

EVEREST CAPITAL EMERGING MARKETS LTD.

Financial Statements

(With Independent Auditors' Report Thereon)

Year Ended December 31, 2013

This report is submitted pursuant to an exemption claimed under Section 4.7 of the Commodity Futures Trading Commission Regulations.



EVEREST CAPITAL EMERGING MARKETS LTD.

Oath or Affirmation

December 31, 2013

The undersigned represents and affirms that, to his best knowledge and belief, the information provided herein is accurate and complete.



Malcolm Stott
Chief Operating Officer
Everest Capital LLC

EVEREST CAPITAL EMERGING MARKETS LTD.

CORPORATE INFORMATION

Directors

Malcolm Stott
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Principal Office

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Investment Manager

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Contact: Sofia Granai

Administrator

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Contact: Alan Farrell

Auditors

KPMG Audit Limited
Chartered Accountants
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Contact: Todd Kearns



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Independent Auditors' Report

The Board of Directors and Shareholders of
Everest Capital Emerging Markets Ltd.

We have audited the accompanying financial statements of Everest Capital Emerging Markets Ltd. (the "Fund"), which comprise the statement of assets and liabilities as of December 31, 2013, and the related statements of operations and changes in net assets for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Everest Capital Emerging Markets Ltd. as of December 31, 2013, and the results of its operations for the year then ended in accordance with U.S. generally accepted accounting principles.

KPMG Audit Limited

Chartered Accountants
Hamilton, Bermuda
March 24, 2014

EVEREST CAPITAL EMERGING MARKETS LTD.

Statement of Assets and Liabilities

December 31, 2013

(Expressed in thousands of United States Dollars)

Assets	
Investment in Everest Capital Emerging Markets Fund, L.P. (the "Partnership") (Note 2(b))	\$ 154,065
Cash	2,001
Capital withdrawals receivable from the Partnership	7,535
Other assets	<u>300</u>
Total assets	<u>163,901</u>
Liabilities	
Management fees payable (Note 3)	433
Subscriptions received in advance	2,001
Redemptions payable	7,365
Solicitation fees payable (Note 3)	356
Other liabilities	<u>301</u>
Total liabilities	<u>10,456</u>
Net assets (Note 4)	<u>\$ 153,445</u>
Net asset value per share (Note 4)	

See accompanying notes to financial statements

EVEREST CAPITAL EMERGING MARKETS LTD.

Statement of Changes in Net Assets

Year Ended December 31, 2013

(Expressed in thousands of United States Dollars)

Net increase in net assets from operations	
Net investment income	\$ 6,273
Net realized gain on sale of investments allocated from the Partnership	774
Net change in unrealized gains and losses on investments allocated from the Partnership	10,894
Incentive allocation	<u>(424)</u>
Net increase in net assets from operations	<u>17,517</u>
Capital share transactions (Note 4)	
Proceeds from issue of Class A1 Shares	52
Proceeds from issue of Class B Shares	12,263
Proceeds from issue of Class C Shares	2,100
Proceeds from issue of Class E Shares	722
Payment on redemption of Class A Shares	(30,901)
Payment on redemption of Class A1 Shares	(4,807)
Payment on redemption of Class B Shares	(1,289)
Payment on redemption of Class B1 Shares	(855)
Payment on redemption of Class C Shares	(2,005)
Payment on redemption of Class E Shares	<u>(6,054)</u>
Net decrease in net assets from capital share transactions	<u>(30,774)</u>
Net decrease in net assets	<u>(13,257)</u>
Net assets at beginning of year	<u>166,702</u>
Net assets at end of year	<u>\$ 153,445</u>

See accompanying notes to financial statements

EVEREST CAPITAL EMERGING MARKETS LTD.

Notes to Financial Statements

December 31, 2013

1. **Organization and description of business**

Everest Capital Emerging Markets Ltd. (the “Fund”) is a corporation formed under the laws of the British Virgin Islands on December 30, 1994, which commenced business on January 1, 1995. On January 1, 2006, the Fund changed its name from Everest Capital Frontier Ltd. to Everest Capital Emerging Markets Ltd.

The Fund seeks to achieve its investment objective by investing substantially all of its investable assets in Everest Capital Emerging Markets Fund, L.P. (the “Partnership”) a limited partnership formed under the laws of the Cayman Islands. The investment objective of the Fund and the Partnership is to achieve capital appreciation by investing in developing markets globally as described in Note 1 of the Partnership’s financial statements.

Everest Capital LLC, a Delaware limited liability company, is the Fund’s investment manager (the “Investment Manager”) and also the general partner of the Partnership in which capacity it is responsible for all investment decisions relating to the Partnership. The Investment Manager is assisted by Everest Capital Pte. Ltd., a corporation headquartered in Singapore, and Everest Capital S.A., a corporation headquartered in Geneva, Switzerland (collectively with the Investment Manager, the “Everest Capital Group”). The Investment Manager acts as the Commodity Pool Operator of the Fund and has received exemption in accordance with Commodity Futures Trading Commission Regulations Rule 4.7. Malcolm Stott, a Director of the Fund, is also the Chief Operating Officer of the Investment Manager.

The financial statements of the Fund should be read in conjunction with those of the Partnership because its performance is directly affected by that of the Partnership.

2. **Significant accounting policies**

The following are the significant accounting policies adopted by the Fund:

(a) *Basis of presentation*

The accompanying financial statements are prepared in accordance with U.S. generally accepted accounting principles.

(b) *Fair value measurement*

Accounting standards over fair value measurements define fair value, establish a framework for measuring fair value using a three-tier hierarchy of inputs to value the Fund’s investments, and require additional disclosures about fair value. Additional required disclosures are found in the financial statements of the Partnership.

The value of the investment in the Partnership reflects the balance of the Fund’s capital account in Everest Capital Emerging Markets Fund, L.P. as of December 31, 2013. The balance of each partner’s capital account reflects its proportionate share of the net asset value of the Partnership. As of December 31, 2013, the Fund’s capital account in the Partnership represents 67.1% of the Partnership’s capital. The Partnership’s investments are valued as described in Note 2 of its financial statements.

EVEREST CAPITAL EMERGING MARKETS LTD.

Notes to Financial Statements

December 31, 2013

2. **Significant accounting policies** (continued)

(c) *Partnership allocations*

The expenses of the Fund are borne by the Partnership except for management and solicitation fees as described in Note 3. The components of net investment income and net realized and unrealized gains and losses on investments of the Partnership are allocated to its partners in accordance with Note 2(e) of its financial statements.

(d) *Allocation of income and expenses*

Income and expenses of the Fund are allocated to each share class and to each series within each class, if applicable, in proportion to their relative gross asset value of each share class and series at the beginning of the month after subscriptions or redemptions, if any, at that date. The incentive fee, if any, is calculated based on the performance of each series of each class. Realized and unrealized gains and losses on new issue securities are allocated as described in Note 4.

(e) *Use of estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

3. **Management, incentive and solicitation fees**

The incentive fee payable to the Investment Manager of the Fund is 20% of net profits, if any, allocable to each share of common stock, excluding Class E and Class F Shares (Note 4). No incentive fee is charged to a share until all losses previously allocated to the share have been recouped.

In addition, the Investment Manager is entitled to receive quarterly, in arrears, a management fee equal to $\frac{1}{4}$ of 2.0% (1.5% prior to February 1, 2006) per annum of the net assets of the Fund on the last day of each calendar quarter, excluding Class E and Class F Shares (Note 4). Special grandfathering provisions are in place that apply to shareholders admitted on or before January 1, 2006 or shareholders who are subject to the same grandfathering provisions by agreement with the Investment Manager ("Prior Shareholders"). Under these provisions, the Prior Shareholders will continue to be charged a management fee of 1.5% per annum. These special grandfathering provisions are in effect as long as the Prior Shareholders remain invested in the Fund.

The fees payable in the Fund are reduced to the extent that corresponding fees or allocations are due or allocable to any member of the Everest Capital Group by the Partnership or Fund or to the extent that amounts are due to third parties who are instrumental in the sale of shares in the Fund ("solicitation fees") in order to avoid double charging the incentive fee and management fees.

