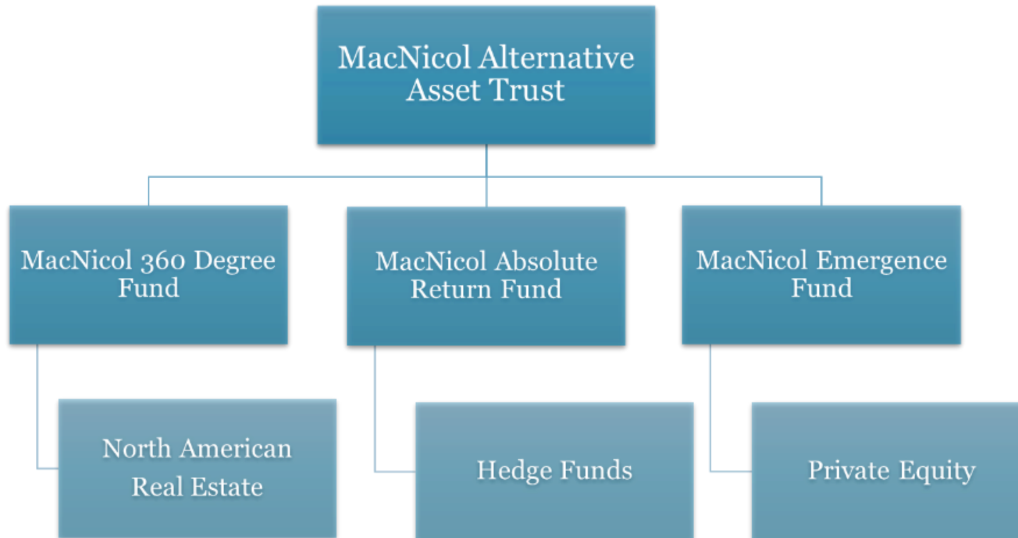
Alternative Asset Trust Fourth Quarter 2023 Report:

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

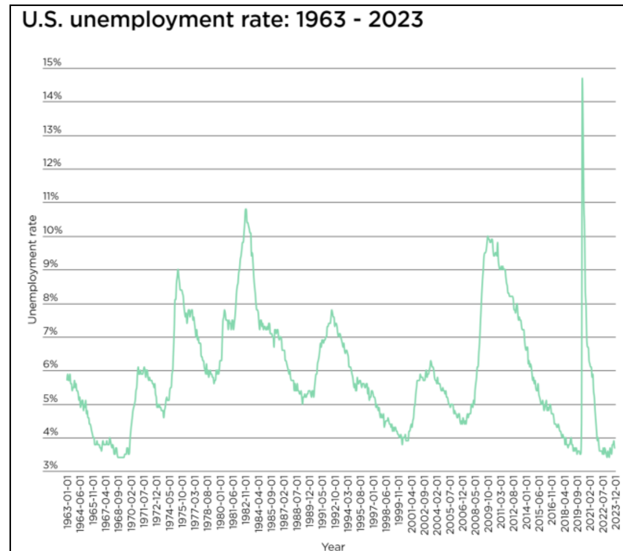


Alternative Trust Update: The goals of the Alternative Trust are to generate attractive risk-adjusted returns using private investment opportunities so investors can reduce their dependence on public market investments. During the 4th quarter of 2023, the Trust was lower by 6.6% as persistently higher interest rates, lower exit counts and valuations and the mounting costs of tail risk protection mean that the Trust did the best it could under the conditions it found itself in.

Fourth Quarter 2023 Highlights:

During the fourth quarter of 2023, the MacNicol Investment Team continued to observe a widening gap between the inflation expectations of market participants and both voting and non-voting central bank officials.

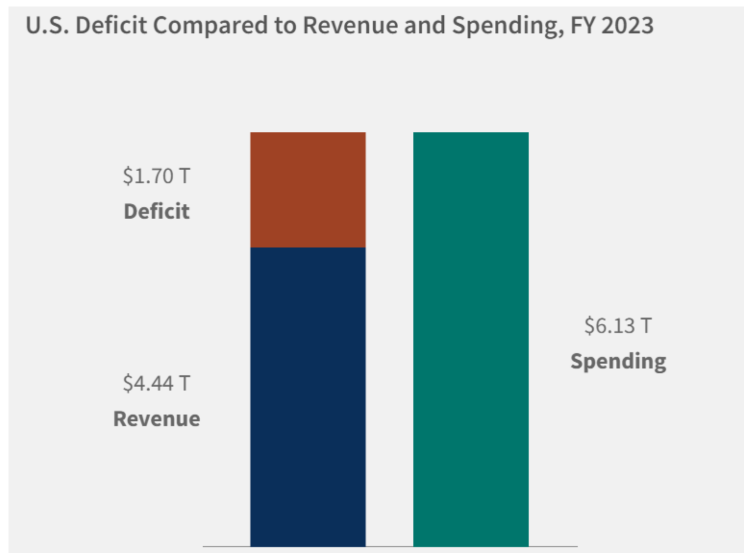
Catalyzing our concerns that financial markets may have "jumped to conclusions" when it comes to interest rates and a labor market that stands 200 basis points *below* its long-term (ex-COVID) average and fiscal profligacy that underpins a situation where government spending is leading to unsustainable levels of debt and deficit.



Of course, "softer" labor market readings earlier in the quarter solidified the view that The Feds work was done when it came to combating inflation – and that additional rate hikes were unnecessary. Recall that our view has always been that a) employers do not lay workers off in anticipation of a recession, they lay workers off *as a result* of a recession and b) inflation really only becomes "infinite" when you lose your job.

