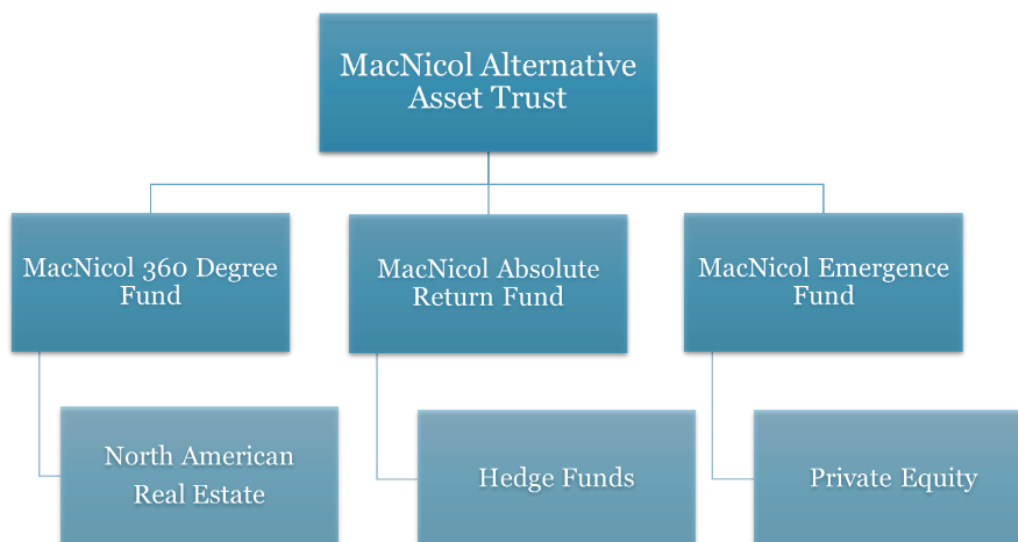




Alternative Asset Trust Second Quarter 2024 Report:

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 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. In particular, the Trust is specifically and intentionally *not* designed to “chase” or replicate either the U.S. or Canadian stock markets since doing so would lead to duplication and defeat the investment objective of incorporating the Trust into client portfolios. 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 that are not listed on an organized stock exchange, and whose co-investors include other large, sophisticated investment organizations such as family offices, state and municipal retirement systems and large pensions and endowments.



Second Quarter 2024 Highlights:

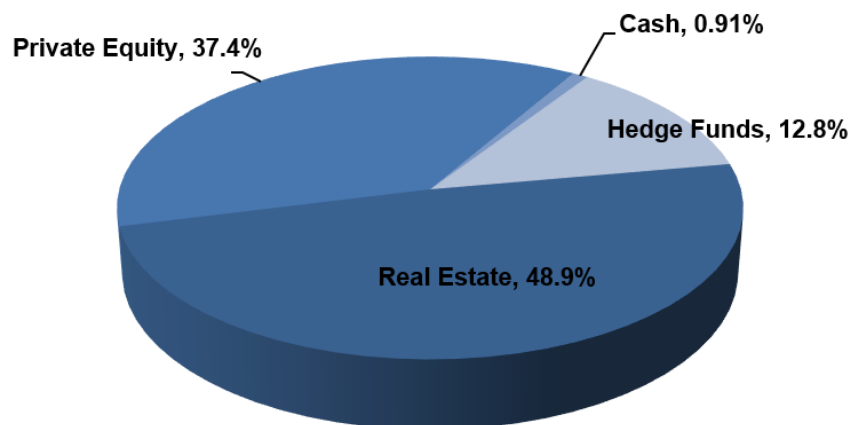
During the second quarter of 2024 the main financial news story was the continued strong performance of US and many global equity markets. In the United States the S&P500 and NASDAQ both performed well during the quarter with only a hint of weakness in April as the second quarter got underway. From a global perspective, MSCI World Index closed off the second quarter with its 5th consecutive weekly gain and earlier, in Japan, the NIKKEI 225 index at long last reached a new all-time high of 42,200 points eclipsing a level last reached in late 1989. Indeed, equities globally have mostly had their way in 2024, and it does cause this Portfolio Manager to ponder whether there is even a point to investing in alternative assets at all? That sort of introspection is in our view best addressed by a trip down memory lane. During the second half of 2022, when we began worrying about the potential for a monetary policy mistake relating to the dislocation around market-based indicators of inflation and inflation expectations on the part of consumers and businesses, we also noted that a robust equity market rally was likely. Our primary rationale around that view stemmed from the then negative sentiment prevalent at the time. Stocks spent the majority of the first half of 2022 in a slow, downward spiral as central bankers led by the US Federal Reserve began fighting inflation on hindfoot before taking more forceful steps to combat it. While stocks can certainly crash when sentiment is negative, and this only reemphasizes the importance of alternative assets, it can often be a predecessor of a large move in stocks in the opposite direction. The theory is quite easy to understand, when investors are all positioned one way, it is often harder for the market to continue in that direction. Then, when committed traders reposition into the exact opposite direction of their stance, that can cause market reversals to be turbulent. Today, approaching 24 months since that time, the S&P 500 is up over 50% and stocks globally have also had very strong runs. The MacNicol Investment Team thus reminds each of the Trust's unitholders that sentiment can get even more bullish, and the "FOMO" created could lead to discontent with current investment plans, as well as erratic investment decision making. For the time being, the path of least resistance in stocks would appear to be up. Alternative assets do not always chase equity returns [as we hope they would not!] but for many of you they do comprise material portfolio allocations that could be invested elsewhere. With the S&P up 15.4% for the YTD June 2024 period, the opportunity cost of investing less heavily in equities can be frustrating. That is why it is important to consider what many of the world's biggest pension plans are now doing: unloading billions in publicly traded stock positions in favor of alternatives.



Alternative Asset Trust: Second Quarter 2024 Overview

During the second quarter of 2024, the Trust was largely flat, increasing by 10 basis points on a net of fees basis. The second quarter performance brings the Trust's annualized rate of return since inception to 9.2% and the Trust began investment operations in October of 2010. The Trust's annualized volatility now sits at just 6.9% or roughly one half the volatility of the S&P/TSX Composite Index and one third the volatility of the S&P500 Index. As described in Chart 2 the Trust's overall asset mix changed by only a few dozen basis points during the second quarter and mainly reflected the deployment of cash to a tail risk hedging program the Trust has with Universa and secondarily to existing capital commitments and new investments.

Chart 2 – Alternative Asset Trust Asset Mix, as of June 30th, 2023



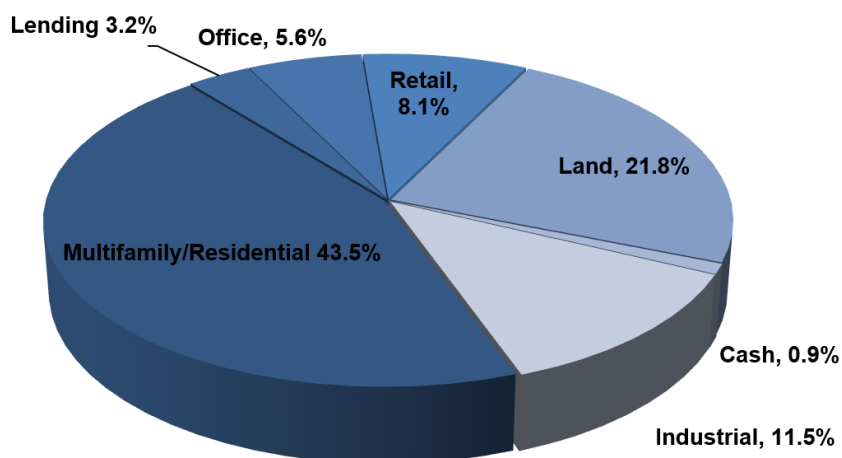
Universa co-founder and Chief Investment Officer Mark Spitznagel has been more active in the financial news media of late, and he has been saying that the current rally in stocks would likely continue for months as inflation continues to fall and the Fed eases monetary policy, however Spitznagel also pointed to similarities with the dot-com bubble, when investors poured money into tech stocks at peak valuation levels and sustain catastrophic losses when the Nasdaq crashed in 2000. In essence, the Universa strategy offers MacNicol investors a hedge that allows long-only investing in stocks to be more comfortable.