EVEREST CAPITAL EMERGING MARKETS LTD.

Notes to Financial Statements

December 31, 2013

4. Share capital

On December 9, 2013 the Memorandum of Association was amended and restated to include eight additional classes to be designated in Euro. The Fund is authorized to issue a maximum of 100,000,000 no par value common shares divided into eighteen classes designated as Class A, Class EUR-A, Class A1, Class EUR-A1, Class B, Class EUR-B, Class B1, Class EUR-B1, Class E and Class F voting common shares (the "Voting Shares") and Class C, Class EUR-C, Class C1, Class EUR-C1, Class D, Class EUR-D, Class D1 and Class EUR-D1 non-voting common shares (the "Non-Voting Shares"). Class EUR-A, Class EUR-A1, Class EUR-B, Class EUR-B1, Class EUR-C, Class EUR-C1, Class EUR-D and Class EUR-D1 common shares (the "Euro Shares") will be designated in Euro. All other classes are designated in U.S. Dollars. All shares have equal dividend, distribution and liquidation rights. Class E and Class F shares are not charged an incentive fee or management fee and are issued to affiliated feeder funds. The incentive and management fees are charged in the respective feeder funds to avoid double charging of such fees.

Only shareholders subject to special grandfathering provisions with respect to the management fee charge by agreement with the Investment Manager as discussed in Note 3 above will be offered Class A1, Class B1, Class C1, Class D1 common shares ("Pre-Existing Shares") and corresponding classes of Euro Shares. Each class of shares and its corresponding class of the Pre-Existing Shares are identical except for the different management fee arrangements.

Class A, Class C and corresponding classes of Pre-Existing Shares and Euro Shares, and Class E Shares are issued to investors who are considered Unrestricted Persons and Class B, Class D and corresponding classes of Pre-Existing Shares and Euro Shares, and Class F shares are issued to investors who are considered Restricted Persons. The profits and losses with respect to new issues will generally be allocated to investors in the Fund that are Unrestricted Persons. The Fund may, however, avail itself of a *de minimis* exemption, according to the Rules of FINRA, pursuant to which a portion of any new issue profits and losses may be allocated to Restricted Persons.

Shares of common stock of each class (with the exception of Class E and Class F Shares) are generally issued monthly in series. The shares in the first series of each class issued are generally designated as the "Series One" shares of that class. Following the end of each fiscal year, the Fund may consolidate series within each class (with the exceptions of any series that has a loss carry-forward outstanding) into the Series One shares of the respective class, or if Series One shares have a loss carry-forward outstanding, into the earliest series of shares paying an incentive fee within that class.

Upon written notice of 60 days to the Investment Manager, shareholders may redeem all or a portion of their shares as of the first business day of each calendar quarter at the net asset value as of the close of business on the last day of the calendar month preceding the redemption day. The Directors and Investment Manager, in their sole discretion, may waive or modify any terms related to redemptions for a shareholder.

At the discretion of the Investment Manager, shareholders who have transferred from other funds managed by the Investment Manager, or transferred within the Fund, that have a loss carry-forward associated with their investment, will carry-forward their prior high watermark and will be issued a sub-series of shares if an existing series of shares exist for that class of shares.

EVEREST CAPITAL EMERGING MARKETS LTD.

Notes to Financial Statements

December 31, 2013

4. Share capital (continued)

The net assets (expressed in thousands), net asset value (“NAV”) per share and number of shares in issue of each class and series of shares at December 31, 2013 were as follows:

<u>Share class and series</u>	<u>Number of shares</u>	<u>NAV per share</u>	<u>Net assets of class at December 31, 2013</u>
<u>Class A Shares</u>			
Class A Series 1	14,576.491	\$ 66.9471	\$ 976
Class A Series 1 2011	7,850.131	66.2904	520
Class A Series 1 2013	545.321	65.3965	36
Class A Series 3	372.009	66.9234	25
Class A Series 4 2012	<u>19,739.313</u>	66.2223	<u>1,307</u>
Total Class A Shares	43,083.265		\$ 2,864
<u>Class A1 Shares</u>			
Class A1 Series 1	1,710,091.912	\$ 69.3254	\$ 118,553
Class A1 Series 11 2013	<u>838.622</u>	69.5680	<u>58</u>
Total Class A1 Shares	1,710,930.534		\$ 118,611
<u>Class B Shares</u>			
Class B Series 1 2011	548.844	\$ 64.0039	\$ 35
Class B Series 1 2013	60,744.248	62.5454	3,799
Class B Series 2 2011	1,260.745	63.7893	80
Class B Series 4 2012	1,650.331	63.3355	105
Class B Series 4A 2013	11,652.268	63.0155	734
Class B Series 5 2013	5,730.198	62.9018	361
Class B Series 7A 2012	163,537.902	63.9691	10,461
Class B Series 10 2011	1,268.763	62.6164	80
Class B Series 10 2013	22,705.559	62.6677	1,423
Class B Series 10A 2013	97,578.827	64.0210	6,247
Class B Series 11 2013	52,084.870	64.0328	3,335
Class B Series 12 2013	<u>19,137.107</u>	63.7621	<u>1,220</u>
Total Class B Shares	437,899.662		\$ 27,880
<u>Class B1 Shares</u>			
Class B1 Series 1	<u>19,285.073</u>	\$ 69.2084	\$ 1,334

EVEREST CAPITAL EMERGING MARKETS LTD.

Notes to Financial Statements

December 31, 2013

4. **Share capital** (continued)

<u>Share class and series</u>	<u>Number of shares</u>	<u>NAV per share</u>	<u>Net assets of class at December 31, 2013</u>
<u>Class E Shares</u>			
Class E	30,932.427	\$ 89.1018	\$ 2,756
Net assets			\$ 153,445

As of December 31, 2013, a shareholder unrelated to the Fund, held shares representing 64.3% of the net assets of the Fund.

Details of the number of shares issued and redeemed by class and series for the year ended December 31, 2013 were as follows:

<u>Share class and series</u>	<u>Shares at Dec 31, 2012</u>	<u>Shares issued</u>	<u>Shares redeemed</u>	<u>Consolidation/ conversion of shares</u>	<u>Shares at Dec 31, 2013</u>
<u>Class A Shares</u>					
Class A Series 1	496,619.749	–	(482,043.258)	–	14,576.491
Class A Series 1 2011	40,284.620	–	(32,434.489)	–	7,850.131
Class A Series 1 2013	–	–	(9,906.681)	10,452.002	545.321
Class A Series 3	372.009	–	–	–	372.009
Class A Series 4 2012	19,739.313	–	–	–	19,739.313
Class A Series 7 2012	10,636.664	–	–	(10,636.664)	–
Total Class A Shares	567,652.355	–	(524,384.428)	(184.662)	43,083.265
<u>Class A1 Shares</u>					
Class A1 Series 1	1,773,463.436	–	(63,371.524)	–	1,710,091.912
Class A1 Series 11	14,926.728	–	(14,926.728)	–	–
Class A1 Series 11 2013	–	838.622	–	–	838.622
Total Class A1 Shares	1,788,390.164	838.622	(78,298.252)	–	1,710,930.534

EVEREST CAPITAL EMERGING MARKETS LTD.

