

Everest Alternative Investment Trust

September 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 September 2014

Estimated monthly return ¹	(0.26)%
Estimated monthly return excluding FX	(6.63)%
NTA as at 30 September 2014 ^{1,2}	\$0.2285

Investment manager summary

Investment positions posting positive returns	7
Investment positions posting negative returns	12
Largest manager allocation	17.8%

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%	-0.45%	-2.05%	-0.26% ¹				-6.31%
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 performed poorly over September as geopolitical tensions led to an increase in market volatility. Unrest in the Middle East weighed on investor sentiment, as did the volatile situation in the Ukraine. The S&P 500 Index declined 1.4% while the MSCI World Index fell 1.2%. Credit markets also traded lower over the month as investors reacted to the abundant new issue supply and ongoing concerns over potentially rising interest rates. The CS High Yield Index finished the month down 2.1%.

In contrast to the low levels of volatility and complacency experienced over much of 2014, investor sentiment appeared to weaken in September as investors contemplated high security valuations, prospects for lower GDP growth, and uncertainty from changes in central bank policies. Notably, emerging markets underperformed developed markets by a significant margin, as commodity prices declined on the back of a stronger US dollar.

Performance Commentary

The Everest Alternative Investment Trust was down 0.3% for the month of September (net of all fees and expenses). The underlying portfolio was down 6.0% in USD terms however the depreciation in the Australian dollar (from 0.935 to 0.875) aided the Fund by adding 6.3% to the total Fund performance. This compares to monthly returns for the S&P 500 Index of 4.9% (in AUD terms) and the S&P/ASX 200 Accumulation Index of (5.4)%.

The Fund's largest exposure, long only equities manager ESL, had a very difficult month. ESL SPE I and ESL SPE II, which hold positions in Sears and Autonation, were down 18.5% and 22.0%, respectively. In aggregate, ESL detracted 3.3% from the total Fund return.

Our Multi Strategy managers also had a challenging month with the Fund's second largest exposure, the TPG Axon Side Pocket, posting a 8.4% loss for the period.

Fund Update

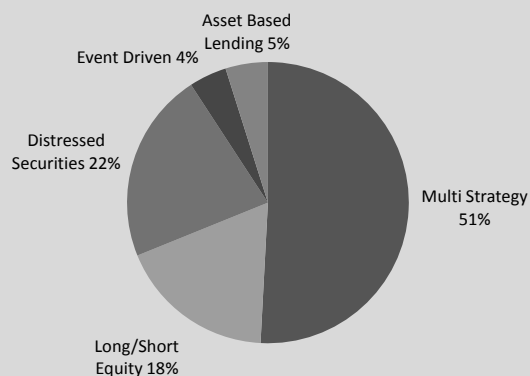
The Fund recently paid two distributions totalling 6.36 cents per unit on 29 August 2014 (0.81 cents per unit relates to the 30 June 2014 Taxable Distribution that was reflected in the July 2014 price & 5.55 cents per unit relates to a distribution that was reflected in the August 2014 price).

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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)

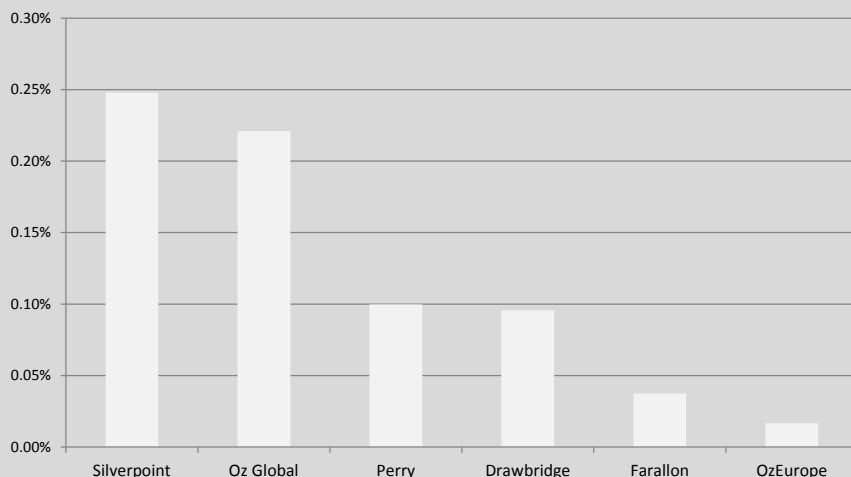
Fund	Strategy	Weight
ESL Investments	Long Biased Equity	17.8%
TPG Axon	Multi Strategy	11.2%
Cerberus	Distressed Securities	8.4%
Fortress Partners	Multi Strategy	8.3%
Silverpoint LP	Distressed Securities	7.6%
Eton Park	Multi Strategy	7.6%
Marathon	Distressed Securities	5.9%
Canyon Capital Advisors	Multi Strategy	5.8%
Total		72.6%

Monthly Performance Contribution

By Strategy (excluding cash)



By Investment Manager (top six contributors, excluding cash)



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