No sooner did investors derive the formula: "Hold = Cut + Wink-Wink, Nudge-Nudge" than incoming data from the US Labor Department showed that the unemployment rate *dropped* in November to 3.7% from 3.9% in the previous month. That's just 40 basis points off the 5-decade low seen in April of this year, and hardly the sort of data that speaks directly to the need to begin cutting interest rates immediately. To be fair, the November jobs print included the return of approximately 40,000 previously striking auto workers and one can also argue that highering has shifted into a lower gear with new jobs running at around 200,000 per month over November, October, and September versus a pace of approximately 300,000 per month during the same period in the prior year. Two added points on labor: wages are growing more slowly these days, but they are still outperforming inflation and hiring trends can best be described as uneven.

The healthcare industry, for example, added nearly 100,000 jobs by itself in November and that was more than the number of government job hires (49,000) and hotel and restaurant positions filled (40,000) combined. In contrast, retailers, shipping and warehousing businesses, as well as temp agencies all cut staff. The labor market can certainly be argued both ways, but the fact of the matter is this: the unemployment rate is still at generational lows and layoffs aren't exactly a common everyday occurrence just yet. For that reason, and others, the MacNicol Investment Team is advocating for caution around **any** investment strategy predicated on or requiring the existence of uber low interest rates. Speaking about uber low interest rates, check out the "sharing" going on at the US Government…



In 2023, the U.S. government spent $6.13 trillion while collecting total revenues of just $4.44 trillion. The gigantic $1.70 trillion hole in America's budget was made that much bigger when one considers that last year's deficit was $320 billion larger than the previous year's deficit. The United States of America now spends nearly $880 billion a year **on interest payments alone**. That's approximately $50 million in the time it takes to read this commentary. With earnings season literally around the corner, and with the S&P 500 index finally eclipsing its own all-time high, from a little over 2-years ago, let's hope the pushing-on-a-string dynamic between The White House and the Fed does not result in a sobering post "pivot party" hangover on the part of stocks.

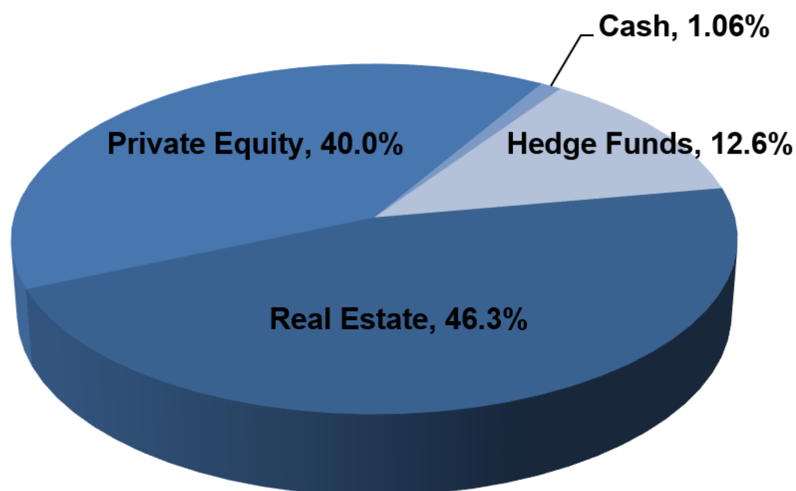
Alternatives did not help investors take over the world in 2023 but we feel they continue to play an important role in portfolio allocations with more rational approaches to valuation, and respite to all investors wondering whether shares of Nvidia will ever come back down.

The MacNicol Investment Team

Alternative Asset Trust: 4th Quarter 2023 Overview

As described in Chart 2 below the most notable difference in the Trust's asset mix at the end of the fourth quarter of 2023 was the return of private real estate to the top of the asset mix ranking. The Portfolio Manager was active in all the Trust's alternative asset categories during the quarter with private real estate commanding the highest percentage of Q4 capital commitments.

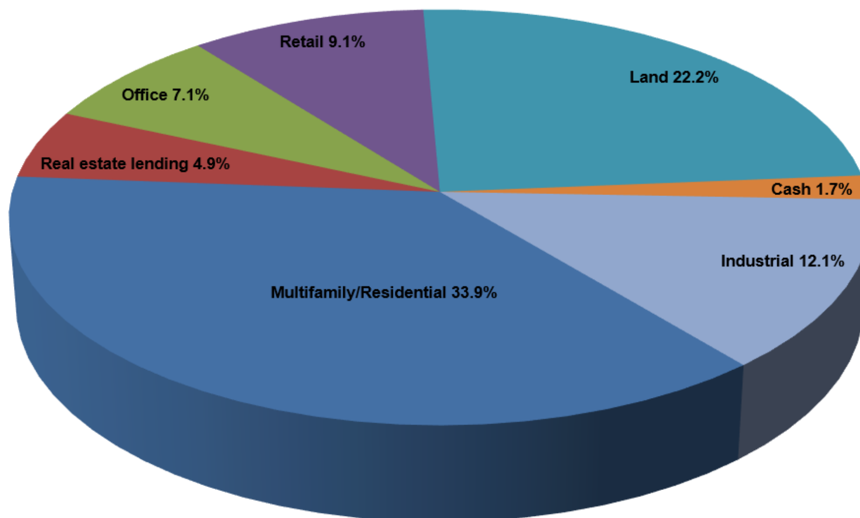
Chart 2 – Alternative Asset Trust Asset Mix, as of December 31st, 2023



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 and in select regions as illustrated in Chart 4. The fund also invests in real estate technologies intended to enhance the performance of individual assets by better connecting landlords, property managers and tenants.