Notes to Financial Statements

December 31, 2013

4. Share capital (continued)

<u>Share class and series</u>	<u>Shares at Dec 31, 2012</u>	<u>Shares issued</u>	<u>Shares redeemed</u>	<u>Consolidation/ conversion of shares</u>	<u>Shares at Dec 31, 2013</u>
<u>Class B Shares</u>					
Class B Series 1 2011	21,127.464	–	(20,578.620)	–	548.844
Class B Series 1 2013	–	1,765.449	–	58,978.799	60,744.248
Class B Series 2 2011	1,260.745	–	–	–	1,260.745
Class B Series 4 2012	1,650.331	–	–	–	1,650.331
Class B Series 4A 2013	–	11,652.268	–	–	11,652.268
Class B Series 5 2013	–	5,730.198	–	–	5,730.198
Class B Series 7 2012	33,831.788	–	–	(33,831.788)	–
Class B Series 7A 2012	161,904.579	1,633.323	–	–	163,537.902
Class B Series 10 2011	2,982.372	–	(1,713.609)	–	1,268.763
Class B Series 10 2012	25,988.828	–	–	(25,988.828)	–
Class B Series 10 2013	–	22,705.559	–	–	22,705.559
Class B Series 10A 2013	–	97,578.827	–	–	97,578.827
Class B Series 11 2013	–	52,084.870	–	–	52,084.870
Class B Series 12 2013	–	19,137.107	–	–	19,137.107
Total Class B Shares	248,746.107	212,287.601	(22,292.229)	(841.817)	437,899.662
<u>Class B1 Shares</u>					
Class B1 Series 1	33,747.465	–	(14,462.392)	–	19,285.073
<u>Class C Shares</u>					
Class C Series 2	–	33,510.887	(33,510.887)	–	–
<u>Class E Shares</u>					
Class E	98,304.050	9,188.035	(76,559.658)	–	30,932.427

5. Administrator

Under the terms of the agreement between Citco Fund Services (Bermuda) Limited (the “Administrator”) and the Fund, the Administrator provides accounting and administration services to the Fund and receives an annual fee based on the net assets of the Partnership, calculated and payable, by the Partnership, monthly in arrears.

6. Taxation

Under current British Virgin Islands legislation, there is no income tax, capital gains or withholding tax, estate duty or inheritance tax payable by the Fund. Because the Fund is not subject to taxation in the British Virgin Islands and it is management’s opinion that its method of operations does not result in it being subject to United States or other foreign income taxes, no provision for taxes has been made in these financial statements.

EVEREST CAPITAL EMERGING MARKETS LTD.

Notes to Financial Statements

December 31, 2013

7. Financial highlightsFinancial highlights of the Fund^{1,2} are as follows:

	Class A Series 1 <u>Shares</u>	Class A1 Series 1 <u>Shares</u>	Class B Series 1 2011 <u>Shares</u>	Class B1 Series 1 <u>Shares</u>	Class E <u>Shares</u>
Per Share Operating Performance:					
Net asset value per share, at beginning of year	\$ 59.1965	\$ 61.1986	\$ 56.6428	\$ 61.1239	\$ 77.2258
From investment operations					
Net investment income	2.3799	2.6845	2.2713	2.7713	4.7325
Net realized and unrealized gains and losses on investments	5.3707	5.5793	5.1071	5.5379	7.1435
Incentive allocation	<u>(0.0000)</u>	<u>(0.1370)</u>	<u>(0.0173)</u>	<u>(0.2247)</u>	<u>(0.0000)</u>
Total income from investment operations	<u>7.7506</u>	<u>8.1268</u>	<u>7.3611</u>	<u>8.0845</u>	<u>11.8760</u>
Net asset value per share, at end of year	\$ <u>66.9471</u>	\$ <u>69.3254</u>	\$ <u>64.0039</u>	\$ <u>69.2084</u>	\$ <u>89.1018</u>

EVEREST CAPITAL EMERGING MARKETS LTD.

Notes to Financial Statements

December 31, 2013

7. **Financial highlights** (continued)

	Class A Series 1 <u>Shares</u>	Class A1 Series 1 <u>Shares</u>	Class B Series 1 2011 <u>Shares</u>	Class B1 Series 1 <u>Shares</u>	Class E <u>Shares</u>
	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>
Total return					
Total return before incentive allocation	13.09	13.50	13.03	13.59	15.38
Incentive allocation	<u>(0.00)</u>	<u>(0.22)</u>	<u>(0.03)</u>	<u>(0.37)</u>	<u>(0.00)</u>
Total return after incentive allocation	<u>13.09</u>	<u>13.28</u>	<u>13.00</u>	<u>13.22</u>	<u>15.38</u>
Ratios to average net assets					
Total investment income	4.36	7.62	7.65	7.14	7.55
Net investment income excluding incentive allocation	1.83	4.30	3.85	4.06	5.78
Operating expenses ³	(2.53)	(3.32)	(3.80)	(3.08)	(1.77)
Incentive allocation	<u>(0.00)</u>	<u>(0.22)</u>	<u>(0.00)</u>	<u>(0.27)</u>	<u>(0.00)</u>
Total operating expenses and incentive allocation	<u>(2.53)</u>	<u>(3.54)</u>	<u>(3.80)</u>	<u>(3.35)</u>	<u>(1.77)</u>

¹ Total return and ratios are calculated for the year based on Series One Shares of each class except for Class E Shares which has been calculated for the class as a whole. An investor's results may vary from the total return and ratios shown above due to different management and incentive fee arrangements (as applicable), the existence of loss carry-forwards and the starting date of a series.

² The per share amounts and ratios reflect income and expenses allocated from the Partnership.

³ Includes dividend and interest expense.

EVEREST CAPITAL EMERGING MARKETS LTD.

Notes to Financial Statements

December 31, 2013

8. Subsequent events

The Directors have assessed and evaluated all subsequent events arising from the date of the statement of assets and liabilities up until March 24, 2014 and have concluded that no adjustments or additional disclosure is required.

EVEREST CAPITAL EMERGING MARKETS FUND, L.P.

Consolidated Financial Statements
(With Independent Auditors' Report Thereon)

Year Ended December 31, 2013

This report is submitted pursuant to an exemption claimed under Section 4.7 of the Commodity Futures Trading Commission Regulations.



EVEREST CAPITAL EMERGING MARKETS FUND, L.P.

Oath or Affirmation

December 31, 2013

The undersigned represents and affirms that, to his best knowledge and belief, the information provided herein is accurate and complete.



Malcolm Stott
Chief Operating Officer
Everest Capital LLC



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Independent Auditors' Report

The General and Limited Partners of
Everest Capital Emerging Markets Fund, L.P.

We have audited the accompanying consolidated financial statements of Everest Capital Emerging Markets Fund, L.P. and its subsidiaries (the "Partnership"), which comprise the consolidated statement of assets and liabilities, including the consolidated condensed schedule of investments, as of December 31, 2013, and the related consolidated statements of operations, changes in partners' capital and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Everest Capital Emerging Markets Fund, L.P. and its subsidiaries as of December 31, 2013, and the results of their operations and their cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

KPMG Audit Limited

Chartered Accountants
Hamilton, Bermuda
March 24, 2014

EVEREST CAPITAL EMERGING MARKETS FUND, L.P.

Consolidated Statement of Assets and Liabilities

December 31, 2013

(Expressed in thousands of United States Dollars)

Assets	
Investments in securities, at fair value (cost \$158,522) (Notes 1, 4, 5 and 8)	\$ 201,368
Unrealized gains on open derivative financial instruments (Notes 4, 5 and 8)	16,749
Cash and cash equivalents (Notes 3 and 8)	47,971
Receivable for investments sold	399
Dividends and interest receivable	4,739
Other assets	300
	<hr/>
Total assets	271,526
	<hr/>
Liabilities	
Securities sold short, at fair value (proceeds \$9,075) (Notes 4 and 5)	7,109
Unrealized losses on open derivative financial instruments (Notes 4, 5 and 8)	635
Due to brokers	19,859
Payable for investments purchased	1,418
Dividends on securities sold short and interest payable	55
Management fees payable (Note 6)	196
Capital withdrawals payable	9,895
Accounts payable and accrued liabilities (Note 2(j))	2,905
	<hr/>
Total liabilities	42,072
	<hr/>
Partners' capital	\$ 229,454
	<hr/>

See accompanying notes to consolidated financial statements

EVEREST CAPITAL EMERGING MARKETS FUND, L.P.

