

# Everest Alternative Investment Trust

## August 2013 Factsheet



The Everest Alternative Investment Trust (EAIT) has exposure to a portfolio of absolute return funds. The objective of the Investment Portfolio is to generate attractive risk-adjusted absolute returns over the medium-to-long term.

### Fund Facts as at 31 August 2013

Estimated monthly return <sup>1</sup>	0.00%
Estimated monthly return excluding FX	(1.02)%
NTA as at 31 August 2013 <sup>1,2</sup>	\$0.40

### Investment manager summary

Investment positions posting positive returns	9
Investment positions posting negative returns	15
Largest manager allocation	30.0%

### Fund NTA returns (net)

	Jan	Feb	Mar	April	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
<b>2013</b>	1.89%	0.00%	0.00%	0.00%	6.38%	2.50%	5.26%	0.00% <sup>1</sup>					<b>16.94%</b>
<b>2012</b>	-1.92%	2.67%	2.60%	0.00%	5.06%	-3.61%	-2.50%	1.28%	1.89%	1.85%	-3.64%	0.00%	<b>3.31%</b>
<b>2011</b>	2.04%	-0.14%	0.14%	-4.64%	3.08%	-0.75%	-1.59%	1.77%	6.09%	-6.56%	2.63%	-2.80%	<b>-1.41%</b>
<b>2010</b>	1.18%	0.60%	1.84%	1.63%	-1.64%	-0.71%	2.03%	-0.37%	2.28%	0.49%	2.20%	-3.49%	<b>6.03%</b>
<b>2009</b>	-2.97%	0.00%	-0.44%	0.44%	1.75%	1.97% <sup>3</sup>	0.23%	1.60%	1.02%	0.04%	0.75%	1.72%	<b>6.16%</b>
<b>2008</b>	-4.18%	0.77%	-2.29%	1.04%	1.80%	-2.15%	-1.58%	-2.14%	-9.84%	-15.15%	-8.57%	-7.81%	<b>-41.02%</b>
<b>2007</b>	2.60%	-0.13%	2.33%	2.51%	-4.89% <sup>4</sup>	0.65%	0.00%	-3.44%	1.27%	3.27%	-1.70%	0.74%	<b>2.90%</b>
<b>2006</b>	4.15%	-0.21%	2.63%	2.01%	-3.94%	0.32%	-2.40%	1.72%	1.69%	2.85%	3.70%	2.67%	<b>15.92%</b>
<b>2005</b>	-	-	-	-3.60%	1.00%	2.71%	4.80%	0.23%	3.20%	-3.76%	2.76%	2.46%	<b>9.83%</b>

1 Unaudited – in calculating the NTA, EAIT asset values have been calculated using unaudited absolute return fund performance estimates for the month being reported.

2 For the purposes of calculating the above figures, the Australian Equivalents to International Financial Reporting Standards (AEIFRS) have been applied (other than for classification of net assets attributable to unitholders of EAIT where Australian Generally Accepted Accounting Principles, as applied before the introduction of AEIFRS, have been used).

3 Following the announcement of the intention to separate EAIT into two funds, performance data from 1 June 2009 onwards represents the underlying absolute return funds only. Prior to 1 June 2009 the performance data reflects both the absolute return funds and direct investments.

4 The May 2007 monthly NTA performance was impacted by the EBI rights issue and placement which were completed that month and does not include the implied value of EBB shares received by investors who successfully participated in the EBI capital raising. The May 2007 performance of the underlying investment portfolio (excluding the effect of the capital raising) was +2.40%.

### Market Commentary

The combination of continued uncertainty surrounding Fed tapering and the news of a potential US strike on Syria dominated investor sentiments during August. This led to atypical price movements across various asset classes as both risk assets and US Treasury notes sold off. The S&P 500 Index and the MSCI World Index fell 2.9% and 2.1% respectively, while the yield on 10 year US Treasuries rose 20bps to 2.8% (equating to a loss of 1.1% in terms of price).

On the economic front, data continues to indicate improving conditions in most major markets. In the US, auto sales recently surpassed the 16 million annual rate for the first time since 2007, home prices continue to improve, mortgage delinquencies continue to fall, and unemployment rates hit multi-year lows. In Japan, the government's monetary stimulus has aided the best economic growth in years. While in the euro-zone, GDP growth turned positive for the first time since September 2011 and peripheral sovereign bond spreads over Germany have decreased significantly (though increasing sovereign debts remain problematic).