Chart 3 – 360 Degree Fund Product Mix, as of December 31st, 2023

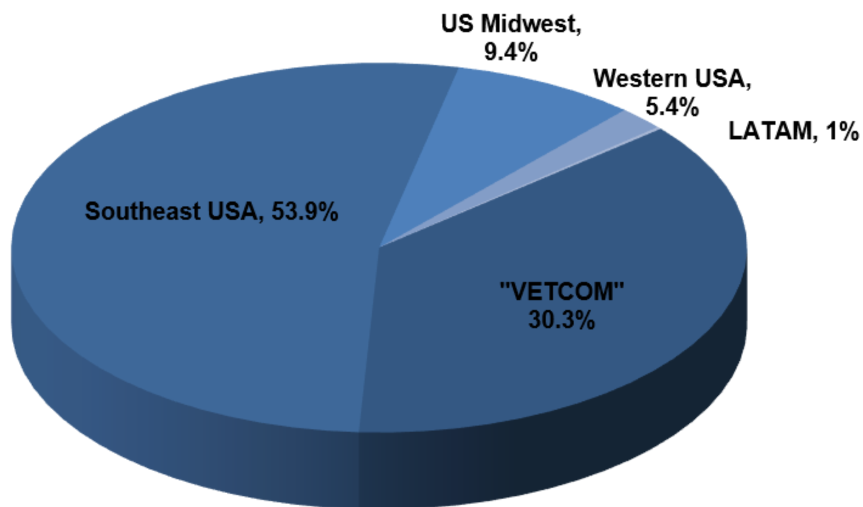


Without a shadow of a doubt, the biggest change in the fund's product mix compared to the previous quarter is a noticeable increase in land. Though no shadows fall on our now extensive network of acreage in Texas, the shadows of homes, businesses and places of athletics will soon be there. Unlike our earlier attempts to turn land into money, more recent vintage transactions had the one "magic" ingredient that transitions landing banking (widely regarded as one of the riskier ways to play commercial real estate) into one of the safer ones: pre-contracted purchase and sales agreements from developers like Land Tejas and home builders like D. R. Horton (DHI:NYSE) and Lennar (LEN:NYSE).
Also of note is that we have not added a lick of capital to any pure office developments since 2014 and though we are beginning to see market-based indicators of a bottoming process unfold in office space we are certainly not going to be brazen if it means risking your capital and embarrassing ourselves at a later date.

WeWork thought the world was ready for a totally different kind of commercial office experience. Wework thought wrong, but *we* certainly won't.

From a geographic exposure perspective only basis points separated the fund's primary geographies in the fourth quarter from the third quarter. The fund continues to be an ideal way for investors to gain access to an asset class that foreign direct investors the world over are allocating capital to in greater percentages than in previous years.

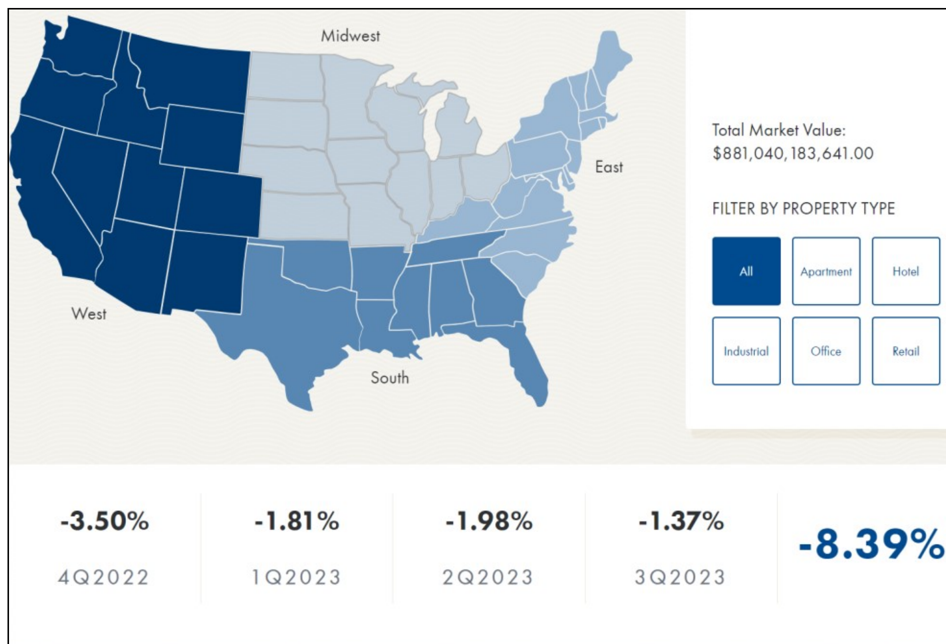
Chart 4 – 360 Degree Fund Geographic Exposure, as of December 31st, 2023



"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 2023, the fund was lower by 1.7% in reporting currency (the US dollar) terms and down by more than 4% for Canadian investors. Overall, the fund's Q4'23 and 2023 calendar year performance can best be described as quite good. Double digit returns to Canadians and our friends in the United States were more than enough for the fund to make quick work of reputable real estate indices such as the NCREIF property index. The National Council of Real Estate Investment Fiduciaries property index is designed to give real estate investors and managers a historical measurement of property-level returns to increase the understanding of, and lending credibility to, real estate as an institutional investment asset class. The NCREIF index goes back to fourth quarter 1977 and is comprised exclusively of operating properties acquired, at least in part, on behalf of tax-exempt institutions and held in a fiduciary environment.



