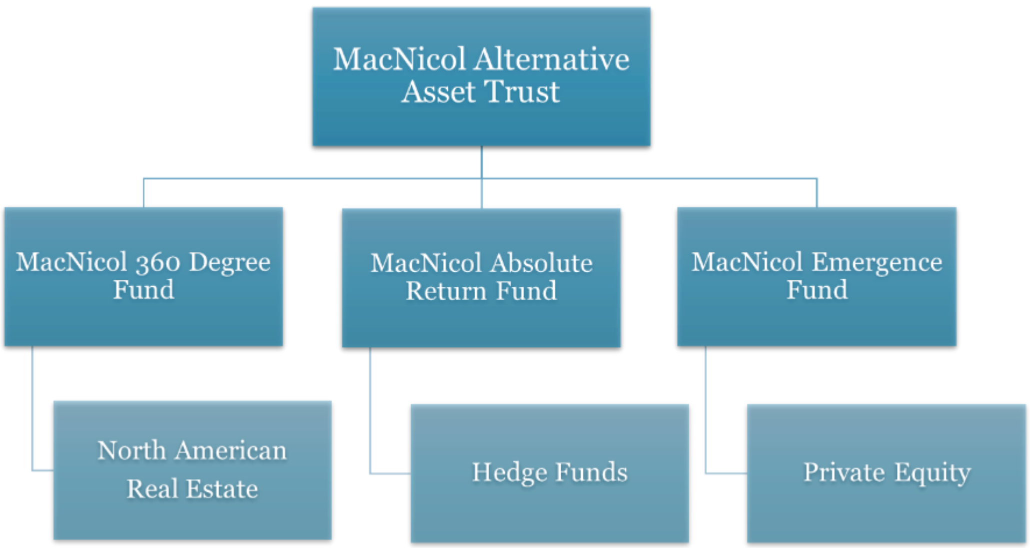
Alternative Asset Trust Fourth Quarter 2022 Report:

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 goal of the Alternative Trust is to generate positive absolute returns under most market and economic conditions with little or no correlation to major, developed world stock markets. During the 4th quarter of 2022 the Trust was largely unchanged, giving back just 20 basis points in an environment defined by elevated geopolitical risk, stubborn inflation, rapidly tightening monetary policy and scandals in the world of digital currencies. Despite the challenges of the fourth quarter and indeed much of 2022 the Trust ended the year higher by 4.4%. The Trust's annualized rate of return since inception stood at 10.2% as 2022 concluded. As always, the performance figures referenced in this commentary are net of fees and expenses.

Fourth Quarter 2022 Highlights:

The fourth quarter of 2022 was defined by many of the same challenging investment themes that dominated the year as a whole, but with the added complication of a new scandal in the world of digital currencies. In early November, following a report by CoinDesk (a new source covering BITCOIN and other digital currencies) that digital currency exchange FTX was nearly insolvent, concerns of contagion rippled through other decentralized currencies. But as the initial shockwave of FTXs implosion dissipated, reports highlighting the wider scope of the scandal quickly began to surface. Celebrities, athletes, even professional asset managers became ensnared by the allegedly villainous actions of FTXs and those of his former girlfriend who oversaw sister company Alameda Research. Though the basic lack of internal controls at FTX made us scratch our heads, it is important for us to confirm that no client accounts, pooled funds, or partnerships managed by MacNicol & Associates Asset Management held *any* exposure to FTX, and we are not contemplating adding to digital currencies or digital currency exchanges at the present time. In the grander scheme of things, the collapse of FTX gave our investors something to be entertained by rather than worried over. Stubborn inflation and central bank policy were more dominant news stories of 2022 and both wreaked havoc on many areas of the world's financial markets. Monetary tightening happened more forcefully than many of us have experienced in quite some time, and more briskly too…

