

Everest Alternative Investment Trust

August 2014 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 2014

Estimated monthly return ¹	(2.05)%
Estimated monthly return excluding FX	(1.50)%
NTA as at 31 August 2014 ^{1,2}	\$0.2291

Investment manager summary

Investment positions posting positive returns	10
Investment positions posting negative returns	9
Largest manager allocation	20.1%

Fund NTA returns (net)

	Jan	Feb	Mar	April	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2014	-1.96%	1.17%	-2.12%	0.26%	0.83%	-1.84%	-0.45%	-2.05% ¹					-6.06%
2013	1.89%	0.00%	0.00%	0.00%	6.38%	2.50%	5.26%	0.00%	0.00%	-2.50%	5.88%	0.00%	20.73%
2012	-1.92%	2.67%	2.60%	0.00%	5.06%	-3.61%	-2.50%	1.28%	1.89%	1.85%	-3.64%	0.00%	3.31%
2011	2.04%	-0.14%	0.14%	-4.64%	3.08%	-0.75%	-1.59%	1.77%	6.09%	-6.56%	2.63%	-2.80%	-1.41%
2010	1.18%	0.60%	1.84%	1.63%	-1.64%	-0.71%	2.03%	-0.37%	2.28%	0.49%	2.20%	-3.49%	6.03%
2009	-2.97%	0.00%	-0.44%	0.44%	1.75%	1.97% ³	0.23%	1.60%	1.02%	0.04%	0.75%	1.72%	6.16%
2008	-4.18%	0.77%	-2.29%	1.04%	1.80%	-2.15%	-1.58%	-2.14%	-9.84%	-15.15%	-8.57%	-7.81%	-41.02%
2007	2.60%	-0.13%	2.33%	2.51%	-4.89% ⁴	0.65%	0.00%	-3.44%	1.27%	3.27%	-1.70%	0.74%	2.90%
2006	4.15%	-0.21%	2.63%	2.01%	-3.94%	0.32%	-2.40%	1.72%	1.69%	2.85%	3.70%	2.67%	15.92%
2005	-	-	-	-3.60%	1.00%	2.71%	4.80%	0.23%	3.20%	-3.76%	2.76%	2.46%	9.83%

- 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

Following July's sell off, equity and credit markets rebounded in August as a result of solid US economic data, a reduction in perceived geopolitical risks and the ECB's move to lower interest rates. The S&P 500 Index rallied 4.0% (recording its highest monthly close of all time) while the MSCI World Index gained 2.4%. Credit markets also recovered well as spreads declined and benchmark yields sank globally.

The notable yield declines for sovereigns appeared to be driven by concerns over low inflation and economic growth along with new European Central Bank (ECB) initiatives. The ECB recently announced interest rate cuts and plans for asset purchases to enhance liquidity for banks, encourage bank lending to the real economy (rather than buying sovereign debt) and prevent deflation. This 0.1% reduction was the ECB's second cut in three months and produced record lows of (0.2)% for the deposit rate (i.e. it now costs banks to deposit funds at the ECB).

Performance Commentary

The Everest Alternative Investment Trust was down 2.1% for the month of August (net of all fees and expenses). The underlying portfolio was down 1.2% in USD terms and the appreciation in the Australian dollar (from 0.929 to 0.935) detracted a further 0.6% from the total Fund performance. This compares to monthly returns for the S&P 500 Index of 3.5% (in AUD terms) and the S&P/ASX 200 Accumulation Index of 0.6%.

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 Automation, were down 6.7% and flat, respectively. In aggregate, ESL detracted 1.3% from the total Fund return.

Our Multi Strategy managers had a more positive month with the Fund's second largest exposure, the TPG Axon Side Pocket, posting a 0.4% gain for the period.

Fund Update

The Fund paid two distributions totalling 6.36 cents per unit on 29 August 2014 (0.81 cents per unit relates to the 30 June 2014 Taxable Distribution that was reflected in the July 2014 price & 5.55 cents per unit relates to a distribution that is reflected in this price).

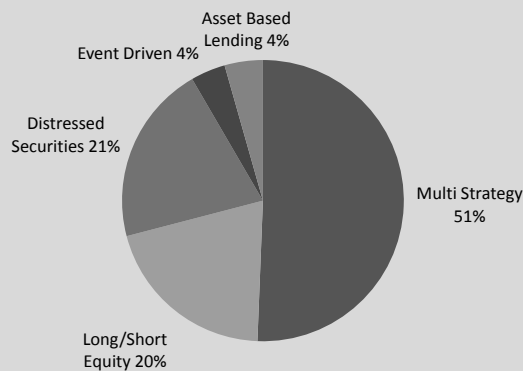
The Annual Tax Statements were issued on 8 September 2014.

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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.

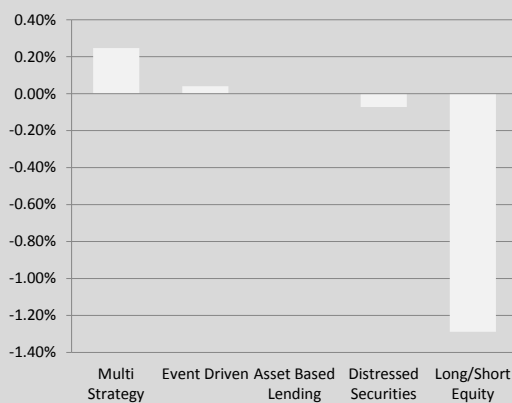
The investment strategy exposures are shown net of cash. Investment strategy and exposure data as at the first business day of the following month.

By Investment Manager (top eight managers)

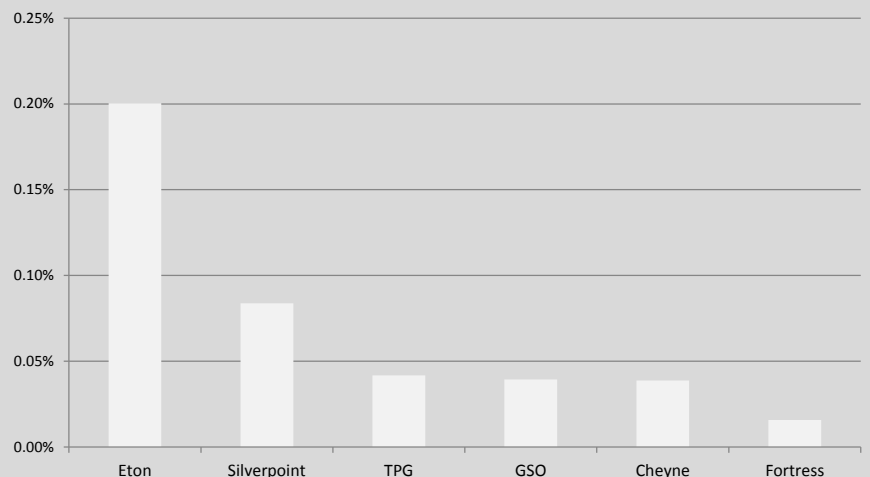
Fund	Strategy	Weight
ESL Investments	Long Biased Equity	20.1%
TPG Axon	Multi Strategy	11.2%
Cerberus	Distressed Securities	7.7%
Fortress Partners	Multi Strategy	7.7%
Silverpoint LP	Distressed Securities	7.5%
Eton Park	Multi Strategy	7.2%
Canyon Capital Advisors	Multi Strategy	7.1%
Marathon	Distressed Securities	5.5%
Total		74.0%

Monthly Performance Contribution

By Strategy (excluding cash)



By Investment Manager (top six contributors, excluding cash)



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