Results for the NCREIF property index in 2023 were poor even if we strip out the Q4'22 return of negative 3.50% and replace it with an infered rate of negative 1.6% using Moody's Analytics preliminary trend announcement per analysts Thomas Lasalvia, Lu Chen and Nick Luettke (January 8, 2024). Real estate lures in the masses but rewards the few who appropriately balance return potential with the risks taken.

360 Degree US Realty Income Fund 4th Quarter: asset class highlights

Multifamily Residential: Multifamily residential real estate in strong, smart, and vibrant markets has been (by far) our favorite alternative asset class of them all. But with more and more investors starting to do what we have been doing (for years) and the cheap money "boom" days of 2021 and 2022 now seeming a long, long way away, is multifamily residential still the "King" of all alternative assets? That depends on how you define "King" and that certainly depends on where that "King" resides. Whereas 7 years ago, we'd gladly accept a meeting request from *any* multifamily sponsor, there are (now) a list of "nonstarter" cities that underpin our suspicion that a "tsunami" of supply has squeezed off the one area of multifamily residential real estate we loved more than any other: double digit rent growth. Case in point is Austin, (Round Rock) Texas, a city which we have owned properties in the past. They say things are bigger in Texas and that includes building permits. Between 2021 and 2022, the city of Austin issued more residential building permits than any other investable metropolitan statistical area (MSA) on our own internal "Top 10" list of must have MSAs. Without exception, each time an investor asked us whether higher interest rates kept us up at night, we'd answer the same way: "No, but overbuilding does". Few things are more frightening to real estate investors than learning that a newer, shiner and these days (more technologically sophisticated) asset is being constructed right across the street from your building.

Multifamily residential real estate is still a much better long-term investment on a risk-adjusted basis than other alternative assets, but there's a palpable sense that the "easy lay-up" days are behind us.

We expect to see the overall multifamily sector to experience a significant supply surge, not just in places like Austin. But by the end of the year, we *also* anticipate a rebalancing of supply-demand dynamics that should function as a mechanism towards undersupply. The emergence of a new renter generation: we anticipate seeing increased demand from a new generation of renters, particularly younger individuals. However, affordability remains a major issue, with a high percentage of rental households being cost-burdened. Despite these pressures, the sector is expected to show resilience, with potential for modest rent growth and improved rent collections. On the other hand, the outlook for single family rentals is expected to lead in 2024, driven by a strong macroeconomic environment, demographic trends favoring rental demand, mostly in the sunbelt region, and barriers in the single-family ownership market, such as chronic undersupply and elevated homeownership costs.

Pressures bolstering demand: we see demand for Single-Family Rental (SFR) increasing, fueled by demographic growth and economic factors, including the expansion of the prime age cohort for SFR. High home prices and interest rates have made homeownership less accessible, which we see as a key contributor to a growing tenant pool.

Industrial: the logistics area has seen robust demand tailwinds over the past decade, and we anticipate these will accelerate with sustained e-commerce growth, global trade alignment, onshoring, and growth in business inventories. The fund has seen more LPs dedicated to pure industrial (a.k.a logistics) use, and an increased draw on committed capital to existing industrial funds. Not surprisingly, it is the combination of e-commerce growth, global trade alignment, onshoring, and growth in business inventories that has produced the low (and in some markets) no vacancy rates and real rent growth well above the long-term average and more than inflation. Supply and demand imbalances in industrial are anticipated to continue in select high-volume markets, creating compelling opportunities, even with moderating consumption. Given the sea change in interest rates, with valuations down and increased pressures to create liquidity for some asset owners, increased opportunities for acquisitions at compelling discounts to replacement costs seem likely to us. And rest assured, we will be on the lookout for them.

Commercial Real Estate (CRE): Creating value in CRE these days involves almost apprehending unique investment opportunities and strategies that can yield higher returns than the broader market.

We find these opportunities in either dislocated markets, unsaturated markets that people simply haven't thought of, or through strategic partnerships that offer our investors with off market opportunities that unlock value in unique ways such as assuming a HUD[1] loan or using your balance sheet as a financing conduit for land banking positions that eventually make their way to groups like Land Tejas, DR Horton (DHI:NYSE) or Lennar (LEN:NYSE).

Indeed, properties below $100 million or what we call middle-market have historically been overshadowed by their gargantuan institutional competitors yet historically very lucrative to 360 unitholders. To be sure, the promotional or "sales pitch" alpha that a half billion development imbues is something. But larger institutions grappling with enormous capital deployment needs often bypass these "smaller" opportunities, not because of inferiority, but because the cheque size doesn't align with their broader investment strategies. The administrative complexity of managing multiple mid-grade assets often deters large entities while posing practical problems for individual investors such as you. But it is more that institutional reluctance creates a fragmented and less competitive "CRE sandbox" that affords us more opportunities to generate returns.

Office: Not all large office towers are empty, but office continues to grapple with what we feel is a working from home "hang-over" and a slowdown in tech. Urban centers like Toronto, New York and LA are most impacted by the retreat of technology as tenants in this sector are passing on opportunities to lease up more space and, in some cases, even giving it back. On the other hand, cities like Calgary are benefitting from higher leasing velocity due to the return to profitability of many businesses in the energy industry. A marked reduction in office construction, demand through core consolidation and the wider economic impact of population growth will eventually translate into higher overall office utilization rates and occupancy and therefore leasing growth.