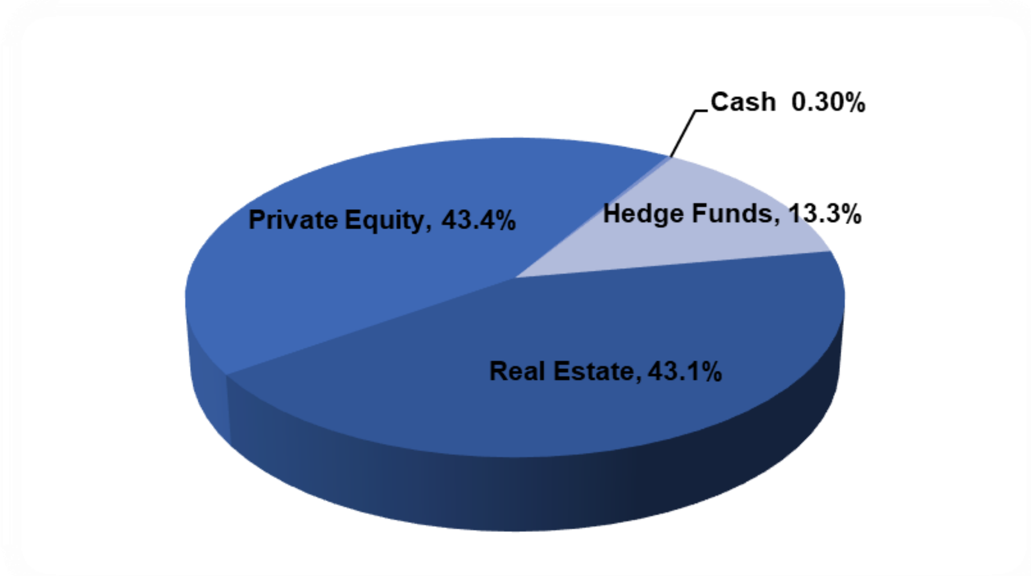
Time Period	Duration (Months)	Total Change in EFFR (Percentage Points)
Mar 1988 - May 1989	14	3.23
Feb 1994 - Feb 1995	12	2.67
Jun 1999 - May 2000	11	1.51
Jun 2004 - Jun 2006	24	3.96
Dec 2015 - Dec 2018	36	2.03
Mar 2022 - Sep 2022	6	2.36

[Paul Volcker was a giant in the world of monetary policy, and in stature. Volcker's persona is best described as taciturn whereas his approach towards fighting inflation might best be described as brute force. Volcker led the US Federal Reserve during the 1970s and even though 2022 cannot match the stature of Volcker-era rate hikes, they remain among the quickest in modern monetary theory (Source: Jenna Ross, Visual Capitalist).]

Though tightening cycles in 1988-1989, 1994-1995 and 2004-2006 saw interest rates move more, no period during the past 35-years can match the speed with which rates were raised in 2022.

The sudden monetary metamorphosis, roiled markets globally with those heavily concentrated in high growth technology companies ground to bits. While all of this happened, the Alternative Asset Trust remained disciplined, focused, and stable.

Chart 2 – Alternative Asset Trust Asset Mix, as of December 30th, 2022



Alternative Asset Trust: 4th Quarter 2022 Overview

As shown in Chart 2 the Trust's asset mix during the 4th quarter was lower in its cash weighting when compared to the 3rd quarter, and more evenly balanced between private equity and private real estate. The Trust's allocations to hedge funds was similar to that seen in the 3rd quarter.

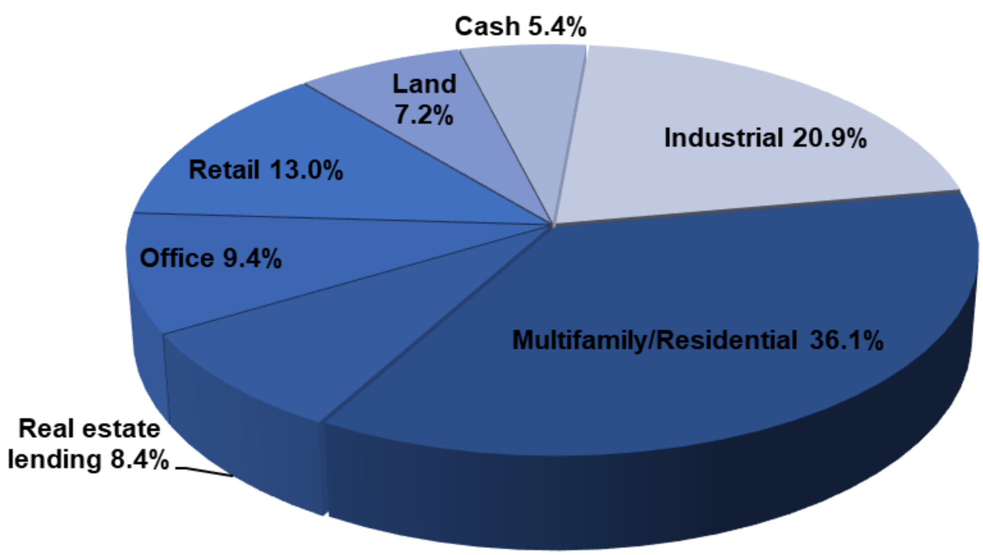
North American Private Real Estate: 360 Degree US Realty Income Fund