Consolidated Condensed Schedule of Investments

December 31, 2013

(Expressed in thousands of United States Dollars)

<u>Description</u>	<u>Number of Shares</u>	<u>% of Partners' Capital</u>	<u>Fair Value</u>
Investments in securities			
Equity			
Africa and Middle East			
Basic materials sector		0.84	\$ 1,931
Energy sector		2.62	6,003
Financial sector		4.84	11,114
Total for Africa and Middle East (cost \$17,604)		<u>8.30</u>	<u>19,048</u>
Asia			
Communications sector			
Naver Corporation	17,614	5.28	12,112
Other		11.08	25,414
Total communications sector		<u>16.36</u>	<u>37,526</u>
Consumer, cyclical sector		4.92	11,306
Industrial sector		0.83	1,897
Technology sector		2.13	4,891
Total for Asia (cost \$38,727)		<u>24.24</u>	<u>55,620</u>
Europe			
Consumer, cyclical sector		0.40	924
Energy sector		3.00	6,876
Financial sector		5.30	12,168
Funds		4.92	11,293
Total for Europe (cost \$25,720)		<u>13.62</u>	<u>31,261</u>
Latin America			
Consumer, cyclical sector		7.36	16,873
Energy sector		2.11	4,845
Financial sector		1.11	2,548
Industrial sector		7.05	16,175
Total for Latin America (cost \$31,102)		<u>17.63</u>	<u>40,441</u>
North America			
Energy sector		2.95	6,762
Financial sector		1.40	3,215
Total for North America (cost \$9,944)		<u>4.35</u>	<u>9,977</u>
Total equity (cost \$123,097)		<u>68.14</u>	<u>156,347</u>
Equity index options			
Asia (cost \$213)		<u>0.00</u>	<u>—</u>
Australia and New Zealand (cost \$507)		<u>0.01</u>	<u>17</u>
Total equity index options (cost \$720)		<u>0.01</u>	<u>17</u>

See accompanying notes to consolidated financial statements

EVEREST CAPITAL EMERGING MARKETS FUND, L.P.

Consolidated Condensed Schedule of Investments (continued)

December 31, 2013

(Expressed in thousands of United States Dollars)

<u>Description</u>	<u>Number of Shares</u>	<u>% of Partners' Capital</u>	<u>Fair Value</u>
Investments in securities (continued)			
Equity options			
Europe (cost \$1,285)		0.11	\$ 255
Total equity options (cost \$1,285)		<u>0.11</u>	<u>255</u>
Government bonds			
Latin America			
Government (amortized cost \$6,643)		2.79	6,401
Total government bonds (amortized cost \$6,643)		<u>2.79</u>	<u>6,401</u>
Investments in other investment partnerships (Note 1)			
Other (cost \$7,122)		5.10	11,711
(Indirect investment in Naver Corporation with a fair value of \$614 (0.27% of Partners' Capital))			
Total investments in other investment partnerships (cost \$7,122)		<u>5.10</u>	<u>11,711</u>
Private placements			
Africa and Middle East			
Energy (cost \$10,257)		4.47	10,257
Asia			
Technology sector			
Asianlogic Ltd (cost \$9,398)	5,962,934	7.14	16,380
Total private placements (cost \$19,655)		<u>11.61</u>	<u>26,637</u>
Total investments in securities (cost \$158,522)		<u>87.76</u>	<u>\$ 201,368</u>
Securities sold short			
Equity			
Latin America			
Consumer, cyclical sector		(1.36)	\$ (3,120)
Energy sector		(1.71)	(3,918)
Total for Latin America (proceeds \$8,575)		<u>(3.07)</u>	<u>(7,038)</u>
Total equity (proceeds \$8,575)		<u>(3.07)</u>	<u>(7,038)</u>
Equity options			
Europe (proceeds \$500)		(0.03)	(71)
Total equity options (proceeds \$500)		<u>(0.03)</u>	<u>(71)</u>
Total securities sold short (proceeds \$9,075)		<u>(3.10)</u>	<u>\$ (7,109)</u>

See accompanying notes to consolidated financial statements

EVEREST CAPITAL EMERGING MARKETS FUND, L.P.

Consolidated Condensed Schedule of Investments (continued)

December 31, 2013

(Expressed in thousands of United States Dollars)

<u>Description</u>	<u>% of Partners' Capital</u>	<u>Fair Value</u>
Unrealized gains on open derivative financial instruments		
Unrealized gains on open commodity futures contracts	<u>0.04</u>	<u>\$ 100</u>
Unrealized gains on equity index futures contracts	<u>0.04</u>	<u>80</u>
Unrealized gains on open forward foreign currency exchange contracts	<u>0.55</u>	<u>1,258</u>
Unrealized gains on open swap contracts		
Equity index swap contracts		
Asia		
Financial sector	<u>0.08</u>	<u>181</u>
Total equity index swap contracts	<u>0.08</u>	<u>181</u>
Equity swap contracts		
Africa and Middle East		
Basic materials sector	0.05	117
Consumer, cyclical sector	0.23	530
Consumer, non-cyclical sector	0.03	71
Energy sector	0.77	1,773
Financial sector	3.39	7,787
Industrial sector	<u>0.28</u>	<u>637</u>
Total for Africa and Middle East	<u>4.75</u>	<u>10,915</u>
Asia		
Consumer, cyclical sector	<u>0.17</u>	<u>391</u>
Europe		
Energy sector	<u>0.23</u>	<u>529</u>
Latin America		
Consumer, non-cyclical sector	0.67	1,533
Energy sector	0.08	187
Financial sector	<u>0.69</u>	<u>1,575</u>
Total for Latin America	<u>1.44</u>	<u>3,295</u>
Total equity swap contracts	<u>6.59</u>	<u>15,130</u>
Total unrealized gains on open swap contracts	<u>6.67</u>	<u>15,311</u>
Total unrealized gains on open derivative financial instruments	<u>7.30</u>	<u>\$ 16,749</u>

See accompanying notes to consolidated financial statements

EVEREST CAPITAL EMERGING MARKETS FUND, L.P.

Consolidated Condensed Schedule of Investments (continued)

December 31, 2013

(Expressed in thousands of United States Dollars)

<u>Description</u>	<u>% of Partners' Capital</u>	<u>Fair Value</u>
Unrealized losses on open derivative financial instruments		
Unrealized losses on open forward foreign currency exchange contracts	<u>(0.11)</u>	\$ <u>(256)</u>
Unrealized losses on open swap contracts		
Equity index swap contracts		
Latin America	<u>(0.07)</u>	<u>(166)</u>
Total equity index swap contracts	<u>(0.07)</u>	<u>(166)</u>
Equity swap contracts		
Africa and Middle East		
Consumer, cyclical sector	<u>(0.02)</u>	<u>(52)</u>
Asia		
Consumer, cyclical sector	<u>(0.04)</u>	<u>(87)</u>
Latin America		
Consumer, non-cyclical sector	(0.01)	(21)
Financial sector	<u>(0.02)</u>	<u>(53)</u>
Total for Latin America	<u>(0.03)</u>	<u>(74)</u>
Total equity swap contracts	<u>(0.09)</u>	<u>(213)</u>
Total unrealized losses on open swap contracts	<u>(0.16)</u>	<u>(379)</u>
Total unrealized losses on open derivative financial instruments	<u>(0.27)</u>	\$ <u>(635)</u>

See accompanying notes to consolidated financial statements

EVEREST CAPITAL EMERGING MARKETS FUND, L.P.

Consolidated Statement of Operations

Year Ended December 31, 2013

(Expressed in thousands of United States Dollars)

Investment income

Interest and other income (Note 4)	\$ 3,544
Dividends (net of withholding taxes of \$71) (Note 4)	<u>13,328</u>

Total investment income	<u>16,872</u>
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Expenses

Interest (Note 4)	1,908
Dividends on securities sold short (Note 4)	1,002
Management fees (Note 6)	859
Professional fees	360
Investment expenses (Note 2(j))	54
Administration fee (Note 7)	<u>393</u>

Total expenses	<u>4,576</u>
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Net investment income	<u>12,296</u>
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Realized and unrealized gains and losses on investments

Net realized gain on sale of investments (Note 4)	1,126
Net change in unrealized gains and losses on investments (Note 4)	<u>15,869</u>

Net realized and unrealized gains and losses	<u>16,995</u>
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Net increase in partners' capital from operations	\$ 29,291
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See accompanying notes to consolidated financial statements

EVEREST CAPITAL EMERGING MARKETS FUND, L.P.

