

Everest Alternative Investment Trust

September 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 September 2013

Estimated monthly return ¹	0.00%
Estimated monthly return excluding FX	(0.14)%
NTA as at 30 September 2013 ^{1,2}	\$0.40

Investment manager summary

Investment positions posting positive returns	14
Investment positions posting negative returns	11
Largest manager allocation	33.0%

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% ¹				16.94%
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

Global markets rallied in September with the resolution of numerous concerns. The Federal Reserve did not taper (counter to consensus expectations), Janet Yellen became the frontrunner to succeed Chairman Bernanke following the withdrawal of Larry Summers, Chancellor Angela Merkel was re-elected to head the German government, and US military action was averted in Syria. The S&P 500 Index and the MSCI World Index rallied 3.1% and 3.6% respectively. Credit also rallied as the yield on the US 10 year Treasury fell for the first time in the past 5 months, dropping 17bps to 2.61%.

Rumblings of Fed tapering have dominated markets for the better part of the year, and September was no exception. News mid-month that the Fed would hold steady on the current bond purchasing program was well-received by markets, with Fed officials citing that more evidence of a sustainable economic recovery is required before they begin scaling back accommodative policies. However, the temporary resolution of tapering worries only made way for new concerns surrounding the US federal budget, debt ceiling and impending governmental shutdown, which curbed the rise in risk-assets near month-end. Europe echoed the Fed's continued accommodative stance as the ECB suggested potential to employ further stimulus if necessary.

Performance Commentary

The Everest Alternative Investment Trust was flat for the month of September (net of all fees and expenses). The underlying portfolio was up 4.6% in USD terms but the significant appreciation in the Australian dollar (from 0.890 to 0.932) detracted 4.7% from the total Fund performance. This compares to monthly returns for the S&P 500 Index of (1.5)% (in AUD terms) and the S&P/ASX 200 Accumulation Index of 2.2%.

The Fund's largest exposure, long only equities manager ESL, performed well in the positive market environment. ESL SPE I and ESL SPE II, which hold positions in Sears and Autonation respectively, both rallied over the period. For the month SPE I was up 25.7% while SPE II was up 5.0%. In aggregate, ESL contributed 5.3% to the total Fund return.

Our Multi Strategy managers also enjoyed the risk on environment as the Fund's second largest exposure, the TPG Axon Side Pocket posted a 3.9% gain for the month. Eton Park also posted a positive return of 3.1%.

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 will be paying a 4.9 cents per unit return during the week commencing 18 November.

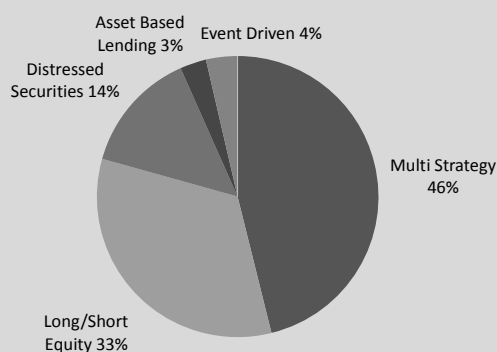
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Exposure Summary

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	33.0%
TPG Axon	Multi Strategy	9.5%
Eton Park	Multi Strategy	6.4%
Fortress Partners	Multi Strategy	5.6%
Silverpoint LP	Distressed Securities	5.1%
Cerberus	Distressed Securities	5.0%
Everest Absolute Return Fund	Multi Strategy	4.9%
Oz Global Special Situations	Multi Strategy	4.6%
Total		74.1%

Monthly Performance Contribution

By Strategy (excluding cash)



By Investment Manager (top six contributors, excluding cash)



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