The Alternative Asset Trust invests in North American private real estate through the MacNicol 360 Degree US Realty Income Fund 360 focuses on value-added projects mainly in the United States but also in Canada and has the flexibility to provide investment capital to residential and commercial mortgages. In total, the 360 Degree

Fund holds over 150 real estate projects across 6 well defined product types described in Chart 3 on Page 4 and in select locations illustrated in Chart 4 on Page 6.

The fund can also invest in publicly traded REITs however the Portfolio Manager has data to support the view that the illiquidity premium private real estate offers comes mainly in the form of lower volatility, a clearly defined focus on improving the performance of an asset over the full investment horizon and the potential for sales to a REIT at the completion of a project's cycle.

Chart 3 – 360 Degree Fund Product Mix, December 31st, 2022



Compared to the 3rd quarter of 2022, the fund's position in multifamily residential real estate was lower while the fund's cash weight and exposure to industrial assets was higher. This is explained primarily by a $10 million distribution from the sale of the recently completed Boulevard project located in Miami's MiMo district with our partners at 13th Floor investments. The sale of The Boulevard generated a 2.5x multiple on invested capital and a 24% internal rate of return (IRR) making it one of the 360 Degree Fund's more successful investments with 13th Floor and direct evidence that conservatively underwritten real estate, in great locations, continues to offer investors

attractive rates of return in an environment defined by higher rates and higher costs and more rigid lending standards.

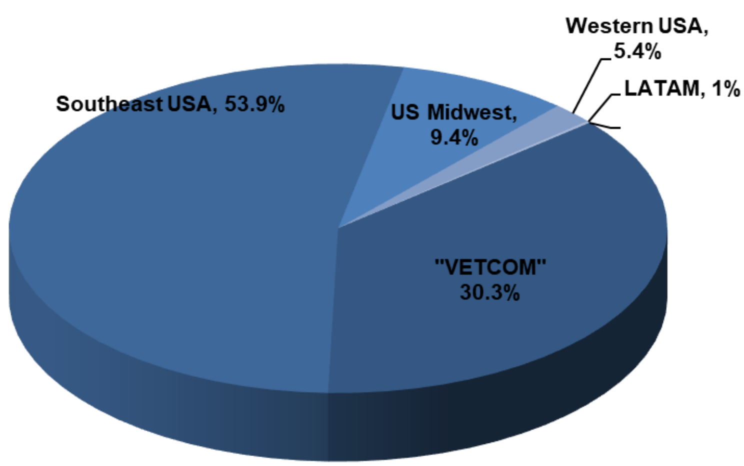
[This is an artistic rendering of The Boulevard in Miami's Mimo district back when the project was just a concept. The Boulevard now actually exists, and you can go see it for yourself the next time you are in Miami, Florida.]

Consistent with our post-pandemic views on office space and retail assets, these categories featured less prominently in the fund than in previous years, and we did not add to either asset class during the quarter. One real estate product type no longer in production is land, and we are highly encouraged by our discussions with our portfolio of land banks in Texas where we are confident that multiples in the 2x range may be achieved over holding periods shorter than our traditional 3-5 year investing horizon. Home builders in Texas wishing to buy fully entitled land parcels from us are willing to pay approximately double the fund's cost basis. Indeed, the move from raw to entitled land is the steepest part of the value creation curve, but one major US home builder is glad they do not have to do it themselves. The appetite for land is directly related to population growth.