Consolidated Statement of Changes in Partners' Capital

Year Ended December 31, 2013

(Expressed in thousands of United States Dollars)

	<u>General Partner</u>	<u>Limited Partners</u>	<u>Total</u>
Partners' capital - December 31, 2012	\$ 328	\$ 244,790	\$ 245,118
Net increase in partners' capital from operations	49	29,242	29,291
Incentive allocation to general partner (Note 6)	618	(618)	-
Capital transactions			
Capital contributions	-	11,708	11,708
Capital withdrawals	(1)	(56,662)	(56,663)
Capital transactions, net	(1)	(44,954)	(44,955)
Partners' capital - December 31, 2013	<u>\$ 994</u>	<u>\$ 228,460</u>	<u>\$ 229,454</u>

See accompanying notes to consolidated financial statements

EVEREST CAPITAL EMERGING MARKETS FUND, L.P.

Consolidated Statement of Cash Flows

Year Ended December 31, 2013

*(Expressed in thousands of United States Dollars)***Cash flows from operating activities**

Net increase in partners' capital from operations	\$ 29,291
Adjustments to reconcile net increase in partners' capital from operations to net cash provided by operating activities:	
Net realized gain on sale of investments	(1,126)
Net change in unrealized gains and losses on investments	(15,869)
Amortization of premiums and discounts on debt securities	(749)
Purchases of investments in securities	(480,149)
Purchases to cover securities sold short	(408,615)
Proceeds from sale of investments in securities	575,989
Proceeds from securities sold short	395,731
Net payments for settlement of derivative financial instruments	(13,562)
Changes in net assets and liabilities:	
Receivable for investments sold	59,785
Dividends and interest receivable	(3,738)
Other assets	930
Due to brokers	(16,841)
Payable for investments purchased	1,342
Dividends on securities sold short and interest payable	(55)
Management fees payable	(56)
Accounts payable and accrued liabilities	(113)
Net cash provided by operating activities	122,195

Cash flows from financing activities

Capital contributions	11,708
Capital withdrawals	(134,382)
Net cash used in financing activities	(122,674)

Net decrease in cash and cash equivalents (479)

Cash and cash equivalents at beginning of year 48,450

Cash and cash equivalents at end of year (Note 3) \$ 47,971

Supplementary cash flow information

Interest paid \$ 1,926

See accompanying notes to consolidated financial statements

EVEREST CAPITAL EMERGING MARKETS FUND, L.P.

Notes to Consolidated Financial Statements

December 31, 2013

1. **Organization and description of business**

Everest Capital Emerging Markets Fund, L.P. (the “Partnership”) is a Cayman Islands limited partnership formed by an agreement dated January 3, 1995. On January 16, 2006, the Partnership changed its name from Everest Capital Frontier Fund, L.P. to Everest Capital Emerging Markets Fund, L.P. The Partnership is a master fund in which two feeder funds, Everest Capital Emerging Markets Ltd. (primarily non-US investors) and Everest Capital Emerging Markets, L.P. (primarily US investors) (the “Feeder Funds”) invest. All of the investable assets of these Feeder Funds are invested in the Partnership.

The investment objective of the Partnership is to achieve capital appreciation by investing in developing markets globally. The Partnership employs a thematic investment strategy that combines top-down and bottom-up approaches to investing in emerging and frontier markets worldwide. The Partnership invests opportunistically to exploit superior growth opportunities existing in developing market economies and the many inefficiencies in these markets.

Everest Capital LLC, a Delaware limited liability company, is the general partner of the Partnership. The general partner is responsible for all of the Partnership’s investment decisions. The general partner is assisted by Everest Capital Pte. Ltd., a corporation headquartered in Singapore, and Everest Capital S.A., a corporation headquartered in Geneva, Switzerland (collectively with the general partner, the “Everest Capital Group”). The general partner acts as the Commodity Pool Operator of the Partnership and has received exemption in accordance with Commodity Futures Trading Commission Regulations Rule 4.7.

As at December 31, 2013, the Partnership is carrying an investment of \$11,710,637 (5.10% of partners’ capital) in Everest Capital Asia Fund, L.P., an investment partnership managed by the general partner with an investment objective to achieve capital appreciation by investing in the Asia Pacific region and in other countries that it believes will be impacted by specific trends and growth opportunities in the Asia Pacific region. The Partnership earned \$1,325,789 during the year ended December 31, 2013 in relation to its investment. The Partnership does not pay any fees to the general partner in Everest Capital Asia Fund, L.P. Upon written notice of 60 days to the general partner of Everest Capital Asia Fund, L.P. (unless waived by its general partner), the Partnership may withdraw all or a part of its investment as of the first business day of each calendar quarter.

As at December 31, 2013, 8.89% of partners’ capital of the Partnership, through direct investment in the Partnership and through investments in Feeder Funds which invest directly in the Partnership, was owned by the general partner, the managing member of the general partner or a director of the Feeder Funds.

2. **Significant accounting policies**

The following are the significant accounting policies adopted by the Partnership:

(a) *Basis of presentation*

The accompanying financial statements are prepared in accordance with U.S. generally accepted accounting principles. The consolidated financial statements include the assets, liabilities and results of operations of the Partnership and its wholly owned subsidiary, a special purpose investment company that was dormant during the year ended December 31, 2013. All intercompany balances and transactions have been eliminated upon consolidation.

EVEREST CAPITAL EMERGING MARKETS FUND, L.P.

Notes to Consolidated Financial Statements

December 31, 2013

2. Significant accounting policies (continued)

(b) Investment valuation

Accounting standards over fair value measurements define fair value, establish a framework for measuring fair value using a three-tier hierarchy of inputs to value the Partnership's investments, and require additional disclosures about fair value. The hierarchy of inputs is summarized below:

Level 1 – quoted prices in active markets for identical investments

Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)

Level 3 – significant unobservable inputs (including the general partner's own assumptions in determining the fair value of investments)

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in level 3 of the fair value hierarchy. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement.

Investments in securities and derivative financial instruments are valued as follows:

- (i) Securities that are listed on a national securities exchange are valued at the last reported sale price on the last business day of the year of the respective exchange. In the event that a sale does not occur on the last business day of the year, such securities are valued at the "bid" price if owned and the "asked" price if sold short as reported by the principal securities exchange on which such securities are traded. To the extent that these securities are actively traded, whether equity or listed derivatives, and valuation adjustments are not applied, they are categorized in level 1 of the fair value hierarchy. Preferred stock and other equities traded on inactive markets or valued by reference to similar instruments are categorized in level 2 of the fair value hierarchy.
 - (ii) Securities which are traded but for which prices are not available on a national exchange are valued at the last sale price on the last business day of the year, or, if no sales occurred on such day, are valued based upon representative "bid" quotations if owned, and "asked" quotations if sold short, obtained from brokers and national pricing services. Over-the-counter (OTC) bonds and equity linked notes and derivative forward, swap and option contracts related to interest rates, foreign currencies, credit standing of referenced entities, equity prices, or commodity prices are categorized in level 2 of the fair value hierarchy.
 - (iii) Investments in other investment partnerships are valued based on the reported net asset value as provided by the investment partnership's administrator. Because of the inherent uncertainty in the valuation of these investments, fair values may differ from the values that would have been used had a ready market for these investments existed. These investments are categorized in level 2 of the fair value hierarchy.
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EVEREST CAPITAL EMERGING MARKETS FUND, L.P.