Despite these positive economic developments, markets continued to focus on the logistics of tapering bond purchases by the US Federal Reserve. The minutes from the Fed's July meeting gave few clues as to when policymakers would begin to reduce their asset purchases but investors became increasingly nervous that it would be announced in the coming months.

### Performance Commentary

The Everest Alternative Investment Trust was flat for the month of August (net of all fees and expenses). The underlying portfolio was down 1.8% in USD terms and the slight depreciation in the Australian dollar (from 0.898 to 0.890) added 0.9% to the total Fund performance. This compares to monthly returns for the S&P 500 Index of (2.0%) (in AUD terms) and the S&P/ASX 200 Accumulation Index of 2.5%.

The Fund's largest exposure, long only equities manager ESL, had a challenging month. ESL SPE I and ESL SPE II, which hold positions in Sears and Autonation respectively, lost ground over the period. For the month SPE I was down 8.4% while SPE II was down 0.7%. In aggregate, ESL detracted 1.4% from the total Fund return.

Our Multi Strategy managers also had a difficult month as the Fund's second largest exposure, the TPG Axon Side Pocket fell 6.9%. Fortress also posted a negative return of 0.7%.

### Fund Update

A taxable distribution of 2.5651 cents per unit was paid on Friday 16 August 2013. Tax statements were mailed on Friday 6 September 2013.

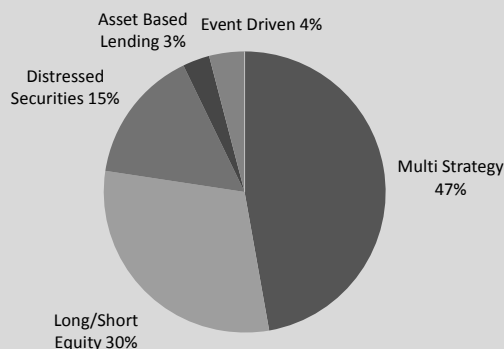
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### Exposure Summary

#### By Strategy (excluding cash)



Based on the gross value of the Investment Portfolio. Exposure numbers may not total exactly due to rounding.

The investment strategy exposures are shown net of cash. Investment strategy and exposure data as at the first business day of the following month.

#### By Investment Manager (top eight managers)

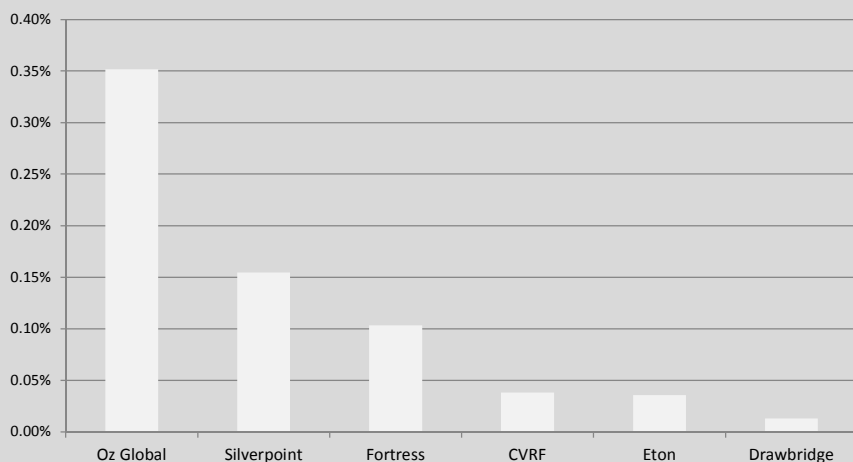
Fund	Strategy	Weight
ESL Investments	Long Biased Equity	30.0%
TPG Axon	Multi Strategy	9.3%
Eton Park	Multi Strategy	6.5%
Cerberus	Distressed Securities	5.7%
Fortress Partners	Multi Strategy	5.7%
Silverpoint LP	Distressed Securities	5.6%
Everest Absolute Return Fund	Multi Strategy	4.9%
Oz Global Special Situations	Multi Strategy	4.9%
<b>Total</b>		<b>72.6%</b>

### Monthly Performance Contribution

#### By Strategy (excluding cash)



#### By Investment Manager (top six contributors, excluding cash)



#### Contact us

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