Percentage Population Growth of Key U.S. Metropolitan Statistical Areas (MSAs)

As shown on the image of the United States above (Source: Visual Capitalist) the US south and southwest are heavy growth areas for real estate development and the 360 Fund through its partnerships owns numerous real estate assets in these areas. Chart 4 below shows the fund's geographic exposure at the end of the fourth quarter, and the Portfolio Manager feels that it is most likely the allocation to Western USA assets will increase during 2023 mainly through added investments in multifamily residential holdings in higher growth MSAs as well as industrial holdings in infill, gateway cities such as Los Angeles and San Francisco.

Chart 4 – 360 Degree Fund Geographic Exposure, December 31st, 2022



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

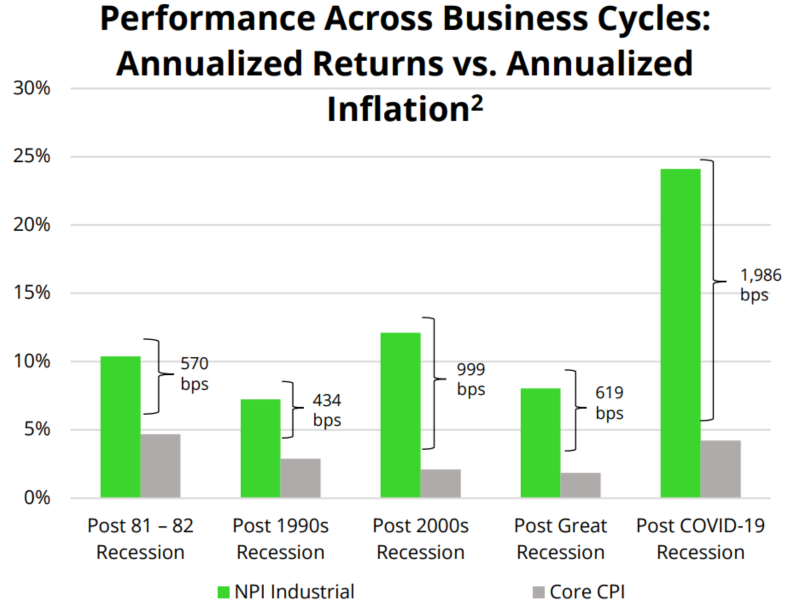
360 Degree US Realty Income Fund 4th quarter performance review

During the fourth quarter of 2022, the fund was higher by 3.4% in local currency terms and slightly less than that for Canadian investors due to the relative weakness of the US dollar during this period. In early November, after carefully considering the relative pace and strength of monetary tightening in Canada as compared to the United States, the Portfolio Manager relinquished a sizable chunk of US dollars with the objective of holding Canadian dollars through out the holiday period. The recent signal by the Bank of Canada of a (potential) pause in future rate hikes here in Canada, the Portfolio Manager is likely to *reverse* this transaction should attractive US based real estate investment opportunities become available to the fund's investors.

360 Degree US Realty Income Fund 3rd Quarter: asset class highlights

Multifamily Residential: Multifamily residential real estate in the strong US markets of the south and southeast continues to be the fund's largest real estate asset class. The large allocation to multifamily residential real estate is supported by property-specific quarterly results from the assets the fund owns where trends in Net Operating Income "NOI" growth has been extremely strong, and from groups like Fannie Mae. Fannie Mae purchases and guarantees mortgage loans made by lenders and issues debt securities and mortgage-backed securities that attract global investors to finance U.S. housing. Last year Fannie Mae provided more than $69 billion in debt financing to support the multifamily market. Our outlook for multifamily in 2023 is a positive one due to sustained demand in for multifamily products driven by secular trends and fundamental factors that outweigh recession worries. Rising interest rates of course mean higher mortgage payments for potential buyers, which discourages purchase decisions. However, the multiple revenue streams arising from multifamily, as opposed to individual owned single-family homes should ease the burden of higher mortgage rates and even offset them.

Industrial: In an environment grappling with the all-important question of whether a recession is looming, industrial real estate's appeal may seem more opaque. But past business cycles are clear: industrial performs well under pressure.

