

# Everest Alternative Investment Trust

## June 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 30 June 2013

Estimated monthly return <sup>1</sup>	2.50%
Estimated monthly return excluding FX	(2.10)%
NTA as at 30 June 2013 <sup>1,2</sup>	\$0.41

### Investment manager summary

Investment positions posting positive returns	13
Investment positions posting negative returns	12
Largest manager allocation	26.4%

### 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% <sup>1</sup>							<b>11.10%</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

After many months, the positive momentum that has driven global capital markets in 2013 stalled in June as investors displayed more of a “risk-off” mentality. The S&P 500 Index and the MSCI World Index lost 1.3% and 2.6% respectively.

During the month of June, investors became fixated on whether or not the Fed would “taper” and the corresponding effects it would have on interest rates. This was due to ambiguous commentary from the Fed around potentially winding back their quantitative easing policies sooner than the market was expecting. Investor’s quickly repriced risk with many asset classes falling 5-10% from their recent May highs. Interest rates also experienced significant volatility as the US 10 year Treasury yield spiked 50 bps (only to finish the month up 37 bps).

In Asia, weak manufacturing reports and continued concerns about a potential cash crunch in the banking system in China triggered a sell-off in Asian markets. In particular, Japan’s stock market hit bear market territory (down more than 20% from its recent high).

To date, the central banks steadfast commitment to its extended low interest rate policy as well as its bond buying program has largely overshadowed fundamentals as market fluctuations appear linked to Fed announcements. The resulting investment environment is somewhat ironic, as negative economic data is leading to positive market responses, with investors viewing signs of economic weakness as a harbinger of future central bank support.

### Performance Commentary

The Everest Alternative Investment Trust was up 2.5% for the month of June (net of all fees and expenses). The underlying portfolio was down (3.2)% in USD terms and the significant depreciation in the Australian dollar (from 0.957 to 0.915) added 4.5% to the total Fund performance. This compares to monthly returns for the S&P 500 Index of 3.1% (in AUD terms) and the S&P/ASX 200 Accumulation Index of (2.3)%.

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, were down. For the month SPE I was down (13.6)% while SPE II was down (2.0)%. In aggregate, ESL detracted (2.2)% to the total Fund return.

Our credit and distressed securities managers had a positive month as the Fund’s second largest exposure, the Drawbridge Special Opportunities Fund 2008 RCA was up 0.5%. Cerberus also provided a positive return of 0.7%.

### Fund Update

Please note that a capital return of 9.5 cents per unit was paid to unitholders on Friday 28 June 2013. Since March 2011 176.84 cents per unit has been returned to unitholders. A 2.5651 cents per unit taxable distribution will be paid on or around Friday 16 August 2013. The ex distribution NTA is \$0.38 per unit. Tax statements will be mailed by the end of August.

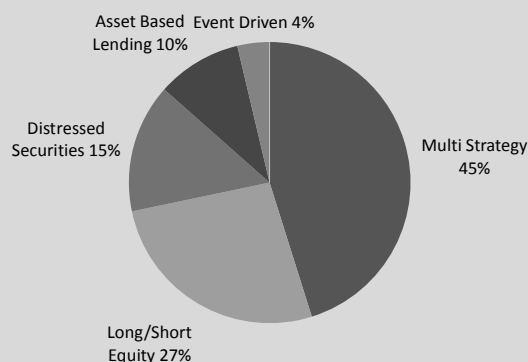
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### Exposure Summary

#### By Strategy (excluding cash)



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

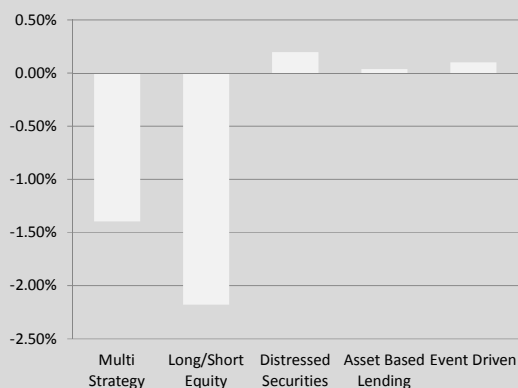
The investment strategy exposures are shown net of cash. Investment strategy and exposure data as at the first business day of the following month.

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

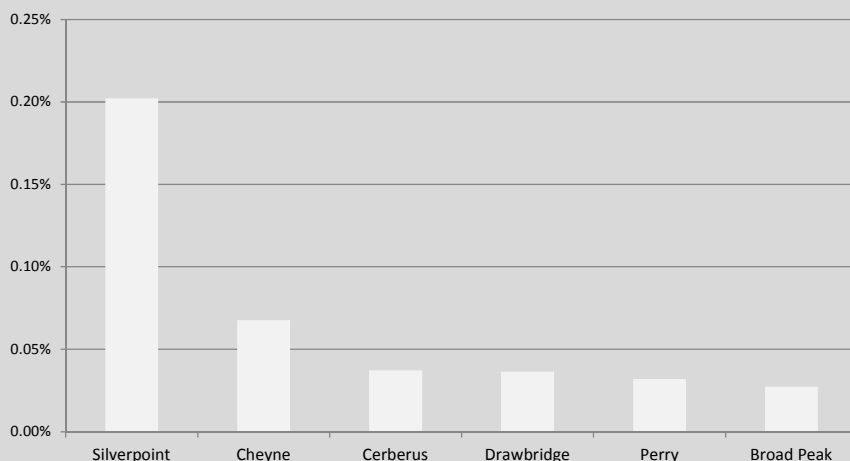
Fund	Strategy	Weight
ESL Investments	Long Biased Equity	26.4%
Drawbridge Special Opportunities Fund	Asset Based Lending	9.8%
TPG Axon	Multi Strategy	9.0%
Eton Park	Multi Strategy	6.6%
Cerberus	Distressed Securities	5.4%
Everest Absolute Return Fund	Multi Strategy	5.1%
Fortress Partners	Multi Strategy	5.3%
Silverpoint LP	Distressed Securities	4.9%
<b>Total</b>		<b>72.5%</b>

### Monthly Performance Contribution

#### By Strategy (excluding cash)



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



#### Contact us

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