrofits by better connecting landlords, tenants and asset owners.

Chart 3 – 360 Degree Fund Product Mix, as of March 31st, 2024



The primary differences between the fund's product mix at the end of this quarter versus the fourth quarter of 2023 were a reduction in the fair market value of certain of the fund's properties held with Kingsett Capital, and the increased weighting to multifamily residential real estate or alternatively land banking programs that are scheduled or pre-contracted to becoming multifamily residential real estate. From the perspective of location, the fund's geographic mix of assets did not materially change relative to the previous question and the fund remains a private real estate partnership biased to the robust economies of the US south. The Portfolio Manager believes that it is unlikely the fund's geographic mix will change materially for the balance of 2024.

Chart 4 – 360 Degree Fund Geographic Exposure, as of March 31st, 2024



"VETCOM" markets consist of Vancouver, Edmonton, Toronto, Calgary, Ottawa, and Montreal

360 Degree US Realty Income Fund 1st quarter performance review

During the first quarter of 2024, the fund was higher by 7.5% in reporting currency terms and higher by 9.9% for Canadian domiciled investors. The fund's return profile during the first quarter was favorable given the challenges that continue to confront many areas of the commercial real estate investment space and driven by a widening gap between product types and a concentrated/focused approach to real estate versus a generalized one. For example, the performance of the broadest measure of commercial real estate that we know of, the NCREIF property index, was poor during the past quarter with returns of -8.39% for the index being sabotaged by the **extremely** weak performance in office space and hotel assets, as well as the general underperformance of the US Midwest. We had stated several times that real estate is an alternative asset class that unfortunately lures in investors with the promise of "never losing value" and the comfort of cliché: by now who hasn't heard of the term location, location, location? Our experience is that private real estate requires *more* precision than other alternative asset classes [not less] and this is quite simply because you are paying a multiple of NOI [Net Operating Income] when valuing prospective assets.

360 Degree US Realty Income 1st Quarter: asset class highlights

Multifamily Residential: A supply "surge" in certain submarkets [Austin, TX] along with rising rates has led many to suggest that multifamily residential's role as a foundational real estate category is beginning to crack. Indeed, rent growth at even the most prized of assets has slowed as the implied cap rates have risen. However, our own experience continues to see occupancies in the 90% plus range with rent increases in the single digits still being passed along with little challenge to tenants even at the end of the first quarter.

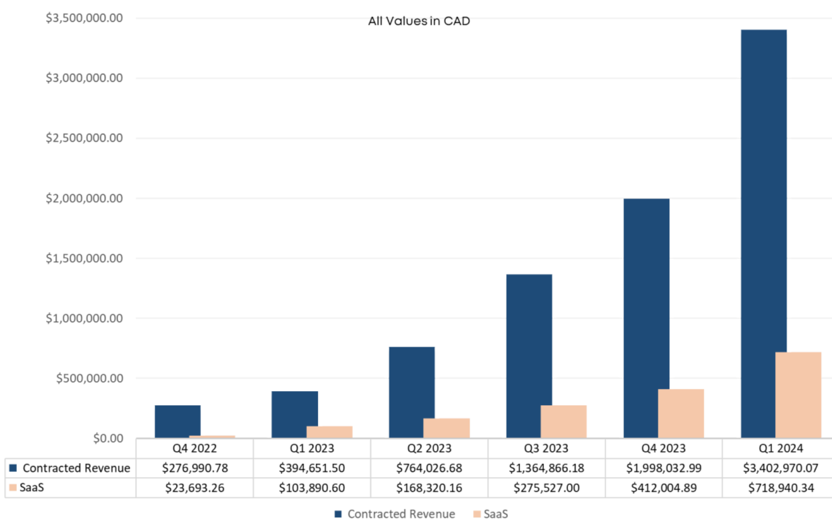
Industrial: Industrial real estate remains attractive to us at current cap rates. In many projects we continue to see this category providing more than a 7% cap rate on the one-year look ahead NOI. In our view, North American e-commerce penetration has a long way to go before it catches peers in Europe and Asia. Recent underperformance by certain Canadian publicly traded REITs in this area has more to do with a dubious debt maturity profile and heavy 2025 lease maturity exposure. Our Canadian exposure to industrial is small with most deals in the US south.