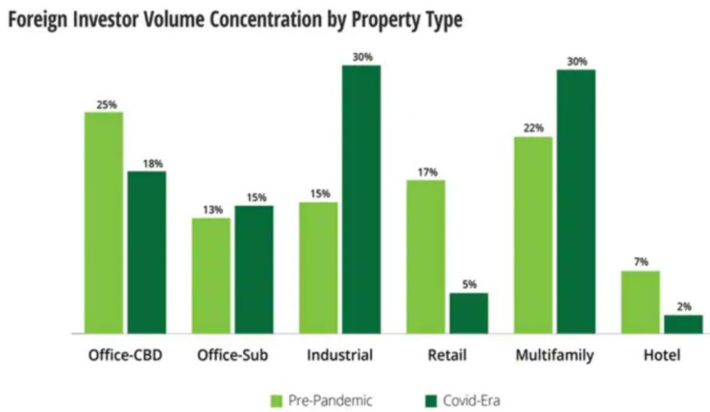


[The NCREIF's Property Index (NPI) shows that industrial real estate performs well during economic slowdowns.]

But assuming that history doesn't repeat itself (or rhyme) we spoke with the experts at Bridge Logistics Properties "BLP" whose managing principal ran Brookfield's logistic group for years. BLP performed a stress test on the existing industrial assets in their portfolio of 25 properties which spans 2 million square feet. The stress test utilized real-time leasing achieved to-date and market updates, while sensitizing various assumptions including cap rates, market rents, rent growth, inflation, and debt capital market activity to reflect current macroeconomic uncertainty and the end result was an 18% internal rate of return or IRR. If a recession happens, we feel confident in industrial's ability to get investors through it, though we see no current evidence of a material weakening in metrics such as recent leasing activity. As of October 2022, BLP executed 10 leases totaling 533,000 SF at 9 properties in target markets like Los Angeles, Dallas and Houston, outperforming underwritten lease-up rents by an average of 19%. We appreciate the recession narrative however we also appreciate that most tenants of the industrial assets we invest in and markets we target are large, well-capitalized global players with multiple levers to contend with economic cycles.

Commercial Real Estate (CRE): Basic financial mathematics tells us that a higher cost of capital drives down asset prices and commercial real estate is not somehow immune to this. However, most asset classes are performing very well as defined by strong occupancies, high rents and the ability of landlords to raise those rents above core CPI.

Therefore, most owners of CRE are unwilling to part with their assets unless they have a liquidity need or event. Because few asset classes offer such an enticing trade off between a reasonable illiquidity premium for the returns on offer and that is especially true of product with ESG certifications.



[Most American CRE categories benefitted from the post-pandemic support of foreign investors.]

Office: Investors in commercial office space have experienced a worrying post-pandemic period that resembles a star athlete or entertainer calling it a career, and grappling with the let down that is “What happens when they stop cheering your name?” Our experience is that an office is necessary to foster employee collaboration and confirm our commitment to our investors and our industry. But challenges in space remain. Roughly 11% of the leased office space in America is set to expire over the next 18 months, according to JLL, and that represents over 240 million square feet, a 40% jump from 2018. Perhaps more menacing is that 900 million square feet of office leases nationwide are set to mature by 2025 and this gives us little reason to do anything more than simply maintain our existing sub-10% weighting to the space. Large commercial office towers that reach high into the sky might look impressive, particularly in a city’s skyline, but they are today’s pie-in-the-sky for real estate investors. Our clients “demand pie on the table” * for their investments with us.

*Tom Dorsey – co-founder Dorsey, Wright & Associates now part of the Nasdaq

Retail. Foot traffic, sales and leasing have improved since the peak of the pandemic, and our experience has been surprisingly good in recent months.

[Sierra Crossroads Square located in Jacksonville, FL is essentially a larger version of what many might term a strip mall. While unassuming from this arial view and from the road, the property's performance has been above expectation which has pleased investors.]

Assets such as Sierra Crossroads Square are easy to understand but at times challenging to manage. The property's cash flow summary is outlined on Page 10, and the results have been very good.

Crossroads Square – 2022 Summary of Investment Performance			
	6 MNTHS (to June 30)	**Annualized**	**2022 Forecast**
Net Operating Income (NOI)	$744,083	$1,475,931	$1,435,011
LESS: Mortgage Interest Expense	192,568	385,847	385,847
Principal Repayment	112,382	226,164	226,164
	$304,950	$612,011	$612,011
Net Cash Flow	$439,133	$863,920	$823,000
Equity Investment	$3,906,000	$3,906,000	$3,906,000
Cash Return on Equity	*N/A*	*22.1%*	*21.1%*

[Any investment that produces over US $800,000 of annual cash flow after provisions for debt repayment is a good one and we are very impressed with Crossroad Square's post-pandmic performance, but tailwinds exist.]