Retail. The North American consumer is, generally, in a good position. A labor market that continues to appear strong, albeit more bifurcated than a decade ago, supports continued demand for goods and services. However, looking at excess stockpiles of cash across the income distribution, reveals some telltale signs that make us reluctant to add to our retail footprint at the present time.

[1] A FHA insured loan is a US Federal Housing Administration mortgage insurance backed mortgage loan that is provided by a FHA-approved lender. FHA mortgage insurance protects lenders against losses. These protections often come with extremely difficult qualification provisions needed for assignment to new asset owners and are best attempted by experts in the field only.

For example, the San Francisco Federal Reserve Bank estimates that the highest income group holds between one and two thirds of the total stock of excess savings, the lowest group holds just one quarter of one tenth. We can easily see the effect of this drawdown in delinquency rates. The delinquency rate for credit card loans has recently reached a 10-year high, likely due to the lower income group eating up most of their excess savings, and we would hasten to guess this trend gets worse before it gets better.

[Credit card deliquencies are at a 10-year high as shown above by the Federal Reserve Bank of St. Louis.]

Another cause for an ongoing pause in retail concerns - the resumption of student loans, which occurred earlier in the fourth quarter. Surpluses, led mainly by older citizens and families betray the plight of younger consumers who may not yet have had the opportunity to advance in their careers or start a full-time role to begin with. The resumption of student loans has the potential to further frustrate life for younger households and place downward pressure on discretionary spending. However, due to Biden's Save plan providing many benefits to those with student loans, the effect may not be as pronounced. The MacNicol Investment Team cautions that the impact on retail spending remains somewhat uncertain at this point. There is little precedent for receiving such a lengthy "reprieve" from loan repayment. What's more, as the Biden administration ramps up repayment of the more than $1.7 trillion in federal student loan debt, the prospects of retail investment, to us, seem opaque at best.

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

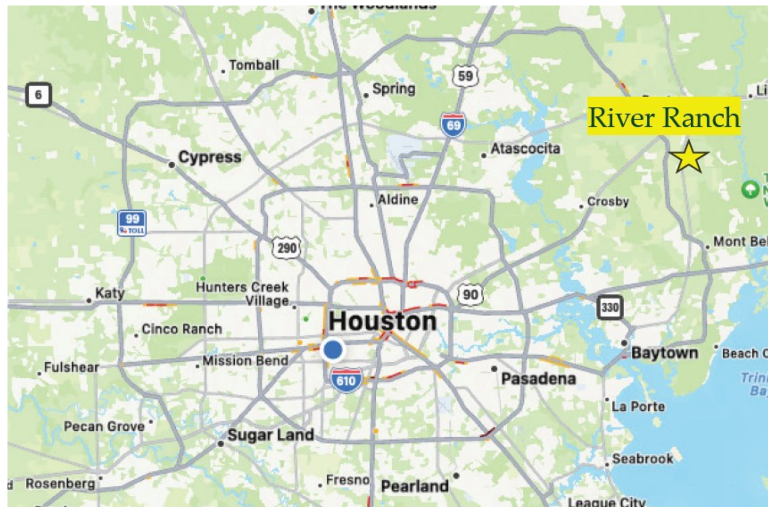
During the fourth quarter of 2023, transactional activity in the fund was moderate and consisted of and spread across US and Canadian investment opportunities. First, in Canada, the fund committed more capital to our partnership with Bayvest Capital. We are working with Bayvest to develop industrial (storage) assets in Toronto and Montreal. The team at Bayvest is primarily focused on developing these kinds of projects in dense Canadian urban markets due to its proven ability to attract better quality tenants. The site selection and development process has resulted in transactions with major REITs and large self-storage operators in Canada and the US that are attracted to institutional grade, turn-key product in coveted locations. Two recent transactions with Bayvest are described below and are in Toronto. If you drive by either one of these assets, please be advised that you are an investor in both.

[On the left hand side you can see the new 150,000 square foot XYZ Storage asset is located on Dundas Street that the partnership purchased and developed in conjunction with XYZ Storage. On the right hand side you can see the 172,000 square foot Storage Now asset located in Leaside that the partnership purchased and developed in conjunction with the land vendor.]

Additional development assets with Bayvest currently underway can be found at 37 Shorncliffe Road, Etobicoke where we are working with the group to bring to market a

next generation 5-storey self-storage facility totaling 128,000 sq. ft. to the residents and businesses of South Etobicoke, as well as, 1588 St. John's Sideroad, Aurora where we are working with the group to bring a next generation 5-storey self-storage facility totaling 120,000 sq. ft. to the residents and businesses of Aurora. The Aurora asset located at Leslie St and St. John's Sideboard and just west of Highway 404 is a brand-new facility expected to open this summer.

Next up is the fund's latest land investment. River Ranch is a development brought to us by Connor Investment Real Estate. We have committed capital to River Ranch, to be a preferred equity partner in this growing master planned community.



River Ranch is a single-family residential development consisting of 2,486 acres located east of Houston on Highway 146 about 6 miles east of recently opened Grand Parkway East (the third loop around Houston) and about 5 miles south of Highway 90 in Liberty County. The first two phases of the development have already been developed with over 150 homes sold or under construction with a 4-acre Crystal Lagoon amenity under development. River Ranch will resemble existing Land Tejas developments such as Balmoral, Houston[2] a link to which can be found here: https://balmoralhouston.com/ and an aerial picture which is shown below.

[2] The 360 fund was part of an investment partnership with Connor that helped develop Balmoral, Houston.

