

Everest Alternative Investment Trust

December 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 December 2013

Estimated monthly return ¹	0.00%
Estimated monthly return excluding FX	-2.14%
NTA as at 30 November 2013 ^{1,2}	\$0.36

Investment manager summary

Investment positions posting positive returns	16
Investment positions posting negative returns	5
Largest manager allocation	32.7%

Fund NTA returns (net)

	Jan	Feb	Mar	April	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
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 ¹	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

Despite the announcement that the Fed will start to taper its asset purchase program and the corresponding surge in US Treasury Yields, risk assets proved resilient in December. The S&P 500 Index and the MSCI World Index rallied 2.5% and 2.0% for the month, respectively. High yield also benefited from investors adding risk as the Credit Suisse High Yield index rose marginally by 0.6%.

In totality, 2013 proved to be a fruitful year for the bulls as investors witnessed the best returns for the S&P 500 in 16 years, the second best ever for the Nikkei Index, record low yields on corporate bonds and major rallies in European banks and sovereign credit. Many attributed this strong performance to the Fed's 'easy-money' policy which was a main focus for all of 2013. By December, improvements in both employment data and US GDP growth enabled the fed to finally commence tapering, with the FOMC announcing mid-month that its monthly asset purchases would be reduced from \$85bn to \$75bn. This drove five and ten year Treasury bond yields higher by 37bps and 28bps to 1.74% and 3.03%, respectively. Concurrent with its tapering announcement, the Fed also confirmed its commitment to its zero interest rate program (ZIRP) aimed at spurring growth, which proved enough to buoy risk appetite for the time being.

Performance Commentary

The Everest Alternative Investment Trust was flat for the month of December (net of all fees and expenses). The underlying portfolio was down 3.4% in USD terms but the depreciation in the Australian dollar (from 0.912 to 0.892) added 2.1% to the total Fund performance. This compares to monthly returns for the S&P 500 Index of 4.6% (in AUD terms) and the S&P/ASX 200 Accumulation Index of 0.8%.

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, had mixed results. For the month SPE I was down 21.0% while SPE II was up 1.7%. In aggregate, ESL detracted 3.6% from the total Fund return.

Our Multi Strategy managers had a difficult month with the Fund's second largest exposure, the TPG Axon Side Pocket posting a 3.1% loss for the month. On the other hand, the Eton Park Side Pocket remained flat.

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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Notification of third party offer for units

In December 2011, two entities associated with Mr Robert Blann requested One Managed Investment Funds Limited (the RE) to facilitate the making of an offer by the Blann entities to unit holders to buy their Fund units at \$0.75 per unit, c. 57% of NAV (at that time).

The RE has been approached again by Mr Blann who has requested that the RE facilitate making a further offer to unitholders; this new offer is at 20 cents per unit. Various costs were incurred by the Fund in facilitating the December 2011 offer and our understanding is that a

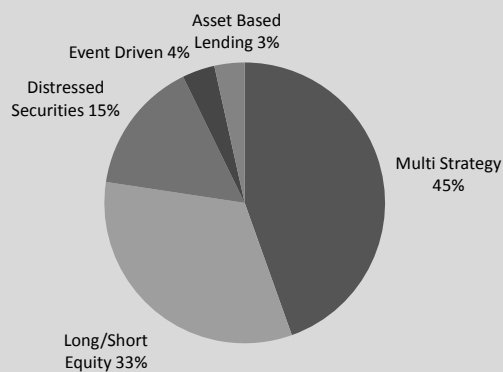
very small number of unit holders took up this offer. Therefore, as RE, we do not believe it is in the best interests of unit holders in the Fund to incur any expenses in facilitating this new offer.

Should unit holders wish to consider this new offer, you should seek your own financial, legal and tax advice as we cannot advise you and are not commenting on whether the offer is reasonable or fair value.

If you wish to be provided with Mr Blann's contact details, please let us know.

Exposure Summary

By Strategy (excluding cash)



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

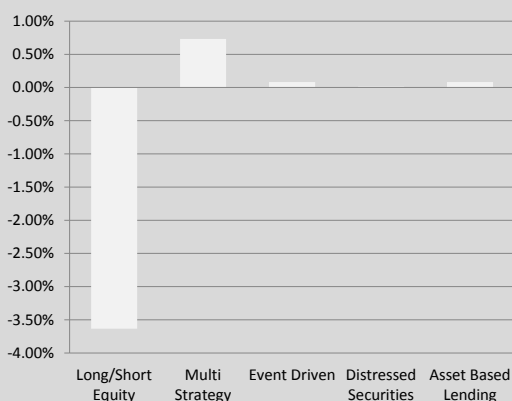
The investment strategy exposures are shown net of cash. Investment strategy and exposure data as at the first business day of the following month.

By Investment Manager (top eight managers)

Fund	Strategy	Weight
ESL Investments	Long Biased Equity	32.7%
TPG Axon	Multi Strategy	10.1%
Eton Park	Multi Strategy	6.7%
Fortress Partners	Multi Strategy	6.3%
Cerberus	Distressed Securities	5.6%
Silverpoint LP	Distressed Securities	5.5%
Marathon Asset Management	Distressed Securities	4.3%
Canyon Capital Advisors	Multi Strategy	4.0%
Total		75.2%

Monthly Performance Contribution

By Strategy (excluding cash)



By Investment Manager (top six contributors, excluding cash)



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