One of Crossroad's largest tenants, Office Depot, has not indicated their intention to renew their lease for 22% of the Crossroad's space. Retail outlets like malls and plazas are adapting and evolving from the basic walk in, point-of-sales that defined most of the 1990s and 2000s to important "hubs" for retailers' omni channel sales platforms. Retail store fronts are important for brand development and for driving sales through to the end consumer. Any tenant commanding 22% of your square footage is an important one, but we do not believe either Sierra or the plaza are at the crossroads of having to separate: discussions with new prospective tenants have been encouraging, and we will update unitholders when a material definitive agreement has been reached.

360 Degree US Realty Income Fund 4^{th} quarter: transaction summary

The 4^{th} quarter of 2022 was less active in terms of contracting new investments. However, the Portfolio Manager, believes an elevated pace of capital calls from existing deals is likely to begin soon. Therefore, the strategy of accumulating cash both from the "top fund" alternative Trust and from exits such as The Boulevard in Miami is prudent in this context and offers the funds unitholders added piece of mind in knowing that liquidity is higher than in other strategies. Importantly, the fund also benefits from partnership with groups like the Carroll Organization, IP Capital and Venterra Realty, which bring to MacNicol investors even more conservatively underwritten real estate in markets with above average demographic growth trends.

Real Estate: Closing Remarks

In recent discussions with many of you, we have been asked to look into our "crystal ball" and opine what 2023 *might* look like for US institutional grade real estate. Overall, we would surmise that the future is positive for real estate, but we think that certain pockets of the market will move fortunes forward more than others. We see land banking in various parts of Texas as an effective hedge against recession, ditto for industrial and logistics assets developed in infill location of global gateway markets. And we feel that multifamily residential will continue to be an effective hedge against higher rates and higher inflation. Certainly, there continue to be question marks around leasing velocity in large commercial office space[1].

However, we feel that part of the answer involves investors striking a better balance between the towering behemoths shoehorned into most central business districts like

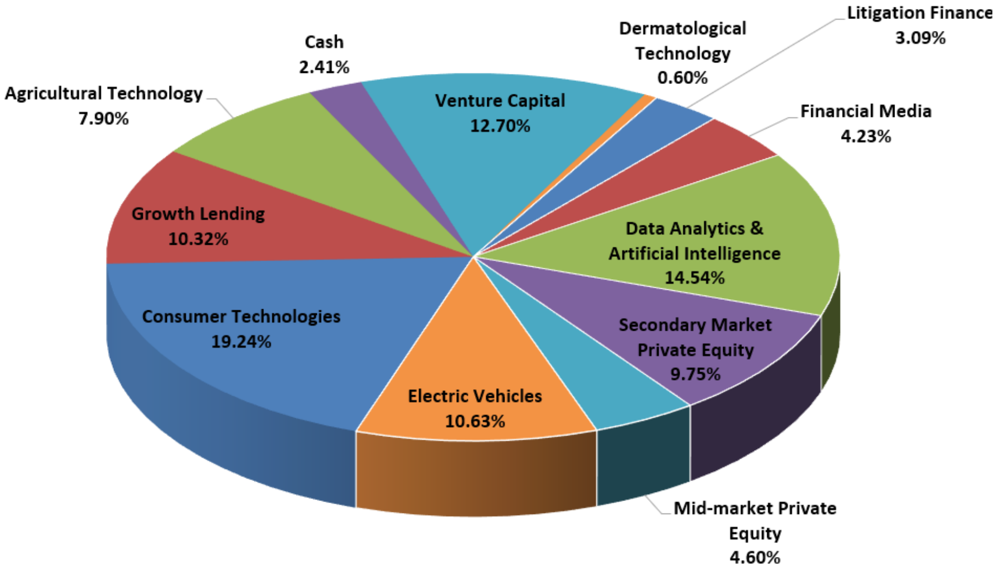
Manhattan, Toronto and Los Angeles and the more sprawling, airier suburban office campuses in less congested cities. We aren't saying one is superior to the other, but we are saying that time is ticking for us to have to take a more forceful view on this issue. People will continue to shop online, and at an accelerated pace. Retail assets prioritizing the overall consumer experience should provide a refreshing respite to the frankly overdone and largely emotionless point-click-and-shop world which the pandemic emphasized a bit too much. Tenants committing to such assets are committing to their brands and their customers, and they will help establish the local community presence that will augment their online channel rather than cannibalize it.