Office: Starwood Capital [Barry Sternlicht] recently contacted us about an opportunistic vehicle they are fundraising. The partnership will invest in office space and offer investors potentially lucrative rates of return. There are certainly signals that a full-blown head-on collision in office space will be avoided, the space quite simply remains too big of a question mark for us to get our minds around. Office fundamentals [excluding Florida] remain elusive, and we aren't quite convinced yet that the risks are worth taking for our investors.

Retail. Our perspective on retail is different from our heard because we like: great locations, great necessity, great scalability, and valuations that frankly aren't so "great". Retail landlords able to offer investors same property net operating income figures just shy of those found in multifamily and logistics/storage assets should continue to attract money from investors. The crown jewel of retail real estate will be those groups able to "stuff" more attractive leasing terms onto post COVID leases without impacting upside occupancy growth. We see retail offering investors better chances [than office space] but by no means are those chances guaranteed.

360 Degree US Realty Income Fund 1st quarter: transaction summary

During the first quarter of 2024, the fund added to its position in real estate technology company Grata. Grata's early success continues in the first quarter of 2024 with the company now holding contracted revenues of over $8 million. In addition, Grata has also seen its software-as-a-service or "SaaS" based revenues increase substantially over the quarter.



Perhaps the only thing more rewarding than strong quarterly results is cash. And the fund was pleased to receive distributions during the quarter from three (3) Industrial assets held in a partnership with IP Capital Partners. All three assets are situated in the US South, and the image below is of one of them: 1515 Antioch Church Road, Greenville, SC a 235,000 square foot industrial facility acquired in 2023.

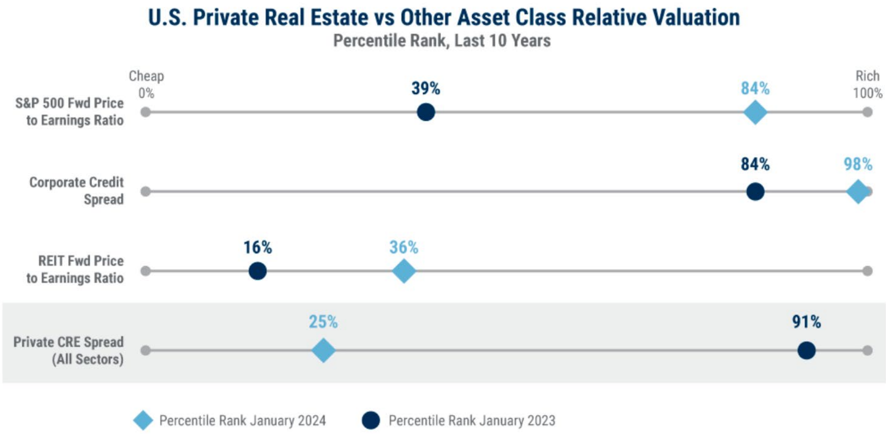
Like many of the fund's industrial assets, 1515 Antioch isn't much to look at, unless what you are looking at is the quarterly statement of operations.

The fund also holds positions in several real estate limited partnerships sponsored by south Florida based 13th Floor Investments and there has been activity in each of them. In March, 13th Floor acquired a prime industrial property in Hialeah Gardens, FL, which is the first of what the company expects to be a small portfolio of industrial investments in Florida Real Estate Value Fund V. Like us, 13th Floor has seen tremendous growth in the industrial sector and this investment strategy is intended to better diversify 13th Floor's partnerships across product types that exhibit favorable supply/demand characteristics and as you may already know, industrial is one of those product types. Additionally, the first quarter of 2024 was active on the homebuilding side for 13Th Floor and marked by significant progress in their portfolio of build-for-rent ("BFR") homes.

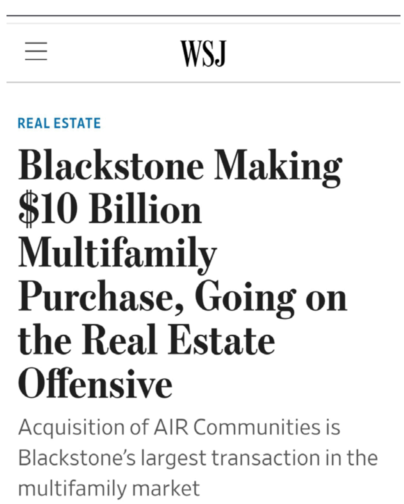
13th Floor also had a highly successful pre-sale launch at Marina Landings, the newest homebuilding site in east Fort Lauderdale, FL and an artist's rendering of the beautifully finished product is shown below.