Notes to Consolidated Financial Statements

December 31, 2013

2. Significant accounting policies (continued)

(b) Investment valuation (continued)

- (iv) Securities for which market values are not readily available or the administrator, Citco Fund Services (Bermuda) Limited, in consultation with the general partner determines that the valuation based upon the above procedures does not fairly represent market value are valued at fair value as determined in good faith by the administrator in consultation with the general partner. The general partner considers certain pertinent factors in determining the fair value of these securities including the current economic and competitive environment, the characteristics of the instrument, the financial condition and operating results of the issuer since the date of purchase and the sales price of the security in recent private placements, if any. Therefore, the fair value cannot be determined with precision, cannot be substantiated by comparison to quoted prices in active markets and may not be realized in a current sale or immediate settlement of the asset or liability. Additionally, due to the inherent uncertainty in the valuation, the estimates of fair values may differ significantly from the values that would have been used had a ready market existed for the securities, and the differences could be material. These securities are categorized in level 3 of the fair value hierarchy.

(c) Derivatives

The Partnership uses derivative financial instruments, such as forward foreign currency exchange contracts, futures contracts, options and swaps, which are recorded at fair value at the reporting date. Realized and unrealized changes in fair values are included in realized and unrealized gains and losses on investments in the consolidated statement of operations in the period in which the changes occur.

The fair value of derivative financial instruments at the reporting date generally reflects the amount that the Partnership would receive or pay to terminate the contract at the reporting date. Many of the derivative financial instruments used by the Partnership are exchange traded or are traded in the over-the-counter market where market values are readily obtainable. Some of the tailored derivative financial instruments used by the Partnership are valued based on prices supplied by US broker-dealers or other counterparties.

Unrealized gains or losses on open forward foreign currency exchange contracts are calculated as the difference between the contract rate and the applicable forward rate on the valuation date applied to the face amount of the forward contract.

Unrealized gains or losses on open futures contracts are calculated as the difference between the contract price at the trade date and the contract's closing price on the valuation date as reported on the exchange on which the futures contracts are traded applied to the face amount of the futures contract.

Unrealized gains or losses on open swap and contract for difference transactions are calculated as the change in fair value of the underlying security, index, commodity, or basket of securities applied to the notional amount of the swap or contract for difference. The interest component of the swap or contract for difference is recorded as interest income or expense, as applicable, in the consolidated statement of operations and as interest payable or receivable, as applicable, in the consolidated statement of assets and liabilities.

Unrealized gains or losses on interest rate swap agreements are calculated as the difference between the present value of the future cash flows to be received and those to be paid pursuant to the agreements.

EVEREST CAPITAL EMERGING MARKETS FUND, L.P.

Notes to Consolidated Financial Statements

December 31, 2013

2. Significant accounting policies (continued)

(c) Derivatives (continued)

The Partnership has elected to not offset assets and liabilities on its consolidated statement of assets and liabilities, including cash, that may be received or paid as part of collateral agreements, even when an enforceable master netting agreement is in place that provides the Partnership, in the event of counterparty default, the right to liquidate collateral and the right to offset a counterparty's rights and obligations.

(d) Securities transactions and related investment income

Securities transactions are recorded on a trade date basis.

Dividend income is recorded on the ex-dividend date and is presented net of withholding taxes. Dividends declared on short positions held on the ex-dividend date are recorded as dividend expense.

Interest income and expense are recorded on the accruals basis, except for securities in default for which interest is recognized on the cash basis. Premiums and discounts on debt securities are amortized using the effective interest method.

Realized gains and losses are recorded when the security acquired is sold and unrealized gains and losses are recorded when the security is marked to market. The net realized gain or loss on sales of securities is determined on a first-in, first-out basis unless specifically identified.

As part of a work out or reorganization plan, securities owned by the Partnership may be converted into other types of securities of the same issuer. The cost basis of the security received as a result of these arrangements is equal to the cost basis of the security converted.

(e) Allocation of Partnership net income/loss

At the end of each Fiscal Period, net income or net losses, excluding profits on losses with respect to new issues, are allocated to the capital accounts of all the partners in the proportion that each partner's capital account as of the beginning of such Fiscal Period bore to the sum of the capital accounts of all the partners as of the beginning of such Fiscal Period. Profits and losses with respect to new issues will generally be allocated to the partners in the Partnership who are Unrestricted Persons. The Partnership may, however, avail itself of a *de minimis* exemption, according to the Rules of FINRA, pursuant to which a portion of new issue profits and losses may be allocated to Restricted Persons. A Fiscal Period ("Fiscal Period") commences on the first day of each fiscal year, on each date of any capital contribution or any withdrawal of capital or retirement from the Partnership.

(f) Repurchase and reverse repurchase agreements

The Partnership enters into repurchase and reverse repurchase agreements. These agreements are accounted for as collateralized investment and financing transactions and are recorded at their contractual amounts, which combined with accrued interest, approximates their fair value. Interest on repurchase and reverse repurchase agreements is accrued on a daily basis.

In connection with repurchase agreements, it is the Partnership's policy that its custodian take possession of the underlying collateral securities. If the seller defaults, and the fair value of the collateral declines, realization of the collateral by the Partnership may be delayed or insufficient.

EVEREST CAPITAL EMERGING MARKETS FUND, L.P.

Notes to Consolidated Financial Statements

December 31, 2013

2. Significant accounting policies (continued)

(g) Translation of foreign currency security transactions

The fair value of non-US dollar denominated securities (“foreign currency securities”) and related balances are translated into US dollars at year end exchange rates. The cost of foreign currency securities and interest and dividend income or expense on these foreign currency securities are translated into US dollars at the transaction date exchange rate. Realized and unrealized gains and losses on investments and interest and dividend income or expense include exchange gains and losses on the translation of foreign currency securities and from forward foreign currency exchange contracts.

(h) Income taxes

No provision has been made in the accompanying consolidated financial statements for United States federal or state income taxes, as any income tax liability arising from the operations of the Partnership is the responsibility of the partners and not that of the Partnership.

(i) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, the Partnership considers all investments in money markets funds and repurchase agreements with an original term of ninety days or less as equivalent to cash.

(j) Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the general partner to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in partners’ capital from operations during the reporting period. Actual results could differ from those estimates.

The Partnership has investments in the Chinese A-shares of companies listed in the People’s Republic of China (“PRC”) through the Qualified Foreign Institutional Investor program and in Chinese B-shares and H-shares. The PRC’s taxation of gains on these investments is presently unclear. The general partner has exercised its judgment regarding the likelihood and amount of the potential liability. However, uncertainties exist and the judgment of the general partner may prove incorrect as a result of future clarification by the PRC State Administration of Taxation.

At December 31, 2013, the tax provision included in accounts payable and accrued liabilities on the consolidated statement of assets and liabilities related to Chinese A-shares amounted to \$2,581,469 (2012: \$2,674,255). The change in the tax provision in the year of \$140,423 has reduced investment expenses in the consolidated statement of operations. In the event a capital gains tax is not imposed, the effective date differs, or the tax rate applied is different than that which was assumed by the general partner, the tax payable may be greater or less than the provision amount.

EVEREST CAPITAL EMERGING MARKETS FUND, L.P.

Notes to Consolidated Financial Statements

December 31, 2013

3. Cash and cash equivalents

Cash and cash equivalents (expressed in \$000's) at December 31, 2013 consist of the following:

Cash	\$	47,971
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At December 31, 2013, cash held in the amount of \$37,787,100 was deposited with counterparties as collateral for positions held in derivative financial instruments and securities sold short (Notes 4 and 8).

4. Derivative financial instruments and risk

In the normal course of business the Partnership purchases and sells various derivative financial instruments to hedge its exposure to risk or to synthetically achieve or alter exposure to a market or segment thereof.

Generally these financial instruments represent future commitments to purchase or sell other financial instruments at specific terms at future dates. The derivative financial instruments may be traded on an exchange or negotiated between contracting parties (over-the-counter).

Derivative financial instruments may result in off-balance sheet market and credit risk.

Market risk is the possibility that future changes in market price may make a financial instrument less valuable or more onerous. If the markets should move against one or more positions that the Partnership holds the Partnership could incur losses greater than the unrealized amounts recorded in the consolidated statement of assets and liabilities.