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 100 real estate projects across 6 well defined product types described in Chart 3 below and in select regions as described in Chart 4 on page 5. The fund also invests in real estate technology that enhances the performance of new builds and retrofits by better connecting landlords, tenants and asset owners. A traditional capitalization approach is applied towards valuation and cap rates both within and across product types are studied to ensure optimal portfolio positioning.

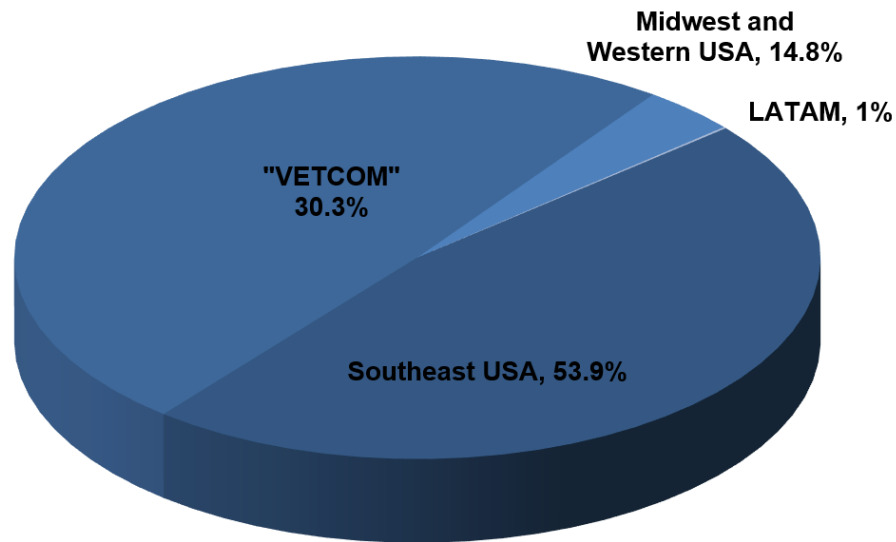
Chart 3 – 360 Degree Fund Product Mix, as of June 30th, 2024



Relative to the first quarter of 2024, the fund held higher weightings in land and industrial assets during the second quarter, with a commensurate draw down on cash balances. Geographically speaking, the fund's locational preferences did not change materially during the quarter, and the fund remains a private real estate investment vehicle intended to capitalize on the robust economies and demographics 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 June 30th, 2024



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

360 Degree US Realty Income Fund second quarter performance review

During the second quarter of 2024, the fund was higher by 1.2% in its US dollar reporting terms and higher by 2.2% for Canadian unitholders. The fund's return profile during the second quarter was favorable given the challenges that continue to confront many areas of the commercial real estate investment space. By way of comparison, the performance of the NCREIF property index was lower by 1.37% during the most recent quarterly reporting period, with some areas, such as commercial office space, performing far worse.

360 Degree US Realty Income Fund Second Quarter: asset class highlights

Multifamily Residential: After a brief lull in activity, investors such as Brookfield Asset Management have returned to multifamily residential in droves. These investors, like ourselves, have come to realize that well located class A multifamily assets offer long-term investments the attractive benefits of immediate cash yields ranging from 7% to 8% but also periodic increases in fair market value that accrue throughout the investment life cycle.