[The MacNicol 360 degree fund in a partnership with 13th Floor Homes, a newly created division of 13th Floor Investments, is helping to bring to market Marina Landings, a beautiful development in a beautiful city: Fort Lauderdale. Pre-sale activity has been as beautiful as we hope the end result to be and we look forward to updating you on Marina Landings and other deals the fund has partnered on in the coming quarters.]

Real Estate: Closing Remarks



Early in 2024, American private real estate valuations look appealing compared to other global asset classes (Source: Bluerock). As we have pointed out, since late October U.S. stocks, corporate credits, and even certain publicly traded REITs have experienced valuation dislocations relative to history. On the other hand, some areas of US private real estate have become cheaper due to a recent pricing decline and a backup in cap rates. From our perspective, we see the market adjusting to this new rate environment, with things like the previously mentioned distressed assets becoming more common though less actionable. On a grander scale, Blackstone's recent $10 Billion take-private of AIR Communities introduces some liquidity into the market and reinforces our belief in the long-term performance of the Class A multifamily rental sector.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REAL ESTATE

Blackstone Making $10 Billion Multifamily Purchase, Going on the Real Estate Offensive

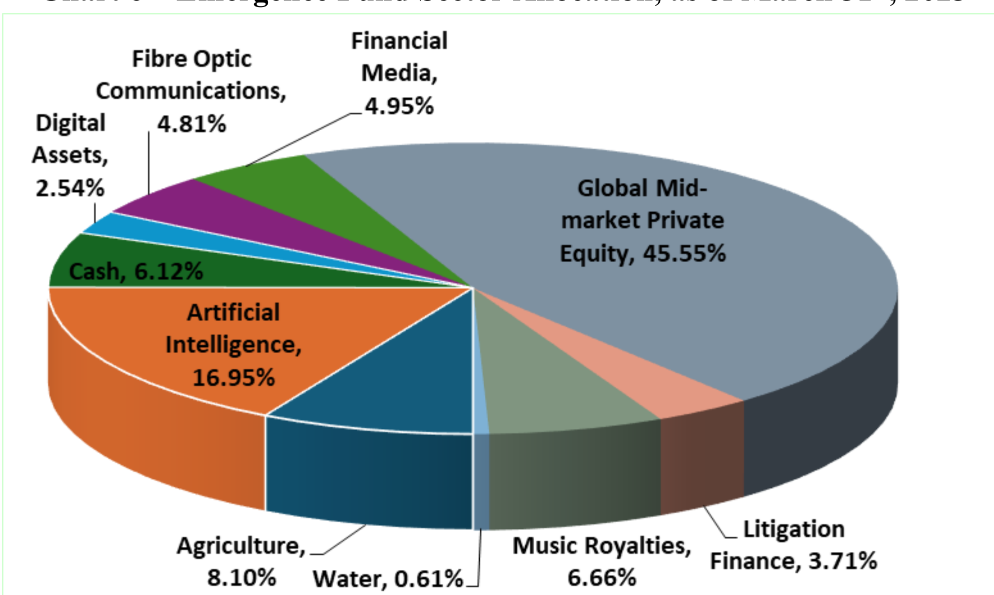
Acquisition of AIR Communities is Blackstone's largest transaction in the multifamily market

Intrepid investors willing to part ways with the Magnificent 7, the Sensational Six, the Fabulous Five or the take-your-pick-this-quarter mega cap tech stocks and rotate those monies into only the highest quality real estate assets should be rewarded over time. Just remember that the term "wash, rinse, repeat" these days seems more fitting when applied to your laundry than your real estate portfolio.

Private Equity: MacNicol Emergence Fund

Private equity is an alternative asset class comprised of capital that is not found on public stock exchanges. Through direct ownership in private companies, equity co-investments in private companies and limited partnerships that hold several private companies, the Emergence Fund invests in a range of technology, data analytics and artificial intelligence and venture capital strategies and lends to growing companies which are quantified by their allocations in Chart 6 below.

Chart 6 – Emergence Fund Sector Allocation, as of March 31st, 2023



During the first quarter of 2024, the Emergence Fund was mostly flat rising only 30 basis points. The fund's softer start to 2024 is by no means expected to continue and early signs of capital activity leads us to surmise that the fundraising chart found at the top of page 11 could be an anachronism this time next year.