The principal credit risk is that the counterparty will default and fail to fulfill the terms of the agreement. The Partnership's counterparties are either major US broker-dealers or international banks, both of which are regulated by various agencies and are subject to strict capital adequacy requirements.

The Partnership also sells securities short. Securities sold short are recorded as liabilities in the consolidated statement of assets and liabilities and have market risk to the extent that the Partnership, in satisfying its obligations, may have to purchase securities at a higher value than that recorded on the consolidated statement of assets and liabilities. The Partnership is required to maintain collateral with brokers to secure these short positions.

The derivative financial instruments held by the Partnership, and how they are used to achieve the various objectives of the Partnership, are described in the following paragraphs.

Forward foreign currency exchange contracts

The Partnership uses forward foreign currency exchange contracts to hedge against the effect of adverse movements in foreign exchange rates on security positions and for investment purposes.

EVEREST CAPITAL EMERGING MARKETS FUND, L.P.

Notes to Consolidated Financial Statements

December 31, 2013

4. **Derivative financial instruments and risk** (continued)

Futures contracts

The Partnership uses futures contracts to hedge portfolio market risk and for investment purposes. Upon entering into a futures contract, the Partnership is required to provide initial margin which is a deposit of either cash or securities in an amount equal to a certain percentage of the contract value. The initial margin is adjusted to reflect changes in the value of the futures contract which is marked to market on a daily basis. The Partnership recognizes a realized gain or loss when the contract is closed. Futures contracts expose the Partnership to market and liquidity risks. The Partnership is exposed to market risk to the extent that adverse changes occur in the market values of the underlying securities or indices. The market risk may be in excess of the unrealized amount recognized on the consolidated statement of assets and liabilities. Liquidity risk represents the possibility that the Partnership may not be able to rapidly adjust the size of its futures position in times of high volatility and financial stress at a reasonable price.

Options

The Partnership uses options on specific securities, baskets of specific securities, currencies, commodities, and stock exchange indices to hedge market risks and for investment purposes.

Option contracts provide the option purchaser, for a premium payment, with the right but not the obligation to buy or sell a financial instrument at a predetermined exercise price during a specified period.

As a purchaser of an option contract the Partnership is subject to credit risk since the counterparty is obligated to make payments or to deliver the financial instrument under the terms of the contract if the Partnership exercises the option. The Partnership is also exposed to market risk because the value of the option varies with the value of the referenced financial instrument. As a writer of an option contract, the Partnership is not subject to credit risk but is subject to market risk since the Partnership is obligated to make payments or to deliver the financial instrument under the terms of the option contract if exercised by the purchaser of the option.

Swap and contract for difference transactions (collectively “swap”)

The Partnership may enter into swap arrangements to synthetically achieve or alter the Partnership's exposure to a market or segment thereof or to hedge portfolio market risk.

Swap transactions involve the exchange by the Partnership with a counterparty of their respective commitments to pay or receive a net amount based on the change in the market value of a particular bond, equity, commodity, or index and a specified notional holding.

Interest rate swap agreements involve the exchange by the Partnership with another party of their respective commitments to pay or receive interest (e.g. an exchange of floating rate payments for fixed rate payments) with respect to a notional amount of principal.

In addition, the Partnership enters into credit default swaps whereby one counterparty (the “Protection Buyer”) pays a periodic fee, which is expressed in basis points on the notional amount, in return for a payment by the seller of the credit default swap (the “Protection Seller”) that results if a credit event as defined in the swap agreement occurs, such as a default by the reference entity.

EVEREST CAPITAL EMERGING MARKETS FUND, L.P.

Notes to Consolidated Financial Statements

December 31, 2013

4. **Derivative financial instruments and risk** (continued)

Swap transactions expose the Partnership to (or reduce) market risk equivalent to actually holding the notional amount but may involve little capital commitment relative to the exposure achieved (or reduced). The Partnership's gains or losses may therefore be magnified compared to the capital commitment.

The terms of certain of the Partnership's swap agreements issued under the ISDA Master Agreement protocol contain provisions that grant the Partnership's counterparty the right to terminate the swap transactions and demand settlement if either the Partnership's capital falls by a specified percentage or below a specified value.

At December 31, 2013, the notional amounts of the Partnership's derivative financial instruments are as follows (expressed in \$000's):

Long exposure

Equity index options	\$	24,094
Equity options		42,631
Equity swap contracts		<u>96,267</u>
	\$	<u>162,992</u>

Short exposure

Commodity futures contracts	\$	10,099
Equity index futures contracts		11,456
Equity index options		45,676
Equity index swap contracts		16,102
Equity options		42,631
Equity swap contracts		7,058
Forward foreign currency exchange contracts		<u>96,141</u>
	\$	<u>229,163</u>

EVEREST CAPITAL EMERGING MARKETS FUND, L.P.

Notes to Consolidated Financial Statements

December 31, 2013

4. Derivative financial instruments and risk (continued)

The Partnership recognizes derivative financial instruments in an asset or liability position in the consolidated statement of assets and liabilities on a gross basis. The locations on the consolidated statement of assets and liabilities of the Partnership's derivative financial instruments by type of derivative, as well as the impact of netting derivative financial instruments that the Partnership has the legal right of offset and the associated cash collateral pledged or received are as follows (expressed in \$000's):

<u>Location on the consolidated statement of assets and liabilities</u>	<u>Derivative assets</u>	<u>Derivative liabilities</u>
Unrealized gains (losses) on open derivative financial instruments		
Commodity futures contracts	\$ 100	\$ –
Equity index futures contracts	80	–
Equity index swap contracts	181	(166)
Equity swap contracts	15,130	(213)
Forward foreign currency exchange contracts	<u>1,258</u>	<u>(256)</u>
Total unrealized gains (losses) on open derivative financial instruments on a gross basis as presented in the consolidated statement of assets and liabilities	\$ 16,749	\$ (635)
	<u> </u>	<u> </u>
<u>Gross amounts not offset in the consolidated statement of assets and liabilities</u>		
Derivative financial instruments	\$ (486)	\$ 486
Cash collateral (received) pledged	<u>–</u>	<u>149</u>
Net amount	\$ 16,263	\$ –
	<u> </u>	<u> </u>
Investments in securities, at fair value		
Equity index options	\$ 17	\$ –
Equity options	<u>255</u>	<u>(71)</u>
Total investments in securities, at fair value	\$ 272	\$ (71)
	<u> </u>	<u> </u>

EVEREST CAPITAL EMERGING MARKETS FUND, L.P.

Notes to Consolidated Financial Statements

December 31, 2013

4. Derivative financial instruments and risk (continued)

The following is a summary of the net realized and change in unrealized gains and losses on investments and net interest and dividend income and expense attributable to derivative financial instruments for the year ended December 31, 2013 (expressed in \$000's):

	Net realized <u>gains (losses)</u>	Net change in unrealized <u>gains (losses)</u>	<u>Total</u>
Derivative financial instruments			
Commodity futures contracts	\$ (1,475)	\$ 218	\$ (1,257)
Equity index futures contracts	(4,309)	605	(3,704)
Equity index options	(1,974)	(179)	(2,153)
Equity index swap contracts	(585)	30	(555)
Equity options	(2)	(5,069)	(5,071)
Equity swap contracts	(12,853)	7,983	(4,870)
Foreign currency exchange options	(740)	331	(409)
Forward foreign currency exchange contracts	6,167	2,434	8,601
Total return swap contracts	<u>(507)</u>	<u>—</u>	<u>(507)</u>
	\$ (16,278)	\$ 6,353	\$ (9,925)
		Net interest <u>expense</u>	Net dividend <u>income</u>
Derivative financial instruments			
Equity swap contracts		\$ 787	\$ 1,946
Total return swap contracts		<u>15</u>	<u>—</u>
		\$ 802	\$ 1,946

EVEREST CAPITAL EMERGING MARKETS FUND, L.P.