Industrial: CBRE's quarterly update on operating metrics across the main CRE product types offers investors consistency when it comes to leasing fundamentals in industrial assets. For industrial, the central question we have is what will NOI or Net Operating Income stabilize at following a span of outsized demand and heightened supply? Time will tell, but it is a fair statement that we love industrial thematically and continue to feel that it offers investors highly attractive risk-adjusted returns.

Office: Continued uncertainty in office demand endures even into the second half of the year. We referenced in one of our firm-wide research meetings recently that a point of maximum supply destruction could be nearing, and it could supersede a period of outsized deliveries. Given the choice between an industrial development and existing commercial office space, we know we'd much rather be the industrial landlord at this point and the 100-bps cap rate spread offered by most office product just isn't enough to entice us to speculate on (especially considering the long, and in Toronto gridlocked road to office occupancy normalization).

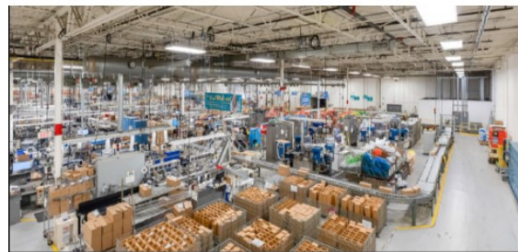
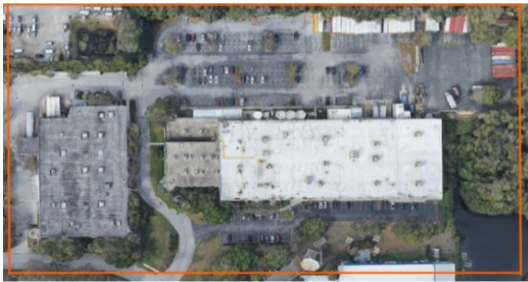
Retail. Retail traffic makes sense for certain consumer products such as furniture and mattresses but for all other products that we can think of the internet and the world's newfound love affair for front door deliveries makes even more sense. Ultimately the fund does hold retail positions, but they are smaller in the grander scheme of things, and to a considerable extent anchored by grocery stores, banks or other centralized "hubs" of consumer activity.

360 Degree US Realty Income Fund Second Quarter: transaction summary

During the second quarter of 2024 the fund, in a partnership with IP Capital Partners, acquired a sales leaseback portfolio of assets located in Clearwater and St. Petersburg, Florida, for USD \$35.9 million. The Portfolio consists of three buildings totaling 287,007 square feet and is known as the Koozie portfolio. The Koozie portfolio is being leased back to the Koozie Group for 60 months. The Portfolio is critical to Koozie's manufacturing and distribution capabilities of custom promotional drinkware and writing instruments such as Bic pens, which some investors continue to use today. The Koozie Portfolio is in a dense submarket of Tampa notorious for attracting a strong manufacturing tenant base. The submarket historically has low vacancy rates, currently at 2.4% for manufacturing space, and an extremely limited supply of developable land.