Private markets fundraising,[1] 2023

			Asset class			
		Private markets	Private equity	Real estate	Private debt	Infrastructure and natural resources
North America	Total, $ billion	**681**	**424**	**84**	**117**	**55**
	2022–23, $ billion	–191	–83	–49	–20	–38
	YoY change, %	–22	–16	–37	–15	–41
Europe	Total, $ billion	**243**	**159**	**23**	**41**	**20**
	2022–23, $ billion	–8	58	–4	–18	–44
	YoY change, %	–3	57	–14	–31	–69
Asia	Total, $ billion	**79**	**54**	**15**	**9**	**2**
	2022–23, $ billion	–73	–56	–10	–2	–6
	YoY change, %	–48	–51	–41	–16	–74
Rest of world	Total, $ billion	**43**	**12**	**4**	**23**	**5**
	2022–23, $ billion	–30	–37	–2	13	–4
	YoY change, %	–41	–76	–38	132	–44
Global	Total, $ billion	**1,046**	**649**	**125**	**190**	**82**
	2022–23, $ billion	–302	–118	–65	–27	–91
	YoY change, %	–22	–15	–34	–13	–53

Note: Figures may not sum precisely because of rounding.
[1]Excludes secondaries, funds of funds, and co-investment vehicles. Reported figures only include funds that held final closes in CY 2023.
Source: Preqin

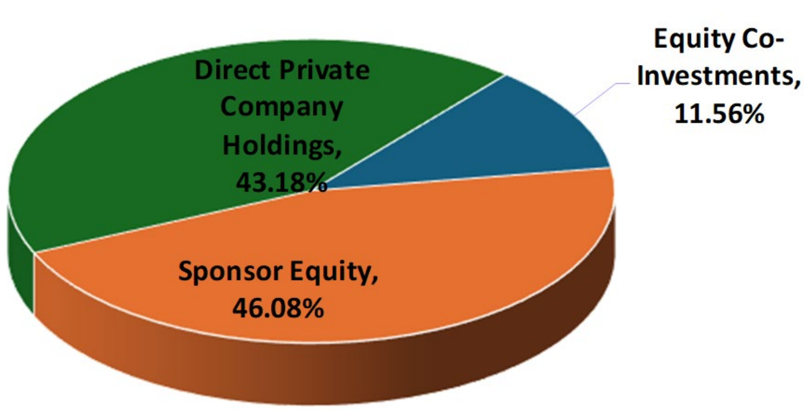
If private equity as a whole felt somewhat "annemic" to you, there's a good reason for that. As indicated above, McKinsey's annual survery of private equity fundrasing activity showed substantial declines during 2023. Fundraising declined by 22% globally to just over $1 trillion, the lowest total since 2017. Fundraising in North America, a positive during 2022, declined in line with global comps, while in Europe, fundraising actually proved to be comparatively resilient, falling just 3 percent. In Asia, fundraising fell dramatically and now sits some three quarters below the zone's 2018 peak. Despite difficult fundraising conditions, headwinds did not affect all strategies or managers equally.

Capital Commitments and Deployment

McKinsey reports that private markets assets under management totaled $13.1 trillion as of the midway point of 2023 and this is the most current data point we were able to find. Industry assets have grown almost 20% per year since 2018 and this fact coupled with the new reality of higher rates has created a problem that's really an opportunity.

“Dry powder” the amount of money that partnerships such as the Emergence Fund pledge to new deals but do not immediately have to pay for [i.e. physically wire funds] increased to $3.7 trillion, and this is the 9th straight year of growth. Dry powder in storage of the the amount of capital available to sponsors expressed as a percentage of annual deployment rose for the second straight year as new commitments continued to outpace deal activity. The stored inventory of investor capital sat at 1.6 years in 2023, noticably higher than the 0.9 years recorded at the end of 2021 but still within the historical range. NAVs grew as also however this was driven more by managers reluctant to exit positions and crystallize returns in a depressed multiple environment. We certainly cannot predict the future but we can say the private equity world has been through challenging periods before. While we aren’t necessarily certain that 2023 was an especially “challenging” period for private equity, we do get the impression that the industry as a whole is poised to resemble a race accelerating out of a turn. Those of you with track experience know that the main thing to focus on whilst in the turn, is not losing control and winding up in the ditch. In a lot of ways, the Emergence Fund feels ready to put the proverbial pedal to the metal. With a general overview of private equity out of the way, let us now return to the more specific attributes of the Emergence Fund itself. As indicated in Chart 7 below, the percentage of direct private company holdings versus sponsor equity deals held by Emergence changed relative to the previous quarter. Specifically the fund rooted more capital to deals lead by sponsors in such areas as music royalities, water and capital opportunities. The Portfolio Managers note that we do not have an aversion to taking on direct private company holdings and simply saw better value for investors in proceeding with existing relationships.