The Fund's investment in River Ranch will be part of the preferred equity on phases 3 through 7 which consist of 1,245 acres purchased in early September. Phase 3 development has already commenced and consists of 922 lots, all pre-contracted to 11 different home builders. Phases 4 and 5 consist of 1,315 lots which are going under contract now to home builders prior to the start of the subsequent phases. Phases 6 and 7 consist of 1,392 planned and fully entitled lots and will be sold as PODs directly to home builders for the builders to develop. River Ranch will provide the fund with the return of all capital plus a return of 25% IRR as the preferred equity partner. The fund's investment in River Ranch is a material one however we are confident for six (6) key reasons:

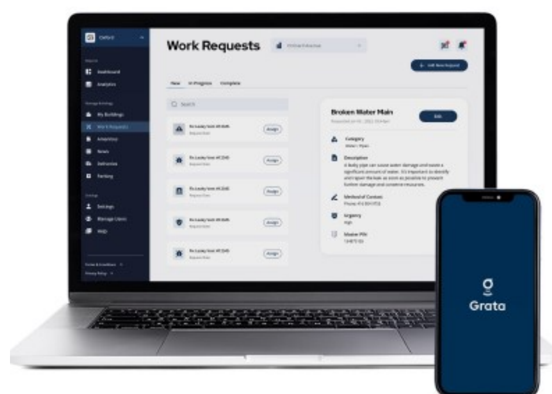
1. River Ranch's excellent location near the newly opened Grand Parkway
2. Phase I and II completed and selling action (well) underway
3. All 900+ lots of the pending phase **are under contract** to *multiple* homebuilders
4. Home pricing is competitive for the area and the caliber of the finished product
5. Experienced developer managing development and construction on site
6. Connor's Managing Partners have invested 6-figure sums directly in the project

The Portfolio Manger is confident that the Fund has made a "quantum leap" in allocating investor capital to land developments in the United States in recent years, and in so doing, has now pivoted away even further from earlier forays into the occasional dastardly world of trying to squeeze money out of dirt.

Real Estate Technology

During the fourth quarter the Fund also made an investment in Grata a smart living operating system for multifamily residential real estate and student housing. Prior to coming to market, Grata has spent 3 years on research and development, real-life testing,

conducting consultative work with professionals in the sector with the goal of making the resident, property managers & owners experience better through technology.



Grata is not only the Fund's newest direct private company holding, but with commercial operations officially kicking off last May (2023), Grata is the youngest company we own here at MacNicol. Grata's differentiated platform, which interfaces for all users within a building (resident, property manager & asset owner) not only complies with all data privacy and cybersecurity legislation but has produced dramatic early-stage results. The Portfolio Manager has independently verified that Grata is indeed making substantial forward progress with groups like Telus, Rogers, Minto REIT, Lefrak, District Realty, Colonnade Bridgeport, Campus Life & Style and Omicron. During just the first 6 months of the company's commercial operations, revenues of $5.4 million were achieved. We look forward to updating you on this rapidly evolving investment opportunity soon.
During the fourth quarter, the fund received numerous distributions, however, the largest was a final liquidating transaction originating in Splendora[3], Texas. Through an earlier vintage partnership with Connor Investment Real Estate, the Fund sold 300 acres of land in Splendora to developer Land Tejas on December 7th, 2023, for future build out by Lennar Homes (LEN:NYSE) resulting in a round-trip IRR of approximately 24%.

Real Estate: Closing Remarks

Higher interest rates and lower activity define many areas of the private equity landscape. Indeed, overall exit activity and valuations are down. But that certainly doesn't mean you cannot be a successful real estate investor if you take a detailed look at the world around you and the properties you own. The 360 Fund has done a great job of helping separate unitholder holders from traditional real estate killers like poor underwriting assumptions, a lousy location, the promise of great returns from fringe or niche property types and one

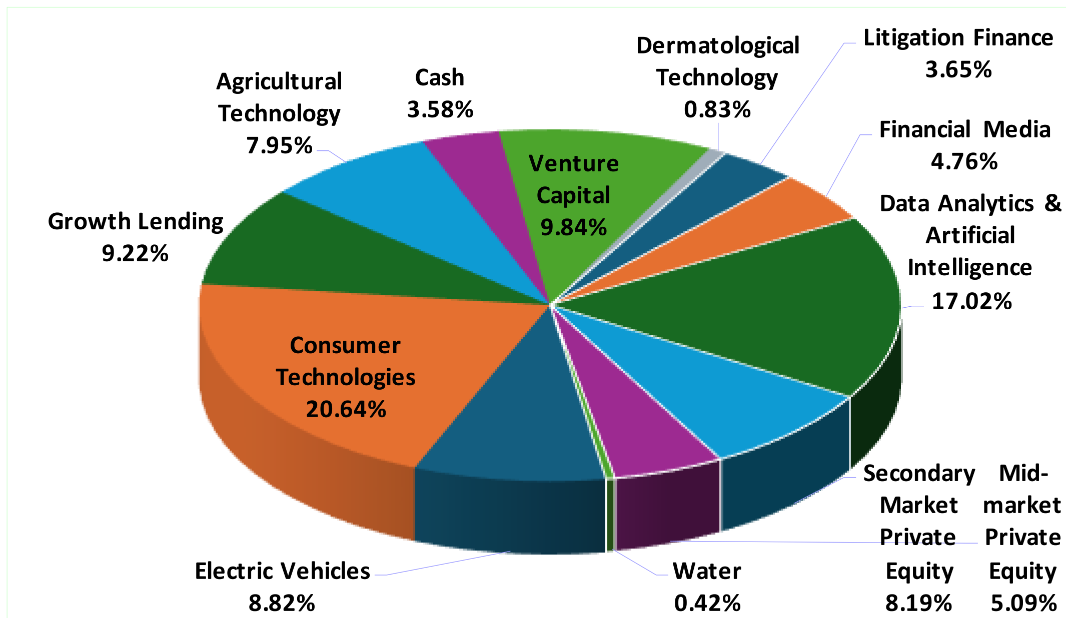
of the most basic ones of them all: not enough hours spent thoroughly reviewing potential transactions.

