

Everest Alternative Investment Trust

October 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 October 2013

Estimated monthly return ¹	(2.50)%
Estimated monthly return excluding FX	(1.02)%
NTA as at 31 October 2013 ^{1,2}	\$0.39

Investment manager summary

Investment positions posting positive returns	18
Investment positions posting negative returns	5
Largest manager allocation	32.4%

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% ¹			14.02%
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

October brought a renewed sense of optimism with the government shutdown and the prospect of a US debt default in the distant past. Investors were instead able to shift their focus to earnings season, which by and large was generally positive, notwithstanding the effects of the budget dispute and its impact on growth which may not be seen until Q4 earnings are unveiled in early 2014. Markets reflected the renewed vigor with the S&P 500 Index and the MSCI World Index rallying 4.6% and 3.9% respectively. High yield also benefited from investors adding risk with the Credit Suisse High Yield index up 2.4% for the month.

Since the crisis, credit and equity prices have rocketed to record highs as conditions stabilised and investors returned. The S&P 500 has increased over 170% including dividends since early March 2009, one of the longest and largest bull markets without a 20% correction. It seems as if investor sentiment has shifted from fear of the next crisis to fear of missing out. October also went on record as the busiest month for IPO's since 2007.

Performance Commentary

The Everest Alternative Investment Trust was down 2.5% for the month of October (net of all fees and expenses). The underlying portfolio was down 0.3% in USD terms but the appreciation in the Australian dollar (from 0.932 to 0.946) detracted 1.5% from 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 4.0%.

The Fund's largest exposure, long only equities manager ESL, had a difficult month. ESL SPE I and ESL SPE II, which hold positions in Sears and Autonation respectively, both declined over the period. For the month SPE I was down 2.2% while SPE II was down 5.2%. In aggregate, ESL detracted (1.0)% to the total Fund return.

Our Multi Strategy managers had a more mixed month with the Fund's second largest exposure, the TPG Axon Side Pocket posting a 3.1% gain for the month. Eton Park also posted a negative return of 0.5%.

Fund Update

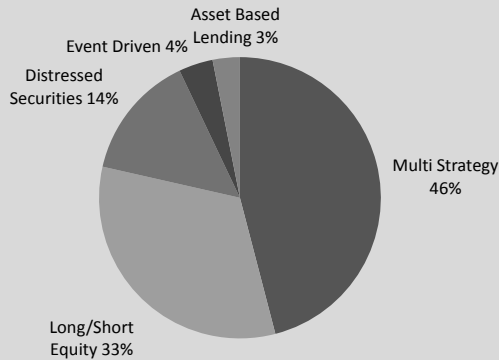
A taxable distribution of 2.5651 cents per unit was paid on Friday 16 August 2013. Tax statements were mailed on Friday 6 September 2013. We paid 4.9 cents per unit return on 20 November 2013.

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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.

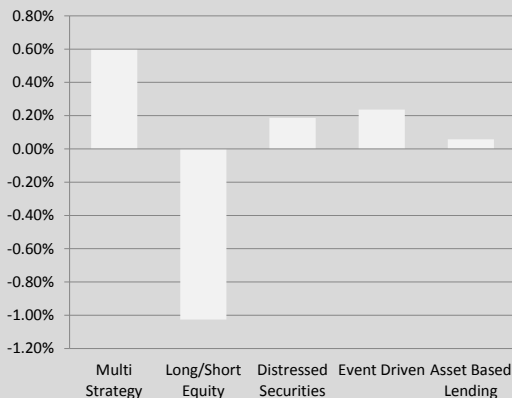
The investment strategy exposures are shown net of cash. Investment strategy and exposure data as at the first business day of the following month.

By Investment Manager (top eight managers)

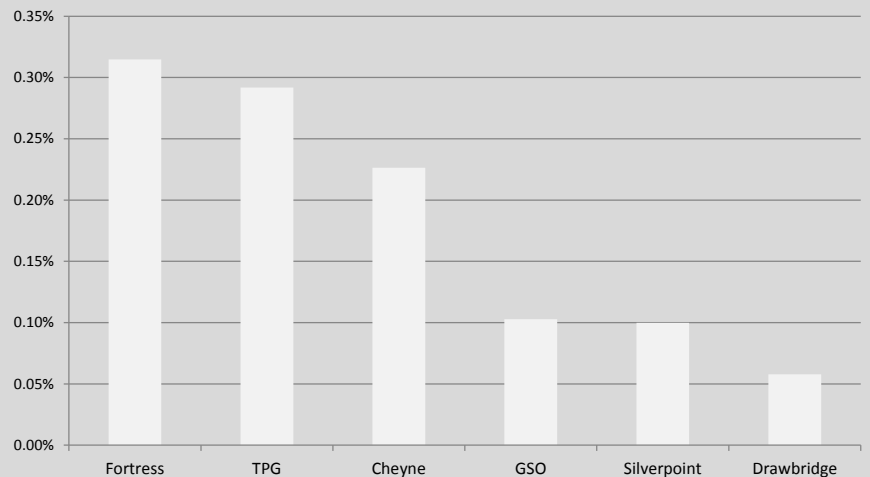
Fund	Strategy	Weight
ESL Investments	Long Biased Equity	32.4%
TPG Axon	Multi Strategy	9.9%
Eton Park	Multi Strategy	6.5%
Fortress Partners	Multi Strategy	6.0%
Silverpoint LP	Distressed Securities	5.2%
Cerberus	Distressed Securities	5.1%
Everest Absolute Return Fund	Multi Strategy	5.0%
Oz Global Special Situations	Multi Strategy	4.6%
Total		74.9%

Monthly Performance Contribution

By Strategy (excluding cash)



By Investment Manager (top six contributors, excluding cash)



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