

Everest Alternative Investment Trust

June 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 30 June 2014

Estimated monthly return ¹	(1.84)%
Estimated monthly return excluding FX	(0.54)%
NTA as at 30 June 2014 ^{1,2}	\$0.2988

Investment manager summary

Investment positions posting positive returns	11
Investment positions posting negative returns	8
Largest manager allocation	35.5%

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% ¹							-3.66%
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

Risk assets outperformed in June as the environment was characterised by low volatility and a ratchet tighter in risk premiums across asset classes. The S&P 500 Index was up 2.1% (closing at all-time highs) while the MSCI World Index rallied 1.2%. Consequently, high yield credit spreads continued to tighten, with yields compressing to an all-time low of 4.85%.

The ECB's announcement of further accommodative monetary policies and the Federal Reserve's reassuring comments regarding the US's worse than expected Q1 2014 GDP print (-2.9%), supported market sentiment and contributed to volatility hitting levels not seen since pre the 2008 financial crisis. It appears that as central banks continue to prolong their commitment to long running economic stimulus programs, duration risk has temporarily abated. Investor sentiment seems to favour a continuation of the current low rate regime until more demonstrative evidence of inflation and/or more heated economic growth becomes palpable.

Performance Commentary

The Everest Alternative Investment Trust was down 1.8% for the month of June (net of all fees and expenses). The underlying portfolio was down 0.1% in USD terms, however the appreciation in the Australian dollar (from 0.931 to 0.943) detracted 1.3% from the total Fund performance. This compares to monthly returns for the S&P 500 Index of 0.7% (in AUD terms) and the S&P/ASX 200 Accumulation Index of (1.5)%.

The Fund's largest exposure, long only equities manager ESL, had a mixed month. ESL SPE I and ESL SPE II, which hold positions in Sears and Automation, were down 0.8% and up 3.4%, respectively. In aggregate, ESL contributed 0.3% to the total Fund return.

Our Multi Strategy managers had a more challenging month with the Fund's second largest exposure, the TPG Axon Side Pocket, posting a 2.5% loss for the month.

Fund Update

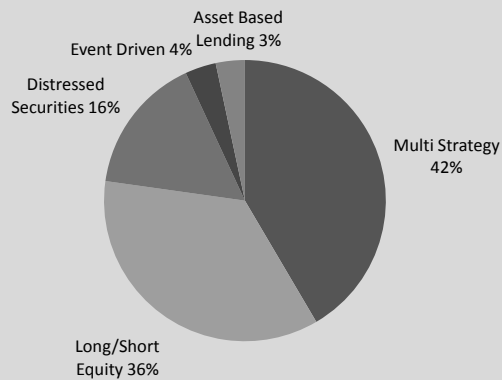
The Fund paid a distribution of 4.53 cents per unit on 23 May 2014. The Fund will pay a distribution of 6.36 cents per unit shortly (0.81 cents per unit relates to the 30 June 2014 Taxable Distribution). The Annual Tax Statements should be issued early September 2014.

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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.

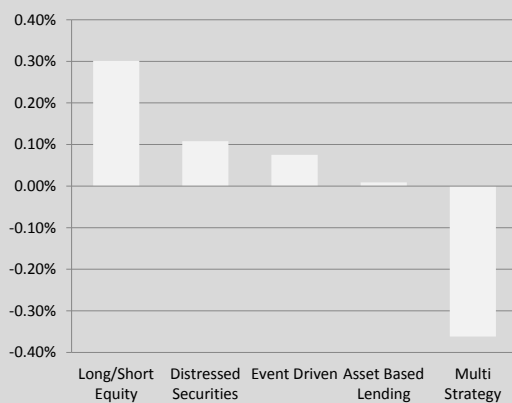
The investment strategy exposures are shown net of cash. Investment strategy and exposure data as at the first business day of the following month.

By Investment Manager (top eight managers)

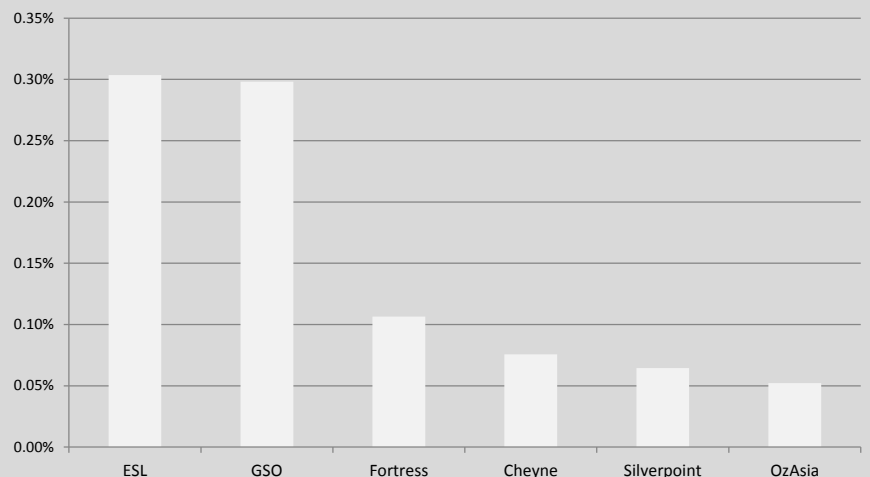
Fund	Strategy	Weight
ESL Investments	Long Biased Equity	35.5%
TPG Axon	Multi Strategy	8.5%
Eton Park	Multi Strategy	7.1%
Fortress Partners	Multi Strategy	6.1%
Cerberus	Distressed Securities	5.8%
Silverpoint LP	Distressed Securities	5.8%
Canyon Capital Advisors	Multi Strategy	5.6%
Marathon	Distressed Securities	4.3%
Total		78.7%

Monthly Performance Contribution

By Strategy (excluding cash)



By Investment Manager (top six contributors, excluding cash)



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