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.

[1] Leasing velocity is the measure of time a unit is **unoccupied** between tenants.

Chart 6 – Emergence Fund Sector Allocation, December 30th, 2022

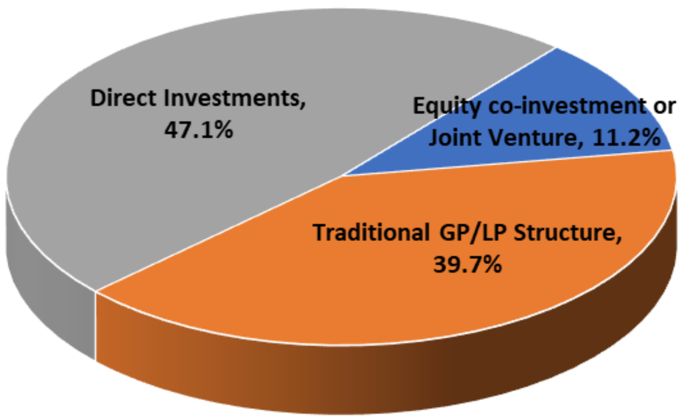


During the fourth quarter of 2022, the Emergence Fund was lower by 220 basis points. Though late-stage venture capital and secondary market activity was positive for the fund, weakness in consumer technologies and digital currencies did more to detract from success in those areas. To eliminate any ambiguity, Emergence had no exposure to crypto-bombshell FTX during the fourth quarter (nor at any point in time). But the revelations over funds being transferred arbitrarily and with virtually no internal controls at FTX did little to acquiesce concerns over the legitimacy of digital currencies as a replacement for or supplement to traditional fiat currencies.

[Police Officers, a cryptocurrency Executive in handcuffs…not exactly the sort of imagery that screams “Strong Buy”.]

As described in Chart 7, Emergence increased its position in equity co-investments, which we elaborate on in the fund's activity section. Direct holdings in private companies and in limited partnerships housing private companies were consistent with the fund's allocation at the end of the 3rd quarter of 2022.

Chart 7 – Emergence Fund Investment Vehicle Mix, December 31st, 2022



Private Equity Portfolio: Activity

During the fourth quarter, the Emergence Fund increased its stake in Charlotte, NC based Practis. Practis helps healthcare businesses attract patients and grow their organizations using the web, and the company's role is as a marketing extension for healthcare businesses large and small, enabling Physicians to connect with patients in their market more effectively. Some of Practis' clients include Boston Scientific, Medtronic and Intuitive Surgical. Emergence's follow-on investment in Practis relates to the acquisition component of the company's dual prong approach of organic growth and external deals. The MacNicol Investment Team believes that making technology investments in companies that offer their technology as a service to professionals from the world of medicine, dentistry and holistic care providers in Chiropractic, Physiotherapy and Massage because of the comparatively inelastic demand versus other more discretionary areas of tech.

We also dislike the ornery "live by your earnings, die by your earnings" world of publicly traded technology companies whose fortune and share prices can collapse when the world around them changes (i.e. Pelton during the easing of pandemic era lockdowns at traditional fitness clubs) or when earnings visibility becomes opaque (i.e. Intel's latest quarterly report, which highlighted the company's difficult plight in the dog-eat-dog world of data center server chips. A final feature of healthcare investments that we like is that private investment capital makes providers less reliant on selling exclusively to large hospital systems and health insurers. Many Doctors and specialists, Orthopedic Surgeons especially prefer operating independently however the appeal of private equity investment is obtaining a larger chunk of the surging market in outpatient surgery and shoring up larger retirement payouts as their careers wind down.