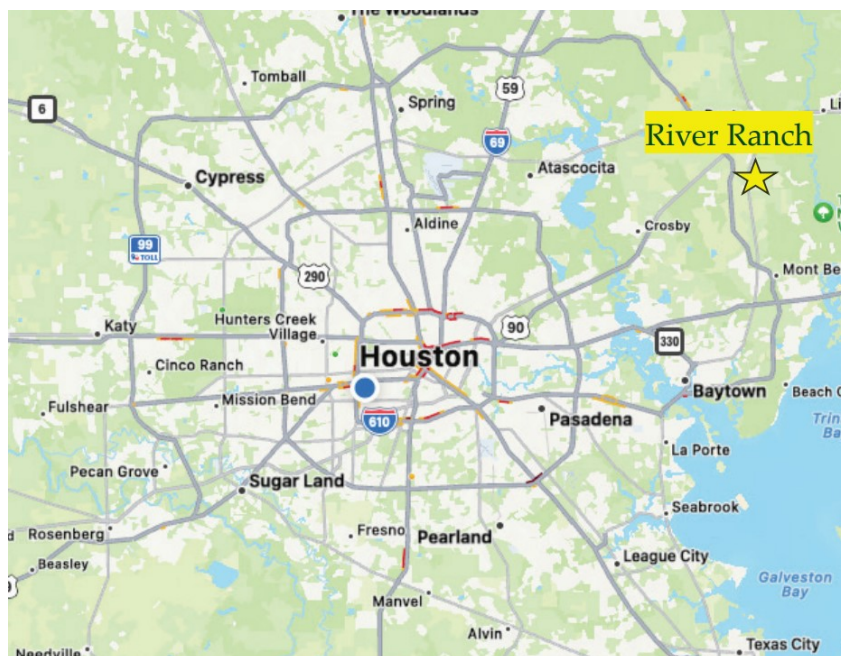


The Portfolio was acquired at \$125 per square foot, well below replacement cost estimated at \$190 per square foot. The plan is to hold the property and collect a projected average 10.5% cash-on-cash yield during Koozie's initial lease term, mark the rent to market at lease expiration and then liquidate the investment. The projected fund-level IRR for this investment is 17%. Aerial photos of the Koozie portfolio are shown below.



During the quarter, the fund also began to receive a return on its investment in River Ranch. River Ranch is a new single-family residential development packaged within a preferred equity partnership with Connor Investment Real Estate. A preferred return is a profit distribution preference whereby profits, either from operations, sale, or refinance, are distributed to one class of equity before another until a certain rate of return on the initial investment is reached. In this specific deal, the LP (i.e. the 360 Degree Fund) receives 100% of invested capital from distributions first, then the LP receives the accumulated preferred return of 17% from distributions and lastly the GP (i.e. Connor) gets paid by receiving 80% of distributions post hurdle rate. River Ranch consists 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 that will be like other Land Tejas developments like Balmoral and Harmony.

MACNICOL & ASSOCIATES ASSET MANAGEMENT



Phase 3 development has already commenced and consists of 922 lots, all pre-contracted to 11 different home builders.



After the full return of capital plus the 25% preferred IRR, the 360 Degree Fund's participation in River Ranch will conclude, with the finished product resembling the community shown at the top of page 9.



Finally, during the second quarter, and only after careful inspection and verification, including discussions with other institutional investors and Lawyers at Weirfoulds LLP, the fund added to its position in residential real estate technology company Grata due to extremely strong growth from new landlords and more new doors from existing ones.

Real Estate: Closing Remarks

Although commercial real estate activity is down in general, much of this reflects the lag of higher rates creeping into deals that were not properly vetted or submarkets that suffered from either weak fundamentals to begin with. Hot beds of activity do exist if you simply take a moment to find them, and if you simply take a moment to accept that commercial real estate – while subject to many of the broad economic factors that all financial assets are subject to – is also very regional as this next example will illustrate. Brookfield Properties just recently closed a 444-unit apartment complex called the Turtle Cove Apartment Homes near West Palm Beach for \$107.5 million, which represented the latest mark up in South Florida multifamily deals, despite the broad economic factors we seem to hear about each week. The purchase is part of Brookfield's \$1.6 billion purchase of a 7,300-unit portfolio of 23 properties from Barry Sternlicht's firm Starwood Capital Group.



Brookfield borrowed \$1.1 billion cross-collateralized with the rest of the portfolio from a lending group consisting of Citibank, Barclays Bank, Goldman Sachs and JP Morgan Chase Bank. Completed in 1986, Turtle Cove consists of 28 two-story apartment buildings and four one-story clubhouse buildings on a 26.7-acre site. Turtle Cove offers one- and two-bedroom apartments, with monthly rents ranging from \$1,680 to \$2,365, and it is just the latest example of multifamily deal activity picking up in south Florida.