Notes to Consolidated Financial Statements

December 31, 2013

5. Fair value of financial instruments

The following is a summary of the inputs used in valuing the Partnership's investments carried at fair value (expressed in \$000's):

	<u>Total</u>	<u>Quoted Prices (Level 1)</u>	<u>Other Significant Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Assets				
Equity*	\$ 156,347	\$ 156,347	\$ –	\$ –
Commodity futures contracts	100	100	–	–
Equity options	255	255	–	–
Equity index futures contracts	80	80	–	–
Equity index options	17	–	17	–
Equity index swap contracts	181	–	181	–
Equity swap contracts	15,130	–	15,130	–
Forward foreign currency exchange contracts	1,258	–	1,258	–
Government bonds	6,401	–	6,401	–
Investments in other investment partnerships	11,711	–	11,711	–
Private placements	<u>26,637</u>	<u>–</u>	<u>–</u>	<u>26,637</u>
	<u>\$ 218,117</u>	<u>\$ 156,782</u>	<u>\$ 34,698</u>	<u>\$ 26,637</u>

EVEREST CAPITAL EMERGING MARKETS FUND, L.P.

Notes to Consolidated Financial Statements

December 31, 2013

5. **Fair value of financial instruments** (continued)

	<u>Total</u>	<u>Quoted Prices (Level 1)</u>	<u>Other Significant Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Liabilities				
Equity sold short*	\$ 7,038	\$ 7,038	\$ –	\$ –
Equity index swap contracts	166	–	166	–
Equity options	71	71	–	–
Equity swap contracts	213	–	213	–
Forward foreign currency exchange contracts	<u>256</u>	<u>–</u>	<u>256</u>	<u>–</u>
	<u>\$ 7,744</u>	<u>\$ 7,109</u>	<u>\$ 635</u>	<u>\$ –</u>

* All securities classified as equity and equity sold short fall within level 1 of the fair value hierarchy, therefore the sector analysis breakdown has not been included above as the required breakdown is disclosed in the consolidated condensed schedule of investments.

The following is a reconciliation of the Partnership's investments for which significant unobservable inputs (level 3) were used to determine fair value (expressed in \$000's):

<u>Investment</u>	<u>Balance at Dec 31, 2012</u>	<u>Capital Distributions</u>	<u>Included in Net Realized and Net Change in Unrealized Gains and Losses on Investments</u>	<u>Transfers Out of Level 3</u>	<u>Purchases</u>	<u>Balance at Sales Dec 31, 2013</u>
Private placements	\$ 22,296	\$ –	\$ 4,135	\$ –	\$ 206	\$ –
						<u>\$ 26,637</u>

The net change in unrealized gains and losses in the consolidated statement of operations attributable to level 3 investments still held at December 31, 2013 (expressed in \$000's) includes

Private placements	<u>\$ 4,135</u>
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EVEREST CAPITAL EMERGING MARKETS FUND, L.P.

Notes to Consolidated Financial Statements

December 31, 2013

5. Fair value of financial instruments (continued)

The Partnership's policy is to recognize transfers into and out of the various levels as at the actual date of the event or change in circumstances that caused the transfer. No transfers were made during the year ended December 31, 2013.

The following table summarizes the quantitative inputs and assumptions used to value investments (expressed in \$000's) classified within Level 3 of the fair value hierarchy as at December 31, 2013.

Investments	Fair Value at December 31, 2013	Valuation Techniques	Unobservable Inputs	Ranges
Private placements	\$ 26,637	Earnings multiple	Earnings Company specific discount	1x 15%
		Recent transaction price	Not applicable	Not applicable

During the year ended December 31, 2013 the valuation technique relating to an investment classified within level 3 of the fair value hierarchy was changed from a comparable multiple to an earnings multiple as the general partner believed it to be a more appropriate method for determining the fair value of the investment. There was no material impact in the valuation of this investment as a result of the change.

During the year ended December 31, 2013, the Partnership purchased and sold securities of \$611,752 and \$6,296,698, respectively, to other funds managed by the general partner. The value of the securities purchased and sold were fair valued at the time of the transaction in accordance with the valuation policies of the Partnership.

6. Management fees and incentive compensation

The Partnership pays a quarterly management fee of 2.0% per annum of net assets to the general partner.

Effective February 1, 2006, the management fee increased from 1.5% to 2.0% per annum. Special grandfathering provisions are in place that apply to limited partners admitted on or before January 1, 2006 ("Prior Limited Partners"). Under these provisions, the Prior Limited Partners will continue to be charged a management fee of 1.5% per annum. These special grandfathering provisions are in effect as long as Prior Limited Partners remain invested in the Partnership.

The partnership agreement provides that up to 20% of net profits, as defined, subject to loss carry-forward provisions relating to all limited partnership interests shall be credited to the general partner or to certain limited partners as may be designated by the general partner, at its sole discretion, in such proportions as the general partner shall agree. This amount is, in effect, incentive compensation paid to the general partner for profitable performance. Incentive compensation is recorded by the Partnership as a reallocation of capital from the limited partners to the general partner (or certain limited partners, as applicable) in the consolidated statement of changes in partners' capital.

The management fee and incentive compensation due to the general partner is reduced to the extent that corresponding amounts are payable or allocable to any member of the Everest Capital Group by the Partnership or in the Feeders Funds or to the extent that amounts are due to third parties who are instrumental in the sale of interests in the Feeder Funds or are waived by the general partner.

EVEREST CAPITAL EMERGING MARKETS FUND, L.P.

Notes to Consolidated Financial Statements

December 31, 2013

7. **Administration fee**

Under the terms of the agreement between Citco Fund Services (Bermuda) Limited (the “Administrator”) and the Partnership, the Administrator provides accounting and administration services to the Partnership and receives an annual fee based on the net assets of the Partnership, calculated and payable monthly in arrears.

8. **Prime broker**

The Partnership utilizes a number of prime brokers (each a “Prime Broker”). Under each Prime Brokerage Agreement, all assets of the Partnership held by the respective Prime Broker and each of the Prime Broker’s affiliated companies are subject to a general lien and a continuing first priority perfected security interest in favor of the Prime Broker and therefore constitute collateral security for the Partnership’s obligations and liabilities to each Prime Broker.

9. **Taxation**

Under current Cayman Islands law, the Partnership is not required to pay any taxes on income, profits or capital gains. On April 13, 1999, the Partnership obtained an undertaking from the Cayman Islands’ authorities exempting it from such taxes for a period of 50 years from the date such undertaking was issued.

10. **Capital withdrawals**

Upon written notice of 60 days to the general partner (unless waived by the general partner), limited partners may withdrawal all or part of their capital accounts as of the first business day of each calendar quarter.

EVEREST CAPITAL EMERGING MARKETS FUND, L.P.

Notes to Consolidated Financial Statements

December 31, 2013

11. Financial highlights

Financial highlights for the Partnership¹ are as follows:

	<u>%</u>
Total return	
Total return for the year before incentive allocation	14.90
Incentive allocation	<u>(0.30)</u>
Total return for the year after incentive allocation	<u>14.60</u>
Ratios to average partners' capital	
Total investment income	7.42
Net investment income excluding incentive allocation	5.41
Operating expenses ²	2.01
Incentive allocation	<u>0.27</u>
Total operating expenses and incentive allocation	<u>2.28</u>

¹ Total return and ratios are calculated based on the limited partners' interest in the Partnership. Individual Feeder Fund returns and ratios are shown in the attached Feeder Fund financial statements. An investor's results may vary from the total return and ratios shown above due to the investor's eligibility to participate in new issues, different management and incentive fee arrangements (as applicable), the existence of loss carry-forwards and the timing of capital transactions.

² Includes dividend and interest expense.

12. Investments in securities

The Partnership has forward foreign currency exchange contracts in its name with gains at December 31, 2013 of \$44,613 but has transferred beneficial ownership of these forward foreign currency exchange contracts to another fund managed by the general partner by participation agreements. These contracts are not reflected in the Partnership's financial statements.

13. Subsequent events

The general partner has assessed and evaluated all subsequent events arising from the date of the consolidated statement of assets and liabilities up until March 24, 2014 and has concluded that no adjustments or additional disclosure is required.