Specialty	Compensation Growth	2021 Average Compensation
Preventative Medicine	12.6%	$264,539
Hematology	12.2%	$357,292
Nuclear Medicine	10.4%	$398,544
Pediatric Nephrology	9.5%	$247,861
Occupational Medicine	8.4%	$310,934
Oral & Maxillofacial Surgery	7.1%	$545,472
Otolaryngology (ENT)	5.6%	$497,157
Pediatric Gastroenterology	5.4%	$295,751
Allergy & Immunology	5.3%	$329,880
Radiation Oncology	5.0%	$544,314

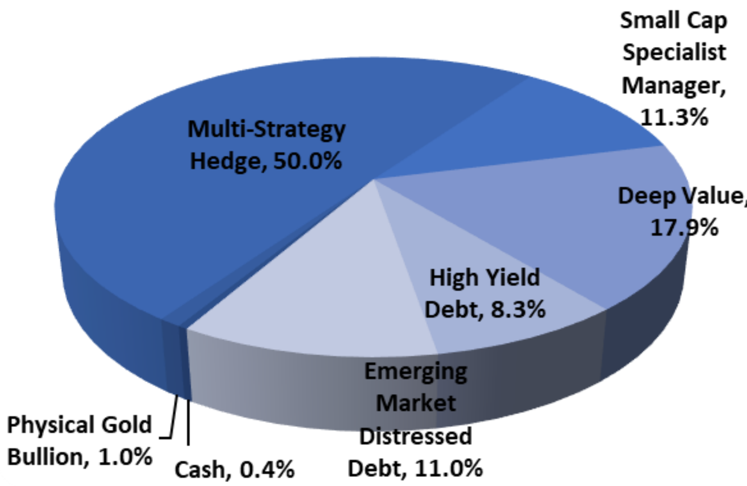
[Consultancy and Physician membership platform Doximity tracks compensation for Doctors in the United States. The Emergence Fund will review the company's 2022 report when it becomes available.]

In addition to Practis, the Portfolio Manager concluded due diligence on two new ventures in the music royalty and water sustainability area. While we look forward to updating you on any definitive progress concerning those two investments, no conclusive action was taken as the fourth quarter came to an end.

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 fourth quarter of 2022 the fund was higher by approximately 0.6%.

Chart 8 – Absolute Return Fund Strategy Mix, as of December 31st, 2022



Absolute Return Fund: Activity

As indicated in Chart 8, the fund held a lower cash weight at the end of the quarter and initiated a short-term position in physical bullion. Though the temptation to sit on cash was present, particularly given slightly higher deposit rates on cash balances, physical bullion, sourced from the Royal Canadian Mint proved to be the better choice as US dollar sluggishness and negative real yields, led the Portfolio Manager to conclude that it was the better option in the current environment. Since many MacNicol client portfolios hold positions in gold bullion or equities, it is not anticipated that this small allocation to gold within the fund, will increase materially either during the 1st quarter of 2023 or the remainder of the year. With respect to the fund's largest category: multi-strategy hedge funds, results were spread across a broad and diverse range of outcomes.

The long/short equity strategy was the largest detractor from the fund's performance in absolute terms and third largest in capital weighted terms. The long/short equity strategy generated negative alpha on a backdrop of sharply appreciating equity markets and a general risk on environment, giving back a portion of the strong positive alpha generated thus far YTD. The long/short equity strategy continues to have a relatively low net exposure to equity markets. Fixed income arbitrage was the main positive contributor while event-driven strategies detracted from performance. The global macro strategy was the third largest detractor from the fund's performance in absolute terms and second in capital weighted terms. There were no specific drivers to the strategy’s performance.

Closing Comments

The fourth quarter of 2022 was a stable one for the Trust and while we are generally pleased with the performance of the underlying holdings given economic and financial market conditions, we continue to search for new alternative investing opportunities that will help you and your family reach their investment goals with poise and confidence. Knowing that the Trust was higher during a year when very few if any of the major investment markets globally rewarded investors should help reassure you that alternatives continue to form an essential and we would say critical part of a cohesive, overall investment strategy. As always, we appreciate your trust in our Trust, and we look forward to updating you again in roughly 90 days’ time.

For more about the MacNicol Alternative Asset Trust or the services we offer to private investors please feel free to contact us toll free: (866) 367-3040 or (416) 367-3040 or drop us an e-mail at info@macnicolasset.com.

MacNicol & Associates Asset Management Inc.
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