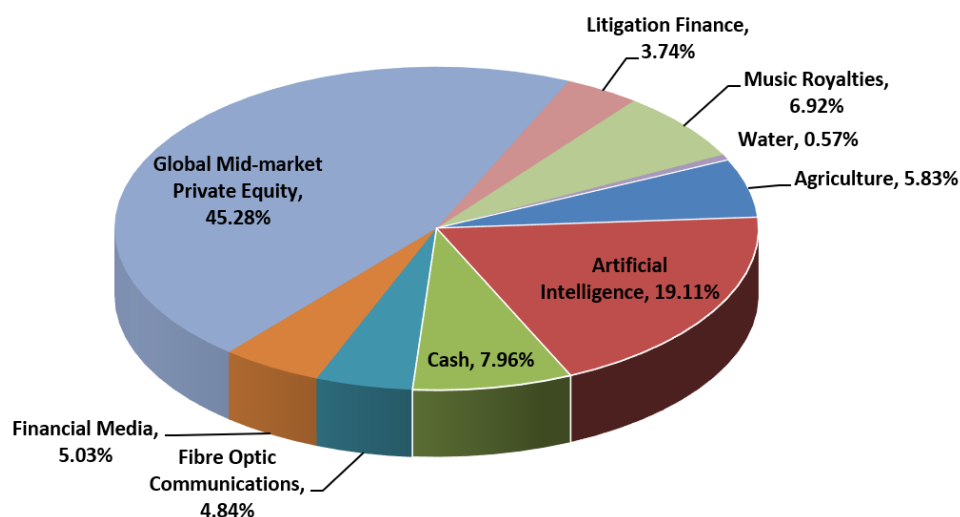


Private Equity: MacNicol Emergence Fund

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 at the top of the following page.

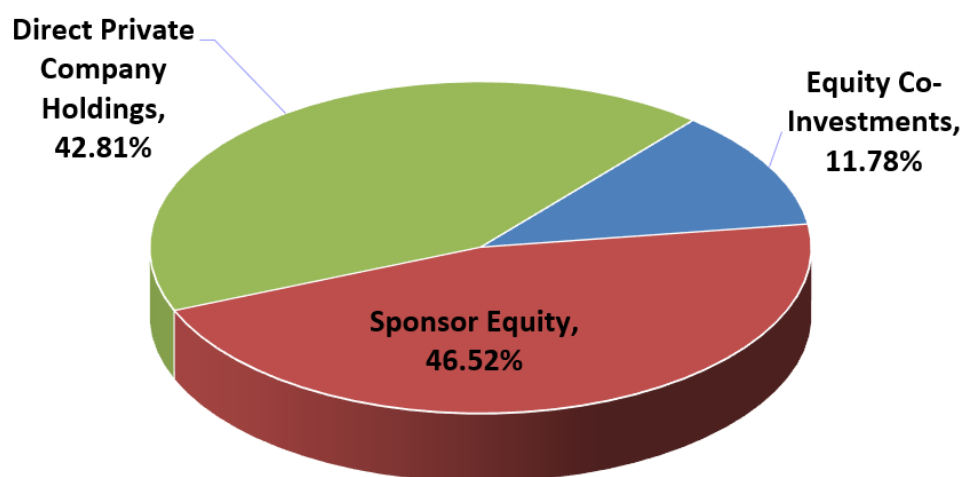


Chart 6 – Emergence Fund Sector Allocation, as of June 30th, 2024



During the second quarter of 2024, the Emergence Fund was lower by 3.5% primarily due to the still nascent recovery in global private equity activity. During the quarter the fund was active in funding capital calls and in receiving return distributions however the overall blend of sponsors and relationships remained broadly consistent with the breakdown described in the previous quarter and as demonstrated in Chart 7 below.