Chart 7 – Emergence Fund Investment Structure Mix, as of March 31st, 2023



Private Equity Portfolio: Activity

During the first quarter of 2024, the fund increased its position in the music royalties' space with ICM Asset Management. The fund also participated in final preparations for Jurissa Financial Holdings regulatory filing in Puerto Rico. If approved, the fund will be in possession of one of the first privately held litigation finance banks in the world. The fund also provided additional capital to fiber optic communications start up TelMAX which recently celebrated its first paying Aurora, Ontario customer following the expansion into the Durham/York regions of southern Ontario. TelMAX additionally announced the appointment of Michael Strople as Chief Executive Officer. Michael was previously CEO of Allstream. Michael is pictured below with TelMAX Chief Operating Officer Stuart Roberts, the Mayor of Aurora and of course the company's first two paying customers in the area.

telMAX connects first Aurora customer to fibre internet service

'Partnering with telMAX on this transformative project has been truly exhilarating,' says mayor

NewmarketToday Staff
Feb 15, 2024 6:36 PM

Pictured, from left, are telMAX CEO Michael Strople, telMAX president and COO Stuart Roberts, telMAX customers Chris and Chantal, and Aurora Mayor Tom Mrakas. | Photo supplied by telMAX

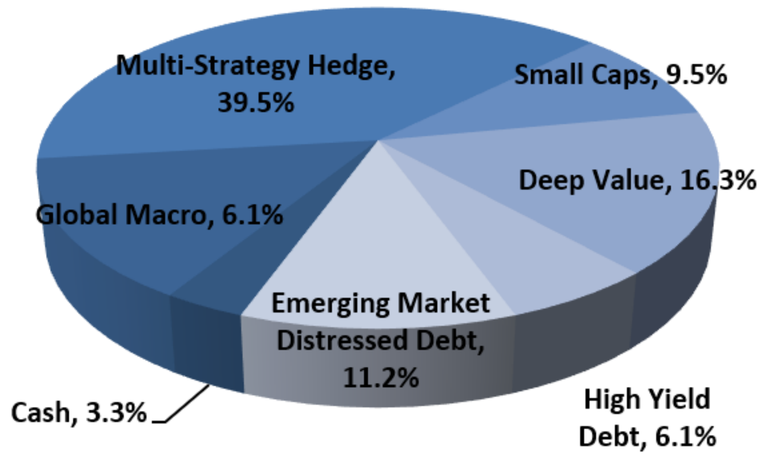
The fund also sold its position in digital asset manager 3iQ to a Japanese group called Monnex. The exit resulted in a 17.8% holding period return from Dec 2017 until late March 2024 and a multiple on invested capital of 2.83 times.

In addition to these updates the fund held several discussions with individual private companies and sponsors to get more clarity on the overall state of the private equity landscape. The Portfolio Manager believes that the industry has likely turned a corner on the fundraising side and now stands poised to more active deploy its latent stockpile of commited capital. We are beginning to see early signs of this, for example on our water investment with XPV water partners, as well as, in sponsors designated for the primary market.

Hedge Funds: MacNicol Absolute Return Fund

The objective of the MacNicol Absolute Return Fund is to generate positive returns under most market and economic conditions, and to have little or no correlation to the US and Canadian stock markets. During the first quarter of 2024 the fund was higher by 5.8%. As detailed in Chart 8 on page 15, the primary difference in the fund's mix of strategies was a slight reduction in the broader "multi-strategy" category. The Portfolio Manager used this weakness to tactically add to funds in this space.

Chart 8 – Absolute Return Fund Strategy Mix, as of March 31st, 2023



Closing Comments

The first quarter of 2024 was refreshing in many ways. Persistently lengthy discussions about persistently higher rates seemed to take a back seat to the more important question of what are we doing now? Some exits and deal flow helped acquiesce many of late last year's concerns that private equity was metaphorically down in the dumps. And our review of the world of private real estate confirmed something that we have always believed, which is that great real estate is still great real estate regardless of the world around it.

MacNicol & Associates Asset Management
April 2024