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 and which are quantified by their allocations in Chart 6 on the following page.

[3] Splendora is a city in Montgomery County, Texas, United States.

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



During the fourth quarter of 2023, the Emergence Fund was lower by approximately 2%. We see a range of structural factors impacting certain areas of private equity and they reflect an adjustment in overall private market sentiment in the wake of changing market dynamics, as likely to increase the demand for liquidity in anticipation of persistent market volatility and high capital costs. The Portfolio Manager has not taken the rut in exits or valuations detailed below by Pitchbook and our partners at Bridge Investment

Group lightly and accordingly allocated monies to investments in secondaries market, music royalties and private lending in even greater amounts.

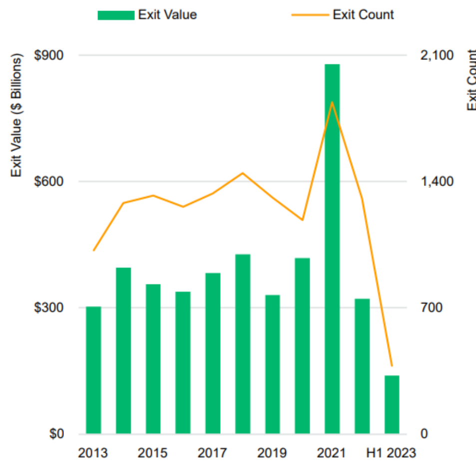
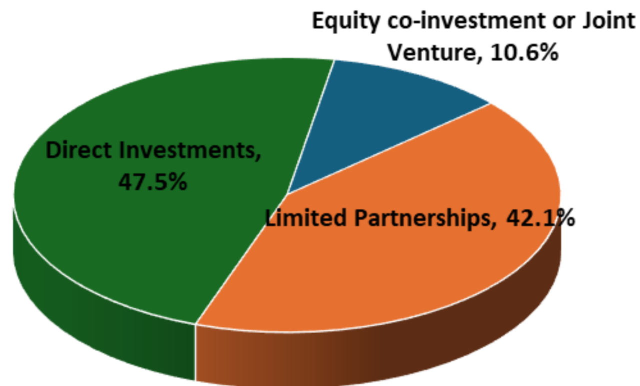


Chart 7 – Emergence Fund Investment Vehicle Mix, as of December 31st, 2023



Private Equity Portfolio: Activity

During the fourth quarter of 2023, the Fund made several investments in the areas of secondary market investments, music royalties, private lending, sustainable water investments and litigation finance. As indicated above in Chart 7, the Fund is a member of a variety of private equity partnerships of which three are dedicated to private equity secondary market investments. During the quarter, late vintage funds from Overbay Capital Partners were funded with capital returned to the Fund by Northleaf Secondaries Fund in addition to the Fund taking on an added position with Overbay to, over time,

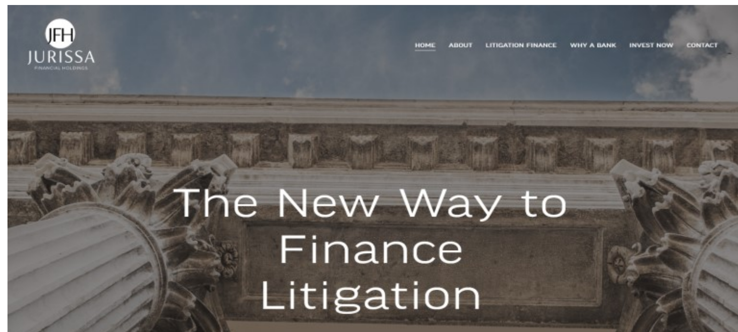
build out a larger allocation to secondaries. The Fund also has an existing position in the music royalties area with ICM Asset Management, and we added to that holding at various times through-out the quarter as the Fund acquired additional music catalogues from a heavy metal catalogue highlighted by *Five Finger Death* and *Disturbed*. The catalogue was acquired directly from multi platinum producer, Kevin Churko and both bands are touring with Metallica on their 2024 world tour and have experienced sustained growth in streaming. On the private lending front, after detailed discussions with and a through review of our alternative lending company Cash Today, the Fund added more to its secured debenture position. Cash Today recently acquired a credit union portfolio, and the Portfolio Manager expects to be in receipt of audited financial statements of the business during the first quarter of 2024. The Fund also committed capital to a sustainable water investment with XPV Partners, and that investment recently began calling capital from limited partners.

[We acknowledge individual music preferences, but we can demonstrate financially the lucrative 7.9% yield that carefully underwritten music royalty catalogues have to offer. Remember, although you might see a group of "freaks" we see money and an alternative asset class that is uncorrelated with the public stock market or bonds.]

Cash Today is a company we featured on our Instagram account, and since the Fund's original investment in Cash Today (2020) over $313,000 in interest payments have been received by the Fund as of the fourth quarter of 2023. In addition to the company's credit union portfolio expansion, Cash Today recently signed a material definitive agreement

with Canadian Tire whereby the company's products and services will be available to car owners at Canadian Tire's auto repair facilities.