Chart 7 – Emergence Fund Investment Structure Mix, as of June 30th, 2024





Private Equity Portfolio: Activity

During the second quarter of 2024, the fund took a position in Toronto, Ontario based Pilot Coffee Roasters. Pilot Coffee is the leader in *specialty* coffee in Canada, and it has a strong brand and a multi-pronged sales strategy that includes its signature Pilot Coffee cafes located through the GTA, wholesale, e-commerce and consumer packaged goods. The specialty coffee category is by far the fastest growing category in coffee in Canada with a 13% growth rate vs 3% for premium brands such as Starbucks and Kicking Horse.



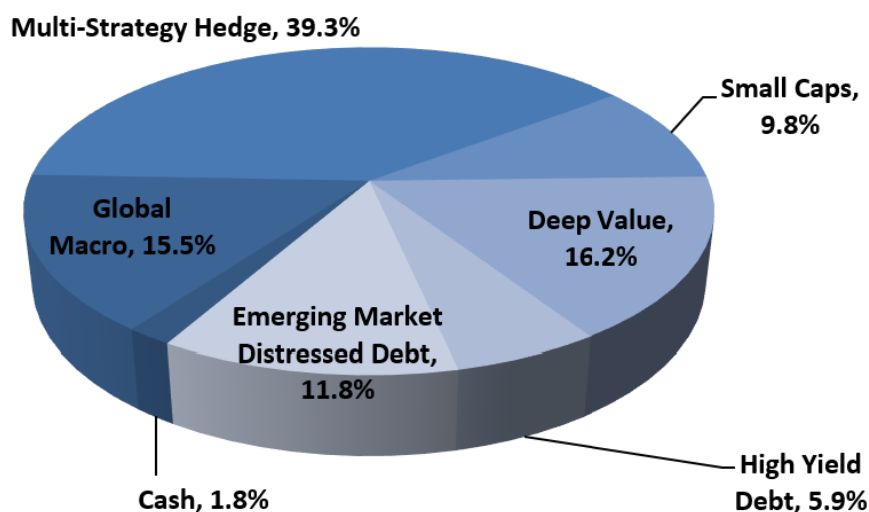
Pilot was formed by a family and has been in operation for 15 years, growing from a small location in Toronto's Leslieville community. Pilot took on its first outside investment in January 2020, which introduced proper financial reporting and discipline, and CEO Bruce Miller was hired in December 2021 to optimize operations and create a strategy for future growth. Bruce has built a team that will streamline operations to enhance profitability and the company recently acquired Ottawa, Ontario based Bridgehead Coffee which was also on the shelf at major grocery outlets and stores like Costco. The fund also added to its position in the music royalties' space, private equity secondaries and took possession of several distributions attributed to other vintage partnerships that are winding down.



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 second quarter of 2024, the fund was higher by 3.7%. As detailed in Chart 8 below, the primary difference in the fund's mix of strategies was an increase in the allocation to a dedicated global macro strategy with Michael Coolbaugh's Strom Capital.

Chart 8 – Absolute Return Fund Strategy Mix, as of June 30th, 2024



Michael has been known to MacNicol investors for several years, and he was first brought to our attention by an existing investment we have in RealVision.





Closing Comments

The second quarter of 2024 admittedly felt a bit underwhelming inasmuch as shares of just 10 publicly traded companies took the entire S&P500 higher during a very short period of time while offering virtually no downside risk protection to the investors who couldn't help but chase something younger and prettier. A beauty contest judged by such narrow traits [i.e. just 10 stocks] and over an exceptionally short period of time [i.e. from late April until now] is bound to elicit a diverse range of emotions from a diverse investor base. However, as stated earlier, the MacNicol Investment Team is **already** observing documentable reports of large pension plans rotating *out* of stocks and into alternatives. Gargantuan sums of money require time to allocate to other asset classes and gargantuan faith that those allocations are the right ones. Our entire team here at MacNicol not only has a high degree of conviction in what we are building for you, we are absolutely committed to being the sorts of advocates, educators and fiduciaries you can depend on for the long term.

MacNicol & Associates Asset Management

June 2024