

Everest Alternative Investment Trust

January 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 January 2014

Estimated monthly return ¹	-1.97%
Estimated monthly return excluding FX	-4.57%
NTA as at 31 January 2014 ^{1,2}	\$0.3497

Investment manager summary

Investment positions posting positive returns	9
Investment positions posting negative returns	10
Largest manager allocation	29.8%

Fund NTA returns (net)

	Jan	Feb	Mar	April	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2014	-1.96 ¹												-1.96
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

Investors ushered in the New Year by reintroducing downside volatility to the markets as risk assets underwent marked fluctuations in the first month of 2014. The S&P 500 Index and the MSCI World Index fell 3.5% and 3.3% for the month, respectively. Benefiting from the flight to safety, the 10 year US Treasury yield fell by 38 bps to 2.64% (as prices gained 3.2% for the month).

Stress on emerging markets and currencies created a capricious environment across most asset classes. While the majority of economic indicators show stability in the US and a tepid recovery in Europe, emerging markets were hit by slowing growth indications in China and political uncertainty. These issues have created the widest corporate spreads since 2009 as funds flowed out of emerging markets, accentuating the outflows that began last summer after tapering of the Fed's quantitative easing program became more certain.

Note that there is debatable cause and effect between slow changes in Fed policy and fast market moves, though investors often desire and accept singular explanations for often complex and somewhat random market movements. In reality, markets reflect a tremendous number of variables (including sentiment) that complicate both explanation and forecasting.

Performance Commentary

The Everest Alternative Investment Trust was down 1.96% for the month of January (net of all fees and expenses). The underlying portfolio was down 3.4% in USD terms but the depreciation in the Australian dollar (from 0.892 to 0.876) added 1.9% to the total Fund performance. This compares to monthly returns for the S&P 500 Index of (1.7)% (in AUD terms) and the S&P/ASX 200 Accumulation Index of (3.0)%.

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 respectively, both suffered losses. For the month SPE I was down 23.0% and SPE II was down 0.8%. In aggregate, ESL detracted 3.5% from the total Fund return.

Our Multi Strategy managers also had a difficult month with the Fund's second largest exposure, the TPG Axon Side Pocket, posting a 0.9% loss for the month.

Fund Update

There are no updates this month.

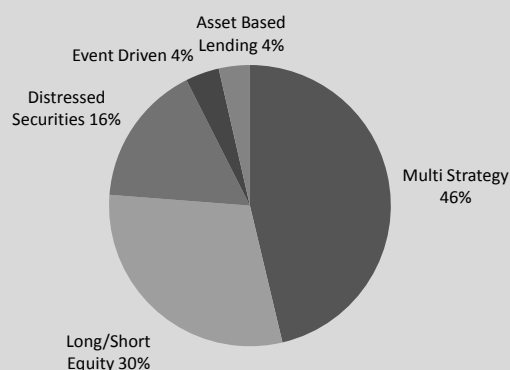
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Exposure Summary

By Strategy (excluding cash)



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

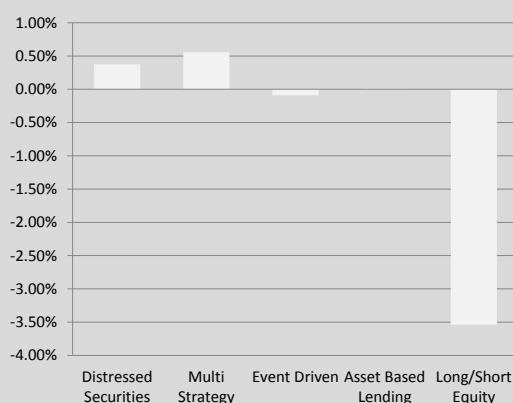
The investment strategy exposures are shown net of cash. Investment strategy and exposure data as at the first business day of the following month.

By Investment Manager (top eight managers)

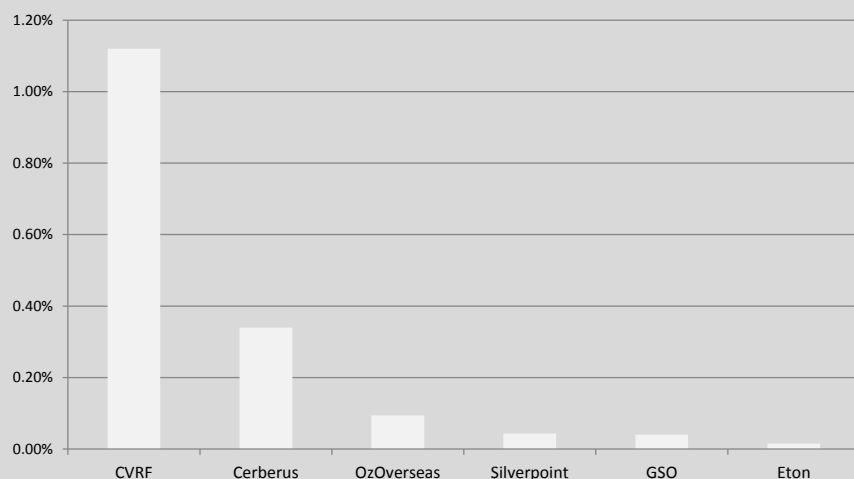
Fund	Strategy	Weight
ESL Investments	Long Biased Equity	29.8%
TPG Axon	Multi Strategy	10.6%
Eton Park	Multi Strategy	6.9%
Fortress Partners	Multi Strategy	6.3%
Cerberus	Distressed Securities	6.2%
Silverpoint LP	Distressed Securities	5.8%
Canyon Capital Advisors	Multi Strategy	5.2%
Marathon Asset Management	Distressed Securities	4.3%
Total		75.2%

Monthly Performance Contribution

By Strategy (excluding cash)



By Investment Manager (top six contributors, excluding cash)



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