On the litigation finance side, portfolio company Jurissa recently secured a $5 million capital commitment from a New York based credit fund. The $5 million represents tier 1 capital required by the Puerto Rican Office of the Commissioner of Financial Institutions (OCIF). As a reminder, Jurissa is already in possession of a license granted by OCIF to organize a bank, and the company recently announced the appointment of Eric Rothman as CEO.



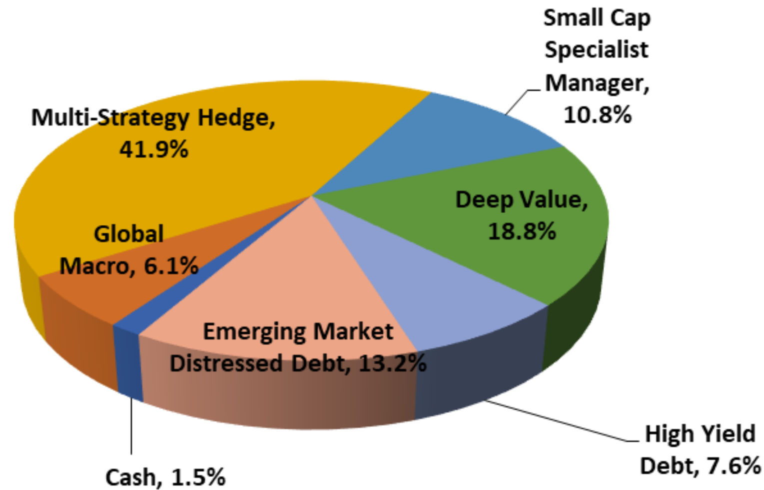
According to the Litigation Finance Journal in 2020, the total committed capital in the litigation funding sector amounted to $13 billion. However, recent estimates from Brown Rudnick, an international law firm serving a significant portion of the industry, suggests a remarkable increase, with committed capital now reaching $39 billion. This threefold surge within just three years underscores the dynamic and rapidly evolving nature of the litigation funding world. Currently, the primary financial institution in the U.S. providing

substantial funding to the litigation industry is Esquire Bank, a division of Esquire Financial Holdings, a publicly traded company listed on NASDAQ under the symbol ESQ (www.esquirebank.com). As of November 20, 2023, Esquire Bank's Price to Book Value stands at 1.93x, indicating a robust 23% valuation premium compared to the average community bank in the U.S. Furthermore, Esquire Bank boasts a notable 36% premium over Burford Capital (NYSE: BUR), an internationally recognized diversified litigation finance asset management company. This premium valuation for Esquire Bank is attributed to several factors. Firstly, Esquire demonstrates a higher Return on Equity (ROE) and more accelerated earnings growth rate relative to other banks. Additionally, Esquire's strategic focus on a deposit-centric business model with a lower cost of capital contributes to its competitive advantage. Moreover, the bank is praised for its commitment to transparency in financial reporting, distinguishing it from peers in the industry, including Burford Capital.

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 2023 the fund was higher by 90 basis points (0.9%). As detailed in Chart 8 below, the primary difference in the Fund's mix of strategies at the end of the quarter was an increase in Global Macro through Michael Coolbaugh's Strom Capital Management Fund at Element Macro.

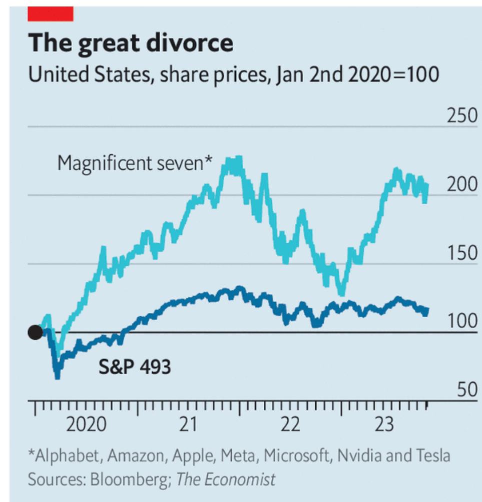
Chart 8 – Absolute Return Fund Strategy Mix, as of December 31st, 2023



Coolbaugh's firm, Strom Capital Management LLC employs a long convexity, opportunistic investment approach in search for outsized absolute returns, irrespective of the overall market environment. Proprietary models help evaluate Michael's four main pillars of analysis: price, liquidity, sentiment and technicals. When expressing directional views on global developments, episodes of compressed but expanding volatility across equities, bonds, currencies, and commodities are sought. An emphasis on moments of acceleration gives Strom flexibility and allows it to express its views in an efficient manner, without the drag of traditional long volatility strategies. If Michael's Fund is as bright as he is, the new position should function to benefit MacNicol investors over time. We look forward to updating you on this new investment. In the meantime, feel free to check out Michael's interviews on RealVision (a MacNicol Emergence Fund portfolio company) for more.

Closing Comments

The fourth quarter of 2023 was certainly not idle for many areas of private equity, even the good ones. Persistently higher rates, lower exit counts and valuations and the mounting costs of tail risk protection mean that the Trust did the best it could under the conditions it found itself in. The MacNicol Investment Team has a tremendous degree of confidence in the Trust's underlying investments, and we feel the changes made by the Portfolio Manager during the quarter will begin to take effect soon into the first quarter of 2024. The illusion of success is best painted by the below article from *The Economist*, while the reality of preparedness is best designed by a well-diversified portfolio of carefully selected public and private market investments.



The Economist

MacNicol & Associates Asset Management
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